



## **Cultural Affinity, Cost Savings, Coordinates – 3 C's of Targeting UK Contact Center Market**

Contact Center Outsourcing (CCO); Locations Insider™  
Market Report: March 2015 – Preview Deck

# Our research offerings for global services

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- | The full report is included in the following subscription(s)
  - **Contact Center Outsourcing (CCO)**
  - **Locations Insider™**
- | In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- | If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us:

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Contact Center

Locations Insider™

Transaction Intelligence

## 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

<sup>1</sup> Banking, financial services, and insurance

# Background and scope of the research

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## **Background of the research**

Locations in nearshore UK are witnessing growing interest as delivery locations for contact center services, especially to serve UK clients. Cultural affinity and time-zone similarity with UK, availability of skilled talent pool, and low risk profile coupled with cost savings make these locations attractive options. Within this region, Scotland accounts for over half the share, followed by Ireland and Northern Ireland

## **In this research, we assess the nearshore UK region (Scotland, Northern Ireland, and Ireland) across multiple dimensions for delivery of the contact center services to UK**

- | Market overview
- | Talent availability across entry-level and experienced pool
- | Operating cost
- | Risk assessment
- | Implications for stakeholders
- | Outsourcing market

## **The scope of the analysis includes:**

- | Nearshore Contact Center (CC) services in English language
- | Services delivered by Global In-house Centers (GICs) and third-party service providers
- | Analysis of key cities in nearshore UK: Dublin, Cork, Limerick, Glasgow, Edinburgh, Belfast, and Londonderry/Derry. The report also includes an assessment of Croydon (England) as a reference location for the analysis

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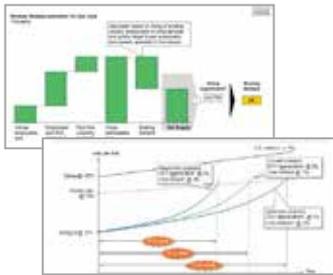
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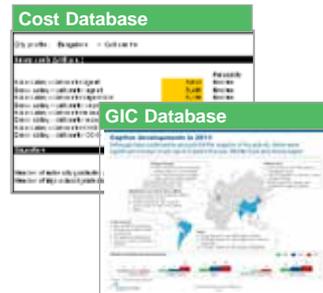
# Methodology – Everest Group’s extensive databases, proprietary market intelligence, and inputs from market participants formed the foundation for this report

- | Proprietary intelligence
- | Market thought leadership
- | Actionable and insightful research

**1** Robust definitions and frameworks – location assessment, sustainability, and scalability



**2** Proprietary databases (global in-house centers, service providers, market activity, cost/labor, and transaction intelligence)



**3** Diverse set of touch-points with key global- services stakeholders for on-the-ground perspectives



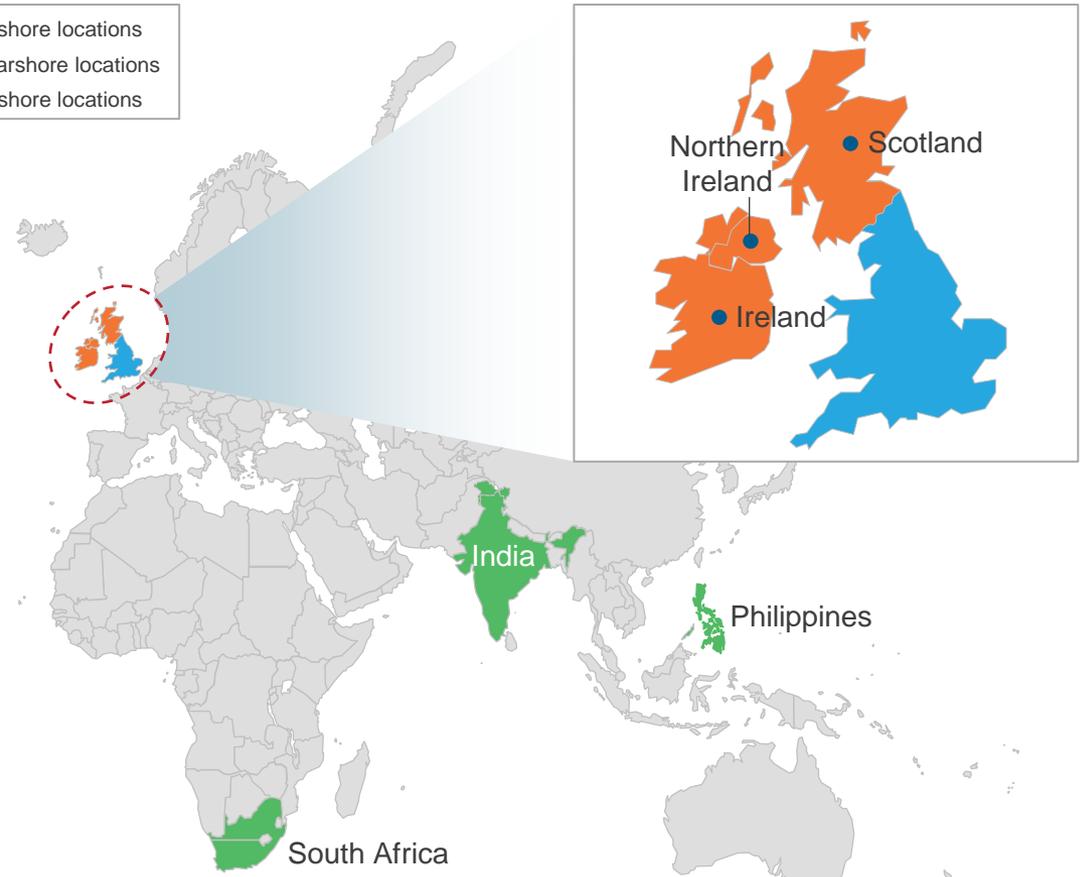
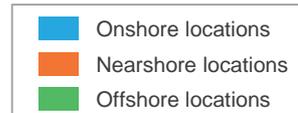
**4** Fact-based research adequately informed by deep domain expertise and experience



- | A dedicated team for global sourcing research, supporting all location-related requirements of clients (information, strategy, tracking, etc.) and for CCO research, tracking 20+ service providers in the CCO space
- | Proprietary contractual database of 1,000+ CCO contracts (updated annually)
- | Comprehensive, year-round tracking of global sourcing activity across outsourcing transactions, locations, Global In-house Centers (GICs), and service providers
- | More than 20 years of advising clients on global sourcing decisions (such as spanning strategy, optimization, and implementation) and CCO-related decisions
- | Executive-level relationships with buyers, service providers, country/industry associations, and other industry stakeholders (recruiters, real estate firms, and legal firms)

# Key definitions

- | **Contact center:** Includes inbound and outbound voice (e.g., call center) and non-voice (e.g., e-mail, chat support) services-related management of client contact/interactions
- | **Onshore delivery:** Refers to delivery of services from the source market itself, England in this case
- | **Nearshore delivery:** Refers to delivery of services from locations in geographical proximity of the source market; typically falling in the same time zone. For this report, nearshore UK locations comprise Scotland, Northern Ireland, and Ireland
- | **Offshore delivery:** Refers to delivery of services from locations significantly far away from the source market; may fall in the same time zone and provide significant cost arbitrage. e.g., India, Philippines, and South Africa for UK



In the context of this study, the term “nearshore” refers to the above definition. This is distinct from how the term is used in Everest Group’s Contact Center Outsourcing (CCO) research studies, which refer to UK nearshore as those locations outside of the UK borders but within close proximity (Eastern Europe) or close cultural affiliation (South Africa)

Source: Everest Group (2015)

# Overview and abbreviated summary of key messages

This report assesses the current state of the nearshore UK contact center services covering seven locations – Dublin, Cork, Limerick, Belfast, Derry, Glasgow, and Edinburgh. It provides overview of the contact center market, deep-dive on the contact center outsourcing market, labor pool assessment across entry-level and employed talent, language skills, operating cost, and risk environment. It also highlights key trade-offs to consider across all locations using a risk-reward approach and also offers implications for global services stakeholders

## Some of the findings of the report

### Market Overview

- | During 2011-2014, when the overall UK market recorded marginal growth of ~2%, nearshore UK locations (which represent 17-22% of the total FTE strength serving UK CC market) outgrew other regions and registered 8.5% CAGR
- | The region is witnessing increased interest owing to talent availability, financial incentives, cultural affinity with UK, favorable operating environment, and cost savings compared to onshore UK locations

### Nearshore UK CCO market overview

- | UK CCO market is relatively less fragmented than the global CCO market, with the top five players together holding about 40% market share
- | Serco and Capita are the leading providers in the UK CCO market, whereas Firstsource and Webhelp have the highest scale in nearshore locations

### Assessment of talent pool

- | Dublin and Glasgow have the largest entry-level pools, given these cities are educational hubs with a large number of schools & universities and attract students from all over the country. Edinburgh, Cork, and Belfast have relatively smaller talent pools
- | Glasgow has the maximum presence of service providers and GICs, followed by Dublin, Edinburgh, and Belfast

### Assessment of cost

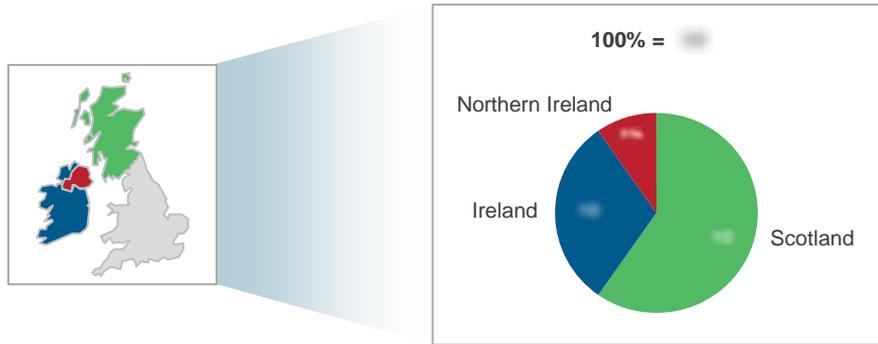
- | Nearshore UK locations offer modest cost arbitrage (13-34%) compared to Croydon (UK). The arbitrage is higher for emerging locations such as Limerick and Derry as compared to established locations such as Dublin and Edinburgh
- | All locations under consideration have consistently low wage inflation (<3% annually) aligned with macroeconomic inflation

### Assessment of risk

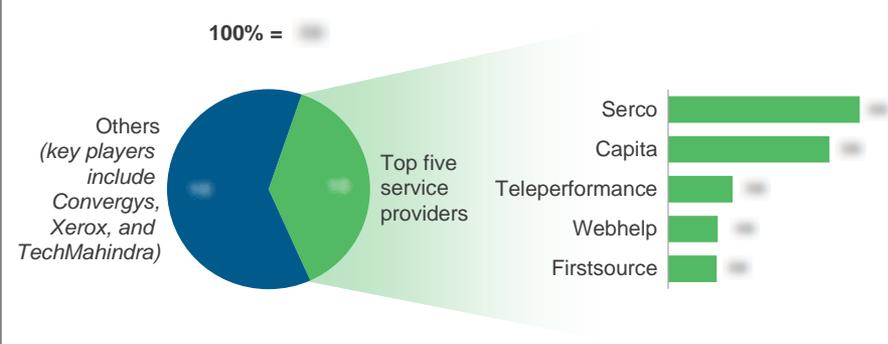
- | All nearshore UK locations under consideration have similar risk profiles, with stable operating and business environment
- | Emerging cities such as Derry and Limerick have some operating environment related concerns primarily on account of less sophisticated infrastructure

# This study offers five distinct chapters providing a deep dive into the current state of the nearshore UK contact center industry

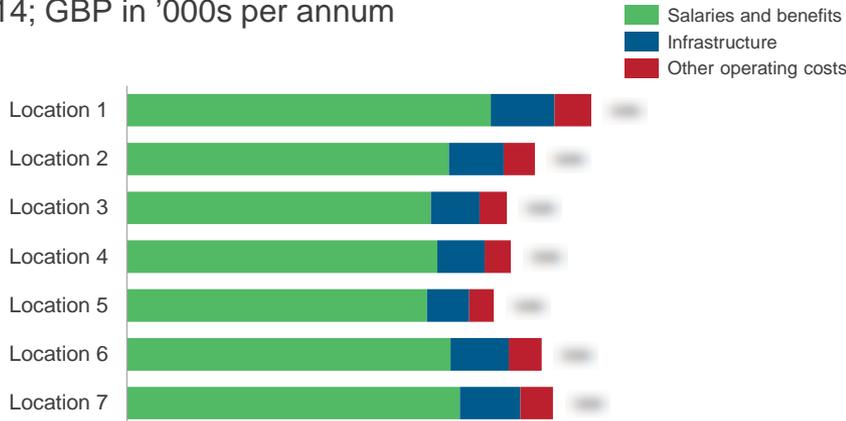
**Nearshore UK contact center FTEs by country**  
2014; FTEs in '000s



**UK CCO market by service provider market share**  
2014; GBP million



**Operating cost range per FTE– contact center**  
2014; GBP in '000s per annum



**Risk-reward trade-offs**



Source: Everest Group (2015)

# CCO research calendar

Topic	Published	Current	Release date
BPS Code of Conduct: A Shared Solution for Protecting Confidential Information .....			October 2014
Contact Center Outsourcing (CCO) Market for the BFSI Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2014 .....			November 2014
CCO Service Provider Landscape for Healthcare .....			December 2014
Alorica To Acquire West Corporation’s Agent Services Businesses: Tell-tale Signs of a Changing Industry .....			January 2015
Cultural Affinity, Cost Savings, Coordinates – 3 C’s of Targeting UK Contact Center Market .....			March 2015
Contact Center Outsourcing (CCO) – Annual Report 2015 .....			Q2 2015
Driving Value from Differentiation – How Service Provider are Tackling Key Value Levers .....			Q2 2015
Impact of Social Media and its related analytics on the CCO industry .....			Q2 2015
CCO – Service Provider Landscape with PEAK Matrix Assessment 2015 .....			Q3 2015
CCO – Service Provider Profile Compendium 2015 .....			Q3 2015
Outcome-Based Pricing in CCO .....			Q4 2015

# LI research calendar

Topic	<span style="color: blue;">■</span> Published <span style="color: green;">■</span> Current <b>Release date</b>
Central & Eastern European (CEE) Locations for Finance & Accounting Services Delivery .....	November 2014
Global Locations Annual Report 2014 .....	November 2014
Webinar Deck: Connecting the Dots: Optimizing Your Global Delivery Network .....	November 2014
Central America and the Caribbean Answer the Call for English-language Contact Center Services .....	December 2014
Economies of Scale in Global Services – Realities and Limitations .....	December 2014
Global Location Insights: Demystifying the Impact of Incentives on Location Attractiveness .....	December 2014
"Next-wave" location profiles: Bangalore, India .....	January 2015
"Next-wave" location profiles: Manila, Philippines .....	January 2015
Cultural Affinity, Cost Savings, Coordinates – 3 C's of Targeting UK Contact Center Market .....	March 2015
"Next-wave" location profiles: Kochi, India .....	Q1 2015
"Next-wave" location profiles: Penang, Malaysia .....	Q1 2015
Function focus report: Delivery of IT-ADM services from CEE .....	Q2 2015
"Next-wave" location profiles: Lithuania .....	Q2 2015
"Next-wave" location profiles: Lodz, Poland .....	Q2 2015
"Next-wave" location profiles: Puerto Rico .....	Q2 2015
Emerging Locations Trends report: SMAC delivery hotspots .....	Q2 2015

# Additional CCO research references

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

1. **Contact Center Outsourcing (CCO) Market for the Healthcare Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2014** ([EGR-2014-1-R-1332](#)); 2014. This report provides an overview of the CCO market for the healthcare industry. It provides insights into market size and growth (forecast up to 2015), buyer adoption & scope trends, service provider landscape, service provider positioning on the Everest Group PEAK Matrix, and assessment of the service provider delivery capabilities
2. **Contact Center Outsourcing (CCO) Market for the BFSI Industry – Service Provider Landscape with PEAK Matrix™ Assessment 2014** ([EGR-2014-1-R-1294](#)); 2014. This report provides an overview of the CCO market for the BFSI industry. It provides insights around market size and growth (forecast up to 2015), buyer adoption & scope trends, service provider landscape, service provider positioning on the Everest Group PEAK Matrix, and assessment of the service provider delivery capabilities
3. **Contact Center Outsourcing (CCO) – Service Provider Landscape with PEAK Matrix™ Assessment 2014** ([EGR-2014-1-R-1150](#)); 2014. 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

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

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

1. **Global Locations Annual Report 2014: Expanding Frontiers and Maturation** ([EGR-2014-2-R-1273](#)); 2014. This report is a unique and comprehensive guide to understanding the nuances of global services locations landscape and interpreting locations-related developments and trends in order to frame locations strategy. It presents insights into the size and growth of the global services market, global services exports by regions and country, update of locations activity by region and country and trends affecting global locations (changes in investment environment and exposure to various risks)
2. **Central & Eastern European (CEE) Locations for Finance & Accounting Services Delivery – Delivery Options Bloom in Western Europe’s Backyard** ([EGR-2014-2-R-1300](#)); 2014. This report examines CEE as a location for multi-lingual F&A services delivery. It focusses on market characteristics, labor pool analysis across entry and employed talent, operating cost and risk assessment across eight LATAM locations – Bratislava, Bucharest, Budapest, Krakow, Lodz, Prague, and Sofia
3. **Central America and the Caribbean Answer the Call for English-language Contact Center Services** ([EGR-2014-2-R-1297](#)); 2014. This report assesses the current state of the nearshore U.S. contact center services market on the basis of relevant talent pool, language skills, operating cost, and risk environment. The report covers key cities in Central America and the Caribbean: San Jose, Guatemala City, San Salvador, Panama City, San Juan, Santo Domingo, Montego Bay, Managua, and San Pedro Sula

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## At a glance

- | With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- | Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- | Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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