

Partnership promotes in-state 'offshoring'

A program encourages Washington, D.C.-area companies to outsource their jobs to rural Virginia.

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Among local economic developers, Northern Virginia is often viewed as the land of plenty.

Close to the nation's capital, the region is home to a large number of high-tech and high-dollar companies and the educated work force to power them.

For years, there have been efforts to spread that wealth beyond its current concentration.

And in two months, the Virginia Economic Development Partnership will throw its weight behind another such effort, asking companies in the Washington, D.C., metropolitan area to "offshore" some of their functions to an area that might as well be overseas to some because it's perceived as so remote: the western area of Virginia.

Dubbed the Distributed Services Initiative, the program involves marketing the four communities of Blacksburg, Lynchburg, Danville and Harrisonburg to businesses looking to shift some of their back-office operations to lower-cost areas.

In addition to helping bridge the economic and technological disparity between Northern Virginia and other regions of the state, program organizers said they hope to keep operations within the commonwealth that companies might otherwise relocate overseas or out of state.

"The whole beltway area is growing, but there's a certain percentage of businesses that don't need to have all aspects of their business in Northern Virginia," said Aric Bopp, executive director of the New River Valley Economic Development Alliance.

"We're trying to get them to consider equally talented, but less costly, areas of Virginia."

Economic development officials said office functions including human resources, accounting and software development could all be shifted beyond company headquarters.

"These functions are going to be distributed out of these high-cost areas somewhere," said VEDP spokesman Rick Richardson. "They might as well go to a Virginia location."

Thus far, Richardson added, "the drive to lower cost unfortunately has meant, in some cases, these jobs are going offshore, but this concept we're working on is a recognition that there's a number of instances where it's not possible or desirable for companies to move offshore, but they still need to lower cost."

And when companies look for low-cost areas onshore, they don't necessarily look in-state.

Richardson said VEDP Executive Director Jeffrey Anderson helped develop the initiative after watching BearingPoint, a McLean-based firm where he used to work, shift some of its software development work to Mississippi.

BearingPoint spokesman Steve Lunceford said the company settled on Hattiesburg, Miss., after a national search, but he wasn't sure if that search had included the more rural areas of Virginia.

The global management and technology consulting firm chose Hattiesburg for its proximity to a number of universities, quality of life and lower costs, Lunceford added.

Those same reasons might also make Blacksburg attractive to urban-based companies.

Richardson said the community was chosen for the initiative in large part because its labor force has technological and engineering know-how.

Virginia Tech also provides Blacksburg with an academic environment and a steady stream of potential new hires.

If the VEDP is successful in attracting currently urban-based operations into the Blacksburg area, they would likely be in the fields of software development, software testing, software remediation, data storage, data digitalization and technical and customer support, Bopp said.

Bridge seeks connections

Attempting to make similar connections throughout the state, the Virginia Economic Bridge has held several Linked Workforce Showcase events over the past three years that have matched mostly Northern Virginia-based companies with some of their peers in more rural areas.

"The rest of the state is working to proactively position itself," explained Carl Mitchell, president and chief executive officer of the Virginia Economic Bridge.

"All of these efforts keep coming back to the whole focus of, how does Virginia retain a leadership role in a global economy?"

And, Mitchell added, it's with "a knowledge work force and having a really strong business alliance across the commonwealth."

Mitchell said showcase events give 20 urban and 10 rural-based companies the chance to meet, greet and present their businesses to one another with the hope that such gatherings will foster contacts and eventually, teaming agreements or contracts.

"Eighty percent of a community's economic growth is going to come from its existing businesses, and so every opportunity that we have to bring companies together to bring work and contracts and money into Virginia, we're just creating a more stable and diverse economy," Mitchell said.

The seven showcase events held thus far were aimed at emerging industry sectors, including computer programming and software development, nanotechnology, biotechnology, homeland security, electronics, environmental services and the sensor industry.

They've had their successes.

Mitchell can list a handful of teaming agreements, contracts and site visits that have come about because of the Linked Workforce Showcase.

And Gordon Miller, president and CEO of G3 Systems, said a pair of showcase events he attended put him in touch with representatives from Fairfax-based SRA International and Bethesda, Md.-headquartered Lockheed Martin.

Miller's Blacksburg-based company now has teaming agreements with both companies -- agreements that could result in \$2 million in new business.

Bopp similarly noted that Blacksburg has already been successful in luring some companies out of the greater beltway region, including UXB, Webmail.us and EvolvePoint.

"Those three had ties specifically to Virginia Tech either by attending or by knowing people at the university -- they didn't need the VEDP to sell it to them; they already had Blacksburg on the radar," Bopp said.

"But what [VEDP's] Jeffrey Anderson has said is there are a significant number of companies that don't have a lot of Virginia communities on their radar and this will be an opportunity for them to get them on the radar and get them to realize, 'Hey, there's more to Virginia than just that beltway region.' "