

Report On
The Growth of Outsourcing and Accounting Software in Bangladesh

By
Ahnaf Hasan
17104152

An internship report submitted to BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

BRAC Business School
BRAC University
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Declaration

I hereby declare that

1. The internship report submitted is my own work while completing a degree at BRAC University.
2. The report does not contain any material previously published or written by a third party, except where there is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

Student's Full Name & Signature:

Ahnaf

Ahnaf Hasan

17104152

Supervisor's Full Name & Signature:

Rahma Akhter

Rahma Akhter
Lecturer, BBS
BRAC University

Letter of Transmittal

Rahma Akhter
Lecturer
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of the internship report on “**The Growth of Outsourcing and Accounting Software in Bangladesh**”

Dear Miss

With your guidance and support, I hereby submit my internship report where I highlight the experience, I underwent at Nongmin Consultancy Services Ltd, briefly discussing the glimpse of the corporate world and the knowledge I gained in understanding the scope of outsourcing and accounting softwares in Bangladesh.

The report has helped me to understand the stance of the B2B market here in Bangladesh. I have given my utmost effort to complete the report with appropriate data.

Best Regards

Ahnaf

Ahnaf Hasan
17104152
BRAC Business School
BRAC University
Date:

Non-Disclosure Agreement

The Contract or Agreement is being made and entered into by and between Nongmin Consultancy Services and the undersigned student from BRAC University, BRAC Business School.

Ahnaf

Ahnaf Hasan

Acknowledgement

I would first likely to thank everyone at Nongmin Consultancy Services Ltd for giving me the opportunity to work there. Their warmth and guidance have helped me a lot in understanding how the world works and this lesson I will carry out through out my life.

I would also like to thank my supervisor, Rahma Akhter miss, lectures, BRAC Business School, BRAC University. Without here guidance and proper indication I would not have been able to finish this report.

Executive Summary

I have been an intern at Nongmin Consultancy Services for a period of 3 months commencing on 1 February, 2021. There I was assigned to a team of accounting assistants from whom I got an in depth understanding of office culture and expanded my knowledge of accounting and finance. I also had the opportunity to learn one of the renowned accounting software QuickBooks which I faced tremendous difficulties at first. I also learned to adjust my work with the global pandemic, which entered all of us in a new era of office environment. I also saw how the two partners at NCS had used their credential as an advantage to pull clients for their firm. It also shows that although NCS operates in a highly competitive market the rewards are also very high. The key competitive edge NCS has gained is by differentiating themselves to become a paperless accounting firm and only targeting international clients as a form of not directly competing with the bigger firms in the country. The following report also shows that the BPO industry in Bangladesh is a lucrative industry to work in with investments and opportunities coming in vastly. With revenues generating up to \$250 million the BPO of Bangladesh industry is booming due to skilled labor, lower cost of quality services and investment, however the challenges that lie ahead are problematic and in need of to be dealt with quickly for the industry to stay afloat and keep its competitive advantage from its competitors.

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Chapter 1

Overview of Internship

1.1 Student Information

I, Ahnaf Hasan, ID number 17104152, enrolled in BRAC University under BRAC Business School in January 2017. I will be completing my Bachelors' degree with a major in Finance and a minor in Operations Management.

1.2 Internship Information

1.2.1. Period, Company, Department & Address.

The company that I interned in was Nongmin Consultancy Services Ltd. I was hired as an intern for 3 months commencing on 1st February, 2021 under the accounting department of the company. This department mainly focused on the clientele's daily accounting needs. The location of the company was Lalmatia, Block-C, House 5/4.

1.2.2. Supervisor's Information and Position.

My supervisor was Sandipan Paul, ACCA, who is the chairman of the company. He would assign clients and list the daily tasks that needed to be completed for each client to the team.

1.2.3. Job Scope- Job Description/Duties/Responsibilities.

At the start of my internship, I was assigned to a team of six accounting assistants under Sandipan Paul. This team used to handle a pool of clients for Sandipan Sir under his supervision. My duties in the team as intern was to help out each team member with their daily tasks for the client. My task included creating journal entries in Excel to be uploaded in the accounting software. Adding bank transactions in the accounting software. Preparing excel sheets of sales for clients for their different payment platform such as PayPal, Shopify, online banking etc. At the end of the day, I had to report to my supervisor about all the tasks that I had done for the day. I sometimes also had to create presentations of the company for my supervisor and chairman of the company Sandipan sir and create forecasted financial statements for some companies. In the middle of my internship period, as I had become familiar with the tasks and the accounting software that we used, I was

entrusted with the accounting tasks of a small client at first and as I was able to prove that I could cope with the pressure I was entrusted with two more clients in the last quarters of my internship. Also, in the middle of internship period I was also entrusted to train the new permanent recruits of the company, as to teach them the basics of the accounting software, the culture and method of work in the company.

1.3.Internship Outcomes

1.3.1.My contribution to the company

When I had joined the Nongmin Consultancy Services, the company was understaffed in the accounting assistant department. Each AS, was handling up to or more than 5 client's work each day. Due to my strong accounting basics and being able to be a quick learner, I was able to ease the work pressure of each AS in their daily tasks. I helped others in clearing confusions in their daily accounting tasks in by sharing ideas and knowledge in the fields of finance and accounting. The company's working hours for the clients are calculated in Upwork. As my workplace was situated near my home, I sometimes volunteered to stay past my working hours and clear bills for the company or else the company would not have received payment if the working hours did not meet and the company would have incurred a loss. As mentioned before during the middle of my internship period I also trained two new permanent recruits for the company. This task to train new recruits was entrusted to me specially because it was difficult for my seniors to find the time to teach the new recruits in between their work pressure. During the last few weeks of my internship, I was given the task to create work procedures of up to six clients that I had previously worked with. By using this work procedure new recruits could follow the steps and learn the work quickly without waiting for anyone to teach them. This saved a lot of time and stress for the old employees and the new ones.

1.3.2.Benefits to the student.

I have been in a constant state of learning during my time at NCS. During my first quarter I was instructed on how to behave in the workplace, introduced to the culture of the workplace, how to report to your supervisors and of course the work itself was a huge learning opportunity for me to develop and deepen my understanding of accounting and finance and how real-life work scenarios may vary differently than what you learn in educational institutes. I also had the opportunity to

learn one of the most renowned accounting software in the world, QuickBooks. I was also made familiar with the Upwork and its functions, and also the functions of PayPal. I had learned how to input data into QuickBooks, create financial reports on QuickBooks which used to cut down my work time in half. As I was assigned to a team of AS I also learned how to be a team player and negotiate working times with all team members, such as when I would be available for another team member to help in their tasks, which tasks that I should take and how much time is needed and should be allocated and also make a list of who's and which tasks to focus on the next day.

1.3.3.Problems/Difficulties faced.

The most difficult part of my internship was mostly learning the accounting software, QuickBooks. NCS solely depended all their accounting tasks on QuickBooks, so learning the software which I had no prior experience with was difficult at first. The second difficulties faced was to get in reach of clients. All of NCS clients were based internationally, so there used to be a delay in communication which in turn lead to a delay in work pace. The third difficulty faced was during April the company was shifted to work from home as the Covid-19 situation in Bangladesh had taken a bad turn. This in turn lead to a difficulty in communicating with teammates and my supervisor as there was a delay and confusions in the tasks was difficult to explain.

1.3.4.Recommendations for the company.

The points I would like to recommend to the company is that to have a proper orientation day for the new recruits of the company, which should be conducted on an off day, to properly familiarize them to the tools and work culture of the company instead of just putting them on the work seat in the first day. This would reduce the employee turnover of the company which has been high since my commencement in the firm. I would also recommend that since the work pressure in the company is immense, there should be a proper balance of clients of the company and the work force.

Chapter 2. Organization Part: Overview, Operations and Strategic Audit.

2.1. Introduction

For Chapter two I would now highlight the objective, methodology, scope, limitation and significance of the organization I worked in.

1. **Objective:** The objective of my report is to highlight the success NCS has achieved and use the growth of NCS to provide a clear idea on how the outsourcing and B2B sector in our country has grown, and which new heights it may receive in the future and if this is a lucrative industry to work in.
2. **Methodology:** The methodology I have used to create this report is by retrieving data compact data from my colleagues, my supervisor and from the internet. I have used these sources for both primarily and secondary data.
3. **Scope:** The following report will present the marketing and management practices of Nongmin Consultancy Services, the financial positions and the operations management style which all be interconnected in understanding on how an accounting firm in our country mostly operates and the tools used.
4. **Limitation:** The limitations or the obstacles I faced while preparing this report is are that the company was reluctant to disclose their financial reports, I retrieved the data later from the help of colleagues. The second limitation I faced is that there are not many credible sources to extract data from the internet on the topic of outsourcing in Bangladesh, as so the report may not have reached its full potential as I hoped.
5. **Significance:** The significance of this part of the report will emphasis and help understand how a company in BPO industry operates and how it can differentiate itself from its competitors.

2.2. Overview of the company

Nongmin Consultancy Services Ltd is a paperless accounting firm with headquarters based in Bangladesh but serving clients all over from North America, Europe, Australia and Southeast Asia. As of 2020 the company has successfully incorporated itself and began operations in New York City, USA. The main driving force of the company are the skilled employees that are hired and trained to be even better accountants. The moto of the company is “To offer a unique one-stop solution hub catering to all professional and corporate needs of business and high-profile individuals on a regional and global scale”, followed by the mission, “To train and turn people into skilled human resources to meet the challenges of the future” and vision “Nongmin Consultancy Services Ltd will grow to be a creator of massive opportunities for all beyond boundaries.”



Fig.1: Logo of Nongmin Consultancy Services Ltd

2.2.1. The Beginning

Nongmin Consultancy Services Ltd was mainly founded by Andrew A. Nongmin, Founder and CEO, which was later joined by Sandipan Paul, Chairman. Both Andrew Nongmin and Sandipan Paul started their careers in accounting as freelancers by registering in the top freelance work website Upwork. As the years went by, and they were recognized for their work in the Upwork community their client list started to increase in numbers and as it was becoming too difficult for one person to handle all clients Andrew Nongmin, along with Sandipan Paul merged their client lists and started the company back in 2016.

2.2.2. Services Provided.

Since the commencement of the firm NCS has outgrown itself from just providing accounting services due to prolonged exposure and opportunities of both partners to work in different areas, NCS now provides the following services:

1. Accounting Services
2. Financial Data Reconciliation
3. Merchant portal reconciliation
4. CFO consulting services
5. Internal Audit
6. External Audit
7. Fixed asset and inventory Counting
8. New Accounting Software setup – QuickBooks online, Xero, NetSuite

2.2.3. Organizational Structure and Culture.

The organizational culture of the firm is very employee centered. Utmost priority is given to the satisfaction of the employees. Employees can choose to clock in to work starting from 8am to 10am, whichever time provides them comfort. At the start of my internship, I was taught with a lot of patience the tasks and the procedure, as they understood that being an intern with no prior experience, it is difficult to grasp at first. Throughout my internship any confusion, big or small was dealt with utmost patience and understanding and helping hands all around the workplace. Most employees portrayed similar characteristics of working with diligence and also enjoying the work with the co-workers. Being able to work with a team and interacting are qualities very necessary to work in NCS and survive.

The organizational structure of the company is kept very flat, to ensure quick flow of information and instruction from the bottom of the hierarchy to the top and vice versa. This flat structure is also best suited to the company as the firm operations are still small scaled and this reduces a lot of bureaucracy.

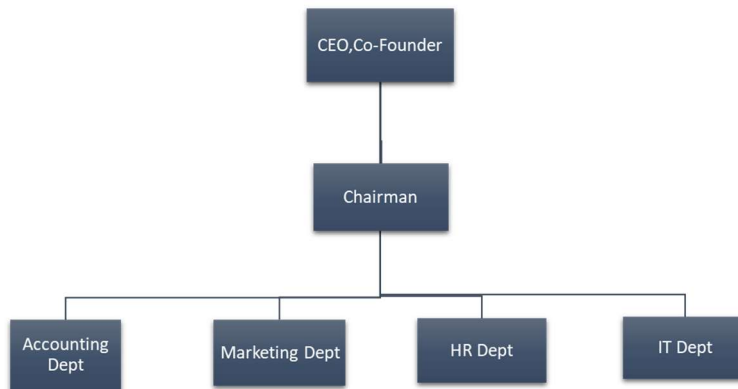


Fig.2: Organizational Structure of Nongmin Consultancy Services.

2.3. Management Practices

In this section I will be mentioning the chain of command of the company, rules and policies of the company and the hiring process of the company.

2.3.1. Chain of Command

The chain of command in the firm is very straight forward and easy to understand with clear roles for each stakeholder.

1. Accounting Assistant Interns: The accounting assistant interns or AAI work under the supervision and guidance of accounting assistants (AA). The AAI tasks is to help the AA in their daily client's task.
2. Accounting Assistants: Accounting Assistants (AA) are permanent employees who handle the clients of the Chairman and CEO. The AA directly report to the accounting supervisor.
3. Accounting Supervisor: The accounting supervisor is the one who oversees and manages all AA and AAI. All AAs report to the accounting supervisor for any confusion or needed document. The accounting supervisor then passes the information to the Assistant Manager.

4. Assistant Manager: The Assistant Manager oversees the whole accounting department and passes all report and information to the chairman. The assistant manager allocates the work for all AAs and passes the information the accounting supervisor.
5. Human Resource Manager: The Human Resource manager is in charge of the hiring process and payroll process of the firm. The Human resource manager has to collect and submit time sheets of all employees. The HR manager directly reports to the chairman. The HR manager also has to pass along any information about payroll changes, bank documents and holidays from the chairman to the employees.
6. Human Resource Manager Assistant: The role of the HR assistant is to assist the HR manager however necessary.
7. Marketing Executives: Marketing executives' tasks are to create marketing banners to post in social media platforms and engage in client meetings. The marketing executives report directly and directly receive instructions from the chairman.
8. IT Engineer: The role of the IT engineer is to sort out any problems with equipment or software around the office.

2.3.2. Rules and Policies.

The rules of the firm are very lenient, mostly structured to benefit the employees and to get the task completed. Each employee is issued their own company laptop, where their own company skype profile is activated. Each employee has to clock in using the skype profile in the morning and clock out the same way. Employees can choose which time they wish to clock in ranging from 8am to 10am. Employees can take up to 4 days of paid leave and must notify HR manager 4 days before taking leave. For interns there are no limits. Each employee must create a report of the task they have completed or are doing using their skype profile and share it with their supervisor. This is done three times a day. Employees are paid their salaries during the first 3 days of the month, deposited directly in their salary account created by the company. Employees are subject to a salary account, provident fund and insurance policy at the commencement of their employment.

2.3.3. The Hiring Process

The hiring process for NCS is completely dependent on the Human Resource Department. The platforms used by the HR department to circulate job postings are Facebook, NCS websites and LinkedIn. The hiring process for Nongmin Consultancy is as follows:

1. Job posting and CV collecting.
2. Written Exam on basic and advanced accounting
3. After passing the exam – Interview with both the chairman and Co-founder
4. Offer letter/Onboarding

2.4. Marketing Practices

2.4.1. UpWork

It is both the job of the chairman and CEO and also the marketing department to pull clients for the firm, but the two groups use to different platforms for marketing the firm. The Chairman and CEO have established themselves as successful freelance accountants receiving many awards for their work. Using these credentials, they pull clients from the UpWork communities whenever any international firm in the UpWork community is in need of accountants. The firm mainly targets companies that are starting up or are in their second or third year of running.

2.4.2. Social Media

The marketing department uses social media platforms like Facebook pages and LinkedIn to promote the company. In UpWork the Chairman and CEO use their own personal profile to promote but the marketing team uses the company profiles to promote. They use tools as Facebook page boosting to keep the company pages in sights of users.

2.5. Financial Performance and Accounting Practices.

2.5.1. Income statements and ratios

In this section I will be briefly highlighting the financial performance of the company using the compressed financial statements and financial ratios to assess the profitability of the company.

		Nongmin Consultancy Services Ltd			
		Income statement			
		For the years ended			
		2018	2018	2019	2019
Details	Amount(TK)	Amount(TK)		Amount(TK)	Amount(TK)
Net income		6,330,000			6,907,200
Operating Expenses					
Rent	840,000			840,000	
Employee salary	2,700,000			3,744,000	
Electricity	667,200			621,180	
Office supplies	120,000			148,800	
Software payment	25,500			25,500	
Loan Interest expense	162,900			188,400	
Miscellaneous	309,120			330,720	
Total Operating Expense		4,824,720			5,898,600
Operating Income		1,505,280			1,008,600
Tax		639744			353,010
Net Income		865,536			655,590

Table 1: Income statement for the year 2018 and 2019, Nongmin Consultancy Services Ltd.

Profitability Ratios indicate the ability of a company to generate profits from its sales/operations. From the above table it can be deduced that Nongmin Consultancy Services had the following results in terms of:

1. Operating margin

2018	2019
24%	15%

Table 2: Operating Margin from 2018-2019

Operating Income may have fallen to 15% in 2019 from 24% in 2018 even though net sales raised, due to the fact that the company incurred extra costs in 2019, as they may have hired new employees, new employees would be more expense on office supplies and more equipment maybe needed.

2. Profit Margin

2018	2019
14%	9%

Table 3: Profit Margin from 2018-2019

Profit Margin calculates the income earned after paying taxes whereas Operating Margin calculates income before tax. As mentioned above that operating expenses had risen from 2018 to 2019, profit margins had also fallen.

2.5.2. Balance Sheets and ratios

Nongming Consultancy Services Ltd					
Statement of Financial Position					
As at 2018 & 2019					
	Amount(TK)	Amount(TK)		Amount(TK)	Amount(TK)
	2018	2018		2019	2019
Details					
Assets					
Non-current Asset					
Office equipment and Furniture		576,000			615,000
Total Non-current Asset		576,000			615,000
Current Asset					
Cash and cash equivalent	786,750			658000	
Accounts receivable	245,667			157360	
Advance payments	140,560			194300	
Total Current Asset		1172977			1009660
Total Asset		1,748,977			1,624,660
Equities and Liabilities					
Equity					
Retained Earnings		865,536			655,590
Total Equity		865,536			655,590
Liabilities					
Non Current Liabilities					
Loan	257,500			345,000	
Total Non-current Liabilities	257,500	257,500		345,000	345,000
Current Liabilities					
Accounts Payable	325,000			357,600	
Interest Owing	40,000			37,000	
Notes Payable	160,941			140,790	
Other Liabilities	100,000			88,680	
Total Current Liabilities		625,941			624,070
Total Equities and Liabilities		1,748,977			1,624,660

Table 4: Balance Sheet of Nongmin Consultancy from 2018-2019

Using Liquidity Ratios, we can understand NCS Ltd.’s ability to pay its short-term debts using its current assets.

1. Current Ratio

2018	2019
1.87	1.62

Table 5: Current Ratio from 2018-2019

The current ratio dictates the ability of the company to pay of its debts using its current assets. As you can see even after paying its dues NCS had a current ratio of 1.87 in 2018, which indicates that the company is in a good position. However, in 2019 it can be seen that the current ratio decreased to 1.62. This could be due to taking up more loans as seen in the balance sheet. Nonetheless, the current ratio is still in a margin of safety for the company at 1.62, indicating that they still have enough current assets to pay off their current liabilities.

2. Total Asset Turnover:

Total Asset Turnover indicates how effectively a company uses its assets to generate sales.

2018	2019
362%	425%

Table 6: Total Asset Turnover from 2018-2019

2.6. Operations Management and Information System Practices.

2.6.1. Online Operations.

Nongmin Consultancy Services is proclaimed to be the first paperless accounting firm, meaning that all operations between client and the company are conducted through online platforms. All clients of NCS Ltd are international and are mostly familiar with QuickBooks online, therefore NCS conducts all accounting tasks using QuickBooks online. Both NCS and the clients have their designated online QuickBooks profile where after NCS has carried out all necessary required by the client, the client can login into QuickBooks and check the progress themselves, such as how much money should be in each bank accounts, which invoices have been processed and which are due and companies can also view their financial statements at any given time with having to contact NCS. A major advantage has by serving international clients due to the difference in time zones. As international clients are clocking out and listing their requirements in the communications platform used, NCS employees are clocking in at that time and using the whole day to finish the

required list for the clients to come and find the work the next day they clock in. This results in a smooth flow of operations both for NCS and the clients.

2.6.2. Online Cloud Storage.

As operations of NCS are carried out online, information storage systems are also kept in online cloud storages. Information system used by NCS are inline with what the clients feels comfortable with. Information/Documentation are stored in various online tools such as G-Drive, online Dropbox and One Drive. Clients leave necessary documents like invoice and bank statements in their designated cloud storage devices and we can access these files at any time necessary.

2.7. Industry and Competitive Analysis.

2.7.1. Industry overview using Porter's 5 Force model.

Competition in the industry: There are only a handful of accounting firms in Bangladesh, most companies prefer to use internal finance department teams to conduct accounting practices as they believe it is a cost cutting method. Most accounting firms in Bangladesh mainly aim for clients inside Bangladesh, but Nongmin Consultancy Services has differentiated itself by only targeting foreign clients, where it is a more common practice to hire an external accounting firm to undertake accounting and financial tasks.

Potential on new entrants: Bangladesh is a growing economy with constant rise to GDP each year. A growing economy would naturally include a high number of businesses to be opened each year. As other industries grow, the demand for proper accounting practices and report preparing may grow which in turn would turn up the demand of in the accounting sector. This could result in new accounting firms to be established easily to meet the growing demand. The main problems lie in gaining recognition which plays a vital role in surviving.

Power of Suppliers: As the accounting industry is a service oriented, the need for suppliers is eliminated.

Power of Customer: The customer hold utmost power in this industry. The satisfaction of the customer is key in succeeding in this industry. The margin of error in operating in this industry is

very low and customers want the best outcome for the money. The firms in the industry mainly succeed from word-of-mouth recommendation, and in initial or early stages, if the firm cannot satisfy the customers than surviving is difficult.

Threat of New Substitutes: The service of accounting firms is a necessary in a growing economy. Practice of proper accounting is required by law in all countries and therefore, the service cannot become obsolete.

2.7.2.Competitive analysis using SWOT analysis.

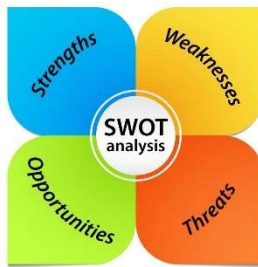


Fig 3: SWOT Analysis Diagram

1. **Strengths:** The strength of NCS lies with its operations process. Being a paperless accounting firm gives a huge boost to cost saving which could be used to reinvest into the company. NCS mainly targets small and upcoming companies internationally who have the capital to spend but need proper guidance in using it effectively, using the two partners track record in the accounting industry, grabbing such clients is much easier.
2. **Weakness:** The weakness faced my NCS is that the clients do not appoint NCS to handle all of their accounting operations, most clients only allocate a part of the operation which causes a problem to generate income for NCS. To generate income to survive NCS has to focus on quantity clients, meaning they have to keep taking more clients than normal accounting firm to reach same output.
3. **Opportunities:** Opportunities for Nongmin Consultancy Services are endless. Nongmin has just operated in the overseas market, with the growing need of accounting firms in

Bangladesh and NCS paperless and online operations format would prove to be beneficial to Bangladeshi clients looking to cut down costs.

4. **Threats:** Due to handling a very niche client pool, the possibility of losing a client is at all-time high. The only advantage NCS has is that its not within direct competition with the existing accounting firms that target clients within the country. If larger accounting firms were to target the niche yet lucrative market that NCS targets than NCS may struggle to survive.

2.8. Summary and Conclusion.

In conclusion, taking in all the data that are present above, it can be deduced that Nongmin Consultancy Services Ltd are being run by two very capable leaders. With operating margins ranging from 15-25% and profit margins ranging from 8-15% the company seems to be performing well, with a very focused niche market and the ability to differentiate themselves using their operations practices.

2.9. Recommendations.

My recommendations for the company would to try and tap the Bangladeshi market for more exposure and opportunities and move from just using one accounting software to another. Also taking in more skilled employees with the right mind set and the ability to handle pressure as to reduce employee turnover.

Chapter 3: The growth of outsourcing and accounting software in Bangladesh.

3.1. Introduction

In this section I will be providing an overview of how much international companies are outsourcing part of their operations in Bangladesh and how Bangladesh is slowly yet confidently moving towards IT centered operations such as utilizing accounting software, which used to be done on pen and paper traditionally.

Background: I have selected this topic to work on as the company I have interned gave me a glimpse of how much international firms are eager to outsource part of their operations to countries such as Bangladesh. The topic is in line with my work experience and is a growing topic of interest regarding Bangladesh.

Objective: The objective of my report for this section is to highlight with evidence how much outsourcing has been generated in Bangladesh and the reasons leading to it and the shift to software systems from the old traditional business operations process.

Significance: The findings of this report will act as a guideline for future investors in the industry. The preparation of this report has helped me to understand and will also help others to understand what the stance of this country is and also where the trend is going.

3.2. Methodology

The data obtained for this chapter of the report is through articles from the internet and the exposure that I had received during my work experience on how much international firms are willing to invest here. The report will consist of qualitative and quantitative data from credible sources.

3.3. Findings and Analysis.

3.3.1. Reasons for growth in outsourcing in Bangladesh

What started out as an industry for freelancer and small contact sector back in 2007 has transformed itself into a million-dollar industry now generating revenues approximately \$250 million dollars. The reason for such staggering growth in this industry are due to the following

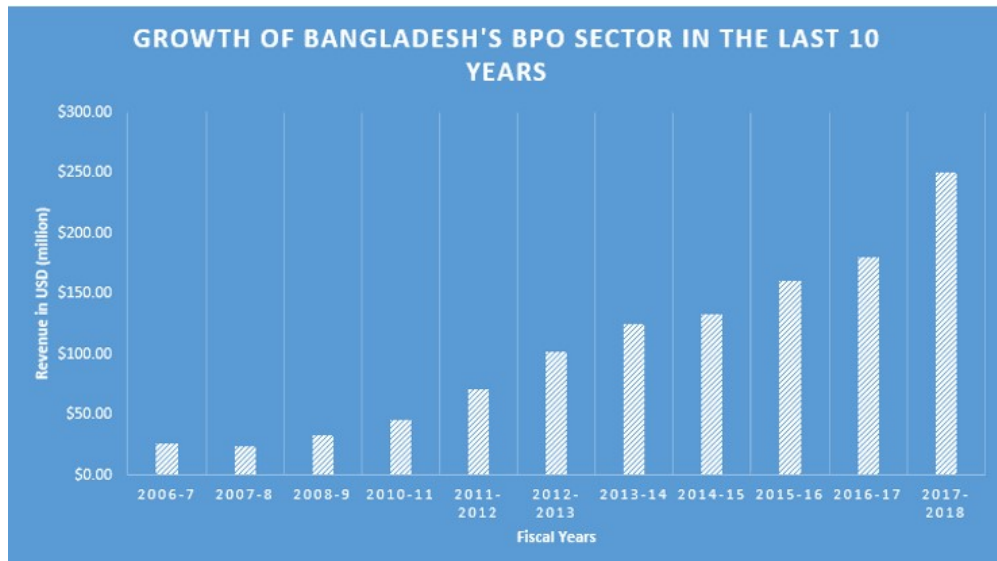


Chart 1 : Growth of Bangladesh BPO sector from 2006-2007

1. **Comparatively lower cost of skilled labor:** Skilled labor cost in Bangladesh is comparatively lower than neighboring countries like India, Philippines and the countries that want to shift business processes here.
2. **Availability of skilled labor:** An estimated of 2 lac students graduate from universities every year and an average of 20 to 25000 people are now employed in this sector every year.
3. **IT Infrastructure:** The driving force of the development of the BPO sectors is the mission by the current government of Bangladesh, “Digital Bangladesh”, which also included the ICT. Large investments in IT infrastructure development have helped to develop the BPO sector and reach acceptable standards for international clients to outsource here.

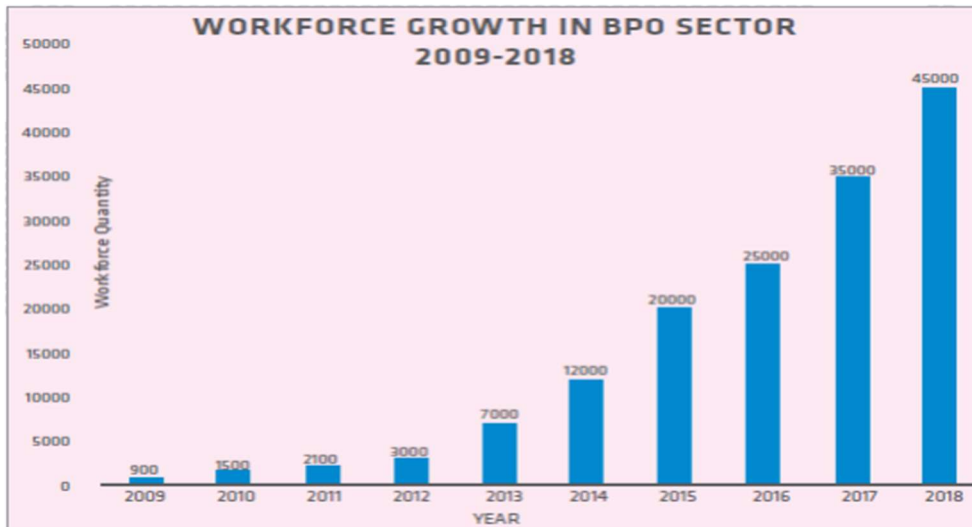


Chart 2: Workforce growth in BPO Sector 2009-2018

3.3.2 How Bangladesh is improving its IT sector.

In the IT sector Bangladesh government has imposed a 10-year corporate tax exemption, 3-year income tax exemption of the foreign professionals they employ. Bangladesh is also developing 28 Hi-tech ICT parks for IT companies can run their operations. In addition to that Bangladesh is also inroads to improve its poverty rating from levels of 44.2% in 1991 to 14.8% in 2016/2017. More skilled labor into the industry would mean more revenue generations for the country and bring down skill labor cost.

3.3.3. Challenges of the BPO industry.

Although the BPO industry has shown tremendous growth, 20 percent year on year till 2019, it still has some challenges ahead.

1. Better high-speed internet needs to be imposed in the country for faster and easier access to resources.
2. Although the poverty rate has fallen, to increase the BPO sector further, more emphasis to make to workforce skilled in English translation and writing is necessary to communicate with international clients.

3. The embargo on online international payment systems such as PayPal needs to be lifted for smooth monetary transactions for freelancers.

3.4. Summary and Conclusion.

The BPO sector is set to be the next big sector after the tremendous success of RMG sector in the past decade. The international remittance generated by BPO has huge potential and the effect on GDP and employment are favorable. The reason for the growth of BPO sector is because of quality service at low costs, increasing number of skilled workforce and current and future ICT infrastructure developments.

3.5.Recommendations

The recommendations for the BPO sector would take on the challenges that face the growth of the BPO sector, and to improve our competitive advantage even more than our neighboring competitors.

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Appendix

1. Operating Margin = Operating Income (EBIT)/Sales
2. Profit Margin = Net Income/Sales
3. Current Ratio = Current Asset/Current Liabilities
4. Total Asset Turnover = Sales/Total Asset

