

Virtual offices help cut costs up to 87 per cent

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DUBAI - Forte Middle East FZC spends Dh20,000 a year in maintaining a virtual office at the business centre of Hamriyah Free Zone (HFZ), in Sharjah. This budget for an office desk, water and electricity, Internet access and average telephone use makes the company save almost 87 per cent in operating costs.

Having a formal office in carrying out the same business operation would mean shelling out Dh150,000 per year, says Schezir Belgacem, the director of the company engaged in the trading of automotive equipment and oil and consumer base servicing materials.

CMAC FZC is another company taking advantage of a low rent on office package at HFZ's "E-Office", which joins Fujairah Free Zone's "Virtual Office" and RAK Free Trade Zone's "Flexi-Desk" in providing office services to investors.

Simon Vernon Lindsey, a partner at CMAC, says a virtual office is all that his one-year-old company needs at the moment in securing contracts for management and consultancy services for construction companies. Like CMAC, Forte Middle East will also put up a formal office as soon as a number of contracts are clinched and would need a bigger operation.

"But right now we really don't need a physical office for our import and export business," Belgacem said, but stressed that the 400 per cent surge in revenue could be enough reason for the company to have a formal office by next year.

The two companies are among the clients of Jitendra Business Consultants (JBC), which helps companies obtain virtual offices in free trade zones outside Dubai and Abu Dhabi to save on operating costs.

JBC, a division of the accounting firm Jitendra Chartered Accountants, said in a study that the emirates of Fujairah, Ajman, Sharjah and Ras Al Khaimah have been wooing investors through virtual office services and a low cost of putting up a company in their free zones.

"A virtual office is suitable for those investors who wish to operate with bare minimum resources and have just one or two visa requirements," said Jitendra Gianchandani, the managing partner of JBC, in a statement earlier.

Companies can open bank accounts anywhere in the UAE and engage in trading through any of the country's seaports and airports even if they operate from virtual or e-offices. Those in the Fujairah and Ajman free trade zones are not also required to undergo an annual audit, making them save further on costs.

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JBC has said that establishing a company at HFZ costs Dh25,468.58 (\$6,934) and Dh25,020.48 in Ras Al Khaimah as against Dh269,327.43 at Dubai Airport Free Zone and Dh66,527.07 at Jebel Ali Free Zone.

The initial costs, which include first-year fees and refundable deposit, are reduced for subsequent years to Dh20,467.33 at HFZ and Dh15,017.15 at Ras Al Khaimah. "Comparatively speaking, the cost involved for well-known free trade zones in Dubai is not only higher in the first year, but also for the subsequent years," JBC said.

Source: Jose Franco