

## Australian organisations seeing real benefits in outsourcing

Wednesday, 22 April 2009

**Convergys Corporation (NYSE: CVG), a global leader in relationship management, today released findings from a recent study, *The Global Financial Crisis and the Imperative to Outsource*, conducted by research company, callcentres.net. The analysis, as commissioned by Convergys provides unique insight into the minds of business decision-makers of the perceived and actual benefits of outsourcing.**

The analysis confirms that organisations currently offshoring contact centre services are significantly more likely, compared to those who do not offshore contact centre services, to agree that offshoring is an effective strategy of reducing the challenge of maintaining operational costs and the challenge of employee turnover.

Says Dr. Catriona Wallace of callcentres.net, "Speaking to respondents, we found that legacy view points were being replaced by a more contemporary view of how Australian organisations can benefit from business process outsourcing."

In this time of economic downturn, Australian organisations rated acquiring and retaining customers as their most significant challenge, followed by increasing productivity; upgrading or implementing new technology and then, revenue generation.

Current practice and behaviours show that many Australian organisations support outsourcing. One third of respondents regard outsourcing as one of their top 10 strategic priorities for the next 12 months.

"In Australia, 65 per cent of organisations do indeed engage in some form of business process outsourcing. These include customer interaction activities, backoffice applications and form processing, IT, finance and HR management", says Dr. Wallace.

Australia and New Zealand were both rated higher than India, The Philippines, China and Malaysia in terms of the top three factors influencing the decision to offshore. The factors outlined were quality of telecommunications infrastructure, accent and language skills of the local labour force and general ease of doing business. Australia and New Zealand also scored top marks as the top two rated destinations in terms of political stability and access to leading edge technology.

Cost of labour was the only influential factor where Australia and New Zealand were rated the lowest. India, followed by The Philippines are considered to be the best performers when it comes to the cost of labour. "Again, we saw a perceived cost arbitrage in favour of India, where in fact, China offers the lowest actual cost of labour," comments Dr. Wallace.

Cost and process efficiency improvements were the most frequently cited benefits of outsourcing. Ninety per cent of the respondents currently involved in BPO and 52 per cent of those not outsourcing a business process consider that outsourcing can result in improved operational efficiency and cost savings.

The top two barriers to BPO both for organisations currently outsourcing and those considering outsourcing in the next two years are loss of organisational control and difficulty in managing the outsourcing arrangements.

"Perceived loss of control and management of the outsourcing process are often cited as the top barriers to outsourcing. Vendors we have spoken to agree that training and education is key to overcoming such fears," says Max Tennant, Senior Account Executive for Convergys in Australia and New Zealand. "In the past, Australian organisations have been reluctant to talk about the extent in which they engage in outsourcing. However, in the current economic climate, the trend is to acknowledge that offshoring does address key business challenges."

The callcentres.net research also touches on an emerging market for home-based agents, which in essence refers to the labour force flexible with shift work and working in rural locations. Whilst this has yet to gain momentum, home-based agents offer an alternative to outsourcing.

Initial trials as observed by callcentres.net look promising but are not seen to be a major challenge to the future of business process outsourcing.

The *Global Financial Crisis and the Imperative to Outsource* report will be published on the 2nd of April and surveys 60 organisations in Australia across all major verticals.

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