



**Execs In The Know**



# CX OUTSOURCING **INSIGHTS**

An Exploration of Current Conditions  
and Future Changes

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In partnership with  
**inspiro**

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# PREFACE

The *CX Outsourcing Insights: An Exploration of Current Conditions and Future Changes* report provides a snapshot of the industry from the perspective of program leaders. This document reveals current practitioner thinking on Outsourcer program structure, performance challenges and opportunities, and future changes.

Execs In The Know, with sponsorship from Inspiro, fielded this study to better understand the Outsourcer program landscape. A total of 44 individuals responded to the survey, and responses were collected via email in November and December 2021. Depending on how respondents answered, sample sizes represented in the following data range from N=38 to N=44.

## Highlights of the study:

- Satisfaction with Outsourcer performance is high, with more than three-quarters (84%) of respondents Very Satisfied or Satisfied with partner results. Top-ranking attributes include Agent Quality and Performance, Adequate Staffing, and Transitioning to Work-From-Home (WFH).
- Although overall satisfaction is high, leaders identified additional opportunities to improve staffing, quality, and performance, highlighting the need for Outsourcers to increase focus in these areas.
- Concerns associated with the WFH environment remain an important issue among program leaders. Chief issues include Agent Engagement/Supervision (68%) and Training/Coaching (59%).
- Although 62% of leaders made changes to partner portfolios in the past 18 months, future change is uncertain. Only 26% have plans to alter their portfolios, and 45% are unsure about future changes.
- Program leaders believe that additional dialogue is needed to continue to improve the industry, particularly concerning Overflow and Flex Staffing Solutions (40%), Optimizing WFH and Hybrid Models (35%), Agent Recruiting, Hiring and Onboarding (33%), and Agent Training and Coaching (33%).

## NOTE FROM THE AUTHORS

Execs In The Know is pleased to share the *CX Outsourcing Insights: An Exploration of Current Conditions and Future Changes* report. We commissioned this study to better understand the existing Outsourcer landscape and share key insights about its future.

Our hope is that program leaders and outsourcer partners alike will use this report to deepen their knowledge of the current strengths and opportunity that face the industry. More important, we believe the community will benefit from our recommendations on how to respond to these challenges. With this knowledge, and by working together, we can deliver better customer experiences – our common goal.

We are grateful for our sponsor, Inspiro, and invite you to learn more about their business process outsourcing services.

# SPONSOR COMMENTARY



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# Navigating a New Reality in BPO and CX Service Delivery

Rommel Regino  
*Global Head, Operations & Sales*

**inspiro**

The outsourcing landscape has been in a constant state of change ever since the first person picked up a phone to answer a customer's query in the 1980s. Evolving technology, customer behaviors, enterprise needs, and market transformations impact our industry on an annual, monthly, and sometimes daily basis, so it's important to stay agile and malleable to prepare for the inevitable trend shifts.

Arguably, the COVID-19 pandemic was the most significant global influencer of substantial industry transformation, accelerating the adoption of technology and changing the landscape of talent acquisition forever. The *CX Outsourcing Insights: An Exploration of Current Conditions and Future Changes* report, published by Execs In The Know in partnership with Inspiro, explores the impacts of COVID from the perspective of buy-side clients in the outsourcing space.

After reading the report, I wanted to add to the discussion with my own first-hand experiences, so here's my take on the challenges and opportunities we're facing in the post-pandemic business process outsourcing (BPO) and customer experience (CX) industry.

### THE LINK BETWEEN QUALITY AND CLIENT SATISFACTION

Based on the findings in the report, overall satisfaction is high among outsourcing clients. Still, BPO leaders highlighted a need to increase the focus on improving staffing, quality, and performance across the board.

When looking at the activity within the contact centers and accounts that we manage here at Inspiro, I must agree that these are the top drivers of satisfaction. But still, there's a paradox at play here because inadequate staffing, agent quality, and performance are also the principal drivers of dissatisfaction.

From my perspective, the real driver of high client satisfaction is a balance of quality and cost-efficiency. Nonetheless, high-quality agents come at a premium, so most outsourcing budgets limit their procurement. Furthermore, some clients are simply not aiming for 100% customer satisfaction, so there's room for improvement in this regard.

### INVESTING IN TECH TO SUPPORT AGENTS AND BOOST ROI

In my experience, the areas that deliver the most significant return on investment (ROI) in CX and BPO are training and coaching, strengthening relationships and strategic alignments, and improving agent engagement and well-being.

Still, a lack of adequate agent training is becoming an issue in the industry. While companies are quick to invest in technology that will provide better CX, they often fail to understand that it's equally worth investing in technology that helps agents maximize their potential. After all, the agents on the front lines interact with the customers, so they are best equipped to have a positive impact on the CX.

During my walks on the contact center floor, the highest customer satisfaction scores come from agents who utilize our knowledge base and our application-assisted tools and platforms. Unfortunately, when providers fail to empower their agents with the right technology, they're missing out on more effective knowledge transfer and improved CX.

### THE IMPACT OF REMOTE WORK ON CX AND COST

According to the results in this report, clients clearly understand the direct link between employee engagement and customer experience, with 68% of respondents citing agent engagement and supervision as an area of concern when considering work-from-home (WFH). A close second was training and coaching at 59%, solidifying the idea that agent focus and performance are a high priority in a remote setting.

To juxtapose some of these findings, agent performance levels at Inspiro are pretty much equal at-home and on-site. Still, virtual engagement with agents loses some of its efficacy at a certain point, so there's a clear opportunity for providers to find ways to keep people engaged, motivated, and productive while at home.

Operational costs, work-at-home internet, and connectivity issues directly impact the BPO provider's bottom line when servicing a Per Minute or Per Hour pricing model. Therefore, unless they can permanently solve these issues, which is unlikely, providers must find alternative contracting solutions that limit the damage to their profit margins.

## BUSINESS CONTINUITY PLANNING IN A HYBRID ENVIRONMENT

From a BPO provider's perspective, managing a hybrid environment (both virtual and on-site) is highly complicated due to countless operational, regulatory, and technological challenges. As such, it's essential for outsourcing clients to measure their providers' business continuity planning (BCP) capabilities.

BCP is about mitigating risk and ensuring operations are as stable as possible when the unknown or unexpected occurs. With the added variable of a hybrid operation, BCP becomes more challenging to manage, so finding the right balance is paramount.

Inspiro has become an essential asset to our clients as a BCP advisor, quickly getting initiatives and programs back on track. Our clients listen well and support our choices. It was a true demonstration of the value that a robust business partnership can bring to the table.

In Q3 2021, we were among the Philippines' first providers to return 70% of our operations on-site, achieving a 70-30 work-at-home setup. We attribute this success to our ability to lead by example, since our leadership teams also work on-site. Plus, most of our agents have been clamoring to return to the office, while other providers in this region have struggled to get 30% of their talent back on-site, which speaks to our company culture and the community we've built over the years.

### ROMMEL REGINO, Global Head, Operations & Sales



Rommel Regino oversees global operations managing 12,000 contact center employees across three continents. He leads a diverse team of thought leaders and domain experts, helping global brands elevate their customer experience (CX) strategy.

Rommel has two decades of experience in the manufacturing and BPO industries, having held key roles in some of the Philippines' biggest captive BPOs. He is a staunch champion of the Philippine outsourcing industry and currently sits on the board of the Contact Center Association of the Philippines (CCAP).



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# **SURVEY RESULTS**

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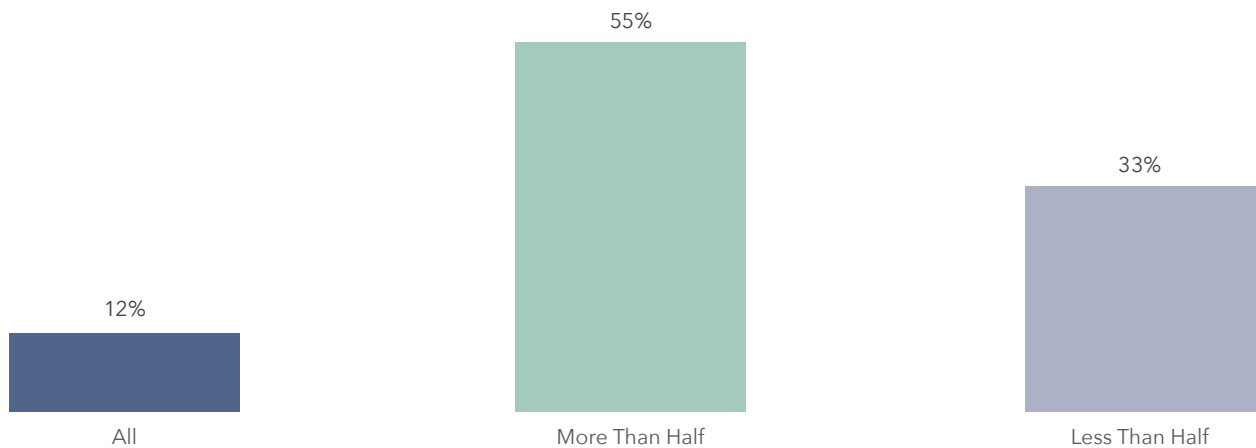
# **PROGRAM STRUCTURE**

# PROGRAM STRUCTURE

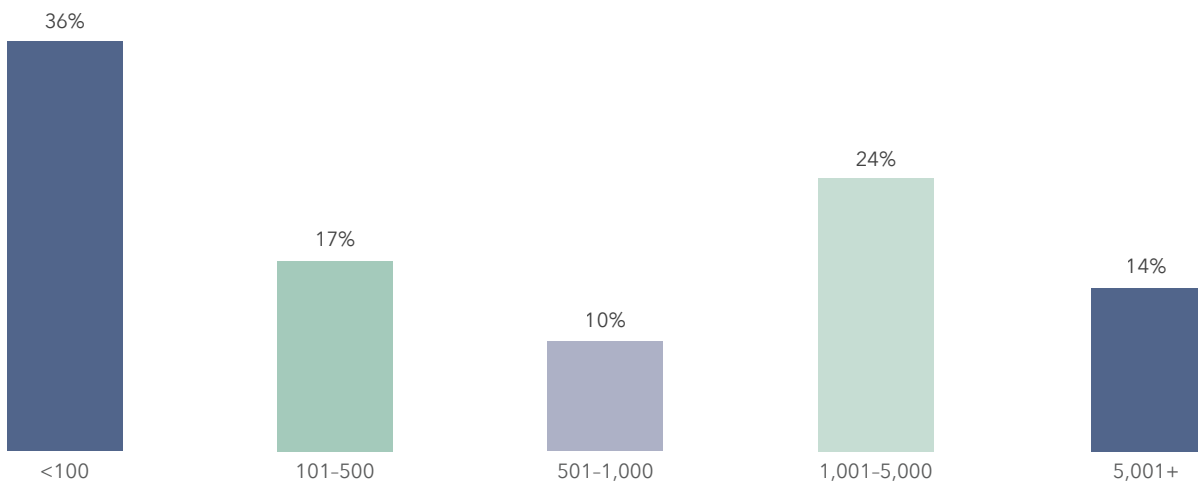
## Headcount and Outsourced FTEs

To better understand the Outsource landscape, respondents shared details of their organizations' program structures. Beginning with headcount, 67% of survey respondents have more than half of their customer-facing communication operations outsourced, including Customer Care, Sales, and Technical Support. Most program leaders (63%) manage Outsourced operations with 1,000 full-time employees (FTEs) or less, with 38% of respondents overseeing programs with 1,001 or more outsourced FTEs.

By headcount, how much of your customer care, sales, technical support, or other customer-facing communications are currently outsourced?



Approximately how many total FTEs do you outsource?



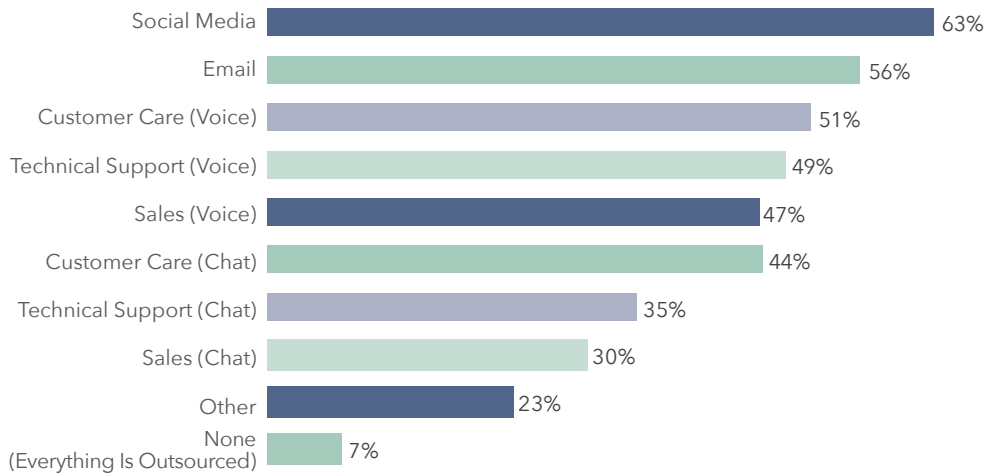
# PROGRAM STRUCTURE

## Engagement Types

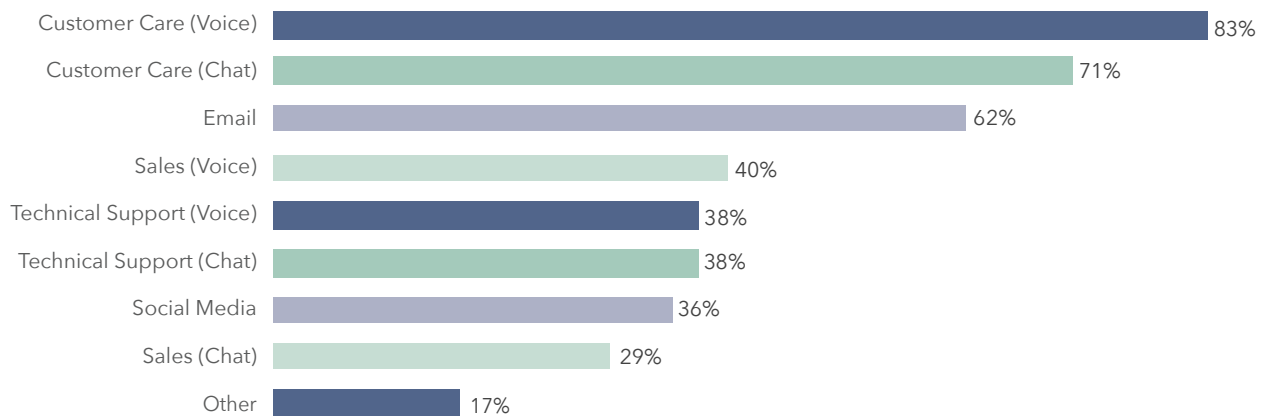
When asked about engagement types, leaders shared information on both in-house and outsourced channels. Digital channels lead the engagement types in-house agents handle, with Social Media (63%) and Email (56%) topping the list. Voice for Customer Care (51%), Technical Support (49%), and Sales (47%) round out the top five channels captive agents currently handle.

Customer Care Voice (83%) and Chat (71%) rank highest on the list of outsourced channels. Email is high for both in-house (second) and outsourced (third) engagement types, likely due to the impacts of ongoing staffing issues and high wait times on Voice channels, byproducts of the pandemic's impact on operations and customer behavior.

Which engagement type(s) do you currently handle in-house? (Select all that apply)



Which engagement type(s) do you currently outsource? (Select all that apply)



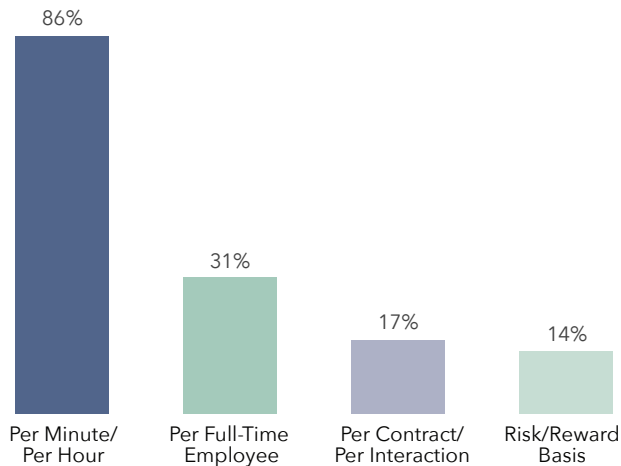
# PROGRAM STRUCTURE

## Models, Mix, and Geolocations

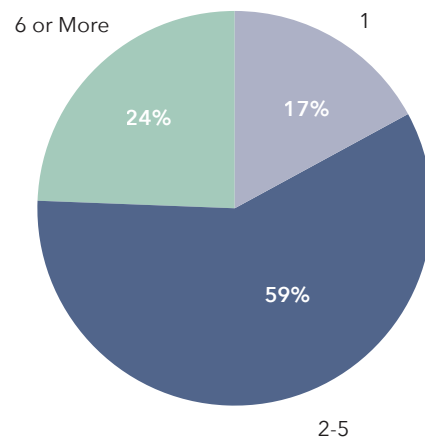
Commercial models, mix, and geolocations are key elements included in an organization's program structure. For commercial models, 86% of respondents compensate Outsource partners based on time spent servicing customers (Per Minute/Per Hour). Per Full-Time Employee is the second-highest compensation model, at 31%. Only 14% of Outsourcers work on a Risk/Reward Basis, creating stability in program costs for leaders. Recently released Execs In The Know research, the *CX Leader Trends & Insights: 2021 Corporate Edition* report, reveals a downward trend in the Risk/Reward model, which likely further emphasizes the need for cost containment.

Utilization of multiple partners is by far the most popular Outsourcing strategy, with 59% of respondents employing two to five Outsourcers and 24% using six or more; this strategy works to mitigate risk and reduce program challenges. Only 17% of respondents work with a single partner.

What commercial model(s) do you use with your current Outsourcing partners? (Check all that apply.)

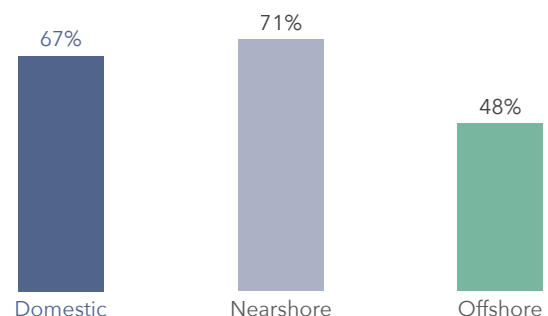


How many different outsourcing partners are you currently utilizing? (Please note: This question refers to partners, not locations.)



When asked to describe the geolocations of current Outsourcers, Nearshore and Domestic partners dominated the landscape, with 71% and 67%, respectively.

How would you describe the geolocation(s) of the outsourcers you currently work with? (Select all that apply)



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# **PERFORMANCE CHALLENGES AND OPPORTUNITIES**

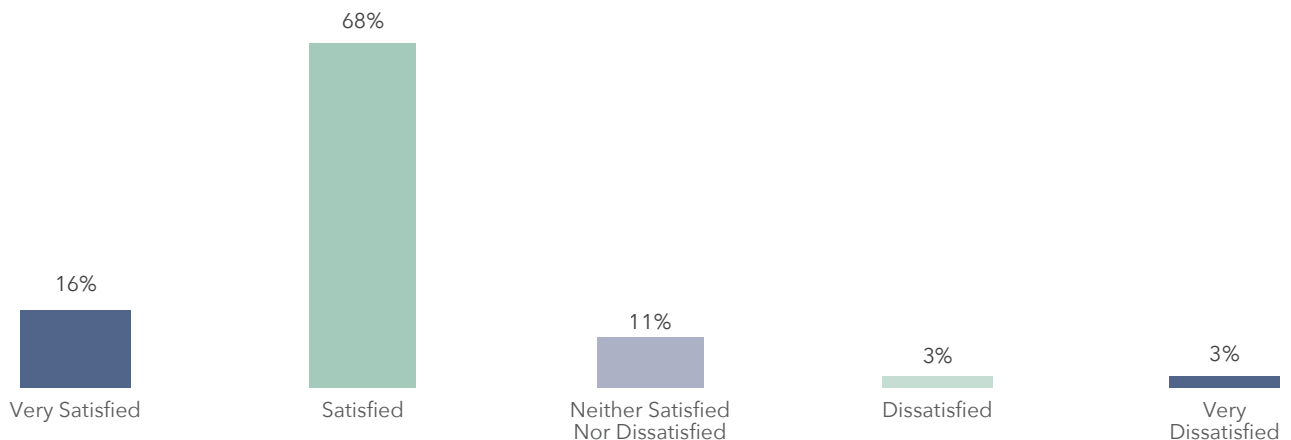
# PERFORMANCE CHALLENGES AND OPPORTUNITIES

## Satisfaction with Partners

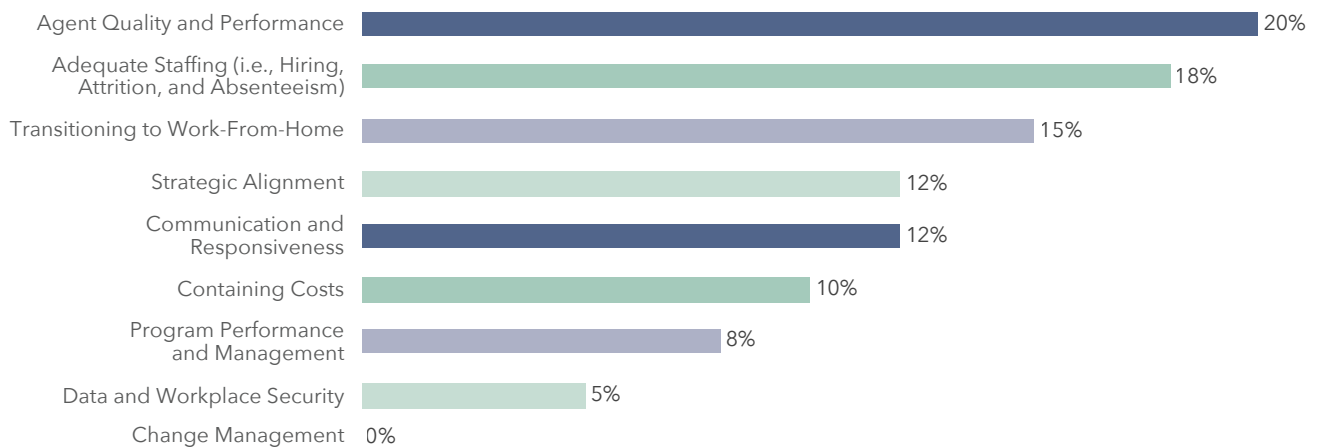
Satisfaction with Outsourcer performance is an important indicator for program owners and partners alike. Overall performance is ranked high, with 84% of survey participants reporting Very Satisfied and Satisfied.

When asked to share where Outsourcers were performing well, program leaders reported Agent Quality and Performance (20%) as the top driver of satisfaction. Adequate Staffing was a close second, at 18%, which is a high mark, given the staffing issues seen across the industry in 2021 and early 2022. The WFH transition also ranked relatively high, at 15%. These three attributes likely reflect the positive impacts of increased partner effort in a dynamic landscape as the pandemic continued.

In general, how satisfied are you with your current Outsourcing partners?



Generally speaking, in which area is your current Outsourcing providers succeeding in best meeting or exceeding your needs and expectations?



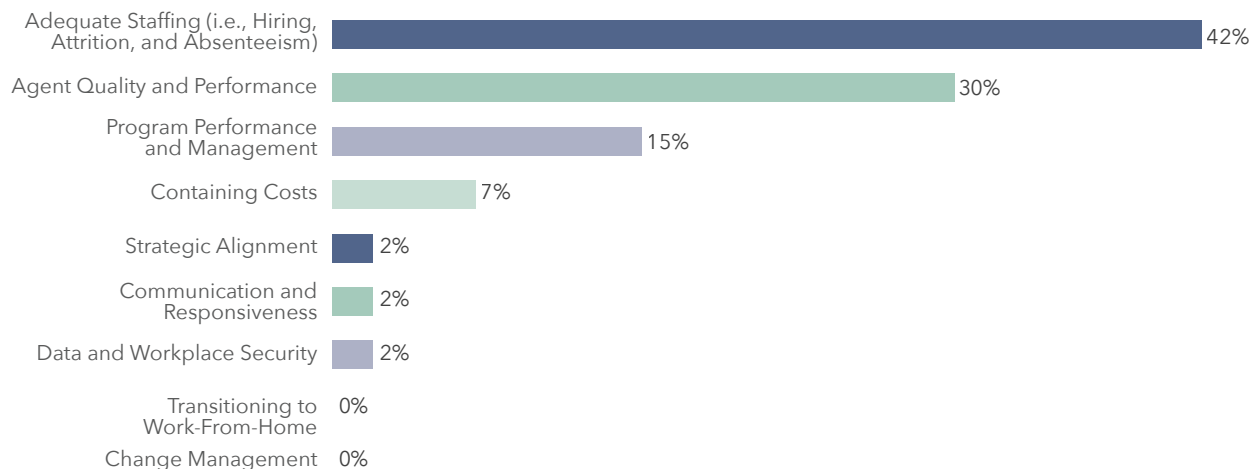
# PERFORMANCE CHALLENGES AND OPPORTUNITIES

## Dissatisfaction and Partnership ROI

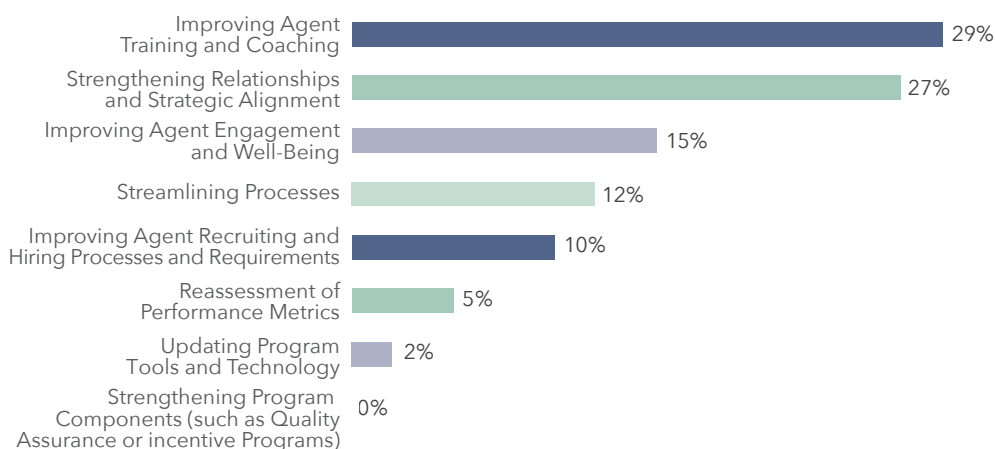
When asked to identify shortcomings, nearly half of respondents (42%) are unsatisfied with Outsource partner efforts to provide Adequate Staffing. Agent Quality and Performance (30%) and Program Performance and Management (15%) rounded out the top dissatisfiers. This data reveals that many partners still have work to do to adequately manage the workforce and operate their contact centers to meet program leader expectations.

Leaders cited Improving Agent Training and Coaching (29%) and Strengthening Relationships and Strategic Alignment (27%) as the focus areas that deliver the greatest ROI. Improving Agent Engagement and Well-Being ranked third, at 15%. Since employee engagement is inextricably linked to CX,<sup>1</sup> increased focus on this area is warranted. Additionally, these three areas highlight leader perception that investment in the human element is most impactful, overshadowing process and technology.

Generally speaking, in which area is your current Outsourcing providers failing in best meeting or exceeding your needs and expectations?



In your experience, focusing on which area of your Outsourcing partnership(s) tends to result in the greatest return on your efforts?





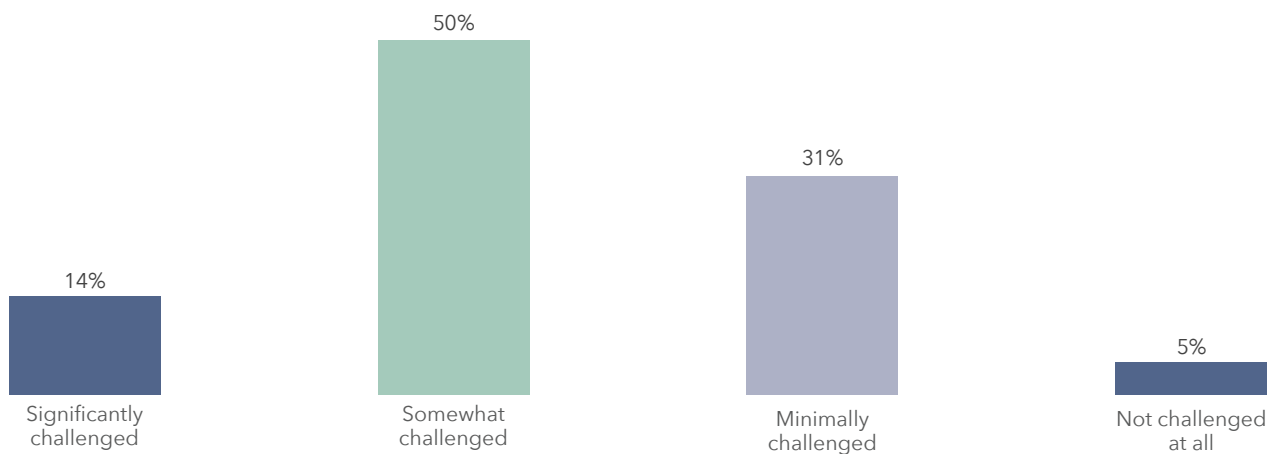
# PERFORMANCE CHALLENGES AND OPPORTUNITIES

## Specific Challenges

Program leaders reported that 95% of Outsource partners face challenges in meeting their needs and expectations, with 14% Significantly Challenged, 50% Somewhat Challenged, and 31% Minimally Challenged. Only 5% of leaders believe partners are Not Challenged At All.

Based on the analysis of survey respondent verbatims, staffing and all that it entails – hiring, training, coaching, and retention – is far and away the greatest challenge Outsource partners face. In addition to staffing obstacles, program leaders reported that Outsourcers face challenges with consistent, high-quality service delivery and operating at scale using proficient English-speaking agents.

Generally speaking, would you describe your outsourcers as being in any way challenged in meeting your current needs and expectations?



Please briefly describe some of the challenges faced by your outsourcers in meeting your needs and expectations, and how they intend to address these challenges.

"Hiring and retention is as challenging for one of our BPO partners as it is for our captive sites."

"Staffing is a huge challenge for our outsourced partners and being able to consistently balance staffing with quality."

"Nearshore and Domestic hiring issues (fill rate, retention)."

"Staffing challenges (hiring and retention) and hybrid/WFH challenges (training, coaching, technology)."

"Staffing effectively for ramp-up initiatives, retaining staff and/or filling vacancies effectively, up-leveling quality of performance."

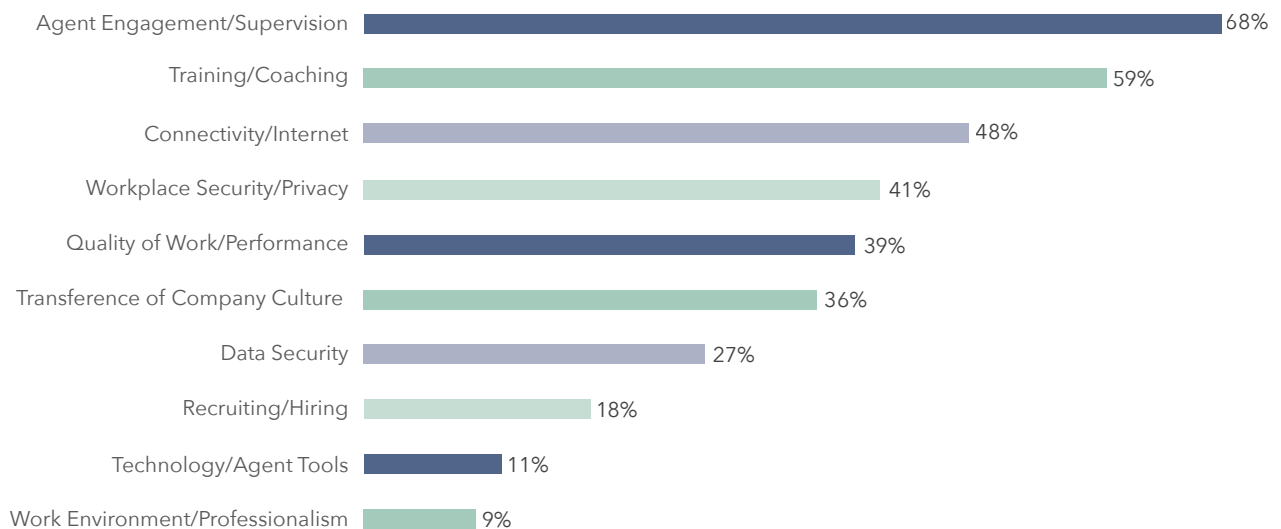
# PERFORMANCE CHALLENGES AND OPPORTUNITIES

## Remote Work and Visits

As the pandemic's severity eased and operations stabilized, organizations became more focused on the experiences employees have while working remotely. Program leaders certainly understand the [direct link between employee engagement and CX](#),<sup>2</sup> so it is no surprise that WFH concerns centered around agent focus and performance, with Agent Engagement/Supervision (68%) and Training/Coaching (59%) reported as the areas of most concern.

Technology/Agent Tools at 11% suggests that organizations largely have been able to solve operational problems they faced early in the pandemic, such as getting computers installed and contacts routed to employees at home.

Which aspect(s) of work-from-home are currently your biggest causes for concern?  
(Please select no more than three answers)



With many organizations restricting travel as the pandemic continues, in-person visits to partner sites remained low, at 28%. Program leaders are using virtual visits, monitoring dashboards, and additional operational meetings to stay connected with partners and share key updates and performance feedback.

Have you physically visited any of your Outsourcing partner(s) sites or prospective Outsourcing partner sites in the last 6-12 months?



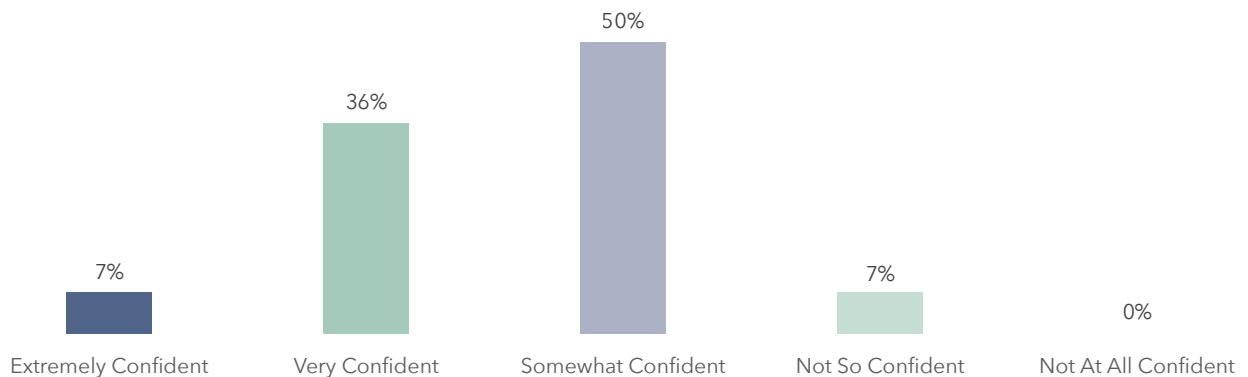
# PERFORMANCE CHALLENGES AND OPPORTUNITIES

## Planning

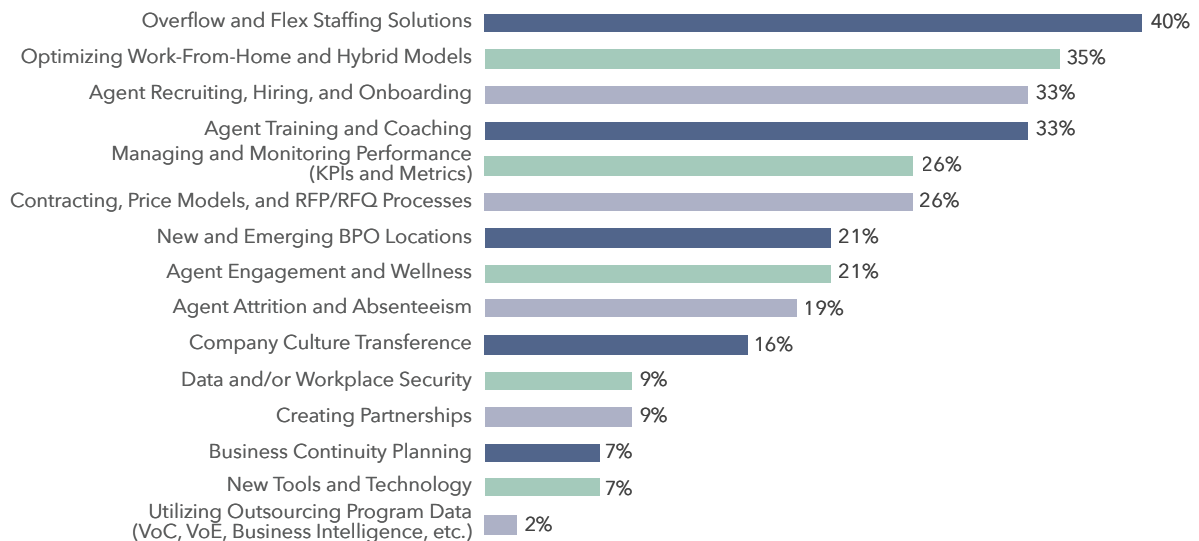
As program leaders work to maximize opportunities and mitigate new challenges, planning for the unknown is a requirement. However, only 43% of leaders are Extremely Confident or Very Confident in existing Business Continuity Plans. Opportunities exist to increase contingency planning confidence in more than half (57%) of respondents.

To help understand the existing landscape and improve knowledge, leaders are looking for additional discussion on Overflow and Flex Staffing Solutions (40%), Optimizing WFH and Hybrid Models (35%), Agent Recruiting, Hiring, and Onboarding (33%), and Agent Training and Coaching (33%). The desire for additional dialogue in these key areas is warranted, given the ongoing staffing challenges most organizations face.

How would you describe your level of confidence in your current Business Continuity Plan (BCP)?



When it comes to Outsourcing, which topic needs more industry discussion and exposure? (Please pick no more than 3 answers.)





# **FUTURE CHANGES**



# FUTURE CHANGES

## Work-From-Home

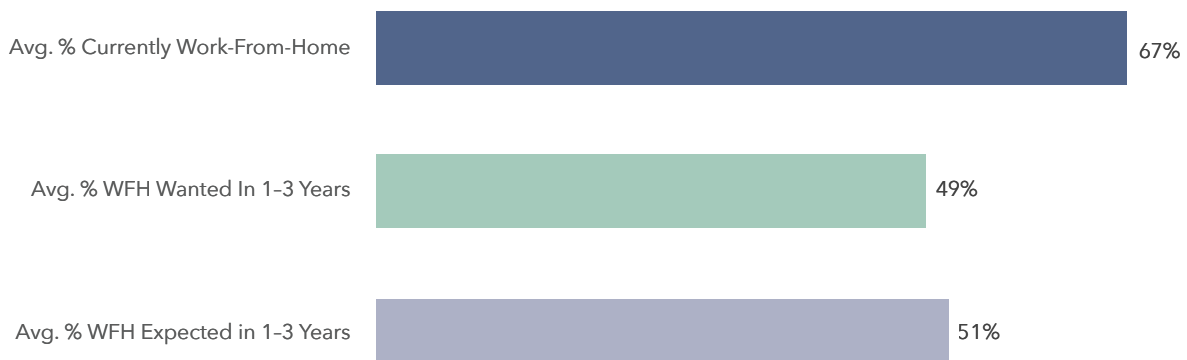
When asked to think about future changes, WFH continued to be a focus area. As the transition to WFH skyrocketed over the past two years, leaders shared that 87% of the in-house workforce is still working remotely compared with 67% of outsourced workers. The desire and expectations for work-from-home (WFH) to continue over the next one to three years is slightly higher for in-house employees when compared to the outsourced workforce.

With more than half of the workforce expected to be remote in the next one to three years, organizations should ensure enough focus is being placed on this population. To prepare for this future, leaders should increase attention on performance metrics that measure the health of WFH operations, particularly related to technology performance, overall productivity, and the voice of the employee.

What percentage of your in-house workforce is currently WFH, and what percentage do you want/expect to have WFH in 1-3 years?



What percentage of your outsourced workforce is currently WFH, and what percentage do you want/expect to have WFH in 1-3 years?



# FUTURE CHANGES

## Recent Shifts and Drivers

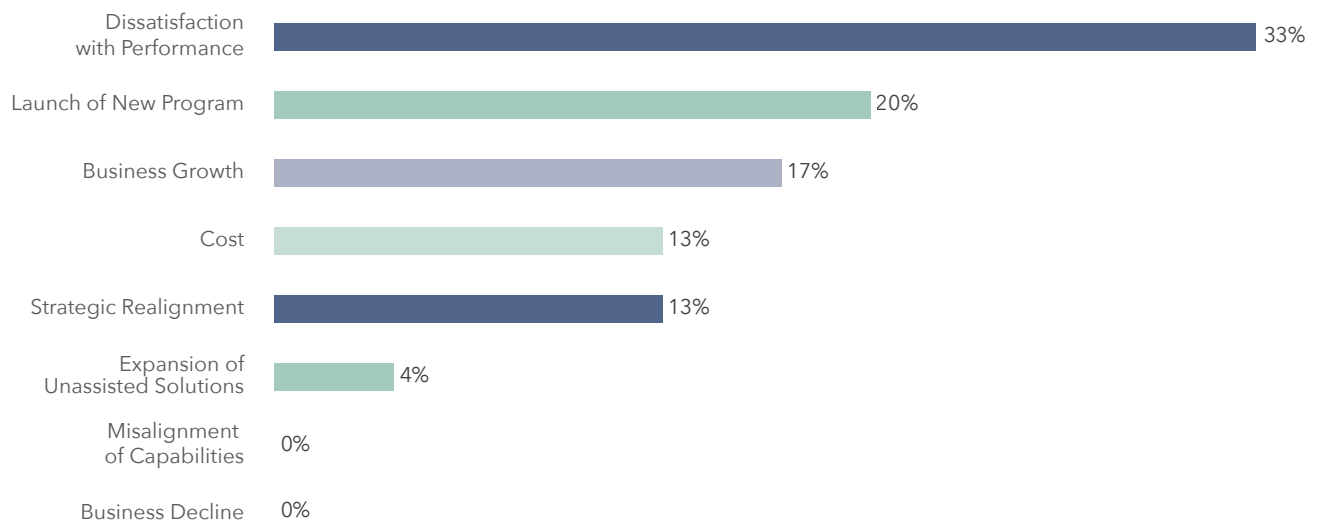
In efforts to improve program performance, more than half of leaders reported that they changed their Outsourcing portfolio over the past 18 months. Dissatisfaction with Performance (33%) was the most reported driver of change. Likely drivers of this dissatisfaction include failure to meet staffing targets and productivity goals.

On a positive note, Launch of a New Program (20%) and Business Growth (17%) represent the second and third most reported reasons for change, likely indicating healthy expansion in the industry.

In the past 18 months, have you made any changes to your Outsourcing partner portfolio?



What was the primary factor driving the change that occurred?



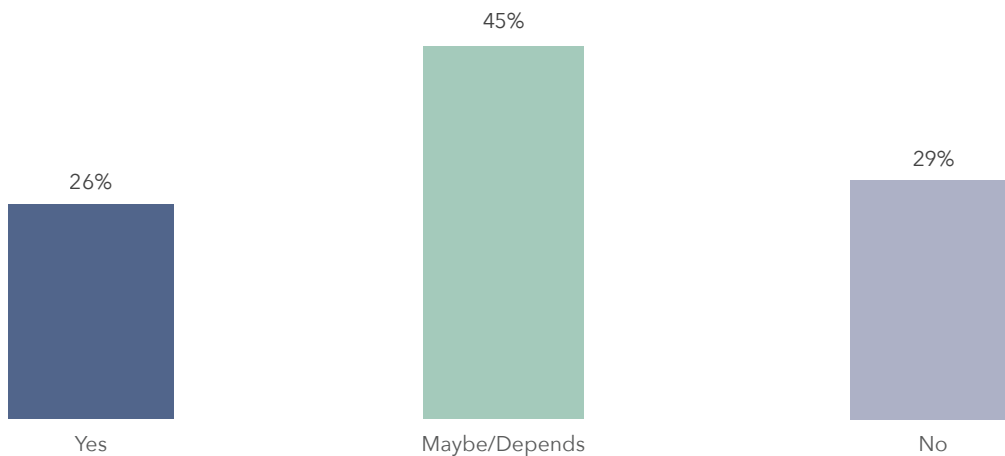
# FUTURE CHANGES

## Planned Shifts and Drivers

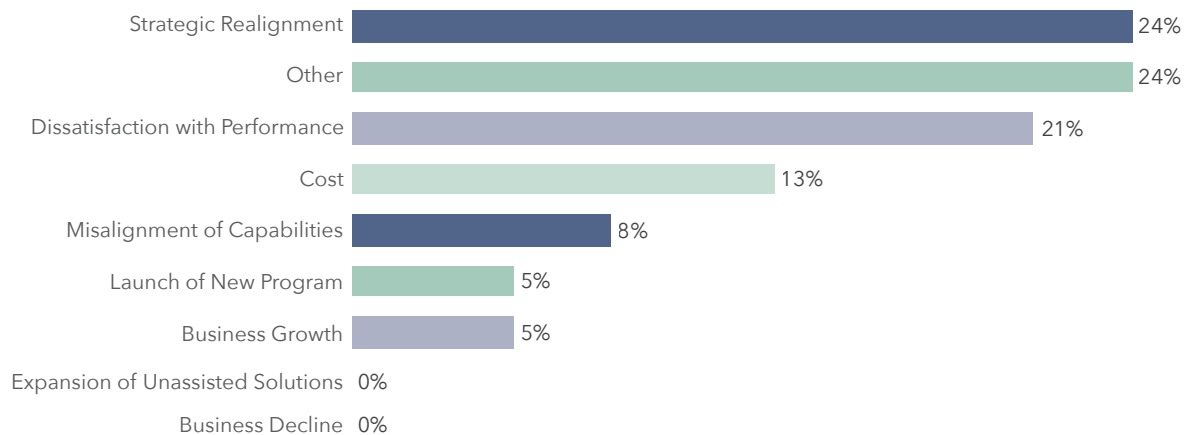
Nearly half of program leaders (45%) reported uncertainty when considering additional future changes to their partner portfolio. This uncertainty likely signals that leaders are taking a “wait-and-see” approach based on the outcomes of key decision-making factors, such as corporate strategy and the impacts of the ongoing global health crisis. The remaining respondents were nearly an equal split, with 26% reporting plans to change and 29% planning no modifications.

Although Dissatisfaction with Performance took the top spot in previously implemented changes, when considering planned or potential changes, leaders ranked Dissatisfaction with Performance third, at 21%. The key driver of future change is Strategic Realignment (24%).

Are you currently looking to make future changes to your Outsourcing partner portfolio?



What is the primary factor driving this change or potential change?



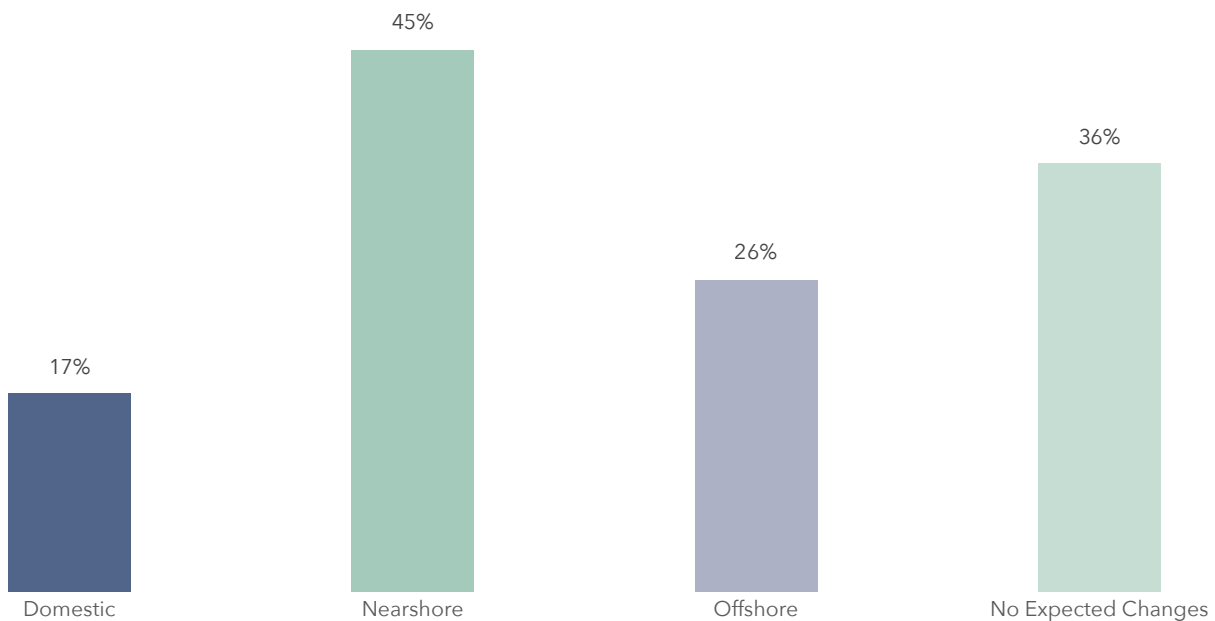
# FUTURE CHANGES

## Geolocations

Of the organizations considering a change, nearly half expect to shift work to Nearshore geolocations, followed by 26% Offshore and 17% Domestic. Nearshore locations remain attractive to program leaders for several reasons, including higher quality English proficiency, a larger available pool of bilingual agents, agent familiarity with U.S. culture, and better time zone compatibility to support operational requirements.

Thirty-six percent of program leaders expect no changes in the future, signaling some near-term stability.

To which geolocation(s) do you expect to shift more of your outsourced work in the future?  
(Select all that apply)





# CONCLUSIONS

Program leaders reported high overall satisfaction while identifying additional opportunity to improve performance. For partners to maintain high satisfaction and/or continue to improve, leaders highlighted the need for Outsourcers to increase focus on agent staffing, quality, and performance. Leaders also shared that future changes to portfolios are uncertain at this time.

With these insights at the fore, key findings and recommended actions follow:

**FINDING:** Remote work is here to stay.

**ACTION:** Optimize WFH and hybrid models.

- Improve employee engagement, particularly when it comes to investing in employee well-being. Employee well-being is comprised<sup>3</sup> of career, social, financial, physical, and community components. Does your organization's employee engagement program include all five?
- Ensure you are regularly and consistently listening to the voice of the employee regarding the work environment and acting on what you learn.
- Increase your skills and prowess at remote management. Whether you are a leader on the business side or a partner, improving the way you manage remotely is key. Reviewing how contact centers can thrive<sup>4</sup> when doing business remotely is a great way to ensure your approach is on track.

**FINDING:** The employee experience is more important than ever.

**ACTION:** Understand and upgrade your employee experience.

- Invest in efforts to understand and track the existing employee experience. Many organizations use journey mapping to understand the customer experience, and it is also a great tool to enhance the employee experience. Use it to reveal pain points and identify solutions that deliver better experiences specific to employees.
- The employee experience starts with recruiting and, for successful candidates, continues through hiring and onboarding. Partner with your HR team to ensure attention on these areas of the employee life cycle.
- Most employees want to perform highly, and everyone needs training and coaching to help them succeed. Has your team analyzed the agent training and coaching programs given the current environment?

**FINDING:** Future changes to partner portfolios are uncertain.

**ACTION:** Ensure transparency and action in key areas.

- Share feedback. Leaders should give and receive positive and constructive feedback regularly. This transparency will help teams understand where things are going well and where they aren't. You may want to start with the way you conduct remote site audits.<sup>5</sup>
- Based on performance and feedback, maximize efforts to improve team performance. Narrowing your focus to drive the things that matter most generally results in better outcomes.
- Ensure you have a Plan B. Business Continuity Planning can mitigate risk and ensure operations are as stable as possible when the unknown or unexpected occurs.
- Be flexible by designing and being ready to implement overflow and flexible staffing solutions.

3 <https://www.gallup.com/workplace/237020/five-essential-elements.aspx>

4 <https://execsintheknow.com/how-contact-centers-can-thrive-by-doing-work-at-home-right/>

5 <https://execsintheknow.com/magazines/january-2022-issue/staying-ahead-of-the-curve-with-remote-site-audits/>

## ABOUT EXECS IN THE KNOW

Execs In The Know brings together customer experience (CX) leaders from across industries in an effort to advance the conversation and set a new agenda for delivering amazing experiences for consumers. As a global community of the brightest minds in CX, Execs In The Know provides opportunities to learn, share, network, and engage to innovate. Operating under the motto, "Leaders Learning From Leaders," Execs In The Know facilitates many opportunities for community engagement, such as its bi-annual national event, Customer Response Summit; virtual CX series, CustomerCONNECT; and private, online community, Know It All "KIA." There are also exclusive, laser-focused engagements like industry briefings and executive roundtables. Execs In The Know also guides and informs the industry with a rich tapestry of CX-related content that includes *CX Insight* magazine, industry research, webinars, blogs, and much more.

To learn more about Execs In The Know,  
visit: <https://execsintheknow.com>



## ABOUT INSPIRO

Inspiro is the outsourcing specialist with access to a group network of 32,000 customer champions across North America, Latin America, Australia, and the Philippines. A CX leader across Asia, we've spent two decades combining operational excellence, technology, and insights, to deliver award-winning customer experiences.

Inspiro is owned by Relia, a member of Japan's Mitsui Group.

To learn more about Inspiro,  
visit: <https://inspiro.com>

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