Outsourcing in Mauritius

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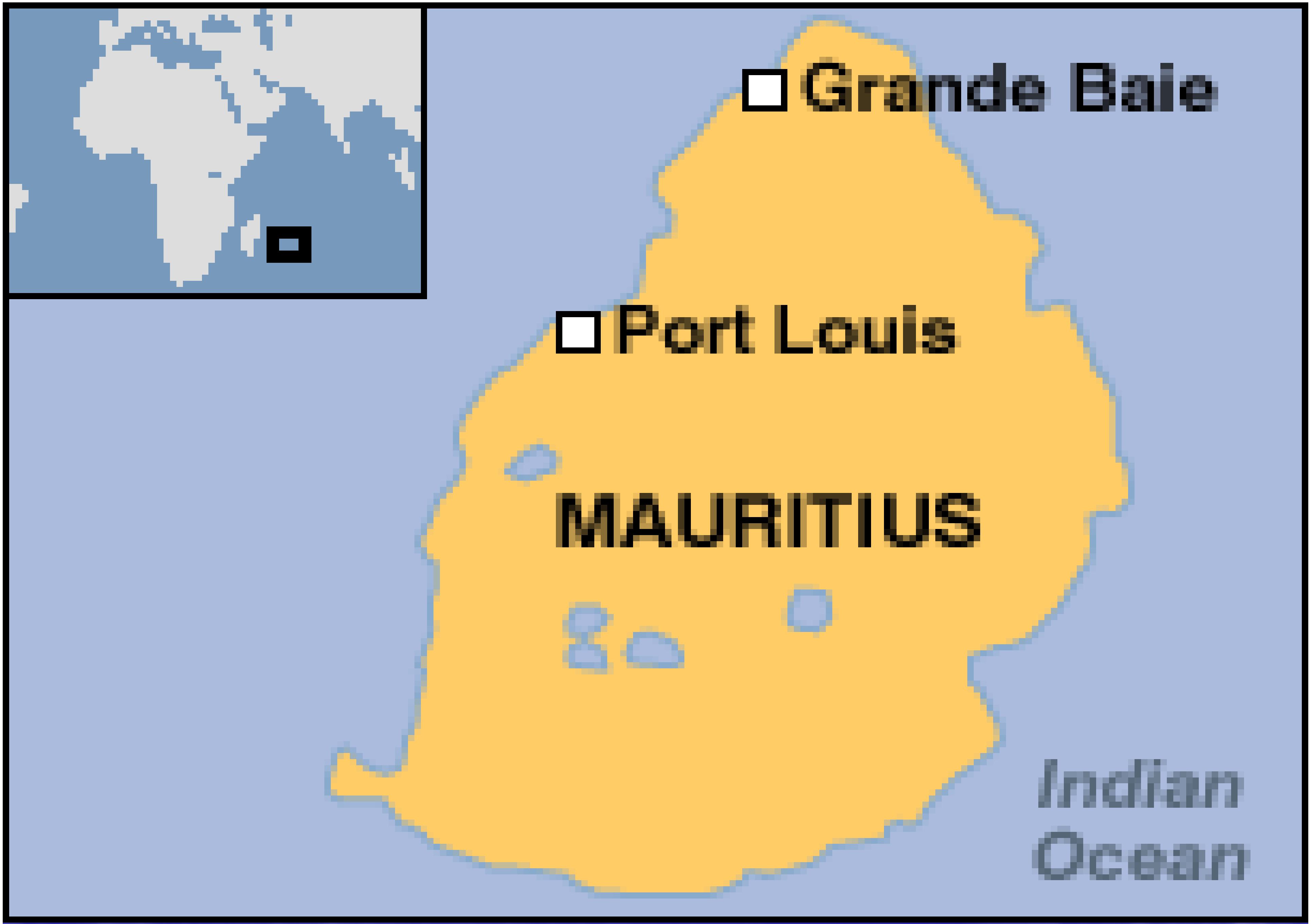
ICT Authority – Mauritius

Presentation outline

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


Grande Baie
Port Louis
MAURITIUS
Indian
Ocean

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;

LIBERALISATION PROCESS - 2

- **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

	2000	2001	2002	2003	2004	2005
Total Turnover of ICT sector (Rs Million)						
IT Turnover (Rs Million)	**2,595**	**2,579**	**2,647**	**4,049**	**8,919**	**9,492**
Hardware	2,053	1,959	1,844	3,109		
Software	90	110	135	197		
Services	452	510	668	743		
of which training	52	60	38	58		
Distribution of IT Turnover (%)						
Hardware	79%	76%	70%	77%		
Software	3%	4%	5%	5%		
Services	17%	20%	25%	18%		
Communications (Rs Million)	**5,250**	**6,300**	**6,850**	**6,768**	**8,132**	**10,195**
Total Turnover of ICT sector (Rs Million)	**7,845**	**8,879**	**9,497**	**10,817**	**17,051**	**19,687**
Export Turnover of ICT sector (Rs Million)					1,616	1,788
Export Turnover as a % of Total ICT Turnover					9.50%	9.10%
% Contribution of value added to GDP					5%	-
ICT Intensity (ICT Expenditures as a % of GDP)					11%	-
Annual Growth Rate		13.18%	6.96%	13.90%	57.63%	15.46%

Source: derived from CSO and ICTA basic data

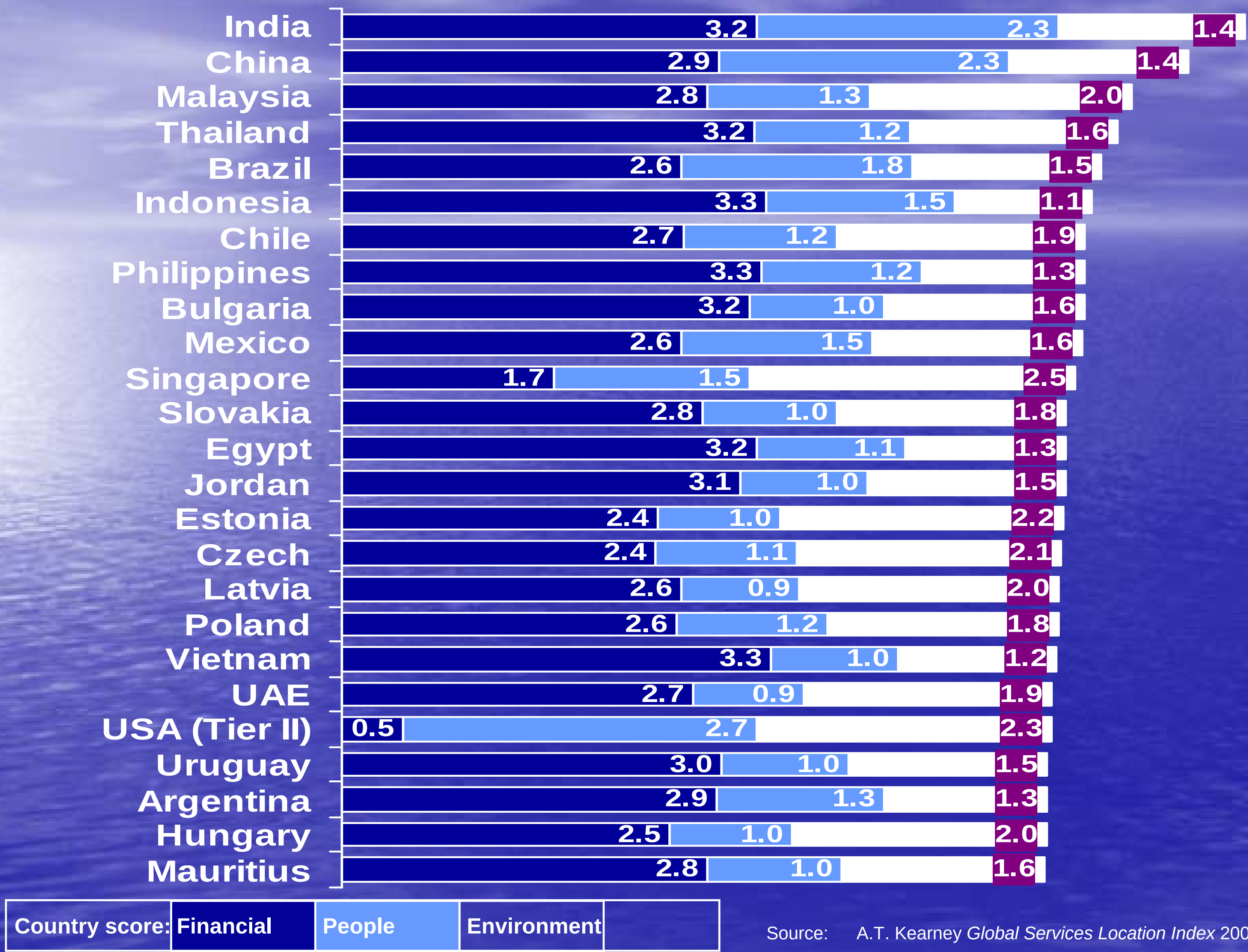
Policy Review

- 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.

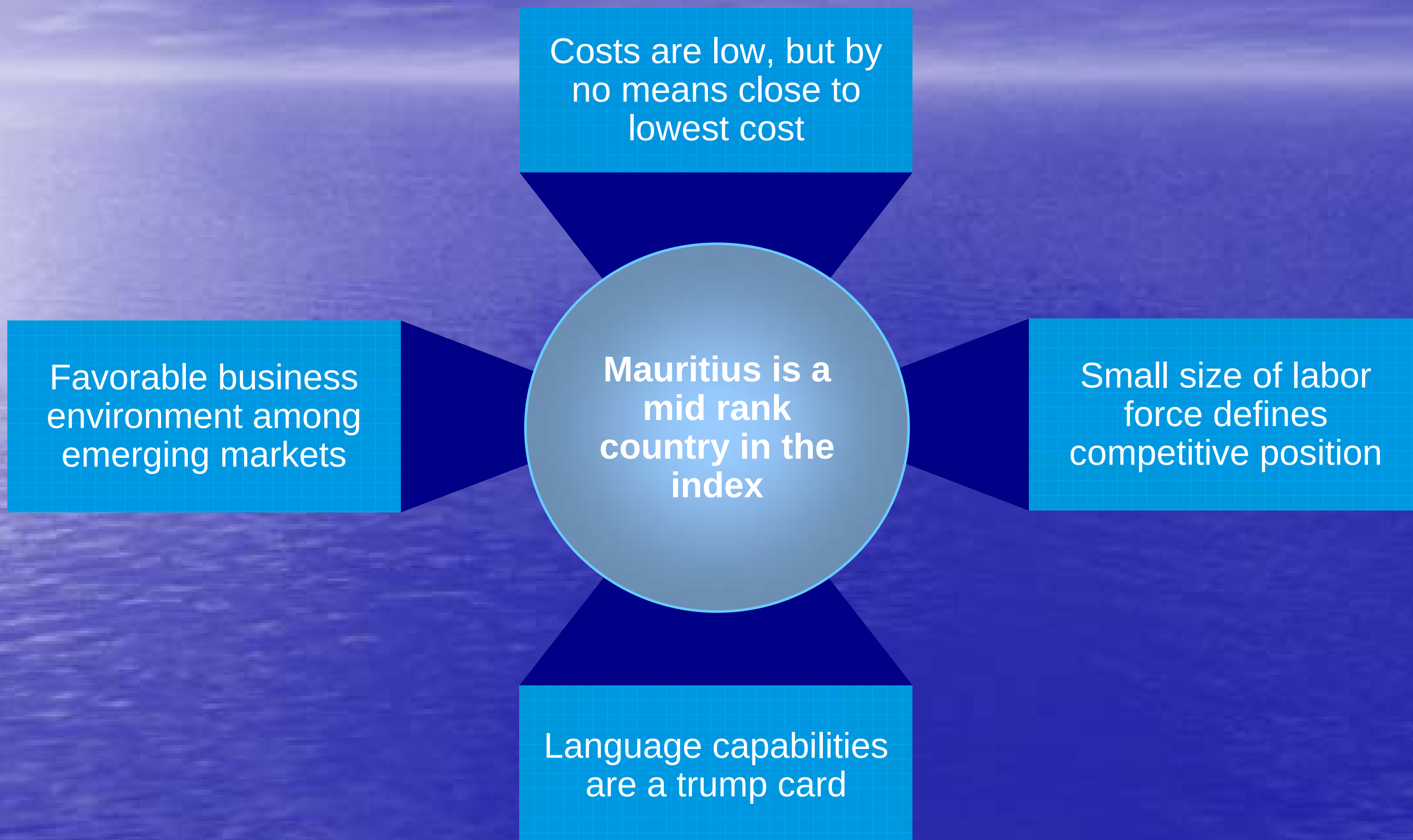
The reviews

- 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 NICTSP: new orientation

Outsourcing: Global Services Location Index 2007

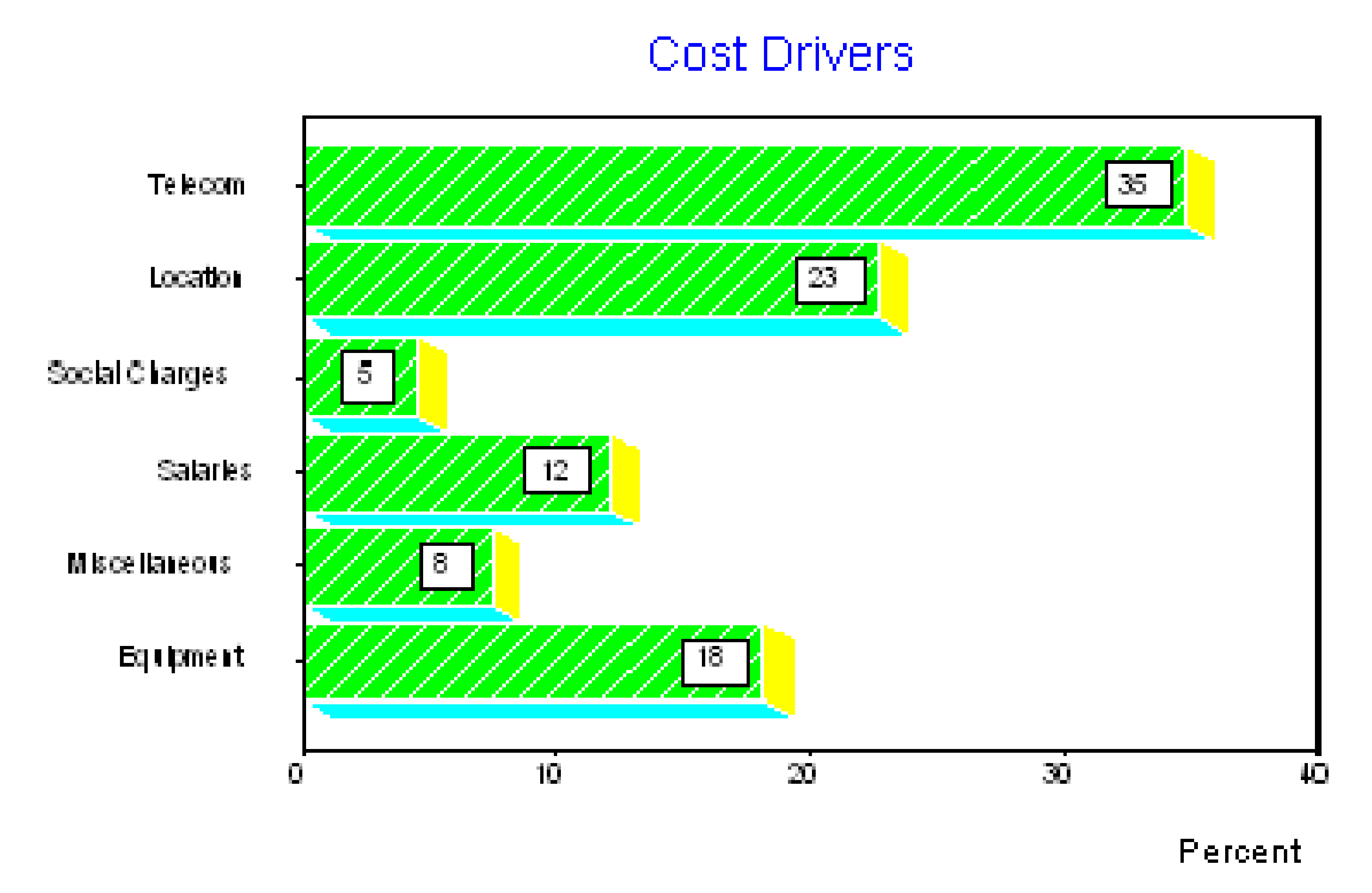


Source: A.T. Kearney *Global Services Location Index* 2007

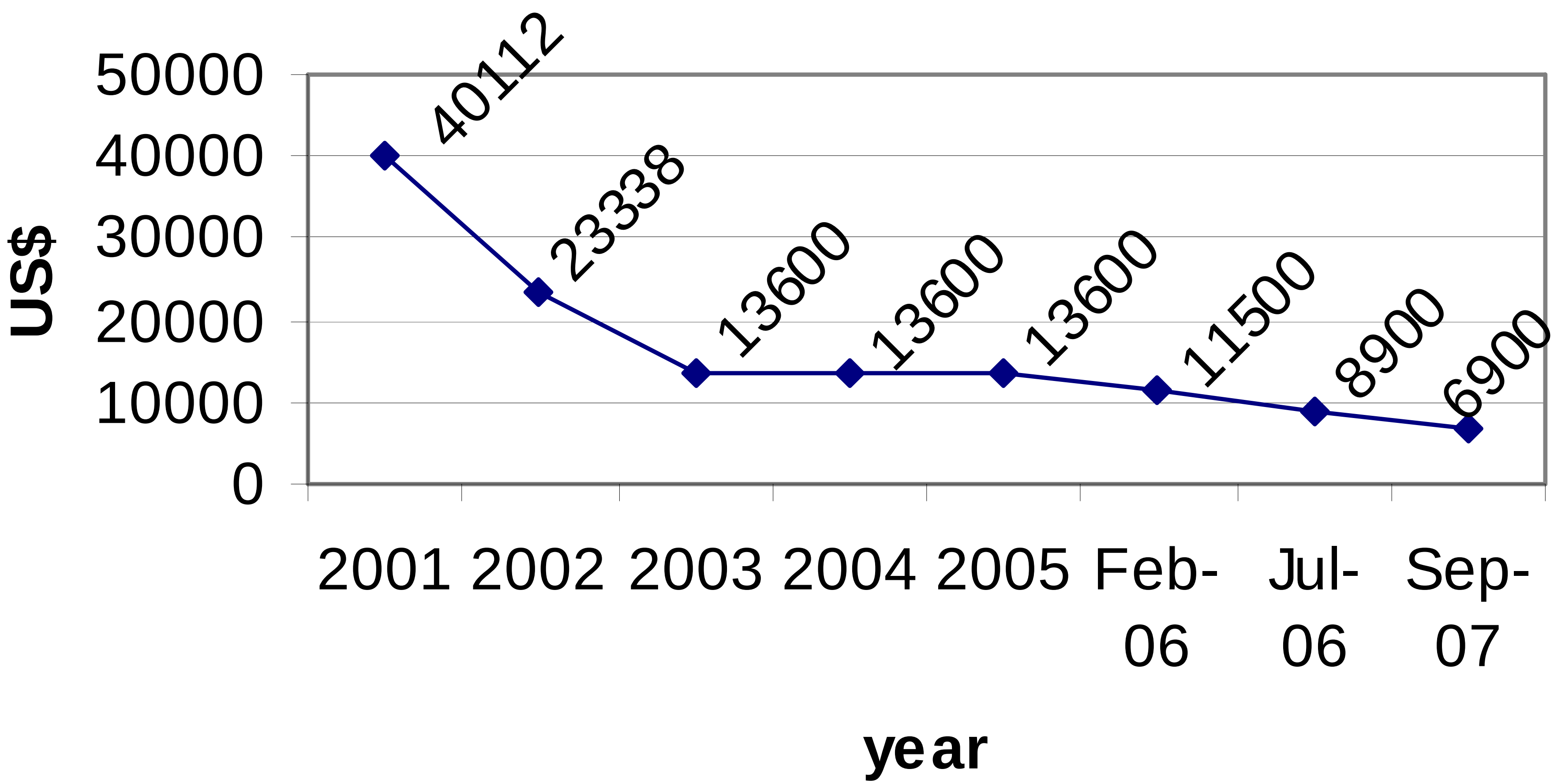


Source: BOI Mauritius

BPO reality for Mauritius



E1 full circuit IPLC MU-UK



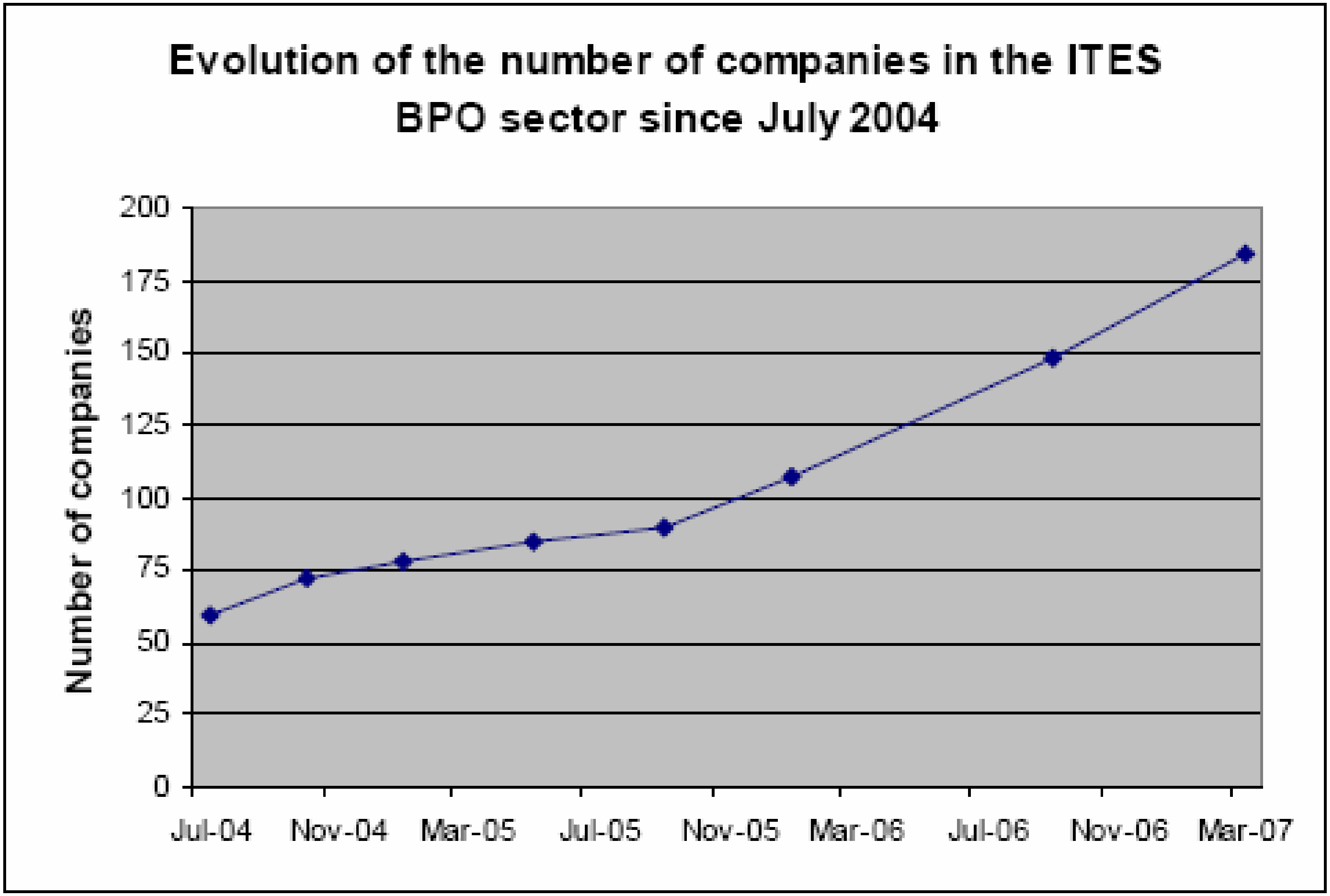
Value chain

- 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

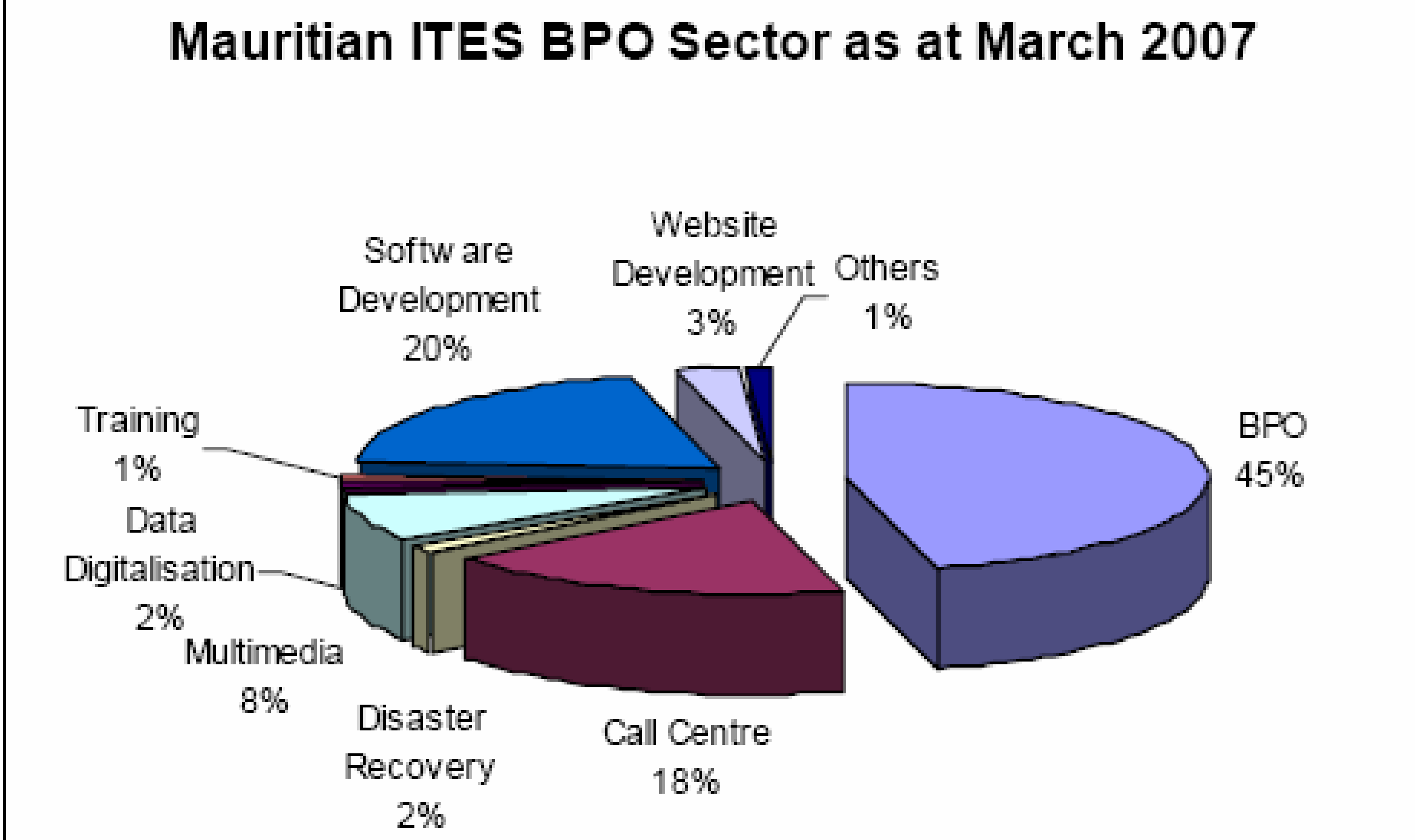
ITES- BPO Industry			
	Oct 2005 to Jan 2006	Feb 2006 to Sept 2006	Oct 2006 to Mar 2007
No of Companies	107	148	185
Cumulative realized Investment (MUR)	917,989,339	1,010,262,462	1,552,743,953
Additional Investment (MRU)		92,273,123	542,481,491
Employment	4,332	5,513	6,960

Source: BOI

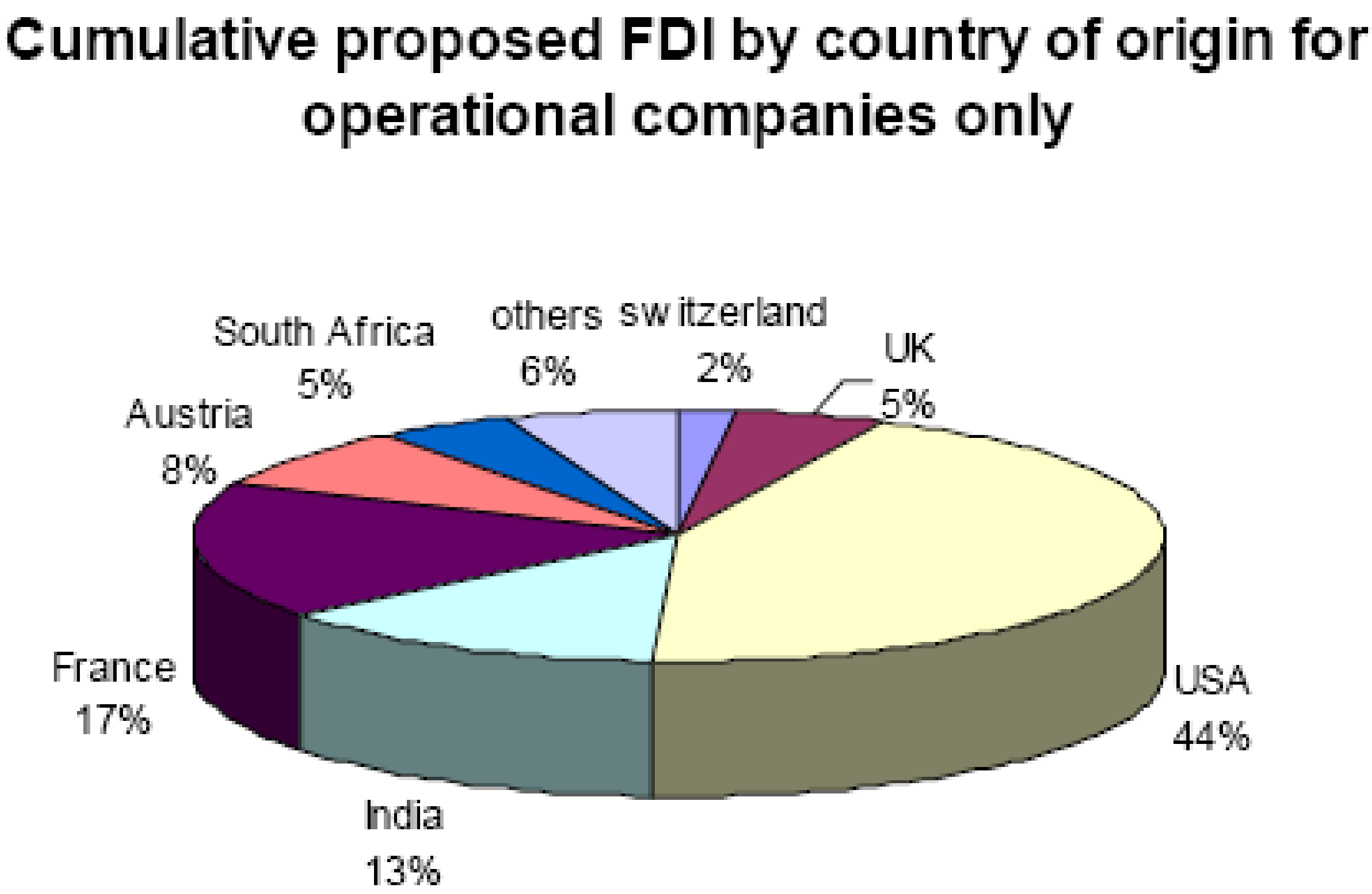


Evolution of the number of companies in the ITES BPO sector since July 2004
Number of companies
200
175
150
125
100
75
50
25
0
Jul-04
Nov-04
Mar-05
Jul-05
Nov-05
Mar-06
Jul-06
Nov-06
Mar-07

Source: BOI


Mauritian ITES BPO Sector as at March 2007
Software Development 20%
Website Development 3%
Others 1%
BPO 45%
Training 1%
Data Digitalisation 2%
Multimedia 8%
Disaster Recovery 2%
Call Centre 18%

Source: BOI


Cumulative proposed FDI by country of origin for operational companies only
South Africa
5%
others
6%
sw itzerland
2%
UK
5%
Austria
8%
France
17%
India
13%
USA
44%

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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