



IDAL

INVEST IN LEBANON

BUSINESS PROCESS OUTSOURCING INDUSTRY IN LEBANON



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BUSINESS PROCESS OUTSOURCING INDUSTRY IN LEBANON

The business process outsourcing (BPO) industry is one of the most rapidly emerging economic sectors in Lebanon. From contact centers, to back office services, and IT solution providers, Lebanon is serving international businesses from the Middle East to the world. Owing to the various advantages offered in the country, businesses in the BPO sector are able to produce a professional yet cost efficient servicing through a multilingual and highly skilled labor force.

SECTOR OVERVIEW

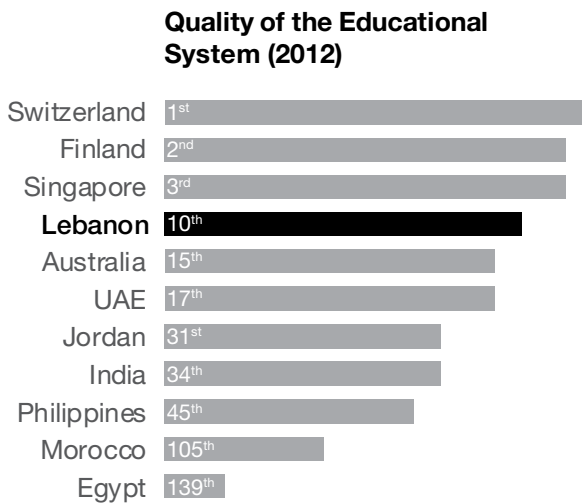
- ▶ The Lebanese landscape for business process outsourcing includes three major subsectors of activity: Call centers, Back office operations (mainly in Finance, Accounting and HR), and ITO (information technology outsourcing). An estimated 200 companies are currently involved in these activities.
- ▶ Of those, 13 operate call centers. These call centers alone employ around 854 employees and have the capacity to create ample job opportunities if the sector expands. Companies involved in ITO form the majority of enterprises in the sector and employ around 4143 employees.
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- ▶ In total, the sector employs an estimated 5050 employees. More than 90% of these employees are in high value-added services, from call center activities – regarded as the entry level into the sector - to highly technical software design tasks.



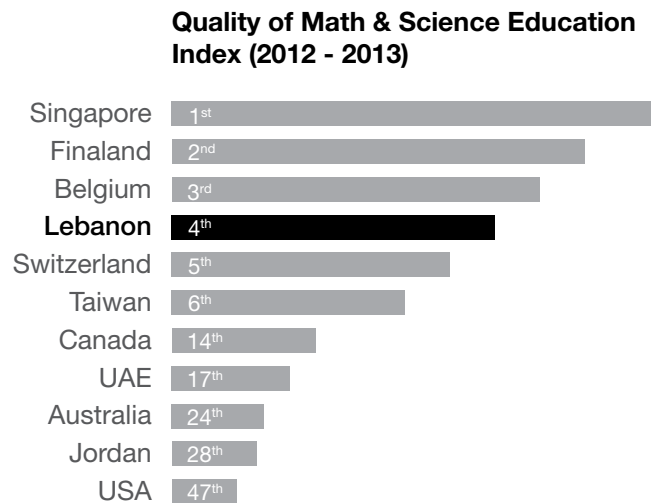
COMPETITIVE ADVANTAGES

1| INTERNATIONALLY RENOWNED EDUCATIONAL SYSTEM

- Lebanon ranks **10th worldwide** for the quality of its higher education, and **4th worldwide** for the quality of its math and science education as per the Global Competitiveness Report 2012 2013.
- Through its developed educational curricula, the country is able to supply a highly specialized labor pool for the call centers sector.



Source: Global Competitiveness Report (2012 - 2013)

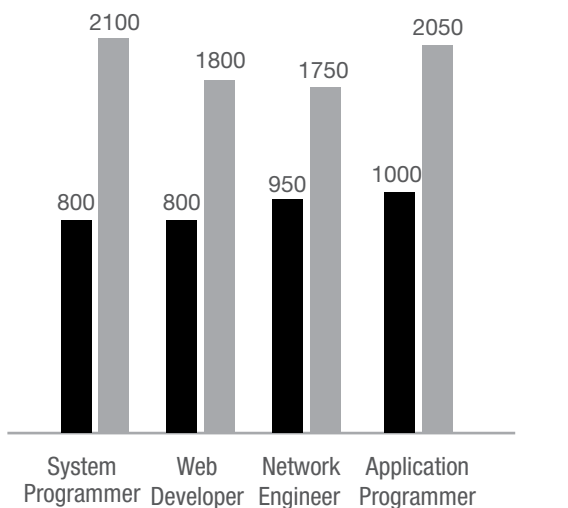


Source: Global Competitiveness Report (2012-2013)

2| COST-COMPETITIVE & HIGHLY SKILLED WORKFORCE

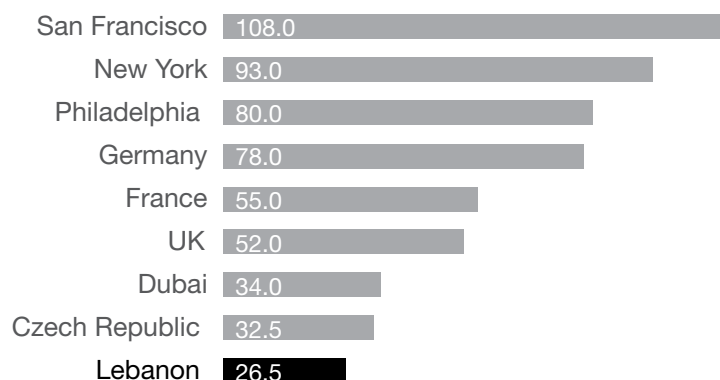
- Lebanon provides a pool of readily available, highly skilled, and most importantly tri-lingual. The Lebanese workforce is in fact characterized by its strong command of foreign languages, mainly French and English, in addition to the Arabic native language.
- With this multilingual and multicultural workforce, Lebanon is an excellent location to serve not only Arabic speaking markets, but also markets in Europe, the US and North Africa.
- The Lebanese workforce also enjoys competitive labor prices nearly 40% less than in the GCC economies and nearly 50% lower than in selected developed economies.

Salary Scale in Information Technology (USD, 2013)



■ 5 years of Experience ■ Fresh Graduate
Source: Info Pro (2013)

Average Annual Wages of Software Engineers (USD '000, 2009 - 2010)



Source: The Tech America Foundation, Global 50. Remuneration Planning Report 2009/2010, Watson Wyatt Data

3| ESTABLISHED TRACK RECORD

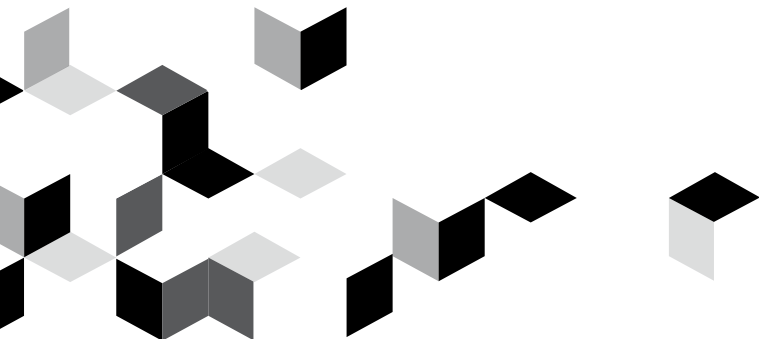
- Although the industry is still at its rather nascent stages, it has already attracted international companies who are now serving the region and the world from Lebanon through multiple shared services centers.
- Lebanese call centers, as well as international call centers operating in Lebanon have equally accumulated a track record of international clients from various sectors including Samsung, Orange Telecom, Nestle, Toshiba and many others.
- Business services are provided to an array of industries namely: IT, Insurance, Banking, FMCG, Telecom, & Retail. Services offered include but are not limited to: Sales & Marketing, Customer Care, Technical Support, Transaction Processing, Finance & Accounting, as well as HR consultancy.

ERICSSON GLOBAL SERVICE DELIVERY CENTER

"Lebanon was selected among many other locations in the region to serve as Ericsson center of Excellence based on the firm's strategic planning purposes that it would be best served by being established in Lebanon. It now embraces over 200 engineers, who support Ericsson's customers throughout the Middle East and Africa in particular as well as worldwide in general. Ericsson received positive assistance from IDAL... by facilitating the location of such a high tech facility in the country"

Hans Severin, Ericsson Lebanon Communications
2006-2007

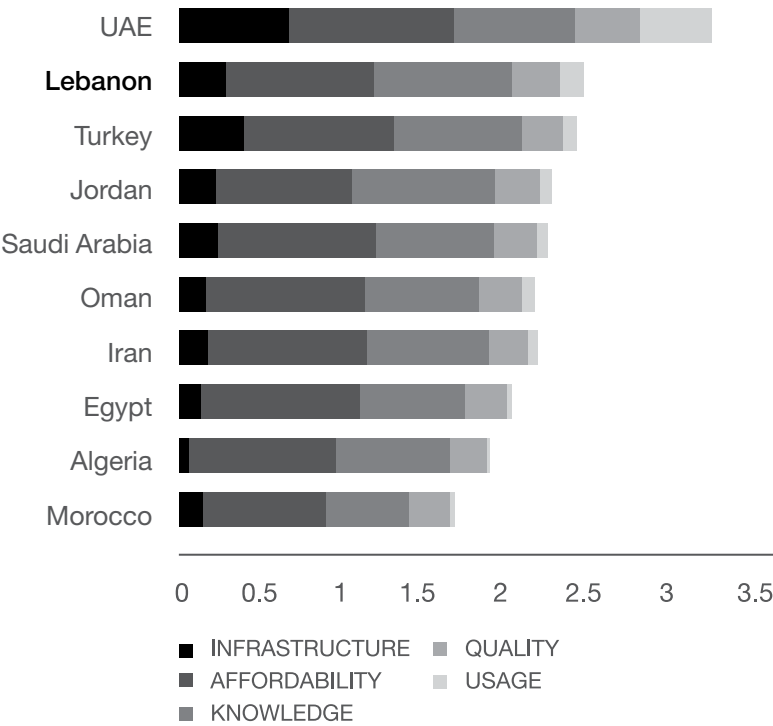
As part of its plan to develop global and local services and capabilities in the Middle East, Ericsson opened a GSDC in Lebanon to cater to the MENA and support other regions such as North America, Latin America and Europe. The Ericsson Global Service Delivery Center (EGSDC) in Sin el-Fil, Beirut has been offering technology services to telecom providers since 2007. Ericsson has 18 GSDCs which aim to provide global expertise in a cost-efficient manner.



4| ENABLING INFRASTRUCTURE

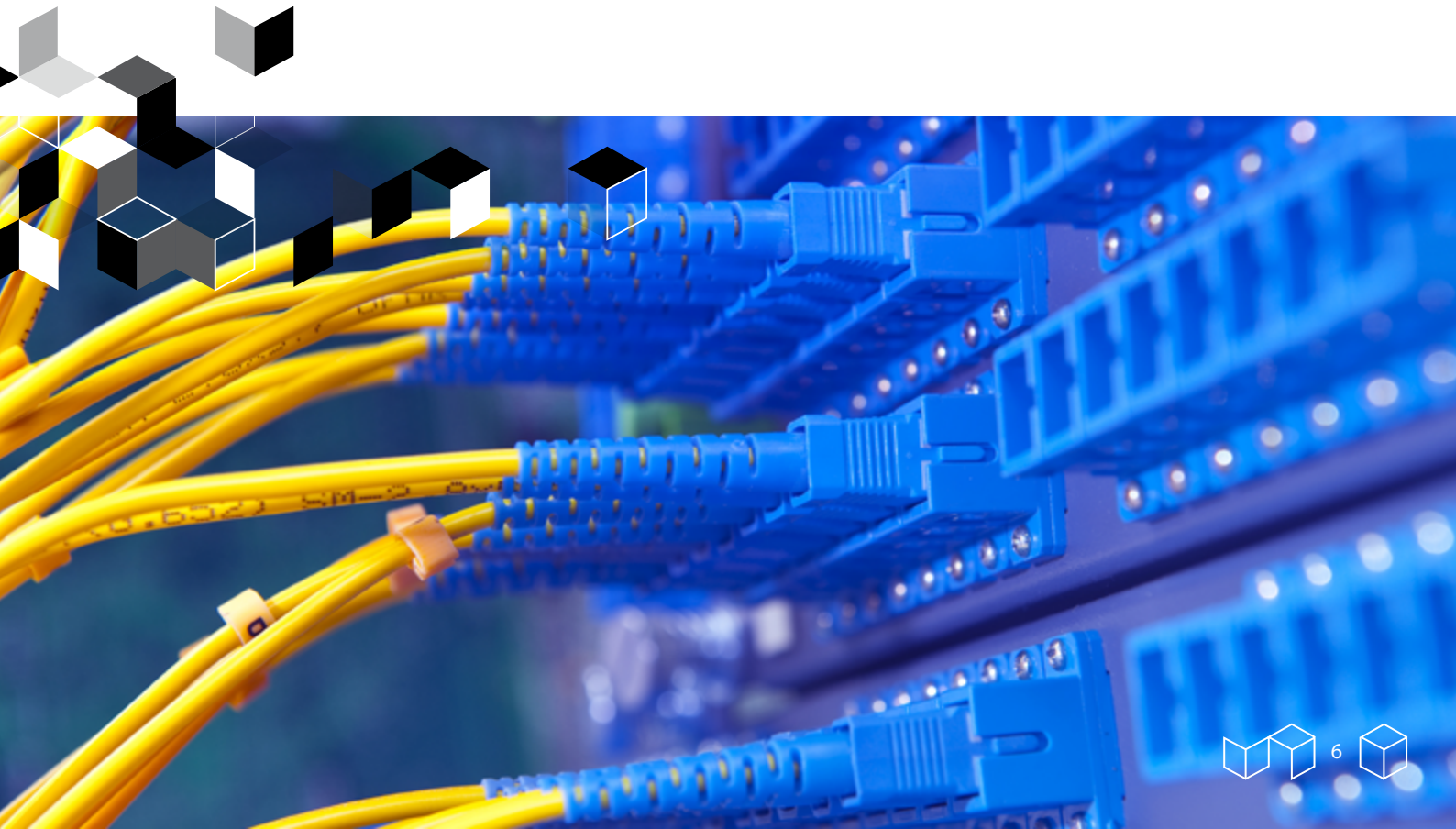
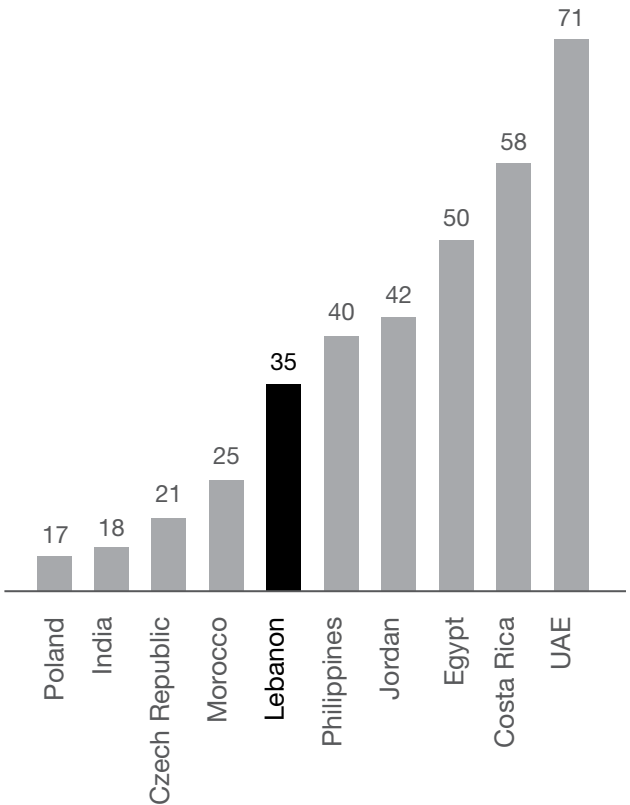
- Lebanon is ranked 2nd in the region with regards to the digital access index. The DAI Index measures the overall ability of individuals in a country to access and use new ICT. The index is built around five axes that impact a country's ability to access ICTs: Infrastructure, Affordability, Knowledge, Quality and Actual Usage of ICTs
- Abundant A-class office space is available in both the capital and regional cities. Two digital clusters are equally available within the capital offering prime infrastructure, connectivity, and a vibrant business environment for international companies.

Digital Access Index (2012)



Source: International Telecommunications Union

E1 (Internet Services with an IP address) \$/month



5| SUPPORTIVE GOVERNMENT

- The Investment Development Authority of Lebanon (IDAL) offers companies engaged in IT and Telecommunication activities with appealing financial and non-financial incentives which can run up to 100% exemption from corporate income tax for a period of 10 years.
- Government efforts have been vital in rendering the infrastructure more easily accessible. The purchase of an E1 line from the Ministry of Telecommunications now costs only 420 USD annually and operates at an average speed of (as of August 2013). The Ministry of Telecommunications is equally providing its support for the sector by facilitating the issuance of licenses to call centers operating in Lebanon.
- Together, these government entities make sure that call centers and BPOs enjoy an efficient and productive infrastructure to achieve their businesses.

IDAL'S SERVICES FOR COMPANIES IN THE BPO INDUSTRY

INFORMATION PROVISION

IDAL is able to provide you with relevant indicators on the Lebanese macroeconomic environment, the BPO market in Lebanon, statistics on the local workforce and all other types of information.

LOCATION SELECTION

IDAL can help you identify the right location for your offices in Lebanon and liaise with the relevant real estate agencies.

BUSINESS MATCHMAKING

Identification and introduction to suppliers and/or adequate business partners in Lebanon. Networking and arrangement of one to one meetings & tailor made visits.

GUIDANCE AND FACILITATION FOR OPENING A BUSINESS

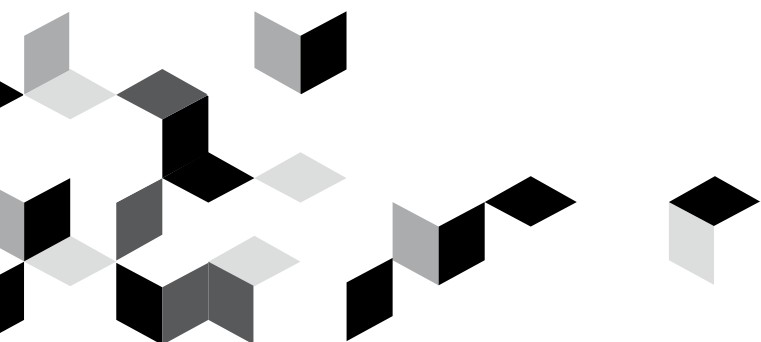
IDAL is ready to provide you with all the information you need about opening & conducting your business in Lebanon. The institution is equally able to facilitate all official procedures required for the commencement of your operations in Lebanon.

ACCESS TO THE ADEQUATE LABOR FORCE

Based on your needs, the institution is ready to assist you in identifying and liaising with the adequate colleges and educational institutions who are ready to provide you with workforce suitable for your businesses.

TAX EXEMPTION

Based on your project Type, the institution might be able to offer you exemptions on corporate income tax, and taxes on dividends for up to 10 years.



6| REGULATIONS

In recognition of the impact of the legal environment on the performance of the ICT sector, the government has placed a special focus on the reform and modernization of ICT related laws. The main regulations governing the sector are mentioned below.

TELECOMMUNICATIONS LAW

Law 431, or the Telecommunications Law as it is often referred to, was issued in 2002 to provide the governance framework organizing the telecommunications services sector and to set the rules for its transfer to the private sector. The Telecommunications Regulatory Authority was subsequently formed to regulate the liberalization of the sector, and ensure the creation of a competitive environment.

REGULATIONS FOR THE ESTABLISHMENT OF CALL CENTERS IN LEBANON

The Ministry of Telecommunications, through the Telecommunications Regulatory Authority (TRA) regulates the activities of international call centers in Lebanon. Contact centers need to present and application and register at the ministry of telecommunications to commence their operations. The application can be downloaded here: http://www.mpt.gov.lb/documents/2012-03-15-Application_Form_Contact_Center.pdf

Rules governing the operations of contact centers in Lebanon can be accessed here <http://www.mpt.gov.lb/index.php/en/services-2/professional-services-2/contact-center>

A telephone line can be purchased through OGERO. Regulations and fees can be accessed here <http://www.ogero.gov.lb/Published/EN/e1.html>

Intellectual Property Law

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Investment Law No.360

IDAL offers companies, engaged in the IT and Telecommunication sectors, a set of incentives and facilitation services as per the Investment Law No.360. Companies can benefit from up to 100% exemption on corporate income tax over a period of 10 years in addition to other fiscal incentives, provided that they meet certain requirements in terms of investment size and employment generation.

Competition Law

The new competition law - drafted by the MoET - prevents all forms of anti-competitive agreements and abuses of dominance. These provisions ensure competition and easier market access, and therefore allow for greater consumer welfare, economic efficiency, increased output and rapid technical advancement.

E-commerce basket of laws

The Ministry of Economy and Trade has drafted and presented to the Parliament a basket of laws in support of the ICT sector. This basket includes amendments as well as new laws destined to enable e-commerce in the country. Laws cover the fields of E-signature, E-payment, E-transactions, consumer protection, privacy, copyright, and cyber-crimes.

7| USEFUL CONTACTS

Ministry of Telecommunications
www.mpt.gov.lb

Ministry of Economy and Trade
www.economy.gov.lb

Telecommunications Regulatory Authority
www.tra.gov.lb

Presidency of the Council of Ministers,
National ICT coordinating office
www.ict.pcm.gov.lb

Investment Development Authority of Lebanon - IDAL
www.investinlebanon.gov.lb

OGERO
www.ogero.gov.lb

Professional Computer Association of Lebanon - PCA
www.pca.org.lb

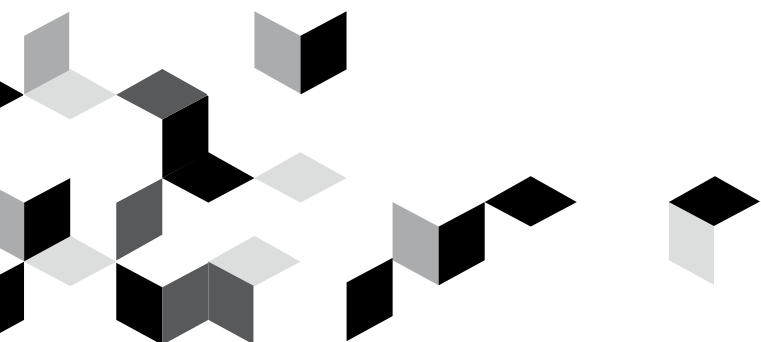
Beirut Digital District BDD
www.beirutdigitaldistrict.com

Berytech
www.berytech.org

Business Incubation Association in Tripoli (BIAT)
www.biatcenter.org

South Business Innovation Center (SOUTH BIC)
www.southbic.org

Kafalat
www.kafalat.com.lb





CONTACT US

If you require any further information on investing in Lebanon or on the services IDAL can offer you, please do not hesitate to contact us at the following:

Riad El Solh, Emir Bachir Street, Lazariah Tower
4th Floor, **PO. Box:** 113-7251 Beirut, Lebanon
T +961 1 983306 **F** +961 1 983302
invest@idal.com.lb

Follow us on twitter @Invest_Lebanon

www.investinlebanon.gov.lb

