2015

ICT /BPO WORKSHOP 2015

Catalyzing the ICT / BPO Industry and redefining the vision for the Industry

Legal, Regulatory, Compliance and Connectivity

The legal and regulatory framework in Mauritius is based on international best practices and is a critical success factor in the development of the ICT/BPO industry. Though the BPO segment is recognized as an unregulated activity, the telecommunication sector which is an integral component of ICT is heavily regulated.

The legal framework in Mauritius is complemented by the Data Protection Act 2004, Electronic Transaction Act, ICT Act, Computer Misuse and Cybercrime Act. Amendments have been brought with regard to some of the acts in view of harmonizing with international norms.

Acts	Description	Issues/ Amendments
Copyright Act 2014	Ensure the protection of intellectual property rights, including software and electronic databases.	The Act was repealed in 2014 and new act in force is WIPO compliant
Electronic Transaction Act (2000)	Legal framework for the establishment of a public key infrastructure (PKI) - also called trusted CA services – to facilitate the use of digital signatures in Mauritius. This legislation has also been enforced for facilitating electronic transactions and to give a boost to e-Business activities.	Act must be made technology neutral and must give effect to the 2005 UN Convention on the Use of Electronic Communications in International Contracts
Information and Communication Technologies Act 2001	Lays out the institutional and procedural guidelines for the regulation and democratization of information and communication technologies and related matters.	Act must be amended to address convergence.
Computer Misuse and Cybercrime Act 2003	Provides for repression of criminal activities perpetrated through computer systems and aims at better protection against computer misuse.	Act does not fully comply with the Council of Europe (CoE) Convention on Cybercrime
Data Protection Act 2004 –	Aims at protecting the privacy rights of individuals and governing the use of customer data and prevent any misuse. Amendments are under process for the Act to be fully compliant with EU directive 96/40	Must be amended to be fully compliant with the EU Directive. Note, a draft Amendment Bill had already been prepared and amendments pertain mainly to section or clause relating to office complete independence including financial, exemptions among others. **Special note:** The 95/46/EC Directive is the central piece of legislation on the protection of personal data in Europe. It stipulates general rules on the lawfulness of personal data processing within the European Union.

With the advent of new technologies developments and onset of the digital revolution, Mauritius needs to urgently review its existing frameworks and enact new legislation whenever applicable. Indeed, regulators will have to grapple with these disruptive forces in a manner that will foster both innovation and fairness.

On the technology side, Cloud computing has radically altered the way IT resources are utilized. The telecom sector also is undergoing a fundamental transformation, evolving from a primary focus on infrastructure and basic connectivity to a focus on a broad range of services related to digitization. These services include cloud computing, smart meters, government, and remote health monitoring.

Key themes that will be discussed and deliberated:

- **Communications**

- Connectivity

Access to high speed and reliable connectivity is a vital component for the continued success of the Mauritian ICT-BPO industry. Telecoms companies continue to invest heavily in improving their networks to be able to cope with the demand. However, the high connectivity cost as compared to other locations continues to be a matter of concern. A recent report by Indian Ocean Commission highlighted the fact that telecom rates are the highest in Mauritius as compared in the region. (Document annexed)

Points of discussion:

1. How can the government and regulators work better with the industry to improve connectivity?
2. Assessing the importance of national broadband plans: what has worked so far?
3. Creation of an enabling environment for Competition (last mile competition, international gateway licensing, new submarine cables, domestic fibre backbone developments)
4. Sharing of passive infrastructure such as towers, cables etc
5. Cost of connectivity and benchmarking with other countries
6. Declared intention by the Government for a third fibre optic cable and the changes it will bring about
7. Exploring new modes of connectivity such as FTTH

- Convergence

The rapid advances in technology have contributed to the convergence of telecommunications, broadcasting and information technologies. However, Mauritius has lagged behind the adoption of this convergence. It is thus important to review the regulatory and institutional set up to facilitate innovation in the era of convergence.

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- **Cloud Computing**

Cloud computing is expected to gain momentum, with growing investments in data centers and ICT infrastructure in Mauritius. While the adoption of cloud computing offers multiple potential benefits, there are also concerns regarding data security and privacy guarantees from service providers.

- **E-Commerce and M Commerce**

E-commerce, is still in relative infancy in Mauritius despite an existing legal framework. Similarly, the true potential of a mobile phone, as an integrated communications, entertainment is not fully realized. The uptake of ecommerce and m commerce has been fairly low owing to security concerns.

- **Innovation and SMEs**

SMEs are recognized to be the backbone of the economy and the startup ecosystem in Mauritius is rapidly evolving and driven by a young, diverse and entrepreneurial landscape. The review of the IPR framework is a key pre-requisite to bring in more foreign investment, and develop the local ICT industry by encouraging the creation of intellectual property.

- **Compliance and certification**

Compliance with data security standards can bring major benefits to businesses of all sizes, while failure to comply can have serious and long-term negative consequences. For instance, many global ICT companies are Capability Maturity Model Integration (CMMI) rated. Is there a need for Mauritian operators to have an International rating or follow an International standard?

Some key expected outcomes:

1. **Identify gaps in current legislation based on best practices and technology changes.**
2. **Solutions with regards to the gaps identified.**
3. **Legislative amendments or new legislation with regard to emergence of new technologies.**
4. **The best connectivity model with regard to cost and quality.**
5. **Vision with regard to the positioning of Mauritius for connectivity infrastructure, pricing and quality.**
6. **Regional interconnectivity requirements**

Consolidation of existing business segments - ICT

The ICT segment contributes around 4.4% (2015, estimate) to GDP and is the largest sub-sector with over 350 (2014) companies offering software development, web design & e-commerce, mobile application development, data centre & cloud services, disaster recovery services and telecommunications.

ICT offerings have evolved from application development and maintenance, to emerge as full service players providing testing services, infrastructure services and systems integration. The company size within this segment is relatively smaller compared to other companies within the ICT-BPO industry.
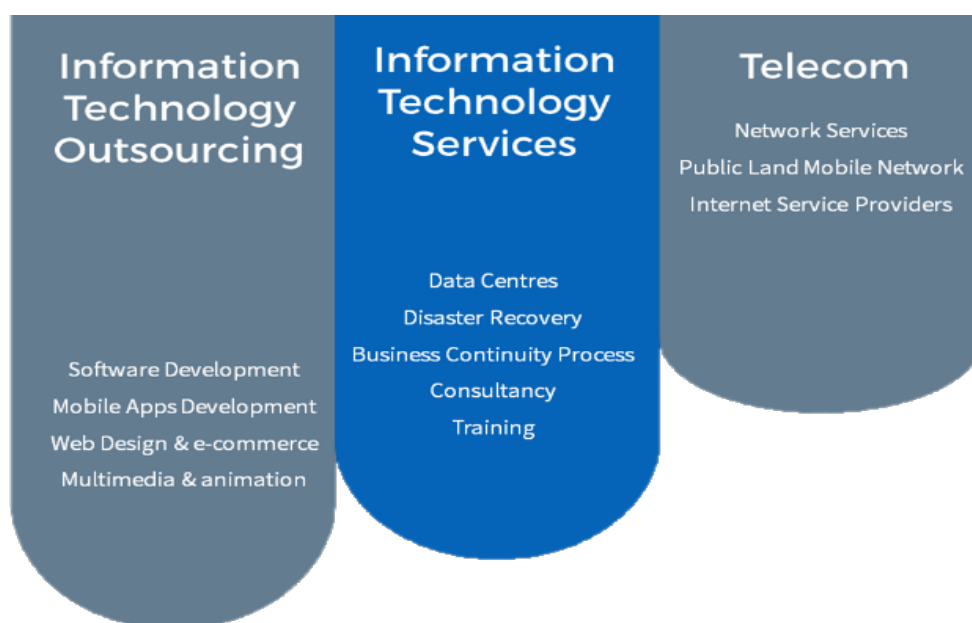
Sub-sectors falling under the ICT segment

The sector is characterized by the presence of global service providers operating in this space and there is potential to attract other players to set up in Mauritius. The cost of operations in Mauritius for the ICT sector is lower compared to other global delivery centres. The talent pool available, although very limited, is well trained. Several incentives are available to operators ranging from reduced tariff of electricity to training grants and reimbursements (ISDP/YEP, HRDC).

The sub-sector is expected to grow with the emergence of SMAC and related technologies. Most companies involved in this sub-sector are export oriented and there is a huge scope for increasing revenue and export of services towards Africa. Given the global context, Mauritius has been able to carve a differentiated and niche market for the ICT oriented services. The industry relies on a highly qualified small labour pool exploiting the country's unique multilingual and creative skills.

Consolidation of the industry can be achieved by:

1. Leveraging on the growth potential of existing global companies such as Accenture, Infosys, Microsoft, TechnoBrain, Pactera and others to service traditional verticals and exploit the opportunities that the emergence of African countries can provide.
2. Relying on the flexibility and adaptability of smaller specialist niche domestic and foreign firms which have been able to prevail despite difficult global economic conditions.

The consolidation of current offerings is crucial to the enhancement of the industry. The role of technology will become increasingly important as services are enacted directly in technology platforms and technology becomes a source of operational improvements and business innovation. The need of the hour is to focus on developing vertical expertise and competencies that can provide Mauritius with a competitive edge over other countries. The current trend is towards SMAC technologies, the Internet of Me and advances in wearable devices, smart machines and natural human interfaces.

Sub-Sector analysis:

- <u>Data Centres/ Disaster recovery/Business Continuity</u>

According to a study by the BroadGroup consulting in 2009, Mauritius has been identified as a "boring" location in terms of risk elements and in the field of data centres, boring is what data centre managers like. As such, the country is not as risk of flooding, and the climatic conditions are conducive to the setting up of DCs/DRs as it allows better cooling efficiency to be achieved. Mauritius enjoys political and economic stability along with a low Maplecroft terrorism risk index.

All these factors are excellent conditions for the setting up of data centres in the country. Connection to the LION 2 has brought additional resiliency, route diversity, and capacity to drive international connectivity requirements. Government has also announced the connection of a third undersea cable which will further enhance the internet connectivity.

- <u>Software development and Mobile Applications development</u>

Over 100 companies are involved in software development and mobile applications development. The software/mobile apps development sub-segment requires professionals with higher skills and operators face difficulties in recruitment. Due to the mismatch in demand and supply of professionals in this segment, employees generally command a higher salary than in other segments of the industry.

Mauritian ICT companies have reached the level of maturity to export its services to the region, and there is a great demand for such services from the region. The setting up of the Ebène Accelerator has provided a platform for young mobile application developers. The expertise of Mauritian software/mobile application development companies can be exported to African countries. Further consolidation of this segment can be achieved by increasing the labour pool. This can be achieved by sensitizing school leavers to join IT/ ICT related courses at university level. Universities should also be able to modify courses based on market and technological changes.

- <u>Impediments</u>
- High cost of internet connectivity for development of software, web applications, mobile applications
- Limited pool of labour
- Local universities do not provide industry oriented courses leading to lower employability of fresh graduates and increasing training costs for employers
- Failure to launch the ICT Academy has resulted in a shortage of industry trained professionals
- Some of the current legislations need to be updated to cater for the changing world of technology, e.g. the Electronic Transactions Act has to be updated to include provisions of United Nations Convention on the Use of Electronic Communications in International Contracts

Key Discussion Points:

- Competitive advantages with regard to the potential of ICT activities in Mauritius
- Activities currently undertaken within each segment: what activities are currently undertaken by companies operating within the industry?
- Defining the market opportunity
  - By verticals (emergence of new verticals)
  - By nature of work and technology
  - By type of services (vertical specific, horizontal services)
  - By source geography
- Strategies to increase in terms of value addition within existing segments

Some key expected outcomes:

1. Snapshot of the state of the existing segments of the ICT industry in Mauritius

2. Identification of segments with high potential capital margins

3. Government support required to consolidate ICT segments with high potential

4. The fine-tuning of the existing eco system to unleash the potential of the segment

Consolidation of existing business segments - BPO

The BPO segment of the industry is the largest employer with nearly 11,500 professionals employed. Mauritius offers robust capabilities in both French and English language skills. Mauritius is the lowest cost offshore delivery location for French language work and one of the most competitive locations for English language work.

According to Everest (2012), Mauritius is 30-40% cheaper than Eastern European and 10-20% cheaper than North African peers. High school leavers and school leavers are typically employed as entry level talent for BPO activities. Call centres have been diversifying and are now offering other BPO non-voice services and even high-end KPO services. Mauritius can complement scaled centers in India/Philippines by:

- Handling overflow volumes
- Supporting bilingual (French, English) work as part of global service delivery

Sub-sectors falling under the BPO segment

The sub-sector is characterised by the presence of global service providers operating in this space and there is potential to attract other players to set up in Mauritius. The talent pool available, although very limited, is well trained and flexible. BPO companies are ideal employers for graduates with legal, accounting, finance, medical background who could not find employment in their respective fields of specialisation. Several incentives are available to operators ranging from reduced tariff of electricity to training grants and reimbursements (ISDP/YEP, HRDC).

- <u>Financial and Accounting Outsourcing</u>

Financial and Accounting Outsourcing is one of the high value added activities that can be consolidated. Mauritius already has:

1. A strong ICT-BPO industry which is still growing and has fostered global reputation
2. A strong presence of international players like Accenture
3. A strong accounting profession with globally recognised qualifications
4. An adequate education set-up
5. An international financial service centre.

For the Mauritian FAO industry to develop a recognized and distinct brand image as a FAO destination, it would need to form a more effective industry association similar to the Mauritian tourism industry that has succeeded in developing a unique brand image as an exotic, high-value destination that is globally recognised.

- <u>Legal Process Outsourcing</u>

Most LPO work is outsourced by US and UK law firms that operate globally. This is a highly specialised market, within which Mauritius could service a significant niche in the English-speaking and francophone worlds. The island has a hybrid legal system, which enables familiarity with both British Common Law and the French Napoleonic Code. Around 200 graduates join the labour market every year with qualifications relating to law and opportunities exist in consolidating the LPO segment in Mauritius. There is already a nascent existing base of LPO and law firms exposed to the operation of global business activities and multi-disciplinary law practices that would enable LPO to flourish.

- <u>Hospitality, travel and tourism outsourcing</u>

Although Mauritius has developed a unique global image as a hospitality, travel and tourism (HTT) destination, only a few companies are involved in this segment. As a niche player, Mauritius needs to focus its HTTO capabilities on the corporate and "bulk-purchase" travel market, especially in geographies where it has language, cultural and competitive advantages over other HTTO service providers.

- <u>Engineering design and architectural service outsourcing</u>

Mauritius offers an enabling business environment for the consolidation of this segment in Mauritius. With growing construction and developments in Africa, Mauritius can be used as a platform by existing international companies to reach African and francophone markets. However, several impediments such as the lack of labour pool and the diverging policies and standards existing in different countries deter BPO companies to venture or expand into this segment.

- <u>Human resources recruitment, training and development outsourcing</u>

Mauritius is ideally positioned to serve the European market as it is more competitive than Eastern Europe locations and can exploit its bilingual capabilities to better advantage. The particular challenges the BPO industry faces to grow this segment are:

1. The bundling of IT into HRO is higher compared to other outsourced functions.
2. The confidentiality and security of personal data, of HR processes and the integrity of people employed are critical for customer confidence

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3. Mauritius needs a stronger Data Protection Act in compliance with EU regulations.

Key Discussion Points:

- Activities currently undertaken within each segment
- Defining the market opportunity
    - By verticals (emergence of new verticals)
    - By nature of work (Front office, back office)
    - By type of services (vertical specific, horizontal services)
    - By source geography
- Strategies to increase in terms of value addition within existing segments
- Identification of segments with high potential and capital margins
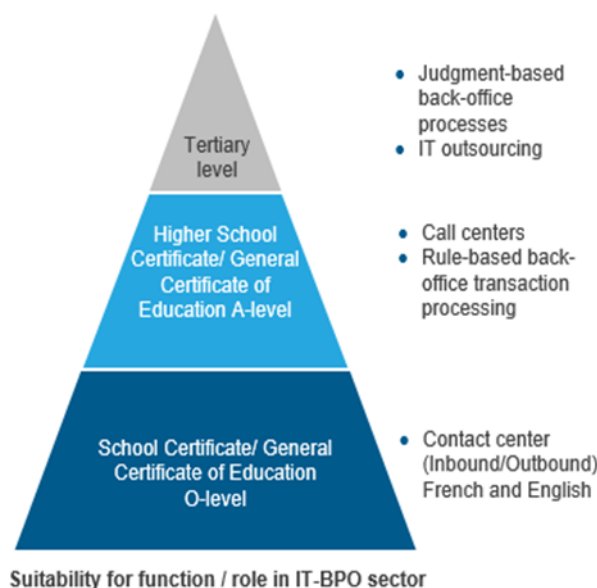- Is the Mauritian BPO still competitive for the French speaking market?

Some Key Expected outcomes

1. **Snapshot of the state of the existing segments of the BPO industry in Mauritius**
2. **Identification of segments with high potential capital margins**
3. **Government support required to consolidate BPO segments with high potential**
4. **The fine-tuning of the existing eco system to unleash the potential of the segment**
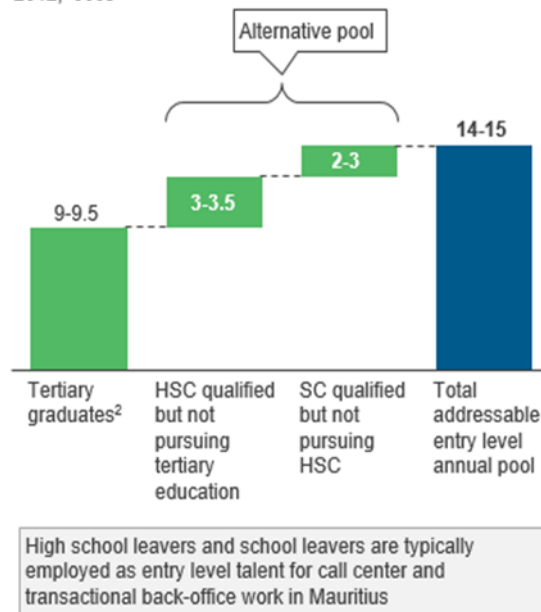
Human Resources and Capacity Building

The ICT-BPO industry employed 19,242 professionals in December 2013 and as per estimates, the sector is now employing nearly 21,000 persons. The total addressable entry level pool is around 14,000 – 15,000.

Profile of talent pool being employed in Mauritius for transactional BPO and contact center work
2012; '000s

Mauritius: Total annual addressable[1] entry level pool
2012; '000s

High school leavers and school leavers are typically employed as entry level talent for call center and transactional back-office work in Mauritius

1 Estimated based on assessment of total enrolments annualized over past 3 years and the structure of the education system
2 Tertiary graduates in Mauritius refer to graduates from government universities, private education and distance mode
Source: Everest Group (2012); Country-specific education statistics

There is a severe mismatch between the demand and supply of qualified professionals in the industry and most operators struggle to recruit the right profiles. As the industry evolves to high value addition processes, the job profiles requirements will change accordingly. In this respect, industry operators, training institutions, universities and Government should be able to respond to market changes and requirements.

According to Statistics Mauritius, the number of students examined in ICT at HSC level has been in decline dropping from 1007 (9.7%) in 2012 to 923 (9%) in 2013 while students enrolled in ICT or ICT-related dominated field at tertiary level has also declined from 3,878 (8.3%) in 2011 to 3,677 (7.3%) in 2013.

Several incentives have been initiated by Government to rectify the human resources impediment for the ICT-BPO industry including:

1. The reduction of the salary ceiling for employment of foreign professionals under the Occupation Permit, from MUR 45,000 to MUR 30,000
2. The Human Resource Development Council has been vested with the responsibility to administer, control and operate the National Training Fund. This Fund provides the

necessary incentive to employers to develop their human resources. Employers contributing to the HRDC levy of 1.5% can recover up to 75% of training costs depending on their tax rate.

3. The ICT Skills Development Programme (ISDP)/ Youth Employment Programme (YEP) - Under this scheme, companies are encouraged to train unemployed youth having an SC, HSC, Diploma and/or Degree on an industry-led MQA approved course and to offer them a placement following the training. The Training and Work Placement Scheme will entitle ICT/BPO companies to claim the refund of 50% of the stipend paid to trainees (up to a maximum of Rs 4,000 for non-degree holders / Rs 7,500 for Degree holders). Those companies offering training on an MQA-led course can claim 50% of the training costs (up to a maximum of Rs 7,500). The ISDP/YEP have been extended for two years instead of one year.

4. The Work-Based Learning for University Students scheme enables Employers to identify talents before graduation among Tertiary Level Students through a 'Work Based Learning' concept. ICT-BPO companies are encouraged to recruit trainees from the ICT Skills Development Programme database and offer them a work-based training/placement. Trainees should undergo the training / placement for at least 2 times for a period of 6 weeks each during a year of study. Participants receive an all-inclusive stipend of Rs 6,000 per month during the placement.

With around 12,000 students graduating from various disciplines, from business to technical courses, there is already an assured talent pool that can be pulled in to the system to help grow the industry. However, complementary efforts need to be put in place to assure the delivery of at least another 3,000- 4,000 workers that the industry needs to support its annual growth.

Another initiative is the awareness campaign to promote career opportunities within the industry and erase common misconceptions about it, like being a "dead-end" job or a career with no future, particularly among young people and their parents, in order to increase the number of candidates.

Key Discussion Points:

- Evolution of the labour market
- What are the linkages between current educational system and the current and future needs of the IT/BPO industry
- Assessment of the different types of training programs
- Sector Specific skills shortage
- Movement of people from the regions – critical assessment
- Necessity for Sensitization campaigns and career guidance in schools
- Reskilling and reconversion programs
- Creation of a national skills registry
- What can be done to encourage youth to pursue studies/ career in the ICT-BPO industry?

Some key potential outcomes

1. Underlying issues with regards to the mismatch (ICT and BPO)

2. Recruitments issues by operators and potential solutions

3. The effectiveness of the current training incentive scheme and grants available to ICT/BPO companies (ISDP, POTI, HRDC training grant scheme and YEP)

4. Measures to be implemented to encourage youths to pursue studies in IT at Secondary and Tertiary levels

IDENTIFICATION OF NEW GROWTH AREAS

Rapid advances in cloud computing, mobile, social media and data analytics are prompting many companies to reassess fundamental aspects of their business, including what products and services they sell, how they deliver these and how they need to organize to support their operations.

According to IDC, strong growth in Cloud technologies is being expected and public cloud computing services will be a $72.9 billion market in 2015. The convergence of cloud and mobile computing will continue to promote the growth of centrally coordinated applications that can be delivered to any device.

The Mauritian ICT/BPO industry has come a long way since its beginning as a low-cost, low-skill destination. It has the potential to evolve further and emerge as a world-class innovation cluster for ICT companies. Technologies in cloud, big data, analytics, mobility, social media and the Internet of Things (IoT) have become the order of the day. It is thus imperative that companies keep track of these trends and gear up for more innovative products and services.

As businesses look for new ways to cut down on overhead and infrastructure costs, they are turning increasingly to Software-as-a-Service (SaaS) and other cloud-based computing solutions.

2015 will thus see enterprises increasingly planning and implementing new functionalities in cloud environment. An uptick in high value added services like engineering services and product development is also anticipated. As per frost & Sullivan, vertical market focus is essential for new growth opportunities across the ICT industry.
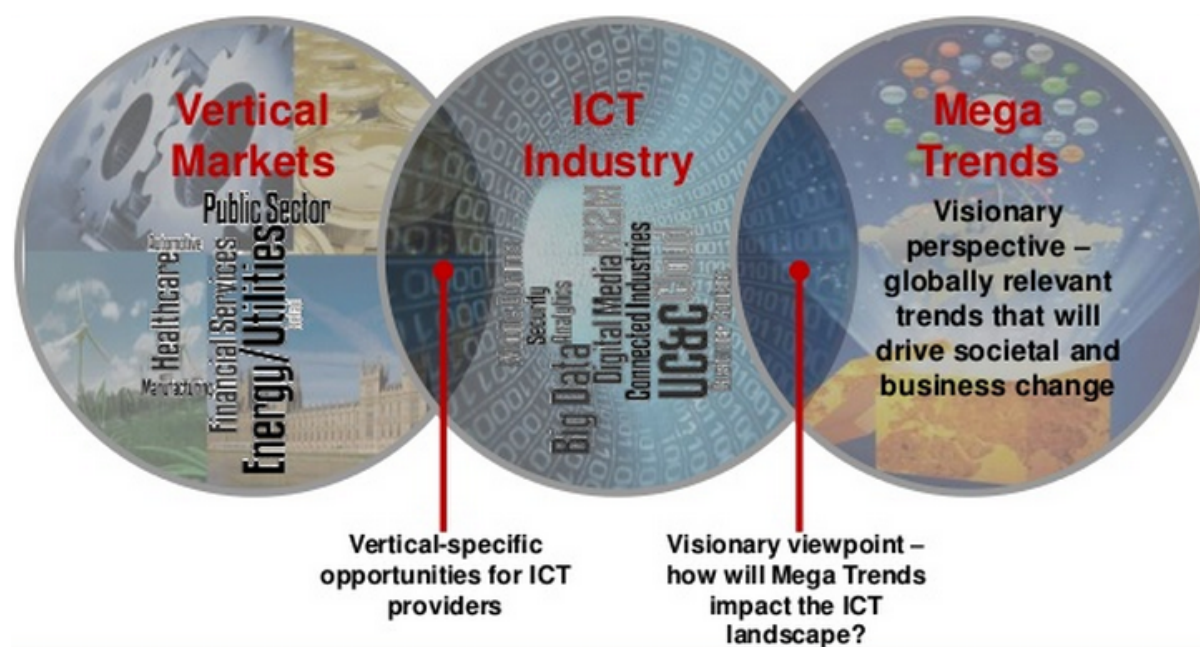
While delivery of higher-value functions is a solid niche, diversifying its capabilities and leveraging its large and wide skills base will be key to long-term success. For years, the potential for legal process outsourcing has been discussed, given the Mauritian hybrid legal system, however, this segment has yet to unleash its potential.

Some Key world trends:

1. According to Ernst and Young Study (2015), businesses are failing to use approximately 80% of customer data now generated.
2. By 2018, one third of the top 20 firms in most industries will be disrupted by industry specific platforms.
3. By 2020, 50% of the workforce will be Generation Y and Z members

During this session, panellists will be able to discuss on the value added services that need to be emphasized and also on the opportunities arising from the convergence of cloud and mobile computing and which would be of particular relevance to Mauritius. Key themes include:

- Advent of the third platform (SMAC) and disruptive technologies (Internet of Things)
- New paradigm for IT outsourcing (Cloud application / Virtualization/ Big data/ Smart Infrastructure)
- Multichannel customer care
- Cross functionality with other industries

Some Key expected outcomes:

1. **Identification of segments of high growth potential**
2. **Is the current eco system conducive to the development of these new products and services?**
3. **Training requirements for the development of new segments**
4. **Government support required to tap into those new opportunities**

PROMOTION AND MARKETING

A comprehensive and well-focused investment promotion strategy is essential for enhancing the visibility of Mauritius as a global business services delivery destination. Since 2004, the Board of Investment has been fully engaged in the implementation of a cohesive investment promotion and market development strategy together with the Government and the private sector. These initiatives have not only contributed to sustained investment despite the economic slowdown in the aftermath of the financial/ Euro crisis but have also transformed Mauritius's image on the global platform.

Compelling cost advantage coupled with available skilled work force has been the key unique selling point for Mauritius and investors came to Mauritius to find growth opportunities for their business at a lower cost.

However, with increasing competition from lower cost countries, advent of new technologies and migration from large suppliers to small suppliers, a review of the marketing and promotional strategy is imperative to reposition the country. Moreover, promotional initiatives in the emerging markets require an increasingly sophisticated positioning of the country and an assessment of the different roles that Mauritius can play for investors need also be done.

Roles that Mauritius can play for investors:

- Primary bilingual location for customer centric offshore services

- A Competitive hub and regional headquarters location

- An ideal destination for niche Shared service services

- Compelling alternative for higher value bilingual non-voice services

- Gateway to Africa" and risk diversification option for global companies

- Complementary center to India/ Philippines

  - Handling overflow volumes
  - Supporting bi-lingual (French, English) work as part of global service delivery
  - Providing business continuity / disaster recovery back-up location

Key Discussion points:

- Communicating the right brand proposition and messaging among the international investor community about what Mauritius distinctively offers;
- Reshaping the value proposition from a cost-arbitrage-led proposition to a compelling value proposition for high quality
- Adequate high-level access channels to decision-makers in leading multinationals
- Consolidation and nurturing of existing markets and strategies to penetrate emerging and newer markets

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- Leveraging digital platforms for increased visibility
- International recognition through index listing and specific reports
- Identification of international alliances and partnerships

Some Key Expected outcomes:

1. **Role of BOI regarding promotion of the industry (inward and outward events and promotions)**
2. **Diversification of markets**
3. **New MOU's and bilateral agreements to be signed**
4. **Definition of the new value proposition for the industry**
5. **Strategy to enhance visibility on social platform and new communications tools to be developed**
6. **How to consolidate the "Mauritius" brand as the preferred offshoring and ICT destination**

Innovation and Boosting entrepreneurship

Entrepreneurship around the world is growing, driving the need for more supportive ecosystems. According to the Total Early Stage Entrepreneurial Activity Index (TEA rate), which represents the percentage of individuals aged 18 to 64 in an economy, rapid-growth economies often exhibit much higher TEA rates than mature economies due to the fact that entrepreneurs in these markets launch businesses out of necessity.

In Mauritius, the ICT-BPO industry contribution to GDP has remained constant at around 6.4% for the past five years. Government's vision is to double the current employment figures in the next five years within this industry. To provide an impetus to the growth and employment, it is essential to foster innovation and enhance the entrepreneurship culture for this industry.

The face of entrepreneurship is also changing — across the world, entrepreneurs are increasingly young and/or female. Youth entrepreneurship is thus increasingly seen as part of a solution to address the youth employment challenge in Mauritius. However, it is more difficult for young people to engage in business as they lack knowledge, skills, experience and access to funding remains a primary obstacle.

Few activities and initiatives for youth entrepreneurship have been undertaken at national level from the creation of business support infrastructure with the setting up of the Ebène Accelerator to the access to finance through the Mauritius Business Growth Scheme (MBGS).

In the recent budget speech, the Honourable Minister of Finance and Economic Development announced a series of measures to boost entrepreneurship in order to support the economy. By fostering the conditions in which the rapid-growth companies of the future can thrive, the measures are aimed at helping to spark innovation, create jobs and improve the long-term national growth prospects.

To spur the youth entrepreneurship initiatives and to foster an entrepreneurship culture by making it easier for young people to start and run their own business in light of the key issues and the policy challenges that youth entrepreneurship faces, the following measures have been announced:

a) the setting up of a SME Bank to provide seed capital to entrepreneurs without any need for personal guarantee;
b) setting up of a One-Stop-Shop to provide support, financing and information as well as the delivery of all permits and licences that SMEs require to start and grow their businesses;
c) a fast-track mechanism will be put in place to ensure that all necessary permits and approvals needed to carry out business are delivered within the minimum time
d) SMEDA will collect trade fees on behalf of local authorities;
e) Any small company registered with the new SMEDA after 1st June 2015 will benefit from:
   - exemption from payment of corporate income tax for the first 8 years;
   - exemption from the requirement to operate tax withholding under Tax Deduction at Source (TDS) for the first 8 years (Withholding under PAYE will still be required, if applicable); and

- Exemption from submission of financial statements and annual returns to the Registrar of Companies for the first 8 years.
f) Seven more SME parks will be developed to increase industrial space;
g) The compulsory VAT registration threshold will be increased from Rs 4 million to Rs 6 million;
h) The turnover threshold for submission of quarterly return under Advance Payment System will be raised from Rs 4 million to Rs 10 million;
i) The annual fee payable to the Registrar of Companies by a small private company with turnover not exceeding Rs 10 million will be reduced from Rs 2,500 to Rs 500.

According to the Global Information Technology Report 2015 by the World Economic Forum, Mauritius ranks 50th for capacity for innovation and 62nd for PCT patents applications.

Global companies such as Google and IBM have preferred to set up their R&D/innovation centres in Kenya. Mauritius has to enhance its position by providing more incentives and support to foster innovation and promote Research and Development.

Key Discussion points:

- Effectiveness of measures announced for entrepreneurship and for fostering innovation
- Advent of third platform technologies and impact on the industry
- Embracing new technologies by the local industry for new processes/ models / platforms
- Innovation incubator – How to drive innovation at company's level?
- Encouraging youth to become ICT-BPO entrepreneurs
- What can be done to promote innovation and the adoption of technology in Mauritius?
- How to foster an entrepreneurship and innovation culture in Mauritius?
- How the national innovation fund be useful to unleash the potential in the sector?
- What are the innovative technology to be deployed in line with development of Smart city project?

Some Key Expected outcomes:

1. **Actions that need to be implemented to foster an entrepreneurship and innovation culture for the industry**
2. **Strategy to improve Mauritius ranking in terms of Innovation and R and D**
3. **Measures to encourage youth to become entrepreneur in the country**

Export of Services to Africa

As the next big frontier for market growth, Africa is rich with potential. The ICT sector has possibly the most to gain in an African economic boom, as ICT underpin every development initiative in every industry vertical. From agriculture and education, to enterprise development, ICT is a crucial factor in modernizing and optimizing every sector.

There are a number of reasons for the slow capitalization of Mauritian ICT companies on the African opportunities. Mauritian ICT companies generally lack the financial muscle to set up on the continent to tap into local opportunities. There are also the challenges of political instability, the huge variety of cultures and languages across the continent, and legal and regulatory issues that hamper cross-border trade. However, several Mauritian companies are already exploring opportunities on the African continent such as DCDM consulting, SIL, VESL, SoftPro and others.

Export of services from Mauritius to Africa has experienced a compound annual growth rate of 10% from 2005 to 2012 increasing from MUR 47 billion to MUR 102 billion leading to a more than two-fold increase during that period. Export of services for the ICT-BPO industry has been growing annually and reached MUR 5,536 million in 2013 representing a year-on-year growth of 8.4%. Several industry operators have been exporting their products and services towards Africa.

Government has set its new model of economic partnership for greater growth and opportunities with the rest of Africa. This becomes more essential at a time when Africa continues to attract the attention of global investors. The Mauritius Africa Fund will be redefined to play an integral role on the development of Special Economic Zones in various African countries. Madagascar, Senegal and Ghana have already expressed interest to work on this initiative. Such partnerships will create a comforting environment and subsequently enhance confidence to propel Mauritian private sector investments further in the respective SEZs.

Key Discussion points:

- Opportunities arising with the development of Special Economic Zones in Ghana, Senegal and Madagascar
- Identification of Export of services opportunities in Africa and collaboration with African companies
- Identifying specific countries in Africa to develop a five year export of services strategy
- Issues and bottlenecks that local operators face when engaging in export of services and possible solutions
- Positioning of Mauritius as a gateway to Africa? Are we ready?
- Identifying opportunities for matchmaking
- Are the schemes available for the export of services sufficient and relevant? (SME refund scheme and International Bids Scheme)

Some Key Expected outcomes:

1. Identification of potential markets and countries to export IT services
2. Types of Government support required
3. Types of MOUs / trade agreements required to sign with African countries

Strategic orientation and Future of the ICT/BPO Industry (some plausible scenarios)

""The best way to predict your future is to create it" – Abraham Lincoln

Context

The world is becoming more and more digital and this transformation is rapidly affecting all the facets of the economy and society. While technology changes and the Cloud is disrupting the BPO industry in many ways, it is also paving the way for success of companies that are agile. Armed with the right knowledge and strategy, one could capitalize on these opportunities to unlock a brighter future for their organization.

According to the research company "Markets and Markets" the BPO market is expected to grow at a healthy rate of 5.7% for the next four years and the overall worldwide BPO market will exceed $400 billion by 2020. Considerable change is expected, with clients now expecting BPO companies to offer new services such as automation and Big Data and analytics along with traditional services (e.g., contact center support).

There is no doubt that the ICT/BPO industry in Mauritius has been experiencing a sustained growth for a number of years, but with growing regional competition and rapid technology developments, the industry urgently needs to adapt to maintain its competitive position in the region and stay ahead of the curve. This requires the service provider to have domain expertise and additional software layers in the delivery platform.

The philosophy of Government is geared towards implementing a Smart Mauritius strategy, based on the ultra-high bandwidth concept over the next five years. The ultimate objective is to be able to harness the power of technology to facilitate the transition of Mauritius towards a digital island.

Discussions during that session shall be centered on the :

- Evolution of the industry since 2004 and key lessons learnt

The ICT/BPO industry has witnessed a significant transformation since 2004 be it in terms of activities, processes and verticals. The number of companies has also substantially increased from 60 in 2004 to 630 in 2013. While in 2004, the country was primarily being leveraged for transactional services, the landscape has changed with more players engaged in the delivery of higher order work with similar scale levels. Despite this impressive track record, the industry has been experiencing some signs of slow down which are reflected in a reduced growth rate, lack of new entrants, inability on the part of existing companies to further expand, and lack of innovation. It is thus important to reflect on key issues and elaborate strategies which would be determining to the industry's development and also help in achieving a double digit growth.

- Re branding and re defining the industry

Mauritius has long been promoted as an ICT/BPO destination. However in line with Government objective in transforming Mauritius into a smart island, it is important that the industry be rebranded to move beyond cost arbitrage and become an innovation centre. The BPO industry has gradually moved away from basic low end work to high end activities and the rebranding seeks to

create stronger image for the industry that will improve its identity as a destination providing quality and value added services.

- The future of the ICT/ BPO sector in the next 10 years: some plausible scenarios

Transformation has become the new theme for the global ICT/BPO industry and it is all about change and doing things differently and eliminating activities that do not add value.

With the growth of the Internet and the explosive popularity of social media and social collaboration, some aspects of BPO have evolved and some processes shall even be eradicated.

This could entail a redefining of current workflows and deploying new platforms and technology.

Below are some of the possible scenarios that are being anticipated among others:

- Business models will fundamentally change to the point that companies will focus only on those things that are core to their business or provide a differentiation.
- A new virtual workforce will emerge, enabled and managed by technologies.
- Enterprises will make increasing use of sophisticated analytics to hire the best workers for the tasks that are required.
- Physical location of the workforce will be, for the most part, irrelevant.

Some Key Expected outcomes

1. **Measures to address present challenges and bottlenecks faced in the industry.**
2. **Measures to transform Mauritius from a services oriented economy to an Innovation lead economy.**
3. **Definition and branding of the industry.**
4. **The positioning of Mauritius as preferred and globally competitive ICT/ BPO destination as well as a Regional ICT Hub and a Gateway to Africa.**
5. **Defining the new package of strategies, action plan and projects to realise the vision of the making of a "Smart Mauritius".**
6. **Actions and measures for restoring double digit growth in the ICT/BPO industry.**