

# KNOWLEDGE CENTER OUTSOURCING

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## Fiscal Red Flags

IT managers who know what to look for in their outsourcers' financial records can uncover early signs of trouble. **PAGE 40**



## Trade Secret Theft

Locked-down facilities and rigorous employee screening can reduce the risk of intellectual property loss. **PAGE 44**



## OPINION

### Unfair Treatment

Uncle Sam treats IT workers who lose their jobs to cheaper overseas labor differently from other laid-off workers. Columnist Mark Hall thinks that's wrong. **PAGE 52**

## EDITOR'S NOTE

**Y**OU KNOW about offshoring's political and employee backlash [QuickLink 47609]. You know about the security and privacy concerns over outsourcing IT [QuickLink 49098]. But there are other dangers, too, that typically get superficial treatment in the press, such as the risk of having corporate intellectual property in third-party hands. How do you keep customer data, or the powerful algorithms that give your systems a competitive edge, from being sold to the highest bidder?

Plus, there's the risk of the contractor going out of business. I don't mean to imply that IBM Global Services or any of the top Indian firms are in trouble — far from it — but I know it wasn't any fun for users when

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**QuickLink**  
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some of the early application service providers went belly-up a few years ago, or when Cable & Wireless exited the Web hosting business.

A recent Forrester Research survey of 161 IT decision-makers found that after security and employee resistance, the chief concerns about offshore outsourcing include the contractor's long-term financial viability and a lack of internal project management skills to keep control over the relationship.

That's why this special report delves deeply into these often overlooked problems and provides useful advice about the financial red flags you should look for and how to protect your trade secrets. Other stories will help you effectively monitor your contractors and make sure you have the in-house skills left to do so.

You can't say we didn't warn you about the risks — or help you manage them.

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# Outsourcing Dangers

**SPECIAL  
REPORT**

Is your provider in trouble?  
Is service quality slipping?  
Here's how to find out.