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# Big is beautiful, but smaller is smarter

By Stan Beer
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Competing with the likes of Infosys, Tata and other large offshore companies on big software development projects is a losing battle for local consulting firms unable to match the cost differentials made possible by cheap overseas labour.

But when it comes to small and mid-size projects, the story is quite different. Projects that take 10 to 20 people have management overheads that make going offshore a less attractive proposition than development done locally.

This has opened the door for local developers to snap up a growing number of jobs from the small-business market, says former consultant Owen Baker.

Mr Baker was made redundant by IT consulting firm Megatec in 2003, after a decade of service, when the firm sent its contracts overseas. His response should serve as an inspiration to all experienced developers who find themselves in a similar situation.

Instead of taking his redundancy package and buying a doughnut franchise, Mr Baker decided that if the Australian IT industry was to have a future, people like him needed to make a stand and help to maintain and build the local IT talent pool. Last year he joined some colleagues to start a virtual company called the Australian IT Register (www.itregister.com.au).

In one year the company grew from just Mr Baker to 43 consultants in Sydney, Melbourne, Adelaide and Canberra - and it even has a graduate intake program.

Mr Baker says his company differs from conventional consulting and labour supply companies.

"Unlike body shops, we take ownership of projects and follow a methodology and, unlike consulting firms, our overheads are low because we run as a virtual business without flashy premises, and everybody telecommutes," Mr Baker says.

Of the 43 people in his organisation, seven are permanent workers, including five graduates; some are sub-contractors and the rest are casual employees.

"We have 22 people working on projects and our pay rates are comparable with industry awards," he says.

"People tend to want to work with us because of the variety of work and the flexible working arrangements."

The projects he pursues are in web development and integration, which Mr Baker says is a burgeoning small-business market with annual turnovers of $20 million-$50 million.

"Those organisations have serious needs for projects that involve extensions to ERP (enterprise resource planning) systems, web development and integration. However, they can't afford the cost of consultants," he says.

Most of the work involves C++ and .NET online web development and integration: "We're looking for good .NET developers with five to 10 years of (general industry) experience."

Although the firm advertises for graduate recruits, most staff are obtained by word of mouth. "We don't take anyone with experience on board who hasn't come through a trusted source," Mr Baker says.

"We have a HR lady who interviews graduates, who undergo both personality and technical tests. Then they work with us on a three-week trial to see if they fit in."

This arrangement of everybody working from home will stay in force, but he plans to establish a small office as a meeting place.

"We would like to have somewhere that our people can go at some time in the future," he says.

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