

INDUSTRY:

Challenges of venturing into virtual business

By Mwangi Wanjumbi

Majority of Kenyans may not understand what the fuss about the fibre optic cable project is all about. But not so with Caleb, an innovative Kenyan, who is seemingly prone to doing business, which is ahead of our times. I met Caleb about 5 years ago as he launched a Small and Medium Enterprise (SME) project aimed at encouraging growth of healthy businesses in Kenya. The success of this seemingly well thought out project is another story altogether.

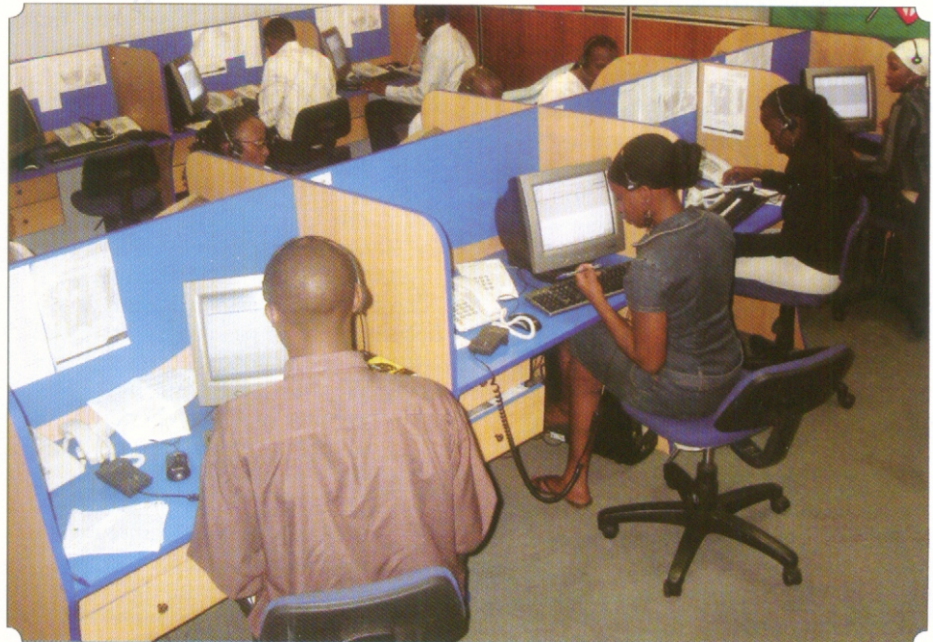
But, it was not long before Caleb realized that his SME project could accommodate virtual (Internet based) business within the same settings. He learnt about these new opportunities at an ICT village workshop held at Safari Park Hotel, some years ago. He is still full of praise for the friend who invited him to this eye-opening workshop. It was here that Caleb heard of Business Process Outsourcing (BPO) concept for the first time. Like an aggressive

Voice downloads however demand broad bandwidth which was posing a challenge.

entrepreneur, Caleb decided not to trail others on this new idea. He immediately took steps in applying the knowledge acquired from the ICT Village workshop, for his own benefit.

Caleb not only registered with an international agent who links up customers and providers of services but also actively started bidding for international jobs. He immediately thought of concentrating on transcription assignments, which he imagined were not too taxing. Besides, they were easily available.

Meanwhile, the job involved downloading voice based conversations, especially in meetings and transcribing them into text. Voice downloads however demand



Customers browse at a cyber cafe.

broad bandwidth which was posing a challenge. Caleb soldiered on with the challenges nevertheless. Apparently, he accomplished different assignments for varying clients in one year. Many of them were initially satisfied with the service and perhaps thought that the Internet hitches were temporally. Caleb alongside contracted about 10 Kenyans who were continually working from their homes on the different assignments.

Only one expert was needed in the office to fine tune what the others had done. Sadly, this virtual business could not continue for long. The virtual customers became intolerant with unreliable internet connectivity. Downtimes could also not be foreseen by either party. With time, the virtual customers out there kept coming and going, a situation that could not be sustainable.

On the other hand, Caleb was experiencing other inconveniences with the virtual customers. They could not in particular understand why they would have to go through so much trouble while remitting the dues payable for each assignment. They are instead used to working with service providers from countries, which have accredited international banking merchants like, pay pal amongst others. According

to Caleb, such international banking merchants are not accredited in our case, thus putting virtual based businesses in a disadvantaged position.

These factors combined led Caleb's virtual business to continue acquiring a bad image, especially in the eyes of the International agent. In order to save face for the future, Caleb did not have much choice but to close shop.

"Caleb! It looks like you gave up too soon," I intimated to him.

"That is actually not the case. In virtual business, you have to place yourself at your own level based on your skills and knowledge. There are those assignments that do not require heavy bandwidth, which can be done. But I did not have the flexibility to change into other lines, hence my decision to suspend the business," Caleb asserted.

Caleb was apparently not alone in virtual business frustrations. I contacted Glen, a CEO of a major virtual business entity based in the city. The story is sadly the same. According to Glen, there is constant disruption of real time virtual transactions.

The only difference is that a few local Internet service providers (ISPs) are able

Turn to page 17

INDUSTRY:

Continued from page 15

to circumvent this bandwidth challenge. They are however beyond the reach of small-size virtual service providers. Notably, the charges payable to Glen's ISP, for example, consume a huge chunk of the business returns.

It is seemingly, only a few heavyweights who are continuing with voice-based virtual businesses, as they await the completion of the fibre optic cable project.

Sophie, another entrant in the virtual business could not cope with the local challenges. She was, on the other hand, unwilling to abandon the seemingly lucrative virtual business. She instead relocated to America to continue with the same Kenyan registered business. That way, she has managed to circumvent the bandwidth challenges. She has, unfortunately, sacrificed the comfort of being at home with her family. Maybe she will relocate back home after the challenges are addressed through completion of the fibre optic project.

Apparently, there may be many others like Caleb who have been let down by our Internet service situation. It may also be difficult to establish the number of other Kenyans, who may have wanted to engage in this virtual business but have been discouraged. The truth however is that the global community has now moved towards virtual business.

This is especially common with the developed countries, which aim to reduce the high labour costs that they are accustomed to.

They find it cheaper to outsource some services from cheaper localities anywhere in the world. That is how India has developed a competitive edge especially in the Bangalore-Silicon Valley; which is now one of the leading BPO centres

Challenges of venturing into virtual business



Ministry of Labour staff during an IT training workshop. The use of internet has made access to information easier.

in the world.

In our case, it is pleasant to note that our own country has realized the potential of virtual or e-business, as some refer to it, and is now hastening completion of the fibre optic project. It is also notable that numerous measures have been put in place to facilitate e-business, especially through the enactment of the recent communications bill. This is good for the country and it is as it should be.

Every country needs to make it convenient for its citizens to reap the benefits of globalization.

But, perhaps, the state also needs to recognize or accredit international money merchants that deal with virtual business in order to continually hasten remittances accruing from the same. Notably, such merchants are accredited in other regional countries, such as Tanzania and even Zimbabwe.

These developments will certainly reduce the challenges of venturing into virtual business. In the final analysis, we may benefit from, not only eventual reduction of unemployment levels

in the country, but also the increased flow of much needed foreign exchange earnings as well.

The writer is the Managing Consultant and Chief Trainer of New times Business Solutions



Inter Security Services Ltd.

WE PROTECT



COMPANY PROFILE



William Okwiri

The company was incorporated under the Company ACT on the 22nd October 1986 and currently employs more than 1000 Guards.

PAST PERFORMANCE
The Company has been providing security services to a number of organizations since 1986, a period of Twenty three years. In the past years, we have offered continuously, security services to Offices, Premises, Residential, Factory and construction sites of Multinational corporations, banks, UNEP/UNDP employees, parastatals, Embassies and Clubs. We have also been providing Cash in transit Escort services

Our Mission:
To provide professional services affordable to all .

Vision:
To be the security firm of choice.

Head Office:
Masaba Rd. off Buryala Road, Upperhill Nairobi Next to NIC Bank, Maisonette 1
P.O. Box 18574 - 00500 Nairobi, Tel: 2710107, 2710431, 2710304 Fax: 2710089, Mob: 0722 - 773699,
0722 - 816046, 0734 - 202731, 0734 - 152874, Mobile Hotline: 0722 - 773699.
Email: intersecurity@wananchi.com

Regional Offices:
Kisumu, Off Oginga Road, Tel: 020 - 3571432/8, 0734 - 934420
Mombasa, off Digo road, Tel: 020 - 3533421, 0727 - 273965