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Over the past several years, India has received a great deal of media attention as a leading business process outsourcing (BPO) location. This, in large part, has been driven by the early success that providers enjoyed in the region – albeit some missteps. While the region has done a great deal to provide exceptional BPO services for millions of customers each year, it primarily serves the English-speaking markets of the U.S., U.K. and (in a few cases) Australia. Today, India continues to be a location of choice along with the Philippines. But now, Latin America is emerging as the next major BPO force, rivaling that of India. The major difference – Latin America is poised to service a more diverse array of global markets with multilingual skills.

As the “New India,” Latin America promises to complement the world’s other leading BPO hot spots, allowing businesses to utilize a variety of outsourcing strategies. But a few questions remain: why Latin America; why now; what are the challenges facing the Latin American-based BPO industry and what are the rewards for businesses considering outsourcing their customer care to the region?

Ripe for Growth: Why Latin America, Why now?

A perfect storm of business trends and customer demand has made Latin American countries, such as Brazil, Chile, Colombia, Mexico, Nicaragua and Panama, BPO hotspots. The region boasts an abundance of highly skilled workers and a well-established domestic and international business culture. Premier global conglomerates are well-established in several countries in this region. Many citizens have strong Spanish, English, and in many cases, Portuguese language skills, allowing companies to support the wide range of their customers from one location. Reliable and economical communications networks required to deliver high quality voice and data traffic are available across several countries in the region. Moreover, these modes of communication are connected to many other locations across the globe. And just as importantly, governments and economic development groups have created an economic environment that attracts foreign companies to set up operations. For instance, many companies are flocking to the region largely due to the high quality of customer care they have come to expect from these countries and a high level of retention among employees.

Perhaps the most significant factor is this new outsourcing hot spot’s unique ability to service five disparate markets: Pan-Latin America, Spain to Latin America, U.S. Hispanic, U.S. English-Speaking and Local In-country. Individually, each of these markets are growing at a fast pace. Put together, they are growing at a feverish pace. Latin America’s ability to serve five different market opportunities is unique to this particular region.

- **Pan-Latin America:** Nations across Central and South America are now looking to their neighbors to consolidate fragmented support centers across the region into a single location. Panama, for instance, has been very successful providing customer care support for almost all Central and Latin American nations (with the exception of Portuguese language support). Its convenient location in



Central America, availability of skilled bilingual workforce and safety from natural disasters (outside the Hurricane Zone) are key reasons why many companies cite Panama as a prime location.

- **Spain to Latin America:** With a compound annual growth rate of 9% for captive and 15% for outsourced customer care centers (Datamonitor, 2007), Spain is one of the fastest growing markets in Europe. Spurred on by the business advantages of offshore customer care and desire for contact center agents with a “neutral” Spanish – not stressing a regional accent or dialect – a growing number of Spain-based companies are turning to countries like Chile and Colombia for customer support services.
- **U.S. Hispanic:** According to the U.S. Census Bureau, the Hispanic population in the U.S. reached 42.7 million as of July 1, 2005 and this number is expected to grow. Between July 1, 2004, and July 1, 2005, this population experienced a 3.3 percent increase, making Hispanics the fastest-growing minority group in the U.S. According the University of Georgia business school, Hispanics will control \$926.1 billion in total disposable income by 2007. As the number of U.S. Spanish-speaking consumers increases, so too will the demand for contact center support for this demographic. Mexico has the unique advantage of providing “context-specific” support given that the vast majority of the U.S. Hispanic population is from Mexico. Other Latin American nations, such as Panama and Colombia, are also clamoring for a piece of this market and have a value proposition different from Mexico.
- **U.S. English-Speaking:** While India and the Philippines continue to be good locations to serve needs of this market, many companies are looking for alternatives outside of these two countries. Several Latin American countries are already in the fray. However, there are many others that are developing into potentially ideal locations. One example of new BPO prospects for the U.S. English-speaking market is Nicaragua: Contrary to popular notions of a war-torn and dangerous country, Nicaragua is establishing itself as a safe and business-friendly nation. Thousands of citizens have returned since the political environment has stabilized. With a stable government and scores of U.S.-educated English speakers returning to the country, Nicaragua is poised to serve the U.S. English-speaking market, along with Mexico, Panama and other locations.
- **Local In-country:** With successful contact centers dotting the region, it is important to note that many are servicing their own local markets. For example, Brazil, the second largest economy in the America’s, has a thriving local market opportunity. As with other such economies, there continues to be a growing need to deliver high levels of customer services and support in order to differentiate one’s product and services.

Time and again, Latin America proves to be the most adept at serving each of these complex and vivacious markets. Businesses from around the world will continue to outsource customer care to the region at a remarkable pace. Many are already reaping the rewards of higher customer satisfaction, greater return on customer investment (ROCI), time zone proximity, physical proximity and a competitive business model.

Challenges and Critical Success Factors

Despite a burgeoning BPO market in Latin America, there remain a handful of challenges to continued growth.

- **Public Perception:** Foremost is negative, and often, incorrect public perceptions of the region in general, and in particular, with some specific countries. For some people, the mention of “Colombia” or “Nicaragua” calls to mind images of violence and instability. But, contrary to this

view, these nations have become safe and business-friendly with governments that are keen to secure attractive foreign investments in their countries. As previously discussed, Nicaragua is home to thousands of well-educated, English-speaking workers who have returned to the country in droves following favorable shifts in Nicaragua's political climate. Yet, negative opinions persist among a number of potential clients that must be dispelled if we are to achieve continued growth in the region. Ultimately, BPO industry leaders can begin to overcome these challenges by bringing potential clients to regions of interest to dispel their concerns. The best way to attack negative and inaccurate perceptions is to expose potential investors to the actual political and business climates of each nation to debunk damaging stereotypes.

- **Communication Skills:** Another challenge is that while many Central and South American nations boast excellent written and oral communication skills and high job retention among employees, these numbers could be higher. Chile, for instance, has several favorable qualities including a stable government and a strong economy. Yet, a low level of English skills is hindering Chile's ability to reach its full potential as a BPO center beyond the Spanish-speaking support it provides. To increase levels of achievement and retention among current and prospective employees, BPO leaders must provide training in verbal and written communications. Some Latin American governments already have English language programs in place. To combat obstacles impeding Chile's rise to prominence as a BPO provider, the Chilean Economic Development Agency (CORFO) has recently announced a program to rapidly expand the number of English speakers in the country. In regions where these programs do not exist, BPO leaders should encourage local governments to create such programs. In an effort to inspire a higher rate of employee retention, foreign companies should offer career paths and promote programs that show each company's commitment to its employees. Providing avenues for advancement and the skills necessary to succeed will go a long way in limiting turnover, and reward programs will go a long way in demonstrating appreciation for exceptional customer care.

Following these recommendations will ensure that prospective clients will have informed views of Latin American nations and their unprecedented opportunities for growth, while an increasing number of contact center agents will have the skills necessary to serve with excellence each of the five markets discussed above.

Conclusion: The Future of the Latin American BPO Industry

Latin America has become the world's next outsourcing hotspot due to the region's unique ability to offer dynamic, multilingual contact center services for a wide range of global markets. This region will continue to both rival, as well as complement, India's own world-famous BPO industry. As companies continue to evolve their customer care needs and choose the right shore to service their customers, a growing number of companies will turn to the Latin American region, whether they are U.S. companies looking for locations in close proximity and time zone, similar business culture and English speaking / bilingual workforce; Spanish companies looking for economical and skilled Spanish language skills; or local or global companies looking to service domestic or regional consumers.

The future holds a strong Latin American BPO industry built on the foundation of highly skilled workers, well-established business culture, exceptional customer service and affordable contact center services. In years to come, we can expect that India and Latin America will form two giant pillars upon which the majority of the BPO industry will be built.