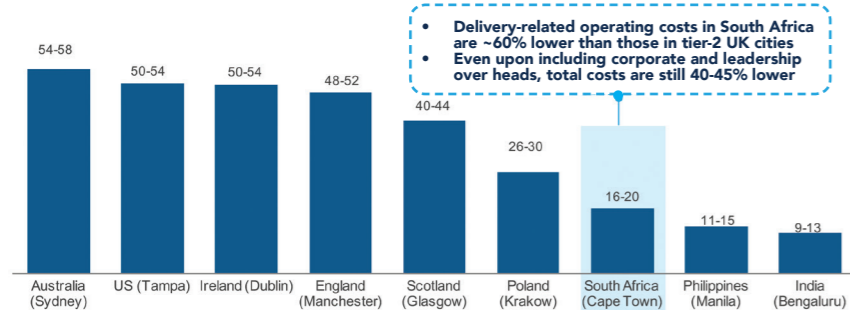


## SOUTH AFRICA OFFERS SIGNIFICANT COST ARBITRAGE FOR CONTACT CENTRE DELIVERY AS COMPARED TO SOURCE GEOGRAPHIES

South Africa's telecom sector is continually being improved and the telecommunications infrastructure is considered to be the best in the continent with a network that is 99.9% digital and includes the latest in fixed-line, wireless, and satellite communication

### Operating cost per FTE for Contact Centre<sup>1</sup> 2018; US\$ '000s per annum per FTE



## INCENTIVES & SUPPORT

### National-level incentives programs

- **Business Process Services (BPS) incentive scheme** offers a lump sum cash incentive per job created in the global offshoring/outsourcing sector for a minimum number of jobs created. Alternatively, it offers a percentage bonus for each job, if the number of jobs created exceeds the minimum number
- **Employment tax incentives** are aimed at encouraging employers to hire young work seekers through a cost-sharing mechanism with the government
- **Special Economic Zone (SEZ) incentives** include a slew of building and rental allowances, corporate tax, and employment incentives upon setting up in a SEZ

### Digital-specific support initiatives

- Work readiness and tech skills development programmes
- Digital Innovation Precinct and academies

### Skills development programs

- A number of government funded work-based learning programmes
- Skills supply chain programmes
- Impact sourcing programmes

### InvestSA

- A dedicated division in the dti, which focusses on investment promotion, facilitation, and aftercare with One Stop Service investment centres located in the main cities.

### BANKING, FINANCIAL SERVICES, AND INSURANCE



- South Africa has been known as a financial services destination, which has attracted large banks such as Barclays, First National Bank, BNP Paribas, JP Morgan, Citibank and Mercantile Bank.

- High availability of quality talent (including CAs, CFAs and actuaries) has been the key driver of success, and global banks are leveraging South Africa for delivery of complex work in the fields of asset management, life insurance, and fund accounting processes to the United Kingdom, Australia and now, the United States

- In particular, voice processes in the insurance space, such as claims processing, commission handling, policy administration, etc. are delivered to a great extent from here due to the core strengths of customer empathy and good English language skills

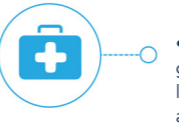
### LEGAL PROCESS SERVICES



- There are multiple instances of Forbes 2000 law firms offshoring work to South Africa
- On average, the country produces more than 4,000 legal graduates in a year which supplement the talent pool of ~25,000 practicing lawyers

- Typically, South Africa is a preferred destination for providing complex, bespoke legal services, particularly for financial services clients. The work ranges from contract drafting and management to document review. Many leading, specialist law firms, such as Radiant Law, Exigent Law, and Cognia Law are present here

### HEALTHCARE



- The healthcare industry provides a huge growth potential for international BPO delivery. There are already multiple private and public sector healthcare providers in the market, indicating that there is a ready source of talent for hiring purposes.

- There are more than 250,000 registered doctors, nurses, paramedics, students, etc. in this industry
- Large companies such as Discovery Health provide care management, insurance, and a variety of clinical services

- Healthcare companies are also using South Africa as an innovation hub e.g., Discovery Health employs a team of 35 data scientists for big data analytics, platform development, and business intelligence to improve the end-customer experience

### IT INFRASTRUCTURE AND APPLICATION DEVELOPMENT



- In the information technology space, South Africa has played an important role in the sphere of technical helpdesk and service desk due to its superior voice skills. Additionally, South Africa generates a large number of IT graduates

- who have the relevant technical skills, thus reducing the burden of significant training costs on the part of companies

- Many European and United Kingdom-headquartered companies, such as Computacenter and IT Lab have their centres here which are providing back-end infrastructure services (e.g., second/third line service desk, datacenter and hardware support services)



## SOUTH AFRICA'S BPO INDUSTRY

## PIVOTED FOR THE NEXT GENERATION OF SERVICE DELIVERY

### Pivoted for the next generation of service delivery

South Africa has a large availability of good quality English speaking talent with high empathy, cultural affinity, and niche domain skills, which have led to success in next generational service delivery

### Strong foundation in contact centre and niche areas of work

- Apart from contact centre, which has been one of the key strengths of South Africa's BPO industry, the scope of international delivery has expanded into non-traditional areas of work, such as financial services, legal process

### Significant costs savings

- Cost of operations are at least 50-60% lower than those in England and Australia for both voice and non-voice work
- Incentives further reduce the costs to bring them in range of costs in the Philippines and India



### Good quality, English-speaking talent

- Availability of highly skilled, English-speaking talent pool with neutral accent and very high empathy levels
- Additional talent pool through impact sourcing
- Cultural affinity with the United Kingdom,

### Evolving capabilities for next-gen services for digital contact centre

- South Africa is pivoting towards delivery of next-generation of contact center and digital services
- In the core strength of contact center, companies have successfully demonstrated capabilities for high quality multi-channel customer experience, supplemented by deep customer analytics

### First world infrastructure and enabling environment

- High quality of life with superior business and operating environment infrastructure
- A wide variety of government support in areas of skill development and infrastructure incentives for increasing investment in the BPO sector
- Global contact center standards – ISO 18295 are based on South African standards (the global standard development was led by South Africa)

COMPANIES ARE INCREASINGLY BUILDING LOCAL CAPABILITIES IN SOUTH AFRICA FOR DEVELOPING INNOVATIVE IDEAS AND DIGITAL SOLUTIONS FOR THEIR CLIENT.

### BPESA CONTACT DETAILS

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BPESA

Business Process  
Enabling  
South Africa



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

investSA  
ONE STOP SHOP

BPEISA

Business Process  
Enabling  
South Africa

THE GLOBAL SERVICES MARKET IN SOUTH AFRICA IS GROWING AT A RAPID RATE OF ~22% ANNUALLY OVER THE PAST FOUR YEARS



One of South Africa's key advantages is the large talent pool with niche skill availability as well as numerous national Skills Development Programs focused on the BPS Sector. South Africa subscribes to Impact Sourcing and the Industry Body BPESA is a member of the GISC – Global Impact Sourcing Coalition, a collaboration between leading companies who prioritize suppliers that intentionally hire and provide career development opportunities to people from marginalized communities who otherwise would have limited prospects for formal employment. A focus on building more inclusive supply chains.

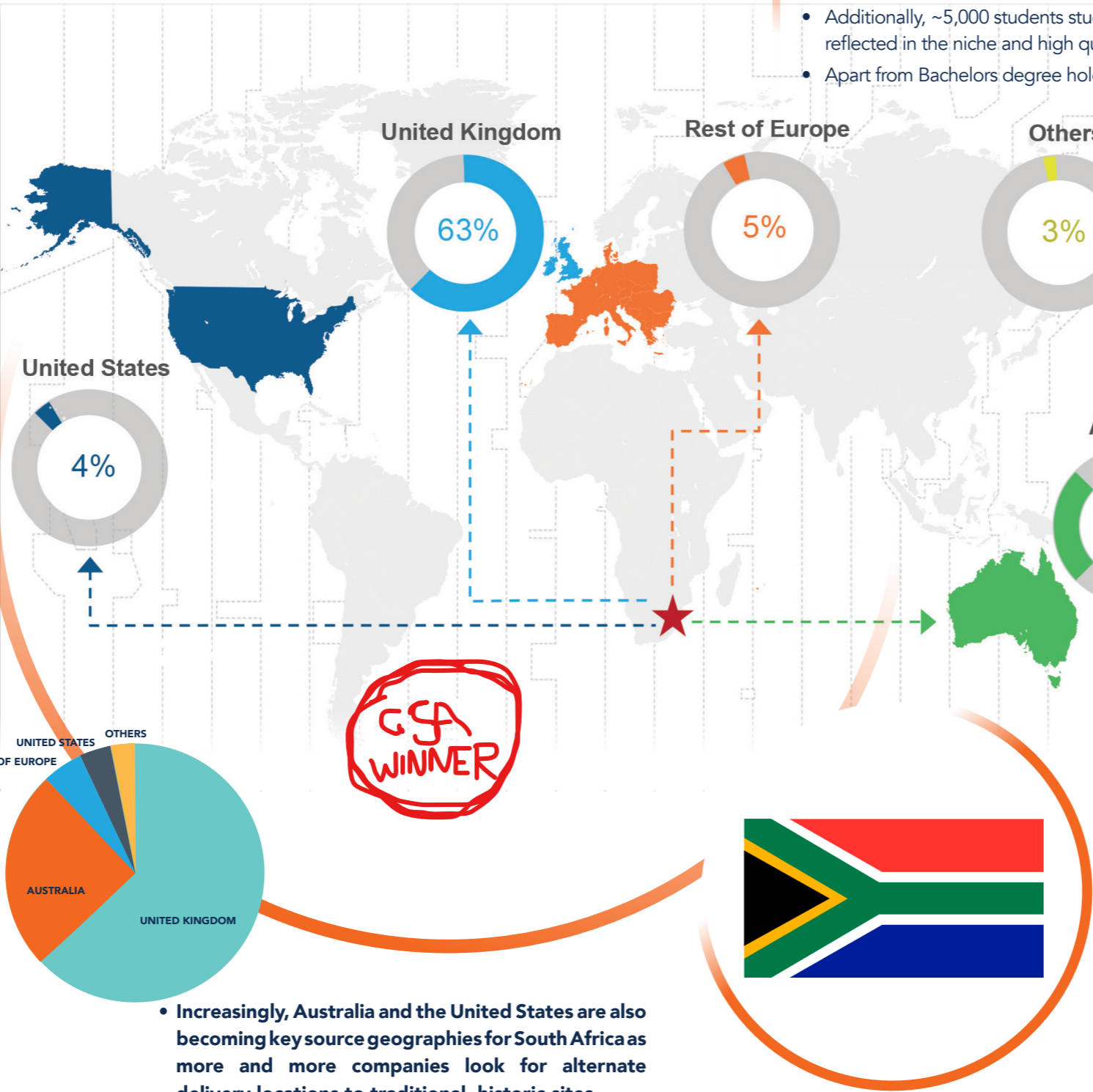
Many global and regional companies have set up or expanded their operations in South Africa; these companies represent a variety of industry verticals, such as technology and communications, financial services, legal and healthcare which are growth sector in South Africa with a maturity of skills and capabilities.

South Africa offers world-class delivery locations in 6 cities across the country - Durban; East London; Port Elizabeth; Pretoria; Johannesburg; Cape Town

KEY COMPANIES PROVIDING GLOBAL AND REGIONAL SERVICES DELIVERY FROM SOUTH AFRICA

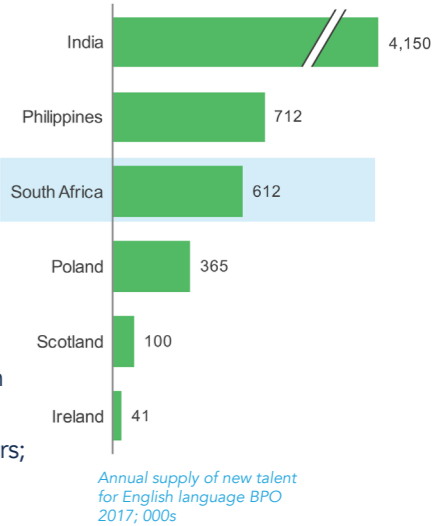


United Kingdom has been one of the major locations served out of South Africa for many years for customer experience management from an omnichannel perspective. Other niche functions in the financial services space are also growing in terms of global delivery



Increasingly, Australia and the United States are also becoming key source geographies for South Africa as more and more companies look for alternate delivery locations to traditional, historic sites.

- South Africa has a highly skilled, English speaking talent pool with a more neutral accent as compared to those in India and other offshore geographies – this makes it ideal for contact centre delivery to the United Kingdom and Australia, and increasingly, the United States
- More than 60,000 graduates have IT, engineering and related degrees, providing a large talent pool for IT infrastructure and development work.
- Additionally, ~5,000 students study law in South Africa every year – this is reflected in the niche and high quality work that the LPO sector does.
- Apart from Bachelors degree holders, South Africa also has a large skill base in financial services.



- South Africa is one of the leaders in terms of availability of CFA charter holders and actuarial degree holders; in fact, the latter is almost eight times that of India.

- The transition to omnichannel contact centers is very evident in South Africa, with many players successfully demonstrating strong capabilities
- Companies are taking advantage of the inherent talent in the country to build a holistic experience for customers
  - Not only does it leverage the high-quality voice skills, but it also makes use of written language skills which too are far better in South Africa as compared to peer locations
- In the field of big data analytics, artificial intelligence and other digitally-driven segments, South Africa is displaying significant growth

TYPES OF ANALYTICS SOLUTIONS DELIVERED FROM SOUTH AFRICA

- Root-cause analysis for call centre agents
- Prediction models / algorithms to determine customer behavior; social media analytics
- Text-to-speech analytics for quality assurance or tracking performance for call centre agents
- Digital investment services platforms that generate analytical insights for customers and help them choose the right investment vehicle
- Knowledge process outsourcing or KPO

High empathy skills and greater cultural affinity have been rated as the top drivers for South Africa's excellent performance on service quality standards