South Africa's policies for the support of export opportunities through outsourcing
Government policy/measures/actions

- Talent Development
- Strategic Marketing
- Incentives
- Industry Support
- BPO Standards
# SA Launched BPO Specific Incentives

SA Rand (R) : US dollar exchange rate ~ 7 : 1

<table>
<thead>
<tr>
<th>National Incentive</th>
<th>Comments</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Incentive Grant</strong></td>
<td>The incentives are offered to local and foreign investors establishing projects that aim primarily to serve offshore clients. The objective of the incentives is to attract BPO investment that creates employment opportunities</td>
<td>From $5300 [R37,000] To $8500 [R60,000] per seat</td>
</tr>
<tr>
<td><strong>Training and Skills Support Grant</strong></td>
<td>The Grant supports company-specific training requirements including:</td>
<td>Up to $1700 [R12 000] per agent</td>
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<tr>
<td></td>
<td>• in-house trainer/facilitator/assessor development/skills</td>
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<tr>
<td></td>
<td>• costs for development of learning materials/programmes</td>
<td></td>
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<td></td>
<td>• costs for trainer secondment into South Africa</td>
<td></td>
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<tr>
<td></td>
<td>• costs of purchasing and installing training equipment and facilities</td>
<td></td>
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</tbody>
</table>

Note: The BPO Investment Incentives are effective from 06 December 2006 up to 31 March 2011
# Revised BPO Specific Incentives

## Incentive Scheme for each job created

<table>
<thead>
<tr>
<th>Created and sustained Jobs</th>
<th>Incentive</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 - 400</td>
<td>Base</td>
<td>R40 000</td>
<td>R40 000</td>
<td>R32 000</td>
<td>R32 000</td>
<td>R32 000</td>
</tr>
<tr>
<td></td>
<td>incentive*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>401 to 800</td>
<td>20% once off bonus</td>
<td>Bonus is calculated for each job between 401 and 800 that is created and maintained**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>801 +</td>
<td>30 percent once off bonus</td>
<td>Bonus is calculated for each job in excess of 800 that is created and maintained**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Base incentive is treated as a tax exempt grant paid over three years for each offshore job created and maintained

**Bonus incentives are paid once off in the year in which the bonus level is first achieved

Note: The BPO Investment Incentives are effective from 2011 to 2015
Talent Development

**CRITERIA**

**Employer** (BPO Operator; able to offer minimum of 60 learners at least 160 hours of workplace experience during training; and able to offer contracts of employment to 70% of competent learners for a minimum of 6 months, following training) - Registered South African Tax Payer

**Trainer** (SETA-accredited training provider; Assessors & moderators registered with Services SETA ETQA) - Registered South African Tax Payer

**Recruiter** - Registered South African Tax Payer

**Learner** - (Unemployed, either Grade 12, diploma-holder or graduate; Under 35 years of age; South African citizen; 85% black, 54% women and 4% people with disabilities)

The assembly of the consortia should take account of the National Skills Development Strategy, commitment to Broad-based Black Economic Empowerment (BBBEE) and SMME development.
Leadership Management and Customer Satisfaction Management Practices

Operational Management Practices

IT Management Practices

HR Management practices

Performance

NB: Collaboration between industry and government

Sources: ARP – 99 under the auspices of the South African Bureau of Standards (SABS)
Industry Mobilization

Before …

After…
Value Proposition

1. Offshore destination for high-quality English language front-office
2. Offshore destination for complex FS back-office work
3. Near-shore scalable destination for sub-Saharan Africa
4. Risk diversification option for India / Philippines

Source: Everest Research Institute
ALIVE WITH POSSIBILITY

www.southafrica.info
The Challenges in South Africa BPO

Infrastructure
- Telecommunications
- Energy
- Education Linkages
- Designated Areas

Environment
- No tax breaks
- Lack of smme support
- Labor laws
- Affirmative action
- Incentives
- Currency Fluctuation

Perception
- Similar Value Propositions
- Crime
- Afro Pessimism
- Anti-Outsourcing
Business success today

• Buyers now prefer short-term contracts and have thus increased their restructuring efforts.
• Buyers have realised that large outsourcing contracts have been unable to yield outsourcing benefits.
• To hedge the outsourcing risks, buyers are increasingly looking at newer geographies as multishore options and implementing risk-reward share contracts.
• Buyers are now looking for more value add from outsourcing service providers.
• Quality of Service
• Cost of operating
• Availability of Skills
• Potential for Scaling Up
• Niche offerings e.g. Analytics, Procurement etc.
Thank You