



### Call Centers in Argentina

In recent years Argentina has seen strong increases in the number of call center operations within the country. Driven primarily by call centers for Argentine and Argentina-based firms, it has also seen strong growth in off-shoring operations of American and European firms. In fact, call centers are one of the three fastest growing subsectors in the telecom industry. Sector revenue growth, which increased on average 50% annually in each of the last three years, is expected to increase 20% in 2006. The sector currently employs 36,000 people and is expected to reach 45,000 by 2008.

The call center business currently represents 30% of the market for telephone customer service while the other 70% is done in house. Leading this market are Atento, Teleperformance, Apex America, Actionline, and Teletech. Recently three international players arrived who focus exclusively on outsourcing: Sitel, Phone Media, and Arvato. The most popular locations for call centers are Buenos Aires and Cordoba, which are home to 80% of the facilities.

Argentina remains an attractive destination for call centers, because of its highly educated population, growing number of bilinguals, and relatively low cost. In addition, it has a modern telecommunications infrastructure, government industry incentives and a work schedule that is similar to that of the United States. Cordoba has become an especially good location due to the high number of universities in the province and the industry's general movement to sites outside of Buenos Aires. EDS, Atento (Telefónica), Actionline, Apex America and Multivoice have call centers there. Siemens is expected to open one in the interior in the near future. IBM has a large call center operation in the Province of Buenos Aires.

Due to labor disputes in recent months, growth in the industry slowed down slightly in 2006. However, Argentina's cost of labor, due principally to a favorable exchange rate, is still significantly less than in other parts of Latin America. Some examples of per hour wages: Argentina – US\$2.75; Mexico City - \$ 4.25, and Chile - \$ 5.60. It is worth noting that labor turnover for call centers is about 20% a year.

Call centers have not only attracted the attention of telecommunications companies but also investors. In recent years several private equity and venture funds have invested or are looking to invest in call centers in Argentina.

For call center equipment providers the market size in 2006 is about US\$23 million. Avaya and Tecnovoz currently have a majority market share. However IP technology has the

potential to make significant in-roads in the market with Cisco and Avaya leading the way. This technology makes possible remote operators and monitoring of employees from a company's headquarters.

Another potential development in the call center market is the creation of "contact centers" where other types of communication like chat, email, and SMS are used. These customer services offer additional convenience to the consumer and add another level of value to the firm.

### **For More Information**

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