

Why UK businesses are choosing South Africa as their outsourcing destination of choice

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The UK is home to some of the world's leading technology businesses. Despite this, many UK businesses still lag behind when it comes to their software development. This is largely due to the high cost of hiring in-house developers and the lack of skilled developers available.



The impact this has had on businesses has been significant, with some estimates suggesting that the UK's software development deficit could be costing the economy up to £63 billion a year.

Outsourcing has emerged as a solution to this challenge.

The benefits of outsourcing software development

According to studies conducted by KPMG, among organisations that outsource app development, 34% are increasing the percentage of work outsourced over the previous year. Combining this with a USD market value of 520.74 billion, it's clear that IT services outsourcing is here to stay.

Some of the reasons indicating their preference for outsourcing were to:

- **Focus on their core business:** By outsourcing their software development, businesses can focus on their core competencies and leave the development to experts.
- **Reduce costs:** As mentioned above, one of the main reasons businesses outsource their software development is to save money.
- **Get access to the latest technology:** Outsourcing gives businesses access to the latest technologies and trends in the software development industry.
- **Improve quality:** When businesses outsource their software development, they can choose from a pool of highly

skilled developers. This allows them to improve the quality of their products and services.

Leading outsourcing destinations

The top 5 outsourcing destinations in 2022 were:

- **India:** A leading outsourcing destination for many years and home to a large pool of skilled developers, offering a wide range of services.
- **China:** Another major player in the outsourcing industry, offering competitive pricing and has a large talent pool.
- **Philippines:** A popular destination for outsourcing due to its English-speaking workforce, offers competitive pricing and has a good track record for quality.
- **Eastern Europe:** Countries in Eastern Europe such as Bulgaria, Romania, and Ukraine are becoming increasingly popular as outsourcing destinations. This is due to the high quality of their workforce and the relatively low cost of living.
- **South Africa:** A fast-growing outsourcing destination due to its large tech talent pool and its favourable exchange rate.

Although the lower cost is always appealing, businesses need to be careful not to base their whole decision on price when selecting an outsourcing destination. They need to ensure that the quality of the work is not compromised and that they have a good working relationship with their chosen provider.

Why UK businesses should outsource their software development to South Africa

[McKinsey](#) has voted South Africa the second most attractive Business Process Outsourcing (BPO) location in the world for three years in a row, based on its reputation as a reliable, cost-effective, and high-quality destination for outsourced business services.

Along with this, there are several other reasons why South Africa has become one of the leading outsourcing destinations in the world:

1. No language barriers

Other English-speaking foreign companies have no language difficulties working with South African partners since English is one of the official languages of South Africa.

2. Resource availability

South Africa has a large pool of highly skilled and experienced software developers, ensuring you will find the skills you need.

3. Favourable exchange rate

The South African rand is currently very favourable for companies doing business in GBP or USD, making it an affordable offshoring destination.

4. Agile time zones

South Africa is only one hour ahead, so a UK-based client can easily stay in touch with their development team without needing complicated scheduling.

5. Creative and hardworking culture

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South Africans are known for their creative and innovative approach to problem solving. This means that they can bring fresh ideas and perspectives to your project.

6. Innovation hub

Cape Town has become a major tech start-up investment hub. This is due to the city's strong ecosystem of support, its diverse talent pool, and its favourable cost of living. There are numerous co-working spaces, accelerators, and incubators. This has seen a strong migration of excellent South African talent to the city.

Factors to consider when selecting a South African outsourcing partner

Although South Africa offers many advantages as an offshoring destination, it is important to select your provider carefully. As with any business relationship, you must ensure that you have a good working rapport with your chosen provider.

Additionally, you need to ensure that they have the necessary skills and experience to meet your project's requirements. When requesting quotes, be sure to ask for examples of similar work that they have completed.

Finally, it is important to check that your chosen provider has a good reputation. You can do this by reading reviews and testimonials from their previous clients.

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