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Brexit could open up more offshore deals

Britain’s vote to leave the European Union could impact the outsourcing sector more than most, but early signs are of a robust response

OVERVIEW

CHARLES ORTON-JONES

If all British sectors were as buoyant as outsourcing, our new chancellor would be swinging from the chandeliers of Number 11. Contracts worth £3.91 billion were signed in the first half of the year, a rise of 19 per cent year on year, according to the *arvato Outsourcing Index*. Local government spending on outsourcing almost doubled in the same period. Plus there are wonderful new technologies to talk about, such as robotic process automation, which is a new field in the sector.

All blue skies and sunshine? Not quite. The vote on June 23 for Britain to leave the EU triggered a mass of questions for the industry. Few sectors straddle borders like outsourcing. Industry veterans can navigate the back streets of Bangalore and Bratislava with their eyes shut. Brexit may mean Brexit, but what is the industry facing?

First up, outsourcing seems to have carried on with business as usual. No hysterics. That is borne out by transaction numbers and investor confidence.

Alex John, partner at international mergers and acquisitions consultants Livingstone, which works heavily in outsourcing deals, says: “We are not seeing any drop in investor confidence. In fact, we are seeing good levels of investor interest, from both UK and overseas investors. The present view on Brexit seems to be that the UK economy is weathering the storm extremely well and therefore remains a good market for investment.”

When Brexit actually occurs we may see a few changes. Trade with the EU will depend on the deal struck. We have no idea what that deal will be.

We do know that the UK will lose a large number of trade agreements with the rest of

the world, currently enjoyed under the EU umbrella. Reverting to World Trade Organization rules, with no additional deals, is an option in many cases. The downside is that tariffs may be higher. And there might be areas of conflict and lack of legal clarity.

The UK will also need to decide whether to participate in the Transatlantic Trade and Investment Partnership, which covers law enforcement and equal treatment of overseas parties.

Since the UK will be trying to replace 53 preferential trading agreements currently held by the EU with the rest of the world, it may need to prioritise certain markets. India is a prime jurisdiction. The UK is the largest G20 investor in India and India invests more in the UK than in rest of the EU combined.

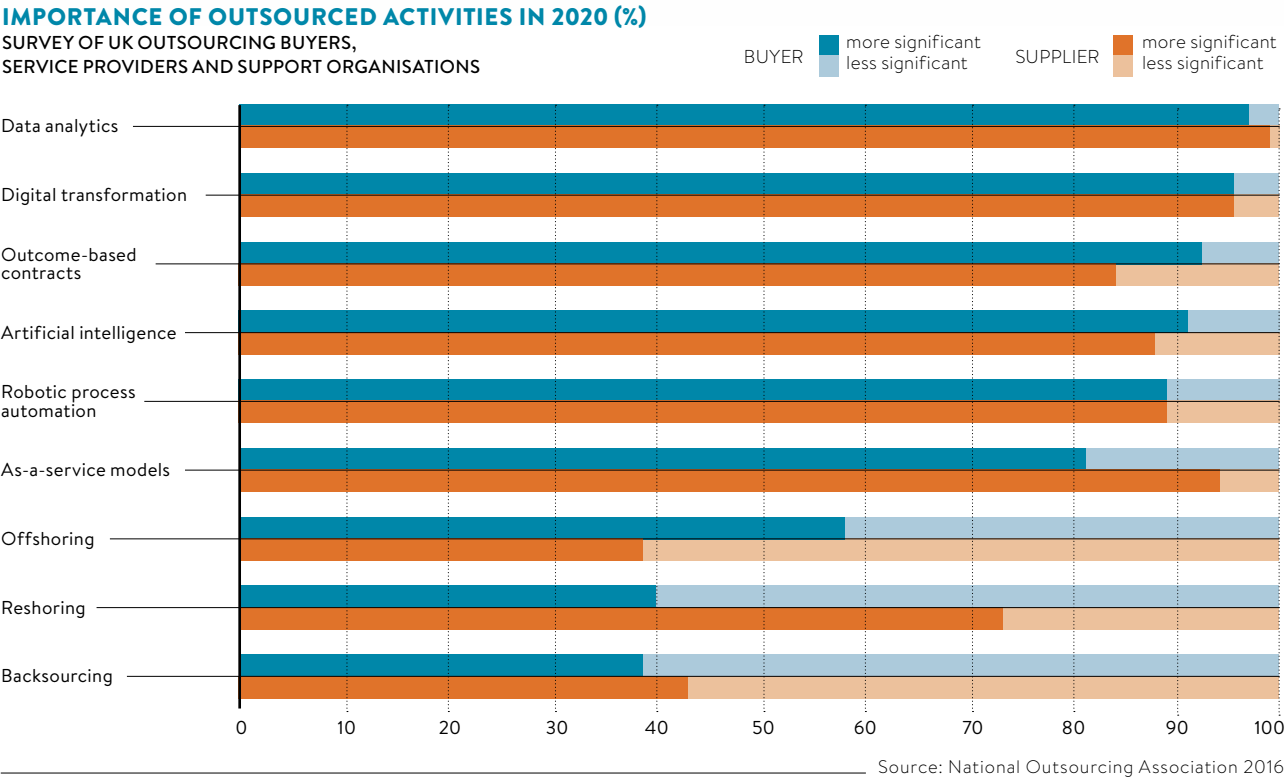
A fortnight after the Brexit vote, then-business minister Sajid Javid flew to Delhi to meet the Indian commerce minister and finance minister, both of whom confirmed India would be keen to start work on a deal as soon as possible. The Indian private sector echoed this.

Confederation of Indian Industry director general Chandrajit Banerjee spoke enthusiastically of an Anglo-Indian free trade deal: “With Britain’s departure from the EU, India will have to negotiate a free trade agreement with the UK which may be easier to accomplish at a bilateral level... This could well be the best era for our industries to collaborate.”

The new department for Brexit will need to resolve some tricky issues. For example, the physical location of data is a hot question in outsourcing.

Mark Turner, vice president of IT delivery at T-Systems, the corporate customer arm of Deutsche Telekom, explains: “Location is now a key question for UK CIOs [chief information officers]. Brexit will have pushed the accelerator, but the direction of travel was already set by the worries surrounding the reach of US jurisdictions.

“This will more than likely lead to an increase in offshore outsourcing in order to compensate for less freedom of movement of skilled workers into the UK



£3.91bn
of outsourcing contracts were signed in the UK in the first half of the year, up 19 per cent on 2015

Source: arvato 2016

84%
increase in local government spending on outsourcing over the same period

Source: arvato 2016

“UK companies that only operate in the UK are looking for data centres located in the UK, whereas companies that operate in Europe and need to adhere to European data security rules want to locate their data in Europe. Three years ago, CIOs didn’t care where their data was as long as it was safe; now location is central to decision-making.”

The onshoring-versus-offshoring debate will be renewed by Brexit. Trends may be counter-intuitive. For example, a lack of free movement might result in more offshoring.

Robert Barbus, operations director for the Slovakia-originated Soitron Group, says: “Brexit may make it difficult for skilled Polish and other EU-CEE [central and eastern European] IT workers from gaining work permits in the UK. Equally for onshoring businesses, which depend on staff from within the EU, it’s most likely the CEE region, including Slovakia, Czech Republic and Bulgaria, will find it hard to gain visas, and the cost of gaining work visas may not make this form of outsourcing viable.”

“This will more than likely lead to an increase in offshore outsourcing in order to compensate for less freedom of movement of skilled workers into the UK.”

Obviously no one can say what Brexit will look like. As a result, we’ll see a more cautious approach to outsourcing – not fewer deals, but simply higher risk management. There are signs this is already happening.

Simon Scarrott, business development director of Timico Technology Services, says: “As uncertainty in the business and IT market remains post-EU referendum, we are seeing more companies turning to fixed-priced outsourcing contracts as they look to control their budgets and derisk the purchasing process.”

The outsourcing industry has a proud history of flourishing in the face of perverse trade deals, legal bureaucracy and political uncertainty. Brexit may throw up challenges, but so far there is no reason to think the industry won’t simply march on regardless.

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Software ‘robots’ cut costs and boost profits

Robotic process automation is already transforming aspects of outsourcing, enhancing efficiency, cutting labour costs and boosting profits, while freeing workers from boring, repetitive tasks

AUTOMATION
DAN MATTHEWS

Throughout human history we have been inventing things to make life easier, extracting physical effort from the means of production and replacing it with machines that can do the job quicker, safer and more efficiently.

Examples include the Spinning Jenny in weaving, windmills, combine harvesters and the robotic arms you occasionally see screwing parts together on the factory line. The latest development in this long line of invention is not hardware, however, but in computer programs.

Robotic process automation (RPA) isn’t a physical construct that picks things up and puts them down again, but software which knits together processes from beginning to end. It can be described as a set of virtual employees taking care of the rules-based, repetitive tasks that ensure things run smoothly.

The motive for creating such a system is straightforward. Humans are fallible, they get bored easily, they need sleep, breaks to eat and use the loo, as well as significant periods of time off each and every year to decompress.

Machines clearly don’t. They work at night and weekends, are less prone to errors than people and, as yet, there is no trade union for robots, so they never go on strike.

The like-for-like swap of people for machines has many things to recommend it, but RPA goes further, according to Neil Kinson, chief of staff at automation and robotics specialist Redwood Software. There is an opportunity to run things a lot better, not just faster, than before.

“As robots have become increasingly sophisticated, we are no longer talking about simply replacing person A with robot A, and person B with robot B,” he explains.

“RPA refers to the automation of business processes, whether in HR, the supply chain or the finance function, and the interdependencies between these functions. In short, it’s a move from a user-centric to a process-centric view; a holistic rather than piecemeal approach.”

Automation is nothing new – the word itself has been around for decades – but in the last five years it has taken on a new lease of life. The technology that underpins it is moving forward at a quick clip and we are only just starting to see transformative results in industry.

Mr Kinson says RPA enables organisations to plan, implement and control the flow of money, people, resources and goods in an ongoing framework. It has the capability to “reimagine” human activity rather than merely replicate it.

Even better, the fact that machines are taking care of business means reams of data are created as standard and crunched to order. The added benefit is that organisations in future will find it a lot easier to uncover actionable insight to make processes work better.

All good, but the rise of these super-bots raises an obvious question: what happens to all those jobs? Yes, they were menial and not the kind we dream about as children, but they pay wages and support families. Won’t taking them away from people cause a huge headache for the economy?

This question mark hangs not just over the UK, but entire sectors that have sprouted across the world, in China, India and Eastern Europe, to handle jobs for companies based in developed economies. Outsourcing tasks offshore, once a no-brainer for company cost-cutting, will start to look like an expensive alternative to simply running a software implementation in-house.

Business premises can move to the cheapest parts of the world now there is no need to source a local workforce or offer them an attractive environment in which to do their job. So won’t people lose out?

The short answer is no, at least according to the experts. The idea is that people usurped by digital rivals can be retrained and refocused on core business tasks, creative jobs or customer-facing roles that still require human input and robots can’t, as yet, take away from us.

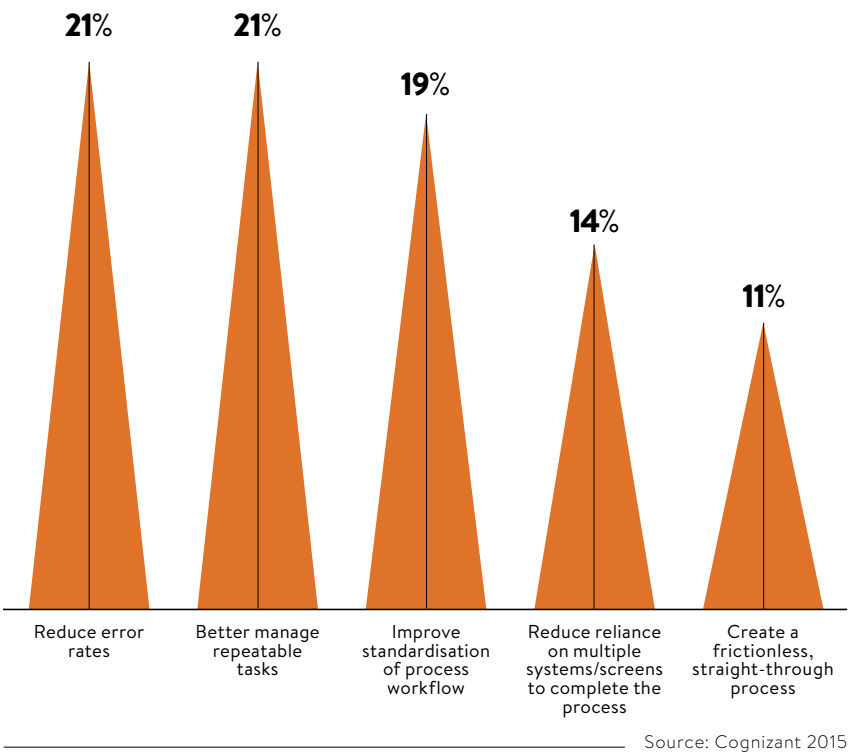
“RPA was introduced specifically to automate routine and mundane tasks, with a view to freeing up employee bandwidth to allow workers to focus on core business objectives,” says Keshav Muruges, group chief executive of WNS Global Services and chairman of Nasscom BPM (business process management) Council in India.

“By eliminating the need for humans to perform certain manual duties, it facilitates opportunities for those staff to be creative, rather than taking jobs away from human workers. It is for this reason that leading businesses across multiple industries are using RPA as a vital component of a broader digital transformation strategy.”

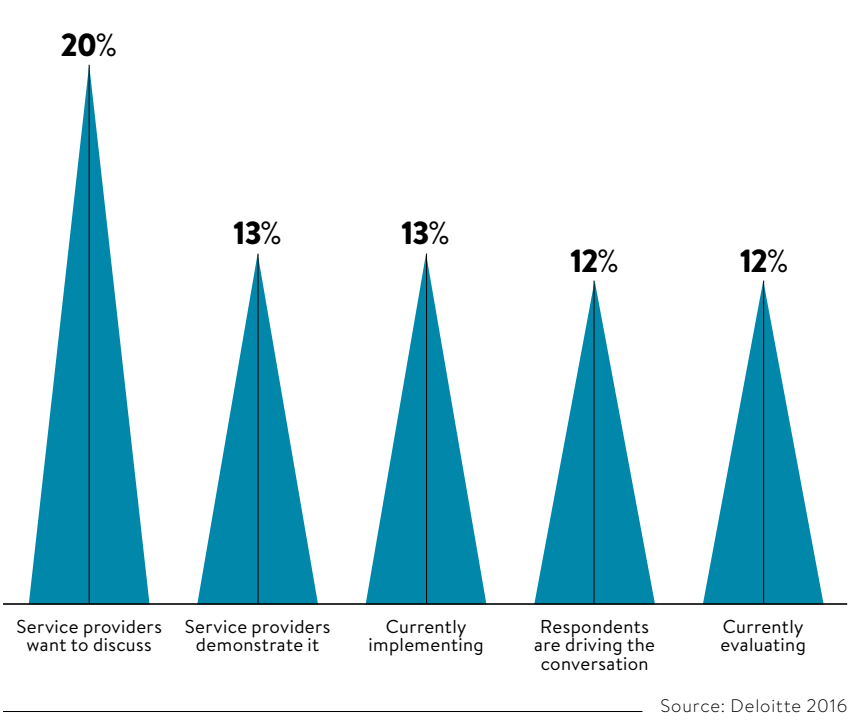
Although RPA technology is in its first phase, it is already making a big impact on the way organisations are run. Ram Singampalli, head of managed services at Syntel, says smart automation technology can



TOP 5 REASONS COMPANIES USE ROBOTIC PROCESS AUTOMATION



ROBOTIC AND COGNITIVE PROCESS AUTOMATION IN OUTSOURCING



“ Robotic process automation isn’t a physical construct that picks things up and puts them down again, but software which knits together processes from beginning to end

boost efficiency by 70 per cent, cut IT costs by more than a third and improve quality by 45 per cent.

“Importantly, automation can also bridge an important gap between older legacy systems and new digital innovations, enabling businesses to thrive in the new digital world with agile, efficient technology infrastructures,” he says.

But RPA 2.0 is already in the offing, combining with other constituent parts of the “fourth industrial revolution”, such as big data, artificial intelligence (AI) and the internet of things, to create increasingly sophisticated potential.

“RPA has to be integrated with cognitive and machine-learning in order to learn processes and functions. This will give it the ability to leverage the power of AI, and accelerate the adoption and dynamic adjustment of process change in the digital world,” says Kalyan Kumar, executive vice president, HCL Technologies.

Mr Kinson at Redwood Software adds: “Word in the industry is that we are quickly moving away from RPA 1.0, which is first-generation analogue robots commonly used as a tool, towards RPA 2.0 that comprises digital robots with embedded best-practice process competence, used as a standalone solution.”

The efficiency-enhancing, labour-saving, profits-boosting and boredom-reducing benefits of RPA mean it is becoming an organisational shoe-in for companies that can use it. As it becomes better, the reasons to get involved will redouble, creating a two-tier business environment with RPA-fuelled firms on top and unbelievers playing catch-up.

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On-demand gig workers are on the rise

Freelancing is growing and offers benefits for both the gig worker who gains autonomy and the company that needs specialist skills without overheads

GIG ECONOMY
HAZEL DAVIS

You only have to walk into any coffee shop to see that the freelance economy is booming with laptop owners flitting between jobs as easily as they flit between cafes. Parents are increasingly moving into freelance roles that work around childcare hours and companies are reducing full-time roles in favour of project-based staff. According to the Association of Independent Professionals and the Self-Employed, there are around 1.6 million freelancers in the UK.

According to the *Way We Work* study, a survey of 9,000 knowledge workers by software brand Unify, 52 per cent now work in virtual teams and 42 per cent believe virtual teams can be more effective than face-to-face groupings. And for 69 per cent, the office is not as important as in the past. Some 21 per cent of knowledge workers currently operate as freelancers or contractors and 53 per cent would consider changing to this model over regular employment if it was offered.

And it's no real surprise, says Matt Roberts chief executive of In Touch Networks, a group of businesses partnering companies with board members, directors and consultants. He says: "People want greater autonomy and a better work-life balance, while companies want consultation from people with diverse skillsets and experience."

Mr Roberts, says 40 per cent of Americans will be self-employed by 2020 and he believes the UK economy is heading in the same direction. "We speak to thousands of experts building portfolio careers and we're able to connect them directly to relevant organisations," he says.

"We have placed non-executive directors and consultants with companies such as the National Trust, Barnardo's and the Cabinet Office, and when we speak to companies they explain that our service allows them to diversify and tap into expertise from a broad range of sources, rather than relying on one individual employee for guidance."

“People want greater autonomy and a better work-life balance, while companies want consultation from people with diverse skillsets and experience”

But still consumers have embraced the sharing economy before businesses, says Barnaby Lashbrooke, founder of virtual assistant platform Time Etc. "After several scare stories about the status of gig economy workers and zero-hour contracts, I feel companies are slowly starting to see that, far from being exploitative, the gig economy powerfully connects those who have skills to offer with those in need of the skills."

In the case of Time Etc, the skills virtual assistants offer are not available to the labour market because many do not want to work full time. "Instead they work in the gig economy gaining valuable flexible income, many while looking after their families."

The gig economy directly connects the incredible skill and experience held by these people to companies that wouldn't otherwise have access to them."

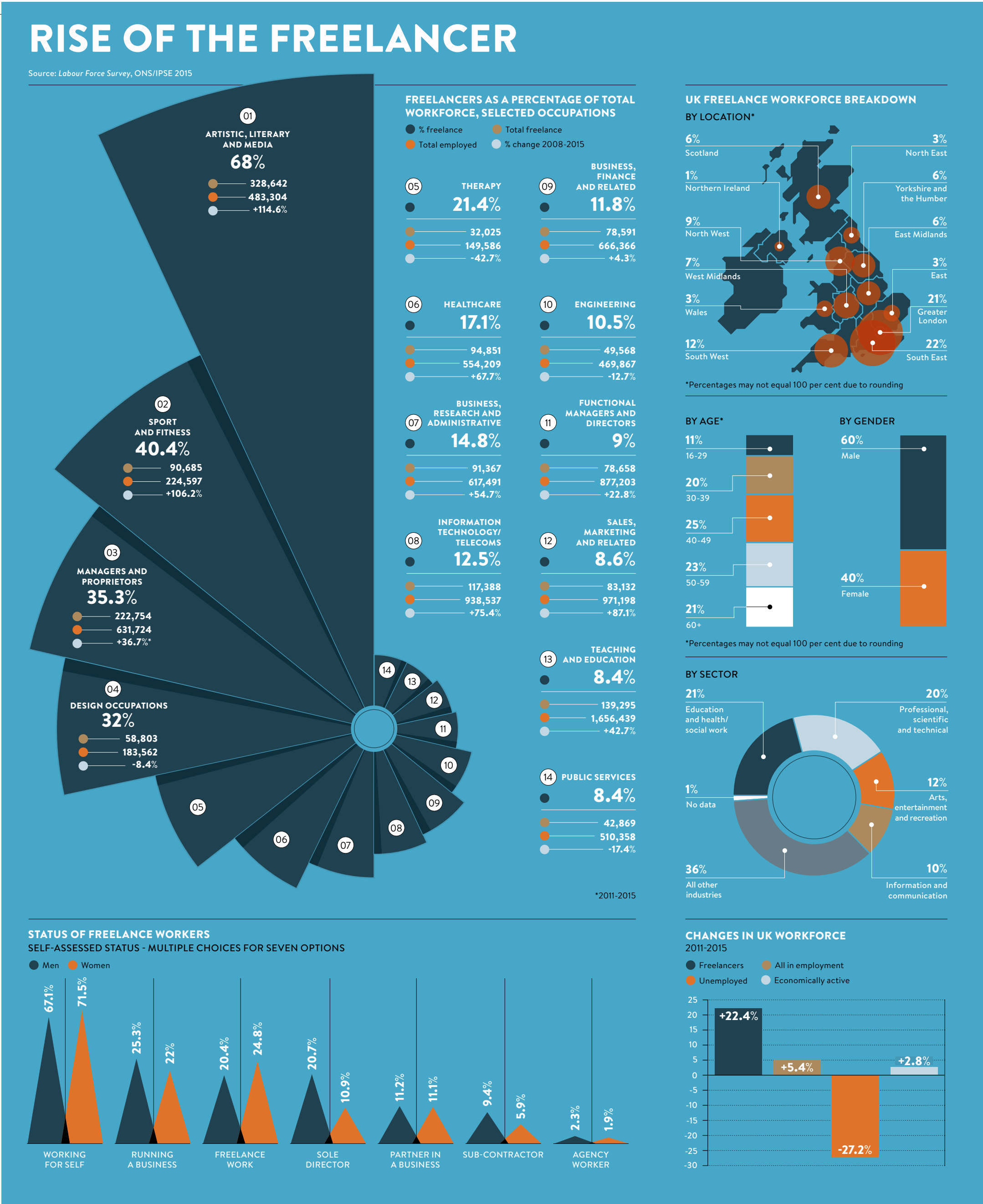
But for the gig economy to really work, says Mr Lashbrooke, "I think we need a supportive government to ensure that the fantastic benefits for both companies and those who choose to find work this way continue to be possible without interference or outdated policy-making."

Mark Gill, director of construction marketing agency DGR Marcomms, which regularly uses freelancers, explains: "We decided we wanted to form a different type of marketing agency, one that suited our lifestyles and gave us the flexibility to be big when we needed and small when we wanted." The company has a small core team, then uses freelancers with specialist knowledge as and when required to supplement this core staff.

"This has a number of benefits," says Mr Gill. "It means that no matter how busy we get, we're always able to cope with the workload. We just get extra freelancers in. It also means that the quality of work is higher as we're able to select the right specialist for each project." For example, when the company is writing copy for a building product manufacturer, says Mr Gill, "we can use one copywriter who regularly writes for the specification audience, another who's better with homeowners and a third who knows the correct language for the trade."

He says you get a different type of worker when you use a freelancer. "Many of ours tend to be a little older, 30 plus, and therefore more experienced. They no longer want the young 20-something agency atmosphere and have taken to being their own bosses and to freelancing."

Another advantage, says Mr Gill, is that they don't have to maintain a certain type of work due to an internal staffing set-up. "So when we are working on communi-



cations strategies, we have no bias as to whether we suggest PR, social media or advertising," he says.

"Although we have a small office hub, where the freelancers can come and work with us, we find that many prefer to work from home and with Skype; it's extremely easy to collaborate on a project without physically being in the same room."

The other obvious benefit is that when the company is quiet, say at Christmas or in the middle of the summer, they can retract and keep overheads to a minimum. This, says Mr Gill, "enables us to keep our rates more competitive than if we were a traditional agency".

Chris Bridgen, chief executive of business-grade handyman service Facifix.co.uk, a Time Etc client, says: "In my mind, the principal benefits of outsourcing for a startup like ours are flexibility and access to skills that would otherwise be prohibitively expensive to employ in any other way."

Mr Bridgen uses Time Etc mostly for social media management. "It's nice to know that whatever else comes up, I simply log the task and a safe pair of hands just gets it done. I get access to hundreds of skills to use on a task-by-task basis. If I needed to employ those skills directly, the number of people required, vetting complexity, employment costs, training costs and so on would prevent me from doing

so, and I couldn't move the business forward," he says.

This gig economy is having a significant impact on the world of work. And it's not just smaller companies cashing in on it. Earlier this year, PwC, one of the big four accountancy firms, launched its new Talent Exchange platform. Currently only available in the United States, the platform is geared towards the company's consulting arm. When it launched, PwC estimated that freelancers will eventually comprise 10 per cent of its consulting workforce.

“There's no doubt that the increase of freelance contracts will impact on future perceptions of work”

There's no doubt that the increase of freelance contracts will impact on future perceptions of work. People will no longer have to choose as starkly between childcare and working, and older people will be able to alter their approach to retirement.

Tim Bishop, head of strategy at Unify, says: "As technology continues to proliferate in both our work and personal lives, we expect to see knowledge workers become more and more adept at integrating these two worlds. They will set their own boundaries and naturally strive to find new ways of working that works for them – especially as their own lives become more complex."

However, employers, recruiters and candidates alike need to be protected in this new landscape. Research from the Recruitment and Employment Federation (REC) reveals that one in five businesses feel the risks of incorporating digital work platforms into their hiring strategies outweigh the benefits. One big concern for employers is ensuring they get access to high-quality talent.

In its report, *Gig Economy: The Uberisation of Work*, the REC recommends that in order to maintain high standards, employers pay fair rates to gig workers and release funds as necessary to guarantee candidates are paid for their efforts. The REC research suggests that, if the government clarified the legal status and responsibilities of digital work platforms, 23 per cent of businesses would be encouraged to increase their use of gig workers and this could bring benefits to the entire UK labour market.

CASE STUDY: UNIVERSAL AVENUE

Universal Avenue co-founders Johan Lilja and Petter Hederstedt

Stockholm-based Universal Avenue is a global on-demand salesforce application, connecting growing and established brands with a talented community of salespeople, who they call "brand ambassadors" and help drive product sales where and when brands need it.

Its mobile app houses training materials relevant to each brand, allowing ambassadors to learn about their product and take a test to become certified to sell it. Universal Avenue then provides the ambassadors with potential leads through its app and, once a deal closes, they are paid a sales commission from each sale.

Founded in 2014, the company works with more than 20 global brands, including Shopify, Spotify Business and NOWO. It now has offices in Stockholm, London, Barcelona and Athens, but operates all over Europe, with plans to launch in the United States later this year. It's also just raised \$10 million in seed funding.

Breaking new markets can be a huge risk for a small company. You need salespeople, but to hire full-time staff is risky if you're not sure it's going to pay off. Hiring freelancers in an unknown territory brings different risks, as does sending out your own trusted freelancers. And if you're seeking to sell to other small businesses, the landscape can be even trickier to navigate, with no centralised contact or manager.

The platform claims to mitigate some of the Brexit risk for small businesses by helping navigate legislation and saving time, money and resources that can be allocated to other areas of the business.

Georgina Varadi, head of brand communications, says: "We work with innovative brands. These brands come in all shapes and sizes: from big brands that want to get bigger or enter new markets; to small brands and startups that want to scale quickly. They have one thing in common, though, they want to grow, test new markets."

CEUTA GROUP: OFFERING A NEW GENERATION OF BRAND FOSTERING AND OUTSOURCING

Brand fostering represents an exciting new chapter in the development of outsourcing – and it’s being inspired by Ceuta, a company whose ethos is based on anticipating, understanding and exploiting new market trends and supported by its pioneering Integrated Platform solution model

CEUTA GROUP

A remarkable new sports accessory that went on sale in stores and on-line in the UK in July is already developing a legion of fans among sportspeople and the public in general. Enertor, which is worn and endorsed by Olympic champion Usain Bolt, fresh from his latest successes at Rio 2016, is a highly engineered shoe insole that reduces shock by nearly a half and recycles more than a third of the energy you put into every stride on the track.

But what is even more remarkable about Enertor is the way in which it’s been launched in the UK. Instead of the usual, cumbersome, costly process of building supply networks, identifying and briefing a marketing agency, and spending money on essential retail support, Enertor has adopted an innovative new form of outsourcing called brand fostering.

Pioneered by integrated, innovative outsourcing provider Ceuta, brand fostering allows a company to outsource a brand which is being launched in a new territory where establishing the necessary commercial infrastructure would be time consuming, expensive and risky. It also enables UK and international companies to ensure non-core, lead or internally competing brands receive the focus that is necessary to allow them to produce continued returns and maintain their inherent brand value.

“Brand fostering is a great way to optimise the sales potential of a company’s entire portfolio of brands in order to maximise shareholder value,” says Edwin Bessant, Ceuta Group chief executive. Looking forward and identifying marketplace dynamics three years ahead lies at the very heart of the Ceuta philosophy. For Mr Bessant, company co-founder Annette D’Abreo and their team, this mindset has been key to the Ceuta’s success.

Peter Burrows, Ceuta’s vice president for business development and mergers and acquisitions integration, points out that the recent high level of M&A activity has been driven in part by efforts by corporates to increase scale and develop synergies as a way of reducing costs.

“However, many of these deals simply result in larger, more complex brand portfolios and geographical footprints that require organisations to invest evermore in supporting brands and categories,” he says.

“Brand fostering is a great way to optimise the sales potential of a company’s entire portfolio of brands in order to maximise shareholder value

Brand fostering can also offer considerable benefits to heritage brands. “CEOs of more and more consumer-led companies are learning about the significant commercial benefits to their businesses, as many of them own long-established products that are often in danger of underperforming because they slip off the board’s radar and don’t receive the focus and investment they deserve,” explains Mr Burrows.

As a heritage brand declines and cedes market share because of a lack of marketing support, it can end up losing the company money. However, once it’s fostered

by Ceuta, the renewed focus it receives produces new listings, revitalised communication support and value creation. This increases sales, keeps competitors at bay and ultimately delivers greater profits to secure jobs and add to the value of the brand owner.

“We chose to partner with Ceuta because they have such a good understanding of retail, and how savvy and demanding customers are these days

“When we foster it, we focus on a brand completely and develop it as an asset,” says Mr Burrows. “As well as investing in these brands, which are often well known, we’ll frequently re-engine them and look at them with fresh eyes. At Ceuta we treat each of them as an essential part of our business and we use our integrated platform to fulfil their potential.”

It’s this integrated platform – the first of its kind – that has enabled Ceuta to make such a success of a vast range of grocery and health and beauty brands, including Pampers, Kandoo, Murine, Milton, Kwai, Vicks, Infacare, Louis Marcel, Murine, Wash & Go, Hermesetas, Dextro, Bonne Maman, Fisherman’s Friend and Granini juices.

To create this platform the company has acquired or built out eight new companies, each pre-eminent in its field, to provide every aspect of development and support a brand might need, and to add value to it. For example, 1HQ is a global brand agency that provides brand insight, develops strategic communications, delivers striking and appealing packaging that will stand out on the shelf, and creates engaging digital conversations with consumers. Its design for a Heinz tomato ketchup bottle saw a 10 per cent uplift in sales globally.

Bridgethorne are experts on point of purchase, crunching vast amounts of data to turn it into meaningful, actionable shopper and consumer insight. The *Bridgethorne Shopper Index* provides a unique measure of UK shopper behaviour while its My Perfect Store solution plans every aspect of store layout. The team at Ceuta Capability Group (CCG), meanwhile, use their many years of experience to offer specialist advisory support aimed at ensuring their grocery and health and beauty clients understand their markets, and position and launch their products effectively.

Orchard are experts in field and experiential marketing across sectors. Tailored to meet the needs of each client, their merchandising activities ensure products have consumer appeal on the shelf. They arrange sampling and demonstrations that engage shoppers and drive sales. Experiential marketing has become a key imperative for the future as consumers want more excitement and engagement with the brand.

Go2Grocery specialises in strategic outsourcing support for ambient grocery, confectionery, and food and drinks within the convenience, delivered wholesale and mainstream supermarket sectors. Ceuta has an international alliance network of similarly experienced, specialist outsourcing route-to-market and strategy support companies,



TOP Edwin Bessant, group chief executive
ABOVE Annette D’Abreo, co-founder and managing director

which means it can help brands to expand in almost any region of the world.

The desire among global consumer-product manufacturers to expand their businesses into new international white-space markets, moves to reduce costly local market infrastructure and a requirement for brand support is taking outsourcing in an exciting new direction that has huge potential.

“We find the growing number of companies that outsource brands to us, whether they’re overseas-based businesses, which do not want UK bricks-and-mortar outlets, and whether they’re heritage, lead brands or new launches, they see us as a strategic, integral part of their business,” says Mr Bessant. Flexibility is key – brand owners can allow Ceuta to take a proportion of the profits from sales or they can license the brand to Ceuta completely, among other options.

“Whichever option they choose, brand owners know, if they come to sell a brand, they’ll be offering to the market something that’s enjoying sustained growth and is therefore far more appealing than a product that’s in decline,” says Mr Burrows.

Brand fostering represents an exciting new chapter in the development of outsourcing and it’s only logical that this chapter is being written by Ceuta.

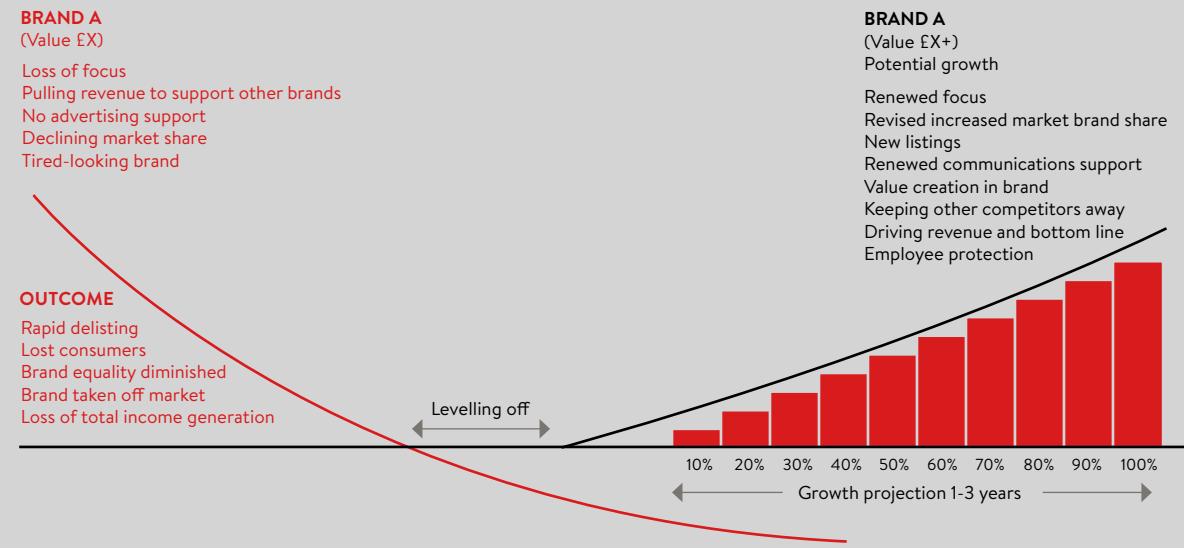
As Mr Bessant concludes: “Looking forward and envisaging the commercial landscape three years hence is a key imperative for our business, ensuring we are fit for purpose and delivering a solution that meets our industry’s needs. We’ve put this at the very core of Ceuta – that’s why we’ll always be the thought leaders in the future of outsourcing.”

THE UNIQUE CEUTA INTEGRATED PLATFORM BRAND OUTSOURCING MODEL



THE BENEFIT OF BRAND FOSTERING

Inspiring opportunity sometimes not considered or understood by corporate chief executives



YOUR COFFEE SERVED BY ROBOT: THE FUTURE OF RETAIL



High-tech, automated retail is set to change the way we shop. Why did Signifi, the market leader in this sector, choose Ceuta as its outsourcing partner?

You’re out and about, and you want a cup of coffee. A vending machine might traditionally have been the last option on your list, but this particular device

features a robot barista that expertly brews your flat white, serves it to you immaculately and can even recommend a roast to suit your palate.

Science fiction? Actually, it’s already science – and retail – fact. Automated retail technology represents the future of retail and will increasingly be seen in

airports, office environments, shopping malls, travel terminals, hospitals, hotels and theme parks, among other locations. Already in “pop-up” shops, it has a value of around £2.2 billion in the UK and the market is growing.

Toronto-based Signifi is at the forefront of the automated retail industry, providing everything from food and drink to premium electronics, and from banking services to luxury goods, so it’s hardly surprising the company chose a cutting-edge outsourcing partner.

“We chose to partner with Ceuta because they have such a good understanding of retail, and how savvy and demanding customers are these days. With their international network, they also have a global reach,” says Shamira Jaffer, Signifi’s chief executive. “We have an affinity with them because our product represents the future of retail, and they’re also always looking ahead at where the market is going and what their clients need to be thinking about.”

OUTSOURCING INTEGRATED PLATFORM PIONEER

The multi-award-winning global Ceuta Group, recognised for its pioneering brand fostering and partnering trade channel outsourcing solutions for leading health and beauty, grocery, and food and drink companies, is built on the ability to anticipate and capitalise on change – before it happens

Edwin Bessant and his colleague Annette D’Abreo co-founded Ceuta Healthcare 22 years ago. The business has now transformed through its integrated platform into the Ceuta Group, an outstanding, articulate and highly praised outsourcing services

business. Their vision continues to be clear and revolutionary in ensuring their group’s business continues to be cutting edge and delivers innovation.

Ceuta is currently acquiring new outsourcing service businesses across Europe

and they have plans for further expansion into Asia, Indonesia and Malaysia. Ceuta has two field marketing businesses in Belgium – Europromotions and PromoSapiens – and they recently opened new offices in New York, and have a reach to more

than 107 international markets through their unique Alliance Network.

Not surprisingly, the company pioneering this rapidly expanding new business outsourcing concept has at its core a talent for anticipating future trends and benefiting from them.

“One of my previous roles at Pfizer Consumer, formerly AHP, was to analyse trends in European market dynamics and to understand the possible outcomes two or three years hence, as well as identifying how the company should embrace these changes,” explains Mr Bessant.

He met Ceuta co-founder Ms D’Abreo at Pfizer. “I wasn’t thinking about setting up my own company,” says Ms D’Abreo. “But when Edwin and I started talking, we realised there were a lot of mergers and acquisitions taking place and so this was the right time to launch something new that would support the extra brands these new companies were taking on. Now, especially in consumer healthcare and food and drink, we’re seeing a new wave of this M&A activity.”

Based on this experience and insight, Ceuta has enjoyed rapid but sustainable

growth by building out its services to meet the needs of the fast-changing retail sector with the acquisition of a range of niche consultancies offering high-quality services in retail, merchandising and mar-

“The unique integrated brand outsourcing platform it has built provides a brand with every service it might need

ket research, among other services.

The unique integrated brand outsourcing platform it has built provides a brand with every service it might need. This one-stop shop delivers an expedient, tailor-made solution to meet the future outsourcing needs of the industry.

Ms D’Abreo says: “Our international network and our unified and integrated platform means that we and the client can all get together on one phone call. The fact that Edwin and

I and our senior team have worked for large corporates means we speak their language.”

The company recently received investment funding from Juggernaut Capital Partners, a leading US private equity firm, and now employs some 350 full-time personnel, with a further 2,500 on its payroll, and an earnings before interest, taxes, depreciation and amortisation (EBITDA) of £6.4 million. This is rapidly rising thanks to continued European acquisitions and core growth capabilities.

The company is proud of its Investors in People gold award. “We always say that we’ll go beyond the contract with clients and offer them something more than they asked for,” says Ms D’Abreo.

In order to support and promote the next generation of young entrepreneurs, Ceuta is also a patron of The Prince’s Trust. After all, for Mr Bessant, Ms D’Abreo and their team, it’s all about anticipating the future and making the most of the new opportunities it offers.

For more information please visit www.ceutagroup.com

Smaller businesses wake up to benefits on offer

Outsourcing is no longer the preserve of big corporations as smaller companies and startups realise the advantages to be had

SMALL BUSINESSES
ROB LANGSTON

Small businesses have faced an increasingly challenging operating environment in recent years. Heavier burdens of regulation and uncertain market conditions have forced many owners of small and medium-sized enterprises (SMEs) and startups to focus on becoming more nimble and remaining competitive. Traditionally seen as the preserve of bigger businesses, smaller companies and startups have shown increased interest in outsourcing some in-house functions. There are many benefits to SMEs and startups of outsourcing, including reducing costs and ensuring that back-office functions are looked after by individuals who are up to date with the latest legal requirements and industry practices. Gayle Hunter, founder of Lifestyle Hunter, an online lifestyle products business, says the firm has embraced outsourcing for back-office functions. “We didn’t want to have lots of fixed overheads as it can have a strangle hold on profitability,” she says. “I can get people to do things better than me, faster than me and in less time.”

Outsourcing has also been welcomed by startup companies that try to keep costs low as they establish themselves, says James Walsh, partner at law firm King & Wood Mallesons. “Pretty much most startups are doing it. The concept that most are following, of a lean startup, is to keep costs down, improve the business model and spend money where required,” he says. This includes outsourcing when necessary rather than scaling up in-house resources. Kathryn Moran, head of outsourcing at accountancy firm haysmacintyre, adds: “We have seen a general shift in SMEs realising that outsourcing is now a critical part of the risk management toolkit, rather than simply a means to save costs. Outsourcing provides today’s SME with a breadth of skill base and expertise not generally available to them in a single hire.”

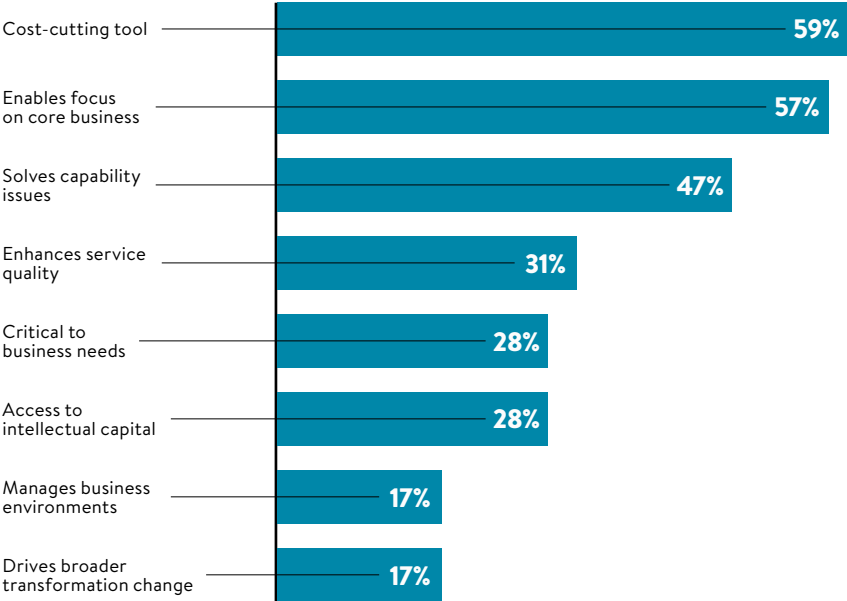
Martin Cotterill, partner in the IT, telecoms and competition group at international law firm Taylor Wessing, says outsourcing is a viable option for any SME that is, or is growing to, a sufficient size where the support of existing staff combined with the array of third-party supply contracts will not yield the step change necessary. This applies particularly where the business needs access to a wider set of services or skills that would be too costly or risky to build itself. “By leveraging the skills of a third-party supplier, you do not have to bear the full brunt of the investment cost yourself,” he says. “By moving more of your business support costs from a fixed cost base to more flexible, demand-driven services, you can defray the impact of volatility in your business.”

The more popular back-office functions to be considered for outsourcing include payroll services, human resources administration, invoicing and technology, although most in-house services can be outsourced. “Generally speaking any elements that are not considered core to your business may be considered,” says Mr Cotterill. “Consider that you are transferring a business process area that might be considered non-core to a specialist provider for whom such functions are the very core of their business.” But Tony Price, partner at consultancy PwC and My Financepartner leader, says not everything should be outsourced. “I always tell clients to focus on what they’re good at – creating value. Time spent doing non-core things could be outsourced. Outsourcing can be a lot cheaper – but not always – and a bit better than what you do yourself.



Small businesses are increasingly turning to outsourcing to reduce costs and offload back-office functions

REASONS WHY COMPANIES OUTSOURCE



Source: Deloitte 2016

“For small businesses there are some things that shouldn’t be outsourced, such as what makes the business special. Your core value proposition should never be considered for outsourcing.” Ms Hunter adds: “I won’t outsource the design and selection of products; product development is all done by us. There are elements of marketing I won’t let go of; certain secrets that make sure we’re better than competitors – it wouldn’t be good to outsource that.”



Your core value proposition should never be considered for outsourcing

She says her company also maintains key elements of customer support, ensuring that customers are able to talk to somebody from the firm who can deal with any issues. Listening to feedback from customers allows the business to be more responsive to new trends, one of its unique selling points. As well as keeping control of core processes, small business owners should also be aware of their obligations under existing

regulations when they do outsource in-house functions. “Data protection laws do not prohibit or prevent outsourcing; however, an SME that is outsourcing data-rich operations, such as consumer or HR data, will have to pay close attention to its data protection obligations,” says Vinod Bange, head of UK data protection and privacy at Taylor Wessing. “To ignore this could be fatal for an SME because the data protection risk remains with the SME.” Not all partnerships with outsourced services are successful and SMEs should be aware of remaining trapped in an agreement. Consultants recommend business owners prepare contingency plans should things not work out as expected. “Should there be an exit strategy? We encourage everybody who is considering outsourcing to read the service level agreement,” says PwC’s Mr Price. “That agreement should be very clear about what the exit arrangements are.” Having led the growth of the UK economy in recent years, SMEs now face a more challenging market environment with greater uncertainty. Outsourcing could enable the owners of SMEs and startups to concentrate on their key strength – running a successful business.

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WHICH OUTSOURCE PROVIDER?



For smaller businesses becoming more confident in outsourcing to third parties, the number of different providers, services and products on the market came be quite daunting. Choosing the right provider can be a difficult process and small business owners are advised to think carefully before doing a deal. “Expertise is key, and a familiarity with your business sector and industry,” says Martin Cotterill, partner at law firm Taylor Wessing. “Perhaps more importantly is where you would feature as a client for them and what support you might need. “If you aren’t offering much in the way of volume, then perhaps going to a

large, global supplier might not be the best solution, unless you are buying a standardised service from them. “Conversely, smaller players who may not have sophisticated standardised offerings, but can provide a highly tailored solution and the attention you need, might be better for your strategy.” Kathryn Moran, head of outsourcing at accountants haysmacintyre, says small and medium-sized enterprises (SMEs) should research a minimum of three providers before making a decision and should then arrange to test services, and agree fees and timescales. Tony Price, PwC partner and My Financepartner leader, says SMEs and startups should talk to peers about which providers they are with and ensure prospective providers have good references from existing clients. Entrepreneurs such as Helen Rolfe, owner of tablet accessories company Lente Designs, says providers have been proactive, but careful consideration is needed to find the right partner.

“Over the years, people had been calling and talking about products – they found us,” says Ms Rolfe, who uses Fulfilment by Amazon for logistics and shipping within the UK and overseas. Those who consider outsourcing to providers based abroad may have to contend with some different challenges than those who choose onshore firms. “Foreign firms continue to offer competitive pricing where their employment costs are lower,” says Ms Moran. “However, the advent and advances in technology have meant that some of these services are now accessible by SMEs in the UK, as price points have changed with efficiencies gained through technology. “Ultimately, SMEs now have ready access to a wide range of outsourcing solutions both at home and overseas,” she says. “Language and culture continue to be considerations for the SME, and we have seen some foreign firms responding to this by investing heavily in the training of their own workforce.”

JOIN THE KNOWLEDGE ECONOMY

KEEPING CUSTOMERS HAPPY

TOP LEADERS IN CUSTOMER SATISFACTION

Rank	Company	Score
1	Amazon	87.2
2	Walmart	84.8
3	Target	84.6
4	Home Depot	84.5
5	Best Buy	84.4
6	Costco	84.3
7	Apple	84.2

UK CUSTOMER SATISFACTION INDEX

Report: CUSTOMER EXPERIENCE & LOYALTY

RACONTEUR

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Bringing your customer service back to the UK?

UK companies that have reshored their call centres are adding value by raising standards of customer service with a British workforce

RESHORING
SIMON BROOKE

It's part of outsourcing legend. Overseas call centre staff were, it was said, given briefings on *EastEnders* and British football, as well as adopting English names, so they could lessen cultural barriers with their UK customers. Not surprisingly this bit of supposed subterfuge failed. Either way, around seven or eight years ago, companies such as Santander were stung by criticism of their offshore customer support centres with low-quality phone lines and staff reading from scripts in poor English. So they began to reshore, bringing their operations back to the UK.

The increased cost of running customer contact centres back in Britain was originally accepted as a necessary economic evil, but now companies are realising they can and must add value to their UK-based call-handling operations. Justifying the additional cost requires them to rethink the role of these essential customer touchpoints.

"Many companies have shifted their idea of what good customer service is," says Christine Stubbs, contact centre and workforce optimisation consultant at Maintel, a managed service provider. "Now customers are empowered by the choices offered to them via the web. This also means that fewer contact centre staff are needed. This leaves more budget to be able to reshore call centres back to the UK, which brings a direct benefit of empathy to many companies' customer care."

Earlier this year, EE started to return all its customer service roles to the UK and Ireland. The company now receives fewer than six complaints per 100,000 customers, well below the industry average.

"We've had fantastic feedback from our customers about all of the changes we've made and the number of complaints has plummeted, but we're not stopping there," says EE's chief executive Marc Allera. "We're creating 550 additional service jobs here in the UK to answer all EE customer service calls in the UK and Ireland by the end of 2016."

While UK call centre agents may or may not be any better at resolving issues than their offshore counterparts, at least they are



Richard Drury/Getty Images

“Fundamentally, people want to discuss their problems with native speakers

mundane, repetitive jobs. Beyond productivity, the benefit is a new level of customer service and the human element that local users feel comfortable with."

Simply Business, one of Britain's largest small and microbusiness insurance brokers also finds that having a UK-based trained, specialist workforce able to use their initiative more than makes up for any extra costs. "From a customer perspective, we can get straight into the detail of the day-to-day work rather than having to deal with any cultural or contextual problems," says chief executive Jason Stockwood. "We'd have to use more formal scripting if we were to offshore our operations just to ensure our customers find the right cover."

According to Dominic Jephcott, chief executive at supply chain and procurement consultancy Vendigital: "To cover the costs of reshoring or escalating input costs, firms must aim to move up the value chain, providing superior services to customers which justify a higher price tag."

However, he has a warning. "While businesses with UK-based customer service centres can drive competitive advantage through promoting improved customer relations and satisfaction, access to labour in the UK may become an issue," he says. "With the minimum wage due to eclipse £9 per hour by 2020 and Brexit set to impede the flow of EU migrant workers into the UK, the investment required to attract and retain employees could well negate the financial benefits achieved by dealing in sterling."

Customer contact centres in India, which enjoyed 20 per cent growth in the first years of their existence, are now beginning to fight back, introducing some of the most diverse, sophisticated communications that UK-based counterparts are engaged in.

"When companies first started offshoring, it required a leap of faith and so they simply replicated their UK call centres, but now they're becoming more innovative," says Bhupender Singh, chief executive of Intelenet Global Services. "These days we're helping them to reduce their call volumes by offering self-help channels, digital channels and analytics."

As an offshore outsourcer, Mr Singh knows that his company has to up its game to meet increasing competition from the UK – something that should benefit the end-customer.

TOP 5 REASONS TO RESHORE OPERATIONS



01
BETTER
QUALITY
SERVICE



02
BETTER
INFRASTRUCTURE



03
OVERSEAS
OUTSOURCING
IS NOT ALWAYS
CHEAPER



04
SHARED
CULTURAL
KNOWLEDGE



05
LESS
RED TAPE

Source: The Contact Company

able to empathise with infuriated customers, by talking about the weather, politics, topical current affairs, or even delivery or non-delivery of services and products. "Empathy is something that can't be bought or taught," says Ms Stubbs.

Lee Durham, co-founder of durhamlane, a telesales consultancy and training company, says: "Fundamentally, people want to discuss their problems with native speakers. It's not only a language barrier, but a cultural barrier. It's difficult to create cultural understanding, which is important in communication."

Clients are increasingly interested in UK-based call centres not just because of the benefits of a familiar accent and cultural connections, according to John Devlin managing director of Ascensos, a multichannel customer contact centre based in Scotland, which was launched in 2014 and whose clients include B&Q and Karen Millen.

"It's more complex than that," he says. "These days the experience is more conversational than simply transactional.

This is partly because social media has become more important. With social media you actually have to have a closer connection than the people you're talking to in order to understand the nuances and the famous British sense of irony and humour. What we provide isn't just a contact centre, it's part of a client's digital marketing operation creating content and engaging in conversation."

New technology is both bringing down the costs for customer service centres based in the UK and allowing them to add value to the traditional model, according to James Hall, chief executive at artificial intelligence (AI) and robotics company Genfour.

"In transitioning back to the UK, many companies are capitalising on the momentum and they're implementing intelligent automation such as robots, cognitive systems and AI in order to become more productive, using local talent to manage this automation," he says. "It's not about cutting staff, it's about focusing your people on creating value-adding tasks rather than the



£706m
was spent on
outsourced
customer services
in the first half of
2016, up from £62
million of deals in
the same period
last year

Source:
arvato 2016

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WHAT'S ON

Opening ceremony with President of Bulgaria, European Women in Outsourcing meeting, Free training on Robotics Process Automation, Eurobotics – what's next?, How Design Thinking can save your business, Turning Digital disruption into a business opportunity, The New Standard in Global Sourcing, Decoding Brexit and European Sourcing, The Shift from Shared Services to Global Business Services, What Does the Perfect Sourcing Provider Look Like? From Ideas to Outputs – The #EOA1.0 Hackathon, The Shortlist Speaks – the best of best from the EOA Awards shortlisted entries, Cyber Security and the Future of Data Management, Omni-Channel – a Customer's Experience, Relationship Management and Collaboration, The Technology Pod, Free Sofia City Tour, 10+hrs of Networking opportunities and much, much more...

THE EUROPEAN OUTSOURCING ASSOCIATION LEADERSHIP SUMMIT & AWARDS

Hotel Balkan, Sofia, Bulgaria, 5-6 October

Outsourcing is transforming; Digitalisation, Automation, the Internet of Things and the impact of Brexit are all converging to obliterate the existing sourcing landscape to ashes. However, out of these ashes is emerging the next generation of sourcing and shared services; leaner more agile enterprises, new and improved skills, advancing RPA, better qualified workforces, new contracts that focus on innovation and value-adding services – plus newly emerging sourcing destinations with ever-increasing social progress indicators. Across Europe sourcing activity is reaching new heights. Attend the EOA Leadership Summit and Awards in Sofia and maximise the opportunities for your business. Don't just sit on the side lines and watch it happen, be part of it!



KERRY HALLARD
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COMMERCIAL FEATURE

HOW TO BE A DISRUPTER

"The reason why it is so difficult for firms to capitalise on disruptive innovations is their processes that make them good at the existing business actually make them bad at competing for the disruption" – Clayton Christensen



DIGITAL-FORWARD COMPANIES OUTPERFORM THE COMPETITION



13%
more revenue



50%
more profitable



19%
higher market valuation

Outcomes positively, provide financial companies with the data they need to succeed with know-your-customer initiatives, and help telecom companies to excel at customer service with better-than-ever net promoter scores.

To improve continuously the value it offers clients and bring innovation to its customers, Wipro Ventures has acquired and integrated global leaders in a variety of software fields. These include Vectra Networks (cyber security), Insights Cyber Intelligence, Altizon (internet of things), Avaamo (Silicon Valley artificial intelligence messaging company) and Designlt, a Danish firm applying design-thinking to enterprise transformations. Most recently, Wipro acquired US-based healthcare business-process-as-a-service provider HealthPlan Services to deliver policy administration services for leading carriers.

"These investments and acquisitions complement our internal record of innovation," says Mr Bandaru.

With this diverse toolkit, Wipro is uniquely equipped to help companies re-engineer their business models. For a Swedish industrial manufacturing group, Wipro helped transform global shared services. More than 3,000 people in 30 countries were using a jumbled variety of processes. Wipro moved all business processes to a simplified Harmony platform. Lean management analysis with swaths of tasks that can be automated through robotics are in the roadmap. The Holmes engine will bring cognitive intelligence. Designlt will undertake a rethink of the internal look and feel for the company. It was a top-to-toe re-imagination of the business process

"Every company knows it needs to make the change from its traditional way of working to being digital first. We have the scale, experience and technologies to help you disrupt your market. Wipro can be your true enterprise transformation partner," says Mr Bandaru.

cial intelligence functions to the mass market: machine-learning, natural language processing and deep learning algorithms, all accessible through the cloud. "It's an API-based [application programming interface] product," says Mr Bandaru. "This means it can be used for essentially any industrial application or use-case."

Another Wipro innovation is the Marvel Enterprise operations transformation suite that has four pillars of transformation supported by a rich intellectual property. It features a complete automation of lean processes, automation through bots and unified interface. Users have a 360-degree view of customer operations. This increases cross and up-selling opportunities, and includes rich functions such as issue anticipation modelling.

In the business intelligence and analytics arena, Wipro has the Opera Solutions suite that it invested through its venture capital arm Wipro Ventures. Actionable insights from Wipro analytics teams empower healthcare companies to impact patient and financial

Eastern Europe beckons but there’s also Spain

Finding an overseas outsource provider close to home can have significant advantages including an educated workforce with specialist skills within easy travelling distance

NEARSHORING
RODRIGO AMARAL

European outsourcing locations can hardly compete with India or China when it comes to lower costs or the availability of labour. But the progress of collaborative technologies is helping countries such as Poland, Romania or Bulgaria to attract British companies that want to take IT services abroad while keeping them at close touch. Nearshoring is on the rise thanks to a number of reasons such as the affinity between British companies and their European peers and a pool of highly qualified workers. “With increasing digitalisation, we see nearshore locations being better equipped for some types of processes that require close cultural alignment with Western Europe”, says Sarah Burnett, vice president of research at the Everest Group.

In Eastern Europe, economies offer lower costs than in more developed economies, as well as plenty of engineering and IT skills, a heritage of the education priorities from old communist times. “It is much more convenient for a company to set up a development centre in a European country than in India, mostly because of cultural reasons,” says Boris Kontsevoi, president and chief executive of Intetics, an outsourcing company. “In Eastern Europe, education levels are higher than in India. They also have a strong tradition in fields such as engineering and mathematics.

“Choosing between India our Eastern Europe for general services, skills make little difference. When it comes to more sophisticated services, like programming, skill differences do count.”

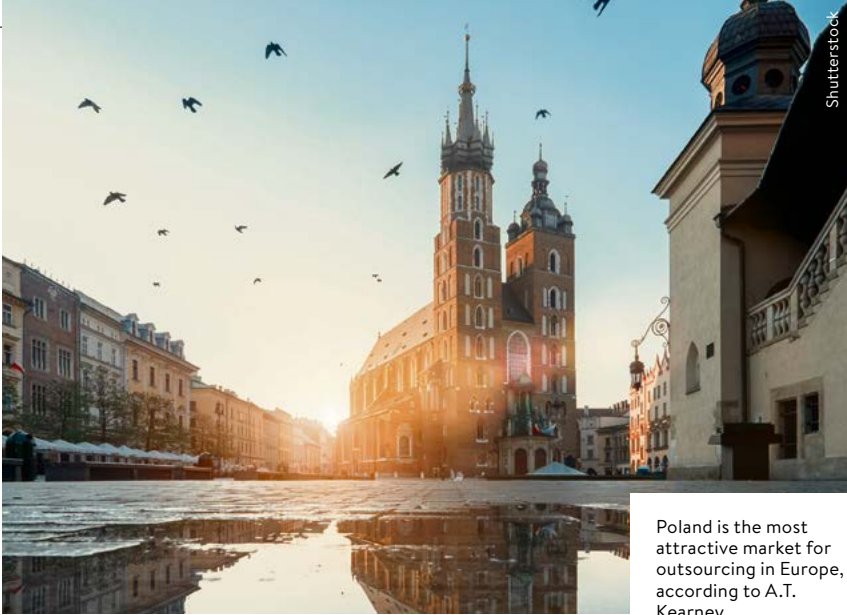
To make their markets more attractive, governments in countries such as Poland and Romania have implemented tax incentives for IT companies to set up shop in their territories, and the fact that many of them belong to the European Union provides a degree of regulatory certainty companies appreciate. “Nearshore locations in Europe are the best choice for some types of back-office work dealing with sensitive customer data within EU data protection laws,” Ms Burnett says.

“Nearshoring makes it much easier to integrate activities and also to handle confidential material,” says Richard D. Sykes, a London-based consultant. Furthermore, European workers feel more comfortable providing valuable input to the development of projects than in other parts of the world, an advantage in times of constant technological change, notes Catherine Sherwin, managing director at AlixPartners. “Workers in European locations are more likely to question and challenge what they are asked to do, which helps to deliver higher quality end-products,” she says.

Another perceived advantage is the facility Eastern Europeans have to learn foreign languages, a useful trait for companies with supply chains and customers spread around the world. “In Poland, Bulgaria or Romania, companies can find good technical skills and linguistic capabilities in addition to English,” says Ramyani Basu, head of the Digital Transformation Practice at A.T. Kearney in the UK. Telus, an outsourcing firm, estimates that about 98 per cent of all Bulgarians speak a foreign language and that four out of every five Romanians speak English.

But an emerging reason why nearshoring is attracting companies is that they are close at hand and occupy a similar time zone to their UK customers. As IT projects are increasingly developed and implemented in real time, the physical proximity element has gained a whole new relevance in recent years.

“Companies are moving from fixed-infrastructure datacentres to a cloud-based environment. Projects are delivered in a different way and support is provided differently as well,” says Jonathan Tate, the UK, Europe, Middle East and Africa technology consulting leader at PwC in London. “It is a



Poland is the most attractive market for outsourcing in Europe, according to A.T. Kearney

much more agile way of constantly changing, improving and upgrading technology that lends itself more to nearshore rather than offshore locations.”

In the past, large technology projects were developed in the course of several months, sometimes even years, following a structured methodology where each step followed a specific time frame. Now, howev-

nies use many collaboration tools such as knowledge-sharing portals and real-time screen-sharing. If you remove the time-difference issue, the IT team in the outsourcing location can become an extension of the UK team.”

The emergence of Eastern European outsourcing locations is attracting specialised companies that are expanding their offer of services in that part of the world. An example is Wipro, an outsourcing giant from India, which has maintained an operation in Romania for over a decade.

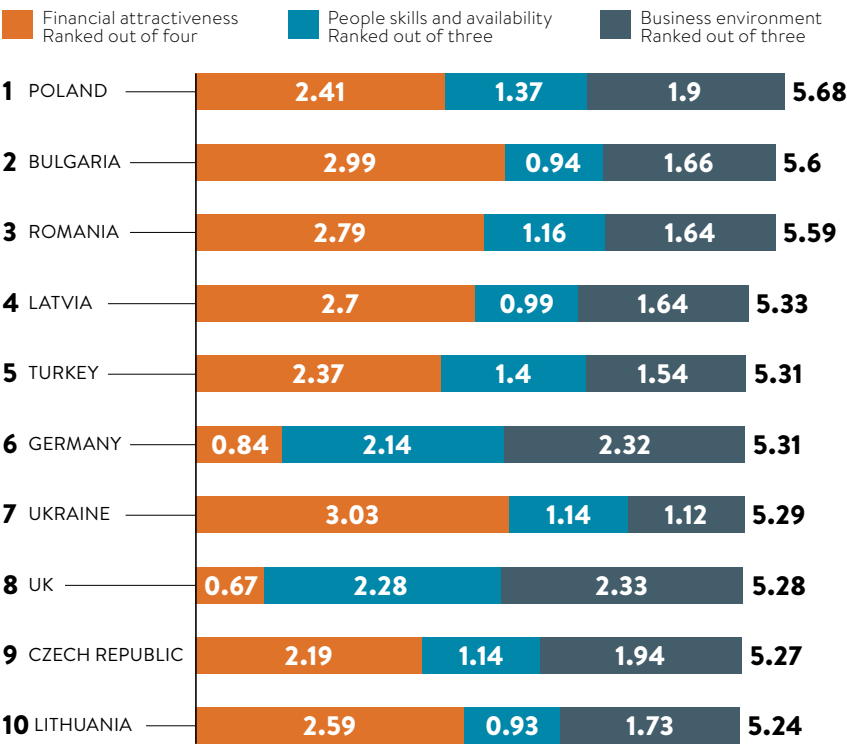
But customers who are looking for nearshoring locations should keep in mind that there are some drawbacks. Labour costs are the most important one, even though the advantage traditionally enjoyed by China and India in this particular regard has been somewhat eroded by higher wage demands in recent years. However, wages in Eastern European countries also tend to follow the EU average, which could put them in competition with closer nearshoring alternatives in more developed nations, such as Spain and, especially, the Republic of Ireland.

“Additionally, nearshore locations are typically smaller cities, in terms of population and graduate output, compared to offshore centres, and are relatively less mature,” Ms Burnett adds. “They present some constraints in terms of scalability potential, especially for some skills and senior positions.”

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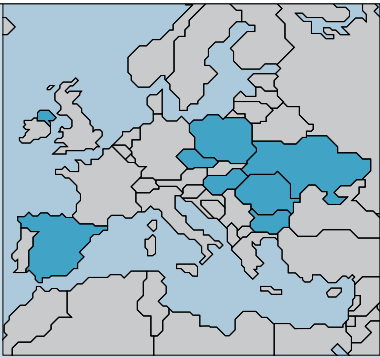
TOP 10 MOST ATTRACTIVE EUROPEAN COUNTRIES FOR OUTSOURCING

GLOBAL SERVICES LOCATION INDEX RANKS THE OFFSHORING LANDSCAPE ACROSS THREE CATEGORIES, GIVING A TOTAL SCORE OUT OF TEN



Source: A.T. Kearney 2016

NEARSHORING LOCATIONS



The development of outsourcing locations in Europe means UK firms have several options to choose from if they want to nearshore IT services.

In Eastern Europe, Poland is the largest economy and one that offers some important advantages compared with its neighbours, according to Ramyani Basu, head of the Digital Transformation Practice at A.T. Kearney in the UK.

“Poland has a stabler economic situation and offers good tax incentives,”

she says. “Cultural affinity with the UK also makes it an interesting outsourcing destination. It has more than 400 outsourcing centres, and enjoys substantial foreign capital investment around research and development and business process outsourcing.”

But the Poles face determined competition from some emerging challengers in the region. “Bulgaria has become a hot location specifically for high level activities such as computer-aided design and manufacturing,” says Ms Basu. Bulgaria’s education system produces a wealth of engineering and technical skills, which makes it a particularly suitable place to look for very specialised technology and programming skills, she says.

Another emerging nearshoring market is Romania, where labour costs are lower than in other countries in the region, without compromising the quality of the workforce. “Romania is a rising star in the market,” Ms Basu says. “There is huge

government support for outsourcing services, including significant tax incentives for IT professionals.”

The Czech Republic and Hungary are other options seen as low risk in the region. Outside the European Union, Ukraine offers a large army of IT specialists and has improved business conditions, although the country’s political and economic instability constitute a hurdle to the development of the market.

Companies that do not mind to spend more have options that are even closer to the UK, both culturally and geographically, and present a lower perception of risk. “Spain is trying to make the most of the financial markets situation to position itself as a low-cost nearshoring geography,” says Catherine Sherwin, managing director at AlixPartners. For its part, the Republic of Ireland has plenty of IT infrastructure and highly qualified workers, although costs are an issue there.

COMMERCIAL FEATURE



SEVEN REASONS WHY IT’S BEST TO PARTNER A SALES OUTSOURCER

A sales outsourcing partner can help your business develop and grow, delivering return on investment and boosting the bottom line



BENEFIT FROM ELITE SALES TALENT

Your company needs star performers and the best place to find them is at a sales specialist. An outsourced sales provider is a community of experts in their field of sales. Their knowledge will be honed through years of working with dedicated colleagues across a variety of companies, brands and sectors. To identify the very best in the industry look for a partner with a strong philosophy of training and benchmarking. For example, sales outsourcer CPM runs a Sales Academy to educate its in-house sales teams. It also offers this service to clients. CPM then benchmarks performance to track “star” performers, “winners”, “puzzles” and (hopefully few) “passengers”. The company has been an investor in People for 15 years, holding Silver status. A partner can be beneficial for the in-house talent pipeline too. Best practice will be shared, training offered and candidates from the outsourcer may move in-house. Each year CPM provides a sales talent pipeline for blue-chip organisations that this year alone has recruited more than 50 salespeople from CPM into their wider organisations.

GLEAN INSIGHTS FROM OTHER INDUSTRIES

A classic business strategy is to observe behaviours in other sectors and then incorporate them into your own. By using an outsourced sales partner you gain instant access to a galaxy of information. A sales outsourcer will work across a whole range of companies and channels, including retail, fast-moving consumer goods (FMCG), utilities, automotive, technology, financial services and business to business. The outsourcer collects data from every transaction which, when anonymised, can be used to improve the performance of other clients. Karen Jackson, managing direc-

tor of CPM, says: “We process 75 million pieces of sales data each week. This data is hugely important as it provides empirical evidence to support decision-making.” Evidence that it works? “Our average return-on-investment measure shows we have grown our clients’ sales by 24 per cent year on year,” she says.

CONQUER OMNICHANNEL

The Holy Grail of sales. In order to be omnichannel, an organisation must be able to track a consumer across mobile, online, e-mail, social media, in person at the store and over the phone. Consumers also expect a seamless sales experience regardless of the channels they use. Weaving these channels together into a single picture of each consumer can be a nightmare. Most companies don’t even try. The obvious solution is to go to a sales specialist with the technology to implement an omnichannel experience. This may involve uniting existing technologies or it may mean introducing new systems. The key is to find an outsourcer that knows how to capitalise on the data collected. This opens up data-led sales campaigns in which messages are tailored to each and every customer. Ask your potential sales partner for examples of how they’ve implemented and then maximised omnichannel for a client.

ACCESS SPECIALIST SALES TECHNOLOGY

It’s not just omnichannel where the latest technology comes in handy. Your company needs the best solutions for all sales-related matters. And here’s where a sales partner can make a real impact. A premium-level sales outsourcer will provide access to the most productive sales technology. For example, CPM is an accredited partner of Salesforce.com, so it can use the best cloud-based sales technology. Salesforce is also easy to integrate with existing systems, ensuring a high degree of compatibility between a client’s current systems. CPM also boasts a deep knowledge of the Salesforce AppExchange, which adds functionality to the core product. In addition, CPM is familiar with the latest tech in the fields it works in, including contact centres, field sales, digital analytics, experiential shopping and training. This expertise can be introduced into your organisation.

FLEXIBILITY

At Christmas there’s a sales rush. Some companies hire for the season, then downsize in early-January. Many get it wrong, leading to bottlenecks in the pipeline and unhappy customers. An outsourced sales partner can help ramp up sales capacity smoothly. At a stroke you can access greater headcount around the clock. Product recalls are another key time. Ms Jackson explains: “We have supported our clients in providing additional face-to-face resource within 24 hours to support retailers in removing product from shelves and sitting information notices, protecting trading relationships. Customer service teams are upscaled to handle the increase in consumer queries. At CPM we have supported two of our FMCG clients in this way in the last two months alone, increasing resource the same day.” Outsourcing is also a great way to grow a channel, territory or segment without being constrained by internal head-

count restrictions, formalised pay-banding structures or pension arrangements. Throughout the year, CPM books more than 650 sales campaigns for a variety of clients. These run from 25 health and beauty specialists to over 700 active selling colleagues, at timescales as short as four weeks’ notice. Relationships range from a month to numerous 25-year-plus strategic relationships. It handles unusual requests, such as finding 30 Chinese speakers within four weeks to take a household sauce from 20 to 70 per cent penetration across four UK major cities. Clients think of it like a tap they can turn on and off when they need, without any of the ongoing costs.

The average in-house salesperson’s real cost to a business is around 2.6 times that person’s salary

GET STRATEGIC ADVICE

A sales outsourcer will bring genuine expertise to the relationship. It can help you construct a long-term strategy, and advise on granular issues, such as how to split budget between marketing channels and which consumer segments to prioritise. CPM has more than 80 years’ experience selling products across many sectors, channels, segments, through face to face, over the telephone and digitally. Ms Jackson says: “Sales is our business. We have specialists that cover talent management, data and analytics, and operations to deliver an unbeatable combination. We can help clients develop a sales strategy, acting as consultants, to ensure they have the optimum approach in everything they do.”

LOWER RISK

Around 70 per cent of companies enter outsourcing arrangements to make cost-savings. This is valid, but underestimates the other benefits. By using an outsourcer all peripheral costs are eliminated. The overheads of hiring and developing talent are gone. The mindspace absorbed by running a team is freed up for more important tasks. And risk is reduced. There’s no longer a danger of buying the wrong sales software or struggling to use data in the right way. A sales partner will ensure you are working near maximum potential from the start of your campaign to the end. Furthermore, the “risk and reward” remuneration models used in outsourcing ensure there is skin in the game for everyone. Agencies are accountable for the return they deliver and therefore driven to focus on the agreed strategy. It’s why the world’s fastest-growing organisations use sales partners.

CPM is Europe’s largest sales outsourcer with 20,000 staff working in 40 markets, delivering more than \$3 billion in sales for clients. This year it will make more than 20 million face-to-face sales calls, carry out 2.6 million sampling and demonstration days, and our contact centres will have over 27 million customer conversations this year in 32 languages. To find out more visit www.uk.cpm-int.com or call CPM on 01844 261777

75% of businesses outsource non-core activities

30% average savings achieved by outsourcing sales activities

87% of revenue is delivered by only 13 per cent of in-house sales teams

80% more deals are closed by outsourced sales teams

Source: CPM

Wind of change keeps on blowing

Outsourcing is expanding across the globe, striving for new heights of efficiency and accountability. Here are six top trends reshaping the industry

OUTSOURCING TRENDS

CHARLES ORTON-JONES

01

BPM NOT BPO

It's all change for the industry's most fundamental concept. Business process outsourcing is changing into business process management, as partners stop thinking about their relationship as a buyer-vendor and more as a union of minds. "Gone are the days when outsourcing or the acronym BPO was synonymous with cost-cutting or labour arbitrage," says Keshav R. Muruges, group chief executive of outsourcer WNS Global Services and current chairman of the Indian outsourcing association Nasscom BPM Council. "Today, it is about partnering to drive better business outcomes leveraging the domain expertise of the partner, high-end technology and analytics. It is about partnering to ride disruptive business trends, which is a complete change from the humble beginnings of outsourcing for cost efficiencies alone. Thus, the change in terminology as well – it is business process management now: managing processes efficiently and smartly to drive sustainable and profitable business growth."



03

LOCAL GOVERNMENT

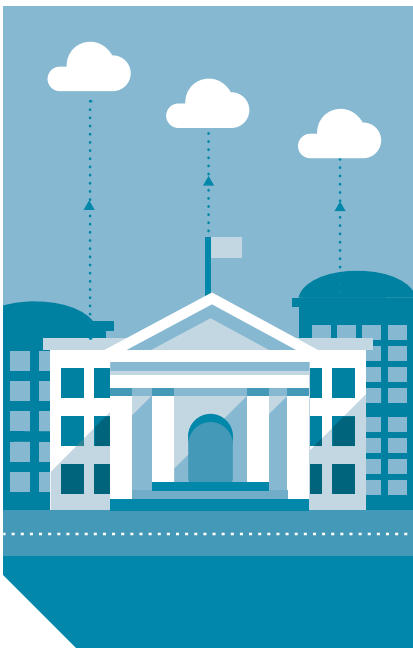
Austerity continues to drive the search for lower costs and higher efficiencies across government. For local government that means more outsourcing. Paul Tombs, head of public services at Zurich Municipal, observes: "Recent years have seen a clear trend in local government towards outsourcing. Even though public-sector spending has decreased, the value of outsourced contracts signed by councils has sky-rocketed. In just the first six months of 2016, their value increased by 84 per cent." His source for those numbers is the *arvato Outsourcing Index*. "We also know from our own research, the *Zurich Municipal New World of Risk* report, that local authorities spend around 25 per cent of their annual expenditure – a total of around £45 billion – on procuring goods and services from third parties. Some larger councils are outsourcing up to 60 per cent of their services," he says.



02

NEW FRONTIERS

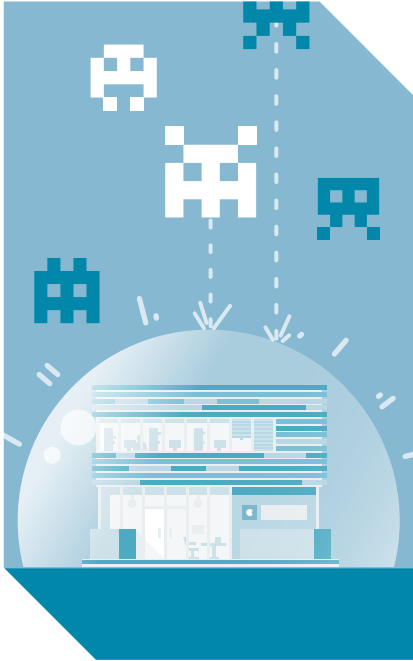
The buccaneering spirit of adventure flows through the outsourcing world. New markets and new cities are always being brought into the mainstream. A chat with the top brass quickly turns into a world geography lesson. "We're definitely seeing new locations being used for outsourcing," says Aruna Jayanthi, chief executive of business services at Capgemini. "We've recently opened a new centre in Russia – not many outsourcing providers have a base there, but we expect it to become a key location in the near future. Guatemala is also coming up strong as a nearshore option for the United States, as both the Spanish and English language skills there are fantastic. Manila, although more of a traditional location, will still hold gravitas as a centre for outsourcing excellence. But we see less of the classic call centre operations as there is a big transformation taking place in that space, and they are increasingly becoming omnichannel with interactions happening via e-mail, messaging and social platforms."



04

CHANGING CONTRACTS

The days of 20-year government deals are over. These days the trend is for three to five-year contracts, with plenty of get-out clauses. One of the keys to this shift is the prominence of the Crown Commercial Service, introduced in 2010 by Francis Maude at the Cabinet Office and chief procurement officer Bill Crothers. The Crown Commercial Service was set up to train civil servants to negotiate contracts as ferociously as any private-sector body. "We are moving away from... the days when a major service integrator could charge us £30,000 to change a logo on a webpage," declared Mr Maude. No IT contract was to exceed £100 million without good reason. When government departments think about outsourcing deals, the Crown Commercial Service is on hand to offer support. Chief executive of Serco's UK central government division Kevin Craven notes a definite change: "They have gone even more into the need to be intelligent clients, writing intelligent contracts. They've got a standard of supplier and behaviour they want to see. They are being quite tough at enforcing that – much tougher clients." The next trend is to push for more public contracts to be open-book.



06

TRANSFORMATION

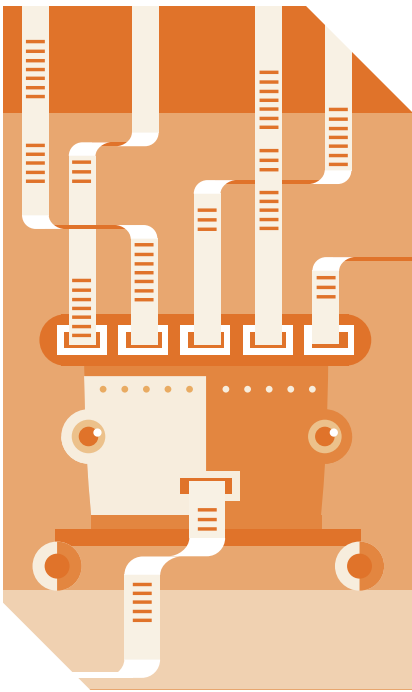
A common boast of outsourcing is that tasks are more than delegated; they are streamlined, automated and re-engineered. Today the industry is focusing on that step-change mentality more than ever. For example, robotic process automation experts Genfour were asked to help utility company Co-operative Energy cope with mundane tasks such as change of occupier notifications. Genfour did more than assume the role. It developed an automatic processing system in seven days, which mapped on to the Co-operative Energy's existing systems. Hayley Gibson, industrial queries team manager at Co-operative Energy, says the system slotted into the team, processing five times the amount of work a week. "Quite a few of the team were getting to the point where they couldn't go on much longer working these hours, so I think it actually saved our team," she says. Stories like this will keep the outsourcing industry growing, no matter the economic weather.



05

CYBER SECURITY

Hackers and malware aren't going away. In fact, the threat from cyber attacks is multiplying. In 2015 the number of spear-phishing campaigns targeted at employees rose 55 per cent, while ransomware rose 35 per cent, according to Symantec. The security institute AV-Test recorded more than 390,000 new malicious programs each day. As a result companies are struggling to cope. "With many companies unable to fill key cyber-security roles, we will see an increase in businesses outsourcing security," says Raj Samani, chief technology officer for Europe, the Middle East and Africa at Intel Security. "Our *Hacking the Skills Shortage* report highlights how organisations plan to address the international shortage of cyber-security skills. Certain skills are in high demand. Our research found that the most desirable skills are intrusion detection, secure software development and attack mitigation."



OPINION COLUMN

Striving for a new global standard in sourcing

A corporate accreditation scheme is a journey towards sourcing excellence – for buyers and providers

KERRY HALLARD

Chief executive
National Outsourcing Association

66

With technology accelerating, the globalisation of the sourcing industry, and the as-a-service economy making it easier for organisations to leverage innovation to become more customer-centric, more dynamic and easier to do business with, there is going to be some levelling of the sourcing landscape. With so many players operating in this globalised market, there has never been a greater need for a global standard that both buyers and providers in sourcing can adopt in their approaches to unlock optimal value from their partnerships.

It is for this reason that the National Outsourcing Association (NOA) has been developing its Global Standards Programme, a suite of accreditation programmes aimed at helping organisations on both the buy and supply side achieve the utmost success with their sourcing, and a crucial part of the NOA's ongoing campaign to professionalise the sourcing industry.

One such example is our Corporate Accreditation Programme. Participating organisations regard the process as a journey towards sourcing excellence, confirming competency, tackling weaknesses, and assuring customers and stakeholders they're in the safest hands. We're seeing a number of large, prominent buyers of sourcing follow in the footsteps of high-profile organisations such as the BBC and sign up for corporate accreditation, particularly those operating in heavily regulated industries, including those in the public sector.

So, what is it all about?

The Corporate Accreditation Programme has been developed to sit above the existing framework outlined in the NOA's Sourcing Life Cycle Model, with accreditation giving organisations that participate a much better picture of their sourcing maturity, and highlighting strengths and weaknesses in their existing approach. This involves high-level decision-makers from across the organisation contributing their perspectives on different touchpoints in the contract. NOA software is then used

to consolidate these views, highlighting prominent trends and issues. Accreditation is conducted by an external NOA auditor, who assesses the organisation's sourcing capabilities following a day of evidence-gathering onsite.

The Life Cycle Model is in itself a framework that acts as a global standard for excellent sourcing, having been used, critiqued and refined by more than 200 organisations, ensuring it remains the definitive guide for sourcing best practice globally.

It is also free to access for all NOA members.

The NOA has plenty of experience in accreditation having previously contributed to BSI and ISO guidelines for sourcing, and having been an awarding and accrediting body for a decade.

For those businesses going through the NOA's Global Standards Programme, analysis of the output will undoubtedly initiate the simplification of processes and help create a more efficient sourcing life cycle model. This will lead to the removal of unnecessary costs from procurement processes and even more efficient sourcing services acquisition and delivery, giving further opportunity to create ongoing value through the contract life cycle.

Jim Hemmington, director of procurement for the BBC, says: "The BBC undertook corporate accreditation to get an external expert analysis of our processes and procedures for the awarding of major outsourced contracts. We chose the NOA as an external accreditor because they are widely recognised as being at the forefront of contract management. Thanks to the programme, we've identified specific areas for refinement, including simple steps we can take to make quick and meaningful improvements."

The BBC has told us that they plan to use the NOA's outsourcing standards long into the future, to help demonstrate they are keeping pace with emerging best practice and driving as much value as possible through their outsourced provision. So should you.

99

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