



Rethinking Business Process Outsourcing

Technologies and Processes Focused on the Customer Experience

A Frost & Sullivan White Paper

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50 Years of Growth, Innovation and Leadership

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INTRODUCTION: THE CONTEXT OF THE LATIN AMERICAN BPO MARKET

Digital transformation and, along with it, the rise of new customer service technologies—such as cloud services, analytics, voice recognition, omnichannel capabilities, digital services, smart IVR, virtual agents and, more recently, artificial intelligence—require greater investments to offer complete services as well as new skills and greater abilities to manage them. At the same time, customers are demanding more high-quality experiences from their providers.

Following this trend, providing the best customer experience through digital solutions has become essential for the success of businesses in all sectors and regions. The ability to provide an omnichannel experience, efficiency through artificial intelligence, custom marketing and personalized solutions has become crucial for success.

Resources such as chatbots and videoconferencing are increasingly requested along with the incorporation of unified communication, which offers a great differential value.

In this sense, Latin American organizations are increasingly aware of the need to transform digitally if they want to continue to be relevant to their customers, focusing on offering excellent customer experiences (CXs) with a differentiated market value. Thus, the focus on the customer's journey will become even more important over the coming years, with businesses concentrating on architectures that make up for shortfalls on the journey to make omnichannel a reality.

That situation is increasing in outsourcing processes and services to business process outsourcing (BPO) providers because they specialize in managing the customer experience, are specialists in that specific area and, in general, they can provide better-quality services compared to internal contact centers.

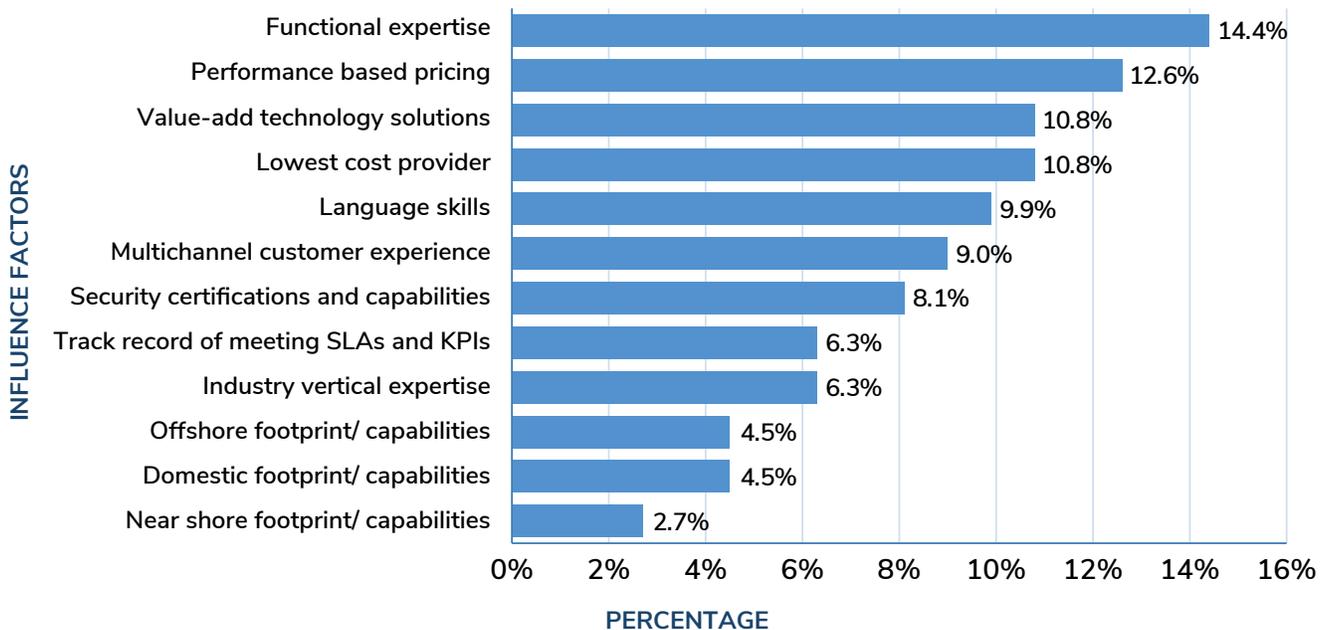
In addition, because BPO providers tend to manage larger volumes than internal contact centers, they achieve a return on their investments in new technologies more effectively. As a result, the most relevant competitive advantage of BPO providers with regard to internal contact centers is evolving from the point of view of economy of costs to identify the specific concerns of each company, advising them on managing the digital transformation through consultancy and helping them design processes and understand the depth of the transformation in each of them.



As a result, the contracting company obtains more solid customer experience services and higher customer satisfaction indexes through cutting-edge technology and refined processes.

Thus, companies from different sectors are seeking BPO service providers with vertical skills that understand the digital maturity of their clients, offer new business models (such as variable compensation) and, primarily, that can guide them through the digital transformation process. These companies require services with a high added value, increased efficiency, quick implementation and more competitive prices. In fact, research by Frost & Sullivan conducted in 2017 in Latin America—*End User Priorities for Customer Engagement*—shows that 47.9% of those surveyed already outsource some customer service function (such as collection, customer service, sales, and technical support), while 31.3% plan to do so in the next two years. This same research shows that the leading factors that influence Latin American companies when selecting a BPO provider are: functional competence, performance-based pricing, and value-added technology solutions.

Key Factors Influencing the Selection of an Outsourcer, Latin America, 2017



Q34. What are the key factors that influence your decision when selecting an outsourcer? (Select 3)

CURRENT CHALLENGES: OUTSOURCING INTERNAL PROCESSES IN THE MIDST OF CULTURAL CHANGES AND TECHNOLOGY INTEGRATION

In a situation of growing competitiveness and ever more demanding client needs, Latin American companies are increasingly likely to turn to outsourcing to guide them in their digital transformation process, providing access to new technologies, greater specialization, efficiency and, as a result, increased competitiveness and reduced costs.

However, despite the benefits of BPO, there are also certain challenges and risks involved in this initiative. In general, these include issues related to the qualification of the BPO provider, security concerns, culture shock and adaptation to new technologies.¹



We will examine, in detail, some aspects of each of the main challenges faced today by companies in Latin America when looking to outsource their business processes to a BPO provider.

1. Qualification of the BPO provider's team. There is still a perception on the market that by outsourcing business processes, the quality that was guaranteed internally is lost (which is closely related to the idea that outsourcing is used primarily to reduce costs and not because of the providers' specialization in the activity and new technologies).

In fact, the lack of service diversification is forcing some providers to wage a price war. This trend is based on the inability of some BPO providers to understand the values, philosophy, and unique characteristics of the companies, which are increasingly less standardized. However, while the outsourcing business was created

1. Terceirização como estratégia de gestão do conhecimento – Cadernos Ebape.br <http://www.scielo.br/pdf/cebape/v15n2/1679-3951-cebape-15-02-00229.pdf>

with a focus on volume, economy, and specialization, today it is migrating toward a business that is increasingly consultative, adaptive and a generator of value for its contractors.

Thus, the leading outsourcing providers are already changing their positioning with regard to those of BPO services, migrating from the objective of reducing costs toward providing specialized, high-quality services. These providers are better equipped to serve companies that understand the real need for outsourced services, are truly concerned about their customers' experience and, as a result, understand the importance of using a specialized third party to provide that experience.

2. Security-related concerns. The growing importance of providing a high-quality customer experience at all points of contact also involves the growing importance of guaranteeing business continuity/disaster recovery and customer data protection. As such, tackling security issues is a crucial point for companies turning to outsourcing. Researching and identifying security weaknesses in the customer interaction chain, from customers to contact centers and data centers, will become a greater priority.

3. Inability of the provider to adapt to new technologies. A significant challenge faced by companies today in the area of outsourcing is related to the providers' capacity and initiative to evolve and adapt to new technologies, primarily in the digital transformation process. This happens because there is still suspicion that the provider is more concerned with its own bottom line, instead of providing the best service for its client and, as a result, for the final customer.

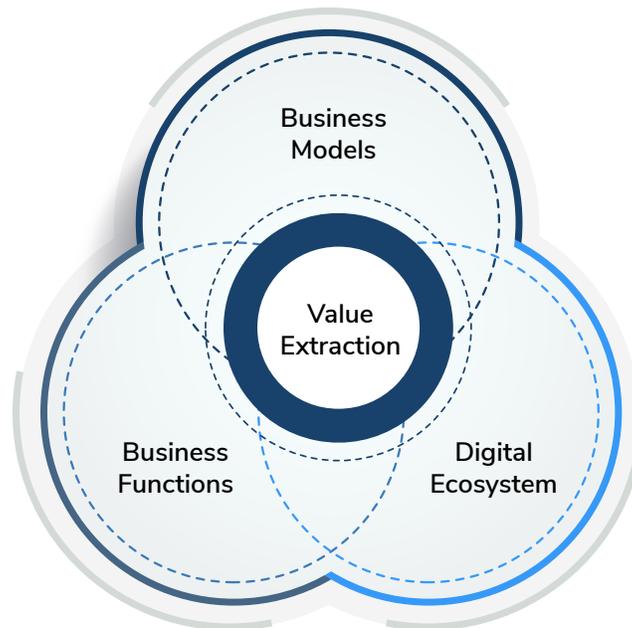
Therefore, it is important for companies to look for providers that are true strategic collaborators. Today, many of the providers lacking the internal digital know-how end up building an ecosystem of collaborators with technology specialists and system integrators that can help them on complex projects. For example, Atento's acquisition of shares from R Brasil, Keepcon, and Interfile expand its area of activity in collection services, analytics on social media, and back office.

4. Culture shock. In general, companies are migrating from mass production business models and standardization toward growing experience personalization and customization for each specific customer, giving the customer a more active role in their relationship with the companies. When looking for a strategic BPO collaborator, companies demand the same experience; that is, that the provider know the industry in which the company works, the corporate culture, language, etc.

This is because, in addition to the vertical industry, each company has its own working style, a management team, specific habits and customs and, as a result, there are still misgivings in terms of outsourcing certain processes that are done internally. Thus, it is important to have a high level of cooperation between the contracting side and the contractor to make the certification, training, and adaptation process as quick and effective as possible.

IMPACT OF DIGITAL TRANSFORMATION: HOW ORGANIZATIONS SHOULD FOLLOW UP ON THE ADVANCE OF DISRUPTIVE TECHNOLOGIES

The structure of the digital transformation process is described by Frost & Sullivan based on the figure below.



Below are the essential elements for digital transformation.

Digital Ecosystem: The digital ecosystem includes the technologies that need to work together to make the digital transformation effective. It includes, for example, connectivity, interoperability, the cloud, security, mobility, collaboration, social media, artificial intelligence, customer experience, and more. Strategic partnerships are essential in all elements of the environment, and the IT department must be integrated with the technologies existing in the industry.

Business Models: These include new ways of generating income, such as variable compensation (based on performance versus per workstation), the sharing economy, on-demand models, crowdsourcing, customization, the anything-as-a-service (XaaS) model, and more.

Business Functions: These include people, operations, product, information management, customer journey, and leadership. Digital transformation improves the ability of each function to reach its primary objectives.

The convergence of these three elements (business functions, the digital environment and new business models) creates innovative ways of impacting both the generation of new sources of income and the improvement of efficiency in the businesses.

Consumption and proliferation trends and the growth of the digital engagement channels for customers require increased knowledge by the companies in offering added value, such as analytics, digital and automated engagement solutions, and cloud-based services.

In this situation, for companies to follow up on the advancement of those new technologies effectively, they must search for partnerships in the entire value chain. In that sense, they must have a BPO provider that understands their industry and market, their trends and restraints, the contact channels their customers will use now and in the future, and the digital maturity of those customers. This will enable the provider to understand the context of the company and, as a result, to understand which technologies, products and services should be implemented to optimally serve it.

Banks in Latin America, for example, are currently rethinking their digital strategies to reduce costs and increase access to the segment of the population that does not use banks. According to a study ordered by Telemenos and signed by The Economist Intelligence Unit (EIU), Latin American banks are prioritizing the demands of their customers (55%), new technologies (51%), and the impact of new players on the market (48%).³ On the other hand, comScore data shows that smartphones now represent 20% of the digital sales revenue in Latin America. While that says a lot about customer behavior with regard to online shopping, nearly 35% of the purchases made in the region, in fact, are made in the virtual realm, indicating a challenge for online companies to provide incentives for customers to help them choose to buy on the internet instead of in physical stores.²

In the end, the exponential rate of technological change is a significant phenomenon that contracting companies, in partnership with BPO providers, must take into account. Companies must also consider how artificial intelligence (AI), in particular, may influence the market in the future and prioritize strategic planning of both these phenomena.

Finally, determining the expectations for customer support and providing an omnichannel CX are key parts of the change toward a new digital scenario.

CONCLUSION—KEY DIFFERENTIATORS: TRANSFORMING BUSINESS PROCESSES

Improving customer service has become synonymous with improving the overall customer interaction experience, regardless of the industry. Sales and support agents are beginning to use a broader arsenal of communication tools—voice, video, email, IVR, web chat, virtual assistants, bots, sharing and collaborating files, and social media. The benefits are clear: a better customer experience, lower resolution time, closer ties, greater loyalty and, finally, more sales opportunities and greater revenue. This phenomenon has changed the technology needs of the modern contact center.

On the other hand, customer engagement is a concept with more nuance than many believe. Every interaction a customer has with a company has consequences and contributes to their overall impression and engagement with the business. High-quality customer experiences will distinguish the brands that attract, serve, and build loyalty with customers. In fact, a customer with greater involvement is a more satisfied customer, more willing to spend, recommend to others, and remain loyal to the brand.

Finally, emerging technologies also show the promise of changing CX. Key technologies include:

Big Data. Big Data in the contact center is viable due to the high volume of data that contact centers already possess, new database technologies, and the elimination of storage restrictions. The primary sectors affected are healthcare, banks, retail sales, tourism, and energy.

² <https://www.ecommercebrasil.com.br/artigos/e-commerce-brasil-america-latina/>

Analytics. The use of voice and text analytics will increase rapidly, enabling contact centers to monitor and analyze all interactions with customers. The use of emotion detection, fraud detection, and guided resolution for agents will increase.

Hyper-customization. This is one of the key components of the CX's digital transformation. Analytics of all types, accessing data sources inside the contact center and beyond, will lead to customization in the areas of sales and marketing, customer service and technical support.

Social Media and CX Combo. The areas of influence of social media will be calculated to customize the customer experience. Omnichannel customer experience resources will be the primary differentiating factor for companies globally.

Development of applications for mobile devices. Companies will integrate mobile technologies in their applications, using location, sensors, beacons, etc., to proactively provide customized contextual offerings or to make suggestions. Mobile devices have become an essential component in interactive and proactive customer service. The functionalities that make applications "fixed" include click-to-call, video, geo-location, and automatic call-back. Solution providers are quickly providing mobile applications for use in the contact center. These applications enable supervisors to manage from anywhere and agents to communicate remotely, from managing timelines to requesting shifts and time off.

.Thus, the proliferation of new technologies, a growing number of points of contact with the customer, and the demand for omnichannel support are turning customer experience management into a more complex activity for companies in all sectors. It requires complete interconnection of processes, people, and systems, providing high quality for both the agent and the customer.

As a result, in the coming years, BPO providers that differentiate and compete in new business models (such as the variable compensation model), making a consultative offer to contracting companies and offering a viable model with a win-win relationship, will have an advantage over providers that compete broadly on cost and location. Contracting companies must rethink their outsourcing contracts, challenging the BPO providers to offer a deeper implication with the customer and with the capacities of the customer lifecycle. These aspects will be key to guaranteeing differentiation in the coming years through the digital transformation of the processes existing in the companies today, focusing 100% on the customer experience.

■ ABOUT ATENTO

Atento is the largest provider of customer relationship management and business process outsourcing (CRM BPO) services in Latin America, and among the top five providers globally, based on revenues. Atento is also a leading provider of nearshoring CRM/BPO services to companies that carry out their activities in the United States. Since 1999, the company has developed its business model in 13 countries where it employs 150,000 people. Atento has over 400 clients to whom it offers a wide range of CRM/BPO services through multiple channels. Atento's clients are mostly leading multinational corporations in sectors such as telecommunications, banking and financial services, health, retail and public administrations, among others. Atento's shares trade under the symbol ATTO on the New York Stock Exchange (NYSE). In 2016, Atento was named one of the World's 25 Best Multinational Workplaces by Great Place to Work® for a fourth consecutive year.

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