News

Obama attacks offshoring, seeks visa reform

Touts tech innovation, jobs in State of the Union speech against a mixed record so far

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Computerworld - In his State of the Union Speech, President Barack Obama Tuesday night attacked offshoring, urged businesses to bring jobs back to the U.S., and renewed his appeal for visa reforms to keep foreign students from returning home after earning advanced degrees.

Obama Tuesday made many references to tech, to business start-ups and to innovation in the speech.

He urged Congress to back policies that help "every risk-taker and entrepreneur who aspires to become the next Steve Jobs."

Laurene Powell Jobs, his widow, was among the invited guests.

Obama to date has had mixed record in the IT sector, especially in returning tech manufacturing jobs from offshore.

Obama has had no success in persuading Congress to undertake employment-based immigration reform and last year also appealed to Congress to give green cards to foreign students earning advanced degrees.

Obama also renewed his calls to protect research spending to develop "the same kind of research and innovation that led to the computer chip and the Internet."

But in every area related to technology discussed by Obama last night, there are problems.

For instance, in 2008 approximately 75% of the ERP development work was being run onshore in the U.S., according to Phil Fersht, who heads HfS Research. That has since decreased to 65%. The company gathered its data from about 5,000 firms over an 18 months period.

"U.S. IT firms with heavy Indian footprints are growing the capability of their Indian talent bases to take on more complex software development work," said Fersht.

But U.S. vendors say there is growing interest in bringing jobs back to the U.S.

A company that Obama cited earlier this month as an example of the insourcing trend was GalaxE Solutions. The company's "Outsource to Detroit" campaign has garnered national attention. But this firm operates a hybrid development that, similar to many other outsourcing firms, relies heavily on offshore operations in India and in China.

"While there are more cost-attractive options opening up on locations such as Michigan, there is a higher proportion of work heading to India," said Fersht.

Increased offshoring doesn't necessarily mean that development jobs are disappearing. Degrees of outsourcing vary by type of work. Despite the continuing movement of jobs offshore, the tech sector is adding positions. Forrester Research's analysis of hiring last year found that 131,000 services and software development jobs were added last year.

As for high-tech manufacturing, Obama faces a tough road ahead. The National Science Foundation recently reported that the number of high-tech manufacturing jobs declined by 28% since 2000, in part, because of automation improvements and offshoring.

Apple Computer, for instance, does most of its manufacturing overseas.

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