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Telecommunications Providers Can Outsource Call Center Operations for Strategic Gains

By Bob Violinov

In association with



The global telecommunications industry continues to go through a transformation, driven in large part by current economic challenges, growing competitive pressures and fast-moving technological developments.

Many companies in the sector, including carriers and equipment providers, are in the midst of severe cost-cutting and downsizing efforts. Major players in the industry such as Sprint Nextel, AT&T, British Telecom, Nortel and Verizon Business, have announced layoffs of thousands of employees in recent months to reduce internal and external labor costs by millions of dollars.

The turmoil in the industry is part of a long-time restructuring that began years ago, says Robert Trent, managing partner at the Contact Center Transformation Group Inc. "The telecom industry has been undergoing a major transformation that started back in the early 1970's with the Carter Phone decision and in the 1980's when AT&T agreed to divestiture," Trent says. These events marked the point when telcos no longer operated as public utilities, but instead became businesses that had to face the challenges of competitive enterprise markets.

"This is the fundamental challenge that they face even today," Trent adds. "Telco's have a cultural legacy of a public utility company but need to compete in a free enterprise marketplace."

Two recent developments have been "game changers" for the industry, Trent says. These are the emergence of voice over IP (VoIP) telephony and the globalization of the workforce. "These two combine to put competitive pressures on this industry unlike any it has ever seen," he says.

Transforming into competitive companies represents a monumental challenge for traditional telcos in North America. "The enormous competitive pressures have driven their margins down to single digits; to a point where they can no longer compete and stay profitable without making fundamental changes to the way they do business," Trent says.

For the first time ever, the number of wire lines in the Bell operating companies began to decline in the mid to late 1990's, Trent says. Continually shrinking margins and dropping stock prices has led to the solution of last resort: cutting people and eliminating locations simply to stay in business.

Many telcos are shifting to a self-service delivery model as they look for ways to avoid high labor costs. But this is having a negative impact on customer satisfaction.

“Self-service is yet another way of serving customers through a less expensive channel,” Trent says. “However, there are risks associated with this change.” Demographics and mobility play a large role in self-service, he notes. Younger consumers and companies that have younger customer bases are not having as difficult a time with self service, when engineered correctly, than those with customers that represent an older demographic.

One other key aspect of the current telco transformation is that many of the companies are moving from a model focused on capital expenditures to one focused on operating expenditures. Cash is king in the industry.

The Outsourcing Advantage

All of these trends make outsourcing an attractive choice for many telcos. That’s especially true with regard to providing call center operations.

Outsourcing provides telcos with a source of inexpensive but experienced labor. “Outsourcing as much of their operations to near shore and offshore resources has grown dramatically because of the competitive pressure,” Trent says. “Many of the support services and back-office operations of traditional telcos are [now] farmed out to outsourcers.”

It’s often much easier and faster for a telco to leverage the 100 or 1,000 call center agents employed by an offshore partner than it is to build a new site with its own employees, says Mike Garner, president of the SOAdesk and a member of the Outsourcing Institute’s Call Center Advisory Board.

Outsourcing offers a number of key benefits to telcos, including cost savings, greater flexibility, enhanced customer services and improved relationships and increased global services. These benefits address many of the problems telcos are facing in the current market.

One of the key advantages outsourcing companies can provide is domain expertise, Garner says. Service providers employ people “who get up every day and handle customer interactions for a living, versus maybe a core competency such as building out a voice and data network,” he says.

When outsourcing call center operations, it's critical that telcos choose the right outsourcing partners, particularly those that understand the telecom industry, the nature of the telco customer and their expectations.

When outsourcing services are used by telcos in order to cut costs, Trent says, telcos must be careful to choose partners that can demonstrate a level of expertise that even they may lack themselves. "It can be a win-win for the telco and their customer," he says. "The level of expertise that the right outsourcer can bring to the table can actually exceed a telco's own operation."

So key considerations when evaluating service providers are how well does the outsourcer understand its own business, and is it already providing services to the telco industry? Does the service provider know what's important and what is not important to a telco and its customers?

Garner says service providers must be familiar with the broadening product set that telcos offer, the billing models telcos use and what their customers are looking for. This is especially true in this time of smart phones and the age of convergence, where many telcos provide high-speed Internet connectivity, TV service, and wireless and wireline transmission.

It's vital that the outsourcing company have the technology infrastructure in place to support ongoing growth and to function as if it were a small telecom company. Service providers should also deploy applications that can be applied to key call-center metrics such as first-call resolution.

Having a multinational presence and an onshore/offshore delivery platform is also important, because many telcos have customers in multiple countries. If at all possible, Garner says, "you want to put employees where your customers are." So if the telco has a multinational presence, it behooves the telco to have contact centers in the home country of the customer. "Multinational outsourcing partners can play a pivotal role in doing just that," he says.

Adaptability and agility are other key attributes for call center outsourcing companies. Can the service provider respond quickly and effectively to changes in the marketplace? Is it able to quickly add or scale back resources as needed?

The outsourcing company should have the ability to report on how the telco customers are being handled, including every facet of the customer experience such as how long customers have to wait to get calls answered and whether they received satisfactory service. Service providers need to keep tabs on statistics such as what percentage of customers opt out of a call and do not finish a transaction.

If the goal of the telco is to consolidate call centers in various countries into a single call center that handles customer calls from multiple countries, it's ideal that the service provider have experience in such consolidation efforts.

Metrics for Success



Once a telco has hired an outsourcing partner for call center operations, it should focus on several key quality metrics to evaluate how well a call center outsourcing provider is performing. Perhaps the most important is first-call resolution, which Garner says has a "direct and very meaningful bearing on both the cost to support the customer base as well as the quality of the experience."

Another is cost per call, which evaluates how efficiently calls are being handled. Garner says telcos can use several customer survey metrics to get the customer's point of view of the experience with the call center and determine whether the customer liked the experience well enough to continue buying services from the telco and recommend the telco to someone else.

There are also several revenue metrics to consider, Garner says, such as revenue or units sold, and extensions or renewals of contracts, especially on the wireline side of the business.

Telcos that have hired outsourcing companies to provide call center support have seen significant results.

As an example, one of Asia's leading outsourcers based in Malaysia, Scicom, was engaged by Asia's foremost telco to consolidate and migrate its customer service center. This exercise yielded a significant reduction in cost, while ensuring customer service and experience are met and exceeded. Similarly, when a Malaysian mobile operator required expertise in managing customers in foreign languages, Scicom was engaged to provide technical helpdesk services in Indonesian, Thai, Korean, Japanese and Arabic.



Telcos today are competing in an extremely tough market, and they need to find every advantage they can. Outsourcing processes such as call center operations in many cases offers an ideal solution to some of the challenges telcos are facing.

It's not just a matter of choosing the most affordable or available outsourcing partner, however. When selecting a service provider, telcos need to consider factors such as experience in the industry, technology infrastructure, flexibility and the ability to support a growing business.

With the right choice of an outsourcing partner, a telco can significantly improve call center performance, increase customer satisfaction, save money and expand the business globally.

About The Outsourcing Institute

Founded in 1993, The Outsourcing Institute (OI), located at www.outsourcing.com, is a neutral professional association dedicated solely to outsourcing, providing information, research, networking opportunities and customized outsourcing services and solutions to the outsourcing industry. OI is recognized worldwide for its intellectual capital, outsourcing practice expertise and unbiased thought leadership. OI's commitment to innovation, along with its mission to advance the skills and knowledge of its membership, has made it the most respected and relied upon brand for the outsourcing marketplace. OI's executive network, which is comprised of more than 70,000 professionals worldwide, looks to OI as the go-to source for outsourcing thought leadership, information and advice.

About Scicom

Over the last 12 years, Scicom has established a strong leadership position as a premier outsourcing service provider. Scicom supports a global customer base from centers in Kuala Lumpur, Bangalore and Tampa. Scicom delivers multi-channel support such as voice, email, web chat and data services.

Scicom's main product offerings comprise of Outsourcing, CRM & Consulting, Education and Technology Solutions. Today, Scicom has earned the reputation of delivering on its promise of "Total Customer Delight". Outsourcing is the cornerstone of Scicom's business. Annually, we handle over 40 million contacts from 42 countries in over 40 languages. Over 82% of our revenues are derived from outside Malaysia. Scicom has a proven track record and is listed in the Global Services Top 100 Companies. We have been internationally recognized for outstanding service delivery solutions since incorporation.

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