

Creating time in the contact centre: **The BPO opportunity**





Executive summary

A paradox is emerging in the world of Business Process Outsourcing (BPO), critical to the health of the industry and the players within it – on both sides of the outsourcing equation. The pressure on outsourcers to drive efficiencies, reduce costs, and, ultimately, deliver the type of Return on Investment (ROI) they promised they would deliver is intense. Yet, the data and tools they need from their customers to achieve those results is, for the vast majority of outsourcers, either not forthcoming or simply isn't available.

The issue is a fundamental one. Unless addressed in a meaningful way, this lack of data will stand in the way of the continued improvement we have seen in the BPO industry specifically, and, indeed, in the customer service industry at large.

We know from our research that businesses continue to express a wide range of reasons which drive them to keep their business processes in-house – or in some cases, move them back if they had been outsourced at one stage – not least the belief that it costs less to do so, or that outsourcers cannot meet their specific requirements.

But equally, we know that outsourcers are often well placed to provide better service and better value than their clients could ever hope to achieve on their own steam and operating cost model, and given access to the correct data sources, the benefits they can offer grow exponentially.

Data is the foundation on which the BPO industry is built and is critical to the well running of a contact centre. With research indicating that call volumes, on average, swing by 26 per cent from week to week, having complete access to all data sources is crucial to help contact centre operators perfect their forecasts. Yet just half of BPOs report having a full view of the end customer's journey and the historical trends within their clients' businesses. This lack of data and visibility is incredibly damaging. Although there is a science to forecasting, it is not an exact one and, more often than not, it's about luck. The more information you have – based on the capability of the tools available to you – the luckier your forecast. However, if an outsourcer has only got 30 per cent visibility, there's a safe bet that its forecasts aren't going to be as robust as they could be.

The reported lack of available data puts contact centre operators on the back foot. Not confident in their forecasts, BPOs are forced to be reactive, rather than proactive. This piles on overheads and additional costs that BPOs struggle to bear, but the issues go beyond costs, directly impacting the end service provided to customers, contact centres' capacity to be flexible, and staff engagement.

There is, however, cause for optimism about improvement in the industry. The majority of respondents we surveyed appear to have it within their power to enhance their services, having experienced an increase in contract values over the past year. Moreover, a significant proportion of outsourcers have plans to make further investments in their operations, with technology and the environment likely to be the biggest beneficiaries.

Overcoming the issues outlined in this report will depend on BPOs' abilities to make prudent choices as to where and how they make these investments, but also on the strategic relationships they can establish with their customers.

This intelligence paper will not only assess and analyse the current state of the Business Process Outsourcing for customer service landscape in the UK today, but also the challenges outsourcers face when looking to improve their services and streamline their operations.

Where do the opportunities lie for outsourcers to reduce the cost-per-agent? How much is productivity considered at a strategic level? Is there an opportunity for outsourcers to create time within the contact centre, and maximise the availability of skills in the agent base? This paper aims to address these issues, and finally make a number of key strategic recommendations for the industry at large.



The more information you have... the luckier your forecast

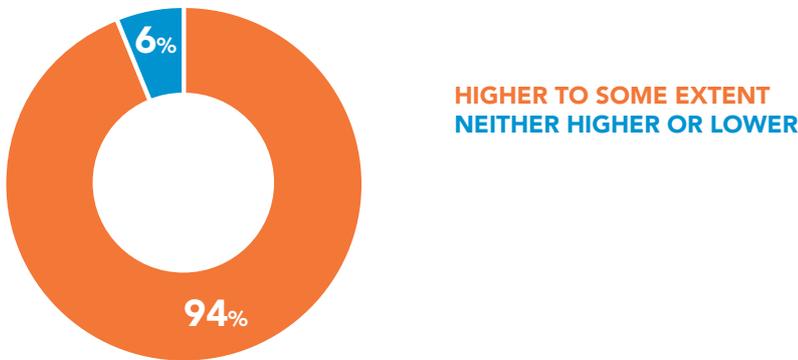
Methodology and sampling

Recent independent research commissioned by Aspect and conducted by Vanson Bourne, surveyed 50 senior business decision-makers in August 2015 from organisations that provide BPO services, to gain a deeper understanding of the BPO community in the UK. Divided evenly between outsourcers offering horizontal and vertical services, respondents were from private sector organisations with more than 50 employees, split across the following size bands: 50-500 employees, 501-1,000 employees and more than 1,000 employees.

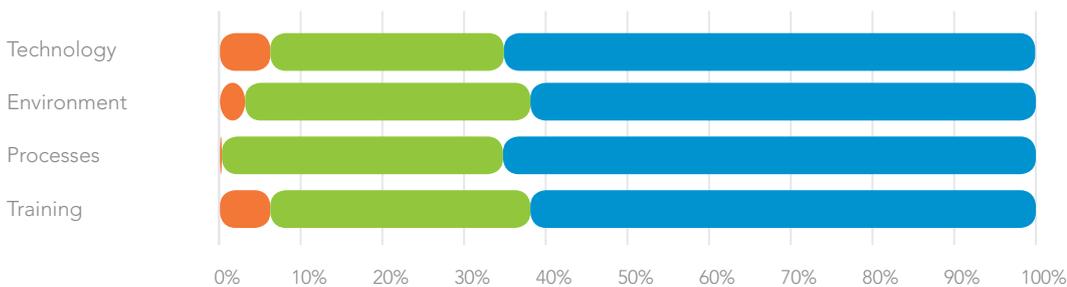
The outsourced contact centre industry in the UK appears to be in a healthy state, no doubt a beneficiary of the continuing trend towards reshoring customer service functions and the growing investment made by businesses in improving customer experience.

Almost all of the BPOs surveyed in this research project said that their business contracts were higher in 2015 than they were in 2014. Encouragingly, a significant proportion of organisations expect to invest these additional finances, at least in part, back into their workforces. Roughly six in ten plan to improve their technology, environment, processes and training, with technology and environment likely to see the largest investments (to the order of 20 per cent and 18 per cent respectively).

To the best of your knowledge, are the values of your organisation's new business contracts higher or lower in 2015 than 2014?



How much financial investment will your organisation make in its workforce in 2015, compared to 2014?



DECREASED INVESTMENT ABOUT THE SAME INCREASED INVESTMENT

Key selling points

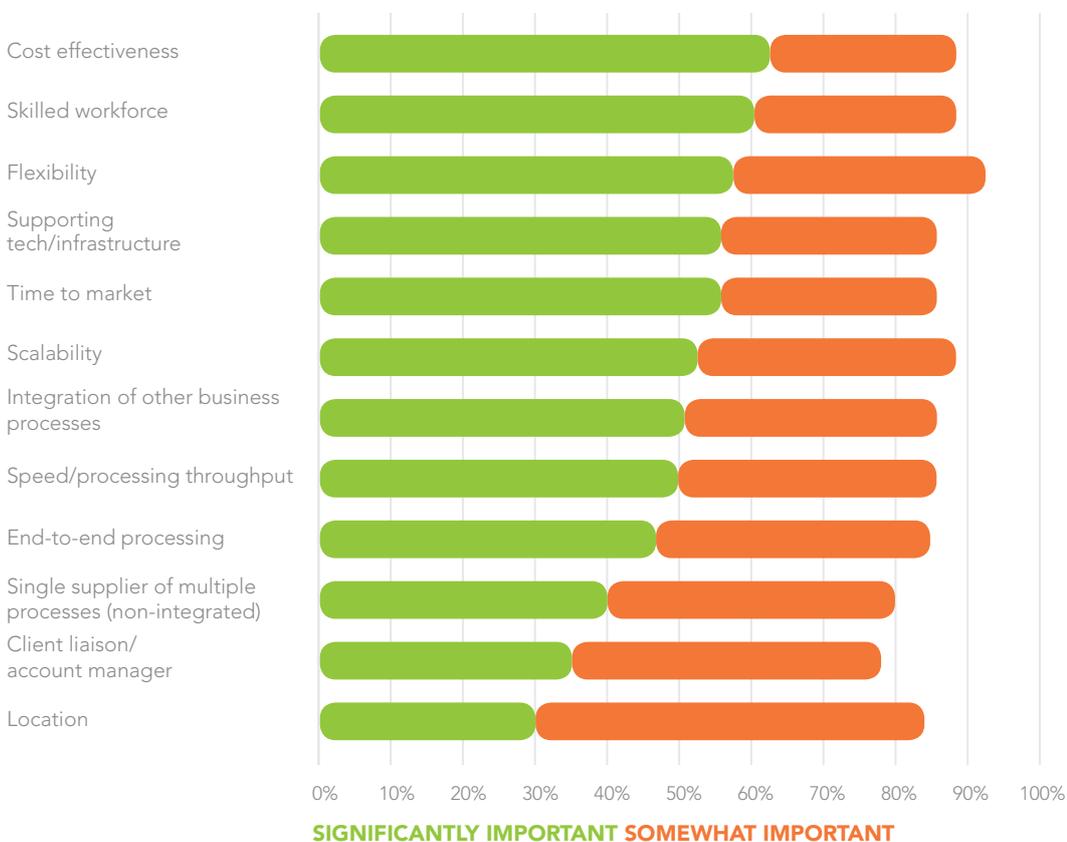
BPOs' selling points are wide-ranging, not least because outsourcers' customers turn to them for different reasons. While cost savings are always likely to be a primary driver in the sector, an outsourcer's ability to sell its services is heavily dependent on the skills of its workforce and, importantly, how flexible it can be.

While the highest proportion of respondents said that cost effectiveness was a significantly important selling point for their sales strategies (62 per cent), when we look at the proportion that selected both somewhat and significantly important in the graph below, it is flexibility that comes out on top (92 per cent).

Broken down by size, the most important selling points change once again; the largest in the sample ranked time to market and a skilled workforce as their most important attributes (94 per cent respectively), the smallest valued their ability to provide flexible and scalable services most highly (89 per cent).

This serves to demonstrate not only the pressure on today's BPOs to be multi-faceted, but also the differing priorities of those in the industry. There is no one size fits all.

How important are the following selling points to your organisation's current sales strategy, as a BPO?

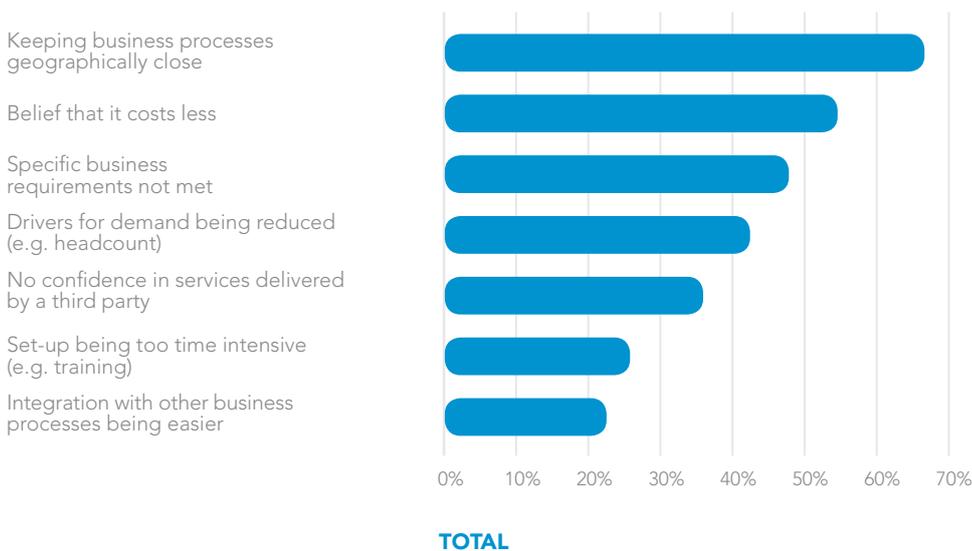


Barriers to growth

The top three reasons BPOs' clients give for keeping or indeed moving their business processes in-house are wanting to keep business processes geographically close (66 per cent), the belief that it costs less to do so (54 per cent) and that specific business requirements cannot be met by an outsourcer (48 per cent).

Being able to provide and demonstrate a good Return on Investment (ROI) to counter these reasons it therefore critical. However, as we will detail later in this report, being able to do so is, for the majority of BPOs, often easier said than done.

What are the top three reasons that your organisation's clients give for moving/keeping their business processes in-house?

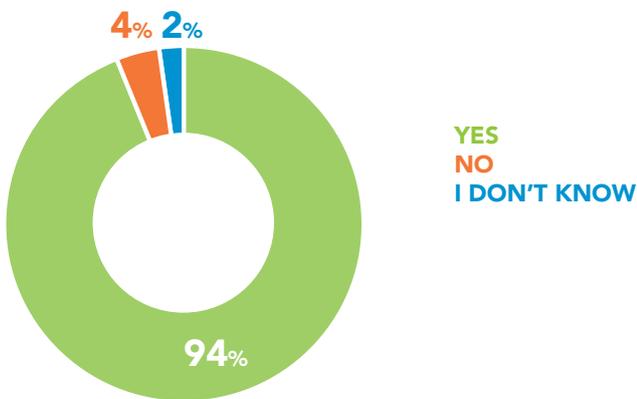


Being able to provide and demonstrate a good ROI is critical

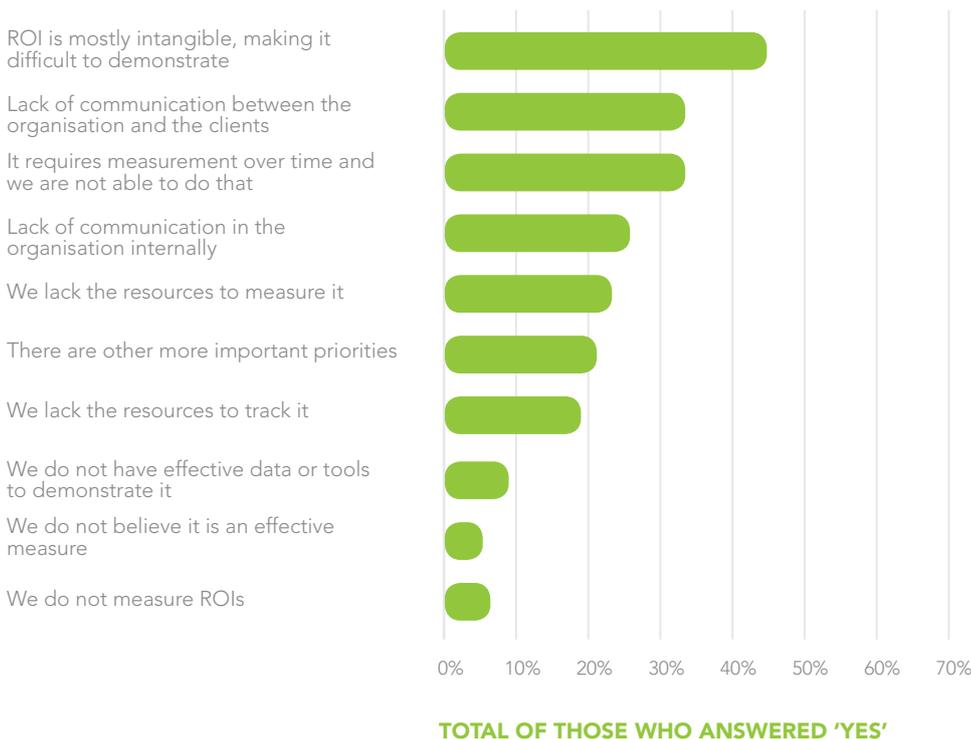
Return on Investment (ROI)

The vast majority of BPOs (94 per cent) say that demonstrating ROI is a challenge for them either some or all of the time. Looking at the reasons reported for this, 45 per cent said that it was largely intangible, making it difficult to demonstrate, while a third believe it is either down to the lack of communication they have with their clients or because they are not able to measure performance data over time (32 per cent respectively).

Would you say demonstrating a ROI to clients is a challenge for your organisation?



Why do you think that it is a challenge for your organisation to demonstrate ROI to clients?



Understanding what the ROI of an outsourcing project is, and being able to measure it, is critical. The fact that almost half of respondents believe that they can't show ROI because it is intangible is deeply worrying, and indeed, surprising. It's important to understand what the objectives are to help identify what the ROI is – be it reducing the number of calls, making them more efficient, improving customer satisfaction, accessing different languages and/or reducing costs. The question is: "Does the service the outsourcer provides correlate with the customer's objectives?"

Admittedly, understanding what the ROI is can be difficult if the outsourcing is for anything other than saving costs. If it is purely based on doing the same work cheaper, the outsourcing itself is the ROI. But for any other reason, outsourcers will need to go down a certain path to gathering data from customers and measuring performance to support the delivery of ROI.

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An incomplete picture

Full access to all data sources is critical to the smooth running of a contact centre yet it is resoundingly clear from our research that many BPOs are somewhat in the dark about the journeys of their customers' customers.

Around half (48 per cent) do not have a complete view of all data sources of their end customers' life within their organisation, while four in ten (40 per cent) do not have a complete view of the end-to-end journey of the end customer. Worryingly, the picture was even less clear for small BPOs. For example, just 32 per cent reported having a complete view of the customer journey within their organisation.

Which of the following statements best relates to your current view of the end customer life within your organisation? (Customer life: time starts when business is initiated with an organisation to when it ends, regardless of time or interaction)

STATEMENT	Total	50-500 employees	501-1,000 employees	More than 1,000 employees
I have a complete view and access to all data sources	52%	32%	73%	56%
I either have a partial view or do not have access to all data sources	48%	68%	27%	44%

Which of the following statements best relates to your current view of the end-to-end journey of the end customer? (Customer end-to-end journey: the interaction rather than how long the organisation has been in business with the customer)

STATEMENT	Total	50-500 employees	501-1,000 employees	More than 1,000 employees
I have a complete view and access to all data sources	60%	42%	87%	56%
I either have a partial view or do not have access to all data sources	40%	58%	13%	44%

Moreover, a mere 6 per cent feel that they have a complete view of all of the information required to meet their agreed service levels and, on average, BPOs have access to just half of the data available.

What percentage of your organisation's client contracts do you feel you have a complete view of all the information required, in order to achieve agreed service levels?

PERCENTAGE	Total	50-500 employees	501-1,000 employees	More than 1,000 employees
1 - 10%	2%	0%	0%	6%
11 - 20%	4%	5%	0%	6%
21 - 30%	12%	16%	20%	0%
31 - 40%	22%	32%	13%	19%
41 - 50%	12%	11%	20%	6%
51 - 60%	8%	0%	13%	13%
61 - 70%	20%	5%	20%	38%
71 - 80%	8%	11%	7%	6%
81 - 90%	6%	11%	7%	0%
91 - 99%	0%	0%	0%	0%
100%	6%	11%	0%	6%
Average	51.77%	51.76%	50.17%	53.28%

Full access to all data sources is critical to the smooth running of a contact centre

What is driving service contracts?

The way that outsourcers receive their rewards speaks volumes about the types of relationships they are developing with their clients and what is driving their service contracts – be it to save costs (by virtue of simply outsourcing the function to someone else), to improve customer service, or for some sort of combination of the two.

Over half (56 per cent) of respondents' organisations are paid on both transaction volumes and service level agreements (SLAs). This focus on both cost and performance suggests a more strategic movement of work and the way it is delivered. However, 22 per cent are paid on transaction volumes alone, measured first and foremost on the number of calls they handle and resolve, with customer experience a secondary concern. Interestingly, the proportion of smaller centres being rewarded on solely on their transaction volumes is significantly higher than in the largest organisations we surveyed, who appear to have much more balanced contracts.

This kind of transactional approach is a dangerous one. If a company is outsourcing a business process on a transactional contract purely based on reducing cost, the decision is a tactical one, rather than one driven by strategy. And although there are outsourcing scenarios whereby a tactical relationship between the centre and the client may be sufficient, they are in the minority and most outsourcing arrangements should be built on strategy.

Bigger customers and operators have realised that doing it cheaply is not enough anymore. You've got to do it better. But until both parties start sharing and collecting data, identifying goals and measuring ROI together, establishing that kind of strategic relationship will be a challenge.

Performance insight is important to nine in ten (90 per cent) of respondents' organisations

Is your organisation paid on transaction volumes or Service Level Agreements (SLAs)?



Performance insight is important to nine in ten (90 per cent) respondents' organisations. In line with this, almost all (98 per cent) respondents state that the customer experience is important to their organisation.

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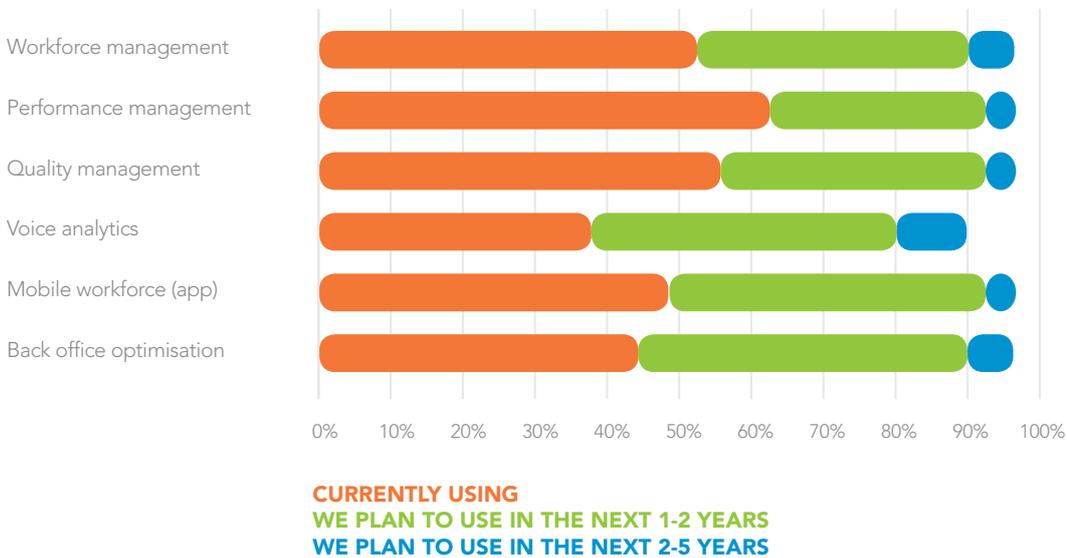
Managing the workforce

It's clear from the data that cloud is quickly building momentum in the industry. Although a greater proportion of respondents currently use on-premise solutions than they do cloud-based ones in all of the areas we examined in the back office that is likely to change over the next two years as more outsourcers embrace cloud and hybrid solutions.

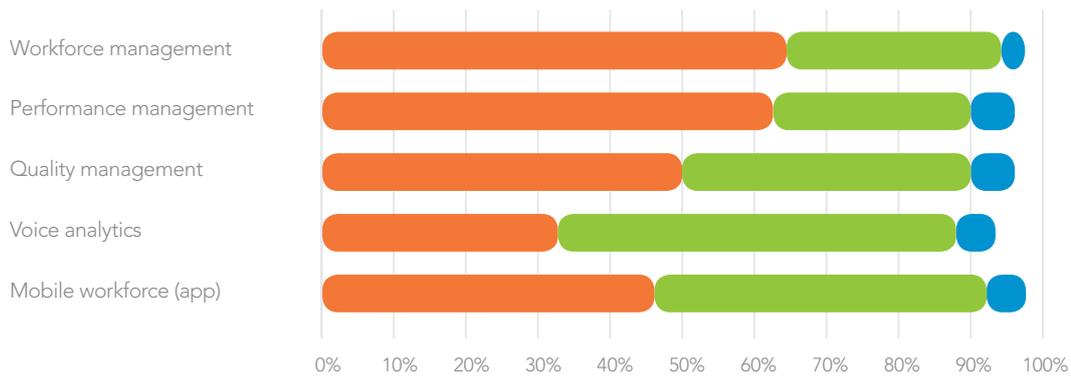
Similarly, today, more respondents say that their organisations use on-premise technologies to manage their front office/contact centre than cloud technologies. However, more organisations expect to migrate these technologies to the cloud in the next 1-2 years.

This shift is not a surprising one; scalable and flexible cloud-based solutions are key to relieving the workloads on often-stretched internal IT departments and to helping outsourcers to support the full spectrum of digital and communications channels in a joined up, seamless approach. Moreover, cloud solutions are well placed to help BPOs with their data collection and management challenges. With the ability to sift and analyse the vast amounts of customer data that outsourcers collect every day, contact centre operators can ensure consistency of metrics and gather business intelligence that will help them produce stronger forecasts.

Which of the following technologies does your organisation use for managing the back office?



Which of the following technologies does your organisation use for managing the front office/contact centre?



CURRENTLY USING

WE PLAN TO USE IN THE NEXT 1-2 YEARS

WE PLAN TO USE IN THE NEXT 2-5 YEARS

More organisations use on-premise to manage front office/contact centre rather than cloud

Volatility in demand

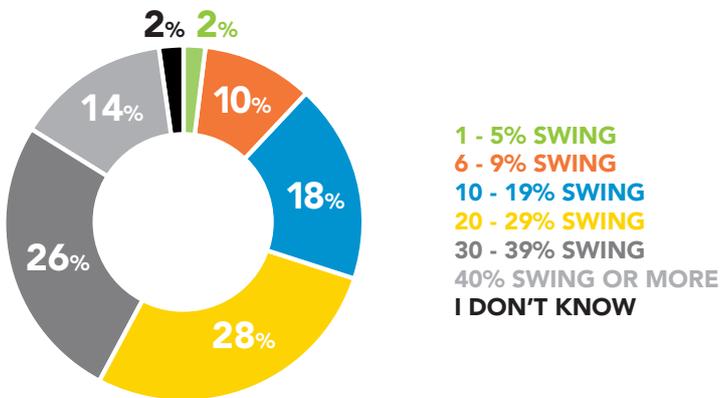
Peaks in demand are part and parcel in contact centres, so it is critical that BPOs possess the people processes and technology to be able to comfortably cope with volatility.

However, there appears to be a shortfall in BPOs' flexibility to cope with changing demands and the fluctuations in call volumes they typically experience from week-to-week, and indeed, from day-to-day. On average respondents experience a swing of customer interactions to the order of 26 per cent on a weekly basis, though have the resources to cope with a change of 24 per cent.

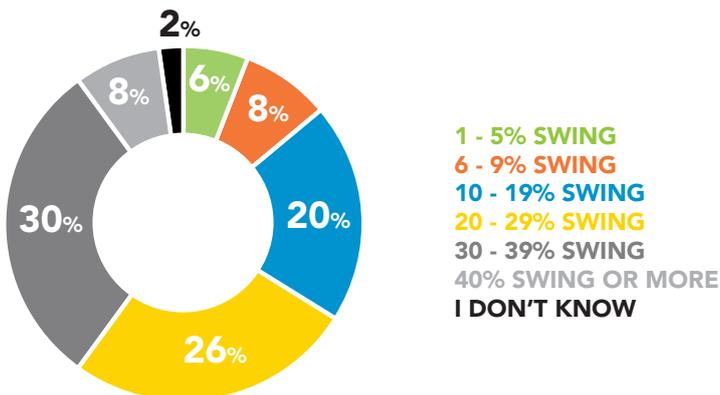
Volatility in demand, which for 40 per cent of respondents changes by more than 30 per cent each week, can create significant problems with workforce productivity if not managed carefully and is one of the biggest cost drivers in the services outsourcers provide.

With a greater level of visibility over what is driving demand, and a clear understanding of future milestones and upcoming incidents that can be prepared for in advance, it's possible for BPOs to keep their costs down and, importantly, improve the services they provide.

How volatile are the fluctuations in interaction/call volumes on a weekly basis in your contact centre? (Volatility = swing in from highest to lowest volumes week on week)



How much flexibility do you have in your resource/costs to deal with peaks and troughs in your demand levels?



Understanding productivity

Understanding what productivity means to the business stands as the biggest challenge BPOs face when seeking to optimise workforce productivity. While all BPOs recognise that improving productivity will help their organisations, establishing what good productivity looks like in the business environment and how to improve it is another thing.

Plainly, it's only by working out what you want to achieve in terms of productivity can you draw together a strategy to help you actually be more productive. Is that productive people who are working consistently and effectively, or productive processes and experiences which customers can be sure that the outsourcer will deliver?

Beyond questions of definition, around three in ten identified effective planning/forecasting (30 per cent) as a challenge for workforce productivity, while 28 per cent cited issues relating to understanding and identifying the information needed to make improvements.

What are your organisation's top two challenges for optimising workforce productivity within your business?



Reducing cost per agent

For organisations under pressure to meet the ever-heightening demands of their customers and to improve the services they provide, reducing contact centre outgoings is essential. There are, however, a number of barriers that are preventing BPOs from achieving that.

By far, and perhaps not surprisingly, increasing overheads, such as rents, salaries and electricity, came out as the number one issue here, cited by 64 per cent of the entire sample. Although many of these variables cannot be controlled, access to the correct data and being able to develop robust forecasts can help BPOs to keep their operations lean. If you are carrying overheads unnecessarily, those overheads will start to bite. This is especially important for the smallest BPOs who lack the economies of scale of their larger counterparts and are the most susceptible to increasing overheads.

Staff attrition also emerged as a significant issue, particularly in the smaller centres, and one which the data suggests can be attributed to poor visibility of data. Poor forecasts do little for the culture in the contact centre, or for the customer experience. Understaffed and under-resourced contact centres will often lead to long waiting times and disgruntled customers and it is the contact centre agent that must often bear the brunt of customer dissatisfaction. When the going gets tough, staff will either put up with it for a period of time and become disengaged, or will simply leave. The costs to the business – in terms of the lost knowledge and the costs associated with finding and hiring new staff – are significant, so finding ways to improve agent engagement is a priority.

What are the top three barriers preventing your contact centre from reducing the cost per agent?

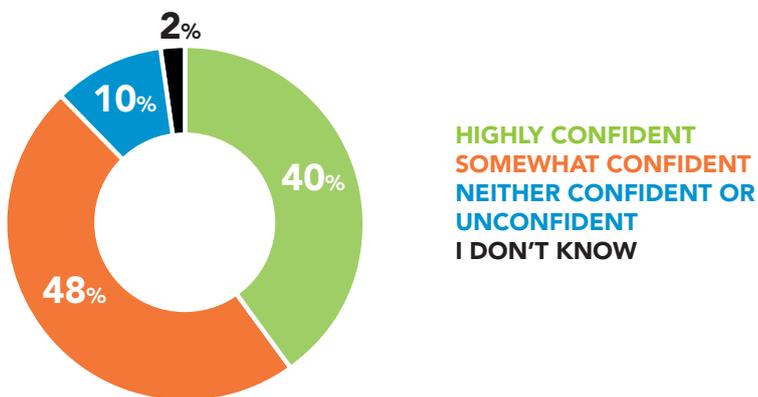
FLEXIBILITY	Total	50-500 employees	501-1,000 employees	More than 1,000 employees
Increasing overheads	64%	74%	60%	56%
Available training	38%	37%	40%	38%
Lack of data available/view of organisation to produce forecasts	36%	21%	27%	63%
High staff attrition (more than 50%)	36%	53%	40%	13%
Lack of performance and productivity	34%	37%	20%	44%
Lack of flexibility in infrastructure to meet demand fluctuation	32%	21%	33%	44%
Need investment in new technology	28%	26%	13%	44%
Disjointed processes/workflow	20%	32%	27%	0%

Forecasting

In spite of the fact that few BPOs have full visibility over customer and business data, seven in ten (72 per cent) hold the main responsibility for providing forecasting data. In terms of the strength of those forecasts, while 88 per cent are confident in them to some extent, just 40 per cent report having complete confidence.

This lack of confidence, combined with high fluctuations in call volumes, makes the task of forecasting, staffing and resourcing a contact centre optimally a formidable one.

What is your confidence level in the forecasting data currently available to you?



HIGHLY CONFIDENT
SOMEWHAT CONFIDENT
NEITHER CONFIDENT OR UNCONFIDENT
I DON'T KNOW

Who has main responsibility for providing the forecasting data?



I HAVE MAIN RESPONSIBILITY FOR THIS DATA
SOMEONE ELSE HAS MAIN RESPONSIBILITY FOR THIS DATA
THIS DATA IS MAINLY PROVIDED TO US BY OUR CLIENTS
I DON'T KNOW

Conclusion

Businesses are more customer-focused than ever and competition for custom is fierce. Good or, as is all-too-often the case, bad customer service can make or break a business, and as customers increasingly turn to social networks to vent their frustrations about bad experiences, tolerance for failure in the contact centre is wearing thin.

This leaves BPOs in a precarious position who, increasingly, need to up their games to retain business. Businesses and their customers expect the customer service journey to be seamless and the contact centre to be able to track the customer journey across every interaction and every channel – online, phone, mobile, SMS, smartphone apps and social networks. And of course, as is the often raison d'être of outsourcing, businesses want this to be achieved more cheaply than they can achieve it themselves.

On a positive note, the solutions and support exist to empower agents to deal with customers and provide them with access to the right data sources that will enable them to do their jobs and provide a seamless experience. However, as we have seen, there are a number of barriers currently standing in the way of the drive to improve services and find efficiencies, all of which come back to the same issue: poor visibility, tracking and measurement of customer data.

A good Return on Investment (ROI) ultimately hinges on the ability to forecast and manage costs. But without access to reliable and comprehensive data sources, it becomes impossible to accurately plan for demands placed on the contact centre at any given time. This is no doubt the biggest challenge facing BPOs today. Without good data, employee engagement and satisfaction decline, attrition increases and operational costs skyrocket. We also know from the research that BPOs struggle to measure and demonstrate ROI to clients, but if they can break down these barriers they will drive efficiencies and, in turn, gain more work from clients.

So what, then, can be done to resolve this issue? Technology has a critical role to play here and holds the key to helping BPOs to collect, analyse and use the customer data at their disposal. That two thirds of BPOs have plans to invest in their technology this year is very encouraging and creates an opportunity to drive significant improvements in customer service. This opportunity must not be squandered.

Aspect can help your BPO organisation to:

- Enable the blending of customer contact and back office activity to reduce bottlenecks in the customer journey, increase the skill sets of agents, and offer an additional revenue opportunity for your business;
- Facilitate access to all known sources of data and real-time intelligence across the contact centre to drive accurate forecasting and influence positive business decisions;
- Engage your agents and empower them to become subject matter experts, through functionality such as being able to schedule their own shifts, desktop performance management reporting, and increased levels of information available at their fingertips;
- Reduce the cost-per-agent by creating time within the contact centre; increasing first contact resolution, shortening the customer journey and decreasing pressure on resources

About Aspect

Aspect's fully-integrated solution unifies the three most important facets of modern contact centre management: customer interaction management, workforce optimisation, and back-office. Through a full suite of cloud, hosted and hybrid deployment options, we help the world's most demanding contact centres seamlessly align their people, processes and touch points to deliver remarkable customer experiences. For more information, visit www.aspect.com/uk

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