

Business Process Outsourcing (BPO)



Overview

Business Process Outsourcing is an industry that is worth over a \$100 billion. The 2011 Outsourcing Alert report estimated that over 94 percent of Fortune 500 companies were outsourcing at least one major business function.

Nigeria climbed aboard the BPO train in 2007, with the creation of the National Outsourcing Policy. The Nigerian government created this policy to ensure that Nigeria was not left out of the multi-billion dollar outsourcing industry, which included other African countries such as South Africa, Kenya and Ghana.

An analysis carried out on the cost of outsourcing in some key destinations estimated the cost in Nigeria to be within \$2 - \$4, compared to \$5 - \$12 in Pakistan and the Philippines, and \$7 - \$15 in India. Nigeria was also assessed to have low staff attrition, as a result of the high unemployment rate.

BPO in Nigeria

In January of 2007, the Federal Government launched the National Outsourcing Policy. The aim of this was to ensure that Nigeria – as the largest economy in Africa – was not left behind in the outsourcing boom.

The key thrusts of the policy are:

- i) To promote an outstanding orientation starting with onshore outsourcing and progressing through near shore to offshore outsourcing by encouraging stakeholders involvement in developing a vibrant outsourcing sub-sector;
- ii) To grow Nigeria's image internationally as the preferred outsourcing destination and ICT business hub by developing a global competitive Information Technology enabled services sector; and
- iii) To facilitate the development of appropriate ICT infrastructure to support capacity building for quality service delivery in the outsourcing sector. The Policy Objectives

The overall policy objective is the promotion of an enabling institutional, legal, regulatory, technological, and infrastructural environment for the sustainable development of the outsourcing sector in Nigeria. Some of the specific objectives are:

- i) Actualization of the goals of the NEEDS policy of Government in the area of Information Technology Development;
- ii) Developing a globally Competitive Information Technology Enabled Services (ITES);
- iii) Promoting local and foreign Direct Investment in Outsourcing Infrastructure development;
- iv) Developing an Export-Oriented ICT Product and Service delivery industry;
- v) Accelerated Human Resource and ICT infrastructure development to support growth in the outsourcing sector; and
- vi) Facilitate rapid deployment of ICT and enabling physical infrastructure.

Association of Outsourcing Practitioners Nigeria (AOPN)

The Association of Outsourcing Professionals of Nigeria (AOPN) was registered in 2009 and is the only recognized association of outsourcers in Nigeria by the African Outsourcing Association (AOA). The AOPN represents organizations in the outsourcing industry, and engages with the Federal Government of Nigeria to improve the business environment for these organizations.

Investment Opportunities

The outsourcing market is large and diverse, and includes elements such as:

- Software Development
- Website/E-Commerce
- Hosted applications
- Disaster Recovery Services
- Network Operations

- Desktop Support
- Data Centre Support
- Help Desk/Call Centre Support

There are international and local opportunities for investment in Business Process Outsourcing.

International Opportunities: Large companies in Europe and North America, across multiple sectors, are constantly seeking lower cost alternative solutions for their business needs. This is estimated to be a \$500 billion market.

Local Opportunities: A number of companies – in the public sector, financial sector, hospitality and travel, healthcare, telecommunications, oil and gas, retail – in Nigeria have also began to invest Business Process Outsourcing alternatives. Also, with the recent economic downturn, more firms in Nigeria especially in the oil sector, are trying to cut operating costs by outsourcing some non-core business activities.

Leading BPO Companies in Nigeria

There are a number of successful BPO companies operating in Nigeria:

1. Communication Network Support Services Limited Contact – Nigerian
2. ISON BPO – Indian
3. Customer Contact Solutions – Nigerian
4. Huawei BPO Solutions – Chinese

Competitive Advantage

- Traditional BPO destinations (e.g. India, Philippines) have become more expensive. Nigeria has low labor costs.
- Nigeria's is strategically located and positioned in sub-Saharan Africa
- Nigeria's is located in a favorable time zone (GMT +1) and is an English speaking country.
- The existence of a BACAN, a Business Process Outsourcing Academy in Nigeria. It has attained the Outsourcing Standards and Certifications Institute (OSCI) certifications, the world's most advanced BPO Certification body.
- Young and educated workforce. Nigeria produces an average of 500,000 university graduates per annum, 50% of which are unemployed.

Competitive Labor Costs and Abundant Human Capital

Nigeria's labor cost is one of the most competitive in the world, with an average monthly wage of US\$213 (according to the National Bureau of Statistics). Nigeria has a young and dynamic population of over 70 million persons within the ages of 15 to 35.

Incentives

Some of the incentives granted by government include:

1. Pioneer Status
2. Tax Relief for Research and Development
3. Minimum Local Raw Material Utilization
4. Investment Promotion and Protection Agreement (IPPA)
5. Capital Allowance
6. Local Value Added

Testimonial



Pravin Kumar, Global CEO, ISON BPO

“Nigeria has a huge potential for growth and development, especially with the availability of strong, vibrant and talented workforce.”

ISON Group is one of the leading Customer Experience Management providers in the Africa, Middle East and ASEAN region offering systems integration, managed services, BPO and strategic outsourcing solutions using end-to-end IT services. ISON Group has over 13,500 employees across 29 countries which enables it to provide true 'localized support' to its customer base spanning products, managed services, systems integration and BPO services across these regions. The ISON Group offers BPO services through ISON BPO.

In Nigeria, ISON BPO has committed to setting up four state-of-the-art facilities in Ibadan, Abeokuta, Ilorin, and Kano.

For more information, please visit:

<http://www.isonbpo.com/>