

Right-shoring for Value Creation in the New World

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As traditional media companies bundle a wider array of products into triple and quadruple play offers, the boundaries between telecom and media organizations are increasingly blurred. The telecommunications market place is an intensely competitive environment that is evolving at a rapid pace. The most successful operators will be those that have highly flexible business models designed to capitalize upon this fluid marketplace. For them, the new environment offers transformational market share and Annual Revenue Per Unit (ARPU) growth opportunities.

Next Generation Outsourcing

Many successful telecom companies have adopted outsourcing in order to increase shareholder returns while keeping their competitive edge in the market. Additional advantages of outsourcing include harnessing the huge potential that other geographies offer in terms of flexibility and well-developed skill sets in telecom customer service, technical support and enterprise provisioning services.

Nearly all tier 1 telecom companies, including the largest and most profitable cable companies in North America, have embraced outsourcing as a means to increase profits and to improve the bottom line. Tier 2 and 3 providers are also moving in the same direction as competitive pressures build. Firms that have already moved work offshore feel overexposed with their operations in a single geography. Outsourcing is no longer about labor arbitrage and quantitative service level agreements; it's about adding bottom line value and improving the customer experience. The resulting benefits of process improvements combined with a business imperative to exceed customer expectations will ensure their brand loyalty.

The practice of offshoring, relocating business processes to outsourced operations in other parts of the world, notably India, has increased dramatically in recent years. The range of services outsourced and the number of countries from which the services can be provided has also 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 process, wherever they are located. It is also driven by the requirement today to retain a sizeable onshore voice presence. Right-shoring is also a key element of business continuity planning by spreading the risk of locating processes across several locations.

The decision to outsource an operation or expand an existing outsourcing program is rife with complexities. The process requires an 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, labor costs, infrastructure, time differences, political risk, and the reactions of key stakeholders such as customers, investors, unions and ultimately, the business competition.

Right-shoring offers operators the opportunity to build a highly flexible customer management solution with a wide choice of outsourcing options. For example, onshore facilities could be used for operations that require a strong cultural understanding combined with offshore centers integrated to deliver back office work. An example would be the production and mailing of documents and payment processing. For one wireless telecom service provider, Firstsource provides live agent customer service from

Belfast, N.Ireland with email and back office administration support from Mumbai, India. Offshore locations can also be used for volume, rules based, voice-intensive customer interactions.

Today, leading telecom BPO companies such as Firstsource offer a truly global “blended model” that delivers the best of both worlds at extremely competitive prices. The operations are segmented as voice and non-voice workstreams, that are sent to geographies where they are best serviced. Creating a customized solution for a telecom company requires a deep understanding of the carriers’ needs. Firstsource has this domain expertise with more than 8,000 experienced telecom employees providing sales, customer service, technical support and network functions such as provisioning services for consumers, wholesale, and enterprise markets.

The Way Ahead

Leading operators have already adopted 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 while simultaneously improving quality of service. Operators will have to provide a consistent, first-class customer experience that enhances brand equity and long-term customer loyalty. They will also need to consider partners that provide value-added features, such as provisioning and payment services. They will need to have the ability to rapidly scale this resource to respond effectively to spikes in workflow. Customers should expect a renewed balance of quality over perceived cost savings resulting from an awareness and focus on their service needs and business relationship over the next few years.

Firstsource won the Telecommunications Outsourcing Project of the Year 2007 award from the United Kingdom’s National Outsourcing Association (NOA) for its work for Vodafone U.K.

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

Firstsource (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN) is among India’s leading BPO (business process outsourcing) service providers. Firstsource provides customized business process management to global leaders in the Banking and Financial Services, Telecom and Media and Healthcare sectors. Its 75 clients include six “Fortune Global 500” banks, two “Fortune Global 500” telecommunications companies and three “Fortune 100” healthcare companies. Firstsource has a global delivery model with operations in India, US, UK, Argentina and Philippines. (www.firstsource.com)