

# VISION 2030 INSIGHT

## Implementation of BPO sector projects under Vision 2030 yet to be achieved

By Edith Mutethya

The government's long term development plan – Vision 2030 outlines Business Process Outsourcing (BPO) as one of the sectors to drive Kenya's economic growth.

The sector is viewed as an emerging and growing sector in Kenya expected to become the sector of choice for employment among the youth and young professionals.

It involves transfer of non-core business processes along with the associated operational activities and responsibilities to a third party with at least a guaranteed equal service level.

In the Vision 2030 first Medium Term Plan (2008 – 2012), the government intends to make the country a top off-shoring destination in Africa, create more than 20,000 direct BPO jobs, and increase the sector's contribution to the GDP by Ksh 10 billion in addition to establishing a BPO park and supportive initiatives.

Other objectives include modernization of telecommunications infrastructure and provision of internet access to majority of citizens. This was to be facilitated by completion of laying of fibre optic cables.

### Achievements

A number of projects have been achieved since the inception of Vision 2030 while others are underway. For example three fibre optic cables have been laid for the last two years.

These include Eastern African Submarine System (EASSY) which is currently operating as WIOCC, The East African Marine System (TEAMS) and SEACOM. Another one –LION cable is expected to land in the country next year.

Further, the government has so far acquired 5000

acres of land in Malili area under the jurisdiction of Athi River Export Processing Zone for the establishment of an ICT park.

The actual construction of the facility according to the government is expected to start next year whereby superior telecommunications infrastructure, easy access to international transport facilities, and affordable and readily available energy will be provided. These components are critical for a competitive BPO industry.

However, players in the sector still feel much is yet to be achieved. Horizon Contact Centre CEO Sanjay Sikka says the outlined projects under the Vision 2030 are still behind the schedule thus diluting the much anticipated benefits of the sector with the view of strengthening the economy.

Among the major bottlenecks towards realization of the sector's

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potential, Sikka says is lack of a data protection bill which has seen local players experience difficulty in attracting the lucrative US and UK markets. "Enactment of the proposed data protection bill is very critical in enabling BPO operators to get clients from the lucrative US and UK markets," he says.



Horizon Contact Centers CEO Sanjay Sikka

By targeting these markets, Sikka says local BPO players will have to equip themselves to compete with countries like Philippines and India which already have established BPOs.

### Kenya's potential

However, Sikka says compared to the two countries, Kenya has a comparative advantage due to quality education, volume of people trained in various foreign language skills and a time zone that aligns her to those of major global economies.

"Kenyans have good language skills and neutral accents giving the country a distinct strength in the contact center field. In addition, a multitude of Kenyans study in the US and UK and they have a strong understanding of the US and UK work ethics and values,"

he says.

On a global scale, Sikka says the labour cost in Kenya is competitive even when compared to countries like Egypt, India and South Africa.

He says establishment of Special Economic Zones (SEZ) will add up to the realization of the set goals and thus cope with competition in the sector. Generally the objective of SEZ formation is to attract more foreign investment typically through an overseas business or a conglomerate.

India for instance has over 1,022 SEZ units currently under the structural formatting. It has more than 9 fully functional SEZs and over 7 Export Processing Zones (EPZs) which have been transformed into SEZs. Each entirely functional SEZs has a standard dimension of

### Employees in a call centre

200 acres and are spread in different parts of India.

Sikka says the global turnover of outsourcing stands at US dollar 300 billion and that 12-15 percent of India's GDP is attributable to outsourcing. In Kenya, the sector accounts for less than 0.01 per cent of GDP despite the estimation by an International consulting firm, McKinsey Company that Kenya has the potential to generate Ksh 40 billion from the sector by 2014.

### Marketing the country

In addition, Sikka says lack of a one stop shop mandated to coordinating the sector has been another bottleneck towards its growth. Currently the sector is coordinated by the government through the ICT Board and the BPO society.

He says the ICT Board should do more in marketing the country as a BPO destination as per its mandate noting that the board has given much of its concentration to Fibre optic cable.

"When we established our company we had a challenge of marketing the country as a BPO destination to our target market but we are grateful that we have overcome the challenge," he says.

He challenges the government to not only concentrate in marketing Kenya on the available wildlife but diversify to availability of skilled youth, the infrastructure availability, internet connectivity, and as a good place to do business.

Sikka also urges the government to lead by example through outsourcing most of the parastatal services for instance NHIF and Kenya Police call services.

He says through outsourcing its services, the government will be able to cut cost as well as improve its customer experience. This is because most of its activities may not be set up professionally like in the private sector.