



ISLAND OF
INGENUITY
KNOWLEDGE SOLUTIONS



SRI LANKA: THE ISLAND OF INGENUITY

www.islandofingenuity.com

LEVERAGING SRI LANKA'S INGENUITY THROUGH CAPTIVE INNOVATION CENTERS

www.islandofingenuity.com



5

Your Opportunity in Sri Lanka

7

Your Captive Center Opportunity

10

Sri Lankan Success Stories

15

Sri Lanka in a Snapshot

17

Sri Lanka's IT-BPM Sector

24

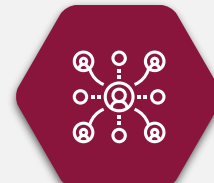
What You Need to Know

YOUR OPPORTUNITY IN SRI LANKA

Captive Innovation Center

Set up your Captive Innovation Center in Sri Lanka to help accelerate your digital transformation and own disruption in your industry.

01



02



03

Digital Disruptors

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

Digital Gateway to Asia

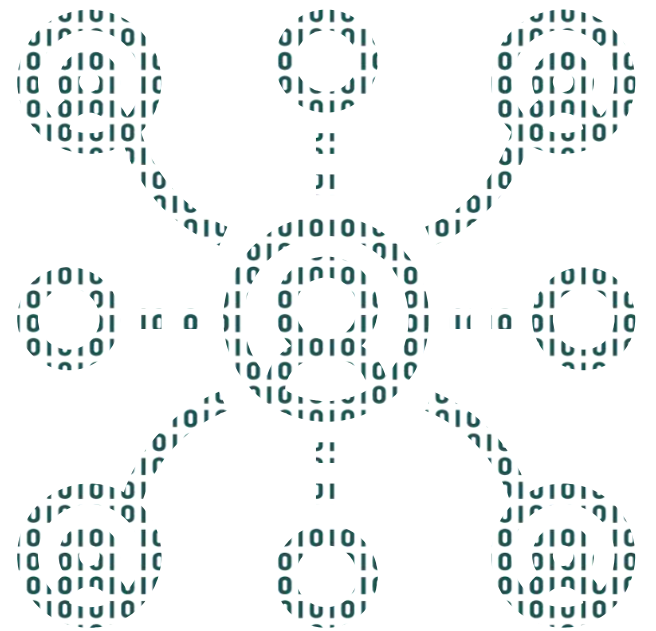
Leverage Sri Lanka as your Digital Gateway to Asia—global entrepreneurs are using Sri Lanka as an effective test bed and entry into fast growing emerging markets in Asia.

“ In the future, it will no longer be the large fish that eats the small fish, but it will be the fast fish that eats the slow fish. ”

Professor Klaus Schwab,
Executive Chairman,
World Economic Forum



YOUR CAPTIVE CENTER OPPORTUNITY



WHAT IS A CAPTIVE INNOVATION CENTER?

Dedicated Operation

A dedicated center to deliver enterprise business services to the parent company from an offshore location.

Talent Repository

Access to a unique talent pool that fulfills skills in short supply and balance the overall talent portfolio.

Research & Development Hub

Act as the R&D and innovation hub for the parent company, driving digital transformation through disruptive technologies.

Round the Clock Operations

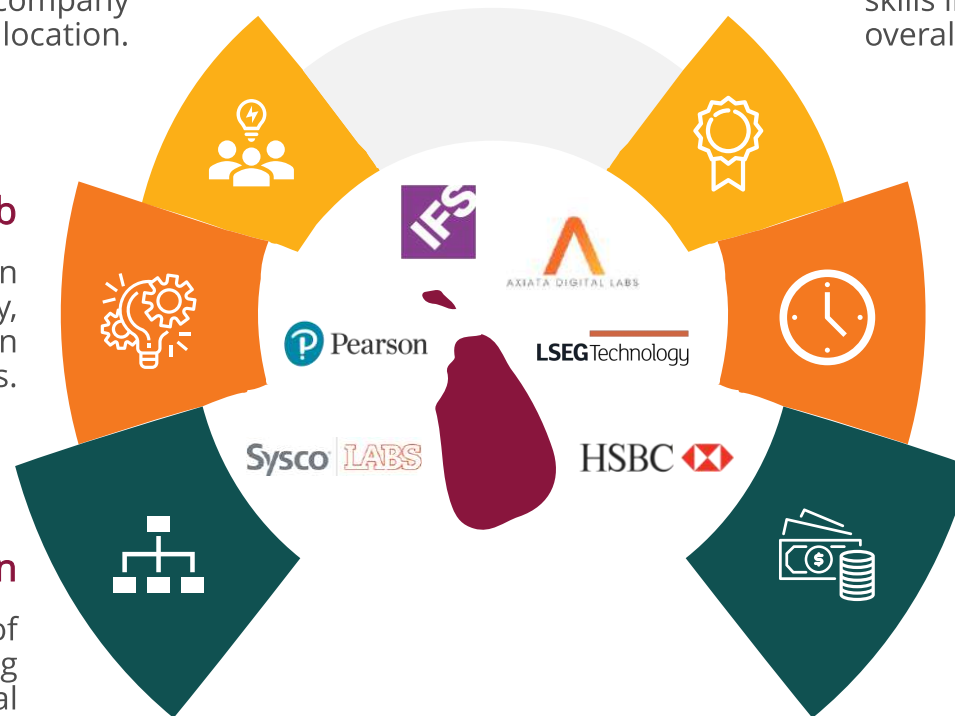
Round the clock operation cycles that provide flexibility for global companies to fulfil business requirements faster.

Internal Business Division

An internal business division of the global company, managing end-to-end mission critical business operations.

Cost Savings & Efficiency

High-end talent coupled with comparatively lower cost of resources to continuously bring efficiencies & savings.



WHY SRI LANKA FOR YOUR CAPTIVE INNOVATION CENTER?



Robust and Niche Talent Base

Sri Lanka provide access to a niche and specialized talent base which is supplemented by advanced infrastructure. The ability to draw from a diverse and skilled pool of talent, their creativity and resourcefulness, and a collaborative mentality to co-innovate solutions is one of the key factors driving Sri Lanka's prominence as a hub for innovation.



Strong Industry Foundation

Sri Lanka offers a favourable environment for foreign investors to establish operations including 100% ownership of companies, no restrictions on the repatriation of earnings, fees, and capital. Sri Lanka also has a strong legislative infrastructure with strict intellectual property protection mechanisms, creating a secure environment for international companies to innovate and create value through R&D hubs.



High Value Opportunities

Sri Lanka's uniqueness stems from its ability to cost-effectively deliver high-value solutions with world-class quality. Despite the high quality of our work force, Sri Lanka has a tier 2 cost structure, positioning the country as a cost competitive destination.



Multi-faceted Industry

Sri Lanka's diverse IT industry caters to leading international companies in a variety of industries including financial markets, aerospace & defence, foodservices, and education—managing end-to-end operations and driving digital transformation.



World-class Infrastructure

Sri Lanka's ICT/ BPM sector is supported by world-class and cost-competitive infrastructure, including an advanced telecoms sector, which boasts cutting-edge digital infrastructure and competitive mobile and internet tariffs compared to the rest of the region.

Sri Lanka also has a number of dedicated, private sector-owned IT - BPM parks, providing easier access paths for both new entrants and existing operations looking to expand.

SRI LANKAN SUCCESS STORIES



Sysco | LABS

 **London**
Stock Exchange Group


AXIATA DIGITAL LABS





SYSCO - SYSCO LABS



Sysco – world’s largest foodservice provider with over USD 60B in revenue and a vision to transform the global foodservice industry - ‘from farm to fork.’



Their search for a transformative partner to take the company to the forefront of foodservice industry led to CAKE LABS – Silicon Valley-based tech company with its core engineering team in Sri Lanka



Sysco LABS has now expanded into an engineering organization of over 350, managing 90% of Sysco’s engineering in Sri Lanka



Sysco LABS is responsible for enhancing Sysco’s customer experience across every single interaction and touch point



Sysco LABS team works closely with Sysco’s business technology team (BT) to streamline Sysco’s business even further



Sysco LABS also plays a key role in Sysco’s legacy modernization strategy focusing on pricing and rebate management systems, public cloud platform, and software engineering



Sysco eventually acquired CAKE LABS, transforming it into a captive innovation center – Sysco LABS



Over time, CAKE LABS became an integral part in Sysco’s global operations, helping Sysco stay on the cutting edge of technology



THE LONDON STOCK EXCHANGE GROUP (LSEG) - LSEG TECHNOLOGY



London
Stock Exchange Group



London
Stock Exchange Group

In **2008**, **LSEG** - one of the world's oldest and largest stock exchanges - undertook an extensive international search to identify technologies that would transform the **efficiency** of their operations



This search led to the discovery of Sri Lanka's **LSEG Technology** (formerly known as MillenniumIT) - LSEG found LSEG Technology to be the **most superior solution provider** - beating out global powerhouses such as NASDAQ

LSEGTechnology



LSEG Technology's flagship product was **10 times speedier** than LSEG's electronic trading system, TradElect and also generated **immediate cost-savings** of at least **£10 million a year**



Impressed by the ingenuity and creativity of the company, LSEG decided to buy LSEG Technology outright in **2009**



Over time, **LSEG Technology** has evolved to become an **integral** part of the London Stock Exchange Group, releasing several proprietary products into the market and having over **40+ international clients**



Listed among the **top three** in their sector globally, LSEG Technology's products include the **fastest trading platform** in the world



AXIATA DIGITAL LABS - AXIATA GROUP BERHAD



A part of the **Axiata Group** – one of Asia's largest telecom companies – **Axiata Digital Labs (ADL)** was set up in Sri Lanka to pioneer **disruptive innovations** and help revolutionize business



Headquartered in Sri Lanka, ADL also has offices in Malaysia and Indonesia with a **combined 500+ workforce** and serves the Axiata Group's subsidiaries in Cambodia, Bangladesh, Indonesia, Malaysia and Nepal



More recently in May 2019, ADL entered into a partnership with **Huawei – the global telco giant** – to deliver and enhance **billing and customer management capabilities** to Axiata's operating companies and their service provider partners.



The company has since become a regional leader in **mobile financial services, digital health, FinTech, API and middleware and core telecom systems** to help businesses on their **digital transformation journeys**



In efforts to further drive innovation, ADL and Huawei have also set up a **joint R&D center in Shenzhen, China** focusing mainly on deep telco integrations and collaboration of Huawei's core telco systems



ADL continues to transform Asia by leveraging technologies such as **Robotic Process Automation, Artificial Intelligence, Big Data** and the **Internet of Things (IoT)**

IFS



Sweden's IFS AB – a multinational enterprise software company generating ~USD 600M+ in revenue, invested in establish a captive center in Sri Lanka, 20 years ago



IFS currently employs over 1,100 staff (31% of the global team) in the country—managing the largest R&D center outside of Sweden as well as IFS's global support and training center



The R&D team works on prototyping emerging technologies, trends, and concepts that will enable IFS to drive the global tech landscape in the future



Overtime, Sri Lanka became an essential and integral part of IFS's global operations, expanding into a fully-fledged marketing, sales, consulting and support entity



Sri Lanka currently plays the primary role in IFS's innovation—around 60% of IFS's product development taking place in Sri Lanka



Identifying the importance of Sri Lanka for their future innovative growth, IFS is planning to further expand their operations—by employing another 500 staff in in Sri Lanka



SRI LANKA IN A SNAPSHOT



MOST DYNAMIC INVESTMENT DESTINATION IN SOUTH ASIA

National Output (2018)



GDP (Current Market Price): **USD 88.9B**

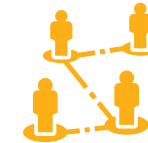
Per Capita GDP: **USD 4,102**

Real DGP Growth: **3.1%**

GDP Distribution (2018)



Demography



Population: **21.6M**

Labour Force: **8.3M**

Unemployment Rate (% of Labour Force): **4.4%**

External Trade



Exports: **USD 11,890M**

Imports: **USD 22,233M**

Trade Balance: **USD (10,343)M**

Inflation



Annual Average: **4.3%**

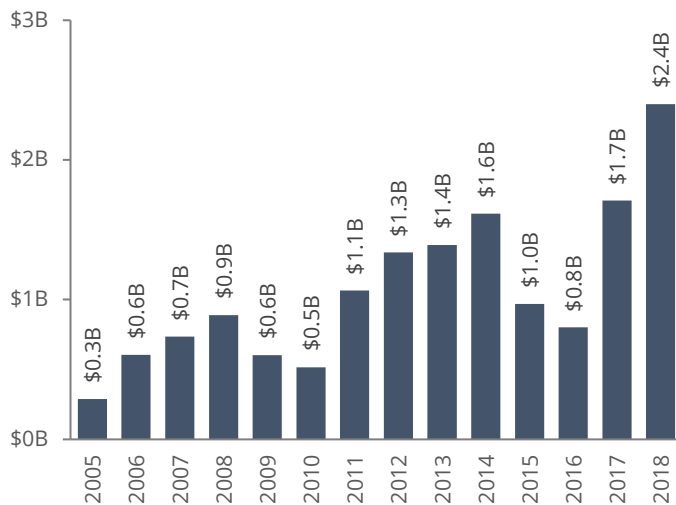
External Finance



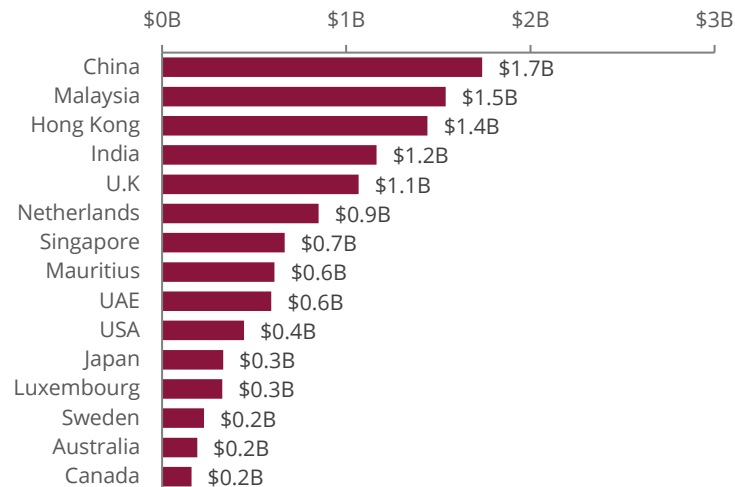
FDI: **USD 2.4B**

FDI % of GDP: **2.6%**

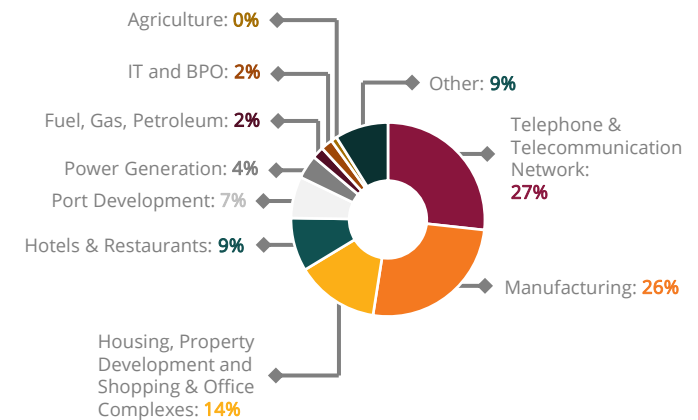
FDI Inflows (2005–2018)

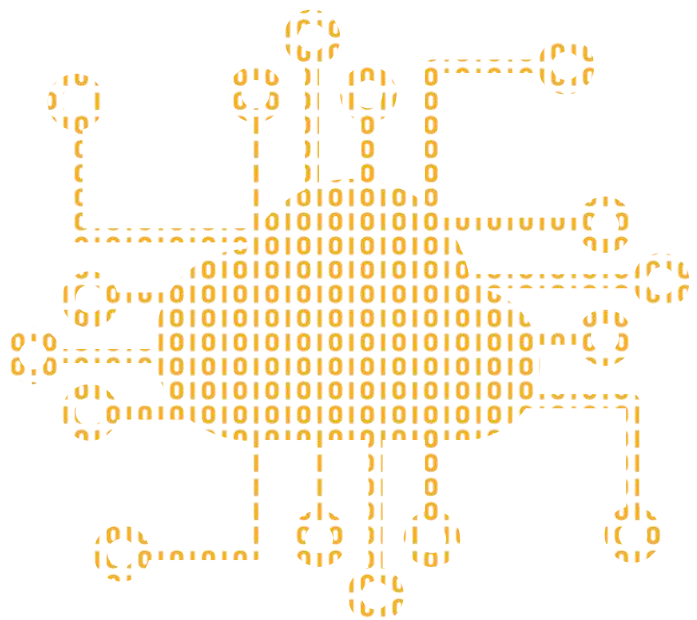


FDI by Country (Cumulative 2005–2017): Top 15



FDI Received (Cumulative) 2005–2017





SRI LANKA'S IT - BPM SECTOR

WHO WE ARE



The Island of Ingenuity (IOI) is a unified platform that represents Sri Lanka's IT and Business Process Management (BPM) sectors, whose ethos is to provide inventive solutions through proactive and flexible customer engagement.

What Are We Showcasing?



Warm & Hospitable



A Creative & Flexible Approach



Nimble & Agile



High EQ & Pro Individuality



Watch Video

IOI IS DRIVEN BY THE NATIONAL EXPORT STRATEGY 2022

Sri Lanka: An Export Hub Driven by Innovation and Investment

The National Export Strategy (NES) aims to transform **Sri Lanka** into an **export hub** driven by innovation and investment with a goal of reaching export revenues of **USD 28B** by **2022** – from the current **USD 10 billion**.

Core focus on **IT – Business Process Management (BPM)**, to achieve **USD 5B** by 2022.



WE ARE SOUTH ASIA'S MOST INNOVATIVE AND DISRUPTIVE IT - BPM HUB



Vibrant Knowledge & Innovation Industry

Sri Lanka is home to a vibrant IT - BPM industry that thrives on innovation and superior service standards—carving out a unique competitive position for high-end product & service development and knowledge services.



Ever-expanding Global Footprint

The industry boasts an international footprint, with an accelerating number of global firms that have leveraged the country's innovative prowess to accelerate digital transformation and disrupt traditional businesses.



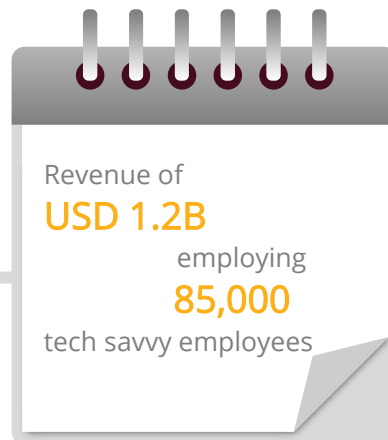
Drive Towards Exponential Growth

Sri Lanka's National Export Strategy will further accelerate the industry's growth trajectory and strengthen the country's prominence in the global arena as it strives to achieve USD 5B in IT - BPM export revenues, create 200,000 new jobs and 1,000 startups in the sector by 2022.



IT - BPM Sector

2017



2022



OUR OFFERINGS CAN BE SEGMENTED ACROSS THREE CORE AREAS



Technology Products

Sri Lanka offers an array of technology products ranging from ERP platforms, cloud-based HR products and restaurant management systems to a plethora of industry verticals. Sri Lanka's innovations continue to power some of the world's largest organizations, fuelling multi-billion dollar industries.



Technology Services

Sri Lanka prides itself in its ability to stay on the cutting edge of technology, helping transform businesses all over the world. Availability of top software engineering talent coupled with advanced infrastructure has made Sri Lanka globally competitive.



Knowledge Services

Sri Lanka possesses countless experts in a number of domains including accounting & finance, legal, market research, and data analytics, providing highly specialized services. Globally recognized solution frameworks and systems streamlined for efficiency and throughput characterize the operations of Sri Lankan professional service firms.



Focus Areas

CYBERSECURITY
 BIG DATA ANALYTICS SIMULATION
 DEVOPS MACHINE LEARNING
 INTERNET OF THINGS CLOUD TECHNOLOGIES
 ROBOTICS
 ARTIFICIAL INTELLIGENCE
 CRYPTOCURRENCY ROBOTIC PROCESS AUTOMATION FINTECH
 VIRTUAL REALITY 5G BLOCKCHAIN
 NATURAL LANGUAGE PROCESSING AUGMENTED REALITY MIDDLEWARE

WHY WE ARE DIFFERENT

Innovation & Problem Solving

Priority and focus is centered around innovation, rather than pure product output and scale.

Creative & Flexible Approach

Creative solutions to industry issues with a flexible mindset.

Smaller Innovators

Innovators tend to be smaller, to foster creative solutions, sidestep bureaucracy and lengthy decision cycles.

Nimble & Agile

More pivot-friendly to develop optimal solutions.

Customer Relationships

Cultural tendency to place relationship at the forefront – creating open, and close relationships with stakeholders.

Warm & Hospitable

Creates a discussion and innovation-friendly environment among stakeholders.

People Centered

People are valued above all else and are recognized as true assets within the organization.

High EQ & Pro Individuality

Fosters EQ development and provides a platform for innovators to make their voices heard.

INDUSTRY ACCOLADES

Over the years, Sri Lanka's rise to prominence as a global IT - BPM destination has been backed by a number of global industry accolades.



Newest Entrant to
APAC Top 6

Primary Countries
for Outsourcing,
Shared Services
and Captives



14th
Globally

Global
Services



16th
Globally

Global Services
Location Index



Winner
2013 & 2014

Offshoring
Destination
of the Year



3rd in
South Asia

Doing
Business
Ranking



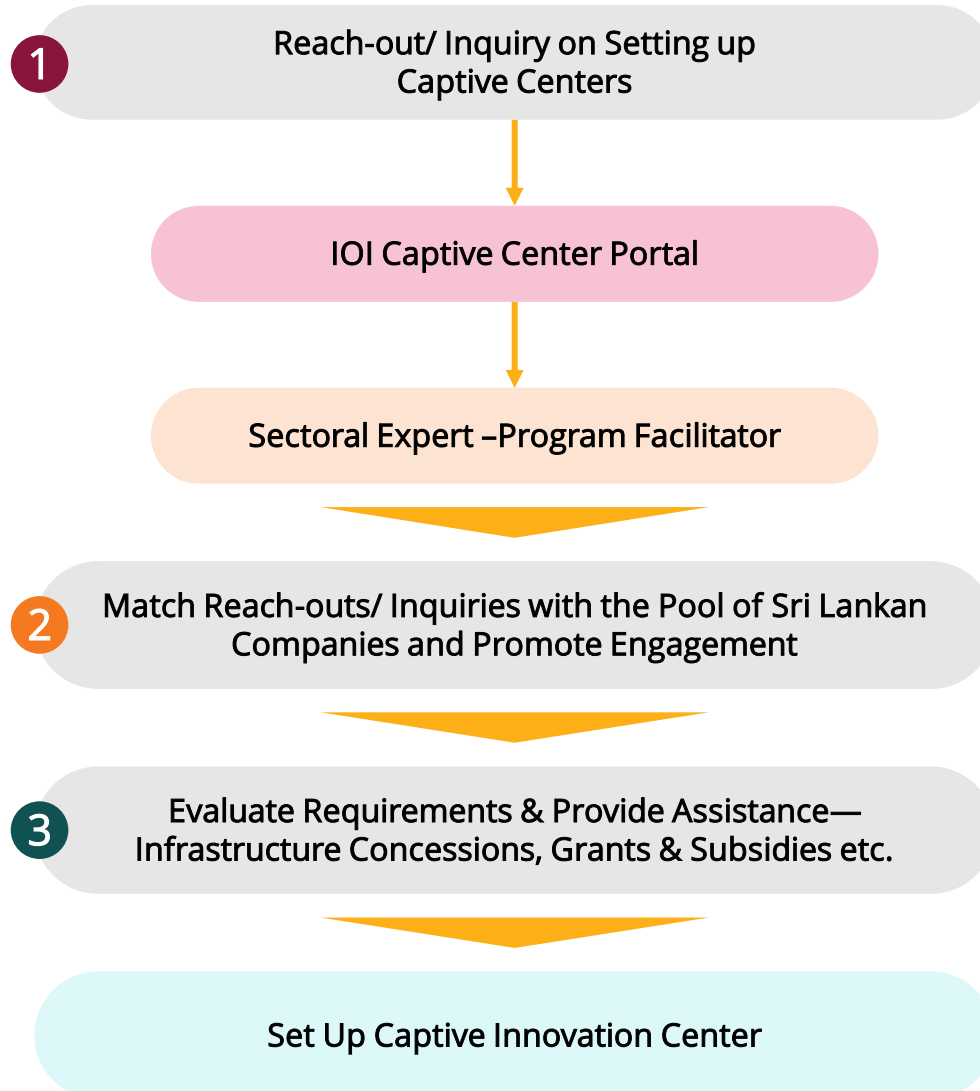
Top 10
in Asia

Network
Readiness Index

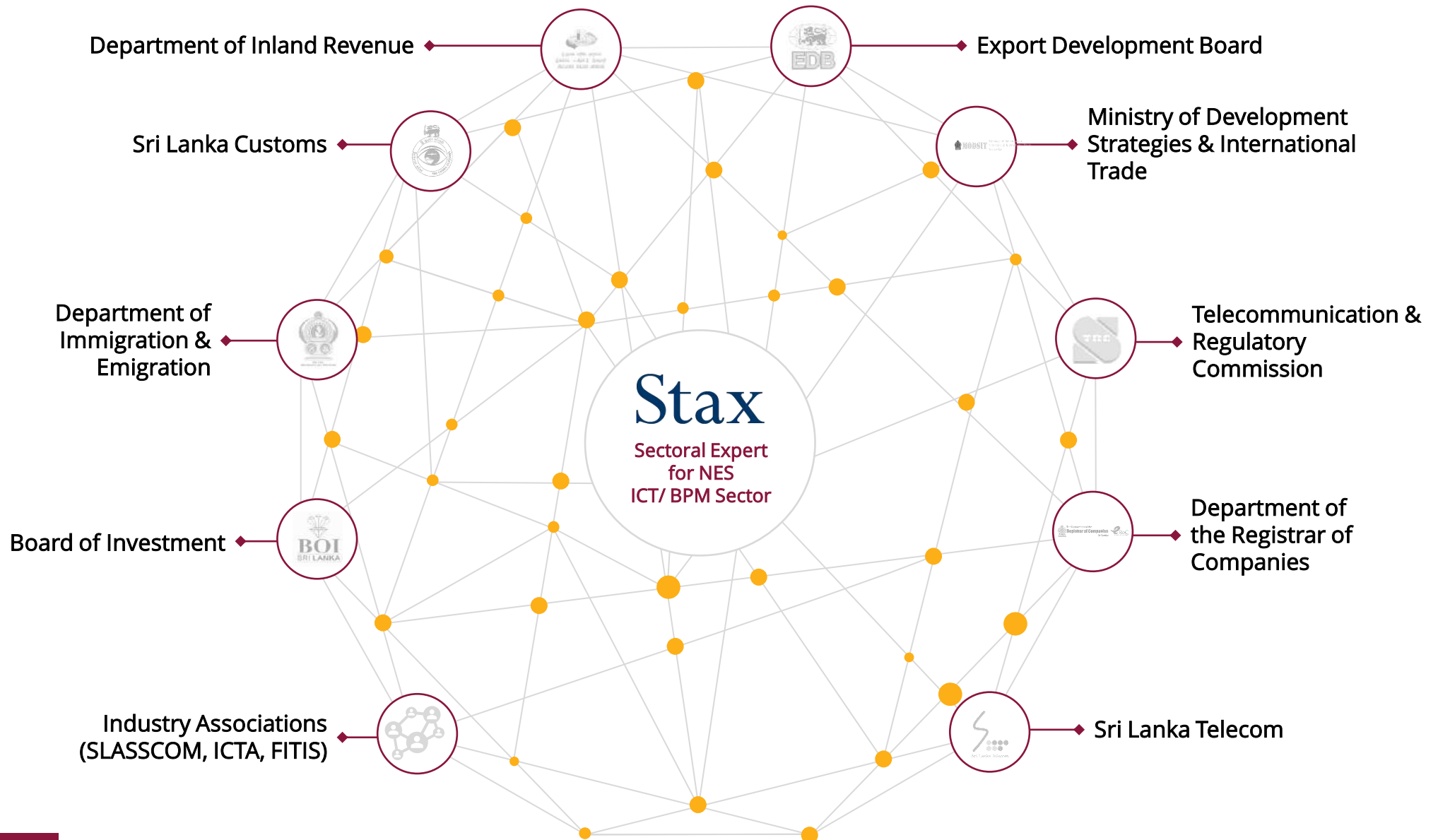
WHAT YOU NEED TO KNOW



STEPS FOR SETTING UP A CAPTIVE INNOVATION CENTER



TO ACHIEVE THIS, THE SECTORAL EXPERT WILL BE YOUR KEY POINT PERSON FOR THE INDUSTRY



ADDITIONAL INCENTIVES OFFERED TO THE IT BPM INDUSTRY BY THE BOI

Sector Specific Concessions

- Reduced Corporate Income Tax Rate of **14%**
- Exemption of Customs Duty on importation of capital goods during the project implementation period.

Optional Incentive for IT Projects

- An additional deduction equal to 35% of taxable income of its employees paid by the company during the year of assessment (other than paid for directors) with minimum of 50 employees.

OR

- Accelerated Capital Allowance on Depreciable Assets in addition to normal depreciation.

Accelerated Capital Allowance

	Expenses incurred on Depreciable Assets	Enhanced Capital Allowance	Unrelieved Losses carry forward
Scheme 1: Available only for 3 years	>= US\$ 3M	200% (Northern Province)	10 Years
Scheme 2	> US\$ 3M and <= US\$ 100M	100% (Other Provinces)	

Avoidance Of Double Taxation

Sri Lanka has Double Taxation Avoidance Agreements with 44 countries.

Bilateral Investment Promotion And Protection Treaties

Sri Lanka has 28 Bilateral Investment Promotion and Protection Treaties (BITs), providing a protection to foreign investments within the country.

Land Policy

The foreign investors are eligible to lease lands in Sri Lanka to establish their projects. A new land law was promulgated in 2014 which permitted lease of land for foreign investments and outright transfers will only be permitted when the foreign shareholding is less than 50%. The land lease period is subject to a maximum tenure of 99 years. Foreign investors are not liable pay any lease tax when leasing a land.

Other Relevant Services

Visa Facilitation



Support on Dealing with Line Agencies



Legal Advice



Talk to us:
sectoralexpert@stax.com



www.islandofingenuity.com