

# How will Brexit impact South Africa's IT industry?

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Many South African IT companies have their EU headquarters in the UK and use the country as a gateway for business across the EU.

There are a lot of uncertainties that may occur due to Brexit. We can presume that employment costs will be higher, limited movement will result in restricted access to low-cost labour, and dissimilar privacy laws will make outsourcing more difficult to implement between the UK and other countries.

Major challenges for South African companies could arise from the unpredictability of the British pound. These challenges include uncertainty about future policies between the UK and Europe and changes in financial and banking systems.

There could be a further decline in the value of the British pound which could render many existing contracts losing propositions. Thus, the uncertainty surrounding negotiations on the terms of exit and future engagement with the EU will have a vast impact on decision-making for large projects.

While the precise effects of all this remain to be seen, the waiting game will cause a slowdown in the outsourcing market. Right now, only time will tell how many of these predictions will come to pass, with a lot resting on what deal the UK will make with the EU after its withdrawal.

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