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Offshore Outsourcing for the Entrepreneur

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The Next Step: Moving the Call Center Out of India
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- General

— rebecca @ 2:34 am

Through the years, India and China remain the two prime destinations for offshore outsourcing. Generally, China appears to be more attractive for manufacturing jobs, while India holds the undisputed record for desirability as a BPO stronghold.

But there has been talk of India losing its BPO supremacy to other low-cost developing nations that accept offshoring work. It is a lingering fear among the nation's white-collar workers that India's day in the sun will soon come to an end.

One of the most aggressive contenders for the top spot in offshoring desirability is the Philippines. Last year there were even speculations of it snatching the top spot as IT services provider from India.

Since then, it seems the Philippines has started to aim for the top in another outsourcing field. A study by Singapore-based ACA Services and Michigan-based Fortune 500 staffing firm Kelly Services shows that business process outsourcing – specifically of call center services – are offered at the Philippines not at lower cost, but at significantly higher quality than in India.

The clincher, it appears, is that Philippine call center agents take less time to train. 64% of all Filipino agents can speak more than two languages, whereas only 40% of all Indian agents are multilingual. There is also a marked difference in employee turnover; an Indian call center worker spends an average of 11 months at a job, while a Filipino call center worker spends an average of 15.

Another plus for the Philippines is that while Indian labor laws decree that each employee has 15 sick leaves a year, Philippine labor laws allow only eight.

Cost-wise, India is still cheaper – by a matter of cents. The hourly cost per seat in India is US$3.18, while in the Philippines it is US$3.82.

Remarkably, the study also mentions that of all the Asian countries, the Philippines was the only one that did not invest considerable time and effort in improving their telecom and broadband infrastructure over the year 2004.

A recent Computerworld feature uses the experiences of top multinational contact center service providers in outlining the Philippines' advantage over India. Sykes, the first major call center name in the Philippines, plans to move call center work *from* India to the Philippines, where it already has over 7,000 employees.

Richard Mills, author of the feature, reports that he is "currently meeting with numerous early-stage entrants to the Philippines – more than at anytime during the past three years."

However, Mills ends with the note that this trend does *not* spell doom for Indian BPO supremacy. It simply means other low-cost locations are coming to light, even as India continues to be competitive. "If countries like the Philippines and Vietnam are better options today, it's only because they have been less successful at developing and attracting quality outsourcing employers in the past. The pioneering accomplishments made by India have now opened the door for these countries to receive their share of the blessings."

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