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Nesbitt looks to India for research help: 'Talented' MBAs

Scott Adams
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Following in the steps of Wall Street brokerages, a Canadian firm is outsourcing some equity research to India.

BMO Nesbitt Burns, the brokerage of the Bank of Montreal, is conducting a two-month trial using a research associate in India to assist telecom analyst Paras Bhargava.

"It's an experiment at this stage," said Nesbitt Burns director of research Mike Miller. "What Paras has said so far is that you assign someone the work and you come in the next morning and it is done [due to time differences]... The people are MBAs and from what I've heard so far from Paras, they are quite talented."

The offshore associate is doing basic industry valuation tables, modeling and is building data bases, Mr. Miller said. If the experiment works, then he can see hiring a pool of two or three offshore associates that could rotate throughout the research department to perform this type of basic research.

What won't happen, Mr. Miller said, is that associates in Canada will be replaced wholesale with ones in India. Canadian associates will still be needed to work next to analysts for day-to-day tasks, he said.

Nesbitt Burns is using Irevna Ltd., a financial research outsourcing firm, in the experiment.

Mr. Miller said it is too soon to know whether his firm will continue past the initial two-month period, as he needs to monitor the work and evaluate whether there is enough communication between the analyst in Canada and India.

Obviously, the interest here for Nesbitt Burns is cost savings. Full-time associate analysts in Canada earn about \$60,000 to \$100,000 or more during a strong year. An Indian associate would earn much less -- about US\$13,000 a year -- and could be hired on short-term contracts.

Many Wall Street firms are already using research associates and analysts in India instead of hiring much more expensive ones in New York.

But this is just part of a much larger global trend towards moving professional jobs, such as call center information technology services and software engineering jobs, to India. It's a trend that is only expected to accelerate with India's abundance of highly-skilled workers.

Although thousands of software and call centre jobs are moving to India, some firms are experiencing bumps along the way. Lehman Brothers Inc. recently shifted some call-centre operations from New Delhi back to the United States after complaints from the bank's customers about the quality of service. Dell Inc. also recently relocated some voice-based services from Bangalore back to the U.S., after similar complaints about communication.