
Jordan as a contact center location of choice

Leveraging talent in a new offshore market

Publication Date: May 2008

Introduction

Over the past year, there has been a concerted effort on the part of Jordan's government and private sector to establish a vibrant contact center industry that caters to both domestic and international clients. This white paper aims to outline some of the key reasons why investors in customer care may choose to look at Jordan for such services, relative to other delivery location options. Some of the key issues to be examined in this white paper include:

- The state of the offshore and nearshore outsourced contact center sectors;
- Key priorities of investors in offshore contact center outsourcing;
- Jordan's development of its contact center outsourcing sector; and,
- Key offshore markets that may be appropriate for Jordanian contact center services.

EXECUTIVE SUMMARY

In the current outsourced contact center market, prospects and existing clients are faced daily with an abundance of locations from which to choose where to house their customer service functions. However, choosing the right location can be confusing, with nearly every country boasting of its strengths relative to its competitors. What is clear is that most major offshore and nearshore locations are all experiencing issues such as attrition, inflation and saturation. Each of these factors erodes long-term quality and increases costs for the outsourcing client.

With most prospects placing quality of delivery and price management at the forefront of its long term strategy, this situation could appear bleak.

However, the emergence of Jordan's contact center sector may cause such firms to pause for thought. While still small in magnitude, Jordan's government and private sector hope to grow this industry with a series of investments in key areas such as:

- Education;
- Telco and network infrastructure; and,
- Targeted business incentives.

In addition, ongoing economic and political liberalization efforts have been important in encouraging a positive business climate in Jordan.

Currently, there are several contact center operations in Jordan serving clients domestically and offshore, across a variety of vertical markets. In addition, the availability of multilingual agents with university education, coupled with excellent language skills has been a compelling reason for this growth.

Key locations identified as prime for contact center service delivery from Jordan include:

- Gulf-region states;
- North America; and,
- Western Europe.

For investors seeking opportunities to leverage a new location that is relatively affordable and where an emphasis on quality has been made a priority, Jordan is very likely to attract attention.

ANALYSIS

State of the global outsourced contact center sector

The international outsourced contact center space continues to evolve, with more locations than ever seeking to win valuable western investment. This section will outline the key offshore and nearshore markets currently handling customer care work.

Offshore locations

Among the major offshore contact center markets, the most prominent include:

- **India:** The most mature offshore market in the world, India is also the location with the largest outsourced contact center industry. However, the offshore proportion of this sector is declining, due in part to concerns over perceived quality issues, as well as increased demand for contact center services in the rapidly-growing domestic market;
- **Philippines:** The Philippines is a primary market for US English speaking contact center services, because of its cultural affinity for American popular and commercial culture. However, growing demand from Australian and UK customers could lead to market saturation, a worry for many existing investors in that location;
- **South Africa:** Many investors from the UK looking for higher-end customer services have found South Africa to be an excellent location for contact center work. While growth appears set to continue as US firms also look to South Africa, potential pitfalls include labor inflation and higher-than-average telco rates.

An overall market size for these locations can be found in Figure 1.

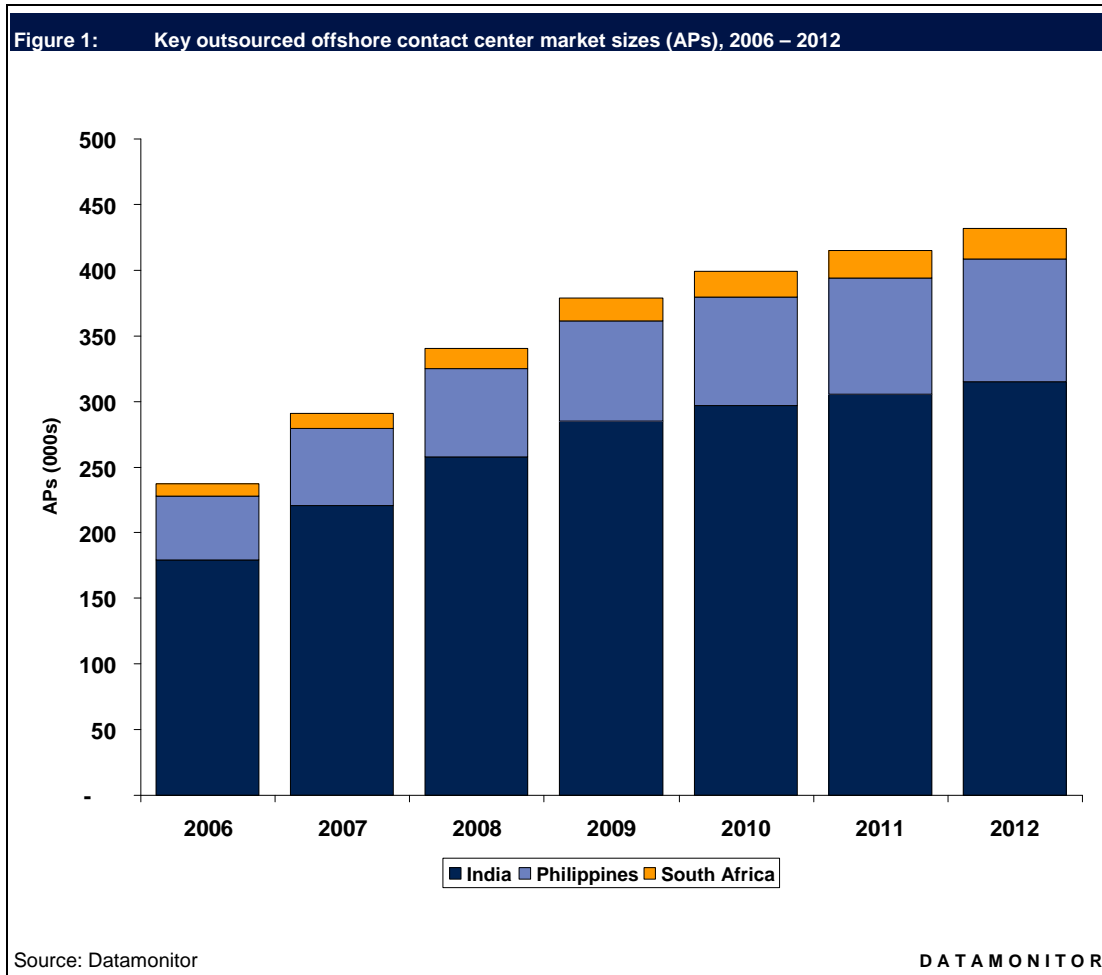


Table 1: Key outsourced offshore contact center market sizes (APs), 2006 – 2012

APs (000s)	2006	2007	2008	2009	2010	2011	2012
India	179.2	221.0	257.9	285.3	296.8	305.7	314.8
Philippines	48.7	58.4	67.5	75.8	82.4	88.2	94.0
South Africa	9.4	11.8	14.8	17.8	19.7	21.5	23.2
Total	237.4	291.3	340.2	378.9	398.9	415.4	432.1

Source: Datamonitor DATAMONITOR

Nearshore locations

There are four principal nearshore contact center outsourcing markets globally, each of which will be examined below:

- **Mexico:** The Mexican outsourced nearshore market is geared overwhelmingly to US bilingual work. This has meant substantial growth in major Mexican cities in terms of contact center development. However, concern has been raised about agent attrition and saturation, due to recent demand levels by American firms due to the size of the US Hispanic market;
- **Canada:** Canadian nearshore outsourcing has been targeted for years at American investment, and has been premised on high value services at lower costs. This cost proposition has been eroded due to the recent appreciation of the CDN versus the USD, and has badly hurt Canada's level of competitiveness of late;
- **North Africa:** Comprising Tunisia, Morocco and Egypt, North Africa has long been a source of contact center services for Europe's French-speaking market. However, there has been a recent effort on the part of outsourcers in the region to develop business by serving other European languages, as well as the North American market;
- **Central & Eastern Europe (CEE):** In this region, there are a number of countries that have been providing outsourced nearshore contact center services. However, concerns in this market related to labor scalability, which is affected by small population bases in most countries in this region, in addition to ongoing outward migration by educated multilingual citizens of new EU states leaving for Western Europe.

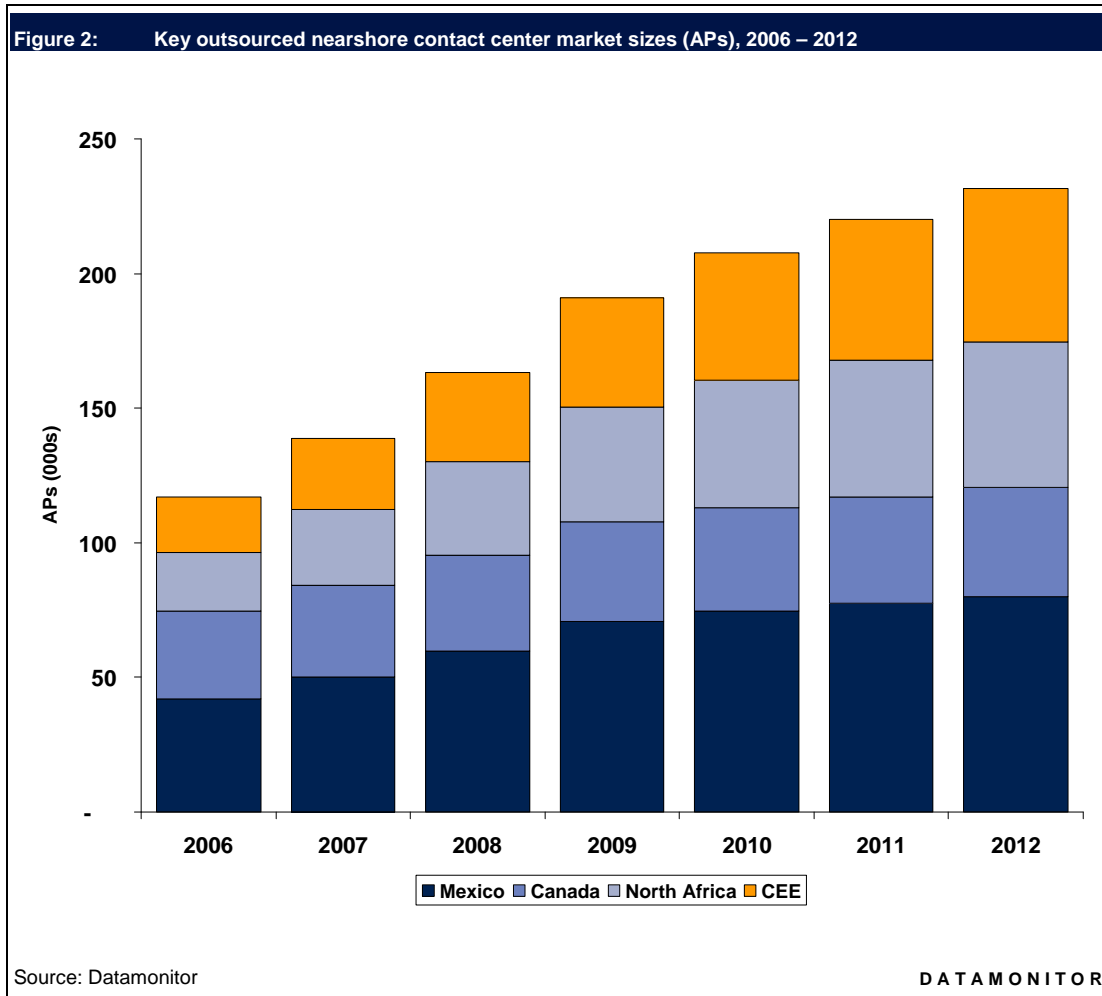


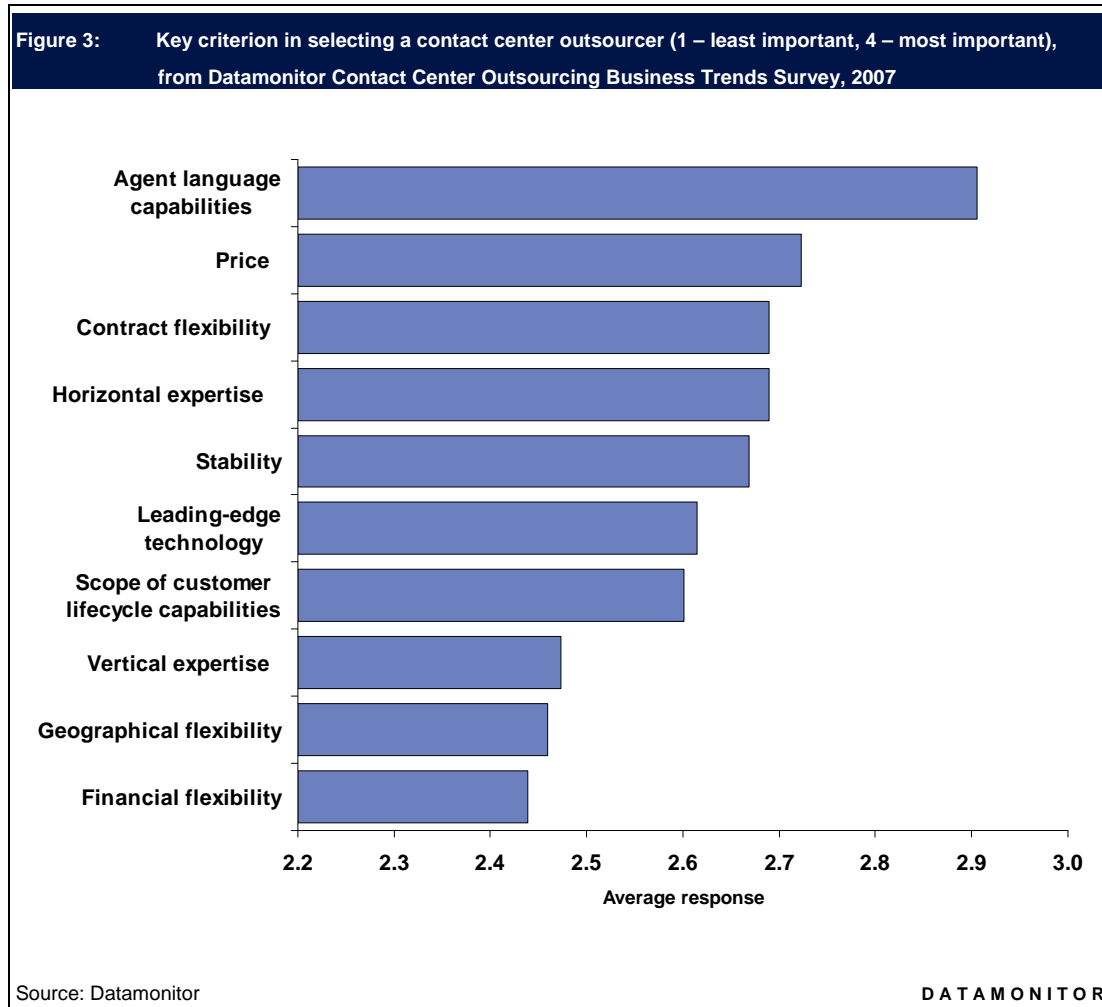
Table 2: Key outsourced nearshore contact center market sizes (APs), 2006 – 2012

APs (000s)	2006	2007	2008	2009	2010	2011	2012
Mexico	42.1	50.0	59.6	70.8	74.8	77.5	80.1
Canada	32.5	34.1	35.8	37.0	38.4	39.4	40.3
North Africa	21.6	28.3	34.7	42.6	47.0	50.8	54.2
Central & Eastern Europe	20.7	26.4	33.0	40.5	47.3	52.4	56.9
Total	117.0	138.9	163.2	191.0	207.5	220.1	231.5

Source: Datamonitor DATAMONITOR

Evolving drivers of offshore contact center services

There are a number of areas that contact center investors have prioritized as key determinants when looking for a vendor. As illustrated in Figure 3, Datamonitor’s recent study of contact center managers illustrates the importance of certain criterion when looking for a vendor and location, the main ones being discussed below.



Quality

There are several areas that outsourcing clients rank highly in terms of priority when looking at a vendor or location. Specifically, vertical knowledge and horizontal capabilities rank highly, as do the ability to provide solid technology solutions.

Language skills

As seen above, capacity in languages is also a major issue for prospective outsourcing clients. Thus, it is imperative that an outsourcer be located in a region where adequate numbers of agents with solid language skills are available.

Price

The final area of importance for clients of contact center outsourcing services relates to costs and prices. Not only is it crucial that vendors target locations in which prices are competitive, but control and stability of input costs must remain stable.

Jordan as a contact center location of choice

In recent times, Jordan's public and private sectors have made efforts to encourage both onshore and offshore contact center investment in their country. This section will provide a drill-down in regard to Jordan's appropriateness in providing these services, and will be discussed from both macro and industry-level perspectives.

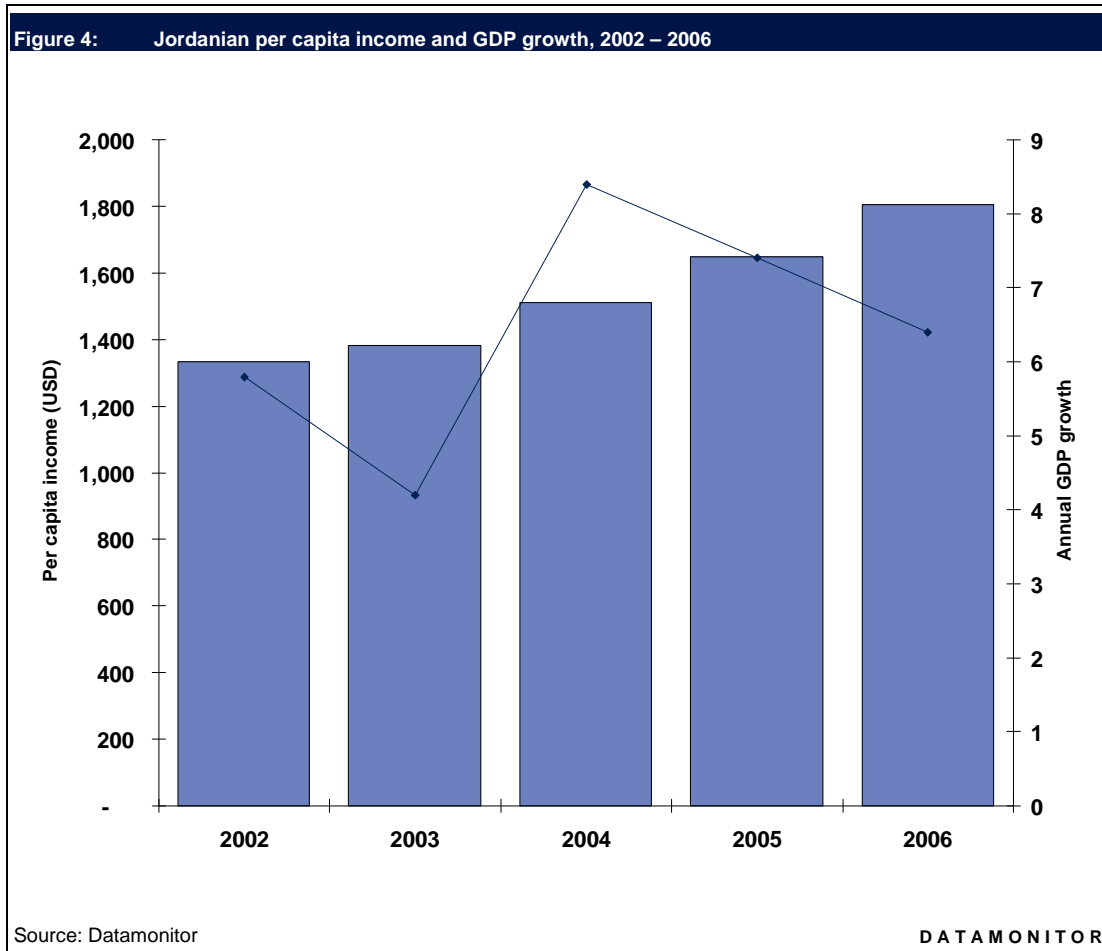
Macro variable discussion

Political stability

A constitutional monarchy, Jordan has an executive branch in place that is formed of a prime minister and a cabinet chosen by the King. Since 1989, Jordan's rulers have maintained regular parliamentary elections for a house of assembly and have made significant efforts to ferment political liberalization. Members sit for four year terms, with the next election scheduled for 2011. An appointed senate is also in place, with members chosen by the King to sit for four-year terms.

Economic liberalization

Since becoming head of state in 1999, King Abdullah has been a proponent of ongoing economic liberalization, in hope of encouraging foreign investment. Some of these initiatives have included fostering opportunities with other countries (such as a free trade agreement with the US), ascension to the World Trade Organization and participation in the European Free Trade Association. In addition, the country has instituted a privatization program that has also done much to reassure foreign investors. Success has been evident as both overall GDP and per capita income over the past several years have improved.



Connectivity

It is clear that from the standpoint of telecommunications, Jordan has made significant strides over the past decade. In addition to the efficiencies still being realized by the previously-discussed deregulation of the telco sector in 2005, Jordanian telecom has invested over \$400 million in recent years in a number of technology solutions designed to make Jordan more accessible to the rest of the world, which include:

- ADSL penetration to 95% of Jordan's populated areas;
- Three terrestrial redundancies;
- Reduced call-pricing to offshore locations;

It has also been noted that service has been improved through the deployment of digital switching equipment. Datamonitor notes that among Jordanians, telephone adoption has also been swift, especially in terms of mobile telephony, and is comparable to the rates found by Jordan's neighbors.

Infrastructure and accessibility

Jordan is emerging as one of the key locations in the Middle East for foreign investors to access the prosperous Gulf region. This has much to do with expansions at international access points, such as the \$284M construction of a new terminal at the Queen Alia International Airport. In addition, Jordanian Airlines has recently joined the OneWorld alliance, which will increase code sharing opportunities meaning more routes from foreign locations into Jordan. Currently, some of the key regional international and regional carriers flying regularly into Jordan include **Air France, British Airways, Emirates Airlines, Egypt Air, KLM and Lufthansa.**

Education

Jordan has made strong progress in developing its education system, and this is reflected in a number of key indicators, including a literacy rate of 89%, 5,300 operating primary and secondary schools, as well as 18 universities from which approximately 30,000 (of which half are female) have convocated. Areas of particular strength among Jordanian graduates include business, engineering and health care / pharmaceuticals.

State of the Jordanian contact center sector

Market size

In its current state, Jordan's contact center outsourcing sector is estimated by Datamonitor to be approximately **1,200** agent positions (APs). It is estimated that the market will increase in the coming 3 – 5 years, based on existing domestic, nearshore (Gulf States) and offshore demand.

Current deployments of note

The following is a snapshot of contact center deployments in Jordan:

- **CrystalCall:** Based in Amman, CrystalCall has won clients in Jordan, the Middle East and North America. It has experience in technical support and lead generation. In addition to its headquarters in Jordan, the firm has also opened a regional office in Canada;
- **E3Mar:** Using a virtualized contact center model, E3Mar has facilities across Jordan, from where it handles both onshore and offshore end users. E3Mar is able to handle many functions around inbound & outbound calling, and has handled verticals including telcos, fast moving consumer goods and charitable fundraising.
- **Jordan Telecom:** Primarily focused on government accounts, Jordan Telecom is moving into the realm of BPO activity and is likely to be seeking more local and global clients in the near future;
- **Extensya:** Extensya (was recently founded as a contact center that uses a virtualized network to link several facilities across the Gulf Region into its command center in Amman. Extensya focuses its operations on technical support and customer service in the IT sector, telcos and financial services, and has plans to expand into several other sectors in the future. In addition, services are provided in Arabic and English.

In addition to these four firms, Datamonitor notes that a number of other OSPs are actively pursuing the Jordanian market, with the goal of serving a mix of verticals and onshore / offshore clients.

Pricing and costs

From the perspective of fully-loaded agent costs, Jordan compares very favorably with many nearshore / offshore locations. Currently, Datamonitor estimates that an offshore agent's price per hour can range from between \$12 – 15, depending on the function and vertical. Compared to other contact center markets such as Central & Eastern Europe, South Africa, and India, Jordan's rate is extremely compelling. Considering Jordan's reported low levels of attrition and limited unionization, it is unlikely that these prices will appreciate significantly in the near to medium term. It is noted that Arabic services are priced at approximately \$10 per agent per hour, a very competitive rate for the Gulf region.

On a final note on Jordanian commercial property availability, sources contacted for the purposes of this report indicate that there is significant opportunity to purchase or lease facilities adequate for contact centers. It has also been cited that the real estate market in Jordan's main cities has been somewhat more stable in terms of prices, as compared to some of its Gulf State neighbors.

Key incentives for the contact center sector in Jordan

Contact center investors interested in Jordan have a number of incentives with which they can avail themselves. The most notable include (but are not limited to):

- Up to 75% income tax and social service levy abatement for 10 years, depending on the location of the investment;
- Customs and sales tax exemptions on fixed assets provided that they are imported into Jordan within 3 years of incentive approval;
- Training subsidies, which have been modeled after the successful initiatives in Central & Eastern Europe;

Additionally, Jordan also offers strategically located ICT free economic zones/development areas that can house contact center facilities. These locations are fully connected / networked and identified with high level IT infrastructure and connectivity. These zones/areas offer competitive business environment, including the following provisions:

Table 3: ICT Free Economic Zone Provision		
Levy	Rate	Comments
Income Tax	5%	On all taxable income derived from within the area
Sales Tax	0	On goods sold to (or within) the development area for use in economic activity
Import Duties	0	On all materials, instruments or machines to be used in establishing, equipping or constructing a business within the area
Social Services Tax	0	On all income accrued within the area or outside the Kingdom
Dividends Tax	0	On all income accrued within the area or outside the Kingdom

Source: Datamonitor DATAMONITOR

Other provisions of note for these zones include:

- No restrictions on foreign ownership;
- No minimum capital requirements to establish a business;
- Streamlined business registration at a “one-stop-shop” in IDA;
- Streamlined licensing of expatriates at a “one-stop-shop” in IDA;
- Streamlined regulations law to allow companies to hire foreign workers;
- Streamlined labor regulations to efficiently allow part-time/ weekend workers;
- Streamlined immigration regulations to issue visas for businesspeople;
- Streamlined property registration/transfer at a “one-stop-shop” in IDA;
- Improved investor protection and disclosure of company transactions;
- Improve enforcement of intellectual property rights;
- Streamlined customs regulations to speed import/export of products and materials.

Datamonitor notes that the Jordan Investment Board (www.jordaninvestment.com) has also developed a one-stop-shop scheme that ensures speedy and seamless registration/approval process for foreign investors. Datamonitor also urges prospective investors to contact the Jordan Investment Board and the Ministry of Information and communications Technology (www.moict.gov.jo) for a complete list of investment incentives.

Agent profile

While Jordan's contact center sector is relatively new, Datamonitor has identified the following characteristics of its current agent pool:

- **Availability:** Unemployment rates for Jordan range as high as 30%, meaning that it is likely that a sizable pool of agents for contact center work will be available at any one time;
- **Low attrition and enthusiasm:** Contact center vendors based in Jordan interviewed for this report indicated unanimously the energy and enthusiasm for contact center work among the current agent pool. It is also reported that a contact center role is viewed positively among younger agents, especially, which has helped keep agent churn to very low levels;
- **Education and sophistication:** A final characteristic noted among Jordanian agents is their commercial sophistication and levels of education. Indeed, vendors consistently cite high proportionate numbers university level applicants during recruitment, and strong customer satisfaction scores during quality monitoring exercises.

Key offshore target markets

The following geographies have been identified as markets that are potentially well suited to Jordanian contact center services.

Gulf States

Unquestionably an excellent nearshore market for Jordan's contact center outsourcers, the Gulf States are certain to require outsourced nearshore services, in order to deal with ongoing rapid economic and consumer growth in key countries including Qatar, the UAE, Oman and Saudi Arabia. Prospective clients in these countries can take advantage of Jordan's close physical proximity, cultural affinity, low price points and Arabic fluency of Jordanian agents.

Western Europe

With UK clients looking to diversify their contact center providers and locations, Jordan could emerge as a reasonable alternative to some of the traditional delivery markets. Not only is English a primary second language among Jordanians, it has been given priority in the education system, and western business practices are well adhered to by Jordanian executives. In addition, travel time to Jordan from Western Europe is less than India, the Philippines or South Africa.

USA & Canada

North American firms are actively seeking lower-cost locations for English speaking services, especially considering the rapid price rises in both the US and Canadian contact center markets. Jordan's outsourcers are able to position themselves as a high quality / lower cost alternative, across a number of vertical that are looking for services. While not as

easily accessible as some nearshore locations in terms of travel time, air connections between North America and Jordan are multiple and growing.

Datamonitor also notes that Jordan also could be considered an optimal location for serving Arabic speaking customers residing in Europe and North America

CONCLUSIONS

There is little question that the development of new locations in the sphere of global outsourced contact center service delivery is causing confusion among potential clients and investors. However, what has become abundantly clear is that a solid value proposition that focuses on quality service combined with lower costs than those can be found domestically is a winning formula.

Throughout the course of this white paper, what has also become clear is that Jordan is positioning itself well to recoup contact center investment from nearshore and offshore clients due to:

- Ongoing political and economic liberalization policies;
- Investment in the country's infrastructure;
- Development of a globally-minded education system with an emphasis on western language instruction; and,
- An ever-growing contact center sector that provides services to both Jordanian and overseas clients.

Moving forward, Jordan is well positioned relative to other offshore locations, given its:

- Excellent incentives to establish contact center operations;
- Large pool of labor from which to draw agents;
- Ability to provide first rate Arabic service to Gulf States as well as Arabic-speaking residents in Europe and North America; and,
- Interest in growing business in Western languages in Europe and North America.

When compared with many other global locations, where costs are escalating at a rapid rate and agent churn continues to provide sleepless nights for contact center managers, the value that can be derived in Jordan by establishing customer care operations is compelling.

APPENDIX

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