

Spain offers a viable outsourcing alternative

Spain has the potential to be a leading outsourcing destination, due to its large pool of well qualified IT professionals, competitive rates, world-class expertise, and potential scale through its long established links with South America, according to market analyst firm Forrester. Spain offers a viable outsourcing alternative

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"Outdated perceptions and a lack of awareness about Spain's IT capabilities mean that many European companies have overlooked the value that Spain can offer as an outsourcing destination" comments Euan Davis, Principal Analyst at Forrester, speaking at an event hosted by The Spanish Association of Consulting Firms (AEC) in London last week.

Recent research by Forrester reveals the attractiveness of Spain as a destination for IT services work. Spain's IT services industry accounts for c.250,000 IT professionals and has one of the highest European growth rates for senior IT staff. More than 16,000 IT companies already operate in Spain and over 11,000 foreign companies have established offices in the country to take advantage of its benefits.

Many of Spain's large firms, such as Grupo Santander, Iberdrola and Zara, punch above their weight internationally and are known for their innovation, efficiencies and world-class technology. Labour costs in the IT sector in Spain are approximately half of costs in the UK and almost on par with Indian rates when you factor in the governance costs of working with India.

Daniel Naoum, representative of the AEC (The Spanish Association of Consulting Firms), says: "Skills, scale and location underscore Spain's attractiveness. Spain has proven itself to its customers, however, there is still a significant lack of knowledge outside of Spain about the country's IT capabilities. This is a situation which the AEC are seeking to address and we are urging organisations to consider Spain as an alternative and/or complement to India."

European companies are increasingly looking to service providers to provide a global service delivery model – integrating services on offer across a network of low-cost locations. IT service providers have moved to Spain to tap into the country's expertise, particularly in the banking sector. Decisions on which country to outsource work to usually focus on daily rates, but often overlook the importance of cultural and business affinity which can lead to improved project management and solutions more apt for business in Europe.

Nearshore arrangements from Spain mean that both the client and provider can work together in real time and project managers can easily commute between the two, facilitating interactions, minimising risk and improving the service. Furthermore, efficient operations and good project management can lead to cost savings of 20% to 30% whereas direct labour cost can only reduce costs by an estimated 9%.

Spain also has the advantage of its long-standing links with Latin America which open up significant possibilities for scale. Local and international service providers have established facilities across Latin America and have integrated these resources into their global service delivery models.

Daniel Naoum, AEC, says: "Value Shore is a unique collaboration between some of the leading consulting firms in Spain. Our aim is to work together to debunk outdated perceptions and educate companies as to the benefits of Spain. Companies looking for high value, low risk services from experienced and highly skilled professionals should seriously consider Spain when examining their outsourcing options."