

Cost of telecoms limiting BPO growth in SA

Country well-positioned to become global outsourcing hub

Johannesburg 30 August 2016 – Even though South Africa is considered to be an attractive emerging offshoring destination for business process outsourcing (BPO), there are several factors limiting the growth potential of the country, according to Deloitte South Africa.

In 2014, the South African BPO industry accounted for 1% of global revenue and is expected to increase to 4% by 2030. Additionally, Johannesburg (number 20), Cape Town (56), and Durban (100) feature in the top 100 global outsourcing destinations.

“The global shift towards a digital economy has seen it become important for telecommunication operators to provide competitive voice and data services. The cost of business broadband connectivity and associated services are quite high in Africa. There are a number of factors behind this which are inextricably linked to the growth of BPO in South Africa,” says Sharoda Rapeti, Director of Business-Process-as-a-Service at Deloitte.

She believes that the overall cost of wireless and fixed line tariffs is impeding the potential for BPO in the country. Other factors such as government support, availability of the labour pool, linguistic capabilities, cultural compatibility, and the legal structure also play an important role in positioning the country strongly in the global market.

The Global IT Report 2016 of the World Economic Forum ranks South Africa 58th and 61st (out of 139 countries) respectively in terms of prepaid mobile cellular tariffs and fixed broadband internet tariffs.

“Lower tariffs are widely considered to play a major role for the growth of BPO in a country. And when one considers that the country is one of the most expensive when it comes to broadband connectivity, then you have a market that is being severely curtailed for growth,” Rapeti adds.

Given how increased broadband access and faster connectivity can be a windfall for the economic growth and job creation in a country, it is critical that these areas are addressed to accelerate business development by providing new prospects for innovation and growth.

However, there are positive signs that things are changing in the country. To promote the BPO industry and to create an adequate supply of talent, government has launched a number of schemes and taxation incentives for the establishment of infrastructure and skills related support.

The declining Rand against the Dollar and Euro currencies can play in South

Africa's favour to attract global business.

"But in order for South Africa to entrench itself as a BPO destination of choice, much more has to be done across industry with support from government. For example, the implementation of a digitisation programme from government will create a mass uptake of connectivity and outsourced solutions driven by internet access."

She also feels that government and ICT organisations need to work together to increase local manufacturing, expand networks, and reduce connectivity tariffs to help drive the growth of a globally competitive BPO industry in South Africa.

"With so much potential and opportunities that are evident, the role-players in the country need to find a way to harness the collective innovation taking place and do whatever it takes to create an enabling environment for growth," concludes Rapeti.