

F R O S T & S U L L I V A N



Market  
Insight

# Nearshore is All Grown Up

## Hot BPO Delivery Destinations

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## Introduction

Enterprises with expansive care, billing and service/sales agents have come to understand just how important an asset the contact center has become. It is a critical conduit by which the company can grow the business, retain customers and protect the brand.

Frost & Sullivan believes that there is increased acceptance and trust, on the part of North American companies, to utilize outsourcing firms for customer care, technical support and sales. Service providers claim that companies can reduce their operating expenses by 30 to 40 percent by considering nearshore outsourcing options. The purpose of this study is to explore the “how’s” and “why’s” surrounding the investment in popular nearshore destinations for North American call volumes. This would include the Caribbean (Jamaica, the Dominican Republic, Puerto Rico and Trinidad/Barbados), Mexico, Central America and South America. Individual countries will be called out in the report.

In preparing this report, Frost & Sullivan conducted interviews with executives from the following companies:

- Alorica
- Atento
- Computer Generated Solutions (CGS)
- Concentrix
- Expert Global Services (EGS)
- Minacs
- Qualfon
- Sitel
- Sutherland Global Services
- SYKES
- Teleperformance
- TeleTech

Please note that the opinions expressed in this assessment are those of Frost & Sullivan and have been developed through our research and analysis. The expressed insights and opinions in this Market Insight do not necessarily reflect the views of the companies cited above. We sincerely thank these companies for their participation. The author has travelled extensively throughout the region and includes his personal observations and perspectives on nearshore contact center trends. Assistance in the preparation of this study was provided by analysts Juan Gonzalez and Sebastian Menutti – Frost & Sullivan’s outsourcing experts in the LATAM region.

Frost & Sullivan has a global team of analysts and consultants, who continuously research a wide range of markets across multiple sectors and geographies. As a part of this ongoing research, we identify companies that are true industry leaders, delivering best practices in what we term growth, innovation, and leadership (GIL). These companies have a keen eye to the future, and drive innovation that meets future needs before they become commonly visible. They are often the first to market with new solutions. These service and solution providers focus on delivering the best products at optimal prices to maximize customer value and customer experience, and by doing so become growth leaders in their respective industries.

Identifying such companies involves extensive primary and secondary research across the entire value chain of specific products and/or markets. Several of the companies interviewed for this Market Insight have recently been recognized with Frost & Sullivan Best Practice Awards.

## Why Select the Nearshore Region for Customer Care Outsourcing?

### A Blended Delivery Model

Truth be told, it is increasingly common for clients in North America to seek out a "blended" delivery model – one using a combination of onshore, nearshore, offshore, home agents and automated customer contact technology. This strategy serves to:

- Support high volumes and low cost needs for clients with short transactional calls
- Mitigate the risk of too much capacity in a single geography
- Provide multiple language capabilities for North America (e.g. English, Spanish, Portuguese and Canadian French)
- Bring specific agent skill sets (such as sales, licensed professionals, etc...) for specific client requirements
- Give companies the flexibility to manage (up or down) seasonal call volumes
- Offer a number of automated solutions (such as alerts, notifications, and reminders) to supplement and complement live-agent interactions

Frost & Sullivan believes that the bulk of high-value and complex customer interactions will remain onshore or nearshore. High-volume work with standardized processes will likely be performed in India or the Philippines to reduce support costs.

For global companies, having a blended model option is important for geopolitical reasons. A number of service providers commented on the fact that Nearshore is a “geodiversity play” – even within the region. The blended model offsets the danger of placing too many agents in a single geographic area. It can be extremely risky in the case of a natural disaster or pandemic to have volumes routed to a single destination. Therefore, it is quite common for clients to continue to manage their own contact centers but also expand with an outsourcer's nearshore facilities in Canada, Mexico, Latin America and the Caribbean. The added benefit of the blended model is that it allows companies to benchmark performance within and between different contact centers.

### **Nearshore Definition**

For the purposes of this Market Insight and future North American outsourcing studies, Frost & Sullivan defines “Nearshore” in the following way: Nearshore means routing voice calls, automated responses, chat, text, email or other communications - from the United States and Canada - to delivery sites in Mexico, the Caribbean, Central America and South America

First of all, let's state the obvious. For years many key market participants have recognized client plans to accelerate sales and marketing activity in the burgeoning U.S. Hispanic market. As a result, they have strategically established a contact center presence to support both English and Spanish-language calls. Service providers and their clients cite the following high-level benefits:

- Time zone advantages
- Short travel distance from most major U.S. airline routes
- Outstanding English and Spanish communication skills
- Technical skills and competencies
- Affinity with U.S. culture and the ability to sell to American consumers
- Foreign government incentives to attract and retain outsourcing companies

# Service Provider Feedback on Nearshore Trends and Future Strategies: Q&A

## What are the main drivers for the wider client acceptance of Nearshore?

BPO companies with Nearshore locations cite a myriad of important drivers (not in priority order):

- Aggressive in-country government investment promotion to U.S. companies
- Excellent English competency; both verbal and comprehension skills
- Price/Value Ratio & Cost Advantage vs. The Philippines
- Political stability and stable foreign exchange rates
- Sophisticated and reliable MPLS network infrastructures with expansion capability
- Call center career attractiveness in-country
- A blue-chip list of international companies currently being serviced in Nearshore sites
- Highly successful BPO talent acquisition and training programs
- Agent education levels and customer service skillsets
- Operational excellence in Nearshore locations
- Government supported English immersion classes
- Cultural affinity with American markets and consumer trends
- The desire of U.S. companies to outsource more and balance/diversify the portfolio
- Regular flights from U.S. hubs to Nearshore capitals and short travel distances
- Maturity and saturation of offshore markets in India and the Philippines
- Push for higher-quality voice interactions
- Higher tolerance for slightly accented English
- Mid-level in-country management experience
- Relatively good and inexpensive public transportation for agents
- Access to plug-and-play Nearshore commercial real estate
- Fewer perceived safety concerns with client travel
- Additional language support (Portuguese, Italian)
- Higher agent retention rates vs. U.S.
- Clients better understand the value proposition for discrete country destinations
- Extension of existing client relationships to newer Nearshore geos (e.g. Guyana)

**What are the realistic challenges in moving to Nearshore for clients and providers?**

Moving calls to the Nearshore locations cited here is subject to certain risks common to international activities. This would include changes in foreign governmental regulations, tariffs and taxes, import/export license requirements, the imposition of trade barriers, difficulties in staffing and managing international operations, and economic and political instability.

An outbreak of a contagious infection or severely adverse weather (storms, hurricanes, etc.) in one or more of these markets may result in significant worker absenteeism, lower asset utilization rates and voluntary or mandatory closure of contact center sites/ offices. For clients this could mean travel restrictions and other disruptions to business operations. Any prolonged or widespread health epidemic could severely disrupt business operations.

The success of Nearshore operations will be subject to numerous factors, some of which are beyond the control of both clients and providers. This could include general and regional economic conditions, increased crime levels, minimum wage hikes, and prices for special services, in-country competition and changes in regulation.

Additionally, a change in the political environment (like an election year) in the United States could adversely affect proposals, contracts and/or operations. Any adoption and enforcement of legislation and regulations curbing the use of Nearshore customer contact management solutions and services could have negative effects for clients and providers alike.

**What percentage of U.S. inbound calls are sent to Nearshore?**

It is very difficult to arrive at an accurate North American industry percentage. There are five key variables:

- The industry vertical
- Overall size of the customer contact organization
- Contact types and channels
- Maturity and experience level of executive management on the client side
- Marketing and positioning of the customer base

In general, we believe that the provider with the most extensive footprint will probably have greater success in moving volumes into the Nearshore market. We estimate that 20%-30% of U.S. traffic is being sent to Nearshore delivery sites. This is up from an estimated 10-15%, in the last 5 years.

### How do hourly prices for Nearshore compare to the U.S.?

By and large, the most common price structure used by outsourcers in nearshore sites, is the dedicated per agent full-time equivalent (FTE) hourly rate. Service providers report that nearshore FTE hourly prices average 25-40% below domestic U.S. rates charged to clients. This makes Nearshore choices a veritable bargain from a labor arbitrage perspective! Inbound agent hour pricing varies widely. Pricing is heavily dependent on:

- The industry vertical
- Client history, BPO relationship and forecasted call volumes
- Agent seat count (measured in FTE)
- Foreign currency exchange rates
- The amount of CRM technology (e.g. social media, chat, Omnichannel) used in handling the call/inquiry
- Call type and complexity
- Location of the call center agent
- Licenses or certifications that are required by the client

Listed below are few examples of bilingual pricing ranges for some Nearshore destinations (per hour), as reported by a number of multi-national service providers. These ranges are only approximations in USD and are used for illustrative purposes:

- Colombia \$12 - \$16
- Costa Rica \$16 - \$19
- El Salvador (Bilingual) \$12.50 - \$14 Spanish only \$10-12
- Guatemala (Bilingual) \$ 9.50 - \$11 Spanish only \$10-12
- Mexico \$12 - \$18
- Puerto Rico \$19 - \$22

Respondents for this report tell Frost & Sullivan that Tier 1 markets such as Monterrey, Mexico or San Jose, Costa Rica command a higher price point due to increased labor costs, competition in the market and the experience level of support and front line agents.



### **Which vertical sectors have the most success in Nearshore locations? Why?**

It is of interest to note that BPO providers don't view Nearshore as a vertical destination play. They consider the service activity and client business need first, (care, tech support, acquisitions, chat, sales, help desk, back office, etc...) that can be supported within verticals. In short, the Nearshore market supports services and is presented as such as an option for clients and prospects in RFPs.

All vertical sectors seem to be doing very, very well. Certain industries were early adopters and are now well-established in Nearshore locations. Among them are communications, wireless, satellite companies, software firms, banking and financial services, retail and technology companies. Healthcare is a relative newcomer to the Nearshore market.

### **Which countries are in highest demand by clients? Why?**

All of the companies interviewed for this study, have stringent site selection criteria that take into account:

- Current labor rates, taxation and economic growth potential
- Workstation capacity
- Employee retention forecasts
- Number of college and university students
- Market maturity
- Level of competitive activity

Mexico is in very high demand, primarily due to the high level of English competency, U.S. affinity and the ability to scale. Based on many site visits and call observations with agents and managers, Mexico is an excellent destination for bilingual support for the U.S. Hispanic market, in my opinion. Teleperformance, for example, operates 18 sites with over 21,000 workstations throughout Mexico (Monterrey, Guadalajara, Aguascalientes, Durango, Mexico City D.F., Durango, Hermosillo, Chihuahua and Puebla) serving U.S. and Mexican clients.

Colombia and Costa Rica are also very popular, as clients cite the neutral English and exceptional education level of the agents. Costa Rica, El Salvador and Guatemala are highly favored for technical support and sales. El Salvador has a solid reputation for operational excellence across KPIs and a strong work ethic - with this perspective being shared among all of the service providers. Despite its small size, the island nation of Jamaica is seeing sustained growth. Sutherland has recently expanded operations there.

The number of delivery centers in the Dominican Republic, have grown significantly within the last 18 months. Alorica, for example, doubled its capacity in 2014 in the Dominican Republic and has continued to grow in 2015. The company now has close to 2,000 seats there. The English skills are very good. However, contact center operators cite high energy costs and stringent labor laws.

Honduras and Nicaragua are gaining ground but growing more slowly. Market awareness is not as pervasive and there is some lingering client concern over crime rates, security and safety. New, modern, all-inclusive 'Smart City' business parks are being built in Honduras that are attracting a number of BPO companies.

Providers comment that Panama has historically been a great market that has attracted a lot of business over the years. It is also a mature market with high labor costs. When companies are looking at markets in Latin America (LATAM), they don't look for high cost, they want new innovative markets. Panama may not fall into that category. Panama has a long-established reputation for excellent English and customer service. However, its BPO labor market is largely saturated.

Finally, I have gone on record to say that the best kept secret for native English in LATAM is Guyana. The country has a 90% literacy rate. One need only to look at the investment that Qualfon, for example, has there. Qualfon Georgetown has 1,300 employees in one center, another with 300 agents. The company recently broke ground on a seven building, 3,500-seat contact center campus that opened phase I in early 2015. However, it has yet to be determined whether Tier II cities in Guyana would be candidates for BPO growth.

#### **Will Work-at-home Agents (WAHA) Take Off in Nearshore/ LATAM?**

We think that BPO companies want to trial Work-at-Home and that clients would like the choice. Unfortunately, this trend has not caught on in Latin America for three basic reasons:

- This is fundamentally an infrastructure problem. Internet connectivity to the home can be spotty and electrical brownouts are common.
- We understand that often homes do not have that spare bedroom or quiet workspace that is essential to operating in a home agent environment.
- Some clients are still squeamish about the (perceived) lack of security within the home agent model.

Providers have confided in me that they are exploring the possibility of scaling Work-at-Home programs in Latin America, but it's not a primary strategy at this time. We suspect that there are some client concerns when it comes to compliance, data security and infrastructure (BFSI and Healthcare, in particular) across the CALA region. It is a great delivery model for so many reasons and one hopes that it catches on in the near future.

For a more detailed study on this topic, please refer to Frost & Sullivan's 2015 report titled:

[Work at Home Agents \(WAHA\) in the Latin American Market: Increased Productivity and Cost Reduction Attract Companies to this Growing Trend](#)

# Nearshore Footprint Enhancement: Where and Why? Q&A

## **What is the story with Canadian call volumes?**

The ongoing devaluation in the Canadian dollar, is a major concern for BPO companies that operate sites in Canada at this time. As a result, we have found that there is virtually no outsourcing of calls from the U.S. to Canada. Conversely, Canadian outsourcers are not sending calls to the U.S. Frost and Sullivan believes that capacity is shrinking and that, over time, more (English) Canadian volumes will be sent to the Philippines.

## **Where do BPO Companies plan to explore and develop next?**

Frost & Sullivan has found that there has been considerable facility expansion taking place for bilingual customer care in Mexico, El Salvador, Costa Rica, Nicaragua, Guatemala and Colombia. Providers have conveyed plans to move into tier II cities in Mexico, and Colombia, given the English skills and ability to scale. That signals a savvy move, in our opinion, and will help meet client demand for more seat capacity in the next 3 - 5 years.

Some countries, like Trinidad/Tobago, Aruba, St. Lucia, Antigua/Barbuda and Barbados appear to be “destination locations” favored by clients for their small size, great weather, tourism, luxury resorts and recreational opportunities. In other cases, clients have specific preferences and want to be a first mover in a Nearshore location. We believe that the governments in these nations would certainly do well to diversify their economies with strong incentives and network infrastructure (MPLS and IXP) improvements to attract outsourcers and thus, more jobs.

## **What are the challenges with nearshore buildouts and real estate?**

Nearshore BPO providers say that the region has an abundance of very acceptable real estate and office space available for contact center buildouts in the 250-500 seat range. The exception is Guyana, where new construction is a must.

Many companies simply lease multiple floors in the same building at very affordable rates. Access to skilled trade labor and competent contractors is not an issue. Sites can easily be found near public transportation stops and shopping malls. Depending on the country and city, the biggest challenge is often finding sufficient parking for those agents who drive to work. Unlike past years, it also appears that fewer countries are building or financing large tax-free industrial parks specifically for contact center operations.

## Emerging Nearshore Locations: The Jury is Still Out

The question of (customer service/care, tech support, sales) outsourcing expansion in Belize deserves comment. We believe that BPO outsourcing is still in its infancy and there are firms operating successfully in Belize City and Belmopan. Native English is certainly a plus; however Belize is a small country and is thus hampered by the lack of scalable agent growth.

The BPO play for Haiti and Cuba comes up routinely in discussions with the provider community. There is virtually no BPO industry to speak of, in either country. Three major factors rule out BPO investment and development in the short-term:

- **Infrastructure.** The barriers remain technology-related challenges like bandwidth and reliable electricity. Infrastructure (DSL/Cable/High speed Internet) and network reliability are not ubiquitous.
- **English competency.** This fundamental, basic requirement is the cornerstone for customer service work and acceptance by U.S. clients. Workforce suitability, language competency and servicing skills have yet to be assessed.
- **Political Uncertainty and Government Support of BPO.** The U.S. just opened its embassy in Havana recently. We simply have to allow time for business and diplomatic relationships to foster and develop. Frost & Sullivan will be tracking progress on this front.

## Countries at-a-Glance: Fast Facts

Exhibits 1.0 through 1.11 display what we consider interesting 'fast facts' for Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama and Trinidad/Tobago.

### Exhibit 1.0: Colombia—Fast Facts

<b>Population 000' (2015)</b>	49,633
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	Bogotá (Central Time - GMT-5) 7:28hs flight from LA / 5:28hs flight from NYC Medellín (Central Time- GMT-5) 5:15hs flight from NYC / 3:15hs flight from MIA Cali (Central Time- GMT-5) 3:37hs flight from MIA / 5:38hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	94.7
<b>Households with Internet Access 2014 (%)</b>	38.0
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	4.8
<b>Unemployment Rate 2014 (%)</b>	10.1
<b>Miscellaneous (Interesting fact)</b>	Colombia is responsible for 60% of the world's production of fine emeralds.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

### Exhibit 1.1: Costa Rica—Fast Facts

<b>Population 000' (2015)</b>	4,978
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	San Jose (Mountain Time - GMT-6) 5:57hs flight from LA / 4:55hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	97.8
<b>Households with Internet Access 2014 (%)</b>	55.1
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	4.3
<b>Unemployment Rate 2014 (%)</b>	8.5
<b>Miscellaneous (Interesting fact)</b>	Costa Rica tops the HPI (Happy Planet Index) authored by the New Economics Foundation in 2012.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

**Exhibit 1.2: Dominican Republic—Fast Facts**

<b>Population 000' (2015)</b>	10,539
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	Santo Domingo (Eastern Time - GMT-4) 3:15hs flight from ATL / 3:36hs flight from NYC Santiago (Eastern Time - GMT-4) 3:27hs flight from NYC / 2hs flight from MIA
<b>Literacy Rate (% of people ages 15 and above)</b>	91.8
<b>Households with Internet Access 2014 (%)</b>	21.1
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	5.1
<b>Unemployment Rate 2014 (%)</b>	6.8
<b>Miscellaneous (Interesting fact)</b>	After US-born players, the Dominican Republic baseballers are the most numerous in the Major Baseball League.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

**Exhibit 1.3: El Salvador—Fast Facts**

<b>Population 000' (2015)</b>	6,404
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	San Salvador (Mountain Time - GMT-6) 5:05hs flight from LA / 4:39hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	88.0
<b>Households with Internet Access 2014 (%)</b>	23.3
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	1.9
<b>Unemployment Rate 2014 (%)</b>	5.5
<b>Miscellaneous (Interesting fact)</b>	Considering its territory and population, El Salvador is the most densely populated country in America.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

**Exhibit 1.4: Guatemala—Fast Facts**

<b>Population 000' (2015)</b>	16,158
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	Guatemala City (Mountain Time - GMT-6) 4:49hs flight from LA / 4:29hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	81.5
<b>Households with Internet Access 2014 (%)</b>	15.0
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	3.6
<b>Unemployment Rate 2014 (%)</b>	4.2
<b>Miscellaneous (Interesting fact)</b>	Guatemala is the primary high quality coffee provider of Starbucks.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

**Exhibit 1.5: Guyana—Fast Facts**

<b>Population 000' (2015)</b>	767
<b>Main Languages Supported</b>	English (Native)
<b>Time Zone &amp; U.S. Proximity</b>	Georgetown (Eastern Time - GMT-4) 4:24hs flight from MIA / 5:34hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	88.5
<b>Households with Internet Access 2014 (%)</b>	20.6
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	4.8
<b>Unemployment Rate 2014 (%)</b>	11.1
<b>Miscellaneous (Interesting fact)</b>	Guyana is the only English-speaking country in South America.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

Exhibit 1.6: Honduras—Fast Facts

<b>Population 000' (2015)</b>	8,378
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	Tegucigalpa (Mountain Time - GMT-6) 2:21hs flight from MIA / 3:14hs flight from ATL San Pedro Sula (Mountain Time - GMT-6) 2:40hs flight from Houston / 4:22hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	88.5
<b>Households with Internet Access 2014 (%)</b>	19.6
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	3.5
<b>Unemployment Rate 2014 (%)</b>	4.5
<b>Miscellaneous (Interesting fact)</b>	Steve Van Buren, a Honduran, was the first Latino elected into the Pro Football Hall of Fame (1965). He won 2 championships with the Philadelphia Eagles.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

Exhibit 1.7: Jamaica—Fast Facts

<b>Population 000' (2015)</b>	2,793
<b>Main Languages Supported</b>	English (Native)
<b>Time Zone &amp; U.S. Proximity</b>	Kingston (Central Time - GMT-5) 1:39hs flight from MIA / 3:39hs flight from NYC Montego Bay (Central Time - GMT-5) 3:36hs flight from NYC / 2:45hs flight from ATL
<b>Literacy Rate (% of people ages 15 and above)</b>	88.7
<b>Households with Internet Access 2014 (%)</b>	18.5
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	0.1
<b>Unemployment Rate 2014 (%)</b>	13.6
<b>Miscellaneous (Interesting fact)</b>	Jamaica was the first country in the Western world to construct a railway, even before the United States.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan



**Exhibit 1.8: Mexico—Fast Facts**

<b>Population 000´ (2015)</b>	121,835
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	Mexico City (Central Time - GMT-5) 3:36hs flight from LA / 4:40hs flight from NYC Monterrey (Central Time- GMT-5) 2:56hs flight from LA / 4:10hs flight from NYC Guadalajara (Central Time- GMT-5) 3:06hs flight from LA / 4:55hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	95.1
<b>Households with Internet Access 2014 (%)</b>	34.4
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	3.3
<b>Unemployment Rate 2014 (%)</b>	6.1
<b>Miscellaneous (Interesting fact)</b>	US Immigrants are, by far, the number one foreign community in México.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

**Exhibit 1.9: Nicaragua—Fast Facts**

<b>Population 000´ (2015)</b>	6,236
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	Managua (Mountain Time - GMT-6) 5:32hs flight from LA / 2:32hs flight from MIA
<b>Literacy Rate (% of people ages 15 and above)</b>	82.8
<b>Households with Internet Access 2014 (%)</b>	11.6
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	4.7
<b>Unemployment Rate 2014 (%)</b>	4.8
<b>Miscellaneous (Interesting fact)</b>	Nicaragua´s name comes from the local dialect (Náhuatl) expression “Nic-atl-nahuac”, which means: “Here, near by the water”.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

Exhibit 1.10: Panama—Fast Facts

<b>Population 000´ (2015)</b>	3,989
<b>Main Languages Supported</b>	Spanish & English
<b>Time Zone &amp; U.S. Proximity</b>	Panama City (Central Time - GMT-5) 5:57hs flight from LA / 4:55hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	95.0
<b>Households with Internet Access 2014 (%)</b>	41.6
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	8.3
<b>Unemployment Rate 2014 (%)</b>	5.4
<b>Miscellaneous (Interesting fact)</b>	Panama City hosts 20 of the highest 30 buildings built in Latin America until 2014.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

Exhibit 1.11: Trinidad/Tobago—Fast Facts

<b>Population 000´ (2015)</b>	1,360
<b>Main Languages Supported</b>	English (Native)
<b>Time Zone &amp; U.S. Proximity</b>	Port of Spain (Eastern Time - GMT-4) 3:43hs flight from MIA / 4:55hs flight from NYC
<b>Literacy Rate (% of people ages 15 and above)</b>	99.0
<b>Households with Internet Access 2014 (%)</b>	44.6
<b>Economic Performance (GDP CAGR 2009-2014) (%)</b>	0.8
<b>Unemployment Rate 2014 (%)</b>	5.8
<b>Miscellaneous (Interesting fact)</b>	The novels Robinson Crusoe and Treasure Island were based on these islands, and the movie Swiss Family Robinson was filmed here.

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Frost & Sullivan

## Company Profiles

### Alorica

**Overview.** Alorica is a business process outsourcing (BPO) provider of customer management solutions spanning the entire customer life cycle. The company seeks to offer a seamless Customer Experience across all service channels in customer acquisition and sales, customer care and support, as well as logistics and fulfillment. In order to expand its service capability, Alorica acquired Ryla, PRC, Advanced Contact Solutions (ACS) in the Philippines and West Corporation's agent services businesses. The company is privately owned. Alorica operates a robust Home Agent program that targets active duty military service men and women, Veterans and their spouses. It is dubbed AloriCares. The AloriCares diversity initiative was created to support American lives by connecting business opportunity and military talent in local communities.

**Industry Coverage.** Services span both the Business-to-Consumer (B2C) and Business-to-Business (B2B) sectors across the following industries: telecommunications, technology, media & entertainment, consumer products & retail, financial services, healthcare, energy & utilities, travel & tourism, automotive, and government & public sectors.

**Service Lines.** Customer care, revenue generation, technical support, direct response, receivables management, back office and fulfillment, and reverse logistics.

**Nearshore Delivery Locations.** The Dominican Republic, Honduras, Jamaica and Mexico.

### Atento

**Overview.** Atento is a global provider of customer relationship management (CRM) and business process outsourcing (BPO) services. The company has 98 delivery centers in 14 countries, with 160,000 employees and 89,000 workstations. Atento is the largest provider of CRM BPO services in Latin America and Spain, and among the top three providers globally, based on revenues. Atento was founded in 1999 as the CRM BPO provider to the Telefónica Group. In December 2012, Atento became an independent Company following the acquisition by Bain Capital Partners. Atento went public on October 1, 2014 and now trades on the NYSE under the symbol ATTO.

**Industry Coverage.** Atento has over 400 clients to whom it offers a wide range of CRM BPO services across multiple communications channels. Atento serves a variety of industry verticals including telecommunications, financial services, consumer goods, high tech, banking and financial services, media and technology, health, retail and public administrations.

**Service Lines.** Sales, service desk, customer care, collections, social media, credit card management, advanced technical support, claims management, insurance and B2B sales.

**Nearshore Delivery Locations.** Puerto Rico, Guatemala, El Salvador and Mexico. Colombia is a possible future nearshore destination for U.S. English and Spanish volumes.

## Computer Generated Solutions (CGS)

**Overview.** CGS's Business Process Outsourcing group powers clients' employee, customer and partner relationships with services, including tech support, customer care, sales and channel management, and finance and accounting.

**Industry Coverage.** Retail, Hospitality, Technology, Telecom, Healthcare, Consumer Products and Financial Services.

**Service Lines.** Outbound sales, channel management, new customer acquisition, customer retention, win-back programs, campaign management, technical support, fraud protection, learning consulting services, back office, managed cloud, enterprise infrastructure, upsells and conversions.

**Nearshore Delivery Locations.** Chile.

## Concentrix

**Overview.** Concentrix Corporation, a wholly owned subsidiary of SYNEX Corporation, is a global business services company focused on process optimization, customer engagement strategy, technology innovation, and customer ecosystem performance. Concentrix employs 54,000 staff servicing over 300 clients in over 40 languages through over 70 locations in 24 countries on six continents. The company aims at a holistic approach to customer engagement, seeking to leverage domain expertise and to deliver process innovation and unique, transformational solutions to its clients.

**Industry Coverage.** The company focuses on ten industry verticals: automotive, banking & financial services, government & public sector, healthcare & pharmaceutical, insurance, media & communications, retail & ecommerce, consumer electronics, technology, and travel/ transportation/ tourism.

**Service Lines.** Concentrix falls under the Global Business Services (GBS) segment of SYNEX Corporation. Business services offered:

- Digital
- Customer Care
- Technical Support
- Marketing
- Sales
- Social

- Analytics
- Back Office
- Process Optimization
- Automation

**Nearshore Delivery Locations.** Canada, Colombia, Costa Rica and Nicaragua.

## Expert Global Services (EGS)

**Overview.** Expert Global Solutions (EGS) is a global customer service organization, delivering leading outsourced solutions for customer and financial care. Serving the world's leading companies, EGS helps decision-makers in delighting their customers and deepening brand engagement. With revenues of more than \$1.1B in 2014, EGS has over 40,000 employees in more than 70 locations across 11 countries.

**Industry Coverage.** EGS currently services the following industry sectors:

- Utilities
- Retail
- Government
- Healthcare
- Financial
- Technology
- Telecom
- Insurance
- Cable
- Trans/Logistics
- Pharmaceuticals
- Education

**Service Lines.** Healthcare, financial services, logistics, online retail, technology, telecommunications and utilities.

**Nearshore Delivery Locations.** Canada, Mexico, Panama, Guatemala, Antigua, Barbados, Puerto Rico and the Dominican Republic.

## Minacs

**Overview.** Minacs is a leading outsourcing business solutions partner to global corporations. 21,000 Minacs experts across 35 centers worldwide, deliver customer experience, marketing, and back office solutions to power superior business results for over 100 clients.

**Industry Coverage.** Manufacturing, retail, telecom, technology, media and entertainment, banking, insurance, healthcare, and public sectors. Minacs has a three decade-long history of delivering service and support to Automotive Original Equipment Manufacturers (OEM's). A partial list includes Ford, General Motors (GM), Honda, Hyundai, Jaguar, Kia, and Mazda.

**Service Lines.** Customer care, marketing solutions, customer acquisition, business analytics, and enterprise solutions.

**Nearshore Delivery Locations.** Canada (Headquartered), Dominican Republic, Mexico and Jamaica.

## Qualfon

**Overview.** Qualfon is a global provider of contact center, back-office, and business process outsourcing (BPO) services. The company offers a full suite of solutions and intelligent outsourcing locations in the U.S. and across the globe.

**Industry Coverage.** Telecommunications, retail/e-commerce, technology, financial services and healthcare.

**Service Lines.** Customer service, technical support, customer acquisitions, onboarding, sales, upsell/cross-sell, customer retention and renewals, and back-office services.

**Nearshore Delivery Locations.** Guyana (3 contact centers) and Mexico.

## SITEL

**Overview.** Sitel provides fully integrated customer care and back office processing (BPO) services that focus on delivering a return on customer investment to its clients by reducing service costs, improving customer retention and increasing revenue per customer. Sitel employs approximately 61,000 associates in more than 100+ locations, supporting client customers located in 62 countries across North America, South America, Europe, Africa and Asia Pacific in 40 languages.

**Industry Coverage.** Telecommunications, retail, travel and tourism, manufacturing, healthcare, financial services, ISP, wireless, and entertainment.

**Service Lines.** Services provided include:

- Customer Care
- Technical Support
- Sales Programs
- Retention Strategies
- Customer Acquisition
- Risk Management
- Back-Office Processing
- Collections & Receivables

**Nearshore Delivery Locations.** Canada, Mexico, Colombia, Nicaragua and Panama.

## SYKES

**Overview.** Sykes Enterprises, Incorporated, is a global business processing outsourcing (BPO) leader. SYKES was founded in 1977 in North Carolina and moved its headquarters to Tampa, Florida in 1993. The company meets clients' customer care and transaction processing needs with 50,000 employees in 21 countries. SYKES has over 60 delivery centers and can offer customer care support in 30 languages. The company provides an array of sophisticated customer contact management solutions to a wide range of clients including Fortune 1000 companies, medium sized businesses, and public institutions around the world.

**Industry Coverage.** Communications, financial services, healthcare, technology/consumer, healthcare and retail.

**Service Lines.** Services provided include:

- Customer Care
- Technical Support
- Sales Programs
- Analytics
- Back-Office Processing

**Nearshore Delivery Locations.** Canada, Costa Rica, Colombia, El Salvador and Mexico.

## Sutherland Global Services

**Overview.** A global Business Process Outsourcing (BPO) and technology-enabled services company, Sutherland Global Services offers an integrated set of back-office and customer facing front-office services that support the entire customer lifecycle. By combining highly trained people with state-of-the-art technology and proven business methodologies. Sutherland employs over 36,000 professionals and provides a blended delivery model from close to 60 locations across 19 countries.

**Industry Coverage.** Technology, telecommunications, retail, banking and financial services, insurance, healthcare, travel, transportation and logistics, and government markets.

**Service Lines.** Customer-facing Front Office Services:

- Technical Support
- Customer Care
- Account Management
- Technology Enabled Services:
- Scalable Technology Platform
- Transaction Processing Services
- SmartLEAP™

**Nearshore Delivery Locations.** Canada, Colombia, Jamaica, and Mexico.

## Teleperformance

**Overview.** Teleperformance (TP) is a provider of outsourced multichannel Customer Experience Management (CEM) services. With more than 37 years of experience in the market, the Teleperformance Group has grown its operations to more than 135,000 computerized workstations, with 182,000 employees across more than 270 contact centers in 62 countries - serving more than 160 markets. It manages client programs in more than 63 languages and dialects on behalf of major international companies.

**Industry Coverage.** Automotive and transportation, broadband and DSL, energy and utilities, financial services, government, healthcare, insurance, manufacturing, media, pharmaceuticals, retail, technology, telecommunications and travel and hospitality.

**Service Lines.** Customer care, technical support, debt collection, inbound sales, back office, non-voice, case management, business, information and marketing.



**Nearshore Delivery Locations.** Canada, Costa Rica, Colombia, Dominican Republic, El Salvador, Guyana, Jamaica, and Mexico (18 sites). Teleperformance has, by far, the largest Nearshore footprint among outsourcing service providers interviewed for this Market Insight.

## TeleTech

**Overview.** TeleTech is a global provider of analytics-driven, technology-enabled customer experience solutions. It strives to help clients strengthen their customer relationships through strategy, innovation, technology, and processes that provide customer engagement. The company also seeks to provide personalized, seamless, and relevant customer interactions, and to improve its clients' brand recognition and loyalty.

**Industry Coverage.** TeleTech serves the automotive, communications, financial services, government, healthcare, media and entertainment, retail, technology, travel and transportation industries. This includes more than 250 global clients.

**Service Lines.** TeleTech supports the communications and media, financial services, government, healthcare, retail, technology, and transportation verticals.

**Nearshore Delivery Locations.** Canada, Costa Rica and Mexico.

## A Final Caution: Nearshore vs. Offshore

The offshore option (India and Philippines) is viewed by many in the industry as a pure cost play, providing clients with lower agent labor costs and 'follow the sun' service provisioning. For offshore locations, clients and providers cite the following concerns:

- Travel distance to foreign call centers
- Potential political instability
- Infrastructure reliability
- Reliability of suppliers on the ground
- Business disruptions from natural disasters
- Labor pool saturation
- Accent neutralization
- Long-term local government support
- Foreign exchange rates

Service providers report that while revenue rates for services rendered in the offshore locations are lower than domestic revenue rates, the operating margins for off-shore client programs are often higher. However, the ability to maintain these operating margins for a long period is difficult to predict. This is due to potential increased competition for the available workforce, the trend of higher occupancy costs and currency fluctuations in offshore markets. The key to successful off-shore operations is to identify international locations that have the language skills and education levels that support clients' desired quality of service.

## **Concluding Remarks**

Outsourcers offer a multitude of benefits to their client base, including eliminating capital expenses, business flexibility, access to qualified labor, reduced costs, advanced management techniques, and the opportunity to gain access to state of the art technology without massive financial outlays. The future bodes well for continued acceptance and development of Nearshore locations for the next several years. Frost & Sullivan finds that BPO providers and clients alike are bullish on the region and have plans for expansion and contact center growth.

Is the Nearshore/LATAM region the next Philippines (PI)? It is our opinion that no other single country can eclipse the PI as a preferred destination for U.S. volumes. However, Nearshore's regional opportunity to capture a large segment of the U.S. bilingual market is unprecedented and cannot be ignored. BPO companies and their clients are standing up and taking notice.

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