
Country Experiences on Exporting ITES

The case for South Africa

A presentation by Pumela Salela

Director : BPO & ICT Enabled Services

Department of Trade and Industry

psalela@thedti.gov.za

ITES Spectrum

Shared Services

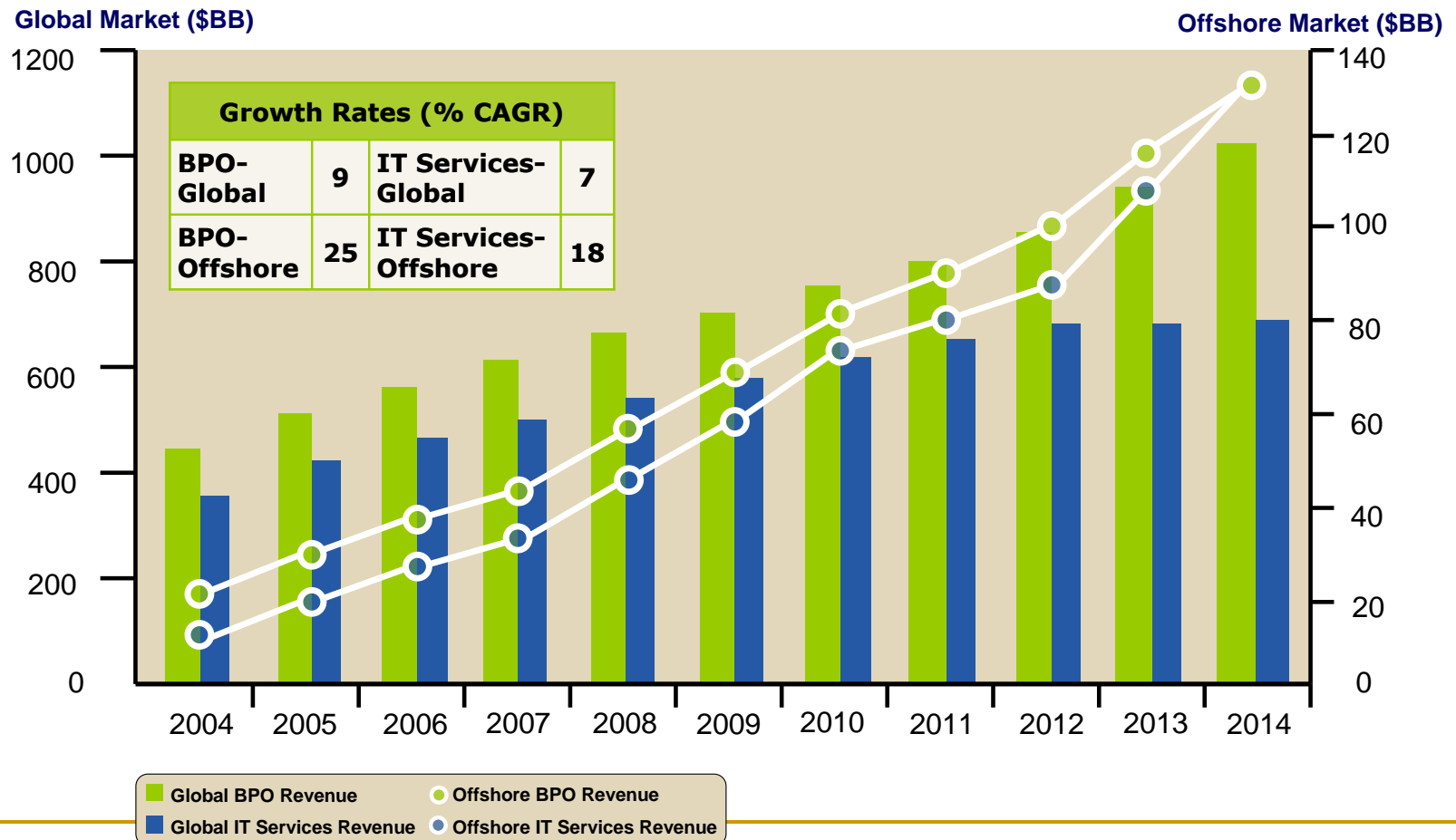
ITO	Business Process Outsourcing (BPO)					KPO	
IT	Customer Management	eCommerce	Finance & Accounting	Procurement	HR	Knowledge Processing	Legal Processing
<ul style="list-style-type: none"> ☑ IT Help Desk ☑ Desktop Support ☑ Data Center Operations ☑ Server & Storage Management ☑ Network Ops ☑ Voice Services ☑ Application Development ☑ Application Maintenance ☑ ERP Systems ☑ Co-Location 	<ul style="list-style-type: none"> ☑ Customer Service ☑ Customer Relations ☑ Customer Acquisition ☑ Operations Support ☑ CRM Support ☑ Out-Bound Telemarketing ☑ Specialty Help Desk 	<ul style="list-style-type: none"> ☑ B2C eRetail Site ☑ B2B ☑ Content Mgt. ☑ Web Design ☑ Community ☑ Analytics ☑ Marketing ☑ Web Hosting ☑ Fulfillment ☑ Warehouse Mgt. 	<ul style="list-style-type: none"> ☑ Procure to Pay ☑ Order to Cash ☑ Record to Report ☑ AP/AR ☑ Collections ☑ Fixed Assets ☑ Treasury ☑ Cash Mgt. ☑ Financial Planning ☑ Analytics ☑ Tax & Compliance ☑ Expense Mgt. 	<ul style="list-style-type: none"> ☑ Source to Pay ☑ Sourcing Support ☑ Supplier Research ☑ Supplier Training ☑ Contract Mgt. ☑ Market Intelligence ☑ Procurement Analytics ☑ Spend Analysis ☑ Performance Reporting 	<ul style="list-style-type: none"> ☑ Recruitment ☑ Compensation ☑ Benefits Administration ☑ Payroll ☑ HRIS ☑ Employee Data Mgt. ☑ Workforce Mgt. ☑ Training ☑ Outplacement ☑ Travel Mgt 	<ul style="list-style-type: none"> ☑ Business Intelligence ☑ Market Research ☑ Insurance ☑ Financial Services ☑ Industry Analytics ☑ Consumer Goods Analytics ☑ Marketing Support 	<ul style="list-style-type: none"> ☑ Law Firm Back Office ☑ Corporate Legal ☑ Document Review ☑ Intellectual Property ☑ Contract Mgt. ☑ Compliance



Source : Avasant

BPO Trends & Globalization

The demand for Business Process Outsourcing (BPO) has outpaced IT Services in recent years as service offering maturities have increased.



ITES-BPO Market Segment Overview

ITES-BPO Market Segments and Functions						
Function	Banking	Insurance	Finance & Accounts	Telecom	Health care	Human Resource
Back office/ Data Processing	<ul style="list-style-type: none"> • Billing query • Data Verification • Check processing • Credit management • Invoice processing • General accounting • Fixed asset accounting • Loan processing • Mortgage processing 	<ul style="list-style-type: none"> • Loan processing • Claims processing / adjudication • Application Processing • Underwriting • Forbearance • Cashiering • Document Indexing & verification 	<ul style="list-style-type: none"> • Account payable • Account receivable • T& E reimbursement • Payroll • Invoice processing • Account reconciliation • Fixed asset accounting 	<ul style="list-style-type: none"> • Fulfillment • Assurance • Order management • Invoice processing • Billing • Installation service management 	<ul style="list-style-type: none"> • Medical records • Transcription • Translation • Invoice processing • Medical billing • HMO Member management • Pre-adjudication • CRO 	<ul style="list-style-type: none"> • Benefit Admin • Time and attendance • Employee Data Management • Compensation admin • Development & Training • Leave Tracking • Payroll Invoice processing
Customer Contact Services	<ul style="list-style-type: none"> • Inbound customer services • Outbound credit card acquisition • Tele marketing • Product inquiries • Collections • Credit card up sell 	<ul style="list-style-type: none"> • Inbound customer services • Tele marketing • Customer Service • Help Desk • Skip tracing • Policy renewal calls 	<ul style="list-style-type: none"> • Inbound Support • Tele marketing • Product inquiries • Collections 	<ul style="list-style-type: none"> • Account management • Inbound Support • Tele marketing • Product inquiries • Collections • Sale channel support 	<ul style="list-style-type: none"> • Inbound Support • Tele marketing • Product inquiries 	<ul style="list-style-type: none"> • Inbound payroll support • Tele marketing • Collections • Employee Postal support

ITES-BPO Market Segment Overview

ITES-BPO Market Segments and Functions						
Function	Banking	Insurance	Finance & Accounts	Telecom	Health care	Human Resource
Knowledge Services/ Analytics	<ul style="list-style-type: none"> Risk and credit ratings analysis Portfolio and index analysis Economic/ Industry/ Company profiles Market research & analysis 	<ul style="list-style-type: none"> Providing policy illustration Policy Administration Industry Research Product Design and pricing Market research & analysis 	<ul style="list-style-type: none"> Economic/ Industry/ Company profiles Budget & forecast Capital Planning Market research & analysis 	<ul style="list-style-type: none"> Economic/ Industry/ Company profiles Price Plans Marketing Campaigns 	<ul style="list-style-type: none"> Patent filing Health economics Competitive intelligence Data mining, sequence/structure analysis Market research & analysis 	<ul style="list-style-type: none"> Economic/ Industry/ Company profiles Market research & analysis Compensation benchmarking HR audits
Business Research Services	<ul style="list-style-type: none"> Data mining/ modeling Statistical analysis Market data reporting analysis Portfolio analysis Equity research Financial Analysis 	<ul style="list-style-type: none"> Data mining/ modeling Statistical analysis Market data reporting analysis Portfolio analysis 	<ul style="list-style-type: none"> Data mining/ modeling Statistical analysis Market data reporting analysis Portfolio analysis Financial Analysis 	<ul style="list-style-type: none"> Data mining/ modeling Statistical analysis Market data reporting analysis 	<ul style="list-style-type: none"> Data mining/ modeling Statistical analysis Pricing Market data reporting analysis 	<ul style="list-style-type: none"> Data mining/ modeling Statistical analysis Market data reporting analysis
Technical Support	<ul style="list-style-type: none"> IT Service Management PC Support Management of Information Systems 	<ul style="list-style-type: none"> IT Service Management PC support Management of 	<ul style="list-style-type: none"> Help Desk PC support Application support Problem resolution 	<ul style="list-style-type: none"> Technical helpdesk PC Support IT Help desk support 	<ul style="list-style-type: none"> IT Service Management PC Support Management of 	<ul style="list-style-type: none"> IT Service Mgm PC Support Management of Information

Why are ITES a priority for export

- Facilitate global commerce
- Mode 1 Trade in Services : with ICT/ IT as an Enabler
- Increase FDI
- Increase Revenue
- Increase in the number of jobs (multiplier effect of 4)
- Opportunity for Mode 1 to open up for SMMEs
- Facilitates the bringing of new skills into the economy
- Cuts across a number of sectors and segments (verticals and horizontals)
- Ancillary services
- Global Management Practices
- Other sectors of the Economy benefit
- Country Positioning

Mode 1 : Cross Border Supply :Delivery to another country, from the territory of the supplier.

BPO as a Priority Sector in South Africa

- Business Process Outsourcing and Offshoring has been identified as a priority sector through the AsgiSA initiative given its ability to attract foreign direct investment and create jobs. AsgiSA as a national shared growth initiative seeks to draw on the resources of all sections of society to accelerate growth and ensure the opportunity for employment creation.
 - From around 2003/4 South Africa had a window of opportunity to create up to 100 000 jobs in the BPO sector by 2010. This opportunity arose as a result of rapid growth in the BPO sector globally and allowing South Africa's opportunity for potential growth in the sector. In order to capture that opportunity, South Africa had to move quickly to overcome constraints including high costs relative to other BPO destinations and inadequate skill, experience, investor support and marketing.
-

Initiatives to promote ITES Export

- Starts with a Strategy to be adopted by Parliament
 - Strategies related to Workstreams / identified strategic pillars
 - Identify Niche Offerings
 - Package what the country offers
 - Identify key source markets
-

BRANDING

South Africa

ALIVE WITH POSSIBILITY



www.southafrica.info

KEY BRANDING MESSAGES...



VALUE OFFSHORING SOUTH AFRICA

BPO²SA



Win a rare ounce of Mandela Gold.

Simply attend the Cellphone Banking Presentation...
Presentation: Successful Innovations in Cellphone Banking
Date: 15 November 2007
Time: 12:00 - 12:30pm
Venue: Solutions Theatre 4
 ... answer a question on South Africa to bag the gold.
 Clues available now at the South Africa booth #815.



South Africa is Secure for Investors

From an investor's perspective, South Africa is both secure and attractive. In July 2007 Fitch Ratings upwardly revised its outlook on South Africa's sovereign ratings to "Positive". The ratings remain supported by South Africa's strong banking system, which compares well with that of many developed countries, as measured by Fitch's Banking System Indicator (BSI).

South Africa for Outsourced Banking Services and Solutions

Though banks (anywhere) generally do not outsource key functions and processes, banks in South Africa already feel comfortable in a number of areas:

- Managed Services or Hosted Platform Solutions:
 - By outsourcing the facilities infrastructure management and the general environmental management, banks are able to reduce operating costs significantly, enjoying a "contact centre on demand" arrangement, with quicker time to market.
 - A few thousand bank seats in South Africa are already outsourced in this way.

Debt Collection:

- Banks in South Africa normally outsource "middle stage, late stage and final" recoveries.
- Projections show growth in this area over the next 12 months.

Outbound Telesales:

- Credit card sales, personal loans, overdraft facilities, debt consolidation, home loan lead generation, etc. is outsourced.

- Banks that follow a bank assurance strategy, selling insurance and investment products to their client databases, often outsource the sale of these products.

Note: Benchmarking has demonstrated that contact centres in South Africa offer comparable, if not superior service compared to global standards, with the obvious cost advantages based on the cost of labour.

For further information contact:

Outsourcing Financial Services in South Africa:

Andrew Briggs, MD of Customer Interactive Solutions for Dimension Data
 Cell: +27 83 325 9032
 Email: andrew.briggs@data.com
 Suleman Shauk, CEO of Direct Channel Holdings
 Cell: +27 83 307 0900
 Email: suleman@directchannel.co.za

South African Banks on Outsourcing:

Angus Brown, First National Bank
 Cell: +27 79 872 2922
 Email: info@fpo2sa.org.za
 Andrew Rigg, ABSA Bank
 Cell: +27 82 447 3005
 Email: info@fpo2sa.org.za

BPO Industry Body (BPO4)
 Mr Mthunzi Mthunzi, Chief Executive
 E-Mail: mthunz@bpo2sa.org.za
 Cell: +27 84 722 2206



www.southafrica.info



The most sophisticated Banking Market

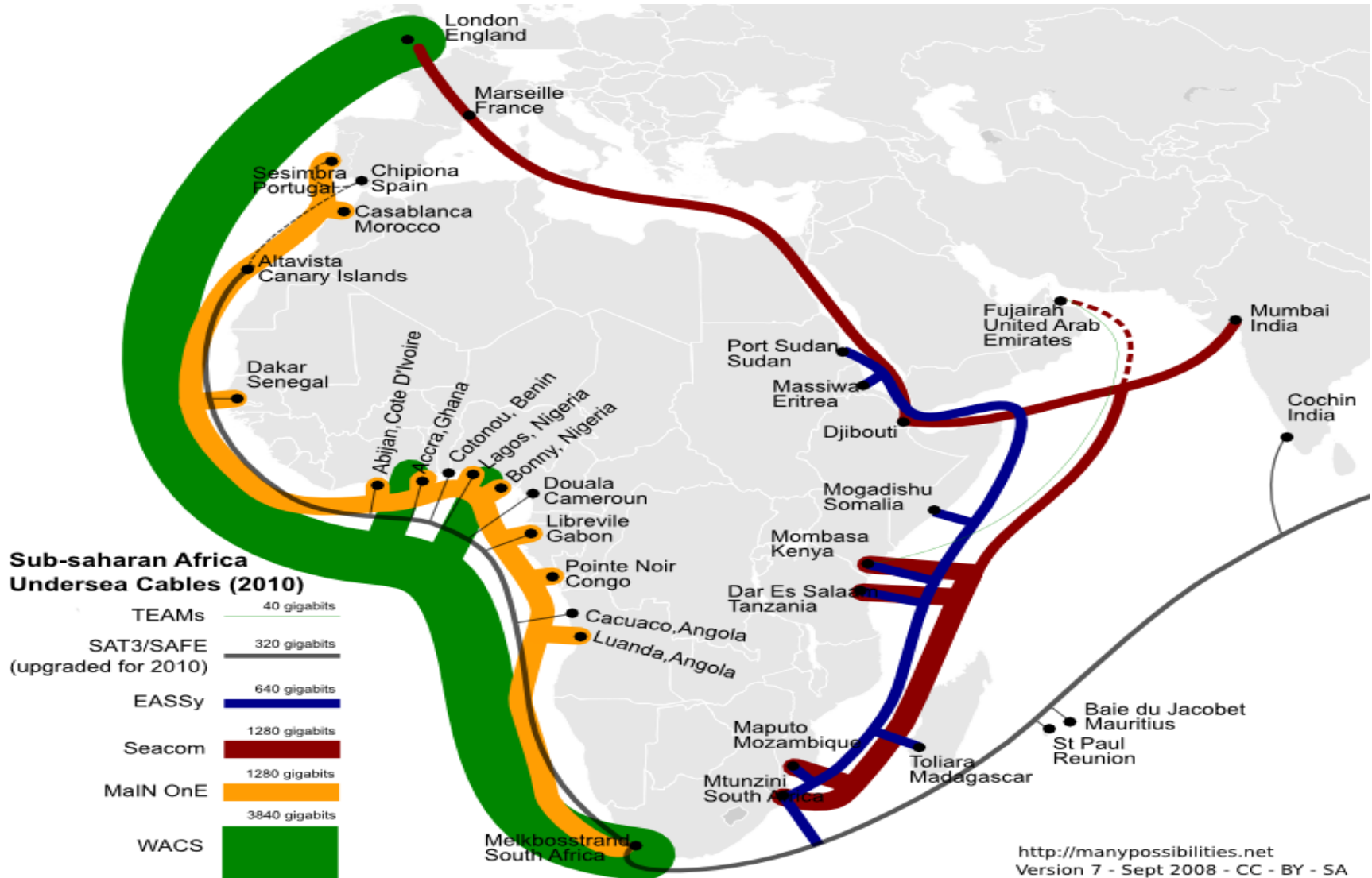


www.southafrica.info

Challenges

- Linkages with the Education System
 - No tax breaks
 - Minimal readily available talent pool
 - Incentives being capex vs opex
 - High cost of telecommunication
 - Infrastructure
 - Supply side constraints (employment laws, affirmative action,)
 - Similar Value Proposition across countries
 - Domestic Market
 - Afro-pessimism
 - Perceptions of Crime
 - Energy
 - Rising inflation, currency fluctuations-volatility
 - Supporting SMMEs
 - Restrictions on government procurement
-

Latest Developments in Telecommunications



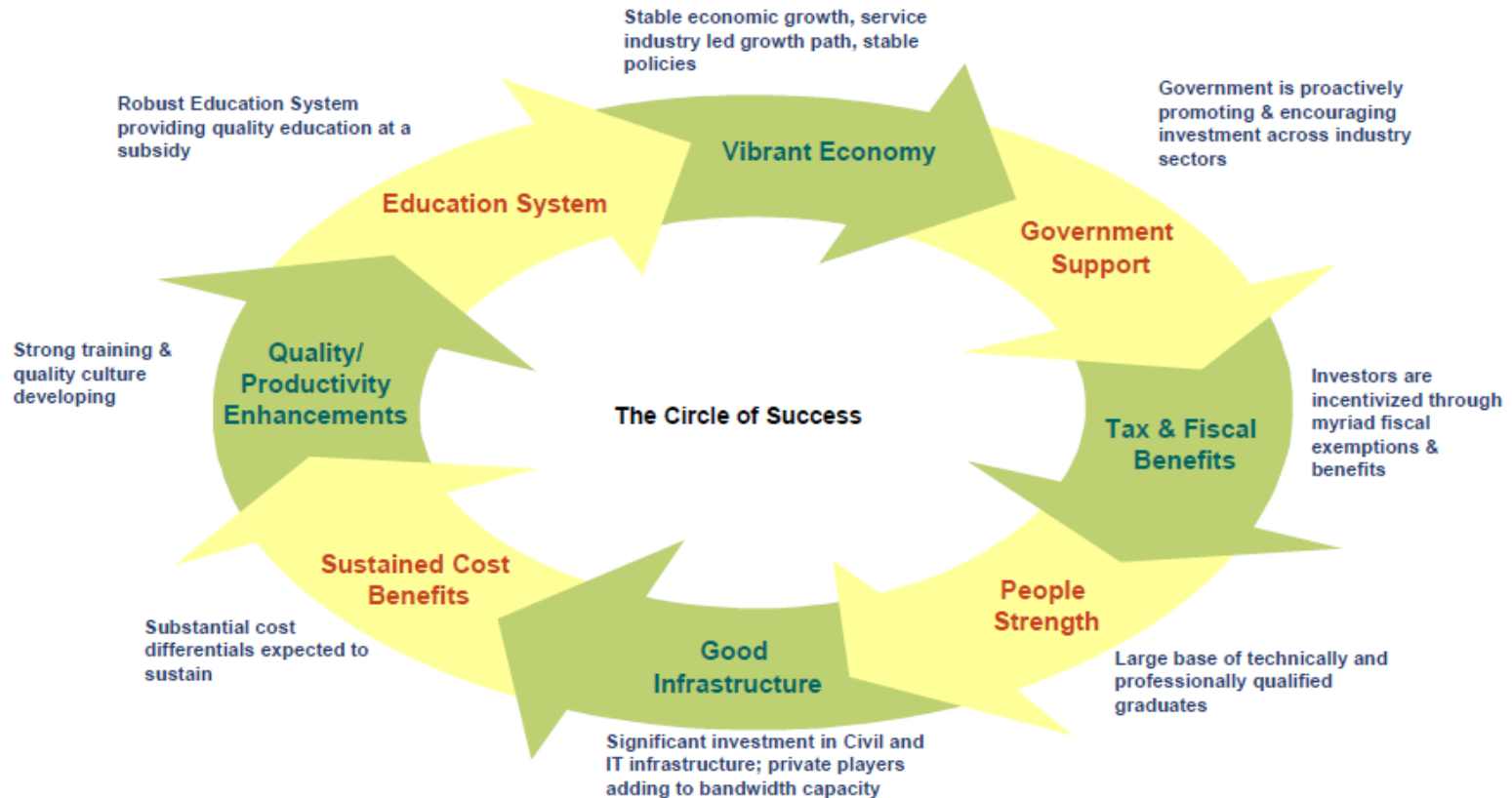
Lessons Learnt

- Develop the sector first then “sell”
 - Country coherence in messaging
 - Government Support is Key
 - Get the foundation right (Strategy, policy, create an enabling environment)
 - Develop a Unique Selling Proposition (Value Proposition)
 - Identify target markets and chase them
 - Partner and collaborate with industry
 - Seeing is Believing !
 - Research ! Research ! Research!
 - Identify niche offering
 - Build an Industry Association
 - Monitoring and Evaluation
 - Continued Government Support
-

Bridging the Gap ...

Drivers of Industry Development – Hewitt’s Point of View

South Africa needs to look at holistic development of the IT / BPO Industry through coordinated and planned implementation ...



Thank You

