

South Africa's BPO sector rides wave of global business recovery and reconfigured post-pandemic business models

The consequences of the pandemic have affected business and markets all over the world, and at the same, it has reshaped business and outsourcing trends.

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/EINPresswire.com/ -- Aspects such as geographic diversification, budget optimisation, operational efficiencies, tech and digitization, work flexibility and globalization all feed into how businesses handle their core business in the post-pandemic recovery.



Clinton Cohen, CEO of iContact BPO

“We are still facing a recessionary environment into 2022 and reducing costs and limiting risk are priorities. Businesses are looking for ways to scale and grow as markets recover after almost two years of pandemic mayhem, without taking on more risk in an uncertain and volatile environment,” says Clinton Cohen, CEO of [iContact BPO](#).

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Cohen cites a surge in international business enquiries and deals closed by iContact BPO in Q3 of 2021, with the uptick unabated. “There’s a distinct preference by organisations to outsource more of their processes and skills requirements than ever before in the post pandemic recovery. Key offshoring markets driving this trend are the US, Canada, UK and Australia, and [South Africa](#) is front and centre on their prospecting list as a BPO destination. A number of important market dynamics are driving this,”

explains Cohen.

The [outsourcing trends](#) likely to dominate in 2022-2023 according to iContact BPO include:

#1: Increase in outsourcing and contract hiring

A prevailing sense of uncertainty in economies around the world sees many organisations reluctant to make permanent appointments. As demand returns, organisations are opting for contract appointments and outsourcing arrangements which gives them the flexibility to manage market uncertainty. With strategic outsourcing arrangements, businesses get the scale and skills they need, on a lean and cost-effective basis as demand fluctuates. There is also a return to core business principles as organisations look to do what they do best and outsource the rest.



Why outsource to South Africa?

#2: Contact Centre Skills shortages in Emerged Markets

In emerged economies like the US and UK, finding skilled people to fill positions in contact centres is challenging. Low unemployment rates mean that competition with other job roles where there is a high transferability of contact centre skills is fierce. In some instances, government-provided unemployment benefits pay more than the minimum wage, providing a disincentive for people to work. Similarly, hourly pay for new hires in areas such as logistics, online shopping and the like exceed the finite hourly wages that onshore contact centres complete with, making these contact centres uncompetitive in terms of global labour realities.

These factors feed into South Africa's appeal as a top offshoring destination. With a 50% unemployment rate among youth, South Africa has millions of educated young people in need of employment with English accents and linguistic capabilities amenable across many geographies. The exchange rate also makes it particularly attractive. South Africa's BPO providers can deliver fully loaded services, including management time at up to 60% less than onshore delivery, at a time when businesses across the globe are under enormous cost pressures. The labour arbitrage benefits of South Africa are clear and likely to be a key driver in offshoring to the country.

#3: Intelligent People and Intelligent Machines make for powerful insights

AI developments in areas such as speech-to-text capabilities and sentiment analysis now allow BPO providers to deliver quality assurance and analysis at levels never seen before. Instead of

randomised checks, every recorded conversation can be fed through speech-to-text, indexed and then run through AI to check whether all compliance requirements and customer needs were met and resolved appropriately. Previously, QA on calls was done on a randomised, limited basis where a QA manager listened to each conversation and then draw up the metrics and reporting manually. Now, thousands of calls are pulled through an automated and intelligent system that crunches in-depth and accurate reports in a matter of minutes, providing reliable, large samples for actioning and improvement. The same can be done with webchats and e-mail data. When you take this level of data and analytics and AI and provide this to your client to layer over their value chain processes, BPO providers add incredible value by helping clients identifying bottlenecks in the value chain which are or could impact customer experience – the customer feedback of which ultimately manifests in the contact centre.

#4: The timing of customer service has changed

With the rapid digitisation of business and service processes brought about by the pandemic, and more businesses serving multinational markets, keeping up with an always connected, 'always on' customer requires a 24/7, multichannel service and support operation. Very few businesses are geared for the scale of human resources, technology and security requirements to deliver on their changing customer service requirements. Many businesses also don't have the appetite to upscale rapidly again in a still uncertain environment. This will drive the move to offshoring in 2022 and beyond, notably on sales, customer service and back-office/technical support.

#5: Businesses increasingly turn to Collections BPO Providers to boost cash flows

With a greater need for intelligent data and analytics and solid collections experience in the current pandemic environment, more organisations are outsourcing their early-stage debt collections to BPO providers with proven track records. One of the key reasons behind this is the fact that while credit providers need to collect the debt and do so cost-effectively, they also need a data-driven and empathetic approach that maintains a positive relationship with their customers, many of whom find themselves defaulting on their financial commitments through no fault of their own. It's a fine balance to strike and will see more outsourcing of this crucial yet delicate function to specialist collections partners.

#6: Geographic Diversification is key

There have been major learnings over the last months, not least of which is the fact that organisations need to diversify and manage their location, operations and HR risks following the fallout that the pandemic has had on business continuity plans and recovery. We can expect to see a continued trend of diversifying geographic risks and ensuring that business processes and resourcing are spread across more locations that are not vulnerable to the same risks, at the same time. This trend will drive greater usage of BPO providers across geographies and time zones.

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