



**BPO & ITES
INVESTMENT OPPORTUNITIES
-
BRITISH CHAMBER OF COMMERCE**

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Board Composition and Mandate

11 Directors (2 Ladies 1 being chair)

- 1) Chairperson Appointed By president
- 2) CEO and 4 Industry members By Minister
- 3) 3 Public Institutions representatives

21 Staff Complement through deloitte

- 1) 2 Deputy CEOs (Marketing and TCIP)
- 2) 18 other Staff complement

Boards Mandate

- 1) Advisory to Government
- 2) Marketing (locally and Abroad)
- 3) Investment Facilitation
- 4) Project Management
- 5) Capacity Building

>>> Overview cont

Boards Vision and Mission

Vision

- Kenya becomes a top ten global ICT Hub

Mission

- To rapidly and innovatively transform Kenya through promotion of ICT for socio-economic enrichment of our society

>>> The Boards strategic imperatives

| Mandate | Strategic Imperative |
|------------------|---|
| Marketing | To Brand, Develop, position, and market Kenya as the preferred ICT destination in Africa |
| Industries | To develop, co-ordinate and promote ICT Industries in Kenya |
| Policy(Advisory) | To influence formulation of globally competitive ICT policies, laws and standards in Kenya in order to achieve country promotional objectives |
| Capital | To raise short medium and long term |
| Institutions | To develop world-class Kenyan ICT institutions, associations and organizations |
| People | To increase ICT access, utilization and skills for all Kenyans |



Business Process Outsourcing and Offshoring in the Heart of Africa

BPO & ITES Highlights in Kenya

- Flagged in Vision 2030 NESC to create 7,500 jobs by 2012 through the board,
- Nascent, Potential is 80,000 Jobs by 2015, Contribute Ksh 43B (ref. Mckinsey)
- **Infrastructure** 4 undersea cables, 20 km terrestrial cable, Broadband options for last mile solutions
- Some Incentives (EPZ) FAQs on our websites
- Kencall 1st success story in Kenya, Now Horiozon, Kentech Data, Direct Channel Simbatech and more coming
- Recent Air-Tel-IBM \$1B is our big break for big boys, but Accenture already on ground, Wipro, Infosys, Mahindra discussing
- To-date Over 40 BPO & ITES Companies with over 5000 seats direct jobs, but over 10,000 indirect including captives
- Perception challenges

>>>BPO & ITES industry in Kenya

- Competitiveness - Lower Bandwidth cost, Skills, Location, incentives
- Capacity (entrepreneurial, Technical business planning) – Lessons from India
- Capacity to negotiate and deliver on SLAs(Standards and Certifications) presents opportunity for partnerships
- Need for strong industry bodyLessons from NASSCOM
- Industry Capacity (No references) –Gvt and Big clients>> opportunity for partnerships

THIS HAS BEEN DRIVEN BY 4 KEY FACTORS



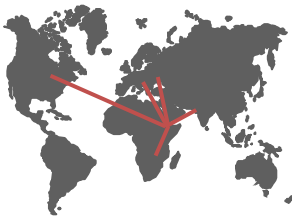
Skilled, Affordable, labour

Kenya has a large pool of skilled labour



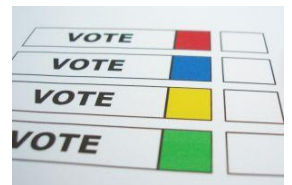
Social life

Nairobi has an exciting social scene, making it an attractive place to live and visit



Connectivity

Kenya is very well connected to key hubs



Stable political environment

Kenya has been politically stable since independence in 1963

A GOOD QUALITY AND AFFORDABLE DESTINATION FOR BPO&ITES

1 A thriving economy

Kenya has solid economic, social and political foundations which make it attractive to foreign investors

2 A growing BPO industry

Kenya has seen rapid growth in its BPO&O industry

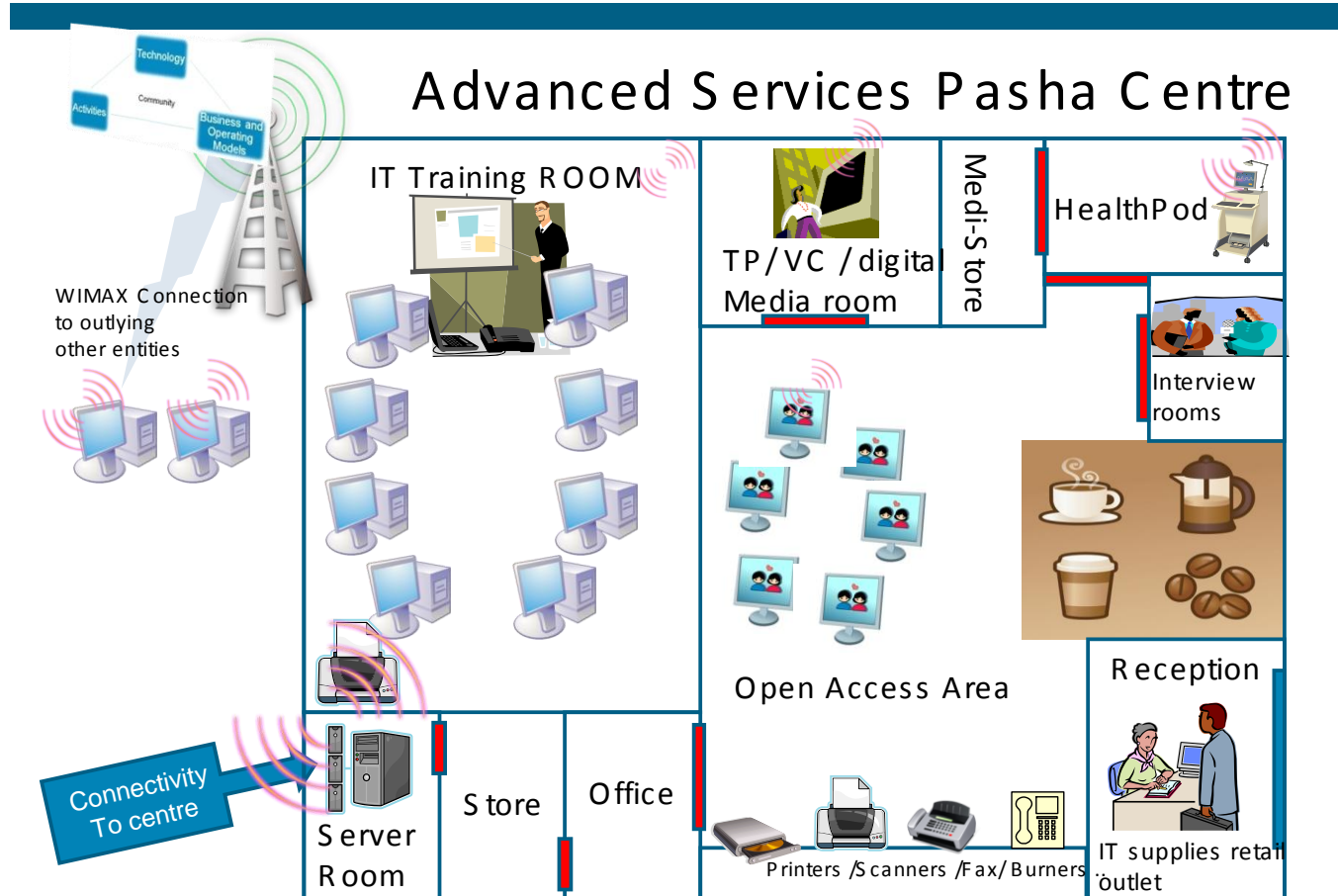
3 Public sector commitment

The Kenyan government is committed to expanding BPO&O as key driver for the ongoing success of the economy

BPO/ITES Investment Opportunities

- ✓ **Capacity Building**
 - (entrepreneurial, Technical business planning) – Lessons from India, UK
- ✓ **Capacity Scaling**
 - Partnerships, Joint Ventures, Venture Capital to scale capacity to negotiate and deliver on SLAs(Standards and Certifications)
 - Strong industry bodyStrategy, Technology, Leadership
- ✓ **Government work**
 - Digitization (Big Ongoing.....)
 - Shared Services (Big upcoming....)
 - Customer Information Desk (Big, needs to be structured...)
 - Telephone Reception services (Big Need to be structured...)
 - E-services Applications (Big, Many Need to be structured....)
 - Government Websites, Databases, Data centers, etc etc...
 - Portals...Tourism, Agriculture, education, billings, Payroll, IFMIS, IPRS etc

DIGITAL kiosks



INCUBATION CENTERS/HOT SEATS

| Features | Free Account | Premium Account |
|---|--------------|-----------------|
| Business-class Email | X | X |
| Email "@yourdomain.com" | X | X |
| Private and shared Contacts | X | X |
| Private and shared Calendars | X | X |
| Virtual disk space | X | X |
| Complete security: Anti-Virus / Anti-Spam | X | X |
| Disaster recovery | X | X |
| Community access | X | X |
| Mobile sync | | X |
| CRM capabilities | | X |
| Detailed reporting | | X |
| Website hosting | | X |
| Website creation tools | | X |
| Website analytics | | X |
| Existing website upload | | X |

DATA CENTERS



SAMEER ICT BUSINESS PARK..road to Malili



Feature

- Hot desks offices for IT companies
- Offices for large BPO/ITES companies ...
inquiries from WIPRO, NOKIA, IBM, Accenture
- Multi-Media studio..for films, TV shows, recording studios
- Incubation Center
- Services..restaurant, Bank, Mall, day care, etc...

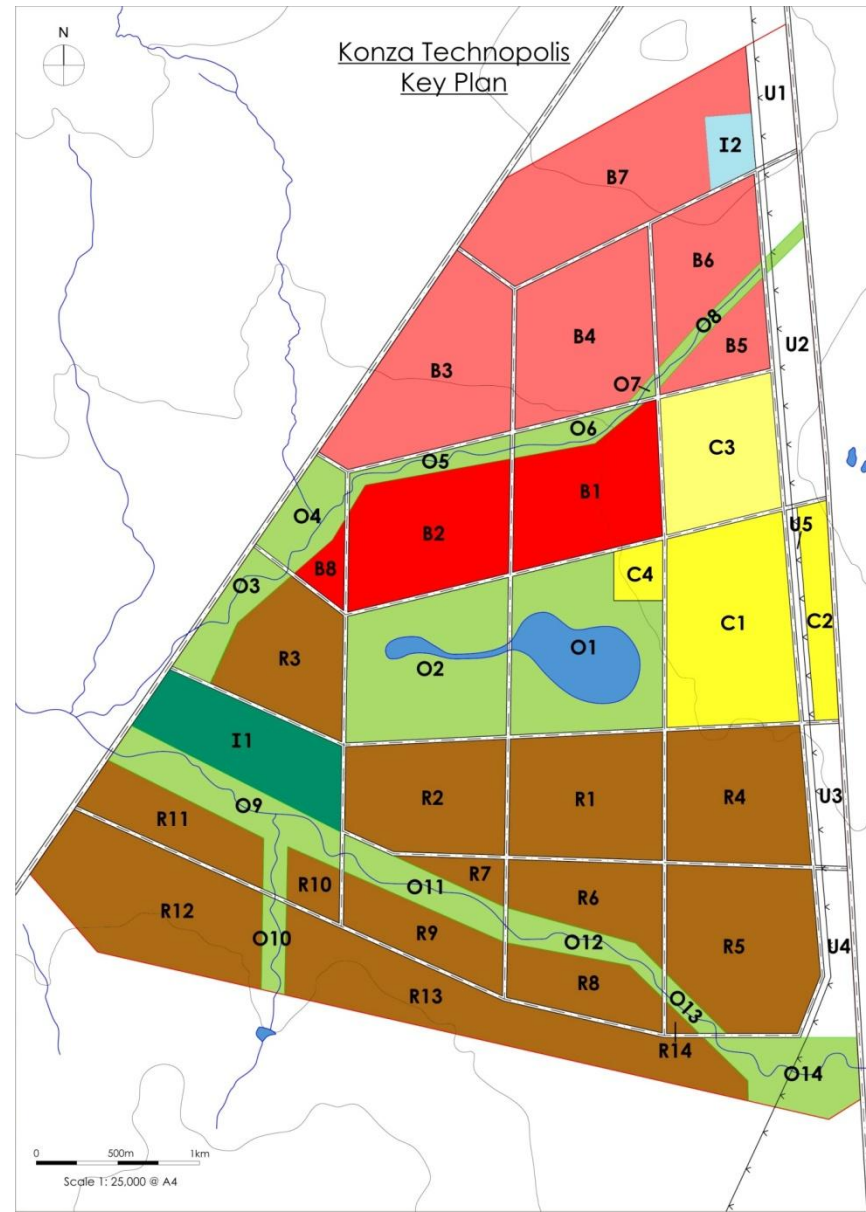
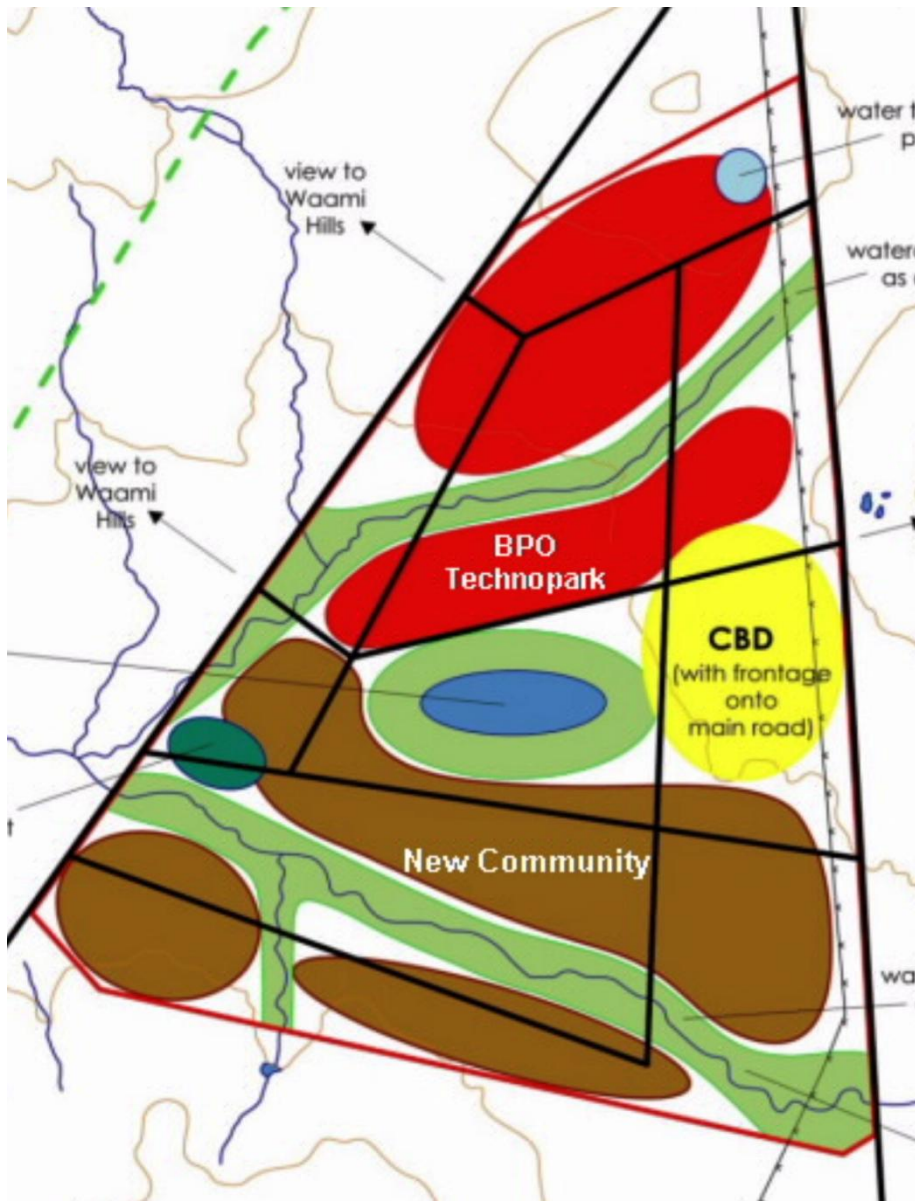
Facilities

- Ready plug and play
- Standby power
- Datacenters

Malili - A 21st Century City

Gross investment cost for KMIP and Techno Village estimate USD3.47 billion (cumulative) over the forecast period to 2020(an artist impression)





>>>CONTENT



remixed.WMV



MUTONGOI..mp3



Dog Training MVI_0001.AVI



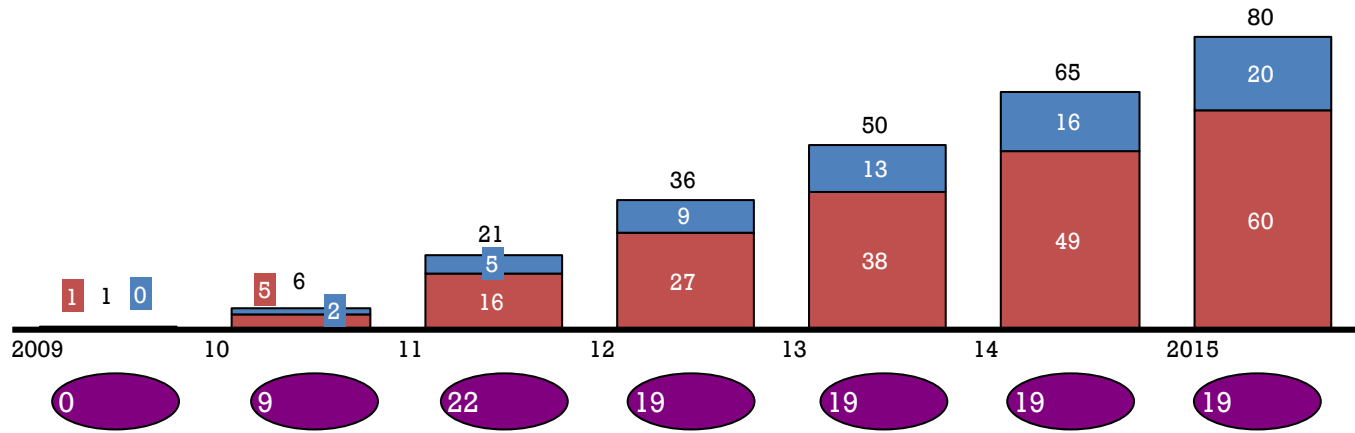
ICT LONDON.wmv



If we get the strategy right, the return will be big

Job creation, '000

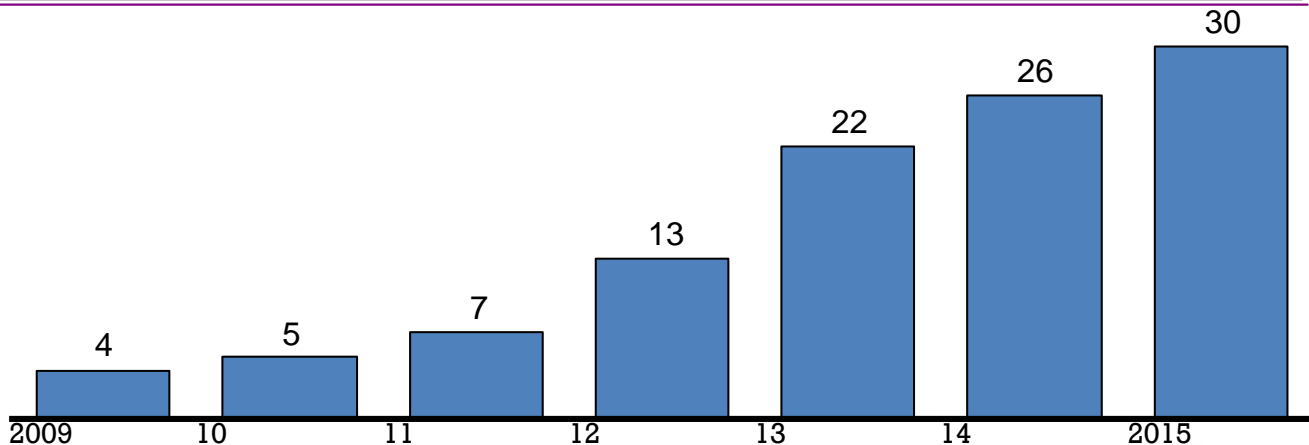
■ Direct job creation
■ Indirect job creation



Impact on formal employment growth, %



Industry value creation, Billion KSh



We are taking a number of critical actions to catalyze growth of BPO&O

Become a niche player starting with Africa

1. Focus on becoming a niche global player in sales and customer care (voice)
2. Launch international go-to-market strategy
3. Build a track record in BPO&O by targeting Africa-friendly companies before other global companies

Facilitate ease of doing business

4. Prioritize large-scale players (>250 seats) and offer contained incentives for first movers
5. Show government commitment to the industry by offering global incentives in line with other BPO countries (e.g. modified EPZ framework)
6. Formalize the facilitating role of KenInvest in the short term before moving towards an approving one-stop-shop in the long term
7. Pass the Freedom of Information Act and begin the process of enacting data privacy and security legislation
8. The ICT board to relinquish driving role to industry (e.g. NASSCOM-type body emerges)
9. Work with Brand Kenya on the international perception of Kenya abroad

Invest in educational development

10. Adjust common curricula across all universities to deliver basic BPO skills
11. Implement short term, specialized, and highly practical BPO training programs for operators, managers, and IT engineers at selected universities
12. Coordinate university-industry collaboration to develop specialized technical skills for the IT industry

Secure funding

13. Ring fence ~100 million over the next 6 years to enable the development of the industry???

BPO & ITES Challenges in Kenya

- **Government, MNC's and NGO's yet to outsource in scale**
- **Procurement Laws, Other laws**
- **Competition from experienced destinations**
- **High end skills – More needed**
- **Standards and Certifications**
- **Entrepreneurship/management skills**
- **Learning Curve**
- **Need for Venture Capital**
- **Cultural Orientations – 24 hours for ladies**

**BUT
WHO IS IN TOWN ALREADY..
INSPIRE OF THE CHALLENGES?**

■ ■ ■ **AND HAS ATTRACTED A LARGE NUMBER OF MNCs
AND NGOs**

World
headquarters



UN-HABITAT



UNEP

Major regional offices



Microsoft®

NOKIA
Connecting People



Unilever

Sub-Saharan
headquarters

Google™



ERICSSON 



AGA KHAN FOUNDATION
UNICTEL KINGDOM



citigroup 

HOW ERICSON CHOSE IN KENYA?

CASE STUDY

Kenya, Uganda and Tanzania were considered under the following criteria

| Criteria | Considerations | Outcome |
|------------------------------|---|--|
| Ease of establishment | The legal framework Ability to obtain visas for staff, Availability of offices, Local transportation for staff | KE, TZ & UG were quite similar on this count |
| Skills availability | We employ local staff wherever possible. | Nairobi has a substantial advantage over TZ & UG in terms of availability of skilled people. The universities are stronger and staff is available from existing companies in the market |

| | | |
|----------------------------|---|---|
| Office Space | Rents Standard of office space | No one country stood out from the others |
| Skills availability | We employ local staff wherever possible. | Nairobi has a substantial advantage over TZ & UG in terms of availability of skilled people. The universities are stronger and staff is available from existing companies in the market |
| Security | This was quite an important criteria overall Political related and other opportunistic security concerns | Nairobi was deemed more stable and secure than either Kampala or Dar es Salaam prior to Dec 2007 However, following Dec 2007 post elections violence, Nairobi would come bottom of the pile, but;>>>> |
| | | |

Cont...

Travel (Air)

Pan-Africa
Intercontinental travel

KQ placed Nairobi at a significant advantage
Even travel **within the East African** region was harder from the other two locations.

When intercontinental and pan-African flights were considered, the other two locations couldn't compete at all - **staff would have ended up having to transit via Nairobi**

Decision

Nairobi scored something like 85, whereas the other two cities scored around 50-60. **Travel and security and Skills availability issues really distinguished Nairobi (Kenya)**

Source: Ericsson Nairobi

THE KENYAN GOVERNMENT HAS IDENTIFIED BPO&O AS A KEY DRIVER FOR KENYA'S ECONOMIC GROWTH



“We are encouraging the growth of ICT and BPO because of its enormous potential to absorb our young people into gainful employment”

His Excellency Hon. Mwai Kibaki

Questions

Thank you

&

Karibu Kenya