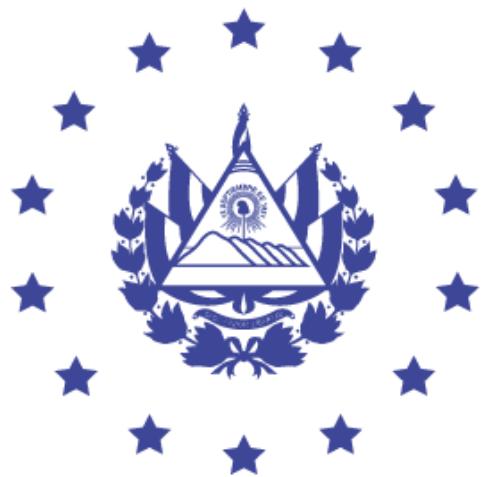




GOBIERNO DE
EL SALVADOR

Contact Centers



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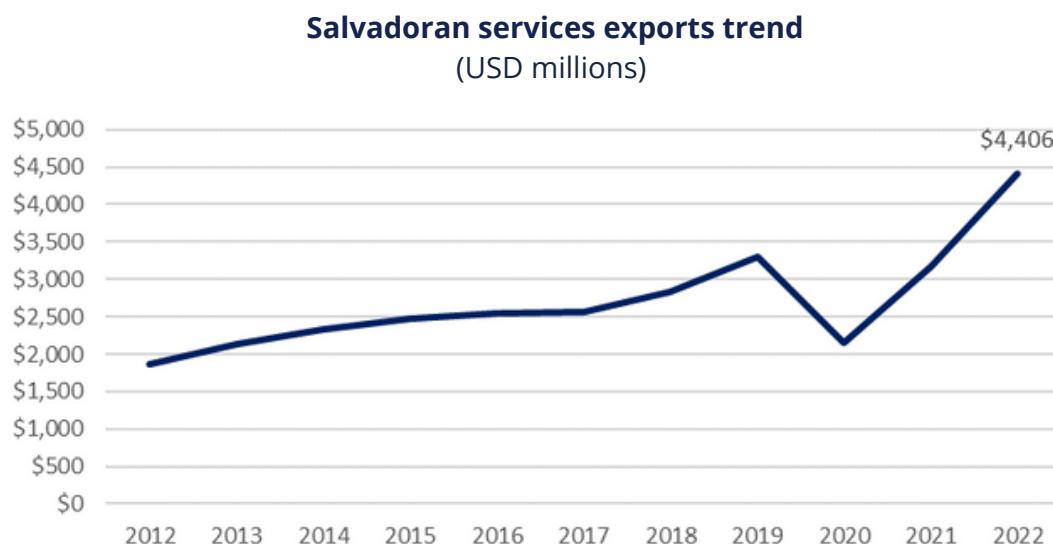
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Performance of the services sector in the country's productive structure

The Services sector has gained great importance for El Salvador in recent years. At the end of 2022, exports of services reached US\$4,406 million.⁵ Likewise, during the last 5 years (2018 - 2022) services' exports have reached an accumulated amount of more than US\$ 15.9 million and there has been a clear and consistent upward trend (disregard the year of the COVID 19 pandemic). The following graph shows the evolution of the sector's exports over the last decade.



Source: Investment promotion agency of El Salvador with data from the Central Reserve Bank of El Salvador – BCR.

By the end of 2022, exports in this sector were divided as shown in the graph below.



Source: Investment promotion agency of El Salvador with data from the Central Reserve Bank of El Salvador – BCR.

⁵ Considering that the registration of these is complicated due to their intangibility, it is estimated that the amount could be even higher.

Services sector overview

The service sector in El Salvador is represented by companies of various sizes that have placed their trust in our people and are generating more than 65,000 direct jobs and working for clients of international stature.

The country offers technological solutions with high-performance equipment for a diversity of programming languages and platforms available for web and mobile. One of the advantages that El Salvador offers to facilitate communication with its clients is its time zone (GMT-6), being compatible with large markets such as the United States.

In the same way, thanks to a qualified labor force, with a vocation for service and neutral accents in Spanish and English, the country is an extremely attractive destination for companies that wish to establish their contact centers here. The cultural affinity of its people with the large markets of America is a characteristic of high added value for companies in the area of call centers.

Regarding logistics operations, thanks to the closeness and excellent trade relations with a diversity of markets in the region (42 countries in the world), the country has high potential for distribution, consolidation, and transportation companies, among others. The modern port, airport and road network infrastructure available in the country allows for interconnection and rapid response times to market needs.

Given the opportunities for growth and investment that have been identified in the service sector, in the development of this guide, relevant data is presented in terms of labor, employment and operating costs. Similarly, the advantages of investing in each sector and the incentives offered to investors who decide to place their trust in El Salvador are presented.

Contact centers in the country's productive structure

Delimitation of the Contact centers subsector

For the purposes of this document, Contact Center services (also known as international call centers or call centers) are considered to be those information services provided by a centralized office supplied to third parties or received by third parties residing abroad, as They are: the reception of orders, attention to complaints, reservations, account balances, telemarketing and sale of products or services which can be carried out through additional channels to the telephone, such as emails, chat and multimedia messages.

To analyze the commercial evolution of the sector, the services provided by call center companies established in the country are taken as a reference. Regarding employment data, data from language academies, technical and bilingual high schools and the efforts made at the government level for the adoption of the English language are shown.

Summary of the industry in the country

Not voice BPOs

- Input Data Transcription
- Horizontal business processes:
Back office
Logistics
Marketing and sales
Human Resources
Finance and accounting
- **Vertical business processes:**
 - Processing of claims and payments from financial institutions.
 - Health Insurance Administration.
 - Maintenance of telecommunications networks.
 - Airline passenger flow management.

Call/Contact Centers

(Voice BPOs)

- Incoming and outgoing calls and other means: chat, email, internet, fax.
- Telemarketing, technical support, sales, customer service.

Information technology services (ITO)

- Software development
- Applications development
- content development
- IT infrastructure management

Knowledge Intensive Services (KPO)

- Intellectual property research
- Research on:
 - Heritage stock
 - Finance and insurance
 - Data integration and management
 - Analysis and data extraction
- Research and information services in human resources
- Engineering, design, R&D
- Animation and simulation services
- Vertical Services: Medical and legal sectors, biotechnology and the pharmaceutical industry, etc.

Labor availability

Infant, basic and secondary education are compulsory and free (in public centers) for all children under 16 years of age. In the San Salvador Metropolitan Area (AMSS) there are 458 public schools and 322 private educational centers that fully or partially cover these courses in the regular educational system.

Most private institutions include competitive English programs and there is a wide range of international schools that match the quality of countries such as the United States, England, Germany or France, among others. The following table shows the number of students enrolled in a sample of the best-known bilingual schools located in the AMSS:

Enrollment in the main bilingual schools in El Salvador

Name	Departament	Municipality	Enrollment
Liceo Francés (Lycée Français Antoine et Consuelo de Saint-Exupéry)	La Libertad	Santa Tecla	1,310
Academia Británica Cuscatleca (British School)	La Libertad	Santa Tecla	1,181
Escuela Americana (American School)	San Salvador	San Salvador	1,136
Colegio Salesiano Santa Cecilia	La Libertad	Santa Tecla	1,095
Escuela Alemana (Deutsche Schule)	La Libertad	Antiguo Cuscatlán	939
Colegio "Highlands" (Highlands International School)	San Salvador	San Salvador	805
Colegio Salvadoreño Inglés	San Salvador	San Salvador	685
Colegio Lamatepec	La Libertad	Santa Tecla	628
Escuela Cristiana Oasis El Salvador	San Salvador	San Salvador	440
Escuela Bilingüe Maquilishuat	San Salvador	San Salvador	376

Source: Investment Promotion Agency of El Salvador with data from MINEDUCYT 2022.

Currently, there is a great diversity of academies and English language teaching centers throughout the Salvadoran territory. Even many of the universities have among their graduation requirements to achieve a certain score in standardized tests of skills in this language and others have a requirement to pass a certain number of courses in this foreign language.

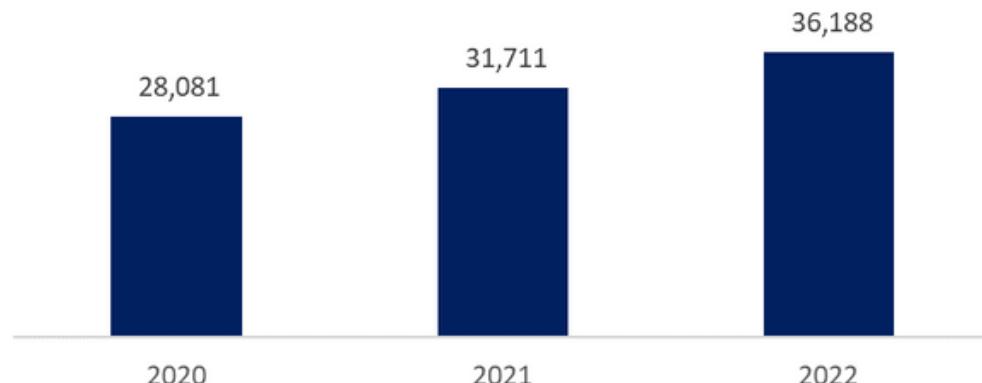
Finally, the Salvadoran government has been promoting various projects to strengthen the population's skills in this regard, such as the "English for call centers" program financed by the El Salvador Professional Training Institute, among other initiatives.

Job generation

The Contact Centers subsector generated an average of more than 36,000 jobs during 2022, representing 3.3% of formal employment. The sector has recorded continuous growth in recent years; during 2022, it presented a growth of 14%.

Evolution of employment generated by the Contact Centers subsector

2020- 2022



Source: Data from the Salvadoran Social Security Institute- ISSS.

Currently, the number of participating companies in the sector is greater than 520. The following table shows the top 5 of the main employers in the sector in the country during 2022, among which Teleperformance, Telus and Sykes stand out.

Company	Average number of employees
TELEPERFORMANCE	7,590
TELUS	5,549
SYKES	4,384
GETCOM	2,545
THE OFFICE GURUS	2,427

Source: Data from the Salvadoran Social Security Institute - ISSS



Advantages of investing in Contact Centers

El Salvador offers the most competitive and sustainable destination in Latin America with a proven track record of success in call center operations. The sector has grown at double digits for the last 12 years. Similarly, the country has investments from world-renowned multinational companies. Leading global companies in the industry recognize El Salvador as a "Center of Excellence".



Outstanding human talent

- Neutral accent in English and Spanish
- Low turnover rate
- outstanding work ethic
- Service-oriented staff with sales and problem-solving skills
- Fast learning curve
- Cultural affinity with the main markets of the region



Excellent telecommunication platform

- Open and competitive telecommunications market
- Guaranteed telecommunications redundancy for the delivery of quality services that meet industry requirements.
- Local and international communications companies that provide a wide spectrum of services at competitive costs

Investment opportunities

Contact Center Services:

- Selling products (cross and up)
- Customer relationship management
- appointment scheduling
- Technical assistance and customer service
- Technical support/warranty
- Customer acquisition and loyalty
- Receiving orders
- Incoming and outgoing calls



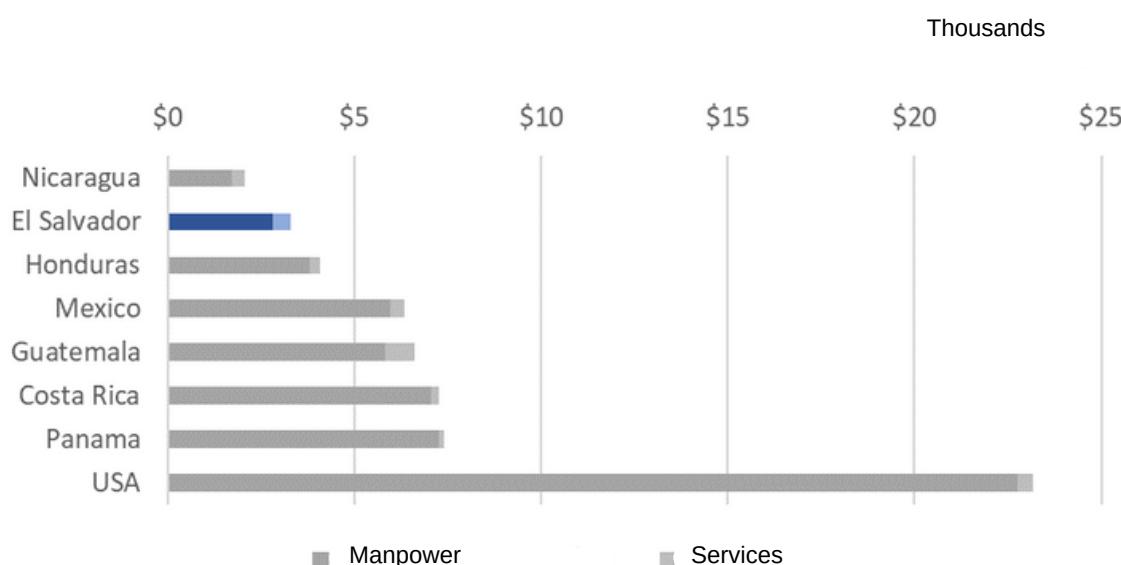
Operating costs

Position	Salary (median)	Average salary
junior customer service agent	\$600.00	\$602.78
Senior customer service agent	\$750.00	\$747.22
Junior sales agent	\$645.00	\$635.00
Senior sales agent	\$800.00	\$826.67
Chat customer service agent	\$515.00	\$526.88

Source: Study of salaries and benefits 2019, Mercado Salarial

As shown in the comparative graph below, El Salvador is the second country with the lowest operating costs in Central America, and also below Mexico, when considering labor costs and public services for a customer service center, according to fDi Benchmark, a service of the Financial Times Limited 2023.

Comparison of operating costs of a customer service center



Source: fDi Benchmark

In addition to the costs related to salaries, a practice in the sector (for attracting and retaining talent) is the granting of additional benefits to the law. Some of these benefits include: life insurance, medical-hospital insurance, personnel transportation, business clinic in collaboration with the Salvadoran Social Security Institute, English classes, scholarships, among others.

Success Stories



Concentrix El Salvador obtains KPIs #1 in the region and #3 worldwide.

Out of 52 service centers in 22 countries, Concentrix El Salvador is one of the 3 most important subsidiaries in the world.

Nearly 50% of their clients achieve #1 KPIs in customer service globally. Concentrix El Salvador is used as an example to set standards for the rest of the subsidiaries in the United States and Latin America.



TELUS International has proven that El Salvador is an excellent destination for business development, showing excellent results by providing outsourcing solutions for customer management services.

TELUS El Salvador is the best service provider for a Fortune 500 company. This company has reached levels of satisfaction in the customer service field with 96% of approval. When the client decided to outsource operations within TELUS, he chose El Salvador.



Tax incentives

International Services Law

Provides tax incentives to companies dedicated to providing services for foreign clients. To enjoy these benefits, companies may establish themselves in parks or service centers.

Service park: Limited areas considered outside the national customs territory, where service exporters are installed and operate under the benefits of this law.

- Service Centers: When a company - in an eligible activity specified in this law - for physical or technical reasons, cannot operate within a service park, it can be authorized to operate outside a Service Park, as a Service Center and enjoy all the benefits of this law.

Incentivized activities

Information technology services, understood as those services provided by a company benefited by this Law, to legal persons domiciled outside the national territory, in the design and development of software, systems and computer applications.

Information technology activities incentivized may allocate 30% of their services to the national market.

The Law also offers incentives for other activities such as: business processes (BPO), international call centers (call centers or contact centers), repair of technological equipment, international financial services, research and development, among others.

Benefits



- Exemption from customs duties and other taxes on the importation of machinery, equipment, tools, spare parts, accessories, furniture and other goods that are necessary for the execution of the incentivized activity.
- Total exemption from income tax for income from the incentivized activity, during the period that it carries out its operations in the country.
- Total exemption from municipal taxes on the assets of the company, during the period in which it carries out operations in the country.





Requirements

The International Services Law indicates that the requirements vary according to the incentivized activity and modality, the requirements for the activities of service centers are detailed below.

Requirements for companies that establish service centers in El Salvador:

Activity	Local market limit	Service Center Requirements
Contact Centers	40%	<ul style="list-style-type: none">a) Authorization of the location by the corresponding authority;b) Must comply with environmental and safety conditions;c) Formal organization;d) Buildings: i) vehicle parking; ii) emergency exits; iii) any other according to the activity.

Transitory provisions to the International Services Law are currently in force, which are intended to allow direct users of parks and service centers to carry out their activities outside the facilities until December 31, 2023.



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