

Bangladesh IT Industry overview



Bangladesh Association of Software & Information Services (BASIS)

About BASIS



The national Trade body representing Software & IT Service Industry of Bangladesh

700 member companies employing over 70,000 professionals

Half of the companies export to over 40 countries worldwide

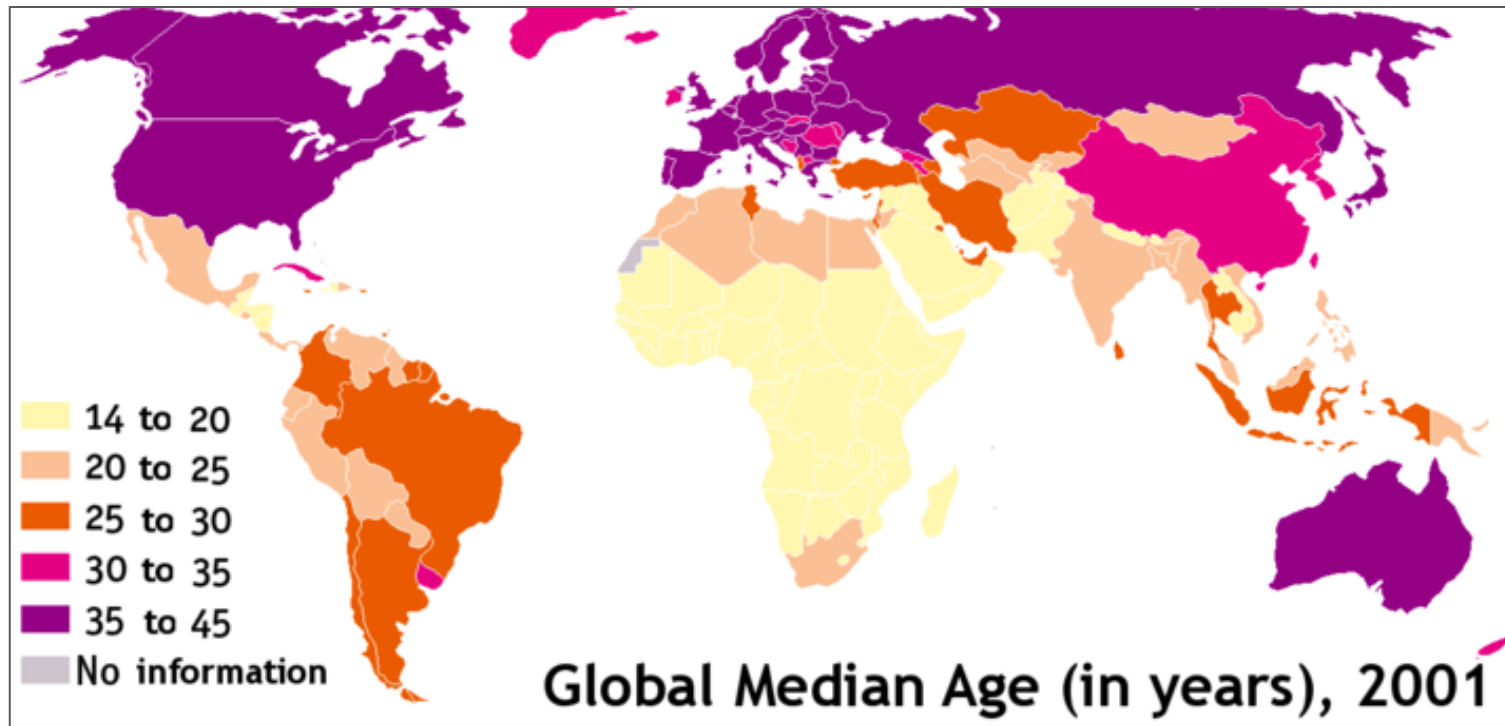
www.basis.org.bd

BASIS at a glance

- Established in 1997
- Current No. of Members: 700+
- Current Market size : USD 250 million
- Current earning from Export : US \$ 101.36 (50% growth rate)
- Annual Revenue : US \$ 2,50,000
- No. of Staff : 17
- Paid Services: Credit card issue and refill for foreign exchange, Exhibition, IT Service catalog enlistment, Training at BITM

Landscape : Demography

- ◆ Population Demography – One of the most populous, crowdest and youngest countries in the world
- ◆ Bangladesh has 5th largest economically active population in the world

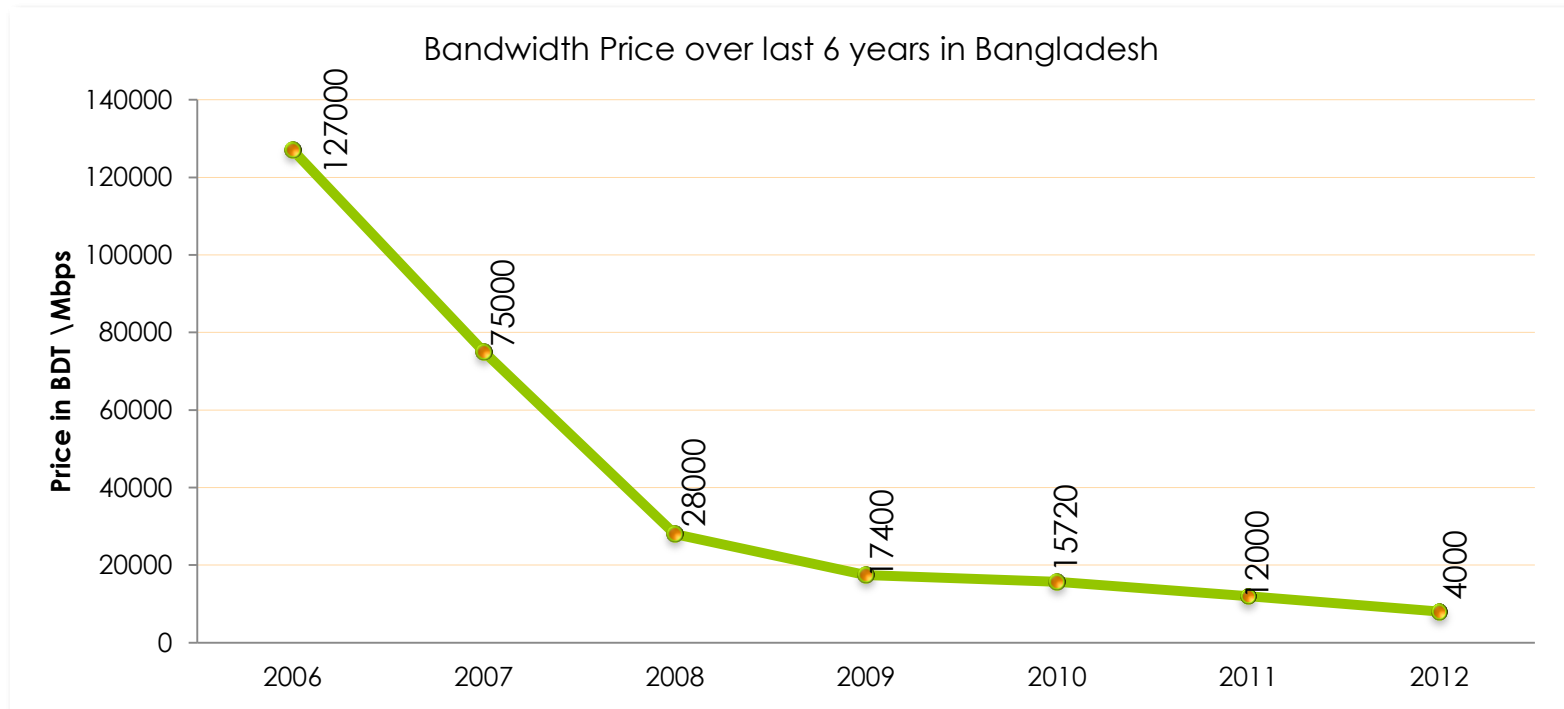


Landscape : Connectivity & Digital Lifestyle

- ◆ Per capita Income rising steadily (from US\$ 620 in 2009 to US\$ 800 in 2012)
- ◆ Connectivity increased rapidly (**100 million people connected over mobile**) in last 5 years. Over 30 million in 2 metropolitan cities only.
- ◆ **Over 20% population** (30 million) using Internet. Projected to be over 50% by 2020.
- ◆ **10 million Smart Phones** – Projected to be 30 million by 2015
- ◆ Internet Price came down **6 times in 6 years.**



Internet Bandwidth price is falling.....



Avg. Bandwidth Price is US\$ 40 per Mb (down from US\$ 1000 in 2007)

Major Niches in Outsourcing for Bangladesh Companies

Web Development and Design

Mobile Applications (apps/games, application Platform, mobile VoIP application etc.)

Graphics Design (Pre-Press, Digital Design & Support service)

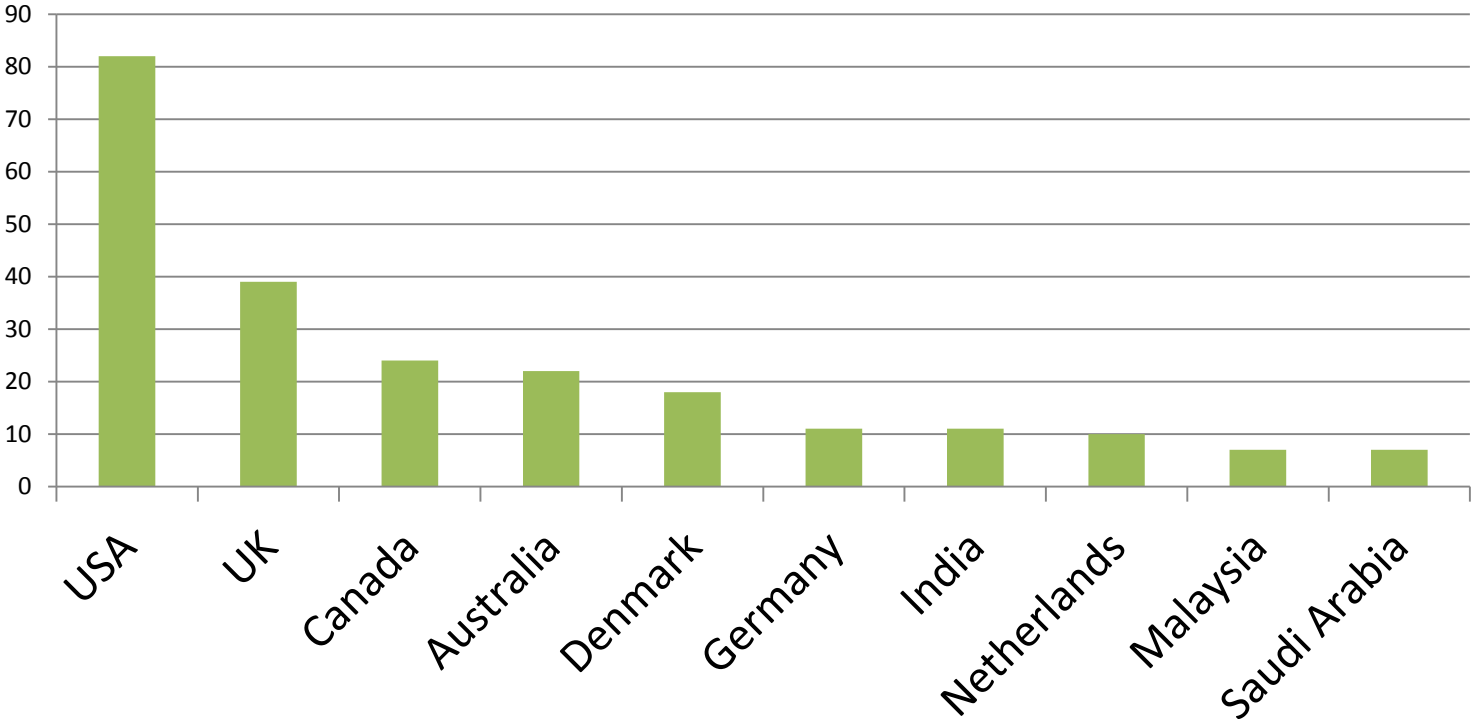
Customized Application Development and Maintenance

Export Trends in the recent years

Fiscal Year	Export (in million USD)	Growth (Over last year)
2006-07	26.08	-3.44%
2007-08	24.09	-4.83%
2008-09	32.91	32.59%
2009-10	35.36	7.44%
2010-11	45.31	27.25%
2011-12	70.81	56.28%
2012-13	101.36	54.80%

- ✓ In last financial year, Software/IT Service **Growth rate (56%)** is the highest among all sectors (total export growth only 7%)
- ✓ Software/IT service export it currently one of the top 15 export items in the country. If net value addition is considered, it is among the **top 10**

Major Export in North America and Europe (percentage of companies exporting)



Why **NEXT** ?

With cost rising rapidly in traditional outsourcing countries (India, China, Philippines etc.), Bangladesh, powered by its huge source of talented youth, emerges as one of the **best NEXT alternative** destinations for clients who are looking for mitigating risk by diversifying outsourcing location.

Opportunities for Business

Citizen & Consumer Services

- ✓ **e-Services** for citizens (SaaS model)
- ✓ Mobile **Content & Application**
- ✓ Digital **Entertainment & Learning** (e.g. games, IP TV etc.)
- ✓ **E-Commerce** & Online Businesses

Opportunities for Business Infrastructure Services

- ✓ **Cloud** Infrastructure (data centre)
- ✓ **Connectivity** Infrastructure (*Sub-marine, terrestrial cable, national wide connectivity etc.*)
- ✓ **Online Payment Processing** Infrastructure (e.g. mobile banking - partnering with financial institutes- banks, MFIs)

Opportunities for Business Offshore Services

- ✓ **Back office** services (large scale BPO)
- ✓ Application **Development & Maintenance**
(over 100 companies in Bangladesh are providing services to US clients)
- ✓ **R&D** centre (Samsung has set up its 18th R&D centre in Bangladesh; 5th in Asia), electronics, embedded, VLSI etc.

Few large US Technology companies having presence in Bangladesh

- Playdom (part of the Disney Interactive Media Group)
- Microsoft
- Google
- Dell
- Cisco
- Rebate Network
- Money in Motion

Government Support for Technology Investment

- ✓ **No corporate tax** for Software & IT services
- ✓ Long term Equity Fund (EEF) by Bangladesh Bank convertible to zero cost liability (**zero cost of capital**)
- ✓ **Zero import duty** for computer/hardware equipment
- ✓ **Special High-Tech park** (230 acres) being set-up by government
- ✓ Plan to increase the technical HR pool by **3 times in 5 years.**

Few upcoming activities of BASIS

- One Bangladesh Launching with a roadmap of (USD 1 Billion Export earning, Creating 1 Million IT professionals, Increasing of 1 crore internet users per year and contribution of 1% in GDP by the year 2018)
- BASIS Softexpo 2014 (June 5-8, 2014)
- Europe-Bangladesh Technology Summit 2014 (March 17-20), Copenhagen and Oslo, Norway
- Digital Innovation Expo, BICC, Dhaka (April 27-30, 2014)
- US-BD Tech Investment Summit, California, USA (May 17, 2014)