



# ***The Match Game: Is Offshoring a Fit for Your Help Desk Outsourcing Strategy?***



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Offshoring—the exporting of work from the United States to other areas of the world for cost savings—is gaining momentum at a rapid pace in the U.S. With firms such as GE Capital, AOL Time Warner, and Citibank all turning to foreign resources to fulfill customer service and IT functions, a clear message is being sent to corporate America: Offshoring provides opportunities to improve the performance of call center and technical support positions. The decision to go offshore is a significant one, however. Sure, we know about the potential to reduce costs, but what are the risks? When do the cons of offshoring simply outweigh the pros? Are there instances when it is better to stay onshore? The truth of the matter is that when it comes to outsourcing your contact center or employee help desk, you must make sure the decision to go offshore is a true match with your company's top business drivers.

### **Success Measures**

Remember the childhood game *Memory*? The concept is simple: The player who finds the most pairs of matching picture cards wins. Decision-makers considering offshore versus onshore resources are playing a similar game. The first step to success is to keep attuned to *what you already know*. In *Memory* you must remember which pictures you've already seen in order to win the game. Likewise, when making an outsourcing decision, CEOs, CFOs, and CIOs should always begin with a review of how their company measures success. Does the picture show revenue growth? Improved employee productivity? Cost containment? Top-notch customer service? Whether your company strives to achieve one or a combination of these measures, a new outsourcing strategy is not a match if the results do not align and pictures do not match.

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### **Customer and Employee Expectations**

Decision-makers should take time to thoroughly understand both customer and employee expectations with regard to the contact center or help desk. Traditionally, people calling a customer service or IT support representative are looking for the following characteristics: a person who is knowledgeable and can easily grasp the issue at hand; consistent service from representative to representative (e.g., a consistent interaction across the organization); accurate information; and first-call resolution. The types of agents who are best suited to

meeting these expectations have access to the same information, are held accountable for performance levels, and proactively handle new or emerging problems. Along with your measures for success, how do these expectations fit with an outsourcing strategy? Customer and employee expectations are clearly another important consideration.

## The Pros and Cons of Onshoring and Offshoring

Now that you've given serious thought to what your company hopes to achieve through outsourcing, the second step in determining whether onshoring or offshoring is right for your company is to weigh the pros and cons of both options.

### Agent Skills

The overriding advantage to using onshore resources is the skill set of agents that will staff the desk.

- 1. Language.** It is important not to underestimate the power of communication in customer service and IT support transactions. Not only do U.S. consumers and employees find it easier to converse with someone who speaks native English, they have more confidence in an agent who knows the nuances of the language, culture and colloquialisms. Callers automatically expect to be more clearly understood, and their issues more quickly resolved. However, once customers hear an accent, they often react negatively, even if that agent is capable of providing support. Gary Griffiths, CEO of Everdream, a company that opted to outsource their help desk to Costa Rica explains: "If customers called and heard an accent, they figured it would be a bad experience. Even though there were improvements over time, the negative perception was there."<sup>1</sup>
- 2. Customer service orientation.** There are of course exceptions to the rule, but in many cases onshore outsourcers are inclined to be more solutions-oriented. Agents are trained to think out-of-the box, to resolve issues quickly, to empathize, and to ensure a positive customer experience. If agents triage a problem and determine that they cannot fix it, they won't hesitate to escalate to someone who can. Offshore companies tend to train workers to follow a detailed script rather than troubleshoot each issue on an individual basis. Scripting addresses specific problems, but when issues deviate and/or become more involved, the agent is often not

prepared with a prompt solution. As a result, customers are on the phone longer, and frustration levels rise.

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3. **Complex issues.** Cultural differences also change the way agents deliver the customer service experience. For instance, in some cultures it is considered unacceptable not to have the answer, and rather than acknowledge this fact, agents make repeated and often futile attempts to solve the problem. More complex support interactions present more risk of misunderstanding and require a more highly-trained and qualified help desk and contact center staff.

### **Costs**

The distinct disadvantage of the onshore contact center or support desk is one of cost. The labor rate for U.S. workers is definitely higher and includes not only wages but also health care benefits, training, paid time-off, insurance, and worker’s compensation. Facilities’ costs tend to be higher

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also. The major cost savings from an offshoring model stem from the growth of low-cost labor pools and the continuing reduction in telecommunications costs. In India, for example, wages are approximately one-sixth of U.S. levels. While it costs less to operate a call center in India than in the U.S., it is important to

look at other important factors which may increase total costs, such as first call resolution, average hold times, and the resulting impact on employee productivity.

### **Intangibles**

Just as cost is a disadvantage to onshore outsourcing, it is the leading advantage of an offshore contact center. In fact, the reason for a shift to an offshore strategy usually starts with the prospect of lower wages. However, there are some expenses to offshoring that are difficult to quantify but must be considered for a true cost comparison, including:<sup>2</sup>

1. Potentially longer contact handle times due to the cultural and language differences previously mentioned. These handle times may or may not improve over time.
2. Additional agent training to help neutralize accents and teach U.S. customer service practices.
3. Executive travel to contact centers located on foreign soil for oversight and management review meetings.
4. The cost of losing customers due to negative perceptions of offshoring or frustrations related to interacting with foreign support professionals.

Second to cost, another advantage of offshore outsourcing is that foreign agents generally are college-educated employees. In countries such as India and the Philippines, contact center jobs are considered to be very desirable and attract skilled workers. Because agent salaries also are considered to be high when compared with other career options, many foreign support professionals are honored to work in a contact center environment.

### *Risks*

While lower costs provide an attractive advantage for offshoring strategies, there are several drawbacks that should not be downplayed involving the overall risk of doing business in a foreign country. Some of the factors that need to be evaluated include the country's economic, social, and political

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conditions; data security including data ownership; legal restrictions that impact export controls and intellectual property issues; currency trends; and technology compliance. Of these risks, data security is of particular concern as the laws in many foreign countries are not as stringent as those in the U.S. Other disadvantages of an

offshore supplier can include contracts that cannot be modified as clients business needs change, an infrastructure that is inconsistent in its reliability, and the added difficulties of communicating with suppliers located in different parts of the world.

A second concern about offshoring a help desk or contact center is backlash from U.S. consumers, many of whom have a “Buy American!” attitude. A survey conducted by Purdue University’s Center for Customer-Driven Quality found that 65 percent of U.S. citizens would buy less or cease buying from a company if they knew their customer service calls were being serviced outside of the U.S. As already mentioned, there is a negative perception of the support and service received from non-U.S. based agents.

### **Match Point: Aligning the Factors for Success with Your Outsourcing Strategy**

Now that we’ve thought through the pros and cons of onshore and offshore outsourcing, it is time to go back to our game of *Memory*. With your picture of key success factors and customer/employee expectations in hand, you now can determine which outsourcing option—onshoring or offshoring—presents the best match for your company. The key to this exercise is to keep your desired business results top of mind. Let’s look at some examples.

**Outsourced Activity:** Sales transactions

**Probable Business Drivers:** Revenue growth

**Impact on Business Results:** Contact center agents who handle sales transactions are responsible for conveying the firm’s value proposition. In this scenario, language and cultural issues may affect the agent’s ability to successfully drive sales, and thus slow desired revenue growth.

**Optimal Outsourcing Strategy:** Onshore

**Outsourced Activity:** Collections/billing procedures

**Probable Business Drivers:** Cost containment

**Impact on Business Results:** Collecting on an invoice is a straightforward task that lends itself to the scripting technique often used by offshore suppliers. These customer contacts are not necessarily oriented around solving a problem but rather communicating information.

**Optimal Outsourcing Strategy:** Offshore

**Outsourced Activity:** Technical help desk

**Probable Business Drivers:** Improved employee productivity

**Impact on Business Results:** Employees who contact the help desk are experiencing “down time,” and the longer they are “down,” the more money the firm loses through lost productivity. Complex tickets require resourceful, proactive agents.

**Optimal Outsourcing Strategy:** Onshore

**Outsourced Activity:** Software Development

**Probable Business Drivers:** Cost containment

**Impact on Business Results:** Many firms onshore the design of software development but offshore the programming and coding aspect. With cost as a concern, this can alleviate high in-country programming expense. Even Indian companies are doing this! For example, WiPro, a large Indian-based company, has invested in U.S. personnel to complete its software design and maintain programming in India.

**Optimal Outsourcing Strategy:** Offshore

**Outsourced Activity:** Customer service inquiries

**Probable Business Drivers:** Revenue growth, differentiation through customer service

**Impact on Business Results:** Customer service reps are the consumer’s portal to the entire firm; therefore, if a consumer has a negative experience (or perceives a negative experience because of the agent’s accent or other behaviors), future sales may be impacted.

**Optimal Outsourcing Strategy:** Onshore



The tactical and strategic reasons to outsource—ranging from reduced operating costs to improved company focus—are compelling. The cost advantages of offshoring certain business functions only add to the appeal of outsourcing. But the companies that simply look at cost savings without evaluating the entire decision landscape, including business drivers and customer/employee expectations, are often neglecting long-term profits. There are circumstances when offshore outsourcing may be the best decision in such functions as collections, billing, and software programming. But, for the times when interaction with a knowledgeable agent is required, when an employee or customer needs answers to technical questions, or when communications and problem-solving are important, the best option may be to look in-country and select experienced outsourcers.

*Endnotes:*

1. Parry, Ed. "Abroad and back -- outsourcing the wrong move for U.S. firm." TechTarget.com.  
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