



Maher Milad Iskander & Co.
LAWYERS & COUNSELORS

EGYPT

LAND OF OPPORTUNITIES

Invest in Information & Communication Technology

An Economical Guide

Prepared by | Maher Milad Iskander & Co.



Mohamed El- Mahdy
Attorney -at- law
mohamed@mahemiladiskander.com



Lena Hamdi
Attorney -at- law
lena@mahemiladiskander.com

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Additional detailed information on Egypt, and advice on how to access our market intelligence and services, can be obtained from Maher Milad Iskander & Co. Trade and Investment Team in Egypt. Full contact details are available at the end of this guide.

Whilst we make every effort to ensure that the information is accurate, we can accept no responsibility for any errors, omissions or misleading statements.

Maher Milad Iskander
Managing Partner

Background of Information & Communication Technology in Egypt

This guide is designed to inform potential investors about the current and upcoming ICT market within Egypt. We hope that after you have completed looking through it you will have an understanding of the different types of information communication technology within the country, where the core areas of investment lie, the advantages of investing here, and the legal processes which must be incurred to successfully carry out a project within this sector. We have also included a section outlining relevant success stories within this field. At the end you can find a brief over-view of the Egyptian legal system and the services we provide should you decide to launch a project in Egypt.

History of Information Communication Technology in Egypt

Egypt sits comfortably amongst its neighbouring countries as a provider of quality communication and information technology, ranking 1st in the MENA region and 4th internationally as a global outsourcing destination, with the UAE ranking 15th. Due to the obvious potential the country has in the field of ICT, many tier-one vendors and distributors have started focusing their attention on the Egyptian market. Teamed with a huge population, rising economy and relatively low PC penetration, the country will undoubtedly continue to be an important market in the foreseeable future. Pro-active policy developments, coupled with clear long-term goals by the

government of Egypt, in partnership with the private sector, aim to make ICT a key sector in Egypt's economy. In 2012/2013, the sector had sustained an annual growth rate of 2.31%, receiving about EGP 46.76 billion as of September 2013. Moreover, in 2012/2013 the sector generated revenues of EGP 41.72 billion, and contributed 2.77% to real GDP.

Egypt offers easy access to markets in the Arabian Gulf, the Levant, North Africa and Sub-Saharan Africa as well as Europe, making it an ideal location to base a business. The country has become a prominent communications hub, notably hosting SEA-ME-WE2, the world's

first submarine cable linking South-East Asia, the Middle East and Europe. Leading global players from Intel and Oracle, to Orange and Vodafone have established product development divisions and call centres serving global operations within the city's capital. Moreover, software developers produce Arabic-language solutions for major global software packages and plug-ins for popular English-language programs including Abode and Microsoft. Niche businesses have also benefitted from the Egyptian ICT market, some using it to conduct research and data mining operations whilst others focus on the develop-

ment of telecom and infrastructure projects. In 2013, the total number of direct employees in the ICT sector reached 217,000 including those working in IT, telecom, Smart village and Maadi Technology Park employees, exemplifying the importance of this sector to the Egyptian Economy.

Key to the success of this industry is the close partnership between the government and businesses, and in light of this, there has been an on-going deregulation of the business environment. This attempt at regulatory reformation resulted in an 11.04% increase in the number of companies

operating in the ICT sector in Egypt between December 2012 and December 2013. Of the recorded 5644 companies, 77.36% were found to be IT companies, 15.15% value added services, and 7.49% communication companies.

Arab Republic of Egypt Ministry of Communications and Information Technology		ICT Sector Quantitative Targets (12/13 - 14/15)				
	2012/2013	2013/2014	Growth Rate	2014/ 2015	Growth Rate	
ICT GDP	EGP 52,34 Bn	EGP 58,3 Bn	9.7%	EGP 65,9 Bn	13%	
ICT Contribution to GDP	3.4%	3.8%	0.3%	4.1%	0.3%	
Growth Rate	7.62%	10%	2.1%	13%	3%	
Number of Companies	5428	5936	9.4%	6564	10.5%	

Regulatory Framework

The Egyptian Ministry of Communications and Information Technology (MCIT):

MCIT is the government body responsible for information and communications technology. Established in 1999, MCIT is responsible for the planning, implementation and operation of government plans and strategies related to ICT in Egypt.

National Telecommunication Regulatory Authority (NTRA):

The National Telecommunication Regulatory Authority of Egypt was founded in 2003 according to the Telecommunications Regulation Law as a national authority to administer the telecommunication sector. The scope of the NTRA's work covers issues related to transparency, open competition, universal service and protection of user rights. The NTRA acts as an independent arbiter for ICT sector stakeholders.

Information Technology Industry Development Agency (ITIDA):

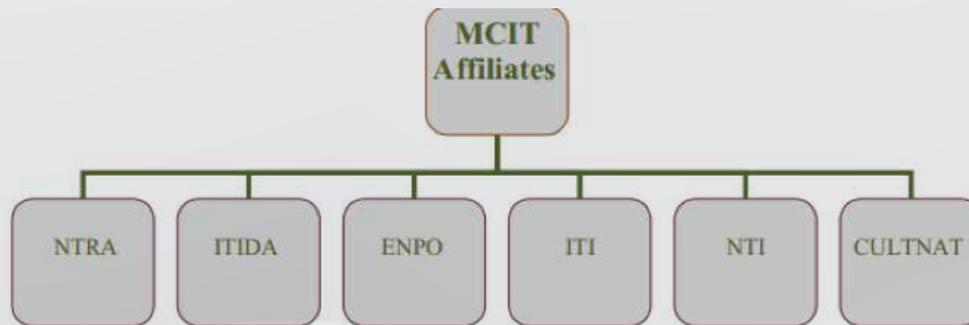
The ITIDA is one of Ministry of Communications and Information Technology's affiliates, this agency is a governmental body authorized to enhance the expansion of the IT sector and increase its worldwide competitiveness by identifying the local industry's requirements and addressing them with the needed programs.

National Telecommunication Institute (NTI):

The NTI is one of Ministry of Communications and Information Technology's affiliates, which was founded in 1984. The institute specializes in education, training and research activities in the telecommunications field.

Centre for Documentation of Cultural and Natural Heritage "CULTNAT":

The Centre for Documentation of Cultural and Natural Heritage was established as a project working under the support of the Ministry of Communications and Information Technology in January 2000, and later became an affiliate of MCIT and Library of Alexandria in 2003. This centre runs a group of projects and programs for the documentation of Egypt's cultural and natural heritage, including architecture, archaeology, manuscripts, folklore, music, caricatures, natural resources and plastic arts.



Areas of Investment

1. Business Process Outsourcing (BPO)

Egypt's governmental support directly contributes to its economic stability, helping the country's business process outsourcing industry grow and develop. As a location for global outsourcing, Egypt is fast expanding; delivering a safe, modern and open business environment that is conducive to the business process outsourcing market.

Egypt is undergoing an unprecedented phase of development, which is largely attributed to sound policies, monetary reforms and global partnerships. In order to attract direct foreign investment, various packages of incentives and subsidies are offered, for which Egypt and its outsourcing partners enjoy key advantages.

To increase Egypt's attractiveness in the commercial environment, the government has introduced anti-trust and a unified tax law reducing software piracy, tariffs on ICT imports, and has been addressing many of the legislative, trade, and non-trade barriers to build a strong ICT industry. Egypt's government also offers tax exemption to compa-

nies investing in its infrastructure. These steps are coupled with financial sector reports, which are being brought in line with international standards. In order to aid IT businesses on the ground level, the minimum capital requirement to start a business has been cut from 50,000 Egyptian Pounds to just 1,000 EGP. In 2007, 27 Egyptian companies had attained Capability Maturity Model (CMM and CMMi) certification, with several achieving the highest level of certification and ensuring quality output.

One of the marked characteristics of the US\$ 400 billion Business Process Outsourcing industry globally over the last few years has been the evolution from cost to quality. As a comparatively new player in the market, Egypt has been able to emerge – with a strong value proposition - to take advantage of this new era in BPO. Key to Egypt's success has been its ability to provide both graduates with multilingual skills, and a location offering geographical and cultural affinities to its clients, as well as

lower costs and higher quality of services. These factors have become increasingly important as the industry has matured, and Egypt is proving itself as an essential market player.

Some of Egypt's key BPO success stories so far include a 600 seat global resource centre for IBM, a global application support centre for Oracle with approximately 500 engineers, 1,736 call centre agents for Vodafone who serve the Middle East, Australia, UK and New Zealand, and both a global innovation centre (one of only two in the world) and call centre for Microsoft.

The pace of development in the industry is still rising, and simply equalling the client's

resources and processes is no longer sufficient to keep up with the game. The next phase of BPO development will be innovation, and increasing the country's ability to improve and advance on clients' existing systems and models to keep them ahead of the competition.

With its abundant pool of multi-talented, technologically savvy graduates, its low cost of operations, high quality infrastructure and strong government support, Egypt is perfectly placed to create this sense of innovation in the market, and further advance its positioning as a leader in the global BPO industry.

2. Call Centres

Egypt is positioning itself as one of the leading locations for call centres, providing services for countries as diverse as the USA, Canada, UK, mainland Europe, Sub-Saharan Africa, and the Middle East. Egyptians are as well-known for their fluent and accent-free English, as they are for their dexterity with French, German, and Spanish, which is one of the many reasons the country has excelled in this field.

The country is also equipped with several impressive technology parks such as Smart Village, and the Maadi Park, both of which house in excess of 135,000 employees, a large percentage of which will be found in

call centres such as Vodafone and Mobinil. The Egyptian government provides various packages of incentives and subsidies, for new call centres, including training and telecom support. These incentives are coupled with the government's reduction of tax for companies investing in Egypt, making the country all the more ideal as a home for all types of call centres. Furthermore, Egypt is favoured with a geographical location that allows the country to serve various time zones, and an availability of top quality graduates, reaffirming the advantages to initiating this type of business within it.

3. School Technology

There has been a recent surge in initiatives being set up around Egypt with the particular goal of increasing the use of communication and information technology tools with Egyptian schools. An example of an organisation which partakes in this activity is the Egyptian Education Initiative (EEI), launched in partnership with the World Economic Fund. The EEI supports education reform through the use of communication and information technology tools in partnership with some of the world's leading IT firms, including HP, Cisco, Oracle, IBM and Siemens. Other collaborative efforts between the government and the private sector have led to widespread access to technology by installing computer Labs in 2000 schools, while connecting 1120 schools to the internet, and creating about 1954 community level IT clubs. Based on this information we can see that there is huge potential for investing in equipment for k-12 schools, including but not limited to:

- **Smart Boards:** The Smart Board assists the teacher in creating an atmosphere that is vivid, interactive, and an all-in-one answer to needs in the classroom. They also allow program lesson plans to be saved easily for futures uses, improve communication between teachers for ideas on improving the lesson plans, and create an easy way to build on experience.
- **Classmate PC:** Used for one to one learning it is a great tool for building basic computer skills, and with Learning through fun with Magic Desktop, students can perform mental mathematics, problem solving and basic writing skills.
- **Senteo:** An interactive remote control device used for rating the students overall general knowledge through a classroom poll.
- **School Educational Management Systems:** This program is used to track all Human Resource information, Student Affairs, Financial information for students, and teachers, transportation fees, etc. All schools are linked for ease of internal management.
- **Learning Management Systems:** allow teachers to give assignments, make announcements, or work with students on projects via the internet.
- **Bridge IT:** Online lecture or explanation from teachers to students or parents, with an area for students to ask questions about the lesson.

Importing this type of equipment is both easy and can be sold within the country at a healthy profit due to their increasing demand from schools at all levels. A further advantage of investments in this particular type of technology is the availability of the relevant software in the international IT market, and their low purchase prices.

4. Hardware and Software Production

Over the last decade Egypt has become a well-established importer of PCs and computer part, with Hewlett-Packard, IBM, Dell and Acer being established as the principal companies in the field. Centra Technologies, a subsidiary of the state-owned Bahgat group, is considered the main computer assembler in the country. Similarly, Orascom Technologies is distributing hardware and software for global IT companies including Microsoft, Oracle, Novell, Hewlett-Packard, Lucent Technologies, American Power Conversion, and Netscape. In addition, Orascom owns an ISP and a software development venture. Microsoft is the principal seller of software in Egypt, whereas the largest local IT Company is Raya Holding with registered sales of US\$394m in 2007.

In 1999, Raya was formed through the merger of seven local IT companies, and today it offers a range of services through its subsidiaries: Raya Integration, Raya Software, Oratech, Raya Academy, Raya Telecom, Raya Contact Centre, Protech and Raya Network Services. The company employs over 1,700 people and has established partnerships with major global IT companies such as Microsoft, Oracle, Cisco Systems and Intel.

Another central company in Egypt is Sakhr Software which is a regional enterprise that creates software specifically for the Arab market and Arab-speaking user. It was

founded in Kuwait in 1982, and was relocated to Cairo in 1990. The company's clients include Intel and Oracle as well as regional governments.

As we can see the market for hardware and software production is already strong, however this is not synonymous with market saturation. The existence of such large names in the industry is however, an indicator that investments within this sub-sector of ICT are profitable and sought after by the general public. With the ever growing population, and the increased worldwide dependence on computer technology (the majority of houses in the country now have access to multiple computers) it is easy to see that investments in hardware and software production can be both simple and profitable.

Chinese Manufacturing of Electronics

Due to the high costs of electronics from internationally renowned brands, there has been an increase in the supply of tablets and mobile phones which are manufactured in China and imported into Egypt. These products are highly sought after, particularly by those in lower income brackets, due to their comparatively lower prices and good quality products. Since the country offers excellent tax incentives for importation and the purchase price of these electronics can be low, investing in this niche market can be very financially rewarding.

5. Submarine Cables

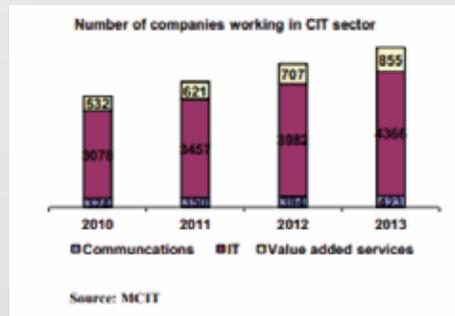
Egypt's internet services are "insufficient" due to heavy loads on the country's communication infrastructure. Currently there are 98 million mobile service subscribers, while high speed internet lines amount to 2.6 million, equivalent to four communication lines for each citizen.

In order to fulfill the government's goal of developing Egypt's communication infrastructure by investing EGP 130bn by 2020, In November 2013, a new northern route to secure the submarine cables passing through Egypt began operation, aiming at securing the safe and continuous transfer of terabytes of data, so that any

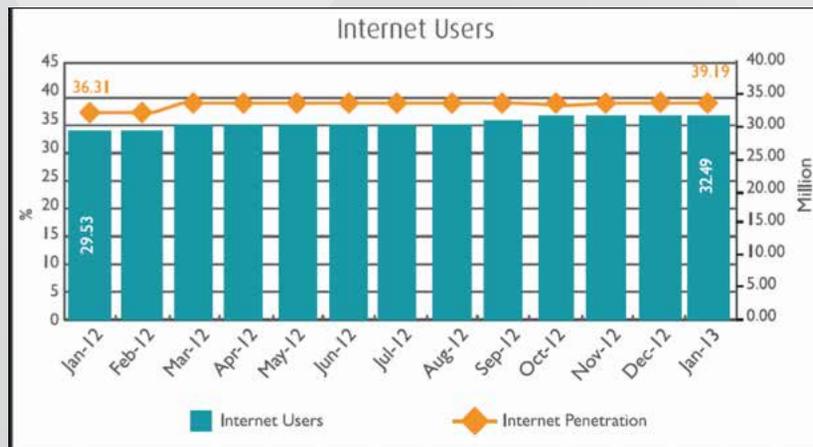
outage in the southern route will be compensated for by switching automatically to the northern route. The new route, constructed by Telecom Egypt (TE), starts from Abu Talat in Alexandria, protecting the cables that cross the country from Asia to Europe and vice versa via the Zafarana – Abu Talat route. The government is now using this massive project as an opportunity to attract foreign investment from international firms and create a global platform for cloud computing which will host data and information within Egypt and encourage global firms for investments.

Advantages of Investing in ICT

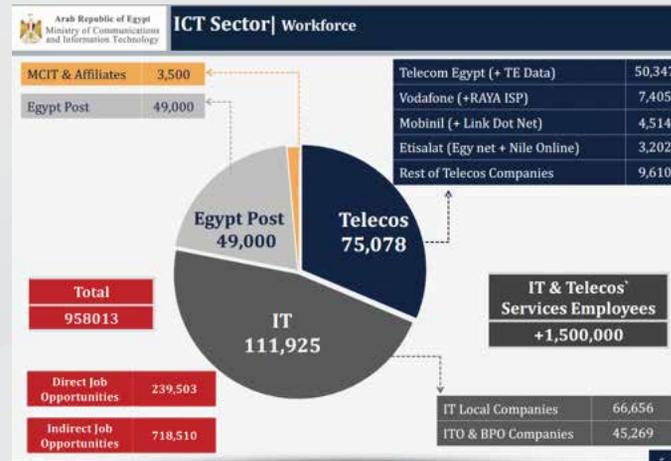
- **A Pro-Business Government and Regulatory Body:** Egypt's Ministry of Communications and Information Technology is widely credited with having created the conditions allowing the sector to flourish. The National Telecommunications Regulatory Authority promotes competition in broadband, fixed-line and mobile telecommunications. And the Information Technology Development Authority helps IT players based in Egypt become more globally competitive.
- **A Robust Infrastructure:** Egypt is served by three mobile networks: Vodafone, Mobinil and Etisalat. The competition between the three providers is positively reflected on the cost of services, introducing the 3G network, spreading mobile database services and mobile phones applications as well as preparing for 4G network access. Telecom Egypt (TE), the nation's fixed-line player, had served 6.82 million subscriptions by December 2013. Furthermore, wireless and wireline broadband covers every major urban center in Egypt.



- **A Large and Growing Domestic Consumer Base:** More than 39 million Egyptians regularly surf the internet — more than the population of many European countries. Of these, over 2.63 million subscribers have an ADSL line, as of December 2013.



- **A Skilled Multilingual Workforce:** Egypt generates tens of thousands of university graduates each year who have a strong command of foreign languages and neutral, easy-to-comprehend accents. The number of university graduates entering the workforce reached more than 330 thousands in fiscal year 2011/2012; in addition Egypt had more than 217 thousands working in the ICT sector by March 2013.



- **Critical Mass:** Egypt has emerged as a destination of choice for multinationals looking to establish cost-effective product developments and call centers. Developments such as SmartVillage, the premier technology park in the Middle East and North Africa, create key industry clusters providing high-tech telecom and IT infrastructure.
- **Proximity to Major Markets:** Egypt is close to major ICT consumers in Europe, Africa and the Middle East. It is closer to Europe, the United States and Canada than India or the Philippines. It is also just five hours' flight time to most European cities, as well as being close to India and Asia. The ideal location of Egypt therefore gives it proximity to major export markets.
- **Proximity to Suppliers:** All ICT components are available locally. Additionally, Egypt is home to a broad network of skilled service providers. All of these features facilitate subcontracting design and production work.

Exports

Since 2013 ITIDA has remained committed to supporting ICT export promotion through several initiatives and programs. The organization has recently been focused on recognizing new funding sources and cooperation for ICT projects.

Egypt has a significant IT and business-processes outsourcing industry in place, serving international customers. Major multinational corporations including Intel and France Telecom's Orange are developing products in Egypt for export to the global marketplace.

Local players including ITWorx, ITsoft, Sakhr,

Harf and Arabize export software ranging from Arabic-language solutions to plug-ins and modules for popular software packages globally. Major multinational corporations including Microsoft, Adobe and Corel also develop their products in Egypt for global export. New R&D centers in niche areas of data mining and wireless technologies are exporting to major markets as well. In 2013, Egypt's total exports from the ICT sector reached USD 1.3 billion. MCIT is aiming to increase this to USD 2.5 billion by 2017.

Technology Zones

To affirm its role as a central market player in the ICT industry, two prominent technology parks were established in Cairo in the early 2000's. The government of Egypt is eager to establish technology zones across the nation to provide a supportive environment for the development of the national ICT industry, as well as providing a mutually beneficial area for investment. Technology zones promote benefits to member organizations and companies including access to shared resources, such as uninterruptible power supply, high-speed telecommunications connections, security, management offices, convention facilities, parking, retail outlets, and entertainment and sports facilities.

Smart Village Egypt

The village was created and managed by the Smart Villages Company, which was formed through a public-private partnership between the private sector and MCIT. The company specializes in the establishment and management of technology clusters and business parks on local and regional levels. The village is spread over an area of 3 square kilometers to the west of Cairo, and accommodates local and multinational companies, government and financial

authorities, educational institutions, and research and development centers, all of which share state-of-the-art infrastructure, modern facility management and a broad range of business and recreation services. Exemplifying its commitment to quality, the Smart Villages Company attained its Quality and Management International Certificate ISO 9001:2008 in an unprecedented time given the number of employees working in the sector and the tasks they had to com-

plete for the certification. The qualification is a signifier of the professionalism of the company's operation and maintenance sector, as well as verifying its ability to apply the latest working methods in the industry. In December 2013, Smart Villages Development and Management Company successfully completed phase II of all roads and infrastructure work costing a total of 350 million pounds. The project was carried out in Smart Village and several special meas-

Cairo Contact Centers Park

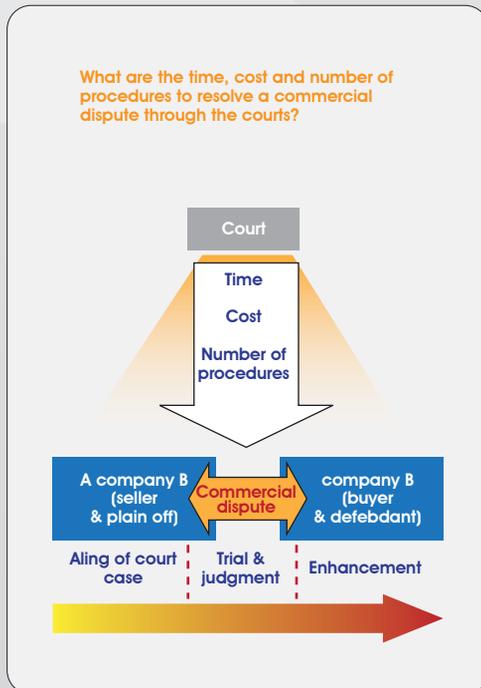
Cairo Contact Centers Park was established as a technology hub to bring together Egyptian and international companies specializing in business and knowledge process outsourcing (BPO /KPO) and information technology outsourcing (ITO), making Egypt one of the top offshore outsourcing contact center destinations in the region. Located in the Cairo district of Maadi, the environment-friendly park, covering 303,000m², offers the latest outsourcing and offshore technologies, and has contributed to making Egypt one of the world's emerging destinations in

ures taken to ensure safety, efficiency, security, traffic plans and professionalism of the trained and skilled technical teams. Phase II of the infrastructure work - serving 38 buildings with a total administrative area of 372,018 m² - includes sanitation systems, irrigation, low and medium voltage electricity, firefighting, drinking water, roads, phone and internet network, air conditioning network, drainage system and service complexes.

the off-shoring and out-sourcing industry. In 2013, an additional 36,000 m² office space was fully occupied by prominent Egyptian and international service providers from the outsourcing industry offering 12,000 direct job opportunities in addition to 29,000 indirect jobs. By the second quarter of 2014, the park had provided 24,000 m² more of office space for the outsourcing and offshore industry. Upon completion, the park will provide 40,000 direct and 100,000 indirect job opportunities.

The Egyptian Legal System:

Egypt's system of civil law is based on a legal code derived largely from the Napoleonic Code. Jurisdiction is determined on the basis of the claim value. Cases up to and including EGP 40,000 (US\$5,700) are heard by the lower division of the courts of first instance, and those above EGP 40,000 are heard by the upper division.



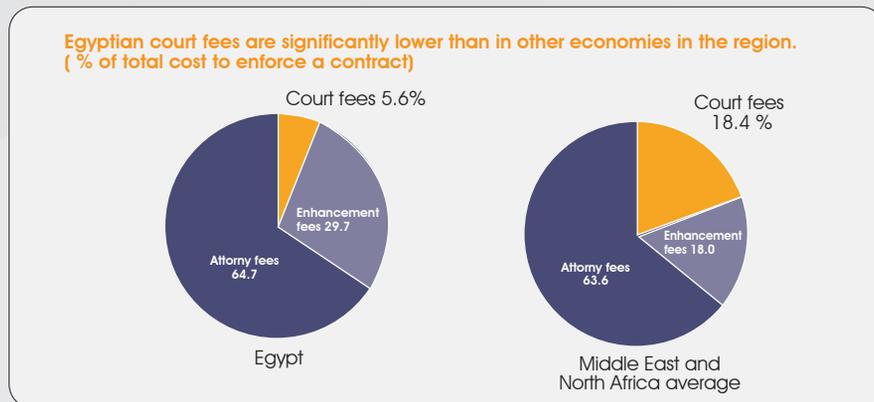
The Civil and Commercial Procedural Code regulates the procedures before all sorts of courts as laws, regulations and procedures are the same across cities. However, the court jurisdiction varies from one local court to another according to the nature of the dispute.

One way to reduce caseload is alternative dispute resolution (ADR). Since 2009, the International Finance Corporation (IFC) has supported an ADR project by providing professional training and certification for mediators, conducting awareness raising workshops, and assisting with the drafting of Egypt's first mediation law, which will regulate both private and judicial mediation. These efforts have already started to produce positive results. There is a now steady referral of cases to mediation at the three IFC-supported institutions the Economic Courts, the General Authority for Investment and Free Zones, and the Cairo Regional Centre for International Commercial Arbitration—and the average number of days required for case resolution through mediation is 28.6 days.

The average cost of litigation in the Egyptian cities measured is 23.6% of the claim value, is significantly lower than the global average of 35.1% and below the regional average of 24.6%. Court and enforcement fees are regulated nationally by the Ministry of Justice as set by the Law on Court Fees and therefore are identical across cities. Egypt's court fees, at 1.3% of the claim value, are among the lowest in the world. Together, the court and enforcement fees constitute 35.3% of the total cost, with court fees accounting for only 5.6%, compared with 18.4% of the total cost in the Middle East and North Africa. Court fees such as the fee to file a case are fixed, while the enforcement fees are largely based on a percentage of the claim value.

Egypt is one of the countries which take less time to issue a judgment. As the number of days it takes to consider a lawsuit is 1010 days. This is relatively good in comparison with Italy that takes 1185 days to consider a lawsuit.

Such period could be reduced in many governorates where an efficient computerized system allows judges and court registers to access case information including trial dates, adjournment and final judgment.



Relevant Investment Laws:

Telecommunication Regulation Law No. 10 of 2003

This law outlines the scope of authority for the National Telecommunications Regulatory Authority (NTRA) as well as the procedures for obtaining a licenses and permits from the NTRA. Key sections include:

- No licenses are required to establish or operate a private telecommunication network that does not use radio telecommunication systems. In this scenario, the licensed Operator need only notify the NTRA of the Private Networks established on his Infrastructure.
- The NTRA resolutions regarding the licenses then need to be published in the Official Gazette or any of the widespread daily newspapers at the expense of the licensee, provided that publishing includes all licensing conditions.
- To attain a license the relevant application forms issued by the NTRA must be completed and presented alongside relevant data and documents which will also be specified by the NTRA. Particular focus will be given to the technical and financial capabilities of the applicant. Applications shall include the suggested basis for pricing of services and methods of calculation.

- Decisions regarding an application for license shall be taken within a period not exceeding 90 days from the date the applicant submitted all requested documents to the NTRA, otherwise the application shall be considered rejected
- The license shall determine the licensee's obligations including, in particular, the following:
 - 1 The type of the service and the used technology.
 - 2 Duration of license.
 - 3 The specific geographical boundaries for providing the service, coverage plan by wire/radio and stages of implementation.
 - 4 Measurements of the quality and the efficiency of the service.
 - 5 Commitment to provide uninterrupted service and abiding by the procedure to be adopted in case of disconnection or suspension of the service.
 - 6 Determining the price of service, methods of its collection and the obligation of publicizing such information.
 - 7 Making the services available to the public without discrimination.
 - 8 Abiding by the NTRA National Numbering Plan.
 - 9 Considering Universal Service Obligations.
 - 10 Providing rescue and emergency call services free of charge and providing subscribers' directory. All of this shall be in accordance with the type of the licensed service.
 - 11 Commitments related to National Security restrictions.
 - 12 Commitments related to health and environmental safety, constructional and planning technical rules that should be applied in accordance with the standards set in coordination with the State Ministries and entities concerned.
 - 13 Contributing to scientific research and training.
 - 14 Commitment to pay the charges set by the NTRA for burdens sustained towards the verification of the licensee's fulfillment of his obligations as well as deposits and all periodical dues.
 - 15 Providing all information and data requested by the NTRA in connection with the license.
 - 16 Settlement of financial penalties and compensations.
 - 17 Providing services in the frame of free competition rules.
 - 18 Setting a system for receiving and investigating complaints and clearing efficiently the faults.

- The Telecommunication Network Licensee shall have the right to enter into agreements with other licensees to use his network paths in return of an agreed and reasonable price.
- In case the parties fail to reach agreement and there is no other alternative, the matter shall be referred to the NTRA in order to issue its final decision in this regard.
- The licensee who is to establish a Telecommunication Network or provides Telecommunication Services shall, if necessary, have the right to use the components of another licensee's Telecommunication Network or Service, upon agreement amongst them and in return for a fair charge.
- It is prohibited to import, manufacture or assemble any Telecommunication Equipment without a license from the NTRA according to the standards and specifications approved by it.

Investment Law No. 8 of 1997

Under Law 8, investments are approved automatically for projects in 16 distinct fields, effectively creating a "positive list". The establishment and management of technology zones is one of the 16 fields which fall under the scope of this law which means that those wishing to invest within it can enjoy the following benefits:

- The guarantee against confiscation, sequestration and nationalization.
- The right to own land; the right to maintain foreign currency bank accounts.
- Freedom from administrative attachment.
- The right to repatriate capital and profits.
- Free hiring of Egyptian staff.
- Absence of price control or restrictions.
- Equal treatment regardless of nationality.

Importation & Technology Transfer:

A foreign producer or supplier may also enter into a technology transfer or licensing agreement with an Egyptian enterprise. In such cases, an agent is not required as there is no marketing of foreign products within the country. Rather, the Egyptian enterprise that is producing under license from the foreign enterprise would be marketing its own products. However, the royalties payable to the foreign enterprise are subject to Egyptian taxation at the rate of 20%, and are to be withheld at the source. However, some double taxation treaties to which Egypt is a party (e.g. with the United States) reduce the rate to 15%.

Under Egyptian law, the importation of goods or products from abroad requires an importation license. An importation license grants the licensee the right to carry out such importation activity. Similarly to commercial agents, importation licenses are only granted to Egyptian individuals or partnerships wherein all the partners are Egyptian, or companies wherein all the shareholders are Egyptian. It is the usual practice that the commercial agent itself holds the importation license. Thus, the commercial agent carries out the marketing, as well as the importation activities. Despite this, there are many legal ways to allow foreign investors to carry out import/export activities within Egypt, for example through the formation of a limited liability company with an Egyptian company.

Finally, the importation of foreign products from abroad by a person holding an importation license takes place through letters of credit that are opened for the full value of the imported products.

Policy Support for the ICT Industry

ITIDA also supports the IT and BPO industries through the provision of investor friendly policy schemes, designed with a particular focus on encouraging foreign investment within the sector.

- ITIDA provides end-to-end support for foreign direct investors seeking to enhance their global offerings using Egypt's competitive advantages. It also helps overseas investors explore and apply for incentives covering all verticals of the IT industry and especially in the BPO/ITO field.
- ITIDA's full-fledged support to investors includes backing all due activities required by investors including information gathering, site visits, case studies and others. It also includes facilitating the set-up and establishment procedures in Egypt, in addition to providing incentives that support the company's business needs.
- ITIDA has worked on reducing company's start-up cost including reducing the cost of telecommunication, especially the price of circuits linking Egypt to the Gulf and other Arab Countries to be able to open new markets in these areas. The General Authority for Investment operates a One-Stop Shop that streamlines and expedites investor services — most businesses can incorporate in 72 hours.
- Nile University is dedicated to improving technology-related education, and enhancing the skills of the nation's young labour.

- The government provides an incentives package to cater to all investor's needs. The package includes:
 - Provision of data and internet centres, a high-tech Smart Village and a free zone (Telecom Hotel) for international call centres and transit regional Internet traffic.
 - Offering special tax exemptions and reductions for ICT industries.
 - There are also special reductions on land prices for investors in the ICT sector.
 - Easing of export and import regulations.
 - Offering training programs for professionals in IT, communications and networks according to investors' standards and specifications. These training programs are often offered at the government's expense.
 - Assigning a government official to facilitate interaction with government organizations.

- MCIT seeks to support small and medium enterprises (MSMEs) by means of raising their performance and competitiveness through helping them identify new marketing and production opportunities. It also seeks to support MSMEs outside Egypt's main cities with the aim of creating job opportunities in these communities. ITIDA adopts various initiatives to boost Micro and Small Enterprises by injecting them with direct and indirect financial support through a set of programs.

In May 2014, ITIDA organized the MicroCom Exhibition and Forum to support ICT small businesses and micro enterprises through a variety of programs to develop and market their products. 95 exhibitors participated and more than 200 applications and products were developed providing integrated solutions for all economic sectors in variety of fields, among which are industry, education, health and tourism.

A cooperation protocol was signed in June with the Financial Services Institute (FSI) to provide small and medium enterprises with training and consulting services related to non-bank financial areas, helping SMEs in ICT fields to get acquainted with the suitable funds, counter challenges and find solutions to improve their productivity.

In September, ITIDA signed a cooperation protocol with Bedaya Centre for Entrepreneurship and SMEs Development to encourage financial institutions to pump investments in ICT projects, especially small and medium sized companies.

International Success Stories

1. Microsoft

Microsoft is an American multinational corporation headquartered in Redmond, Washington, that develops, manufactures, licenses, supports and sells computer software, consumer electronics and personal computers and services. Its best known software products are the Microsoft Windows line of operating systems, Microsoft Office office suite, and Internet Explorer web browser. Its flagship hardware products are the Xbox game consoles and the Microsoft Surface tablet lineup. It is the world's largest software maker measured by revenues, as well as being one of the world's most valuable companies.

Microsoft established a branch in Egypt in 1995 as an office representative, becoming a limited liability company in 1997 and in 2007 it launched the Cairo Microsoft Innovation Center which is located in the Smart Village near Cairo. The center's mission is to work on concept-level research problems that are relatively short to market.

2. Vodafone Group

Vodafone Group Plc is a British multinational telecommunications company headquartered in London with its registered office in Newbury, Berkshire. It is the world's 3rd-largest mobile telecommunications company measured by both subscribers and 2013 revenues, and had 434 million subscribers as of 31 March 2014.

Vodafone owns and operates networks in 21 countries and has partner networks in over 40 additional countries. Its Vodafone Global Enterprise division provides telecommunications and IT services to corporate clients in over 65 countries.

In 1998, Vodafone Egypt entered the Egyptian telecom market as the second operator; a consortium between Vodafone international, Air Touch, and local/ international partners. In January 2002, Click GSM was rebranded to Vodafone Egypt. Since 2007, Vodafone Egypt's shareholders structure consisted of Vodafone Group with 54.93% telecom Egypt with 44.94% and a minority free float of 0.13%.

2006 witnessed another important step as Vodafone Egypt launched its off-shore operations under the name of Vodafone International Services. This subsidiary is dedicated to outsourcing business processes and IT services for Vodafone operators and beyond. Both its Business Process Outsourcing and Information Technology Outsourcing business units have seen success year after year with over 2,200 employees who collectively speak ten different languages to provide world class customer and technical support for customers in 80 countries.

Vodafone Egypt has grown over the years to become the leading mobile operator in Egypt, not only in revenue share but also as the number one mobile operator in Egypt with the largest customer base. Vodafone serves more than 36.3 million customers offering the most advanced technology for its customers, the best working environment for its 6,500 employees and the strongest corporate responsibility initiatives for the community.

3. Oracle Corporation

Oracle Corporation is an American multinational computer technology corporation headquartered in Redwood City, California, United States. The company specializes in developing and marketing computer hardware systems and enterprise software products – particularly its own brands of database management systems. As of 2011, Oracle is the second-largest software maker by revenue, after Microsoft. The company also builds tools for database development and systems of middle-tier software, enterprise resource planning (ERP) software, customer relationship management (CRM) software and supply chain management (SCM) software.

Oracle Egypt was established in 1996 as a local country sales office with 15 employees. Over the years, regional responsibilities were added as Egypt has remained the main hub for IT resources for the Middle East and Africa region due to its central location and high availability of technical skills.

In 2005 Oracle selected Egypt as an investment country in EMEA to develop a global support centre serving global customers. Between 2005- 2012 the number of employees had grown from 106 to 502. Oracle Global Support was the fastest growing function hiring 250 engineers in the first 18 months of operation. The current number of employees represents a total annual salary investment of approximately \$17 million.

4. Cisco Systems Incorporated

Cisco Systems Inc. is an American multinational corporation headquartered in San Jose, California, that designs, manufactures, and sells networking equipment. Cisco was a 2002–03 recipient of the Ron Brown Award, a U.S. presidential honour to recognize companies "for the exemplary quality of their relationships with employees and communities". Cisco has several branches across the globe, one of which is located in the grand City Stars shopping mall located in Nasr City in Cairo. The company also runs a 'Cisco Academy Programme' in partnership with the National Telecommunications Institute in Cairo. The academy provides online courses, interactive tools and hands-on learning to help individuals prepare for a career in ICT. There are 80 Cisco Academy Centres in 165 countries around the world.

5. Ericsson

Ericsson is a Swedish multinational provider of communications technology and services. The company provides services, software and infrastructure within the ICT sector for telecom operators and other industries, including telecommunications and IP networking equipment, mobile and fixed broadband, operations and business support solutions, cable TV, IPTV, video systems, and an extensive services operation. As of 2012, Ericsson had a market share of 35% in the 2G/3G/4G mobile network infrastructure market. The company operates several branches in Egypt, the main one being situated in the Smart Village.

6. International Business Machines Corporation (IBM)

IBM is an American multinational technology and consulting corporation, with headquarters in Armonk, New York, United States. IBM manufactures and markets computer hardware and software, and offers infrastructure, hosting and consulting services in areas ranging from main-frame computers to nanotechnology. As well as operating a multitude of branches worldwide, IBM has 12 research laboratories and, as of 2013, has held the record for most patents generated by a company for 20 consecutive years.

IBM has been operating in Egypt since 1954, offering a range of IT services and technology development operations. The IBM Cairo Technology Development Centre currently employs more than 500 software developers, architects and professionals.

In 2009 Egypt's Ministry for Communications and Information Technology entered into a cooperation agreement with IBM to establish a nanotechnology research centre in Egypt – the first in North Africa. In addition, they developed a university curricula centred on Services Science, while launching a Global Service Delivery Centre. This had a very positive effect on the the exportation of IT services, and the provision of a full range of business consulting, cross-industry expertise, application development and maintenance, software testing and embedded software development services to IBM customers. The research centre cost approximately \$30 million and ran for a period of three years.

7. Orange Business Services

Orange Business Services, the business services arm of Orange S.A, is a global integrator of communications solutions for multinational corporations. It offers integrated communications solutions and services to global enterprises in cloud computing, unified communications and collaboration; which manage and integrate the complexity of international communications. In Egypt, Orange Business Services represents the France Telecom Group, offering converged voice, data and mobile services, as well as IT expertise and managed services designed to transform business processes and improve productivity of enterprise customers. Orange Business Services was launched in Cairo in 2005 with just 100 employees and today has over 1700. Its services range from IT implementation and fault management to administration management, all of which are available in 20 different languages.

8. Software Quality Systems AG

SQS, Software Quality Systems AG, is a consultancy company based in Cologne, Germany, which describes itself as the largest independent provider of software testing and Quality Managed services. The company has around 3,800 employees with subsidiaries in Europe, Africa, Asia and North America. Overall, SQS has offices in 13 countries, Egypt being one of them. The group company's main business activities involve the provision of products and services within the scope of software quality assurance, software quality management and software testing. SQS Egypt was established in 2007, and is a fully owned subsidiary of SQS AG.

National Success Stories

1. Etisalat Misr

Etisalat's entry to the Egyptian market in 2007 ushered in a new era for the telecom industry. Today, Etisalat Misr's 2G and 3G robust and high quality network covers and serves the vast majority of the population in Egypt. Moreover, Etisalat Misr is the first and the only operator in Egypt that has an exclusive international gateway and whose customers enjoy competitive international rates to all destinations around the globe. In order to complete Etisalat Misr's product portfolio, two well-established internet service providers were acquired to provide broadband services to customers while at home and while on the move. Likewise, Etisalat Misr is an active corporate citizen, taking every opportunity to engage in many social activities to serve the various groups of the Egyptian society.

2. Global Telecom Holding

group of companies established in 1976. Orascom initially entered the field of information technology and telecommunications by trading and distributing equipment in Egypt. It eventually became the market leader acting as a regional representative for the most important names in this sector including Microsoft, Hewlett Packard, Compaq, IBM, Lucent Technologies (AT&T), Oracle, and Novell.

Orascom continued to build upon its solid foundation in 1994 by acquiring an interest in Egypt's first internet service provider, InTouch. As the communications sector in Egypt began to be privatized in the following years, Orascom continued to add more service companies to its portfolio. It participated in a joint venture that was awarded Egypt's first license for VSAT technology as well as acting as a lead member of the consortium formed to create Egypt's first private telephone network.

In 1997, Orascom Telecom Holding (OTH) was established as a separate entity to consolidate the telecommunications and technology interests of the Orascom family of countries led by its controlling shareholders the Sawiris family. The new organization quickly proved itself as an IT and telecom leader by becoming Egypt's only company to hold licenses in all three privatized sectors: wireless, fixed-line payphones and VSAT. Throughout the following decade, OTH grew and expanded its portfolio of investments to include telecommunication services in promising markets throughout Africa, Asia, Europe, North America, and the Middle East. In 2012, OTH merged with Vimplecom Ltd, creating Global Telecom Holding and the world's sixth-largest mobile telecommunications provider by number of subscribers with more than 86 million customers.

3. TE Data

TE Data was established in 2001 by Telecom Egypt to function as its data communications and internet subsidiary. TE Data was awarded a Class A license, from Egypt's National Telecommunications Regulatory Authority (NTRA), which allows it to build its own national network, and operate its international data gateway. The company is the Internet Service Provider market leader in Egypt with a DSL market share of more than 60% ending 2010. Currently, with operations in Egypt and Jordan and ambitious plans in other parts of the MENA region, TE Data's portfolio includes narrowband and broadband internet access services, managed dedicated Internet access services, IP VPN connectivity services, and global connectivity services. TE Data's portfolio of services covers the communications needs of all consumers, small and medium enterprises, large corporations, and Internet Service Providers.

4. Link Development

LINK Development, an OTVentures portfolio company, is a well-established technology solution provider, founded in 1996. Through its offices in Egypt, UAE, Saudi Arabia, Qatar, Italy and Canada, the company provides a wide range of solutions and services including Internet & Intranet portals, E-services Automation, E-commerce, Enterprise Integration, Microsoft Dynamics CRM & ERP, Mobile-based solutions, and Infrastructure solutions. LINK Development's client portfolio includes Fortune 500 companies in the region such as Microsoft, Intel and Pfizer in addition to leading governments as well as regional and multinational businesses and many more. With a 250+ strong force of young certified professionals, LINK Development boasts best of breed team of developers, designers, architects, project managers and quality engineers. Being a Microsoft Gold Certified Partner, the highest level of partner certification from Microsoft, the company has positioned itself at the forefront of the industry in the region. LINK Development also acquired both ISO 9001:2000 certified and CMMI level 3 accreditation.

What Maher Milad Iskander (MMI) law firm Can Do For You:

With over 25 years of experience Maher Milad Iskander & Co. can assist in the following areas:

- Provide sound legal advice on all ICT matters such as business setup, corporate & commercial advisory, contract management, due diligence, cyber law, cyber security, cloud computing, E-Commerce, resolution of domain disputes and technology related disputes.
- Reviewing agreements & contracts, participating in negotiations, providing pre-contract advices and drafting of all kinds of contracts.
- Represent our clients in Intellectual property rights related disputes- our firm provides advice and consultations to clients on violation of copyrights, trademarks, patenting and illegitimate competition, as well as representing clients before all phases of litigation.
- Staying up to date with national and international ICT law and informing out clients with any changes which may affect their business.



Maher Milad Iskander & Co.

46 El-Thawra St., Heliopolis
Cairo - Egypt
Tel: +2(02)22911276,
Fax: +2(02)22911349

info@mahermiladiskander.com
www.mahermiladiskander.com
Skype: mahermiladiskander