2020 KEY INDICATOR REPORT

INSIGHTS INTO THE WESTERN CAPE BPO SECTOR

CAPEBPO

FROM CAPE TOWN TO THE WORLD

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Foreword by The CEO

I am delighted to present you with the 2020 CapeBPO Key Indicator Report. The year 2020 was a significant time for CapeBPO with three major highlights that stood out – the rebranding of BPESA Western Cape to CapeBPO, dealing with the global social and economic impacts of COVID-19, and the incorporation of the Advisory Board into the CapeBPO structure. These three events have had a significant impact on the strategy and the direction CapeBPO has taken.

The rebranding of BPESA Western Cape to CapeBPO was a deliberate strategy to capitalise on the provincial value proposition and strengthen the public-private partnership between the City of Cape Town, the Western Cape Provincial Government and all of the constituents of the BPO value chain. While a significant number of jobs were lost in most sectors of the economy due to Covid-19, the BPO sector in the province proved to be resilient by posting 5,644 new jobs in the reporting period. There is a dedicated section in the report discussing the swift transition by BPO companies in the province, from on-premise delivery to home-working during the mandated Covid-19 lockdown. The Advisory Board has been instrumental in driving projects within our three main pillars: investor promotion, industry development and skills development. To date, the Advisory Board has done tremendous work in steering the direction of the afore-mentioned strategic drivers. It has identified four key clusters within which all activities will be focused, namely, 'Destination Cape' (marketing and investor promotion), 'IT and Digital', 'Skills Development' and 'Human Capital'. An overview of all identified focus areas and planned activities will be found within this report.

The intelligence and frequently asked questions regarding the Western Cape BPO sector are comprehensively covered in this report. The BPO sector in the Western Cape accounts for over 50% of the international BPO market in South Africa, with a headcount of over 42,000 agents. This report provides insights into the major source markets for service export into this province. In addition, a synopsis of the Western Cape value proposition is included to showcase the geographical strengths in terms of institutional support, skill diversity and the city's lifestyle. Ancillary to this is Table Mountain and the wine!

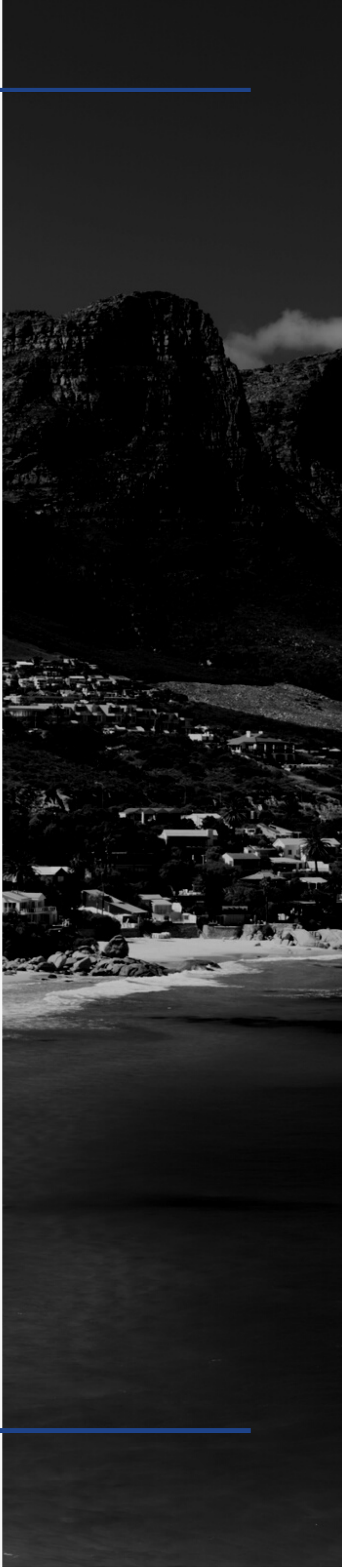
The flagship event, the CapeBPO Awards, which will take place in Cape Town in May 2022, will give us an opportunity to do two things: firstly, to recognise all the regional BPO employers and employees who are delivering the exceptional customer service which has become synonymous with the region, and secondly, to give prospective investors a first-hand experience of the capabilities of the key differentiating factor over other geographies, our people!

In harnessing the opportunities brought about by the fourth industrial revolution, the remote-working model, and the adoption of digital workers in the digital economy, there is renewed effort to develop the relevant skills to meet this new demand. In partnership with stakeholders, CapeBPO has undertaken the delivery of various training programmes and initiatives to create additional talent pipelines to introduce into the BPO sector within the Western Cape. These programmes focus on building talent within our three key skills strategic focus areas, namely work readiness, leadership, and demand-led domain academies. Over the past year, together with our delivery partners and the operator community, the various training initiatives, which have been predicated on either the accredited learnership or specialised skills programme model, have provided learning and gainful employment opportunities to over 1,500 previously disadvantaged and unemployed youth. CapeBPO also partnered with the City of Cape Town, the Western Cape Provincial Government and the College of Cape Town to establish a BPO skills academy and campus, which will be a brick-and-mortar campus, ensuring that the supply of required skills will meet demand.

In closing, I would like to take this opportunity to thank my predecessor, Gareth Pritchard, for his support, guidance, mentorship, and friendship over the past four years. His undeniable impact and contribution to this organisation and the broader sector are superseded only by the legacy that he leaves behind. Under Gareth's leadership, theBPO sector in the Western Cape has seen exponential growth, evolving from a mere4,000 employees in 2011 to over 42,000 in 2021! This speaks volumes of the tremendous work that has been done over the years. He remains one of the founding fathers of BPO in the province and the country, and we are grateful that we will continue to benefit from his expertise.

Thanks to the unwavering support of all stakeholders, BPO in the Cape is thriving…long may it continue!

Clayton Williams



Advisory Board

Focus Areas and Planned Activities

In this section, we provide an overview of the focus areas and planned activities of the Advisory Board. It has been instrumental in driving projects within CapeBPO's three main pillars: investor promotion, industry development, and skills development. To date, the Advisory Board has done tremendous work in steering the direction of the afore-mentioned strategic drivers. It has identified four key clusters within which all activities will be focused, namely, 'Destination Cape' (marketing and investor promotion), 'IT and Digital', 'Skills Development' and 'Human Capital.' The activities and the focus areas are discussed in isolation below:

Destination Cape Town

- The cluster's focus areas include promoting voice, brand identity, and highlighting the region's unique offering and value proposition. The discussion centres on industry UPS – what does Cape Town have vs what South Africa and the rest of the world have, potential support from the government, and the idea of a consortium which is explained in the marketing section 3.1.
- New ways of working – reimagining the contact centres; how does the BPO industry fit in with the digital revolution? The key activity was identifying the agent today, the agent of the future, and what aspect of the people will be replaced by digitisation.
- People dynamics – focus on industry rather than supplier-specific. What is the pool of available resources; what skills and skills sets are available; how do you recruit and train; how long do you keep staff; what is the industry average tenure attrition and how does this vary in the sector. The group generally agreed that voice would be around for many more years. The human role will always be required, even in the future.
- People leadership talent-management – where does the leadership come from, perceived gaps, and how is talent managed across the industry.
- People support functions – what support is available to support the BPO resource scheduling, projects, change and transformation.
- Geography – what is available in the domain, what is available in each region, who is operating where and with which clients, and how does it split between tier 1 and tier 2.
- Work from home – the challenges faced and the discussions of the turnaround time to take agents from office to home.
- Exploding the myth of security – there were discussions on identifying UK media companies who can publicise the news, whether good or bad, on digital security.
- Industry relations – the focus is on the reliability of staff and what support is available to encourage attendance.

- Technology -what is the tech infrastructure for the region. Where do South Africa and Cape Town sit in the hierarchy of talent and capability?
- Incentives – what is available to show potential clients. It was noted that how to access skills incentives was not clearly explained.
- Corporate and social responsibility – what is available to the client as a force for good community activity?
- Visas – can we get a client-side resource to help implementation?

Skills Development Cluster

- The group's objectives are to review the skills focus areas that would help achieve the goal of building and entrenching a compelling talent and skills value proposition.
- The objectives for the skills cluster are:
- To leverage, showcase and package the Cape's skills capability and development initiatives commoditising them for global competitiveness.
- Establishing the confidence in our sectors and ability to respond to and embrace the evolving digital transformation due to our future fit, digital behavioural, and leadership skill set.
- Think tanks on how skills became our differentiator in the global market both in terms of what we have and how we develop and improve continuously.

The following topics were discussed:

- Sourcing of skills
- BPO career development
- Leadership in the BPO
- Work readiness

IT and Digital

Webinar 1: How digital workers are transforming the contact centre industry
Webinar 2: The changing role of human agents and what we can do to better enable them
Webinar 3: The IT Infrastructure needed for South Africa's outsourcing industry to thrive

The group objectives are centred around answering questions on how to make The Western Cape BPO environment relevant within the digital economy. The first workshop asked questions on the economy and the digital space, exploring how BPOs train the digital workforce. The workshop helped attendees to understand challenges and help unlock the value proposition. The second workshop was on unlocking the digital workforce. The aim is to unlock what infrastructure is needed, cost structures, work from home, electricity, security, and IT hardware.

Attendees from private or government sectors were invited to come up with design thinking and answer questions on the practical ways of getting and developing the infrastructure.

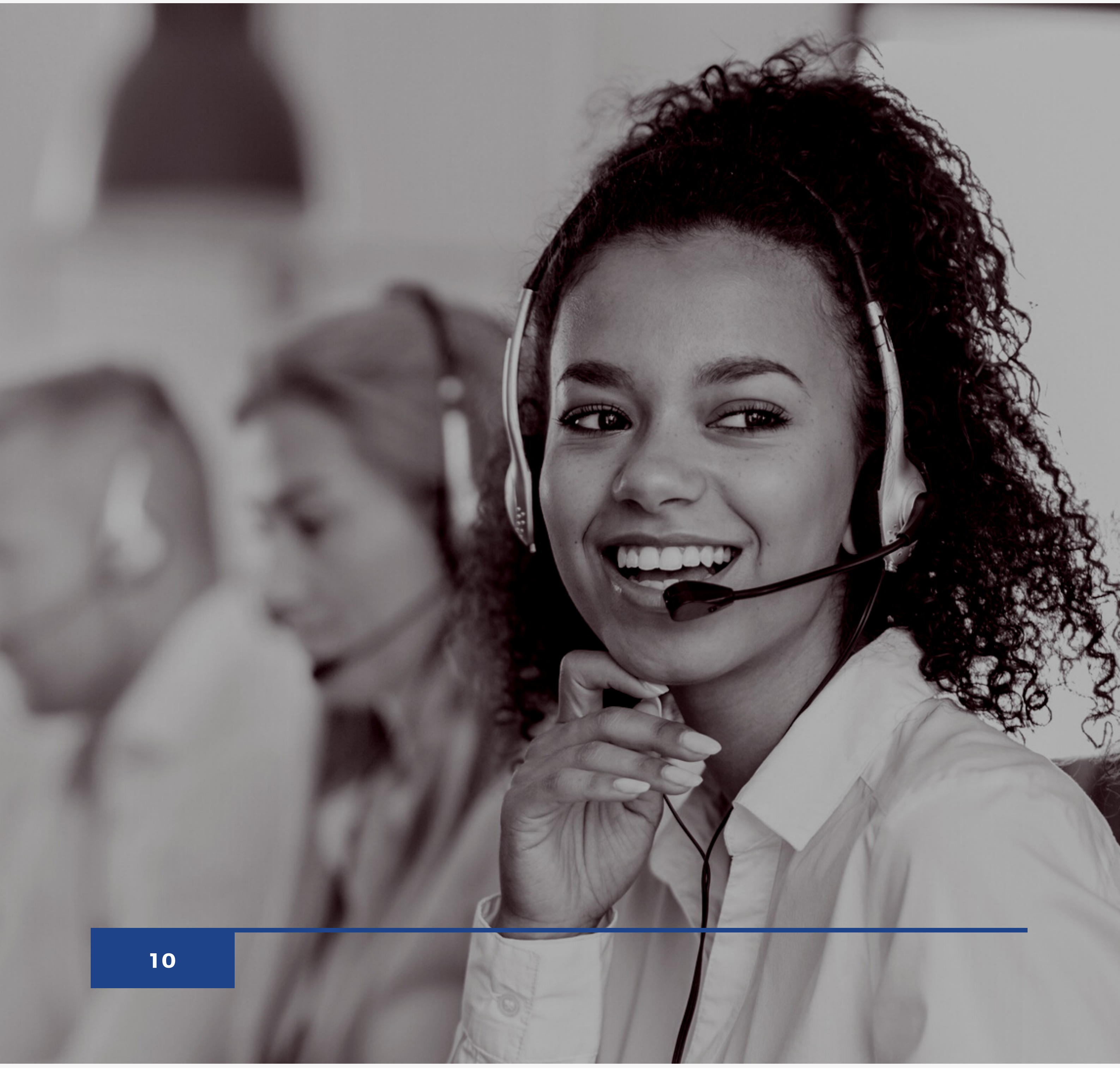
Human Capital

Current discussions are on the awards. Helping the CapeBPO team craft the best awards event and process.

The group also discusses identifying the desire to attract new businesses by showing better productivity. It is agreed that engaged staff are more productive. The group also agreed that provision needs to be made for smarter and more relevant ways to engage with employees at organisational levels moving forward.

Sub-categories for the cluster included:

- Employee engagement
- Employee wellness
- Rewards and recognition
- Sector awards



Introduction CapeBPO Industry Research

CapeBPO is the City of Cape Town and the Western Cape's strategic business partner responsible for the growth and development of the BPO industry in the Western Cape.

CapeBPO's 2020 Key Indicator Report brings a comprehensive view of business process outsourcing services. The report aims to provide an in-depth view into the workings of an industry that disrupts the playing field of business services. Respondents were selected from domestic and international markets, totaling 28 operators within the Western Cape. In addition, focus group sessions were held to get an even deeper view of the industry's perceptions, opportunities, and challenges. Please note that in some instances, there is no data for comparison in 2019 and 2020. This is due to the Covid-19 lockdown, which restricted the collection of data. Focus group participants mentioned that the province provides a consistent service: it has a suitable value proposition with well-managed and highly skilled talent that delivers great customer service.

On the Western Cape BPO's agenda is to scale this "package". Operators need the ability and power to endure and prosper in the face of challenges and disruptions within their micro- and macro-environments. The South African BPO sector has shown incredible resilience in the face of Covid-19, moving contact centre agents to a work-from-home model speedily and efficiently to ensure that clients' operations could continue as usual.

To be continuously perceived as the destination of choice for business outsourcing services, the industry needs to scale. With scaling comes a multitude of opportunities and challenges. An important factor is to find an adequate number of skilled people to go into scaling mode. Digital advancement is at the core of scaling effectively, and there needs to be a healthy partnership between people and digital tools to do so effectively.

Access to benchmarking salaries: percentiles as well as distribution with company selecting the margin of outliers to include.

Access to range of options from benchmarking, comparisons and trends.

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ABOUT US

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An Overview of the Western Cape as BPO Destination of Choice

Why the Western Cape

South Africa is the most favoured offshore Business Process Outsourcing (BPO) destination for 2021. This is according to the annual Ryan Strategic Advisory Front Office BPO Omnibus Survey, which surveyed 600 executives from eight sourcing markets.[1]

The Western Cape's BPO sector is one of the few promising sectors in a struggling economy – it has been described as "an island of hope". CapeBPO reports that 5,644 full-time jobs were created in the Western Cape BPO sector in the 2020/2021 financial year. This brings the total agent headcount to 41,128 in 2020 compared to 35,484 in 2019. This job creation may be attributed to work done by CapeBPO as well as the Department of Economic Development and Tourism's work and skills programme. An additional R98.8 million from the National Skills Fund will be used to provide experiential learning opportunities to 3,000 unemployed youth.

With these impressive statistics and recognition, the Western Cape BPO sector is undoubtedly in a favourable position to make a lasting impact by providing local and international businesses with exceptional outsourcing services and job creation opportunities for many unemployed youths.

The agility that the sector has shown during Covid-19 is a testament to the intent of BPO operators and the government to grow the industry into a world-renowned destination of choice for outsourcing services. One thing is for certain – change is a constant. By keeping the momentum and attaining expert-level customer and client service, the industry is well on track to maintain its standing in the market.

The South African BPO sector has a favourable reputation for being "reliable, cost-effective, and high-quality".[2] Armed with a solid reputation, together with a pool of talent and the government's investment in the sector, the South African BPO industry has a good foundation to scale. Western Cape BPO operators have great passion, pride, and excitement for the industry.

Information and Communications Technology (ICT) can be considered the foundation for collaboration across sectors for investment impact and growth. BPO is an essential industry to drive business transformation. With a lot more investment in learning, development, and people than ever experienced before, the Western Cape BPO sector provides a wealth of career opportunities. Operators and clients realise that solid people practices are a business-critical element.

The Western Cape is positively perceived by international buyers and operators as investment into the province continues to grow. The province is ideally located and sits with a large pool of available candidates that are accessible and trainable. The neutrality of accents is another favourable aspect that lends to its standing in the market. South Africa's unemployment rate remains a challenge, especially amongst young people; however, the high quality of available talent is promising. The youth have positive attitudes and see placements as aspirational. They are also perceived as empathetic with the ability to understand what is not said.

Cape Town – the ultimate lifestyle city – is known for its breath-taking views, accessible facilities, and top-class entertainment and restaurant settings, which ultimately help retain staff. It's the ideal place for foreign investment – as is the case with the arrival of one of the biggest multinational companies, Amazon.

[1] *IOL. https://www.iol.co.za/capeargus/news/bpo-sector-success-and-growth-creates-island-of-hope-in-western-cape-d8f625e0-fffa-468a-b4ea-76be7475160c*

[2] *McKinsey & Company. Driving economic recovery in South Africa's BPO industry. https://www.mckinsey.com/featured-insights/middle-east-and-africa/driving-economic-recovery-in-south-africas-bpo-industry#*

Large Multinational Footprint

Retail giant, Amazon, is expanding into Cape Town. The R4 billion River Club mixed-use development will be the new home of Amazon in Africa. It's estimated that 3,000 new jobs will be created to provide customer service to its North American and European customers – totalling 7,000 jobs in South Africa, making it one of the largest tech employers in the country.[3]

The fact that Amazon chose Cape Town (and the Western Cape has demonstrated its ability to support its virtual workforce) has increased the perception of the province as a BPO destination of choice. Big multinationals have shone the spotlight on the Western Cape.

The establishment of large multinational companies increases the positive perception of the Western Cape, which is considered a Tier 1 destination for BPO services, as described in the aforementioned sections.

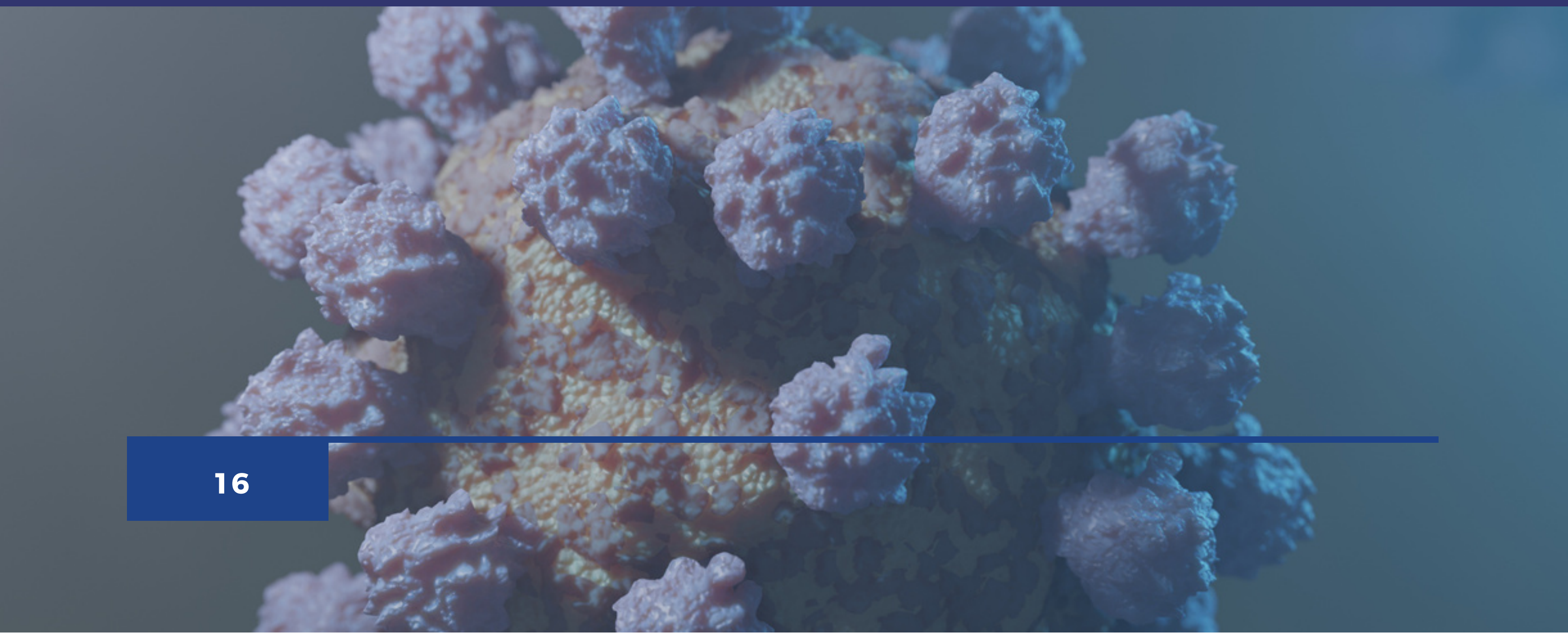
[3] *MyBroadband. Amazon is hiring in South Africa – including work-from-home jobs.* https://mybroadband.co.za/news/business/395645-amazon-is-hiring-in-south-africa-including-work-from-home-jobs.html

The Covid Effect: BPO Shows Resilience as an Essential Service

The South African BPO sector has shown incredible resilience with the outbreak of the Coronavirus pandemic. The industry's quick response in March 2020 has catapulted its standing as a key component of business continuity in various sectors. Focus group participants mentioned that operators and investors are even more positive than before Covid-19 due to the agility the sector has shown. BPO operators had to move to a work-from-home model in less than a month – staff had to receive the necessary equipment and technology to ensure a seamless transition with minimal disruptions to business services. It's estimated that 70% of the Western Cape's BPO staff were working from home.

The South African government granted the industry essential service status, meaning that BPO operations continued to operate during the pandemic. This ensured no service interruptions by operators in servicing its local and international clients. South Africa's hard lockdown, which started on 26 March 2020, meant that only essential service providers could operate under nationwide restrictions.

From CapeBPO's industry study, it is clear that the quick response to the work-from-home model meant that there were limited interruptions to services. Understandably, there were some challenges – as would be the case when transitioning many people and their equipment to a new working environment. Apart from these challenges, people managed well and were productive; there was a huge relief that they could still work. The fact that call centres were classified as essential services made a big difference.



Overcoming Constraints Head-On

The following graph shows whether BPOs faced any supply-side constraints due to the lockdown in 2020.

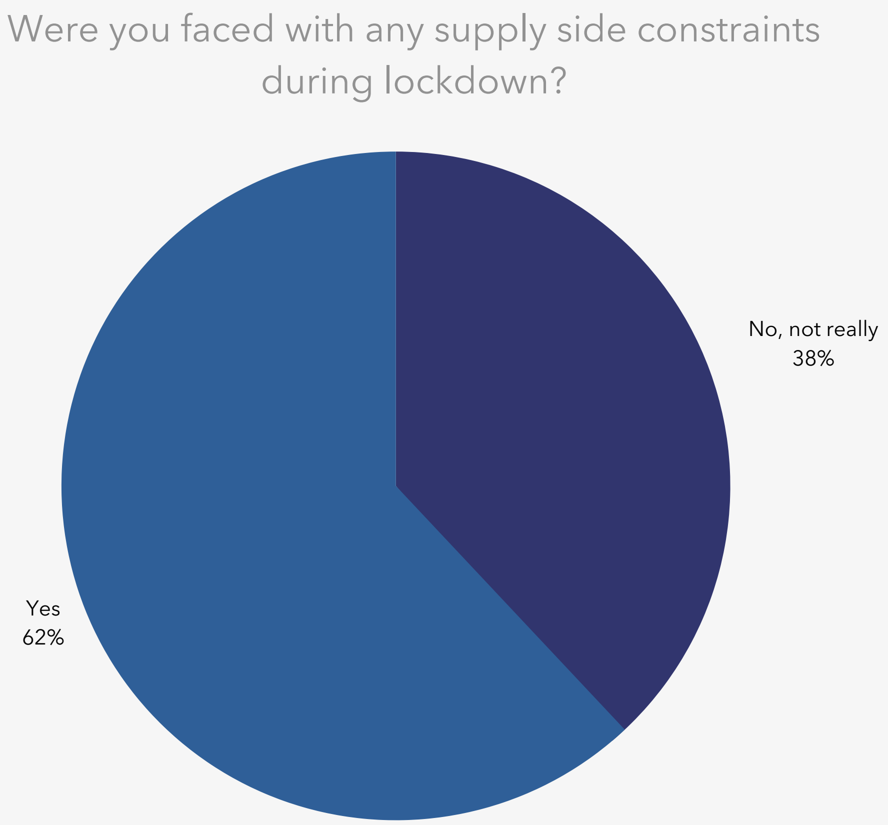


Figure 1 Supply-side constraints during lockdown

38% of operators who took part in the study said that they did not face any supply-side constraints due to the initial lockdown in March 2020; however, 62% had various challenges to overcome.

Supply-side constraints during lockdown

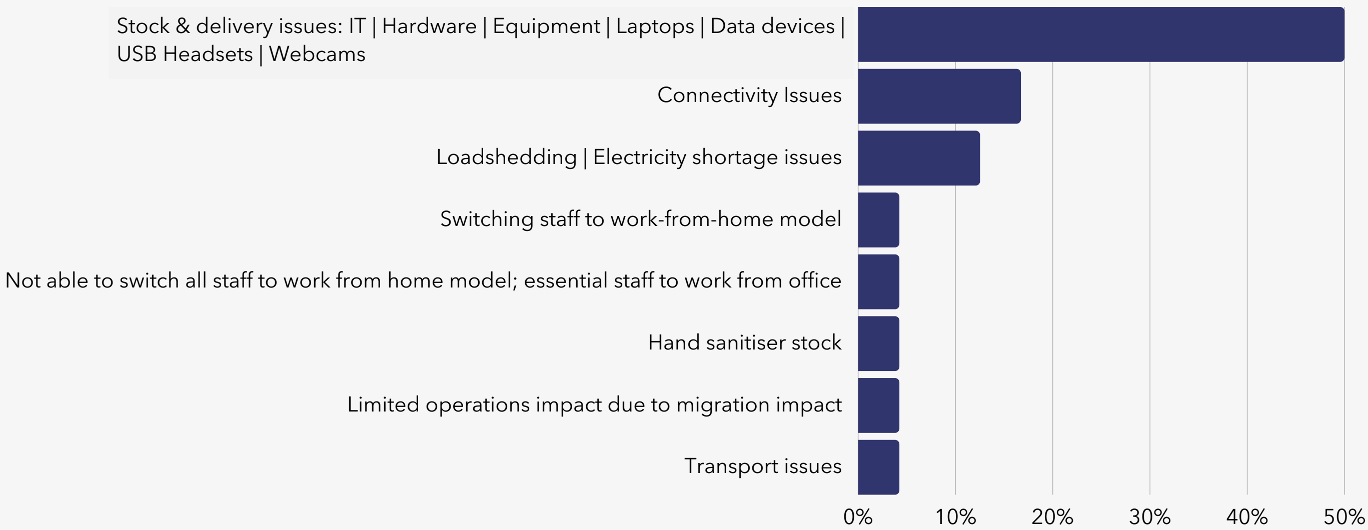


Figure 2 Specific supply side constraints during lockdown

The biggest restraint was stock and delivery issues for IT, hardware, equipment, laptops, data devices, USB headsets, and webcams (50%). Other problems related to connectivity (16,7%), load shedding and electricity shortages (12,5%), switching staff to the work-from-home model (4,2%), not being able to accommodate all staff to work from home (4,2%), hand sanitiser stock (4,2%), and transport issues (4,2%). Some operators experienced limited operations impact due to mitigation plans (4,2%).

Risk mitigation plans remain an important governance procedure to handle any challenge head-on.

In the face of the Coronavirus pandemic, operators had to move their workforce to a work-from-home model practically overnight. Considering the vast amount of people working in the industry, the Western Cape did well with operators transitioning to remote working to ensure business continuity. However, the move was not without its constraints. Figure 3 shows some of the challenges companies had to overcome.

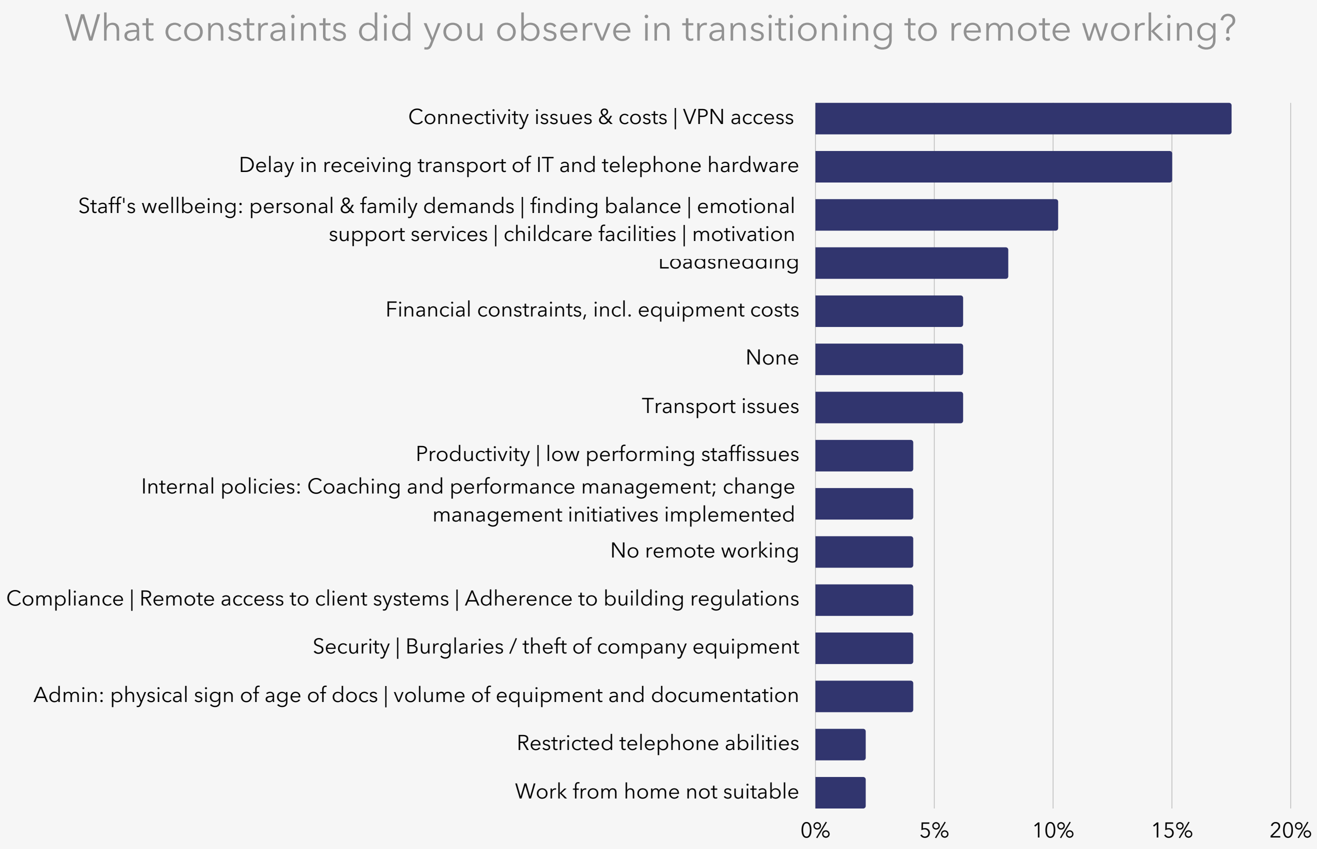
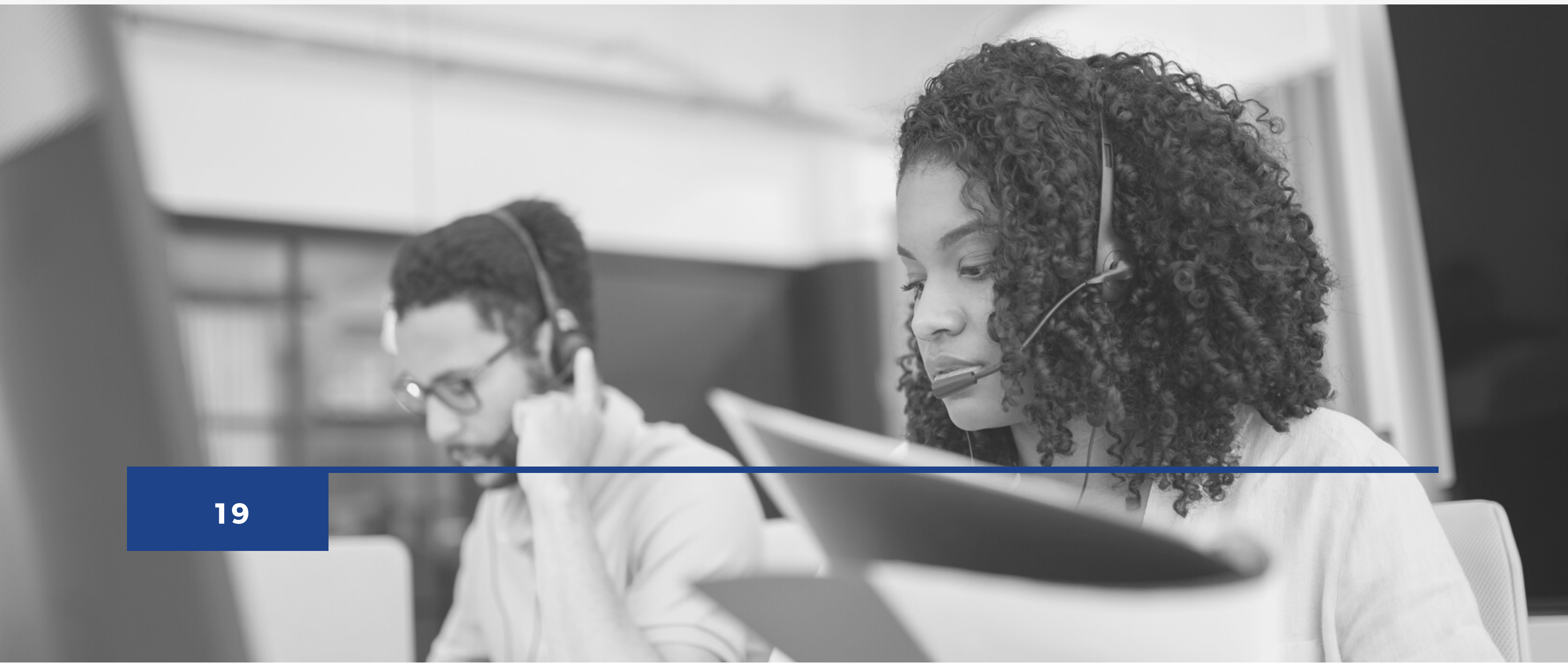


Figure 3 Constraints transitioning to remote working

The biggest constraint in transitioning to remote working was connectivity, including costs and VPN access (17%). Another big constraint was the delay in receiving and transporting IT and telephone hardware to agents' homes (14,9%). The well-being of staff was an additional factor that operators had to overcome, namely personal and family demands, finding a healthy balance, emotional support services, childcare facilities, and motivation (10,6%). Load shedding remained a significant restraint that operators also had to deal with when moving to the work-from-home model (8,5%).
There were also financial constraints as operators had to transport equipment to workers' homes (6,4%). Other constraints mentioned include none (6,4%), transport issues (6,4%), productivity (4,3%), internal policies (4,3%), compliance (4,3%), security challenges, (4,3%) additional admin (4,3%), and restricted telephone capabilities (2,1%).



The following graph shows whether remote working has affected staff collaboration.

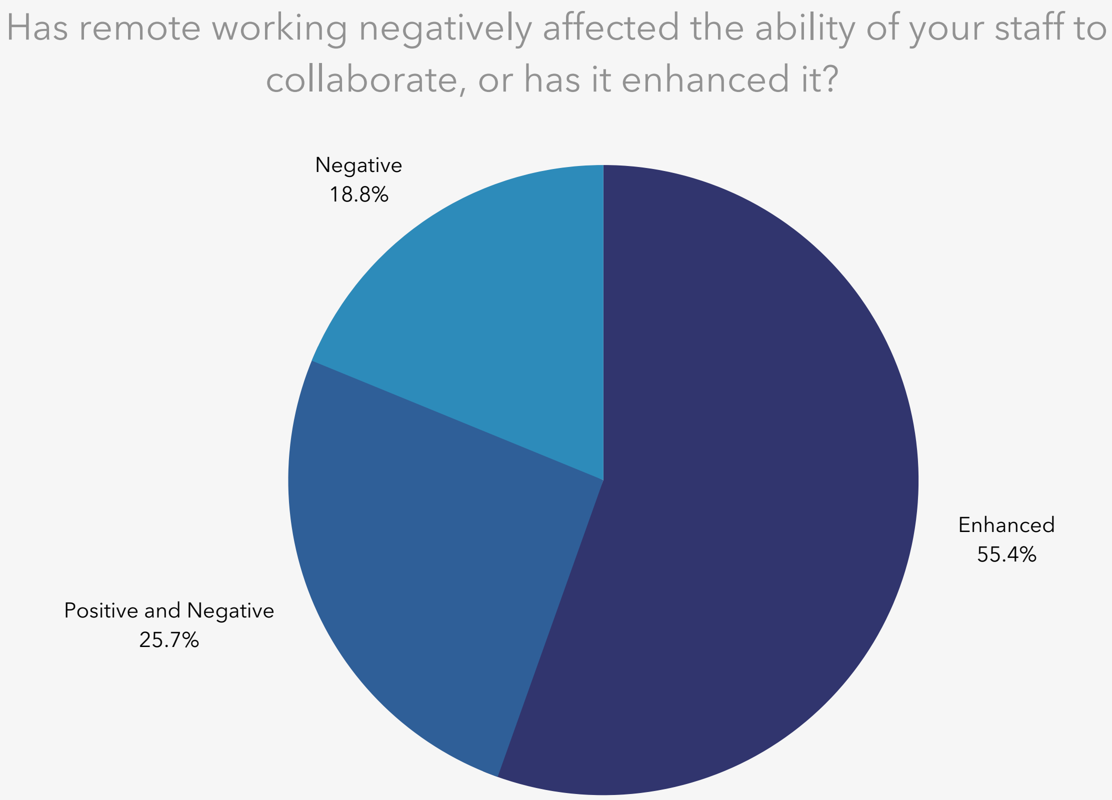


Figure 4 Effects of remote working on staff collaboration

Despite all the challenges associated with Covid, operators adapted quickly, with 56% stating that remote working has enhanced team collaboration. A quarter (26%) said that it had both negative and positive effects on collaboration, and 19% believed that it had been negatively affected.

The reason for enhanced collaboration was increased communication where decisions were reached quickly; there were frequent check-ins, and communication took place on all levels. The respondents also mentioned that staff were more productive and could manage themselves. Also, by having improved processes, seamless interactions could take place, and operators had the opportunity to upskill and involve staff cross-functionally. The remote working model also meant that staff were more productive and willing to work overtime as they did not have to make long commutes to the office. Staff also felt safer at home from a health perspective.

On the negative side, remote working had an impact on team morale and collaboration at some operators. Connectivity, load shedding, and bandwidth constraints made it difficult in some instances, as well as space constraints for certain employees who didn't have adequate office space in their homes.

A Hybrid Approach to Working - The New Normal

The following graph depicts whether operators will continue with remote working permanently or adopt a hybrid approach.

Do you think that in the post-pandemic period, you will continue with remote working on a permanent basis, or would you be likely to adopt more of a hybrid model?

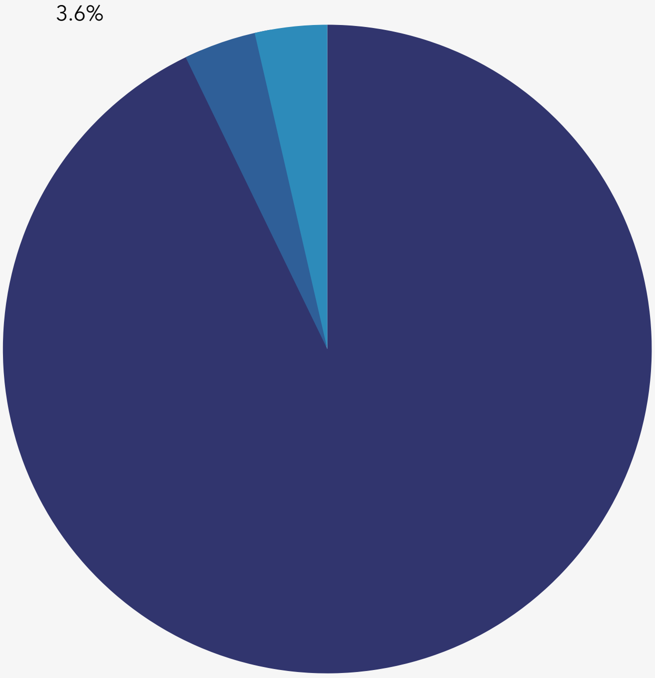


Figure 5 remote working in future

It was estimated that 70% of Western Cape BPO staff worked from home during 2020. The vast majority said that they would implement a hybrid approach post-pandemic (92,9%). The rest, in equal amounts (3,6%), said that they would implement both full-time remote and a hybrid approach, as well as the potential of only remote work.

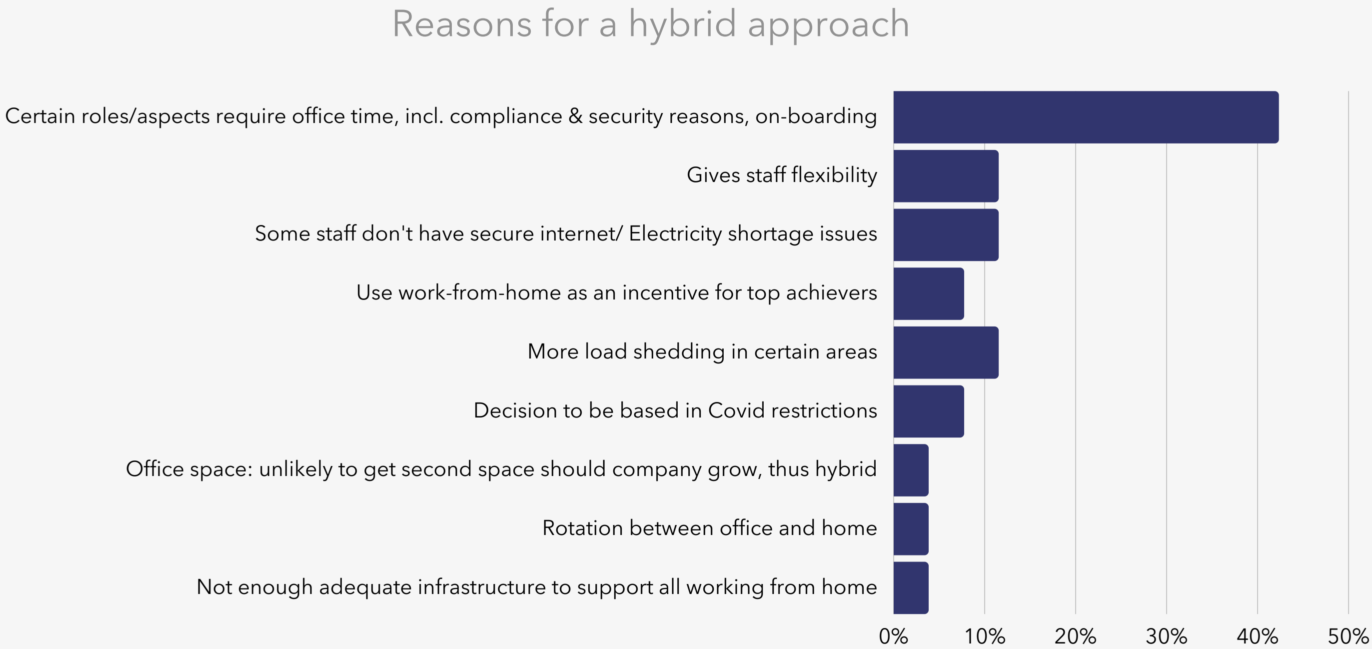


Figure 6 Reasons for a hybrid approach

Operators will incorporate a hybrid approach mainly due to certain roles and aspects within the business requiring office time, which also includes compliance and security reasons and onboarding of new employees (42,3%). Other reasons included the fact that it gives staff flexibility (11,5%), and they will use work from home as an incentive for top achievers (7,7%). Some staff also don't have secure Internet at home, which means that work-from-home is not viable for all agents (11,5%).

Another reason why a hybrid approach could work better is due to some areas experiencing more load shedding than other areas (7,7%). Some operators said they would be guided by Covid restrictions (7,7%), while others will rotate staff between the office and remote working (3,8%). Office space was another factor that had to be considered; some operators mentioned that it's highly unlikely that they will hire a second office space when the company grows. It was mentioned that a hybrid model is a feasible outcome that will not hinder expansion (3,8%). Lastly, some operators don't have adequate infrastructure to support all staff working from home (3,8%).

A challenge mentioned in the focus group discussion was how to manage the virtual workforce, including engagement, performance management, and development.

Work-from-home has been adopted around the globe, and it will certainly be here to stay. We can expect more outsourced services of business functions as companies look for high-value operational solutions.

Sector Analysis: Key Findings

To better understand the current state of the Western Cape's BPO market, this section will provide an overview of respondents' operations, namely operator services, channels serviced, industries, service functions, offshore business, and operating times. The respondents surveyed made up the following markets:

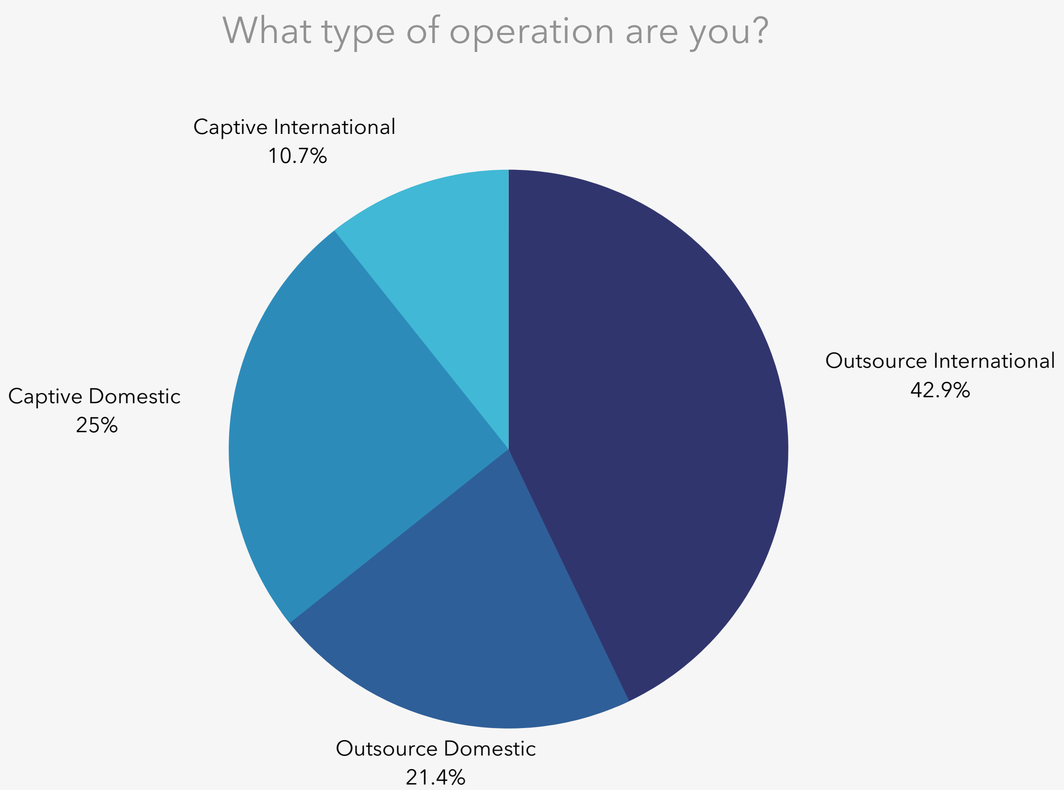


Figure 7 Type of operation

The majority of Western Cape BPO respondents in the 2020 survey were from outsource international operations (42,9%), followed by captive domestic (25%), outsource domestic (21,4%),and captive international markets (10,7%). According to focus group participants, there is a great opportunity for growth and outsourcing opportunities in the Western Cape. In particular, the US is a large market that is relatively untapped in terms of South Africa's involvement. From an investment future perspective, the US is where we should be looking.

The various industries that are serviced are shown on the next page:

Domestic Sector Breakdown

Western Cape Vertical Breakdown

	Western Cape								Between 2018 and 2020	
Vertical	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2020**	**Difference (% points)**	**% Change**
Financial services	35.2%	41.2%	44.4%	43.8%	25.7%	40.4%	32.3%	28.1	-4.2%	-13.1%
Retail	12.0%	24.9%	7.5%	11.6%	15.4%	17.2%	19.5%	24.2	4.6%	23.2%
Telecoms	11.7%	9.8%	15.9%	19.3%	30.6%	15.7%	17.9%	16.3	-1.6%	8.8
IT	5.9%	1.5%	2.2%	6.1%	4.2%	3.9%	4.5%	9.8%	5.3%	117.7
Utilities/Energy	1.6%	2.9%	4.4%	4.6%	7.6%	4.4%	5%	11%	6%	120.9
Transport/Travel	2.4%	5.2%	5.1%	4.4%	5.5%	7.7%	8.75%	4.7%	-4%	-46.3%
Healthcare	6.4%	4.1%	0.4%	0.6%	3.9%	0.8%	0.9%	1.5%	0.6%	66.3%
Public sector	0.8%	2.6%	1.6%	2.9%	2.4%	1.2%	1.4%	1.4%	0%	1.2%
Legal	No data	1.7%	8.8%	0.5%	2.3%	1.5%	1.7%	1.1%	- 0.6%	-33.3%
Education	2.4%	0.5%	0.6%	0.3%	0.9%	1.4%	1.6%	0.3%	-1.3%	-84.2%
Marketing	5.6%	1%	1.4%	0.4%	0%	0.7%	0.8%	0.1%	-0.7%	-92.8%
Tourism	No data	No data	No data	0.0%	0%	0.7%	0.8%	0.1%	-0.7%	-92.9%
Media	5.6%	1.2%	0.7%	0.6%	0%	0.2%	0.2%	0%	-0.2%	-85.5%
HR outsourcing	No data	No data	No data	No data	No data	0.7%	0.8%	0%	-0.8%	-100%
Security	1.6%	1.1%	0.7%	0%	0.2%	0.7%	0.8%	0%	-0.8%	-100%
Other	8.8%	2.3%	6.1%	4.7%	1.3%	2.9%	3%	1.5%	-1.5%	-50%
	100%	100%	100%	100%	100%	100%	100%	100%		

Table 1 Verticles serviced in domestic market

The table above highlights the Western Cape sector breakdown of the different verticals serviced in the Western Cape from 2012 to 2020. In 2020, the verticals that were serviced the most in the domestic sector included financial services (28,1%), retail (24,2%), telecoms (16,3%), and utilities/energy (11%). Financial services dropped by 4,2 percentage points from 2018 to 2020 (a decrease of 13,1%). On the other hand, retail increased by 4,6 percentage points (an increase of 23,2%). Further noteworthy increases were utilities/energy (an increase of 120,9%) and IT (117,7%).

International Outsourcer Breakdown

	Western Cape							Between 2018 and 2020	
Vertical	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2020**	**Difference (% points)**	**% Change**
Telecoms	14.1%	38.8%	42%	53.7%	27.2%	30.1%	36.2%	6.1%	20.2%
Utilities	5.3%	4.1%	9.2%	9.4&	8.4%	14.5%	24.7%	10.2%	70.3%
Retail	31%	12.6%	12.4%	15.4%	23.8%	24.1%	10.9%	-13.2%	-54.8%
Financial Services	16.5%	11.1%	1.1%	2.3%	11.9%	8.9%	9.7%	0.8%	8.8%
Transport/ Travel	10.5%	5%	7.4%	6.3%	11%	11%	8.4%	-2.6%	-23.2%
Healthcare	2.6%	0.1%	1.2%	0%	0.3%	1.3%	2.9%	1.6%	120.8%
Legal	6.4%	3%	0.3%	3.2%	2.9%	1.2%	2%	0.8%	65.7%
Public sector	1.9%	0.1%	2.3%	0%	0%	0%	1.2%	1.2%	No data
IT	3.6%	1%	18.2%	6%	7.5%	5.8%	1%	-4.8%	-82.6%
Education	2.2%	0.1%	0.7%	1.5%	1.4%	2.3%	0.2%	-2.1%	-91.7%
Marketing	0%	4.3%	0%	0%	0%	0%	0.1%	0.1%	No data
Media	1.1%	0.3%	0.6%	0%	0.4%	0.1%	0%	-0.1%	100%
HR outsourcing	No data	No data	No data	No data	0.1%	0%	0%	0%	No data
Security	4.8%	0.8%	0%	0%	0%	0%	0%	0%	No data
Tourism	No data	No data	0%	0%	0%	0%	0%	0%	No data
Other	No data	18.6%	4.7%	2.2%	5.2%	0.7%	2.7%	2%	286.8%
	100%	100%	100%	100%	100%	100%	100%	No data	No data

Table 2 Verticles serviced in an outsourcer market

The table above highlights the various verticals serviced in the international outsourcer market of the Western Cape. The verticals that were serviced the most in 2020 include the telecoms market (36,2%), utilities (24,7%), retail (10,9%), financial services (9,7%), and transport/travel (8,4%). Telecoms saw a 20,2% increase from 2018 (6,1 percentage points), and utilities increased by 70,3% (10,2 percentage points). Retail decreased by 54,8% from 2018 to 2020 (-13,2 percentage points). Although inbound customer service is the most common service function of BPOs, there are several other business functions that are also outsourced to service providers. These service functions are shown in the following section.

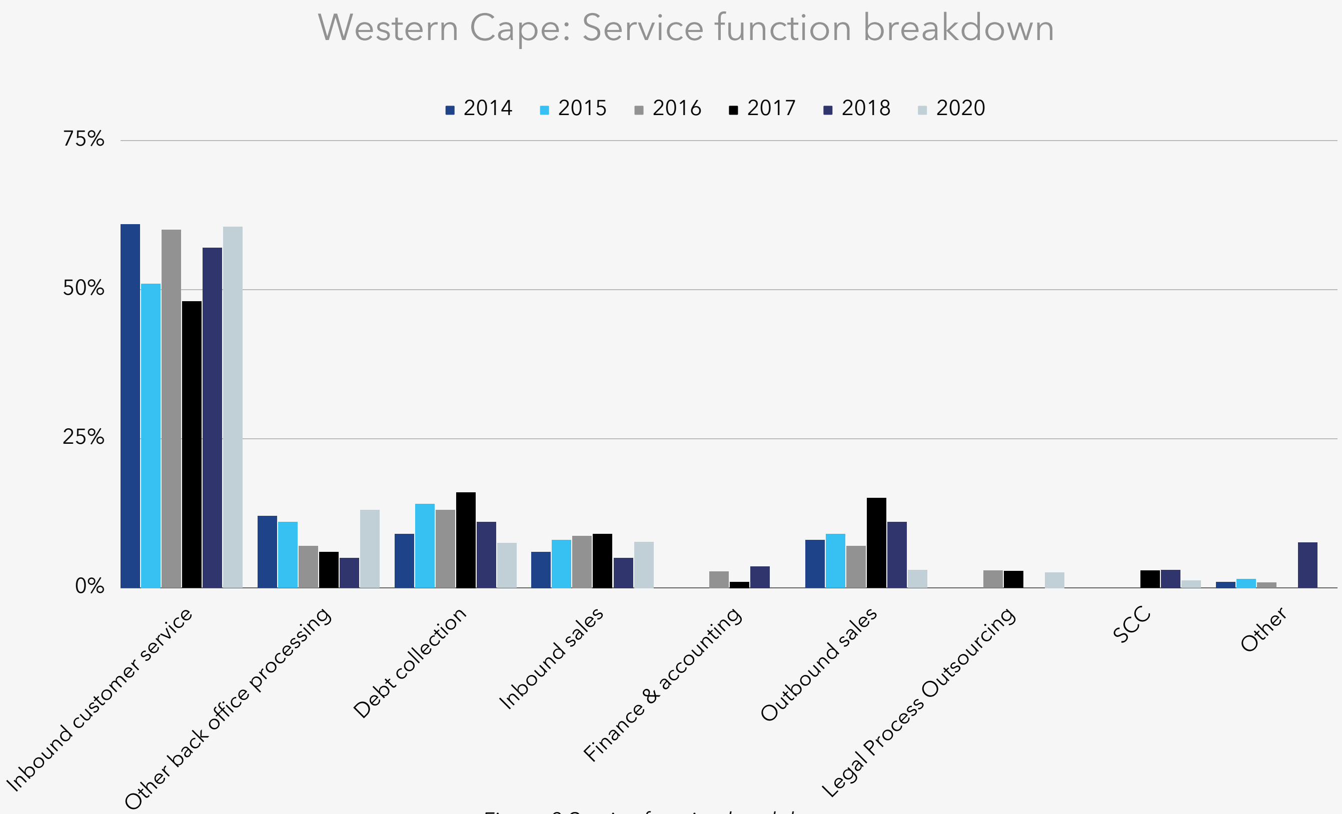


Figure 8 Service function breakdown

The graph above indicates the service function breakdown of the Western Cape BPO industry. For 2020, inbound customer service remained the largest function in the Western Cape (60,9%). Inbound customer service was followed by other back-office processing (14,2%), debt collection (7,7%), and inbound sales (7,5%). From the data, one can gather that debt collection and outbound sales are declining as outsourced service functions; it has seen a steady decline year on year.

Figure 9 below depicts the destinations of operators' offshore business offerings.

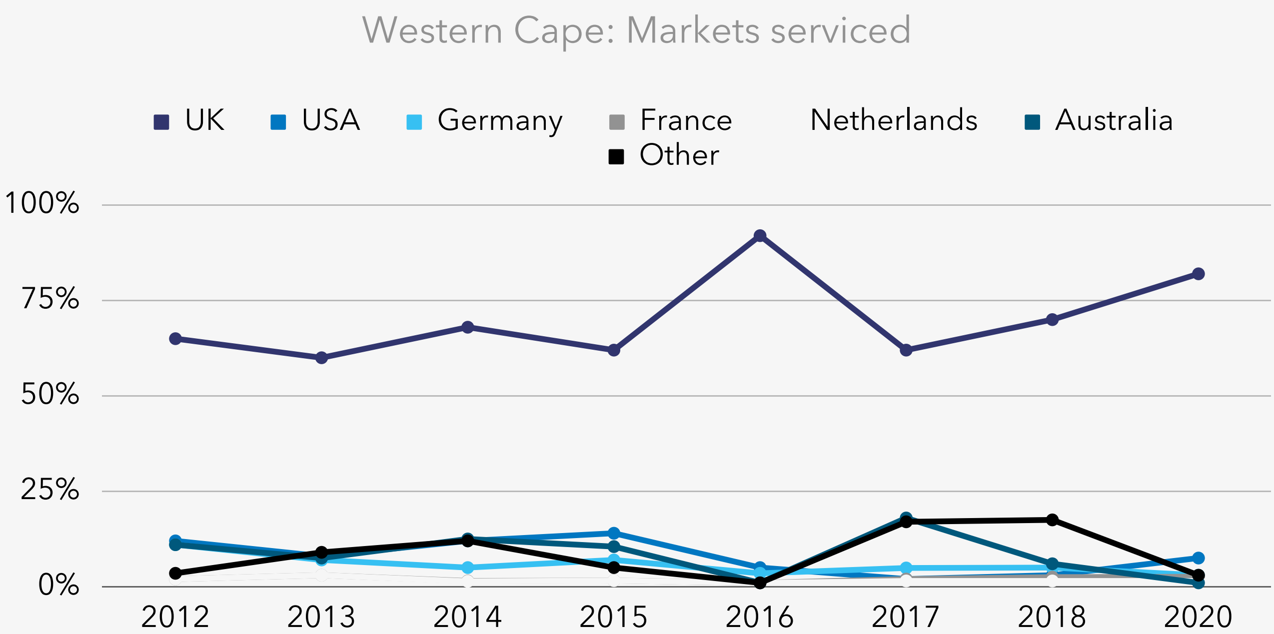


Figure 9 Markets serviced

The graph above highlights the various markets that Western Cape BPO operators serviced. The UK still dominated the market in 2020 at 84% (17,9% increase from 2018).

The USA is seated second at 6,7% (a whopping 573,6% increase from 2018), followed by other markets at 3,6%, Germany at 2,9% (36,8% decrease from 2018), and France at 1,5% (3,8% decrease from 2018).

Focus group participants believe that the initial growth in the Australian market has since gone the other way and petered out. Their experience over the last two to three years is that a lot of Australian organisations want to bring work back to the country. Australian organisations are pulling out of South Africa and other countries, such as the Philippines. The Australian government is giving incentives to companies that re-shore their operations. Furthermore, the market in Australia is a lot smaller. The population is just over 25 million. This is another potential contributing factor.

However, according to focus group discussions, an opportunity has opened up in the country. Previously, it was very costly for the South African BPO sector to set up the hours to service Australian clients. But, with work-from-home solutions being the new normal, it allows for the reduction of costs. Several operators are already set up for 24/7 service, and some have already introduced work from the North American market. Moving forward, we can be a lot more competitive in terms of price for the Australian market.

Regarding the UK market, there are a lot of third-party suppliers that are very competitive. They allow flexibility at comparable prices within the UK itself. This has resulted in a decline in new business coming from the UK into South Africa. Focus group participants noted a trend over the last few years where these organisations are pulling back from South Africa and moving things in-house. Still, the UK remains the biggest market serviced by Western Cape BPOs.

English remains the most prominent language of offshore business. Figure 10 illustrates how much operators' offshore business services other languages.

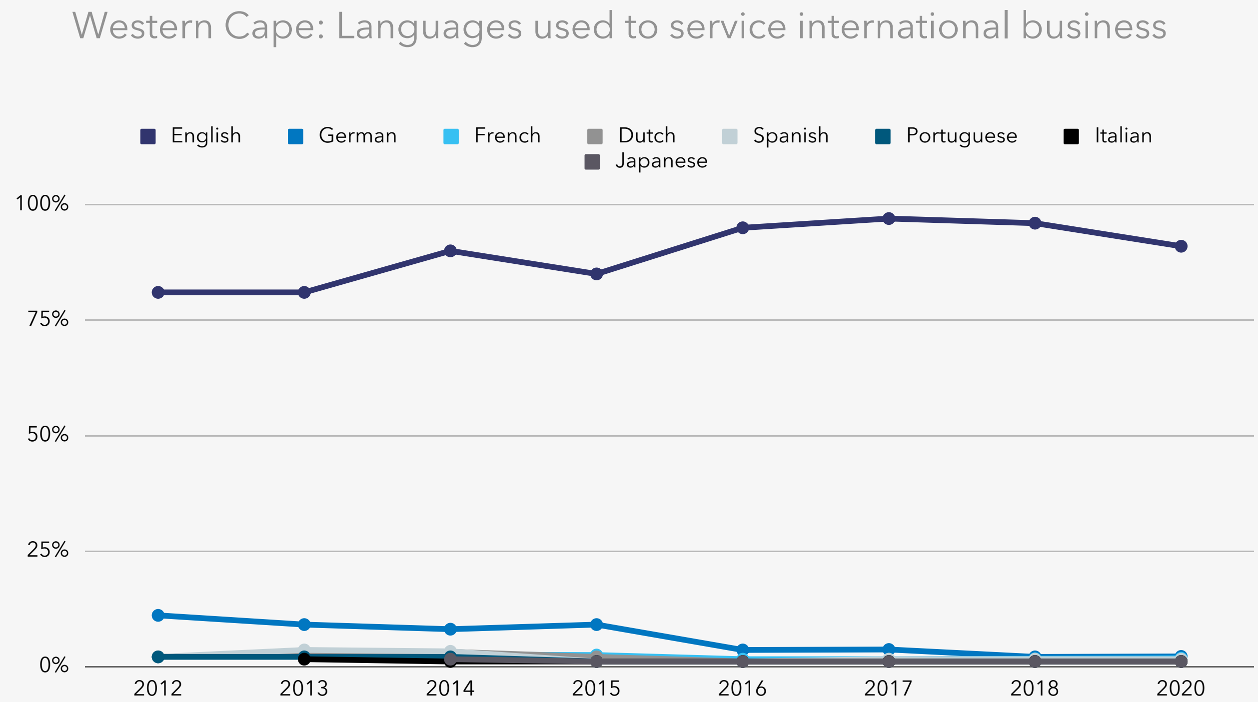


Figure 10 Languages used to service international business

As shown by the graph above, English remained the most prominent language used to service international business at 90,2% (a 5,1% decrease from 2018). German came in second at 2,7% (89,9% increase from 2018), closely followed by French at 2,4% (40% increase from 2018). English remains the dominant language because our major source markets are English speaking. Foreign languages remain a challenge in the Western Cape; this is partly due to the fact that foreign-language speakers are procured at about 15% more than normal agents and are not readily available. Operators' operational times are depicted below.

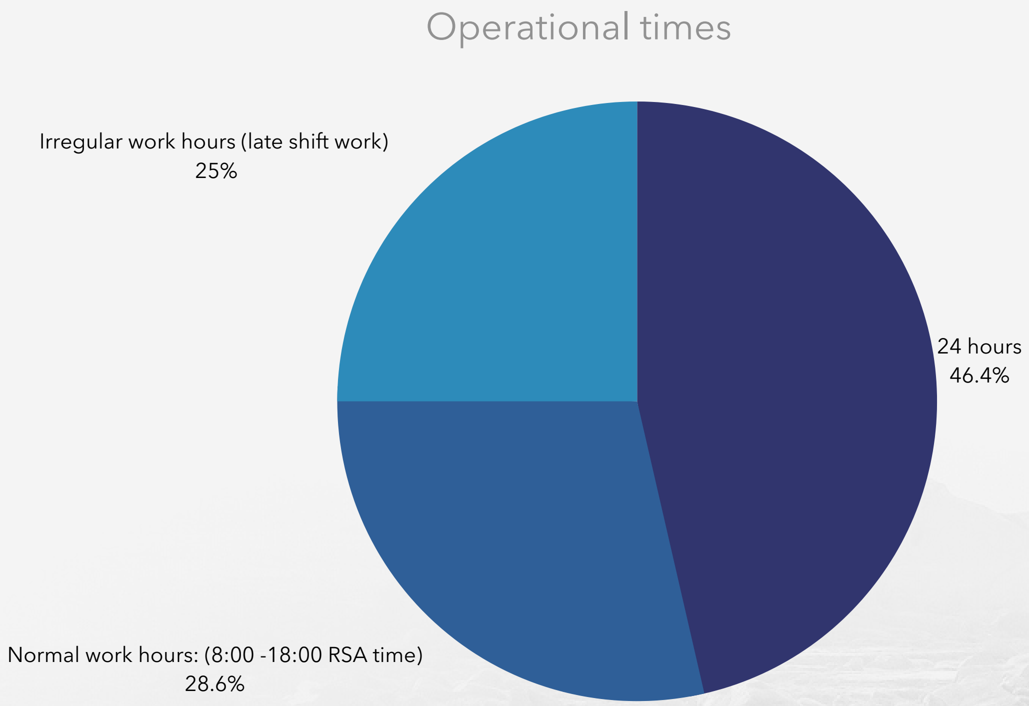


Figure 11 Operational times

Almost half the operators (46,4%) operated 24 hours in 2020, followed by 28,6% who worked normal hours (08:00 – 18:00), and 25% who operated at irregular work hours (late shift work).

Sector Analysis: Historical Data

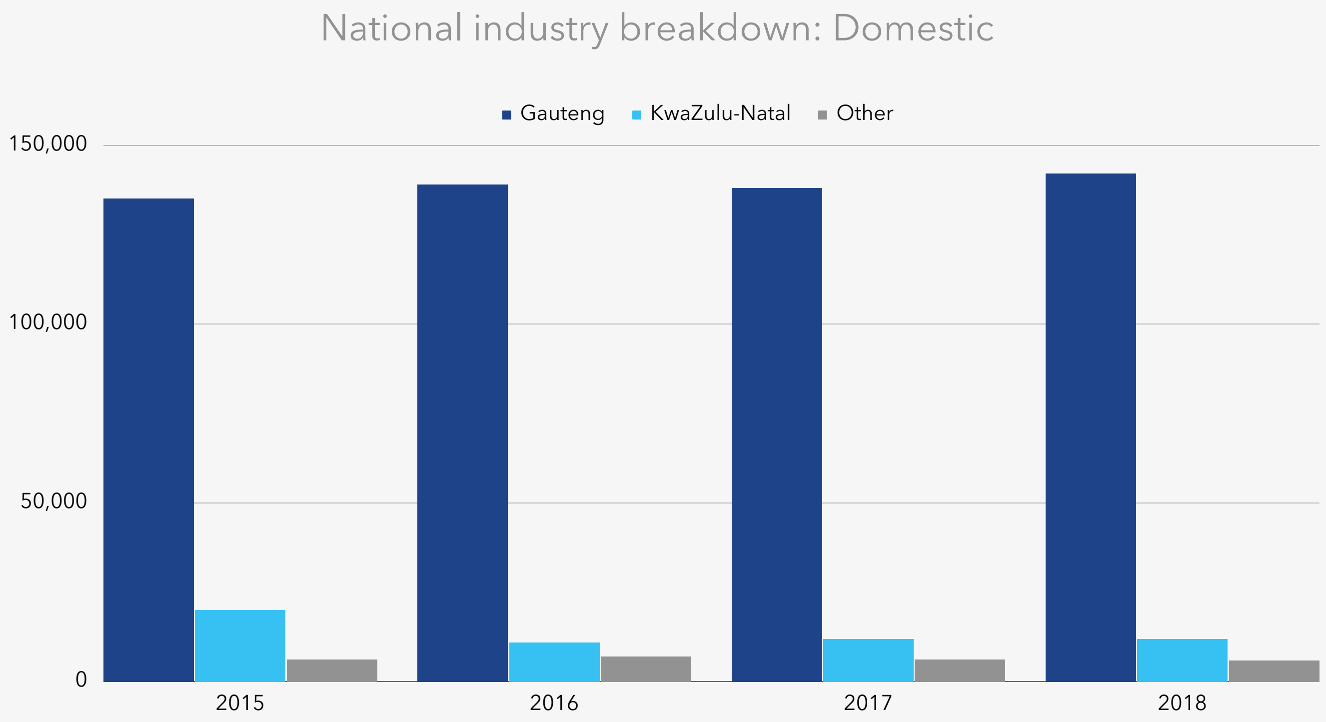


Figure 12 National industry breakdown: domestic

Western Cape industry breakdown: Domestic

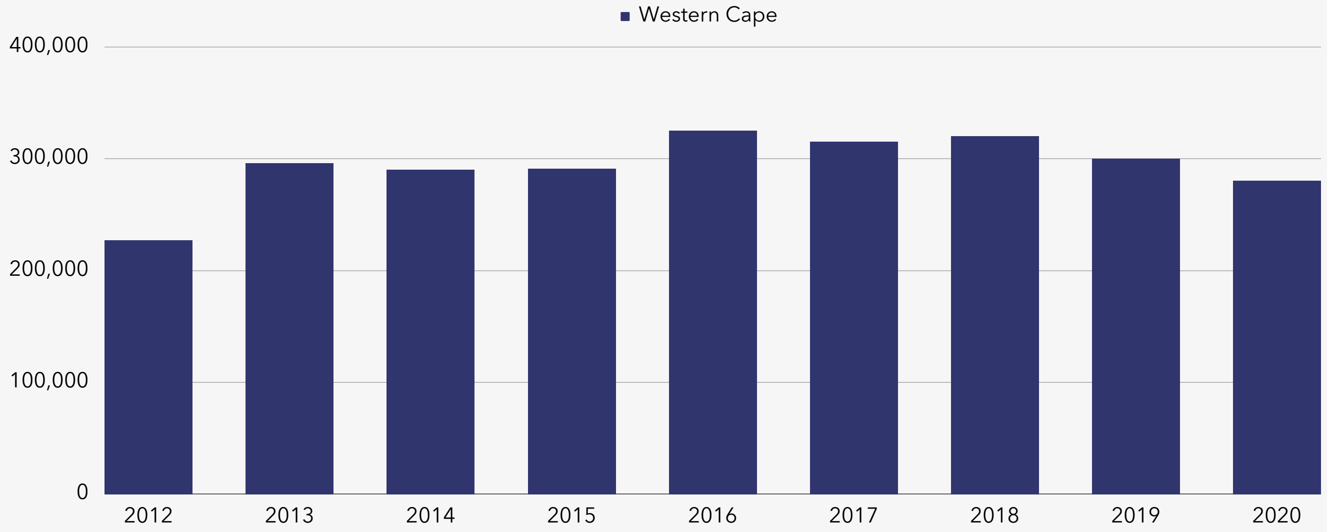


Figure 13 Western Cape industry breakdown: domestic

The graph above shows the domestic breakdown (headcount) of the BPO industry. While the Western Cape's domestic breakdown saw an increase from 2017 to 2018 (2,52%), there has been a decline in 2019 and 2020. The province's domestic market had a 7,41% decrease from 2018 to 2019. In 2020, there was a 4,05% decrease in the domestic market from 2019, totalling 28,565.

National industry breakdown: Offshore

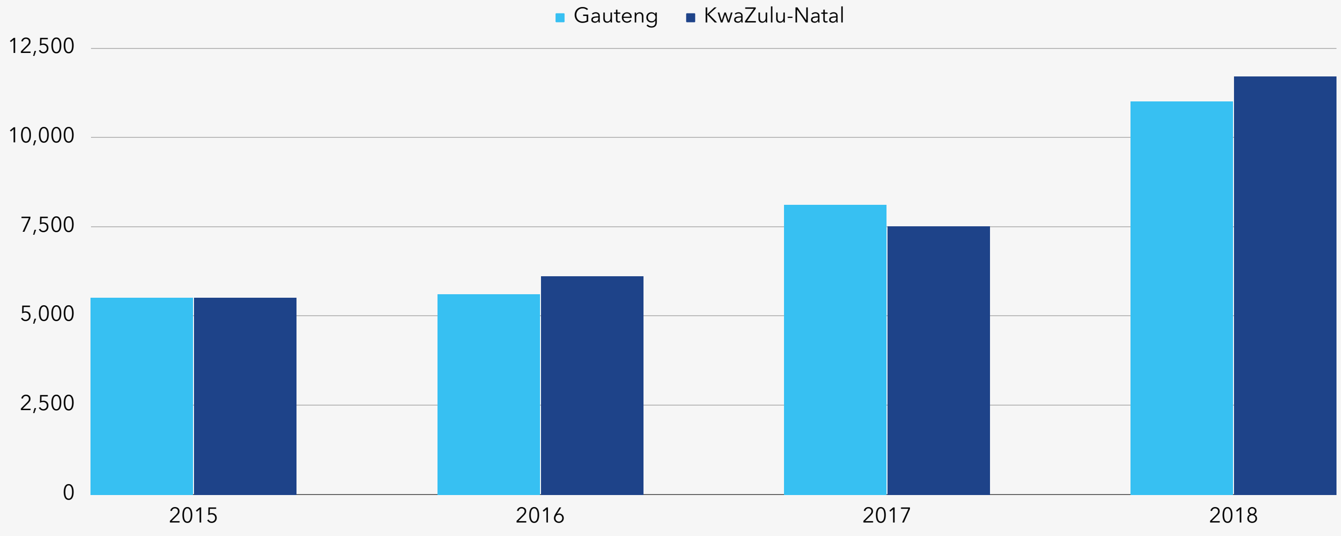


Figure 14 National industry breakdown: offshore

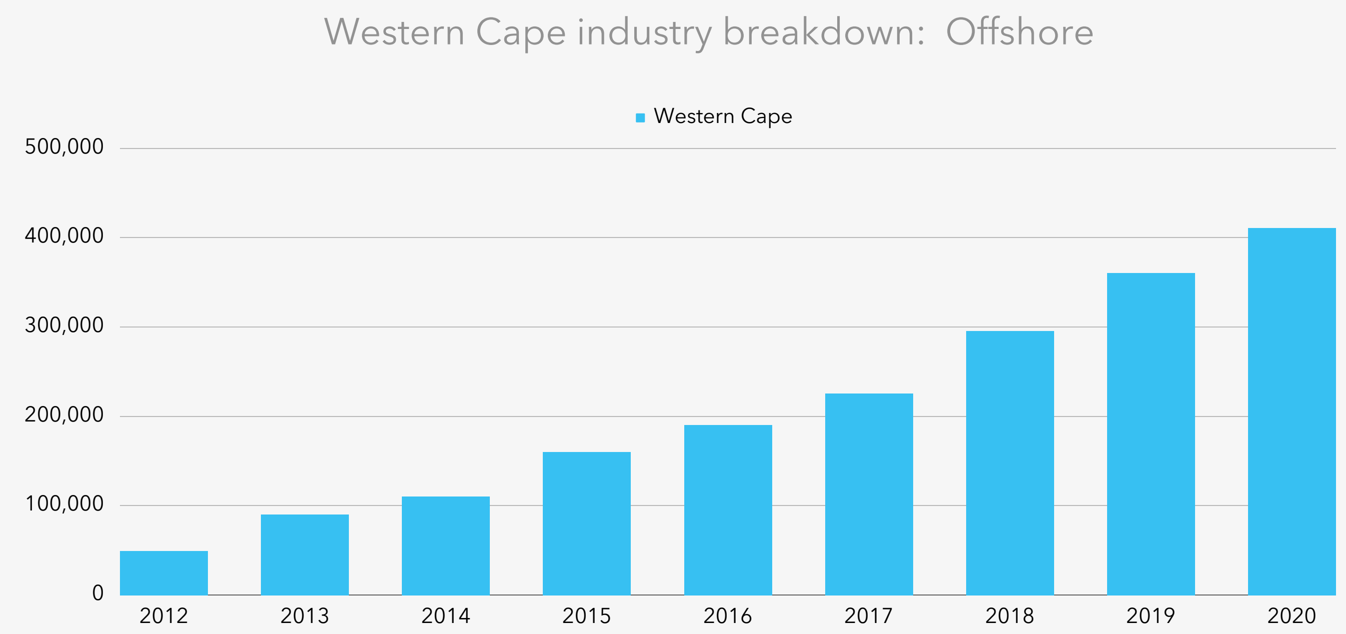


Figure 15 Western Cape industry breakdown: offshore

As seen by the graph above that depicts the Western Cape's offshore industry breakdown according to headcount, there has been a steady increase year on year. The offshore industry has grown by 15,81% from 2019 to 2020.

Great growth can be seen in the offshore industry breakdown, but is this sustainable? The general opinion of focus group participants is that it is sustainable if there is support and involvement from the South African government in terms of supply, demand, skills, infrastructure, etc. With this support from the government, operators will be able to run at a competitive price and, therefore, attract work. Clients want their operations to run without any disruptions. Fibre is important. Unrests and protests have a negative effect. Operators need to break through these challenges we are facing as a country. South Africa has a great value proposition. The narrative on South Africa, as well as the backing of the BPO sector by the government, is a great story to sell back to investors. Our sell has become so much stronger, and our narrative can only get better and better.

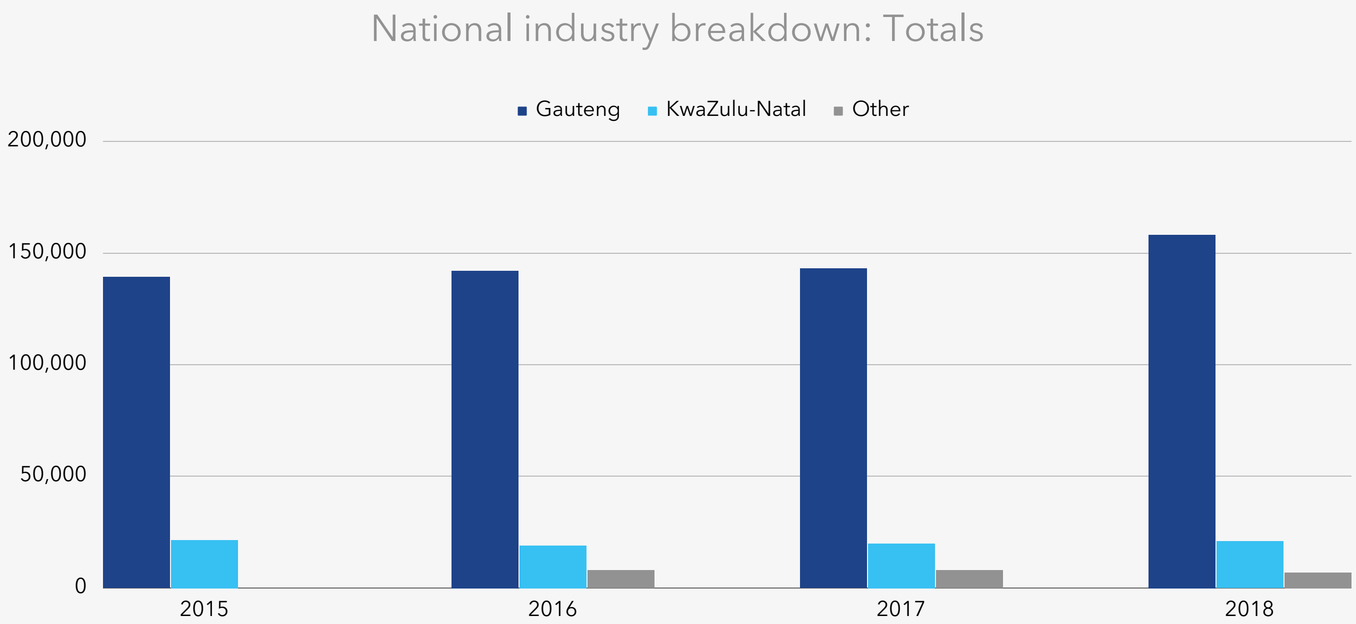


Figure 16 National industry breakdown: totals

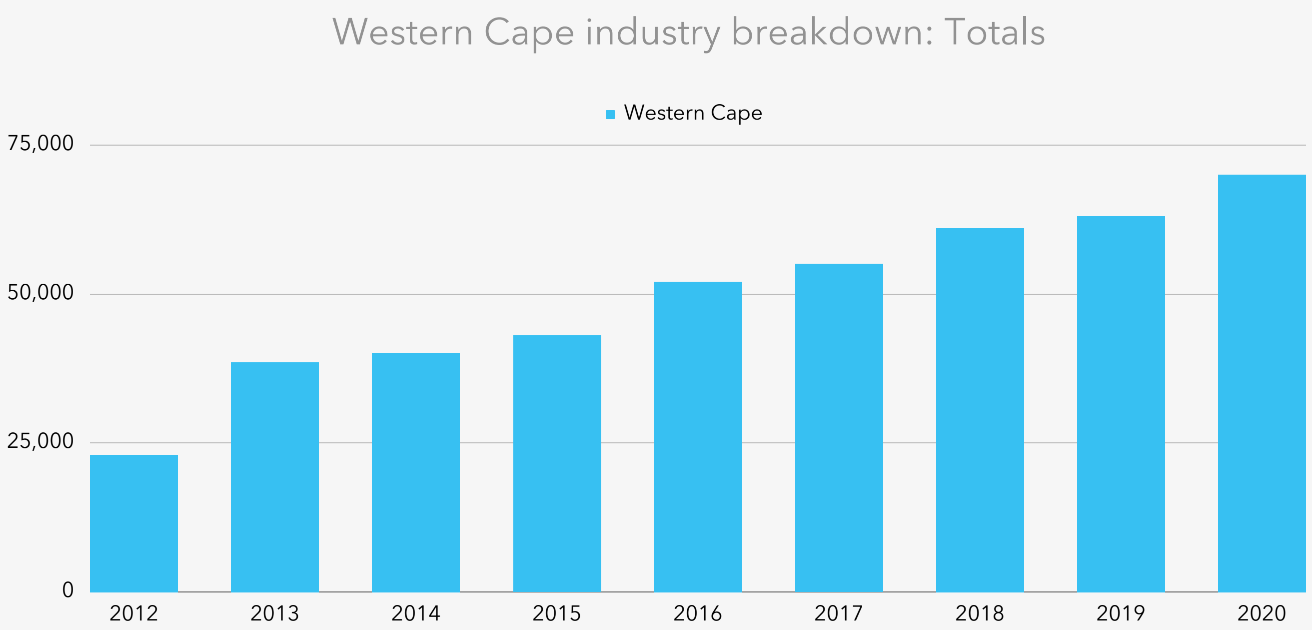


Figure 17 Western Cape industry breakdown: totals

When reviewing the entire industry comprising domestic and offshore, the Western Cape BPO industry is growing steadily with a 6,76% increase from 2019 to 2020. The industry total for the Western Cape in 2020 was 69,660.

Offshore provincial growth and market share by headcount

	Western Cape	Market share	Gauteng	Market Share	KwaZulu - Natal	Market Share	Total
2012	4 727	No Data	No Data	No Data	No Data	No Data	No Data
2013	8 300	48.8%	5 100	30%	3 600	21.2%	17 00
2014	11 700	53.9%	5 000	23%	5 000	23%	21 700
2015	16 000	59.9%	5 300	19.9%	5 400	20.2%	26 700
2016	20 500	63.1%	5 500	16.9%	6 500	20%	32 500
2017	23 500	60.9%	8 100	21%	7 000	18.1%	38 600
2018	29 400	57.4%	10 305	20.1%	11 480	22.5%	51 185
2019	35 484	No Data	No Data	No Data	No Data	No Data	No Data
2020	41 095	No Data	No Data	No Data	No Data	No Data	No Data

Table 3 Offshore provincial growth and market share by headcount

Type of Operation by Province

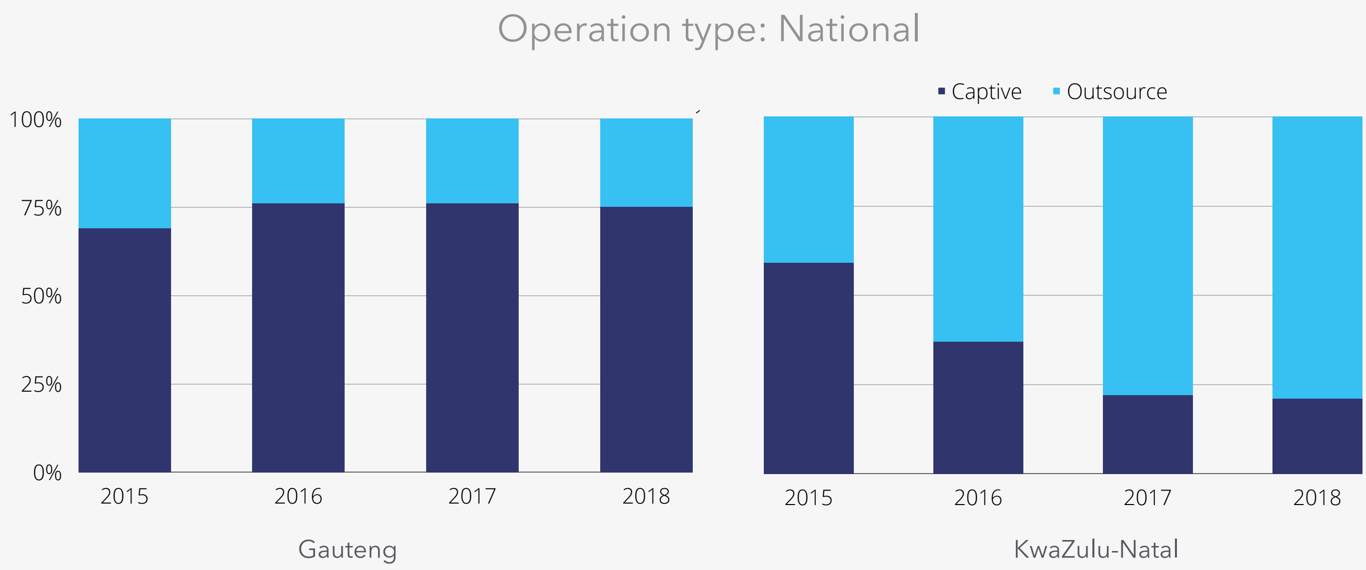


Figure 18 Type of operation: national

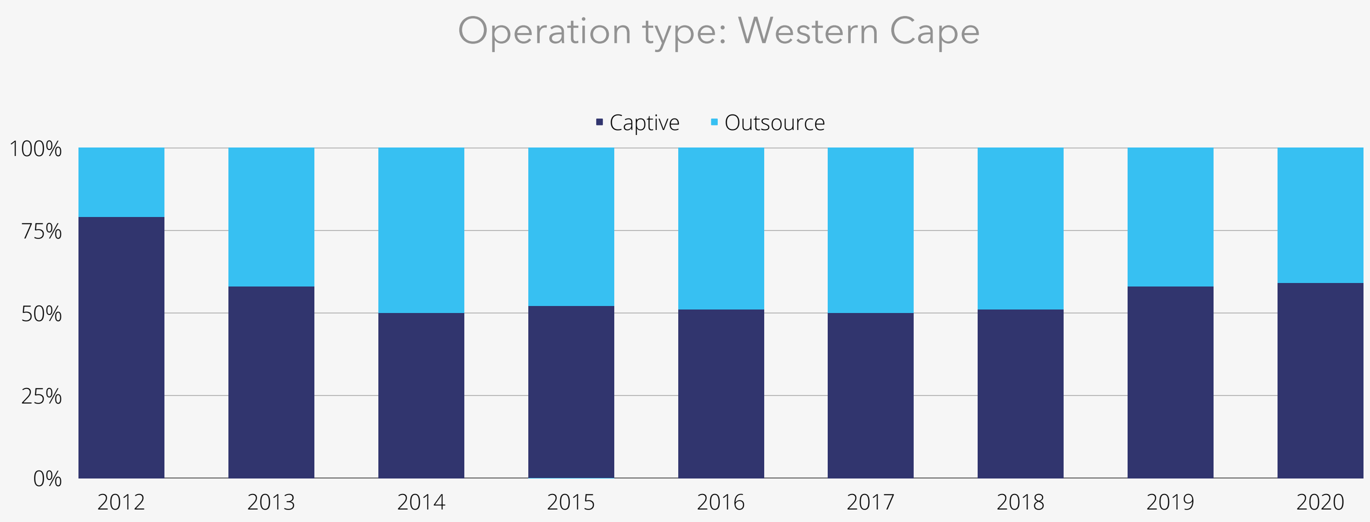


Figure 19 Type of operation: Western Cape

Figure 18 and figure 19 indicate the type of operation per province. In 2018, Gauteng's operation split was 74,3% captive, and 25,7% outsource. KwaZulu-Natal's 2018 data reveals that outsource operations dominated at 78,4%, with captive at 21,6%.

For the Western Cape in 2018, the operation types were almost fifty-fifty (50,3% for captive; 49,7% for outsource). In 2020, captive operations made up 57,9% of the market, and outsourcers came in at 42,1%.

Type of Operation by Headcount by Province

Type of operation by headcount: National

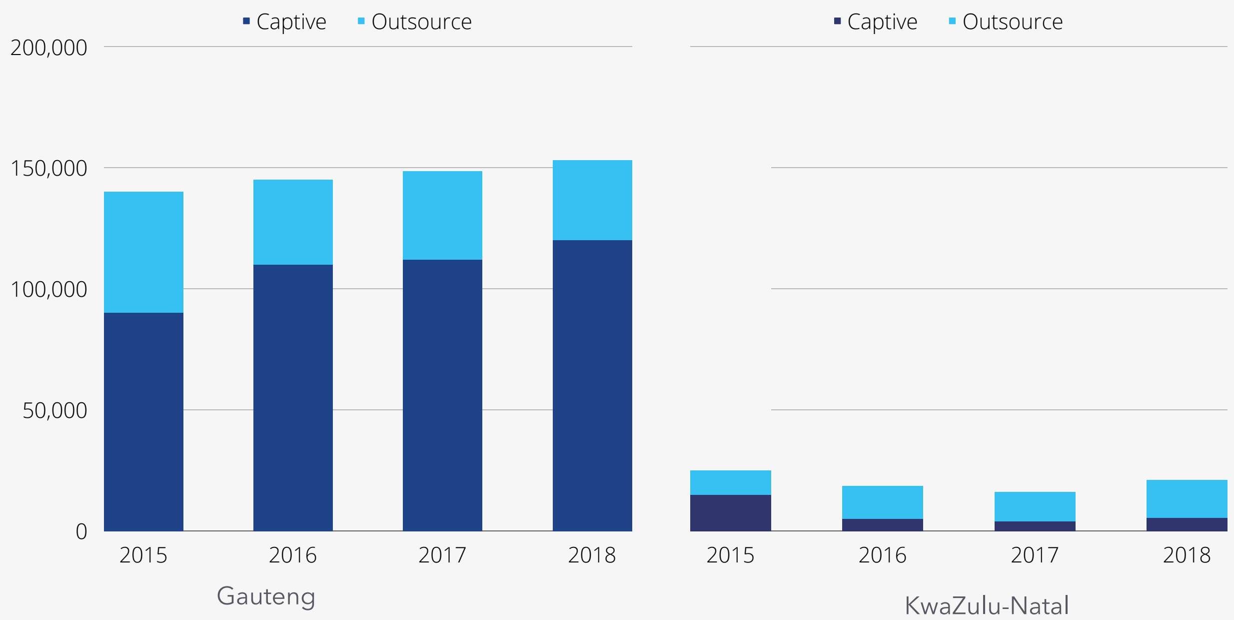


Figure 20 Type of operation by headcount: national

Type of operation by headcount: Western Cape

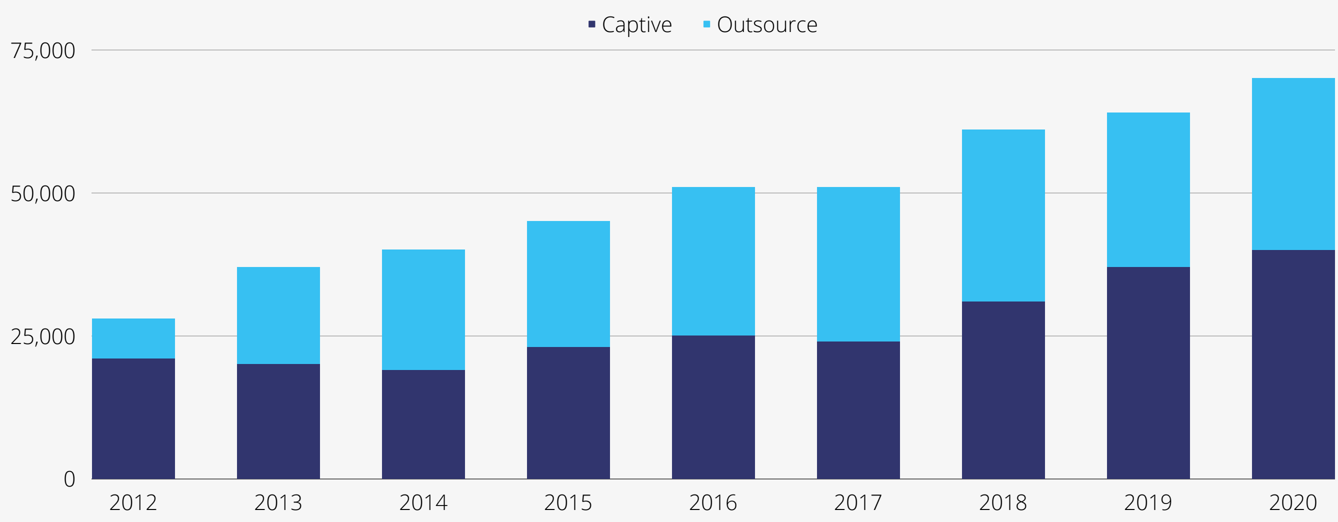


Figure 21 Type of operation by headcount: Western Cape

Figure 20 and figure 21 highlight the type of operation by headcount. As seen above, Gauteng's headcounts for both markets counted as the most, followed by the Western Cape and KwaZulu-Natal. The Western Cape's headcount for both operations has increased from 2019 to 2020. From 2019 to 2020, The Western Cape's captive operators increased by 9,98%, and the outsource operators' headcount increased by 2,61%.

Operations: Key Findings

Embracing Digital Advancement: Digital Migraine or Sigital Share-gain?

When implemented correctly, customer experience (CX) can be a core differentiator for organisations. It relates to the experience that customers have when interacting and engaging with a brand during their customer journey.

A Gartner research study [4] from 2019 reported that customer effort, customer satisfaction, and customer loyalty are not impacted by the availability of a preferred service channel. Having multiple channels will not necessarily impact the customers' experiences – "more is better" is not necessarily the case, so how do you choose the correct ones?

The following graph shows the various services that BPOs support.

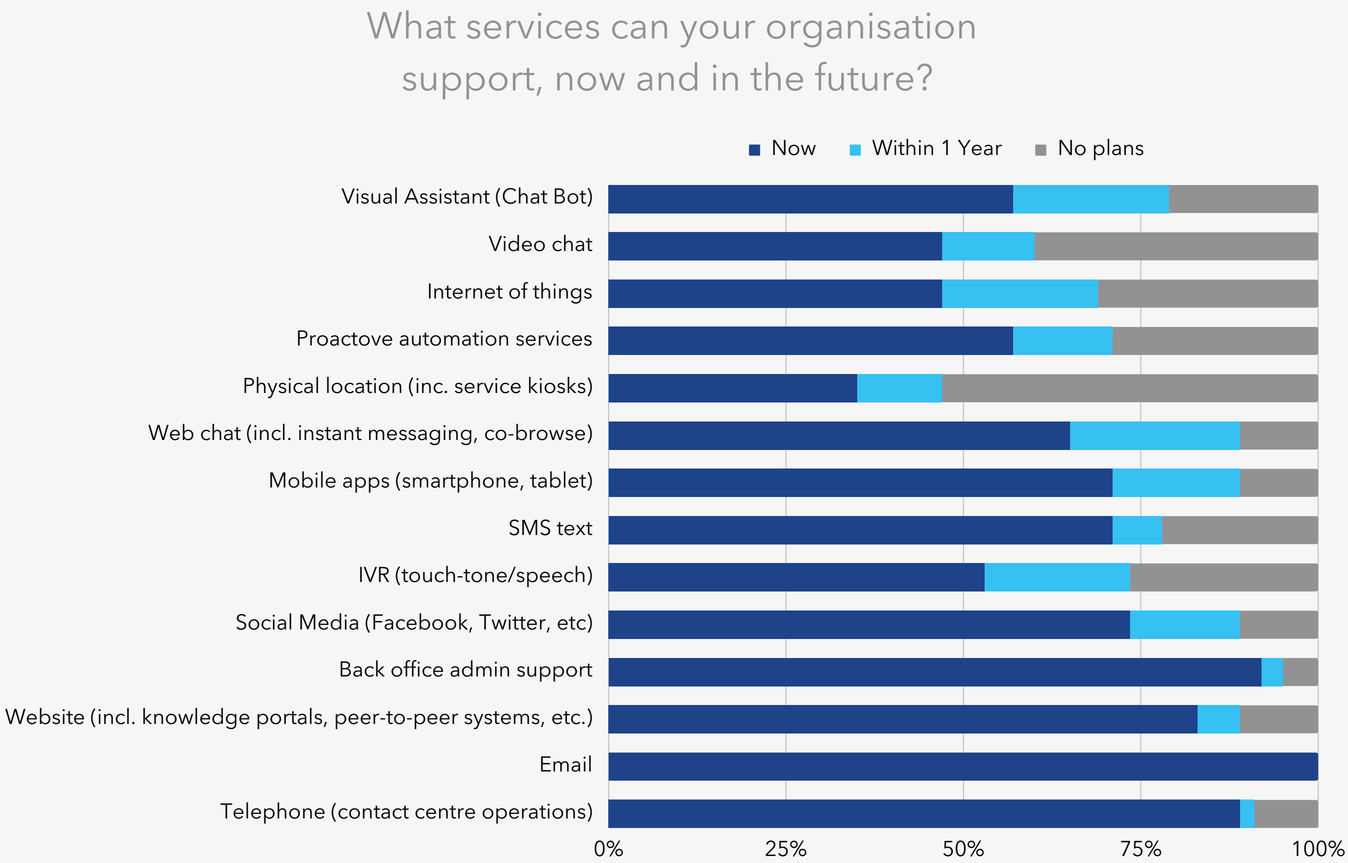


Figure 22 Services that operators support, now and in future

[4] *Gartner. Does your digital customer service strategy deliver? Available at:* *https://www.gartner.com/en/customer-service-support/trends/does-your-digital-service-strategy-deliver*

All operators who participated in the study indicated that they do email support, followed by back-office admin support (93%), telephone (contact centre operations; 89%), website (82%), and social media (75%).

The services with the lowest support were virtual assistance (57%), proactive automation services (57%), IVR (touch-tone/speech; 54%), video chat (46%), Internet of Things (46%), and physical location (36%). For proactive automation services, 14% indicated that they would roll out services within a year, and 29% had no plans to include it in their service offering. For IVR, 21% indicated that they would have it in place within the next year, and 25% would not roll out this service. Internet of Things will be another service that 21% of the surveyed companies will include in their portfolio within a year, but 32% will not make it part of their service offering.

The endgame is to make the customer experience as simple and easy as possible and not add to the already complex nature of CX models. Your customers' journeys might start at one channel and end at a completely different channel, and the crux is to make that omnichannel experience as seamless as possible.

The following graph illustrates the percentage of contacts handled by the various channels.

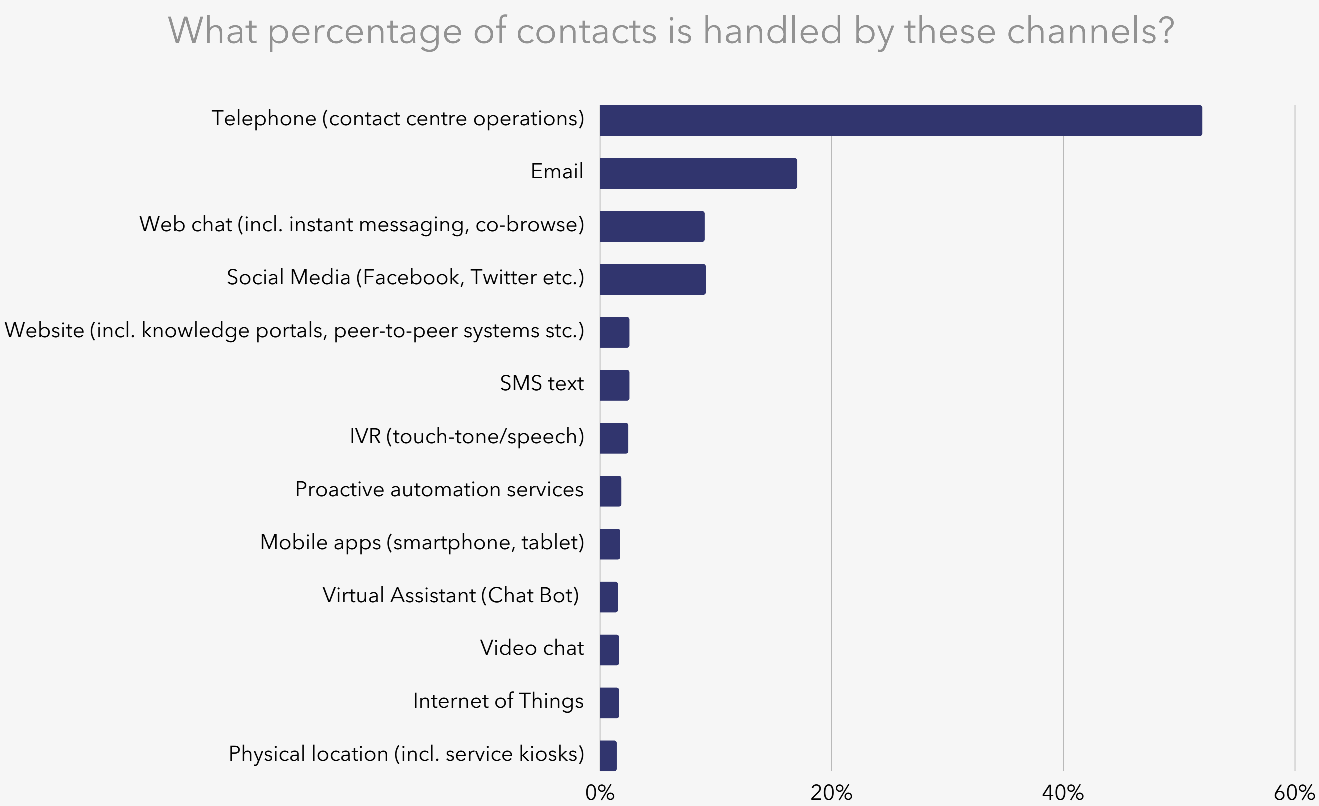
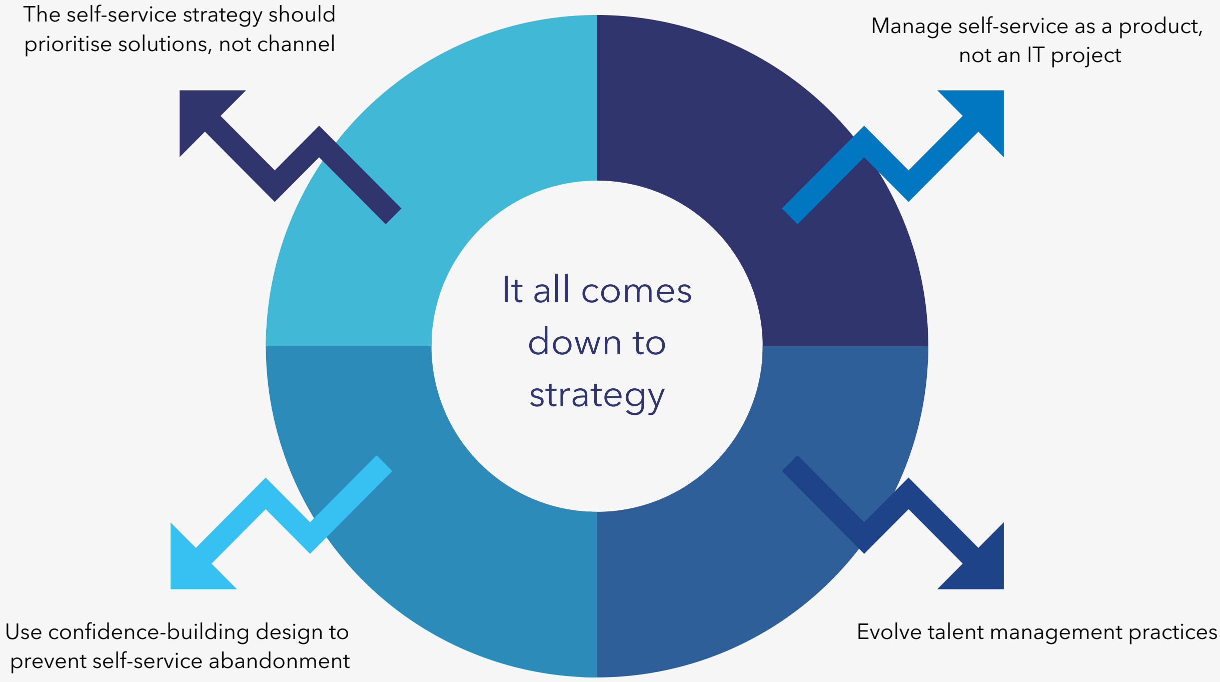


Figure 23 Percentage of contacts handled by the various channels

For Western Cape BPO operator respondents in 2020, half of the contacts were handled by telephone (contact centre operations; 51,49%), followed by email services (16,95%), back-office admin support (9,55%), and webchat (9,41%). Proactive automation services were only handled by 1,08% of contacts, and Internet of Things was handled by 0,59%.

Channel switching can become costly. Gartner reports that live channels cost about $8.01 per contact, as opposed to $0.10 per contact for self-serve channels (i.e., websites and apps). Unfortunately, only 9% of issues are resolved by using self-serve interactions.

To become a self-service dominant function, Gartner proposes four critical imperatives:



Source: Gartner

By moving towards a self-service dominant function, the organisation will see cost savings and improved customer experiences; however, it should be managed proactively with personalised content in connected journeys and, as such, is highly reliant on analytics and the correct data.

A focus group participant mentioned a specific risk and opportunity with the shift to work-from-home. There is a push to move more into the digital channel where people will do more self-service using online platforms. Super agents are needed who can work multi-channels and join the customer journey at different points.

Digital Strategies

As the world adapts to digital experiences, organisations need to have a digital transformation strategy, highlighting how they will operate and leverage emerging technologies.

The next graph shows the various factors that have contributed the most to transforming operators' services in the past five years.

Factors contributing most to positively transforming services in the past 5 years

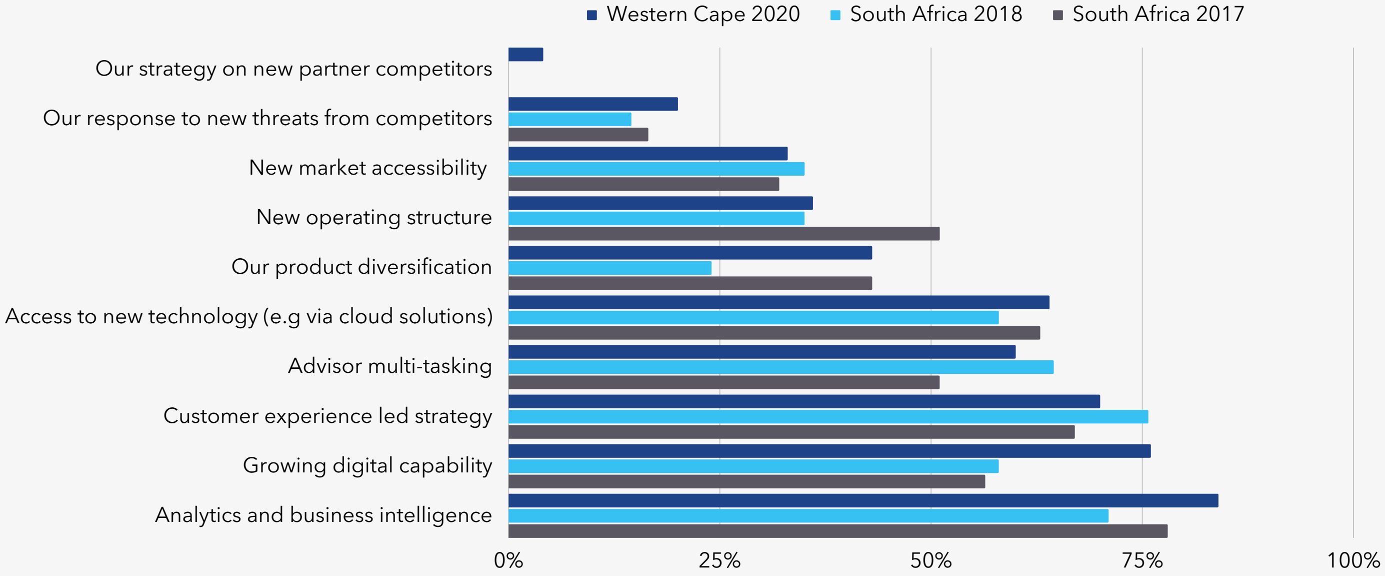


Figure 24 Factors that positively transformed services

For most Western Cape operator respondents in 2020 (83,3%), analytics and business intelligence was the most significant factor contributing positively to transforming services in the past five years. Growing digital capabilities (76,7%) and CX-led strategies (70%) made up the top three factors that helped BPOs transform services. Therefore, it is apparent that data and digital are high on the list for operators to succeed.

The main factors that drive digital business transformation are shown below.

Main factors driving your digital business transformation

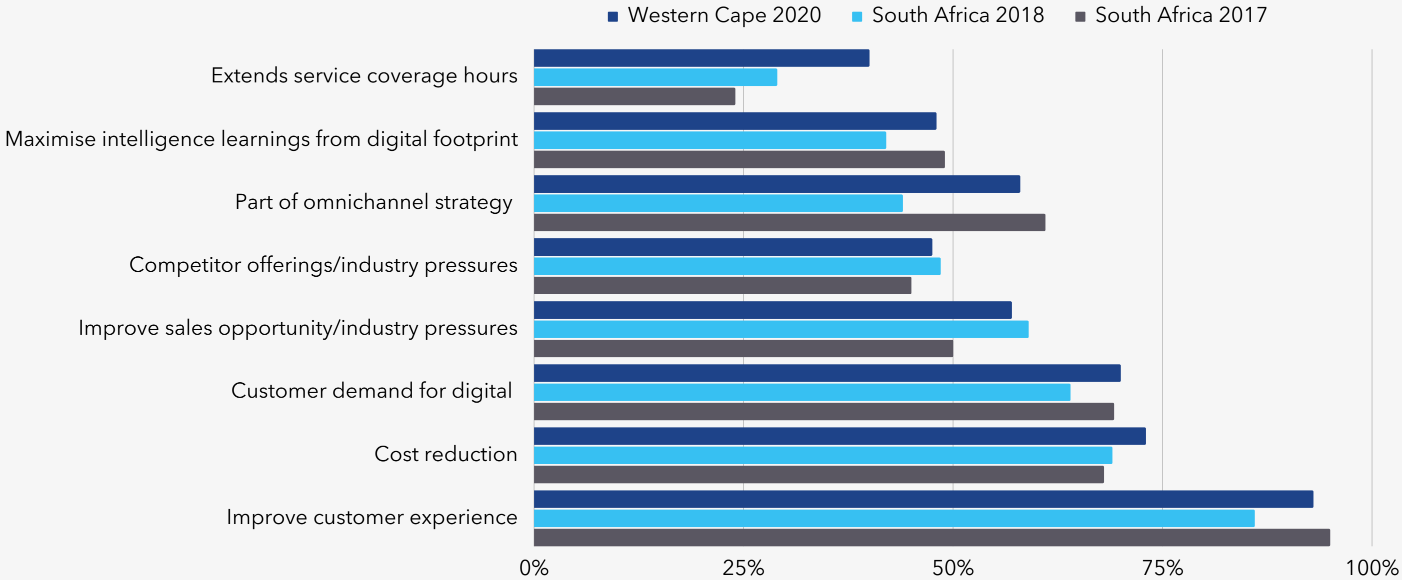


Figure 25 Main factors that drive digital business transformation

For Western Cape BPO operator respondents in 2020, digital business transformation was predominantly driven by improvingcustomer experiences (93,3%), cost reduction (73,3%), and customers' demand for digital (70%).

The most important CX outcomes of Western Cape BPOs are highlighted below.

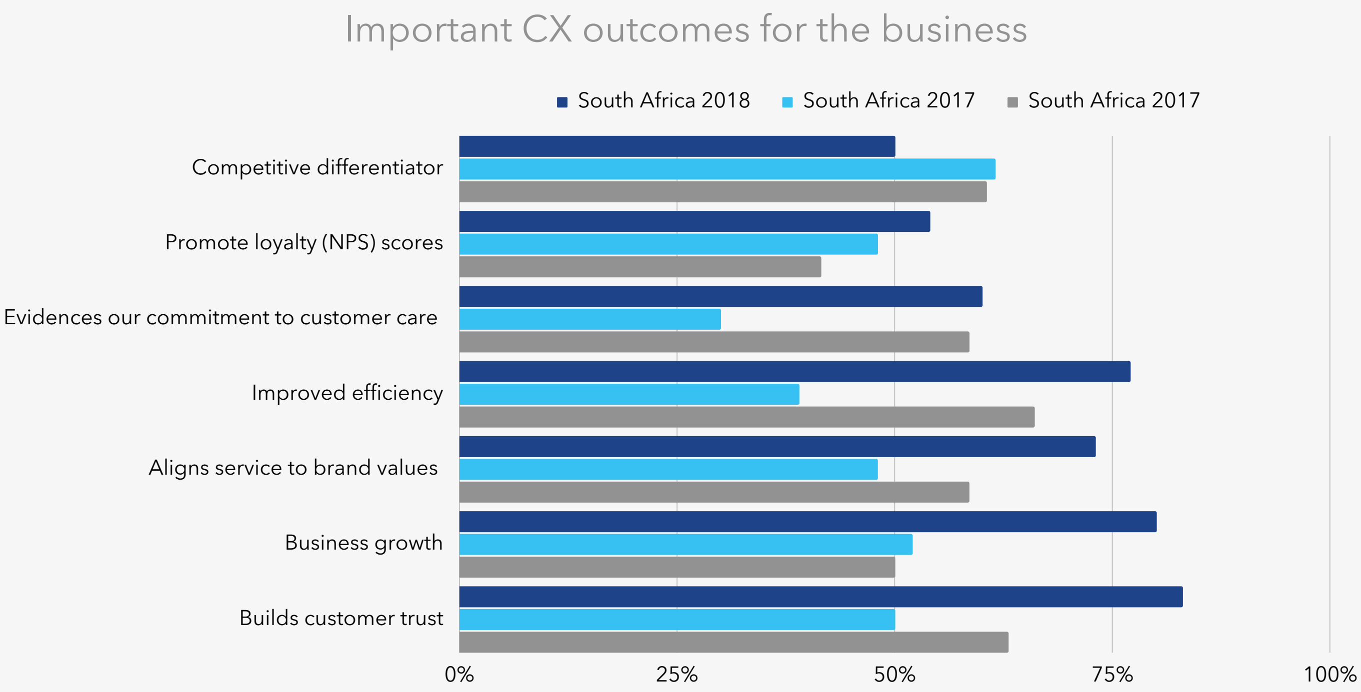


Figure 26 Most important CX outcomes

The most important customer experience outcome for operators in 2020 was building customer trust(83,3%). This was closely followed by business growth (80%), improved efficiency (76,7%), and aligning services to brand values (73,3%).

The following graph highlights how far operators' strategies are for digital business.

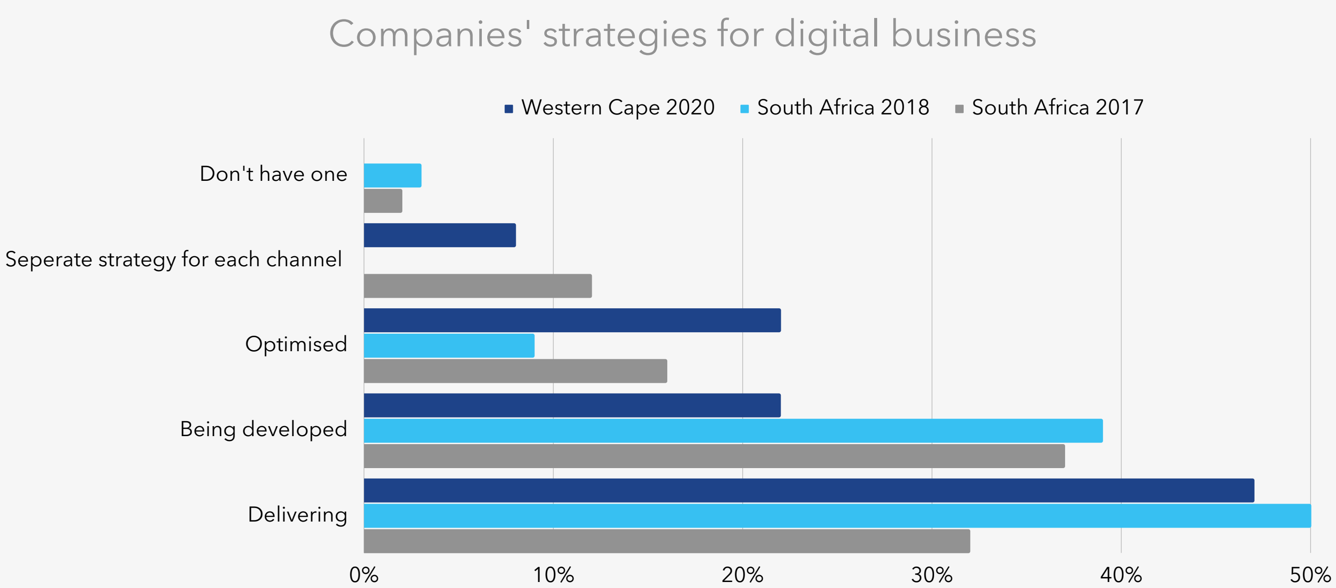


Figure 27 Companies' strategies for digital business

Almost half (46,7%) of the operators delivered on their digital business strategy in 2020, whereas only 23,3% had fully optimised strategies. Furthermore, 23,3% of operators' digital business strategies were being developed, and 6,7% indicated that they have a separate strategy for each contact channel. These statistics indicate that operators realise the benefits and necessity of digital business strategies.

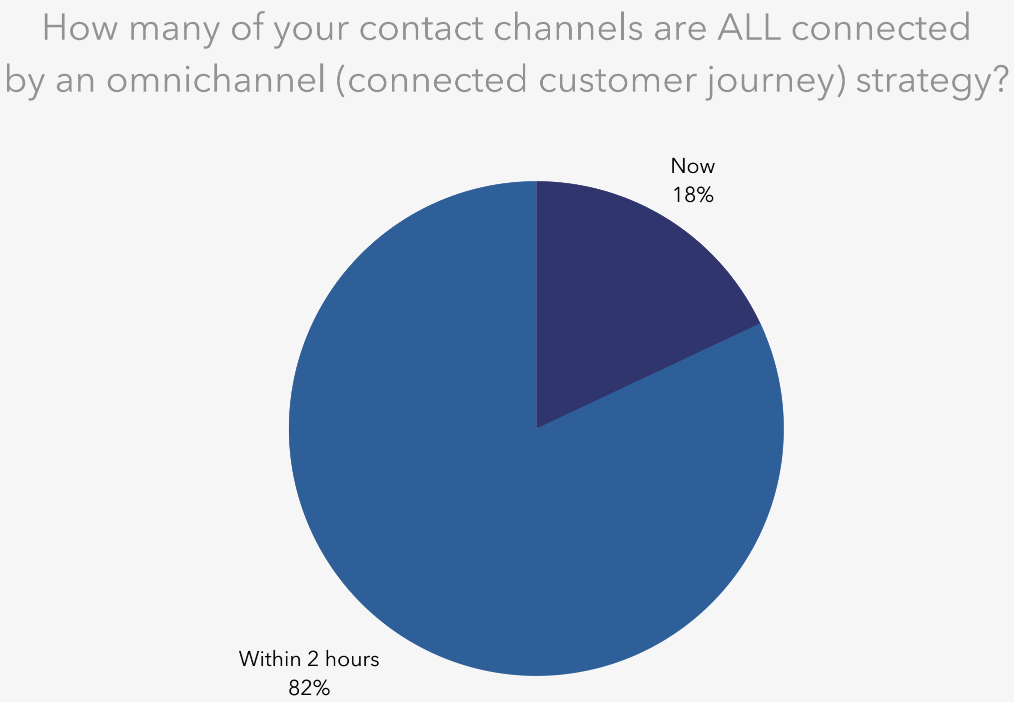


Figure 28 Omnichannel strategy implementation

Only 17,9% of operators indicated that all channels were connected by an omnichannel strategy. The top challenges that BPOs face when it comes to establishing a full omnichannel strategy are depicted below.

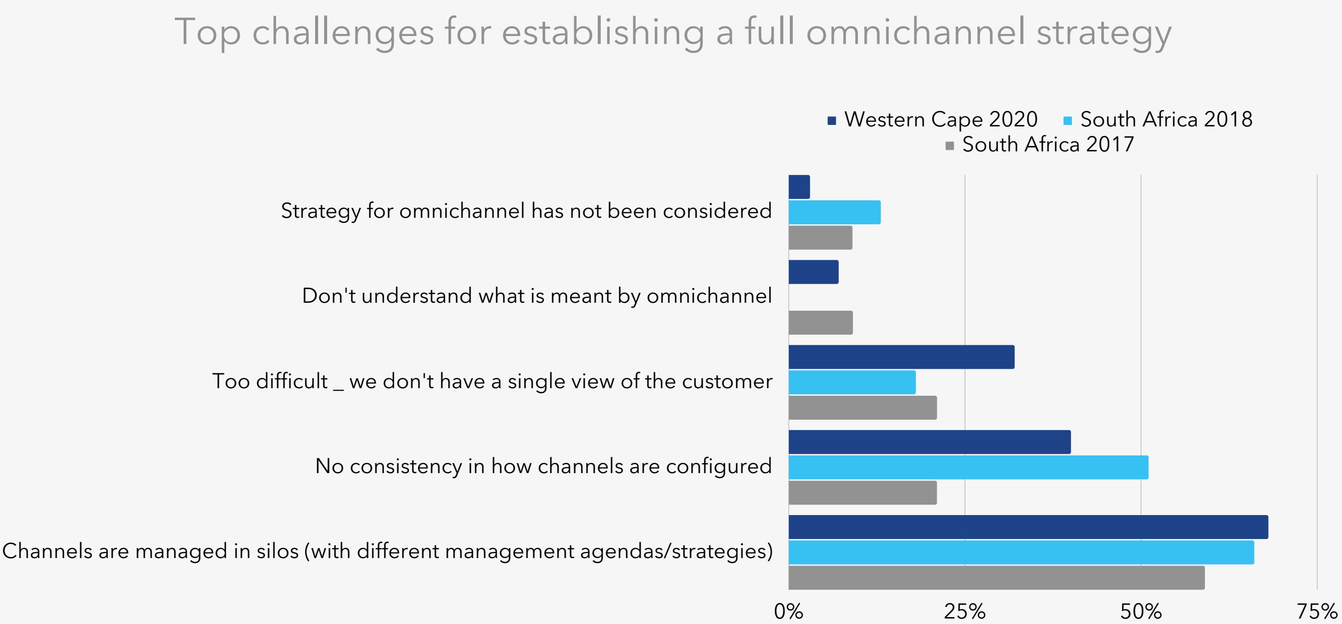


Figure 29 Challenges for establishing an omnichannel strategy

In 2020, most operators who responded (66,7%) indicated that the biggest challenge to achieving a full omnichannel strategy was due to channels being managed in silos with different management agendas and strategies. This creates an opportunity for operators to break down these silos and start with organisation-wide involvement to achieve robust and implementable omnichannel and digital strategies. Furthermore, some operators indicated that there is no consistency in how channels are configured (40%), and other operators mentioned that it is purely too difficult as there is no single view of the customer (33,3%).

A noteworthy challenge mentioned in the focus group sessions was that large organisations tend to hold all of the data at the company's centre, making it difficult to influence and implement changes. Operators are led by the client and their strategies, especially with large multi-national companies.

The next graph shows the frequency in which processes are reviewed to improve customer experience.

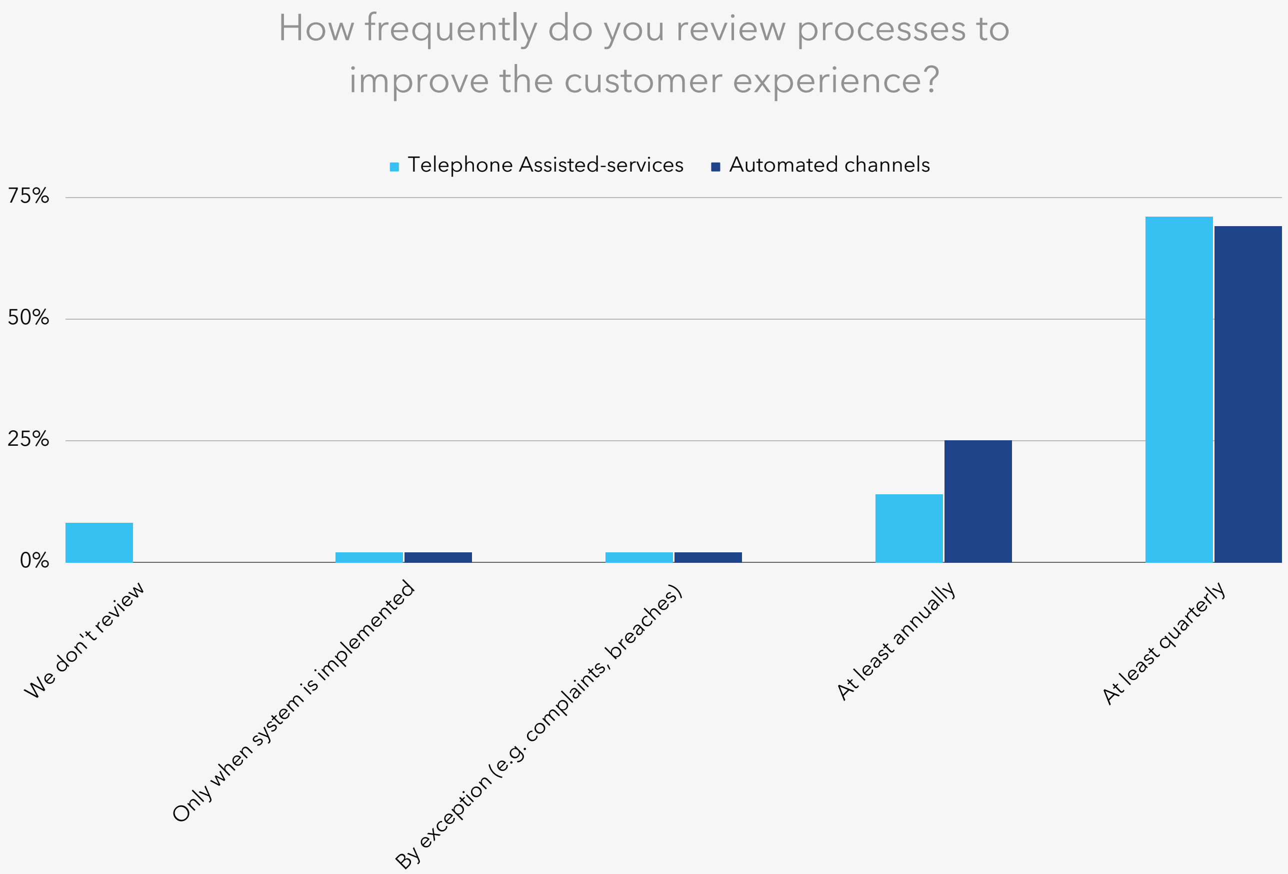


Figure 30 Frequency of reviewing processes to improve CX

Most operators mentioned that they review their automated channels (67,9%) and telephone assisted services (71,4%) at least quarterly. The next graph highlights what operators use to measure the effectiveness of their contact centre.

Factors considered for measurement of contact centre effectiveness

	Western Cape			South Africa				Western Cape
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2020**
Customer satisfaction	No data	87.2%	87.1%	86%	89.2%	94.7%	85.7%	80%
Customer complaint levels	No data	69.2%	67.7%	65.1%	73%	76.3%	80%	63.3%
Cost per advisor/seat	No data	46.2%	54.8%	46.5%	54.1%	52.6%	65.7%	36.7%
Resolution rates	No data	56.4%	45.2%	44.2%	67.6%	65.8%	77.1%	53.3%
Sales generated/revenue per customer	No data	48.7%	41.9%	39.5%	54.1%	50%	48.6%	46.7%
Net promoter score (NPS)	No data	41%	29%	44.2%	40.5%	50%	51.4%	43.3%
Revenue per customer	No data	33.3%	29%	25.6%	45.9%	34.2%	42.9%	43.3%
Cost per contact	No data	48.7%	38.7%	39.5%	45.9%	52.6%	51.4%	36.7%
Customer recommendations	No data	No data	No data	No data	No data	31.6%	42.9%	36.7%
Cost per customer	No data	25.6%	19.4%	23.3%	24.3%	26.3%	20%	36.7%
Contacts per channel (incl. self service usage)	No data	28.2%	22.6%	25.6%	43.2%	52.6%	48.6%	33.3%
Social media feedback data	No data	No data	No data	No data	No data	34.2%	57.1%	23.3%
Speech analytics	No data	No data	No data	No data	No data	18.4%	28.6%	20%
Customer effort scores	No data	23.1%	22.6%	18.6%	16.2	29%	25,7%	20%
Customer life-time value	No data	28.2%	29%	25.6%	29.7%	47.4%	31.4%	16.7%
CSAT after every interaction	No data	No data	No data	No data	No data	No data	No data	3.3%
Other	No data	10.3%	16.1%	No data	2.7%	7.9%	2.9%	0%

Table 4 Factors considered for measurement of contact centre effectiveness

The table above indicates the various factors that BPO operators considered for the measurement of contact centre effectiveness. Western Cape operators indicated that in 2020 they used customer satisfaction levels the most to measure effectiveness (80%). Customer complaint levels (63,3%), cost per agents/seat (56,7%), and resolution rates (53,3%) were also widely used.

To improve service offerings, operators use the following customer data regularly.

Types of customer data regularly collected to improve service offering

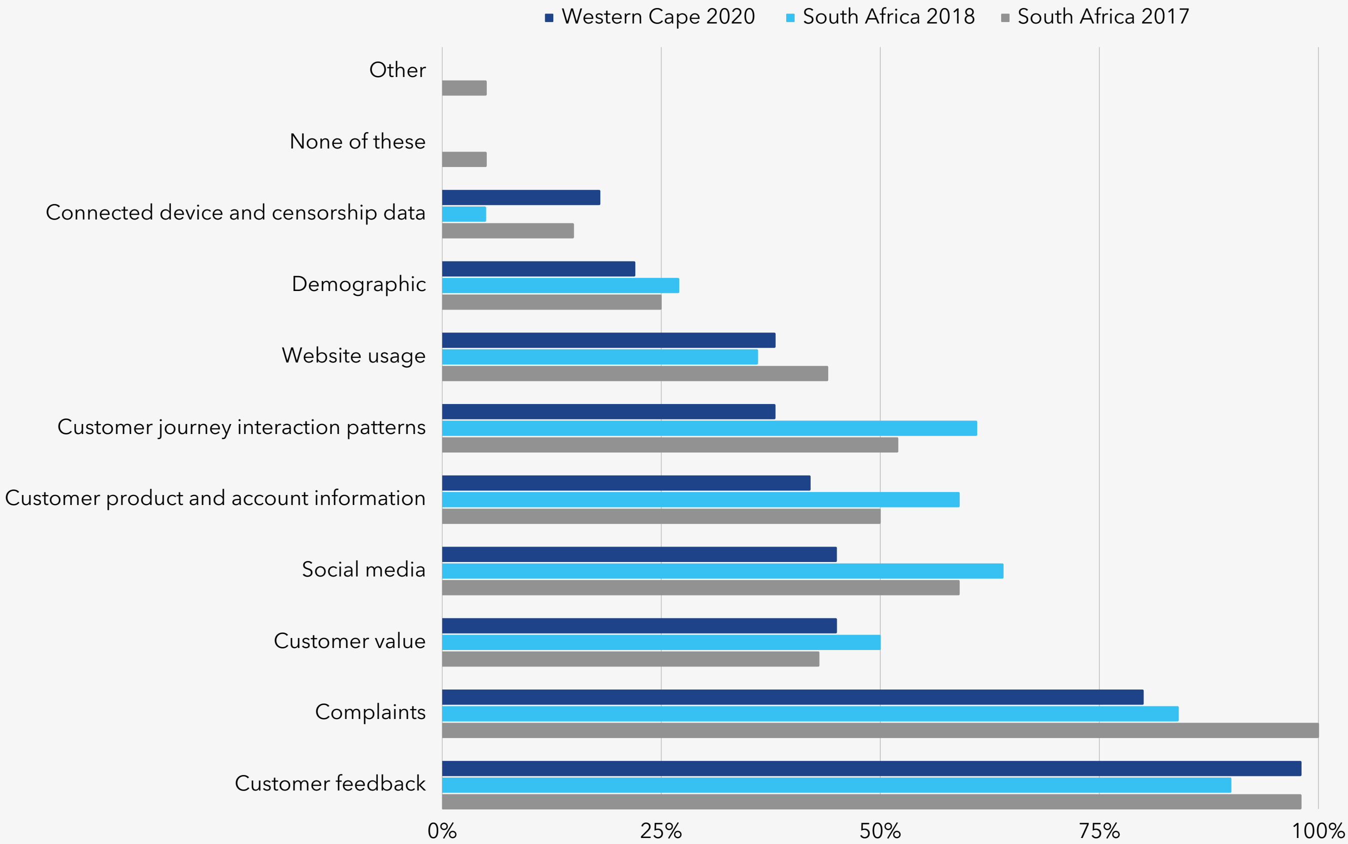
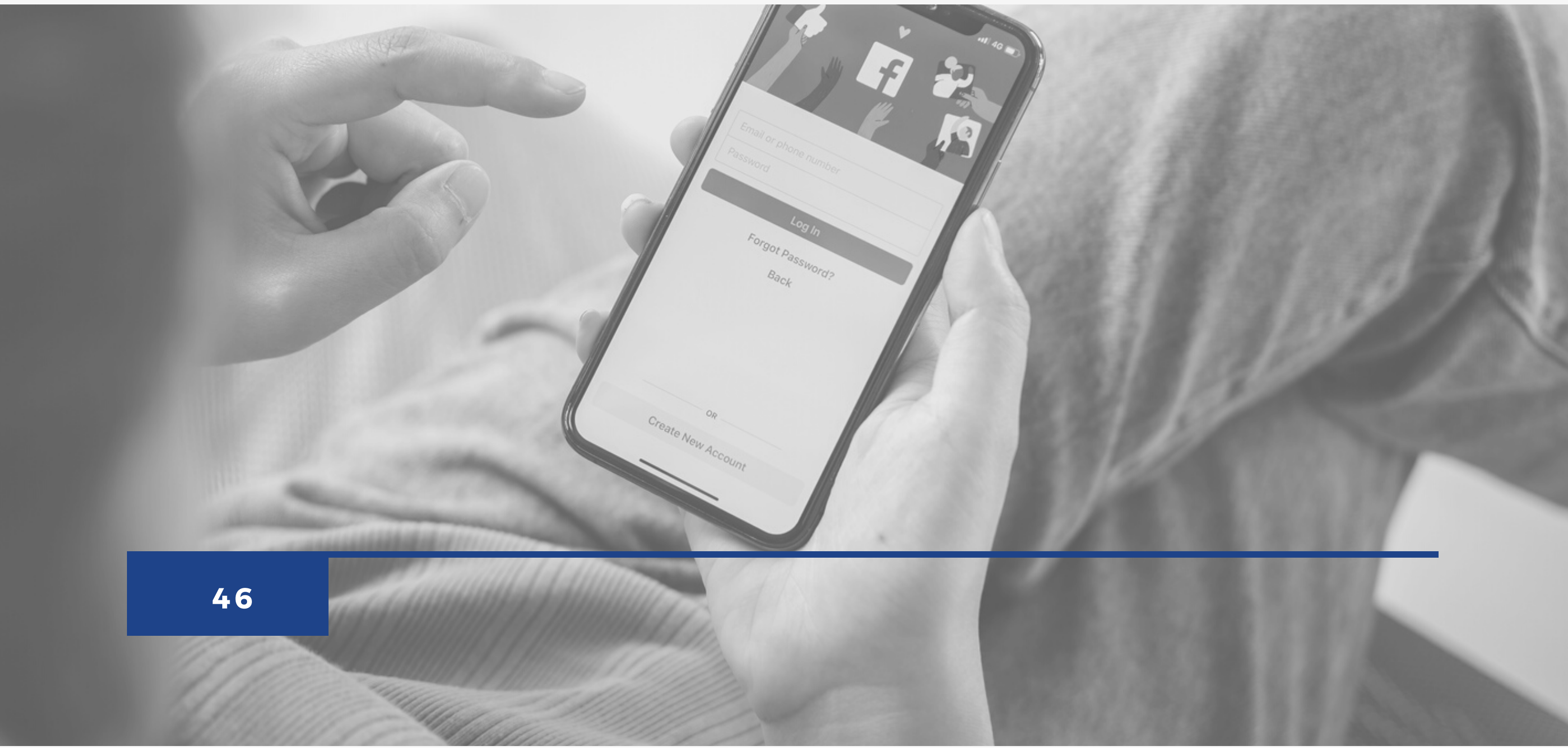


Figure 31 Customer data regularly collected to improve service offering

As indicated in the graph above, customer feedback (96,7%) and complaints (80%) remained the top two types of customer data that operators regularly collected to improve their service offering.

Social media also forms part of digital strategies; highlighted below are the various uses of social media by BPOs.



Uses of social media

	Western Cape	South Africa				Western Cape
Uses of Social Media	**2014**	**2015**	**2016**	**2017**	**2018**	**2020**
Marketing activities	67.9%	59.5%	77.3%	73%	66.7%	73.3%
As a customer service channel	28.6%	40.5%	59.1%	46%	50%	46.7%
Complaint handling	39.3%	59.5%	59.1%	35.1%	50%	40%
Advertising	46.4%	48.6%	72.7%	64.9%	44.4%	53.3%
Monitoring competition	3.6%	10.8%	31.8%	18.9%	13.9%	26.7%
We don't use social media	25%	0.0%	0%	10.8%	8.3%	6.7%
Peer-to-peer support services	7.1%	10.8%	22.7%	16.2%	5.6%	30%
Facebook for general communication	No data	No data	No data	No data	No data	3.3%
Job opportunities	No data	No data	No data	No data	No data	3.3%

Table 5 Uses of social media

In 2020, according to respondents, Western Cape BPOs mainly used social media for marketing activities (73,3%). It was also widely used for advertising (53,3%) and as a customer service channel (46,7%).

Social media platforms used to service clients

	South Africa				Western Cape
Social media platforms used to service clients	**2015**	**2016**	**2017**	**2018**	**2020**
Whatsapp	5.1%	22.7%	25.7%	36.1%	60%
Facebook	53.8%	81.8%	60%	52.8%	56.7%
Twitter	46.2%	68.2%	45.7%	33.3%	50%
Linkedin	23.1%	36.4%	20%	22.2%	45.7%
None of these	56%	0%	37.1%	22.2%	20%
YouTube	15.4%	27.3%	11.4%	5.6%	16.7%
Google Plus	2.6%	9.1%	11.4%	5.6%	13.3%
Instagram	No data	No data	No data	No data	13.3%
Hello Peter.com	No data	No data	No data	No data	3.3%
Kazala	No data	No data	No data	No data	3.3%
Other	0%	4.5%	0%	0%	0%
RSS feeds	2.6%	0%	0%	2.8%	0%

Table 6 Social media platforms used

In 2020, according to respondents, Western Cape BPO operators used WhatsApp (60%), Facebook (56,7%), Twitter (50%), and LinkedIn (46,7%) the most to service clients. In 2018, Facebook was the leader nationally (52,8%), with WhatsApp featuring at only 36,1%. This substantial increase in WhatsApp usage can most likely be attributed to the COVID-19 pandemic, as more users use WhatsApp to connect with family, friends, and colleagues.

Innovation

From the focus group sessions, it was mentioned that innovation and technology have been on the agenda for many years; Covid has accelerated this and provided many opportunities in the technological landscape.

Focus group attendees mentioned there are great opportunities to provide leadership and "taking technology and making it a tool for efficiency." Another noteworthy comment: "We are well on our way to start being able to engage more in that space… we are heading in the right direction to be able to be more competitive in that sense from a global perspective."

Participants in the discussion session said that it is important to understand where the business strategy resides and where innovation stems from within the organisation. For global organisations and large international outsourcers, tech and innovation are often tried and tested at a global level and implemented locally; however, there is a perception that there are good homegrown initiatives.

Challenges, specifically for international outsourcers, are governance, compliance, infosec, and data privacy issues. It can create rigidity and may stifle innovation.

AI in The Workspace

AI is changing how operators do business on an enormous scale. Many challenges and opportunities are surrounding AI, but one thing is for certain – those who don't adapt will get left behind.

Traditional learning within an organisation usually takes place on a team or business unit level – it rarely filters through to the rest of the organisation. By incorporating an AI-enabled mindset, these learnings can occur on an organisation-wide and even global level; it allows for continued learning.[5] Organisations should have a hub of AI-specific information from checklists to templates to drive the digital agenda with a standardised approach.

It is a long process to get there. It is estimated that AI transformations can take anything from 18 to 36 months.[6] For some operators, AI is in the pipeline, whereas for other operators, AI is already here in a big way. Some AI implementations include HR systems, learning, content creation and data analytics.

[5] *McKinsey & Co. Winning with AI is a state of mind. Available at: https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/winning-with-ai-is-a-state-of-mind*

[6] *McKinsey & Co. What it really takes to scale artificial intelligence. Available at: https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/digital-blog/what-it-really-takes-to-scale-artificial-intelligence*

Some of the AI Benefits that were Mentioned in the Focus Group Sessions Include:

Minimises repetitive nature of mundane jobs.

Allows workforce to provide more value add.

Provides guidance and data for people on the agent level.

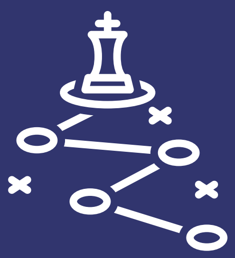
Gives the tools that will help support agent performance.

AI should be seen as a benefit to all stakeholders in the sector. Many times, it is seen as a threat, but it can be advantageous when it is managed and influenced correctly.

The Cloud

Using cloud technology can help speed up the digital transformation agenda – it can help automate functions by reducing time, risks, and costs.[7]

A McKinsey report highlights four ways boards can effectively engage with the cloud:



Cloud should be linked to the overall business strategy.

Cloud should be part of risk and compliance discussions.

Cloud capability development should be supported across the organisation.

Stay on top of the cloud's financial side, and communicate accordingly.

[7] *McKinsey & Co. Four ways boards can shape the cloud agenda. Available at:* https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/four-ways-boards-can-shape-the-cloud-agenda

It was mentioned in the focus groups that most international clients use cloud-based servers,which made the transition to work-from-home easier.

Human Capital: Talent Management

Managing and Retaining the Talent Pool in the Digital Era

Staff retention remains, for most industries, an important focus area. It brings numerous opportunities and challenges for the human resources (HR) function and business leadership.

For the BPO sector, it is no different – agent attrition rates remain a challenge. Employee retention is a critical aspect of a business's longevity and success. Staff skills and experience are business assets. Without a knowledgeable and competent team, an organisation can't function optimally, impacting its competitive advantage.

Attrition and Absenteeism

The attrition rates vary significantly between the different operators, with some operator respondents indicating zero attrition.

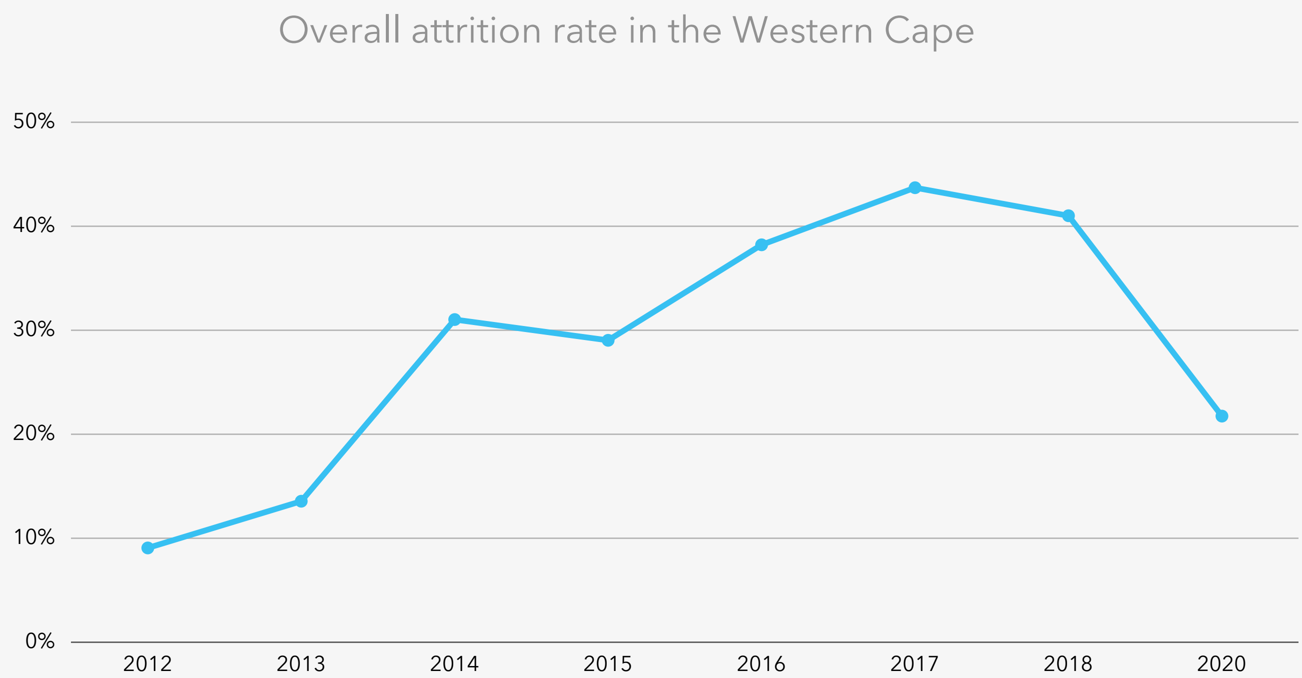


Figure 32 Overall attrition rate: Western Cape

As shown in the graph above, the Western Cape's attrition rate in 2012 was 9,6%. It increased slightly in 2013 before seeing a 139,6% jump in 2014 to an attrition rate of 31,4%. In 2015 it decreased to 28,9% and had another incline until 2017 (attrition rate of 43,4%). Overall attrition rates decreased by 5,3% in 2018 (41,1%). It had a downward trajectory in 2020, where it declined by 34,5% to get an overall attrition rate of 26,9%.

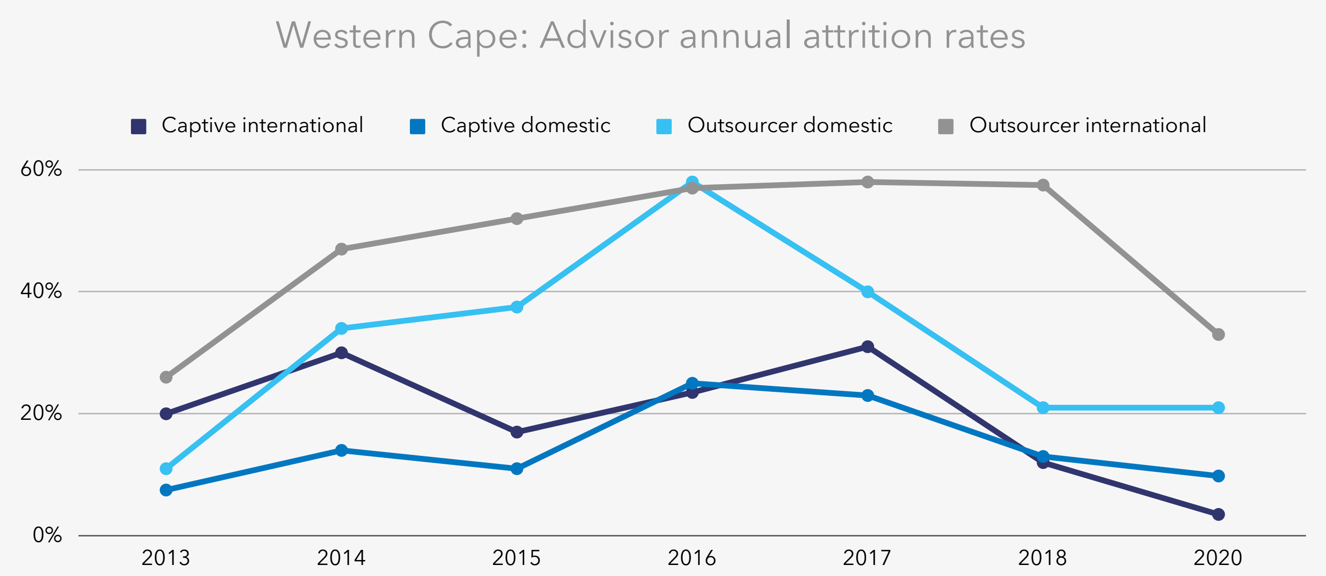


Figure 33 Advisor annual attrition rates: Western Cape

The graph above shows the Western Cape's annual attrition rates for advisors across the various operation types.

Captive domestic's advisor attrition was 9,5% in 2020 (34% decrease from 2018); captive international was 3% (76% decrease from 2018; note that there was limited data for 2020 for this operation); outsourcer domestic was 21,4% (1,7% decrease from 2018); and outsourcer international's attrition was 32,9% (42,1% decrease from 2018).

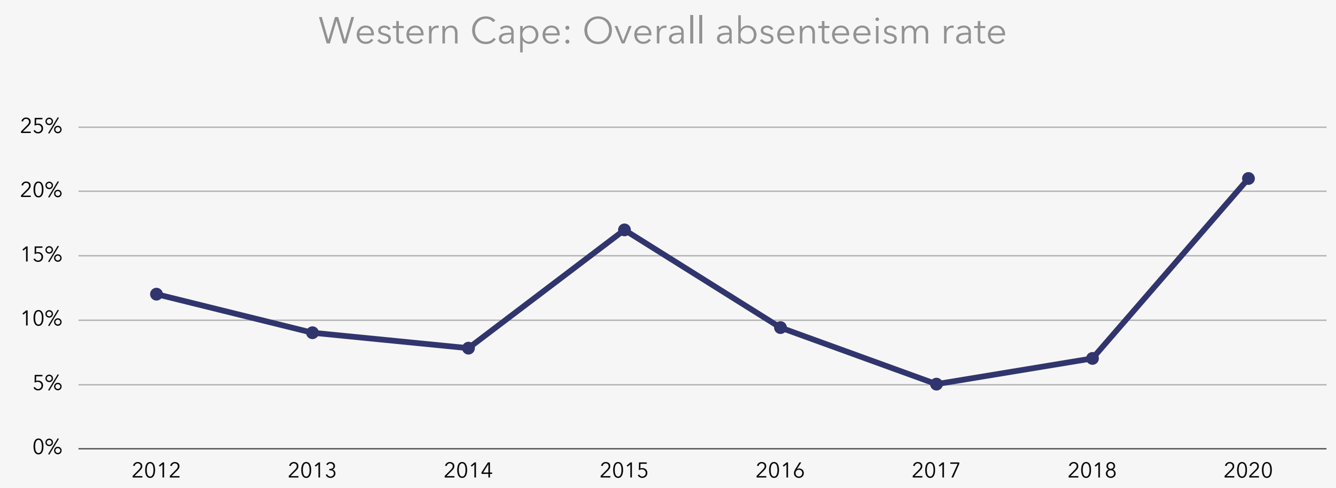


Figure 34 Overall absenteeism rate: Western Cape

As shown in the graph above, the Western Cape's overall absenteeism rate showed a steady decline from 2012 to 2015. It increased slightly in 2016 before dipping to 5% in 2017. In 2018 it increased by 40%. In 2020 it further increased by 201% to an absenteeism rate of 21,1%.

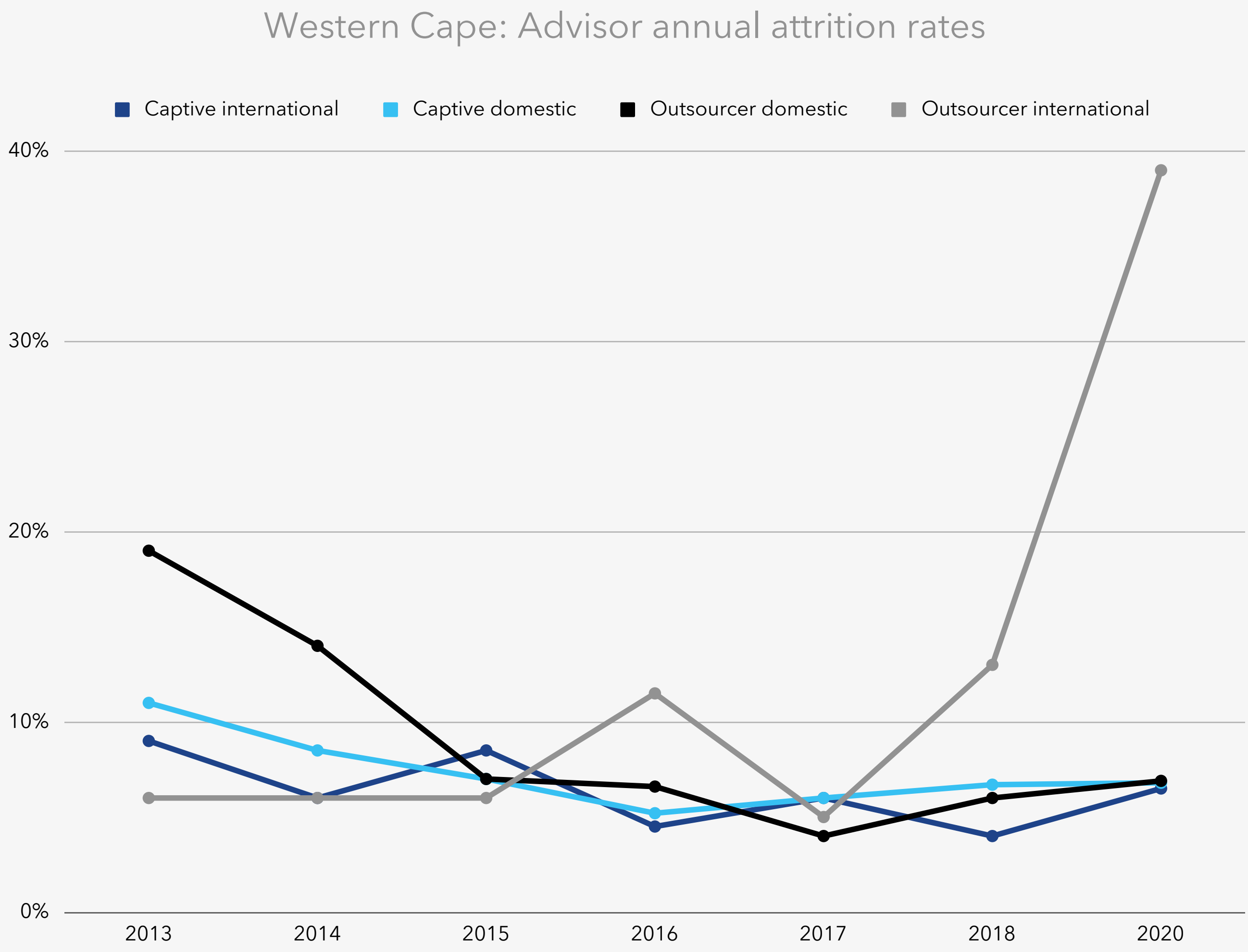


Figure 35 Advisor annual absenteeism rates: Western Cape

The Western Cape's advisor annual absenteeism is depicted in the graph above.

Captive domestic advisor absenteeism was 6% in 2020 (7,5% decrease from 2018); captive international advisor absenteeism was 6,5% (71,1% increase from 2018); outsourcer domestic advisor absenteeism was 6,7% (10,9% increase from 2018); and outsourcer international advisor absenteeism was the highest at 28,5% (261,4% increase from 2018). Some focus group participants believe the incline in 2020 for outsourcer international could be due to the effects of Covid as well as the work-from-home models that many operators are in. The incline for outsourcer international could also be due to more competition in the market in terms of different players, movement of people, and less agent "stickability". They are happy to move between different players in the market as the BPO sector continues to grow.

From CapeBPO's focus group discussions, there is a perception that attrition levels are getting better; however, it is dependent on various factors. Entry-level positions are perceived to generally have a higher staff turnover.

Focus group perceptions on factors that could potentially influence attrition

Operators’ work environment.

Nature of clients.

Infrastructure.

Colleagues.

Entry-level jobs are perceived as "not nice".

Career pathing and retaining talent.

Financial factors, i.e, entry-level pay scale.

Although attrition is an issue, the loss of competency and training costs are also an issue. There was a perception amongst focus group attendees that attrition rates are significantly better than they used to be. A significant contributor is likely to be the unpreparedness of the youth for a career in the BPO sector. There should also be skills development initiatives pitched at managers and team leaders to effectively career path staff and build more capable managers.

The competitive industry landscape in the Western Cape might also affect staff attrition rates. Pay rates are not consistent within the industry, and entry-level agents have the luxury to move around to more lucrative paying jobs, sometimes for a few Rands more than what they are currently earning. There could be a correlation between staff attrition and salaries. From the survey, operators with
high attrition rates have relatively low basic entry-level salaries (starting from approximately R6 000 p/month).

From the focus group sessions, a participant mentioned that there were higher levels of staff turnover and attrition in the earlier days, which influenced public sector stakeholders' investment into the industry to develop the youth. The sector's job environment has since changed fundamentally; operators have implemented sound people practices, and it's a business-critical element within organisations for people to gain work experience and grow within the industry.

Western Cape operators offer teams suitable amenities and a lifestyle that younger generations enjoy, positively impacting staff retention.

At the other end of the spectrum is workplace absenteeism. It is estimated that 15% of South Africa's workforce takes sick leave each day,[8] totalling an absenteeism rate of between 3.5% to 6% – this results in annual costs of R15 billion due to absenteeism levels. In the 2020 CapeBPO study, absenteeism levels are predicted to range between 5% to 12%, well above the national average, which is already considered high. In many instances at BPO operators, the work-from-home model has made absenteeism negligible.

South Africa's Labour Market and BPO

Stats SA's Quarterly Labour Force Survey (Quarter 4: 2020)[9] indicated that youth unemployment in South Africa has sadly hit the highest rate yet, at 63% (15 to 24 years old) and 41% for young people (25 to 34 years old).

Harambee, a not-for-profit enterprise tackling youth unemployment challenges, indicated in its March 2021 Quarterly Report that South Africa has a pool of eager youth waiting to enter the market, with an estimation that 63% of these youth are suitable for most entry-level jobs.[10] A South African study on youth employability programmes[11] showed the importance of employing non economic indicators to measure youth employees' success, namely job-search resilience, self-esteem, self-efficacy, and future orientation.

South Africa's BPO sector employs over 270,000 people and is expected to have more than 775,000 employees by 2030.[12] The Western Cape Government Provincial Economic Review and Outlook 2020[13] stated that the province has great potential to absorb unemployed youth with ongoing initiatives to boost the BPO sector's growth.

8 *Top Business Women. Workplace wellness. Available at https://www.topbusinesswomen.co.za/workplace-wellness-shocking-statistics-learn-from-leading-companies*
9 *Stats SA, Quarterly Labour Force Survey (Quarter 4: 2020). Available at: http://www.statssa.gov.za/publications/P0211/P02114thQuarter2020.pdf*
10 *Harambee Quarterly Report, March 2021. Available at: https://www.harambee.co.za/breaking-barriers-march-2021*
11 *Children and Youth Services Review. Available at: https://www.sciencedirect.com/science/article/abs/pii/S0190740920303431*
12 *McKinsey & Company. Driving economic recovery in South Africa's BPO industry. Available at https://www.mckinsey.com/featured-insights/middle-east-and-africa/driving-economic-recovery-in-south-africas-bpo-industry*
13 *The Western Cape Government Provincial Economic Review and Outlook 2020. Available at https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/2020%20PERO%20Publication.pdf*

Overview of BPO Talent Pool

This section will give an overview of the BPO talent-pool: age group of agents, employment category, agent benefits, and transport. CapeBPO's study aimed to identify the age groups of operators' agents, displayed in the following graphs.

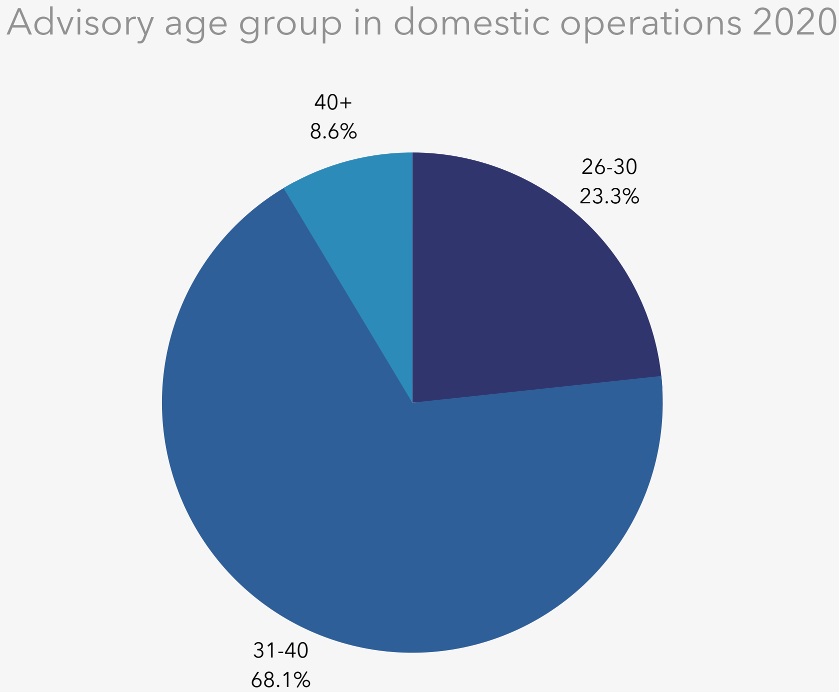
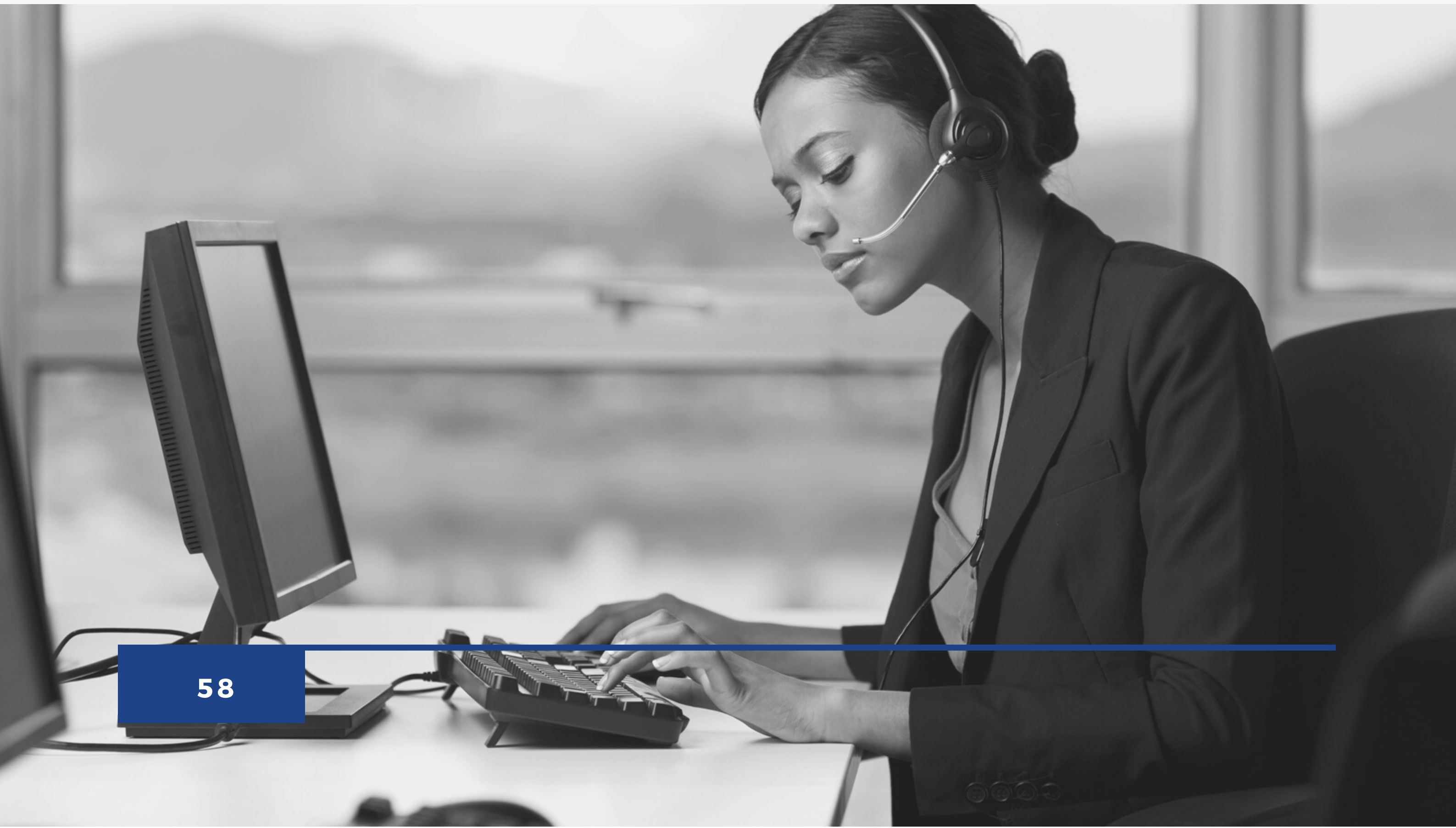


Figure 36 Advisor age groups: domestic

As highlighted in figure 36, the majority of advisors in the Western Cape domestic operations in 2020 were between 31 and 40 years old (68,1%), followed by ages 26 to 30 (23,3%), and those 41 years of age and older (8,6%). There were no Generation Z (18 to 25 years of age) in this particular timeframe. CapeBPO's study aimed to identify the age groups of operators' agents, displayed in the following graphs.



Advisory age group in international operations 2020

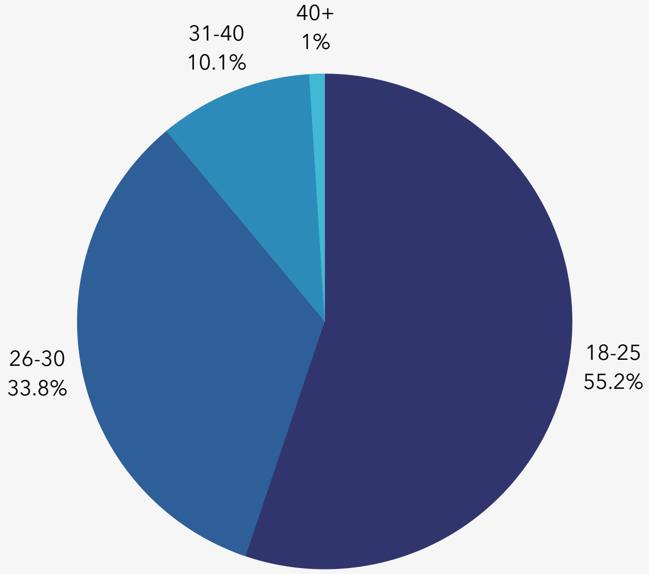


Figure 37 Advisor age groups: international

The majority of Western Cape advisors within international operators in 2020 were Generation Z, aged between 18 to 25 years old (54,9%). This group was followed by those aged between 26 to 30 (33,6%).

The next graph shows the employee category of staff.

Western Cape: Employment status 2020

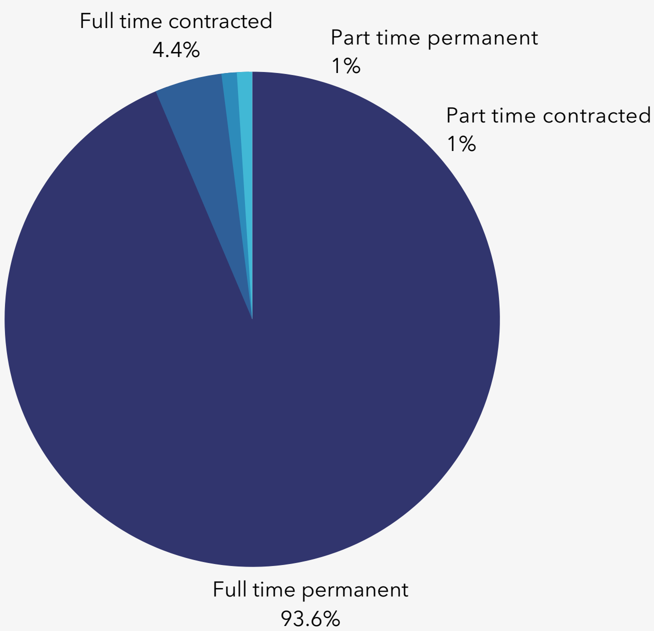


Figure 38 Employment status

As depicted in the figure 38, the Western Cape BPO employment status was mostly full-time permanent staff (94%), followed by full-time contractors (4,4%), part-time permanent staff (1%), and part-time contractors (0,6%).

Full-time permanent staff have increased by 8% from 2018, and full-time contractors have decreased by 64,5%. This is likely due to a maturing sector and a changed attitude towards call centre work as a career path.

Employee benefits also have their place in retaining employees and gives extra job security. The following graph depicts the benefits BPO operators offer their agents.

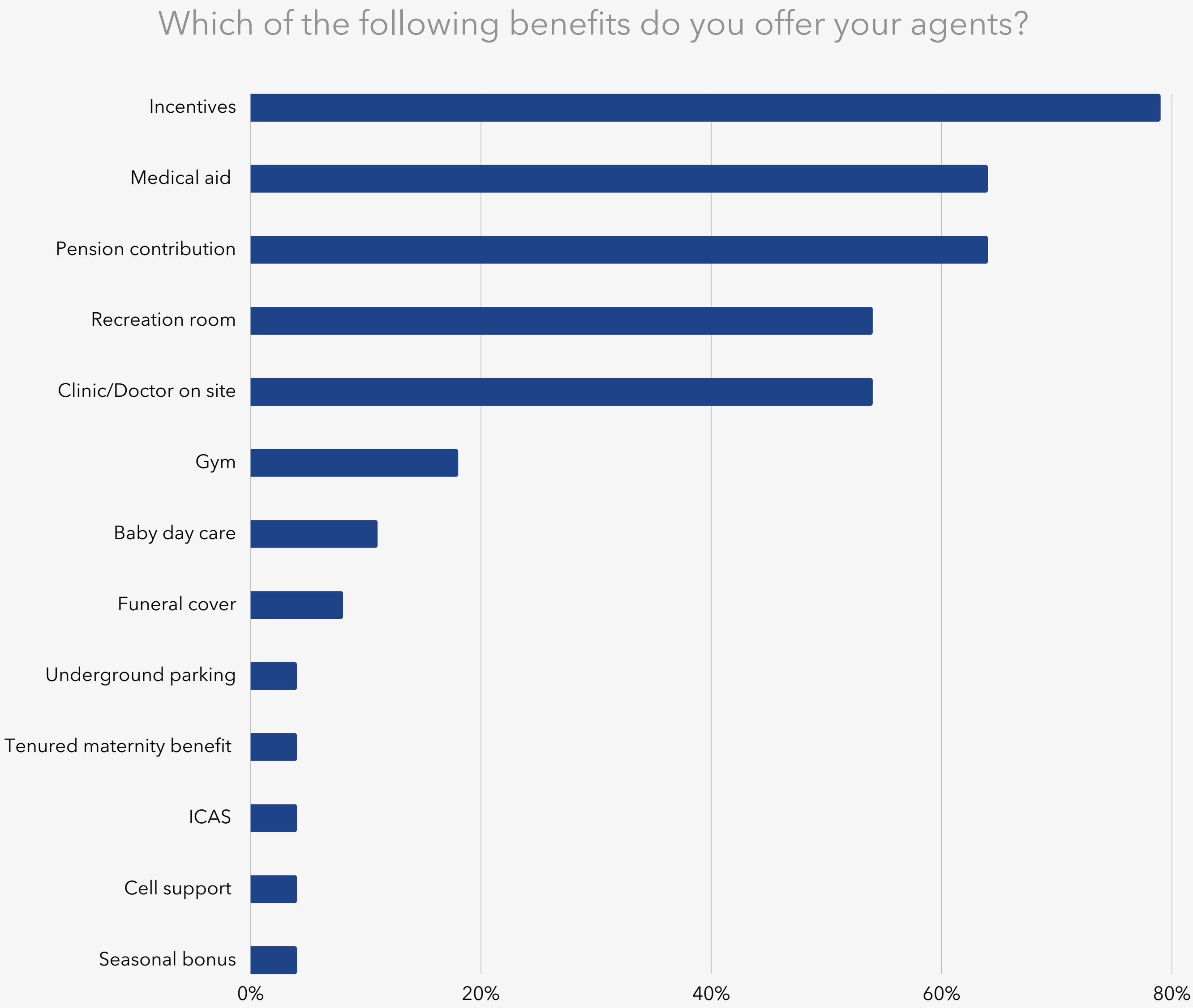


Figure 39 Benefits offered to agents

The majority of operators provided incentives for agents (79%), access to the staff canteen (64%), medical aid (64%), prayer rooms (54%), and pension contribution (54%). Other benefits in 2020 included transport contribution, recreation rooms, parking allowance, clinic/doctor on-site, 13th cheque, gym, holiday allowance, baby daycare, and employee wellness care, to name a few.

The following graph shows the percentage above the average agent's monthly salary in performance pay, bonus, or incentives.

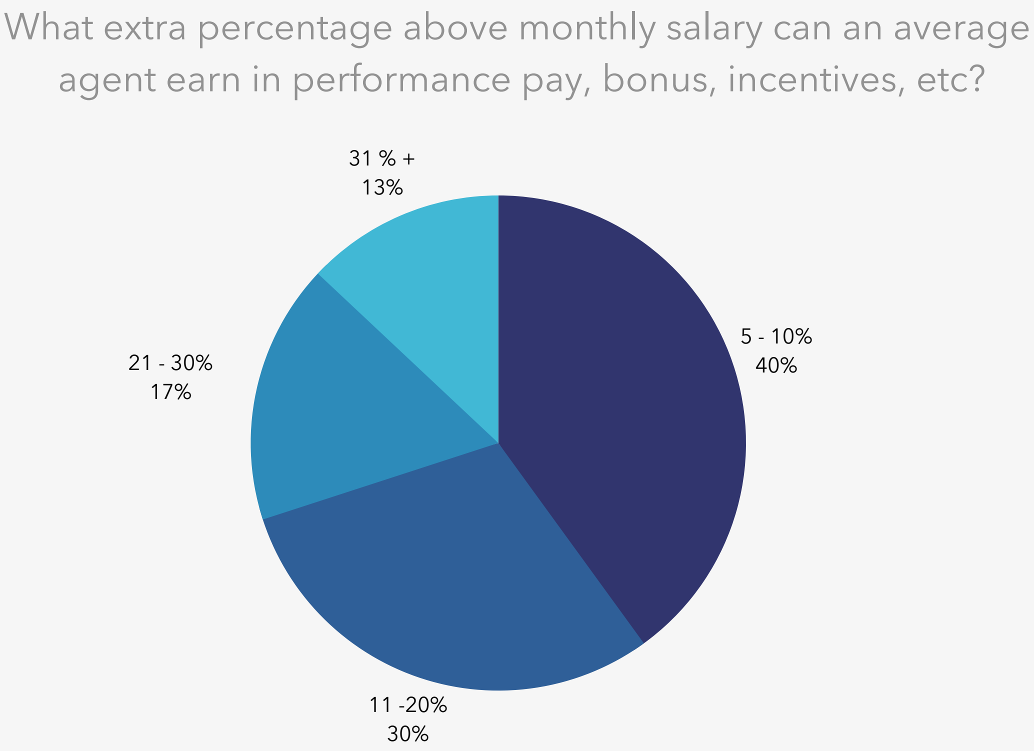


Figure 40 Performance pay, bonus, incentives

Almost 40% of operators provided an extra 5 to 10% above monthly salaries as performance pay, bonuses, and incentives to their agents.

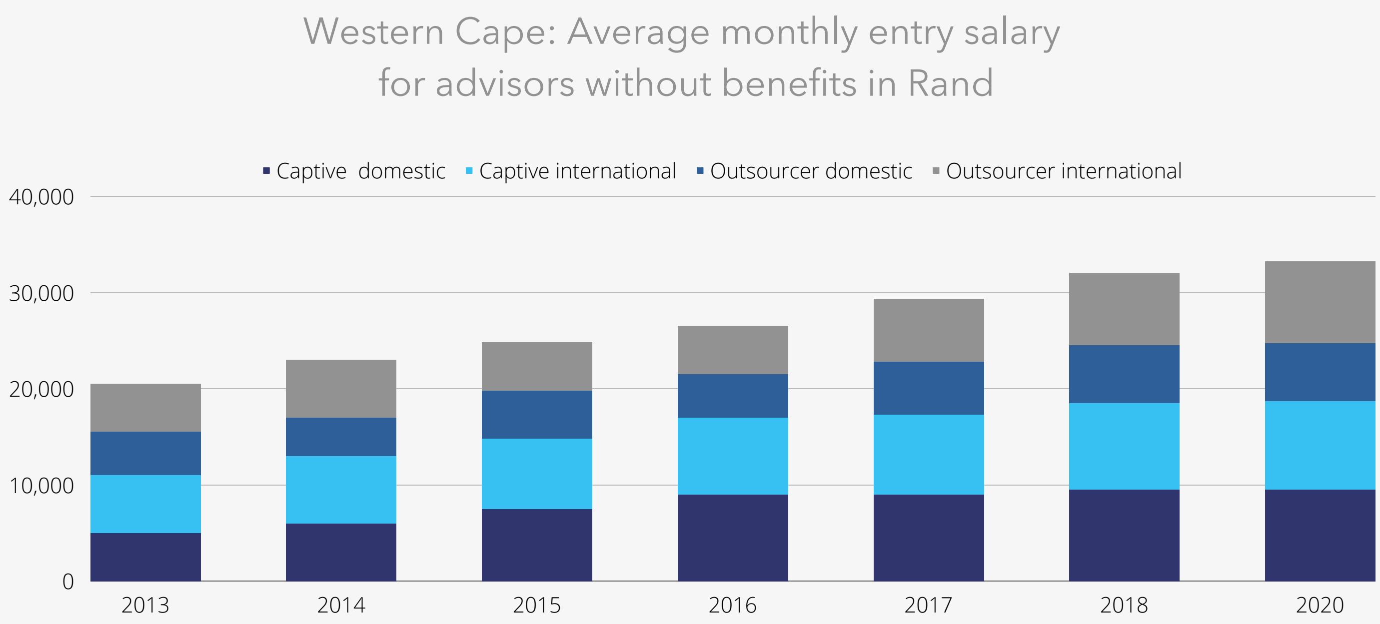


Figure 41 Advisor entry-level salaries - without benefits

As depicted in the graph above, the Western Cape's advisor's average monthly entry salary without benefits has seen increases year on year. For 2020, advisors within the captive domestic market had an average salary of R9,313 (a 0,77% increase from 2018). Captive international advisors' salaries were R9,239 (a 4% increase from 2018). Outsourcer domestic advisors' salaries were R6,201 (3% increase from 2018), and outsourcer international advisors were R7,725 (3% increase from 2018).

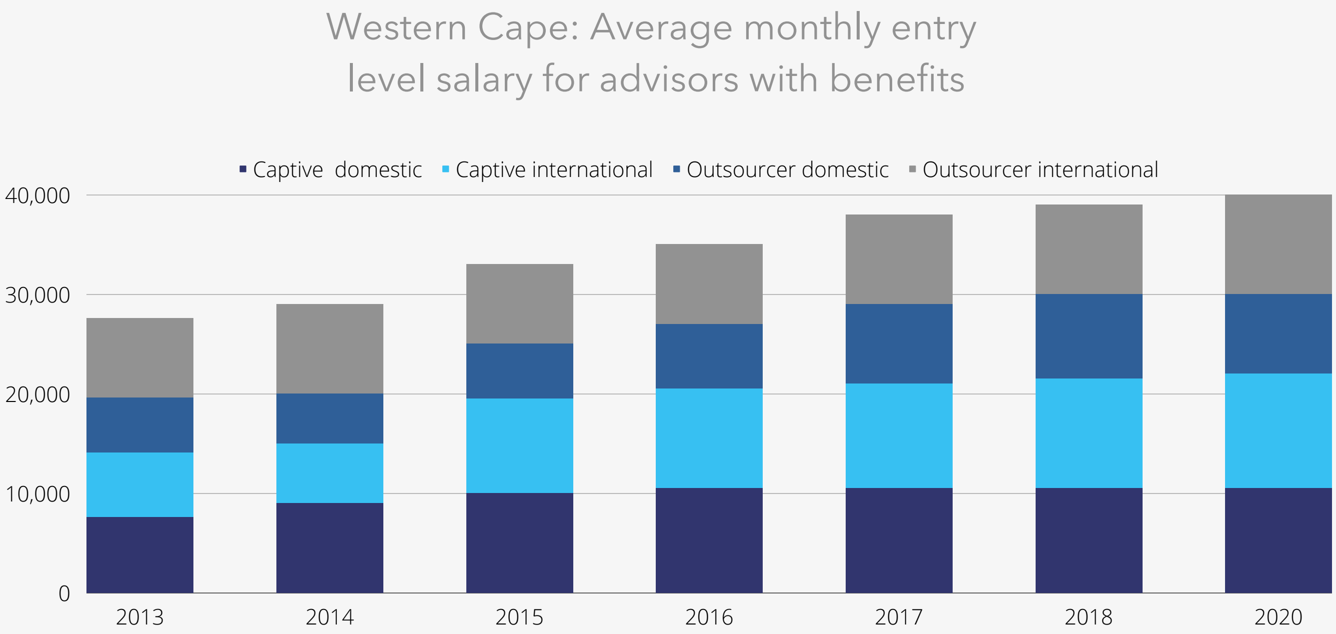


Figure 42 Advisor entry-level salaries - with benefits

As depicted in the graph above, the Western Cape's advisor's average monthly entry salary without benefits has seen increases year on year. For 2020, advisors within the captive domestic market had an average salary of R9,313 (a 0,77% increase from 2018). Captive international advisors' salaries were R9,239 (a 4% increase from 2018). Outsourcer domestic advisors' salaries were R6,201 (3% increase from 2018), and outsourcer international advisors were R7,725 (3% increase from 2018).

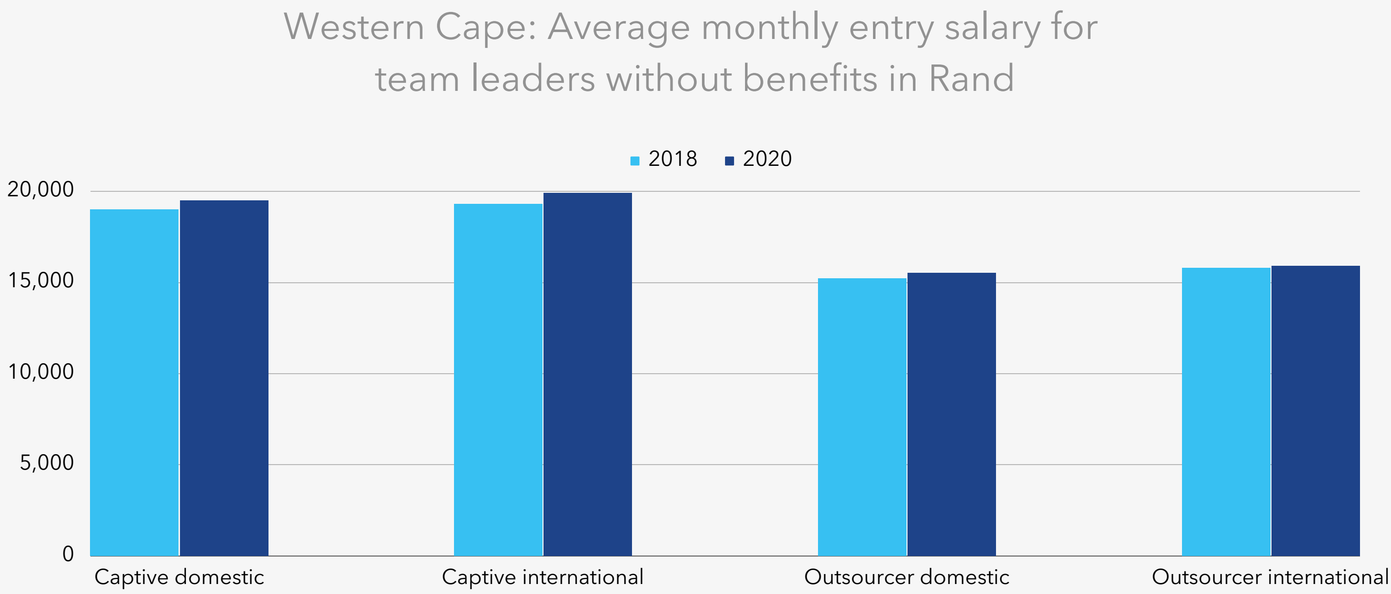


Figure 43 Team leader entry-level salaries - without benefits

Team leaders' average monthly entry salary has increased slightly from 2018 to 2020. Captive domestic team leaders' average salary in 2020 was R19,433; captive international was R19,756; outsourcer domestic was R15,878, and outsourcer international was R16,686. All salaries without benefits increased by 3%.

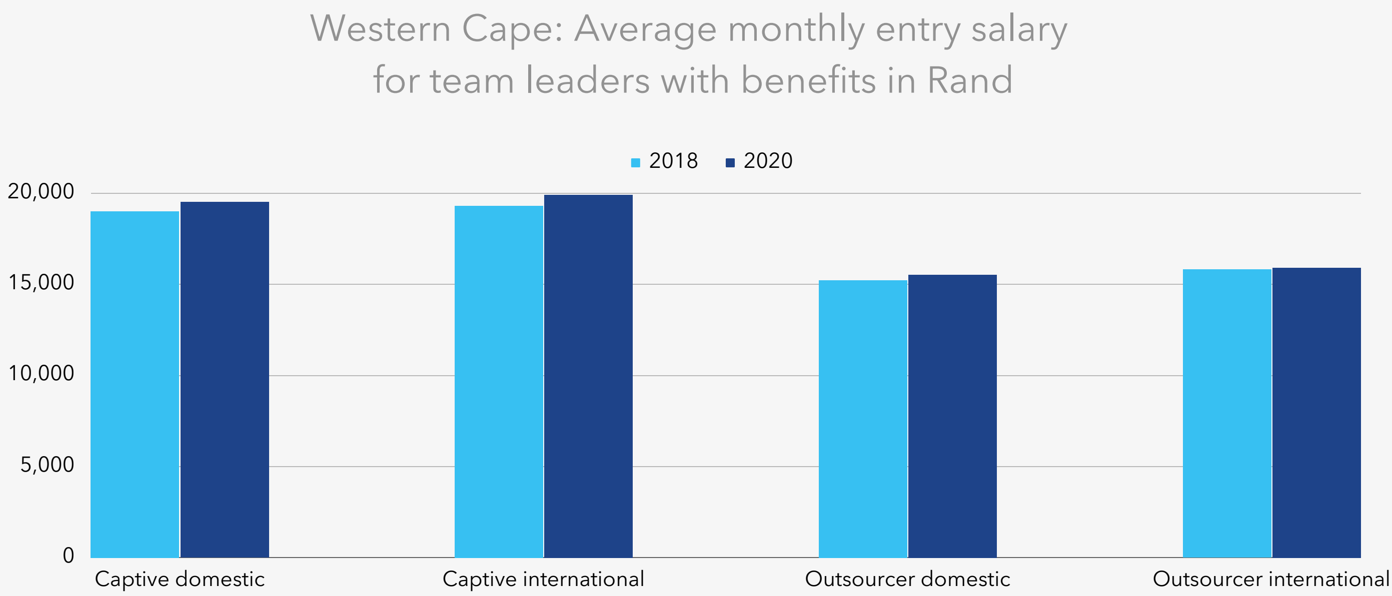


Figure 44 Team leader entry-level salaries - with benefits

Team leaders' average monthly entry salary with benefits has increased slightly from 2018 to 2020. Captive domestic team leaders' average salary with benefits in 2020 was R22,201; captive international was R23,216; outsourcer domestic was R18,616, and outsourcer international was R19,948. Captive domestic and captive international salaries with benefits increased by 3%. Outsourcer domestic and outsourcer international salaries with benefits increased by 4%.

The majority of agents live on the Cape Flats – an area on the outskirts of Cape Town's CBD. It includes Athlone, Mitchells Plain, Delft, Khayelitsha, Nyanga, and Gugulethu – areas rife with gangs, poverty, and violence. The area is heavily reliant on public transport, consisting mainly of taxis and busses. Due to these irregular working hours, agents who don't work from home have to take public transportation from their residence in the Cape Flats to the city where most operators are based.

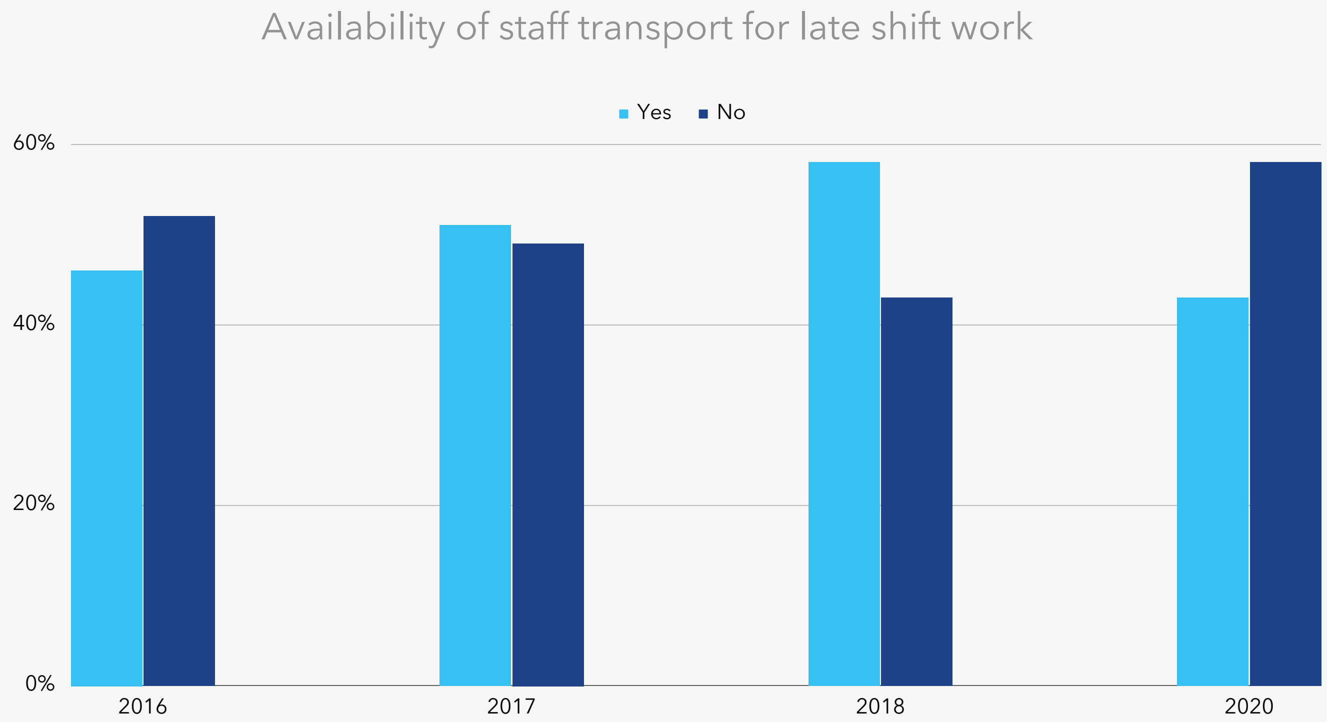


Figure 45 Staff transport availability

The graph above shows the availability of staff transport for late shift work. In 2020, 43,3% of operators had staff transport available for late shift work. The following graph shows who pays for the transport.

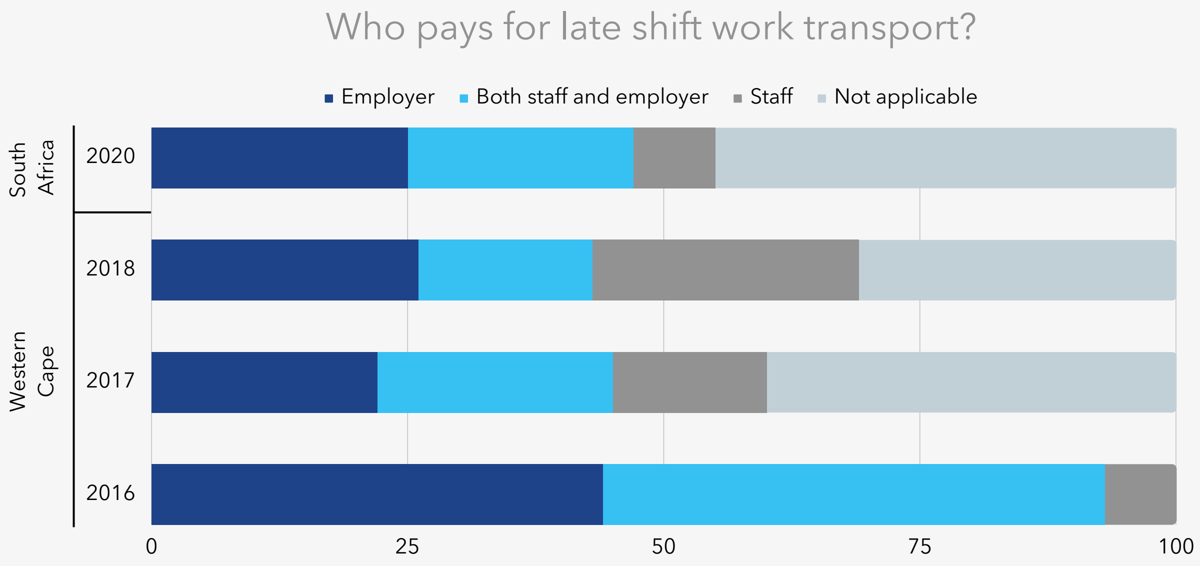


Figure 46 Late shift work transport payment

For those operators who don't offer staff transport for late shift work, 26,7% paid for their staff's transport in 2020, followed by both the staff and the employer who paid (23,3%). Lastly, 6,7% indicated that it was their staff's responsibility to pay for transport when working the late shift.

The Western Cape is perceived to have safe and accessible public transport with lower crime risks; however, some still question whether it is a safe and secure destination.

Staff Training

Focus group participants mentioned that for the Western Cape BPO sector to scale, there is a need to bridge people who have shown potential and get them "call centre-ready". Matriculants have quite a journey to go on before they are ready to work at a call centre. It remains a challenge to find an adequate number of people within the industry to deliver services on a bigger scale.

Training is also specific to the supplier and product with a lot of investment to get the right people and train them. The next step is to retain them and provide a good career path to maximise that investment. Keeping trained people longer – that is the real opportunity.

Understanding Your Staff

As indicated in the previous section of this report, the BPO industry employs many young employees, a remarkable achievement for the industry and a catalyst for job creation during an uncertain economic climate.

Generation Z (Gen Z), the newest generation in the workforce, makes up approximately 18% of agents in the Western Cape. It will continue to increase as the industry grows and job creation increases. Gen Z includes people born between 1995 and 2009 (the age range is 12 to 26 years old). It equates to over 15 million South Africans and will, naturally, be the "workforce of the future"[14]. Said to be the most disruptive generation in world history, it would do organisations well to truly understand this segment of workers, which will also assist in better employee retention and career mapping strategies.

Get to know Gen Z and what they value:

An important finding in a recent global contact centre survey[15] indicates that Gen Z employees are 1.5 times more likely to get feelings of loneliness than other generational employees – an essential factor to consider by agents' supervisors and operators' internal communication and HR teams.

In the Human Capital Trends Report, 77% of respondents said that leading multigenerational workforces are important for success. However, organisations cannot focus purely on demographic insights to better understand their workforce – jobs are becoming more complex with different generations working alongside each other, and young talent is promoted a lot faster than in previous years. Value- or attitude-based approaches are other good indicators to understand your workforce.

In the CapeBPO study, operators indicated their various strategies for accommodating the evolving demands of the millennial generation workforce.

[14] *Generation Fluid. White Paper. Joe Public United.*
[15] *5th Talent International. Work at Home Study, March 2021. Available at: https://drive.google.com/file/d/1rdC-28xAxVudierwqXDnMz3kBqtZ7DFN/view*

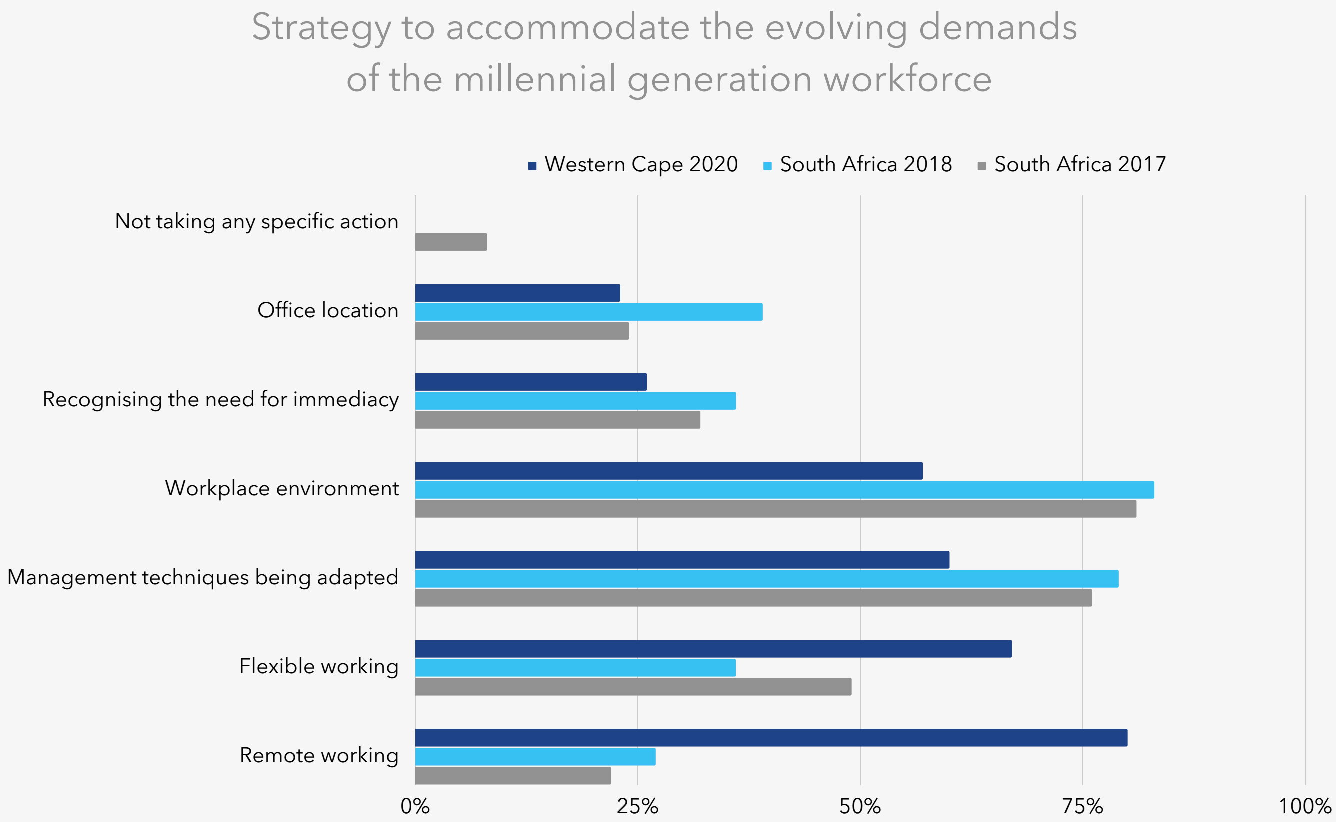


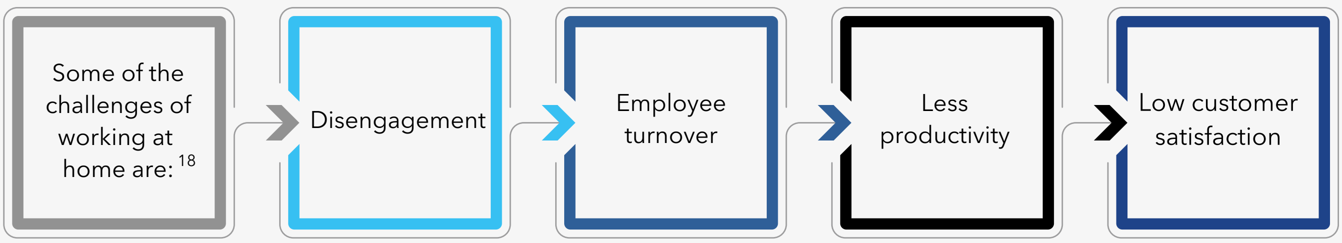
Figure 47 Millennial workforce strategy

In 2020, remote working (80%) and flexible working (66,7%) were the top two strategies for Western Cape operators to accommodate the evolving demands of the millennial generation workforce. These two strategies were followed by management techniques (60%) and workspace environment (56,7%).

Challenges of Work-from-home Staff

Covid-19 has caused significant changes in the way we conduct business, and the business space has seen a considerable leap from a traditional office setting to a work-from-home environment. Ryan Strategic Advisory[16] reported on Customer Experience (CX) observations one year into the pandemic: work-from-home is here to stay; however, some staff find it challenging to adapt, which is "a root cause for virtual agent disengagement and attrition".

Research by 5th Talent International for its Contact Centre Industry Work at Home Study[17] indicated that in May 2020, there were strong indications of better performance and lower attrition. From October 2020, however, home fatigue started to set in.



Source: 5th Talent Work

[16] *Ryan Strategic Advisory. Available at: https://ryanadvisory.com/5-key-cx-pandemic-observations-1-year-later*
[17] *5th Talent Work at Home Study March 2021. Available at: https://drive.google.com/file/d/1rdC28xAxVudierwqXDnMz3kBqtZ7DFN/view*
[18] *5th Talent Work at Home Study March 2021.*

Impact of Digital Transformation on Employees

NTT Ltd.'s 2020 Global Customer Experience Benchmarking Report[19] provides interesting and implementable data for organisations wanting to provide world-class CX models. The digital era is here, and those not on board will get left behind.

Employees need to adapt to new strategies and technologies and learn new and exciting skills. The Benchmarking Report indicated that automation and digital transformation wouldn't result in lower employee focus; however, "automation anxiety" could kick in and impact employee well-being.

Improved customer experience (92,9%) and cost reduction (75%) are the two main factors that impact digital business transformation for BPOs. There is also a growing customer demand for digital (71,4%).

The Global Customer Experience Benchmarking Report studied the effect of business and digital transformation on absenteeism and attrition levels in the past two years. Absenteeism and attrition levels have remained unchanged for most companies. However, there have been cases where companies have seen significant increases (8.2% for absenteeism; 8.1% for attrition) resulting from digital and business transformation initiatives.

> *"As CX strategies are optimised, businesses need to remain mindful of how their employees perceive and adapt to these changes. In some cases, organisations with optimised CX strategies could see a shift in absenteeism and attrition levels." (Source: Global Customer Experience Benchmarking Report)*

Technological innovation has been a key contributor to high attrition rates in contact centres.[20] Questions around job security and digital uncertainty are often coupled with digital advancement – it's a key communication topic that can't be left unattended. .

As indicated in the 2020 Deloitte South Africa Human Capital Trends[21] report, a well-being strategy will have numerous benefits on different levels of a business, namely workforce experience, customer experience, overall reputation, finances, and innovation and adaptability

Internal communication strategies must be in place to keep staff up to date on organisational and digital changes. Clearly explain how it will impact employees and their roles, the training that will be provided, and (definitely not the least) the new skills they will learn, and how it will make their jobs easier.

[19] *NTT Ltd. 2020 Global Customer Experience Benchmarking Report. Available at https://hello.global.ntt/en-us/insights/2020-global-cx-benchmarking-report*
[20] *Knowledge Executive Blog. Available at: https://blog.knowledge-executive.com*
[21] *2020 Deloitte South Africa Human Capital Trends. Available at: https://www2.deloitte.com/za/en/pages/human-capital/articles/2020-human-capital-trends.html*

Human-Centric in a Technological World

The 2020 Deloitte South Africa Human Capital Trends[22] report challenged organisations to "remain distinctly human in a technology-driven world". One major challenge for organisations that operate in a technological environment is bridging the gap between humans and technology. With technology comes major shifts, not just in the operational capability space but also in human perceptions, new habits, and management styles.

> *"The digital boom also creates changes in workplace dynamics where we see organisations adopting an employee-centric model of work. Talent acquisition, retention, and employee satisfaction were top-scoring drivers of implementing new working practices and organisational culture change."*[23]

In the 2020 Global Customer Experience Benchmarking study, 36% of respondents indicated that work-life balance practices could lead to competitive advantage and employee wellness is a board-level focus area (21.8%). The Human Capital Trends report highlighted that work needs to be designed for well-being, with AI being the new team member.

The most significant barrier to achieving an inclusive culture is, unfortunately, leadership. Organisational culture is predominantly built on a leader's unique personality and way of doing things. Essentially, they are the enforcers of workplace culture.

Employee satisfaction levels and perceptions of workplace dynamics need to be measured consistently, which will help businesses understand the different factors that employees deem necessary and where organisations can do better. This, in turn, will assist teams in tackling attrition and absenteeism by focusing on proactively measuring and managing employee wellness, employee engagement, employee brand perceptions, and employee learning opportunities.

Retaining and Developing Talent: 2021 and Beyond

As the world moves into the digital age, which has arrived a lot earlier than most would have guessed, it is crucial that all industries not stagnate their efforts regarding employees' well-being. It is more vital than ever to stay in tune with staff–their perceptions about their employer, the internal working climate and culture, communication preferences, and workplace morale. Although attrition and absenteeism rates are rarely at zero, the talent pool should be managed in a way that attracts and retains highly motivated and capable staff. Young people are getting frustrated with minimal long-term career planning in organisations.[24] Job hopping takes place – only one in five South African youth lands a job that lasts longer than three months.[25]

[22] *2020 Deloitte South Africa Human Capital Trends. Available at: https://www2.deloitte.com/za/en/pages/human-capital/articles/2020-human-capital-trends.html*
[23] *2020 Global Customer Experience Benchmarking Report*
[24] *The South African. Available at: https://www.thesouthafrican.com/news/heres-how-sas-efforts-to-fix-unemployment-can-be-improved*
[25] *Daily Maverick. Available at: https://www.dailymaverick.co.za/article/2019-10-29-we-must-equip-young-people-to-bounce-back-into-work*

The Deloitte Talent 2020 report,[26] a global survey of employees, indicated that 80% plan to stay with their current employer in the next year. However, retention strategies should not get the back seat based on the assumption that the job market is flooded. This is especially the case with highly talented and motivated employees, including those with critical skills and leadership positions. The employee group with the strongest desire to leave are those who have been employed for less than two years.

Staff retention strategies are fundamental in building a thriving business and should be driven by leadership – it's not only an HR function. The Talent 2020 study showed that 26% of employees who want to leave their employer highlighted that their trust in leadership is lacking.

[26] *Deloitte Talent 2020. Available at: https://www2.deloitte.com/content/dam/Deloitte/mx/Documents/about-deloitte/Talent2020_Employee-Perspective.pdf*

Meaningful work and making use of employees' unique skill sets will help with retention.

Although the industry is known for high attrition rates, BPO operators can put in place sound retention strategies that will help develop skills and keep talent in-house while being perceived as the employer of choice.

Leadership: Leading Teams to Greatness in the Digital Age

For the BPO industry to build resilience and business continuity, leaders need to remain at the helm of their ships, steering their workforce into the digital age with ease. The CapeBPO operator study also focused on recommendations from BPOs on how the industry can improve. Figure 48 shows the top answers.

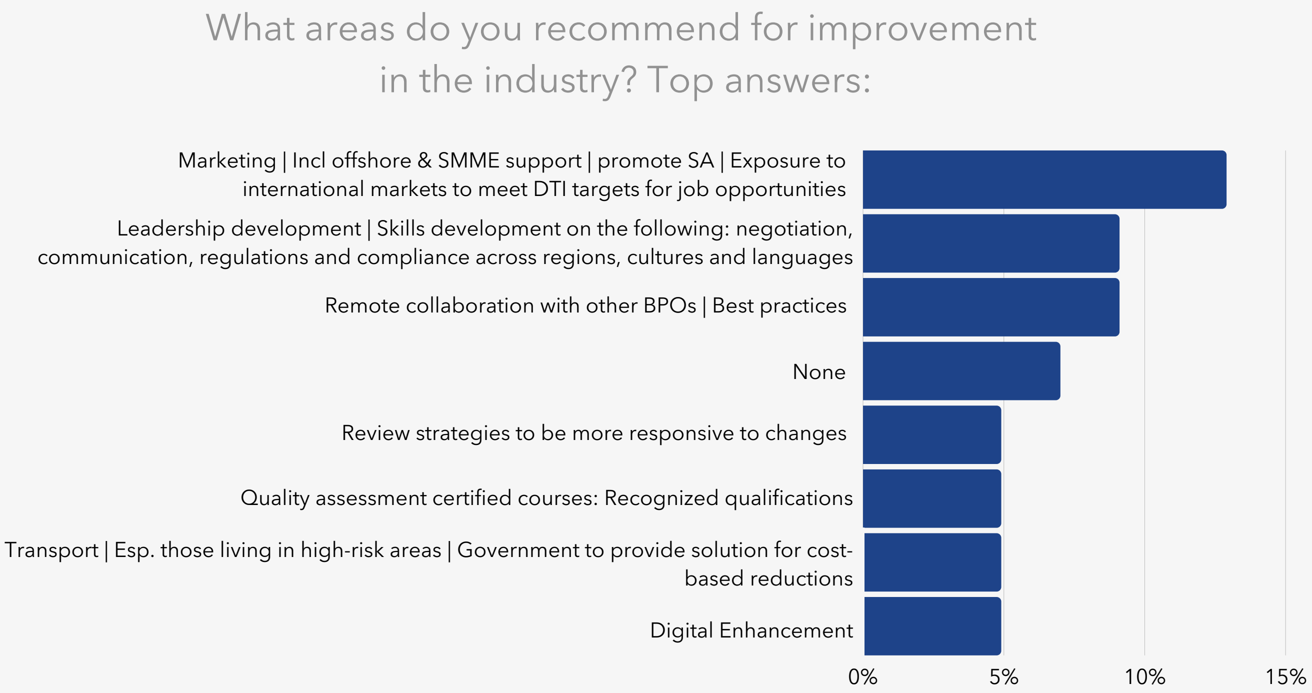


Figure 48 Recommendations to improve the industry

A key recommendation made by operators to improve the industry was to promote South Africa using marketing and exposure to international markets (11,9%). This also includes offshore and SMME support. Other recommendations were leadership development and specific training programmes on various topics, namely negotiation, communication, language and different cultures, and deeper insight into regulatory and compliance matters (9,5%). Remote collaboration with other BPOs where best practices can be shared was another noteworthy recommendation (9,5%).

A critical aspect is to grow the strength of the sector's strategic and transformational leadership. For some operators, there is a need to drive a collaborative spirit while also retaining a competitive advantage. This will, in turn, help with fostering a collaborative learning environment.

Disrupt Your Organisation with AI for Increased Business Value

In the previous sections, we have learnt that digital technology and AI will be here to stay, and organisations will be better off embracing these technologies and entrenching them into the company's DNA.

To fully embrace the opportunities and value that AI can produce, the right leadership is of the utmost importance to drive the change. A McKinsey & Co report[27] indicates that "leaders must reorient their own thinking and then move every mindset in their organisation".

AI-enabled organisations have a different mindset, encouraging learning with a focus on the business multiple.

[27] *McKinsey & Co. Winning with AI is a state of mind. Available at: https://www.mckinsey.com/business-functions/mckinsey-analytics/our-insights/winning-with-ai-is-a-state-of-mind#*

Benchmarking As a Business Priority

The Power of KPI Benchmarking

Talkdesk's 2021 global contact centre KPI benchmarking report highlights the importance of benchmarking in contact centre strategies. Businesses experienced significant instability during the pandemic, which means there is also an opportunity to transform. The optimisation of operations should be high on the priority list. By championing data, contact centres can ultimately enhance customer experience levels.

The benchmarking report provides valuable benchmarks for the contact centre industry by deep diving into five performance metrics. This insightful report will help BPOs to use data effectively when adapting their business strategies.

Impact of Covid on Business Operations

The 2021 Talkdesk global contact centre KPI benchmarking report emphasises the two most noteworthy effects of Covid on business operations. These include the work-from-home (WFH) model and how technology and digitalisation have gained momentum.

Due to the unpredictable landscape, businesses must continuously adapt to their environment by formulating new goals and business priorities. Talkdesk advises that "tracking the most critical KPIs against those goals is paramount". By understanding how the pandemic has impacted contact centres, businesses can better understand changes – whether positive or negative – and develop a plan of action should it be necessary.

Why Benchmarking is Important

Benchmarking helps businesses to know where they are compared to their peers. The following section provides a summary of benchmarking benefits, as detailed in Talkdesk's 2021 global contact centre benchmarking report:

1. "Identifies urgent areas of improvement."

Are there any areas with poor performance? Benchmarking can help pinpoint inadequate performance compared to other contact centres.

2. "Uncovers areas for improved efficiency."

Are there any areas with poor performance? Benchmarking can help pinpoint inadequate performance compared to other contact centres.

3. "Supports testing of improvement initiatives."

How effective have initiatives been during times of uncertainty? Knowing this can help businesses to gain a competitive advantage through continuous improvement and adopting successful industry-wide practices.

CX Data: Not to be Ignored

Strive for an excellent customer experience!

Permanent remote workers: Increased to 86% by June 2020 (Contact Babel reported that only 13% of agents were permanent remote workers before March 2020)

76% of customers value engaging with companies via their preferred communication channels.

72% of CX professionals prioritise leading the digital transformation of their contact centre.

63% of customers feel that one poor customer experience will harm brand loyalty.

82% of customers say that it's important that queries are solved accurately.

84% of CX professionals think customers expect 24/7 self-service.

69% of organisations invested in AI/automation for self-service.

KPIs And Metrics

Metrics for Talkdesk customers:

- Average abandonment rate: 5,91% (increased 40,1% from 2019) % Calls terminated by the caller after being added to a queue.
- Average talk time: 3 minutes 35 seconds (increased 13,5% from 2019) Time an agent spends talking with a customer.
- Average hold time: 3 minutes 13 seconds (increased 70,8% from 2019) How long customers were put on hold when on a call with an agent.
- Average speed of answer: 8.47 seconds (decreased 1,6% from 2019) How long does it take for an agent to answer an inbound call?
- Average service level: 82,5% (decreased 2,5% from 2019)% Calls answered and missed within a specific time threshold (measures availability to customers).

Interesting Metric Observations

The following list includes interesting findings and metric observations in Talkdesk's report.

- Average of 4.22 minutes spent waiting for an agent (increased 69%).
- The pandemic created a challenge for contact centres to keep up with call volumes
- Abandoned calls increased during the pandemic.
- Customer relationship management quickly became the contact centre agent's responsibility as face-to-face interactions between customers and brands took the back seat.
- Call centre agents are dealing with more complex issues, providing context as to why average talk times have increased. In addition, self-service tools handle easier calls from customers.
- Longer hold times hurt the customer experience and contact centre efficiency; however, longer hold times could be attributed to agents handling more complex queries.
- Lowering average handle time will reduce contact centres' cost per contact.
- Although contact centres experienced higher call volumes, the average speed of answer has improved slightly.
- Lower speed of answer time is indicative of the pressure to attend to call queues.
- The average speed of answer may improve agent productivity but has little effect on the Customer Satisfaction Score (CSAT).
- 38,5% of Talkdesk customers achieved service levels above 90% amid the pandemic.
- The service level gives an overview of contact centre performance. However, other metrics and KPIs provide a better indication of agent productivity and efficiency.

Benchmarking – What to do Next

Contact centres that kept data at the centre of their business had a competitive advantage; they remained responsive and provided effortless customer journeys.

Benchmarking should be the first step for any BPO. Carefully consider the following:

- What are the KPIs for your business goals?
- How does your performance compare to competitors?
- Have you established benchmarks to improve KPIs?

Refer to Annexure 1 for the full report

Closing

The Western Cape BPO sector is commended for the agility it has shown during a very uncertain climate. It ensured business continuity for various other sectors, and together with government partners, it has catapulted the sector's success and standing in the international market.

The Western Cape BPO sector has shown consistent growth and stability and has the potential to scale significantly with the right resources and partnerships. As one advisory board member said, "I think the BPO opportunity is twenty times what it is at the moment."

With solid people practices, the intent to innovate and implement digital techniques, and leadership that drives collaboration and innovation, the sector is expected to grow exponentially.

Invest in South Africa

Introduction

As with other young and developing countries, South Africa welcomes foreign investment for its continued growth, and the Government, therefore, has a traditionally open policy with regard to foreign investors. The principal attractions for foreign investors to South Africa include the following:

- It has a democratically elected government and a constitution based on democratic values, social justice and fundamental human rights;
- It is endowed with an immense store of natural mineral resources and is a significant producer of precious metals and other valuable minerals;
- Its people possess sufficient amounts of disposable income with high demands for consumer goods; Being at the southern tip of Africa, it is ideally located for exports to and imports from any part of the world;
- It has a highly developed infrastructure and communications network, and the prices of most commodities are low.
- Other considerations for foreign investors include:
- The relatively weak currency: the Rand ("ZAR"), offers excellent investment opportunities to investors and more so for manufacturing concerns with a strong export base; There is a climate for innovation in the business community, both in the creation of export channels and the manufacture of capital goods by means of self-developed technology.

General Information

Area and Population

South Africa forms the southern-most part of the African continent. Its surface area is 1,220,031 sq. km (471,445 sq. miles). The country is roughly five times the size of the United Kingdom and is larger than the combined areas of France, Germany and Italy.

South Africa was admitted to the BRIC group of countries of Brazil, Russia, India and China (now called BRICS) in 2011.

For 2021, Statistics South Africa estimated the mid-year population at 60.14 million consisting of 80.9% Black African, 8.8% Coloured, 2.6% Indian/Asian and 7.8% White. Approximately 51% of the total population is female.

Language

South Africa is a multi-lingual country. There are eleven official languages, including English, Afrikaans, isiNdebele, isiXhosa, isiZulu, Sepedi, Sesotho, Setswana, Siswati, Tshivenda and Xitsonga.

Currency

The currency unit for South Africa is the Rand.

Banking and Finance

Banking is sophisticated and very tightly controlled by legislation to provide maximum protection to depositors. The Registrar of Financial Institutions polices the system under the Banks Act.

The South African Reserve Bank ("SARB") is the central bank. Amongst its powers, it controls the currency, holds the gold bullion, issues banknotes and coinage, lays down guidelines for monetary and credit policy and exercises exchange control.

The financial institutions consist mainly of three types of banking institutions: commercial banks, general banks, and merchant banks. The major banks are, in no particular order: ABSA Bank Limited, First National Bank Limited, Nedbank Limited and Standard Bank Limited.

Headline inflation (CPI) q/q%

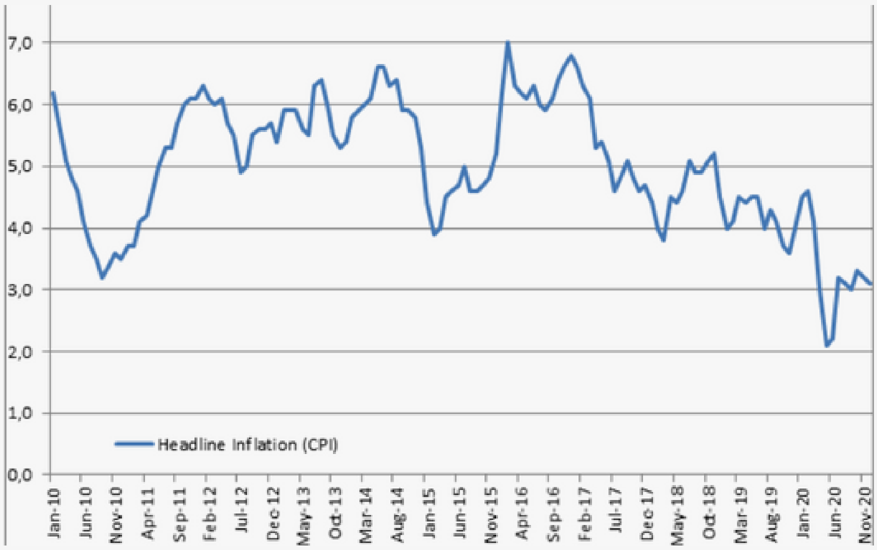


Figure 49 Headline inflation (CPI)

GDP Annual Growth Rate in South Africa is reported by Statistics South Africa. Figure 50 depicts the GDP Annual Growth Rate (year-on-year) over a period from 2016 1st quarter to 2020 4th quarter:

GDP quarter-on-quarter growth %

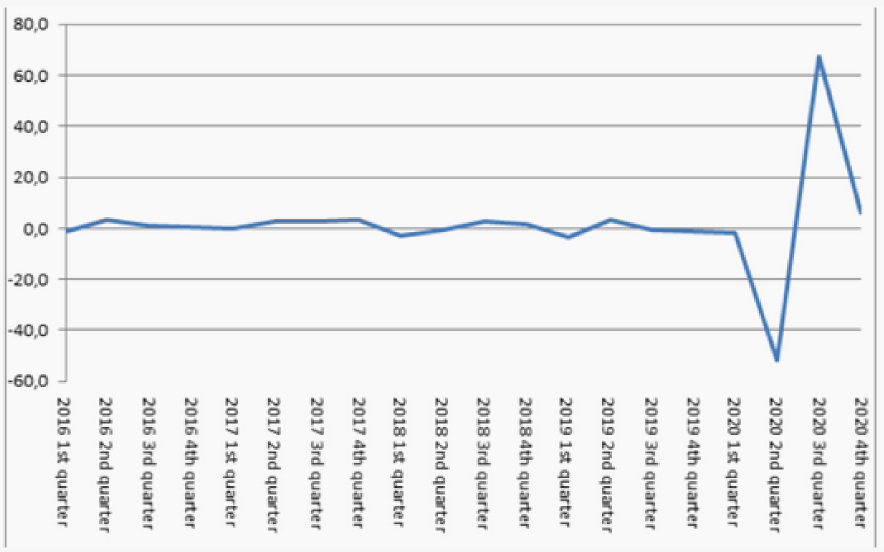


Figure 50 GDP quarter-on-quarter growth

Source: Statistics South Africa

The prime interest rate is the benchmark interest rate in South Africa and is reported by the SARB. Interest rate decisions are taken by the SARB's Monetary Policy Committee ("MPC"). Over the past ten years, the prime interest rate has remained stable, with an average of 9.4% for the period from January 2010 to December 2020.

Prime Rate

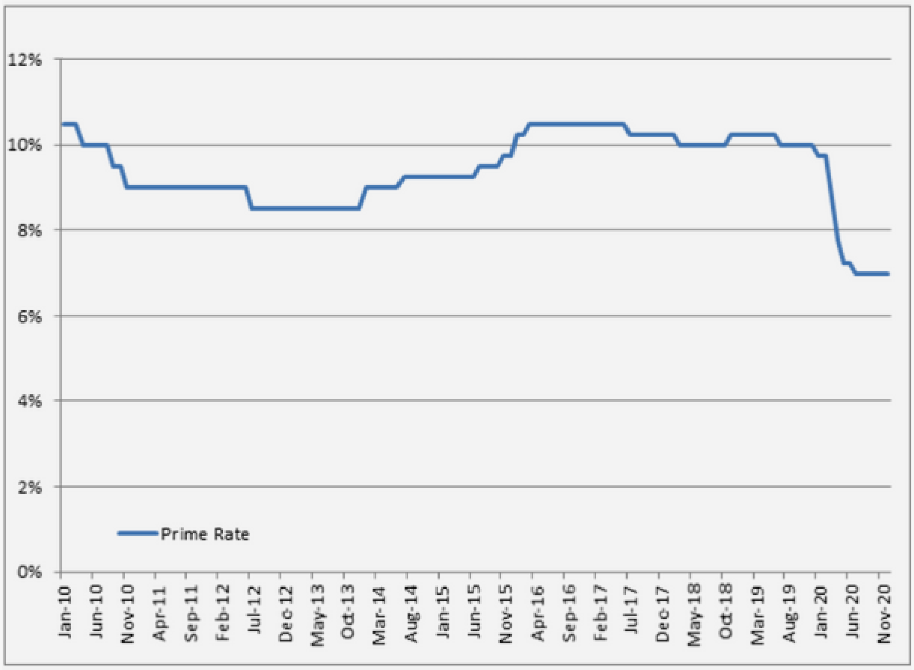


Figure 51 Prime rate

The graph below contains the exchange rates of the ZAR against currencies such as the Euro ("EUR"), British Pound ("GBP") and US Dollar ("USD"):

Currency

Figure 52 Exchange rates - ZAR, EUR, GBP, USD

Figure 53 contains the exchanges rates of the ZAR against the Indian Rupee ("INR") and Philippine Peso ("PHP"):

Figure 53 Exchange rates - ZAR, INR, PHP

Regulation of Foreign Investment

Control is exercised through the Financial Surveillance Department ("FinSurv") of the SARB and through Authorised Dealers in foreign exchange at commercial and merchant banks.
Over recent years there has been significant relaxation of these controls.

Non-residents temporarily in South Africa have practically no limitations on remitting earnings and savings, provided that they make the prescribed declarations. Any dividends, royalties and interest paid from current earnings may be freely remitted, provided that the Authorised Dealer making the payment can confirm that the income is rightly payable to the non-resident.

When purchasing shares in a South African company, a non-resident or emigrant must have the share certificate issued to them endorsed as 'non-resident owned' within 30 days of those shares being issued. If this is not done, the South African company will be prevented from remitting any income or capital to the non-resident shareholder.

Any loan funding introduced into South Africa will also require pre-approval from the resident's Authorised Dealer before the funds can be received. Should this not be reported correctly, repatriation of funds will not be possible until this has been regularised.

A South African company, foundation, trust or partnership, where 75% or more of the capital, assets, earnings, voting securities, voting power or power of control vests in or is controlled directly or indirectly by non-residents is defined as an 'affected person'. Depending on the purpose for which the finance is intended, the affected person may require authorisation from the Authorised Dealer approving the finance.

An Authorised Dealer may grant or authorise local financial assistance to an affected person without prior approval where the transaction does not relate to the acquisition of residential property or financial transactions.

Where non-residents or emigrants wish to invest in a bona fide foreign direct investment in South Africa, they may do so without restriction unless the funds are required for financial transactions or the acquisition of residential or commercial property in South Africa. In this case, a 1:1 ratio will apply, and permission will need to be sought from their Authorised Dealer.

All dividends from realised/earned profits may be remitted to non-resident shareholders against production of a board resolution. The declaration of a dividend in specie or a special dividend requires pre-approval from FinSurv.

Where affected persons avail themselves of local borrowing facilities, the Authorised Dealer may allow the remittance of dividends/profit distributions, provided that the affected person is not in an over-borrowed position and the Authorised Dealer has confirmed that the recipient of the income is a non-resident entitled to such income.

Where local financial assistance exceeds the percentage permissible, FinSurv consent must be obtained.

Tax Incentives

Government incentives to promote secondary industry, exports, foreign investment, black economic empowerment and employment are mainly in the form of either cash grants or tax concessions. Examples of some available tax concessions (incentives) include:

Employment Tax Incentive ("ETI")

The ETI is a two-year incentive aimed at encouraging employers to hire young and less experienced work-seekers and was implemented with effect from 1 January 2014. It reduces the effective cost to employers of hiring young South Africans aged 18 to 29, earning less than R6,500 per month, through a deduction against the monthly employees' tax liability payable to the South African Revenue Service ("SARS") in respect of qualifying employees. The incentive was initially due to end on 28 February 2019; however, it was extended to 28 February 2029.

Other Tax Incentives

Some other tax incentives available include (but are not limited to):

- a preferential corporate tax rate for micro or small business corporations;
- special deductions for qualifying research and development activities;
- accelerated capital allowances for small business corporations;
- urban development and infrastructure development allowances;
- energy efficiency allowances; and
- learnership allowances.

Types of Investment Vehicles

Business can be transacted through various types of companies (including branches, also known as external companies in terms of section 23 of the Companies Act, 2008), partnerships, trusts, sole proprietorships and joint ventures.

Companies

All types of companies are subject to the Companies Act, 2008. Companies are classified as profit or non-profit companies. The four types of profit companies are:

- Public companies – identified by the words "Limited" or "Ltd" behind its name;
- Private companies – identified by the words "Proprietary Limited" or "(Pty) Ltd" behind its name;
- Personal liability companies; and
- State-owned companies.

The corporate income tax rate applicable to profit companies is 28%.

Branches of Foreign Companies

A branch of a foreign company has to be registered as an external company if it is to conduct business in South Africa. A branch is not a separate legal entity and could be considered a South African 'office' or 'division' within the foreign company. Registration as an external company with the Companies and Intellectual Property Commission ("CIPC") is required.
The corporate tax rate applicable to branches is 28%. South Africa does not levy branch remittance tax.

A partnership is a contractual agreement between parties. The parties may be individuals or corporate entities. This structure provides for great flexibility as to its nature and formation; however, generally, partners are jointly and severally liable for the debts of the partnership (although the partnership agreement may provide for the limited liability of a partner). For income tax purposes, the partnership itself is ignored and is treated on a "look through" basis. Partners are taxed separately at the rates applicable to individuals (maximum 45%). A partnership may be liable to register for value-added tax ("VAT") in its own right.

Trusts

South Africa recognises various forms of trusts, such as family trusts (inter vivos and mortis causa), business trusts, unit trusts, indemnity and pension funds.
The general rule is that trusts (other than special trusts) are taxed at the rate of 45% on income and 18% on capital gains.

Sole Proprietorships

Operated by a single individual, the liability of the owner is unlimited. The owner is taxed at the rates applicable to individuals (maximum 45%).

Joint Ventures

A joint venture is a contractual agreement between business entities. The business entities will be taxed separately at the rate applicable to such entities. As with partnerships, a joint venture is ignored for income tax purposes. However, it may be liable to register for VAT in its own right.

Setting Up and Running Business Organisations

General
Every company, including an external company, must have a registered address in South Africa. It may choose any month-end to close its financial year. Proper financial records must be kept. The Companies Act prescribes in which cases the annual financial statements are subject to an audit.
Financial statements must be prepared annually, within six months after year-end.

The powers and duties of officials regarding meetings, running a company, representation of a company, etc., are prescribed by the Companies Act.

Companies
A public company must have at least three directors and a private company at least one director. Directors need not be residents of South Africa. Every company must appoint a South African resident to be its public officer, who will accept responsibility for all the company's tax affairs.

External Companies (Branches)
Every external company must appoint a South African resident to assume responsibility for accepting service notices (both tax and otherwise) on the company.

An external company must lodge its annual financial statements, including foreign head office assets and results, on an annual basis with CIPC for public inspection. Exceptions may be applied for where such disclosure would be harmful.

An external company cannot usually obtain government contracts, as a South African company is required. The legal liabilities of an external company are not limited to its local assets.

Trusts
All trusts in South Africa must comply with the Trust Property Control Act, but there are no statutory requirements for their creation.

Debt/Equity Ratio
There are no minimum or maximum debt/equity ratios for either SA companies or external companies doing business in SA.

A business may be financed by equity capital, or by debt capital, or a combination of debt and equity. It is generally said to be "thinly capitalised" when its equity capital is small compared to its debt capital.

The South African income tax legislation, in so far as it relates to thin capitalisation and transfer pricing, was recently substantially amended (refer to thin capitalisation and transfer pricing under the "Company, Social Security and Other Business Taxes" Section). The previously acceptable 'safe harbour' ratio of 3:1 was also done away with as part of these amendments and can no longer be applied.

Broad-Based Black Economic Empowerment and Affirmative Action Broad-Based Black Economic Empowerment ("B-BBEE") is a programme which promotes the accelerated integration of black people into the South African economy. In terms of Section 10 of the Broad-Based Black Economic Empowerment Act, only organs of state and public entities are compelled to take into account any relevant code of good practice issued in terms of the aforementioned Act. Currently, compliance is voluntary in the private sector; however, due to the Preferential Procurement being one of the B-BBEE scorecard elements, companies are indirectly compelled to become B-BBEE compliant.

Labour Law
All employment contracts must comply with the Basic Conditions of Employment Act. The Labour Relations Act contains restrictive provisions for both the employer and employee regarding unfair labour practices and unfair labour dismissals. The Commission for Conciliation, Mediation and Arbitration ("CCMA") arbitrates collective bargaining and settles disputes between trade unions, employees and employers. The Labour Court is the final body to hear all disputes that the CCMA cannot settle.

Company, Social Security and Other Business Taxes

The source of income tax law in South Africa is the Income Tax Act. Compliance with South African tax legislation is regulated by SARS. South Africa has concluded more than 80 double taxation agreements at present.

Taxes in General

Income tax is imposed on a taxpayer's taxable income, which consists of business/trading income, taxable passive income and capital gains, less tax-deductible expenditure.

The major forms of taxes are as follows:

- Capital gains tax: 80% (40% in the case of individuals and trusts) of realised capital gains are included in taxable income and taxed at the normal income tax rates;
- Normal income tax: levied at a fixed rate of 28% on most corporate entities and external branches; value-added tax: levied at 15%;
- Transfer duty: applies to the transfer of immovable property based on a sliding scale; Donations tax: levied at 20%, payable on donations, disposals of assets for inadequate consideration and surrendering of rights. This tax is not applicable to public companies and non-residents.
- Estate duty: levied at 20% on the dutiable amount of the estate.

Resident Companies

A resident company is a company incorporated, established or formed in South Africa or which has its place of effective management in South Africa. It could, therefore, commonly include foreign-owned subsidiaries.
A resident company is taxed on its worldwide income.
A resident company can also make an application for headquarter company ("HQ Co") status in a tax year.
A number of requirements need to be met annually in order to qualify. The HQ Co regime provides a number of tax benefits, including:

- Dividends paid by a HQ Co are exempt from Dividends Withholding Tax;
- Foreign dividends received by a HQ Co are exempt from income tax;
- Any capital gain or loss arising on the disposal by a HQ Co of a qualifying investment must be disregarded;
- Certain interest paid to non-residents by a HQ Co will be exempt from Interest Withholding
- Tax; Exemption from profit attribution under South Africa's controlled foreign company rules; and
- Exemption from South Africa's transfer pricing regulations relating to financial assistance and intellectual property.

Dates of Financial and Tax Year-ends

The company's financial year-end is also its tax year-end. Companies are required to file their income tax returns annually, within 12 months of the company's financial year-end.

Corporate entities are required to pay provisional tax. Provisional tax is an advance payment of a company's normal tax liability. Provisional tax is paid twice a year with a voluntary third ('top-up') payment. First and second provisional payments must be made, and the related returns submitted six months before year-end and at year-end, respectively.

Dividends Withholding Tax ("DWT")

South African dividends paid to both residents and non-residents are subject to a final withholding tax at a rate of 20% (subject to the provisions of any applicable tax treaty). Certain exemptions apply to this tax, including dividends paid to another South African resident company.

Interest Withholding Tax ("IWT")

Interest paid to non-residents, to the extent that the amount is regarded as having been received or accrued from a source in South Africa, will be subject to a final withholding tax at a rate of 15% (subject to the provisions of any applicable tax treaties). Certain exemptions apply to this tax, including payments of interest by any bank, national, provincial or local government; or in respect of
listed debt.

Royalties Withholding Tax ("RWT")

Royalties paid to non-residents, to the extent that the amount is regarded as having been received or accrued from a source in South Africa, are subject to a final withholding tax at a rate of 15% (subject to the provisions of any applicable tax treaty).

Other Withholding Taxes

Any person who purchases immovable property situated in South Africa from a non-resident must withhold from the purchase price paid an amount equal to:

- 7.5% if the non-resident is an individual;
- 10% if the non-resident is a company; and
- 15% if the non-resident is a trust.

A final withholding tax of 15% is withheld on gross payments to non-resident entertainers and sportspersons who earn income in South Africa.

Employees' Tax: Pay As You Earn ("PAYE")

Employees' tax is withheld by an employer from an employee's remuneration. The amount of employees' tax is calculated in accordance with tax tables issued by SARS and is paid to SARS by the employer. Directors of companies and members of close corporations are also regarded as employees for this purpose.

Skills Development Levy ("SDL")

SDL is a payroll tax on employers with annual payroll costs above ZAR 500,000 and is based on 1% of payroll. The levy entitles employers to claim the cost of training employees from relevant Sector Education and Training Academies ("SETA") in certain instances.

Unemployment Insurance Fund ("UIF")

UIF is a social security tax on employers and employees, with both contributing the equivalent of 1% each of an employee's gross income (up to a capped amount - currently R17 712 per month) to the UIF.

Transfer Pricing

Transfer pricing legislation requires a South African taxpayer to transact at arm's length with connected persons outside South Africa. Transfer pricing documentation, the annual submission of a master file and local file, as well as country-by-country reporting may be mandatory, depending on the activities and size of a company or group of companies.

Thin Capitalisation

Thin capitalisation provisions limit the deduction of interest payable by South African companies on debt provided by non-resident connected persons to the extent that such debt is not provided on arm's length terms. The key test in this instance is to assess the commercial terms and conditions of the debt arrangement to one concluded between independent parties.

Value-added Tax ("VAT")

VAT is an indirect tax levied at 15% on the supply of goods or services made by a vendor in the course or furtherance of an enterprise, as well as on the import by any person of goods and services.

VAT levied on the supply of goods and services is known as output tax. VAT paid on the acquisition of goods and services is known as input tax. VAT paid to or refunded by SARS each period is calculated as output VAT less input VAT.

A vendor making standard or zero-rated supplies of more than R1 million in any 12-month period is obliged to register for VAT with SARS. Vendors making taxable supplies between R50k and R1 million in a 12-month period may elect to register voluntarily as a VAT vendor.

VAT returns must be submitted to SARS every two months unless a vendor's taxable supplies exceed R30 million per annum, in which case a monthly return must be submitted.

For a more comprehensive overview, kindly visit our website and download our Business and Taxation Guide via the below link:
https://www.mazars.co.za/Home/Our-expertise/Tax/Doing-Business-in-South-Africa

Government Incentives

The DTI Business Process Services (BPS) Incentive

The South African government takes cognisance of the significant contribution that the Global Business Services sector potentially has in stimulating the country's economic growth, strengthening the country's profile in the global environment and facilitating employment creation. Through the dti, the government offers companies in the Business Process Services (BPS) an incentive programme.

The following section outlines guidelines for accessing the incentives.

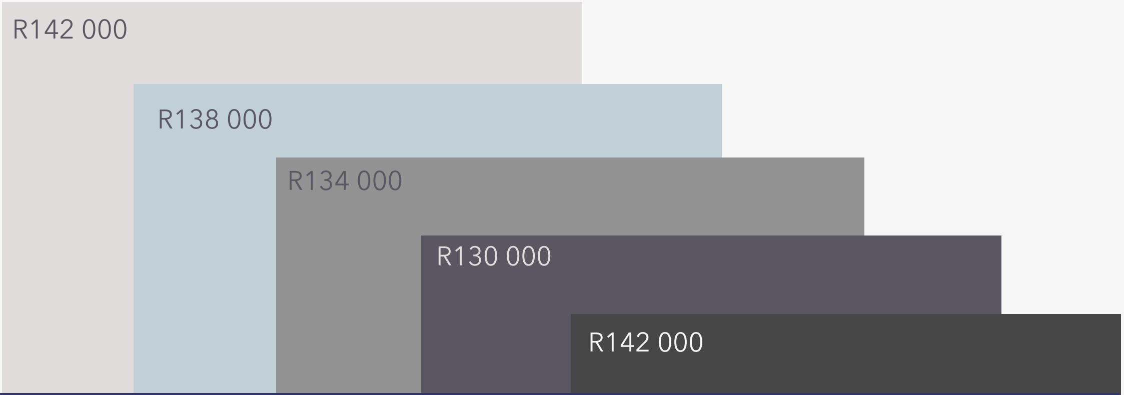
1. Eligibility Criteria
1.1 The applicant must:
1.1.1 Be a registered legal entity in South Africa in terms of the Companies Act, 1973 (as amended) or the Companies Act, 2008; the Close Corporations Act, 1984 (as amended) or the Co-operatives Act, 2005 (as amended);
1.1.2 Be a taxpayer in good standing and must, in this regard, provide a valid tax clearance certificate;
1.1.3 Be B-BBEE compliant in terms of the B-BBEE Codes of Good Practice, 2013 and submit a valid B-BBEE certificate of compliance or affidavit;
1.1.4 Pay a minimum wage of five thousand rand (R 5000) per month; or
1.1.4.1 In the case of inclusively hired resources, pay a minimum wage of four thousand rand (R 4000) per month for the first twelve months of employment;
1.1.5 Be involved in starting a new operation or in expanding an existing operation in order to perform Global Business Services activities, which may be operated from more than one physical location in South Africa;
1.1.6 Submit an application for the incentive prior to the engagement of qualifying jobs;
1.1.7 Have secured at least a three-year fixed-term contract for offshore activities;
1.1.8 The project must be financially viable and a going concern.

1.2 The dti will determine whether a project is eligible, taking the following into account:
1.2.1 For projects performing mostly (>50%) non-complex jobs (Tier-1), the project must create a minimum of 50 new offshore jobs within three years from the start of operation and employ at least 80% youth as part of the approved project;
1.2.2 For projects performing mostly (>50%) complex and highly-complex jobs (Tier-2&3) combined, the project must create a minimum of 30 new jobs within three years from the start of operation and employ at least 60% youth as part of the approved project;
1.2.3 The project must commence with operations and employment not later than six months from the date of incentive grant approval. Failure to reach this target date will lead to the cancellation or disqualification of the application, thus requiring the applicant to submit a revised application to reapply;
1.2.4 In case of a joint venture arrangement, at least one of the parties must be registered in South Africa as a legal entity;
1.2.5 A pilot project that will result in an investment and creation of jobs within the six-month trial period.

1.3 Compliance with all other statutory regulations, where applicable
1.3.1 All applicants should meet the minimum health and safety regulations;
1.3.1.1 Where an applicant is in the process of acquiring the necessary permits, proof of considerations by the relevant authorities must be submitted;
1.3.2 Failure from an applicant to meet these standards will deem the project ineligible to receive support from this incentive, and as such, approvals will be cancelled

The following figures represent actual incentives offrered:

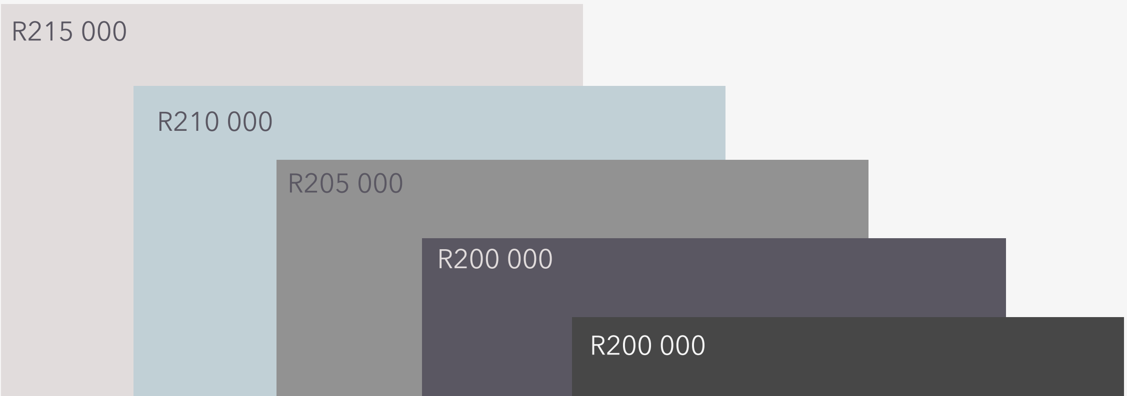
Non-complex Jobs



Number of offshore jobs	2019/20 (From Jan)	2020/21	2021/22	2022/23	2023/24	2025/26	2026/27	2027/28
Up to 50	R30 000	R30 000	R30 000	R26 000	R26 000	R26 000	R26 000	R26 000

Figure 54 Non-complex jobs

Complex Jobs



Number of offshore jobs	2019/20 (From Jan)	2020/21	2021/22	2022/23	2023/24	2025/26	2026/27	2027/28
Up to 200	R45 000	R45 000	R45 500	R40 000	R40 000	R40 000	R40 000	R40 000

Figure 55 Complex jobs

Highly complex Jobs

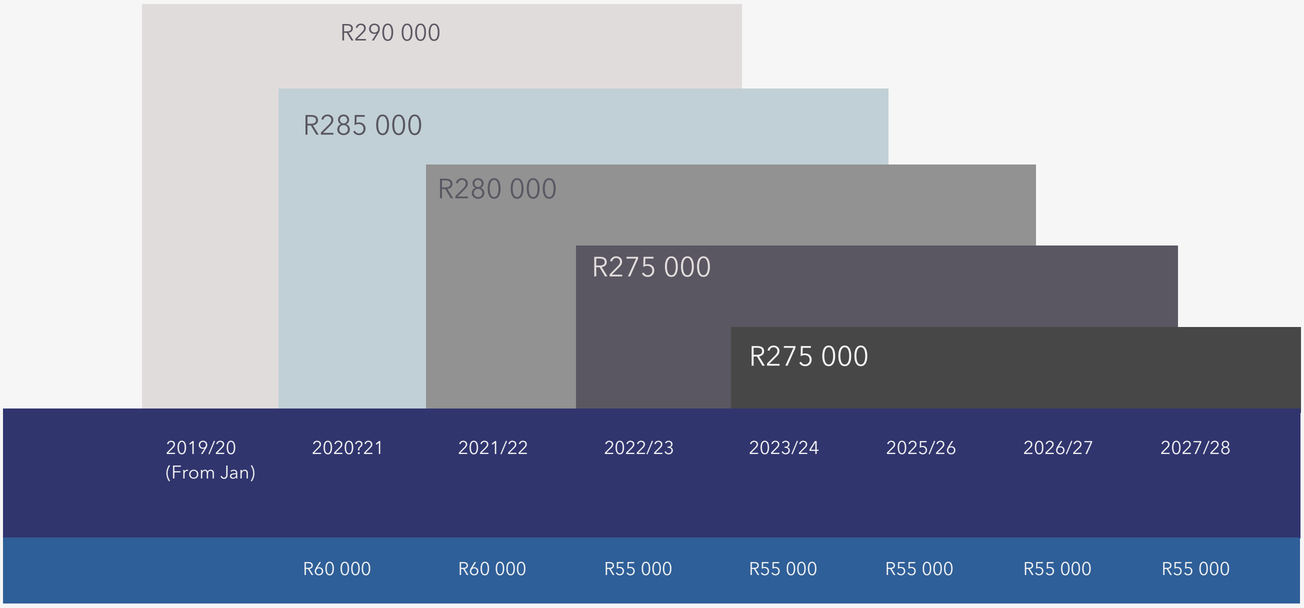


Figure 56 Highly complex jobs

*Total grant per job created and maintained over five years . For more information regarding the dti incentive scheme, please visit https://www.thedti.gov.za/DownloadFileAction?id=1298&filename=GBS_Incentive_Guideline.pdf

South African Telecommunication Landscape

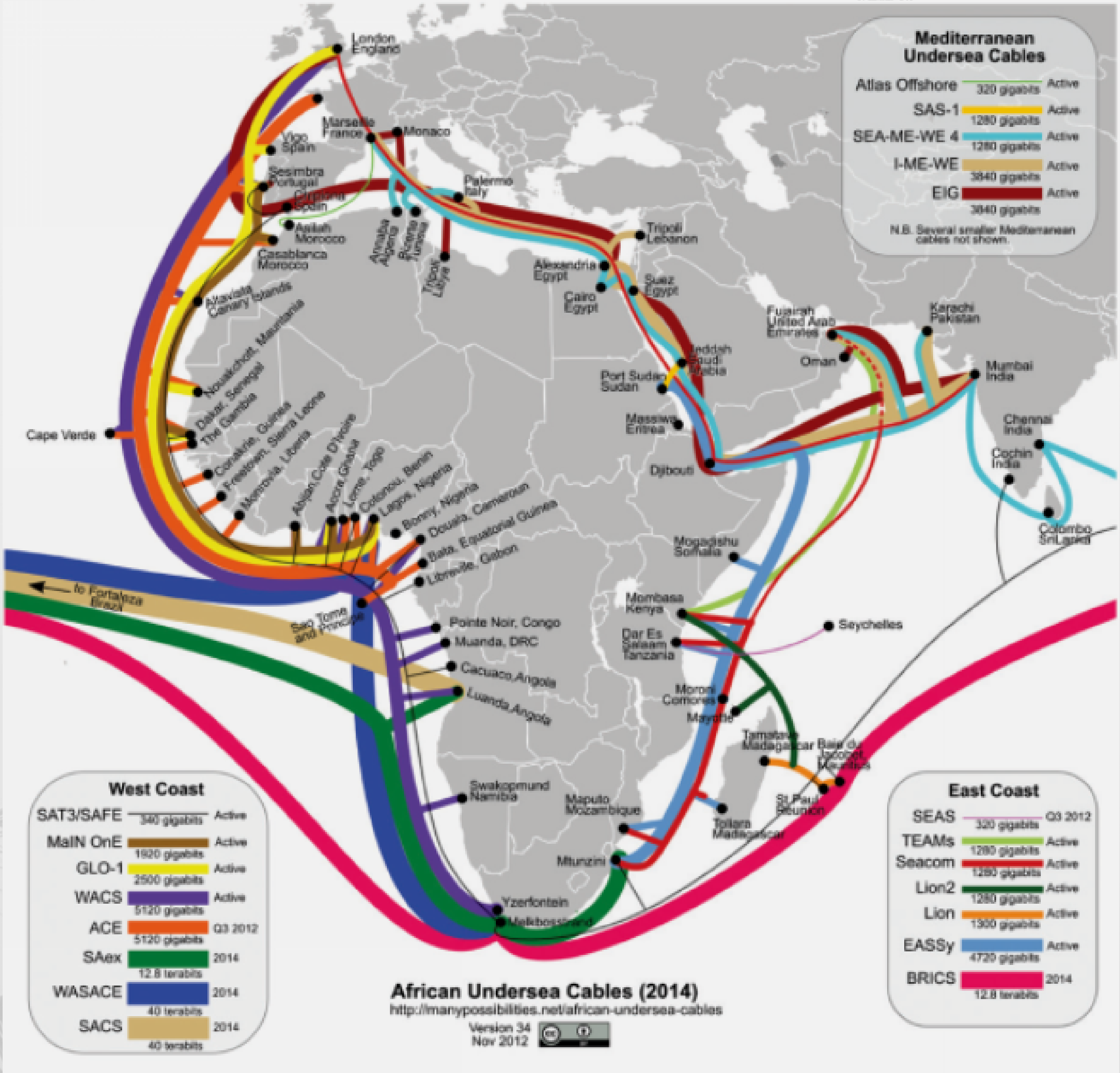


Figure 57 African undersea cables

South Africa’s telecommunications infrastructure is considered one of the most advanced on the African continent in terms of technology deployed and services provided, with a network that is 99,9% digital and includes the latest in fixed-line, wireless and satellite communication. There are four licensed mobile service providers in South Africa: MTN, Vodacom (majority-owned by UK’s Vodafone), Cell C and Telkom Mobile, a subsidiary of Telkom. Mobile penetration is estimated at over 95%, and smartphone penetration at over 90%.

South Africa also has a robust internet provider market which is evident in the size of the ISPA’s (Internet Service Provider Association) member list. In 2021, the association had over 200 registered members.

The majority of South Africa’s web pages are viewed from mobile phones, confirming that mobile is the dominant medium of communication in the country.

Infrastructure

As a result of liberalisation measures, as well as the significant number of international submarine fibre-optic cables landing in South Africa, the cost of telecommunications has reduced considerably in recent years, and this downward trend is expected to continue. As of July 2021, South Africa’s undersea cable capacity was 87,54 terabits per second provided by ten providers: Seacom, EASSy, TEAMs, WACS, MainOne, GLO1, ACE, SAex, WASACE, and BRICS. A further 100 terabits is scheduled to become available in 2022, followed by 180 terabits in 2023.

Mobile service provider Vodacom was the first company to launch LTE in 2012. Since then, MTN and Telkom have also launched LTE networks which are currently being upgraded to 5G.

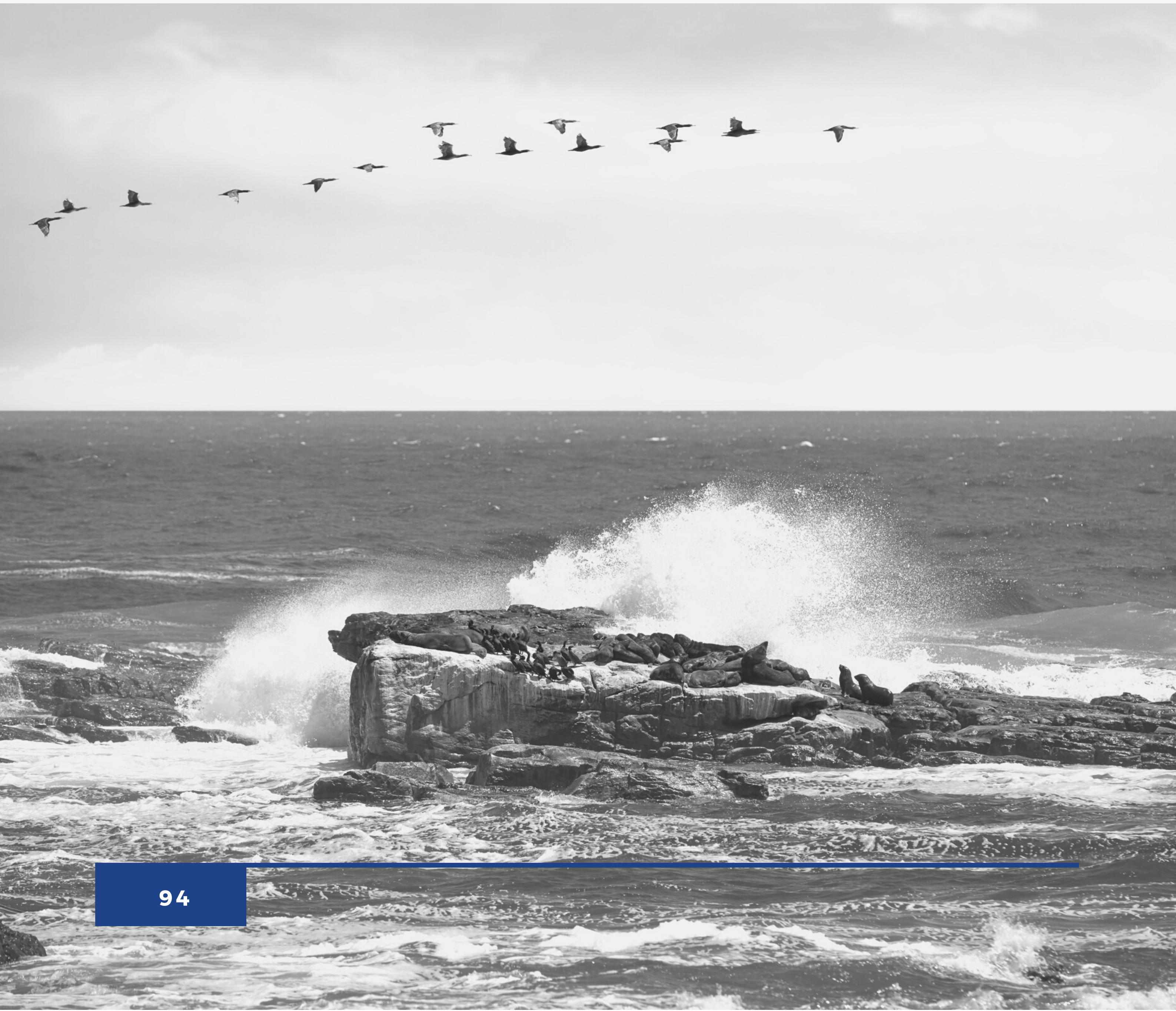
Broadband

“South Africa Connect” is the government’s national broadband policy and associated strategy and plan. The vision for broadband in South Africa is a seamless information infrastructure by 2030 that will underpin a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prosperous. Targets set for 2030 include a 100% penetration at 100 Mbps. Nine hundred and seventy sites are already connected and in the process of being upgraded to 100Mbps with plans to add a further 5165 sites.

The South African telecommunications environment is considered world-class and has consistently added capacity and increased broadband speeds for the last ten years. The increase in capacity and the number of internet providers have led to a decrease in price. With the additional capacity that is scheduled to be added to the network over the next three years, we expect to see an increase in internet speeds available and a further decrease in price.

Annexure 1: Talkdesk Global Contact Centre KPI Benchmarking Report

PDF: 2021 Talkdesk global contact centre KPI benchmarking report: download here
https://capebpo.org.za/wp-content/uploads/2022/05/2021-Talkdesk-global-contact-center-KPI-benchmarking-report-sl_swap.pdf



Annexure 2: Glossary of Terms

Absenteeism: Refers to the average number of days absent from work as a percentage of the total number of days available for work. The total number of days available for work excludes public or bank holidays as well as scheduled annual leave.

Advisor: A contact centre advisor is a person who handles customer service interactions via various channels such as telephone (inbound and email), email, web and social media engagement.

Advisory Board: An advisory board is a body that provides non-binding strategic advice to the management of a corporation, organization, or foundation. The informal nature of an advisory board gives greater flexibility in structure and management compared to the board of directors.

Annual Attrition: Voluntary resignation of full-time employees in a calendar year. It is calculated as follows: (Voluntary resignation of full-time employees in a calendar year/(opening headcount at the beginning of the year + closing headcount at the end of the year/2)x 100.

BPO: Business Process Management is a field in operations management that focuses on improving corporate performance by managing and optimising a company's business processes. It can therefore be described as a "process optimization process."

Captive: A contact or BPO centre that is owned and managed by the organisation, for which the services are provided. It is also referred to as in-house contact centres.

CBD: Central Business District.

COVID-19: Coronavirus disease 2019 is a contagious disease caused by a virus, the severe acute respiratory syndrome coronavirus 2. The first known case was identified in Wuhan, China, in December 2019. The disease spread worldwide, leading to the COVID-19 pandemic.

Dti (Department of trade and industry) incentive scheme: It is a system of subsiding foreign business in order to attract investment through the BPO industry.

FTE: Full-time Equivalent is a measure of work effort equal to an average workload of 37.5 hours per person per week.

Inbound: Communications traffic that originates from customers and is received by advisors in a BPO centre.

IVR: Interactive Voice Response is a technology that allows a computer to interact with humans through the use of voice and DTMF tones input via keypad.

KPI: Key Performance Indicator is a business model used to measure an individual's or a company's performance.

Lockdown: A lockdown is a restriction policy for people or community to stay where they are, usually due to specific risks to themselves or to others if they can move and interact freely. The term "stay-at-home" or "shelter-in-place" is often used for lockdowns that affect an area, rather than specific locations.

Matriculants: Highest school leaving qualification in South Africa, also referred to as a Grade 12 qualification.

Metrics: Standards of measurement used to assess efficiency, performance, progress, or quality of a plan, process, or product.

Offshore: In the context of BPO, offshore refers to business processes that are handled outside of the company's home jurisdiction.

Omni channel: It is an integration of multiple channels to offer seamless customer experiences.

Onshore: In the context of BPO, onshore refers to business processes that are performed within the company's home jurisdiction.

Outbound: Communication traffic that originates from advisors to customers in a BPO operation. It is also called centres that handle services such as direct sales call.

Outsource: In the context of BPO, outsource is the management of business processes by a third party organisation rather than by employees of the company that owns the business process.
Outsourced processes are normally managed by means of a contract and Service Level Agreement.

Remote work: Remote work, also called work from home, work from anywhere, telework, remote job, mobile work, and distance work is an employment arrangement in which employees do not commute to a central place of work, such as an office building, warehouse, or retail store.

Social media: Online communication channels dedicated to community-based input, interaction, content-sharing and collaboration. Websites and applications dedicated to forums, microblogging, social networking , social bookmarking, social curation, and wikis are examples of social media.

Team leader: A contact centre team leader actively enforces the operation's goals, policies and procedures. He/she also implements standards in the company's training and development, supports advisors, handles escalations and works in conjunction with administration.

Web chat: An online communication channel that allows users to interact in real time using easily accessible web interfaces.

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