



Your partner in Saudi Arabia

**Leveraging
Business Process Outsourcing (BPO)
In International Markets**

White Paper
October 31, 2007

Consider a business enterprise geared to venture into a foreign market. Having made the decision to go international, what follows is a thorough study of laws regulating the entry and operations in the host country. But the real challenge lies in establishing physical presence as swiftly as possible and further, have all the logistics and day-to-day systems in place so that costs are kept in check and valuable resources are channeled towards core activities. The solution lies in hiring local expertise in the host country to support the company's sourcing needs and take the hassle out of all administrative and logistic requirements of business. This will have a two-fold effect. First, the company venturing out will be able to establish base almost instantly, with speed. Secondly, by having all non-core activities taken care of on an ongoing basis, the company can focus on their core activities - the very purpose of the whole exercise at the outset.

Business establishment challenges in international markets.

Government Relations and Legal Issues: Lack of experienced manpower to handle government formalities and compliances can lead to major delays and affect various areas of business. These issues can range from applying for and follow-up of various types of visas to certifications by different Government Agencies. While certain government agencies play a vital role in laying down clear-cut guidelines for foreign investors, more is needed in terms of implementation and acting upon these guidelines.

Infrastructure Setup: Infrastructure setup can take its toll on a company's internal resources. Finding the right place to lease, with all facilities and amenities in place is the key to a swift start. Administrative difficulties faced with facility maintenance and upkeep is another issue contributing directly to costs and deviation from core activities.

Personnel Support: Recruiting, developing and managing manpower is another area of concern where the workforce environment and culture is far different than which a company has gotten familiar with. This is again aggravated by legal requirements relating to recruitment. Further, finding the right person for the job in a foreign country can be a long and tedious task involving trial and error methods resulting in huge costs in the process. Designing an optimum organisation structure and formulating compensation and appraisal systems, while ensuring compliance with the social and legal responsibilities towards its employees, is yet another area of concern requiring local expertise.

Western Companies venturing into Saudi market have to confront with various issues that end up delaying their entry and/or incurring high operations costs that are otherwise avoidable with some forethought. These problems basically stem from the entrant's improper planning and lack of understanding of the local business environment.

Language Considerations: Language plays a major role in practically all communication with everyone involved or expected to be involved with the company, namely suppliers, vendors, customers, the general public and most importantly, government institutions. It is a known constant that all government agencies in a country execute all paper work only in their national language. Some of the government institutions could also be a target audience for the products or services offered. These could be the country's defense sectors or public utility organisations owned by the government. However, regardless of the capacity in which the host government organisations are approached, the medium of communication still remains the same - the country's national language. Apart from the verbal interactions, the mass volume of documentation, commercial and technical, going back and forth between the company and the government departments alone will warrant a battery of high-calibre native linguists and translators. Though this group of personnel may seem easy to attract, reality proves otherwise.

Transportation and Travel: When companies want to focus on core activities to get the best out of their foreign investments and face competition head-on and instantly, decisions relating to meeting transporting and travel needs bring up issues like administrative handling costs, internal man-hours costs, implications and consequences of buy v/s lease option.

Outsourcing as a logical solution

Outsourcing non-core activities of a business enterprise to an experienced company in the host country immediately addresses all of the issues that hamper speedy set up and smooth business operations in an international market. It makes more sense where the culture, regulations and business environment is ranging from significantly different to unique. Saudi Arabia is one case in point. With a steady growth rate, stable government and a formidable potential for future growth with constructive foreign investment policies, the country makes a perfect candidate for investments. However, its uniqueness sets it apart, as evident in its cultural background, the social fabric, employment market comprising a blend of local and international talent and generally "*the way things are done*". This calls for step by step guidance from a locally established company to walk through all the stages in business building, right from setting up infrastructure to daily operational support, if one has to concentrate on core activities and take full advantage of the business potential.

Speedy set up and operation is the key to business success in Saudi Arabia for foreign investors. A do-it-yourself strategy can put a strain on valuable internal resources in that it can prove costly and distracting from core activities. Solution therefore lies in outsourcing non-core activities to a locally established company with experience and know-how in professional concierge services. Taking this route will stave off heavy start-up costs and a long gestation period.

Saudi Arabian Integrated Logistics Systems - An Introduction

Saudi Arabian Integrated Logistic Systems (SAILS) is an integrated services company established in Saudi Arabia to aid Western companies to focus on their core business by providing a package of diversified range of services.

Established in Saudi Arabia by Saudi Nationals, SAILS is totally Saudi-owned and managed by a skilled combination of Saudi and Western talents. The SAILS team was formed to take leverage of its local knowledge and technology available to manage projects for customers with which it works. SAILS is centrally located in Riyadh, which is an ideal location to support its kingdom-wide activities.

Human Resources, Logistic & Administrative Affairs, Business Office Support, Facility Maintenance and Site Support, Government Relations, Personnel Support Services, Travel Services, Procurement, Translation, Vehicle Lease, Accounting Support, Janitorial Services etc. are the few examples of SAILS' diversified scope of services.

Saudi Arabian Integrated Logistics Systems - Services

Personnel Support Solutions: These services include personnel search, employment legal documentation and government affairs, employee accommodation, transportation and insurance and management of personnel files in compliance with government regulations.

Government Relations: On behalf of its clients SAILS handles all matters relating to different categories of Visas, Issuance of and renewal and transfer of resident work permits, driving licenses and Income Tax Certificates.

Transportation: SAILS provides personalized transportation service including vehicle leasing, vehicle maintenance and trained drivers.

Travel Services: With its own full service travel agency with online access, SAILS offers all travel related services such as reservations, cancellations, travel itinerary planning and organizing to name a few.

Human Resources: SAILS offers services that cover all HR needs, right from designing an optimum organization structure, to compensations and appraisal systems.

SAILS develops and delivers integrated support service packages to clients who are seeking a market place in Saudi Arabia by setting up life support projects and sites especially at remote places.

Clients assessing such a market place will find their mission made easier by using SAILS' integrated support solutions.

Office Management and Logistic Support: SAILS provides complete office complexes for company operations. this includes leasing, office renovation, erection, setup and layout, interior design, furnishing and automation. SAILS' integrated solution also includes support packages to staff at remote sites, translation of technical material and office infrastructure like communication links, IT support and LAN/WAN.

SAILS Advantage

Integration of all non-core tasks by taking advantage of Business Process Outsourcing (BPO).

Saving on extra managerial staff required to handle and coordinate subcontractors and government entities.

Reduction of unnecessary costs and boosting efficiency through Business Process Reengineering (BPR), Economies of Scale, which in result reduce operating costs of the client companies.

Identification of subcontractors based on strengths and capability for the required task and reduction of client's interface with subcontractors and other business entities.

Sharing of financial risk.

Planning and tracking performance as per client's specifications, requirements and standards.

Follow up and execution in compliance with high standards (ISO Certified).

Strengthen control over business processes through service level agreements, variable cost structure and performance measures specified in the outsourced contract.

Streamline business processes, improve operating performance, increase efficiency, productivity and control costs.

Conclusion

SAILS' expertise is aimed at organizations that are looking to speed up their operations and establish base in Saudi Arabia almost instantly. It is a one-stop shop, a one source for clients to take the hassle out of all administrative and logistic requirements of business. SAILS takes it from there and clients concentrate on doing what they do best, i.e. focusing on building products or services, penetrating markets, facing the challenges of competition, increasing their bottom line. In other words, "while clients work on 'growing their business', SAILS works on the 'mechanisms' that support their business".

SAILS' services enable new entrants as well as companies already having a physical presence in the region to be more successful in what they do best and help increase sales and market share, develop new products, enhance customer service and expand new markets, leading to stronger growth, higher profitability and an increase in shareholder value.