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Shell looks to outsource nearly all 3,600 IT jobs

By Rebecca Bream

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Royal Dutch Shell is expected to outsource the bulk of its information technology division next year, a move that could affect about 3,200 jobs.

The oil group aims to make pre-tax cost savings of about \$500m-a-year (£250m) through streamlining its structure and cutting and outsourcing jobs.

As part of this cost-cutting drive, Shell has been examining whether to outsource most of its IT division, which numbers about 3,600 people.

According to Shell protest website royaldutchshellplc.com, an e-mail from Goh Swee Chen, vice-president of IT infrastructure, was leaked by a Shell employee on December 19 and outlined details of the outsourcing deal.

The e-mail said three outsourcing companies had been selected - EDS, AT&T and T-systems - with contracts expected to be signed in March.

Ms Swee Chen told staff: "I acknowledge that there will still be uncertainty as we are working through the finalisation of contracts, open resourcing and transition preparations.

"I encourage you to keep an open mind and take the time to learn more about the suppliers as employers and as business partners."

Shell refused to comment on the apparent leak but confirmed it was talking to companies about the outsourcing of IT functions.

Shell said: "We are in the middle of commercial discussions and expect contracts to be signed in 2008."

It is understood that about 3,200 IT jobs are to be outsourced and about 10 per cent of these jobs are UK-based positions. They include contractors and staff on Shell's pay-roll.

If the outsourcing deal goes ahead as planned it would be one of the largest ever. Shell employs about 108,000 people worldwide.

Jeroen Van der Veer, Shell chief executive, said this month the group had to cut costs to make up for the fact that the cost of getting oil out of the ground had risen 65 per cent in two years.

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