

10 tips for doing business with European buyers in ITO and BPO

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The European region is a promising market for ITO and BPO service providers. The sector may seem quite formal, but it is a trust business, meaning personal contact is very important. To successfully do business as an IT or IT enabled service provider from a developing country you need to take several things into account. Good communication, cultural sensitivities, impeccable delivery, and a strong sales proposition.

The document will talk you through what you need to know to understand the wishes and needs of European buyers, how to improve your business and how to obtain a competitive edge. It also provides tips on how to successfully sell your product or service.

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1. Do your homework

Before you take the step towards doing business with European buyers in IT and IT enabled services, you have to complete your homework. Clearly define what you can offer. Do your market research. Segment and identify your target market and create your ideal client profile. Develop a short, practical go-to-market strategy and stick to it.

If you do not prepare yourself before stepping out into the market, you will most likely end up wasting time and money on random, ineffective activities. The better your research is, the better results you will get in doing business. Once you have identified what you can offer (and there is a proof that it is marketable), what market and companies would be ideal for your business, it is time to make a list of potential buyers. Turn that list into a shortlist. Invest in researching those potential buyers.

Tips:

- [Find out your prospect's motivation](#). Get to know them, find out what they need and tailor your offer accordingly.
- In general, clients' motivations change over time. In difficult economic times this often boils down to

cost savings, while at other times there might be a shortage of available personnel or the desire to tap into a new market. Follow the market developments and tailor your offer accordingly.

- Create the “ideal” client persona. This will help you to tailor your offer. An example of a buyer persona: “a software development company with fewer than 200 staff in the Munich area, specialised in ERP development / customisation by using Microsoft Dynamics AX”.
- For tips on how to find buyers, also look at the study [Finding Buyers](#) on the European outsourcing market.

2. Have your sales pitch ready

A sales pitch is a talk about the product or service you are trying to sell. The intention of a sales pitch is to persuade people to buy it. Successful selling in offshore outsourcing is all about building a professional relationship with your prospects, starting a dialogue (rather than you having a monologue) with them and demonstrating how your offer provides a direct solution to their problem. Your sales pitch is the starting point of such dialogue and professional relationship with your prospect.

A sales pitch is sometimes also called an elevator pitch; because you should be able to tell the story in the time it takes you to ride an elevator with a prospect, a maximum of one to two minutes. It should be short and have a clear message. It should explain very clearly what you do best (what you are selling), the problems your solution is solving, how is that related to the problems your (potential) customer is facing, an idea of how your solution will help them and what their success will look like as a result of buying your product or service.

Every person or company willing to make a sale has to have a sales pitch. You need to have it ready before you meet your (potential) customer. It is your opening line, your verbal business card and the first thing your (potential) customer will hear when you call or meet with them.

An example of a SME that has successfully adopted these tips into practise is [VOLO](#) in Armenia. Their sales pitch is visible on their website at the ‘[about](#)’ page.

Tips:

- Get inside the head of your clients. Ask yourself questions such as “What problems do my European prospects have?” “What can I offer to solve those problems?” “Why should they work with me and not with my competitors?”, and so on. Also think about how the COVID-19 crisis might have impacted your prospect and try to adjust your offer accordingly.
- Work out your positioning statement, unique selling proposition and elevator pitch.
- Look at [examples](#) of elevator pitches online. There are many very inspiring ones to find. Watch at least ten of them before starting to write and practice your own. You can use this [guide to help you write your perfect elevator pitch](#).
- Read about [how to prepare a good sales pitch](#) before writing your own.
- Learn about consultative selling techniques, a good place to start is [this blog by Hubspot](#), a CRM platform.

3. Talk about how your company handled the COVID-19 crisis

The pandemic affected all companies around the world. It led to a lot of understanding and flexibility among companies, but after almost two years, business partners expect you to be able to navigate a crisis properly. A solid business continuity plan will help you prepare for and respond to business continuity challenges in case of pandemics or natural disasters.

And if you are faced with another crisis: keep communicating with your outsourcing partners, be transparent about the status of your company and how you are dealing with the situation. Make sure your (potential) clients see you do the best you can. You want to come across as a reliable partner that can handle a crisis.

Tips:

Make sure your staff is on flexible contracts. If you need to let people go, keep your team captains and keep people who can quickly train new staff, in case you need to scale up. You have to be able to grow quickly if needed.

Write a [business continuity plan](#) for a pandemic and similar business disruptive events.

For more information on how to run your business during the COVID-19 pandemic, read the document [How to respond to COVID-19 in the IT and Business Process Outsourcing sector](#).

4. Tune in to the business culture of your prospects

Be aware of cultural differences that very likely will exist between you and your (potential) European clients. They are usually related to intercultural communications, cultural and historical differences. They can occur in various moments during a (potential) partnership, examples are the importance of status, informal or formal behaviour, eye contact, body language and handshakes. All these aspects may differ, even between European regions.

It is not common to bring gifts to business conversations in which partners are just meeting each other. Later, when partners know each other better, small gifts might be appreciated, particularly if the gifts are specific for the country of the giver.

One of the main misconceptions is that IT is one single sector. In reality, it is very fragmented along the lines of technology, vertical and horizontal market segments. In fact, most customers do not know the difference between the various types of outsourcing, such as [IT Outsourcing](#) (ITO), [Business Process Outsourcing](#) (BPO) and [IT-Enabled Services](#) (ITES), which means you will have to explain it to them.

When it comes to slang, the language used in the IT sector is global. All people in the IT sector speak and understand the language of IT and the language of the specific IT market segment. There are a lot of abbreviations that are hard to understand for people that do not work in the sector. The language can also be hard for people within the sector that do not have a job that is directly linked with IT, for example someone from the marketing staff, the front desk, or the financial manager. These people might also have difficulties understanding the technology terms and the consequences to their respective responsibilities and business in general.

In Europe, a soft approach is required when approaching prospects. Too aggressive sales usually do not work. The method that works well in ITO (and BPO) is called consultative selling. The best way of approaching prospects is face-to-face. But all marketing and sales activities have to be supported by a professional website.

You do not need to change your culture or convince others to change theirs. Find a common ground where everyone can understand each other and respect and embrace cultural differences. In general, you can say that good partnerships require a lot of effort, permanent evaluations, feedback, and an open mind.

Tips:

- Your European prospects and clients generally value a proactive approach, commitment, communication skills, openness, reliability, punctuality, added value and cooperation.
- Be punctual at meetings, in your communication and in your project delivery. Be proactive in your communication, not just reactive.
- For cultural differences in each European country and corresponding business etiquettes, look at the various web pages that are written about this subject. For example [Country Code](#) or [Business Code](#).
- Read the book "[When cultures collide](#)".
- Be aware that during a global pandemic like COVID-19, written communication is even more important, because personal meetings are rare.

5. Have an export management and (sales) team

Any company that wants to sell products or services needs an export management and (sales) team to reach out to a much larger consumer base. This team (it can also be one person) can focus entirely on expanding your business.

It is important to have this dedication as export management and sales is commonly regarded as 'extra' work during an often already very busy week. But the work should not be regarded as 'extra', having a team dedicated to export management and sales will prove to be very rewarding, particularly in the IT and IT enabled services outsourcing market that is known for its medium to long sales cycles.

Tips:

- Have an export marketing (and sales) team. Depending on the size of your company, one person should be adequate.
- Considering hiring them as a target-based job. Which means you pay your employee a basic salary, which can be increased if the employee meets certain (pre-destined) targets.

6. Conduct marketing activities year-round

It is common for IT and IT enabled services providers from developing countries, to carry out export activities at one particular time only. This often happens around sponsored trips like trade missions, or at other co-financed activities such as B2B matchmaking activities, roadshows or participation in conferences or trade fairs. These events can be very important milestones in your marketing campaign. However, you should not be concentrating your marketing efforts on only these events. It has proven to be much more successful to do (export) marketing activities continuously throughout the year.

Do not wait for the year to end before reviewing how your sales are adding up. Instead, set up a tracking schedule to review your goals and success every month or every week, depending on the objectives you set.

Tips:

- Make as many high-quality contacts in your target market as possible and conduct export market activities continuously.
- Have a plan (including targets) for the number and quality of your contacts as well as how to follow up on them.
- Make a habit of routinely following up with customers, even if you did not get the sale the last time.
- Select your events very carefully. Only attend events that fit your profile well. There are many trade

events directories available online, such as [10Times](#), [Events Eye](#) and [UK Exhibitions](#). Create a list of relevant events and update this list regularly.

- You can find more tips and examples of marketing activities in the study [tips for Finding Buyers](#) on the European outsourcing market.

7. Be prepared for the nearshoring versus offshoring conversation

Most of your European clients prefer to work with nearshore suppliers, rather than offshore suppliers. It means that competition from Central, Eastern, and Southern Europe (inside and outside of the EU/EFTA region) is strong. Competition is not limited to specific products or services. Competition from Central-, Eastern-, and Southern-European companies is mainly about limiting and minimising risks and the continuity of services.

This will be a disadvantage for many IT and IT enabled services outsourcing providers from developing countries. However, if you are aware of this disadvantage, you can prepare yourself for questions and concerns from your (potential) partners. If you are able to counter their concerns, your location will probably no longer be an issue.

The COVID-19 situation will probably influence this topic negatively. Many Europeans got concerned about their dependency on far away countries. It is a psychological trend that will probably lead to a greater preference for nearshoring.

On the other hand, the COVID-19 crisis has made European companies more open towards online collaboration and outsourcing. For example, in a survey among British companies not currently using ITO, [37% indicated they would consider outsourcing IT and development as a result of COVID-19](#).

Remote working is blurring the distinction between in-house, nearshore and offshore teams. Online working has gained a permanent position in the European working culture. This makes the threshold towards outsourcing significantly lower. Which means that in the long run, demand for outsourcing, whether it is nearshoring or offshoring, will increase significantly.

Tips:

- Be prepared for the question: "Why should I outsource to your country, rather than to one of the nearshore destinations?". And have your answer ready.
- Consider forming a strategic partnership with a company in the same business field as yourself, in one of the nearshore IT destinations of European countries.

8. Offer the right price

For IT and IT enabled services outsourcing, price is often not the most important selection criterion, but the price has to be right and competitive. When you make your prospect an offer, include the price. Be transparent about the number of hours you (expect to) work on the projects and the hourly tariffs. It is difficult to describe in one tip, how to offer the right price for ITO, BPO and ITES together as each has its own pricing and pricing models, but here are some general and specific rules and tips.

ITO price is influenced by factors such as technology requirements, skill levels, specialisation of the company and the project, the complexity of the projects, length of the contract and other Service Level Agreement (SLA) requirements. For ITO, it is most common to work with all-inclusive offers, or mostly known as: fixed price. Another [ITO pricing model](#) is time and materials (T&M).

In BPO, the most commonly used pricing models are transaction-based and outcome-based pricing. Since BPO is a very diverse business, if you want to determine average prices, you must look at the exact services you want to develop a price for.

Table 1: comparison of pricing models in ITO and BPO

Pricing Model	Fixed cost	Time and Material (T & M)	Transaction based	Outcome based
Characteristics	Suitable when the scope is well defined, and volumes are not fluctuating	Suitable when the scope is not well defined, when you do not know how many hours it will take and what the cost of labour will be.	Suitable in case of well defined, stable requirements and service levels	Suitable when there is an undefined scope/ fluctuating volumes in combination with a defined outcome like usage, sales increase, reduced costs or inventory
Costs	Broadly fixed costs irrespective of the quality of delivery.	Costs are based on time and material. The output may not be aligned to a defined outcome	Costs in units, but output may not be aligned to business outcome	Costs as per pre-agreed business benefit delivered
Risk	Service provider's risk on estimation, buyer's risk on delivery and quality	Little risk to service provider. The buyer carries the risk on delivery, quality, and outcome	Service provider's risk on volume estimation, buyer's risk on delivery and outcome	Mutual risk, more for service provider but including rewards

Challenges (for the buyer)	Fluctuating volume	Management overhead costs, return on investments	Scope/volume prediction, aligning output to business goals	Less risk for buyer, pay-outs linked to usage/business outcomes required
Challenges (for the service provider)	Risk on estimation	Very small risk	Volume estimation, seasonality	Potentially no revenue if business outcomes are not met

Source: [Wipro.com](https://www.wipro.com) in collaboration with Globally Cool

In general, it can be said that if a service provider is more specialised, it is less likely to get into a price competition. In other words, if you can specialise your offer, buyers are less likely to be price sensitive.

Market experts are not seeing price changes as a result of the COVID-19 crisis. If anything, prices for IT and IT-enabled outsourcing services will go up, [because the demand for outsourcing is increasing](#). Lowering your price will not give you more work.

Tips:

- Research the average salaries in your European target country, for example via [Payscale](https://payscale.com), a global database for salary profiles. Collect pricing information about your competitors. Market reports are available online to get an idea of the pricing situation in your product/market combination. To find pricing information, please have a look at the blogs of [Yalantis](#), [Cleveroad](#) or [Social Shorthand](#).
- Go beyond setting the right price. Work out your pricing strategy, including your (and your clients') preferred pricing model, payment terms/expectations, how and when you provide discounts, and so on.
- Look for pricing information for your product or service at specific websites. For example, [this one for call centres](#).
- Do not compete only on price, but on quality. Please refer to the buyer requirements study to find out [what requirements outsourcing service providers must comply with for the European market](#).

9. Invest in country branding

Your country can be more than a place on the map. Country branding has long been overlooked in the outsourcing industry, but it is gaining ground as results have been proven to be successful.

Country branding for your product or service

It is possible to build the image of your country as a reliable destination for the product or service you offer. A strong country brand, your country's global visibility as a nearshore/offshore outsourcing destination, can help secure and convince new customers. The challenge is to write a compelling profile of your country as an IT and/or IT enabled services outsourcing destination, supported by facts.

However, it should not be a task of an individual company. Only governments, Business Support Organisations

(BSOs) and/or international donors, together with the business community can build a country brand. It is a long-term process. Therefore, it is not recommended that individual companies build a country brand for IT and IT enabled services outsourcing. But you can do certain things to educate prospects about the opportunities and incentives your country offers. Most countries already have some sort of country branding in place. Your first step should be to locate the country branding initiative and try to collaborate. Other tips are mentioned below.

Country branding for talent

Good talent is scarce, especially in the outsourcing industry. Attracting the right talent has become a critical element to being successful. A strong country brand has the potential to attract skilled staff that might otherwise leave or choose another country to work in. Considering extending your country branding into recruitment efforts may prove to be extra successful.

Tips:

- Promote the IT and/or IT enabled services capabilities and advantages of your country as an IT outsourcing destination whenever possible, including on your website.
- Cooperate closely and actively with IT associations and other Business Support Organisations (BSOs) to improve the image of your country as an IT (or IT enabled services) outsourcing destination.
- Find out which position your country holds in the [2020 edition of the Country Brand Ranking](#) by Future Brand. This is a general ranking (not based on a specific product or service).
- [Read](#) about country branding (also called: nation branding, place branding), look for [examples of country branding](#) for products or services. You can consider including a leaflet or a page dedicated to your country in your promotion material.
- Read the 2021 edition of the Kearny study about [digital transformation](#) in relation to country branding.

10. Look at what government agencies can do for your business

Most governments have some sort of program to enhance trade and support businesses in their country. Often, they are so called “Business support organisations” (BSOs). They can provide you with knowledge, contacts, connections and insights that you might never have acquired yourself, or at least not as quickly. Many BSOs invest in export promotion or organising events and event participation abroad, such as B2B matchmaking, roadshows or participation in conferences and trade fairs.

Furthermore, BSOs often organise trade missions. Organisers of these missions have strong relationships with businesses in your target markets. They can help you identify, screen, and meet prospective buyers.

Examples of BSOs that might be relevant for your IT or IT enabled services outsourcing company are:

Centre for Promotion of Imports from developing countries ([CBI](#)). A government funded organisation that supports more than 800 entrepreneurs to become successful exporters on the European market. They offer market information for various products and services, they offer export coaching programmes, technical support, they inform and influence policy makers and involve importers in the development and implementation of their programmes.

The Swiss Import Promotion Programme ([SIPPO](#)). A government funded organisation that supports BSOs to improve their services for exporting companies, and to strengthen their own institutional set-up, as well as connect them to an extensive network.

The Import Promotion Desk ([IPD](#)). A government funded organisation from Germany, that aims to offer sustained and structured promotion of the import of certain products and services from selected partner countries. They bring together the interests of German importers with those of exporters in emerging growth

markets.

[Enterprise Europe Network](#) (EEN), founded by a commission of the European Commission, the Enterprise Europe Network aims to help companies of all kinds of products and services, to innovate and grow internationally.

The Uganda Export Promotion Board ([UEPB](#)) is an example of a local BSO. They offer business support to Ghanese companies that (want to) sell products or services on the global market. They organise, for example, an export promotion tour, participate in trade fairs and trade fair support. On their website you can also find market information on various products and services, export guides, market analyses tools and much more.

Tips:

- Make sure you know the relevant BSOs in your country, region, and market, and connect with them. Look at the different kinds of support they can offer you. Examples are [BPESA](#) from South Africa, [Itida](#) from Egypt or [TAG Georgia](#).
- Actively seek out contact with these organisations on a regular basis, so that they know about your company. Get your business on their mailing lists, sign up for their newsletters and attend their events.
- Avoid the pitfall of wasting time on fruitless networking. Participate in programmes which really fit your profile and objectives, and which offer services that you can benefit from, in the short and long term.
- Share your knowledge and challenges with BSOs, so that they can improve their services.
- Also look at the programs of embassies of your European target country. They also may prove to be a starting point for doing business.


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This study has been carried out on behalf of CBI by [Globally Cool B.V.](#) in collaboration with Laszlo Klucs.

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