

Outward Bound

The pros and cons
of offshoring

By Linda Miller

When asked how large his firm is, Philip Koether, AIA, of Philip Koether Architects responds – “how big do you need it to be?” He can confidently make that claim because when the workload demands it, he can augment his staff of seven with a large drafting team. The team doesn't occupy expensive space in his Manhattan office, its members don't require that he purchase state-of-the-art computer hardware and software for them to do their job, and they aren't even on his payroll. His back office is located in India – geographically and culturally a world away from New York, but that doesn't concern him. What is of vital importance to him is that when he's ready to call it a day, it's the start of a new one in India. And when his design staff in New York is at home asleep, the team in India is preparing construction documents that will be awaiting his attention the next morning

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Two years ago, during a busy time for his firm, Koether took the leap of faith and hired Cadworld Infosystems, a medium-sized, Calcutta-based company that supplies support services to architectural firms in the U.S., the U.K., and Germany. Koether prefers to call his working relationship with Cadworld a “collaboration,” and likens it to those he has with other design services and professionals his firm works with. “Engineering, lighting, landscaping, and now drafting. I have no qualms about asking them to do anything I would otherwise ask our in-house drafting to perform – which of course, we still do,” says Koether.

With the advent of the worldwide web, a drafting department can be situated on another floor, across town, or on another continent. Work requests and the finished product are uploaded and downloaded from an FTP site, backed up by a work order delineating specifications, delivery schedule, volume, and pricing, which is usually sent by e-mail, and sometimes further discussed on the telephone.

Cadworld, for example, offers a menu of services including CAD support in preparation of design development drawings from schematic sketches, CAD support in preparation of Construction Documents from Design Development drawings, 3-D visualizations, paper-to-CAD conversions, and other CAD and design services, such as editing red-lined drawings, creating detail libraries, conducting interference checks, and checking for compliance with design specifications.

It is common practice to “outsource” work and the term is used interchangeably whether the work is performed domestically or internationally. Outsourcing, however, sounds far less ominous than “offshoring.” The latter has become synonymous with being un-American, jeopardizing the U.S. economy, dooming entire industries, degrading professions, and job loss. Proponents for offshoring in the architectural community cite advantages including time savings, less wear on in-house staff, the ability to expand and contract the staff according to what's on the boards, and the cost savings, which can be passed on to the client or added to the bottom line. Some opponents are concerned with how offshoring might compromise the integrity of the profession, while others wonder how having fewer jobs available will affect the next generation of architects. Nevertheless, offshoring has been slowly but steadily infiltrating architectural firms throughout North America, ranging from one-person boutique shops to the large multi-nationals, and offshore operations catering to architectural firms are multiplying.

Michael Jansen, CEO of Satellier LLC, a company registered in Illinois and based in New Delhi, is accustomed to addressing the concerns of prospective clients. Satellier, considered a “pioneer” in providing value-added design development services for architectural firms, has been in operation for five years. With clients in the U.S., U.K., Germany, Australia, Hong Kong, Singapore, and Dubai, they plan to grow from 125 employees – 90% of whom are architects – to up to 500. They are also considering an expansion into China, where they would specialize in 3-D computer renderings, which the area is known for. According to Jansen, common concerns include: how will the firm train junior in-house staff when production work is being executed overseas; how can the firm ensure confidentiality of the work product; how can they ensure compliance with the “direct supervision” issue; and how will they manage communication, the quality of work, and delivery schedules.

Some large firms even manage "owned" offshore facilities, many of which start as project offices in countries where the firm is working and subsequently evolve into offshore facilities. According to HLW senior associate Christiaan Janecka, who is the Shanghai operations coordinator for the firm, the Shanghai office is first and foremost a design office that pursues local projects in China. HLW shifts work among its U.S.-based and overseas offices depending on the design and technical challenges a project presents and its schedule requirements. But with a 12-hour time difference between the two cities, having an office in Shanghai enables the firm to service projects with compressed time schedules, affording the lead team in New York more time to focus on design and quality control. "We've put a variety of systems into place to improve communication and workflow, including long-term staff exchange programs, monthly seminar presentations, and weekly project video conferences. We've even written our own software program to expedite the transfer of information," says Janecka.

"I, however," says L. Bradford Perkins, FAIA, MRAIC, AICP, founder and principal of Perkins Eastman, "am one of the people who think offshoring can be a good thing for the profession. I have never understood why someone with five to seven years of expensive education should be spending so much of their working time doing routine drafting. If outsourcing strips away a chore that almost no one enjoys and just leaves the thinking and editing, so be it. We will have to find a different way to educate young architects but that is long overdue as well." And Satellier's Jansen comments, "It's likely that going forward, architects working in the U.S., rather than being replaced by architects working overseas, will instead as a part of their basic training be educated in proper procedures for offshoring production work as they were when CAD products were introduced 20 years ago."

Five years ago, Perkins Eastman began "experimenting" by sending a small percentage of renderings and flythroughs, as well as some production of working drawings on simple projects, to Shanghai, where they have a small office that monitors work performed by the abundance of rendering shops based there. Working drawings on select projects are being done in the firm's Toronto office since the firm wanted to work out procedures and quality control issues before offshoring to China or India. "Even in the case of our

offices," says Perkins, "there is a real learning curve."

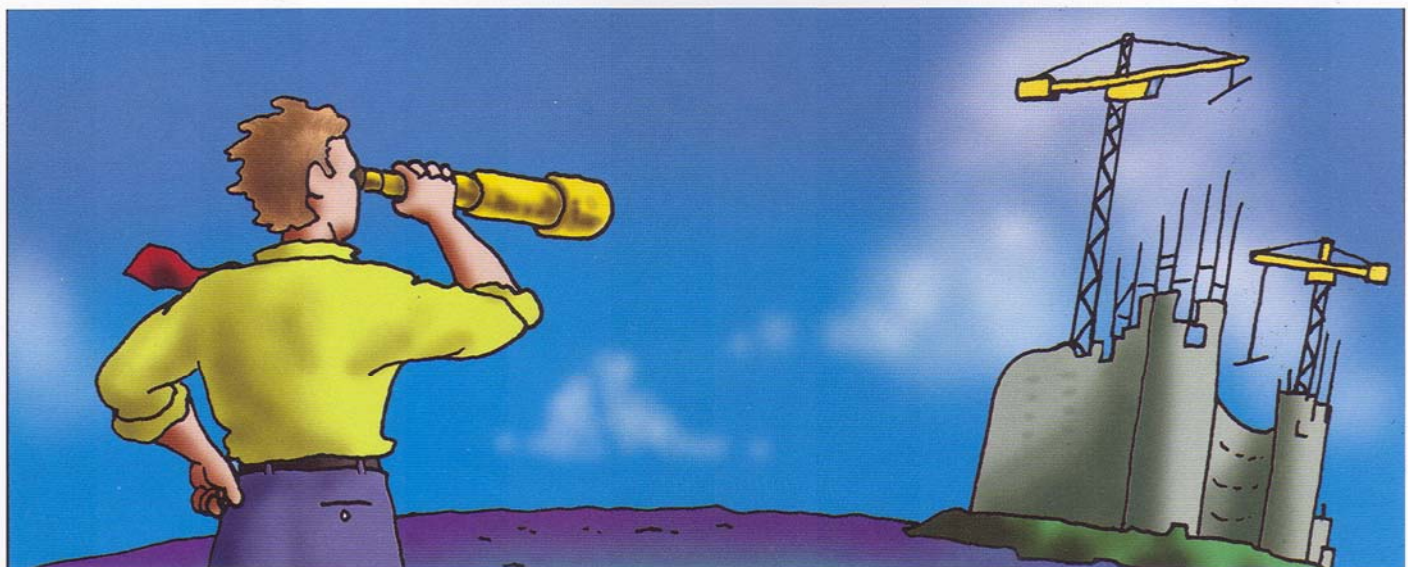
"Contrary to a common perception," says Vinayak Sen, a principal of Cadworld Infosystems, "offshoring is not first about saving money. Architectural firms in states with a busy construction economy, New York being one of them, are dealing with a number of business challenges and a shortage of staff is the key challenge for these firms." According to Sen, a large offshore vendor can transfer a sizable volume of resources to a particular project in a flexible manner.

In addition, when projects are coming in faster than can be handled by a firm's in-house staff, problems can start to snowball. If designers are spending increasingly more time on non-core CAD production activities just to rush projects out the door, the quality of design may suffer. Even if the firm's in-house staff is working super-human hours for a prolonged period of time, there's no guarantee a project can be delivered on time, causing a host of problems, including financial ones – after all, time is money.

Sen claims that cost savings can range from between 40 and 60%, based on the U.S. cost rate of \$25 to \$30 per hour, which includes benefits, cost of space, and other indirect costs. Offshore prices typically range from \$8 to \$14, and if an additional 15% is factored into the offshore price for communications related expenses, the savings is still substantial.

Gerard "Guy" Geier II, AIA, IIDA, a principal of Fox & Fowle, is concerned about the loss of quality control and worries about the "commodization" of architectural design services. "To not be able to look over the shoulder of the designer as drawings and details are being developed raises the risk of mistakes being made," he comments. Fox & Fowle does not send work offshore per se – but they do send a small amount of work such as renderings and presentation materials to a former employee who now lives in Argentina. He admits cost is a benefit, but more importantly, they can rely on the quality of this "freelancer's" work and her ability to deliver on time under a tight deadline. Most importantly, "she knows our language – she knows the language of Fox & Fowle."

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