

Africa: Emerging IT-BP Delivery Force

July 2020: Complimentary Abstract / Table of Contents



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Custom research capabilities

- 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

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Background for this research, scope and coverage

In the last few years, global services delivery for Africa region has been witnessing a major uptick. This is largely driven by Africa emerging as the next low-cost location for small-scale centers. While this can, to a certain extent, be attributed to the strong government support enabling global services delivery, other key forces including increased services maturity, low market congestion, improving infrastructure capabilities, and a strong domestic market are driving overall demand

As market players prepare to evaluate these markets, they will need to be cognizant of the key tradeoffs and associated risks for operating in the region. This will require having a deeper view at the role of each country location in global delivery portfolios and understand the potential opportunities.

This document by Everest Group aims to support market players in their quest for supporting the right service from the right location. It highlights the relative attractiveness and talent-cost proposition of key African locations for supporting global services delivery, based on a holistic and multi-faceted assessment covering 10+ parameters.



10 African delivery locations have been prioritized for this assessment.

These locations represent the most mature and leveraged locations among a broader list of 40+ African locations

East Africa		West Africa		North Africa			Southern Africa
 Kenya	 Mauritius	 Ghana	 Nigeria	 Egypt	 Morocco	 Tunisia	 South Africa
 Rwanda	 Uganda						

There are multiple drivers pushing IT-BP delivery growth in Africa...



Low market congestion compared to key talent hubs across leading offshore/nearshore geographies; opportunity to create better **brand image** and differentiate by capitalizing on the **early-mover advantage**



Government enabling the global services sector through differentiated incentives, marketing promotions in key source geographies, and enhanced focus on training initiatives across leading talent hubs



Increased **services maturity** for delivery of key functions across Africa (voice- and non-voice-based BPS services, IT services, and engineering/R&D delivery)

Low cost across most locations; ongoing currency depreciation and lower attrition costs will further improve the case for most locations (e.g., Egypt, South Africa)



Strong domestic market demand across East and West African countries; leading service providers driving overall regional growth



Improving infrastructure capabilities, coupled with rapid **adoption of remote operating models**, thereby increasing overall attractiveness from a WFH / service continuity standpoint



Expansion into African cities diversifies **delivery location risk**. These locations may act as Business Continuity Planning (BCP) location to nearshore/offshore centers



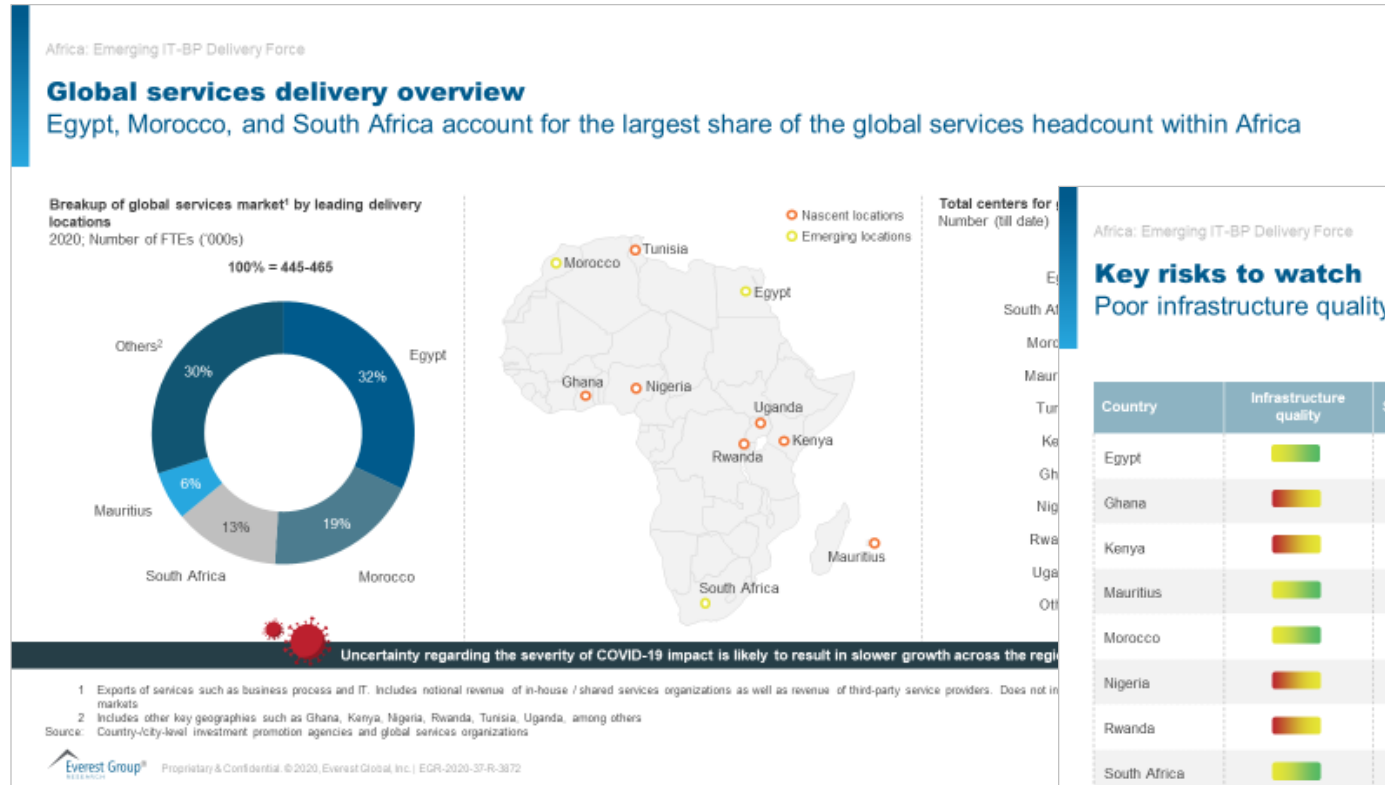
We have won five to six new business deals recently, with all our clients wanting to **de-risk from typical offshore locations** such as India and the Philippines.

– Country Head (South Africa), leading professional services firm

Microsoft opened its **Africa Development Centers (ADC)** with two initial sites in **Kenya and Nigeria**. The ADC will be unlike any existing investment and will help us better listen to our customers, develop locally, and scale for global impact. Beyond that, it's an opportunity drive impact in sectors important to the continent (e.g., FinTech, AgriTech and OffGrid energy).

– Executive Vice President, Microsoft

This study offers 12 distinct chapters providing a deep dive into key aspects of African global services delivery market; below are four charts to illustrate the depth of the report



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Key risks to watch

Poor infrastructure quality, weak macroeconomics, and political instability are key challenges for the region

Legend:
■ Highly favorable
■ Favorable, with some concerns
■ Significant challenges

Country	Infrastructure quality	Safety and security	Geopolitics	Macroeconomics	Regulations & ease of doing business	Digital readiness ¹	Quality of life	Overall risk
Egypt	Highly favorable	Highly favorable	Significant challenges	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns
Ghana	Significant challenges	Highly favorable	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Significant challenges	Favorable, with some concerns	Favorable, with some concerns
Kenya	Significant challenges	Favorable, with some concerns	Significant challenges	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns
Mauritius	Highly favorable	Highly favorable	Favorable, with some concerns	Highly favorable	Highly favorable	Favorable, with some concerns	Highly favorable	Highly favorable
Morocco	Highly favorable	Highly favorable	Significant challenges	Highly favorable	Favorable, with some concerns	Favorable, with some concerns	Highly favorable	Favorable, with some concerns
Nigeria	Significant challenges	Favorable, with some concerns	Significant challenges	Significant challenges	Significant challenges	Significant challenges	Favorable, with some concerns	Significant challenges
Rwanda	Significant challenges	Highly favorable	Significant challenges	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns
South Africa	Highly favorable	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns
Tunisia	Favorable, with some concerns	Highly favorable	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Favorable, with some concerns	Highly favorable	Favorable, with some concerns
Uganda	Significant challenges	Highly favorable	Significant challenges	Favorable, with some concerns	Favorable, with some concerns	Significant challenges	Favorable, with some concerns	Significant challenges

¹ Digital readiness can be viewed as an indicator for WFH feasibility
 Source: Everest Group (2020)

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Research calendar

Locations Insider™

■ Published
 ■ Planned
 ■ Current release

Flagship Locations Insider™ reports

	Release date
Location Spotlight – Romania	October 2019
Location Spotlight – Israel	October 2019
Location Spotlight – Trivandrum, India	October 2019
Location Spotlight – Mumbai	February 2020
Global Locations State of the Market Report 2020	March 2020
Location Spotlight – Bulgaria	April 2020
Location Spotlight – Indonesia	April 2020
Location Spotlight – Slovakia	May 2020
Location Spotlight – Georgia	June 2020
Locations Spotlight – Guatemala	June 2020
Location Spotlight – Taiwan	July 2020
Location Spotlight – Wuxi, China	Q3 2020
Location Spotlight – San Antonio, Texas	Q3 2020

Thematic Locations Insider™ reports

	Release date
Global Handbook – Focus on Language Skills Availability Across the World	November 2019
Global Handbook – Focus on Cloud Skills Across the World	June 2020
Engineering Services Skills Handbook: Preparing for Next Wave of Growth in R&D	July 2020
Africa: Emerging IT-BP Delivery Force	July 2020

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