

Are we going to see the rise of re-shoring?

Marcus M. Larsen, PhD

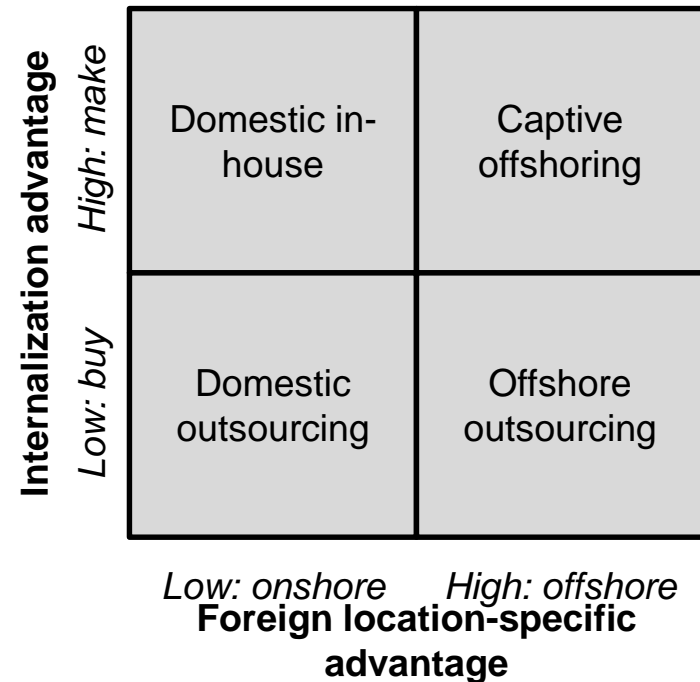
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Offshoring and outsourcing





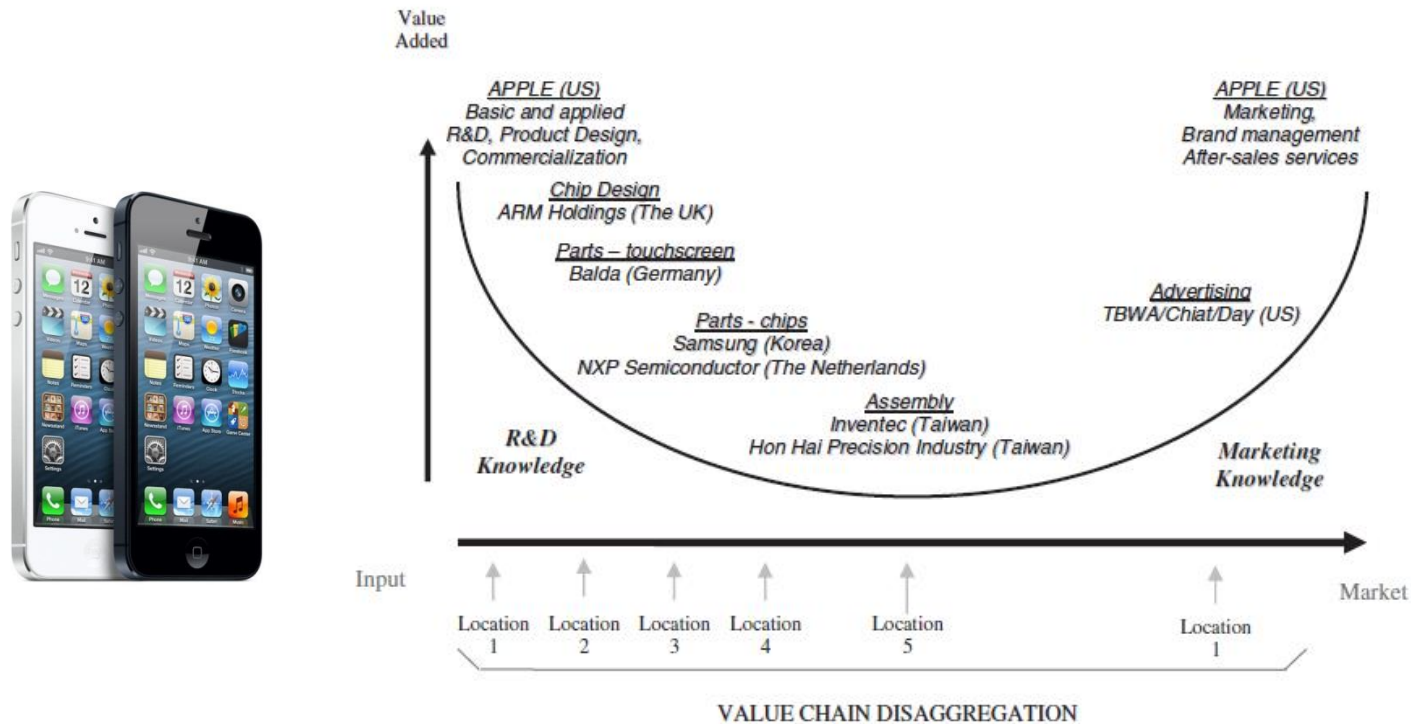


Figure 3. Value creation in the iPhone.

Business service offshoring

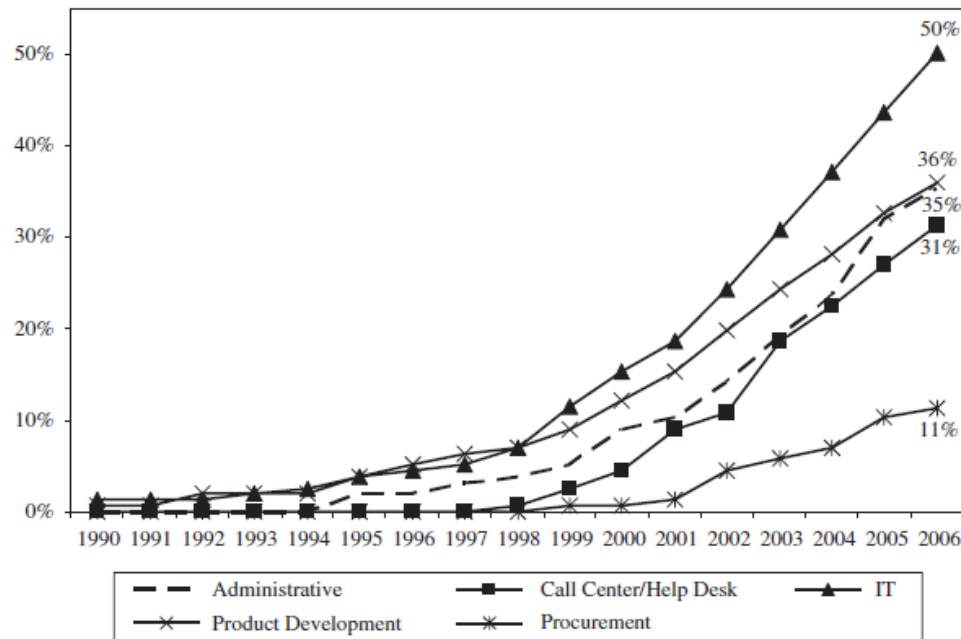
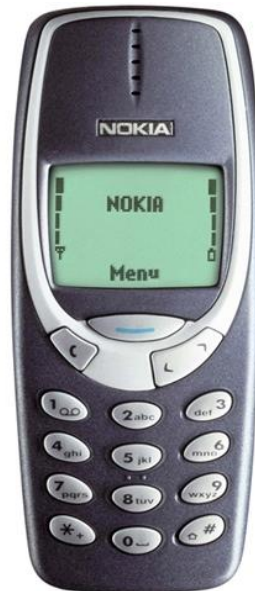


Figure 2 Cumulative percentage of firms initiating offshoring of functional category (1990–2006).



3310
(2003)



33%
made in
Finland

1100
(2004)



30%
made in
Finland

1200
(2007)



15%
made in
Finland

The Economist World politics Business & finance

Schumpeter

The trouble with outsourcing

Outsourcing is sometimes more hassle than it is worth

Jul 27th 2011, 19:15 | From the print edition

WHEN Ford's River Rouge Plant was completed in 1928 it boasted everything it needed to turn raw materials into finished cars: 100,000 workers, 16m square feet of factory floor, 100 miles of railway track and its own docks and furnaces.

NEWS

MEPs warn of dangers of offshoring

Daniel Thomas
Thursday 08 April 2004 17:52

A group of UK politicians has called on the European Commission to extend data protection laws to cover customer information handled overseas, warning that offshore outsourcing is "an accident waiting to happen".

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DECEMBER 2012

The Insourcing Boom

After years of offshore production, General Electric is moving much of its far-flung appliance manufacturing operations home. An exploration of the startling, sustainable, just-getting-started United States.

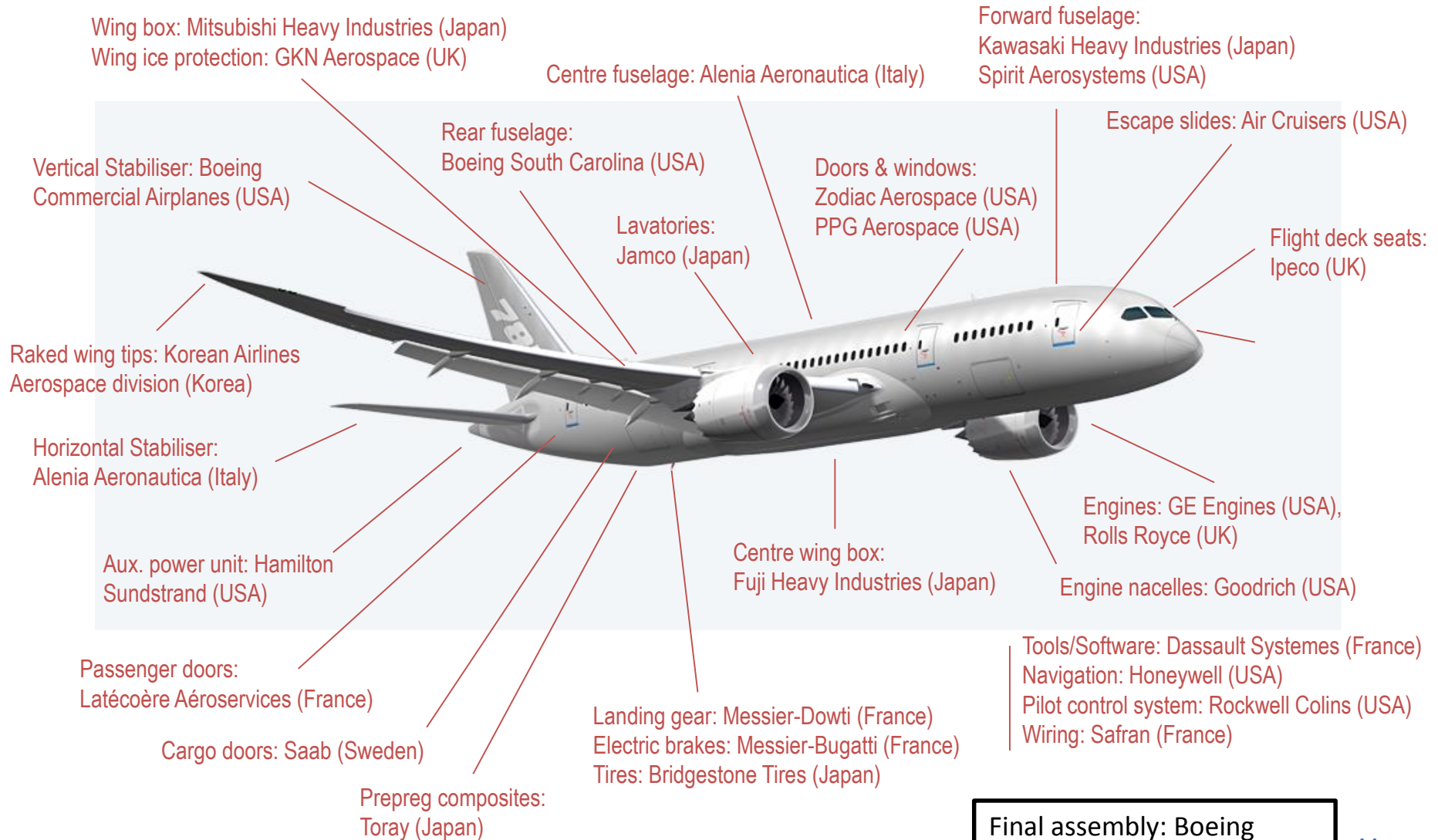
Top 10 Risks of Offshore Outsourcing

Summary: Offshore outsourcing is growing 20%-25% per annum, with little evidence of slowing. Indeed, while most enterprises experience initial resistance, most technical issues are readily resolved and geopolitical risk is deemed insignificant after careful evaluation.

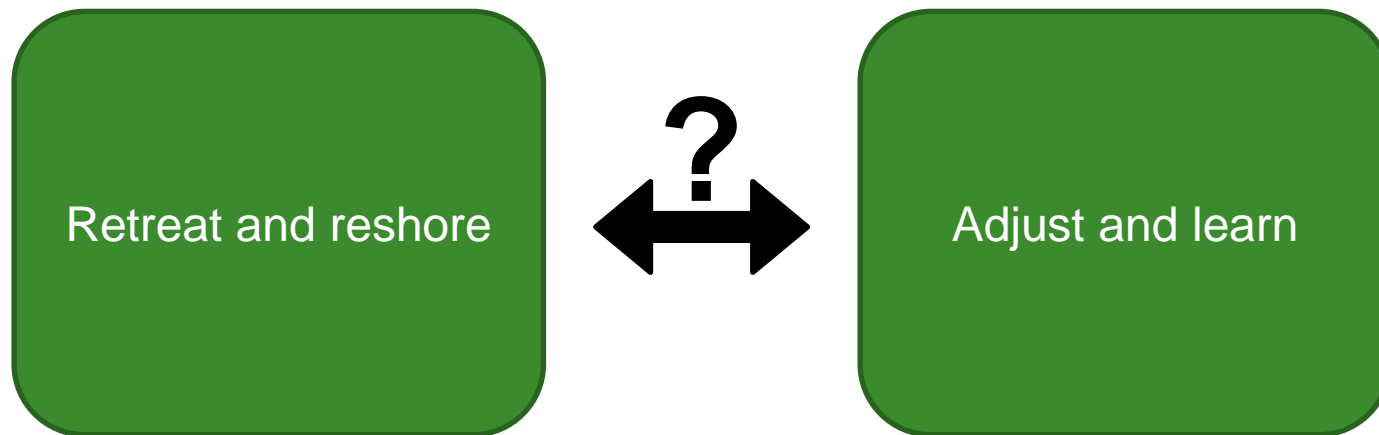




Boeing 787 Dreamliner



Final assembly: Boeing Commercial Airplanes (USA)



‘Big step hypothesis’



Organizational learning

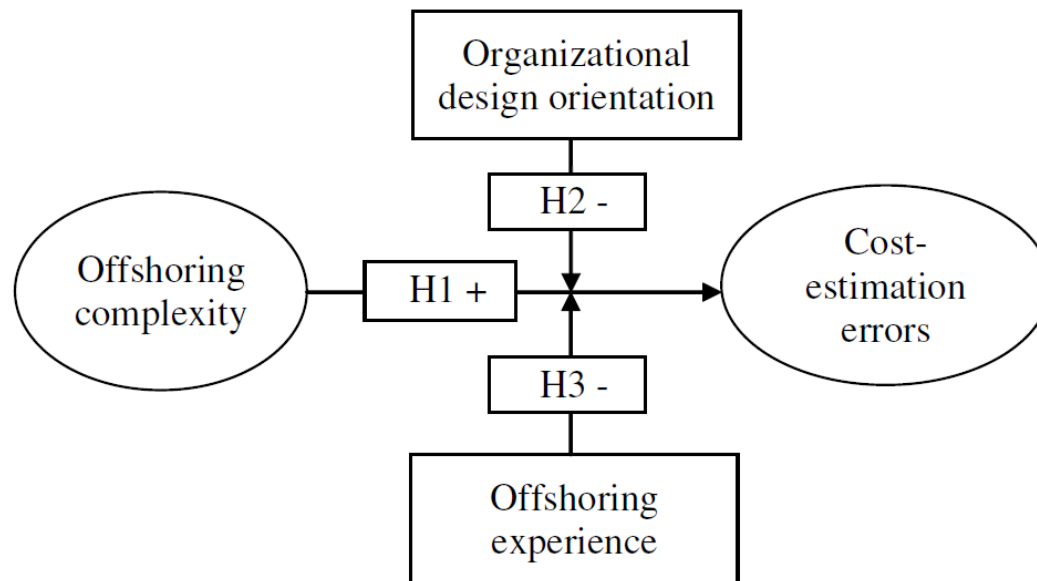


"We have had the pleasure of being in Billund [Denmark] for 40 years with many loyal colleagues. The downside to this, however, is that you become rather lazy on the documentation side as everybody with many years of experience knows exactly what to do"

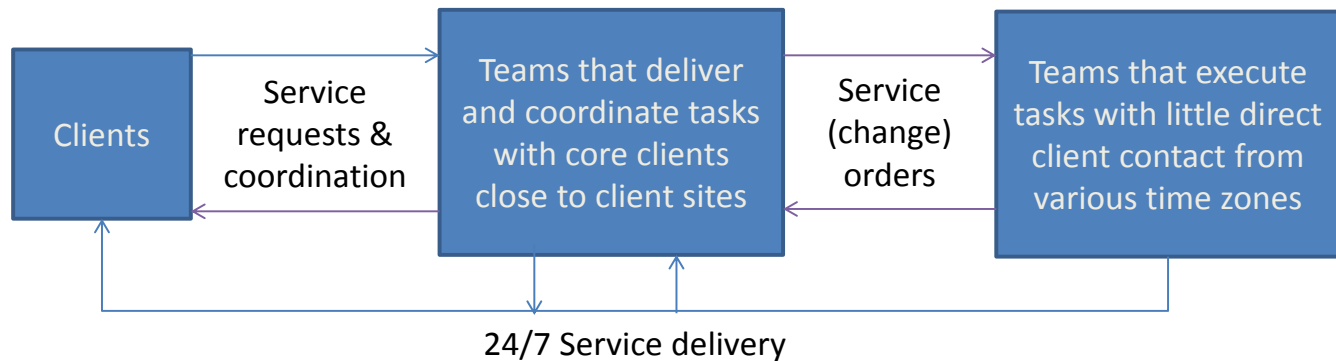
"Production in another country – even within the same company – requires ten times more documentation than in the company it is moved from"

"We have reached a point where we went from a situation where we had a highly poor day-to-day transparency for our processes to possessing today a very high degree of transparency and control over our processes"

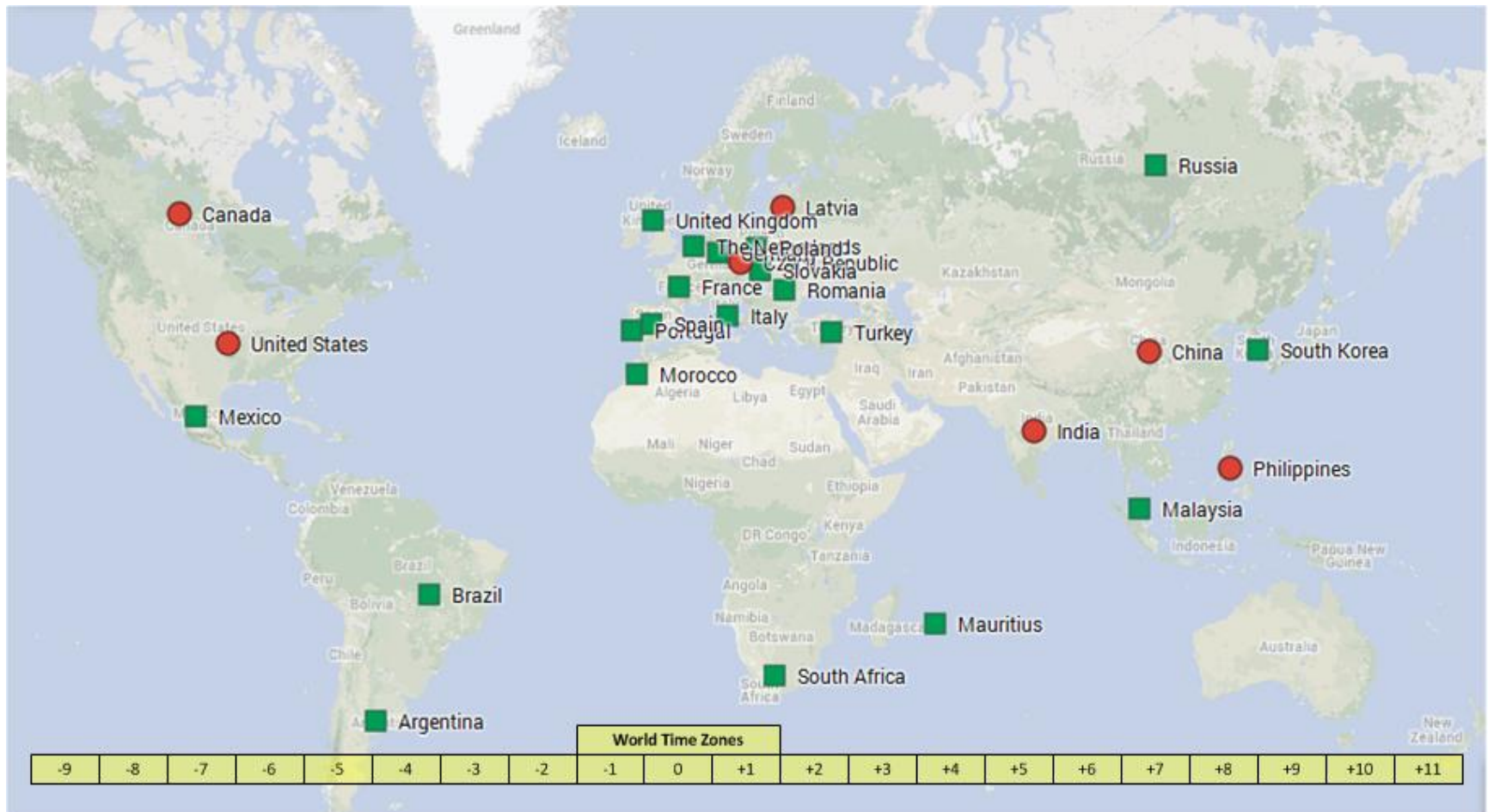
Inaccurate decisions



Global delivery models



Accenture's service delivery centers in 2005 (dots) and 2013 (squares)



Infosys' service delivery centers in 2005 (dots) and 2013 (squares)



Will the jobs come back?

Three future offshoring scenarios

An ongoing
search for low-
cost labor

Large-scale re-
shoring

Changing
international
division of labor

Thank you
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