

# THE DOMAIN ADVANTAGE

SOUTH AFRICA'S PROPOSITION FOR  
NON-VOICE BPO



*We speak your language*

# Enabling the delivery of sophisticated

As the global sourcing market has evolved, organisations have started to broaden the scope of their offshore portfolios rapidly. Offshoring is moving from transactional processes to areas that are complex and core to operations. As this happens, the value that can be derived from the globalisation of work increases and so does the risk of failure.

To deliver these sophisticated operations successfully, companies need access to talent that possesses industry expertise, has specialist training and understands the source market environment.

South Africa is uniquely positioned among developing countries to meet these requirements. Its mature domestic market has led to the development of a management pool with deep domain skills. Its education system provides industry with a wide range of professional and specialist programmes. Given the historical business ties, the domestic market regulations and standards are very similar to the UK and Europe.

In summary, South Africa has the talent to add significant value to global businesses. It does so with First World infrastructure and business environment and at costs 50-60% lower than source markets.

**“South Africa is recognised as having a sophisticated and world class financial services industry. We in Old Mutual are looking to leverage our South African skills and capability for the benefit of our wider global business.”**

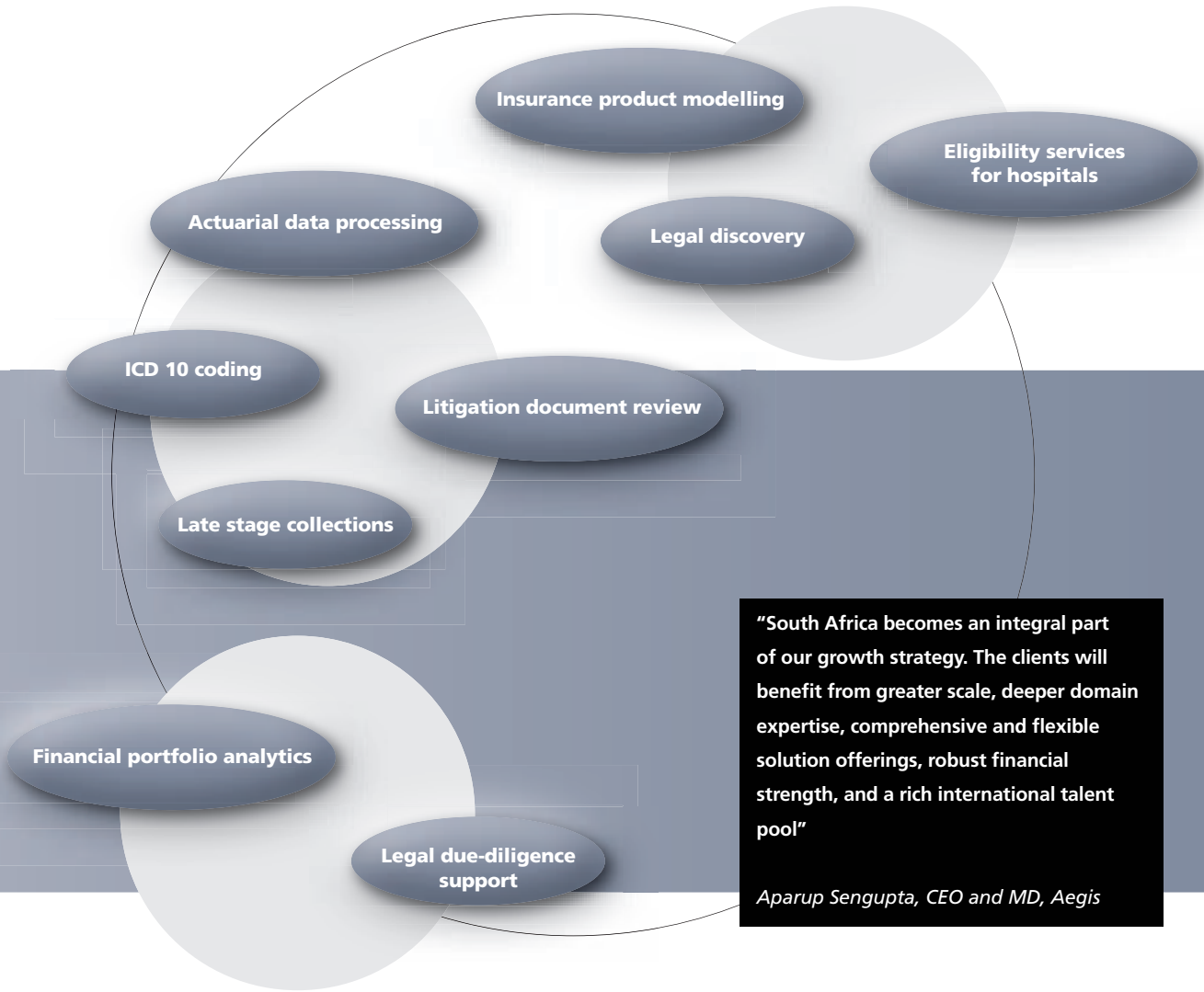
*Old Mutual*



*Johannesburg Stock Exchange*

# business processes

Highlights of current delivery from South Africa



“South Africa becomes an integral part of our growth strategy. The clients will benefit from greater scale, deeper domain expertise, comprehensive and flexible solution offerings, robust financial strength, and a rich international talent pool”

*Aparup Sengupta, CEO and MD, Aegis*

## Examples of leading firms sourcing complex, judgment-oriented processes from South Africa



# Distinct domain advantage:

## Banking, Financial Services, Insurance, Legal,

South Africa is being used by buyers in the insurance, financial services, healthcare and legal sectors. There are several examples that demonstrate delivery of complex work in these sectors.

### Insurance

#### Case example

- Services for a global major through an integrated delivery model
- South Africa delivers high value work (e.g. actuarial analysis), while low value, high volume work (e.g. claims processing) is delivered from India



**"We are hitting and even surpassing US standards. The labour pool in South Africa is deep and the people hardworking"**

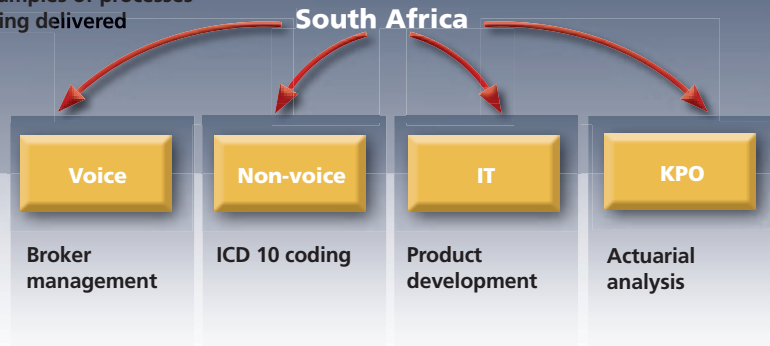
*Leading global supplier*

### Healthcare

#### Case example

- Technology, processing, servicing and analytics for a leading UK private insurer
- Specialised services (e.g. ICD 10 coding) delivered; agents are also able to build empathy with customers

Examples of processes being delivered



**"At PruHealth we extract significant benefit from having our centre located in South Africa with a ready supply of passionate agents ... able to fill the more specialised medical 'care' functions and have actuarial oversight from a risk perspective"**

*PruHealth UK*

# Healthcare

## Financial Services

### Case example

- Asset administration for top 10 UK asset managers
- South African entrepreneur developed a technology platform for fund administration to serve the domestic market and expanded to provide services for international markets



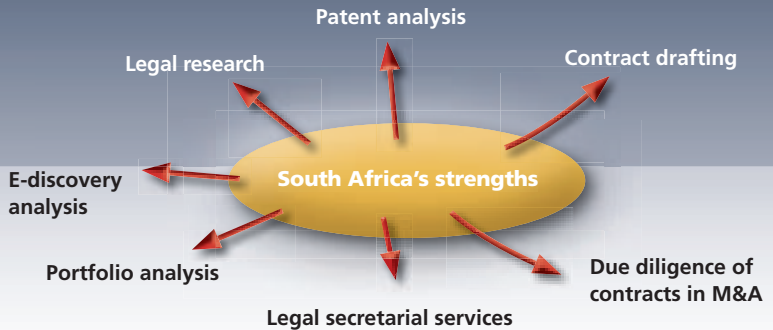
**“We have been successfully delivering BPO services in the investment management sector. We believe that South Africa is best placed to deliver these services as its mature financial services industry provides skilled and experienced talent pool.”**

*Leading supplier, SA*

## Legal

### Case example

- Wide range of services for UK law firms
- Scope of work has expanded from secretarial functions to include more complex work, such as claims handling, document review and discovery



**“We chose South Africa because of its time zone, language and culture and the fact that its legal system is similar to the UK. The paralegals and junior lawyers are very good with excellent technical skills and the creatives are of extremely high quality”**

*David Holme, Director - Exigent*

# Drivers of the **domain advantage**

## Mature domestic market

Provides a skilled talent pool experienced in working with complex products.



## Developed education system

Generates a large number of qualified personnel in specialist areas (e.g. actuaries)



## Similarities with Western standards

Similar regulatory framework, data protection laws, products and certifications allow easy transition and stabilisation of operations.

### Large domestic industry

- US\$ 300 billion banking assets, US\$ 43 billion insurance premiums
- Larger than most offshore locations

### Well developed regulatory environment

- Early adopters of Basel II
- Emphasis on data protection compliance



### Affinity towards exotic products

- Rich product management experience
- Advanced risk products

### Strong IP in scaled back-offices

- 120,000 employees in domestic captives
- IP in products and processing capabilities

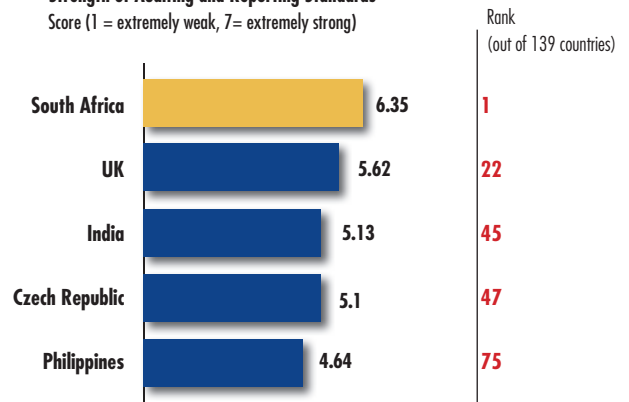
- Specialised degrees in actuarial, financial mathematics, investment management
- Sector-specific training programs

	Number of Chartered Accountants 2009; '000s	Number of CFA charter holders 2009; Total number	Number of qualified actuaries 2009; Total number
India	90	4,000-4,500	225
Philippines	15	70-80	65
Czech Republic	4	80-90	80
South Africa	26	800-900	770

- Similar data protection laws to European Union
- Regulations for providing financial advice, anti-money laundering similar to UK
- Ranked amongst top 10 nations by World Economic Forum for the sophistication of its financial markets
- Professional qualifications (e.g. actuarial) are similar to the UK

### Strength of Auditing and Reporting Standards

Score (1 = extremely weak, 7 = extremely strong)



Source: World Economic Forum's The Financial Development Report 2010-2011

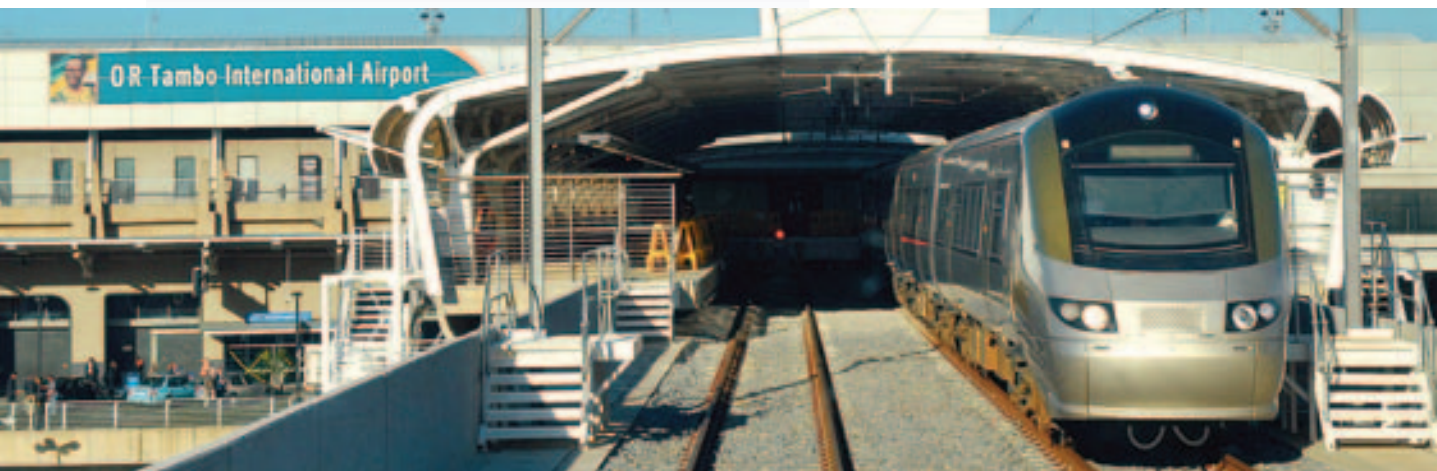
# Providing **significant savings** in a first world environment

## Cost 50-60% lower than source markets

South Africa has a competitive cost structure and offers significant savings from source markets (e.g. UK). South Africa is significantly more cost competitive than most locations in the UK, Central and Eastern Europe, Latin America and many Asian locations that offer comparable quality of life and underlying infrastructure.

### Direct operating cost for non-voice BPO

2010; £ '000 per annum per Full Time Equivalent (FTE)



*The Gautrain, South Africa's first high-speed train*

## Robust enabling environment

South Africa is a politically and economically stable location. The telecom infrastructure has improved considerably with increased bandwidth and falling tariffs. The country offers an attractive investment climate.

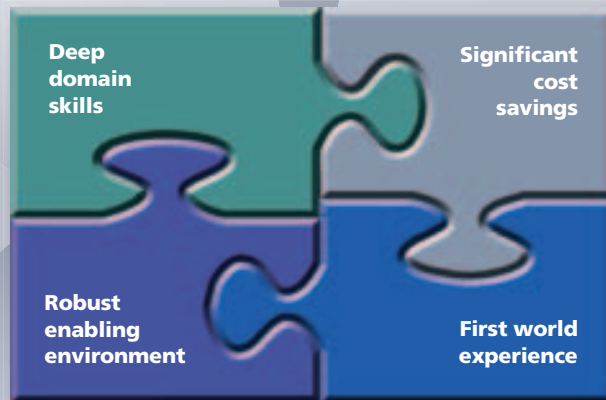
## First World experience

South Africa offers a First World experience with superb infrastructure and good quality of life. The time difference between South Africa and most of Europe (including UK) is less than 2 hours.

# In summary, South Africa's proposition for **non-voice BPO**

- Mature domestic market and large experienced talent pool
- Specialised skills in financial services, insurance, healthcare and legal domains
- Standards and regulations similar to source markets

- Costs 50-60% lower than source markets
- Narrowing differential with lower-cost locations



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

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