

Location Spotlight – Colombia

July 2022: Complimentary Abstract / Table of Contents



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

Location Spotlight – Colombia

Colombia | at a glance



Established location offering favorable cost-talent proposition; highly leveraged by global enterprises and providers for voice-based BP services delivery

KEY FACTOIDS

- 550,000-560,000 annual tertiary graduates
- Annual operating cost savings: 72-76%
- Annual operating cost savings: 35-40%

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> Enterprises and providers leverage Colombia to provide both Business Process (BP) and Information Technology (IT) services – with the former constituting a much larger share Colombia offers a sizable talent pool proficient in Spanish, Portuguese, and English for IT-BP delivery, ideal for providing global services to LATAM and North American countries Major global organizations have achieved mature operations in Bogota, Medellin, Cali, and Barranquilla 	<ul style="list-style-type: none"> Overlapping time zone proximity to major delivery locations in the US and Canada Cost arbitrage over Mexico City (35-40% less expensive) and Dallas (72-76% less expensive) Government support for IT-BP sector <ul style="list-style-type: none"> Enhanced focus on developing telecom and transport infrastructure Bilateral agreements focused on improving technology and promoting innovation Efforts to promote bilingualism and increase employment 	<ul style="list-style-type: none"> Publicity about guerrilla movement, crime rates, and social unrest Risk of exposure to natural disasters, cyclones, and floods Country's economy is highly exposed to oil prices Rising debt levels and difficulties of COVID-19 Geopolitical uncertainty due to regional tensions

KEY PLAYERS:

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Location Spotlight – Colombia

Colombia | risk profile (page 1 of 2)

Colombia has a moderate macroeconomic situation with ease of doing business, infrastructure, and digital readiness; there are some concerns around geopolitical stability, safety, and security

Parameters	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> The country ranks 59th out of 167 countries in the EIU Democracy Index and is classified under the Flawed Democracy category Colombia ranks 87th out of 180 countries in Transparency International's Corruption Perception Index. There is a high incidence of cases of corruption even at high levels of the government Gustav Petro (former guerrilla war member and a leftist), the newly elected President, promised radical reforms aimed to bring down inflation and improve social and economic equality in Colombia. This is expected to bring in a lot of uncertainties for businesses in the short-medium term
Macroeconomic		<ul style="list-style-type: none"> Standard & Poor's and Moody's credit ratings for Colombia (2021) stand at BB+ and Baa2 respectively, both with stable outlooks COVID-19 caused a contraction of 6.8% in the real GDP of Colombia in 2020. GDP is projected to grow by 6.1% in 2022 and 2.1% in 2023 Colombia's crude oil reserves stood at 2.03 billion barrels in 2020 (the fourth highest in the LATAM region), and petroleum is the major export commodity, representing over 45% of Colombia's exports. Higher oil prices due to the Russia-Ukraine conflict have increased exports Colombia's inflation rate rose to 9.2% in April 2022 from an average level of 3.5% in 2021. In response, the country's Central Bank has increased its borrowing costs to a five-year high level
Infrastructure		<ul style="list-style-type: none"> Colombia is ranked 57th out of 141 countries in the Global Competitiveness Index 2019 (compiled by World Economic Forum). It is the fourth most competitive country in the Latin American and Caribbean region. It is ranked 81st out of 141 based on infrastructure solely As per Colombia's National Competitiveness Report 2020, Colombia ranks 104 out of 141 countries in terms of quality of land transport infrastructure. Major infrastructure projects such as the 4G road network and the Bogota Metro network are being rolled out post-COVID. The 4G Project is a US\$24 billion investment plan to create a nationwide toll road network spanning 5,892 kilometers

Source: Everest Group (2022); EIU; Transparency International; OECD; OPEC; World Bank; WEF; investment agencies; interviews with market participants

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Research calendar

Locations Insider™

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
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Enterprise Acquisition Guide for Hot IT Roles	April 2022
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Risk Radar Newsflash Presidency Win for Gustavo Petro in Colombia Poses Short-term Services Delivery Risk; Firms Should Adopt a Wait-and-Watch Approach	June 2022
Location Spotlight – Peru	July 2022
Location Spotlight – Colombia	July 2022
Location Spotlight – Pune	Q3 2022
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