



**AN ANALYSIS OF ISSUES PERTAINING TO  
INFRASTRUCTURE FOR ESTABLISHING BPO  
ZONES IN SRI LANKA**

MASTER OF BUSINESS ADMINISTRATION  
IN  
INFRASTRUCTURE

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## Abstract

Sri Lanka has the potential to develop further its Business Process Outsourcing (BPO) industry as it has a greater low cost advantage than other South Asian countries. The availability of highly educated and easily trainable labour also contributes to the attractiveness of the offshore business in Sri Lanka than ever before. The improvement of the country's position in this industry, as reflected in the Network Readiness Index and the A. T. Kearney's Global Service Location Index for the last two years, highlights the fact that the relative attractiveness of offshore business opportunities in Sri Lanka has improved.

Despite these positive signs on paper, the country's BPO sector is operating without creating any positive improvement to the industry and making no significant contribution to the country's economy. This is mainly due to non investment-friendly policies and the lack of government support for the sector. Moreover, the senior managers of BPO companies in Sri Lanka are not happy with the existing physical infrastructure, as it has created constraints for the growth of the industry. The non availability of quality infrastructure services and the high infrastructure cost has weakened the competitiveness of Sri Lanka's BPO operations in the global outsourcing market.

This study takes a cross country approach to examine the industry practices in India, China and the Philippines, as these countries are among the top ten ranking BPO service providers in the A. T. Kearney's Global Service Location Index. The study then identifies necessary improvements to be made to the basic physical infrastructure services and some industry specific infrastructure services essential for the outsourcing industry in Sri Lanka.

As a solution to the existing infrastructure issues, the study proposes the establishment of several BPO zones in different parts of the country, which would enable the recruitment of qualified labor from different parts of the country and

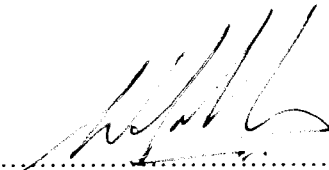


facilitate easy operations in terms of low cost structure. It concludes with policy recommendations that are essential for establishing the reputation of the country's BPO industry as a leading service provider in the global offshoring map.


## DECLARATION

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## Table of Contents

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<b>Declaration</b> .....	i
<b>Acknowledgment</b> .....	ii
<b>Abstract</b> .....	iii
<b>1. Introduction</b> .....	1
1.1. Background.....	1
1.2. Background to the problem .....	2
1.2.1. The importance of infrastructure services for the growth of the industry.....	3
1.3. Significance of the study .....	5
1.4. Problem definition.....	5
1.5. Objectives .....	5
<b>2. Literature Review</b> .....	6
2.1. Leading BPO destinations.....	6
2.2. Other region.....	8
2.3. The BPO industry in Sri Lanka.....	8
2.4. Software Technology Park India (STPI).....	9
2.4.1. Overview of software technology park India.....	10
2.4.2. Fiscal incentives for STPI.....	10
2.4.3. Objectives of the STPI.....	11
2.4.4. The functions and responsibilities of the STPI.....	11
2.4.5. High Speed Data Communication Facility (HSDC) .....	12
2.5. Shifting the geography of offshore.....	13
2.6. Preparation for the future .....	16
2.6.1. India.....	16
2.6.2. Philippines.....	16
2.6.3. China.....	16
2.7. Growth in revenue.....	17
2.7.1. India.....	18
2.7.2. Philippines.....	18
2.7.3. China.....	19
<b>3. Methodology</b> .....	21
3.1. Selection of study sample and administration of interviews .....	21
3.2. Research design.....	22
<b>4. Summary of Findings</b> .....	23
4.1. Overview of Sri Lanka BPO Operators.....	23
4.2. Employment of BPO Companies.....	24
4.3. Perceptions of the BPO Operators on existing infrastructure utilization .....	24

4.4. Telecommunication or broadband facilities.....	26
4.4.1. Type of broadband utilized by BPO operations.....	27
4.4.2. The primary and secondary broadband links .....	28
4.4.3. The quality and the price .....	30
4.4.4. Cost behavior of broadband .....	30
4.5. Mass transport services and the work pattern of the BPO operators	31
4.6. Floor space and real estate infrastructure .....	33
4.6.1. Floor space .....	34
4.6.2. Floor rental .....	35
4.6.3. Consideration on building own business space .....	36
4.7. Electricity services.....	37
<b>5. Analysis and Discussion .....</b>	<b>38</b>
5.1. Electricity infrastructure .....	38
5.2. Broadband infrastructure .....	39
5.3. Real-estate property infrastructure .....	42
5.4. Transport infrastructure .....	42
5.5. Policy and regulatory measures for the growth of the industry .....	43
5.5.1. Alternatives for infrastructure facilities .....	43
5.5.2. Criteria for the analysis .....	44
5.5.2.1 Sub criterions .....	44
<b>6. Conclusion on Policy Implications.....</b>	<b>48</b>
6.1. Importance of boosting the industry.....	49
6.2. Establishing BPO zones as a catalyst for the industry.....	49
6.3. Policy framework.....	50
6.4. Strategies to showcase proposed BPO zones in the global market	50
<b>References .....</b>	<b>52</b>
<b>Appendix: -1 .....</b>	<b>55</b>
<b>Appendix: -2.....</b>	<b>57</b>
<b>Appendix: -3.....</b>	<b>58</b>

## Table of figures

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Figure 1: Changes in index ranking (2007 to 2009).....	15
Figure 2: BPO revenue growth of India.....	18
Figure 3: BPO revenue growth of Philippine.....	19
Figure 4: BPO revenue growth of China.....	20
Figure 5: Employees of BPO companies.....	24
Figure 6: Perception of BPO operators on existing infrastructure.....	25
Figure 7: Perception on telecom facility availability.....	26
Figure 8: Summery of broadband services used by BPO operators.....	28
Figure 9: Broadband service used as primary links.....	29
Figure 10: Broadband service used as secondary links.....	29
Figure 11: Work patterns of the BPO operators.....	31
Figure 12: Employee percentage work in traditional & non traditional working hours .....	32
Figure 13: Transport facility & allowance to employees.....	32
Figure 14: Floor space used by BPO operators.....	34
Figure 15: Perception on floor space utilization .....	35
Figure 16: Evaluation about floor rent.....	35
Figure 17: The impact of competitive floor rent to BPO operators.....	36
Figure 18: Building own business premises .....	36
Figure 19: Perception on the electricity service availability.....	37



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## List of Tables

Table 1: Global Market Share of IT-BPO Industry.....	14
Table 2: Type of Broadband Services.....	27
Table 3: Monthly residential and commercial electricity rates selected Asian countries in US Cents/KWh.....	39
Table 4: Broadband price in Asia in USD .....	41
Table 5: Raw Scores for Weighted Decision Criteria analysis .....	45
Table 6: Weighted Scores for Weighted Decision Criteria Analysis .....	46
Table 7: Weighted Decision criteria Analysis .....	57