

South Africa's GBS Value Proposition Refresh

June 2025

Executive summary

IMPACT in action: South Africa's competitive edge in global services



Infrastructure and enabling environment

- One of the best ICT infrastructures in Africa, enabling seamless global connectivity
- Strong government support at the national, regional, and sectoral levels to boost infrastructure and skill development
- Global contact center standards (ISO 18295) are based on South African best practices



Mature industry and value-driven growth

- Expertise in voice, omnichannel CX, and complex process management, with a shift toward tech-enabled, high-value services
- Deep domain knowledge in financial services
- Evolving capabilities in next-generation solutions, such as, AI, ML, big data and analytics, cloud, and cybersecurity



People advantage

- Access to a large, young, and highly trainable workforce fluent in English, with a neutral accent and strong empathy levels
- Deep cultural affinity with the UK, the US, and Australia drive superior customer interactions
- A leader in impact sourcing, with over 35% of inclusive hiring to drive social and economic progress



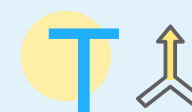
Assured service excellence

- Consistently achieves high CSAT and NPS scores, outperforming peer locations in managing complex interactions and sensitive customer cases
- Recognized for its high-empathy service delivery, excelling in customer journey management and first-call resolution rates
- A strong focus on omnichannel support, AI-driven automation, and predictive analytics to enhance customer engagement



Cost arbitrage and business advantage

- Cost savings of 55-65% over source geographies such as Dallas, Manchester, and Sydney
- Competitive government incentives further reduce operational expenses by 7-10%
- Flexible tier-1/2 city options to optimize cost-effectiveness without compromising service quality



Tactical advantage

- Provides strategic access to Africa through a regional hub-and-spoke delivery model
- Enables businesses to tap into Africa's rapidly growing markets, unlocking new revenue opportunities and scalability
- A resilient and future-ready business environment fosters long-term growth and global service excellence



Infrastructure and enabling environment (page 1 of 2)

South Africa has a strong IT/telecom and physical infrastructure, offering seamless connectivity to major source markets, such as the UK and the US

IT/Telecom infrastructure



Leader

Mobile Connectivity Index
in Sub-Saharan Africa



99%

4G coverage



25%

5G coverage



#3

Regionally in Global Network
Readiness Index

1 1 kilometer = 0.62 miles

Physical infrastructure



20,953

Kilometers of rail network



7,54,600

Kilometers¹ of road network



#11

Globally by road network length



52

International
flight destinations



6

International airports



Overall quality of infrastructure in Sub-Saharan Africa

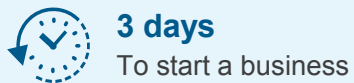


Infrastructure and enabling environment (page 2 of 2)

South Africa's business-friendly policies and incentives, compliance with global privacy and quality standards, and quick business setup timelines make it an attractive and cost-effective location for investors

[NOT EXHAUSTIVE]

Ease of business setup



3 days

To start a business



ZAR175

Required to start a business



15%

Preferential corporate tax rate in SEZs, instead of 27%



79 countries

Have tax treaties with South Africa, including the US, the UK, Australia, Canada, Germany, and France

Regulatory, compliance, and data protection policies



ISO 27001

Information security management standard



ISO 18295

Customer contact center standard



GDPR

Global data privacy compliance



IFRS

Global financial reporting standards



ISO 9001

Quality management system certification



SOX

Financial reporting and accountability



Basel III

Banking risk management framework



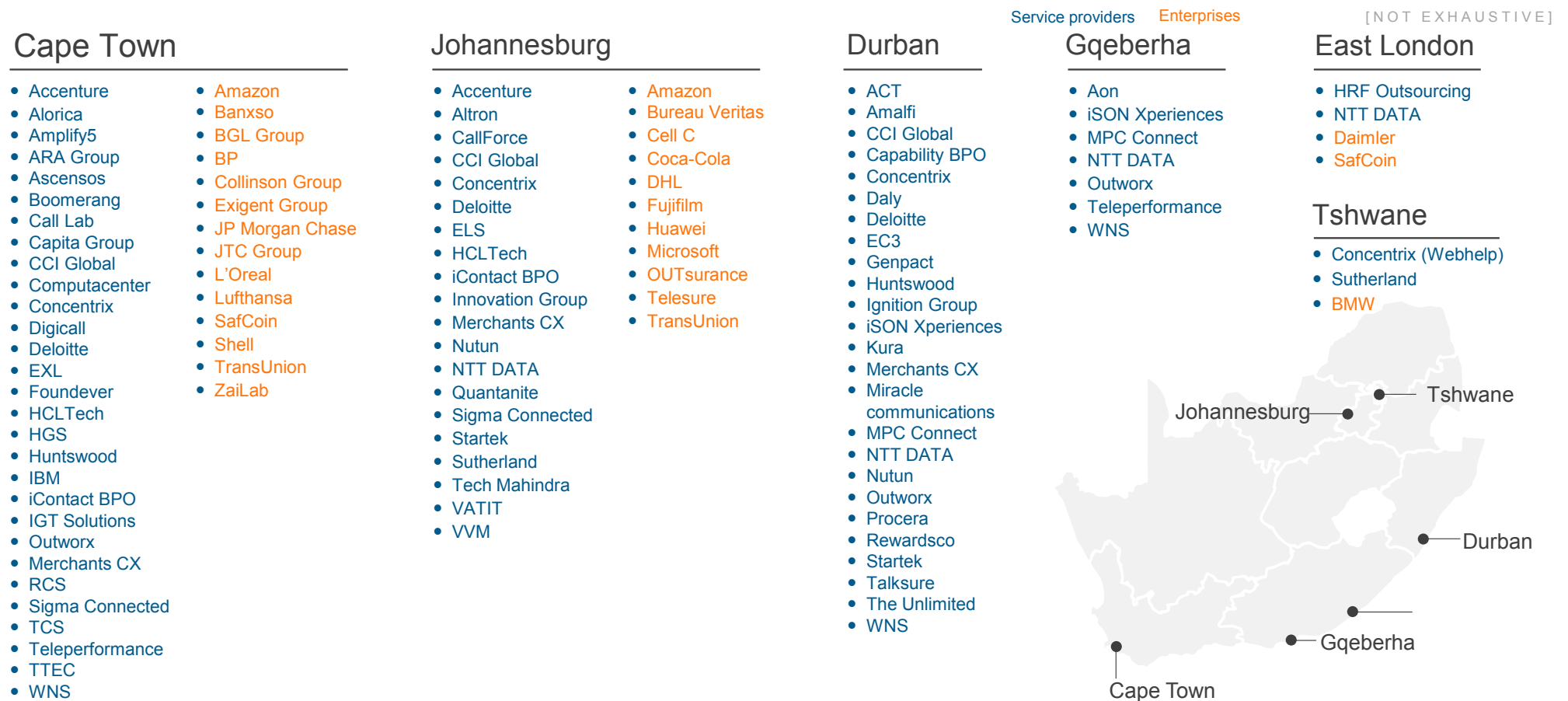
HIPAA

Healthcare data privacy law



Mature industry and value-driven growth (page 1 of 2)

South Africa has a diverse presence of service providers and enterprises supporting global, regional, and domestic services delivery





Mature industry and value-driven growth (page 2 of 2)

South Africa offers deep expertise and a mature ecosystem for contact center services, extending to banking and financial services, healthcare, IT, and legal services



Contact centers

- Remain one of the largest delivered functions, backed by a neutral accent, high proficiency, empathetic staff, and superior service quality
- Expertise in voice, omnichannel CX, and complex process management
- Many organizations delivering multilingual services, especially in German, French, and Dutch



Legal process services

- Recognized for its strong legal and justice framework, ensuring compliance and maintaining high standards in legal process outsourcing
- A preferred location for delivering complex and bespoke legal services, particularly for financial services clients



Healthcare

- Recognized as one of the strongest healthcare industries in Africa, with a well-developed public and private healthcare system
- Provides access to a large, skilled workforce with over 326,000 registered healthcare professionals, including doctors, nurses, paramedics, and research assistants



Banking and insurance

- Established as a key hub for complex financial services, particularly in asset management, life insurance, and fund accounting
- Offers access to a highly skilled talent pool, including Chartered Accountants (CAs), Chartered Financial Analysts (CFAs), and actuaries, driving high-quality service delivery



Information and Communications Technology (ICT) and digital

- Strong potential for global delivery, particularly in technical support, helpdesk, and service desk functions, backed by South Africa's excellent voice skills
- Rapidly expanding digital capabilities in data analytics, Artificial Intelligence (AI), Machine Learning (ML), Robotic Process Automation (RPA), blockchain, and the Internet of Things (IoT)



People advantage (page 1 of 3)

South Africa offers abundant native English-speaking talent and high English proficiency levels

Native English speakers Number in '000s, 2024		EF English Proficiency Index Rank, 2024
5,500-6,500	 South Africa	11
1,500-2,000	 Egypt	82
700-1,100	 Poland	15
250-350	 India	69
Less than 50	 Philippines	22
Less than 50	 Jamaica	Not ranked

- South Africa's strong native English-speaking population reflects its cultural and historical ties to the language, making it a natural fit for global markets
- South Africa also has the highest English proficiency levels, compared with peer geographies

Note: This data represents only native English speakers. India and the Philippines have a large talent pool, but English is a second language for most professionals. For certain roles, native language proficiency provides a competitive advantage over non-native speakers.



With 5 million English speakers, South Africa is poised to be a leading location for CX BPO service delivery.

– CEO, global BPO provider

Source: Inputs from market participants, secondary inputs, Everest Group proprietary IP



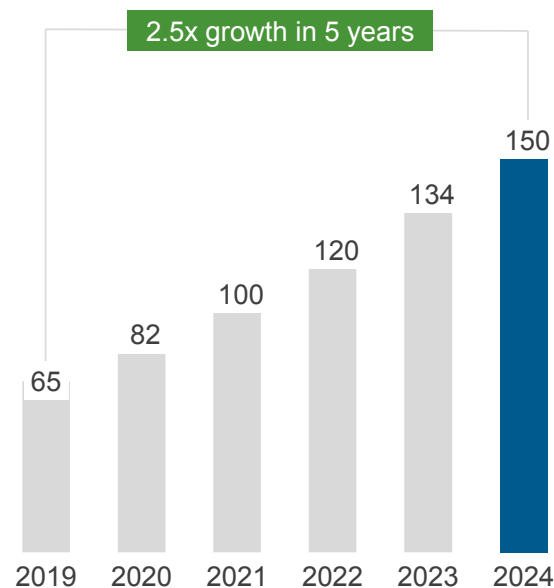
People advantage (page 2 of 3)

South Africa's global services market has seen a 2.5x growth in the last five years

[NOT EXHAUSTIVE]

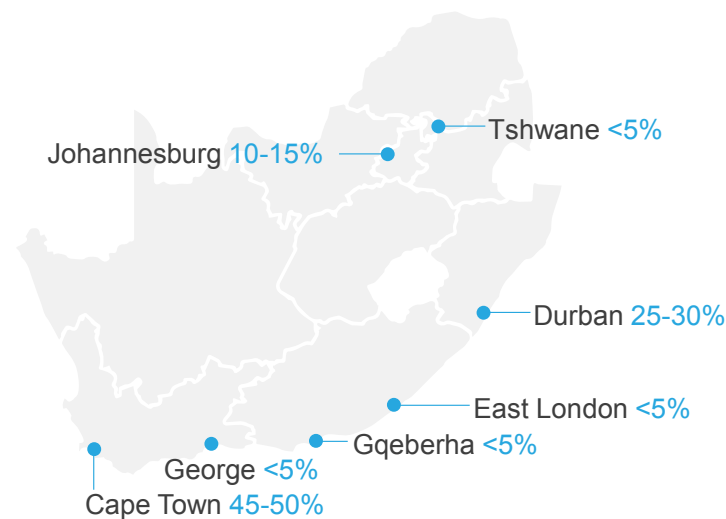
South Africa's global services market size by headcount¹

Number in '000s, 2019-24



Breakdown of talent pool across key cities

Percentage, 2024



- The majority of South Africa's global services workforce is concentrated in Cape Town, followed by Durban and Johannesburg
 - Organizations are expanding into areas like Paarl and Mitchells Plain in Cape Town, Alexandra and Soweto in Johannesburg, Umlazi in Durban, and Ilembe in KwaZulu-Natal to stay closer to their workforce while remaining near major metropolitan areas
- Beyond these cities, Tshwane, East London, and Gqeberha offer a significant pool of entry-level talent, demonstrating future workforce potential
 - Notable global companies are already capitalizing on these cities, leveraging their lower competitive intensity for strategic advantage
 - The presence of BPO parks and SEZs such as the Coega Industrial Development Zone in Gqeberha, the Tshwane BPO Park, and the East London SEZ enhances the value proposition of these cities. Financial incentives that reduce the cost of doing business in these cities further support these hubs

¹ Reflects the headcount for the Global Business Services market, including both business process and IT services. All numbers have been rounded off to the nearest hundred
Source: BPeSA, Everest Group (2025)



People advantage (page 3 of 3)

While many outsourcing destinations focus solely on cost savings, South Africa has developed a socially responsible model that creates career opportunities, with over 30,000 impact sourcing workers supporting global service delivery

[NOT EXHAUSTIVE]

Market participants

Organizations are incorporating impact sourcing into their talent strategies to promote employment among underserved groups.



Impact sourcing ecosystem

Specialists

Specialists focus on reducing youth unemployment in underserved communities by aligning their efforts with social impact goals.



The GBS industry is well positioned to make a fundamental difference in the lives of disadvantaged South Africans and those with disabilities, who would otherwise not have access to the formal job market and the economy. About 90% of our employees are recruited through impact sourcing – the average age is 23; 65% are women, and 10% have disabilities.

– CEO, BPO services provider

We are committed to making a change in South Africa by creating employment opportunities, as we believe it is one of the ways in which the country can address past inequalities. We realize that there is an oversupply of underutilized talent in the country, and we have made it one of our main goals to ensure that disadvantaged and underprivileged people have access to formal employment and good work conditions.

– COO, business outsourcing company



Assured service excellence

Industry speak: South Africa consistently delivers superior service quality supported by a workforce with high empathy levels

South Africa consistently delivers higher customer satisfaction scores than the Philippines. It also excels in handling financially vulnerable customers.

– CEO, leading financial services firm

With its current workforce, South Africa achieves the same NPS as the UK while also surpassing onshore CSAT, demonstrating its strong service quality and customer engagement.

– COO, global CX firm

South Africa outperforms the Philippines in concurrent chat handling. Compared to India, South Africa offers a more mature and effective voice service, achieving better NPS.

– CEO, leading telecommunications provider

South Africa outperforms the UK in CSAT, with success factors including strong English language capability, high empathy levels, geopolitical stability, a robust banking system, a strong legislative framework, and solid infrastructure.

– CEO, global CX firm

South Africa's competitive advantages include its tri-factor strength, fast interaction resolution, quick first-call handling, deep customer experience empathy, and a strong ability to connect with customers.

– Managing Director, leading BPO services provider



Cost arbitrage and business advantage

South Africa provides 55-65% cost savings over source geographies, with GBS incentives enhancing these savings even further

Cost savings over source geographies for contact center services delivery

Percentage savings, 2025



55-65%

In addition to direct savings, GBS incentives further increase cost savings to **60-70%** over source geographies.

Prime rentals across major cities

US\$ per sq. m. / month, 2025

15-19

Cape Town

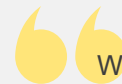
13-17

Johannesburg and Durban

The differential between Cape Town and Johannesburg/Durban can go as high as **20-30%** for A-grade office spaces.

While South Africa may not offer the highest offshore cost savings, why do global leaders still choose it?

- **High-quality talent:** a large pool of fluent, neutral-accent English speakers, known for their soft skills and best-in-class customer experience
- **Robust incentives and ecosystem:** attractive government support and a mature outsourcing environment foster long-term stability
- **Time-zone and cultural alignment:** time-zone overlaps with Europe and close cultural affinity with the US and UK markets improve collaboration and customer satisfaction
- **Balanced value proposition:** a reliable, outsourcing partner because of its cost competitiveness, trained talent, and strong government backing



While cost savings are important, they are not the biggest driver for choosing South Africa. What truly sets it apart is the natural empathy and high service quality its workforce brings – especially in handling complex customers.

– MD, leading BPO solutions provider

Source: Salary surveys; inputs from real estate firms, recruiters, investment promotion agencies, and market participants



Tactical advantage | source geographies served

South Africa's central location between key global regions, favorable time-zone overlap with the UK and the US, round-the-clock delivery, and strong cultural alignment with Western markets help seamlessly serve a diverse mix of geographies

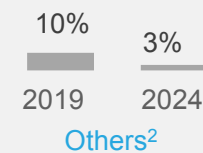
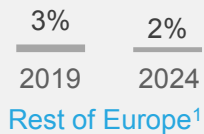
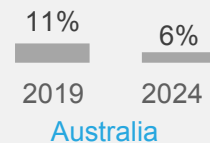
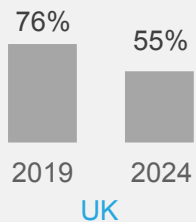
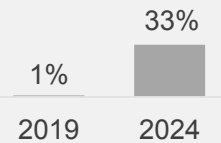
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Distribution of headcount by source geography

Percentage, 2024

US

Significant increase in share, especially after the pandemic



¹ Includes Germany, France, and the Netherlands
² Includes New Zealand, Canada, and Japan



South Africa global services headcount

2.5x growth in 5 years

2019 ▶ 65,000

2024 ▶ 150,000

Industry landscape and talent proposition

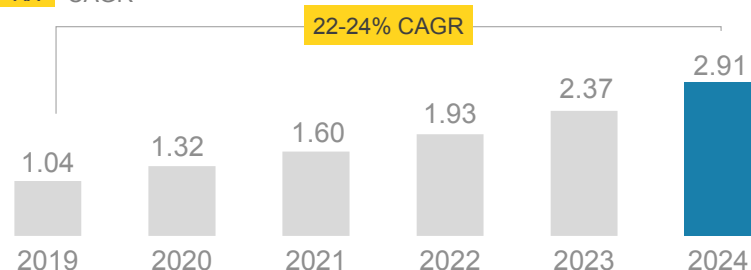
Global services landscape in South Africa

South Africa's global services market has experienced tremendous growth over the years, driven by continuous job creation and a business-friendly environment

Global services headcount¹ and growth in South Africa
2019-24; FTEs in '000s



Global services market revenue in South Africa
2019-24; US\$ billion
XX CAGR



¹ Reflects the headcount for global business services market, including both business process and IT services. All numbers have been rounded off to the nearest hundred
Source: BPeSA, Everest Group (2025)



Functions delivered: Contact centers dominate, driven by high English proficiency, with growing roles in business process services, legal, IT, and emerging digital capabilities



Industries served: Financial services and Insurance, Retail, Telecom, Utilities and Energy, Travel and Transport, Healthcare



Source geographies: The UK is the primary client market, followed by the US which has seen significant growth post-pandemic, as well as Australia and Europe



Growth drivers: Strong customer service culture; government support and incentives, and strong digital infrastructure are some of the major growth drivers

Key functions supported from South Africa

South Africa offers deep expertise and a mature ecosystem for contact center services, extending to broader functions such as banking and financial services, healthcare, IT, and legal services



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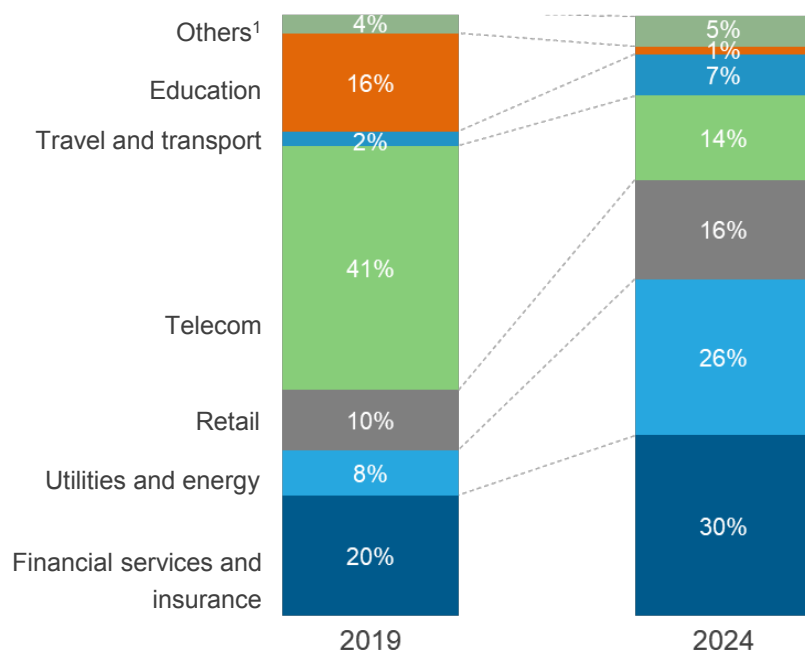
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Key industry verticals

Utilities and energy and financial services and insurance account for more than half of the overall job creation

Global services job distribution by industry in South Africa
2019 vs. 2024; % of total jobs created



¹ Includes Media, Technology, Healthcare and medical, Logistics, and Supply chain
Source: GBS sector job creation reports, BPESA

- The **utilities, energy, financial services, and insurance sectors** collectively accounted for **over half of all jobs created in 2024**
 - The **utilities and energy sector** has expanded **nearly threefold** since 2019, driven by a strong focus on **sustainability, infrastructure modernization, and government-led reforms**
 - South Africa remains a **key destination for financial services and insurance roles**, leveraging its highly skilled talent pool. The country has the **large concentration of CFA charter holders and actuarial degree graduates**
- The **retail, travel, and transport sectors** have also experienced moderate growth since 2019

Evolution of source geographies served over the past five years

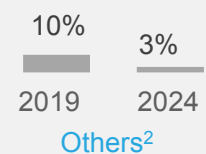
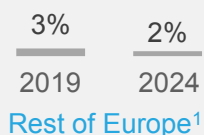
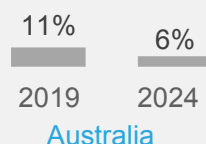
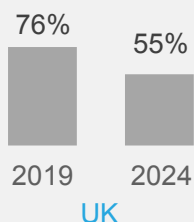
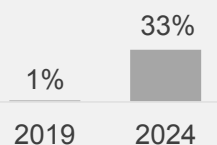
The global services market has expanded three-fold over the last five years, with US' share rising significantly after COVID-19, making it the second-largest client market, after the UK

Distribution of headcount by source geography

Percentage, 2024

US

Significant increase in share, especially after the pandemic



¹ Includes Germany, France, and the Netherlands
² Includes New Zealand, Canada, and Japan



South Africa global services headcount
 2.5x growth in 5 years

2019	▶	65,000
2024	▶	150,000

Global delivery from South Africa

	United kingdom 	United states 	Australia 
Share of headcount for global services delivery	55%	33% <i>Significant increase in share from just 1% in 2019</i>	6%
Number of job positions created (Jun'23-Jul'24)	8,629	8,326	1,582
Cost savings in South Africa ¹	55-65%	60-70%	60-70%
Examples of services delivered within voice and non-voice (Not exhaustive)	- Accountant reactivation - Claims management - Collections - Complaints handling - Customer acquisition - Customer support - Data analytics - End-user services - Lead generation - Retention - Sales - Sales assistance - Tech support - Up/cross-selling	- Collections - Complaints handling - Customer acquisition - Customer churn - Customer retention - Customer support - Debt recovery - Digital contact center services - Emergency and medical services - Inbound/outbound voice services - Up/cross-selling	- Complaints handling - Conversion - Customer churn - Customer support - Data analytics - Debt recovery - Helpdesk - Inbound/outbound voice services - Lead generation - Retention - Sales - Tech support - Up/cross-selling
Companies serving the source geography (Not exhaustive)	              	            	           

¹ Cost savings in Cape Town with respect to Manchester (UK), Dallas (US), and Sydney (Australia)

Key players across major cities

South Africa has a diverse presence of service providers and enterprises supporting global, regional, and domestic services delivery

Cape Town

- Accenture
- Alorica
- Amplify5
- ARA Group
- Ascensos
- Boomerang
- Call Lab
- Capita Group
- CCI Global
- Computacenter
- Concentrix
- Digicall
- Deloitte
- EXL
- Foundever
- HCLTech
- HGS
- Huntswood
- IBM
- iContact BPO
- IGT Solutions
- Outworx
- Merchants CX
- RCS
- Sigma Connected
- TCS
- Teleperformance
- TTEC
- WNS
- Amazon
- Banxso
- BGL Group
- BP
- Collinson Group
- Exigent Group
- JP Morgan Chase
- JTC Group
- L'Oreal
- Lufthansa
- SafCoin
- Shell
- TransUnion
- ZaiLab

Johannesburg

- Accenture
- Altron
- CallForce
- CCI Global
- Concentrix
- Deloitte
- ELS
- HCLTech
- iContact BPO
- Innovation Group
- Merchants CX
- Nutun
- NTT DATA
- Quantanite
- Sigma Connected
- Startek
- Sutherland
- Tech Mahindra
- VATIT
- VVM
- Amazon
- Bureau Veritas
- Cell C
- Coca-Cola
- DHL
- Fujifilm
- Huawei
- Microsoft
- OUTsurance
- Telesure
- TransUnion

Durban

- ACT
- Amalfi
- CCI Global
- Capability BPO
- Concentrix
- Daly
- Deloitte
- EC3
- Genpact
- Huntswood
- Ignition Group
- iSON Xperiences
- Kura
- Merchants CX
- Miracle communications
- MPC Connect
- NTT DATA
- Nutun
- Outworx
- Procera
- Rewardsco
- Startek
- Talksure
- The Unlimited
- WNS

Service providers Enterprises

Gqeberha

- Aon
- iSON Xperiences
- MPC Connect
- NTT DATA
- Outworx
- Teleperformance
- WNS

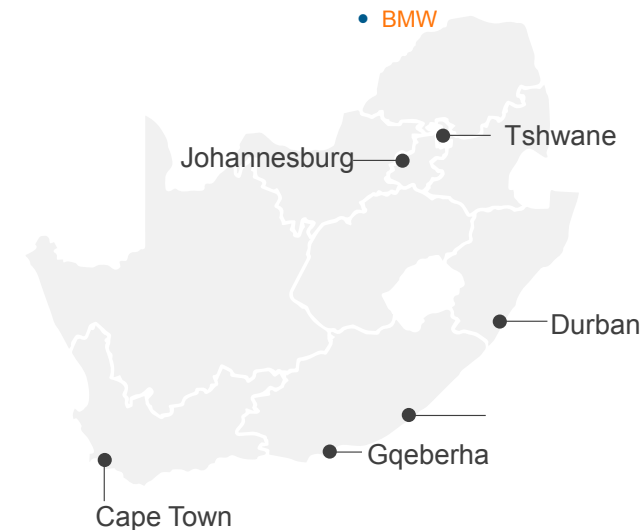
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East London

- HRF Outsourcing
- NTT DATA
- Daimler
- SafCoin

Tshwane

- Concentrix (Webhelp)
- Sutherland
- BMW

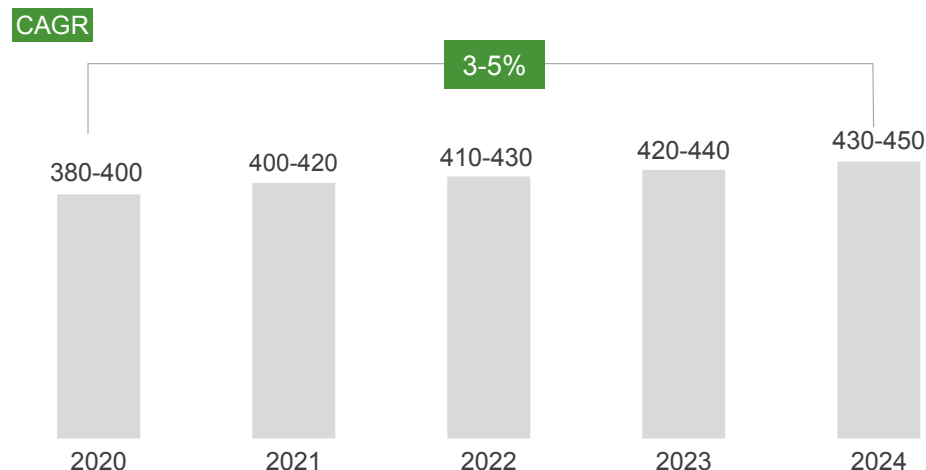


South Africa's entry level talent pool

The steady increase in graduates highlights South Africa's ongoing focus on education, supporting personal growth and contributing to the development of a skilled workforce

South Africa's entry-level graduate pool

2020-2024; number in '000s



- South Africa's universities are strategically distributed across provinces, ensuring accessible education and fostering regional development. Gauteng leads with institutions like Wits and Pretoria, driving urban innovation, while the Western Cape hosts UCT and Stellenbosch, excelling in research and global impact
- KwaZulu-Natal and the Eastern Cape, with universities like UKZN and Rhodes, support diverse talent pools, and specialized institutions such as TUT and Sefako Makgatho address critical industry needs nationwide. This strategic placement strengthens the country's economic and developmental goals

Top universities in South Africa (not exhaustive)



138

Private colleges

26

Public universities

50

Public TVET colleges

Beyond universities, a range of skill development organizations such as BPO Skills Academy, Harambee youth accelerator, Shadow careers, and multiple work-readiness bootcamps are actively preparing talent for careers in the BPO sector.

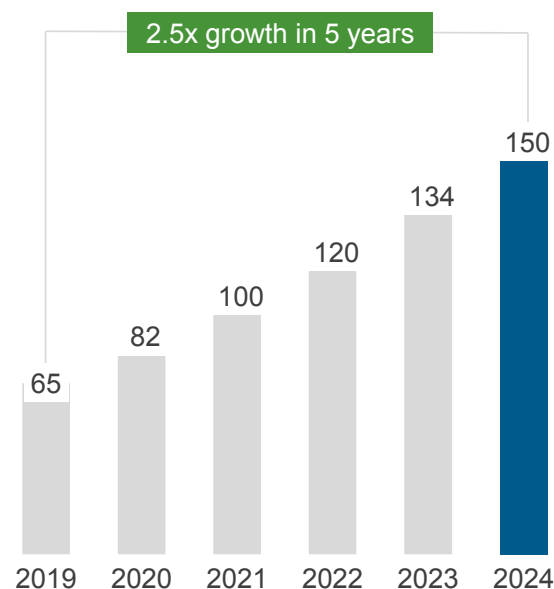
Global services landscape in South Africa

South Africa's global services market has seen a 2.5x growth in the last five years

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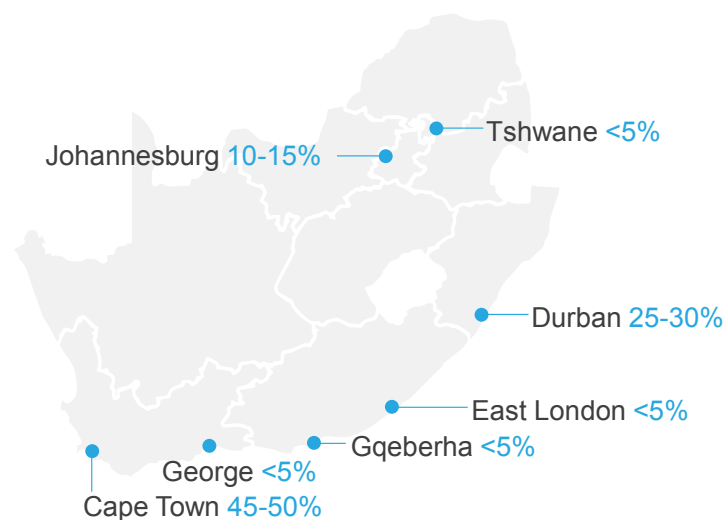
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Number in '000s, 2019-24



Breakdown of talent pool across key cities

Percentage, 2024



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 - Organizations are expanding into areas like Paarl and Mitchells Plain in Cape Town, Alexandra and Soweto in Johannesburg, Umlazi in Durban, and Ilembe in KwaZulu-Natal to stay closer to their workforce while remaining near major metropolitan areas
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¹ Reflects the headcount for the Global Business Services market, including both business process and IT services. All numbers have been rounded off to the nearest hundred
Source: BPeSA, Everest Group (2025)

Key cities in South Africa

Key cities leveraged for global services delivery | Cape Town

Cape Town offers skilled talent, robust fiber connectivity, and proactive investment policies, positioning itself as a key city for global services

Mature location for services delivery

- Cape Town remains a **leading city in South Africa** for global services, representing a significant portion of the country's total global services headcount. The city's exceptional talent pool and cost efficiency drive this prominence
- Recognized as a **start-up hub**, Cape Town has made significant advancements in fintech, health tech, edtech, and e-commerce innovation. The city is home to over **450 tech firms, employing more than 40,000 individuals**

Skill development initiatives in the BPO space

- The City of Cape Town and the Western Cape lead in upskilling and reskilling efforts through partnerships with the Department of Economic Development and private sector players
- Programs like **CapaCiTi focus on building talent pipelines for digital skills**, IT infrastructure, and next-generation technologies

Ease of doing business

Cape Town is striving to become **Africa's easiest place to do business** through its **10-Point Plan**, which includes:

- **Faster construction permits:** Digitizing processes to reduce approval times
- **Improved electricity access:** Ensuring quicker, more reliable connections for businesses
- **Proactive investment promotion:** Offering incentives and creating business-friendly policies

Business-Ready Infrastructure

- Cape Town's fiber-optic network, with **400+ free WiFi zones**, supports over **1 million residents** and is expanding to provide reliable, high-speed connectivity citywide, benefiting businesses and entrepreneurs
- Cape Town hosts **60% of South Africa's tech startups**, supported by incubators like CiTi, which has empowered over **3,000 entrepreneurs**, and attracts significant venture capital, cementing its status as Africa's tech capital



Cape Town

Cape Town's value proposition is underpinned by high quality standards, relevant skills and the potential to deliver complex and non-complex processes as well as cost savings
- Leading financial services player

Other key insights | Cape Town



Population (in million)

5.0



Working age population
(in million)

3.5



GDP est. (billion Rand)

R 607
(FY22-23)

Transport infrastructure

- Cape Town boasts **extensive transport infrastructure** with well-developed road and bus networks, the MyCiTi BRT system, and Cape Town International Airport **having direct connectivity to 43 global destinations**, including multiple daily flights to London
- Cape Town has initiated significant urban mobility projects, including an **R21 billion investment to enhance public transport** along major corridors such as Khayelitsha-Century City, Symphony Way, and Klipfontein

Key universities and colleges (not exhaustive)

University of Cape Town, Stellenbosch University, Cape Peninsula University of Technology, University of the Western Cape, Varsity College, Damelin College



Tertiary graduate pool

80k-90k



Employed talent pool

80k-90k

Other notable insights

- Cape Town, the capital of the Western Cape and South Africa's **legislative capital**, is a coastal city known for its superior quality of life, multicultural community, and accessible education and healthcare, making it a sought-after destination for residents and expatriates alike
- The Western Cape contributed about **14.2%** to South Africa's GDP in the fourth quarter of 2023, with Cape Town as the largest contributor in the province

Key market players (not exhaustive)



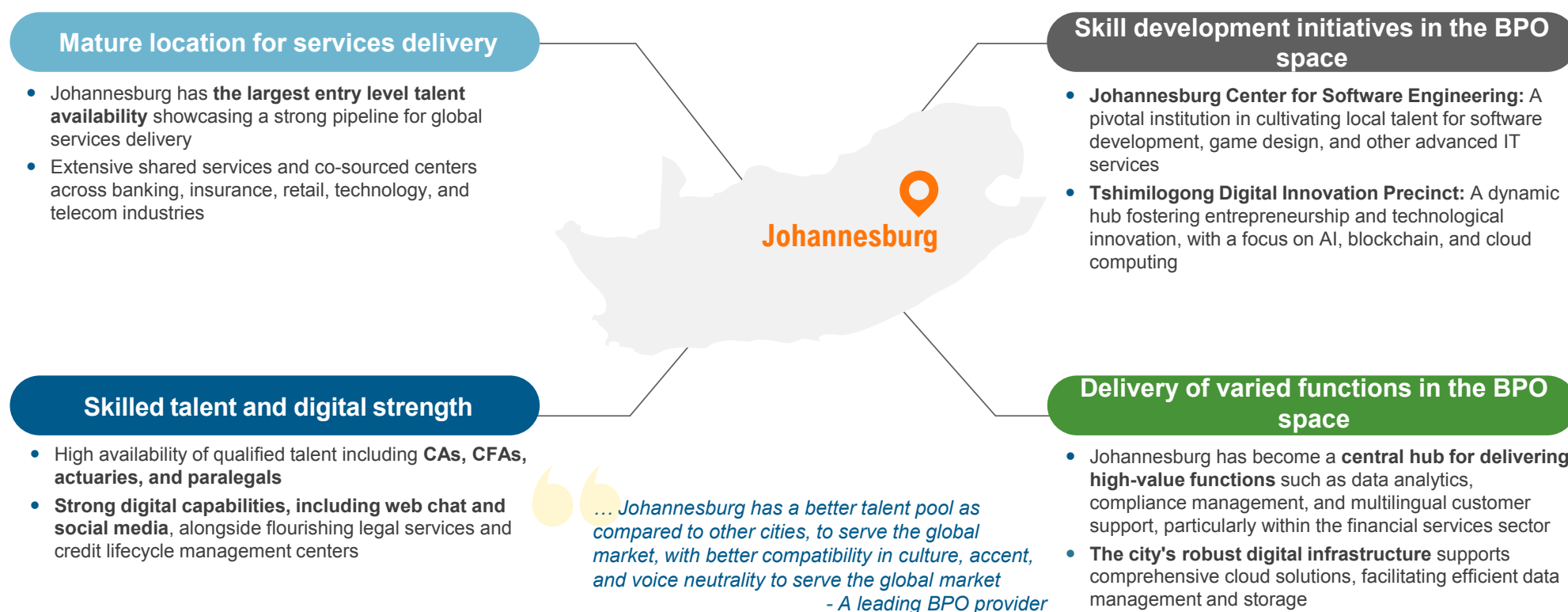
Cost savings potential (over source geographies¹)

55-65%

¹ Source geographies include US (Dallas), UK (Manchester), and Australia (Sydney)

Key cities leveraged for global services delivery | Johannesburg

Johannesburg benefits from a strong pipeline of graduates each year and various skill development initiatives aimed at fostering digital innovation



Other key insights | Johannesburg



Population (in million)

6.3



Working age population
(in million)

4.6



GDP est. (billion Rand)

R 955
(FY22-23)

Transport infrastructure

- Johannesburg has a comprehensive transport network, including the Gautrain rapid transit system and an extensive network of public and private buses, minibus taxis, and ride-sharing services
- OR Tambo International Airport, Africa's busiest airport, connects Johannesburg to over **85 international and domestic destinations**

Key universities and colleges (not exhaustive)

University of the Witwatersrand, University of Johannesburg, IIE Monash South Africa, Regenesys Business School, St. Augustine College of South Africa



Tertiary graduate
pool

85k-95k



Employed talent
pool

20k-30k

Other notable insights

- Johannesburg has emerged as a **vibrant hub for startups** and innovation, fostering a dynamic ecosystem that supports technological advancement and entrepreneurial growth. The city is home to several tech hubs and accelerators that play pivotal roles in this development
- Johannesburg is driving smart city strategies through initiatives like the **Smart City Challenge**, aiming to enhance service efficiency, encourage innovation, and create a sustainable urban future

Key market players (not exhaustive)



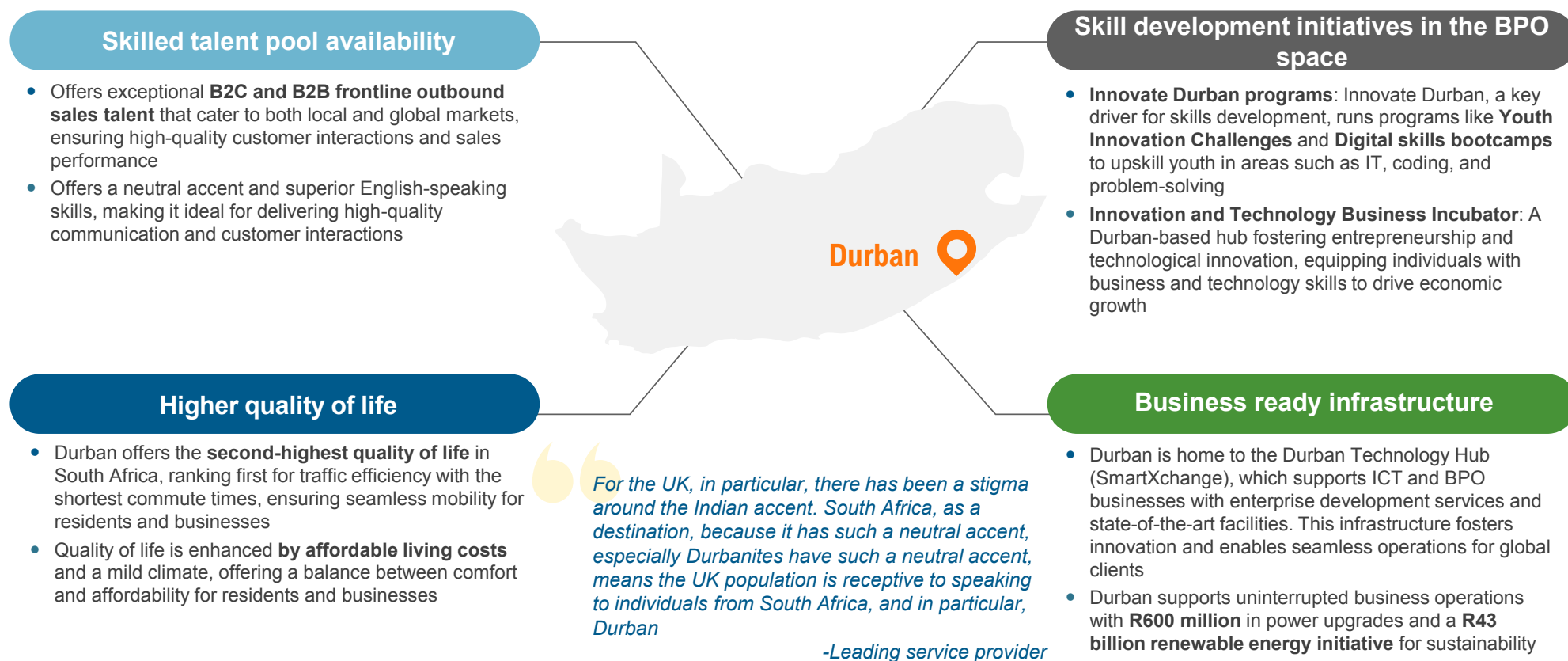
Cost savings potential (over source
geographies¹)

50-60%

¹ Source geographies include US (Dallas), UK (Manchester), and Australia (Sydney)

Key cities leveraged for global services delivery | Durban

Durban offers a skilled talent pool, good quality of life, effective skill development programs, and modern infrastructure



Other key insights | Durban



Population (in million)

4.4



Working age population
(in million)

3.1



GDP est. (billion Rand)

R 601
(FY22-23)

Transport infrastructure

- Durban offers established **transport infrastructure**, featuring **high-quality roads**, a robust railway system, and Africa's busiest container port at the Port of Durban, which serves as a strategic gateway for international trade
- King Shaka International Airport connects Durban to major domestic hubs such as **Johannesburg**, **Cape Town**, **East London**, and **Gqeberha**, as well as international destinations like the **UAE**

Key universities and colleges (not exhaustive)

University of KwaZulu-Natal, Durban University of Technology, Mangosuthu University of Technology, University of Zululand



Tertiary graduate
pool

80k-90k



Employed talent
pool

45k-55k

Other notable insights

- Durban has established itself as a **prominent hub for manufacturing and trade**. The city is distinguished by its sizable talent pool and cost-effective operational environment
- Durban is at the **forefront of renewable energy and sustainable urban development initiatives**, reinforcing its commitment to environmental sustainability and positioning the city as a leader in the green economy

Key market players (not exhaustive)



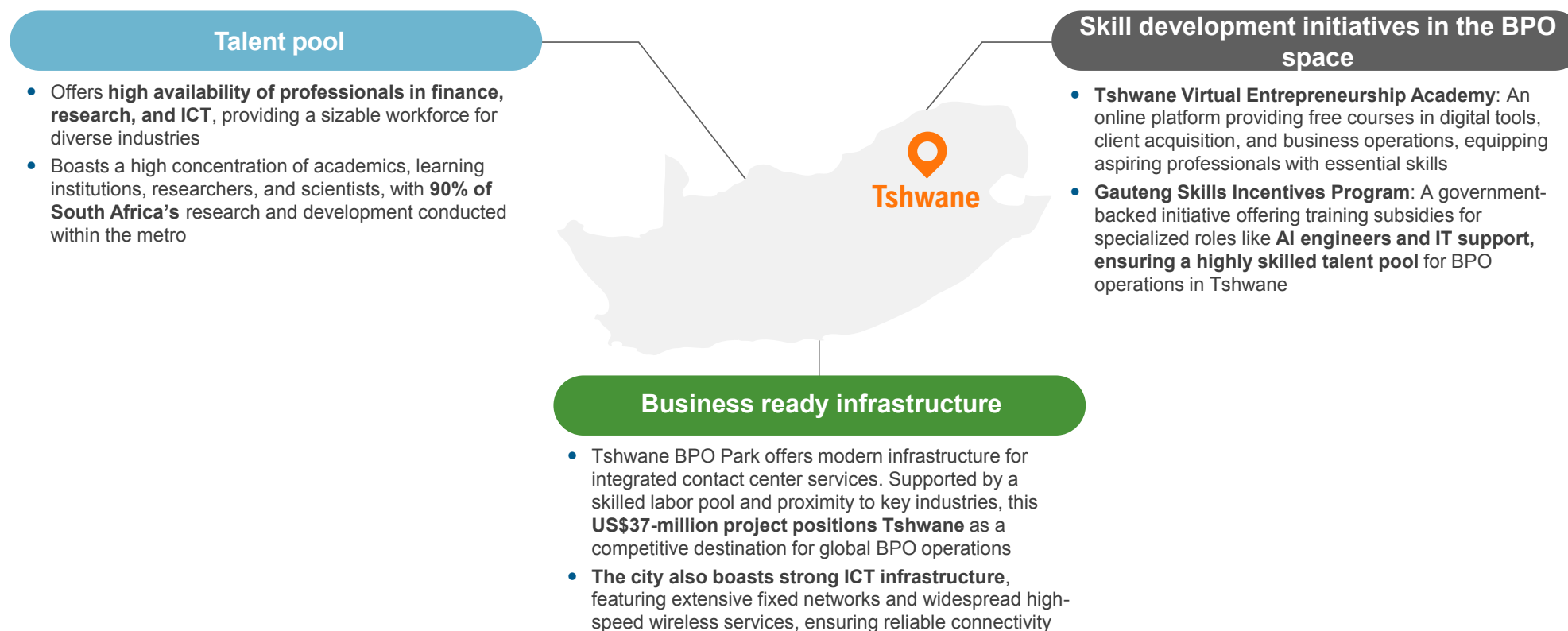
Cost savings potential (over source
geographies¹)

65-75%

¹ Source geographies include US (Dallas), UK (Manchester), and Australia (Sydney)

Key cities leveraged for global services delivery | Tshwane

Tshwane distinguishes itself as South Africa's knowledge and innovation capital, with a unique blend of academic excellence, global connectivity, and business-ready infrastructure



Other key insights | Tshwane



Population (in million)

4.0



Working age population
(in million)

2.5



GDP est. (billion Rand)

R 636
(FY22-23)

Transport infrastructure

- Tshwane benefits from its proximity to **OR Tambo International Airport** facilitating seamless domestic and international connectivity
- The city's developed road and rail infrastructure, connecting it to key economic hubs and ensuring seamless accessibility for businesses and workforce mobility

Key universities and colleges (not exhaustive)

University of Pretoria, Tshwane University of Technology, University of South Africa, and Tshwane TVET College (North & South)



Tertiary graduate
pool

75k-85k



Employed talent
pool

5k-7k

Other notable insights

- Tshwane is the largest metropolitan area in South Africa, spanning **~ 6,298 square kilometers**. Its vast size provides ample space for infrastructure development, business expansion, and residential growth
- The city serves as South Africa's administrative capital, hosting all national government departments and embassies. It is also a leading center for research and education, with presence of multiple universities and national science councils

Key market players (not exhaustive)



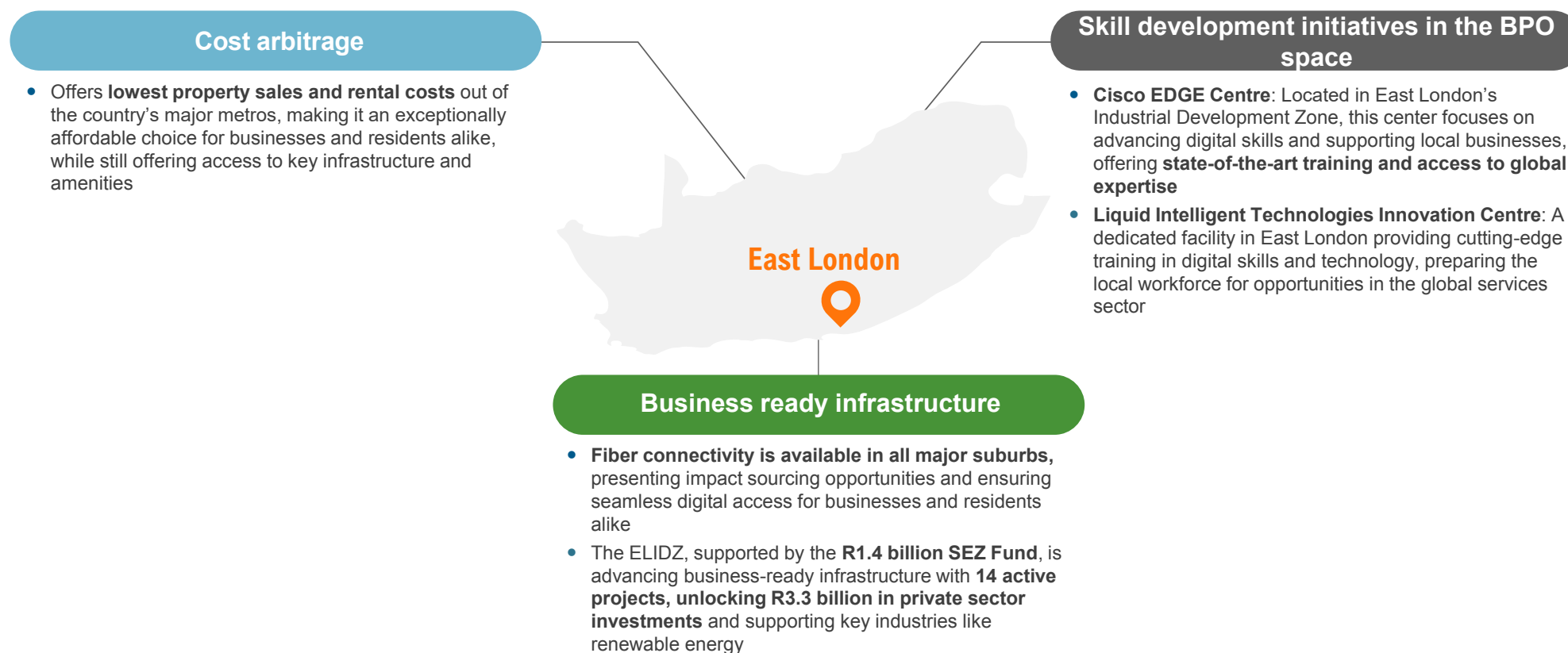
Cost savings potential (over source
geographies¹)

55-65%

¹ Source geographies include US (Dallas), UK (Manchester), and Australia (Sydney)

Key cities leveraged for global services delivery | East London

East London offers opportunities to develop niche, vertical-specific GBS capabilities specifically in industrial automotive manufacturing



Other key insights | East London



Population (in million)

1.4



Working age population
(in million)

0.7



GDP est. (billion Rand)

R 94
(FY22-23)

Transport infrastructure

- East London features a **well-developed transport system** and is home to South Africa's only river port, which supports regional and international trade, particularly in the automotive and manufacturing sectors
- The city is well-connected through its airport, offering **domestic flights to major cities like Johannesburg and Cape Town**, a strong road network linking it to national economic hubs, and rail infrastructure supporting freight and industrial logistics

Key universities and colleges (not exhaustive)

University of Fort Hare, Walter Sisulu University, East London University



Tertiary graduate
pool

10k-20k



Employed talent
pool

<0.5k

Other notable insights

- East London is a growing hub for **automotive manufacturing**, home to the Mercedes-Benz South Africa plant producing vehicles for global markets
- **Offers lowest property sales and rental costs out of the country's major metros**, making it an exceptionally affordable choice for businesses and residents alike, while still offering access to key infrastructure and amenities

Key market players (not exhaustive)

DAIMLER TRUCK
Southern Africa

HRF
OUTSOURCING

NTT DATA



Cost savings potential (over source
geographies¹)

65-75%

¹ Source geographies include US (Dallas), UK (Manchester), and Australia (Sydney)

Key cities leveraged for global services delivery | Gqeberha

Gqeberha benefits from a growing talent pipeline and developing infrastructure, supported by evolving skill development programs



Other key insights | Gqeberha



Population (in million)

1.3



Working age population
(in million)

0.7



GDP est. (billion Rand)

R 166
(FY22-23)

Transport infrastructure

- Gqeberha features a **well-developed transportation infrastructure**, including an international airport, a functional harbor, and an extensive network of highways and roads that effectively connect the Eastern Cape
- Its location along the southeastern coast of South Africa positions it favorably near major maritime trade routes, facilitating connections to global markets in Europe, Asia, and the Americas

Key universities and colleges (not exhaustive)

Nelson Mandela University, Eastcape Midlands TVET College, Ingwe TVET College & Port Elizabeth, Gqeberha TVET College



Tertiary graduate
pool

25k-35k



Employed talent
pool

0.5k-1.0k

Other notable insights

- Gqeberha's economy is primarily driven by **automotive assembly**, manufacturing, and export industries, forming the backbone of its industrial landscape
- The city hosts significant operations for several multinational companies, underscoring its importance as a hub for international business activities in the region

Key market players (not exhaustive)



Cost savings potential (over source
geographies¹)

65-75%

¹ Source geographies include US (Dallas), UK (Manchester), and Australia (Sydney)

Key functions supported from South Africa

Contact center services delivery landscape

Contact center continues to be the largest delivery function, supported by a robust supply of accent-neutral talent

Breakdown of headcount by contact center services 2024; Percentage



- Business process services continues to be the largest delivered function from South Africa, driven by large English language talent availability supported by neutral accent, high proficiency, and empathy levels, employing over 76% of the overall business process services headcount
 - While English remains the primary language for global services delivery, some organizations also offer services in additional languages such as French, Italian, German, and Afrikaans, which shares similarities with Dutch
- In the first two quarters of 2024, jobs created in the global services sector were predominantly in inbound customer services, outbound sales, and inbound sales, collectively accounting for more than 80% of the total, while 20-30% were in roles such as back-office processing, finance and accounting, legal services, order management, and outbound customer services

¹ Others include back-office processing, order management, outbound customer services

South Africa's emerging CXM trends

Advanced technologies, data-driven insights, and client-centric innovations are transforming customer interactions to deliver seamless, efficient, and personalized experiences across industries



Data-driven decision making

Increased use of predictive analytics and real-time data modeling enables businesses to anticipate customer needs, optimize interactions, and enhance operational efficiency and satisfaction



Client-centric customization

Customer service and technical support provided seamlessly across email, chat, and phone, ensuring consistent experiences across all communication channels



Tech-driven automation

Integration of cutting-edge tools like virtual receptionists, chatbots, and interactive voice response systems is transforming customer interactions by improving speed and accuracy



Industry-specific innovations

Providers are creating tailored solutions for telecommunications, e-commerce, and insurance, using advanced call routing, behavior modeling, and loyalty programs to boost engagement



Problem Statement

A leading South African insurance provider faced a substantial backlog of unresolved claims and high call volumes, resulting in customer dissatisfaction.



Solution

Company launched a WhatsApp chatbot to assist with customer interactions and automate document delivery, reducing the workload on human agents.



Results

Implementation of the chatbot delivered significant operational and customer service improvements:

- Connected with over **10,000 users** across multiple channels
- Managed **1.8 million conversations in a year with over 95% accuracy**
- Delivered more than **40,000 documents** via WhatsApp, significantly easing operational pressures

IT services delivery from South Africa

South Africa demonstrates a well-established IT service delivery ecosystem, presenting opportunities for global companies to capitalize on its capabilities

IT services market maturity
2024; Percentage

Low -----> High
□ □ □ □ ■

Function	Market maturity
IT application development and management	■ ■ ■ □ □
Technical support	■ ■ ■ ■ □
Testing	■ ■ ■ □ □

- South Africa exhibits **moderately high maturity in IT service delivery**, supported by a sizable employed pool, showcasing **strong capabilities in technical support, particularly due to superior voice skills**
- The country's IT talent pipeline is bolstered by **120,000 annual STEM graduates** and **increasing participation in skill-building programs**, enabling South Africa to harness its youthful workforce to meet global IT talent demands
- Leading global companies such as AWS, Computacenter, NTT Data, Oracle, Vodacom leverage South Africa for their IT support operations



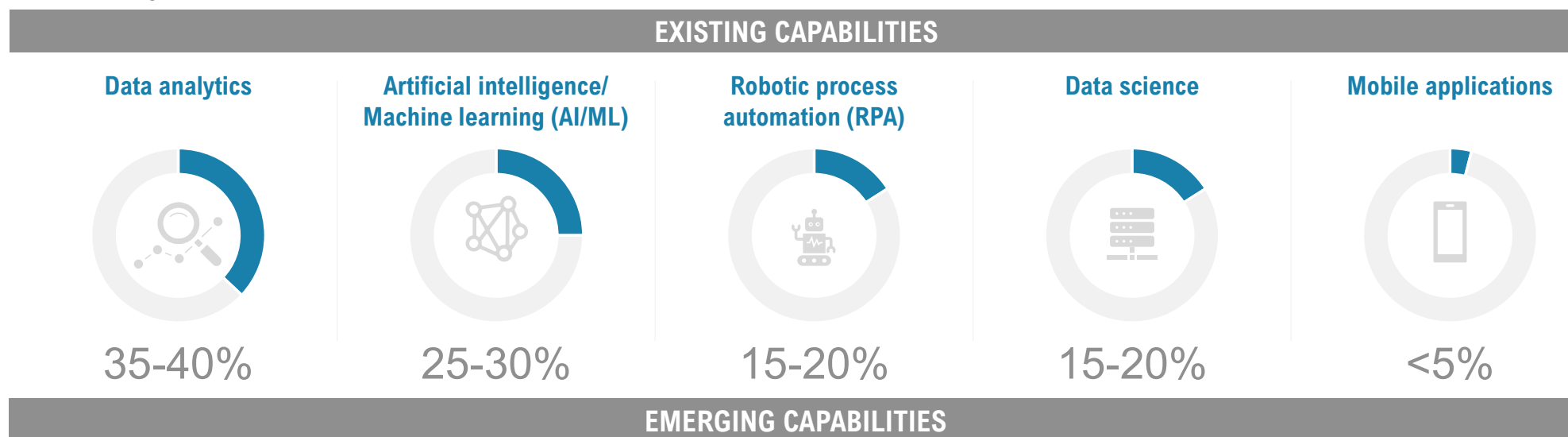
We've been encouraged by the South African government's strong vision for the digital economy. South Africa is becoming a role model for the continent.

– Ambassador of a leading Information and communication technology provider

Digital skills delivery from South Africa

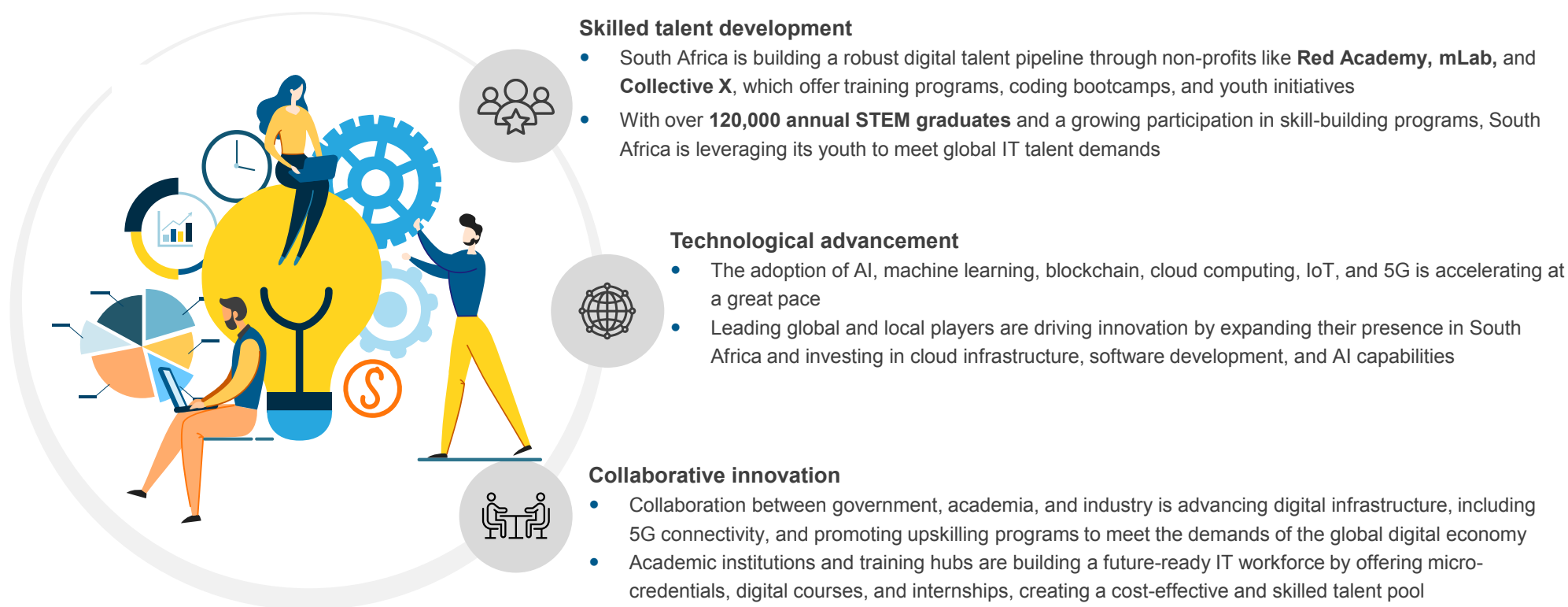
South Africa's digital talent landscape is led by data analytics and AI/ML (including GenAI), with emerging capabilities in blockchain and IoT

Breakdown of headcount by digital services
2024; Percentage

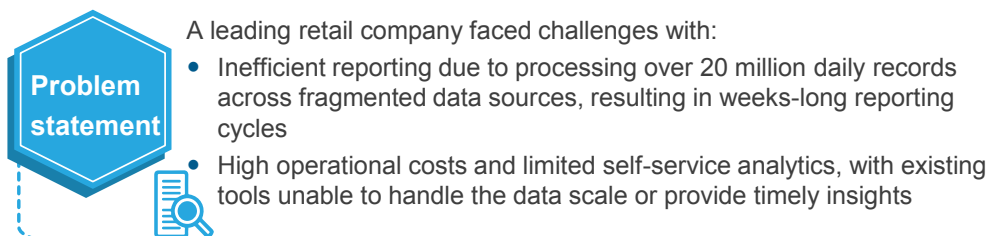


Source: BPESA, Inputs from market participants

Key drivers accelerating digital transformation in South Africa



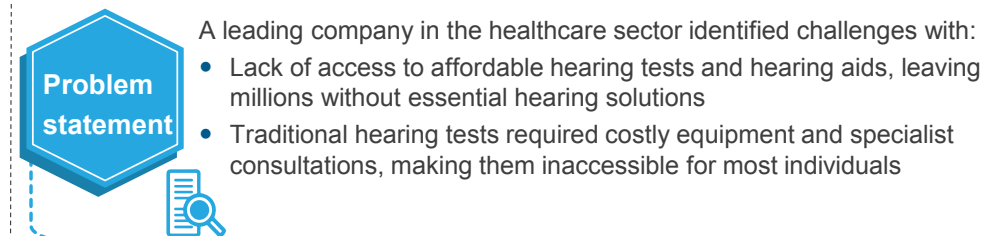
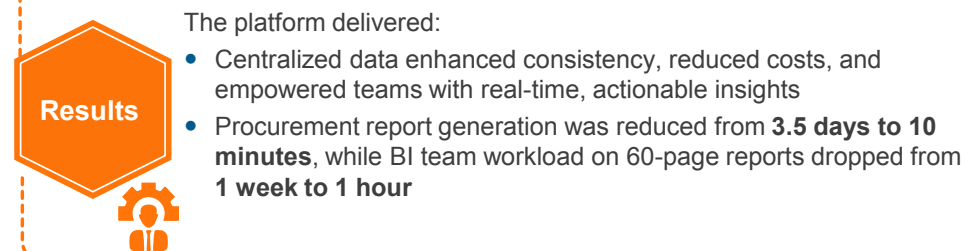
Digital transformation case studies



The company implemented a **Decision Intelligence Platform** to:

- Unify data from multiple systems into a **single, governed analytics environment**, enabling real-time reporting and reducing manual data movement
- Provide an **intuitive interface** that requires minimal training, allowing faster access to insights and **improved decision-making across teams**

Solutions

The company implemented an **AI-powered, smartphone-based platform** to:

- Replace **traditional hearing tests with a mobile app** and provide affordable, over-the-counter hearing aids connected via Bluetooth
- Enable remote consultations through cloud-based data, allowing users to adjust their hearing devices conveniently using an app

Solutions




GenAI use cases in South Africa

Generative AI in South Africa empowers industries with solutions to enhance compliance, security, customer experience, and process innovation

- GenAI is transforming how South Africa tackles complex challenges, creating opportunities for innovation across diverse industries
- The technology is enabling businesses to automate processes, generate insights from large datasets, and personalize customer experiences at scale
- While many organizations are in the early stages of exploring GenAI, forward-looking companies are leveraging advanced cloud and on-premises AI solutions to gain a competitive edge
- GenAI is already beginning to impact sectors like media and entertainment, BFSI (banking, financial services, and insurance), healthcare, and telecommunications, driving innovation and operational efficiency

Here are some of the use cases for which Gen AI has already been in use in South Africa:



Creation of regulatory reports

Automates regulatory compliance by generating accurate, real-time reports



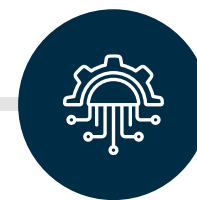
Personalized omnichannel support

Delivers seamless customer experiences across platforms with tailored support



Combating fraud and improving risk management

Enhances security by detecting anomalies and reducing fraud risks



Chatbot to streamline processes

Simplifies workflows and drives creativity through AI-powered automation

Implementation of Gen AI in South Africa (page 1 of 2)

Problem statement

A leading financial services company faced critical challenges in delivering superior customer service, including:

- An overwhelming number of repetitive inquiries that strained human agents, leading to delays and inefficiencies in support
- Increasing customer expectations for faster, seamless assistance on digital platforms like WhatsApp to align with their lifestyle preferences

To overcome these challenges, the company adopted **GenAI solutions**, which included:

- **Automating routine queries** to provide instant and accurate responses while enabling agents to focus on complex tasks
- **Integrating AI-powered tools** to deliver personalized, omnichannel support tailored to customer-preferred platforms

Solutions

Results

The company achieved significant improvements, including:

- **Automating 70% of routine tasks**, significantly enhancing response times and boosting operational efficiency
- **Elevating customer satisfaction** through **faster issue resolutions**, **personalized interactions**, and **actionable, data-driven insights**

Problem statement

A leading banking company faced significant challenges, including:

- The increasing sophistication of fraudulent activities, which hindered real-time detection and prioritization using traditional systems
- Manual fraud investigations and regulatory reporting that consumed extensive time and resources, resulting in delays in critical decision-making

The company implemented **AI and GenAI** tools to address these challenges by:

- **Generating forensic summaries** to streamline evaluations, enabling analysts to prioritize high-risk cases efficiently
- **Automating the creation of regulatory reports**, reducing errors and accelerating submission timelines

Solutions

Results

The solution drove significant improvements in fraud prevention and operational efficiency by:

- Processing over **160,000 fraud investigations annually**, saving the company and its customers more than **R1.1 billion**
- **Reducing analysts' workload by 70%**, enabling quicker decision-making and allowing teams to focus on strategic priorities

Implementation of Gen AI in South Africa (page 2 of 2)

Problem statement



- Contact center faced rising call volumes without proportional budget increases
- Customers experienced inconsistent service across voice and digital channels
- High agent turnover and lengthy training cycles strained operations

Solutions



- Deployed **AI-powered virtual agents** trained on regulated business rules to **automate 24 × 7 voice- and chat-based conversations**
- Integrated with CRM and billing systems for end-to-end, context-rich resolutions
- **Rolled out specialized personas - front-line, support and collections - to route and resolve queries seamlessly**

Results



The company achieved significant improvements, including:

- **10-30% cost-per-call savings**
- **5-20% uplift in CSAT** and **first-contact resolution**
- **60% reduction in call waiting times** and **40% shorter training cycles**
- **3-8% improvement in employee satisfaction** and **2-7% increase in revenue collection**

Healthcare industry in South Africa

The healthcare industry in South Africa presents untapped opportunities that organizations are increasingly leveraging

South Africa is a growing hub for healthcare outsourcing, offering advanced medical infrastructure and a large talent pool. It specializes in services like **clinical research, clinical trial management, medical project management, medical writing etc.**, making it an attractive choice for global businesses.

Key factors driving the rise of healthcare outsourcing in South Africa include:



Compliance with international healthcare standards



Large pool of healthcare professionals



English proficiency and cultural affinity with US/UK markets



Cost savings over source geographies



Ongoing investments in healthcare IT

326,000+

workforce¹ of nurses and medical students available for medical services

8.5% GDP

spent on healthcare for 2023-24

400+

public hospitals

200+

private hospitals

¹ Overall healthcare workforce employed in domestic as well as global delivery of services

Skill development initiatives

Skill development initiatives (page 1 of 3)

South Africa's initiatives focus on job creation, skills training, and empowering youth for sustainable employment

1 Leadership academies	2 National Digital Skills Forum	3 National Skills Fund (NSF)
South Africa's leadership programs, provided by leading institutions and organizations, focus on developing strategic thinking, fostering innovation, enhancing people management, and addressing sector-specific leadership challenges to empower leaders across diverse sectors. Key focus areas: • Tula Leadership Academy: Improves operational efficiency through training and consulting, offering courses to equip team leaders with key skills • Yonkers Urban Leadership Academy: Prepares leaders for urban school settings with a competency-based approach and year-long internship • Management Development Programme: Develops leadership and management skills for middle managers, focusing on team leadership and organizational success	National Digital Skills Forum, launched in March 2024, is a South African government-led platform to create a digitally skilled population. It unites stakeholders to advance skills initiatives, focusing on large investments to foster innovation, bridge divides, and drive inclusion. Key focus areas: • Ecosystem redesign: Restructure the skills ecosystem for effective development • Resource mobilization: Secure expertise, funding, and support for skills initiatives • Performance monitoring: Evaluate program progress for effective implementation • Strategic direction: Guide the National Digital Skills Programme to align with the Digital Future Skills Strategy	NSF is a key public entity in South Africa's skills development, under the Department of Higher Education and Training (DHET). It funds initiatives aligned with national priorities to enhance human resources and support socio-economic growth. Key focus areas: • Education enhancement: Investing in infrastructure and programs to broaden educational opportunities nationwide • Digital skills development: Aligning training with Fourth Industrial Revolution to build a future-ready workforce • Small business assistance: Partnering with Department of Small Business Development to support MSMEs and cooperatives through skills training

Skill development initiatives (page 2 of 3)

South Africa's initiatives focus on job creation, skills training, and empowering youth for sustainable employment

4 Jobs Fund

Jobs Fund in South Africa co-finances job creation projects led by public, private, and non-governmental organizations, focusing on employment growth in areas like infrastructure, capacity building, and enterprise development. It also supports job creation through training, entrepreneurship, and job placement programs.

- A notable success story is the partnership with Makers Landing, **creating 124 enterprises (64% women-owned)**, boosting skills, business growth, and the food and tourism sectors
- Another is the **Riversands incubation hub**, supported by the Jobs Fund, has created **1,154 permanent** and **1,967 short-term jobs** by providing SMMEs with mentoring, training, and access to office and factory space

124 enterprises created
64% women-owned

5 Sector Education and Training Authorities (SETAs)

SETAs address skills shortages, promote education, and align workforce development with economic needs. They manage **Learnerships**, which combine theoretical education with practical training, leading to NQF-registered qualifications tailored to industry demands.

Key focus areas:

- **Skills development:** Address skills gaps through targeted training, including learnerships
- **Quality assurance:** Ensure learners receive accredited education aligned with industry standards
- **Economic growth:** Build a skilled workforce, foster innovation, and boost productivity
- **Youth empowerment:** Provide youth with practical skills and qualifications for employment

1,154 permanent jobs
created

6 Presidential Employment Stimulus

Presidential Employment Stimulus is a transformative skill development initiative aimed at equipping participants with practical, workplace-ready skills through meaningful public employment and livelihood support programs.

Key achievements:

- **Largest youth employment Initiative:** The flagship **Basic Education Employment Initiative** places young people as school assistants in over **23,000 schools**
- **Employment support:** Created **over 1.5 million work and livelihood support opportunities** for unemployed South Africans since October 2020
- **Historic public employment growth:** Achieved the most rapid expansion of public employment in South Africa's history

1.5 million+ work and
livelihood support created since 2020

23,000+ schools have young
people placed as assistants

Skill development initiatives | Province wise (page 3 of 3)

Support programs at the provincial and city levels focus on skill development and job creation

1 Cape town	2 eThekweni Municipality	3 Gauteng	4 Tshwane
The City of Cape Town has emerged as a leading hub for Business Process Outsourcing (BPO) by fostering a skilled workforce through targeted initiatives. These programs aim to equip local talent with the technical and workplace skills needed to meet the growing demands of the global outsourcing market. Key focus areas/initiatives: • BPO skills center: A state-of-the-art facility launched in 2023, offering specialized training in customer service, technical support, and workplace readiness • Recognition and excellence programs: The annual CapeBPO awards, supported by the city and Western Cape Government, celebrate the sector's achievements, fostering a culture of innovation and best practices	The eThekweni Municipality addresses unemployment and skills shortages by implementing programs designed to enhance job readiness and equip residents with practical expertise in high-demand trades. These initiatives aim to support long-term economic growth and boost employability in the region. Key focus areas/initiatives: • Artisan Development Program: Focuses on addressing unemployment, this initiative provides participants with essential skills in high-demand trades • Work Readiness Training Program: Delivered in partnership with BPESA and industry leaders, this program prepares individuals for BPO roles by equipping them with industry-aligned skills and practical experience	The iCrush No Lova Jobs and Skills Campaign by Gauteng government, is a transformative initiative aimed at addressing unemployment and skill shortages. This program focuses on empowering youth and providing them with the tools needed to succeed in the job market or entrepreneurial ventures. Key focus areas/initiatives: • Scale and focus: The campaign aims to train 500,000 individuals, with a focus on high-demand sectors, ensuring participants gain critical skills to improve their employability • Global best practices: By integrating global methodologies and standards, the initiative equips participants with competitive skills that enable South Africa to maintain its edge in the global outsourcing market	The City of Tshwane has prioritized skill-building for entry-level roles in the BPO sector. Collaborating with BPESA and industry stakeholders, the city's programs focus on creating a sustainable talent pipeline to meet the sector's growing demands. Key focus areas/initiatives: • Work readiness training: This program includes an eight-week, industry-aligned curriculum, followed by three weeks of generic qualification training, ensuring participants are job-ready for entry-level BPO roles • Learnership programs: Offering participants a one-year program combining theoretical knowledge with practical workplace experience. Graduates of the program are often absorbed into BPO roles, ensuring a seamless transition into the workforce

Skill development initiatives to promote digital skills readiness (page 1 of 2)

Initiatives aim to equip youth with digital, entrepreneurial, and career-readiness skills, promoting inclusion and global competitiveness

Collective X

Bridges South Africa's digital skills gap by aligning youth talent with employer needs, scaling innovative solutions, and building a sustainable pipeline of skilled, work-ready talent to position the country as a leading global competitor.

Key objectives and achievements:

- **Digital skills development:** Align youth talent with employer needs through scalable, demand-driven solutions focused on entry-level digital skills
- **Developing talent pipeline:** Build a sustainable, scalable pipeline of skilled, work-ready digital talent to meet market demands
- **Job creation impact:** Projected to create **500,000 digital jobs** over the next decade for South Africa's youth
- **Stakeholder engagement:** Engaged **100+ public and private sector stakeholders** to drive collaboration and resource alignment

Mobile Applications Laboratory NPC (mLab)

Empowers youth, women, and disadvantaged communities through digital skills training and enterprise development. Its programs like the Codetribes Academy create opportunities in the mobile economy and promote inclusive growth.

Key objectives and achievements:

- **Mobile sector growth:** Drive innovation and sustainable development in South Africa's mobile economy
- **Digital skills development:** Train youth, women, and disadvantaged communities to promote gender inclusivity and career readiness
- **Entrepreneurship support:** Empower startups through mentorship, incubation, and growth services
- **Training and start-Ups:** Trained 500 developers (45% female), supported 200 start-ups, **creating 500+ jobs and raising R150M+**
- **Economic impact:** **Contributed R50M to GDP** and developed **6 digital solutions for 8,000+ users**

Red Academy

Empowers South African youth by bridging the critical tech skills gap through hands-on training and real-world projects, fast-tracking IT careers and creating a sustainable, industry-aligned pipeline of highly skilled, work-ready tech talent for the future.

Key objectives and achievements:

- **Digital skills development:** Provide hands-on coding and real-world training to address South Africa's growing tech talent shortage
- **Fast-track IT careers:** Equip youth with practical experience and industry-ready skills to enter the workforce quickly
- **Support industry needs:** Partner with businesses to align training with real-world tech stacks and workflows
- **Promote youth employment:** Reduce unemployment by creating meaningful career opportunities in the tech industry
- **Employment creation:** Achieved a **100% employment rate for all sprinters**

Skill development initiatives to promote digital skills readiness (page 2 of 2)

Initiatives aim to equip youth with digital, entrepreneurial, and career-readiness skills, promoting inclusion and global competitiveness

CapaCiTi Tech Skills and Job Readiness Programme

CapaCiTi, a UVU Africa program, equips South African youth with critical tech and job readiness skills through specialized training, life skills development, mentorship, and job placement support.

Key achievements:

- Over **4,600** unemployed youth have been trained, with a **90% placement rate** into internships and jobs
- **R116 million** has been allocated as stipends to cover transport, food, and data expenses, ensuring accessibility for all participants
- Graduates placed in jobs have collectively earned over **R337 million**, fostering economic growth and uplifting communities
- **99% of candidates** trained are black and colored youth, addressing equity and inclusion in skills development
- **54% of participants** are female youth, promoting gender inclusivity in digital and career training

Generation Unlimited South Africa (GenU SA)

GenU SA addresses unemployment by equipping South African youth with digital, tech, and entrepreneurial skills, aiming to prepare 1.5 million by 2030 for earning opportunities in digital, science, and civic sectors.

Key objectives:

- **Connecting schools to the internet** to equip youth with digital skills, aiming to connect 22,000 public schools through partnerships with GIGA, ITU, and the Department of Basic Education
- **Scaling online learning platforms** to provide young people access to digital education and earning pathways
- **Supporting young people as changemakers**, co-creators and partners of various GenU social initiatives, digital platforms and movements
- **Promoting entrepreneurship skills** to help youth develop and implement local solutions

Tshimilogong Digital Innovation Precinct

Tshimilogong Digital Innovation Precinct in Johannesburg drives digital innovation, entrepreneurship, and skills development, bridging education, industry, and government through training and enterprise support.

Key objectives and achievements:

- Provides **hands-on skills and on-the-job training** to prepare unemployed youth for the digital economy
- Accelerates digital businesses' growth at all stages, ensuring sustainability and scalability
- Creates platforms for students and entrepreneurs to showcase work and access opportunities
- Incubated **105 start-ups** with resources, mentorship, and training for global markets
- Empowered **172 entrepreneurs** and supported **423 alumni entrepreneurs**

4,600
unemployed youth
trained

90%
placement rate

R116 million
allocated as stipend

99%
black and colored
youth

105 start-ups
incubated

1.5 million people to
be trained by 2030

Other notable success stories

- Presidential Youth Employment Initiative drives sustainable youth employment and economic recovery through innovative programs and partnerships
- Over **1.6 million youth secured opportunities**, with **60,000** in the National Youth Services
- Launched the **R300 million** Jobs Boost Outcomes Fund to skill **4,500 unemployed youth**

- Youth Employment Service partners with businesses to offer 12-month work experiences for unemployed youth, boosting B-BBEE scores and supporting ESG goals
- **165,000+ work experiences created** to support employment and skills development
- **R9.2 billion+ deployed into the economy**, alongside **1,800+ corporate partnerships**

- Social Employment Fund (SEF) creates part-time community jobs to address local challenges and build resilience
- **Over 100,000 people** have gained part-time work through the SEF since 2022
- **1,000+ grassroots organizations** supported, enhancing stability and impact for community-based organisations

Impact sourcing ecosystem

Definition of impact sourcing

Though impact sourcing may take different definitions and objectives, the overall purpose remains the same

[NOT EXHAUSTIVE]

Definition of impact sourcing

Business practice to intentionally hire and provide career development opportunities to people from marginalized communities while meeting objectives such as:

- Maintaining service quality and cost at parity with traditional business process/ IT outsourcing service providers
- Fulfilling CSR, Environmental Social Governance (ESG), and diversity objectives of both the business and their clients
- Leveraging the uniqueness of the target marginalized group such as detail orientation of youth on the autism spectrum or diversity of perspective for AI/ML data services



Target groups



Socially
marginalized groups

- Historically disadvantaged racial groups (e.g., Black, colored, and other disadvantaged communities)
- LGBTQ+
- Survivors of gender-based violence



Economically
disadvantaged groups

- Below or near national/global poverty lines
- Women
- Generational/systemic poverty
- Informal settlement or precariously housed individuals



Under/unemployed
groups

- Youth not in employment, education, or training
- Graduates lacking work experience, facing barriers to entering the job market
- Persons with disabilities (physical, neurodiverse, etc.)
- Retrenched workers or long-term unemployed adults
- Incarcerated / criminal record holders



Other groups with unique
factors of employability

- Rural/small-town residents
- Single parents
- Refugees or migrants

Key drivers of impact sourcing

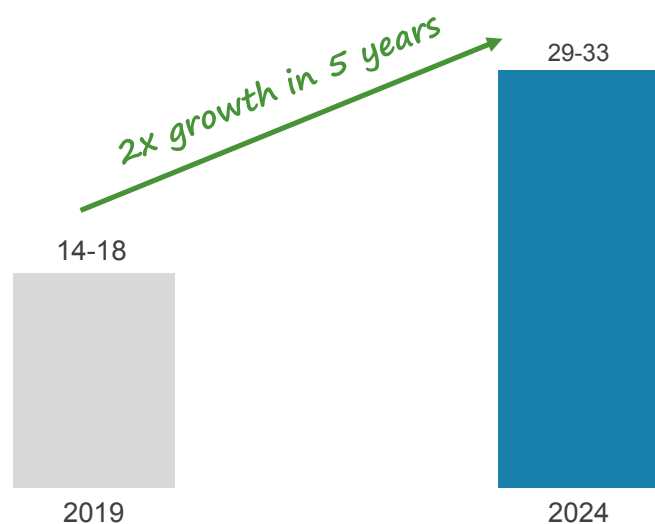
Impact sourcing is a proven approach that boosts competitiveness while driving positive business and social outcomes



Impact sourcing talent availability

Impact sourcing forms a core pillar of South Africa's BPO industry

South Africa's impact sourcing market size for global services delivery
2024; Number in '000s



- The impact sourcing market has experienced **2x growth over the last five years**, reflecting the country's increasing recognition as a key destination for impact sourcing
 - This progress highlights the effectiveness of initiatives aimed at promoting inclusive hiring and leveraging talent from underserved communities
- The inclusion of domestic delivery has significantly expanded the impact sourcing workforce, **surpassing 80,000**, and underscores its vital role in driving local employment opportunities
- During H1 2024, South Africa's global services sector achieved a **30 - 40% inclusive hiring rate**, marking substantial progress in fostering equitable employment opportunities

Our impact sourcing models exceed the matrix of what our customers want and what our business needs
- CEO of a leading BPO services provider

Impact sourcing market ecosystem

A healthy mix of impact sourcing specialists, large service providers, and enterprises are engaged in impact sourcing in South Africa

[NOT EXHAUSTIVE]

Market participants

Organizations are incorporating impact sourcing into their talent strategies to promote employment among underserved groups.



Impact sourcing ecosystem

Specialists

Specialists focus on reducing youth unemployment in underserved communities by aligning their efforts with social impact goals.



The GBS industry is well positioned to make a fundamental difference in the lives of disadvantaged South Africans and those with disabilities, who would otherwise not have access to the formal job market and the economy. About 90% of our employees are recruited through impact sourcing – the average age is 23; 65% are women, and 10% have disabilities.

– CEO, BPO services provider

We are committed to making a change in South Africa by creating employment opportunities, as we believe it is one of the ways in which the country can address past inequalities. We realize that there is an oversupply of underutilized talent in the country, and we have made it one of our main goals to ensure that disadvantaged and underprivileged people have access to formal employment and good work conditions.

– COO, business outsourcing company

Specialists driving talent growth via strategic skills development and youth employment partnerships

[NOT EXHAUSTIVE]

Talent enablement partners



Core focus areas:



Youth employment enablement

Connecting excluded youth to job opportunities across BPO, retail, digital, and public sectors through platforms and networks



Skills development and work readiness

Delivering accredited and demand-led training, combining technical and soft skills to prepare youth for entry-level and specialist roles



Inclusive hiring and equity

Prioritizing underserved youth segments with limited formal qualifications, and enabling support models to improve access and retention



Funding mobilization

Securing donor, corporate and public funding to expand programmes, scale proven models and support ecosystem growth



Public private collaboration

Partnering with employers, government and NGOs to align training with labor market needs and influence policy for broader impact

Government initiatives to support impact sourcing

[NOT EXHAUSTIVE]



Access to capital and grants

Initiatives like Innovation Edge provide funding and support to businesses driving social impact in underserved communities. By offering grants, strategic guidance, and access to networks, it enables businesses to scale impactful solutions aligned with impact sourcing principles, fostering sustainable economic growth and inclusion.



Development of digital infrastructure

Initiatives like the **SA Connect Program** and the **Digital Economy Master Plan** are driving efforts to bridge the digital divide. SA Connect aims to expand affordable high-speed broadband access to underserved and rural areas, while the Digital Economy Master Plan focuses on leveraging digital technologies to drive economic growth and job creation.



Provision of financial incentives and tax breaks

The government provides financial benefits, such as **Employment Tax Incentives (ETI)**, encouraging hiring of young workers from disadvantaged communities. The ETI lowers employment costs and is available to companies' hiring individuals aged **18–29 years** or operating in **Special Economic Zones**.



Investment in skills and training programs

To build a workforce ready for impact sourcing, the South African government invests in **skills development through Sector Education and Training Authorities**. These institutions focus on providing training in digital literacy, technology, and essential soft skills, particularly targeting youth from underserved communities.



Promotion of public-private partnerships

Collaboration between the public and private sectors drives initiatives like the **Harambee Youth Accelerator**, and the **Youth Employment Service program**. These programs focus on connecting youth from underserved communities to job opportunities and incentivizing inclusive hiring practices, helping to address South Africa's unemployment challenges.



Implementation of supportive policies

Government promotes impact sourcing through frameworks like the **Preferential Policy Framework Act, and Broad-Based Black Economic Empowerment**. These policies prioritize companies that demonstrate inclusive hiring practices and support historically disadvantaged communities. By fostering equity and empowerment they help create opportunities for marginalized groups.

Case studies

Case study | A leading insurance service provider achieved customer-facing performance metrics that are 2-5% higher in South Africa compared to the Philippines

Year of establishment: **2015**

Employee headcount: **4,000-5,000 FTEs**



Overview

- A leading insurance service provider in South Africa, operating across two locations with four centers, primarily in Cape Town
- Supports **20+ clients** across **insurance, healthcare, banking, utilities, and manufacturing** industries
- Serves **global markets**, including the **UK, US, Australia, and New Zealand**



Services delivered

- Delivers **insurance operations** and **customer support**
- Provides **business process services**, including **voice operations** (inbound & outbound calls), **back-office tasks**, and **webchat support**
- Offers **IT and digital solutions**, featuring an **IT Center of Excellence (CoE)** and **advanced analytics**



Impact created

- **Attracted specialized workstreams** to South Africa, including **healthcare and IT CoE operations**
- **Matched onshore performance levels** and exceeded other offshore destinations
- Achieved **customer-facing performance metrics 2-5% higher** than the **Philippines**
- Secured a **Net Promoter Score (NPS) of 34** for a **Fortune 50 insurance client**, compared to **30 in the Philippines**
- Achieved a **Customer Satisfaction Score (CSAT) of 76** in South Africa, compared to **71 in the Philippines**

Case study | A leading service provider launched its first African center in South Africa, leveraging the country's large talent pool, neutral English accent, and strong CX culture

Year of establishment: 2024

Employee headcount: **150-200 FTEs by March 2025**



Overview

- A leading provider of digital experience, business process management (BPM), and digital media services opened its first center in Africa in Cape Town, South Africa
- Supports clients across banking, finance, consumer packaged goods, retail, public sector, and telecom industries
- Serves **global markets**, including the **US and Canada**



Services delivered

- Provides core services such as back-office processing, contact center outsourcing, customer care, and human resource outsourcing
- Offers CX services, including social media and email support, virtual receptionist, outbound customer engagement, and technical support
- Expanding multilingual capabilities with **English and French** support for a **Canadian client** starting in **March 2025**



Impact created

- Transitioned a **client from Jamaica to South Africa**, benefiting from **lower attrition and skilled talent availability**
- Rapid expansion, scaling from **~40 to 150-200 FTEs** within months
- **Enhanced service quality and customer satisfaction**, with CX metrics **meeting or exceeding** other offshore destinations
- Positioned South Africa as a **key delivery hub**, leveraging its **skilled workforce, cost efficiencies, and multilingual capabilities**

Case study | A leading outsourcing provider in South Africa ranks in the top 10% globally for customer satisfaction, with 8/10 ratings and a strong Impact Sourcing commitment

Year of establishment: **2014**

Employee headcount: **8,000 FTEs**



Overview

- South Africa's second-largest outsourcer, operating 12 sites in **Johannesburg, Cape Town, and Durban**
- Provides **multilingual services in 8 languages (French, German, Dutch, and African languages)** to support **46 clients** across industries including automotive, BFSI, energy, healthcare, media & communications, retail, technology, and travel
- Serves global markets, including the **US, UK, Australia, and Europe**



Services delivered

- **Customer service solutions**, including inbound/outbound voice support, customer lifecycle management, and technical support for B2B and B2C clients
- **Sales and revenue optimization services**, covering sales acquisition, cross-sell, up-sell, B2B sales, and customer retention strategies



Impact created

- **South Africa ranks in the top 10% globally for customer satisfaction scores** across 60+ locations
- **Pioneered the Impact Sourcing Programme**, the first BPO in South Africa to scale this model globally, supporting disadvantaged communities
- **24% of the workforce consists of impact workers**, demonstrating a strong commitment to social impact
- **8/10 satisfaction rating** from both clients and employees
- **8.5-year average leadership tenure**

Case study | A leading BPO provider in South Africa delivering superior performance over traditional BPO hubs like India and the Philippines

Year of establishment: **2006**

Employee headcount: **8,500 FTEs**



Overview

- A leading BPO provider in South Africa, with operations in **Durban, Johannesburg, and Cape Town**
- Caters to both global (US, UK, Australia) and domestic South African market
- Supports clients across financial services, retail, travel, telecom, insurance, and leisure among others



Services delivered

- Provides a comprehensive suite of **customer-focused services**, including inbound voice & chat, customer support, and new customer acquisition
- Specializes in **retention & upsell/cross-selling, complaint resolution, order management, and payment & pre-payment services processing**



Impact created

- **Outperformed traditional mature BPO markets** including India and the Philippines, by delivering superior customer service and operational efficiency
- Delivered a **CSAT score of 92.9** for a **US airline**, significantly higher than competing vendors
- Achieved **25% better complaint resolution vs. onshore partners** and **52% higher QA performance** compared to secondary competitors
- Expanded from under **50 to 8,500 employees**, with plans to add **2,000 - 3,000 more by 2027**, driving job creation, skills development, and economic growth

Case study | Impact sourcing journey of one of South Africa's oldest business process outsourcing providers



Overview

- One of South Africa's longest-standing customer experience (CX) providers has embraced impact sourcing as a central part of its delivery model. With a strong legacy in contact center services, the organization is focused on driving business outcomes while creating inclusive employment pathways for underserved youth



Sourcing strategy

In response to high employee interest from township communities, the provider transitioned to **setting up contact center facilities within those communities**. A new site was recently launched in **Alexandra township**, offering world-class infrastructure and local recruitment - all designed to bring meaningful work closer to where talent lives.

Key initiatives include:

- Recruiting through **community networks and referrals**
- Operating a dedicated learning academy, which has trained over **10,000 youth in digital and BPO skills**, with a target of **50,000+ by 2026**
- Emphasizing a **"hire for attitude, train for skills"** approach



Business and social impact

- **Exceptionally low attrition** (1.5–2%) at the township-based center
- **High-quality customer service**: Young agents from local communities have demonstrated strong empathy - particularly appreciated in sensitive service interactions
- **Increased accessibility**: Among the first to launch a CX hub in Alexandra, setting a precedent for urban township sourcing
- **Scalable delivery**: Plans to replicate the model in **10 township hubs** across South Africa by 2026

Attractiveness of operating environment

Quality of infrastructure

South Africa has a strong IT/telecom and physical infrastructure, offering seamless connectivity to major source markets such as the UK and the US

IT/Telecom infrastructure



Leader

Mobile Connectivity Index
in Sub-Saharan Africa



99%

4G coverage



25%

5G coverage



#3

Regionally in Global Network
Readiness Index

1 1 kilometer = 0.62 miles

Physical infrastructure



20,953

Kilometers of rail network



7,54,600

Kilometers¹ of road network



#11

Globally by road network length



52

International
flight destinations



6

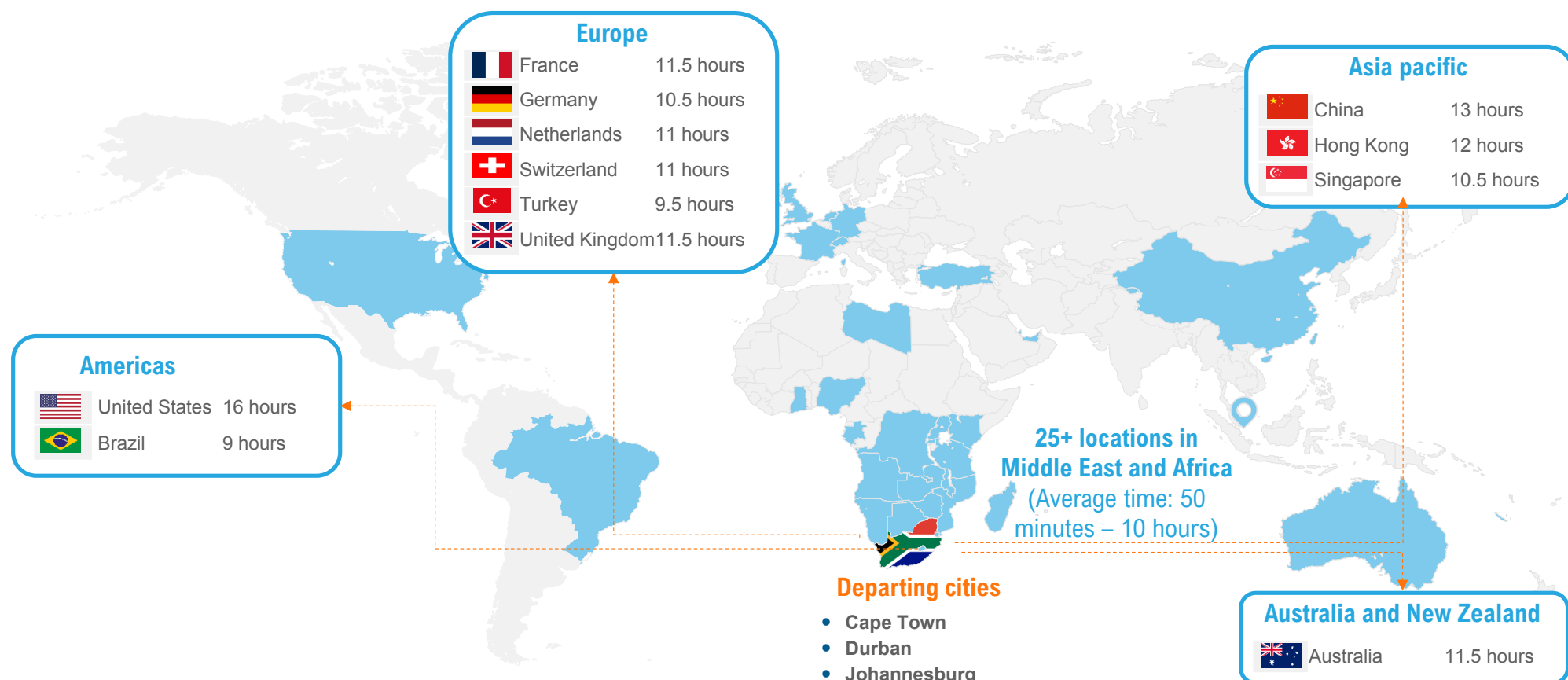
International airports



Overall quality of infrastructure in Sub-Saharan Africa

Connectivity and accessibility of major locations

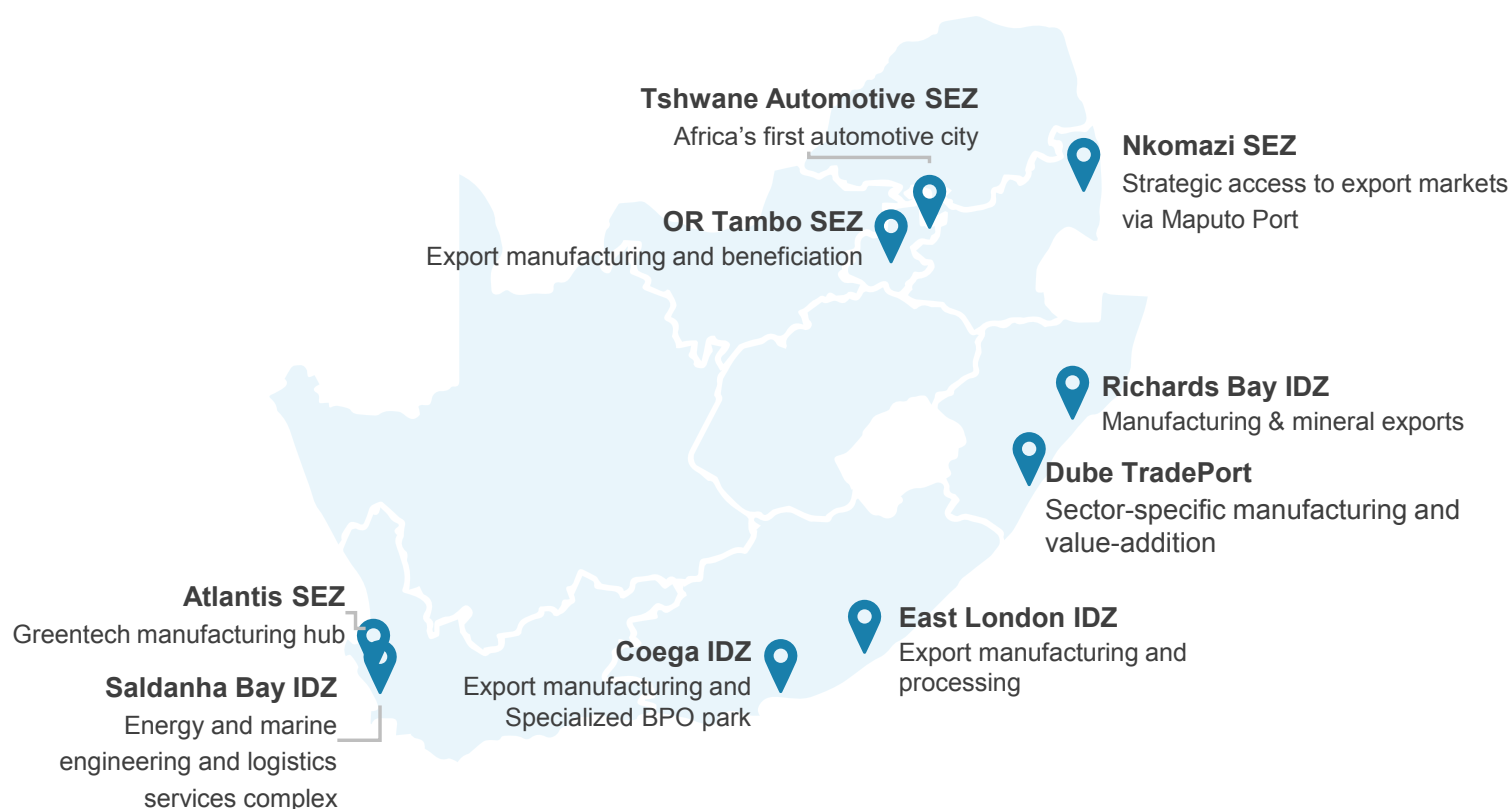
South Africa's direct connectivity network connects major global regions, offering convenient access to Europe, Asia, and Americas



Source: Travel times from major South African cities, including Cape Town, Johannesburg and Durban, to key source geographies are shown on [slide 92](#).

BPO Parks and Special Economic Zones (SEZs)

South Africa offers access to numerous BPO parks and SEZs across various provinces, further lowering costs through government-provided incentives



Investment incentives

Preferential **15%** corporate tax rate instead of the usual 27%

Building allowance

Employment incentive

12I tax allowance supporting greenfield and brownfield investments

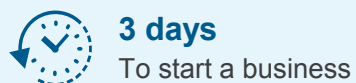
Customs controlled area

Data protection, compliance, and regulatory policies

South Africa's business-friendly policies and incentives, compliance with global privacy and quality standards, and quick business setup timelines make it an attractive and cost-effective location for investors

[NOT EXHAUSTIVE]

Ease of business setup



3 days

To start a business



ZAR175

Required to start a business



15%

Preferential corporate tax rate in SEZs, instead of 27%



79 countries

Have tax treaties with South Africa, including the US, the UK, Australia, Canada, Germany, and France

Regulatory, compliance, and data protection policies



ISO 27001

Information security management standard



ISO 18295

Customer contact center standard



GDPR

Global data privacy compliance



IFRS

Global financial reporting standards



ISO 9001

Quality management system certification



SOX

Financial reporting and accountability



Basel III

Banking risk management framework

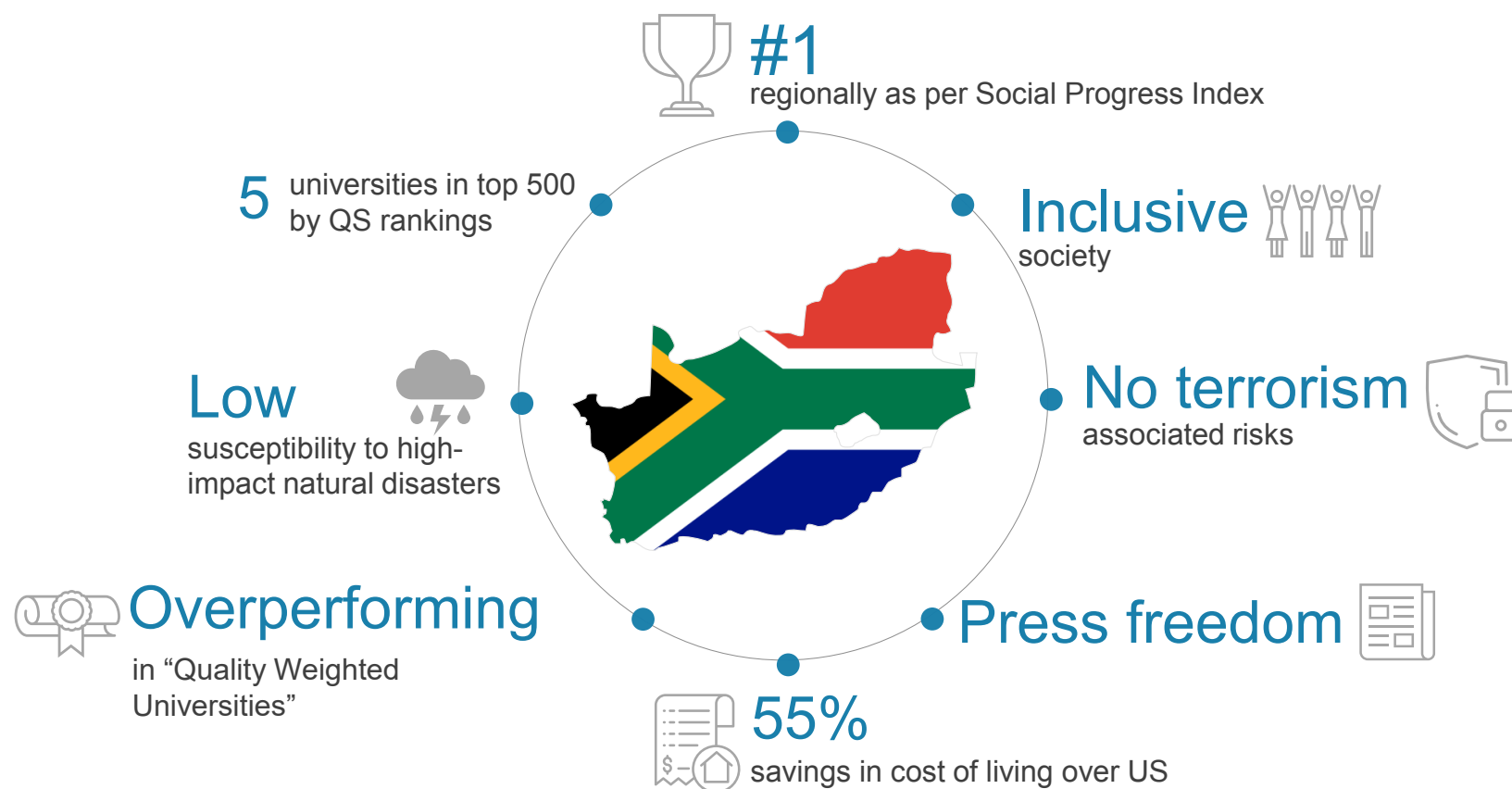


HIPAA

Healthcare data privacy law

Quality of life

South Africa offers favorable quality of life supported by quality education, low cost of living over US, and no terrorism associated risks



Incentives for BPO employers in South Africa



Employment Tax Incentive (ETI)

- Reduces the effective cost of hiring young talent by up to **R 2,500 per employee per month**, directly offset against your Pay-As-You-Earn (PAYE) liability
- Offers **60% wage support** in the **first 12 months** and **30% in the second 12 months** for qualifying employees
- Available to private-sector employers registered for PAYE; applicable for an **unlimited number of employees aged 18-29** earning ≤ **R 7,500/month (age limit waived in Special Economic Zones)**
- **Valid for 24 months per employee**, with the overall scheme legislated **until 28 February 2029**, supporting long-term workforce strategies
- Excess credits are refundable or carried forward, improving cash flow even when PAYE liabilities are low
- **Aligns with youth employment and ESG goals - contributing to B-BBEE performance and national impact**



Skills training incentives

- **Skills Development Levy (SDL) mandatory grant:** Employers can **reclaim 20% of their SDL contributions** by submitting a compliant Workplace Skills Plan (WSP) and Annual Training Report (ATR) to the Services SETA
- **Learnership tax allowance:** Tax deduction allowances for learnerships plus completion allowances
- **Gauteng GBS/BPO skills subsidies:** Gauteng Department of Economic Development's incentive package includes up to 50% of training costs for specialist and technical roles, and 25% for managerial/supervisory skills
- **Western Cape BPO skills development:** The programme offers access to pre-trained youth talent at no cost, including support for recruitment, training and onboarding, with the potential for post-placement hiring

Debunking common myths about South Africa's global services landscape

Myths

Investors choose South Africa only for cost savings.

High crime rates make South Africa unsafe for outsourcing

Tier-1 cities like Johannesburg, Cape Town, and Durban are saturated and no longer suitable for business expansion.

South Africa's physical and digital infrastructure is unreliable for global business services

Political and social instability make South Africa a risky business destination

South Africa lacks skilled talent for high-value digital and IT services



Strategic
business value



Safety and
security



Market
expansion
potential



Infrastructure
readiness



Geopolitical
stability



Skilled
digital
workforce

Reality

While cost is a factor, South Africa is also valued for its **skilled workforce, expertise in finance, legal, and healthcare, and expanding digital capabilities**, making it a high-value services hub

While safety remains a concern for employees, clients, and visitors, global service operations are typically **located in secure, established business districts, with job creation also helping address crime**

Tier-1 cities continue to offer abundant talent and benefit from ongoing infrastructure development, while emerging hubs such as **East London, Gqeberha** present strong growth potential and access to untapped talent pools

South Africa boasts **advanced telecom networks, SEZs, and business parks**, ranking **first in Sub-Saharan Africa for infrastructure quality**

South Africa has a **strong democracy and stable governance**, ensuring **the rule of law and a supportive business environment**

The country has a growing talent pool in **AI, data analytics, and IT**, strengthening its position in high-value global services

Competitor analysis

Peer locations under assessment

Egypt

- **Population:** 117 million
- **Key cities:** Cairo, Alexandria

Jamaica

- **Population:** 3 million
- **Key cities:** Kingston

Colombia

- **Population:** 53 million
- **Key cities:** Bogota

Poland

- **Population:** 38 million
- **Key cities:** Warsaw, Krakow, Wroclaw

India

- **Population:** 1,456 million
- **Key cities:** Bangalore, Delhi NCR, Hyderabad, Mumbai, Pune, Chennai

Philippines

- **Population:** 116 million
- **Key cities:** Metro Manila, Cebu City

Kenya

- **Population:** 57 million
- **Key cities:** Nairobi

South Africa

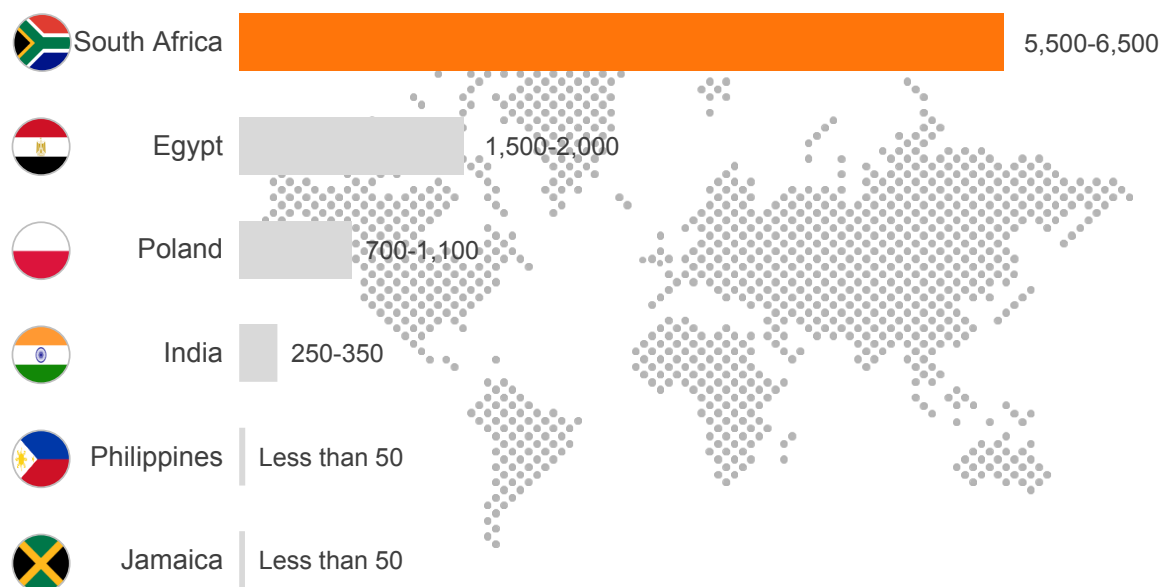
- **Population:** 64 million
- **Key cities:** Cape Town, Johannesburg, Durban

Native English language speakers

South Africa offers abundant native English-speaking talent and high English proficiency levels

Native English language speakers

2024; Number in '000s



- South Africa's strong native English-speaking population reflects its cultural and historical ties to the language, making it a natural fit for global markets
- South Africa also has the highest English proficiency levels, compared with peer geographies

Note: This data represents only native English speakers. India and the Philippines have a large talent pool, but English is a second language for most professionals. For certain roles, native language proficiency provides a competitive advantage over non-native speakers.

With 5 million English speakers, South Africa is poised to be a leading location for CX BPO service delivery.

– CEO, global BPO provider

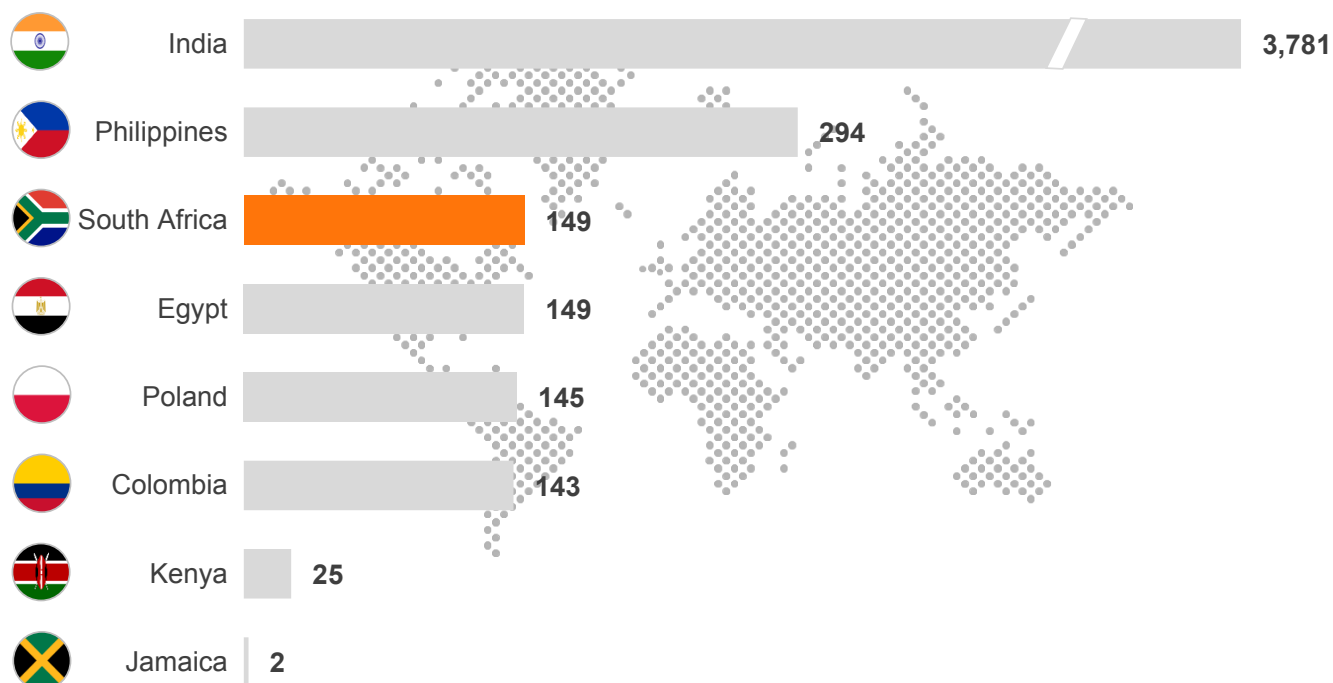
Source: Inputs from market participants, secondary inputs, Everest Group proprietary IP

Entry talent pool assessment | ICT

South Africa offers sizable entry-level talent pool availability to support country's growing ICT sector, further fueled by presence of multiple skill development initiatives

Annual entry-level talent pool for ICT¹

2024; Number in '000s



- South Africa offers a **large entry-level talent pool availability** to support the growing ICT sector, further supplemented by the presence of multiple skill development initiatives by enabling bodies such as **Harambee, IITPSA, ExploreAI Academy, and WeThinkCode**, enhancing **talent readiness and employability**
- The mentioned pool can further be expanded by the presence of skilled talent from the **thriving impact sourcing community**

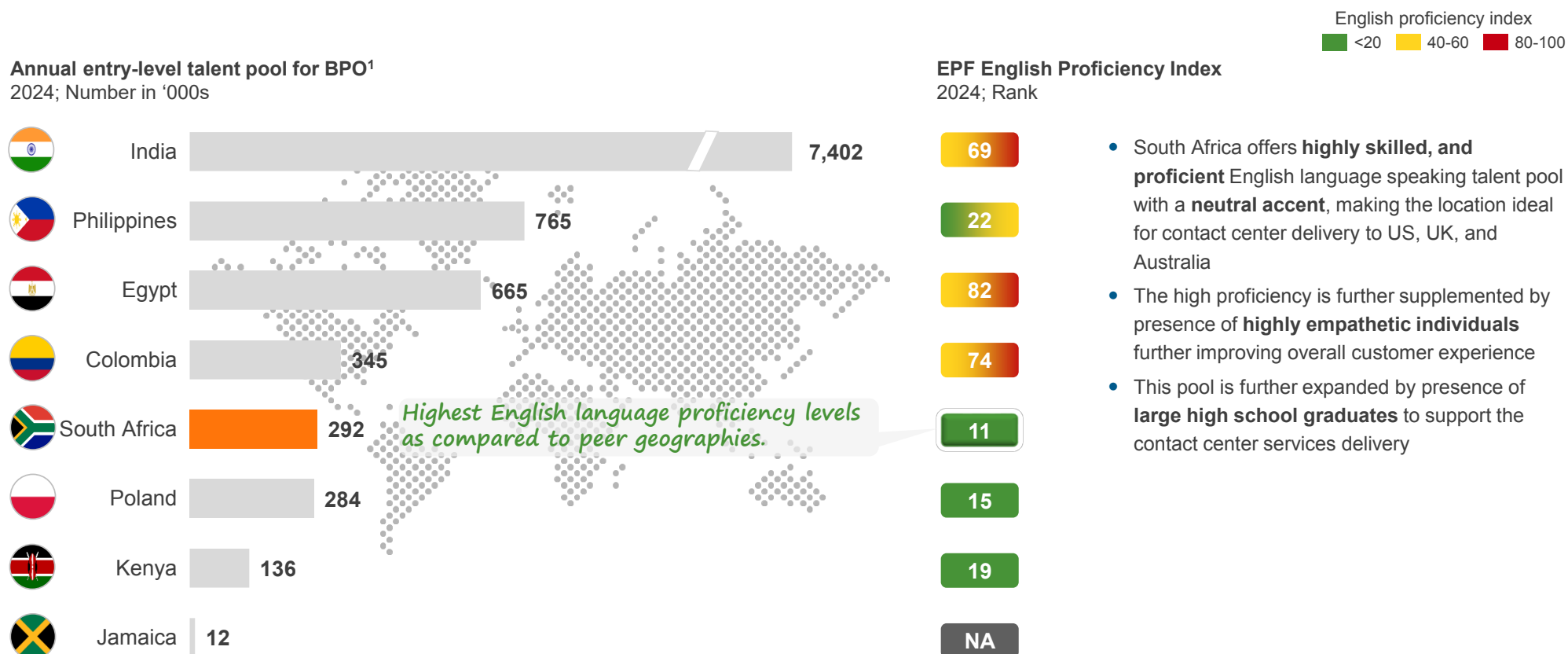
Contrary to the common perception, quality of the South African workforce is at par with their expatriate colleagues from Europe, Asia or US
 - A leading IT service provider

¹ Includes all relevant degrees/qualifications at undergraduate, postgraduate and TVET levels

Source: Inputs from market participants (investment promotion agencies, industry associations); recruiters, industry experts, and market peers; education statistics; university websites

Entry talent pool assessment | BPO

South Africa provides access to highly proficient English speaking talent pool with a neutral accent compared to peer geographies



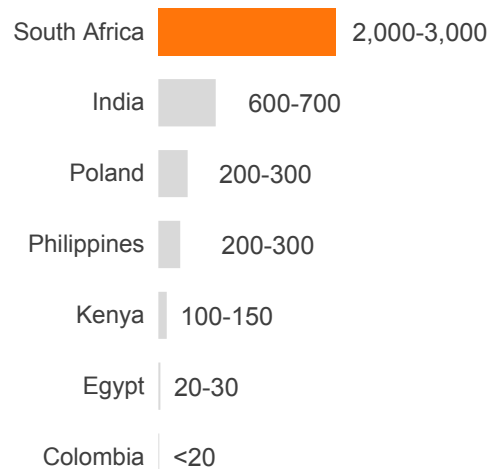
¹ Includes all relevant degrees/qualifications at undergraduate, postgraduate and TVET levels

Source: Inputs from market participants (investment promotion agencies, industry associations); recruiters, industry experts, and market peers; education statistics; university websites, English proficiency index 2024

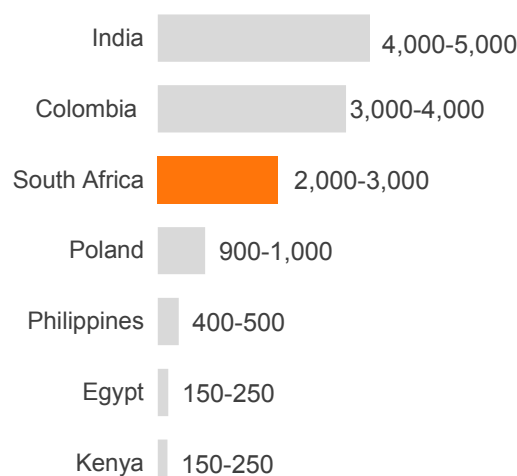
Finance professionals

South Africa's notable pool of financial professionals highlights its focus on developing robust skills in actuarial science, investment analysis, and accounting

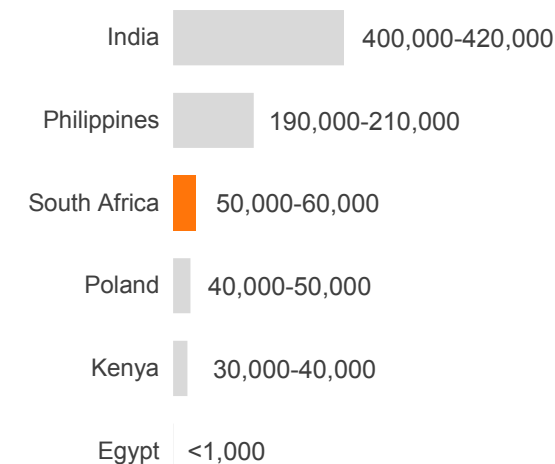
Number of fully qualified actuaries
2024; Number



Number of CFA charter holders
2024; Number



Number of Chartered Accountants
2024; Number



- South Africa excels in the availability of CFA charter holders and actuarial degree holders, with the number of actuaries being nearly five times greater than in India
- The number of Chartered Accountants in South Africa is significantly higher than in other economies like Kenya or Egypt. This highlights South Africa's strong focus on professional accounting qualifications and robust financial governance systems
- The significant availability of highly skilled professionals in South Africa highlights its potential as a hub for global financial and risk management services

Source: National CA Institutes, National CFA Institutes, National Actuarial Societies

Quality of education

South Africa is home to five universities ranked among the top 500 globally, surpassing most peer geographies

XX Ranked among the top 500 universities globally in the QS World University Rankings 2024

[NOT EXHAUSTIVE]

Key colleges and universities in the city

Egypt

- Cairo University
- The American University in Cairo
- Ain Shams University
- Alexandria University
- Al-Azhar University
- Arab Academy for Science, Technology and Maritime Transport
- Assiut University
- British University in Egypt
- Future University in Egypt
- Mansoura University

Poland

- University of Warsaw
- Jagiellonian University
- Warsaw University of Technology
- Adam Mickiewicz University, Poznan
- Gdansk University of Technology
- AGH University of Science and Technology
- Nicolaus Copernicus University
- University of Wroclaw
- Wroclaw University of Science and Technology

Colombia

- Universidad de los Andes
- Universidad Nacional de Colombia
- Pontificia Universidad Javeriana
- Universidad de Antioquia
- Universidad del Rosario
- Universidad EAFIT
- Universidad Externado de Colombia
- Universidad de La Sabana
- Universidad Pontificia Bolivariana
- Universidad ICESI

South Africa

- University of Cape Town
- University of Witwatersrand
- Stellenbosch University
- University of Johannesburg
- University of Pretoria
- University of Kwazulu-Natal
- North-West University
- University of South Africa
- Rhodes University
- University of the Western Cape

India

- Indian Institute of Technology, Bombay
- Indian Institute of Technology, Delhi
- Indian Institute of Science
- Indian Institute of Technology, Kharagpur
- Indian Institute of Technology, Kanpur
- Indian Institute of Technology, Madras
- Indian Institute of Technology, Guwahati
- Indian Institute of Technology, Roorkee
- University of Delhi
- Anna University

Philippines

- University of the Philippines
- Adamson University
- Ateneo de Manila University
- De La Salle University
- Far Eastern University
- University of Santo Tomas
- University of San Carlos

Kenya

- Kenyatta University
- Murang'a University of Technology
- Technical University of Kenya
- Technical University of Mombasa
- University of Nairobi

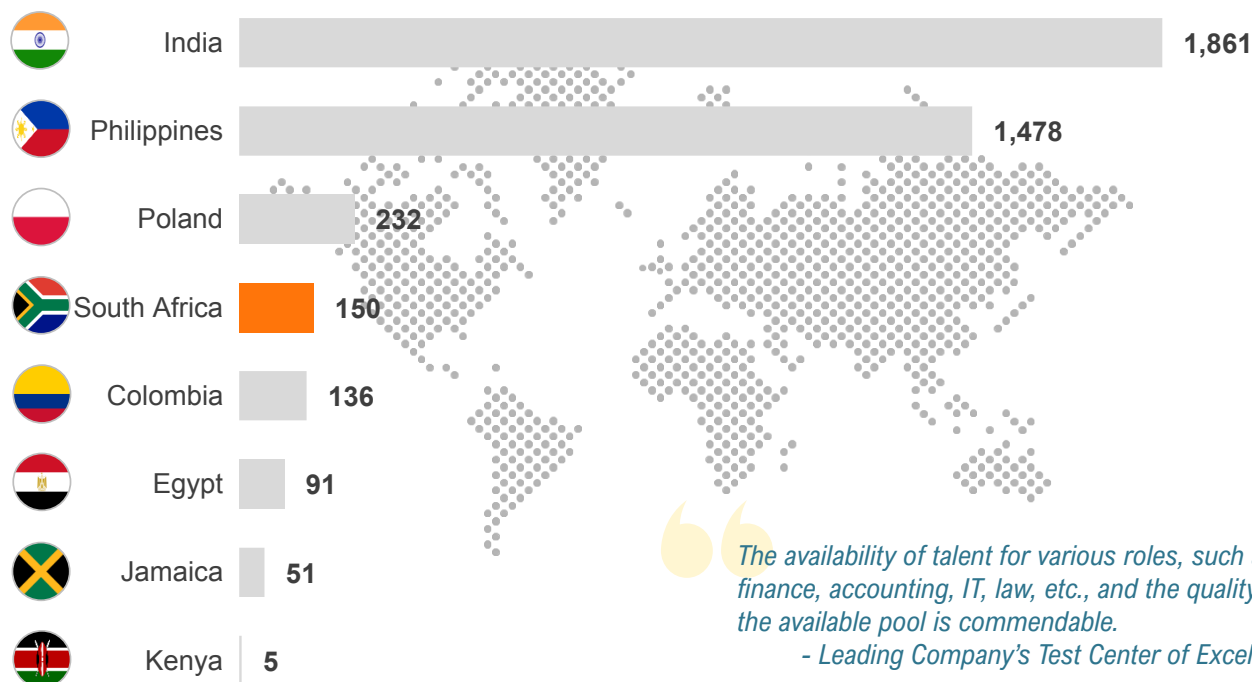
Source: QS World University Rankings 2024

Employed talent pool assessment

South Africa provides a substantial pool of skilled talent to support global service delivery for business process services, complemented by the presence of a large and thriving domestic market

Employed talent pool for business process services global delivery

2024; Number in '000s



The availability of talent for various roles, such as, finance, accounting, IT, law, etc., and the quality of the available pool is commendable.

- Leading Company's Test Center of Excellence

- South Africa provides a robust pool of skilled talent to support global process services delivery, particularly in business process services, with a strong emphasis on contact center capabilities. Key factors driving this include:

- **High English proficiency**
- **Neutral accent**
- **Empathetic workforce**
- **Cultural affinity to US, UK, and Australia**

- South Africa also stands out for its specialized skills, particularly in the financial services domain, ranking among the leaders in the availability of **CFA charter holders and actuarial degree holders**

South Africa has natural English language capabilities. The neutral English accent and the ability to provide a personal touch to customers are the biggest factors which made us choose South Africa as an offshoring destination.

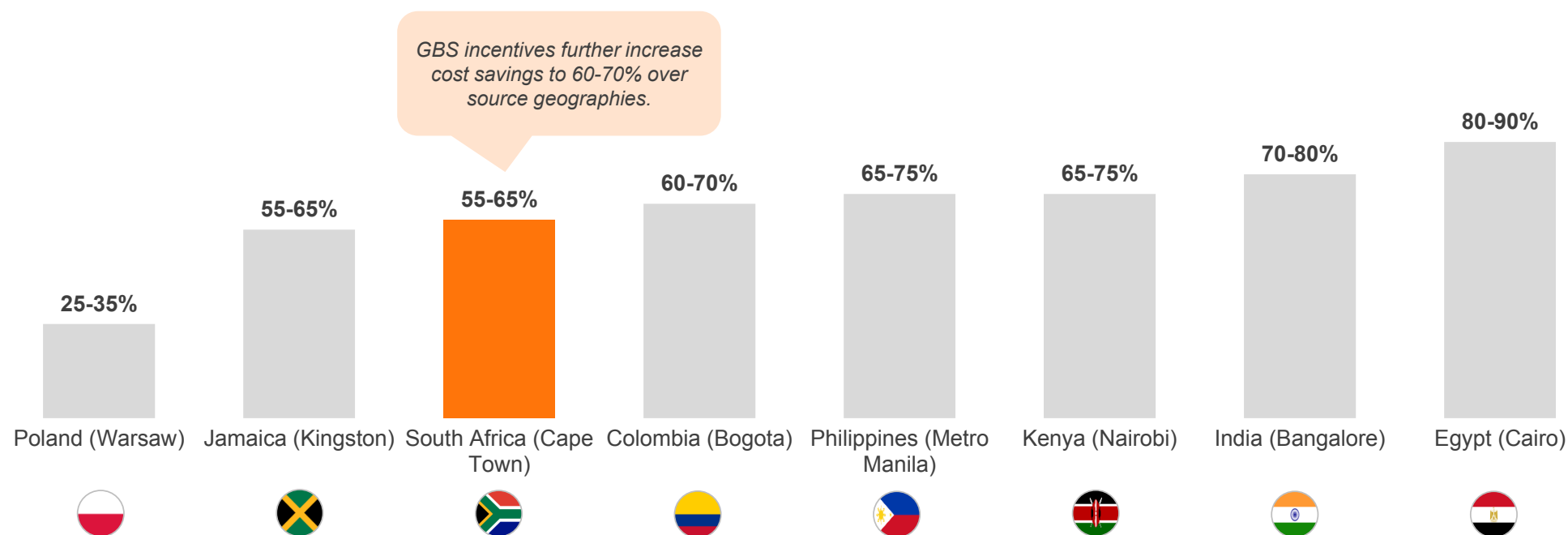
- A global BPO provider

Source: Inputs from market participants (investment promotion agencies, industry associations); recruiters, industry experts, and market peers; education statistics; university websites

Financial attractiveness wrt UK (Manchester)

South Africa provides 55-65% cost savings compared to source cities in the UK, with GBS incentives enhancing these savings even further

Cost savings over Manchester (UK) for contact center services delivery
2025; percentage savings

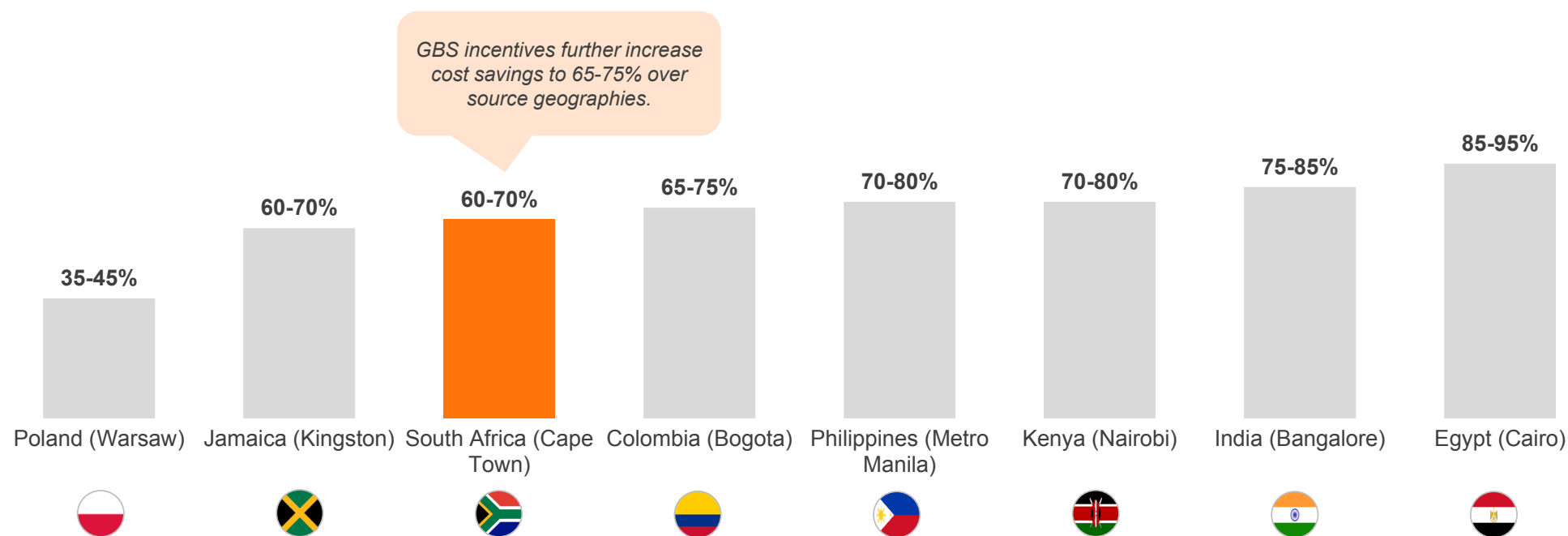


Source: Salary surveys, inputs from real estate firms, recruiters, investment promotion agencies, and market players

Financial attractiveness wrt US (Dallas)

South Africa provides 60-70% cost savings compared to source cities in the US, with GBS incentives enhancing these savings even further

Cost savings over Dallas (US) for contact center services delivery
2025; percentage savings

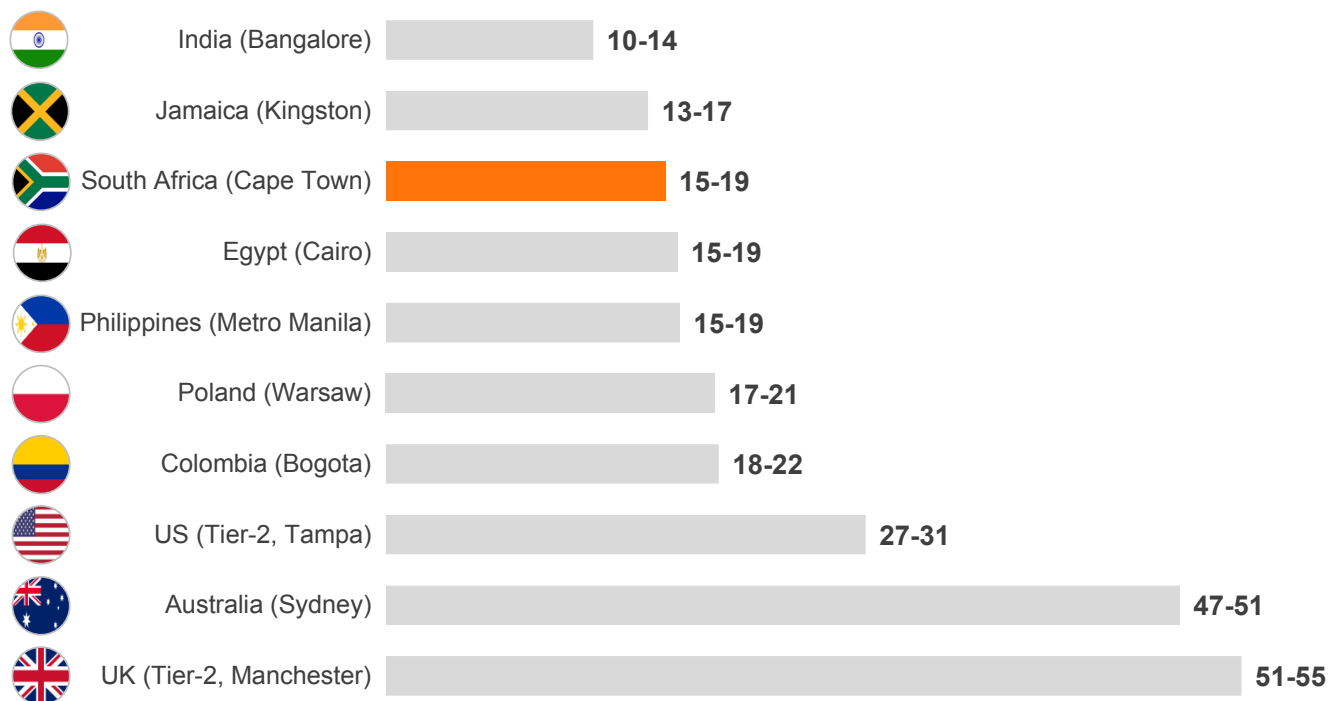


Source: Salary surveys, inputs from real estate firms, recruiters, investment promotion agencies, and market players

Rental costs

South Africa stands out as one of the most cost-competitive locations for office rentals

Rentals per square meter per month 2024; US\$



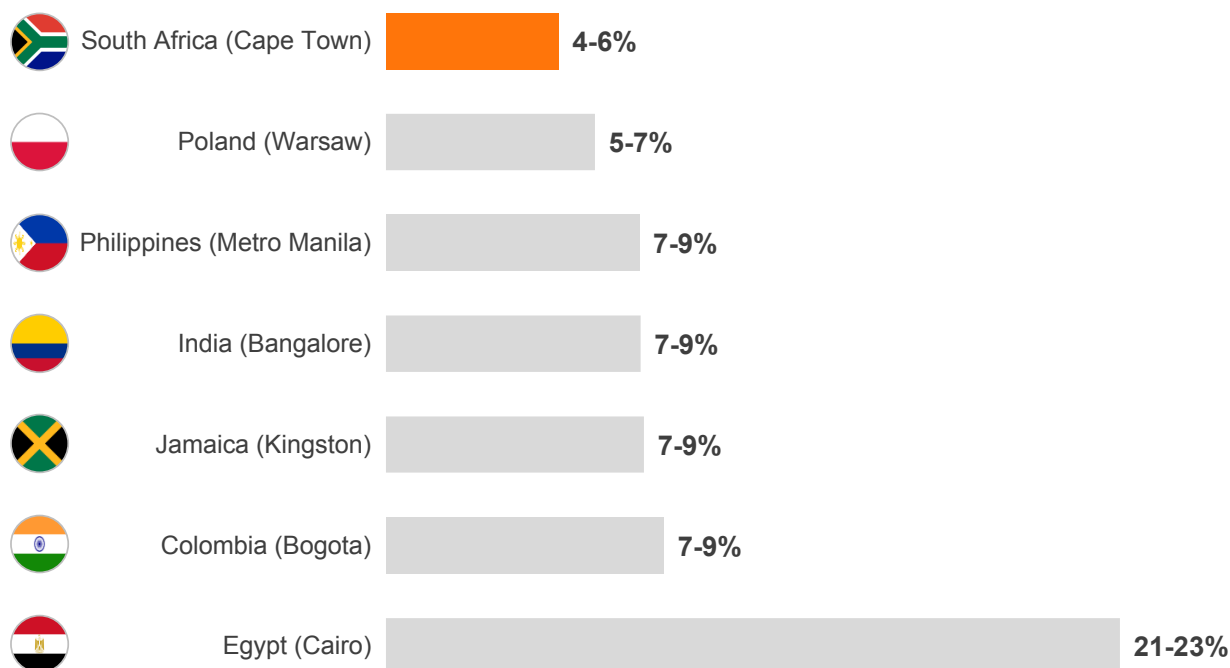
- Office rentals in Cape Town are **8-10% higher** than in Johannesburg or Durban, with the gap widening to **20-30% for A-grade office spaces**
- **Cape Town** leads in upcoming premium developments, with approximately **80,000 sqm** of new office stock in the pipeline-significantly more than **Johannesburg (~25,000 sqm)** and **Durban (~5,000 sqm)**
- **Cape Town's prime rentals are elevated by limited supply**, as BPOs are often pushed into A+ or premium-grade spaces due to the lack of available A-grade options-unlike Johannesburg, where quality A-grade stock is still accessible

Source: Real estate publications such as JLL, Everest Group 2025

Typical wage inflation rates

South Africa has the lowest wage inflation rates amongst analysed peer geographies

Annual wage inflation rates for contact center services delivery 2024; Percentage



- **South Africa** boasts the **lowest wage inflation** rates among competitor geographies, ranging from just 4-6%
- **Egypt** experiences wage inflation rates that are nearly **four times higher than South Africa**, driven by the significant depreciation of the Egyptian Pound against the US Dollar
- Other regions, including Poland, the Philippines, India, Jamaica, and Colombia, exhibit moderate wage inflation rates, typically falling between 5-9%

Summary | Operating and business environment

South Africa offers favorable operating and business environment supported by high quality infrastructure and business friendly policies

- Highly favorable
- Favorable, with some concerns
- Significant challenges



Operating and business environment (page 1 of 2)

South Africa offers favorable operating and business environment supported by high quality infrastructure and business friendly policies

 Highly favorable
 Favorable, with some concerns
 Significant challenges



South Africa

- Moderately favorable operating and business environment, propelled by a high-quality infrastructure, no impact of terrorism, increased labor freedom, and a stable democracy
- Notable concerns include high poverty and inequality, unemployment exceeding 30%, elevated public debt and corruption, and persistent safety and crime challenges



Colombia

- Moderately favorable business environment, supported by improving quality of infrastructure, decent connectivity and geopolitical stability
- However, there are major concerns with respect to safety, security and fiscal stability due to increased crime rates, high inflation, and a poor country credit rating score



Egypt

- Moderately favorable environment with strong IT infrastructure, positive safety reputation, low likelihood of crime, and favorable government incentives
- Some concerns due to high currency volatility, increasing debt levels, and geopolitical instability



India

- Favorable operating and business environment, driven by its favorable macroeconomic framework, improving infrastructure, dynamic labor force, and stable economic growth
- Some concerns regarding elevated pollution levels, rapid urbanization, and instances of corruption within both the government and business sectors



Jamaica

- Moderately favorable operating and business environment, supported by growing IT and telecommunication infrastructure, favorable government incentives, and a stable democracy
- Corruption, poor road conditions, hurricane-related risks, and limited medical services outside major cities are some of the major challenges faced by the country

Operating and business environment (page 2 of 2)

South Africa offers favorable operating and business environment supported by high quality infrastructure and business friendly policies

 Highly favorable
 Favorable, with some concerns
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South Africa

- Moderately favorable operating and business environment, propelled by a high-quality infrastructure, no impact of terrorism, increased labor freedom, and a stable democracy
- Notable concerns include high poverty and inequality, unemployment exceeding 30%, elevated public debt and corruption, and persistent safety and crime challenges



Kenya

- Notable challenges related to safety and security, with risks such as crime and terrorism posing significant concerns
- Business environment is further hindered by macroeconomic volatility, pervasive corruption, and safety risks stemming from regional instability and internal security challenges



Philippines

- Moderately favorable operating and business environment, supported by high quality of life and a stable macroeconomic and geopolitical environment
- However, risks related to safety, including natural disasters, remain a significant concern



Poland

- Favorable operating and business environment, marked by excellent IT/telecom infrastructure, limited risk to natural disasters, and enhanced ease of doing business
- Some concerns due to increasing inflation, persistent corruption issues, and security risks attributed to its proximity to Ukraine, Russia, and Belarus

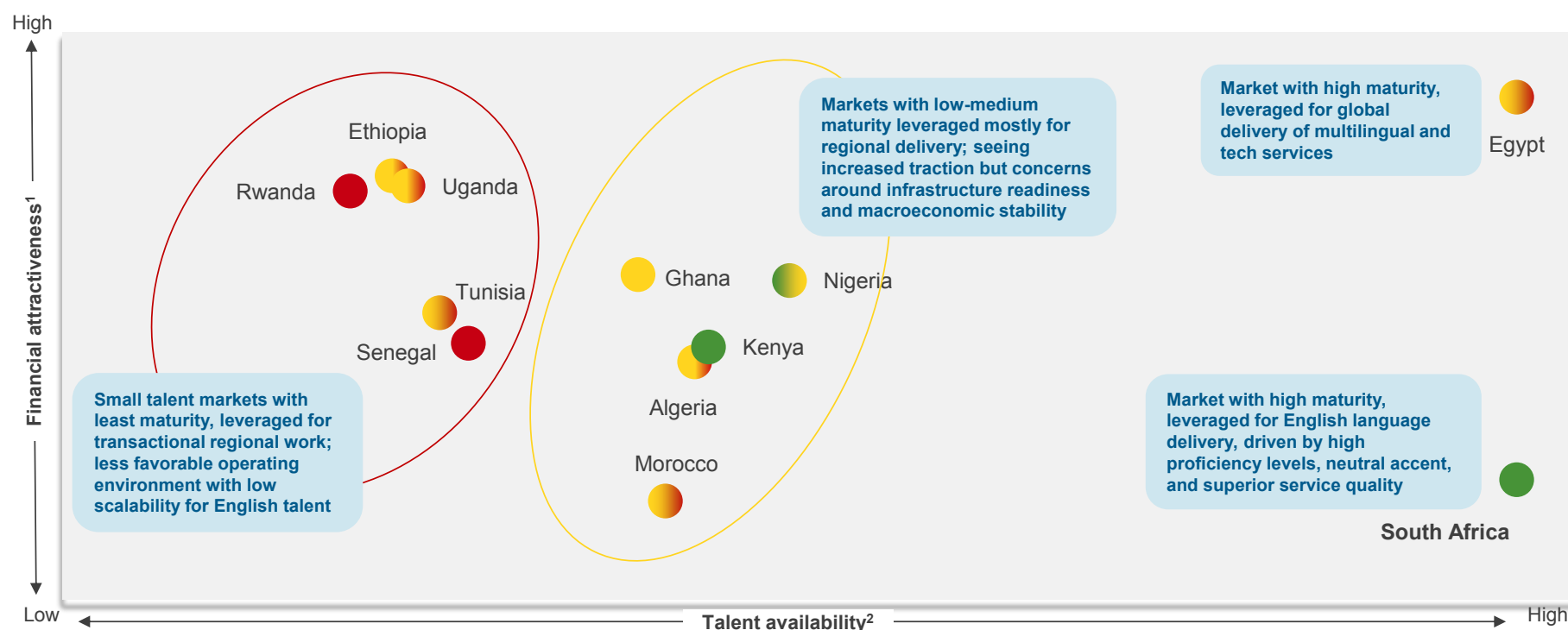
Appendix

- Comparison with peer African countries
- Connectivity and accessibility - Travel times from source geographies to key South African cities
- National level incentives

Comparison with peer African countries

South Africa is one of Africa's two most mature delivery locations, combining deep service capabilities and strong talent availability, albeit at a higher cost than moderately mature peers like Ghana and Kenya

EPF English proficiency index ranking
■ <20 ■ 40-60 ■ 80-100



¹ Reflects market average annual costs for steady state of operations blended across the delivery pyramid and excludes capital expenses related to set-up, transition, expat costs, and of economies of scale for large-scale operations

² Represents presence of entry level and experienced resources for specific functions

Note: The axis scale do not represent absolute values across talent and operating cost numbers. These have been adjusted to highlight relative difference between locations

Source: Investment promotion agencies and global services organizations; articles

Connectivity and accessibility

Travel times from source geographies to major South African cities

Buyer country	City	Cape Town	Johannesburg	Durban
 Australia	Brisbane	23hrs 50min	16hrs 25min	22hrs 30min
	Melbourne	23hrs 40min	15hrs 25min	22hrs 20min
	Perth	13hrs 30min	11hrs 15min	12hrs 30min
	Sydney	17hrs 05min	14hrs 50min	16hrs 05min
 UK	London	11hrs 40min	10hrs 55min	12hrs 10min
 US	Atlanta	14hrs 35min	15hrs 05min	16hrs 20min
	Los Angeles	18hrs 53min	19hrs 23min	23hrs
	New York	14hrs 30min	14hrs 40min	15hrs 55min
	San Francisco	19hrs 22min	19hrs 52min	22hrs 55min
	Washington	14hrs 20min	15hrs 35min	16hrs 25min

Note: These represent the shortest possible travel times from source geographies to Cape Town, Johannesburg, and Durban

National level incentives

South Africa offers unique incentive programs for variety of jobs created in the global services sector

Base incentive:

- The base incentive component of the GBS incentive offers a differential incentive for non-complex jobs, complex jobs, and highly complex jobs and is paid for a period of five years from the date on which offshore jobs are created
- The base incentive will be determined at the application stage depending on the fully-loaded operating costs

Bonus Incentive:

- The bonus incentive for non-complex jobs is available to applicants that create and maintain more than 500 offshore jobs over a five-year period
- The bonus incentive for complex jobs is available to applicants that create and maintain more than 200 offshore jobs
- The bonus incentive for highly-complex jobs is only available to applicants that create and maintain more than 100 offshore jobs



Job type	Number of offshore jobs	Incentive type	Amount provisioned per year till 2028
Non-complex jobs (Tier-1/L1 jobs) <i>Jobs with fully-loaded operating cost less than or equal to R300,000 per annum</i>	Up to 500	Base Incentive	ZAR 26,000 each year
	> 500 but <= 1000	20% once-off bonus	Bonus calculated for each job created and maintained between 501 and 1000
	> 1000	30% once-off bonus	Bonus calculated for each job created and maintained in excess of 1000
Complex jobs (Tier-2/L2 jobs) <i>Jobs with costs greater than R300,000 per annum per job with wages contributing at least 65% of the operating cost base for a steady state of operation</i>	Up to 200	Base Incentive	ZAR 40,000 each year
	> 200 but <= 400	20% once-off bonus	Bonus calculated for each job created and maintained between 201 and 400
	> 400	30% once-off bonus	Bonus calculated for each job created and maintained in excess of 400
Highly-complex jobs (Tier-3/L3 jobs) <i>Jobs with costs greater than R600 000 per annum per job and wages contributing at least 65% of operating cost base for a steady state of operation</i>	Up to 100	Base Incentive	ZAR 55,000 each year
	> 100 but <= 200	20% once-off bonus	Bonus calculated for each job created and maintained between 101 and 200
	> 200	30% once-off bonus	Bonus calculated for each job created and maintained in excess of 200

Note: Certain incentives are yet to be implemented/under review

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