Nearshore Call Centers: What You Need to Know

The Philippines in recent years became the top offshore destination for call centers, overtaking former leader India. Recently the Contact Center Association of the Philippines projected revenues from the country s call centers **would hit $14.7 billion** by 2016, up from $8.4 billion this year.

There s a possible snag in the sector s growth, however, in the **growing strength of the country s peso**, which the Xinhua news service reported earlier this month is trading at a four-year high. As currency value rises, call center operators often find they need to increase their pricing.

Fluctuating prices in the Philippines and other countries with long-established call center industries are one reason companies are considering call centers in Latin America, says Anupam Govil, a partner in the global management firm **Avasant** and president of **Avasense**, a provider of contract management software.

Buyers that have outsourced call center work to India and the Philippines will be surprised by the quality of work in Latin America and also by the relatively low cost. Prices are now more stable in Latin America than in India and the Philippines, where they have been rising," he says.

The call center industry in Latin America is growing at a rapid pace, Govil says, driven largely by demand for bilingual services (Spanish and English) from North American clients and also by an increase in domestic business.

Big Indian service providers that have opened facilities in Latin America have discovered it is both a market and a delivery region," he says.

As with other areas of BPO, U.S. clients appreciate the close cultural affinity they tend to enjoy with Latin American countries like Mexico, which means agent training tends to be relatively simple and inexpensive, Govil says. And the geographic proximity makes it easy to visit centers and monitor operations.

Outsourcing work to Latin America is also often viewed as less politically charged than outsourcing to India or China, Govil says. There is not the same sense of going offshore."

Questions to Consider

Companies considering moving some call center operations to Latin America must remember Latin America is not a homogenous, Spanish-speaking region,“ Govil says. When doing due diligence, it s important to consider a country s labor laws, tax provisions and overall attitude toward foreign investment; the technical infrastructure; availability of skills; size of workforce; and of course, cost.

In some countries, for example, truly bilingual skills are not as prevalent,“ Govil says. In many countries English is not nearly as available as native Spanish.“

In other cases, countries may be far enough from the U.S. to cancel out some of the nearshore advantages. Chile, for example, is 10 or 11 hours from the U.S., so it s no longer really nearshore,“ he says.

Clients also need to evaluate the strengths of both multi-national companies with operations in Latin America and local providers. While the multi-nationals tend to have more robust capabilities and deeper resources, locals are sometimes better at tapping the talent pool, Govil says.

Latin American countries are also at different stages of BPO maturity. Some countries such as Costa Rica and Chile are diversifying and expanding into non-voice BPO work and knowledge process outsourcing, Govil says, while others are beginning to target specific industry verticals such as insurance companies.