

TELUS International Global Outsourcing Insights



The importance of location to contact center success

With customers today demanding exceptional customer service, multi-channel support and on-demand 24/7 service availability, providing cost-effective customer contact strategies is a growing priority for most companies. A well-run outsourced contact center can be a source of innovation and best practices while providing significant cost savings. But, in the effort to find the ideal outsourcing partner, how do you know which countries and cities offer the best service delivery capabilities for your contact center business?

What makes an ideal service delivery location?

There are many factors to consider when selecting a country and city for your contact center operations. We have identified characteristics that fit into four groups; each group is important to evaluate when selecting your outsourcing partner and location to do business.

1. Technology

When selecting an offshore or nearshore partner, it is important to consider the technology infrastructure in terms of connectivity, accessibility and security. For example, do the country and city have a strong telecom network with reliable domestic and international connectivity? Is it well supported with power, roads, airports, real estate, etc.? Will it support the business continuity planning and disaster recovery (BCP/DR) needs of your business?

2. Human Resources

With people regarded as one of the most valuable assets, finding a location that supports skills availability and agent retention is essential. The ideal location will have a good resource mix including multi-language capabilities if required. In addition to labor pool quality, labor pool availability will have to meet the growing needs of client programs. Therefore, the ideal location will have low contact center saturation rates to avoid escalating wages and employee attrition.

3. Cost

When outsourcing your contact center programs to offshore or nearshore destinations, a favorable cost structure is expected. The ideal outsourcing location will offer an attractive cost structure to ensure that your programs can be priced competitively. Cost considerations will include cost of living, cost of doing business and agent wage analyses. Also, ensuring that your outsourcing partner has negotiated the best real estate terms and economic incentives in the region will translate into further cost savings that can be passed along when pricing your programs.

4. Country Risk

As a final grouping of characteristics to examine, it is important to look at specific country risk. The ideal location will offer good political stability. Examining other multi-national companies located in the area is a good indicator of stability and a favorable business climate. Geographic risk (such as earthquakes, typhoons, etc.), is also an important consideration especially as it relates to business continuity and disaster recovery planning. Currency risk is another factor to consider. Locating in a country where you and your provider can manage and hedge against currency fluctuations will allow smoother operations when doing business in that area.

Sample Market Filters – considerations

Remove saturated markets

Consider Contact Center Saturation Index research that evaluates the potential availability of call center employees in relation to labor force size. Research has concluded that saturation levels in excess of 3.0% are at greater risk of escalating wage rates and employee attrition.

Exclude markets with very small labor pools

Consider excluding markets with smaller labor pools for a number of reasons:

- Limited breadth of labor pool means staffing for multiple skills and higher-end work such as Help Desk could be more difficult
- Small markets are vulnerable to quick market saturation
- Potential public relations risk associated with being one of the largest employers in a small city

Consider estimated starting wages

Consider filtering cities with high starting Customer Service Representative salaries. In many cases, savings via wage arbitrage is expected, and it becomes essential to find a competitive location and to limit the amount of financial risk for outsourcing your programs. In addition, scaling in high cost markets is extremely difficult with local wage expectations already established.

Evaluate short-listed cities against macro-economic and strategic considerations

Go back to your initial city criteria with emphasis on labor pool size, labor pool quality (percentage of high school graduates or college education), population growth forecasts, historical unemployment rate, and for example, language capabilities. Remove cities that are deemed acceptable but not considered the best option for various reasons (such as shrinking population or poor ability to attract management talent).

Learn more

As a provider of contact center and business process outsourcing solutions ourselves, we needed to expand and diversify our offshore solutions to better meet client demands for multi-site, multi-language English/Spanish programs. For more than a year, our mergers and acquisitions team analyzed locations throughout the U.S. and Central and Latin America. Using fact-based research, consulting firm analysis and on-the-ground perspectives, we investigated 42 cities throughout 25 U.S. states and a total of 104 sites throughout all of Central and Latin America.

After this substantive review, we know the best onshore and nearshore locations to run today's contact center operations. We welcome the opportunity to discuss this further.

Connect with us today for your global outsourcing solutions.

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