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Service outsourcing conference opens in Nanjing

Building a 'smart' city

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Representatives from more than 700 companies in 21 countries and regions are expected to seek opportunities in China's service outsourcing market at a three-day industry event that opens today in Nanjing, capital of Jiangsu province.

Nanjing was selected as host city of the fifth China International Service Outsourcing Cooperation Conference due to its strength in the sector.

It is one of 21 model cities in China for service outsourcing and home to 1,022 companies that were doing business in the emerging field by the end of last year. Some 79 of them reported revenues surpassing \$10 million in 2011. More than

200,000 professionals work in the industry in Nanjing, 76 percent of them college graduates.

About 4,000 business representatives from 21 countries and regions have participated in the four outsourcing conferences held since 2008, which together generated transactions worth \$1.3 billion, according to Li Qi, deputy mayor of Nanjing.

Though the global economy has been turbulent since the onset of the financial crisis in 2008, service outsourcing has seen robust growth and will continue the momentum in the years to come, said Li.

"When it's a crisis for traditional industries, it's an opportunity for emerging sectors," he said.

"The global financial crisis forced multinational

companies to trim costs by spinning off peripheral businesses and transferring them to developing countries," he said.

Such a shift should offer attractive opportunities for service outsourcing companies in Nanjing and China as a whole, he said.

The local government expects the industry in Nanjing to expand 40 percent annually by 2015, according to Liu.

And he predicted the sector will employ more than 500,000 people in 2015.

Last year combined revenues of the city's service outsourcing companies totaled \$4.25 billion, a 60.3 percent increase from 2010 and 40 percent of Jiangsu's total in the field.

Revenues from offshore businesses rose 67.6 percent to

\$1.88 billion in 2011, ranking Nanjing the fourth among the 21 model cities.

Li said the government is stepping up efforts to attract leading service outsourcing companies to start operations in Nanjing. It will mainly target Fortune 500 companies and the world's top 100 outsourcing enterprises.

It will deepen cooperation with renowned consulting firms like Gartner, IDC and McKinsey for investment promotion.

In the future, Nanjing will highlight outsourcing services relating to telecommunications, power equipment, finance and biomedicines, in addition to the well-known fields of information technology outsourcing, business process outsourcing and knowledge process outsourcing.



Software developers work at Winking Entertainment Co in Nanjing, one of the nation's leading online game companies.

Li highlighted the city's talent pool to illustrate the city's advantages.

Nanjing is home to 53 higher education institutes where 60,000 of the 200,000

graduates every year major in IT.

As well, labor costs are lower in Nanjing, compared to other developed regions, he said.

As an established industrial hub, Nanjing has a well-developed infrastructure in telecommunications and transportation, both essential to the service outsourcing industry.

The local government is supportive of the industry by offering a number of favorable policies, Li said.

China will boost the development of its service outsourcing industry by expanding into the global market, Chinese Premier Wen Jiabao said during the first China Beijing International Fair for Trade in Services last month.

China is now second only to India on the list of largest service outsourcing bases in the world.

The industry is set to benefit from the fast-growing global service outsourcing market, which is expanding 20 to 30 percent annually, according to a previous China Daily report.

The government of Nanjing has made the transformation into a "smart" city using IT and other intelligent technologies an important priority in the city's 12th Five-Year Plan between 2011 and 2015.

A "smart" Nanjing will widely use cloud computing for digital government affairs while promoting e-commerce and e-services in the city.

The blueprint includes six sectors — infrastructure, public utilities, industries, resource management, technical support and support policies.

To accelerate the transition, the local government highlights development of the so-called Internet of Things — the networking of everyday devices — along with cloud computing and the next-generation Internet.

The government has invested heavily in developing wireless and broadband Internet infrastructure. It has also launched a bundle of other model projects that utilize the Internet of things and cloud computing.

It issued more than 5.4 million resident cards since the end of 2010 that serve as local social security cards, public transport cards and bankcards.

The city's cloud computing program has also reached a critical mass with the completion of databases for the population, corporations, government affairs and city services.

The host city of the 2014 Youth Olympic Games, Nanjing will have further programs to "smarten" its medical services, city management, tourism, and financial and information services, according to its development plan.



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Nanjing's Hexi new area — the city's emerging central business district — has already attracted regional headquarters of many service outsourcing companies.