

# Indian Inc Explores Africa

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What does NIIT, Tata, Apollo Tyres and Dr Reddy's have in common? Their prolonged interest and success in Africa by Neelima Mahajan-Bansal, Sanjay Suri | Aug 21, 2009



G Raghavan, President,  
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Instead of fretting over crowded markets in Europe and Asia, a few companies (Apollo, NIIT, Tata Steel, and Skipper Energy to name a few) looked at Africa. These companies had to do a lot of unlearning, think differently about business models, work with the governments and the local community and wait patiently to get back in the black.

Today, these pioneers are success stories in Africa. Here, the executives of these companies talk about strategy, formulas and market savvy targets.

## NIIT

When NIIT decided to set up a training centre in Botswana, they were venturing into uncharted territory. No Indian training company had ventured into Africa. Today the bet paid off and NIIT has established centres in eight African countries. NIIT has trained nearly 150,000 students since it began operations in 1997. G Raghavan, President, NIIT Global Individual Learning Solutions speaks of the company's experience

## NIIT's Entry Strategy

As a continent, Africa has got opportunities for Information and Communication Technologies (ICT) capacity building. That requires human capital and we can add value and create capacity to the nation we are present in. That would help build services-based economic growth in the country. In these countries, human asset is really big. IT training would help

add to employment and fruitfully engaging vocations. In some countries, IT training renders people mobile. They can be employable in other countries as well.



## Continental Formulas

We realised that we would be in it for the long haul. We did not expect dramatic results. We knew we need to go country by country. The North of Africa is very different from the West which is different from the Central which is different from the South. This is in terms of natural resources, political stability, and economic stability. We realised we have to win country by country and there is no continental formula

## When we evaluated each country, we looked at parameters like:

- Youth coming out of high school where we see ICT having a reasonably favourable position in the country. The youth were open to moving to another place for a job.
- Academic orientation of the country and policies encouraging skills training organisations like ours. Botswana has a Tertiary Education Council which is an accrediting body — they had a mechanism to include non-formal players like us.
- A country that was hungry to move towards a services-based economy and eager to absorb skills in ICT area.
- The size of the opportunity matters too. Botswana is a very small country. But when you superimpose factors like government focus, government funding in education, the size of the opportunity is actually huge and it all turns out to be very favourable.

## Local Partners Make Sense

We work in all these countries with partners so that we have more access points — somebody who has been in the country, knows the job and skills requirements and also knows the students' capabilities. The partner helps you understand the landscape in granularity. Our partner in Botswana is an Indian couple who have been very well entrenched in the country for 30 years. Their job was to get the physical centre up and to get the local government's permission. Our job was curriculum, design, course content, training teachers, technology and branding.

## On Expansion

We will expand first in South Africa and then West African countries. We will increase the product depth where we are all already present. We would like to double the number of our centres in Africa and also the number of students in three years. We are there for the long haul. The business has been profitable. We have a long journey to go in terms of product breadth and expansion. Africa in terms of opportunity is quite comparable to China and India.

## What Does It Take to do Business in Africa

Across Africa there are differences in the state of economy, economic development and mineral resources. There are variations with regard to the presence of academic institutions. In some countries, the government is proactive in getting skilled people to move up. Others are passive. We need to keep all those things in mind. Eventually, we want to be everywhere. We need to work with governments and private institutions alike.

While doing business in Africa, patience is an important. Sometimes the results will not pay off till a while. For the first four years, the number of students we had was very small. It took a while for Botswana's Tertiary Education Council to recognise us. It takes a little long time to build a solid footprint on the ground. We have taken a long time to get there. When we looked at the numbers in the first four years, we could have said let's pack up and go.

It's important to know how the education system works, what kinds of students are available, what the paying capabilities of the students are like.

## Synergy with the Country

You must align your objectives with the objectives of the government. You must aim for synergy. I have found progressive governments that are playing a role in bringing education forward like the Kwazulu-Natal province in South Africa, or Botswana. South Africa has been active in formulating an ICT strategy for the country. There are many progressive governments out there who want to engage with private and foreign players to improve availability of trained talent.

## Hiccups Along the Way

Money remittances from African countries to India can be very bureaucratic. So, sometimes it takes very long for money transfer to happen. For remittances, we take in the fact that there will be delay. We live with the process. You need to factor in these challenges into your equations. You take a decision on whether or not to go in there now or later. If your business is low-margin and cannot take this cycle time in remittances, then you must not enter that country. Sometimes the terrain is not easy to travel on or safe. Some of the markets are tough personally. In Lagos and Johannesburg particularly, people have to be careful. You can't freely move around like in places in India.

Teaching talent availability has not been a show stopper for us. We always train local talent — whether it is in China, Vietnam or Africa. Our own curriculum is well standardized that we'll be able to train faculty fairly quickly. We invest in training of faculty.

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