WHITE PAPER · OFFSHORE STRATEGY

# Choosing the Right Offshore Model in South Africa

EOR vs BPO vs GCC — an unbiased business case for leaders deciding how to build, buy, or borrow offshore capability.

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## 01 The question I keep getting asked

I am often asked by business leaders what the best offshore model is.

> **"Should we EOR, outsource through a BPO, or build our own capability in South Africa?"**

It is a good question — and it is all about your challenges, your needs, and the best-fit offshore strategy for your business.

The problem is that these options are seldom discussed in the same conversation. People hear the acronyms, nod along, and pick one without being clear on what they are actually trying to achieve. That is how you end up with a model that solves the employment problem, but not the business or operational one.

## 02 First, let's get real with the abbreviations

| | |
|---|---|
| **EOR** | **Employer of Record** — employ your own people through a third party in-country. |
| **BPO** | **Business Process Outsourcing** — outsource end-to-end delivery of a function to a specialist operator. |
| **GBS** | **Global Business Services** — in practice, this is BPO at enterprise scale. Same delivery logic, usually bigger scope and deeper governance. |
| **GCC** | **Global Capability Centre** — build your own offshore capability centre, typically with a local partner. |
| **DBIT** | **Design, Build, Innovate & Transfer** — a methodology to build your GCC properly, not a fourth model sitting alongside the others. |

They are different. They carry different levels of capability, risk, control, and long-term value. Because they are different, they solve different challenges — they do not create the same level of ownership, and they do not deliver the same long-term benefits. Each one has a unique business case.

## 03 Before you choose — be clear on what you want

Are you trying to:

- Hire people in another market to access labour arbitrage?

- Outsource end-to-end delivery of a function?
- Build your own offshore team with full control and operating capability that can perform, improve, and scale over time?

That is where the distinction between EOR, BPO, and GCC becomes important. If you confuse the three, you risk choosing a model that looks cheaper on paper but does not solve the problem you actually have.

# 1 EOR — Employer of Record

### WHAT IT IS

You identify the roles and direct the work. A third party employs the people in South Africa and handles payroll, tax, benefits, and local labour compliance.

### WHEN IT FITS

- You need a small number of named individuals in SA quickly
- You already have the management layer to run them
- You are piloting the market before committing to scale

### BENEFITS

✓ Fast to hire — weeks, not months

✓ Compliance and local HR handled for you

✓ You stay in direct control of the work

✓ Low contractual lock-in compared to a multi-year BPO deal

### RISKS

✗ EOR solves employment, not operations — no WFM, QA, training infrastructure, or surge capacity comes with it

✗ Your leaders carry the management burden

✗ Does not scale cleanly beyond a small team without you building the rest

✗ Capability sits with individuals, not with a transferable operating system

#### COST MODEL — PRICED PER PERSON

| Component | What you pay for |
|---|---|
| **Salary + benefits** | The role, as you define it |
| **EOR service fee** | Typically 10–25% of payroll, or a flat monthly fee per employee |
| **Add-ons** | Equipment, workspace, medical aid, work permits — if needed |

**Illustrative fully loaded cost per FTE (SA customer operations role)**

| | Indicative monthly cost |
|---|---|
| **SA via EOR** | ~£1,300 – £2,500 / $1,650 – $3,200 per person |
| **Equivalent UK onshore** | ~£3,500 – £4,500 per person |

The saving is real on labour. What is often missed is the cost of your management time, tooling, team leadership, and quality oversight on top.

**Bottom line: EOR works when you need people, not when you need an operation.**

## 2 BPO / GBS

### WHAT IT IS

You contract a specialist to deliver a function end-to-end — customer service, back-office, digital support, or a broader shared-services scope. The provider owns recruitment, training, management, technology, QA, and performance against agreed SLAs.

### WHEN IT FITS

- You need speed and scale without building infrastructure
- Volume is variable — peaks, seasonality, project surges
- You want operational accountability sitting with a provider, not your internal team
- You need a proven operating model from day one

### BENEFITS

✓ Fast to stand up — operational teams in weeks
✓ WFM, QA, coaching, and escalation paths are built in
✓ Elastic capacity without permanent headcount
✓ Technology and reporting often bundled
✓ Lower internal management burden — you govern, they operate

### RISKS

✗ Less direct control — changes often need commercial discussion
✗ Institutional knowledge lives with the provider
✗ Long contracts can slow innovation and channel shifts
✗ Quality depends entirely on provider calibre — diligence matters
✗ You are paying a margin on every seat, every month

### COST MODEL — TYPICAL PRICING BASES

| Pricing basis | How it works |
|---|---|
| **Per FTE / seat / month** | Fixed fee per agent, inclusive of management overhead |
| **Per hour** | Billed on productive or logged hours — good for variable volume |
| **Per transaction** | Billed per chat, email, case, or back-office item — good for digital-heavy operations |

**Illustrative comparison (customer service operation, SA delivery)**

| | BPO (SA) | UK onshore |
|---|---|---|
| **Fully loaded cost / FTE / month** | £1,800 – £2,800 | £3,500 – £4,500 |
| **Typical labour arbitrage vs UK** | 35–50% | — |
| **Time to first 20 seats live** | 4–8 weeks | 8–16 weeks |
| **Setup / transition** | 1–3 months' fees | — |
| **Typical contract term** | 12–36 months | — |

**Bottom line: BPO works when you need the function delivered, not just people employed.**

## 3 GCC via DBIT

### WHAT IT IS

You build your own offshore operation in South Africa — your brand, your team leaders, your processes, your long-term capability. A partner runs the DBIT programme:

- **Design** — operating model, governance, KPIs, hiring profile, technology approach
- **Build** — recruitment, training, facilities, QA and WFM foundations
- **Innovate** — digital and AI enablement where it creates measurable impact
- **Transfer** — handover of ownership, documentation, controls, and operating rhythm

DBIT is how you build a GCC without taking on all the early-stage risk alone. A practical path many businesses take: outsource first on BPO rails, then transfer into a captive once performance and governance are stable.

### WHEN IT FITS

- You want long-term capability inside the business, not perpetual outsourcing
- You are committed to scale — typically 100+ seats and a multi-year horizon
- Control, innovation speed, and institutional knowledge matter as much as cost

### BENEFITS

✓ Maximum control — your executives can improve without contract barriers

✓ Knowledge, training IP, and leadership stay in your business

✓ Best long-term unit economics once the operation is running

✓ Recruit as your company, not a third-party brand

✓ OPEX commercial model available — no CAPEX required for build-out

✓ SA government incentives (DTIC grants) may apply for job-creating operations

### RISKS

✗ More complexity upfront — design, facilities, recruitment, governance need executive attention

✗ First tranche can go live in ~6 weeks; full scale takes longer (e.g. 1,000 seats over 18–24 months)

✗ Transfer must be planned properly — documentation, leadership bench, controls

✗ After transfer, full operational accountability is yours — not the right answer for a small experiment

| Phase | What you are paying for |
|---|---|
| **Design (4–8 weeks)** | Operating model, governance, KPIs, hiring profile, tech approach |
| **Build (~6 weeks to first tranche)** | Recruitment, training, facilities, QA/WFM setup |
| **Innovate (ongoing)** | Continuous improvement, digital and AI enablement |
| **Transfer (3–6 months)** | Knowledge handover, documentation, leadership transition |
| **Steady state** | Salaries, facilities, technology, management — minus any incentives |

**Bottom line: GCC works when you are building a business asset, not renting one.**

## 04 Side-by-side comparison

| | EOR | BPO / GBS | GCC (DBIT) |
|---|---|---|---|
| **Solves** | Employment in SA | Operational delivery | Owned offshore capability |
| **Who employs staff** | EOR entity | BPO provider | Your company |
| **Operational accountability** | You | Provider | You (over time) |
| **Speed** | Fast | Fast | Moderate |
| **Control** | High people / low system | Medium | High |
| **Upfront investment** | Low | Low–medium | Medium |
| **Long-term cost** | Medium + your mgmt | Higher (margin) | Lower post-transfer |
| **Knowledge retention** | Individual-dependent | Provider-dependent | Company-owned |
| **Best when** | Small teams, pilots | Speed, scale, variable | Strategic captive |

**Five-year economics — illustrative (200-seat operation)**

| | BPO | GCC / DBIT |
|---|---|---|
| **Year 1** | Lower setup; higher unit cost | Higher setup; partner-managed build |
| **Years 2–3** | Provider margin on every seat | OPEX stabilises; margin stays in-house |
| **Years 4–5** | Renewal risk; scope repricing | Lowest fully loaded cost; full control |
| **Capability at exit** | Walks out with the contract | Stays in your organisation |

South Africa typically delivers **40–50% labour cost reduction** versus equivalent UK, EU, or US operations. DBIT adds build cost in the early years. The return is control, retained capability, and better economics over time.

## 05 A simple decision guide

**Choose EOR** if you need named people in SA and you already have the management infrastructure to run them.

**Choose BPO** if you need a function delivered reliably — with SLAs, elastic capacity, and operational discipline — without building from scratch.

**Choose GCC / DBIT** if you want to own the capability long term, capture the economics, and control the pace of improvement.

**Three honest questions before you sign anything:**

1. Are we hiring people, outsourcing a function, or building capability?
2. Do we have the management layer to run this ourselves?
3. What is our time horizon — pilot, 1–3 years, or 5+ years?

Get those right and the model choice usually becomes obvious.

## 06 Why South Africa — and why the model still matters

South Africa has become a serious destination for UK, EMEA, and US brands running customer operations and back-office work from offshore:

- ✓ Accent-neutral English and strong service aptitude
- ✓ Time-zone overlap with UK and EU
- ✓ 40–50% labour arbitrage vs equivalent onshore
- ✓ A mature BPO ecosystem — decades of delivery
- ✓ GDPR, PCI, POPIA & comparable governance
- ✓ Deep, scalable talent pool

South Africa is a strong destination. It does not choose the model for you. The same market supports EOR hires, a fully outsourced contact centre, or a captive built through DBIT.

> **Match the model to the strategy. Not the other way around.**

## 07 Closing thought

FROM THE DESK OF THE CEO

Very rarely do you get the opportunity to compare these options side by side with someone who can deliver all three without a vested interest in one answer.

That is what this paper is for.

**EOR, BPO, and GCC are not three ways to do the same thing. They are three different answers to three different questions. Choose the one that fits your business case — not the one that sounds best in a strategy session.**

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