



NOA Implores Government to Help the UK Outsourcing Industry, not Hinder it, and Make the UK the Global Strategic Hub for Service Delivery by 2020

The NOA outlines five crucial steps David Cameron must take to support UK outsourcing, which will drive job creation and significant growth to UK GDP

The National Outsourcing Association (NOA) has unveiled its vision for how the UK can become the global strategic hub for outsourcing and service delivery by 2020, and is calling for David Cameron's government to provide some long-awaited, much-needed support. The NOA claims that with the government's action and backing, the UK will enjoy sizeable economic growth, more knowledge-based jobs, a rise in national productivity and an increased competitive advantage internationally, contributing billions to the treasury – all whilst also offering a solution for cutting the deficit.

The NOA argues that being recognised as the global strategic hub for outsourcing will ensure that the majority of global sourcing strategies will be devised in the UK. Britain will be the frontrunner in best practice and global standards, with more contracts being signed and governed here. The UK will also be recognised for its expertise in delivering value-add services, resulting in increased international use of UK-based service providers and a dramatic increase in foreign direct investment.

The NOA has identified five key areas for immediate government focus in order to secure this global leadership position including: improved skills development at both national curriculum and higher education levels; less restrictive immigration policies; improved travel and telecommunications infrastructures; and vocal government support for the industry, with the government adopting a realistic approach for the governance of its own outsourcing contracts.

The UK possesses the second largest and most mature outsourcing market in the world,ⁱ employing **over three million** individuals.ⁱⁱ And the UK government uses outsourcing more than any other government globally – spending **£120 billion** on outsourced public services over the past five years – which shows Whitehall recognises the industry's value, yet publicly the government currently hinders outsourcing more than helping it. The UK already has the key ingredients required to become the global leader in outsourcing: the English language, the perfect time zone, strong financial markets, excellent infrastructure and world class consultants. With the government's active support, the UK can become the global strategic hub for outsourcing by 2020, making a vital contribution to the growth of the UK economy.

Kerry Hallard, CEO of the NOA, commented: *“The UK government needs to drop its fixation with the manufacturing industry and recognise that we are living in the services economy. We have a very real opportunity to become the global leader in this space and enjoy all the growth opportunities that come with it, but I fear we are losing ground to the very nations we outsource to: India, China and Poland being prime examples. Their governments have much more committed focuses on this burgeoning sector with proper financial incentives, committed education programmes and real pride for the industry. The UK government, on the other hand, prefers to castigate outsourcing to save ministerial skins and puts up barriers that prevent innovation. This must change with immediate effect. The crown is ours to lose, and we will lose it if the UK government continues to neglect its biggest, brightest industry.”*

“Change needs to happen at the highest level and fast,” warns Hallard. *“The outsourcing industry is transforming rapidly. Contracts based on labour arbitrage are quickly becoming a thing of the past. Robotic automation will replace the most basic transactional roles and the new battlegrounds will be digital excellence, process design, customer-centricity and strategic leadership - areas the UK already excels in. As a nation we are really good at delivering value-add services! The UK is now running a services trade surplus of 5%,ⁱⁱⁱ with outsourcing making a significant contribution to UK GDP. But we need to keep improving - we need to let the world know we are committed to this industry and proud of our leadership role within it.”*

Five areas for immediate government focus, as identified by the NOA:

Improved skills development: The government needs to focus on developing the right professional talent. Schools, colleges and universities will play a crucial role – the UK needs more home-grown knowledge workers with digital and IT skills, while all school-leavers should be better educated in commercial and soft skills. The next generation must be adept at delivering services to the highest possible level, and capable of designing, building and managing customer-centric business processes.

Less restrictive immigration policies: The government plans to crack down on the number of workers from outside the EU being brought into the country via **intra-company transfers**, despite the fact that these individuals possess the very skills the UK currently lacks. Until those skills are abundantly available at home, we need to encourage the best foreign talent to come and contribute to our economic prosperity, rather than turning them away - to do so will damage the economy and discourage foreign R&D investment.

A balanced approach towards outsourcing transparency: The National Audit Office has recommended that the government improve its approach towards **open-book accounting**. The NOA supports transparency and accountability, but recognises that a delicate balance is required. The government must focus on the value attained from outsourcing, rather than the profits made by its service providers. Purely attacking profits will have huge ramifications, restricting innovation which in turn will reduce productivity, and making the prospect of public sector contracts far less appealing.

Further investment in infrastructure: Britain's infrastructure serves as the hard wiring to its economy, where better travel capabilities mean more foreign investment. Heathrow's third runway is a prime example: such progress will aid the UK's national productivity and its competition against emerging global superpowers. Telecommunications infrastructure is another area that requires dedicated and continuous investment, as it will facilitate the country's ability to provide services internationally at the highest possible level.

Active and vocal government support: The government clearly values the UK outsourcing industry, being one of its biggest customers. However, it is rarely vocal in its appreciation. If the UK is going to become outsourcing's global strategic hub, the government will have to stand behind the industry and publicly support its successes, rather than just criticising its few failures. As prime minister, David Cameron's biggest responsibility is to support the UK economy. He would do this best by having his ministers participate in more global trade missions to demonstrate Britain's outsourcing prowess on the world stage, pledging his own support and showcasing what fantastic services the UK has to offer. The government must also focus on better training its own people in contract and relationship management, to maximise the benefits of its own outsourcing.

Kerry Hallard continued: *"For an industry to contribute so significantly to the UK economy, yet be ignored to this extent by its government, is quite frankly disgusting. It used to be the manufacturing sector that put the 'Great' into Great Britain – today it's British services and outsourcing. Just imagine how much more the UK could achieve in terms of economic growth, employment and productivity if outsourcing had the government's full backing."*

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About the NOA

The National Outsourcing Association (NOA) is the leading association serving both the outsourcing professional and the global outsourcing industry. Our vision is to grow the size and positive reputation of the outsourcing industry. Our mission is to be both the home and global ambassador of world class outsourcing. www.noa.co.uk

ⁱ Professor Nick Cross, Warwick University

ⁱⁱ The Business Services Association, "Outsourced Services Industry: An Engine for Sustainable Growth", http://www.bsa-org.com/uploads/publication/file/46/54_original.pdf

ⁱⁱⁱ PwC, "How the services sector is rebalancing Britain's economy", <http://www.pwc.co.uk/services/economics-policy/insights/uk-economic-outlook/ukey-nov13-how-the-services-sector-is-rebalancing-britains-economy.html>