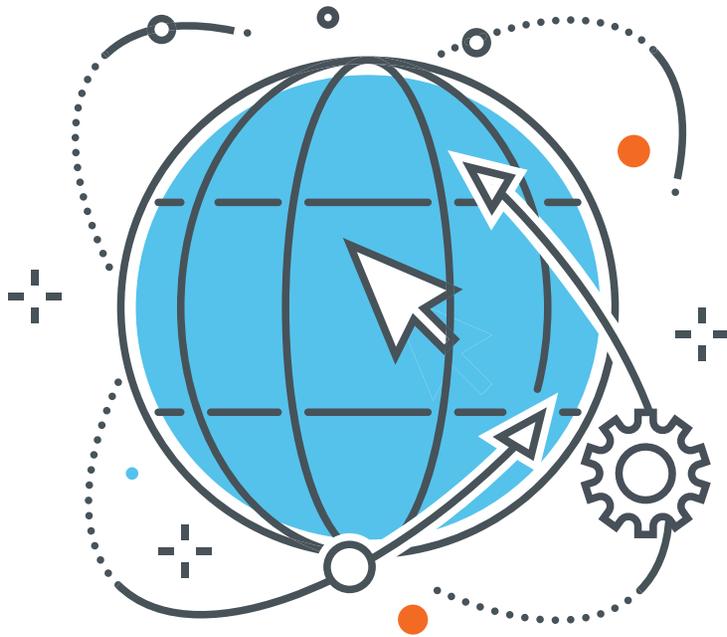




OUTSOURCING

Which Shore Is Right for You?





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Which Shore Is Right for You?

Ok, so you've decided to outsource your customer operations. It's a great way to improve the quality of your experience by letting customer experience experts do what they do best so you can focus on your core business.

There are many ways to outsource. It's up to you to find the optimal way to conduct your customer activities that are right for your business and your customers.

Will the operations be done domestically onshore, nearshore, or offshore? Will they be staffed by at-home associates or in a center? What services will be outsourced? Each option has unique cultural, cost, and operational attributes to consider before the right decision can be made for your business.

This e-book lays out the pros and cons about different outsourcing options to help you decide what's right for your business and your customers.

Which Shore Is Right for You?

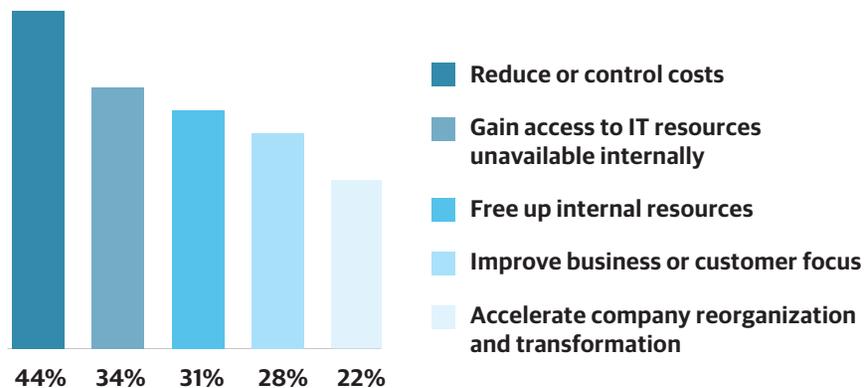
Outsourcing customer care and technical support is common practice for brands looking to improve the experience with the help of experts in the space.

Benefits of outsourced customer operations include: cost reduction, flexibility and scalability, specialized industry knowledge and certifications, expert management and support staff, access to the most effective tools and systems, data collection and analysis, quality control and monitoring, access to the latest technology, and 24/7 availability.

Source: Datamark



Why companies outsource:



Most important criteria for outsource partners:

1. RELIABILITY OF SERVICE
2. COST
3. TRUST IN THE SUPPLIER
4. UNDERSTANDING OF MY BUSINESS
5. TRACK RECORD WITH SIMILAR CLIENTS
6. ABILITY TO PROVIDE INNOVATIVE SOLUTIONS

Source: Grant Thornton

12% OF CUSTOMER SUPPORT IS OUTSOURCED

Source: Dialog Direct

Offshore

Offshore outsourcing staffs contact centers overseas in countries that can produce similar quality of interactions while saving tremendous costs.

PROS:

Moving customer operations completely offshore to a low-cost region like the Philippines is a great way to reduce costs and tap into the already established customer management engine that exists there. Operations here are leaner, meaner, and the labor pool is much more robust.

Labor cost is a primary driver of the move offshore. But offshore operations have matured in the past few years in terms of technology, workplace standards, and training so that the quality of interactions now garner similar results to onshore outsourcing.

CONS:

Quality is still a concern compared to more expensive options. But as stated above, quality is on the rise and consumers are more aware and understanding of offshore operations if it keeps prices low.



RECOMMENDATION:

Simple or transactional interactions are the easiest to move offshore, where the quality of customer experience is based on performance of the task. Look at your business to identify the types of services that should be moved offshore. Maybe it's back-office operations or a small piece of business from which to test and learn. Consider the value of the transactions, the impact on the customer relationship, and the sensitivity of consumers to offshoring when deciding what and where to move.



CASE STUDY: OFFSHORE

Technology firm improves service, lowers costs

This technology manufacturer wanted to reduce selling costs while maintaining sales levels and providing a high quality customer experience. We moved elements of its program from Arizona to the Philippines, enabling increased capacity and flexibility to expand the program as needed. We added over 50 FTEs to handle inbound sales and customer service in the Philippines, and maintained a small associate force in Arizona to handle major business and private sector accounts.

RESULTS:

Reduced offshore labor costs allowed the program to increase head count to better meet inbound demand.

Met previous AZ sales and service levels after one month.

21% reduction in abandon rate.



Onshore

Onshore outsourcing staffs contact centers in the brand's home country, using third-party employees.

PROS:

Keeping operations within your home country is an ideal scenario. Associates can relate to consumers, as they will be neighbors, relatives, and people who have similar experiences living in the country. They may be customers of the same products and services, speak the same language, and have similar reference points for their overall experiences.

Economically, onshoring also keeps jobs local, which helps the economy, surrounding businesses, and society in general.

Privacy, security, and sensitivity of information also make the case to keep operations contained within the firm's home country. Many countries have regulations and mandates about information being transmitted internationally, especially in the financial and government sectors, for example.

CONS:

Onshore outsourcing, for all of its advantages, still has one big disadvantage: cost. It's about three times more expensive to operate from a brand's home country (U.S., Australia) than it is to manage operations offshore. In addition, the local labor force can't always meet the need that companies have for skill or volume.



RECOMMENDATION:

One tactic is to “rebadge” a firm’s customer operations. A company’s contact center and group of employees still do the same job in the same location, but the outsource partner takes over the everyday management of the operations and employees. It’s an easy way to reduce the costs and burden of running your own customer operations with minimal disruption to consumers or the business.

We also recommend that when possible, outsourced sales operations should remain onshore, due to their strategic nature and immediate bottom-line impact. This is a business function that should be the most culturally and geographically aligned to consumers.



CASE STUDY: ONSHORE

Same associates, new approach, great results

A tax preparation software company couldn't keep up with its growing customer base, particularly at tax time. We rebadged its internal staff to be TTEC employees over a 24-month period. We also added advanced workforce management planning and helpdesk innovation to support both at-home and in-center voice and live chat associates, who spike up to 6,000 at the height of tax season.

RESULTS:

256% increase in revenue.

400% increase in leads generated.

50% increase in conversion rates.



CASE STUDY: ONSHORE

Health insurer meets increased call demand

A surge in membership resulted in a 390 percent increase in call volume for a U.S. health insurer. It needed to add trained experts and other customer support resources who were based in the U.S., because of health regulations and privacy laws.

We applied recruiting, screening, and hiring experience to staff more than 1,000 associates on the program. We expanded service hours to support peak call volumes during open enrollment, and built additional call centers as volume increased. Our expertise in real-time documentation, time management procedures, and other solutions helped reduce hold times and after-call work significantly.

RESULTS:

1,000 associates staffed in four centers.

Training period **reduced by 4 weeks.**

Increase in first call resolution and member satisfaction.

Nearshore

Nearshoring offers the next best thing to onshore, staffing contact centers in neighboring countries to the brand. It combines the cultural similarities of the home brand with the cost efficiencies of a different country.

PROS:

Sometimes costs become too prohibitive to keep operations in your home country. Many countries, like the U.S. and Australia, are surrounded by similar neighboring countries, which can offer the next best thing to onshoring: nearshoring. These countries have very similar cultures, but economic conditions like the value of their currency or cost of living make it attractive to conduct operations from there.

New Zealand, for example, has a very similar culture to Australia, but its dollar goes further than the Australian dollar. The same can be said for Canada and the U.S. in terms of its proximity, cultural alignment, and costs of doing business.

CONS:

There is a perception that international outsourced operations aren't as high quality as those in country. Also, some industries or operations involving sensitive information must stay onshore. And some organizations will have their reputations negatively affected by moving operations offshore. Scale and resources can also be a challenge. New Zealand's population of 4 million makes it a very small labor pool from which to hire, for example.



RECOMMENDATION:

Nearshoring is a great way to dip your toe in the offshore waters. Use a phased approach that moves some operations to a nearshore facility. This provides the best of both worlds, without having to completely commit to an offshore operation. Monitor operational efficiency and customer satisfaction to gauge success.



CASE STUDY: NEARSHORE

Media company stays close to home with outsourced operations

A leading Australian media company, facing pressure from disruption, wanted to create a customer-centric business model focused on service differentiation and sales velocity.

Our care services team helped coordinate and standardize outsourced contact center activities in nearby New Zealand. This team also developed comprehensive online references and training materials for associates. And our growth services specialists deployed best-in-class sales capabilities and leveraged marketing and revenue growth analytics for continuous improvement.

RESULTS:

Sales and revenue increased.

Customer satisfaction improved.

Exceeded operational and customer experience goals.



Beyond the shore: At-home associates

An alternative to staffing a physical contact center is to hire outsourced associates who work from home, using their own phones and computers.

PROS:

Those who employ associates who work from home report reduced overhead costs, lower attrition, and higher associate quality and retention. The increased flexibility of the business model allows firms to quickly ramp up or down. There are no geographical limits to recruiting, so the quality of the talent pool automatically rises, and weather or traffic aren't issues. At-home associates tend to be older, more experienced, more educated, and stay with a company longer than traditional associates.

CONS:

Concerns about information security and workforce productivity are the leading deterrents of an at-home workforce. The quality of home-based associates and continuous training on security protocols help keep information security a priority for everyone.



RECOMMENDATION:

Make sure the home-based model meets the needs of your customers as much or better than a brick-and-mortar model. Identify areas of your business that would benefit most from an at-home model, like complex support areas or concierge service. Then find an experienced partner to make the end-to-end transition as frictionless as possible. Be discerning in the recruitment stage to find the right associates to serve customers with effectiveness and efficiency. Transition some of your associates to at-home, then gradually increase seats.



CASE STUDY: AT-HOME ASSOCIATES

Holidays are happy for retailer

A major U.S. retailer needed to quickly adapt to seasonal fluctuations (as much as 300% increase in seasonal work). It utilized TTEC@Home associates to enable near real-time staffing adjustments and meet volatile customer volume demands during the holiday season.

We assigned more than 1,300 dedicated associates to support 22 lines of business as needed. We also implemented a proprietary recruiting solution to hire expert staff from a large applicant pool from around the country.

RESULTS:

\$26 million in sales revenue generated during one holiday season.



Beyond the shore:

Managed services

When you don't want to give up control of your in-house contact center, there are ways to take costs out of parts of the operation by working with partners.

PROS:

Expert partners can help with managed services that narrowly focus on particular client needs -- talent acquisition, leadership development, workforce management, coaching, and success monitoring. They can provide customer experience operations best practices and talent available on a contract basis. This frees your operations to focus on everyday business and own the customer relationship.

CONS:

Managed services require access to internal information and collaboration with internal staff. Transparency and integration is required between the company and its partners. Make sure you're comfortable taking a team approach and ceding some control over parts of your operation.



RECOMMENDATION:

Identify a specific need that can be handed over to the managed services team as a start, and expand to other areas over time.



CASE STUDY: BEYOND THE SHORE, MANAGED SERVICES

A practice field for improved service

One of the world's largest financial institutions needed to improve the performance of its online banking services team. Associates for the team had difficulty navigating the bank's online banking portal and troubleshooting customer issues, negatively impacting customer satisfaction.

We created a 'practice field' or virtual contact center where associates for the bank develop their proficiencies with the bank's systems under a replicated live-customer production floor. Simulated scenarios advance in complexity as associate skills improve.

RESULTS:

Associates who received the training scored **25 points higher** than those who had not.

Associates report being more relaxed and report a higher level of preparedness for the live customer environment.

Beyond the shore: Automation

Self-service and automated tools are growing as ways to help customers get the optimal experience they're looking for more quickly.

PROS:

Customers don't want to have to deal with a person for most simple interactions. It adds complexity and friction to the interaction. Self-service tools can improve the speed of resolution while keeping customers in control of the situation. Options like FAQs, searchable knowledge bases, DIY updates and others are often less expensive for the business, as well.

CONS:

Customer patience will only last so long. Automated tools are preferred, up to a point. Poor or complicated self-service can be worse than none at all. And there are certain areas where customers prefer to deal with other humans. Forcing customers to use only self-service tools will lead to frustration and a bad experience. Complicated or unclear self-service tools, or ones that don't actually solve problems, are also worse than none at all.



RECOMMENDATION:

Before deploying self-service tools, take the time to understand if the benefits outweigh the costs of other options. Make sure they will be used by customers, and that the steps and instructions are crystal clear. And, have human back-up ready.



CASE STUDY: AUTOMATION

Wellness brand deals self-help options

A leading wellness brand invested heavily in digital platforms like mobile and social. It wanted to personalize member interactions in the way they prefer and expand customer self-service options and 24/7 access. We helped create an intelligent, searchable social knowledge base accessible by employees and customers alike via mobile and online. It also launched customer self-service and omnichannel tools so members can interact 24/7 across voice, web, social, email, video, and mobile.

RESULTS:

Only 5% of self-service interactions escalated from self-service to chat.

73% of answers were resolved with self-help.



Mix and match

The best part of all of these options is that you can mix and match. Different customer operations work best in different environments. Having a true partner to help with these decisions, not just a cost-based vendor, allows you to work together to make the right choices for your brand and your customers. The real value of outsourcing comes from working with a strategic partner who can help you deliver a better customer experience than you can provide yourself, regardless of location.



About TTEC

TTEC (NASDAQ: TTEC) is a leading global provider of customer experience, engagement, growth and trust and safety solutions delivered through its proprietary end-to-end Humanify™ Customer Engagement as a Service offering. Founded in 1982, the Company helps its clients acquire, retain, and grow profitable customer relationships. Using customer-centric strategy, technology, processes and operations, TTEC partners with business leadership across marketing, sales and customer care to design and deliver a simple, more human customer experience across every interaction channel. TTEC's 49,500 employees live by a set of customer-focused values that guide relationships with clients, their customers, and each other. To learn more about how TTEC is bringing humanity to the customer experience, visit ttec.com.

