



“Next-wave” Location Profile – San Jose, Costa Rica

Locations Insider™ (LI)

Market Report – May 2019: Complimentary Abstract / Table of Contents

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

This report provides perspectives on key aspects of the global sourcing market in San Jose

San Jose | Quick snapshot



Mature location for BPS with English-proficient talent and favorable operating environment

KEY FACTOIDS

- 50,000-55,000 annual tertiary graduates
- Annual operating cost per FTE 45-50% savings over Dallas
- 20-25% expensive compared to Mexico City for CC

Current overview

- Leveraged extensively by both service providers and Global In-house centers (GICs) for voice and non-voice business processes
 - Within BP services, companies typically deliver customer support services, F&A, HR, and supply chain
- Players also leverage San Jose to support regional/global IT services delivery
- One of the largest service delivery destinations in Latin America (LATAM) with 50,000-60,000 FTEs employed pool for global/regional services delivery

Key drivers

- High quality graduate pool with good technical and English language skills
 - Being the largest metropolitan city in Costa Rica, San Jose attracts talent from other locations nearby
 - Strong economic growth and political stability
- Favorable government policies, including high exemption on different taxes, such as corporate income tax (for 8 years), local sales tax, exports tax, and import duties for enterprises

Key challenges

- Operating costs for IT-BP service delivery are high as compared to most other Latin American locations
- High competitive intensity due to presence of multiple peers results in constrained availability of talent
- Minor concerns regarding business operating risks due to rise in domestic illegal activity and vulnerability to natural disasters; however, business impact has been limited



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San Jose | Risk profile (page 1 of 2)

Strong economic growth and geopolitical stability makes San Jose an attractive destination for global services delivery

Parameter	Everest Group rating	Comments
Geopolitical	Highly favorable	<ul style="list-style-type: none"> Costa Rica holds 20th rank out of 167 countries in the Democracy Index 2018 by Economic Intelligence Unit (EIU) Costa Rica has one of the most stable governments in Latin America. It is one of the few Latin that has been steadily democratic since 1950 Costa Rica abolished its army in 1949, due to which it has avoided military involvement in political affairs Costa Rica's political stability and no external intervention, especially from the U.S., has played a large part in its development
Macroeconomic	Favorable, some concerns	<ul style="list-style-type: none"> Costa Rica has shown strong aggregate growth since it emerged from recession in 1997. GDP increased from US\$ 52.6 billion in 2015 to US\$ 61.5 billion in 2017, though unemployment rate remained high at over 9% Costa Rica holds 12th rank among 77 emerging economies in the Inclusive Development Index Report by World Economic Forum (WEF). It has one of the highest GDP per capita in Latin America Moody's, S&P global rating, and Fitch have downgraded Costa Rica's rating to B1, B+, and B+ respectively, owing to poor liquidity, rising debt, and large budget deficit
Infrastructure	Favorable, some concerns	<ul style="list-style-type: none"> Global Competitiveness Index 2018-2019 (World Economic Forum) ranks Costa Rica 78th out of 140 countries for the quality of its infrastructure Internet penetration is among the highest in Latin America and the telecom infrastructure is relatively modern Though the quality of transportation system is poor in a lot of places in Costa Rica, San Jose offers well developed transportation system

Source: Everest Group (2019); EIU; WEF Global Competitiveness Report; World Bank



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Research calendar – Locations Insider

Published
 Planned
 Current release

Flagship Locations Insider reports

Release date

"Next-wave" Location Profiles – Barcelona, Spain	March 2019
"Next-wave" Location Profiles – Tampa, Florida, The United States	March 2019
"Next-wave" Location Profiles – The Philippines	March 2019
"Next-wave" Location Profiles – Guadalajara, Mexico	May 2019
"Next-wave" Location Profiles – India	May 2019
"Next-wave" Location Profiles – San Jose, Costa Rica	May 2019
Global Locations Annual Report 2019	Q2 2019
"Next-wave" Location Profiles – Chennai	Q2 2019
"Next-wave" Location Profile – Hyderabad, India	Q2 2019

Thematic Locations Insider reports

Global Hotspots – Analytics in BFSI	Q2 2019
Regional Handbook: Focus on Digital Services Talent in Europe	Q2 2019
Global Handbook – Focus on Language Skills Availability Across the World	Q3 2019
Changing Fortunes of Delivery Locations – How Macroeconomic Factors Impact Delivery Locations?	Q3 2019
Global Handbook – Focus on Next-Gen Skills Across the World	Q3 2019
What is the Role of Global Delivery Model in an Agile Construct?	Q4 2019
Regional Handbook – Focus on FinTech Talent in the U.S.	Q4 2019

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Additional research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest:

1. **Global Locations Annual Report 2018: Service Delivery Portfolios in a Disrupted World | Key Trends Shaping the Landscape** ([EGR-2018-37-R-2646](#)); 2018. The global services locations landscape continued to witness growth in 2017 in terms of revenue, headcount, and new center setup activity; however, the growth rate was lower than the previous year, given macroeconomic slowdown, increased trade protectionism, and uncertainties in legal/regulatory landscape across the world. This report takes a stance with respect to the changes taking place in this market and opportunities for growth in the future
2. **“Next-wave” Location Profile – Guadalajara, Mexico** ([EGR-2019-37-R-3164](#)); 2019. This report analyzes Guadalajara and offers perspectives on global sourcing profile of the city, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks
3. **“Next-wave” Location Profile – Santiago, Chile** ([EGR-2018-37-R-2654](#)); 2018. This report analyzes Santiago and offers perspectives on global sourcing profile of the city, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks

For more information on this and other research published by Everest Group, please contact us:

Parul Jain, Practice Director – Global Sourcing

parul.jain@everestgrp.com

Ashish Jain, Senior Analyst – Global Sourcing:

Ashish.Jain@everestgrp.com

Kunal Anand, Senior Analyst – Global Sourcing:

Kunal.Anand@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



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Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

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