

While images of lions, the Masai Mara and tea and coffee exports spring to mind more readily, with its skilled workforce and advanced IT infrastructure, Kenya is placing itself firmly on the outsourcing map, argues Morgan Fitzsimons

KENYA

Thanks to a rapidly developing infrastructure and an abundance of talent, 2010 could see Kenya materialise as a lion-hearted global player on par with the Asian Economic Tigers.

Kenya's population has grown rapidly to nearly 38 million, contributing to the economic boom the country has seen in recent years. And most recently, perhaps in part as a result of a conscious effort by the country's government to focus on outsourcing as a way of creating jobs and generating wealth for local entrepreneurs and investors, the country has seen a Gross Domestic Product (GDP) growth of 2.8 per cent in 2003 to seven per cent per annum in 2007.

There are many factors that have contributed to Kenya's impressive rise in GDP but one of the most striking is its government's realisation that drastic measures must be taken in order for Kenya to raise its economic position. Since 1993, the country's leadership has been keen to implement economic liberalisation and has instituted various reforms. This has led to better economic performance and an improved environment for conducting business.





FOCUS ON OFFSHORE DESTINATION: KENYA

In the last few decades, the country has attempted to reduce dependence on traditional agricultural export commodities such as tea and coffee and made serious efforts to promote non-traditional exports such as horticultural crops, manufactured goods, and most recently, the export of BPO services. Another key learning by the Kenyan government is not to underestimate the importance of outsourcing in a globalised business world. The integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology, has been conducive to the growth of sourcing talent from destinations far and wide. For this reason, offshoring has become fundamental to Kenya's participation in the global economy. Furthermore the Kenyan government is in the process of building a high-tech park for Accenture to work, in a move which is bound to attract major brands and companies.

The Kenyan Information and Communication Technology (ICT) Board was established in 2007 with a key mandate

to market the country as a global outsourcing destination. The Board was founded in a bid to advise the government on all relevant matters pertaining to the development and promotion of ICT industries in the country.

In particular, the Kenya ICT Strategy, Collaboration and Outsourcing framework, first launched by the president of Kenya in 2006, created the background for the country to focus on global business process outsourcing (BPO) as a way of creating jobs for young people and generating wealth for local and international investors.

As part of the government's initiative to focus on outsourcing as a way of raising the country's economic status, in 2008 the government unveiled Vision 2030, an economic development plan to establish several different economic zones in various parts of the country. The plan aims to produce annual economic growth rates of 10 per cent. Outsourcing has been identified within the Vision 2030 as a key pillar and driver of social and economic improvement through job and wealth creation.

GOVERNMENT SUPPORT

It is clear that Kenya's government has put a lot of emphasis on supporting outsourcing as a key component in increasing both social and economic mobility – but what does the country itself have to offer the outsourcing industry? The BPO industry in Kenya, though still in its infancy, is growing at a phenomenal rate. In 2006, the industry employed around 500 people. It has since grown to over 3,500 and is expected to increase exponentially within the next few years. To aid this explosion in activity, the government has invested heavily in fibre optic infrastructure, which has been operational since July 2009. As a direct result, the cost of internet connectivity is significantly lower and of much higher quality.

The laying of fibre optic cable has proven momentous for Kenya's business capabilities. The undersea fibre project is complemented by an ambitious programme to lay fibre optic cable throughout the country. The strategy is aimed at using ICT to create wealth in rural Kenya, at the same time taking government services to the public



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through eGovernment. The broadband projects are expected to bring down bandwidth costs by an impressive 70 per cent.

As a result of the success of the fibre optic cable, the BPO sector in Kenya is expanding rapidly with a large increase in the number of companies and seats. The large pools of affordable and high quality labour have been a major attraction to customers from both around the world and within Kenya, making it a regional ICT hub of East Africa.

Kenya has solid economic, social and political foundations which make it appealing to foreign investors. The country is attracting both multi-national companies and non-governmental organisations to create national champions. This growth has been built on areas such as affordable, good quality labour; an attractive social environment; excellent connectivity with major world-wide hub; and time zones that make it easy to work with Europe and the USA (it is only two to three hours ahead of most European countries). Furthermore, Kenya has a large labour pool of talented motivated university graduates with mild, anglicised accents.

To encourage further growth, the government is taking action to improve the outsourcing environment. Specifically, the Kenyan public sector is committed to further improving areas such as the infrastructure required; the talent pool available; the local supplier base; and the incentives offered.

A COUNTRY TO INVEST IN

As a result of the government's dedication and infrastructure overhaul, 2009 has seen a significant inflow of foreign direct investment. Google has recently established its sub-Saharan headquarters in Nairobi, Fairmount has bought the Lonrho Group of Hotels, and Stanbic has purchased financial services company CFC. In addition, there have been a number of successful partnerships including Safaricom (partnered with Vodafone) and Zain.

Kenya's penetration of banking and insurance products rivals or outperforms rival destinations such as India, Egypt and South Africa. Consequently, financial services firms headquartered in Nairobi are expanding across the

region. KCB, for example, has become a leading regional bank, operating in Kenya and Tanzania and expanding into Uganda. The Jubilee Insurance Company, another example, operates in Kenya, Tanzania and Uganda.

One tangible example of the BPO and outsourcing industry in Kenya is KenCall, East Africa's first and largest international contact centre with clients in the USA, UK and East Africa. KenCall's facility in Nairobi operates 24 hours per day, seven days per week with its more than 600 employees and can scale up to 1,500 seats. The contact centre company has built a successful enterprise based on Kenya's labour pool. It has built successful client relationships in telecommunications, financial services, media and medical verticals and currently manages inbound customer service and outbound sales campaigns for international mobile phone providers and their affiliated companies. Horizon is another contact centre that is offering excellent service.

Always a regional political and economic hub, Kenya is rapidly becoming a leader in the BPO and outsourcing fields. The country's contributions to international peace processes have won accolades from the UN and COMESA, while the ambitions of Kenyan firms are driving expansion well beyond their domestic market. Those in the sourcing industry should definitely watch this space in 2010. It seems the Bengal tiger is justified in fearing the rise of the African lion.

KENYA: KEY STATISTICS

POPULATION SIZE: 39 MILLION

GOVERNMENT: SEMI-PRESIDENTIAL REPUBLIC

CAPITAL CITY: NAIROBI

GRADUATES PER ANNUM: 30,000 TERTIARY

LANGUAGES SPOKEN: SWAHILI, ENGLISH

TIME ZONE: GMT + 3 HOURS

**SPECIALIST OUTSOURCING SECTOR:
CONTACT CENTRES, CUSTOMER SERVICE, BPO**