

# Outsourcing works on ICT in Bangladesh through skill development training

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## **Introduction**

Outsourcing is the process by which a company contracts another company to provide particular services. The foremost reason of outsourcing is the money it saves. These jobs are mostly suitable through freelancing. Outsourcing denotes the continuous procurement of services from a third party, making use of highly integrated processes, organization models and information systems. *Outsourcing* can be defined as the hiring of an outside company to perform a task that would otherwise be performed internally by a company, organization or government agency- generally with the goal of lowering costs and/or streamlining workflow. Typical outsourced services include the operation of Information Technology/IT solutions, human resources management, Finance & Accounting Outsourcing, Procurement Outsourcing, Data Science & Analytics jobs, Engineering & Architecture jobs, telephone call centers, distribution centers, research needs, computer services, software design and the design and/or engineering of components or end-products.

## **Major organizations for outsourcing**

The top 10 companies for outsourcing jobs are: IBM, EDS, Dell, Cognizant, Siemens AG, General Electric, Convergys, Accenture, Computer Sciences Corp and Intel. The most used areas in outsourcing are Market Research, Industry Trends Analysis, Technologies Analysis, Business Intelligence, Company's Database, Industry Associations Database and Export Tools- Build Mailing List.

## **Key Statistics**

Outsourcing will be an approximately \$524.4 billion global industry in 2015, with significant emphasis on three broad areas: 1) logistics, sourcing and distribution services; 2) information technology services, including the creation of software and the management of computer centers; and 3) business process outsourcing (BPO) areas such as call centers, financial transaction processing and human resources management. Off shoring, as opposed to outsourcing, covers such a wide variety of nations, products and practices that it is difficult to put a number on the size of the market.

Business Process Outsourcing (BPO) is a growing sector worldwide with an industry worth over \$500 Billion demand. India, Sri Lanka and Philippines are currently leading the worldwide BPO industry where their market sizes are worth \$80 billion, \$2 billion and \$16 billion respectively.

To capture the worldwide BPO industry Bangladesh has the following advantages -

- Competitive cost advantage over other emerging countries.
- IT is declared as a thrust sector by the Government of Bangladesh.
- Located in geographically advantageous location in terms of Time Zone.

Currently, only around 25,000 people are involved in the BPO sector in Bangladesh. Recently BPO Summit was held in Bangladesh on 9-10 December, 2015 for taking the initiative by helping the nation in achieving Digital Bangladesh Vision 2021 by aligning itself to that cause. Job opportunities are created for the skilled and trained youths in the field of ICT that opens the door to the world, welcoming businesses with a promise of utilising technology and being competitive.

### **The Future of Outsourcing jobs in Bangladesh**

Experts predict several areas of the industry will experience significant growth over the next five years. Reverse outsourcing, virtualization, emerging markets, business analytics, healthcare, transportation, and Enterprise Resource Planning (ERP) are some of the areas that may enjoy increased attention.

There is fierce competition among nations to foster advanced education, develop well-trained and motivated workforces, boost productivity and create high incentives for entrepreneurship and investment. Outsourcing will continue to play a pivotal role in the fields of research, manufacturing and business services. Over time, sooner rather than later, Bangladesh will have to keep pace with intellectual property laws, privacy laws and data security laws in order to attract and keep foreign businesses. In becoming a digital nation, it is also imperative that the nation grow with the expectation of businesses and industries holistically.

### **Key statistics**

Every year, Bangladesh is producing approximately 4,200 ICT graduates from both private and public universities. Bangladesh's software exports in the fiscal 2012-13 rose to US\$ 101.63 million. The amount may be increased much if all the Information and Technology Essential Standard (ITES) exports and exports by the freelancers are taken into account. At present a number of ITES exports remain unrecorded, due to problems with the coding system of the Bangladesh Bank, along with the exports of freelancers who earn around \$25 million. Freelancers' earnings are recorded as

remittance, not software export. It is possible to hit the \$1 billion mark by and create employment for 100,000-odd graduates within a very short period of time if proper support is given to the sector. But the industry is facing a number of challenges, dearth of skilled human resources and project management skill being just two of them. BASIS is working on the problem; the body provides training to IT professionals at the BASIS Institute of Technology Management and has started a campaign to inspire youngsters to become IT professionals. Lack of infrastructure remains another big challenge for the industry. The internet bandwidth price remains very high, the alternative of submarine cable is yet to materialize, and there is no software technology park in the country. Bangladeshi organizations export a range of software, starting from accounting and finance, content and document management, marketing and sales automation to animation, multimedia and graphics.

<b>Software Export Growth</b>		
<b>Fiscal Year</b>	<b>Million US \$</b>	<b>Growth %</b>
2012-2013	101.63	43.53
2011-2012	70.81	56.28
2010-2011	45.31	27.25
2009-2010	35.36	7.44
2008-2009	32.91	32.59
2007-2008	24.82	-4.83
2006-2007	26.08	-3.44
2005-2006	27.01	136.10
2004-2005	11.44	-

Source: BASIS

### **Expectations**

It is expected that the number of IT professionals will reach 0.15 million by 2018. The growth of IT sector will be more in upcoming years due to IT infrastructure development. The government and the BASIS are jointly working to achieve the target of ICT export. At present the country exports IT products to different countries of the world including the USA, Canada, the UK and EU countries. Demand for the

Bangladeshi products is increasing day by day across the world. Different development partners are extending support to promote the country's ICT sector.

The IT industry is a relatively new sector in the country's economy. Though it is yet to make tangible contributions in the national economy, it is an important growth industry. The Bangladesh Association of Software and Information Services (BASIS) was established in 1997 as the national trade body for software and IT service industry. Starting with only 17 member companies, membership had grown nearly 1000 by 2015. In a study among Asian countries by Japan International Cooperation Agency in 2007-08, Bangladesh was ranked first in software and IT services competitiveness and third in competencies, after India and China. The World Bank, in a study conducted in 2008, projected triple digit growth for Bangladesh in IT services and software exports. Bangladesh was also listed as one of the top 30 Countries for Offshore Services in 2010–2011. The Internet penetration has grown to 21.27 percent in 2012, up from 3.2 percent three years prior. As the Internet usage increases, the government expects the IT sector to add 7.28 percent to GDP growth by 2021.

The present Information Technology (IT) is a subject of widespread interest in Bangladesh. There are around 100 software houses, 35 data entry centres, thousands of formal and informal IT training centres and numerous computer shops. The Government has declared IT as a thrust sector and computer training centre will be set up in each divisional and district headquarters of Bangladesh. Import of computer hardware and software is now duty free, VSAT is deregulated, high speed DDN (Digital Data Network) has been introduced. Some activities are going on in every sector including e-commerce, e-governance, computer networking, Internet, web browsing, web applications, multimedia product development etc. There has been significant improvement in services of telecommunication within last few years. Government is also trying to increase and integrate internet with the land phone connections if these telephone lines are available in Bangladesh, most of the PC users will be able to use internet and find a scope to build up international career.

### **Organizational structure on ICT**

Information and Communication Technology (ICT) Division under the Ministry of Posts, Telecommunications and Information Technology is looking after the ICT affairs in Bangladesh. The major departments under this division are i) Department of ICT, ii) Bangladesh Computer Council and iii) Controller of certifying Authority.

Associations and professional bodies: The associations and professional bodies who are playing vital role to develop the IT sector in Bangladesh are as follows:

- Bangladesh Computer Society (BCS) was formed in 1979. This is an association of the IT Professionals.

- Bangladesh Computer Samity (BCS) was formed in 1987. This is basically an association of Computer Vendors.
- Bangladesh Association of Software and Information Services (BASIS) was formed in 1998 to promote the interest of IT business, especially for software development and related IT services.
- Bangladesh Software Marketing and Promotions (BSMP), a private organisation, has been formed with the view to helping the local computer programmers and promote their software.
- Bangladesh Computer Writers Association has been formed to promote the writers activities in the country.
- Bangladesh Association for Information Technology Education (BAITE) has been formed to promote the activities toward standardizing informal IT education in the country.

**Banks support:** Well-trained Bangladeshi IT professionals can start their business like Data entry, Web development, Multimedia, ISP and Medical Data Transcription services, Cybercafe and IT Training Centre. They can easily get financial help from bank. A number of government banks have already started credit programmes to encourage the entrepreneurs in software industry.

**Government initiatives:** The Government of Bangladesh has taken some important initiatives to develop our IT sector. Steps of government for information are given below:

- IT has been declared as a thrust sector;
- Waiving all taxes and duties from import of computer hardware and software;
- Hundred percent remittances of profit and capital gains for foreign investors without any approval;
- Decision to link Bangladesh to global highway through submarine cable link by next two years.

### **Skill development in the IT Sector**

Human resource is the most important component for IT industry. Bangladesh has a huge educated, unemployed youth force with the ability to read and write English. Government has already started a project to develop Computer Programmers in Bangladesh. All the universities are offering one year post-graduate Diploma course for the graduates. BASIS along with concerned Ministries and agencies of government have been working towards country branding in the global market, along with expansion of local market and creation of skilled IT workforce, and creating employment for them to establish Bangladesh as the next IT destination.

Young generation in Bangladesh is very much enthusiastic and interested in IT as the future of their career. There are numerous computer clubs, computer festivals, programming contests, web design contests, IT related seminars and discussions in many cities of the country. About 16 ICT related magazines and four digital IT magazines are being published monthly and some daily newspapers publish IT pages once/twice a week. A few of the magazines are published in collaboration with other international magazines, however, most of these are Bangladeshi origin. A number of business centres started their operation recently. Most of these business centres provide e-mail; e-mail to fax, phone-fax services and cyber cafes offer Internet browsing. Recently there has been a surge in E-commerce activities in Bangladesh. Government is now formulating laws for e-commerce to enhance the business rapidly and smoothly.

***IT park and international market:*** Some private organisations have started to work for setting up IT park and IT villages in the country. Some investors are foreigners and they are very much interested to build Bangladeshi students as IT professionals. There are lot of scopes of working and entering into the international market. Bangladeshi IT professionals have a good demand in international IT job market.

### **Issues and Challenges**

The country can take advantage of its immense manpower to train and prepare programmers and IT professionals. Bangladesh has a long way to go in a very short time to enjoy the fruits of information technology arena. It will be only possible when there will be political commitment with better IT infrastructure, internal network, country domain and above all a high speed fibre optic link to the Information Superhighway.

In light of the outsourcing phenomenon, Bangladesh has the potential to jump into the ICT Sector. Bangladesh has some competitive advantages over other outsourcing options (China and India) in terms of its prospective population in the ICT sector. In Bangladesh, there are technology challenges caused by the country's infrastructure problems like poor telecommunication facilities, few software development firms in country (to help develop local talent and expertise) and lack of e-Governance policies. A major positive aspect is that the country is now linked with the submarine cable, which will help facilitate better internet and telecommunications connections and help enable further technical development.

There are many opportunities for ICT professionals in Bangladesh to prosper through outsourcing, similar to India. It is now a great challenge for Bangladesh to move forward to have a strong ICT workforce.

## **Conclusion**

Bangladesh can gain the competitive advantage in this region if it can capitalize on these opportunities as a nation. The Software and ICT industry of the country is expecting to contribute to the GDP by 1% by 2018. Almost 57 million of the population of Bangladesh is young. To utilize this huge young population to progress through public private initiatives, it is needed to work on capacity building of IT industry in the process of contributing in the development. Human resource development in ICT sector specifically targeted to outsourcing works may be an interest in Canadian support towards skill development. Prospect for engagement of Canadian companies in establishing cooperation in outsourcing works from Bangladesh in ICT sector may also be explored.