Everest Group

The Case for Impact Sourcing

September 2014

Introduction to impact sourcing

Impact Sourcing (IS) is a business process service delivery model that provides quality and cost at parity with traditional BPO services, but with optimized enhancements such as:

- A qualified, trained, untapped talent pool with skillsets aligned to match client needs,

- Lower attrition rates and higher corresponding levels of employee engagement, and

- Opportunities to fulfil corporate social responsibility and diversity objectives while operating within a traditional BPO framework

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Why should you care about impact sourcing?

Creates business benefits

- Costs and performance comparable to traditional BPO

- Attrition rates 15-40% lower and stronger employee engagement

- Where applicable, provides greater access to local markets and culture which can enable business opportunity

Helps impact sourcing workers

- Who
  - Economically disadvantaged: low income areas, lack access to jobs
  - Socially disadvantaged: minorities, gender groups
  - Persons with disadvantageous life circumstances: disabled, health limits
- Result
  - Income increases 40-200%
  - 3-4 family members benefit
  - Communities strengthened

Others are already successfully using impact sourcing

- Leading ITO-BPO provider: *"We have hired 2,500+ impact workers till date and attrition among these workers has been 20-35% lower than regular hires…"*

- Buyer: *"Our service has stayed the same or even improved"*

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The impact sourcing (IS) market is sizable and is growing faster than the overall BPO market

Size of impact sourcing market[1]
2014; Percentage
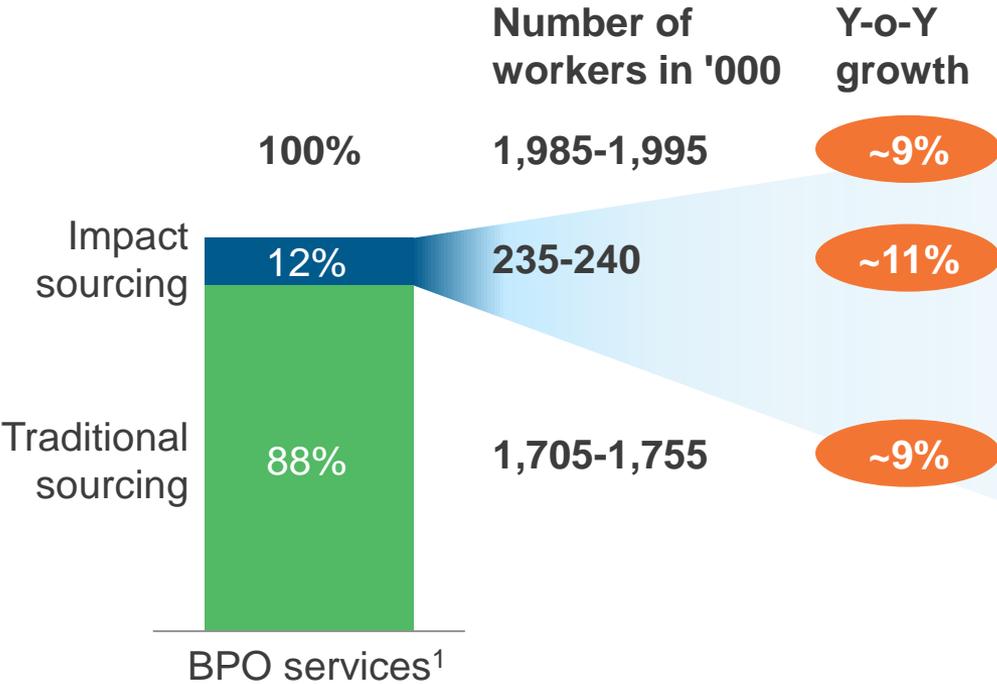
Geographical distribution of IS market[1]
2014; Percentage
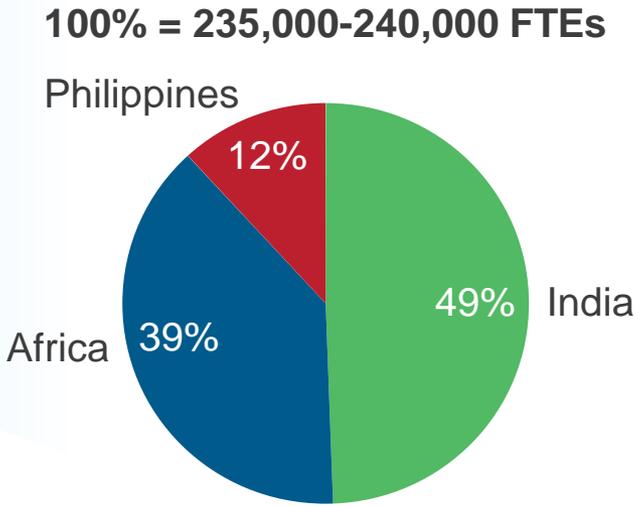
	Number of workers in '000	Y-o-Y growth	
100%	1,985-1,995	~9%	

Impact sourcing 12% — 235-240 — ~11%

Traditional sourcing 88% — 1,705-1,755 — ~9%

BPO services[1]

100% = 235,000-240,000 FTEs

Philippines 12%

India 49%

Africa 39%

Adoption is driven by traditional BPOs and buyers using IS to deliver exports and domestic services

Distribution of IS FTEs by type of player
2014; Percentage

100% = 235,000-240,000 FTEs

ISSPs
5%

95%

Traditional BPOs and buyers
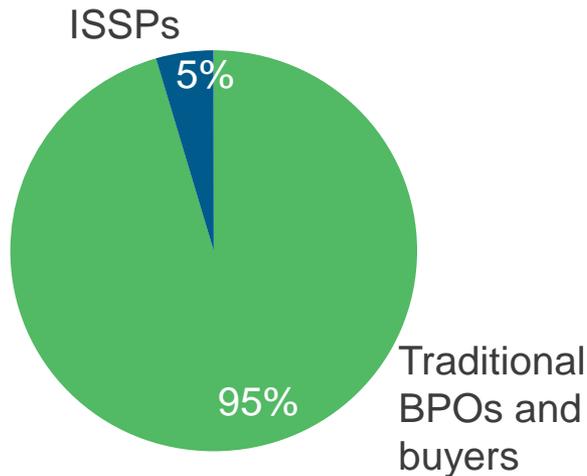
- Adoption led by large traditional BPOs (top 20 BPOs) and Fortune 1000 buyer firms

- ISSPs are concentrated in India and Kenya

Distribution of impact workers by type of client served
2014; Percentage

100% = 235,000-240,000 FTEs

Export services
17%

83%

Domestic services
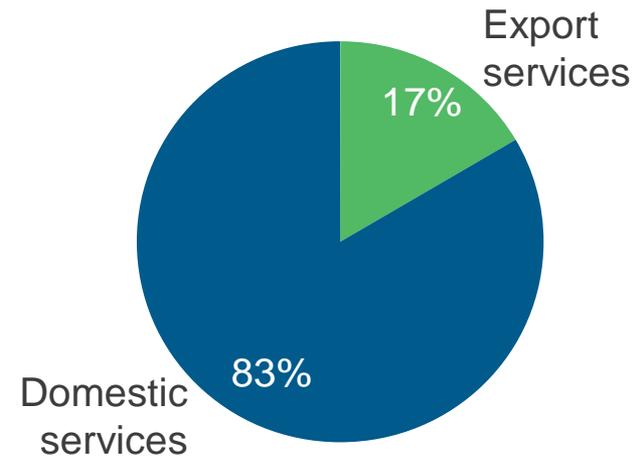
- Adoption in exports driven by characteristics of locations (foreign language skills availability)

- Adoption in domestic is driven by local language skills, cultural affinity, and cost advantage

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Large, global companies are currently using impact sourcing

Buyers

Microsoft · Deloitte. · etisalat · FNB First National Bank · hp

METROPOLITAN HEALTH GROUP · ancestry.com · MTN · OLD MUTUAL

PANGEA³ · Safaricom · SAP · Standard Bank · Valeo

Traditional BPOs

accenture High performance. Delivered. · AEGIS · DIRECT CHANNEL · FullCircle · Infosys

Quatrro · RAYA Contact Center Passion. Value. Results. · serco · SUTHERLAND GLOBAL SERVICES Measurable Performance Delivered Globally

TATA CONSULTANCY SERVICES · Teleperformance · webhelp

Note: Includes intentional and unintentional impact sourcing
Source: Everest Group (2014)

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Companies have positive experiences using impact sourcing

"Passion to perform among these (impact) workers has helped us in achieving customer satisfaction and freeing managerial bandwidth."
– General Manager, Teleperformance RSA

"There's a strong business case to IS…it's a win-win situation for us, our employees as well as for our clients."
– Chief People Officer of a leading BPO company in South Africa

"We have been hiring impact workers for over four years now and have no apprehension around performance capabilities of properly trained impact workers."
– Tata Consultancy Services

"We are committed to the idea of impact sourcing and would like to see the impact workers forming up to 50% of our total workforce, up from current 20% or so."
– President, ASEAN, Africa and Middle East, Aegis Limited

"Impact workers might not be suitable for all roles, but where appropriate and with the right support, in my experience they achieve just as much as any more experienced worker and sometimes even more."
– Head of contact center operations of a leading South African FS group

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The value of impact sourcing is business process service delivery but with optimized enhancements

1 **Low costs**
- Significant cost savings (70%+) over source locations in U.S./UK
- Costs comparable or lower than traditional BPOs

2 **Proven, reliable service delivery**
- Performance comparable to traditional BPOs
- Track record of meeting client SLAs/KPIs and expectations

5 **Social Impact**
- Direct impact (individuals, families)
- Indirect impact (communities, support services, local economy)

3 **Large and untapped talent pool**
- Alternative to supplement traditional talent pool
- Vernacular language capabilities

4 **Stable and engaged workforce**
- Lower attrition than traditional BPO employees
- Motivated workforce

Impact sourcing offers 65-87% cost arbitrage over source locations for offshore BPO

Fully loaded operating cost for English non-voice transactional BPO[1]
2014; USD '000s per annum per FTE

72-74

67-70%
81-83%
84-86%
85-87%

22-24
12.5-13.5
10-12
9.5-10.5

U.S. (Charlotte)   Ghana   Kenya   Philippines   India
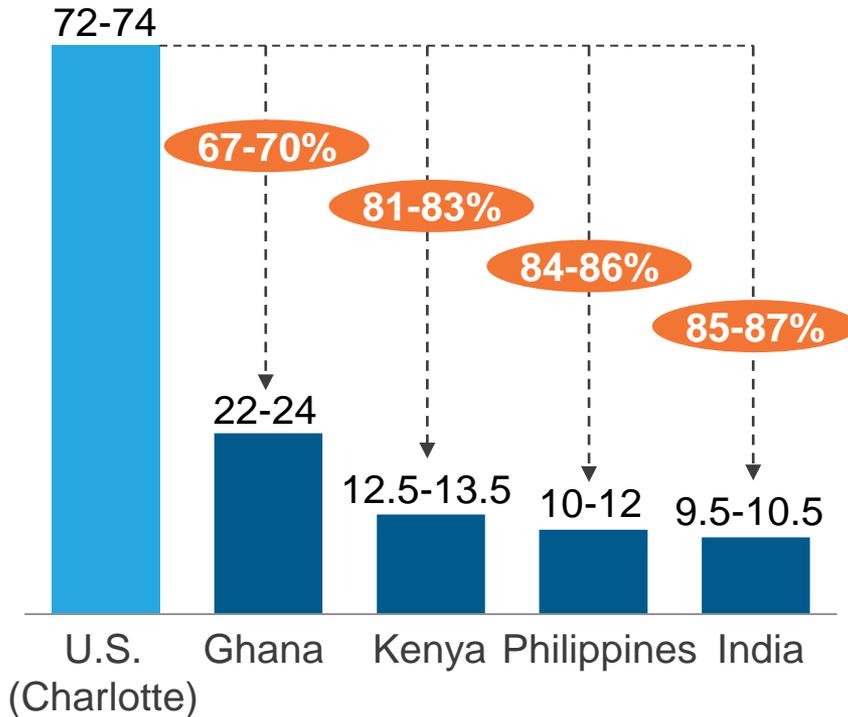
← *IMPACT SOURCING COSTS* →

Fully loaded operating cost for English voice-based BPO[1]
2014; USD '000s per annum per FTE

59-61

65-68%
70-73%
74-76%
82-85%

19-21
16-18
14.5-15.5
9.5-10.5

UK tier-2 (Croydon)   South Africa   Nigeria   Egypt   India
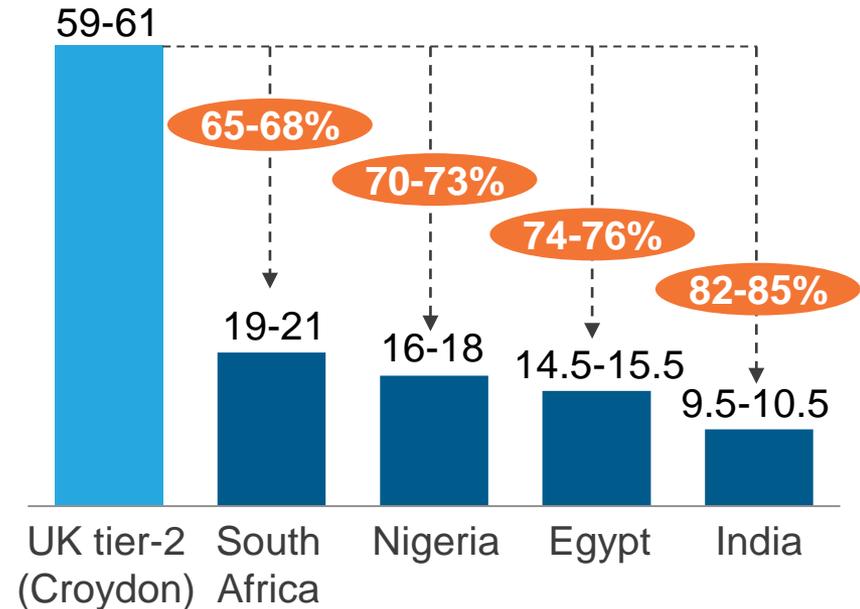
← *IMPACT SOURCING COSTS* →

1   Fully-loaded operating costs including compensation and benefits, real estate and facilities, telecom, and other ongoing costs. Excludes cost of expatriate staff, ongoing travel, governance, initial set-up costs, and margins/mark-ups

Source: Primary data collection; interviews with market participants (buyers, traditional BPOs, ISSPs, investment agencies); Everest Group (2014)

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Impact sourcing offers significant savings compared to traditional BPO

1

Fully loaded operating cost for English non-voice transactional BPO[1]
2014; USD '000s per annum per FTE

- Traditional sourcing
- Impact sourcing

DOMESTIC SOURCING EXAMPLE

South Africa
- 4-6%
- 20-22
- 19-21

Egypt
- 3-4%
- 14.5-15.5
- 14-15

Kenya
- 10-15%
- 14-15
- 12.5-13.5

India
- 35-40%
- 10-11
- 6-8
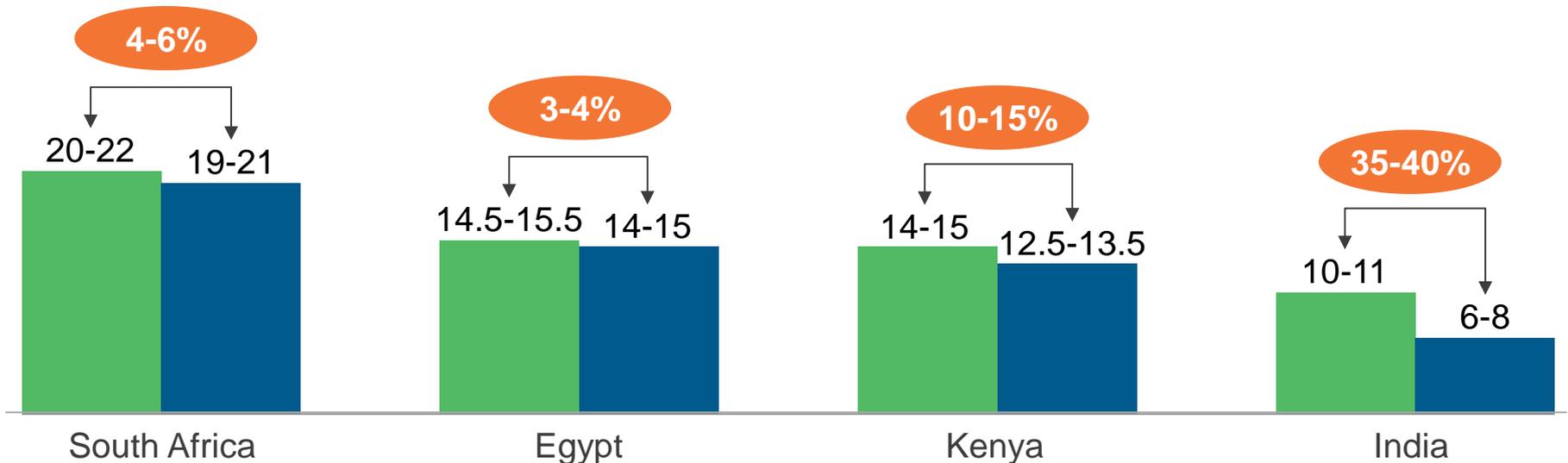
Differences driven by lower rate of attrition for impact workers and location leverage (e.g., tier-3/rural location)

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Performance delivered through impact sourcing is comparable to traditional BPO (page 1 of 2)

- Teleperformance RSA has developed extensive metrics to measure the performance of impact and compare against the traditional BPO workers

- A pilot program, running over a ten-month period, demonstrated that on most parameters impact workers showed steady improvement in their customer satisfaction levels, bringing them nearly comparable to the average performance of traditional workers

- - - Consolidated   —— IS Workers   *CASE STUDY*

Average calls per hour
Number of calls
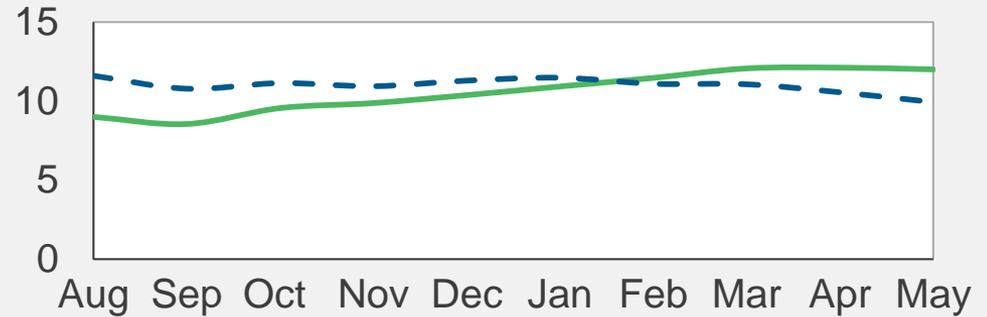
Average handling time
Seconds
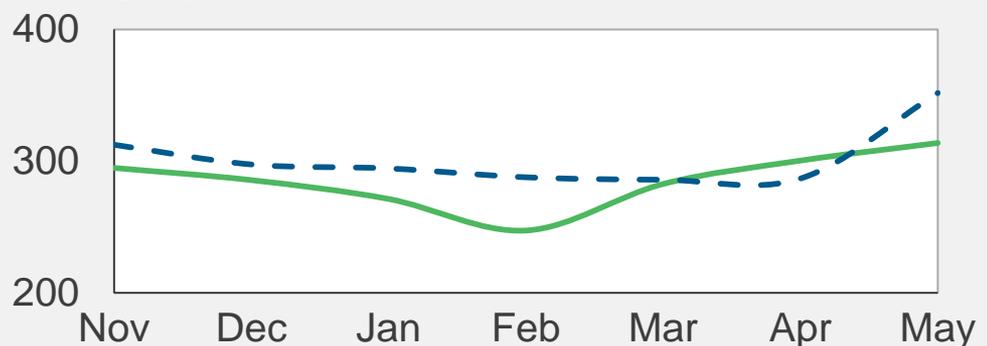
Source: Interview with Teleperformance RSA

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Performance delivered through impact sourcing is comparable to traditional BPO (page 2 of 2)

"We believe that with a stringent training, HR and recruitment screening process in place, you can ensure high quality through impact workers. We have impact workers serving international clients with equal efficiency."
  – *Global Chief People Officer, Aegis Limited*

"CloudFactory enables us to process more results faster. Our turnaround time has decreased tremendously – from 3-4 hours to just 30 minutes! And the average cost per result has decreased over 70%!"
  – *Chief Communications Officer, SureHire*

"We were not really looking for impact sourcing providers, but were really glad to have found them. They are specialised to deliver what we need at cost comparable to that in India and Sri Lanka."
  – *Senior Director, Global Operations, Ancestry.com*

"RuralShores is a valued partner for us, who ensures a quality output resulting in a great customer experience and improved ROI."
  – *Insurance sector client, RuralShores India*

"We started with 100% quality check, and then reduced it to 20-30% after achieving a steady state. This is comparable to our traditional operating model."
  – *COO & CTO, Pangea3*

"I can see only advantages of hiring these people [impact workers] for a company like ours where most of the work is done on computers."
 – *General Manager, Valeo InterBranch Automotive Software Egypt*

Source: Primary data collection; interviews with market participants; Everest Group (2014)

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IS provides opportunities to access a large, untapped, and qualified talent pool that can ease labor supply constraints

**Unemployed population with secondary or tertiary education**
2012; Number in '000

Country	Number in '000
India	11,000-11,500
Egypt	2,700-3,200
Philippines	2,250-2,750
South Africa	1,600-2,100
Kenya	700-1,000
Morocco	300-600
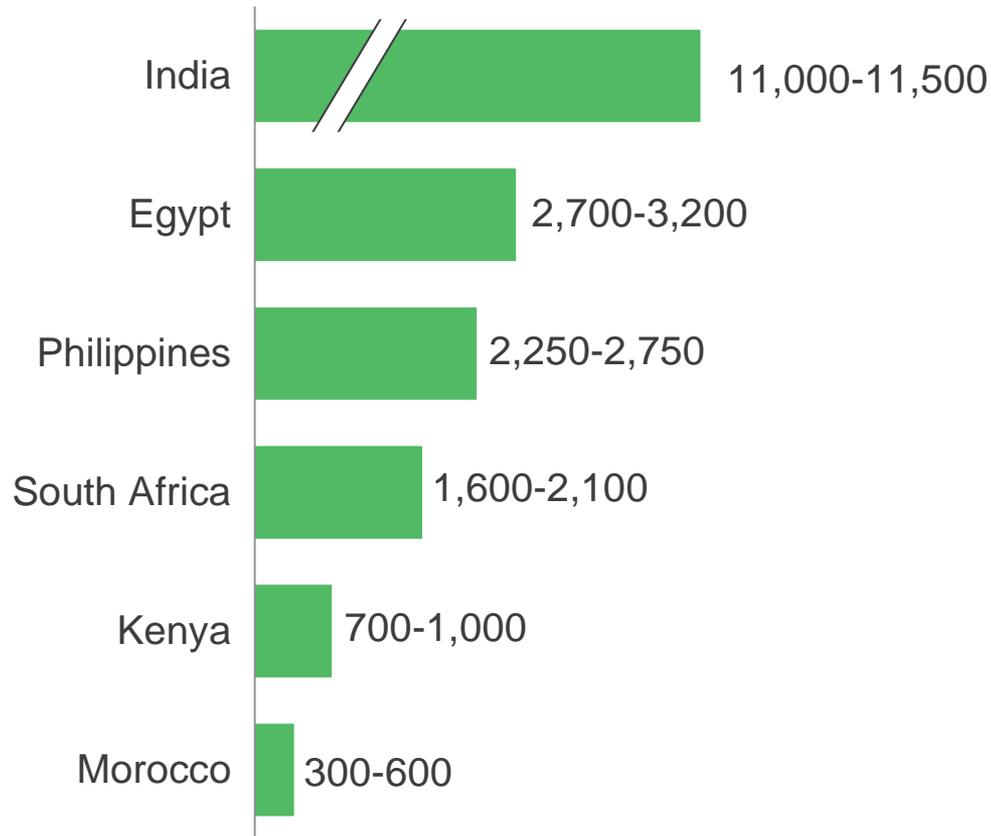
- Most countries have large, untapped pools of unemployed high school and college graduates

- This talent pool is well suited to serve the domestic market

"We collaborated with Maharishi Institute to launch the Impact Sourcing Academy (ISA) aimed at training unemployed South African youth with work-ready skills for available jobs in the outsourcing sector"

– Aegis, South Africa

Source: Education ministries; statistical websites of countries, World Bank; primary data collection; interviews with market participants; Everest Group (2014)

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Impact workers have 15-40% lower attrition than traditional BPO workers and exhibit high motivation levels

4

Comparison of annual attrition rate[1]
2014; Percentage

■ Traditional sourcing
■ Impact sourcing
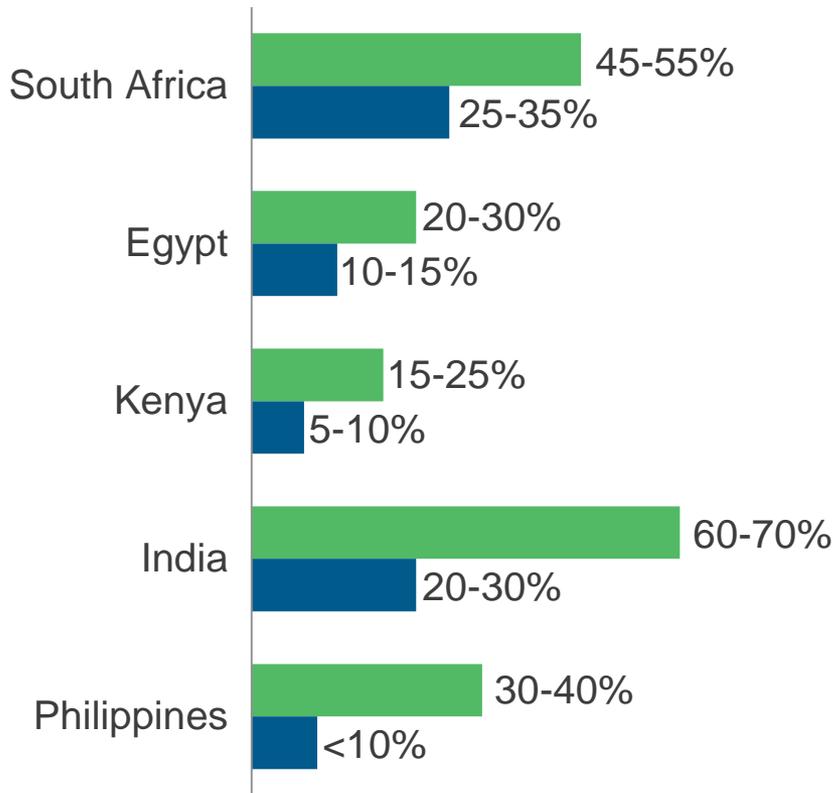
South Africa
45-55%
25-35%

Egypt
20-30%
10-15%

Kenya
15-25%
5-10%

India
60-70%
20-30%

Philippines
30-40%
<10%

"We have hired 2,500+ impact workers till date and attrition among these workers has been 20-35% lower than regular hires…"
— *TCS, India*

"Our attrition is next to nothing, close to 1% per month…"
— *Techno Brain, a BPO provider with operations in six countries in Africa*

"We are witnessing ~30% lower attrition for impact workers…"
— *Aegis, South Africa*

"We recorded zero attrition and absenteeism during last 12 months (2013-2014) while meeting all delivery SLAs for operations subcontracted to Rural BPO…"
— *A leading BPO in Philippines*

1   Based on attrition rates for voice/transactional BPO for steady state operations. Based on data from 60+ companies across five countries
Source: Primary data collection; interviews with market participants; Everest Group (2014)

Drivers of low attrition among IS workforce and its benefits to companies

Drivers of lower attrition among impact workers

Emotional bond/affinity with employers

Strong fit with personal/family aspirations

BPO is a preferred option to alternate employment opportunities

Opportunities for education along with employment

Skill level closely matching job requirements

Benefits to companies from stable and motivated IS workforce

Improved employee performance over a period of time

Lower hiring and training costs in the long term

Reliable service delivery (comparable to traditional BPOs) and satisfied clients

Source: Primary data collection; interviews with market participants; Everest Group (2014)

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IS provides substantial benefits across impact workers, related individuals and the broader economy

Benefits to community/ economy
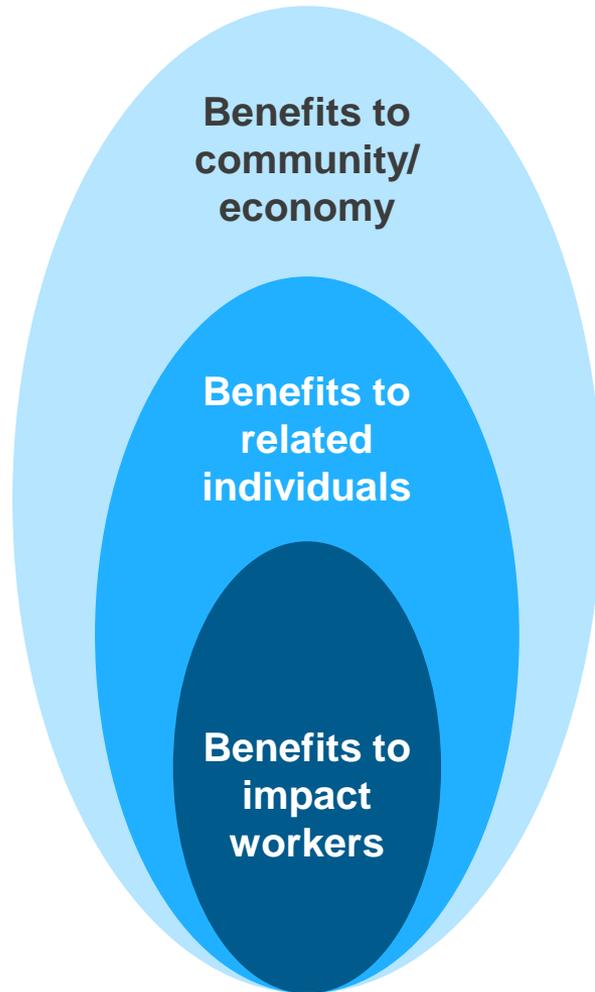
- Total impact on economy is 3.5-4.0x of direct impact worker income
- Up to 3x increase in discretionary spending of impact workers
- Improved employability of disadvantaged workers
- Increase in spend on community development

Benefits to related individuals

- 3-4 related individuals benefit from every impact job
- Increase in spend on family and household requirements
- Higher investment in child health and education
- Improvement in family relationships owing to stable employment

Benefits to impact workers

- First time job opportunities
- 40-200% increase in income for impact workers
- Increase in personal expenditure and savings
- Professional development and opportunities for career growth
- Increase in confidence levels
- Reduction in tendency to migrate leading to better quality family life

Source: Interviews conducted with traditional BPO providers, specialist training agencies, ISSPs, and country-level industry associations; Everest Group (2014)

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There are multiple roles that impact sourcing can play in the global sourcing portfolios of buyers and BPOs

Enable further optimization in global service delivery

- Achieve lower costs

- Absorb demand fluctuations and provide flexibility

- Free up internal bandwidth for higher order work

Competitive advantage in domestic sourcing

- Access large, untapped talent pool with vernacular skills

- Achieve lower rates of attrition

- Support global companies entry into domestic markets

Provide geographic diversification

- Enable country diversification

- Enable diversification within a country (e.g., into tier-2/3/4 cities)

- Support entry into new business markets in developing world

Help achieve CSR objectives

- Achieve supplier diversity

- Create employment for disadvantaged communities

- Help improve CSR objectives

Source: Everest Group (2014)

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The proposition of impact sourcing makes it a natural fit for certain types of BPO work

Transactional, repeatable, and high volume

- Examples include

  - Non-voice support for back-office

  - Voice-work when business needs align with talent capabilities

Bespoke work, not amenable to "industrialization"

- Typically requiring human intervention to handle case-to-case basis customization

- Typically cannot be fully automated

Generally suitable to offshoring[1]

- Cost savings and efficiencies are key objectives

- No regulatory or legal restrictions on offshoring

- Limited time zone dependency

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There are multiple business processes that are a good fit for impact sourcing

Sales & marketing	• Sales data capture and validation • Telemarketing • Content conversion, editing, and tagging • Document digitization (e.g., customer forms digitization)

Supply chain management	• Data entry (e.g., order entry, package tracking) • Document digitization and archiving (e.g., claims forms)

Finance & accounting	• OCR image validation • Invoice data entry • Indexing invoices • Paper invoice digitization and archiving

Industry specific operations	• E-commerce support (e.g., transcription, translation, content tagging, basic online research) • Location tagging

Customer service	• Domestic voice support in vernacular languages • L1 technical helpdesk

Human resources	• Document scanning and indexing (e.g., employee expense claims forms) • Data entry in HR information systems

Source: Everest Group (2014)

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Summary of key messages on impact sourcing

1 The Impact Sourcing (IS) market is large (~240,000 workers) and accounts for ~12% of the BPO market. The IS market is growing faster than the overall BPO market

2 Impact sourcing offers a unique proposition relative to traditional BPO anchored on attractive costs, comparable performance, access to an untapped talent pool, and the opportunity to create substantial social impact

3 Impact workers offer a more stable and engaged workforce with 15-40% lower attrition rates than traditional BPO workers resulting in improved performance levels, lower hiring and training cost, and reliable service delivery over a period of time

4 Impact sourcing can play multiple roles in the global sourcing portfolios of companies (i.e., enable further optimization in global delivery, provide competitive advantage in domestic sourcing, provide geographic diversification, and help achieve CSR objectives)

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Appendix

- **Impact sourcing market landscape**

- Customer and services segments in impact sourcing

- Cost savings offered by impact sourcing

- Performance of service delivery using impact sourcing

- Total economic effect of impact sourcing

- Glossary of terms

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Impact sourcing market is concentrated in India, South Africa, and the Philippines, which together account for more than 90% of the IS market

Geographical distribution of IS market[1]
2014; Percentage

100% = 235,000-240,000 FTEs

South Africa 35%
Philippines 12%
Other Africa 4%
India 49%

> Put together, impact sourcing in Africa accounts for 90,000-95,000 workers across geographies of interest

Geographical distribution of IS in Other Africa[1]
2014; Percentage

100% = 8,000-10,000 FTEs

Egypt 11%
Morocco 13%
Kenya 38%
Nigeria 18%
Ghana 20%
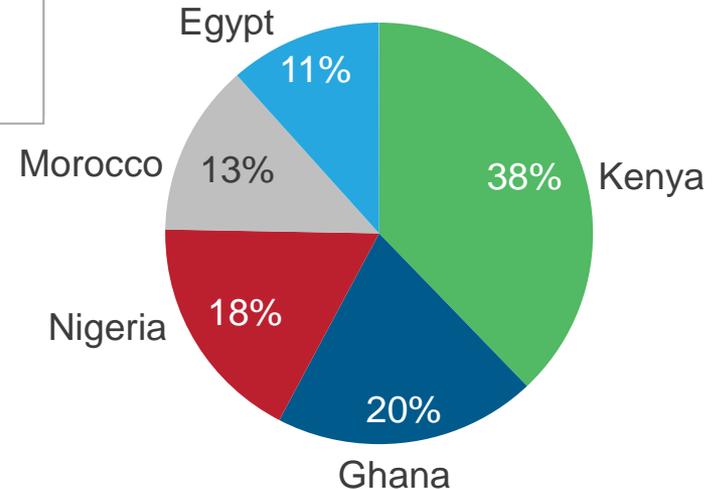
- India and Philippines are large markets for impact sourcing with ~145,000 impact workers
- Within Africa, the largest market is South Africa with ~83,000 impact workers
- Impact sourcing in other African countries (Egypt, Ghana, Kenya, Nigeria, Morocco) is relatively small having a total of ~9,000 impact workers

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1   Refer detailed report for country profiles on impact sourcing
Source: Primary data collection; interviews with market participants (buyers, traditional BPOs, ISSPs, investment agencies); Everest Group (2014)

While impact sourcing market is driven by unintentional hiring of impact workers...

Intentional vs Unintentional impact sourcing[1,2]
2014; Percentage

100% = 235,000-240,000 FTEs

- Unintentional impact sourcing constitutes bulk (63%) of the IS market
- Even though companies do not have policies to hire disadvantaged individuals, many companies unintentionally hire such individuals due to population demographics (e.g., South Africa, Kenya) or by virtue of service delivery location (e.g., rural locations in India)
- In such cases, companies typically do not track the background of impact workers and provide identical recruitment and training to impact workers as mainstream employees. In addition, **their performance is measured against same standards as traditional workers**

Intentional[1] impact sourcing

37%

63%

Unintentional[2] impact sourcing
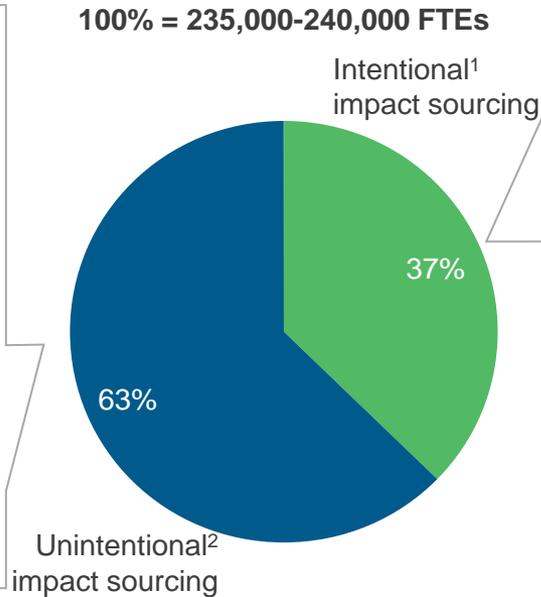
- Multiple instances of companies (esp. traditional BPOs) having an intentional focus on hiring disadvantaged individuals
  - This is typically done as part of their geographic diversification into rural areas (especially in India) or as part of diversity or CSR initiatives
- Companies typically focus on measuring the social benefits of intentional impact sourcing
- Some companies also measure and monitor the performance of intentional impact sourcing with evidence of some comparing IS performance with mainstream workers
- In addition, some companies focus only on IS (e.g., ISSPs, training academies such as Impact Sourcing Academy, Harambee)

"While we do not have a formal procedure to hire impact workers, about 75-80% of our employees would qualify as impact worker."
   – Head of contact center operations of a leading South African financial services groups

"There's a strong business case to IS…. It's a win-win situation for us, our employees as well as for our clients."
   – Chief People Officer of a leading BPO company in South Africa

1   Intentional impact sourcing reflects sourcing construct in which companies engage in targeted hiring of impact workers and measure and track the tangible outcomes (e.g., social benefits, performance, attrition)
2   Unintentional impact sourcing reflects sourcing construct in which companies do not engage in targeted hiring of impact workers. In these situations, companies typically do not distinguish between impact workers and mainstream workers. The tangible outcomes of impact sourcing are not measured or tracked
Source: Primary data collection; interviews with market participants (buyers, traditional BPOs, ISSPs, investment agencies); Everest Group (2014)

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…however, there are many instances of companies having an intentional focus on hiring impact workers

Distribution of intentional impact workers
2014; Percentage

100% = 80,000-85,000 FTEs

ISSPs
12%

88%

Traditional
BPOs and
buyers
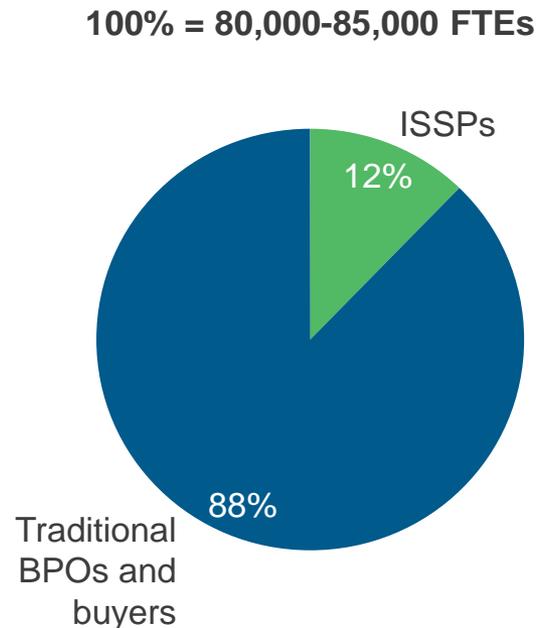
- Overall, the intentional IS market is driven by traditional BPOs and buyers; however, there are location specific differences
  - *India and Philippines*: Traditional BPOs and ISSPs are the leading adopters of impact sourcing
    - Many instances of companies (e.g., Aegis, TCS, Serco) having programs to hire individuals from disadvantaged (e.g., educated but unemployed rural youth) backgrounds, especially to serve domestic demand
    - Typically adopted through a mix of direct hiring and outsourcing, especially in India. Philippines is largely driven by direct hiring due to limited ISSP presence
  - *South Africa*: Adoption across traditional BPOs and buyers
    - Many instances of BPOs (e.g., Aegis, Genpact, Teleperformance, CCI) and buyers (e.g., Standard Bank, First Rand Bank)
    - Instances of companies using specialist training programs (e.g., Monyetla, Impact Sourcing Academy, Harambee, Careerbox) to hire impact workers
    - Adoption driven by direct hiring from traditional BPOs/buyers
- Impact Sourcing Service Providers (ISSPs) account for ~12% of the intentional impact sourcing market
 - Most of the ISSPs are located in India (~9,000 FTEs) and Kenya (~1,400 FTEs)

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Impact sourcing is predominantly used for serving domestic demand

Distribution of impact workers by type of clients served
2014; Percentage

100% = 235,000-240,000 FTEs
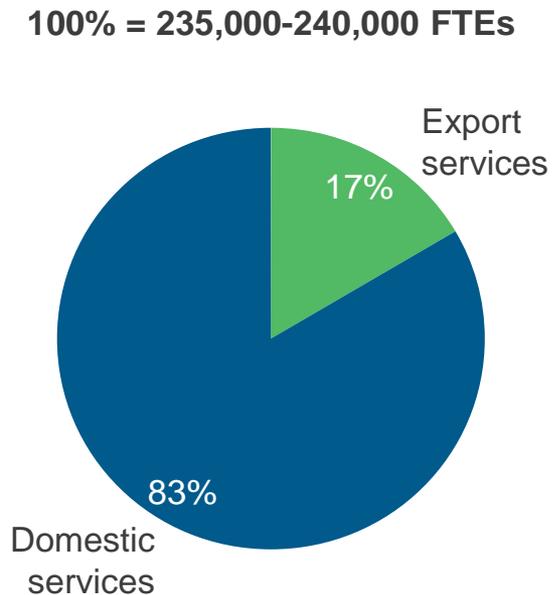
- Typically, there is higher adoption of impact sourcing for serving the domestic demand
  – In India, 94-96% of impact workers serve domestic demand, typically providing vernacular language support in contact centers
  – In South Africa, 95-97% of impact workers serve the domestic market
- Higher adoption of impact sourcing for domestic market is driven by
  – Greater suitability for serving domestic market (e.g., greater cultural affinity for vernacular language support)
  – Lack of functional and technical skills for serving offshore market (e.g., English proficiency in India, European language proficiency in South Africa, Bilingual capabilities in Egypt)
- However, there are multiple instances of impact workers being used to serve the exports market
  – In Philippines, 94-96% of impact workers serve the U.S. market
  – In South Africa, companies use impact workers to serve UK market
  – In Kenya, DDD uses impact workers to serve U.S. clients

Source: Primary data collection; interviews with market participants (buyers, traditional BPOs, ISSPs, investment agencies); Everest Group (2014)

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There are variations in the type of geographies served through impact sourcing across countries

Country-wise adoption of impact sourcing by geographies served
2014; Number of impact sourcing FTEs in '000
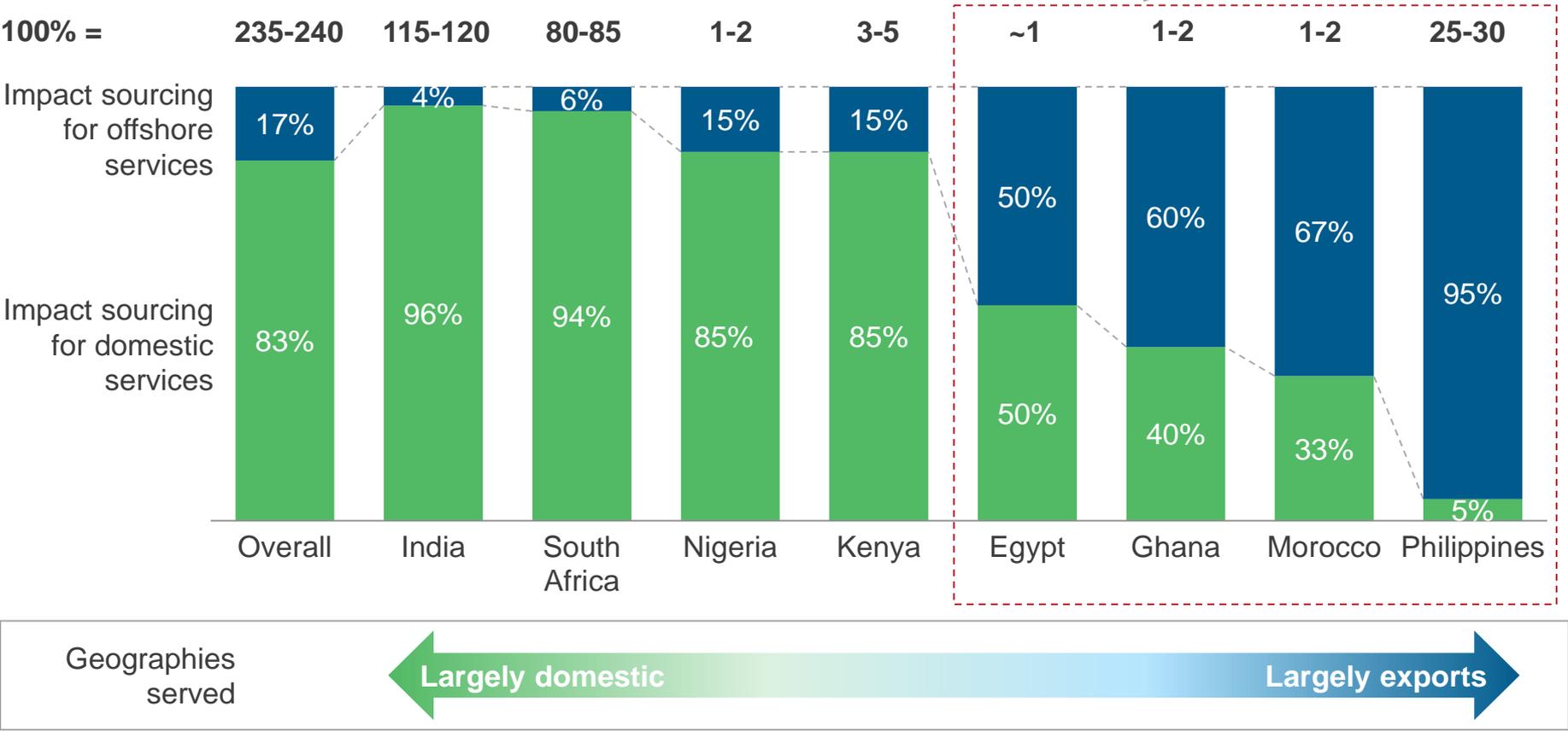
Impact sourcing largely used to serve offshore/exports market

100% =	235-240	115-120	80-85	1-2	3-5	~1	1-2	1-2	25-30
Impact sourcing for offshore services	17%	4%	6%	15%	15%	50%	60%	67%	95%
Impact sourcing for domestic services	83%	96%	94%	85%	85%	50%	40%	33%	5%
	Overall	India	South Africa	Nigeria	Kenya	Egypt	Ghana	Morocco	Philippines

Geographies served

← **Largely domestic**   **Largely exports** →

Source: Primary data collection; interviews with market participants (buyers, traditional BPOs, ISSPs, investment agencies); Everest Group (2014)

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Appendix

- Impact sourcing market landscape

- **Customer and services segments in impact sourcing**

- Cost savings offered by impact sourcing

- Performance of service delivery using impact sourcing

- Total economic effect of impact sourcing

- Glossary of terms

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There are four segments of companies using impact sourcing

Segments[1]	Description	Examples
Buyers (including GIC/shared services)	• Buyer organizations hiring impact workers directly as part of their own workforce, or sourcing services from third-party providers such services which use impact workers • Directly hired IS workers are typically employed by the parent organizations or GICs	• Microsoft • Standard Bank • Metropolitan Health • First Rand Bank • Valeo
Traditional BPOs	• Organizations which provide traditional BPO services mainly through non-IS workers or unintentional IS workers • They hire impact workers either directly or use impact sourcing service providers (ISSP) for servicing the clients (typically through sub-contracting)	• Teleperformance • Infosys • Fullcircle • Aegis • Serco
Impact Source Service Providers	• Pure play impact source service providers (ISSPs) – Only employ impact workers to serve their clients • Impact Source service aggregators – Organizations which act as a bridge between ISSPs and their clients (either buyers or traditional BPOs)	• DDD • Cloudfactory • Samasource • Head Held High
Training Institutes	• Institutes that provide targeted training programs for individuals from disadvantaged backgrounds • Training institutes could be either part of organizations where IS workers are employed or external to them	• Impact Sourcing Academy • Harambee • Careerbox

1 Refer page 52 for more detailed definitions

Source: Primary data collection; interviews with market participants (buyers, traditional BPOs, ISSPs, investment agencies); Everest Group (2014)

The impact sourcing market is driven by traditional BPO and buyers

Distribution of IS FTEs by type of player
2014; Percentage

100% = 235,000-240,000 FTEs

- ISSPs are concentrated in India (~9,000) and Kenya (1,400)
- Leading ISSPs are
  - *India*: RuralShores, B2R, Piramal Udgam (formerly Source For Change)
  - *Kenya*: DDD, Daproim, Adept Technologies
- In addition, there are aggregators (e.g., Samasource, Head Held High) that have presence in multiple locations

ISSPs

5%

95%

Traditional BPOs and buyers

- Traditional BPOs and buyers are the largest adopters of impact sourcing across geographies (225,000-230,000)
- However, bulk (~66%) of impact workers among traditional BPOs and buyers are unintentional[1]
- Key adopters across geographies include Teleperformance, Aegis, TCS, Serco

1 Unintentional impact sourcing reflects sourcing construct in which companies do not engage in hiring of impact workers intentionally. Impact workers are hired due to population demographics (e.g., South Africa, Kenya) or by virtue of service delivery location (e.g., rural locations in India). In these situations, companies typically do not distinguish between impact workers and mainstream workers. The tangible outcomes of impact sourcing are not measured or tracked

Source: Primary data collection; interviews with market participants (buyers, traditional BPOs, ISSPs, investment agencies); Everest Group (2014)

Everest Group

The services offered through impact sourcing can be broadly classified into five categories

Types of services	Typical skillset requirement	Examples of services/activities typically delivered using IS
Contact Center Services	• Services requiring proficiency in language and communication • Typically require foreign language skills (especially for offshore) or vernacular language for domestic service delivery	• Domestic voice support in vernacular language, telemarketing, L1 technical helpdesk, virtual assistant
Data Processing	• Typically these services are transactional in nature • Require basic knowledge of computer skills and basic language reading/writing skills	• Data entry, data mining, data capture, document digitization and archiving, data validation/quality, transcription
Content Services	• Typically require domain knowledge and proficiency in language	• Editing, copy writing, digital marketing, translation, image clean-up
Data Analysis	• Typically require extensive domain knowledge and computer skills	• Basic online research, content tagging, image tagging, location tagging
Finance & Accounting	• Depending on the complexity of services, domain skill requirement varies from basic to advanced • Computer and language skills are required	• Invoice processing, OCR image validation, indexing invoices, accounting, paper invoice digitization and archiving

Source: Primary data collection; interviews with market participants (buyers, traditional BPOs, ISSPs, investment agencies); Everest Group (2014)

Adoption of impact sourcing is largely driven by contact center and data processing work

Types of services	←Low ——— Adoption ——— High→	Comments
Contact Center Services		• High adoption of impact sourcing for customer support and data processing services • Adoption typically driven by domestic demand – Multiple instances of companies in India using IS for supporting domestic demand in vernacular language • Instances of companies using IS to serve exports market, especially for data processing
Data Processing		
Content Services		• Lower adoption of IS driven by greater requirement for domain knowledge for these services • Some instances of companies carving out activities/tasks within these services that are transactional in nature and require limited/no domain knowledge (e.g., document digitization, basic online research, image tagging) • In addition, there is evidence of some ISSPs making necessary adjustments to their talent model to bridge gaps in skillsets – RuralShores hired graduates with accounting skills for invoice validation and indexing process
Data Analysis		
Finance & Accounting		

Everest Group

Illustrative examples of tasks delivered through impact sourcing

Task delivered through impact sourcing
Task delivered through traditional methods

Data entry

- Workflow software queues up documents / transactions for data entry
- Typically double key entry process is used, in which two data entry agents process same document/transaction in the workflow software to ensure high data entry accuracy
- Quality control compares data entry and evaluates for accuracy
- QA releases output for delivery

Customer support in vernacular language

- Customer support agents make / receive calls
- Agents retrieve account information and authenticate
- Agents respond to customer queries (e.g., account history, billing, invoicing, payment)
  – Agents provide support in vernacular language for greater customer experience
- Agents provide query resolution or escalate, as appropriate

OCR image validation

- Documents prepared for scanning
- OCR software process converts document to TIFF, JPEG, PDF image
  – Software reads text block by block and translates into machine language
- Agents validate translation by software
- Agents index data or text to enable content based retrieval
- Quality control by supervisor/manager
- QA releases to database or document management system

Transcription

- Voice recordings, saved as audio files, are sent to data transmission system (e.g., FTP server)
- Transcription manager / team lead downloads files from transmission system and allocates work
- Agents transcribe files and send files for proof reading
  – Applicable for transactional work; domain specific (e.g., medical transcription) work is typically not delivered using impact sourcing
- Proof reader checks the transcription for quality
- Transcription reviewed and sent to file server

1   Tasks segregated for purpose of reference only. In reality impact workers will mingle with traditional/mainstream workers and work may overlap between the two

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Appendix

- Impact sourcing market landscape

- Customer and services segments in impact sourcing

- **Cost savings offered by impact sourcing**

- Performance of service delivery using impact sourcing

- Total economic effect of impact sourcing

- Glossary of terms

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Framework for assessment
Fully loaded annual operating cost

ILLUSTRATIVE

	Compensation and benefits	Facilities	Technology	Offshore delivery support overheads	Sales and other corporate overheads	Fully loaded annual cost per FTE
Key inclusions	• Compensation and benefits for delivery staff (i.e., agents, senior agents, team leads, managers) • Includes annual bonus and typical benefits	• Lease rentals • Facilities management • Utilities • Amortized cost of fixture and fit-outs	• Amortized cost of equipment (servers, desktops, networking, etc.) • Ongoing bandwidth costs	• Support staff • Recruitment, training and development • Miscellaneous delivery related overheads (e.g., consumables)	• Cost of sales and account management • Corporate overheads (e.g., salary for leadership, corporate travel) • Cost for business specific software (e.g., database, software licenses)	
Key exclusions	• Project-specific transition costs, governance			• Expat costs	• Top leadership cost (including managing directors etc.)	

Operating costs linked to offshore delivery — Costs benchmarked

Corporate allocation

1 Reflects cost for steady state of operations

Everest Group

Cost savings offered by impact sourcing compared to traditional sourcing varies depending on the IS model adopted

IS model	Details of IS model and countries where it is predominantly used	Analysis used to substantiate cost arbitrage
A **Direct hiring**	This model involves hiring and integrating impact workers into the workforce of buyers or traditional BPOs ● Companies leverage specialist training agencies which serve as a bridge between employers and impact workers; these agencies assist in pre-hire training and recruitment of impact workers ● Cost difference with traditional workers is driven is differences in people costs (sourcing, on-boarding and training, attrition and other ongoing costs). No difference in facilities and technology costs ● This model is predominantly used in South Africa. Also used in Kenya, Egypt, and India	Comparison of total people cost (upfront and ongoing) between impact workers and traditional BPO workers
B **Outsourcing**	● Involves outsourcing to providers focused on IS model, that typically operate in lower cost locations compared to traditional locations ● Cost arbitrage is driven by location factors and operating model levers (e.g., wages, facilities, attrition costs) ● This model is predominantly used in India, Philippines, and Kenya	Comparison of fully-loaded operating cost for IS outsourcing model and traditional BPOs

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The business case assessment for impact sourcing in the direct hiring model is based on a total people cost view across the talent lifecycle

Sourcing cost	Training and on-boarding cost	Ongoing cost

Cost included in assessment

- Cost to recruit and source an employee

- Induction and training cost
- Salary/stipend during probation
- Time taken to reach productive level

- Ongoing salaries and benefits costs, post onboarding
- Attrition costs related to regular/impact workers

Description and drivers of difference between traditional and impact workers

- Traditional employees are sourced directly or through recruitment agencies
- Impact workers are sourced through specialist training and hiring agencies (e.g., Harambee, Impact Sourcing Academy in SA)

- Induction and training programs are identical for regular and impact workers
- Time taken to achieve minimum productivity level is similar for both type of workers
- However, during probation period (~3 months), impact workers are typically paid stipend vs. salaries paid to regular workers

- Salaries and benefits, post onboarding, are largely identical for both impact and regular workers
- However, attrition among impact workers is significantly lower as compared to regular workers

Differences between traditional and impact sourcing driven by lower rate of attrition for impact workers

While upfront sourcing cost for impact workers is higher, savings from training and onboarding, and ongoing costs lower the long term resource cost | Direct hiring in South Africa

A

Entry level people cost for English voice BPO[1]
2014; USD '000s per annum per FTE

SOUTH AFRICA

■ Traditional sourcing
■ Impact sourcing

X-Y% Percentage points savings over traditional workers

- Recruiting cost is higher for impact workers as specialist agencies charge fees for sourcing and training impact workers (basic training involving communication skills etc.). Specialist agencies only charge part of their training and hiring costs from providers, as they also receive subsidies from programs such as Monyetla

- Stipend (about 25-40% of entry-level salaries) is paid to impact workers during training and probation period vs. normal salaries to regular workers, resulting in lower people costs during initial months

- While salaries (post probation period) and benefits remain similar for both types of workers, overall ongoing costs are marginally lower given lower attrition for impact workers

8-10%

26.0-28.0
23.5-25.5

- Total people costs for impact workers are 8-10% lower than traditional workers over a period of three years
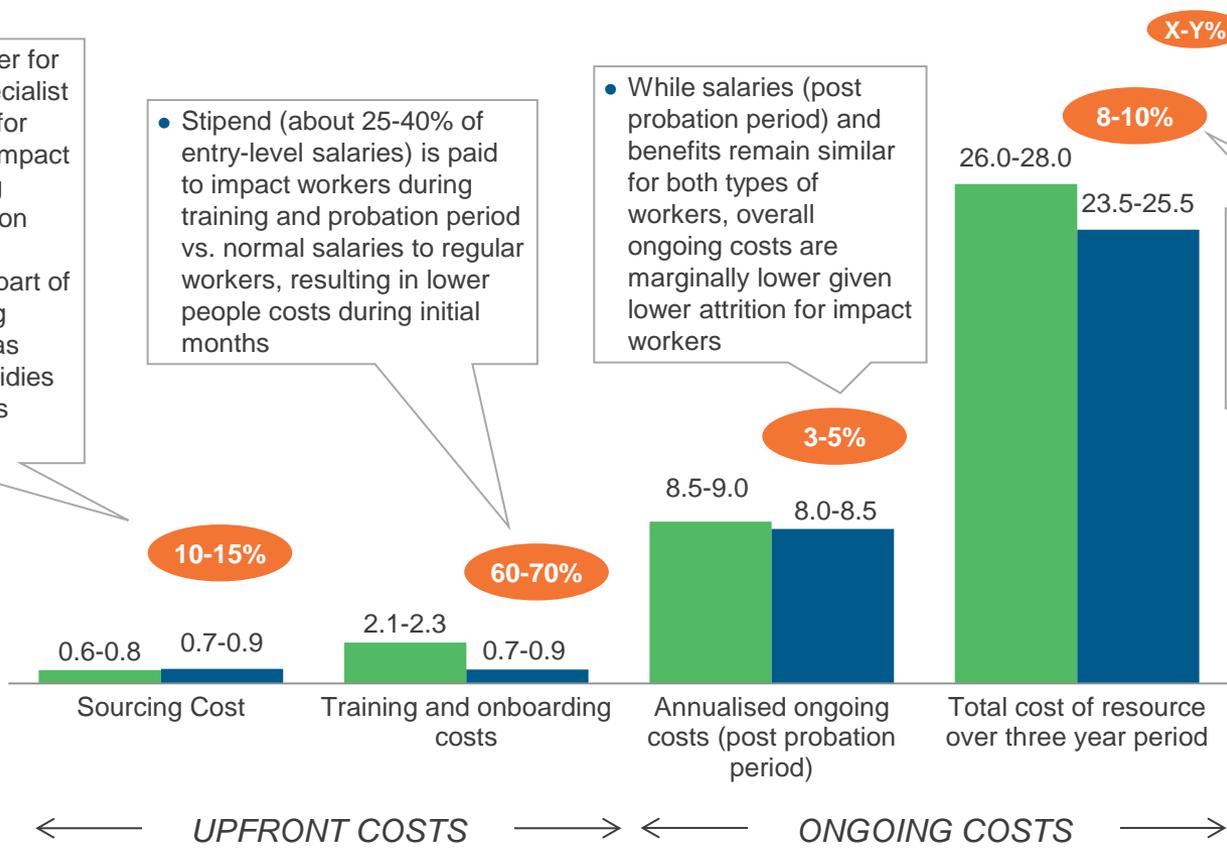
3-5%

8.5-9.0
8.0-8.5

10-15%

0.6-0.8   0.7-0.9

60-70%

2.1-2.3
0.7-0.9

| Sourcing Cost | Training and onboarding costs | Annualised ongoing costs (post probation period) | Total cost of resource over three year period |

←——— *UPFRONT COSTS* ———→ ←——— *ONGOING COSTS* ———→

1 Represents cost of entry-level employee (e.g., agent) over talent lifecycle
Source: Primary data collection; interviews with market participants; Everest Group (2014)

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While upfront sourcing and training costs for impact workers are higher, savings from ongoing costs lower the long term resource cost | Direct hiring in Kenya

(A)

Entry level people cost for English Non-voice Transactional BPO[1]
2014; USD '000s per annum per FTE

KENYA

■ Traditional sourcing
■ Impact sourcing

X-Y% Percentage points savings over traditional workers

- Lower people cost driven by ~10% lower salaries for impact workers in entry-level jobs as compared to traditional workers, due to variations in contracting models (e.g., impact workers are hired as contract workers while traditional workers are hired as full-time employees)

- 50-55% lower attrition costs
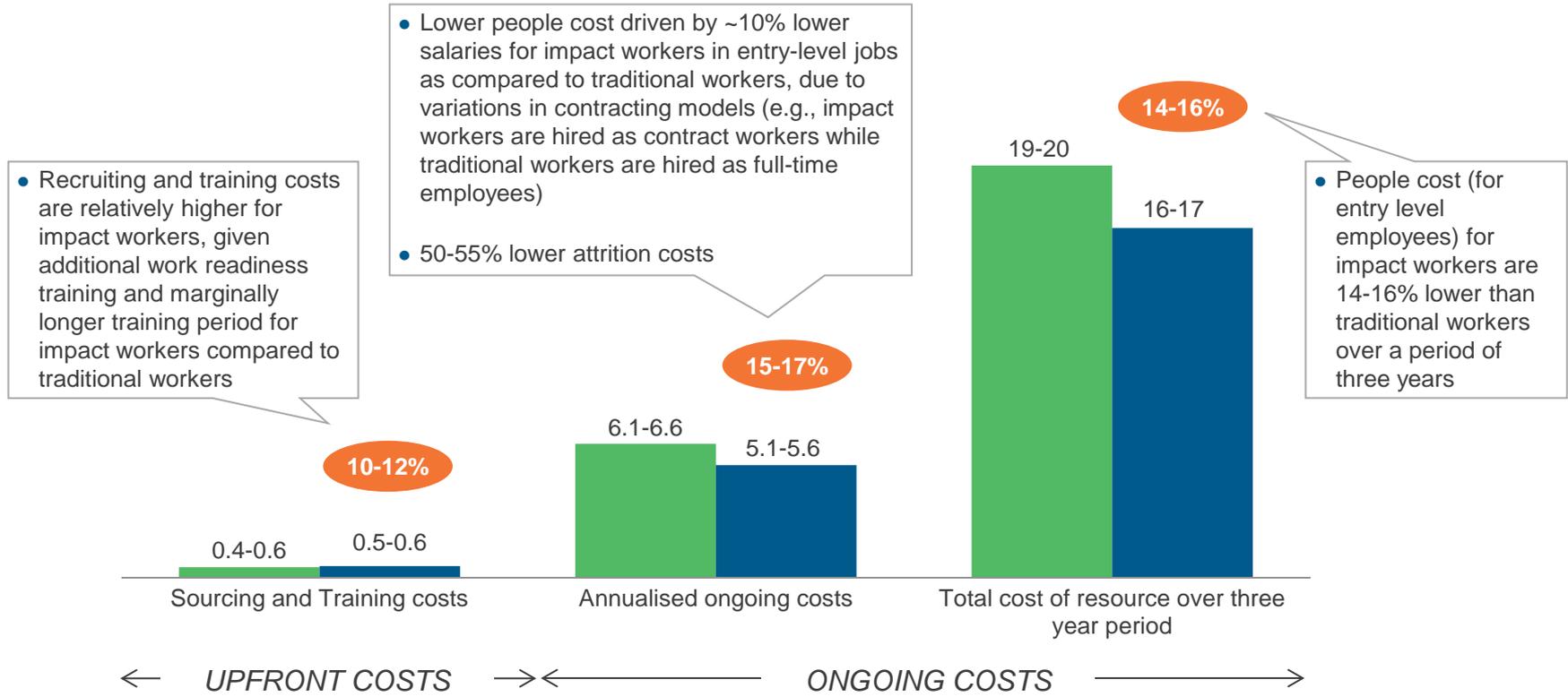
- Recruiting and training costs are relatively higher for impact workers, given additional work readiness training and marginally longer training period for impact workers compared to traditional workers

- People cost (for entry level employees) for impact workers are 14-16% lower than traditional workers over a period of three years

14-16%

19-20

16-17

15-17%

6.1-6.6

5.1-5.6

10-12%

0.4-0.6   0.5-0.6

Sourcing and Training costs   Annualised ongoing costs   Total cost of resource over three year period

← *UPFRONT COSTS* → ← *ONGOING COSTS* →

1   Represents cost of entry-level employee (e.g., agent) over talent lifecycle
Source: Primary data collection; interviews with market participants; Everest Group (2014)

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38

While upfront sourcing and training costs for impact workers are similar, savings from ongoing costs lower the long term resource cost | Direct hiring in Egypt

Entry level people cost for English Non-voice Transactional BPO[1]
2014; USD '000s per annum per FTE

EGYPT

- Traditional sourcing (green)
- Impact sourcing (blue)
- **X-Y%** Percentage points savings over traditional workers

- Recruiting and training costs for impact workers are similar to traditional workers there is no difference in training and sourcing strategy

- Marginally lower people cost driven by band level salary differences between impact workers and traditional hires
- Lower attrition costs

- People cost (for entry level employees) for impact workers are 5-7% lower than traditional workers over a period of three years

~0% — Sourcing and Training costs: 0.8-0.9 / 0.8-0.9

5-7% — Annualised ongoing costs: 5.9-6.4 / 5.5-6.0

5-7% — Total cost of resource over three year period: 19.0-20.0 / 17.5-18.5

← *UPFRONT COSTS* → ← *ONGOING COSTS* →
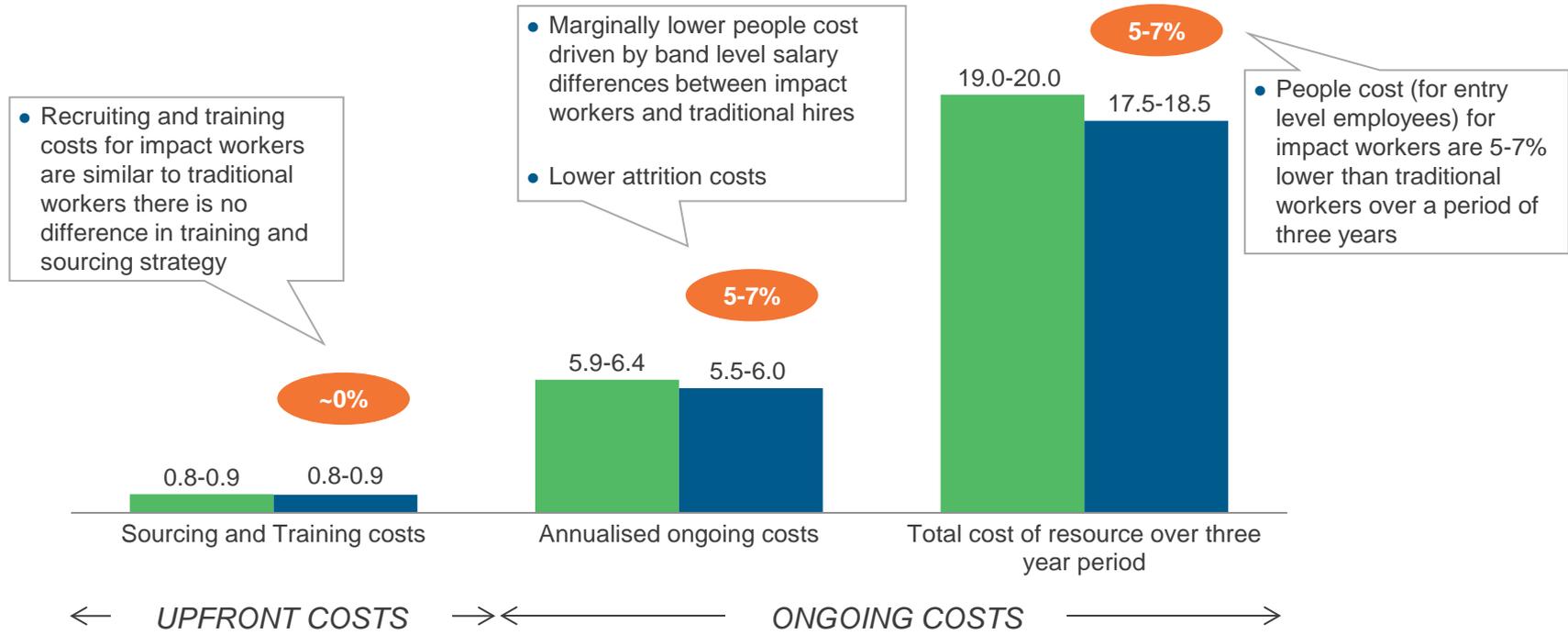
1   Represents cost of entry-level employee (e.g., agent) over talent lifecycle
Source: Primary data collection; interviews with market participants; Everest Group (2014)

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While upfront sourcing and training cost for impact workers is are higher, savings from ongoing costs lower the long term resource cost | Direct hiring in India

Entry level people cost for English Non-voice Transactional BPO[1]
2014; USD '000s per annum per FTE

INDIA

■ Traditional sourcing
■ Impact sourcing

X-Y% Percentage points savings over traditional workers

● Recruiting and training costs are higher for impact workers given additional costs of sourcing and training (basic training involving communication skills etc.)

● Lower salaries and lower attrition rates translate into lower ongoing costs for impact workers compared to traditional workers

● People cost for impact workers are 20-22% lower than traditional workers over a period of three years

(~40%)

20-24%

20-22%

14.5-15.5
11.5-12.5
4.8-5.0
3.7-4.0
~0.3
0.4-0.5

Sourcing and Training costs

Annualised ongoing costs

Total cost of resource over three year period

← _UPFRONT COSTS_ →←—— _ONGOING COSTS_ ——→
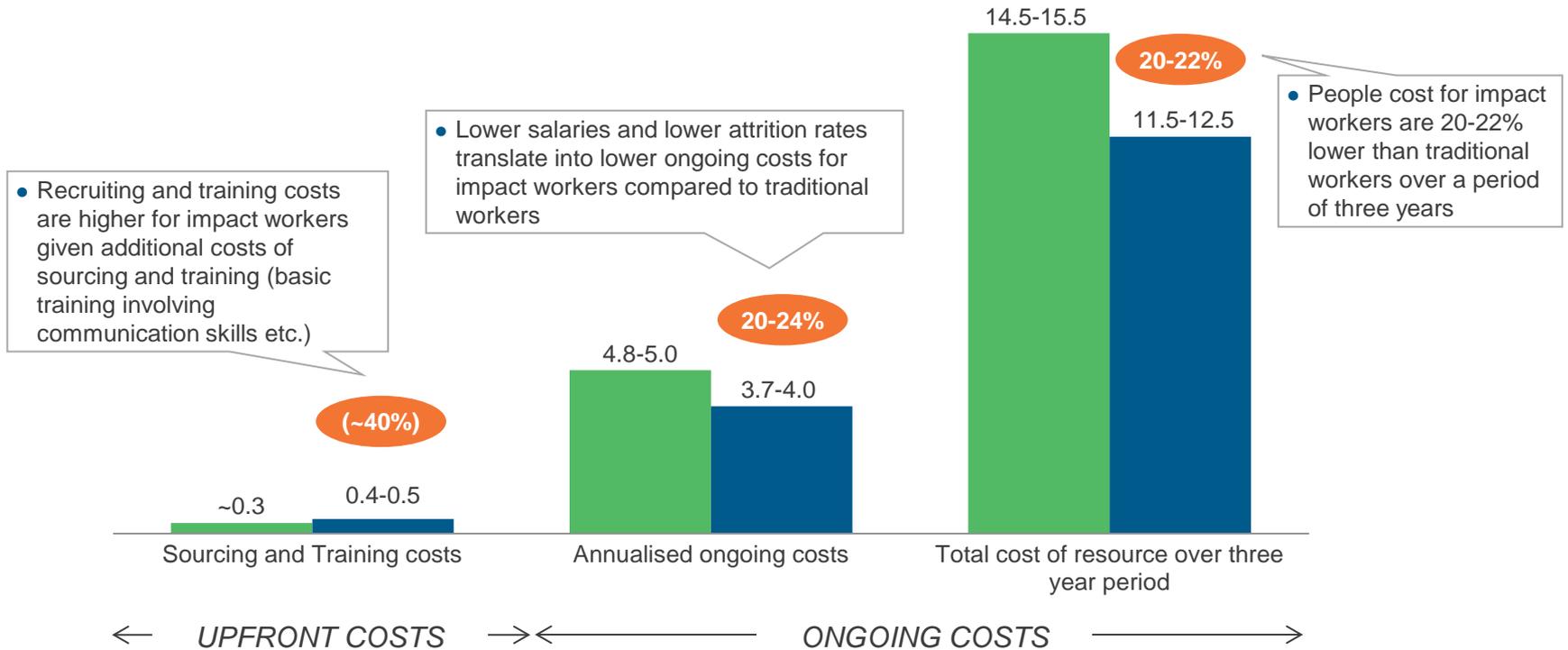
1 Represents cost of entry-level employee (e.g., agent) over talent lifecycle
Source: Primary data collection; interviews with market participants; Everest Group (2014)

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Impact sourcing in Kenya offers 10-15% savings over traditional BPO in the outsourced model

B

Fully loaded operating cost for English Non-voice Transactional BPO[1]
2014; USD '000s per annum per FTE

KENYA

X-Y% Percentage points savings over traditional workers

14.0-15.0

Delivery support overheads	2.0-2.5
Technology	1.0-1.5
Facilities	2.6-3.1
People cost	8.0-9.0

10-15%

12.5-13.5

1.6-2.1	**13-17%**
1.0-1.5	**(0-5%)**
2.2-2.7	**10-20%**
6.9-7.9	**10-15%**

Traditional BPO   IS outsourcing model
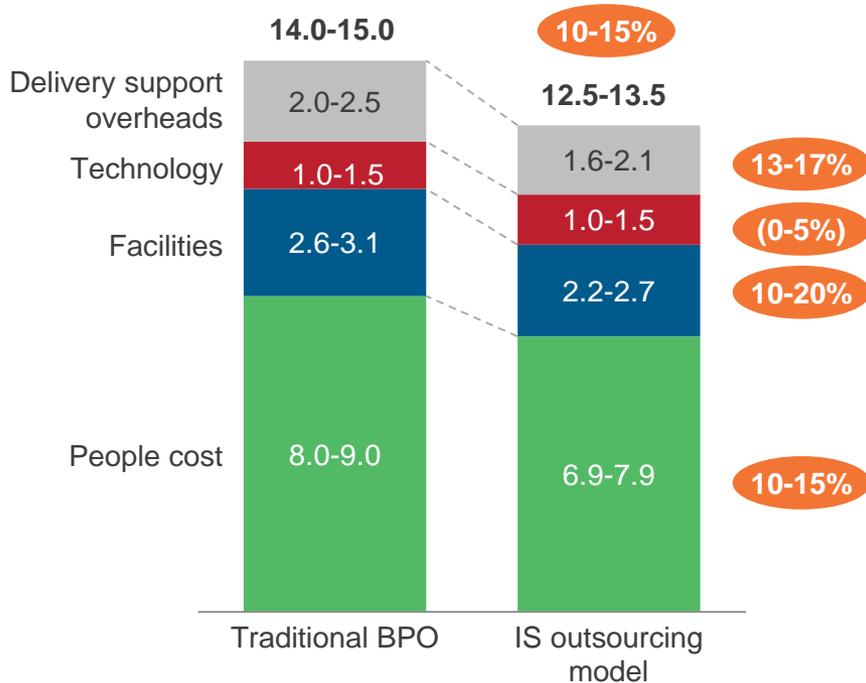
**Drivers of cost differences between traditional BPO and IS outsourcing model**
- Lower people cost in IS driven by 10-15% lower salaries for impact workers
- Lower facilities costs in IS given that most providers focused on IS are located in non-CBD or peripheral areas
- Technology costs are largely similar for both types of players
- Lower delivery support overheads in IS driven primarily by lower attrition costs, although hiring and training costs are higher for impact workers (given marginally longer training period)

1 Fully-loaded operating costs including compensation and benefits, real estate and facilities, telecom, and other ongoing costs. Excludes cost of expatriate staff, ongoing travel, governance, initial set-up costs, and margins/mark-ups (refer page 34 for details)

Source: Primary data collection; interviews with market participants; Everest Group (2014)

Impact sourcing in India offers significant (35-40%) savings as compared to traditional BPO in the outsourced model

B

Fully loaded operating cost for English Non-voice Transactional BPO[1]
2014; USD '000s per annum per FTE

INDIA

X-Y% Percentage points savings over traditional workers

10.0-11.0

Delivery support overheads	2.1-2.6
Technology	0.9-1.4
Facilities	1.5-2.0
People cost	5.0-5.5

35-40%

6.0-8.0

1.3-1.6	35-40%
1.4-1.7	(35-40%)
1.0-1.3	30-40%
2.2-2.7	50-55%

Traditional BPO   IS outsourcing model
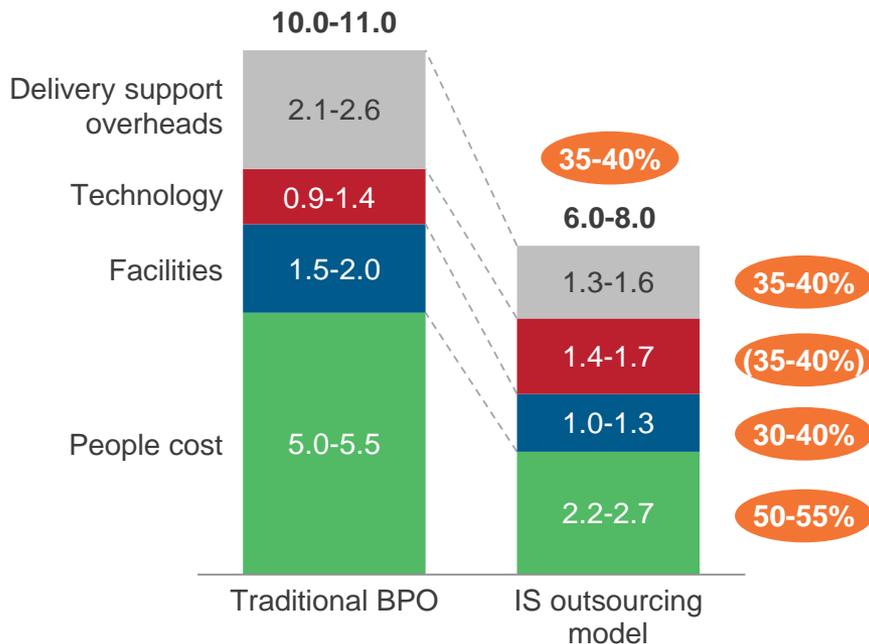
Tier-3 cities/Rural location leverage by providers focused on IS is the key driver of cost differences over traditional BPOs

- Lower people cost for IS model, driven by 50-60% lower salaries at agent and senior agent levels and 25-30% lower salaries for supervisor and manager positions
- Lower facilities costs for providers focused on IS given substantially lower rentals and maintenance costs in rural locations; however, technology costs are higher due relatively poor connectivity in these regions
- IS model witnesses significantly lower attrition, as it employs local workforce that has a low propensity to migrate. This results in lower delivery support overheads

1   Fully-loaded operating costs including compensation and benefits, real estate and facilities, telecom, and other ongoing costs. Excludes cost of expatriate staff, ongoing travel, governance, initial set-up costs, and margins/mark-ups (refer page 34 for details)
Source: Primary data collection; interviews with market participants; Everest Group (2014)

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Impact sourcing from tier-2/3 locations in the Philippines offers 15-25% savings over traditional BPO

Fully loaded operating cost for English Non-voice Transactional BPO[1]
2014; USD '000s per annum per FTE

PHILIPPINES

X-Y% Percentage points savings over traditional workers
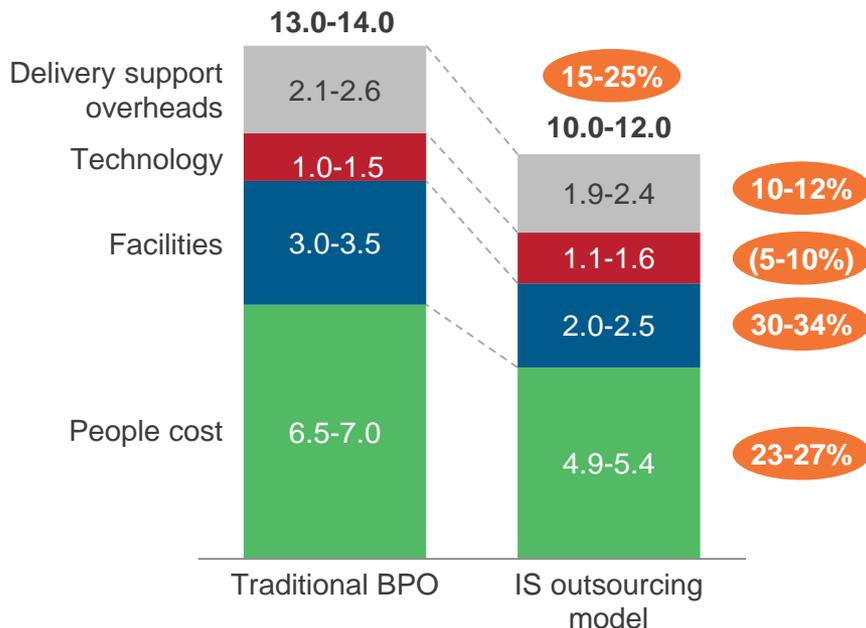
Drivers of cost differences between traditional BPOs and IS outsourcing model

- Lower people cost for IS model, driven by 25-30% lower salaries at agent and senior agent levels and 5-10% lower salaries for supervisor and manager positions
- Lower facilities costs for providers focused on IS given substantially lower rentals and maintenance costs in tier-3/4locations; however, technology costs are higher due last mile connectivity challenges
- Attrition rates are lower for IS operations, as they employ local workforce which have low propensity to migrate. This results in lower delivery support overheads

1   Fully-loaded operating costs including compensation and benefits, real estate and facilities, telecom, and other ongoing costs. Excludes cost of expatriate staff, ongoing travel, governance, initial set-up costs, and margins/mark-ups (refer page 34 for details)

Source: Primary data collection; interviews with market participants; Everest Group (2014)

Impact sourcing offers arbitrage for domestic work, although the extent of savings varies across locations

Fully loaded operating cost for English non-voice transactional BPO[1]
2014; USD '000s per annum per FTE

Legend:
- Traditional sourcing (green)
- Impact sourcing (blue)

DOMESTIC SOURCING EXAMPLE

Bar chart values:

Location	Traditional sourcing (BPO)	Impact sourcing (IS)	Savings
South Africa	20-22	19-21	4-6%
Egypt	14.5-15.5	14-15	3-4%
Kenya	14-15	12.5-13.5	10-15%
India	10-11	6-8	35-40%
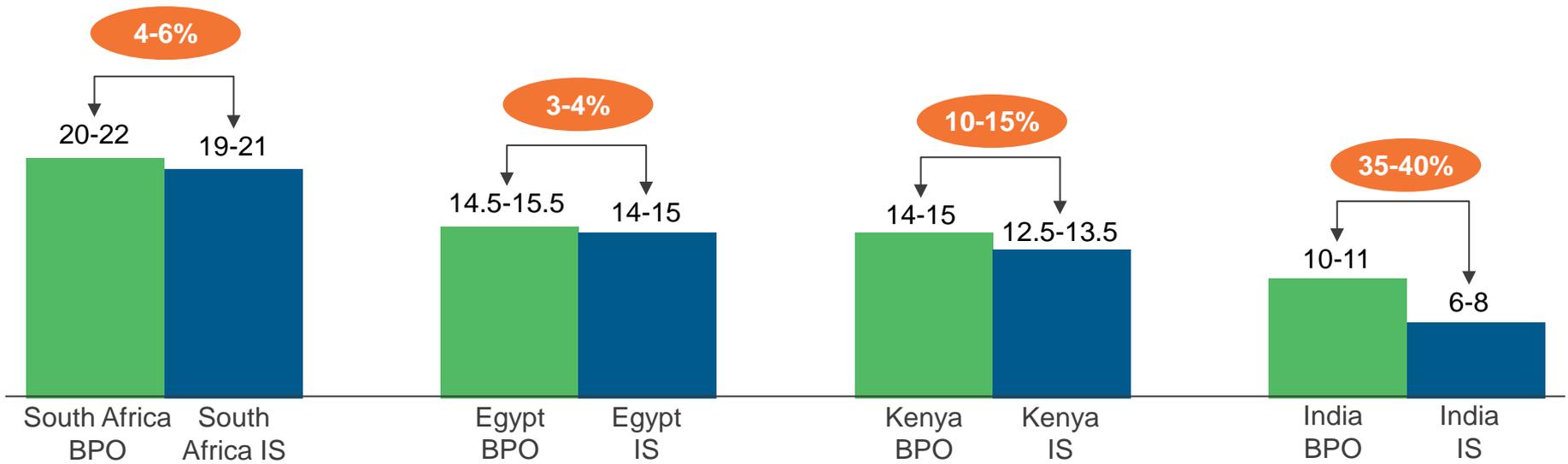
- Primarily driven by differences in sourcing costs, training and onboarding costs, and lower rate of attrition for impact workers

- Primarily driven by marginally lower salaries and lower attrition for impact workers

- Primarily driven by lower salaries and lower attrition for impact workers

- Primarily driven by differences in location leverage (tier-3/rural location) resulting in lower salaries and facilities costs

1 Fully-loaded operating costs including compensation and benefits, real estate and facilities, telecom, and other ongoing costs. Excludes cost of expatriate staff, ongoing travel, governance, initial set-up costs, and margins/mark-ups (refer to page 53 for details)
Source: Primary data collection; interviews with market participants; Everest Group (2014)

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Appendix

- Impact sourcing market landscape

- Customer and services segments in impact sourcing

- Cost savings offered by impact sourcing

- **Performance of service delivery using impact sourcing**

- Total economic effect of impact sourcing

- Glossary of terms

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CASE STUDY

Case study	Performance measurement	Outcome
An ISSP supports its client for transcription and data processing services	- ISSP has created a five level framework to measure performance (quality of submission, timeliness, cost, customer service, process improvement) - For each level, the ISSP has identified SLAs/KPIs. For example, quality of submission is measured through - adherence to guidelines, number of rejects/returns, number of quality issues reported, quality of metadata - Each sub-dimension is assigned a score on a five-point scale (5 being highest) and results aggregated to arrive at overall performance - In addition, the ISSP charges its clients only when the clients are satisfied with the service quality of delivery	- ISSP received score of "fully meets" or "exceeds" expectation in most assessment dimensions - ISSP received an overall average score of 4.55 (5 being highest)
An ISSP managed multiple and complex mortgage process for US market	- ISSP undertook three processes for the client *Title posting* (i.e., verifying property history) *Data Management* (i.e., auditing, e-capture, and e-capture for banking) *Policy production* (i.e., issuing final title) - SLA/KPIs were pre-agreed with client for each process *Title posting*: Target turn-around-time (TAT) of 98% *Data management*: Target TAT of 98% *Policy production*: Target TAT of 98%	- ISSP delivered a TAT of 100% against target of 98% across all processes - In addition, the ISSP was certified by client at quarterly intervals for adherence to client policies and audits
An ISSP supported validation and indexing of invoices submitted in various locations	- The ISSP employed graduates in rural areas with basic accounting skillset - The ISSP agreed with the client for an SLA to achieve quality of at least 98% with a turnaround time of 24 hours	ISSP processed 50,000-70,000 invoices per month with consistent quality of 98%

Source: Primary data collection; interviews with market participants; Everest Group (2014)

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In cases where organizations have specifically measured IS work distinctly from other types of work, there is a good track record of performance (page 2 of 2)

Situation	Performance measurement	Outcome
Teleperformance RSA successfully integrated impact sourcing into its sourcing strategy	● Teleperformance RSA developed extensive metrics (calls per hour, call classification, first call resolution, net promoter score, handling time, consumer satisfaction, etc.) to measure and compare the performance of impact and traditional BPO workers	● A pilot program, running over a ten-month period, demonstrated that on most parameters impact workers showed steady improvement in their customer satisfaction levels, bringing them nearly comparable to the average performance of traditional workers

SureHire, a leading occupational testing player in Canada, was facing challenges in scaling up operations due to cost and efficiency issues	● Company assessed success of its impact sourcing initiative on the basis of:
	  – Change in cost of delivery
	  – Impact on turn-around-time (TAT)
	  – Impact on accuracy of delivery
		● Processing increased from 12-18 results per day to ~70 per day
		● TAT decreased ~90%
		● Average cost per result decreased ~70%

An ISSP supported customer care for a telecom client in domestic market	● The ISSP agreed to the following delivery parameters with the client
	  – Answer level at 95%
	  – Escalation Desk CSAT at 85%
	  – CSAT at 75%
	  – Repeat scores at 16%
		● ISSP exceeded expectations
		  – Answer level at 98%
		  – Escalation Desk CSAT at 87%
		  – CSAT at 73%
		  – Repeat scores at 16%

Source: Primary data collection; interviews with market participants; Everest Group (2014)

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While there are some perceived concerns with impact sourcing, companies have managed these successfully

Potential concerns	How are companies managing concerns
Availability of talent • Talent availability • Quality of talent • Longer learning curve	• Traditional BPOs and buyers are setting-up or partnering with training institutes to bridge gaps in skill levels of impact workers; there is evidence of multiple leading BPO players hiring unemployed graduates and matriculates for domestic BPO who have gone through such pre-hire training programs • Impact Sourcing Academy, Harambee, RuralShores, Piramal Udgam (formerly Source For Change) have developed comprehensive trainings on core (e.g., computer, process specific) and soft skills • In addition, players track impact workers' performance (e.g., efficiency, attrition, absenteeism)

Case examples on next page

Data security • Data privacy • IP protection	• Traditional BPOs typically use similar data security measures in IS (rural) centers as urban centers (e.g., a leading BPO player uses centralized data centers providing same data security) • ISSPs use several measures (e.g., controlled access, office back-up, non-disclosure agreement) for data-security
Structural risks • Infrastructure availability • Structural stability (e.g., geo-political, macro-economic)	• Buyers and traditional BPOs have created same infrastructure in IS (rural) centers (e.g., a leading BPO uses same infrastructure, such as bandwidth, in its rural center as the urban centers) • ISSPs are using multiple ways to improve infrastructure availability (e.g., ISSPs such as RuralShores and Piramal Udgam (formerly Source For Change) invest in generator sets and dedicated bandwidth availability; Daproim encourages part-time workers to use university infrastructure for delivery)

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Case example of companies using impact sourcing as key talent sourcing model

Situation	Talent Sourcing Model	Outcome
Aegis, a leading South Africa-based global contact center services provider, wanted to diversify its workforce without compromising its talent skill or quality levels	• Aegis collaborated with Impact Sourcing Academy to train unemployed youths with work-ready skills for available BPO jobs • This is achieved through a 12-16 week training program that teaches basic office competencies and behavioral skills	• 20% of Aegis' current workforce is comprised of impact workers • Lower attrition than traditional workers • Higher motivation among impact workers • Lower TCO over the long term versus its traditional BPO workers
Faced with an increasingly competitive talent market, TCS began exploring solutions beyond its standard model, including hiring talented people from underprivileged backgrounds	• TCS collaborated with a wide variety of partners – government agencies, NGOs, research institutes, etc. – to launch English Labs (under its Affirmative Action program) to train and hire from socially disadvantaged groups • 35,560 youth (~30% belonging to backward castes/tribes) have been trained under this program between 2012-2014	• The program has now become a critical part of TCS' talent sourcing strategy during non-campus hiring period • TCS hired ~2,510 impact workers through this program over the last three years • Potential benefits from difference in recruitment and salary costs, and lower attrition estimated to be ~8x the amount spent on training impact workers
In 2013, CCI Call Centres and Careerbox identified the following challenges with regards to talent sourcing models: • High competition for experienced labor pool • Inability to attract talent from other industries • Wage inflation • Skills gaps in labor pool	• In order to address these challenges, CCI Call Centres and Careerbox began to test the efficacy of recruiting inexperienced young people and developing them, firstly in a classroom environment and 'on the job' in a live environment • From January-June 2014, 1,011 candidates started the Careerbox Skills development program	• ~68% candidates trained at Careerbox since January 2014 have attained jobs • After 180 days of placement, 77% of Careerbox graduates are still employed at the same job compared to 68% of traditional workers under observation • In terms of attendance and adherence, the Careerbox graduates' performance was comparable or better than traditional workers (93% adherence from Careerbox candidates as compared to 92% for traditional workers)

Source: Primary data collection; interviews with market participants; Everest Group (2014)

Benefits to companies from stable and engaged IS workforce

Improved performance over a period of time

"Average number of calls per hour indicates calls taken per agent per hour accounting for login and wait time. Impact workers show a steady increase in performance, outpacing the average over time…."

– General Manager, Teleperformance RSA

Lower hiring and training costs in the long term

"We have minimal re-hiring and training costs as our attrition rate is very low. We don't need to re-train people for the same job very frequently…"
– Techno Brain, a BPO service provider with operations in six countries in Africa

Reliable service delivery (comparable to traditional BPOs) and satisfied clients

"RuralShores delivery model gives excellent value for customers, with high levels of employee retention coupled with quality levels of customer service comparable to Tier 1 and 2 cities…"
– Telecom client with RuralShores, an ISSP with 20 centers across India

"We experienced zero attrition among B2R (ISSP) agents. This saved us time and effort in retraining…"

– COO, Pangea3

Source: Interviews with market participants; Everest Group (2014)

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- **Total economic effect of impact sourcing**

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Total impact on economy is estimated to be 3.5-4.0 times the direct income generated by impact sourcing

Effect of impact sourcing on country economy
2014; Number (indexed to annual earnings of an impact worker)

← Direct effect →   ← Indirect effect →

1.00	0.7-0.8	1.5-1.8	~0.4	3.5-4.0

Average annual gross income per impact worker	Effect of each impact worker on ancillary services sectors	Additional money injected into economy (indirect impact on GDP)	Tax collected from direct/indirect income generated by impact sourcing	Total effect of each impact worker on country's economy
• Includes average gross annual salary and benefits paid to an impact worker	• Includes income generated through house keeping, telecom, real estate, IT infrastructure, etc.	• Additional expenditure due to increased savings • Income generated in other industries (multiplier effect)	• Direct corporate tax paid by companies • Includes tax on income generated through indirect jobs	• Aggregate of all direct and indirect earnings, and tax collections

Source: Everest Group (2014)

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Appendix

- Impact sourcing market landscape

- Customer and services segments in impact sourcing

- Cost savings offered by impact sourcing

- Performance of service delivery using impact sourcing

- Total economic effect of impact sourcing

- **Glossary of terms**

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Glossary of key terms used in this document

Term	Definition
BBBEE	Broad-Based Black Economic Empowerment (BBBEE) is a form of economic empowerment initiated by the South African government with the goal of distributing wealth across a broad spectrum of previously disadvantaged South African society. BBBEE is measured using several pillars and companies are provided with a BEE scorecard. These scores are used for promoting preferential sourcing practices
BPO	Business processes include a broad spectrum of functions/processes such as contact center, finance & accounting, HR, procurement, analytics and industry-specific functions (e.g., financial services). Excludes IT, engineering services, animation, R&D
Buyer	The company/entity that purchases outsourcing services from a service provider of such services
DJA	Digital Jobs Africa is an initiative of The Rockefeller Foundation with the aim to impact one million lives in six countries (Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa) in Africa by catalyzing sustainable Information Communication Technology-enabled (ICT) employment opportunities and skills training for high potential but disadvantaged African youth, thereby generating social and economic opportunities for those employed, their families and communities.
FTEs	Full-Time Employees on the rolls of the company
GIC / shared services	A Global In-house Center (GIC) is an entity within a multi-unit buyer organization tasked with supplying the different business units within the organization with specialized services (e.g., finance, HR, IT services, facilities, logistics, and sales transactions) on the basis of a Service Level Agreement (SLA)
Global delivery	Global delivery refers to the practice of leveraging a globally distributed team for delivery of services (e.g., BPO, IT, R&D)
Global services	Global services refer to multiple ways in which scope of services (front-, mid- and back-office) are consumed and delivered, spanning across dimensions related to locations, business units, and provider entities
ISSP	The company/entity that provides outsourcing services to a buyer of such services, using only impact workers
Offshoring	Transferring activities or ownership of a complete business process to a different country from the country (or countries) where the company receiving the services is located. This is primarily done for the purpose of gaining access to a lower-cost labor market, but may also be done to gain access to additional skilled labor, establish a business presence in a foreign country, etc. Companies may utilize offshoring either through an outsourcing arrangement with a third-party or by establishing their own GIC presence in the offshore location, among other business structures
Regional delivery	Regional delivery refers to serving other/nearby countries/regions (e.g., Nigeria serving West Africa region, Kenya serving East Africa region)
Service provider	A company/entity that provides outsourcing services to another company/entity
Traditional BPO	The company/entity that provides business process outsourcing services to a buyer of such services
Y-o-Y	Comparison of same data for the previous year

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About this report

This report is part of the Digital Jobs Africa Initiative, supported by The Rockefeller Foundation.

The report provides an in-depth assessment of Impact Sourcing (IS) as a business process service delivery construct within the global services marketplace. The report presents a detailed, fact-based business case for IS that substantiates the benefits of the IS model for Business Process Outsourcing (BPO). Additionally, it sizes the current IS market for BPO work, profiles the landscape, details the impact sourcing business case, and shares experiences of companies through case studies and testimonials. The report focuses on impact sourcing in Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, India, and the Philippines.

The objective of the report is to educate the market about the IS value proposition. This will aid the broader impact sourcing objective of creating employment opportunities for disadvantaged individuals, thereby improving their lives, the lives of their families and communities.

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From **insight** to *action*.

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