Dataquest

December 4, 2000
Dataquest Perspective
Sin Phua

Call Center Services in Asia/Pacific Part II: In-House vs. Outsourcing

This Perspective is Part II in a two-part series that evaluates the outsourcing trend toward networked call centers. It includes analysis of end-user organizations' in-house call center operations and presents an idea of what percentage of call center services is being managed in-house vs. through an external service provider. Information in this report is provided for the Asia/Pacific region and each industry.

CONTENTS:

LIST OF FIGURES:

Key Business Issue

Which industries are driving the implementation of CRM solutions?

Strategic Demand Statement

By 2002, the move toward networked call centers with integrated Web-based interaction will increase the need for external service providers supporting in-house IS organizations in the areas of management, implementation and integration of new call centers.

Strategic Business Imperative

External services companies in Asia/Pacific must educate enterprises on the strategic role of call centers as a CRM platform and clearly define the business value of networked call centers to drive demand for their services.

Report Objective

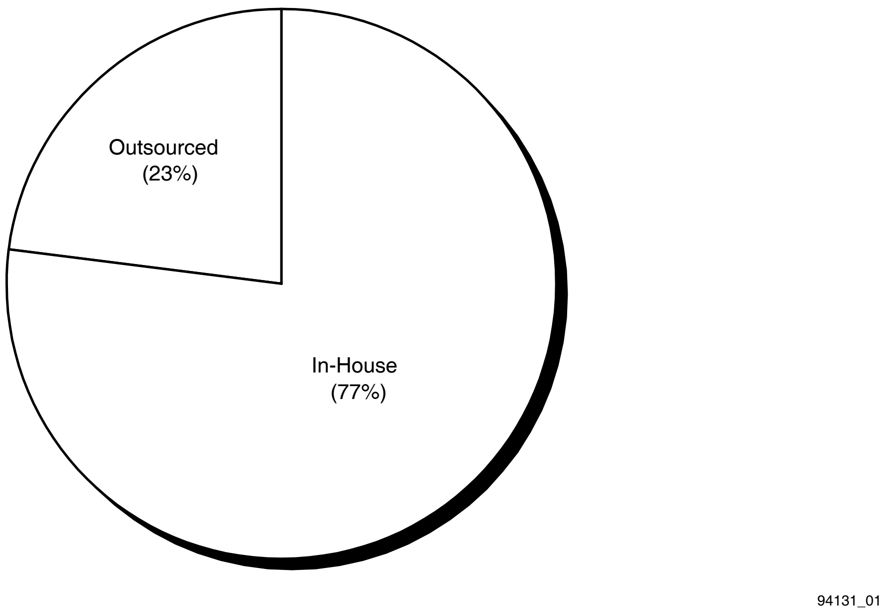
The objective of the survey is to provide Asia/Pacific network integration and support services vendors with a detailed overview of the key trends in call center services. This Perspective, Part II in a two-part series, reviews end-user organizations' in-house call center operations and presents an idea of what percentage of call center services is being managed in-house vs. through an external service provider (ESP).

For information about methodology and demographics, please refer to Part 1 (NISS-AP-DP-0010).

Call Center Distribution

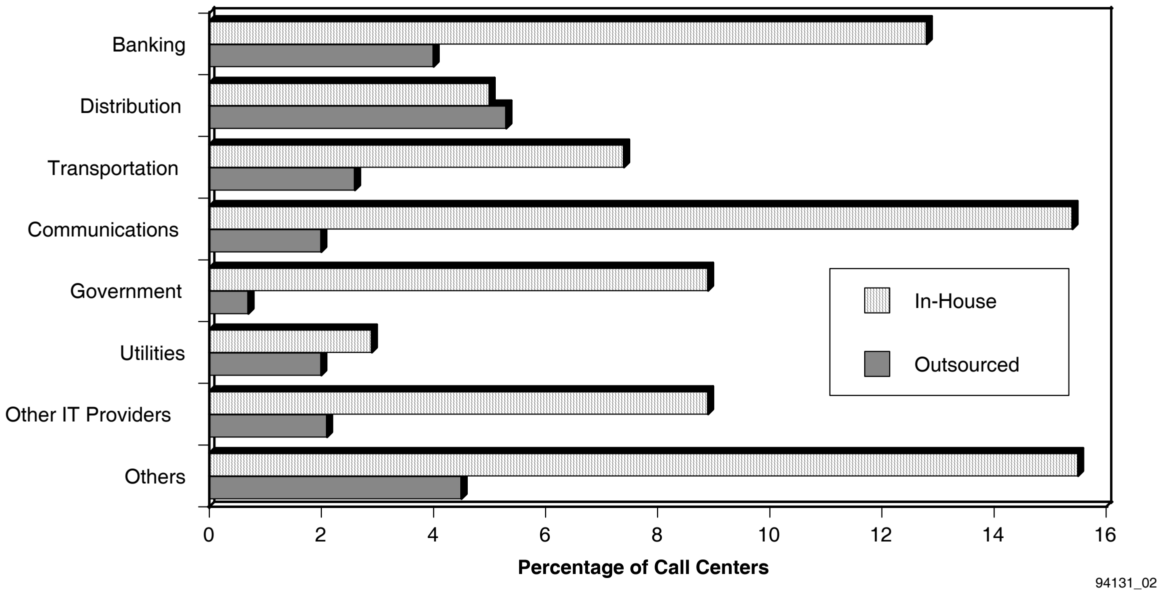
The 346 respondents surveyed operate approximately 819 call centers. Figure 1 illustrates the number of call centers that are outsourced to external vendors. Figure 2 further breaks down the number in various industry sectors across Asia/Pacific.

Figure 1
Distribution of Call Centers, In-House vs. Outsourced



Source: Gartner Dataquest (October 2000)
Note: N = 819

Figure 2
Call Centers by Industry, In-House vs. Outsourced



Source: Gartner Dataquest (October 2000)
Note: N = 819

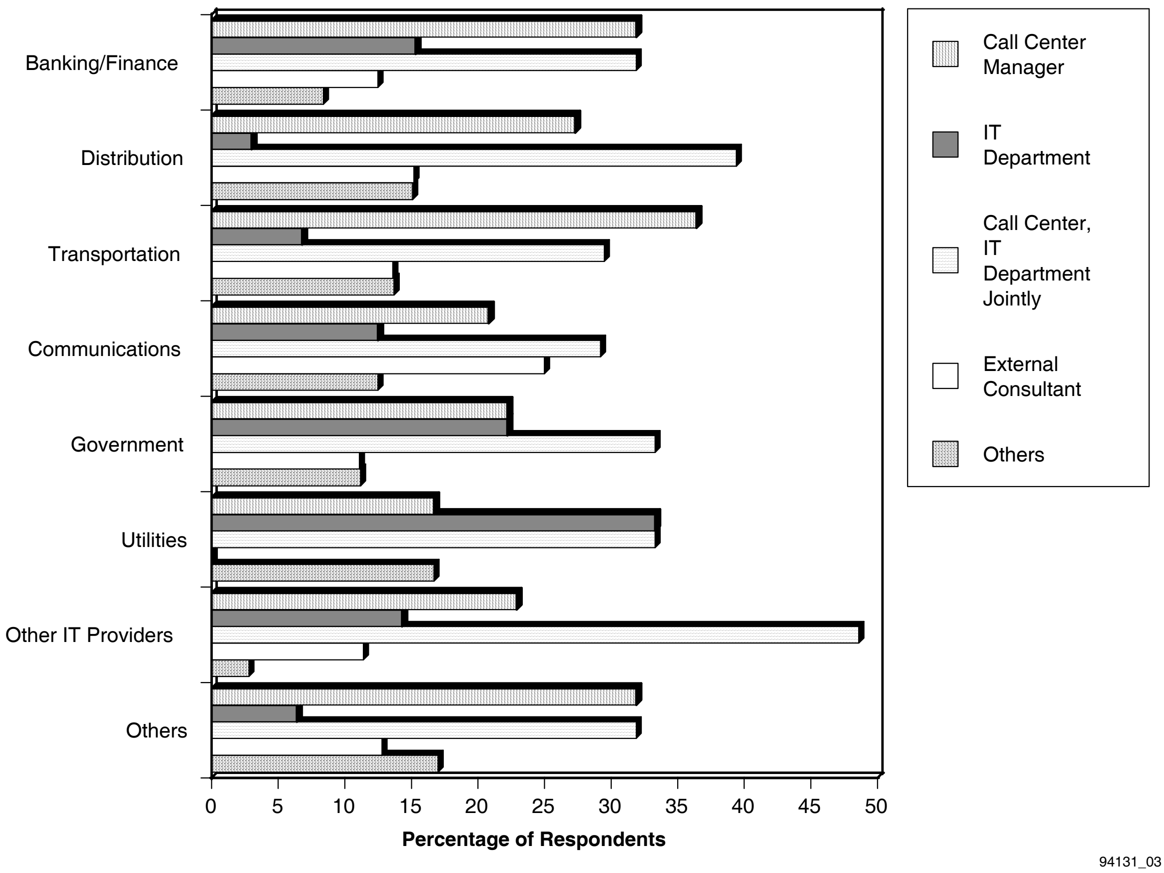
Call Center Services

In this section, respondents with in-house call center operations were asked who was responsible for implementing various services at the call centers and the likelihood of using an external vendor to provide these call center services. ESPs should be aware that there are different decision makers for different services to facilitate their understanding of the structure of the call centers.

Consulting Services

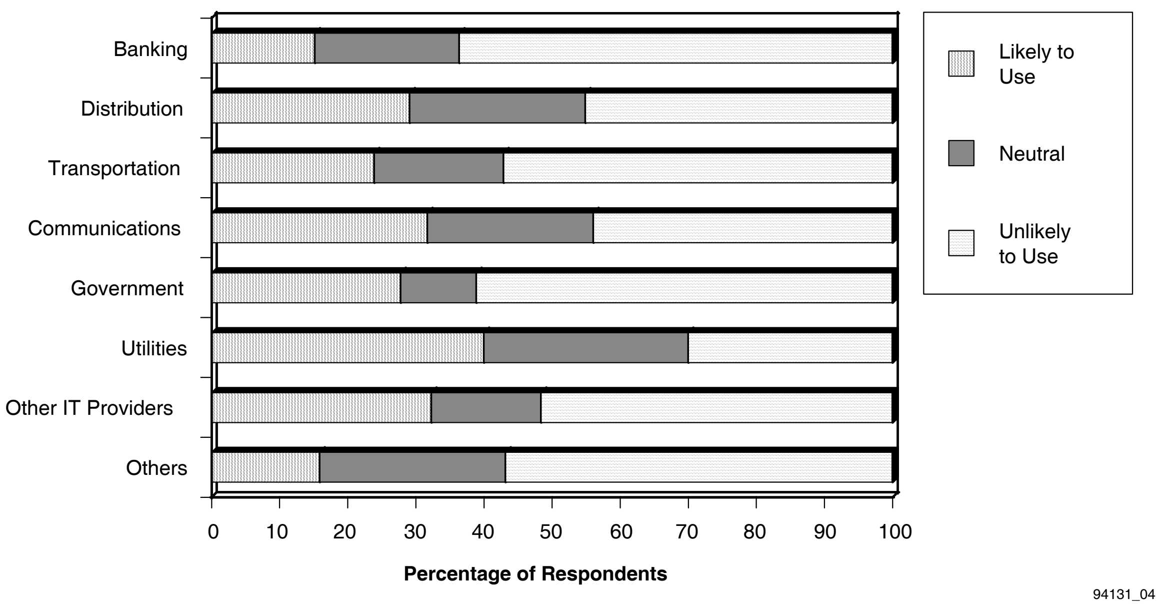
Figure 3 and Figure 4 show that across all vertical markets in Asia/Pacific,
54 percent of respondents surveyed are unlikely to use external consulting services, and internal staff is still responsible for designing the call center. Approximately 24 percent of respondents surveyed are likely to use external consulting services. External consulting services are most likely to be used by the utilities industry.

Figure 3
Responsibility for Consulting Service at Call Center



Source: Gartner Dataquest (October 2000)
Note: N = 309

Figure 4
Use of Consulting Services at Call Center



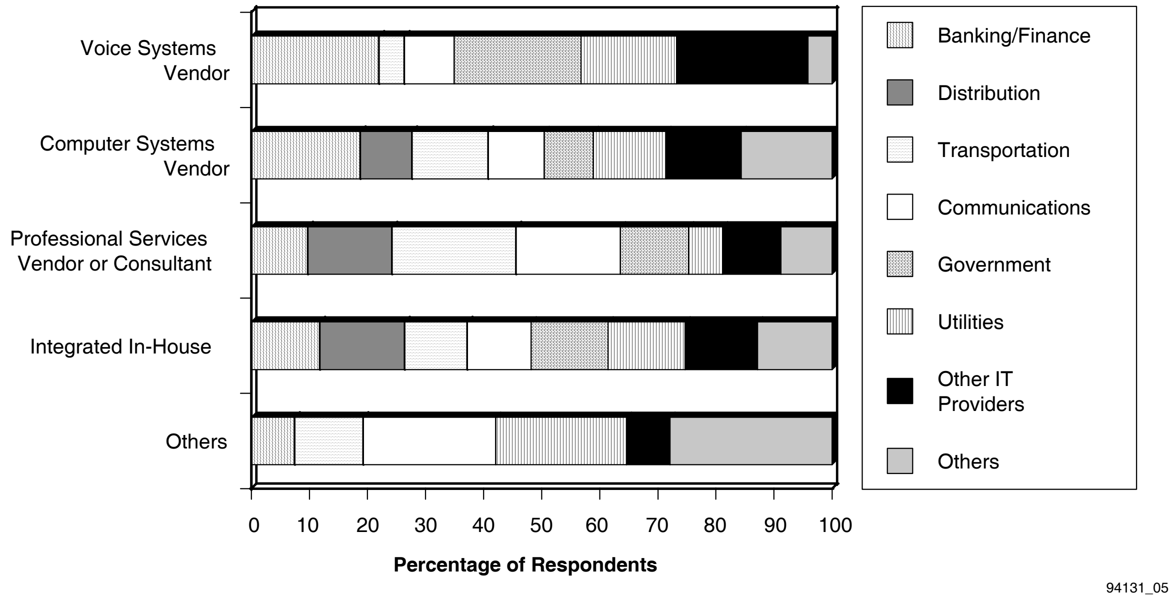
Source: Gartner Dataquest (October 2000)
Note: N = 283

Systems Integration Services

Figure 5 and Figure 6 show similar trends in the use of consulting services. Approximately 48 percent of respondents surveyed are unlikely to use external systems integrators, and about 61 percent of the call center applications are integrated in-house. About 33 percent of respondents surveyed are likely to use external systems integrators. The utilities industry is most likely to use external systems integrator for this service.

Figure 5

Responsibility for Systems Integration Services at Call Center



Source: Gartner Dataquest (October 2000)

Note: N = 282

Figure 6

Use of System Integration Services at Call Center

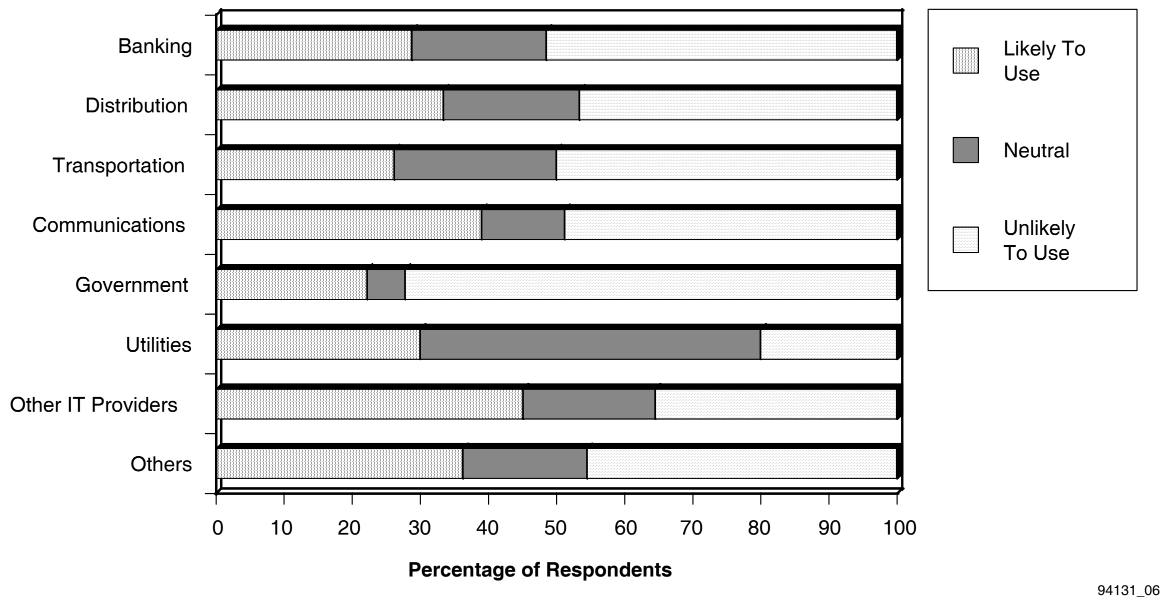


Figure 6

Use of System Integration Services at Call Center

Source: Gartner Dataquest (October 2000)

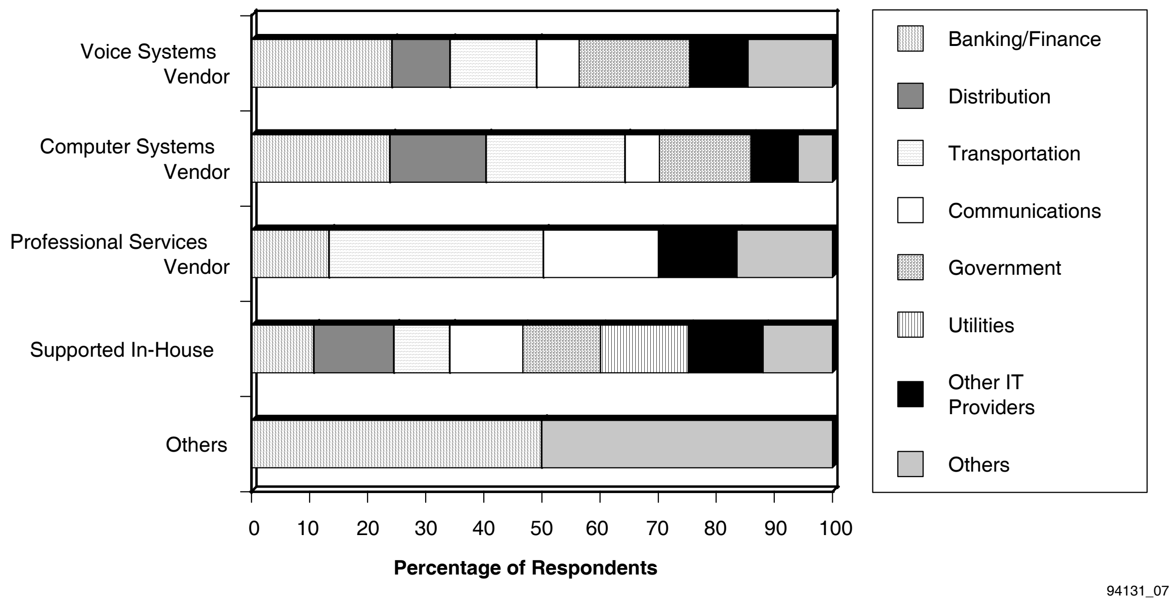
Note: N = 282

Management Services

Figure 7 illustrates that across all vertical markets in Asia/Pacific, almost 80 percent of respondents surveyed would prefer to provide management services to the call center applications in-house. Figure 8 shows that more than 54 percent and 24 percent of respondents are unlikely and likely, respectively, to use external management services at the call centers.

Figure 7

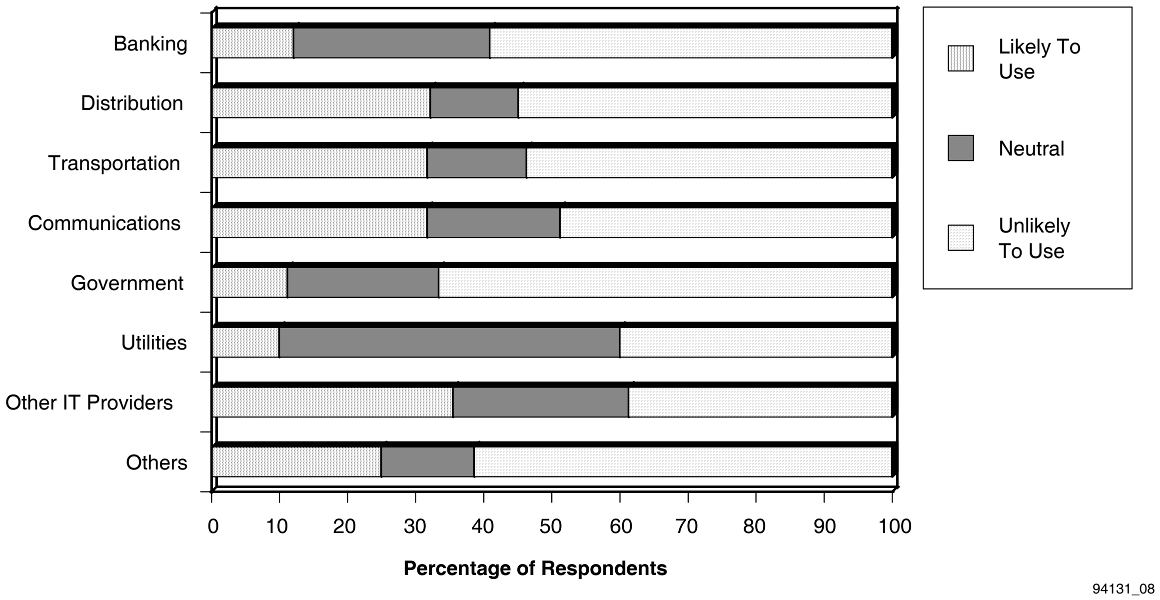
Responsibility for Management Services at Call Center



Source: Gartner Dataquest (October 2000)

Note: N = 282

Figure 8
Use of Management Services at Call Center

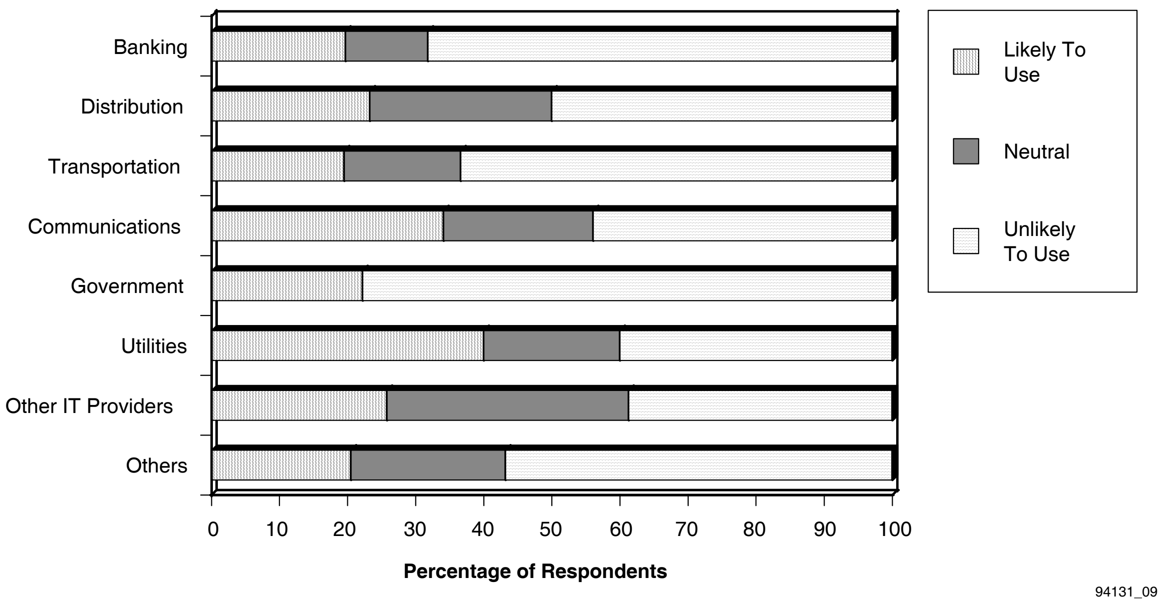


Source: Gartner Dataquest (October 2000)
Note: N = 282

Staffing Services

Figure 9 shows that approximately 57 percent of respondents surveyed are unlikely to staff the call centers using external staffing.

Figure 9
Use of Staffing Services at Call Center



Source: Gartner Dataquest (October 2000)
Note: N = 281

Dataquest Perspective

Generally in Asia/Pacific, traditional call centers are being deployed to provide general customer services. Gartner Dataquest's end-user survey shows that Web-based contact is still insignificant. Hence, call center services are dominated by in-house IS organizations. As user organizations in Asia/Pacific make the slow transition from traditional call centers to networked ones, the skill needed to manage call center applications internally will continue to grow. Gartner Dataquest foresees a growing need for ESPs for these services. With limited skill sets available within user organizations and with the increasing complexity of technology, opportunities will increase for ESPs in call center applications design, planning and implementation.

Furthermore, opportunities for ESPs, in the areas of implementation and integration, will increase. Respondents named the following as the main challenges they face:

- Adding more agents
- Upgrading call centers' platforms
- Opening new call centers
- Centralizing across existing call centers

For user organizations that prefer in-house IS to manage their integration issues, ESPs should offer bundled support and service offerings. These bundled call center service offerings will enable user organizations to match their service level needs with their cost constraints. However, ESPs must regularly evaluate their bundled service offerings as user organizations look to service providers that offer superior support — including systems integration and professional services —to manage the larger call center implementation.

Call center operation trends in Asia/Pacific are similar across all of the vertical markets surveyed, with the call center being run as a cost center and focusing on staffing issues. This suggests that users are not fully aware of or understand the strategic importance of call center applications and customer relationship management (CRM). ESPs face the challenge of putting forward a value proposition to the user organizations that can demonstrate the business impact of using the call centers as a CRM platform. Unless they help users understand and prioritize improvements in the quality of customer service, call centers will continue to be regarded as merely another necessary process.

Of the industries surveyed, there are mixed concerns about such issues as computer telephony integration (finance sector), and recruitment of experienced staff (government and distribution sectors). In general, all industry sectors are concerned about the effective integration of public and private communication networks. Hence, users are likely to have fragmented models, which provides the opportunities for ESPs to integrate these models.

This document has been published by:

Service	**Date**	**Document #**
Network Integration and Support Services Asia/Pacific	December 4, 2000	NISS-AP-DP-0011