



THOUGHT LEADERSHIP

MAURITIUS – PERSPECTIVE ON EMERGING GLOBAL SOURCING LOCATION

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EMERGING NATIONS

Since the advent of India and the Philippines as proven destinations for global sourcing, a host of nations – mostly emerging/ developing – have sprung up either as credible alternatives to these traditional locations, or as new locations for “seemingly” new value-based provisioning of IT and business process services. Not all have lived up to the marketplace expectations having oversold themselves in the melee of positivity fueled both by the vendor and advisor community, supported by location assessments parlayed by a range of entities- research and consulting firms alike. From AT Kearney’s ranking on competitiveness to city assessments by neoGroup or Tholons, to identification of potential new locations by KPMG and Forrester, the buyer marketplace has been provided with an array of choices on the location shelf. From positioning much the same rhetoric – cheap labor, voice competencies, tax holidays, and a growing economy – these nations have gone through various trysts and travails across all the continents. Some have retained their positioning (not always accepted positively of course), while others have learned, and made relevant course corrections to create a distinctive positioning that has aligned itself to changing buyer dynamics. From across Latin America, Sub-Saharan Africa, Middle East, to Eastern Europe and Asia-Pacific, there are many nations vying for an increasing piece of the global pie. This paper looks at one location that has made a course correction at the right time and veered away from the location clutter – Mauritius.



FUTILITY OF BEING A ME-TOO

Mauritius, a small volcanic island nation in the southern Indian Ocean, adjacent to the large island of Madagascar, east of the continent of Africa, with a population of a little over 1.3 million emerged from the colonial clutches of the Dutch, English and subsequently the French, to drive an economy based purely on sugar and tourism. Realization that their fortunes are invariably tied to creating sustainable and fast-growing economic sectors that could reduce their inordinate dependence of imports, the nation took a plunge into creating an ICT sector that could support the needs of its erstwhile colonial masters (namely France and the UK) through provisioning competitive yet cheap labor. Much like any other emerging nation, Mauritius did the minimal in provisioning dedicated technology parks (thanks to investments from India), and tried to garner investments into the ICT sector (where the positioning was that the nation was a compelling offshore destination). Alongside Kenya (38 million population), South Africa (51 million population), Ghana (25 million population), Mauritius in the initial years starting 2000 continued to woo investors deploying much the same rhetoric. Various French companies did invest in Mauritius, predominantly owing to a population that spoke French/Creole and came significantly cheaper. However this entry into the sourcing industry did little to the nation per se which was struggling with its own economics (given lack of sustainable sectors that could contribute to GDP growth). Meanwhile buyer locations continued to compare this small nation with other Sub-Saharan African locations like Kenya, South Africa and Ghana, notwithstanding the fact that none of these locations had yet lived up to the promises being made (pointedly aligned at comparing themselves to be better than India using operational indices alone).

While the economic crisis put a big spanner in the works with global sourcing in general, a host of emerging nations had lost out on delivering upon their claims. Significant causes for such failure included (but not limited to) lack of structural reforms, policies or infrastructure that could cater to the growth that was being projected for the ICT sector (and outsourcing providers from within). Mauritius did realize early on in 2010 (unlike other nations like Ghana, Kenya, South Africa, Senegal, Malaysia, Jamaica, Serbia, Poland and Uganda to name a few) that their leadership couldn't be sustained through competing with proven locations where both depth and breadth of various sectors could enhance the value proposition of such nations. They had to realign their positioning while not compromising on the nation's endeavor to create a sector that propelled their GDP and reduced their dependence on imports and a mono-crop economy. Five pillars of the economy were identified, and fiscal support extended (including policy changes to support quick growth and ease of doing business). One of these pillars is the ICT sector. Like any other emerging nation, a long-term Vision was established (a 2030 Vision document in this case) where emphasis on creating the right infrastructure, modifying policies that promoted job creation and entrepreneurship were pursued aggressively.

REALIZATION & LEADERSHIP

While this approach has been replicated by many other nations with similar aspirations the interesting twist came when the first submarine cable landed in Mombasa, Kenya in 2009. Until the advent of this cable, Sub-Saharan Africa was hardly connected to the rest of world, delaying access to the internet and inhibiting growth of the sector. Mauritius embarked on some landmark initiatives like putting a deadline for making Internet a basic human right (incidentally the second nation on the planet to do so after Finland), investing in bandwidth and various communication technologies (through opening its telecom sector to private players), investing in local loops to compliment access to the internet for both Sub-Saharan Africa and into Europe, and last but not the least, developing relevant policies around Data Protection, deregulation of the telecom sector, investments in FTTB and FTTH initiatives (including leveraging WIMAX), establishment of an ICT regulator (and not just an agency), participating in the Broadband Commission of the UN, and formulating regional policies in terms of promoting specificities of smaller island economies as also investing in creating a regional IXP platform for sharing bandwidth while increasing utilization (and thereby promoting e-commerce within the African continent) have become laudable initiatives.

Going forward Mauritius is readying itself to take on a regional leadership role (for the entire Sub-Saharan African continent) through creating an ecosystem and enabling environment, where government leadership and foresight have been accepted as a foregone conclusion. The performance of Mauritius in this regard, where the nation's collective endeavors at creating an environment first (across both regulatory and business environment) have been globally acknowledged (by both UN and the World Bank) as the most appropriate and sustainable manner in which to develop a sector, and leverage the sector's positive impacts. Further, Mauritius' emphasis on regional leadership through sharing its learning and best practices have been lauded as forward-looking and extremely far-sighted as well.

Mauritius is now well placed to become a de-facto regional leader in the ICT sector, with many nations from Africa willing to learn from the nation's successes, and customizing such experiences to transform their own internal economies. While much has been done, said and gained through positive regulatory environments, concerted market outreach and leveraging partnerships (like UNECA¹, SADC², COMESA³),

¹ **UNECA – United Nations Economic Commission for Africa** (www.uneca.org) was established by the Economic and Social Council (ECOSOC) of the United Nations (UN) in 1958 as one of the UN's five regional commissions. ECA's mandate is to promote the economic and social development of its member States, foster intra-regional integration, and promote international cooperation for Africa's development. The ECA's dual role as a regional arm of the UN, and a part of the regional institutional landscape in Africa, positions it well to make unique contributions to member States' efforts to address their development challenges. Its strength derives from its role as the only UN agency mandated to operate at the regional and sub-regional levels to harness resources and bring them to bear on Africa's priorities.

² **SADC – South African Development Committee** (www.sadc.int) is a group of 15 member states focused on regional integration through leveraging shared values and culture. Their vision is that of a common future, a future

these are still seen as reflective of strategic economic endeavors. The next level would be to ensure that the private sector in Mauritius (and as an extension, from the larger continent of Africa) is inextricably included into implementation aspects surrounding ICT's role in core economic sectors (Healthcare, Education, Government, Transportation, Logistics, Retail, Telecommunications, Media & Entertainment, Agriculture, Commodities, Manufacturing and the like). This is where we see global sourcing playing a pivotal role in furthering the development agenda. A nation whose actions need to be observed closely as Mauritius takes on the mantle of regional leadership for Africa and contributing to the fast-paced growth envisaged for the continent.

ABOUT THE AUTHOR



Bobby is one of the top 25 most powerful leaders in the global sourcing space, and the [founding] **Chairman & CEO** of **Matryzel Consulting Inc**, a strategy consulting, sourcing advisory and management firm headquartered in New York. Matryzel advises corporations and governments worldwide adopt concerted strategies aimed at enhancing competitiveness while focusing on their core competencies. He advises federal governments across four continents on ICT sector development with particular emphasis on policy development, industry-government partnerships aimed at creating GDP growth and enabling positive economic impacts. Bobby has advised Fortune 500 customer organizations on Strategic Planning, Mergers & Acquisitions, JVs, Private Capital Investment Evaluations, Process Reengineering, Pricing Strategies, Sourcing Relationships, Business & Financial Modeling et al, contributing immensely to global sourcing for clients. He is a sought-after speaker in conferences and round-tables worldwide where he moderates panels and presents content on thought leadership. He has been quoted and published in Forbes, fDi, Economist, The Outsourcing, ZDNet, CIO Africa, Brazil Exportati, Times of India, Business Week, New Straits Times, Malaysian Business, Technology Inquirer, Logically Worldpress etc.

within a regional community that will ensure economic well-being, improvement of the standards of living and quality of life, freedom and social justice and peace and security for the people of Southern Africa. This shared vision is anchored on the common values and principles and the historical and cultural affinities that exist between the people of Southern Africa.

³ **COMESA – Common Market for Eastern & Southern Africa (www.comesa.int)** is focused on economic prosperity through regional integration'. With its 19 member states, population of over 389 million and annual import bill of around US\$32 billion with an export bill of US\$82 billion COMESA forms a major market place for both internal and external trading.