



Consultants



The better way to outsource testing



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November 2013



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Outsourcing is widely considered a good way to reduce cost, offload business risk and gain strategic focus. A poorly considered strategy, however, can negate all the advantages. Case in point is the recent flap over RBC's use of the Temporary Foreign Workers (TFW) program and the damage that was done to the firm's brand and reputation as a good employer. This story also highlights the risks and shortcomings of outsourcing IT services to foreign providers.

In a nutshell, RBC has a large and comprehensive outsourcing relationship with iGate, a large, Indian-based provider of business services. iGate and RBC were exploiting a loophole in the TFW program to bring in lower cost Indian workers to replace 45 RBC Canadian staffers. The story surfaced when a disgruntled RBC employee went to the media documenting the practice. The popular backlash against RBC's policies and reputation not to mention damage to its relationship with the Federal Government was immediate and powerful.

The TFW program was designed to help organizations experiencing labour shortages fill immediate job vacancies requiring specialized skills on a short term basis – not as a permanent replacement for qualified Canadians or as a means of driving down wages. In many industries like hospitality and construction this program delivers a vital stream of workers. However, it has since been made public that foreign outsourcers (likely without the knowledge of their Canadian clients) are exploiting loopholes in the TFW program to bring in Indian pay scale IT workers into Canada in order to replace higher wage Canadian workers. At the same time, some of these offshore outsourcers are reputedly 'baiting and switching' their Canadian clients, promising the client A-quality players but delivering B workers.

As a result of the controversy, the Federal Government indicated that it would toughen the TFW regulations around eligibility and wage rates. Some of these tougher conditions include requiring temporary workers to be paid the same as equivalent Canadian workers and tightening up the skills eligibility requirements to prevent abuse. However, these new measures may not prevent the misuse of the program. Given their reliance on TFW and the lead times needed to adjust their service model, foreign outsourcers will need to overhaul how they supply qualified people or try to skirt the new rules in the short term. These two factors – keeping up with their contractual obligations of providing low cost but skilled foreign workers and the difficulty in



changing their business practices – will likely extend project deliveries and drive up operating costs around overtime, regulatory compliance and worker visa administration.

The RBC controversy has the potential to expose other murky TFW practices in high profile sectors like Banking, Insurance, Telecom, Public Sector and Consumer Goods. It is likely other Canadian organizations are facing considerable business and brand risk – whether they know it or not. At particular risk of public censure are those firms participating in the TFW program in highly populated and media-intensive centers like Toronto, which feature high unemployment or where technical talent is perceived to be in abundance. Prudent firms can no longer only rely on the TFW program or offshore outsourcing as a source of IT talent.

IT services outsourcing to India is a case in point. Comparisons of national wage rates shows the gap between Indian and Canadian workers has narrowed substantially – even with a strong Canadian dollar. It no longer makes business sense to bring in foreigners or offshore many activities like software testing when more qualified and reliable Canadians are available at comparable wages as Indians.

Offshoring brings other concerns as well. Many IT-intensive companies have now come to the realization that that they should not be offshoring vital activities and knowledge, capabilities they need locally to compete better and manage risk. In addition, dealing with offshoring outsourcers continue to be fraught with risk, including the security of IP and brand assets, massive currency swings, and higher than expected costs. And, choosing to hire in-house IT staff or ramping up existing offshore relationships is not as sensible as it once was. It takes time to find and keep the right resources; it is expensive to support an infrastructure and; it can be a cumbersome undertaking because of administrative, visa and recruiting complexities.

In summary, the aforementioned challenges will increase the likelihood of project delays, public embarrassment and higher costs. Clearly, offshoring – especially through the TFW program – is no longer a bargain. There is an alternative for companies looking for expert IT resources – specifically software testers – to help deploy key applications and launch new products.

Canadian-based QA Consultants provides companies a better way to test software, one that retains and extends the benefits of outsourcing without the business or regulatory risks. Their Test Factory, a Toronto-based testing center of excellence, uses extensive automation, a ready bench of expert testers and risk-based testing methodologies to deliver mission critical projects.



The Test Factory's value proposition is simple, yet compelling: high quality software testing performed in Toronto at offshore prices, and with lower risk. In addition, outsourcing to a local provider eliminates business and reputational risk by giving clients more visibility and control over their resources, IP, knowledge and projects.

Since 1994, the QA Consultants business model has always been aligned with national economic strategies. Mark Carney, former Bank of Canada governor believes, "The challenge of a skills shortage is not unique to Canada, but the solution is training not bringing in temporary foreign workers." We couldn't agree more. Instead of bringing in temporary and untested foreign workers (usually unschooled in Canadian business practices and culture) to deliver our outsourcing services, we chose to employ and invest in hundreds of Canadian IT workers. Each of our 600 testers are required to undergo extensive industry, technical and business skills training at our QAC University. To enable their efforts, we invest millions of dollars yearly in R&D. These investments have spawned a variety of client-serving innovations that have allowed us to deliver more value at lower cost than Indian outsourcers.

We believe that most companies do not want to intentionally hurt Canadian workers and drive down wages. Most likely, they are not aware of expert Canadian software testing providers that could deliver higher skilled, more reliable and Toronto-based people on demand at similar cost. When this provider is QA Consultants – the largest dedicated software tester in North America – every client can be assured they are getting superior value and service with no surprises. Market leaders such as Loblaw, Bank of America, Praxair and Canadian Tire are already realizing this value. Shouldn't your firm?

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