Call centre: the sky is the limit

ABDULLAH MAMUN

THE year 2007 opened a new door for Bangladesh, offering newer opportunities to earn foreign currency by employing young graduates at home.

Bangladesh Telecommunication Regulatory Commission (BTRC) introduced its call centre policy for the local investors. The regulator claimed it had found, in terms of salary and career success, the sky was the limit for IT professionals.

The BTRC took on a policy that would enable the country to earn billions of dollars from abroad. A number of entrepreneurs enthused over the issue and around 270 licences were given to the firms.

But the tricks of the trade were not known to many and less than a fourth of the licensees are in the market at present.

Securing one percent of the $600 billion market does not seem impossible for Bangladesh to achieve, insiders say. Avenues are still open -- it just needs some initiatives and help from the government as well as the actors in the field. Bangladesh hopes to be the best offshore call centre across the globe.

A comprehensive roadmap is urgently needed to help the call centres flourish. A target should be fixed as to what the country would like to see in the next five to ten years

Why Bangladesh?

In September 2010, British technology magazine Outsource reported on the opportunities of Bangladesh, saying, "The advantages of Bangladesh's grabbing some of the global sourcing pie are obvious. In particular, the authorities have seen the call centre space as providing an excellent entry-point for Bangladesh into the global market, capitalising upon the country's historic cultural and linguistic connections with the English-speaking world."

"However, the government is aware that a good deal of education and incentivisation is required to bring the country into the headlights of organisations looking for a suitable low-cost outsourcing destination -- education not just amongst Bangladeshis looking for work, but among organisations with work to place."

The foremost claim of Bangladesh to qualify as the best place for offshore calls is low wages. Bangladesh has certainly more than 25 percent cost advantage over India. Moreover, Indian call centre operators will soon cease to enjoy its 15-year tax break.

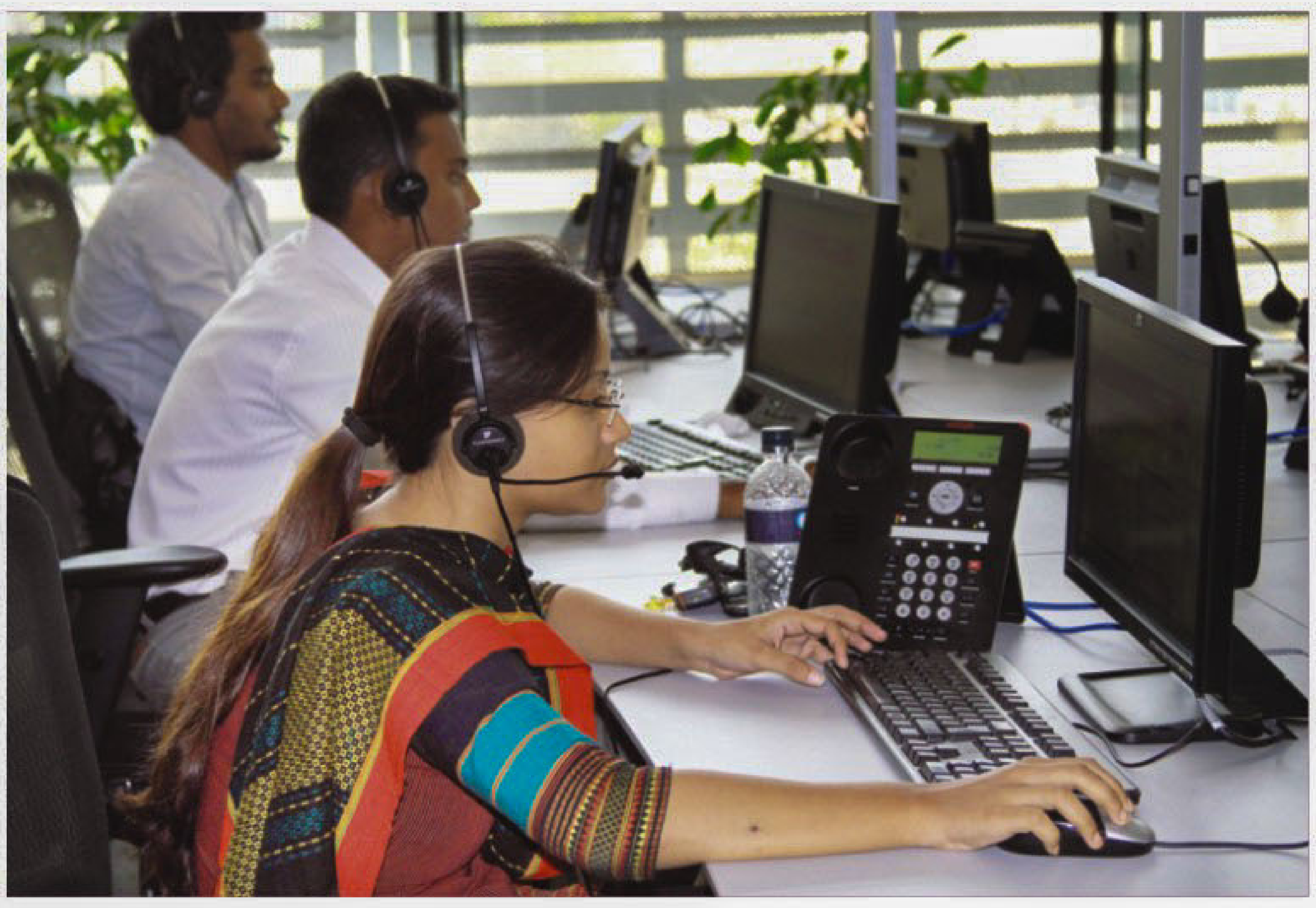
The Philippines has already overtaken India in this sector. So Bangladesh too has a chance to chew its piece of the pie. The readymade garments sector in Bangladesh is taking advantage of low wages and booming day by day.

The same conditions apply to call centres. The universities, colleges and vocational institutions in Bangladesh are producing a large pool of English proficient graduates in all disciplines. A huge number of creative graduates are waiting for a job in the market, which makes the sector lucrative.

Moreover, the English accent of the Bangladeshi people is highly neutral, which gives Bangladesh more advantages compared to other nations in the region. Geo-strategically, the Bangladesh time, (+) 6 GMT, ensures a 'follow the sun' services for its global clients.

AMRAN HOSSAIN

Employees are at work in a call centre in Dhaka recently. The country is set to earn billions of dollars in foreign currency from the sector.



The business situation

Currently, it is not impressive at all. Some 60 institutions are working with more or less 5,000 agents. Compared to India or the Philippines, it may be even less than half of a large company's accommodation.

As the licensing fee is only Tk 5,000, many enthusiasts had initially thought it was like setting up a 'phone-fax' shop in the alley. As per licence conditions, the BTRC cancelled most of the licences when nothing moved with the licensees through the first six months after the permits were issued.

Looking about and winning a contract from the western world is not an easy task, many found out. The competition is not at home, it is with the experienced world, the entrepreneurs realised. The international standards of services coupled with huge investments made the business tough for most. More or less 10 of the Bangladeshi entities are in profit till now.

Both in the domestic and international services, Bangladeshi call centres are obtaining work orders in voice services or the customer care type contracts. Voice services comprise even less than 10 percent in the business arena, while the main opportunities lie with back office, software development, virtual assistance, transcription or even financial assistance. So Bangladesh has not yet seen any of the more sophisticated work.

Barriers

A comprehensive roadmap is urgently needed to get the call centres flourished. A target should be fixed as to what Bangladesh would like to see in the next five to ten years. The sector has not been declared to date as an industry, which deprives investors of bank loans, while the return from the business is still slow.

According to call centre guidelines, domestic and international call centre service providers cannot operate from the same premises and systems. So an investment of taka one crore is useless either by day or night as it cannot operate around the clock. Basically, domestic services are performed during the day and the international ones by night.

The country also has no backup in international fibre optic cables. Customers in the western world turn their faces away when they hear that Bangladesh has no backup connectivity. Some time ago, a company tried to obtain work by installing a V-sat, which was to be connected via satellite. But it proved too expensive for the amount of business to be achieved.

It is applaudable that the government took the initiative to be connected with five more cables. But at least one is needed immediately -- either submarine or terrestrial -- for the ICT industry, as well as the call centre providers, stakeholders say.

The western companies look for experienced call centres but the local industry is still at a nascent stage. It is only a three-year-old industry, still faltering in its steps.

Although the domestic call centre service providers are doing well, it is up to the country's big financial institutions to now let the call centres provide them with back office problem solutions. Such experiences would be useful for the call centres when they try to secure international contracts.

An insufficient supply of English spoken employees, i.e. students, is a problem for this sector. The educational institutions should take proper steps to groom their students in spoken English, like in India or the Philippines. Call centre operators should train and groom the new employees for up to six months.

Women workers are valued as assets in the call centres. But society is yet to permit girls to work at night or return home late at night due to social taboos and security concerns. Mass awareness campaigns are a must to address this.

Also, marketing in the global arena needs to be addressed. Frequent international exposures are needed to let people know about the country's presence in the market. Taking part in global expositions to attract new customers is also a must.

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Bangladesh: the next name in outsourcing

ABDULLAH MAMUN

AHMADUL Hoq, president of Bangladesh Call Centre and Outsourcing (BACCO), the industry body representing contact centre and business process outsourcing (BPO), speaks to The Daily Star on business opportunities for the call centre industry in Bangladesh. He works with the government and private sector to create strategies for the country to ensure that Bangladesh is the "next" destination of choice for outsourcing and offshoring.

How did you get involved with this business?

At first, I was involved in setting up a call centre in India. India is doing good business. In 2006, I tried to get permission from Bangladesh Telecommunication Regulatory Commission (BTRC) for voice over internet protocol (VoIP) operations, as my target was to set up a back office here in Dhaka. But the BTRC laughed it off. After a year, the BTRC published the call centre guideline. I worked on the formation of the guidelines.

What are you doing now?

I have a company called Virgo. It is an ISO standard company with 90 seats, and half of them are in use. Of course, we are working on voice services, but we are also doing virtual assistance, software development and content development. We plan to start a big venture soon.

Tell me more about the venture.

The new venture will be a global BPO company. I hope it will be able to create employment for 10 thousand graduates in the next five years. We will provide $100 million in salaries to our employees. When the backup fibre cable will be set up, a lot of work will be created for Bangladesh.

What is about the difference in terms of wage costs between the countries?

The cost of wages is far higher in the developed world than in Bangladesh. It is, on an average, $30 an hour in the European countries. It is even more in the US. India is paying $20 and the Philippines, $10 to $15. But it is still $8 in Bangladesh. So we are in an advantageous position, which is the most important asset for us. A $470 billion work opportunity in the US is waiting for us. It currently outsources 30 percent, while almost half of it can be offshored. Huge opportunities await us.

Which countries are in the call centre market?

Of course, India and the Philippines are the pioneers. South Africa, Indonesia, Sri Lanka, and Kenya are also in the business. Even Bhutan is working on it. The heads of state of India and the Philippines have prioritised the issue. They took 15 years to reach this situation. If we can do the same, we will also be able to capitalise on the opportunities. We need to form a committee that will report to the prime minister on the issue.

What is the scale of investment required to form a call centre nowadays?

If you want to set up a call centre of 30 seats, then you will have to invest at least Tk 1 crore. A large space is also required, which is very expensive in Dhaka. Telecommunication costs are not competitive, compared to other countries. But the problem is that we do not have trained people. The university students are not ready at all. So you will need to train them for about six months and training costs are also very high.

Revenue sharing with the government is now 0.5 percent but it should be eliminated for at least 10 years. Big businessmen should come to the sector with big investments. We have learnt how to get the business and the technicalities. None will come to us; we will have to go to them. So investment is also needed on the branding side and this is where the government should concentrate on.

Did you face any problems in receiving payment for work done?

A majority of the call centres in the country are facing this problem. Recently, a company did not receive payment worth Tk 14 lakh. The main company did not pay the money. We have no scope to file a case with the courts as laws differ from country to country. So, some local companies are setting up offices in the European markets to get the legal facilities of those countries.

Ahmadul Hoq

What are your predictions about this sector?

It will not be impossible to deploy half a million people in the sector within the next five to seven years. Before acquiring international services, we need to unlock our home back offices. If the banks come across to offshore their back offices, it will help us obtain international contracts. We believe over 150,000 direct and 37,500 indirect jobs will be created within the next 10 years. It will be possible to earn at least $2 billion a year in foreign exchange.

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