

Bangladesh teenagers drive outsourcing growth

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The Bangladesh Association of Software and Information Services (BASIS) estimates there are some 15,000 freelancers, like Abdullah Al Zahid (pictured), in Bangladesh doing outsourcing work for technology companies across the globe.

Like many teenagers, Abdullah Al Zahid spends most of his time holed up in his bedroom in his family's modest Dhaka apartment glued to his computer.

But Zahid, 16, is not checking Facebook or chatting to friends -- he's working as a freelance web developer, part of a new wave of young, tech-savvy Bangladeshis who are transforming their country's nascent [outsourcing](#) sector.

"There is so much demand for outsourcing, I am struggling to cope. I

have to turn down many, many job offers," said Zahid, who earns around \$1,000 a month from several outsourcing contracts and is his family's main breadwinner.

"Many of my friends are interested in this work. I hope to set up my own office one day and hire other people like me to do more outsourcing," said Zahid, who is still at school and wants to go on to university.

The Bangladesh Association of Software and Information Services (BASIS) estimates there are some 15,000 [freelancers](#) like Zahid in Bangladesh doing outsourced work for [technology companies](#) from across the globe.

The country also has some 500 registered IT outsourcing companies which collectively employ an additional 20,000 workers.

Compared to neighbouring India, which accounts for around 55 percent of the \$3.4 trillion [global market](#) and employs 2.54 million people directly in the sector, Bangladesh is an outsourcing minnow.

But as outsourcing costs rise in other countries like India, China and the Philippines, impoverished Bangladesh, currently better known for cheap garment exports for top Western brands, may be able to cash in.

"New companies are approaching with new orders now and that's what we need to boost the industry as global IT spending is expected to rise over the next few years," BASIS president Mahboob Zaman told AFP.

"We are just getting entry into the global industry but we have real potential," he said, adding that Bangladesh's low cost labour pool was a key competitive advantage.

The average wage of an outsourced IT sector employee is around \$8 per

hour in Bangladesh compared to \$20 per hour in India and \$10 to \$15 an hour in the Philippines.

Moreover, Bangladesh has one of the largest and youngest populations in Asia, with 150 million people of whom some 65 percent are under 25, Zaman said.

Last December, leading technology research company Gartner ranked Bangladesh for the first time in its annual list as one of its top 30 countries for IT services outsourcing in 2010 thanks to its low costs and huge labour pool.

Bangladesh began developing an outsourcing sector in 2004 and it is now worth around \$120 million. The country exported some \$36 million worth of IT services last year, according to BASIS figures.

The government has declared developing the IT outsourcing industry to be a key priority, which fits with their ongoing campaign to create a "Digital Bangladesh" by 2020.

But there are major challenges which must be addressed before the industry can flourish: 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 Ahmadul Hoq, president of the Bangladesh Association of Call Centre and Outsourcing (BACCO).

"We have told the government that we need an uninterrupted power supply and a second connection with high bandwidth," Hoq told AFP, adding that progress on these issues was slow.

Bangladesh's businesses have long suffered from an acute power crisis, as plants generate only around 5,000 megawatts of electricity a day, but demand is over 6,000 megawatts and growing at a rate of 500 megawatts a year.

The country has only one submarine Internet cable and desperately needs a second line to prevent frequent disruptions, 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 woo overseas clients," Hoq said.

The government should also set up IT software parks in the capital Dhaka and at universities across the country to attract more graduates to the sector and ensure the right skills training is available, Hoq said.

For BASIS president Zaman, Bangladesh should aim for its outsourcing service industry to export \$500 million worth of services by 2014, a goal he said was within reach.

"Two decades ago, many people could not imagine Bangladesh's garment industry would become the country's highest export earner -- but it did. I believe the outsourcing industry has the same potential," Zaman said.

Bangladesh's garment industry accounts for 80 percent of the country's \$16-billion-plus of export earnings and employs over three million workers, mostly women.

The country's biggest advantage in terms of outsourcing, Zaman said, is its people -- particularly the younger tech-savvy generation who are already helping the sector to take off without any government support.

"Young men like Zahid (the freelance web developer) adapt to new technologies quickly and it is going to be them who will drive the outsourcing industry forward," he said.

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