

Sri Lanka IT-BPM Industry: State Of The Industry 2019/20



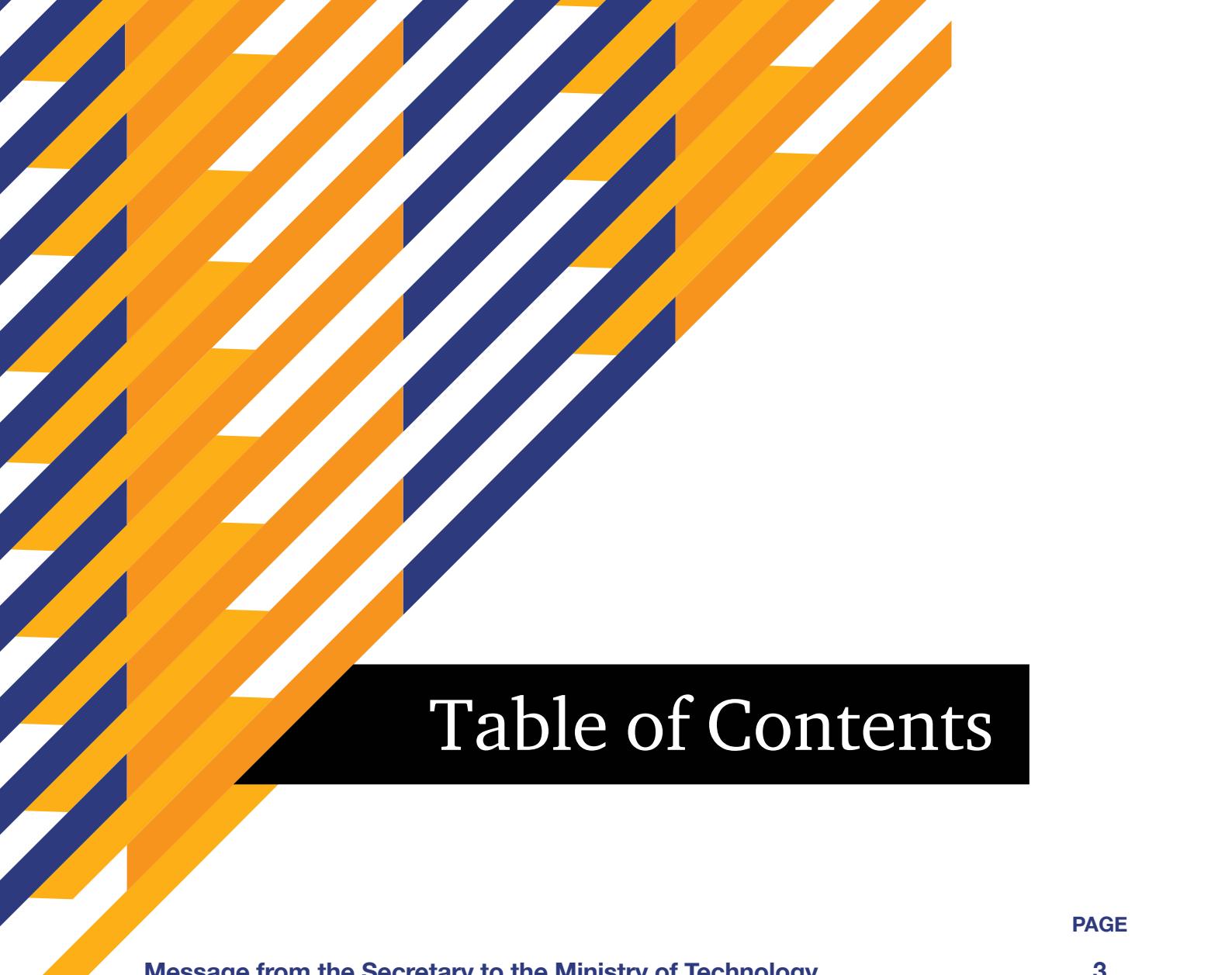


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Message from the Secretary to the Ministry of Technology

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The IT-BPM industry of Sri Lanka has been performing well and at an accelerated rate for several years, and this growth has been fast-tracked further by the pandemic which has paved the way for higher acceptance of digital technologies at individual, corporate, industry and national levels. Sri Lanka has proven that it has the potential, and most importantly the support of the Government and the private sector, to take the nation's IT landscape to the next level, thus cementing its position as an IT hub not only in the region but in the global market place as well.

The Government of Sri Lanka has identified the IT-BPM sector as a thrust industry, and has given priority in enhancing it to reach greater heights. A Presidential Task Force has been set up to accelerate the sector's growth, recognising the importance of investment and increasing competitiveness of SL with sector specific policies aimed at facilitating this growth. This is further supported by the Government's policy of catalysing a technology-centric economy – a policy that has seen several key initiatives to enable digital services and underlying infrastructure in the past months.

Our goal is to build an economy driven by technology entrepreneurs, so that Sri Lanka is empowered to increase export and foreign earnings from the technology sector whilst initiating knowledge services. Towards this end we intend to attract technology-focused investments and businesses to create new employment opportunities for Sri Lanka's next generation, and yield high income at a national level. In this respect, the Ministry of Technology under President Gotabaya Rajapaksa's National Policy Framework “Vistas of Prosperity and Splendour”, will be commissioning five new technology parks in the country. Four potential cities have already been identified by the Ministry in collaboration with the Information and Communication Technology Agency (ICTA) and the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) to commission the relevant parks. The identified cities include Galle, Kandy, Nuwara Eliya, and Kurunegala.

Improving the level of tech education is also vital – it is essential to ensure inclusivity in access to IT education. The Government is currently working on an ambitious plan with the industry and the relevant regulatory commissions to bridge the country's digital divide. It is one of the Government's objectives to establish inclusive growth and develop skills – the basis of its recent initiative to enrol 10,000 students to the Open University of Sri Lanka (OUSL) Degree Course.

With a view to continually scale up the skills and capacity of talent the President declared 2021-2030 as the Decade of Skills Development in Sri Lanka. Initiatives such as establishing several city universities will produce graduates to contribute to the development of regional economies.

I congratulate the Sri Lanka Association of Software and Services Companies (SLASSCOM) for its initiative to publish this State of the Industry Report, as well as all its efforts to promote FDIs, build capacity in the IT-BPM sector, encourage startups, develop youth skills, as well as work with the Government on policymaking and partnering to develop the industry.

Jayantha De Silva
Secretary to the Ministry of Technology



Chairman's Message

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Over the past decade, Sri Lanka has grown into a premier destination for innovation and knowledge solutions. Both start-ups and larger companies of foreign and local origin have set up operations in Sri Lanka to cater to growing global demand.

In the face of the COVID-19 pandemic, the Country's IT-BPM sector has emerged as a shining beacon of resilience and hope. Companies in the sector have risen to the occasion and adapted their business and work models to cope with the global disruptions caused by the pandemic. Almost all the IT-BPM companies in Sri Lanka were ready to act to ensure zero or very minimal interruptions to their regular operations.

As we present to you the IT-BPM industry review “State of the Industry report 2019/20” by SLASSCOM, we acknowledge the successes achieved by the industry in reaching US\$ 1.5 Bn in revenue in 2019 which has grown 108% compared to 2013 with a CAGR of 13%. The workforce grew by 51% during the same period reaching a total of 113,561 professionals. The IT-BPM industry was the 4th largest exporter in 2019.

Over the years, the industry has transformed into a provider of knowledge and innovation services and creator of software products and platforms which have the potential to drive the economy forward exponentially. With a vision of establishing a digitally inclusive Sri Lanka, with citizen-centric digital government and producing global technocrats with future skills, President Gotabaya Rajapakse declared 2020 – 2030 as the decade of skills development. Furthermore, the IT-BPM is recognized as a thrust industry in the government's vision document 'Vistas of Prosperity and Splendor'. The industry is well poised to achieve the government's vision and the industry ambition of US\$ 5 Bn with targeted interventions.

One of the key strategies for SLASSCOM is to promote market access and foreign direct investments. Towards this end SLASSCOM works together with EDB, ICTA, BOI, the Ministry of Foreign Affairs, Department of Commerce, and overseas Sri Lankan foreign missions to promote Sri Lanka's differentiated value proposition as a niche IT BPM destination.

The industry together with EDB created the Island of Ingenuity (IOI) brand for the sector after careful study of its uniqueness. The IOI brand positions Sri Lanka as a provider of niche software products and IT-BPM services provider building on its innovative, agile, and friendly culture of its skilled people. Other sectors such as Ceylon Tea, Ceylon Cinnamon, Sri Lanka Tourism have been

able to create and successfully market their brands globally, resulting in top of mind brand recall for Sri Lanka. With limited budgets allocated over the past years, the industry has been able to create some level of awareness in only few global markets. The Island of Ingenuity brand provides a platform through its web portal for software products and IT-BPM services companies to showcase their success stories and case studies in addition to promoting Sri Lanka as an attractive destination for investment. With the requested budget allocation, a more comprehensive digital and non-digital marketing campaign can be targeted at priority markets to put Sri Lanka on the map and generate leads of prospective investors and buyers.

SLASSCOM works collaboratively with the government, academia (state and non-state) and industry to transform the General Education, Higher Education and Professional & Vocational Education sectors to build capacity and skills to achieve the target of creating 200,000 highly skilled workforce by 2025. SLASSCOM with a view to continually scale up the skills and capacity facilitates tailor made programs to develop a future ready work force. Insights from surveys on employable skills and skills of the future are shared with all stakeholders in education and industry enabling the talent to be relevant and future-fit global technocrats.

Identifying future growth areas, SLASSCOM has launched the Product & Platform Council, AI Centre of Excellence, Cyber Security Centre of Excellence, and the IPA/RPA Centre of Excellence as industry accelerators. The COEs will position Sri Lanka as key competency centers in the region and will contribute to exports of high value differentiated offerings. The initiative has attracted significant interest from all stakeholders including eminent Sri Lankan expatriates in academia, professional bodies and industry to expand research and innovation capabilities, create patents, and commercialize technologies.

SLASSCOM's policy engagement with government continues to build on past two decades of efforts and achievements in making the industry attractive for businesses, entrepreneurs, and foreign investors. The industry is offered tax free status for all export income together with a host of BOI incentives for foreign investment. SLASSCOM continues to engage with the government to strengthen data protection and privacy laws, enable speedy trademark and patent registrations, and reform education and employment regulations to make Sri Lanka's IT-BPM sector a potent competitor in the region. By 2019, Sri Lanka retained its position in the A.T. Kearney's 'Global Services Location Index', ranking 25th in the overall index and continued to be the leader in the 'Financial Attractiveness' category. Sri Lanka also was awarded the 'Destination of the Year' title in the Global Sourcing Association's 'Strategic Sourcing Awards (2019)'.

SLASSCOM has actively been involved in promoting and facilitating entrepreneurship throughout the country. The Startup Sri Lanka initiative launched in 2015 was a catalyst for spurring the entrepreneurial and innovation ecosystem in Sri Lanka. In 2020 the Startup Sri Lanka Accelerator was launched to fill a much needed gap in structured acceleration programs specifically for scaleups. The recently launched SLASSCOM Women Technopreneurs initiative aims to catalyze more women technopreneurs and contribute towards achieving the Industry target of facilitating 1,000 startups by 2025.

With more activity seen around startups and entrepreneurship we observe the immense growth of the ecosystem and infrastructure showing signs of exciting things yet to come. Sri Lanka's startup ecosystem value has more than quadrupled from LKR 5.4 billion to LKR 21.8 billion in the past two years. With Sri Lanka ranking number 1 for affordable talent in Asia-Pacific region, we see

tremendous potential for the ecosystem to support industry and government ambitions including attractive foreign capital and entrepreneurs looking to expand into the fast growing Asia markets.

With the onset of the fourth industrial revolution, the effects of the COVID-19 pandemic, and associated pace of change, we plan to continue on our strategy to attract FDIs into the industry, accelerate the growth of existing enterprises through increased promotional efforts and the enablement of growth in talent supply and quality and continuing opportunities available for new startups to put the industry on the envisioned growth path.

As we charge ahead looking to accelerate the growth of the industry, building on its competitive advantages of agility, cultural adaptability, niche talent base, ethics and superior quality of life, we call upon all stakeholders to make conscious efforts in supporting the industry to realise its shared vision.

Channa Manoharan
Chairman - SLASCCOM

Preface

IT-BPM industry to turbo-charge multi-faceted transformational growth and uplift the quality of life for Sri Lankan citizens

The industry ambition is to transform Sri Lanka into a globally recognized IT-BPM destination focused on niche solutions embedding emerging technologies and transformational IP. It has the capabilities to support the policy direction of the government to enable a knowledge-based society and a digitized economy.

Globally, it has been proven that the mass adoption of connected digital technologies and ICT applications allow nations to realize significant social and economic benefits.

The IT-BPM industry in Sri Lanka is well-positioned to be the engine of growth to drive the technology-enabled digital workforce of the future. The industry can accelerate multi-sector growth, both directly and indirectly, to increase the nation's innovation capability and competitiveness.

As of 2019, the IT-BPM industry in Sri Lanka employed over 113,000 persons and generated US\$ 1.5 Bn in revenue. The IT-BPM industry aims to provide increasing opportunities to attract future talent into its knowledge-based workforce. This would also support the country's aim to capture higher share of the global IT spending and the pursuit of US\$ 5 Bn in export revenues by 2025. A growing IT-BPM industry will also create positive externalities: an additional high-skilled job can create an average of 2.5 jobs in local industries.

Sri Lanka has a growing youth population with over 200,000 students annually completing secondary education with the potential to join the workforce. With the rapid pace of technology development, research suggests that several jobs will become obsolete or redundant. Hence, for Sri Lanka to have a highly productive and competitive future-ready workforce, it is essential to have continuous skills development and ongoing training. The IT-BPM industry, with its quick adaptation of global technology trends and continuous skills development practices to meet global workforce

demands, is well-positioned to drive the ongoing human capital development and digital upskilling of the nation.

The higher income earning segment within the workforce group would also drive significant domestic consumption, supporting wider economic growth in sectors such as retail, entertainment, education, housing, leisure and financial services.

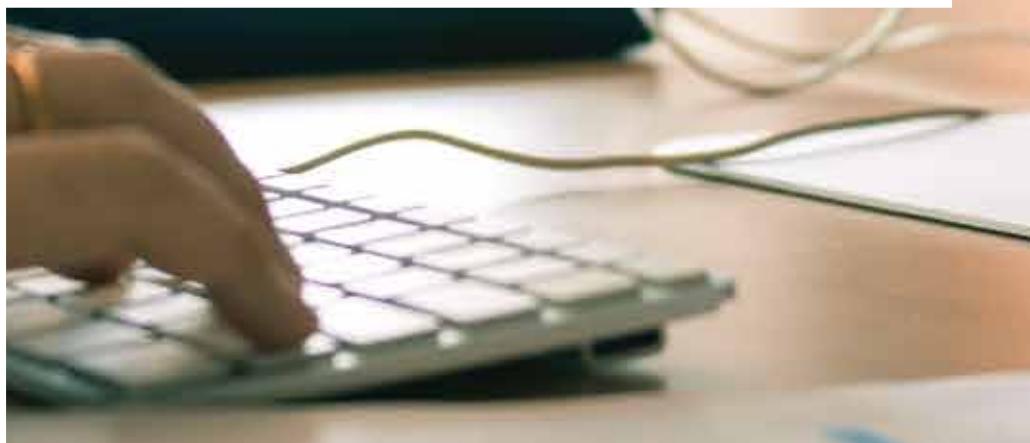
The demand for office space to set-up and expand IT-BPM workspaces will continue to drive growth in the domestic construction and real estate space. Regional promotion and expansion activity by IT-BPM companies, helped by improving regional connectivity and infrastructure, will promote regional economic activity through demand for housing, education, healthcare, trade and leisure. This could in turn reduce the strain on urban infrastructure.

The IT-BPM industry has been the focal point in accelerating the growth of entrepreneurship in Sri Lanka, especially amongst the country's youth. It has already created a vibrant ecosystem that has begun to receive global attention through outstanding achievements. Specific initiatives have also been launched to encourage women entrepreneurship.

The industry has been a strong advocate for promoting women in the workplace; a policy objective of the new government. The IT-BPM industry has continuously improved its gender balance and has been progressive in providing various facilities and flexible working arrangements to support increased participation of females in its workforce.



Developments in the Global IT -BPM Industry



The world of technology is constantly affected by shifts in economic and social trends leading to increased demand for better solutions

Countries experiencing rapid growth are transitioning from production centres to consumption-based economies, leading to a redirection of capital flows as they evolve into exporters of talent and innovation. As the majority of urban population growth is expected to take place in Asian and African countries, new cities will rise rapidly, requiring significant investments in smart infrastructure.

The world's population is projected to exceed 8 billion by 2030 with extended lifespans, low birth rates and the rise of the 'She-economy' set to drive economic and social change around the world. These demographic shifts will impact business models, talent goals/ ambitions and pension costs which will, in turn, raise the need for the adoption of more efficient technologies.

Against this backdrop, the age of digitalization continues to unfold, as it redefines our lives and interactions; changing our behaviours and expectations. Companies will need to keep re-inventing and innovating to remain competitive to attract talent and customers.

New technologies will contribute towards disrupting global supply chains over the next decade but will help create efficiencies in operations.

For technology participants, understanding how to operate in this new digital environment and developing unique competencies can bring about great rewards as it is enabled by the unification of both traditional and emerging technologies.

Knowledge-based innovation will characterize the **future of work**. Fresh and dynamic career opportunities are likely to displace a number of existing job roles.

Technological advancements are also fueling the 'gig economy' allowing for greater flexibility and opportunities for work. This will be important as the current and future generations seek greater flexibility on when, where and how they want to work.

Growing population and urbanization is fueling global demand for natural resources. With **sustainability** becoming a key topic, technology and innovation will play an important role in reimagining the way finite resources are produced and consumed in more responsible ways.

As technology becomes increasingly pervasive in our lives, data is becoming the new currency of the future. This has led to growing concerns regarding **data privacy and information security**, imposing increased regulation and responsibility upon companies.

All these factors will have implications on national spending priorities that will determine future prospects for the global information technology market. Although susceptible to temporary slowdown caused by various global economic disruptions, emerging technologies are expected to continue to outpace traditional categories.

As the COVID-19 pandemic continues to indiscriminately impact all countries, global spending in the short to medium-term is expected to be curtailed due to unprecedented economic downturn anticipated. Nevertheless, the technology industry is expected to be among one of the few that will see growing demand albeit at levels below pre-pandemic projections. Owing to the pandemic, International Data Corporation (IDC) expects growth in global IT spending to reduce by 3-4% by the end of 2020.

The brunt of the impact is expected to be felt by hardware businesses, while software and services businesses are also expected to slow down albeit to a lesser extent. The adoption of collaborative applications, security solutions and more promising emerging technologies such as Cloud and AI are set to see growth spurred by the pandemic. As wide-spread 'remote' or 'work-from-home' practices become more mainstream as some experts predict, technology will become indispensable to maintain business and social interactions.

Software and services sectors make for a bigger share of IT spending worldwide with new technologies expected to grow at an accelerated pace

2019

Global technology spending (US\$ Tn)

3.56*



Y-o-Y growth

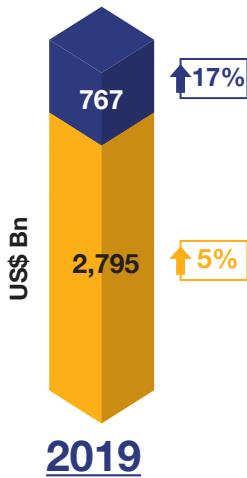
7%



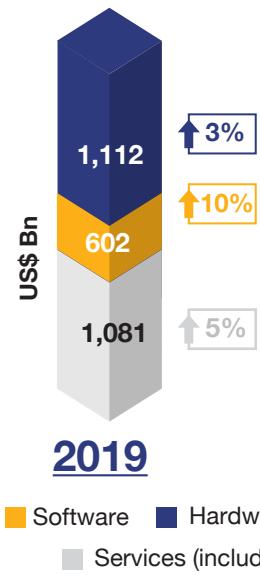
* Excludes telecom

- Majority of the technology spending originates from the developed world with emerging economies continuing to experience steady growth over the years.
- Most of the growth is being driven by new technologies that are steadily increasing their share of the overall market.
- Technology buyers that are spending on traditional technologies are expected to continue focusing on the purchase of platforms such as cloud, mobile, social and big data/analytics that will drive segment growth.

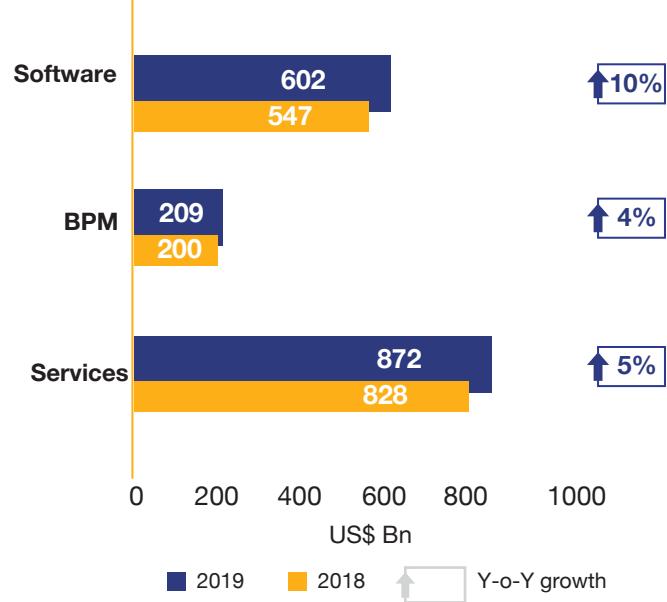
Global IT spending by type of technology



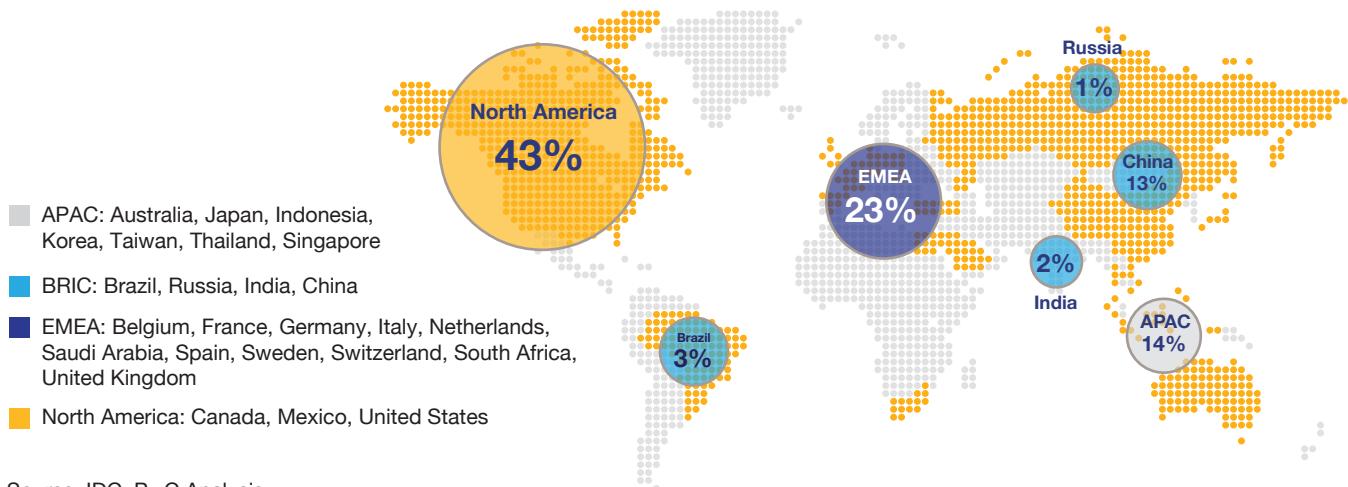
Global IT spending on traditional tech by type



Global IT-BPM industry spending 2018 vs 2019



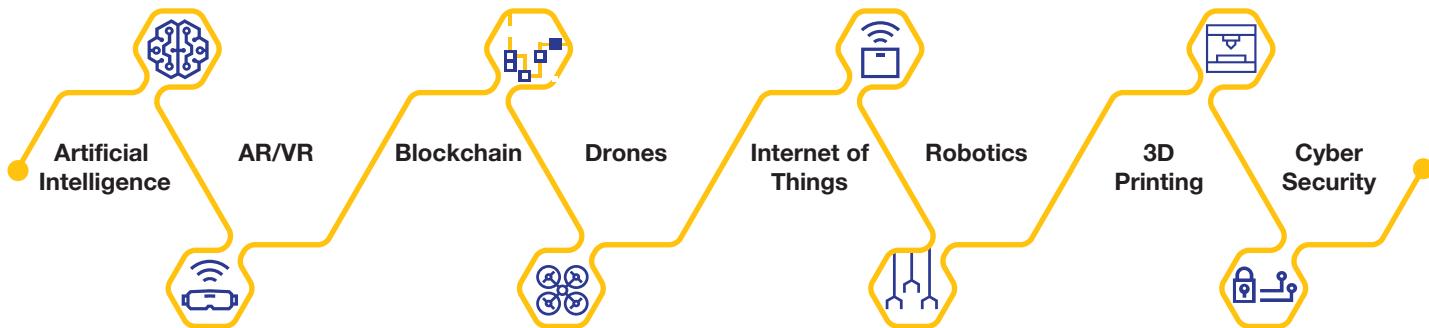
Percentage share of IT spending of top 25 countries by region (2019)



Emerging technologies take center stage in providing more efficient and effective solutions whilst paving the way for cost reductions in the longer term

Essential Emerging Technologies

Technologies that are set to have the highest business impact and commercial viability across industries in the upcoming years.



Emerging Technological Themes

Represents the merging of essential emerging technologies to create the next wave of innovation.

Embodied AI



Automating Trust



Conversational Interfaces



Extended Reality



Intelligent Automation



Embodied AI is the integration of AI and IoT sensors into numerous products such as drones, robots and 3D printers to create the illusion of intelligence. This can be seen in creations like Mabu by Catalia Health which is a companion meant for patients. These personal robots learn about each patient's personality, interests, and treatment challenges to carry conversations. They are connected to a platform to enable real-time data about each patient's progress and challenges.

Automating trust can now be seen in the tracking of supply chains by both the company and the customer. For example, DHL uses global tracking systems to provide customers with updates of the status of their shipments. DHL Global Forwarding is working with improved technology to track packages and handle temperature-sensitive shipments. Radio-frequency identification tracking is used for cargo location, shipment consolidation and shipping schedules.

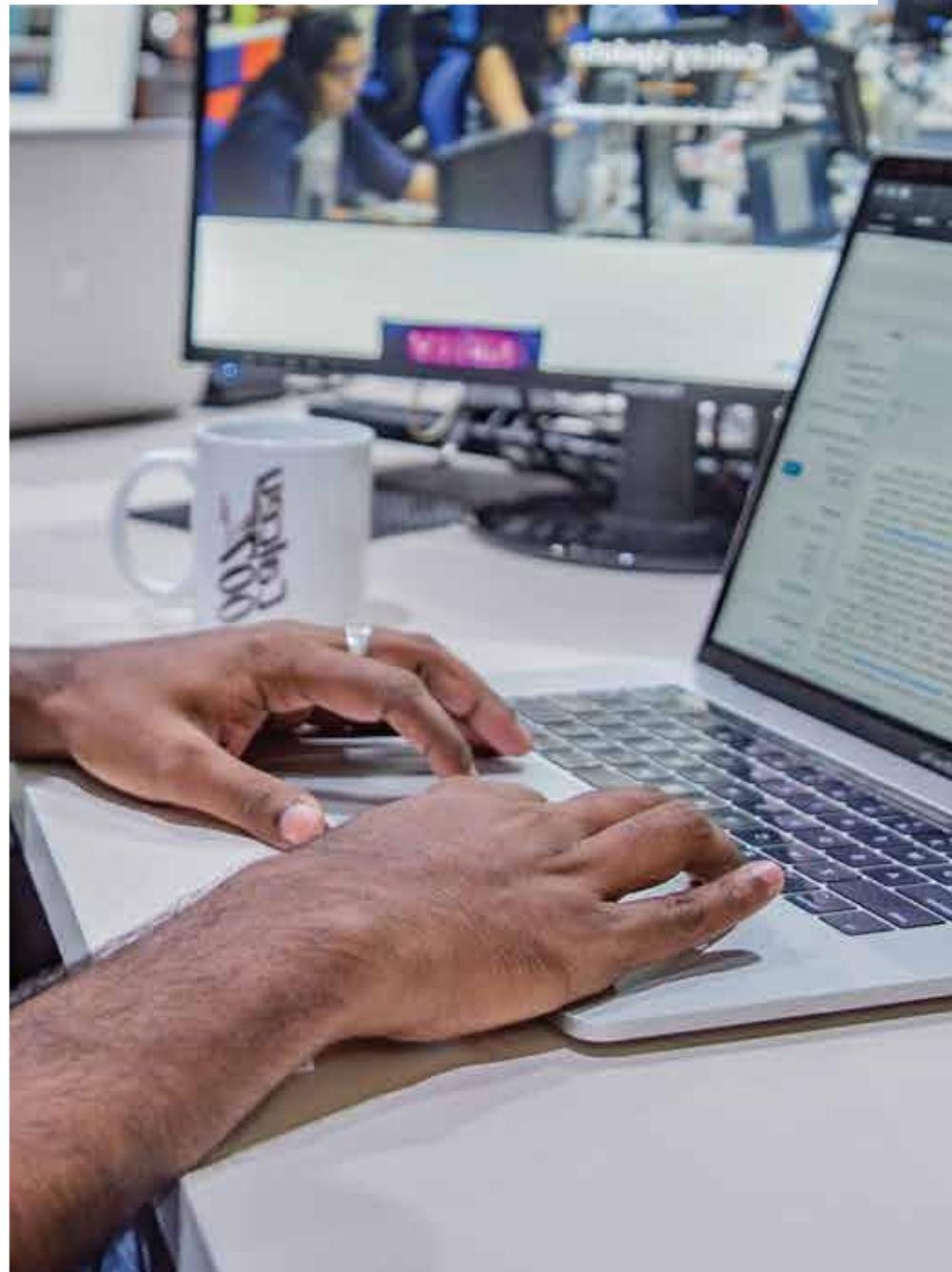
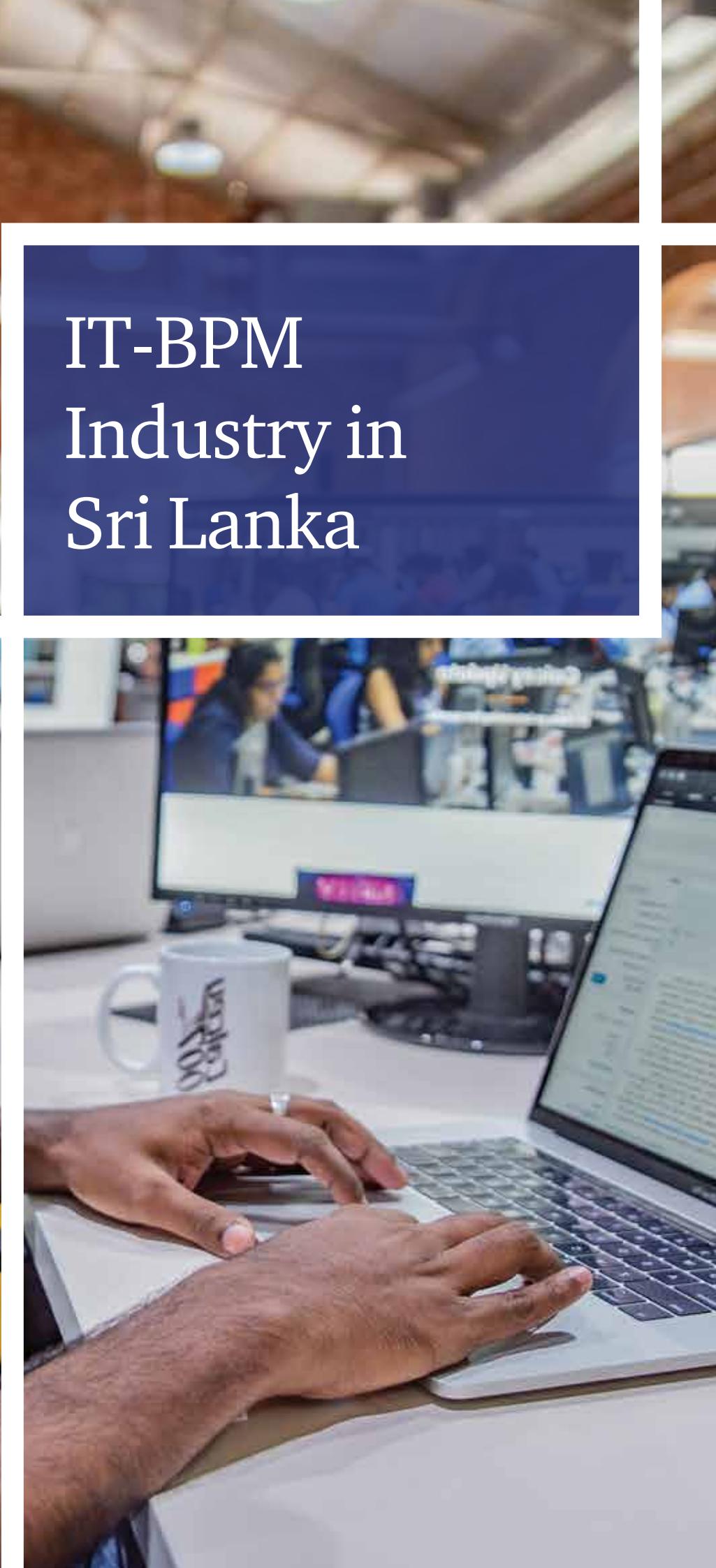
Conversational interfaces allow users to interact with technology systems with ease. This can be seen in the form of voice assistants and chatbots. Amazon Echo, with its personal assistant Alexa, is a prominent example. When combined with additional smart home devices and software, Alexa can also control other devices. Chatbots are now available on many websites. Nordstrom's virtual assistant is another example brought out for the holiday seasons which can ask questions about who the user is shopping for and then respond with bespoke gift suggestions.

Extended reality offers fully immersive digital experiences. Such experiences and training tools that are hyper-realistic assist soldiers, healthcare professionals, pilots/astronauts to carry out simulations of high-risk situations in a controlled manner. In a commercial sense, they also allow consumers to virtually test out products before actual purchase. For example, Rolex, the Swiss luxury watch manufacturer, has an AR app that allows customers to try on watches. And IKEA, the multi-national furniture company, gives customers the ability to place furniture items into their home through their smartphone.

Intelligent automation looks beyond cost savings to reimagine processes. For example, Goldman Sachs has entered into a strategic partnership to use Kensho's real-time statistical computing and analytics technology across the firm. This allows employees to instantly gain answers for millions of permutations of complex financial questions and also automates human-intensive work using massively parallel statistical computing, visual interfaces and unstructured data engineering.



IT-BPM Industry in Sri Lanka





i. Industry Snapshot

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We are able to drive similar productivity and innovation as we would in Western countries but at a lower price point in Sri Lanka and that is an incredibly compelling proposition. In many other countries, we might get a lower price point but not the same level of productivity and innovation and the fact that we can get that combination of the two is very compelling.

- Darren Roos, CEO IFS -
2019

With a strong value system and an optimal mix of talent and resources, the Island of Ingenuity drives innovation and disruption in the digital age



From electric super cars to powering one of the most active stock exchanges in the world, Sri Lankan businesses are at the forefront of technological innovation.

- Island of Ingenuity

Sri Lanka's IT-BPM industry value system is strong, with a focus on innovation and creativity that has brought about great successes over the years. The country offers world-class technology and knowledge services spurred by a niche talent base with strong industry foundation and modern infrastructure.

The swift adoption of technology in the country is driven through a vibrant innovation ecosystem, agility and the emphasis towards individual creativity. Sri Lanka is a value leader with strong relationships with the world at large and is poised to be a beachhead to the fast growing South Asian market.

Value proposition



Captive Innovation Center

Source your Product Engineering or set up your Captive Innovation Center in Sri Lanka to help accelerate your digital transformation and own disruption in your industry.



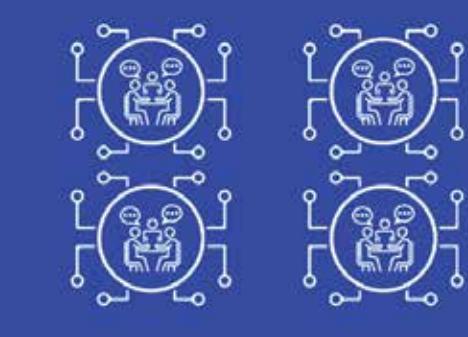
Digital Gateway to Asia

Leverage Sri Lanka as your Digital Gateway to Asia. Global entrepreneurs are using Sri Lanka as an effective test bed and entry into fast-growing emerging markets in Asia.



Digital Disruptors

Invest in global Digital Disruptors that are developing domain-specific transformative IP and business products.





Sri Lanka has leveraged its knowledge and innovation capabilities to position itself as a product engineering and knowledge services destination

Industry Revenues (2019)

US\$ 1.5 Bn

13% CAGR (2013-2019)

108% Growth (2013-2019)

Industry Players

600+
ICT companies

Ownership Structure

Local	Foreign	Joint Venture
61%	22%	17%

Industry Players

80+
BPM companies

Mode of Operations

Captive	Non-Captive	Both
33%	38%	29%

The country has emerged to become a leading destination in providing higher value services for:



Software product engineering



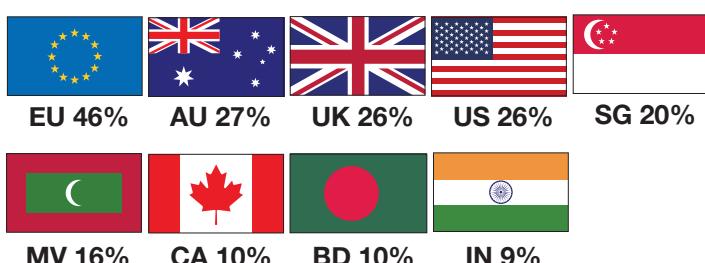
Financial services outsourcing



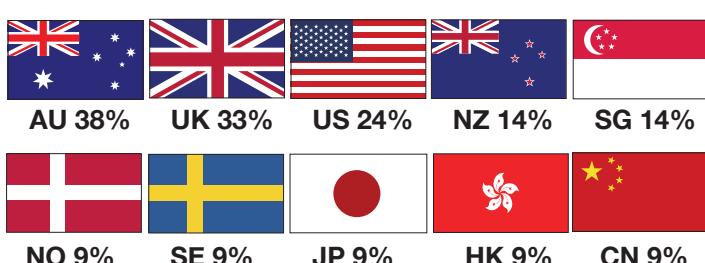
Niche solutions embedding emerging technologies



Percentage of companies exporting products and services to:



Percentage of companies exporting products and services to:



Key contributions to the national economy

12%

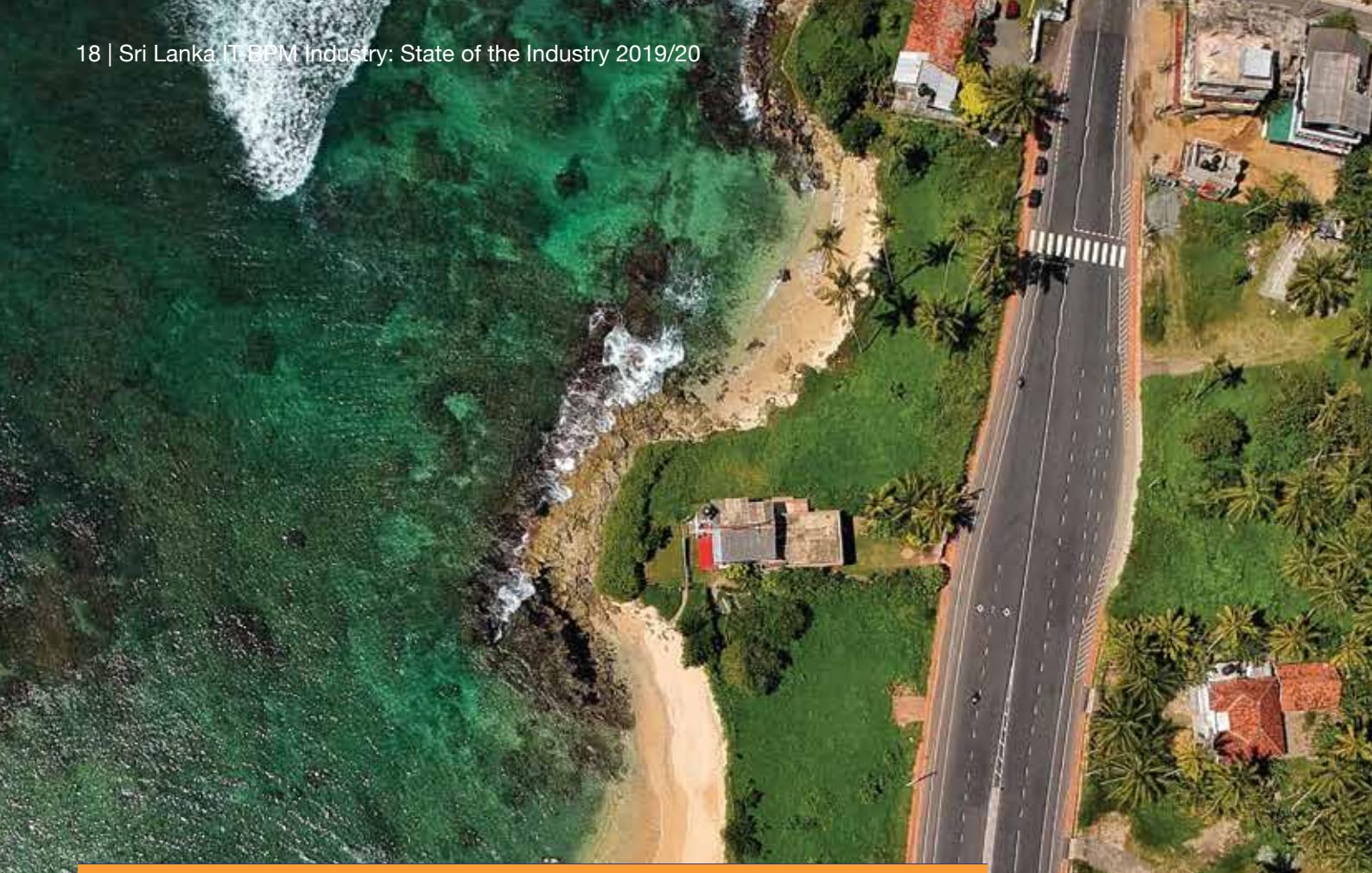
Contribution to the country's service related foreign currency inflows

4th

Largest exporter

29%

Contribution to service exports

An aerial photograph showing a winding road along a coastline. The road is paved and has a white dashed center line. It runs parallel to a sandy beach where waves are crashing. To the left of the road is a lush green area with some small buildings. To the right is a more developed area with houses and palm trees.

ii. Sri Lanka at a Glance

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The digital economy will bring new possibilities and opportunities as it transforms businesses, industries, jobs and lifestyles..

- Information and Communication Technology Agency (ICTA) of Sri Lanka

Sri Lanka's opportunity is bolstered by its strategic locational advantage, skilled and trainable workforce and continuously improving infrastructure

Land area

65,610 sq km

 9 Provinces 25 Districts

Population Density

350/sq km

Commercial Capital

Colombo

Time Zone

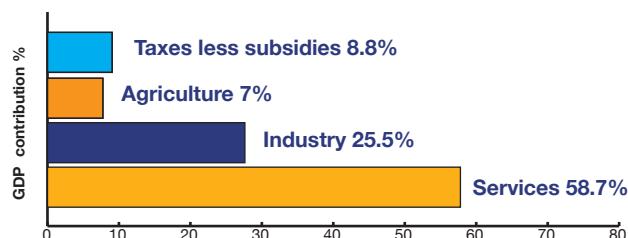
GMT + 5.30

Electrification (2018)

100%

GDP at market Price (2020)

US\$ 80.7 Bn



Total population (2020)

21.9Mn

4G coverage (2019)

95%

GDP growth (2020)

- 3.6%

Inflation rate (CCPI annual average inflation 2020)

4.6%

Per capita GDP (2020)

US\$ 3,682

Labour force (2020)

8.5Mn

Labour force participation rate

50.6%



Unemployment rate (2020)

5.5%

Literacy rate (2018)

92%



Employed population by major industry group (2020)

27%
Agriculture

27%
Industries

46%
Services

Located at the center of South Asia, Sri Lanka is at the crossroads of important global trade routes, offering easy access to other regional points and strategic time zone proximity to Europe, Middle East, and Asia.

Sri Lanka is home to a growing workforce equipped with sound capabilities and a strong value system. Improving infrastructure and better regional connectivity has facilitated internal labour mobility and regional expansion capability.

Sri Lanka has also made significant progress in human development where social indicators rank among the highest in South Asia and is higher than the middle-income country average.

The country is looking at increasing diversification of its integration into the global economy through the recent negotiation of trade agreements, especially diversifying into Asian emerging giants such as China, India and Thailand.

Alongside this, the island has been making considerable efforts to continuously strengthen the institutional and regulatory framework, acceding to the Madrid Protocol and being party to international treaties that protect monetary and intellectual property.

The judiciary system is considered robust, transparent and independent, providing a secure environment for doing business. The general business climate has also improved over the years with the simplification of processes and the reduction of foreign ownership barriers.

The Sri Lankan economy is also in transition from being predominantly rural-based to an urbanized economy centered around the manufacturing and service sectors.



iii. Policies and Initiatives

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Improvements are being made to the sector specific operating environment for ICT in Sri Lanka that will boost growth rates over 2020-2023. Telecom operator investments in domestic and international network infrastructure and data centres will support the informationalisation of economic activity across the island, as well as being an important enabler for network dependent solutions such as cloud computing.

- Fitch Solutions
2020

As an important thrust area, the IT-BPM industry has been given priority when setting the national development agenda

Sri Lanka's vision for success

Sri Lanka's vision is to transform the country into an export-oriented hub of the Indian Ocean that is rooted in a social market economy and driven by a highly competitive knowledge-based society.

Towards this vision, the country has continuously made efforts to improve regional infrastructure and develop the labour force in size, quality and productivity in order to increase its international competitiveness.

Whilst being a key growth driver within the service exports segment in recent years, the IT-BPM industry accounts for over 90% local value addition, delivering world-class IT products and knowledge services.

The industry, driven almost entirely by the private sector, has made significant strides to surpass US\$ 1 Bn in export revenue from its humble origins generating US\$ 166 Mn in 2006. Today, the government of Sri Lanka is a strong industry advocate and supports many endeavours to strengthen industry prospects.

The IT-BPM industry also plays a major role and contributes towards achieving multiple social and economic development objectives. It has been attributed to creating high-value jobs, providing opportunities for re-skilling and re-employment, and increasing women's participation in the labour force.

The potential of the industry to become a growth engine of the national economy is significant and is expected to take center stage in enabling the country to achieve economic prosperity.

Most recently, the country's vision emphasized by the government is to create a people-centric economy that is fueled by digitally empowered citizens.

'Vistas of Prosperity and Splendour' promotes a technology-based society. It aims to improve the education system and women's participation in the workforce, providing a positive impact on the industry as a whole.

These reforms aim to increase the opportunity for students to enter university and higher vocational education. Modernization is also expected to be strategic in nature where investment in

technologies is to be infused into the education system. The government also expects to integrate technology into every sector of the economy in order to increase their global competitiveness.

Vision of the IT-BPM industry

As laid down by the National Export Strategy (NES) developed by the Export Development Board (EDB) and Digital Sri Lanka Vision 2024 by ICTA, accelerated growth is to be achieved through a systematic collaboration of industry stakeholders, creating an inclusive, balanced and proactive ecosystem.

The IT-BPM industry is one of the few export focused industries that the government has committed to improve due to the country's own capabilities and growth potential. To continue with its contribution to the national economy, industry participants, academia and the government have increased their collaboration efforts in the recent past.

The government also aims to make the industry globally competitive, enriching the country's foreign currency inflows.

The IT-BPM industry strategy aims to achieve four strategic objectives:

1. Support investment and exports in the IT-BPM sector through a business enabling, predictable and transparent policy and regulatory framework
2. Drive export growth through innovation and entrepreneurship
3. Improve the supply of skilled, highly qualified professionals to satisfy the growing IT-BPM market
4. Administer targeted interventions aimed at achieving non-organic revenue growth

In accomplishing the aforementioned objectives, the industry will strive to achieve the threefold target for 2025, thereby transforming Sri Lanka into a global hub for 'knowledge services and innovation'.

The government of Sri Lanka, along with industry stakeholders, embarked on key initiatives to achieve the targets set for the industry

Continuing the recent growth trajectory, the IT-BPM industry is well poised to reach an export revenue of US\$ 3 Bn by 2025, which is in line with the government's target. Reaching the industry vision of US\$ 5 Bn will require the execution of other targeted interventions aimed at exponentially growing exports by an additional US\$ 2 Bn. Targeted investments and strong collaboration between government and industry stakeholders will be needed to realize this vision.

Industry progress and initiatives

Several programmes and initiatives have already been implemented by the government and private sector to help achieve the industry targets. Coordinated initiatives by SLASSCOM, Information and Communication Technology Agency (ICTA), Board of investment (BOI), Export development board (EDB), Ministry of Foreign Affairs (MOFA) and Department of Commerce in promoting investment, trade, catalyst events, 'Island of Ingenuity' (IOI) country brand, linkages with industry chambers and key influencers in target markets need to be scaled up.



Attract
Global enterprises



Accelerate
Scale high potential firms



Incubate
Grow digital disruptors

1.

Breakthrough marketing and promotion

2.

Innovation in talent supply and quality

3.

World-class business environment and infrastructure

4.

Ecosystems for innovation, entrepreneurship and creativity

Investments in programs aimed at improving capacity and infrastructure in regions outside of Colombo have to be further expanded to develop "Next Cities" of growth for the sector. The government has identified 5 new techno parks in large catchment areas to improve regional inclusivity.

Over the years, the government has also assisted entrepreneurship through accelerator programmes and initiated several **subsidized co-working spaces**. In the recent budget, the government also recognized and facilitated access to low cost capital for startups. Furthermore, government procurement guidelines have been relaxed to encourage startups.

The **new tax regime** as a whole is expected to have a positive impact on the industry. The government has offered many incentives to the industry including the removal of corporate income tax from information technology and enabling services companies. The industry already enjoys duty free status on imports of IT equipment. IT sector is also eligible for the Department of Commerce Strategic Development Project (SDP) status which gives a 10 year tax holiday for investments exceeding US\$ 10 Mn. SDP status would benefit companies who would want to invest in their own infrastructure.

Ongoing efforts are also aimed at creating an **enabling policy framework** for the industry. Accordingly, the 'Information and CyberSecurity Strategy', 'IoT Roadmap' and 'AI Policy Framework' have been introduced. Further, to enhance the regulatory framework for data privacy and cybersecurity, the 'Personal Data Protection Bill' and 'CyberSecurity Bill' are also expected to be enacted in the near future.

ICTA's vision for a digitally transformed Sri Lanka over the next five years has several key elements namely; 'Digital Government', 'Digital Economy', 'Tech Diffusion and Capacity Building', and 'Digital Law and Reforms'. Collective concentration on the development of these key areas is envisioned to contribute towards creating a digitally inclusive Sri Lanka.



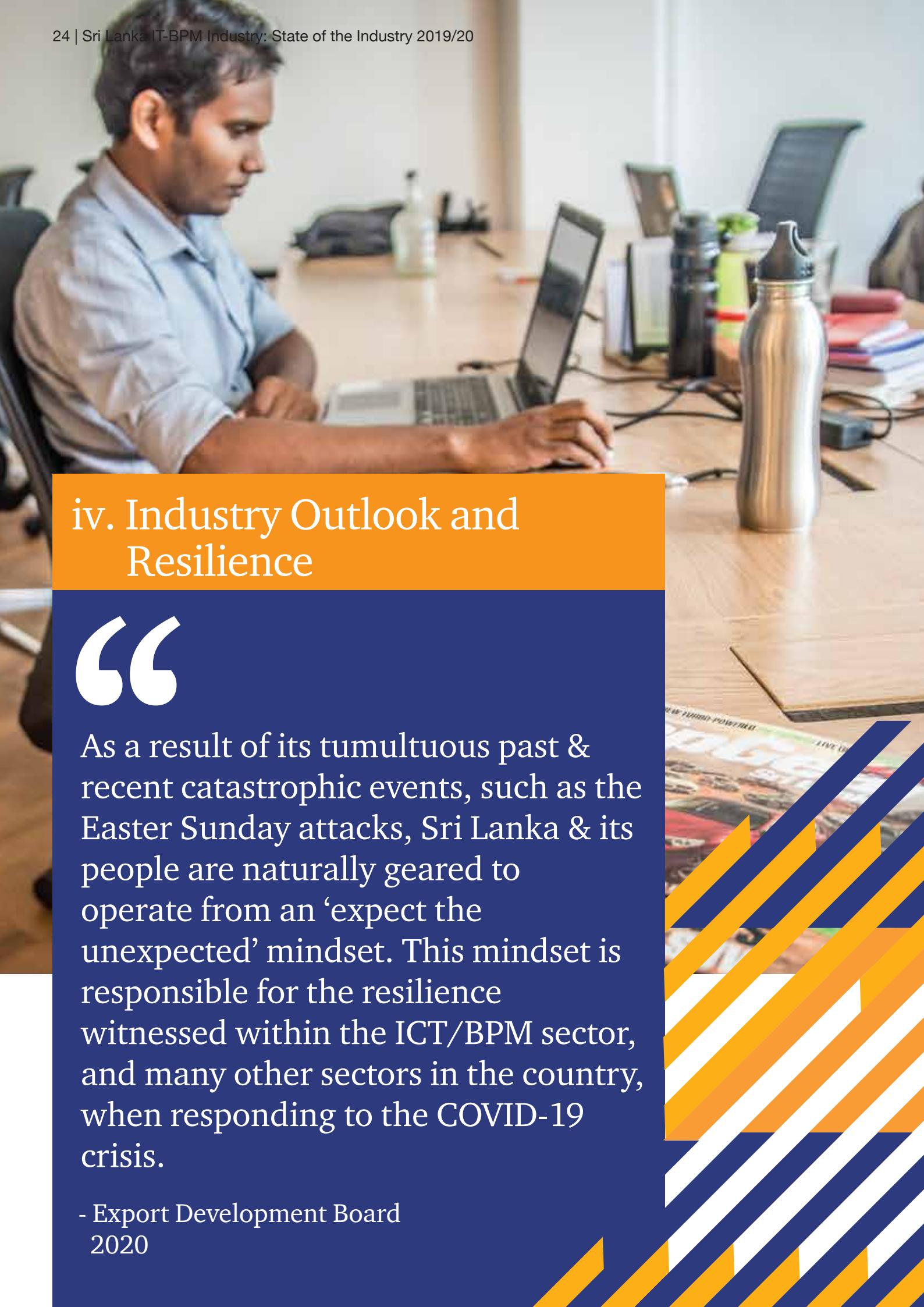
One of the more notable initiatives proposed is the creation of five *Technology and Education Clusters* which are to be established in the Northern, Eastern, Western, Central and Southern Provinces.

The clusters are to include technology institutes, universities, and service companies with a business-friendly environment, enhanced with necessary infrastructure.

Students who are studying in cluster affiliated institutes are to be offered educational loans, encouraging absorption of a higher percentage of students into tertiary education, and consequently into the technology industry workforce. In June 2020, the Cabinet of Ministers approved the expansion of the national university system through the City Universities initiative.

Through this, the government envisions increasing the student admissions into state universities from the current level of 30,000 up to 60,000 per annum, thereby providing increased higher education opportunities in Sri Lanka. This will also augur well to boost the pool of skilled graduate talent available for the local labour market.





iv. Industry Outlook and Resilience

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As a result of its tumultuous past & recent catastrophic events, such as the Easter Sunday attacks, Sri Lanka & its people are naturally geared to operate from an ‘expect the unexpected’ mindset. This mindset is responsible for the resilience witnessed within the ICT/BPM sector, and many other sectors in the country, when responding to the COVID-19 crisis.

- Export Development Board
2020

The IT-BPM industry provides opportunities for accelerating economic growth in today's post-pandemic world

COVID-19 pandemic and beyond

As the economic downturn resulting from the COVID-19 pandemic is set to disrupt business, further interest has been created around information technology adoption.

Firms that are more agile and digitally advanced have been observed to be adapting to the ongoing crisis more effectively while others are seen hastily looking for ways to re-skill employees to successfully reinvent business models and deliver.

Tech-enabled themes accelerated by the pandemic

- Online shopping and robot/ drone deliveries
- Digital and contactless payments
- Work from anywhere and the gig economy
- Distance learning and collaboration
- Virtual consultations and telemedicine
- 4IR and supply chain resilience

Digital services and products are growing in importance with unprecedented demand and usage of technology seen around the world, ranging from virtual meeting platforms, e-commerce, robotics, drone delivery and automation spanning many sectors and activities. Some of the more seemingly temporary trends, such as work from home arrangements, can be expected to continue as the world eases into the new normal.

Despite this, a slow down in discretionary IT spending, contract renewals and project execution due to travel restrictions and financial constraints can be expected in the short to medium term. However, experts believe the drive towards digitisation will continue leading to growth in the long-term.

In the long-term, companies are expected to allocate funds for research and development along with the infrastructure to enable enhanced customer experience which is characterized by convenience, fast-paced access to information as well as instantaneous gratification, driven through intelligent and tech-enabled solutions.

As businesses and economies around the globe look to adopt survival-based strategies, Sri Lanka will also look to diversify its economy to effectively balance its external sector and become more resilient.

Spurred by the pandemic, the country will strive to reduce dependence on the traditional sources of foreign exchange such as remittances, apparel exports and tourism for its foreign currency inflows where recovery is expected to be slow.

As economic experts suggest, the Sri Lankan IT-BPM industry is one that is widely accepted as having the ability to contribute positively towards economic recovery following recent successes as well as the surge in digitization drive in the 4IR and post-pandemic business environment.

As the industry looks into the horizon of a newfound digitization appetite, the rapid development of the workforce by mobilizing plans to increase students enrolling in STEM (science, technology, engineering and mathematics) subjects as well as nationwide digital upskilling is vital.

In order to achieve this, the government and the industry will need to collaborate to further reform the education sector to advance technological innovation and cultivate a workforce competent in emerging and essential technologies. Industry based training initiatives to uplift the sector as well as the country in its entirety is also important, providing a much needed solution to the technology associated job displacement.

Alongside this, there will also be a need to make employment regulation more flexible to permit staggered or flexible working hours and flexible work arrangements leading to improved productivity. As a country that is learning new lessons through the nationwide work-from-home experience, improved methods of providing child care facilities to incorporate more women into the workforce are also becoming more important which will be essential in developing the workforce.

Driven by necessity during the pandemic, the state and private sector organizations have shown heightened enthusiasm for promoting and encouraging budding entrepreneurs and innovators.

Despite difficulties, the Sri Lankan IT-BPM industry utilized its agility to swiftly decentralize operations to ensure continuity

Industry resilience in the face of adversity

Companies in the Sri Lankan IT-BPM industry are known for their agility and have positioned themselves as innovative solution providers.

They provide many critical IT products and services which support global organisations, that helped continue their businesses uninterrupted, and pivot to new operating models through technology transformation.

Amidst the global crisis, Sri Lanka's IT-BPM industry continued to function. Thus, the industry bears practical proof in its ability to stand strong to sustain the needs of the clients amidst a global crisis. Industry participants attributed this success to the systems that were already in place as well as their workforce who remain committed as ever in difficult situations. Multiple crises the country faced throughout recent history have made the workforce highly resilient in times of adversity, displaying excellent work ethic and determination in fulfilling their responsibilities.

Practical problems, as with any unprecedented situation, were recognised, where companies and their employees quickly worked in collaboration to find solutions. Operations were decentralised after obtaining necessary approvals from clients that were coupled with security protocols implemented for WFH arrangements.

At the first instance of social distancing rules being introduced, leading to a possible lockdown, companies quickly mobilized company-wide WFH testing to identify needs and adequately prepare for the issues that could potentially arise. As a result, several issues were identified early on and remedied.

The existing agile organizational configurations and high levels of maturity, discipline and self-accountability of the workforce have helped immensely in making a successful transition into predominantly working from home. In addition, appropriate reporting and team management structures have widely been adopted to increase the self governance capacity of teams, thereby increasing problem visibility.

The industry rallied to support each other, share experiences and collaborated to produce guidelines and best practices:

- Created a shared workbench platform
- Published work from home guidelines
- Facilitated movement of critical staff during lock down
- Published COVID-19 response health and safety guidelines
- Fast tracked interventions through COVID War Room set up between industry and high level government officials
- Conducted webinars to create awareness on managing virtual working environment



v. Infrastructure and Investment

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India and Sri Lanka are the two countries in South Asia that can rely on the most efficient infrastructure system.

- World Economic Forum -
2018

Both digital and physical infrastructure of Sri Lanka have continued to improve over the years, fostering a supportive environment for the industry

Continued development of digital infrastructure and physical infrastructure

Sri Lanka is striving towards its SDG commitment on 'Industry, Innovation and Infrastructure' (Goal 9), implying a significant increase in access to information and communications technology, and provision of universal and affordable access to the internet.

7 Telecom operators **5** Cable Landing Stations

Mobile connectivity

131 mobile subscriptions per 100 inhabitants (2020)

29 Mn mobile subscriptions

17 Mn mobile broadband connections

2 Mn fixed broadband connections

Sri Lanka is the first country in South Asia to trial 5G technology and also the first to commercially launch a 4G-LTE network

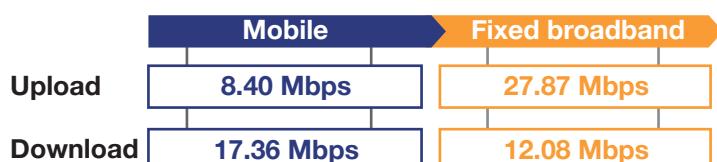
Internet connectivity

615 Internet Connections, per 1,000 Persons (2019)

13.4million Individuals

In 2021 Sri Lanka was ranked 9th of 230 countries surveyed for price of 1GB of mobile data with an average price of **US\$ 0.38**

Speedtest Global Index (January 2021)



Global Competitiveness Index 2019



Transport infrastructure

50 **28** **66** **102**

Utility infrastructure

82 **103** **87** **96**

100% National Electrification ratio at the end of 2018



Sri Lanka outperforms its regional peers as well as several developed nations in the provision and development of utility infrastructure, specifically in the areas of access to electricity and the quality of electricity supplied.



It is equally developed in its provision of transport infrastructure, specifically with strong railroad density and efficient train services. These ranked 35th and 49th respectively in the 2019 Global Competitiveness rankings. Road connectivity and the quality of the roads in Sri Lanka are better developed and outperform regional peers such as Vietnam and The Philippines.



Sri Lanka performs well in mobile cellular subscriptions. The rate of penetration is on par with developed and high-income economies and also ahead of its regional peers.



The country has consistently been the first to adopt and commercialise the latest digital technologies, such as 2G, 3G, 4G, before any other country in the South Asian region. As of 2020, 95% of the country was covered by 4G, with the government planning to expand this to 100% coverage by 2022.

5G is currently being trialled and commercial roll-out is likely to follow shortly.

Sri Lanka is rapidly developing its physical infrastructure, reaching higher levels of regional inclusivity and internal labour mobility

Colombo District Profile

2.4 Mn	Population (2019)	1.2 Mn	1.2 Mn	43%
		Male	Female	
3,608	Density, persons per sq. km (2018)	402	Number of public schools (2018)	4,089
4%	Unemployment rate (2019)	22	Pupils per teacher ratio (2018)	70%
				Percentage employed in services (2019)

Kandy District Profile

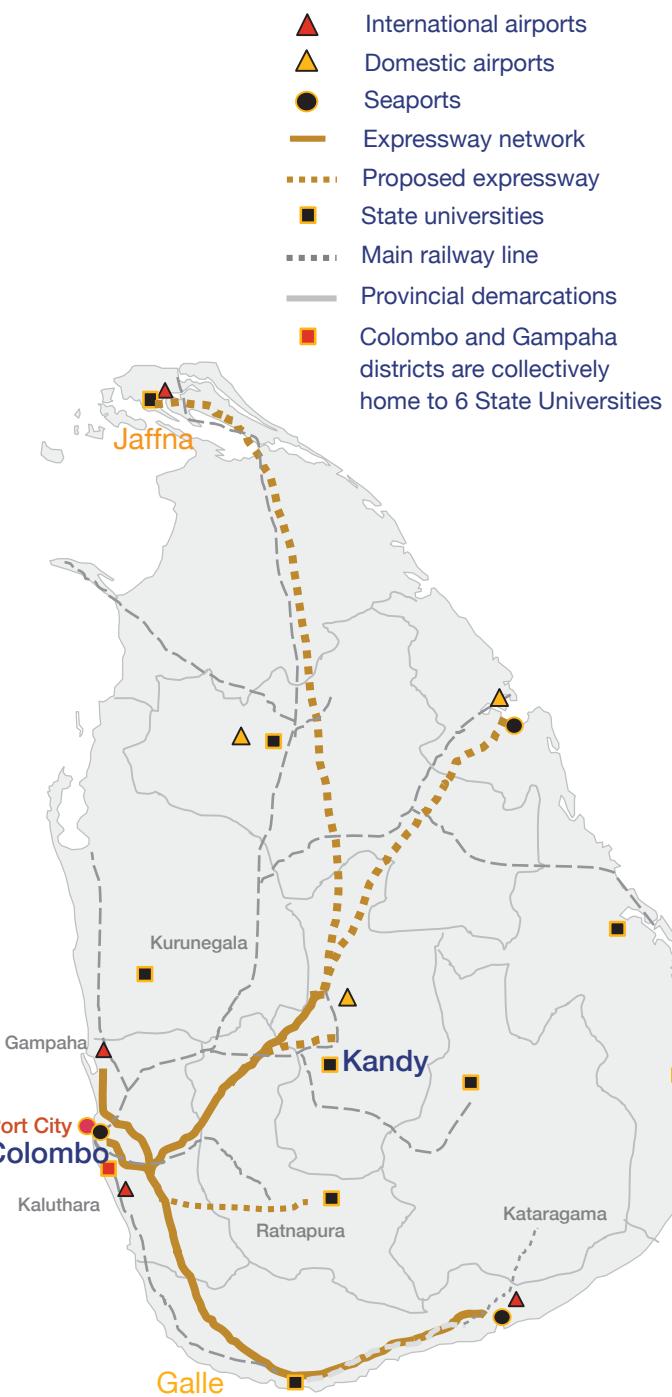
1.5 Mn	Population (2019)	0.7 Mn	0.8 Mn	35%
		Male	Female	
766	Density, persons per sq. km (2018)	650	Number of public schools (2018)	1,892
7%	Unemployment rate (2019)	16	Pupils per teacher ratio (2018)	51%
				Percentage employed in services (2019)

Galle District Profile

1.1 Mn	Population (2019)	0.5 Mn	0.6 Mn	30%
		Male	Female	
695	Density, persons per sq. km (2018)	429	Number of public schools (2018)	1,851
6%	Unemployment rate (2019)	19	Pupils per teacher ratio (2018)	42%
				Percentage employed in services (2019)

Jaffna District Profile

0.6 Mn	Population (2019)	0.3 Mn	0.3 Mn	19%
		Male	Female	
660	Density, persons per sq. km (2018)	448	Number of public schools (2018)	1,892
6%	Unemployment rate (2019)	13	Pupils per teacher ratio (2018)	34%
				Percentage employed in services (2019)



Given the operating flexibility in the IT-BPM industry, the opportunity to broaden the growth of the industry beyond the Western province exists. A strong startup ecosystem is already evident in the Northern and Uva provinces.

With the government's plans to set up techno parks in Kandy, Galle, Nuwara Eliya and Kurunegala, these cities will emerge as the next cities of growth for the sector.

Sri Lanka's stock of grade-A commercial space stands to show strong growth with a pipeline of large scale developments

With the rapid development in commercial properties, Sri Lanka is well underway to provide adequate infrastructure to support the growth of the industry. The infrastructure supply consists of the right mix of commercial spaces including high-end and mid tier facilities, plug and play co-working facilities and emerging facilities in the “Next Cities”

3.35 Mn sq. ft.

Grade A commercial office space in Colombo



2.75 Mn sq. ft.

Grade A commercial office space in CBD

Supply of upcoming prime commercial real estate in the next 2 - 3 years:

2 Mn sq. ft. + 17 Mn sq. ft.

Office space stock will be added by Port City at capacity

Average work space cost in Colombo CBD

Grade A	US \$ 2 per sq. ft.
Grade B	US \$ 1.5 per sq. ft.
Co-working facilities (per seat)	US \$ 86 per month
Fit out cost	US \$ 40 per sq. ft.
Operating cost	US \$ 5 per sq. ft.

Sri Lanka's real estate market has been experiencing increasing demand for grade-A commercial spaces from both domestic and foreign parties. This demand has been supported by a strong construction pipeline of premium commercial developments around the city.

With the onset of COVID-19, Colombo's commercial real estate experienced a rise in overall vacancy from 15% in Q2 2020 to 18% by the end of Q3 2020, with many small to medium sized companies leveraging hybrid working models.

Select commercial spaces:

Colombo Innovation Tower

CIT is a building spanning 20 floors and 120,000 sq. ft. which houses a community of local and international tenants with a focus on being a creative space to drive innovation.

Access Tower II

The Access South Tower by Access Group of Companies is a 29 storey commercial building with 190,000 sq. ft. of rentable space with spacious office spaces that vary in size from 2,500 sq. ft. to 9,000 sq. ft.

WTC Colombo

The iconic twin 39-storey office towers offers over 750,000 sq. ft. of prime office space in Colombo, housing notable public and private sector enterprises.

MAGA One

Located in Colombo 05, this 33 storey building is the tallest A-grade business complex in Sri Lanka.

Notable upcoming developments:

Cinnamon Life

Completion: 2021

The 30 storey office tower, which is a part of the Cinnamon Life developments, offers 254,000 sq. ft. of grade-A commercial office space with each floor consisting of a usable area of 10,564 sq. ft.

Mireka Tower

Completion: 2021

The 50-storey commercial development will feature 600,000 sq. ft. of grade-A office space and is part of the 18-acre Havelock City mixed-use development.

Galle Face Icon

Commenced construction: 2020

The 32-storey development by Renuka Holdings situated in Colombo 03 consists of a total construction area of 450,000 sq. ft. and will consist of 300,000 sq. ft of grade-A office spaces on 22 floors.

Ekroma Fortune

Completion: 2021

The development offers 15 storeys of grade-A property located in the Colombo CBD area. There is an overall area of 153,000 sq. ft. with 103,000 sq. ft. being saleable/ leasable space.

Sri Lanka now has dedicated IT parks offering state of the art facilities with plans to add more capacity

Orion City

16 acres	1Mn sq. ft.	8000
of land extent	of developed office space	employees

With the completion of the new projects Orion will have a total of 1 Mn sq. ft of office space

Being at Orion City has allowed us to scale easily, adding more space, as and when we required

Denver De Zylva
Senior Director - Virtusa

”

Port City



17 Mn sqft of office space



50 Mn sqft of retail, leisure and residential space



273,000 expected city population

- Special economic zone
- Technology sector is a key focus area of investment
- A single-window investment facilitator
- International commercial dispute resolution centre
- Investor protection regulations
- Priority handling of legal cases
- Availability of offshore company registrations
- Opportunities to establish businesses with 100% foreign ownership
- Zero corporate and personal income tax
- Relaxed foreign exchange regulations and ability to transact in foreign currencies

TRACE Expert City

TRACE is an organization that promotes collaboration, creativity, and entrepreneurship through technology and innovation across disciplines. TRACE aims to transform Sri Lanka into an innovation hub in South Asia.

The first ever regional facility of TRACE is to be established in the Uva Province to foster the innovation culture in the region with the launch of the Uva Chapter recently taking place in April 2021.



The complex has 13 bays, a courtyard and plaza



An incubation space called 'Basix' is situated in the TRACE Expert City, which was created by the Sri Lanka Technological Campus and TRACE to foster new ideas and innovation.

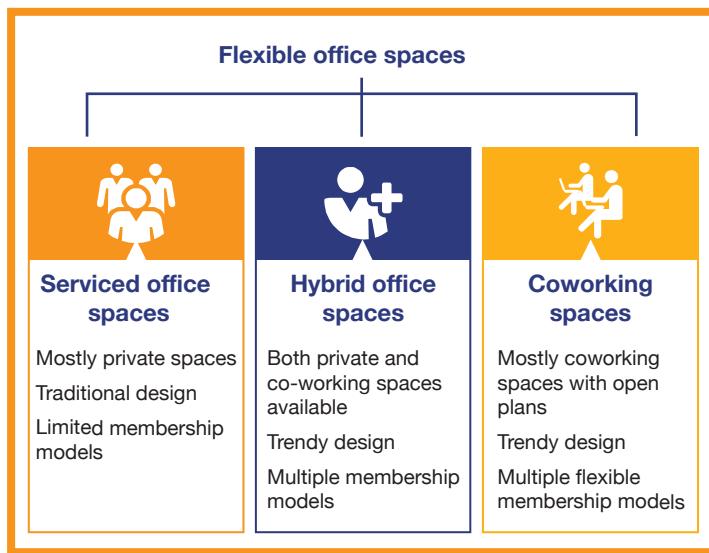
Technology Parks

Four potential cities, Galle, Kandy, Nuwara Eliya, and Kurunegala, have been identified for the establishment of techno parks as part of one of the major initiatives identified by the Ministry of Technology to build a technology-based society with the establishment of overall five new technology parks in the country.

The proposed techno parks will include incubator facilities for the establishment of start-ups, collaborative activities, and programmes with uninterrupted power supply, telecommunication centres, administrative management offices, banking facilities, conference centres, recreational facilities, parking, and internal transportation.

The growth of entrepreneurship and startups have given rise to the flexible workspace sector, offering more opportunities for increased collaboration

With the emergence and growth of the startups, Sri Lanka has recently seen a boom in the flexible workspace available in the market, broadly categorized into three main offerings.



For a long time, serviced offices, which are the first form of flexible spaces, remained most popular in the sector. However, popularity for coworking solutions with open plans that include many usable amenities are seen to be increasing, allowing for both an affordable workspace and a crucial source of business support and collaboration for budding entrepreneurs.

The hybrid options therefore, have gained popularity as they cater to a broader audience while fostering collective creativity and brilliance. With the number of entrepreneurs increasing around the hub of Colombo, an upsurge in the flexible coworking trend is expected to be seen.

Most spaces offer exciting and trendy interiors where a number of global providers have entered into the market, indicative of the potential for both flexible spaces sector and the IT & entrepreneurship community. The Central Business District (CBD) of Colombo has the largest share of Grade A office stock as it offers good connectivity and excellent social infrastructure.

Flexible Office Stock in Colombo



0.2 Mn sq. ft.

2660 seats

25 locations around Colombo

Market	Number of Seats	Average monthly price for a coworking desk (US\$)
Central Business District	1,182	87
Secondary Business District	890	97
Peripheral District Eastern	562	66
Peripheral District Southern	26	94
Overall	2,660	86

Several spaces are also available in regions such as Gampaha, Puttalam, Jaffna and Galle, which offer flexible work spaces centered around tourist hotspots. Further expansion of this sector throughout the country is anticipated following the growth of the tech industry and startup activity.

Flexible Office Space Providers in Sri Lanka

The Executive Centre-Colombo	Work Studio Co-working Spaces	Business Sri Lanka Hub Points
THE EXECUTIVE CENTRE	work studio co working spaces	HUB POINT
COCO Space	Hatch	Kalatmaka
Loft 1024	GrandSpace	Hub9
Elegance Workspace	Honeycomb Creative Spaces	HomeTree Coworking
Likuid Spaces	Connect - Shangri-La	Mellow Coworking - Galle
Regus Sri Lanka	Impressions Spaces	



The policy and regulatory environment aimed at improving ease of doing business encourages investments in digital initiatives

Recent policy direction has created a strong momentum towards the growth of the IT-BPM industry. The general regulatory environment is geared towards facilitating investors, with ecosystem actors constantly engaging in policy dialogue to ensure the right conditions are in place.

Supportive policies

- Total foreign ownership is permitted across almost all areas of the economy.
- No restrictions on repatriation of earnings, fees, capital, and on forex transactions relating to current account payments.
- Safety of investment is guaranteed in the constitution of Sri Lanka.
- Existence of an independent, transparent and sophisticated legal and regulatory framework covering all prerequisite business law enactments.
- Sri Lanka has signed Investment Protection Agreements (IPA) with 28 countries.
- Sri Lanka has entered into Double Taxation Avoidance Agreements (DTAA) with 44 countries to eliminate juridical double taxation and fiscal evasion in international trade.
- Sri Lanka is a founding member of the Multilateral Investment Guarantee Agency (MIGA), an investment guarantee agency of the World Bank. This provides a safeguard against expropriation and non-commercial risks.
- Policies that will enhance the regulatory framework for data privacy and cyber security, the ‘Personal Data Protection Bill’ and ‘Cyber Security Bill’ have been approved by the cabinet and awaiting enactment.



Ease of protecting minority investors sub index ranking

35 th	6 th	87 th	105 th
LK	IN	VN	PH

- Ease of Doing Business Index (2020)

Rule of law sub index ranking

61 st	62 nd	64 th	94 th
LK	IN	VN	PH

- Global Innovation Index (2020)

Sri Lanka has continued to show improvement in its business environment, rising from its rank at the 111th in 2018 to 99th in 2020. Progress has been centered around the reduction of complexity and digitization of government processes.

Improvements seen in 2019

Dealing with construction permits

- Launch of a single window for approvals.
- Improvement of transparency by providing online access to building regulations.
- Reduction of processing times to issue building certificates.

Registering property

- Implementation of a single window to streamline the process of delivering several certificates.
- Improvement of transparency by providing online access to cadastral information.

Paying taxes

- Introduction of online systems for filing corporate income tax, value-added tax and employee trust fund contributions.

Enforcing contracts

- Introduction of a pre-trial conference as part of the case management techniques used in court.

Key points of attraction

- Sri Lanka is a highly cost competitive destination and was ranked 1st in terms of financial attractiveness on A.T. Kearney’s Global Services Location Index (GSLI) 2019.
- The government made IT & enabling services tax-free from 1st of January 2020. Further tax benefits such as removal of 8% VAT for local IT companies, removal of 2% NBT, and the exemptions of foreign currency earnings from income tax have been granted to encourage economic activity in the country.

The facilitative environment is to be further enhanced to encourage growth and to spur innovation in the sector

Empirical evidence from emerging economies and frontier markets provide insight into how FDIs are a significant source of finance for developing economies, bringing a wealth of opportunities in technology transfer, as well as job and overall economic growth.

As with any other firms, digital firms also invest abroad for similar reasons, although host countries need to be equipped with the right conditions to be appealing as an investment destination.

The World Economic Forum suggests enabling policies, regulations and measures that host countries must implement to become an attractive destination for digital FDIs, categorizing them under the following three pillars:

1. Enabling investment in digital firms

As the digital economy creates new business models through innovation, governments that embrace them foster a facilitative environment for digital firms to thrive. Similar to certain notable examples such as Gojek and Grab in Southeast Asia, success stories from Sri Lanka's mobility, health, fintech and agritech sectors provide evidence to the underlying policy environment that encourages investments in digital firms.

2. Enabling digital adoption by traditionally non-digital firms

Revolutionary digital technologies also have the potential to transform businesses, where the integration of digital platforms throughout the value creation process have reshaped traditional firms. A global benchmarking exercise conducted by McKinsey & Company in 2018 concluded that Sri Lankan companies are strong in digital adoption, leading to high performance in terms of speed, agility and customer-centricity.

3. Enabling investment in digital infrastructure

Consistent with the findings of many studies and rankings on global indices, Sri Lanka's strengths are in part attributed to the high connectivity achieved through investments made in digital infrastructure. This has contributed to the development of the digital economy, leading it to position

itself competitively against its peers in the Asia Pacific region. As IT-BPM products and services rely on stable, fast and affordable Internet connectivity, the 5G network connectivity soon to be rolled out is expected to support the growth momentum of the industry.

The current IT-BPM related regulatory and policy provisions in Sri Lanka cover electronic transactions, consumer protection and cybercrimes. Regulation to provide jurisdiction over data protection has historically been an area that was unattended. This is to be mitigated through the adoption of the data protection bill that has been approved by cabinet and awaiting enactment.

In addition to local policy, many companies in the industry align themselves with the European Union's data protection law, known as General Data Protection Regulation (GDPR). Widespread adoption is facilitated by industry led awareness and knowledge sharing initiatives.

The industry is also working towards improving the existing regulatory environment to support its ambition of attracting global businesses and achieving exponential growth. These include progressive laws to ease flow of foreign exchange, setting up of regional HQs, attracting venture capital and private equity and labor reforms in recognition of specific requirements of the sector.

Sri Lanka is a signatory to the 'Madrid Protocol' wherein the National Intellectual Property Office (NIPO) is expected to process applications for international patent and trademark registrations with the support of the World Intellectual Property Organisation (WIPO).

Visa and other residency requirements need to be fast-tracked to encourage investments and collaborative ventures in Sri Lanka. Furthermore, a conducive visa and regulatory regime is needed to encourage businesses with aspirations to access fast growing South Asian markets to choose Sri Lanka as a test bed and strategic location.

The establishment of the International Transaction Reporting System (ITRS), an advanced system for tracking international transactions, will help the industry gain a better understanding of its export earnings, allowing it to measure its successes against set targets.

Other initiatives include creating dedicated ICT research centres and mechanisms for commercialization to support IP led growth ambition of the industry.



vi. Sri Lanka Skills Profile

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Sri Lankans are known to be strong program and relationship managers and are able to handle complex, differentiated tasks rather than just routine processes.

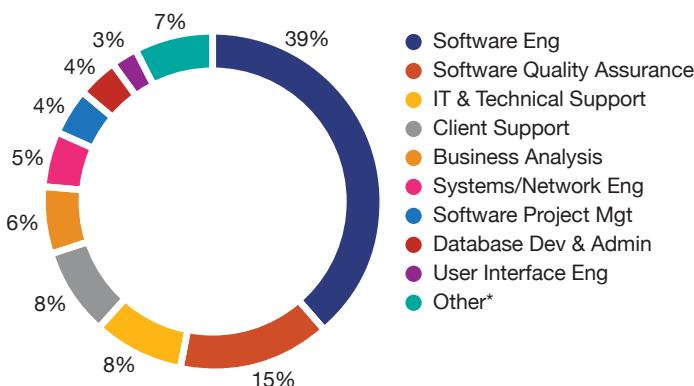
- A.T. Kearney -

Majority of the IT-BPM workforce is currently involved in higher value-adding work with women's participation steadily increasing over the years

IT workforce (2018)

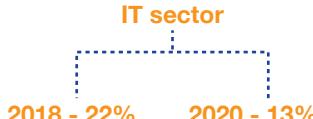


Composition of IT workforce by service lines



*Includes: innovation and research, IT and systems management, data science, business development and IT governance and service management

Attrition rates (Sri Lanka) IT sector



In addition to the 113,000 strong IT-BPM workforce, a further 37,000 professionals are employed by non-ICT companies, government and training institutions, making for an extended pool of qualified and competent individuals that can be absorbed into the industry.

60% of the IT workforce is involved in business analysis, software engineering and quality assurance. However, an increasing shift towards skilling in cyber security, data analytics, intelligent automation and emerging technologies is evident.

In the BPM sector too, through adoption of automation and analytics, a trend towards high value knowledge services is also evident.

BPM workforce (2018)



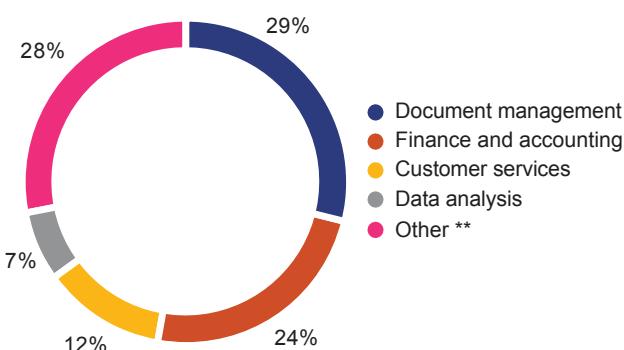
Attrition rates (Sri Lanka) BPM sector



With 24% of the workforce concentration in F&A, the traditional strength of Sri Lankan BPM industry remains one of the key driving segments. Other service areas are showing strong developments in moving towards high value work that has potential to drive growth.

The IT-BPM industry has supported the on-going promotion of women in the workforce. The female participation in the industry has progressively increased with the female gender composition improving to an average of 37% in 2018.

Composition of BPM workforce by service lines



**Includes: Human resource management, IT help desk, legal services, procurement, transcribing, remote tech support, research and analytics, technical roles, publishing services, AIP and data digitization and handling shipping documentations

Sri Lanka's performance on many of the indices in the talent category is a testament to the quality of its workforce. However the rise in demand over the past several years has created a supply demand gap which is being addressed by the state and non-state education providers in close collaboration with industry.

Sri Lanka ranks competitively in skill and quality of workforce compared to its peers in the World Economic Forum's Global Competitiveness Index

Overall rank

	LK	IN	VN	PH
66	107	93	67	

Labour skills and quality ranking

Sub index performance (rank)

	Mean years of schooling	Pupil to teacher ratio in primary education	Ease of finding skilled employees	Digital skills among population	Critical thinking in teaching	Skillset of graduates
66	117	87	116	68	66	44
97	75	96	71	97	97	116
69	105	13	49	22	69	20

Mean years of schooling

66 117 97 69

Pupil to teacher ratio in primary education

87 116 75 105

Ease of finding skilled employees

49 71 96 13

Digital skills among population

68 59 97 22

Critical thinking in teaching

66 117 97 69

Skillset of graduates

44 93 116 20

The quality of talent in Sri Lanka is a result of free mandatory education and cultural inclination towards being hospitable, leading to exceptional service delivery



Government expenditure on education - 2019

1.9% of GDP

9.9% of government expenditure



Young population 2019 (percentage of total population)

(Ages 0-14)	6.5 Mn	(25%)
(Ages 15-34)	6.8 Mn	(31%)
(Ages 35-54)	5.6 Mn	(26%)



Skills sub index ranking

66	107	93	67
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- Global Competitiveness Index (2019) -

Human Development Index ranking (2018)

71	129	118	106
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Source: CBSL, IPS, UNDP, WEF, World Bank, Public Information, PwC Analysis

Sri Lanka is in the 'high human development category' scoring 0.780 on the Human Development Index (HDI), ranked 71st in the 2018 index.

Sri Lanka's score is above the average of 0.750, for countries in the high human development group and above the average of 0.642, for countries in South Asia. It is also ahead of countries such as Vietnam, Philippines, Indonesia, Poland and Romania, which are countries that are considered top destinations for outsourcing services by A.T. Kearney.

The achievements in HDI rank and corresponding components are owed to the free education system that has been in effect for over five decades, and public healthcare that is accessible to all citizens across the country.

There is no gender disparity in general education in Sri Lanka, where 83% of both the female and male population aged over 25 years have at least some secondary education, with overall mean years of schooling being 11.1 years. Moreover, women's education and socio-economic empowerment values are high on the HDI, where 40% of graduates from science, technology, engineering and mathematics programmes in tertiary education are female.

Due to the low spatial disparity in the provision of basic public services, living standards are similar across the country, leading to the need for less mass migration to urban cities. This translates to the availability of a workforce with good advanced skills and capabilities all around the country that can effectively be trained to handle complex tasks as opposed to routine work.

Like in many Asian cultures, significant emphasis is placed on higher education by most Sri Lankans. This coupled with the hospitable nature embedded in the Sri Lankan DNA, creates a workforce in Sri Lanka that has the right ingredients for a highly collaborative (problem solving) and competent workforce required for the IT - BPM industry.

Furthermore, general education in the country facilitates the development of a highly trainable workforce, with emphasis on the development of cognitive skills and English language skills. Many also go on to possess international academic and professional qualifications.

Sri Lankan professionals are highly regarded around the world. Many such professionals, as well as students, are expressing interest in returning to the country, especially following the pandemic, bringing with them years worth of international knowledge, acumen and expertise.

Sri Lankan talent is diverse with a value system strongly focused on innovation and co-creation and is widely known for its creative, agile, nimble and flexible approach. This has been key in attracting foreign investment into the country.

Understanding the importance of the education sector that feeds into high potential industries such as the IT-BPM industry, further plans to elevate the supply and quality of the country's talent base has been announced. The industry has shown great enthusiasm to collaborate with the government and academia to embed skills of the future to produce a future ready workforce for the sector.

Sri Lanka has the ability to cater to niche markets focusing on value arbitrage, due to the unique capabilities of its talent



State university statistics (2014 -2018 average)

312,258	—	68%	Qualified for A/L
210,866	—	62%	65% Eligible to enter university are females



General education output

180,000+	Number of candidates passing Advanced Level examinations (3 subjects) in 2019
71%	Computer literacy rate of individuals completing secondary education



Sri Lanka university system

Institute type	Approximate annual intake
State Universities	30,000 + Students
Private Institutes	35,000 + Students



Education in National Vocational Qualifications (NVQ)

36,000+	Average number completing TVET programmes * in ICT and engineering disciplines p.a.
10,000+	Average number completing TVET programmes * in finance, banking and management p.a.



Professional education in finance and accounting discipline

16,000+ Approximate number of members of finance and accounting (F&A) professional bodies** currently residing in the country (2019)

85,000+ Approximate number of students currently enrolled for finance and accounting professional** exams (2019)

* Competency levels vary depending on NVQ level completed

** Cumulative of those engaged in CIMA, ACCA, CFA, CASL and AATSL

As Sri Lanka aims towards ensuring sustainable growth in the technology industry, capturing niche markets concentrating on value arbitrage as opposed to cost is essential. Whilst the state and non-state universities are increasing capacity, the government in collaboration with the industry is working to change the mix of graduates, with an emphasis on STEM. The technology stream introduced in 2017 is expected to contribute additional capacity from 2021. Furthermore, the government's 10,000 IT graduates program via the Open University of Sri Lanka is expected to contribute to the workforce from 2022 onwards.

The need for gender specific initiatives to encourage higher workforce participation by females in the IT sector has been recognized as a high priority. Focused initiatives around career awareness among teachers, parents and students are being rolled out across all regions with the participation of industry role models.

The Women Technopreneurs initiative by SLASSCOM is also a gender specific intervention to

encourage entrepreneurial and leadership career paths for women.

The quality of graduates, however, is high where students have performed better/on par in areas of logical reasoning, quantitative skills and basic IT knowledge compared to its peers. A culture of training continuously reinforcing the need to upskill in emerging technologies enables IT-BPM companies to offer innovative and value added services.

In addition, the high concentration of qualified individuals in finance and accounting, possessing both international and internationally recognized qualifications, give the country a unique edge in specialization capability. Vocational institutes also produce diploma and degree holders in finance, management, engineering and IT that create a pool of trainable individuals ready to be integrated into the BPM industry.

The industry ecosystem of Sri Lanka carries out several capacity building programmes throughout the country

Learning platforms

COURSERA

The Open University of Sri Lanka has signed an agreement with COURSERA, a platform for providing open online courses. This will give students taking part in Bachelor of Software Engineering (BSE) and other IT degree programmes access to best in class courses and guided programs by leading universities and institutions in the world.



Future Careers Bridge an initiative by SLASSCOM, is expected to reach out to youth after O/Ls and A/Ls or to undergraduates and provide them with a self-study path to showcase their capabilities to the industry. Once their skills are made visible, the industry is able to evaluate and onboard them. Students gain the opportunity to work in the industry while reading for a part-time degree or qualification if so needed.

SLASSCOM partners with its member companies to provide internship opportunities for students who excel in Future Career Bridge challenges.



Tech Kids is an IT education initiative which develops coding and robotics skills of young people (ages 6-16) in collaboration with the Royal Norwegian Embassy, inspiring to create a digitally literate and future ready next generation of students.

Companies in the industry have partnered with SLASSCOM to roll out Tech Kids code clubs for the children of their staff and customers. Furthermore, large corporates have come on board to benefit from this initiative for their staff and customers' children as well. Several schools are also running coding clubs through their computer societies.

Career guidance

Regional IT-BPM Week is an ongoing initiative of SLASSCOM organized in collaboration with EDB, ICTA and Ministry of Education to create career awareness, encourage entrepreneurship and influence key stakeholders; academia, parents, teachers and students. This contributes to the inclusive growth agenda of the industry and in line with this, the initiative has been rolled out in Northern, Eastern, Uva, Central and Southern provinces. Since 2020, interventions have been rolled out virtually with participation of stakeholders from all provinces.



EDEX Expo was launched in 2004 as Sri Lanka's pioneering and largest educational expo. Over the years EDEX has brought in a range of value-added initiatives, which offer connectivity and placements in the process of school to work transition.

Capacity and talent initiatives



The Open University of Sri Lanka (OUSL) together with the University Grants Commission (UGC) will begin to admit 10,000 students to its Bachelor of Software Engineering (BSE) embedding SLASSCOM's boot camp and the professional skills framework.

The study programme will be conducted in regional centres in all 9 provinces of the OUSL. SLASSCOM has partnered in this initiative by providing industry support through facilitating internships and scholarships to deserving candidates and UGC has taken steps to facilitate a no-interest loan scheme for students to follow the programme and also to purchase a laptop for online learning.

The SLASSCOM Boot Camp, is a comprehensive training program developed by SLASSCOM which embodies practical technology and professional skills in line with industry requirements. In addition to the core coding skills; software testing and quality assurance, IT service management, cyber security, graphics design and multimedia, and data analytics are being developed as tracks.



LEAD is a virtual internship platform for IT undergraduates to complete industrial placement in their degree program. Industry provides practical projects and mentorship, with the university providing supervision and guidance to the students. It embeds professional skill development and is developed by SLASSCOM in collaboration with AIESEC.

Graduate Conversion Programs conducted by universities and Vocational Training Authority in collaboration with SLASSCOM to convert non-IT graduates to follow IT careers. This is delivered through SLASSCOM Boot Camp curricula and professional skills framework.



Women and ICT Frontier Initiative (WIFI) Suhuruliya is a flagship programme done by the Asian and Pacific Training Centre for Information and Communication Technology for Development in partnership with the ICTA. It is an ICT capacity development programme which aims to promote the economic empowerment of women in Sri Lanka through the use of ICT in entrepreneurial activities.

SLASSCOM Tech Talk Series includes Tech Talks and panel discussions around emerging technologies and trends with an aim of creating a platform for upskilling the workforce and best practice sharing.

Select programmes aimed at creating the next generation of entrepreneurs and startups

Competitions/ Exhibitions

spiralation

Spiralation is a tech startup support program by the ICTA. The program includes, but not limited to, seed funding, training, networking sessions, encouragement programmes, hackathons, and business promotion opportunities to breach market gaps locally and internationally. The goal of Spiralation is to promote, encourage and support technology related entrepreneurship and innovation within Sri Lanka. Since the inception in 2010, Spiralation has supported more than 90 startups across multiple industry verticals, providing more than 500 job opportunities in the industry.



Disrupt Asia since its introduction in 2016, has served as a flagship event for celebrating entrepreneurship and the Sri Lankan startup ecosystem. The conference has continued to grow in stature and influence yearly, attracting innovation luminaries and disruptors, business leaders, notable entrepreneurs and international companies. The event looks to provide guidance on how to achieve change, help local startups connect with communities across industries and empower organisations of all sizes and sectors to leverage the power of entrepreneurship.



Annual Cutting Edge exhibition by the Informatics Institute of Technology (IIT) provides the opportunity for IIT's Software Engineering, Computer Science, Business Information Systems (BIS) and Business Management undergraduates to showcase innovative projects related to IT and business across a wide variety of topics while displaying in-depth knowledge of some of the latest technology trends in ICT such as the Internet of Things (IoT), Artificial Intelligence (AI), Machine Learning, Robotics, Cyber security and Social Networks.



National Best Quality Software Awards - National ICT Awards is annually organized by the BCS The Chartered Institute for IT Sri Lanka Section (BCSSL) in partnership with ICTA with the objectives of providing recognition for outstanding achievements of individuals and organizations in Sri Lanka which have contributed to the development of ICT. This recognition creates a window to gain international recognition for locally developed ICT products, and, to improve standards and the quality of local ICT products and services, to be able to compete in the international market place.



Sri Lankan Robotics Challenge organized by the E-Club of Department of Electronic and Telecommunication Engineering of University of Moratuwa aims to gather enthusiasts from all around the country to learn, experience and demonstrate their interest in the field of robotics. The event is organized under two categories; School Category and University Category.



Electronic Design Competition by IEEE Sri Lanka Section is an annually held competition for which undergraduates in Sri Lankan universities design and implement their solutions to a selected real-life problem using electronics and other technologies.



Google Summer of Code is an international annual program where Google awards university students who successfully complete a free and open-source software coding project during the summer. Sri Lankan students have been selected as winners over multiple years.



SLASSCOM National Ingenuity Awards is an annual marquee event to recognize and celebrate achievements by students from schools and universities, startups and industry companies for their ingenuity, innovation and disruptive products and services from all parts of the country.

National Schools' Software Competition is an event that attracts thousands of students representing the entire student population across the country. It is conducted on a regional basis covering 9 provinces and two age categories. The competition is intended to improve abilities of students and further their analytical, problem solving and programming skills in ICT, as well as further develop soft skills such as teamwork and communication.



ROBOFEST is the annual robotic competition organized by the Department of Electrical & Computer Engineering of Sri Lanka Institute of Information Technology (SLIIT). The competition is open to all school and undergraduates of Sri Lanka as well as industrial personnel who are willing to exhibit their local innovations. The goal of ROBOFEST is to give school and undergraduate students the opportunity to design, build and familiarize with new technologies in the field of robotics.

Select catalyst events by the industry to drive discussions on emerging technologies and trends

Competitions/ Exhibitions



CODEFEST is a nationwide Software Competition organized by the Faculty of Computing of Sri Lanka Institute of Information Technology (SLIIT) geared towards exhibiting the software application design and developing talents of students island wide. This hosts multiple competitions for students in primary to senior school levels as well as those partaking in undergraduate university courses.



Imagine Cup is an international competition sponsored and hosted by the Microsoft Corporation at which students from Sri Lanka have consecutively emerged winners.



National Olympiad in Informatics organized by the University of Colombo School of Computing is a competition for school students, based on computing. The contestants are required to write computer programs to solve a given set of problems, within a limited time. The NOI is the competition that is used to select students to compete at the International Olympiad in Informatics (IOI) competition, held annually in different countries.

Catalyst events



SLASSCOM AI Asia Summit is an event that focuses on raising awareness, exploring opportunities and discussing issues around Artificial Intelligence (AI) domain. The summit also showcases differentiated solutions created by Sri Lankan companies.



SLASSCOM Quality Summit aims to encourage leaders in the QA community to learn & experience the latest software testing, technology, and trends, as well as gain experience and insights that can be applied in the workplace to advance & accelerate business in the Digital Technology Era.



Colombo Test Automation conference by SLASSCOM brings together leaders in the test automation community to discuss the latest in software testing technology, trends and best practices, and offers a valuable platform for quality engineering professionals and enthusiasts in the industry to benefit from the opportunity to up-skill and learn from the best in the field of quality engineering.



SLASSCOM People Summit 2020 brings together CXOs in tech companies to share best in class talent and trending leadership development practices. The Summit focuses on insights from industry leaders, practitioners and academia with thought provoking panel discussions and also brings forward discussion regarding several out of the box topic areas to help individuals and business leaders think differently.



SLASSCOM's Robotics Process Automation (RPA) conference engaged both local and international experts in this sphere to highlight the potential to optimize RPA. This consisted of engaging panel discussions as well as thought provoking industry case studies which concludes with the RPA Case Study Competition awards.



The annual CSSL National IT Conference is one of the flagship ICT events in Sri Lanka as well as the region. The event brings together key private and public sector players in the ICT sector to share and discuss latest trends in Information and Communication Technology.



vii. Entrepreneurship Ecosystem

“

The sector's organic growth is benefitting other industries, such as agriculture, manufacturing and tourism, and supporting the emergence of technology-focused small and medium-sized enterprises (SMEs) and startups, which in turn are creating jobs and value in the economy.

- Oxford Business Group -
2019

The Sri Lankan entrepreneurship ecosystem is vibrant with activity having attracted the interest of international investors

The Industry strategy is to launch programs that will create the right domestic conditions to ignite entrepreneurship, creativity and innovation to catalyze 1000 startups aimed at creating the next generation of digital disruptors by 2025. The current Sri Lanka startup ecosystem showcases a thriving mix of incubators, venture funds, co-working spaces and digital disruptors.

Current status of the ecosystem

Startup events and competitions

- These act as enablers to bring together different elements of the ecosystem.
- They act as platforms to recognize startup achievements, foster linkages with potential investors and provide international exposure
- They are also widely accessible to entrepreneurs across the country.

Access to funding

- There is a thriving ecosystem consisting of angel investors, crowdfunding, family offices, corporate incubators, private equity and venture capital, etc.
- Sri Lankan startups have attracted both local and international investors with several successful exits

Strong collaborative ecosystem

- Access to mentorships via incubators and accelerators providing structured programs
- Collaborations with universities and schools are contributing to creating a culture of entrepreneurship at an early stage.

Government support

- The company registration process has been fully automated and a web-based platform has been introduced, improving the speed and convenience of service.
- The government is currently implementing several interventions required to accelerate the growth of startups identified via a startup study commissioned in 2020.
- In recognition of the importance of encouraging startups, the government in 2021 made amendments to the procurement law of the country to allow participation of startups in government digitization projects upto the value of LKR 2Mn.
- Identifying the need to facilitate funding via the banking system, ICTA has piloted a sector specific credit scoring model with the participation of 5 large banks. The intention is to create access to non-collateralized borrowings for startups.
- ICTA and PwC Sri Lanka conducted an assessment of the startup ecosystem in Sri Lanka, with a view to identifying current impediments for startups and ecosystem stakeholders. The assessment focused on factors affecting competitiveness of Sri Lankan startups. To support the recommendations, Sri Lanka was benchmarked with thriving startup ecosystems in other countries.

Specific initiatives supported by the government

- Spiralation - A programme that supports startups with seed funding, market access and capacity. It has already funded more than 90 startups across multiple industry verticals.
- Disrupt Asia - A startup conference and showcase, bringing together investors, academics, students, corporates and entrepreneurs.

Private Sector participation

- The private sector actively participates in and supports the development of startups, portraying their confidence in the potential of the startup ecosystem.
- Several companies such as John Keells Holdings PLC, Hemas and Dialog Axiata PLC have accelerator programs and innovation funds.
- Furthermore, startup investment is also provided by angel and private investment ventures such as Lankan Angel Network (LAN) and Lanka Impact Investing Network (LIN).
- Women Technopreneur is a gender specific initiative where a forum is organised and attended by members within SLASSCOM. The initiative is aimed at improving skills, mentorship & funding/ sponsorship opportunities for female technology entrepreneurs.

Accelerator programs

- Sri Lanka has several prominent accelerator programs encouraging founders to present their ideas and become eligible for funding from potential investors.
- There are also hackathons and competitions which provide the opportunity for innovation and linkages to the global startup ecosystem.
- Prominent corporate accelerators present in Sri Lanka include: John Keells X, Twinery - innovations by MAS, SLINTEC by Dialog Axiata PLC, Slingshot by Hemas as well as Disrupt Unlimited by Brandix.

Co-working spaces

- There has been a sizable increase in affordable co-working spaces available in Colombo, improving startups' ability to network and share knowledge. There is an emergence of such spaces in other areas of the country as well.

The key elements of the startup ecosystem show significant growth over the past few years with support given from both the government and industry

“ Sri Lanka’s startup ecosystem value has more than quadrupled from LKR 5.4 Bn to LKR 21.8 Bn in the past two years with the country also ranking #2 in the Asia - Pacific region for affordable talent. ”

Startup Genome

Vision 2024 for ICTA - Nurturing Tech Startups

- Providing loans of LKR 500,000 at an interest rate as low as 4% as start-up capital to support the youth, who start their own businesses on the successful completion of vocational education.
- A grace period of one year for both principal and interest, with a further 4 years to settle the loan.
- Facilitated to receive the opportunity to pay an installment together with interest less than LKR 12,000.
- An annual commitment fee of 0.25% will be charged to ascertain that the said loans are invested on the approved business.
- It is proposed to give tax exemptions of 5 years to these businesses and the Cost of Funds of funds provided for such start-up capital, provided by banks and finance agencies as deductible expenditure in the calculation of taxes.

Doing Business Index 2020

Ease of starting a business rank



Global Innovation Index 2019

89/120

Sri Lanka

The country ranked:

77th in Business sophistication

73rd in Knowledge and Technology outputs

Global Competitiveness Index 2019



Financing of SMEs

51 23 97 71

Time to start a business

57 90 96 118

Key characteristics of Sri Lankan startups

SLASSCOM Startup report 2019



Management - 52% of the respondents have a structured management team in place.



Technology - 17% of startups are based on B2B Products, 14% on B2C Products and 10% on Knowledge & Professional services.



Business outlook - 91% of respondents believed business outlook will improve for next year, while 6% were uncertain.



Number of founders - 86% of startups have 1-3 members in their founding team, while 13% have 3-5 members.



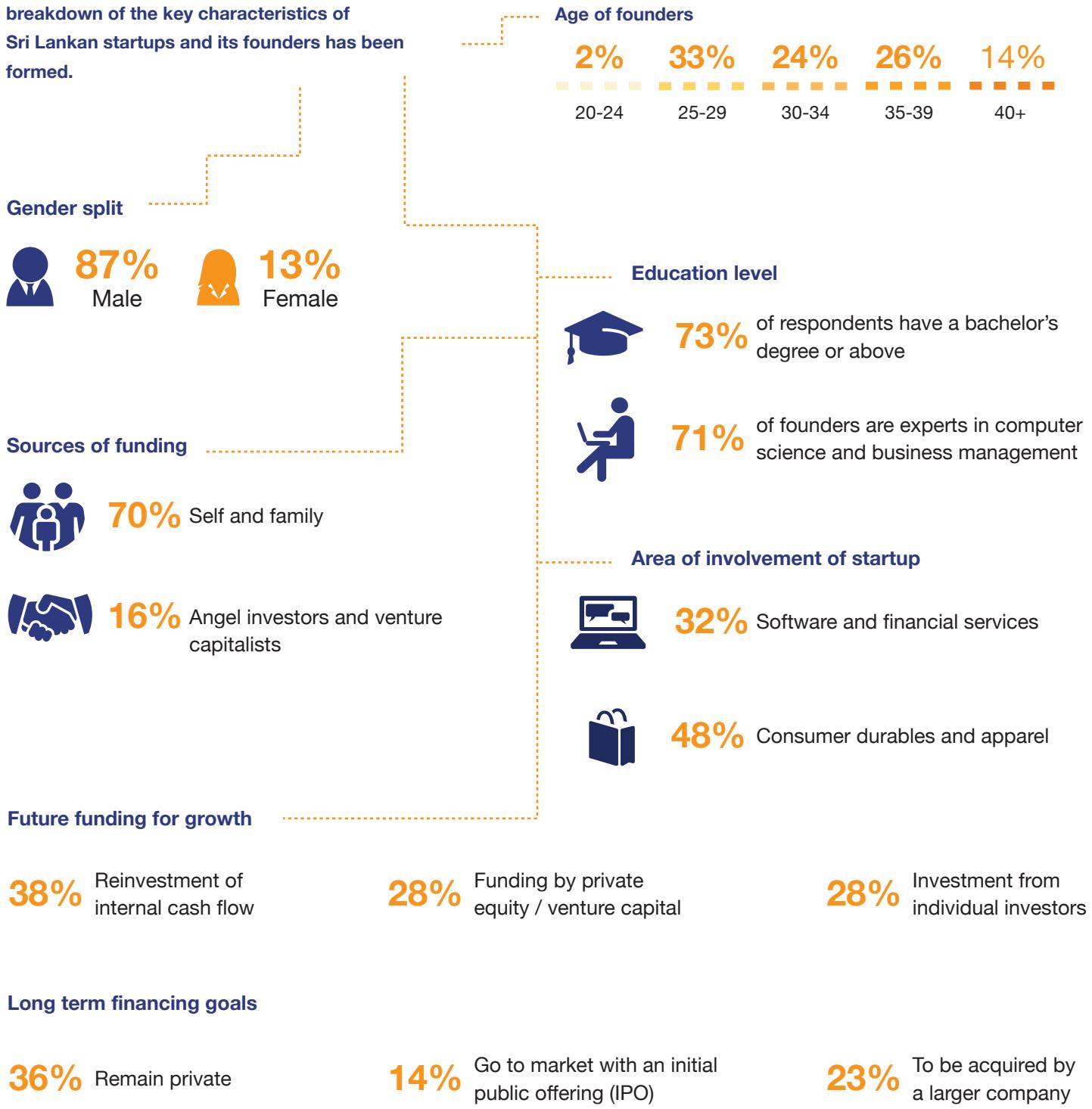
Software or Hardware - 62% of the startups offer software solutions while 4% focused on hardware alone and 34% on both.



Location - 92% of startups are based in the Western Province, while the rest are located in the Northern, Eastern and Uva Province.

Sri Lankan startup founders are young and well educated with the majority having qualifications in computer science and business management

As per the SLASSCOM Startup Report 2019 a breakdown of the key characteristics of Sri Lankan startups and its founders has been formed.



The startup ecosystem of Sri Lanka is gaining momentum with many new entrants occupying the space



Incubators, accelerators and capacity development providers



Events



Industry associations, chambers and trade promotion organisations



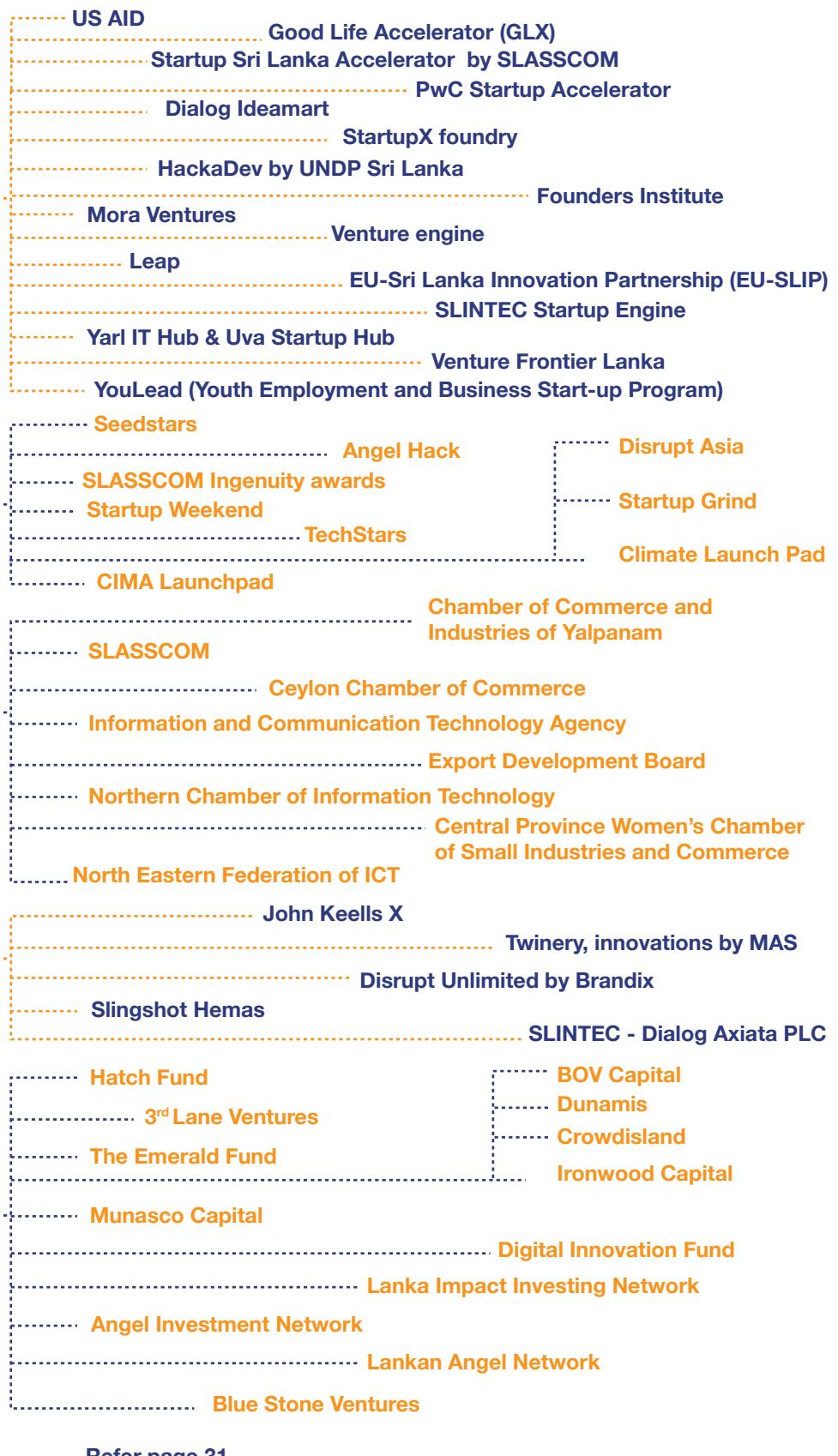
Corporate incubators/accelerators



Investors

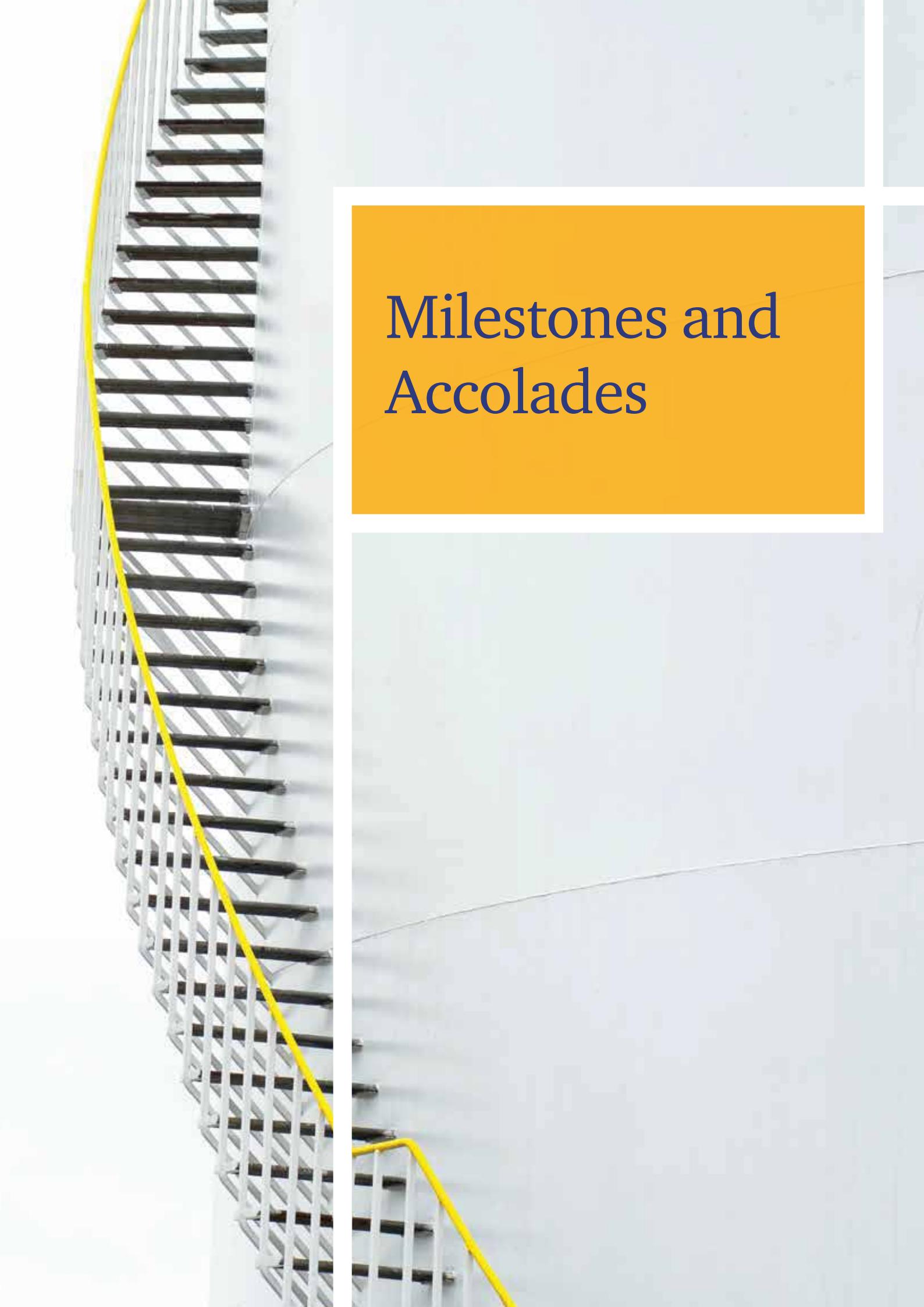


Co-working spaces



Note: list of organizations under each category is non exhaustive

Source: ITC, Public Information, PwC Analysis



Milestones and Accolades

Key Milestones

The 'Colombo Port City Economic Commission Act' came into effect. The act provides for the establishment of the Colombo Port City Special Economic Zone which will be an international business and services hub.

Launch of Intelligent Automation Center of Excellence.



Launch of Bachelor of Software Engineering program for 10,000 graduates by OUSL.

Launch of ICTA and PwC Credit Scoring Framework which facilitates financing from lending institutions for technology and BPM companies.



Launch of SLASSCOM Startup Sri Lanka Accelerator.



Launch of SLASSCOM National Ingenuity Awards which focuses on recognizing the island's greatest innovators.

Government of Sri Lanka agrees for country to accede to the Madrid Protocol in February.



IFC signed a 3 year agreement with SLASSCOM, to assist in developing the tech-led startup ecosystem in Sri Lanka and carry out startup development activities.

2021



Launch of the Cyber Security Centre of Excellence (CSCx), which aims to position Sri Lanka as a key competency centre for cyber security.

Launch of the SLASSCOM Bootcamp, a comprehensive training program which embodies practical technology and professional skills in line with industry requirements.



SLASSCOM together with YouLead and VTA initiated a Transformative Teacher Training program to upskill instructors.

Signing of a Strategic Partnership between SLASSCOM and the Sri Lanka Association of Non-State Higher Education Institutes (SLANSHEI) to address capacity and skill requirements of the industry.



Launch of the Women Technopreneurs Forum aimed at creating positive change across the tech ecosystem in Sri Lanka to support, promote and grow women technopreneurs with the potential to attract more FDI into the country.



Techkids initiative milestone of training 1000+ kids through 180 code clubs.

Launch of the Product & Platform Council aimed at spurring IP led growth by incubating and scaling product companies to create transformational IP and disruption.



Future career bridge initiative milestone of 10,000+ students from 24 districts learning on the platform.

Key Milestones



Co-founded the Global Technology & Business Services Council (GT&BSC), with 11 other countries to collaborate and to create a global vision for the future of the industry.



Launch of the LEAD program (Learn-Engage-Activate- Develop) together with AIESEC aimed at upskilling final year IT graduates to make them ready for employment at the end of the 6-month program, as well as onboard 3rd year university students who are studying from home impacted by COVID.

Launch of SLASSCOM Global Referral Programme aimed at connecting Sri Lanka IT BPM companies with business opportunities via a global network of channel partners and influencers.



Launch the Artificial Intelligence (AI) Centre of Excellence (AICx) with the aim of positioning Sri Lanka as a key competency centre for Artificial Intelligence in Asia.

National Deregulation committee appointed to improve competitiveness in doing business.

2020

SLASSCOM and Amazon Web Services (AWS) launch knowledge and skills mission training programme powered by AWS Educate programme.

SLASSCOM launches draft AI policy framework for stakeholder consultation.

Introduction of 5G technology in Sri Lanka.

SLASSCOM hosts first ever RPA Hackathon and Conference.

SLASSCOM and the Norwegian Ministry of Foreign Affairs enter into a two-year agreement to foster collaboration in the ICT industry.

Asian Development Bank and Sri Lankan universities sign deal to execute the Science and Technology Human Resources Development project.



Sri Lanka awarded the "Delivery Destination of the Year 2019" by GSA Strategic Sourcing Awards in November 2019.

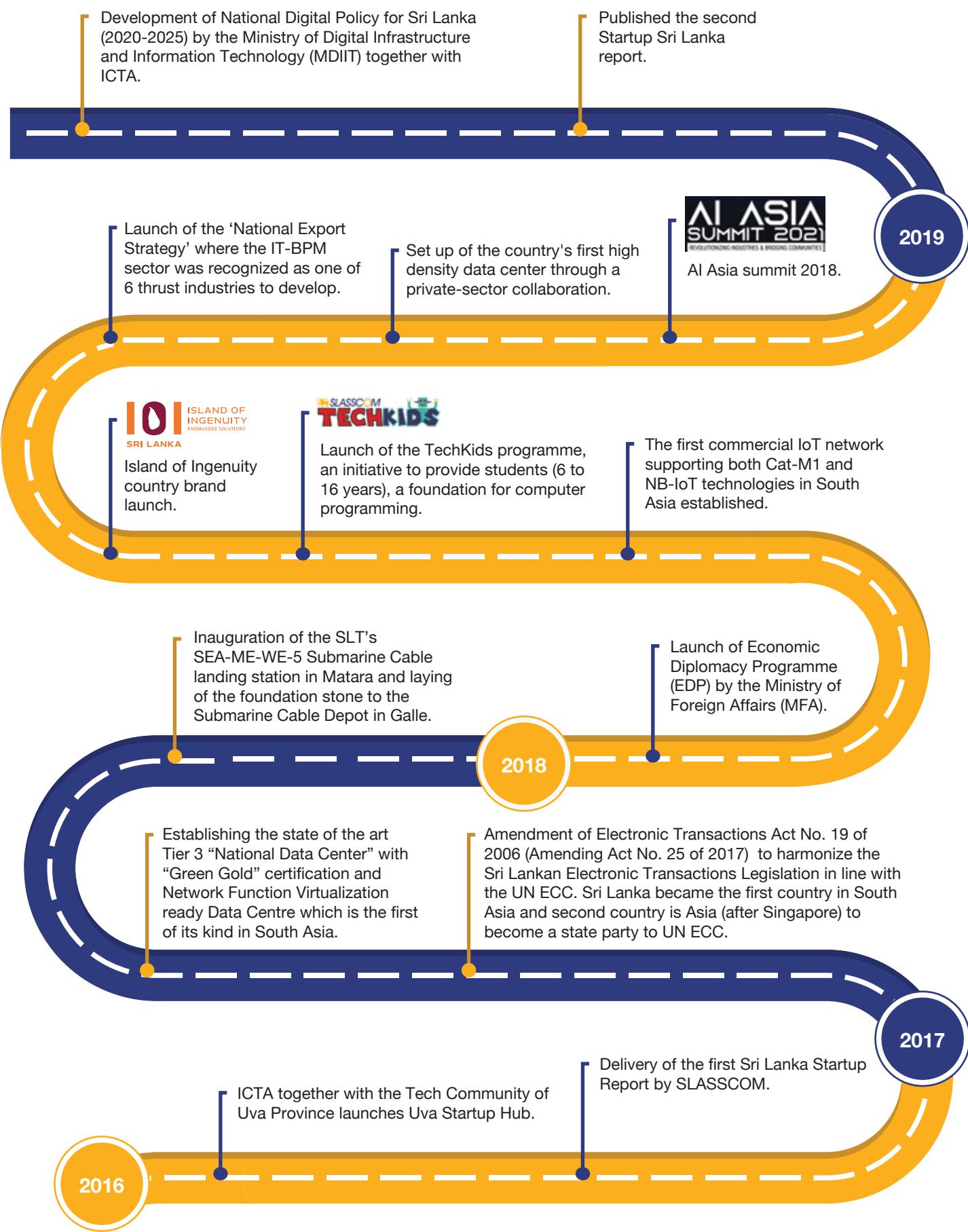
US\$ 1.5 Bn revenue and 113, 561 IT-BPM workforce.

Development of a draft Cyber Security Act.

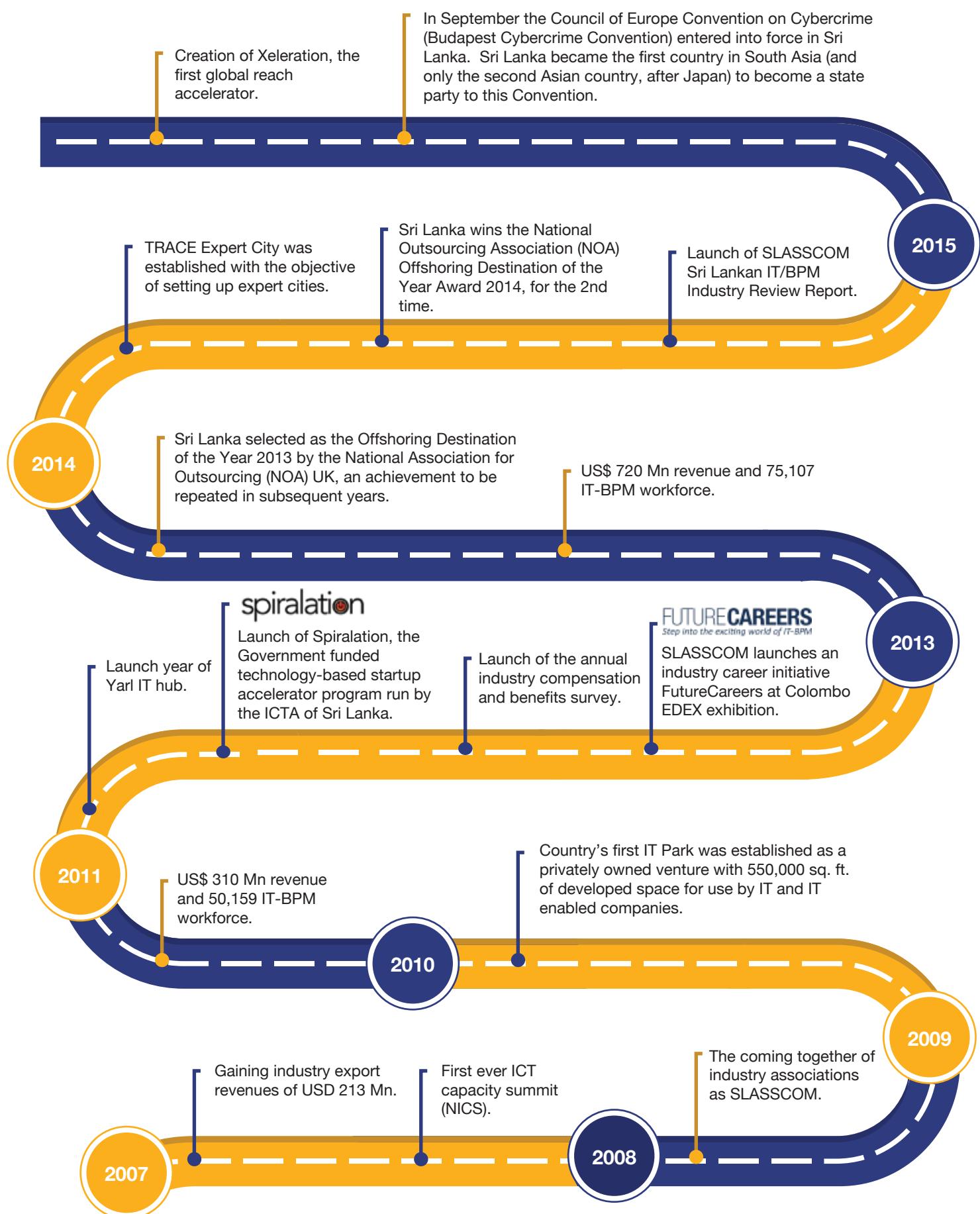
Development of a draft Personal Data Protection Act.

Launch of Hatch, Sri Lanka's largest co-working office space and business incubator, on 24th January.

Key Milestones



Key Milestones



Industry Accolades



Delivery Destination of the year
Global Sourcing Association, Strategic Sourcing
Awards 2019



1st Globally, in Financial Attractiveness
Global Services Location Index 2019



2nd in South Asia
Global Innovation Index 2019



2nd in South Asia
Global Competitiveness Index 2019

Top 10 in Asia
Network Readiness Index



4th in South Asia
Doing Business Index 2020

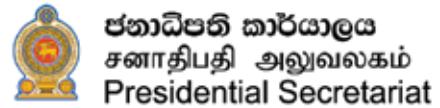


#2 Globally for affordable talent
Global Startup Ecosystem Report, Startup Genome, 2020

**Top 20 Global Ecosystem for Bang
for Buck**
Global Startup Ecosystem Report, Startup Genome, 2020

Key industry stakeholders and collaborations

Key government stakeholders



SLASSCOM has strong collaborations, partnerships and MOUs with the following:



Driving the Imagination Economy

Sri Lanka's Industry of the future, with the potential to become the # 1 export revenue earner for Sri Lanka.

Who we are

Sri Lanka Association for Software and Service Companies (SLASSCOM) is the chamber for the Knowledge and Innovation industry and acts as the catalyst for growth.

We do this by facilitating market access and investments, propagation of education and employment, encouraging research and innovation, and by influencing an enabling national policy framework to elevate the potential of the industry.

Vision 2025



Generating revenue
US\$ 5 Bn



Creating high skilled jobs
200,000



Enabling startups
1,000

Our key strategic initiatives

Supporting the government's vision of "A Digitally Inclusive and Prosperous Sri Lanka"

Marketing and Demand Generation

- Access to markets: Assisting companies to grow
- Global Referral Program: Leveraging Sri Lankan expat networks for lead generation
- Fostering international partnerships and collaboration

Catalyzing the Island of Ingenuity brand

- Position the Island of Ingenuity value proposition in key markets
- Contribute to national campaign both digitally and non-digitally in promoting the IT-BPM industry
- Collaborate with key government agencies such as ICTA, BOI, EDB, MoFA and Sri Lankan high commissions in priority markets in promoting the brand
- Embed the Island of Ingenuity values in the DNA of the future talent in collaboration with academia and Ministry of Education

Capacity and Skills Development

- Capacity: Increasing the talent pool, enhancing capacity and skills
- Regional Development: Contribute to the inclusive growth agenda of the industry
- Encouraging entrepreneurship at universities to incubate more startups and commercialization of research
- TechKids: Inspiring to create a digitally literate and future ready next generation
- Future Careers Bridge: Providing internships and company sponsored scholarships for higher education
- Influencing curricula to be industry relevant by engaging with state and non-state universities

Building Industry Capability

- Technology: Enabling talent with technology trends
- Quality: Embedding quality into talent and organizations
- Business Process Management: Building industry capacity and visibility
- Innovation: Harnessing Sri Lanka's ingenuity
- Human Resources: enabling world-class people practices



SLASSCOM
THE KNOWLEDGE AND INNOVATION CHAMBER



Showcasing industry

- People summit
- RPA Conference
- AI Asia Summit
- Quality Summit
- National Ingenuity Awards



Centers of excellence

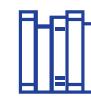
Industry accelerators have been launched to create Centre of Excellence (CoE) in the following areas:

- Artificial Intelligence (AI) Centre of Excellence (AICx)
- Cybersecurity Centre of Excellence (CSCx)
- Product and Platform Council
- Intelligent Automation Centre of Excellence (IACx)



Forums and advisory committees

Comprising of industry leaders and volunteers, forums and advisory committees drive the key strategic initiatives and implementation



Insights and surveys

- Employability Survey
- Industry Hot Skills Study
- Annual Compensation and Benefits Survey
- Startup Sri Lanka Report
- Market intelligence reports



Policy advocacy

- Advocating policies to increase output and quality of talent from state and non-state universities to enable the industry to be future ready
- Influencing policies to encourage FDI and enable industry growth
- Advocating changes to policy and regulatory framework to enhance the industry's competitiveness



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