Prospects and challenges

of outsourcing in

Bangladesh

Internship Report

ON

Prospects and challenges of outsourcing in Bangladesh

Supervised By-

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Submitted By-

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26 July 2017
Mohammad Tamzidul Islam
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66, Mohalkhali, Dhaka –1212.

Subject: **Submission of Internship Report on "Prospects and challenges of outsourcing in Bangladesh."**

Dear Sir,

Right off the bat, I might want to thank you for favoring this important theme. The investigation has given me the prospect to get a significant understanding and use my scholarly learning in the functional world.

This is to illuminate you that I have effectively finished my temporary position at Taskeater Bangladesh Limited. Amid my job there, I was working for the "Data processing" of various clients under the supervision of Mr. Ekramul Haque.

It has been a wonderful preferred standpoint to work under such a well-disposed and supportive supervision in an enduring, agreeable condition. I feel this has given a tremendous learning chance to me and amid the three months of my job, I have learned and picked up a very important things.

The investigation contains a thorough report on the difficulties of outsourcing to Bangladesh. The examination centers upon different pertinent components. I have given some pivotal discoveries and investigation and proposed some implementable proposals.

I have attempted my level best to follow rules. I am particularly happy that you have given me the chance to set up this report and expectation that this report will meet the guidelines of your judgment. I will likewise be obliged to give you any clarification concerning the report.

Thank you.
Sincerely,
Md. Masnun Hossain
ID# 10304046
BRAC Business School
BRAC University

CERTIFICATE OF SUPERVISOR

This is to declare that Md. Masnun Hossain studied in BRAC Business School, ID: 10304069, Major in Marketing, successfully completed his "Internship Program" entitled **"Prospects and challenges of outsourcing in Bangladesh.***"* at Taskeater Bangladesh Limited under my direction as the partial contentment of the BBA degree.

He did his job by executing my direction and active supervision. He tried his fullest to complete this report successfully. I reason that, this program will assist him in the forthcoming time to shape up his career. I wish his success and prosperity.

Signature

…………………………...

Mr. Mohammad Tamzidul Islam

Assistant Professor

BRAC Business School

BRAC University

66, Mohakhali, Dhaka-1212, Bangladesh

ACKNOWLEDGEMENT

The fruitful accomplishment of this report is the aftereffect of the commitment and relationship of various individuals, particularly the individuals who set aside the opportunity to share their accommodating supervision and recommendations to enhance the report. As a matter of first importance I might want to pay my appreciation to the All-powerful to give me the capacity to buckle down, perseveringly and under pressure.

I have the most profound appreciation to my regarded boss and tutor **Mr. Ekramul Haque**, Taskeater Bangladesh Limited. I am grateful to him for his nonstop help, direction and supervision, recommendations and furnishing me with significant data that was particularly required for the finishing of this report.

I am additionally appreciative to **Mr. Mikko Tamminen, CEO**, Taskeater Bangladesh Limited for giving me the important chance by giving me works and assignments in this organization and supporting me with information and assets. I would also like to include the whole Taskeater Family as they have dependably been there for me at whatever point I required them. Their dynamic cooperation to every one of my inquiries, questions amid my entry level position has made this adventure a genuine achievement. It was my benefit and an extraordinary open door and I am sincerely appreciate working with such a great group.

At last my earnest appreciation goes to my family, companions, classmates, honorable faculties and partners who helped me at whatever point I required them.

EXECUTIVE SUMMARY

Outsourcing includes the contracting out of a business procedure to another organization or individual which is otherwise called business handle outsourcing. Organizations essentially outsource to diminish certain costs, for example, fringe or "non-center" operational expense, high charges, high vitality costs, unreasonable government control, creation and work costs. The special age demography of Bangladesh, combined with the ease work constrain and Government's Motivating force for the IT benefit segment, makes Bangladesh a worthy player at the worldwide administration of outsourcing market. Bangladesh is quick rising as the following major worldwide outsourcing destination. As indicated by The Outsourcing Organization, Data Innovation outsourcing has been the quickest developing region for outsourcing. The Outsourcing organizations moreover found some coming up designs in outsourcing which are client/server, frameworks, desktop systems, and end-customer support, full IT outsourcing.

Outsourcing associations may be masterminded into genuine two classes, one is benefit, and another is through item. However this in like manner has a bit similarity with benefit. Administrations join information outsourcing, call center organizations, budgetary/accounting information outsourcing using IT, procurement outsourcing, server cultivate outsourcing, research, publicizing and HR advancing. Besides these thing outsourcing go between and Consultancy has an enormous demand all through the outsourcing market. In any case, this sort of outsourcing makes affiliations loosen up about their office spaces and work stack. Second one is, vertically orchestrated aptitudes will be standing up to a colossal demand where the outsourcing works will be more refined for the accompanying five years. In addition, this will make the high asking for situation in the outsourcing market in light of less effort and most raised regard transport. In quantifiable term if imparted, the overall outsourcing market has been extended at 16% over 5 years. SMEs inside IT industry are the best adopter through this high time of outsourcing market headway. In any case, as the business and organization transport eco systems are changing across

finished business segments, SMEs are by and by more introduced to offshore outsourcing decisions. This in like manner addresses the demand of Bangladesh's works among the outsourcing market is putting the most outrageous appraisal workplaces in this industry and there outsourcers from abroad are making the upside of spending less in any work from Bangladesh.

Starting at now more than 100 affiliations are conveying programming and outsourcing to more than 30 countries and many are coming into this industry. There are some unique affiliations particular to their specific fields, for instance, ISPAB is working for ISP firms and BACCO is particular for Call Center affiliations and outsourcing. Bangladesh is dynamically drawing thought of the made countries in respect of outsourcing of their IT-engaged things through masters generally in perspective of forceful cost and quality, industry insiders said. More than 40,000 pros are right now working from their homes in Bangladesh for different overall associations. Bangladesh is equaling India, Pakistan and some eastern European countries in autonomous work, which positively discusses the high gage of Bangladeshi IT specialists. As showed by the result this examination delivered, I found that, control emergency, Low web speed, financial trade issue are the standard tangle for Bangladesh to the extent progressing in the field of outsourcing. Those limits are confining the likelihood and prospects of outsourcing to Bangladesh.

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Chapter 1: Introduction

1.1 Definition of Outsourcing:

The idea "outsourcing" came from an American Glossary. It is kind of a short form of '**outside resourcing**'. "<u>Outsourcing can be described as the contracting out of the company's major functions and activities to an external service or goods provider.</u>"**[1]** It contains the contraction of a business procedure to another group of people which is also known as Business Process Outsourcing (BPO). In other words, "<u>transferring various operations to outside suppliers rather than completing them internally. Outsourcing can be done in both domestic and foreign markets and always involves a third party.</u>"**[2]** The meaning is to utilize external resources and expertise to improve a business. Outsourcing usually involves relocating employees and assets from one place or to be precise one firm to another, but not all the time. Outsourcing is also includes the practice of offering public services to businesses corporations which usually are not the non-profit organizations.

Most of the times companies outsource their tasks to cut their costs. For instance, they give away their peripheral or "non-core" commercial expenditures, huge burden of tax, high energy charges, disproportionate government regulation and production which also includes labor expenses. The reason for such initiatives are taken to evade unusually high corporate taxes and mandated benefits. However, they do not outsource executive or managerial charge, or to be precise, they do not let go of their decision making authorization. The aim is not to escape costs in general but to avoid definite types of costs.

There are 4 types of outsourcing. The types are discussed below:

1. Near-shore Outsourcing
2. Onshore Outsourcing
3. Offshore Outsourcing
4. Business Process Outsourcing (BPO)

1. **Near-shore Outsourcing:** The practice of getting the work done by the neighboring countries is known as *Near-shore Outsourcing*. Corporations usually do this to lessen their costs. For example, America sometimes outsource their work to their neighboring countries like, Mexico and Canada. Japan does the same thing with China.

2. **Onshore Outsourcing:** When the subcontractor is from the same geographical boundary, then it is called *Onshore Outsourcing*. For example, Grameen Phone appointed a 3rd party contractor to collect their unpaid postpaid bills, which was published on by The Daily Star on March 8, 2015 (http://www.thedailystar.net/gp-to-appoint-third-party-to-recover-dues-from-customers-7653).

3. **Offshore Outsourcing:** In this case, the main company outsource their tasks to other countries, which cannot be their neighboring country. For example, in Taskeater Bangladesh, we have a client named **Make It Cheaper** which is originally a *British* company. Most of the time *Offshore Outsourcing* takes place for Information Technology (IT) related works.

4. **Business Process Outsourcing (BPO):** *Business process outsourcing (BPO)* is the contracting of a definite commercial job, such as payroll, human resources (*HR*) or accounting, to a third-party service benefactor. Usually, *BPO* is applied as a cost-saving measure for tasks that a corporation or organization needs but does not depend upon to keep their position in the marketplace.

In this paper we will cover the roll of our company in ***offshore outsourcing***.

There are few key roll our country is playing to boost up offshore outsourcing. The unique age demography of Bangladesh, low-cost work force and Government's Inducement for the IT service sector, makes us a major player at the global outsourcing market. Bangladesh is evolving day by day as the next major global offshoring destination.

1.2: Objective

Two objectives are playing key role behind this study.

1. Primary Objective: The *primary objective* is to discover the "**Prospects & Challenges of outsourcing to Bangladesh: A study on Taskeater**".

2. Secondary objective: The report is a requisite for the completing of **BBA** program of **BRAC University**.

1.3 Scope of the Study

In this report both the prospects and challenges will be covered. This report is built on the knowledge I have accumulated from the internship program at Taskeater Bangladesh Limited.

1.4 Methodology

An orderly procedure has been maintained from selection of the subject of the final report. Data has been sourced and collected, to achieve the objective of the research. They were to be characterized, examined, construed and presented in an orderly manner so that the major points can be found out. So, all the material has been gathered from primary and auxiliary sources. Most of the related data has been collected by working in the department and by discussing with the employees and managers. Few data has been sourced from the banks e-learning. I have also used my work experience to finish this report.

Primary Data:
- Primarily the data was collected by conversing with the staffs and employees of the company.
- Direct observations played a major role to support my learning and to find out more about the topic.

Secondary Data:

> ➢ Secondary data was assembled from the website of the organization.
> ➢ Related things were provided by the HR officer and managers.
> ➢ Some papers and data were given by my supervisor.
> ➢ Internet and from the website of Taskeater were a great help as well.

1.5 Limitations of the Study

Few points can be jotted down, as a remark to the limitation of this study.

> ➢ The topic is relatively new.
> ➢ Insufficient data from another companies.
> ➢ Sufficient materials as in books and journals were unavailable.
> ➢ The industry itself in a beginner stage.

Sometimes I had been told to perform few jobs without the explanation of my higher ups. These sort of situation left me in confused place, where I had to do those, but without knowing the actual facts.

Chapter 2: Organizational Overview

2.1 Description of the organization

Taskeater was initiated by two experienced internet businesspersons. Together they launched five online businesses in three different continents. United States, Europe and Asia. Then they came up with an idea to make a company in Bangladesh. Taskeater was the straight answer they were looking for. Here they built an integrated teams of bright and enthusiastic individuals.

Taskeater's major focus is to build a team who will look out for your ongoing business processes so that, you can focus more on the innovation rather than application. They are very good in building cost-effective and devoted teams who has the ability to become a vital part of client's businesses. They are serving some of the world's fastest moving internet companies. This has been possible for being able to create a highly accessible teams. This thing in fact gave them an edge in today's highly competitive market.

2.2 Organizational Structure

Taskeater follows a hierarchal organizational structure to maintain stability and transparency and accountability throughout all the stuffs and officials.

They have faith in the sense of equality and friendship can reduce discrimination but can take the level of one's maximum potentiality at his or her highest peak. **Chart 01** will give an insight of the organizational structure of Taskeater.

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                    ┌─────────────────┐
                    │ Chief Executing │
                    │     Officer     │
                    └────────┬────────┘
                             │
                    ┌────────▼────────┐
                    │ Chief Operation │
                    │     Officer     │
                    └─────────────────┘

┌───────────────────────────┐      ┌─────────────────┐
│ Director of Data Processing│      │ Director of Lead│
│                            │      │   Generation    │
└───────────────────────────┘      └─────────────────┘

        ┌─────────────┐              ┌─────────────┐
        │   Manager   │              │   Manager   │
        └─────────────┘              └─────────────┘

┌─────────────┐    ┌─────────────┐    ┌─────────────┐
│   Analyst   │    │   Analyst   │    │   Analyst   │
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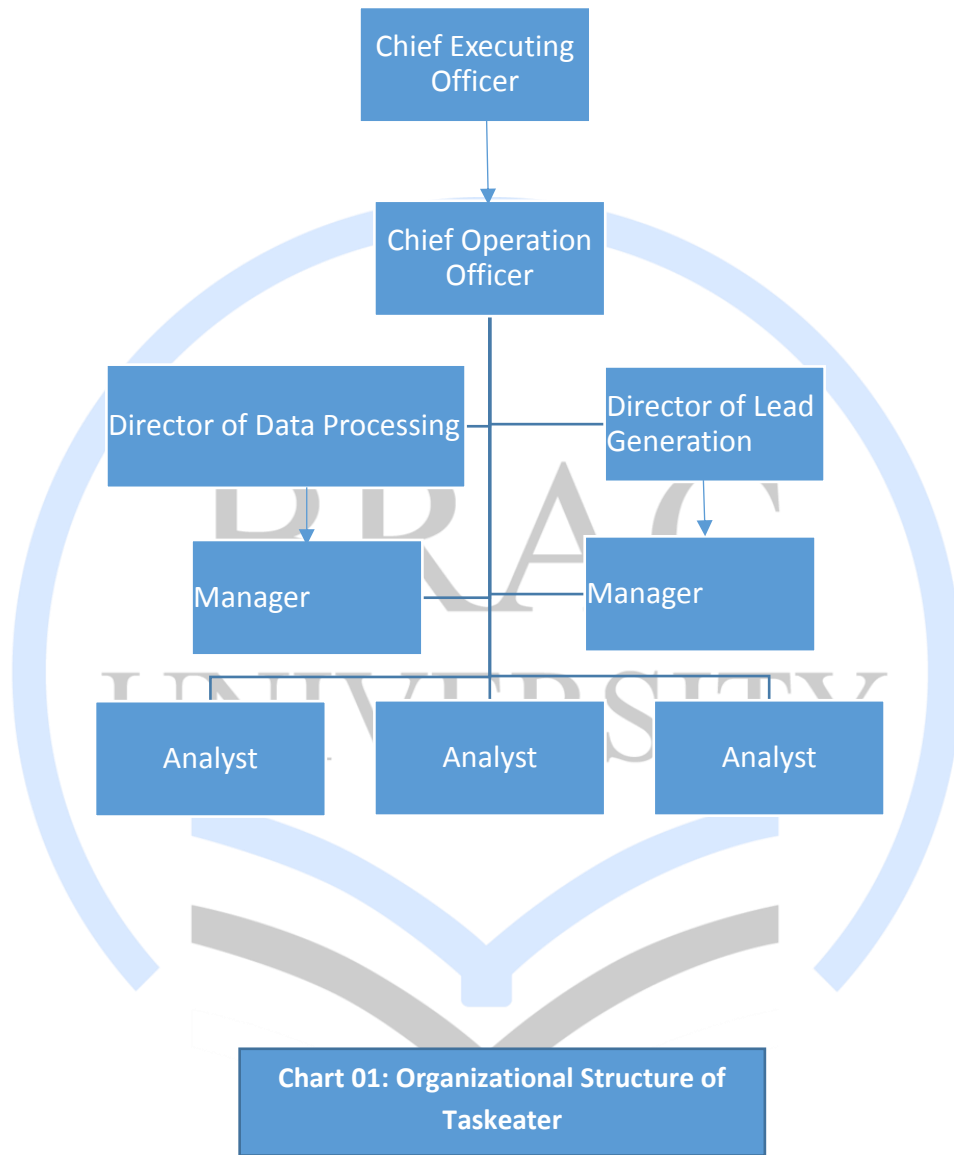
Chart 01: Organizational Structure of Taskeater

2.3 Board of Director

The chairman & Chief Executive Officer (CEO) of Taskeater is "Mikko Tamminen". It's already has been discussed that it is a fast growing online based company which is providing low-cost off shoring of ongoing manual process work to other foreign companies. Previously, he worked with private equity and startups in Asia's developing marketplaces. Chief Operation Officer (COO) is Bimal Dey, who lived in Sweden for 26 years and also a citizen in Sweden. He plays a key role to acquire Swedish clients of Taskeater.

Mikko Tamminen
Chairman & CEO at Taskeater

Bangladesh │ Venture Capital & Private Equity

Current	Taskeater, Genweb2, Bonamer Ltd
Previous	KhanaHero.com, Leopard Capital LP, Genweb2
Education	University of Pennsylvania - The Wharton School
Websites	Company Website

2.4 SWOT Analysis of Taskeater

SWOT analysis is compiled with the strengths, weaknesses, opportunities and threats for a particular business environment or most likely for an organization. Its core drive or purpose is to categorize and find out the strategies. Based on that, a firm construct business model which will be the best align, appropriate and match a company's assets, resources and competences. After that it becomes relatively easy to determine the firm's potential to meet demands of the sector it is operating. SWOT analysis also provides the company a better understanding of its own functional environment.

Strength	Weakness
➢ Well capitalized ➢ Faster handling of problems ➢ Young and energetic employees ➢ Great customer services ➢ Excellent networking method ➢ Good infrastructure	➢ Slow internet speed ➢ Limited room for innovation ➢ Weak evaluation method for employees ➢ Weak promotional structure
Opportunities	Threats
➢ Potential space of development ➢ Flexible government rules & regulations ➢ Currently number of competitors is very low	➢ Progress rate is consistent but very slow ➢ Change in government rules and policies might be a blessing or a threat in the future

Chapter 3: Internship Experience

3.1 Job Description

My first job was to find information for the client. This work is commonly known as data mining. Here, I had to find out precise information based on client's demand and by following their instruction from the website and databases. This particular type of work was frequently used by people with the term, "Lead Generation".

Next, I was transferred to another client, where I needed to process data for the client. It was a relocation company based on Europe named "Movinga". Here, I needed to mail potential customers for promotional purpose. Then, when they contacted with the company for relocating them, I had to take a complete list of the items they want to move. After getting the list, I calculated the spacing it would need. I calculated those in cubic foot. In example, Mr. A want to move a folding bed and a two doors wardrobe. So, the bed would be 10 cubic feet after folding, and the wardrobe would be 24 cubic feet. It would also require two men to carry from the house to the vehicle. After calculating the spacing, I calculated the distance using post codes. I used "Google Map" to calculate it. I, put his current address's post code and the new address's post code. It would immediately give me distance in miles. Later, I had to put the distance, calculated cubic feet and the number of labor it needs in a tailor made calculator. That calculator would give me, how much the customer needs to pay for the relocation.

After 9 months of doing this job, I had been transferred to a new company named Flipper. This is an UK based company. They help their customer to switch from one energy supplier to another. An example would be very helpful for a better understanding. Suppose, Mr. A uses 1000 Kilowatt of electricity and 2000 Kilowatt of gas in a year. Now, company X charge him 300 pounds in a year for the consumption. Now, our job is to put the consumption in a software provided by Flipper. After putting that, we try to find out a better deal for the customer. The software uses his consumption to find the deal. Let's say, company Y charges 225 pounds for this sort of consumption (Mr. A's electricity and gas usage). After finding out this information, we go to

company Y's website and immediately start working. After a successful switch, customer gets a confirmation mail, and he lets us know whether he has any objection or not.

After working with Flipper for several months, I had been assigned to another client. Its name is Make It Cheaper (MIC). This is also an UK based client. Their work is similar to Flipper. But instead of finding deal, here I work as a Quality Controller. Here, the sales agents who works in UK, finds the deal for the customer. They gather all the information of that person or company. After gathering those, they put the contracts in a tailor made software named, "MIC Hub". There, I need to open each and every contract, and need to check whether all the information are correct or not, using few websites name, "The Experian" and "Company House". Experian allows to me to see the person or the company's credit score, where Company House (only for limited companies) allows me to see the company is correct or not. After checking them, I check the supply address using another website named "Ecoes". If the address or any other information is wrong then I correct it. After amending those information I approve the contract.

3.2 Learning Outcome

Knowledge and Analytical Learning Outcomes

- Learned using new software tools to finish tasks.
- Examining data to create database.
- Writing essential documents.
- Gathering and analyzing data.

Insightful Learning Outcomes

- Learning and understanding of professional customs and practices.
- Organizing and applying information.
- Applying personal knowledge to complete tasks.
- Serving clients and stakeholders.

- Understanding problems make decisions.
- Working in a diversified environment.
- Working in cross-cultural settings.
- Learning how to learn from conversation, meetings and observation.
- Improving problem-solving and critical thinking skills.
- Monitoring and correcting performance.

Professional Learning Outcomes

- Exercising leadership
- Behaving professionally.
- Behaving ethically.
- Listening effectively.
- Dressing appropriately.
- Addressing colleagues and superiors appropriately.
- Time management to prioritize tasks.
- Teaching others.
- Changing reporting matrix time to time.
- Participating as a member of a team.
- Developing appropriate workplace attitudes.
- Understanding and managing personal behavior and attitudes.
- Dividing individual responsibilities.

Chapter 4: Prospects & Challenges of Outsourcing to Bangladesh
A Study on Taskeater

4.1 Literature Review

Outsourcing Zone

Outsourcing has a broad line of divergence. If *freelancer.com* or *odesk.com* has been visited then a person would be able to see that, there is a long list of jobs divided in different categories to work within *IT* or *ITES*. Therefore, there are some important sectors we need to concentrate. Based on the Outsourcing Institute, we can easily determine that, information technology based outsourcing is the growing really fast rather than tangible outsourcing. Based on their report, there are few major sectors the companies are concentrating for now. Such as, maintaining and repairing, consultancy and reengineering, main framing data centers. There are few other sectors are emerging as well. For instance, client/server, webs, end-user maintenance, total IT outsourcing.

Outsourcing Business:

Outsourcing ventures can be categorized into two major categories. First one is *service*, and the second one is *support for production*. Though the second one has a bit resemblances with services. Services or facilities are consist of info outsourcing, call center facilities, financial/accounting material outsourcing using IT, procurement subcontracting, data focused subcontracting, research, marketing and human resources management. The most important fact is, it is getting popular day by day. Internet is a vast meeting place for people. Besides these production based outsourcing middlemen and consultancy has an enormous appeal through the subcontracting marketplace. Then again, through software support covers application advancement are considered as the product, web improvement, data record & examination, survey etc. This entails additional positive individuals than the service peoples concerning outsourcing. These sorts of subcontracting turns the establishments into a much relaxed place and also reduce their pressure about their workplace spaces and work load. Both categories are famous in outsourcing market. Just the offshore staffs

need to ensure that, from where they might start and which path of offerings of services will lead them to their destination.

Global Market Situation:

For the past few years, global IT outsourcing has shown a challenging but stable growth. It has also shown its potential as an industry. "The current global economic crisis has led to shrinking IT budgets for corporate, but there has been a continual growth in demand for global sourcing of IT services, with cost optimization being the primary driver for off shoring services. The increasing cost pressures, with new service delivery paradigms like cloud computing and multiple sourcing, is set to transform the outsourcing industry globally."**[3]** We can get a rough idea about the potential of outsourcing by analyzing Gartner's report. In his report he stated that, "the IT outsourcing market is forecast to grow by 5.2% (5.5% in constant currency) in 2014. We forecast spending to grow by a 5.9% compound annual growth rate from 2013 through 2018."**[4]**

Now, as this report is focusing on the IT outsourcing, it would be a great opportunity to bring up Gartner's another observation. According to him, "IT outsourcing (as a part of an outsourcing definition) is the use of external service providers to effectively deliver IT-enabled business process, application service and infrastructure solutions for business outcomes. Outsourcing, also includes utility services, software as a service and cloud-enabled outsourcing, helps clients to develop the right sourcing strategies and vision, select the right IT service providers, structure the best possible contracts, and govern deals for sustainable win-win relationships with external providers. Outsourcing can enable enterprises to reduce costs, accelerate time to market, and take advantage of external expertise, assets and/or intellectual property."**[5]**

As already mentioned that, most of the both parties are interested on creating sustainable relationship and also try their best to turn the deal into a win-win situation. So, the investing party gets cautious when they are investing. They will obviously try to get the best result out of it. But on the other hand, the receiving party also try to make the deal profitable for them. They usually doesn't compromise with the quality, but they also try their best to squeeze out the profit from it. Now a day, many investors are investing or **Enterprise resource planning** (**ERP**). The reason is, many advanced organization are using **ERP**. Briefly ERP is, "**Enterprise resource planning**

(ERP) <u>is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources. ERP software integrates all facets of an operation — including product planning, development, manufacturing, sales and marketing — in a single database, application and user interface.</u>"**[6]** Now, since day by day everything is getting automated and many people can make a living by using the biggest web in this world which is known as *Internet*. So it is not hard to assume that offshoring businesses are holding a huge potential worldwide. It's getting visible day by day that, most of the industries in developed countries will be dependent on outsourcing. In a decade, this dependency might come under light.

Dominating Countries:

Asia continent is always an important continent for various things. It is famous for energy like oil and gas. It is also a major agricultural products supplier in the world. Now, if we dissect Asia then we find out another important region which is South Asia. Now in the case of outsourcing though China doesn't fall under South Asia, still they get a big chunk of offshoring work. But, currently in India is the dominating destinations in the outsourcing market in South Asia. Sri Lanka and Bangladesh can be considered as the rising star in this industry. However, Central Europe and Eastern European countries like, *Hungary, Ukraine, France, Germany* and so on are considered as a guaranteed destination in IT related businesses. As we European countries are not our direct competitor, but still we will have to struggle a lot to flourish in this industry. India is our major competitor in South Asia. But in my opinion I think it's not only India but few countries in South Asian region who possess the most potentiality for outsourcing industry. As we can see recently that expert's skill in Europe is decreasing and US's increasing debt, which becoming a burden for them. This phenomenon will force both of them into long term economic crisis. Though it is a bad news for them, but on the other hand, it can be a blessing for us. If we can show our skills and knowledge and win their trust, then definitely Asia can capture the market.

Outsourcing in Bangladesh:

The **New York** based global banking securities and investment management firm **Goldman Sachs** has included Bangladesh in 'Next Eleven' after *BRIC* (Brazil, Russia, India and China) nations. SMEs in the IT industry are the top adopter through this high time of outsourcing market expansion. Yet, as the business and service distribution chain are shifting across markets, SMEs are now more open to offshore outsourcing choices.

Samantha Marshal stated that, "Outsourcing Moves to Bangladesh" discusses how Bangladesh is a rising star in the international economy with industrial analysts from Goldman Sachs to Cisco Systems predicting that it has high potential to follow in the successful economic steps of the giant next door- India. According to this article as wages and other costs in India continue to escalate at rates as high as 15% a year, more New York companies are going next door to Bangladesh."**[7]**

Over the past few years, Bangladesh has placed itself in a strong position regarding outsourcing businesses. The people of Bangladesh wanted to find out a new way of income. Outsourcing became a great blessing for them. As they can work in their free time and also they have their competitive edge because of their knowledge. "The industry —now employs over 20,000 people, and is exporting services to European, North American and East Asian clients. Bangladesh's emerging outsourcing players already have strong credentials."**[8]**

Bangladesh is in a good position because of some key factor. "Bangladesh has a competitive advantage compared to some of the leading outsourcing countries like the Philippines, India, Brazil, China, Russia etc. As per KPMG Pay Scale Analysis report, the entry level IT personnel average salary is over 50% cheaper than that of other Asia-Pacific countries like India, the Philippines, Malaysia, Sri Lanka, Thailand and Vietnam etc. Moreover, the salary is even cheaper by 75% to 80% than that of Eastern European countries like Poland, Hungary, Russia, Ukraine, Czech Republic, and Romania and Latin American countries like Brazil, Chile, and Mexico etc. Most importantly, the average inflation rate in Bangladesh has been ranging from 6% to 8% for the last decade which is quite steady in nature."**[9]** As it is said Govt. is setting the maximum tax facilities in this businesses and there outsourcers from overseas are making the profit of spending less in any work from Bangladesh. This gives us a reason behind the growing demand of

Bangladesh's works amongst the outsourcing market. Not only SMEs, individual offshore workforces and freelancers are also getting aided with this.

"Bangladesh now confers academic degrees including postgraduate and doctoral degrees in the ICT subjects in more than 100 institutions including universities, colleges and institutes. According to the Ministry of Education, there are 73 universities in Bangladesh and more than 60 universities offer IT-related courses. These universities, colleges and institutes yearly produce more than 6,000 graduates major in IT related fields. About 2,500 among them are students who majored in computer science or software engineering."**[10]** In the event that we consider these circumstances Bangladesh has included a great deal of players who have been searching for outsourcing accomplice in everywhere throughout the globe. In highlight of these above, consultants in our nation are doing fabulous also. As indicated by EPB, Govt. of Bangladesh (2012) add up to IT and ITES trades from Bangladesh has been expanded around 24% from 2008 to 2011. This is an articulated sign to us that in the event that we endeavor to create ourselves, we will be esteemed exceedingly in the worldwide market as an outsourcing goal. Most of the simple IT outsourcing employments should be possible by the Bangladeshi laborers thusly establishments are likewise growing up and specialists are getting prepared from them. BCC and BASIS offers a few courses to practice the consultants in various fields, for example, cell phone programming object arranged programming and web improvement courses. Other than there are some private associations like Genuity Systems or BASE Limited are working in the preparation fields for the IT business individuals. There are some different associations specific to their separate fields, for example, ISPAB is presently working for Integrated Service Provider (ISP) firms and BACCO is particular for Call Center associations and outsourcing. Quality enhancements in aptitude levels and conveyance abilities have been relentless.

4.2 Prospects of Subcontractors in Bangladesh

Slowly but steadily Bangladesh is drawing attention of the advanced countries in respect of outsourcing of their IT-enabled products. We have advantages as well. Such as, our freelancers are educated and smart yet their hourly charge is relatively low. That's why we can provide good service but in a cheap price. Developed countries, especially the USA, the UK, Canada, Australia

and Singapore are increasingly allocating local IT (information technology) specialists for emerging their both online and off line based software for the last couple of years.

Considering the capabilities, *Elance*, *oDesk* and some other worldwide online work platform have taken a big step to work with Bangladeshi IT experts. If we consider the word of the people who are currently working in this field, then we can see that, this sector has achieved a robust growth of about 150 percent year on year basis for the last two years.

More than forty thousand local IT personnel have so far been employed in the sector and income from the sector has reached about US$30 million till March of the current financial year (FY) which was less than thirty thousand and $20 million respectively during the corresponding period of the last FY.

"IT freelancing has taken off in a big way in Bangladesh, with around 100 to 150 per cent growth for the last couple of years. More than 40,000 freelancers are now working from their homes in Bangladesh for different global companies. But how much money they are earning from overseas clients each year is difficult to measure. Government isn't tracking the flow yet. Their income is not encompassed in the software export data, though it shows a suggestion of an income of around $30 million.

If we divide the jobs for our freelancers then we can find that, **[Chart 02]** around 45 percent were for IT and programming, 25 percent for designs and multimedia, 13 percent for sales and marketing, 10 percent for administration support, 5 percent writing and translation and 2 percent for miscellaneous jobs. Due to some anomalies, freelancers receive their money through Western Union, VISA card, Master card or other channels which does not enter into the government's export earning software.
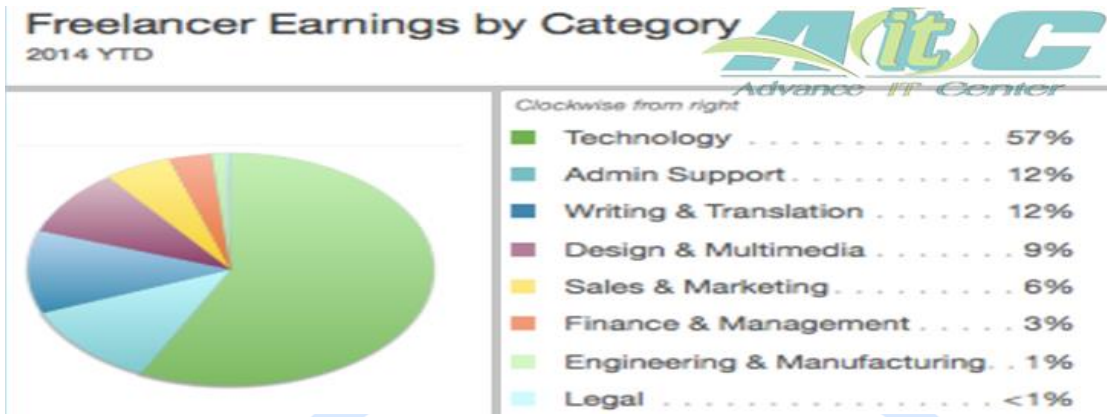
Freelancer Earnings by Category
2014 YTD

Clockwise from right

- ◼ Technology 57%
- ◼ Admin Support 12%
- ◼ Writing & Translation 12%
- ◼ Design & Multimedia 9%
- ◼ Sales & Marketing 6%
- ◼ Finance & Management 3%
- ◼ Engineering & Manufacturing . . 1%
- ◼ Legal . . . . <1%

Chart 02: Different Sectors of outsourcing

Bangladesh is competing with India, Pakistan and some eastern European countries in freelance work, which definitely shows the intelligence and expertise of Bangladeshi IT professionals. If any governmental action is taken on the favor of our fresh graduates, and train them for these kinds of job, then they can be turned into a strong hand. "Initial earning of a person is not that much attractive but after gaining experiences in the field; one can earn more than any professional of Bangladesh. Freelancers earn $15 to $20 per hour on an average for technical work, and $5 to $10 for administrative or non-technical work. A new comer in the sector earns around $2 to $5 depending on type of job. However, to further boost the sector, BASIS has been providing different kinds of training and the Information and Communication Technology (ICT) Ministry has in the meantime completed a Tk70 million project for training up people in the same field. Besides, World Bank is scheduled to finance around Tk500 million in a similar training project soon.
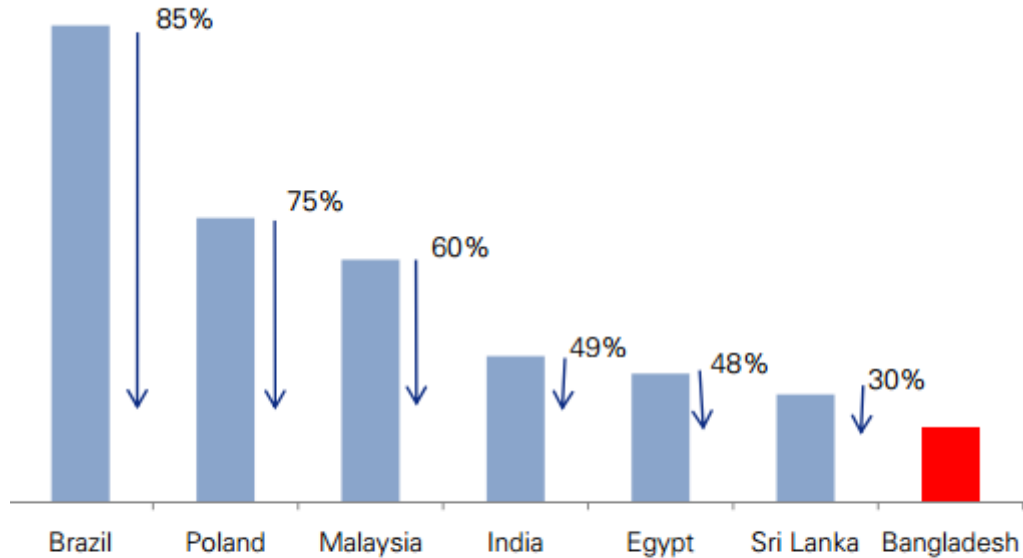
Chart 03: Outsourcing Cost

4.3 Challenges

There are few obstacles we need to cross before declaring ourselves one of the *Giant*. It might sounds very optimistic, but truly Bangladesh has the potential to be considered as one of the biggest player in the outsourcing industry. Gartner gave Bangladesh a "poor" rating in three vital areas – infrastructure, language skills and data, and intellectual property security. Poor infrastructure, including frequent power crises and slow and unreliable Internet connections are the most immediate problems for outsourcing. Ahmadul Hoq, president of the Bangladesh Association of Call Centre and Outsourcing (BACCO) stated that "We have told the government that we need an uninterrupted power supply and a second connection with high bandwidth, adding that progress on these issues was slow."

Power crisis

Bangladesh's businesses have suffered by power supply for a very long time. It is not only an obstacle for outsourcing businesses, but also other types of manufacturing and non-manufacturing business. In our country the plants generate only around 5,000 megawatts of electricity a day, where the demand is over 6,000 megawatts. This unlimited demand of electricity is growing at a rate of 500 megawatts a year.

Low internet speed

Internet might be an old thing for rest of the world, but it's relatively new in our country. Still now we are very much behind than rest of the world. For example, in America a user at his home gets an average speed of 10 mbps (megabit per second). But we get only 1 mbps now a day. Our country has only one submarine Internet cable. It might not seem but we desperately need a second line for uninterruptable internet connection. Hoq said, "We are connected to submarine cable network SEA-ME-WE-4, which provides an Internet bandwidth of 24 gigabytes, but more speed needed and an alternative connection is essential to satisfy overseas clients," Hoq said. 40% of the businesses are significantly affected by slow internet speed here in Bangladesh. Web developer and software developer firms encounter this problem more often than the others. However, companies seem to come up with the situation and 60% companies have reported that they somehow manage it, although their working capacity got sluggish.

Money transaction problem

Payment type is a big barrier in our outsourcing industry. Everywhere in this world, people work to make their living. Outsourcing or freelancing is not different from them as well. But, we get stuck to our old traditional way of payment type. Either it's check or cash. Now a day, lots of companies pay their employees by the salary account from different banks. But nothing is more important for an employee than a secure payment method. Now a day, freelancers get paid by their different accounts in bank, which is safe. But there are other payment method like *"Paypal"*. But currently Bangladesh Government is not allowing any online transaction. Without any confusion

what-so-ever, Bangladeshi web-based businesses have indicated it as the biggest problem they face. Almost all the respondents are affected by this trouble while dealing internationally. The biggest problem to run the freelancing business, again most of the firms has specified international monetary transaction method as the most upsetting one.

4.4 Discoveries

Bangladesh has to compete with few countries to get to the top of outsourcing industry. Our major competitor in South Asia is India and Malaysia which is outside South Asia. We have to solve few problem to compete with them. Those are, **power crisis, low internet speed, monetary transaction problem**. These are the main obstacle for Bangladesh in terms of developing in the field of outsourcing. These are the fences we need to cross to reach at the top of our potentiality and prospects of outsourcing to Bangladesh. There are some other issues which has room for improvement:

➢ International holyday versus government holiday
➢ Creative work is not always possible. Most of the times these are instruction based which comes from the client
➢ Lower work to reimbursement ratio
➢ Communication or language is still a barrier

4.5 Recommendations

As I observed that, government should start taking initiative to increase their speed of infrastructural development. The top priority which is given by the employer is the quality of work. Individuals or companies should concentrate on top notch quality of service to fulfill employer needs. If the provided service is superior in quality, it will not only bring goodwill for the company, but also raises the nations' honor. So, government should establish training institutes to train our

people and also they should impose authority to private sectors so that, they can also train to deliver greater quality of work. There are some key recommendations as follows:

- ➢ Boost up infrastructural development.
- ➢ A stable resolution for power crisis.
- ➢ Proper delivery of bandwidth throughout the whole country.
- ➢ Issue new sets of rules and regulation for the outsourcing to grow more.
- ➢ Encourage youth and unemployed people on outsourcing.

Chapter 5: Conclusion

Outsourcing incorporates the contracting out of a business strategy to another gathering which is otherwise called business prepare outsourcing. Organizations chiefly outsource to diminish certain costs, for example, negligible or "non-center" operational expense, high charges, high vitality costs, over the top government direction, generation and work costs. The one of a kind age demography of Bangladesh, combined with the minimal effort work constrain and Government's Incentive for the IT benefit area, makes Bangladesh a noteworthy player in global administration outsourcing market. The request of Bangladesh's works among the outsourcing market is putting the most extreme expense enhancements in this industry. The outsourcers from abroad are encouraging themselves by of spending less in any work from Bangladesh. By and by more than 100 associations are trading programming and outsourcing to more than 30 nations and many are coming into this industry. There are some different associations particular to their individual fields, for example, ISPAB is working for ISP firms and BACCO is specific for Call Center associations and outsourcing. Bangladesh is gradually drawing consideration of the propelled nations in regard of outsourcing of their IT-empowered items through specialists. It happening principally as a result of aggressive cost and quality. Industry insiders stated, More than 40,000 specialists are presently working from their homes in Bangladesh for various worldwide organizations. Bangladesh is rivaling India, Pakistan and some eastern European nations in independent work. This demonstrates the high gauge and assurance of Bangladeshi IT experts. As per the outcome this examination produced, I built up that, Power emergency, Low web speed, Money exchange issue, are the principle deterrent for Bangladesh as far as advancing in the field of outsourcing. These hindrances are frustrating the probability and prospects of outsourcing to Bangladesh.

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