



Open,  
for business  
process outsourcing



# Overview

South Africa has witnessed high growth in the Business Process Outsourcing (BPO) industry in recent years, growing by approximately 22% annually which is twice the global growth rate of the industry, and three times faster than India and the Philippines. 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.

BPESA (Business Process Enabling South Africa) promotes and develops the BPO and Contact Centre industry in South Africa. It acts as a specialist investment promotion agency and as a national trade association and networking body.

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## Why South Africa?

Our country 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. The South African digital economy is also considered to be the most developed in Africa, so unsurprisingly South Africa was named the Destination of the Year at the 2018 Global Sourcing Association (GSA) awards. South Africa was also named Offshoring Destination of the Year by GSA (formally the National Outsourcing Association) in 2016 and 2012. In 2013, South Africa won the European Outsourcing Association's Offshoring Destination of the Year. Here are a few other reasons why global companies choose South Africa for their BPO needs:

1. First world infrastructure and enabling environments
2. High quality of life with superior business and operating environment infrastructure
3. A wide variety of government support in areas of skills development and infrastructure incentives for increasing investment in the BPO sector

4. Global contact centre standards – ISO 18295 are based on South African standards (in fact the global standard development was led by South Africa)
5. South Africa is pivoting towards delivery of next-generation of contact centre and digital services
6. Apart from contact centres, 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 services, and healthcare
7. 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
8. Incentives further reduce the costs to bring them in range of costs in the Philippines and India
9. Availability of a highly skilled, English-speaking talent pool with neutral accents and very high empathy levels
10. Additional talent pool through impact sourcing
11. Cultural affinity with the United Kingdom, Australia, and, increasingly, the United States
12. Recognised domain knowledge in the banking and financial services sector
13. Availability of talent across multiple global delivery location options across the country

*“South Africa’s flexible talent pool, world-class infrastructure, government incentives and a favourable exchange rate presents an excellent opportunity for international companies to outsource their contact centre operations to service providers in the country” - A global BPO provider.*





# Why Cape Town and the Western Cape



The majority of the global business services jobs in South Africa are concentrated in Cape Town.



Cape Town is the leading location in South Africa for global business services delivery due to its large and varied talent pool, excellent infrastructure, and high quality of life.



There are multiple instances of Forbes 2000 law firms offshoring work to South Africa, particularly Cape Town.



Collaboration with the ecosystem for fostering skill growth. There has been a concerted effort to build more complex IT skills on the part of the central and provincial governments through collaboration with universities and the private sector. This has resulted in development of new degrees in universities (such as the analytics degree in the University of Western Cape), training programmes in geomatics, artificial intelligence, internet-of-things and cloud architecture. Examples include the CapaCiti tech skills and work readiness program, and development of dedicated startup spaces.



Digital-specific support initiatives. Work readiness and tech skills development programmes have been instituted through a collaborative effort between universities, training institutes, and the private sector in South Africa. The most prominent amongst these is the Cape Innovation and Technology Initiative which trains students in IT infrastructure, cloud, big data analytics, and now, cybersecurity and artificial intelligence skills.



Employed talent pool. Cape Town has the highest employed talent pool in South Africa in the global BPS sector at 23,500 FTEs.



Entry-level talent pool. More than 50 000 relevant degree holders are available for hire at entry-level every year.



Cost savings: Cape Town offers 65-70% lower costs than a tier-2 city in England for contact centre work.



Largest location in South Africa (represents 60% of total national headcount) for international BPS delivery and gaining global recognition for being a start-up hub. Significant strides are being made in the areas of Fintech, eHealth, Traveltech and education.



Ease of doing business: Cape Town has the highest rankings for dealing with construction permits and getting electricity amongst the key cities in South Africa.



Business-ready infrastructure: The City of Cape Town has an extensive and ever-growing digital infrastructure network after the institution of the Smart City strategy in 2000. This has evolved into the Digital City Strategy focusing on broadband fibre networks, online municipal transactions, and implementation of open data portals for smooth business set-up.

***“Cape Town’s value proposition is underpinned by high quality standards, relevant skills and the potential to deliver complex and non-complex processes as well as cost savings” - Leading financial services player.***

Big brands that chose Cape Town and the Western Cape for their BPO needs: Amazon Web Services, Barclays, Carphone Warehouse Group, Cognia Law, Computacenter, DXC Technology, Direct Line Group, Exigent, IBM, iiNet, Ipreo, iSelect, JP MorganChase, Laser, Merchants, Old Mutual Group, Capita and GetSmarter/2U.

In 2020, Amazon Web Services (AWS) opened its first Africa Region in Cape Town. The AWS Cape Town data centres adds to Amazon’s ongoing investment in South Africa. In 2004, Amazon opened a Development Center in Cape Town that focuses on building pioneering networking technologies, next generation software for customer support, and the technology behind Amazon Elastic Compute Cloud (EC2).

# Incentives

## Global Business Services (GBS) incentive programme by the Department of Trade, Industry and Competition (dtic)

The programme introduces a number of new features aligning the incentives to South Africa's movement up the value chain and into specialist niche domain services and next-generational digital capabilities. The incentives will ensure that any organisation locating service delivery centres in the country will be able to extract value from investing in the country and facilitating job creation.

## City of Cape Town Investment Incentives

### Criteria

- Incentives are available for qualifying investments in Business Services.

### Incentives

#### Financial

- Building plan application fee waiver
- Development contribution deferral and write off up to R1 million
- Land use application fee waiver
- Special monthly incentive electricity tariffs for 2 years (on energy component)

#### Non-financial

- Prioritised single-point investment facilitation
- Building plan application fast-tracking (5-day turnaround)
- Land use application fast-tracking (3 months)
- Occupancy certificate fast-tracking (10 days)



## Key Sector Enablers:

