

China proposition



Physical infrastructure

Excellent road, rail and air transport as a result of manufacturing

First class utility and telecommunications infrastructure

International internet export bandwidth >312k M

Dedicated software parks with UPS and security

Minimal red tape

Strong domestic market

World's fastest growing marketplace – companies are keen to acquire new customers in emerging markets

Local market propels outsource providers to be more efficient (as labour arbitrage is irrelevant)

Post WTO reforms

Languages

South East Asian & Far East Asian languages available

Mandarin, Cantonese, Japanese & Korean

English ascendant

Labour supply

Abundant and skilled labour supply

4 -5 million graduates per annum (over 51% of students graduated without a job in 2006)

Over 700k software engineering graduates per annum

Attrition rates below global industry average

Management capability increasing – Fortune 500 trainees and overseas returnees

Cost of operation

Labour costs in Chinese Tier-1 cities are 20% lower than equivalent Indian Tier-1 cities

In Chinese Tier-2 cities salaries and overheads are typically 50% of the Tier-1 cities

Miscellaneous

25% of American CEOs anticipate outsourcing services to China in the next 12-18 months

Diversification from India (lowering geo-political risk and reliance)

Emerging as Asia-Pac headquarters and services hub