

# NEW ZEALAND BECOMES THE NEW DESTINATION FOR BRITISH BUSINESS WANTING TO OUTSOURCE MAJOR IT PROJECTS

Submitted by: Onechocolate Communications

Wednesday, 28 April 2004

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## PRESS RELEASE

### NEW ZEALAND BECOMES THE NEW DESTINATION FOR BRITISH BUSINESS WANTING TO OUTSOURCE MAJOR IT P

London - 26th April 2004 - A new 20-plus strong IT vendor coalition to promote New Zealand as a significant source of offshore high-end and creative IT research and software development expertise for UK IT users, today launched in London.

Supported by the New Zealand Government and managed by the IT Association of New Zealand (ITANZ), Outsource2NewZealand is targeting the UK market in the first stage of a global awareness campaign. The group draws together major protagonists from the New Zealand IT industry, which already generates rising revenues from exporting IT services – NZ\$100 million in 2002 to NZ\$365 million now.

New Zealand is already recognised by independent analysts including Gartner and AT Kearney as one of the world's most attractive centres for offshore IT development work. The country is not competing head on with the low cost structures of India, China and Eastern Europe. Instead, Outsource2NewZealand has identified a top end market niche for creative solution innovators that can complete challenging projects for overseas clients faster, smarter and more cost effectively.

Outsource2NewZealand includes companies that have delivered offshore IT services to UK clients. For example, Jade Software Corporation provided Skipton Building Society with a complete branch automation solution that took advantage of the time zone difference for round-the-clock work to complete the application development in less than three months and rollout to all 80 branches within 30 days.

The rise of IT outsourcing in New Zealand is driven by a combination of factors including strong government support for the developing technology sector. New Zealand has the digital broadband communications infrastructure that makes international offshore IT projects feasible. For example, the country is connected globally by five submarine cable networks including the 240-gigabyte Southern Cross link. A conjunction of a highly educated IT workforce and strong R&D skills with a safe, secure business environment in terms of robust intellectual property protection, data security, software anti-piracy and legal system also makes the country an attractive IT outsourcing destination.

The country's ability to provide offshore creative and collaborative IT services and solutions has also been demonstrated by how the international film industry is outsourcing computer generated effects and rendering work to New Zealand digital technology companies. There is similarly rich vertical market expertise for outsourcing development projects in health, government, insurance, financial services, science, and electricity distribution and supply.

Tony O'Brien, Senior Trade Commissioner UK and Europe, New Zealand Trade and Enterprise said: "New Zealand has a uniquely vibrant and rich information and communications technology sector. Our IT

specialists have had to become more multi-skilled and multi-talented than in other countries. This has enabled New Zealand technology companies to take different approaches to how software is developed and tailored. Outsource2NewZealand will increase awareness of how UK customers can access this rich source of IT expertise and creativity”.

Jim O’Neill, Executive Director, ITANZ and a leading member of Outsource2NewZealand said: “The UK is a natural first market for Outsource2NewZealand. The UK IT services market is worth US\$47 billion with outsourcing estimated at approximately US\$3 billion and expected to grow at a rate of 40 per cent a year. Already skilled in working with international clients, New Zealand IT service companies are well placed to win a greater share of this market. We are well known here for our creativity and proven ability to collaborate with clients to complete major IT projects to challenging time-frames and requirements”.

#### Editors’ Notes

##### About Outsource2NewZealand

Outsource2NewZealand [www.outsource2newzealand.com](http://www.outsource2newzealand.com) is a collaborative industry driven initiative to establish New Zealand as a serious participant in the global software outsourcing market.

Current members include: Auger NZ Ltd; Black Coffee Software; Catalyst; CGNZ Ltd; e-Expert Developments; Gen-I; Infinity Solutions; ITANZ; Jade Corporation; Jacques Martin; Mi-Services; Optimisation; Oracle; Prismac Solutions; Solnet Solutions; Synergy International; Sytec Resources; Telecom NZ; The Simpl Group; Unisys; Usability Laboratory; and Wigley & Company

##### New Zealand Trade and Enterprise

New Zealand Trade and Enterprise is the New Zealand Government’s agency charged with helping New Zealand businesses achieve success at home and in the global marketplace. NZTE is playing a supportive role in the Outsource2NewZealand project.

##### About IT Association of New Zealand

ITANZ is a national association of companies involved in the supply of hardware, software and services in the computing and telecommunications industries. This sector generates combined annual revenues in excess of NZ\$11 billion.

##### Independent Rankings as an IT Outsourcing Destination

Gartner positions New Zealand among the “Up and Coming” outsourcing destinations. Gartner also assesses New Zealand second only to India on its ratings of Qualitative Indicators of Country suitability for outsourcing. New Zealand is ranked in line with China, Ireland and Northern Ireland, and ahead of South Africa, Russia and Poland. Consultancy firm A.T.Kearney in a recent review of offshore location attractiveness assessed New Zealand sixth in the world for people skills and availability and fourth in respect of the business environment. New Zealand was rated 3rd for English speaking developed countries

and overall, the country ranked 12th among the 25 top outsourcing destinations.

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