Offshoring to South Africa –
The nuts and bolts

June 2013
Agenda

About WNS

SA sweet spots

Commercial models

Commercials – exchange rate

Transition

Operational Structure
South Africa offers a First World experience in terms of its infrastructure and quality of life.
WNS is a Well Established Global BPO Leader

- **History**: British Airways captive, spun-off into a third-party operation
- **Net Revenue**: $436.1 Million in FY2012-13 (Non-GAAP Financial Measures)
- **Employees**: 25,000+ and serving 200+ clients
- **Stock Exchange**: NYSE traded since July 2006
- **Operational footprint**: China, Costa Rica, India, Philippines, Poland, Romania, South Africa, Sri Lanka, UK and US
- **31 delivery centers** around the world
- **600+ business processes** from simple transactions to complex analytics
- **Horizontal services**: Contact Center, Finance & Accounting, Research & Analytics, Human Resource Services, Legal Services, Transformation Solutions, Procurement, Risk Management
## About WNS South Africa

<table>
<thead>
<tr>
<th>Established</th>
<th>Locations</th>
<th>Employees</th>
<th>Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Century City, Bellville, Johannesburg</td>
<td>2000+</td>
<td>WNS</td>
</tr>
</tbody>
</table>

### Accreditations
- Broad-Based Black Economic Empowerment Level 4 contributor with VAS
- Registered Further Education and Training (FET) College
- Registered Financial Services Provider
- PCI Tier 1 Compliant

### Industry Recognition

<table>
<thead>
<tr>
<th>2012</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Outsourced Contact Centre</td>
<td>Best Offshore BPO Centre</td>
<td>Best Offshore BPO Centre</td>
<td>Best Offshore BPO Centre</td>
</tr>
<tr>
<td>Community Spirit of the Year</td>
<td>Best Offshore Customer Service Centre</td>
<td>Best Offshore Customer Service Centre</td>
<td>Best Offshore Customer Service Centre</td>
</tr>
<tr>
<td>Manager of the Year</td>
<td>Customer Service Agent of the Year</td>
<td>Customer Service Agent of the Year</td>
<td>Best HR Service Provider</td>
</tr>
<tr>
<td>Best Support Service Individual of the Year</td>
<td>Sales Agent of the Year</td>
<td>Sales Agent of the Year</td>
<td>Best Wellness &amp; Design Contact Centre</td>
</tr>
</tbody>
</table>

*No industry awards were conferred in 2011*
The Nuts and Bolts
The SA Sweet Spot

- **Location:**
  - Cape Town is the best location for international work but remember to plan for business continuity

- **Scale:**
  - Ideal size per process is +- 400 FTE's
  - Overflow between campaigns is not recommended

- **Service:**
  - Cost rating may change due to the exchange rate

<table>
<thead>
<tr>
<th>Service</th>
<th>Client Location</th>
<th>Human Capital</th>
<th>Infrastructure</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>English voice</td>
<td>UK</td>
<td>9/10</td>
<td>10/10</td>
<td>9/10</td>
</tr>
<tr>
<td></td>
<td>Europe</td>
<td>9/10</td>
<td>10/10</td>
<td>8/10</td>
</tr>
<tr>
<td></td>
<td>Australia</td>
<td>8/10</td>
<td>9/10</td>
<td>8/10</td>
</tr>
<tr>
<td></td>
<td>USA</td>
<td>5/10</td>
<td>8/10</td>
<td>5/10</td>
</tr>
<tr>
<td>English correspondence</td>
<td>-</td>
<td>8/10</td>
<td>10/10</td>
<td>8/10</td>
</tr>
<tr>
<td>English social media</td>
<td>-</td>
<td>8/10</td>
<td>9/10</td>
<td>8/10</td>
</tr>
</tbody>
</table>
### Make Forex Work For You

#### Average 3 year benefit = 10 - 15%

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual / Forecast</th>
<th>Value at Year-End</th>
<th>Percentage Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Actual</td>
<td>R 12.52</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>Actual</td>
<td>R 13.78</td>
<td>10.1%</td>
</tr>
<tr>
<td>2013</td>
<td>Forecast</td>
<td>R 13.80</td>
<td>0.1%</td>
</tr>
<tr>
<td>2014</td>
<td>Forecast</td>
<td>R 14.56</td>
<td>5.5%</td>
</tr>
<tr>
<td>2015</td>
<td>Forecast</td>
<td>R 15.35</td>
<td>5.4%</td>
</tr>
<tr>
<td>2016</td>
<td>Forecast</td>
<td>R 15.68</td>
<td>2.1%</td>
</tr>
<tr>
<td>2017</td>
<td>Forecast</td>
<td>R 16.21</td>
<td>3.4%</td>
</tr>
</tbody>
</table>
Clear and Logical Commercials

- **Grant:**
  - Grant incentives are decreasing: plan your budgets and improvement initiatives / investments accordingly
  - Incentives: come to an end by March 2014

- **Do not bank all your offshore savings**
  - Re-invest some of the savings during months 1-6 to establish and settle the operation

- **Pricing model**
  - Use a transparent categorised pricing matrix. This will allow you to adjust specific pricing components when the environment changes e.g. new government incentives, reduction in telecommunication costs, labour cost changes etc
  - Ensure a quick, easy and pre-agreed change management process to adjust your commercials

- **Staff salaries:**
  - Do a proper salary due diligence ((attract V retention V quality) V future investment))
  - Decide on how you want to position your operation (recommend middle to top for international work)
  - Structure remuneration for retention (do not use standard salary and KPI commission schemes.) Remuneration must be different to retain staff. There are a number of new captive and outsource entrants – plan with this in mind!
Be Well Prepared For Transition

• Staggered approach:
  – First, group to include as many support and management staff as possible to:
    1. Avoid transition bottle necks
    2. Provide additional transition agent support during first three months
  – Ideal team size is 1:12, Team Leader to Manager 5:1 and Manager to Senior Manager 5:1
  – Double the number of SMEs and coaches for the first 4-6 months
  – Recruit one to two teams per month for the first three months and then recruit a maximum of three teams per month thereafter

• Do not promote or transfer too many staff from the new campaign core staff pool:
  – Develop maximum 10% of the campaign staff for redeployment over a period of time
  – Recruit or transfer for balance of requirements

• Resist increasing the ramp too quickly – stability is achieved only after 9-12 months

• Expect a slight increase in attraction after the initial go-live phase and stabilisation phase

• Keep SA staff profiles in mind: the socio-economic factors and demographics are different – prepare your training material, recruitment profiles and assessment profiles accordingly

• Invest heavily in train-the-trainer and SME resources and programmes initially
Staffing – Local is Different

• Staff mix (dependant on size of campaign):
  
  – Groups 1-3:
    • Staff from existing operation: 30% (maintain the culture)
    • Experienced, newly recruited staff: 30% (stability, know what to expect)
    • New or less experienced staff: 40% (building the pipeline)
  
  – Groups 3+:
    • Staff from existing operations: 15% (maintain the culture)
    • Experienced staff: 25% (stability, know what to expect)
    • New or less experienced staff: 60% (building the pipeline)

• SA staff on average are younger than UK staff, and they require a different approach to incentives, environment, and support structures etc

• Be careful not to position too many foreign individuals in people management positions – position them as experts or specialist support staff etc.
Client Involvement – In SA

- **Training** – Invest in continual training and re-certification programmes

- **Operations** – Invest in an on-site client representative
  - Local SMEs to visit client operations during the course of the campaign – make them the specialist champions
  - Be involved in calibration sessions at all levels
  - Make the most of your MBR, QBR and ABR / SBR
In Summary

Cape Town is a great place for offshoring provided it is the right type of work.

BUT

Globalised localisation is the key to success.
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