Executive Summary

More and more companies today are choosing to outsource rather than invest in their own internal business units. Enterprises that operate their own contact centers are progressively using outsourcing to help better manage their human capital, keep pace with changing technology, improve financial and operational efficiencies, and centralize and standardize their customer management functions.

It is clear that the development and expansion of new customer care channels will continue to transform the contact center environment. More than ever, this constant cycle of change and development is pushing companies to have the right people, processes, and technologies in place in order to meet growing consumer expectations, and companies should make sure they select the right outsourcing partner to help achieve key business outcomes.

This white paper outlines eight critical factors that executives should consider when selecting the right outsourcing partner:

- Cultural alignment and trust
- People-centricity
- Security processes and infrastructure
- Innovation
- Demonstrated vertical expertise
- Options for delivery locations
- Omnichannel capabilities
- Stability

Complex Service Delivery Increases Contact Center Challenges

Recently, there has been an increase in market consumption of outsourced contact center services, with companies selecting outsourcing partnerships rather than keeping service delivery in house. This growth is largely due to companies seeing the benefits of adopting an outsourced service management strategy, and is also heightened because of the rapid development of digital technologies, social media, and mobile devices.

“The total contact center spend globally, stands at US$300–$350 billion. The contact center outsourcing market has seen a steady growth over the last four to five years with higher numbers of new contracts than renewals.”


Analyst and consultancy firm Ovum recently conducted research to discover the reasons why companies choose to use outsourced contact center services. Its survey of 400 companies (200 in the US and Canada, 100 in the UK, and 100 in France and Germany) reveals that the top three drivers in outsourcing contact center functions are compliance requirements, in-house quality management concerns, and access to cutting-edge analytics technology and expertise (see figure 1).

Today’s business climate has created a perfect storm of issues for which outsourcing is suited: the ongoing demand for talented people, the rapid change of technology, financial and operational inefficiencies such as flexibility and scalability, and challenges with centralization and standardization of operations and processes. Together, these factors have led to a difficulty for companies to provide a high-quality seamless and integrated omnichannel experience in order to meet growing consumer expectations. This type of service experience is highly complex and comes with a host of challenges for any contact center—let alone an in-house operation—to overcome. Finding the right outsourcing partner is one of the most important objectives for business leaders, because the wrong choice could be extremely costly.

Figure 1: Procurement Drivers  
(Source: Ovum, “Winning in CRM Outsourcing 2015 and Beyond,” 2015)

What factors have prompted your organization to procure contact center services?

Scale of 1–4, where 1 = minor factor, 4 = major factor.
How to Find the Right Outsourcing Partner

Outsourcing offers a full array of opportunities, training, and experience to resource flexible and scalable customer experience programs. It offers access to expertise built on multiple technology deployments and associated infrastructure solution architectures. There are many outsourcing providers available, but leading outsourcers will have the ability to bring together technology, advanced analytics, and customer interactions to give enterprises a perspective on the best strategy for providing an excellent customer experience. Additionally, the following sections outline eight critical factors at which company leaders should look when evaluating an outsource provider.

Cultural Alignment and Trust

Cultural alignment and compatibility between an organization and a potential outsourcing provider may be the most important characteristic of a successful relationship. Because corporate culture encompasses the core values of a company, the fundamental principles on which it operates, both organizations need to be cut from the same cloth, so to speak. To put it simply, is there chemistry between the company individuals and individuals with the outsourcer? Do both companies place emphasis on similar values, processes, and initiatives? Corporate culture should be viewed on two fronts: How is the culture espoused internally as well as externally? For example, if a company wants to be viewed by the public as innovative, will a particular outsourcer’s culture support and strengthen this image? If a cultural fit is not present from the beginning, the partnership is destined for failure.

As part of the evaluation process, company executives should ask outsourcers to provide information on their corporate culture in an RFP, and ask them to explain how there would be a fit between the organizations. Although recommendations and references are great resources to review, executives should plan to take a tour of one or two locations of an outsource provider. An on-site visit will allow executives to validate the corporate culture that is portrayed in written materials, such as an RFP response. This validation process is key in identifying any exaggerations in corporate alignment descriptions. Executives can see firsthand the corporate culture through the interaction and communication between employees and how the site is branded and organized.

Also during a site visit, executives should meet the management team that will directly oversee their account. This will help to build trust between the organizations, which is necessary to ensure a successful outsourcing outcome. The team an outsourcer presents should in fact be the team that is present when the operation begins.

Companies need outsourcing partners that have a strong commitment to client satisfaction and have the client referrals and references to demonstrate an excellent reputation. Outsourcers should provide service that goes a step beyond what is in the service contract and assist clients as consultants for improving service delivery and enhancing customer experience. Successful issue resolution, accountability, open communication, and transparent processes are earmarks of a strong and trustworthy client-outsourcer relationship.
People-Centricity

Successful customer experience management is all about people, and good outsource service providers will have a people strategy that places a strong value on the satisfaction of its employees. The ability of an outsource partner to recruit, train, and develop and retain the right talent, and do it at scale, is a partner that will deliver tangible benefits.

Recruit: Contact center recruitment can be one of the most challenging endeavors for companies. An outsource service provider should be an expert in matching the right candidates to the right job positions, and knowledgeable of the latest methods and tools for recruiting and hiring. For example, “a growing number of corporate boards, CEOs, and CHROs understand that by applying data-driven tools to improve decisions about talent, they can improve revenues and profits. As a result, corporate leaders are embracing workforce analytics as essential strategic tools that can directly impact financial results.”

Workforce analytics help increase the likelihood of identifying potential high performers during the recruitment process. For industries that require large hiring volumes of entry-level employees, in which attrition rates are traditionally high, a predictive method can remove the guesswork in hiring, and thus provide a range of benefits for companies—employment of the most talented people, decreased absenteeism and attrition, increased quality and productivity, agility, and increased employee loyalty, efficiency, and quality—all of which positively impact a company’s bottom line.

Train: Providing employees with ongoing education and training sets them up for success in job performance and meeting KPIs in three key areas:
- Human resource KPI: Employee satisfaction (E.Sat)
- Operational KPI: Average Handling Time (AHT), First Call Resolution (FCR), and transaction monitoring
- Financial KPI: Gross margin

Tailoring job-specific training to mirror operational experiences will help improve employee satisfaction. Also, there should be ongoing touch points and certifications throughout training to ensure comprehension and perceived relevance by the trainee.

Develop and retain: Outsourcers should have a commitment to career development, and enterprises should ask potential outsource partners how they retain and keep employees. There should be a methodology in place integrating core processes for developing employees and supporting supervisors, from evaluating and planning to coaching and following up on performance. This approach helps avoid inconsistencies across a company in the way managers and supervisors assess and develop employees, and it helps to identify employees who are underperforming so that actions can be taken for improvement.

Outsource partners should be really focused on employee satisfaction, and supervisors should spend a lot of time coaching front-line associates. When employees are happy, customers are happy, and when customers are happy, clients are happy. The outsource provider that offers employees enjoyable work environments, job satisfaction, recognition, and opportunities for career development is likely benefitting from high employee satisfaction. One key area to look at when considering an outsource partner is attrition. Find out what the attrition rate is and understand the causes for it.

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“59% of employees rated opportunities to use their skills and abilities at work as a very important contributor to their job satisfaction.”

“40% of employees viewed job-specific training as very important to their job satisfaction.”

“2 out of 5 employees reported that career advancement opportunities within their organization were very important to their job satisfaction.”

The growing number of fraud attacks and data breaches in today’s business landscape requires an ongoing, proactive approach to fraud prevention that is entrenched in a company’s culture. “Making intellectual property and sensitive customer data available via more touch points naturally means there may be a higher dependence on a secure partner; however, picking the right partner—one with strong processes in place—and working with them as an extension of your organization can actually strengthen defenses against data breaches.”

Leading outsource providers should be able to deliver a highly secure environment for clients, their customers, and employees. Enterprises should partner with a provider that isn’t just “checking the boxes” regarding security compliance, but has made security a guiding principle. The provider should make ongoing investments in additional best practices and innovations to make its clients more secure through the partnership.

Here are the essential security-related features to look for in an outsource service provider:

- Security policies integrated with operational standards
- Certifications from leading security standards, such as PCI/DSS, ISO 27001/2, and HIPAA
- Proprietary technologies and tools for security
- Fraud assessments that provide a detailed mapping of processes, and system and resource interactions to identify critical points that can create potential breaches in an operation
- Secure site and workstation infrastructure
- Certified team of security analysts, security consultants, risk consultants, compliance specialists, and auditors
- Dedicated C-level security executive
- Real-time security environment monitoring and alerts
- Internal and external security audits that verify security requirements are implemented and followed
- Ongoing security training for employees
- Transparent security partnership where a company and its outsource partner can work together to develop a security committee to share best practices, discuss any identified security breaches or threats, and to ensure alignment of security policies and procedures

Ponemon Institute

“The average total cost of a data breach increased 15% from the previous year, to $3.5 million.”

— Ponemon Institute
The High Cost of Data Breaches Drives the Need for Better Security Processes

One of the most critical issues for companies today is fraud, from both a financial and customer service perspective. A recent global data breach study reinforces the importance for enterprises to partner with an outsourcer that has security processes emphasized within the company’s culture. The study included 350 companies from 11 countries, and reported a 23% increase in the average total cost of a single data breach since 2013.5

Figure 2 shows that almost every country included in the sample experienced an increase in the average total cost of a breach in 2015, with the highest cost in the US at $6.53 million. Cost also varies greatly between countries. The differences in cost can be credited to variations in data protection regulations and laws within each country, as well as the types of attacks made against companies.


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<th>Country</th>
<th>FY2013</th>
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Figure 2: Average Total Organizational Cost of a Data Breach Over Three Years
(Source: Ponemon Institute, “2015 Ponemon Cost of Data Breach Study”)

*Historical data is not available
Consolidated view (FY 2015 = 350, FY 2014 = 315, FY 2013 = 277)
The best outsourcers will be able to offer innovation that drives the market and maximizes benefits to their clients through differentiated service strategies. Innovation should be present in a range of areas, such as customer experience management, technologies, and consumer insight and analytics, all working to enrich the entire customer management cycle for front and back office.

**Customer experience management:** According to Gartner, customer experience management is “the practice of designing and reacting to customer interactions to meet or exceed customer expectations and, thus, increase customer satisfaction, loyalty and advocacy.” It encompasses a collection of processes that manage customer interactions at every touch point across the customer life cycle. When combined with innovative technologies and innovative consumer insights and analytics, companies can get a powerful view of the customer journey.

**Technologies:** Outsource providers should innovate with new technologies to benefit both the customer AND the agent. In today’s multitasking, multichannel world, the right technologies that enhance and improve how customers interact can truly differentiate a company from its competitors. With more than 50% of customers using digital channels to interact with brands, companies should examine potential outsource partners by looking at what technologies they provide to improve digital channel interactions today, and what they are planning for the future. Does the outsourcer have a track record and reputation for being an innovator? How is the outsourcer improving customer interactions through mobile devices and social media? New technologies are also crucial to make agents more effective in what they do. For example, new technologies can improve back-office processes, augment the CRM system, enhance natural speech IVR, and provide better intelligence. What innovations has the outsourcer developed to improve agent performance?

**Consumer insight and analytics:** A good outsourcer partner should be able to help a company explore, understand, analyze, and improve the customer journey with analytics. Tailored analytics services can enhance the customer experience and increase business efficiency through in-depth analysis and predictive and statistical forecasting models. Does the outsourcer combine customer research with analytics to gain better intelligence about improving customer experience? Figure 3 shows some features of a well-defined approach to consumer insight and analytics.

Outsourcers with the ability to execute research across multiple industries can extend value to their clients through cross-vertical analysis. This type of analysis can offer insight into the future behaviors of customers and allow clients to anticipate customer expectations.

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8. Teleperformance’s award-winning Customer Experience Lab (CX Lab) is a ground-breaking center devoted to research global trends in how companies interact with customers as well as consumer tendencies and preferences by country, channel, segment, and generation, generating insights and opportunities for companies to improve their customer experience strategy.
Demonstrated Vertical Expertise

Enterprises should find outsourcers that have a demonstrated proven domain expertise in their particular verticals. These outsourcers will have vertical-specific knowledge and tools regarding customer support, and they can provide guidance for compliance with ever-changing industry laws and regulations that require more complex systems, processes, and controls to be in place. Further, outsourcers with established expertise in a wide variety of verticals can offer clients best practices within their verticals as well as leverage relevant experiences from other relatable verticals in order to provide cross-functional/cross-vertical insight, innovation, and expertise.

The Changing Consumer Behavior: A Cross-Vertical Analysis

Recent trends in the healthcare industry are giving consumers more power in their decisions for health insurance, thus shaping their preferences and expectations. For example, now that consumers can shop for and purchase health plans using the online marketplace (exchanges), healthcare consumers are behaving more like retail customers, comparing plans for the best deductibles, copays, and premiums.

Behavior similarities can also be seen with healthcare consumers and retail banking customers because of security and privacy expectations within those environments. Analyzing customer experience data for these three industries provides information on how companies and consumers are behaving and gives insight into where the health insurance industry is headed.

For example, figure 4 shows the percentages of consumers in the US within these industries who are interacting with companies using digital channels. Given the “retailization” and consumerism of health insurance in the US, it is reasonable to expect a greater adoption of digital channels and click-to-chat in this sector.

Figure 4: E-Retail vs. Health Insurance vs. Retail Banking, Changes in Customers’ Behavior (FCR: US Market) (Source: Teleperformance Worldwide Customer Experience Survey 2014)
Besides looking for onshore, nearshore, and offshore delivery locations, companies should also look for delivery options that are inside and outside of metro areas, rural locations, work-at-home options, and multiple language capabilities. Other key considerations should include workforce skills, labor costs, wage inflation, infrastructure, diversity of pricing in location options, and political and country risk. According to EY, “a factor sometimes overlooked is the data stewardship restrictions of moving processes offshore to a preferred location. For example, regulatory restrictions, freedom of information laws, legal issues and potential risks to property may restrict data transfer arrangements.”

Neglecting this issue could affect data security.

The A.T. Kearney Global Services Location Index is a reputable resource ranking the top locations for operations according to financial attractiveness, people skills and availability, and business environment (see figure 5). In cases where an outsourcing provider has just a few offshore or nearshore options, then those locations become “one size fits all” for client needs. When partners have an extensive offshore/nearshore footprint, they can be much more consultative in their approach to perfectly matching client need, culture, and preference against available options. Furthermore, outsourcing partners that have multiple delivery locations within a large global footprint will be able to offer clients the most options that are cost-effective, flexible, and scalable.

Recent research shows that 43% of consumers who use the voice channel are also using additional channels to contact customer service.10 Consumers are adopting more and new channels of interaction related to smart devices, social media, and other online/digital capabilities, such as video chat and web apps. It is imperative that enterprises seek outsource partners that have the capability to keep pace with the rapid change of technology and consumer preference for channels of interaction.

Company executives should note that offering multiple channels, however, does not mean the same as an integrated multichannel, or omnichannel, experience. An omnichannel approach provides customers with a seamless and consistent service experience across all channels. For example, if a customer begins an interaction on a website and then decides to switch to another channel later, such as on a smart device or social media, customer service agents are able to pick up the interaction and continue to assist the customer as if the interaction had never paused. This approach encompasses the entire customer engagement life cycle, and involves more than just technology. Other aspects that should be considered include strategy, people, metrics, and process.11 Enterprises should look for an outsourcer that can demonstrate it has the support infrastructure (people, processes, metrics, and technology) required to deliver an omnichannel experience for today, tomorrow, and the future.

10. Teleperformance CX Lab analysis.
Another key factor when searching for an outsourcing partner is stability, on a number of fronts. Financial stability means an outsourcer will have the ability to invest in a client partner’s business. The outsourcer will have the means to invest in research, technology, and innovation. According to Ovum’s “Winning in CRM Outsourcing 2015 and Beyond” report, the financial health of an outsourcer was rated as a highly important feature by enterprises (see figure 6). Also of prominent importance was agent language capabilities and customer experience management.

Growth stability is also important. Does the outsourcer have an established history of steady growth? Companies that have steady growth have some characteristics in common, such as a strong focus on acquisitions and implementing new technologies, as well as flexibility to adjust to changing markets and situations. They also tend to retain their talent, which leads to another critical feature to look for in an outsourcer partner. An outsourcer should have management stability, which shows there is a level of expertise required that will provide knowledge and consistency with managing a client’s account. Finally, there should be proven processes and best practices in place to make sure there is stability with operations across geographies and locations.

Figure 6: Importance of Criteria in Choosing an Outsourcer (Source: Ovum, “Winning in CRM Outsourcing 2015 and Beyond,” 2015)

Whether you do or do not outsource, rate the importance of the following criteria in choosing an outsourcer. Scale of 1–4, where 1 = highly unlikely, 4 = very likely.

- Agent language capabilities
- Outsourcer financial stability
- Customer experience strategy capabilities
- Scope of customer life cycle capabilities
- Leading-edge contact center technology provision
- Contract flexibility
- Sophistication of self-service offerings
- Geographical flexibility
- Availability of social media offerings

*Average response

Closing Thoughts

Before going through an evaluation process to vet potential outsourcers, company leaders should determine if an outsource partnership is necessary in the first place. The Outsourcing Health Check will help to pinpoint a company’s strengths and weaknesses related to their in-house managed contact centers, and the company can determine which are of importance based on its key business initiatives.

Health Check

10 signs you should consider outsourcing

- You are facing data silos and other technology challenges related to your contact centers.
- You have been asked to reduce your existing contact center budget.
- Your competitors are ahead of you in terms of a fully integrated multichannel customer care offering.
- You need to expand your operations but are unable to invest in infrastructure.
- There is no room in your contact center budget to spend on improvements.
- You lack standard processes, which makes it difficult to align reporting across all your sites.
- Customer satisfaction (C.Sat) or Net Promoter Score (NPS) is not increasing as much as you would like.
- You are not measuring employee satisfaction (E.Sat). If you are, you find that employee satisfaction is falling.
- You do not have an effective way of benchmarking whether internal operations are keeping up with industry best practices.
- You have HR challenges in ramping up staff during busy periods.

If you answered yes to 5 or more, then contact Teleperformance to discuss how we can support your needs.

Teleperformance is the recognized worldwide leader of outsourced multichannel customer experience management. We are trusted by 750 of the world’s largest brands to manage their most valuable asset, their relationship with their customers and patients. We help organizations offer an engaging customer journey that drives desired behaviors and a superior customer experience throughout the entire customer life cycle.
About Teleperformance

Worldwide Leader in Multichannel Customer Experience

We are a People company with a people-centric strategy, interacting with people all over the world. It’s all about People. They are part of who we are and what we do. We analyze their behaviors. We understand their wants and needs. That’s why we deliver outstanding customer experiences through integrated multichannel solutions to enhance customer experience results for our clients.
Transforming Passion into Excellence

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