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## Shell plans to outsource 3,600 jobs

By Russell Hotten

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Royal Dutch Shell is to shed thousands of jobs as Europe's largest oil company joins rival BP in trying to cut costs and simplify its structure. Shell is looking to agree one of the largest ever outsourcing deals in the next couple of months, and plans to reorganise other departments, including finance operations.

The company has said previously that it wants to cut costs, but the scale of some of the proposed changes has surprised insiders and led to the leaking of information to an anti-Shell website by disillusioned staff. The biggest change will be in the information technology division, where around 3,600 staff may be affected by a plan to farm out operations to three companies.

At a board meeting thought to have taken place shortly before Christmas, Shell decided to outsource virtually the whole of its IT function, nominating EDS, AT&T, and T-Systems to take over the work. Starting on January 8, Shell is planning a series of what it calls Facing Change meetings with staff to outline further details.

Shell declined to discuss the number of staff involved, though in an e-mail written by Goh Swee Chen, vice president of Information Technology Infrastructure, the outsourcing plan presented to the board is described as "substantial" and likely to create "uncertainty". Negotiations are continuing but Shell wants the new IT arrangements up and running by July 1.

The e-mail, confirmed by Shell as authentic, was sent to the website [royaldutchshellplc.com](http://royaldutchshellplc.com), which has been a thorn in the company's side for years and is regularly used by staff to air their discontent and disclose sensitive information. One

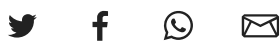
employee who contacted the website said the plan was to retain 400 IT staff at Shell, with the work of the remaining 3,200 outsourced.

He wrote: "To be fair to Shell we have been aware of the outsourcing for at least 6-8 months. It was not until very recently however that we found out which jobs were mapped to be outsourced, and who is taking over the contracts...working for many years and giving to a company, to all of a sudden be encouraged to join an outsourcer has a feeling of betrayal to it." One outsourcing expert said on Friday that if 3,200 staff were involved, it would be among the biggest such deals he had heard of.

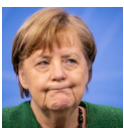
Shell said it had announced in September it would contract out some IT work. "We are looking at ways of creating greater synergies." Shell employs about 108,000 people.

News that the IT plan is likely to be far bigger than first envisaged has sparked wider concern about job cuts. According to another leak, to the Dow Jones news agency, Shell's financial director Peter Voser has told staff that he wants a "leaner and meaner" department in 2008, a sign that he intends to strip out layers of management.

In an interview with Dutch newspaper de Volkskrant earlier this month, Shell's chief executive, Jeroen Van der Veer, said that production costs had risen 65pc in two years.



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