



Sculpting global leaders

Digital Global Business Services:

**A diversification prospect for South African telecoms operators
owning submarine cables**

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ABSTRACT

With the advent of the Fourth Industrial Revolution and digital transformation, telecommunications operators core business has become gradually commoditised with most of their revenues being cannibalised by “edge-players” who render innovative digital services, piggyback on telecoms operators’ connectivity infrastructure, whilst easily bypassing them to reach the industry’s lucrative client base. This poses a problem as the diminishing revenues of the telecoms operators mean they may not be sustainable in the future and might eventually collapse.

This qualitative research explored a potential business case for South African telecoms operators owning submarine cables on how they can possibly diversify into digital Global Business Services (GBS), servicing new international markets, in a quest to expand their revenue generation prospects.

Convenient sampling method was employed with the initial data collection, then followed by purposive and snowballing sampling approaches to reach 10 interview participants who are executives in the GBS and telecoms industries. Data was collected using semi-structured in-depth interviews and analysed using theoretical thematic analysis, based on 4 predetermined themes of vendor configurations and strategies, prerequisite strategic resources, prerequisite capabilities, and prerequisite core competencies premised by the study’s conceptual framework.

The study found that SA telecoms operators with ownership in submarine cables, do have the potential to successfully diversify into the digital GBS industry servicing new international markets. The study determined that entering the digital GBS industry requires comprehensive market research, understanding of target markets and countries, collaborations, investment in talent, and leveraging of unique assets. The study also recommended that SA telcos should focus on their existing strengths and adapt to evolving digital technologies and global work environments in order to successfully enter into this competitive digital Global Business Services industry.

KEYWORDS

- 1. 4IR Technologies**
- 2. Global Business Services**
- 3. Offshoring**
- 4. Outsourcing**
- 5. Resource Based View Theory**

DECLARATION

I, **Pontso T Ntseuoa**, declare that this research report is my own work except as indicated in the references and acknowledgments. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the field of Digital Business at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Name: **Pontso T Ntseuoa**

Signature: 

Signed at **Johannesburg**

On the **14th day of November 2023**

DEDICATION

This research work is dedicated to the God Almighty for having shown me grace, love, and protection on 21st April 2023. To God be the glory!!!

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LIST OF ACRONYMS

4IR	Fourth Industrial Revolution
BPESA	Business Process Enabling South Africa
BPO	Business Process Outsourcing
GBS	Global Business Services
ICASA	Independent Communications Authority of South Africa
ICT	Information Communication Technology

CHAPTER 1. INTRODUCTION

1.1 Statement of purpose

With the advent of the fourth industrial revolution (4IR) technologies, businesses have been adopting them to digitalise operations and processes for improved efficiencies, competitiveness, and revenue growth. The Global Business Services (GBS) industry is gradually beginning to harness these 4IR technologies and thus transforming into **digitalised** Global Business Services. Telecoms operators play a crucial role in the GBS industry provisioning offshore connectivity infrastructure services through submarine cables. Telecoms operators owning submarine cables have a cost advantage over those who do not own the infrastructure. This qualitative research will therefore investigate a potential business case for South African telecoms operators owning submarine cables to possibly diversify into digital Global Business Services servicing international markets.

1.2 Background of the study

“Telecommunications provide building blocks for digital revolution, with telecoms infrastructure and services providing a base for the execution of vital transformational digital technologies (Sinclair and Barro, 2019:3)”. Traditional telecoms offerings are losing revenues (Farooq and Raju, 2019) due to new digital technologies and associated services; compelling telecoms operators to switch to providing next generation services and to evolve their legacy business models in order to compete with new-born digital industry entrants (Sinclair and Barro, 2019).

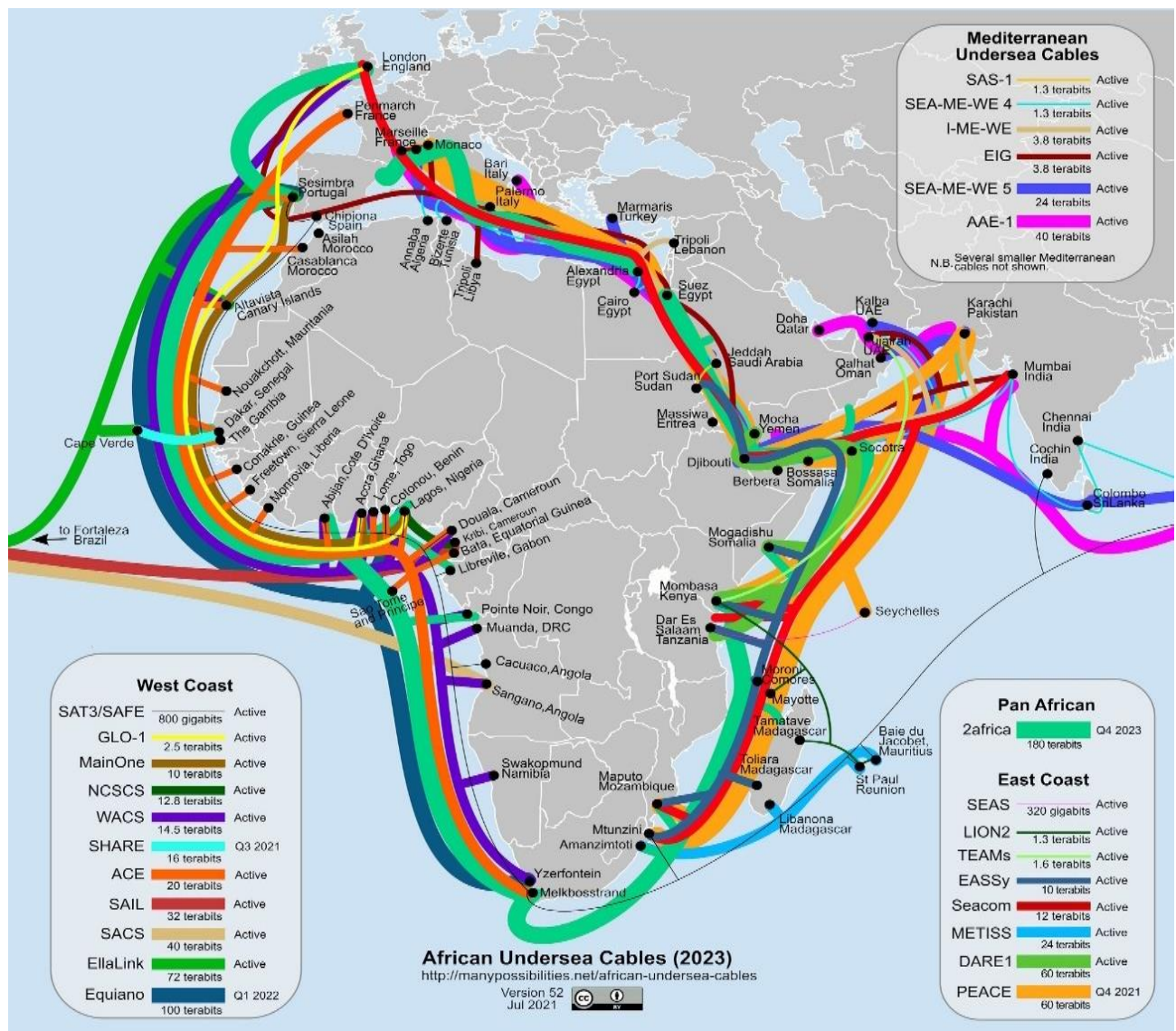
Beuger & Liebetrau (2021: 391) posit that “undersea communication cables are the core critical infrastructure in the digital age, with 99% of all transoceanic digital communication; be it financial transactions, emails, instant or voice messaging, being transported through undersea fibre-optic cables, making the

global submarine cable network infrastructure critical in the digital economy". As indicated by Submarine Cable Networks (2018, March), Africa is undeniably an important growth market, adopting digital transformation which is aided by gradually burgeoning economic development, Internet-literate youth, and growing endeavour to adopt new technologies led innovations.

Cariolle (2020) argues that the new submarine cables across Africa will reduce the cost of international bandwidth significantly. This will increase bandwidth consumption, create demand generation, and eventually lead to democratisation of broadband Internet access, to enable digitally supported education, healthcare, financial services, commerce, and other industry verticals. Kleibert and Mann (2020) also add that the spread of fibre optic cables has made possible technological innovations and reductions in communications costs, thus giving rise to the profound services delivered across distance in sectors such as outsourcing.

1.2.1 South African Submarine Communications Cables

According to Submarine Cable Networks (2020, April), South Africa has 6 cable landing stations (CLS), with 3 on the West Coast and another 3 on the East Coast. ***On the East Coast***, Telkom Mtunzini CLS lands for SAFE and EASSy cables. Liquid Telecom Mtunzini CLS lands for SEACOM. Liquid Telecom Amanzimtoni CLS lands for METISS. ***On the West Coast***, Telkom Melkbosstrand CLS lands for SAT-3 / WASC and SAFE cables. It will also land for Google's Equiano cable, which is still under construction. Telkom Yzerfontein CLS lands for WACS, whilst MTN Duynefontein CLS lands for ACE and also for the Facebook (Meta) initiated 2Africa cable.



Source: Many Possibilities: 2023. Figure 1: South African Submarine Cables

As of 2019, Africa had approximately forty submarine cables, with fourteen along East Africa; thirteen along West Africa and another thirteen along North Africa, with South Africa having access to eleven submarine cables (Submarine Cable Networks: August 2019). According to Papapavlou *et al.* (2022), Google is developing its own high-capacity Equiano submarine cable system to land in South Africa and expected to be in service towards the end of 2022. Equiano will thus bring the number of cables currently terminating in South Africa to twelve.

All the above-mentioned submarine cables thus increase international connectivity of South Africa's offshore traffic demand as a result of a steady increase in the adoption of digital technologies and digital services (Cariolle, 2020). Thus, it is arguable that SA's Global Business Services (GBS) industry's viability heavily depends on this international submarine connectivity network infrastructure and resources, as EL-Sahli (2020) posits that submarine cables stimulate business services trade.

1.2.2 South African Tier 1 Telecoms Operators with Ownership in Submarine Cables and Offered Business Services Solutions.

Telecoms Operator	Vodacom	MTN	Telkom
Submarine Cables Owned	- WACS - SAFE - 2Africa	- WACS - ACE - 2Africa	- WACS - SAT 3 / WASC - SAFE
Business Services Units	Vodacom Business	MTN Enterprise Business Unit	BCX
Business Services Solutions	Hosted call centre; Cloud, hosting, and security solutions; Convergence; IoTs and Digital solutions.	Hosted contact centre; Cloud and IoT solutions; Software as a Service; Security as a Service solutions.	Digital Transformation; Analytics; Cybersecurity; Applications solutions; Cloud solutions; and ICT advisory services.

Table 1: SA Tier 1 Telcos Submarine Cables and Business Services Solutions Offered

Sources: Submarine Cable Networks, Vodacom, MTN, BCX.

Although this research does not cover the submarine connectivity value-chain (data centres, points-of-presence, edge locations, middle-mile infrastructure, internet access networks and end-user premises), it is still prudent to highlight that the three tier 1 telecoms operators have extensive network infrastructure in

the country (Howell and Potgieter, 2021), and as per ICASA (2022, March), they were all recently allocated the high-demand radio-frequency spectrum by ICASA, the Regulator.

Fu (2020) states that global value-chains digital transformation hinges on digital infrastructure, which encompasses broadband connectivity, 4G/5G networks, collection, storage, and processing facilities of data, as well as high-speed big data transmission capacity. Therefore, this high-demand spectrum allocated by ICASA should enable the 3 telecoms operators to deploy their long anticipated 5G networks, crucial for backhaul and Intelligent connectivity, which will also be an enabler for opportunities in other industries such as digital Global Business Services; as well as being a catalyst for socio-economic growth that 4IR could bring for South Africa (Muaro, 2019).

Hence, with these 3 South African telecoms operators having direct ownership in submarine cables, which are vital for carrying transoceanic data traffic and capacity (Beuger and Liebetrau, 2021), there could be a **potential opportunity** for the 3 telecoms operators to enter the digital Global Business Services industry as prospective vendors to potential global clients in the UK, US, Canada, Australia and even Europe (BPESA, 2022). This will be in pursuit of leveraging on their existing submarine cables infrastructure to diversify into digital global business services and US, UK, Canada, Australia and Europe as new markets and new business growth trajectories in digital business.

1.2.3 South African Overview of the GBS Industry

According to BPESA's (2022) South African Global Business Services (GBS) Investors Handbook, South Africa is one of the top recognised global and continental GBS / Business Process Outsourcing (BPO) offshoring location in terms of the sector size, service delivery, quality, cost, talent, infrastructure, and industry maturity thus making its GBS value proposition attractive and robust. Lacity *et al.* (2014) remark that South Africa presents an overall economic value, whilst Omoregie (2012), argues that United States firms prefer to mostly offshore their IT activities to South Africa within the Sub-Saharan- African region.

The BPESA (2022) GBS Investors Handbook further stipulates that although South Africa is still an emerging market compared to the traditional locations such as India, Malaysia and the Philippines, South Africa has ranked first in the *Technological Readiness* for Digital Revolution in Africa for its enabling environment and GBS delivery. This is indicative of the country's ability to organise its ICT resources for GBS world competitiveness, constructed on the Resources Based View (RBV) theory at a country level (Hamdan and Kasper, 2010).

The BPESA (2022) Investors report attributes SA's national GBS value proposition on its strong ICT and digital capabilities, having one of the best ICT infrastructures in Africa, and gravitation towards technology enabled value additions, and evolving capabilities in omnichannel digital services, customer analytics and next-generation (Next-Gen) solutions such as cloud computing, cyber security, artificial intelligence (AI), machine learning (ML), and big data & analytics. Moreover, BPESA (2022) argues that the Global Contact Centre Standard ISO 18295 is based on South African standards, due to its superior quality. This suggests that SA could possess dynamic capabilities to transform innovation resources, capabilities and competencies into outputs which result in industry competitiveness and success at a country level, (Robertson *et al.*, 2021).

Sklyar *et al.* (2019), posit that dynamic firms are pursuing digital servitisation and digital service-led growth in this prevailing knowledge intensive and service-oriented global economy; with some firms resolving to outsourcing their non-core business processes such as customer-service functions, contact centres, back-office processing of claims, applications, payments, finance, and procurement (Wirtz *et al.*, 2015) amongst others. Furthermore, according to Bhatnagar *et al.* (2022), companies worldwide spent an estimated \$230 billion on managing outsourced business processes deals with the next-generation digital GBS services currently accounting for only a small portion of the total spend, but rapidly growing, thereby necessitating GBS vendors to immediately seize the opportunity and capitalise on the first mover advantage.

1.3 Research Problem

According to Gaibi *et al.* (2021:2), “over the past decade, telecoms companies have been under continuous pressure as their traditional value pools have gradually eroded and new growth horizons have proven elusive, driving return on investments capital ever closer to weighted average cost of capital.” Vaidya (2022) posits that firms which are agile and transform during times of crisis progress more within a decade. Therefore, 2021 during the global COVID pandemic was a crucial year for operators to recreate their business or risk another decade of revenue decline. Bhatnagar *et al.* (2022) argue that notwithstanding the vast and continuous projects capitalisation made by the telecoms industry to keep pace with the advent of 4IR technologies and digital transformation, their core business has become gradually commoditised, their growth stunted, with most of their value and revenues having been cannibalised by “edge-players” who render innovative digital services, piggyback on telecoms operators’ connectivity infrastructure, whilst easily bypass them to reach the industry’s lucrative client base. ***This complex phenomenon of “edge-players” which cannibalise the value of telecoms operators, pose a problem of diminishing revenues and threaten their sustainability into the future.***

1.4 Research purpose

The purpose of this qualitative research is to explore a potential business case for South African telecoms operators owning submarine cables on how they can diversify into digital Global Business Services (GBS), servicing new international markets. This is based on the fact that none of such operators are currently offering digital GBS in international markets such as the US, UK, Canada, Europe and Australia.

1.5 Research objectives

Primary objective: -To explore how SA telecoms operators with ownership in submarine cables can diversify into digital Global Business Services; servicing new international markets.

From the above-mentioned primary objective, the following sub-objectives emerge:

Sub-objective 1: - To identify the key strategic resources significant for entering the digital Global Business Services industry.

Sub-objective 2: - To investigate which are the crucial capabilities prerequisites of digital Global Business Services industry and how the SA telecoms operators with ownership in submarine cables can meet them.

Sub-objective 3: - To determine how SA telecoms operators with ownership in submarine cables can meet the prerequisite core competencies in digital Global Business Services industry.

1.6 Significance of study

This research is of significance as it will be able to shed some light into how South African telecoms companies with ownership in submarine cables could possibly leverage on their existing submarine connectivity infrastructure and resource; thereby developing a potential business case to diversify into the digital Global Business Services industry, trading in new international markets. As telcos executives continually explore ways of entering new markets and generating new revenue streams to ensure sustainability, this research will be able to share practical insights on how telcos can strategically diversify and gain competitive advantage in the digital Global Business Services industry in a quest to secure digital GBS international contracts. Moreover, the researcher deployed various literature meta-search tools such as MetaCrawler, Copernic, Ixquick, and could not find any substantial number of studies conducted, on how South African

telecoms companies can enter the digital GBS industry in international markets. As such, the study will also make practical contribution to the body of knowledge in the telecoms and digital GBS industries.

From an academic perspective, this research anticipates contributing towards the holistic understanding of the three underpinning theories of Resource-Based View, Dynamic Capabilities and Critical Success Factors with regards to SA telecoms companies developing a potential business case to diversify into digital GBS, servicing new international markets. After using numerous literature meta-search tools, the researcher was also not able to discover a considerable number of academic case studies and journals particularly on SA's telecoms companies exploring to diversify into digital GBS industry, servicing new international markets. Therefore, the research is of significance as it will contribute towards the number of available academic sources on SA telcos and the digital GBS international markets for future reference in academia.

1.7 Delimitations of the study

- i. Due to the offshoring digital GBS prospect being investigated which calls for cost effectiveness, this research only focuses on South African 1st tier telecoms operators which **have direct ownership in submarine cables as cost reduction assets**, and not the telecoms companies which have to procure wholesale capacity from any submarine cable consortium members, as they have higher costs to bear.
- ii. The research also focuses only on international enterprise digital solutions and thus excludes consumer related digital services. Since this research attempts to investigate how SA telecoms operators could develop a potential business case to diversify into digital GBS; an international potential client-firms and GBS industry perspective will be mostly sought when conducting interviews. The 3 telecoms operators with ownership in submarine cables (Vodacom, MTN and Telkom) will

only be interviewed for litmus testing, post the main interviews with the prospective international client-firms and other GBS industry participants.

- iii. Only qualitative research methodology will be employed given the research seeks to investigate and explore the phenomenon of diversifying into digital GBS industry. As such, quantitative research methodology has been excluded.
- iv. Lastly, given this research is business related and exploratory in nature, a conceptual type of literature review has been deliberately chosen and employed to provide an overview of literature in digital Global Business Services, so as to understand the industry ideas, services, and models. Therefore, the critical and opinion-setting type of reviewing literature, has been intentionally set aside.

1.8 Definition of terms

The following key words, key terms and key constructs will be utilised throughout this research report and defined in table 2 below.

TERM	DEFINITION	SOURCE
4IR Technologies	“Range of new technologies that are fusing the physical, digital and biological worlds, impacting all disciplines, economies and industries, and even challenging ideas about what it means to be human”. “Robotic process automation, Internet of things, Big data and analytics, Machine	Klaus Schwab / World Economic Forum (2022). https://www.weforum.org/about/the-fourth-industrial-revolution-by-klaus-schwab/ Armstrong and Lee (2021:12)

	learning, Cybersecurity, Cloud computing, Artificial intelligence, Virtual reality, Blockchain, etc”	
Global Business Services	“A business model which shares various processes and functions within a global entity that operates one unit, with the goal of achieving scalability, reducing costs, leveraging processes, and integrating services from the most competitive strategies”. “An entity that is regarded to be an advanced form of a shared service, delivering multiple high-value shared services such as analysis and consulting, and underpinned by new technologies”. “A new phenomenon of business models which offer firms access to creative innovations, skills development, and expertise across the globe, affording companies a potential advantage to operate globally in terms of delivery and consumption”	Fernandez and Aman (2021:1269) Kopycinski and Mamica. (2020:4) Wei <i>et al.</i> (2018: 1286)
Offshoring	“Moving of services to a third-party vendor in a foreign country, usually from a developed country to a cheaper offshore location”. “Obtaining products and services from operations that are based outside one’s	Alkali <i>et al.</i> (2016:1) Slack <i>et al.</i>. (2020:127)

	own country". "Work or jobs moving to another country"	Pereira & Munjal (2019:1)
Outsourcing	"Decision to buy products or services rather than perform the activities in-house". "Work or jobs moving over boundaries to another firm". "Transfer of ownership and control of activities between the company and third parties"	Slack <i>et al.</i> . (2020:124) Pereira & Munjal (2019:1) Stentoft & Rajkumar (2020:2954)
Resource Based View Theory	"States that resources are further key to a firm's sustained competitive advantage, derived from a value-creating strategy that is different and cannot easily be replicated by competitors. To generate sustained competitive advantage, resources must be heterogenous, immobile, valuable, and rare and imperfectly inimitable". "Suggests that competitive advantage comes from the fact that different firms possess and exploit different capabilities, competencies, and dynamic capabilities".	Urban <i>et al.</i> (2017:606) Armstrong and Lee (2021:293)

Table 2: Definition of terms and key words

1.9 Assumptions

The underlying assumptions of this research are as follows: -

- a) **Infrastructure assumption:** - it is assumed that all tier 1 South African based telecoms operators who are submarine cable consortium members, have complete terrestrial backhaul and last mile connectivity to buildings infrastructure. It is also assumed that the incumbent telcos have redundancy provision in case there is connectivity failure with the main cables. Lastly, it is also assumed that the telcos have backup power plans in case there is power loadshedding instituted by Eskom as is the case at the time of compiling this research report.
- b) **Technology assumption:** - It is assumed that the core technologies which drive and are a lever for digital GBS, are some of the new fourth industrial revolution (4IR) technologies which have been identified by Professor Klaus Schwab, the Founder of the World Economic Forum (www.weforum.org). These 4IR technologies are assumed to be the connectedness between the physical and the digital; giving rise to digital GBS enterprise solutions. Lastly, it is also assumed that the technologies and related solutions cut across different industry verticals.
- c) **Interview participants assumption:** - It is assumed that interview participants will be purposively sampled and identified based on the objectives of the research, as well as by their areas of expertise, functionalities, and industry associations specific to GBS in the digital economy.

1.10 Chapter Outline

This research report will comprise of six main chapters excluding references and annexures. The six chapters will follow the below outline: -

Chapter 1: - This is the chapter stating the research topic and giving a general introduction of the research itself. Statement of the purpose follows, as well as all the other subsequent elements, namely, background of the study, research problem, research objectives, rationale, delimitations of the study, definitions of terms, assumption, and chapter outline.

Chapter 2: - This is the literature review section consisting of an introduction, definition of the topic, the main research objective and three sub-objectives, related questions, and propositions. Various constructs, supporting theories and all the other relevant literature pertaining to telecommunications, digital business, and digital GBS will be covered, then followed by conclusion of the literature review and propositions.

Chapter 3: - This is the research methodology section introducing the main research methods employed. It covers the approach, research design, data collection methods, sampling, research instrument, data collection procedure, data analysis and interpretation. It also covers possible limitations of the study, quality assurance, ethical considerations and proposed schedule and timelines.

Chapter 4: - This is the presentation of research, with an introduction, findings organised by research objectives and sub-objectives, and thus the reaching of a conclusion.

Chapter 5: - This is the discussion of the findings of this research, with the main content being to further explore the feedback data from the interviews; then compare and contrast with the reviewed literature of the study.

Chapter 6: This last chapter focuses on the summary of findings, conclusions, recommendations, and suggestions of future research.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

This section presents the literature review that was conducted to provide insight into the various aspects considered in exploring a potential business case for South African telecoms operators to diversify into digital Global Business Services (GBS), servicing new international markets. GBS will be treated as the **umbrella term** that will be used to encompass all kinds of outsourced, offshored, as well as global value chains of business services for the purpose of reviewing literature for this specific research report.

Firstly, the definition of topic is covered, with emphasis on the key concept of Global Business Services which will be reviewed including its linkages to outsourcing and offshoring to gain an understanding of the GBS industry.

Secondly, about twenty prior studies on Global Business Services, outsourcing and offshoring, as well digital technologies and digital transformation are summarised to give a perspective of the research concept.

Thirdly, the primary objective to explore how South African telecoms operators with ownership in submarine cables can diversify into digital Global Business Services (GBS), servicing new international markets, is dealt with.

The Fourth part covers the 1st sub-objective of identifying the key strategic resources significant for entering into the digital Global Business Services industry.

The Fifth section deals with the 2nd sub-objective of investigating which are the crucial capabilities prerequisites of digital Global Business Services industry and how SA telecoms operators with ownership in submarine cables can meet them.

The Sixth area covers the 3rd sub-objective of determining how SA telecoms operators with ownership in submarine cables can meet the prerequisite core competencies in digital Global Business Services industry.

Lastly, the literature review summary and conclusion are given and subsequently a close-off which restates the four propositions of this research.

2.2 Definition of Terms

2.2.1 Outsourcing

Slack *et al.* (2020:124) refer to outsourcing as “a process where firms decide to buy products or services rather than perform the activities inhouse”; whereas Stantoft and Rajkumar (2020:2954) describe outsourcing as the transfer of ownership and control of activities between the company and third parties. Pereira and Munjal (2019:1) define outsourcing as “work or jobs moving over boundaries to another firm and if that work or jobs move to another country, then that type of outsourcing is referred to as offshoring”. Kim (2017:154) refers to outsourcing as “the contracting of various functions, operations, support, maintenance, and even development activities to outside service providers”. As per BPESA (2016 :55), outsourcing is “the management of business processes by a third-party organisation, rather than by employees of the company, that owns business processes, and the outsourced processes are normally managed by means of a contract and Service Level Agreement”. Within the services outsourcing domain, there are various types of outsourcing such as digital outsourcing, business process outsourcing (BPO), legal process outsourcing (LPO), knowledge process outsourcing (KPO), IT outsourcing (ITO) and others (BPESA: 2022).

2.2.2 Global Business Services (GBS)

Fernandez and Aman (2021:1269) define Global Business Services (GBS) as “a business model which shares various processes and functions within a global entity that operates one unit, with the goal of achieving scalability, reducing costs, leveraging processes, and integrating services from the most competitive strategies.” EY (2021) https://www.ey.com/en_zh/consulting/global-business-services. describes GBS as “the evolution of business process outsourcing; focussing on process efficiency, improvement, and cost reduction, thus being a

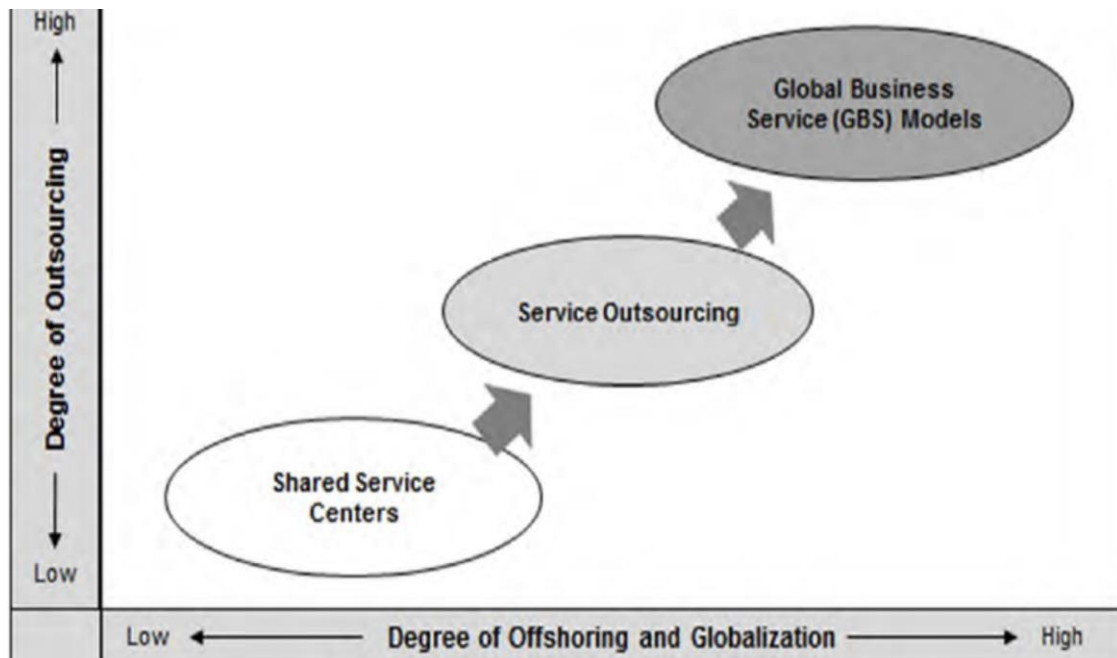
key pillar of digital strategy, creating customer-centric, and end-to-end process flows across functions and geographies.” Kopycinski and Mamica (2020:9) describe a GBS firm as “an entity that is regarded to be an advanced form of a shared service, delivering multiple high-value shared services such as analysis and consulting, and ***underpinned by new technologies***”. According to Wei *et al.* (2018:1286), Global Business Services is “a new phenomenon of business models which offer firms access to creative innovations, skills development, and expertise across the globe, affording companies a potential advantage to operate globally in terms of delivery and consumption”. In addition, Fernandez and Aman (2018:1269) define Global Business Service as “a service that integrates global practices and functionalities within an entity to maximise processes, achieve scalability and reduce organisational costs, using provider services from third parties for strategic functions while maintaining ownership control for some operational processes”. Wirtz *et al.* (2015:570) also describe Global Business Services as “services that use advanced ICTs, which increasingly make such services tradable across borders, thereby enabling them to be delivered offshore, targeting international markets as they become more export intensive.”

2.3 Evolution of Global Business Services

Wirtz *et al.* (2015), purport that the GBS industry has evolved from the initial shared services and outsourcing caused by the growth of Information Communication Technologies, and the global trading of services, which has made GBS the predominant model, of which advanced and mainstream organisations are utilising for the management of their collective shared services and outsourcing activities in a global context. Suri *et al.* (2016) posit that shared services may thus be considered as tactical tools which are subject to organisational business objectives. Vieru and Arduin (2016) allude to shared services as services provided by an independent organisational unit to various other units, in order to solve problems in tasks which are not core businesses of

the various other organisational units for efficiency improvement by service standardisation.

2.3.1 Progression from Shared Services to Service Outsourcing to GBS



Source: Wirtz (2015).

Figure 2: Progression from shared services to outsourcing to GBS

Figure 2 above, adapted from Wirtz (2015), depicts some progression from shared service centres with a low degree of outsourcing and low degree of offshoring and globalisation; to service outsourcing with a medium degree of offshoring and globalisation, coupled with a medium degree of outsourcing. The progression leads to the apex where GBS is characterised by a high degree of outsourcing in conjunction with a high degree of offshoring and globalisation currently.

2.3.2 Key dimensions of GBS related services

Key Dimension	Shared Services (domestic / offshore)	Service Outsourcing (domestic / offshore)	Global Business Services
Typical objectives	Cost savings, improved efficiencies, and capabilities	Cost savings, efficiencies, compliance, agility, and scalability	Cost savings, efficiencies, compliance, service focus, agility, scalability, and innovation.
Scope	Typically, 1 to 2 non-core processes, may include critical business services.	Typically, 1 to 2 non-core processes; 1 or more vendors; Typically, does not include critical business processes.	Multiple processes and multiple vendors; combination of shared services and outsourcing / offshoring; not just transactional activities, but also critical business processes.
Agility	Agile as it relates to in-scope processes.	Limited by the scope of the contract with vendor.	Highly agile, because of central coordination.
Governance	Variety of approaches ranging from siloed to coordinated.	Frequently managed as separate contracts with each external vendor.	Centralised and coordinated.
Culture	Practice is to establish a service-focussed culture.	Typically approached as managing a third-party contract.	Transformational change: service-focussed culture is fundamental; work as a single team regardless of shared services or outsourcing.

Source: Wirtz et al. (2015).

Table 3: Key dimensions of GBS related services

2.4 Digitalisation and 4IR Technologies Underpinning GBS

According to Reuckel *et al.* (2020), the transformation of companies through the use of information technology is summarised using the phrase digitalisation or digital transformation, with one of the main characteristics of digitalisation being the creation of new service systems through the adoption of information technologies, which may fully support companies processes and at times also fully automate companies' processes using new technologies. Marciniak *et al.* (2019) states that digital transformation is the digitalisation of (a) business models, (b) products and services, (c) customer relations, (d) primary processes, and (e) support and management processes in business services, with the use of artificial intelligence or new social, mobile, analytics, cloud, and IoTs (SMACIT) technologies.

BDO (2022) highlights that with outsourcing of services under digital business operations process, or business process outsourcing areas; technology solutions such as robotics process automation, advanced data analytics, artificial intelligence, machine learning, IoTs, agile, block chain, and cybersecurity are integrated with the processes of operational intelligence in outsourcing of services. Chakraborti *et al.* (2020) suggest that there is currently technology evolution with a new paradigm called "intelligent process automation" (IPA), fusing together machine learning and artificial intelligence technologies to improve business process outcomes.

However, Muzumder and Garg (2021) argue that the emergence of digitalisation in services outsourcing has generated new challenges, where firms feel compelled to reconfigure their core and reimagine their value creation paths to sustain their competitive advantage. Therefore, according to Willcocks *et al.* (2017), in order to address the future industry, the range of higher value offerings, based around technologies have to be re-defined and focused as enablers and differentiators, whilst being driven by innovation and data insights.

2.5 Prerequisites to Enter the Digital GBS Industry

2.5.1 Vendors Configurations and Strategies

According to Oshri *et al.* (2015) client-firms make decisions to outsource based on two main factors, being the nature of the outsourcing deal and the geographical market, the client-firm would be operational in. The outsourcing configuration is therefore crucial for client-firms to ensure that they select the correct configurations or strategies when selecting vendors for outsourcing contracts. Vendors strategies specify the number of suppliers to provide services, determines how an outsourcing contract will get carried out and how capabilities will be provided (van Weele, 2018). The vendors configurations and strategies are listed and elaborated by Bui *et al.* (2018) and Oshri *et al.* (2015) as (i) *the sole-supplier model* where a single supplier provides entire services without any subcontracting. (ii) *the best-of-breed model* where a client-firm uses various suppliers but remains the head contractor. (iii) *the panel model* where the client-firm compiles competing preferred vendors list and (iv) *the prime-contractor model* which consists of a network of several suppliers that operate under the control of the head contractor.

Primary Proposition: South African telecoms operators with ownership in submarine cables must diversify into digital Global Business Services, servicing new international markets.

2.5.2 Prerequisite Strategic Resources

According to Willcocks *et al.* (2017), modern global sourcing of business services has been developed and influenced by theories such as Resource-Based View from strategy. Mazumder and Garg (2021) stipulate that outsourcing service providers rendering digital transformational outsourcing services should be cognisant to leverage both their digital and non-digital resources. Creon *et al.* (2017) further indicate that Resource-Based perspective in outsourcing provides a framework for examining the pool of critical resources required in business services outsourcing, with the most key **strategic**

resources (assets) being healthy financial conditions, human-capital resources, machinery, facilities, and other relevant infrastructure. It can thus be deduced from Mazumder and Garg (2021), collectively with Creon *et al.* (2017) regard (i) digital resources, (ii) healthy financial resources, (iii) human-capital resources, (iv) machinery, (v) facilities, and (vi) other critical infrastructure as some of the most strategic and crucial prerequisite resources and assets for the digital GBS industry.

Proposition 1: - SA telecoms operators with ownership in submarine cables must identify and own key strategic resources significant for entering the digital Global Business Services industry.

2.5.3 Prerequisite Capabilities

Capabilities are another crucial component of RBV which Järvenpää and Mao (2017) argue that to survive and grow in outsourcing and offshoring, firms should be able to develop crucial (dynamic) internal capabilities which go beyond the general country-level capabilities. Mihalache and Mihalache (2020) posit that specialised offshoring management capability consisting of offshoring coordination and management is imperative.

Oshri *et al.* (2015) in the Handbook of Global Outsourcing and Offshoring specifies 12 vendor capabilities which are pre-requisites in global outsourcing and offshoring as (i) *Leadership capability* referring to the ability to deliver the desired results throughout the contract tenure for a successful outsourcing venture. (ii) *Business management capability* denoting the ability to provide goods and services based on both the client and vendor's agreements, as well as on business plans. (iii) *Domain expertise capability*, which is a capability encompassing the vendor's technical expertise, professional knowledge, ability to understand and manage the client's business needs, specifics and particularities. (iv) *Behaviour management capability* concerning the know-how to motivate and inspire teams to consistently deliver high value services and results. (v) *Sourcing capability* which is the ability to access the necessary resources for generating economies of scale, use of superior infrastructure and attainment of efficient procurement practices. (vi) *Process improvement*

capability denoting having critical skills to change processes in a manner that generates impactful and dramatic improvements. (vii) *Technology exploitation capability* which is the ability to rapidly deploy new transformative technologies, the values and behaviours of the vendor when using the technologies, the processes followed and the technology infrastructure available. (viii) *Programme management capability* referring to the skill to deliver on the main project and other sets of interrelated projects; prioritising, coordinating, mobilising, and promoting tasks for change and improvement. (ix) *Customer development capability* which enables clients to make informed choices pertaining to business requirements, service levels and costs. This is the ability to establish personal contacts to understand the kind of services required; cooperation with client managers to agree on the provision of services and relationship development with end users to feel fully informed of service functionalities, options, potential enhancements, and associated costs. (x) *Planning and contracting capability* referring to the ability to plan resources and deliver 'win-win' results for both the client and the vendor. (xi) *Organisational design capability* indicating the knowledge to design, implement and manage successful organisational arrangements. (xii) *Governance capability* denoting the know-how to govern processes and structures which enable client's objectives and strategies to be aligned with the vendor's delivery systems.

Proposition 2: - SA telecoms operators with ownership in submarine cables must determine which are the crucial capabilities prerequisites of digital Global Business Services industry and meet them.

2.5.4 Prerequisite Core Competencies

Oshri *et al.* (2015) identifies vendor core and key competencies as critical areas for consideration in entering global outsourcing and offshoring (GBS). These are delivery competencies which demonstrate the vendors abilities to respond to the global client-firms continuing requirements; transformation competencies reflecting the vendors competency to deliver transformative and improved services, especially pertaining to cost and quality; and relationship competencies showing the vendors preparedness and abilities to align their

business models to the strategies, values, goals and needs of client-firms. McIvor (2012) elaborates on the 3 prerequisite competencies as follows: - (i) *Delivery competency* indicating how best a service provider can respond to customer's needs for operational services based on scope, complexity, level of costs, quality, robustness, and flexibility. The vendor must possess competencies in task delivery routines, introduction of efficiencies in project delivery and operational improvements. (ii) *Transformational competency* which is the ability of the vendor to meet the client's need for service improvement and performance in areas such as costs, quality, and functionality. (iii) *Relationship competency* denoting the vendors ability and willingness to align with client needs and goals over time, with the knowledge of the client's industry, business model and operations. The vendor should be competent to develop a 'win-win' relationship where both the client and vendor goals are aligned, and risks and rewards are shared equally.

Proposition 3: - SA telecoms operators with ownership in submarine cables must meet the prerequisite core competencies in digital Global Business Services industry.

Summary of prerequisites to enter the digital GBS industry

4 VENDOR CONFIGURATIONS AND STRATEGIES Oshri <i>et al.</i> (2015); van Weele (2018); Bui <i>et al.</i> (2018)	6 STRATEGIC RESOURCES Mazumder & Garg (2021); Creon <i>et al.</i> (2017)	12 CAPABILITIES Mihalache & Mihalache (2020); Oshri <i>et al.</i> (2015)	3 CORE COMPETENCIES Oshri <i>et al.</i> (2015); McIvor (2012)
Sole supplier Best of breed Panel; and Prime contractor	Digital Financial Human-capital Machinery	Leadership Business management Domain expertise Behaviour management Sourcing	Delivery Transformational and Relationship competencies

	Facilities Other critical infrastructure resources.	Process improvement Technology exploitation Programme management Customer development Planning and contracting Organisational design Governance capabilities.	
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Table 4: Summary of prerequisites to enter the digital GBS industry

2.6 Prior Studies

This section focuses on the prior studies conducted by various authors, and cover global business services, outsourcing and offshoring and digital technologies and digital transformation.

2.6.1 Global Business Services Studies

Zile and Lucite-Kurbe (2021) study aimed to describe the factors affecting the development of the global business services sector in Latvia, given that the GBS sector of Latvia is relatively new, and has not yet been sufficiently assessed and researched. The study found that Latvia's geographical location, especially from the perspective of Scandinavian investors (including in terms of cultural similarities), foreign language skills of potential employees, young labour force and relatively low labour costs are advantageous for the country's GBS sector.

Nano and Stolzenburg (2021) researched the Indian and Philippines' global services value chains to obtain lessons for emerging economies on the circumstances that enable incorporation into international services. Findings presented were that human capital is the most crucial factor for integrating developing countries into services global value chains. The most highly traded

services are predominantly skill-intensive and require proficiency in English. Skills and good command of English have been the reasons why India and the Philippines have had such success in exporting services globally.

Keijser *et al.* (2021) examined and compared the role of global value chains in stimulating vendor learning in the IT-enabled services industry of South Africa. The discovery indicates that capability building, and innovation are important, in both the value chain environment and innovation systems in which vendors are embedded. The study suggests that capability building can be done via mergers and acquisitions, consultants, educational organisations, conferences, and industry associations.

Ali *et al.* (2019) analysed the role of effective communication in the global software development industry. The investigation found that in said industry across the world, clients and vendors are quite away from each other and there exists a geographical distance between vendors and clients. Both vendors and clients face some critical challenges such as culture differences, language barriers, and time zone differences. Thus, proper negotiations and discussion on requirements become difficult, necessitating strong and effective collaborations, advanced tools and systems that can facilitate effective communication.

Wei *et al.* (2018) interrogated the effect technological features, team climates and human aspects on the performance of global virtual teams (GVT) in Malaysia's GBS industry. The research established that team conditions like team interrelations, team confidence, team knowhow, skills, and capabilities exhibited different effect on human factors which include trust and innovation, therefore affecting performance. Also, team diversity which comprised of three major components that include age diversity, functional diversity, and attitudes /values diversity was found to moderate between trust and creativity relationships. Despite that, the extent of virtuality was found to have no moderating effects on the relationships between the team creativity, trust, and perceived team performance.

Chatterjee (2016) studied the global software services industry to identify its strategy, human capital investments, business-domain capabilities, and performance. The study revealed that in knowledge-based industries, continuous human capital investments are essential for firms to enhance superior capabilities, sustain competitive advantage and maintain high profits. The paper identified two types of capabilities essential for success in this services industry as technological and business-domain capabilities.

Wirtz *et al.* (2015) explored the contribution of GBS to improving productivity and economic growth of the world economy, which is an area of study that has gone largely unnoticed in services research. The study found that business services account for a large share of the growth of the global service economy. The fast growth of business services coincides with shifts from domestic production towards global outsourcing of services. A new wave of GBS is traded across borders and have emerged as important drivers of growth in the world's service sector.

2.6.2 Outsourcing and Offshoring Studies

Eppinger (2017) investigated the employment effects of services offshoring of German firms' services imports between 2001 – 2013. The study found that services offshoring has increased German firms' employment between 2002 and 2013 and that employment gains are greater in firms with higher initial levels of services offshoring due to cost savings. The study also revealed that services offshoring is found to boost firm output and total factor productivity as services provided by low-income countries are more complementary to domestic employment in German firms in terms of task and skill requirements.

Vaia and Oshri (2016) conducted a comparative study of Italy and the UK's outsourcing and innovation. The research discovered that companies in Italy were more satisfied with the impact of innovation, frequency and quality Italian client-firms reported delivered by vendors than their counterparts in the UK. The main variations were that (a) Italian client-firms strategic intent has been revolving around the objective to increase the pace of innovation within the firms, whilst their British counterparts have been focussing on cost reduction.

(b) Italian client-firms have mainly been using outcome-based pricing model, while the British client-firms have mainly been using the fixed-price model, and
(c) Italian client-firms have been using advisory firms in outsourcing to a far greater extent than their British counterparts.

Pisani and Ricart (2016) did an end-to-end review of the international business information centred on the offshoring of services phenomenon using 79 services offshoring related case studies. Some of the key findings indicate that merit consideration includes the evolution of offshoring service providers and their related industry. The study also highlighted the need to nurture organisational capabilities in the offshore environment in order to manage complexities inherent in offshoring of services implementations.

Lacity *et al.* (2014) conducted research in South Africa's business process outsourcing industry to extract management lessons for Western based firms exploring to leverage on South Africa's offshore destination by responding to two main questions about why Western client-firms offshore BPO activities to South Africa and which management practices lead to successful offshoring outcomes in South Africa. The investigation discovered that South Africa's value proposition is not only about affordability as there are other competing offshoring destinations with lower costs than SA. However, SA presents an overall economic value, with high quality service, good human-capital, strong cultural compatibility, and favourable time zone.

Omoregie (2012) in a PhD thesis conducted an empirical investigation into factors inhibiting United States organisations from offshoring information technology services to Sub-Saharan Africa (SSA). The dissertation found significant statistical association amongst information and communications technologies infrastructure, educated workforce in SSA, and the intent of leaders of U.S. firms to offshore IT activities to SSA. The research revealed that South Africa is the preferred IT offshoring destination in SSA.

2.6.3 Digital Technologies and Digital Transformation Studies

Mazumder and Garg (2021) investigated the role of service providers' capabilities in digital transformational outsourcing. The study discovered that technological disruption has been especially severe in the business process outsourcing industry which has simultaneously been witnessing a shift in large portion of core value-added activities from the outsourcing client-firms to their Outsourcing Service Providers or vendors. From the vendors perspective, the study identified that they need to revisit their dynamic capabilities due to a challenge posed by technological disruption. From reviewing digital transformation, service innovation and outsourcing literature, the researchers identified six capabilities that are relevant in the digital transformation outsourcing scenario as (1) consultative, (2) orchestration, (3) standardisation, (4) network building and management, (5) knowledge access, and generation and (6) sharing of actionable insights capabilities.

Fu (2020)'s paper examined how the COVID-19 global pandemic impacted global value chains. Deliberate focus was on the role of digital technology in sustainable post-pandemic economic recovery. The study found that that in global value chains, digital transformation requires essential digital competencies including digital skills, digital infrastructure, and a conducive business environment to deploy the vital digital infrastructure. Furthermore, the study found that digital technologies should be harnessed to facilitate global knowledge flows as digital technologies will be a critical driver of post-pandemic economic recovery.

Banga and te Velde (2020) investigated how the Covid-19 pandemic and other external factors have affected segments of the digital economy, such as a) online work; b) e-commerce; c) ICT and ICT-enabled services and d) digital infrastructure and ICT goods. The study found that ICT and ICT-enabled services hold some potential for recovery with Low-Income Countries and Middle-Income Countries. There is rising demand for digital services, particularly cloud services, data hosting services, data storage services as well as digital products like video games, online streaming, digital animation, etc. For

cloud and data-related services, most of these economies continue to rely on global service providers.

Nasdaq OMX (2020) research looks into the Global Business Process as a Service (BPaaS) market on a world-wide scale. The findings of the report estimate BPaaS to reach a revised size of US\$68.7 Billion by 2027. Accounting & Finance, as one of the segments analysed, is projected to reach US\$19.8 Billion by the end of 2027. The Business Process as a Service industry in the U.S. was estimated to be US\$12.4 Billion in the year 2020. China, the world's second-largest economy, is forecasted to reach a industry size of US\$14.6 Billion by the year 2027. Amongst the other noteworthy geographic markets researched were Japan, Canada, and Germany.

Marciniak *et al.* (2019) researched the current tendencies and future expectations for digital transformation in intelligent business services centres in Hungary. The study investigated which advanced technologies like robotic process automation, predictive analytics, chatbots, and cognitive intelligence are the most prevalent advanced technologies in business services. The study found that business services centres had mostly automated massively repeated processes and that this automation had liberated employees for more creative tasks.

Willcocks (2017) facilitated research on the potential application of robotic process automation (RPA) into a human resource (HR) function and global business service (GBS) operations at WALT, US. The purpose was to study the successful RPA implementation by business process service provider Xchanging, which operates in the back office of the London insurance industry. Xchanging had found over time that there was no strong rationale for the repatriation of work from offshore sites due to the implementation of RPA. Xchanging also found no quality problems with its many offshore sites that spanned work in Business Processing Services, Technology, and Procurement.

2.7 Resource-Based View and Global Business Services

The first theoretical underpinning for this research is of Resource-Based View (RBV) theory.

2.7.1 Resource-Based View Theoretical Foundation

According to Armstrong and Lee (2021), a solid foundation on which a firm's strategy should be developed is on the basis of it being able to deploy its distinctive and unique assets, resources, and capabilities so as to differentiate itself from its competitors and to achieve profitability. This notion is underpinned by the theory of RBV which Slack *et al.* (2020) purport that it is one of the most influential theories of business strategy, which holds that a firm is likely to gain sustainable competitive advantage and above average strategic performance from the core competencies or capabilities of its resources. Therefore, the manner in which a firm acquires or develops its operations resources will in the long run have substantial bearing on its strategic success. Urban *et al.* (2017) argue that in order for a firm to create such sustainable competitive advantage, its resources must be heterogeneous, immobile, valuable, and rare, imperfectly inimitable, and not easily substitutable.

2.7.2 Resource-Base View Theory and Global Business Services

There has been some research conducted in the outsourcing industry, which GBS has evolved from (Wirtz *et al.* :2015). The several scholars who undertook this research applied the RBV theory to the outsourcing and offshoring phenomena. Creon *et al.* (2017) and Lacity *et al.* (2014) indicate that based on the RBV perspective, outsourcing to vendors is a strategic decision which is used to fill gaps in the outsourcing firm's resources and capabilities to gain competitive advantage, and to also broaden the outsourcing firm's strategic opportunities set. In GBS, some of the core and strategic resources include amongst others connectivity infrastructure, transformative technologies, capital, labour, and information / data (BPESA: 2022). Oshri *et al.* (2008:96) postulates that offshoring (GBS) of services is critically dependent on a supply of vendors

that have operational capabilities to offer comparative cost advantages, satisfactory quality, and on time-time delivery. Pellicelli (2021) highlights that in recent years, outsourcing strategies have undergone profound transformation from simple production agreements made with third parties, to contracts that involve functions and activities which require “core competencies”, or even being part of the “core business”. This study thus utilises RBV theory on how it applies to South African telecoms operators diversifying into the GBS industry.

2.8 Dynamic Capabilities and Global Business Services

Teece (2018) argues that whilst the RBV theory of the firm focuses on the bringing together of assets, resources and capabilities that can support durable competitive advantage for a firm, this is but only one part of the process, which may require to be supplemented with the Dynamic Capabilities (DC) theory.

2.8.1 Dynamic Capabilities Theoretical Foundation

Teece *et al.* (1997) define dynamic capabilities as “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments”. DC theory assumes that core competencies must be used to transform short-term competitive positions in creating long-term sustainable competitive advantage. Smuts *et al.* (2021) posit that the theory of DC presumes that firms need the ability to traverse rapid changing markets by redesigning the firm’s asset structure and attain the imperative internal and external transformation. Armstrong and Lee (2021) state that for a firm to be agile, it should have (a) sensing capabilities to constantly scan and explore for new prospects across markets and technologies; (b) seizing capabilities to respond to threats and opportunities and (c) transformation capabilities to enhance and reconfigure the firm’s tangible and intangible assets.

2.8.2 *Dynamic Capabilities Theory and Global Business Services*

Mazumder and Garg (2021), argue that with the outsourcing industry currently undergoing digital transformation, vendors need to acquire new and emerging capabilities to enhance their understanding and redefinition of client-firms business requirements, whilst also rendering the vital digital services. After studying 26 of the largest global outsourcing firms, interviewing senior representatives with between 15 to 25 years' experience, thus collectively representing over 300 years of outsourcing experience, Mazumder, and Garg (2021) conceptualised and identified six new digital outsourcing dynamic capabilities for vendors as "consultative, orchestration, insights, network management, knowledge access and standardisation". These six digital outsourcing DCs are however still clustered under the three original Teece's DC theory capabilities of sensing, seizing and reconfiguration. Smuts *et al.* (2021) further identified three 4IR firm capabilities as employees, skills, and expertise, and also communication, being relevant under Teece's 3 dynamic capabilities. Lastly, Presbitero *et al.* (2016) also highlight that vendor should have the dynamic capability of proactively identifying the client-firms stated and unstated needs in conceptualising innovative digital offerings for the client.

2.9 Critical Success Factors and Global Business Services

The third theoretical underpinning for this research is the Critical Success Factors (CSFs) theory.

2.9.1 *Critical Success Factors Theoretical Foundation*

Armstrong and Lee (2021), discuss at length strategic considerations firms should consider when choosing which markets to enter into, and also in the formulation of their ability to win in those new markets. They suggest that business success relies on two fundamental questions of "a) what do the customers want? and b) what does the firm need to do to survive competition?",

with answers to these questions being termed Critical Success Factors (CSFs). Armstrong and Lee (2021) and Meyliana *et al.* (2016) latch on Daniel's (1961) theory of CSFs describing those factors as “the *few key areas where things must go right*”, for the business to flourish and for manager's goals to be attained”. CSFs are thus crucial sources of competitive advantage in firms. For the purposes of this research, only the “**what do the customers want?**” element of CSFs will be interrogated.

2.9.2 Critical Success Factors and Global Business Services

Carrattis *et al.* (2016) argue that one of the areas that managers are generally most concerned about with is why some organisations fail and others succeed with offshoring (GBS). They purport that although there is not a specific construct for successful offshoring, potential measurement criteria identified include but are not limited to: - a) contractual governance entailing the development of detailed high valued contracts stipulating clear objectives and management support, b) relationship governance encompassing knowledge sharing, communication trust and partnership view, c) client retained capabilities relating to process understanding and standardisation and d) provider capabilities including human resource management, client management, domain understanding and technical and methodical maturity. Kim (2017) also stipulates that both *service quality of the vendor and partnership quality* which entail trust, cooperation and communication are very important for offshoring success.

2.9.3 Critical Success Factors and Digital Technologies

Bhatnagar *et al.* (2022) suggest that it is high-time the outsourcing industry evolves from the traditional right-shoring and basic automation to the more industry customised digital solutions with advanced Next-Gen technologies such as AI, ML, RPA, big data analytics, cloud, IoTs, social media and mobile applications (Marciniak *et al.*: 2019). Bhatnagar *et al.* (2022) analysis of the current outsourcing deal landscape, bolstered with major global outsourcing vendors and buyers' experiences indicate that there are four digital outsourcing

critical success factors being 1) *Focus on transforming operations through digital*: - where the new digital outsourcing model should completely transform firm operations through digitalisation whereby vendors will be delivering on more advanced processes. 2) *Shared incentives aligned to innovation*: - with the current digital technologies and solutions continuously advancing, client-firms may structure gain-sharing contracts to incentivise innovation relating to efficiency, effectiveness, and experience. 3) *Redesigning digital journeys end-to-end*: where digital transformation journeys may enable client-firm and vendor collaborations for additional value creation, as digital business, and Next-Gen technologies advance. 4) *Joint accountability for digital transformation and adoption*: whereby the current digital sourcing contracts necessitate a joint governance structure between client-firms and vendors thus working together with each other on digital transformation endeavours.

2.10 Hybrid Analytical Model of Used Theories and Concepts

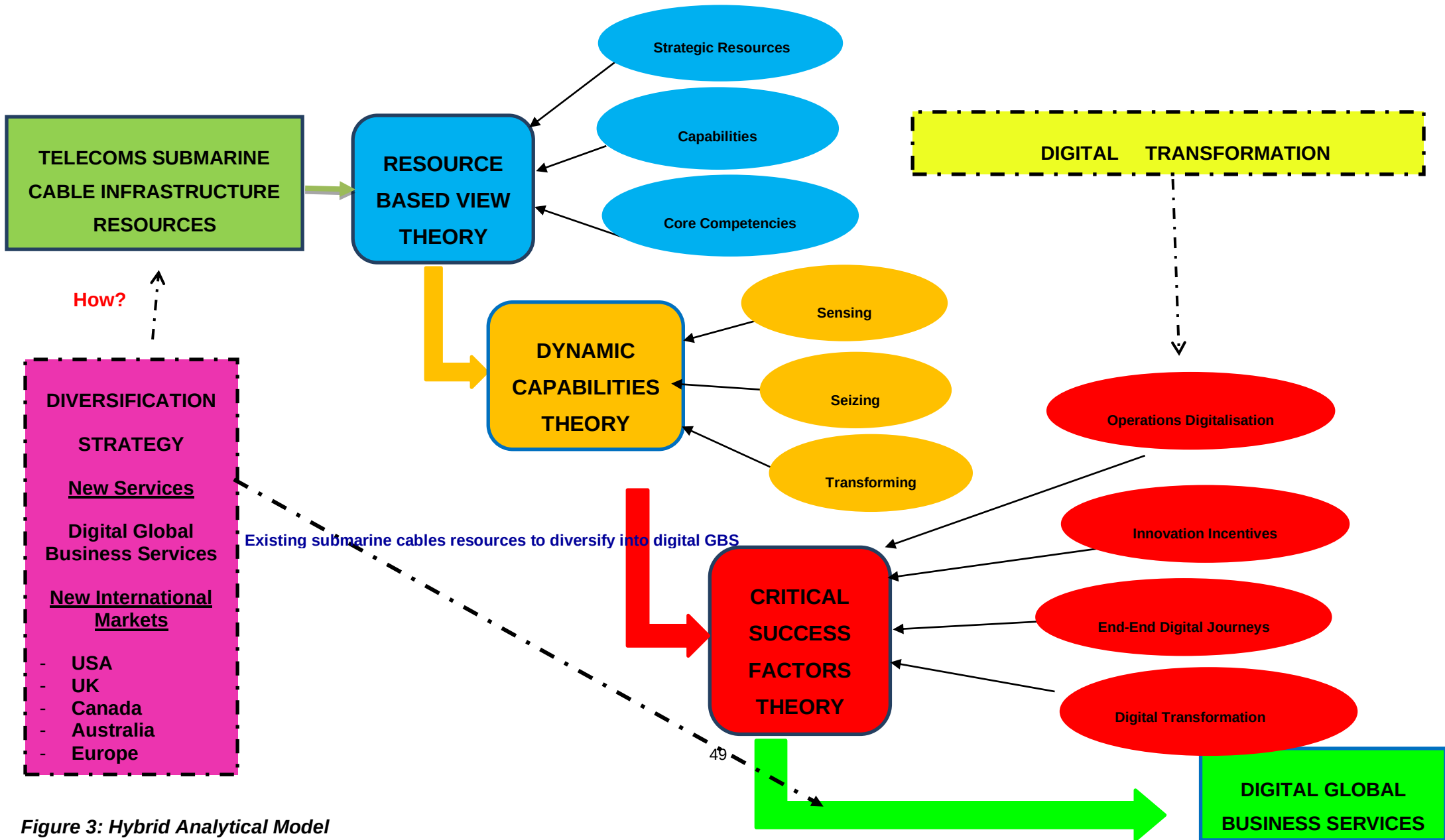


Figure 3: Hybrid Analytical Model

2.11 Conceptual Framework & Research Objectives

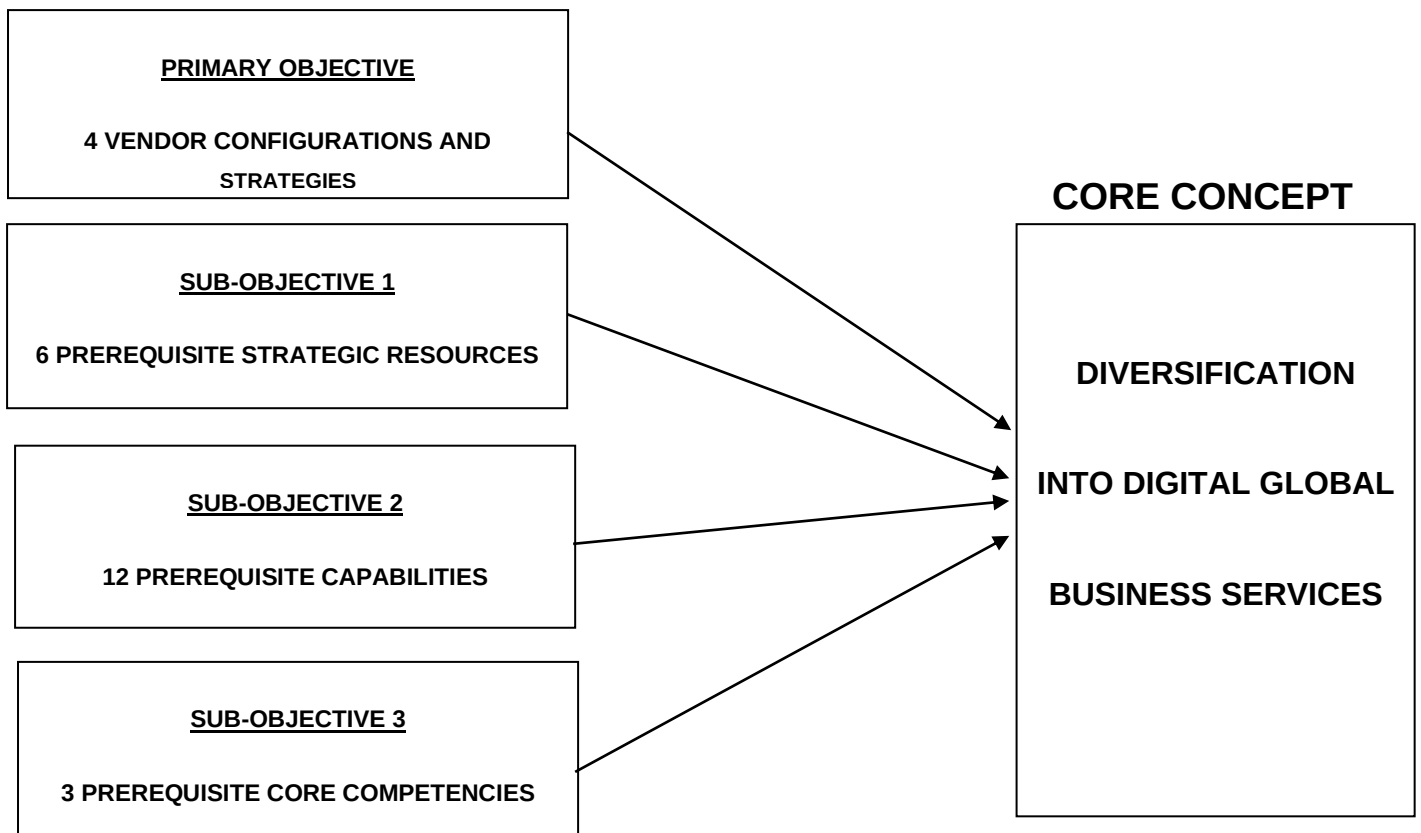


Figure 4: Conceptual Framework and Research Objectives Linkage

Primary objective: - To explore how SA telecoms operators with ownership in submarine cables can diversify into digital Global Business Services; servicing international markets.

Sub-objective 1: - To identify the key strategic resources significant for entering the digital Global Business Services industry.

Sub-objective 2: - To investigate which are the crucial capabilities prerequisites of digital Global Business Services and how the SA telecoms operators with ownership in submarine cables can meet them.

Sub-objective 3: - To determine how SA telecoms operators can meet the prerequisite core competencies in digital Global Business Services industry.

2.12 Conclusion of Literature Review

Telecommunications provide building blocks for digital revolution, with telecoms infrastructure and services providing a platform for the implementation of key transformative digital technologies. Undersea communication cables are the core critical infrastructure in the digital age, with 99% of all transoceanic digital communications being transported through undersea fibre-optic cables for industries such as global business services (GBS).

Some of the industry verticals served by GBS are business process outsourcing (BPO) and contact centres, business process services (BPS) / shared services, insurance, utilities and energy, travel and transportation, healthcare and medical, logistics and supply chain, automotive as well as media amongst others. Some of the 4IR technologies used in GBS are robotics process automation, advanced data analytics, artificial intelligence, machine learning, IoTs, agile, block chain, and cybersecurity, which are integrated with the processes of operational intelligence in outsourcing of services.

Resource based view theory, dynamic capabilities theory and critical success factors theory have been used as the theoretical underpinnings of this Global Business Services research seeking to investigate the prerequisites for SA telecoms operators to enter the GBS industry in a quest to diversify and generate new revenue streams and markets. Vendor resources, vendor capabilities, vendor competencies and vendor-client relationships have been emphasised by the majority of researchers as critical in GBS transactions.

To conclude, based on the primary objective and 3 sub-objectives of this research study, the below 4 formulated propositions, could possibly enable SA telecoms companies to develop potential business cases to diversify into the digital GBS industry, offering new digital GBS services in new international markets, in a quest to diversify for sustainability and survival in the future.

2.12.1 Primary Proposition

South African telecoms operators with ownership in submarine cables must diversify into digital Global Business Services, servicing new international markets.

2.12.2 Proposition 1

SA telecoms operators with ownership in submarine cables must identify and own key strategic resources significant for entering the digital Global Business Services industry.

2.12.3 Proposition 2

SA telecoms operators with ownership in submarine cables must determine which are the crucial capabilities prerequisites of digital Global Business Services industry and meet them.

2.12.4 Proposition 3

SA telecoms operators with ownership in submarine cables must meet the prerequisite core competencies in digital Global Business Services industry.

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Research Approach

According to Easterby-Smith *et al.* (2021), the research approach is closely connected to the research paradigms and the proximity of the researcher to the subject being investigated. Myers (2007) posits that a research method identifies the mode of investigation, which encompasses all from assumptions to research strategy and data collection. This research study used the qualitative research approach, which Skärvad and Lundahl (2016) describe as the research approach which seeks to bring insight and in-depth understanding to the researched phenomenon.

Silverman (2016), states that the main purpose of qualitative research is to describe and explain things and phenomena to be better understood. The study may however not yield any conclusive findings to the research objectives, as it is meant to be used as guidance on the subject matter. The research was inductive and exploratory in alignment (Guest *et al.*, 2012), given the phenomenon of South Africa's 1st tier telecoms operators exploring the possibility of diversifying into global business services has not been extensively researched, and thus not much information available.

3.2 Research Design

Research design is the general methodology which enables the researcher to conduct research in a structured way, which Bhattacharjee (2012) describes as a comprehensive plan for data collection in a research project. Hofstee (2018) states that the design section is where the overall approach that will be used to test the research statement is named and discussed. Mouton (2012) highlights that research design can either be empirical or non-empirical with this particular study falling under the empirical typology given primary qualitative data was collected in the form of GBS industry reports and interview transcripts. Interviews

were conducted with GBS industry association representatives, industry experts and client-firm representatives in order to gain in-depth understanding and knowledge of how new vendors can enter the digital GBS industry. Available representatives from 2 of the 3 SA telecoms operators with ownership in submarine cables (Vodacom Business, MTN Enterprise Business Unit and Telkom / BCX) were also interviewed to ascertain if they possess the requisites to diversify into digital Global Business Services, servicing new international markets.

3.3 Data Collection Methods

Birmingham and Wilkinson (2003) note that data collection methods or techniques are basically instruments or tools used to derive relevant information to the researcher's project. The primary data collection method for this research was qualitative interviews, which Easterby-Smith *et al.* (2021) posit that it has the potential to avail in-depth insights into the subject matter being researched. Moreover, qualitative interviewing is regarded as an ideal data collection technique where the phenomena being researched cannot be observed, but the interviewee's knowledge and viewpoint are crucial.

With the current Covid-19 pandemic somewhat subsiding; work and studying lives have started to take a hybrid form of contact. It was therefore possible for some of the South African based interviews, to be held on a face-to-face basis, and where the in-contact approach was not possible, virtual video-interviews were conducted. For the interviewees, who were based overseas video-based interviews were conducted utilising MS Teams as agreed with the interviewees. A structured interview approach was followed, with open-ended questions. The duration of the interviews was approximately 1 hour long, in order to obtain detailed information.

3.4 Population and sample

3.4.1 Population

In this study, the researcher uses a GBS industry association in South Africa, GBS and Outsourcing Industry intermediaries, consulting companies and client-firms as the population. Vodacom Business, and Telkom-BCX also formed part of the population.

3.4.2 Sample

The sample comprised of GBS and Outsourcing “vendor selection” specialists from the industry association and executives from intermediaries (consulting companies) and client-firms. Executives from Vodacom Business and Telkom-BCX also formed part of the sample from the potential vendor’s side. The sample size was made of 10 respondents.

3.4.3 Sampling method

The sampling methods used was convenient sampling (the researcher started data collection with the South African outsourcing industry association (BPESA), that the researcher had been engaging with for close to a decade). Then, purposive sampling and snowballing sampling was employed, whereby the researcher requested referrals with the various GBS industry associations, intermediaries (consulting firms) and client-firms in the relevant countries, in order to assist in illustrating the level of tangible insights, experience, and knowledge each participant possessed on the GBS industry. SA telecoms operators were approached in the similar fashion of convenient sampling too. The researcher ensured that the Protection of Personal Information Act (POPIA) was observed.

3.5 Multi-Participant Research Instrument

The research instrument used for this qualitative study is a multi-participant interview schedule; with interview questions aligned to the following research objective.

The primary research objective: How South African telecoms operators with ownership in submarine cables can diversify into digital Global Business Services (GBS), servicing new international markets.

The sub-objectives for this study are as follows: -

Sub-objective 1: - Identified key strategic resources significant for entering the digital Global Business Services industry.

Sub-objective 2: - Investigated crucial capabilities prerequisites of digital Global Business Services industry and how can the SA telecoms operators with ownership in submarine cables meet them.

Sub-objective 3: - How SA telecoms operators with ownership in submarine cables can meet the prerequisite core competencies in digital Global Business Services industry.

MULTI-PARTICIPANT RESEARCH INSTRUMENT FOR THE DIGITAL GBS INDUSTRY

DIMENSION OF ENQUIRY	INDUSTRY ASSOCIATIONS SENIOR MANAGEMENT QUESTIONS	EXECUTIVE / SENIOR CONSULTANTS QUESTIONS	CLIENT-FIRMS SENIOR MANAGEMENT / BUYERS QUESTIONS	SA TELCO ENTERPRISE MD / STRATEGY / DIGITAL EXECUTIVE QUESTIONS
Vendor configurations and strategies <i>“Cross-cutting questions”</i>	What are the requirements by the association to assist new digital GBS vendors enter the digital GBS industry?	What conditions lead to successful digital GBS vendor selections in your experience?	What conditions lead to successful digital GBS vendor selections in your firm?	What is your understanding of the digital Global Business Services industry and its related services?
	- Which are some of the best market entry strategies or models and why? - How can SA telecoms operators owning submarine cables enter the digital GBS industry?	- Which are some of the best industry entry strategies or models and why? - How can SA telecoms operators owning submarine cables enter the digital GBS industry?	- What is your most preferred digital GBS vendor configuration or strategy and why? - How can SA telecoms operators owning submarine cables gain access to some of the digital GBS opportunities in your company?	- Given a prospect to diversify into digital Global Business Services industry, what kind of entry strategy / models would you consider and why? - Are you aware of how international clients select new digital GBS vendors and how would you prepare for the selection should you diversify into digital GBS?
Prerequisite strategic resources	Which areas of business are mostly in high demand for digital GBS outsourcing / offshoring and why?	In your consulting experience, which areas of business are you seeing being outsourced / offshored to digital GBS vendors?	Which areas of business are you envisaging to outsource / offshore to digital GBS vendors in the future?	In order to capitalise on the opportunity to diversify into the digital GBS industry, what strategic resources do you possess and what are their strengths?

<i>“Cross-cutting questions”</i>	- What strategic resources are generally required for digital GBS projects? - Which of those strategic resources are most critical and why? - How can SA telcos ensure that the requisite resources for digital GBS industry are strategically organised or mobilised?	- What strategic resources are generally required for digital GBS projects? - Which of those strategic resources are most critical and why? - How can SA telcos ensure that the requisite resources for digital GBS projects are strategically organised or mobilised?	- What strategic resources will be required for the above digital GBS projects envisaged for the future? - Which of those strategic resources are most critical and why? - How can SA telcos ensure that the requisite resources are strategically organised or mobilised?	If there are any required strategic resources you may not possess, how would you ensure access to them?
Prerequisite capabilities <i>“Cross-cutting questions”</i>	- From the general industry’s perspective, what are the most vital capabilities required of digital GBS vendors? - Of the above-mentioned capabilities, which ones would be the most non-negotiable capabilities required from digital GBS vendors and why? - How should SA telcos effectively develop or organise these vital and non-negotiable capabilities to ensure successful entry into the GBS industry?	- From your experience as a consultant, what are the most vital capabilities required of digital GBS vendors? - Of the above-mentioned digital GBS vendor capabilities, which ones are mostly non-negotiable with client-firms and why? - How should SA telcos effectively develop or organise these vital and non-negotiable capabilities to ensure successful selection by client-firms?	- In relation to the envisaged digital GBS offshoring projects, what would be the most vital and non-negotiable capabilities required and why? - How should SA telcos effectively develop or organise these vital capabilities to ensure successful selection and entry in the GBS industry?	- What are your existing capabilities in offering the current digital enterprise services in your company? - How could you effectively develop and organise your existing capabilities to ensure that you meet envisaged digital GBS industry and client-firms capabilities requirements? - What is your general view on your ability to meet these prerequisite digital GBS capabilities?

Prerequisite core competencies <i>“Cross-cutting questions”</i>	3 general competencies in the outsourcing / offshoring industry have been highlighted as: - the ability for vendors to deliver on projects, - their ability to meet client needs and - their ability to align with client goals. Which of these 3 competencies are considered by the industry to be most crucial for digital GBS vendors and why? - How should SA telcos ensure that they can meet these required industry core competencies as digital GBS vendors?	3 general competencies in the outsourcing / offshoring industry have been highlighted as: - the ability for vendors to deliver on projects, - their ability to meet client needs and - their ability to align with client goals. Which of these 3 competencies are considered by the client-firms to be most significant for digital GBS vendors to possess and why? - How should SA telcos as potential digital GBS vendors ensure that they meet these core competencies required by client-firms?	3 general competencies in the outsourcing / offshoring industry have been highlighted as: - the ability for vendors to deliver on projects, - their ability to meet client needs and - their ability to align with client goals. which of these 3 competencies would you consider most significant for your company and why? - What other core competencies would you deem crucial and how should SA telcos ensure that they can meet the requirements?	- What is the status of your current core competencies in terms of: - the ability for to deliver on projects? - ability to meet client needs? - ability to align with client goals? - What other competencies do you possesses that you believe could be beneficial for the potential GBS client in the future? - If there are any crucial core competencies you may not possess, how would you ensure you gain them?
Critical Success Factors <i>“Cross-cutting questions”</i>	What are some of the key critical success factors in entering the outsourcing / offshoring industry as an aspirant digital GBS vendor?	In your consulting experience, what would you deem to be some of the key critical success factors for new digital GBS vendors to be selected by client-firms?	- What are some of the key critical success factors for digital GBS projects? - Under what circumstances would you terminate a vendor’s contract?	- Should your organisation consider this potential to diversify into the digital GBS industry, how would you ensure successful selection? - How would you ensure successful operations and management of the secured GBS contract if awarded?

Close-out <i>“Cross-cutting questions</i>	✚ What other critical outsourcing / offshoring industry information is important for aspirant digital GBS vendors to know about? What overall advice would you give SA telcos as aspirant digital GBS vendors to successfully enter the outsourcing / offshoring industry?	✚ What other critical outsourcing / offshoring information is important for aspirant digital GBS vendors to know about? What overall advice would you give SA telcos as aspirant digital GBS vendors to successfully secure contracts in outsourcing / offshoring projects?	✚ From your company's perspective, what other critical digital GBS information is important for new vendors to know about? What overall advice would you give to the SA telcos to become successful digital GBS vendors?	✚ What is your general view and position on this prospect to possibly diversify into digital GBS industry servicing new international markets? Do you have any other information not covered in our interview on digital GBS industry you would like to share, and if so, what is it?
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Table 5 : Multi-Participant Research Instrument for the digital GBS Industry

3.6 Procedure for Data Collection

With the ongoing global COVID 19, even though the pandemic has subsided to a great extent, face-to-face interviews were conducted where feasible, and where it was not possible, interviews were conducted via MS Teams with agreements made with the respondents. The interviews were in a structured and thematic format; with some questions being open ended, whilst a probing technique was also utilised where appropriate. The interview duration was approximately 1 hour. Interview requests and approvals to the identified respondents were sent prior the scheduled interview sessions to ensure that appropriate consents were obtained accordingly.

The interview process was as follows:

- a) Both identified and introduced participants were contacted either telephonically or via e-mail to acquaint them with the purpose and outline of the study.
- b) The identified participants were thus formally requested to participate in the study in the form of an interview.
- c) Upon agreement, the researcher subsequently scheduled interviews with the interviewees who had consented to participating in the research. A consent form was issued for signature, prior to the interview.
- d) The participants were mailed interview questions in advance to ensure that they are acquainted with the interview questions and were in a position and, or comfortable to respond to the posed questions.
- e) The interviews were recorded, and notes also taken using a notepad.
- f) An ice breaker question was used at the beginning of the interview, prior to the actual questions, and at the end of the interview a concluding statement, such as “who you can possibly refer me to “and a “thank you for your time” were used.
- g) At the end of the 1-hour interview session, the interviewees were asked if they did have alternative industry-based respondents, they could possibly recommend for referral. Available ones were approached by the researcher and taken through the standard research interview procedure accordingly.

3.7 Data Analysis Strategies and Interpretation

Benz *et al.* (2008) postulates that in qualitative research, the researcher's subjectivity, assumption, and biases must be declared upfront., given analysing qualitative data is heavily dependent on the analytical and integrative skills, as well as the personal knowledge of the environment the researcher is collecting data from. Creswell (2016) states the intention of data analysis and its interpretation is to make sense out of the data collected, in order to understand the relationship between the various theories, concepts and variables utilised in the study, whilst the primary aim of the analysis is to understand the various constitutive elements of one's data through the inspection of the relationship between concepts, constructs or variables, whilst Mouton (2012) posits that the interpretation involves the synthesis of data into larger coherent wholes. Dedoose qualitative data analysis software was used in order to efficiently store and locate the collected data.

In this study a theoretical thematic-analysis process prescribed by Creswell (2016) and by Braun and Clarke (2012) was followed as below: -

- a) Step 1 – organisation and preparation of data for analysis, including transcribing interviews, typing up notes and arranging the data into different types based on the information sources.
- b) Step 2 – Perusing of all the data to get a general sense of the information collected and ascertain what general ideas the participants are saying, the tone of the ideas, the overall depth, credibility, and the use of the information.
- c) Step 3 - Coding of all the data and writing of words representing the predetermined themes as per the study's propositions.
- d) Step 4 – Predetermined themes were used for analysis. The themes were used as headings in the findings section, as those appear as major findings in qualitative research.
- e) Step 5 – Indication of how the descriptions and themes were represented in a qualitative passage to communicate the findings of the analysis.
- f) Step 6 – Interpretation of the qualitative research and report writing.

3.8 Possible limitations and Challenges of the Study

This study's limitations are: -

- (i) Due to time constraints, the research was limited to a sample size of 10 respondents.
- (ii) Some of the initially targeted GBS industry thought leaders and SA telcos executives were not available in some instances. However, some did manage to make recommendations for their replacements with similar knowledge or experience where possible.
- (iii) The researcher was not able to travel abroad, for the international respondents, therefore only virtual interviews were conducted, posing a challenge of the researcher not being able to identify respondents body languages and other non-verbal cues fully and clearly.
- (iv) SA's current loadshedding of stage 6 in some instances did negatively impact prior scheduled interviews, as power outages mostly resulted in connectivity disruptions. These were somewhat unpleasant inconveniences to the already booked respondents.

3.9 Quality Assurance

3.9.1 Transferability

Bryman (2012) defines transferability as the ability of findings from a study in a particular setting to be transferable to others or enable the generalisation of results. The subject of this research is "*Digital Global Business Services: A diversification prospect for South African telecoms operators owning submarine cables.*" The study was conducted covering 6 geographical markets (South Africa, US, UK, Canada, Australia, and EU) All these 6 countries had varying geographical environment, diverse business culture and different levels of digital maturity. However, the results

were transferable in the context of the South African telecoms environment, with different telcos being able to adopt the result for their own status quo.

3.9.2 Credibility

Bryman (2012) defines credibility as the validity of the research based on good practise to ensure the integrity and soundness of the study. In this study, the respondents selected for the interviews were all executive experts and key decision-makers in the GBS and telecoms industries at their varying organisations and countries. As the client-firms or intermediaries / consultants with vast experience in vendor selection and contracting, the data derived was of good quality and thus made the research to be credible and sound.

3.9.3 Dependability

Dependability refers to the consistency and reliability of the research findings and the degree to which research procedures are documented allowing someone outside the research to follow, audit and critique the research process (Moon *et al.*: 2016). All interviewees are well experienced in Global Business Services with industry knowledge credibility. The research was well documented following standard procedure for consistency and reliability of the research findings.

3.10 Ethical Considerations

This study was seeking information about the potential diversification into digital Global Business Services by South African telcos, and thus did not require any confidential organisational information. The research was industry based and thus generic which made it low risk. A research ethics clearance application was therefore made to the University of Witwatersrand Human Research Ethics Committee (HREC) for non-medical research and obtained approval. During the interviews, the participants were voluntarily responding to the interview questions and had the right

to withdraw if they so wished at any point of the session. A consent form was issued to each and every participant, and their names are kept anonymous in the report for confidentiality reasons.

3.11 Conclusion

This study used a qualitative method of research, with convenient, purposive, and snowballing sampling techniques employed. Data collection was done by way of interviews, and a theoretical thematic-analysis process was used for data analysis. Quality assurance has been taken into consideration with transferability, credibility, and dependability qualitative measures of rigour.

CHAPTER 4. PRESENTATION OF FINDINGS

4.1 Introduction

The purpose of this qualitative research was to explore a potential business case for South African telecoms operators owning submarine cables to diversify into digital Global Business Services (GBS), servicing new international markets. One primary research objective and three sub-objectives aided in exploring the phenomenon of interest in this study as follows: -

✚ **The primary research objective:** How South African telecoms operators with ownership in submarine cables can diversify into digital Global Business Services (GBS), servicing new international markets.

The sub-objectives for this study are as follows: -

✚ **Sub-objective 1:** - Identified key strategic resources significant for entering the digital Global Business Services industry.

✚ **Sub-objective 2:** - Investigated crucial capabilities prerequisites of digital Global Business Services industry and how can the SA telecoms operators with ownership in submarine cables meet them.

✚ **Sub-objective 3:** - How SA telecoms operators with ownership in submarine cables can meet the prerequisite core competencies in digital Global Business Services industry.

Ten semi-structured qualitative 1-hour interviews were conducted with executives in the Global Business Services industry as well as in the South African telecoms industry with a **collective over 200 years of industry experience**. The demographic profiles of the two groups of participants are structured into two distinct categories of **Digital GBS Demand Market** (GBS industry executives) and of **SA Telcos Potential Supply Market** (telecoms industry executives). The demand market data stipulates the actual requirements to enter the digital GBS industry servicing international clients, whilst the potential supply market data ascertains the level of readiness of SA telcos to enter the digital GBS industry in a quest to service international firms.

4.1.1 Demographic Profiles of the Interview Participants

PARTICIPANT	POSITION	YEARS OF EXPERIENCE	MARKET TYPE	GEOGRAPHICAL MARKETS
Participant 1	Executive Buyer	> 20 years	GBS demand market	US, UK, Europe, Australia, SA
Participant 2	Executive Buyer	> 20 years	GBS demand market	US, UK, Australia, Canada, Malaysia, SA
Participant 3	Industry Association CEO	> 20 years	GBS demand market	US, UK, Europe, Canada, Australia, SA
Participant 4	Executive Client-Firm	> 18 years	GBS demand market	US
Participant 5	Executive Client-Firm	> 22 years	GBS demand market	UK, US, Europe, Asia, Africa

Participant 6	Executive Consultant	> 3 years	GBS demand market	US, Europe
Participant 7	Executive Consultant	> 24 years	GBS demand market	US, UK, Europe, Canada, Australia, SA
Participant 8	Executive Consultant	> 16 years	GBS demand market	US, UK, Europe, Australia, SA
Participant 9	Chief of Cloud Services	> 32 years	Telcos Supply Market	SA
Participant 10	CEO	> 25 years	Telcos Supply Market	SA

Table 6: Interviews Participants Demographic Profiles

The interviews were recorded on the Teams platform, transcribed using Otter.AI <https://otter.ai/> software and imported into Dedoose <https://www.dedoose.com/> software for coding and analysis. Dedoose is a cloud-based qualitative and quantitative research and analysis solution. A deductive coding and data analysis method was adopted, given that themes were already predefined from the developed conceptual framework in figure 4.

Theoretical thematic analysis method was used as per the methodologies established by Braun and Clarke (2022).

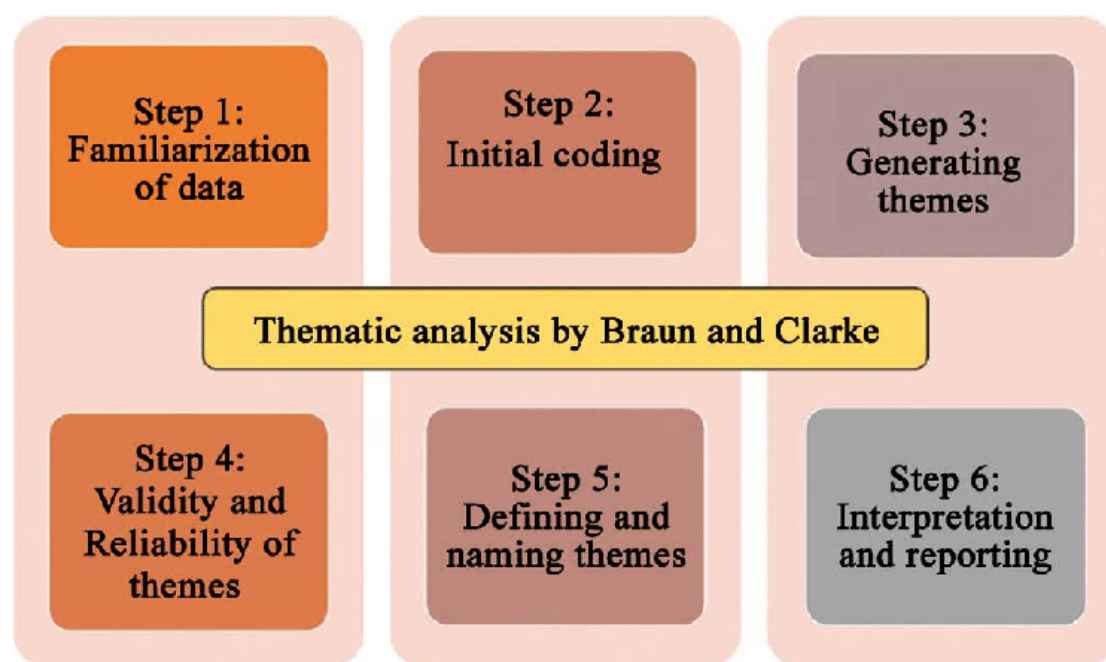


Figure 5: Braun and Clarke Thematic Analysis Illustration

The above mentioned theoretical thematic analysis by Braun and Clarke (2012) followed 6 steps as indicated below: -

- 🌈 **Step 1: Familiarisation of data:** - Interview transcripts were generated using Otter.AI software. The researcher read through all the transcripts and manually corrected areas or words which the AI solution misinterpreted. The accumulated data was then organised into two categories of Digital GBS Demand Market (GBS industry executives) and of SA Telcos Potential Supply Market (telecoms industry executives).

✚ **Step 2: Initial coding:** - The second step was to peruse all the transcripts individually and transfer them to the Dedoose qualitative and quantitative research and analysis solution. This process commenced to give a general idea of what the interview participants were saying pertaining to the core concept and also started revealing new in-depth industry information which the Researcher may have not covered in the prior chapters. For example, the GBS industry makes specific references to “demand markets” and “supply markets”. Several words were also picked up to being commonly used by the various interview participants, thus alluding to the already predefined themes.

✚ **Step 3: Generating themes:** - As deductive thematic analysis has been adopted, the themes are predefined and emerge from the developed conceptual framework illustrated in *figure 4 below*. The themes encompass vendor configurations and strategies; prerequisite strategic resources; prerequisite capabilities and prerequisite core competencies. Critical Success Factors (CSFs) as well as general advice and views are also interrogated in the findings.

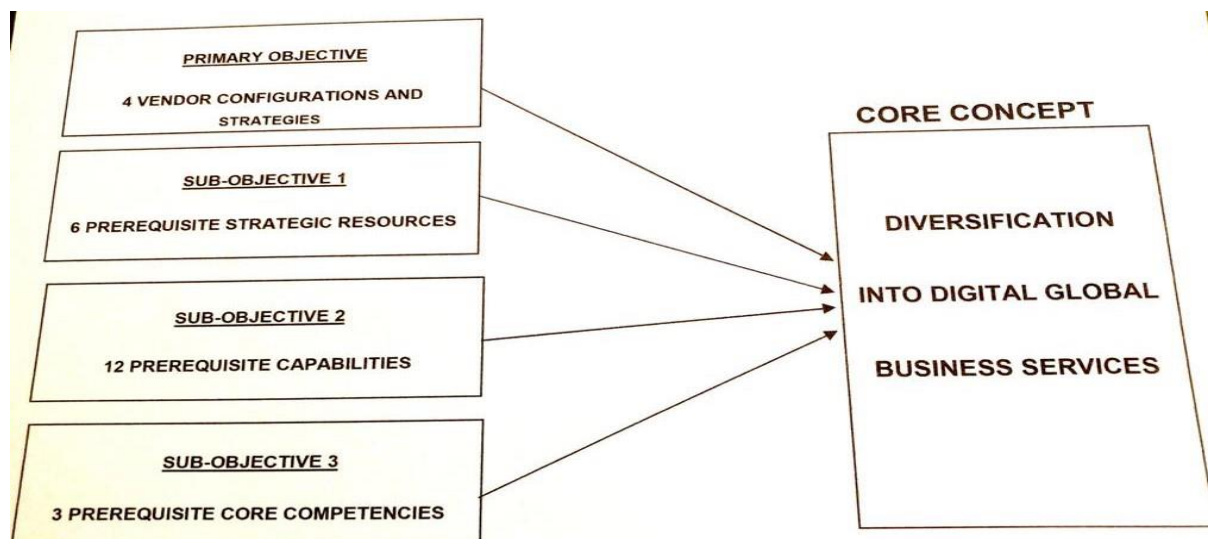


Figure 4: Conceptual Framework and Research Objectives Linkage

- ✚ **Step 4: Validity and reliability of themes:** - This step of determining whether there were any inadequacies in initial coding, and also if the themes accurately reflected the meanings evident in the collected interviews data, did not require an extensively rigorous exercise given that the themes were already predefined and guided by the conceptual framework. However, an iterative process of moving back and forth between data, prior literature, theoretical foundations, and conceptual framework was followed, as well as double checking that the specific data related to the specific themes, in order to ensure the validity and reliability of these predetermined themes. Moreover, interviewees were e-mailed their interview transcripts for validity and reliability purposes.

- ✚ **Step 5: Defining and naming themes:** - The predefined themes were named using the conceptual framework comprising of the prerequisites to enter the digital Global Business Services industry, as illustrated in figure 4.

- ✚ **Step 6: Interpretation and reporting:** - This step provides a formal write-up of the findings to include in the research report, thus enabling a discussion of how the themes relate to the propositions and research objectives, as well as further reporting on additional areas of CSFs, general advice, and views.

This chapter therefore presents and describes the findings of both the GBS Demand Market, and the SA Telcos Potential Supply Market based on the main themes which were derived from the ***conceptual framework in figure 4 above***.

These themes are *a) vendor configurations and strategies; b) prerequisite strategic resources c) prerequisite capabilities and d) prerequisite core competencies* developed from the conceptual framework. The findings presentation and description also include *e) critical success factors and f) general advice and views*.

4.2 Presentation of code findings

As previously mentioned, Dedoose qualitative and quantitative software was utilised for coding and data analysis. Code applications charts and packed code clouds findings are presented in the following sections below.

4.2.1 Code applications charts findings

Code application charts in Dedoose are colour coded with cool to warmer colours and number frequencies. The cooler the colour, the less a code was applied, or a theme was mentioned during the interview. The warmer the colour, the more a code was applied, or a theme emerged during the interview. The number frequencies denote a breakdown of how many times a code or theme was applied to an individual piece of media or an interview participant. The higher the number, the more frequent a code applied, or a theme emerged with a particular participant during the interview. The lower the number, the less frequent a code or theme were deduced from the participants during the interviews.

4.2.1.1 GBS Demand Market code applications findings



Figure 6: GBS Demand Market Code Application 72

The GBS demand market findings show that prerequisite capabilities required to enter the digital GBS industry rank very high at 158 indicating that capabilities are extremely important in the digital GBS industry. These are followed by entry mode strategies or vendor configurations totalling 155. At third place is the prerequisite strategic resources element at a total of 140. It can then be concluded that the digital GBS market require vendors to at least have requisite capabilities, appropriate vendor configurations and strategic resources to secure contracts.

4.2.1.2 SA Telcos Potential Supply code applications findings

Media	Codes		12 Prerequisite Capabilities		Existing capabilities in offering		How existing capabilities would		3 Prerequisite Core Competencies		How unavailable crucial and core		Other digital GBS beneficial		Status of delivery.		6 Prerequisite Strategic Resources		How the unavailable required		Strategic Resources possessed		Strength of the strategic		Close - Out		Any other information relating to		General view and position on the		Critical Success Factors		How successful operations and		How successful selection of an		Vendor Configurations and		Awareness of how international		How would you prepare for the		Kind of entry strategies / modes		Understanding of the digital		Totals																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										

Figure 7. SA Telcos Potential Supply Market Code Application

The potential supply market findings reflect that the South African telcos perceive vendor configurations to be most important for them to enter the digital GBS industry as the code sat at 71. The second most important factor according to the telcos is the core competencies which scored 48. Prerequisite strategic resources emerged at number three scoring 47. It can thus be seen that there is a slight misalignment between what the demand market expects and what the telcos understand, given

that the market highly values vendor capabilities, whilst the telcos did not hold vendor capabilities in the same high regard.

4.2.2 Packed Code Cloud Findings

Packed code clouds give an overview of what concepts and themes are central to the study. The larger the font sizes, the more prominent the codes, concepts and themes were in the study, and inversely, the smaller the font sizes, the less prominent the codes, concepts and themes were in the study.

4.2.2.1 GBS Demand Market Packed Code Cloud Findings

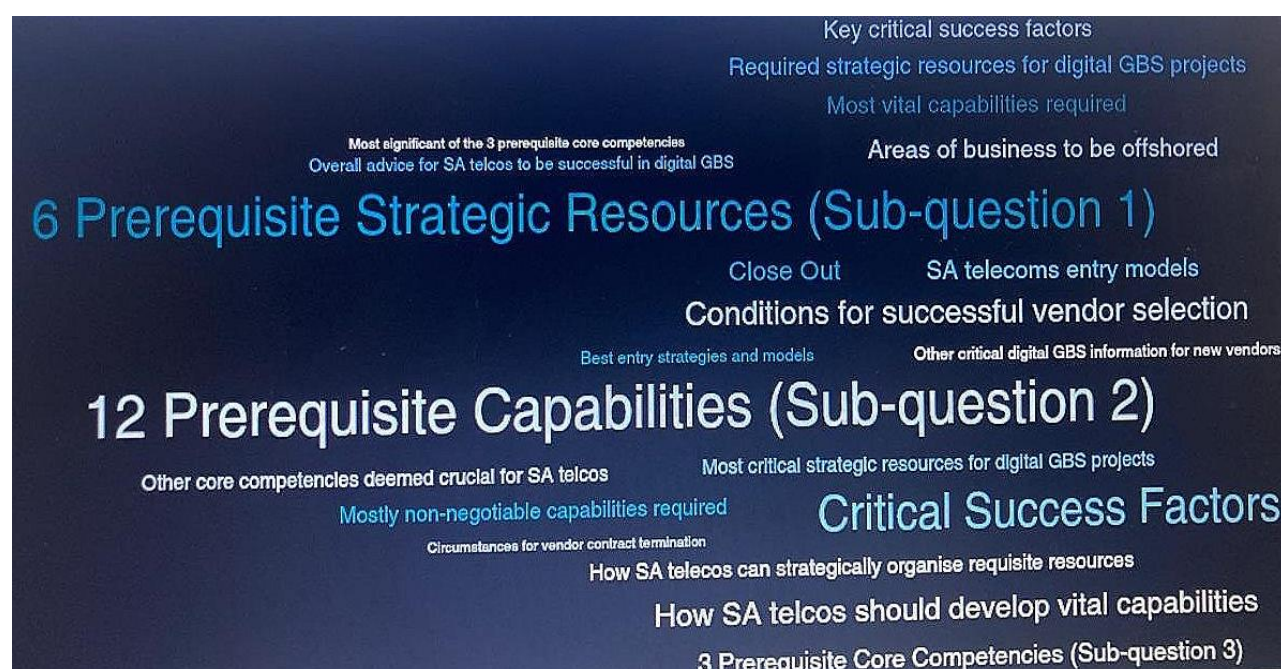


Figure 8: GBS Demand Market Packed Code Cloud

The above cloud from the interviews conducted within the digital GBS demand market show that the cloud is predominantly packed with the largely bold 12 prerequisite capabilities which the market deem to be of outmost importance for potential vendors to possess when entering the digital GBS industry. 6 prerequisite

strategic resources code come second in boldness, which denotes that the theme was also very topical in the demand market interviews. The critical success factors theme on how the South African telecoms operators can successfully enter the digital GBS industry also got delved into deeply by the demand market interviewees.

4.2.2.2 SA Telcos Potential Supply Market Packed Code Cloud Findings

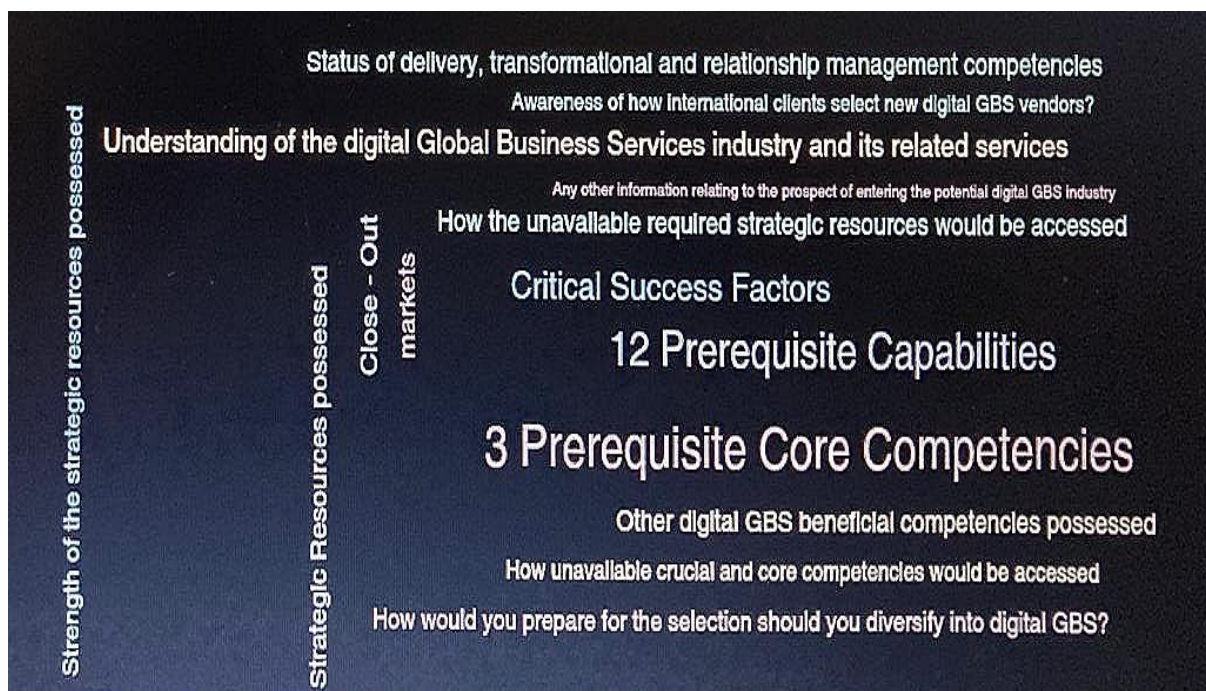


Figure 9: SA Telcos Potential Supply Packed Code Cloud

The potential supply packed code cloud shows that the interviewed SA telecoms operators focussed a lot on the 3 prerequisite core competencies theme, hence the large font size. This is mainly due to their belief that in order to enter the digital GBS industry, core competencies would be most important for them. The 12 prerequisite capabilities theme also has a large font size, meaning it was also very topical although the code application ranked it at number four. Critical success factors theme, on how SA telecoms operators can successfully enter the digital GBS industry was discussed at length with the telecoms interviewees.

4.3 GBS Demand Market and SA Telcos Potential Supply Market Findings

4.3.1 Findings pertaining to vendor configurations and strategies.

According to van Weele (2018), vendors strategies specify the number of suppliers to provide services, determines how an outsourcing contract will get carried out and how capabilities will be provided. Bui *et al.* (2018) and Oshri *et al.* (2015) list and elaborate these vendors configurations and strategies as (i) *the sole-supplier model* where a single supplier provides entire services without any subcontracting. (ii) *the best-of-breed model* where a client-firm uses various suppliers but remains the head contractor. (iii) *the panel model* where the client-firm compiles a list of preferred suppliers that work in continuous competition and (iv) *the prime-contractor model* which consists of a network of several suppliers that operate under the control of the head contractor.

GBS Demand Market Findings

The participants had different views with regards to how the South African telecoms operators owning submarine cables can diversify and enter the digital Global Business Services industry, targeting new international markets such as the US, UK, and Australia, as they are SA's predominantly targeted countries. Some participants were of the view that the best entry mode is that of a *single vendor configuration*, where the vendor operates alone to offer end-to-end digital GBS solutions, others advocated for the *best of breed model* with various suppliers, whilst others showed preference for either the *panel model* or the *prime-contractor model*.

Participant 6: - "So from my experience, particularly tech founders, they prefer to work with someone who is a sole intrapreneur or sole supplier. with growing companies, you know, they're very agile, they make decisions quickly."

Participant 2:- *“Best of breed is standard, I mean, they need to be the best to be considered, and that obviously means how they are considered on global standards, and global benchmarking, so they need to be on top of that in order for buyers to consider them in the first place. Buyers will only go with the best-of-breed because obviously, that is what any provider is constantly chasing”.*

Participant 4: - *“A panel of service providers. So definitely we will have to do an evaluation, a preliminary evaluation of who fits perfectly into our conditions. For example, that we are not competing with them in a way; that they are the best of the best in that market; that they are compliant with our qualities and have our same compliance. After understanding those factors, we will select a couple of them, a key couple of them that will be reciprocal on the way that we do business, so that panel has to fit certain criteria that I have just discussed. So, it will be a panel.”*

Participant 5: - *“Out of these four listed configurations, a prime contractor where there are other subcontractors will probably be one of the best entry modes because you don't want multiple communication channels where things can and people start blaming other people, you give the responsibility to one and let them manage.”*

Participant 7: - *“So, there are a number of these different ways in which a Vodacom, MTN or Telkom could enter that market. I think all three of those companies have got all their credentials to make for very attractive value propositions to international organizations. I think a lot of it would be situational, it will depend on the client but in terms of the model, I would suggest that for them, it's really positioning themselves as a standalone third-party service provider.”*

Participant 4: - *“In order to shift from a carrier into a provider, a vendor for global digital solutions, mostly you need to understand what the customer is trying to solve and define our products, our solutions in that direction. That's how I'm seeing it. You have to get something out of there, it's called reciprocity. I will buy from you, but only if you buy from me, more or less. So, reciprocity is key, and whenever you find a potential partner that will give you that reciprocity, you have to understand that the company has to be key on that market.”*

SA Telcos Potential Supply Market Findings

One participant from the two SA telcos interviewed was of the view that the best vendor configurations and market entry strategy would have to be determined by multiple-strategies, such as organic growth, joint-ventures, going into partnerships or collaborations, such collaborations could lead to superior product and service qualities, customisation, higher levels of innovation and thus the creation of a better competitive edge.

Participant 9: - *“So, for me if as a business I need to diversify to enter this market of GBS I would say alright, I’ll deploy a multitude of strategies. Firstly, I would consider, organic growth, as a matter of perhaps we do provide these services already, I can provide it to a broader market or is there capabilities in the business that I can perhaps transform? Something else we would have considered would be joint ventures because this joint venture would bring somebody else in, that knows more or can contribute more to GBS than what we could. That is if it is the capability side, but a joint venture would make a lot of sense.”*

The second SA telco participant was of the view that the vendor configuration and market entry strategy question or theme was not necessarily applicable to their organisation as they are a subsidiary of a multinational entity and as such, they have different entry strategies to the ones listed in this research, as stated below: -

Participant 10: - *“We are a subsidiary of Vodafone, so we will always operate through the Vodafone structures in those markets because they have a presence there. Also, in some instances as Vodacom, we wouldn’t have a remit to operate in Europe for example. So, for us, being owned by a multinational telco, this question doesn’t really apply. The way we are structured is that for outbound markets, we will work with our Vodafone colleagues in those markets to service jointly with them. That’s our operating model”.*

4.3.2 Findings pertaining to prerequisite strategic resources.

Creon *et al.* (2017) state that Resource-Based perspective in outsourcing provides a framework for examining the pool of critical resources required in business services outsourcing, with the most key strategic resources (assets) being healthy financial conditions, human-capital resources, machinery, facilities, and other relevant infrastructure. Mazumder and Garg (2021), collectively with Creon *et al.* (2017) regard (i) digital resources, (ii) healthy financial resources, (iii) human-capital resources, (iv) machinery, (v) facilities, and (vi) other critical infrastructure as some of the most strategic and crucial prerequisite resources and assets for the digital GBS industry.

GBS Demand Market Findings

Across the board, the participants have expressed the significance of owning key strategic resources as a crucial enabler in entering the digital Global Business Services industry. Almost all of the participants cited digital resources, customer data, financial resources, human resources, technological resources, facilities, and international connectivity resources (submarine cables) as key strategic resources required to enter and compete in the digital GBS industry.

Participant 3: - *“So basically all of them. From a due diligence perspective, you actually need to make sure that when you build a business case around this, that it speaks to all of that. You know the skills that are required is very important in terms of wanting to deliver those services. You know your location, the technology that you are going to use and financially, I mean, it needs to make sense, in terms of you have to be able to, at least, break even within a certain period of time. It has to be self-sustaining”.*

Participant 5: - *“All the things you listed are all interconnected. Human Resources as well, so again, it is very broad, but in South Africa’s point of view, definitely, if power is not reliable, we cannot be with the company which is we are not sure if they*

have backup power one, two or three and even four because if it's down, it's down and this is also affecting a lot and by the way, affecting their companies financials, because this is another additional operational cost. But from my side, as the partner is going to be difficult, again it will be their agility".

Participant 7: - *There is a lot that goes into that. Financial Of course, human capital critical as we've talked about, all the different types of resources, your frontline and support services, your shared services, your leadership, your relationship management or business development, the whole spectrum at all levels of skill. As we've said, the hardware networks or equipment that you operate with not just from an office but from home as well because even from home and the blended model is in many cases a requirement."*

Some participants highlighted that key asset such as robust and scalable technological infrastructure is a critical resource in digital GBS as it enables efficient data processing, high speed connectivity and thus the ability to deliver high quality business services in the global markets. All participants further cited skilled human capital and adaptable workforce as being essential for successful entry into the digital GBS industry.

Participant 8: - *" I think they probably require appropriate talent as the skills related to the Fourth Industrial and digitalization are scarce . So, they need to have the talent and the right culture for them to be able to penetrate the market and also the required technology. They need to have the right technology, technological innovations to be able to do what is required in digital space, robotic process automation, artificial intelligence, Internet of Things, all those things, they need to give the appropriate technology for it."*

Participant 1: - *"In my experience the next real game changer in securing business is demonstrating the depth and the breadth of your human capital, in many ways, leadership, supervisory, access to entry-level talent, specialist talent, workforce management, and planning digital support. So, I think really being able to demonstrate that It's like a real deal clincher in many respects. I then think I'd*

probably go third digital resources. A lot of these organizations have ambitions to do digital transformation, so convergence, cost reduction, self-service, moving into multi-channels, providing data analytics and insights, and all those sorts of things. And for me, I think digital resources are a must for larger scale GBS contracts and really being able to demonstrate that and bring sufficient human resource capital to the table to do that.”

SA Telcos Potential Supply Market Findings

In order to capitalise on the potential opportunity to diversify into the digital GBS industry, the interviewed SA telcos highlighted that they do possess most of the key required strategic resources ranging from digital resources, financial resources, human-capital and other critical infrastructure such as back-up power to enable running data centres for a minimum of 48 hours during the current Eskom stage 6 of loadshedding situation.

Participant 9: - *“We do have financial resources, so that sort of enables us to invest in gaps that we might have, so I think it is a good resource to have access to, but obviously I mean moving into any new business or growing any business, we always look at our existing resources, so that would most definitely be a lot of technology.*

On the power issue, with most of the infrastructure, we rely on our own data centres, so these assets we are talking about, they are running in our data centres, then these data centres are definitely resilient at the current levels of load shedding we are experiencing. So, these data centres the minimum of them could run for 48 hours without power if they got enough fuel to run. So, you would need to refill the data centre every 24 hours and then you can run indefinitely. It is very expensive, but you can run indefinitely.”

The study also discovered that in cases where the interviewed SA telcos may not possess any of the key strategic resources required to enter the digital GBS industry, the telcos would most likely buy the strategic key resources, partner, or even borrow them to ensure that they do gain access to them as indicated below: -

Participant 10: *"We either buy, or we build organically, or we partner. So, in most of the markets like we operate in 47 markets, we don't have a presence in all those markets. We have a thing we call partner markets. That's where we have defined strategic partnerships."*

4.3.3 Findings pertaining to prerequisite capabilities.

Järvenpää and Mao (2017) argue that to survive and grow in outsourcing and offshoring, firms should be able to develop crucial (dynamic) internal capabilities. Oshri *et al.* (2015) in the Handbook of Global Outsourcing and Offshoring specifies 12 vendor capabilities which are pre-requisites in global outsourcing and offshoring as (i) Leadership capability (ii) Business management capability (iii) Domain expertise capability, (iv) Behaviour management capability (v) Sourcing capability (vi) Process improvement capability (vii) Technology exploitation capability (viii) Programme management capability (ix) Customer development capability (x) Planning and contracting capability (xi) Organisational design capability and (xii) Governance capability.

GBS Demand Market Findings

The GBS Demand Market has shown a lot of emphasis on the high level of significance with regards to the prerequisite capabilities to enter the digital Global Business Services industry. There was a general view that all the 12 capabilities are crucial in the GBS industry as below: -

Participant 1: - *“I really feel like you need all of these. I mean, if I'm to do a basic transactional telco outsourcing of prepaid, let's say for 100 seats, right? Something small you need, you need all of these, you need leadership. You need to be able to run the operations and business management. You need some domain expertise on how to run a BPO you need behaviour management, which I assume is like performance management to cover a term of a three-year contract. You need to be able to source all the talent, you need to be able to demonstrate process improvements because they will contract that in, you need to deploy technology, and you need to manage, I can't see how you can prioritize any of these.”*

With the advent of digital transformation in Global Business Services, all participants emphasised the importance of the leadership capability one of the most critical prerequisite capabilities in successfully entering the digital GBS industry. This notion was confirmed by various participants as below: -

Participant 8: *“So the reason for picking up leadership you know, when you are looking at how fluid, the GBS environment has become, it is because the customers or clients changing preferences have become so fluid. Things are changing quite fast, and so leadership needs to be as agile as possible. How agile is your organization in terms of responding to the environment. So, if customers require and demand digital and you are still rigid, you won't be able to match what the customer wants”.*

Participant 5: *“So I have leadership, and leadership is always going to sit at the top, because if leadership is not there, none of these will work; the program management, behaviour management, sourcing, and customer development,*

because that means each person who sits in the leadership, who is in charge of 1 aspect of these points, if they are not aligned, then the jigsaw will not work.”

With regards to how should SA telcos effectively develop or organise some of the vital and non-negotiable capabilities, in order to ensure successful selection as potential vendors and general entry into the digital GBS industry, most participants still alluded to leadership, but also highlighted the critical importance of delivery skills as below: -

Participant 2: *“So they need to know what are the specific capabilities that they're pitching to the market. They need to strategise around that, then they need to hone in on what skills do they require, both the actual delivery skills and the leadership skills to surround those delivery skills required for the client.”*

Participant 6: *“So in terms of leadership remember I told you that it is very important for companies to globally source the human resource. So, I think that it may not be really necessary for the telcos to develop their capabilities in-house because what it means if you what we discussed earlier on to say they are looking for a location which is not necessarily going to be based in South Africa.”*

SA Telcos Potential Supply Market Findings

The digital GBS industry functions on but not limited to 12 fundamental capabilities including leadership, business management, domain expertise, behaviour management, sourcing, process improvement, technology exploitation, customer development and governance capabilities amongst others. The research found out that the interviewed SA telcos seem to have all the identified 12 prerequisite capabilities, and even more than the capabilities that were listed during the interviews as witnessed below: -

Participant 10: *“We have all those, including the fact that I didn’t hear you mention product. You do need a product, you cannot go into your market to go claim to be a cloud provider and you do not have a cloud capability, you do not have the data centre capability. So, you need a product.”*

Pertaining to how the SA telcos could effectively develop and organise their existing capabilities to ensure that they meet the envisaged digital GBS industry and international client-firms (potential off-takers) capabilities requirements, the study discovered that SA telcos would develop and organise such capabilities internally thorough training, or through appointing expert consultants or by even considering their outsourcing depending on the nature of the project or transaction.

Participant 9: - *“So, we would take the approach of a gap analysis in terms of what I want to do for a given customer in a given market. Do I have what is required? And if not, so let me pick like behaviour management and maybe in that because these are demanded in the market even in South Africa for organisational change management. We outsource that, even when we take our customers for through significant change, we tend to bring in experts on that topic. So, I would not go to market as somebody that will manage that environment, therefore; if it is not one of the gaps we will attempt to address, we will source.”*

4.3.4 Findings pertaining to prerequisite core competencies.

Oshri *et al.* (2015) and Mclvor (2012) identify vendor core and key competencies as critical areas for consideration in entering global outsourcing and offshoring (GBS). These are (a) *delivery competencies* which demonstrate the vendors abilities to respond to the global client-firms continuing requirements; (b) *transformation competencies* reflecting the vendors competency to deliver transformative and improved services, especially pertaining to cost and quality; and (c) *relationship competencies* showing the vendors preparedness and abilities to align their business models to the strategies, values, goals and needs of client-firms.

GBS Demand Market Findings

Almost all of the participants stressed the importance of possessing the delivery competency in order to enter the digital GBS industry.

Participant 6: *"A supplier or a vendor needs to be able to deliver on what they said that they would be able to. So, we need to be able to meet the client's needs. You need to align yourself with the clients' goals, so delivery competencies first."*

Participant 2:- "It needs to be delivery competency because if you only managing the relationship, but you're not delivering, then the relationship is going to fall down. You can deliver to the customer community, the buyers' customers, but they would not have engaged the services if the transformational competency wasn't in place already if that's what they are looking for."

Participant 3: - *"Delivery, delivery, definitely delivery, it is definitely delivery because it all comes back to the customer experience like I have said. So, it has to be, you know, their ability to deliver on the services. And again, coming back to all of the things that I've mentioned, you cannot have people waiting on a call for half an hour. It's all about efficiencies, process efficiencies and being able to deliver the services in the most effective and efficient way."*

In addition to the 3 core competencies listed; solutioning competencies as well as competencies relating to compliance and data were also stressed as imperative competencies for SA telcos to have. The participant highlighted that:

Participant 1: *"Solutioning competency and governance and data competencies. I don't mean governance in the form of contractual governance, or let's call it compliance and data because if look at say HIPAA, as the regulation for health data out of the US or you look at PCR as the data regulation under the UK, these things require daily management that requires higher facilities for today. It requires audits, it requires your POPIA. Certain offices require a setup of your data and IT environment. It requires policy, and you need the compliance competency in your organization to set that up".*

SA Telcos Potential Supply Market Findings

3 prerequisite core competencies that SA telcos have been found to be required in order to successfully enter the digital GBS industry are a) delivery competency; b) transformational competency and c) relationship management competency. The status of these telcos core competencies was interrogated and found to be in a relatively strong position to enable them to enter the digital GBS industry as per the below-referenced statements: -

Participant 9: *"I would say we do particularly well in all of these and it's not just for the purpose of your research, it is because it is what we do. And we obviously take that to the level of customer experience or Net Promoter Score, so we have got a very rigid process to make sure that we deliver what we are contracted for, and we deliver to the customers satisfaction. Transformational competency is super important".*

Participant 10: *"Our competencies are very strong. We don't venture into something that we don't understand, or we don't know."*

Moreover, the study further discovered that the SA telcos do require some other additional crucial competencies which could be beneficial for entrance in the digital GBS industry as below:

Participant 10: *"You need the change management competencies as you are doing transformation work. You need to be able to deal with change management. You did mention the ability to manage complex programs, so you also need the commercial capabilities, so that you are able to price effectively and be able to bill. Sometimes you have very complex billing arrangements with these customers where you have to build in countries multiple currencies and all of that. So, you need to have the ability to do all of that billing and with your commercial operations. And then you need to be able to have capability to service what you've done because sometimes we deliver managed services".*

Participant 9: - *In this conversation, it just highlighted for me the one competency we have not quite clicked on, is what I call setting customer acquisition. We've got the luxury in the local market of having a brand, and natural following in the local market, which does bring good business to us. But our machine for acquiring customers is not very well oiled, so if I'm going to try and apply our current knowledge management style and so forth, acquiring customers hypothetically say in Germany, we will fail. So that is customer acquisition competency".*

4.3.5 Findings pertaining to critical success factors (CSFs)

Armstrong and Lee (2021) and Meyliana *et al.* (2016) latch on Daniel's (1961) theory of Critical Success Factors (CSFs) describing those factors as "the *few key areas where things must go right*", for the business to flourish and for manager's goals to be attained". Carrattis *et al.* (2016) argue that one of the areas that managers are generally most concerned about is why some organisations fail and others succeed with offshoring (GBS). They purport that although there is not a specific construct for successful offshoring, potential measurement criteria identified include but are not limited to: - a) contractual governance entailing the development of detailed high-valued contracts stipulating clear objectives and management support, b) relationship governance encompassing knowledge sharing, communication, trust and partnership view, c) client retained capabilities relating to process understanding and standardisation and d) provider capabilities including human resource management, client management, domain understanding and technical and methodical maturity.

GBS Demand Market Findings

The GBS Demand Market mostly highlighted relationship governance, domain and technical understanding, and other human resource management capabilities such as empathy and quick problem resolution to be the critical success factors (CSFs) for

the SA telecoms operators to be cognisant of, in order to successfully enter and compete in the Global Business Services industry. These are captured as below: -

Participant 1: - *“Critical Success Factors for a GBS project, I would say number one is if the joint relationship has been set up to succeed in the contract with the right relationship structures and interfaces, and where there are aligned agendas; that for me is number one because then the operator and the buyer are working in unison. When it's not like that and it becomes very transactional, it will fail in my view, or it will not be sustainable, or you will not see the results.”*

Participant 4: - *“I am going to go back to the technicals that they must have all the technical parameters and all the technical acumen to do it right, and it is not only someone who is going to resell, and it is not only someone who is just newly getting into these interconnections. For example, that they only have one connection to Amazon Web Services (AWS) and they don't have the experience to do it right, but I need someone who has done it before and has different interconnections. So, if you are going to provide connectivity to the cloud, you better know what you are talking about, not only connectivity, but you should be able to help me get things done right, and you better have resiliency and SLA agreements in place with those partners.”*

Participant 7: - *“The customer or your client who is outsourcing work to you, wants to be respected. They want to be understood and listened to. They want to be treated with empathy and they want their queries, requests, and problems resolved. They want accountability and they want resolution. That's what customers want, and they want it as quickly as possible.”*

Participant 2: - *“Pricing issue to say, are they price competitive? and skills availability.”*

SA Telcos Potential Supply Market Findings

The SA telcos potential supply market enquiry on the critical success factors (CSFs) of the GBS industry was positioned from the angles of how they would ensure successful selection for international contracts, and also how they would ensure successful operations and management based on client wants and requirements. The SA telcos potential supply market was of the view that in order to meet or attain CSFs of the GBS industry, resources, capabilities, competencies, contractual adherence, and customer engagement would be of paramount importance as illustrated below: -

Participant 10: - *“Success is based on the capabilities you have, the resources you deploy, and on some competency that we have already built. So, if we add propagating a cloud solution, we make sure that we have the right people who are certified in cloud migration or in cloud engineering, so that is where it starts. Then of course we execute based on the SLAs that the customer has put in place with us. But the most important thing success depends on is how well you contract with the customer. So, we contract correctly for the scope; we contract correctly for the deliverables; we contract correctly for the timeline and of course, we contract correctly for the money they have to pay us. So, all of those are critical elements of how you can deliver projects successfully.”*

Participant 9: - *“What we would do is we would deploy our contract management and service integration management strategies which are built on a continuous service improvement engagement with the customer. So, we continuously check in with the customer. When I say continuously, it's daily and monthly. Our systems are set up in a way that we check in with the customer to ensure that the service we deliver is up to their expectation, not up to contract, but up to their expectation. It is only when we miss the expectation that we go back and then confirm, are we actually delivering to the contract?”*

4.3.6 Findings pertaining to general advice and views.

The GBS demand market was asked about any other critical outsourcing or offshoring industry information that is important for aspirant digital GBS vendors to know about, as well as the overall advice they would give. On the other hand, the SA telcos potential supply market was asked about its general view and position on the prospect of diversifying into the digital Global Business Services industry, servicing new international markets.

GBS Demand Market Findings

The GBS demand market findings were centred around any new entrants into the GBS industry and specifically the SA telcos having to understand the competitive landscape and also understanding the targeted markets better. SA telcos were also advised to establish appropriate local networks and to also access appropriate support services through joining organisations such as Business Process Enabling South Africa (BPESA). Leadership buy-in was also highly emphasised as the below participants advised: -

Participant 7: - *“Locally establishing the right networks and building the right support environments with organizations like Business Process Enabling South Africa (BPESA) to equip them with the knowledge that they need and the constant support that they require. These things are critical and an easier pathway to success for these organisations. So, on paper, one could say the telcos have got a very good opportunity, for the reasons we've discussed to get into this market and to compete very effectively. But in practice, it's not as easy as having all the credentials, and then you know, that gives you the right to win.”*

Participant 1: - *“I think one of the things I said earlier on is understanding the competitive landscape and what you are pitching against. I mean, all the big operators in South Africa are big multinationals with footprints all over the world, so understanding what that means. I also think the future of work, with the emergence*

of artificial intelligence (AI) and what that means for some of the more transactional services that are happening and how things are moving up the complexity curve in terms of work and really getting to grips with that, I think is important.”

Participant 4: - *“I think what will be key, will be let us say, your research and development unit which will basically be your product developers or your solution architects. They need to work very closely with the salespeople and business development people because those people understand the markets better because they are on the ground. They know the pains or the pain points of the end users or the customer on the ground. So, partnership and working together between the two teams is important so that the company can be able to create appropriate products, services, and solutions.”*

Participant 5: - *“The leadership! The leadership should have to buy into it. Leadership and leadership!!!”*

SA Telcos Potential Supply Market Findings

Although Participant 9 experienced some time constraints and was not able to give a general view and position on the prospect to diversify into digital GBS, the study found that Participant 10 is optimistic about the potential for diversification as the SA telco is already the centre of excellence for IT solutions for its global holding company, and is already looking to venture into international markets on various vertical's solutions as below:

Participant 10: - *“It depends on the service. We think that our IT business has a huge potential because we are a centre of excellence for IT in Vodafone. So here in Africa we deploy, we develop, and we make the products for IT for global Vodafone. So, we have a huge prospect in Europe, in Asia and in the Americas and we think that IT is something that is new and that we are capable, and we have a platform that is highly differentiated at the global scale. So that is what we are propagating”.*

Participant 10: - *“The second one is that our agri-platforms, our platforms in agriculture, through our mezzanine business, are well sought after globally. So, we are expanding those. Now we are setting up in the Netherlands, we've got some demand in other markets in Europe and soon we will be expanding into the into the US.”*

Participant 10: *“Then of course at this moment we are focusing a lot on our financial services, but that is specifically for the continent of Africa because we still have a large unbanked market. So, our Fintech we are focusing on the continent of Africa.”*

4.4 Summary of the Findings

To conclude, the findings of this study have shown that the digital GBS demand market (industry practitioners and client-firms) participants had different views with regards to how the South African telecoms operators owning submarine cables can diversify and enter the digital Global Business Services industry, targeting new international markets such as the US, UK, and Australia, as they are SA's predominantly targeted countries. Various participants stated that SA telecoms operators which own submarine cables could enter the digital GBS industry in order to service new international markets by entering as prime contractors or standalone third-party service providers as they already have competitive advantage from their experience in handling big volumes of data and customer engagements.

The interviewed SA telcos participants representing the telcos potential supply market also echoed the above sentiment that they could possibly consider, organic growth, to provide existing services to the broader market where they already have strong capabilities in the business and ability to do transformation. However, the telcos were also of the view that they would consider joint ventures to bring in other more experienced entities who know more or can contribute more to the digital GBS than what they could, therefore a joint venture entry mode strategy into the digital Global Business Services Industry would make a lot of business sense.

The SA telcos were also found to have relatively solid prerequisite strategic resources, quite robust 12 prerequisite capabilities and more; as well strong prerequisite core competencies, that could possibly enable them to successfully enter and compete in the digital GBS industry.

CHAPTER 5. DISCUSSION OF THE FINDINGS

5.1 Introduction

“Telecommunications provide building blocks for digital revolution, with telecoms infrastructure and services providing a platform for the implementation of key transformative digital technologies (Sinclair and Barro, 2019:3)”. Traditional telecoms offerings are losing revenues (Faroq and Raju, 2019) due to new digital technologies and associated services; compelling telecoms operators to switch to providing next generation services and to evolve their legacy business models in order to compete with new-born digital industry entrants (Sinclair and Barro, 2019).

Telecoms operators play a crucial role in the Global Business Services (GBS) industry provisioning offshore connectivity infrastructure services through submarine cables. The GBS industry is also gradually beginning to harness Fourth Industrial Revolution (4IR) technologies and transforming into digital Global Business Services, having digitalised operations and processes for improved efficiencies and competitiveness.

This qualitative study investigated a potential business case for SA telecoms operators owning submarine cables to possibly diversify into digital Global Business Services servicing international markets. The research conducted a series of in-depth, face to face and semi-structured interviews with GBS executives who have geographical market experiences traversing the US, UK, Canada, Australia, and Europe, as well as with SA telecoms operators’ executives.

Chapter five therefore discusses the results of the data that was analysed in chapter four, aligned to the propositions or themes that emerge from the conceptual framework and from the interview guide. The aim of this section is therefore to illustrate similarities and differences between the current research results and the literature review. ***A bespoke SA Telcos Digital GBS Diversification Model Canvas will thus be presented at the end of this chapter.***

5.2 Discussions pertaining to 4 vendor configurations and strategies.

The primary proposition of the research stipulated that South African telecoms operators with ownership in submarine cables must diversify into digital Global Business Services, servicing new international markets. This potential diversification into digital GBS is premised on 4 vendor configurations and industry entry modes or strategies.

According to Oshri *et al.* (2015) there are two key aspects in a client-firm's decision to outsource; that being the configuration of the outsourcing arrangement and the market in which the client-firm would be operating in. The outsourcing configuration is therefore of vital importance for client-firms to ensure that they choose the right configurations or strategies when selecting vendors for outsourcing contracts. Four vendor configurations and strategies are listed and elaborated by Bui *et al.* (2018) and Oshri *et al.* (2015) as (i) *the sole-supplier model* where a single supplier provides entire services without any subcontracting. (ii) *the best-of-breed model* where a client-firm uses various suppliers but remains the head contractor. (iii) *the panel model* where the client-firm compiles a list of preferred suppliers that work in continuous competition and (iv) *the prime-contractor model* which consists of a network of several suppliers that operate under the control of the head contractor.

GBS Demand Market discussions

The first area of discussion revolves around how South African telecoms operators with ownership in submarine cables can diversify into digital Global Business Services (GBS) and service new international markets. The participants deliberated on various strategies and considerations for these telecoms operators, with all of the four vendor configurations and strategies (Bui *et al.* (2018) and Oshri *et al.* (2015)) cited in the reviewed literature being highlighted by the participants. It can therefore be deduced that there are some similarities between the referenced literature and the findings of the analysed GBS executives interviews.

However, there were also some differences with regards to the utilised literature on digital Global Business Services and some of the information which was derived from the GBS industry executives who were interviewed. It should although be noted that the differences were not in contrast to the reviewed literature, but instead these contrasts were with regards to additional vendor configurations and entry mode strategies which the GBS executives have seen been adopted practically in the GBS industry contracts (van Weele: 2018).

Some of the additional and yet dissimilar vendor configurations and entry mode strategies brought to the fore by the GBS executives were a) for SA telecoms operators to position themselves as *standalone third-party service providers*. A third-party service provider is an entity which is unaffiliated to the client-firm, which provides services to various businesses whilst maintaining separation from those businesses as a contracted entity (TermsFeed:2023). With this third-party service model, GBS executives believe that SA telcos should be able to capitalise on their current track record of running service centres to support their own customer base and should also be able to leverage their existing expertise, infrastructure, and strong presence in both South Africa and rest of Africa where they have operations, thereby creating attractive value propositions to potential international client-firms.

A reciprocal vendor model was yet another additional entry mode, which differed from the strategies stipulated in the literature review. This particular reciprocal vendor configuration was specified by a particular US client-firm executive who stated that, in order for SA telcos to shift from carriers into enterprise service providers and a vendors for global digital solutions, they would mostly need to understand what is the customer trying to solve and define the customer's products and solutions which they the telco operators can also procure from the client-firms in reciprocity. This is an "I will buy from you, but only if you buy from me too" approach.

SA Telcos Potential Supply Market discussions

Pisani and Ricart (2016) did a systematic review of the international business literature focused on the offshoring of services phenomenon using 79 services offshoring related case studies. Some of the key findings indicated that merit consideration for vendor selection includes the evolution of offshoring service providers and their related industry. This notion from the literature reviewed is more or less similar to one of the SA telcos views that for them as a business, if they needed to diversify to enter the GBS market, they would need to consider an evolution of the services they are already providing and see them evolving into the broader market of GBS, which is not a related telco industry.

There were some differentials to the literature review which came from the SA telcos, and which are also additional vendor configurations and strategies from the main four stipulated in the cited literature. The SA telco executives highlighted that for their entities to enter the digital GBS industry, they would consider deploying a multitude of strategies such as a) *organic growth* which seeks to maximise growth from within, endeavouring to obtain optimisation, reallocation of resources and also developing new product and services offerings internally. Another configuration further listed by the telco executives was that of entering the digital GBS industry through b) *forging joint ventures* with other entities which may have more experience and could contribute more value to digital GBS than what the telcos can contribute at initial stages of entering the GBS industry. Another telco, with a different kind of ownership structure, which is a subsidiary of a multinational, added a different operating or entry mode of c) *internal colleagues joint-servicing in outbound markets*, which for this particular telco would be the UK, US and Europe amongst others.

Overall, the participants provided valuable insights and recommendations on how South African telecoms operators can diversify into digital GBS industry and expand their presence into international markets, with five new vendor configurations and entry strategies of a) standalone third-party service provider, b) reciprocal vendor configuration, c) organic growth strategy, d) joint-venture model and e) internal colleagues joint-servicing in outbound markets approach being broached. These

were in addition to the main four which were listed in the literature as a) sole supplier, b) best of breed, c) panel and d) prime contractor.

5.3 Discussions pertaining to the 6 prerequisite strategic resources.

Proposition 1 of this study postulated that South African telecoms operators with ownership in submarine cables must identify and own key strategic resources significant for entering the digital Global Business Services industry.

Research has been conducted in the outsourcing industry, which GBS has evolved from (Wirtz *et al.* :2015). According to Willcocks *et al.* (2017), modern global sourcing of business services has been framed and guided by theoretical perspectives such as Resource-Based View (RBV) from strategy. Several scholars who undertook this research applied the RBV theory to the outsourcing and offshoring phenomena. Creon *et al.* (2017) and Lacity *et al.* (2014) indicate that based on the RBV perspective, outsourcing to vendors is a strategic decision which is used to fill gaps in the outsourcing firm's resources and capabilities to gain competitive advantage, and to also broaden the outsourcing firm's strategic opportunities set.

BPESA (2022), asserts that in Global Business Services industry, some of the core and strategic resources include amongst others connectivity infrastructure, transformative technologies, capital, labour, and information / data. Mazumder and Garg (2021), collectively with Creon *et al.* (2017) regard (i) digital resources, (ii) healthy financial resources, (iii) human-capital resources, (iv) machinery, (v) facilities, and (vi) other critical infrastructure as some of the most strategic and crucial prerequisite resources and assets for the digital GBS industry.

GBS Demand Market discussions

The second discussion which focusses on the key strategic resources necessary for entering the digital Global Business Services (GBS) industry is multi-faceted and covers six broad categories of strategic resources as per the reviewed literature. From the interviews, GBS executive participants emphasise the significance of all the six strategic resources postulated by Mazumder and Garg (2021), collectively with Creon *et al.* (2017). There was therefore a general similarity between the reviewed literature and the information derived from the research interview participants, with the alignment being based on the following discussions: -

- (i) *Digital Resources*: digital resources encompass software technologies that enable the provision of digital services. This includes utilizing technologies like cloud computing, robotic process automation, artificial intelligence, and the Internet of Things. Having the appropriate technology and the ability to adapt to digital innovations is therefore important for successful entrance in the digital GBS industry.
- (ii) *Healthy Financial Resources*: financial resources are required for the initial capital outlay involved in setting up digital processes and converting existing processes to digital. It's important to have a solid financial foundation to support the operations and the sustainability of the GBS venture in general.
- (iii) *Human Capital*: human resources play a crucial role in the GBS industry, and having the right talent with the necessary skills is essential. The ability to globally source talent and build relationships with skilled professionals in different locations can give competitive advantage to GBS vendors.
- (iv) *Machinery*: - machinery, equipment and robust scalable technological resources have been highlighted as critical assets in digital GBS industry as they enable efficient data processing, high speed connectivity and thus the ability to deliver high quality business services in the global markets.

- (v) *Facilities*: - which encompass broadband connectivity, 4G/5G networks, data collection, storage, and processing facilities.
- (vi) *Other critical infrastructure*: - this is physical infrastructure needed for digital operations including hardware networks, data centres, and connectivity solutions. Additionally, facilities like reliable power supply are crucial for uninterrupted operations.

The differentials with the reviewed literature as well as the four more additions to prerequisite strategic resources based on the GBS executive participants have been identified as follows in this part of the discussion: -

- (a) *Geographical site location*: site location is regarded as a strategic resource that outsourcers or client-firms look out for in order to ensure accessibility to the offshoring or GBS centre. Therefore, considering location strategies and expanding operations to various tier 1 and tier 2 cities or other regions can be beneficial. This requires a thorough understanding of the availability of all critical infrastructure in those additional or satellite locations.
- (b) *Multi-layered power infrastructure*: - Currently in the context of South Africa and the electricity crisis; power generation infrastructure that can ensure that there is business continuity is extremely important. If power is not reliable, and there is no redundancy in a form of multi-layered backup power one, two, three or even four; potential off-takers or client-firms may get deterred to contract with the deficient GBS vendor.
- (c) *Cybersecurity infrastructure systems*: - from a security point of view, cybersecurity information protection is very important because GBS vendors are dealing constantly with various data privacy regimes from other countries where the client-firms may be originating from. Dealing with databases in different

locations, data management, data privacy, cyber security, disaster recovery and business continuity is therefore crucial.

(d) *Work from home infrastructure solutions*: - Since the COVID-19 global pandemic, work-from-home models, and hybrid model facilities of both on- premise and off-premise home staff facilities have also become crucial. These solutions are based on robust and resilient IT infrastructures made up of software, hardware, network components, data storage and operating systems. This remote working IT infrastructure must be optimised to work efficiently with team members working separately at their homes.

SA Telcos Potential Supply Market discussions

Omoregie (2012) in a PhD thesis conducted an empirical investigation into factors inhibiting United States organisations from offshoring information technology services to Sub-Saharan Africa (SSA). The dissertation found significant statistical association amongst information and communications technologies infrastructure, educated workforce in SSA, and the intent of leaders of U.S. firms to offshore IT activities to SSA. The research revealed that South Africa is the preferred IT offshoring destination in SSA.

There have been similarities found between the reviewed literature and the findings relating to the SA telcos potential supply market discussions, with specific reference to required strategic resources such as digital resources, financial resources, human capital, and technological resources. SA telco participants stated that they do possess financial resources which enable them to invest in gaps they might have; and they do possess a lot of existing technology resources, which may put them in an advantageous position to become the preferred offshoring / GBS vendors in Sub-Saharan Africa, if superimposed on the above referenced empirical investigation by Omoregie (2012).

As a collective, the participants provided more valued insights and recommendations on how South African telecoms operators must identify and own key strategic resources significant for entering the digital Global Business Services industry. Four additional strategic resources were introduced as a) geographical site location, b) multilayered power infrastructure, c) cybersecurity infrastructure systems and d) work-from-home infrastructure solutions. These were in addition to the main six which were cited in the literature as a) digital resources, b) financial resources, c) human-capital, d) machinery, e) facilities and f) other critical infrastructure.

5.4 Discussions pertaining to the 12 prerequisite capabilities.

Proposition 2 of this research is premised on SA telecoms operators with ownership in submarine cables must determine which are the crucial capabilities prerequisites of digital Global Business Services industry and meet them.

Presbitero *et al.* (2016) posit that vendors should have the dynamic capability of proactively identifying the client-firms stated and unstated needs in conceptualising innovative digital offerings for clients. Mazumder and Garg (2021) studied 26 of the largest global outsourcing firms, interviewing senior representatives with between 15 to 25 years' experience, collectively representing over 300 years of outsourcing experience, argued that with the outsourcing industry currently undergoing digital transformation, vendors need to acquire new and emerging capabilities to enhance their understanding and redefinition of client-firms business requirements, whilst also rendering the vital digital services.

Järvenpää and Mao (2017) postulate that to survive and grow in outsourcing and offshoring, firms should be able to develop crucial (dynamic) internal capabilities which go beyond the general country-level capabilities. The Handbook of Global Outsourcing and Offshoring by Oshri *et al.* (2015) specifies 12 vendor capabilities which are pre-requisites in global outsourcing and offshoring as (i) *Leadership capability* (ii) *Business management capability* (iii) *Domain expertise capability*, (iv)

Behaviour management capability (v) Sourcing capability (vi) Process improvement capability (vii) Technology exploitation capability (viii) Programme management capability (ix) Customer development capability (x) Planning and contracting capability (xi) Organisational design capability, and (xii) Governance capability .

GBS Demand Market discussions

The third discussion centres on the 12 prerequisite vendor capabilities crucial for entering the digital Global Business Services (GBS) industry. The analysis carried out on the GBS executive participants interviews, indicates a lot of similarities and agreement with the reviewed literature on the 12 prerequisite vendor capabilities outlined in the Handbook of Global Outsourcing and Offshoring by Oshri *et al.* (2015) as below: -

- (i) *Leadership capability* refers to the ability to deliver the desired results throughout the contract tenure for a successful outsourcing venture. All GBS executives emphasised how crucial and critical the presence of strong leadership is, especially with the advent of digital transformation in Global Business Services. Armstrong and Lee (2021) suggest that all scholars and practitioners of digital transformation agree that leadership is a critical ingredient of successful digital transformation. The GBS executives were also of the strong view that without correct leadership, all the other 11 prerequisite vendor capabilities will not be able to function appropriately and thus the final objective of telcos successfully entering and competing in the digital GBS industry, may not be well achieved.
- (ii) From *Business management capability* which denotes the ability to deliver products and services according to both the client and vendor's agreements and business plans; (iii) *Domain expertise capability*, which is a capability encompassing the vendor's technical expertise, professional knowledge, ability to understand and manage the client's business needs, specifics and particularities; (iv) *Behaviour management capability* concerning the know-how to motivate and

inspire teams to consistently deliver high value services and results ; (v) *Sourcing capability* which is the ability to access the necessary resources for generating economies of scale, use of superior infrastructure and attainment of efficient procurement practices ; (vi) *Process improvement capability* denoting having critical skills to change processes in a manner that generates impactful and dramatic improvements ; (vii) *Technology exploitation capability* which is the ability to rapidly deploy new transformative technologies, the values and behaviours of the vendor when using the technologies, the processes followed and the technology infrastructure available ; (viii) *Programme management capability* referring to the skill to deliver on the main project and other sets of interrelated projects; prioritising, coordinating, mobilising, and promoting tasks for change and improvement ; (ix) *Customer development capability* which enables clients to make informed choices pertaining to business requirements, service levels and costs. This is the ability to establish personal contacts to understand the kind of services required; cooperation with client managers to agree on the provision of services and relationship development with end users to feel fully informed of service functionalities, options, potential enhancements, and associated costs; (x) *Planning and contracting capability* referring to the ability to plan resources and deliver ‘win-win’ results for both the client and the vendor; (xi) *Organisational design capability* indicating the knowledge to design, implement and manage successful organisational arrangements and (xii) *Governance capability* denoting the know-how to govern processes and structures which enable client’s objectives and strategies to be aligned with the vendor’s delivery systems.

As was indicated in the previous chapter of presentation of findings, various GBS executives were in agreement and also of the view that all these 12 prerequisite capabilities cited in the reviewed literature, are all interconnected, and all have to be present in order for SA telcos to successfully enter and compete in the digital GBS industry.

However, there were variances and additions of more capabilities to the existing GBS industry literature, which were contributed by the various GBS executives, as follows:

- a) *Data management capability*: - the capability is crucial for digital services as it determines the effectiveness with which organisations can provide digital solutions. In today's times, data management capabilities are becoming increasingly important for delivering a fully-fledged digital customer service experience. It encompasses data architecture, data quality, and the ability to leverage data for insights and personalized customer experiences. (Techtarget:2023)
- b) *Business continuity and disaster recovery capability*: - Business continuity is a company's capability to maintain crucial functions during the course of and post a disaster has happened. Business continuity planning establishes risk management processes, systems and procedures that aim to mitigate disruptions to mission-critical services and restore full functions of the organisation as quickly and smoothly as possible. (Techtarget:2023)
- c) *Commercial management capability*: - Commercial management capability referring to an organisation's ability to observe situations from a commercial or business perspective, knowing customers and stakeholders, understanding organisational culture, developing more robust strategic goals thus resulting in informed business decisions and more innovative thinking. (McKinsey: 2023)
- d) *Solution design capability*: - the capability refers to the organisation's ability to design the people, processes and technology solutions which will define an organisation's future operations, operating model, team capability, organisational structure, processes, systems, and procedures, in order to deliver a company's vision, strategic objectives and business case benefits. (LinkedIn: 2023)

e) *Continuous monitoring and evaluation capability*: - this is the capability of companies to continuously improve their management of outputs, outcomes and impact through an assessment process, identification of gaps and setting of plans to strengthen the company's systems and operations (Measure Evaluation.Org: 2023). This capability ensures that GBS vendors can provide high-quality services and continually enhance the customer experience.

The participants concluded by mentioning the importance of agility and responsiveness in meeting customer requirements. They highlighted the need for telecoms operators to undergo digital transformation, streamline processes, and be more flexible in order to compete with smaller, more agile competitors.

SA Telcos Potential Supply Market discussions

Armstrong and Lee (2021) state that for a firm to be agile, it should have (a) sensing capabilities to constantly scan and explore for new prospects across markets and technologies; (b) seizing capabilities to respond to threats and opportunities and (c) transformation capabilities to enhance and reconfigure the firm's tangible and intangible assets. It is therefore important for telecom operators and other players in the GBS industry to have a clear understanding of the competitive landscape. This includes recognizing the presence of multinational companies with significant capabilities and finding ways to compete and differentiate.

Overall, the SA telcos potential supply market discussion highlights the interconnectedness of various capabilities and the need to carefully consider and integrate them when entering the digital GBS industry. Likewise, the SA telcos executives did to a large extent agree with the reviewed literature on the required 12 prerequisite capabilities in order to successfully enter and operate in the digital Global Business Services industry.

The SA telco executives also contributed to additional capabilities being necessary for the telcos envisaging to enter the digital GBS industry as follows: -

- a) *Product development capability*: - this is a capability which is required in order to create new products, performance of the primary function of a product, defining how it adds value and how it will be delivered to the client. This also involves other capabilities such as product thinking, which is the ability to discover and solve for a problem that delivers value to the customer. A good product design can drive market success and generate new interest in longtime market categories. (McKinsey:2023)
- b) *Change management capability*: - the ability of an organisation to apply structured processes and set of tools for leading the people side of change in order to achieve a desired outcome. Change management focuses on how to help people engage, adopt and use a change in their day-to-day work. Change management is a central construct in the learning and development systems, organisational culture, lived values in innovation, agility and leadership. (LinkedIn: 2023)

All in all, about 7 additional prerequisite capabilities were added to the already 12 cited in the reviewed literature, which ultimately brings for this particular research, the requisite capabilities for SA telcos to successfully enter and operate in the digital Global Business Services Industry, to approximately 19, although the list might not be exhaustive. The 7 additional prerequisite capabilities highlighted by the various executives are therefore a) *data management capability*; b) *business continuity and disaster recovery capability*; c) *commercial management capability*; d) *solution design capability*; e) *continuous monitoring and evaluation capability*; f) *product development capability*; and g) *change management capability*.

5.5 Discussions pertaining to the 3 prerequisite core competencies

Proposition 3 of this study is based on SA telecoms operators with ownership in submarine cables must meet the prerequisite core competencies in digital Global Business Services industry.

Oshri *et al.* (2015) identifies vendor core and key competencies as critical areas for consideration in entering global outsourcing and offshoring (GBS). These are delivery competencies which demonstrate the vendors abilities to respond to the global client-firms continuing requirements; transformation competencies reflecting the vendors competency to deliver transformative and improved services, especially pertaining to cost and quality; and relationship competencies showing the vendors preparedness and abilities to align their business models to the strategies, values, goals and needs of client-firms.

McIvor (2012) further elaborates on the 3 prerequisite competencies as follows: - (i) *Delivery competency* indicating how well a vendor can respond to the client's requirements for operational services based on scope, complexity, level of costs, quality, robustness, and flexibility. The vendor must possess competencies in task delivery routines, introduction of efficiencies in project delivery and operational improvements. (ii) *Transformational competency* which is the ability of the vendor to meet the client's need for service improvement and performance in areas such as costs, quality, and functionality. (iii) *Relationship competency* denoting the vendors ability and willingness to align with client needs and goals over time, with the knowledge of the client's industry, business model and operations. The vendor should also be competent to develop a 'win-win' relationship where both the client and vendor goals are aligned, and risks and rewards are shared equally.

GBS Demand Market discussions

In this section, the fourth discussion revolves around the core competencies required by South African telecoms operators with ownership in submarine cables to succeed in the digital Global Business Services (GBS) industry. The participants agreed with the emphasis of three crucial competencies of delivery competency, transformational competency, and relationship management competency brought about in the reviewed Global Business Services industry literature.

Delivery competency is considered the most important by some executives, as it ensures the ability to deliver services according to service level agreements and maintain efficient processes. To meet this requirement, the telecoms operators need to have the right human capital and participate in global talent sourcing to acquire the necessary skills. The executives further believed that SA telcos should also focus on process efficiencies, deploy appropriate technologies, and ensure dependability and reliability in service delivery.

Transformational competency is deemed essential for long-term success. The interviewed executives indicated that telecoms operators need to continuously innovate, adapt service models using technology, and proactively enhance performance. The participants strongly emphasised that this requires leadership investment, funding, and the capability to design and test new processes. This will enable telcos to stay competitive and to also meet evolving client behaviours and macroeconomic factors.

Relationship management competency is believed to be crucial for maintaining strong partnerships with clients and stakeholders, involves leveraging networks, coordinating across environments, and building trust. The participating executives specified that telecoms operators must understand their clients, deliver on service level agreements, and maintain transparency and responsiveness in order to ensure effective relationship management.

Although, no explicit new or additional core competencies were highlighted or contributed by the participating GBS demand market executives towards the already existing three core competencies in the reviewed literature, these participants added that for SA telcos to meet these three core competencies they should: -

- a) Benchmark themselves against global standards
- b) Adopt global trends and best practices
- c) Deliver innovative solutions
- d) Invest in good leadership
- e) Invest in good business management practices
- f) Improve their domestic operations to create a strong foundation for entering the international market.
- g) Conduct market research and insights, and
- h) Engage with clients and their competitors to ensure that they stay aligned with market requirements.

SA Telcos Potential Supply Market discussions

Teece *et al.* (1997) in his Dynamic Capabilities (DC) theory assumes that core competencies must be used to transform short-term competitive positions in creating long-term sustainable competitive advantage. Slack *et al.* (2020) purport that DC theory is one of the most influential theories of business strategy, which holds that a firm is likely to gain sustainable competitive advantage and above-average strategic performance from the core competencies of its resources. Pellicelli (2021) highlights that in recent years, outsourcing strategies have undergone profound transformation from simple production agreements made with third parties, to contracts that involve functions and activities which require “core competencies”, or even being part of the “core business”.

The participating SA telco executives were also aligned with the reviewed literature's notion of core competencies creating competitive advantage in business strategy. Both interviewed SA telco executives indicated that they do possess strong delivery competencies, transformational competencies, and relationship management competencies. One of the executives also mentioned not only do they do very well with these three core competencies cited in the literature, but they also take them further to the level of customer experience or net promoter score (NPS).

SA telcos executives were able to identify one additional competency that is not covered in the reviewed literature but were of the view that it is a crucial competency to possess, which could be beneficial for entrance in the digital GBS industry. They identified the need to possess "*customer acquisition competency*" which is the ability of bringing in new customers or clients into the business. This is normally achieved when a client procures products for the first time or subscribes to a service for the first time.

In summary, both the GBS demand market executives and the SA telcos potential supply market executives were in alignment with the reviewed literature that delivery competency, transformational competency, and relationship management competency are all important for SA telecoms operators to successfully enter the digital GBS industry. *Customer acquisition competency* was further added as another crucial competency for the telcos to possess, thus bringing the number of core competencies to four.

5.6 Discussions pertaining to Critical Success Factors

Ascertaining the critical success factors (CSFs) of successfully entering the digital Global Business Services industry also formed part of this investigation, although CSFs did not form part of the conceptual framework and also were not used to guide the developed proposition for this study. It is however important to have an understanding of what are the critical success factors of the digital GBS industry.

Daniel (1961) defines critical success factors as “the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization”. Armstrong and Lee (2021) stipulate that these are “elements necessary for a firm to achieve its mission and those few key areas where things must go right for the business to flourish”. Armstrong and Lee (2021), also state that these are the strategic considerations firms should consider when choosing which markets to enter into, and also in the formulation of their ability to win in those new markets. They suggest that business success relies on two fundamental questions of “a) what do the customers want? and b) what does the firm need to do to survive competition?”

Carrattis *et al.* (2016) argue that one of the areas that managers are generally most concerned about with is why some organisations fail and others succeed with offshoring (GBS). They purport that although there is not a specific construct for successful offshoring, potential measurement criteria identified include but are not limited to *a) contractual governance, b) relationship governance, c) client retained capabilities* and *d) provider capabilities*. Kim (2017) also stipulates that both *service quality of the vendor* and *partnership quality* are very important for offshoring success.

GBS Demand Market discussions

This fifth discussion focuses on those few key areas where things must go right for the SA telcos to successfully enter the digital Global Business Services industry, based on what is it that outsourcing clients want?

The reviewed literature listed the following as potential measurement criteria or critical success factors for SA telcos to consider: -

a) *Contractual governance* entailing the development of detailed high valued contracts stipulating clear objectives and management support.

b) *Relationship governance* encompassing knowledge sharing, communication trust and partnership view.

c) *Client retained capabilities* relating to process understanding and standardisation

d) *Provider capabilities* including human resource management, client management, domain understanding and technical and methodical maturity.

e) *Service quality of the vendor and partnership quality* which entail trust, cooperation and communication are very important for offshoring success.

It will be recalled that in the first four areas of discussion, it was indicated that the GBS demand market executives have generally agreed with the reviewed literature and are thus aligned with it accordingly. The above 5 areas identified as those few key areas where things must go right for the SA telcos to successfully enter the digital Global Business Services industry, based on what is it that outsourcing clients want, were highlighted, and predominantly agreed with by the participating executives under the 12 prerequisite capabilities and the 3 prerequisite core competencies which were reviewed in the literature.

What the GBS demand market executives further put emphasis on as some of the few things customers want right, over and above the 5 key areas identified by the reviewed literature were: -

a) to be treated with respect

b) to be treated with empathy

c) to be listened to and be understood

d) to have their queries, requests, and problems resolved as quickly as possible.

e) they also want accountability.

SA Telcos Potential Supply Market discussions

The SA telcos potential supply market was of the view that in order to meet or attain CSFs of the GBS industry, resources, capabilities, competencies, contractual adherence, and customer engagement would be of paramount importance to them. They therefore agreed fully with the reviewed literature under the main areas of 6 prerequisite strategic resources, 12 prerequisite capabilities and 3 prerequisite core competencies. No glaring additional contributions to the critical success factors were made by the SA telcos executives.

In summary, the critical success factors digital Global Business Services projects encompass factors such as establishing a strong client-outsourcing partner relationship, shared accountability, prioritizing customer demand and development, cost competitiveness, and demonstrating reliability and innovation. By addressing these factors, SA telcos may increase their chances of successfully entering the digital GBS industry in this ever-evolving digital landscape.

5.7 Discussions pertaining to the general advice and views.

“Telecommunications provide building blocks for the digital revolution, with telecoms infrastructure and services providing a platform for the implementation of key transformative digital technologies (Sinclair and Barro, 2019)”. Traditional telecoms offerings are losing revenues (Faroq and Raju, 2019) due to new digital technologies and associated services; compelling telecoms operators to switch to providing next generation services and to evolve their legacy business models in order to compete with new-born digital industry entrants (Sinclair and Barro, 2019).

Bhatnagar *et al.* (2022) suggest that it is high time the outsourcing industry evolves from traditional right-shoring and basic automation to more industry customised digital solutions with advanced next-generation (Next-Gen) technologies such as artificial intelligence (AI), machine learning (ML), robotic process automation (RPA),

big data analytics, cloud solutions, Internet of things (IoT), social media and mobile applications (Marciniak *et al.*: 2019).

GBS Demand Market discussions

The sixth and final discussion is based on the general advice to SA telcos on entering the digital Global Business Services industry.

The GBS demand market executives have given some general advice to the SA telcos in response to some of the status quo of the telecommunications industry as documented in the reviewed literature. Some of this general advice to the telcos is that when entering digital Global Business Services, it is crucial for the telecoms operators to invest in understanding their target markets, different regions, countries, and sectors as they all have varying sensitivities, unique characteristics, including cultural differences, compliance requirements, and political landscapes. Therefore, it is essential for SA telcos to conduct thorough research to gain local knowledge, whilst also building the right support networks by joining industry associations like BPESA, and also by leveraging resources such as government incentives to contribute to their potential success.

The GBS demand market executives also gave some general advice that aspiring digital GBS vendors should prioritise leadership and talent development over cost in outsourcing relationships, as potential outsourcing clients now seek locations with an abundance of skilled workers rather than focusing solely on cost savings. Soft infrastructure, including high internet accessibility and broadband coverage, is also important. From a buyer company's perspective, it is crucial for new vendors to understand the future of work, with the emergence of AI in transactional services, thus pushing work up the complexity curve.

It is also important for GBS vendors to deepen their understanding of technology and develop capabilities beyond basic data analytics and bots, but to also expand their capabilities and competencies in machine learning (ML), robotic process automation

(RPA), big data analytics, cloud solutions, Internet of things (IoT), social media and mobile applications and in other industry verticals. SA telcos should leverage their unique assets, such as access to a large customer base and the ability to provide online learning and work-from-home solutions.

Overall, entering the digital Global Business Service industry requires comprehensive market research, an understanding of target markets and countries, collaborations, investment in talent, and leveraging of unique assets. SA telcos should focus on their strengths, focus on delivering value to clients, and adapt to evolving technology and global work environments in order to successfully enter this competitive digital GBS industry.

5.8 Potential Digital Global Business Services Diversification Framework and Model Canvas

For South African Telecoms Operators Owning Submarine Cables



Figure 10: Potential Digital Global Business Services Diversification Conceptual Framework

Potential Digital Global Business Services Diversification Model Canvas

 Newly Discovered Factors During Digital GBS Industry Interviews

6 Geographical Markets	9 Vendor Configurations & Strategies	10 Prerequisite Strategic Resources	19 Prerequisite Capabilities	4 Prerequisite Core Competencies	7 Digital Transformation Requirements	23 Opportunities Areas for Consideration	10 Critical Success Factors	12 General Advice Areas
*USA *UK *Australia *Canada *Europe *Africa	*Sole Supplier *Best of Breed *Panel *Prime Contractor *Standalone 3rd Party Service Provider	*Digital Resources *Financial Resources *Human-Capital Resources *Machinery Technology Resources *Facilities	*Leadership Capabilities *Business Management Capabilities *Domain Expertise Capabilities *Behaviour Management	*Delivery Competencies *Transformational Competencies *Relationship Management Competencies	*Digital Transformation Skills Competencies *Digital Transformation Conducive Business Environment	*Machine Learning *Robotics Process Automation *Big Data Analytics *Cloud Solutions *Cyber Security *Internet of Things	*Contractual Governance *Relationship Governance *Client Retained Capabilities *Provider Capabilities	*Conducting Comprehensive Research To Understand Target Markets & Countries *Building Right Support Networks By Joining Industry Associations Like BPESA

	*Reciprocal Vendor *Organic Growth Model *Joint-Ventures *Internal Colleagues Joint-Servicing Outbound Markets	Resources *Other Critical Infrastructure Resources *Geographical Site Location *Multi-Layered Electricity Power Infrastructure *Cybersecurity Infrastructure Systems *Work From Home Infrastructure Solutions	Capabilities *Sourcing Capabilities *Process Improvement Capabilities *Technology Exploitation Capabilities *Programme Management Capabilities *Customer Development Capabilities *Planning and Contracting Capabilities	*Customer Acquisition Competencies	*End-To-End Digital Transformation Journeys *Digital Transformation Joint-Accountability *Digital Transformation Infrastructure *Digital Transformation Technologies *Innovation	*Social Media *Mobile Applications *Sector Verticals such as:- *Insurance & Financial Services *Health Care & Emergency Response *Transportation & Logistics *Energy *Telecoms	*Service Quality of The Vendor & Partnership Quality *Respect *Empathy *Clients Listened to & Understood *Accountability *Queries, Requests & Problems Resolved As Quickly As Possible	*Leveraging Government Incentives *Prioritising Investment In Leadership & Talent Development *Leveraging Unique Assets *Understanding The Future Of Work With The Emergence Of AI *Focus On Their Strengths *Focus On Delivering Value
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			*Organisational Design Capabilities *Governance Capabilities *Data Management Capabilities *Business Continuity & Disaster Recovery Capabilities *Commercial Management Capabilities *Solution Design			*Digital Support *Data Management *Data Science *Data Annotation *Digital Content Development *Digital Learning Outsourcing *Learning & Development Platforms Support *Customer Services		To Clients *Deeper Understanding Of Technology *Adapt To Evolving Technology *Adapt To Evolving Global Work Environments
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			Capabilities *Monitoring & Evaluation Capabilities *Product Development Capabilities *Change Management Capabilities			*Business Market Development *Lead Management Development		
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Table 7: Potential Digital Global Business Services Diversification Model Canvas

5.9 SUMMARY OF SUPPORTED PROPOSITIONS

Proposition level	Propositions	GBS Demand Market Findings	SA Telcos Potential Supply Findings
Primary proposition	South African telecoms operators with ownership in submarine cables must diversify into digital Global Business Services, servicing new international markets.	The GBS Demand Market supports the proposition that SA telcos should diversify into digital GBS.	SA telcos do support the proposition of diversifying into the digital GBS industry.
Proposition 1	SA telecoms operators with ownership in submarine cables must identify and own key strategic resources significant for entering the digital Global Business Services industry	The importance of owning 10 key strategic resources as an enabler for entering the digital GBS industry was emphasised.	SA telcos indicated that they do possess most of the required key strategic resources including critical infrastructure.
Proposition 2	SA telecoms operators with ownership in submarine cables must determine which are the crucial capabilities prerequisites of digital GBS industry and meet them.	19 capabilities were identified as crucial to entering the digital GBS industry.	SA telcos seem to have the majority of the identified 19 crucial capabilities to offer digital GBS.
Proposition 3	SA telecoms operators with ownership in submarine cables must meet the prerequisite core competencies in digital Global Business Services industry.	Almost all of the participants stressed the importance of SA telcos possessing 4 core and crucial competencies in order to enter the digital GBS industry.	The status of the SA telcos core and crucial competencies was found to be in a relatively strong position to enable them to enter the digital GBS industry.

Table 8 Summary of Supported Propositions

5.10 CONCLUSION

In conclusion, Chapter five discussed the results of the data that was analysed in chapter four, aligned to the propositions or themes which emerged from the conceptual framework and from the interview guide. The aim of this section was to illustrate similarities and differences between the current research results and the literature review and thus be able to develop a bespoke framework or model canvas for SA's telcos on their potential to diversify into digital Global Business Services industry.

Participants provided valuable insights and recommendations on how South African telecoms operators can diversify into digital GBS industry and expand their presence into international markets, with five new vendor configurations and entry strategies of a) standalone third-party service provider, b) reciprocal vendor configuration, c) organic growth strategy, d) joint-venture model and e) internal colleagues joint-servicing in outbound markets approach being broached.

As a collective, the participants also provided more valued insights and recommendations on how South African telecoms operators must identify and own key strategic resources significant for entering the digital Global Business Services industry with four additional strategic resources being introduced as a) geographical site location, b) multilayered power infrastructure, c) cybersecurity infrastructure systems and d) work-from-home infrastructure solutions.

About 7 additional prerequisite capabilities were also added to the already 12 cited prerequisite capabilities for SA telcos to successfully enter and operate in the digital GBS as a) data management capability; b) business continuity and disaster recovery capability; c) commercial management capability; d) solution design capability; e) continuous monitoring and evaluation capability; f) product development capability; and g) change management capability.

Both the GBS demand market executives and the SA telcos potential supply market executives were in alignment with the reviewed literature that delivery competency, transformational competency, and relationship management competency are all important for SA telecoms operators to successfully enter in the digital GBS industry. *Customer acquisition competency* was further added as another crucial competency for the telcos to possess.

Critical success factors in digital Global Business Services projects encompass factors such as establishing a strong client-outsourcing partner relationship, shared accountability, prioritizing customer demand and development, cost competitiveness, and demonstrating reliability and innovation.

In closing, entering the digital Global Business Services industry requires comprehensive market research, understanding of target markets and countries, collaborations, investment in talent, and leveraging of unique assets. SA telcos should therefore focus on their strengths, focus on delivering value to clients, and adapt to evolving technology and global work environments in order to successfully enter into this competitive digital GBS industry.

CHAPTER 6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter is a summary link of the entire qualitative research that was conducted. This final chapter concludes the analysis, interpretations, and findings from Chapters 4 and 5, and also from the preceding Chapters 1, 2 and 3 in order to reach final conclusions and thereby make recommendations accordingly. Chapter 6 therefore concludes the study with findings pertaining to propositions linked to the original research objectives in Chapter 1, and thus responds to each objective in turn. The research was on “*Digital Global Business Services: A diversification prospect for South African telecoms operators owning submarine cables*”.

6.1.1 Summary of the research process

The purpose of the research is restated as follows: -

- ✚ To explore a potential business case for South African telecoms operators owning submarine cables to diversify into digital Global Business Services (GBS), servicing new international markets.

The study focused on how the SA telecoms operators with ownership of submarine cables can prospectively enter the digital GBS industry guided by the following primary proposition and sub-propositions: -

- ✚ South African telecoms operators with ownership in submarine cables must diversify into digital Global Business Services, servicing new international markets.

- ✚ SA telecoms operators with ownership in submarine cables must identify and own key strategic resources significant for entering the digital Global Business Services industry.
- ✚ SA telecoms operators with ownership in submarine cables must determine which are the crucial capabilities prerequisites of digital Global Business Services industry and meet them.
- ✚ SA telecoms operators with ownership in submarine cables must meet the prerequisite core competencies in digital Global Business Services industry.

In fulfilling the purpose of the research, a problem statement was formulated on the premise that, *“over the past decade, telecoms companies have been under continuous pressure as their traditional value pools have gradually eroded and new growth horizons have proven elusive, driving return on investments capital ever closer to weighted average cost of capital”* (Gaibi et al. 2021:2). Thus, ***this complex phenomenon of “edge-players” which cannibalise the value of telecoms operators, pose a problem of diminishing revenues and threaten their sustainability into the future.***

A review of the available literature on Global Business Services (GBS) and its evolution; digitalisation and 4IR technologies underpinning GBS; prerequisites to enter the digital GBS industry; prior studies on GBS; Resource Based View (RBV) theory on GBS; Dynamic Capabilities (DC) theory on GBS; and Critical Success Factors (CSFs) theory on GBS was conducted to provide insights pertaining to entering the digital Global Business Services industry.

This qualitative study employed semi-structured interviews with a selection of 8 executives in the GBS industry having a collective 143 years' experience in the outsourcing (GBS) industry. 2 SA telecoms executives with a collective 57 years

ICT experience were also interviewed for litmus testing. The following sections discuss the conclusions and recommendations regarding the primary proposition and sub-propositions as linked to the objectives of this research. Additional conclusions and recommendations are also given to the Critical Success Factors and General Advice areas as per Chapters 4 and 5 structures.

6.2 Conclusions Regarding How SA Telecoms Operators With Ownership In Submarine Cables Can Diversify into Digital Global Business Services, Servicing New International Markets.

The literature review conducted by Bui *et al.* (2018) and Oshri *et al.* (2015) on vendor configurations and strategies in the context of telecoms operators diversifying into digital Global Business Services (GBS) provides a useful foundation for understanding the topic. The findings from the analysis of interviews with GBS and telcos executives align with some aspects of the literature, indicating similarities between the two.

However, the GBS and telcos executives also highlighted additional vendor configurations and entry mode strategies that were not covered in the literature, suggesting the presence of diverse perspectives and approaches in the industry. The suggested additional vendor configurations include the standalone third-party service provider model, where telecoms operators position themselves as independent service providers to cater to various businesses. A unique approach also mentioned by the GBS executives is the reciprocal vendor model, where telcos transition into enterprise service providers and collaborate with client-firms by exchanging products and solutions. Organic Growth Strategy where telcos can pursue internal growth by gradually expanding their GBS capabilities and services, leveraging their existing resources and market presence was also highlighted.

Another new entry mode strategy that was discovered is of Joint-Ventures, where telcos can form strategic partnerships or joint ventures with other companies, combining their respective strengths and resources to enter new markets and offer comprehensive GBS solutions. Lastly, a novelty entry strategy of Internal Colleagues Joint-Servicing Outbound Market was established, where a specific telco mentioned collaboration with internal colleagues or subsidiaries operating in international markets to jointly provide GBS services, thus leveraging their collective expertise and market knowledge.

The research therefore indicates that South African telecoms operators can leverage their existing resources, infrastructure, track record and expertise to create attractive value propositions for international client-firms and by considering circa 9 vendor configurations and strategies to enter the digital GBS industry.

6.3 Conclusions Regarding Identification of the Key Strategic Resources Significant for Entering the Digital Global Business Services Industry.

There were some differentials with the reviewed literature, whereby research findings identified 4 more key strategic resources that are significant for entering the digital Global Business Services (GBS) industry. The literature primarily focused on digital resources, financial resources, human capital, machinery, facilities, and other critical infrastructure. The additional 4 more strategic resources identified in research findings are: -

- a) Geographical Site Location which is a critical resource as it affects accessibility for client-firms.
- b) Multi-layered Power Infrastructure which is an essential power backup system to ensure business continuity given the current electricity crisis in South Africa.

c) Cybersecurity Infrastructure Systems which are crucial given GBS vendors handle sensitive data and therefore need to have robust cybersecurity infrastructure, including information protection, data management, privacy protocols, and disaster recovery measures, to ensure the security and trustworthiness of the GBS services; and lastly,

d) Work-from-Home Infrastructure Solutions important for remote work and hybrid models since the advent of the global COVID-19 pandemic, which necessitated optimised IT infrastructure solutions that enable efficient collaboration and productivity for remote teams.

By incorporating these 10 prerequisite strategic resources, telecoms operators can thus enhance their level of readiness and competitiveness in diversifying into the digital GBS industry.

6.4 Conclusions Regarding which are the Crucial Capabilities Prerequisites of Digital Global Business Services Industry and how the SA Telecoms Operators with Ownership in Submarine Cables can Meet Them.

The research findings confirm the significance of prerequisite capabilities for entering the digital Global Business Services (GBS) industry. The participants agreed that all the 12 capabilities mentioned in the reviewed literature are interconnected and must be existent to successfully enter and compete in the GBS industry. The research findings also identified 7 additional prerequisite capabilities contributed by the GBS and telcos executive participants as: -

a) Data Management Capability crucial for delivering digital solutions and bespoke customer experiences.

b) Business Continuity and Disaster Recovery Capability to mitigate disruptions during and after a disaster ensuring the smooth functioning of mission-critical services and minimizes downtime.

c) Commercial Management Capability referring to an organisation's ability to view situations from a commercial perspective, understand customers and stakeholders, and thus make informed business decisions.

d) Solution Design Capability to define future operations, operating model, team capability, organisational structure, processes, systems, and procedures, in alignment with the company's vision, strategic objectives, and business case benefits.

e) Continuous Monitoring and Evaluation Capability enabling GBS vendors to continuously improve their management of outputs, outcomes, and impact through assessments, gap identification, and strengthening of systems and operations.

f) Product Development Capability to create new products, define their value, and deliver them to clients effectively, including product thinking and the ability to discover and solve problems that deliver value to customers.

g) Lastly, Change Management Capability which is critical to manage change effectively encompassing structured processes and tools to lead the people side of change, foster innovation, agility, and create a culture that supports learning and development.

By ensuring these 19 crucial capabilities prerequisites, SA telcos can therefore amplify their readiness and competitiveness to diversify into the digital GBS industry.

6.5 Conclusions Regarding the Prerequisite Core Competencies which SA Telecoms Operators with Ownership in Submarine Cables should Meet to Diversify into Digital Global Business Services Industry.

Based on the research findings conclusions can be drawn that the existing three core competencies identified in the reviewed literature, namely delivery

competency, transformational competency, and relationship management competency, are considered essential for South African telecoms operators to enter and succeed in the digital GBS industry. These core competencies invariably contribute to creating a competitive advantage in business strategy. Furthermore, the participating SA telco executives highlighted the importance of possessing a "customer acquisition competency" as an additional crucial competency for telecom operators entering the digital GBS industry. This competency refers to the ability to attract and acquire new customers or clients. A total of 4 core competencies have thus been identified as prerequisites for SA telecoms operators to possess when diversifying into digital Global Business Services industry.

6.6 Conclusions Pertaining to the Critical Success Factors of Successfully Entering the Digital Global Business Services Industry.

Both the GBS and SA telcos executives align with the reviewed literature and also emphasise the significance of the identified critical success factors (CSFs) of entering the digital GBS industry being strategic resources, capabilities, competencies, contractual adherence, and customer engagement. The research findings indicate that these critical success factors are crucial for establishing strong client-outsourcing partner relationships, meeting customer demands, ensuring cost competitiveness, and demonstrating reliability and innovation. The reviewed literature and the perspectives of both the GBS and SA telcos executives therefore provide valuable insights into these CSFs as follows: -

- a) Contractual Governance: developing detailed, high-value contracts that outline clear objectives and receive management support to help establish a foundation for effective governance and also ensure alignment between the vendor and the client in terms of expectations and deliverables.

- b) Relationship Governance: building strong relationships based on knowledge sharing, communication, trust, and a partnership view being crucial. Effective communication and collaboration are said to foster a sense of trust and also enhance the overall working relationship between the vendor and the client.
- c) Client Retained Capabilities: requiring that vendors should have a deep understanding of the client's processes and the ability to standardize them. This ensures that the vendor can effectively integrate with the client's operations and deliver services that align with their requirements.
- d) Provider Capabilities: compelling the vendors to possess strong capabilities in human resource management, client management, domain understanding, as well as technical and methodological maturity. These capabilities contribute to the vendor's ability to deliver high-quality services and meet the client's expectations.
- e) Service and Partnership Quality: this is service quality, including responsiveness, reliability, and innovation crucial for success in the GBS industry. Additionally, maintaining a high level of partnership quality, encompassing trust, cooperation, and effective communication, is essential for promoting long-term relationships with clients.

6.7 Conclusions Pertaining to the General Advice and Views in Entering the Digital Global Business Services Industry

Research findings and general advice from the GBS executives suggest several key conclusions for SA telecoms operators aiming to enter the digital Global Business Services (GBS) industry as follows: -

- a) **Market Research and Local Knowledge:** SA telcos should conduct thorough research and invest in understanding their target markets, regions, countries, and sectors, considering the varying sensitivities, unique characteristics, cultural differences, compliance requirements, and political landscapes of different markets.
- b) **Building Support Networks:** SA telcos should join industry associations like Business Process Enabling South Africa (BPESA) and also leverage resources such as government incentives to contribute to their potential success. Building support networks may provide valuable insights, connections, and opportunities within the GBS industry.
- c) **Leadership and Talent Development:** SA telcos should prioritise investment in developing strong leadership capabilities and a talented workforce to meet client demands in the digital GBS industry.
- d) **Soft Infrastructure and Technology Capabilities:** SA telcos should ensure the availability of trans-oceanic high-speed internet accessibility and broadband coverage, as they are crucial for digital GBS operations. SA telcos should also deepen their understanding of 4IR technologies, expanding their capabilities beyond basic data analytics and bots to include capability development in machine learning, robotic process automation, big data analytics, cloud solutions, Internet of Things, social media, mobile applications, and other emerging technologies.
- e) **Leverage Unique Assets:** Lastly, SA telcos should leverage their unique assets, such as access to a large customer base and the ability to provide online learning and work-from-home solutions. Identifying and capitalizing on these assets may possibly provide a competitive advantage in the digital GBS industry.

6.8 Recommendations for the SA Telecoms Operators

Overall, the study suggests that South African telecoms operators have the potential to successfully diversify into the digital GBS industry servicing new international markets. The following recommendations are thus suggested for the SA telecoms operators envisaging to diversify into the digital GBS: -

- a) SA telcos should always conduct in-depth market research and consider exploring bespoke vendor configurations and market entry strategies depending on the available digital GBS opportunities, potential GBS client-firm, targeted geographical market and nature of the contracts. From the reviewed literature and related research findings, seemingly there is no one size fits all approach. Therefore, the 9 suggested vendor configurations and market entry strategies should always be thoroughly interrogated for an informed and strategic decision making.
- b) With regards to identifying and owning key strategic resources significant for entering the digital GBS industry, SA telcos are advised to consider developing and owning all the 6 strategic resources highlighted in the literature ***especially the human capital component***, digital resources, healthy financial resources, machinery / equipment, facilities, and any other critical infrastructure such as multi-layered power infrastructure. They should further consider owning and optimising remote work Infrastructure by investing in the necessary IT infrastructure to enable efficient hybrid work models.
- c) Over and above meeting the prerequisite digital GBS capabilities, SA telcos should also consider developing data management strategies, establishing business continuity and disaster recovery plans, strengthening their commercial management practices, enhancing their solution design capabilities, implementing continuous monitoring and evaluation systems,

fostering innovation and product development culture as well as cultivating change management expertise.

- d) Recommendations for SA telecoms operators to meet the industry's core competencies should also include a holistic approach that encompasses investing in ***strong leadership and business management***, benchmarking against international trends, adopting global best practices, improving domestic operations, conducting market research, and fostering client and competitor engagement.
- e) SA telcos should also stay ahead of technological advancements by continuously monitoring and understanding emerging 4IR technologies relevant to the GBS industry such as artificial intelligence, machine learning, robotic process automation, big data analytics, cloud solutions, Internet of things, mobile applications amongst others in order to offer innovative solutions to digital GBS clients.

6.9 Suggestions for Further Research

Suggested further research in the field of digital Global Business Services (GBS) can explore areas such as: -

- a) Digital transformation strategies adopted by successful digital GBS vendors, looking at the key drivers, challenges, and best practices in implementing digital transformation initiatives.
- b) Talent acquisition and development strategies, investigating the skills and competencies required for GBS service delivery, including good leadership skills, robust digital skills, domain expertise, project management, and client relationship management. The challenges of attracting and retaining talent in a highly competitive digital GBS market should further be researched.

- c) Business model innovations that enable telecoms operators to offer digital GBS services such as leveraging their existing infrastructure, customer base, technological capabilities, creation of value-added GBS solutions, new revenue streams, pricing models, and service delivery mechanisms that align with the digital GBS landscape should also be further researched.

In conclusion, by delving into these research areas, scholars and industry practitioners can gain valuable insights into the strategies, challenges, and opportunities for telecoms operators envisaging to enter the digital GBS industry. This research can inform decision-making, guide market entry strategies, and also contribute to the general understanding of the evolving telecoms and digital GBS industries.

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APPENDIX A: MULTI-PARTICIPANT RESEARCH INSTRUMENT FOR THE DIGITAL GBS INDUSTRY

DIMENSION OF ENQUIRY	INDUSTRY ASSOCIATIONS SENIOR MANAGEMENT QUESTIONS	EXECUTIVE / SENIOR CONSULTANTS QUESTIONS	CLIENT-FIRMS SENIOR MANAGEMENT / BUYERS QUESTIONS	SA TELCO ENTERPRISE MD / STRATEGY / DIGITAL EXECUTIVE QUESTIONS
Vendor configurations and strategies <i>“Cross-cutting questions”</i>	What are the requirements by the association to assist new digital GBS vendors enter the digital GBS industry?	What conditions lead to successful digital GBS vendor selections in your experience?	What conditions lead to successful digital GBS vendor selections in your firm?	What is your understanding of the digital Global Business Services industry and its related services?
	- Which are some of the best market entry strategies or models and why? - How can SA telecoms operators owning submarine cables enter the digital GBS industry?	- Which are some of the best industry entry strategies or models and why? - How can SA telecoms operators owning submarine cables enter the digital GBS industry?	- What is your most preferred digital GBS vendor configuration or strategy and why? - How can SA telecoms operators owning submarine cables gain access to some of the digital GBS opportunities in your company?	- Given a prospect to diversify, and diversify from the digital Global Business Services industry, what kind of entry strategy / models would you consider and why? - Are you aware of how international clients select new digital GBS vendors and how would you prepare for the selection should you diversify into digital GBS?
Prerequisite strategic resources	Which areas of business are mostly in high demand for digital GBS outsourcing / offshoring and why?	In your consulting experience, which areas of business are you seeing being outsourced / offshored to digital GBS vendors?	Which areas of business are you envisaging to outsource / offshore to digital GBS vendors in the future?	In order to capitalise on the opportunity to diversify into the digital GBS industry, what strategic resources do you possess and what are their

<i>“Cross-cutting questions”</i>	- What strategic resources are generally required for digital GBS projects? - Which of those strategic resources are most critical and why? - How can SA telcos ensure that the requisite resources for digital GBS industry are strategically organised or mobilised?	- What strategic resources are generally required for digital GBS projects? - Which of those strategic resources are most critical and why? - How can SA telcos ensure that the requisite resources for digital GBS projects are strategically organised or mobilised?	- What strategic resources will be required for the above digital GBS projects envisaged for the future? - Which of those strategic resources are most critical and why? - How can SA telcos ensure that the requisite resources are strategically organised or mobilised?	strengths? If there are any required strategic resources you may not possess, how would you ensure access to them?
Prerequisite capabilities <i>“Cross-cutting questions”</i>	- From the general industry’s perspective, what are the most vital capabilities required of digital GBS vendors? - Of the above-mentioned capabilities, which ones would be the most non-negotiable capabilities required from digital GBS vendors and why? - How should SA telcos effectively develop or organise these vital and non-negotiable capabilities to ensure successful entry into the GBS	- From your experience as a consultant, what are the most vital capabilities required of digital GBS vendors? - Of the above-mentioned digital GBS vendor capabilities, which ones are mostly non-negotiable with client-firms and why? - How should SA telcos effectively develop or organise these vital and non-negotiable capabilities to ensure successful selection by client-firms?	- In relation to the envisaged digital GBS offshoring projects, what would be the most vital and non-negotiable capabilities required and why? - How should SA telcos effectively develop or organise these vital capabilities to ensure successful selection and entry in the GBS industry?	- What are your existing capabilities in offering the current digital enterprise services in your company? - How could you effectively develop and organise your existing capabilities to ensure that you meet envisaged digital GBS industry and client-firms capabilities requirements? - What is your general view on your ability to meet these prerequisite digital GBS

	industry?			capabilities?
Prerequisite core competencies <i>"Cross-cutting questions"</i>	3 general competencies in the outsourcing / offshoring industry have been highlighted as: - the ability for vendors to deliver on projects, - their ability to meet client needs and - their ability to align with client goals. Which of these 3 competencies are considered by the industry to be most crucial for digital GBS vendors and why? - How should SA telcos ensure that they can meet these required industry core competencies as digital GBS vendors?	3 general competencies in the outsourcing / offshoring industry have been highlighted as: - the ability for vendors to deliver on projects, - their ability to meet client needs and - their ability to align with client goals. Which of these 3 competencies are considered by the client-firms to be most significant for digital GBS vendors to possess and why? - How should SA telcos as potential digital GBS vendors ensure that they meet these core competencies required by client-firms?	3 general competencies in the outsourcing / offshoring industry have been highlighted as: - the ability for vendors to deliver on projects, - their ability to meet client needs and - their ability to align with client goals. which of these 3 competencies would you consider most significant for your company and why? - What other core competencies would you deem crucial and how should SA telcos ensure that they can meet the requirements?	- What is the status of your current core competencies in terms of: - the ability for to deliver on projects? - ability to meet client needs? - ability to align with client goals? - What other competencies do you possesses that you believe could be beneficial for the potential GBS client in the future? - If there are any crucial core competencies you may not possess, how would you ensure you gain them?
Critical Success Factors <i>"Cross-cutting questions"</i>	What are some of the key critical success factors in entering the outsourcing / offshoring industry as an aspirant digital GBS vendor?	In your consulting experience, what would you deem to be some of the key critical success factors for new digital GBS vendors to be selected by client-firms?	- What are some of the key critical success factors for digital GBS projects? - Under what circumstances would you terminate a vendor's contract?	- Should your organisation consider this potential to diversify into the digital GBS industry, how would you ensure successful selection? - How would you ensure successful operations and management of the secured

Close-out <i>“Cross-cutting questions”</i>	✚ What other critical outsourcing / offshoring industry information is important for aspirant digital GBS vendors to know about? What overall advice would you give SA telcos as aspirant digital GBS vendors to successfully enter the outsourcing / offshoring industry?	✚ What other critical outsourcing / offshoring information is important for aspirant digital GBS vendors to know about? What overall advice would you give SA telcos as aspirant digital GBS vendors to successfully secure contracts in outsourcing / offshoring projects?	✚ From your company's perspective, what other critical digital GBS information is important for new vendors to know about? What overall advice would you give to the SA telcos to become successful digital GBS vendors?	GBS contract if awarded? ✚ What is your general view and position on this prospect to can diversify into digital GBS industry servicing new international markets? Do you have any other information not covered in our interview on digital GBS industry you would like to share, and if so, what is it?
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APPENDIX B: PARTICIPANT INFORMATION SHEET

Dear Sir / Madam

My name is Pontso Ntseuoa, and I am a Masters student in Digital Business at the University of the Witwatersrand, Johannesburg. As part of my studies, I have to undertake a research project, and I am investigating “*Digital Global Business Services: A diversification prospect for South African telecoms operators owning submarine cables*”. under the supervision of Professor Nixon Ochara.

The aim of this research is to explore a potential business case for South African telecoms operators owning submarine cables to diversify into digital Global Business Services (GBS), servicing new international markets.

As part of this project, I would like to invite you to take part in an interview. This activity will involve several questions about how a new vendor can successfully enter the digital Global Business Services industry and will take around 1hour. With your permission, I would also like to audio / video record the interview using a digital device. This recording will be stored on my private device and only the researcher will have access to this recording. It will be deleted after 1 year.

There will be no personal costs to you if you participate in this project, you will not receive any direct benefits from participation but there are no disadvantages or penalties if you do not choose to participate or if you withdraw from the study. You may withdraw at any time or not answer any question if you do not want to. The interview will be completely confidential and anonymous as I will not be

asking for your name or any identifying information, and the information you give to me will be held securely and not disclosed to anyone else. I will be using a pseudonym (false name) to represent your participation in my final research report. If you experience any distress or discomfort at any point in this process, we will stop the interview or resume another time convenient for you.

If you have any questions during or afterwards about this research, feel free to contact me on the details listed below. This study will be written up as a research report which will be available online through the university library website. If you have any concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za

Yours sincerely,

Pontso Ntseuoa

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Email: nixon.ochara@wits.ac.za

Phone number: +27 11 717 3543

APPENDIX C: PARTICIPANT CONSENT FORM

Title of project: Digital Global Business Services: A diversification prospect for South African telecoms operators owning submarine cables

Name of researcher: Pontso Ntseuoa

I, ..., agree to participate in this research project. The research has been explained to me and I understand what my participation will involve. I agree to the following:

(Please circle the relevant options below).

I agree that my participation will remain anonymous	YES	NO
---	-----	----

I agree that the researcher may use anonymous quotes in his / her research report	YES	NO
---	-----	----

I agree that the interview may be audio recorded	YES	NO
--	-----	----

I agree that the information I provide YES NO
may be used anonymously after this
project has ended, for academic
purposes by other researchers,
subject to their own ethics clearance
being obtained.

..... (signature)

..... (name of participant)

..... (date)

.....(signature)

Pontso Ntseuoa(name of person seeking consent)

.....(date)

APPENDIX D: ETHICS APPROVAL NOTIFICATION

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg



Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/DB0211950a/739

This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

Project title	Digital global business services: A diversification prospect for South African telecoms operators owning submarine cables
Investigator / Researcher	Ms Pontso Ntseuoa
Nature of Project	MM (Digital Business)
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed confidentiality.
Issue Date of Certificate	2022-12-20
Expiry date	Date of submission of the project / research report
Chairperson	Prof Anthony Stacey ☎ +27 11 717 3587 📠 +27 82 880 4531 ✉ anthony.stacey@wits.ac.za

Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I undertake to resubmit the protocol to the Committee.

Signature

Date:

APPENDIX E: TURNITIN REPORT



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