

## Location Spotlight – Cali, Colombia

March 2021: Complimentary Abstract / Table of Contents



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# This report provides perspectives on key aspects of the global sourcing market in Cali, Colombia

Location Spotlight – Cali, Colombia

## Cali | at a glance



An emerging location for contact center delivery for bilingual skills (English and Spanish), offering moderate cost arbitrage over other leading Colombian cities (Bogota and Medellin)

### KEY FACTOIDS

18,000-23,000 annual tertiary graduates

Annual operating cost per FTE 10-15% savings over Bogota 5-10% savings over Medellin

### Current overview

- An emerging location for delivery of contact center services. Primarily leveraged by specialist service providers for contact center services
- Limited instances of the location being leveraged for delivery of non-voice Business Process (BP) and IT services
- High availability of talent pool skilled in Spanish; more than 30% of the entry-level talent pool is proficient either in B1 or higher levels of English

### Key drivers

- Offers a sizable pool of graduates every year, with basic knowledge and soft skills required for the contact center industry
- Attractive cost proposition as compared to other Colombian cities, with high quality of infrastructure and good connectivity with other key locations
- Favorable location for domestic services delivery, especially in terms of government initiatives to improve the business environment

### Key challenges

- Relatively smaller employed talent market may pose scalability challenge for large setups
- Concerns related to quality of talent, both in terms of language skills and in supporting services such as IT non-voice BP services, as compared to Bogota
- The city is highly prone to natural calamities and the concerns with respect to high levels of corruption and rate

KEY PLAYERS:

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## Cali | risk profile (page 1 of 2)

Good infrastructure facilities; however, some concerns around economic stability due to COVID-19

Highly favorable Favorable, some concerns Least favorable

Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> <li>• Colombia ranks 46th among 167 countries in the Democracy Index 2020, compiled by the Economist Intelligence Unit (EIU)</li> <li>• No major concerns; the newly elected President has a majority in the Congress, ensuring smooth governability</li> <li>• Colombia ranks higher than other countries in the region on overall fragility to external risks and interventions. However, ranks low on concerns related to bribery, prosecution of corruption cases, etc.</li> </ul>
Macroeconomic		<ul style="list-style-type: none"> <li>• The macroeconomic policy (since 2000) of Colombia is anchored on controlling inflation, flexible exchange rate, and a prudent fiscal policy. This resulted in a strong growth in the economy, despite some concerns related to low productivity and heavy dependency on oil prices                             <ul style="list-style-type: none"> <li>– Economic contraction expected across all Latin American locations due to impact of COVID-19 and a recessionary mindset across countries. However, the Colombian government announced a sizable fiscal package for 2020, totaling over COP 31 trillion and COP 72 trillion, as special lines of credit and loan guarantees for firms that are deeply affected, and is taking measures to increase liquidity in the market to boost economy</li> </ul> </li> </ul>
Infrastructure		<ul style="list-style-type: none"> <li>• Colombia is ranked 81st out of 141 countries in the 2019 Global Competitiveness Index for its infrastructure quality</li> <li>• Public transport is extensively leveraged in Cali and the city is well-connected with Bogota, with more than 40 flights per day, and operates daily flights to US cities such as Florida</li> <li>• The <u>Zonamerica</u> Free Trade Zone (one of the six functional Trade Zones), dedicated for services industry, is in Cali</li> </ul>

Source: Everest Group (2021); inputs from recruitment firms, market players, and investment agencies

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# Research calendar

## Locations Insider™

Published Planned Current release

### Flagship Locations Insider reports

### Release date

Location Spotlight – Wuxi, China	August 2020
Location Spotlight – Taiwan	September 2020
Location Spotlight – San Antonio, Texas, The United States	October 2020
Location Spotlight – Birmingham, The United Kingdom	December 2020
Location Spotlight – Nigeria	December 2020
Location Spotlight – Raleigh, The United States	December 2020
Location Spotlight – Coimbatore, India	January 2021
Location Spotlight – Lithuania	March 2021
<b>Location Spotlight – Cali, Colombia</b>	<b>March 2021</b>
Location Spotlight – Hungary	Q1 2021
Global Locations State of the Market 2021   Risk Watch	Q1 2021

### Thematic Locations Insider reports

### Release date

Africa: Emerging IT-BP Delivery Force	July 2020
Leading European Locations for Global Delivery of Engineering Services	October 2020
Data & Analytics Handbook – Delivery Location Strategy to Steer Through Digital Disruption	November 2020
Leading LATAM Locations for Global Services Delivery	Q1 2021

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