

Location Spotlight – Uruguay

June 2022: Complimentary Abstract / Table of Contents



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Contents

1. Research methodology	4
2. At a glance	5
3. Overview	6
4. Market activity	7
5. Talent and cost overview	8
6. Global services delivery overview	10
7. Risk profile	11
8. Research calendar	13

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This report provides perspectives on key aspects of the global sourcing market in Uruguay

Location Spotlight – Uruguay

Uruguay | at a glance



An emerging location in Latin America, primarily leveraged for IT and voice and non-voice BP service delivery in English, Spanish, and Portuguese languages, at a moderate cost arbitrage over Mexico City

KEY FACTS

- 9,000-11,000 annual tertiary graduates
- Annual operational savings: 65-75%
- Annual cost savings: 20-25%

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> Leveraged by both service providers and Global Business Service (GBS) organizations for IT BP services delivery to Americas and Europe Uruguay is predominantly leveraged for Spanish, Portuguese, and English language services delivery Some firms also leverage Uruguay as a spoke location, in combination with Mexico City, San Jose, and Buenos Aires, for supporting global delivery of IT-BP services Montevideo (Uruguay's capital) is the only key location for global services delivery in Uruguay 	<ul style="list-style-type: none"> Favorable low-cost alternative location to Mexico City Availability of multilingual talent base with proficiency in Spanish (native), English, and Portuguese to support both voice and non-voice services Stable geopolitical environment with strong institutional performance and low corruption Uruguay stands out in Latin America for being an egalitarian society and for its high income per capita, universal health coverage, and free education 	<ul style="list-style-type: none"> Relatively small graduate pool at locations, i.e., Brazil, Argentina, Relatively lower maturity of the service sector poses a challenge in the availability of talent Work mix is primarily skewed towards repetitive, intensive and complex work Some concerns around economic growth and quality of transport infrastructure



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Location Spotlight – Uruguay

Uruguay | risk profile (page 1 of 2)

While Uruguay offers a stable geopolitical environment, there are some concerns around economic slowdown, high inflation, and quality of transport infrastructure

Parameters	Everest Group rating	Comments
Geopolitical	Highly favorable	<ul style="list-style-type: none"> Uruguay ranks 18th among 180 countries in the Corruption Perception Index 2021, primarily due to availability of a business-friendly political environment Strong institutional performance, such as trust in government, low corruption, a consensus-based political approach, and a strong commitment to strengthening institutional arrangements, gives the country a firm political foundation Ranks 15th of 167 countries in the Democracy Index 2020 compiled by the Economist Intelligence Unit (EIU)
Macroeconomic	Favorable, some concerns	<ul style="list-style-type: none"> The unfavorable international context since 2015 has led to a slowdown in the economy, which showed in terms of lower rates of GDP growth and a significant increase in the fiscal deficit Inflation remains much above the central bank's target range of 3-6%, registering at ~7% in 2021 Fitch Ratings has affirmed Uruguay's long-term foreign and local currency issuer default ratings at 'BBB-' and revised the rating outlook to stable with negative. This is supported by strong governance indicators and institutional strength evidenced by a successful vaccination campaign and robust external liquidity position Uruguay stands out in Latin America for being an egalitarian society and for its high income per capita, low level of inequality and poverty, and the almost complete absence of extreme poverty
Infrastructure	Favorable, some concerns	<ul style="list-style-type: none"> Uruguay as a moderate public transport infrastructure in terms of road and air network, providing good connectivity. Additionally, the government has plans to further improve the infrastructure quality with multiple PPP projects in the construction phase Uruguay ranks 65th of 141 countries in the Global Competitiveness Index (compiled by the World Economic Forum) for its infrastructure quality It ranks 49th of 130 countries in the Network Readiness Index 2021 signifies a robust telecom and network infrastructure presence in the country

Source: Everest Group (2022); EIU; Transparency International; WRR; WEF; Interviews with market participants

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