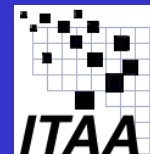


Global Sourcing and the US Economy

Harris N. Miller, President,
ITAA

March 30, 2004





About ITAA

- Established in 1961
- 380 Corporate Members
 - 90+% of the US IT Industry
- Leader in Public Policy Advocacy
- IT Workforce and Education Specialty
- Members are U.S. IT Companies Performing Work
 - Onshore through Domestic Workforce
 - Onshore through U.S. Subsidiary of Foreign Parent
 - Offshore through Foreign Subsidiary
 - Offshore through Foreign Subcontractor





About ITAA Global Competitiveness Program

- Publish Nation's Leading Annual Study of IT Workforce
- Developed Industry Consensus Position Papers on Global Competitiveness and Offshore Development as well as L-1B Visas
 - Available on ITAA Website – www.itaa.org
- Conducting Media and Analyst Outreach on Global Competitiveness and Outsourcing
- Seek to Expand Global Markets for Free Trade in Computer Software and Services





Today's Study Release

- Major Econometric Study
- Commissioned by ITAA
- Conducted by Global Insight
- All New Data on Impact of Computer Software and Services Offshoring on U.S. Economy



Benefits of Global Sourcing

- What is Global Sourcing?
 - Sometimes Called Offshore Outsourcing or Worldwide Sourcing
 - Accessing Foreign Labor Markets
 - Products and Services
 - Harnessing Global Market Forces
 - Putting Technology Advances to Work
 - Offshore is a Subset of “Outsourcing”



Benefits of Global Sourcing

- Why Global Sourcing?
 - Align Business Operations
 - Access to/Expanding Foreign Markets
 - Leverage Expertise
 - Manage Costs
 - Gain Benefits of Scale
 - Cut Capital Expenses and Overhead
 - Improve Margins
 - Competitors are Global

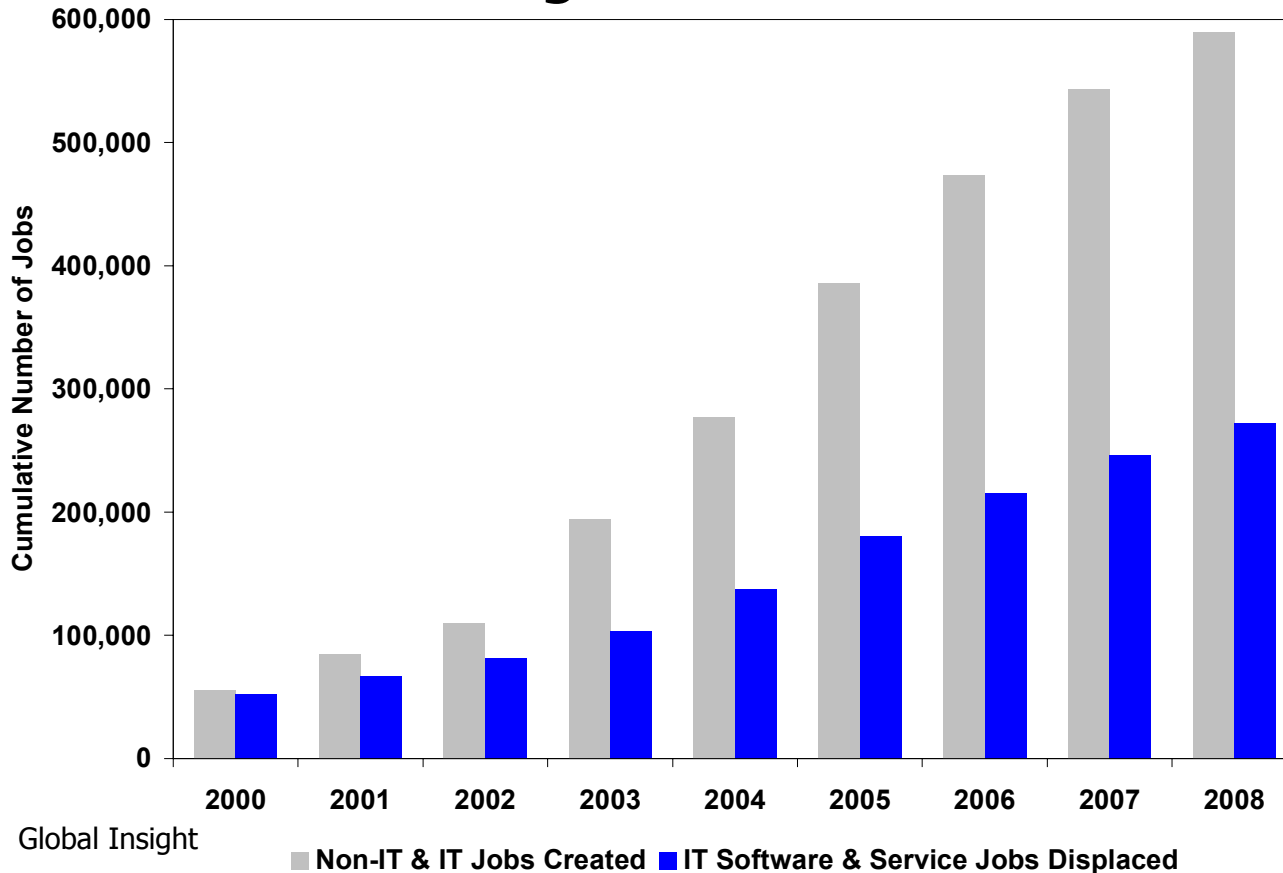


Today's Big News

- Global Sourcing:
 - Adds American Jobs
 - Increases Real Wages for American Workers
 - Boosts the U.S. Economy
 - US IT Workers Will Continue to Increase

Today's Big News

Global Sourcing Boosts American Jobs

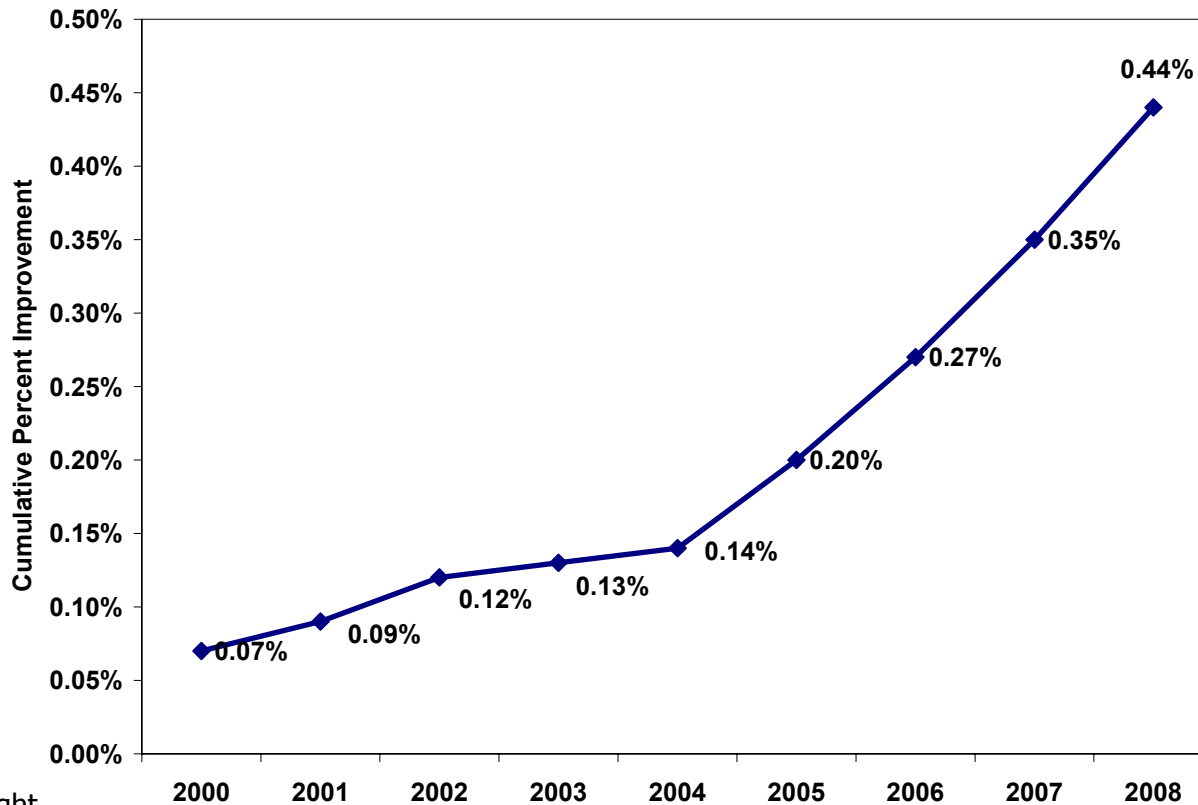


Source: Global Insight



Today's Big News

Global Sourcing Increases American Wages



Source: Global Insight





Benefits of Global Sourcing

- Global Markets Build America
 - Companies Gain Productivity
 - Savings are Reinvested
 - New Overseas Markets are Opened
 - New Trading Relationships Established
 - Funds are Repatriated
 - New Jobs Replace Old Jobs
 - Shrinking Labor Pool Extended



Public Policy Challenge

- Dislocated Workers Cannot be Forgotten
- Public Policy Is Key...
 - Government Assistance for Service Sector Workers
 - skills training (and compensation during the training period)
 - job search and relocation allowances transportation, childcare and healthcare assistance
 - Seek open markets in all countries
 - make sure emerging markets for US exports are open and accessible

A decorative header featuring a blue background with a light blue grid. Several colored squares are scattered across the grid: a small cyan square at the top left, a red square, a green square, a white square, a yellow square, and an orange square.

Public Policy Challenge

Other Public Policy Approaches...

- Support and enhance the United States educational system
- Support basic research and development programs to help insure continuing US leadership in science and technology
- Foster a business climate that encourages risk and rewards entrepreneurial effort



Global Sourcing: The Bottom Line

- Customers Want Higher Value and Lower Cost
- American Workers Gain Jobs and Higher Real Wages
- Competition Builds U.S. Economy
- U.S. IT Industry Will Continue Strong



Global Sourcing and the US Economy

Harris N. Miller

President

ITAA

703-284-5340

hmiller@itaa.org

www.itaa.org

