

# GATEWAY TO AFRICA

SOUTH AFRICA'S PROPOSITION AS A  
BPO SERVICE HUB FOR AFRICA



*We speak your language*

# Africa – a continent on the move

## Africa in numbers

- **\$1.18 trillion<sup>1</sup> GDP in 2009**
- **\$860 billion<sup>2</sup> consumer spending in 2008**
- **1 billion population with 70% aged 30 or younger**
- **500 million mobile connections**
- **100 corporations generating annual revenues of \$1 billion**
- **27 African companies in Forbes 2000 list**

**“Africa is starting to become not only a strong resource base but a strong market in its own right. That’s the powerful story we are seeing coming out of Africa.”**

*Ajen Sita, CEO of Ernst & Young Africa*

**“The next decade will likely mark the first since the industrial revolution when emerging economies add more to global growth than all the developed countries combined. In our view, Africa will be a core part of this economic renaissance.”**

*McKinsey on Africa, June 2010*

Africa is attracting significant interest among investors, due to its large growth potential. Africa’s economy has grown at a rate of 5% between 2000 and 2008 when the world economy grew at 4%.

The investor interest has renewed in recent years given the rapid strides made by African countries in their development and the improved investment climate in the region. Capital inflows to Africa have increased from less than \$10 Billion in 2000 to over \$ 50 Billion in 2010.

<sup>1</sup>IMF - World Economic Outlook Database for October 2009

<sup>2</sup>McKinsey Global Institute’s “Lions on the move: The progress and potential of African economies” report

# South Africa – a platform to **serve Africa**

While Africa provides significant opportunity, it also presents challenges for companies given the diverse nature of the African Continent. As companies grow in Africa, they are faced with sub-scale operations in different countries with a diverse geo-political risk profile. In such an environment, companies are moving towards establishing a standardised operating model, through which they can exercise control and reduce operational risks. To serve as a hub for their operations, companies are looking for a stable location with access to a diverse, trained talent base.

Global companies that have expanded in other developing regions have faced similar challenges and have successfully used “hub” location to centralise their operations. ‘Centralisation’ has typically meant the development of regional shared services centres. Notable examples include Chile, Argentina in Latin America and Malaysia in South East Asia.

**“Old Mutual is committed to expanding our long term savings business into Africa. In doing so, we plan to leverage capability (product, systems, process and distribution) from South Africa as well as build our existing shared services model.”**

*Executive, Old Mutual*

## South Africa emerging as a hub

South Africa is emerging as a hub to serve African markets. Several global companies have their African headquarters in South Africa and have used the capabilities (e.g. management, systems) developed in the country to expand in the region. South Africa therefore serves as a platform to access the broader African opportunity.

In addition, South Africa is increasingly being used as a shared services hub for companies’ African operations, especially for Sub-Saharan countries. Examples of shared services delivered from South Africa include finance, accounting and procurement services.

## Examples of firms leveraging SA for Africa

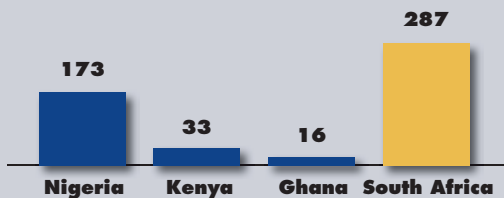


# Advantage South Africa

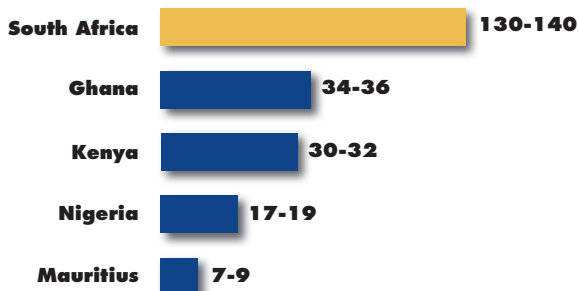
South Africa is uniquely positioned to serve as the 'Gateway to Africa'. It is the largest market in the region and is the most developed from an economic, regulatory and talent perspective. South Africa also offers excellent infrastructure and quality of life unparalleled in the region.

**South Africa is the largest domestic market in Africa:** the country accounts for **25%** of the continent's GDP and over **70%** of leading African businesses.

**GDP at official exchange rate (2009)**  
USD Bn



**Annual tertiary education labour pool estimates (2010)**  
'000s



**"South Africa possesses attractive market dynamics, favorable demographic trends and a growing economy."**

*Andy Bond, Exec. VP, Walmart*

**South Africa offers a robust enabling environment for BPO:** International bandwidth costs have dropped by **85%** over the last six years. There has also been a significant increase in bandwidth availability; with two additional cables landing between 2009 and 2010 and three more expected by 2012.

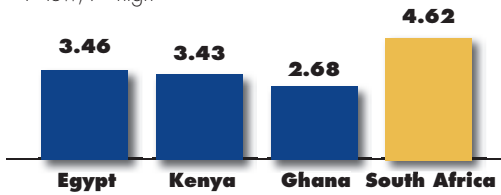
South Africa's mature domestic market provides access to specialised skills that are comparable to international markets. This is a unique differentiator for South Africa relative to other African destinations, and attracts qualified talent from the rest of the continent.

In addition, South Africa has the largest domestic BPO industry in the region, with **200,000** people employed.

**South Africa offers a large and highly skilled talent pool.** It is one of the top 3 global locations for English language BPO work with **350,000** people added annually to the workforce.

### World Economic Forum's Macroeconomic Stability Index (2009-10)

1=low; 7=high



South Africa is one of the most stable countries in Africa. Ever since democratic elections were held in 1994, the country has been cited as an example of a peaceful transition to democracy. South Africa's progressive constitution enshrines a wide range of social and economic rights.

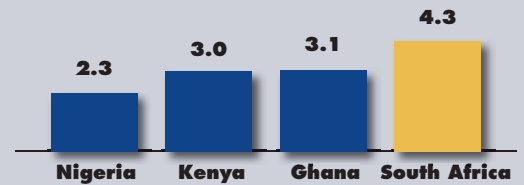
South Africa offers a "First World experience" in its physical infrastructure and quality of life. This experience is far superior to other African nations. South Africa has the best flight connectivity with other countries in the Sub-Saharan Africa region with more than 15 daily direct flights to these countries.

**"South Africa's excellent infrastructure, together with first-class financial, legal and commercial systems, makes this country a natural location to pursue the significant opportunities of South and southern Africa."**

*President, GE South Africa*

### World Economic Forum's Quality of Infrastructure Index (2009-10)

1=underdeveloped; 7=extensive and efficient



**"You do not get any better in Africa than South Africa. This is the Jewel of Africa ... In South Africa you have first world infrastructure and third world costs."**

*MD, Britannia Biscuits*

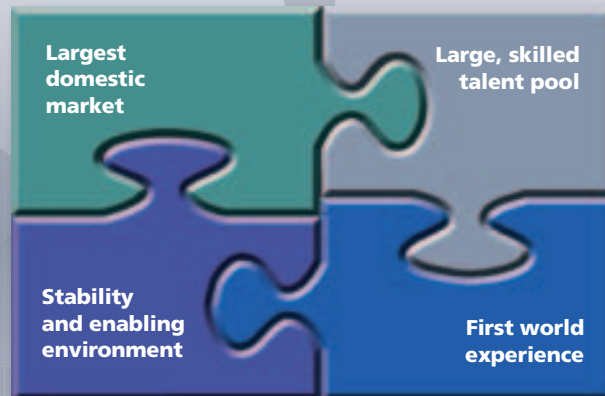
*Nelson Mandela Square,  
Sandton, Johannesburg*



# In summary, South Africa's proposition as the **Gateway to Africa**

- Strategic market in Africa
- Base for leading global and African companies

- Most developed market in Africa in terms of experienced talent, specialised skills and size of English language BPO



- Political and economic stability
- Attractive investment climate and strong public sector support
- Rapidly improving telecom scenario

- First world infrastructure
- Superior quality of life for expats
- Time zone similarities and ease of access