Topic: Contact Center Outsourcing Annual Report 2014: Changing Times, Evolving Value Proposition

Contact Center Outsourcing (CCO)
Annual Report: June 2014 – Preview Deck

EGR-2014-1-PD-1124a

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1 Banking, financial services, and insurance

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The third-party contact center spend has grown at ~7% in 2013 to reach US$70-75 billion. Since 2009, CCO has witnessed steady growth with increasing contract activity. Along with higher number of new deals, 2013 also witnessed high number of terminations, highlighting buyers' intentions to consolidate their portfolio and also drive more value from their current engagements.

With buyers maturing, CCO value proposition has changed over time to move beyond labor arbitrage. This has brought about a shift in CCO solution characteristics including adoption of multi-channel contact center solution, industry-specific solution, and value-added services to drive process improvement and business outcomes.

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

Market size and buyer adoption

- The global contact center spend stands at US$300-350 billion of which third-party outsourcing accounts for 20%
- While developed geographies (North America and Europe) remained sluggish in 2013, emerging geographies (Asia Pacific and Latin America) witnessed strong growth
- Although English is still the predominant language for CCO delivery and grew at the same rate as CCO, growth in the APAC region has led to higher scale for Asian languages

Overview and abbreviated summary of key messages
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Value proposition and solution characteristics

- The technology landscape within CCO has changed with enabler technology driving majority of technology investments in the last three years
- Adoption of scenario-based learning technique has led to improvement in agent skill levels as well as quality of services delivered
- While FTE-based pricing continues to be the dominant pricing model in CCO (in 49% of the contracts signed in 2013), pricing structures have evolved over time with increasing adoption of the hybrid pricing structure

Service provider landscape

- The CCO market is heavily fragmented with top 20 players accounting for less than 40% of the market share, but has seen consolidation over the last 18 to 24 months
- CCO specialists dominate the market with Teleperformance, Convergys + Stream (after their recent merger announcement), and Atento forming the top three service providers in the CCO space

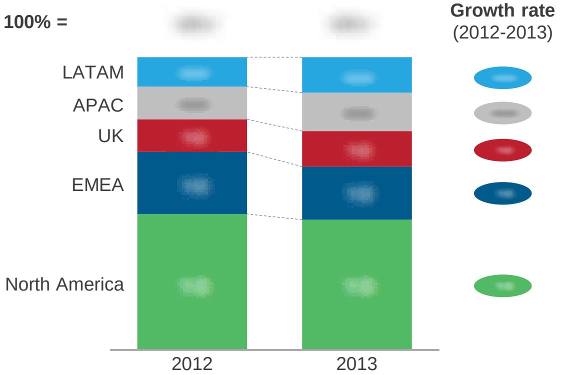
This study offers three distinct chapters providing a deep dive into key aspects of the CCO market; below are four charts to illustrate the depth of the report

Contract activity over time

CCO contract activity (both new and renewals) over time
Number of contracts signed

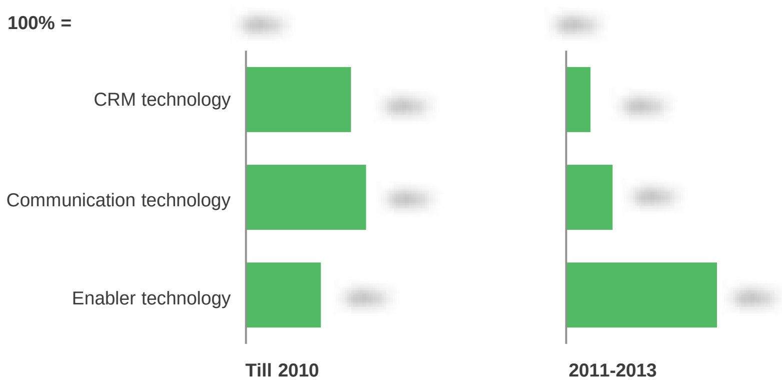
Adoption by buyer geography

CCO revenue by signing region over time (both new deals and renewals)
US$ billion



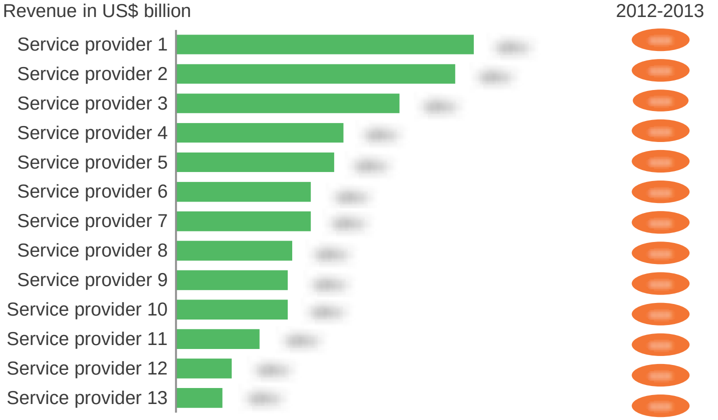
CCO technology investments

CCO technology investments by category over time
Share of instances



Service provider landscape

2013 CCO service provider revenue
Revenue in US$ billion



Source: Everest Group (2014)

CCO research calendar

Published | Current

Topic	Release date
CCO – Service Provider Landscape with PEAK Matrix Assessment 2013	November 2013
CCO – Service Provider Profile Compendium 2013	December 2013
The Business Impact of Contact Center Attrition	January 2014
Convergys to Acquire Stream	January 2014
Pushing the Vertical Limit	April 2014
Contact Center Outsourcing Annual Report 2014: Changing Times, Evolving Value Proposition	June-2014
CCO – Service Provider Landscape with PEAK Matrix Assessment 2014	Q3-2014
CCO – Service Provider Profile Compendium 2014	Q3-2014
Healthcare industry-specific CCO Service Provider Landscape	Q4-2014
BFSI industry-specific CCO Service Provider Landscape	Q4-2014

Additional CCO research references

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

1. **Pushing the Vertical Limit: Industry-specificity in Contact Center Outsourcing** (EGR-2014-1-R-1092) 2014. This study looks at the trends shaping the growing interest in industry-specific CCO, and explores what market stakeholders need to know, in order to maximize the opportunities offered by this increasingly important shift in the market

2. **The Business Impact of Contact Center Attrition** (EGR-2014-1-R-1056); 2014. This report develops a framework for studying the business impact of attrition in contact centers and establishes that attrition not only drives up specific operational costs but also results in lost revenue opportunities

3. **Contact Center Outsourcing (CCO) – Service Provider Landscape with PEAK Matrix™ Assessment 2013** (EGR-2013-1-R-0972a); 2013. This report focuses on service provider positioning in the CCO market, changing market dynamics and emerging service provider trends, and assessment of service provider delivery capabilities

4. **Contact Center Outsourcing (CCO) – Annual Report 2013: Focus on Customer Experience Management** (EGR-2013-1-R-0906b); 2013. This report provides comprehensive coverage of the global CCO market including detailed analysis of market size and growth, buyer adoption trends, CCO value proposition and solution characteristics, and service provider landscape

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