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BPO: Higher Quality, Competitive Costs

The quality revolution that is underway in organizations: focusing on customer retention by delivering excellent service rather than costlier acquisition is making its way through to business process outsourcing. Firms are now selecting suppliers on their abilities to deliver high customer satisfaction plus cross-sell/upsell revenues, instead of just on price alone.

While the downturn has dampened volumes more organizations are interested in BPO because these vendors can provide the higher quality being sought at lower costs than in-house operations.



"Price stopped being the 500-pound gorilla in the room in talks between outsourcers and clients," reports Peter Ryan, contact center outsourcing and services analyst, Datamonitor. "Companies want to make sure that they will come back to use them. If people have a bad customer service experience whether in-house or outsourced they are likely to churn."

Top tier providers that have greater capabilities than their clients in technology processes, scale, global footprint, and efficiency will benefit, reports Mike McMenamin, associate partner, contact center services, TPI. They drive greater agent productivity and they use technology, tools and process to efficiently and intelligently route calls, capture customer information and address and solve customer needs, and achieve client service levels. Budget cuts have led to clients' internal centers not receiving adequate investments to provide topnotch service while staff have been laid off.

"Many companies are now admitting 'we're not that good at running these contact centers anymore' so they are handing this work off to companies whose core capabilities and single focuses are on contact center operations and customer service," explains McMenamin. "The top tier service providers have tens of thousands of agents in major centers [worldwide] equipped with some of the best available tools, technology and standardized processes. They have built global delivery platforms to leverage their scale and efficiency in ways clients cannot compete with."

Smaller BPO firms are also delivering quality. Charlton became the first to be accredited by the American Teleservices Association Self Regulatory Organization. Accreditation is granted to firms that meet a broad set of regulatory compliance standards with best practices, documentable procedures, and measurable tools. Also, Appletree Answers received multiple quality awards from the Association of TeleServices International. Ten of its locations earned ATSI's Award of Excellence; the firm's

Portland, Maine facility for the sixth consecutive year while its St. Louis, Mo. office was honored for the fourth consecutive year with an Award of Distinction.

Such is the emphasis on quality that Thomas L. Cardella Associates reports that some clients are willing to pay more, even in a slow economy. One reason is the company's approach. Unlike many of its competitors it doesn't nickel-and-dime them on fees. Instead it offers one inclusive hourly rate.

"We've had several clients recognized over the past few months that just because they are paying a low price that doesn't mean they are getting the quality of service they need," says the firm's Founder and CEO, Tom Cardella. "While clients have had that message for a number of years that when they measure reduced attrition, increase sell, cross sell/upsell and they start to build that into the equation of what making sure they get what they paying for."

Sykes Enterprises has seen modest growth in 2009 and expects to see it accelerate slightly later this year. Enough so that it plans to add more capacity than expected in the U.S. and in other countries in 2009: to 1,700 to 1,900 seats from 1,200 to 1,400 seats. Earlier this year it opened three centers, one in Kentucky and two in South Carolina.

"Our plans are very controlled with a revenue growth of 15 to 20 percent and given what we've seen so far, we do not see any threat to our growth objectives," explains Dan Hernandez senior vice president, global strategy. "We continue to see increased demand for outsourcing. We've had no adjustments, and continue to keep a strong focus on service and operational excellence."

Quality-focused expansion is also taking place at a smaller scale. Customer Direct has added 22 workstations at its Chesterfield, Mo., center, bringing the total to over 100 stations. This facility expansion, in conjunction with growth in its



home agent program “provides a significant platform for the capacity required to service future growth.”

Managing Operations

Cost is still very much in the outsourcing equation and BPO firms are being asked to do even more by clients with less. That is prompting them to tighten the operations even more.

Convergys is seeing more demand for higher first call resolution, to increase performance and reduce costs. To make this happen it has been deploying outlier management. This method studies on bell curves how agents are performing, looking at the best of best, to determine what elements make them superb then training others on them to move these staffers to the top to raise output.

Infocision Management Corp. has been investing in personalized CRM solutions. These include business intelligence, personalized URLs, on demand variable printing, chat and Web: components it says can be used as part of multichannel efforts to meet the diverse needs of customers. The firm feels that by investing in improving the quality of their experience, customers will form a stronger bond with clients' organizations, thereby increasing their profit potential.

“We're in an age where technology is bringing businesses and customers closer together and we believe that this is a prime time to invest in technology and services,” says Steve Boyazis, executive vice president. “As the weaker companies fold under the economic pressure, we'll maintain our strong market position.”

TeleTech is implementing several customer-focused technology-based solutions aimed at cutting costs and improving quality. These include single sign-ons that logs agents into their applications at once and surface integrations which populate numerous fields in numerous databases with solo entries. These tools avoid re-entering the same customer information and reduce average handle times and in the latter also cut customer-annoying errors.

TeleTech is also launching a sidebar solution that lets supervisors broadcast instant messages such as sales promotions and critical product information into to the agents' desktops. It is putting in an associate announcement tool that enables agents to record a 30-second disclaimer, fine print or other standard messages ahead of time. Agents can play the script while completing work on the calls, which reduces the cost per call.

In turn more BPO firms are leveraging, and seeing increased client interest in their platforms for value-added hosted services. West has recently been seeing greater demand for its hosted contact center solutions, including network ACD and multi-channel notifications.

“Businesses are recognizing that they need to upgrade their technology with state of the art capabilities, but they no longer have the capital expenditure budgets they are used to having,” says Mark Frei, senior vice president of sales. “The benefit of outsourcing this is that it allows companies to obtain the latest feature functionality without the large investment and resource cost.”

“With the economy being where it is, they are saying ‘why wouldn't we want to outsource this if companies like West have already invested in this technology? Why do we need to spend that money?’ This allows both a capital and operational expense reduction, to which companies can now focus on their core competencies of growing their business and improving their level of customer care.”

Nearshoring/Offshoring

Nearshoring and offshoring continue to be viable strategies for clients and tools for BPO firms to meet their needs because these locations are still one-third to half less expensive and, when managed right, offer more satisfactory service than onshore sites. Consequently the BPO firms are adding to their offshore sites and bolstering training.

For example Convergys recently opened its second Philippines center, in Makati City. And to ensure that their customers' experience is uniformly positive, it has developed a global operating model that deploys the same client-agreed metrics and training and coaching staff to meet and exceed expectations.

“Our clients want balanced quality solutions: onshoring, nearshoring, and offshoring and work at home,” explains Christine Timmins Barry, senior vice president, operations, customer management. “We are looking at each center and at clients' programs to make sure that the calls that land in Costa Rica are handled the same as the one that lands in Pocatello.”

There are a growing array of full-featured BPO firms based in widening number of nearshore and offshore countries that are expanding their operations and seeking business from North America, Europe, and Australia. Teledatos, which is headquartered in Colombia with contact centers in Bogota and Medellin, is expanding to Guatemala and Peru as part of a regional expansion plan. Xceed, which is Egyptian-owned, is providing customer service and support for Cisco's customers and is expected to employ up to 300 agents on Cisco's program in three years at the BPO firm's Cairo center.

Even so there are BPO and in-house contact center programs that are being kept in or pulled back to the U.S. for reasons including customer concerns, namely bad experiences with offshore agents and employee – especially union – opposition. Also many organizations also have/or they are seeking government work, and need to show the flag.



Contact Centers of America is a new company based in Orlando, Fla. that aims to make onshoring competitive when quality translated into churn and call lengths and repeat calls are factored in. It does so with a high-productivity mix of savvy site selection: on college campuses plus home agents, hosted as opposed to installed contact center platforms, and per-call pricing and shared-agent programs compared with per-hour and dedicated agents.

"Customer satisfaction is in a deep decline, customer loyalty is decreasing and churn is sharply increasing," says President, CEO and Founder Joe Jacoboni. "Companies are becoming increasingly dissatisfied with outsourced solutions that do not respond well to the cultural context of the customer. I call our approach ExtremeCustomerSatisfaction and we deliver it because we combine staff that is our natural and abundant resources who can increase first call resolution, and customer loyalty and shorten calls with state of the art technology."

The Home Agent Shift

BPO firms are seeing more demand for and are shifting more of their work to home-based agents. The demand has come from both new clients and existing ones that are looking alternatives to onshoring in domestic contact centers and nearshoring/offshoring. The drivers are reduced facilities costs, diminished internal feuds as to sites arising from mergers and acquisitions, greater access to higher quality more loyal staff, increased flexibility, greening corporate consciousness by limiting commutes and enabling business continuity.

Michael DeSalles, strategic analyst with the Frost and Sullivan reports that in the past year ACS, Sitel, Teleperformance and TeleTech have begun offering home based agents.

"There is growing awareness of the benefits home agents, and more firms are embracing the model, relying on BPO firms' expertise to set up and manage them," says DeSalles.

West is seeing growth and interest accelerate for its West at Home program, prodded by the launch of its Locked-Down Desktop Security Environment last year. This solution remotely controls home agents' computers to prevent potential security breaches and to effectively eliminate agent intrusion into clients' systems.

"Security-conscious firms like financial services and healthcare companies that have had reservations in the past about using home agents are now seeing that it is feasible to use them thanks to West at Home's Locked-Down Desktop," reports Frei.

There is an ongoing debate between BPO employee and independent-contractor home agents. There is greater control

with employee agents, including training and how the work is performed. On the other hand independent contractors are considered by some providers as more flexible, and motivated; the higher their performance, the greater their income.

Frost and Sullivan's DeSalles says independent contractors are being touted as well suited to traditional sales work including cross-selling/upselling. The hourly wage may be less because the contractors cover their overhead expenses out of their pockets rather than being wholly passed on to clients. Most work on a pay-for-performance basis.

One such independent contracting firm, LiveOps, received 2008 North American Frost and Sullivan Award for Growth Strategy Leadership for its winning marketing strategy and for successfully delivering its hosted platform to the enterprise market.

"We believe that LiveOps is unique in the market, offering two complementary mission-critical services: software-as-a-service contact center technology and its virtual contact center solution that leverages a community of 20,000 independent home-based agents," says DeSalles.

Jon Kaplan, president of TeleDevelopment Services thinks that on balance BPO employee home agent are gaining ground because the agents show more dedication to clients' customers than contractors.

"Just by the nature of the relationships contractors for outsourced firms tend to be not as 100 percent dedicated to end users as compared to employees for outsourcers," says Kaplan. "There is that additional business layer: contractor to contracted firm that in turn has been contracted by clients that further diffuses the customer service focus." **CIS**

The following companies participated in the preparation of this article:

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Charlton
www.tcgcorp.net

Convergys
www.convergys.com

Contact Centers of America
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