

In the shadow of the pyramids, Egypt hopes to build a world-class call centre industry

Dial customer service, writes **Carol Lewis**, and you may find you get Cairo, not Bangalore

When you call your mobile phone provider and hear the hush of a long-distance call followed by a "Hello" with a hint of an accent, you probably imagine you have been put through to a call centre in Bangalore, India. Yet increasingly it is likely that the receiver has been picked up by someone slightly closer to home, though in an equally exotic location — a call centre about 20 miles from downtown Cairo.

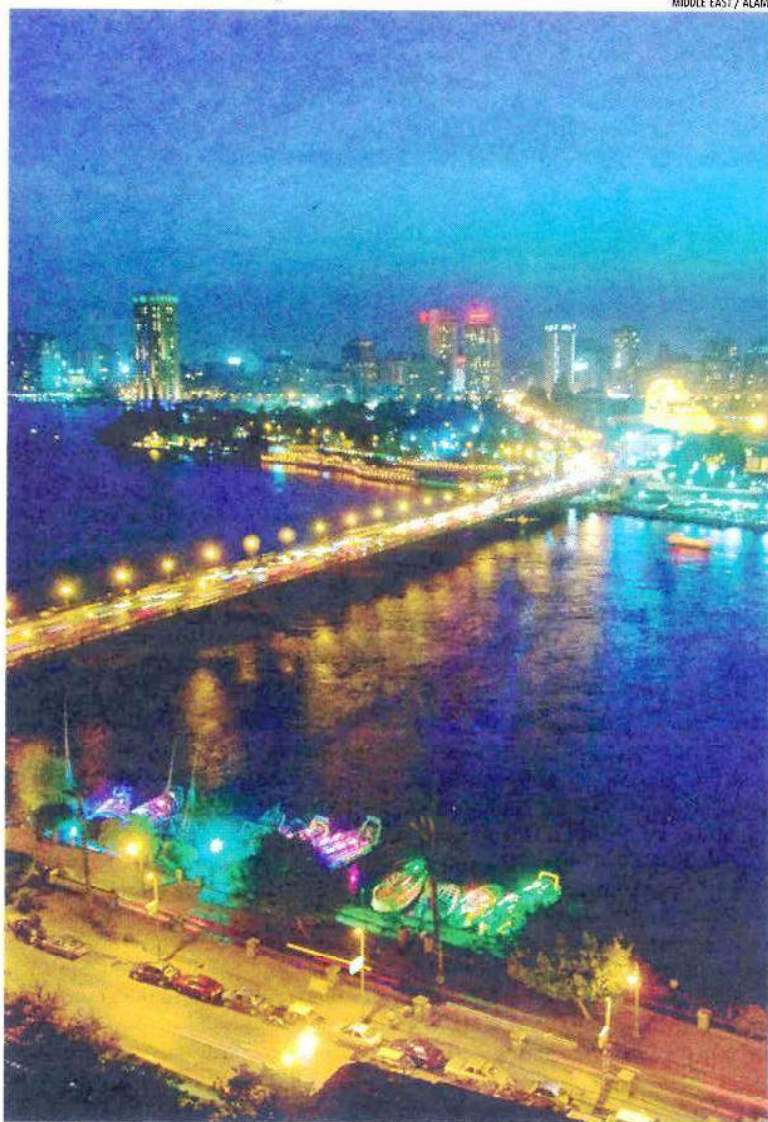
The Egyptian Government has lofty aspirations for the country to become a centre for offshoring, a home for call centres, outsourced service providers, software development and research. Oracle, Vodafone and Microsoft are just a few of the big names to locate services in the many business parks springing up in the shadow of the pyramids.

Think of outsourcing and you may think of Brazil, Russia, India or China, the so-called Bric countries, the emerging giants that account for most of the \$55 billion (£37 billion) global outsourcing market.

But *Beyond Bric*, a recent report from the London School of Economics, which assesses the potential of 14 non-Bric countries as offshore locations, finds that plenty of other countries score highly as locations for offices overseas, an option often considered in times of recession.

Egypt, Vietnam and Morocco scored as the top locations in terms of cost, including labour, infrastructure and corporate taxes. Egypt also scored highly for skills availability as did the Philippines and Mexico.

Poland, Romania and the Philippines had the best environment, in terms of government support, business environment, quality of life and accessibility. The Czech Republic, Mexico and Costa Rica excelled with their infrastructure, such as telecoms, IT, property, transport and utilities. On security and risk, the Czech Republic and Poland and Slovakia were highly rated. And for market potential



Egypt hopes in future to become a home for international call centres

Egypt, Mexico and Poland came top.

But where does that leave the Bric countries, long touted as our outsourcing saviours? India was the biggest provider of outsourced services last year and accounted for \$40 billion of the outsourcing market, with the other Bric countries accounting for a further \$8 billion. In reality, the Bric countries are "all facing challenges", says Professor Leslie Willcocks, director of the London School of Economics and Political Science's outsourcing unit.

"India is outrunning its infrastruc-

ture, has high labour attrition rates and its costs are getting higher," he said, adding that India itself has started to outsource work.

"China doesn't really punch its weight. It runs into problems with language, culture and intellectual property," he added. Russia? "It doesn't have enough government support and apart from a niche market for engineering it isn't really performing," he said, adding that "Brazil is just not up to it. It has a huge population but is just not organised. It exports on a

large scale and is punching well under its weight."

As the Bric countries struggle to cope, many companies still want to source work to places where there is a cheap and talented supply of labour. The outsourcing market is expected to continue growing. The market for information technology outsourcing and business process outsourcing — which includes human resources and call centres — is expected to be worth more than \$230 billion by 2013.

On top of that, companies are increasingly likely to outsource market or industry research — called knowledge process outsourcing. Worth just \$3 billion in 2007, this market is forecast to be worth \$16 billion by 2010 or 2011 and employ about 350,000 people worldwide.

However, even given the Bric dominance, there should still be plenty of opportunities for non-Bric countries to offer themselves as locations for companies eager to outsource. "In a recession we are looking for new skills pools in reliable locations at low cost. If countries such as Egypt, Vietnam and Tunisia can get themselves above the parapet on certain types of services then there are great opportunities for them," says Professor Willcocks.

"Outsourcing jobs is logical and economic logic will kick in. Global divisions of labour are very dynamic — trying to stick to national borders is a bit unrealistic."

For many companies, it is not just about finding the cheapest place to work, Professor Willcocks says. "It is also about finding places which can provide services to your company and new markets in which to expand and sell products and services." Culture makes a difference as does time zone. So francophone Tunisia and Morocco are likely to be more attractive to French companies than Egypt. Likewise Mexico and Venezuela are contenders for US businesses especially those seeking Spanish-speaking services to cater for the large domestic Hispanic population.

There are other ways to carve out a niche for yourself. Poland and the Czech Republic offer high quality specialist services rather than relying on vast reserves of cheap labour.

It looks like there could be something for everyone as the West looks to outsource more and the Bric empire begins to crack.