

ICT Board and Emerging Players in the BPO Industry Meet the Kenyan Diaspora in New York City

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<**Mwangi Wamae**>: Alright folks, thank you for joining us, those of you who are here, obviously, and we have some people who are joining us on the phone so thank you also for joining us. I am Mwangi Wamae, I work here in the city and I live in Connecticut and when I heard that this team was coming from Kenya I decided that, for a number of reasons which I will get into in a moment, that it would be a good thing and it would be an important thing for Kenyans or friends of Kenya who are in the New York City area to come here and meet with the team and understand what they are doing, the wonderful things that they are doing, and importantly understand what the opportunities are for us as Kenyans in the Diaspora to play a role, benefiting, and having our people benefit, by channeling work to Kenya and to the emerging operations in Kenya.

Before I give my two minute speech, let me introduce the folks who are here from Kenya, and who have operations in Kenya, we have the CEO of the newly constituted [ICT Board](#) Paul Kukubo who is here who will be talking to us in a moment, we have his deputy CEO and the person responsible for marketing and that is Eunice Mueni Kariuki, she is right there, we have Christopher Wambua, who is with the [CCK](#), that is the regulator, I guess, for the communication industry. Then we have some operators, we have Ron Evans who is from Canada but has an operation, a call center operation in Nairobi, called [Skyweb-Evans](#) we have. Francesca Kairo, she is with [Oriak Digital](#), she has been well established for about a year and a half now, we have Chris Light, he asked me to describe himself as a 'friend of Kenya' who is actually playing an important role, an advisory role if you will, and a support role, with the government to get this pace constituted. We have Richard Mwangi over there who is with [Northwest Offshore](#) based in Nairobi, been in business since about April or May of this year, and then we have Wachira Waruru, who is with [Continental BPO](#) whose has got an operation that has just started off the ground following last three or four month's old, he is very keen to continue down that path, we also had a couple of people at this show who may be joining us later today evening including

Nik Nesbitt of [KenCall](#) and a few other people. If they do show up I will certainly introduce them.

The only other thing I would like to say is that in the role that I have play with my employer, I was responsible for an operation that was channeling a fair amount of business probably in the range of \$4 million to \$5 million a year to outsourcing vendors, primarily in India, some South Africa and some Philippines. Over the last two years I have been able to move probably about 10% of that business to operations in Kenya people are doing between \$500,000 and \$750,000 with some Kenyan operations and it has been immensely satisfying for me on a personal level because I am Kenyan and I feel that these are my people who are benefiting but the thing that I would most like to underscore is that, while there is a bit of learning curve, the quality of the work that has been coming out of Kenya has been comparable or better than the work that we are getting out of other geographies so, yes we might be doing this because we are Kenyan but please don't feel that you are going to be giving up anything in terms of quality or in terms of the experiences that you and the people you represent and your clients maybe experiencing. So on that note let me introduce Paul Kukubo to come and talk to us a little bit about the space and all the good stuff that is happening there. Paul.

<Paul Kukubo>: Thanks very much.

<Eunice Mueni Kariuki>: I just want to apologize that we had hoped this would be accompanied by some drinks but we realized that we do not know New York and we face a few challenges here and there trying to get organized so we do not have drinks but we have just water, that is much I managed, next time we will be better prepared, we do apologize.

<Paul Kukubo>: Let me start by saying that when I first got Wamae's email telling me about this engagement, we jumped at the opportunity for two reasons, one is that it would be a contradiction to come to New York and ask New Yorker's to give us business when many of you are active business people in this community and can be part of that sourcing chain and therefore I felt there is an excellent opportunity.

Secondly I have had the privilege of speaking to the Kenyan community in America a few times, I have spoken to Kenyans, I was actually here a month ago in San Jose, I met the Kenyan community in San Jose, we presented ourselves, there was a bit of a different mood it was a bit more formal, I mean informal, a bit more casual but I got a very good response and therefore we decided this is something

that we need to invest in.

Thirdly the stronger you are in New York and the stronger in the States, the stronger we are at home, because, as you probably know, India's story is a story that is largely around its expatriate community and its Diaspora and what they have been able to take back home and that is the kind of message that we want to start sending forth.

And fourthly, when I read the blogs, I know a lot of times on the Kenyan community blogs, politics tends to take up a lot of space, this is a very political time, it is very very heated but we decided look, if we get the right audience and we tell our story, you could be our ambassadors.

So I wanted to take this presentation in two approaches, first of all I will tell you what the Board does and why we were setup, I think it is important, some of you have been asking me informally, getting a lot of emails telling me, explain what the Board does, and then I will tell you, I will then go to the second phase and I will try and be quick because we want to allow a lot of time for interaction and question which is where we should spend most of the time, talking through what we call the Kenyan story and let me just tell you something here what we did when we were developing the Kenyan story, we worked with a consulting firm, McKinsey Consulting because we felt that it was important that our story is told in a way that people who make the decisions have a sense of credibility. It is not that you cannot tell your own story but some times if somebody tells your story on your behalf and you come and tell a decision maker here that I have worked with a certain firm, it just helps you to make much more, a little stronger argument, the story is your story, but sometimes you need someone to tell it for you. These are not the things that I will spend a lot of time with.

The Board was established buy the president as a state corporation, this year in February 2007, and what happened was that the Board composition is such that there is an executive chair, a CEO who is appointed by the minister, that is the how it works, the PS in treasury, the PS in communication, three public officers and four private sector directors, this is the Board in terms of the Board governorship, the directors of the Board, and what they did with the Board is that they looked at different people who are active players in the industry and selected four people and the minister's prerogative to do that, that is just the way the law is written, and the way the Board was established obviously everybody would have loved to sit on the Board, different interest groups would have loved to sit on the Board but we choose the ones that are most representative and put them in there.

The functions of the Board are basically five, one is advisory, second is promoting the county locally and internationally as an ICT destination, the third one is facilitating the establishment of industrial parks, technology parks and associated facilities, things that were not part of Kenya's vocabulary and planning in the years before and then any other activities that we see fit to meet those objectives. The actual board of directors themselves are Catherine Ngahu, she is from a research and strategy background, she is the chair person of the Board, she is directly appointed by the president and the CEO as appointed by the minister through a competitive process Deloitte advertised the position, we applied and then they made their decision. This is an important part of the new Kenya in terms of the dispensation on how Kenyan public appointments work now, you will find that a lot of public sector jobs now are very competitively advertised and therefore a lot of people who are interested in especially executive positions are able to apply for those positions through the PwC and Deloitte. Right now if you looked at the newspaper or the internet, two weeks ago, I mean three days ago, you would have seen that we have advertised a whole raft of jobs within the Board itself and have asked Deloitte to actually take you through that process.

The deputy CEO here Eunice herself joined us from Microsoft also through the Deloitte process and that is the only way we can be able to get to attract the kind of people we are looking for, for this very very complicated task and it is an important part of our agenda and I thought I would spend a bit of time on that, the other people in the Board are Kip Kenes [ph], Samuel Kip Kenes is the legal director at CCK, he sits in our Board as legal advisor, Richard Bell, whom some of you may know, he is an active member of the Kenyan ICT sector, one of the directors of Wananchi Online, a Kenyan of British ancestry, very active in the sort of ICT space and very much a big player when it comes to issues to do with financing and IT, Peter Kimacia, ICT village, a network that helps ICT, Catherine Adeya, who is an academic PhD, and she is also a very active person in the policy space, was one of the people in the task force for the migration of our broadcast from analogue to digital and Kevit Desai also who is an active ICT member and member of the Kenya Private Sector Federation, and you can see also another thing that has changed in Kenya, if you look at the Board composition, a very mixed racial profile, mixed academic profile, mainly because that is the widest range you get representation without making the Board a sort of parliament, this is actually the Board of directors.

The key management of the Board is myself, obviously, and Eunice. Eunice is a deputy Chief Executive in charge of marketing, Victor Kyalo, Deputy Chief Executive in charge of project

management, there is a project that we handle and I will come back to it just now as I talk about that.

The Board's source of funds, this is within the Kenyan Gazette, we get our funds from parliament but an important note here is that although we have \$1 million allocation from the government for the fiscal year 2007/2008 we have a huge World Bank financing of \$114 million for the next five years for several projects and I will talk you through what those projects are and see how all these things fit in and how all this comes together. So we are substantially sort of, I mean the reason I presented this line is because I want to sort of give the impression that the government has taken this ICT space very seriously and sometimes one would perhaps, it would not come through unless you sort of sit in a session like this in terms of the level of seriousness IT has taken in Kenya which was not the case say five years ago.

We sat down as a Board already in the short time that we were there, we developed a mission statement and what we arrived at was that our mission statement is 'To rapidly and innovatively transform Kenya through the promotion of ICT for social economic enrichment of our society'. This is why we exist, we feel that there is a need for rapid transformation; we are not talking about incremental changes because we know that we are playing catch-up as it were and our vision as a Board which dovetails quite well with our national vision is for us to be a global top ten ICT hub.

We know we have a lot of work to do and I was just mentioning something here, when I presented our Agenda to your colleagues in San Jose one of them was a good friend of mine for many years and had migrated to the US asked me what I had been smoking because, he was telling me "You guys, what is this? You guys read things on the Internet and then you get excited about this ICT thing. Farmers need to get, sugarcane farmers need to get their money on time; roads need to be fixed..." I said "You know what we have got an agenda, all these things have to be done concurrently, you cannot stop one agenda because you have got another agenda, and I think that is a very important thing because some people would say, is it believable, are Kenyans dreaming, but remember that all these countries that we have visited and we have come from, came from a space, we must start from somewhere, it is our belief and this is actually what my personal responsibility is, it is to ensure that I communicate the vision that we have to be a top ten global ICT hub and therefore outsourcing which we are talking today is part of a wider agenda and I think we need to understand that it is part of a wider agenda, outsourcing is a means to an end, it is not in itself necessarily the end destination because you never know what the new trend will be in 2014, maybe we will be talking about in-sourcing again or *moon-sourcing*, whatever will be possible, so we cannot build our vision around the reality but you have to imagine, almost, the future.

Basically our mandates are four and I do not want to spend too much time on this, I hope this is clear, this is important as well, we advise government and in general the industry, we market the country, we promote the country what we are doing today and this is actually Eunice's critical area of responsibility, to build a marketing strategy for Kenya that position us as an ICT hub that takes us there, we provide capacity, providing government and stakeholders with skills and capacity for anchor ICT projects and some of those anchor ICT projects I will talk you over. And project management, we have realized as a country that implementation is as important as anything else and therefore there is a very very huge premium being applied to how you implement what it is that you are suggesting to do, so for example at the Board, for example right now we are paying a lot of attention to things like developing project management skills, because we hear all these ideas and there are a lot of lofty ideas about what we can do but we know as a country one of our biggest weaknesses has been the ability to execute and therefore you are going to find a lot of training taking place both locally and internationally for us as managers our Board and our staff in terms of the ability to execute against a given mandate.

And we realize globally that the difference that exists between say these developed economies like where you are living, and ours is the fact that although we intellectually are in the same place, if you give us two projects at the same time and you tell us go into different rooms you may be find a very different level of execution and it is because execution requires something to be taught and there are certain skills that go around it and we haven't always as a country paid a attention to these skills, we think that it is enough just to know, and we do not know and that we do not execute well and therefore this is just something I want to place a bit of emphasis on.

Our programs are five, one is E-government which means, if you look at the government, what we are doing is that all this, some critical digitization projects, the digitization of lands so that you can be able to get your land records in digital format, the judiciary so you can get judiciary records in digital format, procurement, all this is moving on to a digital platform as it is in the rest of the world and this is part of our mandate, critical digitization programs.

The second one is communities, we have got a project called Digital Villages Project where we are hoping that communities, in the rural areas especially, can be connected to the internet through public access cafes, we are not going to actually own those cafes but we are going to ensue that the ones that need capacity support in terms of bandwidth are given that support so that people in the rural areas can

access government services through these kiosks and this dovetails very well when you look at outsourcing as well because it provides outsourcing opportunities. For example we are toying the idea right now with the Ministry of Lands even with the Ministry of Planning where the government census the people who do collection of data in the villages and in the rural communities, can actually collect that data and feed into these Digital Villages and then it cascades its way, if that's the right word, into the central database, so that's how you use this project.

Infrastructure, infrastructure is with respect to the bandwidth although our Board is not responsible for the undersea cable, somebody asked me a question about that, that is a government project that is already underway, if I can give you an update last, two weeks ago the government awarded a tender to Alcatel-Lucent for the construction of a fiber optic cable and that construction is supposed to take place starting December, they have got a very aggressive project plan, May 2009 that cable should have reached Mombasa and undersea cable all the way to Fujairah, from Fujairah all the way to Mombasa. Standard Chartered Bank is the lead financial arranger and they made a presentation two weeks ago which I attended about selling the undersea cable in terms of blocks, while we are here I can give you an update, and all the indications are that although most people complain that the time was too short because they allowed only a month for people to give financial bids, all indications are that it has been oversubscribed, so the appetite for that cable in terms of financing is very very high, there is no shortage of people who want to put money down to buy the cable.

The government has been very aggressive as far as it is concerned I am sure you have done, you have been reading a lot about it, so we are talking from a position a lot of seriousness, so it is no longer saying we plan, we wish, we go, we should and we are finding a situation where the people who were very active in activism before the new government came in, in terms of saying what we should do are finding themselves a little confused because when they make a suggestion the government says no we have done it, or we are doing it, so it becomes a very confusing place when you come and make a suggestion, you know we should give bandwidth, we say no we are doing it, we have got the money, we are getting on with the business, so the reason why the Board even was chosen was so that we can, the Board members were chosen very carefully so that we take, we are not known for how well we articulate but we are known for how well we execute. So we may not be as eloquent or as preachy as what the ICT blogs would be and me I don't even have time to go and respond to the blogs because we are too busy, but I know we should because this is a little bit of information but right now we are doing a lot, and there is a lot of urgency.

The other thing on the infrastructure which is also interesting for you is that the project for setting up a government NOC, a central, a network operating center is part of this project where all the government data bases will be centrally located and a place where government records are, the government digital storage is done, and that is a big project for us and when we were in Silicon Valley about a month ago we looked at benchmarks. We went to Sun Microsystems and looked at what they had to offer and that is the sort of mood that we are looking at, and so all these projects fall within the Board mandate, we do not execute them we support government departments which are responsible for the execution.

Content is another area which I feel maybe I should look at, it is an interesting area and I think we need to spread the word around in terms of content in terms of building portals so that we can have our digital face on the internet. I am sure you all know the story of Facebook, the story Google, when all this infrastructure is built the guys who really make the money are the content players, at the end of the day we are in the infrastructure stage but you know the US has moved, perhaps, beyond the infrastructure stage and you notice the guys who actually make the money and where all the rage is actually in the content space.

And then the last one and the most important and why we are here, is BPO market. Business Process Outsourcing which is basically saying that we want work, we want the infrastructure to support the ability for Kenyans to do work that is sent to us from the rest of the world, whatever that work entails, whether it is call centers, whether it is software development, whether it is medical transcriptions, whether it is data management, whether it is software development, I know we have all focused and a lot of attention has been paid call centers, because call centers represent the entry point for outsourcing and also the second point is that call centers we are very strong at, we have a good story of call centers, they take a lot of people, they can provide a lot of training and jobs and therefore something very interesting for us to look at.

Now let me jump very quickly to what I am calling the Kenya story on outsourcing, we have developed, this is something that we put together with McKinsey Consulting on what we call the Kenya story. What we have realized is that we have three basic strengths as a country, and this is a story that we want you to help us to sell, one is that Kenya has had a thriving economy, that is not something anyone of us doubts, we have done fairly well in the last five years, in fact many of us who live in Kenya feel our story has been undersold, you live and breath the Kenyan way you will notice

that a lot of people are doing a lot better and you can feel the mood, has been quite good, and you can feel, even though we are running up towards the elections, nobody is panicking about the economic state front, frankly. I do not think there is anybody sitting down worried that the economy will change, if somebody is giving you that impression, they are giving the wrong impression, I think people are feeling fairly confident about the economic fundamentals because they know they are driven by the people themselves, the government has done a lot of work in being an enabler but a lot of energy has been released and a lot of money is seen in farming, in the communities, in housing and that sort of thing and all this is interesting in terms of... I mean, look at Safaricom's profitability last year, \$200 million, that is New York Stock Exchange profitability, I mean if they are listed in the stock exchange here, people would be interested, forget about Kenya, and \$200 million in profitability is not a small amount of money to make in an economy like ours, so we have a good story to tell and we are not apologetic about it.

The second thing is our growing BPO industry, you find a lot of people like Francesca's outfit, Skyweb-Evans, Wachira's outfit, starting and toying with the idea of BPO. So you are seeing that people are saying yes, we are now started off 10 seats, 12 seats, KenCall has got 500 seats. KenCall as a poster child has been an important company for the government because in any sector you need a company which sort of leads the way and shows you what is possible. They have taken huge risks, they have informed a lot of our policy development in terms what we should and should not do, and therefore they are an important part of this.

And the third one is public sector commitment. The government is very committed to the BPO sector, and I will explain how quickly. I won't take you to the macro economics, I will leave this slide for you but is important for a lot of people, and you notice that we don't want to tell our story emotionally, we want to tell our story from a position of fact, when you are [inaudible] in this sector, when you go for meetings, when I travel to London as I was two weeks ago, or when in Berlin or you go San Jose or wherever it is, the kind of people you are talking to do not want conjecture, they want facts, how well is your economy doing. Show me the numbers. So even our story and our tone has changed to become very factual, we tell them the numbers, we tell them this is what we are doing, those are graphs, 2005 we grew 5.8% in GDP growth and these are the issues.

Second thing very quickly is there have been four pillars of economic recovery strategy, macro economics, governance, infrastructure and concentration in human capital. Very important issue, and if

you look at recent examples of foreign direct investment, look at Google setup its headquarters for Africa with us, Fairmont Hotels, Stanbic, I am sure you have been informed about the recent partnership between Stanbic Bank (Standard Bank of South Africa), and CFC Bank and what that means in terms of capital inflows and the fact that when they merge, or when they enter partnership they will then list on the stock exchange and it is going to release a lot of capital for participation, Safaricom, Kencell (sic – Celtel), and I talked about that profitability, so those are good fundamentals and we need to use those, government spending on energy, NSE market capitalization, I know you have been reading all the debates recently about the stock exchange going up or down, indeed that as it may, the fact is that the stock exchange has gained quite a bit in the last of couple years, the financial services sector, if you look at our sales (sic) in terms of proportion of population with bank accounts, 14% for Kenya, compared to say India at 3%, some good fundamentals which we sometimes do not realize help our case, and these are figures you need when you are making your arguments with people to send outsourcing to our country because one of the things that you realize is that when you are coming here to look for work, in outsourcing, especially people with a big voice, they want to be sure that where they are sending their work has strong macro economic fundamentals, you do not want people to shift in and out just on the basis of cost, because you do not have any work otherwise what will happen is that we will stay with 10, 20, 30 seats and we are trying to build an industry that can move to about 500 to 1000 seats per call center, and that is where we want to go. And this is available to anybody in the sector.

Telecom industry is booming, internet subscribers, right now the official statistics on internet from the CCK, the latest studies, is that there are 2.5 million people who have access to the internet in Kenya, and that is a huge number, it means that you can actually run a business that is internet based and that is substantial compared to say 500,000 a few years ago. And what is interesting, the other thing that Safaricom paid \$25 million to get a 3G license to the Communication Commission of Kenya, so all these things are hinting towards a very interesting and vibrant area and when they are paying \$25 million for that 3G license it means that people who want to do content, like say Wachira in outsourcing, can have a story to tell because, you can decide that to have a business that provides content on mobile phones, news for example, news alerts, video clips, the World Cup is coming in 2010, so people need to start building with business models and if I can quote my colleague the director general of the Communication Commission of Kenya, he has always intimated one concern, that the government is doing all this, but is the private sector really ready to play, you know we can argue about this and that I know we are not yet fully ready, I mean the bandwidth costs are still very high, but these

are the kind of discussions that we are having.

Those are issues that I do not need to tell you about, a large number NGOs those we do not need to tell you about, but we feel that the outsourcing story is based on four things, skilled labor, social life, connectivity and stable political environment. You see one thing that you must not underestimate is that when you are trying to sell outsourcing to foreigners who have to bring their work here, you also need to sell the quality of life aspect of Kenya because that because that is important, I will tell you why, their managers who will come and live in our country, some of their technical people will come and live in the country, they must find an appealing place to do business. I mean the Central African Republic might have a much lower cost of living than us but I bet you there are very few people among you who have ever been to the Central African Republic. I have never been there, some of you may have been there, I am just giving you that as an example and if there is anyone from the Central African Republic or married to anyone in the Central African Republic I apologize. I am just using it as an example of a country that I know nothing about and it always gives me an indication of what I have to work against and the reason I say this is because Kenya has a story to tell. Technical skills when we are also selling outsourcing you always talk about the number of engineering, business studies and health science graduates we turn out every year, people want to know these things, when I was in Birmingham some of the questions I was being asked by people who were selling outsourcing was how many engineers do you turn out? and I said how does it matter because all you want is good people with good accents, they say no, but we need people to support the call centers, we need people to support the software and the hardware. Some of those people who engineers also are the same people who will work in the call centers in technical support roles, so these are important statistics that we all need to have.

So airlines serving Nairobi, this is another thing that we are asked a lot about, and I think this is something that you... Virgin Atlantic started to fly to Nairobi the other day, Emirates came back, Qatar Airlines came in the other day, Delta Airlines is going to start direct flight to Kenya next year or is it 2009, the airport is being upgraded, those are good stories, Yesterday the US ambassador made a comment I read in the newspaper that the US is going to be the leading destination for foreign tourists in Kenya from next year, we never had a US tourism relationship, we have always been seen as a very high end destination, a few American tourists and mostly German tourists going to Mombasa. US tourists are important because they tend to be very high net worth individuals who tend to spend a lot of money and they do not come on package deals. They are high game tourists, and it tells you

something. And also that tourism... I was talking with Nik Nesbitt today and he said how do you make a relationship between tourism and outsourcing, it means perhaps that you may find a link that we make there.

As I go towards the end, BPO industry some of the logos are there, people are outsourcing in every area, there is back office, call centers, software development, low cost labor, I know Ireland is not a good country to compare us to because Ireland's labor costs are high, but Ireland has got a lot of outsourcing and you wonder why because the quality is very high, most people take their high end work to Ireland and I think one of the things that I want to tell people in the outsourcing industry is that if you are trying to build a call center today on the basis of low cost, you must imagine where it will be in a few year, because you have to go up the value chain, you cannot say that you will always be in that area.

Telecom costs, we are going to... the ICT Board has been given money by the World Bank on a loan, on a credit, to administer bandwidth subsidy so if you start a call center today what we are going to do is, starting about December we shall be providing all the people here who are playing the call center space in financing so that the cost of bandwidth is equal to the international cost of bandwidth. What we are doing right now and I know Wachira has been asking me “When will it start? When will it start? You guys are not serious”, the issue is that we are obviously waiting for the World Bank facilitation to be completed and the World Bank also has a lot of paperwork [ph]. Secondly we want to work out the modalities in such way that they are not abused, because if they are abused by people who come in just because of subsidies and who are not serious players it will undermine the industry and so we are very conscious about that fact. So people like Skyweb-Evans need it, people like Wachira's outfit need it and we need to do that. And then the other thing we are realizing is that if you look at these costs you realize that bandwidth costs is not the only cost in outsourcing there are other costs that are very important.

The call center growth, you can see the number of seats in someone like, we are using KenCall as an example, the number of seats that they envision and the number of agents and some of their agents, and if you look at their costs per seat compared to say India \$12 a seat compared to \$13 seat with 99% accuracy of transcription. Some of their agents have won international awards and I wish Nik Nesbitt was here, because it is not just about costs it's also about the quality story. One thing that is coming through is that we are finding the quality of agents we are finding in Kenya is something that could be

an untold story. So we are finding that Kenya is emerging as a quality agent country so we are not selling just cost we are selling the quality of our agent for some certain specialized type of work.

Skyweb-Evans you can see what is going on there, they have 70% increase in seat numbers and we are looking at that verses Philippines and Skyweb-Evans is here and can confirm whether those figures are correct, these figures came from them and the kind of skills and activities that you are seeing as well, I do not want to go through these slides in any way.

And the last thing is public sector commitment we cannot make this story without giving credit where it is due, it will not be fair. The leadership of the country has been part of this and the reason why this has been successful and like everywhere in the world leadership is important. If you have a leadership that says this is irrelevant subject let us focus on something else it will not move. Why is it important? When the PS and the minister needed to make quick decisions about bandwidth, the cable to Mombasa, from Mombasa those things need cabinet support and we need head of state support, it was very quick to get. There was no deal making around it, no 'structured deals' that required slow decision making... you know what it was before, in the old dispensation. Those are the reasons why this has been successful and people if that story is not told it will give the wrong impression and I think we have to thank the leadership of the country for allowing that environment to thrive the way it does.

The other thing that I think I will encourage you to look and this is not for now is that when Kenya developed something called Vision 2030 I do not know if some of you have been exposed to it, six pillars were identified as being the pillars of our nation. One is tourism, agriculture, wholesale and retail, manufacturing, business processing off-shoring and financial services. So this is one of the pillars as stated in the government Vision 2030 strategy, so it is not something that is out of sync with the Kenyan strategy so it is part of that whole thing. And then one of the four areas that have been identified to develop this is talent pool, basic infrastructure talent pool, local supplier base, incentive and overall and that is why we have set up the ICT Board as part of the delivery process. I think I would like to end here I tried to be very quick about it, it is a very detailed subject and if it is not told properly what I have noticed is that you tend to get more questions than answers so I have tried to summarize what would be a two hour presentation into only 25 minutes, just to give you a gist of why the Board was set up in total and then where outsourcing fits within that overall picture of the Board and I have tried to hint to you what I think your role is as Kenyans in the Diaspora. So I want to stop there.

<**Mwangi Wamae**>: Thank you folks, let us open up for questions so is anybody, we will start with you Ron Evans.

<**Ron Evans**>: I was just wondering if it is okay if I speak as someone who is a joint venture partner from North America and based in Toronto and I would like to talk about what my experiences are, and first of all I want to say that I support what Paul is saying that Kenya can become a top 10 outsourcing country in the world. Kenya has got the potential to be the next India and I am saying that after 3 years of study and my background is, I am vice chairman of the World Information Technology and Services Alliance and my responsibility, my portfolio has been, liaison between developed and developing countries and I met my partner who is in Nairobi Gilda Odera who was the chair person of the Kenya Outsourcing Association. Highly respected off-course within Kenya, and she is one of those people like Francesca who is here and this is Francesca's brochure and please pick up one of these before you go and also here is one from Skyweb-Evans as well but I am not here to do marketing of our organization tonight. I want you to appreciate how important you are to make this whole thing work, because what Paul said is true Kenya can become a top 10 but there are a number of things that have to happen but first of all here is what Kenya has got.

Kenya has, and I am saying this as someone who has traveled I guess about 10 or 11 times to Kenya in the last 3 years since I met the person who became my partner in September of 2004. What I have realized is that Kenya has the potential to become top 10 absolutely, a key thing that it has got is a well educated workforce with very good English speaking skills, and those of from North America when we first heard the Kenyan accents we kind of compared them to the Barbados accent when people ask what is like which means its soft, its pleasant, its a type of voice that you want to talk to its not grating its a very pleasant voice but the well educated hard working workforce is the key. We brought people over from Canada to train call center operators in Kenya, we found they were extremely trainable, very eager, they picked up the skills very quickly and I said wow this is great. There is tremendous potential but there is a couple of things that have to happen before Kenya does become one of the top 10.

The first one is you doing it, you are putting that undersea cabling, because what that is going to mean is it means that distance becomes absolutely transparent that means that the quality will be so good once that undersea cable will be there which I think is about 18 months since about March or whatever 2009. Once that is there the voice that you are talking to will sound as good as the voice in the house

that is right next door to you in the United States. It is going to be that good. That is going to be there and that is coming. In the meantime we are using satellite and is good for a lot of the work that we have to get done, but not all of the work that has got to be done there is still some work of the quality, because there can be some interruptions that are there because of latency so we need that undersea cable but it is coming.

The other thing that we need is we really need the development of business, primarily within the United States and to bring that business to Kenya, because it is very difficult for people like Francesca, for example, or like my partner Gilda who is in Kenya or me from Canada to do an effective job of bringing US business to Kenya. We are at this outsourcing world event today and yesterday and we are a bit disappointed because the customers were not there. The customers for outsourcing are primarily mid sized companies 250 million to maybe a billion or a billion and a half that recognize that there is probably improvement available in their in-house call center operations but they do not know how to go about it they need someone to bridge that to get them to Kenya, and so we need people within the United States who can make the connection. Now the exhibition that we were at today unfortunately it was kind of vendor-to-vendor and the people that we really need to reach, and I am speaking now as a co-owner of Skyweb-Evans, we need to reach the Chief Financial Officers and the Chief Executive Officers of companies that should be moving their call center operations to Kenya. That is going to require intermediaries in the United States that will work with the government which is a tremendous facilitator and then with the private sector organizations like Francesca's and Gilda and so on in Kenya. We need you. We need you to make it happen. If some of you within these group would say we are going to take on the job and we will make a good income from it of finding companies within the United States that can benefit from that tremendous opportunity of having Kenyans provide call center services that would be of tremendous benefit to Kenya and so though I know that all of you feel very close to your wonderful country.

I have got the tremendous feeling for Kenya was I was there in 1996 when I went on a game drive in the Mara. My God, that was wonderful, that was a life defining experience for me but I know there is a lot more than that tourism, what is really needed now is to take advantage of those thousands, tens of thousands of people that are coming out of schools in Kenya and are hungry for good jobs and these jobs within call centers and other types of Business Processing Outsourcing, like software development and things like that, to do that they need your help. You are extremely important and I am hoping that from within this group here we will see people that will say I want to help Kenya and help myself at the

same time. I am saying the right thing?

<Male Voice>: Absolutely

I believe this very strongly before you leave tonight, I hope you will take a brochure from Skyweb-Evans and also this one from Francesca's company, this is really hard sell marketing but I mean, just so you know the kind of things that we are doing. Okay thanks very much.

<Mwangi Wamae>: Thank you Ron. Eunice you had a question

<Eunice Mueni Kariuki>: I actually was trying to find a slot for Ron to speak...

<Mwangi Wamae>: Okay. Any questions anybody else got questions, sure, maybe just introduce yourself as you start.

<Oscar Nyonyo> I am currently in outsourcing, I have been doing this for a while I think it is a very difficult in Kenya, first of all to be in New York exposure, soon you are going to learn, companies in the United States when they do outsourcing there is a lot of transfer besides the knowledge. I think culture-wise Kenya is very good but if you look at the competition there is a lot. First of all if you look at the statistics based on your presentation – I do not know where you got those charts from but you have to be very specific against who first of all you are going against. First of all I do not even you know why Ireland why should be there, okay, just for example.

Of what, I think the potential is there, the fiber is key because you cannot compete first of all doing half duplex bandwidth transactions between here and Kenya. Most of it is full duplex, I am talking about specifically India, South America, Central America, Mexico, Okay, so bandwidth is key, the thing is besides the business processing itself get to find the way you can add value besides say the call center on the contact centers, you mentioned software development that is value if you can take the whole thing and package it that is where the value is. I think first of all we have the best people to staff in the call centers. We do because they are very well educated and we speak English, that is not a problem its getting the process to mesh with the way people do business over here. The reason why India is a very good option for everybody and the most the difficult thing is the culture transfer, people were first complaining in terms of we cannot understand what they are saying. I outsource a lot we have

20,000/30,000 seats in India all over it is not a problem. What we do is we bring them here and train them and take them back there but the people here when you are dealing with them they want to be made to feel like we are a part of you, so any type of change in the transfer of cultures is very sensitive to them. They are like, why are you taking our jobs. You can walk into a company here and say I am in outsourcing you will be kicked out because of what, you are talking out jobs you have to find a niche and value in terms of partnership not in terms of I am your customer I can do this for you, where can we add value together besides the contact centers or the call center, where else can we add value what are you bringing to me, that is the bottom line I think but I think first of all we have everything, we have the infrastructure, we have got the labor we have got the knowledge transfer it is all about now getting used to the way people deliver all over the world and I think you guys are on the right track. Thank you.

<Mwangi Wamae>: I think Oscar brings up an interesting point that I would just like to highlight for a second. The types of services and the type of work that can be done through what we broadly call outsourcing is not just voice contact center type stuff, there is, Francesca and her team are doing editing of documents which does not require, which does not have the issues of latency whatever, because the document is sent they edit it they send them back, I know Richard and his team are doing data entry entering data from various sources into a database and [Andrew Njomba](#) here, who I did not introduce earlier, who is based in Florida but has an outsourcing operation in Kenya does accounting work out of Kenya for firms based in the US. I have spoken to people who are interested in setting up operations in Kenya to do architectural draft work on CAD systems for markets here, engineering of fire systems for construction sites in America, there is all sorts of ideas. Anything that has a high labor component and a high, and possibly varying, from low to high, intellectual component and that can be done electronically can be outsourced.

So you know really, I think, we are limited only by our imagination. We need to think about what we do, about the people we know – people in our professional networks – and think about, when the organization that I am with hires somebody who is right of school in New York we are paying them \$50,000 to walk in the door. For \$50,000 you can get a lot of Kenyans probably in the order of 15 Kenyans to work for you for an year, so even if our productivity is just half of what the productivity is here and I do not think it is that low, it is win-win and if we can get to the right decision makers and move the right work and again like Ron mentioned, nobody is asking you guys to do anything charitable. There are business opportunities here, there are business opportunities in getting to talk to

the people here from Kenya and so that you can build that bridge, make that relationship, and so that you can think about putting person A and person B together and perhaps make an opportunity to do a fair amount of good business for yourself too. So, any other questions?

<Martin ...>: My name is Martin, part of what I do is in the financial field which is financing of projects, especially in sub-Saharan Africa and we have a problem which I think also relates to ICT and what we have been talking about which is there is a lot of negativity, there is a lot of negative impression when you mention Kenya and Africa, I mean I do not have to tell you what the Nobel Prize guy [*Ed: James Watson*] is said about Africa. So we, the kind of information that we have, we know that Kenya is good we know that there is everything good, you know all that high skilled labor all those good things, but the people we are going to like when we go to these bank officials to get financing, the thing is they look at sub-Saharan Africa as a risky investment and it is a well known fact. Now for us to get the data that we can go and mitigate and tell them that that is not true things are changing. The data is spread out all over the internet and when you go and Google the first thing you are going to get when you Google Kenya is, you know, those poor guys, those starving children and the CIA Factbook which I think was last updated in 1989, so my question is this being a technological sort of forum are we able to get something that is going to have the facts. It is very hard if you go to look for month to month GDP it is very hard for you to get a comprehensive website where you can be able to get this data, because then it is going to be able to help us if we can get comprehensive data it is going to help us when we go to look for business or when we go to mitigate these negative facts that are there because we know the products are good, we know we have the best coffee, why does it not sell? There is no use in us being the most educated the best English and everything if we cannot make money out of it.

<Mwangi Wamae>: I will let Paul address that.

<Paul Kukubo>: Let me start by saying you know before I took on this job a few years ago I was involved in the Brand Kenya Initiative, and we used to have these sort of intellectual debates every evening, sit around a table, moan and groan. And we realized that it is not going to change, so we have to do what we can do with what we have. We are not going to change the global reality. Global reality is that we feel that the Central African Republic is less developed than Kenya and the US feels Kenya is more developed than, I mean, USA is more developed than Kenya. People have conditioned their minds around what we call a global hierarchy so what you seek is to work within that reality that is the first thing. Then I do not come from the perspective that we can change the world I am not interested

frankly.

The second thing is that people who are serious like Coke, Vodafone put their money where their mouth is and get a huge profit out of coming to Kenya. We need to use their stories; you know, nobody listens to you in Wall Street, but if you tell them Safaricom made \$200 million... That one anybody who thinks financially will listen.

Number three many of the very serious decisions makers will find the facts. That is something that we found out. The World Bank has the facts, Kenya government has the facts, Standard Chartered Bank in London has the facts. We use their facts, we do not even have as much capacity to gather facts on Kenya as they do, but what is wrong is what you call 'The Africa Risk'. We don't suffer from it as Kenyans as an individual country; it's a problem of Africa. South Africa, which is a lot more developed than we are. I happen to know the woman who runs the Brand South African initiative and I spoken to her many times and she tells me they have come in for trade delegations and they know they are walking in from a point of disadvantage. So they put a lot of money behind changing perceptions – the World Cup, Nelson Mandela, the investment in wine and the fact that, frankly speaking, they have a huge population of people of Dutch origin who provide a comfort in terms of negotiation and say look we are from the same sort of {indiscernible} and this is just the global reality.

Let me tell you how I feel that we need to be creative. When we went to Silicon Valley we met this guy who said to us "Forget about Kenya that is too far. Scotland came to us asking for investment and we were like, we do not even have funds to start moving our venture capital funds from the US to Scotland. We are saying Kenya is jumping too many hoops." So he said to us, so, you need to have a compelling story, "Sometimes you have to speak to the hearts and the not the minds of people because unfortunately, at the end of the day in life, you are dealing with human beings", you are dealing with Ron who is taken from Canada to come to Kenya I understand it, invested money, as an individual. We need many Rons. This is my strategy for Kenya.

First thing is that as a country we need more success stories. Number two, whatever we do as Africans until we take an united front towards dealing with the rest of the world, nobody is going to say Africa is a dark continent but Kenya is okay, Central Africa is okay. I might be talking about Central African Republic today as an example. But, if I went to Wall Street and said this one and this is the other it would not make a difference. If I had a share and said this is a Central African share and this is a

Kenyan share it would trade the same. And that is the reality, right? We know that. So we live with that reality and all I can tell you right now is that in the face of that reality we need poster children. We need companies that have succeeded in business and have got a good return that people can look at and pay close attention.

If you South African today and I will use it as an example, not for any reason, but Mark Shuttleworth, the software entrepreneur was successful in a business which was not traditionally seen as an African business and then used that opportunity to promote South Africa by going to the moon (sic). He had a huge impression on people and we you open *Wired* magazine and you read the story and see this guy has got the South African flag on him and he's doing well, it is a good story to talk about. What I need to hear, I need Kencall to make money and then we send Nik Nesbitt, who has just walked in, to the moon and then we say [laughs] we need to promote you see you have to promote from a position of strength. You need to promote from the position of strength.

You know when we are doing a lot of Brand Kenya work, one thing we realized is that and we told Kenyans. I used come to these forums and the Kenyans tell me you know people say Africa is risky I told them "Guys just live with that reality". You live in America, forget Kenya. It is difficult to convince most Americans that people who come from African-American origin can do serious business "You are not big businessmen that is just the reality." It is difficult to convince people who live in Kenya...sorry saying they own shops in Harlem. I mean it is difficult.

So you cannot worry about things like this and what I wanted to say is that we need to change our tone and just say look that being as it may we just need to be a little more successful and let me tell you if you look at how Kenya has been managed in the last 5 years I think we have got a good story. If you look at some of the statistics I showed you... If you talked to Kenyans in 2001, we never used to talk with confidence. I used to come from these forums, when I used to travel, and Kenyans never had confidence. Whichever way, I am not campaigning for anybody, but whichever way we go, we just know that Kenyan is in a different place from where it was five years ago and I can tell you right now we have really changed. In fact if you talk to Kenyans in Canada, one of the things I always encourage people and this is not part of my job is just that I have a history in banking industry I say look do not moan about what you cannot change. What we need is successful companies telling a successful story.

I will challenge you the next time somebody tells you we don't have statistics. I tell you the truth, if

somebody is very serious and you will work for a company like Morgan Stanley companies like JP Morgan, companies like Credit Suisse if you ask them to give you statistics of Kenya I can tell truth, there is none of those companies that does not have the latest data on Kenya. They are not successful business because they don't have data...what we are dealing with is just deception. And yes, Kenya has a lot of work to do, we know we are not where we need to be, we know we do not have excellent roads and we are working on it and I know we do not have certain things and we are working on them. So we cannot hope that people think that we are going to do well and therefore that is how we are going to deal with it.

The other thing that I was going to address is if you allow me to move on is your question. I feel that you have a very point we can make about Kenya and I think what I want to challenge us now is to look that niche. I think I have spent a lot of time with you before and what I am hearing from you is a very good message that I will take back home. What kind of outsourcing can we build around our current reality. So we do not take model that says let us copy what India has done and hope that we can become like India, because I think that is a dangerous place. It is just basic or marketing and basic strategy. So we say we got this reality we do not have good bandwidth at this point in time. Even if we had good bandwidth we would still be competing anyway with the rest of the world. How can we use what we are good at as Kenyans to find a new niche? What I am hearing you saying and I have been hearing this not just here even in UK. People are telling us you have good engineers and engineers of outsourcing their skills, they can do AutoCAD drawings. You have good doctors. I heard the other day Kenya used to have the best trained medical secretaries at the Kenyan Polytechnic and then we lost them all to South Africa and a medical secretary is a very important part of the Medical Transcription industry because that is what you need in order to be medical transcription and I realized that is a niche that nobody has told me about.

The other thing that we are good at is that we are good lawyers. Can our lawyers be part of... one the things that the government is trying to do is that during court cases in Kenya today, judges have to write out their transcript and they are saying can you get law students as part of the initiative to go in there during the day, write out those transcripts, in the evening churn them out send them back to the law courts and get justice delivered faster. So when you said and I take that point quite well, that we need to be imaginative, I take that point quite well, I think we need to be quite imaginative.

When created HP what they were saying to us is that everyone comes from all over the world, the

Scots, the Germans, they all come to Silicon Valley and say “How can we create our Silicon Valley” they are told guys you cannot recreate the Silicon Valley, that is the American reality look for your own reality because we are not the only ones who are trying to be Silicon Valley. So I am just saying that I took that point quite well about thinking outside the box and I think it is a challenge to me.

<Mwangi Wamae>: One thing I would like to add is what Paul said is accurate but a sitting in America I can tell you things are changing. I definitely would like to come up and say a few words in a moment but a few years ago I picked up the New York Times and I see I think it was in the front page a whole article about KenCall and Nik Nesbitt and so on and I am wow this is the New York Times. A few months later Thomas Friedman of “The World is Flat” writes a whole Op-Ed piece primarily about KenCall and the last line of that Op-Ed piece was “I do not really know what is going on here but something is happening in Kenya” or something to that effect.

You know there is something happening and you go there, I have been to Kenya three times this year and I think and I think I was there three of four times last year, every time I go it looks like that guy who owns the matatu or that guy that has two dairy cows. People stuff is happening and you know having an ICT Board, having the Tourism Board... the perceptions are going to start changing and it will not be overnight but it will not be “Oh the Kenyans, yeah, they run marathons and they have lions”, no it is going to be a little bit more and there is going to be a lot of blocking and tackling and it is going to be a high slog for people like Nik who sort of you know closed-up his apartment in Denver Colorado and said okay I am going to Kenya but you know it looks like now the momentum is starting to build we are actually going some place and we are still I think on the ground floor but there are still...but I think things are looking up and I am very confident I mean just I quit my job yesterday and I am going back to Kenya at the end of the year at the end of the year [claps] this is it I do not care who wins the election I am going home this is the way things are. So what is your question?

<Deborah Maina>: My name is Deborah Maina I am a business owner in Jacksonville, Florida for the last seven years, my question is especially for us being small business owners at starting basis we have so many challenges and we speak of finding CEOs who can give us these contracts to outsource in Kenya or other places I have realized especially the US commercial trade I have worked with them for several years now they work hard to find newest businesses in Kenya where they can do business in Kenya. They are always working day and night and we call their office in the US citizen or you have a business here business here they all find you a best business that you want to do in Kenya. What is now

Kenya for this program here doing to help these small emerging businesses people like Andrew and so many others who are coming to Kenya trying to figure out or even to do their businesses what to do with kind information. Because I listen to you and I listen to you and I listen to you can go out and get any CEO you want because you are doing it well you have the information you have done it you are already in the program.

In the US they have small business centers where you can go and a lot of people will work for you and get you started and get you information even give you information to the right people to go you know see for whatever business you are trying to do. What are we doing in Kenya for these types of programs which are absolutely great and we have all the people how can do them. What kind of programs do we have to enhance and embrace people like us now coming home trying to figure out where to start and also the kind of information that we need to come to try to get business in the US, because we have to have the right information. I have to be able to speak like you or better in order to get that CEO to give me business, you know to outsource business in Kenya. What programs do we have in place either to bring here to train us or even to give us more information to work like you and talk like you and be able to go out and be aggressive and get the businesses or to come to Kenya and give us programs we can come like so many of us are traveling in Kenya just for the sake of looking business. What programs do you have in place or centers to where we can come and sit and get information in get programs and get to know where to look to.

<Paul Kukubo>: I will just be quick with this one let me answer the question in many ways. The first thing is that I do not think the solution to Kenya's challenges lies in necessarily the return of our expatriates labor back in Kenya. I remember Dr Kituyi making a comment once in a presentation to the Kenyan community and said he said to Kenyans living in the US "Do not live in your suitcases. Live in whatever country you live, live there with both feet. You are still a Kenyan you are still welcome back home. You have a lot of value." The Kenyan who lives in the US and the Kenyan who is exposed, globally, and my brother lives here so I have a very good sense of the reality, he is actually in on of these Ivy League colleges here doing his MBA. We have conversations and I tell him you are more variable to me in America because you will represent to me an exposed view.

Number two is that if you want to do business with Ron it is easier for Ron to trust you because you are a not like him you are culturally similar you do not get mesmerized by things that mesmerize Kenyans because if a Kenyan wants to do business with an American you have to go through the mesmerization

stage these guys keep trying... they respond to emails, when they tell you I will call you, I will call you... you know things like that.[laughter]

But we know that Kenyans have a big problem so you deal with that stage, so I said that on a light note but it is but it is a very serious point you know the Indian population in America have done India big justice, big justice. The Italian population, big justice, the Swedish population, I remember I did advanced management course in Sweden last year and the thing that surprised me the lecturer was telling us how Sweden lost a third of its population in the early 19th century to the US.

He was telling me you guys from the developing world you do not know we have all been through these things that you have been through we just took a different approach. Kenyans needs to get closer but they need to engage in business more. So that is my first point. The solution does not necessarily lie the only [indiscernible] is a personal view. I would come back to Kenya because of open serious opportunity but I would never apologize for leaving anywhere. If I did not have my job today and Ron told me to come and work in Canada I would work in Canada. I have no qualms about working anywhere.

And I think when people start to become like that they need to come true businessmen. This world is a global village if I can get cornflakes, we get Kellogg's cornflakes in Kenya and that is what I like and I can get milk in the morning and get a sausage that I like and my sheets are the same sheets that you sleep in frankly speaking these countries are not very different.

Living in Nairobi nowadays is as much hustle as living in New York. It takes you a long time to drive from KenCall. The traffic from KenCall to the city center is worse than going to Jersey from New York right now through the Lincoln Tunnel. It is just crazy. If you go and visit Nik Nesbitt now and you go at 5 o'clock you will get back to Westlands at 8 it is horrendous. So those guys who have visited Kenya know it has become crazy. You call people they do not have time. So we are living in the same global village that you live in. So I do not encourage the argument that says we need although I encourage you to come home, I think you have a role to play.

Number two yes... There are some organizations in Kenya that are beginning to facilitate business. The Export Promotion Council have become very active. If you look at, in fact they have been doing their own trip business to the US and they have been helping Kenyans export... develop export

capacity.

It is not the same, I know what you are asking and I have noticed we are not yet at the same level that I have seen here. I visited the incubation center in San Jose, a business support center in San Jose and I realized we were, Kenyans were asking: Even in the Silicon Valley the government of the US has places where they even provide free internet for businesses to even learn how to do business. In other words they support small businesses more than we even think I think this is a challenge that the government itself needs to look at because many of you have the capacity.

The other one is the Export Promotion Council... the Kenyan Investment Authority, but if you look quite honestly at the number of Kenyans who take advantage of those things. Then the other thing is that the Ministry of youth has started a youth fund where they are giving a revolving fund of about 50,000 shillings for people to start small businesses and many of them are going to start some of the businesses we are talking about and it has worked quite well.

But specifically to answer your question especially for the kind of profile or business that we are interested in I would not be confident to tell you that there are specific programs to support you I would not be confident so.

<**Mwangi Wamae**>: We are going to ask different questions.

<**Aziz Hussein**>: I will ask one of the questions. For one actually we do support BPO completely and this is really truly big stuff. I just came back from Nairobi a few days ago and you are right the elections are not affecting business at all. The traffic is true in fact there is something on TB now called traffic brief, where you have to pull over to have a drink when traffic light itself [indiscernible] yeah but the thing I was going to bring out is I think from a Business Process Outsourcing approach we are very caught up on the pricing where people say it is lower cost, it is lower cost. China, you have people like China and India and they are doing very well, they have really cornered that market.

We need to get past that we need to get into this new environment that actually captures peoples' attention which its regulation. All regulatory stuff where a lot of people now are outsourcing but very carefully based on what has happened to Worldcom, Tyco now it has become very regulatory so people want to know if you are outsourcing in Kenya or wherever else but are you guys [indiscernible]

compliant, are you guys [indiscernible] compliant, are you guys HIPAA compliant.

So it becomes very key for someone to say okay we are just going to stop pricing anymore because they might know the prices on outsourcing, and then one lawsuit brings them back ten years back. So it is one of those things where what are we doing from a Kenyan government stand point in terms of addressing regulatory stuff where we can confidently say now you walk into a CTO's office or CFO and be able to speak beyond pricing.

We can not sell people on pricing anymore because between China and India it is tough. It is really tough. And then based on those data laws now you are seeing a new trend where people are now starting to go Eastern Europe, Russia, you know, Poland people are now starting to move towards there how do you fight that, what is the story from the Kenyan ICT side of it to say you want to fight that but what are you telling them or what should we use as ammunition to tell these people so that we get business towards Kenya. Because we really want to do that and we believe that but what is the story.

For them they tell you things like these guys are more in sync with US laws, they are closer its one hop away I do not have to take two flights. So they bring this case and they tell you it is just as cheap they have big stuff they will tell you now whether it is China or here it is pretty cheap.

<Mwangi Wamae>: I think I have a suggestion. I think the best person in this room at least from my perspective to answer that question is a person I would like to spend a few minutes talking to us right and that Nik Nesbitt because he has had to sell he has had to answer those questions, so let me introduce Nik we really have to be out of here in about 15 minutes so Nik come-up tell us a little bit about your struggles and your successes and...

<Nik Nesbitt>: Thank you. Hi everybody, I am Nik Nesbitt and sorry I snuck in late here I was the last guy at the convention center and they kicked me out. And then it took a little longer to walk over here than I thought but lots of questions I appreciate being able to stand here in front of all of you and talk about what I have gone through to do this.

I was here for 20 something years, and gave up my life here. So 20 years I came here in nursery school did 20 years and now I'm back [indiscernible].... anyway did the whole big corporate thing here and outsourced like crazy did not even know when I was outsourcing that one day I was going to get into

this. And I was at Qwest and if any of you know what happened to Qwest, the CEO went to jail, he left with \$600 and something million dollars in four years and he talk about corruption I saw it and I lived it and I was not a part of it, unfortunately, so I had to go and work hard for my maths. I keep missing this corruption stuff. Anyway I went back to Kenya with basically a PowerPoint presentation and now we have 500 people and we are making a lot of money and they will probably go public in two years and make a whole lot of money legally right.

Very quick highlight of that is what has happened and that is what going to happen and we have 500 people I expect to have about 1,000 or 1,500 people in the year and we will have 5,000 people in five years. And if we do not have 5,000 it will be 4,000 or 6,000 and where 5,000 why 1,500 why 500, why these three years I was doing it, you know why because I said so. Period. Nobody told me, no one said you have to, no one forced it to me I just make the shit up right, so excuse my French or whatever you want to call it. You just make up.

So when I went and started in Kenya there was no an ICT Board, there were some guys in very fancy cufflinks and I worked in America, in America you did really wear cufflinks unless you work down at Wall Street otherwise you are in khakis and a bottom down light blue shirt blue blazer, grey pants uniform. You go to Kenya people say you are under dressed. Anyway guys who said you want to do business in this town I own all the licenses what are you going to do. You want any business in this town you have to do this, you have to do that, you have to do that all of which meant I was not going to own my business and that was just completely against what I was doing.

The government changed came in there were still some remnants of that and then we took off, then there was no ICT Board we could not get a satellite license we could not do a voice over IP it was illegal, there is no venture capital, there is no angel capital, there is no capital there is nothing, absolutely nothing.

Service level agreement, nobody had heard of service level agreement, SLAs, they are like heading for the hills, Telkom Kenya wanted to charge us \$48,000 a month per meg right, how much does it cost you to get it Cox Cable or AT&T or Verizon \$45 for a Meg and it's burstable as much as you want \$48,000 and I asked them for a year and they said no for a month so we bought it from an Norwegian company for \$8,000 a month and we got into business. So there were just so many stories and so many hurdles and so many things that were wrong or not even wrong so many things that were not even

there, and so many things I did not even know that I needed to get there. But this is not about I do not know what this not about. It is not about so many things but what it is really about is you can make this stuff happen and there have been some questions around what is there for us to do and I missed some of the earlier parts what is there for us, what is there to help us what is this, what is this, what are some of barriers.

You know let me just tell you just in the big picture, nothing is there. Nothing is there to help you and nothing is there really to stop you, okay. And the most important part as far as Kenya is concerned today is nothing is there to stop you. You want to make something to happen, go make happen right. We just got the World Bank to give us a subsidy why because a bandwidth was so high it costs \$7,000 a month, in India it cost \$500 a month, we have got to compete against that. How did we get the subsidy we had some people in from a huge call center called Teletech and Teletech came in and they are basically saying we are going buy you, KenCall. And when I go there anyway we walked around went into the permanent secretary's office Dr Ndemo when we walked in there is a French guy from the World Bank, the French guy told Dr Ndemo about how do we grow the BPO business and we say pa pa pa pa pa pa bandwidth big problem. American guys says bandwidth big problem. We need something to happen.

Dr Ndemo if you know he is like we are on in it we are going to make it happen okay. I come back about 4 or 6 weeks later with another American client go into Dr Ndemo's office now this is not at 4 o'clock this is at 9:00 p.m. 9:00 p.m., right. 9:00 p.m. Big office almost as big as this room and the guy is working and he was completely energized and there is not a single government office I have ever walked in America this hard working country of ours that everybody worships here past 5:00 p.m nobody.

We have appointments with Dr Ndemo what times 6:30 a.m. you are leaving his office 9 p.m. 10:00 p.m. I mean this guy is working hard. We go in the second time who is in the office the French dude, who am I with another American French guy. Dr Ndemo has spoken to get this going bandwidth the guy hears it twice that was in January late January of this year.

March 31, the World Bank in Washington DC approves a bandwidth subsidy having checked with the World Trade Organization for Kenyan BPO companies to start July 1. Six weeks from the last office the World Bank approved it why because we just made it up. We just said we wanted it. So the

environment over there and why things are happening is because there is no government there is not this mythical thing that is going to solve everything it is just here it is just sitting here, it is just sitting with Paul calling him up. Calling Dr Ndemo. The other thing we did when we were in that office I called the minister of finance on my cell phone right, 10:00p.m I called him he picked it up yes Nik what I can I do? We need to have this happen. That is how shit is happening over there right now. But you know why it happens it is because people want to make it happen they say they are going to do it and of course there is credibility around there so there is a culture of credibility.

So I can stand up here and I can talk forever about it but if you want to think about a place where things are stopping you from doing stuff that is all you will get. If you want to think about stuff where you can just make it happen that is all you get things that you want to happen. So the industry in Kenya is growing it is fledgling I have a client here on 50th and Columbus and when I look up at their offices when I walked out the last time I was in New York I could not count was it 19 or 23 I could not count how many floors it was but all I knew it was six windows and I counted those six windows when I was in the office.

That company started with an SMS to me from a South African company, from the CEO saying I do not want this business, followed up with an email saying these guys want to charge a certain amount of money I want to pay a certain amount do you want it we were desperate we said we would take it and it looked like it was going to be \$10,000 a month. Last year they paid us \$1.2 Million and this was in November of 2005 we thought it was going to be \$10,000 it was \$1.2 million last year. This year it has dropped it will probably be about \$900,000 now just to put in perspective that is six windows on a floor I can't even find, on a street I cannot remember in Manhattan and when you look that way it looks like you can see frigging Athi River right and you can't even see the tip and you can't even go that way because you do not even know how many blocks are going that way.

So you could build a call center BPO outsourcing industry in Kenya and consume 10 blocks of New York. You have not even caught a flight to Chicago or Atlanta or Pittsburgh. And the way I look at Nairobi it is almost everybody in Nairobi is in outsourcing business. I do not know about you guys, but I do not make my clothes, I do not do my own accounting, I do not put stitches in my hand, all of that is outsourcing. I do not read the stuff, you know but what is happening is everybody is outsourcing to each other but the bucket is not big enough to absorb everyone.

So outsourcing is just very simple; instead of going to a Nairobi client just do international trade. Get a big fat bandwidth pipe stick it to the rest of the world and just suck jobs in and just build the infrastructure to be able to do it, and the infrastructure is there now. The technology is there, the skill sets are there and people can do what you need to do and it is just completely doable.

So all limits are self imposed as they say you know when we are standing over there in KenCall and we can pay salaries on the days we could not pay salaries we just wrap ourselves in the Kenya flag and stand up there who is right there in power they are changing the country, changing this, changing that people eat that stuff up right and they just keep going right. And you can say things like be all that you can be it is not just a job it is an adventure because they do not know where you are coming from, they do not where those lines come from right. American TV.

But the point is it is all possible and it is all possible now in the way the country is and I believe and am again like Paul not campaigning I believe pretty much whoever runs Kenya in January it will be the same, it will be the same because whoever is ruling right now will be ruling next time and if they are not ruling they are going to be in the opposition and that goes for both sides whoever is not ruling is going to be in the opposition. Whoever is not ruling is going to hold them accountable and the whole conversation around the politics in Kenya right now is about accountability and who is going to do development.

Two weeks ago I had the honor of being the chief guest in a little village that was you take a right at that school house you go up a bit, you go there, you take left, you ask that guy, you go like this, you go like that you go like that, right.

I could barely find the place I could barely say the place, Mukurweini and I am sitting there and I swear to God this is God's country. Right there little girls singing doing their thing like this no shoes in the mud and I am sitting there and I am saying this the most beautiful thing I have ever seen. Honest to God. It was fantastic right. Then priest spoke and all of these and I got up and I spoke and I had one of these same sort of speeches and of course translated because my Kikuyu is not that quite sharp anymore unfortunately, but the point was when people got up to speak they were also very neutral and they were talking the way Paul and I are talking right now.

They were not declaring their hand which way they are going PNU or Orange they were saying and

what I said right now I should just quote it as, it is actually a point that was made out there opposition and all of that that point well people were getting up and saying time and time again what is all about development. It is not about blankets and cups and 100 bob, now of course that is going to happen but the whole debate is around development.

So Thomas Freedman came to see us he came for 20 minutes he stayed almost 3 hours and that is how we wrote the article and I said something to him when he came, it is good you came now early seven thirty in the morning because you missed the traffic. I said that to him. When he was planning to come I said when you land the night before come because of the traffic, but he had officiate at a Seder, Passover and all of that so he went and did that and when he was leaving I said it is good you are leaving because of the traffic, and he said Nik hold on you have mentioned the word traffic many times, I look at KenCall and it does not seem like traffic fits why are you saying about traffic and I am looking at him what are you talking about? He said if I see you have created KenCall you do not care about traffic, and I said I he could not quite get it.

What you are saying is that A you are looking at traffic as an impediment to something happening that you want to make happen and the second thing is you should love traffic. I love it when I hear traffic that shows there is growth, that shows there is something is happening. When I left Saint Mary's there were a 500,000 in Nairobi there was no traffic I used to ride motor bikes in town there were many bikes in town it really did not matter. But anyway we have to go the gong show is pulling me off.

<**Mwangi Wamae**>: I think we have to be out in a minute. Alright so I do not know anyone who has got any questions.

<**Oscar Nyonyo**>: You guy's need to lead us, show us the way.

<**Mwangi Wamae**> The one thing I would like to add about a year and half ago we started this group for Diaspora task force task force I think we called it to try and get the BP people in the Diaspora to be involved in the BPO stuff we set up and then you know in the time it took some of the ICT Board that kind of language but I think we should start this restarted there is a yahoo group if you go to groups.yahoo.com and search for BPO Kenya sign up for it that is one way we actually get all those statistics and answer all those questions is by having a way of having a discussion amongst ourselves because somebody somewhere knows the answer. if you have a question and you put it out there

somebody will give you the answer and we should definitely feel like we are part of it from wherever the world we are we can make this happen we can make a difference and I do not next time it will be one of us maybe me or anyone of you standing up here where Nik has been standing talking about your successful experiences. Thank you.

I want to thank a handful of people who came from Kenya it was great (clapping).

<Eunice Mueni Kariuki>: We really would have loved to carry on for a little longer because this is going the right way. In fact for me am just really thrilled because when we exchanged the emails starting with Kimacia around through the email we had to work it all. I did not think it would be like this. The ideas that have been exchanged here the experiences, the version from the government, the information side from the government the feed back that we are getting this the information that is going to help us chart the way forward, unfortunately we really we sort of just barely made it in this room and I am saying that with reference to Paul's remarks earlier about being mesmerized by the cultures out there and here. I think I got mesmerized here, but in the opposite way. All the arrangements were in place and I thought they were really in place and when we wanted to come here. In other words am saying I am really sorry that you had to wait down there while we sorted out some things here and the arrangement was initially intended to include a cash bar but that was not to be. Again there is no point in me going down that path. The issue is that I got mesmerized but the other way round.

Having said that I really was sitting here and picking up on the many things that were said and they were all very valuable but some just really got me and I thought yeah that is it. I have only been with the ICT Board now three weeks so I found the whole of this event already organized and quite on course and yes we were there for those who attended other events I think it is not what it did not quite meet the expectation and I was sitting there watching around right left and center trying to think how can we make it better next time.

And one of the ways is as Ron said is to work people like yourselves in future. I really do hope that if we do have to come here or go to another state in America I can call upon you to help us get things working on the ground.

Outsourcing that is the word. One way is to get someone here to organize for us we really hoped that the BPO people the people who are running the operations back at home would have had the

opportunity to meet with potential customers here. We depended on the event organizers it was.. it did not work out. But as I stand here today I am convinced that if in that email we had said by the way this is something we are thinking about what do you think not even to say please organize what do you think. I am convinced that some meetings should have taken place. So I want to say that we are identify you as people who are potentially going to make us succeed I do hope when we come to you or when we live you behind and with the information that has been shared here you will take the gospel further.

I want to pick on what Oscar said where are you, there. About value adding, value adding rather than just being there because we speak well and all these and that making realizing that there is competition we are competing with others who are really good and have been there for a while. And the way I would like to look at this is for some people for the people who are here who are already well versed with the culture here, the American culture at the opportune time we probably will invite you to come and speak to upcoming BPO institutions back at home so you can share what really the businesses out here need to hear rather than us standing here and saying we speak well and yeah so what that is not what we want to hear.

So I just picked that as something that I can we can possibly take forward by inviting somebody to come and speak to the communities down there and really just help them to understand what is it that will make them win the businesses out here. There is more there.

And then the issue of negative perception that is out here and Paul really spoke about that in a detailed way. For me is this is something that is there and we can either chose to fight it or chose to work around it there is nothing we are going to do. That negative perception that is out here is both historical and is what keeps the press the media in business. If it is not that negative it is really not news. So it is to acknowledge but chose to be part of the solution to it not to really let it bog us down, because it is there it is not going go anywhere and it is not limited to Kenya alone.

South Africa they have with all due respect and apologies the criminal thing the criminal thing that is associated with South Africa as the famous musician who... Lucky Dube is gone but that does not stop South Africa from going to Birmingham and putting up a beautiful, beautiful show during the BPO event that was there. So basically is just a question of coming to terms with it and really making sure that it does not take us down.

What a lot of other things have been exchanged here and I want to say thank you, thank you, thank you very much for coming today we hope to do the same in other places and having lived abroad myself I know the community is quite new so when you go to another place I do hope that you will....the transport system is excellent here. So when we go to another place do come and support us and mine was to say thank you very much for listening to us sharing with us yeah asanteni sana.

From here, yes please.

<**Female voice 2**>: I have suggestion in terms of when we are talking about telling our story there is something to be said for a country like Nigeria whose got such a negative name, but yet when you go to things here the biggest player in business or whatever in this country you find they are Nigerians.

You guys ICT I have not seen you guys in Corporate Council of Africa they usually have huge events. The last event they had in New York City was about investing in Africa. Kenya was not represented. Kenyans did not know about it there were three Kenyans I met there one guy lives in DC and myself and the woman who was here. So when Corporate Council of Africa has an event that they is show casing the positive stories Citibank is there they are coming to invest their money they looking for emerging markets, we need to be in that space. Years ago Kenya at the ministry had a promotional tour that brought Kenyans here it was when American launching AGOA and they had a consulting company actually arranged for Kenyans to meet with private companies who want to do business in Kenya.

ICT can do the same thing where we will be sponsored by the government where it is the BPO players or the ICT people who are coming to meet with these people who are interested in doing business. Those are ways that we can promote you know the BPO because it is something that is not known at that point when they had that it was the textile industry that was there, it was coffee and tea but now here we are with BPO lets do the same to push us that way.

<**Eunice Mueni Kariuki**>: Absolutely I agree with you totally we need to be there in more events and as I was saying we want to count on you first of all I want to just go back a little bit and say as you saw in the slides, the ICT Board is as old as February but the office only came into being in August but am going to throw this challenge right back and say we are at ict.go.ke it is still under development but there is sufficient to give you some information but what is important is the link there to communicate

with us ideas please let us know when things are happening and feel free to ask us how can we add value.

At the risk of me being mesmerized further about this facility, I would like to just where was that hand again ask what we need to do because it looks like we need to

<**Male voice**>: Are you going to make a presentation available to all of us.....

<**Mwangi Wamae**>: Yeah actually

<**Eunice Mueni Kariuki**>: We can take this further at another venue but if we stay here any minute longer I think I might have to use my credit card again.

<**Mwangi Wamae**>: So I have recorded the speech and in the spirit of promoting outsourcing I may as either Nik or Richard or somebody who does transcription to transcribe and we will make it available on the website. We were taking some video that will be available probably on youtube something or other the presentation if I get your presentation we will make that available all of these will be available you can join the distribution list, you know you can talk about your ideas you know who knew that you outsource accounting but Andrew tells me it has been done. You know we are limited by our imagination really.

So the one thing I would like to add it has been repeated so much it is almost cliché I really think the government and the people are doing a lot but as John Kennedy said lets stop asking what our government can do for us lets ask what we can do for our government, let us what we can do for our people, our brothers and sisters and other people at home.

There is a lot we can do we have a lot information we can be like Nik and just say lets make up and go and make it happen. So, thank you guys.

<**Eunice Mueni Kariuki**>: Did you want to suggest somewhere else

<**Mwangi Wamae**>: Oh yes guys...if you guys want, one last thing if you guys want to continue with discussion maybe have a meeting there is a TGIF [indiscernible] across the street there is no bar in the

hotel, there is a TGIF right across [indiscernible] we can meet there and get some space and continue to have a discussion and a bar with Heineken or something that will make the conversation really.... but [indiscernible].....

END.