

# Next on the Outsourcing List

*Job Shift to Cheaper Countries  
Could Threaten More Careers:  
Analysts, Architects, Attorneys*

By KRIS MAHER

**S**HERYL MATTA EARNS roughly half what she did a few years ago, and every month the job market in her field seems to get worse. She points to a single cause: offshoring.

A medical transcriptionist, Ms. Matta took her latest pay cut in January, when the Rockville, Md., company she had been working for lost a contract to a competitor that outsources work to India, and she was laid off. After scrambling for a month, she found more work

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transcribing notes that physicians dictate—but will need to work 15 hours a day at her new employer's 7-cents-a-line pay rate to hit her goal of earning \$2,000 a month.

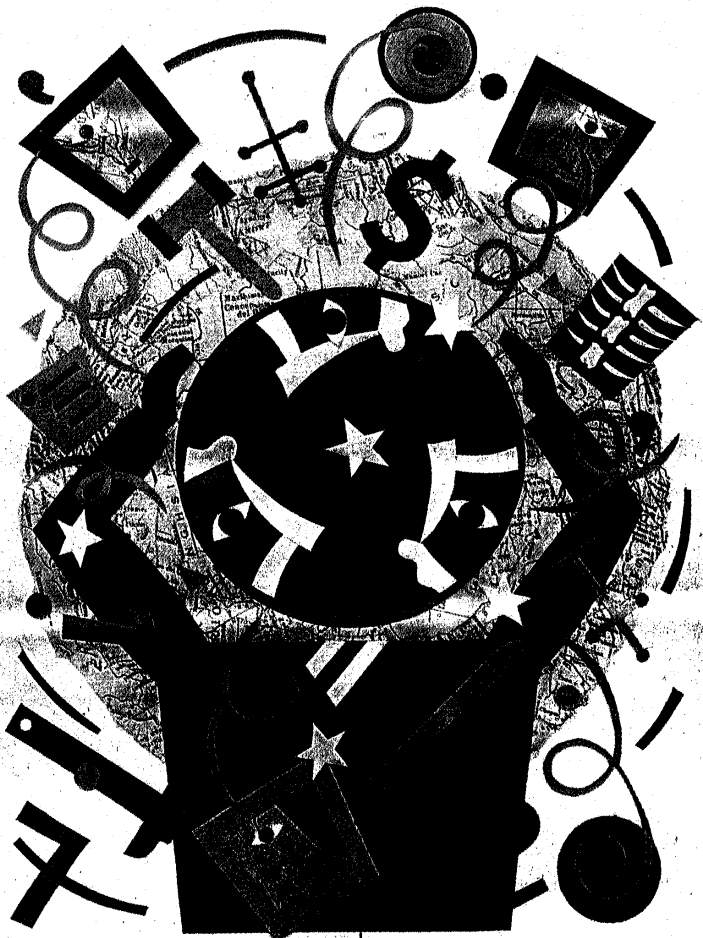
"I can't make a living at this anymore," says Ms. Matta, 54 years old, who lives in Odessa, Texas. The two phone lines and Internet account needed for her job chew up about \$190 a month, and she can't afford to send her 16-year-old daughter to band camp for the French horn this summer.

The list of jobs being affected by the movement of U.S. work to lower-cost countries around the world is growing. American companies have shipped computer-programming and call-center jobs to educated workers in India, the Philippines, Mexico, Canada and elsewhere for the past decade. Now, workers in a wide range of other fields, from accountants to electrical engineers, are discovering that their jobs aren't immune from offshore outsourcing.

"You've got to look in the rear-view mirror when there's someone else coming on the job scene who can do what you can do for less," says John McCarthy, a Forrester Research Inc. vice president. He estimates that as many as 588,000 U.S. jobs will be "offshored" by 2005—and a total of 1.6 million by 2010. The U.S. had a total of 138.3 million employed workers at the end of February.

India's National Association of Software and Service Companies estimates that more than 300,000 white-collar jobs have been created there since 2000 to serve overseas clients, many of them U.S. companies.

In some fields, there is theoretically no reason why the majority of positions couldn't be sent offshore, much as furniture and textile companies gradually moved production overseas or imported foreign-made products. So-called placeless jobs that don't require face-to-face customer interaction are increasingly at



David McLinn

risk. Information-based jobs are especially vulnerable, because it is easy and cheap to transmit data almost anywhere these days.

About 10% of U.S. jobs in medical transcription, in which doctors' tape-recorded notes about cases are accessed electronically and typed into a computer by workers who must know medical terminology, already have been shifted to India, Pakistan, Canada and other countries, according to the American Association for Medical Transcrip-

tion. Some estimates put the offshoring figure as high as 30%. The U.S. industry had about 99,000 workers in 2002, according to the Bureau of Labor Statistics.

"A lot of our members are single moms raising kids, and they're going to be put out of jobs," predicts Carrie Boatman, the Modesto, Calif., trade group's director of professional relations.

Yet even outsourcers acknowledge there

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## Offshore Outsourcing Spreads to More U.S. Jobs

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are limits to how much work can be sent offshore. Geographic and cultural differences can make it hard for overseas workers to take over highly sophisticated jobs, says Manoj Jain, chief executive of Pipal Research Corp., a Chicago investment-research firm with a staff in India of 50 native-born employees holding doctorates or M.B.A.s.

Salaries for the most sought-after foreign workers also are surging, offsetting the cost savings that lure U.S. companies overseas. Mr. Jain recently gave 80% raises to his Indian employees in order to hold onto them. "The level playing field will happen sooner than people expect," he says.

And some job fields in the U.S. are regulated so closely that they are relatively insulated against offshoring. While radiologists often are mentioned as likely casualties as jobs move abroad, federal laws require that anyone interpreting X-rays and other images be trained and licensed in the U.S. The loss of U.S. radi-

ology work "sounds sensational and scary, but it is such a small, small part of the bigger picture," says Jon Berger, vice president of NightHawk Radiology Services LLC in Coeur d'Alene, Idaho. The company has 30 radiologists in Australia—all of them U.S. citizens paid more than \$300,000 a year. That costs about the same as a U.S. radiologist, but the Sydney office is able to keep working after NightHawk's employees in the U.S. have gone home for the night.

Still, lots of other job categories are vulnerable. Here are several fields that experts say could see an increasing amount of U.S. work moved to other countries:

Accountants and tax professionals. Offshoring tax work is particularly attractive to many accounting firms, thanks to a large supply of qualified, lower-paid accountants in India and other countries. Mark Albrecht, CEO of outsourcing firm Xpitax LLC, estimates that about 100,000 U.S. tax returns will be handled overseas this year, including about 10,000 by the

Braintree, Mass., company's staff of 75 tax professionals in Chennai, India.

Some outsourcers estimate that an accounting firm can save \$50,000 for every 100 tax returns it ships to India. Xpitax electronically receives tax information from other accounting firms and then loads it onto an Internet server that can be accessed by its accountants in India.

So far, outsourcing has captured barely a speck of the U.S. tax-preparation business, which includes 132 million individual returns expected this year by the Internal Revenue Service. But temporary U.S. workers who help handle the tax-season rush from January to April could eventually be hit hard, some experts worry. Paid preparers complete more than half of all individual tax returns.

"It could eliminate a whole work force, but too much is unknown at this point to say with any accuracy whether this will happen," says Cindy Hockenberry, a spokeswoman for the National Association of Tax Professionals in Appleton, Wis.

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## Help Wanted—Just Not Here

A sampling of jobs now being done by workers overseas

### Medical

- Processing insurance claims and hospital bills
- Medical transcription and billing

### Animation

- 3-D animation special effects
- Linear and nonlinear editing

### Insurance

- Applications and claims processing
- Benefits administration

### Digitizing

- Converting text, engineering drawings, architectural designs and maps from paper to digital format

### Desktop Publishing

- Page layout
- Advertising campaigns
- Typesetting and color separation

### Telemarketing

- Customer-service management for international banks, software companies and credit-card companies
- Airline ticketing and reservations

### Financial

- Financial analysis for Wall Street banks and insurance companies
- Accounting and bookkeeping
- Tax preparation

Sources: [outsourcing2india.com](http://outsourcing2india.com); WSI research

firm, which asked not to be identified, cut its staff by 10% over the past few years and uses offshore drafters for some construction drawings.

Some students, particularly those in drafting programs, are nervous. Joyce Pelletier, enrolled in a computer-aided drafting program at Hudson Valley Community College in Troy, N.Y., says many students could have diminished opportunities as a result of offshoring. "If you're going to design a Wendy's, it makes no difference whether you're here or in India," she says. Drafters "may be the steel worker of Pittsburgh," says Ms. Pelletier, 47.

**Legal and investment research.** Mindcrest Inc., of Chicago, provides legal research for companies and law firms and has a staff of 15 in Bombay, India. Much of its work in India is administrative tasks that typically would be handled by paralegals or junior lawyers, and involves document searches and researching laws in different areas, says George Hefferan, Mindcrest's vice president and general counsel.

The number of overseas employees doing such work is small but doubling about every year at Mindcrest. The job shifts are larger when companies that have set up their own research departments outside the U.S. are included.

Meanwhile, some U.S. financial firms are creating fewer research jobs even as they gear up for the industry's expansion, says Peter Mintz, president of Fleetwood

Research, an investment research firm in Westchester County, N.Y. "Instead of rushing to hire everyone back they're saying, 'Wait a minute, we don't have to hire back the same amount of people,'" he says.

Aric Lee, editor in chief of *American Lawyer*, a legal publication in New York, adds that "commodity legal work that is largely repetitive can be done by intelligent lawyers anywhere."

**Insurance claims processors.** The job of processing claims involves inputting information from people seeking to be reimbursed from insurers, and then determining how much to pay based on insurance policies. That chore has gone digital in recent years, removing some of the barriers that kept processing jobs in the U.S.

Most of the insurance jobs being moved to other countries involve relatively simple data entry, but companies are now experimenting with shifting more-complicated tasks such as reading contracts and settling claims. "America doesn't have a lock on the skill base needed to do this job," says Sid Miner, president and CEO of Business Process Management Inc., the parent of a medical-claims processor.

Between 10,000 and 20,000 so-called claims-adjudication jobs have moved to other countries, Mr. Miner estimates, leaving about 300,000 of those jobs in the U.S.

—Jon E. Hilsenrath and Jesse Drucker contributed to this article.