

Western Cape Focus: Gareth Pritchard Interview

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SUMMARY

In recent months, South Africa's Western Cape province has begun to distinguish itself as a location of choice for global contact center outsourcing activity. Ovum had the chance to sit down with Gareth Pritchard, the CEO of BPeSA Western Cape, to discuss the region's ongoing development of an outsourcing value proposition and how it is positioned to take on growing volumes of offshore contact center business.

INTERVIEW

It is clear that over the past decade, South Africa has really made headway in regard to developing an offshore contact center value proposition. What do you see as the key factor in attracting business?

There are several compelling reasons why enterprises and outsourcers choose to house their offshore contact center facilities in South Africa. However, if I had to pick the one that is most often cited to me by those that have succeeded here, it would be what I call 'EQ' (as opposed to 'IQ'), which is the extent to which agents in South Africa are able to empathize with the overseas caller, not only in terms of language and vernacular skills, but as well their own first hand familiarity with the products and services they are supporting. This ensures a high level of customer satisfaction and repeat business. I am pleased to say that the national experience has been mirrored in the Western Cape.



Going beyond the ability for agents to empathize with callers, I would suspect that cost is also a very attractive attribute for South Africa to highlight for prospective investors

Indeed, yes – as it stands, contact center and BPO operations are able to function much more affordably in South Africa. For example, in the Western Cape, a contact center would have a significant cost advantage over similar operations based in Manchester, Bristol or Cardiff (or for that matter, most cities in Australia). However, what has to be highlighted is the extent to which these savings are augmented through the South African government's incentive program (see earlier discussion in this brief). In the Western Cape, I am also pleased to say that we can marginally increase these savings via a free internet program for an operator's initial six months in operation.

You just mentioned cities in the UK. Do you see a natural affinity between South Africa and the UK?

The UK is probably the country that we in South Africa is best suited to servicing as things stand at the moment for a number of reasons. The first relates to the English-language commonalities; according to a recent study, South Africa has an agent pool with strong English language proficiency nearly as large as that of the Philippines and bigger than both Malaysia and Egypt. Equally compelling are the large numbers of Britons that regularly visit or live in South Africa (and notably the Western Cape) that have provided our workforce with a good understanding of this culture and what is expected in terms of commercial interactions. Finally, there are significant overlaps between the products and services being used by South African agents and residents of the UK (and for that matter Australia); a great example of this would be retail banking structures that for the most part are common to both countries. This provides an immediate advantage to a South African agent over someone trying to delivery service from another part of the world.



As we know, there are some very substantial offshore outsourcing deployments in longstanding delivery centers, including India, the Philippines and, from an African perspective, Egypt. How does the Western Cape play against these outsourcing giants?

No question that when compared against India, the Philippines and Egypt in terms of sheer scale of labor force clearly we don't have the same volumes of labor. However, Western Cape can hold its own among this competition when it comes to quality, which is becoming more of an x-factor for enterprise executives, regardless of vertical. Probably one of the best reasons relates to Cape Town itself, which many people don't realize accounts for in excess of half of all international BPO business in South Africa. It is a cultural and commercial hub of the first order, a location in which you can source talent that is able to hit the ground running in an international contact center. And, with unemployment rate of approximately 25%, finding that contact center talent is not nearly as challenging as it may be in the UK or Australia.

How has the labor force adapted to the contact center space in South Africa?

So far, the experience at the national level has been strong. If I were to drill down into our own provincial experience, one of the things that we have as a competitive advantage in Western Cape is the ability to source labor from a multitude of vertical markets. For example, in recent years, contact centers have been able to hire a large number of agents that were previously working in travel and hospitality. Equally, the retail space has been a source of recruitment in Western Cape. The key is that both sectors provide individuals with acute customer service skills, who are able to hit the ground running.

One of the principal challenges that many offshore contact center locations have faced is a tight market for middle management. How has South Africa tackled this problem?

Across the country, there is recognition among players in our space that without a good stock of middle managers, the contact center sector has no future. And this is why we in the Western Cape have tackled it head on. We have learned from the challenges that other countries have been forced to deal with, and with that in mind, BPeSA Western Cape has worked with players in



the industry and are planning to establish an academy for promising contact center agents to teach them the leadership skills that they will require to work in management; effectively, identifying and developing the BPO leaders of tomorrow.

The fact that the Western Cape has a developed economy must also play well for outsourcers aiming to service multiple verticals?

This is true, and to my mind the in-house players that are currently servicing their clients from Western Cape are testament to this. Just as an example, from Cape Town alone, offshore in-house deployments include British Gas, Shell, Lufthansa, Amazon, ASDA and iiNet. Just in that list, you have energy, utilities, technology, transport, telco and retail all being handled from one city. Given that Cape Town is also has a strong financial services base, we also have high hopes for delivering financial service support from this location as well. Really for any outsourcer looking to find an offshore platform to house multi-industry delivery, they need look no further than the Western Cape. This has not been lost on the outsourcing community to date, if you look at who is already here, including Teleperformance, Aegis, Merchants and Serco. These are among the leaders in the contact center outsourcing industry, and they have realized the value that Western Cape has to offer as part of a diversified geographic portfolio.

Cape Town is clearly a center of commerce in the Western Cape, but with outsourcers so heavily focused on risk diversification, can contact center work be handled in other parts of the region?

Undoubtedly most investors will look to Cape Town first when scoping the Western Cape to house a BPO operation, given its size and pool of talent to draw from. However, albeit they aren't yet developed, there are also emerging possibilities throughout the Western Cape. These are being accentuated with ongoing telco and infrastructure investments throughout the province. One example is the city of George in the Eden region of the province. It has a good population, excellent schooling system and exposure to international visitors, given its location on the Garden Route. It will likely play a big role in the province's BPO development going forward. We are confident that it won't be long until we see outsourcers looking Western Cape-wide for opportunities, not simply in Cape Town.



With transparency in offshore locations being top of mind for so many outsourcing executives, how does the Western Cape stack up in this domain?

We are very lucky to be located in a well-managed province. Not only is our state Premier Helen Zille (and for that matter, her management team) unabashedly pro-business, but she runs the province in an open and democratic manner. In 2008 as Mayor of Cape Town, she was the winner of the World Mayor Award, among a pool of 820. As Premier of the Western Cape, she is acting pragmatically and responsibly, and taking into account the needs of the BPO and contact center sectors.

Overall, as the executive director of BPeSA Western Cape, how would you sum up your province to a prospective outsourcing investor?

There has always been raw talent to work with in the Western Cape for contact center providers. The fact is that now, we are better positioned than ever to develop it, with a globally competitive package of incentives coupled with a fluid labor force that is familiar with the services, products and processes of developed markets. Political and economic stability are hallmarks of the Western Cape, and with that in mind, it is worth any organization's time to visit us if they are seeking a sophisticated, English-speaking location from which to service contact center work.



APPENDIX

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Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum's consulting team may be able to help you. For more information about Ovum's consulting capabilities, please contact us directly at consulting@ovum.com.

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