

Outsourcing Options

IP is having an increasingly important impact on how contact center outsourcers run their businesses and on the services that they can offer their customers. This month, we will look at some of those issues and opportunities.

What is striking is that IP enables some new ways of looking at the outsourcing value chain – what services are provided and by whom. I believe that over time, outsourcers will develop some new, more closely coupled ways of working with their customers. And, customers could increasingly demand that their outsourcing partners become a more integral part of their own operating environment.

Attractiveness of Outsourcing

In growing numbers, companies are turning to outsourcers to meet their contact center requirements. In some cases this may be all or most of the agent positions; in others, outsourcers are used for meeting peak demand. There are many reasons for this increase, including:

- Contact center expertise is viewed as being outside the “core competency” activities where a company wants to focus
- Extensive and expensive upgrades to systems and skills are needed to meet new competitive pressures or marketing initiatives
- Special situations exist where a new program needs to be in place quickly, or there is a requirement for a one-time program
- A desire to shift the risk of technology obsolescence to a third party
- A desire to reduce total costs of personal customer interaction

One result of the drive toward cost reduction is the potential attractiveness of nearshore and offshore outsourcing operations. Of course in some cases, the use of these facilities has brought new challenges to maintain user satisfaction and effective quality control.

None of these factors is new. Outsourcers have been capitalizing on these drivers for decades. They did it using existing infrastructure technology – TDM-based ACDs and IVRs, and network switching.

IP's Contribution

IP infrastructure offers new ways of accomplishing established functionality, but also offers new capabilities and cost saving opportunities over existing approaches. Many outsourcers have implemented IP for their internal operations to take advantage of the benefits IP brings.

- Cost savings from centralized equipment. One national outsourcer with over seventy call center sites told me that in their old model, they would spend close to a million dollars in capital expenditures to get a new site up and running. With IP, the ability to centralize much of the expensive equipment means that a large portion of these expenditures can be avoided.
- Staff deployment is easier and less expensive, too, especially because critical skill sets can be concentrated in the major sites that contain most of the equipment.

- Virtual capabilities are increasingly important. Some outsourcers have linked their sites into a national or even global network to achieve more flexibility in providing services. For outsourcers supporting a customer at a single site, that may be less important. However, even in this situation, the ability to provide excellent business continuity planning through IP has, in the words of one outsource company executive, “made the difference in winning a number of important contracts.”
- Some outsourcers are expanding their workforces using home agents. This approach is particularly helpful to meet customer staffing requirements that fluctuate dramatically during the month or even during each day. Agents who would be reluctant to come into a center for a few hours of work may be delighted to work short or discontinuous shifts if they can do so from a home office. Typically, IP can link these remote workers into the central switch less expensively, although there can be issues with establishing high quality connections. Some outsourcers are deploying proprietary solutions to help assure high quality communications.

International Opportunities

Many of the major outsourcing companies now have call centers in countries around the globe. Increasingly, these are being interconnected through IP running in an MPLS environment. There are challenges. The carrier providing MPLS services in one country may not provide them in another. And, the carriers have not yet achieved complete transparency between their MPLS networks. If an outsourcer has sites in locations that are not all serviced by the same carrier, typically there is proprietary tweaking necessary to get the MPLS networks to work together.

The advantages, though, are important. Not only do the outsourcers enjoy the benefits discussed above, they can provide capabilities that their customers can't provide for themselves. Today many companies, even large ones, have not put in MPLS networks linking all their sites. The outsourcer can provide these capabilities, extending IP's advantages to these companies.

End user companies are increasingly sensitive to the challenges surrounding sending calls from the USA to be answered in other countries. Despite accent neutralization programs, geography courses, and ever-improving knowledge management tools, hauling traffic overseas poses some challenges from a customer satisfaction and loyalty standpoint. More sophisticated companies are looking at customer segmentation strategies, and are balancing cost benefits against satisfaction for its more important segments.

Outsourcers with global networks increasingly have the ability to make decisions about where each call should be answered based on knowledge of who the caller is and the nature of the call. Another approach that companies use is to retain phone contacts in the States, while email or text chat traffic from websites is routed overseas.

The IP network is increasingly supporting some interesting data applications, too. Doug Pontious, CTO of Sitel, notes that there is an opportunity to ship quality monitoring samples overseas for evaluation. Sitel's experience is that this can not only reduce costs, but actually results in higher quality, more consistent, evaluations.

Emerging Outsourcing Configurations

As IP networks become more fully deployed, I'm seeing several opportunities that outsourcing companies are considering, and that could become increasingly attractive for some combinations of outsourcers and customers. Each of these is based on the ability of IP to provide a flexible, virtual environment across locations. In some cases, more development work will be needed, as well as working through what the real benefits, costs, and risks are of these models.

One model is hosting. As outsourcing companies deploy extensive interconnected facilities, end user companies may decide to take advantage of the technology investments that the outsourcing companies have made. Many companies have good reasons for wanting to maintain close contact with their customers through the contact center – for example, they view those contacts as a strategic function and don't want to have information gleaned by the agents filtered through the outsourcer. These companies may choose to use employees as agents to interact with customers, but use the outsourcer's equipment to run a robust, virtual, IP-based infrastructure and associated systems.

Doug Pontious noted that Sitel has a number of situations where this has occurred. In one, a global manufacturing company had a wide range of equipment in different facilities. They wanted to achieve a consistent approach to customer contact, but the costs to upgrade each of the many facilities to a common platform would have been prohibitive. In another situation, a financial services company was embarking on a major M&A expansion initiative. They wanted to integrate each acquired company's contact center into a consistent, seamless user experience. But they knew that it was likely that newly acquired companies would have disparate equipment and functional capabilities. Rather than embarking on an extensive upgrade and custom retrofit each time, the company decided to use an outsourcer's unified capabilities. As Doug stated, "An outsourcing approach really works well for growing companies with a global footprint who want to provide consistent customer service anywhere in the world."

Or, Turned Upside Down

A very different model would be for the end user company to want the outsourcer to become much more closely connected into the company's environment. Such an approach could be particularly relevant for situations in which the company maintains its own contact center staff for a significant part of its customer interaction requirements, but uses an outsourcer to supplement its staff, cover peaks, or to accommodate growth before new facilities are acquired. In these models, the company IP network would interconnect with that of the outsourcer.

There are several models that could work. In one, the outsourcer provides more visibility into its operations for the company staff, for example by using IP capabilities to provide better quality monitoring access. QM information can certainly be shared between outsourcers and customers today in a TDM environment. However, this is typically a more expensive process, and sometimes relies on transmitting stored files, rather than enabling remote, real-time, voice and data monitoring, which IP readily accommodates. Conceivably, the linkage between the outsourcer and the company could extend to workforce scheduling and capacity planning. We have some organizations moving toward this capability.

In a more radical variation, the outsourcer would provide contact center staff, but use the company's network infrastructure and contact center equipment. This model would make the outsourcer similar to a remote center within the company enterprise, with the possible exception of certain measures needed for security and privacy. This approach would effectively

turn the hosted solutions model on its head, with company becoming the hosted solution provider rather than the outsourcer.

This model will require outsourcers and their customers to work through a number of issues:

- Operational implications: Does this require dedicated outsourcer agents? Who has supervisory and management responsibility? What kind of support processes are needed to make this work?
- Technical implications: Who owns the technology that resides on the outsourcer premises and is required to connect to the company's infrastructure? What's needed to support the ability to manage the agents, measure performance, create work schedules, etc.? What additional or different security measures must be taken?
- Strategic considerations: What are the business implications for outsourcing companies of this approach? Are there compelling benefits for offering this model for the outsourcer and for the customers?

As we explore the opportunities that IP affords, we are likely to find a number of new ways of doing business emerging. Some will be very successful; others less so. IP represents a sea-change in the way applications are enabled, and allows very different capabilities to be cost effective. The important task for customer interaction management is to think creatively about what the implications are, and how your company can take advantage of the opportunity.

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