

Outsourcing the next boom market

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Nearly one third of Australian businesses regard outsourcing as one of their top 10 priorities for the next 12 months - but many are still looking within Australia rather than overseas for outsourcing opportunities, new research show.

According to a report by Convergys Corporation, around 28 per cent of the 60 surveyed Australian businesses said outsourcing posed one of the top 10 priorities over the next 12 months following the global financial crisis.

But if you fear jobs will disappear in droves to citizens of developing countries such as India and China - take heart. Around 46 will consider outsourcing their back-office application and form processing to local firms, compared to India (23 per cent) and New Zealand (8 per cent).

Australia also ranks highly in customer interaction activities, with 43 per cent ranking the country as the top destination for outsourcing. New Zealand is a distant second at 29 per cent, and India, Phillipines and Malaysia at 14 per cent each.

"The top three challenges are around retaining and acquiring new customers, generating revenue and maximising productivity. Under these economic [circumstances], it's now become politically correct to talk about cost savings as a primary consideration for businesses in Australia," said Catriona Wallace, director of Callcentres.net.

Reflecting Wallace's observations, cost savings ranked first as the main reason for outsourcing at 90 per cent, according to the report. Customer service and retention came in at 16 per cent, and access to skills and technology at 15 per cent.

Meanwhile the quality of telecommunications infrastructure, accent and language skills of local employees were the driving forces of companies deciding to outsource locally.

But offshoring is also expected to go through some boom times, according to the report.

About half of the work outsourced may be located offshore in traditional markets such as India. However the loss of control and the difficulty and time required to manage the outsourced vendor are seen as the greatest barrier to outsourcing and offshoring.

Overall, the pros of outsourcing arguably outweigh the cons particularly in the current economic climate, argue the experts.

"Outsourcing is going to help you focus on a strategic area to improve revenue," said Sidney Yuen, head of consulting practice, APAC for Convergys.

"Outsourcing some of your transactional enquiries through a trusted service provider for example is going to help improve productivity ... and put a lot of emphasis on retaining the customer," said Yuen.

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