

Offshoring to Grow as Pressure Mounts on the US Newspaper Industry

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The US Newspaper industry has been battling growing margin pressures since the last few years. Dwindling circulation, drop in advertising revenues, growth of the internet and rising newsprint prices have contributed to the downward trend in margins. Amongst measures like reducing global coverage, cutting edition sizes, streamlining resources and cutting excess jobs, several leading newspaper companies are evaluating offshoring. Over the last couple of years, there has been an increasing trend of US-based newspaper publishers offshoring to India. This trend is set to gain traction in the next few years.

According to Arun Jethmalani, CEO ValueNotes, "Currently offshoring has been initiated by the Tier 1 newspaper publishers in the US, and is largely limited to ad production services. However, as offshoring matures, the Tier 2 and Tier 3 publishers will offshore a range of services to India."

Currently, the offshore vendor market is at a nascent stage with only a handful of vendors in India actively focusing on the newspaper segment. Amongst the India-based service providers, Express KCS, Affinity Express, 2AdPro and Mindworks Global are the market leaders. Given the current lacuna of 'end-to-end' service capability amongst vendors, we expect the early entrants to grab this slot. These vendors are expected to build complementary capabilities to achieve this objective. The Indian offshore revenues from newspaper publishers are estimated to be \$35 m in 2008. Says Jaslene Bawa analyst ValueNotes, "Going forward we expect offshoring to the newspaper segment grow to \$120 m by 2012, however the vendors need to gain client confidence in terms of delivering consistently good quality of output and a quick turnaround."

The offshore opportunity from newspaper publishers is estimated to be approximately \$3.5 b; while the estimated Indian offshoring at \$35 m highlights the huge untapped potential. Significant offshore opportunity exists across the service chain. According to Aradhana Kolhatkar, analyst ValueNotes, "Traditional publishing BPOs, Indian graphic design firms and Indian newspaper publishers are well poised to grab the opportunity; however they will need to tool themselves with new skill sets to service the global newspaper publishers".

The ValueNotes report, "Offshoring by US Newspaper Publishers" provides information and analysis of the US newspaper Industry and a detailed analysis of the Indian service provider landscape. Profiles of vendors operating in this space are also available.

About ValueNotes

ValueNotes Database is a leading provider of business intelligence and research, with expertise across selected domains and types of customer needs. Working with clients across the globe, we have significant understanding of international markets.

The ValueNotes Outsourcing Practice is one of the largest information providers on the outsourcing industry. The Practice uses a comprehensive, analytical framework providing fresh insights into the fast emerging and yet, complex outsourcing space. We extensively track the space through regular analysis of news and events, continuous primary research and contact with the industry. Additional information is available at www.SourcingNotes.com

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