



***CREDIBILITY
AND BRANDING IN
OFF-SHORE OUTSOURCING***

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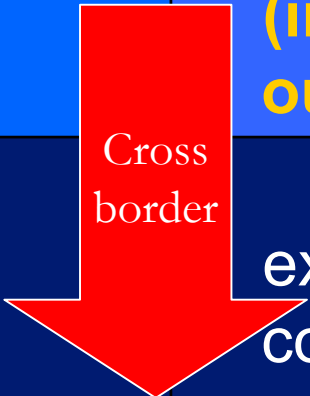
Basic forms of outsourcing, under third party perspective - national and cross boarder- in new tradable services, IT&C centered

- In-house split of competencies and externalization in the country, to a branch of the company

- Outside company externalization where the company outsource activities and services to another company at home **(inside the country outsourcing)**

- In-house split of competencies and externalization outside the country, to a branch of the company

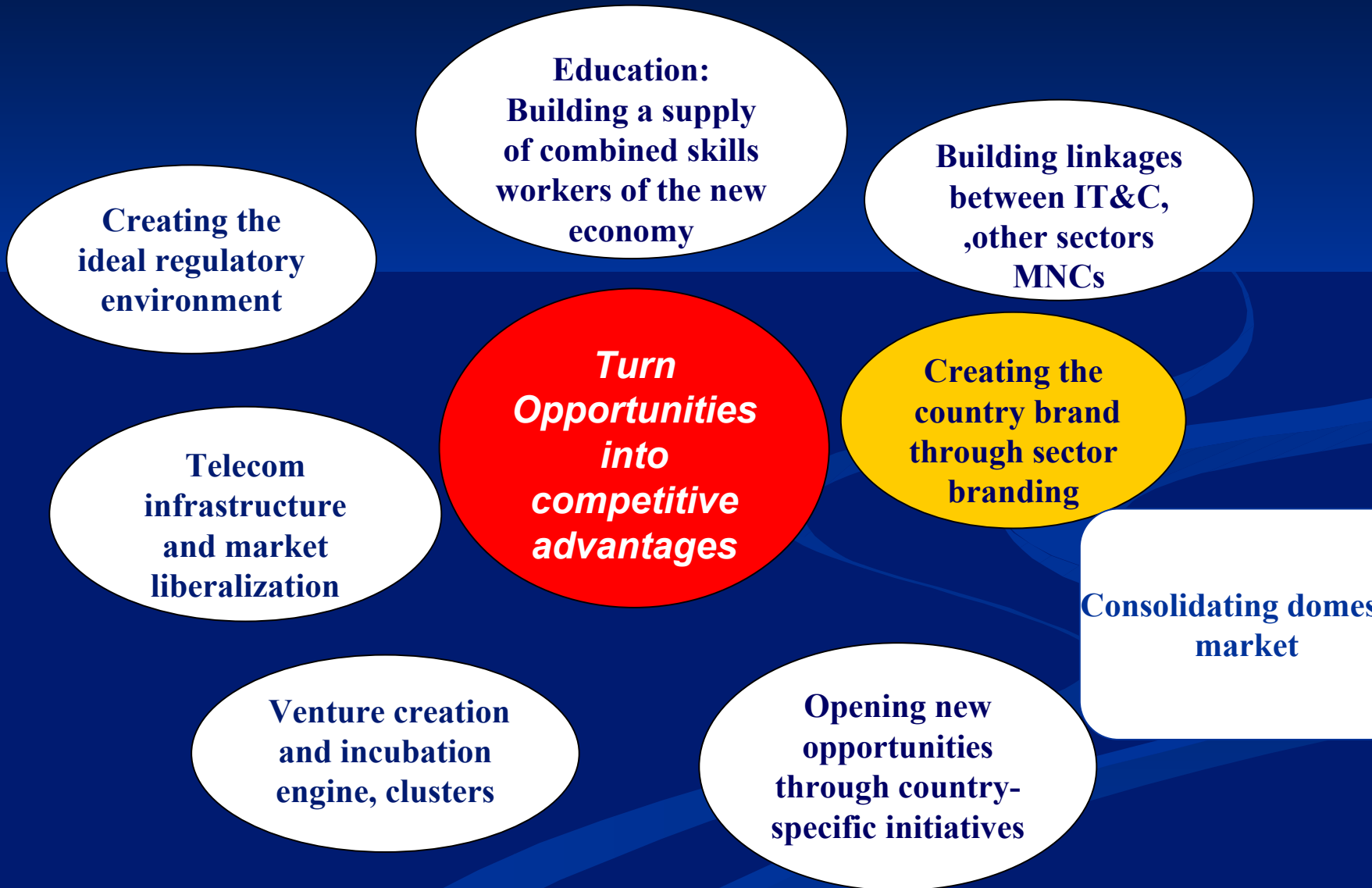
- Outside company externalization where the company outsource activities and services to another company abroad **(off-shore outsourcing)**



Why IT&C outsourcing? : externalization for sustainable development

- **Offshore exporter are covering 95% of total Romanian exports of IT&C services** and the new world outsource market is only is booming extremely fast;
- **outsource provider at national level** of vital IT&C products and services to other sectors and strategic export sectors, capturing value inside the country
- **(5th mode) ;**
- **overall and essential catalyser of e-commerce and e-business** as basic condition for future national competitiveness and **crucial enhancer of efficiency** in the generic, multi-sector value chain and essential towards information society goals;
- **Employment generation and local insertion of talents**

Challenges in IT&C outsourcing



Outsourcing in new tradables IT & C centered, main aspirations in Romania

- *Romania prioritizes strategically for new international trade in IT&C enabled services and outsourcing;*

Vision for next 5 years.

- To face increasing demand of international clients and local clients in high value added services and :
- Gradual shift from low-skilled outsourcing offer (data processing, call-centers) to medium skilled ones (BPO, Back office) **or high combined skills** (R&D, technological or industrial design, software developers, end to end solutions, testing);
- Increasing competencies and capacities in the value chain in order to enter this new line of services and for new segments of clients like manufacturer or bank outsourcer;
- **Strong sector image abroad.**

Why branding is important ?

- Relinquishing control of a key business function to a third party, critical aspect for outsourcer;
- Retaining control, risk and relationship management, opportunity costs evaluations among different off-shore externalization options high on the agenda of key market players, big industrial or financial outsourcers;
- Decision makers are looking for proved (certified) credibility based on international quality standards or shared credibility through counseling, advice, reputation and branding (at company and sector levels)

Constraints in building credibility

Few powerful individual/company brands in the outsource market;

Few companies certified at quality standards accepted in the international market (CMM);

Emerging IT&C clusters lack composite brands based on their core competencies;

Lack of awareness about importance of credibility and brand building;

Unclear sector image in spite of some achievements;

Lack of interest of key off-shore outsourcing companies in the country of origin effect and even mistrust country brand.

The first initiative, a structured PPP dialog: Committee for branding IT&C - May 20, 2002, IT sector, led to:

- **the creation of a Secretariat of the Committee that coincides with the secretariat of the “TECH 21Coalition” and includes industry associations and the public sector;**
- **defining an agenda of activities and periodical meetings;**
- **organizing branding workshops and debates for a better awareness of the importance of such activity;**
- **debates lead to the idea that branding means differentiation by quality and core competencies and observance of quality or excellence criteria.**

The second initiative: promotion offensive co-financed from the budget

- Constant participation with national pavilion in selected outside events combining traditional fairs (CEBITT) with emerging events specialized on off-shore outsourcing (World outsource);
- Consistency prevailed in the logo “Harbor of the Black Sea Region” but appetite of associations to utilize sub-logos, according to their needs to differentiate among competing business structures was still present (“Romanian Outsource Tiger” “.RO” “IT Avenue”);
- Specialized trade missions in target markets ;
- Presentation and communication of export offer;
- **Latest:** “Put Romania on outsource map!”- active part of World Outsource networking

The third initiative: value statements and credibility enhancers

- Value statements are getting more consistency and accepted by sector business communities and **are centered on human resources combined skills**, tradition in education, cultural affinities, technical or science excellence doubled by multilingual capacities....but clear arguments has still to be worked out and made priorities in the strategic documents ;
- Most influential association with greatest number of companies not only in Romania but in the south-eastern Europe (ARIES) adhered to the “Code of ethics”: accepted responsibility about image of the sector, advocacy, bribery rejection, competency building, etc.
- Co-finance from the budget quality certification expenses at company level

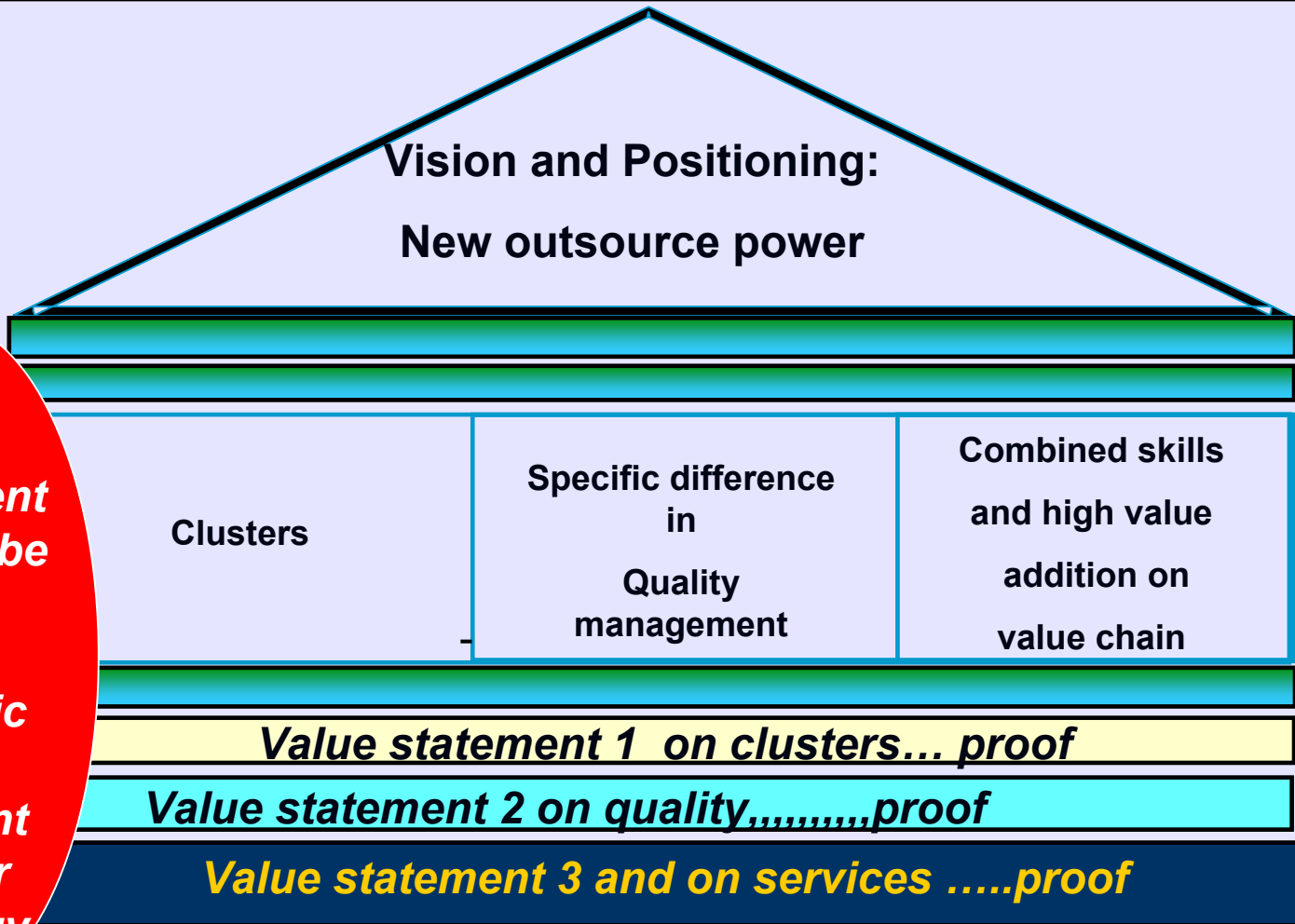
Achievements

- ***The need for branding, both for individual firms and collectively, is increasingly obvious for Romanian IT&C firms;***
- ***Energies are being coagulated at firm , associations and public sector levels in favor of branding;***
- ***Industry strategy was recently designed, within a National Export Strategy in which branding solutions are high on the action plan;***
- ***The public sector supports such initiatives and stimulates them, and there are public-private partnerships;***

...but achievements are only first cycle in the IT&C journey towards credibility and international recognition

- ***The risk that the branding is not placed on the secure ground of good management and quality standards;***
- ***Movement towards certification at high quality standards, like CMMI, is still modest;***
- ***Associations are still not able to stimulate and acknowledge winners in quality management or branding;***
- ***Few IT&C companies register on foreign markets despite branding campaigns and are properly utilizing their intellectual property rights;***
- ***Romanian positioning in outsource market still needs more focused differentiation and improved arsenal for branding on target markets***

Avoid starting with the roof

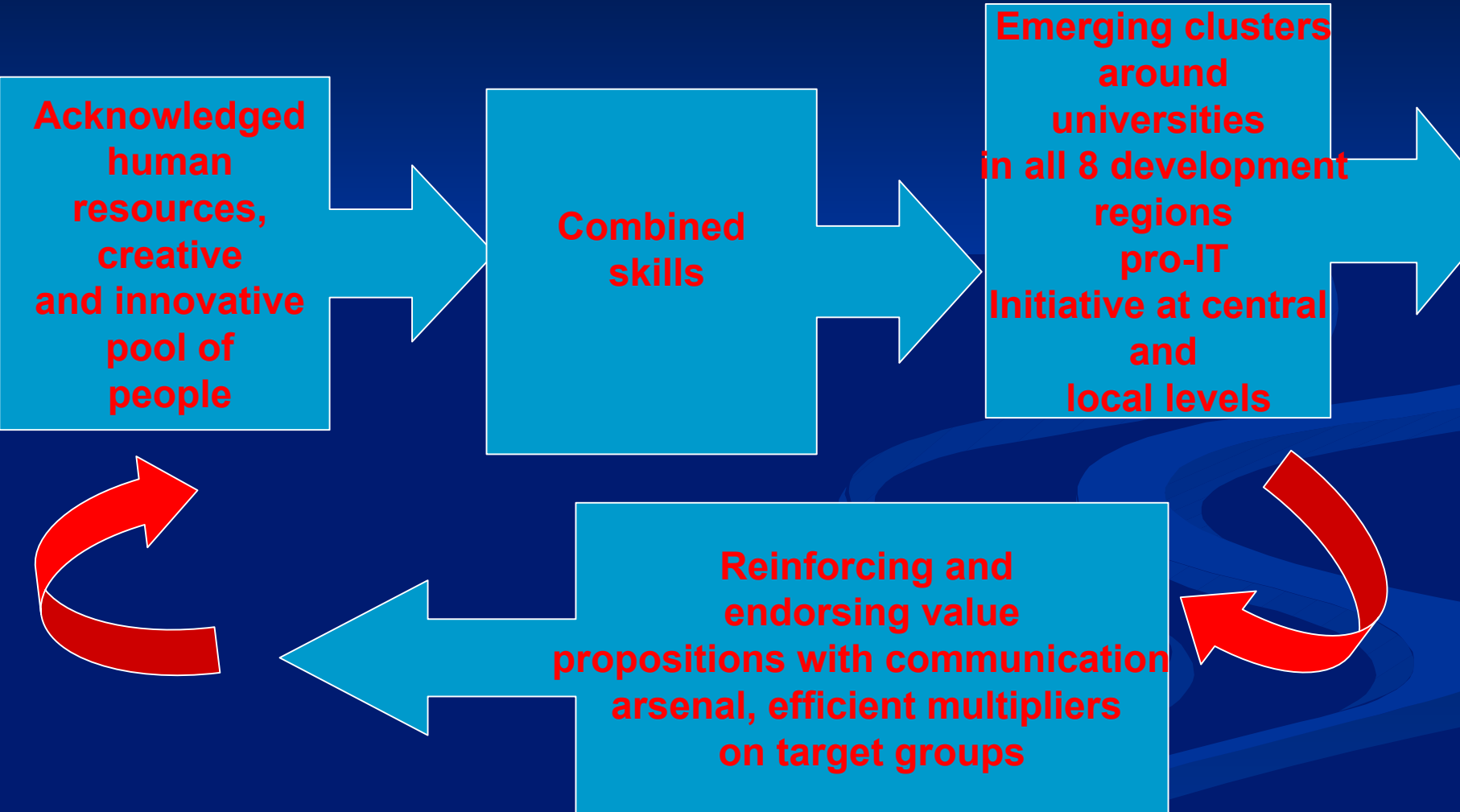


*...
the
basement
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and
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sector
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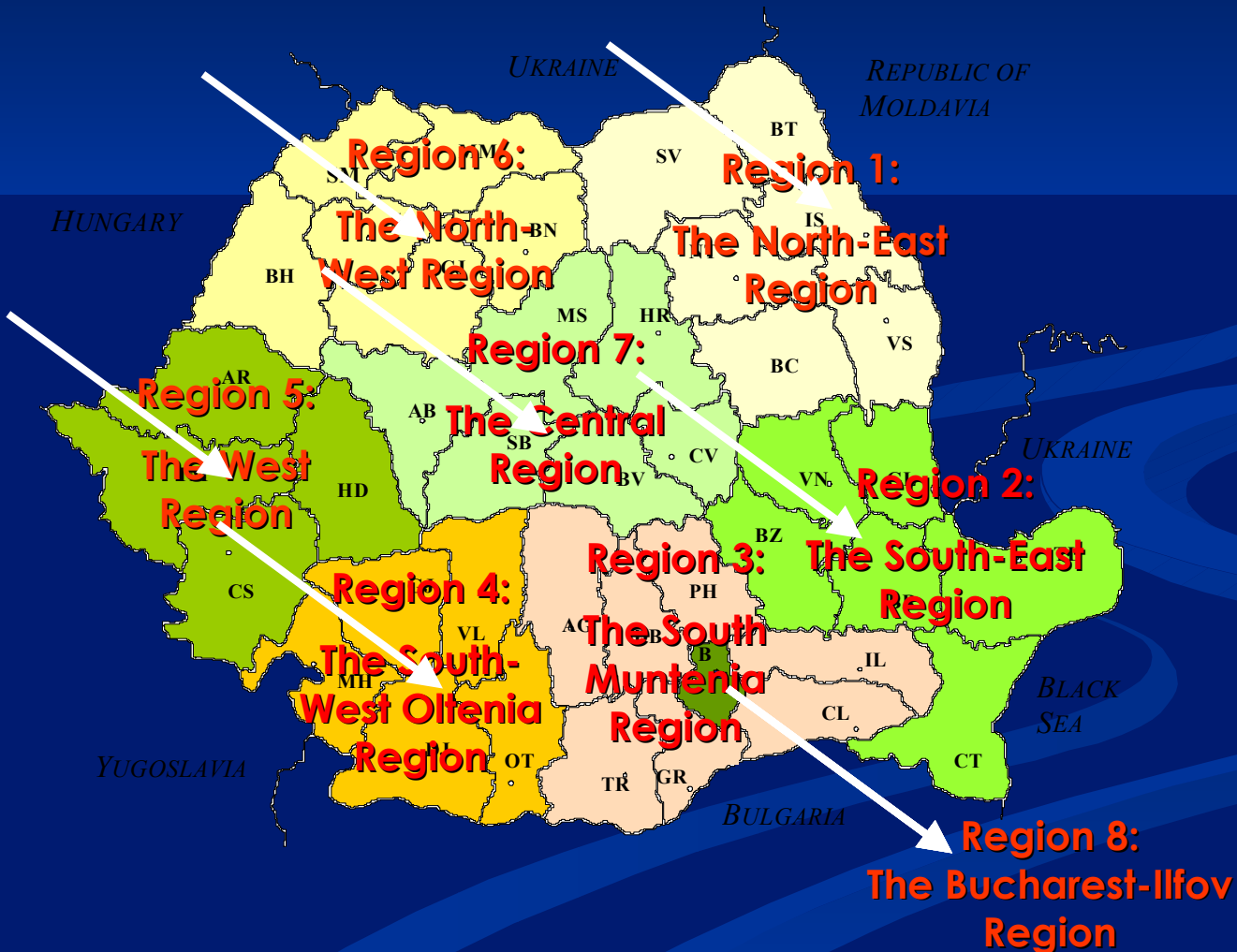
The way forward

- Refine the basement of the “IT&C Branding House” only through implementing the strategy;
- Promote and stimulate regional clusters around universities;
- Targeting markets: USA, Germany, UK, Middle East, Japan;
- Promotional arsenal;
- Choice of multipliers;
- PPP principle in management of branding program and in cost sharing :Strengthening the role of Coalition Tech 21 and more institutionalized approach

***Brand building is a long but rewarding journey ,
time and effort consistent. The new 4 years cycle***



Future IT&C clusters, main vector of positioning through core of competencies near big towns and universities:



***Branding may happen without
the strategy but the strategy
will work as a catalyst***

***For more info about Romanian Export
Promotion and National Export Strategy***

www.dce.gov.ro

Proposition and focus

- ***IT&C, among most effective ambassadors in services but not the only one (special branding for other service or product sectors is part of the country branding);***
- ***Sector branding is rewarding for the business: more reputation , more business, better price, more money;***
- ***Positive national brand comes from powerful individual brands or composite brands in sectors or regions where the core competencies are. Without this down-top approach no country branding is efficient.***