Export of Services from Sri Lanka

Janaka Ratnayake
Chairman & Chief Executive
Sri Lanka Export Development Board
Sri Lanka
Pearl of the Indian Ocean

Area: 65,610 sq.km.

432 km North to South

224 km West to East

Population: 21 million

Per capita GDP: US $ 2,800

GDP growth rate: 8%

Exports: US$ 10,017 mn in 2011

Imports: US$ 20,200 mn in 2011

Literacy Rate: 91.4%
To make Sri Lanka an

ICT Knowledge Hub

“To take the dividends of ICT to every
- Citizen
- Village
- Business

To transform the way government works”

To generate US$ 1 billion by 2015
Sri Lanka’s GDP Growth 2007 - 2011

Value in Rupees Billions

Year
2007
2008
2009
2010
2011

Growth Rates
6.8%
6%
4%
8%
8.3%
Importance of Services Sector to Sri Lanka

Share of Services in GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>US $0.4 bn</td>
<td>19%</td>
<td>45%</td>
</tr>
<tr>
<td>1977</td>
<td>US $0.2 bn</td>
<td>31%</td>
<td>36%</td>
</tr>
<tr>
<td>2000</td>
<td>US $1.2 bn</td>
<td>19%</td>
<td>41%</td>
</tr>
<tr>
<td>2011</td>
<td>US $1.7 bn</td>
<td>19%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Source: Central Bank of Sri Lanka
Sri Lanka’s Exports 2003 - 2011

Value in US $ Million

Years

2003 2004 2005 2006 2007 2008 2009 2010 2011

4932 5573 6164 6766 7654 8175 7122 8307 10017
Sri Lanka
Export Development Board

The Apex body for Development & Promotion of Exports

Increase exports
US$ 20 billion -2020

Focus on 7 products sectors

Image of Sri Lanka – Nation Branding

Groom SME’s for export across the country

Trust Sectors

- GARMENTS
- TEA
- GEMS & JEWELLERY
- PROCESSED FOOD
- SPICES
- ICT/ SERVICES
- RUBBER
Proportion of Services Exports

Source: Trade Map

Services Exports – Sri Lanka
Five Focused Services

IT Enabled Services

- ICT / BPO & KPO
- Financial Services
- Legal Services
- Construction related Services
- Health Services
Sri Lanka ranks among the Top 25 Global Services Location Index in 2011.

Index ranking:
- 1–10
- 11–20
- 21–30

(1) Financial attractiveness
(2) People and skills availability
(3) Business environment

Source: A.T. Kearney

“Sri Lanka - World class solutions that make a difference”
ICT/BPO Industry Growth

- US $ 400 Mn in 2011 to US $ 1 Billion by 2015
- Top Revenue earner for Sri Lanka by 2020

**ICT /BPO Export Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>IT Revenue US$ mn</th>
<th>BPO Revenue US$ mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>121</td>
<td>51</td>
</tr>
<tr>
<td>2007</td>
<td>155</td>
<td>58</td>
</tr>
<tr>
<td>2008</td>
<td>193</td>
<td>64</td>
</tr>
<tr>
<td>2009</td>
<td>234</td>
<td>78</td>
</tr>
<tr>
<td>2010</td>
<td>394</td>
<td>98</td>
</tr>
</tbody>
</table>

Source: SLASSCOM
Sri Lanka’s Strengths in the Service Sector

- Literacy Rate – 91%
  Highly educated, English speaking work force.

- sophisticated technical skills
  Annual output of ICT graduates + 5,500
  80% Software engineers are graduates

- Niche in Finance & Accounting outsourcing
  40,000 Accountants annually produced

- 89th in Ease of Doing Business
  53rd position in Trading Across Borders

- Attractive incentives for Investors
  15 yrs tax holiday
Challenges for Sri Lanka’s ICT / BPO Sector

- Poor international visibility as an ICT destination
- Relatively high cost of infrastructure
- Lack of capital for technology
- Emerging new competitors - East Europe, South America
- Inadequate niche markets – eg: LSE
- Inviting large competitors eg: India for Collaborations, Joint Ventures
• Dedicated Division at EDB for the promotion of Services

• Sri Lanka ICT /BPO/ KPO sector profiled by AT Kearney

• Export Value Survey of companies by Price Water Coopers

• Sri Lanka Pavilions at
  - CeBit – Germany
  - GITEX - Dubai
  - CommunicAsia – Singapore

• Business networking meetings in South Africa, Kenya,
• CEO Forum
• Online promotions - [www.srilankaictelectronics.com](http://www.srilankaictelectronics.com)  
  [www.srilankaservicexports.com](http://www.srilankaservicexports.com)

• PR Campaigns, Branding ‘Sri Lanka ICT /BPO
• Develop soft skills
Ranked among top 25 in the AT Kearney Global Services Location Index (GSLI) in 2011. Ranked number 5 in financial attractiveness, ahead of India, China and all of CEE.

Gartner's 30 leading locations for offshore services (2010-2011). Included among the top 10 in Asia Pacific.

12th in the top ranking destinations in IBM Global Location Trends Report.

Ranked among the top 10 emerging global destinations by Global Services Magazine.
Partnering with a Sri Lankan based company has been refreshingly straightforward and we have been impressed by the warmth of our welcome and the quality of highly educated talent working at MillenniumIT. Our presence in Colombo provides us with an important footprint in Asia.

David Lester
Director of Information Services
We remain committed to, and confident of, the future of our HDPL operations in Sri Lanka, and look forward to playing our part in the development and prosperity of the country.

Rumi Contractor
CEO, HSBC Global Resourcing Ltd.
“The availability of top tier talent and the low cost of operations in Sri Lanka made it a logical choice for our company.
We started working in Sri Lanka in 1997 recruiting just 26 graduates in the first year, since then we have grown to 635. Sri Lanka offers us a great base to expand into Asia “

Alastair Sorbie
CEO/President, IFS
Thank You

Janaka Ratnayake
Chairman & Chief Executive
Sri Lanka Export Development Board

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