



Finance & Accounting (F&A)

GLOBAL MARKET INTELLIGENCE REPORT



Business Process
Enabling
South Africa

Knowledge
Executive
20¹⁹₂₀

2019 South Africa Finance & Accounting Market Intelligence Report

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Welcome to the 2019 South Africa Finance & Accounting (F&A) Market Intelligence Report.

A dynamic and fast developing sub sector of broader global business services (GBS), the F&A outsourcing market worldwide is projected to grow to over US\$17 billion. It has become a core niche domain where South African F&A service providers and operators service a multitude of vertical industries ranging from utilities and energy to healthcare and medical, in both African and global markets.

Our research finds that South Africa is one of the leading nations for its offshore F&A services potential and investment opportunity. The country was ranked 4th overall out of 40 countries rated for offshore location favourability. Several of its F&A support and service functions were ranked 8/10 or 9/10 by global businesses. The country's digital F&A expertise, enabling environment and analytical capabilities are all attractive factors for investors.

South African F&A operators service clients across the African continent in addition to global countries such Australia, Canada, France, Germany, the United Kingdom and the United States. The hybrid, or co-sourced, model is still the preferred method for outsourcing.

To provide a benchmark of global demand in contrast to available supply, Business Process Enabling South Africa (BPESA), the recognised industry body and trade association for the GBS sector in South Africa, commissioned Knowledge Executive to conduct this comprehensive market survey and intelligence report.

This survey was conducted as part of a broader global F&A survey conducted by Knowledge Executive, global analysts and researchers. We interviewed over 140 organisations in key source markets that have outsourced, or are planning to outsource, elements of their F&A functions.

We benchmarked these global investment priorities and service criteria by conducting an additional profiling survey with F&A operators and service providers in South Africa. The result is this report that exhibits the forecasts, projections and thought leadership of both global and local F&A firms. The outcomes and results were utilised as a yardstick for the formulation of South Africa's F&A Value Proposition.

We would like to thank all the respondents who participated in this survey and for sharing their time, insights and outlooks. We trust that you, the reader, will enjoy studying and assimilating the content of this report that can be utilised to shape F&A strategic planning and business activities.



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About BPESA

BPESA is the recognised Industry Body and Trade Association for the Global Business Services (GBS) Sector in South Africa. As a not for profit entity, BPESA was established to promote trade and serve the interests of its many stakeholder groups engaged in the development, growth and sustaining of this vibrant sector that cuts across many industry verticals of the economy.



About Knowledge Executive

Knowledge Executive empowers and enables global Knowledge Leaders. We co-create and publish business, trade and investment research, market intelligence and insights for executives of today's Experience Economy. This includes commissioned and syndicated research reports and qualitative/quantitative surveys covering business process outsourcing and services (BPO, BPS), IT-enabled services (ITES), employee experience (EX) and customer experience (CX).

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Knowledge Executive was commissioned by BPESA to incorporate and conduct this market intelligence research within the broader methodology and research fieldwork of the 2020 Global F&A Investment Intelligence Survey.

A total of 143 interviews were conducted via outbound calls, telephonic interviews and online surveys during August and September 2019 with global C-level F&A decision-makers including Finance Managers (39%), Finance Directors (23%), Heads of Finance (18%), CFOs (11%) and VPs of Finance (9%).

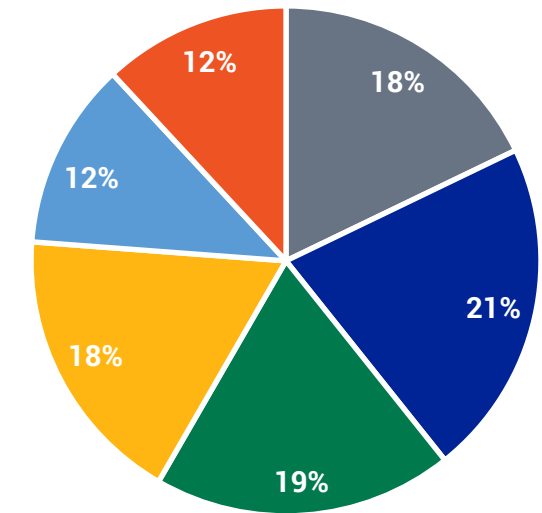
These respondents represent organizations in **Australia, Canada, France, Germany, the UK and the US** across thirteen key vertical markets, including automotive, banking, born digital enterprises, education, insurance, healthcare and medical, hospitality and leisure, media and publishing, public sector/government, retail and e-commerce, telecommunications, travel & transportation and utilities and energy.

The respondents represented large enterprises consisting of 5,000 – 9,999 and over 10,000 employees (42%), medium size businesses with 1,000 – 4,999 workers (30%) and small businesses with 100 to 999 personnel (28%).

\$5 billion in annual revenue (50%), while 28% of respondents represent organizations that generate between \$1- \$5 billion in annual revenue.

The analysis of the quantitative data was structured using validated scoring matrices, while the text, graphs, icons and qualitative data contained in this report were created to support the key findings.

Interviews with over 44 South African operators were also conducted in an effort to profile, benchmark and compare local supply against global demand.



■ Australia ■ US ■ Canada ■ UK ■ France ■ Germany

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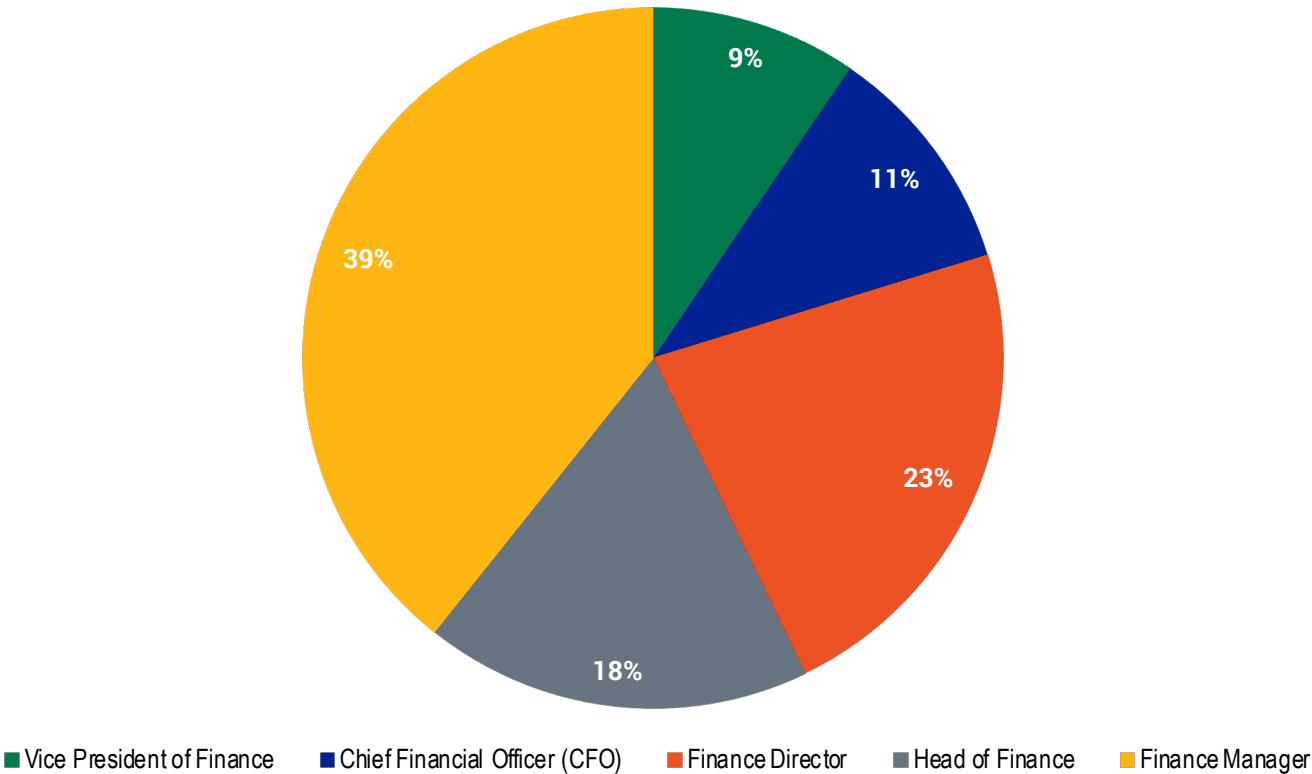
Global Enterprise Respondents

What level do you operate at within your organisation?

The global C-level F&A decision-makers and respondents to the survey included Finance Managers (39%), Finance Directors (23%), Heads of Finance (18%), CFOs (11%) and VPs of Finance (9%).

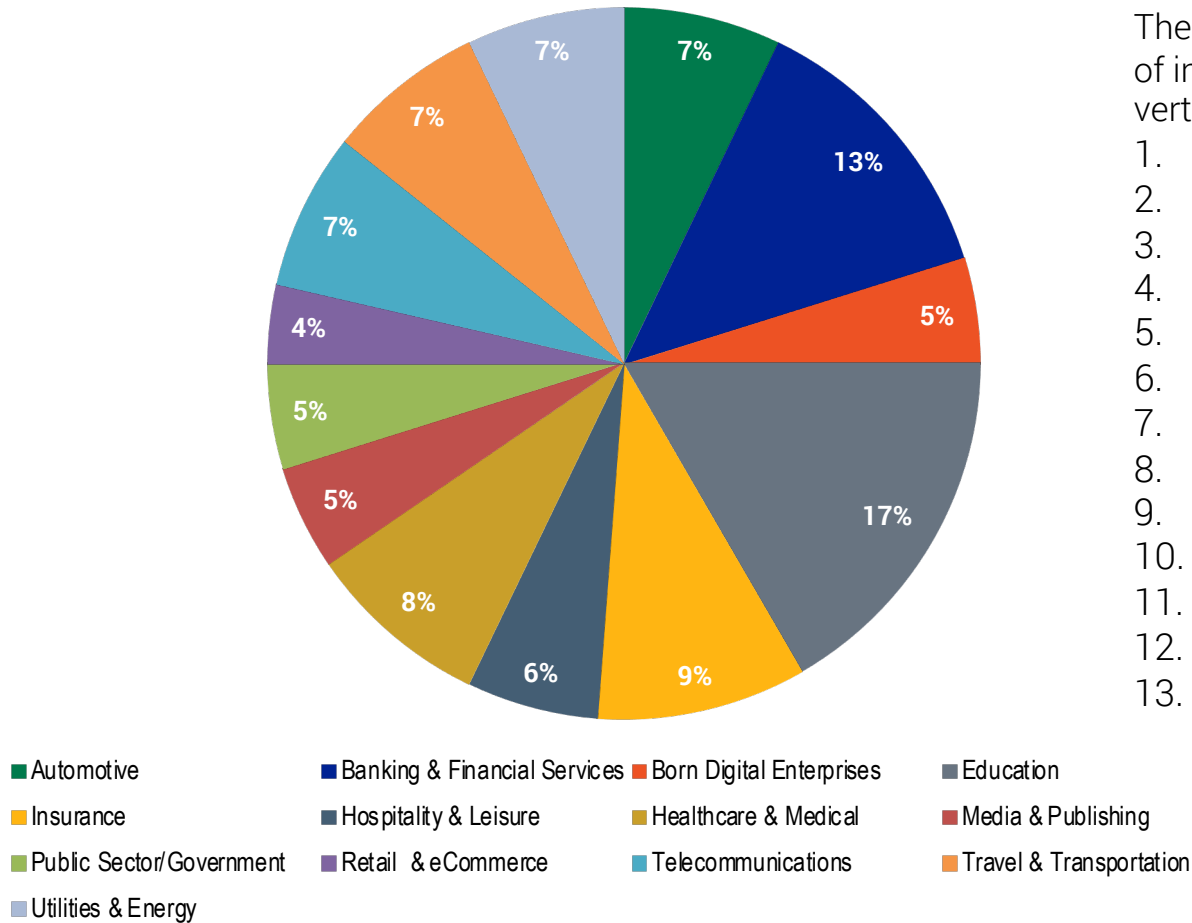
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What level or position do you operate at within your organisation?



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What industry best describes your organisation?



Global sector split

What industry best describes your organisation?

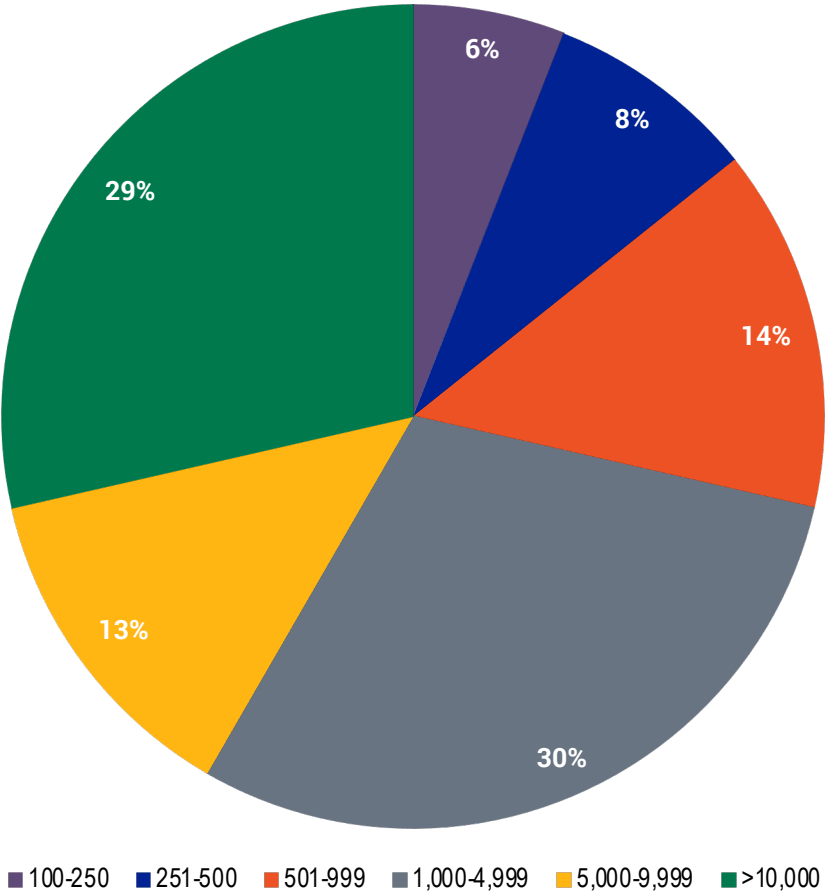
The survey methodology included a fairly even split of interviews with executives of across 13 key vertical industries including:

- 1. Automotive (7%)
- 2. Banking & financial services (13%)
- 3. Born digital enterprises (5%)
- 4. Education (17%)
- 5. Insurance (10%)
- 6. Healthcare and medical (7%)
- 7. Hospitality and leisure (6%)
- 8. Media and publishing (5%)
- 9. Public sector/government (5%)
- 10. Retail and e-commerce (5%)
- 11. Telecommunications (7%)
- 12. Travel & transportation (7%), and
- 13. Utilities and energy (7%)

Number of Global Employees

The total head counts of the organisations interviewed consisted of over 10,000 employees (29%), 1.000 – 4,999 workers (30%), 501 – 999 employees (14%), 5,000 – 9,999 personnel (13%), 251 – 500 workers (8%) and 100 to 250 employees (6%).

Approximately how many people work in your organisation?



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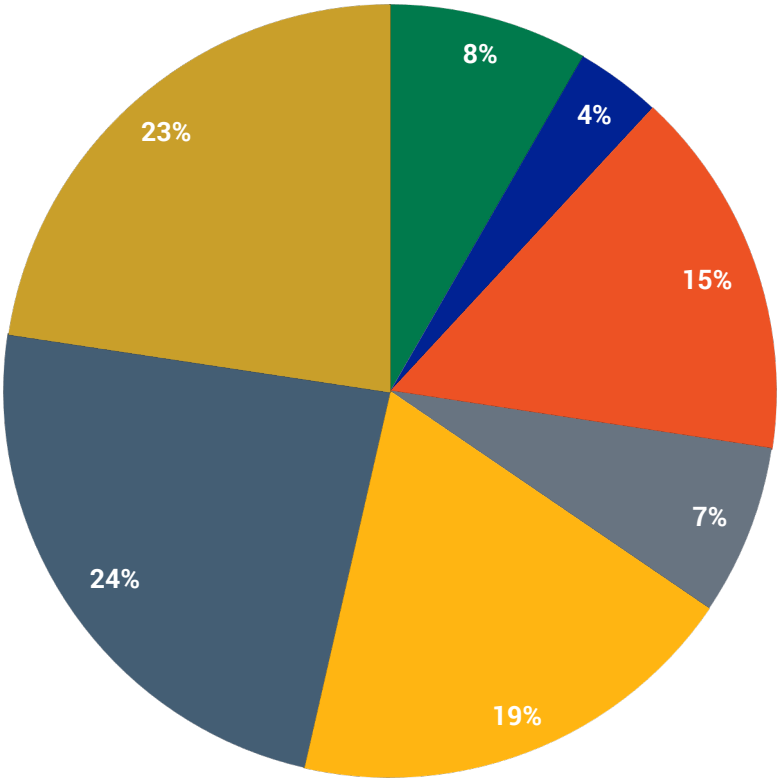
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Global Revenue

What revenue bracket does your organization fall within?

Almost one quarter of the firms interviewed generate over \$5 billion in annual revenue (23%), while 24% generate between \$1 billion and \$5 billion in annual earnings. Organizations that post annual turnovers of \$501 million to \$999 million consisted of 19% of respondents while the balance of respondents generate \$251 to \$500 million (7%), \$101 to \$250 million (15%), \$51 million to \$100 million (4%) and \$10 to \$50 million (8%).

Please confirm your annual revenues?



10 - \$50m \$51 - \$100m \$101 - \$250m \$251 - \$500m \$501 - \$999m \$1bn - \$5bn >\$5bn

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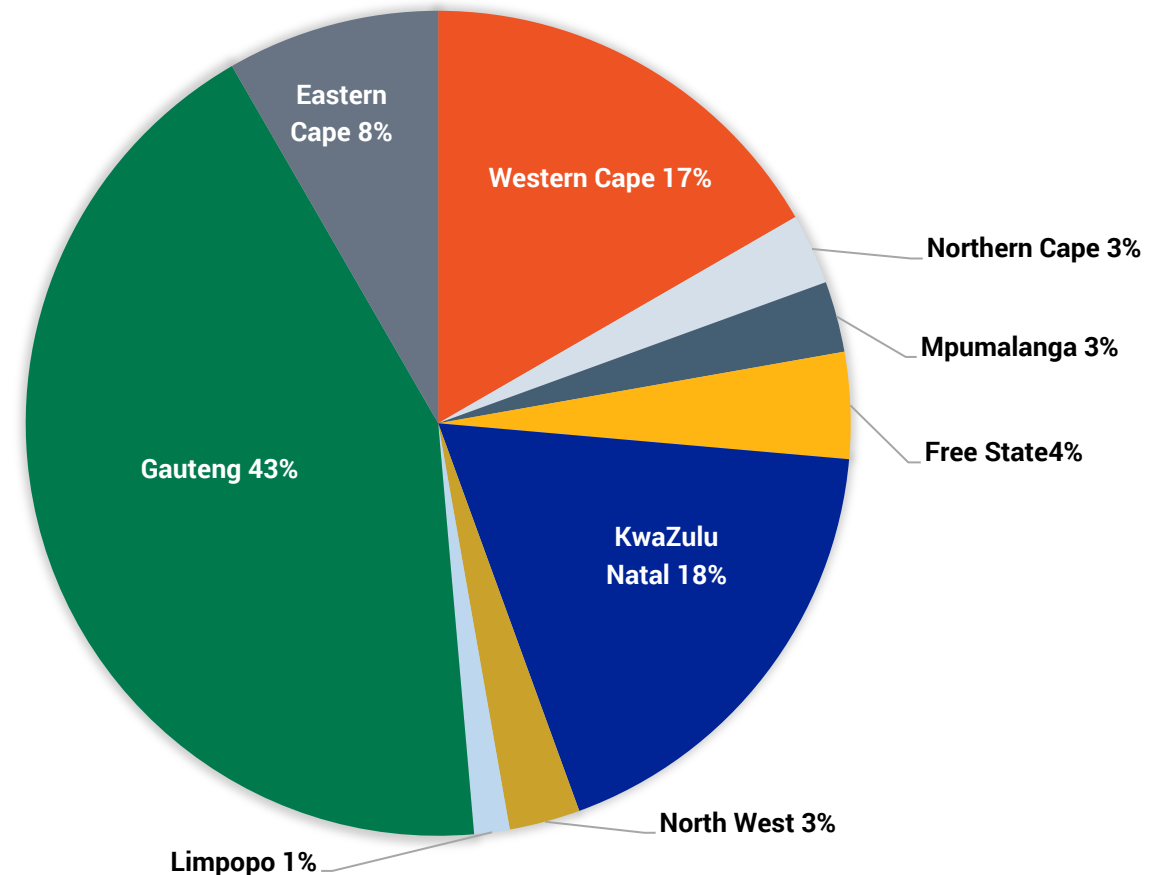
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Finance and Accounting delivery centres across South Africa

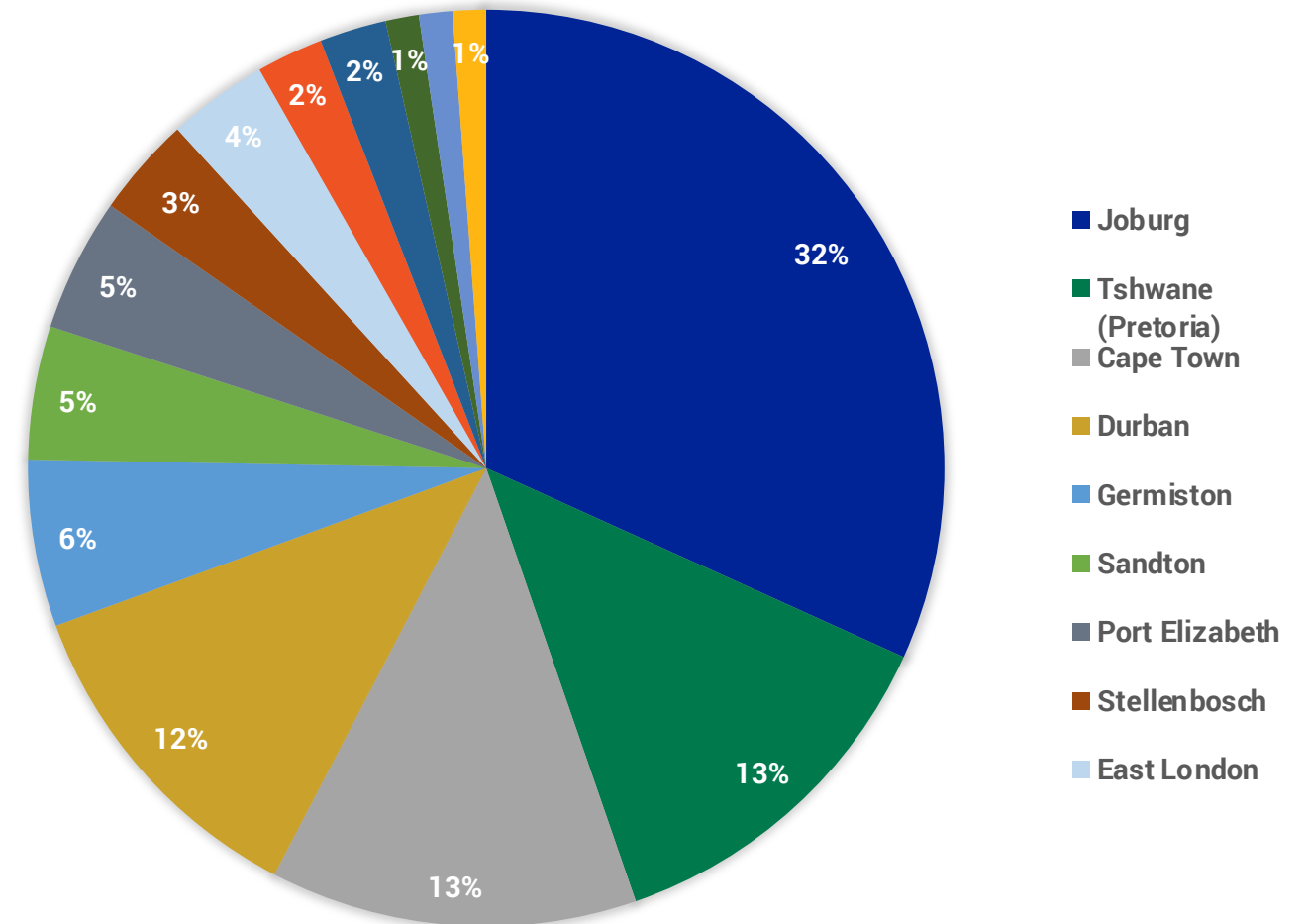


South African Service Providers

A total of 44 South African service providers were interviewed for the survey and indicated that their F&A delivery centres are mostly in Gauteng (43%), KZN (18%), Western Cape (17%) and Eastern Cape (8%) with the remaining respondents based in the other provinces.

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Finance and Accounting delivery centres across South Africa



South African Service Providers

Joburg is noted as having the highest concentration of F&A service providers (based on respondents to the survey) followed by Tshwane, Cape Town and Durban.

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BUSINESS

Issue 764
Monday, Jun 14, 2016
#Citydailynews

Million reinvested in travel businesses

Having a good brand strategy allows you to have a major advantage in gaining a large increase in your market. Your brand tells your customers what they can have or expect from the products and services you offer. Are you innovative or are you the experienced type? or do you offer a high-cost, high-quality product, or a low-cost, high-value product? It's impossible to be both. You should consider on thinking what your customers need you to be. Your logo is the main foundation of your brand. All the promotional materials should be connected with your logo to communicate with your brand.

Are you innovative or are you the experienced type? or do you offer a high-cost, high-quality product, or a low-cost, high-value product? It's impossible to be both. You should consider on thinking what your customers need you to be. Your logo is the main foundation of your brand. All the promotional materials should be connected with your logo to communicate with your brand.

Brand messages are delivered and planned based on the questions how, what, when, to whom and where your brand strategy is. Advertisement, visual communication and distribution channels are parts of brand.

strategy. Branding is defined as the process of coming up or making a unique name or design for a certain product.

Having a good brand strategy allows you to have a major advantage in gaining a large increase in your market. Your brand tells your customers what they can have or expect from the products and services you offer. Are you innovative or are you the experienced type? or do you offer a high-cost, high-quality product, or a low-cost, high-value product? It's impossible to be both. You should consider on thinking what your customers need you to be. Your logo is the main foundation of your brand. All the promotional materials should be connected with your logo to communicate with your brand.

Brand messages are delivered and planned based on the questions how, what, when, to whom and where your brand strategy is. Advertisement, visual communication and distribution channels are parts of brand strategy. The branding strategy you have should be consistent as it leads to a strong brand equity. The branding strategy you have to be both. Are you innovative or are you the experienced type? or do you offer a high-cost, high-quality product, or a low-cost, high-value product? It's impossible to be both. You should consider on thinking what your customers need you to be. Your logo is the main foundation of your brand. All the promotional materials should be connected with your logo to communicate with your brand.

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Having a good brand strategy allows you to have a major advantage in gaining a large increase in your market. Your brand tells your customers what they can have or expect from the products.

CASHBOOK

CONTROL AND SAVE YOUR MONEY

Weekly

Mon
8:30 AM - Marketing Sys
2:45 PM - Review PPT Use
* Call John again to start

Tue
Book flight to Sydney
Sat, 10:00 AM

Wed
9:00 AM - Office Meeting
→ Organize
→ Develop soc
→ Review Doc

Business Company

123 consectetur ipsum vel
Fringilla vel, Fusce 00029
Tel: 123-456-789-0
Fax: 123-456-789-1

Date: xx/xx/xx
Invoice No: 0000001
Customer ID: 223

Bill to: Curabitur suscipit, LTD
456 Pellentesque Aliquet
2W st., SUO, 9999
987-654-321

No.	Description	Quantity	Amount
1234	Id rutrum	2	246.53
2567	Sed interdum odio	5	855.75
0034	Pellentesque	8	594.67
0460	Maecenas molestie	3	492.74
4729	Integer varius	4	356.40
4930	Quisque luctus	7	400.00
4893		3	456.00

Sed interdum odio	Subtotal	4500.45
Aenean placerat	Tax Rate	6.78%
Dolore autem	Tax	740.67
	Other	-
	TOTAL Due	5241.12

CRAS ANISIMAXIMUS, DICTION NULLEUT, ORAVIDA SEPTEM

The **2019 South Africa Finance & Accounting (F&A) Market Intelligence Report** uncovers a sophisticated business process delivery sub sector in South Africa, which is ranked in the top five preferred locations globally. Highly qualified and certified F&A human capital, next-generational digital and IT-enabled systems and processes, and a world-renowned financial services and accounting market have contributed to this success.

Global markets and vertical industries serviced

From delivery centres dispersed across the cities of Johannesburg, Tshwane (Pretoria), Durban and Cape Town, South African F&A third party operators service global clients across a substantial amount of core vertical industries. These industries include education, travel, banking and financial services, automotive and insurance. South African service providers also deliver F&A support and services to other African countries, such as Botswana, Lesotho, Mauritius, Swaziland, Zambia, and Zimbabwe. The United Kingdom, United States and Australia are currently the highest global offshore locations of service, with emergent service lines in Canada, France and Germany.

Global F&A outsourcing plans

Global firms and multinational corporations with 100 to over 10,000 employees and turnovers ranging from US\$10 million to over \$5 billion indicated that they keep certain aspects of their F&A functions in-house while outsourcing others. The hybrid, or co-sourced, model of outsourcing is still popular whereby businesses retain part of their functions in-house and outsource the rest either fully or on a project basis. A sizable amount of organisations have already outsourced their billing, tax accounting, projects reporting and analysis. The most popular transactional functions that global businesses are planning on outsourcing in the next year are credit control, project cost accounting, funds management, general accounting and sourcing support and management.

Actuarial and technical accounting, budgeting and forecasting and financial processes and controls will be among the top analytical and strategic F&A functions that will be outsourced over the next 12 months. Many firms have already outsourced over a quarter of their robotic process automation (RPA) requirements while 24% are planning to outsource their artificial intelligence (AI) functions in the year ahead.

F&A service provider requirements

Global buyers today consider leading edge data security/protection capabilities and industry experience and certified staff to be the most important criteria they look for in their F&A service providers. The vast majority of clients want innovative functions, including best practice, vertical-specific capabilities and flexible fee models aligned to delivery. F&A buyers indicated that they were most satisfied with the Order-to-Cash, general procurement and e-procurement services they are receiving.

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South Africa offshore F&A services ranking

Global respondents to the survey ranked South Africa highly as a preferred F&A offshore location, placing it fourth out of 40 countries that were ranked (a jump up of four places from the eighth spot in 2018). Firms were most satisfied with South Africa's procure-to-pay, general F&A and analytical financial planning and accounting services. Enabling factors for investment including cost, human capital and market potential are considered the most favourable considerations for investing by global buyers. Respondents that aren't outsourcing their services to South Africa said that getting customised F&A services, streamlining operations and reducing F&A running costs would be the most convincing factors that would sway them to outsource to the country.

South African F&A knowledge workers

Over fifty percent of South African F&A knowledge workers servicing the domestic market are either accountants or accountant clerks. F&A specialists servicing the international market differed slightly, with the majority of knowledge workers being either accountants, auditors, budget analysts or chief financial analysts (CFAs). South Africa is a strong leader in terms of the number of fully qualified actuaries and CFA charter holders in the country. Operating costs are less than 50% of the costs in tier-2 cities in the United States and England and 20-30% lower than those in Central and Eastern Europe.

South African Skills development and training

The survey found that over half of South African based F&A operators provide on the job training, accounting and financial skills development for their staff. Key skills development initiatives that firms plan on implementing in the next 12 months include eLearning F&A tools, induction training, leadership coaching and compliance training. South African service providers also consider employee experience (EX) and conducive workplace environments to be important. Over a third of firms are planning on implementing employee lifecycle management and employee transformational processes in year ahead.

F&A IT-enabled requirements

The majority of South African F&A service providers already have deployed accounting tools and applications and cloud accounting software. In contrast, global organisations are planning on deploying smart mobility solutions, cloud accounting software and real-time analytics in the next 12 months. Robotic process automation is also a rising technology that firms are looking to implement. In terms of IT-enabled services and next-generational technology, over half of global firms are planning to deploy capital projects support technology and project analytics applications in the next year.

South Africa's F&A Value Proposition

South Africa is considered to have an innovative and stable financial services sector, with world-class strengths in financial modelling, accounting, and economic analytics. The country has a rapidly developing digital, ICT and business enabling infrastructure suitable for investors. Service providers in the country are already delivering Procure-2-Pay (P2P), Order-to-Cash (O2C) and Record-to-Report (R2R) functions for the global services market. The country boasts deep domain skills to provide analytical financial planning, accounting, actuarial and technical accounting. There is also expertise to provide budgeting and forecasting, financial planning and analysis. There are growing capabilities for strategic and knowledge process F&A service delivery along with financial, predictive and credit/spend analytics skills and know-how.

Global markets and vertical industries serviced



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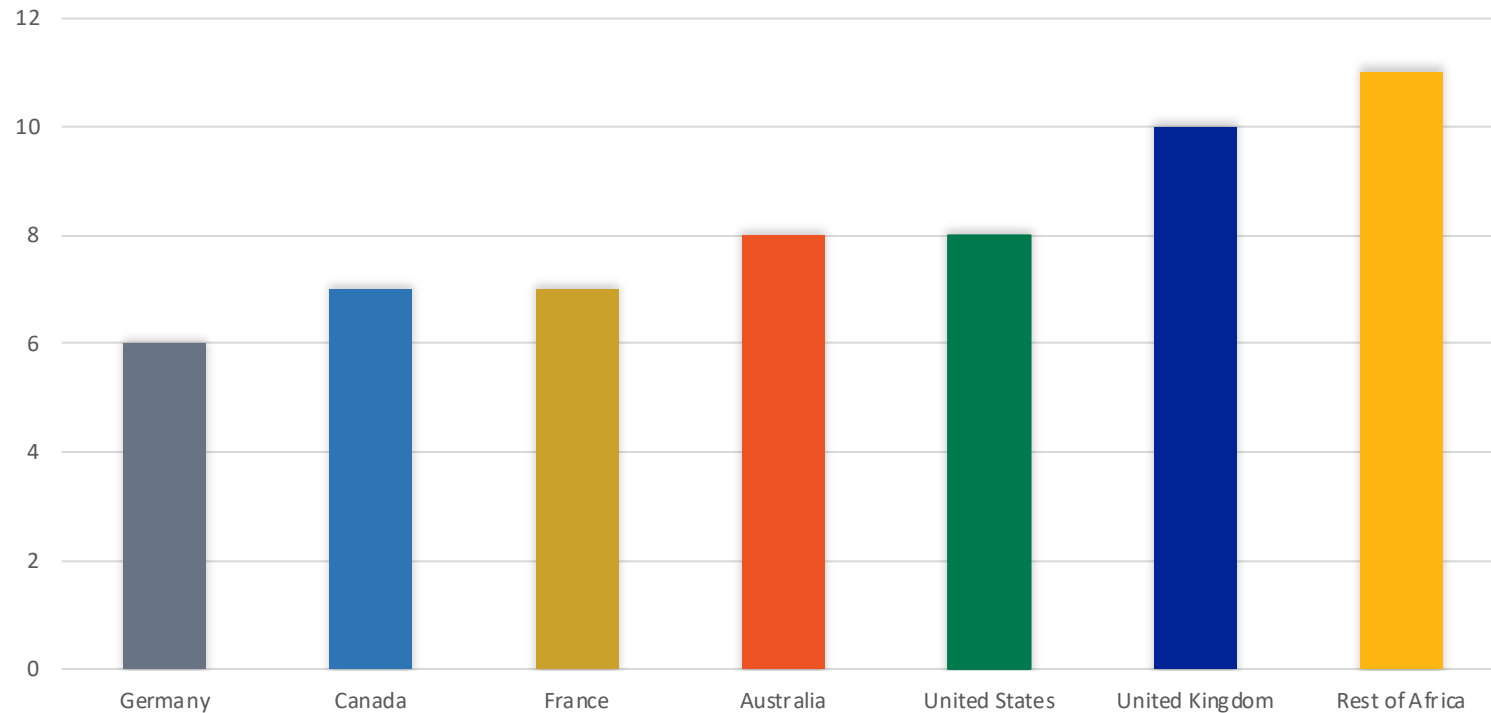
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What global and regional markets do you service from South Africa?



South African F&A service providers and operators predominantly service other African countries (19% including Botswana, Lesotho, Mauritius, Swaziland, Zambia and Zimbabwe), the United Kingdom (18%) and the United States (16%). Other source markets serviced from within South Africa include Australia (16%), Canada (13%), France (11%), and Germany (9%).



Finance & accounting operators in South Africa service a number of core vertical industries in the global marketplace including those listed above

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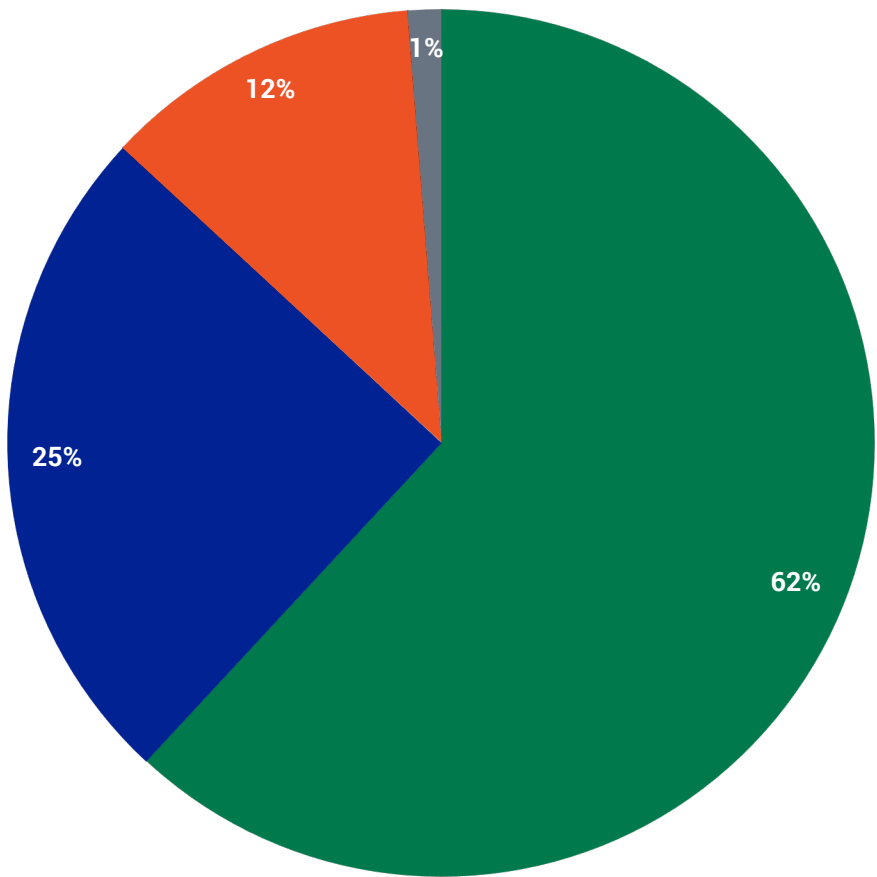
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Global F&A Outsourcing Plans



Global Respondents How are your finance & accounting services currently delivered?

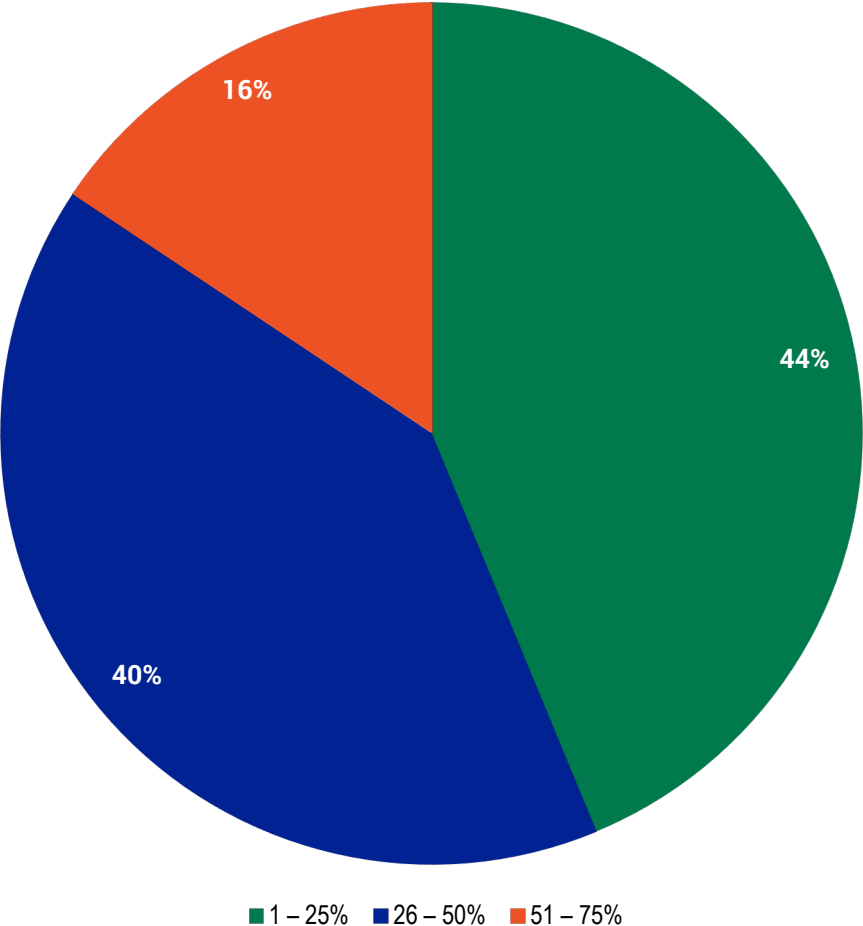


Executives and respondents to the survey still prefer to keep their finance & accounting functions in-house (62%) while the balance prefer a hybrid model (25%) or outsourcing their F&A requirements on a per project bases (12%). Only one percent of respondents fully outsource their F&A functions to third party operators.

■ All in-house ■ Hybrid (partly in-house and partly outsourced) ■ Project based outsourcing ■ Fully outsourced

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Global Respondents: What percentage of your finance & accounting services have you outsourced?

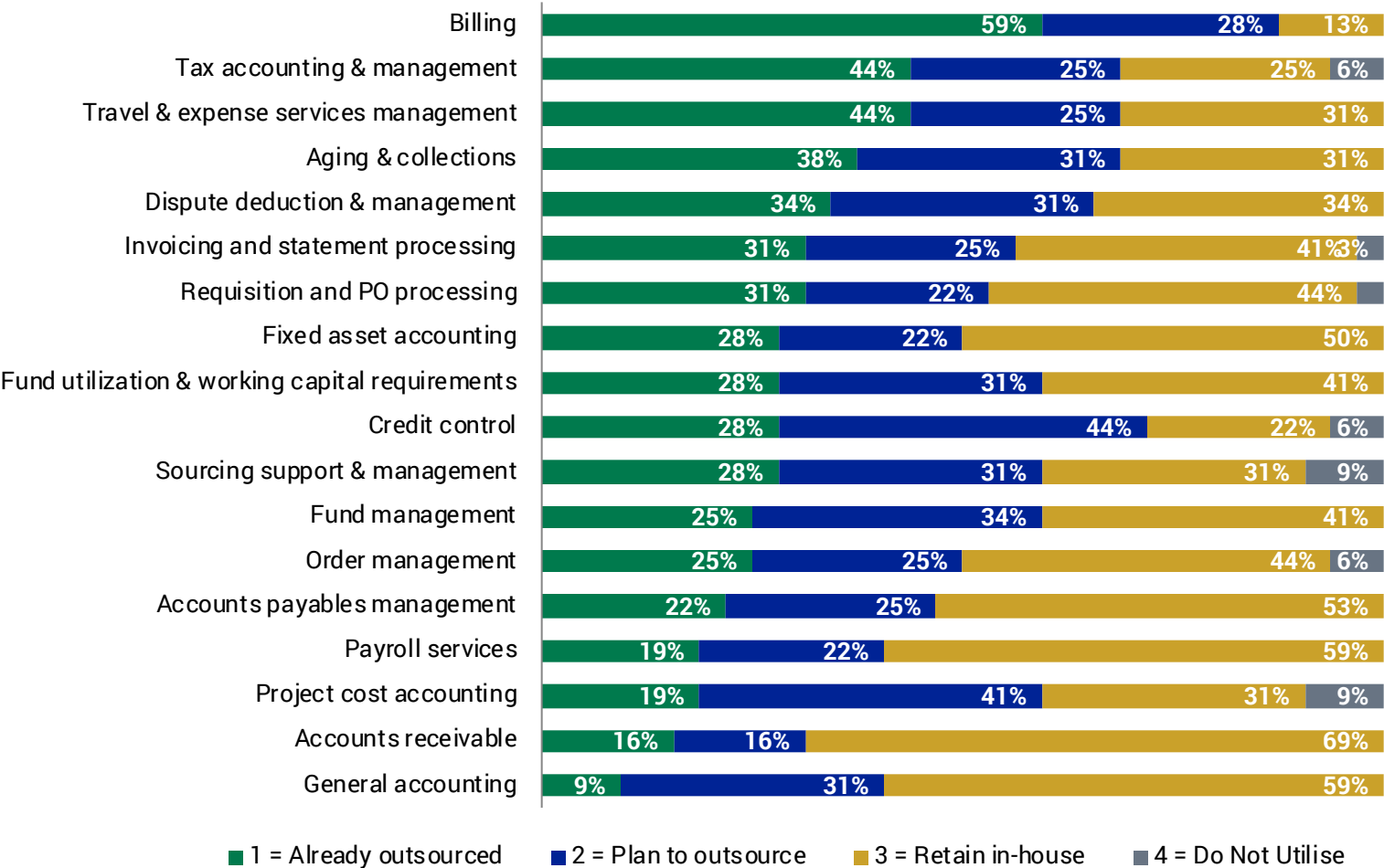


For those organisations that do outsource, it seems that the hybrid outsourcing model is still dominant which is evidenced by the fact that 44% of respondents outsource up to 25% of their F&A functions while 40% outsource 26 – 50% of their F&A functions.

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Global: what F&A functions are you planning to outsource in the next 12 months or retain in-house?

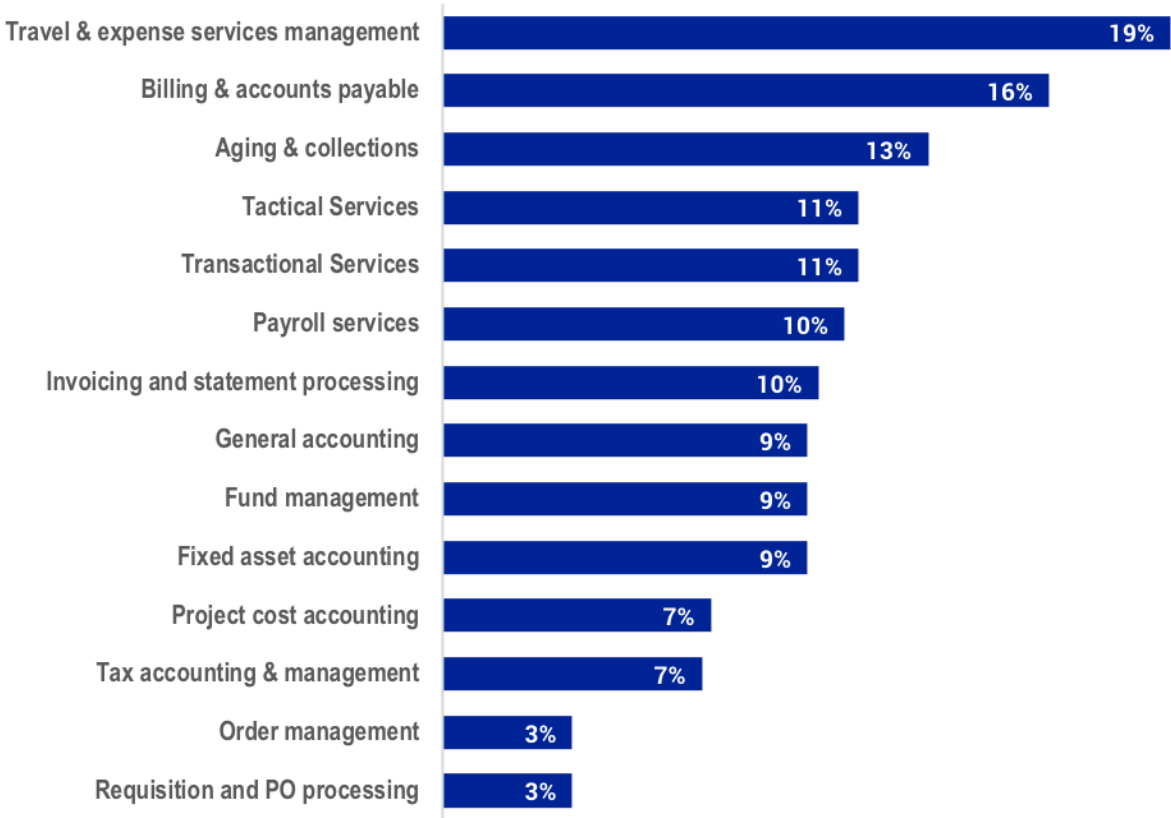
Transactional F&A



Global F&A outsourcing buyers and corporates are planning to outsource transactional finance & accounting processes such as credit control functions (44%), project cost accounting (41%), fund management (34%) ageing & collections, general accounting and sourcing support & management (31%) over the next 12 months. Billing (28%) and invoice and statement processing (25%) will also be functions that will be outsourced primarily to service providers that can automate these processes and functions.

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Global: what Order-to-Cash (O2C) and Procure-2-Pay (P2P) solutions would your organisation consider outsourcing or offshoring to a specialist service provider in South Africa?

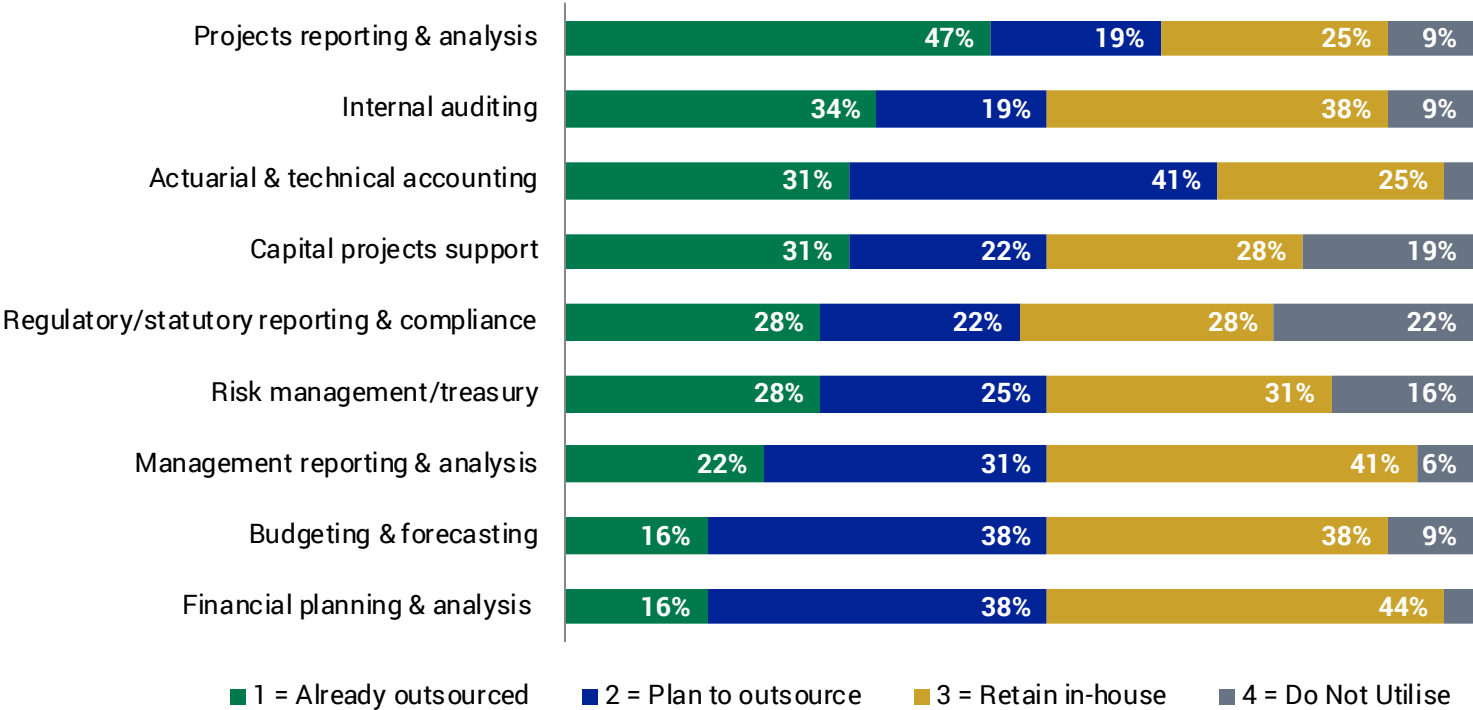


When asked what transactional F&A processes they would consider outsourcing to South Africa, global F&A buyers earmarked travel and expense management (19%), billing and accounts payables (16%) and aging and collections (13%). Payroll services (10%) and general accounting (9%) are other services that global organisations would consider outsourcing to the country.

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Global: what F&A functions are you planning to outsource in the next 12 months or retain in-house?

Analytical F&A

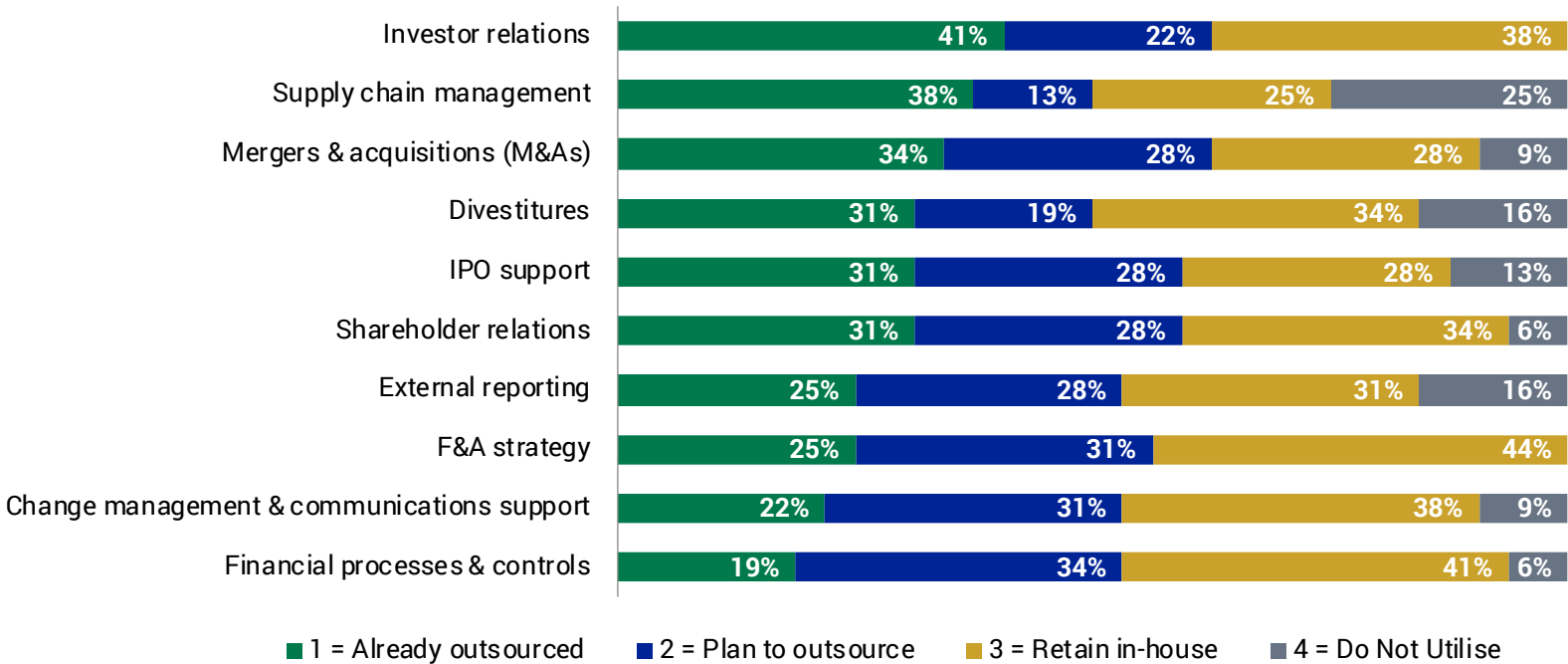


The more critical, analytical-type F&A functions such as financial planning & analysis will be retained in-house by 44% of respondents with 38% indicating that they would outsource this function. Actuarial & technical accounting is the biggest growth area for outsourcers (41%) as is budgeting & forecasting (38%) and management reporting & analysis (31%).

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Strategic & Knowledge Process F&A



As F&A functions move up the value chain and become more strategic, more organisations choose to keep their F&A strategy, financial processes & controls and investor relations in-house. Others will make moves to outsource these functions (such as financial processes & controls at 34%) over the next 12 months. Shareholder relations, IPO support and mergers & acquisitions (28%) are critical F&A functional areas that more corporates plan to outsource to specialist F&A operators that provide these services.

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Global: what Reporting, Recording and Knowledge Process Solutions would your organisation consider outsourcing or offshoring to a specialist service provider in South Africa?



There is great potential for South Africa to also garner outsourced contracts in the Analytical F&A and Strategic & Knowledge Process F&A outsourcing space. This includes financial planning and analysis (16%), spend data management (14%) F&A strategy (13%) and strategic sourcing services (13%).

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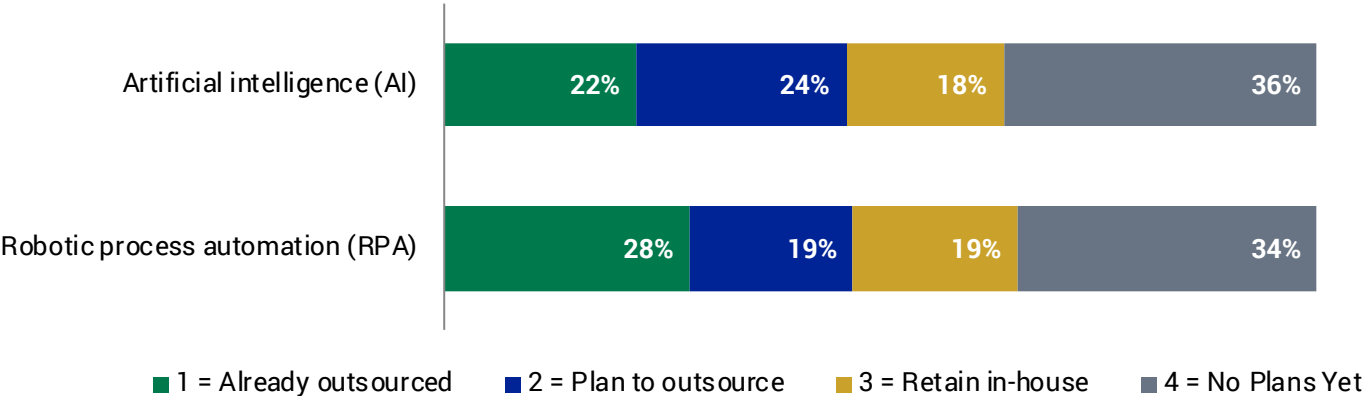
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Digital F&A

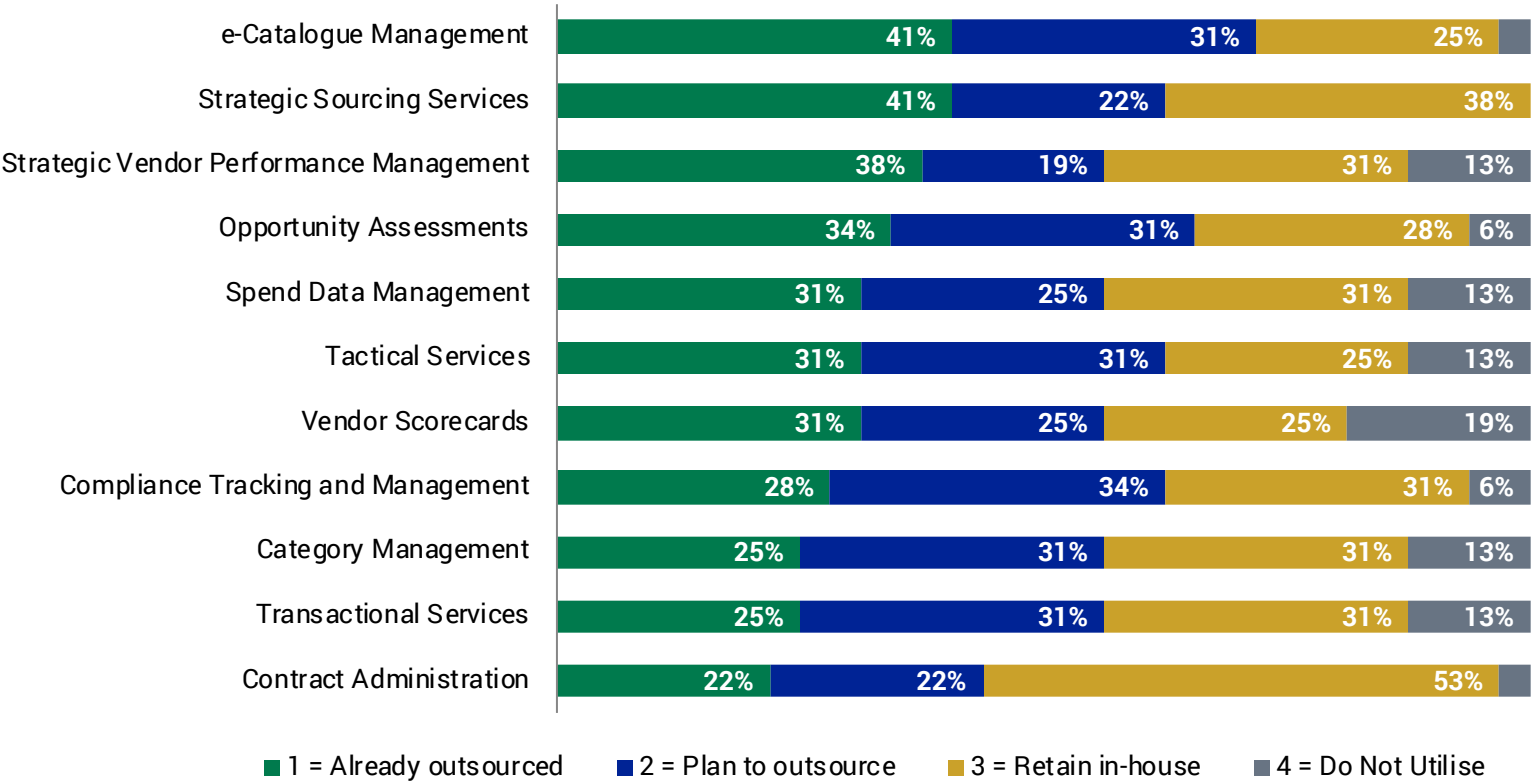


Over 47% of global corporates that responded to the survey indicated that they have already outsourced, or plan to outsource, their digital F&A functions that require robotic process automation (RPA). It seems that more organisations (24%) will look to outsource their F&A AI requirements over the next 12 months however 36% say they have no plans to deploy AI which speaks to the trend that automation is still the dominant focus area and the application of AI will only become more prevalent in the next 2 – 5 years as the demand shifts from automating transactional F&A functions to providing real-time intelligence for higher-order F&A tasks.

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General Procurement



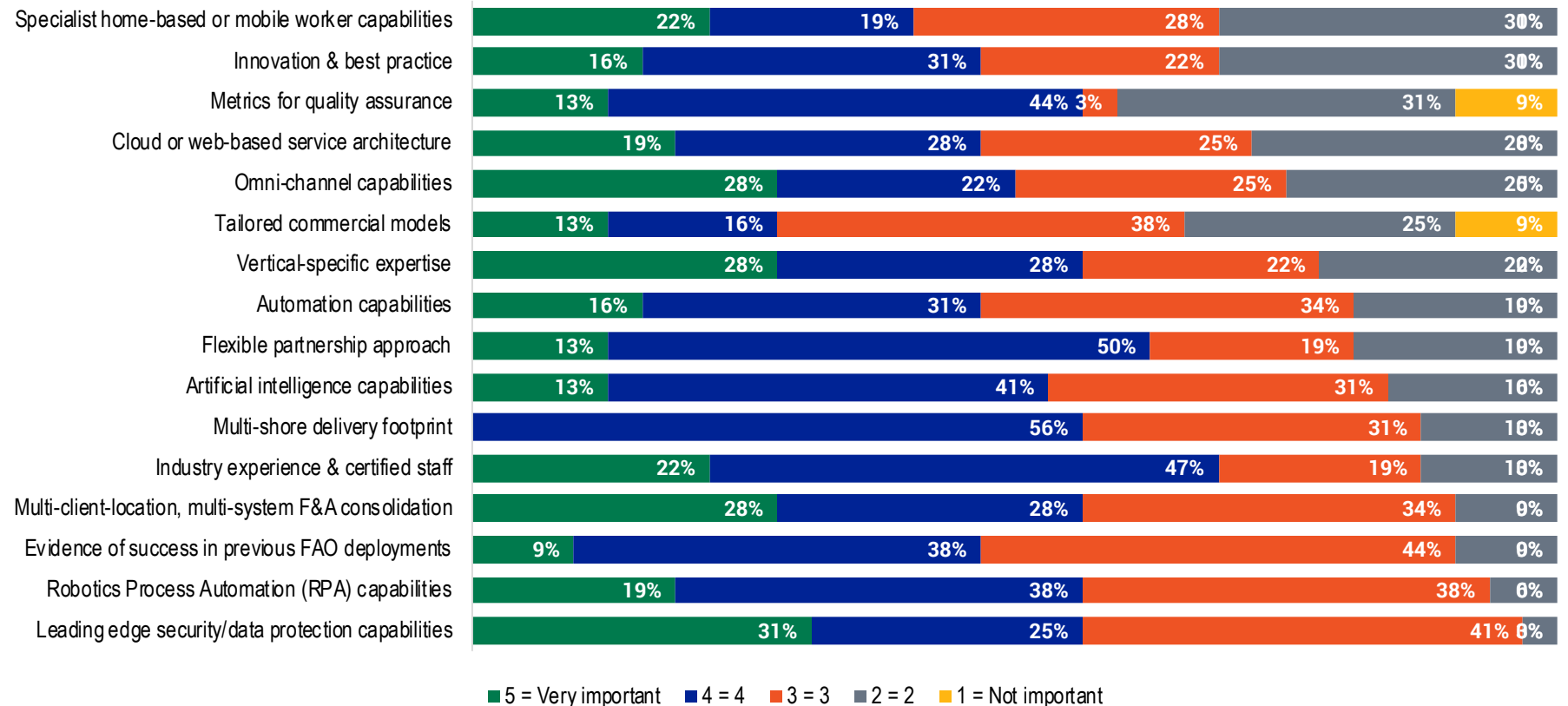
General procurement and e-procurement was another focus area in the survey with global organisations indicating that they would outsource compliance tracking and management (34%), tactical services, opportunity assessments, category management and transactional services would also be functions that 31% of respondents will outsource. Contract administration (53%) and strategic sourcing services (38%) will largely remain in-house.

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F&A Service Provider Requirements



Global Respondents: what are the main criteria that your finance & accounting outsourcer must have to win, and retain, your business?



Data security/protection capabilities (31%) multi-client location, multi-system F&A consolidation and vertical specific expertise (28%) were ranked as the top 3 most important criteria the global buyers look for in their F&A service providers. When looking at the combined very important/important results industry experience & certified staff (69% combined), flexible partnership approaches (63% combined), robotic process automation capabilities (57% combined) and mobile workforces (41% combined) are stand-out service provider criteria.

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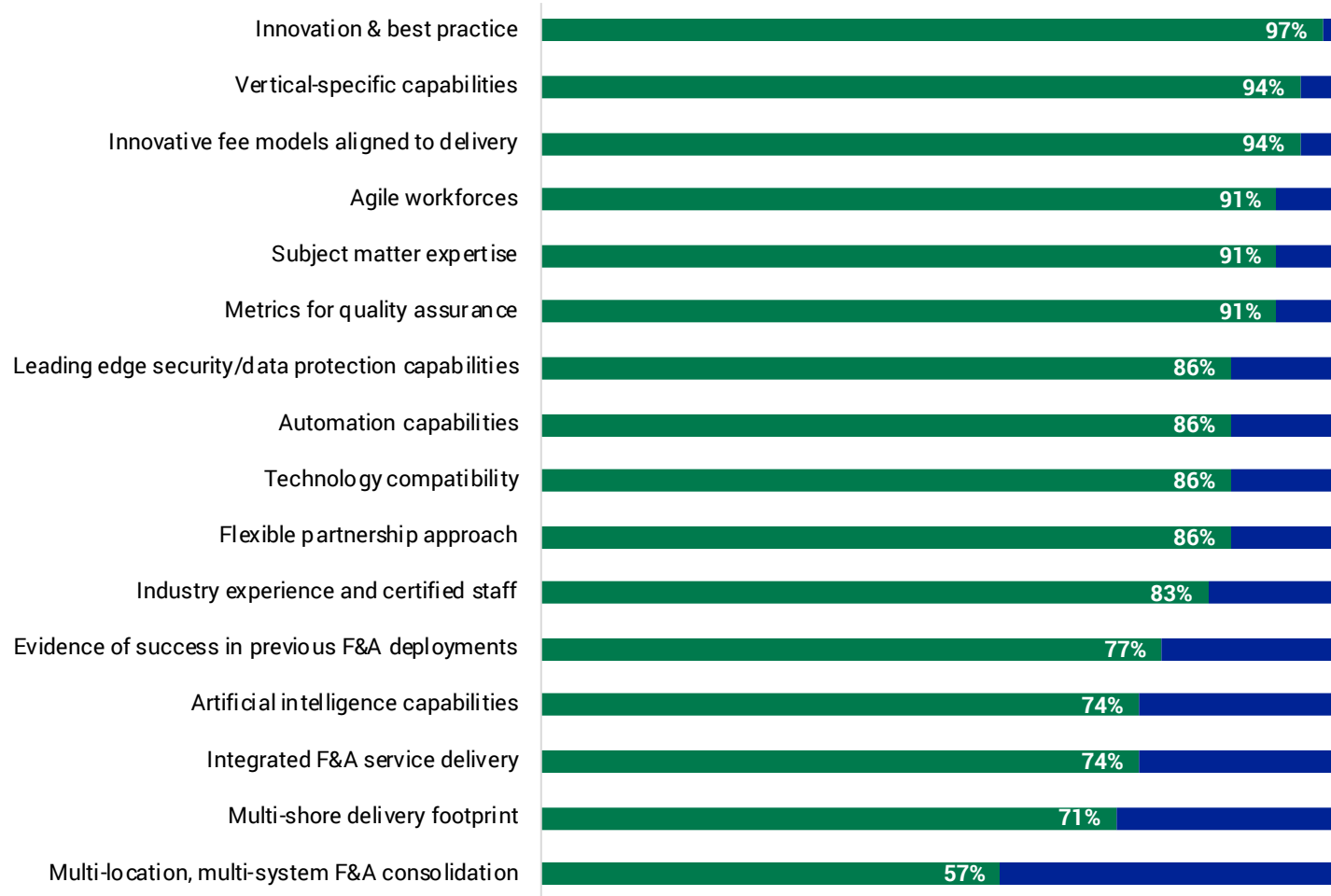
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South Africa Respondents: what are the main service criteria that your clients want?

■ Very important ■ Not Important



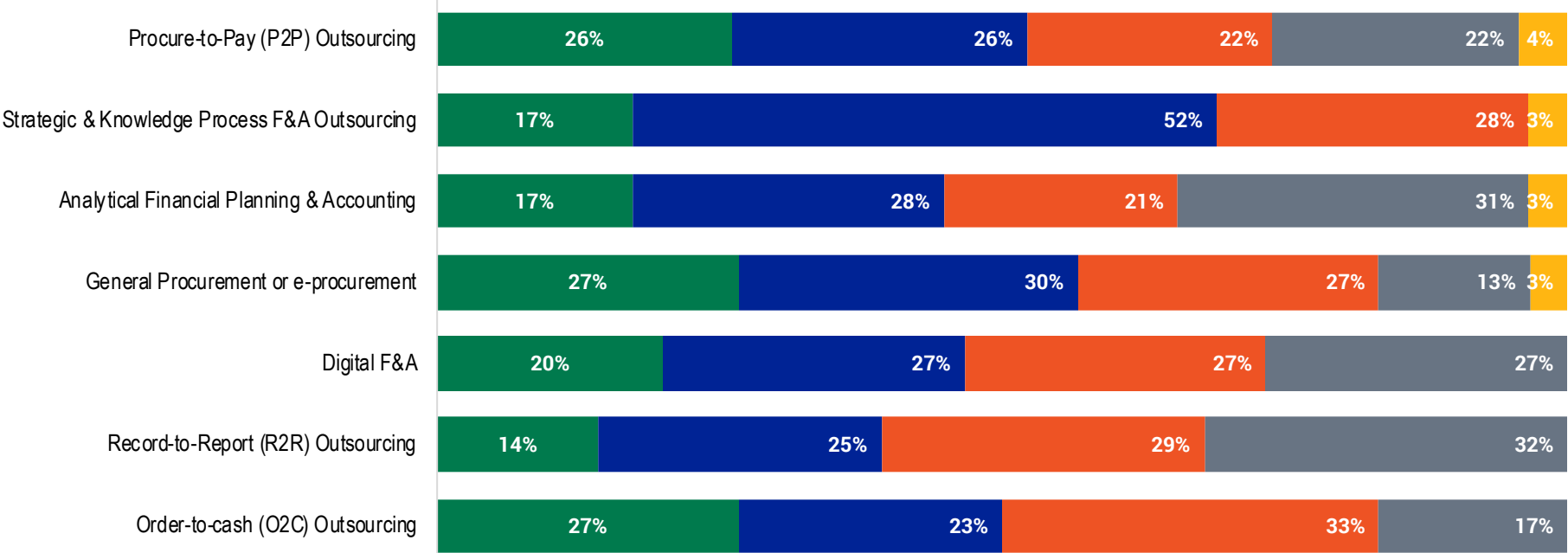
By comparison, South African F&A service providers rank innovation & best practice (97%) and vertical specific expertise and innovative fee models aligned to delivery (94%) as the top 3 service criteria that their clients want. Agile workforces ranked highly (91%) while flexible partnership approaches and automation (86%) were felt to be lower service provider criteria.

SA service providers will have to focus more on multi-client location, multi-system F&A consolidation, RPA, and data protection/security to win and retain more global business.

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Global Respondents: among the choices below, please rate the F&A (outsourced) services that your organisation is receiving?

5 = Completely Satisfied 4 = Mostly Satisfied 3 = Satisfied 2 = Somewhat Satisfied 1 = Poor



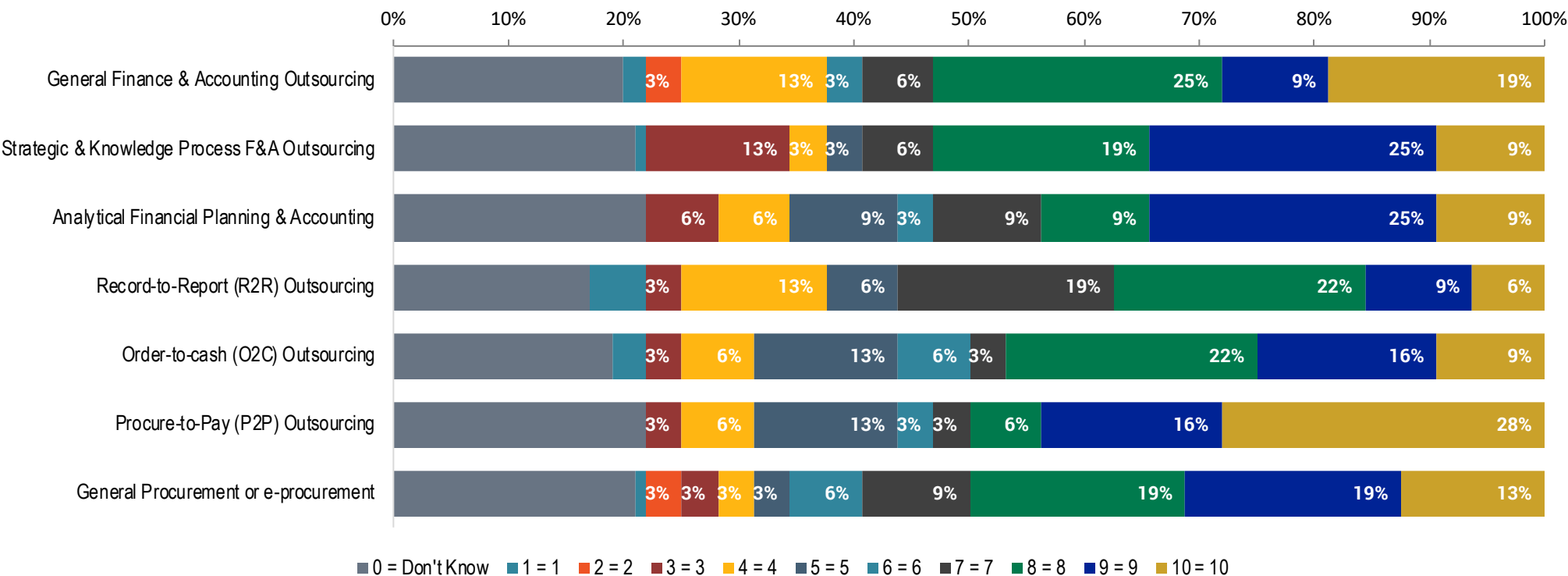
When asked to rank their client satisfaction with F&A service providers, global respondents to the survey said they were completely satisfied the with Order-to-Cash and General Procurement or e-procurement (27%) services that they are receiving. There is room for further improvement in Record-to-Report, Analytical Financial Planning & Accounting and Strategic & Knowledge Process F&A outsourcing (areas where South African operators could excel).

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Global: how would your organisation rank South Africa with regards to F&A service delivery?

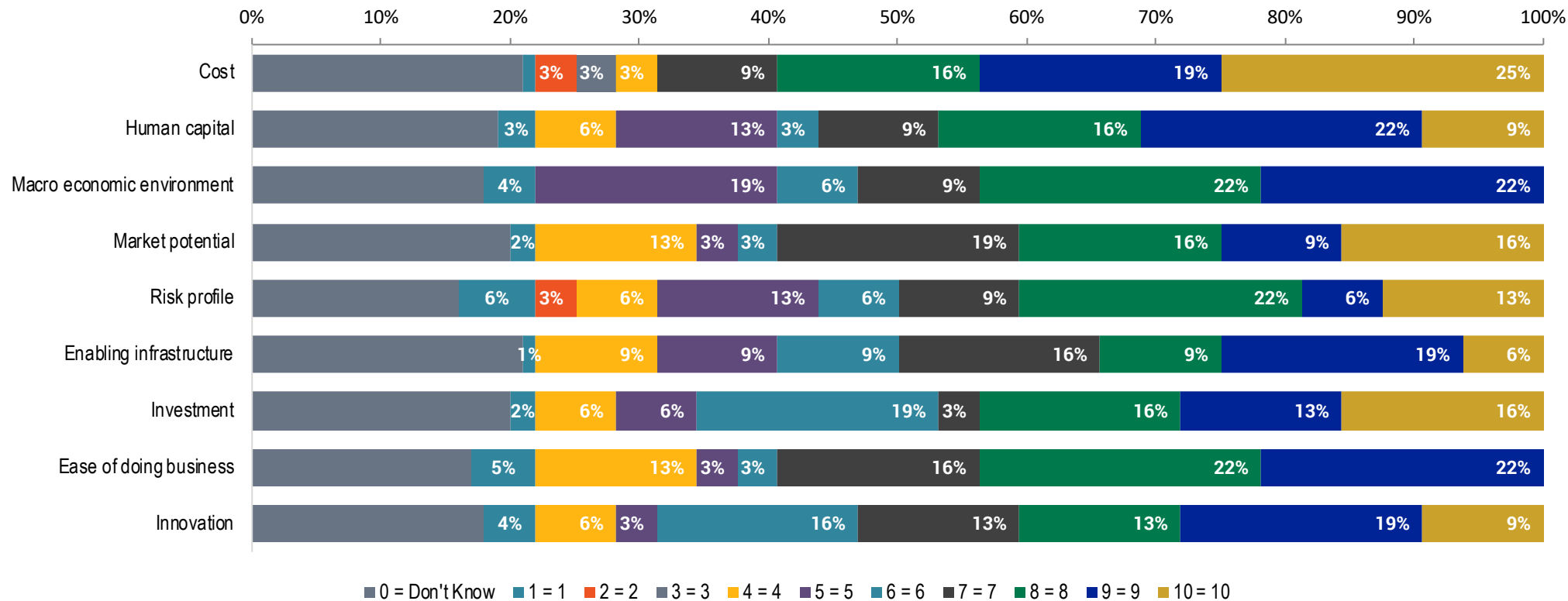


South Africa scored 9/10 or 10/10 for providing Procure-to-Pay Services (44%), Analytical Financial Planning & Accounting and Strategic & Knowledge Process F&A Outsourcing (34% respectively) as well as General Finance & Accounting Outsourcing (29%) These are clearly areas where the country can excel in the global business services market.

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Global F&A buyers rank South Africa 9/10 or 10/10 for different enabling factors including Cost (44%), Human Capital (31%), Investment incentives (29%), Innovation (28%) and Market Potential (25%). The country still has work to do with its Macro Economic Environment and Risk Profile and Ease of Doing Business.

Global: how would you rate South Africa with regards to other enabling factors for offshoring or outsourcing?



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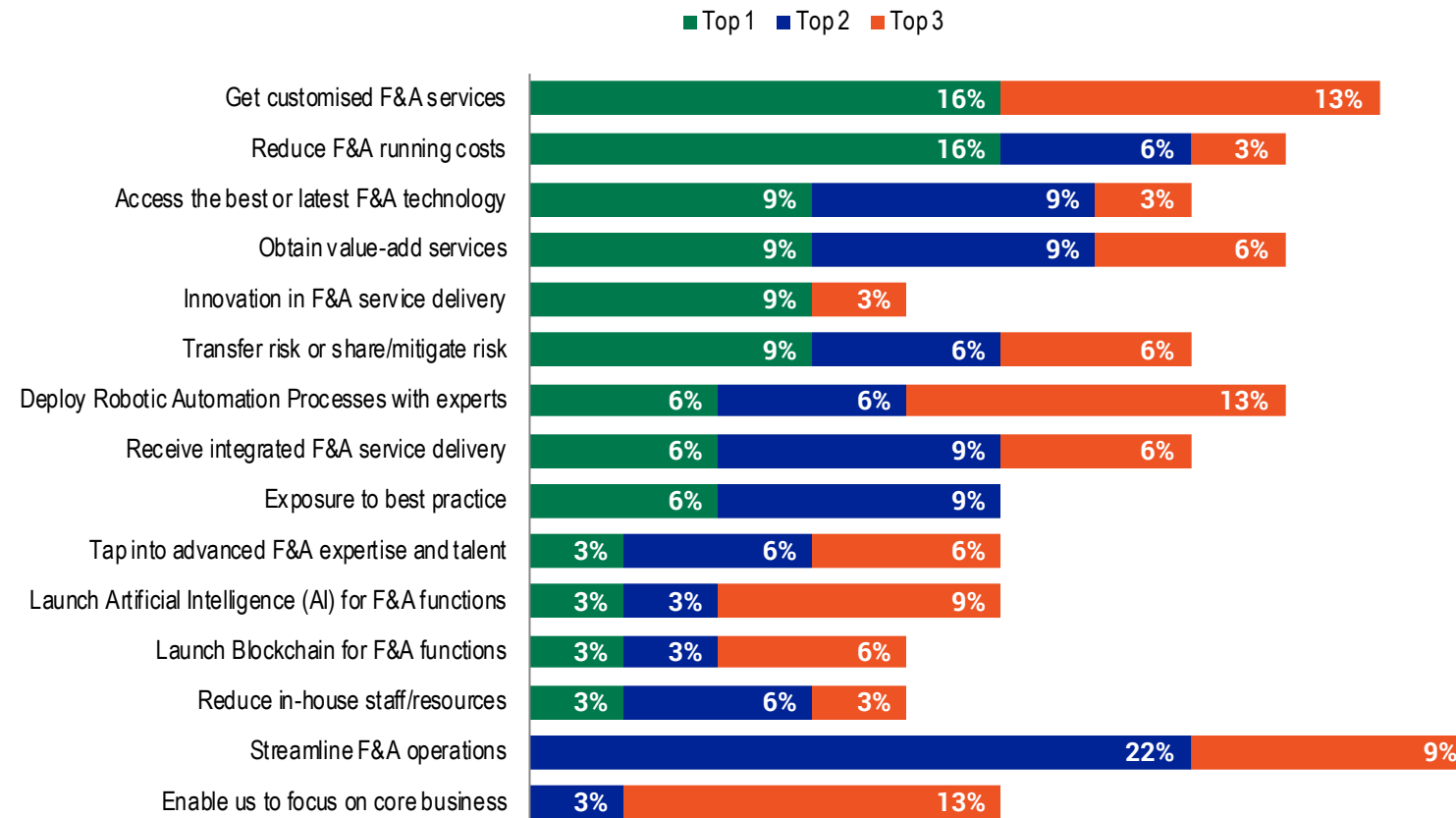
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When asked what would make them consider outsourcing their F&A services to South Africa, global respondents indicated that getting customised F&A services and reducing running costs would be the two factors that would make them outsource to the country. Collectively, the top 1 – 3 options were streamlining F&A operations and deploying robotic process automation (RPA) with experts.

Global: what would make your organisation consider outsourcing your F&A functions to a service provider in South Africa?



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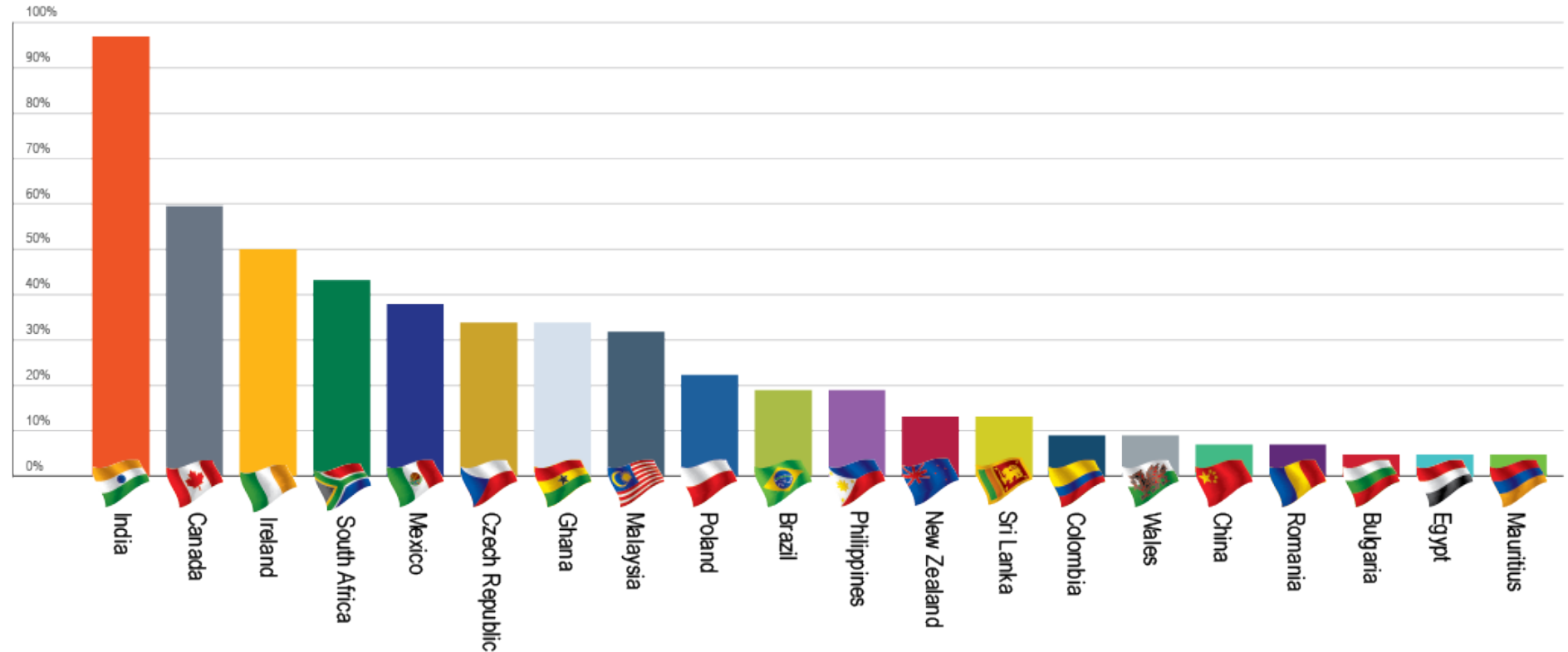
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Please provide your degree of favourability to the following offshore locations for Finance & Accounting Outsourcing delivery services

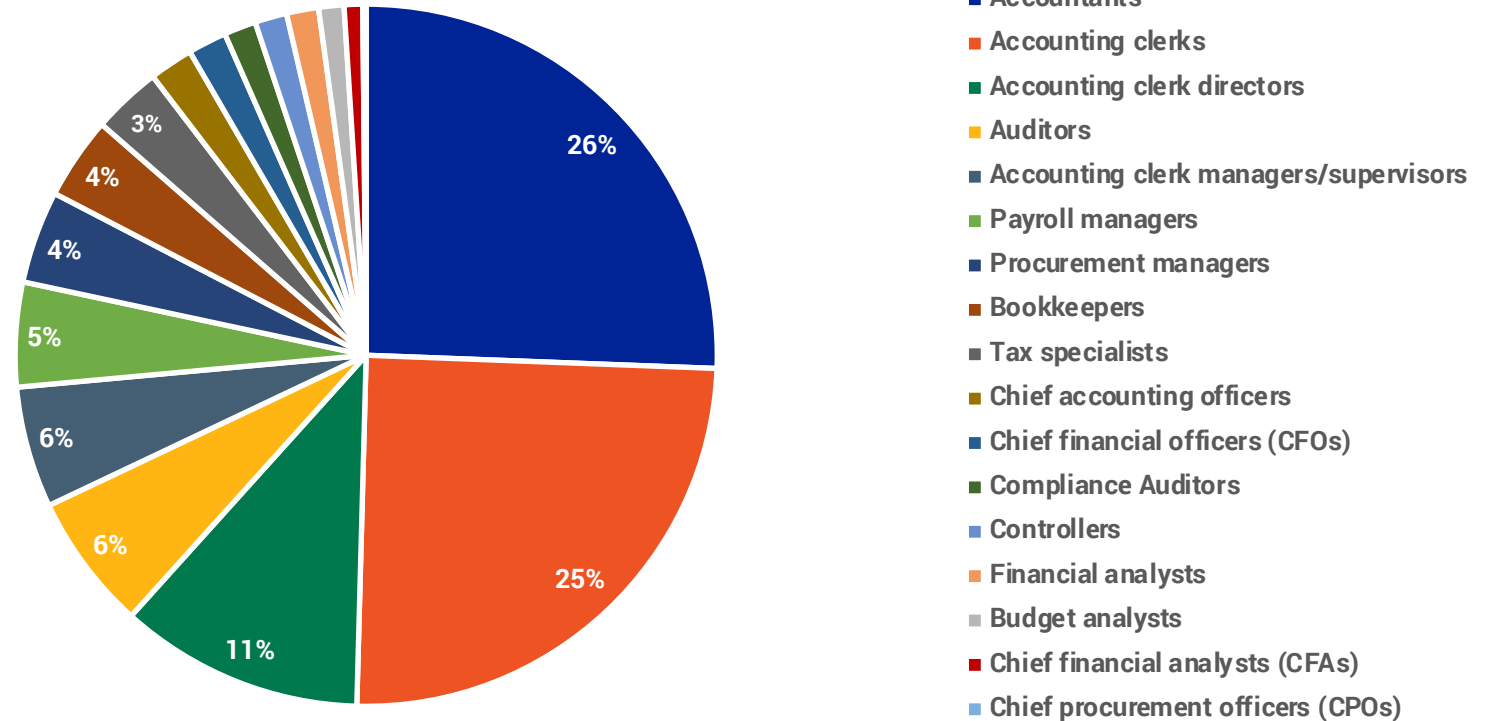


India, Canada and Ireland were ranked as the top 3 preferred locations for offshore F&A service delivery. South Africa was ranked 4th (moving up the ranks from 8th place last year). Mexico and the Czech Republic are in the 5th and 6th places respectively, while Ghana (increasingly positioning itself as an F&A niche domain player) has shot up the ranks to 7th place joining Malaysia (8th), Poland (9th) and Brazil (10th). These results are indicative of buyer/source market preferences and should not be taken as an indication of the number of F&A deals or contracts outsourced to these markets.

South African F&A Knowledge Workers



How many finance and accounting knowledge workers and specialists do you have servicing the **domestic market**?



Accountants and accounting clerks consist of over half (51%) of knowledge workers in the South African finance & accounting industry that focus on the domestic market. Other specialists that work in the industry include payroll and procurement managers, tax specialists, compliance auditors and financial and budget analysts.

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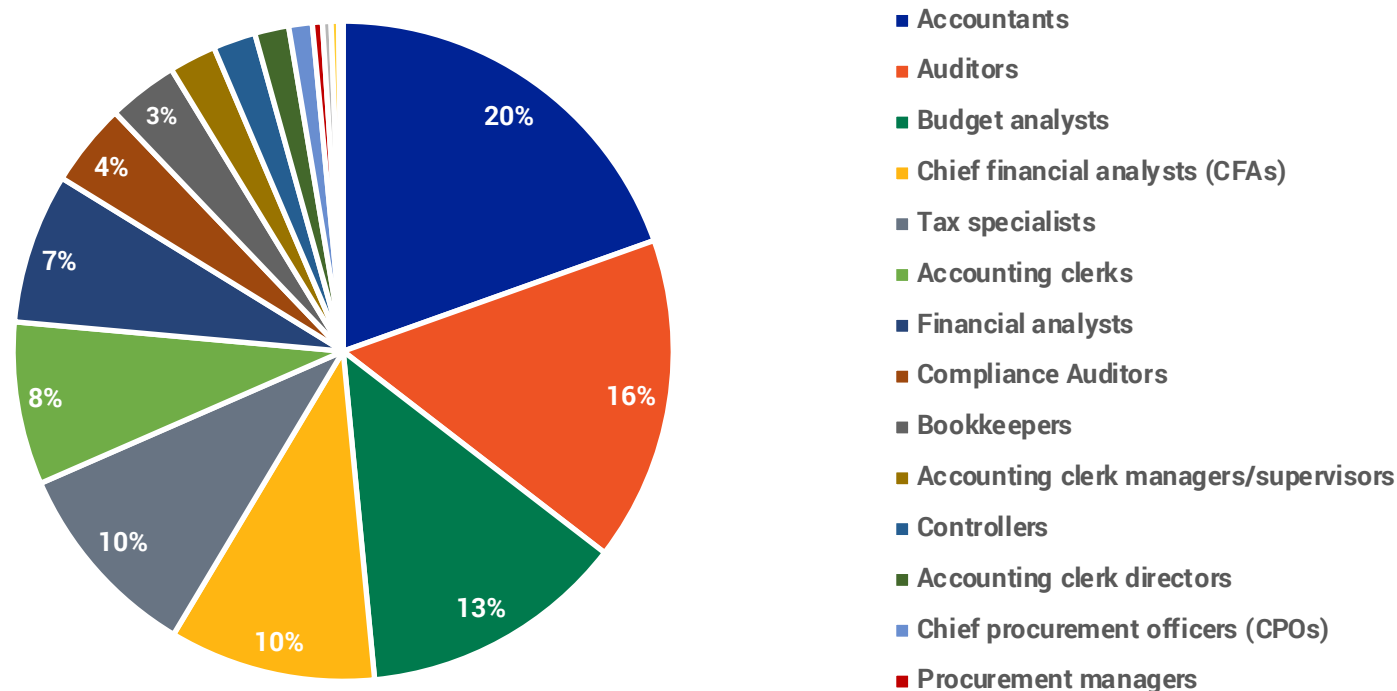
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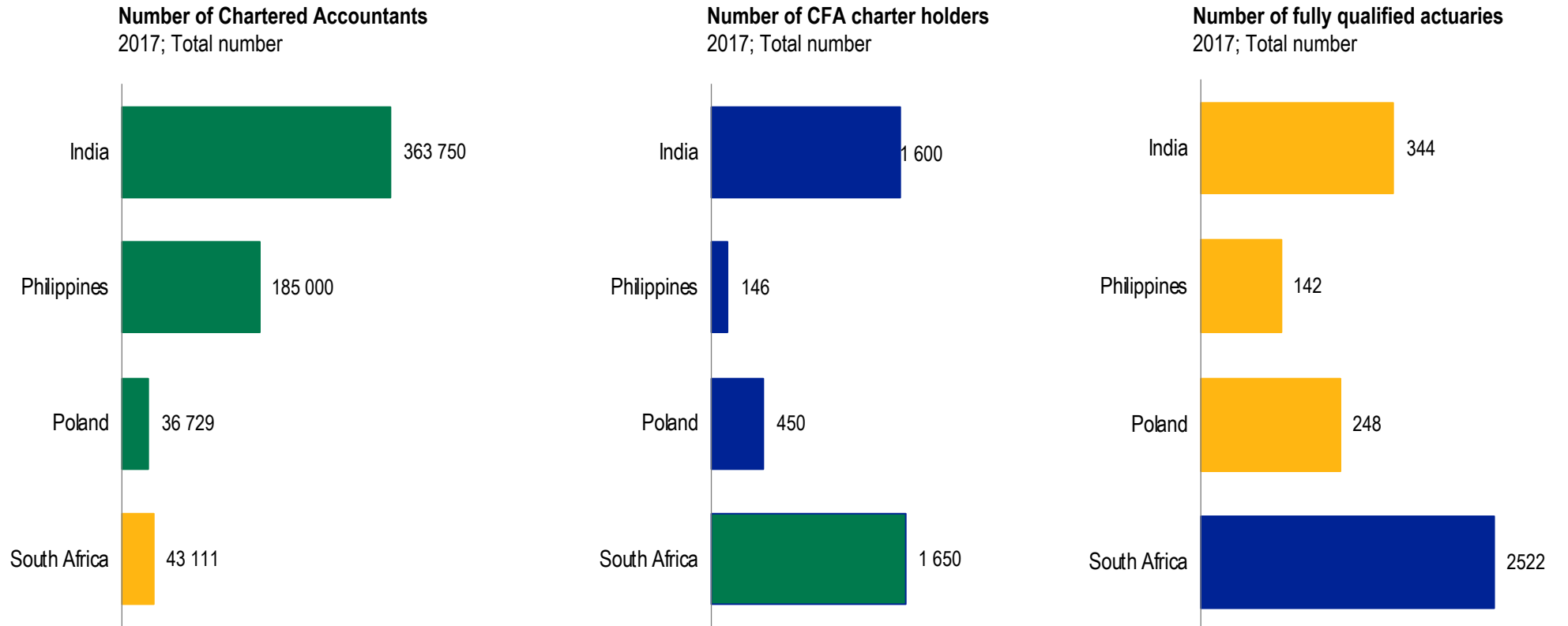
How many finance and accounting knowledge workers and specialists do you have servicing the international market?



F&A knowledge workers focusing on the global business services market include accountants (20%), auditors (16%) budget analysts (13%) and CFAs (10%). Other internationally-focused specialists include budget and financial analysts, accounting clerk directors, tax specialists, compliance auditors and chief procurement officers (CPOs).

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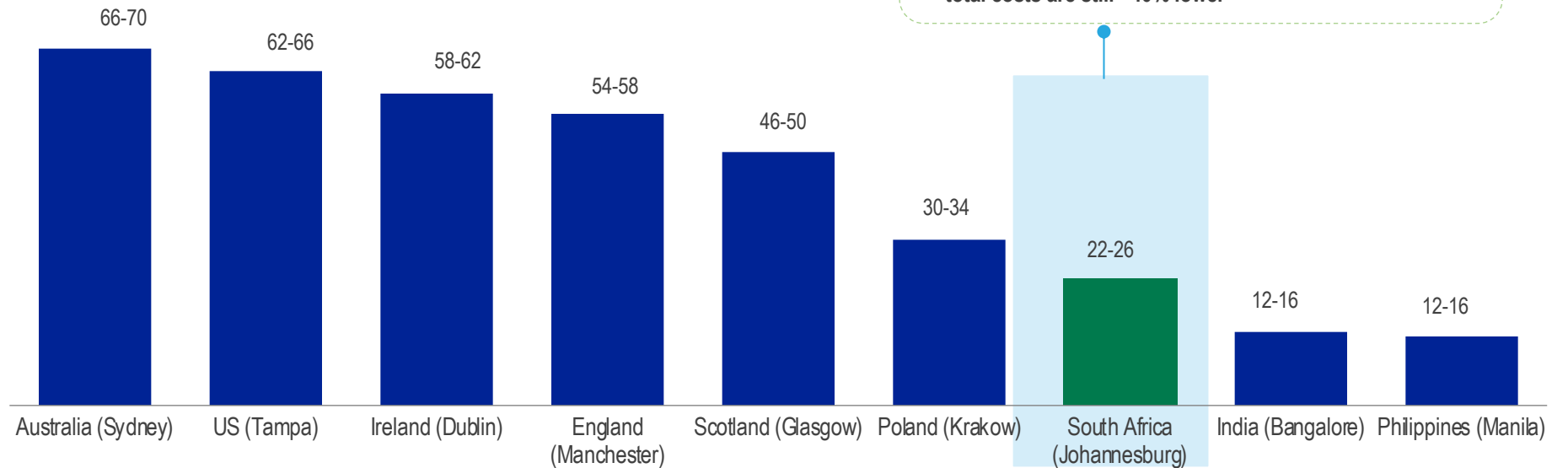
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Source: National CA Institutes, National CFA Institutes, National Actuarial Societies

South Africa is one of the leaders in terms of availability of CFA charter holders and actuarial degree holders. There are about 1,650 CFAs in the country, 43,111 Chartered Accountants and 2,522 qualified actuaries.

Operating cost per FTE for non-voice BPO¹ 2018; US\$ '000s per annum per FTE



Operating costs in South Africa are **less than 50% of the costs in tier-2 cities** in the United States and England and **20-30% lower** than those in **Central & Eastern Europe** (e.g., Poland). Upon including sales and corporate overheads and the impact of government incentives in South Africa, the cost arbitrage remains similar

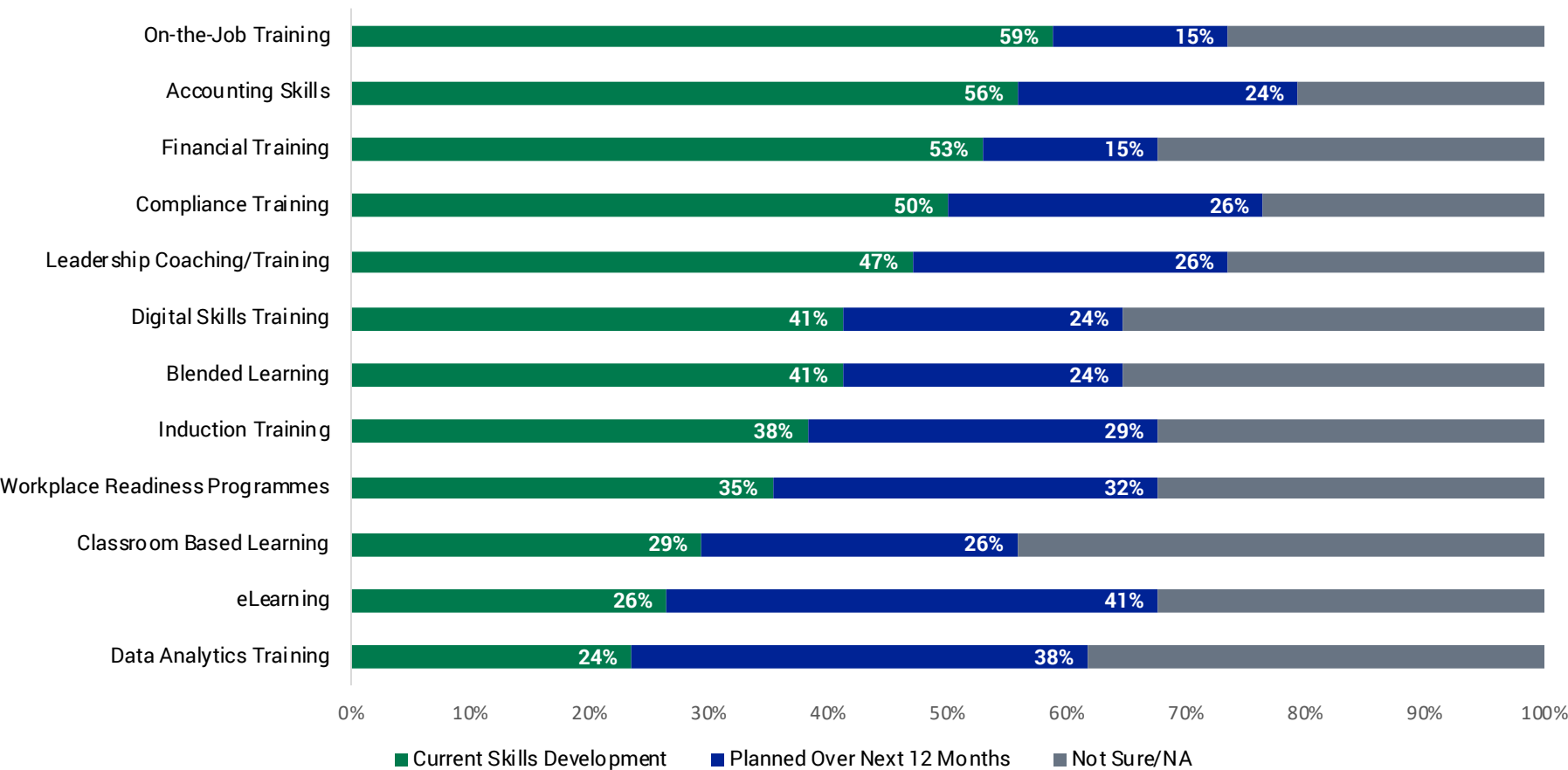
Source: Everest Group (2018)

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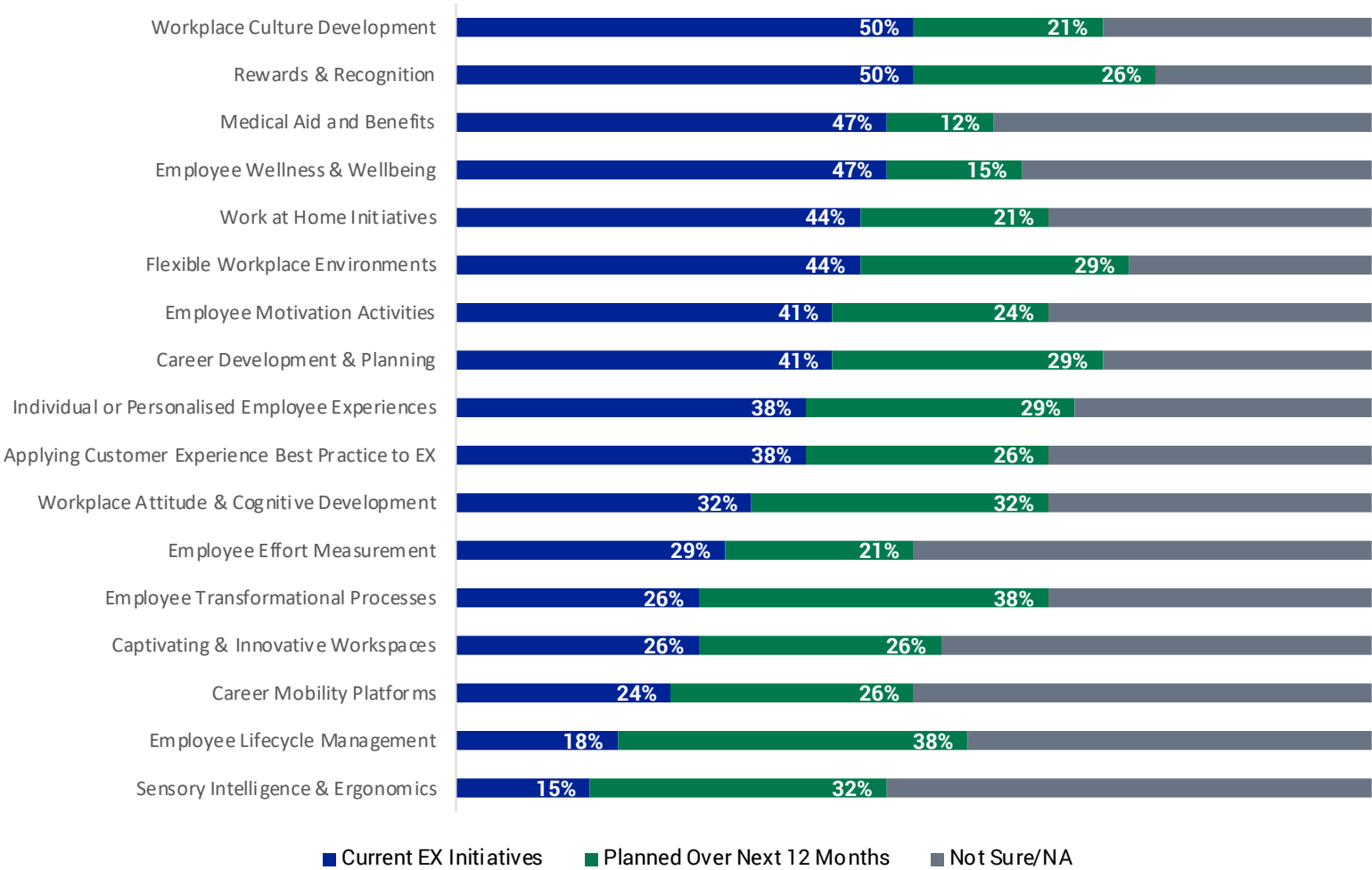
Current and planned skills development for F&A personnel in South Africa



The deployment of eLearning F&A tools (41%) and great Induction Training (29%) along with Leadership Coaching and Compliance Training (26%) will be key skills and development initiatives implemented by South African F&A service providers in the next year. Workplace Readiness Programmes (32%) will also receive prominence.

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Employee experience (EX) and engagement initiatives - current and planned in South Africa



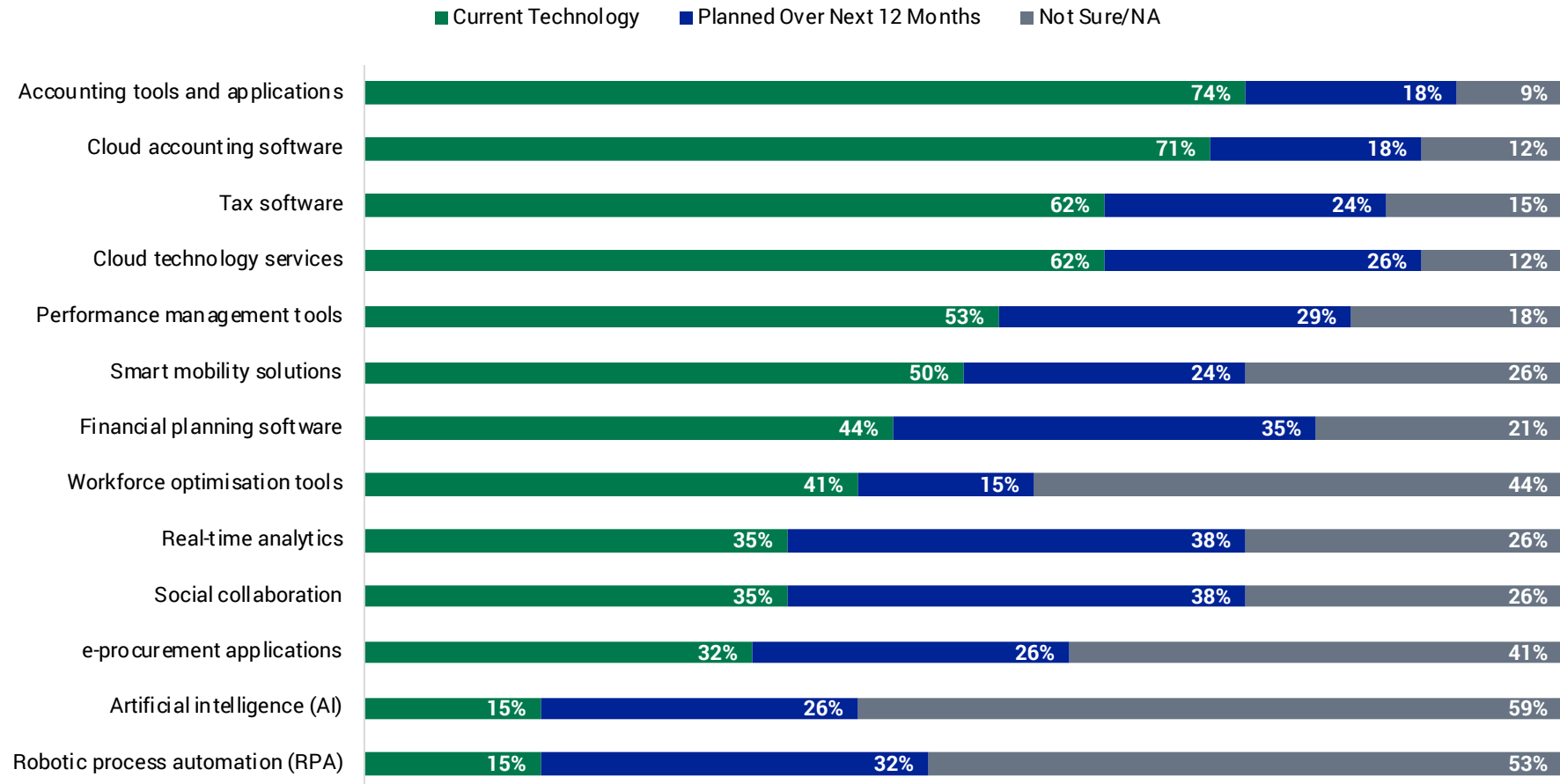
Employee experience (EX) is high on the agenda of many South African service providers who plan to invest in Employee Transformational Processes and Lifecycle Management (38%), Sensory Intelligence and Ergonomics and Workplace Attitude & Cognitive Development (32%). The development of agile and Flexible Workplace Environments and Individual or Personalised EX is also high on the agenda of service providers.

F&A IT-Enabled Requirements



To augment and boost domestic and global service delivery, South African F&A outsourcers and service providers will be investing in Real-time F&A Analytics (38%), social collaboration tools (38%) financial planning software (35%) performance management tools (29%) and cloud technology services (26%)

South Africa: what technology do you currently utilise for your F&A service delivery?



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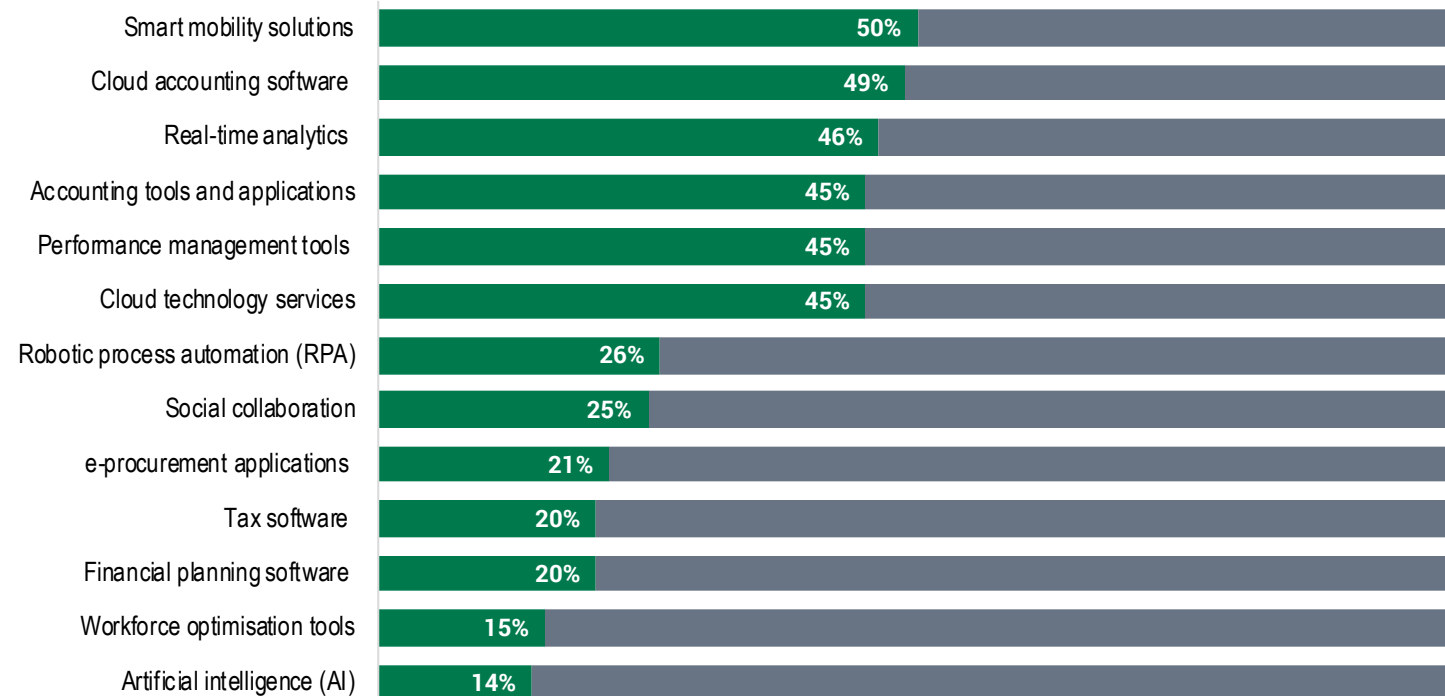
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Smart Mobility Solutions (50%), Cloud Accounting Software (49%) and Real-time F&A Analytics (46%) were the top three technology areas that global organisations will boost for their F&A functions and operations over the next year. The deployment of Robotic Process Automation (26%) is on the rise.

Global Respondents: what technology will you boost, or deploy, for your F&A operations over the next year?

■ 1 = Selected ■ 0 = Not Selected



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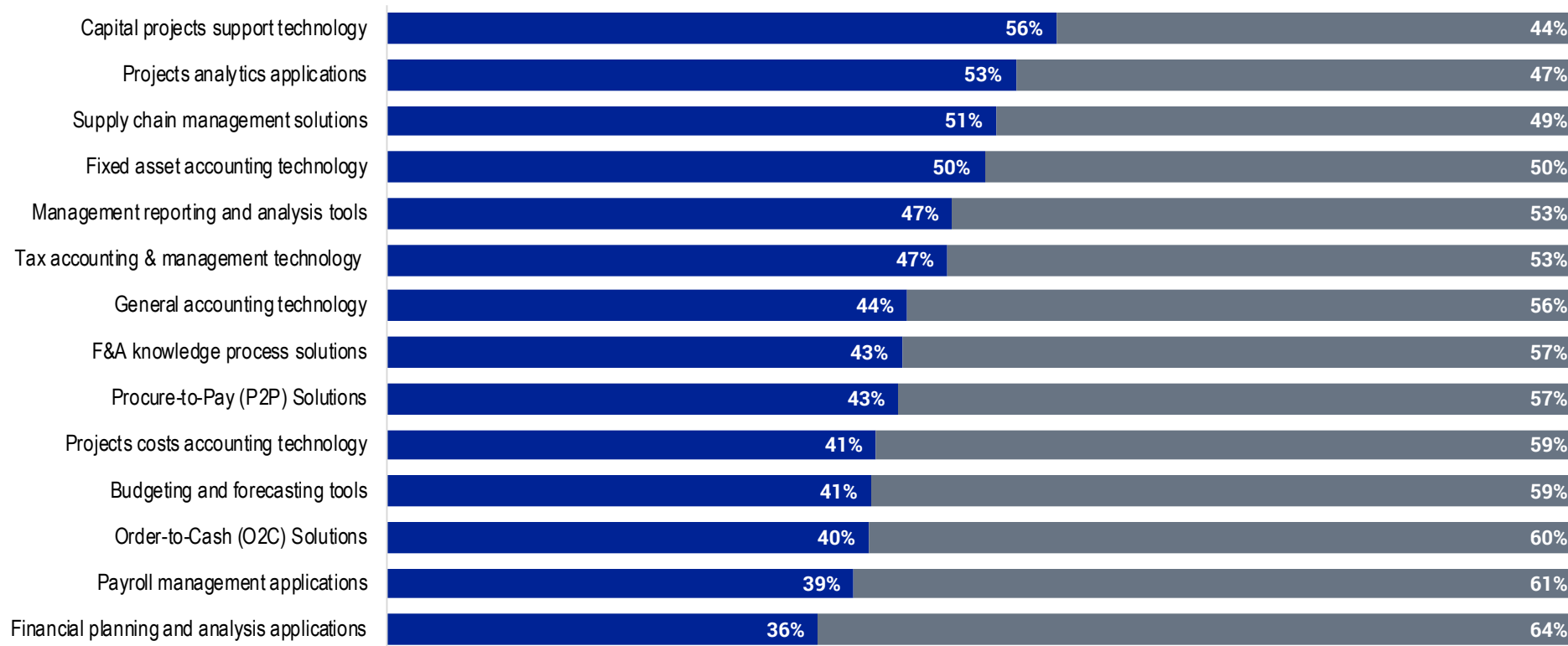
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Global F&A decision-makers indicated that over the next 12 months they would be deploying innovative IT-enabled services and next-gen technology in areas such as Capital Projects Support (56%), Projects Analytics Applications (53%) Supply Chain Management (51%) and Fixed Asset Accounting (50%.

Global Respondents: where are you planning to deploy innovative IT-enabled services and next-generational technology?



■ Do Not Utilise/Not Applicable ■ Plan to Deploy in Next 12 Months ■ Deployed

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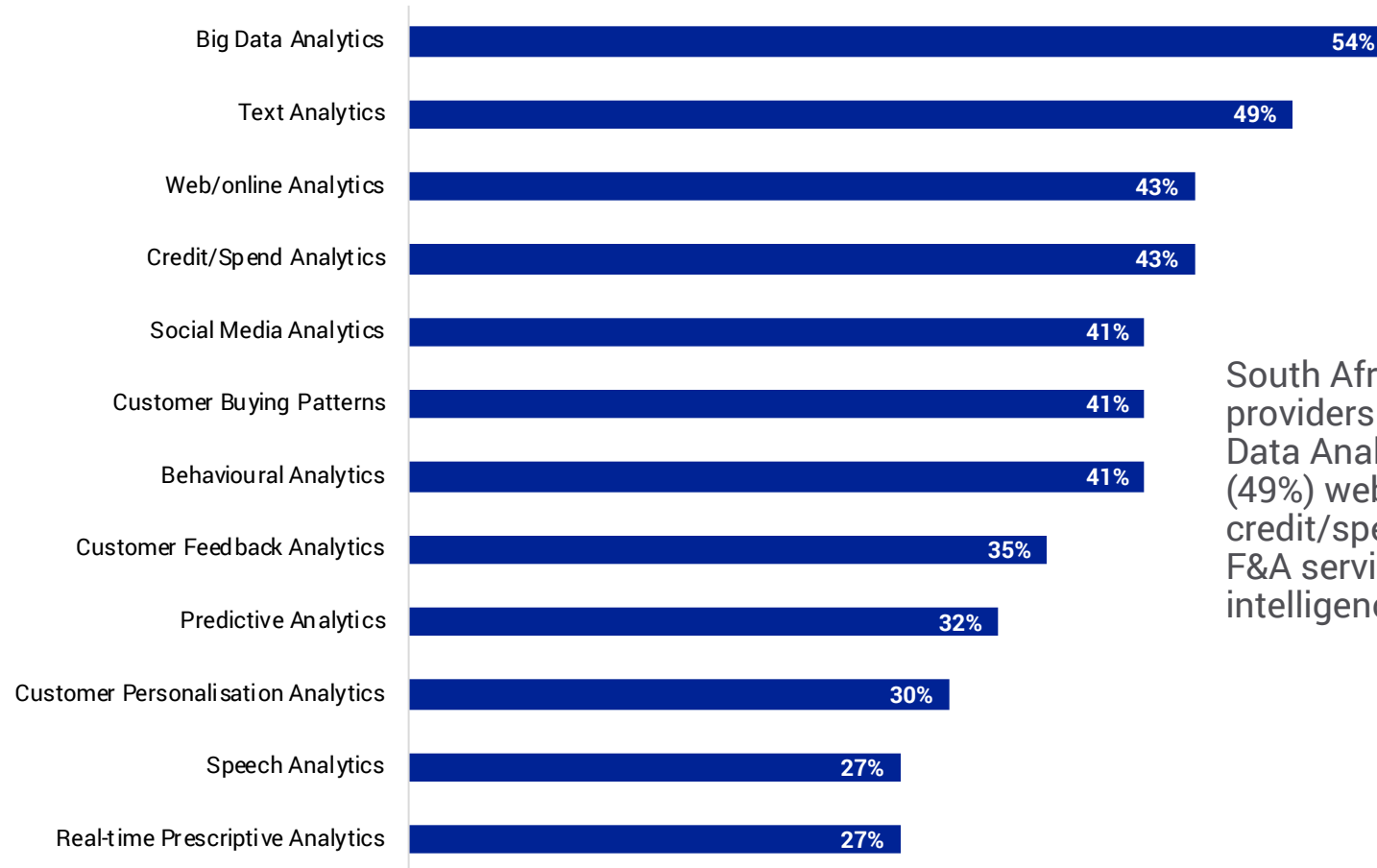
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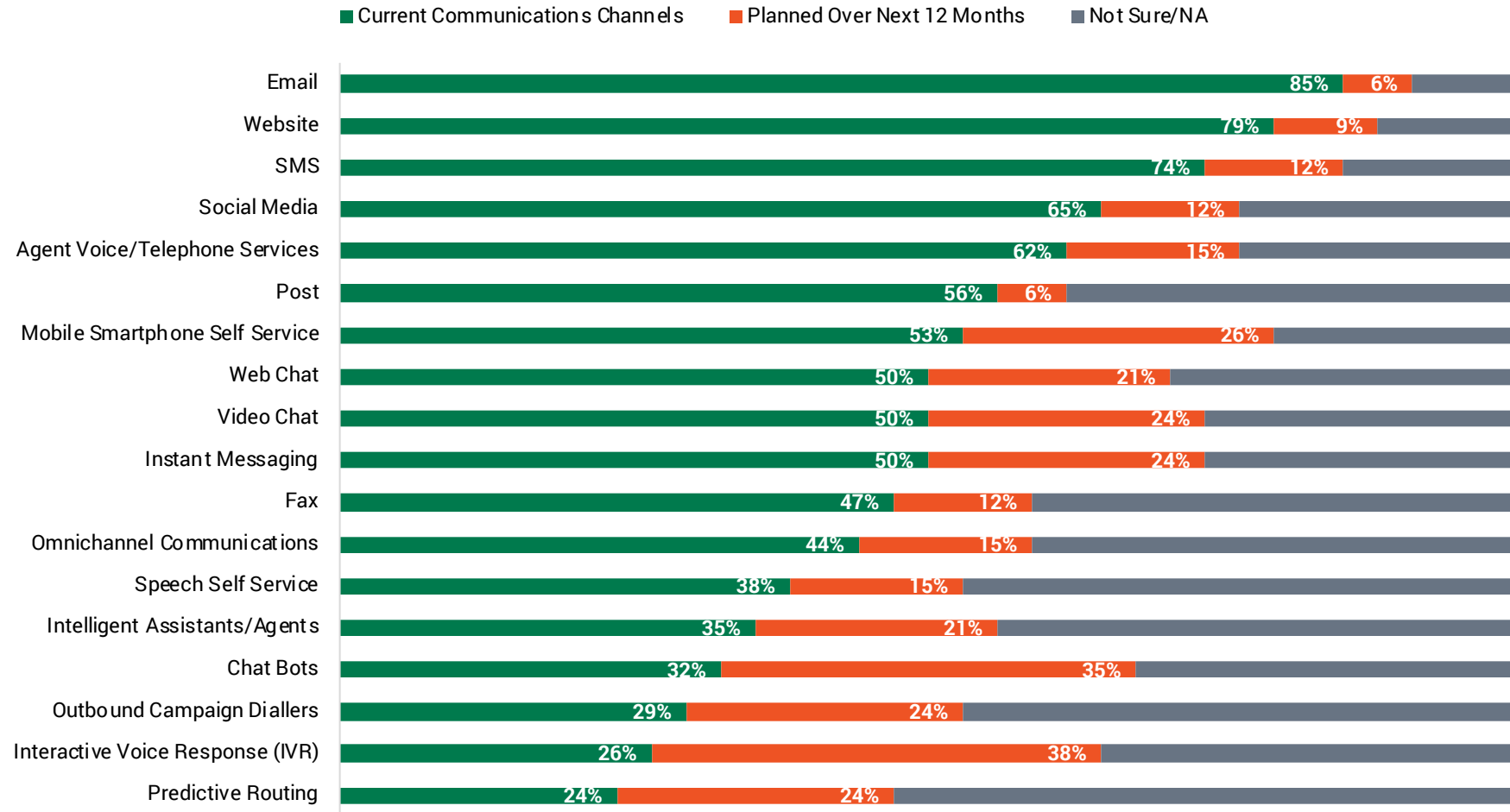


South Africa: please clarify what Data Analytics your organisation utilises for your F&A services or functions?



South African F&A operators and service providers indicated that they utilise Big Data Analytics (54%), text analytics (49%) web/online analytics and credit/spend analytics to augment their F&A services and provide deeper intelligence and insights.

South Africa: current and planned customer communication channels



South African F&A service providers predominantly utilize email (85%) online/website (79%) and SMS (74%) channels for F&A service delivery. Over the next 12 months they will invest more in chat bots (35%) updated IVR systems (38%) and mobile smartphone self service channels (26%).

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South Africa's F&A Value Proposition

South Africa's national BPO value proposition

South Africa has a large availability of good quality English speaking talent with high empathy, cultural affinity, and niche domain skills, which have led to success in next generational service delivery

First world infrastructure and enabling environment

- High quality of life with superior business and operating environment infrastructure
- A wide variety of government support in areas of skill development and infrastructure incentives for increasing investment in the BPO sector
- Global contact center standards – ISO 18295 are based on South African standards (the global standard development was led by South Africa)

Evolving capabilities for next-gen services for digital contact centre

- South Africa is pivoting towards delivery of next-generation of contact center and digital services
- In the core strength of contact center, companies have successfully demonstrated capabilities for high quality multi-channel customer experience, supplemented by deep customer analytics



Good quality, English-speaking talent

- Availability of highly skilled, English-speaking talent pool with neutral accent and very high empathy levels
- Additional talent pool through impact sourcing
- Cultural affinity with the United Kingdom, Australia, and, increasingly, the United States
- Recognized domain knowledge in the banking and financial services sector
- Availability of talent across multiple global delivery location options across the country

Significant costs savings

- Cost of operations are at least 50-60% lower than those in England and Australia for both voice and non-voice work
- Incentives further reduce the costs to bring them in range of costs in the Philippines and India

Strong foundation in contact centre and niche areas of work

Apart from contact centre, which has been one of the key strengths of South Africa's BPO industry, the scope of international delivery has expanded into non-traditional areas of work, such as financial services, legal process services, and healthcare

South Africa's F&A Value Proposition

Value proposition overview: South Africa has a mature and progressive F&A sub-sector with sophisticated F&A and financial services expertise, highly qualified talent and next-generational digitized services that have led to effective and productive service delivery for a growing international clientele



All-inclusive, sophisticated F&A business process delivery

- Global service delivery for transactional Procure-to-Pay (P2P), Order-to-Cash (O2C) and Record-to-Report (R2R) functions including payroll services, aging & collections and sourcing support & management
- Deep domain skills to provide analytical financial planning & accounting, actuarial & technical accounting, budgeting & forecasting, financial planning & analysis and management reporting
- Growing capabilities and expertise for strategic and knowledge process F&A.



World-renowned financial services and accounting market

- Innovative and sound financial services sector (ranked 19th in the world by WEF).
- World-class strengths in financial modelling, accounting and economic analytics.
 - Rigorous financial, credit and data protection and security policies.
 - Adherence to IFRS global accounting standards for foreign F&A functions.



First world ICT infrastructure and investor marketplace

- Cost of F&A operations are at least 40-50% lower than those in the source markets.
- Attractive global business services ecosystem with strong support and constructive investment incentives from government and industry
 - Rapidly developing digital and ICT infrastructure with global connectivity.
 - Superior lifestyle and living standards environment.



Highly qualified and certified F&A human capital

- Advanced and mature F&A skills, efficiencies and centres of talent
- 43,000+ Chartered Accountants, 2,500+ Actuaries and 1,650+ CFAs in the country.
- Expanding base of F&A specialists and support personnel including accountants, auditors, tax specialists, compliance auditors and budget and financial analysts



Next-generational, digital F&A and IT-enabled systems and processes

- Centres of service delivery with access to the latest F&A technology and applications.
- Developing expertise in robotics and automation with the ability to pivot into artificial intelligence (AI) and machine learning.
- Growing capabilities in data, financial, predictive and credit/spend analytics.



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Today's global F&A buyers and clients are becoming more demanding and discerning. They expect F&A service providers to balance innovation, value creation and cost with leading edge data security, regulation and compliance.

South African F&A service providers and operators face both a challenging and exciting year ahead. They will face mounting pressure to decrease costs and deliver flexible fee structures - and yet the country can also pivot into higher order F&A service delivery. This includes Record-to-Report, Analytical Financial Planning & Accounting and Strategic & Knowledge Process F&A outsourcing – all areas where South African operators could excel. It will be interesting to see how the country tackles this in the year ahead while keeping pace with a shifting, dynamic global F&A marketplace.



This report was compiled with the support and input of:

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The Department of Trade and Industry (the dti) is the department of the South African government with responsibility for commercial policy and industrial policy. the dti plays a critical role in the promotion of economic development and meaningful participation in the global economic and trade environment. It achieves this by working to build an equitable multilateral trading system that facilitates development, strengthens trade and investment links with key economies.



InvestSA is a division of the South African Department of Trade and Industry (the dti). We support investors exploring opportunities in South Africa by helping with information, facilitation and aftercare. Our One Stop Shops provide practical assistance to streamline the process of setting up a business.



BPESA is the recognised Industry Body and Trade Association for the Global Business Services (GBS) Sector in South Africa. As a not for profit entity, BPESA was established to promote trade and serve the interests of its many stakeholder groups engaged in the development, growth and sustaining of this vibrant sector that cuts across many industry verticals of the economy.



Knowledge Executive empowers and enables global Knowledge Leaders. We co-create and publish business, trade and investment research, market intelligence and insights for executives of today's Experience Economy. This includes commissioned and syndicated research reports and qualitative/quantitative surveys covering business process outsourcing and services (BPO, BPS), IT-enabled services (ITES), employee experience (EX) and customer experience (CX).