



# Egypt's Value Proposition and Competitiveness for IT-BP-ER&D Services Delivery

June 2024: Executive Summary



# Contents

- 03 Egypt's Global Services Value Proposition
- 04 Economically attractive
- 05 Growing government initiatives
- 08 Young, large, multilingual talent pool
- 10 Professional excellence
- 15 Tactical advantage | source geographies served

For more information on this and other research published by Everest Group, please contact us:

**Parul Jain**, Vice President

**Gunjan Mundra**, Senior Analyst






**Mudra Jain**, Analyst

**Shaurya Thakur**, Analyst

**Copyright © 2024 Everest Global, Inc.**

We encourage you to share these materials internally in accordance with your license. Sharing these materials outside your organization in any form – electronic, written, or verbal – is prohibited unless you obtain the express, prior, and written consent of Everest Global, Inc. It is your organization's responsibility to maintain the confidentiality of these materials in accordance with your license of them.

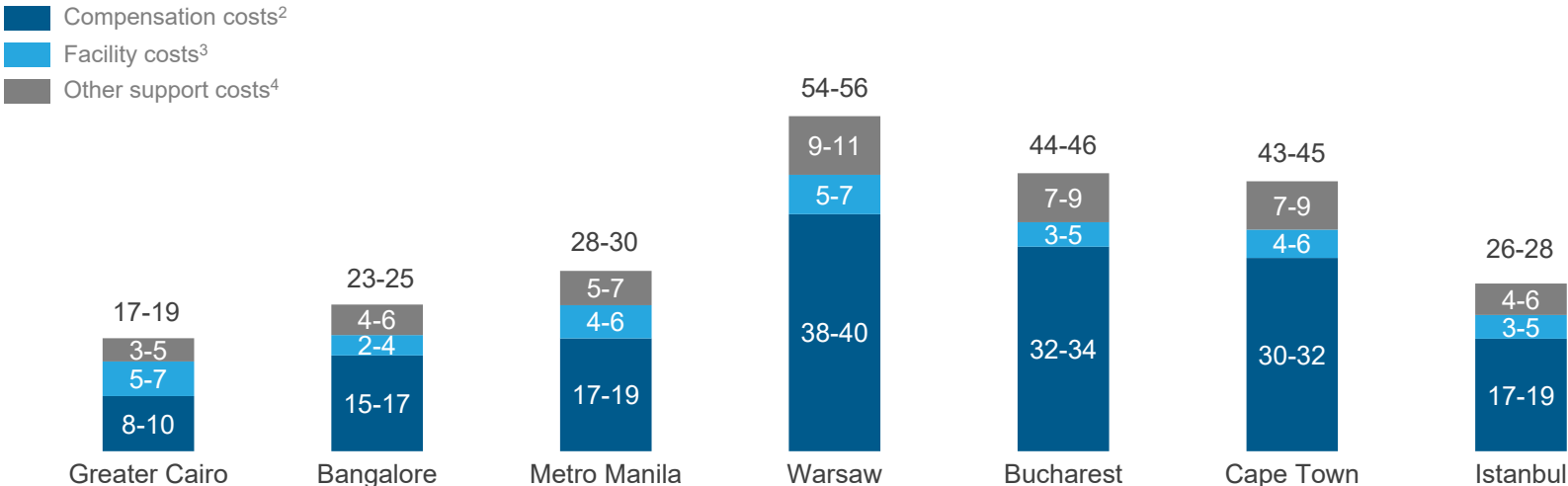
# Egypt's Global Services Value Proposition

<h2>E</h2>  <p><b>Economically attractive</b></p>	<h2>G</h2>  <p><b>Growing government initiatives</b></p>	<h2>Y</h2>  <p><b>Young, large, multilingual talent pool</b></p>	<h2>P</h2>  <p><b>Professional excellence</b></p>	<h2>T</h2>  <p><b>Tactical advantage</b></p>
<ul style="list-style-type: none"> <li>• High-cost savings over peer offshoring cities; offers 70% arbitrage over Poland</li> <li>• Cost proposition further enhanced by lucrative government incentives, including 35-55% exemption on corporate tax</li> </ul>	<ul style="list-style-type: none"> <li>• Strong IT and physical infrastructure, low likelihood of crime, and favorable government incentives result in conducive business climate</li> <li>• Further, multiple initiatives such as ICT 2030 strategy, Our Future is Digital, Digital Egypt Generations are in place to promote the digital readiness of talent</li> </ul>	<ul style="list-style-type: none"> <li>• One of the youngest demographics with 50% of the population below the age of 24</li> <li>• Skilled talent pool with sound technical expertise and proficient multilingual capabilities (can support 20 languages)</li> </ul>	<ul style="list-style-type: none"> <li>• Mature global business services market with 400+ organizations supporting array of IT-BP-ER&amp;D services</li> <li>• Beyond BP services, Egypt offers a mature market for IT and ER&amp;D services, with multiple players scaling beyond 5,000 FTEs</li> </ul>	<ul style="list-style-type: none"> <li>• Geostrategic positioning between Europe and Asia, offering convenient time zone (Eastern European Time Zone (EET)) overlap for collaboration across continents</li> <li>• Gateway to the African continent, with free trade agreements with 70+ countries</li> </ul>

# Economically attractive

Cairo has the most attractive cost proposition as compared to peer locations, offering 75-80% savings over Warsaw

**Annual operating costs blended across the delivery pyramid**  
2023; US\$ in '000s per FTE



- Operating cost is driven by people costs (salaries and benefits), facilities costs, telecom costs, and other miscellaneous costs
- Greater Cairo has the most financially attractive proposition compared to its peers. This is primarily driven by low salaries (lower cost of living and lower competitive intensity for talent) and real estate costs
- The location offers 55-70% savings over its nearshore European peers and 20-40% savings over mature Asian hubs of India and the Philippines, in terms of overall operating costs, while compensation costs offer even higher savings, with up to a 70-80% over nearshore European peers and 40-55% over mature Asian hubs
  - The location offers 85-90% savings in total operating costs over tier-3 US cities such as Austin

## Savings in Greater Cairo in terms of:

<b>Compensation</b>	42-44%	50-52%	76-78%	71-73%	72-74%	50-52%
<b>Overall costs</b>	22-24%	36-38%	65-67%	57-59%	58-60%	32-34%

1 IT application development and maintenance is used as a proxy for IT services

2 Compensation costs include base pay and mandatory/statutory benefits and represent the market average (across shared services/GIC, service providers, enterprises, and local firms) for similar work-type

3 Facility costs include Grade A non-CBD rentals, facilities management, and utilities charges and exclude employee transport and meal costs

4 Other support costs include technology and telecom costs (annual amortized cost of equipment in delivery centers) and management and administration costs

Source: Salary surveys, inputs from real estate firms, recruiters, investment promotion agencies, and market players

## Growing government initiatives

Igniting a digital revolution, the Egyptian government is spearheading multiple initiatives to equip the future workforce with crucial digital skills

The Egyptian government has undertaken multiple initiatives to promote digital skills readiness among the existing and new upcoming workforce. Some of the notable initiatives include:

<h3>1 ICT 2030 Strategy</h3> <ul style="list-style-type: none"> <li>The ICT 2030 strategy is a comprehensive plan carried out by the Egyptian government to maximize the contribution of the ICT sector to Egypt's economic growth by focusing on capacity building, electronics design and manufacturing, and technology parks.</li> <li>Notable ICT hubs and tech parks include Smart Village, Maadi Technology Park, and Borg El Arab Technology Park.</li> </ul>	<h3>2 Our Future is Digital</h3> <p><b>“Our Future is Digital”</b> is an initiative of the Ministry of Communication and Information Technology (MCIT) to train 100,000 young Egyptians in digital skills such as website design, data analysis, and digital marketing.</p> <p>1,450,000 graduates people have been trained by MCIT under the Future Work is Digital (FWD) initiative</p> <p><b>EGP 1.1 billion</b> Amount of allotment made to meet growing demand on digital skills</p>	<h3>3 Digital Egypt Generations (DEG) Initiatives</h3> <ul style="list-style-type: none"> <li>MCIT has launched DEG, a comprehensive platform offering fully-funded digital capacity-building programs designed for individuals of all ages.</li> <li>The initiative aims to elevate the skills of young Egyptians in modern ICT fields including Artificial Intelligence (AI), data science, cybersecurity, embedded systems, digital arts, and Enterprise Resource Planning (ERP), aligning with the requirements of both local and global job markets.</li> </ul>	<h3>4 Collaboration with international partners</h3> <p>The Egyptian government has also partnered with international organizations, such as the United Nations Development Programme (UNDP), to support its digital skills development initiatives. These projects include training programs for IT professionals in emerging technologies such as AI, IoT, and cybersecurity, among others.</p>
--	---	--	---

# Growing government initiatives | sophisticated infrastructure and robust enabling environment

Egypt provides a business-friendly environment with strong IT/telecom and physical infrastructure along with a high safety perception




# Growing government initiatives backing Egypt's global services sector

Egypt's government has been instrumental in transforming the country into a highly attractive offshoring destination by implementing business-friendly laws and initiatives aimed at attracting foreign investment and enhancing the ease of doing business. A mix of financial and non-financial incentives is in place, supporting the global business services industry.



**35-55%**  
corporate tax reduction



**100%**  
foreign ownership allowed




**IP protection**  
rights centers



**70+**  
countries in free trade agreements with Egypt



**GDPR**  
aligned data protection law



**Up to 50%**  
subsidy on cost for design offices and manufacturing in tech parks

Training and skill development programs: Mehany 2030 Digital Egypt Generations Our Future is Digital

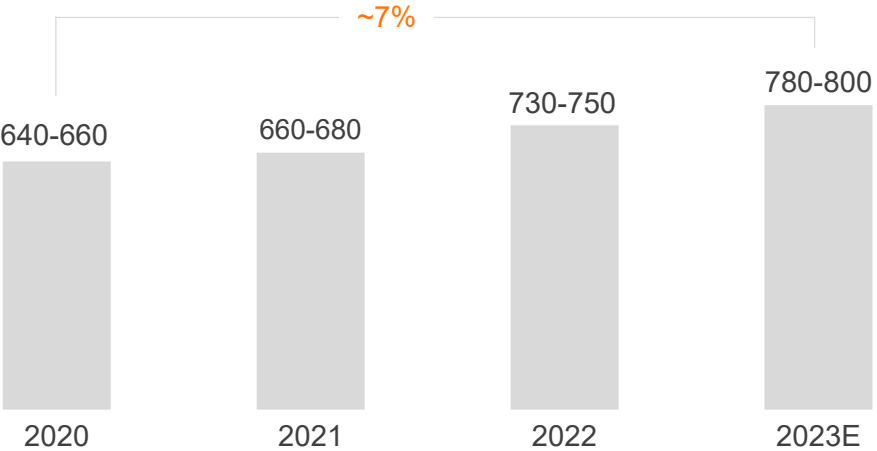
# Young, large, multilingual talent pool | entry-level talent

The continuous rise in graduates is a testament to Egypt's substantial investment in education, fostering not only individual growth but also fortifying the nation's pool of skilled professionals

### Egypt's entry-level graduate pool

2019-2023E; number '000s

CAGR



Egypt boasts a strong presence of 790,000 annual graduates with a CAGR of ~7%. There has been a consistent increase in the annual graduate pool reflective of the success of government policies focused on education and human capital development.

### Public universities



28

Public universities

### Private universities



46

Technical institutes

14

Universities with international agreements

While Greater Cairo offers the highest share of graduates driven by the presence of multiple noteworthy universities such as Cairo University, Ain Shams University, and Al-Azhar University, other cities such as Alexandria, and Mansoura also offer sizable entry-level talent pool, supported by the presence of universities such as Alexandria University, Delta university, El Mansura University, and Pharos University.

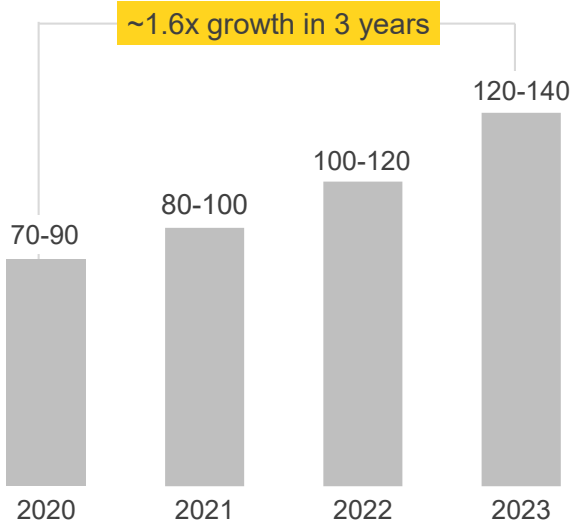
The Information Technology Institute (ITI) in Egypt holds a crucial role in seamlessly preparing graduates for the future workforce by equipping them with necessary tech and digital skills. With a specialization in offering ICT training and education across over 32 tracks, ITI collaborates with industry partners to design programs that address evolving market demands.



# Young, large, multilingual talent pool | employed talent

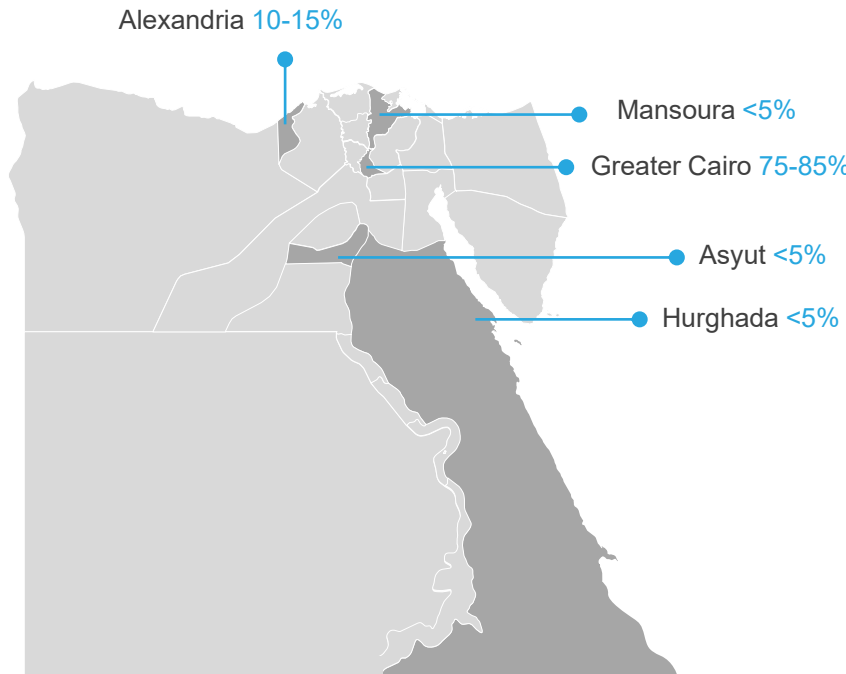
Egypt boasts the largest workforce in the MEA region, with highest concentration in Greater Cairo region

**Global services market size by headcount<sup>1</sup>**  
2020-2026F; number in '000s



Egypt has experienced **strong growth of ~65%** during 2020-2023, while the overall global services industry grew only at ~25% impacted by COVID-19 and global recessionary sentiments

**Breakdown of talent pool by key cities**  
2023; percentage



- The majority of Egypt's skilled workforce is concentrated in Greater Cairo, constituting 75-85% of the total workforce engaged in global service delivery
  - In addition to Cairo, Alexandria also boasts a moderate-sized talent pool supporting global service delivery, leveraged by notable organizations such as **\_VOIS**, Amazon, Concentrix, and Sutherland
  - Several other tier-2 cities such as Asyut, Mansoura, and Hurghada provide significant availability of entry-level talent, contributing to the development of future talent potential. Companies such as BrightSkies have already expanded to Asyut, indicating growing opportunities in these cities
- The cities of Alexandria and Asyut also provide office spaces equipped with globally standardized infrastructure, enabling organizations to establish themselves in new locations quickly and efficiently

<sup>1</sup> Estimate of total headcount of FTEs engaged in exports of global service delivery of IT services in Egypt

# Professional excellence

Egypt is a home to more than 400 global organizations, comprising a mix of service providers and GBS firms supporting IT-BP-ER&D services delivery



Source: Inputs from market participants (investment promotion agencies, industry associations; recruiters, industry experts, and market peers, Forbes Global 500 companies (2023)

# Professional excellence | ability to support multilingual delivery

Egypt boasts a large, diverse talent pool to support delivery in 20+ languages

## Ability to support multilingual delivery

Least favorable  Highly favorable

	Greater Cairo, Egypt	Bangalore, India	Metro Manila, Philippines	Warsaw, Poland	Cape Town, South Africa
English	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
French	●●●●○	●●○○○	●●○○○	●●●●○	●●●○○
German	●●●●○	●●○○○	●○○○○	●●●●○	●●●○○
Italian	●●●○○	●○○○○	●○○○○	●●●○○	●○○○○
Spanish	●●●○○	●○○○○	●●○○○	●●●○○	●○○○○

Among the assessed locations, **Egypt offers the maximum multilingual diversity with a blend of European, African, and a few Asian languages.** Instances of players such as Teleperformance and Orange business services supporting up to **20 languages**

India is **predominantly leveraged to support English language delivery**; low scalability for European language

The Philippines serves as a **hub for multilingual services, particularly for Asian languages** such as Japanese, Korean, Malay Bahasa, and Mandarin

Poland offers a **good mix of European languages**, especially German and French

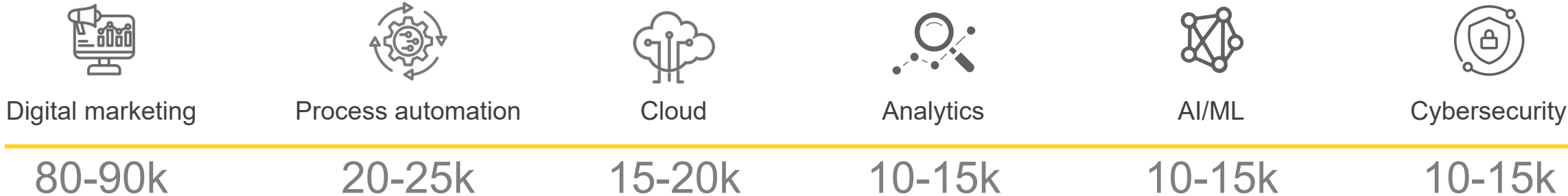
South Africa is **predominantly leveraged for English language delivery**; players also support French and a few African languages (Tswana, Zulu, and Afrikaans)

# Professional excellence | availability of digital skills in Egypt

Egypt has a growing digital talent pool, set to expand thanks to initiatives fostering a strong pipeline of future talent

## Availability of talent skilled in various digital skills

2023; number



We are committed to driving new growth for Egyptian companies and partners, as we aim to lead a new generation of cloud services. We are also working closely with our partners to build industry-specific solutions.

– Director of Egypt Huawei Cloud Business

## Professional excellence | key functions delivered from Egypt



### ITS

- IT application development and testing (IT ADM)
- IT infrastructure (e.g., helpdesk, end-user computing, and network services)



IBM has always realized the attractiveness of Egypt as a competitive sourcing destination, which resulted in serving our clients across the globe through seven centers of excellence in Egypt that employ a sustainable pool of talented, technologically skilled graduates.

– General Manager, IBM Egypt



### BPS

- Contact center
- Finance and Accounting (F&A)
- Human Resources (HR)
- Supply chain and procurement



Our center in Alexandria supports multiple languages - English, Japanese, French, Korean, Turkish, Polish, German, Dutch, and Portuguese; availability of such diverse talent was key.

– Global BPO services provider



### ER&D

- Embedded systems
- Electronics design



We are committed to aiding local SMEs in semiconductor and electronics design and to establishing Egypt as a regional tech hub.

– EVP, Siemens EDA

# Professional excellence

Traditionally leveraged for BP delivery, companies are pivoting toward delivering technology services on account of a strong talent pool and supportive business environment

“ “

We are committed to expanding our workforce in Egypt to 3,000 employees over the next three years, contributing significantly to attracting foreign direct investment and positioning Egypt as a **global IT hub**.

– CEO, Capgemini Egypt

” ”

“ “

We consider Egypt as the optimal location for **IT nearshoring services** to Europe and the GCC due to the access to high-level IT professionals, language skills, cultural understanding, and a similar time zone to Europe.

– CEO and Founder, Cross workers

” ”

“ “

PwC is proud to have found a home for its **technology and innovation** capability in Egypt, a country that welcomes international partners and whose environment supports long-term investment decisions.

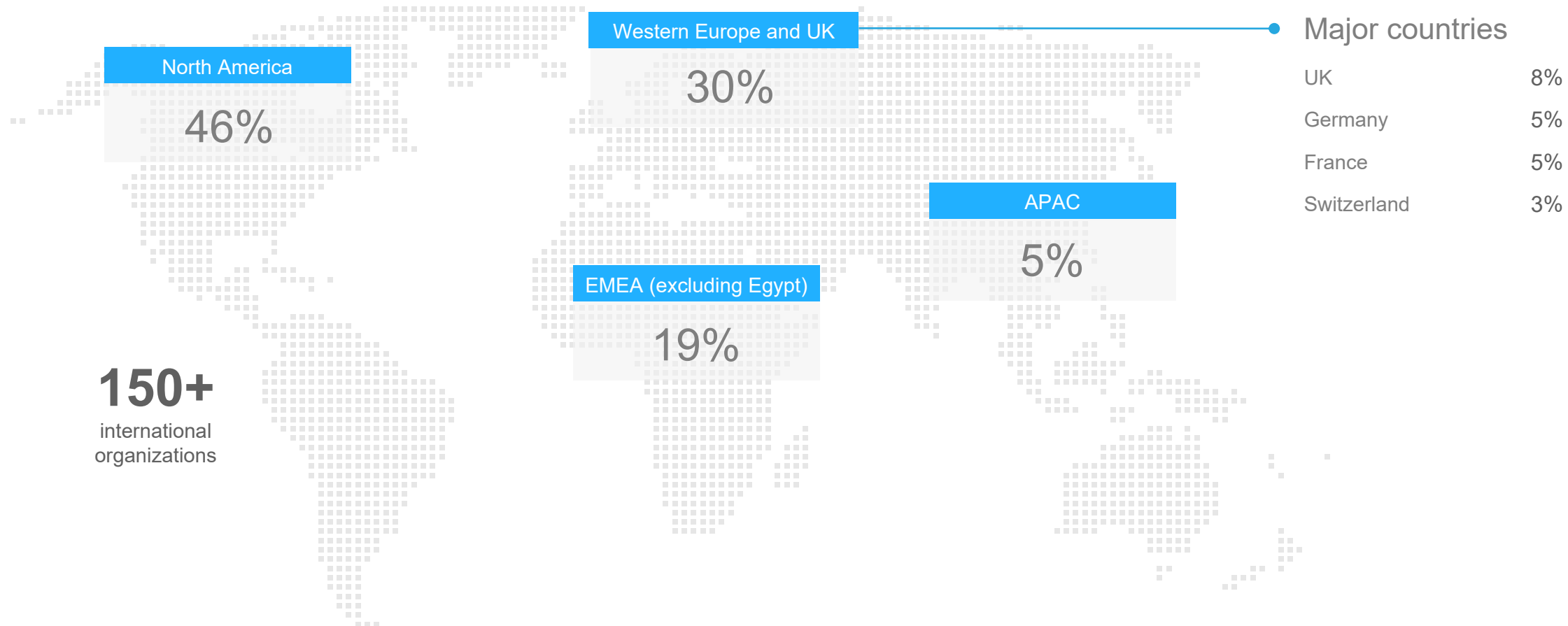
– Consulting EMEA COO, PwC

” ”

# Tactical advantage | source geographies served

North America, the UK, and Europe are the largest client geographies for Egypt driven by cost advantage and time zone overlap; it is also extensively leveraged for regional delivery

**Breakdown of organizations by source geographies**  
Percentage



# Stay connected

Dallas (Headquarters)  
info@everestgrp.com  
+1-214-451-3000

Bangalore  
india@everestgrp.com  
+91-80-61463500

Delhi  
india@everestgrp.com  
+91-124-496-1000

London  
unitedkingdom@everestgrp.com  
+44-207-129-1318

Toronto  
canada@everestgrp.com  
+1-214-451-3000

Website  
everestgrp.com

Blog  
everestgrp.com/blog

Follow us on



Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at [www.everestgrp.com](http://www.everestgrp.com).

## Notice and disclaimers

**Important information. Please review this notice carefully and in its entirety. Through your access, you agree to Everest Group's terms of use.**

Everest Group's Terms of Use, available at [www.everestgrp.com/terms-of-use/](http://www.everestgrp.com/terms-of-use/), is hereby incorporated by reference as if fully reproduced herein. Parts of these terms are pasted below for convenience; please refer to the link above for the full version of the Terms of Use.

Everest Group is not registered as an investment adviser or research analyst with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA), or any state or foreign securities regulatory authority. For the avoidance of doubt, Everest Group is not providing any advice concerning securities as defined by the law or any regulatory entity or an analysis of equity securities as defined by the law or any regulatory entity.

All Everest Group Products and/or Services are for informational purposes only and are provided "as is" without any warranty of any kind. You understand and expressly agree that you assume the entire risk as to your use and any reliance upon any Product or Service. Everest Group is not a legal, tax, financial, or investment advisor, and nothing provided by Everest Group is legal, tax, financial, or investment advice. Nothing Everest Group provides is an offer to sell or a solicitation of an offer to purchase any securities or instruments from any entity. Nothing from Everest Group may be used or relied upon in evaluating the merits of any investment. Do not base any investment decisions, in whole or part, on anything provided by Everest Group.

Products and/or Services represent research opinions or viewpoints, not representations or statements of fact. Accessing, using, or receiving a grant of access to an Everest Group Product and/or Service does not constitute any recommendation by Everest Group that recipient (1) take any action or refrain from taking any action or (2) enter into a particular transaction. Nothing from Everest Group will be relied upon or interpreted as a promise or representation as to past, present, or future performance of a business or a market. The information contained in any Everest Group Product and/or Service is as of the date prepared, and Everest Group has no duty or obligation to update or revise the information or documentation. Everest Group may have obtained information that appears in its Products and/or Services from the parties mentioned therein, public sources, or third-party sources, including information related to financials, estimates, and/or forecasts. Everest Group has not audited such information and assumes no responsibility for independently verifying such information as Everest Group has relied on such information being complete and accurate in all respects. Note, companies mentioned in Products and/or Services may be customers of Everest Group or have interacted with Everest Group in some other way, including, without limitation, participating in Everest Group research activities.