

September 19, 2007

Subject: **YOUR PARTICIPATION IN P@SHA'S BIENNIAL SURVEY OF PAKISTAN'S IT & ITES INDUSTRY**

Dear P@SHA Member,

In 2004/05, Pakistan Software Export Board (PSEB) undertook a Best Practices Study of Pakistan's Software Industry. This study was the first comprehensive data collection exercise about the industry and since been cited as the only credible source of data on the industry. The 2004/05 data, however, is somewhat dated now and does not represent the current state of the industry anymore. In addition, the earlier data was limited in its coverage in that it only covered software development activities (excluding BPO and IT-Enabled Services that form a major portion of the industry today). Keeping in view the importance of having accurate and up-to date data on the industry on an ongoing basis, P@SHA's Central Executive Committee has decided to initiate Biennial Surveys of Pakistan's IT & IT enabled Services (IT & ITes) Industry to be repeated on a regular basis.

The purpose of this survey is three-fold:

- a) **To assess the current state of IT & ITes industry in Pakistan** through systematic data collection and observations of the performance. The survey will collect data on gross revenues, exports, employment, service-offerings, costs, and other measures of importance.
- b) **To understand and investigate one (or more) issues of current relevance and particular concern to the IT & ITes industry.** This study will look at customer perception of Pakistan's IT & ITes industry. In particular, it will help generate credible data on how Pakistan's export customers view the value offered by Pakistani software and ITes/BPO companies.
- c) **To assess performance of the industry over time in an attempt in stock-taking and reflection** but also in re-energizing the private and public-policy debates on the health and future direction of the industry. A Biennial Review will create the critical data-series needed to carry out such an analysis.

Your participation in the study would entail **an organizational interview** with the top-management (CEO/CTO/Resident Head of Operations) and **an on-the-spot survey. We would strongly encourage you to take a few minutes to of your time to participate in this important activity.** P@SHA reserves the right to retain this data for ongoing surveys. However, the data would be kept confidential and presented in aggregates only. We hope this study will be of use to you in furthering your business worldwide and creating a case for Pakistan's IT & ITes industry.

Sincerely,

Athar Osama, PhD
Principal Consultant

PASHA Study Steering Committee:

Mr. Ashraf Kapadia
President, P@SHA

Ms. Jehan Ara
Past-President, P@SHA

Mr. Jawwad A. Farid
Treasurer, P@SHA

“BIENNIAL SURVEY OF PAKISTAN’S IT & ITES INDUSTRY”

P@SHA BENCHMARKING SURVEY

INFORMATION FOR THE RESPONDENTS:

1. The most appropriate respondents for the survey are: **Chief Executive Officers, Chief Technology Officers, Directors, Partners, and Heads of Local/Offshore Operations.**
2. If this is a **local/offshore operation of a foreign-based company**, please answer the questions for the local operation, unless otherwise stated.
3. Most questions are **multiple-choice or blank types**. You are encouraged to reply to as many questions as possible & as completely as possible. When necessary, use Not Applicable (NA) or Don't Know (DK).
4. **This is an on-the-spot survey** being conducted in conjunction with organizational interviews. Kindly fill out the survey and hand it over to our representative OR mail it to the address below (if needed).
5. In answering the questions, we request you to be **as accurate as possible**. The questionnaire should take **15-20 minutes of your time**. To that effect, **best guesses and estimates** would serve the purpose.
6. If you prefer not to calculate percentages (%) where required, you may provide numbers and fractions instead. Please indicate that you are using numbers and feel free to do so.
7. For questions seeking numbers for future years (FY2007 and 08), provide your **best possible estimate**, for the whole year.
8. For your convenience, this survey is also available online and may be undertaken at:

<https://www.hostedware.com/secure/hs/takesurvey.asp?c=PASHA>

PASHA reserves the right to retain the data for future studies and analyses. Analysis will be conducted on aggregated data. Under no circumstances will the identities of participating organizations be disclosed, except as required by law. The data will only be used for research purposes and findings might be published as a research publication by P@SHA and/or in a major publicly available scholarly journal. Appropriate Human Subjects Protection provisions, including data safeguarding, are being made to protect individual and corporate identities.

INFORMATION ABOUT THE SPONSORING INSTITUTION(S):

This research is being funded by Pakistan Software Houses Association (P@SHA). To find out more about this study, please see the project's website: <http://www.PakistanIncorporated.com>. Questions regarding this survey or the subsequent research may be directed to:

Contact address:

Dr. Athar Osama
Principal Consultant
No. 10 Woburn Court, 68 Maybury Rd.
Woking, GU21 5JD, United Kingdom
Tel: +1-310-398-7485, E: athar.osama@gmail.com

Mr. Mustafa Parmar
Business Development Manager, P@SHA
Room 302, Plot 1C,
5th Zamzama Comm. Lane, DHA V, KHI
Tel: 021-5418121, E: secretariat@pasha.org.pk

CONTACT INFORMATION *(This is for administrative purposes only. Your identity will not be disclosed to the public, a competitor, or any other govt. agency and would be destroyed as soon as possible)*

Name of the Organization: _____
 Contact Person: _____ Position: _____ Email: _____
 Tel: _____ Fax: _____

PASHA BENCHMARKING SURVEY: COMPANY SURVEY

Please answer the following questions concerning the organization for FY2006 (unless otherwise stated)

1.—ORGANIZATION:

1. Please provide the following information about this company's **organization structure**:

- a. Please state the year when the company was conceived (in owners' minds): _____
- b. Please state the year of formal incorporation of this company: _____
- c. Is this company a subsidiary/off-shore operation of a foreign company*? Yes No
- d. If marked "yes" in 1.c., please state country of parent: US UK/EU Middle-East
- e. If marked "yes" in 1.c., please state what percentage (%) of your revenues are attributable to your local (Pakistan-based) operations (e.g. you might fill in 0-100% if your local operation constitutes all or little to entire product development operation) ? _____
- f. If marked "yes" in 1.c., please state what (in terms of percentage) is the relative size your local (Pakistan-based) operation as compared to the foreign parent:
 - i.) In terms of number of employees: _____ (%)
 - ii.) In terms of expenditure: _____ (%)
- g. Other than the parent, please state if this company has a front-office(s) abroad: Yes No
- h. If marked "yes" in 1.g., please state in which country: US UK/EU Middle-East

2—REVENUES:

2a. Please give us an estimate of your full-year corporate sales/revenues worldwide for last 3 years (\$)*:

2004:	<input type="checkbox"/> < \$50	<input type="checkbox"/> 51-200K	<input type="checkbox"/> 201-500 K	<input type="checkbox"/> 501K-1M	<input type="checkbox"/> 1-5M	<input type="checkbox"/> 5-10M	<input type="checkbox"/> >10M
2005:	<input type="checkbox"/> < \$50	<input type="checkbox"/> 51-200K	<input type="checkbox"/> 201-500 K	<input type="checkbox"/> 501K-1M	<input type="checkbox"/> 1-5M	<input type="checkbox"/> 5-10M	<input type="checkbox"/> >10M
2006:	<input type="checkbox"/> < \$50	<input type="checkbox"/> 51-200K	<input type="checkbox"/> 201-500 K	<input type="checkbox"/> 501K-1M	<input type="checkbox"/> 1-5M	<input type="checkbox"/> 5-10M	<input type="checkbox"/> >10M
2007:	<input type="checkbox"/> < \$50	<input type="checkbox"/> 51-200K	<input type="checkbox"/> 201-500 K	<input type="checkbox"/> 501K-1M	<input type="checkbox"/> 1-5M	<input type="checkbox"/> 5-10M	<input type="checkbox"/> >10M

2b. Please provide exact corporate sales/revenue figures worldwide for last three calendar years (in US\$):

2004: _____ 2005: _____ 2006: _____ 2007: _____ (Estimated)

3 Please indicate % of your most recent full-year, domestic and export revenues (FY2006) attributable to the following industry verticals (in case of overlaps, please attribute revenue to most important vertical)*:

Industry Vertical	Domestic	Exports (% of Revenue)			
		Americas	Europe	Asia	MidEast
1. Financial Services					
2. Computing and Electronics					
3. Education					
4. Government (Public-Sector)					
5. Automotives					
6. Telecommunication					
7. Retail Services					
8. Utilities					
9. Manufacturing					
10. Transportation					
11. Aerospace and Defense					
12. Healthcare and Life Sciences					
13. Media, Entertainment, Advertising					
14. Real Estate					
15. Energy (Petroleum etc.)					
16. Hospitality					
17. Shipping, Courier, Logistics					
18. Professional-Business Services					
19. Fashion and Textiles					
20. Other _____					

4. In 2006, what percentage (%) of total revenues did the largest client account for: _____

5. In 2006, what percentage (%) of total revenues did the top-5 clients account for: _____

6. How would you **rate the overall performance** of your company with respect to its peers within the relevant product-industry segment **globally**? (Please mark the most appropriate)

- In the top quartile (~ among top-5 companies in class) Above average
 Average Other (specify) _____

7. Please state your company's **percentage growth of sales/revenues** over following intervals:
 2004-05: _____ 2005-06: _____ 2006-07 (targeted): _____

8. Please state your company's **%-age growth of professional employment** over the following intervals:
 2004-05: _____ 2005-06: _____ 2006-07 (targeted): _____

3—STRATEGIC POSTURE:

9. Which of the following best describes the company's **product profile**? (please check ALL appropriate)

- A product-focussed (packaged software) company A software/IT services company
 A IT-enabled services/BPO consulting company A business process outsourcing company
 Other (specify) _____

10. What, according to your best estimate, reflects a **breakdown of your latest revenues** (please state %)

Exports (products) _____ Exports (IT services) _____ Export (BPO services) _____
 Domestic (products) _____ Domestic (IT services) _____ Domestic (BPO services) _____
 Other (please state) _____ = 100%

11. What according to your best estimate reflects a **breakdown of the latest revenue** (Please state %)

Public-sector/Govt. sales (Domestic) _____ Public-sector/Govt. sales (Foreign) _____
 Private-sector sales (Domestic) _____ Private-sector sales (Foreign) _____ = 100%

12. Which of the following best describes company's **strategic posture**? (please check most appropriate)

- Niche product/service for a niche market A product/service applicable to several industries
 Product/service(s) applicable to an industry vertical Other (specify) _____

13. What, to your best estimate, reflects a breakdown of the total expenditure for 2006? (Please state %)

Marketing/advertising _____ Product/Service Development _____ Support/Service _____
 R&D _____ Quality Assurance _____ Training/Certification _____ Other _____ = 100%

14. In 2006, what %age, on average, of the total expenditure was **company's overheads**: _____

4—EMPLOYMENT & HUMAN RESOURCES:

15a. In last three years, how many **full-time employees** did the company have at year-end of?

2004:	<input type="checkbox"/> < 5	<input type="checkbox"/> 5-25	<input type="checkbox"/> 26-100	<input type="checkbox"/> 101-250	<input type="checkbox"/> 251-500	<input type="checkbox"/> > 500
2005:	<input type="checkbox"/> < 5	<input type="checkbox"/> 5-25	<input type="checkbox"/> 26-100	<input type="checkbox"/> 101-250	<input type="checkbox"/> 251-500	<input type="checkbox"/> > 500
2006:	<input type="checkbox"/> < 5	<input type="checkbox"/> 5-25	<input type="checkbox"/> 26-100	<input type="checkbox"/> 101-250	<input type="checkbox"/> 251-500	<input type="checkbox"/> > 500
2007:	<input type="checkbox"/> < 5	<input type="checkbox"/> 5-25	<input type="checkbox"/> 26-100	<input type="checkbox"/> 101-250	<input type="checkbox"/> 251-500	<input type="checkbox"/> > 500

15b. Please provide exact full-time employment for last three calendar years and estimates for year-end 2007):
 2004: _____ 2005: _____ 2006: _____ 2007: _____ Estimated

16. What, to your best estimate, best reflects the **breakdown of your total workforce by work-type** (%):

Top-Mgmt. _____ Project Mgrs. _____ Programmers _____ Business Analysts _____
 Client /Technical Support _____ Business Development _____
 (Call Center) Service Operators _____ Others _____ = 100%

16b. How many **full-time technical and professional employees** does the company have? _____

17. How many technical employees are you **planning to hire** during 2008? _____

18. How many founders (or founding directors) does the company have? _____

19. What %age of the company's executive mgmt. team are *family members* of the founders? _____
20. What %age of the company's technical and professional employees *work part-time*? _____
21. What %age of following positions in the company are occupied by women (please fill all blanks):
Founders: _____ Exec. Mgmt. Team: _____ Technical Employees: _____
Marketing and Business Development: _____ Part-Time Employees: _____
22. What is the approximate *average length of employment* of a technical employee? _____ yrs.
23. What is the *mix of educational qualifications of technical/professional employees*? (%):
PhD _____ MSE/MS _____ BSE/BS _____ MBA _____ CA _____ Other _____ > = 100%
24. What percentage of your staff with the following degrees is foreign qualified? (%):
PhD _____ MSE/MS _____ BSE/BS _____ MBA _____

5—MANAGEMENT AND MARKETING PRACTICES

25. Please describe how *funding* for the company was arranged? *(Please mark as many as applicable)**
- | | |
|--|--|
| <input type="checkbox"/> Savings of local (Pakistan-based) founders | <input type="checkbox"/> Friends and Family |
| <input type="checkbox"/> Investment by a local partner (e.g. business house) | <input type="checkbox"/> Investment/savings of foreign partners/founders |
| <input type="checkbox"/> Venture capital / banking sources (Pakistan) | <input type="checkbox"/> Venture capital (International) |
| <input type="checkbox"/> Funded through initial project-work (or cash flows) | <input type="checkbox"/> Other (specify) _____ |
26. Which of the following *management practices* apply to this company? *(Tick as many as appropriate)**
- The primary idea champion (e.g. founding entrepreneur) of this company has foreign work experience
 - The company's top-management team primarily comprises people with technical degrees.
 - Incentives (profits) are shared among company's employees
 - The company offers stocks/ownership to its employees
 - The company's continued vitality depends upon the protection of intellectual property rights
 - The company provides additional benefits (e.g. maternity leave, flexible time) to female employees
 - Technical/professional employees are provided with some paid time to work on their own interests
 - The company holds regular employee bonding activities (e.g. Picnics, Tech-Forums etc.)
 - The top-leadership (CEO/CFO) closely tracks company's cash-flows several months into the future
 - The company uses a formal process of post-project reviews to close every project/assignment
 - The company's employees are regularly briefed about broader corporate strategy and goals
 - The members of executive team have launched successful/unsuccessful companies prior to this one
 - The company continues to grow in sales/revenues but not in terms of profitability.
 - Employees/managers often feel "I have to do it myself, if I have to get things done correctly"
 - A portion of company's current or future product-line comprises projects conceived by employees

27. What **percentage of the CEO (or Local Head of Ops')** time in a month, on average, is spent on:
Day-to-day mgmt.: _____ Strategic/product planning: _____ Fund-raising: _____
Business development: _____ Hiring/Recruitment: _____ Other: _____ =100%

28. Please identify which of the following approaches apply to this **company's marketing strategy** and rate them according to the perception of their successfulness on scale of 1-5 (1—least successful, 2—somewhat, 3—moderate, 4—quite, and 5—most successful)? (Please tick as many as appropriate)

MARKETING APPROACHES USED	TICK IF THE APPROACH IS USED	RATE ITS SUCCESS (CIRCLE ONE)
Word-to-mouth (referrals from past-clients)	<input type="checkbox"/>	1 – 2 – 3 – 4 – 5
Advertising in trade local/foreign trade journals	<input type="checkbox"/>	1 – 2 – 3 – 4 – 5
Attending local/foreign trade conferences	<input type="checkbox"/>	1 – 2 – 3 – 4 – 5
Initiate one-to-one communication with potential clients	<input type="checkbox"/>	1 – 2 – 3 – 4 – 5
Using pre-established networks/personal relationships abroad	<input type="checkbox"/>	1 – 2 – 3 – 4 – 5
Alliances and agreements with channel partners	<input type="checkbox"/>	1 – 2 – 3 – 4 – 5
Depend on a “captive” client since company formation	<input type="checkbox"/>	1 – 2 – 3 – 4 – 5
Other (specify) _____	<input type="checkbox"/>	1 – 2 – 3 – 4 – 5

29. Please identify the names of your top-3 local (in Pakistan) Clients:

1. _____ 2. _____
3. _____

30. Please identify the names of your top-3 Foreign Clients:

1. _____ 2. _____
3. _____

31. Does the company have a quality certification and what year was it acquired in*:

ISO _____ CMM _____ COPC _____ Other _____

32. Does the company have a dedicated **Quality Assurance Team**?* Yes No Don't Know

33. What is the **size of the Quality Assurance team** (in terms of # of professional employees)? _____

34. What **approx. percentage of employee payroll** is dedicated to the Quality Assurance function? _____(%)

6—PUBLIC POLICY AND INFRASTRUCTURE BOTTLENECKS

35. In recent years (especially during 2005-07), which of the following *policy/infrastructure bottlenecks* have generally applied to Pakistani software industry and identify the *three that had the most significant impact on the growth/development of this company* (Please mark as many as appropriate in the first column and the top-3 in the second column) *(Compulsory)

POLICY-INFRASTRUCTURE BOTTLENECKS	TICK IF THIS APPLIES GENERALLY	TICK ONLY IF ONE OF TOP-THREE
Cost of IT/Telecom infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
Availability of IT/Telecom infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
Availability and implementation of laws	<input type="checkbox"/>	<input type="checkbox"/>
Absence of intellectual property regime	<input type="checkbox"/>	<input type="checkbox"/>
Cost/availability of physical infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
Lack of venture/risk capital	<input type="checkbox"/>	<input type="checkbox"/>
Country's image, above & beyond the company's image/brand	<input type="checkbox"/>	<input type="checkbox"/>
Lack of availability of skill/human resources	<input type="checkbox"/>	<input type="checkbox"/>
Lack of entrepreneurial culture	<input type="checkbox"/>	<input type="checkbox"/>
Quality of manpower	<input type="checkbox"/>	<input type="checkbox"/>
Difficulties in dealing with regulatory bureaucracy	<input type="checkbox"/>	<input type="checkbox"/>
Lack of government contracts to local software firms	<input type="checkbox"/>	<input type="checkbox"/>
Law and order and security situation	<input type="checkbox"/>	<input type="checkbox"/>
Brain drain, retention of talented employees	<input type="checkbox"/>	<input type="checkbox"/>
Difficulties (e.g. delays) in dealing with customs/tariff barriers	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify): _____	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify): _____	<input type="checkbox"/>	<input type="checkbox"/>

36. Please write any additional comments, thoughts, stories here. Use additional sheet, if necessary.

Note: Please feel free to contact the Principal Consultant at athar.osama@gmail.com or +1-310-398-7485 if you have any questions/suggestions. Thank you for your participation. – **Principal Consultant.**