



# GLOBAL SERVICES FORUM

*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

National Incentive	Comments	Value	
<b>Investment Incentive Grant</b>	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	<p style="text-align: center;">From \$5300 [R37,000] To \$8500 [R60,000] per seat</p>	<p>Dependent on the level of qualifying investment expenditure and employment creation.</p> <p>Minimum jobs = 200 and 90% of revenue must be derived offshore</p>
<b>Training and Skills Support Grant</b>	<p>The Grant supports company-specific training requirements including:</p> <ul style="list-style-type: none"> <li>• in-house trainer/ facilitator/ assessor development/ skills</li> <li>• costs for development of learning materials/ programmes</li> <li>• costs for trainer secondment into South Africa</li> <li>• costs of purchasing and installing training equipment and facilities</li> </ul>	<p style="text-align: center;">Up to \$1700 [R12 000] per agent</p>	<p>Grant per new employee trained, calculated as 50% of qualifying training expenditure</p>

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

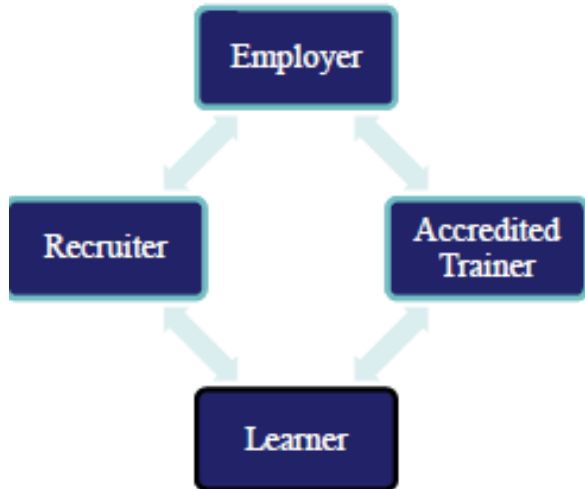
Created and sustained Jobs	Incentive	2011/12	20/12/13	2013/14	2014/15	2015/16
10 - 400	Base incentive*	R40 000	R40 000	R32 000	R32 000	R32 000
401 to 800	20% once off bonus	Bonus is calculated for each job between 401 and 800 that is created and maintained**				
801 +	30 percent once off bonus	Bonus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

\*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

# BPO Standards

**Leadership Management and  
Customer Satisfaction Management Practices**



NB: Collaboration between industry and government

# 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**



# Branding

# South Africa

ALIVE WITH POSSIBILITY



[www.southafrica.info](http://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

