



## **Location Spotlight – Morocco**

Locations Insider™ (LI)

Market Report – October 2019: Complimentary Abstract / Table of Contents

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  - [Locations Insider™](#)
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- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

# This report provides perspectives on key aspects of the global sourcing market in Morocco

## Morocco | At a glance



Mature MEA location to support French & Arabic language contact center delivery and IT services for nearshore Europe

### KEY FACTOIDS

- Annual tertiary graduates: 125,000-135,000
- Annual operating cost per FTE offers 30-35% savings over tier-1 CEE locations (Prague)

### Current overview

- The Moroccan global services market is ~100,000 FTE strong, with the majority of FTEs located in Rabat and Casablanca
- Primarily leveraged for French language voice-based BP services, followed by IT services (software development, infrastructure management, and application maintenance)
- Players mainly leverage Morocco to support their European and African operations

### Key drivers

- Availability of large entry-level and experienced talent pool, with good multi-lingual ability and domain skills
- High maturity for supporting contact center services
- Cultural and geographical proximity to France and Spain given historical ties; a large proportion of the Moroccan population is fluent in French and Spanish
- Strong government support for IT-BPS sector with financial, tax, and customs advantage

### Key challenges

- High competition, especially for small players and new entrants
- Some concerns regarding risk of natural disasters
- Problems such as high corruption, weak judiciary system, and high crime rate reduce the location's expat friendliness

KEY PLAYERS:



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## Morocco | Risk profile (page 1 of 2)

Moderate operating and business risks given lower government effectiveness, high unemployment rates, and high social disparity; however, limited impact on IT-BP businesses

Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> <li>Morocco holds the 100th rank among 167 countries in the Democracy Index 2018 compiled by the Economist Intelligence Unit (EIU)                             <ul style="list-style-type: none"> <li>Concerns around functioning of government and civil liberties were observed</li> </ul> </li> <li>The power is predominantly concentrated in the hands of the King, resulting in limited accountability of the government</li> <li>Bureaucracy and corruption are high in most sectors of the government</li> <li>Judiciary system is weak, although attempts to address this issue are underway</li> </ul>
Macroeconomic		<ul style="list-style-type: none"> <li>The Moroccan economy is likely to grow at 2.7% in 2019. Agriculture is the largest sector in Morocco, therefore GDP is highly dependent on the performance in agriculture</li> <li>Moody's gave Morocco a credit rating of Ba1, meaning the country faces major uncertainties; and exposure to adverse business, financial, or economic conditions could lead to inadequacy in capacity to meet its financial commitments</li> <li>Morocco has significantly high social disparities (the highest in North Africa as per Oxfam). Morocco's failing education system and the labor market are major contributors to this trend</li> <li>In addition, there are concerns around a high unemployment rate in the country, primarily driven by job losses in the farming sector</li> </ul>
Infrastructure		<ul style="list-style-type: none"> <li>Global Competitiveness Index 2018 (World Economic Forum) ranks Morocco at position 53 out of 140 countries for the quality of its infrastructure                             <ul style="list-style-type: none"> <li>Concerns around electric power transmission and distribution losses and exposure to unsafe drinking water</li> </ul> </li> <li>Morocco will borrow US\$237 million from the Arab Fund for Social and Economic Development to finance road and dam upgrades</li> <li>The telecommunication network is improving and is satisfactory in major cities</li> <li>Morocco has kicked off creation of a high-tech city in Northern Tangier, which will be constructed in an area of 2,000 hectares</li> </ul>

Source: Everest Group (2019); EIU; World Bank; Moody's; interviews with market participants



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# Research calendar – Locations Insider

Published
  Planned
  Current release

## Flagship Locations Insider reports

### Release date

Location Spotlight – Guadalajara, Mexico .....	May 2019
Location Spotlight – Hyderabad, India .....	May 2019
Location Spotlight – San Jose, Costa Rica .....	May 2019
Location Spotlight – India .....	June 2019
Global Locations Annual Report 2019 .....	September 2019
Location Spotlight – Egypt .....	September 2019
<b>Location Spotlight – Morocco .....</b>	<b>October 2019</b>
Location Spotlight – The Czech Republic .....	Q4 2019
Location Spotlight – Romania .....	Q4 2019
Location Spotlight – Israel .....	Q4 2019
Location Spotlight – Trivandrum, India .....	Q4 2019

## Thematic Locations Insider reports

Global Hotspots – Analytics in BFSI .....	May 2019
European Digital Services Talent Handbook: Prepare for Digital Disruption .....	June 2019
Global Handbook – Focus on Language Skills Availability Across the World .....	Q4 2019
Global Handbook – Focus on Cloud Skills Across the World .....	Q4 2019

Note: For a list of all of our published Locations Insider™ reports, please refer to our [website page](#)

# Additional Locations Insider™ research references

The following documents are recommended for additional insights into the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest

- 1. 2019 Locations Predictions: Follow the Talent** ([EGR-2019-37-V-3060](#)); 2019. The report offers predictions on overall and location-specific services delivery, upon which organizations can anchor their transformation agendas. This viewpoint recommends organizations to embed intentional design principles in their location strategies, encompassing scope, drivers, planning, and stakeholders. It will help determine the key design principles to drive enterprise-wide service delivery transformation and overall locations strategy prediction. In addition, it includes location-specific forecasts and key risks to watch out for when transforming the delivery strategy
- 2. EU GDPR: What does the Disruption mean for your Industry** ([EGR-2018-0-V-2708](#)); 2018. This whitepaper outlines the key changes proposed by GDPR and their impact on global service delivery through the lens of increased overheads, opportunity for transformation, and push towards consolidation. This paper highlights second-level insights into the business implications of GDPR across multiple industry verticals. This includes perspectives on susceptibility to data breach, typical data flow structure, and related data privacy considerations across different industries
- 3. Global Locations Annual Report 2018: Service Delivery Portfolios in a Disrupted World | Key Trends Shaping the Landscape** ([EGR-2018-37-R-2646](#)); 2018. The global services locations landscape continued to witness growth in 2017 in terms of revenue, headcount, and new center setup activity; however, the growth rate was lower than the previous year, given macroeconomic slowdown, increased trade protectionism, and uncertainties in legal/regulatory landscape across the world. The Global Locations Annual Report 2018 is a unique and comprehensive guide to understanding the nuances of the locations landscape and interpreting locations-related developments and trends to frame locations strategy. It presents insights into the size and growth of the global services market, update of center setup activity, changes in risk profiles of locations, and an analysis of the maturity, arbitrage, and potential of locations (MAP Matrix™)

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