

North Dakota Legislative Council



University of North Dakota
Grand Forks, ND

June 18, 2014

Presentation Points



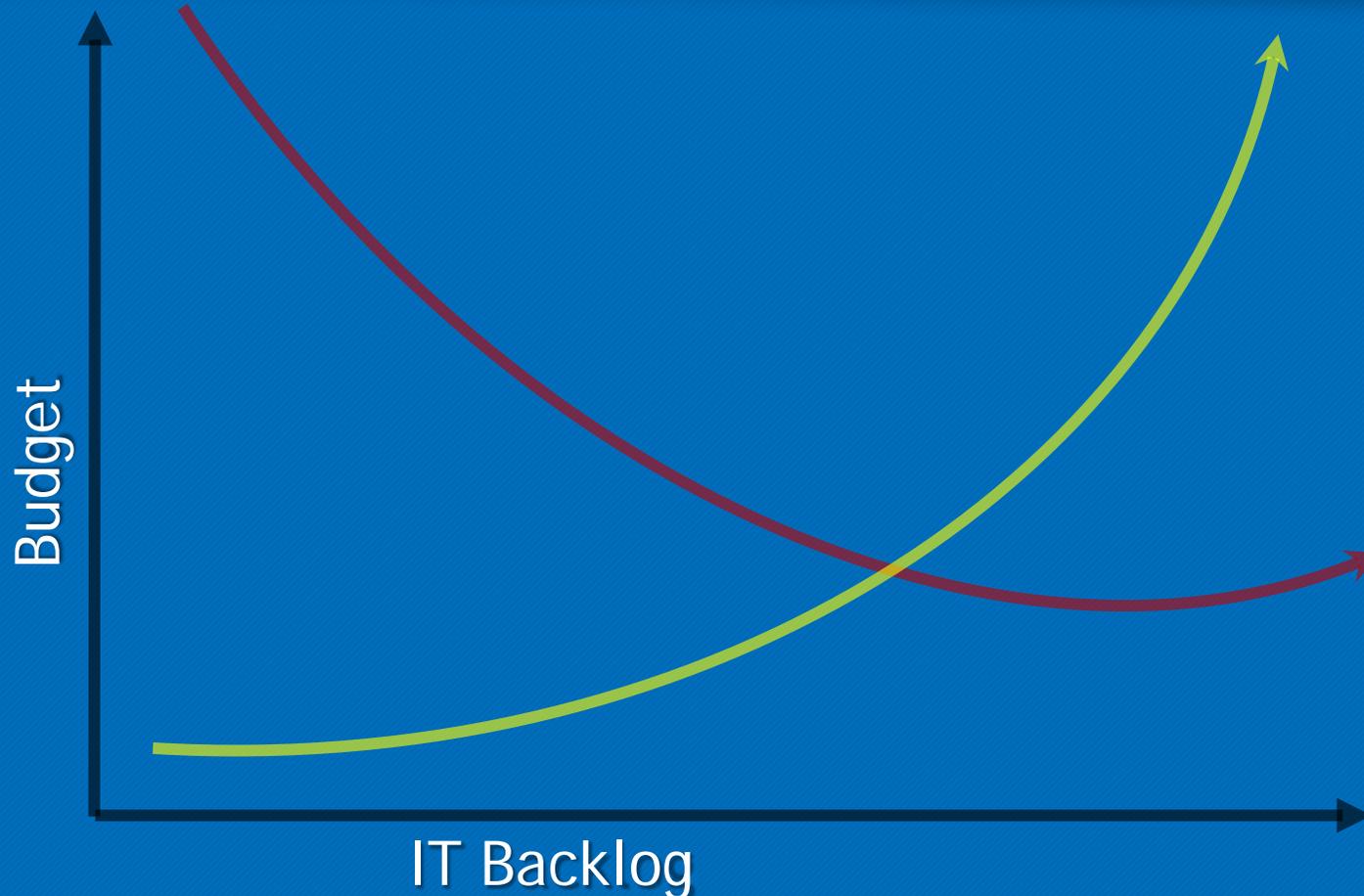
- North Dakota & IT Resources (problem)
- North Dakota & Eagle Creek's \$40,000,000 Investment (solution)
- North Dakota's Opportunity

700 New Customer Facing Technologies In Last 3 Years



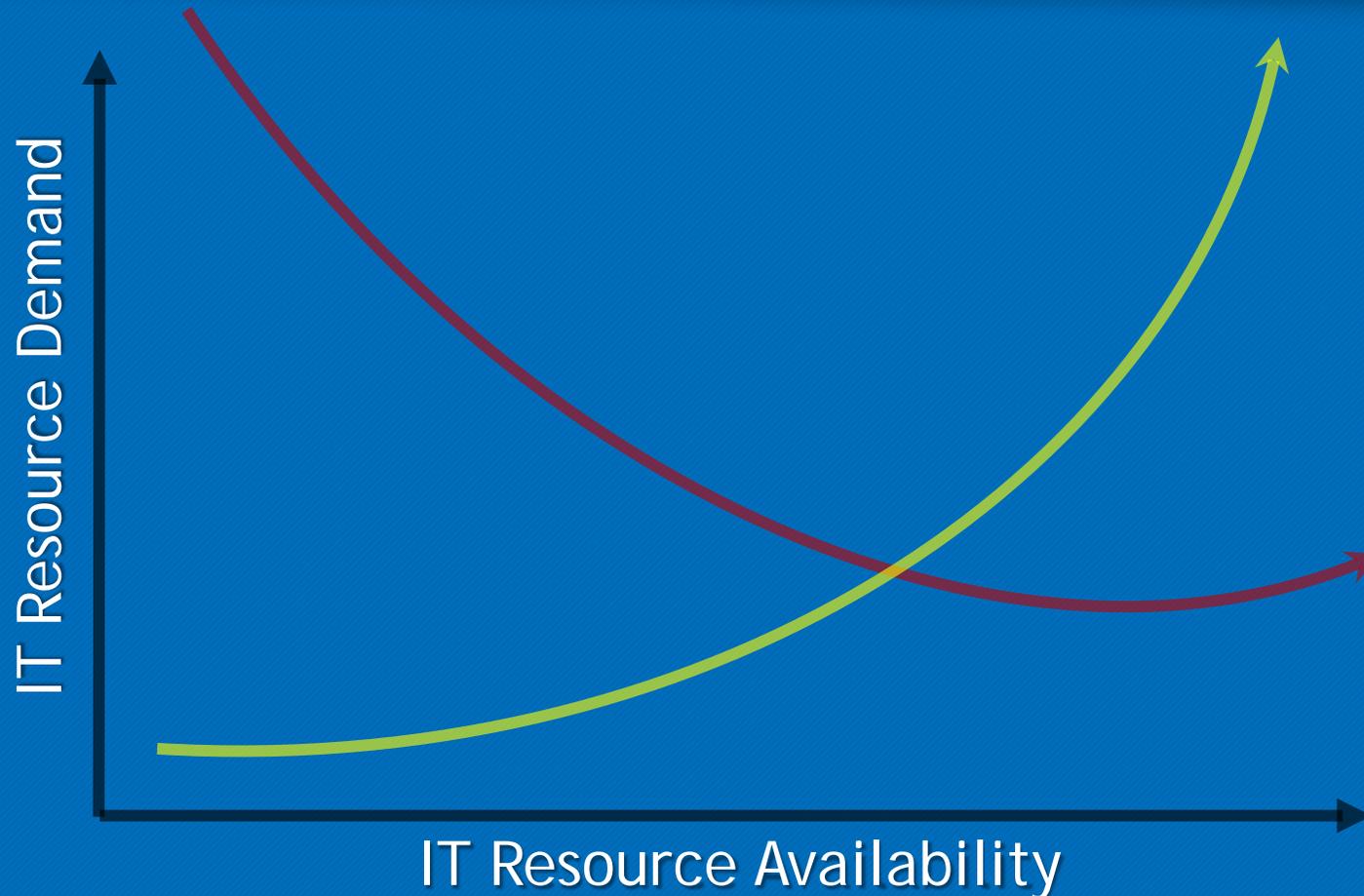
There is a renaissance of technology innovation within the United States...
 ...equivalent to the .com era multiplied by 10.

Impact to North Dakota & the U.S.



All institutions and businesses will succumb to IT investment pressure.

Impact To IT Staffing



Resource demand will continue to outstrip resource supply...

...it will get worse before it gets better and take a decade to resolve.

Impact To IT Wages



All institutions and businesses will face the same problem...

...the cost of IT resources will become the #1 issue for IT.

Horizon for IT in North Dakota



- Demand for new technology will significantly increase
- IT project backlog will expand at an accelerating pace
- Budgets will not keep pace with the backlog
- The cost of IT resources will escalate
- Internal staffing will not meet the demand of IT.

There is an inevitability to all of this...

- 3rd party resource staffing relationships are a reality
- It's just a question with who and how much.

There Is a Solution



North Dakota is a pioneer and national leader in IT resource development.

10 years ago ...

- Governor (Senator) Hoeven
- Valley City
- Eagle Creek
- Partnered to build an IT Resource Center.



To date, \$40,000,000 has been investment between EC, VC and ND to create the most advanced IT resource technology center in the United States.

10 Years Later



Valley City, North Dakota...

- Has successfully implemented the largest and most complex systems in the world
- Can support the most sophisticated technologies and applications in the world
- Out performs offshore in every category including cost per hour.

Today, this model is called U.S. Onshoring...

...aka rural sourcing, domestic sourcing on insourcing
representing the lowest cost-per-hour IT rate in the industry.

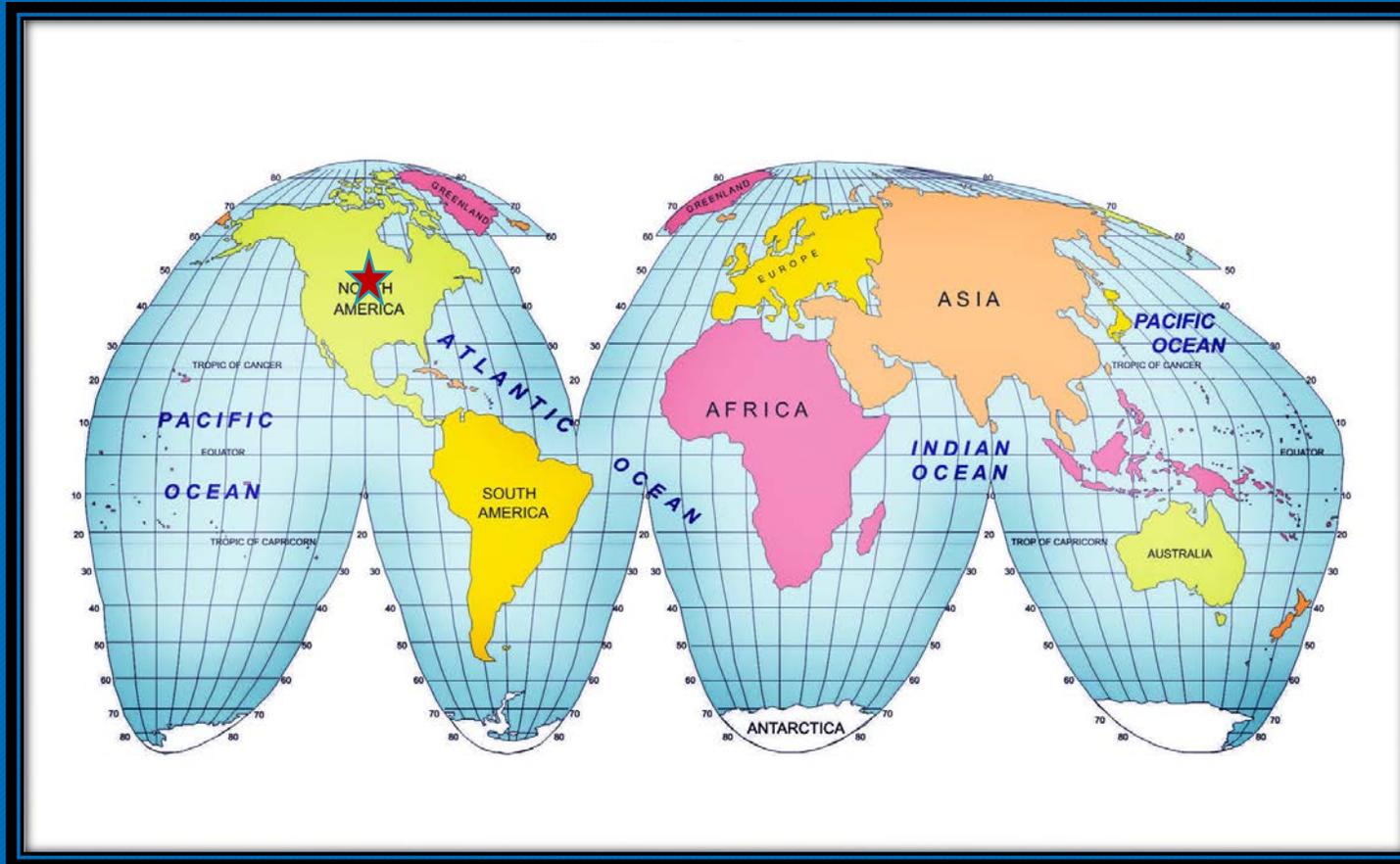
100+ Customers Serviced



25+ Public Institutions Serviced



Servicing All Parts of the Globe



Directly from
Valley City,
North Dakota

Did You Know



North Dakota was...

- The first state to develop the modern concept of Onshoring
- The first state to implement a partnering model for public sector-private sector-university system
- The first state to engage its public university system as a training vehicle for the *mother* of these new technologies
- The first state to directly compete against offshore outsourcing.

The roots of U.S. Onshoring originated in North Dakota.

Did You Know



- The North Dakota model is recognized by all IT analysts as the industry standard.
- Today, every state in the union is trying to replicate this model.

Herein lies the opportunity

And North Dakota has a 2 year lead on its competition.

U.S. Onshore Growth Projections



As we see IT...	
Number of U.S. IT Jobs Outsourced to India	1,800,000
Number of U.S. IT Jobs Outsourced to Rest of World	900,000
Total U.S. IT Jobs Outsourced	2,700,000
Percentage of Jobs Expected to U.S. Onshore	20%
Number of IT Jobs to Onshore	540,000
Current IT Shortage in The U.S.	300,000
Percentage of Jobs Expected to U.S. Onshore	30%
Number of IT Jobs to U.S. Onshore	90,000
Total Number of IT Jobs Expected to U.S. Onshore	630,000

Using the most liberal count...we estimate there are no more than 10,000 U.S. Onshore resources today.



U.S. Onshoring Has Transitioned

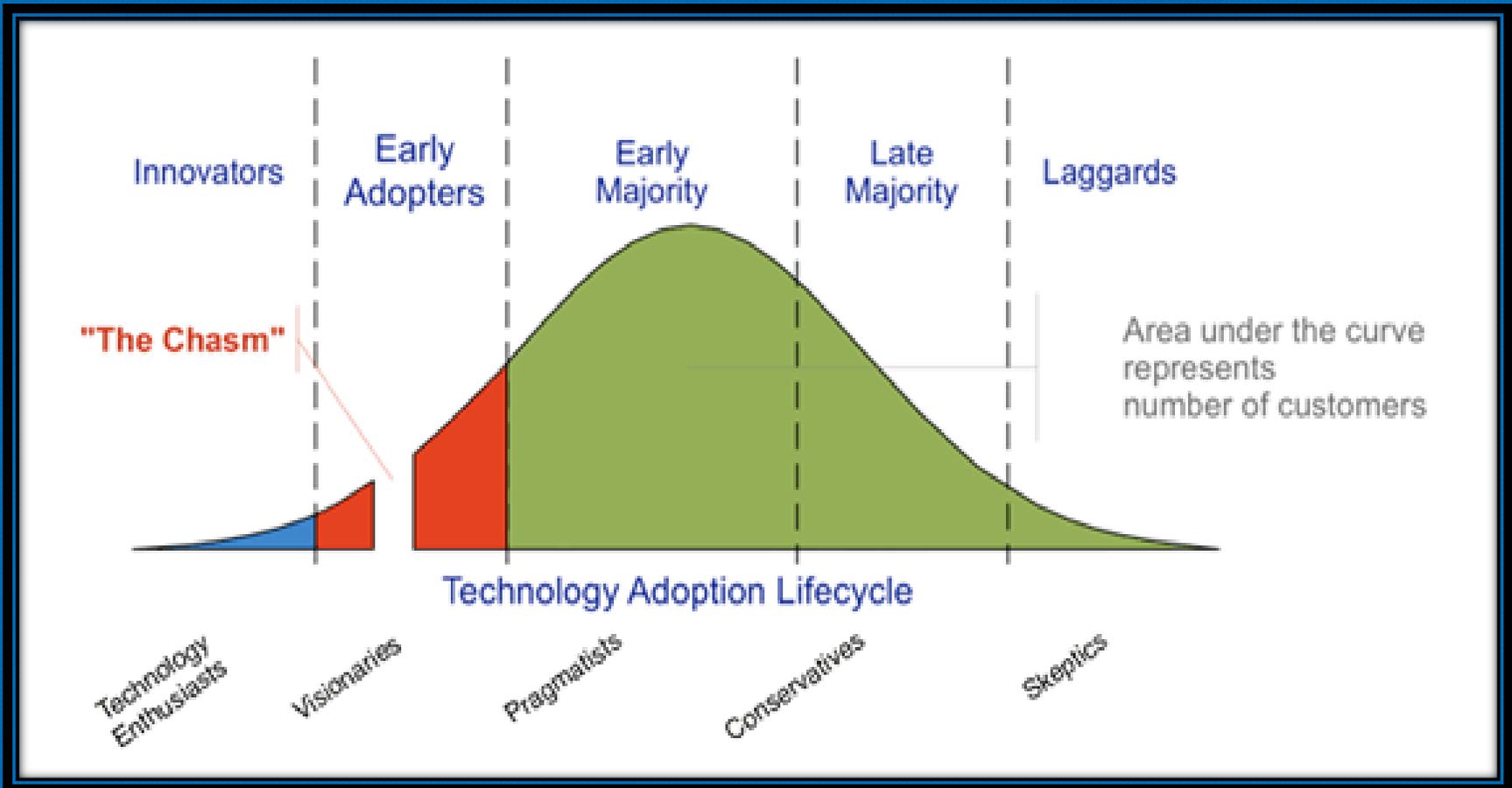
Post 2013



Pre 2014

Crossing The Chasm

2013 is the year
U.S. Onshore
Crossed The Chasm



Winning at a National Level Requires



1. Volume
2. Volume
3. Volume

Historically 3 to 4 companies cross the *chasm* with the customers and become the market leaders.

Scaling Through Regionalization

Plus alignment with...

- State higher ed system
- State economic developers
- Local economic developers
- State government



Winning Nationally is Achieved at a State Level (model 2.0)



- Become a destination
 - Volume
 - Multiple Technology Centers
 - National Private Sector
 - Regional Private Sector
 - *Anchor Tenants*
 - *Local Private Sector*
 - State
 - University



Requires a top down, bottom up strategy.

Arizona



“Arizona 1,000,000” ...influencing 1M students to the IT sector.

Partnerships with:

- Arizona State University
- University of Arizona
- Arizona community college system
- AZ private higher ed institutions
- State of Arizona



These partnerships are expected to create 150-200 new positions over the next two years and are expected to drive an additional 800 private sector jobs to Eagle Creek.

What's Missing in North Dakota



- Become a destination
 - Volume
 - Multiple Technology Centers 80% accomplished
 - National Private Sector 30% accomplished
 - Regional Private Sector
 - *Anchor Tenants* 0% accomplished
 - *Local* Private Sector 0% accomplished
 - State 0% accomplished
 - University 0% accomplished



Why Should North Dakota Use U.S. Onshore?



- Model originated in North Dakota
- 30% cost reduction compared to current onsite model
- Adaptability to any technology
- Risk reduction - *Right down the street*
- Significant long-term economic development impact
 - North Dakota becomes a destination for U.S. Onshoring!

Thank You



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