



PERU: INVESTMENT OPPORTUNITIES SERVICES (TELECOMMUNICATION, REAL ESTATE, SOFTWARE)

Technological progress, telecommunication network development and some other characteristics make of our country an important supplier of “Contact Center” services, aimed at satisfying the needs of companies and people domiciled abroad.

The huge telecommunications cost reduction, together with progress made by technology and an increase of regulations regarding “Contact Centers” operations in industrialized countries are facilitating the transfer of these large customer service centers to less costly countries, particularly in Latin America.

The development of Contact Centers in Peru has made some progress. Around 4,000 service positions were estimated for 2004. Today this figure is estimated to have reached 15,000 positions, and for 2009, it should reach 20,000 positions, which would generate 50 thousand jobs.

Locally, there are more than 50 foreign and private capital companies who develop this activity. The main operators are: Atento Peru (Spain), Digitex (Spain), Entel PCS (Chile), Impulse Telecom (Mexico), Grupo GSS (Spain), Telemark (Spain), Telegestión (Peru), Fortel Contact Center (Peru), Tellus Peru (Brazil).

UNBEATABLE LOCATION



Time Zone. Peru is in the same time zone as New York and Miami, (GMT -05) and at 6 hours of Europe’s central zone. This means that while Madrid is in the morning, Lima starts dawn. Air Connectivity. Peru is connected with the world through direct flights to the main Latin American cities and the rest of the world.



City	Duration
New York	8h 40m
Atlanta	6h 47m
Miami	7h 05m
Los Angeles	6h 35m
Toronto	8h 10m
Madrid	11h 25m
Amsterdam	14h 00m
Mexico DF	5h 30m
San Jose	3h 45m
Panama	3h 30m
Bogota / Medellin	3h 00m
Caracas	5h 00m
Quito / Guayaquil	2h 15m
Santiago	4h 25m
Buenos Aires	6h 15m
Sao Paulo	6h 50m
La Paz	2h 40m

Main Cities

Main Cities
o Lima (Callao included) (8,331,257 h.)
o La Libertad (1,539,774 h.)
o Arequipa (1,140,810 h.)
o Piura (1,630,772 h.)
o Lambayeque (1,091,535 h.)
o Tacna (274,498 h.)

Source: INEI National Census 2007: XI de Poblacion y Vivienda

Main Cities

Lima is Peru's capital city and it gathers the main domestic and foreign contact centers. However, many of these businesses have started to consider opportunities in Trujillo, Chiclayo and Arequipa, which have the necessary services and infrastructure to operate.

LEGAL AND TAX FRAMEWORK

- The right to receive non discriminatory treatment as compared to domestic investors.
- Freedom of trade and industry and freedom to export and import.
- Freely remitting profits or dividends abroad following payment of corresponding taxes.
- The right to use the most favorable existing exchange rate for the respective exchange operation type.

- Freely exporting invested capital in case of share sales, capital reduction or total or partial liquidation of investments.
- Non-restricted access to internal credit under the same conditions as domestic investors.
- Freely hiring technology and remitting royalties.
- Freely acquiring shares owned by domestic investors.
- Hiring insurance for their investment abroad.
- Signing Juridical Stability Agreements with the State in connection with their investments in the country.
- Government priority is generating jobs (well paid, labor benefits, good working environment and labor stability).



Tax Issues

General Sales Tax - IGV (IVA or value added tax in other countries). The applicable rate is 19%, including the Municipal Promotion duty. However, D.S. 0252006 exempts Contact Centers from paying IGV when exporting services.

Income Tax. Applicable rates are:

- For domiciled companies, 30% on their net income.
- Dividends and other modalities for distributing profit received from corporations: 4.1%.

Tax to Financial Operations. This is a temporary tax encumbering bank operations in foreign or domestic currency (both debits and credits). The tax is deductible from the Income Tax and the rate for 2008 is 0.07%.

Agreements to Prevent Double Taxation. Peru has signed bilateral agreements to prevent double taxation with Chile and Canada. A similar agreement is pending with Spain.

HUMAN TALENT

Speaking about labor in Peru is speaking about human talent. Peru is well known for its people's kindness, good service in all aspects and warmth and diligence for communicating. Costs are very competitive, even lesser than those from other Latin American countries.

Peruvians who live in the Coast have a neutral accent with few idioms and is easy to adapt. In fact, according to many Contact Center companies, this has permitted them to operate fluidly with other Spanish speakers without the people identifying the origin of the call.

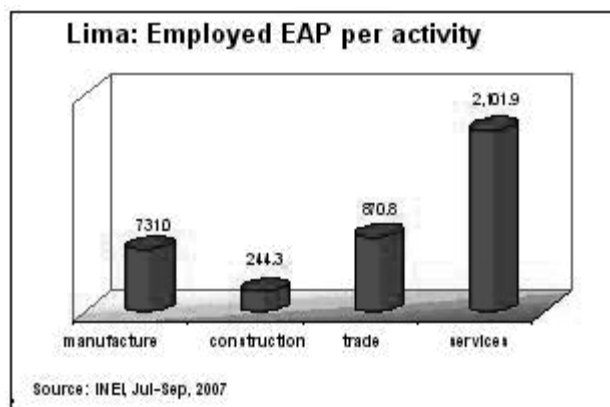
Labor Cost: Peru is one of the lowest cost countries in Latin America. Minimum salary in Peru is S/.550 (US\$ 183 / € 125; the cost per hour is approximately US\$ 0.88 / € 0.60), and the average monthly salary for a teleoperator is S/. 750 (US\$ 250).

The labor market is very flexible and has much qualified labor.

Trend towards activities related with services:

Peru has a total population of 28'220,764. Metropolitan Lima alone has 6'381,700 people of working age, 63% of this population has a job, mainly in activities related to services.

Available labor: There is adequate available labor supply in Peru. Its Economically Active Population —EAP— is of more than 15 million and 55% are underemployed, with approximately 700 thousand unemployed people. Unemployment in Lima is 6.5%. 35% of EAP lies between 14 and 24 years of age. Likewise, almost 70% of said population receives an income of no more than S/ 600 (US\$ 200.00).



University Offer

University students are more than 600 thousand with an average age of 23, distributed in 91 universities between private and public ones. Out of these, 29 are in Lima. The most popular careers are accounting, business management, systems engineering and law.

Language Capabilities

There are several educational institutions which specialize in teaching English in Peru. It is estimated that only in Lima more than 8 thousand students finish at these institutes after having passed the advanced level. Many contact centers already offer services in English with total satisfaction.

Workers in payroll have the right to 30 days of vacations per year, social security, AFP (pension fund), severance payment (CTS) of one salary per year and bonuses in July and December.

Flexible labor regime: personnel hiring for 6 months (3 years max.). Internships. Part-time: 3.45 hours per day

REAL ESTATE

CB Richard Ellis Global Research & Consulting, prepared in 2006 a benchmark study on total occupation costs (gross rental), for offices located in A class buildings in first level sectors in different cities. The study shows Lima as the second more economic city between 14 cities in Latin America. Lima is 55% more economic than Sao Paulo, 49%

Bilingual schools	568
Language Institutes (advanced level)	7,500
Universities or Translation Centers	110
Total	8,178

Source Survey made by Proinversión

How does the labor market of contact centers work in Peru?

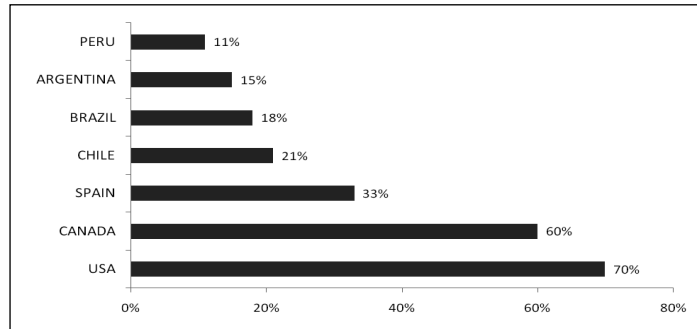
A teleoperator usually earns 750 soles per month (US\$ 250). A bilingual teleoperator may make between 1,000 and 1,500 soles (US\$ 335 – 500). Workers in payroll require payment of 48.5% above the basic salary in social benefit payments.

more economic than Mexico City and 35% and 33% than Buenos Aires and Santiago de Chile, respectively. Likewise, "The Knowledge Report", the report of Colliers International on office space in Peru estimates that 325.000 m2 aimed at A+ and A offices will enter the market in 2010, which will imply an office stock growth of 89%.



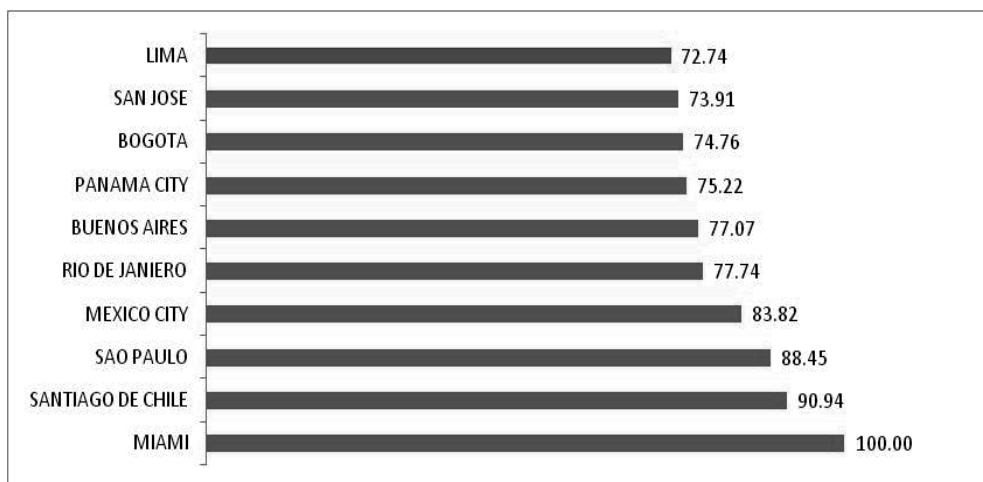
COMMERCIAL MARKET

Despite the increasing investments in shopping centers, Peru has low penetration levels compared with other countries.



Source: PROINVERSION

OFFICE MARKET



Class A/Prime Office and Industry Space Rental (US\$/m2/mo)

	Office Market	Industrial market
Argentina	28 - 34	3 - 5
Brazil	33 - 45	3 - 8
Chile	20 - 23	3.5 - 4.5
Colombia	24 - 28	3 - 5
Mexico	28 - 30	4.5 - 5.0
Peru	15 - 17.5	2 - 3

Source: CBRE MarketView Latin America & the Caribbean - Mid Year 2007

A and A+ office rental monthly cost per square meter to date is: US\$ 15 and US\$ 7.5.

- The sale price for offices of the same kind lies between US\$ 1,200 and US\$1,650.
- In cities outside Lima the cost is estimated at 40% less.

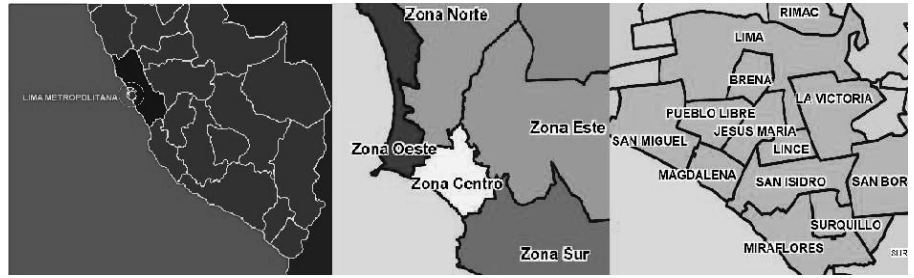
Where are the Contact Centers installed?

More than 88% of companies in this branch are in the Central Zone of Metropolitan Lima, mostly in San Isidro (35%), Miraflores (17%) and San Borja (11%).



The rest of the companies are in Magdalena del Mar, Surquillo, Cercado de Lima and Santiago de Surco, districts around the business quarter, San Isidro. However, other companies have chosen Ate, Vitarte and Los Olivos, peripheral districts with abundant human resources.

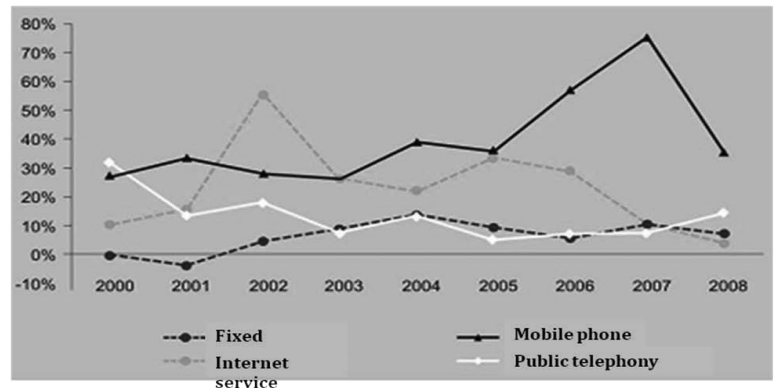
Metropolitan Lima Central Districts



TELECOMMUNICATIONS INFRASTRUCTURE

The telecommunications sector is one of the most dynamic in Peru. It gathers two large fixed telephony and three mobile telephony operators.

TELECOMMUNICATIONS SECTOR GROWTH MEASURED IN LINES AND SUBSCRIBERS 2000-2008

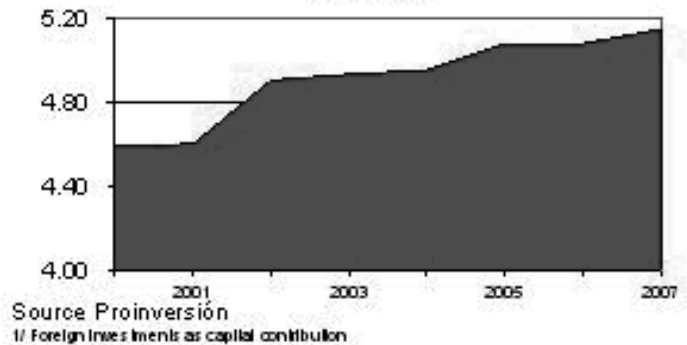


Source: PROINVERSION

Added to demand for better calling alternatives from Peru to foreign countries, this made prices substantially drop due to the large amount of Peruvians living abroad. This was shown by an average annual increase of 28% in the traffic of international calls.

Likewise, Peru has one of the highest Internet penetration rates in Latin America, 25.5% of its population according to the International Telecommunications Union, which represents approximately 300% growth from 2000 to 2007.

FDI Stock in Telecommunications 1/ (Millions of US\$)



Most of this growth occurs in the coast, in cities such as Lima, Ica, Trujillo, Piura, Chiclayo, Tacna, Chimbote, and Arequipa and Cusco (in the highlands).

Investments in telecommunications during this decade are basically foreign companies that saw the chance of operating in Peru due to the great demand for new technologies in the business sector.

FDI by Country of Origin - 2009

Country	Penetration	Users
ARGENTINA	19.98%	7,500,000
BOLIVIA	6.40%	580,000
BRAZIL	22.40%	42,600,000
CHILE	43.20%	7,035,000
COLOMBIA	22.80%	10,097,000
COSTARICA	22.70%	1,000,000
ECUADOR	11.30%	1,549,000
MEXICO	16.30%	17,100,000
PARAGUAY	3.90%	260,000
PERU	25.50%	7,324,000
URUGUAY	31.80%	1,100,000
VENEZUELA	20.40%	5,297,400

Source: ITU and other official sources

Average Cost per E1		
ORIGEN/DESTIN	MIAMI	NEW YORK
Argentina (Buenos Aires)	\$ 3,805.00	\$ 4,324.00
Brasil (Sao Paulo)	\$ 3,830.00	\$ 4,353.00
Perú (Lima)	\$ 4,044.00	\$ 4,596.00
Venezuela (Caracas)	\$ 4,293.00	\$ 4,878.00
Colombia (Bogota)	\$ 5,328.00	\$ 6,055.00
Ecuador (Quito)	\$ 7,318.00	\$ 8,311.00

Source: IMPSA

The business you do not see but to which you talk Telephone call centers, an activity that may provide thousands of jobs

When you call a bank to ask for information, an airline to buy a plane ticket, a pizza parlor to place an order, or the shop where you bought the computer so someone explains how to install it, you are very probably calling a call center without knowing it. Similarly, you may receive calls from some company or institution to offer a good or service which actually does not come from it.

Call centers came up to satisfy some aspects of relationships with customers: promotions, information and inquiries, claims, reception of suggestions, among others. The objective was to provide client service through the phone at optimum quality level. The new competitive environment make client management policies ever more relevant, and differentiation strategies prevail in services. Within this context, many companies are planning to create or leverage the telephone channel as a partial or comprehensive support for customer relations.

Technological advances, telecommunication network development, and our comparative advantages make of Peru a place to become an important provider of these services, aimed at satisfying the needs of companies and persons domiciled abroad, as well as it is already happening within the country.

Technology Suppliers

Main telecommunications carriers are: Telefónica del Perú, Telmex Peru, Global Crossing, Convergía and Americatel.

There is currently much availability of IP solutions, as well as IPv6 service, complementing current IPv4. There is also unlimited capacity for larger traffic at speeds starting from DS0 to GigE and OC-48/STM-16. World connectivity at 300 POPs in North America, Europe, Latin America and Asia.

The following are among main IP telephony suppliers present in the market: Nortel, Avaya, Cisco, Tricom, Inconcert, Asterix.





A growing business all over the world

The call center business is growing all over the world, as the US\$ 93 billion it reached last year witness. This growth is accompanied by a client loyalty building strategy and by attracting more clients. On the other hand, there is a marked trend to sell more and more products and services through the phone. What is important here is to provide the service at a lesser cost.

Thus, call center relocation was started by “General Electric” in the 90s, when it took most US client attention centers to India. For the United States and Great Britain, the Asian country is the preferred destination for cost reduction as well as Latin America is for Spain, due to language similarities and lower salaries. Recently, IBM bought the “Daksh eServices” group, the second Indian teleoperator, for US\$ 170 million, while the world leader in the sector, “Convergys”, already has around 12,000 position in New Delhi. When a sector has 70% of its costs directly related to personnel salaries, labor costs become such an essential factor for competitiveness that relocations become unstoppable.

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Peru’s comparative advantages

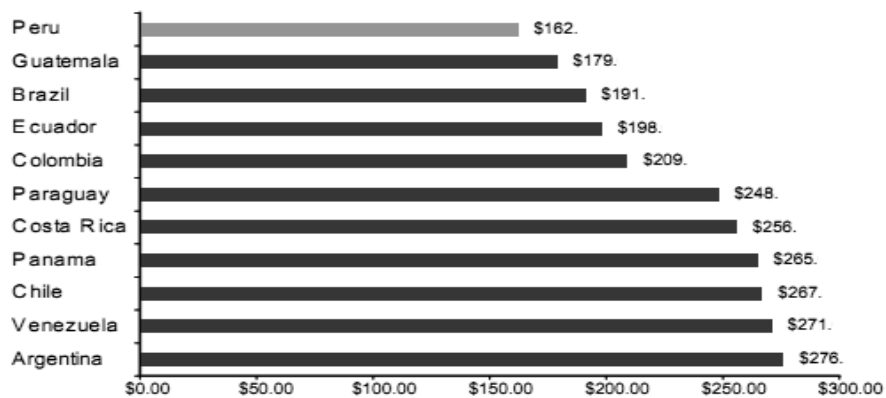
Although the call center industry in Peru is currently little developed, as compared to the relative importance of the sector in other Latin American countries, growth possibilities are large.

Del total de dichos puestos de atención, alrededor del 50% de los mismos se encuentran bajo la modalidad Our country is estimated to have around 6,500 attention posts already installed and available. Out of the total of said posts, about 50% are under the so-called “inhouse” modality (contact centers belonging to the company itself). There are three important reasons for the growing interest in call centers in our country:

- Lower labor cost
- Peruvian labor quality
- Advanced communications technology



Minimum Salary (in US\$)



Source: PROINVERSION

These advantages permit companies devoted to this activity to supply their services to clients in other countries, mostly in the United States or Spain. Factors that can contribute to this growth perspective are time differences and local labor costs, relatively lower than those available elsewhere, as well as some personal characteristics of Peruvians, such as the absence of a marked local accent and innate kindness.

Companies such as "Atento Perú" of Grupo Telefónica are equipped and qualified to supply services to foreign companies since the telecommunication systems developed in Peru in the last decade have installed capacity to develop communications networks from and to our country without great additional investment requirements.

Call center and contact center

A technological evolution of the original concept of call center is what today is known as a contact center or center of interaction with clients. It is a

central point from which all the clients of a certain company are managed. A contact center generally includes one or more call centers in its structure, but is trained to attend user contacts or business clients done through other media: e-mail, fax, SMS, web requests, chat, among others.

There are basically two modalities for a contact center operation

Inhouse: The contact center makes part of a specific organization or company and it uses it to manage its own clients.

Outsource: It is a company specialized in the field, which other companies or organizations hire, so it manages, on their behalf, their relation with their clients.

When the use, exploitation or harnessing of services provided by contact centers is received by and benefits businesses domiciled abroad, it is a service export. The aforementioned conditions make it feasible for our country to become



an important supplier of contact centers and telemarketing services aimed at satisfying the needs of businesses and individuals domiciled abroad.

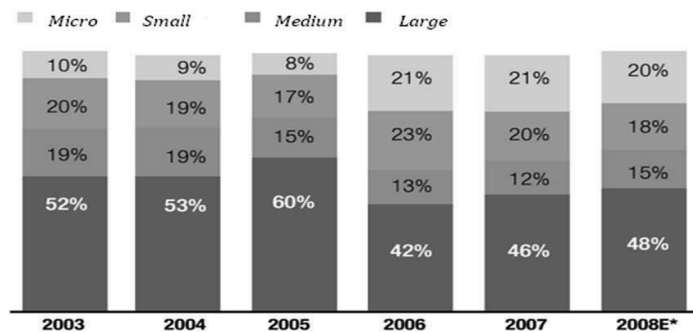
SOFTWARE

Peru demonstrates a sustainable economic growth of 6% in 2009, with the sale around US\$ 145 million in 2010. With a bundle of skilled and experienced labor, 400 companies are now employing over 100,000 people. Obviously, the business expansion is still noted in Lima.

Software market is comprised of 2 main groups:

1. Personalized Software: Peruvian engineers who run their own business and serve domestic and foreign orders.
2. Pre-packaged programs, sold under the concept of licensing:
 - Global manufacturers who sell in our country a product that was developed abroad.
 - Business solutions for productivity.

Company Size



Source: PROINVERSION

Software Market Size

	2008	2009E	2010P*
Hardware	1.195'579.180	1.171'219.775	1.260'393.624
Software	119'042.000	126'561.000	144'232.000
Services	311'567.562	356'889.713	421'247.225
Total	1.626'188.742	1.654'670.488	1.825'872.849

Source: PROINVERSION



Annual Variation of the Software Market

	2008	2009E	2010P*
Hardware	36,6%	-2,0%	7,6%
Software	16,3%	6,3%	14,0%
Services	17,0%	14,5%	18,0%
Total	30,7%	1,8%	10,3%

Source: PROINVERSION

Our country could get several benefits by developing these services, among which generating several hundreds of jobs in the short term, currently inexistent positive dollar flow, and business profits,

and therefore greater fiscal revenues. Finally, it is a non-polluting industry that will permit many Peruvians, most of all youth, to have a permanent income.



Contact Information:

Public

Commission for Promoting Exports (PROMPEX) www.prompex.gob.pe
 Transports and Communications Ministry (MTC) www.mtc.gob.pe
 Foreign trade and Tourism Ministry (MINCETUR) www.mincetur.gob.pe
 Outer relations Ministry (MRE) www.rree.gob.pe
 Production Ministry (PRODUCE) www.produce.gob.pe

Private

Exporter Association of Peru (ADEX) www.adexperu.org.pe
 Vestibule of the Health - It enjoys <http://www.peruhealth.org>
 It projects Peru www.peruconsulting.org
 Software Peru -Creates www.perusoftware.org
 Peruvian association of Software Producers -APESOFT www.apesoft.org





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