MARKET DEMAND ASSESSMENT FOR OUTSOURCING SECTOR

AN ANALYSIS OF DEMAND, SUPPLY, AND STEPS REQUIRED TO DEVELOP THE BPO SECTOR IN JORDAN

FINAL REPORT

22 April 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by Dennis Hall, with inputs from Anupam Govil, Kinan Jaradat, Alaa Qattan and Craig Zoll.

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FINAL REPORT

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ACRONYMS

BPO	Business Process Outsourcing
CAGR	Compound Annual Growth Rate
DZC	Development Zones Commission
EDS	Electronic Data Systems (US-based company)
FAO	Finance and Accounting Outsourcing
FZC	Free Zones Corporation
HRO	Human Resources Outsourcing
ICT	Information and Communications Technology
IT	Information Technology
ITES	Information Technology-Enabled Services
ITIDA	Information Technology Industry Development Agency (Egypt)
ITO	Information Technology Outsourcing
JIB	Jordan Investment Board
KPO	Knowledge Process Outsourcing
LPO	Legal Process Outsourcing
MDC	Mafraq Development Corporation
MNC	Multi-national Corporation
MoICT	Ministry of ICT (Jordan)
NASSCOM	National Association of Software and Service Companies (India)
R&D	Research and Development
RIM	Remote Infrastructure Management
TCS	Tata Consultancy Services (India-based company)
VoIP	Voice Over Internet Protocol (telephony)
ILO	International Labor Organization

1 INTRODUCTION AND BACKGROUND

Recognizing the potential of Business Process Outsourcing (BPO) to contribute to sustainable economic growth and create high quality jobs for Jordanians, the Hashemite Kingdom has begun to proactively seek ways to position its growing IT and IT-enabled services (ITES) industry as a leading regional provider of outsourcing services. Jordan's BPO Initiative enjoys substantial support from business and government leaders alike. However, to date there has been no concerted effort to formulate a strategy to drive and coordinate efforts to grow the industry and market Jordan as a leading investment location.

A key first step must be to understand and articulate Jordan's value proposition to potential investors and global companies seeking to outsource.

1.1 OBJECTIVES OF THIS REPORT

This *BPO Gap Analysis & Sector Development Strategy* is the result of a three-part analysis to establish Jordan's value proposition as an investment location in the BPO industry and develop a long term strategy to guide marketing efforts. Specifically, the objectives of this report are to:

- Provide an understanding of the global market and **demand** for BPO services and identify market segments that are most likely to generate current and future demand for BPO services
- Review the **supply** side of Jordan's current BPO industry, understanding the current state of its infrastructure, human resources and other key aspects of its enabling environment
- Present a **gap analysis** to identify priority markets and niche sectors that can be addressed by Jordan and conclude what steps its business and public sector leaders need to take to improve Jordan's competitive positioning within regional and global markets.
- Provide a series of concrete **recommendations** and next steps to policy makers to advance the BPO sector in Jordan

Taken together, the elements of this report are designed to support Jordanian public and private sector leaders to target strategic resources at those market segments for which Jordan is best positioned to strengthen its domestic industry and attract foreign investment and improve Jordan's capacity to meet that demand.

1.2 HOW THIS REPORT IS STRUCTURED

Following this brief introduction, an **Analysis of Demand for Outsourcing** examines global and regional markets for outsourcing across both horizontal and leading vertical segments. It analyzes the forces driving global market trends, including major drivers of company outsourcing decisions, and how those forces are likely to shape demand over the next few years. The section also provides an overview of investment trends in the sector, examining the major drivers of investment decisions by service providers and profiling Jordan's regional competitors in the space. The section concludes with an analysis of the implications of market demand and investment trends for Jordan's BPO industry strategy.

The **Analysis of the Supply Side of Outsourcing in Jordan** presents an overview of the outsourcing industry in Jordan. An examination of major aspects of Jordan's enabling environment for the BPO industry provides the framework to understand the advantages and disadvantages Jordan faces in seeking to serve regional and global markets. A series of profiles of Jordanian companies now operating in the space provides for a real-world snap shot of the successes and challenges companies face.

Following the Demand and Supply-side analyses, the **Gap and Opportunity Analysis** synthesizes the results of these assessments to identify key gaps in Jordan's capacity to serve as a delivery platform for BPO services. It also identifies opportunities in the immediate, short and longer terms, based on the results of these analyses.

Finally, the report presents a series of **Conclusions and Strategic Recommendations for Development of the BPO Industry in Jordan**. These concrete next-steps include strategic recommendations to Jordanian leaders to improve the business environment and upgrade human resources and sector capacities to meet regional and global demand.

2 ANALYSIS OF DEMAND FOR OUTSOURCING

2.1 DEFINING THE MARKET

Outsourcing is a service model in which businesses delegate non-core functions to external service providers, freeing them to more efficiently operate their core businesses. The generic term may refer to manufacturing processes, such as an American clothing retailer contracting its manufacturing operations to independent firms in Vietnam, to non-core services, such as a major consulting firm contracting cleaning and maintenance to an independent contractor. At its most basic level, outsourcing stems from the economics of specialization and economy of scale that enable service *vendors* to perform functions more efficiently and at a lower cost than their client firms could.

Over the years, as the model has gained credibility and service providers have expanded their capacities, technology has also expanded the range of functions that can be performed offsite. Service providers have scaled up their capacities and offerings, and the functions being outsourced have moved steadily up the value chain. Outsourcing has steadily expanded into more sophisticated territory, and companies are increasingly contracting outside firms to perform entire *Business Processes*.

The basic drivers of outsourcing remain the same: Business Process Outsourcing (BPO) service providers are freer to invest in support technology and dedicated human resources, allowing them to deliver these non-core functions more efficiently than their clients could perform them internally. With the unprecedented spread of communications technology, the practice has grown into a global industry, and it is allowing companies to reduce overall costs, increase efficiency and improve market responsiveness across a range of industries.

Given the importance of technology in the industry's growth, it is perhaps unsurprising that early process outsourcing focused almost exclusively on IT-related functions like application management and development, data center operations, and testing and quality assurance. The definition of non-core functions and processes has evolved rapidly, however, and BPO now broadens its reach to non-IT functions like payroll, financial and administrative services, human resources management, and customer service.[1] More

Box 1: A Note on Outsourcing Terminology

The outsourcing industry has evolved very quickly, with leading vendors expanding quickly into global companies. This rapid evolution, coupled with the need for outsourcing service providers to stand out from the pack, has led to an almost constant stream of new terms to describe delivery models and trends.

Outsourcing: The generic term for the industry, it describes a model in which businesses use external service providers to manage non-core business functions.

Off-shoring: Outsourcing using service providers in a remote, generally overseas, location.

Near-shoring: Off-shoring to service providers in nearby countries, regional off-shoring.

On-shoring: Outsourcing using service providers within the same country or market, often subsidiaries to offshore vendors.

In-shoring: Outsourcing to a specialized service unit that is a wholly-owned subsidiary or "captive" of the client company. The geographic location of the service centers is irrelevant; it may be located overseas or right next door.

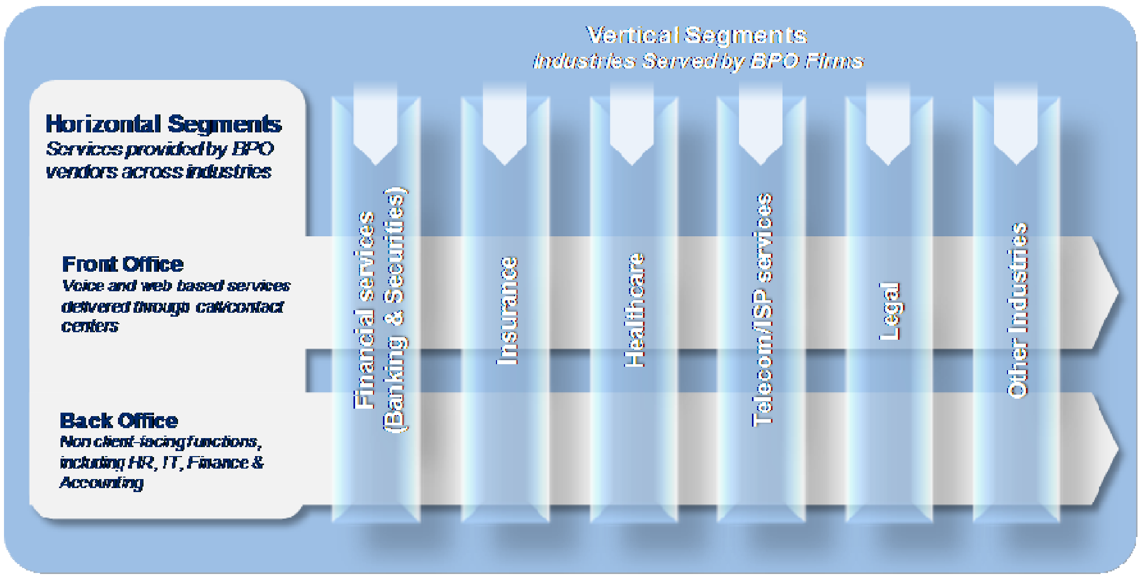
Best-shoring: Used to distinguish from outsourcing based on purely wage-cost comparisons, this is outsourcing based on quantifiable metrics and analysis. Specialized consulting firms use this as a marketing term to describe their services.

[1] Like any functions in the modern enterprise, these are IT-*enabled*, but they are not specifically IT functions.

recently, outsourced services have expanded even further up the process value chain, encompassing functions that would have been considered core even a few years ago. This level of outsourcing, which can include R&D functions, product development, medical diagnostics, design and other functions historically reserved for the home office, is increasingly referred to as *Knowledge Process Outsourcing* (KPO).[2]

For purposes of this report, *Business Process Outsourcing* can be defined simply as **the contracting of third-party service providers, or *vendors*, to perform business functions that may be delivered remotely.** The BPO market can be further segmented into *Horizontal* business functions, describing processes that are common to all industries, and *Vertical* business functions, which describes specialized processes specific to industries.

Figure 1: Horizontal and Vertical Market Segments



2.1.1 HORIZONTAL MARKET SEGMENTS

In the context of BPO, horizontal market segments include those business functions and processes that are found across most, if not all industries. These functions, which include processes as diverse as payroll and recruiting to billing and receipts, are often further segmented into *front office* processes and *back office* processes.

- **Front Office Business Processes** are functions that face a company's clients. Perhaps the most recognized of outsources business processes, these are the voice and web-based services delivered through customer contact centers.[3] Services delivered by vendors in this space include telesales and telemarketing, help desk functions, web-enabled interactions, market research, and other inbound and outbound contact services.
- **Back Office Business Processes** include non client-facing functions like data entry, transcription, document management, and transaction processing. It also describes functions traditionally taken on by a company's major departments, including human

[2] For purposes of this report, Business Process Outsourcing includes KPO, treating its functions as higher-valued processes within the industry.

[3] The "call centers" of outsourcing's early years have evolved into full-service "contact centers" as the number of ways a company can communicate with its customers has expanded to include email, internet, web chat, video-conferencing and myriad other channels.

resources, IT and finance and accounting. In fact, the array of specialized back-office functions now subject to outsourcing has led to the development of still more terminology to describe—and market—them:

- **Human Resources Outsourcing (HRO)** includes a wide range of functions related to the management of human resources, from payroll processing and employee benefits management to recruiting, training and a wide range of other services. Increasingly, higher level functions like monitoring and management of a company's structure and staffing requirements and long term staffing strategy development are falling into the realm of HRO services.
- **Finance and Accounting Outsourcing (FAO)** includes services such as billing and accounts receivable, accounts payable, accounting and tax accounting, internal audit, financial reporting and compliance, and risk monitoring.
- **Information Technology Outsourcing (ITO)** includes functions involved in the development and management of application and other purely-IT services. This includes application development, application maintenance, web development, application testing, IT monitoring, remote infrastructure management (RIM), and managed services.

Expectations for growth in the horizontal market segments over the next five years are generally more modest than they have been in the past, when spending was growing at rates exceeding 20 percent. Still, global spending on horizontal outsourcing activities is expected to exceed USD 168 billion by 2012, with front office operations—contact centers—representing more than half of that.[4]

HRO and FAO remain the largest back office segments, together representing 44 percent of the total market. In its forecasts for global growth of the sector, Gartner expects payroll services will continue to comprise the largest sub-segment of HRO, though it also expects benefits administration and training to grow at markedly faster rates.[5] Procurement, still an emerging segment, is growing quickly.

Table 1:Worldwide BPO Spending by Horizontal Segment 2006-2012 (USD millions)

	2007	2008	2009	2010	2011	2012	CAGR 2007-2012
Front Office	55,102	59,571	63,922	70,716	79,131	90,260	10.4
HR & Training	22,318	25,036	27,772	30,797	34,076	37,703	11.4
Procurement	1,722	2,032	2,380	2,805	3,269	3,777	17
Finance & Accounting	22,798	25,181	27,521	30,352	33,454	36,759	10
Total	**101,940**	**111,820**	**121,594**	**134,670**	**149,930**	**168,499**	**10.6**

Source: IDC 2008

2.1.2 VERTICAL MARKET SEGMENTS

Vendors serving vertical BPO markets deliver much more specialized services that tend to be unique to individual (or closely related) industries.[6] While any list of vertical BPO market

[4] IDC 2008

[5] Gartner 2008

[6] It is important to note that any of the services listed under *Horizontal Market Segments* are also delivered to industries listed as vertical market segments. A primary difference between these horizontal and vertical market segments is the level of specialized knowledge and, by extension, specialized experience required of vendors to deliver the services.

segments will be incomplete—or quickly obsolete—given the rapid evolution of the market, the industries that have most actively adopted outsourcing are those that have historically involved extensive management and processing of data or individual transactions. Outsourcing of higher level functions that require advanced training is increasingly common in these industries. Leading vertical segments include:

- **Financial Services**: Vendors in this segment provide services to the banking and securities industries, which are typified by extensive data processing, transaction processing and compliance challenges. This is by far the largest vertical segment in the BPO industry.
- **Insurance**: Similar to the financial services industry in data, transaction and compliance requirements, the insurance industry adds claims processing as a major function increasingly carried out by BPO vendors.
- **Healthcare**: In addition to the claims processing requirements the healthcare industry shares with the Insurance industry, healthcare providers are increasingly outsourcing higher level functions like diagnostics, imaging, transcription, utilization management
- **Legal**: Giving rise to yet another specialized term, *Legal Process Outsourcing* (LPO) involves legal firms in major markets outsourcing legal support services to specialized legal support firms. Functions include document review, legal research and writing, drafting of pleadings and briefs and providing patent services.
- **Travel and Hospitality**: With its extensive requirements for customer service, reservations and bookings, the travel and hospitality industry is a major source of demand for front office outsourcing. Outsourced back office operations include human resources, resource management and transaction processing.
- **Retail:** Like travel and hospitality, the retail industry has a considerable customer service component, though the dominant “bricks-and-mortar” model still requires primarily face-to-face interactions with customers. Most major retailers maintain online channels, and indeed some very successful ones operate online only. This opens a range of additional IT infrastructure and other processes that could be outsourced. Retail presents opportunities for front office and back office BPO, including customer service, transaction processing, inventory management, resource management, human resources and others.

Box 2: India’s Private Sector Leadership in Meeting Future Demand for Skills

India’s NASSCOM is working closely with the Ministry of Human Resource Development on a plan to develop the highest skill levels they anticipate will be required in the industry over the short- to medium-term. This effort to address the “top of the skills pyramid” is aimed at identifying emerging skills and technologies and ensuring that India’s outsourcing workforce is prepared to deliver them in sufficient volume. The goal is to develop highly specialized workers in a number of vertical industries and functions.

NASSCOM’s proposal highlights banking, insurance, analytics, remote sensing, water, agriculture, energy, transportation, environment, geosphere, natural sciences, nanotechnology, healthcare, network and mobile computing, image processing, and cyber security as leading target segments.

Source: NASSCOM 2009

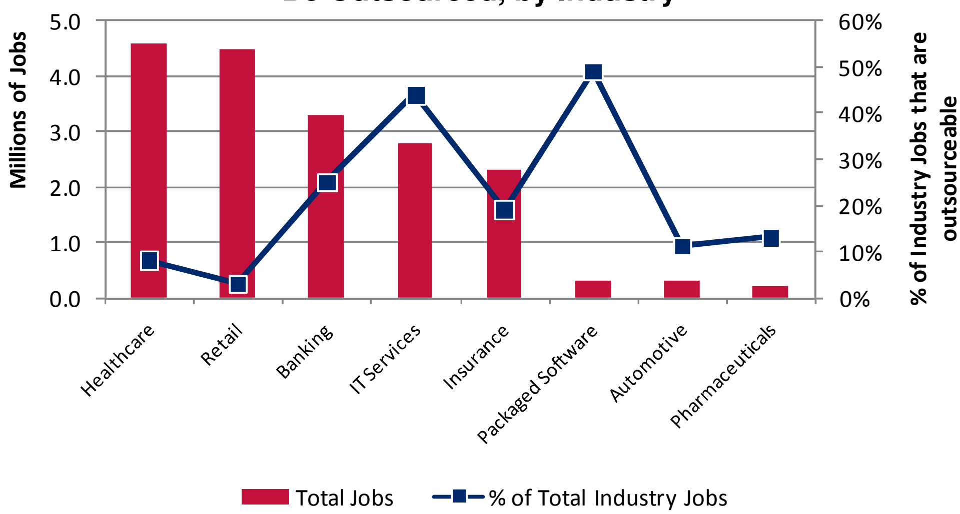
2.2 MARKET TRENDS

Underlying the explosive growth of outsourcing in recent years is what can best be described as a **globalization of the labor market enabled by ever more efficient communications technologies and decreasing barriers to trade**. An increasing number of services simply do not require the people performing the work to be located in the same place as the client. In 2005, in response to the growing debate in OECD markets about the economic costs and benefits of outsourcing, McKinsey estimated that by 2008 as many as 160 million service jobs—11 percent of the global services workforce—could theoretically be performed remotely.[7]

2.2.1 INDUSTRIES MOST LIKELY TO PRESENT DEMAND FOR BPO SERVICES

Not all industries are equally suited to outsourcing business processes. This is as much a function of the structure of industries as it is market factors. In its detailed, cross-industry analysis of global outsourcing, McKinsey examined job tasks and customer-facing requirements in an effort to quantify which jobs could in fact be outsourced. As Figure 2 indicates, the distribution of "outsourceable" jobs across industries is not even. Indeed, the demand likely to be generated by a given industry—as measured by volume of jobs—is not directly indicated by the proportion of jobs in that industry that may be outsourced.

Figure 2: Share of Employment that Could Theoretically Be Outsourced, by Industry



Source: McKinsey Global Institute 2005

For instance, due to the obvious requirement of face-to-face interaction with customers, only a fraction of the total jobs in healthcare and retail could theoretically be outsourced. Yet the sheer size of these industries means they account for more than 40 percent of the total number of jobs that could be outsourced. Conversely, fully half of the jobs in packaged software could theoretically be outsourced, but that industry's total employment footprint means that it represents less than 2 percent of total number of the theoretical demand for outsourced jobs.

Based on this analysis, **the overwhelming majority of worldwide demand for outsourcing services is likely to be generated in the healthcare, retail, banking, IT services and insurance industries**, which together account for nearly 96 percent of all of the jobs that could theoretically be outsourced.[8] This is not the whole picture, of course, and a number of other factors have influenced—and will continue to influence—industries' real-world adoption of BPO.

- **High Volume of Data and Transactions**: Every transaction, regardless of size, incurs a cost, and industries with high volumes of transactions are especially

[7] McKinsey Global Institute, 2005.

[8] While the McKinsey study did not specifically name telecommunications as a sector, 'IT Services' is assumed to cover telecommunications services.

incentivized to reduce costs by automating them. Once automated, it is not a long leap to package and outsource transaction processes. This is one of the single most compelling drivers of the Financial Services industry's early adoption and continued leadership in outsourcing.

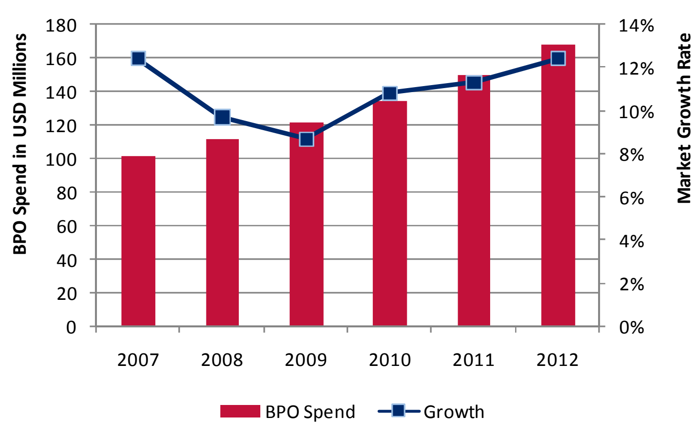
- **Compliance Requirements**: In industries that are highly regulated, the cost of compliance—and noncompliance—can become very high, particularly when business units executing similar tasks are duplicating efforts. Standardized procedures reduce cost and risk, which led companies in high-compliance industries to adopt shared services models. Already sold on the benefits of shared services, it is a smaller leap for companies in these industries to outsource these processes. Financial services and insurance are two examples.
- **Historical Adoption of Technology:** Many of the contracts signed in the global BPO marketplace have their origins in an IT implementation. A typical human resources outsourcing contract, for instance, may start off as an implementation of ERP software like SAP, which then led to an HR process redesign and payroll outsourcing. This has contributed to industries with the tendency to adopt technology early to also be early adopters of BPO. Conversely, industries that have historically resisted adopting technology—like healthcare in the US until recently—have been slower to adopt BPO.

2.2.2 BPO MARKET SIZE AND GROWTH

A discussion of theoretical demand, while potentially useful in the *identification* of promising sectors, does not provide an estimate of real-world demand. Indeed, the McKinsey study estimates that by 2008 no more than 1.5 million service sector jobs would actually be outsourced to the world's emerging markets, a figure that represents only about 8 percent of the total theoretical demand.[9] This disparity can be attributed to a wide range of factors, not least of which are limitations of quality labor, inadequate technology infrastructure and political and cultural factors. It also clearly illustrates the well of latent demand that is playing a major role maintaining double digit growth rates in the industry.

Table 2 below presents a forecast of total worldwide spending in the BPO space. As represented by worldwide spending, actual demand for BPO services was estimated at nearly USD 102 billion in 2007, after growing at double digit rates for several years.[10] Even in the face of the most serious economic downturn since the global Depression of the 1930s, at the end of 2008 industry analysts were forecasting a compound annual growth rate (CAGR) of 10.6 percent for the global industry over the next five years, with global BPO spending expected to exceed USD 168 billion by the end of 2012.[11]

Figure 3: Worldwide BPO Spending and Growth, 2007-2012



Source: IDC 2008

[9] *Ibid.*

[10] IDC, 2008.

[11] *Ibid.*

Table 2: Worldwide BPO Spending by Region, 2006-2012 (USD millions)

	2007	2008	2009	2010	2011	2012	CAGR 2007-2012
Americas	65,412	71,151	76,239	84,138	93,786	106,358	10.2
EMEA	19,541	21,717	23,982	26,611	29,426	32,427	10.7
Asia/Pacific	16,987	18,952	21,373	23,921	26,717	29,714	11.8
Worldwide	**101,940**	**111,820**	**121,594**	**134,670**	**149,930**	**168,499**	**10.6**
Growth (%)	12.4	9.7	8.7	10.8	11.3	12.4	

Source: IDC 2008

2.2.3 WHAT DRIVES COMPANY OUTSOURCING DECISIONS

In the early days of outsourcing, the single greatest driver of the decision to outsource was undoubtedly cost. Often swayed by a direct comparison of IT wages in an OECD economy to those in India, where salaries for similarly qualified workers were fraction of what they were paying in their home markets, decision makers in the US and Europe simply could not resist expectations of paying only a fraction for the same qualifications.

As an extension of this un-nuanced approach to outsourcing arrangements, most procurement decisions were cost driven, and key performance indicators governing agreements tended to be focused on internal processes. So to absolute comparisons of wages were added indicators like average speed of answer, average cost per call, percent agent time spent on the telephone, etc. More subtle, but ultimately extremely important issues like customer satisfaction were left out of this first generation of agreements.

Over time, the true costs of BPO arrangements became more apparent, including the indirect costs of planning and transitioning operations to an external vendor, selecting a vendor, upgrading technology, ongoing communications and security, and managing the relationship. Companies also began to recognize that simply outsourcing processes was not providing the return on their investment expected. In a survey of 50 call centers, BPO consultancy Compass found that poor service and language difficulties led to calls fielded by outsourced representatives taking twice as long as they did from call centers based in the UK.[12] The original decision to outsource was based on the assumption of savings of 15 percent, but such savings too often prove short lived.

At the same time, first tier BPO vendors have progressively moved up the value chain, trying themselves to get away from the "race to the bottom" entailed by competing on cost alone. The result has been a much more expansive service offering by vendors, including strategy and process improvement consulting, and efforts to provide BPO "solutions" instead of simple

Table 3: Leading Drivers of Company Choice of Outsourcing Vendor

Most Important Driver of Outsourcing Vendor Decision	Companies Citing in 2008	Compared to 2007
Vertical Capabilities & Experience	83.5%	▲74.8%
Horizontal Capabilities & Experience	77.2%	▲ 3.7%
Faster and Better	46.9%	▲31.2%
Cheaper and Better	**15.3%**	**▼16.8%**
Cheaper and Faster	**7.4%**	**▼12.9%**

Source: Brown & Wilson 2008

[12] Compass 2008

transaction-based processes. Under this model, companies have become increasingly sophisticated consumers of outsourcing services, and while cost will always be a major consideration—particularly in an economic crisis[13]—companies and vendors alike are seeking ways to ensure that BPO is part of a broader strategy, and that it adds value above and beyond the immediately visible bottom line.

Table 3 above clearly demonstrates the shift away from cost as a major driver of outsourcing decisions. In a 2008 survey of companies engaging in outsourcing, only 15 percent cited "Cheaper and Better" as the most important driver of their decision. Even fewer cited "Cheaper and Faster," and in both cases the numbers of companies citing these drivers fell dramatically from the previous year. A leading industry consultancy reports that cost savings of as much as 18 percent in the first year of a contract have given way to unit costs as high as 23 percent over market rates by the end of the third year.[14] **"Cheap" is clearly no longer the dominant descriptor of what companies are looking for in an outsourcing partner.**

Of course, in addition to deciding whether to outsource and on what basis, companies also face the decision of where to outsource. Again, early location decisions were based almost entirely on cost, and indeed it was cost that drove—and continues to drive—the explosion of offshore outsourcing to developing economies. Over time, however, as companies have internalized the true costs of outsourcing arrangements, decisions on location have become more nuanced. It is telling, for instance, that Ireland remains a major outsourcing choice for US and European companies, even though Irish wages have risen to levels commensurate with other EU markets.

Although companies make location decisions based on a host of factors, many of which are internal and unique to their business needs, it is generally possible to describe common drivers of location decisions. These include:

- **Political stability**: Outsourcing major business functions is by nature a risky proposition. Companies evaluating their options will discard countries facing political instability—and particularly violent environments—very early in the process.
- **Availability of qualified manpower**: Qualified labor is essential to the success of outsourcing operations, and companies seeking suppliers will want assurances that the available labor pool is sufficient—and sufficiently qualified—not only to meet immediate needs but also weather inevitable turnover. (See also *Skill Sets Required by BPO Investors* included as an appendix to this report.)
- **Communication and language skills**: A factor in determining the quality of the available work force, language skills are worth singling out as an important driver of outsourcing decisions. Absolutely critical in front-office operations, where outsourced staff will be interacting directly with a company's clients, fluency in the company's home language is also important to the ongoing management of the outsourcing relationship. It's worth noting that the workforce in every established and emerging outsourcing city in the world exhibits English skills in its work force.[15]
- **ICT Infrastructure**: The globalization of the labor force that has enabled offshore outsourcing was only made possible through advanced in communications technology. Companies seeking outsourcing locations will require very robust ICT infrastructure, with assurances of bandwidth availability and redundancy.

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[13] See *The Effects of the Economic Crisis on the Global Outsourcing Market*, on page 15 of this report.

[14] Compass, 2006.

[15] Global Services & Tholons,Inc., 2008

- **IPR/Data security issues**: The sensitivity of data transferring between an outsourcing company and its service provider cannot be overstated. Companies will seek assurances that their intellectual property will be protected, and that they will have recourse if they are not. In several of the vertical industries, the sensitivity of customer data—banking accounts, identification numbers, and health records—will only add to companies' sensitivity to data security issues. For vendors or companies setting up captive operations, proprietary technologies often have to be imported to support those operations, and the protection of that intellectual capital is of high importance.

> **Box 3: How Outsourcing Decision Drivers Can Lead to "Near-shoring"**
>
> Once a company has made the decision to outsource, it is not always necessary to stray too far from its home market.
>
> As executives begin filtering the growing list of countries and cities they might turn to, a number of key drivers—**language skills**, **linguistic and cultural affinity**, and **geographic alignment**, for instance—will naturally lead a company to stay within its own region.

- **Labor and other Factor Costs**: While cost has receded as the only driver of outsourcing decisions, it remains a very important consideration, particularly with the advent of a global economic slowdown. In addition to labor, communications and travel costs associated with maintaining and managing the contract will play a role.
- **Linguistic and Cultural affinity**: While a decidedly subjective driver of outsourcing location decisions, cultural affinity is an important factor. Not only are decision makers more comfortable delivering services to their customers when they are confident that cultural (and language) gaffes will be kept to a minimum, but they are also simply more likely to feel comfortable negotiating and making long-term, high value deals. Shared religious, historic and other backgrounds lend themselves subtly to these affinities.
- **Geographic alignment**: Geographic alignment can mean many things, but the most attractive outsourcing destinations are often in some way "compatible" with their major markets. What features of a prospective site constitute "alignment" is entirely dependent on an outsourcing company's own needs and outsourcing strategy.
  - **Proximity** allows for easier travel and simpler communication and contract management, which translates directly into reduced costs and more intimate working relationships. Countries that share a border can more easily ensure robust, reliable communications links between them.
  - **Distance** may also be a boon. Companies often seek to enhance their capacity to "follow the sun," delivering service around the clock without calling workers in at irregular hours. This can mean overlapping time zones, allowing for workers to collaborate but extend business hours, or it can mean favoring a location in a time zone sufficiently offset as to essentially double the outsourcing market's schedule.
- **Proven delivery capabilities**: Companies are generally risk averse, and given the opportunity they will adopt a "follow the leader" approach to major investment decisions. Outsourcing vendors that have a demonstrated history of successful delivery will automatically rise to the top of decision makers' lists. Table 3 above also demonstrates the power of this decision driver, with nearly 84 percent of companies reporting "Vertical Capabilities and Experience" and more than 77 percent citing "Horizontal Capabilities and Experience" as key reasons for selecting their outsourcing vendors. This tendency is proving particularly beneficial to the growing number of outsourcing vendors that are increasingly positioning themselves as global

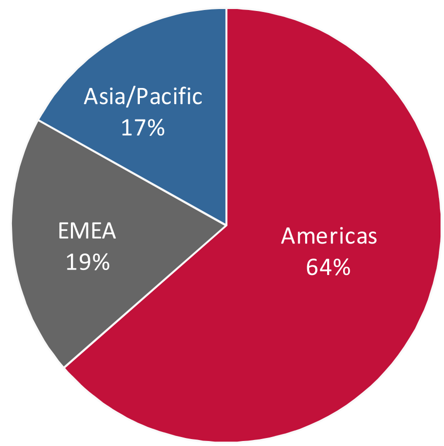
delivery companies, and it is arguably a major driver behind the recent trend of "reverse off-shoring" (see *Global BPO Market Trends,* below).

While companies will make internal decisions based on countless internal factors, which may or not be based entirely on rational, quantitative inputs, these factors are among the universal drivers behind company decisions of whether and how to outsource. Combined, they underlie many of the trends that can now be observed in the industry globally, regionally and in Jordan.

2.2.4 GLOBAL BPO MARKET TRENDS

While outsourcing continues to spread as a business practice into all regions of the world, global demand for BPO services is still dominated by the United States, Western Europe and, to a lesser extent, Japan. As Figure 4 demonstrates, the Americas, which is dominated by the US but includes Canada and Latin American markets, represents nearly two-thirds of global BPO services demand.

Figure 4: Share of Global BPO Spending by Region, 2008

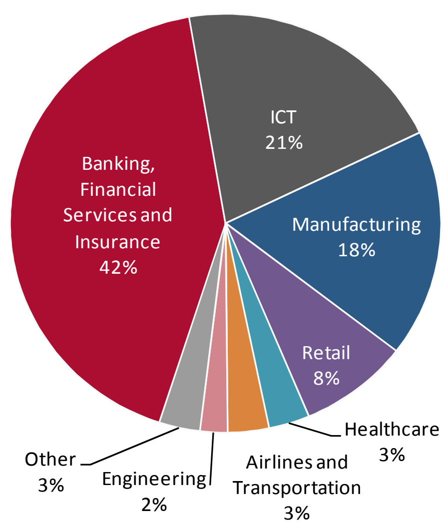


Source: IDC 2008

Demand does continue to grow in less developed markets, where global and leading regional companies increasingly expect the level of service and outsourcing opportunities they enjoy in more developed markets. But the US, Western Europe and, to a lesser extent, Japan, continue to draw the lion's share of global service providers' attention, and most demand trends in the industry can be traced to movement in these markets.

On the service provider side of the market, it is impossible to describe global market trends in the BPO industry without recognizing the historic and continued dominance of **India**. In 2008, the Indian IT services and BPO industries combined represented close to USD 44 billion in total revenues, 78 percent of which was exports.[16] India's rise to dominance was in part due to English being its leading language. Indeed, the US and UK together account for nearly 80 percent of Indian IT services and BPO exports, with the US alone representing 60 percent.

Figure 5: Market Share of Indian IT-BPO Industry, by Vertical Sector



Source:NASSCOM 2009

India is likely to remain the dominant force in the delivery of outsourcing services, but a number of trends are emerging that signal seismic shifts in India's position on the BPO landscape and by extension the direction of the global BPO industry itself. **The most fundamental of these shifts has been the steady erosion of India's cost advantage** as high demand for qualified labor has outstripped supply, driving high rates of attrition and steadily rising wages, and the value of the India rupee has risen against the US dollar**.** Particularly in India's Tier

[16] NASSCOM 2009

1 cities, the labor arbitrage that was a major driver of India's rise as the leading outsourcing market is fast disappearing.

This sea change underlies several of the most prominent emerging trends in the global outsourcing industry. It has certainly given companies in major markets reason to consider vendors based in other countries. Other trends are the natural result of the growing sophistication of consumers of outsourcing services, described above in *What Drives Company Outsourcing Decisions*, which has seen the eclipse of cost as the principal driver of outsourcing decisions.

Following are a number of the global trends that will shape outsourcing and investment decisions over the next several years:

- **Maturing of global delivery models**: The geography-centric model that characterized the early development of the BPO industry has given way to more dispersed models. As vendors have become global companies and set up operations in new cities and regions across the globe, they are developing a global network of specialized delivery platforms. While these centers invariably serve their local markets, they can also be leveraged to deliver services for clients anywhere in the world. This has enabled global vendors to set up operations where they can find the skills and human resources to deliver a wider range of services to client companies. It also allows for stronger guarantees of continuity of service, as disaster or service interruptions at one location can immediately be taken up by unaffected nodes.
- **The rise of regional Near-shoring in leading markets**: India has long been the go-to market for US-, Canada- and UK-based companies seeking to outsource, but as its relative cost advantage fades and alternative markets come online, the US and Canada are increasingly turning to service providers with delivery capabilities in the Western Hemisphere, particularly for front office operations directed at the growing Spanish language market in the US. Similarly, the UK and other Western European countries are increasingly favoring vendors with operations in Eastern and Central Europe.
- **Emergence of new regions and second-tier cities**: Rising cost in India, global delivery models and the rise of near-shoring are all contributing to the emergence of new regions and cities on the global outsourcing landscape. This trend is also illustrated in Table 4. While India clearly remains at the top of companies' lists, with more than 90 percent citing it as a top choice, other regions are rising. Eastern and Central Europe's "mind share" is comparable to India, and South America appears on more than 77 percent of companies' short lists.

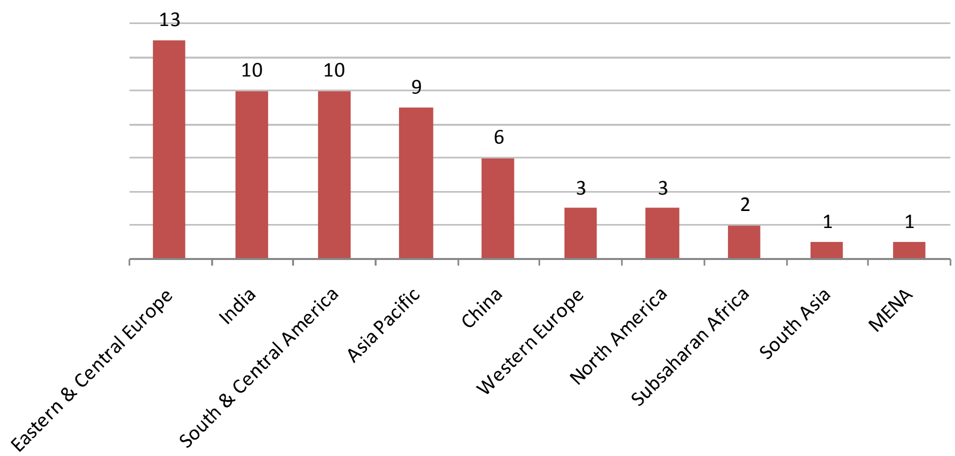
Table 4: Outsourcing Locations Cited as Leading Options by Outsourcing Companies

Would Definitely Consider Outsourcing to...	% Listing
Rural or Small Town US (via Indian Firms)	94.1%
India	92.5%
Eastern & Central Europe	88.8%
UK & Ireland (areas of high unemployment)	82.2%
South America	77.4%
Mexico	56.3%
Philippines	39.1%
Canada	23.9%
Russia	13.5%
Middle East	**8.8%**

Source: Black Book of Outsourcing 2008

- **The emergence of "Reverse" off-shoring:** As US companies increasingly recognize the hidden costs of off-shoring (see *What Drives Company Outsourcing Decisions* above), they are taking another look at outsourcing closer to home. At the same time, they are not interested in abandoning the quality and experience they have found with some of the global vendors. Coupled with the regional diversification of the global BPO services market, this is driving Indian and other global outsourcing providers to follow the market back to the US, where they have set up operations in low-cost, often rural, locations to serve US-based clients. Indeed, as Table 4 indicates, 94 percent of US companies listed "rural or small town US (via Indian companies)" as a likely option for upcoming outsourcing contracts.[17]

Figure 6: Distribution of Established and Emerging Global Outsourcing Cities, by Region



Source: Global Services and Tholons, KPMG, BearingPoint Analysis

- **Growing importance of in-market sales and service offices:** Outsourcing vendors that are serving the world's largest markets, particularly the US, are increasingly recognizing the importance of local representation, even if they continue to do the bulk of the delivery work offshore. Outsourcing firms that have placed the majority of their company's workforce offshore without maintaining adequately supported US-based ventures were among the most vilified in a major industry survey of outsourcing trends.[18]
- **Growing demand for full-service providers**: Increased awareness of the full costs of outsourcing is also driving companies to reduce contract management costs. Together with the drive to integrate outsourcing strategies into broader business strategies, this is driving a growing trend for companies to consolidate their service providers.[19] This has had the effect of increasing the average size of contracts, and it favors vendors that can provide companies with a range of services rather than engaging niche firms.[20] It also favors vendors with *global delivery* models (see above), which can source skills from several global locations.[21]
- **The "verticalization" of horizontal segments**: In another manifestation of the demand for vendors to be able to offer a breadth of services and human resources,

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[17] Brown & Wilson Group, 2008

[18] *Ibid.*

[19] Datamonitor, October 2008

[20] It is also driving ongoing consolidation and diversification on the BPO vendor side.

[21] Gartner, 2008

companies in vertical industries are increasingly demanding specialized experience even in horizontal services. No longer content with a one-size-fits-all approach, companies are increasingly looking for vendors to demonstrate experience and skills in their industry.[22]

- **Movement toward mid-market customers:** In a natural development as the top end of leading markets becomes more saturated, outsourcing vendors are seeking to expand their customer base to mid-sized companies.

THE EFFECTS OF THE ECONOMIC CRISIS ON THE GLOBAL OUTSOURCING MARKET

Given its global footprint and cross-border character, the BPO industry is particularly susceptible to shifts in the global economic landscape. This, coupled with the accelerated pace of industry growth and the rapid evolution of business models, makes forecasting growth and trends in the industry challenging even under normal circumstances..

At the time of this study, the world is facing a multi-faceted economic crisis that is now widely recognized as the worst since the global depression of the 1930s, a view emphasized by the ILO's recent warning that job losses in the global economy could reach 50 million by the end of 2009.[23] Leading market researchers are updating industry forecasts based on new assumptions, but even the highest level economy watchers at the World Bank and IMF are unable to say with any certainty where the crisis will end, or even where it will strike next. In such an atmosphere, forecasts about the growth of an industry, particularly one that serves a diversity of other industries, should be viewed carefully.

While the fundamentals driving the industry are unlikely to change dramatically, the effect of the crisis on the BPO industry is likely to be diverse, even contradictory. Even as the global economy slows and companies dramatically curtail IT and other spending, industry analysts see opportunity in BPO's potential to assist enterprises to address financial challenges and competitive pressures. Following is a list of likely effects on the global outsourcing market:

- **Cost is likely to resurface as a lead driver of outsourcing decisions in the short term.** While the past few years have seen a healthy growth of companies away basing outsourcing decisions purely on direct cost comparisons (see 2.2.3 *What Drives Company Outsourcing Decisions,* above), financial and competitive pressures on firms are going to push immediate cost savings forward as a driver of business decisions, particularly in companies that do not fully understand the pitfalls of cost-based decision making.
- **Pressure on vendors to reduce pricing will increase dramatically.** Economic pressure on companies will translate into economic pressure on vendors as company executives seek every way possible to squeeze costs out of their systems. This has already resulted in midstream renegotiations on existing contracts and client corporations offering economically untenable "suicidal" deals to vendor companies.[24] In the short-to-medium term, this will undoubtedly result in decreasing margins for vendors, which will in turn increase competitive pressure on providers. It will put even more emphasis on factor costs as a decision driver for vendors seeking to locate in a given market.
- **More companies will turn to captives and in-sourcing.** Companies facing increasing regulatory scrutiny and pressure to control costs at all levels of their information and financial value chains will find it more attractive to set up (or acquire)

[22] Brown & Wilson Group, *Ibid.*

[23] ILO, 2009

[24] Ranger, Steve 2009

their own offshore operations instead of contracting third party vendors. These so-called captive units may still be located in overseas markets, but they are wholly owned and controlled by the company end users of their services. This trend, dubbed "in-sourcing," will be especially prominent in the financial services and insurance segments.

- **Companies will sell off captive units.** In a direct contradiction to the trend toward in-sourcing, some major firms have recently spun off their in-house, offshore service centers in an effort to raise cash and transfer fixed costs to variable ones. As major banks and financial firms face increasing economic and political pressures, many of them are likely to follow suit. Indeed, industry analysts have noted that global BPO vendors are offering to acquire companies' assets as a way of expanding their businesses.[25]
- **All vertical sectors will not be affected equally:** The financial services sector is at the heart of the current global economic crisis, and the immediate future of the industry is anything but certain. In addition to financial service, industry analyst Forrester Research is citing manufacturing of consumer durables, industrial products and automobiles as sectors likely to show the greatest drops in IT spending, including outsourcing and other ITES. It also cites construction and housing and retail as among the harder hit sectors.[26]

EMERGING GLOBAL SUPPLIERS OF OUTSOURCING SERVICES

China

China is often cited as the next global giant in the outsourcing industry, and it is certainly the only country that can challenge India in terms of pure scale. Like India, China has a large pool of inexpensive, technically skilled labor and a well established IT industry. However, China has begun to seek out outsourcing opportunities in overseas markets only recently, and it has been hindered from addressing the critical markets of the US and UK by low levels of English language penetration in its human resources.[27]

So far, industry satisfaction levels with Chinese BPO vendors have been consistently lackluster, and in 2008 a major industry survey indicated that, despite major increases in outsourcing investment, the country has disappointed many companies that contracted with Chinese vendors.[28]

Still, China has a well established history of dominating a space its leaders set their minds to leading in, as they have done in the manufacturing sector. While most analysts expect it will be another decade before China is truly challenging India in the BPO space, there is little doubt that it will be a major player, with likely global ramifications.[29]

Central and Eastern Europe

A number of Central and Eastern European countries are taking advantage of the Western European companies' preference for near-shoring, and they were among the fastest rising destinations in a global survey of companies. [30] No fewer than thirteen of the top 50 emerging global outsourcing cities are in the region, and major global outsourcing vendors have set up operations in a diversity of markets.

[25] Heath, 2009
[26] BPO Watch, 2008
[27] neoIT, 2005
[28] Brown & Wilson Group, Inc. 2008
[29] *Ibid.*
[30] *Ibid.*

Poland, the Czech Republic, Hungary, Slovakia, Bulgaria, Ukraine, Romania and Estonia have all been recognized as emerging players.[31] Russia, while facing constraints and challenges on a number of fronts to becoming a true global contender, is leveraging its history of technical achievement and education to move into high-value KPO activities (see Box 4).

Box 4: Knowledge Process Outsourcing in Russia

While political uncertainty, an unstable and unpredictable business climate and infrastructure concerns have limited Russia's emergence as a leader in the BPO space, the country's history of technical education and research have led to growth in ITO and IT research and development.

The Russian educational system has a long history of highly skilled human resources trained in exact sciences like math, physics, and computer science. Coupled with a lingering brand of technical achievement, this has placed Russia on the map as a destination for higher level IT outsourcing and R&D.

Latin America

Like Central and Eastern European countries, Latin America is riding—and driving—the trend toward near-shoring. Serving the US and Canadian markets and enjoying dramatically increasing demand for Spanish-speaking human resources, Latin American suppliers also saw high growth in its outsourcing industry over the past year, and client companies are reporting high levels of interest and satisfaction. Indeed, many new vendors from these regions displaced Indian, Philippine, Chinese and Canadian outsourcing suppliers this year on industry performance indices.[32]

Brazil, Argentina, Chile, Costa Rica, and Mexico all feature in the list of 50 emerging global outsourcing cities.[33]

2.2.5 REGIONAL BPO MARKET TRENDS

While the MENA region remains relatively slow to adopt outsourcing as a business practice, the region is beginning to appear on the global outsourcing map, and demand for IT enabled services is growing. One market analysis notes that six Gulf countries—Saudi Arabia, UAE, Kuwait, Qatar, Bahrain and Oman—account for nearly 23 percent of all IT spending for the entire MENA region,[34] and GCC spending on IT outsourcing is projected to reach more than USD 500 million in 2009.[35] More importantly, growth rates in the sector are characteristic of a new market, easily exceeding 20 percent or more for the next few years.

The GCC markets are broadly quite similar, and with the possible exception of UAE, which has had a longer start on diversifying its economy away from the oil and gas sector, the trends across these economies are quite similar. The major forces likely to drive ITES and BPO demand in GCC economies over the next few years include:

- **Diversification of the Oil Business**: All of the GCC economies have been built on the back of oil wells, and while every country in the region has acknowledged the need to diversify their economies, oil still accounts for the lion's share of GDP. But where oil revenues used to be based solely on crude petroleum extraction, the last few decades have seen a diversification of the petroleum industry, which has in turn brought diversity to the business processes being undertaken in these countries. Oil and gas are being refined and cracked to support myriad downstream industries, and major services and downstream manufacturing industries have grown up around them.

[31] Global Services & Economist Intelligence Unit 2008

[32] Brown & Wilson Group, Inc. 2008

[33] Global Services & EIU 2008

[34] Sambidge, 2008.

[35] IDC, quoted in Middle East Company News 2009

- **Public Spending Transitioning from Infrastructure Modernization to IT Services Adoption**: Over the past decade or more, the governments of the GCC have been spending their considerable oil wealth on major physical infrastructure projects. ICT infrastructure was among the beneficiaries of the trend, and the public sector in these countries—led by the UAE—is seeking to leverage it as away to diversify their economies. E-Government initiatives are among the more tangible of these, and they are driving the growth of ITES service providers across the region.
- **Oil wealth and liquidity**: The GCC countries have been awash in oil wealth for the past decade, which has underpinned growth in banking and other financial services across the region.

SAUDI ARABIA

With control over fully a fifth of the world's proven oil reserves, it is perhaps no surprise that Saudi Arabia is the largest of the GCC economies. Oil directly or indirectly accounts for 45 percent of the Kingdom's GDP, which in 2008 was nearly USD 470 billion. Given the dominance of oil on the economy, it and sectors stemming from it are likely to present the most immediate demand for outsourcing, though banking and service sectors will play a major role as well.

Saudi Arabia represents the largest regional market for IT spending, and spending on all IT services in the Kingdom exceeded USD 890 million in 2007, an 11 percent jump from 2006 figures. Of this, hardware and software support services accounted for nearly a third of expenditures, and systems integration represented a similar portion of the total. Outsourcing—mainly ITO—is still the smallest segment of the market, but it is growing at a rapid clip, nearly doubling in the period 2006-2007.[36]

Saudi Arabia's telecommunications infrastructure is characterized as "modern" by the CIA World Fact Book, and it is the landing point for the FLAG, SEA-ME-WE-3 and SEA-ME-WE-4 submarine cable networks. The Kingdom also has microwave radio relays to Bahrain, Jordan, Kuwait, Qatar, UAE, Yemen, and Sudan, and coaxial cable links to Kuwait and Jordan. Its satellite uplinks include five Intelsat one Arabsat, and one Inmarsat.

Given the proximity of Saudi Arabia to Jordan and the physical ICT linkages between the countries, it should be considered a priority market for direct Jordanian marketing efforts in the BPO sector.

UNITED ARAB EMIRATES

The UAE is among the more diversified economies in the region, having successfully reduced the portion of its GDP based on oil and gas output to 25 percent. Despite a population only a tenth the size of Saudi Arabia's, the UAE is the second largest IT market in the GCC, accounting for a third of the total in 2006.[37] Its IT services market grew 41 percent from 2006-2007 to US 791 million, and 18 percent of that market is represented by outsourcing services.

UAE is one of the few GCC countries currently pushing to become a major platform for global outsourcing services (See *Regional BPO Investment Trends* below), and its tech-savvy investors are not going to require as much awareness building to present demand for services. At the same time, communications and human resource costs in the UAE are quite high, so regional providers may be able to leverage market knowledge and cost advantage to their favor.

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[36] AME Info 2007

[37] Sambridge, 2008.

The Emirates are linked to FLAG, and it is a landing point for both the SEA-ME-WE-3 and SEA-ME-WE-4 submarine cable networks. It controls three Intelsat and one Arabsat satellite earth station. UAE will also be one of only three countries in the region that has a landing point for the new EIG cable, expected to come online in 2010.

BAHRAIN

Bahrain is facing a decline in its oil reserves, so it has turned to downstream processing and refining as a source of revenue. Aluminum, which relies on natural gas as an energy source, is second only to oil as an export from the Kingdom. More importantly, the country has transformed itself into an international banking center, and it is home to numerous multinational firms with business in the Gulf. Bahrain's regional dominance in the financial services sector is focused on Islamic banking, and it has become the established global Islamic banking hub. Efforts by the Kingdom to consolidate its position have led to continued efforts to attract new Sharia-compliant financial institutions.

Bahrain remains a relatively modest market in terms of IT spending, representing only 4 percent of the total GCC market in 2008.[38] As Bahrain's banks follow the global financial services sector, however, demand for outsourcing services will undoubtedly heat up.

Bahrain is also a landing point for the FLAG network. It also connects though tropospheric scatter to Qatar and UAE, microwave radio relay to Saudi Arabia and hosts one satellite earth station.

KUWAIT

Like Saudi Arabia, Kuwait's economy is dominated by the petroleum sector, and fully half of the tiny state's USD 160 billion GDP is directly or indirectly derived from the sector. Kuwait represents 9 percent of IT spending across the GCC countries, which in 2008 represented some USD 810 million.

Kuwait is connected to the FLAG, and it is also linked to Bahrain, Qatar, and the UAE through the Fiber-Optic Gulf (FOG) cable. It has coaxial cable and microwave radio relay connections to Saudi Arabia and hosts six satellite earth stations.

2.2.6 MARKET TRENDS FOR DOMESTIC BPO IN JORDAN

While there is growing anecdotal evidence that demand for BPO services may be on the rise within Jordan, the market is still very much in its infancy. Local and regional companies based out of Jordan tend to keep their front and back office operations in-house and have seldom used outside service providers. Jordan's call centers serve some domestic clients, and front office BPO services will undoubtedly continue to grow as market awareness advances and the vendors themselves mature in their sales practices.

Demand for back office BPO services in the Jordanian market will take longer to develop. Not only are there very few examples of companies marketing such services to Jordanian firms, but Jordanian companies have shown very little sign of understanding the business case for BPO that has underpinned rapid market growth elsewhere. Jordanian firms simply have not been exposed to the benefits of outsourcing, and, based on discussions with business owners in the marketplace, they overestimate its risks.

Indeed, in the process of conducting market surveys to gauge Jordanian demand for BPO services, the project team found that companies across the economic spectrum simply did not yet have even a basic understanding of outsourcing as a business practice. Many of those that did rejected it out of hand, citing fears of releasing company secrets and

[38] Sambridge 2008.

sensitive customer records into the marketplace. Some of the major issues and concerns expressed by Jordanian companies with regards to outsourcing include:

- Lack of **credible service providers** serving the local market
- **Cost advantage** is not that attractive
- **Lack of vertical expertise amongst the existing service providers**. Vendors do not understand their prospective clients' industry—banking or pharmaceuticals manufacturing are examples—and they do not have solutions tailored to their specific needs
- Fear of **losing control** over outsourced processes
- Uncertainty about **mitigating risk** for data privacy, intellectual property and customer databases

While most of these concerns are now being addressed by existing service providers, there seems to be a lack of awareness and understanding of their capabilities.

Despite these challenges, there are early signs that the Jordanian market for outsourced services beyond call centers is set to grow. Jordanian firms have already adopted the very earliest forms of outsourcing, from translation and advertising to , training and legal services. And in a sign that the financial services industry will again serve as the earliest adopter, Jordan-based Arab Bank recently advertised its intent to outsource significant back office operations. Smaller local banks have already established a history of outsourcing software development. A few other regional banks such as Cairo Amman Bank have expressed interest in exploring outsourcing options provided enough information is made available to them.

Box 5: The Importance of a Thriving Domestic Market to Becoming an Outsourcing Destination

While the focus of Jordan's effort to build its BPO sector are rightly directed at addressing regional and international export markets, the importance of developing the domestic market cannot be overstated. Not only does a thriving domestic market allow local firms to build expertise and hone the specialized skills they will need to serve export markets, but international vendors see it as an important stabilizer of demand for their investment.

Egypt's leading call center operation, **Xceed**, was established in 2001 as the in-house IT service center of Telecom Egypt. By ramping up the technology and human resources required to serve Telecom Egypt's subscriber base of more than 11 million, Xceed quickly gained the critical experience that is now serving it in the regional and global market. Now an independent vendor, the company provides multi-lingual customer care, technical support and associated back-office processing to commercial and governmental clients in Egypt and a number of markets worldwide.[39]

Leading Indian vendor **3i Infotech** inaugurated its third sales and service center in the GCC region in **Bahrain**, actively targeting the local market for strategic growth. The leading Indian outsourcer had been doing business in Bahrain for a number of years through channel partners, working through local firms to develop the local market. Now a direct presence in Bahrain, the company has signed deals with some of Bahrain's premier companies, including the Bahrain Commercial Facilities Company, Solidarity Group, Bahrain Airport Services (BAS) and other marquee players in the local market.[40]

In **Abu Dhabi**, the domestic market for e-government services was a principal driver behind the formation of **Injazat Data Systems**, a joint venture between US-based global BPO leader **EDS** and Abu Dhabi's own **Mubadala Development Company**. Building on the immediate demand created by Abu Dhabi's extraordinary push to make services available to citizens online, Injazat immediately had a stable of public sector clients to support growth in a variety of sectors. Now, the company provides BPO services to a number of leading regional and international private sector firms. [41]

2.3 INVESTMENT TRENDS

Given the overall purpose of this report, which is to support Jordan's efforts to establish itself as a destination of choice for outsourcing service providers, investment trends are viewed from the point of view of outsourcing *vendors*, rather than from the point of view of contracting *companies.*

2.3.1 GLOBAL BPO INVESTMENT TRENDS

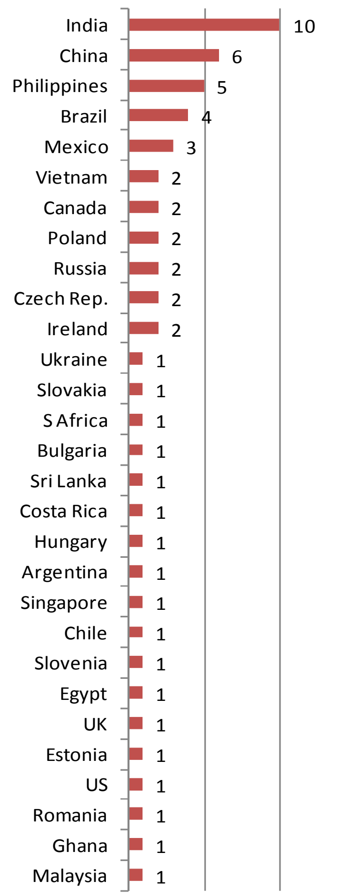
Perhaps the most important development driving investment in the global BPO market is the rapid evolution of leading service providers into international companies with global delivery platforms. Driven by the same market trends described earlier in this report and no longer content to deliver services from their home countries to a single market, leading vendors are seeking out new markets to set up operations and expand their offerings and target markets.

Even as companies evolve rapidly, the investment landscape in the BPO industry is also changing at an unprecedented pace. A recent study by KPMG describes location selection in the sector as having a changing landscape, with vendors driven to "discover new locations here competitors have not yet ventured, and the labor market remains unexploited."[42] This trend, coupled with rising costs and tighter labor markets in established outsourcing locations, is driving the rapid emergence of new cities as global outsourcing destinations. Top tier BPO vendors are seeking out second- and third-tier cities for new investment. Interestingly, this has meant that US and European vendors like IBM, Capgemini and Accenture are looking to tier-2 and tier-3 Indian cities for expansion, while the leading Indian providers like Infosys, TCS and Wipro are looking outward, toward South America and Eastern Europe, to deliver services to their top markets in the US and Western Europe.

Interestingly, while the overall economic, political and business environment of a country will continue to play a role in investment decisions, there is also a growing tendency of service providers to view the package offered by cities, and no longer just countries, as the focus of the location selection process.[43] This explains why cities like Cebu City and Monterrey are rising in lists of outsourcing destinations faster than their host countries, the Philippines and Mexico, might. below describes the leading cities, both established and emerging, for investment in the global outsourcing industry. What Drives BPO Investment Location Decisions.**Table** 5 **DRIVES BPO INVESTMENT LOCATION DECISIONS**

When discussing location requirements for outsourcing service providers, considerations are not far removed from the drivers of client companies' outsourcing decisions discussed in *What Drives Company Outsourcing Decisions* above. After all, outsourcing vendors must meet their market where it takes them, and the single strongest driver of vendor location decisions will be where companies are willing to do outsourcing business. Outsourcing vendors may play a role in creating the conditions that make a location favorable to outsourcing companies, but ultimately they are guided by what will reassure and attract companies seeking to outsource.

Figure 7: Established and Emerging Global Outsourcing Cities, by Country



Source: Global Services & EIU, Tholons, BearingPoint Analysis

[40] Global Services & Tholons 2008

Table 5: Established and Emerging Outsourcing Cities, by Functions

Functions	Established	Emerging
Front Office		
Contact Center (English)	Bangalore, Delhi (NCR), Dublin, Makati City, Mumbai, Toronto	Cebu City, Kolkata, Pune
Contact Center (Multilingual)	Bucharest, Buenos Aires, **Cairo,** Dalian, Kraków, Mexico City	Casablanca, San José, São Paulo
Back Office		
Finance and Accounting	Bangalore, Kraków, Makati City, Mumbai, Shanghai	Cebu City, Colombo, Pune
Human Resources	Bangalore, Bucharest, Budapest, Makati City, Prague	Cebu, Kraków, Tallinn
ITO		
ADM	Bangalore, Chennai, Dublin, Hyderabad, Mumbai	Ho Chi Minh, Pune, Shenzhen

Testing	Bangalore, Chennai, Ho Chi Minh, Hyderabad, Shanghai, Toronto	Bucharest, **Cairo**, São Paulo
Knowledge Processes		
Legal Services	Chennai, Makati City, Mumbai	Cebu City, Johannesburg, Pune
Engineering Services	Bangalore, Chennai, Guangzhou, Pune, St. Petersburg	Coimbatore, Delhi (NCR), Moscow, Prague
Product Development	Bangalore, Chennai, Ho Chi Minh, Moscow, Shanghai	Bucharest, Pune, São Paulo
Research and Development	Bangalore, Dublin, Moscow, Shanghai, St. Petersburg	Beijing, Bucharest, Chennai, Prague
Business Analytics	Bangalore, Chennai, Delhi (NCR), Kraków, Mumbai	Bucharest, **Cairo,** Shanghai

Source: Global Services & Tholons 2008

As a result, investment decisions of outsourcing vendors align very closely to those factors driving companies seeking an outsourcing vendor. However, in addition to political and economic stability, the availability of qualified human resources, robust communications infrastructure and other factors, a number of other factors are likely to influence outsourcing vendors' location decisions:

- **Dedicated Infrastructure for BPO Vendor Companies:** Locations that are proving most attractive to outsourcing vendors are those that have developed dedicated infrastructure to support BPO service providers. This includes dedicated facilities or complexes, including specialized outsourcing zones. In some cases, these developments are targeted at specific horizontal or vertical segments.
- **Domestic market for outsourcing services:** Even as they plan to use their investments as platforms to deliver services to leading markets in Europe, Asia and the US, the global outsourcing vendors that have set up operations in Egypt, UAE and other countries in the region have cited the presence of multi-national companies (MNCs) as an important driver of their location decisions. These global companies not only provide a critical economic mass to support the outsourcing industry, but they also often have experience with outsourcing—and the global vendors—elsewhere in the world. Indeed, many vendors are encouraged to set up operations by the MNCs as part of their location strategies.
- **Government Incentives**: While the importance of government incentives in company location decisions is often overestimated, they do play a role. In a survey of large European enterprises undertaking outsourcing decisions, the Yankee Group found that more than a quarter of respondents cited government incentives as playing a key role in their decision.[44] While service quality, cost, language skills, and communications infrastructure still feature higher in decision makers' minds, government incentives can signal a commitment to attracting and retaining investment that can be reassuring to international investors.

INDIA

As the undisputed market leader in global offshore outsourcing, India's BPO has a relatively long history. As it has matured, growth in investment has slowed—particularly in the principal outsourcing centers in Bangalore, Chennai, Delhi, Mumbai and, more recently, Pune. As wages continue to rise in India and the US dollar's value decreases against the rupee, though, Indian companies are finding it more and more expensive to maintain operations solely in India.

This has driven the country, which will likely remain a major delivery platform of the outsourcing industry for the foreseeable future, to also become an increasingly central source of outsourcing investment in other markets. Leading Indian BPO vendors like Infosys, Wipro, TCS, and HCL have all become increasingly global in their reach, after years of aggressively expanding their overseas presence. Indeed, Indian service providers have an increasingly robust presence in all of the regions now emerging as outsourcing delivery platforms for the world's major markets, and they are continuing to expand in China, Eastern Europe, Latin America, and the Middle East.[45] Indeed, Indian companies accounted for nearly USD 1 billion in revenue from the MENA region alone in 2007, an increase of nearly 70 percent over 2006 figures.[46]

CHINA

Despite lagging behind India by several years (see *Emerging Global Suppliers of Outsourcing Services* under *Global BPO Market Trends,* above), China has seen considerable investment in the outsourcing space over the past few years.

Historically, investment has centered around Dalian, a city in China's northeastern Liaoning province, where history and geography have conspired to create a local population that speaks Japanese and Korean. Companies there focus on back-office functions for companies based in Japan and South Korea.

A relatively new initiative in Xian is a telling reminder of China's ambitions to be a major player in the global BPO industry. Home to the Xian High-Tech Industries Development Zone, a 35 km^2 technology zone supported by more than 100 universities that churn out 120,000 graduates a year, Xian is a look into of the future of the BPO industry in China.[47]

Table 6: Emerging Outsourcing Locations in China, with Major Vendors and Universities

City	Major Outsourcing Vendors		Universities
Shanghai	▪ Accenture ▪ Cognizant ▪ EDS ▪ Infosys	▪ Neusoft ▪ TCS ▪ Wipro ▪ Unisys	▪ East China University of Science & Technology ▪ Shanghai Jiao Tong University
Beijing	▪ Accenture ▪ Capgemini ▪ EDS ▪ IBM	▪ Infosys ▪ TCS ▪ Wipro ▪ Unisys	▪ Beijing University of Tech. ▪ Peking University ▪ Renmin University of China
Shenzhen	▪ ACS ▪ AT&T ▪ HP	▪ IBM ▪ Siemens ▪ Satyam	▪ Shenzhen University ▪ Shenzhen Institute of Technology
Dalian (Dairen)	▪ Accenture ▪ Convergys	▪ IBM Global Services	▪ Dalian University of Technology ▪ Dalian Maritime University
Guangzhou (Canton)	▪ Accenture ▪ Atos Origin ▪ Capgemini	▪ EDS ▪ Siemens ▪ Unisys	▪ Sun Yat-sen University ▪ Guangzhou University ▪ South China University of Technology

Chengdu	▪ Augmentum ▪ Dextrys ▪ EDS	▪ Genpact ▪ Neusoft ▪ Wipro	▪ Southwest Jiaotong University ▪ Chengdu University of Technology

Source: Global Services & Tholons 2008

2.3.2 REGIONAL BPO INVESTMENT TRENDS

In a 2005 study by the McKinsey Global Institute, no Middle Eastern country—with the notable exception of Israel—even registered on a map of the top countries providing global outsourcing services.[48] Although there have been recent advances in the region, the MENA region in 2009 remains a recent entrant into the increasingly competitive market to provide outsourcing services. In their favor, Middle Eastern countries share favorable time zones, a generally multilingual work force, and connections to major East-West data backbones that could form the basis of a robust ICT infrastructure. One well recognized industry analyst places three countries—Egypt, Jordan and the UAE—in the top 20 most attractive destinations for off-shoring.[49] Governments in the region have widely recognized the promise of the industry in their efforts to diversify their economies, and many are actively crafting policies and programs to support it, explicitly seeking to emulate the success of India as the next generation of outsourcing locations to come online.

Yet in two separate studies of emerging global outsourcing cities by major industry analysts, only one, Cairo, was located in the region,[50] and in the leading markets for global outsourcing services the Middle East faces an uphill battle to establish a positive brand. Every country in the region is facing some level of challenge to meet the stringent requirements of network reliability, communications bandwidth, skilled workforce, and transportation infrastructure that will be necessary to attract world class outsourcing investment.

Still, even in the face of these challenges, a number of MENA countries have begun to make inroads into the outsourcing industry. Starting by meeting the needs of local markets, Middle Eastern countries are seeing increasing investment from some of the world's biggest outsourcing companies seeking to, also, serve the global BPO market, the beginnings of a trend that underscores the region's potential.

Following is a series of profiles for countries in the MENA market that are emerging as competitors to Jordan in its efforts to attract BPO and other outsourcing investment.

EGYPT

There is a general consensus among industry analysts that Egypt has the strongest start as an outsourcing location in the Middle East. Cairo is the only regional city that appears on industry observers' lists of emerging global outsourcing cities, and a number of international BPO service providers already operate delivery centers serving regional and international companies. Xceed, an Egyptian service provider, is also making inroads into the regional outsourcing market.

Egypt's ICT industry growth rate over the past decade has attracted more than USD 8 billion in foreign direct investment in the sector over the past three years. This includes leading vendors in the BPO space that have established delivery centers to serve the region and international clients.[51]

Value Proposition to Companies

Egypt has already built a reputation as the leading outsourcing destination in the region based on a value proposition that meets industry investor needs on several of their major decision drivers:

Table 7: A Comparison of Select Socioeconomic Indicators for Egypt and Jordan

Indicator	Egypt	Jordan
ICT Adoption and Infrastructure		
ICT Use Index 2007	0.70	1.25
Fixed/mobile phone subscribers (per 100 people)	54.69	93.66
Internet users (per 100 people)	11.42	19.70
Internet hosts	175,342	21,150
Links to Submarine Cable Networks (2009)	3	1
Workforce		
Population (millions)	75.47	5.72
Labor Force (million)	24.72	1.62
Combined Gross Enrollment	76.9%	78.1%
Global Talent Index 2007 (of 100)	45.2	43.3
Global Talent Index 2012 (of 100)	49.0	44.9
Business Environment		
World Bank Doing Business Rank (of 181)	114	101
Economy		
GNI, PPP (current international $ millions)	407,611	29,519
GNI per capita, PPP (current international $)	5,400	5,160
GDP growth (annual %)	7.09%	5.96%
Service % of GDP	48.9%	86.3%
Inflation, GDP deflator (annual %)	10.54%	5.96%
Unemployment Rate	8.7%	13.3%

Source: World Bank, Heidrick & Struggles, UNDP

Table 8: Select Outsourcing Operations in Egypt

Company	Type of Operation	Nationality
Alcatel	Support Center	France
EDS	Development Center	US
Fujitsu Consulting	IT services	Japan
HSBC	Support Center, BPO	US
IBM	Research Center	US
Oracle	Support Center	US
Orange Business Services	Support center	France
Satyam	Development Center	India
TCS (forthcoming)	Development Center	India
Wipro	Development center	India
Xceed	Contact Center	Egypt

Source: KPMG 2009, BearingPoint Analysis

- **Multi-lingual, service-oriented workforce**: The University of Cairo is the only university in the Middle East that appears in a list of the world's top 500, and Egypt graduates some 30,000 "BPO-ready graduates" every year.[52] Particularly around Cairo, there is a considerable mass of speakers of English, French, German, and other European languages, as well as the native Arabic that serves them in the region. Combined with the pro-Western service orientation of Egyptian workers that has come from many years of serving the tourist industry and the sheer size of the available workforce, this represents a major facet of Egypt's value proposition in the BPO industry.
- **Proactive Government support:** Egypt's Information Technology Industry Development Agency (ITIDA), is focused on attracting and supporting outsourcing businesses, and the government is actively providing a business operating environment favorable to BPO services.[53] Heavily subsidizing the development of training centers and training and providing a number of fiscal incentives, the Egyptian government is clearly demonstrating its keenness to support investment in the sector.
- **Dedicated Infrastructure:** Alongside its fiscal incentives and business climate support, the government of Egypt is actively investing in specialized physical infrastructure for BPO and other IT-enabled services. One "Smart City" is in operation near Cairo, and two more are planned for Alexandria and Damietta, with pre-built office space, dedicated ICT linkages and other infrastructure favorable to the industry. The 185,000 m^2 Maadi BPO Park is now under development in Cairo, and it is expected to come online in 2011 with a capacity for 100,000 seats on a site of two million square feet, complementing Smart Village Cairo.
- **Favorable Geographic positioning**: Egypt's time zone places it between markets in the Western hemisphere and Asia, and it overlaps with major markets in Europe. This geographic positioning allows for service compatibility with companies in the Middle East, Europe and the US.

Principal Markets Served

The Egyptian outsourcing industry is serving a variety of market segments, primarily in support of client or internal operations within Egypt and nearby in the MENA region. Early operations include front office tech support and customer contact centers and IT-related back office operations like software development and testing.

Major outsourcing vendors **EDS**, **Wipro**, and **Satyam** have all set up software development centers and BPO service nodes, and in the Telecom industry **Alcatel, Orange** and

Vodafone have established technical support service centers. IT giants **Microsoft** and **Oracle** have also established service centers. Other investors include media giant **AC Nielsen** and **HSBC** bank.

Outlook for Future Growth

Egypt clearly has a head start in the region for attracting outsourcing services, particularly if being "on the radar" of international industry analysts and BPO location consultancies is any indicator. The country is well positioned to hold its early lead, and the Egyptian government—perhaps optimistically—forecasts that local outsourcing companies will generate annual sales of more than USD 1 billion by 2010.[54]

The London School of Economics recently published a favorable assessment of Egypt's proactive strategy to position itself alongside the leading outsourcing destinations, the so-called BRIC countries.[55] In addition to highlighting the success Egypt has already had in gaining recognition and market share, the report cites a number of reasons to be optimistic about future growth.

- Highly attractive cost base
- Scalability of high-quality technology graduates
- Continuing progress in offering a supportive business environment.[56]

And the Egyptian government is planning for growth. One of the existing Smart Villages, at Giza, is slated for expansion by 78 hectares in March 2009, and current plans include 5 new buildings totaling 10,000 m^2 of specialized office space. The 40 buildings of the Maadi development are expected to start accepting early tenants in 2009, and the Park will ramp up to full operation by 2012. When it is fully operational, the Maadi Smart Village will house 50,000 employees on 190,000 m^2 of prime real estate in downtown Cairo, all dedicated to call center activities.[57]

Still, Egypt faces challenges that may hinder its growth over the medium to long term. The proliferation of specialized infrastructure in the country is in part a testament to the increasingly outdated state of Egypt's overall internal ICT infrastructure.[58] These will alleviate "last-mile" issues, but Egypt will need to improve its overall connectivity and redundancy if it is to mature into a leading location for outsourcing services in the region and the world.

UNITED ARAB EMIRATES

Given its supercharged image and record of attracting investment, the UAE would seem well positioned to lead the region as an outsourcing location. The Emirates' IT services market grew 41 percent from 2006-2007 to US 791 million, and 18 percent of that market is outsourcing services. This growth has largely been driven by a shift away from the infrastructure investment that until recently characterized FDI trends in the UAE and toward more services-intensive IT projects. Yet a number of factors, and particularly including high telecommunications costs, have kept the UAE out of industry analysts' list of leading emerging outsourcing destinations.

Table 9: Key Environmental Indicators, UAE and Jordan

Indicator	UAE	Jordan
ICT Adoption and Infrastructure		
ICT Use Index 2007	2.19	1.25
Fixed/mobile phone subscribers (per 100 pop.)	205.74	93.66
Internet users (per 100 people)	52.69	19.70
Internet hosts	381,915	21,150
Links to Submarine Cable Networks (2009)	3	1
Workforce		
Population (millions)	4.36	5.72
Labor Force (million)	3.27	1.62
Combined Gross Enrollment	59.9%	78.1%
Global Talent Index 2007 (of 100)	40.2	43.3
Global Talent Index 2012 (of 100)	38.0	44.9
Business Environment		
World Bank Doing Business Rank (of 181)	46	101
Economy		
GNI, PPP (current international $ millions)	-	29,519
GNI per capita, PPP (current international $)	-	5,160
GDP growth (annual %)	-	5.96%
Service % of GDP	36.6%	86.3%
Inflation, GDP deflator (annual %)	-	5.96
Unemployment Rate	2.4%	13.3%

Source: World Bank, UNDP, Heidrick & Struggles and Economist Intelligence, BearingPoint Analysis

Of the two emirates pursuing the industry most aggressively, **Abu Dhabi** has made some strides in building a presence in the industry. Despite high profile efforts, **Dubai** has been more limited in its success. Overall, the UAE has fallen dramatically over the past few years as a top choice outsourcing destination. In a survey of outsourcing companies, the number of firms that listed UAE fell by more than 20 percent from 2007 to 2008, due mainly to disappointing returns on their outsourcing contracts.[59]

Abu Dhabi's IT sector is the largest in the UAE, accounting for 45% of the country's estimated $2 billion in 2007. Much of this is attributable to the fact that Abu Dhabi plays host to the Emirates' federal government, which is aggressively pursuing to e-government and other technology initiatives. This niche industry is playing a major role in driving the growth of the UAE's outsourcing sector, and market leaders like Microsoft and Oracle are supporting public sector IT programs.

The top achievement in Abu Dhabi's—and indeed the UAE's—efforts to build an IT-enabled outsourcing industry is the joint venture between US-based Electronic Data Systems (EDS) and Abu Dhabi. The company, called **Injazat Data Systems** currently represents more than half of the UAE's outsourcing market, and it is pouring USD 100 million into a 6,600 m^2 Tier IV data center, the first of its kind outside of North America to serve customers in the Middle East.[60]

Value Proposition to Companies

UAE has thrown itself behind outsourcing as the next big thing, but it has so far had only limited success. Still, neither Dubai nor Abu Dhabi should be discounted, particularly as they seem to be aggressively courting major western firms to bolster their brands.

- **High-Tech Brand:** An important, if intangible, part of Dubai's value proposition to would-be investors is the Emirates' global brand. Dubai especially has developed a global reputation for being at the forefront of technology investment, and Abu Dhabi has been positively audacious in its applications of technology to high engineering and design. While this "soft" value may not figure in investors' calculations about the attractiveness of a location, it will have a subtle influence.

- **Tech-Savvy Workforce**: Neither Dubai nor Abu Dhabi can claim low wages as a major attractor in comparison to regional competitors, but the labor pool is large, and it includes many educated Southeast Asian and Arabic-speaking expatriates. Technology's penetration into the UAE's population is also unparalleled in the Arab world. Mobile phone penetration is more than twice that of Jordan, and internet usage is nearly triple. With less population, UAE boasts more than 18 times the number of internet hosts.
- **Proactive government support:** As part of its Abu Dhabi Economic Vision 2030, released earlier this year, the Department of Planning and Economy (DPE) has outlined the government's intention to make ICT an integral part of its plans.
- **Dedicated Infrastructure:** Dubai has an established history of providing a complete service model for investors in the industries it seeks to attract, and outsourcing is no different. Launched in 2004, **Dubai Outsource Zone's** specialized infrastructure and the high technology "brand" of Dubai are part of an ambitions package that will also include housing units for Zone employees.[61]

Principal Markets Served

Outsourcing in the UAE appears to be largely directed at local industry. The largest market for outsourcing in the UAE, and particularly Abu Dhabi, is the government, which has been aggressively pursuing an agenda of e-enabling services and becoming more efficient. In the private sector, the financial services sector dominates; as regional and global banks have set up operations in the UAE seek out world-class outsourcing services. The construction, agriculture and mining sectors are also leading sources of business for the sector.

Outlook for Future Growth

In mid-2008, the Zone already had more than 8000 employees working for 150 companies, though only a fraction of these could be characterized as operating in the outsourcing space. Still, Dubai has high expectations for growth. By the end of the year, officials of the zone operator were projecting another 80 companies to come online by the end of 2008, with 38 percent growth in employment across a variety of segments.

Table 10: Select Outsourcing Operations in UAE

Company	Type of Operation	Nationality
Injazat/EDS	Data Center	UAE/US
Raqmiyat (Ghurair Group)		UAE
Microsoft	Development Center	US

Source: KPMG 2009, BearingPoint Analysis

The Dubai Outsource Zone recently increased its master plan 11 times its original size, anticipating demand from local and international outsourcing companies. The zone has seen its total area increase from three million square feet to 33 million sq ft.

MOROCCO

Morocco's burgeoning outsourcing industry has to date been largely based on front office contact centers, although new developments are in the pipeline that will expand the portfolio of services being offered from its several specialized zones. Leveraging the country's historical and linguistic ties to France and, to a lesser extent, Spain, Morocco has put considerable support behind the idea of becoming a targeted service provider to those countries.

Table 11: Key Environmental Indicators, Morocco and Jordan

Indicator	Morocco	Jordan
ICT Adoption and Infrastructure		
ICT Use Index 2007	0.88	1.25
Fixed/mobile phone subscribers (per 100 pop.)	72.66	93.66
Internet users (per 100 people)	23.65	19.70
Internet hosts	275,889	21,150
Links to Submarine Cable Networks (2009)	1	1
Workforce		
Population (millions)	30.86	5.72
Labor Force (million)	11.50	1.62
Combined Gross Enrollment	58.5%	78.1%
Global Talent Index 2007 (of 100)	n/a	43.3
Global Talent Index 2012 (of 100)	n/a	44.9
Business Environment		
World Bank Doing Business Rank (of 181)	128	101
Economy		
GNI, PPP (current international $ millions)	123,251	29,519
GNI per capita, PPP (current international $)	3,990	5,160
GDP growth (annual %)	2.30%	5.96%
Service % of GDP	46.50%	86.3%
Inflation, GDP deflator (annual %)	2.00	5.96
Unemployment Rate	2.1%	13.3%

Source: World Bank, UNDP, Heidrick & Struggles and Economist Intelligence, BearingPoint Analysis

Value Proposition to Client Companies

Morocco has begun to see investment in back office operations, but it has built its current reputation for front-office contact centers primarily on the back of its cultural affinity and near-shore proximity to Western European markets.

- **Low cost, Multi-lingual, service-oriented workforce:** The relatively low cost of doing business in Morocco should mean that it stays competitive as a near-shore location for French- and Spanish-speaking businesses and their customers. Morocco has a fairly large labor force, although only those that can speak French, Spanish or English are likely to be of interest to the IT outsourcing industry, and the Spanish-speaking population is limited to some 40,000 in the country's north.

  For the immediate future, increasing migration to urban areas will support recruiting efforts, as it will increase the total available labor pool. Still, Morocco is largely limited to front office efforts, and it will be a limited competitor in more IT-intensive activities. Its university system largely unprepared to meet the challenges of preparing students for the challenge of modern IT jobs.[62]

- **Proactive Government support:** The Moroccan government has identified outsourcing—and particularly front office call centers—as a strategic industry to support economic growth. Through reforms and incentives, the government is hoping to encourage IT investment, and it has set a goal of USD 2.4 billion in annual turnover for the outsourcing sector by 2012. The government has also actively supported the development of a number of dedicated zones for the industry (see below).

- **Dedicated Infrastructure:** In December 2005, the government of Morocco launched the construction of CasaNearShore Park on the outskirts of Casablanca and the Mohammed V Airport. With an expected investment of USD 300 million, it is billed as the first business area dedicated to offshore services and outsourcing in the country by its developer/operator, France-based Group Caisse de Depot et de Gestion. The government is also backing the construction of several new ICT centers: RabatShore, TangerShore, MarrakechShore.

Table 12: Select Outsourcing Operations in Morocco

Company	Type of Operation	Nationality
EDS	Contact Center	US
TCS	Contact Center	India
Capgemini	Contact Center, Development Center	France

Source: KPMG 2009, BearingPoint Analysis

- **Favorable Geographic positioning and Cultural Affinities**: Morocco is an ideal "near-shore" location for European companies. It is located very close to Spain and France as well as the Middle East, with very little difference in time zones. The main revenue sources for Morocco are tourism and agriculture, but the government is increasingly looking to the IT industry to provide export revenue from IT and IT-enabled services. Morocco has good trade links with Europe, especially France and Spain, which has laid a solid foundation for extending relationships in the outsourcing industry.

Principal Markets Served

Morocco has developed a fairly thriving cluster of call centers primarily serving client companies in France and Spain.

Outlook for Future Growth

The relatively low cost of doing business in Morocco and its cultural affinity with both European markets and the Middle East will undoubtedly support its continued competitiveness as a near shore location for French- and Spanish-speaking businesses. Its prospects as an outsourcing center serving a wider range of markets is less certain.

2.4 IMPLICATIONS OF MARKET DEMAND & INVESTMENT TRENDS

How well Jordan is positioned to address potential target markets is the subject of the next section, but an examination of market trends should play an important role in choosing where Jordan directs its marketing efforts, particularly in the near term.

Among the more important market trends is the push toward near-shore regions for outsourcing. This is based on a number of factors, not least of which is the labor arbitrage that underlies nearly all outsourcing decisions, but also prominent are the "soft" factors like cultural and linguistic affinities and the cost benefits that come with geographical proximity. At the same time, longer distances and untested providers will drive companies in mature markets to be more selective of where they seek outsourcing vendors, and as the results of the *Analysis of the Supply Side of Outsourcing in Jordan* below indicate, Jordan is still a largely untested and unknown location. If demand is to come from more distant markets, it is likely to come through established global vendors. **The clear implication is that in the near term Jordan's outsourcing vendors should target near-shore markets,** which in the context comprises the GCC countries.

Recognizing the importance of geography to this conclusion, the **vertical sectors** most likely to generate demand for outsourcing services will be disproportionately influenced by the economics of the region. That is, the sectors most likely to generate demand in the near-shore marketplace are the leading sectors in GCC countries (though Jordan's capacity to meet that demand must also be a consideration).

It is perhaps a limited list by global standards, but market opportunities remain substantial, as these industries are likely to present demand on a considerable scale:

- **Oil and Gas Production and Downstream Industries**: The oil and gas sector broadly represents more than half of the regional economy, and on the surface, this would seem to present the lion's share of potential outsourcing demand. The industry is somewhat concentrated, however, and the business processes that might be outsourced are disproportionately small in comparison to total industry revenues. Similarly, the process industries that operate downstream of oil and gas production are high-value, high-capital endeavors that are likely to generate only a fraction of the "outsourceable" services implied by their revenue footprint. While these industries will undoubtedly generate demand for outsourcing services, it is most likely to be limited to relatively modest demand for back office activities. Because these industries do not have a substantial need for customer interface, they will not generate demand for front-office outsourcing activities.

- **Financial Services, including Banking and Insurance**: Oil and gas may have a broader footprint in the region, but banking and non-bank financial services are likely to present the most immediate and widespread demand for outsourcing services in the region. By nature the sector is historically a high adopter of IT and outsourcing practices, and major regional banks will likely follow global trends, awakening first to the benefits of outsourcing non-core processes. This, coupled with a number of recent consolidations and growing IT investment in the region, should contribute to rising demand for consolidated service centers and outsourcing services.

  The financial services sector has also lately been awash with capital and liquidity (though the recent crisis has had its inevitable effect), and the past few years saw a boom in commercial and consumer lending in the region. There has also been increasing consumer demand for tele-banking and other value-added services that are typically outsourced. The increasing acceptance and demand for **Islamic Banking** may also spur demand for specialized transaction processing and other services, and vendors in the region will likely have an advantage over outside vendors if they can establish expertise in its requirements.

- **Telecom and IT:** A number of regional and international telecommunications—and particularly mobile—carriers are now operating in the GCC region, and all of them are rapidly expanding their infrastructure and subscriber bases. As they do, they will see a commensurate rise in demand customer-facing services. Similarly, the region's rapid expansion of demand for IT services and software is likely to continue, and demand for user-facing help desk and other services is likely to grow. Under competitive pressure, Telecom firms are also beginning to adopt the practice of outsourcing non-core services, rather than keeping them in-house. Technology firms have found the GCC region to be a high growth area, and they have been known to establish local technical support centers and centers of excellence to ease access into growing markets.

- **Travel and Hospitality**: Despite a slump in the global economy, airlines and hotels in the GCC region are continuing to expand. Indeed, Emirates is well on its way to becoming one of the world's largest airlines. The region is also home to a number of global carriers and hotel chains. No matter where they are based, international carriers, hotels and other hospitality services have high requirements for customer-facing services, which will undoubtedly continue to generate demand for front office services. Newer airlines like the Dubai-based discounter Fly Dubai are also adopting an asset-light business model, outsourcing a substantial portion of their front and back office business functions. This is resulting in a high demand for outsourcing services in this sector.

- **Utilities and Public Sector**: Public sectors flush with oil wealth, particularly in the UAE, have made it a priority to vastly expand the government services their citizens can access via the internet. These so-called e-Government services have spurred the outsourcing industry in the UAE, as local vendors (or joint ventures) have lined up to provide transaction processing and other back office services. Utilities have similarly gone online, making more payment and customer service functions available to consumers remotely. Both of these sectors will continue to present demand in the near term, though Jordan-based firms may find it challenging to address it without considerable joint venture presence in the target markets.
- **Retail, E-Commerce and Marketing Services firms**: Profusion of international and regional grocery/departmental chains, fast food, e-commerce firms are driving consumerism to the next level. These firms are outsourcing both the customer facing activities and back office tasks to satisfy their high-touch customer needs. Additionally, this is driving the growth of marketing firms that rely on outsourced market research, telesales and other activities in order to feed market and sales intelligence to their clients.

3 ANALYSIS OF THE SUPPLY SIDE OF OUTSOURCING IN JORDAN

3.1 OVERVIEW OF THE JORDANIAN OUTSOURCING INDUSTRY

Jordan's outsourcing sector is still in its infancy, with a handful of vendors focusing on providing contact center services to local, regional and some offshore clients. With relatively little vertical expertise, these vendors have not ventured beyond non-voice (Transactional) BPO, and they have not reached a level of sales maturity beyond relationship-based marketing.

Services provided by Jordanian vendors are largely based on ITO, with some vendors offering BPO services as an extension of their ITO services. Existing firms have provided services in Telesales Telemarketing, helpdesk, acquisition, exaction of debt / collections, info-line, market research, and CRM services for on-shore, near shore and a few offshore customers.

Box 6: A Key Indicator for Location Decision Makers

There are currently no subsidiaries of global outsourcing vendors or multinational firms offering outsourcing or shared services delivery out of Jordan.

Regardless of the readiness of Jordan to host global outsourcing operations, naturally risk-averse investors inevitably pursue a "follow-the-leader" approach to location decision making. To outsiders looking in, the presence of global outsourcing firms and global corporations is a primary indicator of a location's readiness to meet global market needs.

3.2 THE ENABLING ENVIRONMENT

3.2.1 MACROECONOMIC PROFILE

The overall macroeconomic environment of a country is an important factor influencing investors' decisions. While a stable political and economic environment alone is not enough to attract high quality investment, without it there can be no further discussion. Particularly in an industry in which investment decision makers are accustomed to conditions in developed economies, the strength and stability of a local economy and the prospects for continued stability are important signals of the policy environment and risk for investors. Higher value activities in the BPO space will call for even higher levels of economic and political stability.

Given its region, Jordan presents a surprisingly stable and open political and economic environment. Over the past decade, its leaders have worked effectively with the IMF to implement broad economic reforms, and since the last IMF program in 2002 Jordan has practiced careful monetary policy and significantly reduced its debt-to-GDP ratio. The high oil prices of 2005-2007 were until recently putting considerable pressure on Jordan's budget as it tried to maintain subsidies for fuel and other consumer goods, but in 2008 the government ended price supports. The Jordanian dinar (JOD) is pegged to the US dollar, which will insulate investors from the exchange risk that has contributed to the erosion of labor cost competitiveness in India. This stability and predictability will undoubtedly prove attractive to investors in the BPO space seeking to serve the US market.

Over the past few years, Jordan's GDP growth has averaged 6-7 percent, though 2007 showed signs of slowing. Tourism, real estate and other sectors dependent on foreign liquidity are expected to bear the brunt of the slowdown in 2009, but thanks to conservative practices in its banking sector Jordan so far appears to be weathering the global economic storm. Similarly, investment has shown historically robust activity in Jordan. Gross capital formation as a share of GDP reached 27 percent of GDP in 2007,[63] and while it too is expected to slow Jordan still appears to be seen as a regional haven for capital investments.

One of the economic challenges Jordan faces may be seen as a boon to investors in the BPO space. Official unemployment was 12.9 percent in 2008, but unofficial rates are estimated to be as high as 30 percent,[64] indicating that real demand for new employment far outstrips supply. Moreover, a significant proportion of the unemployed are fresh graduates, which represent an ideal labor pool for the BPO sector (see also *Human Resources in Jordan* in 3.2.5 below).

3.2.2 BUSINESS OPERATING ENVIRONMENT

In viewing a prospective location from the outside for ease of doing business, a commonly-consulted indicator is the World Bank's "Doing Business" data set, which for the past several years has monitored processes and costs of business regulations in a growing range of countries. The guide ranks countries based on the relative ease of doing business in their economies. Unlike other indicators of economic performance, the "Doing Business" study seeks to quantify the microeconomic impact of macroeconomic policies across a number of actions businesses must take to start and operate a business.[65]

Table 13: Doing Business Rankings of Selected Regional Economies

Country	Regional (of 20)	World (of 181)
Saudi Arabia	1	16
UAE	4	46
Lebanon	9	99
Jordan	**10**	**101**
Egypt	11	114
Morocco	12	128

Source: World Bank 2009

Broadly, Jordan's business operating environment does not place it at any advantage in the region or the world. Jordan's company laws do allow for 100 percent foreign ownership, which presents an advantage over GCC countries that still have local participation requirements, but this advantage is mitigated in some markets by much more liberal zones laws. Jordan has also made a number of reforms recently that have improved its overall standing, but many regional economies are doing the same, sharpening the competitive environment and raising the bar for what's acceptable to regional investors.

While its overall business environment will inevitably have an effect on investors' perceptions of Jordan, it is important to note that these figures do not represent operating conditions within the dedicated zones potentially available to BPO investors. While an improved overall business environment would always be preferable, this can be seen as an opportunity for a dedicated BPO zone to differentiate itself, not only in the region but within Jordan (see *Dedicated BPO* Zones below.

3.2.3 JORDANIAN INFRASTRUCTURE FOR BPO

From the perspective of a BPO investor, infrastructure requirements fall under three main categories: **network and telephony**, **dedicated physical infrastructure**, and **energy**.

NETWORK, INCLUDING TELEPHONY

Despite a 1995 law that laid the groundwork to open all fixed-line services to private competition, Jordan still effectively has a single network vendor. The state telecom monopoly officially ended in December 2004, when the government sold 58.5 percent of its holdings in the Jordan Telecom Company to the Joint Investment Telecommunications Consortium (JITCO), itself jointly owned by French Telecom (88 percent) and Jordan's Arab Bank Ltd (12 percent). Despite the change in ownership, Jordan Telecom (JT) retains exclusive rights in Jordan to operate the public switched voice service and the public telecommunications transport networks.

This lack of competition in both wireless and wire-line broadband markets has meant that internet access costs have historically been very high in Jordan.[67] This has been compounded by high taxes on service, with the result that in 2007 Jordan's National ICT Strategy indicated that the retail cost of broadband internet access was ten times global industry standards.

As of March 2009, Jordan had only a single link to the global internet backbone, through a single link to the Fiber-Optic Link around the Globe (FLAG) undersea cable. This means that nearly all data traffic out of Jordan has a single point of failure, a lack of redundancy that poses an unacceptable risk to prospective investors and Jordanian firms alike. The fail-over options rely on a link through Saudi Arabia and a little known link through Israel, both of which have much smaller bandwidth, making them inevitable choke points in case of the failure of the FLAG link. The real-world result is that service providers are unable to enter into service-level agreements that guarantee sufficient uptime to meet global industry standards.[68]

Box 7: Jordan's Connectivity Gap

With only a single connection to the FLAG providing it with a direct link to the global internet backbone, Jordan lags behind most of its regional neighbors in connectivity and redundancy. There are indications that this will be remedied as early as the first quarter of 2010, when Jordan is to get access to the FALCON cable. Until then, Jordanian ISPs and ITES service providers are faced with high costs to maintain ad hoc backup channels in the event of catastrophic failure of the FLAG, which places them at considerable disadvantage to vendors elsewhere.

In the meantime, a number of international telecom service providers from Europe, the Middle East and India are cooperating on construction of the Europe India-Gateway (EIG) submarine cable, a major new connection that will link several of the major economies in the region when it comes online in the second quarter of 2010.[66] In the Middle East, **Saudi Arabia, UAE** and **Egypt** will all have access to the cable, which will provide connectivity between Europe and India with a data capacity of more than 3.8 Terabits per second.

Source: ThaIndian News 2008, Interviews with Jordanian Officials

Jordan's contact centers are particularly challenged by this lack of redundancy. To mitigate it, operators are forced to enter into expensive service agreements to establish ad hoc redundancy channels. One operator said that telecommunications costs represent 25 percent of his operation's total costs, and still he is unable to provide the level of reliability needed to compete in world-class markets.

A number of strategies have been suggested to mitigate this redundancy risk, several of which were underway at the time of this assessment. These include the construction of an additional fiber-optic cable to Saudi Arabia and a microwave radio relay link with Egypt and Syria. A new VSAT satellite ground station has also been proposed, but ultimately these steps will fall short of the national-scale redundancy required to upgrade Jordan's competitiveness as a BPO platform.

A recent development is the signing of an agreement between VTEL Jordan and Reliance Globalcom to establish a link to the FALCON undersea cable through Aqaba in early 2010. This will be the first Terabit cable landing in Jordan, addressing the fast-accelerating demand for broadband connectivity in the country. It will also offer a much-needed alternate communication gateway, providing diversity and redundancy to Jordan, and decisively support Jordan's positioning it as a regional hub for all sectors. It will also further reduce IP bandwidth costs and accelerate broadband penetration in Jordan. When this link is operational in Q1 of 2010 (the proposed finish date), this would nearly triple Jordan's bandwidth connectivity to the global network and effectively solve the critical redundancy issue.

Telephony

Telephony service in Jordan has steadily improved over the past few years as the deployment of new digital switching equipment, microwave radio relay transmission, and coaxial and fiber-optic cable networks have proceeded apace. Impressive growth in mobile-cellular usage has seen a relative decline in the use of fixed-line services.

France Telecom, as 88 percent owner of JITCO, has set up three subsidiary companies to provide mobile/cellular telephony (MobileCom), internet (Wanadoo) and online services (E.dimension). Zain Jordan, the local arm of the regional mobile and data services provider,[69] also provides leased line connectivity to businesses, including one of Jordan's call center operators, and provides an alternate link to global data networks through Saudi Arabia.

DEDICATED BPO ZONES

To date, Jordan has not established a single business park or industrial development dedicated to IT or IT-enabled services, and while a handful of projects are under discussion or in the works, none is yet investment ready. More critically, it is not clear that any of the projects currently under development, even when complete, will meet international BPO industry requirements for "plug and play" infrastructure, which is critical if Jordan is to effectively compete with its regional neighbors to attract BPO investment.

- The **Irbid Development Area**, located near Jordan's premier technology university, is a designated development zone under the Development Areas Law. No buildings are currently in place, however, and the location is too distant from the center of economic activity, Amman, to serve as a primary delivery platform for BPO services. It will likely be years before Irbid exhibits the quality of life—by international standards—of Amman, a critical element if operations there are to attract and retain quality human resources and managers.
- The newly repurposed **Army General Headquarters** in Dabouq is expected to be marketed as a destination for technology investment, and it is very well positioned in a high quality location within Amman. Having been repurposed, however, the buildings, facilities and infrastructure of the site currently fall well short of design and layout requirements for call center and other BPO services, and a full retrofit would likely be expensive and time consuming, if not altogether prohibitive.
- The most potentially promising of the three developments under discussion is also the least defined. The **Jordan Internet City** is slated to occupy a prime site near Amman's Queen Alia International Airport. Thinly detailed media reports and online discussions have indicated for more than a year that the more than 700,000 m^2 site will be developed by Sharjah, UAE-based Al Shamel Properties, and that the first phase will include an office tower and five eight-storey buildings.[70] Recently the Ministry of ICT has also indicated that they are planning to go ahead with this development of Jordan's first Technology Business Park to promote new investment into ICT and BPO sectors.

ENERGY

Electricity in Jordan is generated by a single provider. The Jordanian Electric Power Company (JEPCO) distributes electricity for Amman, Zarqa, Salt and Madaba, and while outages do occur, reliability is generally considered high. Operations that cannot afford even minor power outages, like call centers; have taken measures to ensure uninterrupted power supply.

3.2.4 FISCAL INCENTIVES AND OTHER GOVERNMENT SUPPORT IN JORDAN[71]

Under Jordanian law, there are a number of existing legal and regulatory frameworks under which foreign investors could set up operations in Jordan. While each presents its own set of advantages and disadvantages to prospective BPO investors, none of the frameworks currently available presents a competitive "BPO investment-ready" option that is comparable with other regional and international locations.

FREE ZONES LAW

Jordan's Free Zones are governed under the Free Zones Corporation Law (No. 32) of 1984 and its Regulations. The law grants administrative authority over all free zones to the Free Zones Corporation (FZC), and it provides for a number of fiscal incentives and other advantages to registered companies. From the perspective of the BPO investor, the Free Zones framework does provide some advantages over some other options within Jordan, including:

- **Anywhere eligibility**: While a number of physical zones are designated as free zones throughout the Kingdom, the Free Zones Law allows for any enterprise to be established as single-enterprise free zone, regardless of location.
- **Exemption from personal income taxes**: The income of foreign employees working in Free Zone companies is 100% exempt from income taxes.

Table 14: Summary of Fiscal Incentives under the Free Zones Law

Fiscal Incentive	Rate
Corporate Tax	0%
Personal Income Tax*	0%
Sales Tax/Customs Duty	0%
Foreign Employment	Yes**
Repatriation of Profits	100%

** Foreign workers are exempt from personal income tax.*

*** Free Zone enterprises are limited to 50% foreign employees.*

On the other hand, the Free Zones Law has a number of aspects that will reduce its attractiveness to investors in the BPO space:

- **Relatively Untested Facilitation of Services**: The Free Zones Law clearly defines "economic activity" as "any commercial, industrial, agricultural or *service* activity," but in practice most service providers licensed to operate in free zones are trade-related and logistics services. Cyber City, a private free zone investment with the Jordan University of Science and Technology, located near Irbid, was intended to accommodate IT firms and manufacturing. However, since opening in 2000, the development has been dominated by a handful of garment exporters operating under Jordan's

Box 8: Jordan Media City

While Jordan has not yet implemented a dedicated zone for BPO or other IT-enabled services, and its Free Zones are almost exclusively dedicated to merchandise exports, Jordan Media City may present a useful model for how the Free Zones Law can work for BPO services exporters.

Set up as a kernel for the Free Media Zone Project to be established between the government and the Dallah Information Production Company, the JMC now employs 700 workers on its four hectare site near Amman's international airport. Its exports are completely services and media-oriented, made up primarily of retransmitted satellite television and TV and motion picture production facilities.

advantageous garment access arrangements with the US. More recently, the Free Zones Corporation has designated three media cities as free zones, one of which is Jordan Media City (see Box 8).

- **Treatment of professional services:** Current Free Zones legislation requires professional services defined as "medical clinics, engineering firms, legal firms and similar firms" to be subject to the same licensing, regulatory and foreign investment requirements as national firms.[72] In practice, this means that a number of BPO activities, likely including finance and accounting, and higher end KPO processes like legal, engineering, and architecture would have to undergo the same bureaucratic licensing requirements of the relevant Jordanian authorities, associations and unions that non-free zone investors do.

Table 15: Summary of Fiscal Incentives under the Development Areas Law

Corporate Tax	5%
Personal Income Tax	Jordan
Sales Tax/Customs Duty	0%
Foreign Employment	Flexible
Repatriation of Profits	100%

DEVELOPMENT AREAS LAW

The newest framework under which BPO companies could potentially invest in Jordan is the Development Areas Law. Although a number of manufacturing and logistics firms have invested in the *King Hussein bin Talal Development Area* near Mafraq, in practice the law has not yet been fully deployed in the marketplace. Nevertheless, on paper the law is potentially quite favorable to BPO investment.

Based on the Development Areas Law (No. 2) of 2008, the framework provides for a set of fiscal incentives and other support that is fairly competitive with other offerings in the region (see Table 15).

- **Service-oriented provisions**: Among the law's most important features is the number of service-oriented provisions it includes. Directed at improving the business operating environment for investors, these include a dedicated "one-stop shop" to expedite company setup and registration processes and dedicated customs services for imported components.
- **Flexible employment provisions for foreign workers**: While BPO firms are most likely to seek access to Jordanian workers, BPO investors are unlikely to face quantitative limits on foreign workers in Development Areas. The law also provides for expedited immigration procedures, employment residence entry permits, transit and business visas, and family residence visas.

Like the Free Zones Law, however, the Development Areas Law is not a complete solution for BPO investors.

- **Tied to specific geographic zones**: The law's primary shortcoming as of this writing is that it is not clear how BPO investors can gain access to its benefits. In its current form, it applies only in designated zones, or Development Areas, and the criteria for designating new development areas have not yet been issued by the Development Areas Commission. It is possible for a single BPO investor to apply for Development Area status, however the Commission may decide to apply minimum land area or employment criteria.
- **Regulatory requirements on services**: While the Development Areas framework is not yet in full operation, the Development Areas Law and its licensing regulations are based on the Aqaba Special Economic Zone licensing system. It is likely that more approvals from national official agencies will be necessary to establish and operate an

economic activity within a development area than in a free zone. The Development Areas Registration Regulation imposes the same national requirements on professional firms as the Free Zones Law.

OTHER LEGAL FRAMEWORKS

Investors into Jordan also have access to the Foreign Investment Law in force throughout Jordan and the Special Economic Zone regime in Aqaba:

Foreign Investment Law

Because the foreign investment law designates sectors to which it applies, and because the law expressly mentions call centers as a targeted activity, BPO investment under this framework would be limited to call centers only. This is a crippling limitation for investors seeking to offer a diversity of services. For those seeking to offer call center services only, the law does provide some competitive incentives:

- Up to 75 percent exemption from Income and Social Services Taxes, depending on location within the country.[73]
- Exemptions from import duties and sales tax for fixed assets associated with the investment, as long as they are imported within three years from the date of the investment decision

Aqaba Special Economic Zone

Like the Development Areas Law, access to the ASEZ framework is dependent on geographic location. To benefit its incentives, a company must be registered with the Aqaba Special Economic Zone Authority, and it must provide its services strictly within ASEZ or outside the Kingdom. For those BPO companies that would be willing to invest in Aqaba and forego serving the local market, there are some benefits:

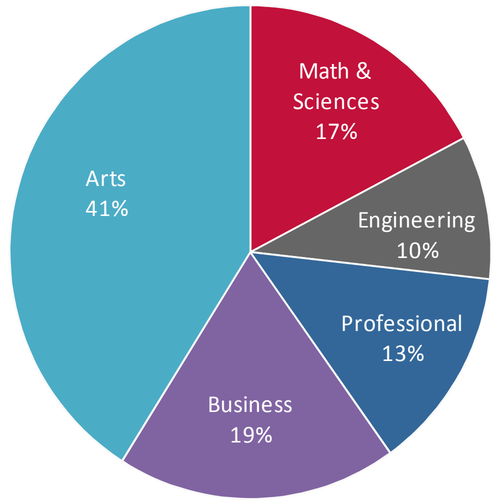
- A flat 5% income tax on the net profit.
- Exemption from social services tax.
- Exemption from annual land and building taxes on utilized property.
- Exemption from taxes on distributed dividends and profits.
- No foreign equity restrictions on investments.
- No foreign currency restrictions.
- Full repatriation of profits and capital.
- Streamlined labor and immigration procedures through a one-stop-shop
- 100% foreign ownership
- Up to 70% foreign labor

Like the Free Zones Law, the ASEZ law will prove prohibitively restrictive for professional services that could be offered by a BPO service provider, including legal, auditing, and engineering. Manufactured exports from the ASEZ to GCC countries have also run afoul of the provisions of the Gulf Free Trade Agreement (GAFTA), since ASEZ is considered outside the customs territory of Jordan. Finally, the inflexible geographic limitations inherent in the ASEZ framework present the same issues now presented by the Development Areas Law—but without the possibility of designating a more suitably-located one.

3.2.5 HUMAN RESOURCES IN JORDAN

A discussion of human resources in the context of a BPO market study must essentially focus on two aspects of the labor market, both of which are critical indicators to prospective investors. These include the **Availability** and **Cost** of qualified manpower (see also *What Drives Company Outsourcing Decisions* in the *Analysis of Demand for Outsourcing* above). The supply of Jordanian labor is examined through each of these lenses below.

Figure 8: Composition of Jordan's Class of 2006, by Educational Area



Source: BearingPoint Analysis of Jordan Department of Labor Data

AVAILABILITY OF QUALIFIED MANPOWER

A discussion of the availability of qualified manpower in Jordan immediately begs two questions:

- Are there **sufficient numbers** of potential employees available to prospective investors in the BPO space?
- Are the available workers **sufficiently qualified** to serve as a viable labor pool?

If one looks at the absolute number of graduates from Jordanian universities, the answer to the first question is an unqualified "yes." Although Jordan's absolute population is dwarfed by regional competitors like Egypt, Jordan's universities graduated nearly 39,000 across a variety of disciplines in 2006. With steady population growth and an even faster growth in college graduation rates over the preceding few years, that figure will continue to expand. Moreover, with unofficial unemployment rates approaching 30 percent in Jordan,[74] all too many of these graduates are not currently finding meaningful employment.

Figure 8 shows the composition of the national class that year in broad educational area. Even if one assumes that a significant portion of graduates in professional and technical degrees find jobs in their chosen profession (and are thereby unavailable for employment in the BPO sector), the absolute numbers of available graduates implies that **there should be a sufficiently large and diverse labor pool to support considerable growth in the Jordanian BPO sector.**

Turning to the question of whether the Jordanian labor pool is sufficiently qualified to attract BPO investment, the response necessarily becomes more nuanced.

The macroeconomic indicators are favorable for Jordanian workers. Educational enrollment per capita surpasses a number of regional competitors, and with services making up more than 86 percent of Jordan's economic output—compared with less than 50 percent in Egypt—Jordanians are clearly oriented toward a services economy. Jordanians would also appear to be more technology savvy, with higher fixed/mobile line penetration and internet usage penetration per capita than their Egyptian counterparts.

Because Jordan's best and brightest often find employment in the Gulf, the Jordanian workforce has a well established reputation as hard-working and productive in the markets it is most likely to target for BPO investment. By all accounts, the Jordanian accent in Arabic is relatively neutral, a factor likely to be attractive to BPO investors seeking to serve regional markets and Arabic-speaking populations in US and European markets.

The primary labor pool for contact center services comes from Arts and Math & Science graduates, while labor for technical help desk services usually come from the pool of Science or Engineering graduates. In Jordan, these three classes together comprise almost 70 percent of the total educated workforce entering the job market each year, a sizeable pool for BPO investors to rely upon.

Despite these positive high-level indicators, indicators on the ground are mixed. While most agree that Jordan's technical and other graduates are technically well prepared, Jordan's BPO vendors—and indeed business operators in many service and manufacturing sectors—indicate that they must invest considerable time, energy and resources in preparing them to face clients. Call center operators report having to put recent graduates through intensive training to acquire relatively basic professional skills.

Drawing on a number of conversations with call center operators in Jordan, the project team identified a number of recurring issues companies face in hiring and retaining call center operators:

- **Lack of awareness of call center and BPO as a career:** University students are almost universally unaware of call center and BPO services as a career choice, so they do very little to prepare themselves formally or informally for jobs in the industry. As a result, a very high number of applicants are simply not prepared to work in a call center, even conducting basic operations, and companies must reject an unusually high level of applicants.
- **Lack of customer service or telemarketing skills**: Call center operators require at least a basic understanding of service etiquette and telesales skills to be effective. Low level applicants for jobs in the sector have very little, if any, understanding of these basic skills right out of university, which results in companies bearing considerable training costs to prepare them for even entry-level positions.
- **Relatively smaller pool of fluent English speakers**. Even though a significant portion of university graduates exhibit fluency in English, most new applicants to Jordan's call centers still require considerable investment to improve their conversational fluency and neutralize or "soften" their accent sufficiently to serve customers on the phone.
- **Lack of experienced contact center agents:** Perhaps unsurprisingly, given the current size of the Jordanian call center industry, there are very few veteran agents available to operators of contact centers. As a result, almost all hires are fresh hires, which means they require six to eight weeks of training before they are truly productive.
- **Lack of Supervisors, Team leaders, and Middle Managers**: Given the dearth of experienced agents, it is also not surprising that call center operators lack for supervisory and management staff. In addition to the additional cost associated with training managers and ramping up staff to serve the role, this "management deficit" is also a very real constraint on the growth of call centers, which simply cannot expand without a minimum pool of managers to support the growth of staff headcounts and client management burdens.

COST OF HUMAN RESOURCES

As Figure 9 illustrates, the average Jordanian IT programmer earns about USD 550 per month,[75] a figure that compares very favorably to human resource costs in competitor markets, both regionally and globally. From a competitive perspective, Egyptian programmers earn only slightly less on average, which places Jordan on effectively equal footing in terms of wage cost, at least for the immediate future. From a market perspective, Jordan's wage structure presents obvious and unequivocal savings potential for companies in key GCC markets like UAE and Bahrain seeking to outsource.

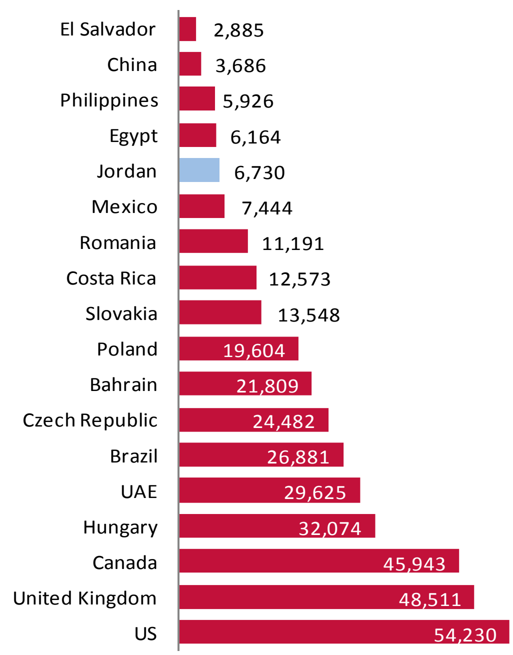
With the Jordanian dinar pegged to the US dollar, Jordan will not face the same erosion of wage cost advantage that India faces as the value of the rupee has appreciated against the US dollar. Of course this exchange rate "insulation" applies only to USD-denominated markets, and it will not protect against the other major force that exerts upward pressure on wages: competition for labor. Jordan's current unemployment rate and relatively deep potential labor pool (see *Availability of Qualified Manpower*, above) will provide ample insulation from this pressure, at least the near-to-medium term.

3.2.6 GEOGRAPHY AND CULTURAL AFFINITIES

Jordan's closest geographical and cultural affinities will be found in the nearby states of the GCC. Jordan shares a time zone and considerable cultural "kinship" with its affluent neighbors, and in the case of Saudi Arabia it even shares a border. Many of the network solutions Jordan has initiated to mitigate the risk of failure in its connection to the FLAG go through Saudi Arabia, adding to the physical advantages of the Kingdom as a near shore market for services delivered from Jordan.

Jordanian professionals are also already a familiar sight in the principal markets of the Gulf, where they enjoy a positive reputation as hard-working and productive (see *Availability of Qualified Manpower,* above).

Figure 9: Comparison of Average Annual Compensation for IT Programmers (USD)



Source: BearingPoint Analysis of data from the ILO LABORSTA Database

3.3 PROFILES OF LEADING JORDANIAN SERVICE PROVIDERS

Of the five major call centers evaluated during the course of this assessment, three of them used Avaya, and two of them used Cisco. All had well-established leased line technology network conductivity, call logging ability, and voice over IP (VoIP) capabilities. All five were employing enabling technologies properly in a call center environment, and they all seem to have the tools to support growth in the market for call center services.

While all five vendors face significant costs and risks as they operate ad hoc measures to get around Jordan's lack of robust network redundancy (see *Network* under *The Enabling Environment*, above), this issue is expected to fade as new connections to the global network come online.

The largest of Jordan's current contact center operations has 200 seats, a relatively modest size compared to industry norms in the BPO space, and all of them expressed a desire to expand rapidly. Despite the positive outlook in terms of their use of enabling technologies, however, Jordanian vendors do not currently demonstrate sophisticated understanding of the business and marketing aspects of the global industry and lack an effective sales infrastructure to support rapid expansion. These firms also face hurdles due to lack of branding and a negative perception of Middle East as an outsourcing destination.

Table 16: Summary Results of the Review of Jordanian Service Providers

Company	Application Type	Clients	Complexity	Agents	Seats	Cap.	Base Technology
Aspire	Application development and testing, Help Desk	3	High	173	28		Avaya
Crystel Call	Varied	--	Medium	~300	100		Avaya
E3Mar Outsourcing	Global Company establishment in Jordan	--	Medium	N/A	N/A		N/A
Extensya	Inbound and Outbound Regional (Jordan, Lebanon, UAE)	5	Medium	50	50		Avaya
Estarta	Global Tier 2 help desk	2	High	200	100	5000	Cisco

Source: BearingPoint Interviews

Three of the five centers indicated that the accounts that represent their core income streams came not as a result of a mature sales cycle but instead based on social networking. The vendors seemed to be marginally aware of the global marketplace of outsourcing contracts, which includes a robust and far-reaching cycle of formal proposals and awards. Social networking, while certainly a valuable tool for any business sales team, is not sufficient to meaningfully address the global market, and it simply is not scalable to a level necessary to support Jordan's aspirations to be a regional hub for outsourcing. It was also not clear that the companies were yet positioned to scale up other business processes and administration.

To illustrate each of the vendors' capacity to address the BPO market, the project team rated each of them on two axes:

- **Completeness of Vision**: This score consists of the project team's assessment of each vendor's strategic planning, contract and sales capability, and overall business management.
- **Ability to Execute**: This score consists of the stability of the companies' technical tools and expertise, size of the organization, personnel sourcing, and other operational traits.

The results of this analysis are presented in Figure 10. Estarta, Crystel Call, Aspire, and e3Mar are relatively mature companies with established clients, diversified service offerings and considerable track record. Extensya is the youngest company among the five and is relatively early in its growth phase. They currently have a limited number of clients, although they have recently signed a major flagship account.

Following are a series of more detailed profiles of the Jordanian vendors, based on discussions with company executives and observations of the project team.

3.3.1 ASPIRE

Founded in 2000, Aspire is an established ITO and BPO service provider doing business almost exclusively with US firms. In 2002 the company started providing testing services for Weight Watchers Inc., a US company, that now is their single largest client and contributes a significant portion of their overall revenues. As a natural outgrowth of these services, the company has expanded its offering to include some application development and system monitoring activities. More recently, Aspire added front-office contact center functions, which they support with a relatively modest 25 seats.

FACILITIES

Aspire leases the upper 3 floors of an office building, which they have modified to accommodate their security and technology needs. The floors are segregated based on function, with application and testing functions separated from the contact center. The company has implemented relatively robust security measures, with pass card access to two of the three floors and biometric access to the third.[76]

Table 17: Aspire Service Profile, by Client

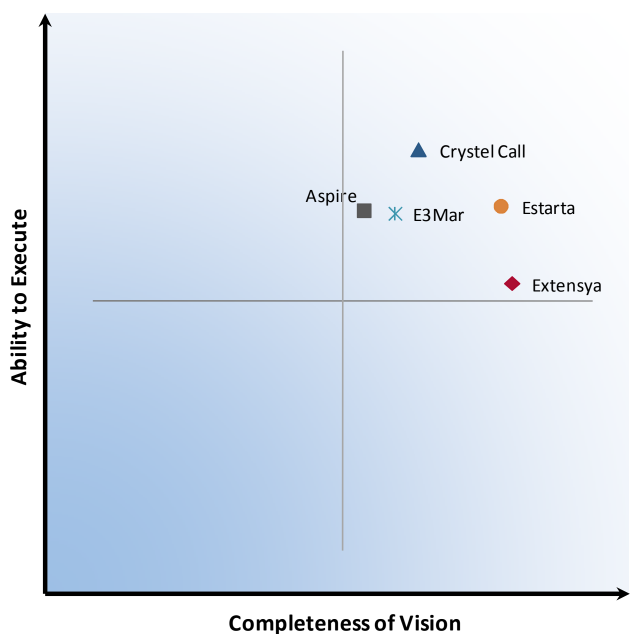
Client	Services	Complexity	In/Outbound	Description	Agents
Weight Watchers	System testing Application monitoring Application Development Contact Center	Medium/High	Inbound email and true BPO services	Activities relate to development, testing, supporting, and content management.	161
World Now	Application development Testing	Medium/High	N/A		8
Thin Ops	Contact Center and BPO Services	Medium	Inbound contact center		4

TECHNOLOGIES

Since their primary focus is not contact center services, Aspire has focused its technology infrastructure resources on their testing tool suite. They have Mercury Test Director with Loadrunner for performance and Winrunner for system testing and HP Openview for network and systems management. They monitor systems for an ASP in the United States. They have installed agents and SNMP traps that are captured by Openview to allow for machine status reporting.[77]

For their contact center, Aspire utilizes VoIP for all voice connections, with internal traffic utilizing Avaya and Vonage

Figure 10: Summary of Vendor Positioning



providing external connectivity. This allows the company to establish a final mile delivery and tracking mechanism based on Avaya and Vonage to provide the point of presence. They use CMS for reporting off the Avaya system. For case management and interactions, Aspire utilizes e-Gain, which enables them to manage multi-channel interactions for email and voice.

Aspire has created several points of presence in near shore opportunities, even going through the process of establishing an internal company to support this action.

BUSINESS MATURITY

Aspire's early success in business development was apparently based almost entirely on social networking. Since then, however, they have had some success at expanding their business through more formalized marketing. One successful technique has been to offer their services for limited trial period at no cost to the customer. Once they have been able to demonstrate their performance and proven their capacity to deliver on a service level agreement, they convert to a pay-for-use model.

Aspire's reliance on one major client for a significant portion of their revenue is a cause for concern. They have tried to mitigate this by trying to close other clients, but to date they have achieved only limited success.

KEY FINDINGS AND BUSINESS CONSTRAINTS

In discussions with the project team, Aspire's leaders brought up reliability of the network, availability of experienced resources, taxation issues and lack of Jordan's brand as the major business constraints.

- **Network**: Pointing out the risk of a backbone connection controlled by a single vendor, and recalling the failure of FLAG in 2008, Aspire expressed concerns about the reliability and cost of connectivity. Out of necessity, the company has created and maintains an additional network path routing via a microwave link through Saudi Arabia, but the solution has come at considerable cost. Even without using the alternate channel, the company spends about JOD 60,000 (USD 85,000) per year to maintain the redundancy. This does not count the cost of additional risk maintenance in the form of human resources and additional infrastructure and equipment.
- **Human Resources**: Aspire's Application development services requires availability of experience software developers who are not easily available in Jordan. While they report that entry level resources are fairly easy to find, workers with industry and functional experience are in short supply. In explaining the disparity, Aspire's executives echo many business managers across Jordan's economy: experienced workers are lured to the Gulf by higher wages. Aspire has had to change their business model because of this constraint and sometimes has to bring in experienced developers from outside Jordan to fulfill their client's requirements.
- **Taxation**: Aspire has faced numerous challenges in availing of tax incentives offered under JIB Investment Promotion Law. They have had to take legal action in order to keep their tax exempt status and find there to be a lot of ambiguity regarding how these laws are interpreted by the tax authorities.
- **Lack of Jordan's brand**: Aspire indicated that one of the biggest challenges they face when selling their services is the lack of client's awareness of Jordan as an outsourcing destination and the negative perception of Middle East in general. Clearly, Jordan has not done as good a job of marketing itself compared to other regional destinations such as UAE and Egypt.

3.3.2 CRYSTEL CALL

Crystel Call was Jordan's first contact center, and with over 100 seats they are still the country's largest. The maturity of their operations and their business was apparent to the project team, both in terms of their operations and their diversified customer base. The company's business model has developed over the past few years, which has resulted in a relatively high level of maturity in infrastructure, marketing, sales and human capacities.

BUSINESS MATURITY

In the process of achieving COPC certification, Crystel Call is the most mature of the companies visited by the project team. They have a sales presence in North America and have had relatively good success in winning accounts through relationship channels. They are developing both horizontal and vertical services capacity in the Contact Center and BPO services space, and they have focused their activities on order processing, CRM, and customer care, actively avoiding outbound sales. Clients for their contact center services are mainly local as well as from North America with a few from the Gulf region, with accounts ranging from two to 50 seats. Their North American accounts represent as much as 60% of their business.

Crystel Call has also had significant success with on-shore accounts, which they attribute to both cost competitiveness and depth of experience over their competitors in Jordan. This latter advantage, experience, translates into improved productivity and service. Indeed, the company's leaders do not consider other local vendors to be their principal competitors, instead looking outward toward Egypt as the primary source of competition.

Strategically, Crystel Call sees near-shore markets as the most likely source of growth in the near- to medium-term, though they also expect growth to come through US and Canadian accounts. While Crystel Call also faces a troubling concentration of their revenue in a small number of contracts, the diversity of their customer base mitigates some of the risk other vendors in Jordan face.

FACILITIES

Crystel Call occupies the top three floors of a leased building, and they have made minor structural changes to support their operations. These include layout changes to allow for data and telephony rooms and to support the additional wiring needs required for a Contact Center.

TECHNOLOGIES

Crystel Call uses Avaya as their contact Center system, CMS for reporting, and Application Enablement Services (AES) to support the desktop. The AES platform provides access to Avaya Communication Manager and an enhanced set of Application Programming Interfaces (APIs), protocols, and web services that expose the functionality of Avaya Communication solutions. Crystel Call has sized their system more aggressively than Jordan's other vendors, providing several redundant 8700 gateways. These gateways are all co-located, however, and so do not provide the redundancy generally expected of multiple gateways. Management has recognized this and plan to implement geographic diversity when they are able to move their operations to a development area.

Crystel Call has invested in Witness system for call logging and workforce management, using the suite's balanced scorecard engine for agent quality management. In a measure of their business maturity, they have implemented pre-call routing and handling, and they have also created a voice portal that incorporates Nuance speech recognition with English libraries and IVR. With licenses, the system is scalable to include other languages.

Most of Crystel Call's telephony traffic leverages Session Initiation Protocol (SIP), a very scalable, peer-to-peer protocol that requires a relatively simple core network. Because SIP was developed specifically for IP telephony, this streamlined setup reduces the overhead requirements on the network.

Crytel Call is currently pursuing the COPC 2000 certification in order to demonstrate a high level of process maturity.

AGENTS

Crystel Call has over 100 licensed seats, which have been allocated in both a shared and dedicated setup. Traffic allocated to seats either can be shared between companies or dedicated to specific companies, again indicating the company's relative maturity in the marketplace.

KEY FINDINGS AND BUSINESS CONSTRAINTS

In discussions with the project team, Crystel Call emphasized human resource constraints, but they also had concerns with network and other infrastructure issues.

- **Jordanian lack of sales acumen:** By eschewing outbound sales, which its managers have found to be unprofitable, Crystel Call has stayed out of a business line that most of its competitors are in. The decision, however, was not entirely by choice, but because they have found that the Jordanian workforce is not easily trained to be effective at sales. In a business in which talk time, contacts handled, conversion, and customer satisfaction are critical metrics, Crystell Call found that in outbound sales talk times were simply too high and productivity below an acceptable threshold.
- **Lack of experienced resources:** Crystel Call has also had to modify its business plan to accommodate the absence of experienced resources in their available labor pool. The company finds entry-level workers with relative ease, but people with industry experience are simply not available. Echoing managers across the Jordanian economy, Crystel Call's managers blame the draw of the Gulf states for the scarcity, as Jordanians with experience can all too often find more lucrative employment there.
- **Do-it-yourself Point of Presence**: Like other call centers in Jordan, Crystel Call has had to establish its own points of presence in target markets to route calls to its center in Amman. To address this, the company has created a subsidiary with the sole purpose of providing points of presence in other countries via leased lines.
- **Network**: Like the rest of Jordan, Crystel Call pinpoints the single point of failure and the lack of competition as a major constraint on the industry. During the FLAG, outage of December 19, 2008 Crystel Call experienced a full cutoff of all IP based connections, and they were unable to provide voice services to their offshore clients with an acceptable QoS (Quality of Service). The alternative voice link had issues with high latency and low bandwidth making it virtually ineffective. Also, the cost of mitigating this risk was prohibitive.
- **Ad hoc redundancy raises costs**: To mitigate the risk of network failure associated with a single network path, Crystel Call has deployed a Very Small Aperture terminal (VSAT) for its redundant data path. A two-way satellite ground station, VSAT is an imperfect and expensive way to ensure critical redundancy. Data loads can quickly degrade service, and VSAT traffic can be adversely affected by weather. Because of satellites' distance from Earth, VSAT links are also subject to latency of at least half a second round trip, rendering the technology intolerable for voice applications. More

critically, to establish VSAT cost Crystel Call approximately JOD 10,000 to set up, and they incur an additional JOD 20,000 per month as an ongoing subscription cost.

3.3.3 E3MAR

E3Mar is not a BPO company in the traditional sense, instead providing a full range of "virtual office" services for small and medium-sized companies. Services include translation, executive assistants, business function and operations systems, HR and hiring, facilities management and business consulting. Recognizing that there are extensive hurdles to foreign countries to establish a business in Jordan, E3Mar essentially allows them to "outsource" many of the major functions required of a startup. They provide office space that is fully outfitted with furniture, phones, security and receptionists to support investors' early startup activities in Jordan.

FACILITIES

E3Mar provides a highly secure environment. The parking lot has a manned security booth, and entry to the building is controlled. Visitors must pass through reception and secured doors to gain entry, and all their business suites doors are secured with pass cards. E3Mar also has distributed operations to Salt, Neltar, and Irbid.

TECHNOLOGIES

Since E3Mar no longer has any call center facilities, they support their telephony functions using Cisco call manager.

KEY FINDINGS AND BUSINESS CONSTRAINTS

E3Mar was optimistic about Jordan's human resource advantages, focusing on the high costs of telecom as a primary constraint.

- **Language and education are Jordanian workforce advantages:** The company's managers are very optimistic about Jordan's workforce, citing their education, accents in Arabic and regional reputations as positive differentiators that position Jordan well to address near-shore markets.
- **Telephony costs are prohibitive**: At present, their ability to establish and maintain leased lines and toll-free numbers is prohibitive. They suggested that if the costs for telephony services went down and options like toll-free dialing, points of presence, redundancy were more mature that they would be better able to compete. One strategy E3Mar has employed to mitigate the cost of telecom essentially amounts to a homegrown version of "least-cost routing." The strategy routes incoming calls to be answered by a service similar to the one that originated the call, taking advantage of cost savings available for like-to-like calls. The solution is an elegant one to an imperfect system, and it provides considerable savings.

3.3.4 ESTARTA

Estarta was founded in 2006 with considerable direct support from US-based Cisco, which was in turn encouraged by a relationship between Cisco's CEO and the family. Estarta is a successful company by any standard, but it is also a demonstration of how direct, personal investment promotion can play a role in building Jordan's BPO industry. It is also a clear example of how Jordanians can rise quickly to meet the challenge of serving the demands of the global market if the opportunity is presented.

With Estarta, Jordan is now part of Cisco's global technical assistance center plan, which extends to five other countries and ensures "follow-the-sun" technical support for Cisco. Cases are routed to Estarta from Cisco, and service calls can be very complex. Estarta is also a certified support center for Arabic speakers using Microsoft technologies.

FACILITIES

Estarta is housed in a new facility that has been adapted to their needs. Teams have been broken out into several distinct areas that support about 20 seats each, with modular furniture construction and drop ceilings, with wiring originating from the ceiling. The company has also designated extensive training facilities with plasma TVs, whiteboards, easels, and the ability to support approximately 20 learners at a time.

In addition to the standard working areas, Estarta has established several areas where are both students and agents can create customer situations to duplicate conditions in the field.

TECHNOLOGIES

Although the firm owes its origins largely to Cisco, not all of Estarta's technology is based on Cisco Systems; they have deployed an enterprise version of IPCC to support all call center operations. Routing from Cisco arrives via Cisco's VoIP structure, and they have additional telephony systems enabled in the building.

Because Estarta is part of Cisco's overall call routing system, the Jordanian center must gather call-center metrics that adhere to Cisco's call center standards.

AGENTS

As might be expected by the level of service Estarta is providing, the company's agents exhibit skills well beyond the Tier 1 experience exhibited by most call center operations in Jordan. This is due in large part to the extensive training investment Estarta makes in every agent. Estarta also seeks only candidates with CCNA, IE or ND certification, which they may gain through university or independently, for their call center operators.

Upon being accepted as candidates, Estarta's recruits are entered into an intensive Cisco certification program, which has differing tiers of training for associates and professionals. (The expertise of an associate, who receives a year of training, exceeds that of a professional, who receives only 8.5 months). Drawing on Cisco's standards and practices, the training is rigorous, and candidates that make it through are very well prepared to meet global standards of service.

Once agents have completed their training and a requisite additional year of service to Estarta, Cisco embraces the “challenge” of mobility faced by other Jordanian vendors. Rather than trying to fight the tendency of these highly qualified resources to seek employment elsewhere, Cisco supports their mobility within their delivery framework. Indeed, Cisco sees mobility as a key way to build resource pools in markets that may not immediately have them.

In addition to the 75 Cisco employees, Estarta has 125 employees dedicated to Microsoft technical assistance.

KEY FINDINGS AND BUSINESS CONSTRAINTS

Despite its obvious success, Estarta has a very concentrated client base, and it has not yet demonstrated the capacity to grow its market without high profile support.

- **Investors can be a source of improved capacities**: Other vendors evaluated by the project team raised concerns about the need to provide extensive training to recent graduates before they can be put on the phones to serve clients. Estarta has faced this issue head-on, leveraging Cisco to establish an intensive training program and a a career path for their human resources. Together, these programs ensure not only that Estarta will have a pool of experienced resources, but that they are encouraged to remain within Cisco's network.
- **Highly qualified workforce comes at a cost**: While its workforce is clearly one of Estarta's most valuable assets, the sheer investment in time and resources required

to enable it is enormous, particularly for a company of its size. Estarta's leadership estimated its training costs at more than JOD 70,000 per agent before they are even put on the phones with live clients.

3.3.5 EXTENSYA

Barely more than half a year old, Extensya is a recent entrant to the field of Jordanian service providers, but it has made a considerable splash in its short life. Already servicing five contracts, including some regional and global leaders in their fields, Extensya has managed to scale up effectively to meet market demands. Extensya's current service mix is equally weighted between outbound and inbound processes,.[78] Extensya has recently signed some significant enterprise clients within the Gulf region and are prospectively looking at growing their market share considerably. They have hired a dedicated Sales executive to drive the regional market. One of their unique propositions is their singular focus on the Gulf market as they believe it is too early to enter the US or European market directly.

Table 18: Extensya Service Profile, by Client

Company	Category	Complexity	Direction	Comments and description
Microsoft	Telesales	Low/ Medium	Outbound	Coordinate the sales and licensing of Microsoft small and medium products. These activities center on calling small independent Microsoft partners to provide supply chain restocking and education.
Fly Dubai	Customer Services	Medium	Inbound	Scheduling and booking travelers on Fly Dubai. This has not become operational at this time.
Aramex	Customer Services	Low	Outbound	Providing delivery scheduling information
Abukhader Automotive dealership	Market research	Low	Outbound	Providing collection of demographic data for marketing research
Real Estate Company	Market research	Low	Outbound	Providing collection of demographic data for marketing research

Source: Company interviews, BearingPoint Analysis

FACILITIES

Extensya's facilities are based in a standalone building which is still under construction (which may provide some explanation for why security measures were not fully implemented). Training, conference and office spaces are situated around a large, centralized work area, and under-floor tunnels provide wiring pathways.

TECHNOLOGIES

Extensya uses Avaya to provide VoIP, reporting, and desktop functionality, and Q/A capability is provided from a local firm, Speechlog.[79]. They are now using approximately 75 endpoints; Avaya architecture would support considerably larger-size scaling and additional redundancy. They do not presently offer IVR services, although the system configuration has the capability.

The Contact Center is completely IP based. This creates a high reliance on network service both the ISP and backbone, and if network services in Jordan fail this company would be unable to do business.

AGENTS

All agents were recent graduates and have a University degree. Under Extensya's current contract mix, they do not require a high level of training, and the average agent had 2-3 weeks of company specific training before going on the phones.

KEY FINDINGS AND BUSINESS CONSTRAINTS

Extensya is a relatively nascent but fast-growing company serving local and regional markets. As a new and growing company they face typical challenges of being able to recruit adequate people. In their discussions, they highlighted the lack of local technical support and the challenge of providing toll-free access to near- and off-shore customers.

- **Local support is minimal or completely unavailable in Jordan:** Local equipment vendors do not store mission-critical parts, and in the case of a breakdown, take about 6-12 weeks to supply them. Delays in customs processing exacerbates the problem.
- **Do-it-yourself Point of Presence**: Like other call centers in Jordan, Extensya has had to establish its own points of presence in target markets to route calls to its center in Amman. This is generally done through a leased line, which can be a very expensive proposition for a single company, ranging from JOD 5000 for a leased line to Saudi to JOD 23,000 for a line to Dubai.
- **English language skills:** Extensya has faced challenges in recruiting agents with high proficiency in spoken English. Often they have to provide customized training in order to build the fluency and comfort level of the agents in English language. They also pointed to the lack of adequate English language testing in local Universities and have tried to align with the American and British schools to provide support.
- **Lack of Jordan's brand**: Extensya believes that the market access would be substantially easier if Jordan had a more established brand as an outsourcing destination. They find clients more willing to outsource to Egypt or UAE due to their higher visibility.

3.4 IMPLICATIONS OF THE SUPPLY SIDE ANALYSIS

The results of the supply-side analysis paint a picture of Jordan's current "offering" to prospective BPO investors. How that offering compares to what those investors have come to expect is the subject of the next section of the report, but it is clear, with a few important caveats, that Jordan has the potential to become as a regional platform to deliver BPO services.

Jordan's handful of vendors serve as a reminder of what Jordan could potentially achieve in the market if it were to address key constraints they continue to face. They also serve as living examples of how those constraints are stifling growth.

4 GAP & OPPORTUNITY ANALYSIS

Drawing on the findings of both the *Analysis of Demand for Outsourcing* and the *Analysis of the Supply Side of Outsourcing in Jordan,* this section explicitly examines the gaps between what regional and global BPO investors seek in a location and what they will find in Jordan. By providing a direct comparison of how Jordan's "supply" aligns with global and regional demand, and by identifying clear market opportunities in the immediate, medium and long term, this section provides the basis for the conclusions and recommendations of the final section of the report.

4.1 MARKET TRENDS

In light of Jordan's current supply-side offering, the forces that shape global market demand for BPO services present both opportunities and challenges.

- On the one hand, the MENA region remains very low on the list of locations companies in top global markets will consider for their outsourcing needs. On the other hand, the explosive growth that characterized the early days of the BPO industry in those markets is beginning to appear in the Middle East and particularly GCC markets.
- The global shift toward near-shoring in outsourcing decisions does not favor Jordan's prospects for attracting a critical mass of companies from the US or Europe, but at the same time Jordan is very well positioned to take advantage of the same trend as outsourcing surges in the Middle East.
- As leading international vendors continue to grow as global companies, they will present tougher competition for Jordanian vendors as they seek to break into regional markets. At the same time, the increasingly global footprint of these firms means that they are seeking new locations from which to deliver services, and Jordan is potentially well positioned to host these companies as they serve regional markets.
- The growing importance of in-market sales in leading global markets will put Jordanian firms at a disadvantage to global vendors in the US and European markets. But Jordanian vendors are very well positioned to deliver client-centric service and sales in near-shore markets in GCC countries.

4.2 INVESTMENT DECISION DRIVERS

Following is a comparison on Jordan's supply-side offering on a number of fronts as they compare to the leading drivers of BPO investment described in *What Drives Company Outsourcing Decisions* and *What Drives BPO Investment Location Decisions* in the *Analysis of Demand for Outsourcing* at the beginning of this report.

4.2.1 THE ENABLING ENVIRONMENT

In the context of this study, the enabling environment comprises the overall **macroeconomic profile** of Jordan, the quality and availability of **physical infrastructure**, and the **fiscal incentives and government support** available to BPO investors.

MACROECONOMIC PROFILE

Jordan is a stable haven in an often unstable region, and its economic policies will generally be seen as quite favorable to BPO investors. The stability of the dinar, tied to the USD, will insulate investors against currency risk that has eroded labor and other cost advantages in other markets. Jordan's relatively high unemployment rate, while generally considered a negative indicator, is potentially a boon to the BPO industry, ensuring a steady supply of young graduates seeking employment.

While it alone is not enough to attract investment, a stable economic profile is a necessary pre-condition to attract FDI, particularly in the BPO space. **Jordan's macroeconomic profile is favorable to investment generally and it offers specific advantages to the BPO sector.**

BUSINESS OPERATING ENVIRONMENT

Ranked 10th in the region and 101st in the world in the World Bank's Doing Business index, Jordan's general business operating environment provides no competitive advantage, and its general investment framework under the Foreign Investment Law provides little to attract BPO investors**. If Jordan must rely on its general operating environment, it will be at considerable disadvantage to other markets in the region in the race to attract investment.**

INFRASTRUCTURE FOR BPO

In the context of this assessment, BPO infrastructure requirements fall under three main categories: network, dedicated physical infrastructure, and energy.

Network, Including Telephony

With only a single point of access to the global internet backbone through the FLAG undersea cable, Jordan is at a critical disadvantage to regional competitors. This presents single point of failure, and the ad hoc redundancy paths that Jordanian vendors now rely do not represent sufficient bandwidth to prevent a severe fall-off in performance. **If these constraints are not corrected, international BPO investors will be very reluctant to consider Jordan as an investment destination.**

This lack of redundancy and the presence of a single de facto operator of the fixed-line network also contribute to telecom and data costs that have historically been quite high. **Jordan's telecom and data costs, while relatively competitive in comparison to some regional rivals, are still higher than the market implies they should be.**.

Power

Jordan's energy infrastructure, while perhaps less than ideal, does not present any major disadvantage. The quality of supply is relatively good, and interruptions are relatively rare. Jordanian business owners have adopted strategies to ensure uninterrupted power, none of which present an undue strain on resources.

Dedicated BPO Zones

Jordan does not currently have a single business park or industrial development dedicated to IT or IT-enabled services. A handful of projects are under discussion or in the works, but none of these is ready to receive investment. More critically, all of them represent ad hoc or partial solutions, and it is not clear that any of the projects currently under development, will meet international requirements for "plug and play" infrastructure. **In light of Jordan's regional competitors' offerings, this lack of dedicated BPO infrastructure places Jordan at a considerable competitive disadvantage.**

FISCAL INCENTIVES AND OTHER GOVERNMENT SUPPORT

While each of the investment and incentive frameworks currently available presents its own set of advantages and disadvantages to prospective BPO investors, none presents a complete, "BPO investment-ready" solution.

- Both the Development Areas Law and ASEZ framework are tied to specific geographic areas, none which will be attractive to first-tier BPO investors. Only the

Development Areas Law allows for designation of new zones, but none are currently planned in a location likely to be favorable to BPO investors.

- The Free Zones Law provides for competitive incentives, and it has great flexibility in its capacity to designate single-enterprise zones. Although it has historically been oriented primarily toward trade in goods, not services, there are examples of services exports working under its framework. The fact that licensing requirements for professional services will expose investors to the much more bureaucratic licensing requirements of Jordan's overall business environment may prove unattractive to BPO investors.

The actual incentives offered by both of the leading frameworks are comparable to offerings in competitor markets (see Table 19), which will probably contribute to the confusion investors will face as they contemplate their options. There is not yet a consensus in the public sector of which framework will be the focus of promotion efforts, and indeed, there is competition between competing authorities for prospective investors' attention. The result is a lack of clarity on a number of fronts:

- The variety of laws and overlapping jurisdictions can create confusion when applied to a services export like BPO
- Jordanian vendors report a lack of transparency and a fair amount of ambiguity in how the laws are interpreted
- There is a lack of clarity in how these incentives/laws would be applicable for BPO firms that serve both domestic and international markets

If only by diluting or confusing communication and marketing efforts to international investors, **the lack of clarity in how of Jordan's investment framework would be applied to BPO operations present a competitive disadvantage for Jordan.**

Table 19: Comparison of Business Environments in Select Outsourcing Locations

	Jordan Development Areas	Jordan Free Zones*	Dubai	Egypt	Philippines	India	Canada
Corporate Tax Exemptions	Yes 0% until 2015	Yes 0% for all exports	Yes 0% for 50 years	Yes 0% for Five Years	Yes 4 to 6 years	Yes Until 2010	No Tax Breaks by Regional Gov'ts
Personal Income Tax Exemptions	No	Yes 0%	Yes 0%	No	No	No	No
Customs Duty Exemption	Yes 0% on all equipment to be used by registered companies	Yes 0% on all goods and equipment	Yes 0% on all equipment to be used by registered companies	Yes 5% on all equipment to be used by registered companies	Yes 0% on all equipment to be used by registered companies	Yes 0% on all imports necessary for operations	No
Foreign Employment	Yes Unlimited	Yes Limited to 50% of workforce	Yes	Yes Very Restricted	Yes	Yes	Yes
Restriction of BPO Services	No	No**	Yes	Yes	Yes	Yes	No
FDI	Yes 100% Foreign ownership	Yes 100% Foreign ownership	Yes 100% Foreign ownership	Yes 100% Foreign ownership	Yes 100% Foreign ownership (for branches only)	Yes 100% Foreign ownership	Yes 100% Foreign ownership

** Jordan Free Zones incentives apply only to exported services. It is not clear how, or even if, BPO firms could provide service to the domestic market under this framework.*

***Professional activities that might serve as the basis for KPO or other BPO activities are subject to licensing by Jordanian authorities under Jordanian law (ie, lawyers would need to be licensed by the Jordanian Bar, etc.)*

4.2.2 HUMAN RESOURCES

While Jordan's population may be dwarfed by its main regional competitor, Egypt, the combination of a steady stream of university graduates and relatively high unemployment implies that Jordan will have sufficient labor supply to support growth in the BPO sector for the foreseeable future, and at a competitive cost. With relatively widespread English skills and a favorably "neutral" accent in Arabic, Jordanian human resources are relatively well prepared to support near-shore and some offshore services.

Due in no small part to the lack of a thriving domestic BPO industry, Jordanian graduates are not aware of BPO services as a career, and as a consequence they have no incentive to prepare themselves for the workforce. As a result, Jordanian firms are faced with **high training costs** to fill in considerable skills gaps and prepare university graduates to face clients, and they are faced with considerable **hiring costs** as graduates they have spent time training move all too quickly into more alluring opportunities in the Gulf.

In terms of sheer numbers, Jordan's human resources are sufficient to support BPO investment, and labor costs are quite competitive. However, in terms of immediate employability, however, Jordan is not yet in a favorable competitive position vis-à-vis its regional rivals. Additionally, it lacks access to other European language skills such as French, Spanish and German that its main rival Egypt touts as a major advantage.

However in terms of work ethics, language skills (neutral Arabic and English accents), productivity and education skills levels, Jordanian workforce is second to none within the MENA region. This is a major advantage that Jordan possesses as its workers are respected throughout the region as the ones who can be trusted to produced quality results and are known to be hard working.

4.2.3 COMPANY AND SECTOR CAPACITIES

As a newcomer to the very competitive field of outsourcing locations, **Jordan faces a number of challenges in terms of the maturity of its vendors and the BPO sector itself**.

While Jordanian firms have demonstrated a handful of clear successes in attracting customers from leading international companies, the genesis of these contracts is almost found in one-on-one relationships, personal networking or direct intervention of Jordanian leaders. While these tools will always be part of an effective organization's sales arsenal, Jordanian vendors to date have not demonstrated the level of **sales maturity** that will be required if they are to sustainably grow their businesses by winning business in regional and international markets.

To do so, Jordanian vendors will need to upgrade their understanding and **awareness of business cycles** in the BPO industry, adopting more rigorous internal practices to identify market opportunities, gather market intelligence, and credibly respond to requests for proposals (RFPs) by sophisticated consumers of BPO services.

By increasing sales maturity and upgrading their awareness and capacity to take advantage of business cycles in the industry, Jordanian vendors will quickly mitigate the considerable risk they currently face in the **lack of diversity in their business portfolios**. At present, most of the Jordanian vendors have a high client concentration and are hence vulnerable to business losses if they were to lose their major client's contract.

4.2.4 GEOGRAPHY AND CULTURAL AFFINITIES

Geographically, **Jordan is well positioned to serve near shore markets in the MENA region, particularly in the GCC and nearby Levant countries**. Its proximity to these markets will allow for simplified travel and communication between customer companies and vendors located in Jordan, which in turn will facilitate contract management, reduce costs, and allow for the development of more intimate working relationships. Communications links between Jordan's immediate neighbors will also be simpler to establish.

Jordan's geographical proximity to GCC and other MENA countries is complemented by the natural affinities associated with a shared cultural and linguistic heritage.

Though it presents less of an advantage over global competitors, **Jordan may also be able to take advantage of its position between Western markets and India** This positioning could allow for work shifts that overlap, complement, or "split the difference" between customers in leading European and US markets and vendors in India.

4.3 IMPLICATIONS OF THE GAP ANALYSIS

Despite its fundamental advantages in the GCC market, Jordan's late start has caused it to fall behind its regional competitors in establishing itself in the BPO space. Across the region, governments are working with the private sector to formulate and implement the infrastructure and regulatory environments to attract BPO investors and multi-national companies seeking to set up captive service centers for the region.

Egypt, with its expansive local market and large local population, has the market fundamentals to assume a leading role. Other regional contenders have begun to make a mark almost in spite of their competitive positioning. In the UAE, decisive action and an established brand have already put its sector on the map, despite higher costs for infrastructure, telecommunications, and human resources.

From Egypt's Smart Villages and Qatar's Knowledge Oasis, to Dubai's Outsource Zone, regional investment in—and aggressive marketing of—dedicated outsourcing zones is quickly widening the gap for Jordan. The result so far has been leading US, European and Indian service providers setting up operations in Egypt, UAE, Bahrain, and Oman.

The risk, of course, is that Jordan will not act in time to address constraints and aggressively position itself in the market, and it will increasingly lose ground to regional competitors in addressing a real and growing market opportunity.

4.3.1 MARKET OPPORTUNITIES

Even a glance at the global market for BPO services is enough to paint a bright picture of the global opportunity to address it. Even in the face of a worldwide recession, global spending on BPO services is expected to continue growing at an average rate of more than10 percent annually, reaching USD 168 billion by 2012. In the Middle East, growth rates are more characteristic of a burgeoning market, reaching 20 and even 50 percent in some countries, with regional spending on BPO reaching USD 4-6 billion in the same period.

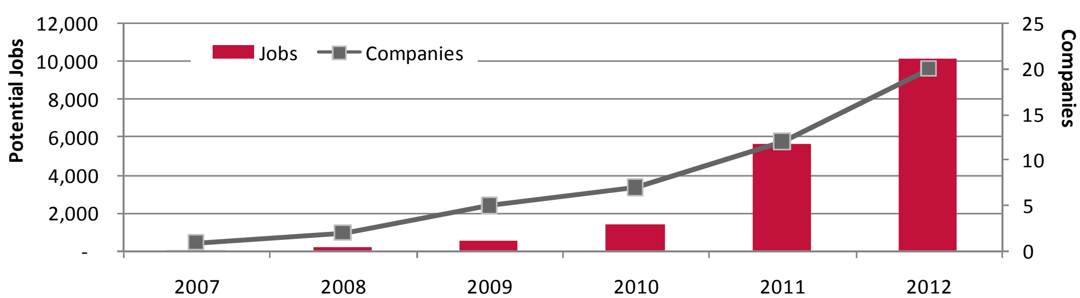
In light of such figures, it is tempting to overstate the market opportunity for Jordan, but it is clear that **coordinating stakeholders to address constraints and position Jordan in the regional and global marketplace will pay high dividends.** Even relatively conservative projections of Jordan's share of the regional market, supplemented by modest growth in international investment in the sector, results in a dramatic growth in jobs, company formation and investment in Jordan. Perhaps more importantly, the jobs that would be created by this investment are high-quality jobs for Jordanian college graduates, with monthly salaries ranging from JOD 350-2000 depending on skills sets and experience.

Box 9: Jordan as the Philippines of the Middle East

Egypt, with its vastly larger population and early momentum, has already begun to establish itself as the burgeoning India of the Middle East region.

Far from pushing Jordan aside, Egypt's rise raises global awareness of the region as a contender for outsourcing investment. Jordan, by focusing its resources and addressing specific market niches, has the opportunity to establish itself as the regional equivalent of the Philippines.

Figure 11: Potential Growth in Jordanian Jobs and Company Formation through 2012



Source: BearingPoint Analysis from IDC data

The market opportunities that Jordan can realistically address to meet this potential can be broadly separated into **immediate**, **short-to-medium**, and **long-term** opportunities.

IMMEDIATE MARKET OPPORTUNITIES

In the immediate term, Jordan should concentrate its sector resources on addressing demand in **near-shore markets.** In the context, this primarily comprises the GCC countries, where Saudi Arabia, UAE, Qatar and Bahrain should be priority markets, but it also means seeking to develop awareness and customer bases within Jordan.

Within these markets, Jordanian vendors and investment promotion efforts should immediately target **front-office activities** in the following industries:

- **Financial Services, including Banking and Insurance**: Given the nature this sector as the vanguard of adoption of BPO as a business practice, the increase in consolidation and IT investment in the region, and the concentration of banks and other non-bank financial institutions in key GCC markets, this should be a priority sector for Jordanian vendors and broader investment promotion efforts. Immediate opportunities exist to support banks as they try to meet growing consumer demand for tele-banking and other value-added, front-office services. Within this sector, Jordanian vendors may be able to position themselves ahead of international market leaders as providers of customer service for **Islamic Banking** and other Shariah-compliant financial services.
- **Telecommunications and IT**: As demand for fixed-line and mobile telecom and data services grows in the region, there will be increasing demand for customer service and outbound sales. Similarly, leading software and IT products firms have found the GCC region to be a high growth area, and there is an opportunity to provide them with outsources services they need to provide technical support and sales..
- **Travel and Hospitality**: Regional airlines are already demonstrating demand for customer support services, and as demand for travel and hospitality in the region grows there is an opportunity to address the related demand for Arabic-language call centers.
- **Retail, E-Ccommerce, Marketing services:** While the global recession has not spared the GCC or MENA region, consumer spending will remain a mainstay of economies across the region. There is an immediate opportunity to provide call center services to regional retailers both online and off, and to provide outbound services in support of marketing, polling and consumer outreach efforts.

Leading **Indian BPO vendors** are scouting the MENA region to establish regional operations. They are eyeing the GCC region as a growing market and considering it as a good counter-balance to the slowdown in US and EU markets. It will be prudent to target these Indian firms and to attract them to establish service centers or delivery platforms in Jordan as a base to serve regional and global markets. Bringing in a recognized Indian vendor will also provide significant credibility and boost to Jordan's claim as being a regional BPO hub.

SHORT- TO MEDIUM TERM MARKET OPPORTUNITIES

Building on the expertise its vendors will gain by providing increasingly complex front office services in target sectors, Jordan will have the opportunity to move into more complex back office and KPO (Knowledge Process Outsourcing – Research and Analytics) services for the regional market.

Having established its reputation as a stable platform for the provision of BPO services, Jordan will also have the opportunity to attract increased investment from two new sources:

- **Multinational companies** based in or serving GCC markets will set up captive shared service centers to support their own regional operations
- Leading **international vendors** will establish service centers to act as nodes in their delivery platforms, using Jordan as a base to serve regional and global markets. Through these vendor networks, Jordan will begin to establish itself in the international marketplace.

LONG-TERM MARKET OPPORTUNITIES

As Jordan matures as a delivery platform for BPO services to regional markets, it will increasingly become a node in the leading global vendors' delivery platforms. Over time, this will result in higher visibility for Jordan in global markets, adding to the regional reputation it will have already established. It will also serve as a continuous catalyst to increase the capacity of Jordanian vendors and workers to meet the highest standards of service for the world's leading companies.

Upon reaching this critical mass, Jordan can expect to start attracting clients directly from US, UK and other leading global markets for BPO services. Its vendors will also move into higher value services, including KPO in leading vertical sectors and business transformation services.

5 CONCLUSIONS AND STRATEGIC RECOMMENDATIONS FOR DEVELOPMENT OF THE BPO INDUSTRY IN JORDAN

5.1 CONCLUSIONS

On nearly every front, Jordan has all the right components to compete as a regional platform to deliver BPO services. Starting from its current, relatively modest base of front-office service providers, Jordan's BPO industry has the potential to be a significant driver of economic growth, foreign direct investment and thousands of quality jobs for Jordanians.

To realize this potential, however, Jordan must act swiftly to address a number of key constraints—identified in this report—which limit its abilities as a platform to deliver BPO services to the region and leading global markets. At the same time, Jordanian stakeholders must focus on developing clear competitive differentiators with respect to other regional players, by focusing on clear market niches and positioning Jordan as a credible option in the market.

Finally, leaders in the private and public sectors alike must assume a sense of urgency. The BPO market is among the world's fastest moving, and global perceptions and regional brands are already being set. The window of opportunity will not last forever and regional contenders such as Egypt and other rivals already have a head start.

5.2 STRATEGIC RECOMMENDATIONS

Following is a series of recommendations for Jordan's government and business decision makers. Based on extensive discussions with industry stakeholders and public sector officials, as well as the various research findings of this report, these recommendations are designed to provide Jordan's leaders with a clear set of actions and next-steps to directly enhance Jordan's competitiveness in the BPO sector.

5.2.1 BUSINESS ENVIRONMENT

At present, Jordan's Free Zones Law presents the best fit for the needs of BPO investors. Its **tax and regulatory framework** and **fiscal incentives** are competitive with regional offerings, and it has the flexibility to be applied immediately to single enterprises, regardless of location. The framework has traditionally served manufacturing and services related to the exports of goods, but a model exists in the Jordan Media City that demonstrates how services and technology-enabled exports can work out of a Free Zone.

Local vendors have expressed some frustration at ambiguities in how the Free Zones Law might be applied to vendors seeking to serve both domestic and export markets, but again there is precedent in the law. Manufacturing operations selling into the local market

Box 10: Keys To Jordan's Long-Term Competitiveness

In its 2007 Global Services Location Index, AT Kearney highlighted the trend that, even as the relative cost advantage of leading offshore destinations was declining, their scores for people skills and business environment were rising significantly.

This starkly illustrates the strategic challenges Jordan faces if it to reach the potential represented by global and regional demand for BPO services. Long-term competitiveness relies on business environment, human resources skills development, and infrastructure investment.

are required to keep two sets of books, a practice in line with international norms in operating Free Zones.

Especially if it can be coupled with dedicated infrastructure near Jordan's main economic activity in Amman (see *Dedicated Infrastructure* below), the Free Zones Law provides a readily-available, competitive ecosystem to support development of the sector. In the event that a Development Area is designated in an area favorable to BPO investment, the Development Areas Law allows for Free Zones to be designated within Development Areas.

Business Environment Recommendations

Recommendations in this area are focused on ensuring that government support and incentive packages available to the BPO industry are competitive with other regional markets.

- In the immediate term, promotion efforts should focus prospective BPO investors attention on the Free Zones Law
- Relevant Regulators should ensure that the instructions to the Free Zones Law are clear and present no pitfalls or ambiguity for BPO investors
- Provisions could be made to allow single enterprises to be designated as Free Zones to attract investors wishing to set up independent facilities

5.2.2 INFRASTRUCTURE

Over the past few years, Jordan has gained considerable momentum toward addressing the infrastructure constraints on development of the BPO industry, and indeed the ICT sector as a whole. In full recognition of the progress Jordanian leaders have made, recommendations in this area are directed at maintaining that momentum and ensuring that the improvements now apparently in the works are fully implemented on the ground.

NETWORK AND TELEPHONY

While Jordan's single point of access to the global internet backbone through FLAG represents a critical infrastructure constraint on growth of the BPO sector, the apparently imminent link to the FALCON undersea cable will effectively eliminate this constraint. The urgency of this connection cannot be overstated, as the current level of bandwidth and redundancy will largely disqualify Jordan from most investor site selection lists and higher-value outsourcing applications by Jordanian firms.

Assuming this connection is going forward, the project team's recommendation is for stakeholders to take all necessary action to ensure that it happens on schedule in Q2 2010, and that the resulting bandwidth be made available to the marketplace as soon as possible.

DEDICATED INFRASTRUCTURE

Despite recognizing the need several years ahead of the competition, Jordan to date has not established dedicated facilities for the development of IT-enabled industries. Given the competitive landscape in the region and global investment trends in the BPO space, it is abundantly clear that Jordan will be bypassed as an investment location until it can offer investors a credible alternative for "plug and play" infrastructure. Coupled with the fiscal and business climate benefits of specialized zones, dedicated infrastructure is an assurance to investors on a number of levels.

First, a well-designed and managed zone immediately mitigates concerns and risks associated with the broader business environment. There will be no need to determine how to gain access to utilities or link to sufficient network bandwidth, for instance. Second, it assures investors of Jordan's commitment to supporting the BPO sector as an engine of economic growth. Importantly it also provides expandable space to BPO operators (who often need add-on space to expand into) with assurity of scalable infrastructure and other facilities.

Infrastructure Recommendations

Recommendations in this area are directed at ensuring Jordan has adequate network redundancy to meet international standards, reducing telecommunication and network factor costs, and providing BPO investors with world-class, "plug and play" infrastructure.

- **MoICT** should extend all possible support to ensure the timely completion of alternative telecom links by the first quarter of 2010
- **MoICT** should seek to ensure competitive telecom pricing within the GCC markets
- **MDC**, in partnership with the private sector, should accelerate efforts to implement a dedicated BPO zone close to Amman, preferably with access to the regulatory and fiscal benefits of the development areas law.
- **MDC** should accelerate efforts to develop the Irbid Development Area as a dedicated BPO zone.

5.2.3 HUMAN CAPACITIES

The supply of human resources in Jordan, as amply demonstrated in the *Human Resources* section of the *Analysis of the Supply Side of Outsourcing in Jordan* is more than sufficient to meet industry demand over the near to medium term. However, the employability of those human resources, particularly directly out of university, is currently weak.

An initiative sponsored by USAID and other key stakeholders to address many of these human capacity constraints is the national **Call Center Training Program** (CCTP). The program provides subsidized call center training with the explicit goal of improving the quality of Jordan's BPO workforce. Using a public-private partnership model to deliver the training, the program would:

- Improve the communication skills of Jordanian BPO employees
- Upgrade the labor pool available to BPO employers
- Provide key feedback to improve future training initiatives

Human Capacities Recommendations

Recommendations in this area are aimed at improving awareness of BPO as a viable career choice for Jordanians and building the capacity of graduates before they enter the workforce.

- **MoICT** and **JEDCO** should implement the CCTP program
- The **BPO Association**, in partnership with the **private sector**, should develop and execute an awareness campaign to proactively build interest in the BPO sector as a career
- The **MoICT**'s Internship program should be extended to include non-IT graduates seeking a career in IT-enabled services. This will ease the current cost burden of hiring fresh graduates and training them to bring them at par with industry expectations.

5.2.4 SECTOR CAPACITIES

Jordan has very few successful outsourcing service providers. The industry is still in its early growth phase and lacks the maturity that is needed in the international markets. The critical needs of a vibrant outsourcing sector are as follows:

- Robust delivery processes, human resources and facilities
- Effective branding, marketing and sales capabilities
- Specialization in industry horizontals (functions) or vertical sectors
- Significant scale of operations with reliable infrastructure and risk diversification

Currently in Jordan there are no firms that meet even two of these criteria. In order to develop the capacity of this sector, there is a need to provide thought leadership, market intelligence and sales guidance. Ideally, this would be achieved through establishment of an independent industry association that is tasked with developing the needs of the outsourcing sector.

This member-driven association for the BPO and Outsourcing industry would play the role of an advocate, facilitator and promoter for the BPO sector. The prime objective is to develop and promote Jordan's outsourcing industry and to position Jordan as a major global hub for high value outsourcing services. The BPO association would have 5 main focus areas:

- **Marketing / Branding** - Improving perception of Jordan as an outsourcing destination and promoting its provider competencies in target markets
- **Business Development** - Focus on developing channels, managing leads and inquiries and providing sales consultation to enhance member companies' sales capabilities. Also increasing membership for the consortium.
- **Best Practices & Capabilities Development - F**ocus on enabling the outsourcing sector with appropriate HR & people competencies, industry best practices and supporting business environment to address market requirements.
- **Advocacy and Policy enablement -** Focus on providing government and industry with relevant policy and regulatory inputs such that BPO sector's attractiveness is developed and continually sustained.
- **Research and Market Intelligence:** Provide an overarching support function to the other focus areas through creation of research based content. This would comprise of research articles, benchmarking data, white papers, country statistics, comparative analyses, etc that enable the service providers to compete in the global markets

This association could be established by MoICT under Int@j to help develop the sector. Currently Int@j has proposed expanding its scope of activities to include ITES, which will cover the needs of the BPO/Outsourcing sector. Eventually, it may be worthwhile to form a separate association to meet the needs of a growing sector.

Additionally, it is our recommendation to establish a local chapter of IAOP (International Association of Outsourcing Professionals) in Jordan. This would raise Jordan's visibility in international markets and also bring in much needed best practices expertise. A specific business case and proposal for the IAOP has been prepared and submitted to MoICT by Int@j.

Finally, public and private sector organizations should seek to provide assistance to local vendors to achieve international certifications like COPC 2000 and the variety of ISO ratings that provide third-party verification of the quality of their processes and capacities.

Sector Capacities Recommendation

- **Int@j** and **MoICT** should establish a dedicated **BPO Association** within Int@j to proactively advance and develop of the sector, and lead marketing, advocacy and public outreach efforts.
- Establish a local chapter of **IAOP** (International Association of Outsourcing Professionals) in Jordan for accessing world class best practices and research.
- Provide financial support to Jordanian vendors for achieving industry recognized quality, process and security certifications such as **COPC 2000 CSP**.

5.2.5 MARKET DEVELOPMENT AND INVESTMENT PROMOTION

In the immediate term, Jordan must make a concerted effort to develop both regional and domestic markets. Over the longer term, promotion efforts should also seek to build Jordan's brand in leading global markets.

It is important to **promote the domestic outsourcing market in Jordan**. Not only will this help Jordanian service providers to scale up, but it will also enable to them to develop process expertise across different verticals which will eventually benefit them when expanding into near-shore or offshore markets. (see **Box 5** on p 20).To develop the domestic market, however, it is critical to disseminate information about the benefits of outsourcing as well as to create forums for the potential clients and service providers to engage in discussions.

The newly established BPO Industry Association should take this up as one of its key responsibilities. A **public awareness campaign** about the industry would provide valuable knowledge to Jordanian firms about the benefits of outsourcing as well as options available to them domestically. ICT and Outsourcing diffusion initiatives amongst various sectors would act as a catalyst for engaging these firms in a dialog and increase visibility of Jordanian service providers. Such initiatives for Healthcare and Pharmaceutical sectors have already been conducted successfully by SABEQ and Int@j. We recommend expanding these to the Banking, Insurance, Telecom and Retail sectors.

High-visibility brands can serve as powerful indicators to other prospective investors that Jordan's marketing efforts are backed by facts on the ground, and that the package Jordan has to offer is good enough for market leaders. As Jordan improves its competitive positioning in its infrastructure and other aspects of its enabling environment, its leaders and public and private sector institutions should **focus investment promotion efforts on identifying and attracting marquee investors** (See also Box 6 on page 35). While long term investment promotion efforts cannot rely on such focused, one-on-one marketing alone, early efforts should bring Jordan's highest level leaders to bear on attracting top-tier companies from the region and, when Jordan is ready, from global markets. These efforts should be the result of coordination, not competition, between Jordan's leading investment promotion arms, including the MDC, MoICT and JIB.

Market Development and Investment Promotion Recommendations

Recommendations in this area are aimed at prioritizing target markets for investment promotion and private sector marketing efforts, establishing a strong brand in target markets, and creating early success stories to support marketing efforts.

- The **MoICT** should identify and appoint a sector champion to coordinate and spearhead efforts to grow and market the BPO sector. The champion should be an industry insider, with the capacity and connections to open doors for Jordanian leaders and enterprises and open channels to access regional markets
- Public and private sector efforts should target the GCC market as an immediate opportunity
- **JIB** and the new **BPO Association** should leverage Jordan's strengths to create a unique brand as a destination for outsourcing investment and a platform to serve the region.
- **MDC, JIB, MoICT** and other public sector stakeholders coordinate their efforts and focus on attracting marquee global firms to Jordan, to act as catalysts to build international visibility and recognition as a viable contender in the sector
- Organize a regional **BPO Summit** in Jordan later in 2009 to kick off its BPO sector branding campaign. This will also attract industry thought leaders, influencers, investors and services buyers from the region to Jordan and significantly boost its visibility in the market.

5.3 NEXT STEPS

To take advantage of the current momentum to advance Jordan's BPO sector, public and private sector stakeholders should immediately focus efforts to move forward in two key areas.

DEVELOP MARKETING STRATEGY

Drawing on the results of the present analysis, stakeholders should develop a detailed marketing strategy to guide investment promotion and regional marketing efforts for Jordan as a destination of choice for BPO investment. Specifically, the strategy should:

- Specify market segments and near-short markets to be targeted
- Provide detailed profiles of vertical target segments, including leading companies by target markets, with contact information of key decision makers
- Develop marketing budgets by market and vertical market segment
- Identify specific trade shows, international trade publications and other marketing channels with indicative costing
- Detail strategies to address target segments and target markets, including specific actions, events, campaign start dates
- Identify key performance indicators to guide the management of marketing efforts
- Develop a detailed Country Profile of Jordan to accentuate its key strengths, advantages and differentiators
- Develop a differentiated brand and positioning for Jordan as an outsourcing destination. Design and develop related marketing collateral in order to actively promote and market Jordan.

- Establish relationships with consultants, advisors, influencers and service providers in the GCC region as well as globally in order to spread the message about Jordan.

SUPPORT THE DEVELOPMENT OF DEDICATED BPO ZONES

The lack of a dedicated zone with "plug-and-play" capabilities for BPO investors is a critical gap in Jordan's offering. The government should work closely with the private sector to support the development of one or more such zones near Amman, in which investors would have access to one or more of the investment frameworks favorable to BPO activities.

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APPENDICES

APPENDIX A - SKILL SETS REQUIRED BY BPO INVESTORS

Skills requirements in the horizontal market segments vary widely, depending on a variety of factors. Workers in front office jobs will require far more “soft” skills than those developing solutions for back office operations, the technical skills requirements for which can be quite specific. Skills requirements for **front office** service representatives are largely dependent on the level of service they will be required to provide. Service levels in the industry are often divided into Tiers of service, with Tier 1 presenting the lowest level of skills required to perform and Tier 3 representing the highest.

- **Tier 1 Services** are generally the first non-automated level of service a caller will be greeted with in a call center environment, and they will generally field the largest volume of calls. On the inbound side, their responsibilities include assisting end-users in the use of self-service tools, providing answers to basic questions, and relying on scripted problem-solving using searchable knowledge bases. More complex issues are escalated to Tier 2 service representatives. On outbound functions, Tier 1 service can include sales and marketing and conducting surveys. Tier 1 representatives will interact with end users through a variety of channels, including voice, web, e-mail, click-to-chat, mail and fax.
- **Tier 2 Services** are provided by more experienced functional specialists, who provide backstopping to issues that cannot be resolved at the Tier 1 level. Tier 2 representatives will be asked to be more proactive, developing and owning processes and solutions, following up and “scripting” information not covered by existing knowledge bases. They will address service requests that require research and consultation with Tier 3 subject matter experts. Activities may also include complex transactional data entry.
- **Tier 3 Services** are provided by functional Subject Matter Experts (SME) who most commonly do not interact directly with end-users. They include the “owners” of specific policies or processes, and they are the functional and policy back-up for Tier 2 representatives. This level of service is often provided by liaisons with the client company, and activities include approving policy exceptions, identifying emerging

Back office skill requirements are driven by the functions being managed by BPO service providers. In addition to the general capacity to operate in a fast-paced, modern business environment, workers must be capable of learning the internal procedures and processes of

Table 20: General Skills Requirements for Front Office Service Representatives, by Tier

Service Level	Skills Required
Tier 1	▪ Language fluency ▪ Interpersonal communication ▪ Analysis and research ▪ Computing aptitude, including keyboarding ▪ Phone etiquette ▪ Flexibility ▪ Basic understanding of business functions (HR, benefits and payroll, accounting, etc) ▪ Specialized contact center tools
Tier 2	▪ All Tier 1 skills ▪ Higher knowledge of business functions ▪ Basic management ▪ Expanded analysis and research capabilities
Tier 3	▪ Specialized functional knowledge ▪ Highly dependent on function and/or vertical industry

multiple organizations in their functional area. The more automated processes, the more IT-oriented the skill sets required to perform the job, regardless of the market segment. Thus, a position in the payroll-processing segment of human resources outsourcing is as likely to require database development and management capacities, as it is an understanding of payroll procedures.

More specialized back office functions will also require knowledge that is more specialized. This is obviously true of higher-level functions, but it is also true of functions that may differ dramatically depending on the client company's market. A pension specialist serving clients in the UK, for instance, will require very specific experience and knowledge of regulations and procedures in that country, which may differ dramatically from those governing human resources management in the US, for instance.

Table 21: Sample Skills Requirements for IT Outsourcing

Function	Qualifications	Technical Skills Required
Senior Software Consultant	Graduate Engineer/MCA with 4-5 years experience in software development:	▪ ASP ▪ XML ▪ VB/Java Scripting ▪ .NET Framework ▪ ASP.NET ▪ C# ▪ Experience with MS SQL Server ▪ Experience in development using VC++ ▪ Preference for candidates with vertical industry experience
Software Consultant	Graduate with 2-3 years experience in software development.	▪ ASP ▪ XML ▪ VB/Java Scripting ▪ .NET Framework ▪ ASP.NET ▪ C# ▪ Experience in MS SQL Server ▪ Preference for candidates with vertical industry experience
Software Professionals	Young software professionals with 2 to 3 years of software development experience	▪ Skilled in Java or other internet based development tools. ▪ Business knowledge in a commercial area of the industry is an advantage.

Source: BearingPoint Analysis of industry job postings

APPENDIX B - OUTSOURCING SERVICE PROVIDERS

Chief Executives and Web Addresses of Leading International Outsourcing Service Providers

Company	Chief Executive Officer	Web Address
24/7 Customer	P. V. Kannan	www.247customer.com
Achievo	Robert P. Lee	www.achievo.com
Affiliated Computer Services (ACS)	Lynn Blodgett	www.acs-inc.com
Aditya Birla Minacs Worldwide	Deepak J. Patel	www.minacs.adityabirla.com
AppLabs	Makarand Teje	www.applabs.com
Aricent	Sudip Nandy	www.aricent.com
Beyondsoft Group	Ben Wang	www.beyondsoft.com
Birlasoft	J. Ramachandran	www.birlasoft.com
BlueAlly	Vijay Tanamala	www.blueally.com
Cambridge Solutions	Christopher Sinclair	www.cambridgeworldwide.com
Capgemini	Paul Hermelin	www.capgemini.com
CGI Group	Michael E. Roach	www.cgi.com
Collabera	Hiten Patel	www.collabera.com
Computer Sciences Corporation (CSC)	Michael W. Laphen	www.csc.com
Convergys	David F. Dougherty	www.convergys.com
Corbus	Rajesh K. Soin	www.corbus.com
Cybage Software	Arun Nathani	www.cybage.com
e4e	Somshankar Das	www.e4e.com
EA Consulting	Chin King Wong	www.ea-inc.com
EPAM Systems	Arkadiy Dobkin	www.epam.com
ePerformax Contact Centers & BPO	Teresa Hartsaw	www.eperformax.com
Etech	Matt Rocco	www.etechinc.com
eTelecare Global Solutions	John Harris	www.etelecare.com
Exigen Services	Alec Miloslavsky	www.exigenservices.com
Exl Service	Rohit Kapoor	www.exlservice.com
Firstsource	Ananda Mukerji	www.firstsource.com
Genpact	Pramod Bhasin	www.genpact.com
Globerian	Naveen Trehan	www.globerian.com
GlobalLogic	Peter Harrison	www.globallogic.com
Grupo ASSA	Roberto Wagmaister	www.grupoassa.com
HCL Technologies	Vineet Nayar	www.hcltech.com
Headstrong	Arjun Malhotra	www.headstrong.com
HeroITES	David Turner	www.heroites.com

Company	Chief Executive Officer	Web Address
Hexaware Technologies	P. Chandrasekar	www.hexaware.com
Hildebrando	Diego Zavala	www.hildebrando.com
hiSoft Technology International	Loh Tiakkoon	www.hisoft.com
HOV Services	Suresh Yannamani	www.hovservices.com
HTC Global Services	Madhava Reddy	www.htcinc.com
Hinduja TMT Global Solutions	Partha De Sarkar	www.htmtglobal.com
IBA Group	Sergei Levteev	www.iba-it-group.com
ICT Group	John J. Brennan	www.ictgroup.com
iGATE	Phaneesh Murthy	www.igate.com
Indecomm Global Services	Naresh Ponnapa	www.indecommglobal.com
Infogain	Kapil Nanda	www.infogain.com
Infosys Technologies	S. Gopalakrishnan	www.infosys.com
Innodata Isogen	Jack S. Abuhoff	www.innodata-isogen.com
Insigma Technology	Shi Lie	www.insigma.com.cn
Intelenet Global Services	Susir Kumar	www.intelenetglobal.com
InterGlobe Technologies	Vipul Doshi	www.igt.in
Intetics	Boris Kontsevoi	www.intetics.com
ITC Infotech India	Sanjiv Puri	www.itcinfotech.com
Itransition Group	Sergey Gvardeitsev	www.itransition.com
Kompakar	Dr. Ir. Ahmad Fikri Hussein	www.kompakar.com
KPIT Cummins Infosystems	Kishor Patil	www.kpitcummins.com
Larsen & Toubro Infotech	Sudip Banerjee	www.lntinfotech.com
Lionbridge Technologies	Rory Cowan	www.lionbridge.com
Luxoft	Dmitry Loschinin	www.luxoft.com
Mascon Global	Sandy Chandra	www.mgl.com
Mastek	Sudhakar Ram	www.mastek.com
Mera Networks	Dmitry Ponomarev	www.meranetworks.com
Microland	Pradeep Kar	www.microland.com
Mindteck	Pankaj Agarwal	www.mindteck.com
MindTree Consulting	Ashok Soota	www.mindtree.com
MphasiS	Jeya Kumar	www.MphasiS.com
NCO Group	Michael Barrist	www.ncogroup.com
Neilsoft	Ketan Bakshi	www.neilsoft.com
Neoris	Claudio Muruzbal	www.neoris.com
Ness Technologies	Sachi Gerlitz	www.ness.com
Neusoft	Dr. Jiren Liu	www.neusoft.com
NIIT Technologies	Arvind Thakur	www.niit-tech.com
Ocwen Financial	William C. Erbey	www.ocwen.com

Company	Chief Executive Officer	Web Address
Outsource Partners International (OPI)	Clarence T. Schmitz	www.opiglobal.com
Patni Computer Systems	Narendra K. Patni	www.patni.com
Polaris Software Lab	Arun Jain	www.polaris.co.in
Politec Global IT Services	Helio Oliveira	www.politec.com
QuEST	Ajit A. Prabhu	www.quest-global.com
Quintec Soluciones	Cristbal Vergara	www.quintec.cl
RCG Information Technology	Robert Simplot	www.rcgit.com
Reksoft	Alexander Egorov	www.reksoft.com
SafeSoft International	Brian You	www.safesoftinc.com
Scicom	Leo Ariyanayakam	www.scicom-intl.com
Sitel	David Garner	www.sitel.com
SONDA	Ral Vjar Olea	www.sonda.com
SPi Technologies	Peter Maquera	www.spi-bpo.com
Stream Global Services	R. Scott Murray	www.stream.com
Sutherland Global Services	Dilip R. Vellodi	www.suth.com
Symphony BPO Solutions	Jack Cantillon	www.symphony.com.my
Symphony Services	Gordon Brooks	www.symphonysv.com
Synapsis	Leonardo Covalschi	www.synapsis-it.com
Syntel	Bharat Desai	www.syntelinc.com
Tata Consultancy Services (TCS)	S. Ramadorai	www.tcs.com
Teledirect	Laurent Junique	www.teledirect.com.sg
TELUS International	Jeffrey Puritt	www.TELUSInternational.com
Unisys	J. Edward Coleman	www.unisys.com
UST Global	Sajan Pillai	www.ust-global.com
VanceInfo Technologies	Chris Chen	www.vanceinfo.com
vCustomer	Sanjay Kumar	www.vcustomer.com
Virtusa	Kris Canekeratne	www.virtusa.com
Wipro Technologies	Suresh Vaswani and Girish Paranjpe	www.wipro.com
WNS Global Services	Neeraj Bhargava	www.wns.com

APPENDIX C - TOP 20 OUTSOURCING CONTRACTS SIGNED IN 2008

Primary Vendor	Customer Name	Contract Value ($ Millions)	Duration (Years)	Industry	Geographic Region	Service Type	Contract Status
TCS	Citigroup	2,500	9.5	Financial services	Global	ITO and BPO	New
AT&T	Dutch Shell	1,600	5	Manufacturing: Process	Global	ITO	New
TSystems	Dutch Shell	1,552	5	Manufacturing: Process	Global	ITO	New
Capita	Prudential U.K	1,500	15	Financial services	Western Europe	BPO	New
CSC Bombardier	Transportation	1,200	7	Transportation	Global	ITO	Renew
Lockheed Martin	Transportation Security Administration	1,200	8	National and international government	North America	BPO	New
EDS	Infocomm Development Authority of Singapore	1,000	8	National and international government	Asia/Pacific	ITO	New
EDS	Dutch Shell	1,000	5	Manufacturing-Process	Global	ITO	New
Perot Systems	Harvard Pilgrim Health Care	1,000	13	Healthcare Provider	North America	ITO and BPO	Extension
Lockheed Martin	Federal Bureau of Investigation	1,000	10	National and international government	North America	ITO and BPO	New
EDS-Telindus	Flemish Government	831	7	Local and regional government	Western Europe	ITO	Renew
Tech Mahindra	BT	700		Communications	Asia/Pacific	ITO	New

Primary Vendor	Customer Name	Contract Value ($ Millions)	Duration (Years)	Industry	Geographic Region	Service Type	Contract Status
HP	Unilever	675	7	Manufacturing: Process	Global	ITO	Extension
HP	BT	660	8	Communications	Global	ITO	Extension
BT	Procter & Gamble	650	5	Manufacturing: Process	Global	ITO	New
Wipro	Aircel	600	9	Communications	Asia/Pacific	ITO	New
GTL	Ericsson	591	3	Communications	Western Europe	ITO	New
Cable & Wireless	Aviva Insurance Group (Norwich Union)	586	6	Financial services	Global	ITO	New
Stanley	U.S. Department of State, Bureau of Consular Affairs/Passport Services Directorate	570	5	National and international government	North America	BPO	Extension
ACS	Ingersoll Rand	551	10	Manufacturing: Discrete	Global	ITO	Extension

		Skills	Qualification	Exp
Sales & Marketing	Market Research Survey Admin Lead Generation OB/Tele Sales Pre-Sales/Consult	Business Development ,Architecting commercial, Excellent communication, research & analytical skills, generating leads, Pre Sales experience preferred	Graduate MBA Preferred	2 to 6 Years
Customer Service	Customer Care Loyalty programs Warranty Mgmt Product Inquiries Inbound Sales/Order processing	Excellent communication skills, Good Analytical Skills Conversation building ability, Empathetic, Knowledge of MS office & Good typing speed, Willingness to work in shifts is an absolute must	Graduate/ Undergraduate	0 to 2 Years
Technical Support	Tier 1 Support Tier 2 Support Online/Chat/Email Support Knowledge Base	Technical Certifications, Prior technical Exp Willingness to work in night shifts is an absolute must	BE, BCA, BCS,MCA	1 to 3 Years

Human Resource	Payroll processing	Special expertise in payroll and benefits processes, Conversant in ERP, Proficient in MS Office & Database Management & MIS	PG	3 To 5 Years
	Recruitment	Experience in Sourcing & Hiring, Interviewing Skill, Exp in volume hiring, Awareness of Market trends	PG / MBA	1 to 3 Years
	Benefits Mgmt			
	Scheduling/Performance Mgmt			
	Legal Compliance	Aware of all the laws, statutory, legal requirement	PG / MBA	3 To 5 Years

Legal	**Legal eDiscovery**			
	Document Review			
	Contract review & Mgmt			
	Para-legal support			
	Litigation Support			

Finance & Accounting	Financial Reporting	Set targets, develop plans, conduct analyses, measure results, establish and improve financial planning, tracking and reporting processes		
	Accts Payable/Receivable	Collection Exp desirable, Excellent Communication skills, Knowledge of working on Excel and with computer skills, Having desire to work independently and without any encumbrances. Handle high volume of Purchase Order processing. Advanced experience in Purchase orders - matching 2, 3, and 4 way, and resolving PO issues	BCOM Preferred	1 to 3Years
	Revenue Lifecycle Mgmt			
	Portfolio/Asset Mgmt			
	Tax Preparation			
	Budgeting/Forecasting			
	Procure to Pay			

Horizontal Logistics & SCM	Procurement	Excellent communication skills, Knowledge of MS Office, should be ready to handle calls Prev.expereince in a BPO will be preferred	Graduate	1-2 years
	Fulfillment			
	Vendor Mgmt			
	Shipping/Tracking			

Transaction/Specialized Processing	Claims processing			
	RCM/Collections	Collection Exp desirable, Excellent Communication skills, Knowledge of working on Excel and with computer skills	BCOM Preferred	1 to 3Years
	Credit Verification			
	Insurance/Eligibility verification			
	Check Processing			
	ACH Processing			
	Adjudication			
	Loan processing/Readjustment			

Knowledge Based Processes	Securities research	Excellent writing and analytical skills in preparation of research reports and financial/economic analysis Good financial modeling skills Proficient in MS Word, PowerPoint and Excel. Exposure to databases such as Bloomberg Excellent communication skills, written and oral. Good client interface ability Added experience in the field of economy and sector research would be desirable	MBA (Finance) from a reputed college, CA, CFA	1-5 years
	Business Research			
	Patent Research			
	Financial Analytics			
	Business Analytics/Reports			
	Ad hoc research, Presentation support			
	Pre-sales support			

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