

LATIN OUTSOURCING

IS BUENOS AIRES THE NEXT BANGALORE?

WHERE DOES AN INDIAN OUTSOURCING company go when it wants to outsource? These days, it's likely to be Buenos Aires. Believe it or not, software programming wages there are less than in Bangalore—about \$11 an hour, 15% lower, on average, than in India's high-tech capital. The same goes for call-center salaries, which are about \$1 an hour. The reason: Argentina's 2002 currency collapse caused wages to plummet by two-thirds.

Now that crisis, which nearly wrecked the country's economy, is offering a silver lining. In early July, Tata Consultancy Services, India's largest software exporter, formed a joint venture with Datco, an Argentine IT firm, to pool 200 people in Buenos Aires and elsewhere in Latin America to service multinational clients. "Argentina is a great source of engineering talent with attractive costs," says Mario Tucci, a vice president of TCS IberoAmerica, who oversees 380 consultants in Uruguay, Mexico, Brazil, and Spain. Adds Fernando Negro, software and solutions manager at Datco: "With Tata's scale and methodology, we can grow our local and global business."

TCS isn't the only software company piling into Argentina. PeopleSoft Argentina added a lab in Buenos Aires last year to tweak software headed to Asia and Russia, and it plans to double the staff there to 50 this year. Motorola added 80 employees at its cell-phone-software factory in Cordoba. And Oracle has beefed up its eStudio in Buenos Aires by 75 people in recent months. Overall, Argentina's IT-outsourcing revenue is expected to more than triple, to \$445 million by 2008, up from \$132 million last year, according to IDC, a technology consultancy. By then, in Latin America, it will lag behind only Brazil's \$1.7 billion and Mexico's \$816 million markets, but its expected annual

growth rate of 28% is by far the fastest in the region.

Argentina also far outpaces its peers in projected call-center growth. Today's 2,800 offshore-agent positions—desks where staff take or make calls—are pegged to triple, to 10,000, by 2008, according to IDC.



At call centers like this one run by EDS in Buenos Aires, business is growing by double digits.

"Argentina is the world's fastest-growing offshore call-center market of a comparable size," says Mark Best, an analyst at market research firm Datamonitor.

Programming wages in Argentina are \$11 an hour—15% less than in India.

Big call-center names in Buenos Aires include EDS, TeleTech, and Teleperformance. The latter's staff tops 1,200—all of them added since 2002—who mostly serve U.S. and European customers, in both English and Spanish. Among the companies they handle calls for are Microsoft and Motorola. AOL Latin America recently moved its Puerto Rican and Mexican call centers to Argentina, from where it now serves all three countries. It also answers online billing queries from AOL Germany customers, in German.

"Our call center in Argentina performed better than Mexico's at responding to technical queries, and in other languages," says Monique Skruzny, a vice president at AOL Latin America. "There's an abundance of multilinguals here."

In the long run, Argentina's offshoring sweet spot may be in multilingual call centers, as it faces off against China, Hungary, and the Philippines in the fight for such jobs. Argentina is said to have access to more multilingual people than any other

country in Latin America. Humberto Pato Vinuesa, the general manager of Atento Argentina, a Buenos Aires call center that employs 3,000 people—many of them college students or recent graduates—reckons that one of every three job applicants for bilingual positions in Argentina is actually bilingual, compared with one in 1,000 in India.

Companies such as Bank of America are targeting U.S. Hispanics for mortgages and credit cards. And having truly fluent bilinguals allows call-center companies to target households in, say, Miami with one call. "We want to serve the U.S.'s 40 million Hispanics—that's more than Spain," says Vinuesa. "With up to 30,000 bilingual people around Buenos Aires, we are unstoppable." — Carolyn Whelan