



Special Report

Xi'an – China's Western BPO Capital

Today, a modern and vibrant Xian, home to the ancient Terra Cotta Warriors, has a new army: visionary leaders, entrepreneurs and graduates who plan to make their mark in the BPO marketplace.

This emerging BPO Capital has low cost, abundant labor, and competitive incentives. How well does it compete in the global marketplace?

Written for global decision makers who have BPO sourcing on their agenda, and any student of China's emerging BPO / ITO capability, this independent review examines Xi'an's role as a valuable, global BPO destination and it incorporates a Special Report on the Second Xi'an – China International BPO Forum.

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Synopsis

Since the Second China Xi'an BPO International Forum in October 2005 which welcomed over 250 Chinese and International delegates to Xi'an and gave impetus to the country's drive to build greater BPO capability and capacity; the Forum also gave leaders of Xi'an and Shaanxi Province the opportunity to showcase their determination to put Xi'an on the BPO and Outsourcing map, domestically and globally. The city of Xi'an continues to move forward with its BPO Agenda – appointing western media advisors, engaging internationally renowned experts, and committing funds to a major drive in the areas of marketing, promotion, investor's incentives, employee education, and process certification. In 2006, the Xi'an Hi tech development Zone and the Xi'an Software Park expect to comfortably exceed the previous years' intake of new international companies and investors.

A New Army in a Modern City: Xi'an, the cradle of Chinese civilization, home of the Terra Cotta Warrior Army is a city of that has delivered landmark technological, scientific, and business achievements alongside its reputation as a city of major historical and cultural importance. And Xi'an now has a new "Army of Warriors" – the bright and enthusiastic graduates from Xi'an's many universities, the successful Chinese business leaders from home and abroad and far sighted senior Officials of the Xi'an and Shaanxi Administration – who, together, form a challenging, invigorated, and passionate force. These managers and entrepreneurs have, in the past three years, opened some 300 new ITO and BPO businesses serving overseas and domestic markets from Xi'an Software Park and have created a center of innovation, creativity, and service in many fields.

Xi'an's history blends with the contemporary in this hugely successful west China city. Xi'an boasts leading edge industries, modern infrastructure, and an attractive life style for its city dwellers and visitors alike. Already home to China's largest indigenous BPO Company, Xi'an is determined to become one of the world's BPO capitals.

City is investing: In the past two years Xi'an has spent US\$1.5bn on major infrastructure development; Xi'an's international airport has been totally refurbished; in September 2005 the airport announced through services to London, Paris, Frankfurt, Los Angeles, and San Francisco; and new highways have been built. All this is turning the city into a major success story. In the 1990's Xi'an faced a "brain drain", talent was emigrating to the costal cities and Beijing and the city faced a difficult period. Fortunes have now been reversed, in the past two years there has been an increase in inbound investment and a net positive in flow of highly qualified talent. One reason for companies to locate to Xi'an is cost: Xi'an's costs compare very favorably with other low cost locations – vis-à-vis Beijing, the cost of living is about 50 per cent lower, and rental and overheads are at commensurately lower levels.

Xi'an is a leading academic center: Its 100 Universities and Institutes of Advanced Learning graduate student in subjects ranging from Computer Sciences to Biotechnology to Space Technology (sixty per cent of China's latest manned spacecraft – Shenzhou VI - originated in Xi'an's Research and Development Institutes). From its student population of 800,000, some 40,000 graduated in Computer Sciences in 2004.

Hi-tech Zone: Pride of place in the City is the 30 sq km Xi'an Hi-tech Industries Development Zone (XHTZ) which is one of China's premier centers for science and technology. It houses 7500 enterprises of which approximately ten percent are foreign funded, it includes manufacturers, research and development laboratories, a Science Park, a Software Park, and an emerging BPO industry. It has commercialized over 6000 technological achievements. In Xi'an, and in the High Tech Zone, Information Technology is considered to be a "Pillar Industry". The Xi'an Software Park, providing half million sq m of prime offices and software laboratories, has been approved as a National Software Industry Base and a Software Export Base. XHTZ has wide ranging incentives to attract business, and has succeeded in attracting organizations such as Intel, Fujitsu, Philips, Sybase, Nortel, Thoughtworks, Agilent, Kingdee, NEC, and Huawei.

Mr Jing Junhai, Director of Xi'an High-tech Industries Development Zone and the visionary leader of the city's nucleus of technological achievement, says "After 14 years of development, the High-tech Industries Development Zone has become an industrial development zone featuring rapid

development, an excellent environment, and it is the most thriving zone in China's west. It is an important window for the opening of Shaanxi Province and Xi'an."

Serious about BPO: Xi'an's is also determined to become a serious player in the BPO space (for both domestic and international businesses) and Xi'an's China International BPO Forum has, for two years, engaged established BPO players and experts to provide quality direction and to provide a forum for education and learning. This underlines Xi'an's determination to put the success of BPO alongside the burgeoning Hi-tech Industries Development Zone and the Xi'an Software Park. Xi'an's nascent BPO industry is not without success. Xi'an is home to China's largest, indigenous BPO Company – CompuPacific International. Also, in building BPO, Xi'an will include among its targets the financial services sector, which is seen to be one that will have a great need in the field of BPO. Xi'an will also position itself as the base for disaster recovery and data security within this sector - leveraging Xi'an's long history of no great natural disasters, stable workforce, and security.

Training: Recognizing it needs the correctly trained talent, Xi'an is planning post graduate and post college courses in outsourcing, business process engineering, and business process design, to complement its already broad curriculum.

Competitive destination: In every aspect, Xi'an is a competitive destination for investment and for outsourcing, whether serving Chinese or International Clients. While the "Xi'an" brand is, presently, almost singularly associated with the Terra Cotta Warrior Army and the World Heritage site, this highly focused "brand awareness" it is a tremendous asset and is something which can build on.

Supporting Government Policies: Xi'an's success relies to a great extent on the policies of the China Government to guide and support its own Strategic Agenda and Plans for Development. At a national level (as well as locally) the government has a desire to create globally recognized players in the ITO space and - with equal emphasis - the important objective of creating a major BPO industry in China: a BPO industry that can not only satisfy domestic clients but demonstrate an ability to play on the global stage.

It is widely expected that China's 11th Five Year Plan, to be ratified in March 2006, will support the ITO and BPO agenda and include: measures that will create not only a global force in ITO but in BPO as well; measures to introduce advanced training and development in China; continuation of the Chinese-India partnership – lending weight to ITO and BPO; and an incentive to create a major Industry body – equivalent to NASSCOM in India (though it will clearly embrace Chinese characteristics).

China can and will drive its ITO and BPO agenda forward. They have already started this course. It should be recognized that an indigenous BPO industry can be created rapidly by government directives that oblige major state owned enterprises to outsource business processes to existing or newly created BPO players; couple this to a policy to attract inbound expertise from the likes of Wipro, Tata, and Infosys, and put this expertise alongside that acquired from multi national BPO players who are already present (HP, EDS, Accenture, etc) and in a short time China may demonstrate that it has a significant BPO industry of its own. If these policies are simultaneously replicated at regional and provincial level, the growth rates in BPO may dwarf even some of the spectacular performances that China has shown the world in the past decade.

Xi'an drives forward: Within this national framework, Xi'an will rapidly develop its capability, capacity, and critical mass in BPO. The Xi'an authorities have drawn on world experts to acquire the advice necessary to create the strategic program which could take the city to a leading and flagship role in the world of BPO. Xi'an is demonstrating that it is on the right track.

Vice Mayor Mr Huang Xingshen has said: "Under the basic principles of the Government's direction we are ready to invest heavily in the BPO industry. The Xi'an Hi-tech Industries Development Zone will be the key player in the development of BPO and we will provide exceptional incentives. Government will protect and encourage BPO, we will ensure that we abide by Safe Harbor Legislation, create incentives, and raise funds. We will play a leading role in training special talent which is BPO specific and make up special programs to do this. This should provide the foundation for a global business as experience, success, and critical mass in the BPO market develops." Mr. Huang went on to say that he could see the opportunity for BPO in China, and Xi'an should, and would, grasp the opportunity to take a leading role.



Conference heralded a new dawn

The Second China Xi'an BPO International Forum which welcomed over 250 delegates from across China and from North America, Europe, and Australasia, was held in the Xi'an in October 2005.

The Forum saw China's National Government Representative, Deputy Director Shan Qingjiang¹, give impetus to the country's drive towards accelerating BPO capability and capacity.

The conference was also an opportunity for the leaders of Xi'an and Shaanxi Province to lay claim to being China's provincial center for BPO and to showcase their determination to put Xi'an on the BPO and Outsourcing map domestically and globally. Xi'an's Vice mayor said that Xi'an will invest heavily in the BPO industry to boost its growth, vice mayor of Xi'an Huang Xingshen promised to enterprises' executives and BPO experts at a round table conference at the 2nd China Xi'an BPO International Forum on Oct 27 "Guided by the basic principle 'big investment is the precondition for big output', we prepare to invest heavily in the BPO industry," said Huang Xingshen.

"Great changes have taken place in the city's infrastructures and appearance in the past two years. We will give development of BPO industry the same degree of efforts that we had given to basic infrastructure construction," Huang promised. The BPO industry is now moving from developed countries to less

developed countries, from coastal regions to inlands. Xi'an should seize this opportunity to grow its BPO industry bigger and stronger. The government in Xi'an will give preferential treatments to BPO enterprises to boost their development, Huang added.

The only questions that remain to be answered are how far and how fast can China's BPO growth program be driven; how successful will China be in capturing the share of global BPO pie; and how well will Xi'an fare in drawing in both domestic and international business?

Since the Forum the city has not stood still. It continues to move forward with its BPO Agenda – appointing western media advisors, engaging internationally renowned experts, and committing funds to a major drive in the areas of marketing, promotion, investor's incentives, employee education, and process certification. In 2006, the Xi'an Hi tech development Zone and the Xi'an Software Park expect to comfortably exceed the previous years' intake of new international companies and investors.

This special report, drawing on content and insight obtained at the BPO Forum, interviews with business and government leaders, and published documents and sources, provides:

- An overview of Xi'an and its extensive attributes as a significant business, education, and cultural center – qualifying it for global recognition beyond that of an important historical and tourist destination,
- Commentary on China's national policy context, within which Xi'an's success in the ITO and BPO space will be achieved, and
- The Strategic Agenda by which Xi'an can meet its Leaders' aspirations, business goals, and potential global recognition.

This paper distinguishes between ITO and BPO. While some commentary is provided on ITO it is recognized that China's role in developing their ITO market is comprehensively covered in many publications (including the companion

¹ Deputy Director, Ministry of Commerce of PRC Department of Scientific and Technological Development and Trade in Technology.

papers to this special report²) – and thus the primary focus of this paper is the potential for BPO in China in general and in Xi'an in particular. The audiences for such deliberations are

- global decision makers who have BPO sourcing on their agenda – thus bringing Xi'an objectively onto their radar,
- Local Xi'an Policy Makers and Businesses who have a desire to see Xi'an succeed in the emergent BPO sector – providing some additional thoughts and commentary to supplement the extensive work already carried out by Xi'an's Leaders, and
- any student of China – who should be aware that there are many facets to this Chinese city – history and culture is only part of the story!

² See “China Middle Kingdom, Center Stage” and “China – Global IT and BPO Leader” by the Author. Available on www.chinaobserver.cn or from www.temasys.com.sg

Xi'an – a modern city and center of technology against an historical backdrop

Today, Xi'an, the cradle of Chinese civilization, home of the Terra Cotta Warrior Army and, along with Rome, Athens, and Cairo, one of the four ancient capitals of the world, is a city of that has clearly put technological, scientific, and business success alongside its reputation as a city of major historical and cultural importance.

A new “Army” of the brightest

Xi'an has seen the emergence of a new force, a new “Army of Warriors”, where the infantry and cavalry comprise the bright and enthusiastic graduates from the Xi'an's many universities. This large and growing army is lined up with a cadre of officers who are successful Chinese business leaders and returning Chinese managers and entrepreneurs who bring western business concepts, experience, contacts, and commercial opportunities at home and abroad.

These managers and entrepreneurs have, in the past three years, opened some 300 new ITO and BPO businesses serving overseas and domestic markets from Xi'an Software Park.

This formidable army and its officer contingent have the support of far sighted and visionary Generals, the senior Officials of the Xi'an and Shaanxi Administration and Government. Together this new “army of warriors” forms a challenging, invigorated, and passionate force.

Building on the Local Government's initiatives of the past decade, which are now showing significant success, the current, strategies, programs, and plans of City's Leaders (Businessmen and Government officials alike) together with a positive “can do” attitude, will ensure the Xi'an – once one of the largest cities on earth and the cradle of Chinese civilization – will re-emerge onto the world map, this

time as a center of innovation, creativity, and service in many fields.

One of the vehicles for this new dawn is Business Process Outsourcing. Already home to China's largest indigenous BPO Company, Xi'an is determined to become one of the world's capitals in this boom sector of the Service industry. Xi'an is a location which China, and the global BPO marketplace, should clearly take note of.

As locations go, Xi'an has a significant and unique history and culture to underpin the modern accoutrements of a potential global city. Xi'an has a distinct identity, and after Beijing and Shanghai, Xi'an is one of the better known Chinese cities in the western world.

Xi'an's famed Terra Cotta Warriors, a World Heritage site, and an army of over 6000 full size and individual figures with their accompanying horses, is one of the most significant archeological discoveries of the 20th century. Molded in clay and fired, then set in battle formation, the Warriors and their horses, referred to as the 8th wonder of the world, were created over 2,200 years ago during the Qin Dynasty (221 BC - 207 BC). They were made and were buried less than a mile from the Emperor Qin Shi Huang's tomb to insure his glory in the afterlife.



The Terra Cotta Warriors' site is hugely impressive. The 16,000 square meter archeological arena is housed in a building in which would be capable of accommodating six or eight Boeing 747 aircraft and still provide room for an American football field.

Bringing two million visitors a year to Shaanxi province, the labors of the ancient Emperor's feudal kingdom is now providing financial rewards to the city, albeit 2000 years later.

Modern city – remarkable ancestry – major investment

The Terra Cotta Warriors brings “Brand Awareness” to this western city in China’s Shaanxi province. But the historical site is only part of the story. Billions of dollars of investment are poured into infrastructure development and the cities universities are crammed with aspiring and bright students many of who will remain in Xi’an to work in the Aerospace, Defense, Technology, Software and emerging BPO industries.

The city is making a determined effort to invest its own resources and those tourist dollars in a manner which will bring the world’s business dollars to the City and Region. For example, in the past two years

- Some US\$1.5bn has been spent on major infrastructure development to ensure that Xi’an becomes a welcoming, comfortable, and efficient city and that it is highly competitive as a destination (whether for tourism or business),
- Xi’an’s international airport, the third busiest in China after Beijing and Shanghai, has been totally refurbished,
- In September.2005, the airport announced through services to London, Paris, Frankfurt, Los Angeles, and San Francisco,
- The hotels of Renmin Square in the center of Xi’an have had a US\$80m, 800 room major facelift – an investment funded by the Shaanxi Government coupled to a management contract with the International Accor hospitality group. This complex now includes a major Sofitel hotel, a Sofitel Convention Centre, a Grand Theatre and two Mercure hotels.
- New highways have been built and significant monies been poured into utilities and environmental planning. \

An attractive location

In the 1990’s Xi’an, and the western provinces faced a “brain drain”, talent emigrated to the costal cities and Beijing. However, the fortunes of the West were of paramount concern to the then Chairman Jiang Zemin. He wanted to see a degree of equity in the geographic development of

China and was concerned about the western provinces being “left behind”. His launch of policies, which have now seen measurable success, under the umbrella of the “Great Development of the West” (Xi Bu Da Kai Fa)³ in 1999, has meant that fortunes have been reversed and companies in China and from overseas are recognizing the attractiveness of the west, and of Xi’an, in particular.

This inland city has, in the past two years seen an increase in inbound investment from MNCs and a net positive flow of highly qualified talent which has reversed the earlier brain drain.



Xi’an - excellent international communications

Not only is the city a favorable location in terms of environment – good weather and increasing cleanliness in a welcome respite from the inclement and highly developed northern cities – economic advantages are significant.

Mr Jing Junhai, Director of The Administrative Committee of Xi’an Hi-tech Industries Development Zone says that “Xi’an’s costs compare very favorably with other low cost locations. In comparison to Beijing, the cost of living is about 50 per cent lower. We can deduce that for companies locating in Xi’an, their cost (in terms of salary for workers and overheads) will be about 48% lower.”⁴

He also says: “We developed and built the Xi’an software park, so we control, for example, the office rental costs. Therefore

³ In Chinese written as: “西部大开发”

⁴ Press conference 26th October 2005, Xi’an

we can help incoming and existing companies control their cost, and we provide other incentives in order to provide other ways to control overall overheads.”

Development complex in the cities Hi-tech Industries Development Zone.

No shortage of talent

Critical to the city’s business future is the investment in education and productive capacity. Clearly, for the entrepreneurs of the Hi-tech Zone, the Xi’an Software Park and the emerging BPO complex, there is no shortage of talent.

In education, Xi’an steps forward as one of the leading academic and educational centers in China. With close to 100 Universities and Institutes of Advanced Learning, and 800,000 students (in a total population of seven million) you could be forgiven if you felt you were in Boston or Cambridge, Massachusetts in the USA!

There are forty three universities including the prestigious Chang’an, Xi’an Jiaotong, and Northwest Universities, and a population of academics from the Chinese Academy of Science. Specialist universities abound with subjects ranging from the ubiquitous Computer Sciences (which graduated 40,000 software engineers in 2004) to Biotechnology to Space technology.



Shenzhou VI – rises on historic flight

Xi’an’s claim to the space frontier

In Space Technology, it is a noteworthy fact, and an accolade to Xi’an’s talent pool, that sixty per cent of China’s latest manned spacecraft – Shenzhou VI - originated in Xi’an’s Research and

Xi'an Hi-tech Industries Development Zone and Xi'an Software Park.

Productive capacity has been driven forward in the shape of the city's Hi-tech Industries Development Zone and the Xi'an Software Park – major undertakings which are shaping Xi'an's future.

The 30 sq km Xi'an Hi-tech Industries Development Zone (XHTZ) established fifteen years ago has grown to become one of China's premier centers for science and technology. Almost half Xi'an's Universities and Centers for Higher Learning are situated in the XHTZ.

The Hi-tech Zone prides itself on minimizing bureaucracy. All matters concerning examination and approval of projects, land transfers, real estate matters, personnel and labor, social insurance, residential permits, business and company registration, and taxation is dealt with in one place! Services for investors (financing, loan guarantees, talents exchange, technology exchange and transfer, "incubation" of projects, policy advisory service, advisory service for ISO9000 certification, accounting, auditing, notarization, and lawyers) are provided effectively by a "one stop shop policy" of centralizing these services in the Zone.

The Zone now houses some 7500 enterprises of which approximately ten percent are foreign funded, includes manufacturers, research and development laboratories, a Science Park, a Software Park, and an emerging BPO industry.

Xi'an Science Park, is a state-run national -level district and the only international science park in central China. It has

emerged as an industry hot spot for advanced research which promotes an integrated approach to knowledge based industries infused with both science and technology. It has become a chosen destination among the nation's' young scientists as a career location.

Xi'an Software Park –National recognition and strong foundations

Information Technology is considered to be a "Pillar Industry" of the XHTZ. The Xi'an Software Park, which has nearly half million sq m of prime offices and software laboratories, was established in 1998 and has received national recognition. Under the leadership of Mr.Jing Junhai, Director of Xi'an High-tech Zone and Mr.Mao Ailiang, Director of Xi'an Software Park, it has advanced to become one of the countries most valuable assets. and It was authorised as:

- a national software industrial base under the Torch Project by Minsitry of Science & Technology in 1999;
- one of the Top10 national software industrial bases jointly by State Development & Planning Commission and Ministry of Information Industry in 2001;
- one of the Top5 national software export bases jointly by State Development and Planning Commission, Ministry of Information Industry and Ministry of Commerce in 2003;
- one of the two experimental bases of State Development & Planning Commission and Microsoft Electronic Classroom.

In creating the Software Park and developing attractive investment and business development policies, the Senior Officials of the Xi'an and Shaanxi Administration and Government did not



stint when it came to getting the appropriate advice; McKinsey and Co and Gartner have provided advice on strategies for the development of the Software Park and the City's software industry, and the Senior Officials also pulled in heavyweights from IBM, Microsoft, Sybase, Oracle, Intel and Borland, to ensure the latest technological environment.

Critical to the success of the Xi'an Software Park, the Shaanxi Government authorized the XHTZ to implement wide ranging incentives to attract business, including a series of special incentives, measures to ease administration and ease the granting of import / export licenses (i.e. self licensing), the setting of a specific agenda to invest in educational exchanges, contemporary and advanced technology, high capacity communications, internationalization, and a broad set of financial and tax incentives. And the XHTZ continues to receive its share of investment dollars and further plans for expansion are being considered.

Positive results

Quality advice and the above policies are beginning to bear fruit: the Software base has attracted organizations such as Intel, Fujitsu, Philips, Sybase, Nortel, Thoughtworks, Agilent, Kingdee, NEC, and Huawei to its 100 acre campus where both R+D and production facilities have been established. International and overseas representation can be found from Canada, Germany, Japan, Spain, Taiwan, and USA.

Although it came on stream later than many of China's other major Hi-tech Zones and Software Parks, Xi'an now ranks fourth behind Beijing, Shanghai, and Shenzhen, and ahead of Dalian, in number of corporations, revenues, and employees.

Companies on the campus include two listed companies (Butone and Canozoic), and over 60 medium to large scale businesses⁵.

At the close of 2004, the Software Park's 530 enterprises, employed 42,000 people,

⁵ Defined as over 100 employees

and were generating revenues of over US\$750m from products and services, including over 800 varieties of products in the military, national defense, finance, securities, insurance, taxation, telecom, transport, public security, commerce, manufacturing and construction sector⁶.

Xi'an's Nascent BPO industry

To start a new sector and to develop a reputation for excellence in services there are certain pre requisites that are necessary including: effective international and domestic market exposure; good advice; critical mass; an abundant supply of talent and resources; and experience in the services to be delivered. And all of these to be delivered at a competitive cost. Xi'an is demonstrating it has, and continues to build, these pre requisites.

Xi'an's determination to become a serious player in the BPO space (for both domestic and international business) is demonstrated by the Hi-tech Zone and Software Park's investment in bringing senior and influential figures from across China and the global BPO industry to the City – under the aegis of the annual China-Xi'an BPO International Forum. This Forum has, for two years, engaged established BPO players and experts to provide quality direction and a forum for education and learning. This has gone some way to creating international and domestic market exposure.

Learning from Experts

The International BPO Forum in 2005 gathered 250 National Government Officials, Local Government Officials, business leaders, experts, and practitioners into a high level conference that was informative, frank and pragmatic regarding the future of BPO in China in general, and Xi'an in particular. There was dialogue with senior Government Officials and Leaders, who have demonstrably not shirked from obtaining quality, substantive, and honest advice, which can only serve to encourage the establishment of local BPO businesses.

Not content with the plenary sessions, Xi'an's Vice Mayor, Mr Huang Xingshen

⁶ Xi'an Software Park Brochure 2005.

gathered his Hi-tech Zone Director, Deputy Director, and Party Secretary in front of some 20 senior international experts to receive some private yet candid advice of what he and his team should do if they are to grow the BPO sector. Along with drawing on advice from Mckinsey and Gartner, this action can only underline Xi'an's determination to put the success of BPO alongside the burgeoning Hi-tech Industries Development Zone and the



One of many Xi'an's BPO Centers beams light to create a spectacular night scene

Xi'an Software Park.

Mr Jing Junhai⁷, the Hi-tech zone's Director, says "There are many improvements to make if we aim to push Xi'an into the global BPO arena in such a way that Xi'an will represent China as the destination for BPO. We must learn from the other international players, interact, network and ... collaborate with them. We want to learn how to improve to provide Xi'an with further competitive advantage."

One BPO Target: Financial Services

Xi'an is clear that among the industries to be targeted with BPO initiatives will be the financial sector, which is seen to be one that will have a great need: "The domestic (BPO) market in the financial industry is enormous!" says Mr Jing. Demonstrating their deep interest in this sector Xi'an took the unprecedented step of allocating to

one third of the whole Xi'an BPO Conference proceedings to feature China's very significant insurance industry. This was not without cause. The potential for BPO in the sector together with the further potential of Xi'an as a site for disaster recovery and data security was clearly on the agenda.

Mr Jing explained the conference focus on finance and insurance: "We would like to position Xi'an as the base for disaster recovery and data security within this sector. We can lever on Xi'an's long history where no great natural disaster has ever occurred here. Also, you know, Xi'an's historical name is Chang An ("long-lasting peace"). This (social and geographic) stability together with other factors, such as low cost and high service quality, a 'safety factor' image can be projected. This security factor is especially crucial in the financial industry. In short: BPO in the financial industry plus the need for security (data) equals Xi'an."

CompuPacific

The Nascent BPO industry is not without success. Xi'an is home to China's largest, indigenous BPO Company – CompuPacific international⁸.

CompuPacific's 500 staff provide an almost wholly export oriented service to clients in the USA and Australia in the Financial Services, Government, Public Health, and Manufacturing sectors.

Conscious of the oft quoted issues relating to China's English Language capability, CompuPacific's CEO, Michael Liu, is quick to point out that the necessity to read and write English presents little problem for his staff, many are also highly proficient in spoken English. Nevertheless he is honest in his assessment that while the Internet and Businesses Communications networks are capable of transmitting both voice and data in the delivery of BPO services, currently he focuses on delivering data centric transactional back office processes. This is partly a reflection of the "still to be improved / improving" spoken English capability but it is also a recognition that his company can provide

⁷ Director of The Administrative Committee of Xi'an Hi-tech Industries Development Zone, see earlier reference for source.

⁸ www.compupacific.com

“excellence in service” in data management and at the same time build confidence in the concept of Chinese BPO.

Michael is a “returning Chinese” businessman, with nearly a decade of experience in the USA to draw on, he started with 30 people in 2001 and has grown his business some fifteen fold in four years. Critical to this success is his “front office” in the USA which deals with sales and client management.

Michael is a pioneer in the Chinese BPO, and he is passionate about the future of the industry. When he returned to China he had the choice of setting up business almost anywhere in China, so why Xi’an? “Here is a good place to live, it is a good place to work, labor attrition is low, there is ample support from the Government and the Hi-tech park, and most important of all, the people here are wonderful - they can infuse their work, which sometimes can be repetitive, with a degree of passion and energy that you will not find in Beijing, Shanghai, and Shenzhen. And, of course, our costs are around 40 per cent less than these other cities.”

Alongside CompuPacific are other small but growing BPO companies who are “pure play” BPO.

Resources – quality and quantity

If resources are to be required for the BPO sector, then potential operators need to look no further than Xi’an.

Over 800,000 students – who range in qualification from post High School diplomas to PhD’s in some of the most esoteric realms of Biotechnology and Space Science – provide an abundance of talent. While many will depart for the eastern shores of China and the big city lights of Beijing and Shanghai, or be tempted south to Shenzhen and Guangzhou, many will stay. There will be no shortage of talent.

When Accor took over the management of Renmin square and the Sofitel complex it

required international caliber staff, where everyone including the chamber maid, the housekeeper and the bell hop could speak English; it has found them in Xi’an and it is a welcome respite from worry about communications when visitors arrive in this complex. Accor’s experience can only underline the quality of the city’s labor.

BPO specialist curriculum

Xi’an is planning post graduate and post college courses in outsourcing, business process engineering, business process design, to complement its already broad curriculum. In this context the Hi-tech Zone and learning institutions plan to bring in International companies and experts to develop courses and to teach. Already, Xi’an is reaching out to the major Indian players to capture BPO experience.



The new spectacular Xi’an Sofitel Hotel and Conference Center

Bottom Line Impact - Competitive Costs, Low Attrition, and Incentives

Costs in Xi’an are competitive and reflect the location; typically salaries and overheads are 50 per cent below what they may be in Shanghai and 40 per cent below Beijing rates. Xi’an Software engineers, for example, start at US\$200 to US\$300 per month at Graduate level, rising to US\$300 to US\$600 per month with three years experience, and over US\$600 per month for an experienced project manager. All graduates will have

some English Language capability. In the BPO sector, salaries are similar or lower.

These competitive salary levels are matched with an equally competitive and very comprehensive incentive package from the Hi-tech Zone and Software Park. Ranging from subsidized rents to training grants, removal grants, and settlement allowances, etc, etc... the package of incentives represents the leading thinking in Enterprise generation.

Brand Recognition

China's ability to generate powerful national, international, and / or global Brands has been limited. Clearly, Lenovo is an exception and Chinese managers are waking up to the need to create this powerful marketing asset. It is in the area of Brand Awareness that Xi'an has a heads start. As noted elsewhere in this paper "Xi'an" is a globally recognized name.

While the "Xi'an" brand is, presently, almost singularly associated with the Terra Cotta Warrior Army and the World Heritage site, this highly focused "brand awareness" is something which can built on and it is a tremendous asset.

Xi'an - Clearly Competitive

In every aspect, Xi'an is a competitive destination for investment and for outsourcing whether serving Chinese or International Clients.

It has a brand, attractive life style, central location, good communications, high quality resources, a highly regarded educational infrastructure, incentives, low costs, and strong and informed leadership.

Set in the context of National Policy, Xi'an's role as one of the resurgent cities of western China it can pave the way for success.

However, success is not assured and in China other cities compete vigorously for the investment and outsource dollar, and internationally many countries are bidding to become the next Bangalore, or Mumbai.

Xi'an's success relies to a great extent on the policies of the China Government and

its own Strategic Agenda and Plans for development. These two areas are covered in the remaining sections of this report.

China's Government Policy toward IT and BPO

While China ranks second only to America in the production of computers and hardware, its software industry lags behind to the extent that it has caused deep concern among Beijing's Policy makers and many business leaders.

Domestically software has become one of China's most rapidly growing industries, in the context of the world's software market China has only a small share.

Today, the creation of a powerful, global standard, software industry that can produce product on par with the Microsofts and Oracles of the software world is a high priority of the Government. It has become a critical focus of Government's attention. Furthermore, alongside the desire to create globally recognized players in the ITO space is an equally important objective of creating a major BPO industry in China that can not only satisfy domestic clients but demonstrate an ability to play on the global stage.

Past support demonstrated success

The technology and software industries have not been without support. Programs have been in place for two decades, these programs have been singularly successful in encouraging China's hardware industries.

Examples of the Chinese Government's Policy of directed support and stretch back to critical Policy Directives and Programs, originating from the Ministry of Science and Technology's (MOST) National Hi-technology R+D program in 1986 (commonly known as the "863" Program) and MOST's Torch Program (1988). These Programs gave rise to companies such as Legend (Lenovo) and Founder.

By the late 90's a series of "Golden" Projects were started to expand the countries infrastructure for e-commerce and various sector applications such as e-government supplemented by similar

initiatives from regional and municipal governments.

In 2000 the government issued Circular Number 18, which provided for VAT tax rebate for the software and semi conductor industry, this was followed by further Policy directives. All of these cumulative actions and policies have contributed to major growth in the technology related sectors, including software production, but there remains a good distance to travel to be globally competitive.

Strategic Agenda

Certain critical issues must be addressed. And these may be summarized as developing capability in Relationship Management, Client Delivery Capability, Global Delivery Capability, and Industry / Process Knowledge. Top ranking, Global External Service Providers (e.g. EDS, IBM, Cap Gemini, and Accenture) can demonstrate high standards of service and capability. However, in general, tier 2 suppliers, and most indigenous Chinese suppliers, cannot demonstrate strength on all three axes – due to limitations of talent, investment, and – sometimes - foresight⁹.

This gap, along with the strategic goal to create world class capability in software delivery has provided an opportunity for Chinese policy makers and Chinese suppliers to create "power – house suppliers" who can meet the demands of sophisticated global customers despite being smaller than Global ESPs, and these companies will ultimately create indigenous Chinese based/ owned Global ESPs.

Forthcoming Policy Direction

Among the measures that will be stimulated by China's 11th Five Year Plan, which will be ratified in March 2006, are likely to be:

⁹China: Global IT and BPO Outsource Leader - A Strategic Direction and Recommendations for Chinese Government, Regional Authorities and Suppliers page 17 et al. from Temasys International, Singapore (www.temasys.com.sg)

- Measures that will cultivate large 'engines of development', i.e. large enterprises which can grow to the scale of the most significant of global software giants.
- Measures that will create not only a global force in ITO but in BPO as well
- Measures to introduce advanced training and development in China taking Chinese capability over time to that of their global competitors (and, it is reasonable to postulate that the Chinese authorities will demand an aggressive timescale)
- Continuation of a Chinese-India partnership which will see mutual development of a range of industries, these two vast countries are now fixedly aware that cooperation is better than competition.
- A major Industry body – equivalent to NASSCOM in India may emerge (though it's may be clearly embrace Chinese characteristics).

The government is also mindful that the China brand is not established, nor are there any famous China software brands, a fact that will not be allowed to remain at status quo.

Driving a BPO agenda forward

China can and will drive their ITO and BPO agenda's forward. They have already started this course.

An indigenous BPO industry can be created rapidly by government directives that oblige major state owned enterprises to outsource business processes to existing or newly created BPO players, couple this a policy to attract and build (inbound) expertise from the likes of Wipro Tata, and Infosys, to put alongside that acquired from multi national BPO players who are already present (HP, EDS, Accenture, etc) and in a short time China may demonstrate that it has a significant BPO industry of its own.

Hang Gong, Managing Director of Gartner, China, and Founder and President of AMA

Infotech Development Inc¹⁰ believes that "China Policymakers will create the BPO industry. Once the decision is taken, there will be a concerted effort to utilize all the influence the State can bring to create, initially, a vast demand for business process outsourcing, and then the industry itself." He adds "this is a long term strategy that will see very early strides in its accomplishment."¹¹

If these policies are replicated at national and regional level, the growth rates in BPO may dwarf even some of the spectacular performances that China has shown the world in the past decade.

*Chinese Government
Policy will drive the
BPO agenda forward –
the 11th Five Year Plan
will be a watershed for
BPO in China*

¹⁰Hong Gang was a Chairman at the Xi'an BPO Conference, at which he brought expert opinion to bear in the future of BPO in China and Xi'an. See also www.temasys.com.sg – People

¹¹ Interview November 11, 2005.

Xi'an's Strategic BPO Agenda

Within the national framework, Xi'an will also make moves to rapidly develop its capability, capacity, and critical mass in BPO.

Xi'an authorities have drawn on world experts to acquire the advice necessary to create the strategic program which could take the city to a leading and flagship role in the world of BPO.

Mr Mao Ailiang, Director of the Xi'an Software Park says "We are determined in pursuit of our goal; many of the recommendations we have received and the decisions we have made will cause us to develop the way we do things, and accelerate many policies, but we have shown we can do that in building the software development business and ITO in the Hi-tech Industries Development Zone



Director Mao Ailiang: "We are determined in pursuit of our goal; many of the recommendations we have received and the decisions we have made will cause us to develop the way we do things, and accelerate many policies ... we have shown we can meet these challenges and grasp the great opportunities.."

and the Xi'an Software Park. It will be no different as we build a viable BPO business. The strategic actions which are necessary – which we refer to now (in this paper) - are those which we are committed to and to which we are applying our efforts and attention. Potential investors and clients of Xi'an's emerging BPO business can be assured we are serious in pursuit of our BPO goal."

Where are Xi'an's priorities?

Without doubt Xi'an's authorities are serious about BPO, but to achieve their goal they must be mindful of many critical areas, where the wrong turn could mean the difference between success and failure.

In the following paragraphs the essentials of Xi'an's strategic agenda are set out. These have been developed by the Xi'an Leaders drawing on expert opinion, current accepted best practice, and

experience and confirmed in international forums and discussions.

Understand the difference – ITO and BPO

Both the ITO industry and the BPO industry are huge: globally, offshore spending on IT services will reach \$50bn by 2007, in the same timeframe offshore spending on BPO services will reach \$24bn¹²

China, in general, and Xi'an in particular, have been successful in creating a vast, domestic software industry, embracing Application Development and Application Management and Support. Although much more needs to be done to bring Chinese software onto the global map, it is difficult to ignore the US\$10.0bn output of the domestic industry in the Information Technology space.

But success in ITO does not mean success in BPO – the two industries have fundamentally different characteristics and Xi'an is very aware and conscious of these differences – they will design different strategies and deliver different but complementary policies which continue to develop their ITO industry yet, at the same time, set the foundation for, and accelerate their BPO initiatives. .

ITO encompasses IT Management (facilities, data operations, business continuity, networks, applications management, telecoms), Systems Integration (application development, deployment, integration, and optimization) and consulting (business and IT strategy, process design and business process reengineering, and change management). BPO, by contrast, is the partial or total outsource of Enterprise Management processes (for example, HR and Finance), demand management (customer selection, acquisition, retention, and extension) and / or supply management (move, store, make, buy). BPO can be undertaken at an individual transactional level, where the

¹² Gartner. Statistics and outline structure of ITO and BPO drawn from a presentation by Sujay Chohan VP and Research Director, to Xi'an BPO Forum October 2005.

process is disaggregated and components are outsourced to the appropriate specialists, or at a more macro level where entire functions and processes are placed with a provider.

Both ITO and BPO require a degree of sector knowledge, and / or some form of specialization, which can then gives rise to pockets of accumulated expertise (for example, Dalian in NE China has a leading reputation in undertaking ITO and

and delivery processes continue to be developed – compare the well known CMM certification for application development with the recently developed and lesser known CM eSCM (e services capability model) from Carnegie Mellon.

Market decision makers are the CEO, CFO, and COO. Competencies in BPO do not focus on software programming but on the ability to undertake and develop outstanding process mapping and



Strategic Intent: *Mr Jing Jinhai, Director Xian Hi –tech Development Zone and one of the most visionary leaders in Xi'an addressing the BPO Forum: "We have demonstrated significant success, year on year, for more than a decade – we are now determined that Xi'an will become a serious player in the International BPO market"*

BPO for Japanese and Korean companies, founded initially on language capability but latterly on the accumulated experience of dealing with companies in these countries). Given the focus on Financial Services and Insurance at the BPO Conference could this become Xi'an's special capability?

workflow capability coupled with process and industry expertise. Changes in productivity resulting from BPO are incremental, over the life of a long contract. BPO has a significant impact on the business – it is transformational and can impact many departments.

ITO is a tested model

ITO is typically project driven. It is a mature industry with tested models and well established service providers. Its business model is reactive to the demands of its primary customer, the CIO. The skill sets of the service providers and their staff are almost exclusively technical. This is the realm of software engineers, networks engineers, and software solution architects. Communication is generally at a peer to peer level, from technician to technician. The delivery time frame is relatively short – weeks or months in the case of delivery of application development services, though application management contracts have much greater longevity.

BPO is still immature

BPO is rarely project driven. It is an immature industry – although there are some established players, they can only point to short history. Metrics, methods,

Create an Environment of Trust and Competence

BPO is, in essence, giving the responsibility for a part (and sometimes a substantial part) of a business to another company, albeit that it is 'non core' processes are generally outsourced. The rational is that someone else can provide these processes at least as efficiently as you but – more likely – they can do them more efficiently and at less cost than you can accomplish due to specialization and lower resource costs.

Non core does not mean "not important"; without exception non core processes remain fundamental to the success of the business. Being poor at delivery of these non core processes will create substantial risk for the client business.

For a potential client, handing over responsibility for processes to a third party is the result of a trade off between the cost of retaining the process "in house" and the

lower cost, but potentially higher risk of outsourcing. Xi'an can arguably compete very favorably in terms of cost of delivery because its labor costs, infrastructure costs, and overheads are among the lowest in China and on par, or lower than other global low cost BPO providers. Xi'an should now build on the potential to have a reputation of a low risk destination. This requires building trust (with customers) and demonstrating competence (in delivery).

Trust and competence primarily embrace: legislative practices and their enforcement; competence in labor (resulting from training and education); and infrastructure stability and continuity.

Privacy Legislation

Giving work (BPO) to another company creates risk and there is a need to mitigate risk. One form of mitigation is the creation of a sound regulatory environment. There is draft Privacy Legislation before the Chinese Regulatory Agencies and China's State Council; these Privacy and Data Protection Legislation Recommendations emerged from a year long study into best practices in Europe, North America, and Australasia¹³.

This legislation is seen as essential in the furtherance of both the ITO and BPO industries. Xi'an and Shaanxi Authorities should bring this legislation into force at local level. During a Round Table Advisory meeting at the 2nd China Xi'an BPO International Forum, Dr Philip Hadcroft of the Australian HPA Group told leaders in Xi'an "It is imperative that the current recommendations on Data Protection that are before the Authorities in Beijing are brought into legislation and that Xi'an should be seen to ensure the protection of data and intellectual property. Xi'an must ensure that BPO companies comply with these regulations. Additionally the Xi'an local authorities should encourage compliance by a regular, independent audit of BPO companies." Dr Hadcroft's remarks found support among the local leaders.

¹³

<http://www.privacyexchange.org/iss/positions/Chinaprivacy.pdf>

Competence in labor - Creating China's Center of BPO talent

The BPO market (like IT services and ITO) is global. While China's vast domestic market can provide considerable work for the city, a parallel strategy of attacking the global market will bring new levels of business and experience that can only serve to create more success, and higher standards of service delivery, in the domestic market.

Operating in the export market requires special talents, not least of which is language, familiarity with western business culture, and commercial awareness. This is found in Chinese businessmen and students returning from overseas as well as from international companies and an expatriate workforce.

Xi'an can create one of China's major centers of BPO talent, and to do so it recognizes that competence must be both acquired and grown. Xi'an's Leaders embrace both approaches.

Acquiring BPO competence requires access to knowledge and experience gained in the world's markets – knowledge that extends across the whole BPO business spectrum, from developing markets and relevant value propositions, to international marketing and sales, business case evaluation, and to service delivery and customer support.



Xi'an's strategy in the use of experts is well noted and documented extensively in this report; furthermore Xi'an should also focus attention on returning Chinese talent, selective expatriate assistance and on developing the resources locally.

To create trust and confidence in the ability to deliver long term quality service in the minds of potential customers Xi'an knows it must create and attract the

abundance of BPO management talent required for the new industry. A BPO campus is planned where the essentials of BPO can be taught by the world's experts; the city and its entrepreneurs have worked hard at forging links with India's BPO giants and other global experts. An example of this was Satyam's obvious presence at the BPO forum and their post Forum discussions with local companies. This follows hard on the heels of visits by Infosys, Tata, Wypro, Accenture, HP, and IBM.

Returning Chinese businessmen and students

Inbound resources and talent in the form of Chinese managers returning from western countries and students returning from a period of study and / or work bring not only knowledge and experience and talent, they also bring a network of contacts in other parts of the globe – often this is one of their greatest assets.

When it comes to attracting overseas Chinese talent, some Chinese cities and Enterprise Development Zones tend to be passive - if a returning Chinese chooses to do business in their location they may provide encouragement and support but this is a reactive policy.

Xi'an should consider how it can be very proactive in recruiting and attracting overseas talent, not leaving the relocation of returning Chinese to chance or fate, but positively discriminating in their favor. But this process should commence overseas and well in advance of the returnee's departure date.

Strategies to proactively acquire talent borrowed from executive search, networking and similar talent acquisition methods (for example in Sport) should not be ignored.

Growing talent

The famed software engineers of the India IT outsourcing juggernaut are an entirely different group (educationally, and in temperament and skills) to the legions of call center, clerical, data processing staff, and others who man Bangalore's new

multi storey centers providing BPO to global clients.

The colleges and universities that produce a myriad of software engineers are essential for the ITO business but they will do little for the emerging BPO industry.

Xi'an should also take note of the potential issues raised, and recommendations made, in a recent paper from McKinsey, which postulates a potential talent shortage in China¹⁴: the paper says "few of China's vast number of university graduates are capable of working successfully in the services export sector, and the vast growing economy absorbs most of those who could... research suggests implications for the growing number of companies with global ambitions. If China is to avoid a talent crunch it must produce more graduates fit for employment in world class companies, whether local or foreign. Raising the graduate's quality will allow the economy to evolve from its present domination by manufacturing and toward a future in which services play a leading role – as they eventually must when any economy develops and matures. The conditions for a flourishing offshore services sector will then surely follow."

To satisfy the demands of the BPO space, specialist curriculums are to be developed and practitioners and experienced BPO project managers will introduce skills to Xi'an. The Xi'an Authorities have been explicit in their intent to deal with this challenge.

Indications are that Xi'an will ensure that its educational system produces the new breed of graduates required to build western China's BPO capital.

Management first, resources second

When a company outsources business processes to a BPO specialist vendor, the vendor has to have a sense of total

¹⁴ "China's looming talent shortage" by Diana Farrell and Andrew J Grant, McKinsey Quarterly 2005 no 4. [Also available from Temsys International (see contact details at the end of this paper.)]

responsibility – the supplier of the BPO service is taking on the obligations that the client company has to its own employees and customers. This is no small matter.

The whole of the vendor organization must be imbued with the same levels of commitment to service as the client company.

The creation of this environment is a direct result of good management, leadership, and experience in the industry being served.

It is in management skills (which embrace the knowledge of the client's industry) where the balance between success and failure lies. Clearly speaking from experience, Michael Liu of CompuPacific told Xi'an's leaders at the Xi'an BPO Forum that "BPO is more about management than skill. Determining the needs of clients and developing innovative programs to deliver requirements is the task of good BPO management." In this context he was making clear that the awareness of the client business needs and expectations, and the obligations of being a surrogate business department require a special management talent.

Language and culture

Confidence in Xi'an's management and labor talent does not stop at the creation of technical skills and Xi'an's authorities know that they must continue to drive forward language and cultural assimilation and experience, by all methods.

Language capability, for a long time the Achilles heel of China's global outsourcing ability, is critical. English has been taught extensively and all of the 20 to 30 years old age group who graduate from Xi'an's extensive education system will have more than the rudiments of English. Almost all will have good English reading and writing skills.

However, if in spoken English the "rule of thumb" categorization of ability to converse is set at three levels: level 1 being able to hold a social conversation, level 2 conducting a simple business conversation, and level 3 being the ability to run a project and conduct a business meeting in English, the majority of

employees will only master level 1. Level 2 will be accomplished by some 30 per cent of staff, and only 10 per cent will reach level 3.

Xiao Guo, deputy General Manager of the global IT group ThoughtWorks who have recently located to Xi'an, confirms that language capability is steadily improving and it should not impede business. However, it requires continual attention and creative learning opportunities.

Michael Liu is clear about the ability to provide English Language based transactional (data) services and English language voice services; in his experience the former presents little difficulty and his company has a very successful track record of providing a range of data and transactional services to clients in the USA and Australia but he says "No matter what kind of improvement Chinese is making on language, Chinese (service providers) will not provide voice or call center to UK or USA in any near future. Besides the language, the culture is very important." These are wise words spoken by an experienced practitioner.

It is important to note, and to underline, that this statement is not a deterrent to placing BPO in China or in Xi'an. Michael Lui is stating that while his staff and potential employees have the ability to communicate in the written word in English, (a competence which the emphatically have) they are still acquiring the content rich vocabulary and cultural awareness required to provide voice services to the English speaking world, and this may take some time.

Infrastructure stability and continuity

In the same manner as Xi'an has poured money into the city's infrastructure it has not stinted when it comes to the Hi-tech Industries Development Zone and to the Xi'an Software Park. Guaranteed 24/7 uninterrupted supply from the local grid is underpinned by the Zone's own standby generation equipment.

Telecommunications and internet access is provided by two major national suppliers

and the Software Park is well served by its local communications networks.

It is imperative however that phenomenal national and local growth of the Internet and the demand for communications capacity does not impede the ability for businesses to operate globally. This is a critical area and should be addressed frequently.

Domestic and International Focus

Combining a two pronged attack on the market will achieve sustainable growth. The level of influence that can be brought to bear to create a domestic and regional demand that can be satisfied in Xi'an will build capability and demonstrate the pre eminence of Xi'an as a BPO destination.

No one company wants to be fit into a designation and therefore using its considerable influence to create demand locally the Xi'an Authorities will essentially create critical mass which will provide the "comfort factor" for potential inbound clients – particularly international ones.

Xi'an is on the right track

Vice Mayor Mr Huang Xingshen was forthright in his comments at the opening of the Xi'an BPO Conference (see page 6 above). At the conclusion of a Round Table discussion with experts at the BPO Forum, he was equally forthright when he summarized the advice he and his colleagues had received. He said:

"Under the basic principles of the Government's direction we are ready to invest heavily in the BPO industry. The Xi'an Hi-tech Industries Development Zone will be the key player in the development of BPO and we will provide exceptional incentives."

"In the field of BPO, the potential is unlimited – there is a very big opportunity. We are facing a huge transformation and we can see the transfer of work from the coastal cities to inland cities."

"Government will protect and encourage BPO, we will ensure that we abide by Safe Harbor Legislation, create incentives, and raise funds. We will play a leading role in training special talent which is BPO specific and make up special programs to do this."

"This should provide the foundation for a global business as experience, success, and critical mass in the BPO market develops."

He went on to say that the advice he and his team had received confirmed that the core of a Xi'an's strategic agenda was on track.

His team understood and recognized the difference between ITO and BPO and he went on to summarize the areas of which he had taken special note: these were creating an environment of trust and competence; developing management talent; pursuing domestic and global BPO markets; controlling costs, and creating positive mobility, and stability.

He said that he could see the opportunity for BPO in China and Xi'an should, and would, grasp the opportunity to take a leading role.

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