



**EXECUTIVE FORUM ON
NATIONAL EXPORT STRATEGIES**

**EXPORT OF SERVICES: HYPE OF HIGH POTENTIAL?
IMPLICATIONS FOR STRATEGY- MAKERS**

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**BUSINESS PROCESS OUTSOURCING
– A New Name for Old Business?**

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The objective of this presentation is:-

- To highlight the key success factors that in my opinion have led to our success in the area of business process outsourcing as a company from a developing economy,
- Highlight what constitutes international competitiveness and guarantees repeat business in the area of Business process outsourcing
- Highlight the strategic initiatives that have enabled my company grow
- Highlight the best practices at enterprise level and sector level.

My business Cayman Consults limited is a professional services firm. The firm has provided back office outsourcing services since October 2000. These services include

- Bookkeeping Outsourcing Services
- Data Outsourcing services

1 Vision And Mission

At Cayman consults, we work to a consistently high standard with the vision of

“Providing Electronic based outsourcing services in a manner that will enhance our customers’ growth and increase our profitability.”

As professionals we provide quality while observing all necessary ethical requirements of independence, integrity, objectivity, due care and skill. Our mission is:

“To be the most efficient and effective back office outsourcing service providers in Uganda to help our clients realize their full potential”

2 Success Factors

As I start to share with you on how I became successful, I will Quote T.S.Elliot

“Success is relative. It is what we can make of the mess we have made of things.”

At Cayman consults we have made many mistakes and errors of judgment while trying to find our footing in the outsourcing business. Our Client, Wall and Associates is a highly professional accounting firm with ISO Certified processes and therefore the requirement so of the client were high.

The mistakes, which we have made, have been turned into learning lessons, useful experiences for us to nurture and develop teams, schedules, processes and budgets to over come our shortcomings.

Ladies and Gentlemen, 4 years after meeting this client I am happy to tell you that Cayman consults are still working for this client and will do so for years to come.

I pondered over the question “How did I become successful?” It dawned to me that a few factors enabled me and my team to make the road to success and I share them with you.

1. We have been careful in determining who the service provider is .This determines the level of efficiency .The experience that we got is that when you work with a growth company, the customer service that we received was unmatched as we got allocated a technical team that was briefed to ensure that a solution is got in the shortest time possible. In comparison, big service providers take care mostly for the big accounts and we were not their priority.

You need to look at the package that the Internet Service Provider gives:

- Automatic Virus checks on the system
- Band width report
- Technical Support availability

- Initial setup costs
- Ease of switching to other service providers using the same equipment you have purchased

The costing of the bandwidth is not different from bigger service providers but you get the feeling that there is value for money if a service provider ensures that your business is a success. This is different when you work with a top tier company which does not prioritize your problems.

2. Offering Quality services at the lowest price possible. This is greatly determined by:
 - Our ability to cut down the fixed costs to the lowest possible levels. We have done this by
 - Holding very few support staff preferring to outsource those functions to people on call basis e.g. Computer repairs and networking support
 - Using the Internet as a gateway of other business other than the clients work e.g. Fuel Trak and our online shopping solution.
 - Cutting down the rent expenses, taking on smaller space in town for presence while moving the training and data entry centre out of town. Cayman consultants acquired premises at Mukono that have an enabling environment for the data center. The premises are located in a quiet and secure neighborhood.
3. We have developed parameters in recruitment and training staff to become multi-discipline ensuring that they have the right mindset, skills and vision to do more than one job. They do their work with dedication and in case the volumes at wall and associates are low with the client, there are other duties or functions that they can perform.

The curriculum that we have used to train the data entrants has three components

- Personality Development
- Time consciousness: This involves timely completion of tasks and strict adherence to deadlines.
- Speed and accuracy in execution of duties: We should always remember that our clients that we serve in the outsourcing industry belong to a fast world and we have to match their speed if we are to cope. Inaccuracy will therefore not only waste time, but also have negative effects on the quality of our outsourcing work.
- Quick and logical decision making: Indecision is an obvious time waster and so is the lack of common sense in doing our jobs.
- Commitment to task completion: This must be a high standard in both quality and quantity within a specified time. This sometimes requires going the extra mile, expending extraordinary effort and even making personal sacrifice for example in terms of time.

3 Confidentiality:

- IT Skills Development
 - Key boarding skills: we make sure that by the end of the training, the recruits have a key boarding speed of at least 50 words per minute.
 - Internet experience highlighting the important factors about internet security and best practice
 - Cayman's online business found on www.cayman-consults.com
 - Wall & associates system data entry system.
- Accounting
 - The Canadian tax system for Small incorporations high lighting the tax saving areas and the classification of the different expenses for a client.
 - The Clients data base (CA4SOHO) highlighting the data entry screens, correcting of mistakes and processing guidelines.

4. The type of client and the timing of the contract

We started our outsourcing business by working with a client who invested in the infrastructure and systems. With an investment of over 500,000 USD that Wall & Associates made, all we were required to have is a good internet speed. The client invested in a 28-bit SSL security system similar to that of banks, server systems and the data entry system which we use in the execution of our duties. This is in stark contrast to other potential clients who would expect us to invest in the backbone infrastructure.

We also met the client at a time when he was upgrading his system. This gave us an opportunity to become partners in development as some of the suggestions that would make work easier for us were incorporated in the system.

Over time we have developed a relationship of trust and this relationship is no longer one of customer-Service provider but a partnership to make the business on both ends a success.

5. Network of partnership

At Cayman consults we have made a deliberate policy to build networks with outsourcing brokers, development organizations, Government and Service providers and this has been a fundamental block in our search for success.

- Perwit International (Canada) and ML2000 (Uganda) who introduced us to Wall& Associates and helped us to nurture the relationship. This is one of the most important factors in our entry in the outsourcing business because we needed a trusted party by the client to help bridge the gap until confidence levels could be built.
- Government of Uganda through the Uganda Investment Authority assisted us by subsidizing the rent and internet costs for a period of 2 years.
- Enterprise Uganda (UNDP) and BUDS-SSE (European Union) helped to fund the development of the curriculum and recruit professional trainers for the training courses.
- One2net our Internet service provider currently houses our data centre as we refurbish our own premises located out of town.

6. Flexibility and adoption to the business environment

We have developed very flexible structures which encourage every one in the business to offer advice on how to do things better. Communication and feedback has been a virtue in our quest for success. Our motivation at Cayman is success in our business and so if we are welcome to ideas, it will come easier.

We have been flexible adjusting our business plan to the realities in the business. Seeing that we could not sustain our business wholly on the international out sourcing business, we retrained our staff to also do local work. This flexibility has helped us survive.

4 International Competitiveness In Business Process Outsourcing

- Infrastructure

The ease with which a company can put together the infrastructure to execute an outsourcing contract determines how competitive a company will be and determines repeat business.

We dreamt in vain of the day our government would put in place an incubation centre similar to those in India because it guarantees that a small company like Cayman consults should not worry about infrastructure when they get a contract signed they can sublet a fully furnished internet ready facility to execute work.

At Cayman we have been bogged down by lack of capacity to invest, not with standing the fact that banks could not lend us money since they could not understand the business model.

- Human resource skills development plan

The ability for a company to train, and retain a big pool of individuals who have the right attitude mindset and job requirement to take on an international outsourcing job is a very big competitive advantage. A client will want to test the waters with a few people but will want to be able to scale up at any time when volumes increase.

- Cost of executing the job

The cost of doing a job is also a competitive advantage. One has to understand the critical cost centers of the out sourcing business. Steps then should be taken to harmonize these costs to the job at hand in a sustainable manner. There are three main cost centers in the Out sourcing business:

- Internet

In Uganda where Internet costs are 10 times the cost of internet in Canada, we' re finding ways of bringing down the cost without having to increase the charges to our client cause then we would become competitive. We have removed high speed internet from our office because it was costly to pay rent and internet. We moved our data centre to the premises of our ISP guaranteeing us of faster bandwidth for less money.

- Employees

We have changed our strategy from paying our employees on a monthly scale to paying them based on hours worked. This is a new phenomenon in my country but it is the only way to guarantee efficiency in work.

- Rent

Rent is a fixed cost. You have to pay whether you get business or not. The client we are working for has seasonal business and there fore at times we rented big space, most of the times, it was redundant. We have reduced on the space we hold in town, opting to refurbish a facility out of town to cut out the rent cost.

- Experience of the firm in handling similar work

Starting at the lowest part of the value chain in offering outsourcing solutions to an international client is not very attractive because low value jobs have very low pay out rates. However this is one of the factors that can guarantee repeat business. If you start at the lowest point of the clients work, and you build client confidence, the client is able to delegate higher values jobs to you.

- Time Zones

If you are gifted by Mother Nature then you have to utilize the advantage. Time zone difference has been another big advantage for Cayman consults for offering our services to the client. It is common for us to find work in the morning and we process it through the day and by the time our client gets to work, the work is done. The time zone gives our client a perpetual 24 hour office.

CONDITIONS IN UGANDA THAT ENABLED MY FIRM TO ENTER BPO BUSINESS, THE STRATEGIC INITIATIVES IN PLACE AND THE IMPACT OF THESE INITIATIVES ON SECTORAL/NATIONAL LEVEL

State Support: - Government has identified ICT as a key priority sector for funding in order to enhance growth of the economy through employment. This is together with Floriculture, Textiles, Fish, Cotton and tourism	Funding is available for companies that are identified as exporting IT services. This funding ranges from Internet subsidies, Training subsidies and others. This key intervention helps start ups that have got potential to prosper in the long run.
Tax waiver:- Value Added Tax and Import tax has been removed on the importation and sale of computers	The computer being a key tool in the enhancement of IT outsourcing has to be treated as a raw material. The removal of taxes on computers has made it easier and cheaper to acquire them hence a good step in encouraging the development of the sector. Schools are now building computer labs making it easier to train and develop the future work force.
Communication sector liberalization: - The privatization of the communication sector has encouraged competition and other players allowed investing in the communication infrastructure.	We now have 13 internet service providers which give one a choice of who to work with depending on cost and service. Internet is slowly coming into offices and homes at affordable prices. This means businesses can now introduce internet based businesses locally since the numbers are slowly going up.
Abundant educated labor: - There are a huge number of graduates who do not have jobs.	A pass out rate of 10,000 graduates every year in a country which can not absorb half that number in the employment ranks means that here is a ready human resource that can be easily trained and utilized in the business.
ICT policy framework is in place: - The Government has set up a policy framework charting the way to table an IT Bill.	This commitment to have an IT bill including confidentiality clauses, Patents and license rights encourages the people who are considering making Uganda an outsourcing destination.
Formed an ICT Outsourcing Association:- The companies interested or practicing outsourcing as a business have formed an outsourcing association(The Uganda ICT Outsourcing services association)	The Association has become a collective voice of the companies which could not lobby on an individual basis. Many of the benefits in ICT have come as a result of this lobby group.

5 Best Practices Initiatives-Enterprise Level

The best practice initiatives at enterprise-level and implications for the developing /transition economy firm:

- Cultural adoption to be able to relate and export services to foreign markets. We have remained local but thought globally. We have adjusted our mindset to participate in the export of services.

This adoption means that the efficiency of the firm increases. Our cultural attitudes to work are different. If I can be able to work at the rate of a 1st world economy when I am in the third world, I will earn more and save more.

- Persistence and Resilience as a necessary attitude to nurture the company to become a supplier of services in the foreign market. It is no doubt that the people who are behind the formation of the company had a vision and resilience to see success. If we were short sighted, we would not have gone very far.
- Innovativeness to become an export services firm from a landlocked country arising out of the core values that have been gained from the training that aims at developing an individual who is focused to getting solutions to a problem however difficult it may be.

6 Best Practices Initiatives-Sector/National Level

The best practice initiatives at national level and implications for the national strategy maker

- Adoption of the incubation approach to impart skills to different companies and share economies.
- Key intervention areas to enhance the capacity to export services from developing countries to developed countries. Arising from the above, e-business policy formulation can be guided taking from the experience and challenges that we went through.
- Collective effort (Cooperative)-Cayman consults was used as one centre to impart knowledge to other companies in data entry skills.