

# An Overview of The Shared Services & Outsourcing Sector in Colombia



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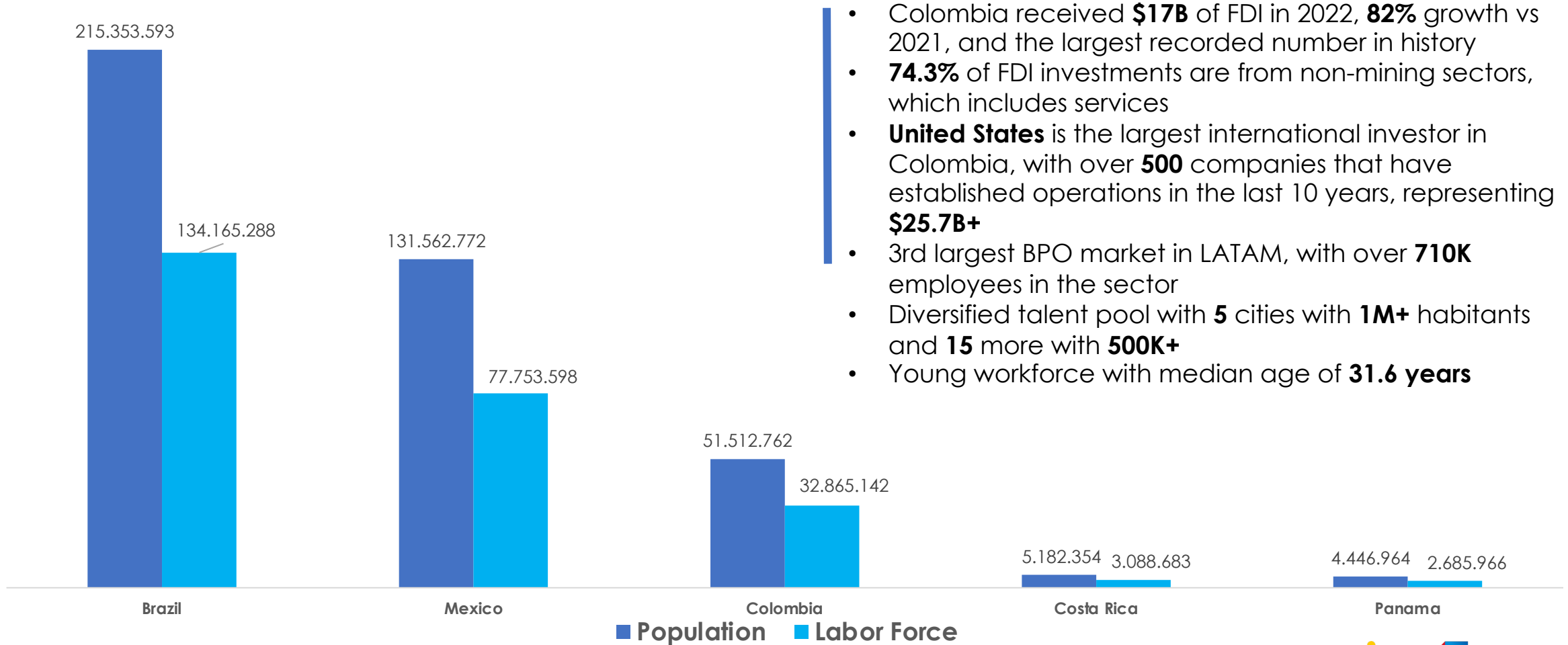
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# 1. Colombia at a glance

# Colombia provides Auxis clients access to the 3rd largest labor force in Latin America



- Colombia received **\$17B** of FDI in 2022, **82%** growth vs 2021, and the largest recorded number in history
- **74.3%** of FDI investments are from non-mining sectors, which includes services
- **United States** is the largest international investor in Colombia, with over **500** companies that have established operations in the last 10 years, representing **\$25.7B+**
- 3rd largest BPO market in LATAM, with over **710K** employees in the sector
- Diversified talent pool with **5** cities with **1M+** habitants and **15** more with **500K+**
- Young workforce with median age of **31.6 years**

# Colombia's Attributes



## 51.8M inhabitants

Colombia's has the 3rd largest population in LatAm.

## Growing Economy

National GDP growth 7.5% in 2022, average for the next 5 years is above LatAm's average

## 19 Free Trade Agreements

2nd in LatAm with more FTAs granting a preferential access up to 60 countries.

## Accessibility - El Dorado Airport

- 1st in LatAm and 35th in the world according to Skytrax, 2022.
- 6-7h flight from any capital in the continent.

## High Connectivity (2023)

2nd in LatAm with the greatest amount of submarine cables (12 in total).

## Multiple regions & Business Centers

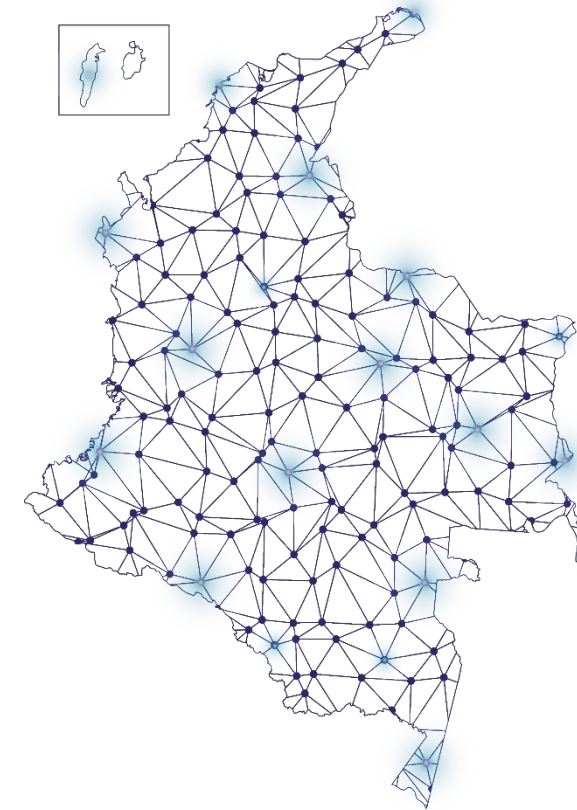
Colombia has 5 cities with more than 1M inhabitants and a significant economic growth in intermediate cities.

BOG, MDE, CLO, BAQ, CTG

# FDI in Colombia

## Top investors in Colombia 2017 – 2022, USD\$ M

	United States	15.428
	Spain	12.690
	Panama	6.811
	Switzerland	5.366
	England	5.071
	Netherlands	3.844
	Mexico	2.439
	Canada	2.360
	Chile	2.247
	Brazil	1.585



### Dynamic Market

- In the past 12 years the establishment of foreign companies has increased a 200%.
- In 2022, +250K companies were created.

# Colombia's Safety & Security

## 4.6% annual average decrease in homicide rates

Colombian cities are not registered among the most dangerous of the world. (In 2021, 26.8 intentional homicides were registered every 100.000 inhabitants).

## Security increase in more than 80% in the last 10 years

Acts of terrorism and kidnapping have significantly reduced in the past decade.

## Cyber Security

Colombia is one of the first countries in the world to enact a specific law on cyberspace regarding access to personal information, data interception and the use of malicious software.

## Ease of Doing Business (2021)

3rd In LatAm (67th global) according to the WB and 1st (5th global) protecting minority investors (2021).

## AT Kearney's global services location indicator

3rd place in LatAm (11th global), It shows financial attractiveness, availability of human talent, and a positive business and digital environment (2023).



# Colombia offers different location options with a wide availability of talent



## Atlantico

Graduated 2010-2020: 264,124  
Graduated in IT 2010-2020: 11,362  
Cit. 2020: 2.602.000



## Antioquia

Graduated 2010-2020: 670.331  
Graduated in IT 2010-2020: 37.833  
Cit. 2020: 6,848,000



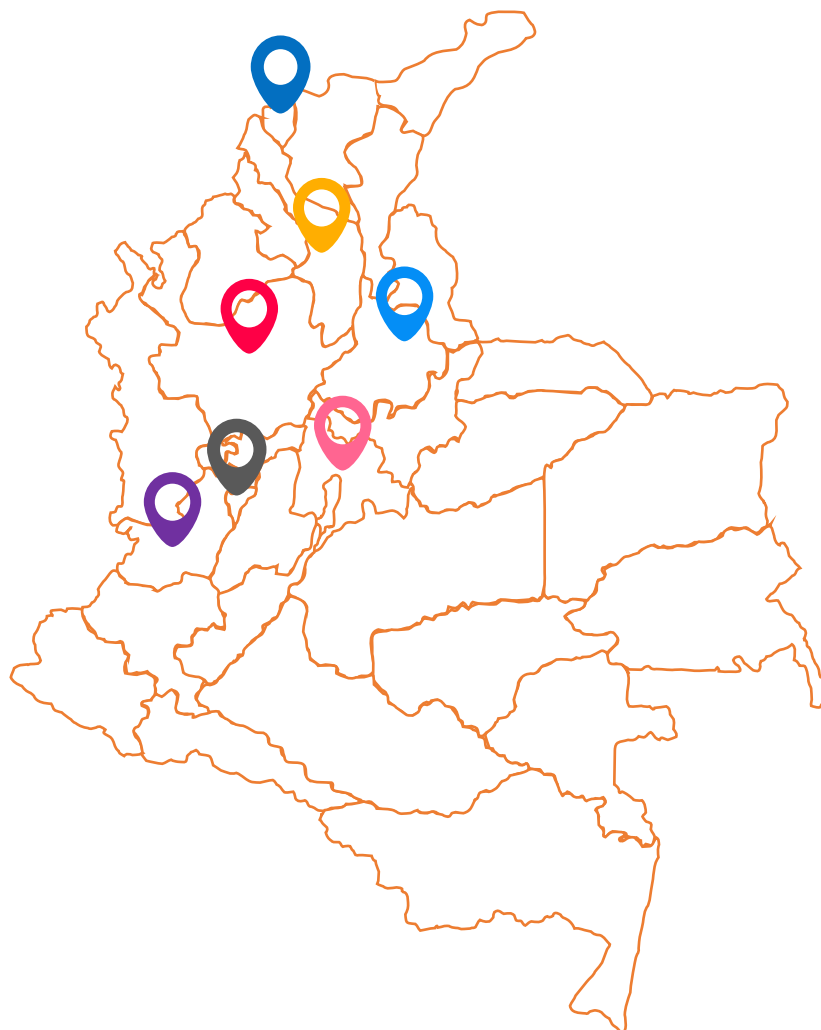
## Bolivar

Graduated 2010-2020: 154,628  
Graduated in IT 2010-2020: 7,796  
Cit. 2020: 2,221,000



## Risaralda

Graduated 2010-2020: 97,424  
Graduated in IT 2010-2020: 5,063  
Cit. 2020: 978,000



## Santander

Graduated 2010-2020: 311,091  
Graduated in IT 2010-2020: 13,513  
Cit. 2020: 2,108,000



## Bogota

Graduated 2010-2020: 1,821,538  
Graduated in IT 2010-2020: 89,241  
Cit. 2020: 8,363,000



## Valle del Cauca

Graduated 2010-2020: 390.068  
Graduated in IT 2010-2020: 26,485  
Cit. 2020: 4,845,000

Source: DANE – Ministerio de Educación Last data available 2022

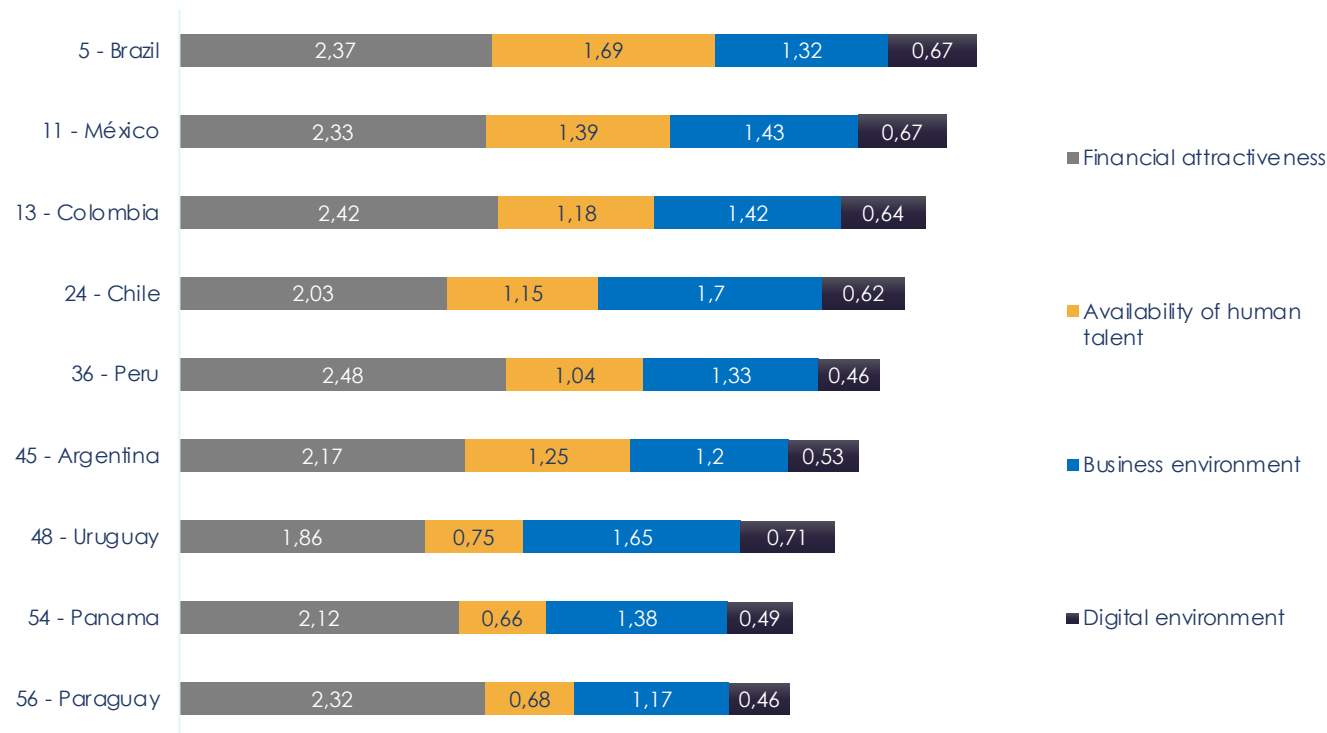


# Colombia Ranks 3rd in Latin America in A.T. Kearney's Global Services Location Indicator

Colombia has recorded an excellent performance, ranking in the top 15 in recent years.

Amazon in 2019 opened its first shared services center in Colombia with approximately 600 employees. The center is focused on serving customers in Spanish, English and Portuguese.

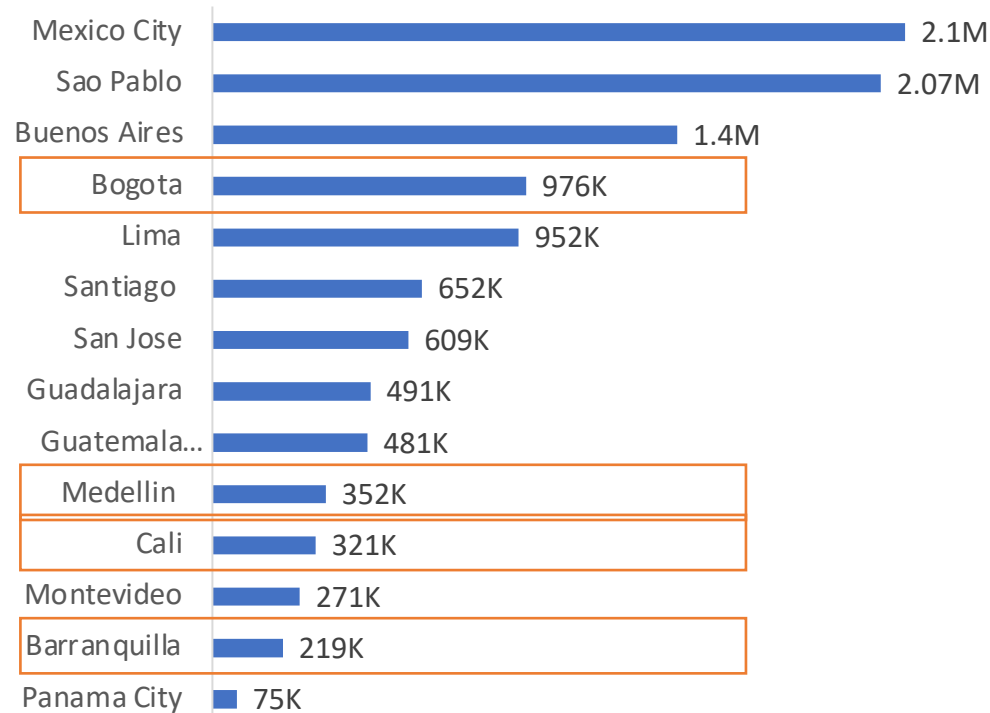
Global Service Location Index - 2021





# Bilingual Population in Latin America

Bilingual Population in LATAM  
2022



It is estimated that 3% (1.6M inhabitants) of the country's population is bilingual (B2 or above according to the CEF).

## Capacity

**2nd largest** in terms of availability of skilled labor in Latin America (39 Ranked in 2022).

**535K higher education graduates** in diverse fields of study (2022). There are +288K graduates on STEM degrees and +44K on businesses related fields.

**+2K** undergraduate and master programs in diverse fields of study (2023).

**27.8%** technical programs, **50.4%** undergraduate degrees and **21.7%** master and PhD programs (2023).

## Excellence

**3/10** best LatAm universities are based in Colombia (2023). (UNAL, UNIANDES, JAVERIANA)

There are **+302 higher education institutions**.

**+2K programs** count with a high-quality Education accreditation.

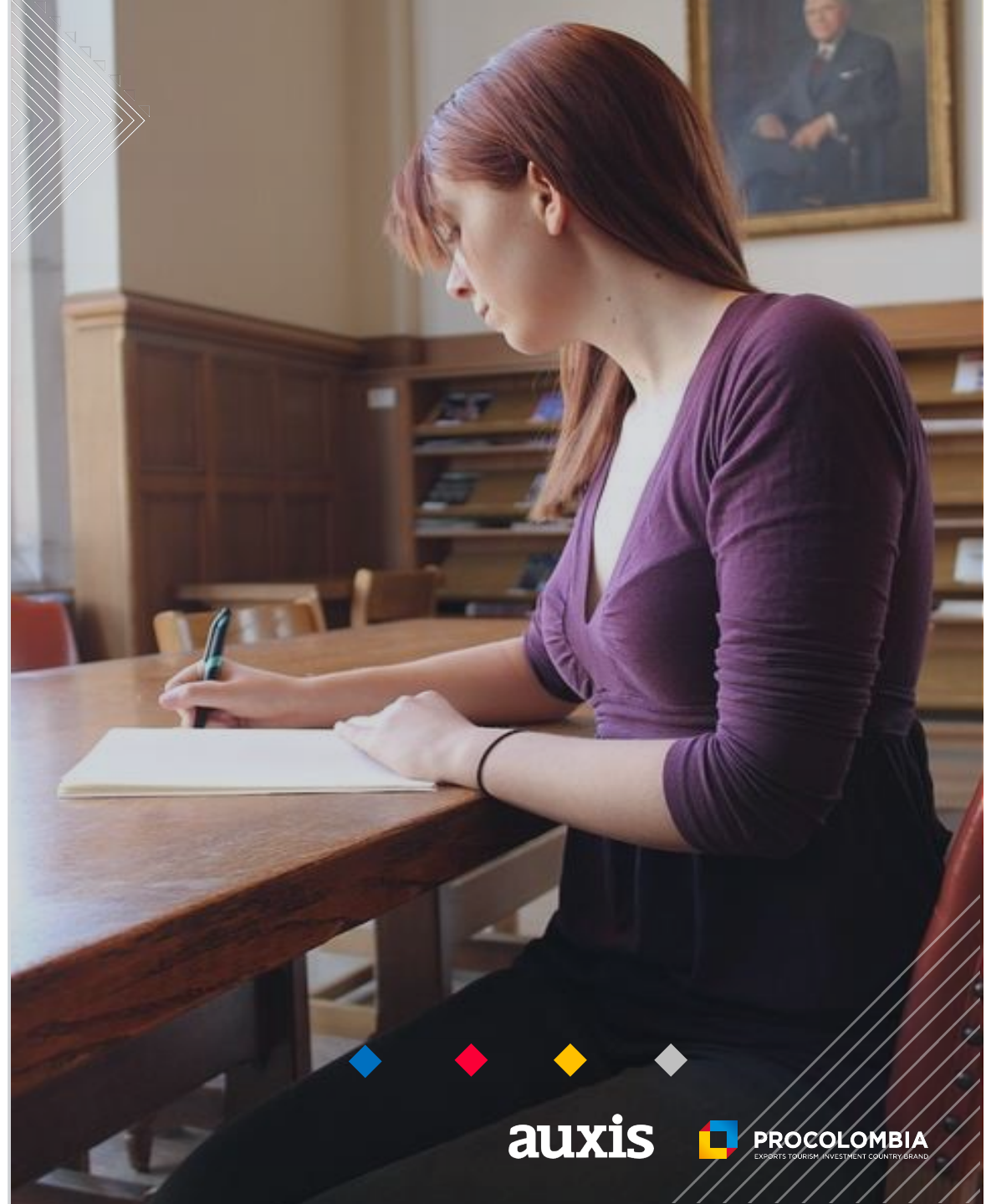
# Colombia has 3 universities in the top 500 of the best in the world and 13 in the top 100 in Latin America.

	World Ranking	Latam Ranking
 Universidad de los Andes	236	8
 UNIVERSIDAD NACIONAL DE COLOMBIA	258	9
 Pontificia Universidad JAVERIANA Bogotá	412	15

*10 years ago, Colombian universities were not part of the ranking.*

Source: QS World University Rankings, 2022

Source: Ministry of National Education, 2023



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# Investment Opportunities in The Services Sector



**Global Business Services - GBS**

- **Clients:** captive or outsourced.
- **Delivered services:** finance, HR, IT support, taxing, etc.
- **Languages:** English.
- **Exports:** North America, LatAm and Europe.

**Contact Center**

- **Clients:** captive or outsourced.
- **Channel of communication:** Voice, chat, web, email, social media, SMS.
- **Delivered services:** customer service, telesales, pay collections, technical support, cyber security, etc.
- **Languages:** English, Spanish, French and Portuguese.
- **Exports:** Northamerica and LatAm.

**Programming and Software Development**

- **Clients:** captive or outsourced.
- **Delivered services:** programming, software development and implementation, help desks, IT consultancy, etc.
- **Languages:** English.
- **Exports:** North America and LatAm.

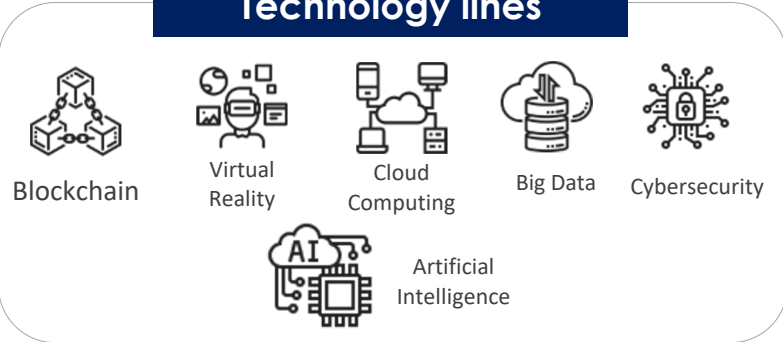
**Data Center**

- **Clients:** captive or outsourced.
- **Delivered services:** banking and finance, telecommunications and technology, retail, government and manufacturing.
- **Perks:** energy supply, connectivity and real state availability.
- **Favorable geographic and risk conditions:** scarce natural disasters and eco-friendly energy sources.

## Specialized solutions



## Technology lines



# Global Players & IT Ecosystem in Colombia

## National Government and Business Associations



## BPO - Contact Centers



## SSC- Shared Service Centers



## IT- Software Development Centers



## Data Centers





# Some of the large multinationals that have set up SSC multi-functional operations in Colombia include:



Customer care



Finanzas, captación



Finanzas, talento humano y captación



Finance, Human Talent, Customer Care and IT



Finance, Customer Care, Quality Assurance and Commercial



Human Talent, IT and General Administration



Software Factory



Customer Care and support



Human Talent



Finance, Human Talent and Procurement

BPO

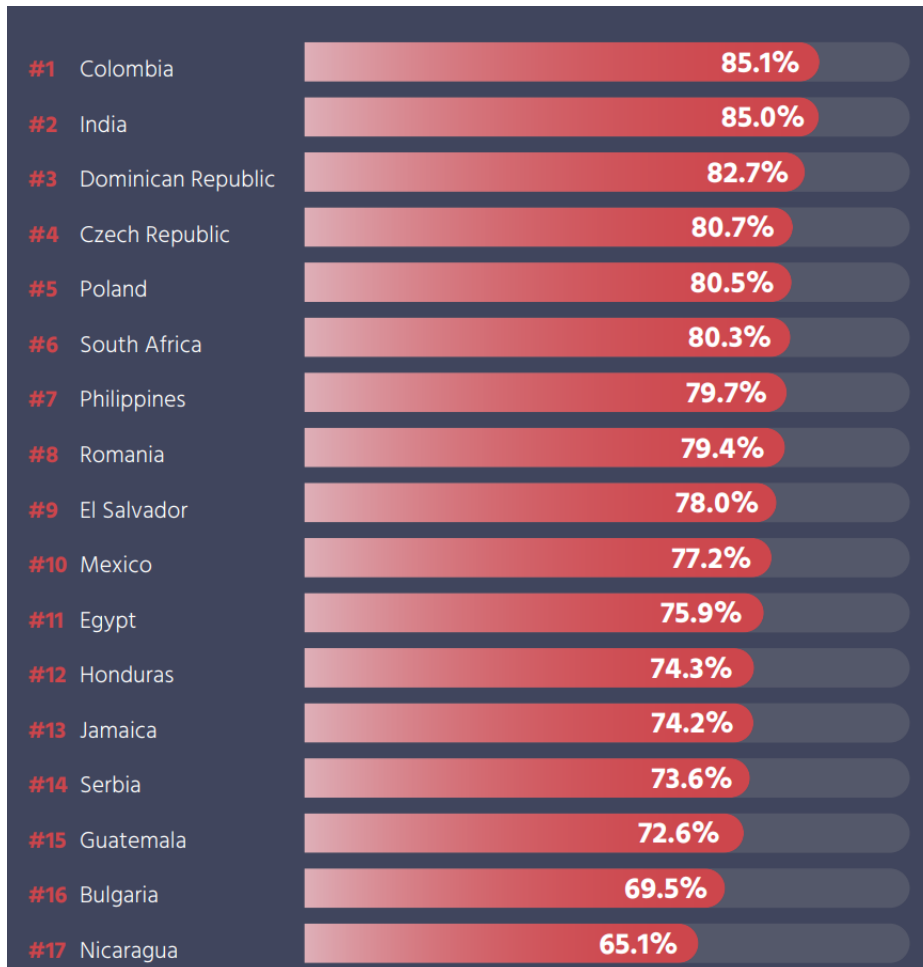
## 2. BPO Business Opportunities



# Colombia recently ranked #1 in the Offshore BPO Confidence Index

RYAN  
STRATEGIC  
ADVISORY

*Cognitive Copy*



## About the study

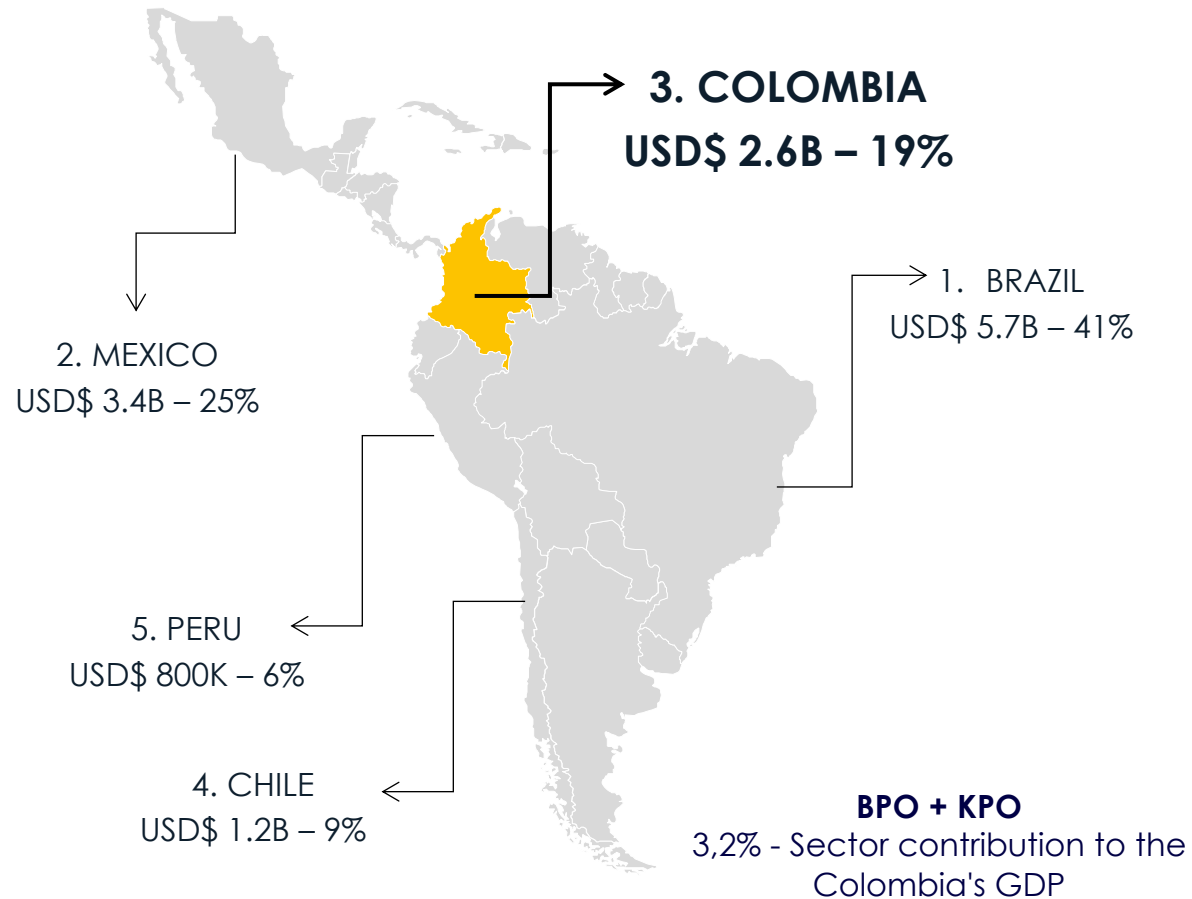
- **100 BPO providers** surveyed with locations in **17 countries**
- On a scale of one to five, BPOs were asked to rate their confidence in the many considerations of doing business in their country
- **7 categories:** Local Labor Market (#1), Infrastructure (#2), Commercial Property (#3), BPO Ecosystem (#1), Political Stability (#3), Public Security (#5), Economic Stability (#5)

“Among the study’s principal findings is **the emergence of stability as a critical differentiator**. It has become more important than ever for BPOs to operate in a location unencumbered by political, economic, or public security disruptions. Equally, the **availability of talent at a time when BPO-oriented labor is tighter than ever** is a crucial determinant in the success of different offshore and nearshore locations

# BPO ecosystem in Colombia

## BPO SALES IN LATAM

2021\*



## BPO COMPANIES IN COLOMBIA



Distribution by region

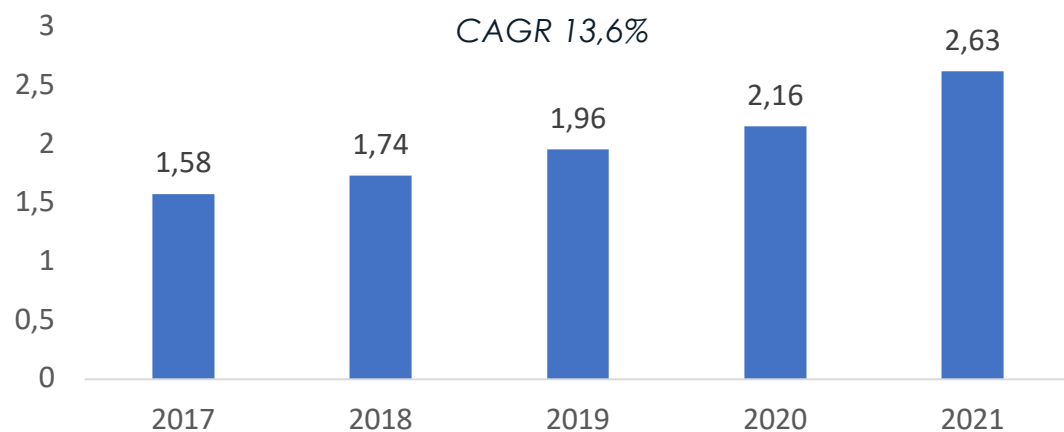
- Bogota 46%
- Antioquia 18%
- Valle del Cauca 7%
- Atlantico 6%
- Santander 4%
- Caldas 3%



# BPO local market

## BPO SALES IN COLOMBIA

2017 - 2021\*, USD\$ B



### Main activities in BPO Sales

- Contact Center 47%
- Collections 17%
- Backoffice (others) 9%
- Marketing 7%
- Backoffice (payroll) 4%
- Backoffice (document management) 4%
- Help Desk 4%
- IT Solutions 3%
- Others 3%
- Backoffice (employment services) 2%

## MAIN INVESTOR COUNTRIES FOR BPO SERVICES

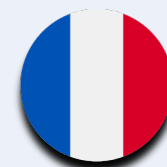
2016 - 2022, Share %



USA - 54%



Singapore - 19%



France - 11%



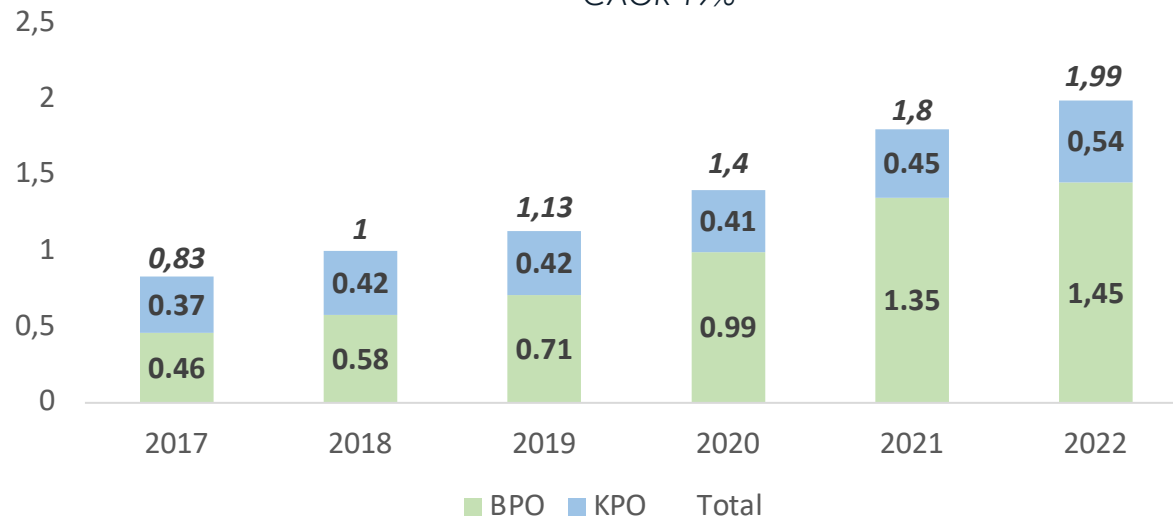
Spain - 9%

# BPO & KPO exports

## BPO & KPO Exports from Colombia

2017 - 2022, USD\$ B

CAGR 19%



## Main export destination countries



USA – 55%



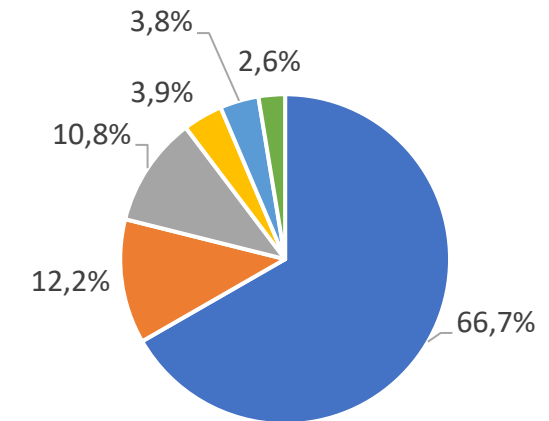
SPAIN – 9.5%



CHILE – 5.2%

## BPO and KPO exports by type of service

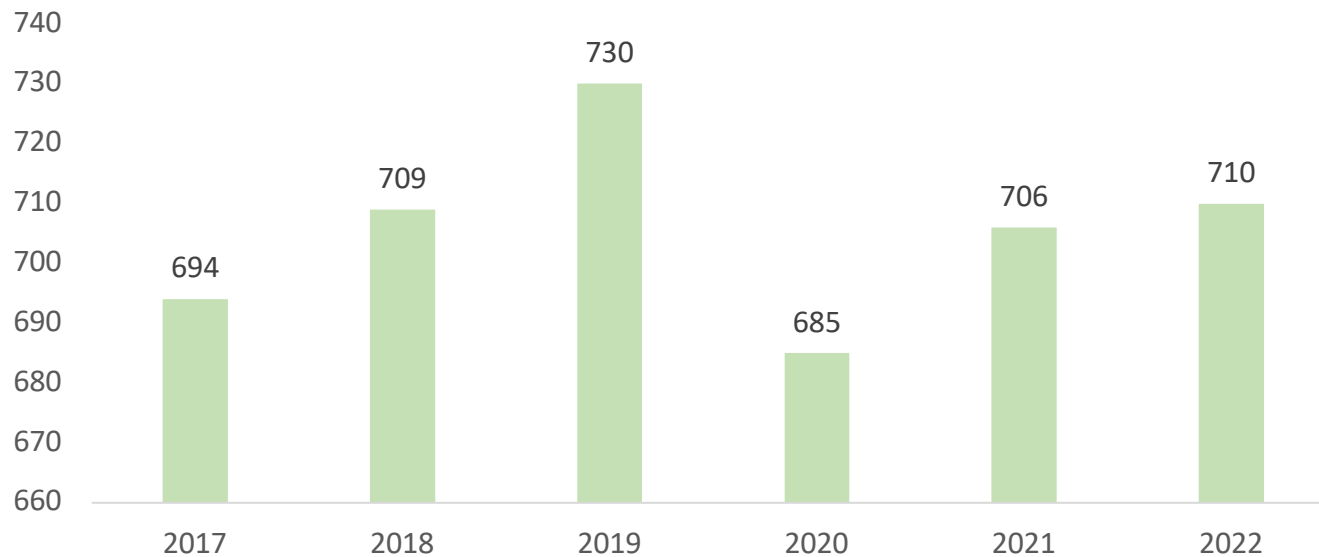
2022, Share %



- BPO - Call center services
- KPO - Business consulting services in business administration and public relations
- KPO - Advertising services, market research and public opinion polls
- BPO - Accounting, auditing, bookkeeping and tax advice services
- KPO - Juridical services
- BPO - Employment services, that is, search, placement and supply services of personnel

# BPO & KPO employment in Colombia

People employed in the sector  
2017 - 2022, people in thousands



## SALES BY CHANNEL

Voice 54%

On site 7%

Web callback 5%

SMS 4.5%

WhatsApp 4%

Others 25.5%

## NEARSHORE OUTSORCING

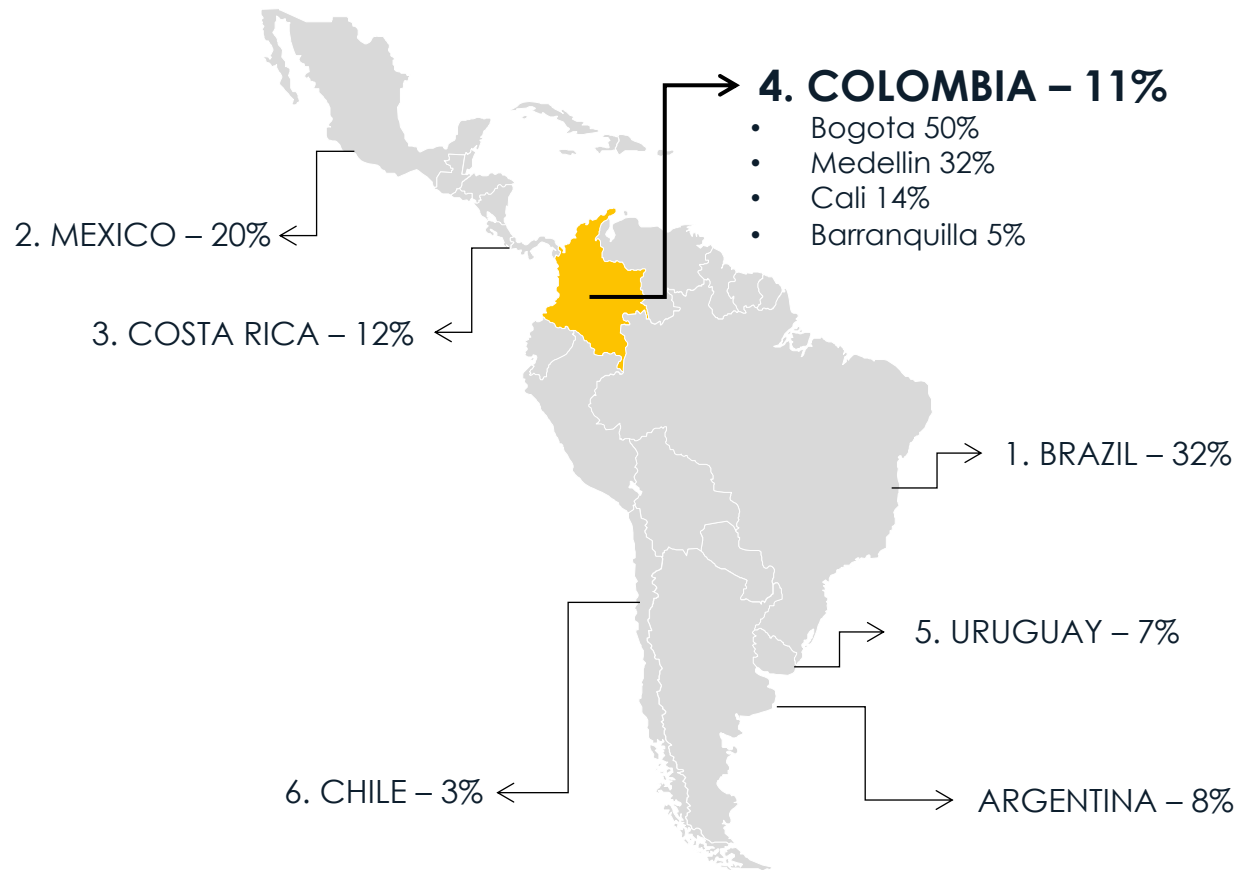
- Same time zone as US and Canada.
- Neutral accent.
- Willingness to serve.

# 3. GBS Business Opportunities

# SSC Ecosystem in Colombia

## SSC in Latin America

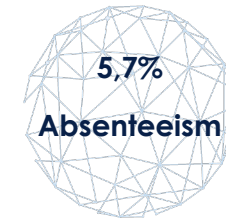
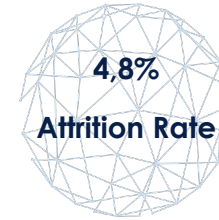
Market Share - 2021\*



## Shared Services Center - SSC



# SSC Market in Colombia



## Consumer Industries (% of total SSC in Colombia)

<b>32%</b> Services	<b>18%</b> Logistics	<b>9%</b> Tourism
<b>27%</b> Energy	<b>9%</b> Construction	<b>5%</b> IT
<b>27%</b> Retail	<b>9%</b> Oil & Gas	<b>5%</b> Contact Center

"The diversity among businesses and industries utilizing SSC in Colombia, tells us the country is proficient in supporting global businesses."

# SSC Market Details

## Verticals

Contact Center – 30%	Human Resources – 6%
Business Administration & Finance – 13%	Real Estate and facilities management – 5%
IT – 10%	Automatization – 5%
Purchases – 9%	Others – 12%

## Supported units

6 to 10 40%	10 to 15 40%	15 to 20 20%
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## Destination Market

	United States – 22.9%
	Canada – 22.9%
	Brazil – 8.5%
	Mexico – 6%
	Argentina – 4.8%
	Chile – 4.8%
	Costa Rica – 3.9%

## Language Support

Spanish 46%	English 36%	Portuguese 18%
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## Education level of employees

Professional – 44%	Technician – 4.6%
Bachelor – 31%	Master – 4%
Specialization – 9%	PhD – 2.4%
Technological – 5%	

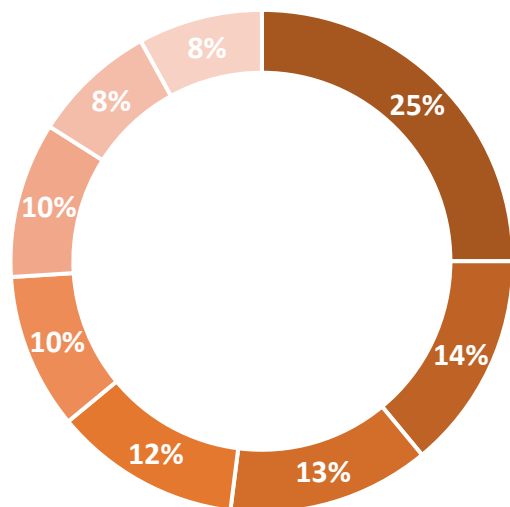
### NEARSHORE OUTSORCING

- Same time zone as US and Canada.
  - Neutral accent.
  - Willingness to serve.

# SSC Labor Market Perspectives

## Main Challenges

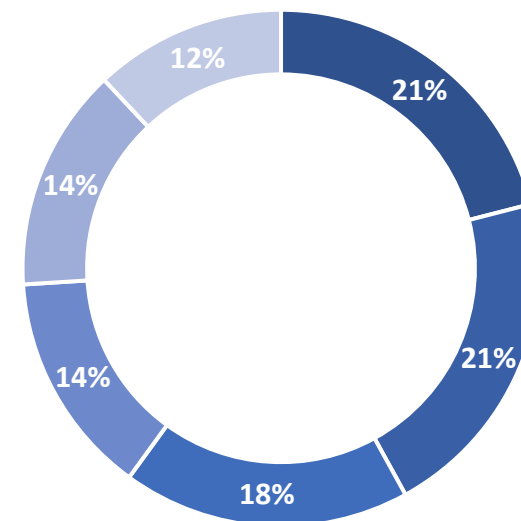
%



- Recruiting and retaining talent
- Expansion of new business units - Global sales
- Reduction in operating costs
- Digital Transformation
- Process Automatization
- Reduce response times
- Minimize process errors
- Others

## Main labor incentives

%



- Work flexibility
- Professional growth
- Economic Incentives
- Additional Programs (Prepaid medicine, bonus, among others)
- Education programs (languages, undergraduate, postgraduate)
- Time compensation



# 4. IT Business Opportunities

# Spotify opens new hub in Colombia

Medellín will host a special program of the platform until Nov. 3.



By Erika Ardila  
October 11, 2022

## UnitedHealth Group Completes \$2.8 Billion USD Acquisition of Banmédica

September 1, 2022 · Self-checkout tech

## Grupo Éxito teams with Toshik checkouts first in Colon

TECHNOLOGY NEWS AUGUST 14, 2018 / 10:01 AM / UPDATED 4 YEARS AGO

## Amazon to open Colombia service center, employ 600 workers

By Reuters Staff

1 MIN READ



# Let's all move to Medellín! How a once-terrifying drug city reinvented itself as a tech hub

Used to be that when you thought Medellín, you thought Escobar and cocaine. Now it's a tourism and business hotspot

By JUDITH RODIN

PUBLISHED JANUARY 2, 2015 10:00PM (EST)

## IBM Opens its Largest LatAm Shared Services Center in Bogota

Narayan Ammachchi August 13, 2020 Add comment

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## IT in Colombia: success in challenging times

By Kwinten Wouters - January 9, 2018

## ; Gains Traction in LatAm

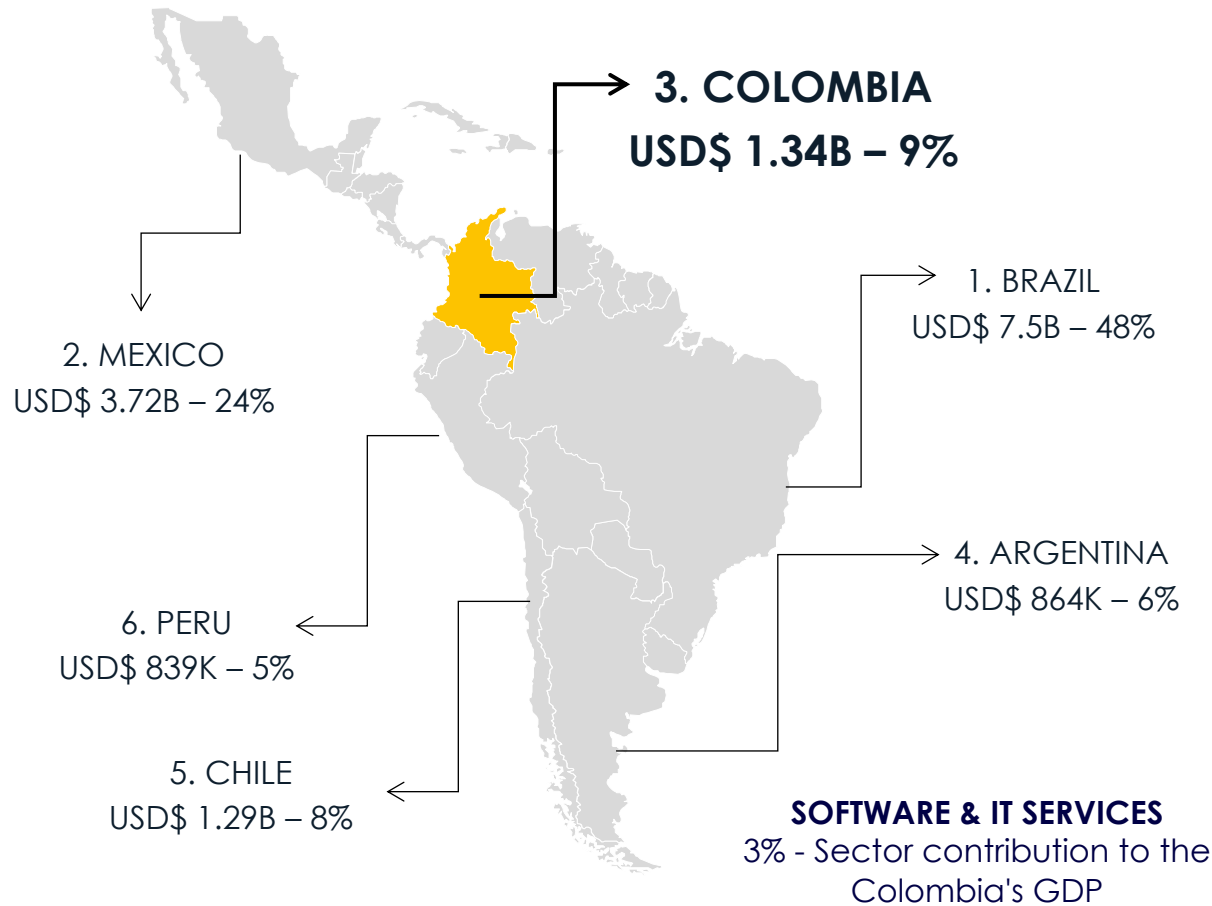
4 months ago Add comment

## ed Services Center in Medellín: 1,000 New

# Software Ecosystem in Colombia

## SOFTWARE REVENUE IN LATAM

2022



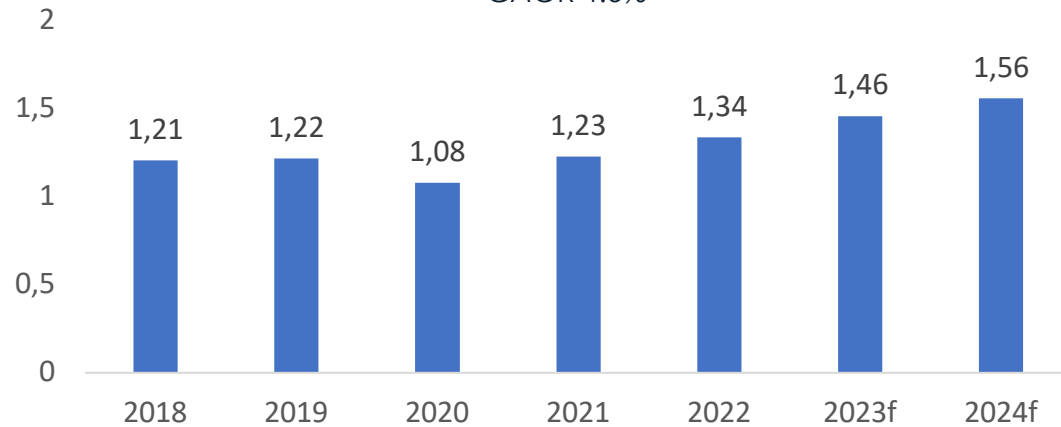
## IT Hub

# IT Software Market

## Revenue of the Software industry in Colombia

2018 – 2024f, USD\$ B

CAGR 4.3%



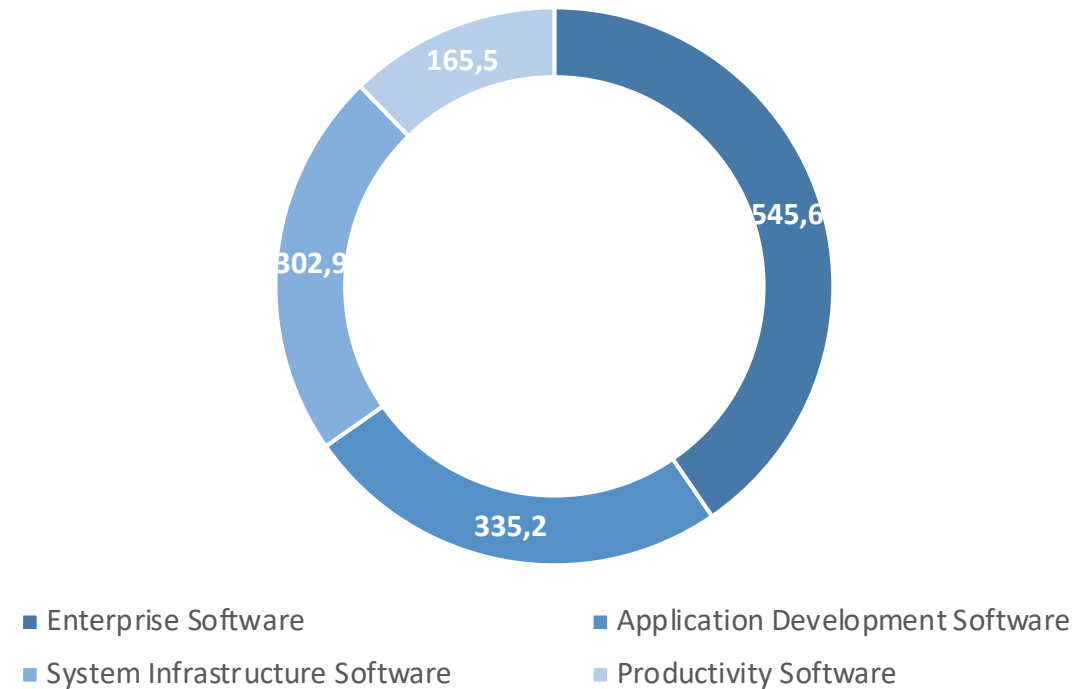
## Main investor countries for Software & IT (2016 – 2022)



## Revenue of the Software industry in Colombia

by segment

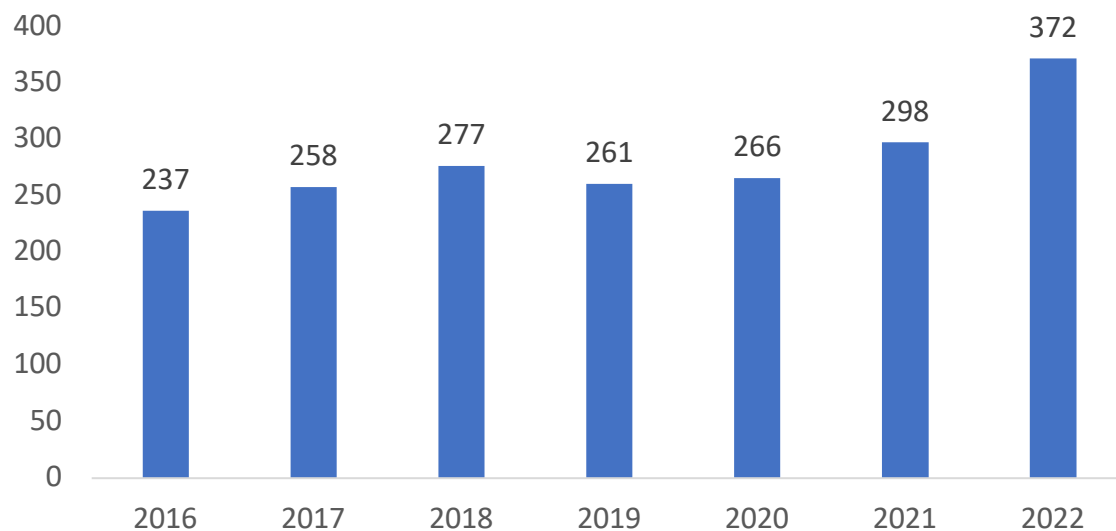
2022, USD\$ M



# IT Exports Market

IT Exports in Colombia  
2018 – 2022, USD\$ M

CAGR 7.8%



MAIN EXPORT DESTINATION COUNTRIES  
2022, Share %



USA – 33%



Spain – 8%



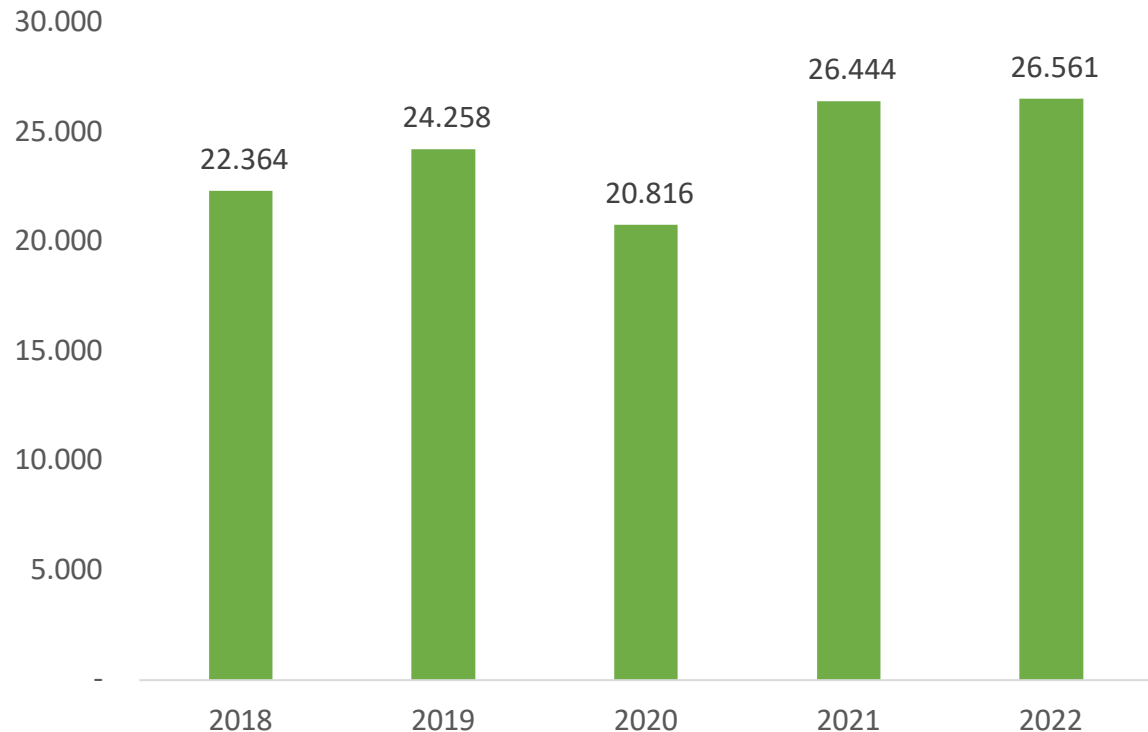
MEXICO – 5%



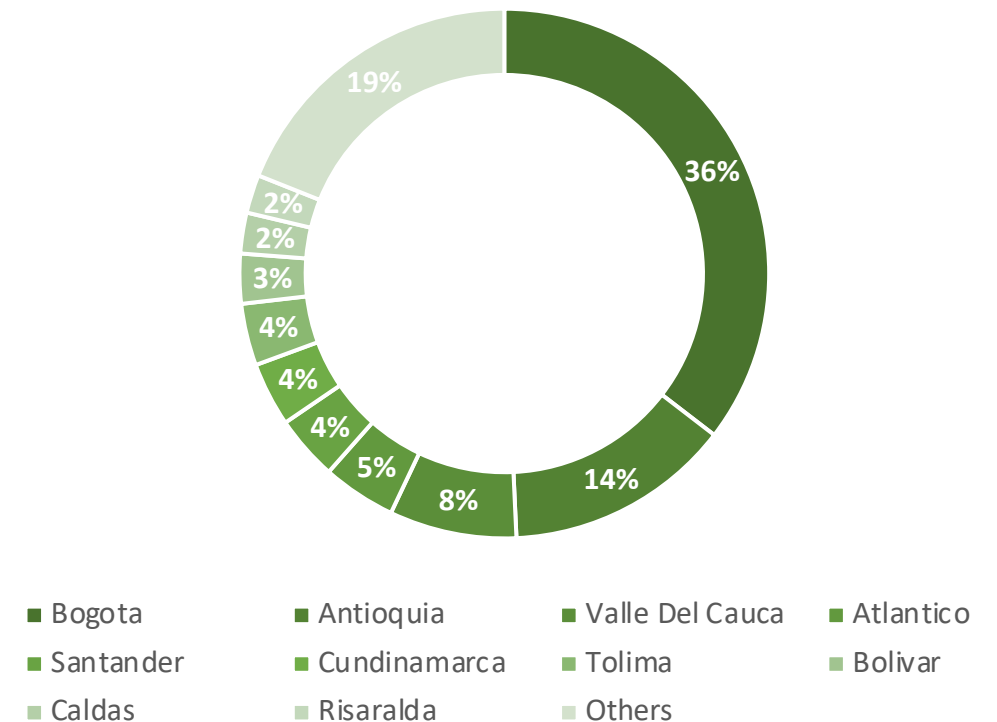
GERMANY – 5%

# Availability of Systems Engineer

Graduates in systems engineering,  
telematics and related areas  
2018 - 2022

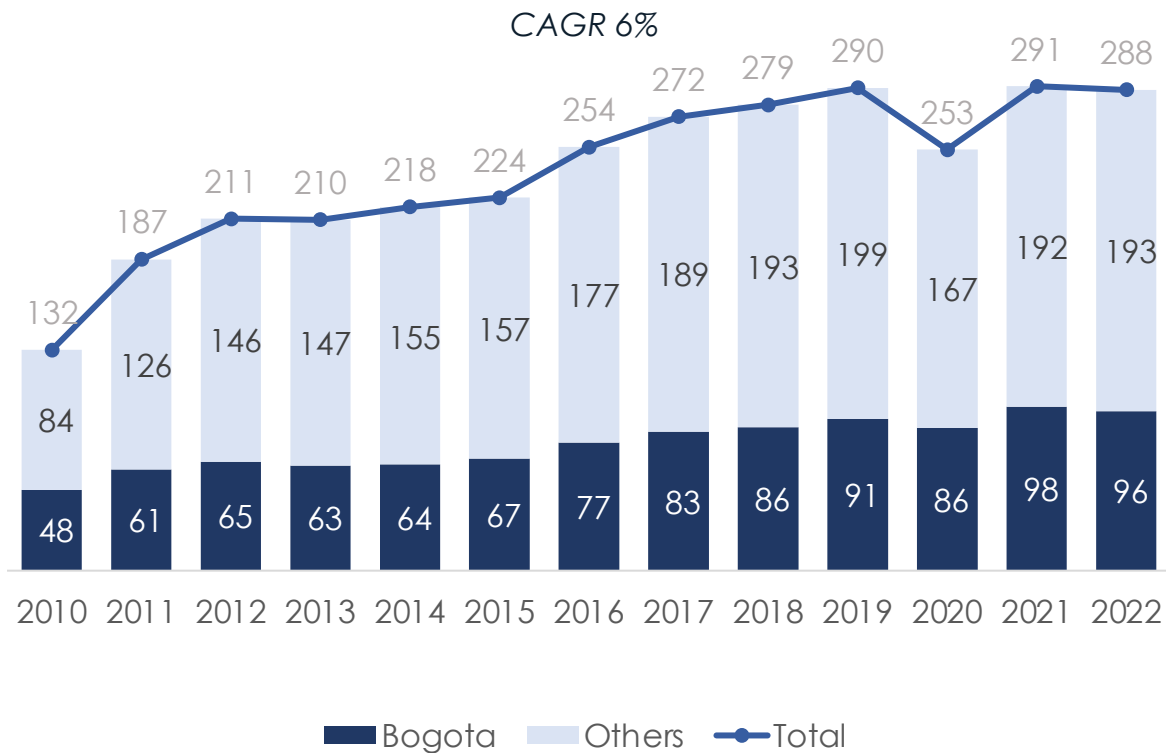


Graduates in systems engineering,  
telematics and related areas by region  
2018 - 2022, Share %

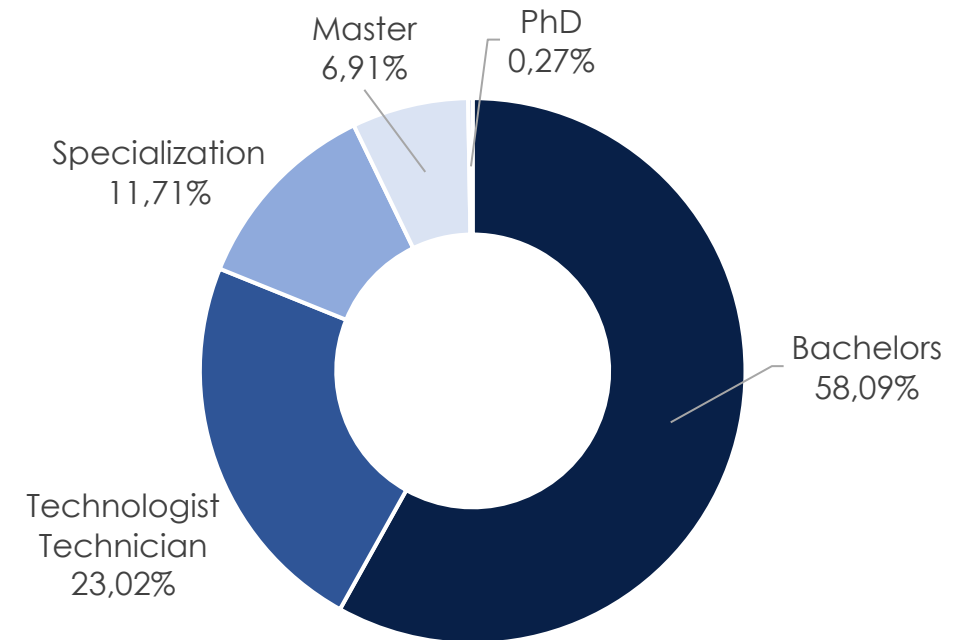


# STEM Talent Availability

**STEM Graduates in Colombia**  
2010-2022 (Thousand of graduates)



**STEM Degrees**  
%, 2022



# 5. Public Policies and Regulations





# In Colombia, there are great benefits for the establishment of operations

- ✓ Exempt income Orange Economy
- ✓ Investments made in research, technological development or innovation
- ✓ VAT exemption on the export of services
- ✓ Mega Investments
- ✓ Incentives for job creation
- ✓ Vallejo Plan in Services





# Colombia has a free trade zone regime with one of the most attractive incentive packages in the region.

Free trade zones are available throughout the country, especially near the country's main seaports and airports.



NUMBER OF PERMANENT FREE ZONES

41



NÚMERO DE ZONAS FRANCA UNIEMPRESARIALES

79



**01.** 20% rent rate in the Free Zone

**02.** No customs duties (VAT and tariffs) are levied or paid on goods introduced into the Free Trade Zone.

**03.** Goods of foreign origin introduced into the free zone may remain there indefinitely.

**04.** Possibility of exporting from the Free Trade Zone to third countries.

**05.** VAT exemption for raw materials, parts, inputs and finished goods sold from the national customs territory to Free Trade Zone users or between them.

Allows the recognition of a free zone anywhere in the country to a new legal entity for the development of an investment project of high economic and social impact.



# The Colombian government seeks to strengthen the Services sector through the implementation of new incentives & programs

## Law 2010 of 2019 - Article 108-5

With the inclusion of this new article, the following is sought:

Establish a deduction in the determination of income of 120% of salary payments (up to 115 UVT per worker) with respect to workers under 28 years of age linked to the labor market for the first time, after certification issued by the Ministry of Labor, this deduction will proceed during the taxable year in which the worker is hired.

## LAW 2069 of 2020 - Remote Work

Considering the new world circumstances, enable work beyond telework, in order to guarantee the generation of employment in the country, and the consolidation and growth of companies. The national government will regulate the matter. It has not yet been regulated.

(Migratory) The National Government will issue a special regime for the entry, permanence and work in the country of the so-called "digital nomads". Which include people dedicated to remote and / or independent work, including the modalities of telework, remote work and / or remote work. It is not yet regulated by the National Government.

## ICT Mission 2022 - 100 thousand developers

The Program seeks that by 2022, 100,000 Colombians have been trained in programming and software development, mainly in: AI, IoT, Cloud Services, Robotics and Management of relational databases.

Additionally, they will acquire knowledge in English and develop skills such as teamwork, perseverance and professional ethics.

## Bilingualism Program - SENA

The SENA Language Program is the Entity's response to the requirements of the productive sector regarding the training of its future workers in a foreign language or second language.

With this it is sought that workers have a better job performance, increasing the competitiveness and quality of service of their companies compared to their peers worldwide, especially in languages such as English, French and Portuguese.



# The Colombian government seeks to strengthen the Services sector through the implementation of new incentives & programs

## VAT exemption on the export of services

**VAT exemption with bimonthly refund for services that are provided from Colombia and are used or consumed exclusively abroad** by companies or individuals without business or activities in Colombia.

Also applicable to services related to the production of films, television, audiovisual content and software development; protected by copyright, which once exported are disseminated from abroad in the international market and can be accessed from Colombia by electronic means

### Requirements

- Be registered as an exporter of services in the RUT.
- Keep invoices or equivalent documents.

Keep at least one of the documents that prove the export of services.

Maintain the certification of the service provider in which it is stated to the importer of the service that the service was provided to be used or consumed exclusively abroad (except for film and television production services and software development).

The documents that prove the export of the service must contain the following information:

- Value of the service or way of determining it.
- Country where the service is exported.
- Description of the service according to the international classification.
- Name of the purchaser of the service and his address or residence abroad.



# Additional benefits of ZF Decree 278 of 2021

- The entry of used capital goods is allowed (without taking them into account to meet the investment requirement).
- Users acquire the quality of Foreign Trade Operators.
- Industrial users are allowed to establish commercial and administrative offices outside the Free Zone. (The goods will not be subject to the Free Zone incentives).
- *Intangible assets are computed as investment: Intangible assets will be recognized as part of the investment commitments (up to 20% of the new investment).*
- *Extensions: The maximum extension for permanent and special permanent free zones is equalized in 30 years.*
- *Conversion: The possibility is created that the special permanent free zones for services can become permanent free zones, qualify users who provide services, such as science, technology, innovation, culture and knowledge, among others.*
- *Initial investment: Compliance with investment commitments may be accredited from the date of request for declaration up to 20%.*
- *Non-neighboring areas: Free zones are authorized to add non-adjacent areas to the originally declared space, provided that said areas are in the same municipality or in neighboring municipalities within the same customs jurisdiction.*
- *New activities for established FZs: The extension can be granted to other economic activities in addition to those originally declared.*
- *Electronic commerce: Users of goods and services may make use of electronic commerce, through the modality of postal traffic and urgent shipments. Sales made by free zone users over the internet will not be considered retail sales.*



# Colombia has 13 agreements to avoid Double Taxation



-  CURRENT
-  SUBSCRIBED IN THE APPROVAL PROCESS



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With over 25 years of business transformation experience, Auxis partners with leading services organizations to accelerate their end-to-end intelligent automation journey with UiPath. Through strategic roadmaps, Auxis aligns efforts with client priorities to maximize ROI and targeted outcomes. Auxis' unique delivery model leverages onshore and nearshore talent from Latin America for seamless collaboration. Auxis is a proud UiPath Gold Partner, UiPath Platinum Competency Partner (based on number of certified automation professionals), and UiPath Professional Services Certified. To learn more, visit [www.auxis.com](http://www.auxis.com)