Bangladesh - an emerging host of IT and Software Development Outsourcing Services

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During this global economic meltdown, the bigger hosts of IT and Software Development outsourcing from countries like India, China, Philippines, Chile etc. are finding it difficult to produce satisfactory margins for themselves, as resources in most of these companies became unmanageably expensive during the good days, and hence, resulted in a self-created crisis for themselves. However, in this current situation, these big brothers are squeezing their heart out to compete for bigger projects owned by bigger clients from around the globe. The situation indeed can become (or should I write is becoming?) a big advantage for countries who have recently started to push in their noses as compatible hosts for IT and Software Development Outsourcing Services. The most promising name of this category will definitely be 'Bangladesh' – undoubtedly, one of the most economic and quality IT labor producing countries from the South-east Asian Region.

Now, the big questions might be – what are so unique about Bangladesh in this regard? Why should outsourcing companies choose Bangladesh, companies from Bangladesh? Why not India, China and some others?

The following is a list of some research-based facts and figures which might surprise many industry specialists:

- **WELL ECONOMIC AND QUALITY IT RESOURCES:**
  - IT industry being badly under-developed, job market is highly competitive, hence providing companies with economic and quality labor
    - Research based Facts and Figures:

      - ✓ **Average IT Labor Cost**: **0.89 US$/hour**
      - ✓ **Average Annual Salaries for IT Professionals**: **2,786 US$/Year**
      - ✓ ***Predicted Average Annual Salaries for IT Professionals in 2015**: **4,500 US$/Year** *(Based on GDP trend of Bangladesh)*

  - Every year, Bangladesh is producing about 4000 IT graduates from more than 75 reputed universities/institutions around the country, which is planned to be increased up to 10,000 by 2013 by a recent plan of the new democratic Government.
  - During this economic meltdown, for the last few years, highly skilled and experienced resources from different IT developed countries have been returning back to Bangladesh, which resulted in the fact that - the number of quality IT resources in Bangladesh is increasing at a fast rate of about 20% per year.

- **EAGERNESS AT ALL LEVELS OF THE POLICY MAKERS**:
  - Government's unprecedented eagerness towards establishing robust infrastructure for the development of the industry by declaring IT as the thrust sector for development.
  - Recent political changes towards stability
  - Highly educated cabinet and ICT Minister
  - *Better Infrastructure*: Competent communication facilities are available now. Bangladesh has joined the consortium of SEA-ME-WE-4 submarine cable which started its commercial activities from 21st May, 2006

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- **INVESTMENT FRIENDLY POLICIES, FACILITIES BY THE GOVERNMENT**:
    - Five (5) year's extendible tax holiday for Software and IT Services JVs
    - No/negligible tax on import of peripherals for IT companies
    - Low/Interest free Soft loan facilities from the Equity and Entrepreneurship Funds
    - …… and so on.

- **COMPATIBLE INFRASTRUCTURE AND RELATED FACILITIES BY THE POLICY MAKERS**:
    - Global competent communication facilities are available now in Bangladesh as the country has joined the consortium of SEA-ME-WE-4 submarine cable which started its commercial activities from 21st May, 2006, by now has reached to a position of seamless operation and performance.
    - The government has taken number of initiatives to reduce overhead and internal cost of the companies of this sector, such as, regulating and monitoring economic internet service cost, justifiably watchful policies for voice over IP facility, introducing wi-max facility etc.

- **COMPARISON OF COST (ON & OFFSHORE) WITH OTHER COUNTRIES:**
    - And nonetheless, a research-based comparison of costs (on & offshore) of IT resources of Bangladesh with important competitor countries such as India, China, Philippines, Chile etc. Trust me - this can be a shocker to many decision makers, if the research is performed unbiased and the data is presented properly *(Ref: research work by Dr. David Grant – a famous Australian Public Administrator)*.

Honestly speaking, I see Bangladesh as one of the most promising host of IT and Software Development Outsourcing services, because –

- ✓ the country has started nourishing it's highly talented resources, who have proven themselves in many countries around the globe
- ✓ the country is having the great advantage of significantly economic IT resources,
- ✓ the major players of this sector are facing difficulties in managing internal costs
- ✓ and there is an inevitable global need for "cost effective IT";

NOW, the big point is – along with its exceedingly talented economic resource, will Bangladesh be able to produce competently skilled and polished business development and IT management professionals? I believe, time will answer this question sooner enough!

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