Topic: Contact Center Outsourcing (CCO) – Annual Report 2013: Focus on Customer Experience Management

Contact Center Outsourcing (CCO)
Annual Report: July 2013 – Preview Deck

EGR-2013-1-PD-0906

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Custom research capabilities
- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

1 Banking, financial services, and insurance

Background and methodology of the research

Background of the research

Post the financial downturn of 2008-2009, the contact center outsourcing (CCO) market has seen robust growth and will grow to US$70-75 billion by 2013. CCO is a mature discipline and conversations between service provider and buyer are increasingly about creating business impact rather than just providing low-cost services. Also, there is an increased push towards inclusion of value-added services within the scope of CCO contracts with focus on enhancing customer experience.

In this research study, we analyze the global CCO market from the perspective of buyers, service providers, and technology providers. We focus on:

- Market size and growth
- Buyer adoption trends
- CCO value proposition & solution characteristics
- Service provider landscape

The scope and methodology of this report includes:

- Proprietary database of 400+ CCO contracts; it does not include shared services or Global In-House centers (GICs)
- Coverage across 20+ CCO service providers including Aditya Birla Minacs, Aegis, Alorica, FirstSource, Genpact, HP, Mahindra Satyam, NCO-APAC, Serco, Sitel, Sutherland, Sykes, TCS, Teleperformance, Teletech, Transcom Worldwide, Webhelp, WNS, and Xerox

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The third-party contact center spend has grown at 7-8% in 2012 to reach US$65-70 billion. After hitting a low in 2009, contract activity (both new and renewals) has shown a steady uptick over the last two to three years. While growth in markets such as United States and United Kingdom flattened out, new demand is being driven by EMEA and APAC indicating that CCO has now become more global.

With the CCO industry maturing, buyers are looking for value beyond just labor arbitrage. The conversations are now increasingly targeted at business outcomes. Service providers are focusing on non-voice channel, especially social media and enabler technologies to drive better customer experience.

Some of the findings in this report, among others, are:

Market size and buyer adoption

- The global contact center spend stands at US$300-350 billion of which third-party outsourcing accounts for 20%
- Greater adoption of CCO in continental Europe is driven by the need for cost containment. On the other hand, with greater exposure to outsourcing, Asia Pacific and other developing regions have grown at a fair pace. They are expected to continue to show robust growth over the next two to three years
- While English is still the predominant language for CCO delivery, service providers have built significant capability in non-English languages as well. Spanish leads adoption amongst the European languages

Overview and abbreviated summary of key messages
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Value proposition and solution characteristics

- Not only has CCO contracts witnessed significant broadening of scope over the last two to three years, there is also evidence of inclusion of value-added services, especially performance management, customer retention and customer analytics within the scope
- Services providers moved to a balanced delivery model with focus on ensuring scale and skills availability to match buyer needs
- While FTE-based pricing continues to be the dominant pricing model in CCO, pricing structures have evolved over time and there are increased instances of hybrid pricing structure

Service provider landscape

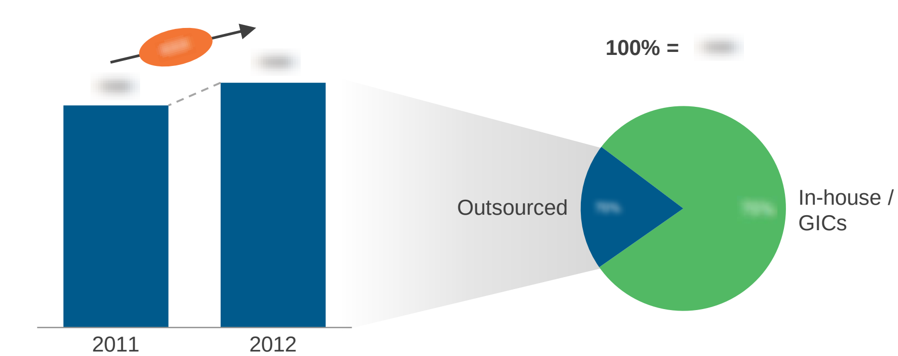
- CCO market is extremely fragmented with the top 25 players accounting for just 38% of the overall market. The leading service providers in terms of market share differ significantly across geographies and industries
- CCO specialists dominate the market with Teleperformance, Atento, and Convergys forming the top three service providers in the CCO space

This study offers three distinct chapters providing a deep dive into key aspects of the CCO market; below are four charts to illustrate the depth of the report

Market size estimation

Market size for CCO over time
US$ billion

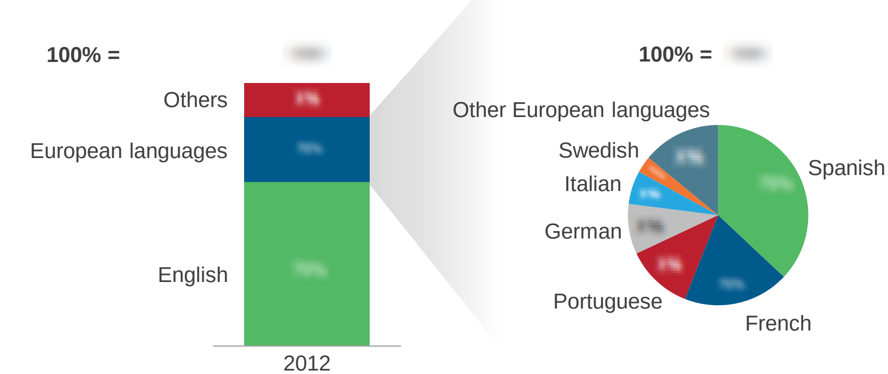
Overall contact center spend in 2012
US$ billion



Adoption by language

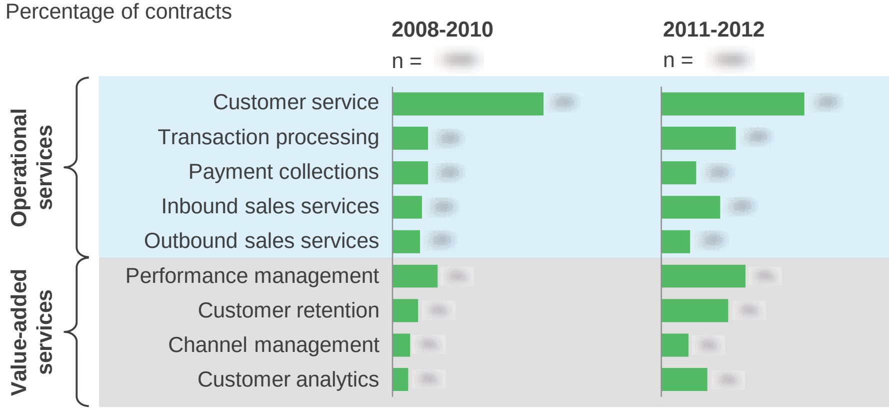
Scale of languages supported
Number of FTEs in '000s

Distribution of European language FTEs
Number of FTEs in '000s



Process coverage

Process inclusion within CCO contracts
Percentage of contracts

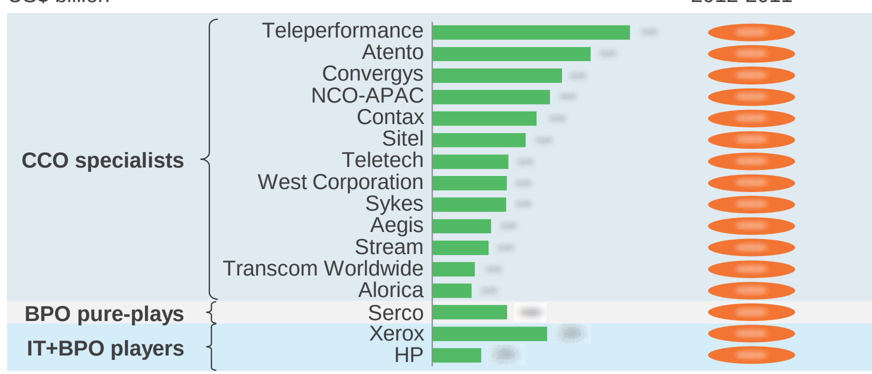


Service provider landscape

XX% Growth rate

2012 CCO service provider revenue
US$ billion

Growth rate
2012-2011



Source: Everest Group (2013)

CCO research calendar

Current

Topic	Release date
CCO Annual Report 2013: Focus on Customer Experience Management	July-2013
Understanding Attrition Rates in CCO	Q3-2013
CCO Service Provider Landscape 2013	Q3-2013
CCO Service Provider Profile Compendium	Q3-2013
Business Impact of Attrition	Q3-2013
Industry-specific CCO Service Provider Landscapes	Q4-2013

Additional CCO research references

The following documents are recommended for additional insight on the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

Eight Habits of Highly Ineffective Contact Center Outsourcing Relationships (EGR-2012-2-R-0775); 2012. In order to assist enterprises in maximizing the value from their contact center outsourcing relationships, this report examines eight key habits of suboptimal relationships, provides recommendations for structuring strategic partnerships, and assesses implications for building a high impact portfolio

For more information on this and other research published by Everest Group, please contact us:

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