

International Business News

Microsoft considering significant job cuts: WSJ

AFP, New York

Microsoft Corp is considering "significant" layoffs across various divisions that could be announced as early as next week, The Wall Street Journal reported late Wednesday.

The newspaper, in its online edition, said the Redmond, Washington, software giant was "seriously exploring significant work force reductions."

Citing "people familiar with its plans," the Journal said Microsoft was "considering layoffs across its various divisions," what it called "a rare occurrence for the world's largest software company."

"However, plans for the cutbacks are still in flux and Microsoft could end up finding alternative methods of reining in costs," the Journal quoted one unidentified source as saying.

The Journal said the number of potential job cuts was "likely to be far less than the 15,000 positions that have been rumored in recent weeks."

Microsoft chief executive Steve Ballmer declined in an interview with the Journal last week to say whether the company was planning layoffs, though he said the economic slowdown was forcing it to think seriously about cost-cutting moves.

"We're finding our right balance," Ballmer said. "When we find it, I'm sure we'll communicate that publicly."

Ballmer said deep job cuts were unlikely. "That's not our company culture," he said.

Indian inflation falls for tenth straight week

AFP, New Delhi

India's inflation fell for a tenth straight week, according to official data Thursday, creating more room to boost the nation's slowing economy, economists said.

Annual inflation stood at 5.24 percent for the week to January 3, down from 5.91 percent a week earlier, according to the Wholesale Price Index, the most watched cost-of-living measure.

The figure, well within the central bank's tolerance level of seven percent for this financial year to March 2009, surprised analysts who expected to figure to be around 5.30 percent.

India's inflation rate has more than halved from a 13-year high of 12.91 percent in August thanks to a dive in oil and other commodity prices as well as the knock-on effects of the widening global recession.

The fall in inflation has allowed India's central bank to slash interest rates in a bid to spur the economy, which is expanding at its slowest pace in six years.

Since October, the central bank has cut its leading repurchase rate by 350 basis points to 5.5 percent.

Analysts believe a further rate cut could be in store when the bank holds its next monetary policy meeting later this month.



Russian stock brokers work inside Russia's ruble-based MICEX stock market in Moscow yesterday. Russia allowed the 16th effective devaluation of its currency in two months, pushing the ruble to a historic low against the dollar, the central bank said.

US foreclosures spike 81pc in 2008

AFP, Washington

US home foreclosures, the epicenter of the global financial crisis, spiked 81 percent in 2008 despite efforts to slow the "tsunami," a data tracking firm said Thursday.

National foreclosure filings -- default notices, auction sale notices and bank repossessions -- totalled 3.16 million and were reported on 2.33 million properties last year, said RealtyTrac, an Irvine, California-based company.

One in 54 housing units, or 1.84 percent of all US housing units, received at least one foreclosure filing during the year, up from 1.03 percent in 2007, the firm said.

In December alone, foreclosure filings spiked 17 percent from the previous month to 303,410 properties. That was nearly 41 percent higher than in December 2007.

On a quarterly basis, foreclosure activity in the fourth quarter fell nearly four percent from the third quarter but was still nearly 40 percent higher than a year ago.

"State legislation that slowed down the onset of new foreclosure activity clearly had an effect on fourth quarter numbers overall, but that effect appears to have worn off by December," said James Saccacio, chief executive of RealtyTrac.

Bank of China VP warns of fresh financial crisis

AFP, Shanghai

A top Bank of China official warned the world should brace for "a second round of financial crisis" due to rising bad loans as the real economy falls into recession, in remarks published Thursday.

Efforts by governments around the world to bail out markets have so far failed to solve the deep-rooted problems behind the current crisis, Zhu Min, a vice president for the bank, wrote in the China Securities Journal.

"The real estate market will continue to see corrections and the stock prices of financial institutions will continue to see wide swings," he said.

Banks will remain reluctant to lend and currencies will continue to fluctuate as funds are reallocated around the world, he wrote.

"Rising defaults of industrial loans and personal loans caused by a recession in the real economy could lead to a second round in the financial crisis," Zhu wrote in the full page commentary.

PAWNSHOPS

A desperate lifeline

SAYEDA AKTER

SME entrepreneur Kumkum Rahman was once fresh out of college, with a million dreams and full of fresh ideas. She desperately sought entrepreneurship independence, wanting to do her own thing. However, her family had other plans for her and another major obstacle was finance.

"My family and friends turned their backs to me and I went from one commercial bank to another in search of a loan at reasonable rates of interest," says Kumkum, now 32 years old.

"Somehow I made way to a pawnshop in Tantibazar and they instantaneously gave me Tk 75,000 in cash in return for five bhoris of gold ornaments that I got at my wedding," she says.

"They took half an hour to complete all the necessary procedures, which included preparing two sets of documents -- one with a detailed description of my ornaments and the other that stated the usual conditions," she says.

"I got the amount at a 4 percent interest rate, which was very convenient for me to pay back in installments," she says.

Kumkum used the borrowed money to open up a training institute for women, offering various cooking and handicraft courses. The venture later diversified to include a beauty parlour, right from home.

"Now my income enables me to bear a major portion of my family's expenses. I also contribute to my in-laws and everyone takes pride in my success," adds Kumkum.

However, Kumkum is certainly one of the few people who come to pawnshops, determined to be self-reliant. Most others come in dire straits.

People from different classes are still pawning and making necessary transactions, making the trade one of the oldest non-banking financial institutions.



A woman signs documents to take loans from a pawnshop in Old Dhaka.

AMRAN HOSSAIN

Industry people say the pawn business formally started in Tantibazar in the late 18th century, during the British colonial rule.

"Rich Hindu traders mainly lent money, claiming interest in return. They later formalised trade by opening shops at Tantibazar," says Ranjan Bishwas, president of Tantibazar Banik Samiti.

Chandramohan Saha, Kartik Chandra Dey, Madhusudan Ghosh and Mukunda Poddar had pioneered the trade by being the first to open their own shops.

Around 10,000 pawnshops operate across the country, most of them situated in Old Dhaka, including Tantibazar, Sankharibazar, Kotowali Road, Kaettuli, Gonoktuli and Goalnagar. The market is approximately worth Tk 1,000 crore a year, say industry people.

"Such shop owners mainly pawn only gold, with interest rates ranging from three to five percent, sometimes even lower," he says. A majority of the shop owners inher-

ited the trade from their forefathers.

"We serve people in need, meeting short term liquidity problems by arranging cash instantly," Ranjan says.

"It's a favourable alternative to going to banks or selling valuable assets and property."

He says the loan depends on the current price of gold. Although a bhoori of 22-care gold costs about Tk 24,000, the borrower can get Tk 15,000 in loan against the bhoori. About 20-care gold, a bhoori of gold would draw Tk 12,000 and for 18-care gold, Tk 10,000.

The value for locally made gold ornaments differs from foreign-made ones, with higher prices for the latter.

These shops efficiently provide cash to clients and draw up deeds, that contain signatures of the two parties, details of the jewelry, the terms and conditions and a card containing information about the agreement.

He says the customary guide-

lines that originated during the British decree are still more-or-less followed in the trade.

Getting paid back also takes some doing. Once the time limit expires, pawnshop owners have to remind clients to pay back and take their jewelry back as well. According to the deed, if anyone fails to pay the interest for three months or refund the loan on time, without any further extensions to the deed, the lender will own the deposited gold.

Shubhash Roy, vice president of the abolished Pawn Shop Owners' Association, says in most cases, shop owners notify the clients with two consecutive letters, in a gap of 15 days. If the clients do not respond, then they send a legal notice and melt the ornaments.

However, pawning has always been overcast with questions regarding its legality.

According to Mohammad Abdul Aleem, tax officer of the Dhaka City Corporation, says it is legal as these businessmen oper-

ate with legal trade licenses.

"Earlier, the government customarily issued pawn licenses directly to the pawnshop owners. This practice was stopped a few years back, leading them to do business with their trade license itself," he says.

"Moreover, trade licenses are issued based on categories and as we issue licenses for this trade specifically, those who have legal trade license are legal traders," he says.

However, industry people have long been demanding the government to start issuing pawning licenses again, which was stopped in 2001.

"Many new entrants have made their mark in the trade, and hence, they may not diligently follow the customary rules that were followed by the traditional pawn traders," Ranjan says.

"Sometimes these traders don't follow the practice of reminding the clients when the time limit expires and they melt the gold jewelry without any prior notification," he says.

"This also happens due to a lack of any government regulations or guidelines."

He says many unwanted incidents are now handled through negotiations. "If a borrower complains to the samiti, we sit with both the parties to solve the problem, so that clients are not compelled to take legal steps."

Ranjan also says they met with the commerce and finance ministries on several occasions to plea the formation of a guideline.

Another major problem that shadows the sector is the lack of an association.

"There has been no association for the industry for the last 18 months, which often creates problems on settling disputes. The formation of one is needed to save both parties from harassment," adds Kartik Roy, a pawnshop owner at Gonoktuli.

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COLUMN

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Best practices in managing IT

Most Bangladeshi companies with internal IT business support systems are struggling to formalise discipline (policy, process and procedure) to ensure appropriate service. Critical issues such as service delivery, accounting, managing (especially adopting new business process changes) and supporting are turning into a big challenge.

Some or most of them fail to take advantage of their large IT investments, as a consequence of their blind-eye to managing service through definition of proper discipline. Many are found investing a lot of time and effort behind definition/re-definition of processes using internal resources (which never mature and remain unstable due to changes in people, businesses and technologies).

Critical issues at the end remain unaddressed (or wrongly addressed), which include IT and business strategic planning, integrating and aligning IT and business goals, implementing continued improvement, measuring IT organisations' effectiveness and efficiency, optimising costs and the total cost of ownership (TCO) and achieving and reflecting return on investment (RoI).

Today's smart customers will toil at length to ensure that the products and services they obtain actually complement and changing business and continue to ensure value for money.

To address these issues, a number of best practices have been developed and documented by many professional organisations. Organisations have formulated scores of training and certification systems to augment the number of confident service management professionals. All of this, coupled with the availability and ease of adaptability, of a number of matured international standard processes, policies and guidelines make our case for an imminent need to reinvent the wheel in Bangladesh. Our IT service providers may easily avoid wastage by re-using these well-defined and disciplined processes and procedures. All it takes is knowledge of IT service management standards and the enthusiasm of adaptation. Nowadays, different forums of local senior IT managers are expressing interest and are increasingly discussing IT service management. These are positive signs.

So, what is it all about? By definition, "IT service management is the principles and practices of designing, delivering and maintaining IT services to an agreed level of quality in support of customer activity". It is the discipline of managing IT systems from the customers' perspective of its contribution to business and aims at achieving a common ground for understanding between the customer and the provider, by

maintaining service level expectations and delivering expected results. It is in effect, a few sets of processes, defined and evaluated by many communities to achieve the common goal of best service delivery and support. It serves as a guideline for aligning IT people, processes and technology with the business in order to ensure optimum customer satisfaction. It has the ability to govern any IT business support system including order management, inventory management, activation, maintenance, performance diagnostics, etc. The discipline of service management has been around since the early 1970s and was originally part of the operations management discipline.

IT service management is thus a variety of frameworks for controlling and managing different aspects of services. The key frameworks are: The Information Technology Infrastructure Library (ITIL), Control Objectives for Information and Related Technology (CobiT), IBM Tivoli Unified Process (ITUP) and I B M Process Reference Model for I T Application Services Library (ASL), Business Information Services Library (BISL), Microsoft Operations Framework (MOF), the Helpdesk Institute (HDI), the e-Sourcing Capability Model for Service Providers (eSCMSP), etc. Service management is usually used with other types of management systems including Total Quality Management (TQM), Six Sigma, CMMI (Capability Maturing Model and Integration), and Business Process Management. It is applicable to both small companies and large corporations.

The question is where do we begin from to comply with the best practice model of IT service management? The framework, which has influenced most the scope of service management, is ITIL. It has also been absorbed as the parent process in many other frameworks and considered best start-up for learning.

ITIL® is the registered acronym for Information Technology Infrastructure

Library, developed and controlled by ITSMF (IT Service Management Forum). ITIL is a series of process books and training manuals that outlines IT service scope and explains best practices involved. The goal of ITIL is for managers to have extremely high standards in IT value, as well as attain high financial quality in day-to-day operations.

ITIL was initially published between 1989 and 1995 with a library of over 30-volume (official number is 31) books that covered specific themes in IT service management and principally confined to the UK and the Netherlands for quite some time. Since 31 volumes were cumbersome, the second version of ITIL framework had been consolidated into six/seven books. Two main books were Service Support (covered 6 key processes: service desk function, incident management (process), problem management (process), change management (process), configuration management (process), and release management (process)) and Service Delivery (covered 6 key processes: service level management, availability management, capacity management, IT service continuity management, financial management for IT services, and customer relationship management). Other books included Planning to Implement Service Management, Application Management, ICT Infrastructure Management, Security Management, etc.

This second version became universally accepted and is now used in many countries by thousands of organisations as the basis for effective IT service provision. In 2007, ITIL V2 was superseded by an enhanced and consolidated 'ITIL version 3', consisting of five core books covering the service lifecycle, together with the official introduction focusing on the lifecycle approach to service management as defined by the five ITIL titles, 'ITIL Service Strategy', 'ITIL Service Design', 'ITIL Service Transition', 'ITIL Service Operation' and 'ITIL Continual Service'.

The first step towards adopting best practices in managing IT through the ITIL framework, is acquiring in-depth knowledge. ITIL again, is not software, or a piece of hardware that can be installed into a computer and run. It is an integrated set of processes that requires extensive stakeholder involvement-- before, during and after implementation. Initially at least one person from every stakeholder group (BOD, Management, Technical and Users) is required to obtain basic education on ITIL through training. The leader of the implementation team must essentially be formally trained and certified from any authorised institute. The process can then be implemented, in accordance with best practices that fundamentally include (but may not be limited to) service definition, publication, request model, provisioning, measurement, cost recovery process, and assessment. Each service is an opportunity for further process improvement, and not static deliverable.

Independent consultancy services for IT service implementation are not yet available in Bangladesh. Some audit firms are helping international consultancy companies implement such services through them as local agents. Other individually certified resources are working to help small and large businesses incorporate the principles of service management into their organisation. Notable international vendors that provide service management include iSYS, IBM Service Management, NetworkD, Pink Elephant, etc.

Once the processes are implemented and matured by practice, the organisation may take the opportunity of automating them to get the benefit of visibility, control and mechanisation needed to deliver quality service, manage risks and compliance, reduce TCO, maximise ROI and accelerate business growth. Some international vendors who provide automation solutions are BMC Software, CA Unicenter, Hewlett Packard, IBM Tivoli, Altiris Management Suite, Bladelogic, FrontRange Solutions, etc.

Widespread knowledge and understanding of IT service implementation, as discussed so far, can make inroads into attaining compliance and alignment with international IT standards, policies and practices, into assuring customer-centric IT services and therefore an optimum customer experience, and last but not the least, into successfully aligning IT operations and goals with those of the business-- a precursor to business development and growth.

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