Contact Center Services for the U.S. Market: Location Strategies for the Digital World

Customer Experience Management (CXM) Services
Market Report – July 2018: Complimentary Abstract / Table of Contents

EGR-2018-21-CA-2703

Our research offerings for global services

- **Market Vista™**
  Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available
- **Application Services**
- **BPS | Banking & Financial Services**
- **BPS | Healthcare & Life Sciences**
- **BPS | Insurance**
- **Catalyst™**
- **Cloud & Infrastructure**
- **Customer Experience Management Services**
- **Digital Services**
- **Engineering Services**
- **Finance & Accounting**
- **Human Resources**
- **ITS | Banking & Financial Services**
- **ITS | Healthcare & Life Sciences**
- **ITS | Insurance**
- **IT Services Forecaster™**
- **Locations Insider™**
- **PricePoint™**
- **Procurement**
- **Recruitment & Talent Acquisition**
- **Service Optimization Technologies**

Membership information

- This report is included in the following research program(s)
  - **Customer Experience Management (CXM) Services, Locations Insider™**
- **If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com, unitedkingdom@everestgrp.com, or india@everestgrp.com**

More about membership

In addition to a suite of published research, a membership may include

- Price book
- Pinnacle Accelerators
- Data cuts
- Analyst access
- Virtual Roundtables
- Workshops

Custom research capabilities

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

Table of contents (page 1 of 2)

Topic	Page no.

Table of contents (page 2 of 2)

Overview and abbreviated summary of key messages (page 1 of 2)

This report provides an understanding of the evolving dynamics of the North American contact center market and the impact on global sourcing strategy and delivery models. It analyzes key global locations based on their cost-talent-risk value proposition and the market activity in these locations for delivery to the United States. It also highlights emerging industry trends in the United States along with their implications on enterprises, Global In-house Centers (GICs), and service providers.

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

Overview of U.S. contact center services market

- The U.S. contact center market employs 5.5-6.0 million FTEs, with about 40% of these employed with outsourced service providers. The remaining 60% FTEs are distributed between internal operations and Global In-house Centers (GICs), with internal operations constituting bulk of the headcount
- Both GICs and CCO providers have adopted a balanced delivery model with a mix of onshore, offshore, and nearshore delivery for contact center services in the United States

Location landscape for U.S. contact center services

- Approximately half of the contact center delivery footprint is based onshore (i.e., within the United States). Contrary to other functions, the onshore (i.e., U.S.-based) headcount has increased at a faster rate compared to that in offshore and nearshore locations
- In offshore and nearshore locations, the Philippines is leading both in terms of revenue and headcount, followed by India and other countries in Latin America (i.e., Mexico, Costa Rica, Argentina, Colombia, and Guatemala)

Overview and abbreviated summary of key messages (page 2 of 2)

Delivery locations for supporting U.S. contact center services

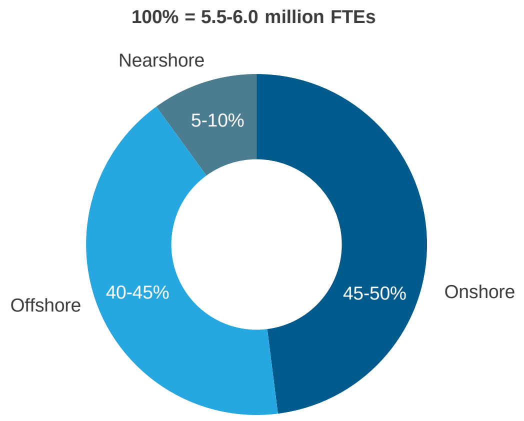
- There are 150+ locations in the United States currently being leveraged for delivery of contact center services, with over 50+ supporting a scale of 500+ FTEs. These locations can be classified into four broad categories or tiers, based on their socio-economic status and maturity for contact center services delivery
- Companies evaluate multiple parameters such as cost of operation, availability and quality of relevant talent, and competitive intensity, when planning to set up a new center

Delivery model for U.S. contact center services market

- The adoption of digital technologies is fundamentally disrupting the traditional delivery pyramids in the CX industry. The greatest impact is a reduced proportion of entry-level/junior roles in the total delivery pyramid
- In addition to improving agent productivity and effectiveness with traditional delivery models, firms are also widely adopting WAHA delivery model
- Infact, WAHA has been the fastest growing segment within the CCO market, growing at 13-19% per year over the last two years. Most of the growth in WAHA is in the U.S. market
- Key drivers for WAHA are the business requirements for many firms that demand flexibility in handling volume fluctuations, coupled with business continuity considerations. At the same time, availability of technology solutions that support remote working along with talent availability has led to increased share of WAHA delivery channels

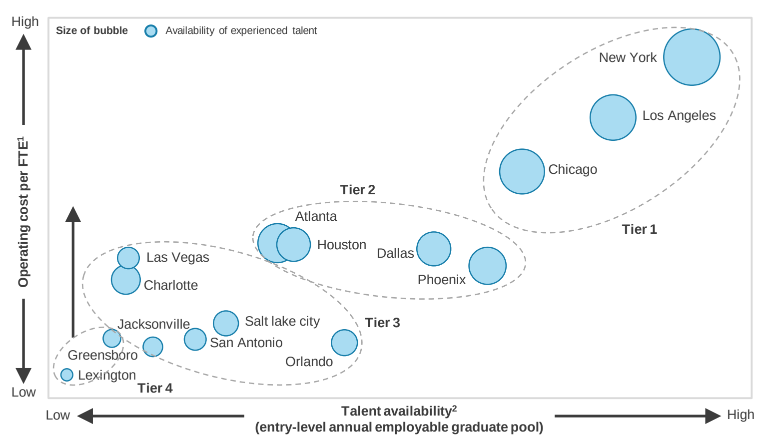
This study offers four distinct chapters providing a deep dive into the location strategies of the U.S. contact center services market; below are four charts to illustrate the depth of the report

Overview of U.S. contact center services market

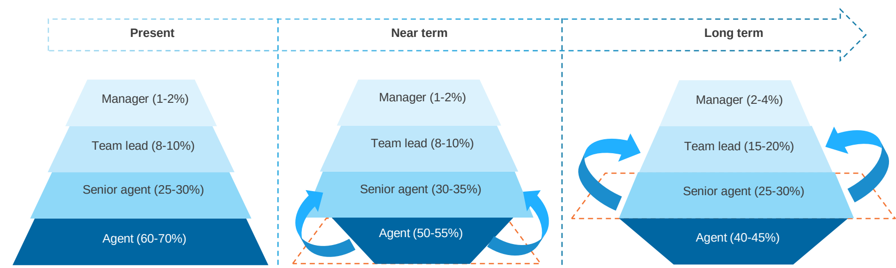


Location landscape for U.S. contact center services

Delivery locations for supporting U.S. contact center services



Delivery model for U.S. contact center services market



Present

- The current contact center delivery pyramid is bottom-heavy, with the majority of agents handling transactional processes
- Senior agents, who typically handle high-complex work, are comparatively fewer than entry-level agents

Near term

- As RPA adoption increases across various contact center processes, it is expected to free up agents' time for more complex work
- This leads to reduction in agent-level headcount and increase in senior agents, where some of the agents would be upskilled and redeployed in high-value work

Long term

- As technology matures, AI would help to automate high-complex work and increase the accuracy of automated processes, thus creating more demand for agents handling highly complex, judgment-intensive work
- Thus, the bottom-most section (agents) would be highly impacted in the long term – when the low-complex tasks are automated with RPA and AI solutions

Glossary of key terms used in this report

Term	Definition
BPO	Business Process Outsourcing refers to the purchase of one or more processes or functions from a company in the business of providing such services at large or as a third-party provider
Buyer	The company/entity that purchases outsourcing services from a provider of such services
Contract term	The duration of the outsourcing contract. It drives the schedule over which the buyer or service provider amortizes capitalized costs or the period over which Net Present Value (NPV) / Internal Rate of Return (IRR) is calculated
FAO	Finance and Accounting Outsourcing is the transfer of ownership of some, or all finance and accounting processes or functions to a service provider. This could include administrative-, delivery-, or management-related processes or functions
FTEs	Full-Time Employees on the rolls of the company
GIC	Global In-house Centers are service delivery operations in low-cost geographies, which are owned and operated by the same company receiving the services (i.e., not third-party outsourcing)
HRO	Human Resources Outsourcing is the transfer of ownership of some, or all human resource processes or functions to a service provider. This could include administrative-, delivery-, or management-related processes or functions
ITO	Information Technology Outsourcing is the transfer of ownership of some, or all information technology processes or functions to a service provider. This could include administrative-, delivery-, or management-related processes or functions
Offshoring	Transferring activities or ownership of a complete business process to a different country from the country (or countries) where the company receiving the services is located. This is primarily done to access a lower cost labor market, but may also be undertaken to access additional skilled labor or establish a business presence in a foreign country. Companies may utilize offshoring either through an outsourcing arrangement with a third party or by establishing their own Global In-house Center (GIC) presence in the offshore location, among other business structures
PO	Procurement Outsourcing is the transfer of ownership of some, or all procurement processes or functions to a service provider. This could include administrative, delivery-, or management-related processes or functions
Service provider	A company/entity that provides outsourcing services to another company/entity
TCV	Total Contract Value is the potential revenue associated with the contract and estimated at the commencement of the contract (e.g., sum total of revenue accrued to the service provider from the contract over the entire contract term, usually measured in millions of dollars)

Research calendar – Customer Experience Management (CXM) Services

Published | Planned | Current release

Flagship Customer Experience Management (CXM) Services reports	Release date
Contact Center Outsourcing (CCO) – Service Provider Profile Compendium 2017	July 2017
Contact Center Outsourcing (CCO) – Annual Report 2017	August 2017
Contact Center Outsourcing (CCO) – Service Provider Landscape with PEAK Matrix™ Assessment 2018	June 2018
Contact Center Outsourcing (CCO) – Annual Report 2018	Q3 2018
Contact Center Outsourcing (CCO) – Service Provider Profile Compendium 2018	Q3 2018

Thematic Customer Experience Management (CXM) Services reports	
Impact of Brexit on the UK Contact Center Market – The Only Thing Certain is Uncertainty	July 2017
Delivering Omnichannel Customer Experience	September 2017
How Good are CCO Providers in Providing Digital Customer Experience – Buyers' Perspective	September 2017
The Philippines Pivoting to Deliver Customer Experience of the Future	October 2017
Chatbots Delivering Enhanced Customer Experience: It is Easy to Get it Wrong	October 2017
The Business Case for RPA and Chatbots in Contact Centers	December 2017
The Evolving Customer Experience Management (CXM) Talent Model: The Rise of the Super Agent	March 2018
Role of AI and Cognitive in Delivering Customer Experience of the Future	March 2018
U.S. Contact Center Service Delivery: Location Strategies for the Digital World	**July 2018**
PEAK Matrix™ for Chatbots / Virtual Agents	Q4 2018

Note: For a list of all Customer Experience Management (CXM) Services reports published by us, please refer to our website page

Research calendar – Locations Insider™

Published | Planned | Current release

Flagship Locations Insider™ reports	Release date
"Next-wave" Location Profiles – Medellín, Colombia	November 2017
"Next-wave" Location Profiles – Chengdu, China	January 2018
"Next-wave" Location Profiles – Atlanta, United States	January 2018
"Next-wave" Location Profiles – Manchester, United Kingdom	February 2018
Global Locations Annual Report 2018: Service Delivery Portfolios in a Disrupted World	June 2018
"Next-wave" Location Profile – Timisoara, Romania	June 2018
"Next-wave" Location Profiles – Santiago, Chile	June 2018
"Next-wave" Location Profiles – Johannesburg, South Africa	Q3 2018

Thematic Customer Experience Management (CXM) Services reports	
Changing the Contact Center Delivery Model to Target Customer Experience	October 2017
What is the True Maturity of the Indian Contact Center Market?	October 2017
Brexit, GDPR, and Digital Winds of Change: Disruption or Transformation of Service Delivery to the UK and Ireland?	October 2017
Poland Tier-2/3 Cities: Complementing Tier-1 Cities or Carving a Niche for Digital Services	December 2017
Betting on the Future – The Bangladesh IT-ITeS Industry is Poised for Growth	December 2017
What Will 2018 Have in Store for Locations Strategies?	May 2018
U.S. Contact Center Service Delivery: Location Strategies for the Digital World	**July 2018**
Where are FinTech Startups Concentrated?	Q3 2018

Note: For a list of all Locations Insider™ reports published by us, please refer to our website page

Additional research references

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

1. **The Evolving Customer Experience Management (CXM) Talent Model: The Rise of the Super Agent** (EGR-2018-21-R-2579); 2018. This report aims to provide an understanding of the impact of digital shift on the CXM talent model. It covers the evolution of the CXM delivery pyramid due to increasing digitization of simpler and repetitive transactional tasks. It also covers the drivers behind this change and the impact of this shift on key attributes of the talent model including agent profile & skill-set requirement, shoring mix, recruitment & L&D processes, and KPIs

2. **Global Locations Annual Report 2018: Service Delivery Portfolios in a Disrupted World | Key Trends Shaping the Landscape** (EGR-2018-37-R-2646); 2018. The global services locations landscape continued to witness growth in 2017 in terms of revenue, headcount, and new center set-up activity; however, the growth rate was lower than that in the previous year given macroeconomic slowdown, increased trade protectionism, and uncertainties in legal/regulatory landscape across the world. This report takes a stance with respect to the changes taking place in this market and opportunities for growth in the future.

3. **Contact Center Outsourcing (CCO) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018** (EGR-2018-21-R-2645); 2017. The CCO industry grew at a rate of ~4% in 2017 to reach US$81-83 billion. This report examines the global Contact Center Outsourcing (CCO) market and evaluates the positioning of service providers on the Everest Group PEAK Matrix. It provides insights on the changing market dynamics, service provider delivery capabilities, and Everest Group's remarks on service providers' key strengths and areas of improvement.

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

Katrina Menzigian, Vice President: katrina.menzigian@everestgrp.com

Salil Dani, Vice President: salil.dani@everestgrp.com

Skand Bhargava, Practice Director: skand.bhargava@everestgrp.com

Aditi Goenka, Senior Analyst: aditi.goenka@everestgrp.com

Jayapriya K, Senior Analyst: jayapriya.k@everestgrp.com

Namita Dahiya, Senior Analyst: namita.dahiya@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com

Everest Group®

From **insight** to ***action***.

About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91 806-781-9999

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

New York
info@everestgrp.com
+1-646-805-4000

Toronto
canada@everestgrp.com
+1-416-388-6765

Stay connected

Website

www.everestgrp.com

Social Media

@EverestGroup

@Everest Group

Blog

Sherpas In Blue Shirts

www.sherpasinblueshirts.com