



**Asia Pacific
Customer Support Centre**

FDI Proposition



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Customer Support Centre

	Australia	China	India	Indonesia	Japan	Malaysia	Philippines	Singapore
GDP per Capita (USD)	46,650	1,251	657	997	48,102	5,841	348	35,802
Labour Force (millions)	11.44	812.7	467	113.3	65.97	11.29	37.73	2.92
Unemployment Rate (%)	6.4	10.3	7.2	10.6	5.9	4.8	9.7	3.9
No. of FDI Projects in Customer Support	21	39	98	1	11	12	96	11
Average Salary for an Inbound Telesales Operative (\$)	31,689	3,871	1,954	2,147	24,215	3,973	2,766	13,414

Customer Support Centre

Why Asia Pacific

- Vibrant and rapidly growing economies with large nascent domestic markets
- Affordable labour and utility costs - offering significant savings when compared to the more developed western countries
- Contains the world's two largest labour forces in China and India

Labour Availability

- A labour force in excess of 800 million, coupled with the flexibility resulting from a double digit unemployment rate allows China to offer a supply of workers no other country can match
- Oriented towards the provision of services, Singapore's workforce exercises a greater degree of specialisation than the regional competition

Industrial Cluster

- Complementing its vast labour force, China's commercial service sector contains 690,000 companies
- 35% of India's export value is attributable to commercial services, meaning the country is considerably more oriented towards developing a successful service sector than its neighbours

Customer Support Centre

Track Record

- As the most successful region outside North America, Asia Pacific's 324 projects in the sector demonstrate its capacity to handle the demands of MNC's customer support requirements
- In joint second place globally, both India and the Philippines have received 101 projects with a capital expenditure of USD907 and USD881 million respectively¹

Business Environment

- Japan's history of successful economic development has created a GDP in excess of USD 5 trillion
- China's consistently high growth rates have put it in prime position to overtake Japan's GDP in 2010
- Per capita real wealth in Japan currently stands at USD44,000 – the highest in the region

Cost Analysis

- With the lowest salaries in the region, the cost benefits of investing in India are significant.
- India's low utility rates offer significant savings over the regional average
- As China and India's wealth increases and demand for their labour grows, labour costs are forecasted to increase rapidly over the coming years.

¹ All FDI data refers to the period between Jan 2003 and Jan 2010 unless otherwise specified

Major Investments in Customer Support

IBM into India (Jan 2010)

IBM, the global IT giant, plans to scale up its business process outsourcing (BPO) operations in India by hiring more than 5000 staff across its existing facilities in 2010. IBM currently has BPO operations in Mumbai, Hyderabad, Pune, Gurgaon and Kolkata.

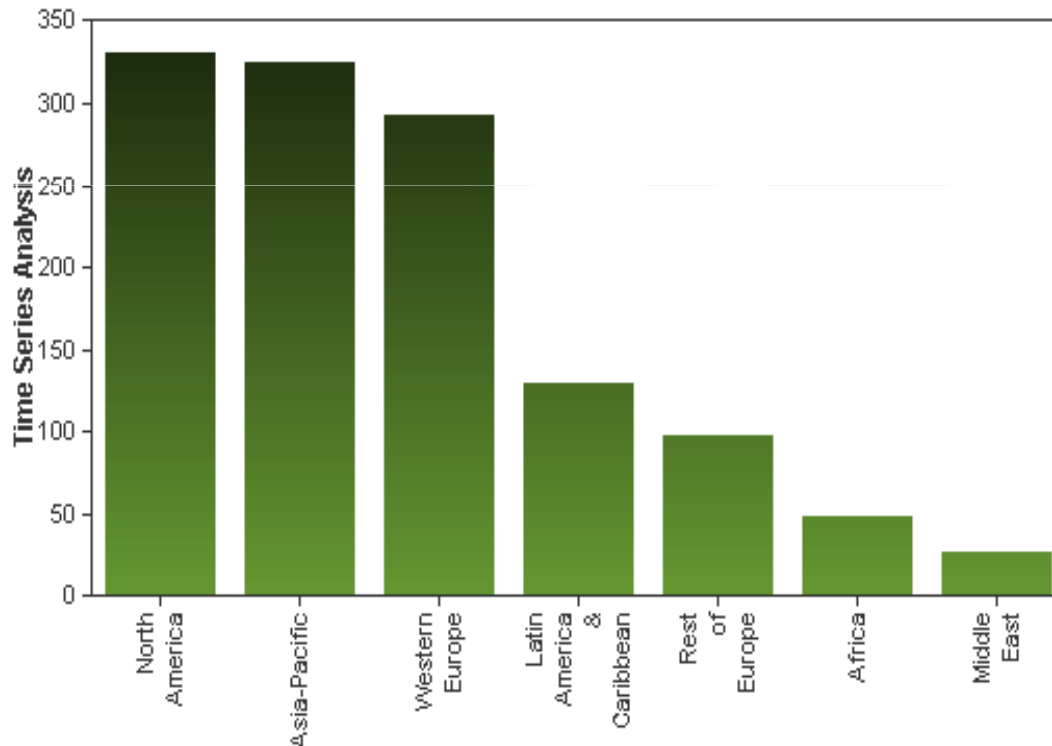
JP Morgan Chase into Philippines (Nov 2009)

US-based JP Morgan Chase will open a call centre in Cebu, Philippines. The new facility, which will be based at the e-Bloc Tower in Asia-town IT Park, will create 2000 jobs and house the Chase Card Services operations.

Computer Sciences Corporation into China (Jan 2009)

Automated Systems, a major subsidiary of the Computer Sciences Corporation providing IT and software development services, has opened its customer service centre in Hangzhou, China. The new service centre is part of the group's plan to seize untapped potential of the mainland market.

fDi Markets – Leading Destination World Region for Customer Support [2010]



Destination World Region - Between January 2003 and January 2010

Source: fDi Markets from the Financial Times Ltd

- Low labour costs and an abundance of available workers have helped to foster a global interest in Asia Pacific's customer support sector.

- With 324 projects between Jan 2003 and Jan 2010, Asia Pacific is one of the world's most successful regions at attracting corporate interest in the sector.

- This investment has involved a capital expenditure in excess of USD3 billion and created approximately 154,000 jobs.

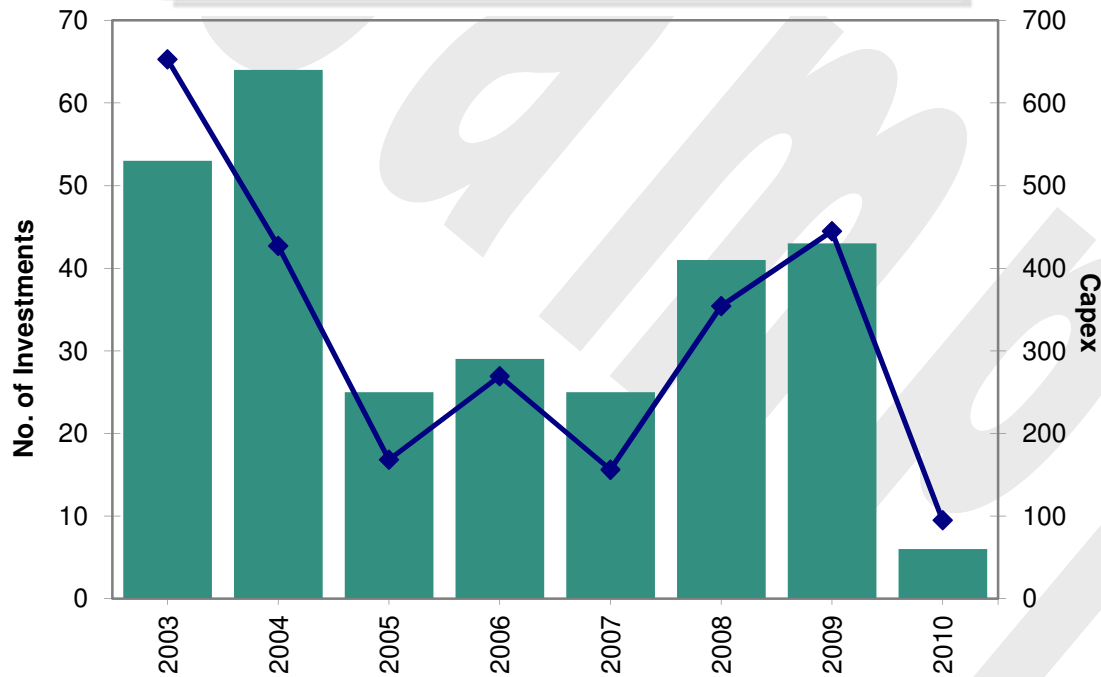
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approx/around
Author, 01/04/2010

fDi Markets 'Inward Investment and Capex in Customer Support' [2010]



Source: fDi Markets from the Financial Times Ltd

- The time series graph shows that investment, although consistently high, has been sporadic over the course of the seven year period.

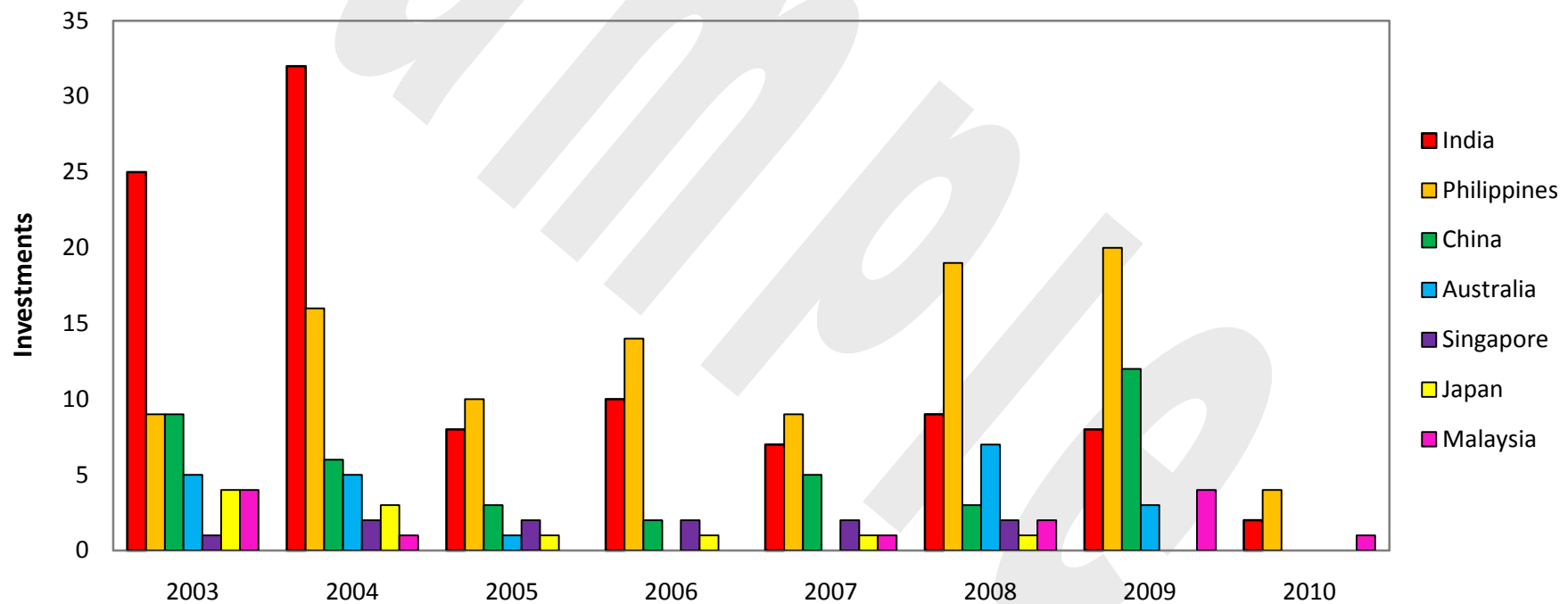
- Reaching a peak of 66 in 2004, investment projects briefly stagnated before achieving strong growth in 2008 and 2009.

- 2009 projects totalled 54 with a capital expenditure of USD588 million.

- 2010 has witnessed a strong start, with an investment of 7 projects and a total capital expenditure of USD102 million.

As the early driving force behind the region's customer support FDI, India received approximately 50% of the total number of projects in 2003 and 2004. Subsequently the Philippines has developed as the regional leader with the largest number of investments between 2005 and 2009. 101 projects each over the seven year period, position India and the Philippines as the joint second strongest performers in the sector globally.

fDi Markets 'Investment by destination country' [Jan 2003 – Jan 2010]



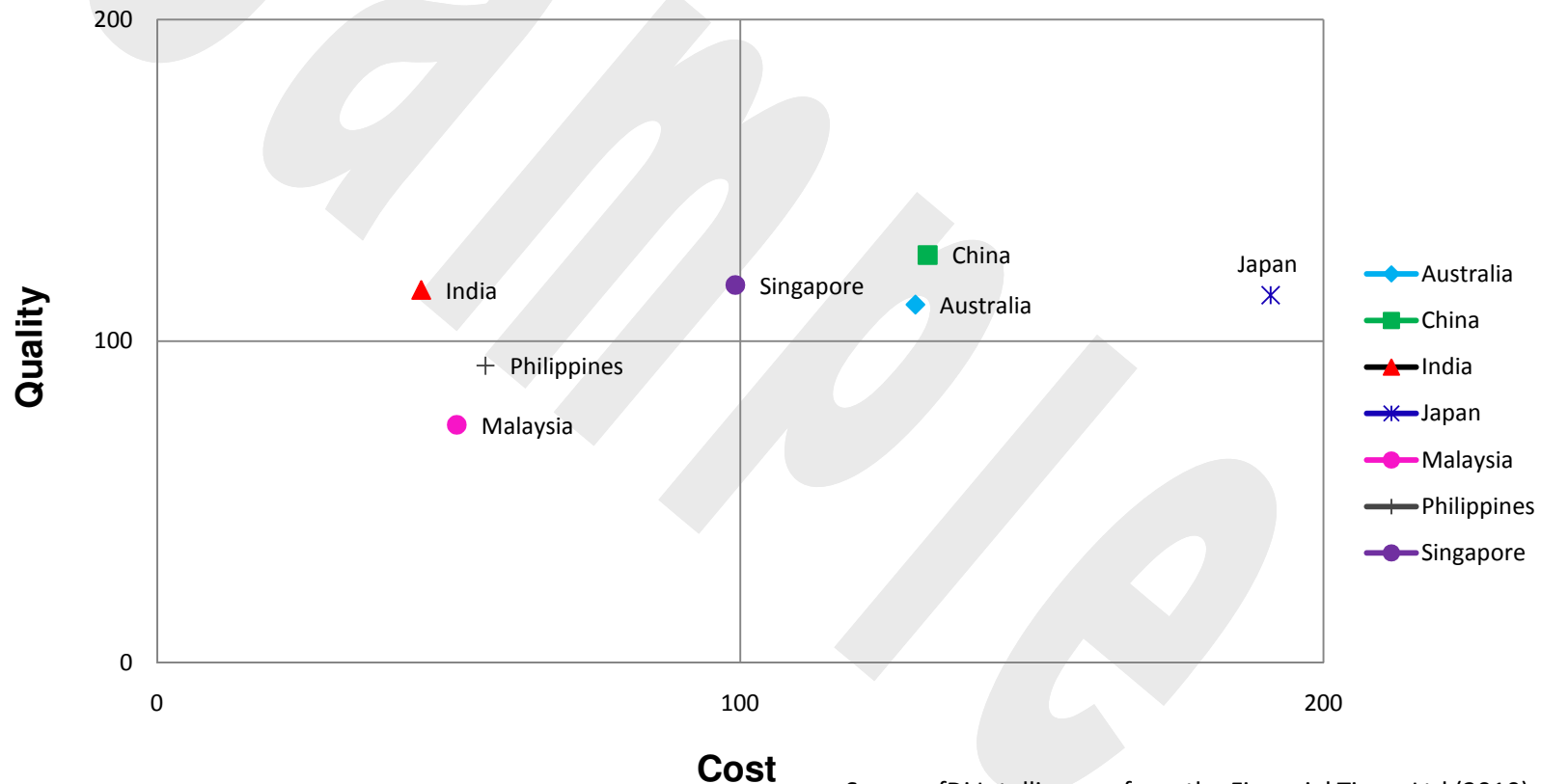
Source: fDi Markets from the Financial Times Ltd

Benchmarking Study

- The following analysis is based on fDi Benchmark, an online location benchmarking tool provided by the Financial Times.
- fDi Benchmark compared key South East Asian countries within the customer support sector based on an analysis of over 55 quality factors and 10 cost factors.
- A key emphasis was placed on:
 - ***Labour availability - the size of the labour market, size of employment in business services and tightness in the labour market.***
 - ***Presence of Industrial Cluster – the size, competitiveness and track record of the domestic industry.***
 - ***Infrastructure and Accessibility – the quality of the location’s transport, ICT and energy infrastructures.***
- Other factors including general business environment, the living environment and costs were also assessed.

Despite China's higher quality score, fDi benchmark identifies the cost efficient Indian market as providing the strongest offering for investment in the customer support sector.

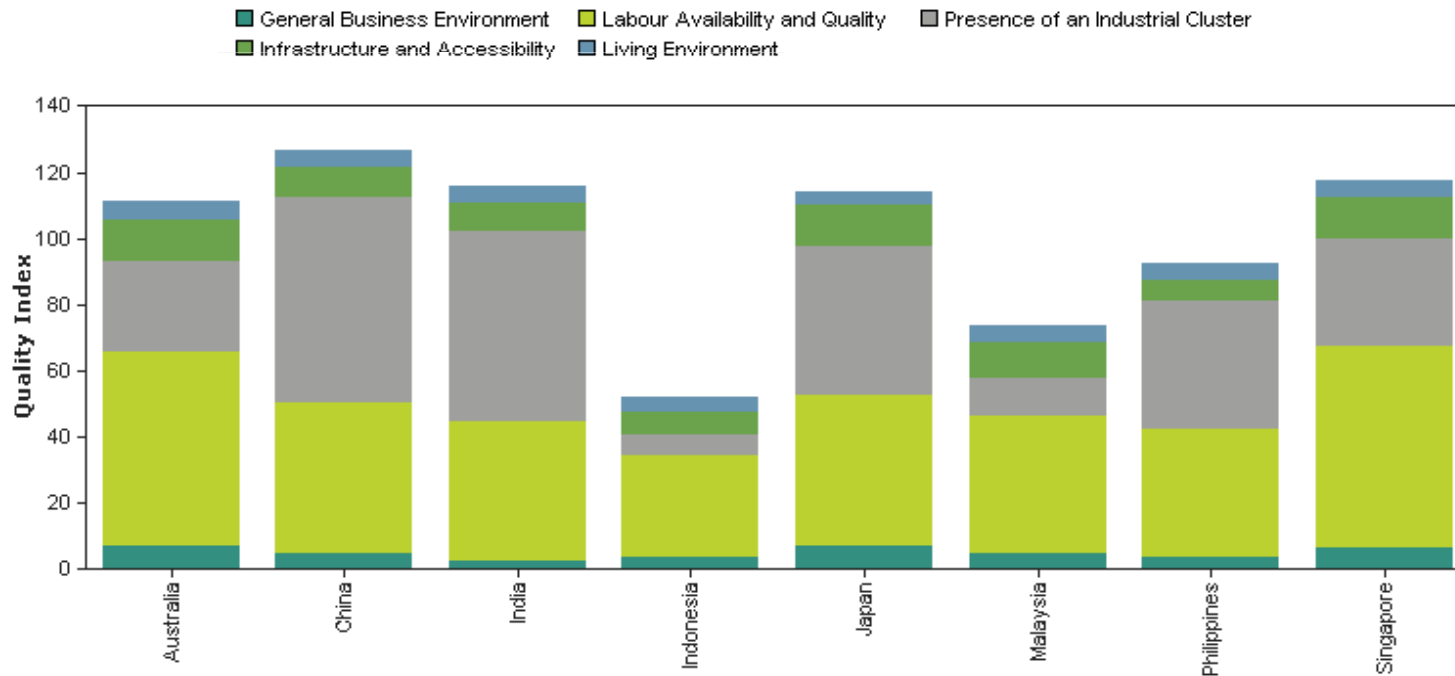
Competitiveness Matrix - Customer Support Centre



Source: fDi Intelligence, from the Financial Times Ltd (2010)

The size and power of China's industrial cluster and its vast labour force make it difficult for regional countries to compete, consequently fDi Benchmark identifies China's customer support sector as maintaining the highest overall quality before costs are considered.

Customer support centre (NEW) (Head Count: 350) - Total Quality Index Breakdown



Source: fDi Intelligence, from the Financial Times Ltd (2010)

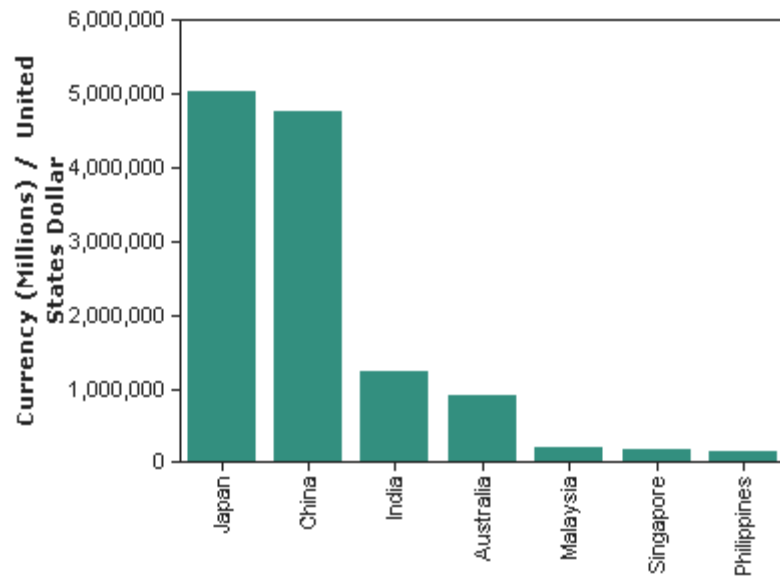
General Business Environment

As the long standing Asian economic powerhouse, Japan's large GDP, wealthy population and low operating risk have created the most stable and robust business environment in the region.

- With an economy larger than USD5 trillion, Japan is the major economic force in the region
- China's consistent double digit growth rates mean it is set to overtake Japan's GDP in 2010
- Japan's per capita real GDP is the region's highest at USD44,000
- A high credit rating, business friendly regulatory environment and low overall operating risk, ensure Japan offers the most stable economic environment
- Singapore's open economic system allows for easy investment by foreign entities
- Australia's efficient administrative system permits the expedient establishment of new businesses

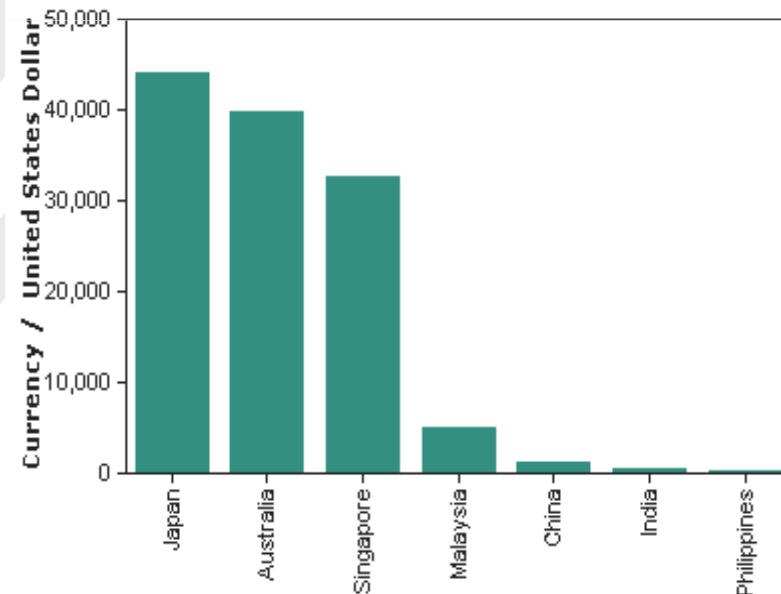
With the largest GDP in the region and the second largest in the world, Japan is the major economic power in the Asian continent and the wider area. However, with a forecasted average growth rate of 12% over the five years 2010 to 2014, China is set to usurp Japan's role as the primary economic force in the region by 2010. Despite this, China remains a poor country with real GDP per capita at USD1,350 compared to Japan's USD44,000.

fDi Benchmark - 'Size of economy: GDP' [2009]



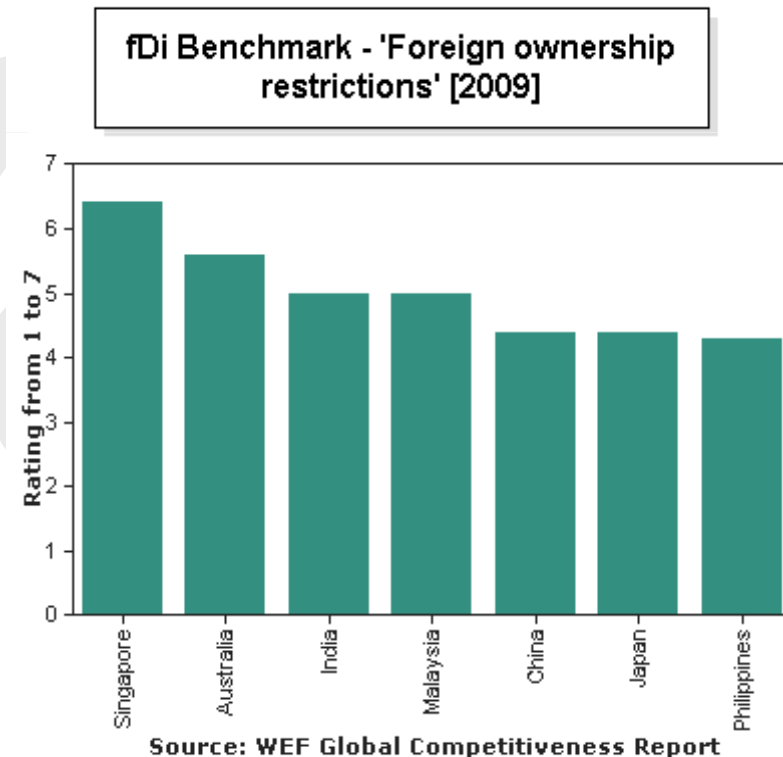
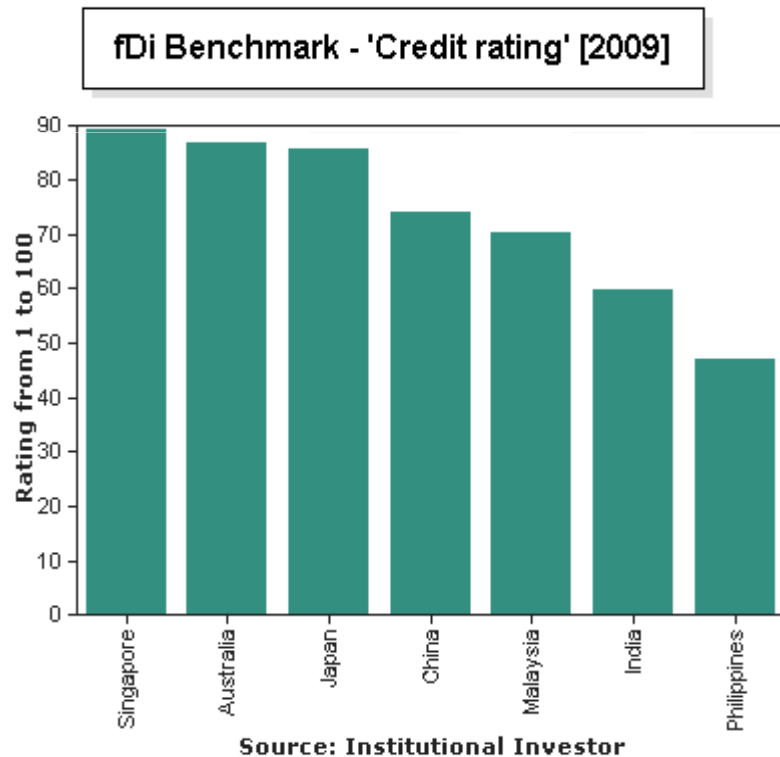
Source: International Monetary Fund

fDi Benchmark - 'Wealth: GDP/head' [2009]



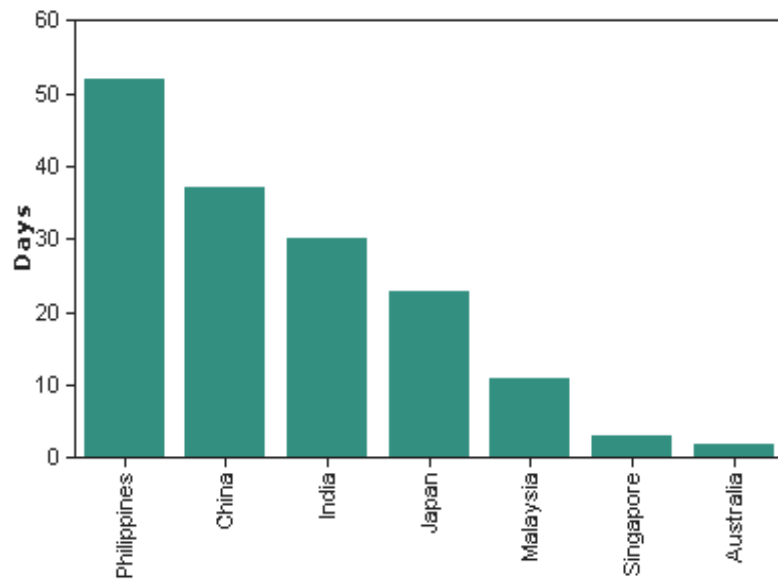
Source: Economic Intelligence Unit; Eurostat; National Statistics; WEF Global Competitiveness Report

As the Asia Pacific region is primarily populated by high growth and potentially unstable developing countries, the domestic operating risk takes on a more prominent role in investment decisions. Unsurprisingly, the developed countries of Singapore and Australia maintain strong credit ratings and limited restrictions on the foreign ownership of domestic assets. Among the developing countries, Malaysia offers the best risk profile, with low labour cost growth rates, a good credit rating and limited foreign ownership restrictions.



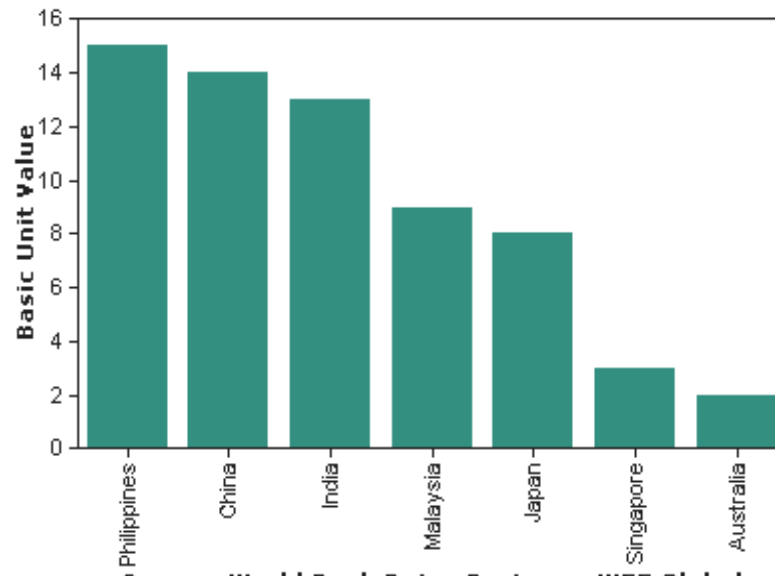
For those who value speed and efficiency, Australia and Singapore offer a regulatory environment free from many of the time consuming procedures often required for the establishment of new businesses. Registering a business in Australia takes less than 10% of the time required in the more bureaucratic locations of China, India, Japan and the Philippines.

fDi Benchmark - 'No. days to register a business' [2009]



Source: World Bank Doing Business; WEF Global Competitiveness Report

fDi Benchmark - 'No. procedures required to start a business' [2009]



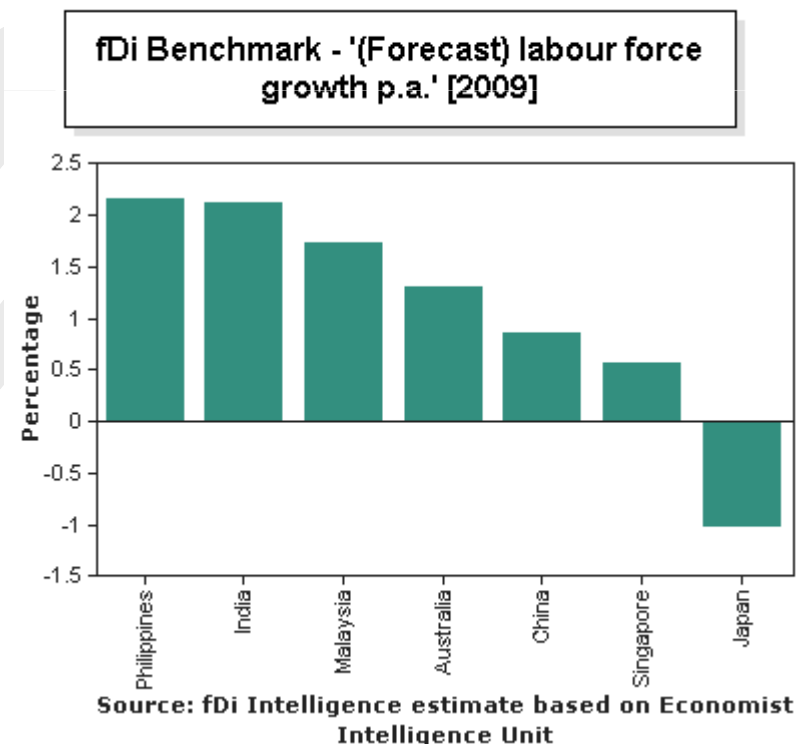
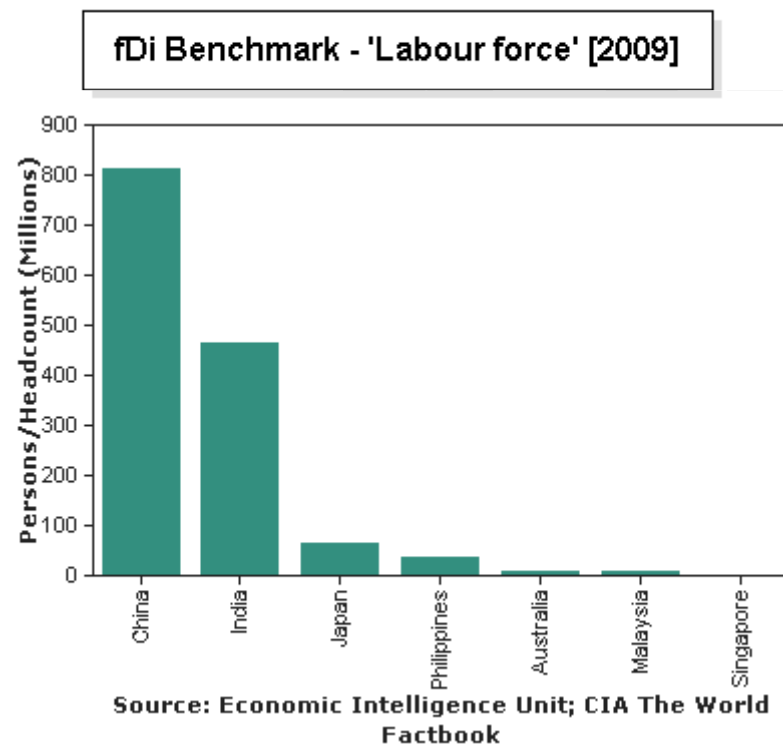
Source: World Bank Doing Business; WEF Global Competitiveness Report

Labour Availability and Quality

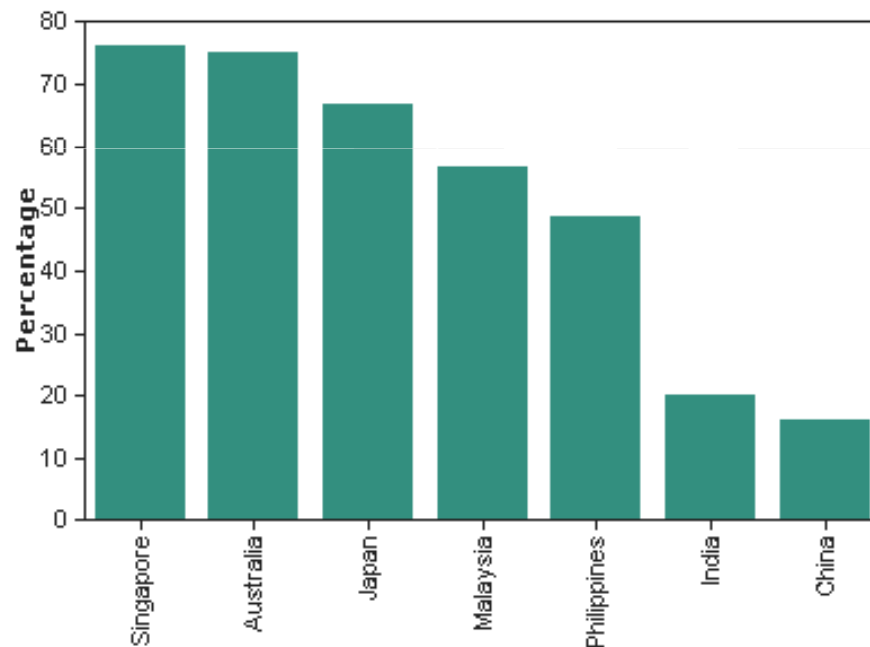
Singapore's highly experienced labour force and large presence of international workers provide the strongest labour environment for the establishment of a successful customer support centre.

- China's 800 million strong labour force provides the world's largest single collection of workers
- China's unemployment rate of 10.3% creates an enormous pool of immediately available labour
- India's large labour force consists of 467 million people and is set to grow at more than 2% per annum
- More than three quarters of Singapore's workforce are currently employed in services, creating an experienced and sector relevant workforce
- The Australian population benefits from the highest education enrolment rates with 75% of the post secondary 5 year age group enrolled in tertiary education

Companies interested in taking advantage of a readily available, low wage labour pool will find that China provides the strongest offering with a labour force in excess of 800 million. Although not on the same scale as China's, India's labour force of 467 million is the world's second largest and still provides investors access to a huge variety of employees.



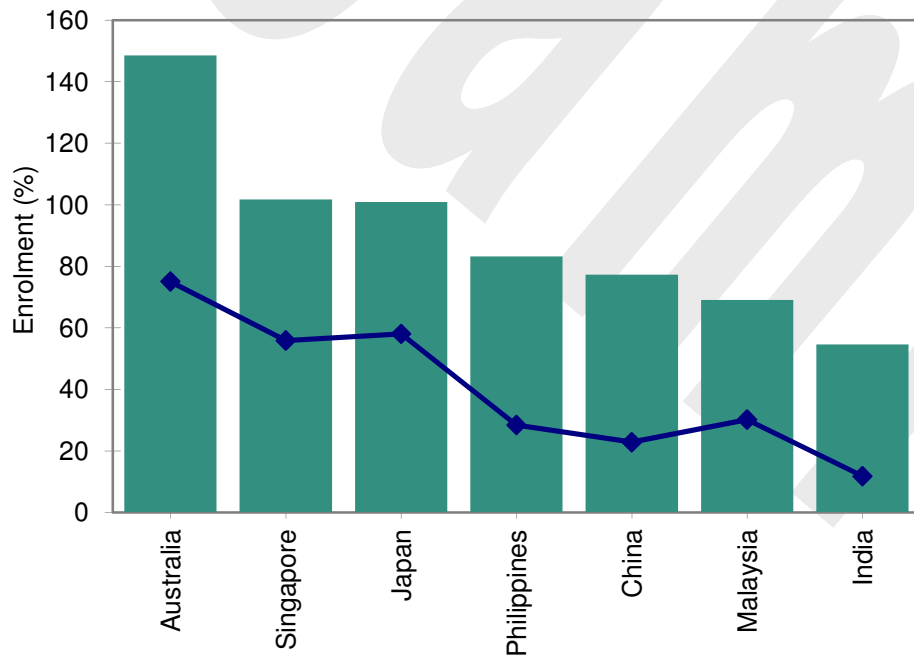
**fDi Benchmark - 'Employment in Services'
[2007]**



Source: World Bank World Development Indicators

- As the regional leader for employment in services, Singapore offers incoming investors with a skilled and experienced labour force accustomed to the demands of office based work.
- The three developed countries of Singapore, Australia and Japan maintain a population considerably more specialised in the provision of services than the regional competition.
- Despite the greater specialisation of the developed economies in service provision, China and India's larger workforces ensure that in absolute terms they are still the regional leaders.

fDi Benchmark - 'Secondary & Tertiary Enrolment' [2007]

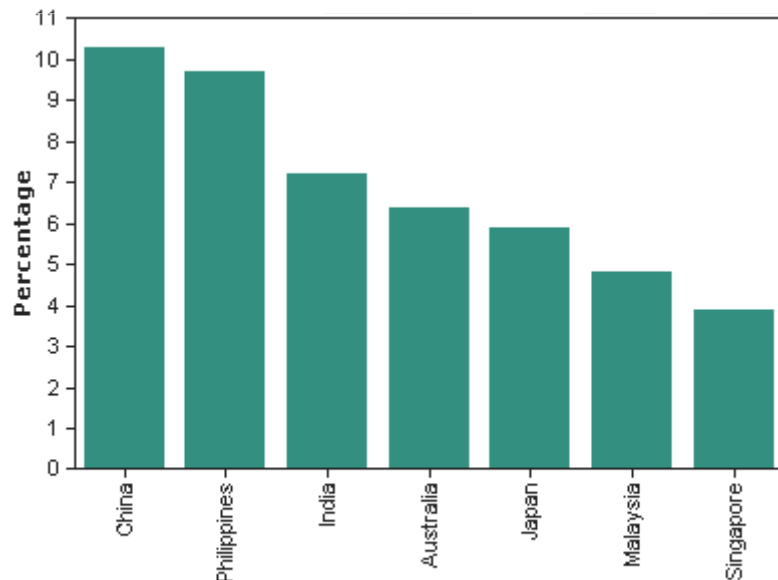


Source: World Bank World Development Indicators

- As high levels of wealth are often complemented by a strong educational performance the highest education enrolment rates are to be found in Australia, Singapore and Japan.
- Among the developing countries it is the population of the Philippines who offer the highest enrolment rates, with 83 and 30 percent in secondary and tertiary education respectively.
- Although both China and India are proportionately weaker than their regional competition, their large populations ensure that overall they have a larger quantity of educated people.

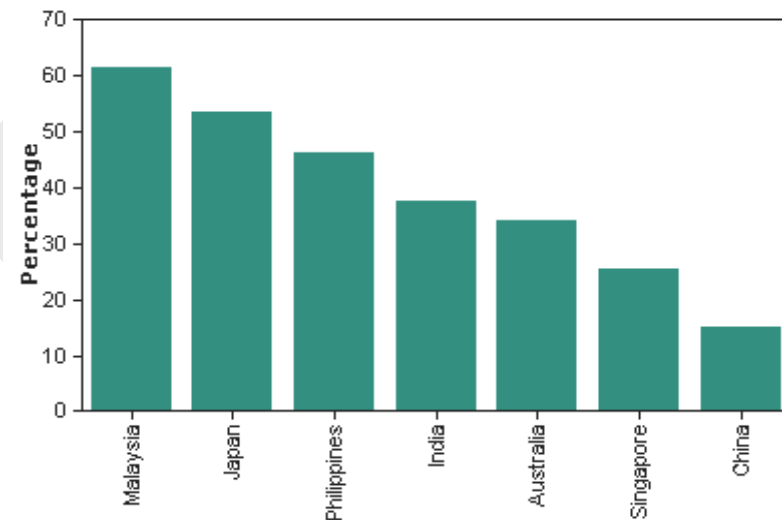
With more than 10% of its 800 million strong workforce unemployed, China offers investors access to an immediately available labour pool unmatched by any other country in the world. For companies seeking educated employees, more than 60% of Malaysia's unemployed benefit from a secondary education.

fDi Benchmark - 'Unemployment rate' [2009]



Source: National Statistics; Economist Intelligence Unit; fDi Intelligence from the Financial Times

fDi Benchmark - 'Unemployment with secondary education (% of total unemployment)' [2007]



Source: World Bank World Development Indicators

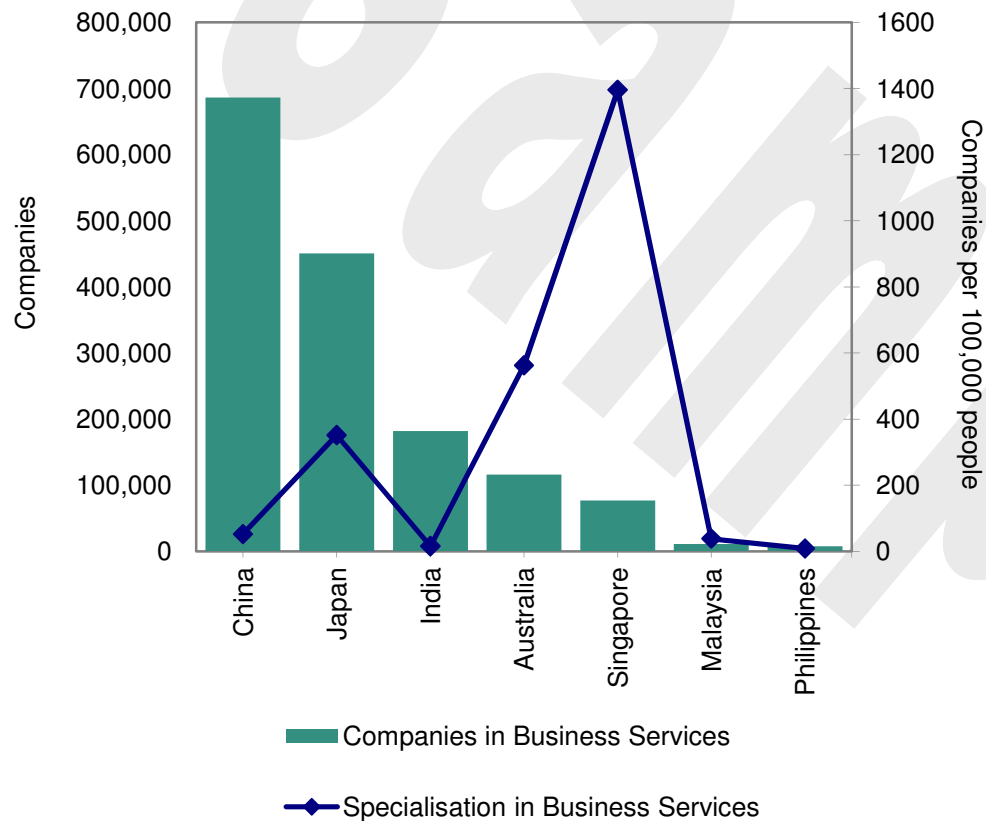
Presence of an Industrial Cluster

The scale of China's commercial services cluster demonstrates the strength the country holds within the sector while providing investing companies with a large presence of available experience ready to exploit.

- China's commercial services cluster is home to almost 690,000 companies
- Now the world's number one exporter, China's commercial services exports totalled USD146 billion in 2008
- With commercial services exports accounting for 35% of India's total, the Indian economy offers a greater focus towards the development of a profitable export driven cluster
- Singapore's commercial services cluster is the most developed with almost 1,400 companies per 100,000 people
- The Japanese economy relies more heavily on the performance of its commercial services with value added just under USD3 trillion responsible for 72% of the country's GDP

Presence of an Industrial Cluster

fDi Benchmark - 'Companies in business services & specialisation in business service' [2010]



- China offers the largest industrial presence with almost 690,000 companies currently providing business services, however due to the country's scale this translates to only 52 companies per 100,000 people.

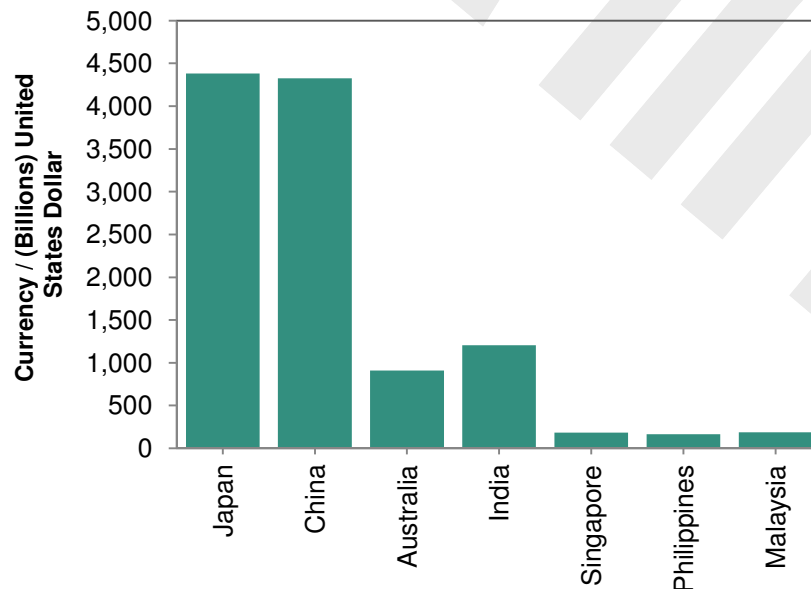
- The country most specialised in the provision of business services is Singapore, which currently boasts almost 1,400 companies per 100,000 people.

- Japan offers a middle ground between the two extremes with 450,000 companies in the sector translating into 351 companies per 100,000 people.

Presence of an Industrial Cluster

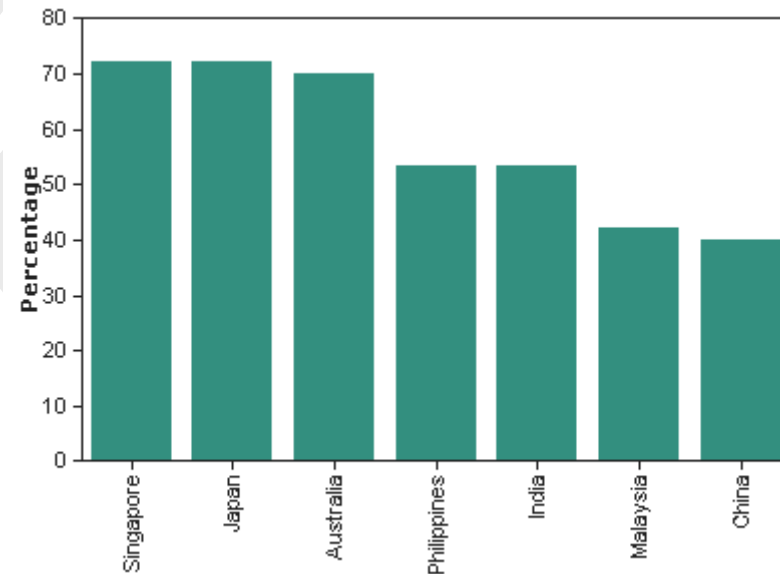
Japan's large and vibrant service sector is the most productive in the region, creating value added of almost USD3 trillion (72% of the country's GDP). Similar levels are reached by Singapore and Australia, both of whose service sectors provide the primary thrust behind their economy.

fDi Benchmark – 'Services, value added' [2008]



Source: World Bank Development Indicators

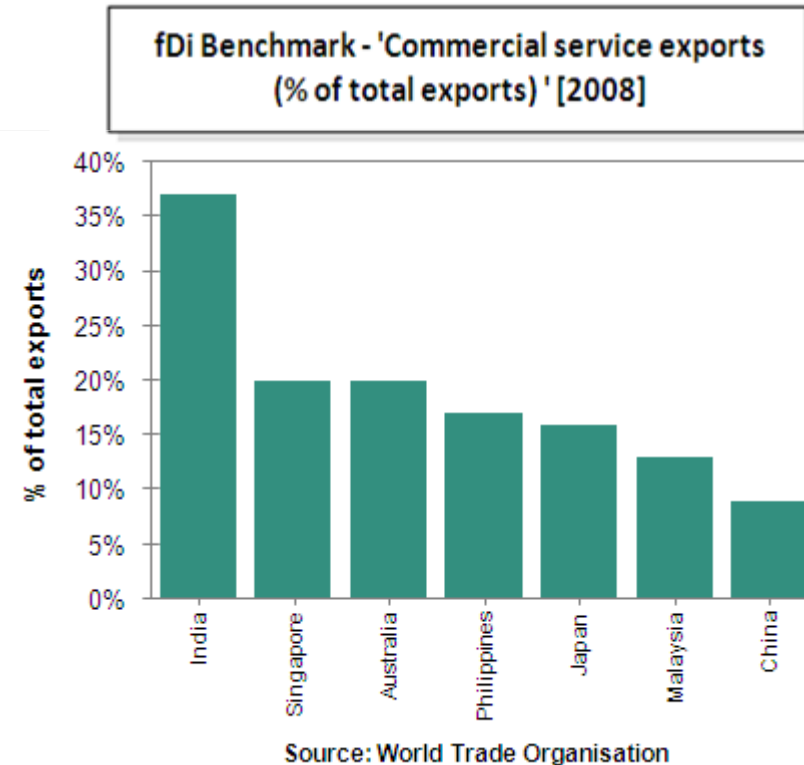
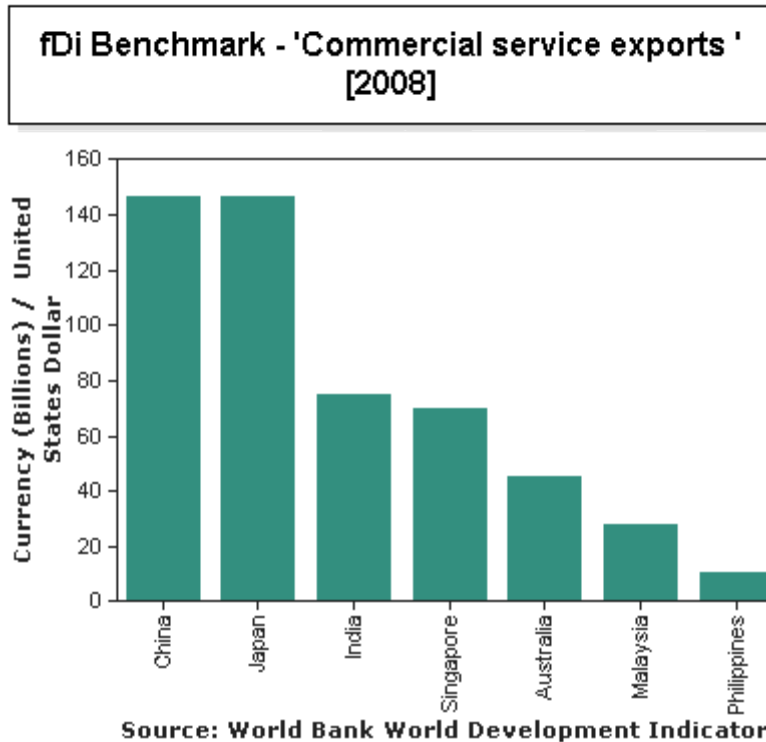
fDi Benchmark - 'Services, value added (% of GDP)' [2008]



Source: World Bank World Development Indicators

Presence of an Industrial Cluster

China's export driven economy has recently overtaken Germany to become the world's number one exporter of goods. Although primarily driven by merchandise exports, China's commercial service exports are still the region's largest, benefitting from a slim margin over Japan. With commercial services responsible for more than 35% of its total exports, India is the most specialised exporter of services in the region.



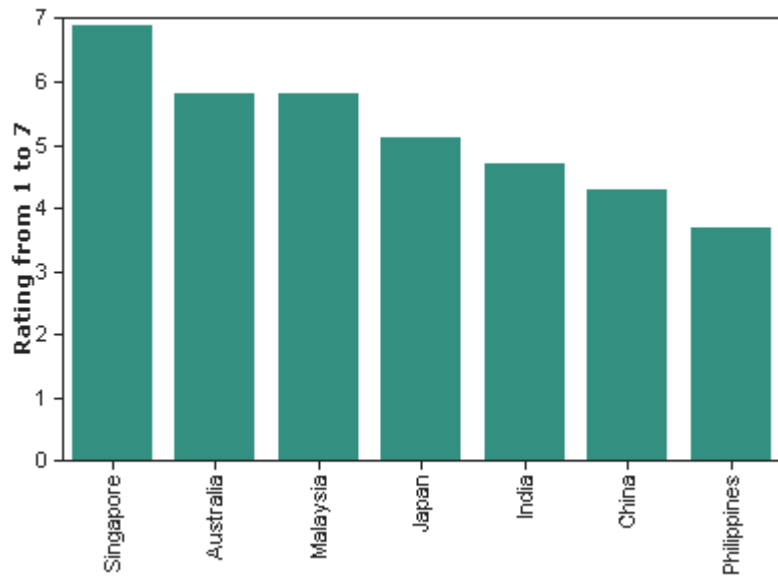
Infrastructure and Accessibility

Singapore maintains a truly world class infrastructure providing investors and citizens with the world's best road system, air transport and port infrastructure and an extremely strong telephone network.

- Singapore is ranked as the number two destination in the world for 'overall infrastructure quality'
- With the world's finest air and port infrastructure Singapore provides all the necessary attributes for a smooth and expedient transition into the country's commercial environment
- Both Japan and Singapore maintain a world class telephone infrastructure
- China's investment in ICT is the region's highest at 7% of GDP

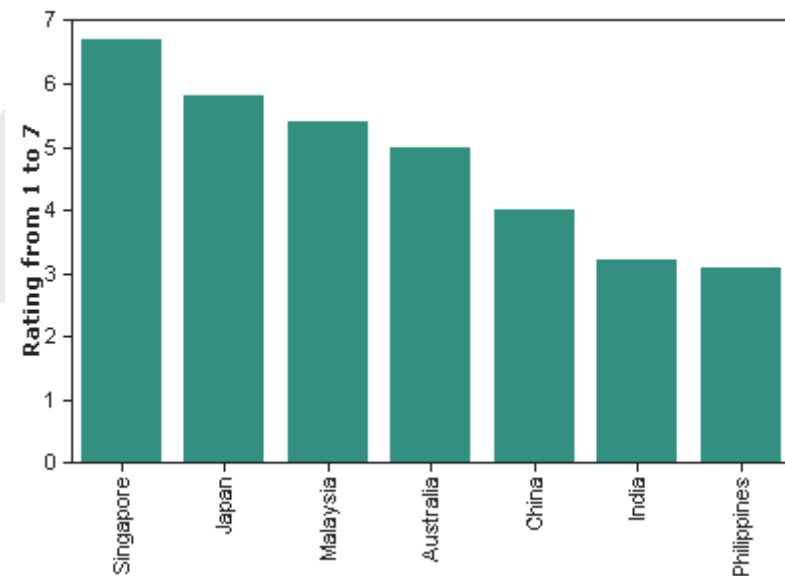
By providing the world's finest road, air transport and port infrastructures, Singapore offers investors the ideal opportunity to minimise the potentially difficult transition into a new location. Furthermore, Singapore's overall infrastructure is considered to be the world's 2nd best, falling behind only Switzerland.

fDi Benchmark - 'Air transport infrastructure quality' [2009]



Source: WEF Global Competitiveness Report

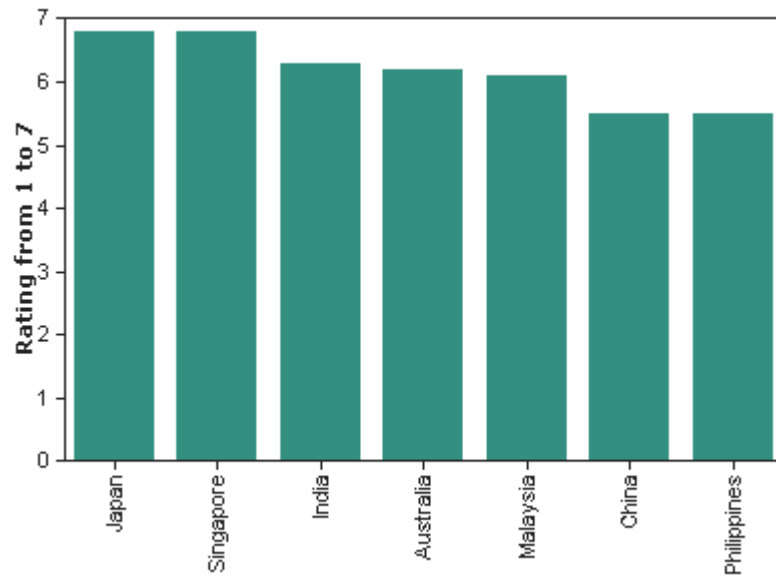
fDi Benchmark - 'Overall infrastructure quality' [2009]



Source: WEF Global Competitiveness Report

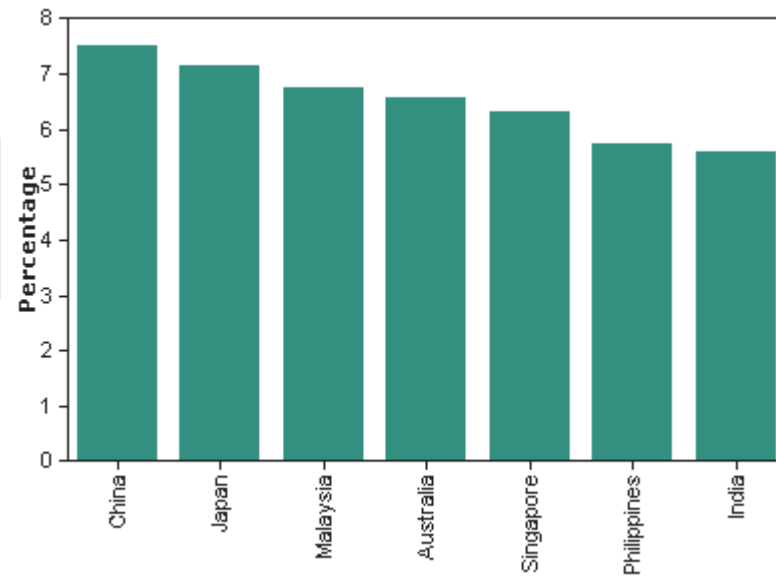
In a sector reliant primarily on the use of call centres, the quality of a location's telephone network is key to its efficacy as an investment location. Both Japan and Singapore provide a world class telephone infrastructure allowing for the easy establishment of call centre facilities. India's telephone infrastructure also ranks among the world's best. China's investment in its ICT system stands at more than 7% of GDP, the highest in the region.

fDi Benchmark - 'Telephone/Fax infrastructure quality' [2007]



Source: WEF Global Competitiveness Report

fDi Benchmark - 'ICT expenditure (% GDP)' [2007]



Source: World Bank World Development Indicators

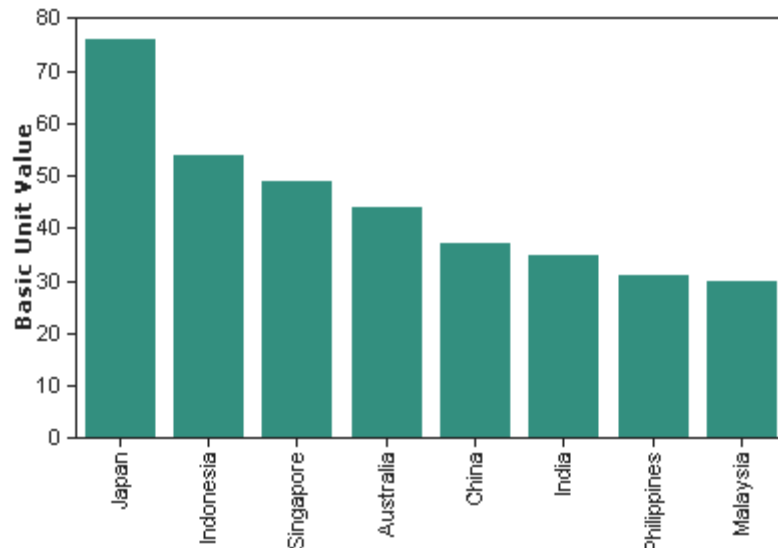
Living Environment

Malaysia's low cost of life and its attractive living standards result in it being identified as having the region's number one living environment.

- The most affordable living environment in the region is in Malaysia, with the cost to maintain a western lifestyle less than half that of Australia or Japan
- Australians benefit from the highest living standards in the region and the second highest in the world
- Singapore offers the greatest security with the lowest presence of organised crime
- At more than 82 years, Japan's life expectancy is the highest in the world

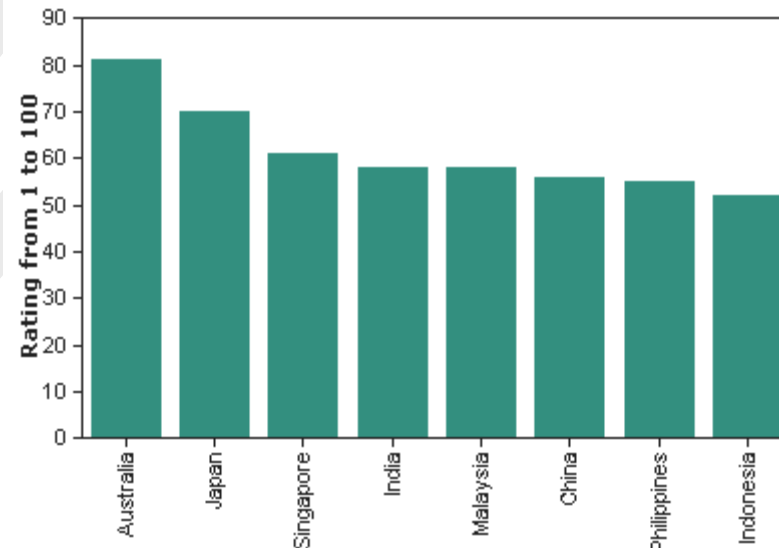
With high levels of wealth and a beautiful climate, large modern cities and a vast and diverse wildlife, the Australian lifestyle is one of the world's most enjoyable. Among the region's developing countries India's living environment provides the greatest approximation of a high quality western lifestyle.

fDi Benchmark - 'Cost of living Index' [2010]



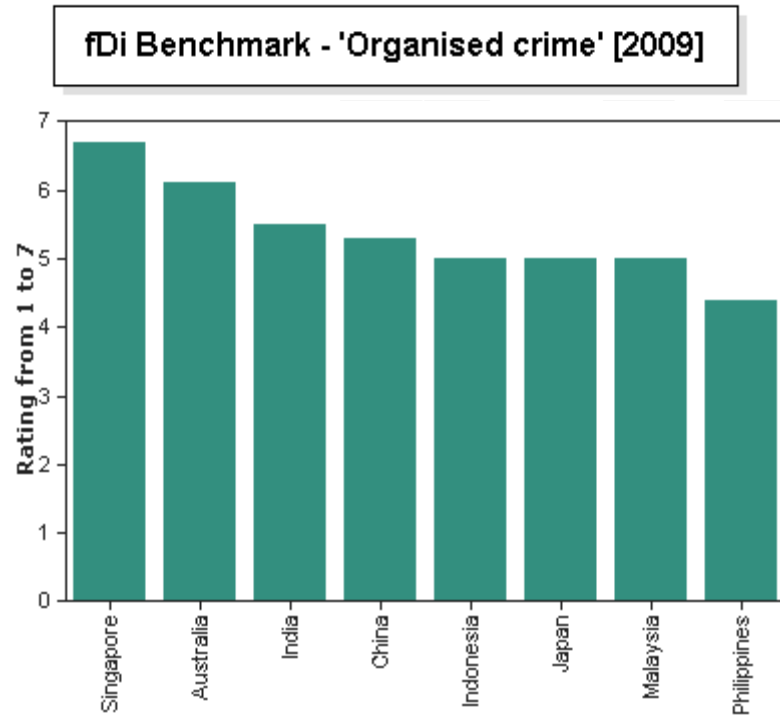
Source: Economic Intelligence Unit;
www.internationalliving.com; fDi Intelligence from the Financial Times

fDi Benchmark - 'Quality of living index' [2010]

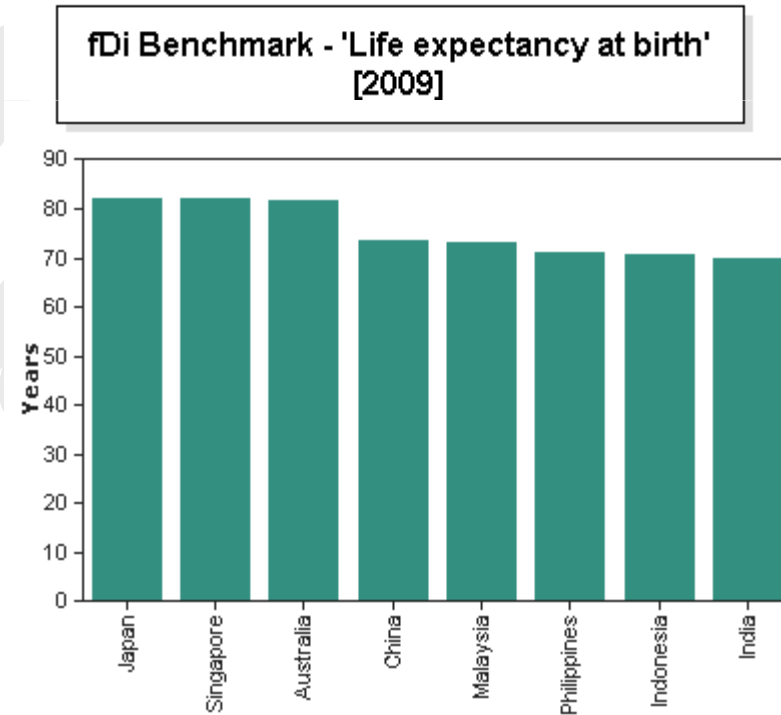


Source: Mercer Global Quality of Living Report;
www.internationalliving.com; fDi Intelligence from the Financial Times

With the lowest rate of organised crime in the region as well as the 2nd highest life expectancy in the world, investors in Singapore can rest assured that their employees will benefit from an excellent standard of life. Japanese residents enjoy the world’s highest life expectancy and can expect to live for more than 82 years on average.



Source: WEF Global Competitiveness Report



Source: www.worldlifeexpectancy.com

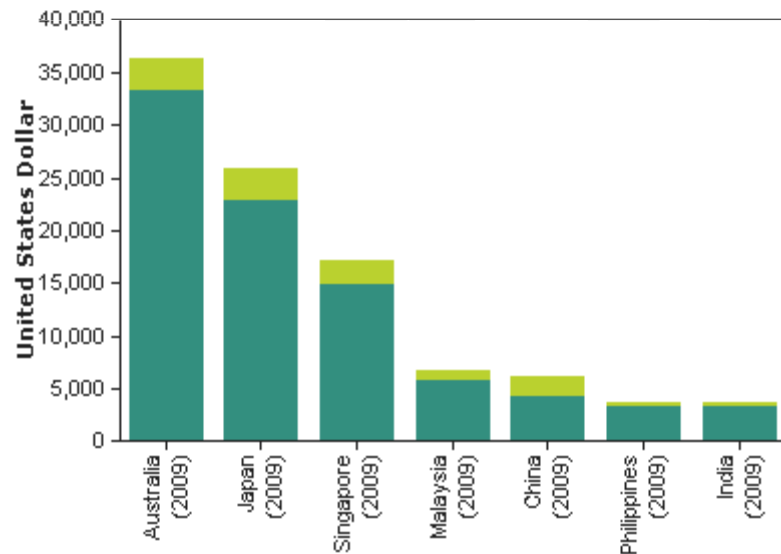
Cost Analysis

Asia Pacific's low cost profile is one of the key advantages of investing in the region. India's labour costs offer considerable savings on the regional average and provide an excellent opportunity to set up an affordable customer support centre.

- Indian salaries for telesales and customer service reps are less than 15% of equivalent positions in Australia or Japan
- Labour costs in Japan are forecasted to grow at 0.82%, the lowest rate in the region
- Malaysia and India's utility costs are the lowest in the region, creating an opportunity for significant cost savings over the more expensive regional locations

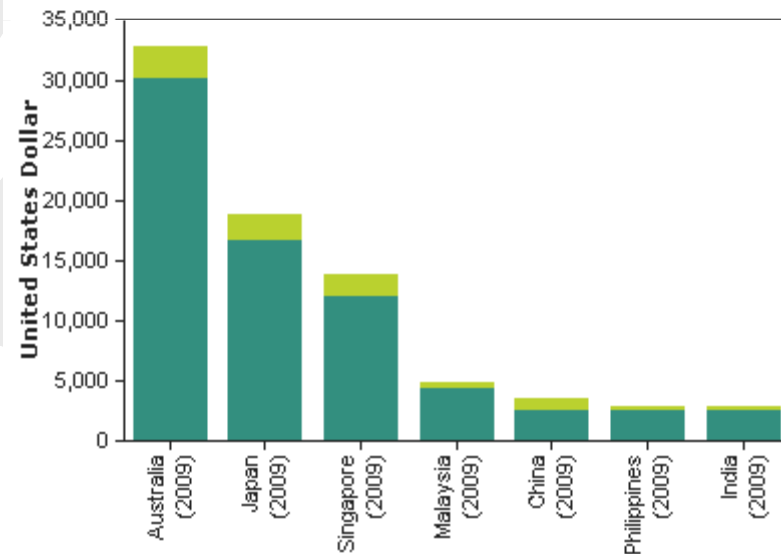
Given that one of the key reasons for investing in South East Asia is its relative cost benefits over expensive western locations, investors should realise that the Indian labour force is prepared to work for the region's lowest salaries. Employers can expect to pay telesales operatives and customer service reps less than 15% of an equivalent worker in Australia and Japan and less than 60% of their counterparts in Malaysia.

fDi Benchmark - 'Customer Service Representative' Total Cost [2009]



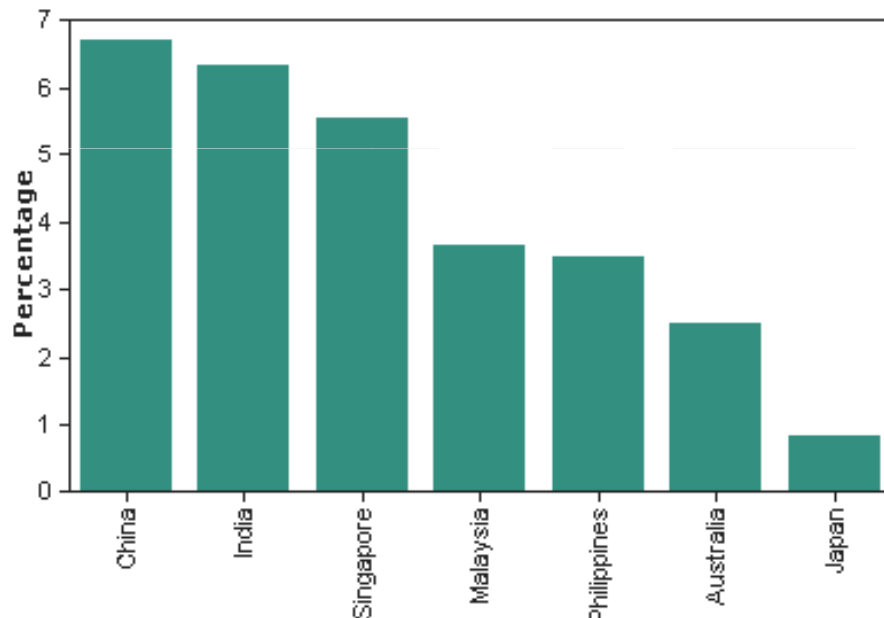
Source: fDi Intelligence estimates based on National Statistics, Economist Intelligence Unit, and Watson Wyatt [All Years]

fDi Benchmark - 'Telesales - Inbound' Total Cost [2009]



Source: fDi Intelligence estimates based on National Statistics, Economist Intelligence Unit, and Watson Wyatt [All Years]

fDi Benchmark - '(Forecast) growth in labour costs p.a.' [2010]

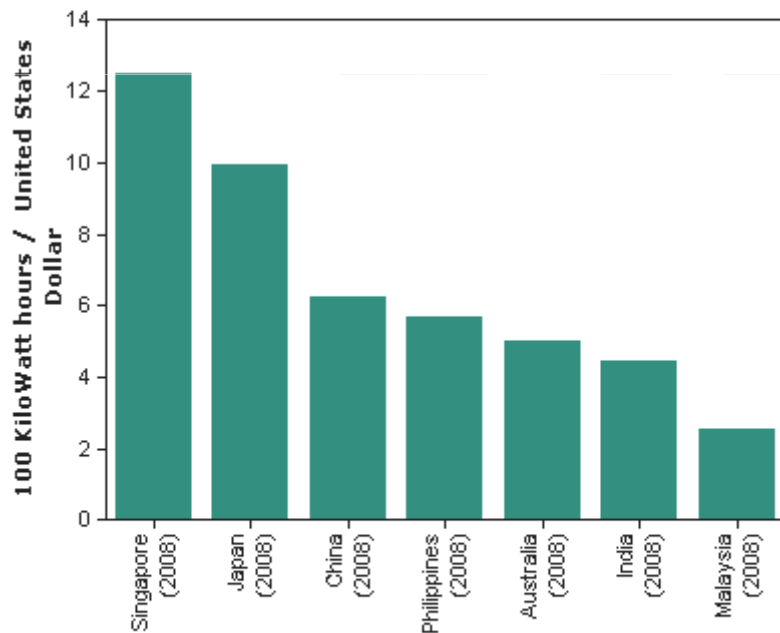


Source: fDi Intelligence estimate based on Economist Intelligence Unit

- Although workers in both Japan and Australia expect much larger compensation than their regional competitors, their labour costs are forecasted to grow at a significantly lower rate.
- As China and India's large growth rates are in no small part a consequence of the countries' willingness to open their labour markets to the needs of foreign companies, the growing demand for their workers is causing a rapid growth in labour costs.

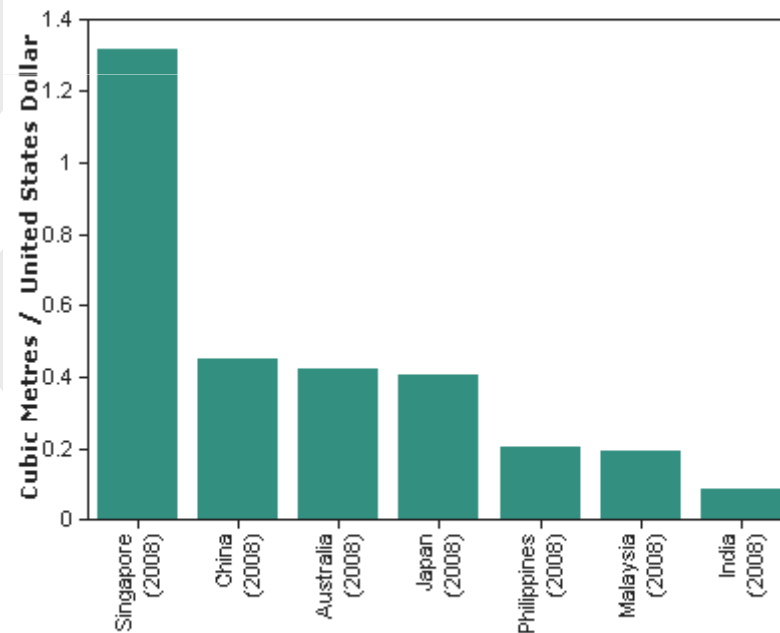
Complementing its competitive salaries with some of the world's lowest utility costs, India provides incoming investors with an economical alternative to many of the more established investment destinations. Indian investors can expect to pay approximately two thirds of the regional average for electricity costs.

fDi Benchmark - 'Electricity'



Source: fDi Intelligence estimates based on Economist Intelligence Unit, Eurostat and main utility operators

fDi Benchmark - 'Industrial Gas'



Source: fDi Intelligence estimates based on Economist Intelligence Unit, Eurostat and main utility operators

Summary

India's record within the sector reflects its many qualitative attributes as well as the low cost profile it maintains. With these characteristics India differentiates itself from the regional competition and can be identified as the strongest investment option within the customer support sector.

- Historically India and the Philippines have been the most successful countries in the region receiving 101 projects each within the customer support sector
- The Japanese economy is the largest and most stable, with a GDP over USD5 trillion
- Singapore's workforce is the most experienced in the region with 72% currently working in services
- With almost 690,000 companies in commercial services, China's industrial cluster offers the greatest absolute experience in the sector
- Singapore maintains an excellent infrastructure, with some of the world's highest ratings for transport and communications
- India's cost profile is the lowest in the region

Who's already harnessing Asia Pacific's potential..

