

December 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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This report provides perspectives on key aspects of the global sourcing market in Nigeria

Location Spotlight – Nigeria

Nigeria | At a glance



Emerging location with potential to support breadth and depth of IT-BP services delivery, offering significant cost arbitrage over established service delivery locations

310,000-320,000 annual tertiary graduates

Annual operating cost per FTE 75-80% savings over Dallas 55-60% savings over Warsaw

Current overview

- Emerging delivery location to support moderately-scaled operations for multi-lingual contact center delivery for English and French languages
- With more than 300,000 individuals graduating every year, Nigeria has a large qualified pool of English-speaking population that can be leveraged to serve English-speaking markets
- Given the size of the economy, Nigeria has the potential to play the role of being a gateway to Sub-Saharan Africa to serve regional demand

Key drivers

- Given a large population base, the country has experienced consistent rise in the entry-level talent pool with basic English proficiency to support voice business processes
- Attractive cost arbitrage over other leading global services delivery locations such as Poland, and South Africa
- Favorable geographical location resulting in time zone overlap with United Kingdom/Europe

Key challenges

- Relatively lower maturity of the services market is likely to pose a challenge in terms of availability of experienced resources and presence of ancillary services
- Concerns around poor infrastructure, geopolitical tensions, safety and security, and high inflation levels pose a concern for IT-BP industry
- As oil is still a major revenue earner, the currency is highly vulnerable to disturbances in the oil sector
- High utilities cost and rentals for quality grade-A office buildings pose a challenge for setting up a new center

KEY PLAYERS:

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Location Spotlight – Nigeria

Nigeria | Risk profile (page 1 of 2)

Concerns regarding infrastructure and geopolitical stability pose significant risk for development of IT-BP sector

Highly favorable

Favorable, some concerns

Least favorable

Parameter	Everest Group rating	Comments
Geopolitical	<div></div>	<ul style="list-style-type: none">Ranked 109th out of 167 countries in the democracy index compiled by the Economist Intelligence Unit, indicates Nigeria as a hybrid regime country with some political irregularitiesNigeria ranks 146th out of 198 countries in the corruption perception index compiled by the Transparency International indicating alarmingly high corruption in the countryIn August 2019, Nigeria closed its borders with neighboring countries, which may lead to some negative impact on the country's geopolitical relationship
Macroeconomic	<div></div>	<ul style="list-style-type: none">Nigerian government's policy of economic liberalization, promoting public-private partnerships, and strategic alliances with foreign companies attracts high FDI inflow to the country<ul style="list-style-type: none">However, according to the UNCTAD 2020, FDI flows to Nigeria showed a 48.5% decrease compared to the previous year, totaling to USD3.3 billion in 2019The Nigerian economy largely depends on the diaspora remittances sent to the country, representing ~6% of the total GDPOil price volatility, high inflation rates, currency depreciation, and high GDP-to-Debt ratio continue to pose a significant macroeconomic risk
Infrastructure	<div></div>	<ul style="list-style-type: none">Nigeria ranks 128th out of 141 countries for quality of infrastructure by The Global Competitiveness Report of the World Economic ForumFrequent electric outages, poor rail and road networks, and unreliable water supply constraint growth across the IT-BP services<ul style="list-style-type: none">Nigeria is well connected via direct flights to more than 20 countries, including the US, the UK, France, and GermanyTo improve the country's infrastructure capability, the government has established a strong pipeline of infrastructure opportunities under PPP arrangements

Source:

Everest Group (2020), United Nations Conference on Trade And Development (UNCTAD), EIU, WFR, doingbusiness.org, WEF, interviews with market participants

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Research calendar

Locations Insider™

Published Planned Current release

Flagship Locations Insider reports

	Release date
Location Spotlight – Georgia	June 2020
Location Spotlight – Guatemala	June 2020
Location Spotlight – Wuxi, China	August 2020
Location Spotlight – Taiwan	September 2020
Location Spotlight – San Antonio, Texas, The United States	October 2020
Location Spotlight – Birmingham, The United Kingdom	December 2020
Location Spotlight – Nigeria	December 2020
Location Spotlight – Raleigh, The United States	December 2020
Location Spotlight – Cali, Colombia	Q1 2021
Location Spotlight – Coimbatore, India	Q1 2021
Global Locations State of the Market 2021	Q1 2021

Thematic Locations Insider reports

	Release date
Engineering Services Skills Handbook: Preparing for Next Wave of Growth in R&D	July 2020
Africa: Emerging IT-BP Delivery Force	July 2020
Leading European Locations for Global Delivery of Engineering Services	October 2020
Data & Analytics Handbook – Delivery Location Strategy to Steer Through Digital Disruption	November 2020

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