



**JAMPRO**  
TRADE & INVESTMENT JAMAICA

# **EXPORT OF SERVICES; EARNING FROM A NEW PARADIGM**

**Mona School of Business and Management  
Inaugural Conference on Business and Management  
Holiday Inn Sunspree Resorts  
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Presented by Robert C. Scott, VP Export & Market Development, JAMPRO



# What is a service?

A service is defined by 4 characteristics:

1. An intangible
2. Inseparable – simultaneous delivery and consumption
3. Heterogeneous – allows for flexibility and customization
4. Perishable – services cannot be stored and carried forward

Operationally, a service is defined as “anything you cannot drop on your toe”





# What is a service export?

A service is exported when a firm is paid for their services by someone from another country, regardless of where the service is provided or where the payment is made.



# The 4 Modes of Service Exports

## Mode 1: Cross Border Supply

**Cross Border Supply** is when a service is provided from a supplier in one country, to a consumer in another and **only the service crosses the border**. This is most often done using electronic delivery, namely the Internet.

MODE 1:



MODE 2



## Mode 2: Consumption Abroad

**Consumption Abroad** is when a service is supplied in the country of the supplier, but to a consumer from another country (i.e. **the consumer goes abroad**).

MODE 3



MODE 4



## Mode 3: Commercial Presence

**Commercial Presence** is when the supplier of a service establishes a presence in another country **by setting up a subsidiary or branch**, for example. The consumer then purchases the service from the subsidiary in their own country.

## Mode 4: Movement of Natural Persons

**Movement of Natural Persons** is when a supplier of a service temporarily visits the country of a consumer to offer a service (i.e. **the service provider goes abroad**).

# Services by all Four Modes

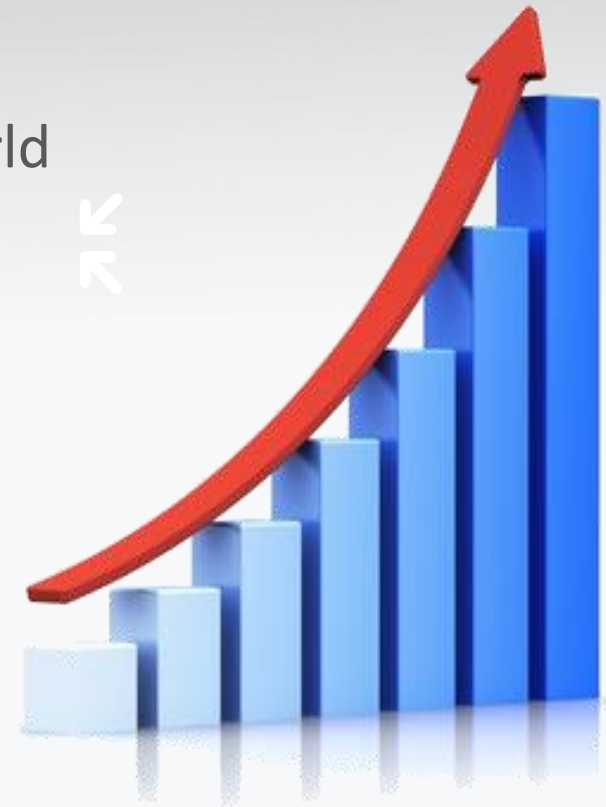
Service	Mode 1	Mode 2	Mode 3	Mode 4
Architect	Sell design services internationally on an online marketplace	Provide support to an American construction firm undertaking a large local project	Establish an office in the UK that specializes in Caribbean home design	Oversee the construction of a Caribbean styled-home in France
Musician	Sell music on iTunes	Entertain at a private party hosted by Canadian tourists	Set up an office in Toronto that sources Caribbean entertainers for events	Deliver a performance at a music festival in Germany



# Growth of Trade in Services

Over the past century, the services sector has developed to play an increasingly important role, including its role in supporting the agriculture and manufacturing sectors.

- Services represent more than 2/3 of the world's economy and approx 25% of world trade; is projected to be half of world trade by 2020.
- Services account for the majority of GDP in most countries around the world, ranging from 40% to 90%
- Services exports for CARICOM Member States totalled \$US 10 billion in 2011 as compared to \$US 10.1 billion in 2006





# Where is the opportunity?

## The Export of Management Consulting Services

Globally, the management consulting industry is estimated to top US \$350 billion in 2012.



# An overview of the Caribbean Management Consulting Industry



Source: Nathan Study commissioned by the Caribbean Export Development Agency, 2010





# MC suite of services

- Business advisory services
- Coaching/mentoring
- Facilitation
- Strategy
- HR
- Leadership development
- ITC Re-engineering
- Operations Management
- Operations/ Process Improvement
- Organizational Development
- Project Management
- Quality Management
- Supply Chain Logistics
- Sales/business development



# Overview...

Amount Spent Last Year (US\$)	Percentage of Respondents	Market Share
\$10,000 - \$19,999	32.9%	2.4%
\$20,000 - \$49,999	17.6%	3.0%
\$50,000 - \$99,999	12.9%	4.7%
\$100,000 - \$249,999	15.3%	12.9%
\$250,000 - \$499,999	8.2%	14.9%
\$500,000 or more	12.9%	62.3%

?????



# Overview...

**67%**



**1 - 4 employees**

**45%**



**1 - 2 assignments/year**

**81%**

**Over 55 years old**



**60.5%**

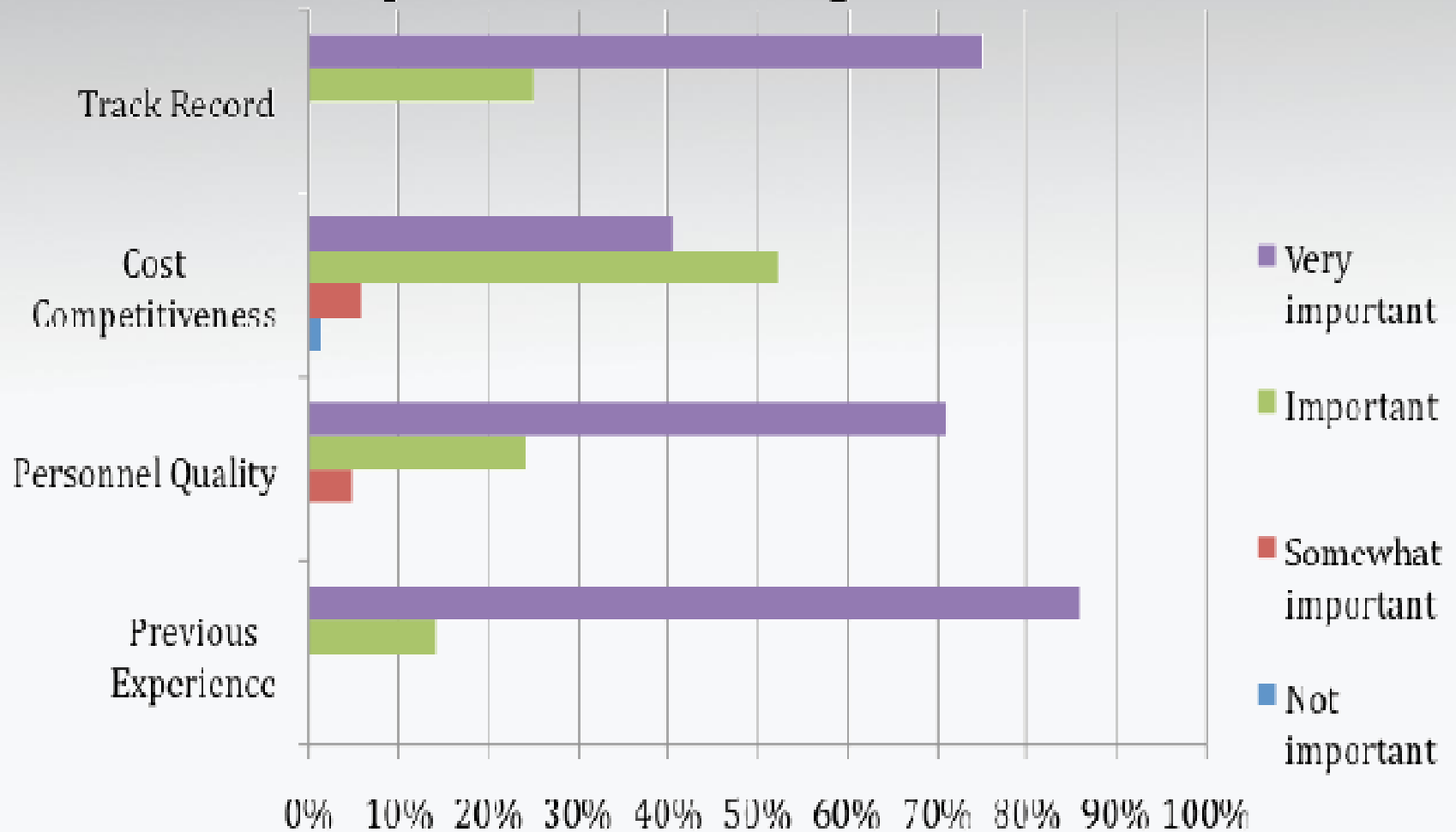


**Involved in  
Organizational Development**



# Overview...

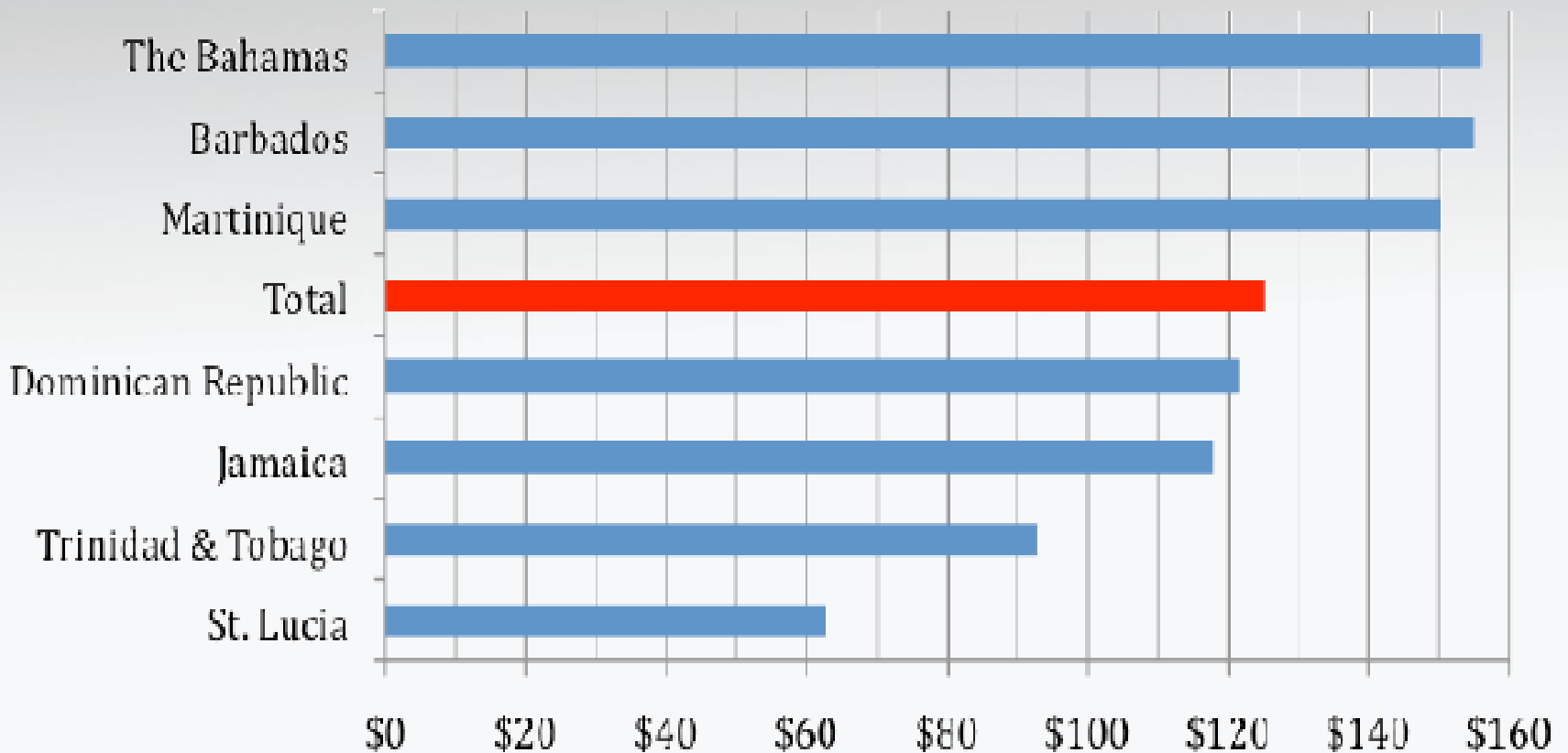
## Importance in Selecting Consultants





# Overview...

## Average Hourly Fee Rate (US\$)

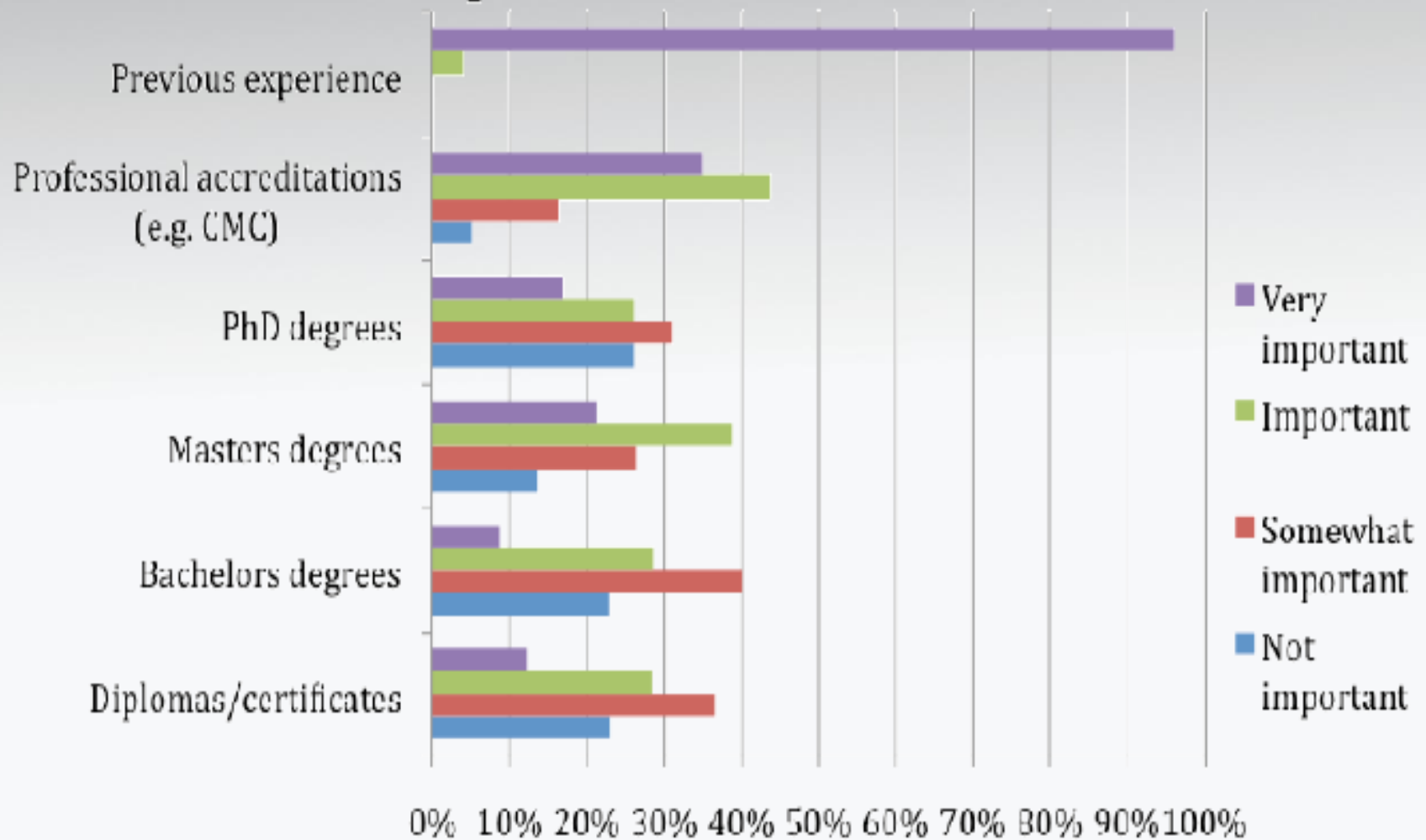






# Overview...

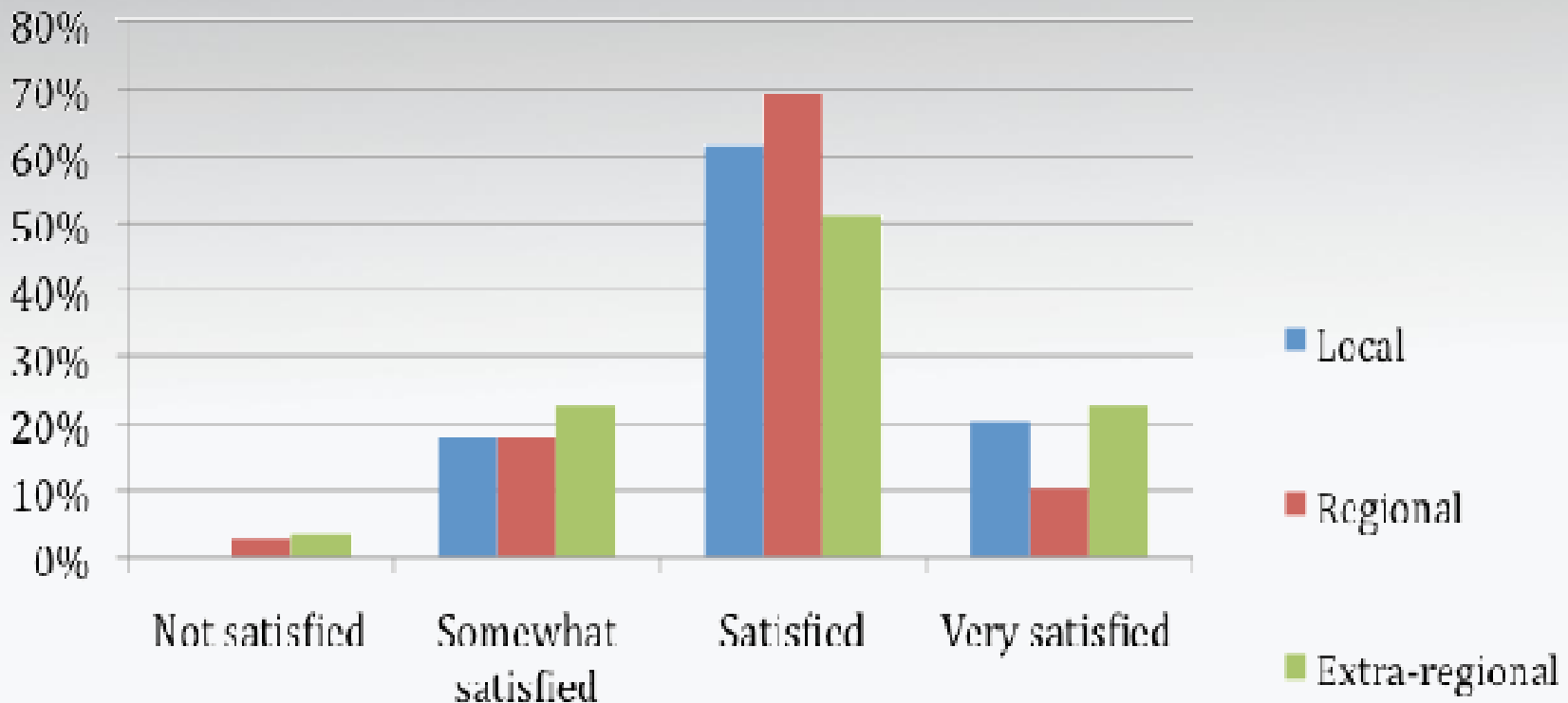
## Importance of Credentials in Procurement





# Overview...

## Client Satisfaction by Consultant Location



**“...local consultants retain an advantage over all outsiders in their home markets but Caribbean consultants tend to lose out to non-Caribbean consultants when they look for work outside their home countries. ”**



# Overview...

## GLOBAL INDUSTRY MARKET SHARE OF CONSULTING PROJECTS (2010)

SEGMENT	MARKET SHARE
IT	51%
HR	10 %
BUSINESS STRATEGY	18%
OPERATIONS MANAGEMENT	21%

# The gap is an opportunity

## Consulting segment supply and demand

Consulting Segment	Market Procurement by Area	Industry Practice by Area	Difference
IT Strategy	42.4%	21.9%	20.5%
Human Resources	54.1%	45.6%	8.5%
Corporate Finance	29.4%	21.1%	8.3%
Environmental Consulting	15.3%	7.9%	7.4%
Marketing & Sales	27.1%	26.3%	0.8%
Risk	18.8%	19.3%	-0.5%
Operations Management	21.2%	32.5%	-11.3%
Other	24.7%	39.5%	-14.8%
Development Consulting	27.1%	42.1%	-15.0%
Business Planning	28.2%	45.6%	-17.4%
Organisational Development	42.4%	60.5%	-18.1%
Business Strategy	31.8%	50.0%	-18.2%



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# Where are the opportunities?





# Who are the Buyers?

- Development corporations
- Intl Financial Insts
- Donor agencies
- NGOs
- Civil Society
- Private sector
- Large Corporations
  - Financial services
  - Company services
  - Banking and Trust
- MSMEs
  - Business Plans
  - Coaching/Mentoring





# Where to Find Opportunities

- **Procurement** - read country news, look for new announcements, policy initiatives
- **Events** - Attend major international events to network, stay abreast on sector news and identify potential partners
- **Trends** – Be aware of growing trends
- **Technology** - Become technologically savvy)

**The World Bank Group**

Public-Private Infrastructure Advisory Facility

## PRIVATE PARTICIPATION IN INFRASTRUCTURE DATABASE

Search Text...

Home Project Data Snapshots Methodology Publications FAQ Challenge the Data

HOME LAST DATA UPDATE: FEBRUARY, 2013

The Private Participation in Infrastructure (PPI) Project Database has data on over 5,000 infrastructure projects in 139 low- and middle-income countries. The database is the leading source of PPI trends in the developing world, covering projects in the energy, telecommunications, transport, and water and sewerage sectors. >> LEARN MORE

Current Features Sector Updates Regional Updates Investor Notes Get Data Stop Animation

Regional Analysis for Energy, Transport, Water and Telecom available for full year 2011

**News Government Support to PPPs: 2011 Highlights**

**News Sub-Saharan Africa update**  
In 2011 total private investment fell by 13%, a six year low

**News East Asia and Pacific update**  
In 2011 private activity slows down

**News Europe and Central Asia update**  
In 2011 Private activity in infrastructure in Europe and Central Asia picks up

**News 2011 Latin America and the Caribbean update**  
In 2011 Private investment in Latin American Infrastructure grows in the energy sector and in Brazil



**Understanding PPI Data**  
First time here or have questions about the data? Download this document with examples to understand the data. >> Full Text

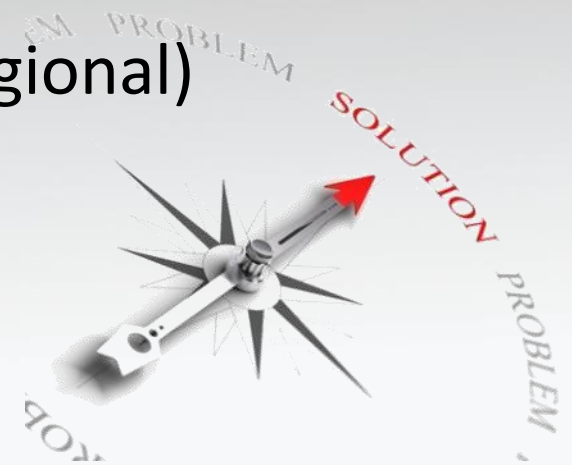
**Renewable Energy in Focus**  
New PPI Renewable Energy Database. Now including pipeline projects and detailed snapshots. >> Click here

**Did You Know?**  
Private activity in the water sector has more than doubled over the last decade. >> Full Text  
Investment in road projects with private participation more than doubled between 2000 and 2011.



# How do we win on these opportunities?

1. Build alliances (regional and extra-regional)
2. Find partners

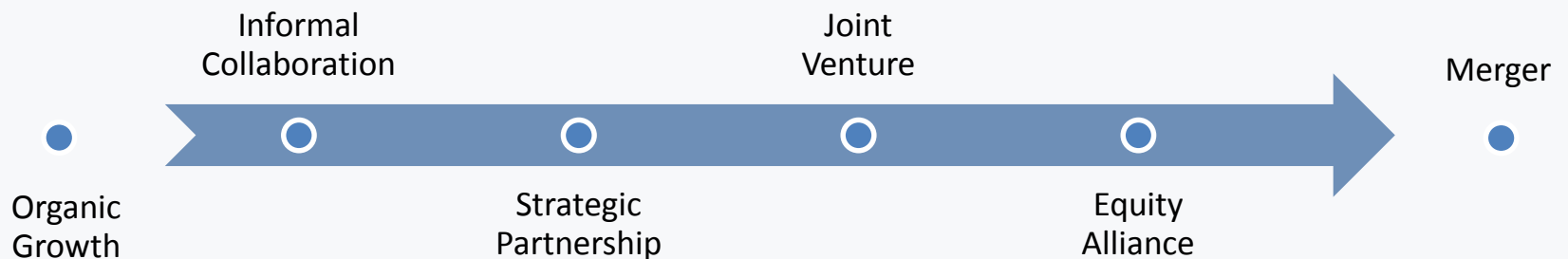


Caribbean firms need to find a mechanism to get the experience necessary to win the bigger projects

# Strategic Alliances

Since 1997, more services SMEs have been involved in international alliances than manufacturing SMEs; by 2000, there were nearly 4 times as many services SMEs engaged in international alliances than manufacturing SMEs.

‘Strategic Alliance’ is a general term which covers a wide range of collaborations between companies, both formal and informal.





# Find partners

- Subcontract to larger contracts
- Examine donor contract awards



The screenshot shows the 'The World Bank' website's 'Projects & Operations' section. The navigation bar includes links for Home, Site Map, Index, FAQs, and Contact Us. Below the navigation bar, there are tabs for About, Countries, Data & Research, Learning, News, Projects & Operations, Publications, and Topics. The main heading is 'Projects & Operations' with a search bar set to 'Projects & Operations' and a 'GO' button. A breadcrumb trail shows 'Home > Projects'. On the left, a sidebar menu lists various categories like Country Strategies, Project Maps, Products and Services, Results, and Measuring Results, along with Site Tools such as Projects & Operations, Public Information Center, For Client Governments, and Contact Us. The main content area features a language selection notice: 'Also available in: العربية, 中文, Français, русский, Español'. The primary heading is 'Contract Awards Search', followed by a detailed paragraph explaining that procurement under World Bank-financed projects results in about 20-30,000 contracts annually, with a total value of \$20 billion. It notes that about 7,000 contracts are reviewed by Bank staff, and information on winning contracts is publicly available after signature. The search function allows for major contracts reviewed by Bank staff. It also specifies that thresholds for prior review vary by loan and country, and that contracts signed before 7/1/2000 are not included. The name of the contractor, supplier, or consultant is shown as the entity that submitted the winning bid or proposal. The name of the manufacturer, Joint Venture partners, sub-contractor, and/or sub-consultants may not appear in the database. Below this, it states that the 'Keyword' search includes words from fields like supplier, contract name, project name, Project ID, major loan or credit number, procurement group, procurement type, procurement method, project country, project sector, and supplier country. For more details, it refers to 'About the Contract Awards database'. At the bottom, there is a note: '\* Hold 'Ctrl' key to select multiple choices'. The 'View Results By:' section has two radio buttons: 'Contract' (selected) and 'Contractors/Suppliers/Consultants'. Below this is a 'Keywords:' label followed by an empty text input field.

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### Contract Awards Search

Procurement under World Bank-financed projects results in the award of about 20-30,000 contracts with a total value of about \$20 billion each year. Of these, about 7,000 contracts (particularly large-value contracts) are reviewed by Bank staff prior to contract award. Information on the winning contracts, which were subject to the Bank's review, is publicly available after contract signature. The search function below allows searches of major contracts that were reviewed by Bank staff and awarded. Major contracts financed under investment lending are subject to this prior review. The thresholds for prior review vary from loan to loan, and country to country, as specified in the procurement schedule of the Legal Agreement. Contracts not subject to prior review by the Bank, and contracts that were signed before 7/1/2000 are not included in this database. The name of contractor, supplier, or consultant shown is the name of the entity who submitted the winning bid or proposal. The name of the manufacturer, Joint Venture partners, sub-contractor, and/or sub-consultants may not appear in this database.

The **Keyword** search includes words from the following fields: supplier, contract name, project name, Project ID, major loan or credit number, procurement group, procurement type, procurement method, project country, project sector, supplier country. For more details, see [About the Contract Awards database](#).

\* Hold 'Ctrl' key to select multiple choices

View Results By:  Contract  Contractors/Suppliers/Consultants

Keywords:



# Find partners

Europeaid :

<http://ec.europa.eu/budget/remote/fts/download>

Year	Name of beneficiary	Coordinator	VAT Number of benefic	Address	City	Postal code	Country / Territory	Amount
2013	REPUBBLICA ITALIANA* REPUBBLIQUE ITALIENNE ITALIAN REPUBLIC	no	-	-	-	-	Italy	0.00 €
	REPUBLIQUE FRANCAISE*FRENCH REPUBLIC	yes	-	-	-	-	France	0.00 €
2013	AG INSURANCE NV*	no	BE040449 4849	EMILE JACQMAINLAAN 53	BRUSSEL	1000	Belgium	7,768,112.95 €
	AXA BELGIUM SA*	no	BE040448 3367	BOULEVARD DU SOUVERAIN 25	BRUXELLES	1170	Belgium	7,766,484.55 €
	BASTION EUROPEAN INVESTMENTS SA*	no	BE087788	PLACE DU CHAMP DE MARS	BRUXELLES	1050	Belgium	7,593,757.01 €



# Find partners

## Small donor/project sites

Small Donors		Donor Projects	
<b>UNDP</b>	<a href="http://jobs.undp.org/cj_view_jobs.cfm?is_consult=1">http://jobs.undp.org/cj_view_jobs.cfm?is_consult=1</a>	<b>Trade Advocacy Programme</b>	<a href="http://www.tradeadvocacyfund.com/taf-for-service-providers">http://www.tradeadvocacyfund.com/taf-for-service-providers</a>
<b>ComSec</b>	<a href="http://thecommonwealth.org/jobs">http://thecommonwealth.org/jobs</a>	<b>CDE</b>	<a href="http://www.cde.int/index.aspx">http://www.cde.int/index.aspx</a>
<b>Danida</b>	<a href="http://um.dk/en/danida-en/activities/business/contracts/short/contract-opportunitie/">http://um.dk/en/danida-en/activities/business/contracts/short/contract-opportunitie/</a>	<b>ProInvest</b>	<a href="http://www.welcomeurope.com/european-funds/proinvest-353+253.html">http://www.welcomeurope.com/european-funds/proinvest-353+253.html</a>
<b>GIZ</b>	<a href="https://webp01.giz.de/sap(cz1TSUQIM2FBTk9OJTNhcDAxYTJfUDAxXzAxJTNhY0twdmdGdXgwS3ZQYWx0eXVINGJ2dXdIODJSVFZPWldzdGwzdWEwUi1BVFQ=)/bc/gui/sap/its/zvi0">https://webp01.giz.de/sap(cz1TSUQIM2FBTk9OJTNhcDAxYTJfUDAxXzAxJTNhY0twdmdGdXgwS3ZQYWx0eXVINGJ2dXdIODJSVFZPWldzdGwzdWEwUi1BVFQ=)/bc/gui/sap/its/zvi0</a>	<b>Bizclim</b>	<a href="http://www.acpbusinessclimate.org/bizclim/">http://www.acpbusinessclimate.org/bizclim/</a>
<b>SIDA</b>	<a href="http://www.kommersannonns.se/sida/Notice/NoticeList.aspx">http://www.kommersannonns.se/sida/Notice/NoticeList.aspx</a>	<b>TradeMark East Africa</b>	<a href="http://www.trademarka.com/work-with-us/">http://www.trademarka.com/work-with-us/</a>

# <http://www.devbusiness.com>



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UPDATE - Proyecto de Desarrollo de  
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**Deadline: 6 February 2015**  
Updated: 2 January 2015



**Bangladesh** WB  
Health, Population & Nutrition Sector  
Development Program...  
**Deadline: 19 February 2015**  
Updated: 2 January 2015



**Benin** WB  
Projet Multisectoriel de l'Alimentation,  
de la Santé et de la Nutrition...  
**Deadline: 26 January 2015**



**Côte d'Ivoire** AfDB  
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BUILDING CAPACITY ON MANAGING  
FOR DEVELOPMENT RESULTS...

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**The  
Economist**

**Indonesia Summit**  
**11 February 2015**  
Indonesia is a stable  
emerging economy but



# Winning Proposals

- Familiarize yourself with procurement policies and procedures.
- Establish a strategic alliance in the project country.
- Address the terms of reference completely and clearly.
- Ensure that all the deliverables are captured.
- Ensure qualified consultants are in the key positions.
- Emphasize innovative technical solutions.
- Cite directly relevant technical and regional experience.





**And remember...**

# **The Jamaica Coalition of Service Industries and JAMPRO can HELP!**

