

Talking Points of Mr. Md. Sabur Khan, President, DCCI in a business meeting with the delegation of Confederation of Indian Industry (CII).

Date: 26 August, 2013 Time: 12:30 p.m. Venue: DCCI Auditorium (5th Floor), 65-66 Motijheel C/A, Dhaka 1000.

1. Greetings from DCCI: On behalf of Dhaka Chamber of Commerce and Industry (DCCI) and on my own behalf I would like to express my sincere thanks and gratitude to Mr. S. Radhakrishnan, Leader of the delegation of Confederation of Indian Industry (CII) and other members of the delegation for visiting DCCI.
2. About DCCI: Let me first introduce Dhaka Chamber of Commerce and Industry (DCCI). DCCI is the largest and active chamber of Bangladesh having more than 14,000 members which represent a cross section of importers, exporters, manufacturers and other small and medium enterprises (SMEs). About 80% of DCCI members are Small and Medium Enterprises (SMEs). The basic functions of DCCI relate to promotion and development of the private sector of Bangladesh and strengthen bilateral trade and economic cooperation with international partners. It signs Memorandum of Understandings (MoU) with foreign chambers, arranges bilateral business meetings, B2B networking meeting, catalogue show and other business meetings and seminars, symposiums to promote trade, business and investment. Besides these activities, DCCI has taken up various programs and services and specialized projects in cooperation with international donor organizations for extending services to its members and build capacity of the private sector to face the challenges of globalization and to exploit the emerging opportunities of international business.
3. IT and ITES industry of Bangladesh: Information Technology in Bangladesh has crossed a long road over the last few decades. Young entrepreneurs are one of major driving forces for growing ICT industry of Bangladesh. In transforming Bangladesh into 'Digital Bangladesh' ICT is playing the most important role. According to a survey conducted by Bangladesh Association of Software and Information Services (BASIS), there are over 800 registered software and ITES companies in Bangladesh and few hundred of unregistered small and home-based IT ventures doing their business in both local and international markets. The total size of IT industry is estimated to be around Tk. 1,800 crore (US\$ 250 million). Approximately 30,000 professionals, majority IT and other graduates, are employed in the industry. Currently, software and IT service export is one of the top 15 export items of Bangladesh with an export of more than \$100 million in the last fiscal year.
4. IT and ITES opportunities in Bangladesh:
 - a) Bangladesh: Destination for Business Process Outsourcing (BPO): Bangladesh has got the potential to be the next destination for business process outsourcing (BPO) because of its large number of young, talented people with an increasing number of IT graduates and comparatively lower service costs. In Bangladesh, BPO costs 40 percent lower compared to India and the Philippines.
 - b) Cloud computing and Bangladesh: Now many entrepreneurs of Bangladesh are showing their interest about adopting the cloud computing in their business. In 2013 few IT entrepreneurs of Bangladesh joined the Oracle Cloud World 2013 to look for

new solutions to serve their clients more efficiently and sustain in the competitive businesses.

- c) **Mobile Apps Development in Bangladesh:** Mobile phones are the most popular means of information exchange and communication in the world now. By February 2013, there were almost 6.835 billion mobile SIM owners around the globe. By April 2013, there were most 101.205 million mobile owners in Bangladesh, with 66.36% mobile penetration which is increasing by 10% each year, making it the 12th most

mobile-friendly country in the world. As the number of mobile application users is

increasing worldwide, the effect is felt in Bangladesh as well. According to Bangladesh Telecommunication Regulatory Commission of Bangladesh (BTRC), more than 25 million people of Bangladesh use the Internet via mobile phones. According to the website of Bangladesh Software Association, around 81 registered companies, out of all IT companies in the country, have the capacity to develop mobile applications.

- d) **Outsourcing industry of Bangladesh:** Bangladeshi IT and ITES companies have already made their footprint in global outsourcing market and are exporting to Europe, North America and East Asian countries. As per KPMG Pay Scale Analysis report, the entry level Bangladeshi IT personnel average salary is over 50% cheaper than that of other Asia-Pacific countries like India, the Philippines, Malaysia, Sri Lanka, Thailand and Vietnam etc.

5. **Challenges to Tapping the Potential:** In transforming Bangladesh into 'Digital Bangladesh' ICT is playing the most important role. We all know IT industry of Bangladesh have not flourished according to its potential. The export value is still meager compared to other outsourcing countries in the region. As reasons behind this performance, IT industry experts have identified a number of problems. These are: shortage of qualified IT resources; lack of proper infrastructure; absence of international branding & marketing activities etc.

a) **Intellectual Property Rights**

IPR protection is a particularly important issue in outsourcing where vendors have access to sensitive data. Vendors in Bangladesh have adopted strict security measures to prevent customers' intellectual property from falling into wrong hands. Government needs to take measures through enactment of new IP Act.

b) **Lack of marketing prowess**

One of the major reasons for the IT/ITES vendors having limited growth is the lack of branding and marketing. Most vendors have grown in the existing client contracts, but have shown limited success in signing up new clients. It is thus difficult for a multinational sourcing manager to find many Bangladeshi Vendors offering services readily.

6. **Joint initiative in IT infrastructure development of Bangladesh:** Confederation of Indian Industry (CII) and DCCI can work together in bringing together the stakeholder in the IT Sectors of Bangladesh and India and share the best experiences of IT experts of both the countries.

I am also very happy to know that the delegation has showed their interest to set up a 'skill development institute' in Bangladesh partnering with the government of Bangladesh which would be useful for industrial training for engineering, construction and other fast-growing sectors of Bangladesh.

7. Advantages of Bangladesh IT market in investment:

a) **Availability of skilled IT professionals:** Bangladesh demographics provide a constant supply of resources at competitive costs.

b) **Language Skills:** Bangladesh offers a ready pool of English speaking resources.

c) **Growing Education -Industry linkages:** Bangladesh based companies-both domestic and multinationals, have build strong relationships with various Universities in the country to tap and train talent at the sources. Finishing schools to bridge the skill gaps between academia and industry are also coming up, allowing ready resources availability.

d) **Low Total Cost of Operations:** Physical resources and attractive taxation policies help lower the total cost of operations compared to the other outsourcing destinations.

8. Recent Initiatives of DCCI in Trade Facilitation:

DCCI Help Desk: In order to support the business community at home and abroad and facilitate investment process, DCCI has established DCCI Helpdesk at its own premises. The business communities at home and abroad are now getting services regarding registration, trade, commerce, business and investment from this help desk. The investors from all over the world can use DCCI help desk as 'first point of contact' in getting required information of investment in Bangladesh.

DCCI Entrepreneurship and Innovation Expo-2013: DCCI has also taken a noble initiative to create 2000 new young entrepreneurs throughout the country in cooperation with Bangladesh Bank has organized "DCCI Entrepreneurship and Innovation Expo-2013" during 1-2 November, 2013.

NRB for Positioning Bangladesh: In order to bring huge potentials of Bangladesh to the Non Resident Bangladeshi (NRBs) to invest in various potential and productive areas, DCCI wants to create a strong relationship with the NRBs and support them to invest in Bangladesh. The Chamber is going to hold an event namely "NRB for Positioning Bangladesh" in Dhaka this year.

Md. Sabur Khan
President, DCCI
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