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# IDC Study Shows China Outsourcing Gain

The analyst group says despite India's attractions, the mainland will overtake it in offshoring by 2011 due to risk factors and agent skills

by [Farihan Bahrin](#)

Affordable rent, low-cost labor and population literacy are the main reasons why companies still prefer to set up their delivery centers in Indian cities like Mumbai and Bangalore. But this offshoring trend is likely to change in the near future, according to a study by IDC.

The analyst group forecasted that Chinese cities will soon overtake their Indian counterparts as top destinations for offshore global delivery by 2011, based on the results acquired from its Global Delivery Index (GDI).

The GDI compares 35 cities in the Asia-Pacific region as potential offshore delivery centers based on a set of criteria such as labor and rental costs, language skills and turnover rate. Cities covered by the index include Adelaide, Bangalore, Dalian, Hanoi, and Kuala Lumpur.

According to IDC research manager for Asia-Pacific BPO Research Conrad Chang, what differentiates the leading cities from the rest is "the focus on deal-clinching factors", including agent skills and political risk.

"There are different risk factors to consider when evaluating outsourcing, offshoring, onshoring, and nearshoring," explained Chang in a statement Tuesday. "Some factors are obviously more critical than others."

Chang also noted that while Indian cities scored high on the criteria set by the GDI, the picture could well be different four years from now.

Although the top ranked Chinese cities--Beijing, Shanghai and Dalian--trail their Indian counterparts in the GDI this year, they are expected to overtake the competition by 2011.

IDC attributed this to China's massive investments in areas favorable towards offshoring, such as infrastructure development, technical skills as well Internet connectivity.

*Farihan Bahrin is a freelance technology writer based in Singapore.*

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