An Overview Report on Contact Center Outsourcing Industry in India

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Abstract

The aim of this report is to provide an analysis of the contact centre outsourcing industry in India. Considering the contribution of contact center in different industrial growth such as manufacturing, telecom, Information Technology, education, etc. we are considering the contact center as one the premium sector for entrepreneur, investor & employment seeker. Every company do not carry competency in every function, considering the same we tried to understand which are the areas where in we can explore more so that principles can enjoy the better profit margin.

1. Introduction

A contact center is referred to as a customer interaction center from where all customer contacts are managed. It includes one or more online call centers and other types of customer contact such as e-mail newsletters, postal mail catalogs, Web site inquiries, chats and the collection of information from customers during in-store purchasing. It is generally part of an enterprise's overall customer relationship management. A contact center is typically provided with special software that would allow contact information to be routed to appropriate people, contacts to be tracked, and data to be gathered.

A contact center offers all the utilities associated with running a customer service outfit with a pay-as-you-go plan. Most of the contact centers offer all the major tools of a call center, including ACD, WFM, IVR, and unified messaging as well as stats and analytics for agent quality assurance. CRM tools and business applications are easily available in the cloud and the call center on demand can access the necessary tools when needed, paying only for what they use.
2. Industry Overview
Global contact center industry marches ahead even during the sluggish global economy with enterprises gearing up to increase their customer focus. The contact center industry went through a notable transformation over last three years. The year 2013 might be more interesting as we will see the impact of all the combined forces coming to fore - technology advancements, integration of multiple communication channels, the power of analytics and the social media puzzle. Contact centers are becoming more strategic part of an organization rather than just being a seen as a 'call center'. The main idea behind is to attract and retain customers by offering them the right type of experience; irrespective of the communication channel being used. In fact, if industry experts are to be believed, recessionary fears might pave the way for outsourcing growth, as enterprises look at optimizing the cost of servicing customers and at the same time increase their focus on improved customer experience. The emergence of non-voice channels and automated technologies have taken customer care interactions to another level and the expectations have never been this high.

Cost efficiency and language skills are the major drivers. Asia Pacific, North America, Latin America and Europe continue to be the prominent destinations for contact centers as the APAC region exhibits huge potential for growth and is estimated to be the fastest growing market for contact centers in the coming years. India, China and Philippines will be the key locations. According to Frost and Sullivan, the APAC market showed 8% growth in 2011 and is expected to grow at around 10% CAGR through 2017.

The Indian Contact Center Market is one of the fastest growing and competitive markets in the world with a CAGR of 45% over the past 5 years. According to the
Experts, hosted contact center approach with its utility-based pricing model, on-demand capacity, and virtualization/integration capabilities can often be the best solution for success.

It has been predicted that the outsourced contact center infrastructure market is going to grow on an average by 25%, 20%, 18% and 18% each year from 2011 to 2014, respectively. With outsourcing, there’s no real capital expenditure and there are potentially huge operational and support cost savings. There is flexibility to switch services on and off depending upon the requirements, the scalability to grow your operation and the opportunity to benefit from the specialist application and operational experience of your hosted partner.

3. Business Potential:
3.1 Major Drivers
# Cost-
Massive investments are not required. Be it inbound call center or telemarketing, lead generation profile of outbound call center, cost of operations or overheads get reduced to half.

# Geographic Advantage-
India has the time zone advantage. The twelve hour time difference enables global organizations to provide their customers with 24x7x365 days services. By taking this advantage of time difference, companies have been able to ensure that their customers receive round-the-clock customer support.

# Latest Technology
Contact centers in India employ latest technology, software and high-end infrastructure to provide high-quality customer support services. With privatization and reduction in the tariff of internet services and cellular services, India has an advantage over other locations, in terms of infrastructure. Even the number of ISPs providing contact center solutions is increasing in India.

# Perfection-
Contact Centers are synonyms of quality. The agents are overseen for the call waiting time, average time to answer, number of calls taken to monitor the quality of service given to the clients.

# Proficient Manpower-
India has the largest number of well educated, trained, skilled and experienced professionals. Labor cost is low as well as more proficient in languages like English, German, French or Spanish. India will continue to have a well-educated and large workforce because India has an ever increasing number of college graduates and a
large number of successful training industries. In India, manpower is available at a fraction of the cost overseas.

**#India’s Policies-**
The Indian government has extended its support to the outsourcing and IT industry. The government of India has provided tax exemption on the export of ITES. The Indian government has also aided the Indians in building software technology parks that have the latest in telecom facilities and infrastructure.

**4.2 Emerging Trends:**
In today's economy, the challenge for contact center managers will be finding a way to offer the best customer service at the lowest cost. With new trends coming up, outsourced contact center service providers have a way long path ahead.

**# Financial Advantages-**
From a customer perspective, the three critical aspects the low upfront investment, instant access to cutting-edge technology and rapid results make this model difficult to ignore. The real enabler one is, leveraging multi-tenancy architecture where server capacity is shared, thus passes on the cost savings from the economies of scale. The pay-as-you-go model simplifies overall cost management and business planning, making the shift from capital expenditures (CapEx) to operational expenditures (OpEx).

**# The "un-contact center" is the new reality-**
The organizations are melding into a cohesive and collaborative environment. Mobility and social media will help people find the best resources regardless of where they're located. The future of the contact center will likely include a combination of the traditional centralized location and the newer model of people sitting in their living rooms addressing questions on chat-enabled Web sites.

**# Changing Customer Needs-**
Needs and demands are increasing on the customers’ side. Customers want seamless transfer of data without the need for them to repeat information. Enterprises are increasingly demanding more unified technology solutions and multi-channel customer contacts, both in their contact centers and beyond, to ensure successful customer service delivery.

**# The big data effect. There's no better place to start than the contact center-**
Contact centers need to have a 360-degree view of the customer so as to accurately predict and anticipate customers' needs. Take the opportunity to mine the massive data volume in your contact center to advance your goals be it a case of launching a new product or resolving major customer issues. Many organizations are now using big
data to not only understand the history but also to forecast the future so as to proactively manage the customer relationships.

**# Promising Domestic Market**
The domestic market, with its improved economy, increased consumption, and a number of large enterprises, is set to lead the demand for the contact centre industry in India. Even the SMB segment, with increased customer focus, is expected to boost this growth further.

**# Social Media Integration**
Growth of social media is paving the way for evolution in customer management. Today, every company wants to integrate social networks with its contact centers. There is also the need to proactively respond to customers and prospects, by communicating through public social media networks like Twitter, Facebook, other public forums, or blogging sites.

**# Decline in off-shoring**
The economic downturn had affected the Indian contact center industry in a big way. With decrease in international business from the UK and US, the service providers are looking at newer markets such as Europe, Middle East, and Asia Pacific for growth.

4.3 Findings:
**#Revenue Trends- i) Asia Pacific Market**

![Graph showing Contact Center Outsourcing Market Revenue Trends](image)

**Fig. 2:** Contact Center Outsourcing Market-Revenue Trends.

India, China, Japan and Philippines have seen the highest growth. India, Japan and Philippines constitute approximately 82% of APAC contact center market.
ii) Indian Market-

![Fig. 3: IT-BPO Revenue Trends.](image)

**# Sectors which are biggest contributors-**
The biggest contributors to the revenue are telecom and banking and financial services sectors. Both of them together contribute tentatively 56.3% of the revenue. Other booming sectors are healthcare and education.

4. Conclusion

# In 2013 and beyond, the Asia-Pacific region will continue to show the highest growth in the global contact center outsourcing industry.
# India, China and Philippines will be the countries with highest growth. In India, the key drivers would be, cost, labor, domestic market and high-end technology.
# Along with the banking and telecom sector, education and healthcare sector oversee the huge potential market. Retail, especially e-commerce will also see increasing growth in the region.

References

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