



CARIBBEAN ASSOCIATION OF
INVESTMENT PROMOTION
AGENCIES



INVESTING IN THE BUSINESS PROCESS OUTSOURCING (BPO) SECTOR IN THE CARIBBEAN



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CONTENT

THE CARIBBEAN REGION INVESTMENT CLIMATE	3
Economic & Political stability	3
International linkages and access to large markets	6
Skilled and Flexible labour force	7
Modern infrastructure	7
Ease of Doing Business	10
Government commitment	11
INVEST IN BUSINESS PROCESS OUTSOURCING	12
Business Process Outsourcing at a glance	12
Global industry trends	12
The BPO industry in The Caribbean	13
Why the Caribbean?	14
Competitive cost levels	14
Workforce strengths	16
Connectivity & Cultural affinity	17
Positive investment climate	17
Proof of Concept	18
Investment Opportunities	19
Contact Centre Outsourcing (CCO)	19
Finance and Accounting Outsourcing (FAO)	19
Human Resource Outsourcing (HRO)	20
Legal Process Outsourcing (LPO)	20
ANNEXES	21
Snapshot of investor-ready investment opportunities	21
Investor Success Stories	24
Summary of incentives available to investors	27

THE CARIBBEAN REGION INVESTMENT CLIMATE

The Caribbean¹ provides exciting investment opportunities and growth prospects. The region has several features offering a competitive edge and diverse investment opportunities, with promising emerging sectors including Business Process Outsourcing, Niche Tourism and Renewable Energy.

The region is characterised by a stable economic and political climate, a desirable and privileged geographic location and openness to trade which gives access to attractive markets, it also offers skilled labour supply, modern infrastructure and supportive government, with relatively low levels of red tape and bureaucracy.

ECONOMIC & POLITICAL STABILITY

The Caribbean provides strong foundations for businesses. Most countries have an outstanding track record of economic and political stability.

Figure 1: The Caribbean quick macroeconomics facts

COUNTRY	GDP 2015 MILLIONS USD	GDP GROWTH AVERAGE 2010-15	INFLATION RATE 2015	POPULATION 2014	UNEMPLOYMENT RATE 2015	IMPORTS 2014 % GDP	EXPORTS 2014 % GDP
The Bahamas	8,705	0.9%	1.8%	383,054	15,4%	60.9%	43.9%
Barbados	4,412	0.3%	0.54%	283,380	12,0%	66.3%	60.8%
Belize	1,763	2.5%	-0.59%	351,706	11,5%	48.3%	36.5%
Dominican Republic	67,492	4.9%	0.83%	10,405,943	15,0%	30.5%	25.7%
Guyana	3,164	4.5%	-0.32%	763,893	11,1%	80.8%	51.0%
Haiti	8,618	3.3%	7.5%	10,572,029	6,8%	53.1%	18.6%
Jamaica	13,924	0.5%	4.6%	2,720,554	13,2%	53.3%	31.1%
Suriname	5,192	2.6%	6.8%	538,248	5,6%	45.1%	30.4%
Trinidad & Tobago	24,553	0.1%	4.6%	1,354,483	4,0%	31.4%	44.4%

Source: World Economic Outlook Database 2016, GDP growth measured as CAGR 2010-15, IMF; Unemployment Rate and Import & Export - World Bank national accounts data

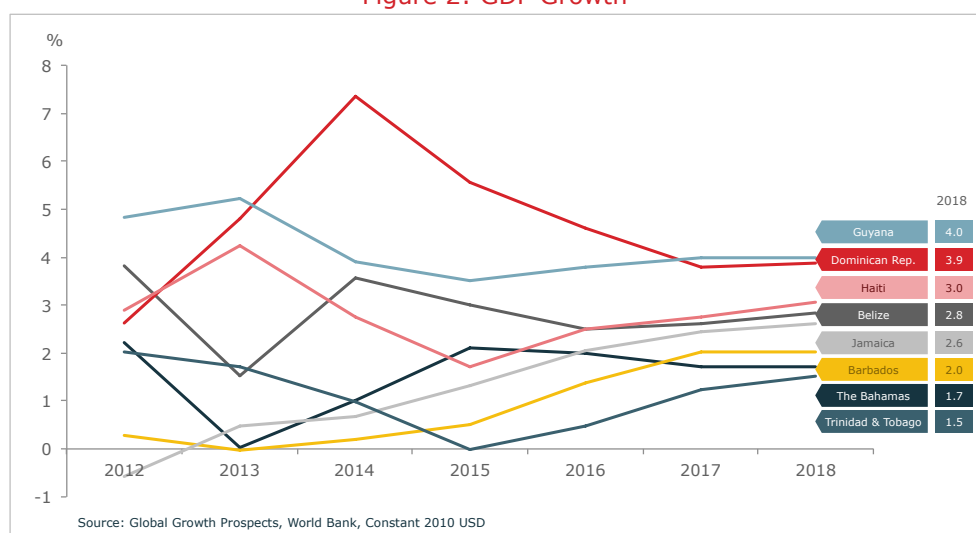
¹ ¹ The following report draws on regional general data but will focus on nine economies in the region, namely The Bahamas,

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The Caribbean economies are small and very open to international trade. High trade to GDP ratios demonstrate the region's openness to international trade and economic integration. The region's² total GDP was US\$143.6 billion in 2015 (at current prices USD). The service sector, mainly tourism and business services, dominates the majority of the economies in the region, contributing to more than 50% of GDP in most countries. However, Guyana, Suriname and Trinidad & Tobago are commodity-based and in these economies the mining and energy sector, including gold mining and oil and gas, are the largest contributors to economic activity, whilst the Belize economy is primarily agro-based. There are several opportunities to upgrade and diversify the value chain with investments in future sectors of growth and innovation, such as renewable energy and sustainable niche tourism.

The regional economy grew 1.7% in 2015 and future economic growth prospects remain positive, the World Bank estimates show growth prospects between 1.5% and 4% in the coming years.

Figure 2: GDP Growth³

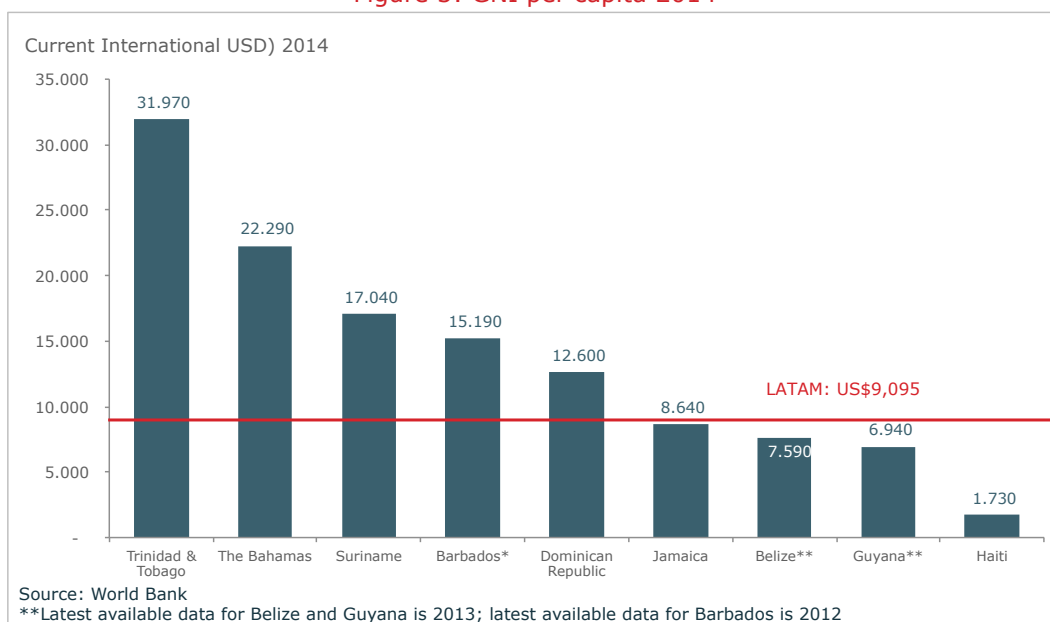


The Gross National Income (at Purchasing Power Parity) per capita increased a 42% over the last decade from US\$9,700 to US\$13,780 regionally, however this average hides some inequalities; Barbados and Trinidad & Tobago have the highest GNI per capita and are classified as high-income economies, whilst Haiti's GNI per capita is US\$1,730.

² <http://www.imf.org/external/data.htm>. The Caribbean includes: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad & Tobago

³ Latin America and Caribbean Economic Prospects, World Bank excludes Suriname, for which data limitations prevent the forecasting of GDP components.

Figure 3: GNI per capita 2014



In addition to positive economic growth forecast and high income per capita, the regional average inflation rate has fallen since 2011 and is not expected to exceed 3.5% in the next years⁴. The Caribbean public debt is higher than the average of small economies⁵, however the ratio of public debt to GDP has been improving in many countries.

The Caribbean is a reliable business partner, it has one of the lowest perceived risks in the LAC region⁶ and it is a comparatively politically stable region with well-functioning institutions, efficient government and low level of corruption. Transparency International's Corruption Perception Index 2015 ranks countries on perceived level of public sector corruption. The Caribbean is way above average, of 168 countries Haiti ranked 17, Guyana 29, Dominican Republic 33, Suriname 36 and Trinidad & Tobago 39⁷.

The overall regulatory system is conducive to business activity. The Worldwide Governance Indicators (WGI) reports governance indicators for over 200 economies. The countries in this report, with the exception of Haiti, score in the top 50% in terms of political stability and both Bahamas and Barbados are placed among the top 20%

Figure 4: Political Stability Indicators 2014⁸

⁴ Private Sector Development in the Caribbean, EIU, 2015

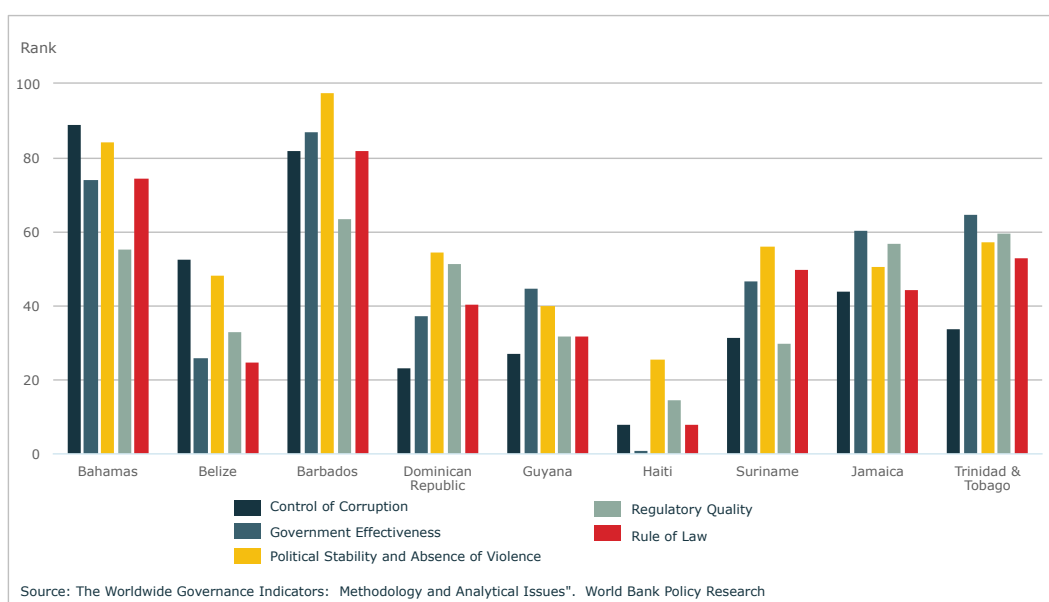
⁵ IMF

⁶ According to the Trading Economics credit rating, a composed Index of Standard & Poors, Fitch and Moody's; <http://www.tradingeconomics.com/country-list/rating>

⁷ The rest of the countries in this report were not part of the ranking.

⁸ The Worldwide Governance Indicators (WGI); Kaufmann, Kraay and Mastruzzi. Percentile rank indicates the country's rank among all countries covered by the aggregate indicator with 0 corresponding to lowest rank and 100 to highest rank.

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INTERNATIONAL LINKAGES AND ACCESS TO LARGE MARKETS

The Caribbean's privileged geographic location makes the region a perfect gateway to markets in North, Central and South America. The region is strongly integrated with international markets and has extensive trade relations. The Caribbean boasts several trade agreements, which give preferential access to a vast market of nearly 1 billion customers in North America, the European Union and South America.

Figure 5: Free Trade Agreements in Operation in force

FTE	Region / Countries	Population (millions)	GDP (US\$ billions)
CARICOM Single Market and Economy (CSME)	The Caribbean (15 members)	16.7	US\$64.1
CARIFORUM- EU Economic Partnership agreement	European Union (27 member states)	507.4	US\$18,495
Caribbean Basin Initiative (CBI) (duty free access to most goods)	United State of America	318.9	US\$17,419
Canada – Caribbean Community (CARICOM)	Canada (under negotiation)	35.2	US\$1,785
CARICOM – Republic of Colombia Trade, Economic & Technical Cooperation Agreement	Colombia	48.3	US\$377.7
CARICOM-Republic of Venezuela Trade & Investment Agreement	Venezuela	30.4	US\$438.3
CARICOM-Republic of Costa Rica Free Trade Agreement	Costa Rica	4.8	US\$49.6

The CARICOM Single Market and Economy (CSME) allows for economies of scale and cluster promotion. Other important trade and economic agreements include:

- Dominican Republic-Central America Free Trade Agreement, facilitating trade between Central American territories, Dominican Republic and the US

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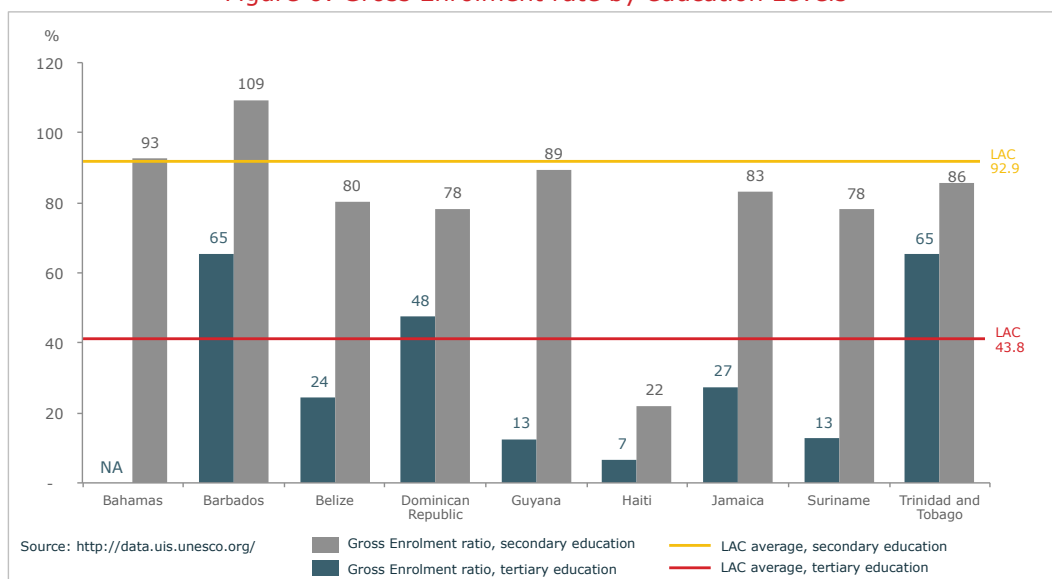
- Haitian Hemispheric Opportunity through Partnership Encouragement, granting preferential access to the US market

The region's openness is also demonstrated by the active engagement of Diasporas in economic and business development. Research shows that Diasporas create strong links to the rest of the world, facilitating business contacts and technology transfers.⁹

SKILLED AND FLEXIBLE LABOUR FORCE

Young and skilled, the Caribbean ensures access to a 13 million strong and qualified work force. Overall, the Caribbean has a high percentage of secondary and tertiary education enrolment. Over 70,000 students graduate from higher education every year. The region also has the advantage of speaking several global languages; English, French, Spanish and Dutch are spoken fluently. Furthermore, the Caribbean has a flexible labour regime when compared to Latin America.

Figure 6: Gross Enrolment rate by education Levels



MODERN INFRASTRUCTURE

⁹ Newland & Plaza, 2013, *What we know about diasporas and economic development*, Policy Brief No. 5, Migration Policy Institute

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TRANSPORTATION

The region has a well-developed logistics infrastructure; the region possesses some of the best port infrastructures in the world, it has high concentration of international airports¹⁰ and good quality roads that facilitate efficient transportation of goods and people.

Figure 7: Quality of Transport Infrastructure¹¹

COUNTRIES	OVERALL RANKING	ROADS	PORTS	AIRPORTS
Dominican Republic	60	4.3	4.5	4.7
Jamaica	62	3.6	4.7	4.9
Trinidad & Tobago	66	4.1	4.0	4.6
Guyana	95	3.2	3.6	3.8
Haiti	135	2.3	2.6	2.9
	Above Average			

1 = extremely underdeveloped – among the worst in the world; 7 = extensive and efficient – among the best in the world

The CSME is continuously developing market access and integration within the region, as well as promoting the free movement of goods, services, capital and labour.

ENERGY

Broad access and high quality of electricity supply, 90% or more of the population have access to electric power¹² at affordable prices.

The region is heavily reliant on imported fuel oil and diesel for power generation with the exception of Trinidad & Tobago, which is an oil and gas exporter. Natural energy sources such as hydropower, biomass, wind and solar energy are emerging sectors¹³ with promising investment opportunities.

Furthermore, many countries are investing to improve the access, reliability and cost of electricity. Between 1990 and 2014 Dominican Republic, Guyana, Haiti and Jamaica registered 30 electricity infrastructure projects with a private investment value of US\$ 4,178 million.

Figure 8: Private Investment in electricity infrastructure projects

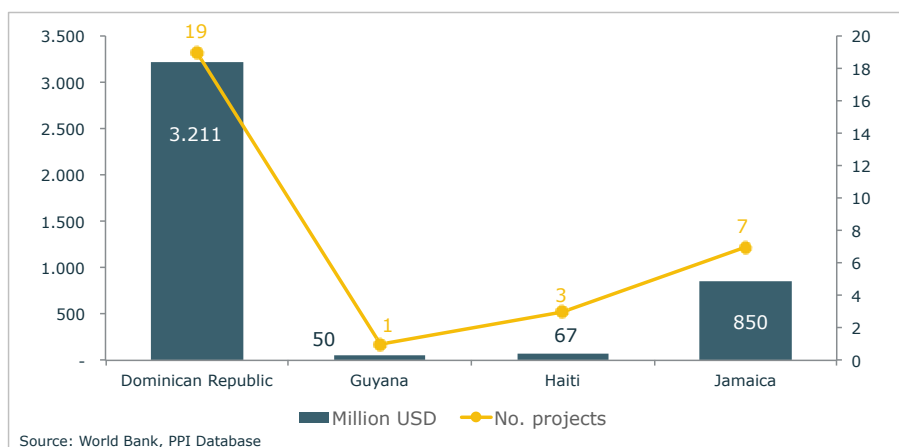
¹⁰ Caribbean Knowledge series 2013, Air Transport in the OECS: Flying Solo?, World Bank LAC

¹¹ Competitiveness Rankings 2016, WEF. The Bahamas, Barbados, Belize and Suriname are not assessed

¹² World Bank Development Indicators 2015. The exception is Guyana where 79% of the population have access to electricity and Haiti where 37.9% of the population have access to electricity

¹³ Caribbean Knowledge Series, 2013, Got steam? Geothermal as an Opportunity for Growth in the Caribbean, World Bank LAC

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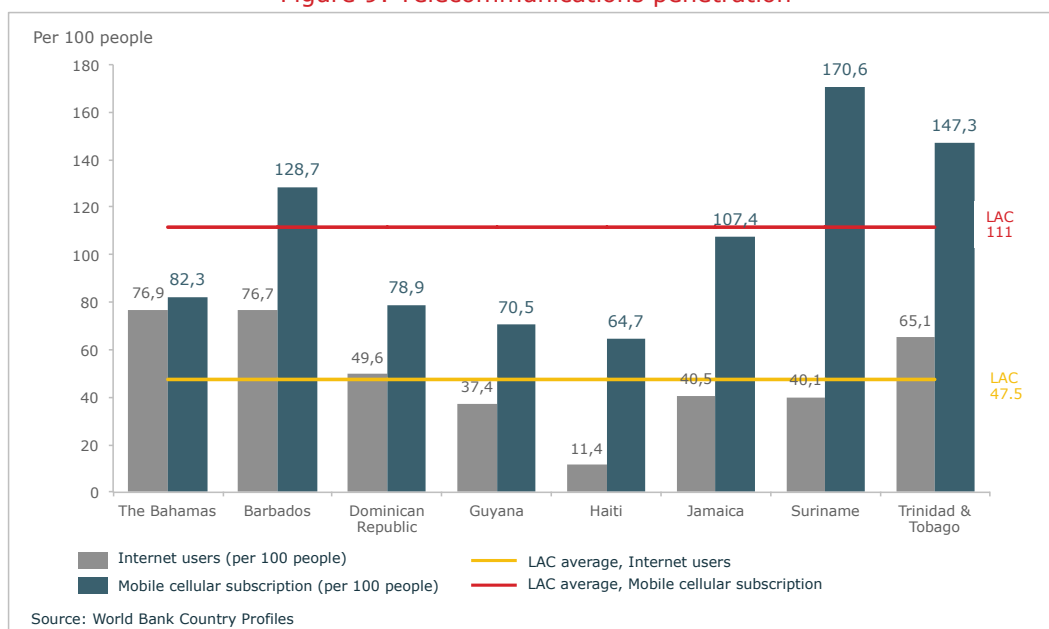


TELECOMMUNICATION

The Caribbean region ranks well in technology readiness, it has a higher than global average percentage of Internet users, 49% of the Caribbean population are internet users as compared to 43% of the global population¹⁴.

The Caribbean's telecom infrastructure is supported by the international submarine fibre optic ring that connects all islands in the region. The region's access to broadband supports business activities and provide connectivity to international and regional markets.

Figure 9: Telecommunications penetration



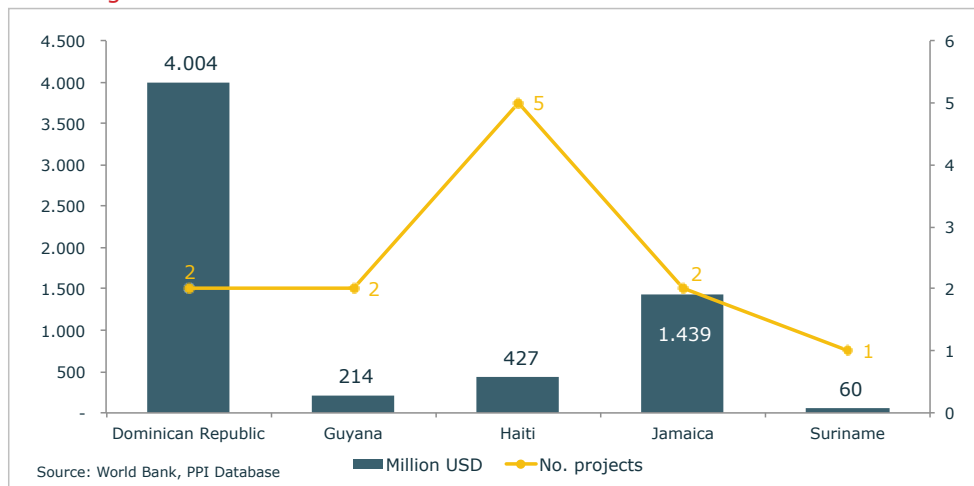
Telecom infrastructure has improved dramatically in the past decade, public-private partnership have grown exponentially. According to the World Bank, Dominican Republic,

¹⁴The Economist Intelligence Unit, 2015

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Guyana, Haiti, Jamaica and Suriname registered 13 telecommunications infrastructure projects between 1990 and 2014 with a private investment value of 6,144 million USD.

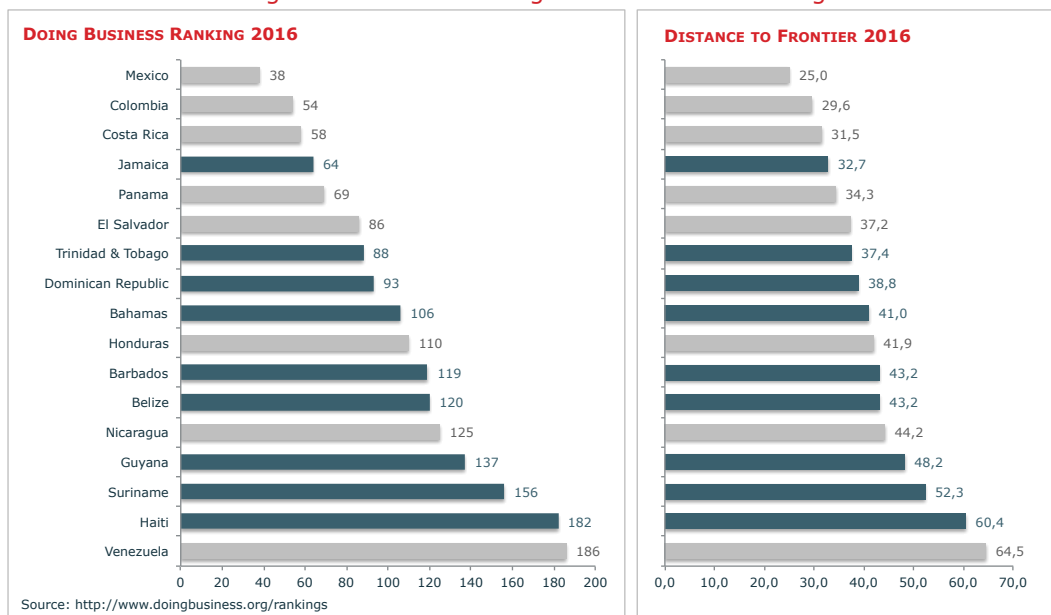
Figure 10: Private Investment in Telecommunications Infrastructure



EASE OF DOING BUSINESS

The Caribbean has one of the most conducive business environments when compared with Central and South American countries. The region ranks well in critical areas for investors such as Starting a Business, Dealing with construction permits and Getting Electricity.

Figure 11: Ease of Doing Business 2016 ranking



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The ease of doing business has improved in the Caribbean region over the last couple of years¹⁵, indicating a positive development for foreign investors. Several of the Caribbean countries have undertaken reforms to improve the business climate. This is reflected in the countries' "distance to the frontier". The Dominican Republic, Jamaica and Trinidad & Tobago now rank amongst the top 50% of all the countries covered by the World Bank.

Furthermore, regional studies show that the region's strong institutions benefit the efficiency of the business environment. For example, in all countries, with the exception of Belize and Guyana, firms state that customs and trade regulations are no, or only minor, obstacles to doing business.¹⁶ The same study shows that senior managers in the Caribbean only have to devote half of the time dealing with government regulation, as compared to the global average. On average, senior management in the Caribbean spend 5 per cent of their time per week dealing with government regulation as compared to the global average of 10 per cent and the Latin American average of 14 per cent.¹⁷

GOVERNMENT COMMITMENT

The Governments are committed to supporting the development of key sectors; most of the countries offer attractive incentives for investment, tax holidays or preferential income taxes, exceptions from duties on imports, property tax exemptions, an extensive range of free economic zones, among others.

¹⁵ The Economist Intelligence Unit

¹⁶ *ibid*

¹⁷ *ibid*.

INVEST IN BUSINESS PROCESS OUTSOURCING

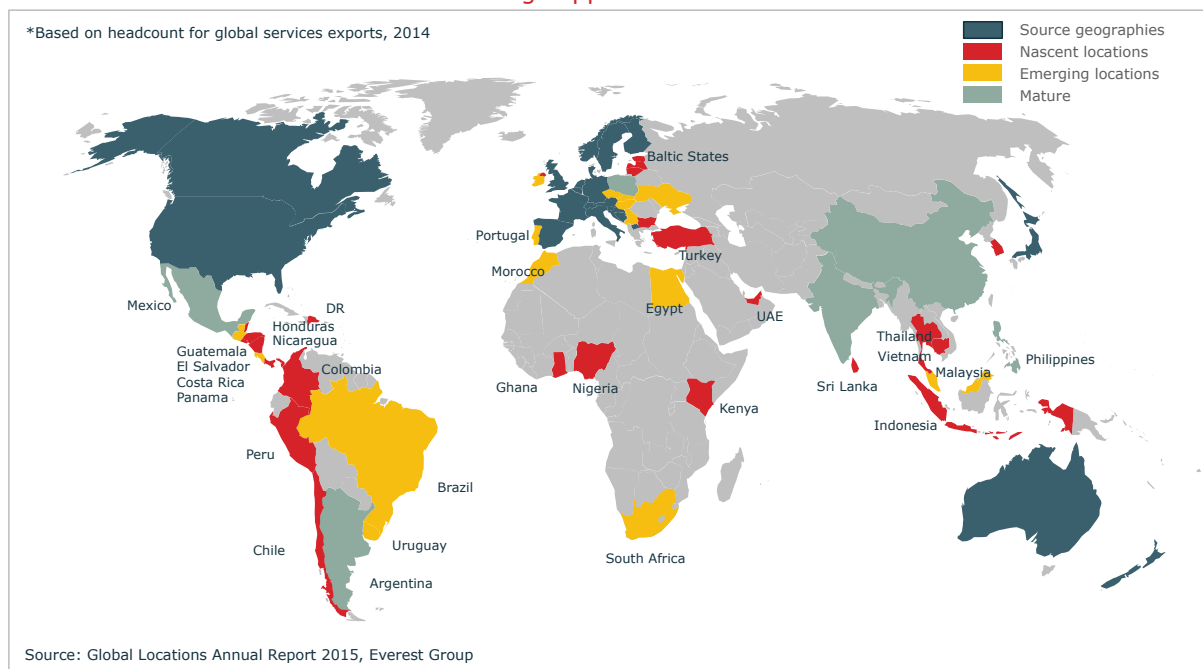
BUSINESS PROCESS OUTSOURCING AT A GLANCE

GLOBAL INDUSTRY TRENDS

The global market of Business Process Outsourcing (BPO) is currently valued at an impressive US\$1 trillion, where the size of the cross-border outsourced services trade between countries was estimated at US\$88.9 billion per year in 2015. The largest share of this revenue goes to the Asia Pacific (APAC) region. The region dominated the outsourced services market share by nearly 70%, followed by Europe (10%), Canada (9%) and Latin America (9%).

Among the noticeable trends in the global BPO industry is the focus on new, innovative offerings, e.g. in contract structuring, with BPO providers becoming more creative in landing mega-sized, multi-year outsourcing deals; smaller BPO engagements, with clients splitting a deal into smaller, more specialist providers, as opposed to using one large provider; more flexible location solutions, e.g. agents working from home, on-site, near-shore or off-shore, now possible thanks to technology advancements.

Distribution of leading suppliers in the Onshore Services



Customer Services Outsourcing represents the highest market penetration and its growth is projected to decline over the coming five years. Instead, new interesting business segments representing higher added-value services are taking off. Finance & Accounting, Human Resources, Legal Process, Governance, Risk and Compliance and Insurance Related Outsourcing are leading the way, while Robotic Process Automation is predicted to take over more and more of low-skill tasks. The growth of these new BPO

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segments is mainly driven by clients wanting to focus more on core business areas, increase operational efficiency and, at the same time, find the right balance between quality and cost.

THE BPO INDUSTRY IN THE CARIBBEAN

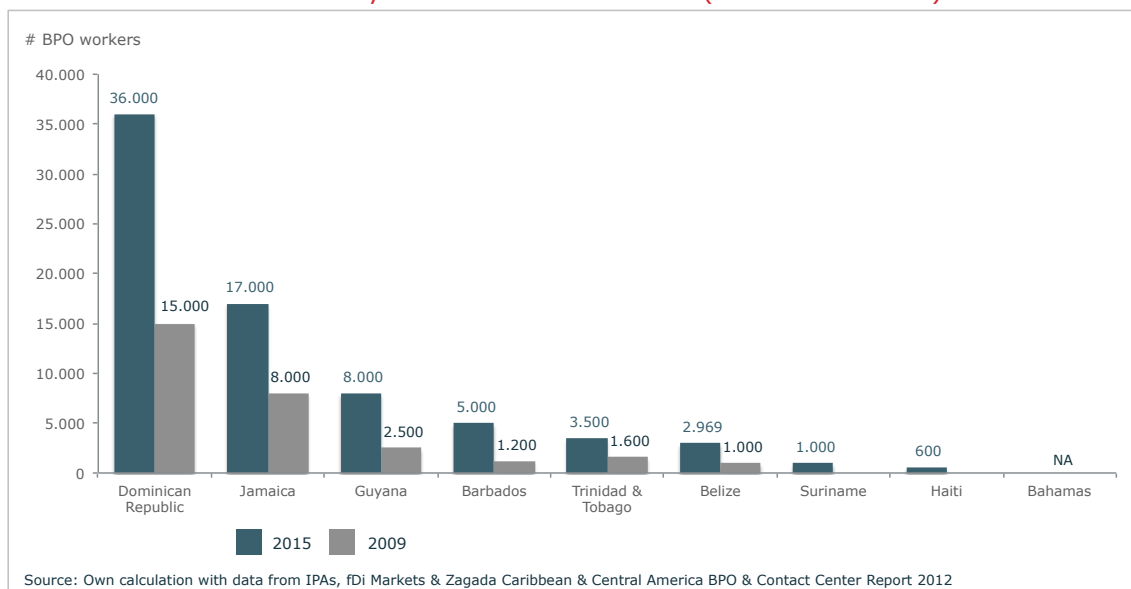
The Caribbean region is emerging as one of the most attractive destinations for BPO. The region offers competitive cost levels, a well-educated workforce with extensive language capabilities, flexible labor regimes as well as time-zone advantages and geographical proximity to its key source market, North America. The global trend of BPO clients shifting their focus from cost savings to more high quality services is also likely to further boost the investment opportunities in the region.

For the past 15 years, thanks to the telecommunication liberalization in the early 2000s, the BPO industry in the Caribbean has been developing at fast pace. This accelerating growth is expected to continue over time, with destinations like Dominican Republic, Jamaica and Trinidad & Tobago starting to claim their rightful position in the global value chain.

The Caribbean BPO industry in the nine selected countries is composed of more than 200 delivery centers and 74,000 agents (2015), showing an increase of 44,700 workers in only five years. During this period the industry has grown at an impressive Compound Annual Growth Rate (CAGR) of 17%.

BPO and other professional services generated over US\$2 billion in revenue in 2014. Calculations show that companies in the region generate close to US\$25 million in revenue for every 1,000 agents. The level of profit is around 7% for call centers and close to 15% for non-voice, back-office shared services.

BPO industry workers in the Caribbean (selected countries)



WHY THE CARIBBEAN?

COMPETITIVE COST LEVELS

LOW LABOR COSTS

Investment decisions by offshore services companies are often highly influenced by the cost-saving impact, as BPO is a cost-sensitive business with increasing pressure on margins. Being a labor-intensive industry, the cost of labor is therefore crucial to any company in the assessment of new, potential investment opportunities. The Caribbean offers a significant wage differential compared to the USA, the region's key source market, as labor costs are between 88% (Haiti) and 55% (The Bahamas) lower than in the USA (US\$2,700 average monthly salary)

The amount of time and resources required for training of new employees is a well-known issue to most employers, regardless of type of business. In The Caribbean, BPO service providers can boast attrition rates as low as 3% (Suriname) and 5% (Haiti) which further supports the Caribbean case compared to other major outsourcing markets, like India (40%) or Mexico (25%).

FLEXIBLE REGULATORY FRAMEWORK

Flexible labor regulations are important to BPO service providers, especially regarding shift work, 24/7 operations, part-time and temporary work, etc. Regulations in the Caribbean are very flexible with respect to hiring, redundancy and working hours, compared to other emerging markets.

With social security contributions not exceeding 7%, the costs are lower in the Caribbean compared to social costs in other BPO markets like India (12%), Colombia (11.6%) and Costa Rica (8%) respectively. Jamaica offers the lowest social costs at 2.5% and in Suriname the responsibility falls on the employee. In many benchmarked countries, labor tax and social security contributions can reach as high as 40%, while in The Caribbean they account for an average of only 25%.

LOW OPERATIONAL COSTS

Real estate is an important cost driver for any offshore center. Although the supply of commercial property in the Caribbean is limited, the prices are very competitive.

With an average rental rate from US\$2.8 (Haiti) to US\$26.9 (Barbados) per square meter, compared to the US, companies can save between 92% and 28%. A company can benefit from Class A office space rental rates per square meter/ month as low as US\$2.8 (US\$0.26 per square feet) in Haiti, US\$11.2 (US\$1.04 per ft²) in Suriname and US\$11.7 (US\$1.08 per ft²) in Jamaica. In other benchmarked BPO markets like India, Philippines, Costa Rica, Colombia and Mexico, rental rates vary between US\$12.4 (US\$1.15 per ft²) to US\$26.7 per square meter (US\$2.48 per ft²).

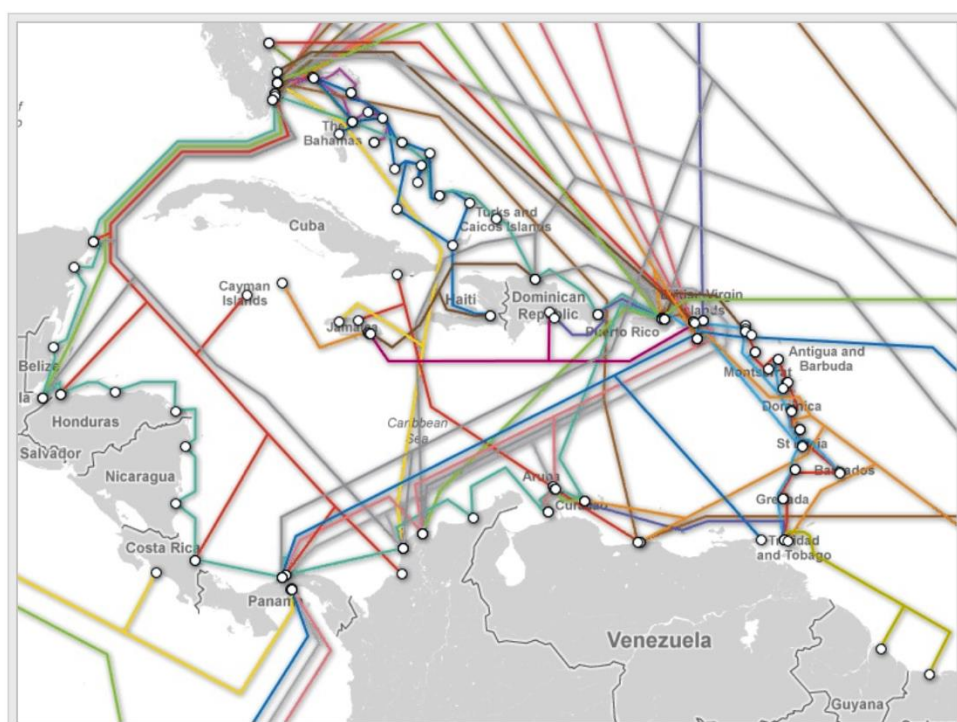
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The low costs for social security contributions and low office space costs, coupled with low telecoms costs further strengthens the business case and compensates for the fact that the cost of electricity, at this point in time, is relatively high in some countries. This is however about to change, due to the ongoing transition from fossil fuels to renewable energy in the Caribbean region, thus lowering the energy costs significantly over time.

MODERN, COST-EFFICIENT INFRASTRUCTURE

Throughout the Caribbean region, countries have invested in modern telecoms infrastructure with high redundancy, supporting all the requirements for global connectivity. Most Caribbean countries have at least two submarine cable systems connecting their jurisdiction.

Submarine cable map



Source: TeleGeography as per 30 June 2016

It is known, that in general the average electricity cost in the Caribbean is considered higher than in other locations, even if the difference between countries is considerable from cheap in Trinidad & Tobago to higher in Barbados but some countries also struggle with transmission losses. In order to solve these challenges, most countries have national plans and investment in renewable energy sources, especially solar and wind, which will result in not only lower electricity costs but also in a more stable and predictable energy supply.

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WORKFORCE STRENGTHS

FIRST-CLASS EDUCATIONAL SYSTEM

The Caribbean, with its young, well-educated, trainable and multilingual population, is well positioned to step up to the highly set requirements of BPO operators when in search of proficiency and talent. With 67% of the population employed in the services sector, the region can offer an impressive talent pool, ready, willing and able to take on assignments on all levels in the BPO industry.

The educational system is well developed with many Caribbean nations ranking above Latin American destinations. Youth literacy rate exceeds 95% and the average gross rate of students enrolled in secondary education is around 85%.

The region has as many as 95 higher education institutions, with over 80,000 students graduating from universities annually, approximately 38% with social sciences and business program degrees.

MULTILINGUAL CAPABILITIES

The countries in the region also have the advantage of mastering several global languages; English, French, Spanish and Dutch are spoken fluently in several countries. English is the official language for The Bahamas, Barbados, Belize, Guyana, Jamaica and Trinidad & Tobago. The Dominican Republic has the best English speakers as second language in Latin America and also offers services in Spanish.

As an example, Suriname has started to gain momentum as an attractive low-cost destination with Dutch language capabilities, now being the 7th preferred BPO location for the Netherlands. Suriname also offers services to some extent in Portuguese and English. Belize, being a native English-speaking country, offers services not only in fluent English but also in Spanish as 50% of the population is Spanish-speaking. French/English/Spanish-speaking Haiti combines an offering of language skills with very competitive labor costs.

The language capabilities of the Caribbean opens up interesting possibilities for BPO service providers, now able to address a larger client base in various markets in Latin America, Europe and other parts of the Western Hemisphere.

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Language Capabilities

Countries	Official Language	English Proficiency	Other language Capabilities			
			Spanish	French	Portuguese	Dutch
The Bahamas	English	Native				
Barbados	English	Native				
Belize	English	Native	✓			
Dominican Republic	Spanish	56.71	Native			
Guyana	English	Native	✓		✓	
Haiti	French	n/a	✓	Native		
Jamaica	English	Native	✓			
Suriname	Dutch	~60			✓	✓
Trinidad & Tobago	English	Native	✓			
Competing Destinations						
Philippines	English Filipino	Native	✓			
India	Hindi	58.21				
Mexico	Spanish	51.34	Native			
Colombia	Spanish	46.54	Native			
Costa Rica	Spanish	50.53	Native			

English Proficiency Index 2015 (English as second language) – Education First

■ High
 ■ Medium
 ■ Low
 ■ Very Low

CONNECTIVITY & CULTURAL AFFINITY

In the assessment of potential BPO destinations, cost arbitrage and the availability of the right talent set-up are of course critical factors. However, other important factors to take into consideration are geographical proximity, connectivity and cultural affinity.

One of the main competitive aspects of the Caribbean as a BPO destination is the physical closeness to North America, with Caribbean nations either sharing the same time-zone as New York or alternatively have a time difference not exceeding two hours. In addition, most of Europe is only five to seven hours ahead of Caribbean time. This makes it so much simpler to manage daily communications and day-to-day operations, as opposed to working with more distant BPO destinations in the Asia-Pacific or African countries (depending on source market).

Most of the Caribbean has extensive and good quality international air transport links. Most North American and Latin American cities are reached in less than 5-hour flights.

POSITIVE INVESTMENT CLIMATE

The Caribbean provides exciting investment opportunities and growth prospects. The region has several features offering a competitive edge and diverse investment opportunities. The region is characterized by a stable economic and political climate, privileged geographic location and openness to trade which gives access to attractive markets, it also offers skilled labor supply, modern infrastructure and supportive government, with relatively low levels of red tape and bureaucracy. It's quality of life, is what is most well-known.

The Government is committed to supporting the development of BPO sector; most of the countries offer attractive incentives for investment, tax holidays or preferential income

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taxes, exceptions from duties on imports, property tax exemptions and an extensive range of free economic zones, among others.

BPO is known to seek none or few barriers to entry and exit, and most companies are in constant search of lower costs. Nevertheless the possibilities for job creation in relatively high-skilled activities have motivated Governments to provide very generous incentives. Most BPO operations in the Caribbean are granted free zone status, entirely exempted from income tax and allowing companies to repatriate 100% of their earning tax free.

PROOF OF CONCEPT

The Caribbean region has attracted more than 20 new foreign-owned call centers during the past three years, with a total investment value of US\$170 million, creating close to 15,000 new job opportunities. The table below presents the ten largest investments from well-known brands, in terms of capital investment.

Ten largest Call Center FDI projects in the Caribbean, 2013-2016

Year	Investing Company	Destination Country	Sector	Capital Investment (US\$ million)	Est number of jobs
2015	Qualfon	Guyana	Business support services	37.8	6,000
2016	Acquire BPO	Dominican Republic	Business support services	30	700
2015	DHL	Jamaica	Freight/Distribution Services	30	20
2015	Health Benefits Center	Dominican Republic	Insurance	9.7	225
2015	Teleperformance	Guyana	Business support services	9.5	1,500
2014	Open Mobile	Dominican Republic	Communications equipment	7.1	439
2015	Xerox	Jamaica	Business support services	6.3	1,000
2015	Xerox	Jamaica	Business support services	5.7	900
2015	IBEX Global Solutions	Jamaica	Business support services	4.6	725
2015	Cable & Wireless Worldwide	Jamaica	Wireless telecommunication	3.9	300

Source: fDi Markets

INVESTMENT OPPORTUNITIES

With a strong track record of delivering professional services for customer services to BPO clients worldwide, the Caribbean region is now strengthening its service portfolio by moving beyond voice-based services by expanding the offer into new BPO segments. In addition to its proficiency in providing Contact Center Outsourcing services, the region is now showing its strengths in areas like Financial & Accounting Outsourcing, Human Resources Outsourcing and Legal Process Outsourcing.

Investment opportunities per sector

Countries	The Bahamas	Barbados	Belize	Dominican Republic	Guyana	Haiti	Jamaica	Suriname	Trinidad & Tobago
Contact Centre	☐	☐	☐	☐	☐	☐	☐	☐	☐
Finance and Accounting	☐	☐	☐	☐	-	-	☐	-	☐
Human Resource	☐	-	☐	☐	-	☐	☐	-	☐
Legal Process Outsourcing	☐	☐	-	-	-	-	☐	-	☐

CONTACT CENTRE OUTSOURCING (CCO)

Call centers for customer services represent the largest BPO segment in the Caribbean, with operations in all countries and with Dominican Republic and Jamaica taking the lead with 53,000 agents employed. Based on the region's cost-effectiveness and proficiency in English, The Caribbean has managed to attract a large number of call center investments over the years.

Leading companies like Xerox, Convergys, Alorica, Teleperformance, Vistaprint and Acquire have established centers in the islands. Trinidad & Tobago has attracted investments from the banking sector, with the Royal Bank of Scotland and Scotiabank operating their customer services from the island. Canadian Imperial Bank has been offshoring parts of their operations to Barbados since 2006.

There is still a large potential for investments in Contact Center Operations in the region, offering services to clients in the USA, Canada, United Kingdom and other countries in the Western Hemisphere.

FINANCE AND ACCOUNTING OUTSOURCING (FAO)

The Caribbean is currently moving away from voice-based customer services to offering more advanced, high-value services, e.g. in FAO. The primary locations for FAO services are The Bahamas, Barbados, Dominican Republic, Jamaica and Trinidad & Tobago.

The region is well positioned to provide sophisticated accounting services together with financial analytics, thanks to a highly qualified talent base and availability of chartered accountants. It is worth noting that Trinidad & Tobago has the highest per-capita

INVEST IN BPO SECTOR BOOKLET

population of accountants in the world, one of the reasons Scotiabank chose to establish a shared services & processing center in Port-of-Spain.

FAO services are expected to continue growing in the region, specifically in areas such as billing, accounts payable, accounts receivable and payroll. Tax preparation and payroll services are the most commonly outsourced services in regards to accounting.

HUMAN RESOURCE OUTSOURCING (HRO)

HRO is a function especially well-suited for outsourcing, mainly due to the fact that it is time consuming from an administrative point of view. There are many specialized companies available in the Caribbean market, well suited for providing the knowledge as well as the technology required in order to manage HR tasks in an efficient, compliant and quality manner.

With a large number of companies with geographical disperse operations present in the region, the Caribbean workforce is very familiar with HR practices in the USA as well as in other countries in the Western Hemisphere in addition to being very aware of and sensible to western business culture.

LEGAL PROCESS OUTSOURCING (LPO)

LPO has emerged as a fast-growing sector, with The Bahamas, Barbados, Jamaica and Trinidad & Tobago showing good potential in securing its share of investments, with Belize and Dominican Republic as runner-ups.

Several countries in The Caribbean are governed by English Common Law System, similar to the USA, Canada, United Kingdom and the British Commonwealth countries, thus facilitating the capability to offer services in this area. The high number of law school graduates in the region is also ensuring a steady and highly qualified competence pool for BPO clients. The Bahamas is planning to become the Arbitration Center of the region.

ANNEXES

SNAPSHOT OF INVESTOR-READY INVESTMENT OPPORTUNITIES

The following investment opportunities have been identified from a sample of projects submitted by each Caribbean territory:

BARBADOS



DASH COMMUNICATIONS PROJECT

DASH Communications is proposing to build a 4G LTE network to enter into the mobile communications market in Barbados. The aim is to seize the opportunity that has arisen as a result of a merger between two major telecommunications companies in Barbados, FLOW & LIME. The project entails two major phases with phase one being the mobile network launch and phase two being the wireless hand phone or land line project.

Estimated value of investment required: US\$7.5 m

Key figures:

- Population: **290,604**
- Unemployment: **12%**
- Tertiary education enrolment: **65.4%**
- BPO Agents: **5,000**
- BPO Centers: **20**

WEST APPS INC. TRADING AS SIMPLI ED APPS

West Apps Inc. trading as Simpli ed Apps is a software factory preparing for expansion. Simpli ed Apps has developed several web and mobile software applications for large organizations and for multiple markets. The strategy focuses on creating Minimal Viable Products (MVPs) as quickly and efficiently as possible by operating in a shared resource environment to maximize code reuse across software teams.

Estimated value of investment required: US\$250,000

BELIZE



BENQUE FREEZONE BPO DEVELOPMENT

The Benque Freezone Business Process Outsourcing (BPO) facility is a newly developed commercial infrastructure development in Western Belize, close to Guatemala, housing 26,000 sq. ft. of commercial space with the potential to hold approximately 1,500 agents benefitting from the freezone tax incentive regime.

Estimated value of investment required: negotiable to purchase or lease

Key figures:

- Population: **347,369**
- Unemployment: **11.5%**
- Tertiary education enrolment: **24.2%**
- BPO Agents: **2,970**
- BPO Centers: **18**

JAMAICA



COMMUNICATIONS: 24MHz MOBILE SPECTRUM LICENSE

The Government of Jamaica is committed to fostering increased competition and ensuring that Jamaicans have ubiquitous and affordable access to telecommunications. The Government has therefore made available for assignment, 24 MHz of spectrum in the 700 MHz Band as well as additional spectrum in the 1700/2100, 1800, 1900 MHz and 2.5/2.6Ghz Bands respectively for wireless broadband services and emerging "fourth-generation" (4G) cellular technologies, such as Long Term Evolution (LTE) Advanced. The license fee payable would be for a term of 15 years.

Estimated value of investment required: US\$25 m

Key figures:

- Population: **2.9 m**
- Unemployment: **13.2%**
- Tertiary education enrolment: **27.4%**
- BPO Agents: **17,000**
- BPO Centers: **50**

BARNETT TECH PARK

The Barnett Tech Park now has available for sale/development 8 fully serviced lots totalling 43.06 acres (174,249.10 sq. meters) within a gated complex in the Fair eld Area. Infrastructure such as water, sewage and light is already in place and development approval has been obtained from the local authority. This location is approximately 15 minutes from the Sangster International Airport, 5–10 minutes from major hotels, restaurants and other leisure activities in Montego Bay.

Estimated value of investment required: US\$15.8 m

TRINIDAD & TOBAGO



TAMANA INTECH PARK

Tamana InTech Park is the largest Science and Technology Eco-business Park in the Caribbean. Located in Wallerfield, Trinidad and Tobago, Tamana InTech Park is a center of innovation, technology and global entrepreneurship. Tamana offers sustainable designed green office complex:

- 21 market ready lots
- Strategic eco-industrial focus
- Competitive utility and labour costs
- World class technology infrastructure
- Developed transportation and logistics infrastructure

Key figures:

- Population: **1.2 m**
- Unemployment: **4%**
- Tertiary education enrolment: **12.0%**
- BPO Agents: **3,500**
- BPO Centers: **20**

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Tamana is targeting tenants in technology/export-oriented businesses in the ICT, Clean Technology, High-Value Manufacturing, Business Services and Agro-Processing areas. Flexible incentive packages for first movers can be offered.

Estimated value of investment required: Determined by type of business

INVESTOR SUCCESS STORIES

BUSINESS PROCESS OUTSOURCING IN JAMAICA

The BPO and ICT-sector in Jamaica is a key segment of the service sector in Jamaica. Businesses enjoy the natural advantages of the near shore location and highly skilled staff as well as strong government support. Several industry heavyweights have decided to invest in Jamaica, including Cimpress.



CIMPRESS (VISTAPRINT)

Based in Venlo, The Netherlands, Cimpress employs over 5,100 employees globally. The company, which changed names from Vistaprint to Cimpress in 2014, is specialised in mass customisation of marketing materials and web-to-print systems. Cimpress' total revenue for the first quarter of 2016 was \$375.7 million, reflecting a 13 per cent increase in year over year USD and a 21 per cent increase in constant currencies¹⁸.

OUTSOURCING TO JAMAICA

The company decided to outsource in 2003 and established a customer service call center, Vistaprint Jamaica Ltd., in Montego Bay in Jamaica. The development was highly successful leading to further expansion and investment.

In 2008 Vistaprint Jamaica became the first subsidiary to have a unit dedicated to graphic design services.

Between 2010 and 2012 they constructed a state of the art customer service facility worth US\$25-million and grew into a 600 employee strong company.

TESTIMONIALS

Jampro is a key partner for Vistaprint Jamaica Ltd. They have been instrumental in everything from finding office space and assisting with work permits when the company first moved to Jamaica, to facilitating contacts with key stakeholders and helping with necessary permits during times of expansion. Roger Williams, general Manager of Vistaprint between 2008 and 2013, told the Jamaican observer:

*- What I have found personally with Jampro is that they're not only just there when you call on them. They have been proactively reaching out to find everything is OK and they have also been conducting site visits to touch base with us and see how things are going. That, for me, is like a true partner. And it's not just lip service. Whenever we have called on them to help to facilitate something, they have been very responsive and action-oriented.*¹⁹

BUSINESS PROCESS OUTSOURCING IN GUYANA AND SURINAME

¹⁸ Cimpress N.V. Q! FY2016 Earnings presentation

¹⁹ Jamaica Observer, 2011-11-02, Vistaprint commits to Jamaica with US\$25-m facility

INVEST IN BPO SECTOR BOOKLET

Outsourcing is a rapidly growing sector in both Guyana and Suriname, not least due to language and price/quality of labour advantages. English is the official language of Guyana whereas Dutch is the official language of Suriname. Although the countries are not widely known as BPO-locations a number of internationally acknowledge firms have decided to outsource to Guyana and Suriname, including Teleperformance. The governments provide attractive incentives and policy strategies to further attract investment in this area.



TELEPERFORMANCE

Teleperformance is a world leading company in customer service, technical support, call center services, debt collection and social media. Their global headquarters are found in Paris, France, but the company employs more than 190,000 people in 65 different countries. Their 2015 annual results stated US\$3,860 million revenue (€3,398 million), reflecting a 7.5 per cent revenue increase at constant exchange rates.

OUTSOURCING TO GUYANA & SURINAME

Teleperformance decided to outsource to Georgetown, Guyana in 2015. Their facility will house more than 1,500 employees at capacity and provide high-quality customer care, sales and technical support solutions to clients in English.

Shortly after the expansion to Guyana, Teleperformance opened a custom-built facility in Paramaribo, Suriname. The multichannel contact center can staff more than 200 people and is specialised in customer care, customer acquisition and technical support solutions to Benelux clients in Dutch.

TESTIMONIALS

- *With English as the official language of the country, Guyana offers an educated workforce, strong infrastructure and a stable overall environment. We are pleased to expand our operations into Georgetown, Guyana not to just build a facility, but also to build a great long-lasting relationship with the local community. We are not just making an investment in capital; we are also investing in the people of Guyana. Teleperformance also thanks the entire Guyanese Government at both the national and local levels for their great support in making this possible. Jeff Balagna, CEO, EWAP²⁰*
- *Since labour costs are lower in Suriname, we can offer an hourly rate that is significantly lower than in the Netherlands. It is a great option for customers who want to save money on customer contacts, but cannot afford lower quality, Hans Reuver CCO Teleperformance Benelux.²¹*

BUSINESS PROCESS OUTSOURCING IN THE DOMINICAN REPUBLIC

²⁰ Teleperformance, 2016-01-27, press release

²¹ Own translation from Dutch to English, Call enter Makelaar 2014-10-20, Teleperformance opent callcenter in Suriname, <http://www.callcentermakelaar.nl/site/teleperformance-callcenter-suriname>

INVEST IN BPO SECTOR BOOKLET

The sector is a dynamic segment within the Dominican Republic, currently generating more than 36,000 direct jobs hosted by 102 individual firms. Contact centers benefit from strong tax incentives under the "Free Zones Law"²²



CONVERGYS

Cincinnati, Ohio, based Convergys sells customer management and information management products to a wide array of customers within communications, financial services, technology, retail, healthcare and government markets. In 2014 the company acquired Stream making them the 2nd largest BPO provider in the outsourcing industry. In 2015 the company stated a record revenue of US\$2.95 billion.²³

OUTSOURCING TO THE DOMINICAN REPUBLIC

Convergys first started operations in the Dominican Republic in 2005 and has continuously expanded their activities ever since.

In 2014 they opened a modern facility in Santo Domingo featuring cutting edge technology and highly advanced network capabilities. The opening ceremony was attended by the country's president, demonstrating the strong governmental support for investment and job creation in the sector.

The Santo Domingo office is now fully operational and provides services in English, Spanish, French and Portuguese.

Today Convergys employs 1,800 people at three different locations.

TESTIMONIALS

The Dominican government and the Dominican Republic Export and Investment Center, CEI-RD, are committed to facilitating the establishment of new businesses with the BPO sector. Maria Sagrera, Vice President of Operations for Convergys in Latin America, said during a press release:

- We thank the Dominican Government for their support of Convergys, our business initiatives, and our employees.²⁴

²² CEI-RD, 2016, <http://cei-rd.gob.do/en/investment/contact-center/>

²³ Convergys 2015, Annual Report

²⁴ Convergys, 2014-10-08, Convergys Inaugurates New Facility in the Dominican Republic and Creates over 500 New Jobs, <http://newsroom.convergys.com/press-release/company-news/convergys-inaugurates-new-facility-dominican-republic-and-creates-over-500-new-jobs>

INVEST IN BPO SECTOR BOOKLET

SUMMARY OF INCENTIVES AVAILABLE TO INVESTORS

Figure 21: Summary of incentives²⁵

Countries	Incentive	Applicable sector	Summary of benefits								
			Corporate tax holiday or reduction	Exemption from withholding taxes (dividends, royalties)	Import duties exemptions	Export duties exemption	Other (real property, payroll, local taxes)	Zero-rated VAT, reduced, deferment	Investment allowance, accelerated depreciation	Tax credits or rebate	Financial assistance / Grants
Bahamas	Hotels Encouragement Act	Tourism			✓		✓				
	Family Islands Development Act	Construction of residences and businesses			✓						
	Industries Encouragement Act	Manufacturing			✓	✓	✓				
	Vacation Plan and time-sharing Act	Tourism - timeshare			✓						
	Tariff Act	Agriculture, Fisheries, Light Industries, Commercial Printing			✓						
	Agricultural Manufactories	Food processing			✓						
	The City of Nassau Revitalization Act	Infrastructure			✓						
	Freeport – Free Trade Port (Hawksbill Creek Agreement Act.)	Tourism, Industry, Logistics	✓		✓	✓					
Barbados	Duties & taxes	Manufacturing, agricultural and fishing			✓			✓			
	Small business development Act	Small manufacturers	✓	✓	✓						
	Fiscal Incentives Act	Manufacturing	✓	✓	✓						
	Income Tax Act	Manufacturing exporters				✓			✓		
	International Business Company Act	Manufacturing	✓	✓	✓					✓	
	Tourism and Manufacturing Guarantee Facility and Industrial Credit Fund Technical Assistance Grant	Tourism and manufacturing									✓
Belize	Export Processing Zone (EPZ)	Manufactured goods and agriculture for		✓	✓	✓					

²⁵ Benchmarking Investment Incentives in CARIFORUM Countries, ICA & Caribbean Export, July 2013 ; IPAs websites

INVEST IN BPO SECTOR BOOKLET

Countries	Incentive	Applicable sector	Summary of benefits								
			Corporate tax holiday or reduction	Exemption from withholding taxes (dividends, royalties)	Import duties exemptions	Export duties exemption	Other (real property, payroll, local taxes)	Zero-rated VAT, reduced, deferment	Investment allowance, accelerated depreciation	Tax credits or rebate	Financial assistance / Grants
		export markets									
	Fiscal Incentive Programme	Tourism, agriculture, forestry, agro-processing, IT, fishing, healthcare, manufacturing			✓						
	Commercial Free Zones	Manufacturing, processing, packaging, warehousing and distribution of goods and services	✓	✓	✓						
	International Business Companies Act	Any business of a non-resident	✓	✓							
	Offshore Banking Act	Financial Services	License allows to transact offshore banking business without restriction								
Dominican Republic	Promotion of the Free Trade Zones of Exportation	Manufacturers of goods and services for exportations			✓	✓					
	Promotion of the Touristic Development for the Poles of Scarce Development and New Poles in Provinces and Localities of Great Potentiality		✓	✓	✓	✓					
	Cyber Park of Santo Domingo	Various			✓	✓					
	That declares of national priority the sectors belonging to the textile chain	Textile & Garment			✓	✓					
	Incentives for the Development of Renewable Sources of Energy and its Special Regiments	Energy and renewable fuel			✓						
	Special Border Development Zone	Border Zone	✓					✓			
Guyana	General Incentives	Available to Domestic and Foreign Investors		✓	✓				✓		
	Specific Incentives	Non-traditional products for				✓				✓	

INVEST IN BPO SECTOR BOOKLET

Countries	Incentive	Applicable sector	Summary of benefits								
			Corporate tax holiday or reduction	Exemption from withholding taxes (dividends, royalties)	Import duties exemptions	Export duties exemption	Other (real property, payroll, local taxes)	Zero-rated VAT, reduced, deferment	Investment allowance, accelerated depreciation	Tax credits or rebate	Financial assistance / Grants
		export									
		Agribusiness			✓			✓	✓		
		Manufacturing			✓			✓			
		Tourism	✓		✓			✓			
		Fisheries			✓			✓			
		Forestry			✓			✓			
		Mining	✓		✓			✓			
		Housing									
		Aviation						✓			
		ICT	✓		✓			✓			
Haiti	General Incentives	Oriented to export and re-export; Agriculture, Handicraft, Tourism; other special sectors	✓		✓		✓		✓		
	Foreign Trade Zones	No particular activity	✓		✓		✓		✓		
Jamaica	Special Economic Zones (SEZ)	Free Zone / Cross Sector	✓		✓	✓					
	Fiscal Incentives Act	Small and Medium businesses						✓	✓	✓	
	The Income Tax Relief (LPPIA)	Large-scale projects and Pioneer Industries					✓			✓	
	Export Industry Encouragement Act	Manufacturing	✓		✓	✓		✓			
	Hotels Incentives	Tourism	✓		✓						
	Urban Renewable Act	Construction – Special Development Areas	✓				✓			✓	
	Income Tax Act – Junior Stock Exchange	Listed companies	✓								
	Bauxite and Alumina Act	Bauxite & Alumina Producers			✓						
Suriname	Fiscal Incentives Law	Various: Export-oriented goods and services, agriculture, herding,	✓		✓					✓	

INVEST IN BPO SECTOR BOOKLET

Countries	Incentive	Applicable sector	Summary of benefits								
			Corporate tax holiday or reduction	Exemption from withholding taxes (dividends, royalties)	Import duties exemptions	Export duties exemption	Other (real property, payroll, local taxes)	Zero-rated VAT, reduced, deferment	Investment allowance, accelerated depreciation	Tax credits or rebate	Financial assistance / Grants
		aquaculture, forestry, mining, tourism									
Trinidad & Tobago	Fiscal Incentives for non-energy sectors	Manufacturing	✓		✓			✓			
		Creative Industries								✓	✓
		Tourism	✓		✓		✓		✓		
		Agriculture								✓	✓
		Maritime			✓			✓			
	Approved Small Company Status	Manufacturing								✓	
	Research & Development Facility	Across all sectors							✓		✓
	Free Trade Zones	Export-driven projects		✓	✓		✓	✓			

INVEST IN BPO SECTOR BOOKLET

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