Outsourcing in Mauritius

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ICT Authority – Mauritius
Presentation outline

• Mauritius ???
• Mauritius commitments - White paper
• Liberalisation process
• Policies
• ICT facts
• New orientations – ITES (outsourcing)
• Outsourcing value chain
• The way forward
Country Profile - 1

- A volcanic island of lagoons and palm-fringed beaches in the Indian Ocean, has a reputation for stability and harmony among its mixed population of Asians, Europeans and Africans.
Country Profile - 2

- **Full name:** The Republic of Mauritius
- **Population:** 1.26 million
- **Capital and largest city:** Port Louis
- **Area:** 2,040 sq km (788 sq miles)
- **Major languages:** English, French (both official), Creole, Indian languages
- **Major religions:** Hinduism, Christianity, Islam
- **Life expectancy:** 69 years (men), 76 years (women)
- **Monetary unit:** 1 Mauritian rupee=100 cents (1USD = 28MUR)
- **Main exports:** Sugar, clothing, tea, jewellery
- **GNI per capita:** US $5,450 (2007)
- **Internet domain:** .mu
- **International dialling code:** +230
GATS commitment of Mauritius

- Voice telephone services
- Packet-switched data transmission services
- Circuit switched data transmission services
- Telex services
- Telegraph services
- Facsimile services
- Private based circuit services
- Electronic mail
- Voice mail
December 1997 – White paper in Telecom

• Government expressed its determination to ensure the widest participation in the formulation of any policy bearing in mind the nation’s interest and the will to push Mauritius forward as an info-communications hub in the region.
Principles - 1

• Regulation
  – responsibility of the regulator is therefore to ensure that operators feel the pressure to meet the needs of users (e.g., affordability, interconnection, availability and quality of service)

• Private Sector Participation
  – Local Entrepreneurs
  – Strategic Equity Partners
  – Financial (or Portfolio) Investors
Principles - 2

- Market Entry and Competition
- Information Sector Promotion
  - Falling costs to make remoteness less important.
  - ICT as a sector
  - ICT as an enabler ITES (banking and financial services)
  - Outsourcing
LIBERALISATION PROCESS - 1

Phase I

- 1998 - Completion of initial phase of privatisation of Mauritius Telecom

Phase II

- From 1997 through year-end 1998
  - new legislation
  - establishment of the new Mauritius Telecommunications Authority
  - establishment of the new Telecommunications Advisory Council
  - intensive initial policy and regulatory decision-making
  - intensive activity toward the initial partial privatisation of Mauritius Telecom.
  - opening up of some additional services to competition;
• **Phase III**
  - From 1999 to 2004
    • gradual sector liberalisation
    • the advent of competition across other market segments

• **Phase IV**
  - From 2005 and beyond
    • full compliance with WTO obligations.
ICT facts – Dec 2007

• Indicators:
  - Fixed density = 28.4% (2 ops)
  - Mobidensity = 65.3% (3 ops)
  - Broadband = 11%

• Services:
  - Triple play since Nov 2005
  - M-banking Dec 2006
## ICT sector turnover

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<tbody>
<tr>
<td><strong>Total Turnover of ICT sector (Rs Million)</strong></td>
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<tr>
<td>IT Turnover (Rs Million)</td>
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<tr>
<td>Hardware</td>
<td>2,053</td>
<td>1,959</td>
<td>1,844</td>
<td>3,109</td>
<td></td>
<td></td>
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<tr>
<td>Software</td>
<td>90</td>
<td>110</td>
<td>135</td>
<td>197</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>452</td>
<td>510</td>
<td>668</td>
<td>743</td>
<td></td>
<td></td>
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<tr>
<td>of which training</td>
<td>52</td>
<td>60</td>
<td>38</td>
<td>58</td>
<td></td>
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<tr>
<td><strong>Distribution of IT Turnover (%)</strong></td>
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</tr>
<tr>
<td>Hardware</td>
<td>79%</td>
<td>76%</td>
<td>70%</td>
<td>77%</td>
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<tr>
<td>Software</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>17%</td>
<td>20%</td>
<td>25%</td>
<td>18%</td>
<td></td>
<td></td>
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<tr>
<td><strong>Communications (Rs Million)</strong></td>
<td>5,250</td>
<td>6,300</td>
<td>6,850</td>
<td>6,768</td>
<td>8,132</td>
<td>10,195</td>
</tr>
<tr>
<td><strong>Total Turnover of ICT sector (Rs Million)</strong></td>
<td>7,845</td>
<td>8,879</td>
<td>9,497</td>
<td>10,817</td>
<td>17,051</td>
<td>19,687</td>
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<tr>
<td>Export Turnover of ICT sector (Rs Million)</td>
<td></td>
<td></td>
<td></td>
<td>1,616</td>
<td>1,788</td>
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<tr>
<td>Export Turnover as a % of Total ICT Turnover</td>
<td></td>
<td></td>
<td></td>
<td>9.50%</td>
<td>9.10%</td>
<td></td>
</tr>
<tr>
<td>% Contribution of value added to GDP</td>
<td></td>
<td></td>
<td></td>
<td>5%</td>
<td>-</td>
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</tr>
<tr>
<td>ICT Intensity (ICT Expenditures as a % of GDP)</td>
<td></td>
<td></td>
<td></td>
<td>11%</td>
<td>-</td>
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<tr>
<td><strong>Annual Growth Rate</strong></td>
<td>13.18%</td>
<td>6.96%</td>
<td>13.90%</td>
<td>57.63%</td>
<td>15.46%</td>
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</tbody>
</table>

Source: derived from CSO and ICTA basic data
Policy Review

• The characteristics of the telecommunications sector make it imperative for relevant policies to be reviewed regularly thus making the process of policy making exercise a dynamic one.
The reviews

- 2001 – replacement of the TA 98 by the ICT Act 2001 to bring in convergence issues
- 2003 – bringing forward the liberalisation date
- 2004 – NTP 2004 to revise previously set targets
- 2007 – Elaboration of the NI CTSP: new orientation
## Outsourcing: Global Services Location Index 2007

<table>
<thead>
<tr>
<th>Country</th>
<th>Financial Score</th>
<th>People Score</th>
<th>Environment Score</th>
<th>Country Score</th>
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<td>India</td>
<td>3.2</td>
<td>2.3</td>
<td>1.4</td>
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<tr>
<td>China</td>
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<td>2.3</td>
<td>1.4</td>
<td>1.4</td>
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<tr>
<td>Malaysia</td>
<td>2.8</td>
<td>1.3</td>
<td>2.0</td>
<td>2.0</td>
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<tr>
<td>Thailand</td>
<td>3.2</td>
<td>1.2</td>
<td>1.6</td>
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<tr>
<td>Brazil</td>
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<td>1.8</td>
<td>1.5</td>
<td>1.5</td>
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<tr>
<td>Indonesia</td>
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<td>1.5</td>
<td>1.1</td>
<td>1.1</td>
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<tr>
<td>Chile</td>
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<td>1.2</td>
<td></td>
<td>1.9</td>
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<tr>
<td>Philippines</td>
<td>3.3</td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
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<tr>
<td>Bulgaria</td>
<td>3.2</td>
<td>1.0</td>
<td>1.6</td>
<td>1.6</td>
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<tr>
<td>Mexico</td>
<td>2.6</td>
<td>1.5</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>Singapore</td>
<td>1.7</td>
<td>1.5</td>
<td>2.5</td>
<td>2.5</td>
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<tr>
<td>Slovakia</td>
<td>2.8</td>
<td>1.0</td>
<td>1.8</td>
<td>1.8</td>
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<tr>
<td>Egypt</td>
<td>3.2</td>
<td>1.1</td>
<td>1.3</td>
<td>1.3</td>
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<tr>
<td>Jordan</td>
<td>3.1</td>
<td>1.0</td>
<td>1.5</td>
<td>1.5</td>
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<tr>
<td>Estonia</td>
<td>2.4</td>
<td>1.0</td>
<td>2.2</td>
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<tr>
<td>Czech</td>
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<td>2.1</td>
<td>2.1</td>
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<tr>
<td>Latvia</td>
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<td>0.9</td>
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<td>2.0</td>
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<tr>
<td>Poland</td>
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<td>1.8</td>
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<tr>
<td>Vietnam</td>
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<td>1.0</td>
<td>1.2</td>
<td>1.2</td>
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<tr>
<td>UAE</td>
<td>2.7</td>
<td>0.9</td>
<td>1.9</td>
<td>1.9</td>
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<tr>
<td>USA (Tier II)</td>
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<td>2.7</td>
<td>2.3</td>
<td></td>
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<tr>
<td>Uruguay</td>
<td>3.0</td>
<td>1.0</td>
<td>1.5</td>
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<tr>
<td>Argentina</td>
<td>2.9</td>
<td>1.3</td>
<td>1.3</td>
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<td>Hungary</td>
<td>2.5</td>
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<td>2.0</td>
<td></td>
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<tr>
<td>Mauritius</td>
<td>2.8</td>
<td>1.0</td>
<td>1.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: A.T. Kearney Global Services Location Index 2007
Costs are low, but by no means close to lowest cost

Favorable business environment among emerging markets

Language capabilities are a trump card

Small size of labor force defines competitive position

Mauritius is a mid rank country in the index

Source: BOI Mauritius
BPO reality for Mauritius
Value chain

- **Basic call centre**
- **BPO**
  - Finance & Accounting (Accenture, Deloitte consulting)
  - Travel & Hospitality (Quatrro)
  - Insurance (Momentum)
- **KPO**
  - Data gathering and validation (ASSET4)
- **LPO**
  - LALIVE, Switzerland
- **HRO (Ceridian)**
# The Mauritian ITES BPO Scenario

**ITES- BPO Industry**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>No of Companies</strong></td>
<td>107</td>
<td>148</td>
<td>185</td>
</tr>
<tr>
<td><strong>Cumulative realized Investment (MUR)</strong></td>
<td>917,989,339</td>
<td>1,010,262,462</td>
<td>1,552,743,953</td>
</tr>
<tr>
<td><strong>Additional Investment (MRU)</strong></td>
<td></td>
<td>92,273,123</td>
<td>542,481,491</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>4,332</td>
<td>5,513</td>
<td>6,960</td>
</tr>
</tbody>
</table>

Source: BOI
Evolution of the number of companies in the ITES BPO sector since July 2004

Source: BOI

21 February 2008
Symposium on Telecom - Geneva
Mauritian ITES BPO Sector as at March 2007

- Software Development: 20%
- Call Centre: 18%
- Disaster Recovery: 8%
- Multimedia: 2%
- Data Digitalisation: 2%
- Training: 1%
- Website Development: 3%
- Others: 1%

BPO: 45%

Source: BOI
Cumulative proposed FDI by country of origin for operational companies only

Source: BOI
Key drivers for sector development

• Political will

• Clearly defined policy

• The Regulatory environment which should be compliant with the Regulatory state model (stability, continuity, perpetual and adaptive nature)

• The PR
Way forward

• **Growth Areas**
  - Architectural Outsourcing (Mahindra)
  - Pharmaceutical
  - Biotechnology
  - R & D

• **Regulatory reform in line with the ‘Reform Continuum Model’** – evolving business model of ICT regulators towards achieving deregulation of the sector
Thank You very much for your kind attention

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