



# Stanford eCorner

## Outsourcing

Jeff Hawkins, *Numenta*

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Video URL: <http://ecorner.stanford.edu/videos/1352/Outsourcing>

Hawkins shares his views on outsourcing and discusses how his company decides when and how to outsource. He believes that since the world is becoming global, outsourcing is the right thing to do.



### Transcript

I find it pretty interesting this whole outsourcing thing because there's a big brouhaha about it right now. But this started a long time ago. In the early 1980s all companies had their own manufacturing for computers. GriD had its own manufacturing plant right here in Mountain View and in Fremont. And now no one would do that, but back then that was the way we did it. One day, the VP of Manufacturing came in and said, "You know, I think we can do this cheaper and better and higher quality if we have someone else manufacture this who is really good at this stuff and we are not very good at it." And so, that's what we did. The outsourcing the manufacturing started happening in the early 80s. And now, people are outsourcing of support centers and software engineering and so on. I am a pretty much of a globalist. I can't see the difference between outsourcing jobs to Georgia and outsourcing jobs to India.

Basically you have to have a fairly non-world view to see that one is better than the other. And if people in India need the jobs and they are poor I don't see any reason why they shouldn't have it. Maybe I sound unpatriotic or something like that, but I look at the world globally and I say, "Gee those people need this work and so these people but who am I to decide who in the world should get a job or should not get a job?" This is an overall philosophy on my part. The decision when we outsource, we don't sit around and go, "Should we outsource or not?" No, it doesn't work like that. You say, "Hey, at this point in time what is the best thing I can do? What's going to progress my goal the best? Where am I going to get the support?" We sometimes bring things in and sometimes we push things out. We have gone both ways, we outsource some of our designs but we brought some of it back in. Some of the hardware engineering are out and some of it back in. At any point in time, for example, if a product is a fairly easy product to design, like you have done a bunch of MRAs, we're doing a new PDA; it's fairly straightforward we will probably find a better solution some place else in the world that has a pool of engineers who are really good at this. If we are doing something that is really unique and has not been done before it's probably better to have it closer to home in our own labs because we are going to be sitting there every minute figuring out what we got wrong and trying to experiment and so on. As a general rule, we bring in closer to home things that are most challenging and new.

And as it becomes more of a commodity then you can find more people and more places to do it and you can reduce your cost and so on. That's the general philosophy and I don't think it's always going one way or the other way. I think the world is becoming global and there are people who are really smart and really motivated all around the world, not just in North America not just Japan not just wherever your favorite country is ~ Finland. Don't fight that thing just go with it. It's not like some evil plan to deprive people of some place of something. It is just what it is! It is a globalized world and there's very well you can do about. And I think it's a good thing actually. I am not embarrassed about it at all.