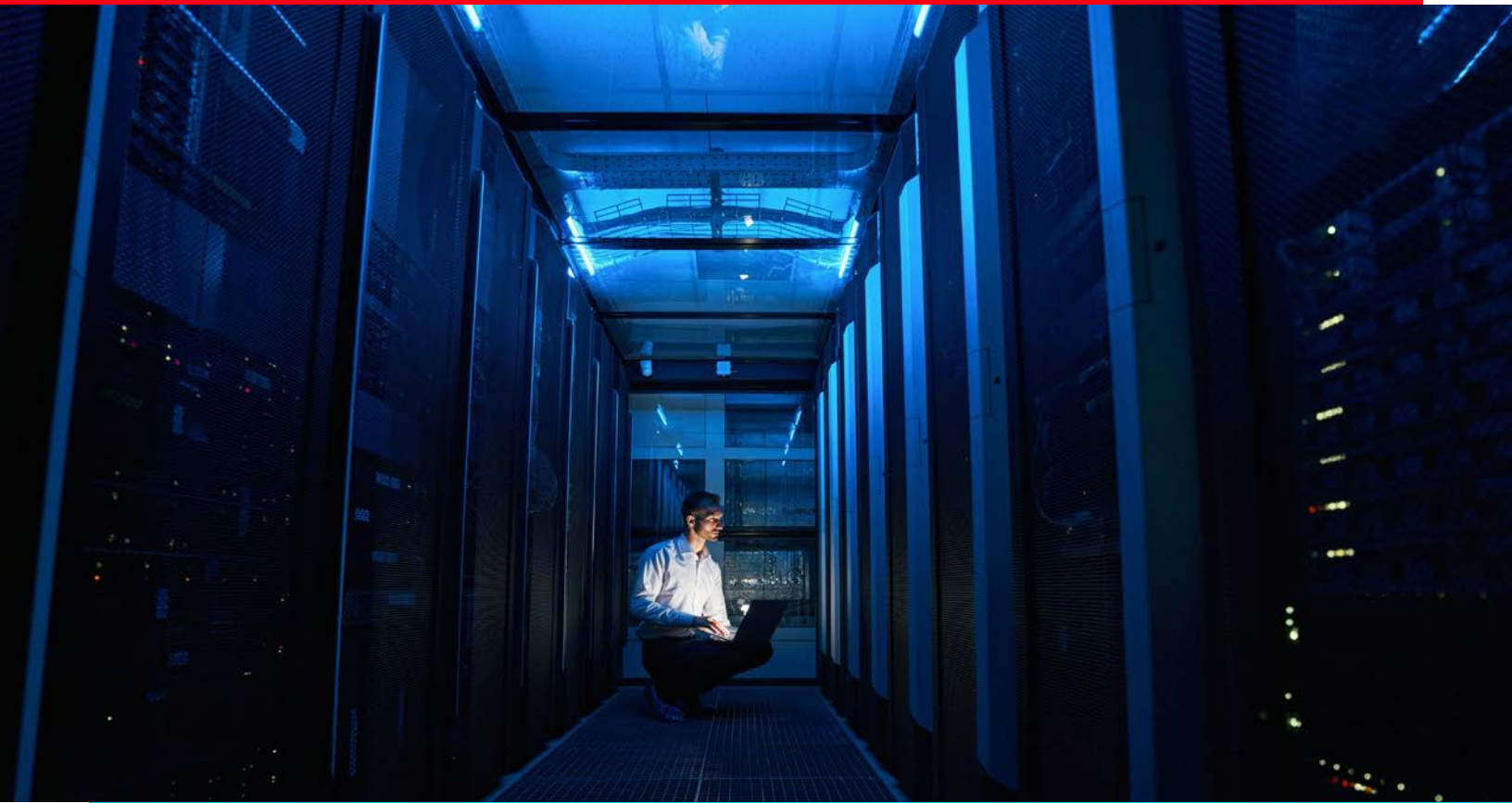




Bringing IT Home

A scalable IT services solution that makes
business sense and strengthens communities is here.
It's called Xchange Chicago.



Legacy solutions come up short in solving IT's jobs predicament

The tech jobs environment in Chicago and across the U.S. is at a critical juncture. Call it The Great Talent Crunch.

Under increasing pressure to drive growth and cut costs—not to mention serve a broader purpose through their work—IT leaders face the daily challenge of recruiting and retaining skilled technology talent to carry out the company mission. And they keep reaching for legacy solutions such as offshoring and tapping traditional talent pools. The only problem is that those solutions aren't working.

Offshoring to countries such as China, Hungary, The Philippines, Poland, India,

Ukraine and others, can create a troubling dependency. India alone accounts for an estimated \$80 billion in imported IT services every year, according to **U.S. News & World Report**.

As many IT leaders know, the day-to-day challenges with offshoring exact a price. One-off costs and increased burdens on management make offshoring savings unreliable. Providers can lack business context, among other complications.

90%
of organizations will experience delays, quality issues or revenue loss due to a shortage of in-house IT skills—conditions that are estimated to inflict nearly **\$5.5 trillion** in losses by 2026.

In addition, traditional talent pools are extremely competitive and limited. Average turnover rates in IT stand at 36 percent, research from Boston Consulting Group shows.

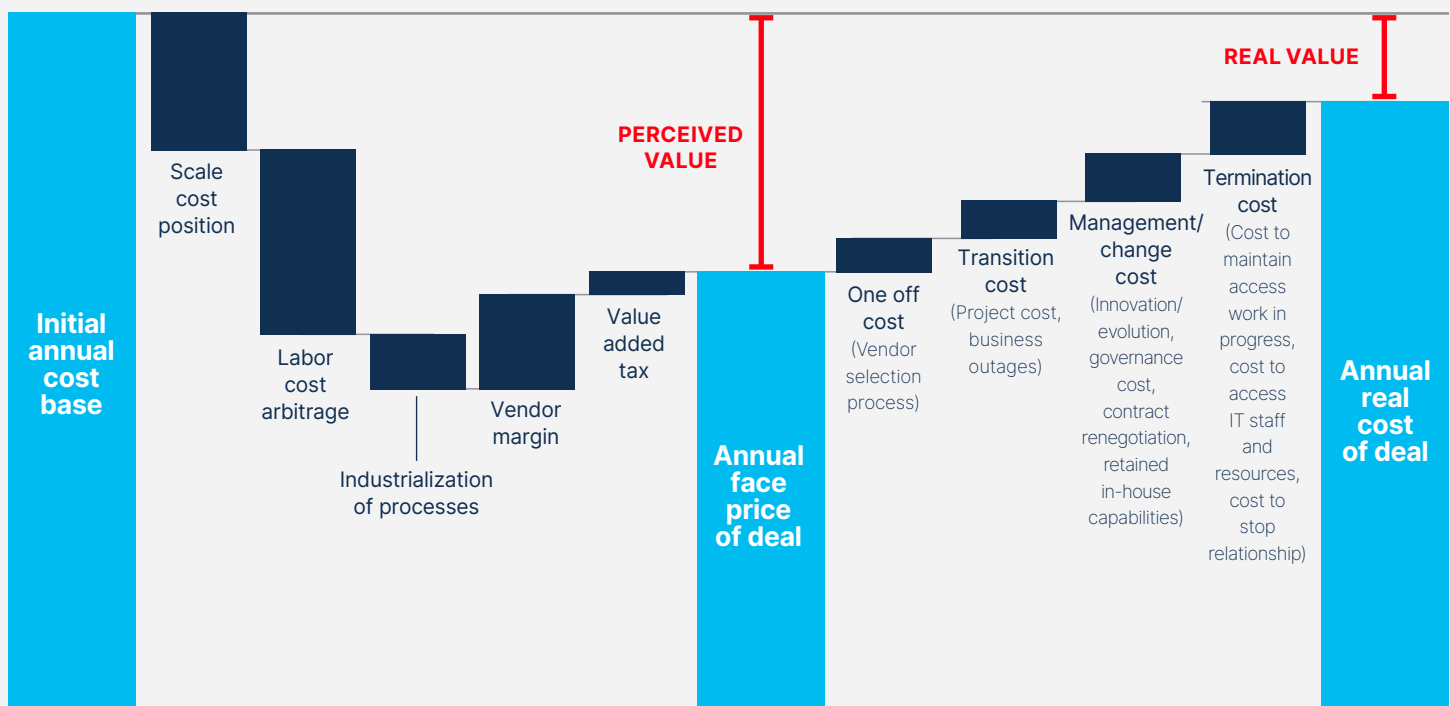
Bottom line: despite a goal of greater efficiency, these legacy solutions may be delivering the exact opposite: **90 percent of organizations** will experience delays, quality issues or revenue loss due to a shortage of in-house IT skills—conditions that are estimated to inflict nearly \$5.5 trillion in losses by 2026.

Beyond those operational challenges, offshoring has moved jobs overseas,

causing profound damage to blue-collar workers over the last four decades—damage that is **spilling over to white-collar America**.

In our hometown of Chicago, offshoring has exacerbated disinvestment, making pathways to sustainable employment virtually disappear on the South and West sides. Despite their assets, these neighborhoods have endured decades of economic marginalization through redlining and other practices. One example is Greater Grand Crossing, a South Side community where **unemployment is 17 percent**, more than double the rate for all of metro Chicago.

Discrepancy between perceived and real value of offshoring



This scenario is unfolding in a metropolitan area where the market for IT services is \$16.5 billion.

Against that backdrop, IT departments in the U.S. continue to dedicate **more than 13 percent** of their financial resources to offshore roles.

An exploration of new solutions—crucial to the economic growth and vitality of our region—is overdue, especially with a renewed impetus to hire American talent. This is an opportunity for innovation in business and community partnerships, a chance to address a critical gap in IT services and economic development by creating a bold onshoring model that makes good business sense.

The encouraging news is it's already happening in a reimagined warehouse on the South Side.

It's called Xchange Chicago.

Offshoring and historic disinvestment has led to fewer career opportunities

In America:

Offshoring has had profound implications for the blue-collar American worker over the last 40 years. This trend now has major implications for white-collar workers.

IT spend in the U.S. continues to be offshored, with IT departments dedicating over 13% of their financial resources to offshored roles, many of which tend to be entry level roles that are necessary entry points into tech careers.

In Chicago:

Offshoring combined with disinvestment has resulted in very few pathways into family-sustaining roles for residents on the South and West Sides.

In Greater Grand Crossing, the unemployment rate is 17% vs. 8% for metro Chicago.

Sources: Forbes (Oct. 2024); CMAP (2018-2022)

Xchange: A low-risk, high impact model

Xchange Chicago is an IT services delivery initiative with a value proposition that delivers high performance and catalyzes economic activity on Chicago's South and West sides.

It has gone about that mission in a very strategic, commercially viable way—first identifying skilled services that Chicago Chief Information Officers prioritize. Those include implementing business analysis, application development, cloud managed services, cybersecurity and related areas.

Xchange is focused on \$3.4 billion of that—the segment where demand is strong. Capturing even a small percentage of those targeted services in Chicago would create an annual total economic impact of \$115 million to \$160 million, a Boston Consulting Group analysis reveals.

Xchange's focus: \$3.4B segment in Chicago, where demand is strong

Demand for IT services is strong in implementation, cloud managed services, cloud migration and cybersecurity markets that total about \$16.5 billion a year.

Service	Est. Chicago market size	Est. percentage of Chicago market	Growth rate (5 year CAGR)	2023 Illinois job postings
Implementation	\$2.9 billion	17.5%	7%	15,000
Cloud managed services	\$200 million	1%	6%	500
Cloud migration	\$100 million	0.5%	23%	
Cybersecurity	\$200 million	1.5%	10%	1,500
Target services	\$3.4 billion	20.5%		
Other	\$13.1 billion	79.5%		
TOTAL	\$16.5 billion	100%		

Capturing 2% of the Chicago market for these target services (\$60M) would yield **500 fellows** and **upward of \$160 million of economic impact in Chicago annually**

That impact includes job creation—an estimated 8,000 additional direct technology jobs and 11,000-plus indirect jobs in Chicago over a decade. The effect of those jobs and related benefits generates economic activity of upwards of \$20 million annually, following a one-time economic infusion of \$25 million in Grand Crossing, the analysis states.

This investment contributes to the sustainability of all communities, providing benefits to the rest of the city and region. Simultaneously, the approach drives inclusion in the tech workforce, which benefits from myriad perspectives and lived experiences within companies.

Vital to Xchange's strategic approach are partnerships with experienced organizations that deliver results.

SDI Presence is a crucial one.

An IT services firm focused on delivering excellent results and speed to value with positive community impact, SDI works with its customers to find projects where fellows can be placed with experienced professionals on its IT managed service provider team. In a unique feature of the Xchange model, SDI becomes the employer of record for the fellows in the near-term.

Clients can convert fellows to full-time staff at the end of the engagement, or fellows can be staffed to another contract at the managed service provider.

P33 constructs the tech talent pathways for these fellowships to succeed. Another Xchange partner, **Comer Education Campus**, focuses on education and enrichment in Greater Grand Crossing. They help find and train potential fellows through partnerships with Catalyte, City Colleges, and more.



Origins of Xchange

The roots of Xchange reach back to the COVID-19 pandemic, when **Comer Science & Education Foundation** President Greg Mooney started talking with other Chicago leaders in education and tech about how to open more opportunities for workforce and commercial development in Chicago's neighborhoods.

Those people included Brad Henderson, founding Chief Executive Officer of **P33**, which is working to transform Chicago into a top-tier tech hub, and Hardik Bhatt, Chief Executive Officer of **SDI**—who himself has managed a \$1 billion IT organization as CIO.

They came up with what would become Xchange, a first-of-its-kind model that leverages commercial dollars to pair workforce development and neighborhood revitalization.

"That's when these guys said, 'Imagine a world where just two percent of that work was done in Chicago instead of being done in India?' " said Nuwan Samaraweera, P33 Chief Operating Officer and Executive Vice President of Talent Solutions. " 'Imagine the dollars that would be flowing through the city if that work was done with suppliers who were hiring and training more folks on the South Side.' "

Xchange's new model for tech fellowships



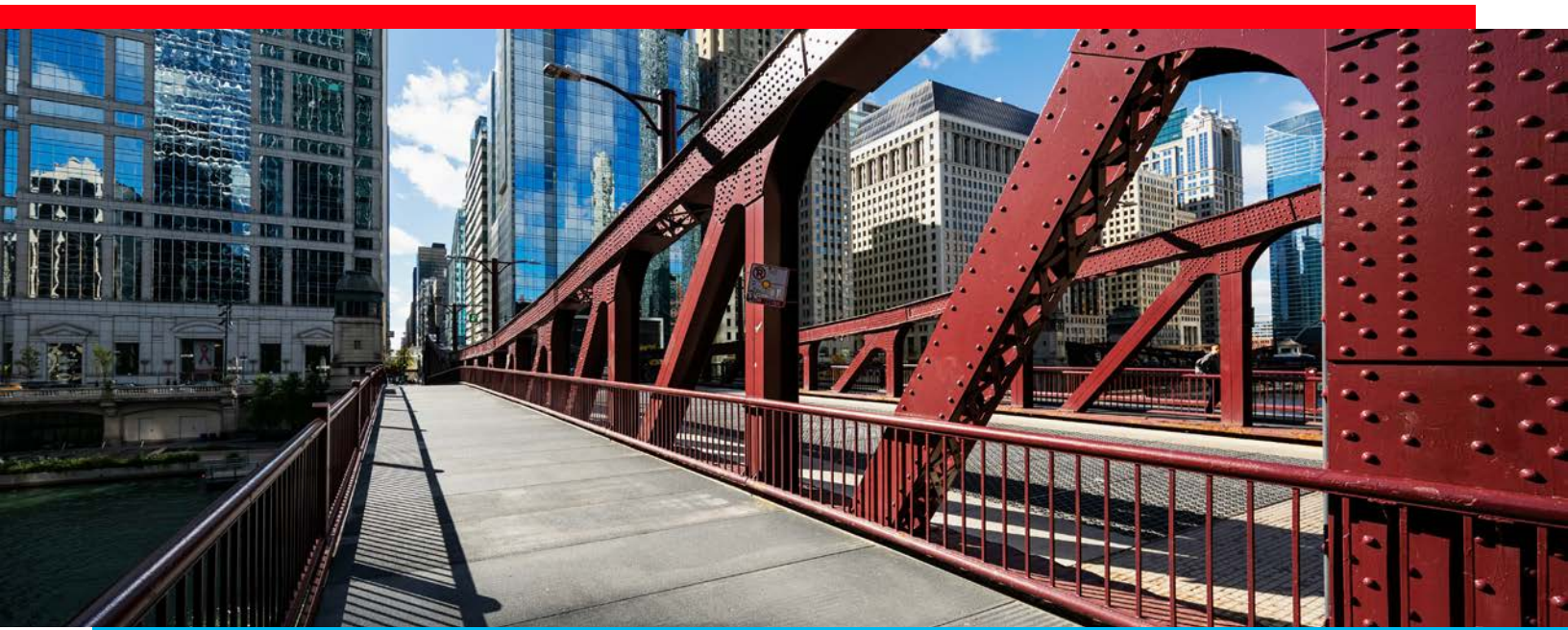
An important distinction of Xchange is that it minimizes risk for business clients. Instead of utilizing a complicated model that strengthens the economies of countries overseas, a prospective Xchange customer can determine their needed IT services, then leverage a portion of existing IT spend for Xchange, creating talent pipelines and driving local economic impact.

In the 14 months of Xchange's existence, tangible signs of success have emerged.

1. Four large corporations—including Northern Trust, WEC Energy Group, and MRO—are clients and plan to expand their involvement with Xchange. More than 30 fellows in less than one year from Chicago's South and West Sides who completed Xchange training are working on projects for those companies in jobs

that include full benefits and translate to \$1.25 million in salaries.

- 2. The number of fellows**—now at 55—will continue growing when Xchange officially opens its \$20 million tech business hub and training center in the former warehouse across from the Comer Education Campus. The project is expected to generate an estimated \$70 million in the community every year.
- 3. Two enterprises**—SDI Presence and United Way—have signed leases for 20,000 square feet in the new building, and are expected to open this summer, bringing more than 200 jobs to the neighborhood.
- 4. Momentum is building**—WEC and Northern Trust are repeat customers, and Xchange signed MRO in April.



Scaling up: Investing in Xchange

Word of Xchange's effectiveness is spreading.

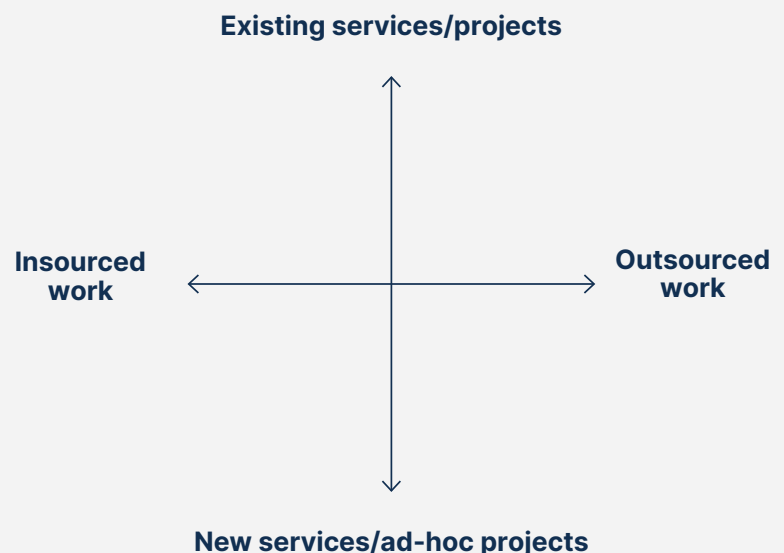
More commercial sectors in Chicago are connecting with Xchange and are interested in working with the initiative, SDI's Bhatt said.

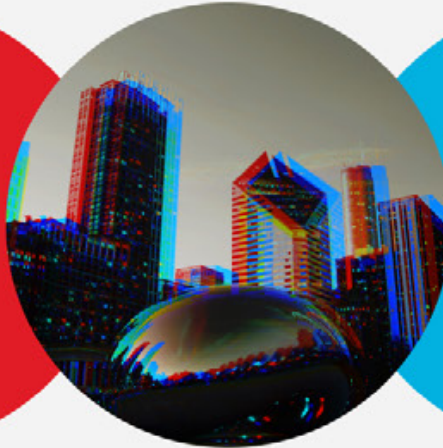
This underscores another distinctive benefit: Xchange is a solution that can be scaled rather seamlessly, replicated in other neighborhoods and other cities and states. It may even be adaptable to different industries. Every business needs IT services.

"So, we're now taking it to a much more scalable level," Bhatt said. "Building partnerships like those we have with P33, Comer, City Colleges and Catalyte is enabling us to do this on a much larger scale."

And as it scales and generates those 8,000 new, direct technology jobs in Chicago, the

CIO perspective: IT Spend areas CIOs are choosing for Xchange





lifetime earnings for graduated fellows are expected to triple.

An additional key distinction of Xchange is that it's designed to be sustainable, avoiding an overreliance on philanthropic investment. The IT dollars will ultimately drive earned revenue, supplemented by some early-stage philanthropic dollars.

Xchange also eliminates potential national security risks that can emerge in offshoring or bureaucratic red tape that can occur with international employees working in the U.S.

"What I get excited about is that the IT services sector is such a powerful combination of a ticket to economic mobility and exposure to the kind of dynamism you need to always be relevant, to always have a growth opportunity," P33's Henderson said. "That has a way of being self-perpetuating and I think there's very little of that in economic development.

"It's a cliché, but IT services is a flywheel," he added. "How awesome is it going to be that the South Side of Chicago is on that flywheel?"

In a November 2024 Executive Club Chicago discussion with Penny Pritzker, former U.S. Commerce Secretary and former Board Chair of P33, Microsoft CEO Satya Nadella described the effort in almost supernatural terms.

"What you're doing ... to me, is magic," he said in response to Pritzker's question about what advice he would give Chicago on its journey to become a top-tier tech hub.

"When I say, how do technology platforms actually get established—more importantly, how do they drive benefits that are broad—that's it. You do broadskilling with a feedback loop to the jobs of the future, better wages."

That's what Xchange Chicago is doing.

Promising tech careers for real people

An electric utility lineman who left college to pursue that trade, Joshua Manard was growing tired of the grueling physical labor and couldn't see a long-term career with an upward trajectory in the industry.

He dreamed of launching a tech career that had the promise of growth, but thought merely getting a foot in the door would take years.

Manard's big break came in August 2024, when a friend invited him to a tech summit on Chicago's South Side. There, he met Olu Olaleye, Xchange's Strategic Development Lead, who spoke with him about Xchange, and gave Manard a tour of the campus that same afternoon.

Manard was impressed but hesitant about changing careers. He thought Xchange's free training and promise of job placement sounded too good to be true. He took a chance anyway and enrolled in the Xchange program.

"As I started to do the work and got to know everyone at Xchange, I found out that I loved it," said Manard, who grew up a few blocks away from the Xchange campus. "And I knew this was something that I should be doing."

Today, he is a full-time employee with SDI working for Northern Trust as a business analyst in disaster recovery, a position that he said has "endless opportunities."

"The reason I feel that way is because I have people in my corner who have experience in the tech and corporate fields," Manard said. "This space embodies everything that I have to offer. It's just a question of how far you're willing to go. You just have to be willing to put in the work."





Like other Xchange fellows, Manard is recommending the program to others in his social network.

Marc Franklin took a different path to his Xchange tech career.

A 2018 graduate of Lake Forest College, Franklin earned a double major in philosophy and psychology. The lifelong resident of the Greater Grand Crossing community wanted to work in tech for as long as he could remember.

But, unable to find a viable path to an upwardly mobile tech career, Franklin became a social worker.

Then he heard about the Xchange Chicago program and enrolled.

Now, Franklin is a full-time employee with SDI, managing file transfers on Xchange client projects—a job he views as a stable, well-paying position with opportunities for future tech leadership.

“The all-around support that Xchange gives you throughout the process is really nice,” Franklin said. “It was a pipeline [into a tech career] for us and that’s something that is really helpful. It was the most important determining factor for me.”

Kristian Alberto holds a similar view of his career, but took an even more divergent route to becoming a full-time data analyst for SDI working on a project for Northern Trust.

Arriving in the U.S. from the Philippines with his family at 12, Alberto graduated from Taft High School and worked in property management. While taking cybersecurity classes at Wilbur Wright College, he saw a flier on internships at SDI, applied and was accepted.

Six months later, he enrolled in the Xchange program.

“Xchange opened up more opportunities for me, in terms of other businesses that needed help with IT and with their unique IT needs,” Alberto said. “I was able to learn their

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Xchange is supportive, resourceful and empathetic ... I would encourage anybody, if they have the courage to take a step and a chance on themselves, to try the Xchange program.

Alisha Green, former Xchange fellow now at SDI, on a project at Northern Trust

”

systems and learn with them and perform the tasks they needed from us.”

Manard, Franklin and Alberto said the unique Xchange model was vital to their success.

Xchange’s environment was especially crucial to Alisha Green, also a South Sider. Working in operational management but interested in a tech career, Green was intimidated by her lack of tech knowledge and formal training in the field.

“I was stuck and trying to figure out how to get into tech,” she recalled. “I was trying to understand what it takes to get in.”

Earning her master’s degree in business administration gave Green just enough confidence to apply for, and be accepted into, the Xchange program, which she found through an online search. She started in November 2024, working part-time to support her daughter while participating in the eight-week training.

It was challenging but exhilarating.

“Xchange is supportive, resourceful and empathetic,” said Green, a business analyst on an SDI project at Northern Trust. “The thing I like most about the training is that it’s focused on people in the communities that don’t have this opportunity; that don’t know those opportunities exist.”

She added that she wished Xchange would expand throughout Chicago.

“I’m always talking about the Xchange program,” Green said. “I would encourage anybody, if they have the courage to take a step and a chance on themselves, to try the Xchange program.”





Built to succeed and scale

In slightly more than a year, Xchange has laid the groundwork and launched a bold, innovative IT business model that opens the door to a new age of how tech gets done in America.

It provides a genuine solution to IT service issues that will only become more pressing. And Xchange accomplishes all that with very little risk to participating companies.

Its potential is almost staggering.

As stated earlier, one of Xchange's most attractive traits is its scalability. In a decade, Xchange could add thousands of jobs—in tech and in positions generated by those tech jobs—bringing a total economic impact as high as \$160 million annually to Chicago. Grand Crossing itself could experience as much as \$20 million a year in economic impact.

This is occurring as exciting tech opportunities emerge in Chicago. The multibillion-dollar **Illinois Quantum and Microelectronics Park**, a short drive

from Xchange, on the site of a permanently closed steel plant, is just one.

As that and other tech opportunities—including those in AI—materialize in Chicago, it's important to note that Xchange's approach of continuously assessing IT industry needs and adapting to those needs helps position Xchange at the forefront of Chicago's tech future—which places it at the forefront of Chicago's future. It's also worth noting that Xchange is pursuing new, unique partnerships with systems integrators.

Now is the ideal time to support Xchange's growth in Chicago and beyond. Think about how powerful the Xchange model can be if

In a decade, Xchange
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**\$160 million
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to Chicago.

more companies sign on and it's replicated in other Chicago communities, elsewhere in Illinois and outside the state.

Philanthropy has a role. It can spark Xchange's growth by providing early capital to host training and operations at Xchange and fund the first handful of full-time leadership hires there.

But Xchange is designed to be commercially self-sustaining. Businesses can support that objective by considering Xchange and its managed service provider as partners for future projects or staff augmentation. Companies could have Xchange scope out a project or build Xchange into the RFP process, incentivizing vendors to work with Xchange.

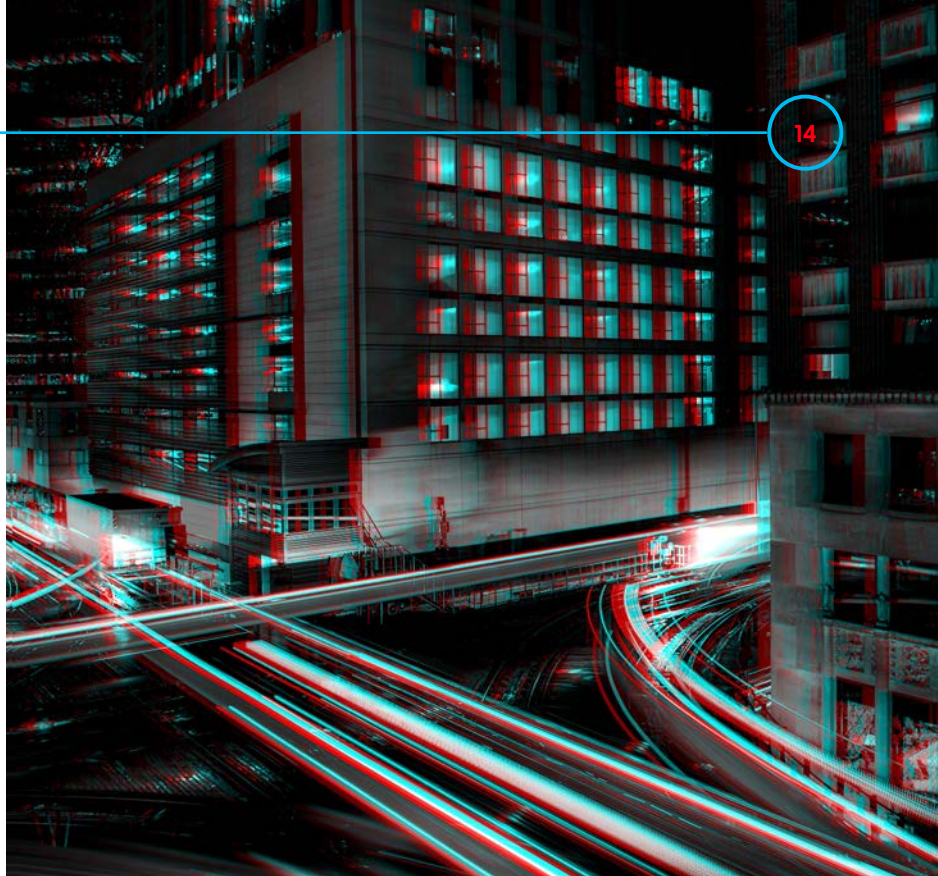
Support can start with something as simple as taking a tour of Xchange.

And, for those on the fence about whether Xchange is a wise investment, the strongest evidence—and most compelling indication of Xchange's promise—may be the experiences of companies utilizing the model.

"We're receiving incredible talented people from Xchange," Northern Trust Chief of Social Impact Shana Hayes said. "This has been an excellent partnership for us over time and continues to align with our goals and those of Xchange."

The initiative resonated with the 135-year-old Chicago-headquartered financial institution, its focus on the South and West Sides of Chicago and its work to empower our young people to reach their fullest potential and place them on the road to financial success.

Today, Northern has 12 fellows and is looking to increase the number, said Liju Augustine, Senior Vice President, Global Head of Technical Support & Services at Northern Trust.



"They have been very enthusiastic, willing to learn and have been coming up to speed very quickly," he said. "The fellows are extraordinarily adaptable, motivated and excited about their work. We're thrilled with the partnership."

Other Xchange clients match Northern Trust's enthusiasm.

"We've had a very positive experience," said Polly Eldringhoff, Vice President of Operational Performance and Compliance at Peoples Gas. "The quality of the Xchange talent has met and exceeded our expectations. These are fellows who come in hungry to learn, develop, and add value."

Perhaps most importantly, Xchange customers encourage other companies to partner with Xchange.

"Absolutely," Eldringhoff said, noting that SDI's oversight makes the venture extremely low-risk. "We have seen the benefit not only to our company, but in the fellows' lives by providing this opportunity."

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