



RYAN STRATEGIC ADVISORY

Egypt's Role in the Evolution of Global BPO

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Introduction

Despite the unavoidable impact of COVID-19, operational efficiency, exceptional customer experience, and business continuity remain essential to organizations, allowing Business Process Outsourcing (BPO) providers to shine in a time of uncertainty. However, to support their enterprise partners effectively, BPOs require robust, reliable operations and risk mitigation strategies that leverage the strengths of their country of operations.

Following decades of government support and foreign investment, Egypt is positioned as a serious contender in the global BPO space, positioning itself as a high-quality, value-driven location for BPO providers and their clients.

This whitepaper explores Egypt's position in the global BPO industry and the country's role in its evolution. The report includes data on available talent, salaries, and market competition, as well as information on digital connectivity, incentives, and the country's favorability among CX decision-makers, highlighting Egypt's attractive value proposition.

The Changing BPO Universe

COVID-19 was an unexpected, unprecedented challenge for the BPO industry, emptying outsourcing delivery centers around the world, and forcing providers to adapt like never before.

Almost overnight, work-at-home capabilities became as important as in-center delivery, new health and safety measures were introduced, and BPO buyers shifted their priorities from low costs and enhanced CX to risk mitigation, security, and compliance.

Post-pandemic, the BPO landscape will be heavily centered on blending in-center services with work-at-home as part of a hybrid delivery model, with the objective of limiting risk and ensuring business continuity in the event of a similar disaster.

Remote delivery is no longer an afterthought; it requires adequate investment into compliance solutions, seamless agent management platforms, and robust connectivity technologies. Enterprise decision-makers are prioritizing these with well-rounded offerings, so service providers that neglect to implement these strategic virtual capabilities will quickly lose credibility and market share.

What Today's Enterprises Want from a BPO Partner

Information management and security have always been top priorities for BPO buyers, but providers must have watertight compliance and data collection provisions in place to stay relevant in the current climate.

On top of cybersecurity and fraud prevention, agent screening and compliance management practices are now more valuable than ever to enterprise decision-makers. BPOs have to show a willingness to invest in these areas, alongside elements of agent management like overall recruitment and training, which ensure the development and retention of high-quality team members.

Customer experience is evolving just as rapidly as the industry, so brands want the best, most cost-effective agents to represent them, contracted from outsourcing partners that can understand and overcome their most common pain points.

Egypt's Leadership BPO Positioning

In 2019, IDC estimated Egypt's global BPO market share [at almost 17%](#) and it is now considered one of the fastest-growing offshore destinations in the world. The country has evolved into a high-value services hub and supports hundreds of international organizations.

Several global BPO players have an extensive presence in Egypt, such as Teleperformance, Concentrix, Sutherland Global Services, Sykes, and iSON Xperiences. The two largest BPOs in the country are Xceed and Majorel, which together employ more than 23,000 people. Raya Contact Center is also a notable Egyptian player, expanding its operations significantly both locally and globally to service domestic and international clients.

Outside of dedicated BPO, Vodafone Intelligent Solutions Egypt employs around 7,800 people and provides a range of technology and business services to the UK, Ireland, Spain, Italy, and Germany. Notably, Vodafone's Egyptian facility is the global center for all of the company's RPA and AI activities, highlighting the country's capacity for innovation and high-quality technical talent.

Other companies that benefit from Egypt's favorable service delivery conditions include UBER, Amazon, IBM, Microsoft, HSBC, Henkel, Nestle, and, more recently, Pepsico, and Mars. Each of these captive operators leverages Egypt's robust talent pool in shared service centers and traditional contact centers.

As far as new entrants go, [TTEC](#) entered the market in 2020. Its new center will support 27 languages and serve markets in Europe, the Middle East, and North America. [Transcom](#) is also developing a new site in Cairo after joining the market in 2019.

Emphasis on Skills-Based Education – Egypt’s BPO industry provides services for 100 countries with an outsourcing workforce, which IDC estimates scales upwards of 240,000 agents. Thanks to a world-class, widespread education system, the talent pool can grow even larger, presenting an opportunity for BPOs to scale and evolve quickly.

Egypt counts over 70 universities and 100 higher education institutes around the country, together graduating more than 537,000 students every year, the majority of which graduate in business administration and law. Among these students, more than 330,000 are eligible for BPO jobs every year, according to Egypt’s national statistics agency, CAPMAS.

Each year, the country’s educational institutes graduate 81,000 accounting and taxation students, 45,000 specialized subject teachers, 30,000 data engineers, and over 22,000 social services and counseling graduates, along with dozens of other subjects. This broad range of skills represents a deep pool that BPOs can draw from to serve several different industries or specializations, such as financial services, training and education, data management, and general CX.

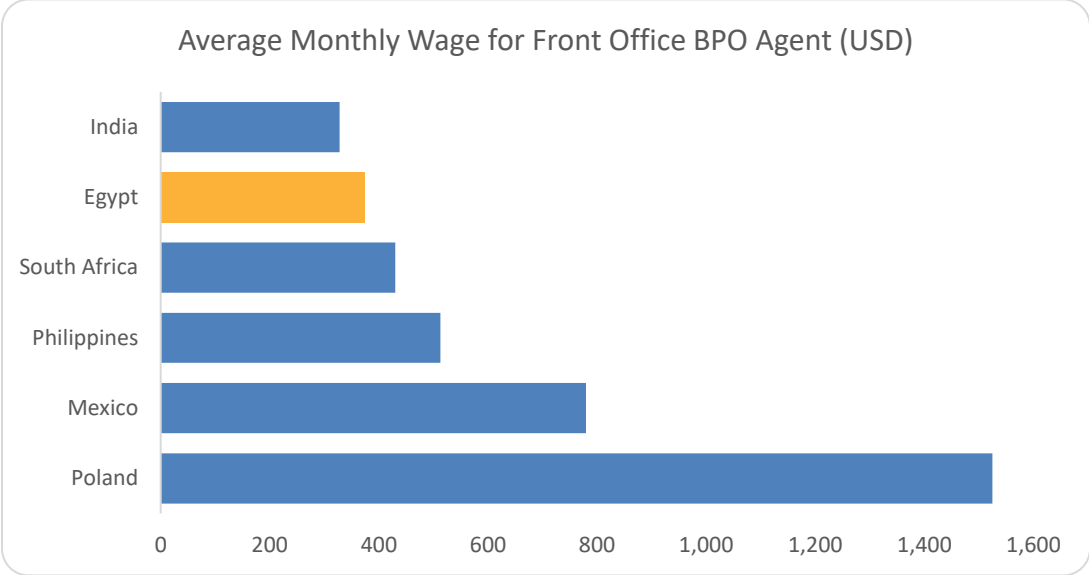
Language Skills at the Heart of Egypt’s Future – Egypt’s talent pool is not just defined by its diverse range of employable skills; the country is also rich in language graduates that further enhance the BPO workforce.

Each year, more than 90,000 university students in Egypt graduate with English-language qualifications, which is reflected by the country’s high favorability in markets like the United States and Australia. European languages like French, German, Spanish, and Italian are also fairly prevalent, though not as widespread as English.

Moreover, hundreds of graduates are leaving university with working proficiency in Turkish, Chinese, Russian, Siamese, Hebrew, Farsi, Greek, Urdu, Korean, Japanese, African, and Czech, not to mention the country’s native Arabic, enabling many of Egypt’s BPO providers to offer tailored customer service options for several global markets.

In September 2020, Egypt signed an agreement with China to teach Chinese in schools as a second optional foreign language alongside French and German. Moreover, several dedicated language institutes and cultural centers of learning are certifying hundreds of additional students, further bolstering the talent pool every year.

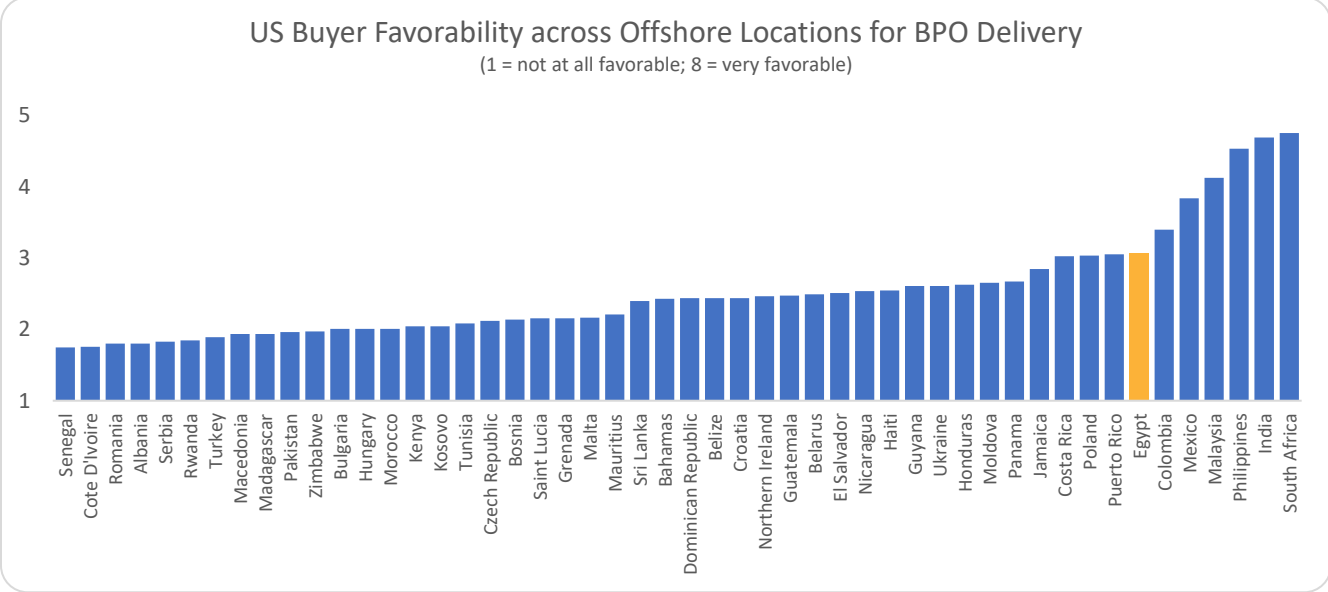
Salaries for BPO employees in Egypt are low and mostly dictated by the languages on offer. For example, an entry-level inbound contact center agent with English-language skills can earn between E£4,000 and E£8,000 (US\$250 to US\$500) a month, according to data from the Information Technology Industry Development Agency (ITIDA). These highly competitive rates are comparable to those in India, the most favorable offshore location among most global buyers.



Source – Ryan Strategic Advisory

Demand Market Favorability Toward Egypt – In the Ryan Strategic Advisory 2020 Front-Office BPO Omnibus Survey, which measures annual offshore location favorability among BPO buyers in North America, Western Europe, and Australia, Egypt positioned itself in the cross-market top ten favorability rankings, standing alongside established popular destinations like Poland, Malaysia, the Philippines, and India.

In the United States, Australia, and Germany, Egypt’s favorability ranking was even higher, with the country positioned ahead of Puerto Rico and Jamaica in the US, and beating out every European country besides Poland in Australia. Egypt also retains a great deal of goodwill among German customer experience decision-makers, primarily due to the 3,000 German-language graduates who enter the talent pool every year.



Source – Ryan Strategic Advisory

With work-at-home offerings now an essential part of BPO service, Egypt’s reliable, high-quality internet infrastructure gives companies a strong business continuity value proposition, which is likely to boost the country’s favorability even further over the years to come. Egypt’s homes and businesses benefit from a robust Fiber to the Home (FTTH) internet service that continues to expand around the country as urbanization increases.

In 2019, the government invested US\$2 billion into infrastructure upgrades, which supported the abrupt increase in demand caused by the COVID-19 pandemic. As a result, BPO players were able to migrate 50% to 85% of their workforce to work-at-home in just two weeks with no service disruption. Companies were agile in their response, allowing employees to take office equipment home, purchasing laptops for shift employees who shared workstations, and swiftly installing the necessary business and security systems.

Data protection is also top-of-mind for Egyptian lawmakers. On February 24, 2020, Egypt’s Parliament passed the Personal Data Protection Law (“PDPL”), which protects the data privacy rights of all Egyptians and expatriates residing in the country. The law is similar to the European Union’s General Data Protection Regulation (“GDPR”).

Incentives that Match BPOs Needs – Operational costs for multilingual contact centers in Egypt are some of the most competitive available. Following its 2016 currency devaluation, the country is now 60% cheaper than more mature offshore destinations like India, the Philippines, and Malaysia.

ITIDA provides an array of services to support companies looking to expand in Egypt, ranging from market intelligence and due diligence visits to financial incentives for new hires and a unique aftercare system with dedicated account managers. Furthermore, in June 2020, ITIDA revised its incentive scheme to provide BPOs with broader financial support to cover the costs of telecommunications services and training for existing employees.

Roadmap for Innovation - Egypt's ICT 2025 Strategy and Action Plan outlined by the Ministry of Communications and Information Technology (MCIT) has several proposals that will allow the country to impact the evolution of the BPO industry.

The roadmap outlines the country's plans to scale telecom infrastructure, double internet speed, and increase residential digital connectivity from 10 million houses to 23 million. This wide coverage will greatly expand the available work-at-home talent for BPOs and captives.

MCIT also intends to establish 20 innovation hubs by 2025, as well as position Egypt among the top 40 countries for innovation globally by 2030. Part of this strategy includes the formation of export clusters in high-end ICT solutions such as AI, blockchain, and robotics technologies, each of which has relevant impacts in the BPO industry.

This combination of robust telecommunications and a well-educated, tech-savvy workforce will pave the way for BPOs to innovate in their delivery practices and offer high-value services for minimal operational expenditure.

Breaking New Ground with FWD - As the world heads towards a future of digital jobs and remote work, Egypt's Future Work is Digital (FWD) program empowers young people to seize tomorrow's available opportunities.

Established by ITIDA, with a US\$20 million investment, FWD provides scholarships and free online learning opportunities for studying specializations in digital marketing, web development, and data science, giving Egypt's young people a chance to master new skills to support their future careers.

Developed in partnership with Udacity, a global provider of massive open online courses (MOOC), FWD is aiming to attract 100,000 young Egyptians to clock millions of hours of learning and upskilling in industry-specific topics, greatly strengthening an already solid talent pool.

Conclusions

As the world settles into the “new normal”, enterprise decision-makers need BPO partners that can scale, adapt, and ensure business continuity. For BPOs, achieving this means operating from within a high-value, low-risk location with a large talent pool of low-cost, well-educated employees.

Since the early 2000s, Egypt has been building its profile as a world-class BPO contender, showing great resilience and adaptability for decades, not just in the face of a global crisis. The country’s low operating costs, diverse language skills, strong investment incentives, high-quality network connectivity, innovation roadmap, and scalable labor force have led to high favorability among global buyers, a trend that is set to continue into the next decade.

BPO is evolving faster than ever, so providers need to stay relevant through agility, adaptability, and the capacity to scale. With its ability to enable all of these competitive advantages, Egypt is the destination of choice for BPOs that want to stake a claim in the industry’s future.