



Arabia Republic of Egypt
Ministry of Planning - Information Technology

**Workshop on
ICT Policy Making in ESCWA Member Countries
Beirut, 2-4 May 2006**

**Egypt' Information Technology
Industry Strategy**

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Information Technology Industry Development Agency (ITIDA)

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Introduction



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The Information Technology Industry Development Agency (ITIDA) is a governmental entity has been established via Law 15 of the year 2004.

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ITIDA objectives



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- Developer and Regulator for e-Signature.
- Preserver and Promoter for Intellectual Property Rights (IPR) related to software & Databases
- Driver for National IT Development in cooperation with ICT stakeholders *who act as major financier for ITIDA*

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Developer and Regulator for e-Signature



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- *Building the digital signature infrastructure in cooperation with private and governmental sectors in Egypt :*
 - Root CA.
 - License to Certificate Authorities to issue e-signature & digital certificates.

To provide a legislative authenticated platform for e-Business, e- Commerce and e- Government in Egypt.

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Preserver and Regulator for (IPR)



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- *The IPR Office established within ITIDA aiming to :*
 - Raise and spread awareness of IPR;
 - Encourage investments in software industry;
 - Play a major role in fighting S/W piracy

Currently dialoguing with WIPO & US Copyright Offices to enrich the Office's know-how

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Driver for National IT Development



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- *Supporting and encouraging e-Business among small and medium enterprises in Egypt.*
- *Guiding and encouraging investments in ICT sector.*

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Driver for National IT Development



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- *Supporting ICT R&D and implementing its output.*
 - *Joint Projects between the Industry and Academia.*
 - *Fellowship Programs.*
 - *Graduation projects.*
 - *Summer Training.*
- *Formulating the Information Security & Cyber Crime Law to deal with the electronic defects & hacking.*

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Driver for National IT Development



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- *Promote and support the development of software industry in Egypt (SECC) by improving the software engineering practices to higher maturity level, to achieve strong presence in the international market.*
- *Formulating & setting up Egypt IT National Strategy.*

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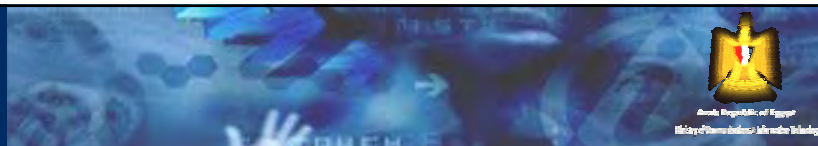


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National IT Industry Strategy

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Background and Rationale

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Introduction



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Egypt took a major step towards the execution of a national project for achieving the “Egyptian Information Society” by establishing MCIT in October 1999. In order to bridge the digital divide, The government defined seven bridges:

1. e-readiness
2. e-learning
3. e-government
4. e-business
5. e-health
6. e-culture
7. ICT-export-capacity building



Methodology



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Strategy Development Process



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- Dr. Nazif Business Development W/G findings
- AKE & TA team (export growth program)
- Other studies & references:
 - Heaks & Nicholson, US AID, UN
 - AT Kearney
 - Capacity building supply survey
 - Projects & initiatives of MCIT
- ITIDA WG & Stakeholders reviews
 - Eitesal, Export Council, IT Chamber, e-Labs & MCIT BDD
 - National, International IT & Call Center representatives
 - Academics & practicing consultants
 - ITIDA Board & H.E. MCIT Advisors
- Dedicated group and ITIDA support
- Synergy with other IT programs & initiatives by other stakeholders (ministries, NGO's .etc)

Top-Down
Bottom -up



Logical framework/Monitoring and evaluation



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Egypt IT Exports “Relative Advantages”



Arabic: جمهورية مصر
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- Government vision, support to ICT
- Number of university graduates
- Devaluation-driven low cost base
- Low employee turnover
- Time zone proximity (Europe & USA)
- Multi-lingual and mild accent
- Political stability
- Telco infrastructure

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Egypt IT Exports “Opportunities”



Arabic: جمهورية مصر
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- Europe, USA
- Relationship with multinationals
- Geographical strategic alternate cite
- Egyptian expatriates (Target market)
- LOB's / Segments
 - BPO & KPO
 - Call centers
 - Back-office
 - ITO “Program development”
- ME&A (Services, Applications Expatriates)
- Muslims & Arabic Speaking Content
- Safe heaven for new Petro\$'s
- Price-sensitive markets / LOBs

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Egypt IT Exports “Threats”



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- Fear of our region stability and terrorism
- Enough numbers of required skills.
- Intense competition “Asia & Eastern Europe”.
- Complex Go-to-market model & channels.
- Challenge to maintain utilization levels.
- Cost (labor, international telco, facilities)
- Perception of Egypt work ethics & quality.



Vision 2010

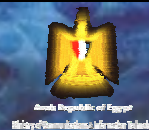


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- *ITIDA is leading the deployment of the “National IT Industry Development Strategy” through a PPP model which utilizes Egypt’s size, quality of talent pool, relative advantage of cost of doing business & telecom infrastructure:*
 - *to help develop IT players become world class companies & address new international growth lines of business,*
 - *win a sizable share of the fast growing “Offshore BPO and ITO services”*
 - *and attracting more FDI to the sector, in a way that will boost IT exports.*



Goals 2010



- **Measurable**
 - Grow exports from \$200M (2005) to XX
 - Create +xx K new jobs
 - Generate FDI investments of \$XX M
- **Non-measurable**
 - Develop Local Companies Skill & Scale “World-Class”
 - Foster knowledge-based economy
 - Help other Egyptian economic sectors
 - Become more competitive (exports)
 - Improve productivity & level of services (national)
 - Creating Egypt high tech image



Building on Sound Foundation





Strategy Drivers



- National economic development plan
 - Grow exports and increase (\$ / €) inflow
 - Attract FDI
 - Create jobs for our young graduates



ICT Infrastructure





ICT Progress in Figures



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Indicators	Oct. 1999	Dec. 2005
Total Exchange Capacity (Lines)	6.400.000	12.700.000
Fixed Line Subscribers	4.900.000	10.400.000
Number of Exchanges in Rural Egypt – (1007 Villages)	775	1128
Mobile Network Subscribers	654.014	14.045.134
Public Pay Phone (Cabins)	13.305	55.710
Total Number of International Connecting Circuits & Links	6.130	21.205
Internet Users	300.000	5.000.000
International Capacity for Internet Service	20 Mbps	4.277 Gbps
ISP Monthly Subscription (EGP)	100	Free
Investment Cost in ICT	-	10.703.700.000
Total Number of IT Companies in Egypt	266	1.716
Total Number of Employees in Egyptian IT Sector	10.256	46.991
Trainees in Professional IT Training	500	23.092
Trainees in Basic Skills Development Program	1.200	120.280
IT Clubs	30	1293

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On Going Initiative



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- MCIT & GoE
 - Local market demand
 - R&D and Incubation
 - Nile Technology University
 - Training (basic& professional)
- ITIDA & SECC
- IMC
- US-Aid, UN & Others

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ICT Sector

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Strategic Directions

- Public-Private-Partnership
- Export focused “world class standards”
- Market driven Not Supply driven
 - Capacity and Human Capital building programs
 - Existing, large, growing & supply constrained market opportunities, where Egypt has exportable offering with relative advantage
- Labour Intensive LOB’s “including non IT professionals”

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Strategic Directions



- Dual parallel Path
 - Develop & support existing companies
 - New LOB's "Paradigm shift"
- Critical mass
 - Large / mega companies & clustering
 - Multinationals or Nationals with international management & systems are essential locomotives backed by SMEs.
- Focus & Shoot high



E-government





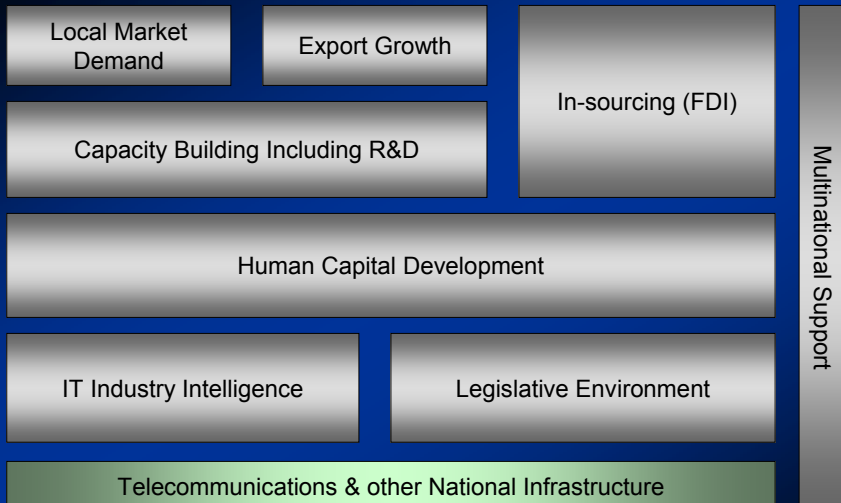
Critical Success Factors



- People, People.. (Management & Professionals)
- Holistic, sustainability, transparency and visibility
- Focus and prioritization
- World class standards & experts
- Strategy ownership & programs management (MCIT/ITIDA)
- Dedicated PMU for each program with clear objectives
- Synergy with other ICT projects
- Government as a promoter NOT a competitor



Strategy Framework





Target Lines of Business



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	Industry Characteristics	Egypt capabilities	Geography	Position	Proposed Strategy
BPO Back Off.	<ul style="list-style-type: none"> •\$400B + •Niches being carved 	<ul style="list-style-type: none"> •Encouraging fundamentals •V. Ltd activity 	•Europe & USA	•Strategic long-term focus	•"Swinger" initiatives
Call centers	<ul style="list-style-type: none"> •\$10B + •Growing •Competitive 	<ul style="list-style-type: none"> •Few companies •Up-and-coming 	•Europe & USA	•Attractive opportunity	•Support aggressively
ITO & Body Shopping	<ul style="list-style-type: none"> •\$25B + •Mature industry •Dominated by large Indians 	<ul style="list-style-type: none"> •Many small companies •Regional success 	•Europe, USA & ME	•Growth opportunity	•Support
Products	<ul style="list-style-type: none"> •\$100B + •Mature industry •R&D intensive 	<ul style="list-style-type: none"> •Some Co's •Limited success 	•Middle East	•Grow organically	•Encourage
Content	<ul style="list-style-type: none"> •\$100M + •Niche industry •National ID 	<ul style="list-style-type: none"> •Strong presence •IPR Threat 	•Arabic speaking & Muslims	•Grow organically	•Encourage

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Thank You
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