

Location Spotlight – Costa Rica

June 2023: Complimentary Abstract / Table of Contents



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

Location Spotlight – Costa Rica

Costa Rica | at a glance



The country is predominantly leveraged for business process (both voice and non-voice) service delivery in English and Spanish language with a favorable operating environment, 15+ new center setups in the country over the past 18 months.

KEY FACTOIDS

54,000-55,000 annual tertiary graduates

Annual open 55-60% savings 5-10% expense

Location Spotlight – Costa Rica

Costa Rica | risk profile (page 1 of 2)

Stable geopolitical environment; some concerns around high inflation, high unemployment, and average transportation system

Current overview

- With a global services market size of ~100-110k FTEs, Costa Rica is leveraged by both Global Business Service (GBS) organizations and providers
- Predominantly leveraged as a spoke location for voice and non-voice BP services, as well as IT services with a potential to increase delivery of engineering/R&D and digital services
- Within BP services, companies typically deliver customer support services, F&A, HR, and supply chain
- San Jose, the capital city of Costa Rica, is the key destination for global services delivery

Key drivers

- The country's strategic position, political stability, and skilled workforce make it an ideal location for global services delivery enterprises
- Good air connectivity to source geographies in North America and Europe, with multiple daily flights to Los Angeles, Miami, and Orlando
- Costa Rica boasts of a time zone that aligns closely with major delivery destinations in the US, such as New York and Washington D.C., as well as Canadian hubs, such as Toronto, with a meagre two-hour difference

Key challenges

- The quality of transportation system in Costa Rica, which acts as a barrier for businesses smoothly
- Service delivery costs in Costa Rica compared to other Latin American countries
- The country is prone to cybersecurity infrastructure attacks

KEY PLAYERS: **3M** **aws** **citrix** **genpact** **intel** **KONRAD** **kyndryl** **ORACLE**

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Highly favorable Favorable, some concerns Least favorable

Parameters	Everest Group rating	Comments
Geopolitical	Highly favorable	<ul style="list-style-type: none"> • Costa Rica ranks 20th out of 167 countries in the Democracy Index compiled by the Economist Intelligence Unit (EIU); this ranking has been stable throughout the years, and the regime is considered a full democracy • Costa Rica is often considered the oldest democracy in Latin America and is known for its stable and peaceful political environment • Presence of a stable government that looks forward to following a broadly market-friendly economic agenda • Costa Rica ranks 48th among 180 countries in the Corruption Perception Index making it moderately corrupt
Macroeconomic	Favorable, some concerns	<ul style="list-style-type: none"> • Standard & Poor's upgraded Costa Rica's credit rating from B to B+ in February 2023 • Inflation in Costa Rica rose through 2022, peaking at 12%, but receded to ~7.5% by January 2023. Inflationary pressures were primarily driven by higher commodity prices, particularly fuel • Unemployment rates in Costa Rica peaked in 2020 (~20%). However, rates have stabilized since then, reaching ~11% by Q4 2022, which is still above pre-pandemic levels • Since 2010, poverty levels in Costa Rica have declined minimally and income inequality remains significantly high. In April 2023, poverty levels were lower than the peak in 2020 but still higher than pre-pandemic levels
Infrastructure	Favorable, some concerns	<ul style="list-style-type: none"> • Good air connectivity to the US, Canada, and other Central and South American countries, with multiple daily flights to major locations such as Los Angeles, Miami, and Orlando • Costa Rica offers moderate quality of rail and road connectivity across cities. The government plans to improve the quality of infrastructure with multiple projects in the pipeline

Source: Everest Group (2023); inputs from recruitment firms, market players, and investment agencies

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Research calendar

Locations Insider™

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
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Location Spotlight – Fukuoka, Japan	January 2023
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