



Making Outsourcing Pay

Rob Crutchington shares his 3-point methodology to maximise the outsourced contact centre opportunity

White Paper

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1 Executive Summary

According to the [Call Centre Management Association \(CCMA\)](#),⁷ contact centre outsourcing in the UK has been steadily increasing over the past decade and the Business Processing Outsourcing (BPO) sector now employs around 175,000 people. It is the largest employer of contact centre staff in the UK and is growing at the fastest rate, as in-house operations move work to BPO suppliers. More than half the BPO agent population supports the largest three sectors: finance, telecommunications and media, and health and medical.

Interestingly, the UK differs from other countries in the degree of outsourcing penetration in the customer management equation. Whereas organisations in Western Europe, North America, Australia and Japan allocate less than 15% of their CX workstations to a BPO partner, UK businesses entrust their providers with much higher levels of agent positions. This speaks volumes as to how the UK's customer management decision-makers are willing to trust third-parties to meet their needs when it comes to end-user relationships.

In this white paper, we explore the key reasons for the move to contact centre outsourcing, the key barriers to success along with several proven winning strategies to enhance CX and customer trust.

“We are not just another business process outsourcing provider. We are a people company. Whether that's connecting with our employees, our clients, our clients' customers or our wider communities, to us every human connection counts because better connections mean better outcomes for all.

However, our success as a business depends on combining these high levels of positive human connectivity with reliable, flexible processes and technology - especially when it comes to security. Sigma Connected further enhances both security and customer experience using Agent Assisted Payments from Encoded.”

Ian Gerleman

Chief Technology Officer at Sigma Connected

2 Seven reasons to embrace contact centre outsourcing

From cost savings and access to expert knowledge, to flexibility and improved business performance, outsourcing provides a host of benefits for those looking to enhance their customer engagement programmes. For UK organisations, the top seven reasons for outsourcing their contact centre are:

1

Simple economics – contact centres are expensive to run

They require significant investment in technology, infrastructure, and human resources. Simply by outsourcing contact centre operations, organisations can save significant amounts of time and money. In addition to upfront capital expenses, companies that outsource their contact centre reduce the costs associated with the ongoing maintenance, repair and restoration of their in-house workplace facilities and benefit from economies of scale.

With a much wider customer base, contact centre outsourcing partners can spread their fixed costs over more customers, resulting in lower prices for client organisations. Typically, moving from an internal model to an outsourced model can **save organisations between 5 and 20%**.⁷

2

Combat staff attrition

Staff turnover is a perennial headache for contact centre managers. Outsourcing can help to plug any gaps in people and skills. Outsourcers have distinct advantages over their client organisations in terms of resources including ongoing training programmes that encompass new customers, agents and technology – wherever they may be. Sheer staff numbers make it easier for outsourcers to select talent from a diverse talent pool and build highly effective home-working and hybrid teams. Outsourcers also have the capacity to invest in a top-notch multi-purpose IT infrastructure including:

- Scheduling tools to manage their working from home (WFH) resources efficiently
- Security software to protect the integrity of hybrid teams' devices and client data
- Innovative agent-empowering self-service tech for managing peaks and out-of-hours calls to reduce stress, boost productivity, provide a better work/life balance for WFH staff and improve customer satisfaction.

3**Scalability**

Outsourced contact centres generally have far greater scalability compared with in-house operations. They can offer more flexible pricing and resource planning models because costs and labour are spread across a broader customer base. This enables them to scale their services up and down depending on seasonal demands or business growth without the worry of recruitment, training, or infrastructure investments. The scalability of outsourcers is good for business, allowing client organisations to expand their contact centres into new territories swiftly, without having to hire additional staff or purchase extra technology.

4**Transfer risk**

External suppliers such as BPOs for customer contact solutions and services are usually less restricted by the level of unionisation prevalent in many of their client organisations. This lowers the risk of industrial action that negatively impacts productivity and profits. Moreover, outsourcing offers greater business continuity, through access to multiple sites, hybrid resource models and more people.

5**Right-shoring – it pays to shop local!**

UK organisations that choose a UK supplier to outsource their contact centre operations are in the best position to blend the attractive commercial benefits of traditional offshoring with the advantages of local language capabilities. Other benefits include the availability of a desired skillset and even a degree of political stability that can guarantee higher quality, more consistent customer experience outcomes, greater information security and business continuity.

6**Focus on core activities**

By outsourcing non-core functions, for example the contact centre, businesses are able to devote their attention to core activities, such as product development, marketing, and strategic planning. This aids better resource allocation and improves all-round business and operational performance. External suppliers may also deliver data and analytics on customer interactions that client organisations can use to enhance their existing products, services, and customer experiences.

7

Superior technology and interaction capabilities

Rather than re-invest in in-house contact centre infrastructure, it may be more time and cost effective for a company to outsource its entire contact centre operations. Given their scale and volume of clients, outsourcers have more incentive and scope to invest in the latest customer relationship management (CRM) tools, call recording and speech analytics solutions to highlight quality issues and improve CSAT and NPS. For seamless omnichannel interactions outsourcers offer access to a broad range of traditional and digital communication channels such as messaging, social media and video to support consumer demand. Moreover, outsourcers are more likely to embrace the latest trends in AI to route contacts efficiently, track the customer experience and then harness detailed data analysis and insight to drive better CX in the future.

3 Major barriers to success

The road to successful contact centre outsourcing is full of twists and turns. Here are some of the major challenges:

Communications – problems resulting from a lack of clear communication often arise especially if the contact centre outsourcing provider is located in a different country. Accents, different dialects, and even cultural differences sometimes lead to misunderstandings that can wreak havoc with service quality. The first step to avoiding communications issues is making sure the outsourcing partner has good linguistic capabilities. Secondly, an appreciation of different cultures and diplomacy are essential skills for outsourced agents. Later in this white paper, we showcase how one of Encoded's customers, Sigma Connected a UK-based BPO, has delivered a range of bespoke customer contact solutions for some of the best-known brands in the energy, financial services, retail and telecoms sectors across the globe.

Quality control - maintaining consistent service quality can be challenging when outsourcing contact centre operations. Different providers have varying standards and practices making it difficult to create a reliable baseline for managing and benchmarking performance levels and meeting service level objectives. Collaborate closely with contact centre outsourcing partners to implement comprehensive quality control measures and carry out regular performance evaluations. A clear communication of expectations at the beginning of the relationship is essential to ensuring high-quality service from the outset.

Dependence on external providers – by its very nature, outsourcing creates a dependence on external providers that can be counter-productive because any disruptions or issues with the service provider directly impacts the business. At the same time, organisations that outsource their contact centres can quickly lose – or feel as if they are losing – control over their operations. Establishing strong partnerships, clear contracts, and contingency plans will go a long way to creating a healthy level of interdependence that benefits both parties.

Working from home – ever since the global pandemic completely transformed the traditional office environment, security and quality have increasingly become top issues for managers of remote or hybrid teams, especially in people-heavy organisations such as contact centres. Outsourcers by their very nature are used to managing diverse teams often over multiple sites and these skills can be transferred to remote and hybrid teams working on behalf of clients.

4 The elephant in the room: payment card security

Another barrier to success is data security and privacy. However, while many organisations focus primarily on compliance management through regulations such as the General Data Protection Regulation (GDPR) and choosing a reputable provider in this area, they often dismiss the importance of other security measures such as boosting payment card security in the contact centre. They are effectively ignoring the elephant in the room!

The statistics speak for themselves. The majority of organisations take card payments in the contact centre. Organisations accepting any kind of card payments – especially BPOs offering contact centre services on behalf of their clients, need to take card fraud very seriously indeed. It's a huge problem and knows no borders. UK Finance reported in its [Annual Fraud Report](#) ⁷ that in the first half of 2023, UK card fraud losses amounted to £196.5 million and international fraud losses £62.5 million. 77% of cases originated online and 17% from telecommunications.

5 Winning strategies to enhance customer experience (CX) and consumer trust

Contact centre outsourcing has become a significant business strategy in the UK, allowing companies to streamline operations, reduce costs, and focus on core activities. At the same time, it benefits both outsourcers in terms of fresh or incremental revenue streams and the client organisations they serve through enhanced customer satisfaction. What is more, at a time when card fraud is on the rise, the industry as a whole can minimise the risk with a sharper focus on facilitating secure, frictionless card payments. Here is a 3-point methodology to enhance CX, boost consumer trust and so maximise today's significant outsourced contact centre opportunity:

5.1 Choose the right partner

This is critical to success both in terms of the outsourcing partner organisations rely on to run their contact centre operations and in turn the technology supplier outsourcing providers choose to keep their customers' sensitive card details safe. Choosing the right BPO partner will go a long way to overcoming the pitfalls mentioned earlier such as a lack of clear communications, failing to achieve consistent levels of high-quality service and losing control over critical customer service functions. Meanwhile, working with a vendor that follows best-practice standards and offers innovative fraud protection technologies will boost CX and customer confidence.

When it comes to security and compliance, many organisations are already on the right track. **A healthy 92% of all UK contact centre outsourcing partners are PCI DSS compliant⁷** (the remaining 8% are likely not so because they are not processing payments), with 79% having either Cyber Essentials 'Basic' or 'Plus' and 84% certified to ISO27001. This provides organisations with a degree of certainty and assurance when it comes to choosing the right BPO partner.

Look out for a contact centre outsourcing partner that can prove its Payment Card Industry Security Standards Council (PCI DSS) compliance credentials. The ideal partner should be able to demonstrate they have a watertight compliance management framework in place, backed up by ongoing training and education for their staff on the ever-changing requirements of the PCI DSS standard. The same applies equally to vendors providing contact centre technology to the outsourcer. Look for payment organisations that are themselves Level 1 PCI DSS compliant such as Encoded. Encoded was in fact one of the first fully accredited Version 4, Level 1 payment service providers in the industry which means that outsourcers can rely on our expertise to deliver a secure

“Remember that PCI DSS applies to every contact centre that takes card payments over the telephone whatever its size. It is also important to know who you are dealing with and the status of their PCI DSS credentials.”

Rob Crutchington

CEO of Encoded

5.2 Choose the right technology - blend people and processes with innovative secure payment solutions specially designed for contact centres. From classic IVR and Agent Assisted Payments to E-Commerce and Mobile Payments, today's technology helps all organisations comply with important data regulations such as PCI DSS, GDPR and the Payment Services Directive (PSD2) to keep their customers' sensitive details safe at all times. For a winning customer confidence strategy, outsourcers need look no further than the latest innovations in payment technology including:

Tokenisation - PCI DSS compliance and tokenisation make perfect partners because card data is automatically stored for future payments as a token. Tokenisation as it is commonly called means that returning customers are not required to enter their card details multiple times. Agents do not see customers' card data but are provided with real-time, on-screen feedback during the call to enhance CX. Because no real cardholder data enters the contact centre environment, data hacking and theft are almost impossible.

Gateway and Payment Orchestration - Encoded's **Payment Gateway Services** bridge the gap between merchants and acquirers, offering a secure and unified method for omnichannel payments. Step up your game by adding **Payment Orchestration** to the mix. These all-in-one modern miracle-cures offer a single, dynamic and highly secure platform for managing the entire payment process, from payment authorisation to transaction routing and settlement, irrespective of gateway payment provider or acquirer.

Don't forget MOTO payments - there are many reasons why businesses still need or choose to rely on MOTO (Mail Order Telephone Order) transactions and as consumers rely increasingly on the Internet and cards to go shopping, pay their bills, and manage accounts, telephone card processing is here to stay. The good news is merchants no longer need to decline MOTO transactions and risk losing business for fears over security. Modern **Agent Assisted Payment solutions** with an added **Fraud Prevention Platform** allow contact centres to process card payments quickly and cost-effectively without being exposed to sensitive card data.

5.3 Follow in the footsteps of real-world successes

Business process outsourcing (BPO) specialist Sigma Connected offers innovative and bespoke customer contact solutions for some of the largest and best-known brands in the energy, financial services, retail, telecoms and water sectors. Founded in 2011 with just 20 full-time employees, today Sigma Connected employs over 5,000 people and operates offices in the UK, South Africa and Australia. Most recently, the company launched its business in the USA.

Clients rely on Sigma Connected to keep their customers' personal and sensitive details safe at all times. The company has been PCI DSS compliant for many years but recently took the decision to further strengthen its security framework by implementing new automated technology from Encoded.

Success at a glance

- Hundreds of agents use Encoded's Agent Assisted Payments solution to handle thousands of calls a month from the customers of blue-chip energy and financial services clients
- Encoded simplifies the agent desktop, alleviating the stress of handling multiple tasks and providing more time to focus on the customer
- Agents are provided with real-time, on-screen feedback but are protected from viewing any sensitive card details
- Tokenisation means returning customers do not have to enter card details multiple times, improving the customer experience and brand loyalty
- Implementation reduces the risk of financial and operational penalties for non-PCI DSS compliance
- New solution streamlines payment processes, boosts security and enhances CX.

“The Encoded solution delivers great business value. It bridges the gap between providing personalised customer service and enhancing security, whilst reducing the substantial risk associated with PCI DSS non-compliance.”

Ian Gerleman

Chief Technology Officer at Sigma Connected

6 Conclusion

Contact centre outsourcing in the UK remains a huge opportunity for the industry. By leveraging external expertise, organisations in many different sectors can confidently focus on their core business activities while enhancing customer service quality and operational efficiency at the same time. Of course, there are challenges but the benefits far outweigh the hurdles and with a good sense of teamwork between outsourcers, their client organisations and technology providers, all obstacles become minor inconveniences. Most importantly, the contact centre industry is well poised to pool its resources, deploying smart people, processes and technology to elevate the strategic value of the customer service function.

To discover how your organisation can transform CX and customer loyalty to maximise the UK outsourced contact centre opportunity, download the full [Sigma Connected case study](#) or visit www.encoded.co.uk for more ideas and inspiration.

“I wish Encoded could provide all our services, they deliver on time, within budget and it always just works!”

Ian Gerleman

Chief Technology Officer at Sigma Connected

7 Reference

‘The UK Contact Centre Outsourcing Report’ published in 2023 by the Call Centre Management Association (CCMA).⁷

UK Finance 2023 Half Year Fraud Report.⁷

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About Encoded

Encoded is an independent UK payment service provider (PSP) with a flexible payment orchestration platform and gateway.

Encoded understands that customers like to pay in different ways, whether online, via self-service options or speaking to a real person.

Encoded's payment solutions help organisations to remain PCI DSS compliant and protect customer data while offering excellent customer experience (CX). Customers include– Mercedes-Benz, BMW, Mini, Toyota, The Wine Society, LUSH and a host of utility companies including Jersey Telecom, Shell Energy and Severn Trent Water.

Take a closer look at Encoded's secure automated payment solutions

Encoded's card payment solutions are designed to meet your specific requirements while reducing operational costs and improving CX. Whether you choose a fully automated Interactive Voice Response (IVR) solution, an agent assisted process, mobile or online platform Encoded's solutions have been designed to give your customers choice and the confidence that their payments are secure.

Solutions include:

- Payment Gateway Services
- Payment Orchestration
- Agent Assisted Payments with Fraud Prevention Platform
- E-Commerce Payments
- IVR Payments
- PayByLink

For more information please visit

www.encoded.co.uk