

May 2009

Guest CEO Editorial


THOLONS

Advisory • Investments • Research



Abed Shamlawi

CEO, int@j

Abed Shamlawi is the CEO of Information Technology Association of Jordan (Int@j) and has extensive experience in leading ICT sector development and assisting public and private sector entities develop their ICT strategies and envision efficient use of technology in order to increase business efficiency, he also managed large scale public and private ICT related projects.

Through his vast experience, his academic background, and his wide skills, he initiated and managed strategic collaboration across and among the different sectors and components under the USAID-funded AMIR Program to facilitate the development of critical ICT projects across Jordan such as supporting the Central Bank of Jordan ICT systems modernization, Jordan Customs ICT systems modernization and the development and implementation of the Jordanian Trade and Investment Information System. He also initiated, supervised and assisted in the development and implementation of some of the high profile strategies in Jordan including an ICT investment and promotions strategy, an ICT sector strategy, a new structure and strategy for the National Information Technology Center, Jordan e-Government strategy, Saudi e-Government Program Strategy, and the Aqaba Special Economic Zone ICT Strategy.

In addition to leading several ICT initiatives, Mr. Shamlawi is also considered as a lead engineer for infrastructure and applications consolidation, integration and implementations since he has played a major role in defining the requirements and optimizing the infrastructure architectures and providing advices on short and long term infrastructure investments.

Jordan has the unique capability of catering to multiple markets due to its strategic location; it is not only an excellent nearshore destination for the MENA region, but also for the large buyer markets of Western Europe and North America

Jordan: SmartShore Destination

Global Economic Slowdown has prompted the world to look at cost savings and development of other markets more seriously than ever before. Jordan has appeared as one of the most attractive locations in the region, proving to be a gateway to the prosperous Middle East Market.

ICT history and growth in Jordan has been promising to say the least, placing "Outsourcing" as a major growth catalyst both locally and regionally. In Jordan we believe that a solid value proposition that focuses on quality service combined with lower costs are available and will no doubt be a winning formula.

From a Middle East and Africa perspective, the following characteristics have contributed to the growth of outsourcing in the region:

- Untapped and low-cost labor pool
- Government aided infrastructure and economic development
- Middle East seen as a nearshore destination for MENA and European clients
- Growth of domestic consumer markets

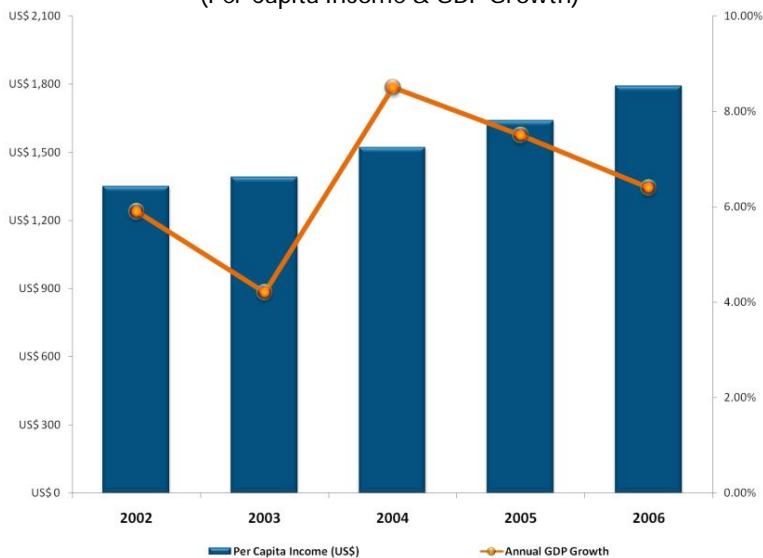
Amman, the capital city of Jordan is considered an emerging outsourcing destination by industry experts globally. We also believe that we are well positioned to recoup outsourcing investments, from near and offshore clients. Our country has been undergoing political and economic liberalization policies as well as witnessing full legislative reforms - which when coupled with major investments in the country's ICT infrastructure yielded competitive results. Our human capital that was trained and developed through a globally minded education system with emphasis on western language instruction has strengthened our prospects of success in this sector.

Jordan also has the unique capability of catering to multiple markets due to its strategic location; it is not only an excellent nearshore destination for the MENA region, but also for the large buyer markets of Western Europe. The country doesn't just limit itself to being a nearshore destination though; it has the capability to successfully tap the North American market - due to its skilled labor force with excellent education and commercial sophistication which have been cited by various vendors consistently during quality monitoring exercises. Jordan also positions itself as an attractive contact center destination.

In recent times, Jordan's public and private sectors have made efforts to encourage both onshore and offshore contact center investment in the country. Some of the catalysts to the sector are political stability and economic liberalization in the country. A constitutional monarchy, Jordan has an executive branch in place that is formed of a prime minister and cabinet chosen by the King. Since 1989, Jordan's rulers have maintained regular parliamentary elections for a house of assembly and have made significant efforts to ferment political liberalization.

Since 1999, there has been a significant movement towards liberalization, attracting foreign investments successfully. Some of these initiatives have included fostering opportunities with other countries (such as a free trade agreement with the US), ascension to the World Trade Organizations and participation in the European Free Trade Association. In addition, the country has instituted a privatization program that has also done much to reassure foreign investors. Success has been evident as both overall GDP and per capita income over the past several years have improved.

Jordan: Improving Macroeconomics
(Per Capita Income & GDP Growth)



The overall ICT picture is defined in the National ICT Strategy to have three high-level strategic objectives to be achieved in five years:

- Increase the size of the ICT sector to US\$3 billion
- Increase employment in the ICT sector to 35,000
- Increase internet penetration to 50% of the population

Within this concept, Business Process Outsourcing (BPO) was one of the main sectors identified with great potential to support achieving those objectives. Jordan has also successfully been able to create excellent infrastructure and connectivity for the sector, the Irbid Development Area for example is ideally equipped for BPO business, from the “hard” infrastructure of world-class utilities and telecommunications connectivity to the “soft” infrastructure of the Development Areas law. This is expected to promote the BPO sector with distinct comparative advantages. Jordan has also emerged as one of the key locations in the Middle East for foreign investors to access the prosperous Gulf region. This has much to do with expansions at international access points such as the US\$284 million construction of a new terminal at the Queen Alia International Airport.

Jordan has also taken some rapid strides on the education front, which reflects in a number of key indicators including a literacy rate of 89%, 5,300 operating primary and secondary schools, as well as 18 universities from which approximately 30,000 graduate each year. Areas of particular strength among Jordanian graduates include business, engineering and healthcare/pharmaceuticals. The pricing is also very attractive with offshore agent’s price per hour ranging from US\$12 – 15, depending on the function and vertical. Also considering Jordan’s reported low levels of attrition and limited unionization, it is unlikely that these prices will appreciate significantly in the near to medium term. It also may be

noted that Arabic services are priced at approximately US\$10 per agent per hour, a very competitive rate for the Gulf region.

Contact center investors interested in Jordan have a number of incentives which they can avail. The most notable ones include (but are not limited to):

- Up to 75% income tax and social service levy abatement for 10 years, depending on the location of the investment
- Customs and sales tax exemptions on fixed assets provided that they are imported into Jordan within 3 years of incentive approval
- Training subsidies, which have been modeled after the successful initiatives in Central & Eastern Europe

In 2007, A.T. Kearny ranked Jordan an impressive 14, on the list of most attractive locations for BPO. The study took the following parameters under-consideration, 'Financial Attractiveness', based on country's wages, 'Infrastructure and Taxes', accounts for 40% of the rating A.T. Kearney assigns to countries. The second factor is based on 'Availability of People and Skills', and the third factor is based on 'Business Environment' (country environment, infrastructure, cultural exposure, and security of intellectual property), each factor accounting for 30% of the total weight.¹

int@j along with USAID Jordan Economic Development Program (SABEQ) and other local and international private and public players and stakeholders are leading the integration and development of the BPO/ITeS Sector in Jordan to make it a globally competitive destination for outsourcing.

About int@j

int@j, the Information Technology Association of Jordan, is an (ICTES) industry-support association founded in 2000 with the aim of improving the dynamics of Jordan's ICTES market and developing the Kingdom's ICTES related activities. Membership is open to all companies operating in Jordan in the fields of software development, support, application, telecommunications, Outsourcing, BPO and ICTES services, value-added assembly and distribution of ICT products and services, and is also open to the suppliers and users of these industries, along with universities and other parties supporting ICTES training and promotion. The Association members range from the largest software developers to many smaller start-up companies, with int@j aiming at empowering, enabling and participating in their development through providing them with value added services; Sector & Members' Publications, Networking Events, Capacity Building Services, Marketing Activities, Advocacy and Corporate Services, in addition to many other initiatives and development events and forums.

¹ Source: IBID

For more information about Jordan, please visit:
ICTES Association of Jordan website (www.intaj.net)
Mafraq Development Corporation (www.kinghusseinzone.com)