



**Asia-Pacific  
Economic Cooperation**

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# **APEC Information Privacy Principles in the Development of Outsourcing Business: Contact Center in Peru**

Submitted by: Peru



**Technical Assistance Seminar on International  
Implementation of the APEC Privacy  
Framework  
Lima, Peru  
19-20 February 2008**

APEC Information Privacy Principles in  
the development of Outsourcing  
Business:  
CONTACT CENTER IN PERU

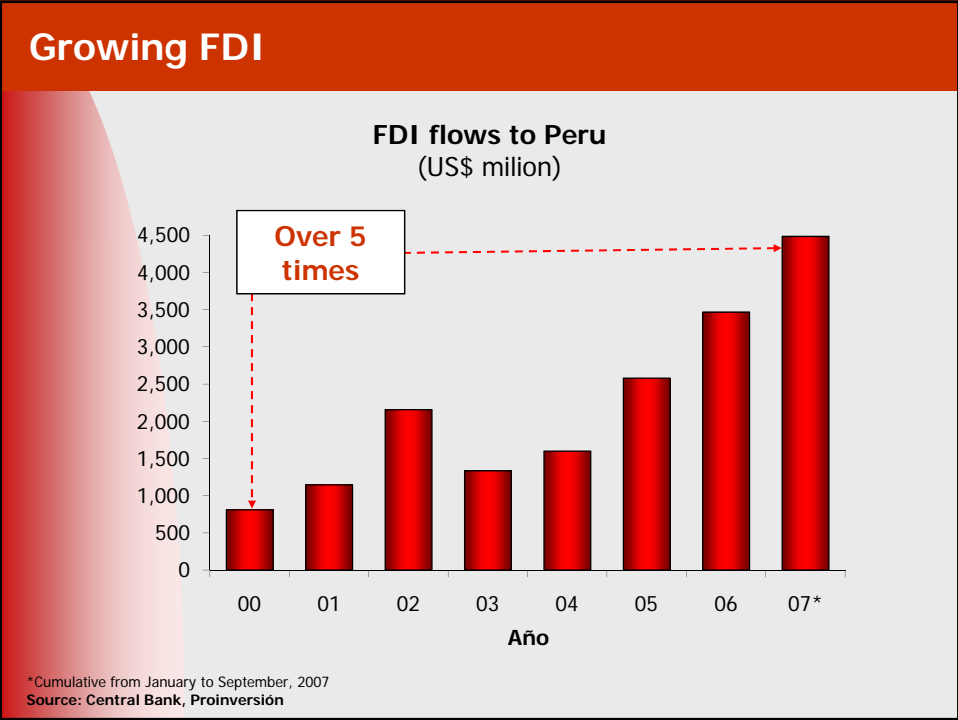


Harry Chang  
Chief Investment Promotion

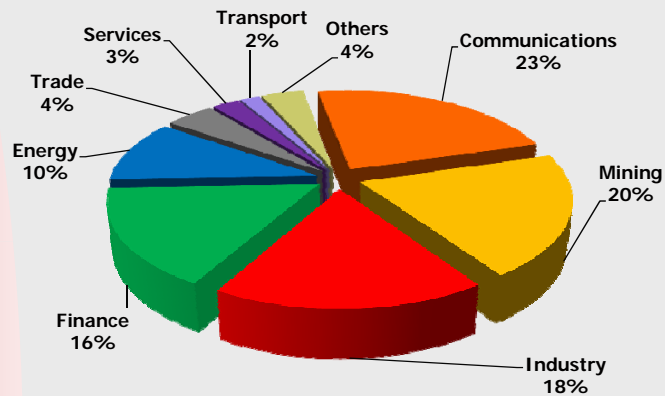
**ProInversión**  
APEC Feb 2008

## Agenda

1. Foreign Investment in Peru – Legal Framework
2. Development of the Outsourcing Business. Contact Center in Peru.
3. Peru: Business Hub in Contact Centers: Private and Public Institutions Commitment.
4. Data Protection Law and APEC Information Privacy Principles



### FDI Stock by destination sector, 2007 (%)



Source: Central Bank, ProInversión

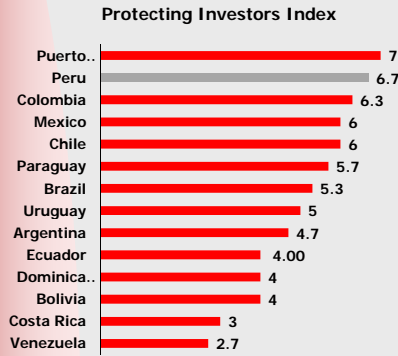
### Peru offers a favorable legal framework for foreign investment ...

- Non discriminatory treatment.
- Unrestrictive access to most economic sectors.
- No performance requirements.
- Free transfer of capital.
- Free competition.
- Guarantee for Private Property
- Freedom to purchase stocks from locals.
- Freedom to access internal and external credit.
- Freedom to pay royalties.
- Network of investments agreements and member of ICSID and MIGA

**Legal Framework:** Constitutional provisions, "Law for the Promotion of Foreign Investment", Legislative Decree N° 662, "Framework Law for Private Investment Growth", Legislative Decree N° 757, "Law for the Promotion of Private Investment in Infrastructure and Public Service Works", Approved by Supreme Decree N° 059-96-PCM

**According to a World's Bank survey and World Economic Forum:**

**Peru stands second in the Latin America region in protecting investors, and 15th in the World**



Source: Doing Business 2008.

**Peru is first in the region for government readiness for private investment**

Position	Country	Points
1	Peru	5.8
2	Colombia	5.6
3	Chile	5.5
4	Uruguay	4.8
5	El Salvador	4.6
6	Bolivia	4.5
7	Brazil	4.2
8	Dominic. Rep.	4.2
9	Mexico	4.1
10	Guatemala	4.0
11	Venezuela	3.2
12	Argentina	3.1

Source: World Economic Forum, Benchmarking National Attractiveness for Private Investment in LA Infrastructure. 2007



## Development of Outsourcing Business: Contact Centers

### BACKGROUNDS



- **18% of young people in Lima does not study and have an informal job, reported the WLO.** This report informs that almost 300 thousand young people in Peru is jobless. This means that 10% of Peruvian labor force from 15 to 24 years old is unemployed.
- The service sector is a dynamic and fast growing sector that generates many jobs, especially TI-related jobs.
- The highest impact of investments is shown in the generation of jobs.

### Contact Center: Opportunity to generate thousands of jobs.....

- There are approximately **15,000** installed and available sites in Peru (30% in house), growing at an average **30% per year.** However, there is still idle capacity during the night shift. The purpose is to provide this service to Europe and Asia.
- A report by a US consultant "Datamonitor" reveals that the number of teleoperator positions at Latin American and the Caribbean contact centers will grow from **336,000 in 2003 to 730,000 in 2008.** The highest growth rate worldwide.

Country	Direct jobs
Colombia	40,000
Argentina	50,000
Chile	30,000
Mexico	250,000
Spain	200,000
Peru	30,000



### Public - Private Commitment



- Government priority on creating jobs. (Well paid, legal benefits package, good working environment, job tenure).
- 19% Value Added Tax (IGV) for call center export service eliminated in 2006 thanks to joint effort of local Contact Centers and public sector (MINCETUR, PROMPERU, PROINVERSION).

#### Perú: “Business HUB for Contact Centers”

Investment Promotion Program seeks to change current Peru's comparative advantages into sustainable competitive advantages, in order to place Peru as a sound platform for the exportation of contact centers services, generating thousands of jobs.

### Benefits of Contact Centers sector for Peru

- 1 — Increase of investments
- 2 — Generation of jobs
- 3 — Main labor force: college students
- 4 — Ongoing Professional Training
- 5 — Labor Opportunity
- 6 — Improve work conditions
- 7 — Services Exportation
- 8 — Decentralization of investments

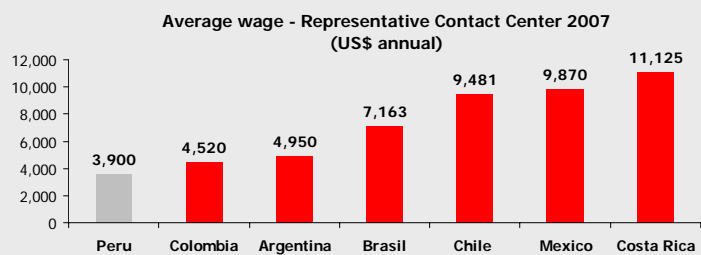
## Peru: Business Hub for Contact Centers



### Why invest in Peru?

#### 5 important reasons for the growth of Peru's Contact Centers:

- a. Lower labor costs and labor flexibility (60% operating cost)
- b. Quality and experience of Peruvian labor
- c. Neutral voice tone (Spanish)
- d. Technological requirements
- e. Real Estate: Lower costs



Source: Economist Intelligence Unit, pay scale 2007. Telemarketing Argentina

## ProInversion: Strategic Plan

The Investment Promotion Program for Contact Centers is based on 5 parallel work schemes:



1. Removal of Barriers for the development of this sector:
  - Removal of VAT for the exportation of Contact centers service (March 2006)
  - **Personal Data Protection Law.**
2. Foreign Investment attraction campaign for contact centers.
3. Creation of a Peruvian Association of Contact Centers – APECCO
4. Decentralization of contact centers.
5. Generation of business clusters in contact centers and training programs

## Contact Centers that invested in 2007

Company	Country	WEB	Invest. US\$*	Direct Job*
1. GSS	Spain	<a href="http://www.grupogss.com">www.grupogss.com</a>	3,000,000	1,000
2. Lexiconmarketing	USA	<a href="http://www.lexiconmarketing.com">www.lexiconmarketing.com</a>	4,000,000	1,000
3. Vidisa	Spain	<a href="http://www.vidisa.com">www.vidisa.com</a>	300,000	270
4. Digitex	Spain	<a href="http://www.digitex.es">www.digitex.es</a>	1,000,000	1,000
5. Avante	Spain		400,000	400
6. Multivoice	Argentina	<a href="http://www.grupomultivoice.com">www.grupomultivoice.com</a>	600,000	600
7. Telemark Spain	Spain	<a href="http://www.telemark-spain.com">www.telemark-spain.com</a>	3,000,000	1,000
<b>TOTAL</b>			<b>12,300,000</b>	<b>5,270</b>

\* Estimated

## Personal Data Protection Law

Draft of the Personal Data Protection Law which purpose it to elaborate a whole legal framework that guarantee the right to protect personal data.



### Purposes:

- To guarantee the protection and appropriate use of personal data.
- To create a reliable environment to foster a fluid exchange of data (commercial services) with developed countries.
- To increase Peruvian competitiveness for the attraction of investments in Outsourcing Business.

### Criteria: APEC Information Privacy Principles

- a. To develop appropriate privacy protections for personal information.
- b. Implementation of security measures for effective data protection.
- c. Organization in charge of the enforcement of the pertaining legislation.

## Data Protection

- ❑ Percentage of companies that carry out formal risk studies
  - Brazil : 70%
  - Venezuela : 71%
  - Peru : 66%
- ❑ Percentage of companies with information security systems:
  - Peru : 93%
  - Argentina : 88%
  - Brazil : 85%
- ❑ Barriers found in Peruvian companies that hinder the implementation of information security projects:
  - Not enough funds (52% of the cases)
  - Not enough specialists (30% of the cases)

Source: Ernst & Young. Global Survey on Information Security

