South Africa in the Digital Age reveals key findings

South Africa can create 500,000 new jobs over 10 years through globally traded services. This was one of the key findings of the South Africa in the Digital Age (SADA) process.

SADA is an urgent multi-stakeholder initiative to develop a forward-looking digital economy strategy for the country. It is convened by Genesis Analytics in partnership with the Gordon Institute of Business Science and the Pathways for Prosperity Commission at Oxford University.

SADA assessed where digital and other technologies could create work for South Africans. In the strategy primer, the SADA team details the economic opportunities and how to realise them.

Genesis has since been appointed by the government to develop a masterplan for the digital economy. This is an opportunity to feed the findings of the SADA process into government strategy planning.

The three key findings were:

1. **South Africa can create 500,000 new jobs over 10 years through globally traded services**

   The first opportunity relates to the trend of ICT opening services that have been proximity-based but can now be provided anywhere in the world. South Africa has a small but growing global business-services sector generating 50,000 export-facing jobs. These can grow to 500,000 over 10 years. It will require South Africa to expand its market share of business-process outsourcing services in target markets, offer niche shared services, bring back work that has been outsourced, tap into the global demand for ICT and digital services, and innovate personalised and social services.

2. **South Africa can create work for low-skilled labour through digital platforms**

   The second opportunity relates to digital platforms. These are destroying many inhibitors that prevent markets from growing, such as information asymmetries, transaction costs and a lack of trust. These platforms can absorb labour in the informal and domestic economy.

   Digital platforms that aggregate and match demand and supply for low-skilled labour, or sell goods online with delivery services, create work for low-skilled South Africans. This is already happening in domestic services, transport and logistics, and tourism.

3. South Africa can become a frontier technology hub for the region

The third opportunity is using AI, robotics and the internet of things to develop new digital business models. Their application can reshape how products and services are created and consumed.

What is needed?

Much work is to be done for these opportunities to be realised. It requires investment, coordination and hard work. In the SADA strategy primer, four imperatives to get it right are outlined.

The first is **digital inclusion**, ensuring that every South African can access the digital economy. The second is ensuring that the **education ecosystem** can generate talent. The third is **government support**, and the fourth is **innovative business**.

Hard work has already begun

The SADA initiative is to forge partnerships and put the strategy into practice. They have been working on adopting the globally traded services component of the strategy as the industry's own. This strategy has been accepted by the industry association, Business Process Enabling South Africa, the Department of Trade and Industry, and a group of CEOs from the industry. The initiative has also working with the Presidency to address digital exclusion in South Africa's townships and rural areas.

Mteto Nyati, the group chief executive of Altron who chaired the SADA advisory board, said the SADA process had helped create opportunities enabled by the 4IR.

"The strategy could not have come at a better time to focus conversations on what really matters – job creation, in particular, low-skilled jobs. It is a piece of work whose time has come."

Andy Searle, CEO of the BPESA (Business Process Enabling South Africa), has with the process over the past five months and participated in dialogues convened by SADA.

"The SADA initiative has been particularly helpful to BPESA and its stakeholders by enabling us to re-imagine our vision for growth to 2030 with much greater insights into the opportunities for inclusive job creation in digital and ICT services within

the market for globally traded services.

"This process has resulted in BPESA and its partners reviewing and increasing our targets for new job creation from 50,000 to 100,000 by the end of 2023 while setting an aspirational target of 500,000 new jobs by the end of 2030. The SADA process has also resulted in a strategy primer document and roadmap for our sector, which has been approved by the BPESA's board and the Department of Trade and Industry, and is in the process of being implemented.

"This work has given stakeholders and planners a new perspective of the market potential for South Africa and the rest of Africa in globally traded services, and has served to draw in many new influential role players who are committed to stimulating economic growth, job creation and skills development," Searle said.

Elizabeth Stuart, executive director of the Pathways for Prosperity Commission at the Blavatnik School of Government at the University of Oxford, said the process could transform South Africa.

"I've never seen a development process have impact so quickly. I find it astonishing that just a few months after starting the SADA process, not only has it dramatically increased targets for job creation in the BPO sector – one in five of which will be for excluded youth – but South African trade associations have a completely new way of working to fully embrace the opportunity of digital."

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