

Building on Success

prospects for Ireland's contact
centre, business process outsourcing
& shared services industry

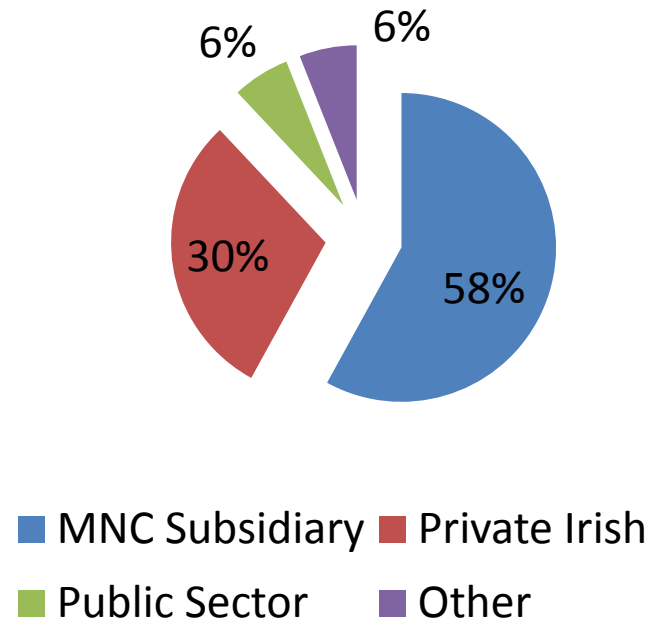
October 2012

- This presentation summarises the findings from Phase 2 of an industry study for CCMA.
- Phase 2 focuses on staffing, skills, training, performance KPIs, costs, and operational barriers to growth.
- This final report presents the findings from a total of 50 responses (out of 108 organisations invited to respond) – a response rate of 46% – from fieldwork conducted April-August 2012.



The industry is a major employer in Ireland – employing over 33,000 – and plans to recruit 6,000 more in the next 12 months...

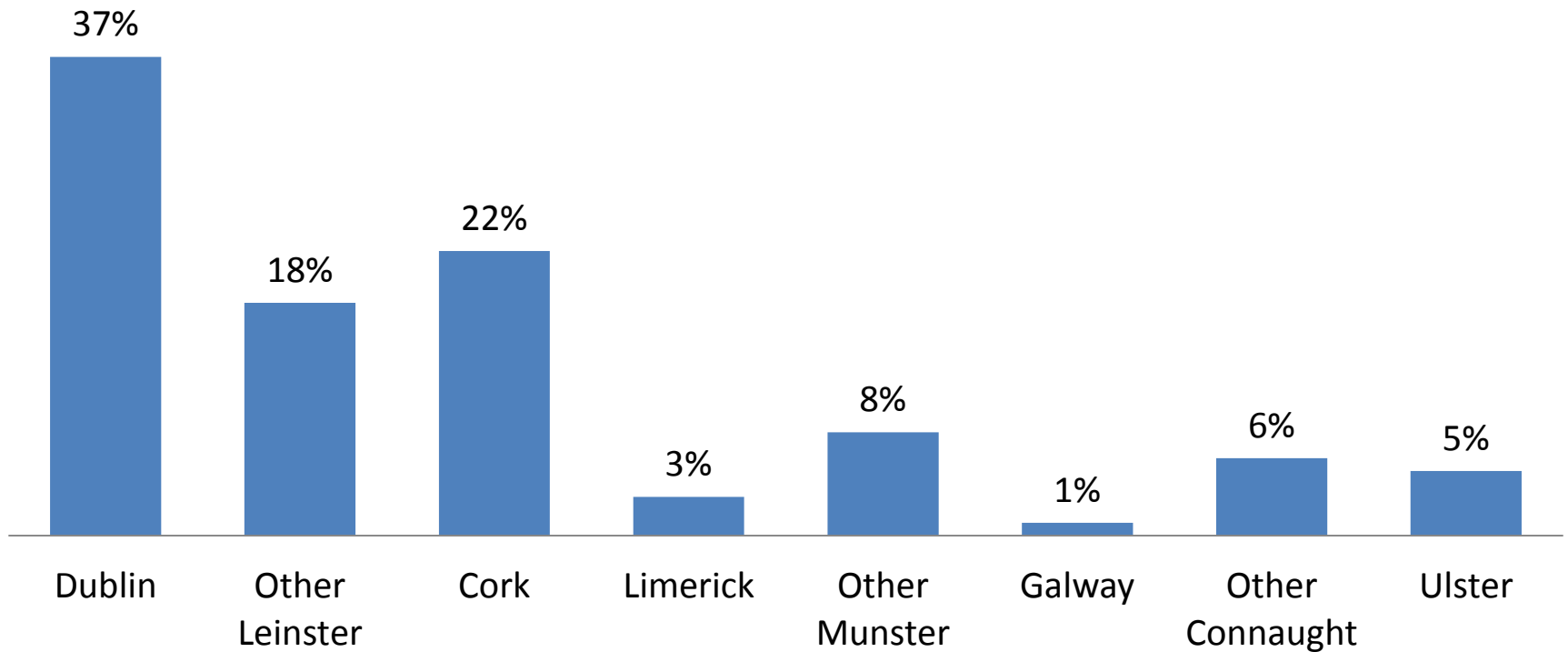
- Over half (58%) of all respondents are Irish based subsidiaries of **multinational companies** – three in ten are privately Irish owned (see chart).
- Irish owned operators are focused on the **domestic market** (three quarters), the balance (25%) on foreign markets.
- The joint largest market sector is **financial services** (for one fifth of respondents) along with **Business Process Outsourcing (BPO)**.
- For BPO operators (n.b.: 11 respondents), **financial services/insurance** predominate (73%), followed by public sector shared services.



- However, three in ten respondents **outsource** some of their service operations.
- Such outsourcing creates **additional employment** – over 145 jobs per company outsourcing some services, though only about 31 of these jobs are in Ireland on average.
- In terms of in-house operations, respondent's operate from 1.5 locations on average, over half of respondents' **seat capacity** is located in Leinster, and a fifth in Cork.
- Respondents **employ** a combined total of nearly 15,500 staff in Ireland (over 4,600 FTE in the BPO sector).
- This equates to **33,000 jobs** in the combined contact centre/BPO/shared services sectors (extrapolating to all 108 companies) – an increase on the 29,000 employed in 2010

Seat Capacity

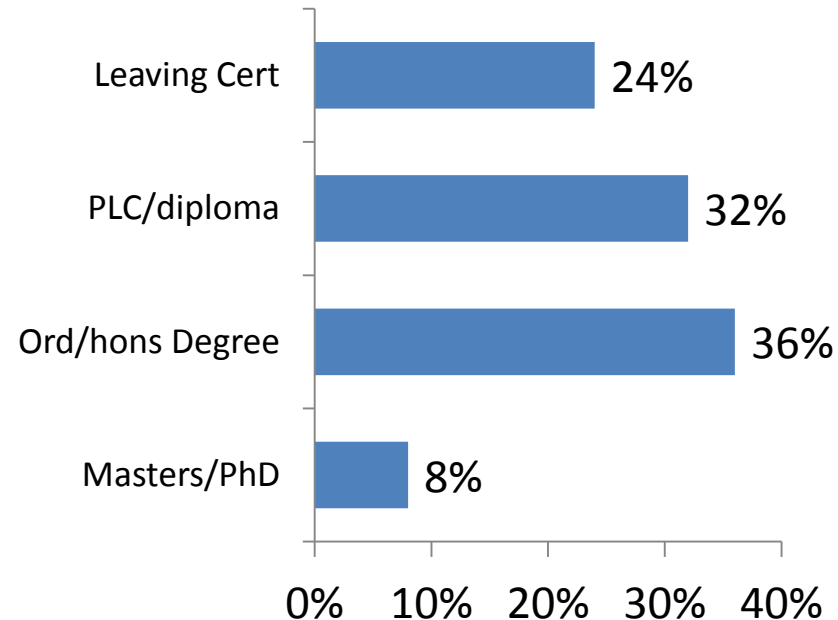
the percentage share of each location in total seat capacity in Ireland





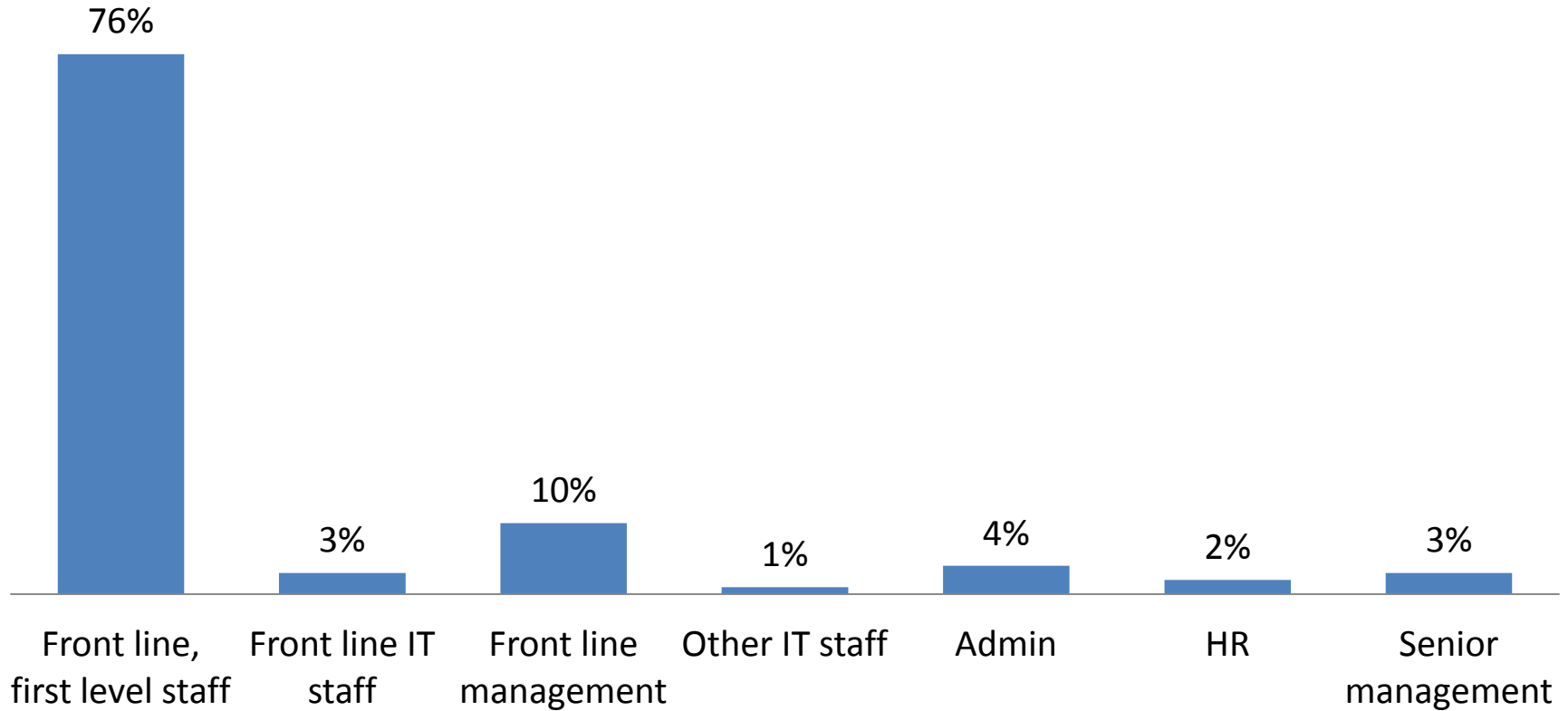
The industry provides employment for a diverse range of people in terms of skills and experience, including 44% with 3rd level qualifications...

- Permanent, full-time staff have been employed in contact centre/BPO operations for an **average** of two years and four months.
- Their average **age** is 30.
- Four in ten employees (44%) have level 7 **degrees** or higher qualification – just under six in ten have Leaving Cert/PLC as their highest qualification (see chart).
- Nearly eight in ten employees are in **first level roles**, the balance are in support, admin and management roles: a ratio of 4:1, frontline/support roles.



- Some 82% of staff are **permanent, full-time** employees; 12% are permanent, part-time and the balance of 6% are temporary staff (full or part-time).
- Nearly eight in ten (77%) *staff* are **Irish nationals**, the balance are foreign nationals.
- Nearly one in two (44%) *respondents* provide **multi-lingual support** in their operations.
- Of these companies, nine in ten employ native/natural speakers of foreign languages.
- Again, eight in ten would prefer to recruit native/natural language speakers, though two in ten have no preference vs. those speaking a foreign language they have **studied**.

Roles of Staff



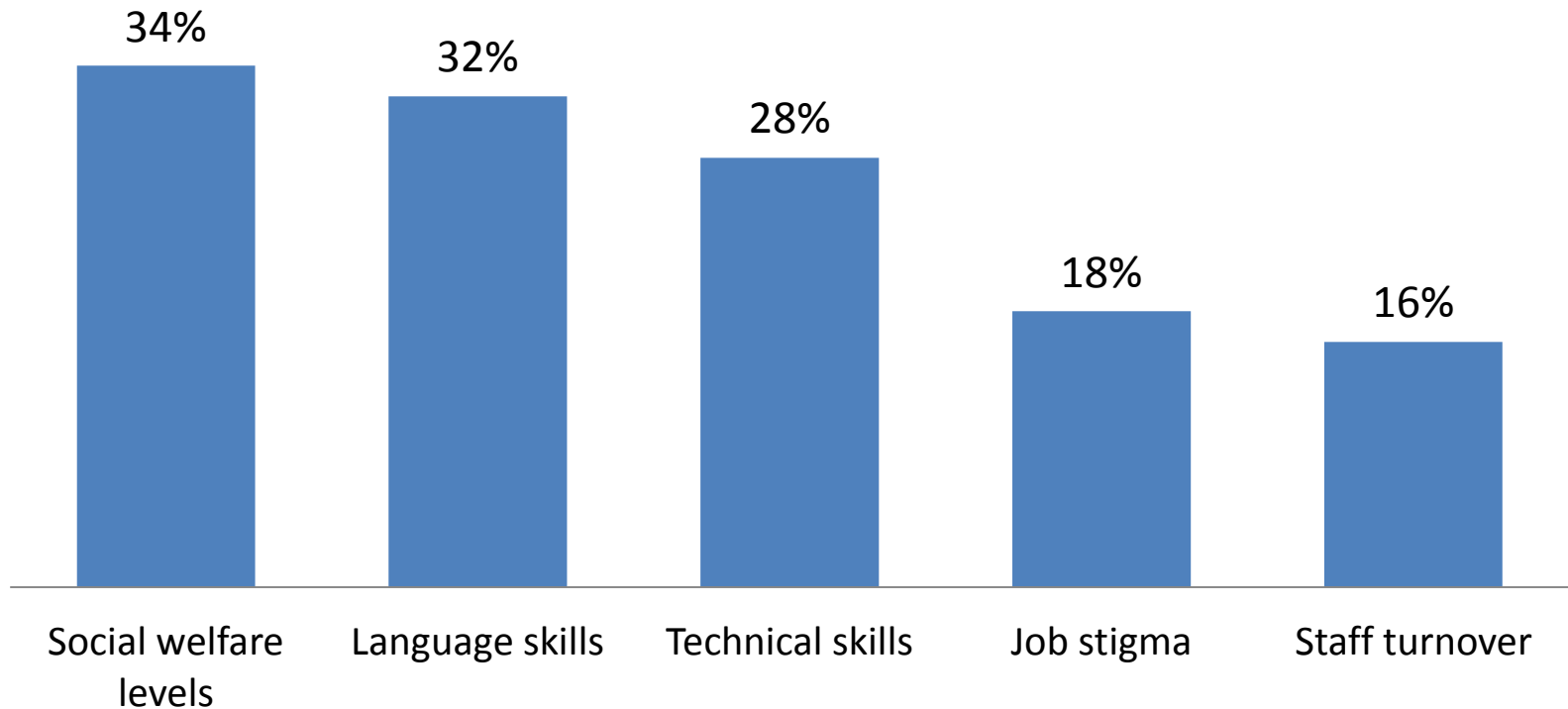


In order to fulfill its growth ambitions, two thirds of respondents plan to hire in the coming months – but there are issues to be addressed...

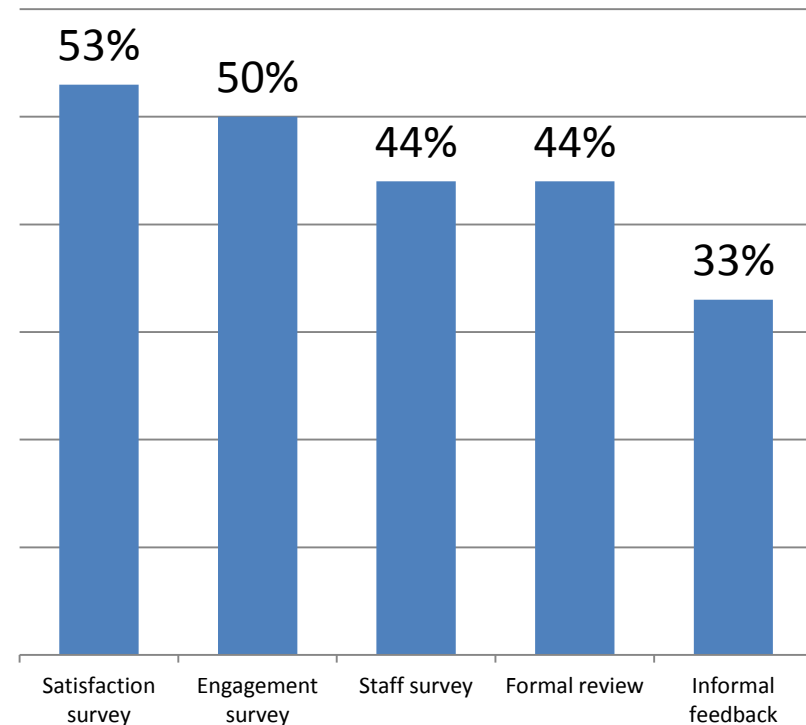
- Two thirds of companies **intend hiring over next 12 months**
- Hirers plan to recruit an average of 53 **permanent full-time or part-time staff**: that's equivalent to nearly 6,000 jobs across the entire sector.
- One issue for the industry is **attrition**: which currently runs at an average rate of just under 14% p.a. (though lower than some other countries).
- The attrition rate rose for four in ten respondents between 2010 and 2011.
- **Absenteeism** is running at about 5% of annual contracted days (excluding holidays), on balance rising marginally.

- The main **recruitment challenge** for three in ten (34%) respondents is that social welfare is more attractive to potential employees.
- This is followed closely by a shortage of **language staff** for 32% of respondents (of the latter – n.b.: 16 respondents – the main language ‘shortage’ is **German**).
- Just over 1 in 4 (28%) are challenged by a shortage of **technically skilled staff**.
- Nearly 1 in 5 (18%) cite the ‘**stigma**’ attached to contact centre jobs.
- Nevertheless, despite the skills challenges faced by some respondents, the majority have found that it takes the same or less **time to recruit frontline and administrative staff** over the past three years.

Current Recruitment Challenges



- In addition to recruitment, improving the performance of existing staff is key: the average employee received an average of 76 hours of **training** in 2011.
- Training **costs** an average of €2,500 per employee last year – though a minority spend a lot more per employee.
- Seven in ten respondents also measure **staff satisfaction** (see chart for incidence of measures that are used).
- Bonuses are also an important staff motivator: four in five make **bonus or incentive payments**, and they are usually paid annually (34%).

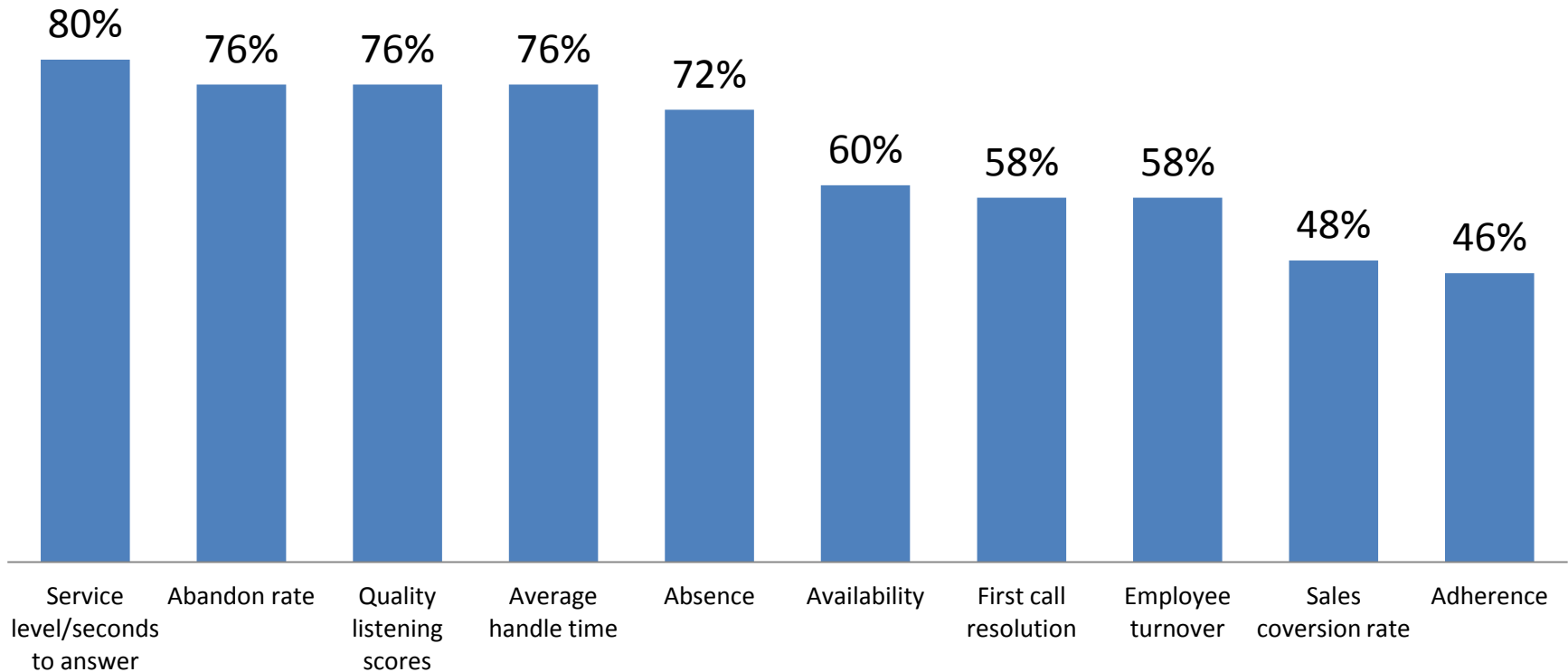




In order to compete internationally, the industry in Ireland is focused on global standards of practice, already 3 in 10 are considered global centres of excellence among their peers...

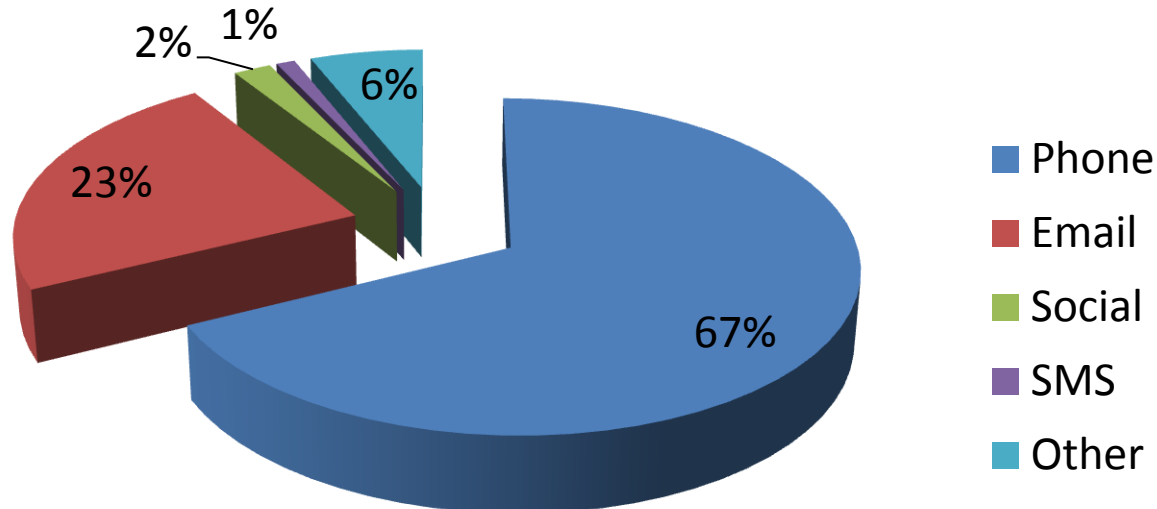
- Four in ten operate to the **ISO 9001/2000** standard.
- One in ten operate to the CCA global standard.
- One in ten use **Six Sigma**.
- Four in ten use **NPS** to measure customer satisfaction.
- Three in ten respondents say some of their Irish sites are considered a **centre of excellence** in their company.
- Key KPIs for **performance measurement** are illustrated in the chart overleaf (nb: most respondents preferred not to give their actual scores against those KPIs that they use)

KPIs used to measure performance



- Customer interactions are still dominated by the phone, indeed the percentage share of phone in total interactions in 2011 was higher than in 2010 (59%)
- But companies expect their social media interactions to grow by an average of 20% in the next year.

Share of different channels in customer interactions 2011:



- Despite the wider economic situation, respondents don't foresee many **barriers to success** for their operations in 2012.
- However, some respondents do anticipate some **challenges ahead**:
 - increased competition from abroad (1 in 3)
 - customer retention (1 in 3)
 - employee motivation (3 in 10)
 - customer spending contraction (3 in 10)
 - reduction of contract values (3 in 10)
 - controlling costs (1 in 4)
 - increased competition in Ireland (1 in 4)
 - technology integration (1 in 4)

- In terms of controlling costs, one area of focus has been on office costs
- Over two thirds of respondents have seen no change in their rent charges between 2010 and 2011
- While over 1 in 4 (27%) saw a rent decrease in the same period



The contact centre,
BPO and shared
services industry will
continue making a
major contribution to
Ireland's recovery...

- Our findings from the second CCMA member survey point to an industry that is making a **massive contribution** to job creation in Ireland.
- The industry faces **challenges** in 2012 and beyond: but the commitment to global best practices and a focus on performance measurements and rewards will help face those challenges in the years ahead.
- The contact centre, BPO & shared services industry will clearly be one of the key sources of job creation in Ireland for the rest of the decade.

Gerard O'Neill
Amárach Research
11 Kingswood Business Centre
Citywest Business Campus
Dublin 24

T. 01 410 5200
E. gerard.oneill@amarach.com
W. www.amarach.com