

Smart Strategies for Developing the ITES sector in South Asia

***Regional Collaboration can develop the ITES
Industry & drive Growth in South Asia***



THE WORLD BANK

Manju Haththotuwa
*South Asia Finance &
Private Sector Development*

Summary Points from last time....

- South Asia – The **Least Integrated Region**
 - Late to start but can potentially learn from those are ahead of us & leap frog
- The Industry is supply constrained –**Enough for All!**
- Collaboration can be a **Win-Win for All**
 - Keep cost down with **economies of scale**
 - Leverage on **collective strengths**
 - SA countries taken **together has the critical mass**
- **This is a journey** - We need to make a modest start-It will be rewarding, despite the challenges –
 - **Possible contours of a regional initiative?**
 - **Regional Discussion & knowledge sharing forum**
- This is **your Agenda** - **You shape it** - We will support you!

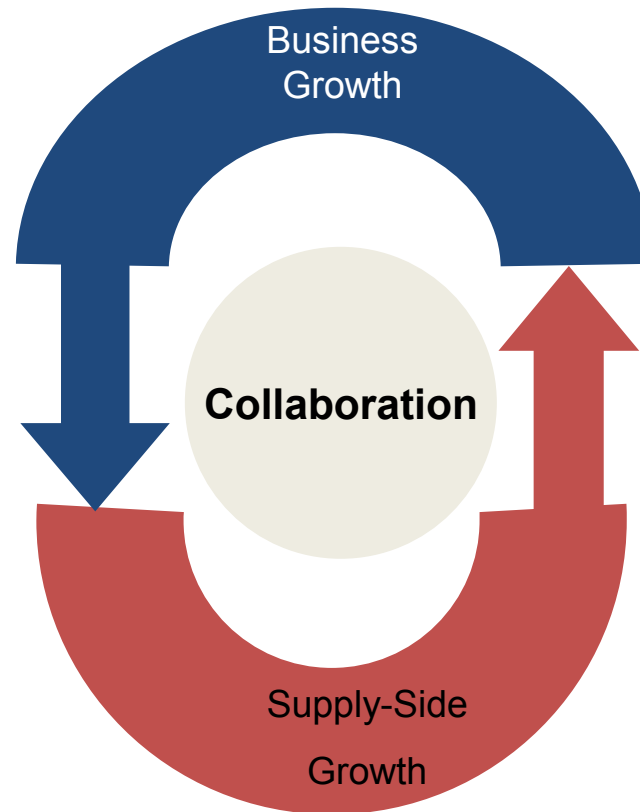
Why Collaborate as a Region?

- Opportunity to Leverage India's success & making SAR the '**Region of Choice**' for offshoring/outsourcing/Nearshoring (Regional Market)
- Working in Country silos is currently **duplicating effort**, scarce resources and **not benefiting from existing learning** & rich experience
- Collaborating on common elements of the value chain makes commercial sense – **shared solutions for common problems**
- Diagnostic studies thus far also have only looked at country silos & not at the **synergies across countries**

Benefits of Collaboration

Business Growth

- Exploring common business opportunities for **work to be delivered from multiple countries**
- **Subcontracting** of work from one country to another
- **Joint business promotion**
- Tapping the **Regional & Domestic ITES markets**
- Arriving at a set of **Common business delivery standards** for the region
- Exploring business opportunities within region for **development of cluster services** for ITES including telecom, real estate infrastructure, and training



Supply-Side Growth

- **SAR Venture Fund with SAARC FUND** - incentives for entrepreneurs to pursue multi-country business opportunities
- Development of **common regional standards** for
 - Curricula
 - Training
 - Assessment/Accreditation
- Development of **shared infrastructure** such as telecom, data centers & real estate
- Development of **regional infrastructure**
- **Enabling policy framework** that facilitates free movement of ITES-BPO personnel in the region

Core Objectives of a Regional Initiative

- To develop **knowledge partnerships** across South Asian ITES Industry Associations and also with local public and private institutions involved in industry development and promotion
- To **transfer global best practices** and technical assistance to create successful enterprises offering sustainable and well paid employment in the South Asia
- **Encouraging (Incentivizing) and Enabling (Business environment & Infrastructure) collaborative behavior** in the ITES sector and related sectors in its value chain

Possible Components to a Regional Initiative

- **SAR ITES Venture Fund -Matching Grants** to encourage/de-risk regional collaboration for:
 - regional JVs/partnerships, intra- regional infrastructure, standard skills assessment, common accreditation process, joint promotional activity, Diaspora mobilization, common support services, industry clusters, etc.
- **Institutional Capacity Building:**
 - **A small regional secretariat** to champion the regional cause,
 - **Enabling policies** - model frameworks, Intellectual Property Rights (IPR), e-transaction Act, Labor reforms, ITeS cross border investment barriers etc.
 - **Reforms** - creating a conducive business environment

We seek your Ideas & Inputs on....

- How can **ITES become a catalyst for regional cooperation and growth**, particularly for underserved regions and segments of the population?
- What are the **3 top priority market responsive areas of collaboration*** we should forge in the proposed regional initiative?
- How can the project components be refined –
 - **SAR ITES Venture Fund** (Structure, operating principles & Priority activities*),
 - **Policy imperatives** (which),
 - **Capacity Building & Institutional champion** (Structure & operating principles) to drive activities?

Additional Slides on Key Messages from report

Areas & Actors in the collaboration mix

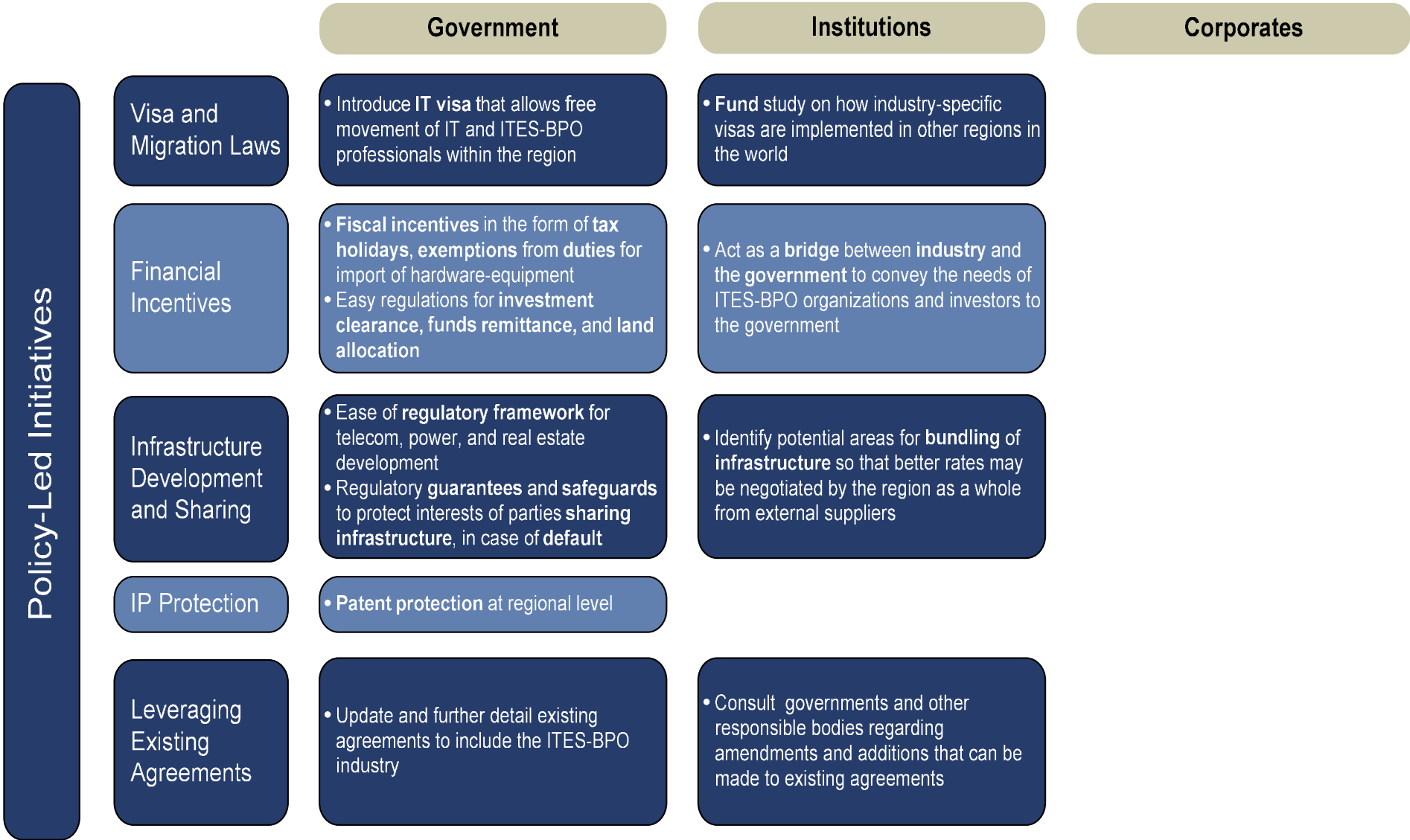
Role of Stakeholders & Core themes of Collaboration (1 of 3)

		Government	Institutions	Corporates
Human Capital Development	Training for Entry Level Talent	<ul style="list-style-type: none"> • Create conducive investment policy regime for regional training vendors • Align secondary school curricula to needs of the ITES-BPO industry 	<ul style="list-style-type: none"> • Identify skill gaps in individual countries • Identify partners for trainings • Fund country-level education and assessment initiatives 	<ul style="list-style-type: none"> • Communicate talent requirements in terms of skills and volume to government through country-level associations
	Executive Training	<ul style="list-style-type: none"> • Create attractive investment regime for international training/education institutions to open local branches 	<ul style="list-style-type: none"> • Identify world-class organizations in the South Asian countries that can provide on-the-job training 	<ul style="list-style-type: none"> • Communicate mid/senior management talent requirements in terms of skills and volume to government through country-level associations
	Internship and Employment	<ul style="list-style-type: none"> • Ease visa and migration laws • Ease repatriation of salaries into regional countries 	<ul style="list-style-type: none"> • Identify global and regional employers willing to employ regional candidates 	<ul style="list-style-type: none"> • Encourage employment of candidates from region since it builds the employer brand
	Common Assessment Test	<ul style="list-style-type: none"> • Provide government infrastructure for running test • Provide student subsidies for the test • Link employment schemes to test • Align education to test results 	<ul style="list-style-type: none"> • Project manage implementation of the test • Identify organizations willing to employ on the basis of test • Subsidize government spending on test on per-candidate basis 	<ul style="list-style-type: none"> • Provide feedback on quality of talent qualifying on the test • Replace internal testing procedures with the test
	Accreditation	<ul style="list-style-type: none"> • Assess quality of the government-run educational infrastructure using accreditation framework 	<ul style="list-style-type: none"> • Project manage accreditation process • Fund creation of accreditation mechanism 	<ul style="list-style-type: none"> • Provide feedback on quality of talent emerging from accredited institutions

Role of Stakeholders & Core themes of Collaboration(2 of 3)

		Government	Institutions	Corporates
Investment Promotion	Marketing Activities	<ul style="list-style-type: none"> • Make government infrastructure available for running promotional seminars and info-share events 	<ul style="list-style-type: none"> • Drive marketing and promotional campaigns • Conduct conferences for ITES-BPO professionals from the region • Identify regional business development agents • Fund promotional activities 	<ul style="list-style-type: none"> • Leading corporates in a particular sector should nominate representatives to act as regional ambassadors
	Joint Ventures and Investment	<ul style="list-style-type: none"> • Create favorable policy regime that allows free flow of funds • Attract venture capitalists and other global investors • Provide fiscal and nonfiscal incentives to regional infrastructure development 	<ul style="list-style-type: none"> • Facilitate contact and dialogue between organizations in similar spheres of work • Replicate successful models of socially oriented ITES-BPO • Act as the bridge between potential investors and the governments 	<ul style="list-style-type: none"> • Seek partners in other countries in the region for complementary work • Seek opportunities for direct investments in regional companies • Set-up greenfield projects and captive centers
	Subcontracting		<ul style="list-style-type: none"> • Facilitate contact and dialogue between organizations in similar spheres of work • Identify opportunities for regional MNCs to outsource specific processes based on individual country competencies 	<ul style="list-style-type: none"> • Identify opportunities to subcontract work to regional companies

Role of Stakeholders & Core themes of Collaboration(3 of 3)



Developing a Roadmap for Regional Collaboration in ITES

Your Agenda !!! - A prioritized set of time bound activities & responsibilities

- **Focus Areas:**
 - Setting up of the **regional body for collaboration**
 - **Training and assessment** for ITES-BPO
 - **Niche segment identification**
 - **SAR Venture Fund**
- Plan and implement first phase of **common assessment test**
- Promote **entrepreneurship**
- Identification of **niche segments** and areas of growth for the **countries**
- Interaction among country-level associations on discussing **complementary work opportunities**
- Promote **subcontracting** of work in niche segments
- **Internal promotion** of ITES-BPO in countries

- **Focus Areas:**
 - Business-to-business collaboration through **joint ventures**
 - **Investment promotion**
 - **Infrastructure development**
 - **Short-term talent development programs**
- **Conduct seminars/conferences** to engage companies from different countries in conversation on both **investment and joint-venture promotion**
- Conduct **regional promotional events** to attract **VCs**
- **Rollout accreditation framework** in line with results from common assessment test
- Develop **finishing/training school curricula** to bridge short-term gaps

- **Focus Areas:**
 - **Regional investment promotion**
 - Common **infrastructure development**
 - Increased **government-to-government contact and policy-related initiatives**
- **Joint promotion** of the region through events to attract **fresh clients** from outsourcing countries and to attract **private equity** firm funding
- Development of common infrastructure in areas such as **power, telecom, and real estate**
- Leveraging of existing **bilateral and multilateral agreements** for ITES-BPO
- Initiation of regional policies such as **IT-ITES visas, and so forth**

- **Focus Areas:**
 - **Long-term sustainable strategies** for education, business development, and industry growth
 - Creation of **free trade agreements** and **regional work permits**