



White Paper

Building great customer experiences with contact centre outsourcing

A brief introduction to CX and
contact centre outsourcing



Introduction



The power of outsourcing

Most organisations are lucky if, across their whole business, they are able to do two or three things at a best-in-class level. This is not a criticism, just a recognition that resources are finite and every organisation has to pick and choose what to focus its time, effort, and money on.

That's why the best-performing businesses typically work with a range of strategic partners, each bringing their own core competencies to the table. This accumulation of expertise and know-how, some in-house and some borrowed-in, makes for a truly formidable combination.



The importance of customer experience

Most brands with large customer bases – think utilities, telcos, retail chains, banks, insurance companies, and the like – operate large contact centres.

They need to because when a customer engages with a brand, they expect a modern, omnichannel experience when communicating with customer service, billing, complaints handling, sales, order taking, and debt collection teams.

For brands that get it right, the customer experience (CX) provided across all those functions becomes a major differentiator and source of competitive advantage. It enables them to build customer relationships, grow revenues, and impact the bottom line (in a good way).



CX and contact centre outsourcing

While customer contact can be a critical business function, operating a contact centre requires specialist skills that touch on many other domains, including HR and recruitment, sales and marketing, facilities management, and technology.

It is not necessarily a core activity for most companies. It is rarely one of the two or three things they do better than their competitors.

On the other hand, for a BPO specialising in customer experience (CX) and contact centre outsourcing (CCO), it is all that they do. This white paper will look at what they can bring to the table.



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1.0

Why do companies outsource contact centres and CX?

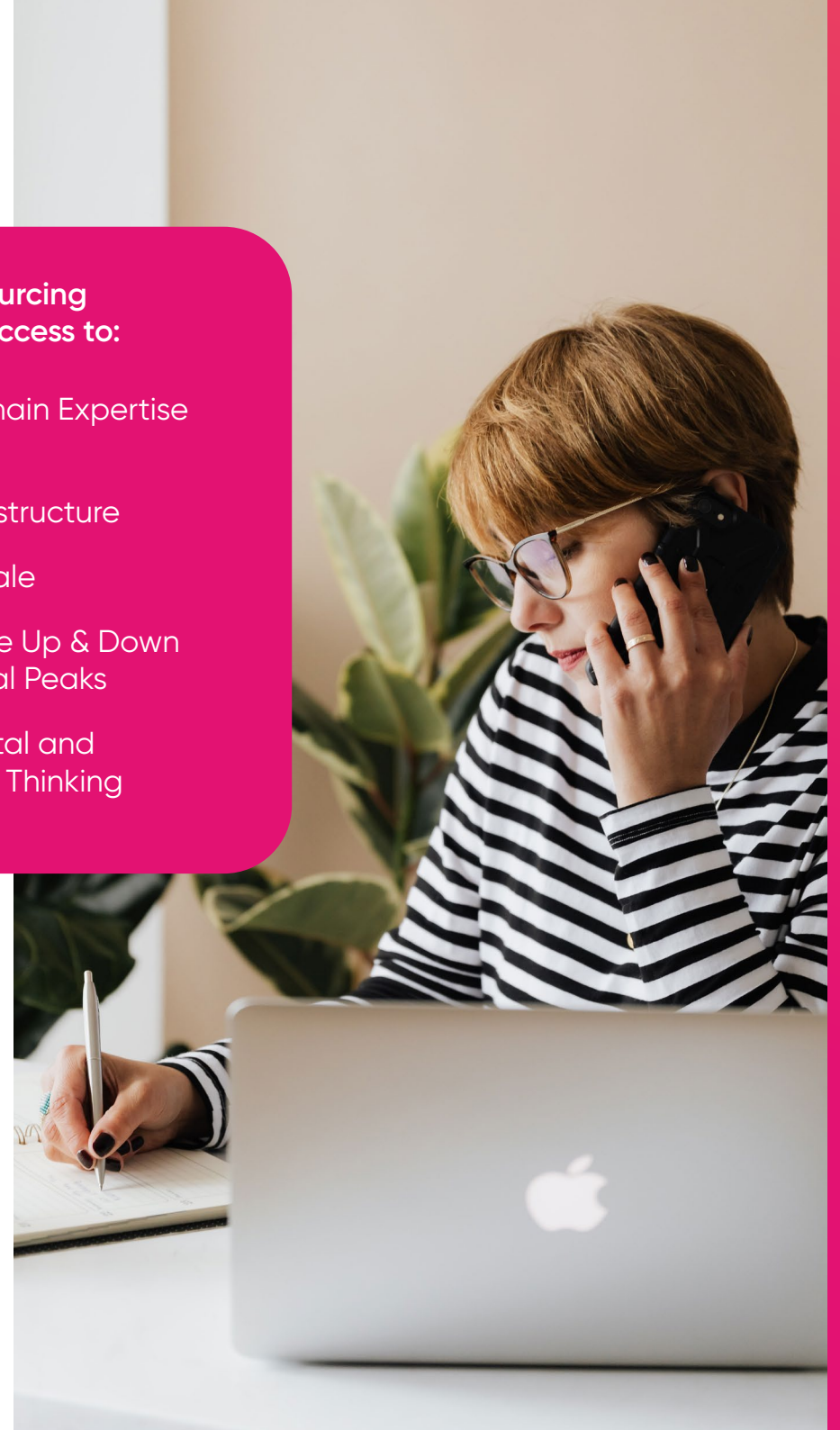
The contact centre outsourcing market in Australia is worth \$2 billion a year and employs 11,000 people.

Companies looking to outsource are spoiled for choice as there are around 500 different providers, from Tier 1 BPOs with over 1,000+ contact centre seats to specialist boutique agencies that focus on niche operations.

However, the big question is why businesses hand over something as important as customer service and other forms of customer contact to someone else. Isn't dealing with customers a crucial part of any business' operation?

Contact centre outsourcing gives organisations access to:

- Vertical and Domain Expertise and Skills
- Technology Infrastructure
- Economies of Scale
- Flexibility to Scale Up & Down Through Seasonal Peaks
- Intellectual Capital and Transformational Thinking



Focus on core activities

For most organisations, operating an inbound customer service contact centre, an outbound telesales function, or a technical helpdesk are no more core business activities than order processing, making deliveries or accounting.

So how do you know what's a core activity and what's not? How do you choose what you can outsource?

The table below breaks down the activities an organisation or business generally undertakes into four areas. Activities are separated on the Y axis by whether they are sources of competitive differentiation. On the X axis are activities generating revenue and profit versus those generally considered as cost centres.

Any activity's actual placement will be different from company to company depending on its vertical market, size, growth phase, and type of brand. For example, digital innovators will likely have digital transformation, or their website, in the top right quadrant.

Customers welcome innovation.
57% of customers say they want the brands they deal with to innovate and invest in CX technology to improve their service.

Source: Salesforce



Non-profit generating

Differentiating

Examples include:

- Customer service
- Order taking
- Website
- Digital transformation

Key:

- Expertise
- Quality of service
- Cost to serve
- Cost control

Solutions:

A mix of in-house, specialist outsourcing, digital solutions partners, and automation

Examples include:

- Product design & development
- Brand marketing
- Channel marketing
- Customer experience

Key:

- Quality
- Innovation
- ROI
- Delivery capability

Solutions:

Set strategy and oversee in-house, deliver with specialist partners where they can add value

Profit generating

Examples include:

- Bookkeeping
- Accounting
- Order processing
- HR & recruitment
- IT & infrastructure

Key:

- Capacity & volume
- Basic capability
- Get done on time
- Accuracy
- Minimise costs

Solutions:

A mix of in-house, offshore outsourcing, and automation

Examples include:

- Product manufacturing / service delivery
- Infrastructure maintenance
- Supply chain & supplier management
- Stock & inventory
- Sales & account servicing

Key:

- Quality
- Timeliness
- Responsiveness
- Cost control
- Margins

Solutions:

In-house expertise and skills, backed up by specialist partners

Non-differentiating

The difference between strategy and tactical delivery

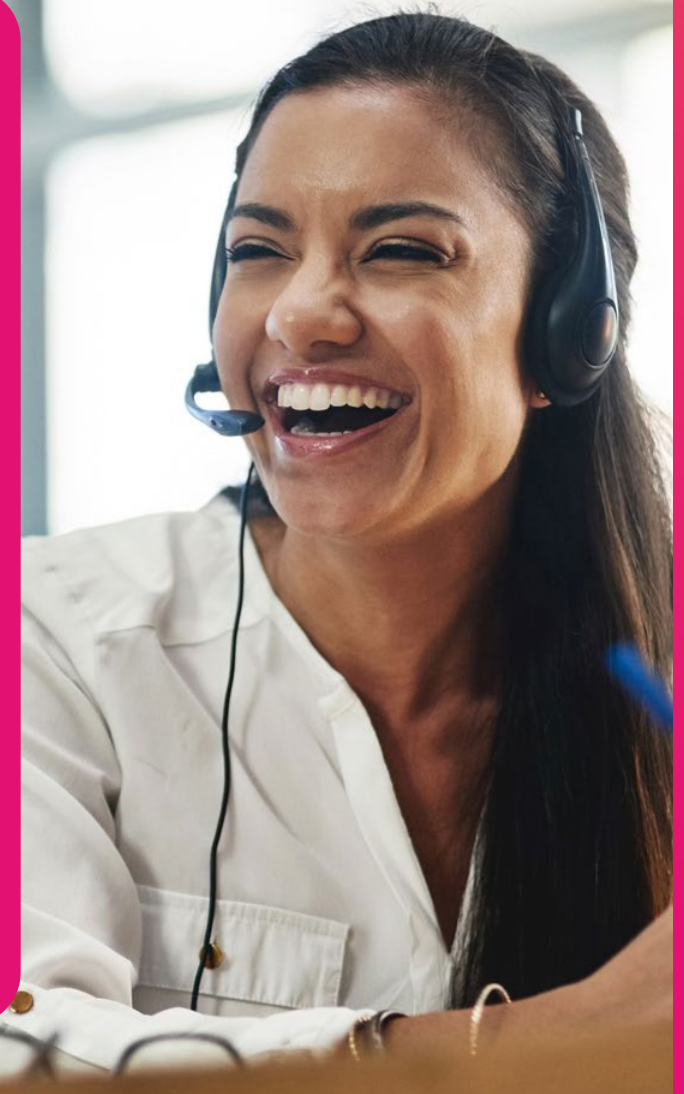
We see that CX is classed as a top-right quadrant activity. It is both a differentiator and a core activity that is a source of profit. As such, it needs to be managed with ROI in mind. That means managing costs, for sure, but also maximising the commercial results of the activity.

While the CX strategy and goals can certainly be set in-house, the delivery of customer service and sales campaigns, the day-to-day operation of digital and voice channels, and the implementation of complex automation technologies are not necessarily core business activities.

A contact centre and CX outsourcing partner can provide tactical CX activities like these that give you access to expertise, skills, infrastructure, and economies of scale that would be costly and difficult to maintain in-house.

Regularly outsourced CX and contact centre activities include:

- Inbound customer service
- Technical support & helpdesk
- Debt collection
- Overflow call handling during peak periods
- Outbound telesales
- Switchboard / reception
- Appointment setting
- CX automation – self-service, IVR, chatbots
- Cloud contact centre
- Digital – chat, messaging, social
- Proactive outbound contact – phone, email, SMS



Customer experience as a competitive advantage

Customer service and customer experience are highly valued by customers today and are therefore major differentiators for many businesses. This is particularly true for companies that operate in commoditised markets like energy or telecoms, where it can be difficult to stand out in other ways.

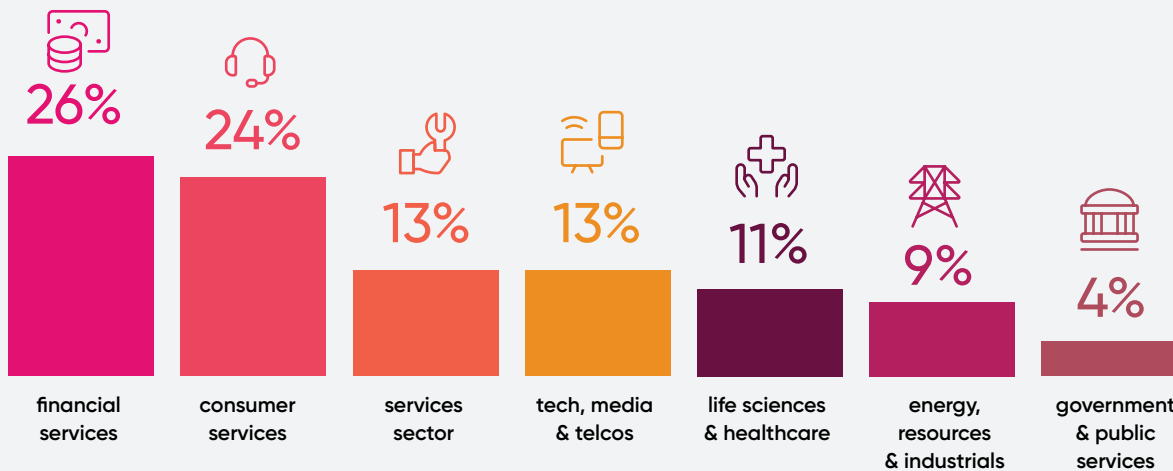
If customer service is a major differentiator for your business, it is even more important to get it right.

So, leave it to the experts! Who better than **customer service and contact centre experts** to handle your customers? After all, for CX and contact centre outsourcing companies, running contact centres and delivering CX is their core activity.

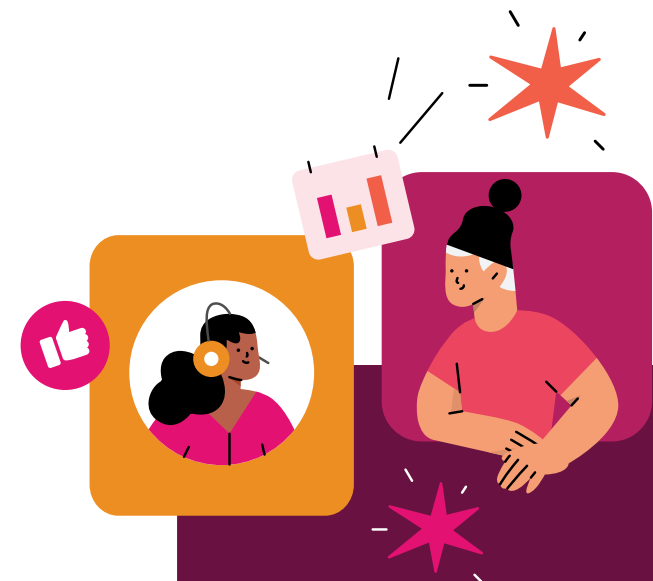
There are many different types of outsourcers, each offering distinct advantages and benefits. In the next section, we will look at some of those.

Main users of outsourcing by sector

Global Call Centres Share by Segment (Deloitte, 2019)



Source: Finances Online



59% of people have higher expectations for customer service compared to a year ago.

Source: Statista

Case Study



Challenge

Remove the pain and cost of managing their contact centre delivery internally by transitioning an existing operation to a contact centre outsourcer. Through a competitive sourcing process, the client searched for a partner they could trust to represent their brand in the Australian market.



Solution

We support customers through the process of understanding their unique hearing needs and connecting them with a suitable clinic. TSA designed a bespoke customer engagement solution and took the client's existing contact centre employees on to our staff.



Outcome

We have delivered a tailored operating model designed to meet the client's unique needs. Team members who transitioned to TSA report a positive employee engagement NPS score of 40.48% on an anonymous engagement survey.

The solution is tailored to ensure the entirety of the customer experience is measured, from our initial contact to the completion of a successful appointment. It is built on a bespoke AWS cloud contact centre platform, uniquely designed around the client's customer experience objectives. The system allows us to engage with customers in the channel of their choice.

Client

A global leader in hearing solutions with a network of 300 clinics in Australia. They provide innovative and personalised hearing solutions that improve lives, relationships and communities.



"This has been more successful than I could have imagined. Super excited to see what the future holds for this partnership. Amazing work by everyone involved!"

Client's Head of Contact Centre

2.0

What are the
benefits of
outsourcing?

Cost reduction is what first attracts most organisations to outsourcing. But that is only a small part of the story.

When an organisation outsources some CX or contact centre function, it should expect to benefit from both a reduction in cost to serve and improvement in the service offered to customers.

It's about ROI, not just costs

Organisations that outsource are really interested in the Return on Investment that this decision delivers. This means the outsourcing partner has to control costs and continuously improve their operations to deliver positive commercial outcomes in the form of increased customer satisfaction numbers and higher sales revenues.

They do that by leveraging their existing infrastructure and expertise to commit to superior service levels, deploy staff with greater skills and expertise, make more intelligent use of digital channels and customer data, and exploit advanced technology, including AI and automation.



First call resolution is crucial. Research by SQM Group suggests that for every 1% improvement in FCR (first call resolution) you reduce contact centre operating costs by 1%.

Source: SQM Group

Main reasons to outsource



Reduce costs

When you choose to outsource, you dramatically cut overheads like office rent, IT infrastructure, wages, and HR as these are all transferred to the partner, which delivers economies of scale as their overheads are shared amongst many clients.



Scale and coverage

Whether you want to provide 24/7 service, expand your reach overseas or across multiple languages, or scale your workforce to customer demand and meet seasonal peaks, an outsourcing partner has the existing capabilities to manage those operations at scale.



Improve performance

Your outsourcing provider will focus on looking after your customers with no distractions. They need to streamline operations and deliver improvements at every level. This should be measured against a basket of KPIs, including time to answer, average handling time, customer satisfaction and NPS.



Focus on core business

The core activities that truly set your organisation apart might be product design, brand marketing, digital innovation, or your manufacturing process, so you should concentrate on doing those as best you can. Answering customer queries quickly and effectively is a CX and contact centre outsourcing partner's core activity.

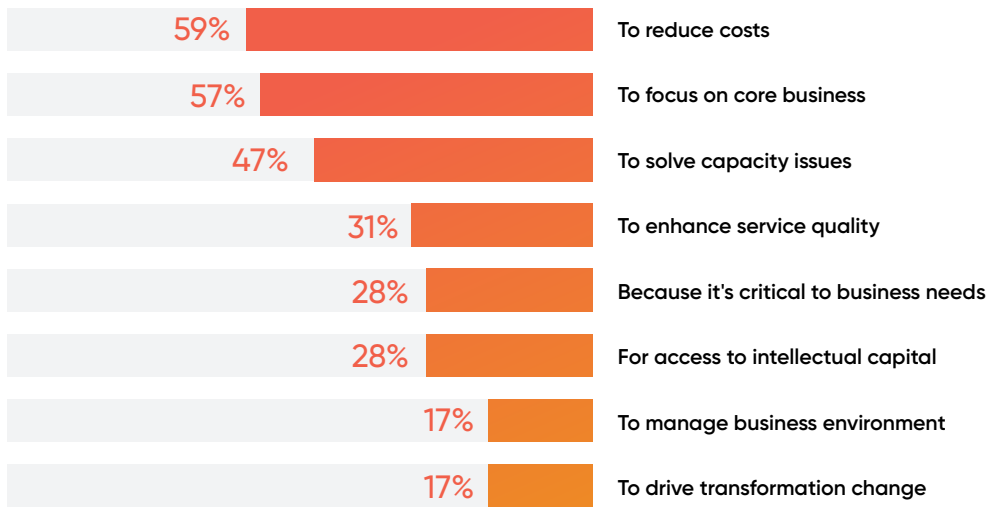


Access to skills, expertise and IP

An outsourcing provider should be a true business partner, bringing you vertical and domain expertise that you need but cannot justify retaining in-house. They should be able to consult on things like digital and CX transformation, new technology implementations, and change management.



Why do companies outsource?



Source: NIX United

How contact centre outsourcers optimise costs

Contact centre outsourcing providers have more tools available to help you manage the costs of your operation. They are experts at CX, planning customer journeys and implementing omnichannel strategies that exploit the lower costs of digital channels.

They can deploy advanced analytics to pre-empt service issues before they happen and deflect expensive inbound calls. And they can deploy automation technologies to handle simplex enquiries, freeing up live agents to manage only those customer contacts that add value. Many also have the ability to move more basic work offshore to access lower labour costs without a drop in quality-of-service levels.

Hybrid working and work from home models are also being optimised by many Australian BPOs, which gives them a new way of reducing operating costs that they can pass on to clients. Rather than hire workers who can commute daily to an expensive CBD contact centre, they can hire regionally or wherever they find the best talent. Taking cultural fit to its logical extreme, with this model, you could ensure your customers are speaking with someone in the same region as they are.

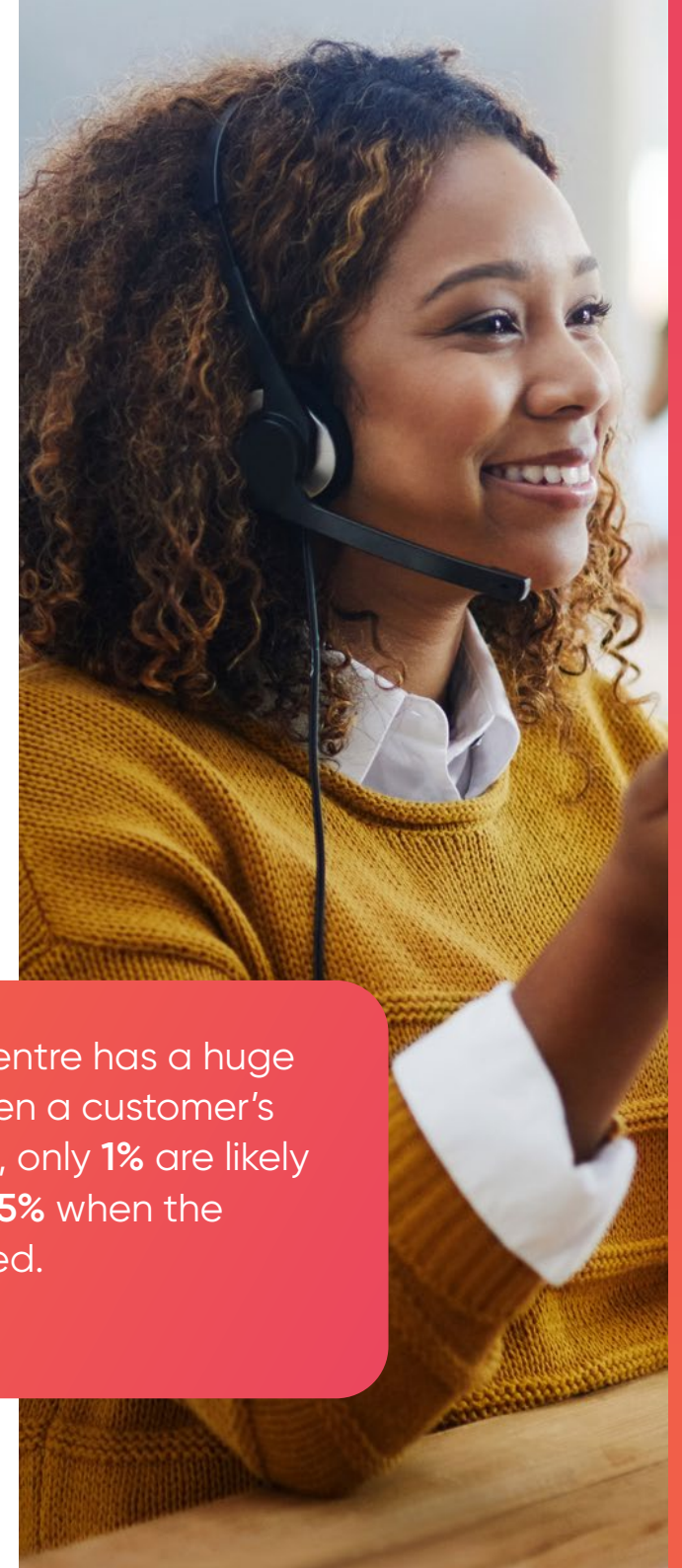
And how they deliver higher ROI

Whether you choose to outsource all or just a part of your CX, working with a partner enables you to focus on quality of service and commercial results. Achieving higher conversion rates on sales and retention campaigns, and higher NPS and CSat scores as a result of providing a better service, are huge advantages to your brand and business that translate into higher revenues and profits.

An outsourcing partner's access to scale enables you to start new projects more quickly and keep pace with customers' changing needs. Running pilot projects is a breeze when your partner already has the skills and **technology in place** without need for further capital investment. You can access new capabilities quicker to improve your customer growth and experience.

The performance of the contact centre has a huge impact on customer retention. When a customer's problem is resolved on the first call, only 1% are likely to try a competitor, compared to 15% when the problem is not sufficiently addressed.

Source: VoIP-info.



Case Study



Challenge

The client sought an Australian partner to support their claims process following major events, able to ramp at any time of the year, delivering exceptional service to customers in their moment of need.



Solution

The team has been purpose-built with specialists with the capability and soft skills required to meaningfully connect with Australians in a high-stress and emotional environment. Our Major Events model allows us to rapidly ramp our team from 0 FTE to 100 FTE at any time of year.

The key to our solution was building a model that meant we could tap into our national talent pool of multi-skilled customer service experts at all times of the year.

But a pool of customer service talent alone wasn't going to deliver the quality of service we needed from day one. So, we invested in maintaining a "core" team of agents, available all year round to support the program, with this team hibernating on other customer service programs with cyclical demand in between events.



Outcome

We have helped the client respond to their customer's needs following several major events, ramping from zero to sixty team members within three weeks, without the pain and cost of managing the response internally.

Client

A multinational insurance company headquartered in Australia that sells various types of general insurance through several household-name brands.



"For us to be able to trust TSA with our customers in these situations is everything; if it goes wrong, it's our brand on the line."

Client's Operational Growth Manager

3.0

What are the
commercial
models available?

For an organisation that has decided to outsource some or all of its contact centre activity, the next question is how to outsource. There are numerous commercial arrangements and deployment options available.

Your choice of outsourcing model will depend on several factors.

The activity being outsourced:

- Is it transactional in nature (simple or repetitive interactions) or more complex and more impactful on the customer relationship?
- Is it high, medium, or low value in financial terms?
- What is the volume of interactions and what is the mix of channels?
- What are the locations, languages, and cultures of the customers involved?

The organisation's goal in outsourcing:

- Is it mainly to reduce costs?
- Or to improve customer metrics, performance, and revenue?
- Or are you looking for a transformational partner?
- Or a mix of all the above?





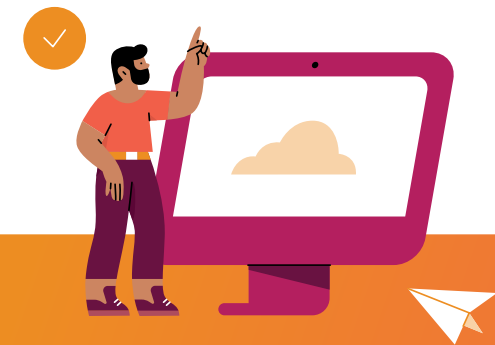
Deploying the right mix of resources

Your contact centre outsourcing partner will have available a number of operational models to ensure they deploy the right mix of resources to **achieve your objectives**.

Broadly speaking, in terms of human resources these include some combination of onshore teams, offshore teams, dedicated teams, and shared teams. In addition there are HR, recruitment, learning & development, and workforce planning resources which are generally shared between clients.

When it comes to technology, the decisions to make include how to make use of:

- Multiple channels (voice, email, webchat, SMS, messaging)
- Customer-facing technologies (self-service and automation like chatbots)
- Agent-assisting technologies (knowledge base, scripting)
- Data and intelligence technologies (conversational analytics, MI and BI)



Contact centres are moving to the cloud. Research from Deloitte says that at the end of 2020, only **32%** of surveyed contact centres were running in the cloud; now, **75%** expect to make the leap in the next two years.

Source: Deloitte

Offshore vs onshore

For purely cost reasons it's tempting to locate almost everything offshore and benefit from the lower cost of operations, including office rent and labour hire. That could be a mistake however, as quality of service also has to be a consideration.

Instead, a hybrid, or smartshoring, strategy gives all the benefits of onshore and offshore (and automation), ensuring resources are matched to produce the appropriate desired outcomes. Your hybrid deployment model could therefore look something like the table on the right.

The benefit of this strategy is that you can use the right type of resources to nudge all the different indicators in the direction most favourable to your business. For example, offshoring might reduce cost to serve but it generally does so by negatively impacting quality of service indicators.

With this more flexible hybrid model you benefit from reducing cost to serve for simplex interactions by using offshore and automation, while simultaneously improving customer outcomes by handling the more complex and valuable customer interactions – which have the most impact on customer satisfaction anyway – from your onshore centre.

Type	Functions	Benefits	Main KPIs
Onshore contact centre	High touch voice and omni-channel customer service for only the most complex customer interactions that require investigation, initiative and rapport; management of global service delivery and orchestration of CX.	Improve CX Increase revenues Increase customer lifetime value Regulatory compliance	NPS CSat FCR Customer value Compliance
Offshore contact centre & back office	Simplex live customer interactions over voice, IVR, chat or messaging; overflow voice handling for business continuity; back-office processing and other non-customer facing transactions.	Maintain basic CX Manage cost to serve Protect margins	AHT Time to answer FCR Escalation rates Margins
Automation technology	Self-service channels as a first port of call for most customers; bots to screen interactions and handle simplex transactions.	Self-service Improve digital CX Manage cost to serve Protect margins	Time to respond FCR NPS Deflection rates Margins

More contact centres are building AI into their operations. In research from Cirrus Group, **94%** of agents surveyed said AI helps them in their roles. Spend on AI systems is predicted to reach **\$97 billion** by 2023.

Source: Cirrus Group

Understanding pricing

Outsourcing means you can better control capital costs. For example, rather than taking a new floor and capitalising the fit-out, you leave that side of things to your partner. Most BPOs are happy to work on different commercial models, depending on whether your objective is to lower OPEX, have more flexible or variable costs, or convert CAPEX to OPEX.

You can also reduce risk by working with a partner that provides an outcome based commercial model. For example, a portion of the hourly agent cost could be linked to hitting agreed KPIs across compliance, quality, and operational performance (e.g. productivity or conversion metrics).

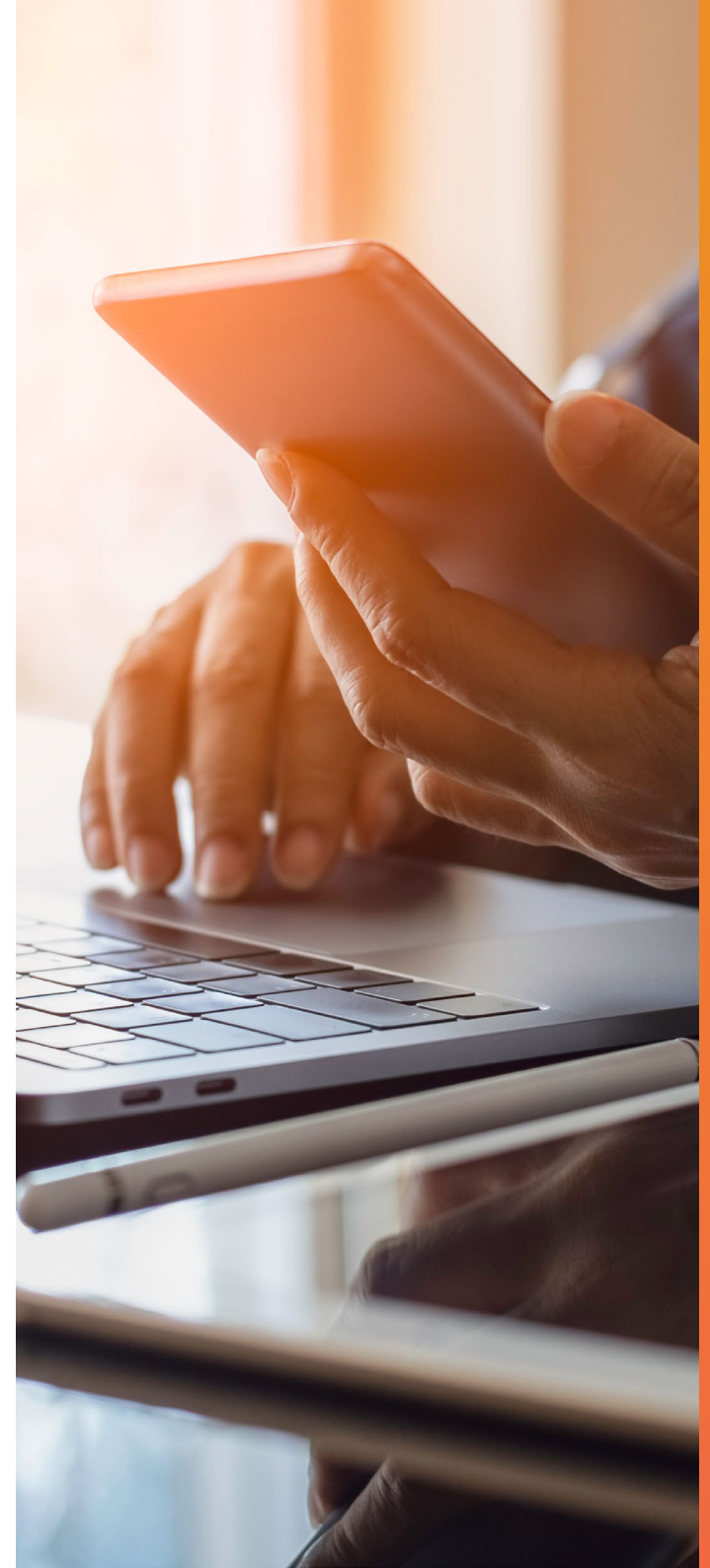
Everest Group research estimates that 23% of contact centre outsourcing contacts include some sort of performance-related pricing.

BPOs tend to calculate their pricing based on an hourly rate. However, it is important to understand that this rate covers much more than just the wages of your frontline staff. It is usually a bundled rate that includes frontline wages and your operation's share of management and support staff salaries, office space and utilities, technology and telecommunications, account management services, and some profit for the provider.

For offshore operations, the quoted hourly rate can look immensely attractive compared to an onshore operation, perhaps as much as 60% less for the Philippines or Fiji. However, there are additional costs to running such an operation, including increased management involvement and travel costs from your end. There are many other ways, such as automation and self-service, to offset the higher labour costs of an onshore operation and gain the benefits of local delivery.

Research from Talkdesk suggests that cloud contact centres can be **27%** less expensive to run, with **35%** less downtime.

Source: Talkdesk



Case Study



Challenge

This case study demonstrates how working with an outsourcing provider that is able to focus on its core business of delivering CX, can unlock new innovations which reduce costs and improve service.

Our agents identified challenges with the existing way of getting customers to agree to the terms and conditions of the contracts they were signing over the phone. It was difficult to manage, was inconsistent as it lived across a number of tools, and customer data highlighted that customers weren't comprehending the details of their product, which resulted in high volumes of complaints and inbound calls to query what they had purchased.



Solution

Through our Innovation Committee, we led the design of a concept involving a singular centralised solution for T&C and product scripting with business rules that built scripting based on product mix, preventing duplication and over-scripting. The concept was approved and "Cerebro" was born.



Outcome

With our empowered agents and flexible scripting framework, we could save both the customer and agent time, increase customer satisfaction, and reduce risk.

The initial phase of Cerebro, which focused purely on the scripting tool to be read verbatim by agents, delivered a 19% reduction in the length of T&Cs and more than 50% increase in customer comprehension.

Phase 2 saw Cerebro powered with AWS' Amazon Polly (speech to text) to narrate elements of scripted T&Cs so that agents could get a head start in beginning the order process whilst the script was conveyed to the customer. This resulted in a saving of 7 minutes per agent per sale and eliminated all errors of omission.

And finally, Phase 3 saw the development of rich media functionality to enable our team members to send infographics capturing critical terms and details to the customer, to support the delivery of verbal and/or written details via voice or messaging channels.

Client

One of Australia's largest telecommunications provider, servicing consumer and small business customers.



19% Reductions in length of T&C's



+50% to 200% increase in customer comprehension



7 Minutes time saved per agent, per sale



Reduced risk

4.0

How do
you get
started?

Outsourcing a business function, particularly one as critical and complex as your CX – even if it's only a part of it – can be challenging. There are many different suppliers, each with their own strengths, weaknesses and areas of specialty. And there are numerous commercial models to consider.

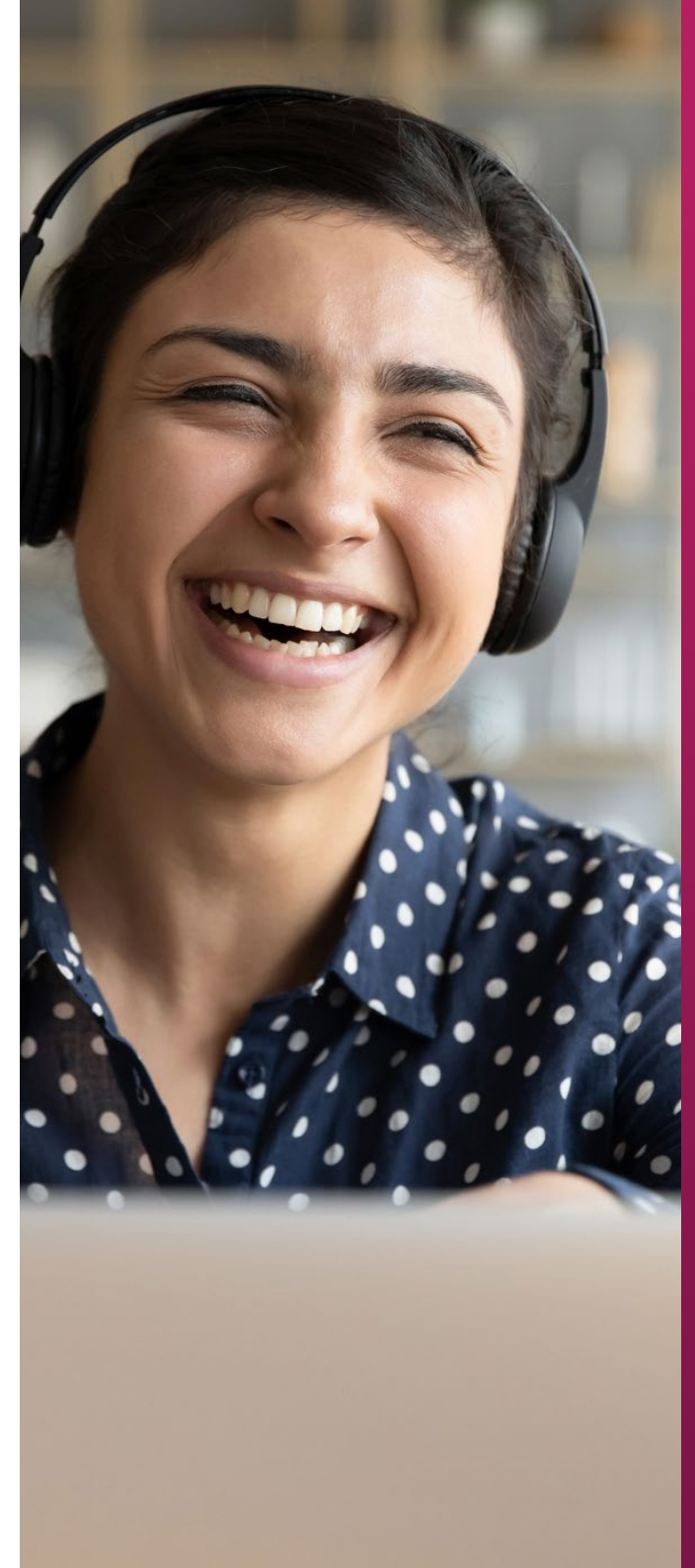
There are specialist procurement consultants who can help you find a contact centre outsourcing partner if you do not have the expertise or bandwidth in-house. Whether you do it yourself or with a consultant, the process usually involves a formal tender that you put out to market.

You can choose to use several types of tender documents, depending on whether or not you know exactly what you're looking for. These include:

Request for Proposal (RFP) – you know more or less what you need and have providers write a detailed response demonstrating how they would deliver it, along with costings. It can also be called a Request for Quotation (RFQ).

Request for Information (RFI) – you usually do this a little earlier in the buying cycle to understand what services and capabilities are available from potential providers. This is also referred to as 'Market Sounding'.

Request for Solution (RFS) – in this case, you describe the business challenges and problems you are trying to solve and ask providers to come up with their own innovative solutions. You can then use this information to write your formal tender document.



What you want to know

If you are ready to explore the market for potential CX and contact centre outsourcing partners, you might want to start with asking providers for the information below so you can understand their capabilities, offerings, and culture.

Cultural fit with your own organisation is ultimately one of the great drivers of a successful outsourcing partnership. Be sure to focus on that just as much as you do on understanding their capacity and commercials.

Key considerations when choosing a partner

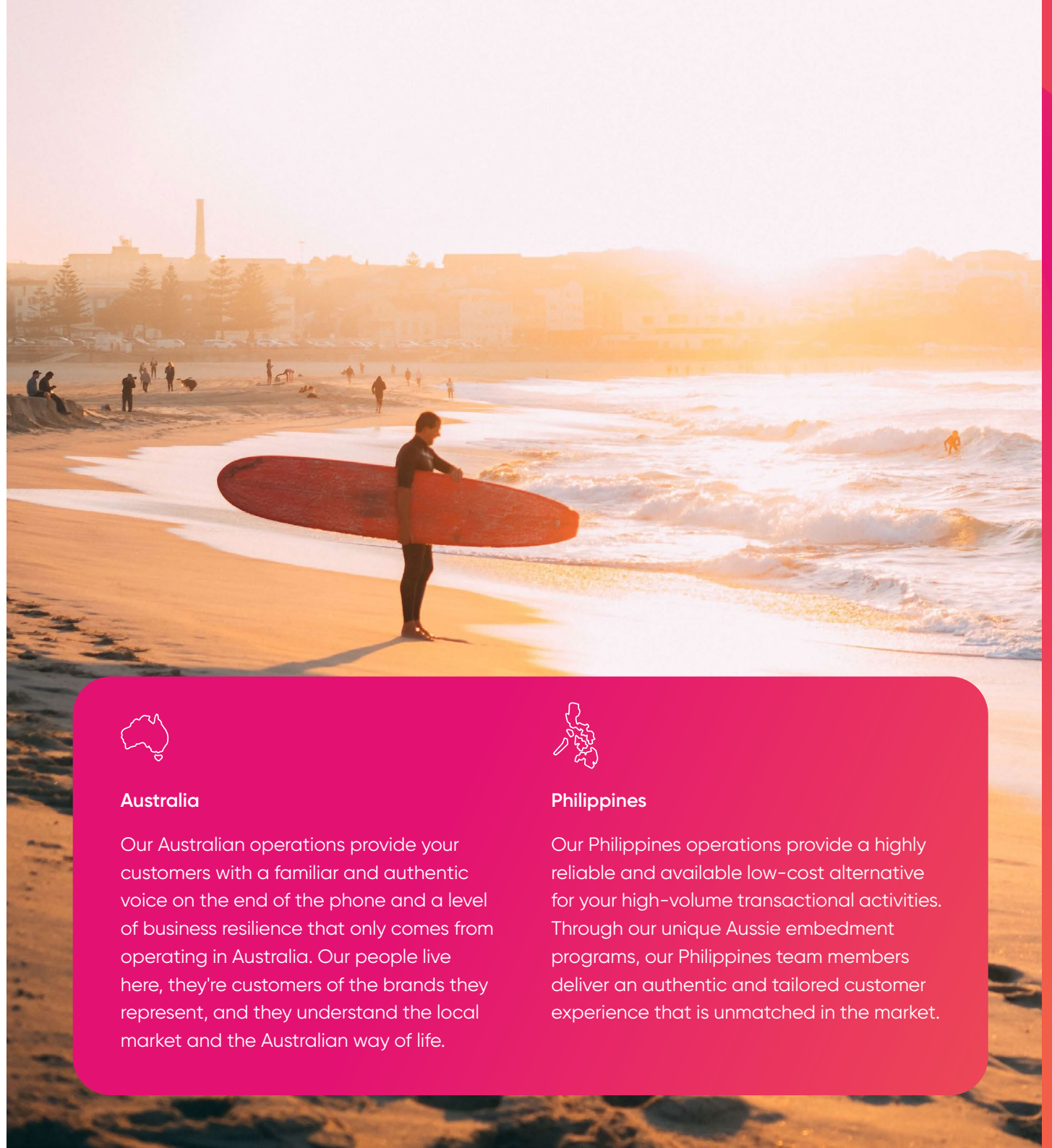
- Locations, capacity, and languages offered – both onshore and offshore
- Onsite, work-from-home, or hybrid workforce
- Recruitment process and catchment areas
- HR policies around diversity and inclusion
- Staff attrition rates
- Onboarding and training process
- Technology platforms used and channels supported
- Reporting and BI capabilities
- Disaster recovery and business continuity plans
- Relevant vertical or domain experience
- What added value or expertise the top management team brings

About TSA Group

As Australians, we're a familiar voice for your customers. And as an extension of your business, we help you grow revenue, improve customer experience and reduce costs.

By making the customer experience more personalised and more human. By giving customers more control over what help they need, and when. By providing the brands we work for a voice that reflects who they are.

We've built a network of high-quality CX centres across Australia and the Philippines, housing a talent pool of over 4,000 team members. Our solution is a hybrid of onshore and offshore that gives you the right blend of speed to market, price and capability with a dedicated Australian management team responsible for the setup and execution.



Australia

Our Australian operations provide your customers with a familiar and authentic voice on the end of the phone and a level of business resilience that only comes from operating in Australia. Our people live here, they're customers of the brands they represent, and they understand the local market and the Australian way of life.



Philippines

Our Philippines operations provide a highly reliable and available low-cost alternative for your high-volume transactional activities. Through our unique Aussie embedment programs, our Philippines team members deliver an authentic and tailored customer experience that is unmatched in the market.



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