

Why outsource?

Choosing a BPO model for success



Contents


1. Why do companies outsource?

2. BPO models

3. Who are BPO services ideal for?

4. How to choose the right BPO model

5. How can we help?



When growing a business, ensuring business functions and processes remain efficient as you scale is crucial. The bigger a brand gets, the more difficult it can become to run with your existing team due to larger workloads and growing demand from your customers.

The first thought for many will be to recruit, bringing in talent to support the workforce as well as fresh ideas and new skill sets you may not have had before. However, this isn't the only option that can prove to be effective in ensuring success for your business, particularly in today's tight job market where it's difficult to recruit.

For many businesses engaging a BPO (business process outsourcing) partner can provide them with the scale, flexibility and efficiency they need.

This whitepaper aims to help your brand make an informed decision about outsourcing by looking at why companies outsource many aspects of their business. We hope to help you identify where outsourcing could make a difference in your business and how to choose a BPO model that provides everything your brand needs to stay competitive.

In this whitepaper, you'll discover:

1. Why do companies outsource?
2. What BPO models are there?
3. Who are BPO services ideal for?
4. Why BPO can solve many pain points

Why do companies outsource?

It can be hard to admit your company needs outside help, especially if historically you've managed just fine without bringing in consultants or advisors before. For some, the thought of outsourcing work may seem like a negative, however, the reality is it's much more

common than most realise. When you start to see the advantages of outsourcing, it can become clear that using a BPO provider isn't just for struggling businesses, but many large and successful organisations rely on the expert support they bring.

\$525b

the expected worth of the global BPO market by 2030

70%

of British B2B companies outsource key business operations

66%

of companies with over 50 employees choose to outsource

29%

of companies with fewer than 50 employees choose to outsource

Did you know?

IBM is the largest outsourcing company in the world, with Deloitte & Accenture closely behind

70%

of companies choose to outsource for cost reduction

So, why would an organisation outsource some services?

The simplest answer is that it works – the figures above are a testament to the success outsourcing brings when done for the right reasons and when working with the right companies. Before employing the services of a BPO, brands have to identify exactly why they are doing it. It's never advisable to outsource for the sake of it or just because other companies in your industry are doing so. Identifying a need to outsource is crucial and deciding exactly which parts of your business you want to outsource is no easy decision.



65%

of companies cite outsourcing as beneficial to help them focus on core functions

When looking at the statistics, 65% of companies cite outsourcing as beneficial to help them focus on core functions, whilst 63% benefited from cost-cutting when outsourcing. These are two of the most important factors companies have identified and two of the most common reasons to seek outsourcing help. The full list of reasons that companies give for outsourcing include:

- | Cost reduction
- | Focus on important core functions
- | Greater scalability when demand increases
- | Enhance the quality of service
- | Improve and maintain the customer experience (CX)
- | Stay competitive
- | Meet regulatory needs
- | Solve recruitment issues

Your company may identify with more than one of the above reasons. After all, what business wouldn't want to improve service, productivity, efficiency, and revenue? Who wouldn't want to provide an exemplary customer experience and be a leading company in their market?

Asking for help and support is never a sign of weakness; it shows your business is ambitious and that you have the best interests of your employees and customers at heart. A good BPO partner can solve many pain points that are important for business growth and development.

BPO models

When considering what outsourcing can do for your company, understanding more about the different types of BPO models can be helpful.

Of course, outsourcing is by no means a modern phenomenon, and has been adopted by companies for many years. However, the current models are far more complex and involved than classic outsourcing. Since it started to be heavily adopted as a business strategy in the early 1990s, outsourcing has been central to many businesses to help ensure they can reduce costs and maximise productivity. Many associate this with financial services where offshore contact centres became prominent to help provide customer support. However, modern BPO models can provide many different approaches.

There have been many advancements over the years to ensure BPOs can meet the needs of modern businesses. As outsourcing can help with addressing everything from a talent shortage to lowering business costs, and even delivering on service innovation, it's very high in demand.

The global market spend on OSS (Outsourcing and Shared Services) is expected to reach \$519.3 billion by 2023, which is up from \$409 billion in 2018.

The types of services that can be provided when outsourcing include both front-end and back-end processes:



Marketing



Accounting & Payroll



IT services



Customer Service



Data Processing



Recruitment

Back office BPO refers to non-customer-facing processes, so this can be anything including accounting, HR and recruitment, quality assurance, IT solutions and other functions integral to the running of a business. Front office BPO includes processes that are customer-facing, such as customer service, customer experience (CX), technical support, sales, marketing and other activities that directly affect your customers.

The different types of BPO models businesses can employ will all depend on what area of your business you need support with. For example, if you are looking to ensure your customer service is supported during peak demand, you'll want to find a BPO model that is most suitable for this.

Here is an overview of some of the more popular models:

Seasonal outsourcing – Many companies may have peaks and troughs throughout the year due to the seasonality of their products and services. An example would be a retail or e-commerce business that may see peaks around the holidays, Halloween, Black Friday etc.. Seasonal outsourcing is a way to get the support your company needs to help ensure a successful outcome at times of peak demand without any drop in service or efficiency. This can be ideal instead of employing seasonal or temporary workers or increasing the workload of your existing teams. It also avoids having to keep on too many employees during periods of lower demand.

Domestic BPO – Outsourcing services doesn't necessarily mean moving operations or processes out of the country. Instead, a domestic BPO model is one offered in the country your business is in. Whether it's to cover a certain area or the whole of the country your company is based, domestic outsourcing BPO provides the additional support you need more locally than other models. This can work out to be a less expensive, much cheaper option for companies depending on the mix of channels and services and whether your BPO is able to call on sophisticated digital and automation technologies required. It provides support much closer to home that may be more beneficial to your customers to achieve CX goals.



54%

of businesses use third-party support teams to connect with customers

Offshoring – Depending on the size of your business and the aspirations of your company, you may have goods and services that attract global customers. You may also want to reduce the costs of having teams based in the UK. Worldwide outsourcing helps to address both by physically having support staff based on different continents. This may be a BPO model you are familiar with as it has been a popular choice for many companies to help bring down costs but still offer first-class support to customers. Many banks, for example, have used

worldwide outsourcing to their advantage over the years, helping to provide customer service support that still delivers exceptional CX. It can also help to provide a multilingual support network that ensures all customers are supported when contacting you.

Nearshoring – a nearshoring BPO model works similarly to offshoring, but instead concentrates on moving operations to nearby countries rather than to the other side of the world.

Global Outsourcing – this BPO model is where companies can look to branch out globally, helping them to operate not just in the UK but wherever their customers are in the world. It means rather than running everything centrally for a globally expanding business, you can have multiple global locations where support is offered to your customers. Examples of this include some of the biggest brands that pop up in cities across the world.



90%

of companies consider cloud computing as key for their outsourcing efforts

Captive BPO – this BPO model works differently in that it enables a business to have its core business functions handled by a third-party company. So, rather than outsource to receive support for a period of time or to handle certain non-essential processes, captive BPO is used to outsource to a subsidiary of the business whilst still retaining control. However, this can be more expensive when compared to other models and can be over and above what most companies are seeking when needing BPO services.

Internal sourcing – insourcing may be something your business already does as a first point of action. Instead of employing a BPO, you make use of the employees you already have and delegate tasks to those with the correct skillset. This can work for some companies, but if you are already researching BPO and looking at the various advantages, it's probably because insourcing isn't quite right for your needs.

Space leasing/co-working – in this model, businesses don't outsource any processes but instead rent office space and facilities only when needed for their employees to work, train and carry out their roles. This could be something your company may already do if you have a hybrid or remote working model but occasionally need meeting room space etc.

Staff leasing – in this model the BPO partner is responsible for recruiting and onboarding staff, managing their well-being, and providing them with a place to work. Their day-to-day activity, however, is managed by the client's internal staff. While these workers might be employed by a different company, and even be based in another location (or at home) they are treated just like internal staff. Leased staff can also be based at the client company's offices.

Co-sourcing – sometimes a company doesn't want to outsource an entire business function but just needs help from a partner to do some of it. In these cases co-sourcing is a good option. Just like it sounds, co-sourcing involves BPO and client staff working in partnership to get something done. This goes beyond client staff managing outsourced staff, instead they work together as one team as if they worked for the same company.

All the different types of BPO models available have different approaches to pricing. Regardless of the model chosen, the cost will usually differ depending on the scale of the support needed. If a company is just looking to outsource one particular part of its business to support customer service temporarily, this may cost less than employing a global support network that works alongside you indefinitely.

Due to more automated services and innovations being offered in the digital world, older BPO pricing models are becoming obsolete. Advances in artificial intelligence (AI), cloud computing and machine learning are all transforming the services offered by BPOs. The increased levels of automation that BPOs are building into their models provide many more advantages to businesses.

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Who are BPO services ideal for?

It's not difficult for most organisations to find some use for a BPO. Since the pandemic lots of companies have driven to outsource and save money. These aren't the only driving forces of course. Remaining competitive and relevant in an ever-changing digital world puts many businesses under pressure.

BPO services are ideal for many different types of industries and businesses, whether completely online or using bricks-and-mortar stores and locations. Every sector can identify a use for outsourcing and address common pain points they've been unable to overcome alone. The advantages of doing so are hard to ignore.

Focus on your core business

Outsourcing some of your day-to-day processes enables you to focus on what's really important in your business. The bigger a company becomes, the more processes it has to juggle and keep efficient. Using BPOs helps to streamline and push non-core processes to third-party experts who not only can support them but help you excel in those areas.



Reduce labour costs

Hiring and training staff is expensive, and with many companies struggling to find talent to fill roles, it can take increasingly longer to find the right staff. BPOs solve this issue by having the staff you need ready to go, which means your CX and customer satisfaction will not be impacted by a shortage of staff.

CX optimisation

Sustaining a good level of service isn't easy, especially with changing customer behaviours post-pandemic. Being able to support the modern, digitally savvy customer requires the customer experience to be optimised sufficiently. However, many businesses aren't sure where to start with this or how exactly to address common issues seen with their CX. Using BPO services can provide you with expert direction and help with implementing a new approach such as delivering a genuine omnichannel service. If there are concerns with customer feedback or being able to deliver the CX your customers demand, outsourcing to bring in CX experts and support your existing staff will always be of benefit and help you stay ahead of competitors.



Implement advanced solutions



For businesses that are longing to update and improve internal processes that use legacy systems or outdated hardware and software, a BPO can have the latest solutions ready to go. Upgrading technology throughout a business is not always budget-friendly, meaning outsourcing becomes an attractive proposition.

For example, 83% of financial companies and institutions are implementing Robotic Process Automation (RPA), which means those that aren't doing the same can quickly be left behind. Where RPA can help automate digital tasks and streamline processes, this can be a huge productivity boost. Using a BPO model that can offer this and other smart innovations saves both time and resources and helps your business keep up.

How to choose the right BPO model

Making necessary changes to the way your business works can be one of the most difficult periods for a company. Looking at all the BPO models that are possible, identifying the right one in a crowded market may seem impossible. What businesses need to consider before proceeding is what services are required and which model is the right fit for them. This can only be achieved by taking the time to look at your current processes and identify where priorities currently lie.

Establish your needs

Understand which areas of your business could benefit from outsourcing. Whether you are struggling to recruit the talent you need, support your customers with an omnichannel service, or automate back-office processes that are currently time-consuming for your teams, there's a BPO service that can provide exactly what you need. Prioritise those that you are happy to outsource and that will be most cost-effective and beneficial to your business overall.

Discover pain points

If you are not sure where to start, discovering the most pressing matters to focus on can provide direction. Speaking to BPO providers and researching available services can help here. Discuss your current pain points and the challenges your business has now and in the future with your potential partners. Talking these things through with BPO experts, you can quickly discover how they can help and what is involved to achieve it.

Compare BPO providers

You'll want to ensure the service you're getting is aligned with your essential needs. Comparing your options is always recommended and will ensure your company makes the most informed decision possible before outsourcing. Not all BPO models will be the right fit for your business or within your budget, so taking the time to understand the solutions available will enable your business to choose wisely.

How can we help?

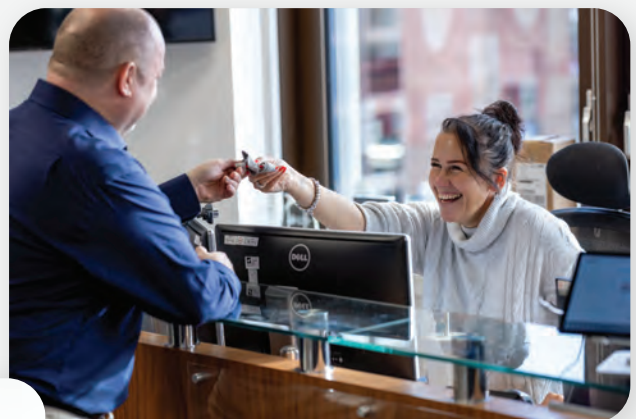
We know how important outsourcing can be when delivered as promised.

At Ventrica, we make it our business to fully understand yours, as this is the only way as a leading BPO service provider that we can address your biggest pain points and challenges and offer the right solutions. We are proud to say we have helped global brands with our award-winning approach, with a team dedicated to delivering the customer service and digital solutions required to help them succeed.

As an FCA-approved contact centre, we can address peak demand periods your business is set to face. Not only through inbound support, but through innovative CX solutions that deliver a truly omnichannel service.

We become an extension of your existing teams to deliver exceptional service and help implement the latest software innovations to keep your approach competitive and industry-leading.

It all starts with a conversation with our team, and we can discuss what's important for your business, what your challenges are, and deliver the solutions you need the most.



To speak with our customer experience specialists, please contact us today. You can discover more about Ventrica as well as our services and digital solutions online [here](#).

