

The Carthage Investment forum

Tunisia's current competitive position in Offshoring



Tunis, Friday 4th of June, 2010



Offshoring encompasses 4 segments, all present in Tunisia

Description



Tunisian examples

BPO Data



- Accounting
- HR
- Finance
- Procurement
- etc



▪ 300 jobs in Tunisia



▪ 90 jobs in Tunisia

BPO Voice



- Inbound calls
- Outbound calls



▪ 5 000 jobs in Tunisia



▪ 700 jobs in Tunisia

ITO



- Infrastructures (e.g. production)
- Applications (e.g. development, maintenance, integration)
- Software integration
- IT consulting



▪ 200+ jobs in Tunisia



▪ 1750 jobs in Tunisia

R&D / Knowledge



- Product design
- Embedded systems
- Engineering services
- Product R&D
- Knowledge



▪ 250 technology and engineering jobs in Tunisia

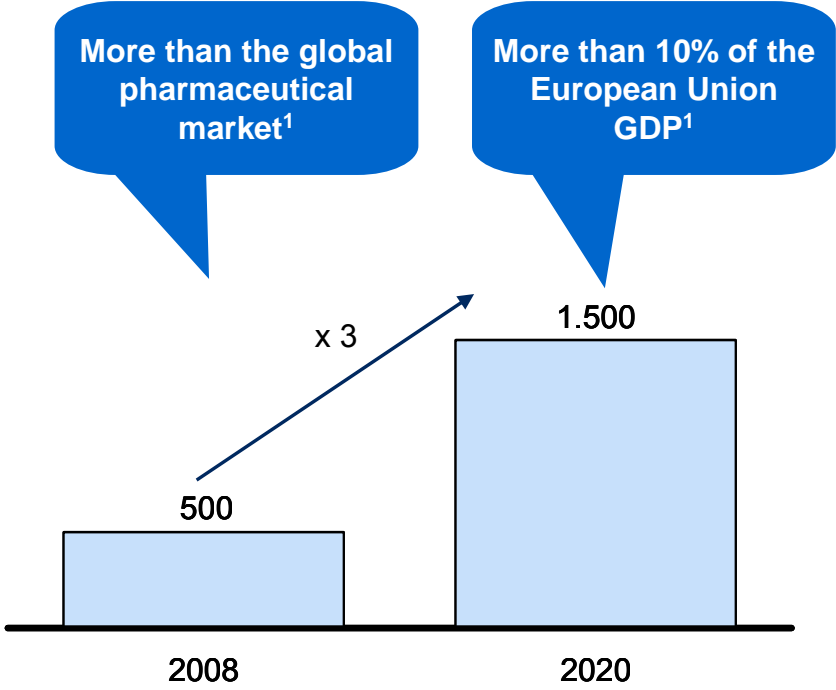


▪ 800 jobs in Tunisia

Tunisia is surfing on a global mega-trend shaping CEO's agendas

The global Offshoring addressable market opportunity for providers will triple by 2020

Total addressable market, USD billion



“ Your back room is somebody else’s front room. Back room by definition will never be able to attract your best. We converted ours to some one else’s front room insisted on getting their best. This is all outsourcing about. ”

– Jack Welch, former CEO, General Electric



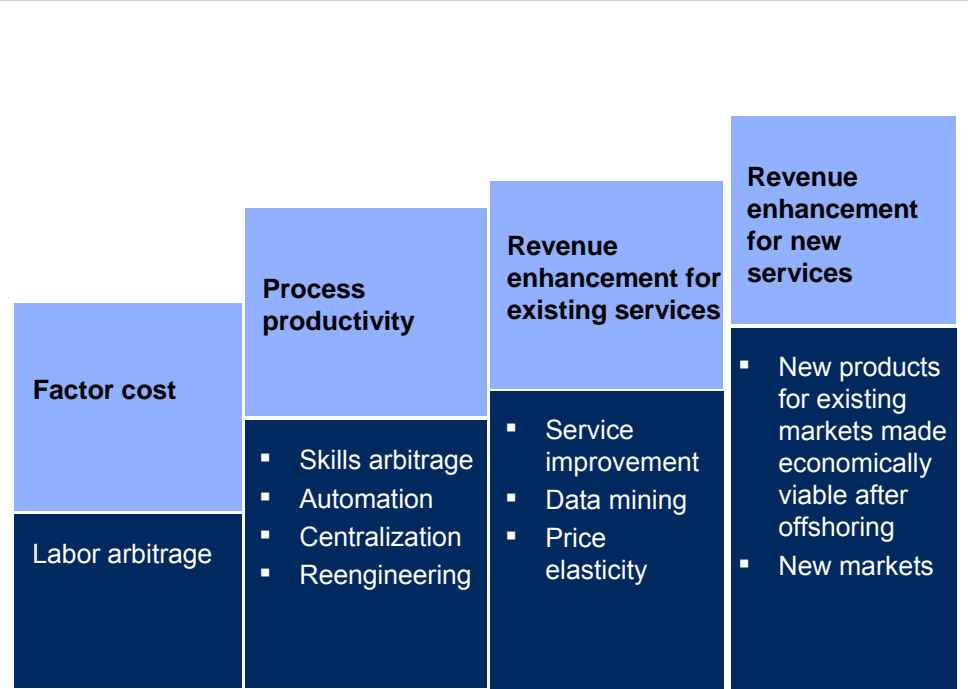
“ ... We need to realize that many of these jobs are being offshored not only because they're cheaper abroad, but it's easier to find the capabilities we need abroad. ”

– H. McKinnell, former CEO, Pfizer

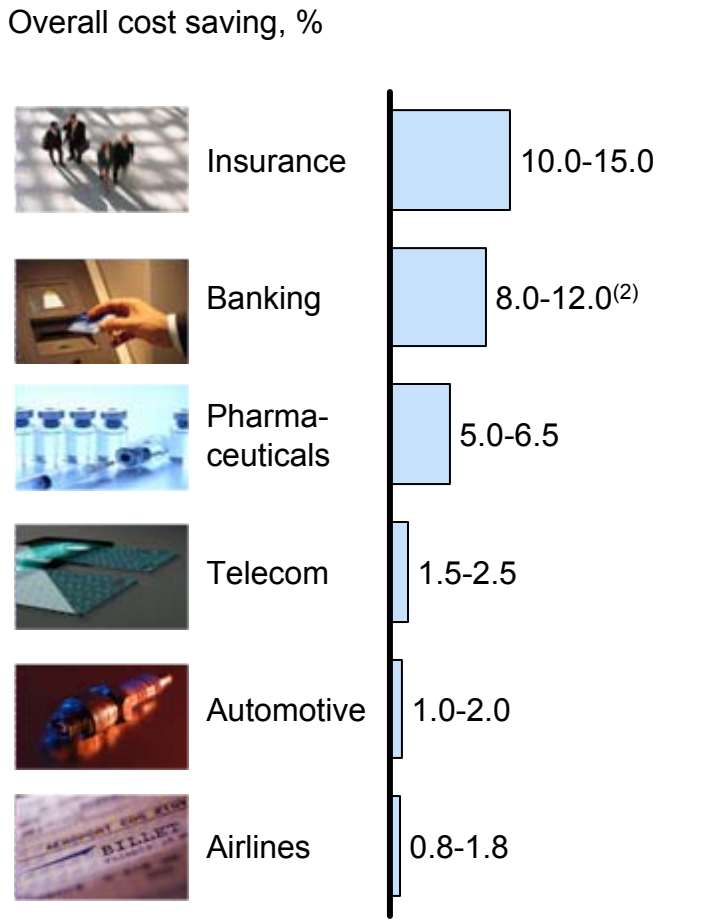
Who are improving scientifically their profitability and their value to customer

EXAMPLES

The benefits of offshoring goes far beyond labor arbitrage



Impact of offshoring business processes¹

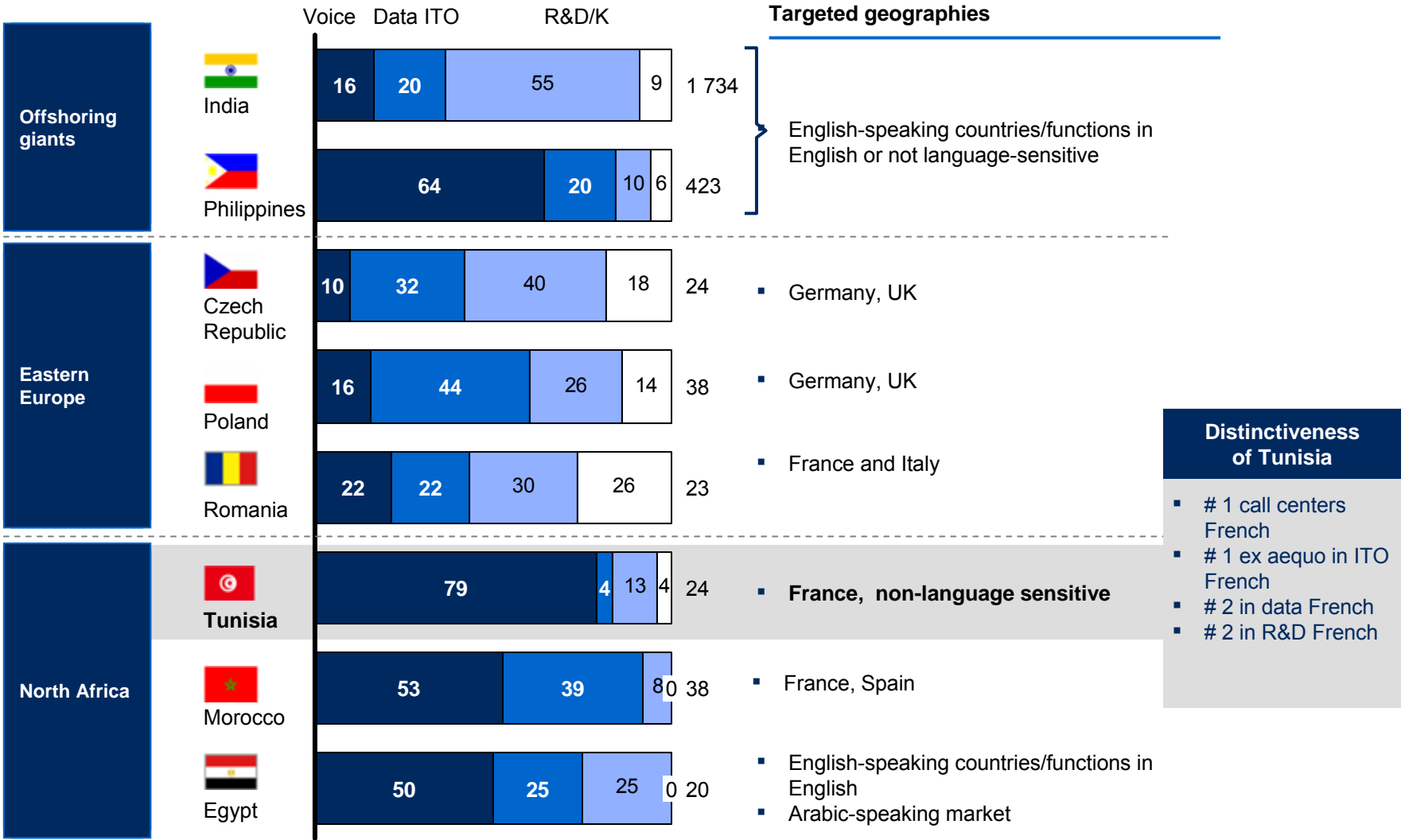


¹ Estimates based on specific representative companies

² Non-interest expenses

Sector maturity: Tunisia is today one of Europe's top nearshore destinations and a leading destination in certain segments

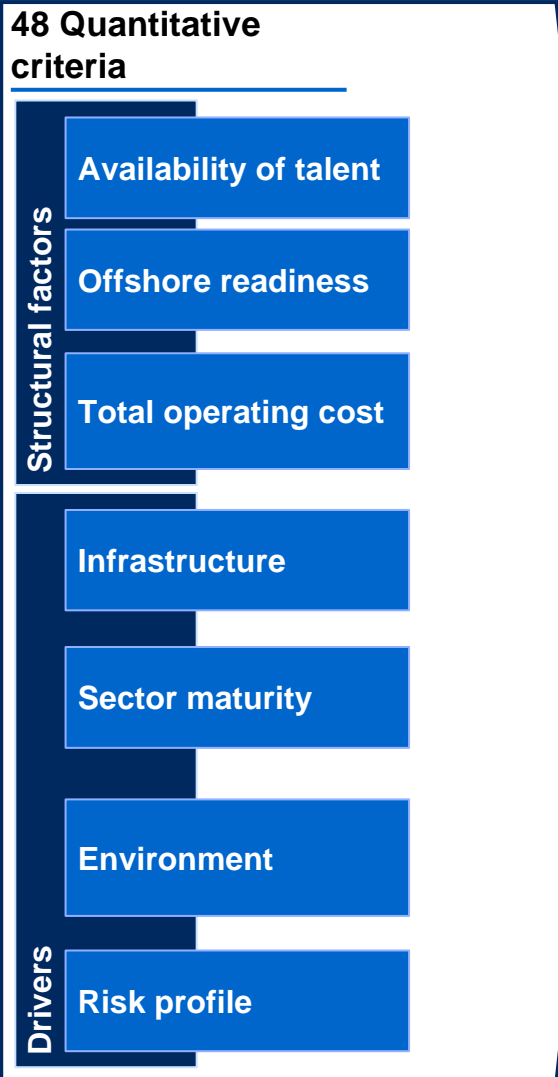
(%), thousands of offshoring jobs, latest available figures



Distinctiveness of Tunisia

- # 1 call centers French
- # 1 ex aequo in ITO French
- # 2 in data French
- # 2 in R&D French

We benchmarked Tunisia along the Location Readiness Index on criteria very specific to Offshoring



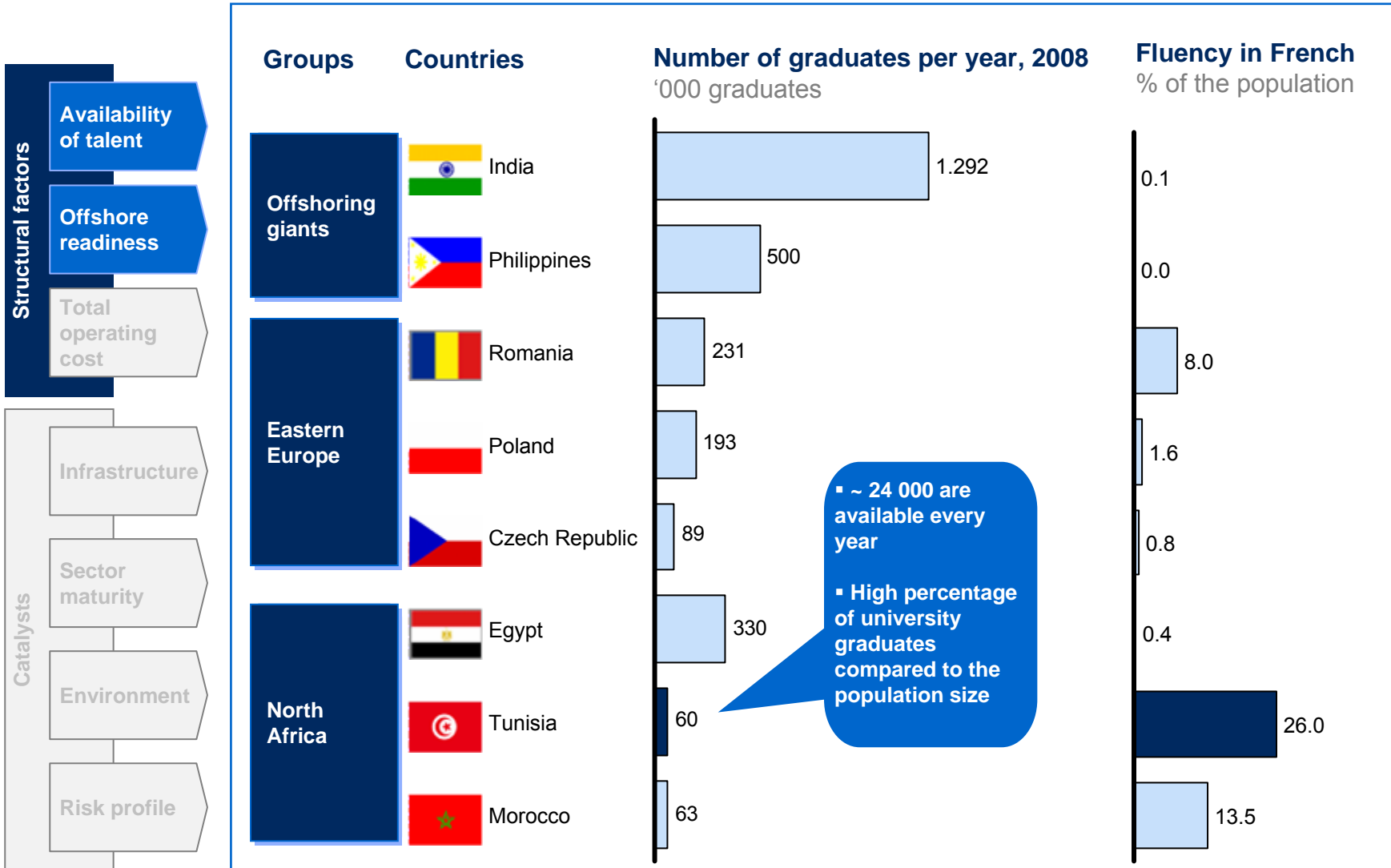
Benchmark of 15 countries

 Tunisia	 Philippines	 Czech Republic
 Poland	 France	 Kenya
 Bulgaria	 China	 USA
 Romania	 Mauritius	 Italy
 India	 Morocco	 Egypt



1 Location Readiness Index used by the world's 13 leading offshoring countries

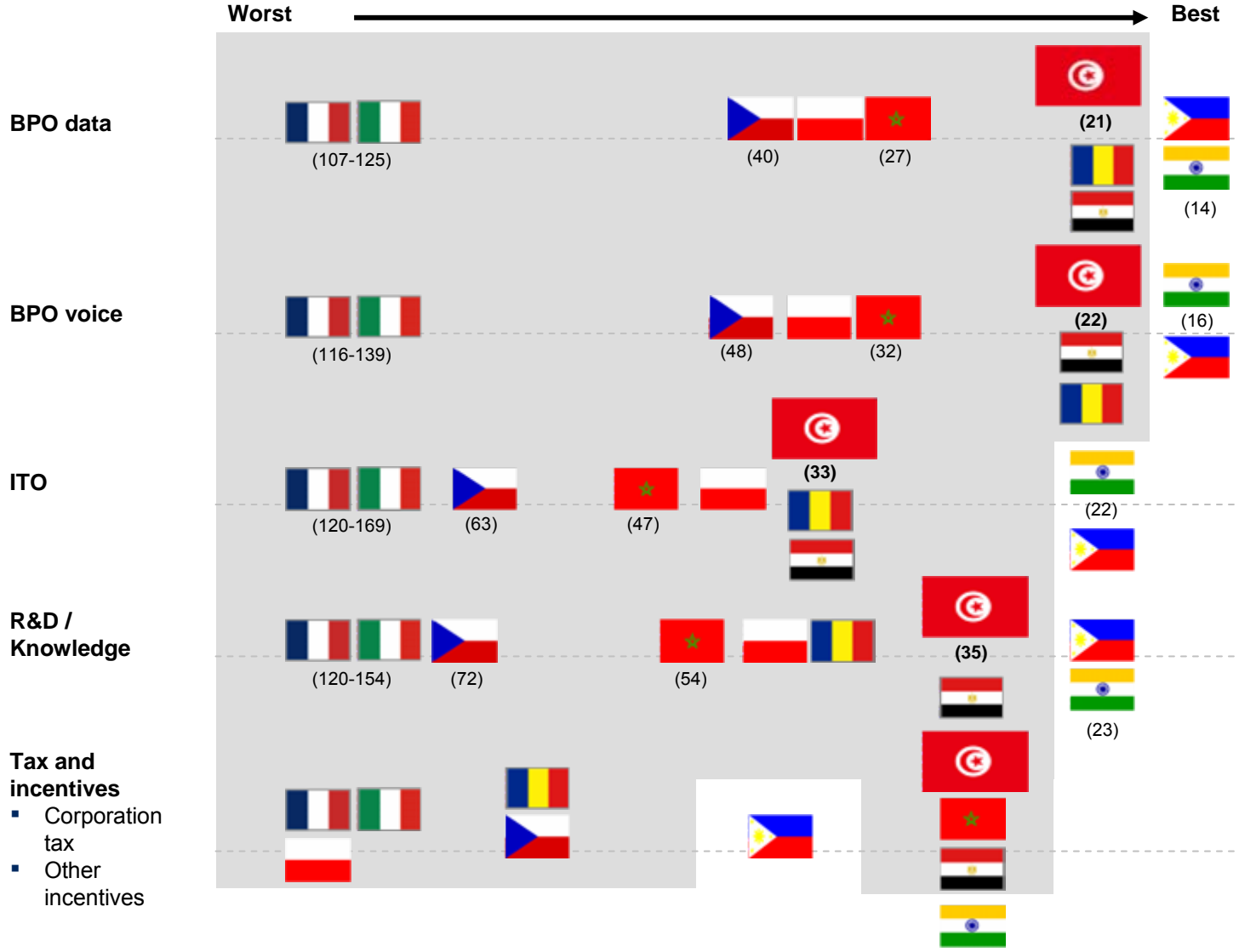
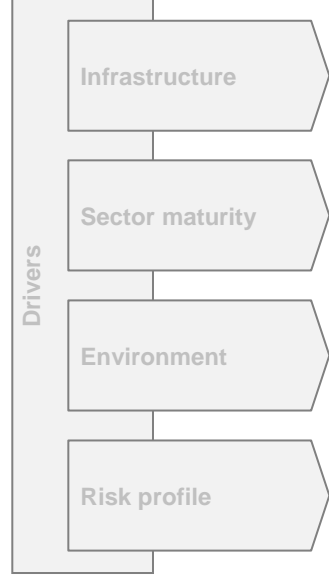
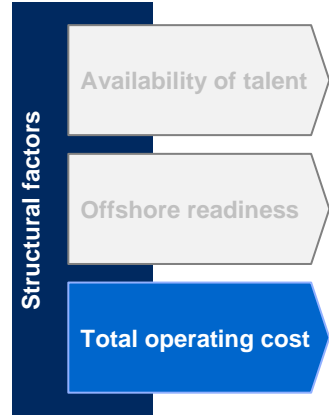
Despite its small size, Tunisia exhibits an offshoring ready talent pool with distinctive French skills



Tunisia has a very competitive cost position among all Euromed countries

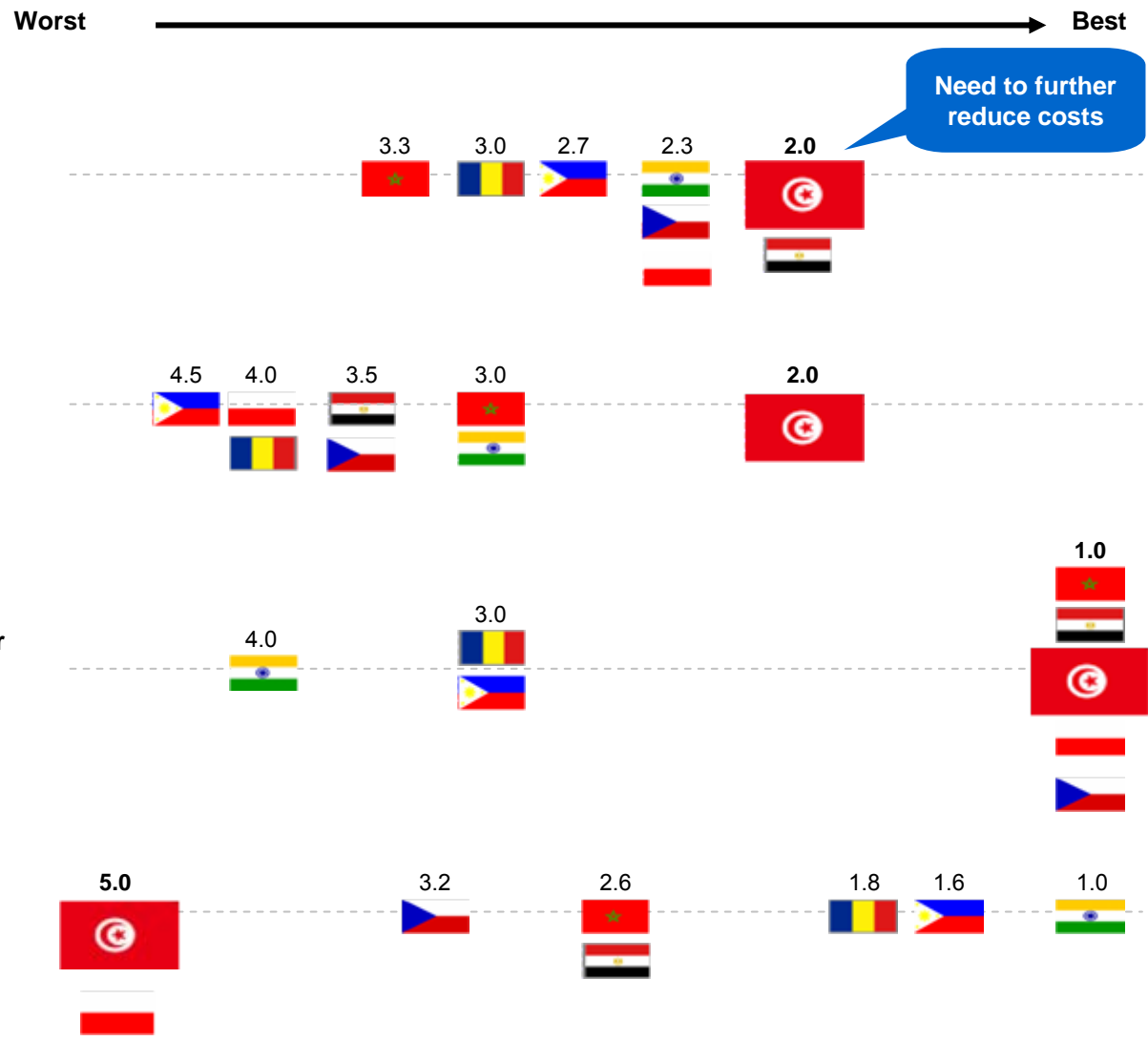
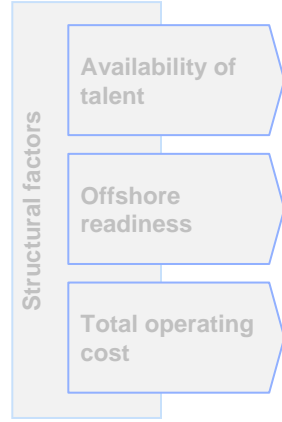
USD thousand per head ; total cost (Labor + Real estate + Telecom/IT + SG&A)

Euromed destinations



Tunisia has a competitive infrastructure but the availability of real estate is a serious challenge that needs to be addressed

LRI scoring: 1 (Best) to 5 (Worst)



Tunisia has one of the best business and life environments and the best outside Europe

LRI scoring: 1 (Best) to 5 (Worst)

Worst
→
 Best



Business environment

- General business environment
- Employment practice
- Compatible business ethic/culture

Quality of life

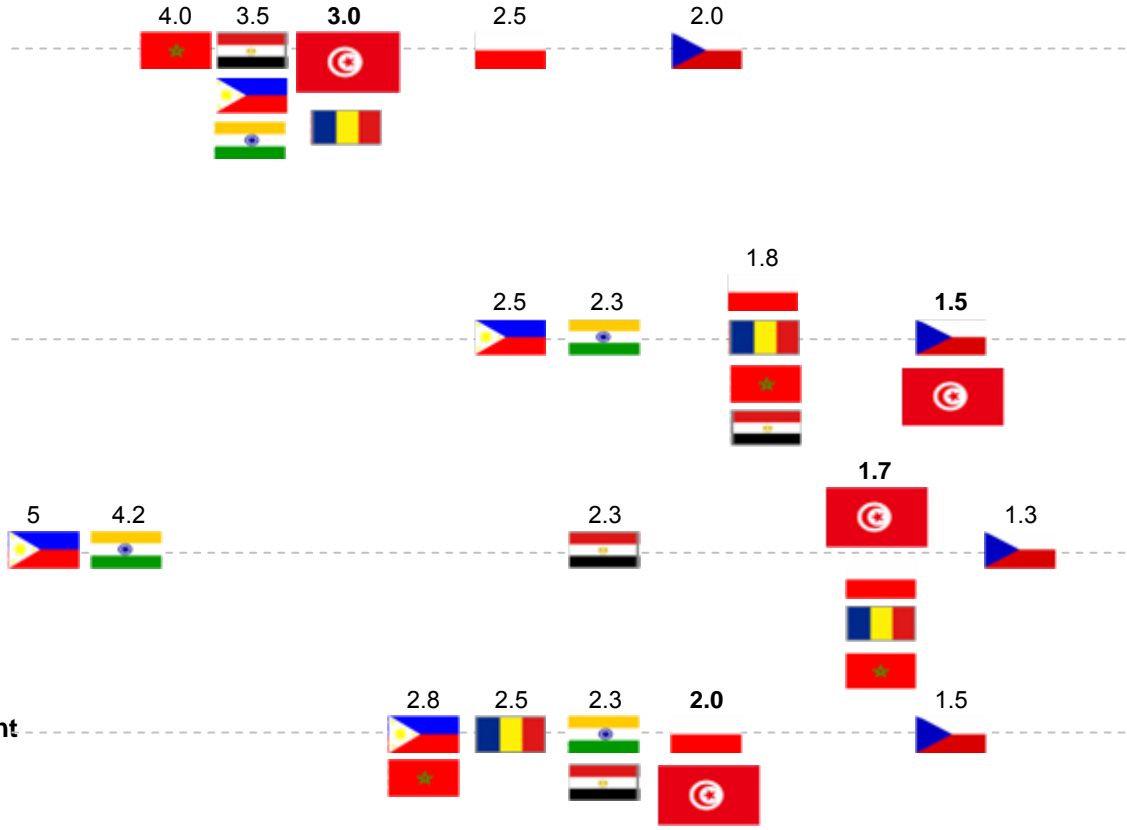
- General attractiveness of the local living environment

International accessibility¹

- Total (direct) flight time
- Frequency
- Time difference

(Non-monetary) government support

- Policy of supporting inward foreign investment
- Labor law (DB)
- Bureaucracy (DB)
- Regulatory flexibility
- Corruption



¹ In this case, France is the benchmark

Tunisia has a good overall risk profile but it must improve its data protection issues

LRI scoring: 1 (Best) to 5 (Worst)



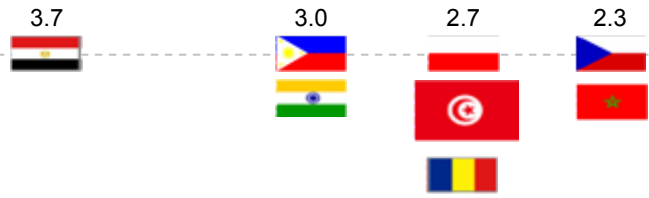
Regulatory risk

- Stability of legislation/regulations
- Transparency and fairness of the legal system
- Bureaucracy



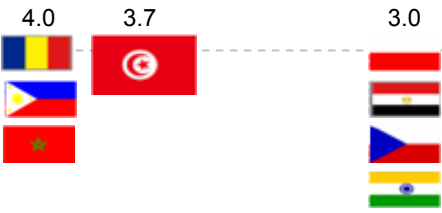
Country investment risk

- Macroeconomic stability index
- Currency fluctuation index
- Free movement of capital



Data protection

- Intellectual property protection



Key takeaways for companies looking for an Offshoring destination...

... but Tunisia is one of the most competitive destinations for companies ...

- ✓ Willing to offshore **up to a few thousand jobs**
- ✓ Looking for very competitive cost while keeping quality
- ✓ Offshoring BPO voice **accent free French or Italian** and / or valuing interactions in French / Italian with local managers and operators
- ✓ Valuing **European like talents diplomas** (engineers / sciences graduates / technicians)
- ✓ Valuing **cultural and geographic proximity**
- ✓ Valuing **highly stable environment**
- ✓ **Diversifying their offshoring geographic foot print**

