

RIGHT SHORING FOR VALUE CREATION IN THE BRAVE NEW WORLD



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Some leading operators are already adopting right shoring strategies for competitive advantage in the multi-play, multi-product era. Others will follow. They will be driven by the need to provide more complex services, delivered at reduced cost, all at the same time as improving quality of service. Right shoring offers operators the opportunity to build a highly flexible customer management solution, with a wide choice of outsourcing options.

It is an intensely competitive and commoditised environment that is evolving at a rapid pace. The most successful operators will be those that have highly flexible business models designed to capitalise upon this fluid marketplace. For them, the new environment offers transformational/market share and ARPU growth opportunities.

The winning operators will put customers at the absolute heart of their strategy. In this cut throat era, in depth understanding of customer needs and then serving those needs will be crucial to win and retain customers, and then cross sell and up sell to them.

In the first instance, operators must offer consumers compelling yet easy to understand products and packages, with attractive prices - with the huge variety of potential package and pricing options, it could be easy to confuse and alienate customers.

Strong brand equity will be vital for operators to differentiate themselves. This will require ongoing investment in brand building to capture consumer engagement and develop brand loyalty.

However, the value of strategic product and brand development will not be fully realised unless customers receive a first class experience. A focus on providing superlative customer service, whenever and however customers contact them, must be central to operators' strategic thinking.

Self-service, IVR and virtual response mechanisms will play an important role in delivering customer value. But live telephone calls between customers and customer agents will be more important than ever before. The complexity of operators' offerings will lead to an increased level of customer questions about a broader range of issues. This will demand detailed responses that only person-to-person communication can deliver.

Billing will be a particular issue. Already, many customer calls to contact centres are payment queries. As operators provide more services, bills will become more complex, causing a rising level of customer enquiries. The purchase of more services by customers is also likely to lead to an increase in the late payment of bills. To maximise cash flow, operators will need to ensure they have customer agents that are trained and experienced in collecting monies due from customers.

The demand for more customer service will also be driven by the increasing complexity of the technology in hardware, such as mobile phones, routers, and set-top boxes and by the proliferation of hardware types. Operators will need to provide effective customer services, for instance, to support the rising use of data services such as web browsing and email.

The net impact of these issues is that operators will have to enhance the segmentation of their calls and ensure they have a resource of well-qualified and well trained customer agents experienced in specialist customer service topics. In doing this, customer agents will become essential assets for brand development.

Operators must also be able to tap into a significantly larger customer agent base for intense periods, such as when launching new products or during marketing promotions.

For Business to Business (B2B) telecommunications services, a comprehensive provisioning service that requires more technical support presents different customer service challenges. Such provisioning services will need a dedicated team of support engineers that can respond to technical inquiries.

To enhance their flexibility for the new environment, operators should also consider how they can build continuous process improvement methodologies into their underlying operating models. Tools such as Six Sigma, Kaizen and LEAN can increase the efficiency of processes, which, ultimately, can enable the provision of faster, better services to customers. And more efficient processes can also lead to cost savings for operators.

Outsourcing to third party Business Process Outsourcing (BPO) providers with telco expertise, capacity and the right infrastructure offers a serious strategic option for operators.

In past years we have witnessed the rise of offshoring, relocating business processes to outsourced operations in other parts of the world, notably India. However, more recently, the range of services outsourced and the number of countries from where the services can be provided has increased markedly and now includes Eastern Europe, Latin America, South Africa, South East Asia and China.

The expansion of outsourcing locations means that BPO is now about strategic 'right shoring' - a network solution based on using the best resources for each job, wherever they may be located. Right shoring can also be a key element of business continuity planning by spreading the risk of locating processes across several locations.

The decision making process is highly complex and requires in depth analysis of a range of issues including the nature of the services that could be outsourced, available skill sets in the potential outsourcing locations, labour costs, infrastructure, time differences, political risk and the reactions of key stakeholders such as customers, investors, unions and the competition.

Right shoring offers operators the opportunity to build a highly flexible customer management solution, with a wide choice of outsourcing options. Some organisations have chosen to use onshore facilities for operations that require a strong cultural understanding, with offshore centres tapped into for high volume, rules based, voice intensive customer interactions, or back office work such as production and mailing of documents and payment processing.

Another way to leverage outsourcing is to test and refine processes onshore and then move them offshore to increase potential cost savings. This could be linked to a 'follow the sun' strategy to facilitate around the clock customer service operations. Indeed, with the relative weakness of the US dollar, North America has become a potential delivery location for the UK. It may now be economic to provide services from the US to the UK market. There is an additional time zone benefit that allows UK evening work to be handled by US workers during their daytime.

Some leading operators are already adopting right-shoring strategies for competitive advantage in the multi-play, multi-product era. Others will follow. They will be driven by the need to provide more complex services, delivered at reduced cost, all at the same time as improving quality of service.

Operators will have to provide a consistent, first class customer experience that enhances brand-equity and long-term customer loyalty. And they will need to have the ability to rapidly scale this resource to respond effectively to spikes in workflow. Customers should in be in for a treat within the next few years.

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About the author

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Matthew Vallance has 15 years of experience in the sales and marketing of technology products and services in the UK, mainland Europe and Asia. Since the inception of Firstsource, he has built an experienced team in the UK who engage with clients from conceptualization through to the delivery of their offshore strategy. Prior to this, he set up and ran InCode, a consulting business helping UK companies outsource IT services to India. Before forming InCode, he was head of the Indian subsidiary of Text 100 Plc, a FTSE-listed global technology PR consultancy. Companies including Microsoft, British Telecom and Compaq retained Text 100 India.

About Firstsource

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