CCMA Contact Centre/BPO & Shared Services Industry Research

A Presentation Prepared For CCMA Ireland Ltd.

September 2011

By

JP/GON
S10-347

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A. Background

- The Contact Centre Management Association (CCMA) Ireland is the leading industry association for the promotion and development of the contact centre industry in Ireland.

- One of the strategic objectives of the CCMA for 2010 - 2011 is to improve the quality and quantity of benchmarking data available for industry practitioners. Early in 2011 the CCMA working in partnership with IDA and Enterprise Ireland commissioned research on the Irish Contact Centre and Shared Services Industry.

- This study will provide the CCMA and its research partners with key benchmarking information for the industry sector including size of sector, skill levels, language capabilities, capacity, salary levels and service targets. The data can be used for comparative purposes and to promote Ireland as a location for contact centres and shared services organisations.

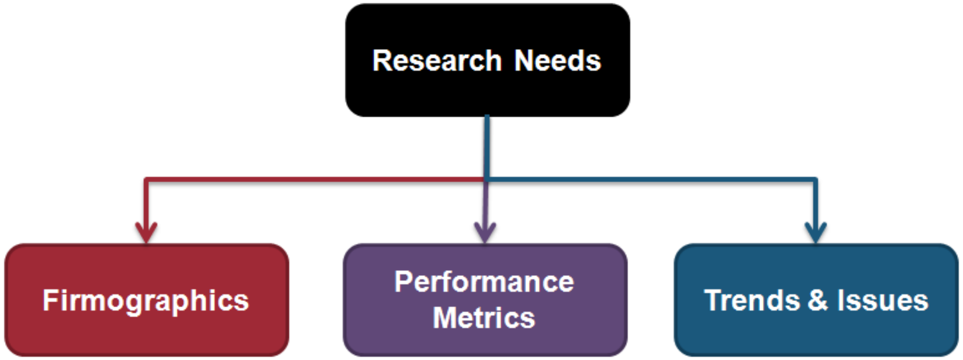
B. Research Objectives and Format of Study

- **The main objective of this research is as follows;**

> ***"To provide data to improve the quality and quantity of benchmarking information available for industry practitioners."***

- **More specific objectives include:**
  - **Providing key benchmarking information for the industry sector including size of sector, skill levels, language capabilities, capacity, salary levels, service targets and so on.**

- **There are a number of quite wide ranging areas that this project will gather data on for the industry; these can be categorised under three key themes.**



C. Research Methodology

- A quantitative research methodology was employed for this study entailing the use of an online survey.
  - An online survey was sent out to leads via a survey link embedded within an email along with a pdf hardcopy of the survey which was attached to the email.
  - Several follow up emails were sent to respondents to encourage participation.
- To ensure that the survey would be easily understood and clear to answer an initial pilot study was undertaken, these responses are included in the total sample.
- After the initial pilot data was analysed small changes were incorporated into the questionnaire before it was distributed to the wider desired sample.
- The main phase entailed sending out the survey to a larger number of leads provided to Amárach by several sources including CCMA, IDA and Enterprise Ireland.

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C. Research Methodology

Pilot	Main Study
Pilot **10^{th} March – 31^{st} March**	**Main Study** **14^{th} April – 27^{th} May**
20 respondents emailed online survey	**98 Respondents emailed online survey**
16 Completes	**52* Completes**
80% response rate	**53% response rate**

Leads for the pilot study were derived mainly from CCMA clients while main study comprised leads from CCMA, IDA and Enterprise Ireland. 98 leads targeted in total with 51 fully completing.

***1 company partially completed, their data is included from Section 3 (pg 28) increasing total base to 52.**

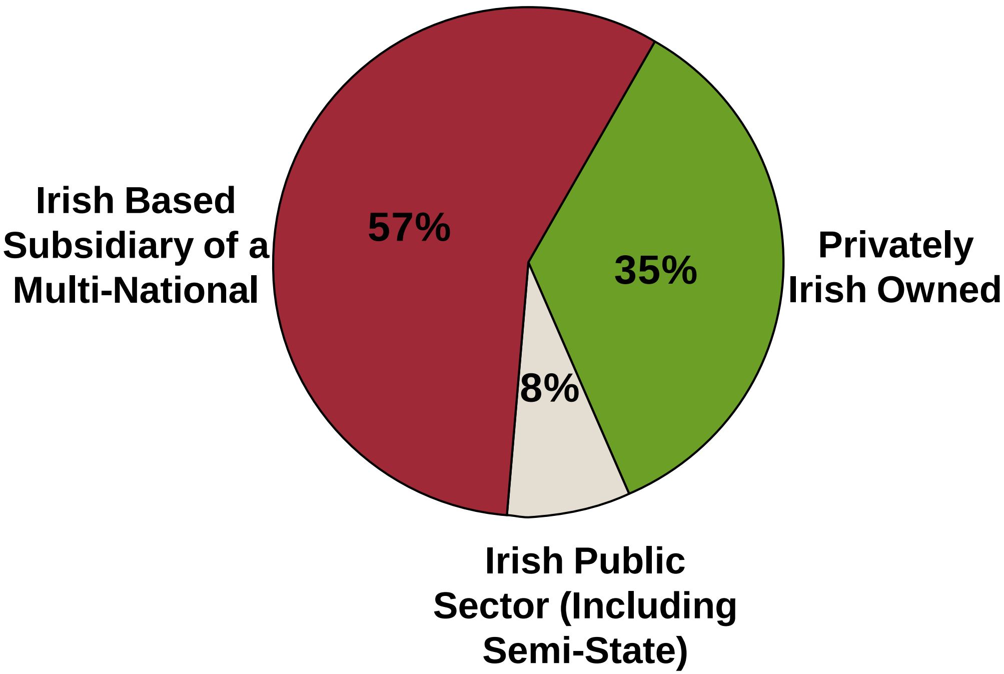
MAIN FINDINGS

Contact Centre, BPO and Shared Services Market

Company Type & Market Focus

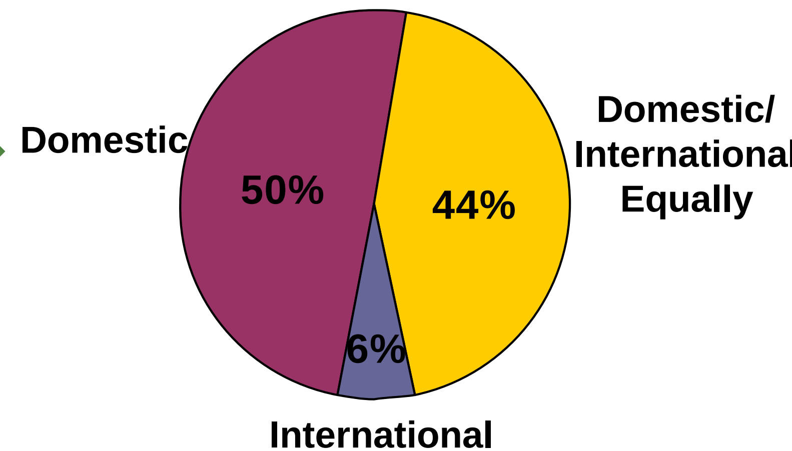
Company Type

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)



Market Private Company Focussed On

(Base: Privately Irish Owned survey respondents- 18)



The majority of organisations surveyed were Irish subsidiaries of multinationals, 2 in 5 with domestic ownership. The privately owned Irish operations are very much focused on Ireland – half of them solely, 2 in 5 share focus on the domestic and international market. Proportionally the survey response rate from Irish owned companies was higher than that of multinational sector.

(Q.1a,Q1b)

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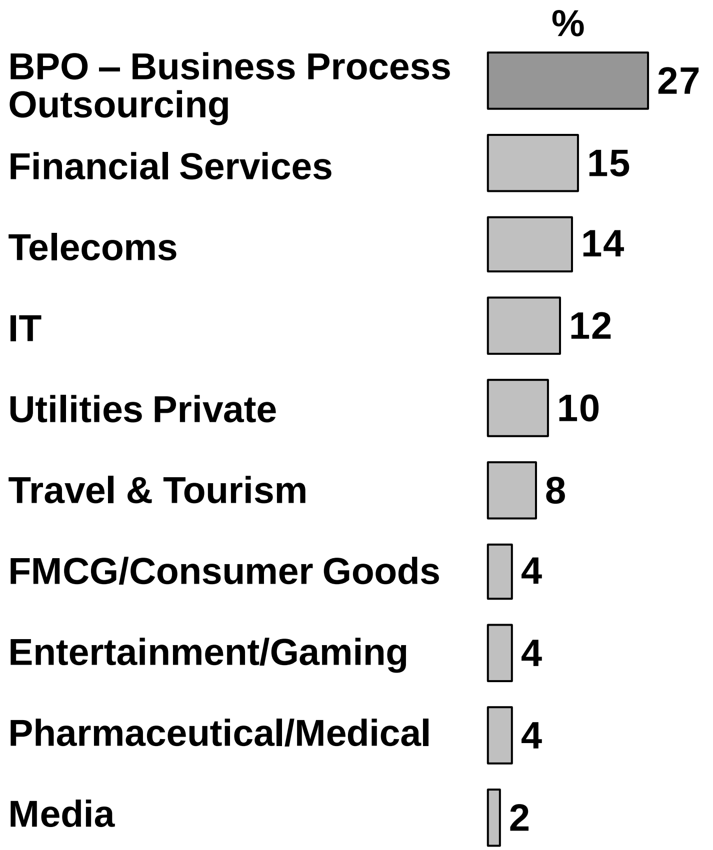
Industry Sectors

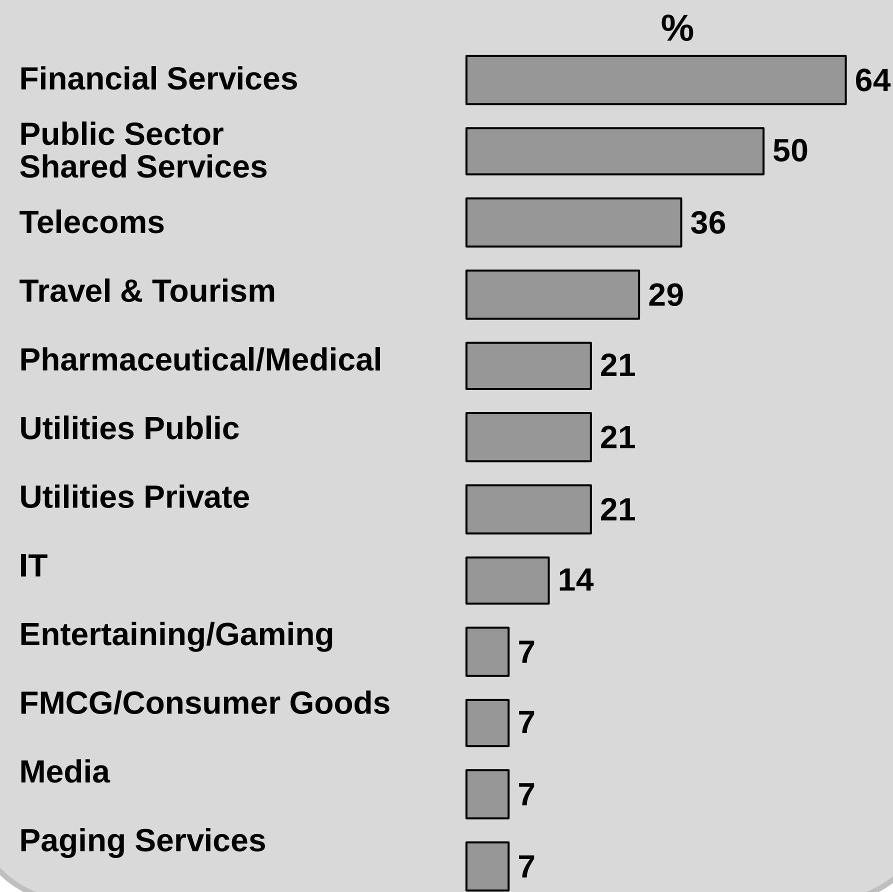
Main Industry Sector

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)



Industry Sector Serviced by BPO

(Base: All respondents who operate in BPO Sector - 14)



Over 1 in 4 organisations in the Contact Centre/Share Services Industry are BPO organisations, servicing a wide range of industries; the most prevalent being Financial Services. 2 in 3 BPOs work with the financial industry, half with the public sector.

(Q.2,3a)

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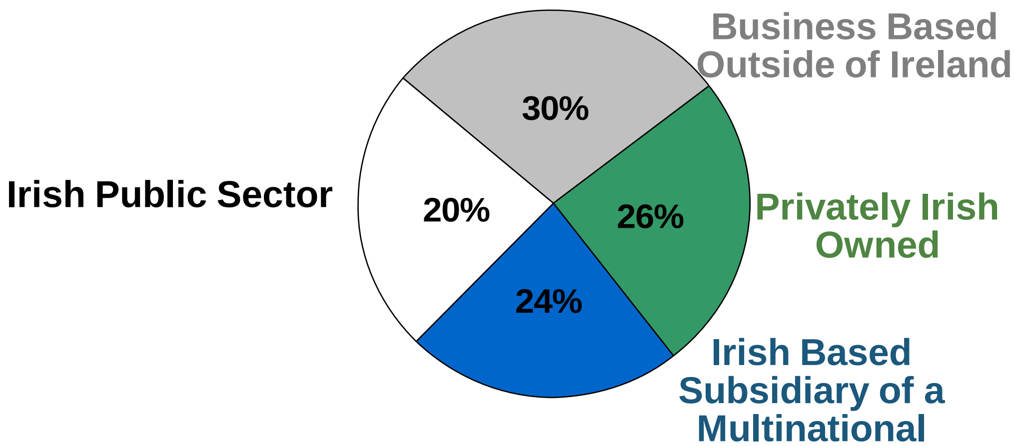
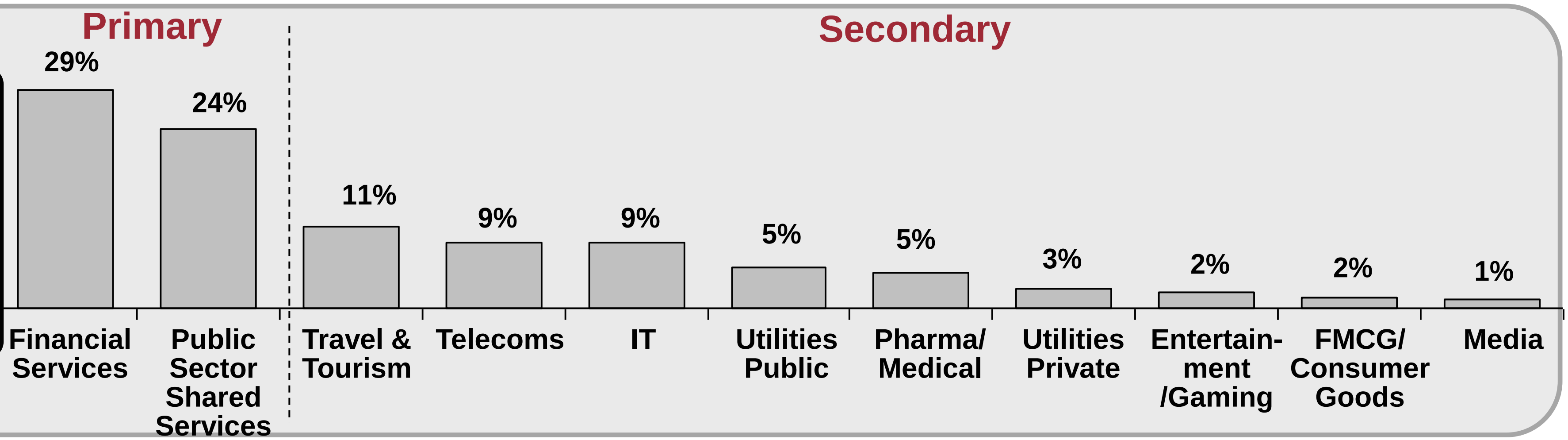
Percentage of 2010 BPO Revenue Billed

(Base: All survey respondents who operate in BPO Sector - 14)

Location?



Industry?



Even though 2 in 3 BPO operations work for financial services, only 29% of revenue was billed to them, however it is the biggest industry supporting BPO's in Ireland, second being public sector shared services. Over half of BPO's revenue is billed to international clients.

(Q.3b,3c)

Section 1: Location & Capacity

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Capacity Overview

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)

Total sample of 98 leads → Capacity of 51 Companies

14,921 employees

18,058 seats

14,262 FTEs

13 Outsource some of own FTEs

2106 FTEs outsourced

89 sites

- **We can gross up the figures to represent the industry in ROI. Taking 98 as total population, we can indicatively* represent the industry as follows:**

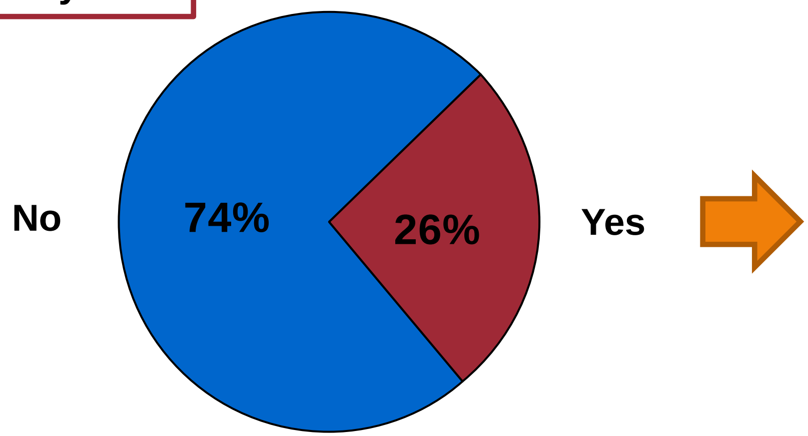
Total number of companies	**98**
Total sites	171
Total employees	28,694
Total seats	34,727
Total in-house FTEs	27,427

***Indicative grossing up only, see note on margin of error in appendix** **(Q.6)**

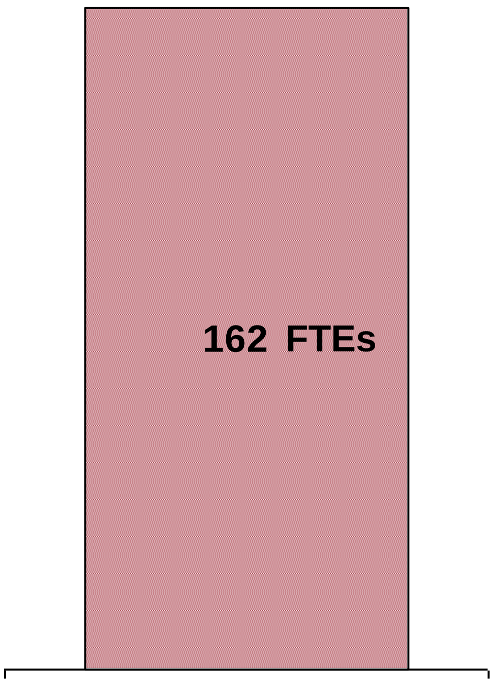
Outsourcing Contact Centre, BPO or Shared Services Operations

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)

Incidence of FTEs being outsourced Externally



Average Number of FTEs Outsourced



1 in 4 organisations surveyed outsource part of their contact centre/shared operations requirements – this was slightly more prevalent for Telecoms and IT companies surveyed. Amongst the organisations surveyed an average of 162 FTEs are outsourced.

(Q.4a,4b)

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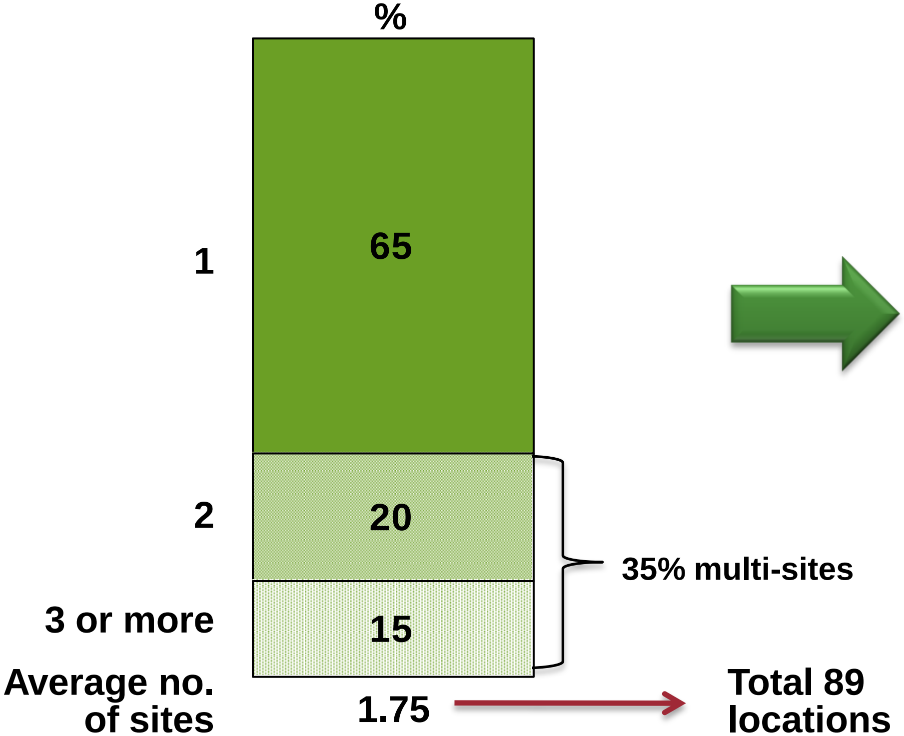
Number of Sites Operating

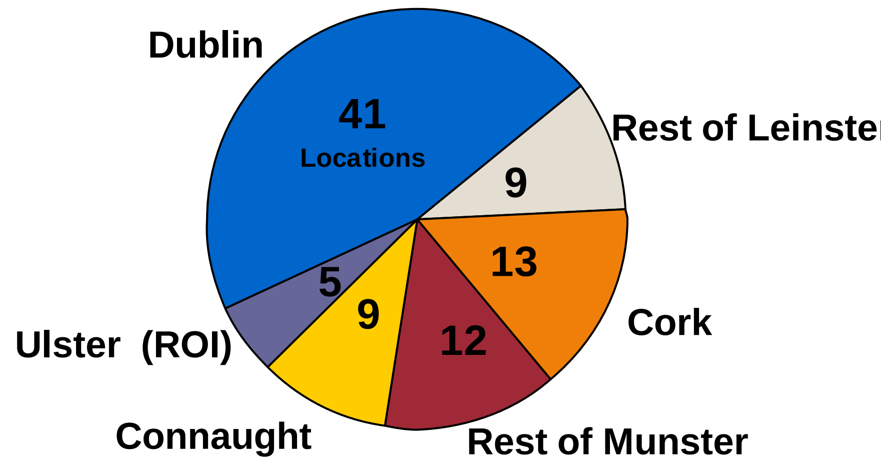
Number of Sites

(Base: All survey respondent Contact Centre/BPO/ Shared Services Operations - 51)



Regional Breakdown

(Base: All respondent locations: 89 locations from 51 organisations)



A third of all contact centres/shared services respondent operations have more than one location. Geographically nearly 40% are located outside Dublin and Cork.

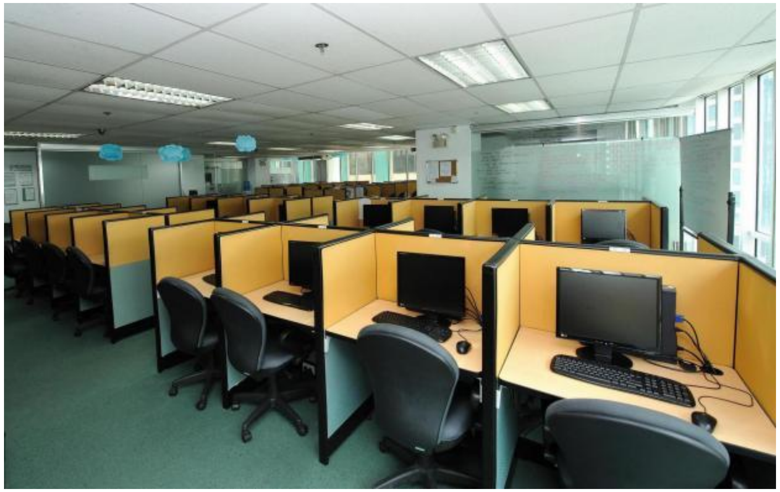
(Q.4c/5)

Seat Capacity in Sites

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)

Seat Capacity

- Survey respondents had an average of 203 seats per location.
- These ranged from a maximum of 1,400 to only one seat in one of the locations.
- Our sample accounted for a total of 18,058 seats by these 51 companies across 89 sites.



(Q.6)

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Employment in Contact Centre/Shared Services Operations

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)

Number of Employees

Share of Employment Organisation Type

- **The 51 respondent companies surveyed represented the employment of 14,921 individuals in the contact centre/shared services industry in Ireland.**
- **An average of 293 individuals were employed by a company, and an average of 168 employees per site.**

Industry	Share of employment
BPO (27%)	31%
IT (12%)	29%
Financial Services (15%)	21%
Telecoms (14%)	12%
Others* (32%)	7%

() = % of companies in sample

The IT sector supporting high numbers of employees – accounting for 29% of employment yet only 12% of organisations surveyed

*** All others have a share of employment of less than 3%**

(Q.7)

Number of Full Time Equivalents in Industry

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)

FTEs

- A total of 14,262 in-house FTEs are accounted for by these 51 sites.
- An average of 280 FTEs per company, however the range recorded by the companies started from 6 right up to 1,881 FTEs in respondent companies.

Definition

FTE = Full Time Equivalent

FTE refers to work carried out by permanent full and or part time staff being accumulated into "full-time equivalents". A maximum of three people can be working per "job equivalent"

(Q.8)

Full Time Equivalents within the Business Process Outsourcing (BPO) Sector

(Base: All survey respondents who operate in BPO Sector - 14)

- **In total, the 14 BPO operations surveyed accounted for 30% of all internal FTEs within the industry, or 4,238 FTEs. ****
- **An average of 303 FTEs were recorded per BPO organisations.**

Industry serviced	Share of FTEs
Financial Services	37%
Utilities Public	13%
IT	10%
Telecoms	10%
Entertainment/Gaming	8%
Travel & Tourism	7%
Public Sector Shared Services	6%
Others*	9%

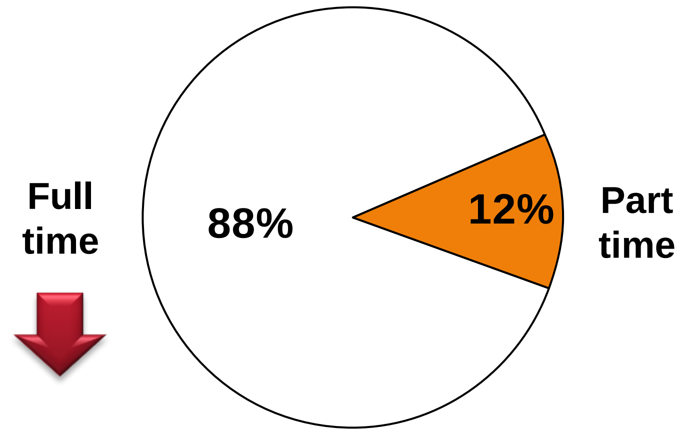
****Internal FTEs only, not-outsourced FTEs**
*** All others less than 5% include Utilities Private, FMCG, Pharma/Medical/Health and Media**

(Q.9)

SECTION 2:
Staff Roles

Status of Permanent Staff

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)



Pharmaceuticals/medical /health companies had highest level of full time employees

The vast majority of staff employed in the industry work on a full time basis, 1 in 8 are part time staff members.

(Q.10)

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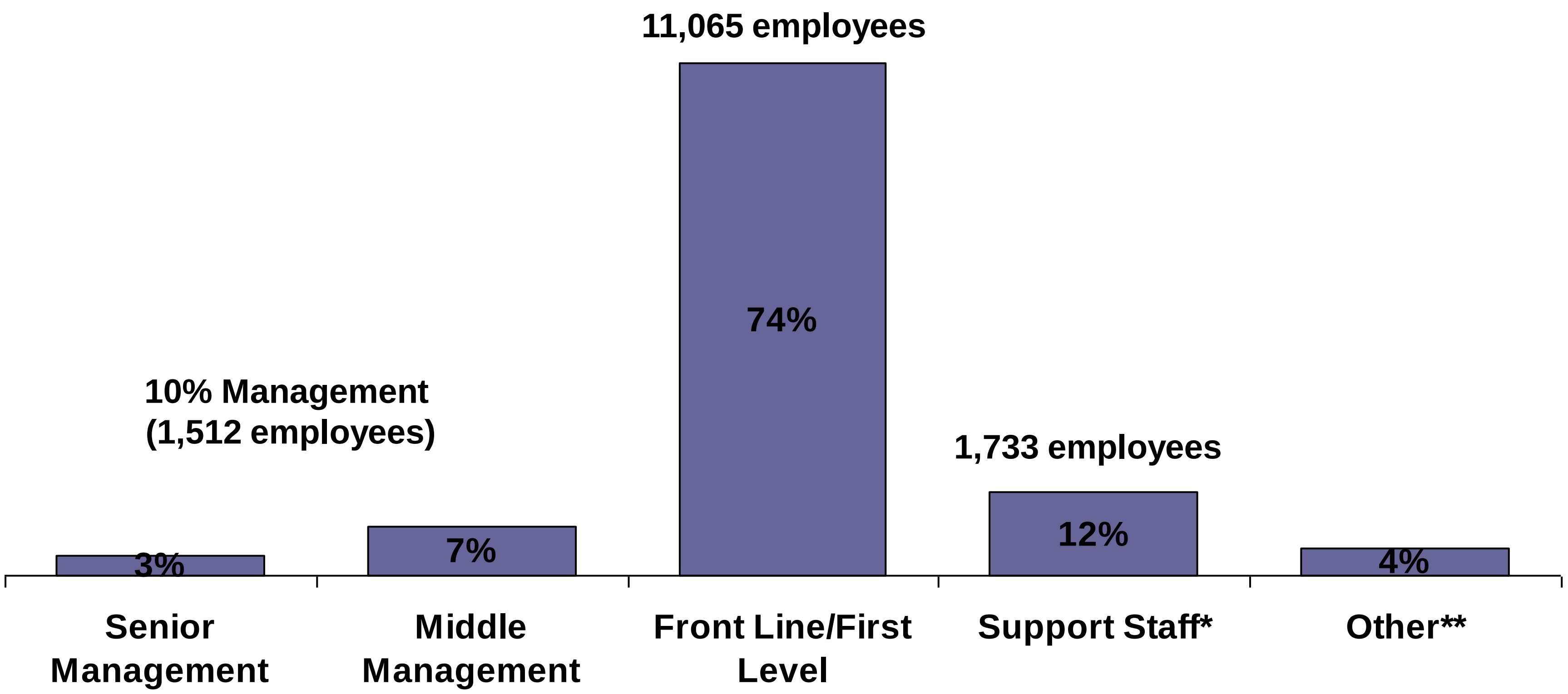
Roles of Staff in Sector

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)



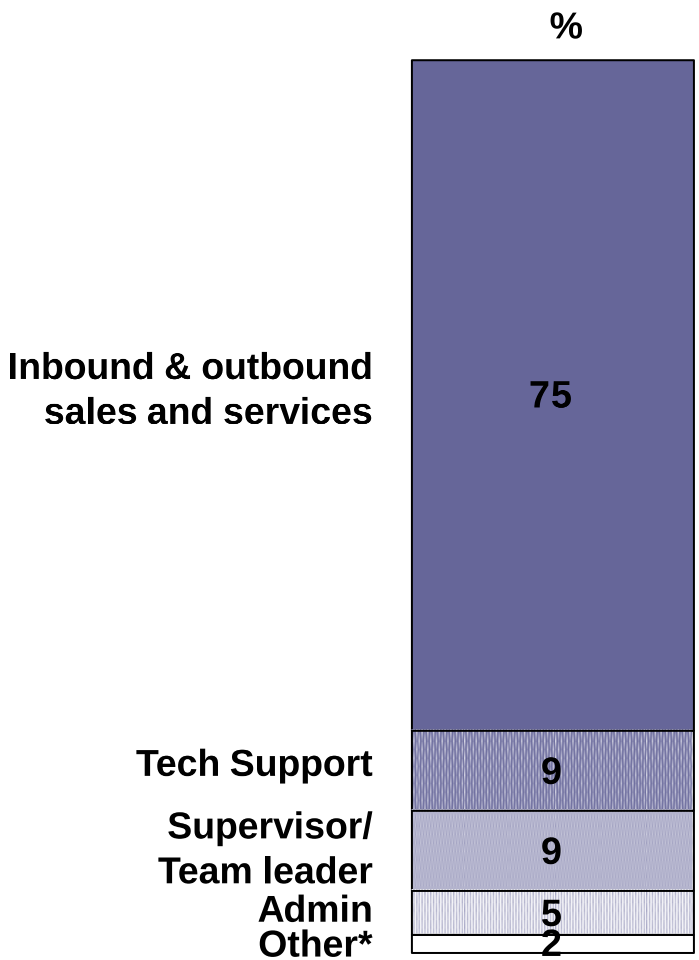
Of the respondent companies, 3 in 4 employees are first level staff. Over 1,500 managerial staff are employed in the 51 companies surveyed, accounting for one tenth of the total employment in the sector.

*Support staff includes Admin, HR, IT and legal services.
**Other includes system testers/software developers/analysts

(Q.11)

Division of FTEs by Roles

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)



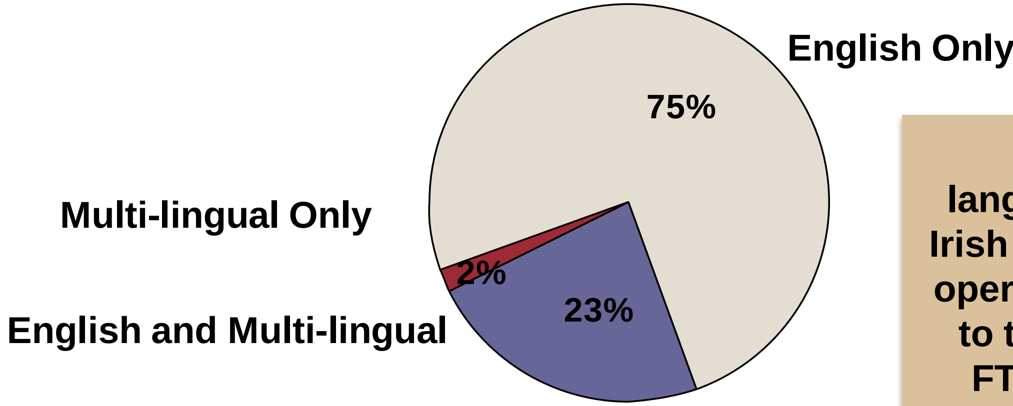
Three quarters of respondent organisations are dedicated to in and outbound processing of sales and services. Supervision accounts for almost a tenth of all FTEs.

* Others includes graphics and media, B2B, R&D and Engineering. (Q.12)

Division of FTEs by Language Capabilities

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)

Total FTEs



French and German are the languages most commonly used in Irish contact centres/shared services operations. Of those who responded to the survey, three quarters of all FTEs were dedicated to English.

37% of respondent companies had multi-lingual FTEs
(multi-lingual FTEs accounted for 25% of total number of FTEs)

Languages being used	
Primary Languages	**Secondary Languages**
French German Italian Spanish Austrian/German Portuguese	Polish Dutch Swedish Danish Finish Norwegian Russian

*** All other languages used included Arabic, Chinese, Flemish, Japanese, Lithuanian, Czech, Slovakian, Korean, Turkish, Greek and Hungarian**

(Q.13a/b)

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Operative Starting Salaries in 2010

(Excluding Bonuses/Performance Payments)

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 51)

	16K-18K	18K-20K	20K-22K	22K-24K	24K-26K	26K+	Average
English only call centre operative, ≤3 yrs experience (Base 49)	8%	31%	29%	16%	12%	4%	€21,545
English only call centre operative, ≥3 yrs experience (Base 47)	4%	17%	21%	26%	17%	15%	€23,298
Multi-lingual call centre operative, ≤3 yrs experience (Base 18)	–	22%	33%	17%	22%	6%	€22,478
Multi-lingual call centre operative, ≥3 yrs experience (Base 18)	–	11%	28%	17%	28%	16%	€24,034

English language operatives start at €16,000 per annum, with the average salary being €21,500. Understandably average salary increases with years of experience and qualifications.

(Q.14a)

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% of Annual Wage in 2010 Comprised of Bonus/Performance Related Pay

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations)

	No Bonus	1-5%	6-10%	11-15%	16-20%	21+%	Not Sure	Average Bonus
English only call centre operative, ≤3 yrs experience (Base 49)	29%	20%	29%	8%	4%	8%	2%	6%
English only call centre operative, ≥3 yrs experience (Base 47)	30%	21%	30%	4%	4%	11%	0%	7%
Multi-lingual call centre operative, ≤3 yrs experience (Base 18)	6%	11%	44%	17%	-	11%	11%	8.5%
Multi-lingual call centre operative, ≥3 yrs experience (Base 18)	6%	17%	39%	17%	-	11%	10%	8.5%

English language only operatives are less likely to receive a bonus.

(Q.14a)

Please Note:

Total Base Increases to 52 from Section 3 onwards to include data from respondent who partially completed survey.

SECTION 3:
Activity Levels

*Base increases to 52 from here on to include data from one respondent who partially completed survey

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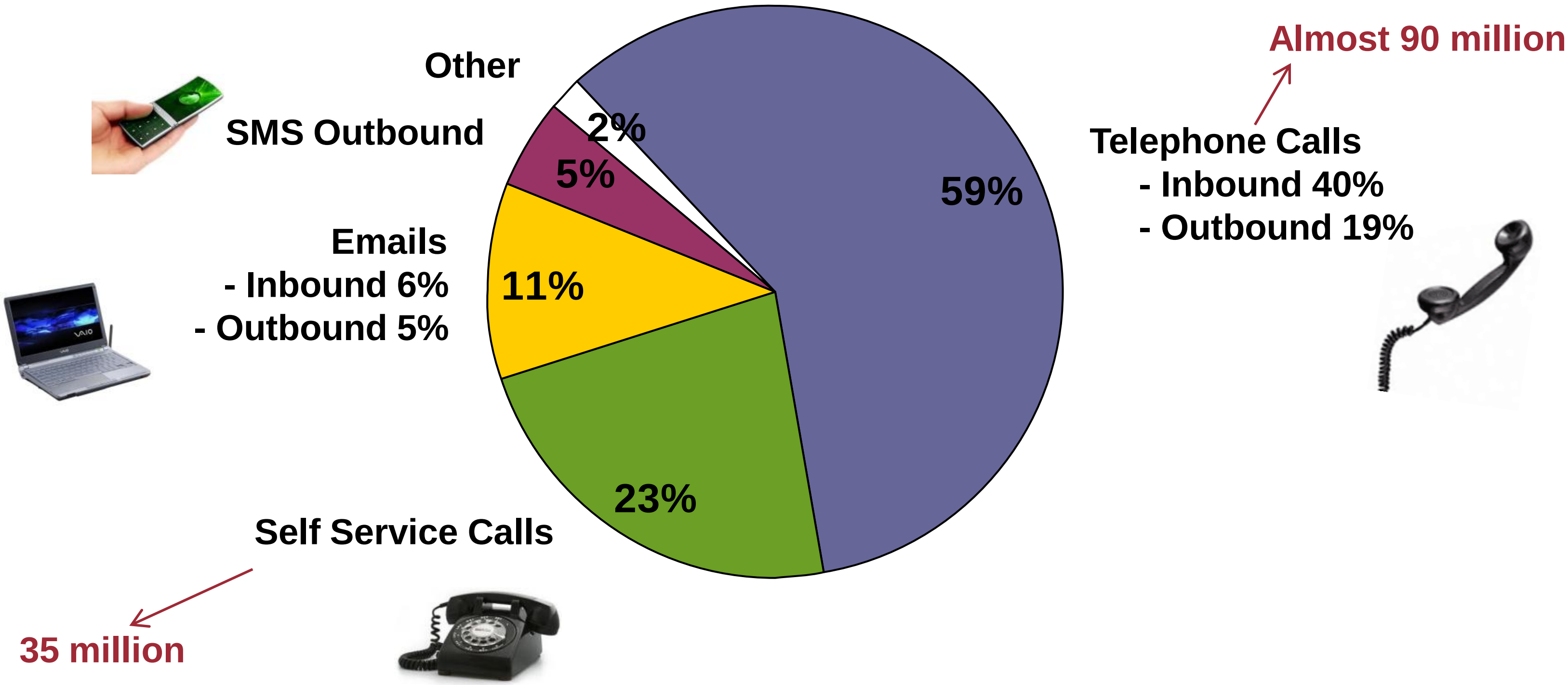
Activity Levels in 2010 and Share of Interactions

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)

Total Interactions 150.8 million

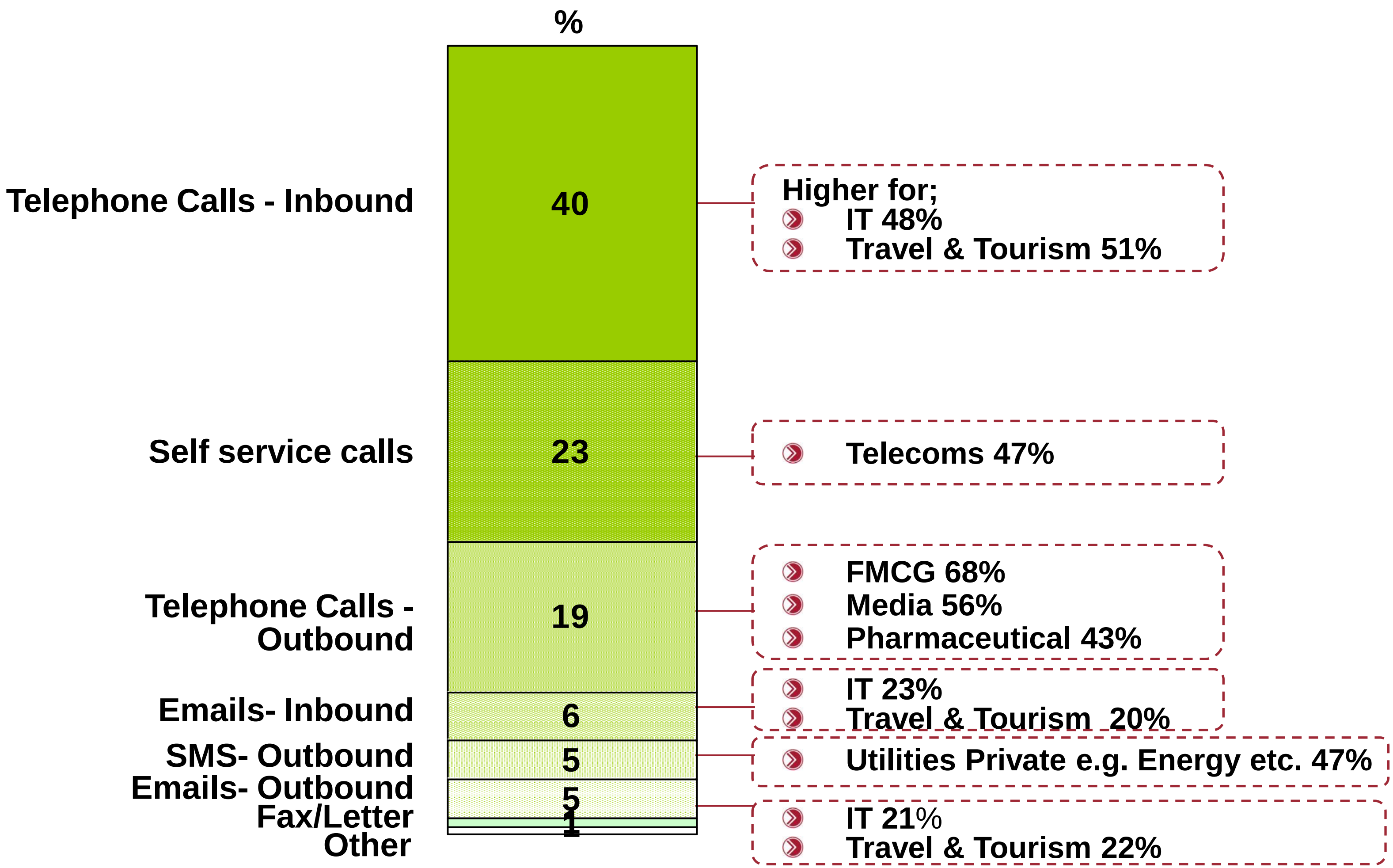


These 52 companies recorded over 150 million interactions in 2010 alone – 90 million or 59% were telephone calls with inbound accounting for double that of outbound. Electronic communications (SMS and email) accounted for 16% of all communications.

***Other includes fax/letter, web-chats, smart phone interactions and other social media** **(Q.15)**

Activity Levels Dealt with in 2010

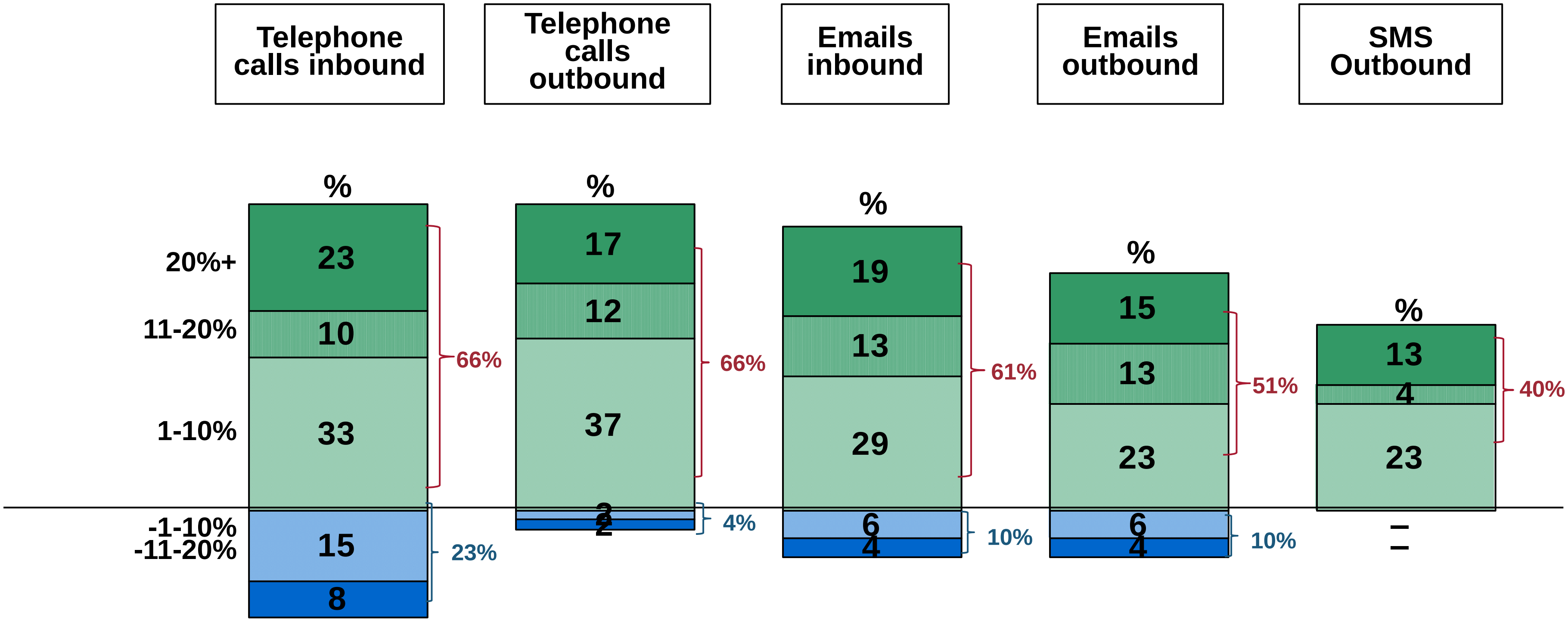
(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)



*Other includes SMS inbound, web chats, smart phone interactions and other social media (Q.15)

Activity Levels – Change in Volume of Interaction Expected Over Next 12 Months

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)

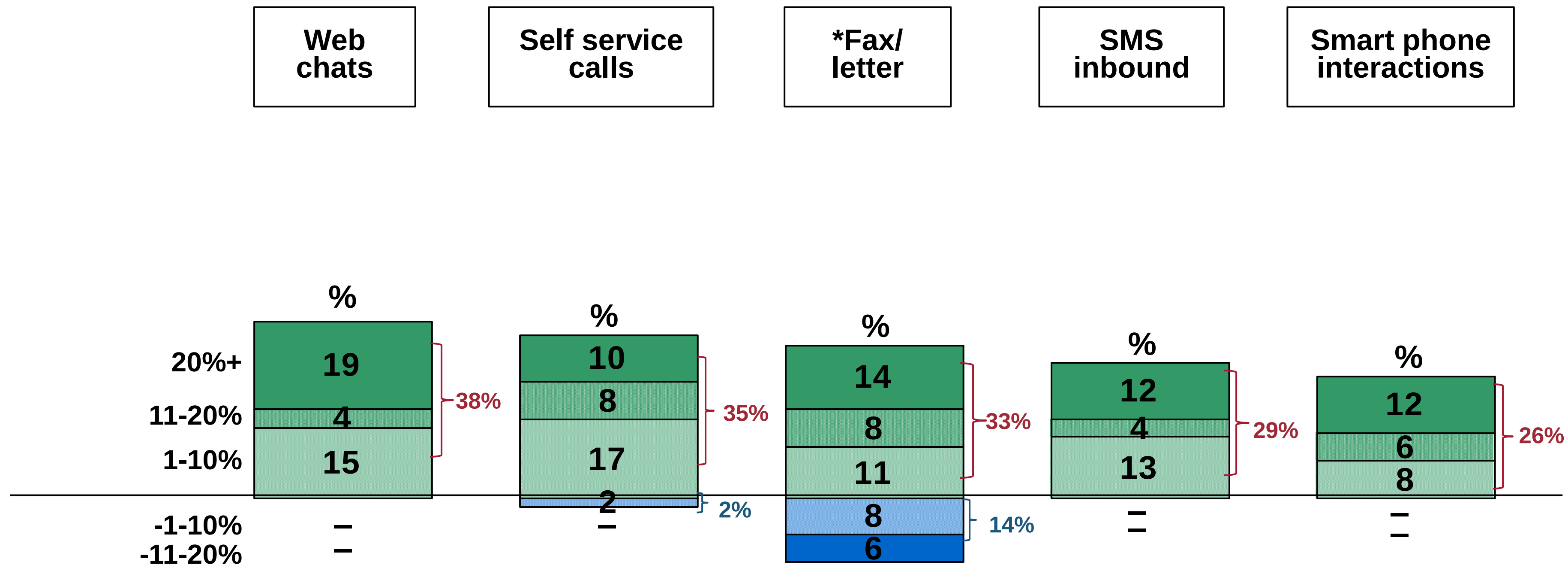


	Telephone calls inbound	Telephone calls outbound	Emails inbound	Emails outbound	SMS Outbound
No change (4)	8	19	17	17	19
N/A:	3	11	12	22	41

(Q.16)

Activity Levels – Change in Volume of Interaction Expected Over Next 12 Months

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)

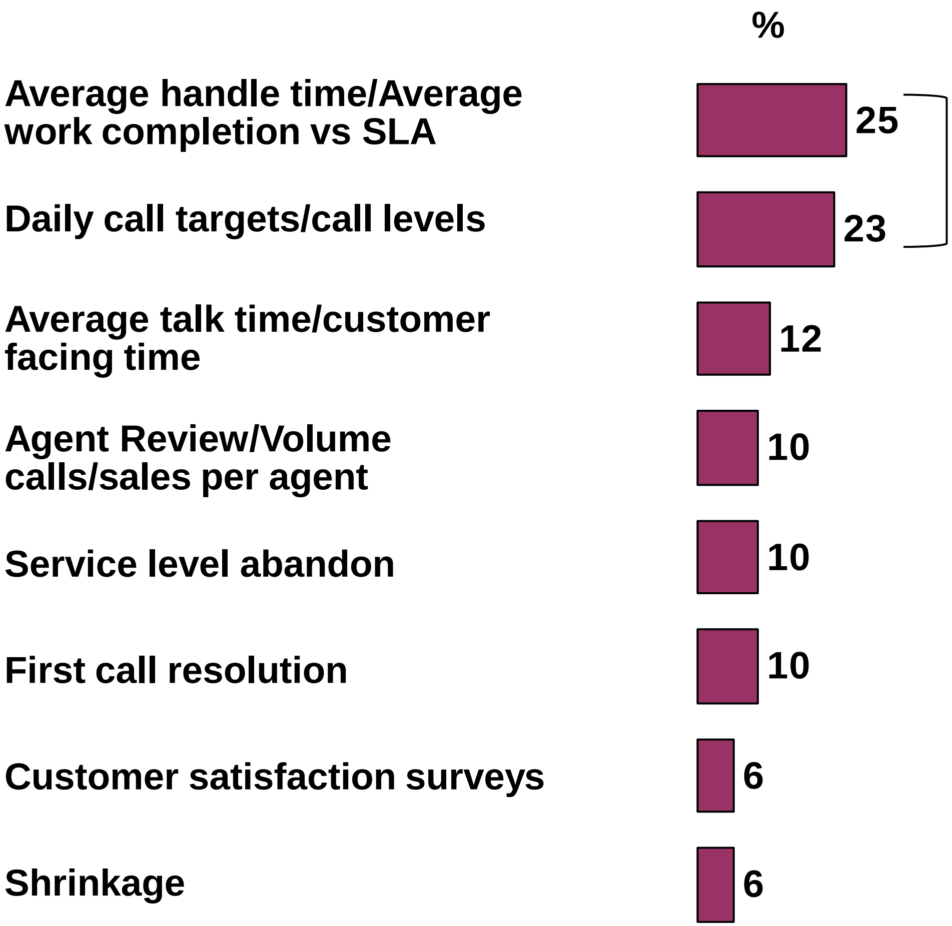


	Web chats	Self service calls	*Fax/ letter	SMS inbound	Smart phone interactions
No change (4)	17	15	31	25	19
N/A:	45	48	22	46	55

(Q.16)

Productivity Measures Used in Contact Centres, BPO or Shared Services Operations

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)



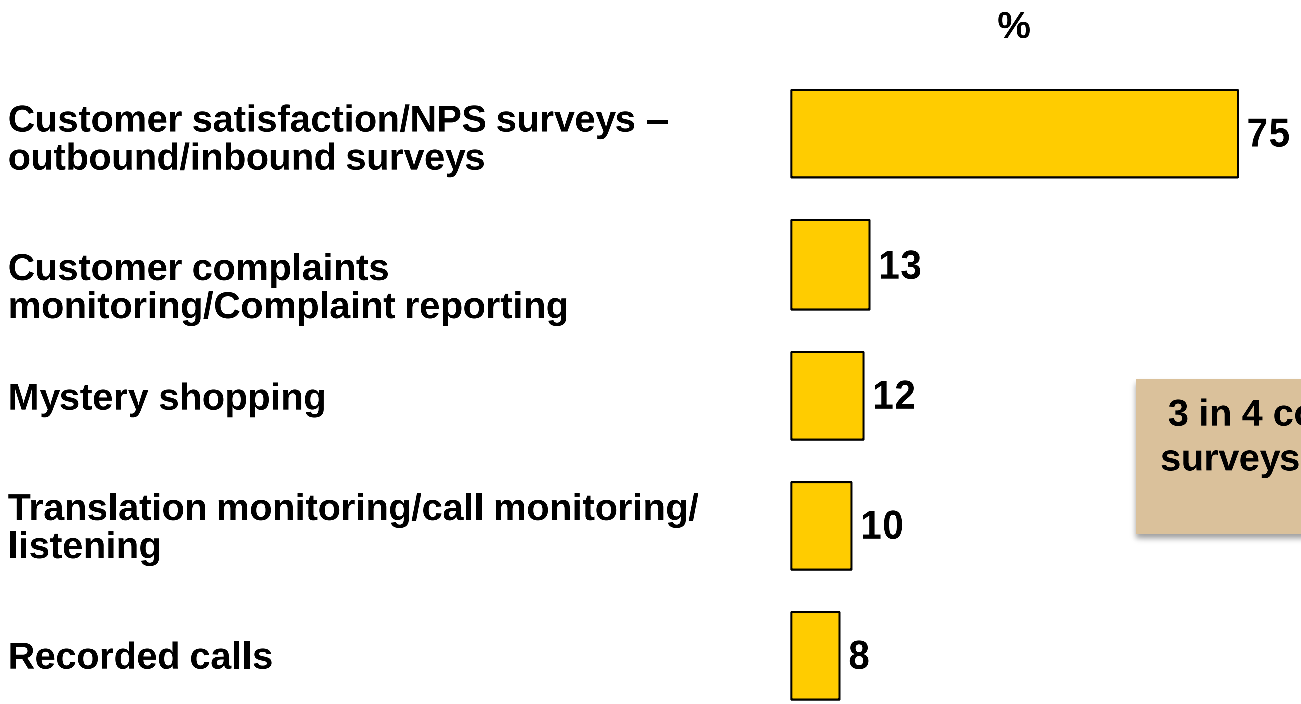
The most common productivity measures used in the industry centre around daily targets and average handle times.

*** Others less than 5% include 1-2-1s/regular team meetings, average speed of answer, Idle time, general KPIs, occupancy measures etc.**

(Q.17)

Customer Satisfaction Level Measurement

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)



3 in 4 companies use customer surveys to measure satisfaction performance.

*** Others less than 5% include customer call backs, focus groups, first call resolution etc.** **(Q.18)**

SECTION 4:
Trends and Forecasts

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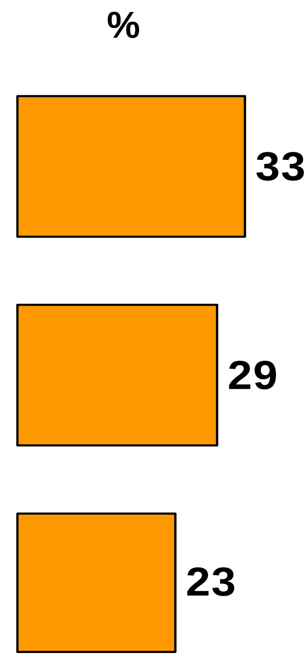
Top Three Challenges Facing Companies in 2011

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)



1. **New business – achieving and supporting company growth.**
2. **Drive to control cost within organisation/managing expenses.**
3. **Economy/recession related issues – customer spending contraction/ customer selectivity.**

A diverse selection of challenges were highlighted by those surveyed. The majority of these challenges were related to the industry environment and the need to achieve growth and new business or retain current business. The current economic climate has placed additional demands on companies with increased pressures to reduce cost and increase value.

***Others issues include employee attrition/satisfaction, reduction of sales/contracts, customer retention, increased competition, technology integration, demand for excellence etc.**

(Q.19)

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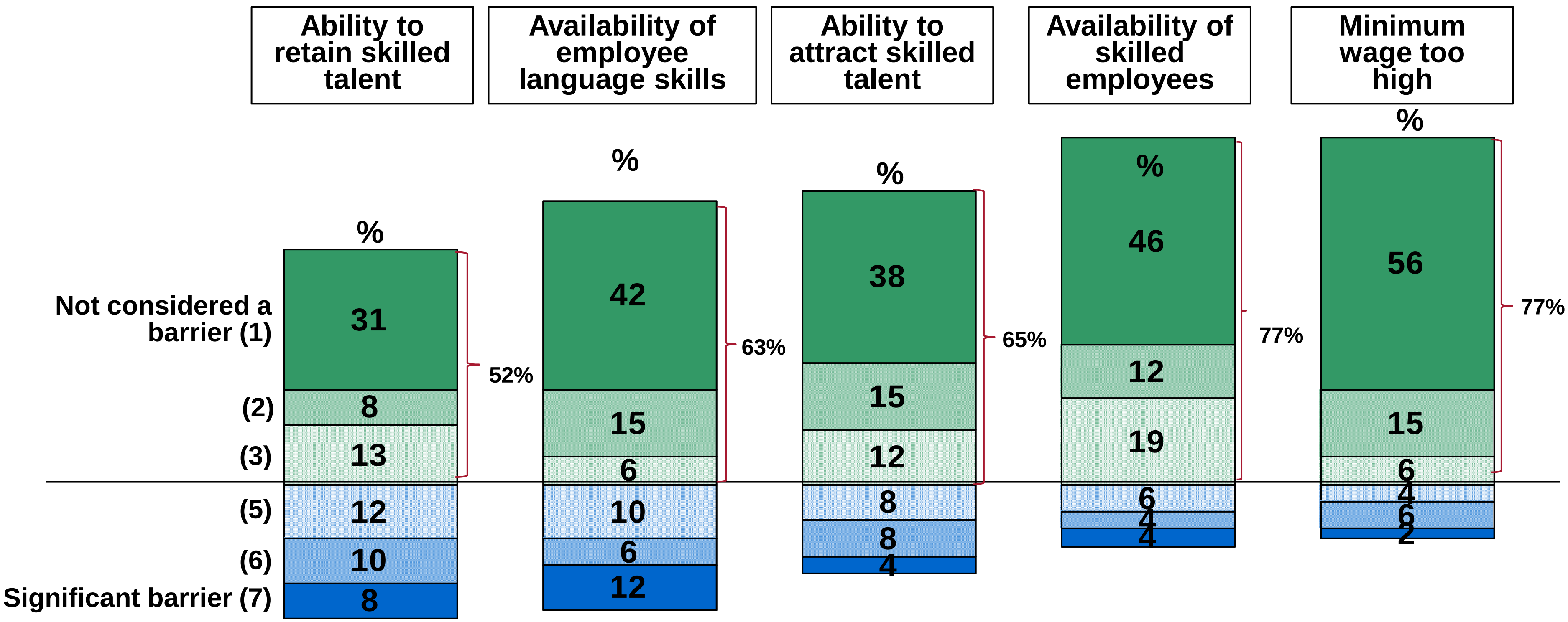
Perceived Barriers to the Success or Growth of the Business in Ireland in 2011

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)

Employment Issues



	Ability to retain skilled talent	Availability of employee language skills	Ability to attract skilled talent	Availability of skilled employees	Minimum wage too high
(4)	15	7	12	8	4
Don't know:	3	2	3	1	7

Majority of factors not viewed as barriers to success or growth, particularly minimum wage and availability of skilled employees. Ability to retain skilled talent is biggest employment barrier with 30% feeling this is a barrier.

(*Full base 52) (Q.20a)

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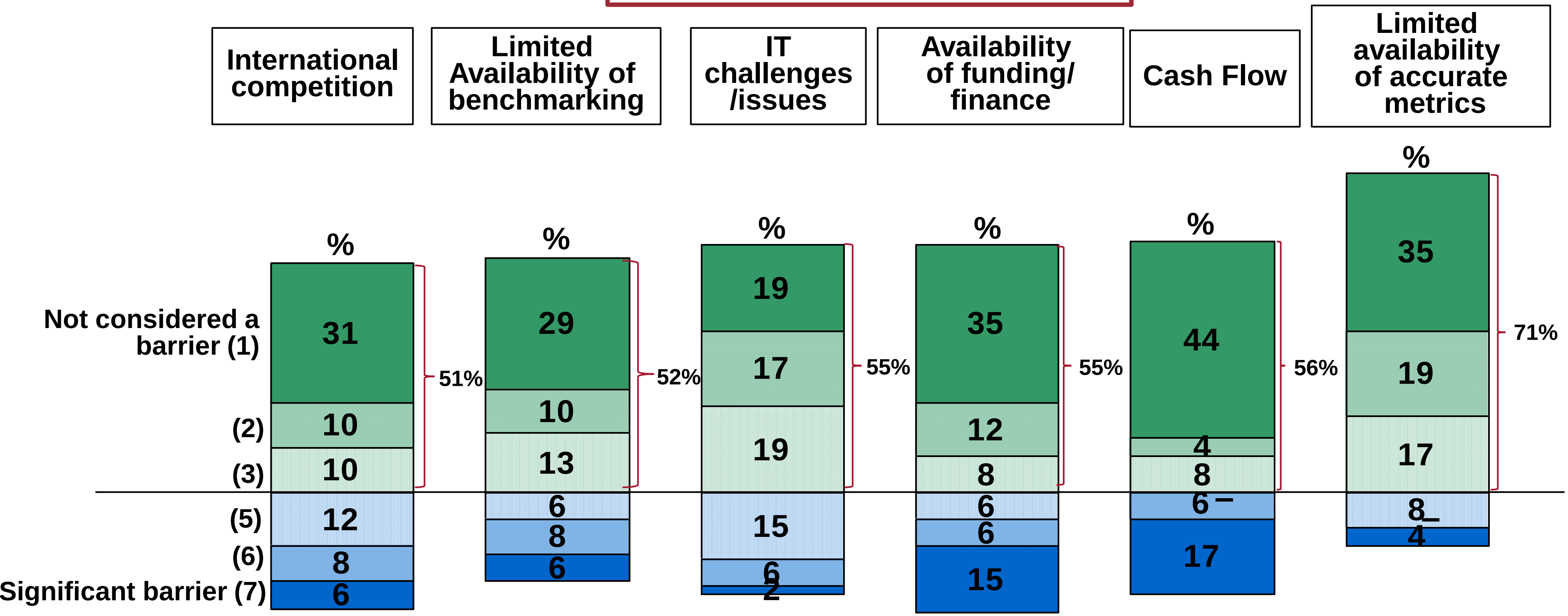
Perceived Barriers to the Success or Growth of the Business in Ireland in 2011

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)

Business/Operational Issues



	International competition	Limited Availability of benchmarking	IT challenges /issues	Availability of funding/ finance	Cash Flow	Limited availability of accurate metrics
(4)	19	23	17	12	13	15
Don't know:	4	5	5	6	8	2

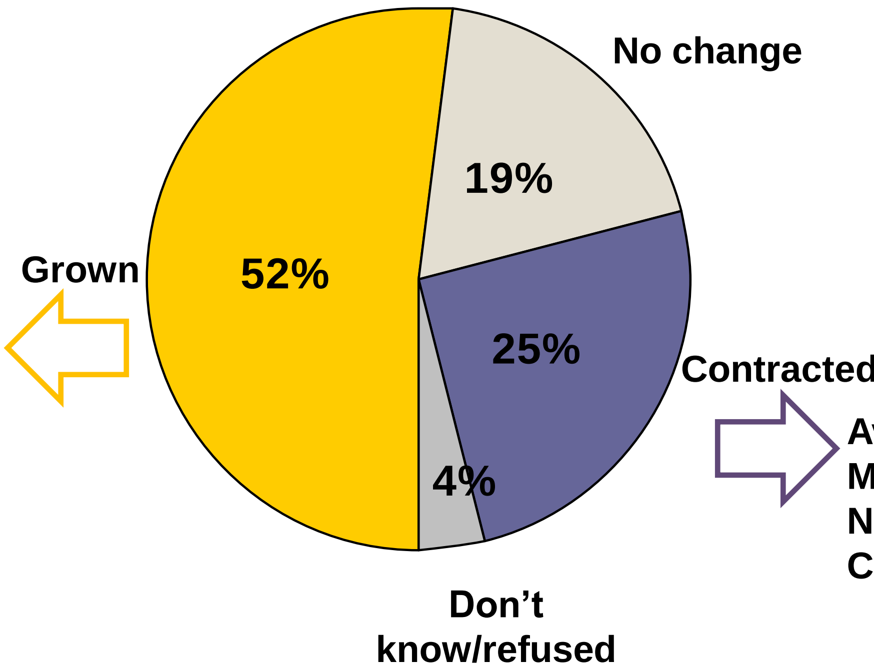
Majority of business factors not viewed as significant barriers to success or growth, particularly availability of metrics with 71% not regarding this a barrier. Availability of funding and international competition are biggest business barriers at just 27% and 26% respectively. Nearly 1 in 5 (17%) feel cash flow is a significant barrier.

(Q.20a)

Organisational Performance 2010 vs 2009

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)

Average growth was 39%
3 in 10 grew *21-30%*
While 2 in 5 (41%) grew *1-20%*



Average contraction was 33%
Majority (69%) contracted *1-20%*
Nearly 1 in 4 (23%)
Contracted *91-100%*

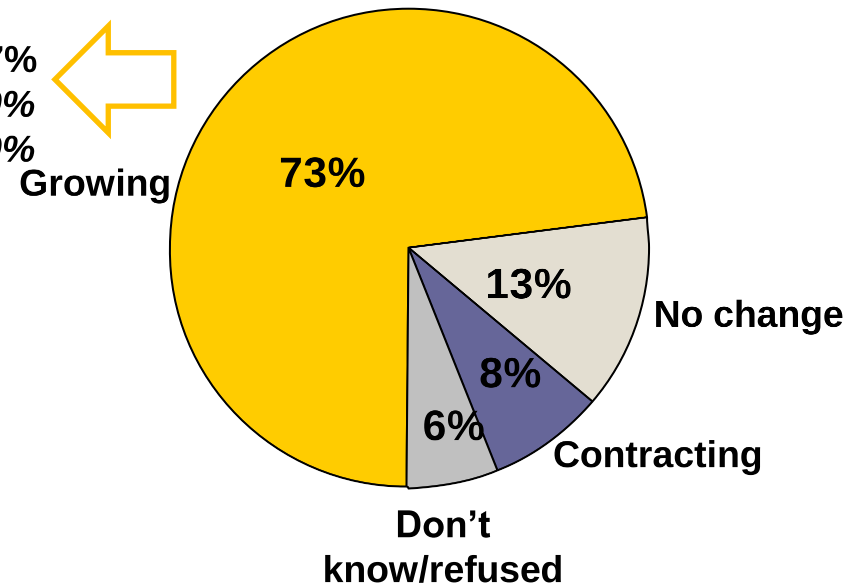
52% of organisations have grown in revenue over the past year. 1 in 4 (25%) stated they had contracted while a further 1 in 5 (19%) showed no change in performance. The average growth shown was 39% while the average contraction was 33%

(Q.21a)

Future Outlook of Companies – Next 2 - 3 years in Terms of Revenue

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)

Average growth expected 37%
Majority (60%) to grow *1-20%*
Minority (16%) to grow *91-100%*



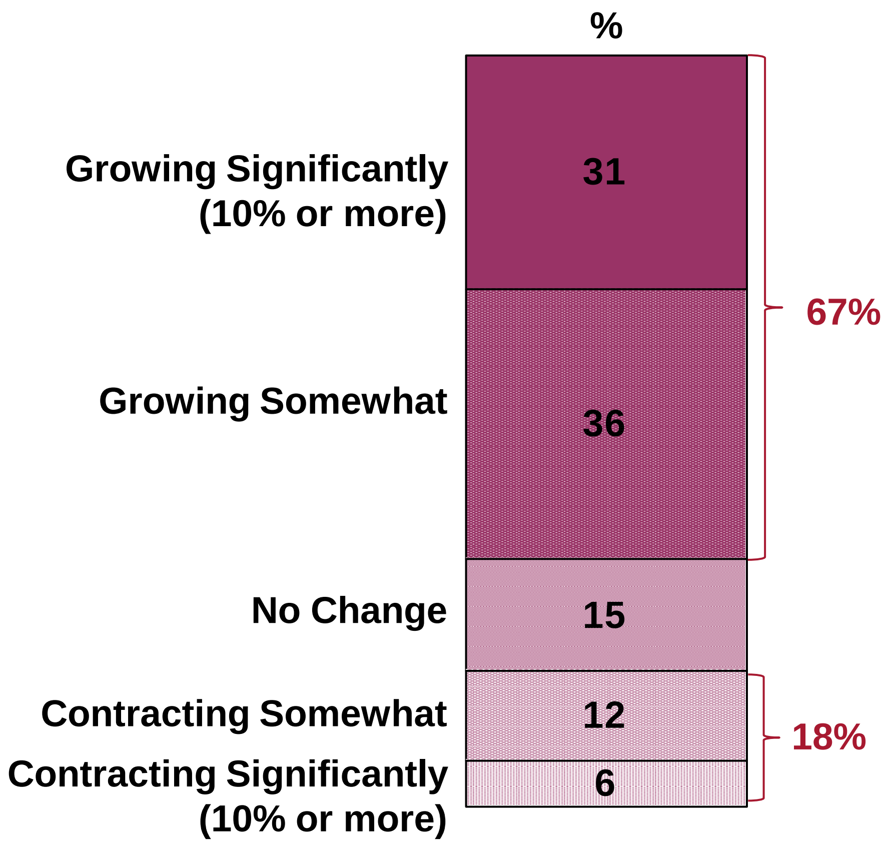
Of the respondents surveyed the future outlook is positive with the majority (73%) of companies expecting to grow in terms of revenue over the next 2-3 years. 1 in 8 expect no change while 4 respondents (8%) expect to contract. The average growth expected is relatively high at 37%.

***Only 4 out of 52 expecting contraction**

(Q.22a)

Contact Centre, BPO and Shared Services Industry – Future Predictions over Next 2-3 Years

(Base: All survey respondent Contact Centre/BPO/Shared Services Operations - 52)



Future outlook is also positive for the industry. 2 in 3 (67%) of companies expect industry to be growing over the next 2-3 years. Companies are a little more confident in predicting their own growth (73%) compared to industry's growth. 1 in 5 (18%) expect the industry to contract compared to 1 in 10 (8%) who say their company will.

(Q.23)

How Industry Bodies can Support Industry

CCMA Ireland

- Benchmarking and industry research, promoting best practice sharing.
- Facilitate forums and knowledge sharing to address key issues and challenges (through Industry networking events, seminars etc.)
- Training, development and education programmes.

Other Support Requirements include:

- Promote Irish Contact Centre Industry abroad – work with other agencies to set up Ireland as EU hub/centre of excellence.
- Help to make companies cost effective enabling company growth and expansion abroad.
- Assisting with grants and availability of financial supports.

(Q.24)

Insights and Implications

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Insights & Implications – Summary I

1. Majority of all survey respondent companies located in large urban hubs such as Dublin and Cork.

- 1 in 3 contact centres/shared services operations have more than one location within Ireland.
- Industry is concentrated in Leinster and Munster.
- The Contact Centre/Shared Services/BPO industry accounts for circa 30,000 employees in Ireland.
- 88% of permanent staff employed within the industry are employed on a full time basis.

2. 37% of respondent companies requiring multi-lingual skills, languages are crucial for industry growth.

- There is a need to promote languages and conversational language skills at a grass routes level, such as in schools etc.

3. Bonus payments supplementing wages are common within respondent companies.

- The average bonus ranges from 5% - 10% with bonuses increasing based on experience and language skills.
- Multi-lingual operatives are more likely to get bonuses compared to English only operatives.

4. Largest number interactions last year were telephone calls (59%) with self-service calls (23%) and emails (11%) also common interaction types.

- With 40% of Industry focused on outbound telephone calls there is scope for further innovation.
- Self service calls, emails and sms can offer diversification as well as social media but this will require ongoing investment in both technology and training.

5. Telephone calls show largest expected increase in interaction volume with 2 in 3 expecting them to increase, although 23% feel telephone calls inbound will decrease.

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Insights & Implications – Summary II

6. 3 in 4 companies use customer satisfaction surveys of some degree.
   - Scope to utilise satisfaction survey data to gauge productivity for dual benefits.
7. Achieving new business/growth and cost control are key challenges for industry.
   - CCMA and other bodies have a key role to play in assisting companies, many of which may seek expansion, possibly to mitigate risk of becoming too dependant on a specific client or area. Seminars and networking events are viewed as key in this regard for information sharing.
8. Availability of skilled employees and minimum wage are not viewed as significant issues for growth of industry.
   - 77% feel availability of skilled employees and minimum wage are not a barrier to growth although 30% feel retention of staff is a challenge. Industry bodies such as CCMA can help through training and development programmes and recruitment fairs as well as by promoting the positive side of working in the industry.
9. Average employee salaries are competitive within the industry.
   - Average annual salaries range from just over €23k for an English only operative with more than 3 years experience to €24k for a multi-lingual operative with more than 3 years experience
10. Growth is on the horizon with 52% growing last year and 73% expecting to grow over the next 2 - 3 years.
    - Industry bodies have a key role to play in facilitating this growth through knowledge sharing to address common issues as well as by promoting the industry at home and abroad.

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Appendix

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Margin of Error

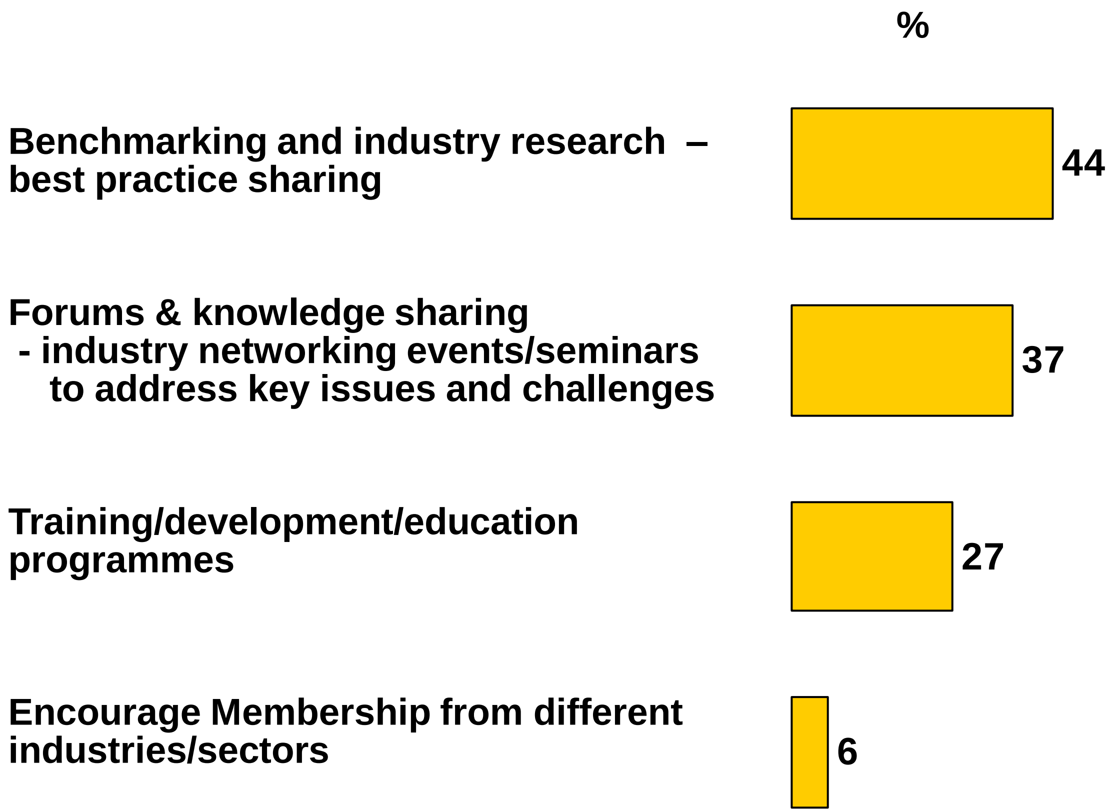
- **Due to the relatively small base size of 51 (and 52) we would caution the extrapolation of some of the data in this research.**
- **We have pulled out some figures within this report to indicatively show the size of the industry however without looking at the total universe this needs to be looked at with a degree of caution.**
- **We would particularly highlight the variation within this industry where there are large differences in ranges and disparate company specifics.**
- **There is a high margin of error for this research as a result of the small base sizes involved and this is highlighted below.**

Actual Population Size*	Sample Achieved	Margin of Error
98	51	9.55

***Estimate based on the number of leads given, if actual population is larger margin of error would increase**

How Industry Bodies Should Support the Industry - CCMA

(Base 52: All survey respondent Contact Centre/BPO/Shared Services Operations)



A large amount of feedback for the CCMA centres around the need for best practice sharing with companies seeking greater access to industry research and benchmarking. There is a desire for knowledge sharing and cooperation within the industry, particularly around finding ways to address challenges and issues such as achieving new business or managing attrition of clients or staff. Many companies felt networking events, possibly outside business hours, could help with these issues. There was also a desire for CCMA to promote cost effective training, development or education programmes.

* Others less than 5%

(Q.24)

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