

NASSCOM[®]

INDIA LEADERSHIP FORUM 2011

8 to 10 February, 2011

Mumbai



South Africa: The Gateway to Africa

NASSCOM Leadership Summit



We speak your language

Introductions

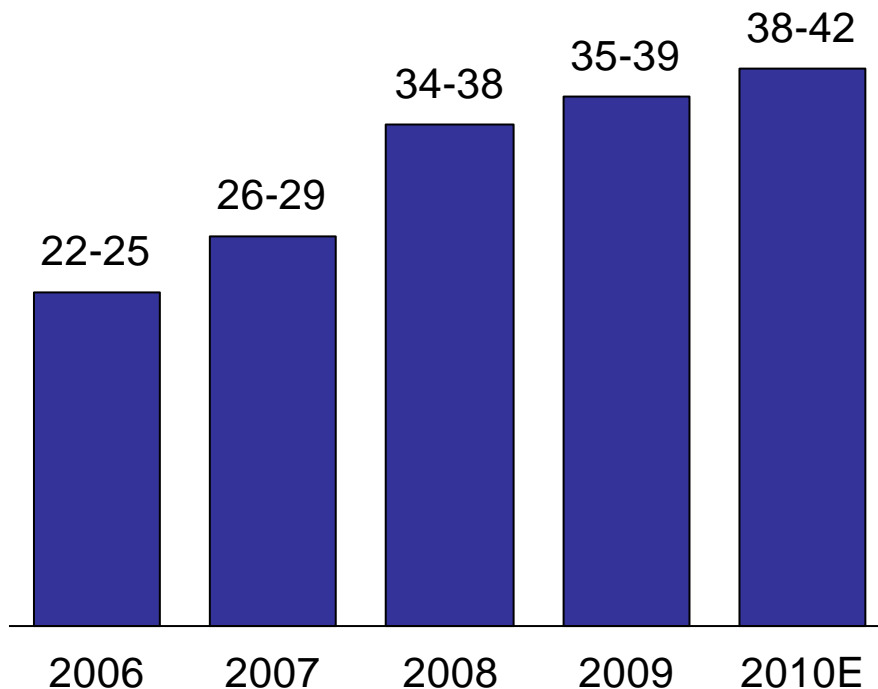
Name	Introduction
Nikhil Rajpal	Partner, Everest Group
Gareth Pritchard	CEO, BPeSA Western Cape
Bulelwa Koyana	CEO, BPeSA
Sandip Sen	President (Americas) and CMO, Aegis
Pramod Bhasin	CEO, Genpact

Agenda

- **Introductions & context setting** **5 minutes**
- **South Africa: opportunities galore** **20 minutes**
- **Panel discussion** **20 minutes**
- **Q&A** **15 minutes**

The global offshore BPO market is large and growing

Global sourcing BPO market size 2006-10; US\$ billion

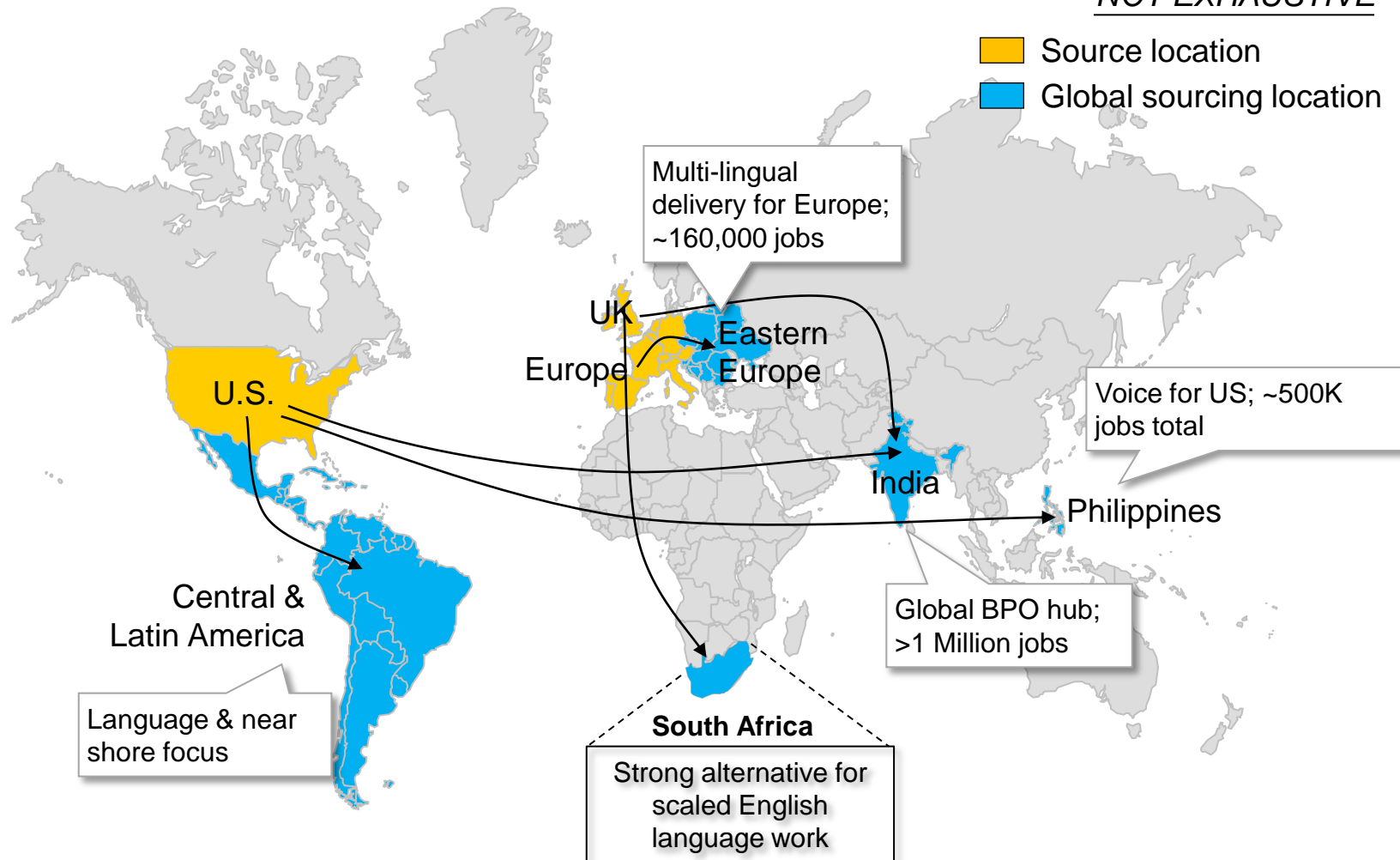


- Expected ~10X opportunity in global sourcing over the next 10 years
- ~2.9 million offshore BPO jobs expected over the next 5 years
- Emergence of new service lines (e.g. KPO)
- New markets and customer segments
 - ◆ Emerging verticals (e.g. retail)
 - ◆ Mid-size buyers

Sources: NASSCOM Strategic Review 2009-2010; Everest Analysis

Costs, talent scale and language skills have been the primary drivers of growth in offshore locations

NOT EXHAUSTIVE



As Everest looks at South Africa, it sees a location with potential to become a hub to serve the UK market



South Africa

- Top 3 global locations for scaled English language work
- Preferred accent and strong cultural affinity with UK
- Strong macroeconomic fundamentals, stable socio-political environment
- First world infrastructure and quality of life
- **Largest economy in Africa** - strategically positioned to be the the Gateway to Africa

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South Africa video

- Quiz time !!!!!!!!!!!

There is an increased momentum in the South African BPO industry

- Significant uptick in investments over the last few years – 5 out of 10 global voice players present
- Cost competitiveness significantly strengthened with revised incentives that will reduce costs by upto 20%
- 10,000 jobs in offshore BPO; ambitious vision to create 30,000 additional jobs over next 5 years
- Significant improvements in telecom infrastructure and reduction in costs

Key service providers in South Africa



Key end users being served from South Africa

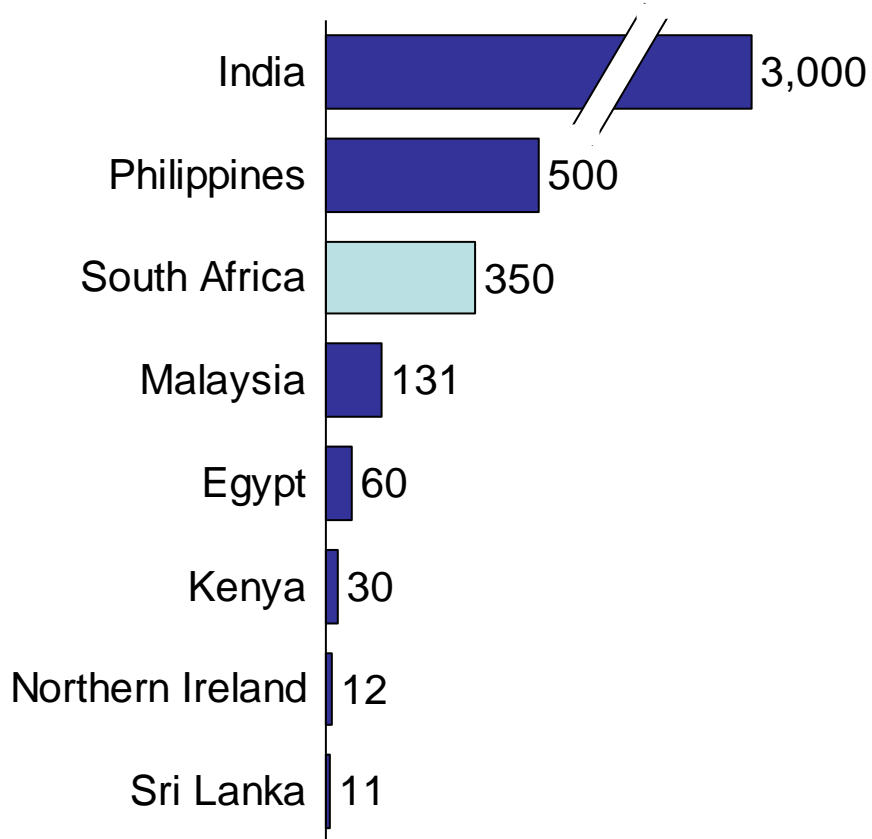


South Africa's value proposition for BPO delivery



South Africa is among the Top 3 global locations that can support English language skills at scale

Annual supply of fresh talent for English language BPO
2010; '000s

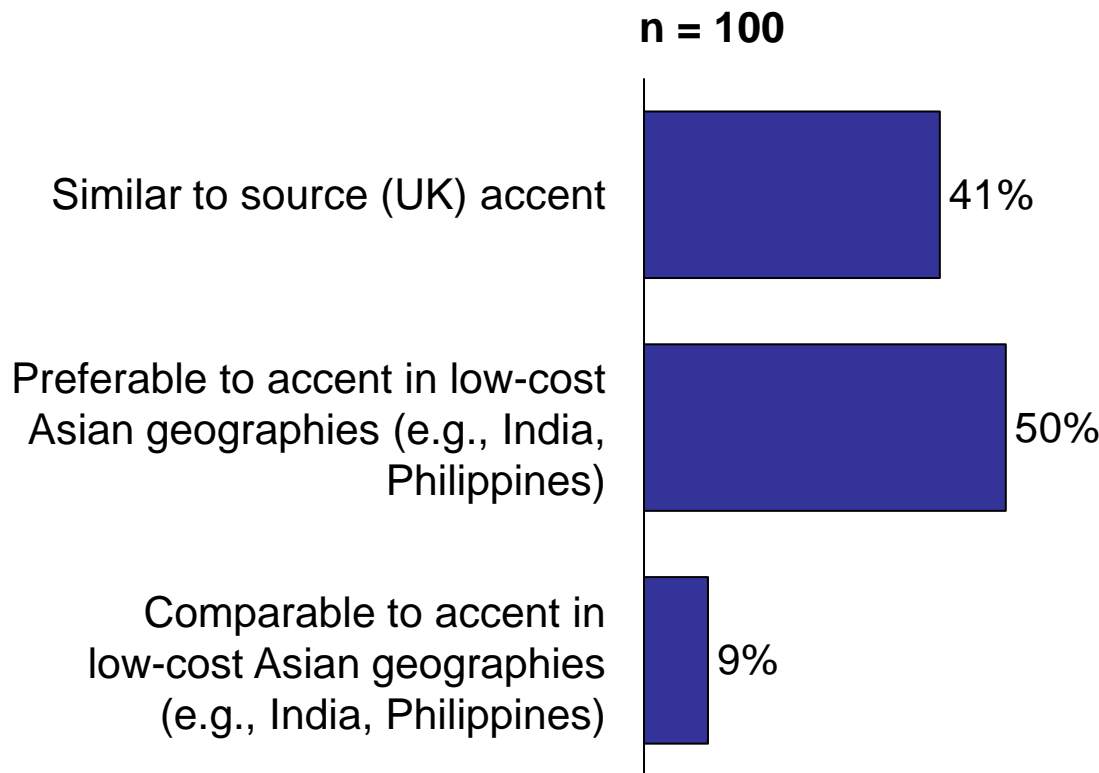


- 350,000 graduates added annually across educational streams
- ~3.6 million English speakers; highest amongst BPO offshore locations

Source: Everest Analysis (2010)

Further, even among the top 3 offshore locations, SA has competitive advantages in its accent similarity and cultural affinity with the UK

Result of Everest investor survey (UK based respondents) on English accent in South Africa



90% of survey respondents prefer South Africa's English accent

Competitive advantages given preferred accent and cultural affinity with the UK

South Africa has distinct domain advantages in the Financial services, Legal and Healthcare domains

Drivers of domain advantage

Mature domestic market

- Large domestic BPO industry (200,000 people)
- Skilled talent pool experienced in working with complex products
- Strong IP in large scale captives



Developed education system

- Large number of qualified personnel in specialist areas
- Professional qualifications (e.g. actuarial) similar to the UK



Similarities with Western standards

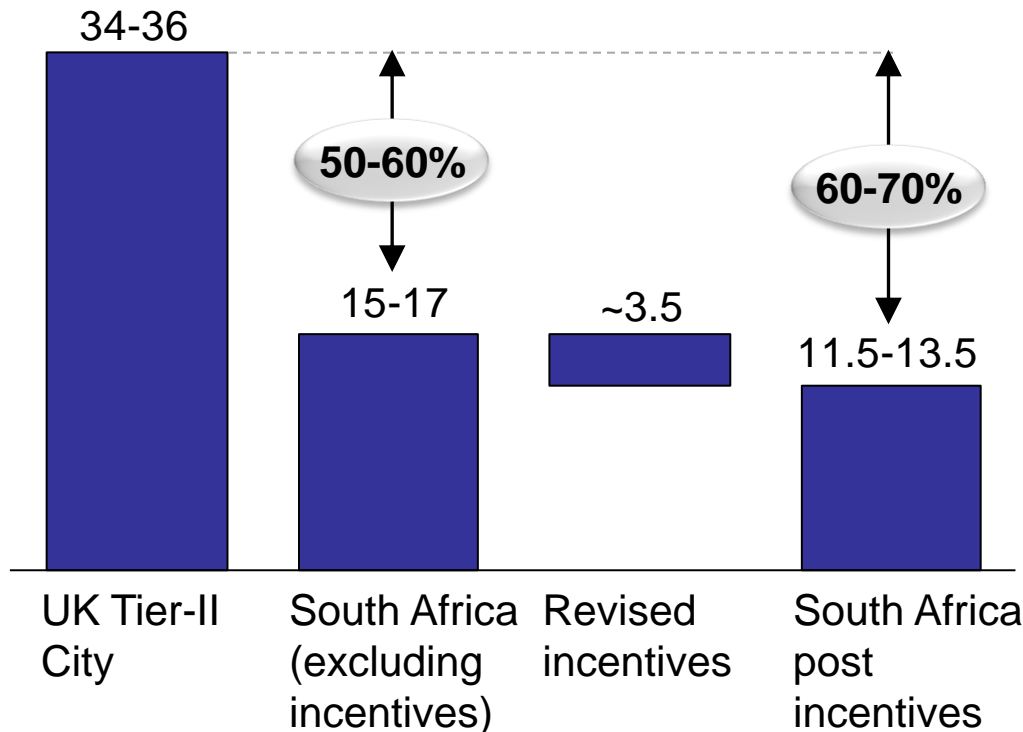
- Similar data protection laws, products and certifications
- Ranked World #1 in 'Strength of Auditing and Reporting Standards' by World Economic Forum¹

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

South Africa offers 50-60% cost arbitrage from source locations

Direct operating cost per FTE for English contact centre services

2010; UK£`000s per annum per FTE



Revised incentives expected to reduce costs by 20%

Note: Exchange rate used: 1 GBP = 11.5 ZAR (Calculated based on daily closing averages during 1-Jan'10 to 30-Jun'10)

South Africa offers a World class experience in terms of its infrastructure and quality of life

- Excellent quality of infrastructure – roads, power
- Good quality of life with high standard of education, entertainment and healthcare facilities
- Compatible time zone with the UK (GMT+2)
- Ease of access with more than 10 daily flights between the UK and South Africa



South Africa offers strong Government support for BPO and an attractive investment climate

- BPO identified as one of the strategic sectors for job creation
 - ◆ Attractive incentives
 - ◆ Talent development initiatives
- Stable socio-economic and political environment
- Rapidly improving telecom infrastructure and reducing costs



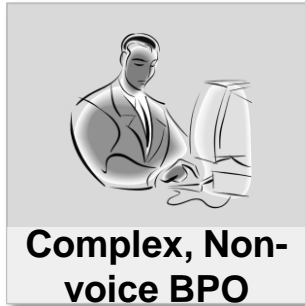
Firms are currently leveraging South Africa across three distinct service segments

1



Distinctive location to deliver contact centre activities across channels for the UK market

2



Location of choice to offshore complex, judgment oriented processes in key domains to deliver higher business value

3



Platform to provide shared services or access broader markets in the sub-Saharan African region

Key players in South Africa



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Country Session: South Africa - The Gateway to Africa

Thank You!

For more details, please visit:
www.offshoringsouthafrica.com