

## Location Spotlight – Chile

July 2023: Complimentary Abstract / Table of Contents



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

Location Spotlight – Chile

## Chile | at a glance



The country is predominantly leveraged for IT Application, Development, Maintenance (ADM) and business process (voice and non-voice) services delivery in English and Spanish language; however, Chile has experienced low market traction post COVID-19

**KEY FACTOIDS**

- 210,000-220,000 annual tertiary graduates
- Annual operating savings 45-50% more
- 10-15% more

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> <li>With a global services market size of ~20-25k FTEs, both Global Business Service (GBS) organizations and providers leverage Chile</li> <li>Predominantly used as a spoke location for BP and IT ADM services, with a potential to expand scope of services to include digital services delivery</li> <li>Santiago, the capital city of Chile, is the key destination for global services delivery</li> </ul>	<ul style="list-style-type: none"> <li>Time zone, geographical proximity, and cultural compatibility, with other LATAM and North American markets</li> <li>Sizable entry-talent pool and moderate maturity in delivering both IT and business process services</li> <li>Favorable economic and political stability, good connectivity to source markets, favorable business conditions, and an overall low risk level</li> <li>Government support via investments in digital and IT sector – particularly for developing complex technological capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Presence of moderate infrastructure in some tier-2 cities in Chile a global services beyond Santiago</li> <li>Relatively lower maturity for cost delivery is likely to pose a challenge for experienced resources</li> <li>Slightly higher operating costs to other mature LATAM countries</li> </ul>



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Location Spotlight – Chile

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

Stable geopolitical and macroeconomic environment with some concerns around moderate levels of infrastructure quality

Parameter	Everest Group rating	Comments
Geopolitical	Highly favorable	<ul style="list-style-type: none"> <li>Chile offers a stable and democratic political system that is widely accepted in the region and has experienced successive peaceful transitions of power                             <ul style="list-style-type: none"> <li>With a free press, modern transparency laws, and robust institutional infrastructure, it is among the most politically stable nations in the Latin American region</li> </ul> </li> <li>However, Chile's status in the World Democracy Index was lowered from "full democracy" to "flawed democracy" – given some issues around low levels of public trust in the current government, low voter turnout during recent elections, and an increasing political divide</li> </ul>
Macroeconomic	Favorable, some concerns	<ul style="list-style-type: none"> <li>Chile has a strong fiscal position with a low government debt-to-GDP ratio – approximately 38% at the end of 2022</li> <li>Standard &amp; Poor's credit rating for Chile stands at A with a stable outlook, indicating strong creditworthiness and a stable economic environment</li> <li>Although the country is currently experiencing high inflation pressure, it is anticipated to reduce to less than 5% by the end of 2023. This will be attributed to a combination of tighter monetary policies leading to reduced credit growth as well as lower aggregate demand</li> </ul>
Infrastructure	Favorable, some concerns	<ul style="list-style-type: none"> <li>Chile offers a moderate level of infrastructure quality – with instances of global/regional connectivity challenges in some select tier-2 Chilean cities</li> <li>It has a well-developed transport infrastructure (air, road, rail, and port) with significant investments made in recent years through multiple public-private partnerships</li> <li>Chile also offers several major port facilities located along its vast coastline. The Port of Valparaiso is one of the busiest ports, which is located on the central coast and handles a significant portion of Chile's international trade</li> </ul>

Source: Everest Group (2023); EIU; Transparency International; OECD; OPEC; World Bank; WEF; investment agencies; interviews with market participants

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Published Planned Current release

Reports title	Release date
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Location Spotlight – Singapore	March 2023
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Global Locations State of the Market – Risk Radar	March 2023
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Talent Demand Trends   India IT Services – H2 2022	May 2023
Location Spotlight – Costa Rica	June 2023
Location Spotlight – Turkey	July 2023
<b>Location Spotlight – Chile</b>	<b>July 2023</b>
Global Locations State of the Market Report 2023   Locations PEAK Matrix®	Q3 2023
Harnessing Potential: Growth in Southeast Asia's Service Delivery Sector	Q3 2023
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