

CALL CENTRES

SA gets the call

Few sectors rival business process outsourcing in creating jobs. Employee numbers in the call centre sector in SA have soared from 50 000 in 2005 to 180 000 now, three times as many people as the vehicle assembly and component manufacturing industry employs.

Nevertheless, despite impressive growth, and major foreign companies such as British Gas, Shell Sun Microsystems and Hewlett Packard moving their call centres to SA, industry players believe the country can do more. "I estimate the number of call centre employees engaged in international outsourcing to be only about 20 000," says Johan Kunz, MD of Cape Town-based Fusion Outsourcing.

Fagri Semaar, interim CEO of developmental organisation Business Processing Enabling SA, says about 100 000 new jobs could be created in five years.

A major obstacle to growth has recently been removed. "Telecom costs in SA are now on a par with the best in the world," says call centre consultant Rod Jones.

Government has identified the call centre industry as one of 12 that will receive state and development finance investment. It launched a R1bn incentive programme three years ago to lure offshore investors.

In its expansion drive, SA's call centre industry is taking on powerful competition, especially from India, which boasts over 1m employees in this sector, three quarters of whom serve offshore clients. "SA will never be an India and should not aim to be," says Kunz. He points out that the cost of operating a call centre is about 20% lower in India than in SA.

For SA call centre outsource service providers to flourish, Kunz stresses that their focus must be on quality and not quantity. He says they must concentrate on developing strong niche positions in



Fagri Semaar
Quality will drive call centre growth

betty Zamboni

middle- to high-end markets such as financial services and telecoms.

Outsourcing is no longer a matter of a global corporate choosing the lowest-cost destination, says Semaar. "Only half of outsourcing decisions are based on cost alone."

Companies are now also taking into account the level of service offered by providers and the value they add to business efficiency.

SA has several advantages over India, including an easier to understand

accent. "There is a big reaction against the Indian accent, especially from consumers in the UK and the US," says Jones.

In 2009, US airline Delta stopped using Indian call centres for sales and reservations, citing as a key reason the fact that its customers found Indian accents difficult to understand. In contrast, Delta's call centre in SA generates few complaints.

SA has another advantage over India. It has a cultural affinity with consumers in the UK and the US in particular, Jones adds.

Another serious problem in India is its annual staff turnover — as high as 100%, even among senior management. A study in 2007 by the Global Call Centre Network found that staff turnover in SA call centres providing outsourced services was under 10%/year.

Last year Indian outsourcing giant Aegis acquired local call centre specialist CCN Group. Aegis plans to invest R500m in SA, creating 5 000 jobs.

Aegis has 1 300 seats already in operation, and will expand this to 1 700 in October with the opening of one of two new call centres, says its marketing manager Jana Jooste.

In what Semaar terms "a major win from a brand perspective", US online retail giant Amazon.com will open a new customer service centre in Cape Town next month. Amazon has about 76m active account holders.

The centre will provide services in English and German and create 600 new jobs during its first two years of operation. An additional 400 seasonal jobs will be added

during the fourth-quarter holiday period, says Semaar.

UK call centre specialist Teleperformance is to establish a presence in SA that will create more than 2 000 new jobs by 2012.

One of the world's biggest players, Teleperformance employs 100 000 people in 276 call centres in 51 countries. Its UK CEO Jeff Smith predicts that SA has the potential to become "one of the world's fastest growing business process outsourcing destinations". **Stafford Thomas**