



# Mauritius

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## Treasure Island

### Mauritius acts as an island of opportunity for expanding professional services

Located in the Indian Ocean, like a lighthouse in the vast expanse of blue, Mauritius, a small island nation with a population of around 1.3 million people is looking to grow. Situated between Africa and Asia, Mauritius has a lot of potential as these massive markets mature to provide a hub for the professional services emerging economies need. As African economies in particular, grow and diversify from primary sector activity, Mauritius, with good connections to Europe and the Middle East, could become the Dubai of the Sub-Saharan region. The signs are encouraging. Economic growth has been strong and steady, averaging 3.7% Gross Domestic Product (GDP) growth per annum in the last 3 years and growing by 3.6% in 2016. Inflation has held steady between 1%-2% until a recent spike in May 2017. Mauritius has been scoring highly in global rankings, it is in the top 50 nations on the World Bank Ease of Doing Business rankings, the best in Africa and scores well on the World Economic Forum's Global Competitiveness report, also placing in the top 50 countries.

To build a successful centre of excellence and provide a valuable service to customers, it is vital to have a great workforce. Mauritius has a comfortable pool of unemployed workers, keeping costs competitive, and turns out skilled workers from modern knowledge centres (universities) offering a full spectrum for a professional workforce. Every year, around 16,000 undergraduates enter the workforce from local and foreign universities. Mauritius is embracing the future, with a curriculum that focuses upon IT skills, such as coding, programming and mathematics. To counter the potential 'brain drain', the Mauritian government has introduced the 'Mauritian Diaspora Scheme' in an attempt to encourage emigrants to return home, offering perks such as exemption of custom duties and residence permits for family members. The government is also working on keeping young Mauritians on the island by providing a modern digital infrastructure and a range of industries from manufacturing to biotechnology to agriculture.

In the digital age, offering high speed connectivity is as important as



roads when it comes to business infrastructure and, it's good to say, Mauritius is ahead of the game in the region. Thanks to a strong communications and internet network, Mauritius has developed an ecosystem of tech firms that it is keen to nurture. Traditional infrastructure is good and to a modern standard while connections to Europe are plentiful, with daily flights to European hubs such as Paris and the spare capacity to add more. A real advantage of Mauritius is cost, being around 30% cheaper than Central and Eastern Europe and 10% cheaper than competitors in Northern Africa. The unemployment rate has held steady at around 7.5% for the past four years, acting as a buffer against rapid wage inflation. The government in Mauritius is keen to press the advantage, offering good tax incentives to spur further investment, however a growing budget deficit could put pressure on the government in future (the deficit was 3.5% in 2016, slightly better than the 3.9% in 2015). Income tax, corporate tax and VAT are all harmonized at 15% giving a competitive flat base rate.

Mauritius has already attracted fans, as industry has moved onto the island. Major service providers are already setting down roots. Convergys, a world leader in customer experience outsourcing, recently agreed to set up a new centre in Mauritius. Paul Terry, Marketing Director of EMEA at Convergys commented *"After considering all French speaking nations, we chose Mauritius to further strengthen Convergys' smart shoring proposition for French and Canadian clients, enabling us to offer a low-cost French language or bilingual customer service solution (French and English) from a single location."*

*The state-of-the-art infrastructure and business-friendly environment were big considerations. However, access to a highly engaged and qualified pool of local talent was the primary factor, and we've surprised ourselves at how quickly we've been able to build a strong team. In*

*particular, social media channels have proven to be an extremely effective way to recruit multi-skilled agents at scale."*

Ken Poonoosamy, Managing Director at the Mauritian Board of Investment is confident about the future of the country. *"We are really confident that Mauritius has more of an offering for organisations and a competitive edge. We tick all of the boxes for a competitive location choice for global business. We are putting a lot of investment into skills development programmes to make sure the workforce is trained for the digital age. We don't know what will happen in industry in the next 5 or 10 years, there are a lot of new and exciting industries emerging in Fintech and Blockchain, we want to attract them to our shores. That's why we created the regulatory sandbox license, we want to be part of the digital economy."*

Thanks to its efforts, Mauritius offers a lot to the sourcing industry. In the African market, a stable government with a reliable legal system is like finding a diamond in the rough. But like all offers, there are flaws to Mauritius. The country is hedging its potential upon the emergence of a middle class and service sector on the African continent, which is not assured in the short term. Africa has a lot of potential to replace established destinations like India as a major sourcing destination, and when that happens, Mauritius as a technology and service provider hub on its Eastern shore will be in an incredible position, but that could be a few decades away. Like an oasis in the desert, as Mauritius gains a greater community of organisations, space will begin to dwindle and that will place upward pressure upon costs. These two forces have to meet at the right time for Mauritius to really be a success, if costs rise before the African continent emerges, Mauritius may find its place on the digital throne of Africa is in danger before the coronation celebrations begin.

