

# Sri Lanka as a BPO Provider

Looking to the future

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- Population: c.20 million
- Literacy rate: 92% (Highest in South Asia)
- Education budget: 5.4% GDP
- Post secondary level education: >10%
  
- Education system based on old-style UK GCE “O” and “A” Levels
  
- English is the language of higher education, the scientific community and the higher level commercial sector

- Around 10,000 state schools
- 15 State universities, 9 higher education and 6 post-grad institutions
- Many private schools and universities
- Agreements with other universities
  - E.g. Monash, Curtin, Staffordshire, Manchester Metropolitan
- Colombo has the largest pool of UK-certified accountants outside of the UK
  - 50,000 new accountants per annum



- President Mahinda Rajapaksa has declared 2009 as “The year of ICT and English”
  - Information and Communication Technology Agency (ICTA) aiming for 100,000 jobs in IT
  - E–Sri Lanka Rural Knowledge Centres (“Nenasalas”) across the country
- Strong communication network, including international connections
- World Economic Forum has tracked Sri Lanka’s ICT readiness:
  - Has climbed from 86<sup>th</sup> out of 122 in 2006 to 72<sup>nd</sup> out of 134 in 2008
- AT Kearney places Sri Lanka in top 50 BPO countries
- Global Services Magazine places Colombo in Top 20 emerging cities



- Growth 2008 – c.8%
- Foreign direct Investment in 2007 \$700m
- Concessionary income tax rate 15% up to 20 years
- Tax holidays 5–12 years
- Grants for training, marketing, quality accreditation, etc.
- UK Commercial Law model
- Strong IP legal system

- Sri Lanka has not been a focus for inward investment due to political turmoil
- 12,000 graduates per annum
  - A high number of unemployed post-graduate resources
  - Also, high level of youth unemployment (c.30% with O/L, 25% with A/L)
- Flexible, willing work force available
- Post-turmoil, stabilisation will increase investment opportunities



- Financial, Accounting
  - Insurance claims
  - Tax returns
- Growing contact centre market
  - Particularly retail consumer
- IT
  - Remote support and management
- Medical
  - Transcriptions of patient records



- Asia – India, China, Vietnam, etc
  - Eastern Europe – Czech Republic, Poland, Romania, etc
  - Latin America – Mexico, Argentina, Brazil, etc
  - Middle East – Egypt, UAE, Oman, etc
  - Resurgent West – Ireland, Netherlands, Philippines, etc
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- Sri Lanka must develop its own BPO offerings
  - Must retain focus
  - Must differentiate



- Sri Lanka Association of Software and Services Companies
  - Modelled on NASSCOM
- Aiming for \$2b of business process outsourcing by 2012
  - \$275m in 2006
- Agreement with the American Chamber of Commerce (AmCham) to identify and facilitate opportunities
- Agreement with British Council for training of entrepreneurs



- 700,000 employees in outsourcing
- 43% IT BPO, 17% Financial, 16% Telecomm, 15% consumer services
- Around \$11 billion per annum
  - 60% from US, 27% Europe
- India's resource base is robust
  - But manpower costs are rising (10–20% pa)
- Looking to Sri Lanka to provide extra capabilities
  - E.g. Genpact, WIPRO, TCS, Quattro, WNS Global Services



- Around 300 companies present in Sri Lanka for BPO, including:

- RR Donnelley
- HSBC
- AVIVA

RR DONNELLEY

HSBC   
The world's local bank

- Many small, emerging companies

  
AVIVA

- Post conflict, Sri Lanka has a lot to offer
  - Language skills
  - Accountancy and other BPO offerings
  - Political focus on BPO
  - Tax and grant opportunities for inward investment
  - SLASSCOM focus and investment
- Challenges from other geographies must be faced
- Focus on a narrow range of BPO is a strength
- “Spoke” operations for other geographic “hubs” a major opportunity