

Building a global business model

 By [Nick Durrant](#)

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With the rapid advance of internet technology and increasing smartphone penetration, 'digital' is fast becoming the buzzword in South African business circles. As enterprises clamour to own a piece of the mobile and social media space, digital agencies are quickly springing forth to meet growing demands.

But will local agencies remain sustainable once supply begins to outweigh demand in South Africa? I believe the key to ongoing success lies in diversification.

We've always taken a more global approach to business. South African businesses understandably tend to keep their interests local, but with the rest of the world still recovering in the wake of recent recession, there are plentiful opportunities for local enterprises abroad.

Bluegrass Digital has successfully applied an inter-continental outsourced business model for almost two decades, servicing international clients out of its production hub in Cape Town. Whilst the company has worked extensively with locally based creative agencies to deliver cutting-edge digital solutions, the majority of its work has been generated beyond local borders.

Outsourcing of digital production work to South Africa

Approximately 72% of our business comes from clients based in the UK. There's far less weariness from European clients these days about doing business in South Africa, and given the favourable exchange rate, as well as the high level of service delivery increasingly associated with local agencies, enterprises are now more open to the possibility of outsourcing digital production work to South Africa.

I lived in the UK for 15 years prior to setting up Bluegrass Digital in the mid-90's, and consequently the British market seemed like a natural expansion point for the company, which opened the doors to its London office at the outset of the 'dot com' boom in 1999. And whilst experience abroad undoubtedly eased the transition into what is a fairly established market, I believe that there is plenty of potential for local businesses offering superior service and eyeing out European expansion prospects.

Establishing a presence in global markets

The key to establishing a presence in global markets lies in the creation of key channel partnerships. If local enterprises work strategically to create relationships on the ground in other countries, they can quickly begin to diversify their interests and generate income in foreign currency.

Whilst conquering markets like the UK might seem like a daunting prospect, particularly for small businesses with limited resources, there is no shortage of diversification opportunities closer to home. South Africa serves as a key strategic gateway to the rest of Africa, and with demand for digital services in countries like Nigeria, Ghana and Kenya currently at an all-time high, local agencies now have a real opportunity to establish themselves in these burgeoning markets.

We've begun to apply the same outsourced business model to African markets, and have already enjoyed a lot of success, particularly in Nigeria. Conducting business in Africa can be fraught with cultural complexities, which makes it all the more important to have a trusted partner on the ground that can help to navigate the various roadblocks that inevitably emerge when expanding into new territories.

With a lack of service delivery on the ground and a growing demand for world-class digital production services, many agencies in key West and East African countries are now looking abroad to meet their clients' growing needs.

We are currently working with the Silicon Cape initiative to set up a trade mission to Ghana for companies in the ICT and advertising industries, set to take place in August. The aim of the mission is to help small businesses to establish key strategic relationships in this West African territory, which has demonstrated significant digital growth over the past few years.

Lucrative opportunities in Africa

Lucrative opportunities exist for local companies looking to expand their interests into Africa, and our aim is to assist them where possible in establishing key strategic relationships with agencies on the ground.

With technological infrastructure rapidly improving in Africa, local agencies can now easily work with trusted partners in these territories without actually requiring any form of physical presence, making expansion a far more realistic prospect for a wider variety of businesses.

ABOUT NICK DURRANT

Nick Durrant is MD at Bluegrass Digital, a digital solutions company with offices in Cape Town, Johannesburg and London. We are experts in crafting web and mobile products and platforms. After spending 17 years in working the tech industry in the UK and setting up the Bluegrass in London in 1999, Nicholas now runs the company from Cape Town, developing the business into Africa and Europe offering world class digital solutions.

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