

The next wave in US outsourcing: serving your customers from Latin America

NEARSHORE IN LATAM: THE FUTURE OF BPO IN THE USA

Over recent years, the Business Process Outsourcing (BPO) sector has experienced a growing process of transferring part of their technology platforms to **Latin America**, thanks to the confidence that this type of outsourcing is generating in U.S. companies.

In fact, according to the latest figures registered, these countries are emerging as a **solid alternative** to regions which represent a location farther from the customer's home country, as occurs in the case of offshore to Asia. In 2012 the outsourcing of the services in the contact center industry in Latin America grew faster than in any other region worldwide. For example, from 2010 to 2011, while Latin America experienced growth reaching 12.6%, Asia (APAC, Asia-Pacific Contact Center Outsourcing) recorded a percentage of no more than 7.9% .

That is why an **optimistic investment** flow is being generated surrounding the outsourcing services' market in this region. This is reflected in the fact that revenue is expected to grow by 6.68% over the next five years.

TURNAROUND WITH CLEAR ADVANTAGES FOR THE U.S.

Latin America has a number of **key advantages** that are encouraging a number of U.S. companies to outsource their BPO services to this region.

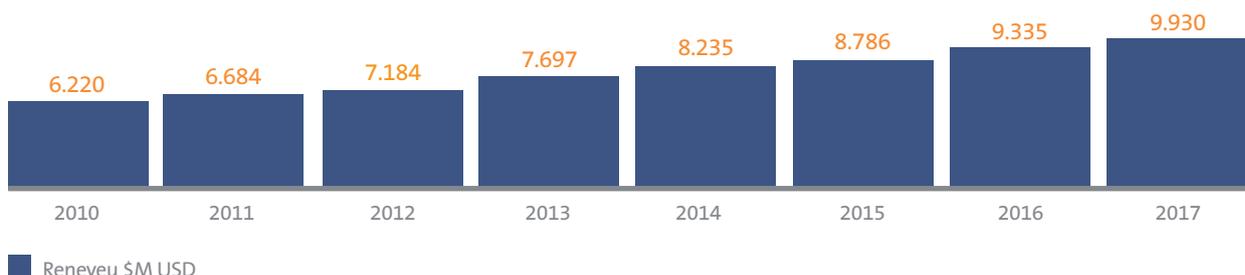
1. Firstly, geographical **proximity** is one of the main reasons for this shift. The similarity of time zone with respect to the U.S. together with the lesser distance (in both terms of space and time) of traveling to these countries, make Latin America a region suitable for the placement of BPO services.

2. Moreover, **language** is a decisive factor for companies that decide to outsource their services to this region. While it is true that Spanish remains as the first language in most Latin American regions, increasingly, thanks to the proximity to the U.S. and as new generations access higher education, English is becoming the second language par excellence. Due to the proximity to the U.S., mastery of English and Spanish allows for a bilingual service offering, often providing added value to companies.
3. In addition, this proximity does not only mean an idiomatic understanding, but also a great cultural affinity between Latin-Americans and North-Americans. US based companies are gradually realizing that the cultural component is vital in BPO services, making nearshore to Latin America the best choice. Currently, the intermediate option that combines the advantages of both onshore and offshore is considered ideal.
4. The economic development that Latin American countries have experienced in recent years has led telecommunications **infrastructure** to make significant progress, currently showing high levels of modernization. Since most of the outsourced services are provided by phone or via the Internet, the availability of high-speed connections and mobile Internet services are decisive when choosing these markets to base BPO services.

AND IN THE FUTURE, WHERE TO TARGET BPO?

As mentioned above, the demand for nearshore in Latin America is experiencing a strong growth and it is expected to remain so in the **coming years**. Why?

US Offshore to LATAM Revenue Growth



¹ FS - Latin America Contact Center Outsourcing Services Market 2012

One of the main reasons is the constant decrease of those **costs** associated to nearshore services in comparison with other outsourcing alternatives (either onshore or offshore). Pricing, depending on the characteristics of each project, can be up to 30 or 40 percent lower, thanks, among other things, to tax incentives offered by these countries. Undoubtedly, this fact makes this region a great opportunity at a time when, in addition, many companies are implementing stringent cost cutting policies.

Moreover, if a company is provided with nearshore services, it **mitigates the risks** of having support only in countries farther from the customer's home country. This does not necessarily imply that offshore services in Asia are set to disappear, but to look for ways to diversify involving an appropriate mix, according to the idiosyncrasies of each company, of offshoring services. In this way, quality,

availability, and resource efficiency can be ensured.

Another key to this phenomenon to continue along the path of growth is the constant **increase of the Hispanic population** in the United States. According to the Encyclopedia of the Spanish in the United States, by the Cervantes Institute, Spanish is the second language in this country, spoken as a first or second language by more than 45 million Hispanics. This segment of the population demands bilingual services and a similar cultural profile from brands of choice and US companies are able to provide the highest quality service with this solution.

All this, together with the aforementioned advantages of proximity, infrastructure, language, etc., makes it reasonable to expect that a significant portion of the business of BPO companies will be in Latin America in the **near future**.

Atento is the number 1 company in the Spanish and Portuguese markets and is the leader in key countries such as Mexico, Guatemala, El Salvador, Colombia, Puerto Rico or Peru. Furthermore, Atento has local operations in the USA, supplementing its service offer with onshore services. Our experience and leadership in the Hispanic market and our extensive experience in the American market makes us a unique partner for the best rightsore solution for your business, maintaining high standards of quality based on end customer experience.