South Africa's BPO Proposition

South Africa
Business process offshoring
We speak your language

Agenda

- **Why are we here?**
- Why South Africa?
- How can South Africa be a part of companies' global sourcing portfolio?
- Appendix

We are here to discuss South Africa's unique BPO offer

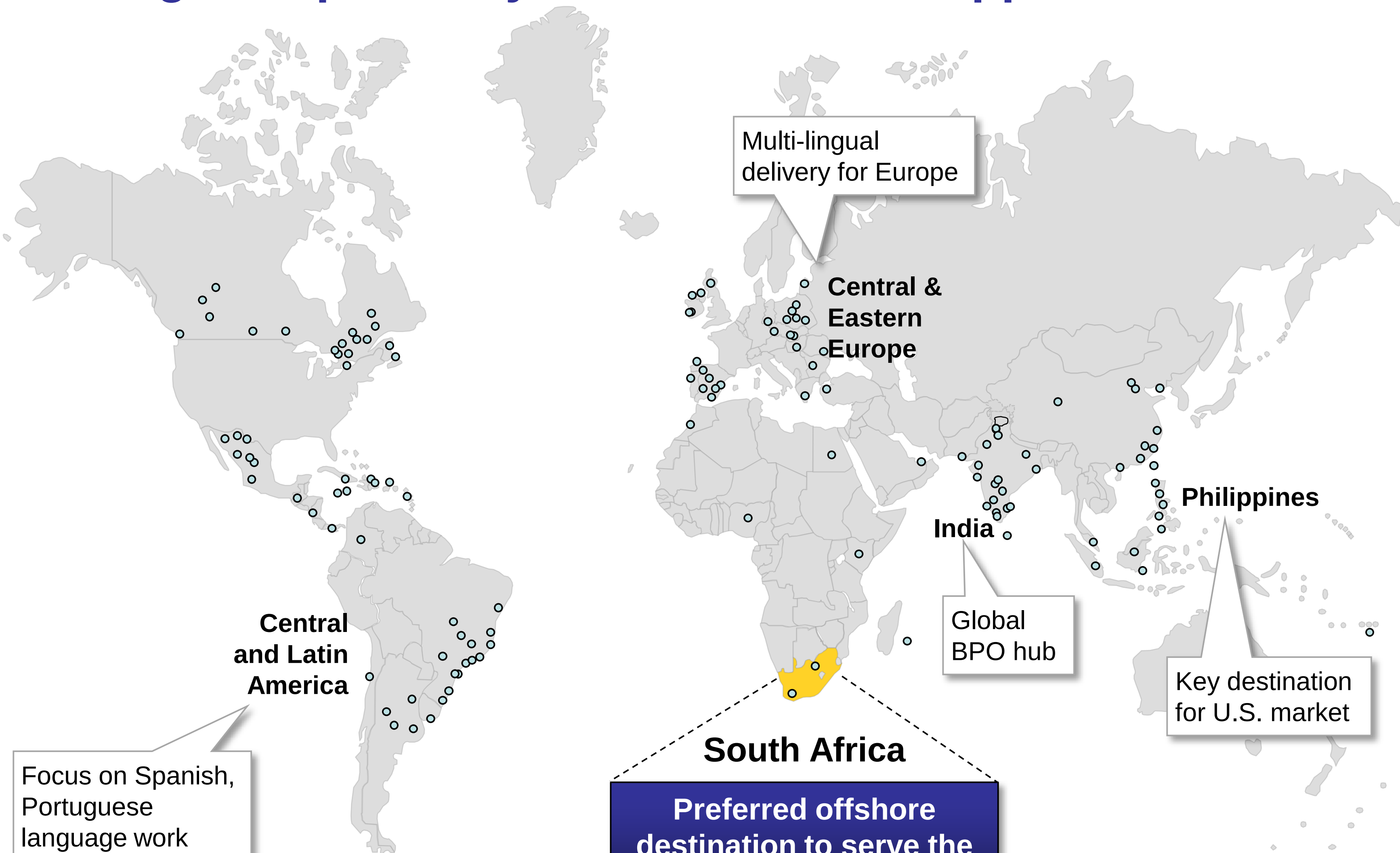
What does South Africa's BPO environment offer to investors today?

- **Competitive advantage in skilled English-speaking talent with strong cultural affinity to the UK; delivering customer experience comparable to onshore locations**
- **Value beyond arbitrage, in addition to sustainable cost competitiveness and incentives resulting in significant direct cost savings**
  - Savings of ***45-50%*** on a steady-state operating basis (including overheads) compared to UK Tier-2 locations
  - ***Operational effectiveness*** and ***revenue impact*** are other unique forms of value add reported by investors
- **Thriving offshore BPO industry building on the faced-paced industry momentum, driven primarily from the UK market demand**
  - ***25,600*** existing offshore jobs (January 2015)
  - Destination of choice for players serving UK, ***4 out of 6 leading UK contact center service providers*** already have a presence in South Africa
  - Key partnerships with global partners such as the **Rockefeller Foundation**
- **Business friendly enabling environment and strong government/industry support**
  - Robust telecom infrastructure with rapidly decreasing telecommunication costs (90% reduction since 2003)
  - Monyetla talent development program generating pool of industry employable talent; 4,500 learners employed

Key service providers present in SA

Key clients sourcing services from SA

While establishing global delivery models, firms are looking to expand beyond India and Philippines



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South Africa is a destination of choice for service providers who target the U.K. contact center market

Leading U.K. contact center service providers have set up presence in South Africa

CAPITA

serco

webhelp TSC

Teleperformance

- Four of the leading six UK contact center service providers have operations in South Africa
- Though most of the providers have established their South African operations via acquisitions and strategic partnerships, some have also started a greenfield operation with ease

- In 2012, South Africa was acknowledged by the **National Outsourcing Association (NOA) – Offshoring Destination of the Year**
- In 2013, South Africa was acknowledged by the **European Outsourcing Association (EOA) – Offshoring Destination of the Year Award**
- In 2014, South Africa was acknowledged at the **NOA Professional Awards – Offshoring Destination of the Year**

Note: List of leading UK contact center service providers based on contact center revenue
Source: Everest Group (2013)

Recent years have seen several major players setting up operations in South Africa plus successful roll-out of incentives and talent development programmes to support growth

2010

- Genpact assumes responsibility of SABMiller's shared service center. Later expands to service other clients
- Aegis establishes presence through acquisition of CCN (700 FTEs)

2011

- Amazon establishes shared services alongside already existing software development center
- BPS incentives worth R112,000 per new job created made available
- Monyetla training program phase 2 ends - 4,500 agents trained so far

2012

- WNS establishes presence through acquisition of Fusion (1,500 FTEs)
- Capita establishes presence through acquisition of Full Circle

2013

- Webhelp establishes presence via a strategic partnership with Rightsource
- Serco sets up BPO operations in Cape Town; initial target of 500 FTEs
- Monyetla phase 3 targeting 3,000 additional agents ends first cycle

2014

- BPeSA partners with Rockefeller on impact sourcing (Amazon, Google Microsoft, & Teleperformance)

Size of offshore BPO industry in South Africa
2010-2014 (mid year figures); Number of FTEs

Source: Everest Group (2013) & BPeSA Barometer (2015 – As of January)

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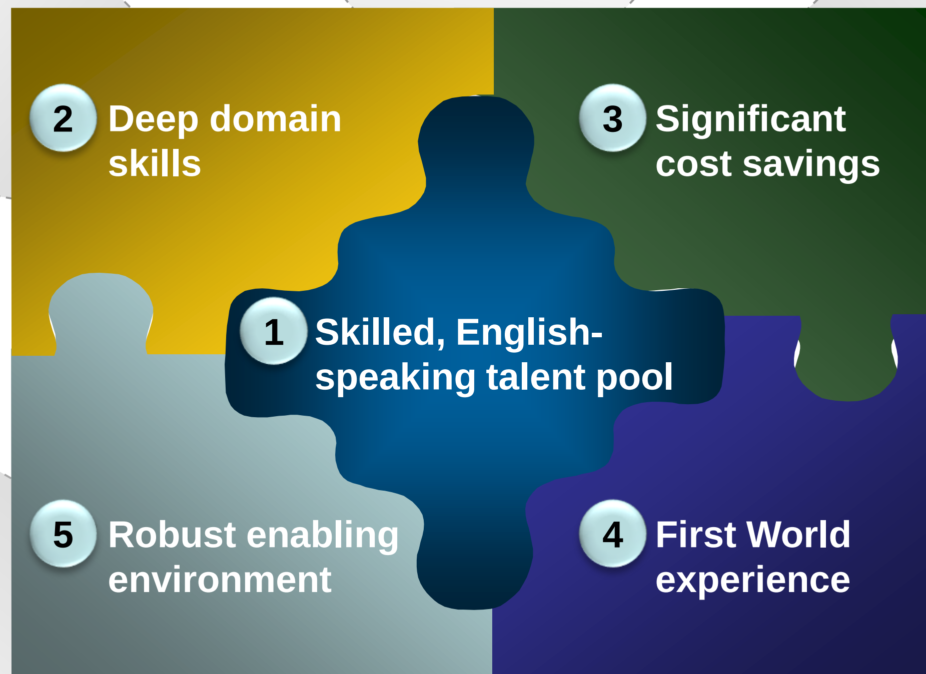
South Africa’s value proposition for English language offshore BPO

- Mature domestic market
- World-class strengths in financial services and legal domains
- Large experienced pool

- Large scale English language talent pool with neutral accent
- Distinctive strength in driving superior customer experience
- Cultural affinity with UK

- Costs 45-50 % lower than source markets
- Market-leading incentives that reduce costs by 20%
- Narrowing cost differential with low-cost locations



- Attractive investment climate and strong public sector support
- Rapidly improving telecoms
- Political and socio-economic stability

- First World infrastructure
- Superior quality of life for expats. Similarities with UK
- Time zone similarities and ease of access

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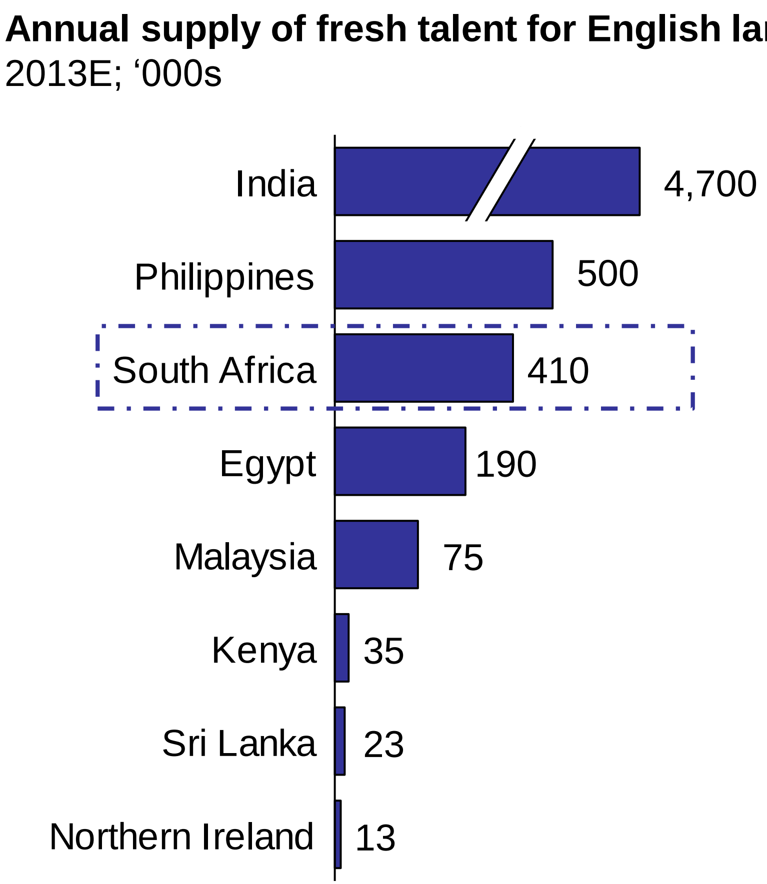
South Africa is among the Top 3 global locations that can support English language skills at scale



- 410,000 BPO industry addressable workforce added annually across educational streams
- ~4.9 million English speakers

Note: Represents qualified talent typically hired by BPO industry
Source: Everest Group (2013)

Case example - South Africa's distinctive English speaking talent pool has been the key attraction

Leading UK contact center service provider chooses South Africa for its first offshore delivery center

Establishing offshore delivery center

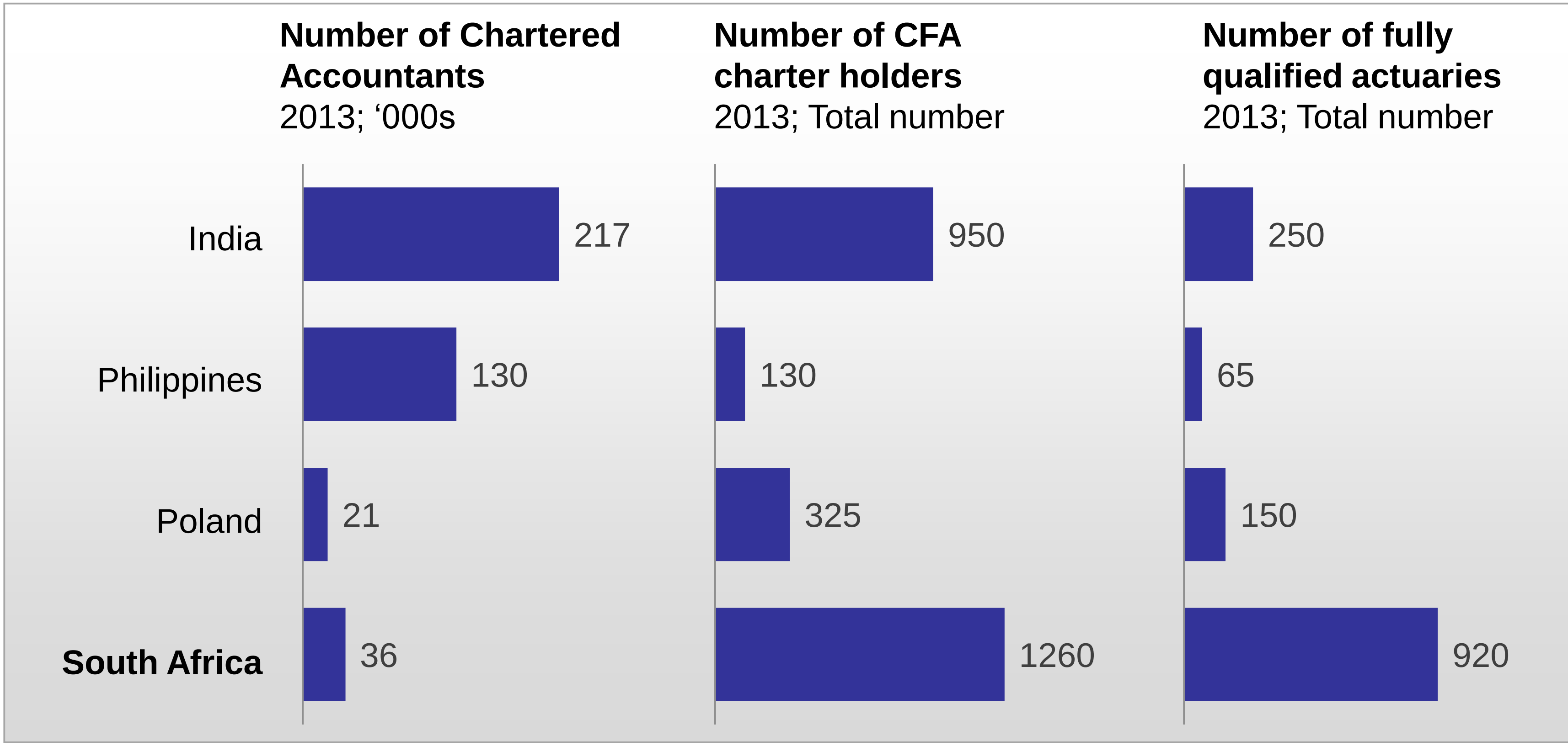
- The service provider operates from onshore and nearshore locations in the UK and had a limited offshore presence given concerns on perceptions with the quality of delivery
- After extensive due diligence that included India and Philippines, South Africa was selected as an offshore alternative for UK customers
- Operations were established by experienced local ground leadership team and through partnering with a leading manpower agency
- This has resulted in improved competitiveness of the service provider with multi shoring capabilities and resulted in early success with marquee clients being landed in South Africa
- The provider's focus of delivering equivalent UK levels of customer experience has been met satisfactorily with **quality metrics on par with UK sites** and **40-50% cost savings**
- SA capabilities are complimentary to existing Eastern European and UK presence

Experience in South Africa

- "Talented workforce with **equivalent customer experience** to the UK for many processes"
- "**Similar professional qualifications** and **compatible data protection laws**"
- "Cape Town, Johannesburg, and Durban are **distinctly 'first world' locations**. The consumer market, legal and fiscal systems are very similar to our own. This enables the agents to **easily relate to and understand customer situations**"

The South African talent pool is distinctive in specialized skills, particularly in financial services

Examples of specialized skills in the Financial Services Sector



Pockets of strength in specialized skills related to Financial Services, Legal and Healthcare domains

Source: National CA Institutes, CFA Institute, National Actuarial Societies

Key drivers of South Africa's domain advantage, especially for Financial Services

Mature domestic market

- Large domestic industry: >US$250 billion banking assets
- Skilled talent pool experienced in working with complex products
- Strong IP in large scale back-offices (>200,000 employees)
- Ranked highly by World Economic Forum[1] on multiple business and financial health indices:
  - #1 rank (Best performing country) - Strength of Auditing and Reporting Standards
  - #1 rank (Best performing country) - Legal Rights Index
  - #1 rank (Best performing country) - Stability of Banking system: Least frequency of occurrence of banking crises
  - #2 rank - Cost of starting a business
  - #3 rank - Financial markets sophistication

Developed education system

- Generates a large number of qualified personnel in specialist areas (e.g. actuarial, investment management)
- Sector-specific training programs (e.g. banking, insurance)

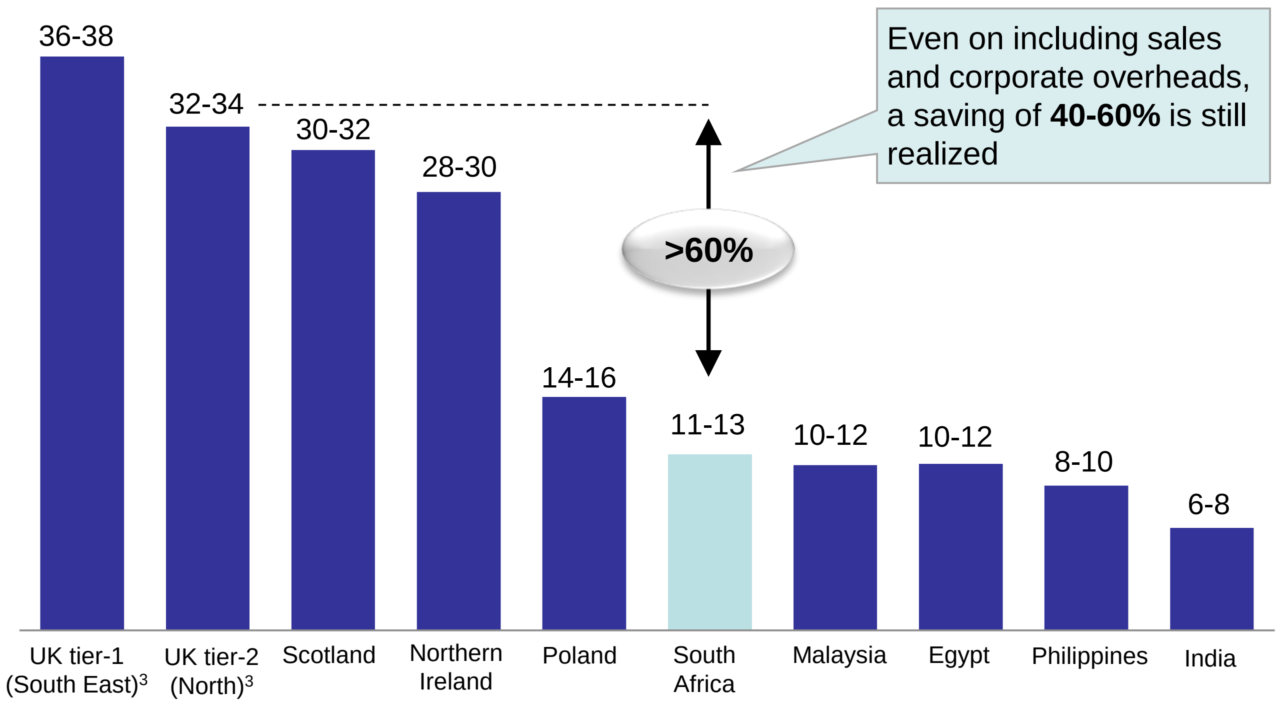
Similarities with Western standards

- Similar data protection laws (to European Union), products and certifications allow easy transition and stabilisation of operations
- Professional qualifications (e.g. actuarial) similar to the UK

1 World Economic Forum's The Financial Development Report (2012-2013) assessing 62 of the world's leading financial systems and capital markets.

South Africa offers ~60% cost arbitrage from source destinations

Direct operating cost per FTE for English contact centre services[1,2]
2015; UK£ '000s per annum per FTE



"Our client wanted us to service the contract out of South Africa in spite of us providing India and Philippines as potential options… and we continue to see more interest "
– *Leading UK service provider*

"We went through a year long diligence, evaluating India and Philippines and finally selected South Africa for its superior English skills and acceptance with UK clients"
– *Leading UK contact center player*

- Ongoing operating costs **40-60% lower** than near-shore locations in the UK (e.g., Northern Ireland)
- Ongoing operating costs **20-30% lower** than locations in Central & Eastern Europe (e.g., Poland)

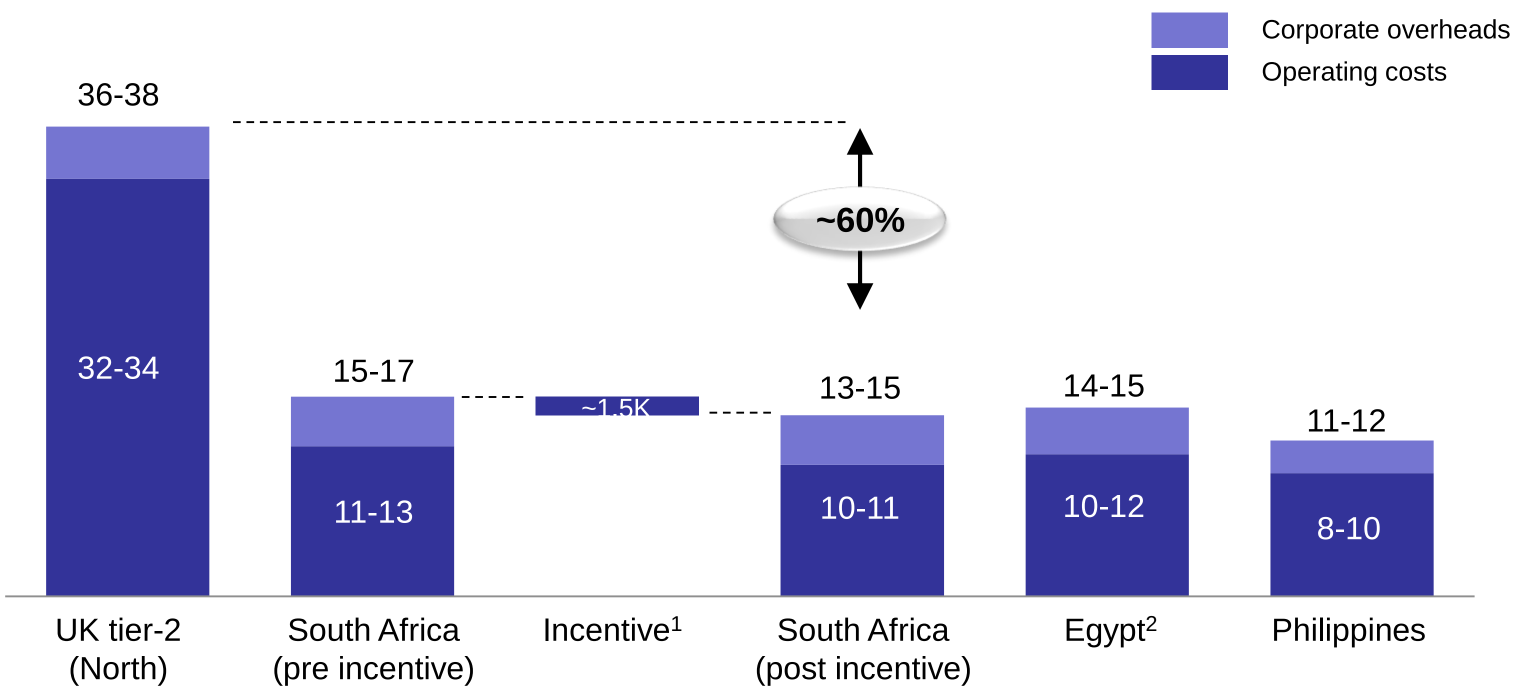
1 Represents ongoing operating costs excluding sales, account management and corporate overheads. Includes compensation, facility, technology, and administration costs associated with service delivery
2 Exchange rate used as of August 20,2015; **1 GBP = 20.2 ZAR**
3 Operating costs vary in England from high cost locations in South-East (Croydon) to lower costs in Central or North England (Liverpool)
Source: Everest Group (2015)

Post incentives, further additional savings of up to GBP 1.5K make costs in South Africa comparable to costs in established low-cost locations

CUSTOMER SERVICE - MARKET AVERAGE COST INCLUDING CORPORATE OVERHEADS

Fully loaded cost per FTE (including overheads)
2015; UK£ '000s per annum per FTE

"Bake in the incentives offered in SA and it's a no brainer against select competitors even on a cost basis"
– *Sourcing Executive in Leading UK retailer*



1 South Africa incentives are provided on basis of training and employing local talent
2 While incentives exist in Egypt, they vary significantly by company as there isn't any publically disclosed uniform incentive policy
Note: Exchange rate used as of August 20,2015; **1 GBP = 20.2 ZAR**
Source: Everest Group (2015)

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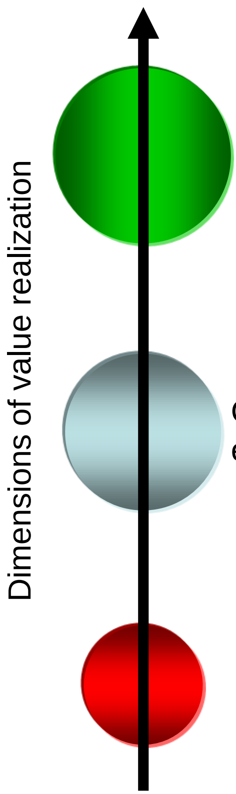
South African operations of companies are driving value beyond arbitrage savings for their clients

Value drivers realized from South African operations



Revenue / business impact

- Value proposition and pricing models anchored on revenue generation metrics such as increased upsell, greater customer retention, and increasing probability of sale

Operational effectiveness

- Improvements in customer experience - CSAT, NPS scores equivalent or better than onshore locations
- Process effectiveness e.g., better collections
- Faster ramp-up rates than other offshore destinations

Direct cost impact

- Operating cost savings of 45-50%

"We ***design and manage launch of products*** *in new geographies"*
- Shared services center of a leading Financial Services player

*"****quality metrics on par with UK sites.*** *This is exactly why we chose South Africa over India and Philippines "*
- Leading UK service provider

" The client's ***sales conversion was 5-10% better*** *than Australian operations within 6 weeks"*
"The ***Cost per Sale was consistently 40-50% lower*** *in SA than in Australia"*
*"****Net Advocacy Score*** *was* ***26 in SA*** *as opposed to 23 in Australia"*
- Leading South African service provider

Though cost arbitrage-centric proposition continues to be an important value driver, delivering value through business and strategic impacts has been a distinct feature for South African operations

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South Africa offers a First World experience in terms of its infrastructure and quality of life

- Excellent quality of infrastructure – roads, power, connectivity, retail and office buildings
- Good quality of life with high standard of education, entertainment and healthcare facilities, very similar to those in the UK
- Low cost of living: Johannesburg is ranked at 154 and Cape Town at 179 out of 214 cities on the worldwide cost of living index[1] (Mercer 2012) (lesser than Cairo, Nairobi, New Delhi, Kuala Lumpur, Warsaw, Dublin, and Prague)
- Compatible time zone with UK (GMT+2)
- Ease of access with more than 10 daily flights between UK and South Africa

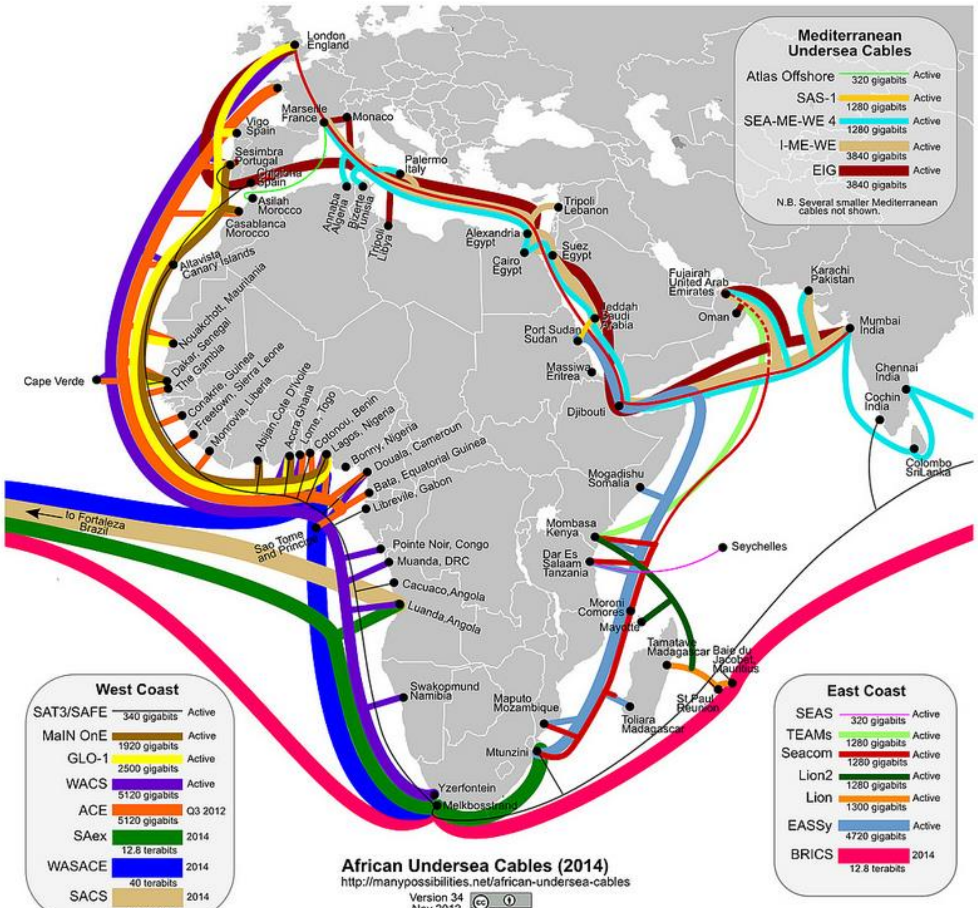
"Cape Town, Johannesburg, and Durban are distinctly **'first world' locations**. The consumer market, legal and fiscal systems are very similar to our own. This enables the agents to **easily relate to and understand customer situations**"

– *Webhelp*

1 Lower the rank, lesser is the cost of living. (Rank 1 would be the most expensive city)

Stable telecom infrastructure with steady addition in undersea cables and rapidly reducing costs

Improvement in telecom connectivity



- Number of undersea cables has doubled in the last three years with three more high capacity cables due to be active in the near future
- Reduction in telecom costs by 90% since 2003. ~50% drop since 2008
- Expected to reduce further by 15-20% annually (2013-2015)
- 100% SLA being provided on telecom contracts
- Telecom providers providing end to end solutions from UK to any SA location

"Reliability and redundancies were issues of the past. The quality of service has now improved a great deal. My costs have reduced by 50%."
– BPO Executive in-charge of SA operations

Source: Telecommunication service providers, Africa Undersea Cables research

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Government and industry associations provide active support to potential and existing investors

Talent development programmes

- **Monyetla Work Readiness Programme:** Employer-led, government funded initiative to augment entry level pool
  - Government provides ZAR 21,236 per unemployed person trained
  - Employers lead a consortium to recruit and train entry level staff
  - 4500 learners have been trained in two phases. The third phase targeting 3000 learners completed its first cycle in March 2013
- **Sector Education & Training Programmes:**
  - Key sectors include: Banking, Services, Insurance, F&A, IT
  - Employers can claim up to 75% of levies paid under National Skills Fund

“"It is a win-win for both the learner and the employer. Even though the learners were new, their performance has sometimes even exceeded that of our more experienced recruits."

– Training Manager, Aegis

Assistance provided by BPeSA

- **Assist investors in setting up operations**
  - Provide relevant information and data
  - Help investors with local regulations, guidelines and operations set-up
- **Support existing players in expansion of operations**
- **Manage implementation of the learnership and Monyetla programmes**
- **Manage the continued roll-out of the quality assurance programme**
- **Act as a liaison point between industry members and local, provincial and national governments**

“They helped us in understanding the lay of the land and in coordinating with the government and other operations enablers. We were able to start our agent trainings within few weeks of our decision to set up "

– Leading shared services center

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Firms are currently leveraging South Africa across three service segments

1

Contact Centre for UK

Distinctive location to deliver contact centre activities across channels for the UK market

ASDA · swiss · T-Mobile · Lufthansa · British Gas · amazon.com

2

Niche, non-voice BPO

Location of choice to offshore complex, judgment oriented processes in key domains to deliver higher business value

BARCLAYS · OLD MUTUAL · STATE STREET. For Everything You Invest In · Investec · Kleinwort Benson · PRU HEALTH · CALL CENTRES

3

Regional shared services hub

Platform to provide global shared services especially for the sub-Saharan African region

Microsoft · ArcelorMittal · bp · amazon.com · OLD MUTUAL · CISCO · Lufthansa · Standard Chartered

Examples of current delivery

- Customer contact services involving complex interactions such as upselling, retention
- Multi-channel customer interactions - chats, social media
- Insights into voice of customer (analytics), value added services

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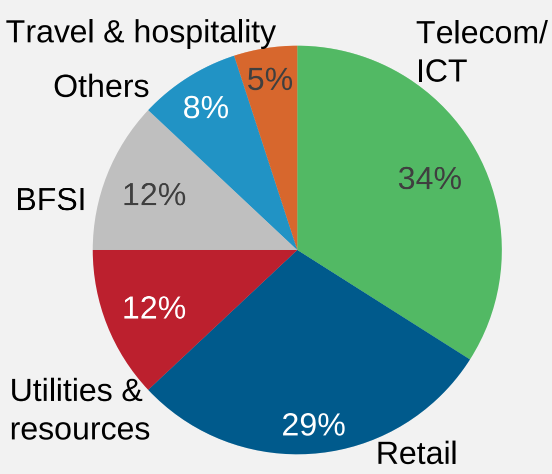
- LPO for large firms
- Actuarial modeling, pricing
- Offshore fund administration
- Healthcare eligibility services

- Sales and delivery base for Rest of Africa
- Shared services hub

Majority of the work involves delivery of contact center services to UK enterprises, especially in Telecoms, Retail and Energy & Utility verticals

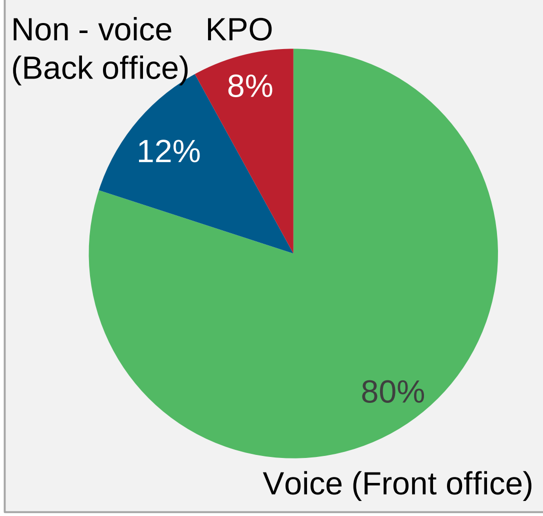
Market share by verticals for offshore BPO in South Africa

Number of offshore jobs
100% = ~25,600



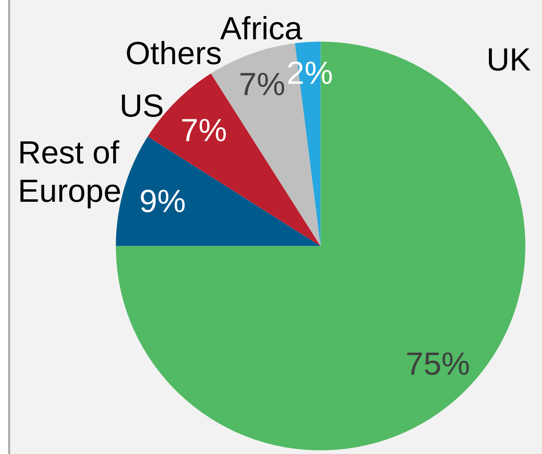
Market share by service line for offshore delivery in South Africa

Number of offshore jobs
100% = ~25,600



Market share by source market for offshore jobs in South Africa

Number of offshore jobs
100% = ~25,600



- Significant spike in Telecom / ICT and retail industry verticals in the last one year
- Voice based services and delivery to UK clients have increased share in the past year due to several marquee contract wins by South African BPO provider operations and entry of new UK contact center service providers

Source: Everest Group (2013)

South African contact center delivery hinges on creating value beyond cost savings for clients

Leading service provider delivers value added services and outperforms onshore operations for quality, customer advocacy and sales conversions

The contact centre service provider delivers a **predominantly South Africa centric proposition.**

The proposition is based upon improving **cross sell, upsell and customer retention rates** through leveraging process expertise and value added services beyond the benefits of labour arbitrage.

The service provider has been able to measure the impact of the SA value proposition through quantifiable analysis of key performance metrics as compared to onshore operations run in parallel by a large Australian Retailer & Financial Services provider. By the end of the pilot period during which motor and home insurance products were sold:

- **Sales conversion was 5-10% better** than in Australia
- **Cost per Sale was consistently 40-50% less** in SA than in Australia
- **Cancellations and quality were as good or better** than in Australia
- **Net Advocacy Score was 26 in SA as opposed to 23** in Australia

The service provider's success has been underpinned by its dedicated team focused on **helping clients generate valuable customer insights through Voice of Customer Analytics (VoCA).** The advanced analytics deliver actionable insights to assist the contact centre team and to help clients better understand their customers and subsequently refine their products and processes.

Case examples of contact centre work delivered from South Africa demonstrate ability to drive business impact

Case example 1: Driving improved sales

Client situation:
A large UK insurance company has outsourced renewals, sales completion, sales and customer services for car and home insurance. The South African centre is a part of a contact centre network (with other sites in the UK) delivering similar services.

Results delivered from South Africa
The centre in South Africa has consistently outperformed other onshore centers achieving 25–30% sales closing rate ad higher NPS scores

Case example 2: Delivering higher customer satisfaction

Client situation:
A large UK telecom company has offshored customer service and query handling work to South Africa. The South African delivery centre is a part of a network of delivery centers with multiple centers in the UK. The scope of work includes customer service and query handling.

Results delivered from South Africa
The centre in South Africa has consistently been ranked as “Good” or “Very Good” by 96–99% of users as opposed to 92–95% users in the case of onshore delivery centers.

LPO in South Africa - An emerging success story led by service providers servicing many top UK law firms

- South Africa is amongst the top three popular international destinations for LPO (Biggest destinations - India, followed by Philippines, South Africa and New Zealand - *Fronterion LLC 2010*)
- Many top UK law firms are already leveraging South African LPO delivery through service providers for processes ranging from document production and review to work involving communication such as legal secretarial support

South Africa's proposition for LPO delivery

Large supply of lawyers with limited local job opportunities

- 7,000 annual law graduates per year while the local demand is only for 3,000 articles per year
- Wages are ~50% of UK wages

\+

Strong similarities in legal system

- South African law is based on English common law alongside aspects of the Roman-Dutch civil system

\+

Cultural affinity to UK, similar accent - Attractive for legal work which requires client interaction

- UK accent similarities and excellent communication skills differentiate it from other LPO destinations such as India

Case example - Leading UK law firm outsources legal processes to South African provider

- The law firm previously used paralegals in London for document review work but with increasing volumes of electronic information and rise in associated costs, there was a need for more talent and at lower cost
- In 2008 they leveraged South African delivery through a service provider for document review. The new team was functional within six months. Now has team of South African lawyers managing a larger team of legal reviewers
- The law firm states that it has benefited from the South African based outsourcing with being able to provide a better financial deal for clients, and a greater level of reviewing expertise from a team with English as the first language and a two hour time difference.

Leading law firms sourcing from South Africa

EVERSHEDS, withers LLP, Hogan Lovells, clarke willmott, Pinsent Masons, radiant.law

Service providers in South Africa

Integreon, exigent, cognia LAW

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How investors are leveraging South Africa as a shared services location

Key approaches adopted by companies to leverage South African shared service

- **Regional / Pan-African shared services -** Adopted by South African companies and emerging multinationals expanding African footprint
- **Global shared services delivery -** Multinational companies leveraging South African shared service / captive operations as a part of their global delivery networks to service EMEA and other niche requirements

Testimonials from end-user on their experiences of offshoring to South Africa

"Strategically positioned to offer 24*7 operations, multi lingual talent in moderate scale and superior customer experience compared to many offshore locations."

– *Leading retailer*

"Companies are choosing to locate their shared services in South Africa as it has a more stable risk profile, offers much higher quality of living, is expat friendly and the cost of operations is quite competitive "

– *KPMG*

"With rapid globalisation, Africa is emerging as the final frontier and an opportunity too costly to miss. South Africa is the gateway to that."

– *Genpact SA*

Case example - Leading online retailer provides multi process, multi lingual support to operations in US, UK, Europe and Asia

Case example 4

Establishing a multi capability delivery center

- The player established a software development centre in South Africa in 2005 and in 2010 added business services support
- **Quick start-up time for South African operations** enabled training to start within 3 months of the management decision
- A team of ~1,000 FTEs provides a range of **multi-lingual services to customers across the globe** including the U.S., the U.K., Germany and East Asia
- **A wide portfolio of business support services** such as retail customer support, seller support, and technical support for products over both voice and non voice channels such as e-mail, live chat and documentation

How South Africa fits into the global delivery network

- South African operations enable 24x7 business support to customers at a large scale and at substantially lower costs than onshore locations
- The support team not only has a defined role in global delivery operations but also provides flexibility to onshore operations to offload extra work when a need arises

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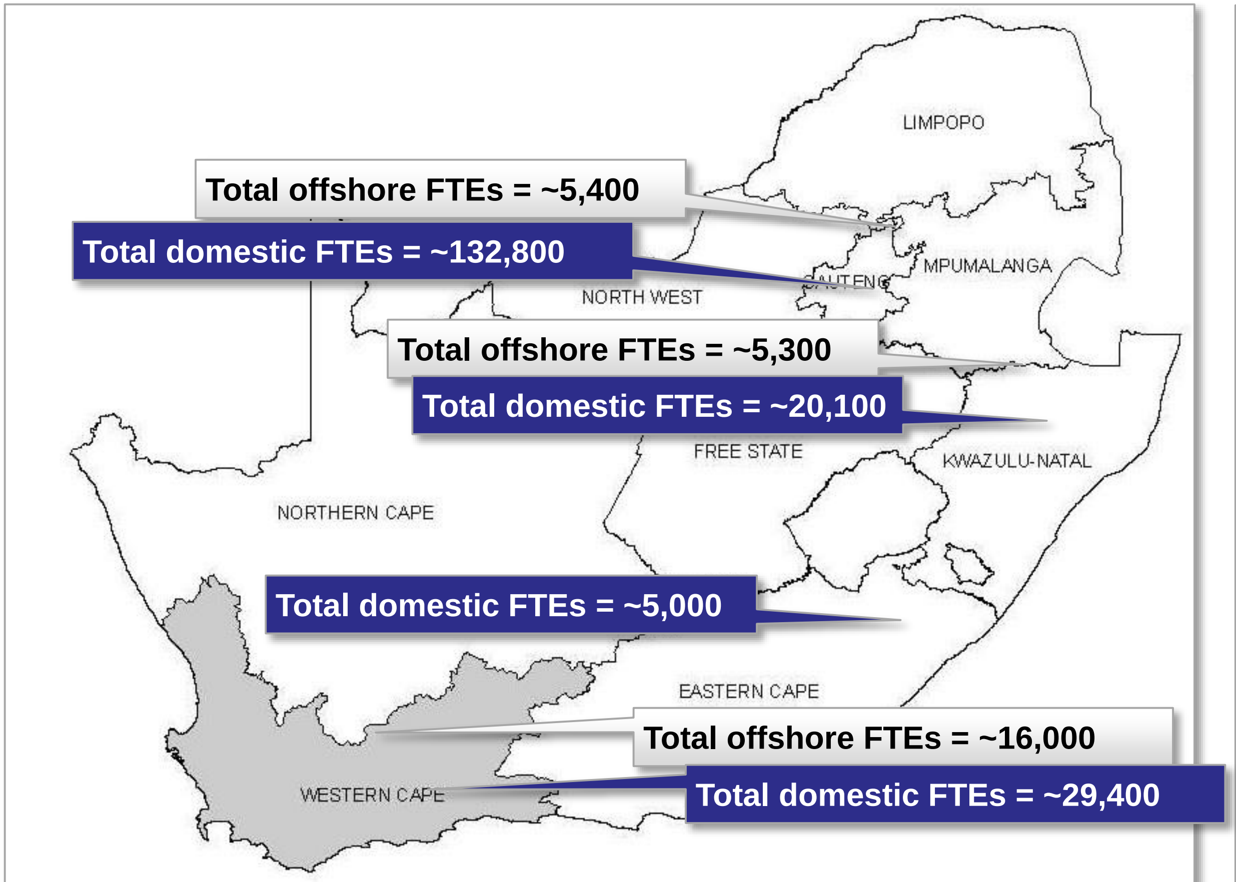
Industry overview

Total market size – 215,000

Total offshore size – 26,700



Examples of work delivered from South Africa

- Customer contact service
- Late stage collections
- Cross-selling, up-selling
- Retentions, renewals
- Actuarial modeling, pricing
- Back office for insurance, telecom, banking, retail, airline and other industries

Teleperformance

GlobalTeleSales
A Lufthansa Company

WNS
Extending Your Enterprise

OLD MUTUAL

CAPITA

webhelp

amazon.com

Source: BPeSA Barometer (2015 – As of January)

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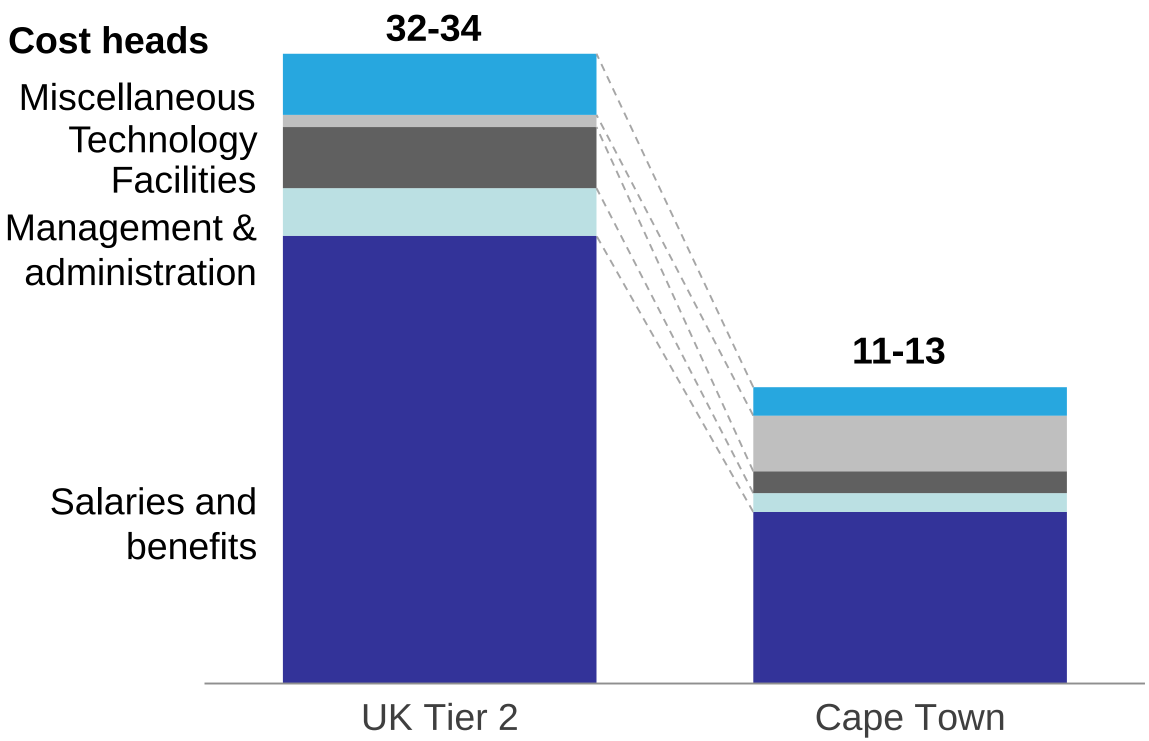
1. **Breakup of operating costs**
2. **Reduction in telecom costs**
3. **Details on "How investors are leveraging South Africa"**
   - **Contact centre for UK**
   - **Complex, non-voice BPO**
   - **Gateway to Africa**
   - **Split across verticals, service lines and geographies served**
4. **Additional facts**
5. **South Africa's key indices/rankings**

1 Breakup of operating costs

MARKET AVERAGE FOR CUSTOMER SERVICE

Breakup of direct operating cost[1,2] per FTE per annum
UK£ '000s per FTE per annum

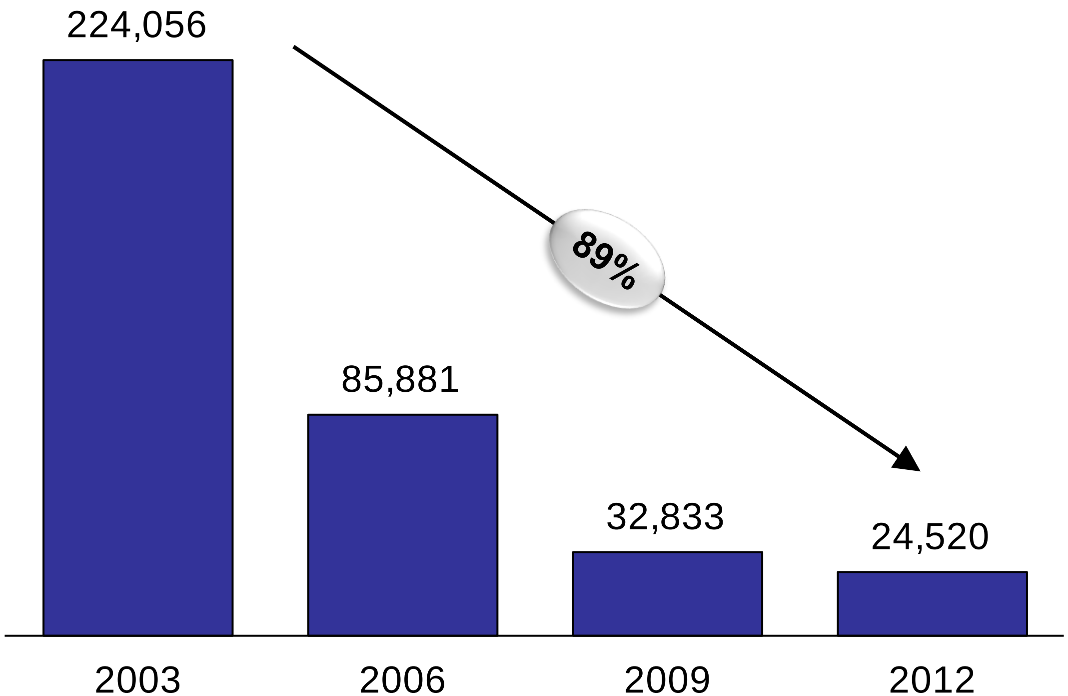


1 Represents ongoing operating costs excluding sales, account management and corporate overheads. Includes compensation, facility, technology, and administration costs associated with service delivery

Source: Everest Group

Reduction in telecom costs

Annual Telecom rentals/license (2 Mbps E1)
ZAR per annum



- Expected to reduce by 15-20% each year going forward (2013-2015)
- Telecom costs have reduced on an average by 22% each year (since 2003)

Source: Everest Group (2013)

3 Details on “How investors are leveraging South Africa”

Contact Centre for UK

- 4 out of 6 top contact center providers have operations in South Africa
- End-users from UK, USA, Australia and Europe source voice-centric services from South Africa
- Native speaker like accent and diction, cultural affinity, empathy and product affinity are key differentiators
- South African call centers deliver business impact through superior service delivery (e.g. faster sales closures, reduce complaints, better retention)

Testimonials from end-user on their experiences of offshoring to South Africa

“…a real pool of talent that's an excellent fit with our business in terms of both skills and culture”
– *Customer service director, TalkTalk Group*

“Fusion SA provides the complete range of Customer Management functions for all Frontline brands – from sales through customer service to renewal and retention activity. They react positively to changing requirements and implement them with professionalism and rigor.”
– *Frontline, UK*

3 Details on "How investors are leveraging South Africa"

Complex, non-voice BPO

Mature domestic market	Developed education system	Similarities with Western standards
Provides a skilled talent pool experienced in working with complex products	Generates large number of professionally qualified personnel in specialist areas/ niches (e.g. actuarial, CFA)	Similar regulatory framework, data protection laws, products and certifications allow easy transition and stabilisation of operations

Testimonials from end-user on their experiences of offshoring to South Africa

BARCLAYS, Bloomberg, Hogan Lovells, Kleinwort Benson (Specialist Bank and Asset Manager), Investec, J.P.Morgan, OLD MUTUAL (INSURANCE • INVESTMENT • SAVINGS • BANKING), Pinsent Masons, PRU HEALTH, clarke willmott, TSYS, UNDERWOODS SOLICITORS

"By offshoring work to South Africa, the firm has maintained extremely high standards, both in terms of client care and legal advice, while cutting fees sharply"
– *Kerry Underwood, Underwoods Solicitors*

"South Africa is recognised as having a sophisticated and world class financial services industry. We in Old Mutual are looking to leverage our South African skills and capability for the benefit of our wider global business"
– *Old Mutual*

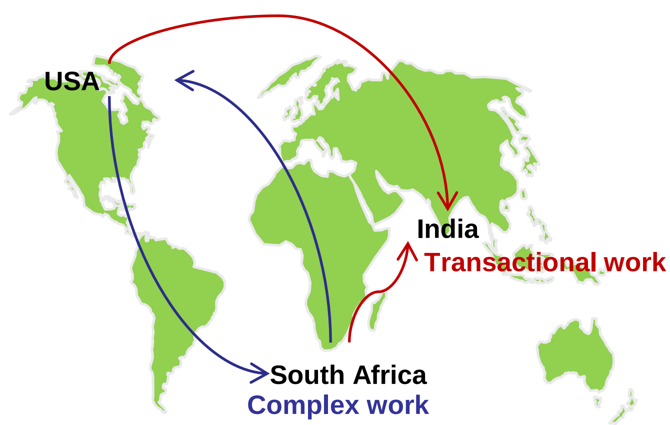
3 Details on "How investors are leveraging South Africa"

Complex, non-voice BPO

Examples of current delivery from South Africa

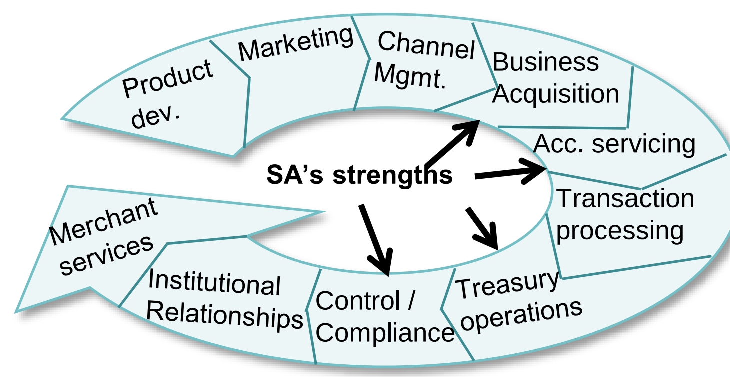
Case example 1: Complex work for a U.S. based insurance player

- Services for a global major through an integrated delivery model
- South Africa delivers high value work (e.g. actuarial analysis), while low value, high volume work (e.g. claims processing) is delivered from India



Case example 2: Asset administration for top 10 UK asset manager

- South African entrepreneur developed a technology platform for fund administration to serve the domestic market and expanded to provide services for international markets



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3 Overview of key service providers (includes offshore captives)

Name	Predominant BPO services offered	Key verticals served
Aegis	Front-office (customer service)	-
Amazon	Front-office and back-office	Retail
BP	Back-office (shared service)	Oil & Gas
Capita	Front-office (customer service)	Telecom
CCI	Front-office and back-office	-
CSC	Insurance back-office (actuarial modeling, claims)	Insurance
Direct Axis	Front-office (collections)	Banking
Direct Channel	Front-office	Insurance
Discovery	Front-office and back-office (insurance based)	Insurance
WNS	Front-office and back-office	-
IBM	Front-office (technical support) in European languages	-
Lufthansa	Front-office (European languages)	Airlines
Merchants	Front-office (customer service, technical support)	Telecom, Retail
Mindpearl	Front-office and back-office	Travel & hospitality
Serco	Front-office	Retail
Shell	Front-office for Benelux market	Oil & Gas
Silica	Back-office in fund administration	Financial Services
Teleperformance	Front-office (customer service, technical support)	Telecom
Webhelp	Front-office (customer service)	Telecom

3 Key buyers being served from South Africa

Key Buyer	Buyer Vertical
ASDA	Retail
Avis	Services
Barclays	Banking
Bloomberg	Information services, Financial services
British Gas	Oil & Gas
American Airlines	Airlines
Frontline	Insurance
iiNET	Telecommunications (ISP)
Kleinwort Benson	Financial Services
Lufthansa	Airline
Old Mutual	Insurance
PruHealth	Insurance
Shell	Oil & Gas
Shop Direct	Retail
Swiss International Airlines	Airline
Talk	Telecommunications
Virgin Mobile	Telecommunications

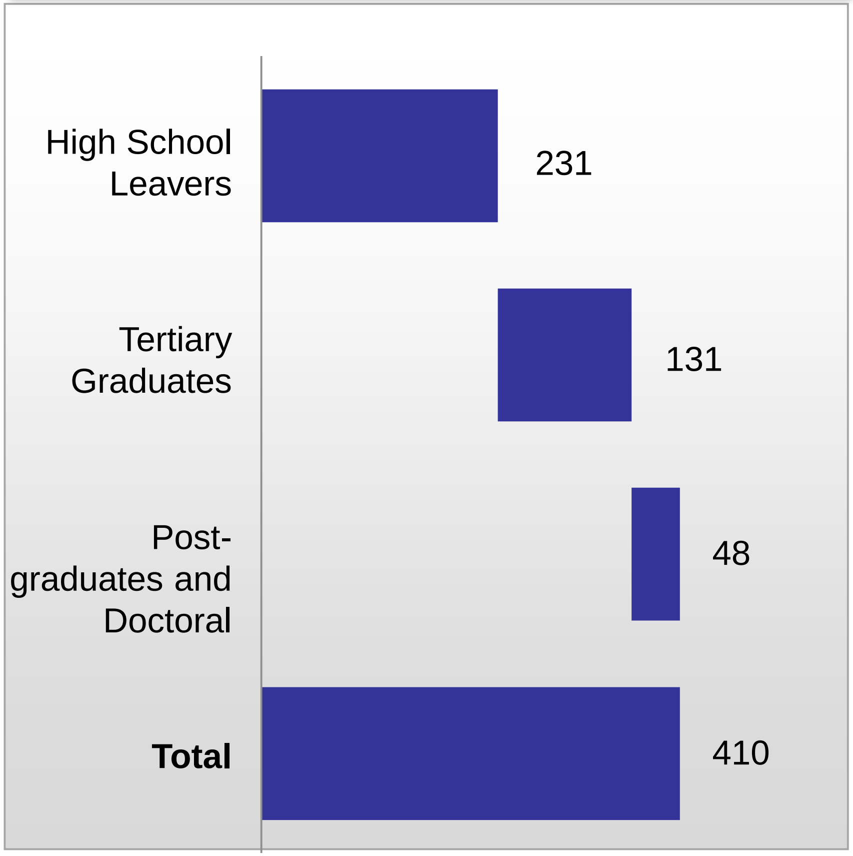
4 Additional Facts

	Cape Town	Johannesburg	Durban
Nominal monthly rentals for A grade office buildings (£/m^2/month)	7-7.5	CBD & Braamfontein: 6-8 Newtown: 7-8	6-7
Differences in average salary of entry level talent (compared to Cape Town)		5% higher	10% cheaper
Average attrition (annual)	22%	20%	17%
Differences in scalability (estimate of time required to scale up by 100 FTEs for English language contact center services)	3 months	3 months	3 months
Entry level talent pool: High school equivalents	37,000	75,200	93,003

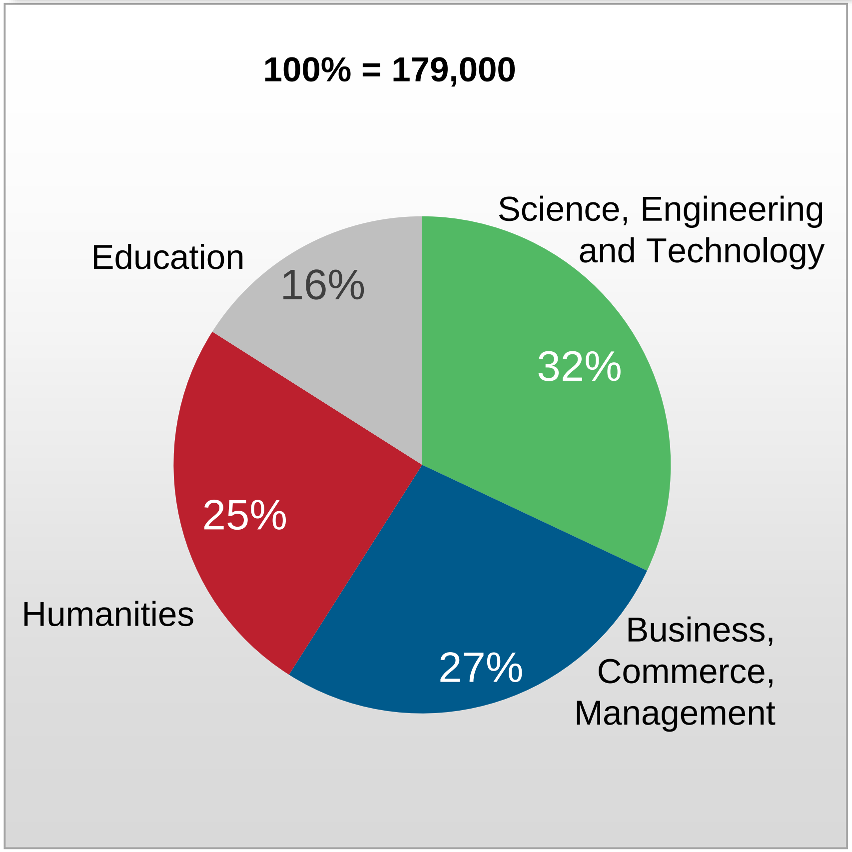
Note: Talent pool representation for the province
Source: Department of Basic Education, Everest Group (2013)

Additional Facts - The addressable talent pool is large and diverse in terms of skills-sets

Total annual talent supply
2013E; '000s



Profile mix for university graduates
2013E; Percentage



Source: CHET South Africa, Department of Basic Education - South Africa

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5 South Africa’s key indices/rankings

GDP growth rate	
GDP growth rate (Average over last 5 years)	2.7%
GDP growth rate (2012)	2.5%
Average annual inflation (%, 2007-11)	
Salaries and wages	4-6%
Real estate	1-3%
Telecom	-(15-20)%
Other key facts	
Average annual Attrition (%)	~20% for call centre operations
Productive hours per week	~37-38[1]
Corporate tax rate	28%
Standard VAT rate	14%

1 For a 45 hour week, with 85% productivity for the agent

Source: Everest Group (2013), World Bank, CIA World Factbook

5 Comparison of South Africa's key indices/rankings

Index	South Africa	India	Egypt	Philippines
GDP – Official exchange rate (USD billion)	**384**	1,842	257	250
GDP per capita (Current US$)	**7,507**	1,489	3,187	2,587
Global competitiveness index rank (World Economic Forum)	**53**	60	118	59
Overall infrastructure rank (World Economic Forum)[1]	**66**	85	98	96
Ease of doing business (World Bank)	**41**	134	128	108
Sovereign risk rating (Standards & Poor)[2]	**BBB**	BBB-	CCC+	BBB-

"Much of the infrastructure is as good as you will find anywhere."
– the Economist, 2010

"South Africa has an improved business environment for job creation and growth. This will help it in competing on the world stage."
– World Bank

1 From The Global Competitiveness Report 2013-14
2 Standard and Poor's sovereign risk ratings (foreign currency rating); Order of ratings: BBB>BBB->BB+>BB>B>CCC
Source: World Bank, CIA World Factbook, Standard and Poor's

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