# Promoting Africa as an offshore destination

A large number of developing countries are already engaged in exporting IT- and BPO-services, including everal African nations, such as Egypt, Ghana, Uganda, Kenya, Nigeria and South-Africa. An IT-related export sector has many advantages, such as job creation and revenue generation. See for an overview the recent article: "The Next India. Outsourcing IT – challenges and opportunities' in the development magazine The Broker: http://www.thebrokeronline.eu/en/articles/The-next-India.
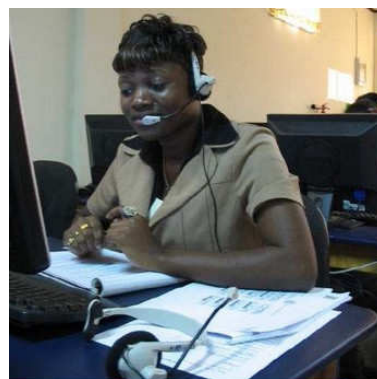
In the current financial and economic situation, it is expected that outsourcing to low-cost countries will grow. Developing countries should use these new business opportunities, but finding foreign clients is challenging. While IT professionals from most industrialized nations are now well aware of the "India brand," providers from other developing nations are at a disadvantage. In order to promote the advantages of Africa, many marketing and promotional efforts are therefore required (as the Indians have been doing for more than 20 years).

GPI Consultancy is a Rotterdam-based consulting company, and was founded in 1994. We are one of the few independent Dutch consultancy firms in the field of 'offshore sourcing'. Our focus is on promoting offshoring in The Netherlands. Promoting Africa as an new offshore destination is one of our recent activities.

Dutch promotional activities: country and company branding

It is possible for us to conduct country surveys, in order to investigate the advantages of specific African nations. In such a survey, we will examine the eight principal factors: Government vision and policy; Human Capital; wages; the Industry; capital; technological infrastructure; linkages and quality of life. These reports can be used during our "country branding" activities in The Netherlands.

We can also be involved in conducting marketing and promotional work on the Dutch market, on behalf of IT- and BPO-service providers from Africa (matchmaking services). In addition, we can conduct specific research, e.g. around legal issues in case of offshore outsourcing to Africa.

As part of our promotional activities, we organize business missions to offshore destinations on a regular basis. These tours are an effective way to generate publicity and to bring a group of interested companies -and potential users of offshore services- to an offshore country.

Dutch promotional activities: IT- and BPO-tour to South-Africa

South-Africa is a fast growing supplier of offshore IT- and BPO-services and is well worth a visit. From 14 – 21 November 2009, GPI Consultancy will organize for the first time a business mission to South-Africa. The participants from previous trips to other countries were always very positive with the informative and well-varied program, the opportunities for networking and the IT- and BPO-offerings; some have already started activities in offshore countries.

Growth in offshore interest
The interest for offshore sourcing is growing in the Netherlands by the day, and many companies are currently investigating the advantages of international collaboration. Taking part in a

Photo: a previous Dutch offshore delegation

studytour is an excellent way for potential offshore users to acquire information, to network, and to speed up the decision-making process.

Focus
Our next trip to South-Africa will focus again on offshoring. We expect Dutch participants from companies that are investigating offshoring; they can be from end-user organizations or from IT companies. In addition, consultants and investors will find the mission informative. Participants from other European countries can join the tour as well.

Eye-opener
The Dutch IT- and BPO-cooperation with South-Africa is currently limited, and only a few Dutch companies are operating a captive center. Not many South-African service providers have yet an office in Holland. This situation makes South-Africa rather unknown as an offshore destination. The goal of our business mission is to give the Dutch participants detailed information about offshoring, and especially about the opportunities in South-Africa. We will strive to have participants from large, small and medium sized companies taking part in the study tour.

In order to make a business trip of 7 days attractive, the delegation will visit IT- and BPO-service providers in two South-African cities. The business mission will have an informal character, with practical network events with South-African entrepreneurs, participation at an international outsourcing conference and also with attention to cultural elements.

**Outsourcing conference: "Bridges Across Borders" (Port Elizabeth, 16 - 21 November)**
"Bridges Across Borders – spotlight on outsourcing" is a joint event by the ITC (International Trade Centre, United Nations), the DTI (Department Trade and Industry) and Business Process enabling South Africa (BPeSA) to focus on the African potential to deliver reliable outsourcing services. The event will take place at the Boardwalk, in Port Elizabeth, from 16 to 21 November 2009.
Over 500 participants are expected (including delegations from other African countries, such as Egypt, Nigeria, Ghana and Kenya) and will have speakers from Africa, Europe and USA. Participation is a great opportunity to make interesting business contacts. The Dutch delegation will attend this conference during the first two days. Note: the full program of this conference can be found in the annex at the bottom of this document. Previous BAB-events took place in Ghana and Nigeria.

South-Africa
South Africa's services sector contributes with 70% of the total country's GDP. South Africa is an emerging champion with well-developed financial, legal, communications, education and transport sectors; a stock exchange that is 17th largest in the world and modern infrastructure supporting an efficient distribution service to major urban centres throughout Africa.

The South African Information and Communications Technology (ICT) industry is a relatively small but thriving sector, which is growing rapidly as more companies take advantage of modern technology. The past five years have witnessed a boom in the demand for ICT products and services. According to a report released by BMI-TechKnowledge, the size of the South African IT sector grew by 10,9% to R42,3 billion (US$ 6 billion) in 2002 and maintained a compound annual growth rate (CAGR) of 7,7% from 2002 to 2007.
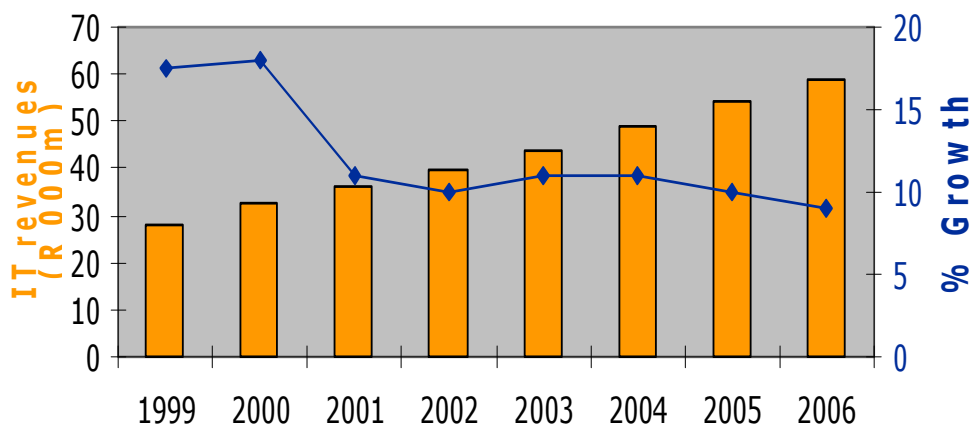
Two-thirds of the IT industry is based in the Gauteng Province. The Western Cape is the second largest area for IT and one which is recording impressive growth as the province positions itself as a global IT hub and an IT gateway to Africa. The KZN Province is also booming.

Organization business mission
The organization of the Dutch business mission will be handled by Mr. Paul Tjia, founder and managing director of GPI Consultancy. Africa is one of his focus areas.

Paul Tjia co-authored the handbook ´Offshoring Information Technology - Sourcing and Outsourcing to a Global Workforce´ (Cambridge University Press, reprinted in 2007). It contains a special section on country selection and will be handed out to the participants, in preparation for the tour: http://www.gpic.nl/bookTOC.pdf

Opportunities for partnering (sponsoring)
In order to promote this tour among potential participants, large-scale marketing activities will take place. This marketing will be conducted by us and by our partners, and some service providers can make use of this unique exposure. Sponsoring will enhance their visibility in The Netherlands, since their company information will be sent to a large number of Dutch firms. It also gives them the opportunity to meet new potential clients from a promising market in Europe.

By being a sponsor / partner, the following types of promotion can be used:

- The name, logo and a link to the website of the sponsor will be included in our E-mails that will be sent to thousands of people working in the Dutch IT- and BPO-sector. In addition, an English invitation will be sent to our foreign contacts (thousands of people).
- The name, logo and a short description of the sponsor will be mentioned ('clickable') in the folder of the studytour (PDF-format). This folder can be downloaded from various websites.
- The name of the sponsors will be mentioned in the press releases, regarding the 2009 mission to South-Africa. They will be sent to more than 200 Dutch journalists.
- If the sponsor has an office in one of the two destinations of the tour, then the delegation will visit this location. If that is not the case, then the sponsor can give a presentation to the members of the delegation at an alternative location (e.g. a hotel).
- After the visit, your staff can also meet the participants informally by offering them a lunch or dinner.
- The use of the new Dutch portal on offshore sourcing. This will be launched after the summer; a test version is already available at: www.OffshoreNet.nl. Company information of the sponsor will be added during one year; an article or a press release can be added as well.
- Sponsors will receive the list of participants.
- Sponsors will have input in the program: special wishes of the sponsor (regarding visits, etc.) can be discussed.

The tour is also an excellent opportunity to invite all your foreign contacts and/or business partners. Do you want to use one of more of above promotional options? Then let us know and we will provide you with a specific sponsor rate.

Additional promotional activities:

- **Seminar: Outsourcing to South-Africa" (The Hague).** To provide information about the IT- and BPO-opportunities, we are considering to organize a seminar in September about "Outsourcing to South-Africa". This afternoon event will probably take place in The Hague, and several Dutch speakers will be invited to discuss their experiences with outsourcing to South-Africa. In addition, the final program of the studytour will be handed out to the participants.

- **The African Dutch IT-Network.** The "African-Dutch IT Network" is an informal Dutch network, and is being set up by GPI Consultancy. Its central theme will be promotion of the IT- and BPO-cooperation between The Netherlands and Africa.

Further information

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ANNEX 1 - OUTSOURCING CONFERENCE

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations. As the development partner for small business export success, ITC's goal is to help developing and transition countries achieve sustainable human development through exports. ITC's Trade in Services Programme (TSP) has partnered with South Africa's Department of Trade and Industry and similar trade support institutions in other African countries to deliver integrated services-specific solutions for "Export Impact for Good."

Innovation and efficiency have become crucial to sustainable economic development. Outsourcing brings innovation and offers efficiency, and has excellent prospects for growth in job creation, mainly benefiting women and the youth to learn a skill and earn an income. The sector also constitutes an excellent instrument to indirectly alleviate poverty. An increase in the size of the middle class translates into greater demand for household services like food delivery and cleaning. This has been India's experience. An increase of middle class is also considered by most economists a sustainable vehicle to foster real economic growth. In cognizance with the enormous potential represented by the outsourcing sector in the global marketplace today, TSP is actively engaged in building the capacity of African countries in this area. TSP works with companies, sector associations and government officials to gather synergies and facilitate access to action-oriented knowledge and state-of-the-art information for a competitive advantage.

"Bridges Across Borders – spotlight on outsourcing" is a joint effort by the ITC, the dti and Business Process enabling South Africa (BPeSA) to focus on the African potential to deliver reliable outsourcing services. The event will take place at the Boardwalk, in Port Elizabeth, South Africa from 16 to 21 November 2009. There has been great interest expressed by companies in Brazil, Egypt, Malta, Costa Rica, and the Netherlands. ITC is working with brokers in the United States as well as the United Kingdom, and expects over 500 participants. The event in free-of-charge but requires pre-registration.

Participants will analyse best practices and discuss perspectives. Keynote speakers from the Netherlands, the United States and the UK had confirmed and will provide knowledge on perceptions,

opportunities and positioning. The event will also give participants a chance to explore partnerships during one-on-one meetings with a large number of carefully identified possible business partners.

Expected Outputs
1. Understanding South Africa's *policy* framework regulating the outsourcing sector
2. Pre-scheduled bilateral meetings with complementary *business* interests
3. Ghana's ICT development *strategy*
4. Nigeria's *security* issues and the impact on the continent
5. Africa's outsourcing award *winners*

Tentative Programme

16 November	Policy Discussion
09:00	Registration
09:30 – 10:10	**Opening**
10:10 – 10:30	Coffee Break
10:30 – 13:00	Government input into National Policy
13:00 – 14:00	Lunch
14:00 – 15:40	Private Sector feedback to National Policy
15:40 – 16:00	Coffee Break
	Policy Consensus
16:00 – 18:00	Mohammad Shahabuddin, Policy Adviser to the Egyptian Government, former NASSCOM, India
20:00	Welcoming Cocktail - sponsored by

17 November	Perceptions & Value Proposition
09:00 – 10:10	Nigeria Security Issues & Continental Impact Femy Boyede, Koinonia Ventures, Nigeria
10:10 – 10:30	Coffee Break
10:30 – 13:00	Perceptions Ryan Nichols, Excend Consulting Group, US
13:00 – 14:00	*Lunch*
14:00 – 15:40	Measuring Quality Paul Tjia, GPI Consultancy, The Netherlands
15:40 – 16:00	*Coffee Break*
16:00 – 18:00	Value Proposition Mark Kobayashi-Hillary, National Outsourcing Association, UK
20:00	Destination Dinner - hosted

18 November	Strategy
09:00 – 10:10	**Presentation of Ghana's ICT Strategy**
10:10 – 10:30	*Coffee Break*
10:30 – 13:00	Launching of Ghana's ICT Strategy
13:00 – 14:00	*Lunch*
14:00 – 15:40	Strategic Choice: Country Branding Vuyelwa Nyakaza, Marketing Manager, Brand South Africa

15:40 – 16:00	*Coffee Break*
16:00 – 18:00	*Strategic Choice: Company Branding* *Vanda Dickson, Marketing Director, Merchants, South Africa*
20:00	Cultural Dinner - hosted by

19 November	**Bilateral Meetings**
09:00 – 13:00	**Pre-scheduled bilateral meetings**
13:00 – 14:00	*Lunch*
14:00 – 18:00	Pre-scheduled bilateral meetings (cont.)

20 November	**Best in South African Outsourcing**
09:00 – 13:00	**Company Presentations**
13:00 – 14:00	Coffee Break
14:00 – 18:00	Company Presentations
20:00	*Working Dinner on Outsourcing Market* Presentations by The Monitor Group and Everest Consulting

| **21 November** | **African Outsourcing Awards – Gala Dinner** |

Note: for this conference are also sponsorship options available

ANNEX 2 – Legal issues (research)

During the last two decades information technology in the Netherlands and Western Europe has been strongly framed by legislation – statute law – because administrations and politics consider laws and regulations as a prime condition for an information society that is in balance, offers legal certainty to citizens and businesses and guarantee an open market place. The law is therefore seen as an enabling factor for the emergence of our information society.

When Dutch companies outsource IT-related work to service providers in other countries, the decision is usually based upon budgetary considerations. However, IT outsourcing requires that low-cost sourcing destinations – besides other issues – have legal conditions in place for facilitating international trade and business and offering sufficient safeguards for the contractual parties.

- A minimum legal infrastructure of legal standards, rules and enforcement. With regards to laws and regulations, intellectual property laws do play a very important role in the IT industry. Almost all digital products are protected by copyright law and that applies for sure to computer software code and programs. In addition, the presence of a solid body of contract law and International Private Law benefits the business partners greatly. That the enforcement of the compliance with agreements also essential is does hardly need further explanation.

- In addition to focusing on the legislative framework – what national legislation and international conventions are in a certain country apply? – do best practices in the field

international trade and business and offshore sourcing of digital technology offer good services.

- Moreover, African IT and BPO-companies often will work with free and open source software. In this domain there are many misunderstandings or we encounter simply a lack of legal knowledge of the complex license agreements involved.

- Furthermore, Dutch entrepreneurs probably are interested in entering the African market, but only in an environment where a legislative framework provides basic certainties for entrepreneurship and innovation.

IT law today is more necessary than ever and covers need-to-know information. In addition to the mandatory requirement of legal compliance, the legal framework for digital technology provides attractive benefits, because the law creates economic value, optimizes assets and manages risks.

About the author

Victor de Pous is a graduate of the Amsterdam-based Vrije Universiteit Law School (1983) and has been working in the domain of the business and legal aspects of information and communication technology since that time. His professional services focus on living, working and doing business with digital technology, in the information society. He works for both the public and private sectors.

Important research domains include innovation and business models in IT and telecom industry (e-Government, web-based commerce, Open Source Software and Software as a Service/Cloud computing, virtualization), the complete legislative and regulatory environment, souring of IT as well as international trade, technology standards and interoperability, and the vulnerabilities of a society that became dependent on the availability of digital technology and infrastructure.

In fall 2008 he finished his study on the legal framework of IT and Telecom interoperability in commission of GBO.Overheid, the government agency that focuses on the deployment and management of e-government services in the Netherlands. His study Open source software and politics (2004) has been licensed to software vendors, translated in English, Mandarin and Japanese, and distributed to public sector organization in various countries. He is able to conduct specific research, e.g. around legal issues in case of offshore outsourcing to Africa.

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