

International Conference on ICT Investment Opportunities in Ethiopia -
Diaspora Dialogue

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Discussion on Outsourcing Opportunities for Ethiopia

Washington D.C.
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Agenda

TOPIC	DURATION	LEAD
▶ Presenter's Background <ul style="list-style-type: none">– Education– Experience– Expertise– Industry Certifications	▶ 1 Minutes	▶ Fitsum Andargue
▶ Outsourcing Overview	▶ 5 Minutes	▶ Fitsum Andargue
▶ Lessons Learned and Opportunities for Ethiopia	▶ 9 Minutes	▶ Fitsum Andargue
▶ Closing Remarks		

What is Outsourcing and Offshoring

Outsourcing

- ▶ Outsourcing is the act of one company contracting with another company to provide services that might otherwise be performed by in-house employees
- ▶ Outsourcing also allows companies to focus on other business issues while having the details taken care of by outside experts
- ▶ Typically, the function being outsourced is considered non-core to the business
- ▶ The most common forms are information technology outsourcing (ITO) and business process outsourcing (BPO)

Offshoring

- ▶ A type of outsourcing, having the outsourced business functions done in another country
- ▶ Offshoring can be used to reduce labor expenses or for strategic reasons -- to enter new markets, to tap talent currently unavailable domestically or to overcome regulations

A Compelling Reason

- ▶ India has been the leader in offshore outsourcing and has transformed its economies by leveraging its human capital and size.

The offshore outsourcing industry started in India and it has been able to grow the IT and BPO export sector by \$47 billion capturing more than half the offshore outsourcing industry. This does not eliminate India's existing challenges or imply that India is most fitted for every offshore outsourcing effort, however, it has an unparallel history and size.

India's largest outsourcing customers in IT and BPO exports are North America and Europe; accounting for 60 percent and 31 percent respectively of IT and BPO exports. The largest vertical sectors are: financial services (41 percent), high-tech/ telecom (20 percent), manufacturing (17 percent) and retail (8 percent). In 2009 the IT and BPO export industries employed about 2.2 million people.

Source: Sourcemag.com

Why Do Companies Outsource their Operations?

- ▶ Cost savings
- ▶ Focus on Core business
- ▶ Improve quality
- ▶ Knowledge management
- ▶ Operational expertise
- ▶ Access to talent
- ▶ Capacity management for innovation
- ▶ Catalyst for change
- ▶ Commoditization
- ▶ Risk management
- ▶ Tax benefit
- ▶ Scalability
- ▶ Liability

Three Areas that Must be Assessed and Implemented to Effectively Capitalize on Offshore Outsourcing Opportunities

Human Resource	Infrastructure Readiness	Quality Standards
<ul style="list-style-type: none">▪ Population Size▪ Education and Skills▪ Language and Communication Skills▪ Business Norms▪ Understanding of Western Cultures▪ Time Zones▪ Accommodations and Transportation	<ul style="list-style-type: none">▪ Network Speed and Availability▪ Latest Hardware/Software Availability▪ Cyber and Physical Security▪ Intellectual Property Laws▪ Software Piracy▪ Licensing Agreements	<ul style="list-style-type: none">▪ IT Industry Standards▪ Software/Hardware Standards▪ Industry Recognized Products Standards (ISO)▪ Quality Assurance and Control Process▪ Tax Incentive Policy▪ Employee Wage▪ Fair Labor Policy▪ Ease of Doing Business

Where Do You Start.....

- ▶ Build Education Capacity and Create a Pipeline of Science & Technology Resources
 - Computer Science & Engineering Degrees
 - Language & Communication Skills
 - Cultural Awareness Training

- ▶ Build or Modernize Technology Infrastructure to Western Standards
 - Network and System Availability
 - Hardware/Software Requirements
 - Cyber Security
 - Modern Facility

- ▶ Implement and Enforce International IT Standards
 - Quality Control
 - International Product Standards
 - IP Policy
 - Fair Labor Policy
 - Create Tax Incentives
 - Attend and Utilize International IT Conferences

Sources

- ▶ [Sourcingmag.com](https://sourcingmag.com)