

SA must act quickly to market itself to the rest of the world.

By Craig Gibson, general manager, Vodacom operation, Merchants South Africa

Johannesburg, South Africa, 17 August 2007 - South Africa is relatively new in the global call centre and business process outsourcing (BPO) industry, from an offshore outsourcing perspective.

As a result, South Africa tends not to be on top of the list of countries that you would associate with call centres and BPO, however, SA does have a certain value proposition that is appealing to potential customers.

In the key commercial drivers of off-shoring, SA lags behind countries such as India or the Philippines.

However, South Africa can fulfil a need specifically as a high-quality spill-over or complementary destination for companies that already have established in-house or offshore operations.

The window of opportunity is closing

At a recent survey that was conducted by Merchants' holding company, Dimension Data, with The Economist in the United States, it was revealed that, while cost is still the number one driver for companies to outsource offshore, it was the quality of the customer interactions in those outsourced operations that was coming a very close second.

Without getting carried away with the usual arguments about South Africa's cultural similarities to Europe, or even our neutral accent, SA's position for inward investment in contact centres and offshoring is very niche.

The country can only address certain economies of volume (such as the business that would be coming out of smaller geographies like Europe or the UK). To that extent, it will not find success in using a "shotgun" approach to attracting business into the country.

So this puts the country almost on a knife's edge with regard to its value proposition to the rest of the world. The window of opportunity is closing very quickly and it is imperative that government, industry bodies and the private sector work together to capitalise on the small gap that is still open in the market.

The only way SA can fully capitalise on its value proposition is if the government and industry bodies both invest time and resources into skills development and make a concerted effort to market SA internationally.

Of critical importance is the need to develop scale in a strong, competent middle management layer, without, which SA cannot continue to develop and offer a meaningful and sustainable value proposition.

This cannot be driven by a few companies alone, it is an industry wide initiative supported by private companies, government and the industry bodies in tandem.

SA's value proposition

As mentioned before, SA makes for a high-quality spill-over destination for companies that have already invested in offshore operations in other countries and are looking at spreading the risk across a wider portfolio of destinations.

To put it into context, a large American media company already had twelve offshore contact centres in various parts of the world and the cost reduction requirements were already absorbed by entering those other regions prior to coming to SA.

SA fitted in quite nicely as a spill-over destination that offered high quality customer interaction for the company's customer base when it looked to spread its risk across a wider portfolio of destinations.

That said, a number of large European companies have been early adopters in the SA contact centre market and found much success in their operations here.

Asda, a large British retailer, bwin, a European Internet-gaming company and TalkTalk, The Carphone Warehouse's broadband arm (Also known as The Phone House outside the UK) all entered the market and have experienced huge success in these local SA-based operations.

Need for more involvement

As much as South Africa is in a position to offer quality service to offshore customers, there is a need for industry bodies and government to pull together and up their game in marketing the country and its benefits.

There has been a lot of money spent and noise made about various initiatives to bring inward investment into SA but it is debatable whether the industry has seen any return on that investment.

The window of opportunity to get SA, truly on the map, is almost closed and we do stand the risk of losing out to regions such as India (again) who are now starting to re-engineer themselves, eliminating the negatives associated with the country and developing the positives that many companies are now looking for.

If we take India for example, clear operational strategies and 100% commitment from the government have resulted in the steady increase of the BPO sector there.

We need the same level of commitment from our government in SA and this means getting the right people to speak to the businesses and, with the support of our government, making it easy and worthwhile to invest in SA as an offshore destination.

This means investing time, money and resources into developing the correct management skills that are lacking in the local market, which will put us in a much better position to compete internationally.

This also means acknowledging where SA has the capability to deliver services instead of going to the global market with a “jack of all trades and master of none” approach.

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