

Industry Review 2016

ICT/BPO



Board of Investment
Mauritius



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The Digital Transformation of the ICT/BPO Industry

Employment in the ICT/BPO industry reaches the 23,000 mark

Globally, 2016 has turned out to be the year of technology and digital transformation. The worldwide ICT industry has reached a tipping point where cognitive computing, big data analytics, cloud computing, and Internet of Things (IoT) are transforming businesses around the globe. Sourcing models are also in the midst of a critical shift, driven by digital transformation and automation. Though advances in cloud computing and other technologies are changing the rules of the game, the outsourcing industry is set to grow, with the majority of buyers' keen on increasing the scope of their outsourcing activities.



750 Companies

23,000 Professionals

ICT/BPO Industry 2016

The Mauritian ICT/BPO industry has remained remarkably resilient in face of tepid growth globally and has continued to evolve during the year to reach 750 companies. The industry continues to be one of the largest employers in the country directly employing 23,000 people. The definite progression towards more knowledge intensive activities has more than ever asserted the need for diverse skillsets and vertical specialists.

Digital also became main stream during 2016 with the industry increasingly investing in digital solutions to drive future growth opportunities. This was also testified by the growth in the technology start up landscape within the IT outsourcing segment (around 35%). The adoption of some game changing technology such as Blockchain, Cybersecurity, Internet of Things, Platform as a Service (PaaS) and Software as a Service (SaaS) by some companies not only underpins the rising entrepreneurial spirit but also the reliance on continuous innovation for growth.

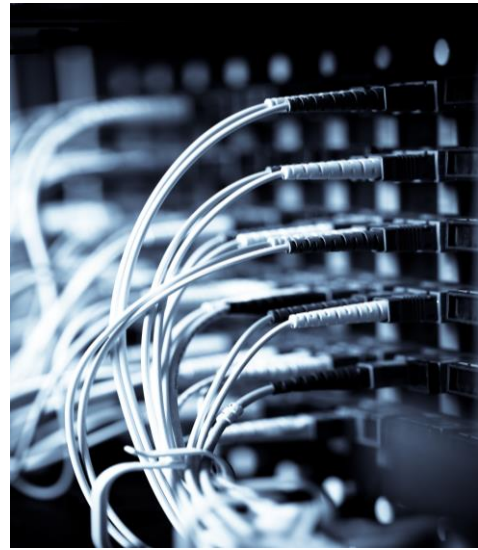
The BPO segment, which remains a net hirer with 53% of employment, is characterized by a stream of new high-end analytical activities such as financial, legal, engineering and design which have redefined the landscape. In terms of verticals, Banking, Financial services and Insurance (BFSI) and telecom continue their investments in analytics solutions as they focus on user experience. Manufacturing is showing interest in IoT/connected device technologies and 3D design/printing and convergence with regard to technology and real estate were also noted. The segment is also being driven by greater automation and it expanding multi-channel strategies for enhanced customer service.



Timely government policies and increased public-private participation have played an instrumental role in fine-tuning the existing ecosystem for the industry. 2016 has seen the meaningful realisations of some key initiatives, namely:

Diversity in Telecommunication Connectivity

- Mauritius Telecom will lead a consortium to build an undersea cable system which will allow Mauritius to have a third international gateway to Africa and the rest of the world. The cable shall also connect Mauritius to Rodrigues island. With this initiative, it is expected that the cost of connectivity for companies and individual customers will be further reduced with added protection against cable failure
- Improvement in the inter-island connectivity through the “Melting pot Indianoceanic Submarine System” METISS project by the Indian Ocean Commission. The new cable shall link Mauritius, Reunion island and Malagasy Republic to the African continent.



Skills Development

- Launch of National Skills Development Program (NSDP) which aims to create job opportunities while encouraging entrepreneurship.
- Increasing presence of internationally recognised universities such as Glasgow Caledonian University (Africa Leadership University), Ecole Centrale de Nantes which have established partnerships with local educational institutions to provide access to international standards of education. There is special focus on creating skill sets around Big Data, Internet of Things (IoT), Cloud and Social Media in addition to developing solutions that emphasise creativity, design, and customer experience.

Business Environment

- Promulgation of the Global Headquarters Administration licence which provides for an 8-year tax holiday.
- Promulgation of the Regulatory Sandbox Licence (RSL) which offers the possibility to eligible companies to invest in innovative projects in sectors where there exists no regulatory framework or an inadequacy in terms of regulations, and to operate in a controlled environment with safeguards.



Air Connectivity

Launch of the Air Corridor which acts as a bridge between Africa and Asian countries thus opening up new avenues for investment and trade.



Legal framework

- Mauritius became the 2nd non-European state to ratify “Convention 108” which is the only binding standard which has the potential to be applied worldwide and provide legal certainty and predictability in international personal data transfers.

There is no doubt that the Mauritian ICT/BPO industry has come a long way since its beginning as a low-cost, low-skill destination. It has the potential to evolve further, from a skilled, low tax environment to a world-class innovation cluster for ICT companies. It is expected that digitization, disruptive technologies and innovation will fuel growth with new opportunities in the years ahead. Amidst the rising global competition, the ICT/BPO industry needs to gear itself well to face the next phase of challenges.

It is thus mandatory that continuous efforts be deployed for developing and expanding a skilled labour pool, particularly in industry-relevant niches, strengthening domestic players, improving infrastructure and, especially improving capability at R&D. With a view to bolstering growth and maintaining the momentum in the ICT/BPO industry for 2017, the Board of Investment shall focus its efforts on developing and diversifying the existing market base from traditional to non-traditional, exploring new avenues of investment, facilitating new and existing companies, and encouraging more value addition and innovation. Digital marketing tools shall also be increasingly leveraged for new opportunities and global brand recognition and visibility.

Performance Review 2016

The ICT-BPO industry is reaching a maturity phase after a decade of existence and growth has remained strong over the last few years. Official figures from Statistics Mauritius show that Gross Value Added earnings increased from Rs 19.4 BN in 2014 to Rs 21.4 BN in 2016 following an average growth rate of 6.5% per annum.

2016 was a year of rejuvenation for the ICT/BPO industry characterised by growth and diversification of most major existing BPO companies. A shift from “do it cheaper” to “do it differently” was also noted with most of the local companies constantly re-inventing themselves in order to survive and keep pace with the ever-changing needs of the market.

The vertical and market diversification initiative by the operators coupled with strong Government support has kept the industry competitive.

Although limited, the quality and productivity of the bilingual workforce in the ICT-BPO area have allowed the country to carve a niche in global business delivery.

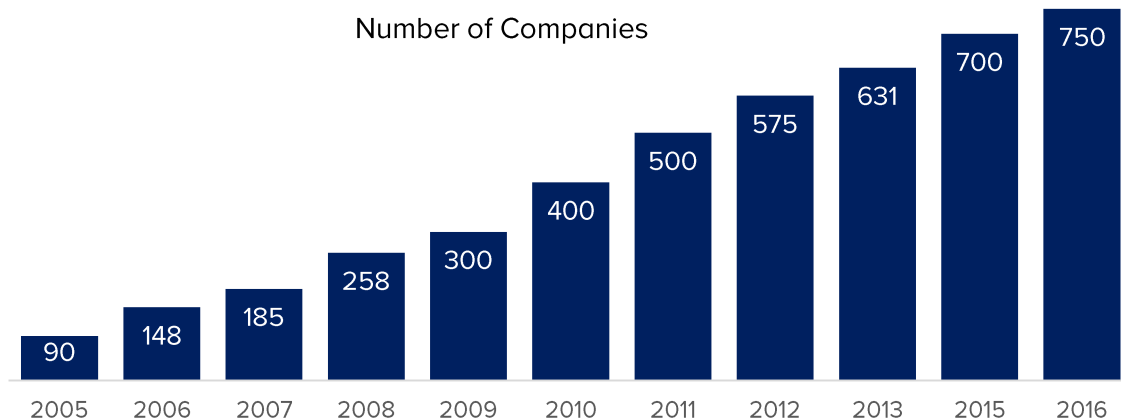
As a matter of fact, total employment in the industry has crossed the 20,000 threshold and now stands at 23,000 while the number of companies has increased from 700 in 2015 to 750 in 2016.

Key Highlights

Evolution of the ICT-BPO Industry

An increase of 7% was noted in terms of number of operational companies to reach 750 companies. This comprises large organisations, mid-sized as well as small enterprises which are offering their services across a number of verticals and service lines.

Interestingly, 35 % of the industry are start-ups (employing 1 to 9 people) at the vanguard of digital marketing, social media and web development services.

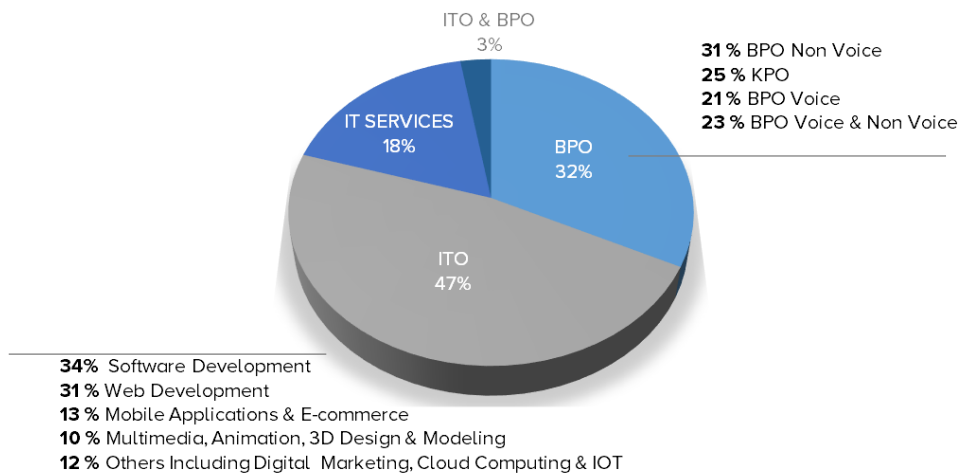


Industry Segmentation

ITO has maintained its progressive trend with an increase of 3% in terms of companies engaged in the development of software solutions. Nearly 353 companies operate within this segment with multiple companies offering new innovative activities such as SaaS, ERP and CRM testing. An emerging mass in multimedia activities characterised by virtual reality, 3D design, Animation and modelling activities among others has also been noted.

Within the BPO segment, an increase of 16% was noted with regard to the number of companies providing both voice and non-voice activities. It is expected that this trend shall persist given the global shift from voice to digital interactions. The industry has also sustained its trend towards high-end activities with over 60 companies providing specialised and knowledge intensive activities.

ICT/BPO Industry Segmentation



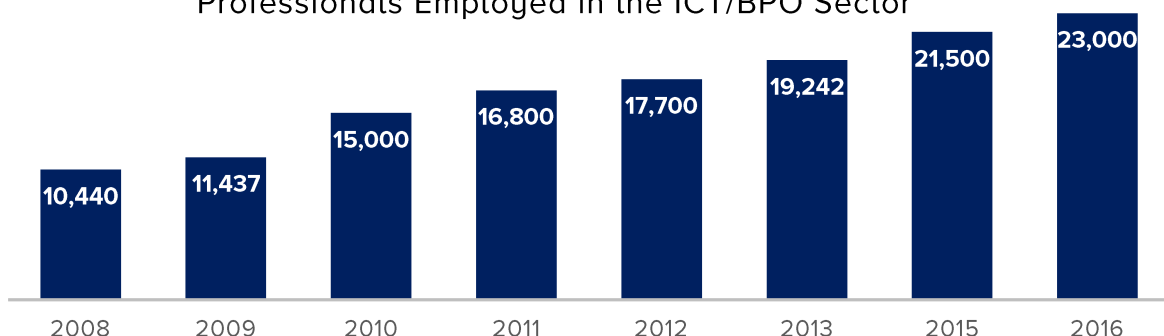
Employment

The BPO segment remains the main generator of employment with 53% of total employment in the segment of call centres, BPO Non Voice, KPO and Shared Services. There is a rise in demand for specialised roles related to data security, big data and emerging technologies such as cloud computing, amongst others. With the increasing technology pace, there is an immediate demand for programming languages such as Java, C, C++, PHP, android, with agile and scrum methodologies coupled with interpersonal and communication skills.

This illustrates the fact that Mauritius is at the forefront of technology and is reckoned as a niche player in the region.

An increase of 16% has been noted in the BPO segment with nearly 3,000 people employed in providing knowledge intensive services. This overall increase reflects the fact that the industry has surpassed the boundaries of transactional activities.

Professionals Employed in the ICT/BPO Sector



Breakdown of Employment



IT Services
2,323

Data Centers /
Disaster Recovery /
Business Continuity Process
Consultancy
Training
ICT Trade
Networking



ITO
4,208

Software Development
Web Development
Mobile Applications &
E-Commerce, Multimedia,
Animation, Digital Marketing,
3D Design & Modeling , Cloud
Computing & IOT



ITO/BPO
4,330



BPO
12,142

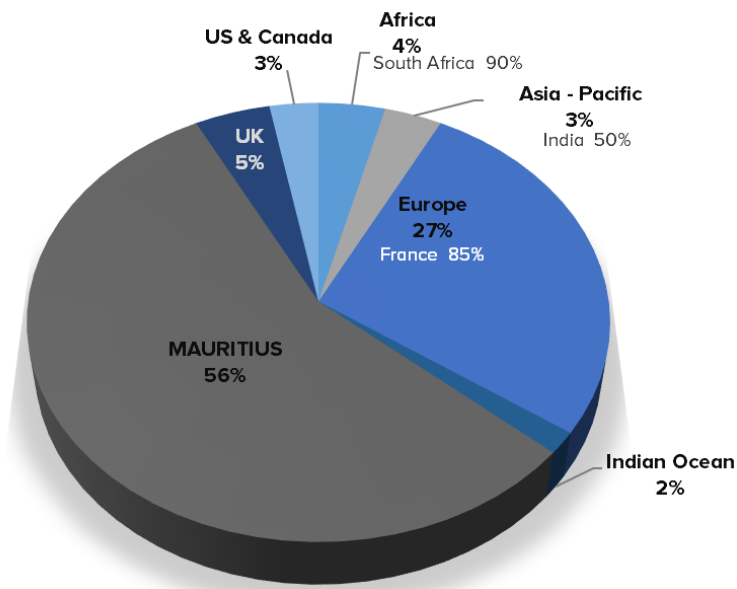
Call & Contact Centers
BPO Non Voice & Back Office
KPO
Shared Services

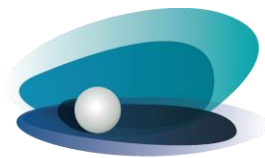
Source of Investment

Europe (excluding UK) continues to remain the primary source of foreign investment in this sector with France accounting for 85%. New markets have emerged from the Middle East, namely UAE, Israel & Dubai. However, like for previous years, the ICT/BPO industry remains a major catalyst for the creation of new start-ups and local companies accounting for 56% of the industry. This is in line with the government vision and objective in fostering a wave of modern entrepreneurs and also transforming the island into a nation of entrepreneurs.

The recent provision of several initiatives aimed at spurring innovation such as specialised incubators (for instance la Turbine), innovative grants schemes and training programs among others has helped in nurturing an entrepreneurial environment.

In terms of target markets, France within Europe predominates confirming the positive correlation between source of investment and language capability. USA, Canada and The Middle East are among the emerging markets





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