itida
Developing
IT in Egypt

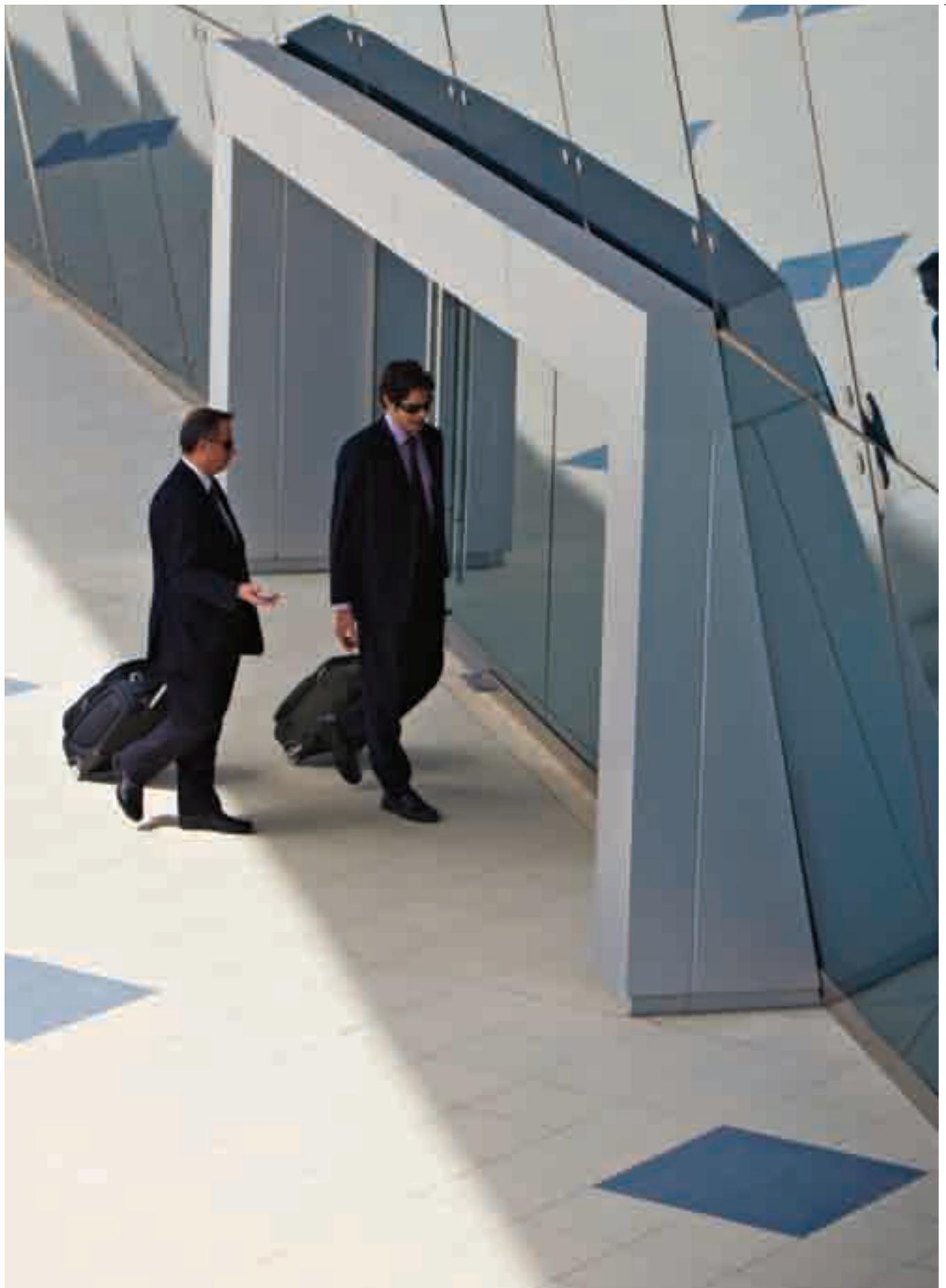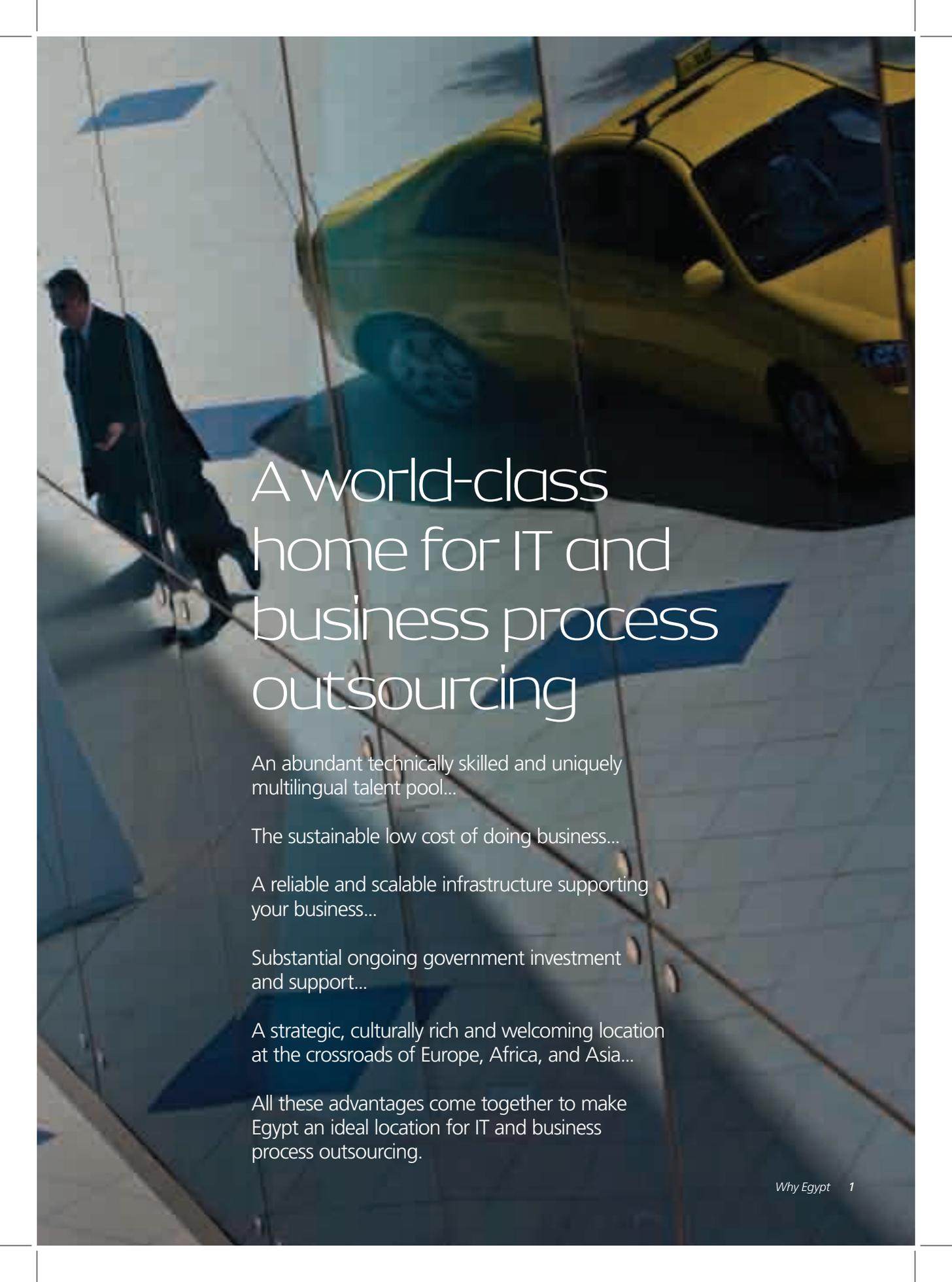# Why Egypt

Your guide to Egypt's strengths
as an outsourcing destination

Egypt on

A world-class home for IT and business process outsourcing

An abundant technically skilled and uniquely multilingual talent pool...

The sustainable low cost of doing business...

A reliable and scalable infrastructure supporting your business...

Substantial ongoing government investment and support...

A strategic, culturally rich and welcoming location at the crossroads of Europe, Africa, and Asia...

All these advantages come together to make Egypt an ideal location for IT and business process outsourcing.

From abundant talent...

Take, for example, Egypt's strengths as a home for business process outsourcing. Where else can you find call centers employing a multilingual, skilled, and loyal workforce with labor costs comparable to India? It's a winning combination that is uniquely Egyptian.

At the other end of the scale, Egypt is equally at home meeting the needs of IT outsourcing. Egypt has the individuals with the necessary skills, attitude, and brainpower.

...to key individuals

Microsoft, IBM, Oracle, Vodafone, Orange, Intel, Wipro, SQS, and Teleperformance are just some of the leading multinationals who have selected Egypt as the location for their global service delivery centers. Egypt is home, for example, to one of only two Microsoft Innovation Centers worldwide focusing on research and development

Egypt is ranked fourth in the 2011 A.T. Kearney Global Services Location Index, up two places compared with 2009
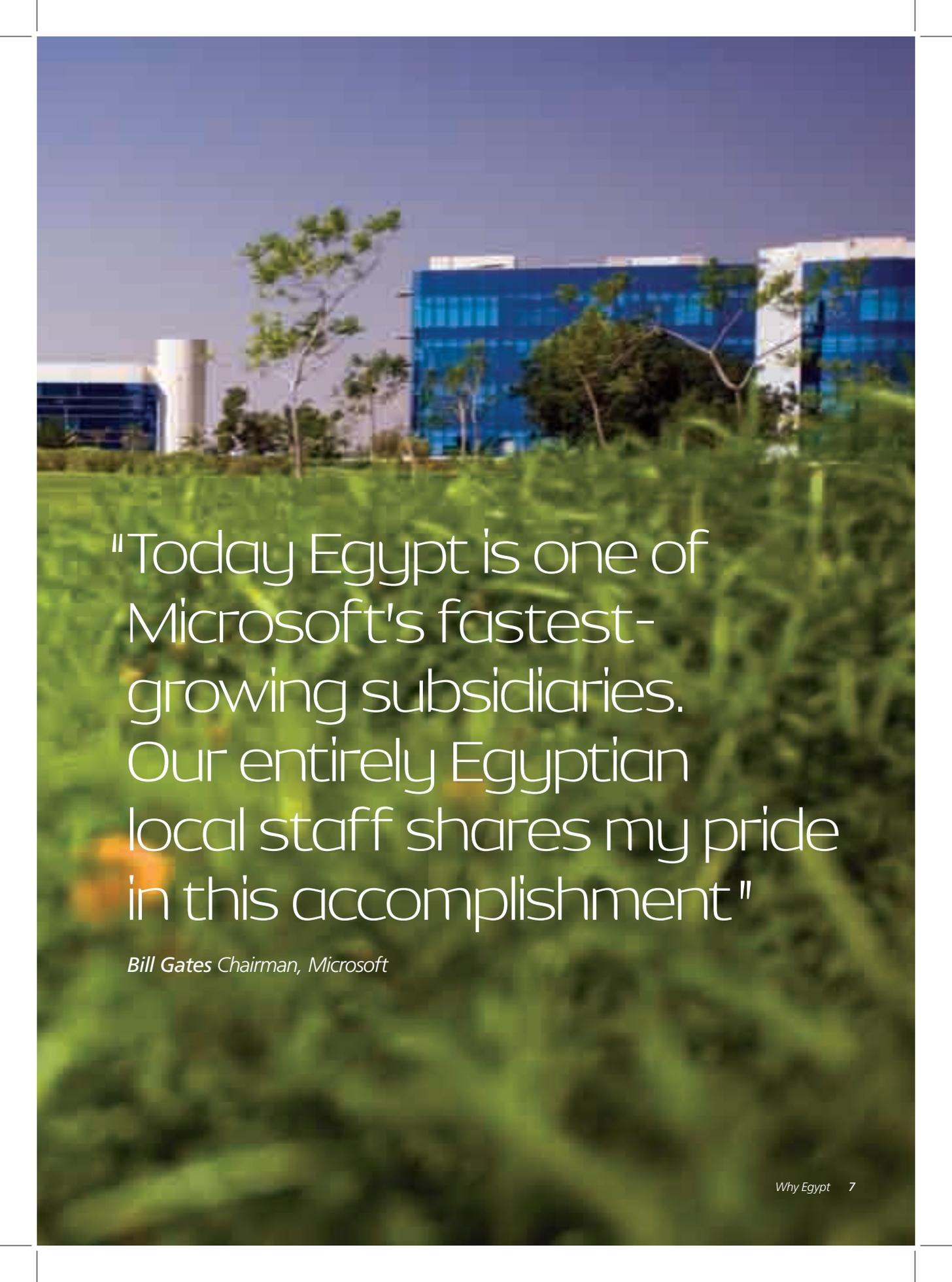
The destination of choice for leading multinationals

In recent years, Egypt has established itself as an outstanding location for IT and business process outsourcing. Its track record in this area is impressive, with a number of the world's leading companies already benefiting from Egypt's unique mix of strengths. As existing companies expand their operations and new companies arrive, Egypt is playing an increasingly important role in the world of IT and business process outsourcing.

Achieving Egypt's vision
With ITIDA, the Egyptian IT Industry Development Agency, at the heart of its long-term commitment and support, Egypt is well on the way to achieving its vision to be recognized as a top five global outsourcing and offshoring destination for the world's leading brands.

"Today Egypt is one of Microsoft's fastest-growing subsidiaries. Our entirely Egyptian local staff shares my pride in this accomplishment"

Bill Gates Chairman, Microsoft

on talent

Egypt has a large and rapidly growing talent pool ideally suited to IT and business process outsourcing

Focus on Egypt's talent pool

Abundant multilingual talent
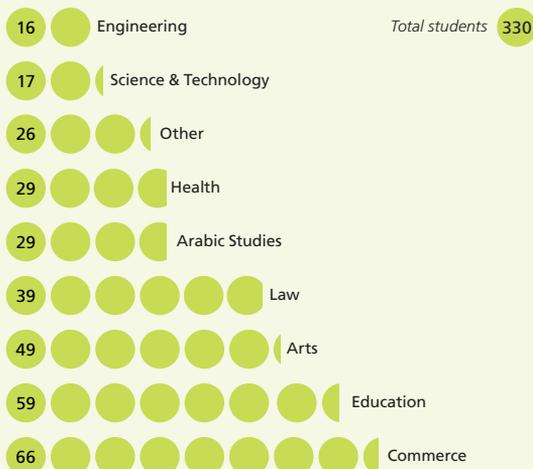
The right qualifications

Every year approximately 330,000 students graduate from Egyptian universities. Of these, around 66,000 graduate in commerce, around 17,000 graduate in science and technology, and approximately 16,000 in engineering. – creating an annual talent flow of over 90,000 graduates suited to IT and business process outsourcing.

Uniquely multilingual

The Egyptian IT and business process outsourcing talent pool is not only large, it is also uniquely multilingual. Alongside Arabic and English, many graduates speak French, German, Spanish, and Italian.

Around 31,000 students fluent in western European languages graduate from Egyptian universities every year.

Annual number of graduating students

		Total students	330
16	Engineering		
17	Science & Technology		
26	Other		
29	Health		
29	Arabic Studies		
39	Law		
49	Arts		
59	Education		
66	Commerce		

Yearly, thousands by faculty

Approximate figures, October 2010

Source: MCIT data, AC Nielsen language study 2009

Suitable* and willing graduates for offshoring industry

Number of graduates

Language	Number
Spanish	300
German	800
Italian	1,500
French	3,000
English	26,000
Total suitable talent pool	31,600

Approximate figures, October 2010

*Berlitz level 4+ indicates ability to function in common personal and professional situations
Source: MCIT data, AC Nielsen language study 2009

"We looked at different countries around the world to select a location to establish Oracle's eighth global product center. We chose Egypt for a number of factors, including its talent pool, political support from the Egyptian government, telecom infrastructure, and the flexibility of the labor law"

Assem Khalil *Director of Support, Oracle*

Continuing to develop the talent pool

Egypt is continuing to invest in the development of outsourcing-ready talent in many different ways.

Training graduates for BPO

The Education Development for Universities in Egypt (EduEgypt) is the result of close collaboration between ITIDA, universities, leading companies involved in BPO training, and multinational clients. EduEgypt has been developed specifically to train university graduates in the soft, technical and language skills required for business process outsourcing.

Increasing the multilingual talent pool

The European Language Program is designed to increase the pool of entry-level BPO and technical support talent with proficiency in French, Spanish, German, and Italian languages. Launched in partnership with leading language institutes in Egypt, the Program accomplished training for more than 300 trainees in the first year across 2 languages. The plan is to expand to all languages and ramp up by 3 to 4 times in subsequent years.
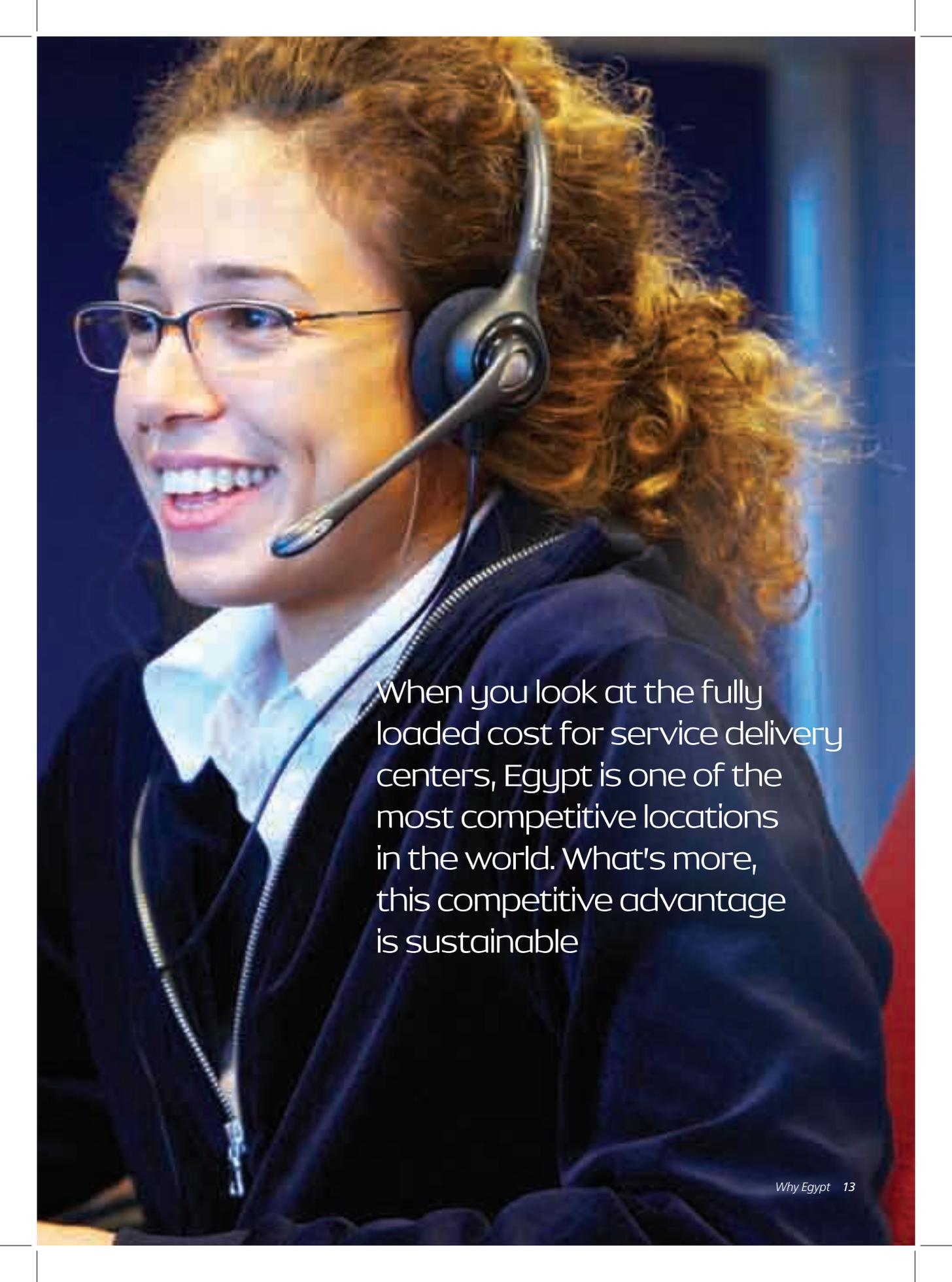
Working in partnership at Nile University

Another great example can be found at Nile University. Established with the help of the private sector in 2006, Nile University specializes in engineering and ICT graduate studies and has a number of partnerships, for example with Bell Labs and Alcatel-Lucent Technologies.

on cost

When you look at the fully loaded cost for service delivery centers, Egypt is one of the most competitive locations in the world. What's more, this competitive advantage is sustainable

The low cost of doing business

The World Economic Forum's Global Competitiveness Report 2009/2010 ranked Egypt in 70th place (up from 81st in 2008/2009). Egypt's improved ranking was attributed to the upgrading of its infrastructure across all categories and to positive developments related to labor market efficiency.

As you will see from the following graph, the cost of doing business in Egypt is substantially lower than Eastern Europe and comparable to India. This is driven mainly by low labor costs.

Fully loaded costs include personnel (agent compensation, supervisor compensation, and other direct costs) and non-personnel costs (IT, telecom, SG&A, rent, and other operating costs).

Fully loaded operating costs for large BPO centers

Poland
19,890 | 6,880 | **26,770**

Morocco
17,080 | 7,150 | **24,230**

Philippines
11,010 | 5,350 | **16,360**

Egypt
9,430 | 6,400 | **15,830** | -35% | -41%

India
9,830 | 5,180 | **15,010**

● Personnel*

● Non-personnel**

US$, per year (2009)

Approximate figures, October 2010

*Includes agent compensation, supervisor compensation, support staff costs, training and recruitment, and other direct costs
**Includes IT, telecom, SG&A, rent, and maintenance
Source: MCIT / ITIDA, industry expert interviews

Spotlight on the low cost of talent

The low cost of high quality talent is also a feature of Egypt. As you will see from the graph on the right, the compensation cost for IT programmers in Egypt, for example, is lower than in most other locations – significantly so in many cases.

Long-term cost advantages

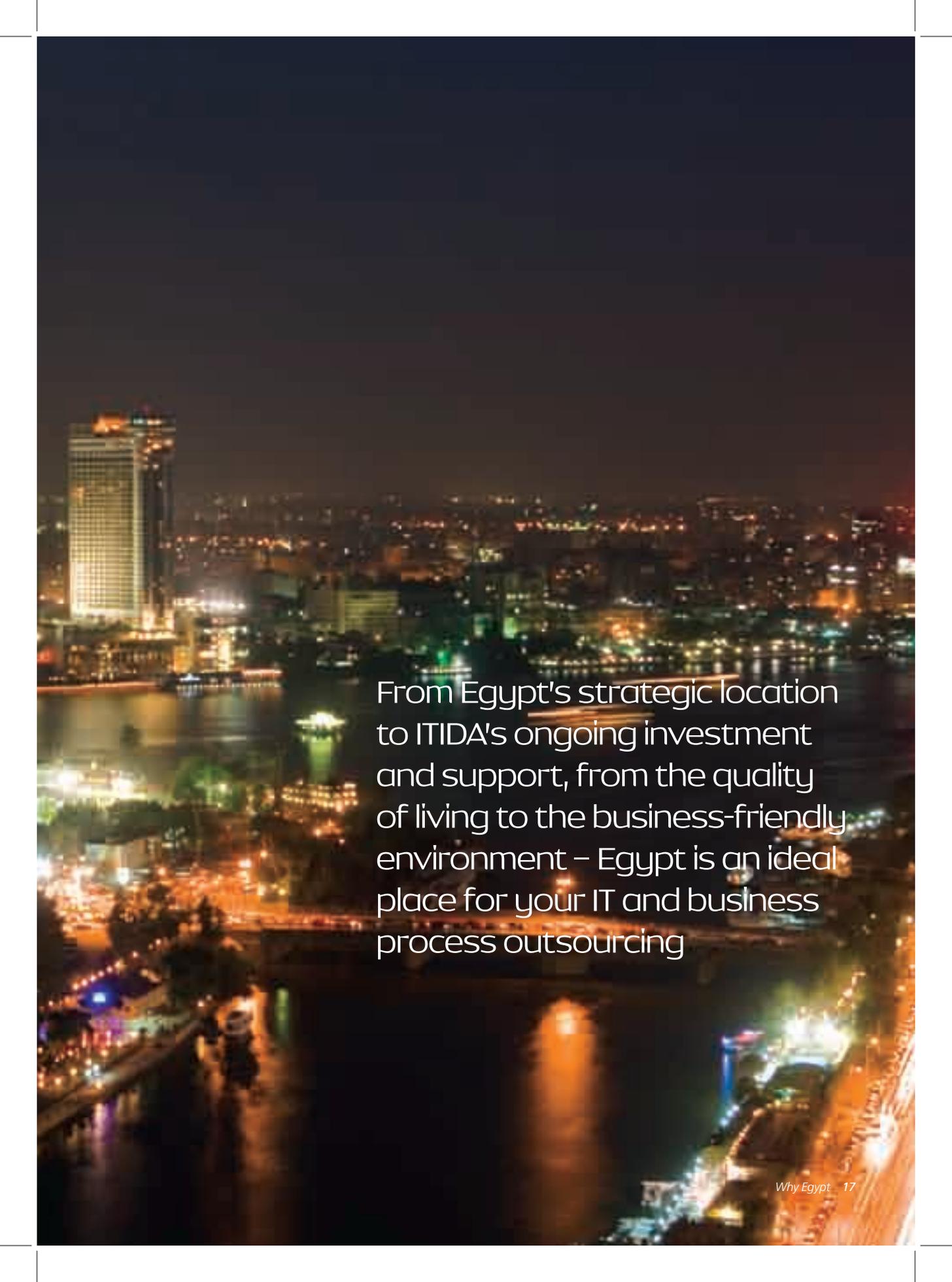Moderate wage inflation combined with a surplus of talent makes Egypt's cost-competitiveness sustainable.

Average IT entry level programmer compensation

Country	Compensation
Philippines	9,000
India	11,963
Egypt	14,752
Romania	15,081
Poland	16,404
China	19,855
Morocco	21,514
Hungary	24,456
Czech Republic	24,491
Brazil	38,895
UAE	46,851

US$ 2009 - 2010 – IT programmer salaries are fully loaded, includes total pay, payroll taxes, social security contributions, and medical insurance.

Source: Watson Wyatt

on location

From Egypt's strategic location to ITIDA's ongoing investment and support, from the quality of living to the business-friendly environment – Egypt is an ideal place for your IT and business process outsourcing

Focus on Egypt as an ideal place to do business

Egypt is strategically located as a hub between Europe, Africa, Asia, and the US

- *Similar time zone as Europe (1 hour ahead of CET)*
- *Geographically close to Europe – 4 hours' flight time from major European capitals*
- *Geographically close to Asia and Africa – 6 hours' flight time from India, and an average of 3 hours from major centers of Middle East*
- *Geographically closer than India and Philippines to US and Canada*

New York (12hrs)

London ● ● Amsterdam
● Munich
Madrid ● ● ● Istanbul
Rome
Moscow
Cairo ●
Riyadh ● ● Dubai
● Mumbai (5.5hrs)
Tokyo (12hrs)
5 hour flight radius
● Singapore (10hrs)
● Johannesburg (8.5hrs)
● Buenos Aires (15.5hrs)

11 10 9 8 7 6 5 4 3 2 1 0 1 2 3 4 5 6 7 8 9 10 11 12

A world-friendly location
Egypt is where Europe meets Africa meets Asia. An ideal location where a beneficial time zone, with Paris just an hour behind and New Delhi only three and a half hours ahead, meets a modern progressive culture with a distinctly Mediterranean flavor.

Ongoing investment and support
ITIDA is at the heart of the investment and support provided to the IT industry. A successful public-private partnership between the Egyptian Ministry of Communications and Information Technology (MCIT) and the private sector, ITIDA is responsible for developing IT in Egypt. A key part of this responsibility is to develop Egypt as a leading global outsourcing location by attracting direct foreign investments. To this end, ITIDA acts as an invaluable helping hand for multinationals – one point of contact for ongoing advice and support.

ITIDA helps in many ways. It helps overseas investors explore and apply for incentives for the business process and IT outsourcing sector. It helps protect intellectual property rights. It oversees and facilitates the use of e-signatures. It supports Egypt's college-going workforce with additional training programs. It provides capacity-building programs to industry players as part of its commitment to encouraging IT industry development. And it helps to advance the careers of the large number of professionals who live and work in the country.

High quality scalable infrastructure
Egypt has invested in developing world-class infrastructure facilities, including real estate, telecommunications, and internet connectivity. Smart Village on the outskirts of Cairo provides a state-of-the-art home for approximately 40,000 professionals out of which 20,000 working in the outsourcing industry. In addition, the Maadi Park in Cairo will be up and running in 2012 for 30,000 people working in business process outsourcing. The Smart Village and Maadi Park will ultimately be home to over 100,000 professionals. Developments in other cities such as Alexandria are also under way.

Quality of living
From its broad range of international schools to its distinctly warm and welcoming atmosphere, Egypt is a good place to live and work.

The Mercer Quality of Living Survey 2006 and 2008 ranked Cairo higher than any other city in Africa or India.

The Survey takes into account a range of criteria, from the political and social environment to health and sanitation, education, public services and transportation, recreation, housing, and the natural environment.
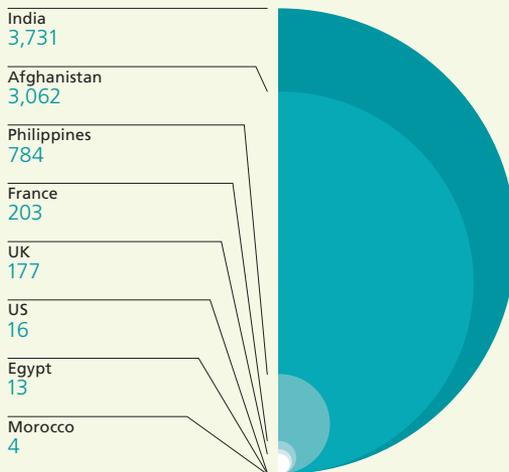
"On top of that we find that the government, through multiple organizations including ITIDA, supports the training of graduates to very advanced level"

Taha Khalifa, *Country Manger, Egypt, Intel*

Safety and security

Compared with many other outsourcing locations, Egypt ranks highly for safety and security. Egypt's position in the Global Peace Index has risen steadily over the last few years, from 69th in 2008, to 54th in 2009 and 49th in 2010 – well ahead of other outsourcing locations such as India.

In addition, the Black Book of Outsourcing lists Cairo as one of the ten safest places to do outsourcing.

India
3,731

Afghanistan
3,062

Philippines
784

France
203

UK
177

US
16

Egypt
13

Morocco
4

Incidents of terrorism from January 2005 to June 2008

A leading reformer

In recent years, Egypt has carried out wide-ranging reforms to ensure a business-friendly environment for international business.

In the IFC–World Bank Doing Business 2010 report, Egypt rose sharply from 116th to 106th in the ranking on the ease of doing business, driven by regulatory reforms that have made it easier to start and operate a business in the country.

Key changes include tax reforms, such as cutting corporation tax to 20%; customs reforms, including simplifying and reducing tariff bands; and financial sector reforms, for example introducing anti-money laundering regulations in line with international standards.

Intellectual property protection and e-signature reforms have also been introduced, again in line with internationally recognized standards and procedures.

The objective is to ensure that Egypt is a great place for the world's companies to invest in and do business.

Source: Worldwide Incidents Tracking System (WITS), US Department of State

Let's talk

We'd like you to make the most of outsourcing in Egypt.

If you have any questions or would like to explore the opportunities, talk to us. We could be just the people and the place you're looking for.

For more information please contact us:

Information Technology Industry Development Agency
Smart Village, Building (B121)
Cairo-Alexandria Desert Road
Giza, Egypt
PO BOX 12577

egypton@itida.gov.eg

2010/09