A move into the emerging markets – particularly Asia, the Middle East, Africa, and South America – holds great appeal for many organisations. Rapid growth opportunities and little or no immediate competition in those areas are usually the drivers behind such ambitions. Dimension Data’s Alan Turnley-Jones, Director of Managed Services Development and Operations, and Dave D’Aprano, Group Sales Director of IT Outsourcing, believe these markets attract both established multinational organisations as well as smaller, local businesses that want to expand within the same region. But what implications does this have for their ICT infrastructure, and how should they ensure that their ICT services keep pace with their growing footprint?

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### Multinational versus local

While multinational and domestic businesses face similar challenges in emerging markets, their outlook and level of success in these geographies may differ drastically. Says Turnley-Jones: ‘An organisation that’s been operating in an emerging market has a better understanding of the nuances and idiosyncrasies of doing business there. Often, organisations that previously operated in only developed markets have a very limited view of what it takes to be successful in the developing world.’

### Gaining speed and scalability

D’Aprano and Turnley-Jones agree that, when entering developing markets, it makes more sense to outsource your ICT to a well-established service provider than to build your own infrastructure from the ground up. ‘There are several reasons for this,’ says Turnley-Jones. ‘It allows you to establish a presence and gain a foothold in those markets more quickly, and helps ensure your focus remains on your core capabilities while you’re expanding.’

‘Outsourcing dramatically increases your speed to market,’ agrees D’Aprano, ‘simply because it’s quicker and easier than creating your own service and support organisation, hiring staff and setting up legal trading entities. Also, for many ICT departments that are used to delivering services in a mature market such as Europe, the gathering of the expertise and building of infrastructure in markets as diverse as Asia or Africa would be costly.

Most organisations are under tremendous financial pressure, so they simply don’t have the same scale in emerging markets as they do in their home countries. Their emerging market teams are usually smaller and more concentrated and, owing to factors such as distance and time zone differences, their home support teams simply can’t handle the extra responsibility of supporting emerging market sites.’

‘This is why we see an increasing number of organisations with a hybrid model,’ says Turnley-Jones. ‘They outsource only the part of their infrastructure that’s located in the emerging market, while retaining their infrastructure in-house in developed countries. Outsourcing needn’t to be an all-or-nothing situation.’

### Specific regional challenges

It’s important to keep in mind that emerging markets are not all the same. There are specific challenges in each that are either unique, or more pronounced in some markets than in others. ‘For example, in Asia–Pacific, many organisations struggle with geographical spread due to the vast distances between countries, as well as the many different languages spoken in that region,’ says D’Aprano.

‘In certain African countries, such as Angola, local legislation and security measures are a greater challenge,’ adds Turnley-Jones. ‘So, it’s crucial to evaluate the local capability of the outsourcer in your target areas. Does it have the required understanding, skills and expertise in the cities and countries where you need them?’

Turnley-Jones adds that the ideal outsourcer is not only an emerging market specialist, but also has experience in developed countries and regions. ‘This allows the outsourcer to scale and grow with your international expansion strategy, regardless of whether you’re moving into emerging or developed geographies.’

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Aspects related to emerging markets that are often underestimated include:

- the immaturity of the logistics infrastructure, including the condition of roads, railways and other forms of transport
- foreign legal and tax implications, such as withholding taxes
- the scarcity of resources, both physical and human
- networking and other infrastructure challenges
- local employment legislation (for example, South Africa’s BEE charter – most emerging countries take similar measures to guard against multinationals entering and exiting the country without due consideration for the fate of the local workforce)

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