

South Africa's BPO sector surges ahead, with CX and customer service leading the charge

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/EINPresswire.com/ -- South Africa's BPO sector has enjoyed rapid growth, with a ~25% compound annual growth rate between 2015 and 2021, becoming a major global outsourcing and offshoring contender, particularly in the English voice-based sourcing

markets. This is according to the South Africa National GBS Quantification & Investment Report 2021/22 published by Business Process Enabling South Africa (BPESA).



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According to the report, the GBS sector in the country has grown sevenfold, with the UK being the largest international source market, comprising 61% of South Africa's international GBS market, followed by the United States (20%), Australia (8%), Europe (3%), China (1%) and other African countries (7%) – with a rich diversity of industries being serviced by South African international GBS workers, ranging from telecommunications to financial services, utilities to education and retail.

According to Clinton Cohen, CEO of [iContact BPO](#), the surge in international business enquiries and deals closed by iContact BPO in the first half of 2022 show no signs of

abating, and the niche BPO provider looks set for a record year. iContact BPO is a South African-based BPO provider servicing predominantly international markets and is part of the Alefabet Holdings group which owns numerous collections and customer service BPO providers.

"The CX and customer service segment has dominated the market enquiries and deals closed, and there is a distinct preference by US and European organisations to outsource more of their customer service, technical support and back-office processes to South Africa, and specifically to Cape Town's BPO hub. Customer Experience (CX) and customer service are certainly the key demand, from experienced providers who bring together the best of people skills, empathy and English language proficiency backed up by next level data and analytics capabilities and multichannel service technologies and platforms. It is very clear that businesses looking to outsource right now are looking for BPO partners that can help them build adaptive, responsive and resilient customer service models that safeguard and enhance CX as a differentiator," explains Cohen.

South Africa's GBS market was ranked first as the Most Favored Offshore CX Delivery Location for 2021 in the annual Global Front Office BPO Omnibus Survey by Ryan Strategic Advisory. Additionally, the country received further recognition as a High-Performing Customer Lifecycle Management Offshore Location in the GBS World Competitiveness Index.

"Customer service BPOs dedicated to managing customer queries generated across email, chat, phones, social media platforms and other channels are in big demand. South Africa holds a number of advantages when it comes to customer service BPO services – value for money and quality of our people and skills are uppermost, a deep skills pool of talent allows for rapid scale as and when needed, followed by established and enabling communications infrastructure, service platform diversity, technical and IT skills and well-established hybrid working models.

"South Africa is steadily advancing in international service delivery to some of the largest global multinationals including Amazon, Microsoft, Google, Groupon, Auto General, British Gas, Foxtel, IBM, Lufthansa, T-Mobile, Virgin Atlantic, Volkswagen and many more. Interestingly, many



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multinational brands are also looking to South Africa to establish their back-office shared services hubs as part of their global delivery networks. Aspects such as geographic diversification, budget optimisation, operational efficiencies, tech and digitization, work flexibility, CX, skills shortages and globalization all feed into how businesses are approaching their outsourcing strategy and the role that South Africa plays in it," adds Cohen.

Globally, recession, hyper-inflation and socio-political volatility are seeing a trend to businesses wanting to reduce costs and limit risk as priorities. Businesses are looking for ways to scale and grow, without taking on more risk in an uncertain and volatile environment. Cohen adds that 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.

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

#1: Tech and Human skills will converge for better CX outcomes

Adoption of digital channels, data and analytics, artificial intelligence (AI), automation and cloud services will continue, with these services working in tandem and in support of the traditional voice-based BPO services. Technological advances in the BPO sector have massively improved customer experience by facilitating better human connections and more meaningful depth of engagements between customers and agents. Omnichannel, AI-driven client service platforms are here to stay, but unlikely to replace the service agent anytime soon. We're likely to see significant redesign of BPO services that incorporates more tech and AI, automation and hybrid work models with the traditional voice-based, people-led engagements. According to the South Africa National GBS Quantification & Investment Report, agent voice / telephone services remain the dominant channel (utilised by 83% of operators), closely followed by email (used by 82%), and operators ignore these channels at their peril.

#2: The GIG economy and contract hiring become mainstream

As dire skills shortages prevail in most developed markets, finding skilled people to work in contact centers remains massively challenging, and hence the move to look offshore for support. At the same time, many organisations are hesitant to make permanent appointments in a volatile and uncertain economy. Contract appointments and outsourcing arrangements gives them the flexibility to manage market uncertainty and still get the scale and skills they need on a more cost-effective basis, with lower operational overheads. According to the South Africa National GBS Quantification & Investment Report, as the gig economy becomes more of an element in the GBS working world, the use of gig platforms (73%), a shift away from fulltime 9 to 5 jobs (61%) and collaborative workspaces (55%) will be the top trends impacting South Africa's gig economy within GBS going forward. Notably, GBS operators facing skills shortages will use gig workers to tap into different skills anywhere in the world (55%).

#3: Data and analytics provide for powerful insights

BPO providers able to provide meaningful, data-driven analytics will have the upper hand. By recording, analysing and listening to what customers are saying and doing in their everyday

interactions with agents, chat bots and other digital channels, businesses will be able to extract actionable steps to resolve issues before they happen, and most importantly, resolve the causes of repeat complaints that cost a business loyalty and customer satisfaction. Fundamentally, understanding this data will help design the right customer service delivery platforms to meet customer needs now, and going forward. With CX being top of mind, expect data and analytics capabilities that provide deep insights into the customer voice to be in high demand from BPO providers.

#4: Demand for Specialised BPO services grows

While traditional inbound and outbound customer service and CX support services still dominate the South African BPO industry offering, demand for niche BPO services is growing in areas such as back-office/virtual assistants, finance & accounting, medical/healthcare and debt recovery and collections. Debt recovery and credit lifecycle management services delivered by GBS operators to the international market include arrears and final notice communications and collections services for the retail and utilities industries. With a greater need for intelligent data and analytics and solid collections experience in the current recessionary environment, more organisations are outsourcing their early-stage debt collections to BPO providers with proven track records.

In the Knowledge Executive 2021 GBS Competitiveness Index, South Africa ranks in the top five performing countries in Customer Lifecycle Management, Customer Support Administration, Back Office Processing, Data Management Services, and Digital Channel Contact Centre services. South Africa is ranked first in Customer Lifecycle Management services. These high rankings reflect South Africa's ability to deliver high-quality GBS output to the global market, across diverse industry verticals.

#5: Location is no longer relevant

BPO partner selection in 2023 and beyond will be based on language needs, experience, human capital, quality, CX and cost, while proximity and distance have become less important. What is important is whether the BPO provider has a solid track record and experience in managing, training and supporting their client's operations remotely, no matter where they find themselves in the world. Proximity is becoming less of a consideration than ever before.

#6: Impact Sourcing takes off

Impact sourcing and socially responsible supply chains have been given significant impetus as job creation surges on the back of global demand for SA's BPO services. According to Business Process Enabling South Africa (BPESA), the sector is primed to create around 500 000 new jobs over the next 10 years.

"iContact BPO has a focused and long-standing impact sourcing strategy of employing disadvantaged and disabled youth - about 90% of iContact BPO employees are recruited through impact sourcing, the average age is 23, 65% are women and 10% are disabled. The GBS industry is well positioned to make a fundamental difference in the lives of disadvantaged and disabled

youth who would otherwise not have access to the formal economy. The GBS sector is in fact one of few industries that grew and created thousands of new jobs during the pandemic when most other businesses were downscaling. Impact sourcing will remain front and centre as global demand for SA's GBS services grows," concludes Cohen.

For more information visit www.icontactbpo.com

Clinton Cohen

iContact BPO

+ +27 11 019 0920

[email us here](#)

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