



# Central America and the Caribbean Answer the Call for English-language Contact Center Services

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Market Report: December 2014 – Preview Deck

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## Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
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- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

<sup>1</sup> Banking, financial services, and insurance

# Background and scope of the research

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## **Background of the research**

Central America and the Caribbean are witnessing growing interest as delivery locations for global contact center services, especially to serve U.S. clients. Cultural affinity and time-zone proximity with the United States, coupled with the availability of bilingual (English and Spanish) talent pool and their low risk profile make these locations attractive options. Within this region, Costa Rica and Guatemala account for half of the offshore contact center market, with many other locations such as El Salvador and Dominican Republic also hosting players with scaled operations.

**In this research, we assess the Central American and Caribbean region as a destination for delivery of nearshore/offshore contact center services in English for global service providers and buyers, across multiple dimensions**

- Player landscape
- Talent availability across entry-level and employed pool
- Operating cost
- Risk assessment
- Implications for stakeholders

## **The scope of the analysis includes:**

- Nearshore/offshore Contact Center (CC) services in English language
- Services delivered by Global In-house Centers (GICs) and third-party service providers
- Analysis on key cities in Central America and the Caribbean: San Jose, Guatemala City, San Salvador, Panama City, San Juan, Santo Domingo, Montego Bay, Managua, and San Pedro Sula. The report also includes an assessment of Monterrey (Mexico) as a reference location for the analysis

# Methodology – Everest Group's extensive databases, proprietary market intelligence, and inputs from market participants formed the foundation for this report

- Proprietary intelligence
- Market thought leadership
- Actionable and insightful research

**1** Robust definitions and frameworks – location assessment, sustainability, and scalability

**2** Proprietary databases (global in-house centers, service providers, market activity, cost/labor, and transaction intelligence)

**3** Diverse set of touch-points with key global- services stakeholders for on-the-ground perspectives

**4** Fact-based research adequately informed by deep domain expertise and experience

- A dedicated team for global sourcing research, comprehensively supporting all location-related requirements of clients (information, strategy, tracking, etc.)
- Comprehensive, year-round tracking of global sourcing activity across outsourcing transactions, locations, Global In-house Centers (GICs), and service providers
- More than 20 years of advising clients on global sourcing decisions spanning strategy, optimization, and implementation
- Executive-level relationships with buyers, service providers, country/industry associations, and other industry stakeholders (recruiters, real estate firms, and legal firms)

# Table of contents (page 1 of 2)

Topic	Page no.
<b>Background and methodology</b>	<b>5</b>
<b>Executive summary</b>	<b>7</b>
• Summary of key messages	8
• Implications for buyers and service providers	10
<b>Section I: Market Overview</b>	<b>12</b>
• Summary	13
• Key delivery locations	14
• Market size	16
• Players' landscape	17
<b>Section II: Assessment of talent pool</b>	<b>19</b>
• Summary	20
• Talent pool	22
• Attrition rates	25
• Availability of language skills	26
<b>Section III: Assessment of operating cost</b>	<b>27</b>
• Summary	28
• Operating costs	31
• Wage inflation	32
• Forward looking view on costs and cost sustainability	33

# Table of contents (page 2 of 2)

Topic	Page no.
<b>Section IV: Assessment of risk</b>	<b>36</b>
• Summary	37
• Labor pool risk	39
• Operating environment risk	40
• Business and regulatory environment risk	41
• Overall risk	42
• Relative attractiveness of cities and associated trade-offs	44
<b>Appendix</b>	<b>46</b>
• LI research calendar	47
• References	48

# Overview and abbreviated summary of key messages

As Central America and the Caribbean play a greater role in the nearshore contact center industry, it becomes crucial to assess the multiple location options in the geography and identify untapped potential that these locations have to offer.

This report assesses the current state of the nearshore contact center services market on the basis of relevant talent pool, language skills, operating cost, and risk environment. It also provides a framework via which the reward-risk proposition of setting up delivery centers within the various location options can be compared

## Some of the findings of the report

### The offshore contact center market is driven by service providers

- The offshore CC market in Central America and the Caribbean is driven by global and regional service providers, although more established locations also have presence of global in-house centers

### Within the region, many locations have large bilingual (English and Spanish) talent pools

- Spanish is the primary language spoken with relatively low availability of English language skills. Although many locations have contact centers with more than 1000 FTEs, the talent potential is largely untapped
- The industry mostly hires university graduates, though the talent pool can also be enhanced by the use of current university students and high school graduates

### Some locations in the region have high attrition for contact center services

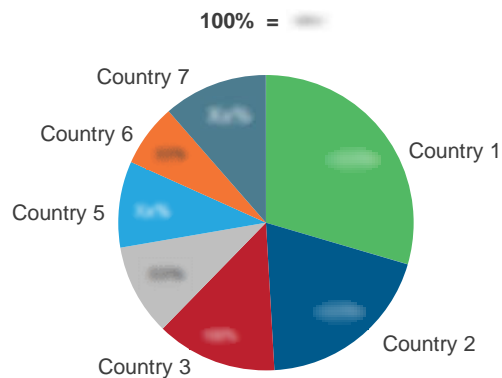
- Established locations such as Costa Rica and Guatemala City have high contact center attrition rates which can lead to higher costs of hiring and training and investment in talent retention strategies. Attrition rates in other emerging locations in the region are significantly lower

### This region offers multiple low cost options; however, there is a need to evaluate cost savings vs. risk

- The region offers significant cost arbitrage over the United States (varying between 35% to 75%) which is expected to remain stable in the next five years
- Emerging locations such as Santo Domingo, Managua, Montego Bay, and San Pedro Sula offer significant savings potential over the established locations such as San Jose
- While taking location selection decisions, players should evaluate the trade-off between savings potential and risk profiles; for instance, some of the lowest cost locations have higher operating risk

# This study offers four distinct chapters providing a deep dive into the current state of the offshore contact center industry in Central America and the Caribbean

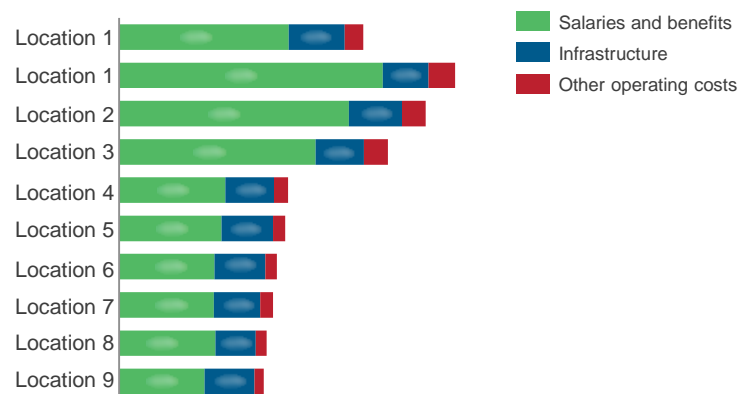
**Country-wise distribution of English contact center industry**  
2014; FTEs serving foreign customers



**Risk rating – labor pool risk, operating environment risk, and business & regulatory environment risk**

City	Labor pool risk 2014; Rating	Operating environment risk 2014; Rating	Business and regulatory environment risk 2014; Rating	Overall risk rating 2014; Rating
City 1				
City 2				
City 3				
City 4				
City 5				
City 6				
City 7				
City 8				
City 9				
City 10				

**Operating cost range per FTE– contact center**  
2014; US\$ in '000s per annum



**Cost-risk assessment**



Source: Everest Group (2014)

# LI research calendar

Topic	Published <span>Current</span>	Release date
"Next-wave" location profile: Guatemala		November 2013
"Next-wave" location profile: Cebu		November 2013
Finance & Accounting in Latin America (LATAM)		December 2013
"Next-wave" location profile: Bulgaria		June 2014
"Next-wave" location profile: Peru		June 2014
"Next-wave" location profile: Romania		July 2014
"Next-wave" location profile: Chengdu, China		July 2014
"Next-wave" location profile: Vietnam		August 2014
"Next-wave" location profile: Nicaragua		August 2014
"Next-wave" location profile: Kenya		September 2014
"Next-wave" location profile: Latvia		September 2014
"Next-wave" location profile: Jaipur		September 2014
"Next-wave" location profile: Uruguay		September 2014
"Next-wave" location profile: Sri Lanka		September 2014
Tier-2/3 Locations in India for Offshore IT Services Delivery – Does Reality Meet the Hype?		September 2014
Is Philippines Stepping Up to Lead the Industry into the Next Horizon of Global Services?		October 2014
U.S. Onshore Delivery Puzzle – Demystifying Location Selection		October 2014
Global Locations Annual Report 2014: Expanding Frontiers and Maturation		November 2014
Central & Eastern European (CEE) Locations for Finance & Accounting Services Delivery		November 2014
Central America and the Caribbean Answer the Call for English-language Contact Center Services		December 2014

# Additional LI research references

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The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **U.S. Onshore Delivery Puzzle – Demystifying Location Selection** ([EGR-2014-2-R-1269](#)); 2014. Business Process Service (BPS) delivery from onshore locations in the United States has witnessed an increase in interest in the last few years. In this report we highlight the key factors to be considered during location selection for onshore delivery centers and provide an in-depth analysis of cost, talent, and player landscape of key location types available within the United States for onshore BPS delivery
2. **Global Locations Annual Report 2014: Expanding Frontiers and Maturation** ([EGR-2014-2-R-1273](#)); 2014. This report is a unique and comprehensive guide to understanding the nuances of global services locations landscape and interpreting locations-related developments and trends in order to frame locations strategy. It presents insights into the size and growth of the global services market, global services exports by regions and country, update of locations activity by region and country and trends affecting global locations (changes in investment environment and exposure to various risks)

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## At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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