CUSTOMER EXPERIENCE
NETWORK

The Ultimate Guide to Contact Centre Outsourcing: Current Trends and Future Outlook

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About the Author

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Introduction

Outsourcing has gone hand in hand with call centres for decades. Whether for budgetary reasons entirely, to provide a better service or to reap efficiency gains, many large organisations have opted for outsourcing their call centre function at one point or another.

But as the call centre has evolved into a contact centre, where other channels of customer communication (such as web chat and social media) are aggregated within the customer service team, how has this impacted the outsourcing industry? Are there any trends customer service leaders should jump on now? And what are the pros and cons of outsourcing vs in-house?

For this Market Report we spoke to industry leaders such as the **Customer Service Director of boohoo.com,** the **Global Head of Consumer Engagement Centres at Unilever** and the **Customer Contact Centres Project Director of Air France – KLM** about the changes in the industry and how organisations can improve their customer service – even if they're outsourcing their contact centre to an external provider.

Outsourcing vs In-House: The Pros and Cons

When it comes to outsourcing versus having an in-house contact centre there is no right answer that is applicable to all organisations. The choice is such a personal one and dependant on many things, including budget, location and, most importantly, business goals. However, we can provide some advice and key points to consider to help you make an informed decision that is right for your business.

The Case for an In-House Contact Centre

The most valuable aspect of having a customer service team in-house over outsourcing, is that you're in full control. With an in-house team there is complete transparency around the level of service you're providing as a business, you're able to see the employees on a day-to-day basis, train them according to your company values, speak to them face-to-face to get real-time updates, quality check the service they're providing and how they're representing the brand. Furthermore, contact centre employees when in-house become part of the organisational culture, and the company values are more easily engrained into every step of the customer journey, regardless of which channel of communication customers connect through.

If your industry is heavily regulated then outsourcing any key functions can provide real challenges when it comes to compliance and can be a deal-breaker when deciding what shape the customer service team will take.

One business that has made the choice to move from offshore outsourcing to onshore in-house, specifically for the quality check aspect mentioned above, is BT in the UK. Wayne Butterfield, General Manager – Digital Care at BT, explained the thought process behind this decision.

He said: "Our contact centres are currently onshore, offshore, in-house and outsourced. The current commitment is to bring back 80 per cent of the calls from offshore to onshore. BT has a number of different contact centres in the UK already and it is making use of these when bringing back calls to the UK. We've recruited direct labour and have a partner in the UK who provides resources into the business but they are not a traditional outsourcer. These agents reside within BT contact centres, are managed by BT managers and breathe BT values. If we can remain cost neutral by going in-house we believe it will also result in a better quality and less of a hidden cost to the business."

Another consideration is the industry you're in. If it's heavily regulated then outsourcing any key functions can provide real challenges when it comes to compliance and can be a deal-breaker when deciding what shape the customer service team will take.

The Case for Outsourcing Your Contact Centre

Our Global State of Customer Experience 2016[1] report showed that the biggest contact centre investment priorities are analytics, self service and training. When organisations want to invest in these areas for an in-house customer service team, the costs for the latest and greatest technology and employee training can quickly add up. That is where it might be more affordable to go the outsourcing route, choosing a partner based on whether they have access to the right tools and staff who are continuously upskilled to stay on top of the latest market developments.

Especially for smaller organisations that might not have the resources to allocate budget to contact centre technology and continuous employee training, outsourcing this to a partner with many years of expertise within this field might be the best option.

Reasons for larger corporations with bigger budgets to opt for outsourcing include penetration of foreign markets and to ensure they're able to provide customer support in local languages and time zones. Particularly with the global move to a 24/7 world, the latter is perhaps even more of a consideration, as businesses of all sizes are expected to provide around the clock support wherever they're located.

[1] http://www.cxnetwork.com/cx-experience/white-papers/the-global-state-of-customer-experience-2016

The scalability of customer service teams is also a big bonus when it comes to outsourcing. No longer do you have to hire a team large enough to be able to cope with the highest volume of customer contacts when this is something that might only happen occasionally or temporarily. Outsourced contact centres often provide flexibility aligned with contact volumes at any given time, without you having to hire additional personnel, or trying to reassign agents when the contact volume decreases.

Choosing a Hybrid Outsourcing and In-House Model

Another option is to look at a hybrid of the two and get the best of both worlds: the expertise and resources of an outsourcer with an in-house customer service team that is closest to your brand and values. You may also choose to temporarily outsource some elements of the customer service function during very busy periods, or at the early stages of launching into a new market.

Claire Hill is the Customer Services Director of online retailer boohoo.com, and said that whilst they have an in-house customer service team, they do outsource some of their foreign language contact centres as well as outsourcing during peak times, such as Christmas and Black Friday.

Do bear in mind that if you make the choice now for either option, you won't be stuck with it for eternity. What is right for your organisation now might not be the case a few years down the line. Customer service is a constantly changing and evolving industry, and with customer expectations and choice of contact channels rapidly rising, the only way forward is to keep adapting.

"There are so many arguments for and against outsourcing versus in-house, if you make the right partner selection there is no reason why the outsource option cannot be as successful as the in-house option."

– Dawn Cox, Customer Service Director, Staples

BT is moving from offshore outsourcing to onshore in-house, and on the opposite end of the scale other organisations are making the choice to outsource because it allows them access to expertise, technology and a location they would otherwise struggle to stay on top of. Every organisation is different, so the key is finding the right option for you.

Finding the Right Partner

Ultimately the choice between contact centre vs in-house cannot be made for you, but what you can do is look at competitors within your industry, region and of a similar size, to see where they are on the contact centre journey, and outweigh the pros and cons for your own business in relation to that.

Claire Hill is the Customer Services Director of online retailer boohoo.com, and said that whilst they have an in-house customer service team, they do outsource some of their foreign language contact centres as well as outsourcing during peak times, such as Christmas and Black Friday.

If you've found that outsourcing is the best choice for your organisation at this point in time, then comes the challenge of finding a partner that is right for you. While this is foremost a personal choice and dependant on individual requirements – from language to scale – Megan Neale, Global Head of Consumer Engagement Centres at Unilever, highlighted that it is important to find a partner with a fully transparent approach.

She explained: "A key factor of success is the contracting terms between both parties. Any inconsistency in values, commercial measures or KPIs can result in driving the wrong behaviour in the partner, resulting in the customer experience not being optimised."

Dawn Cox, Customer Service Director at Staples, added: "There are so many arguments for and against outsourcing versus in-house, if you make the right partner selection there is no

reason why the outsource option cannot be as successful as the in-house option. I have worked in organisations with fully in-house operations, fully outsourced operations and a blend of both. The biggest success factor in all cases is having a clear vision and objectives of your service strategy and experience so your customers don't know (or often care) whether you are in-house or outsourced because the experience is great and consistent."

As references always prove beneficial to finding and choosing the right partner, we asked our Advisory Board of industry insiders[2] for recommendations from personal experience to get you started. The top outsourcers mentioned were Teleperformance (Global), HGS (Global), 24-7 In Touch (US), Webhelp (Europe and South Africa), Call Centre Poland and VSP (Finland).

Changes Disrupting the Outsourcing Market

When you are outsourcing your contact centre, or are considering going down this route, there are some changes impacting the market you should take into consideration when choosing your partner. They include a global move away from offshore outsourcing, industry specialisation, rising customer expectations, the impact of digital and the integration of all customer contact channels into a consistent and seamless omni-channel model.

Offshore Moves Onshore

More and more organisations are moving their offshore (so overseas) contact centre operations to onshore (residing in the same country as the company), a trend which started in the US and had continued to hit Europe as well (as the previously cited BT example shows). While having a call centre in India, for example, was perfectly normal just 5 years ago, this is becoming increasingly rare. Other functions, such as IT, are still heavily outsourced to this region, but customer service is more and more situated in the countries where the customers require local support.

Another reason why contact centres are increasingly located in the same country as the business they provide customer service for, is to make it easier to comply with local regulations and laws. So if, for example, an organisation is based in the US and their contact centre in Asia, the contact centre needs to comply with North American laws. And with acts such as the EU General Data Protection Regulation coming into force this year and becoming applicable by 2018[3], it's more important than ever for businesses to have transparency over contact centre compliance.

Digital Takes Over

Social media is already the preferred method of contact for Generation Y, who will only pick up the phone as a final resort, and digital interactions currently count for 35 per cent of all interactions and will overtake voice as the main channel of all contact centre communication by 2017[4]. This acceleration of digital is especially impactful when you consider that as little as ten years ago channels such as social media and web chat were non-existent.

With the proliferation of contact channels, it's more important than ever to have a solid strategy in place which links the different touch-points together to create a seamless and consistent journey for customers.

This pace of change within the industry can be hard to keep up with and provides a huge challenge for all contact centres, whether in-house or outsourced. It's therefore imperative you don't simply assume your outsourced contact centre will stay on top of these, but actively question how they're incorporating digital into the

[2] http://www.cxnetwork.com/advisory-board
[3] http://ec.europa.eu/justice/data-protection/
[4] https://www.dimensiondata.com/Global/Downloadable%20Documents/2015%20Global%20Contact%20Centre%20Benchmarking%20Summary%20Report.pdf

contact centre and educate yourself on the latest developments as well.

All Channels Lead to Omni-Channel

With the proliferation of contact channels, it's more important than ever to have a solid strategy in place which links the different touch-points together to create a seamless and consistent journey for customers. A customer might first email with an enquiry or to make a complaint, and then they might move onto social media in the future for convenience, or because they feel they will receive a swifter response. Linking up these different interactions will not only give you a clearer 360-degree view of your customers, but will make those interactions more satisfactory for the customer.

As a result of this interlinked approach to contact channels, there will be fewer requirements for customers to provide personal details or background information to prior interactions. The customer service agent already knows about all of this and can provide a speedier and more informed service. This will not only speed up processes and free up the agent's time to help more people, but it will also result in a much happier customer.

Excellent Customer Experience is Expected

Linked to the importance of ensuring the contact centre has a seamless and consistent omni-channel strategy, is delivering an exceptional customer experience (CX). Customer expectations are constantly on the rise, and they don't differentiate between companies or even industries. So if an online retailer can provide them with around the clock customer support and next day delivery, they expect the same excellent experience everywhere else, whether the business is an insurance provider, bank or telecoms operator.

This provides a real challenge for many businesses, because it can be impossible to compete with an organisation that may have ten times or even a hundred times the budget and resources you have. And yet the customer expects nothing less. So, making sure the contact centre is able to deliver that brilliant CX and stay on top of customers' demands is absolute key.

Analyse and Specialise

Data and analytics are tools that can help to provide that memorable customer experience. By collecting customer insights and utilising predictive analytics, the contact centre can spot trends and changes to help anticipate customer interactions before they even take place. Rather than working in a responsive manner and solving customer issues when they have already taken place, potential problems can be predicted and prevented, keeping customers happier and agents free to deal with more complex customer interactions.

With so much choice between potential outsourcing vendors to partner with, many (if not all) of whom will have the latest technology and tools at their disposal to ensure that the contact centre is optimised to provide a great omni-channel customer service across traditional and digital channels, a key differentiation is that of industry specialisation. Each sector has its own unique challenges and requirements, and having contact centre agents that are experts in your field, will allow them to provide better quality information to your customers, bringing the experience as close to having an in-house team as you can, whilst still benefiting from having an outsourced function.

Case study: How Euroloan Group plc Ensures Outsourced Employees Are Engaged

One of the biggest challenges when working with an outsourcer is that customer service agents are not a part of your company and employee culture. They can feel disconnected to your products and services, and they might not work according to the same values. To ensure a true omni-channel experience for today's hyper-connected customers, it's imperative that the people working in your outsourced contact centre provide the same excellent level of service as those you employee directly.

But how can you manage this level of engagement when there is often a large physical disconnect and you don't personally manage the outsourced customer service team? Petra Mengelt is the Customer Service Director of FinTech company Euroloan Group PLC, and for this case study she told CX Network how she has increased employee engagement despite outsourcing their contact centre.

Euroloan Group's contact centre in Finland is a two-hour drive away. The agents don't breathe the same air, don't necessarily understand the culture and aren't involved with the company. This physical disconnect from the company culture and values resulted in an okay customer service. Petra believes that customer service will always be okay if you know what you're doing, but in this instance it was missing a personal touch and was lacking, which customers can feel.

To close that gap between the Euroloan Group offices and the contact centre, Petra and her colleagues often visit the contact centre and vice versa. It is very challenging to have negotiations with colleagues who are in other offices, and so she emphasises that you have to meet. One of her other goals when visiting the contact centre is to truly get to know the people; they laugh together and have fun together. It's about feeling involved.

In addition to closing the physical gap, Euroloan Group puts an emphasis on training and has given contact centre employees cards that allow them to check whether they have done an anti-money laundering course, for example, or something else. This is both educational and motivational. They also make sure that contact centre employees are included in other things they do for their people, such as sending congratulations when someone has been with Euroloan Group for a number of years. Petra says she treats the contact centre employees as Euroloan Group employees.

Another challenge was that contact centre agents are not the highest paid employees and so previously achieving a great NPS score was often linked to someone being there for three to six months scoping out a better position. Petra says she was always losing the good ones and so they started linking an additional bonus to the agents' personal NPS and first call solution scores. This gives the agents working for Euroloan Group, which is now a dedicated team within the outsourced contact centre, more of a goal and the incentive to give that one per cent more. There are also a number of competitions from monetary two-monthly bonuses to winning movie tickets and bottles of sparkling wine.

Euroloan Group's outsourcing story is a successful one. And Petra explains that outsourcing can be the differentiator for a company. They want to outsource because the contact centre is out there sniffing what is best and newest in their field and they're really good at. Petra says that she wouldn't understand nor have the time allocated to research where the contact centre industry is heading, what the trends are or the long term strategy. "They're really good at that and I am happy to pay for that know-how," she concludes.

Top Tips to Make the Most From Outsourcing

If you've decided to go down the outsourcing route, how can you make the most of this? We've asked a selection of leaders within customer experience to share their experience and advice.

Fabien Pelous, Customer Contact Centres Project Director, **Air France - KLM**

Lynda Campbell, General Manager, British Gas Cardiff, **British Gas**

"For me it's simple, if you pay peanuts expect to get monkeys. To get both quality and quantity you need to not be looking to pay bottom dollar, it needs to be a partnership with at least a profit for the outsourcer if they are delivering the level of service expected."

Wayne Butterfield, General Manager – **Digital Care at BT**

"The best piece of advice I was given was to consider right sourcing as opposed to outsourcing. Find a partner that fits your business culture and strategy and not just one that has the biggest bottom line impact. You want people who will represent your brand as if they were your own and will work with you to make you a better business too."

Dawn Cox, Customer Service Director, **Staples**

"When you outsource you're actually, almost, creating more work for yourself. You might think it is easier to outsource and that is it, but you need to learn the game and do not once think that it is easier. Especially in the beginning it is more difficult as there is a distance and there is a gap. Take the challenge and do your homework. Do not be afraid to ask; use CX Network, peers and colleagues, and ask. People are usually happy to share top tips or their experiences. The information is there, so be a researcher."

Petra Mengelt, Customer Service Director, **Euroloan Group plc**

"Ensure that you have a very robust contract in the first place. The contract negotiations may be arduous and lengthy, but it is worth the pain to ensure the right foundations are in place. I prefer a risk and reward model to reward and penalise based on performance. This will add a lot more flexibility and is a much better way of encouraging the right behaviours.

"It's making sure that you've got a balanced scorecard with a risk and reward model associated with that, that everybody signs up to. This will drive the outsourcer to better performance as it will be within their interest to increase their revenue. On the flip side, there is a penalty if things go wrong, this will allow the client to balance their budget better if it is revenue affecting."

Claire Hill, Customer Services Director, **boohoo.com**

"Choose a partner where your skills complement each other and work hard to stay as one team with full trust and transparency. And treat your outsourced employees as you would your own."

Megan Neale, Global Head of Consumer Engagement Centres, **Unilever**

About CX Network

CX Network is an online resource for customer experience professionals providing value-rich content such as industry reports, customer trends, best practice, latest industry news, interviews with CX leaders and so much more! Our focus on the content that matters to customer experience leaders most, allows us to cut through the white noise that surrounds this ever-changing subject, and makes us the primary resource for CX executives to turn to.

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