Assessment of the Outsourcing Services Opportunities in Egypt

Sector Report

14th November 2021

Prepared for

THE WORLD BANK

Ministry of Communications and Information Technology

itida
IT INDUSTRY DEVELOPMENT AGENCY

Funded by UK Government

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29 April 2021

Report on Assessment of the Outsourcing Services Opportunities in Egypt (Module A)

In accordance with your instructions, we have performed the work set out in our engagement agreement and dated January 2021 (the "Engagement Agreement") solely for the purpose set out in the Engagement Agreement (the "Purpose").

Purpose of our Report and restrictions on its use

Our Report on Assessment of the Outsourcing Services Opportunities in Egypt (Module A) was prepared on your specific instructions solely for the Purpose and should not be used or relied upon for any other purpose. While we believe the information included in our Report on Assessment of the Outsourcing Services Opportunities in Egypt (Module A) is substantially responsive to your request, we are not in a position to assess its sufficiency for your purposes.

While we may provide advice and recommendations to The World Bank, The World Bank is solely responsible for any decision to execute or implement any such advice or recommendation, the actual execution or implementation of any advice or recommendation thereof, the sufficiency of such advice or recommendation for The World Bank purposes, and the results of such implementation.

This report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement. We accept no responsibility or liability to any person other than to The World Bank and accordingly if such other persons choose to rely upon any of the contents of this report they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement.

In addition to EY's secondary market research based on public data sources, we have used information obtained during discussions with you, Information Technology Industry Development Agency (ITIDA), 3rd party service providers, captives in the outsourcing services sector (Egypt) and other experts as well from independent sources/reports. We have relied on information obtained from these sources and other information provided by you for the preparation of the Report. We have not sought to establish the accuracy, completeness or reliability of the information provided to us except as specifically stated in the Report. Consequently, we do not express an opinion or offer in any form of assurance regarding its accuracy or completeness of such information.

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Nature and scope of the services

For the purposes of the outsourcing services sector (Egypt) assessment, the Report does not take into account events or circumstances arising after 29th April 2021 and we have no responsibility to update the Report for such events or circumstances. The analysis outlined in the Report should not be considered as investment advice and does not constitute recommendation for you to take any particular course of action.

Any estimates outlined in the Report are indicative in nature and may include assumptions about future events that are not guaranteed to materialize. Even if the events anticipated under the assumptions occur, actual results are still likely to be different from these estimates since anticipated events frequently do not occur as expected due to multiple externalities and the variation may be material.

Further, COVID-19 is presenting a potentially significant impact upon economic activity and certain businesses across the world. At the date of this Report, the potential future impact of the ongoing pandemic situation is unknown and therefore, has not been considered in the context of this study. We specifically disclaim our analysis, market forecasts and our views from any potential future impact of the ongoing pandemic.

There is no representation or assurance that the business models envisaged will achieve the results indicated in the 'Sector Visioning' and 'Business Case' as the assumptions upon which they were based are inherently subject to uncertainty and variation depending upon evolving events. However, the concept has been conscientiously prepared, based on our discussions and knowledge of the market and the information supplied to us by the client and market participants.

"Building the Sector Visioning, Business case for incentive recommendation" in no manner affirms the realization thereof and EY assumes no responsibility to any party for the realization of the 'Sector Visioning' and 'Business Case'

Nothing contained herein, to the contrary and in no event shall EY be liable for any revenues and any direct, incidental, consequential damages incurred by the client (direct or indirect), investors or any user of the 'Sector Visioning' and 'Business Case'.

The contents of our Report on Assessment of the Outsourcing Services Opportunities in Egypt (Module A) have been reviewed by management to confirm that it addresses to their satisfaction the matters within the agreed scope of our work.

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Nature and scope of the services

Whilst each part of our Report on Assessment of the Outsourcing Services Opportunities in Egypt (Module A) addresses different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Our work was completed on 29th April, 2021. Therefore, our report does not take account of events or circumstances arising, or information made available, after 29th April, 2021, and we have no responsibility to update the report for such events or circumstances or information.

Restrictions on the use of the Report and limitations

We have limited our comments to issues and risks arising only out of matters mentioned in the scope. The Report may not have considered issues relevant to any third party. Any use that any such third party may choose to make of the Report is entirely at its own risk and we shall have no responsibility whatsoever in relation to any such use. Accordingly, we do not owe a duty of care to any third party reader of the Report.

Refer to the engagement letter for the specific limitations involved in the work performed by us.

We appreciate the opportunity to provide our services to you. Please do not hesitate to contact us if you have any questions about this engagement or if we may be of further assistance.

Acknowledgements

We thank and acknowledge the direction, support, and contribution of the following:

- The World Bank, which commissioned and funded the project along with the United Kingdom's Foreign, Commonwealth and Development Office (FCDO) through the Strategic Partnership for Egypt's Inclusive Growth Trust Fund
- Egyptian Ministry of Communications and Information Technology (MCIT), the Hon'ble Minister, the Information Technology Industry Development Agency (ITIDA), its CEO, Vice Presidents, Directors, Managers and other Executives, all of whom served as key resource individuals and guided the study
- The executives of Egypt-based and multinational offshoring services organizations and captives that graciously took time from their schedules to answer our questions and provide their professional perspectives
- The executives of Egypt-based recruitment agencies, venture capital funds, industry analysts, and other experts that enabled us to incorporate local perspectives into the study
- Global EY leaders across outsourcing, location & technology advisory for providing an outside-in perspective on the offshoring services industry

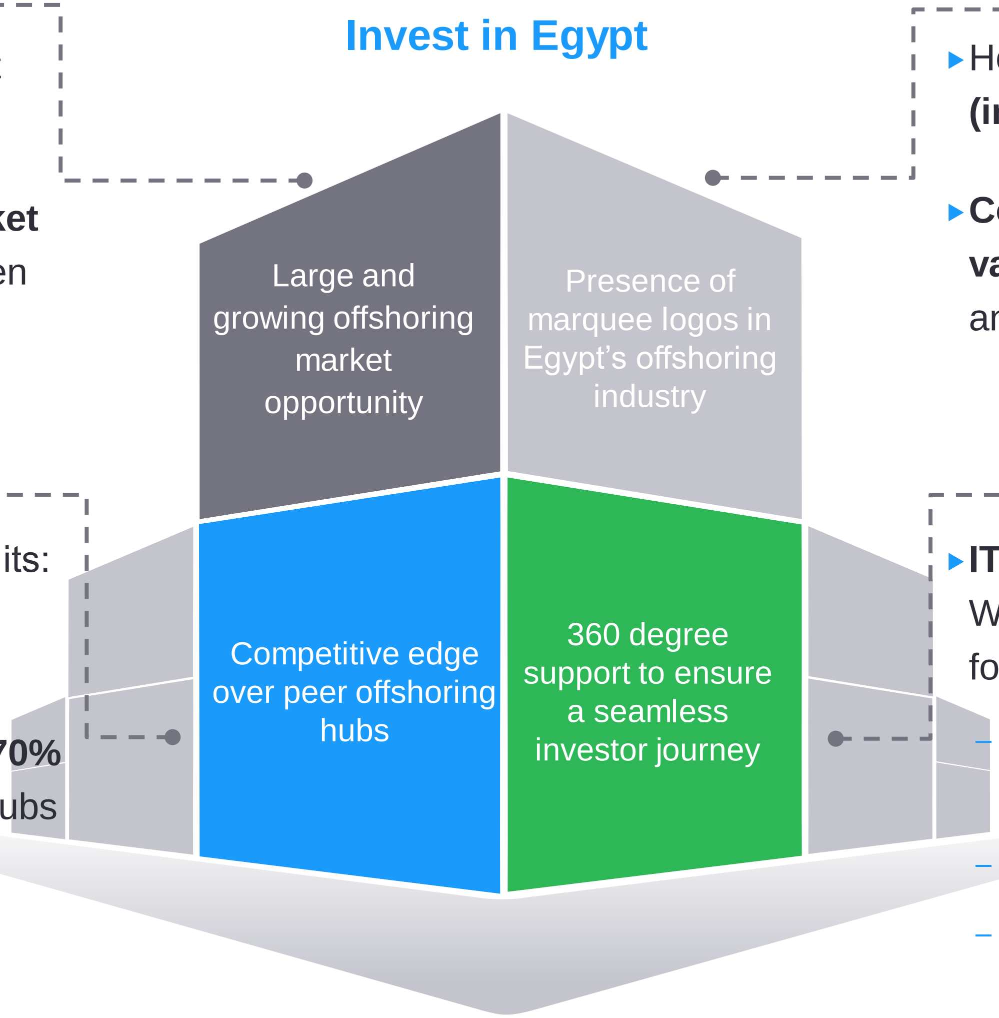
Invest in Egypt

Driving the next phase of growth in offshoring sector

Egypt, a global offshoring hub, is on the glide path to expand its global footprint

- A multi-billion dollar offshoring market **pegged at USD 2-2.5 b in 2020**
  - Expected to be a **USD 6.5-7b market by 2026** i.e. 3X of current size driven by a robust sector vision & strategy

- Egypt's competitive advantage lies in its:
  - **Large multi-lingual talent pool** (600K+ annual graduates)
  - **Operating cost savings of up to 70%** vis-à-vis other regional offshoring hubs
  - **Central location and time zone**
  - **Cultural affinity** with EMEA
  - **World class physical and ICT infrastructure**



- Home to **400+ world renowned logos (including 10+ Fortune 500 companies)**
- **Competent to deliver an array of high value services** across 100+ countries and wide vertical coverage

- **ITIDA is your true partner in success**. We offer **360 degree investor support** for a seamless journey -
  - **Attractive incentives (rebates, reimbursements)**
  - **Marketing support**
  - **Aftercare support**

EY Parthenon

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EY Parthenon

Egypt's multi-billion offshoring market, pegged at USD 2-2.5 b, is competent to deliver an entire spectrum of services across 100+ countries and wide vertical coverage

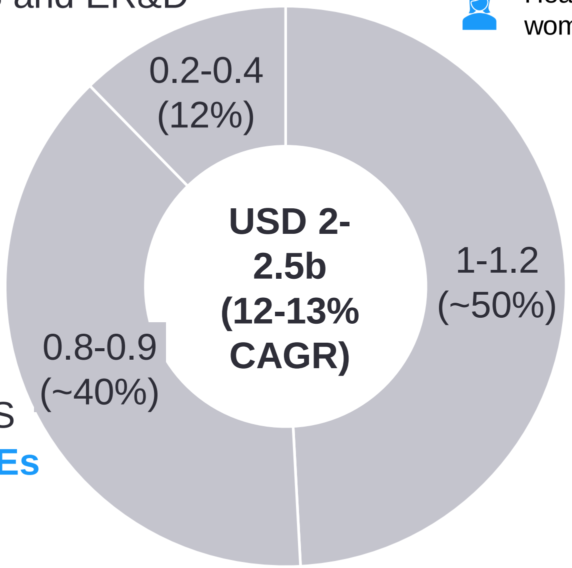
Egypt offshoring (export focused) industry dashboard

Export offshoring services market, USD b, 2020

Industry employment ¹
75-85K

Very low attrition rate of 10-15% p.a.

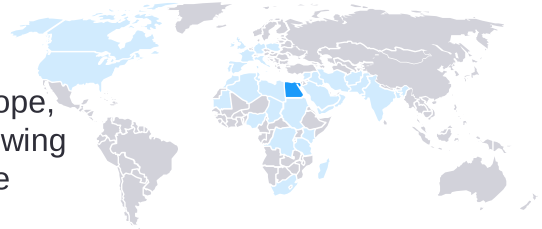
Healthy participation of women employees



Sector Vision

To triple the market size by 2026 to USD 6.5-7b (20% CAGR), employing 210-220K FTEs (i.e. addition of ~135 FTEs)

- Focus segments with proven record
  - Contact center operations – omnichannel
  - Application development & maintenance
  - Embedded software
  - Back office services (FA, HR, SCM)
  - Testing
  - Vertical BFS
  - Vertical Hi-Tech
- A gateway to serve 100+ countries across Europe, North Americas, Middle East, Africa and Asia owing to central location and advantageous time zone



- Delivering services across a wide vertical coverage
  - BFSI
  - Internet & E-commerce
  - Manufacturing & automotive
  - Telecom
  - Government
  - Healthcare
- Focus on providing services leveraging digital tools such as RPA/ intelligent automation, data analytics and AI/ data science

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021

Egypt has proven experience in delivering an array of world class services across the entire spectrum of offshoring landscape

Offshoring services catalogue

	Low to mid complexity	High complexity
BPS	▸ Tactical customer care functions - voice and non-voice (email/ chat support) ▸ Transactional back office ops (such as employee data management, salesforce automation)	▸ Multilingual omni channel customer support ▸ End to end back-office support including judgement intensive finance & accounting, supply chain management, HR functions, supply chain management/ procurement ▸ Vertical focused and domain specific services ▸ RPA led customer support (IVR, Chat bots etc.)
ITS	▸ Traditional Application Development ▸ Functional and manual testing ▸ Infrastructure hosting services ▸ Application Maintenance and Support ▸ Technical support	▸ Cloud Native App Development (Mobile, Web and Desktop) ▸ IoT based Application Development, Support & Maintenance ▸ Platform micro-services & content management service ▸ Load and performance testing, Specialized or customized testing, New age tech testing (Testing of AI, ML, IoT, Big data)
ER&D	▸ Feature development and product support ▸ Functional safety testing ▸ Mechanical/ core engineering	▸ Auto focussed software engineering (e.g. AUTOSAR) and embedded software (e.g. ADAS) ▸ Embedded Hardware (chipset design, IP creation) ▸ Prototyping and designing services
KS	▸ Digital marketing & social media engagement ▸ Market research and customer surveys ▸ Data ingestion, integration visualization and warehousing ▸ Program and Change Management	▸ Predictive/ prescriptive AI, ML and cognitive models ▸ Data science and machine learning ▸ Data moderation and management

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021

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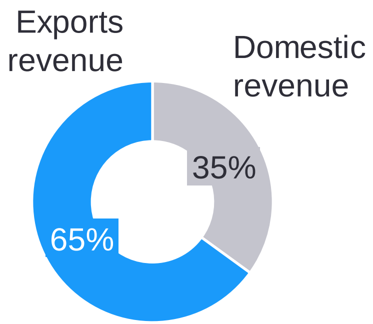
Majority of the service providers in Egypt are MNCs and 3rd party service providers setup in Cairo delivering ITS & BPS offerings to international accounts

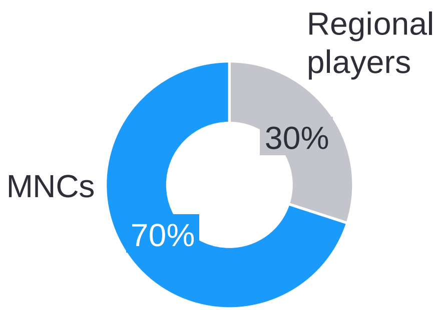
Key offshoring industry metrics for Egypt (2020)

By export vs domestic revenue



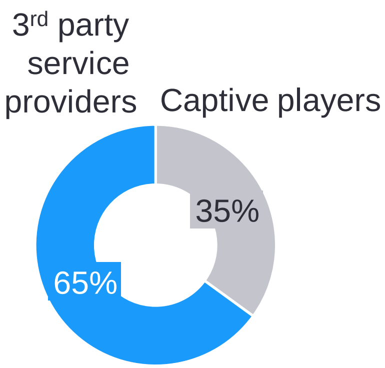
65% of the revenue is generated by export of outsourcing i.e. offshoring activities (employs >60% of industry workforce)[3a]

By type of operations

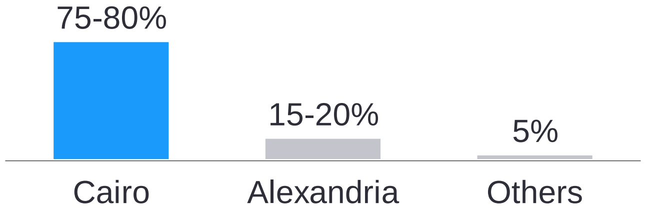


70% of service providers serve **countries beyond just Middle East and Africa region**

By type of center



~65% of the service providers[3c] in Egypt operate as 3rd parties (employing >50% of the industry workforce)

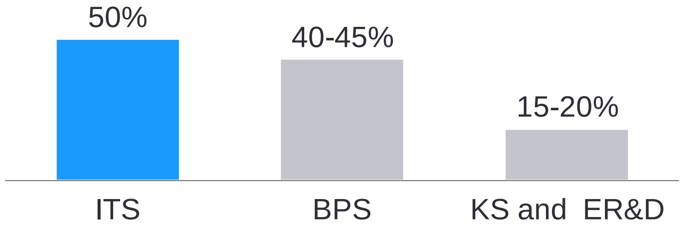


Global services delivery operations are mostly concentrated in[3d]:

- **Tier I cities** (75-80% in Cairo, 15-20% in Alexandria) followed by select operations in **Tier II cities** (such as Luxor, Mansoura, Asyut - <5%)
- **IT parks in/ around Cairo** - Smart Village & Maadi Park

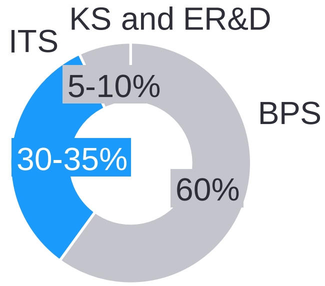
By segment served

as a % of companies[3e]



- **>10%** of service providers serve more than one technology segment

as a % of FTEs deployed[3a]



- **>90% players deliver BPS and ITS services** (deploying >90% of industry's workforce); whereas **KS and ER&D are relatively niche offerings**

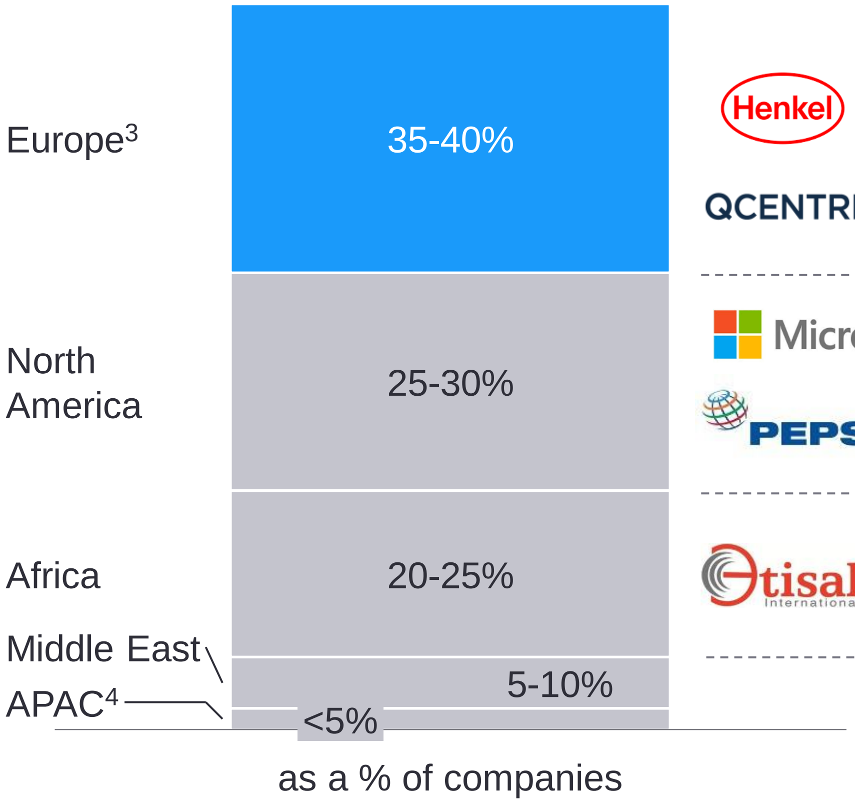
1. The above is a summary of insights are based on an independent survey, interviews conducted and information collected via secondary sources on leading offshoring service providers operating in Egypt
2. Insights are based on data collected for a) 400+ players b) 115 players c) 110 players d) 24 players (double counting since most players have a diversified services portfolio) e) 115 players

Source: Based on RFI responses and Discussions with leading offshoring service providers in Egypt conducted during February - March 2021

Egypt's offshoring industry houses investors from across the globe, with >60% players headquartered Europe or North America

Key offshoring industry metrics for Egypt (2020)

By country of origin i.e. headquarters of service providers[2a]



Fortune 500 and other renowned logos in Egypt's offshoring industry

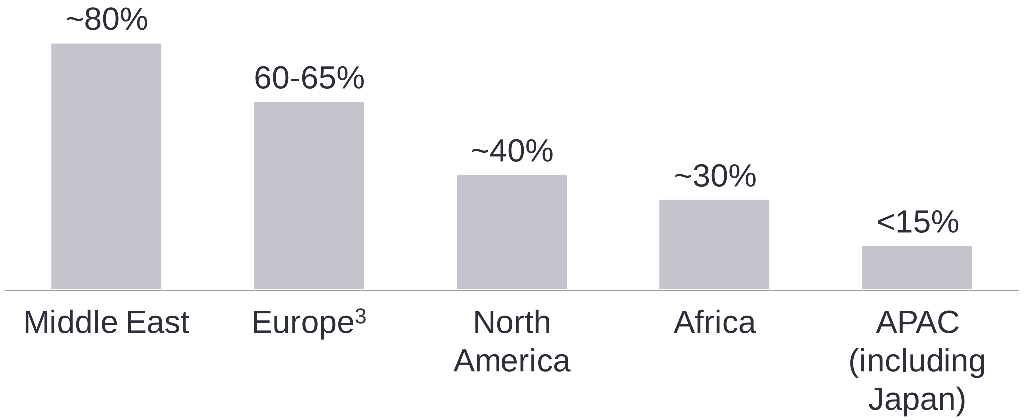
1. The above is a summary of insights are based on an independent survey, interviews conducted and information collected via secondary sources on leading offshoring service providers operating in Egypt
2. Insights are based on data collected for 115 players
3. Europe includes DACH, UK, France, Italy, Spain, Luxembourg, Sweden, Denmark, Netherlands
4. APAC includes Japan

Source: Based on RFI responses and Discussions with leading offshoring service providers in Egypt conducted during February - March 2021

Egypt is strongly pivoted to serve EMEA due to multi-lingual skills, time zone and cultural affinity with a wide vertical coverage across BFSI, internet & e-commerce and telecom

Key offshoring industry metrics for Egypt (2020)

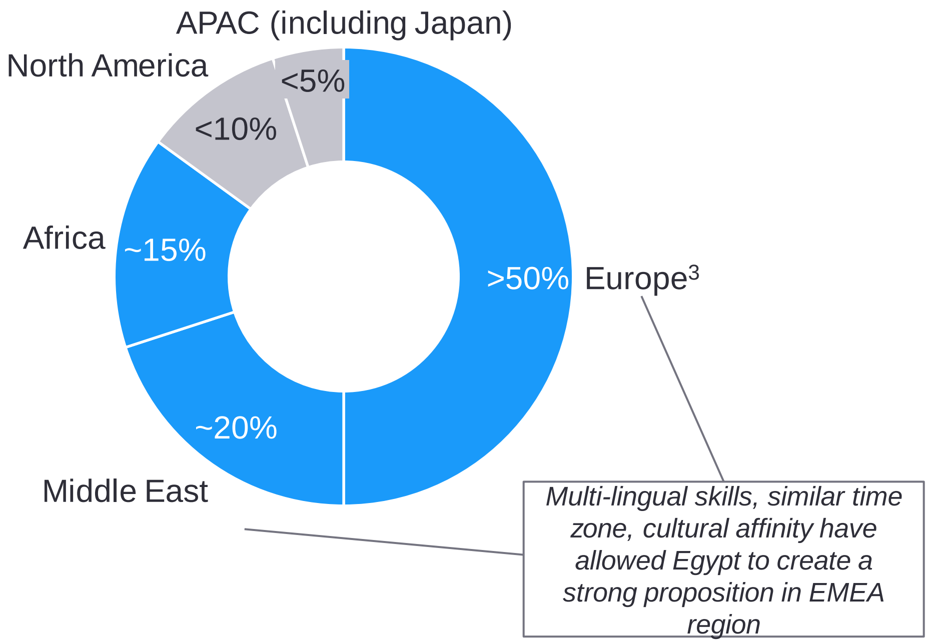
Geographical focus as a % of players serving international accounts[2]



100+ Countries served across 5 continents

~50% Service providers serve 3+ continents

Geographical focus as a % of FTEs serving international accounts[2]



- Egypt is **strongly pivoted to cater demand from EMEA region** (>80%) with focus on DACH, UK, France, Italy, Spain, GCC and Africa
- BPS is more focused on **EMEA** (due to multi-lingual capabilities) and ER&D on **EU's auto sector**, ITS has **diversified geographic spread** across US and EMEA

1. The above is a summary of insights are based on an independent survey and interviews conducted with 30+ leading offshoring service providers operating in Egypt
2. Insights are based on data collected for 21 players
3. Europe includes DACH, UK, France, Italy, Spain, Luxembourg, Sweden, Denmark, Netherlands

Source: Based on RFI responses and Discussions with leading offshoring service providers in Egypt conducted during February - March 2021

Service providers in Egypt are leveraging digital technology to deliver offshoring services with a wide vertical coverage across BFSI, internet & e-commerce and telecom

Key offshoring industry metrics for Egypt (2020)

Degree of focus on digital technologies[2a,b]

35-40%

Service providers **already leverage digital technology**[2a]

>50%

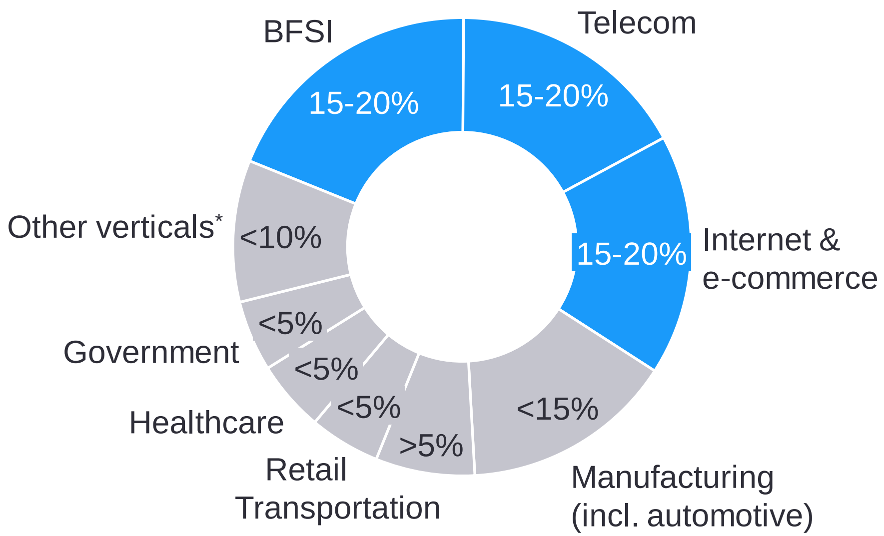
Service providers are **planning to shift focus towards AI, automation, analytics, mobility** to deliver services in the future[2b]

Key technologies gaining traction in Egypt

Artificial intelligence	Robotic process automation	Big data analytics	Mobility	Cloud computing

Vertical focus of service providers[2c]

(as a % of # of FTEs serving international accounts)



- Service providers cater to a widespread clientele across all key industry verticals such as **BFSI, internet & e-commerce, telecom manufacturing (incl. automotive), transportation, government and healthcare**
- Other verticals include energy, utilities, media, publishing, construction

1. The above is a summary of insights are based on an independent survey and interviews conducted with 30+ leading offshoring service providers operating in Egypt
2. Insights are based on data collected for a) 19 players b) 24 players c) 13 players

Source: Based on RFI responses and Discussions with leading offshoring service providers in Egypt conducted during February - March 2021

BPS and ER&D specialists expect higher value work to drive revenue growth, while diversified and ITS players are focussed on expanding FTE scale

Consensus view on revenue and FTE near term growth projections (2020-21)

1

>10% revenue growth	<5% FTE growth

Focussed scaled players

>15% revenue growth	>15% FTE growth

Mid size players

Diversified and ITS players are focusing on expanding scale

2

>20% revenue growth	>15% FTE growth

BPS specialists

BPS industry is experiencing automation of low complexity tasks

BPS specialists are pivoting their offerings towards high value work

3

>10% revenue growth	>5% FTE growth

ER&D specialists

ER&D specialists expect to charge premium for rendering high value work

1. The above is a summary of insights are based on an independent survey conducted with leading offshoring service providers operating in Egypt

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Egypt offshoring industry's response to COVID-19 pandemic was seamless owing to business continuity measures enabled by strong ICT infrastructure

Resilience to COVID-19 and business continuity

Response

- **Migration of 50-80% workforce to WFH within 2 weeks** without service disruption
- Huge surge in client activity via remote delivery

Areas of strength

- **Government investment of USD 2b into infrastructure upgrades** in 2019 supported the abrupt increase in demand
- Egypt has also **invested in building digital capabilities** (remote working skills)

Impact

- **No significant adverse impact of pandemic** on the industry[1]
- Industry achieved target revenues for 2020
- **10-20% sustainable cost savings** due to savings on real estate, transportation and utilities expense

Post pandemic

- **Players are exploring hybrid models** – plans to shift >50% workforce to WFH over next 12 months[2]
- **Access to a larger talent pool via WFH** – tier II cities, women, different age brackets, employees in COVID impacted sectors like tourism

Multiple industry partners have indicated preference for shifting their core operations to Egypt after the pandemic

"*Egypt has shown **better resilience to COVID compared to Philippines and India**, owing to the recent infrastructure upgrades*"

- CoE head, Vodafone Intelligent Solutions

"*Egypt offers **strong business continuity and disaster recovery infrastructure** alongside its highly-committed staff, ensuring that business remain operational and meet outstanding service levels, regardless of the external environment*"

- Sr. Manager, Business Ops, DXC Technologies

"*We **transitioned 80-85% employees** to remote working environment **without any disruption** and we were able to leverage **talent across tier II cities, women, different age brackets and COVID impacted sectors like tourism**"*

- Solutions Director, Xceed

New centers added in 2020[3]

Webhelp, Unilever, microwiZe technology, PEPSICO, IDEMIA, ARB CALL FACILITIES, ERICSSON, RSA, Julfar

1. >65% of the services providers surveyed have indicated that COVID-19 has not had a negative impact on business – rise in client activity, more leads, cost savings and they have been able to meet their planned financial targets for 2020 - Based on RFI responses of 14 companies
2. Majority of the service providers plan to follow a hybrid model, shifting >50% of their workforce to WFH over the next 12 months - Based on RFI responses of 20 companies
3. Despite COVID-19, new centers were added in Egypt during 2020 along with expansions by Etisalat, Atos, Naos Marketing, Brmaja

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021

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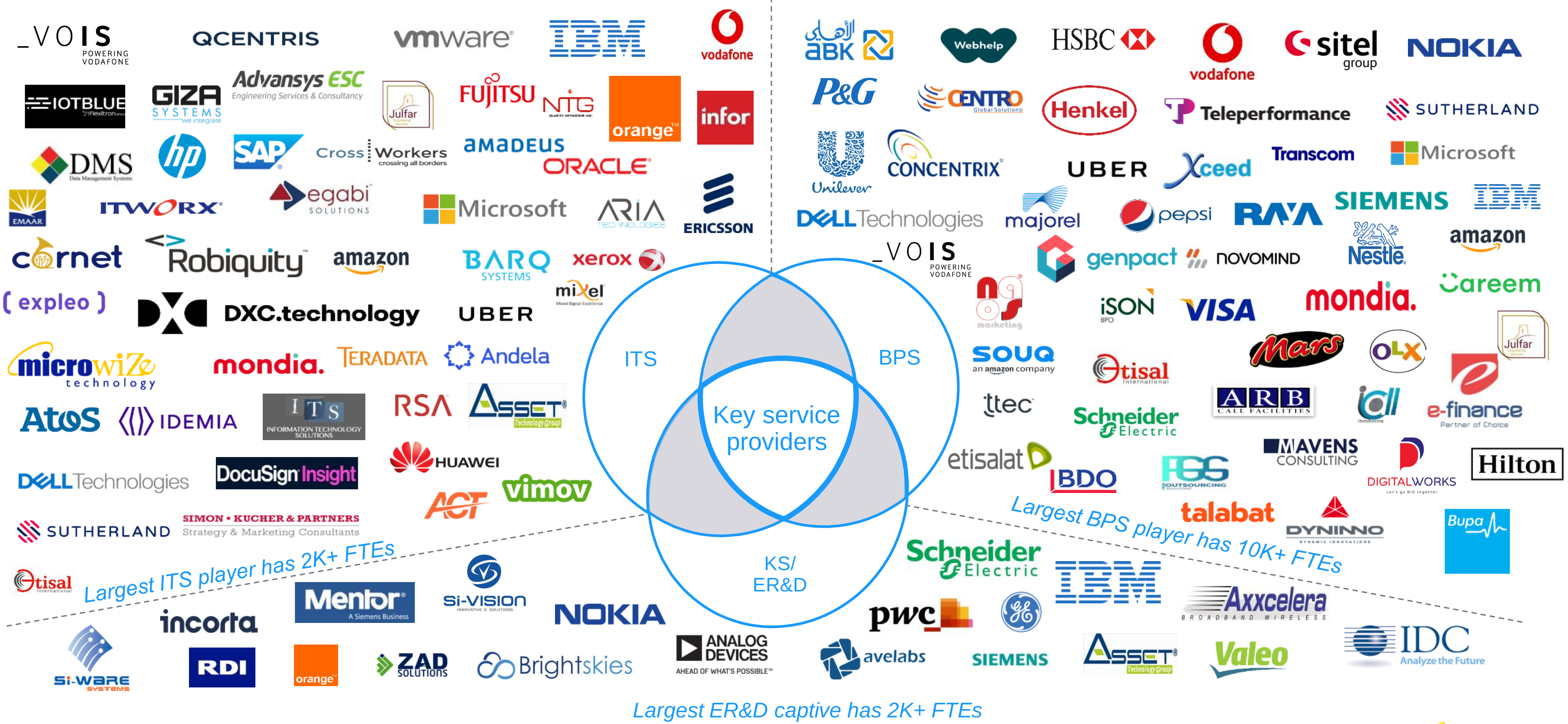
Egypt is home to 400+ world renowned offshoring players, including 10+ Fortune 500 companies, serving offshoring demand for ITS, BPS, KS and ER&D

Marquee offshoring logos in Egypt



1. FTEs include total employees engaged in serving both domestic and international accounts

Source: Report on Egypt –The Destination of Choice, Egypt 2.0 Outsourcing Destination Guide by German Outsourcing Association, service provider websites,, CapIQ, EMIS etc.

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EY Parthenon

Regional and multinational BPS have preferred Egypt to deliver multi-lingual omni-channel, interactive and end to end CX solutions (1/3)

Case examples of regional players and multinational call centers

	Year of establishment	# of FTEs (export)	Countries served	Language supported	Scope of Services	
CONCENTRIX **Leading, award winning, global provider of CX solutions**	2009	5000+ FTEs across 4 delivery centers	Germany, France, Italy , USA, Canada, Middle east	English, Italian, French, German, Spanish, Arabic	Marketing solutions customer engagement services	*"We provide multi-lingual support and specifically design our solutions to meet the needs of our clients today, and for the future. We understand flexibility, digital transformation and innovation are important and at Concentrix we have the expertise, experience and capabilities to perform as a strategic global partner"*
_VOIS POWERING VODAFONE ***Biggest COE for the group globally and a leading employer in Egypt***	2002	8000+ FTEs all over Egypt	Germany, UK, Spain , Ireland ,Italy, Egypt	English , Italian,, German, Spanish	End user customer support and total support for all Vodafone Global Enterprise products and services	*"VOIS Egypt is our largest captive centre in the MEA region…we offer integrated products & services of high quality to our partners in 11 language, and we create more than 500 employment opportunities yearly"*
sitel group ***CX services to Global 2000 companies***	2009	400+ FTEs	Europe & North America	English, French, German, Italian, Spanish, Dutch, Turkish, Russian, Korean, Persian, Arabic	Premier technical customer contact solutions, helpdesk, query resolution.	*"We provide multi-channel support (voice, email, chat, social, SMS and self-help) in many languages which maximizes customer experience"*

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021 and responses to RFI, MCIT Yearbook 2020, Egypt 2.0 Outsourcing Destination Guide

Regional and multinational BPS have preferred Egypt to deliver multi-lingual omni-channel, interactive and end to end CX solutions (2/3)

Case examples of regional players and multinational call centers

	Year of establishment	# of FTEs (export)	Countries served	Language supported	Scope of Services	
majorel	2005	6500+ FTEs across 7 delivery centers in Cairo, Alexandria and Bani Suef	Germany, Italy, UK , Spain, Turkey, Netherlands France, China, Egypt , Russia, Korea , Kenya Uganda, Sweden, Poland, Portugal ,Denmark and Japan	English, Italian, German, Arabic, French, Spanish, Turkish, Russian, Japanese, Portuguese Korean, Swahili, Chinese, Urdu, , Dutch, Swedish , polish and Czech	Business Process Outsourcing services such as Contact Center; Inbound, Outbound, Front and Back Office services, We also provide Customer Relationship Management (CRM) solutions; Internet based Customer Care, Web-Chat, AI-powered Chat & Voice Bots, CX Consultancy and Contact Center Design, HRO services, SMS Campaigns, Training outsourcing , Technical Support services and Content moderations .	*“We are a global leader in contact center outsourcing and design, build and deliver end-to-end CX for many of the world’s most respected brands. We are present in 31 countries across five continents, with 63,000+ team members supporting over 60 languages”*
Teleperformance each interaction matters ***Awarded in three categories at the prestigious Contact Centre World Awards (2020)***	2007	6000+ FTEs	North America, South America Europe, Africa, Asia, APAC, Middle East	Capability to serve 25+ languages including English, Arabic, Turkish, French, Italian, Spanish, Portuguese, German	Customer Service, Sales Support, Technical Support, Loyalty, Backoffice Services, Credit and Collections through various channels including; phone, email, chat, social media, video chat and whatsapp.	*“We are the industry leader in omnichannel customer experience (6+ interaction channels) delivered via our regional multilingual hub in Egypt”*

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021 and responses to RFI, MCIT Yearbook 2020, Egypt 2.0 Outsourcing Destination Guide

Regional and multinational BPS have preferred Egypt to deliver multi-lingual omni-channel, interactive and end to end CX solutions (3/3)

Case examples of regional players and multinational call centers

	Year of establishment	# of FTEs (export)	Countries served	Language supported	Scope of Services	
Webhelp *Partnered with ITIDA and Microsoft to expand Egypt operations (2021)*	2020	Plans to add 1000 FTEs by 2021 and 4000 FTEs in 3 years	-	30+ languages supported	Customer experience solutions and commercial assistance, technical assistance, social media moderation, payment services	*"We have signed an agreement with ITIDA to invest EGP 200m in the offshoring industry over next 3 years"*
Xceed *Leading BPS player in EMEA headquartered in Egypt*	2001	4000 + FTEs across 9 delivery sites	Spain, Canada, UAE, Saudi Arabia	8+ languages including English, Arabic, Italian, French, German, Spanish, Greek, Russian, Turkish, Ukrainian	**Business Process Outsourcing BPO;** Voice & Non-Voice transactions **Shared Services;** Recruitment Outsourcing, Payroll Management, Finance & Accounting Outsourcing, and Infrastructure Outsourcing **Information Technology Outsourcing ITO** Technical Support	*"Majority of our workforce is engaged in contact centre delivery support via 10,000 + omni channel workstations and 8,000+ remote agents"*
RAYA Contact Center – Passion. Value. Results. *Creating unfailing brand loyalty through exceptional Customer Experience*	2001	7000+ FTEs across 13 delivery centers	North America, UK, Canada, Europe, GCC North Africa, Middle East, Australia	Dutch, French, German, Greek, Hebrew, Italian, Spanish, Russian, Swedish, Turkish, English, Arabic	Customer services, inbound sales and tele-marketing. Outsourcing digital solutions. HR Outsourcing Plug-and-play Contact Center	*"Majority of our workforce is engaged in contact centre delivery support in multiple languages – English, Arabic, French, German, Spanish and Italian"*

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021 and responses to RFI, MCIT Yearbook 2020, Egypt 2.0 Outsourcing Destination Guide

Service providers have preferred Egypt to deliver application related services including development, maintenance and testing

Case examples of application related service delivery from Egypt

	Year of establishment	# of FTEs (export)	Scope of Services	
orange™ Business Services *One of the first five GBS hubs set up to support MNCs*	2003	2700+ FTEs in Egypt Hub	Application development and cybersecurity leveraging IoT, SD-WAN, Cloud, Data, AI, Unified Communications, multiservice solutions including testing	*"Growth driven by digital transformation, application development, business analytics, DevOps and software testing leveraging cloud"*
DXC TECHNOLOGY *Strategic centre in Egypt o serve Europe and MEA region*	1998	400+ FTEs	Cloud native application development, automation & performance testing, DevOps	*"We have selected Egypt to deliver high value services (from legacy to leading edge) and we are actively hiring and growing our team over there"*
_VOIS POWERING VODAFONE *Biggest COE for the group globally and a leading employer in Egypt*	2002	2500+ out of 8000+ FTEs are specialized in the technology functions across 2 Governorates	Specializes in cloud native application development, automation, robotics and machine learning for all Vodafone's AI activities globally	*"We host here Vodafone's worldwide centre of excellence on technology. So many activities where you can see that it's really the technical hub is happening in Egypt"*
IBM® *7 strategic centres in Egypt*	2008	N/A	Hybrid cloud models, digital sales and marketing .business consulting, cross industry expertise, remote technical support, enterprise application development and maintenance, software testing, cloud advisory, adoption and migration services	*"IBM has always realized the attractiveness of Egypt as a competitive sourcing destination which resulted in serving our clients across the globe through IBM centers of Excellence in Egypt that employ a sustainable pool of talented, technologically skilled, and multilingual graduates"*

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021 and responses to RFI, MCIT Yearbook 2020, Egypt 2.0 Outsourcing Destination Guide

Success of players like Valeo (largest R&D center amongst 30 centers worldwide carved a niche for Egypt in automotive focused R&D and software development

Valeo EGYPT

Success story of Valeo Egypt

Business overview

Headquarters
France

Year of setup in Egypt
2006

FTEs in Egypt
2200+

Type and # of centers in Egypt
3 R&D centers

Key geos served from Egypt
30 countries including France, Germany, Italy, China, US, Japan

Historical journey

- Initiated **in 2005**
- **400-500 FTEs added every year** for the last 5-6 years
- **Largest** automotive focused software **research & development centre in Egypt** amongst 25 biggest centers worldwide

Plans for future

- Automotive SW Systems complete design and development in Valeo 3 main domains 'Autonomous Driving, Electrification & Comfort'
- Digital Transformation for the Valeo Group

Focus offerings

- **Automotive Electronics and Embedded Systems software development** enabling innovative technologies such as:
  - Autonomous Driving
  - Park4U Systems
  - Connected Vehicles
  - Vehicle Electrification Systems
- **Innovation CarLab** delivers advanced automotive technology proofs of concept - 20+ New Product Development, 60+ Proofs Of Concept, 180+ Patent Ideas registered in Europe

Key reasons for selecting Egypt as a preferred destination

Cost efficiency	Incubator for talent	Ecosystem for innovation
Competitive cost of operations compared to peers Central location in same time-zone as Europe	Easy access to a large talent pool of SW engineers, PHD AI and deep learning Experts	MoU and agreements with ministerial bodies and universities for academic research and innovation

*"Valeo has set up the **largest Engineering Research & Software Development Centre in Egypt (main software house for Valeo)** which serves all Valeo Business Groups in 30 different countries. The site **develops >50% of the Group's software production worldwide**, exporting 100% of its services across the globe"*

- General Manager, R&D Centre, Valeo Egypt

Source: Valeo's website, discussion with Valeo Egypt and their response to RFI

Several other ER&D specialists have also preferred Egypt to set up their research and innovation hubs

Case examples of ER&D services being delivered from Egypt

	Year of establishment	# of FTEs (export)	Scope of Services	
Mentor A Siemens Business *Largest R&D office outside the US*	1995	500+ FTEs	Electrical design, embedded software, functional verification, IC and PCB design software, system modelling and vehicle system design and software	*"Our Strategy is to be known as the trusted advisor high technology reference in MENA region.. we have to be present wherever the talent is"*
Brightskies *First ever ER&D center setup in Borg Al Arab Tech Park*	2018	60+ FTEs across 2 R&D centers	Software engineering, embedded system development, machine learning and AI for developing autonomous self-driving cars	*"Bright Skies and Alexandria University have secured EGP 5m fund from ITIDA to design and develop the first electrical powertrain system in Egypt"*

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021 and responses to RFI, MCIT Yearbook 2020, Egypt 2.0 Outsourcing Destination Guide

Regional and multinational BPOs have preferred Egypt to deliver end to end back office support across FAO, HRO, SCM/ procurement functions

Case examples of regional players and multinational back office operations

	Year of establishment	# of FTEs (export)	Countries served	Languages supported	Scope of Services	
_VOIS POWERING VODAFONE *Biggest COE for the group globally and a leading employer in Egypt*	2002	8000+ FTEs all over Egypt	Germany, UK, Spain , Ireland, Italy, Egypt	English , Italian, German, Spanish	Business process service across finance, supply chain, business intelligence analytics, HR operations and others for all Vodafone Global Enterprise products and services	*"VOIS Egypt is our largest captive centre in the MEA region…we offer integrated products & services of high quality to our partners in 11 language, and we create more than 500 employment opportunities yearly"*
SUTHERLAND *First multinational BPS provider in Alexandria*	2010	1300+ FTEs	North America, Europe, Africa, Middle East	7 different languages and dialects	Technical support, back office services, digital finance and business process transformation for different industries such as telecom, retail and travel	*"The Delivery team in Egypt is the strongest delivery operations across the EMEA. We have reported in the last two years the highest rates in both customer and employee satisfaction"*
Henkel *Selected Egypt for its Global Business Solutions (GBS+ Cairo)*	1992	190+ FTEs	USA, Germany, Turkey, GCC, South Africa, Nigeria	English, Arabic, French, Turkish	Value-adding activities, complex expert solutions, IT consultancy and governance including cyber security, all finance operations, human resource, supply chain operations	*"We are planning to invest EURO +80 m in Egypt over the last 5 years to expand operations including GBS+ Cairo to build a Global IT Hub parallel to the current operation"*
Nestlé *Regional Center serving 56K+ consumers*	2009	250+ FTEs	MENA region and Turkey	6+ languages supported to serve clients	Specializations in financial services, employee services and digital and social media.	*"We were recognized by Nestlé Integrated Business Services as The Most Improved Centre in 2019"*
PEPSICO	2019	100+ FTEs	AMESA (Africa, Middle East, & South east Asia)	Arabic, English	Global Business Services supporting Sales Services, HR Operations, marketing and media services, and Supply Chain	*"We will continue to expand this location with the rich talent pipeline in Egypt"*

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021 and responses to RFI, MCIT Yearbook 2020, Egypt 2.0 Outsourcing Destination Guide

Success of players like HSBC Global Service Center-Cairo one of the biggest COE in Egypt) has carved a niche for Egypt in BFS focused business services

HSBC

Success story of GSC Cairo (HSBC Electronic Data Service Delivery S.A.E. - HEDS

Business overview

Headquarters
UK

Year of setup in Egypt
2010

FTEs in Egypt (export accounts)
1000+

Type and # of centers in Egypt
Business Services Centers of Excellence, GSC Cairo (1)

Key geos served from Egypt
Middle East, UK , Europe, North America

Historical journey

- **Setup** as a **Centre of Excellence** primarily focused on operations for **banking and financial services**
- **One of the biggest COE and Global operation in Egypt** for banking and financial services

Plans for future

- To expand service to other regions and countries as well as across the services portfolio higher up the value chain

Focus offerings

Core corporate services operations in BFS domain

- **Low to mid complexity operations:**
  - Account servicing /opening
  - Retail services (cards / loans / mortgages)
  - Payment processing
  - Voice services
- **High complexity operations:**
  - Global Trade Operations & receivable financing
  - GLCM (Global Liquidity and Cash Management)
  - Risk Operations (FCC-related)

Key reasons for selecting Egypt as a preferred destination

Cost efficiency
- Competitive cost of operations compared to peers such as Malaysia / Poland / Sri Lanka

Incubator for talent
- Easy access to a large talent pool of multi-lingual graduates fit for BFS focused support services

Effective and resilient business infra
- Able to ensure business continuity and effectively transition to work from home

“HSBC’s origins in the Middle East date back to 1889 and, as one of the first international banks to open its doors for business in Egypt, our presence has been opening up a world of opportunity and empowering the ambitions of customers since ever since. Our Global Service Centre (GSC) in Cairo employs over 1,400 people, supporting 21 countries and 17 business services across HSBC operations as a key member of our worldwide GSC network. Our Cairo GSC is a cornerstone provider of great service through innovation to customers in Egypt, across the Middle East, to Europe and beyond.”

-Centre Director | Managing Director , GSC Cairo, HSBC

Source: Discussion with HSBC Egypt, HSBC website

EY Parthenon

Uber

Success of players like Uber (first CoE in the region, largest in Europe & second largest worldwide) has carved a niche for Egypt to provide business support for Hi-Tech players

Success story of Uber Egypt

Business overview

Headquarters

USA

Year of setup in Egypt

2016

FTEs in Egypt (export accounts)

300+

Type and # of centers in Egypt

Centre of Excellence, Cairo

Key geos served from Egypt

16+ countries including, KSA, UAE, Qatar, Bahrain, Ghana, Nigeria, Uganda, Kenya, Tanzania, South Africa as well as other international markets.

Historical journey

- CoE **operates 24/7**, providing **assistance to riders and customers** of all Uber products and services in the EMEA region.
- Support granted via **in-app, phone, and social media** platforms in **English & Arabic**

Plans for future

- Invested **USD 20 million over 5 years** for hiring teams , training them and expanding the centre's facilities

Focus offerings

Core business support service delivery from CoE in Egypt

- Uber delivers **specialist safety contact centre services**
  - First-class support and end to end customer experience
  - Omni-channel service delivery (email, phone, social media platforms)

Key reasons for selecting Egypt as a preferred destination

Regional hub for customer service centres	Incubator for talent across STEM and non-STEM	Cost effectiveness of business operations
Multiple success stories of BPS delivery - HSBC, Vodafone, SAP, IBM	Large pool of university graduates (with STEM and non STEM backgrounds)	Most financially attractive destination compared to regional peers

*"Egypt is quickly becoming a **tech hub, coupled with access to a high number of skilled talents**. This made it an easy decision for us to open the region's first Centre of Excellence here in Cairo. We want to **continue investing in the country by providing avenues for additional economic opportunity** through our technology"*

-General Manager of Uber Egypt

Source: Media coverage – Egypt Today, Ahram Online, Business Insider

EY Parthenon

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Investors could take advantage of exciting & attractive incentives and programs to make their journey in Egypt more rewarding

Incentives and assistance provided to investor across the business lifecycle

Capital/ investment and setup phase | **Operational phase** | **Aftercare**

Financial assistance

- Access to **funding grants**
- **Rebates and duty waivers**
  - Rebate of 30-50% in the form of tax deduction on investment cost
  - Duty and fee exemptions during registration
- **Reimbursements** of utilities cost and vocational training expenses
- **Support for training and telecom expenses**

Non- financial assistance

- Access to co-working spaces – real estate due diligence
- Market intelligence & due diligence
- Investor services centre
- Incubation and acceleration
- Regulatory support such as IPR licensing support, VoIP license
- Management & technical consultation services
- Dedicated account manager for each investor & aftercare

Marketing assistance

- Access to networking events, ICT fairs, conferences and roadshows
- Access to market opportunities

Training support

- Access to skilled talent
- Talent development and capacity building assistance – certifications and bootcamps

Despite COVID-19 crisis, ITIDA managed to retain all of the current investors in the offshoring sector and continues to provide end to end support to the 27 foreign investors who have previously signed agreements with ITIDA

Source: Details of incentive programs shared by ITIDA, Discussions with ITIDA stakeholders, MCIT Yearbook 2020

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EY Parthenon

Positive macro-economic headwinds coupled with young & educated population makes Egypt an exciting business destination for the 21st century

Egypt at a glance (2020)

Population **100 m+**
>50% aged 15-44 years (median age 25 years), 92.7% mobile penetration

GDP per capita (real, constant prices) **USD 3,880**
Grown at 5.6% during 2018-19 (higher than India)

FDI attracted (2020) **~USD 9b**
Africa's top FDI destination (30% up from 2016); Only country worldwide to improve its investment ratings in 2020

Adult literacy rate **~71%**
Largest public education system in MENA region

Business language **English, Arabic**
Multi-lingual workforce speaking 25+ languages

Major cities **Cairo, Alexandria, New Administrative Capital**
~45% urbanization with 20% population living in Cairo

Currency (2021) **Egyptian Pound**
1 USD = EGP 15.72 (strengthened from EGP 17.25 in 2019)

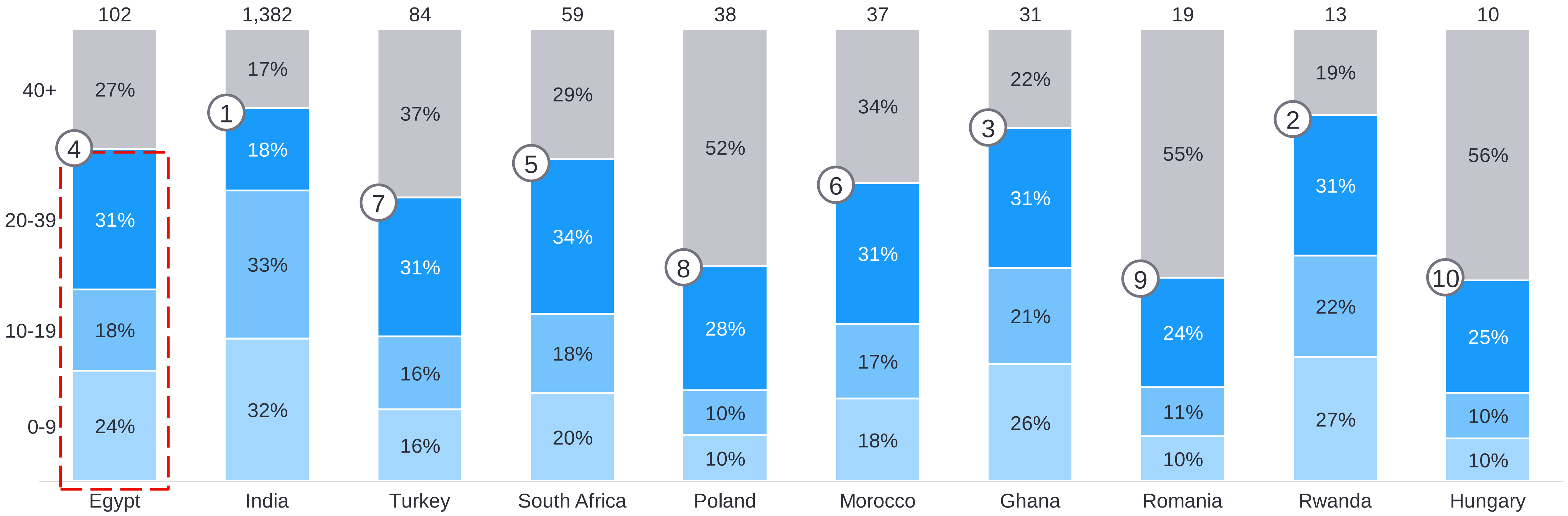
Employment rate (2021) **~92%**
Unemployment falls to lowest level in 14 years during pandemic

#1	**RMB's Investment Attractiveness Ranking (2020)** in Africa
#2	**Wamda's Entrepreneurship Ecosystem (2020)** in MENA region
#4	**Ryan Strategic Advisory's Offshore Favourability Rankings (2021)**
#15	**Kearney's Global Services Location Index (2021)** ranked #1 in MENA region
+14	**World Bank's Ease Of Doing Business Index (2020)** Most-improved economy in this index, improved in terms of protecting minority investors and obtaining credit
+9	**WIPO's Global Innovation Index (2020)** Moved up in terms of institutions, business sophistication, knowledge and technology output
+7	**World Economic Forum's Global Competitiveness Ranking (2019)** Moved up in terms of Infrastructure and innovation
+3	**World Economic Forum's Inclusive Development Ranking (2018)** Moved up in terms of employment trends
Stable	**Fitch, S&P and Moody's credit rating (2020)** Moved up from B- to B+

Source: Oxford Economics, World Bank, World Economic Forum, IMF, Report on Egypt –The Destination of Choice and other secondary data sources

Egypt is one of the leading countries in terms of young talent with ~74 million population under the age bracket of 40 years

Age wise population distribution of Egypt and Peer Countries – 2020 (million)



Population in the age group of 20-39 years is slated to grow at ~2% CAGR in the next 6 years

Source: Oxford Economics 2020, India Census 2011, EYP Analysis

X Rank among the peer countries

EY Parthenon

Recent structural reforms have kickstarted Egypt's economic and social growth engine

Strong regulatory, economic and socio-political environment

Strong global positioning

- **High GDP per capita (2020)** compared to mature peers (India, Philippines)
- **High GDP growth rate (2018-19)** compared to African & Eastern European peers
- **Below average unemployment rate** stands better than Asian and African peers

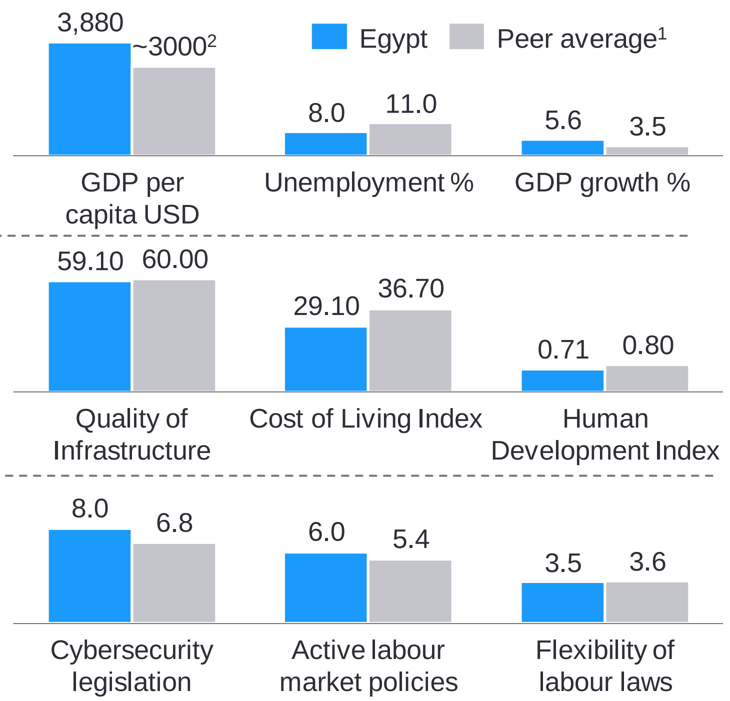
Socio-political stability

- **Scores in the same range as peers on key social parameters** such as
  - Human Development Index (in the same range)
  - Low cost of Living (better)
  - Good quality of infrastructure (in the same range)

Flexible regulatory environment

- **Scores at par** with peers **on flexibility of labor laws** (in terms of hiring and termination policies, efficiency of framework)
- **Scores highest** amongst peers on **cybersecurity legislations, corporate transparency** and **IP protection (piracy rate lower than global median)**

Comparison with leading peers[1]



Growth enabled via strategic initiatives during the last 5-7 years

2014-15
- New president elected
- Launch of National ICT strategy

2016
- Legal framework strengthened
- EGP freely floated
- Two tech parks setup

2017
- Launch of New Investment Law
- Development of Free Zones
- Improved Global Competitiveness ranking

2018
- Three new tech parks setup
- Launch of "Digital Egypt"

2019
- Unemployment fell to lowest in 14 years
- FDI rose by 10-12%

2020
- Credit ratings upgraded to stable/ positive
- GDPR compliant Data Protection Law introduced
- Egypt Future of Work is Digital initiative launched
- Resilience towards COVID-19

2021
- New offshoring strategy launched
- Knowledge City setup
- Building a "Knowledge Economy" under Vision 2030

1. Peers include India, Philippines, Poland, Morocco, Romania, Hungary, South Africa and Turkey; 2, Weighted average of peers (where India's GDP per capita is USD 1800)

Source: Oxford Economics, World Economic Forum, World Bank, World Health Organization, other secondary data sources

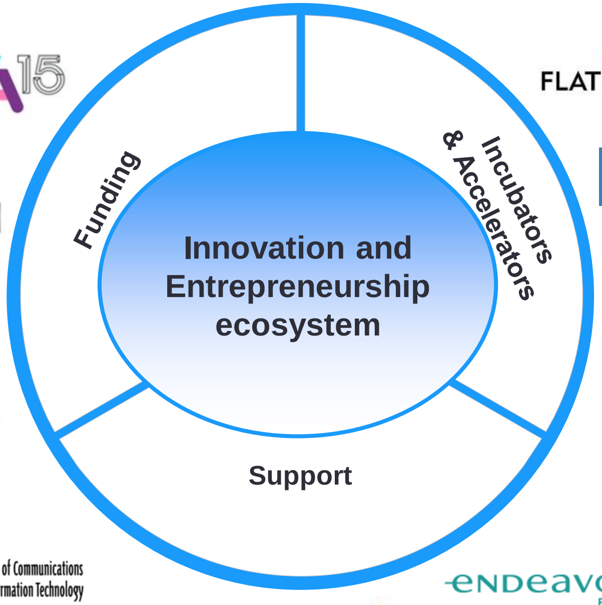
Positive macro-economic environment

Egypt is becoming the fastest growing start-up ecosystem in MENA region with a surge of investment in technology innovation

Innovation and Entrepreneurship ecosystem in Egypt

Largest # of investment deals in tech start-ups in 2020 (24% of the total transactions in Africa)

#2 Established Entrepreneurship Ecosystem in MENA



30% growth in start-up funding in 2020

Top 15 Global Ecosystems for affordable talent and funding

Startup media & insights

Tech parks & coworking spaces

Events, meetups and bootcamps

1. The above represents an illustrative and not an exhaustive innovation and entrepreneurship ecosystem in Egypt

Source: Egypt Innovate, menabytes, MAGNITT, 2020 Global Start-up Ecosystem Report, Start-up Genome

Egypt is being recognized for restoration of investor confidence as political stability returns in the face of important macro-economic headwinds

Recognition for increased global confidence

UNITED NATIONS UNCTAD

"Egypt is Africa's top FDI destination"
Jun-2021

OXFORD BUSINESS GROUP

"Egypt is well placed to attract international investment"
Aug-2020

INTERNATIONAL MONETARY FUND

"Egypt is the only country in MENA to witness positive real GDP growth"
Oct-2020

FitchRatings

"IMF support packages will help boost investor confidence in Egypt"
Aug-2020

WORLD ECONOMIC FORUM

"Egypt improved in business dynamism, and innovation capability"
Oct-2019

WORLD BANK GROUP

"Egypt progressed 6 places in Ease of Doing Business"
Oct-2019

The Economist

"Egypt among standout performers for 2018"
Jan-2018

FitchSolutions

"Egypt stands out as the economic outperformer"
Jan-2018

pwc

"This is a good time for investors to explore new investment opportunities in Egypt"
Feb-2017

Recent structural reforms has restored investor confidence and boosted Egypt's global positioning

Source: Report on Egypt –The Destination of Choice

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1	Egypt – driving the next phase of growth	▸ Multi-billion offshoring market with potential to deliver an array of services ▸ Key offshoring industry metrics for Egypt (2020) ▸ Business continuity and resilience to COVID-19 ▸ Burgeoning player ecosystem ▸ Promising success stories ▸ Full suite of incentives offered to investors
2	**Egypt’s unique propositions compared to peer offshoring hubs**	▸ Positive macro-economic environment resulting in improved investor sentiment ▸ **Large multi-lingual talent pool of 600K+ annual graduates** ▸ Potential operating cost arbitrage opportunity of up to 60-70% ▸ Central location, advantageous time zone and superior quality of life ▸ World class physical and ICT infrastructure
3	ITIDA – true partner in your success	▸ Roles and responsibilities

Egypt is home to a world-class education ecosystem of top rated universities and institutes providing access to 600K+ graduates (one of the highest in EMEA)

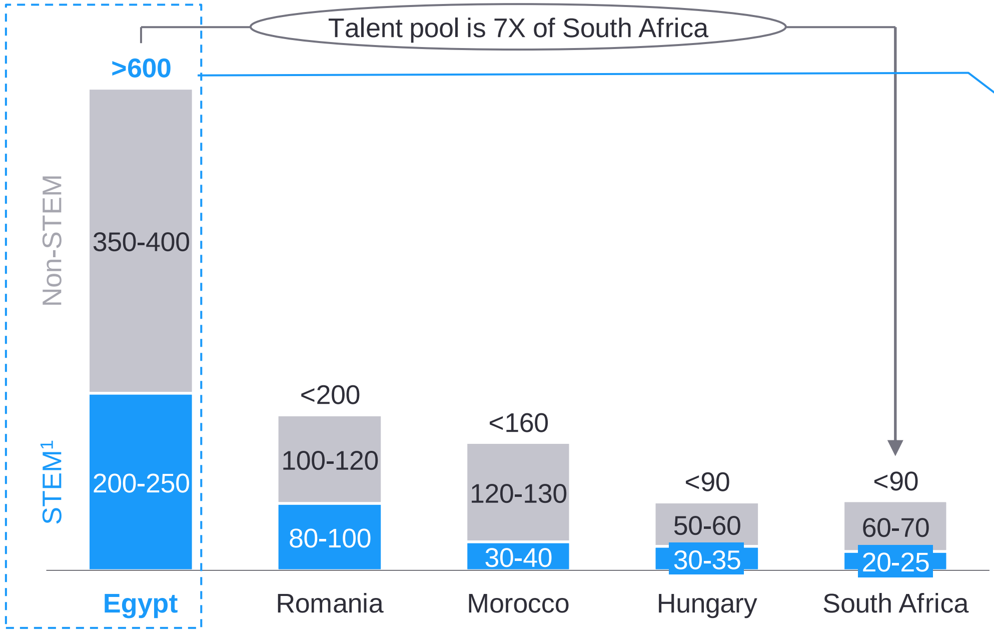
Egypt is home to the largest talent pool (600K+ graduates) amongst Arab speaking countries and second largest in EMEA

Egypt's talent availability *vis a vis* peers: ~3X | ~4X | ~7X | ~7X

# of graduates across offshoring destinations in '000

23% graduates study Arts & Humanities and 48% study Law and Business Administration

40%+ graduates study Engineering, IT & comm



- **Abundant talent pool -** Largest amongst Arab speaking countries and **second largest** amongst offshoring destinations in EMEA (after Turkey)
- **Well versed in foreign languages -** English, German, French, Italian, Spanish and other European languages

Top rated universities preferred by employers
(illustrative logos)

Public Universities

Alexandria University, Cairo University, Aswan University, Ain Shams University, Suez Canal University, Mansoura University

Private Universities

The American University in Cairo, BUE The British University in Egypt, GUC German University in Cairo, Future University in Egypt

Other institutes include

- Private Higher institutes (e.g. Cairo Higher Institute for Languages and Translation, Akhbar Al - Youm Academy)
- Technical Institutes (e.g. Commercial Technical Institute, Institute of Social Service) and Academies (e.g. Academy of Arts, Police Academy)

- **Collaboration with tech giants** to design training curricula, fund laboratories and research programs, provide internships (e.g. Dell, IBM, Microsoft)

- **"Knowledge City" to host branches of foreign universities**, research and innovation centres, science and tech parks

1. STEM is an academic discipline that refers to Science, Technology, Engineering and Mathematics. The majors include health sciences, physics, engineering and information technology.
2. Under non-STEM, subjects like Humanities, Arts, Literature and Management are included

Source: UNESCO Institute for Statistics (UIS) - 2019, Ministry of Education-Egypt - 2019, Digital Egypt – A citizen centric approach, MCIT, 2020 and other secondary data sources

Egypt is home to a large & scalable multi-lingual talent, with ~80% of the population well-versed in English and European languages

Availability of language talent relative to peer offshoring hubs

% of the working population (21-60 years old) with language proficiency (spoken and written)[1]

Language skills		Cairo	Warsaw	Budapest	Prague	Bratislava	Bucharest	Sofia
	English	59%	30%	20%	15%	15%	31%	23%
European languages	French	8%	1%	1%	1%	1%	21%	1%
	German	6%	17%	10%	1%	1%	6%	7%
	Italian	3%	1%	1%	1%	1%	6%	1%
	Spanish	2%	1%	1%	1%	1%	1%	1%
	Portuguese	1%	1%	1%	1%	1%	1%	1%
	Total	**79%**	**51%**	**34%**	**20%**	**20%**	**66%**	**34%**

- **~80% of the working population in Egypt speaks English and other European languages** compared to only 20-65% relative to peer Eastern European offshore centres
- Due to this expansive multi-lingual talent pool it is **easy to set up and scale multi-lingual offshoring operations** quickly in Egypt

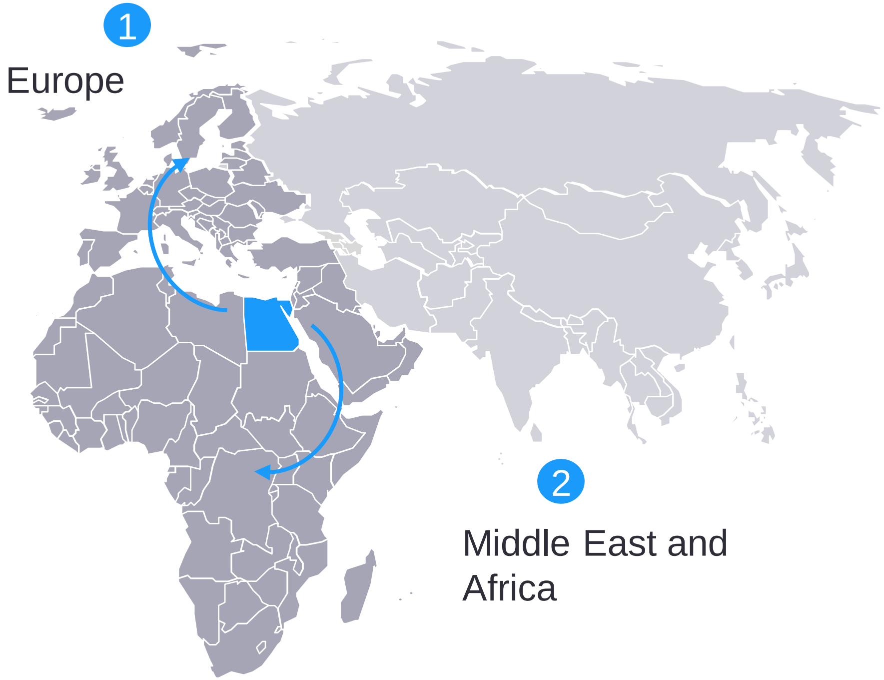
1. Above table does not include Arabic language skillset as it is widespread in Egypt

Source: SSON Analytics, National Census 2018

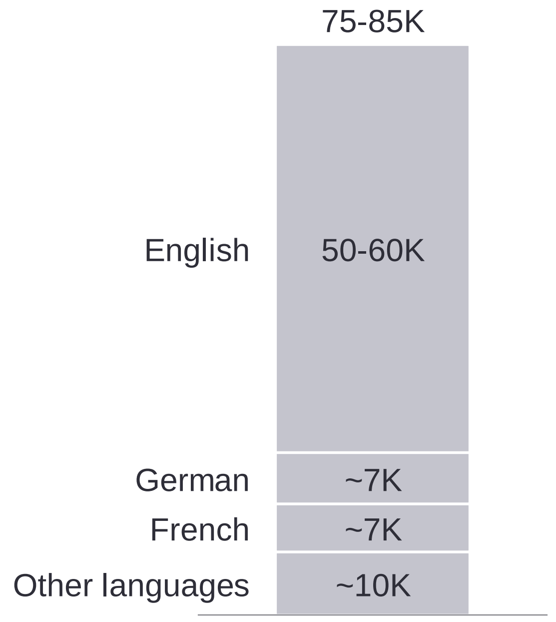
EY Parthenon

Egypt offers a financially attractive multi-lingual talent proposition, enabling service providers to serve EMEA from a single offshoring destination

Low cost multi-lingual talent serves as a gateway to EMEA region



>70% of the employed pool is well-versed in English language



20+ languages supported from Egypt

Arabic	German	Romanian	Persian	Greek	Siamese	Urdu	Japanese
English	Spanish	Swedish	Portuguese	Russian	Hebrew	Korean	African
French	Italian	Turkish	Dutch	Czech	Farsi	Greek	Chinese

Source: Discussions with leading offshoring service providers in Egypt conducted during February - March 2021 and service provider websites, BPO Agent headcount data by ITIDA

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EY Parthenon

Egypt offers a significant cost arbitrage when compared to peer offshoring destinations such as Poland, Romania, Hungary, South Africa, Morocco, Turkey across key roles

Egypt's cost effectiveness comparison vis-à-vis other leading offshoring service hubs – total operating cost per FTE[1] per annum (2020)

	IT Services		Business Process Services (BPS)								Knowledge Services (KS)			ER&D
			Voice process											
offshoring hubs	Software developer	Software developer digital	English	French	German	Transactional F&A	HRO	Technical support	Travel desk executive	Medical claims processing	Market research	Data analyst	Digital marketeer	Embedded engineer
Warsaw	60%	59%	56%	54%	54%	57%	46%	50%	58%	54%	59%	57%	63%	50%
Budapest	55%	54%	49%	NA	26%	53%	36%	35%	44%	47%	53%	50%	48%	43%
Bucharest	42%	39%	40%	30%	24%	31%	29%	27%	31%	35%	40%	52%	30%	33%
Cape Town	42%	43%	15%	NA	NA	25%	21%	19%	11%	12%	15%	50%	31%	42%
Casablanca	31%	32%	26%	15%	NA	34%	-2%	42%	12%	28%	44%	33%	44%	28%
Istanbul	31%	36%	18%	NA	NA	37%	11%	0%	-1%	-3%	21%	21%	30%	10%
Egypt (Cairo) - total operating cost per FTE (USD '000)	22 - 27	26 - 32	14 - 17	18 - 22	21-25	16 - 20	20 - 25	20 - 24	18 - 22	19 - 23	21 - 26	22 - 27	21 - 25	30 - 37

XX% Cost effectiveness of Egypt as compared to the respective location in %

Cost Competitiveness

High Low

1. Fully loaded operating cost includes compensation & benefits, admin & support costs, facilities cost, technology, other direct expenses in 2020

Positive number indicates that Egypt is more cost competitive than the respective location, whereas negative number indicates Egypt is less cost competitive than the respective location; Compensation and benefits refers to blended figure calculated basis employee pyramid

Source: Data collected through interviews with leading offshoring service providers in Egypt during February - March 2021

Egypt has a greater cost arbitrage compared to leading peers, when it comes Compensation & Benefits cost across all key offshoring roles

Egypt's cost effectiveness comparison vis-à-vis other leading offshoring service hubs – C&B cost per FTE per annum (2020)

	IT Services		Business Process Services (BPS)								Knowledge Services (KS)			ER&D
			Voice process											
offshoring hubs	Software developer	Software developer digital	English	French	German	Transactional F&A	HRO	Technical support	Travel desk executive	Medical claims processing	Market research	Data analyst	Digital marketeer	Embedded engineer
Warsaw	72%	68%	72%	66%	64%	75%	61%	65%	73%	69%	72%	70%	76%	60%
Budapest	67%	63%	66%	NA	37%	72%	52%	53%	62%	64%	67%	63%	63%	53%
Bucharest	56%	50%	59%	44%	36%	55%	45%	45%	50%	53%	57%	66%	47%	43%
Cape Town	57%	55%	38%	NA	NA	53%	41%	40%	35%	35%	35%	65%	51%	53%
Casablanca	45%	43%	46%	29%	NA	58%	15%	60%	33%	48%	61%	50%	61%	40%
Istanbul	48%	49%	43%	NA	NA	62%	32%	22%	23%	20%	44%	42%	52%	22%
Egypt (Cairo) – C&B cost per FTE per annum in USD '000	11 - 14	15 - 18	6 - 7	9 - 12	12-14	6 - 8	10 - 12	9 - 11	8 - 10	8 - 10	10 - 12	11 - 13	9 - 12	18 - 22

XX% Cost effectiveness of Egypt as compared to the respective location in %

Cost Competitiveness

High Low

Positive number indicates that Egypt is more cost competitive than the respective location, whereas negative number indicates Egypt is less cost competitive than the respective location; Compensation and benefits refers to blended figure calculated basis employee pyramid

Source: Data collected through interviews with leading offshoring service providers in Egypt during February - March 2021

Egypt has the potential to offer substantial cost savings of up to ~80% compared to peers in terms of entry level salaries across all key offshoring roles

Egypt's cost effectiveness comparison vis-à-vis other leading offshoring service hubs – entry level C&B cost per FTE per annum (2020)

	IT Services		Business Process Services (BPS)						Knowledge Services (KS)			ER&D
offshoring hubs	Software developer	Software developer digital	Voice process	Transactional F&A	HRO	Technical support	Travel desk executive	Medical claims processing	Market research	Data analyst	Digital marketeer	Embedded engineer
Warsaw	75%	71%	74%	64%	78%	59%	73%	69%	73%	72%	79%	63%
Budapest	68%	65%	71%	56%	73%	56%	67%	63%	72%	67%	71%	53%
Bucharest	62%	55%	67%	55%	67%	53%	60%	61%	64%	60%	53%	54%
Cape Town	65%	58%	52%	50%	78%	55%	48%	51%	45%	75%	63%	68%
Casablanca	53%	49%	45%	59%	62%	15%	28%	49%	63%	55%	62%	45%
Istanbul	45%	47%	48%	22%	66%	48%	22%	17%	46%	46%	58%	31%
Egypt (Cairo) – C&B cost per FTE per annum in USD '000	6 - 9	8 - 11	3 - 6	3 - 6	5 - 8	5 - 8	4 - 7	4 - 7	5 - 8	5 - 8	4 – 7	9 – 12

Salary structure in Egypt

Gross Salary	Social insurance (employer's contribution)
~80%	~20%

Actual social insurance rate is 26% (applied on gross salary cost)

Total cost for employer

XX% Cost effectiveness of Egypt as compared to the respective location in %

Cost Competitiveness

High — Low

Positive number indicates that Egypt is more cost competitive than the respective location, whereas negative number indicates Egypt is less cost competitive than the respective location; Compensation and benefits refers to blended figure calculated for entry level roles

Source: Data collected through interviews with leading offshoring service providers in Egypt during February - March 2021

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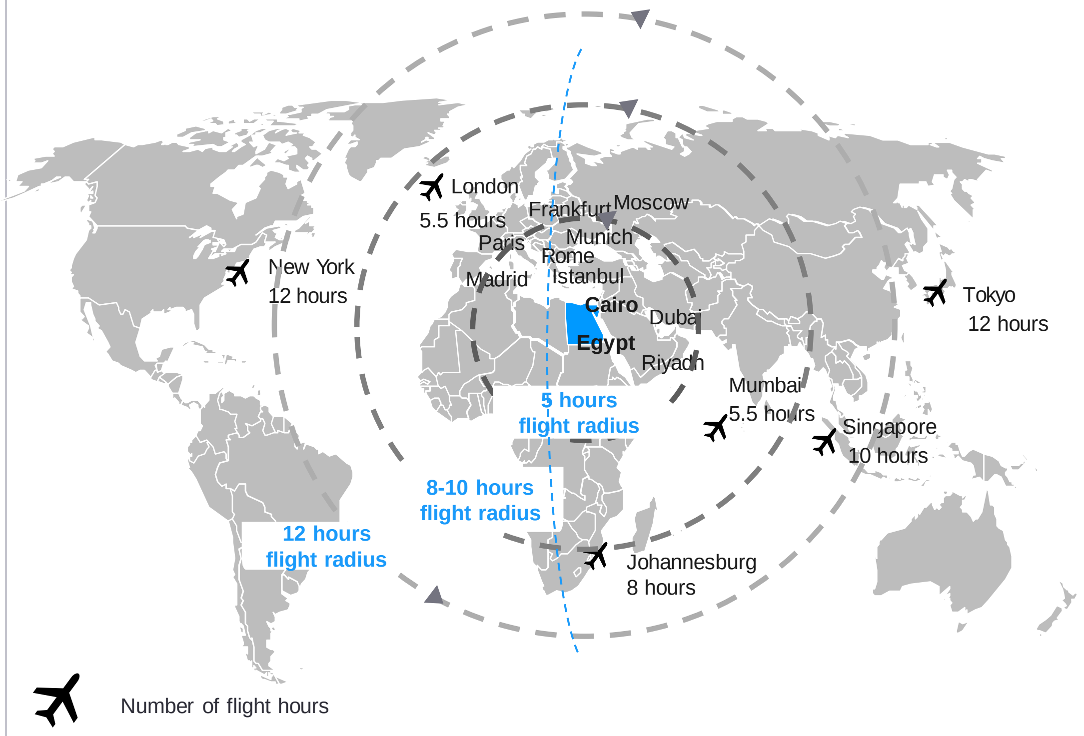
EY Parthenon

Egypt's unique location and time zone coupled with superior quality of life makes it a stronger contender for delivering services globally

Gateway for EMEA, Americas and Asia due to time zone and location advantage



- **Geographical proximity** with Central Europe, Middle East and Africa
  - 12 Intl' and 15 Dom Airports, 17 Ports and 6 underground lines in Egypt
- **Locational and time zone advantage**
  - Business continuity between operations in the US and Asia
  - Similar time zone to EMEA facilitates productive business interactions

A high quality of life in line with EMEA standards

Education and healthcare

- **Presence of 65+ international schools** teaching American, British, French, German curriculums
- **State of the Art healthcare facilities**

Recreation facilities and renowned consumer brands

- Pyramids, museums, famous beach resorts, multiple shopping malls and brands, high class restaurants and night life
- Home to world class **consumer brand names**

Access to quality infrastructure at low cost

- Access to **quality public infrastructure -** roads (ranked 28th), public transport – railways, ports and airports, ride-hailing apps
- **Access to European quality housing facilities and compounds**

Cultural diversity

- **Unique multi-cultural 5,000 years old heritage** combined with a **modern, forward-looking and progressive outlook**
- **Very secular** yet respectful towards local cultures

Tourism

- Very popular tourist destination with world renowned historical sites/ museums etc.
  - **11m+ tourist visits per annum**

Safety and security

- **Low probability of crimes** – especially robberies and physical attacks
- **High perception of safety** amongst travellers as well as women
- Open minded, warm, **friendly and cultured people**

Source: Report on Egypt –The Destination of Choice , ITIDA, Egypt 2.0 Outsourcing Destination Guide by German Outsourcing Association, Numbeo, Traveler blogs, and other secondary sources

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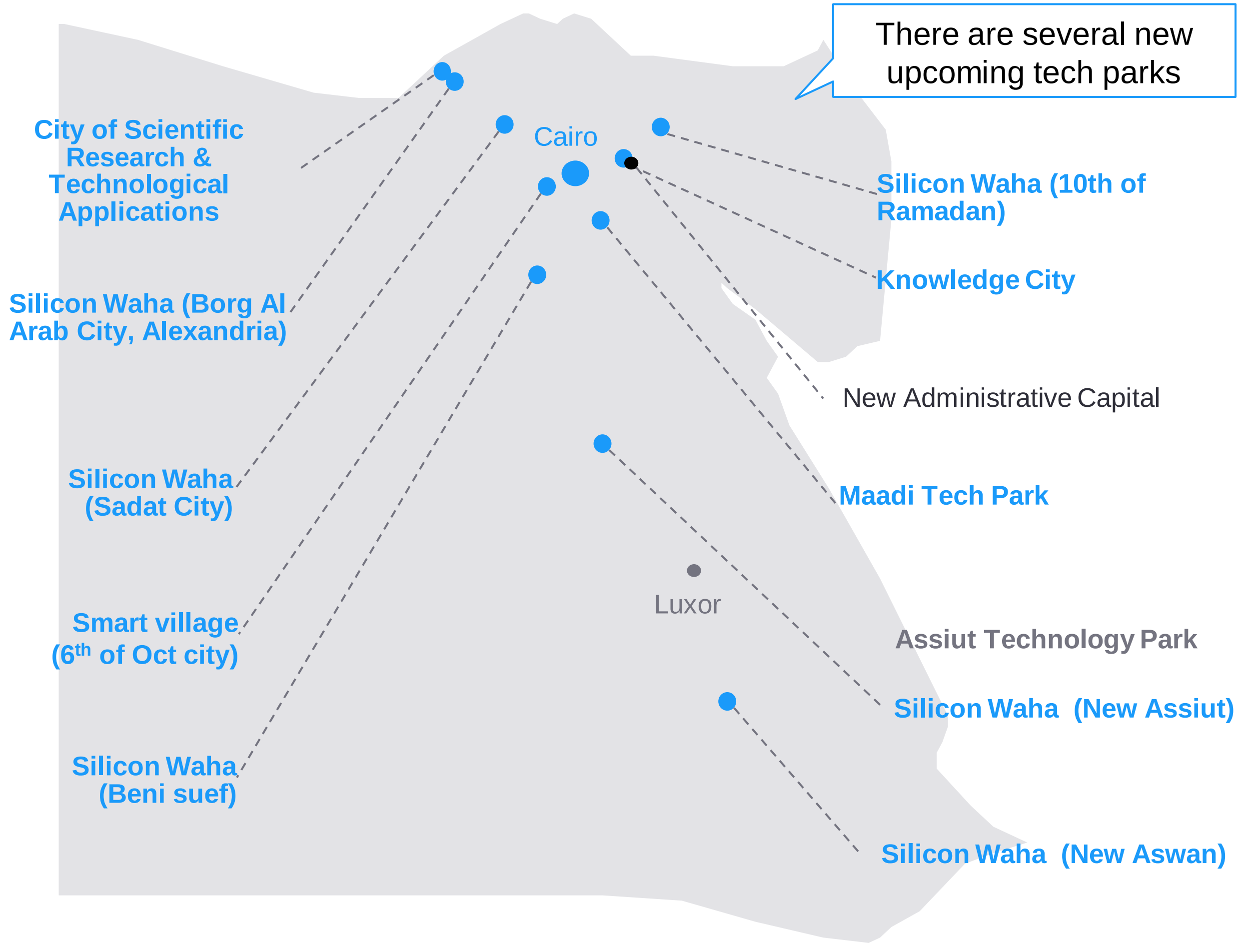
EY Parthenon

Egypt is investing billions of dollars in building future ready world class infrastructure facilities to ensure seamless business operations

Tech and knowledge parks in Egypt



Commercial space available in Cairo (Grade A)

Segmentation of total commercial space	Space (sq m)
Smart village (Phase 1+ Phase 2)	600,000
Maadi tech park	188,000
Other private tech park + Commercial Office spaces	310,000
Total current stock in 2021	**1,098,000**
Capacity to be added in 2022	242,000
Expected total stock by 2022 (excl. New Administrative Capital)	**1,340,000**

New Administrative Capital

- Estimated area of 1 million sq. m is to be constructed in the next 2-6 years - 400,000 sq.m for Financial sector and 600,000 sqm in Central Business District

Monthly office rentals

- **Grade A**: USD 25-45 per sq. m + USD 3-4 service charge monthly
- **Grade B**: USD 18-35 per sq. m + USD 3-4 service charge monthly
- **Mixed use (residential + commercial):** USD 10-15 per sq. m

Source: Report on Egypt –The Destination of Choice, MCIT Yearbook 2020, The Cairo Real Estate Market by JLL (Q2 2020), Discussions with JLL and ITIDA

EY Parthenon

Egypt continues to improve in ICT rankings and resilience of it's ICT infrastructure has provided a boost to the offshoring industry

Resilient ICT infrastructure

4th
Cybersecurity index ranking amongst MENA
by ITU
2020

+8
Improvement in Digitization Index
(Better ranking than South Africa, Morocco)
2019 to 2020

+8
Improvement in Network Readiness Index
(Better ranking than India and Morocco)
2019 to 2020

35%
% increase in Investment in ICT sector
(up from USD 3b in 2019-2020)
2018/2019 to 2019/2020

~18
Submarine cables
(Larger network than India and Philippines)

60+
Countries connected to Egypt via fibre optic cables

60 Tbps
Capacity

4
Mobile operators

~59m
Internet Users
(57.3% penetration)
Jan 2021

~96m
Mobile users
(92.7% penetration)
Jan 2021

Larger base compared to Eastern European[1] and African peers[2] and highest penetration in EMEA

49m
Active social media users
Jan 2021

37 mbps
Speed of fixed internet
(*moved up 6 places on the Ookla Speed test Global Index)*
March 2021

1. Eastern European peers are Hungary and Romania
2. African peers are Morocco, Ghana and Rwanda

Source: Report on Egypt –The Destination of Choice, Report on Digital 2020 – Egypt by Hootsuite, MCIT Yearbook 2020, Ookla Speed test Global Index

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ITIDA provides 360 degree support for the investor to build & scale their offshoring services from Egypt

Roles and responsibilities of ITIDA

About

- Launched in 2004 as an executive IT arm of MCIT and based in Smart Village, ITIDA plays a pivotal function in developing Egypt's IT and business services industry
- ITIDA is both a focal point for foreign investors and a strategic advisor to multinational companies investing in the local ICT
- It offers a wide range of services that helps to strengthen the capacities of the local IT firms as well as attracting and servicing MNCs

Roles and responsibilities of ITIDA

Business ecosystem development	▸ Develop science technology parks across tier-2 cities ▸ **Programs - Intellectual Property Rights (IPR), E-Signature, Technology Parks**
Investor attraction & support	▸ **Dedicated account manager** for each investor ▸ Assistance in **setting-up/expanding operations** such as site selection, access to office spaces at competitive costs, customised due diligence visits ▸ **Access to talent** and providing **financial and non-financial incentives**
Capacity building	▸ Fully funded training and certifications in partnership with corporates, learning institutions, and through Software Engineering Competence Centre (SECC) **Programs - National Competence Framework (NCF), Egypt FWD, National Technology Leaders, Multinationals Academies**
Innovation & entrepreneurship support	▸ End-to-End Support from ideation to investment attraction including mentoring, seed funding, office spaces, consultancy, market access etc. ▸ **Programs - Ideation Marathon, InnovEgypt, Accelerator, Incubator, She-Preneur, Innovation Clusters**
Financial Support	▸ Market intelligence, financial aids and incentives for delivering innovative products (e.g. funding preliminary research projects up to product development) ▸ **Programs - ExportIT, IT Academia Collaboration (ITAC), NGOs Support**

Source: Report on ITIDA programs on ITIDA website

Contact information of ITIDA

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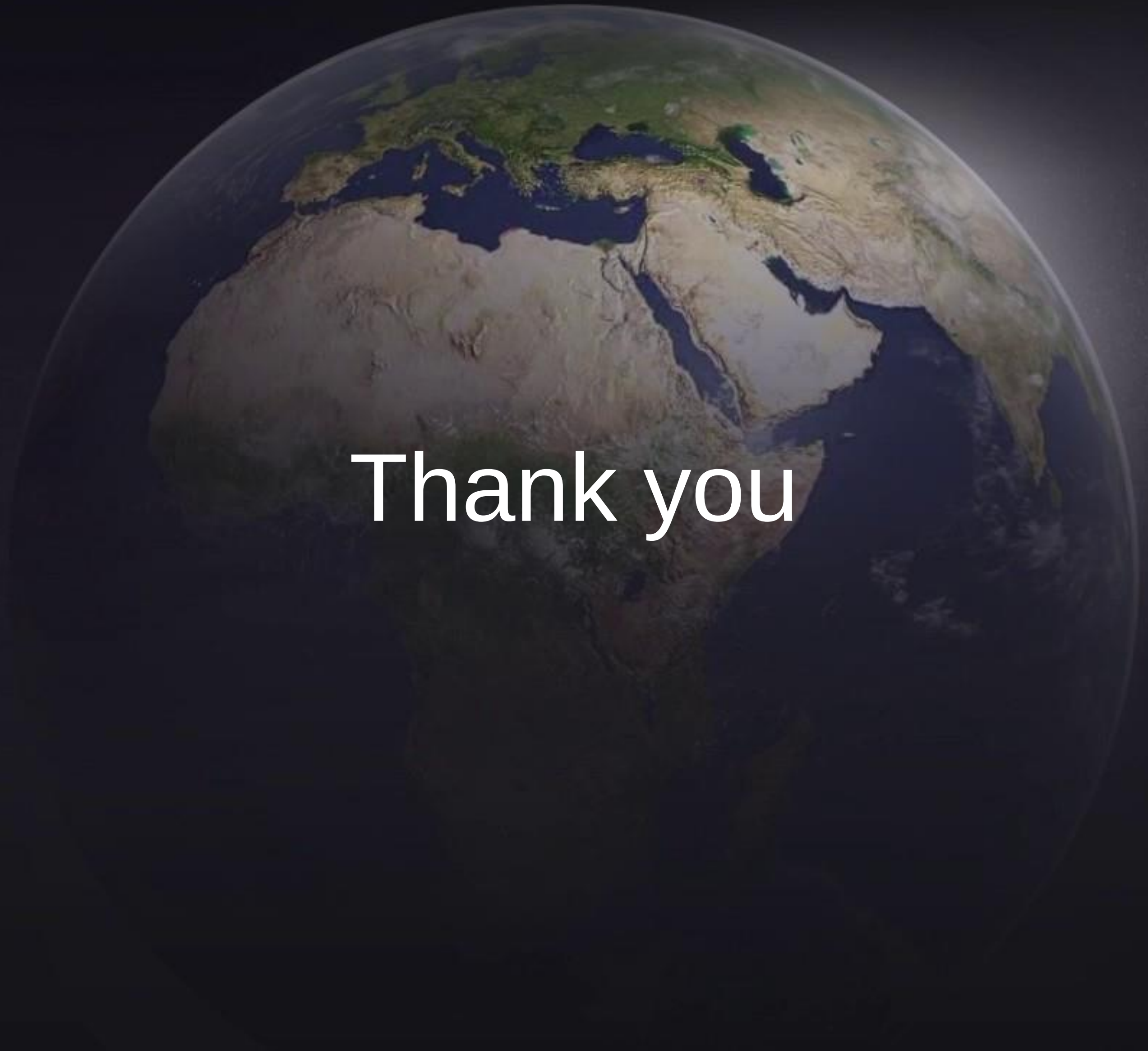

Thank you