ITBUSINESSEDGE
YOUR TECHNOLOGY INTELLIGENCE *AGENT*

Home   **Research**   **Solutions**   **Contractors**   **Training & Tools**

3 Questions:
Talent Shopping North of the Border

Outsourcing for Strategic Advantage, July 20, 2005

With Dora Vell, CEO of global technology/corporate search firm Vell Executive Search Inc., a Waltham, Mass.- based global corporate and technology executive search firm specializing in C-level and board searches.

Question: There has been a fundamental shift by technology companies in both the U.S. and Canada in regards to the cost and competitive advantages of IT talent shopping across the U.S./Canadian border. Can you explain how your firm uses this form of nearshoring for strategic advantage?

Vell: Finding engineering/IT talent in Canada presents several advantages to U.S. companies, including the current currency exchange rate, which makes this a significantly cost advantageous option (could be 40 percent or so depending on the exchange rate). As well, the workforce speaks the same language, is in the same time zone and enjoys a similar culture. Canadian workers need less direction from a U.S. employer than would be the case in a traditional offshoring type of scenario. Canada also boasts top-rated computer science/ engineering schools. An entire design/system can be developed within Canada. The same functions in engineering/IT can be performed in Canada and the U.S. Another advantage is that the workforce in Canada also tends to be more "loyal" as fewer people "job hop" and move to new companies as is they do in the U.S. or overseas. As well, the travel from the U.S. to Canada is less than that overseas. Finally, U.S. companies can nearshore entire engineering teams or hand-select IT talent within the Canadian economy.

   The advantages for the technical and technology side also carry over for business talent in reverse: Canadian companies can effectively leverage the talent and relationships built by U.S. business executives via boards or across the senior (VP, C-suite) ranks to include CEOs. The "reverse brain drain" can work for Canadian companies as they expand into new markets.

Due to the size of the U.S. economy, Canadians can enjoy dipping into the deep pool of U.S. talent.

Question: When recruiting IT executive-level talent, how does Canada fit into the equation?

Vell: Canada has outstanding technical skill sets that are suited to the highest growth technology sectors: engineering, software developers and IT. Expertise for such sectors as IP, logistics, security and telecom are hotly competing for the senior

technology and business executives that Canada cultivates. The comparable size of the market dictates that there are more IT executives in the U.S. that have acquired specialized skill sets. Canada can exploit these to help its companies grow.

While it's true that Canada's IT talent as measured by numbers is not as great as it is in India and China, Canada does offer a quality distinction. China and India have emerged as offshoring destinations for global technology organizations because they have the numbers to put against these functions; Canada has the opportunity to position itself as a cost-effective, high-end boutique for software development and engineering of all sorts, leaving the rest to more populous countries.

Question: In what areas do you see Canada's role in the nearshoring and offshoring markets improving?

Vell: In my opinion, Canada is a well-kept secret. Everyone thinks of outsourcing to India and now China, which is very appropriate in certain cases, particularly for volume-driven technology providers and manufacturers.

But outsourcing to these remote lands is not without cost and challenge for an organization. Employee costs are rising, and language and time zone barriers and unplanned trips to manage them contribute to inefficiencies. For U.S. companies, Canada fills a competitive niche (high-end services in the same time zone with similar culture and language) and incubates new technology development dollars and venture investments on par with the U.S. In my opinion, the case for Canada has not yet been made forcefully enough. When decision-makers examine the Canadian option, the country becomes increasingly more attractive, given all the other benefits it provides.

About IT Business Edge | Contact Us | Privacy Policy | Advertise | 3 Questions | Editor's Choice | Archives