

High costs 'keep SA out of business process outsourcing'

SA's high telecommunications costs are undermining its ability to be strong player in call centres and other areas of the fast-growing business process outsourcing (BPO) industry, consulting firm Deloitte said on Tuesday.



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"Lower tariffs are widely considered to play a major role for the growth of BPO in a country. And when one considers that the country is one of the most expensive when it comes to broadband connectivity, then you have a market that is being severely curtailed for growth," said Deloitte's director of business process as a service, Sharoda Rapeti.

Harnessing innovation

BPO is a market SA should excel in. The declining rand against the dollar and euro should play in SA's favour to attract global business. A study of the top 100 global BPO destinations ranked Johannesburg at 20, Cape Town at 56 and Durban at 100.

In 2014, the South African BPO industry accounted for 1% of global revenue and is expected to increase to 4% by 2030. "With so much potential and opportunities that are evident, the role players in the country need to find a way to harness the collective innovation taking place and do whatever it takes to create an enabling environment for growth," Rapeti said.

But the overall cost of wireless and fixed line tariffs was impeding the potential for BPO in SA, she said. Other factors such as government support, availability of the labour pool, linguistic capabilities, cultural compatibility and the legal structure also play an important role in positioning the country strongly in the global market.

Government support

To promote the BPO industry and to create an adequate supply of talent, government has launched a number of schemes and taxation incentives for the establishment of infrastructure and skills related support.

"But in order for SA to entrench itself as a BPO destination of choice, much more has to be done across industry with support from government. For example, the implementation of a digitisation programme from government will create a mass uptake of connectivity and outsourced solutions driven by internet access."

She said the government and technology companies needed to work together to increase local manufacturing, expand networks and reduce connectivity tariffs to help drive the growth of a globally competitive BPO industry in SA.

Source: BDpro

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