

Chapter 4.22

Xceed:

Pioneering the Contact Center Industry in Egypt

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EXECUTIVE SUMMARY

The global spending on outsourcing has exceeded one trillion U.S. dollars in 2000 and it is expected to reach much higher heights by 2010. Outsourcing represents a major opportunity for developing nations with different capacities and skills in the field of information and communication technology (ICT) coupled with communication, business, and marketing capacities of their human capital. Contact centers are one of the growing trends that can benefit from the opportunities enabled through outsourcing. Over the last decade, India, the Philippines, and Mexico took the lead in the contact center industry in the context of developing nations. Moreover, in the 1990s Egypt, through its massive efforts to position itself as one of the ICT hubs in the Middle East, had started its efforts to develop itself as a destination for offshore outsourcing as well as penetrating the global marketplace for contact centers. This case

demonstrates the process of establishing Xceed, the pioneer contact center in Egypt serving a global community of customers and excelling to become one of the brand names of the industry worldwide.

ORGANIZATIONAL BACKGROUND

On a sunny afternoon, Adel Danish, president and CEO of Xceed, sat in his office, with his two vice presidents, Ahmed Refky and Alaa El-Shafei. They had been discussing the future of the company. Danish stood up and went to look out the window. The sight he met was of vast desert, with a number of scattered state-of-the-art buildings and several others still under construction. All of the company's achievements and future aspirations came into view. They had done so well in the past, and the future looked promising. One

of the challenging formulas that they managed to realize, and made the case unique and different, was to successfully manage Xceed as a private company although being a purely public establishment. However, despite the achievement of the past, management needed to strategize which road should they travel, and what was best for the business to grow and compete?

Xceed, Egypt's pioneer and leading contact center, premises were located in a smart village complex, which was inaugurated in 2004 to be Egypt's premier technology park, built on 450 acres on the outskirts of Cairo (Egypt). Located approximately 20 minutes from the center of one of the busiest capitals of the world and a few kilometers from the great pyramids, the smart village is central to all major destinations within greater Cairo. The idea behind the smart village initially conceived in 1989 was to create a space where information technology companies could operate within a community conducive to their business needs. Microsoft, Alcatel, Hewlett-Packard, Ericsson, and Vodafone Egypt represent a sample of the IT organizations that have moved premises to the smart village. Once all the phases of development were completed, the smart village would accommodate 67 office plots and approximately 30,000 employees within a total office area of 1,336,000 square meters. Ninety percent of the smart village had been designed to encompass an expansive green area, lakes and streams, making it an ideal location for doing business.

In an effort to promote and encourage public private partnership (PPP), the Ministry of Communications and Information Technology (MCIT), established in 1999, relocated its premises to the smart village (www.mcit.gov.eg). The mandate of MCIT was to support and empower the information society in Egypt. This was reflected in its involvement in different projects related specifically to business and industry development in the information and communication technology (ICT) sector and in its commitment to providing universal access to telecommunications services

(Kamel, 2005b). MCIT supported the expansion of the telecommunications services through deregulation, liberalization, and government-private sector partnerships. It also encouraged foreign direct investment (FDI) as well as the transfer of technology into the nation to support in the overall business and socioeconomic development (Kamel, 2006).

In 2002, the World Trade Organization (WTO) granted Egypt permission to liberalize its telecom market. Accordingly, the government set a deregulation plan towards the end of 2005, identifying a number of objectives to be realized. These included setting-up the environment for multi-operators and multimedia services while reiterating the telecommunications regulatory authority organizational structure, regulatory rules, and directives. This involved the liberalization of basic and international voice services along with the introduction of new services and technologies (MCIT, 2005).

Egypt rapidly developed a sophisticated telephone network and a modern and reliable fixed line; mobile and Internet networks have already been established and moving at a fast pace. Such advancements constituted optimum conditions for a strong and promising contact center industry in Egypt. Since 1999, MCIT had taken steps to ensure the deregulation of the telephone market. Telecom Egypt (TE) monopoly over communications services was disintegrated and the company was scheduled for liberalization in December 2005. In a special effort to develop the contact center industry, the government dropped telephone rates to Europe and North America rates, standing at approximately 0.07 U.S. dollars and 0.05 U.S. dollars per minute, respectively. In order to guarantee that Egypt would remain competitive in the telecommunications sector, MCIT is continuously developing partnerships with several major global communications firms including Siemens, Alcatel, and Cisco, to train engineering graduates and to establish an IT-literate workforce as part of the overall efforts to build Egypt information

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