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Outsourcing



什么文化，费用和成果？
What about the culture, costs and results?

Quality, Excellence and Cost Effectiveness

– Outsourcing and Testing Centers in the “Silicon Wadi”

by *Chen Bressler*

It is common knowledge that these days many companies are looking for ways to save costs, and ROI figures are constantly being presented at board meetings. In this article I will try to show that a country which is leading in software development can also provide a cost-effective solution for outsourcing. In the following you will find a number of statistics gathered from a brochure published by The Israeli Export & International Cooperation Institute:

- **With more than 3,000 companies, Israel has the highest concentration of hi-tech companies in the world, second only to the Silicon Valley.**
- **After the United States and Canada, Israel has the largest number of NASDAQ listed companies.**
- **Israel has the highest ratio of university degrees to the population in the world.**
- **Israel leads the world in the number of scientists and technicians in the workforce - 145 per 10,000 (as opposed to 85 in the US, 70 in Japan and 60 in Germany).**

Israel is a major player in the world software market. Companies like Amdocs, Check Point, Comverse, Mercury and Nice, who are responsible for pioneering software solutions, have given Israel and its software market a good reputation, thanks to innovativeness, creativity and advanced technologies.

World software giants, such as IBM, HP, Microsoft, Oracle and Sun have long discovered the potential which lies in the Israeli market, and have established research and development, operation and production centers in Israel. The success of the local software and startup market, gave Israel the “Second Silicon Valley” / “Silicon Wadi” nicknames. All this in a country whose population is only 7.5 million!

The local software market symbolizes Israel’s abilities and qualifications in the “knowledge-

based” economy. A skilled workforce, combined with a competitive working environment and international quality standards have made Israel into a global leader in IT solutions and services.

Therefore, it is not surprising that the demand for quality developers and testers, who command the newest technologies and methodologies, is one which cannot be taken lightly in the competitive and export-based Israeli industry.

Today we can see a tendency of increase in the number of companies acquiring outsourcing services from Israel. Two trends in the market are the main reasons for this. The first reason is the effective costs of the Israeli work force, which is considerably lower than those in Europe and North America, while the costs in India and Eastern Europe are constantly rising. Additionally, the expected output from Israeli employees and the quality of challenges they can handle are very high.

According to a study published by the Gartner research group, Israel is among the 30 leading countries in outsourcing services. The study also relates to additional attributes - “Countries such as Ireland, Israel, Northern Ireland and South Africa fared well for language skills, because of the quality and quantity of English-language speakers.”

For these reasons we can see a tendency where European and North American companies turn to acquiring software solutions and services from Israeli companies, specifically in testing and R&D projects which require skill, expertise and advanced and relevant knowledge.

An additional reason is that throughout the past years new models of outsourcing have developed in Israel in response to the need for the reduction of costs in the competitive market, and as an effective alternative for outsourcing in other countries. The models are based on the vast knowledge accumulated in the high-tech industry over the years, and on the large

variety of population groups in Israel – the “melting pot” of cultures and populations. The combination of these elements is very significant in Israel, where one can find population groups living side by side, Jews with Arabs, immigrants from Russia, the US and Ethiopia with native Israelis, and secular with religious and ultra-orthodox.

The uniqueness of this model is that it enables a significant reduction in costs, while preserving quality and production. In most cases, the ideal solution is based on teams of experienced managers leading teams of rising talents drawn from this variety of population groups.

For example, in recent years a number of Israeli companies offer outsourcing solutions using people of the Haredi (or ultra-orthodox) community.

In Israel, the Haredim aged 20 and up make up about 9% of the Jewish population. The high birth rate in the Haredi community (7.7 births per mother), together with the lack of a general education, lead to a fairly high poverty rate. The employment level in this population group stands at a mere 33%. Lately, more and more projects, aimed at integrating some Haredim into the workforce, have been established. Many of the participants are happy for the opportunity given to them to “fit in” and utilize their potential.

Today in Israel, there are a number of projects which employ Haredi people in development and testing centers, while providing outsourcing services. In some cases, these workplaces employ only women. This may happen in centers located in cities which have a relatively high Haredi population. Most of these women that are employed are the sole breadwinners of their family, where their husbands dedicate their days to studying the Torah at a Yeshiva.

Other projects, such as the “ETGAR” (Challenge) program, working in coordination with the Israeli Ministry of Industry, Trade & Labor, turn to the Haredi male population. In this project, Yeshiva students who are appropriate

for the project in terms of learning skills, logic qualifications etc. are located and trained up for approximately one year of intensive studies of the most advanced technologies and methodologies to become software testers and developers.

The basis of the project is the desire to provide a solution with an optimized cost-effectiveness balance. In the STE – Software Testing Engineer – course, the students take the **ISTQB** exams and complete their studies with the CTFL certification.

Following this, the course graduates work as software developers and testing engineers in designated development and testing centers, or they may join existing teams in high-tech companies working in an outsourcing context. Among the companies who already are successfully using these services, you will find **Microsoft, Qualisystems, and Comverse**. To

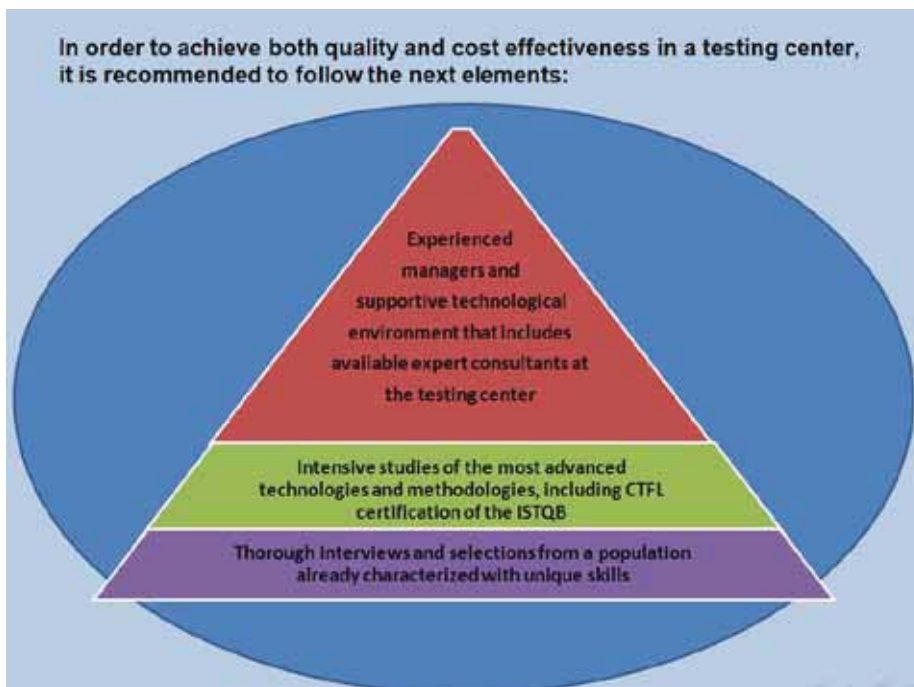
A lecturer at a testing course gave me his impression of his students. “Throughout the course, I was very impressed by the remarkable abilities of the students. Years of Torah study have developed many of their important qualities, such as meticulousness, detailing, and searching for hidden meanings in every activity. These qualities are essential for a software tester, and these boys attain levels which I have rarely seen in all my years in the industry. Additionally, their high motivation and wish to join the industry is quite evident. They devote all their energy to these studies and the results are apparent.”

During the course the students learn theoretical and practical material, which is focused on and relevant to the needs of the industry. As indicated by Neria Cohen, a student of the software developing course: “This course enables people like us, who have high learning abilities, to benefit from practical training and

that previously had hardly been incorporated into our society’s employment circle.

Summary

In an attempt to foresee the future, it is fair to assume that the use of outsourcing in the global high-tech market will continue to rise, even when we will see, with a sigh of relief, the end of the current financial crisis. Therefore, looking ahead to the next couple of years, we can expect the appearance of more new models of training and employing workers, turning to additional populations, and a flurry of changes in the countries who lead the table of outsourcing.



quote a senior QA person: “We incorporated the graduates of these courses into the various divisions of our company, with a rate of success which is much higher than any of our expectations. It must be noted that it was easy to integrate these graduates immediately, and one could see they learned all the basics needed for joining the high-tech market, be it at the professional level or regarding the personal and interpersonal skills needed for workers in this demanding environment.”

Besides the fact that only the elite are chosen for the projects, after going through thorough interviews and selections (less than 10% of candidates are accepted), the backgrounds of the students, namely Yeshiva education, contribute much to the development of their logical thinking. The reason for this is the style of Talmudic studies in Yeshivot, most of which teach the Talmud “in-depth”. These studies require careful scrutiny of the text, paying attention to small details, and maintaining certain chains of thought.

to learn much of the technology’s best material in a relatively short time. If I may try to be objective – I believe the project fills a void in the Israeli society. This way, the industry benefits from talented people who can achieve new heights, and the project enables individuals, whom until now weren’t able, to join the workforce and make use of their full potential.” His colleague, Yossi Harel, concurs, “This project is a golden opportunity which enabled us to change our lifestyles and our way of thinking. We received a great gift here.”

The utilization of the potential and abilities of the courses’ graduates can be further illustrated by looking at Microsoft’s blogs, where the elite list of bloggers was enhanced by the addition of Shlomo Goldberg (graduate of the software development course; blogger of the month – December 2008) and Baruch Frei (graduate of the software testing course). These examples demonstrate just how much learning abilities and motivation can be found in populations



Biography

Chen is a Project Manager at SELA Group, the leading knowledge center for the High-Tech and IT industry in Israel. Among her responsibilities, Chen co-leads projects of outsourcing and testing centers and is responsible for international marketing of SELA’s originally developed advanced courses and consulting services.

In her former position, Chen was a Project Manager at Sunrise Projects, a consulting firm in the field of R&D grants in Israel. There she specialized in raising millions of Shekels in grants for high-tech companies, and in business development in the EU Grants (FP7) department, which included initiating and creating strategic partnerships with high-tech companies and other groups in Europe. In the six previous years, Chen established and managed the QA department of the Intellinx (formerly Sabratec) company, which manufactures a unique and innovative anti-fraud software product. Chen holds a BA in computer science and mathematics, and a MBA (cum laude) with specialization in International Administration.