Characterization and Benchmarking Study

Contact Centers' Activity

2016

Index

Preface

The Characterization and Benchmarking study on contact centers' activity in Portugal, carried out in 2016, aims to understand the overall behavior and trends of the industry. This study, the 11th of its kind, was developed by the APCC – Portuguese Association for Contact Centers and is divided into seven chapters:

• The first is a characterization of the market and of the companies participating in the study.

• The second chapter focuses on a more detailed analysis of the operating performance of the industry.

• In the third and fourth chapters, human resources (HR) and technological aspects of the industry are characterized.

• In the fifth and sixth chapters the use of outsourcing, certifications and continuous improvement mechanisms are discussed.

• The final chapter analyzes the industry's financial information.

Additionally, it should be noted that all information will be made available in digital, editable format (maintaining the information confidential), on the APCC's website.

Methodology

The study was based on an online questionnaire for contact centers in Portugal, from different sectors of activity, with 62 responses.

The submission of responses took place in the period between 22 January, 2016 and 1 March, 2016.

This study maintained the structure of previous years, with a review of some of the issues and the introduction of new ones. The report has a new calculation method which introduces a weighted factor, where applicable (for example, rather than an arithmetic mean, we used an average weighted volume of contacts). Whenever possible, data for prior periods have been presented to enable a comparative analysis of results with previous studies. However, in comparison to prior periods, it should be taken into consideration that the number of participants and their distribution by sectors of activity is not identical to that of studies conducted in different years.

In addition, during the study, whenever "operator" is mentioned we are also referring to the "assistant", "contact manager" or equivalent.

Executive Summary

During the past decade we have witnessed profound changes in the contact center industry globally. The main players have focused their strategies on the search for operational efficiency, optimizing costs, increasing operation efficiency and a growing appreciation of Clients, their needs and expectations.

Diogo Carvalho
Senior Manager,
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The results of the 11th edition of this study reveal not only these trends, but a growing concern among our members to participate in the evaluation of the sector in Portugal. Proof of this is that this year we had a huge participation, of 62 companies, reinforcing the important position of APCC as a reference for various industries.

OPERATIONS

In an increasingly dynamic and competitive environment, it is essential to create agile operations with the ability to respond quickly to market challenges. Operators are dealing with increasingly complex operations with multiple channels available and increasingly high expectations. All over the world, the pressure for optimization of operations is increasing, reflecting not only the strategies implemented but also the business support tools - for example, the use of cognitive technology in automatic call answering, increased the productivity of calls answered and reducing the service costs for information requests.

This year's results highlight a remarkable positive development by the industry on the operational side:

• The waiting time for calls decreased by more than 20%, reinforcing the importance of being answered quickly

• On average, the duration of calls decreased by 7 minutes to 5 minutes, also influenced by a reduction to 33 seconds of the on-hold time

• Success in problem solving, during the first contact, also showed a positive trend (+ 5 p.p.), increasing to 89% of the total registered requests

OMNI-CHANNEL AND THE CLIENT'S VOICE

Unsurprisingly, there has been a shift in Clients' standards of preference with regards to the means of contact for inquiries and problem solving (37% of the contacts are already merely written). It is expected that with the increasing use of alternative media, digital channels will quickly replace the preference for the traditional phone.

The implementation of a multi-channel strategy has been widely discussed and implemented by the various operators. However, our Clients' standards have also evolved, expecting nothing other than excellence of service regardless of the channel used. Ensuring that we provide a consistent experience, regardless of the Clients' choice, purely digital or not, should be a priority today - and

Omni-channel's vision responds precisely to this challenge. This means placing the Client at the center of decision-making, seeking to gather as much information as possible to allow businesses to meet their needs and expectation and always creating high value interactions.

The investment in additional technology, the creation of new processes, the homogenization of information and service levels across multiple channels, or even the need for investment in training or looking for new profiles in order to meet the Client's needs, make the necessary transformation a very challenging process for the sector. Aware of these challenges, companies are increasingly looking for support in adapting their strategies and therefore it is also our mission to streamline this process and ensure the organization's flexibility in dealing with future changes.

This year's results demonstrate that companies in the sector are very much aware of these challenges and are increasingly concerned about Client satisfaction:

• The number of calls evaluated by the Client grew 20 p.p. in relation to the previous year

• Client satisfaction due to the resolution of their requests increased, registering an average of 78%

• Focus on loyalty also increased, rising to a success rate of 71% in inbound retention which may be associated to a significant increase in the hours of initial training of the teams

Regarding the pursuit of an Omni-channel strategy, positive results have been identified in the development of the alternative channels available over the phone: mobile apps (46%), web chats (58%), social media (62%) and SMS (72%). However, some warning signs have arisen in the operational efficiency of their use:

- The average time for resolution of requests increased to 16 hours compared to 7 hours registered in 2014. This may be directly related to the complexity of the issues received by the operator or the lack of integration of journeys across channels
- The average cost per request increased by 25%, thereby increasing the average weight of operating expenses for companies and may reflect a poorly-optimized integration of the various available channels
- The percentage of success in outbound calls (sales), which decreased 7 percentage points can be explained by the change in preference with regards to the telephone channel for making purchases. However, several studies indicate a growing trend of service providers to align sellers' profiles with their potential buyers in order to increase the sales success rate.

In short, this year's analysis is indicative of a transformation of the Contact Center industry to an Omni-channel strategy. This change aims to reduce operating costs through the use of alternative channels which allow for more contacts and their resolution when compared to the traditional phone. Taking into account Clients' preferences and demands, these channels also offer faster response times. In this sense, focus on operational efficiency, sales efforts and Clients' needs must be a priority in the way forward.

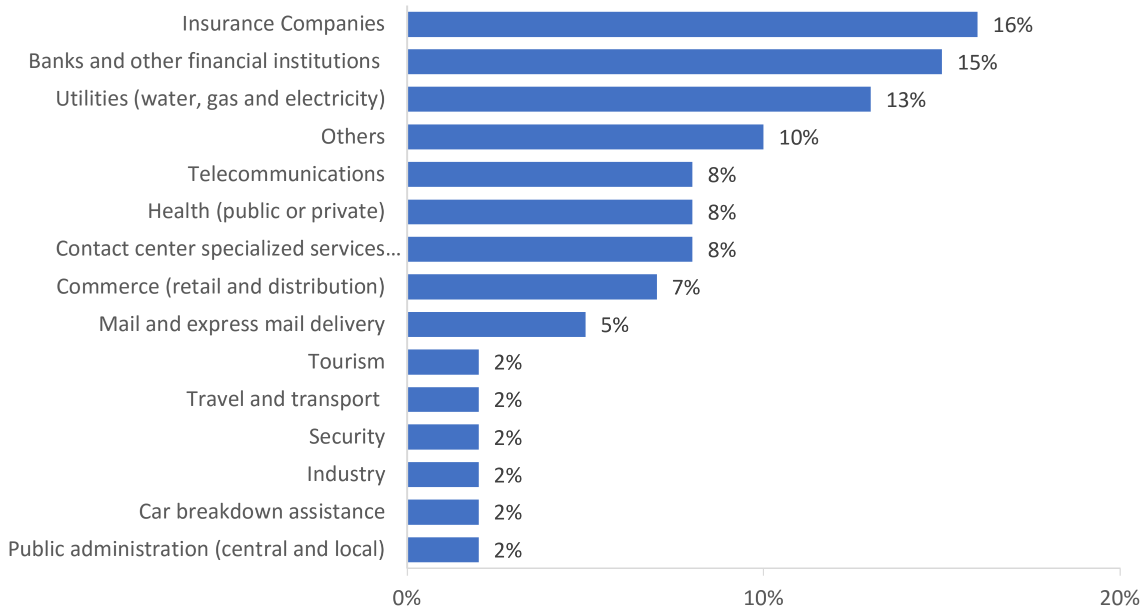
On the other hand, in the next edition we would like to continue this analysis and start measuring the performance indicators of these alternative channels.

1. Characterization

Question: What sector of the economy encompasses the Company's activity?

Interpretation: The companies that participated in the 2016 study are from the insurance sector (16%), banks and other institutions (15%), utilities (13%), others (10%), telecommunications (8%), health (8%) and service providers specialized in contact centers (8%).

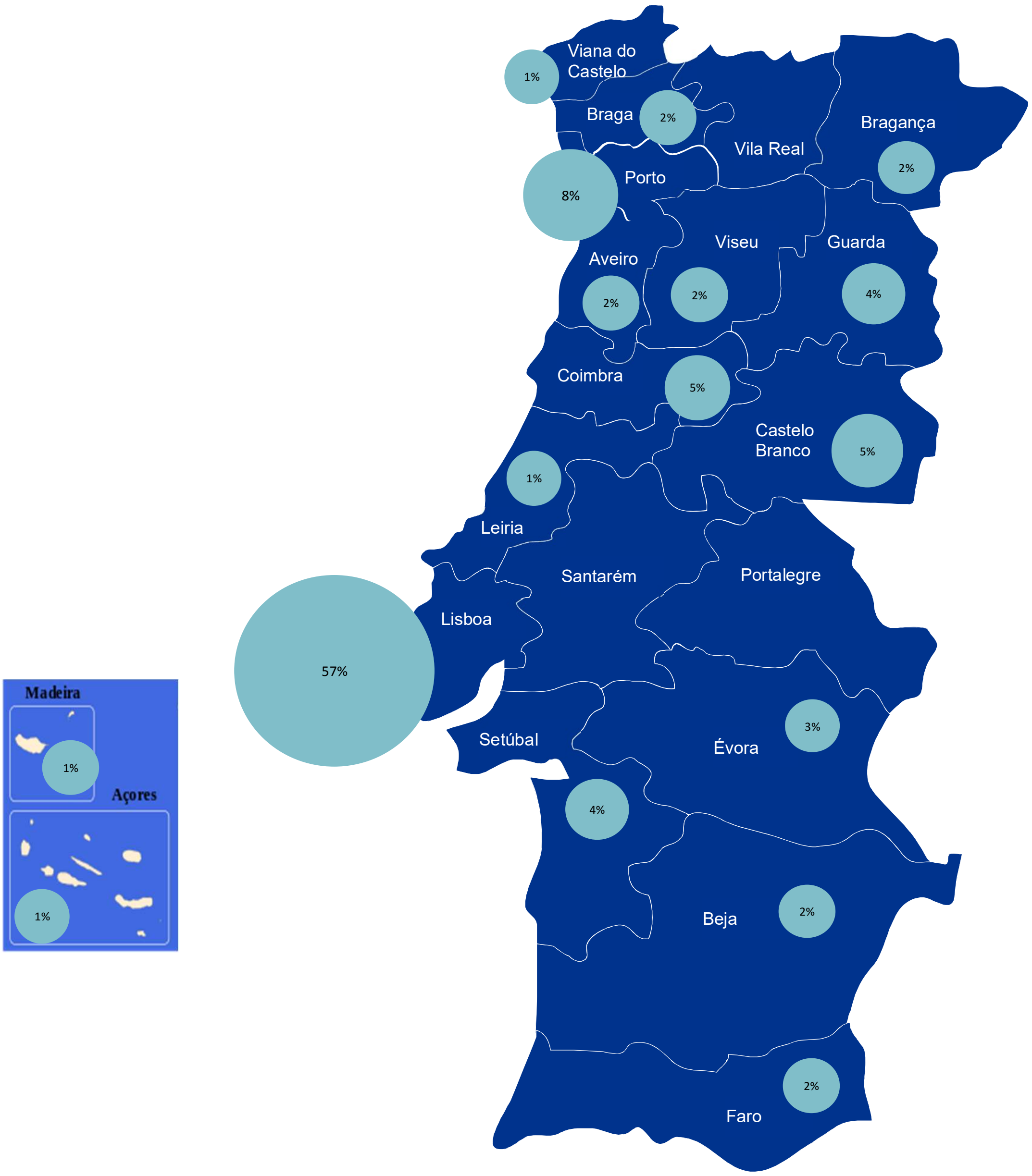
Fig. 1 Economy sector (n=61)



Question: Where are the centers located?

Interpretation: About 56% of the centers are located in the district of Lisbon, followed by Porto with 7% and Coimbra and Castelo Branco with approximately 5%.

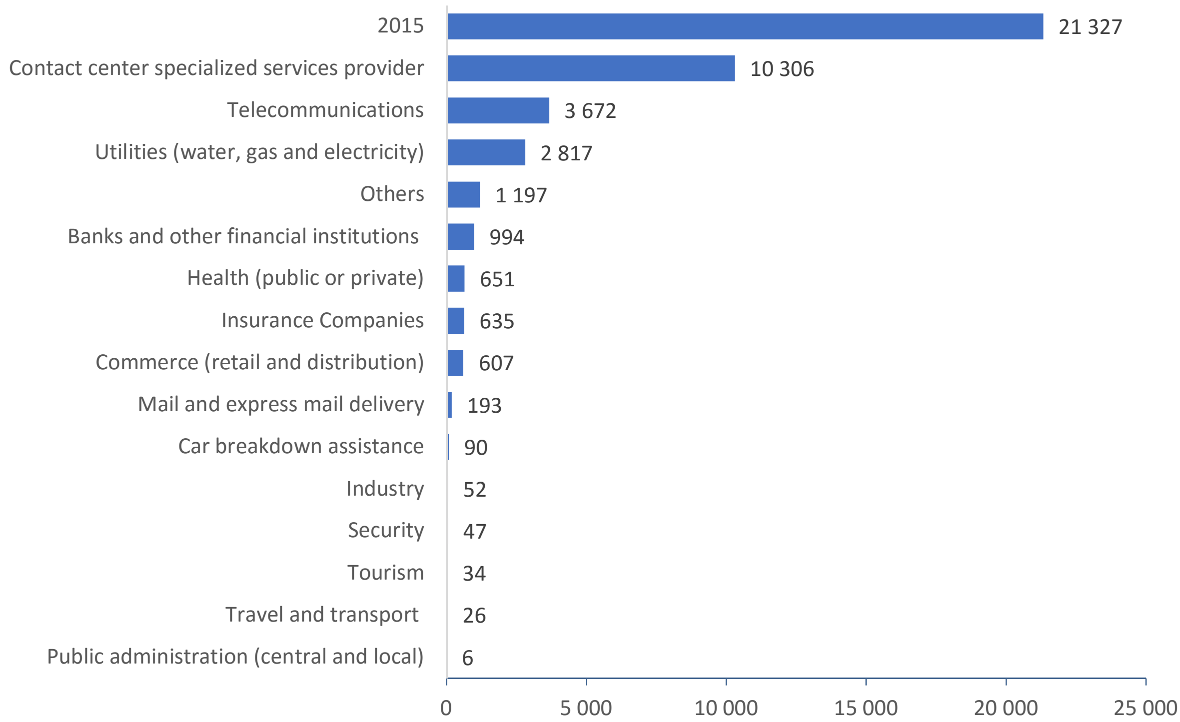
Fig. 2: Contact centers per region



Question: How many service positions by sector of activity?

Interpretation: Service providing companies specialized in contact centers have the highest average number of service positions, 10,306, followed by companies from the telecommunications sector with about 3,672 positions and the utilities sector with about 2,817 service positions.

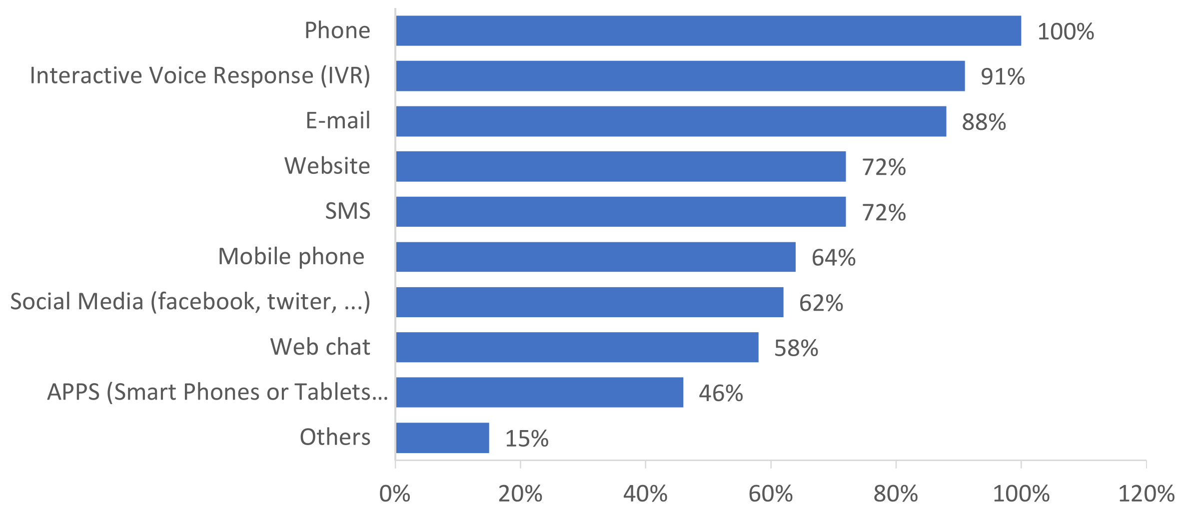
Fig. 3 Number of serviced positions in the *contact center* (n=61)



Question: What channels are made available to the Client, by the contact center?

Interpretation: The telephone is provided by 100% of the participating contact centers, followed by IVR by 91% and email by 88%.

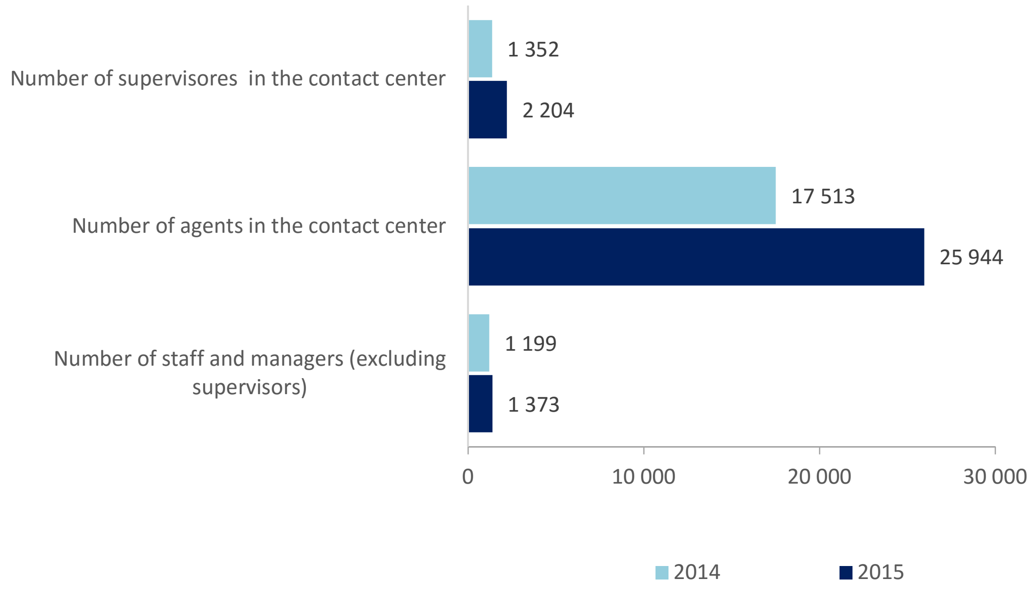
Fig. 4: Channels available in the Contact Center (n=61)



Question: What is total number of human resources of the operations in the study?

Interpretation: The 29,520 employees of the companies participating in this study are distributed by 25,944 operators, 2,204 supervisors and 1,373 staff/support human resources/management.

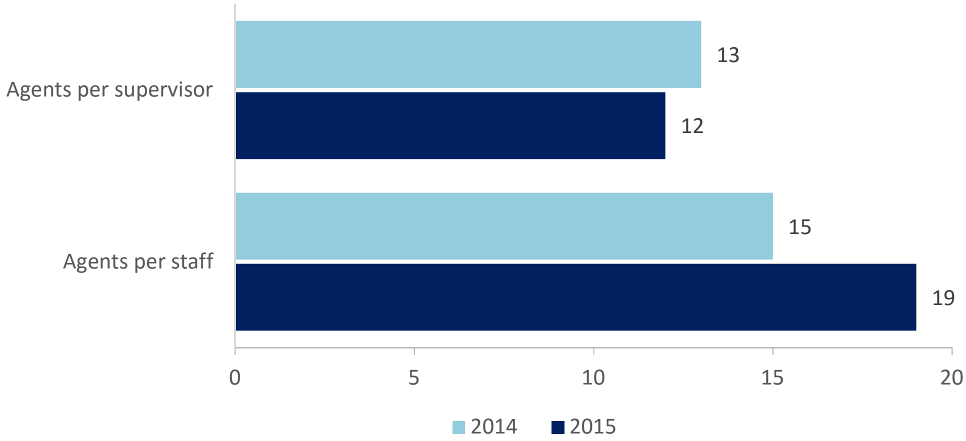
Fig. 5: Total of employees in the studied contact centers (n=61)



Question: What is the human resources ratio?

Interpretation: The operators to staff ratio increased about 27% when compared to 2014 whilst the ratio of operators to supervisors decreased about 8% when compared to the previous year.

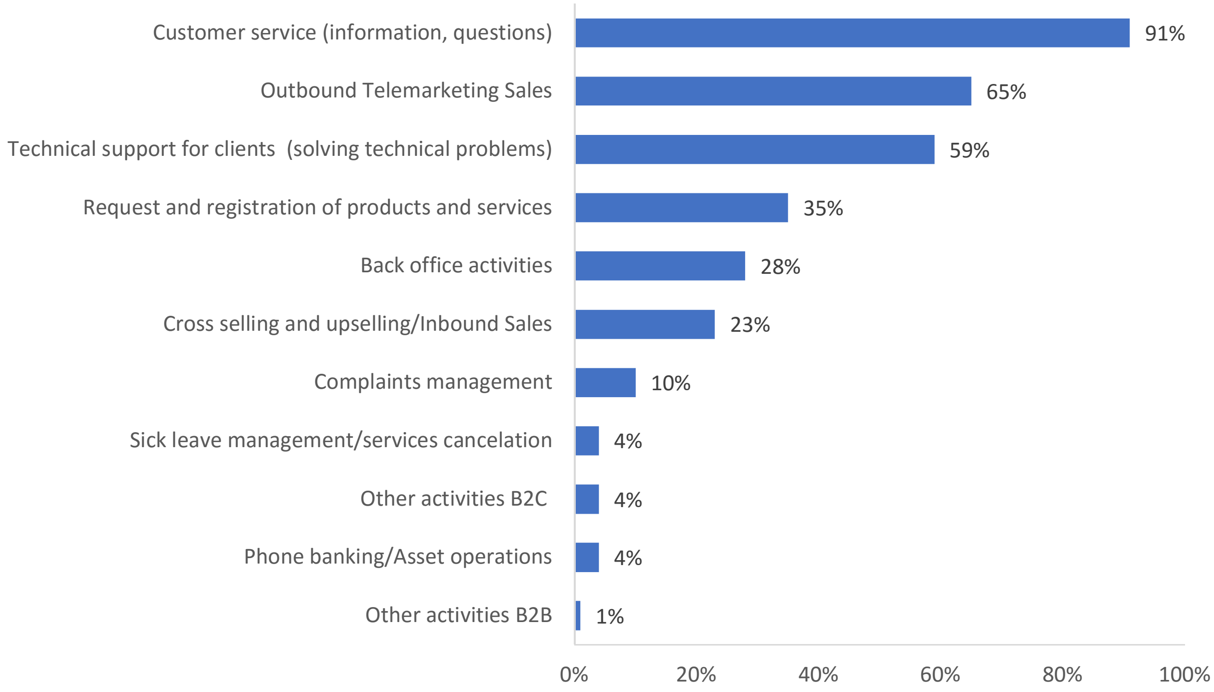
Fig. 6 HRs ratios in the studied contact centers (n=61)



Question: What are the main functions of contact centers?

Interpretation: Client service (91%) followed by outbound telemarketing/sales (65%) and technical support for clients (59%) are the main functions of the contact centers participating in this study.

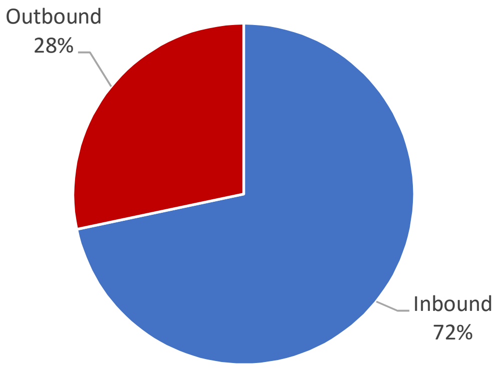
Fig. 7 Main functions (n=61)



Question: Inbound vs. outbound calls

Interpretation: The contact centers participating in this study have mainly inbound contacts, with 72% of the total.

Fig. 8 Inbound vs Outbound contacts (n=61)

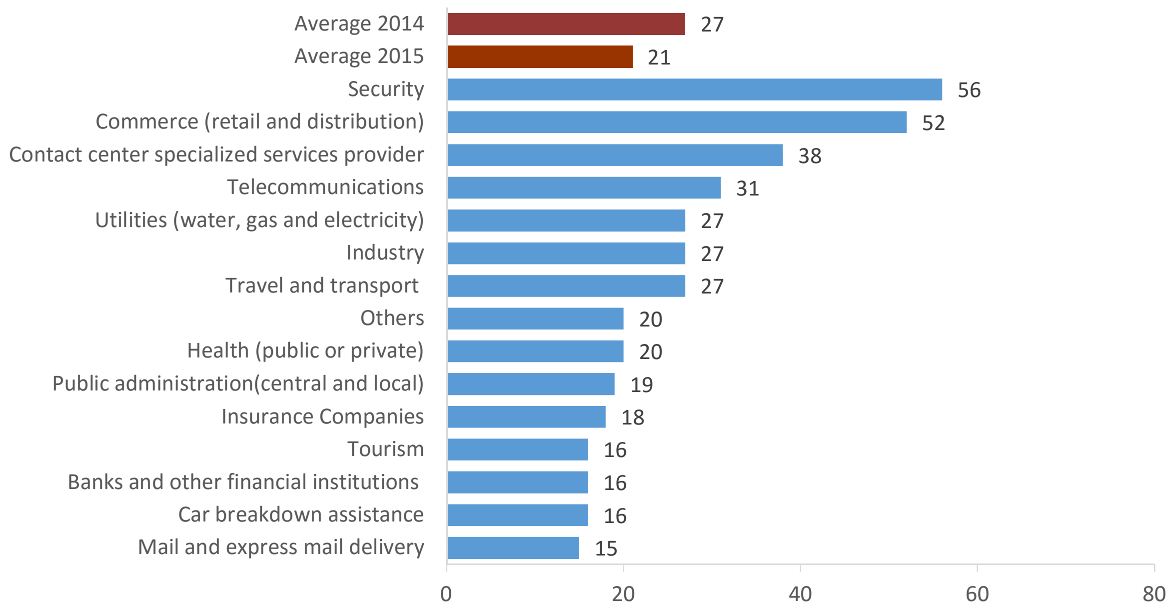


2. Operational Performance

Question: What is the average waiting time to be attended by the contact center?

Interpretation: In 2015 the average waiting time for users decreased 22% when compared to 2014, corresponding to 6 seconds less.

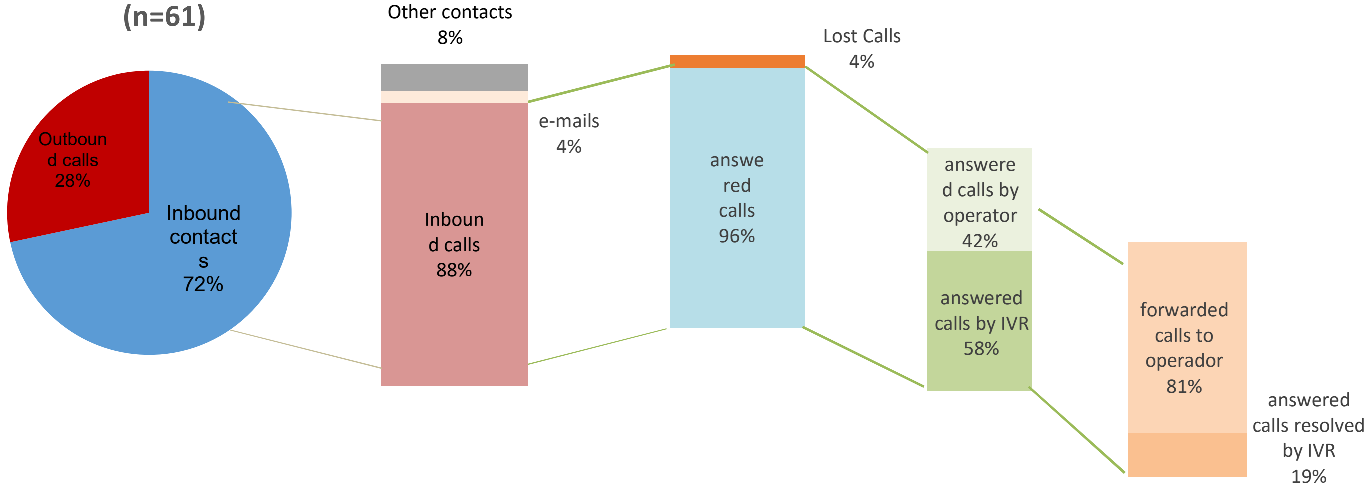
Fig. 9 Call waiting time (seconds) (n=55)



Question: What is the split of the types of contacts?

Interpretation: About 72% of the contacts are inbound, with 88% of these being inbound calls, 4% e-mails and 8% other contacts. Of the calls received, 96% are telephone calls of which 58% are by IVR. 28% of the contacts are outbound calls.

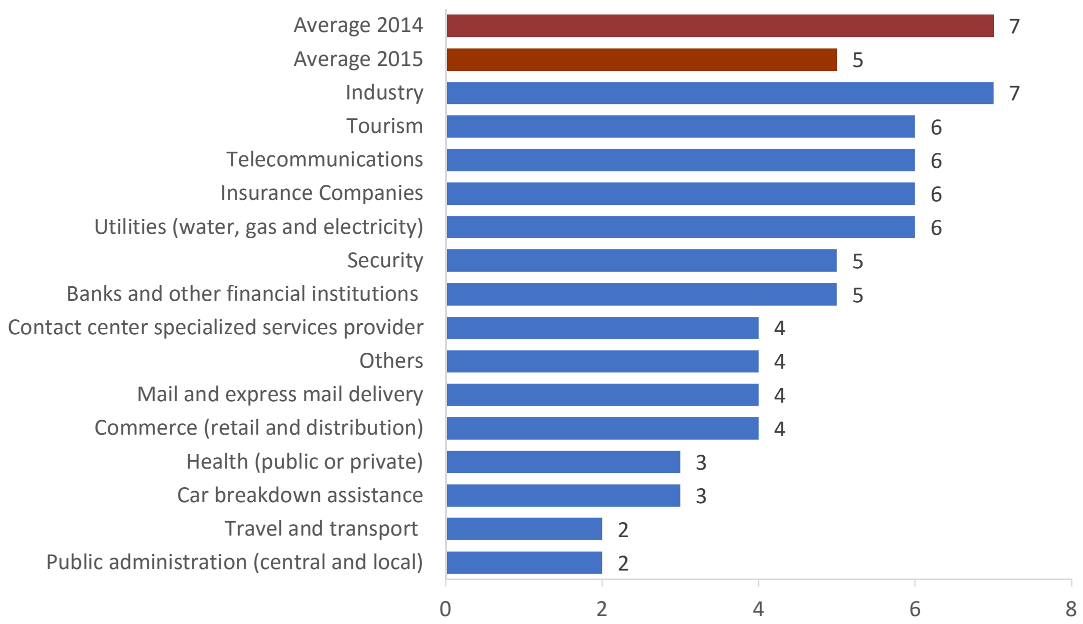
Fig. 10 Contacts per type (n=61)



Question: What is the average duration of the calls?

Interpretation: Calls received in 2015 lasted on average 5 minutes, corresponding to a decrease of 2 minutes when compared to 2014. The industry sector (7 minutes) utilities (6 minutes), tourism (6 minutes), insurance companies (6 minutes) and telecommunications (6 minutes) represent the calls with the longest duration.

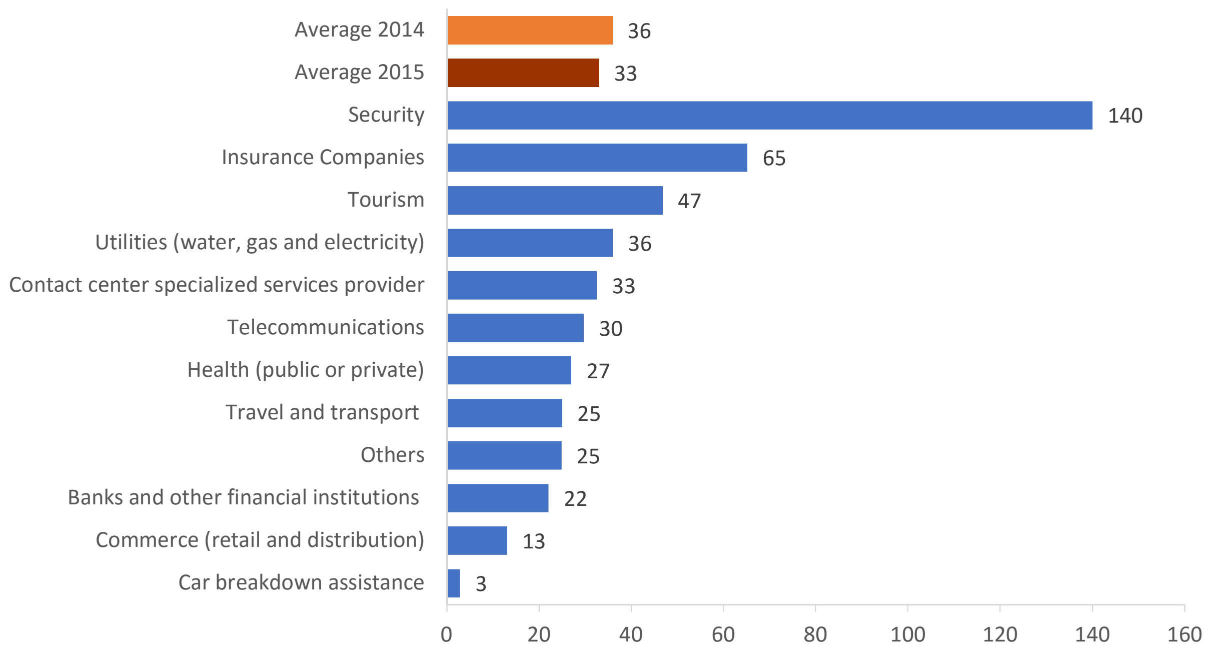
Fig 11 Average service time (minutes) (n= 56)



Question: What is the average on hold time?

Interpretation: In 2015, the sectors where the clients were kept on hold for longest were security with 140 seconds, insurance with 65 seconds and travel and tourism with 47 seconds. On average, the waiting times decreased 3 seconds in relation to 2014.

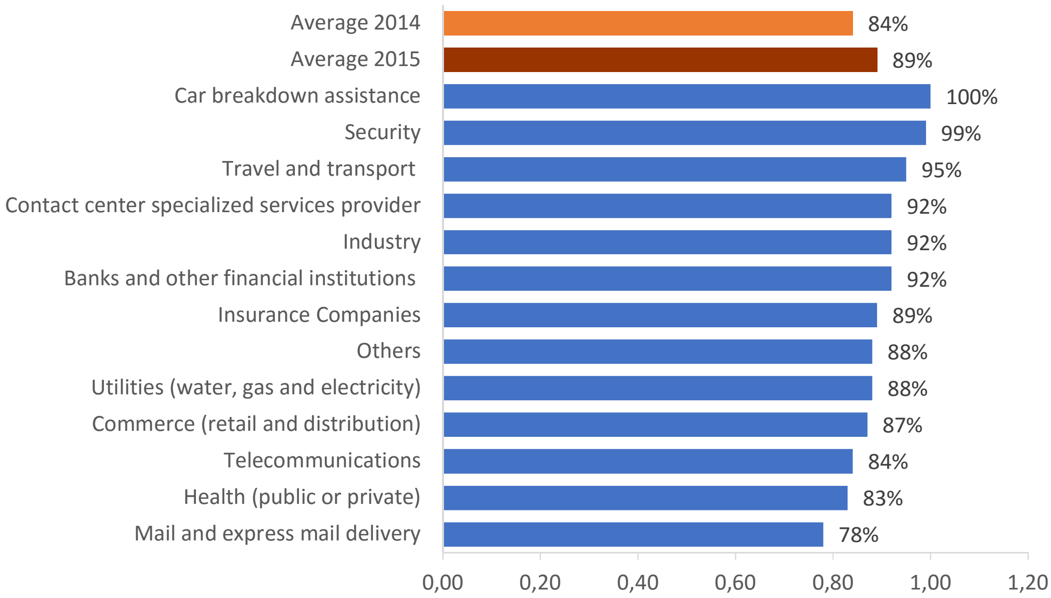
Fig. 12 Average hold time (seconds) (n=47)



Question: What is the first-contact resolution rate?

Interpretation: In 2015, the first-contact resolution rate was on average about 89%, representing an increase of 5 p.p. in relation to 2014. Car breakdown assistance (100%), security (99%) and travel and transport (95%) are the sectors with the highest level of first-contact resolution.

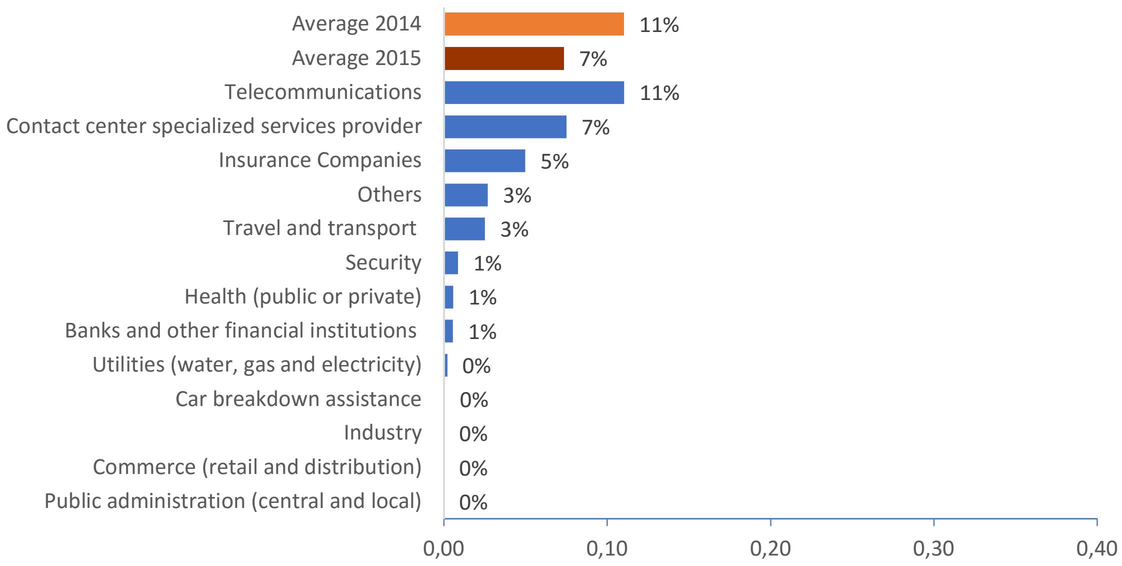
Fig. 13 Monthly first contact resolution rate (n=50)



Question: What is the recurrence rate of the calls?

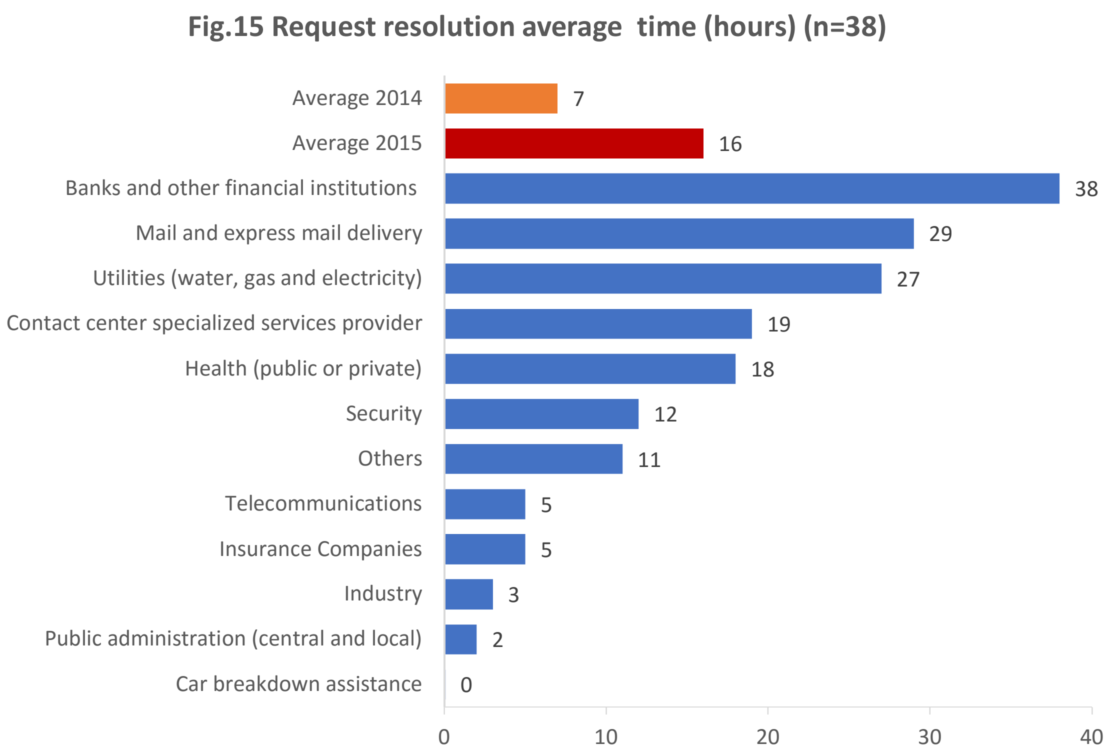
Interpretation: In 2015, the recurrence rate decreased 4 p.p. in relation to 2014, with the telecommunications sector registering the highest rate (11%).

Fig. 14 Recurrence rate (n=26)



Question: What is the average resolution time of requests?

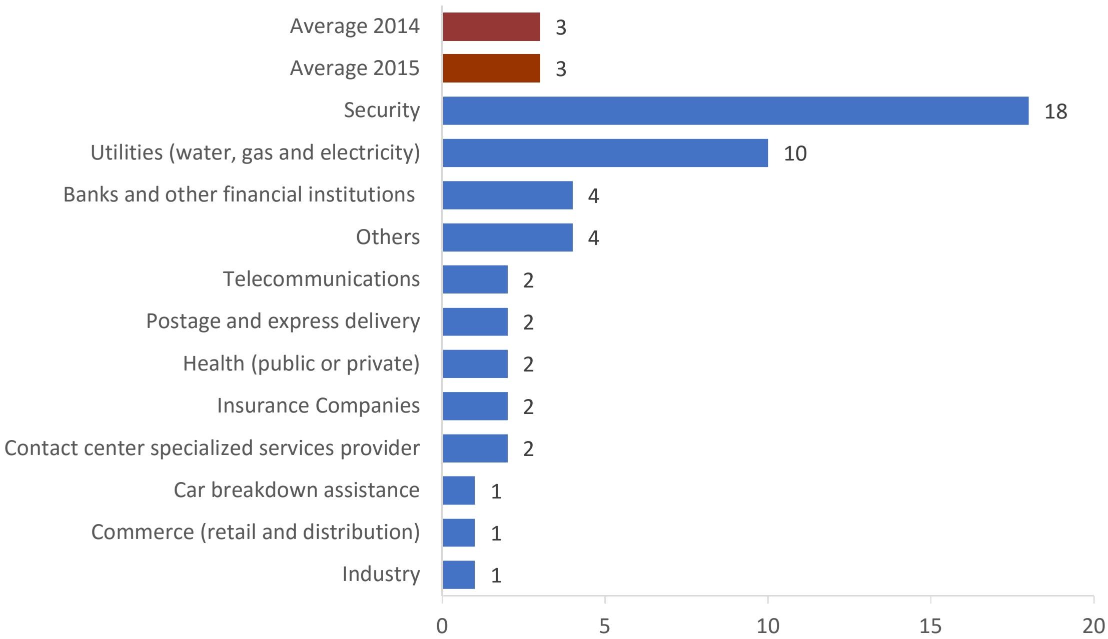
Interpretation: The resolution time of clients' requests was on average 16 hours in 2015. The banking sector and other financial institutions were 38 hours, postage and express delivery with 29 hours and utilities, with 27 hours, have the highest resolution time.



Question: What is the average resolution time for complaints (days)?

Interpretation: The average resolution time for clients' complaints in 2015 was stable in relation to 2014.

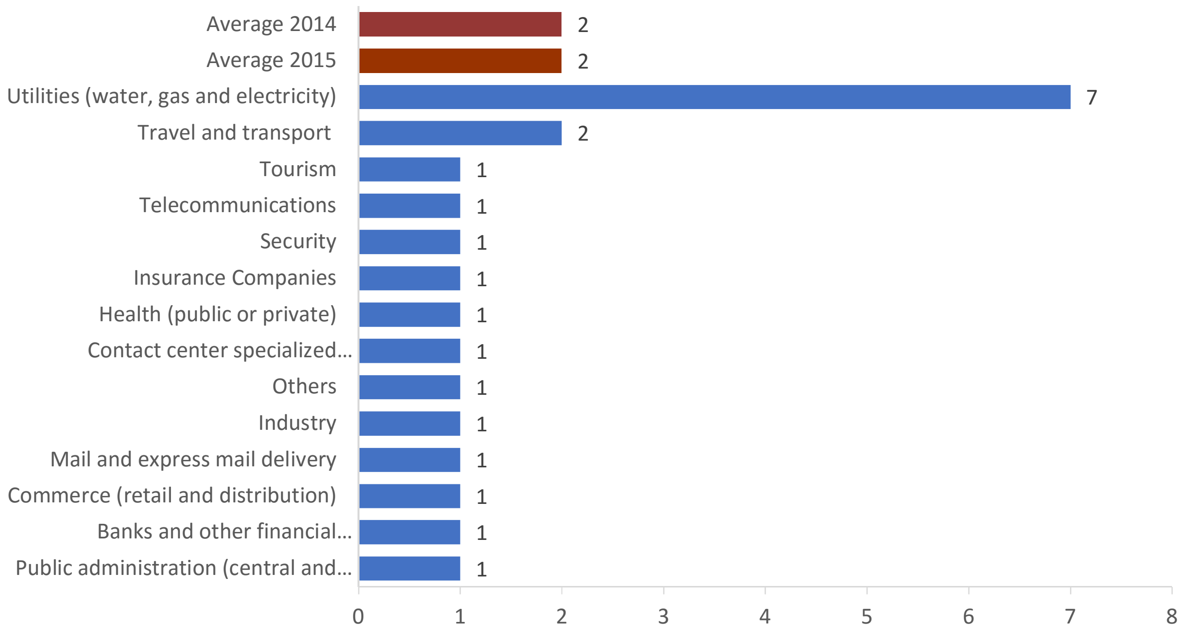
Fig.16 Average complaints resolution time (days) (n=47)



Question: What is the average resolution time for emails received (days)?

Interpretation: The average resolution time for e-mails received was stable in relation to 2014.

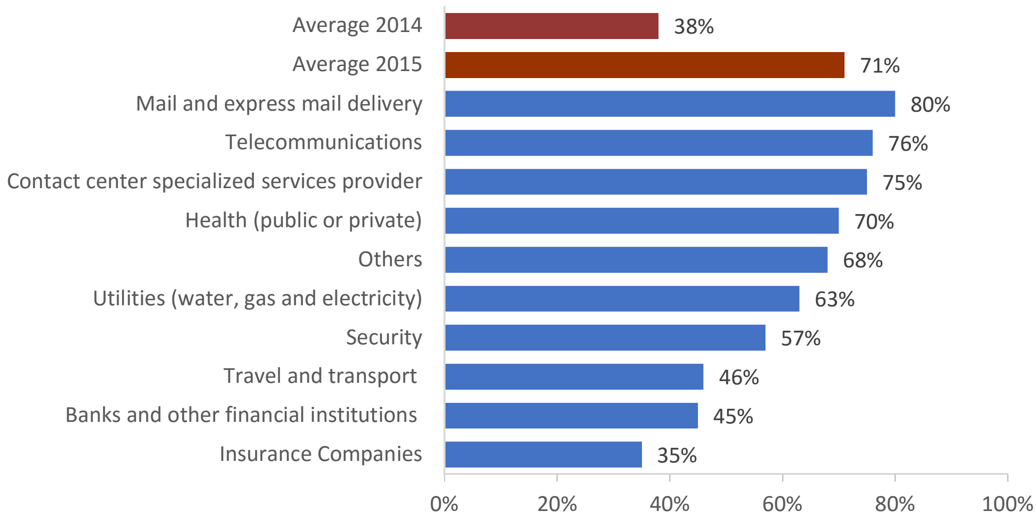
Fig. 17 E-mail response (in days) (n=43)



Question: What is the percentage of success for inbound retention calls?

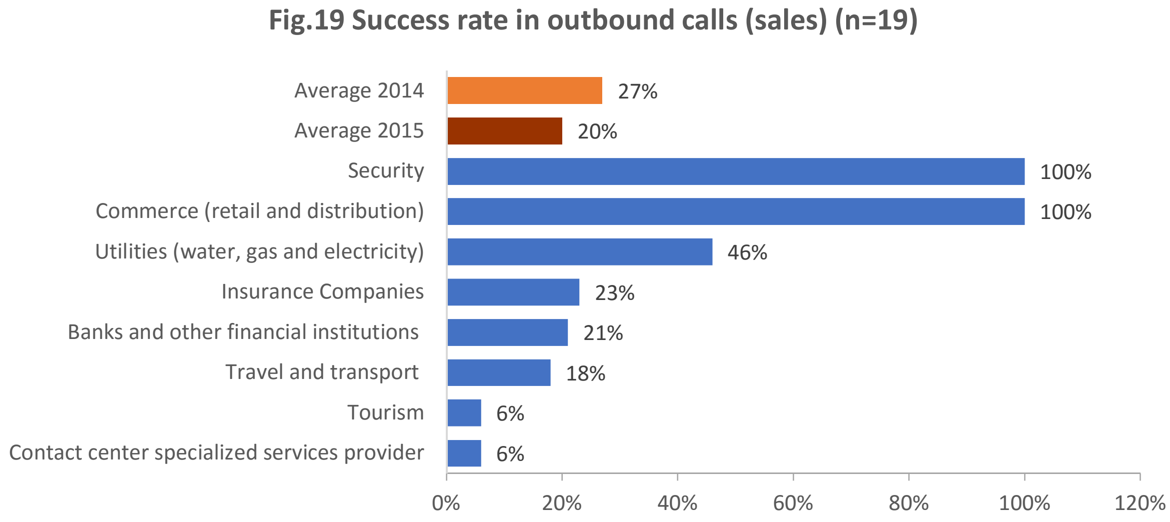
Interpretation: The percentage of success of the retention calls increased on average 33 p.p. when compared to 2014. The postage and express delivery sector had the highest success with 80%, followed by telecommunications with 76% and the services provider specialized in contact centers with 75%.

Fig. 18 Retention rate in inbound calls (n=20)



Question: What is the percentage of successful "sales" with outbound calls?

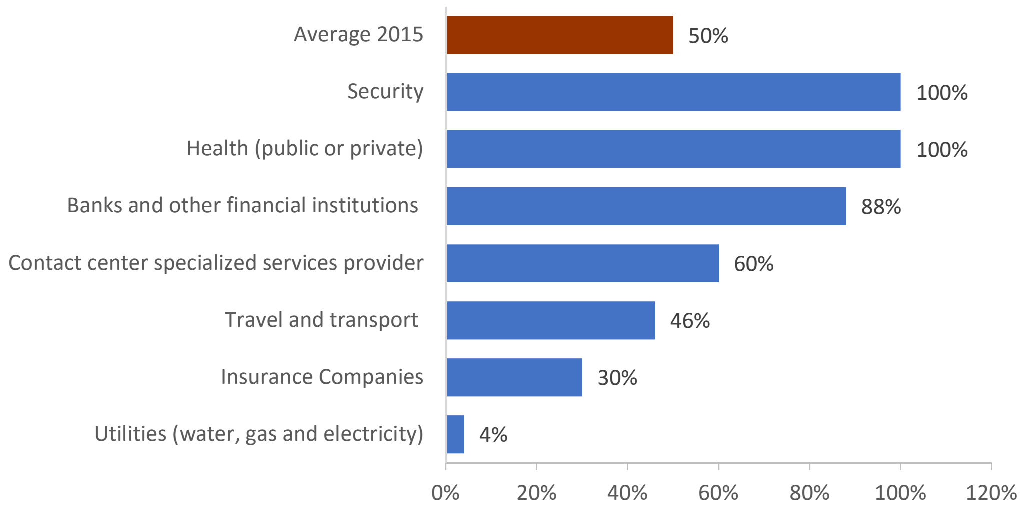
Interpretation: The percentage of successful outbound sales decreased about 7 p.p. when compared to 2014, achieving an average amount of 20%.



Question: What is the percentage of successful retention outbound calls?

Interpretation: The percentage of success in outbound retention calls reached 50%.

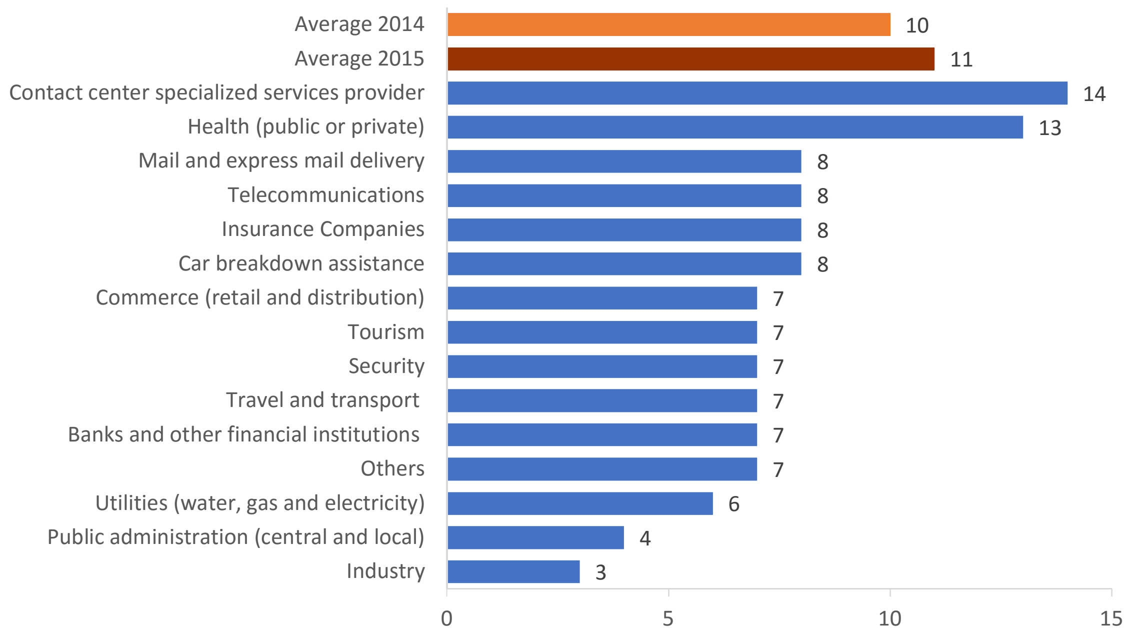
Fig. 20 Success rate in retention outbound calls (n=13)



Question: What was the average number of calls received by operator, per hour?

Interpretation: The average number of calls received by operator increased about 10% in relation to 2014, reaching 11 calls per hour, per operator.

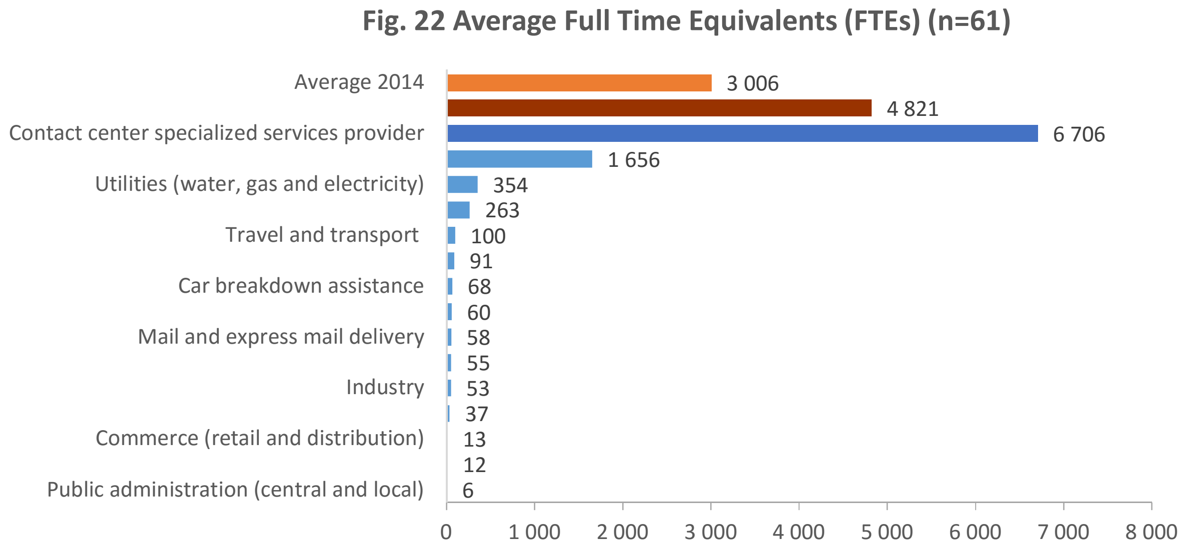
Fig. 21 Average calls per agent and per hour, by sector (n=54)



3. Human Resources

Question: What was the average number of Full Time Equivalents (FTEs)?

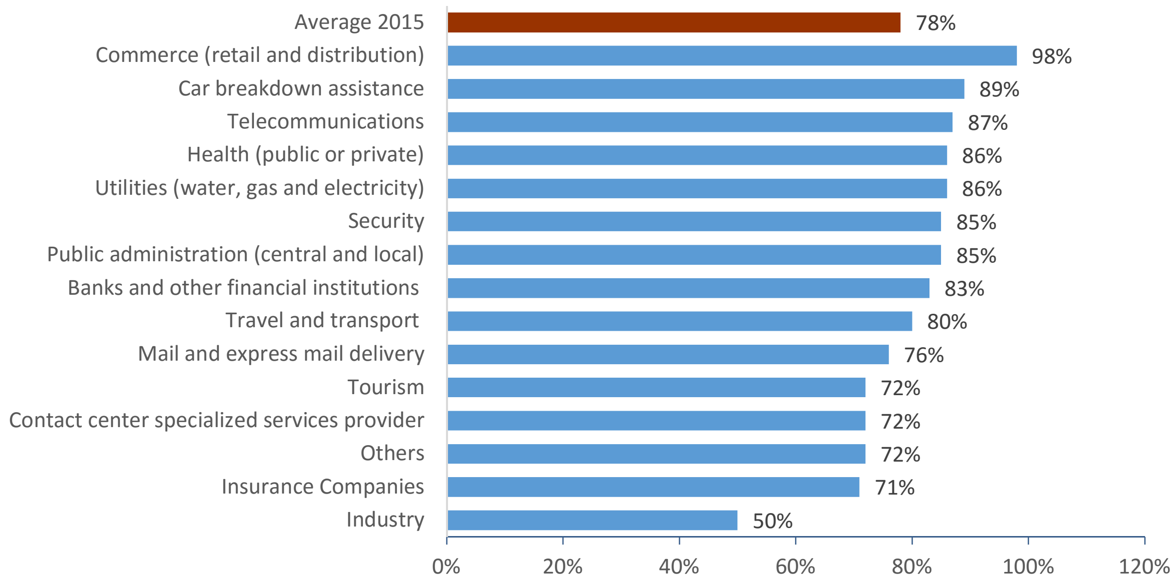
Interpretation: In 2015, the average number FTEs of the study group was 4,821 which corresponds to an increase of about 60% compared to 2014.



Question: What was the average resources occupancy rate by month?

Interpretation: On average in 2015, resources had an occupancy rate of 78%. Commerce was the sector with the highest occupancy rate with 98%, followed by car breakdown assistance with 89% and telecommunications with 87%.

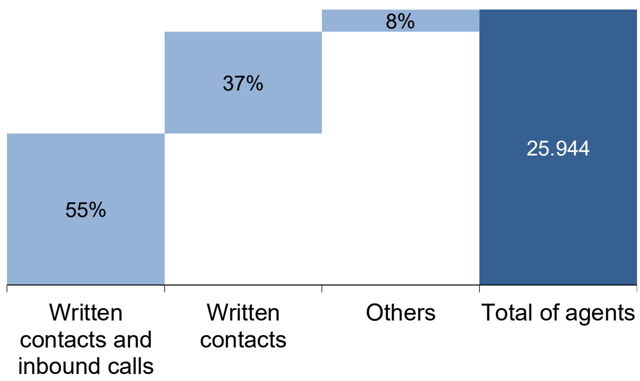
Fig. 23 Average monthly occupancy rate (n=56)



Question: What is the split of operators by inbound written contacts and calls and written calls?

Interpretation: On average, 37% of operators are responsible for written contacts.

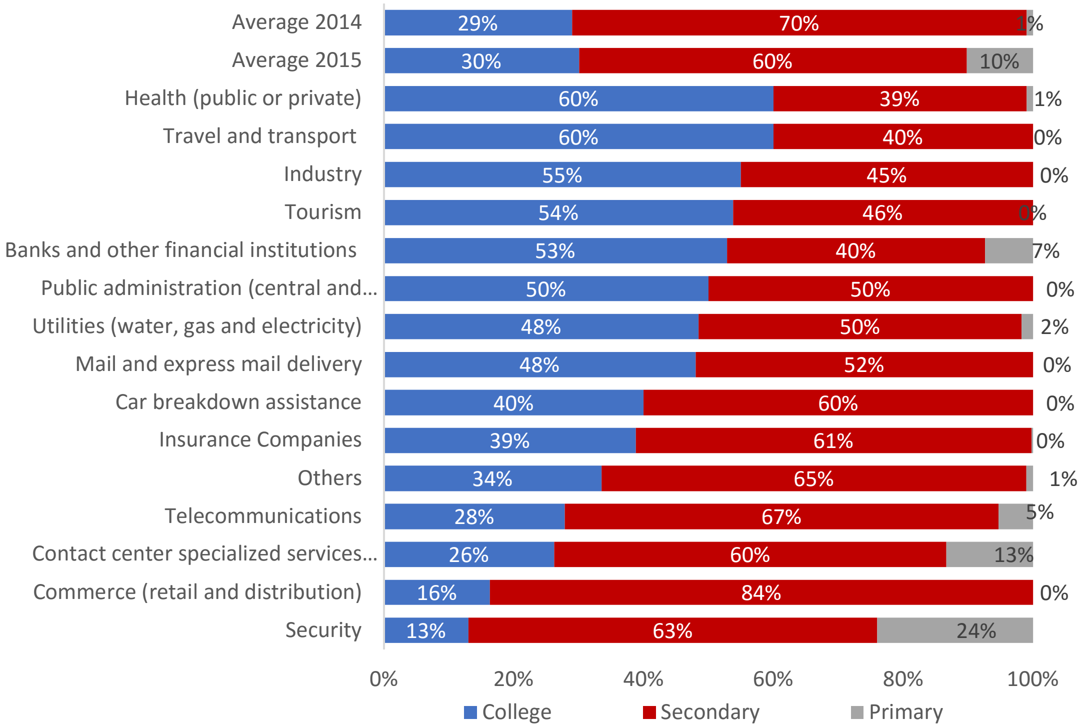
Fig. 24 Agents per activity



Question: What is the split of staff by level of education?

Interpretation: Most staff have completed secondary education (60%), 30% had higher education and 10% had primary education in 2015.

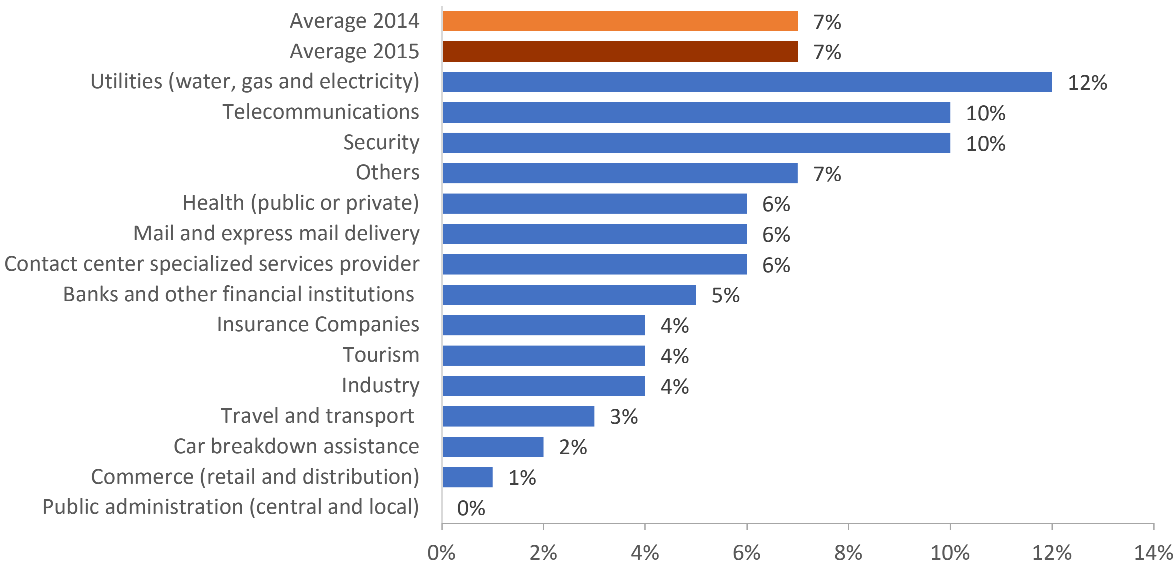
Fig. 25 Contact center employees per education degree (n=61)



Question: What is the average monthly rate of absenteeism of operators?

Interpretation: The average rotation rate of operators in 2015 maintained stable at 7%. The utilities sector had the highest rate of absenteeism with 12% followed by telecommunications and security with 10%.

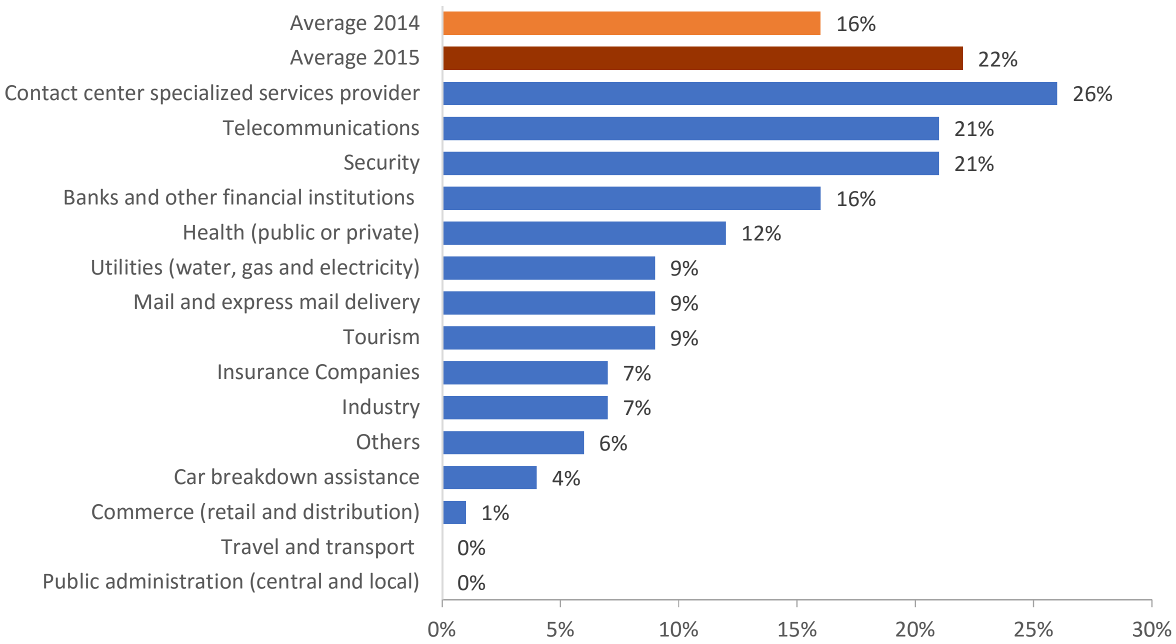
Fig. 26 Monthly agent absenteeism rate (n=61)



Question: What is the annual rotation rate of operators?

Interpretation: The average rate of operators' rotation in 2015 was 22%, representing an increase of 6 p.p. when compared to 2014. The highest rotation rate was registered by the services providers specialized in contact centers with 26%, followed by the telecommunications and security sectors both with 21%.

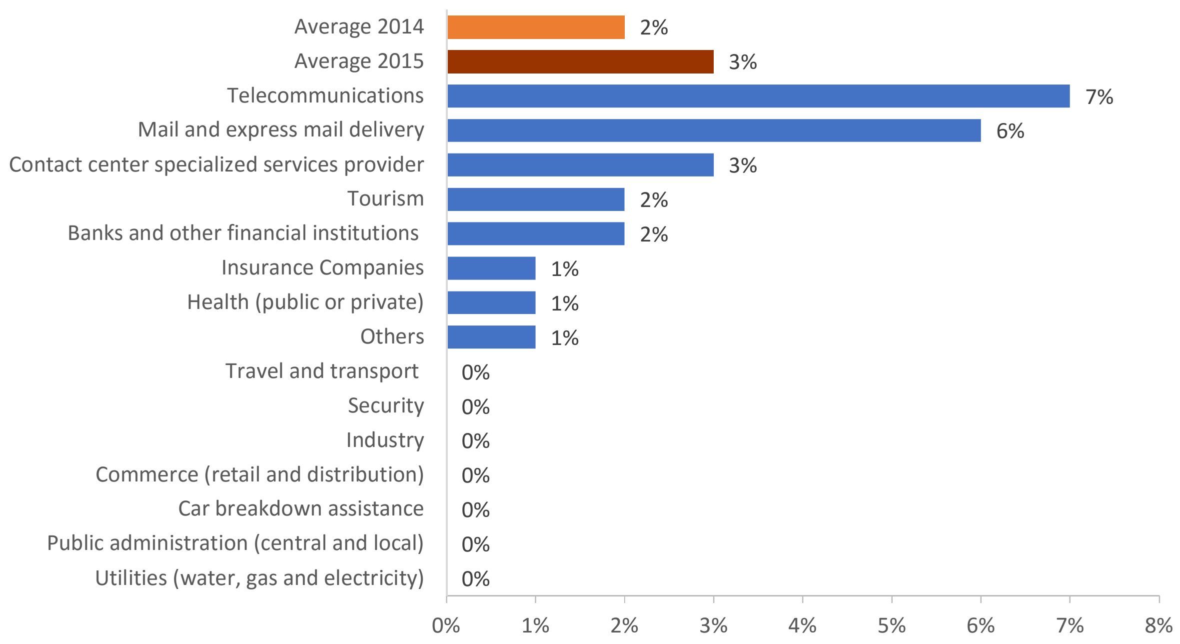
Fig. 27 Annual agent turnover rate (n=61)



Question: What is the average yearly rate of absenteeism of supervisors?

Interpretation: In 2015 the average rotation rate of supervisors was 3%, 1 p.p. increase compared to 2014. The highest rotation rate was registered in the telecommunications sector with 7%, followed by postage and express delivery with 6%.

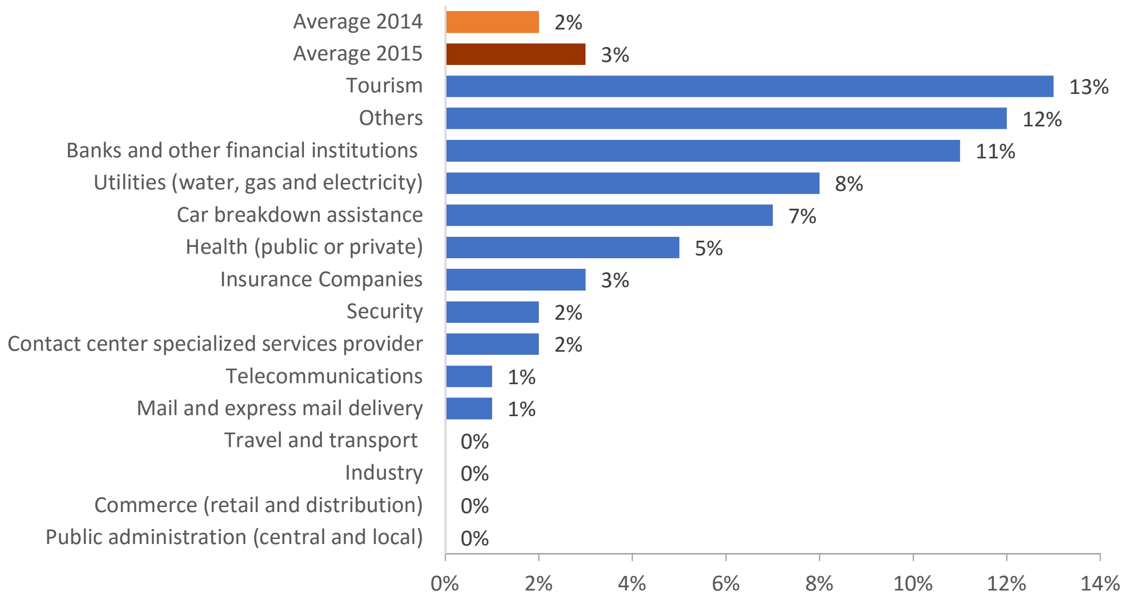
Fig. 28 Annual supervisor turnover rate (n=61)



Question: What percentage of staff is relocated from the contact center to other positions/functions within the organization?

Interpretation: 3% of staff were relocated to other positions/functions in 2015, an increase of 1 p.p. compared to 2014. The tourism sector had the highest level of relocation with 13%, followed by banking and other financial institutions with 11%.

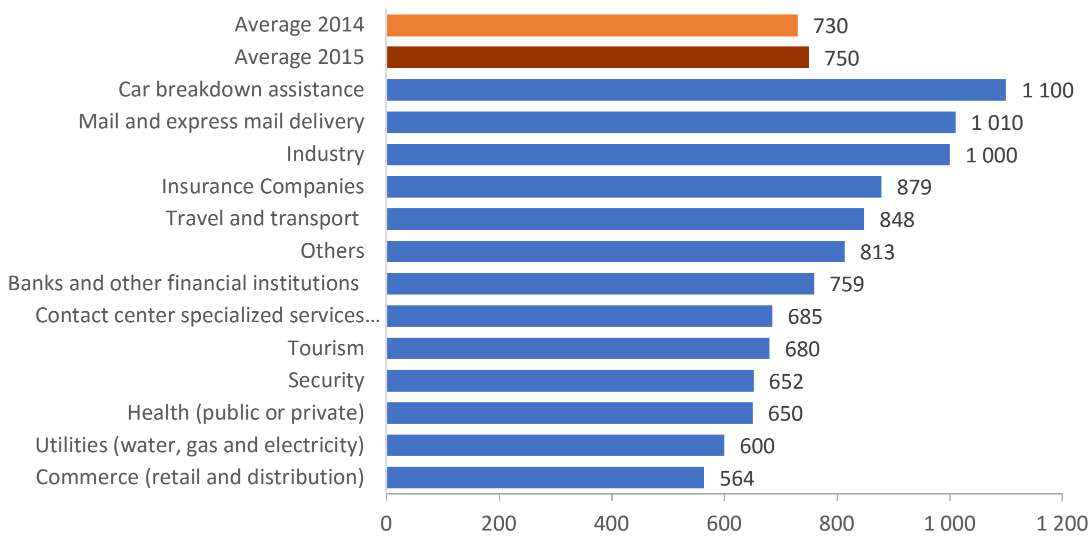
Fig. 29 Annual contact center employees relocated in other jobs/functions within the organization (n=61)



Question: What is the average monthly salary of operators?

Interpretation: In 2015 the average monthly salary of operators increased approximately 3% compared to 2014, from €730 to €750.

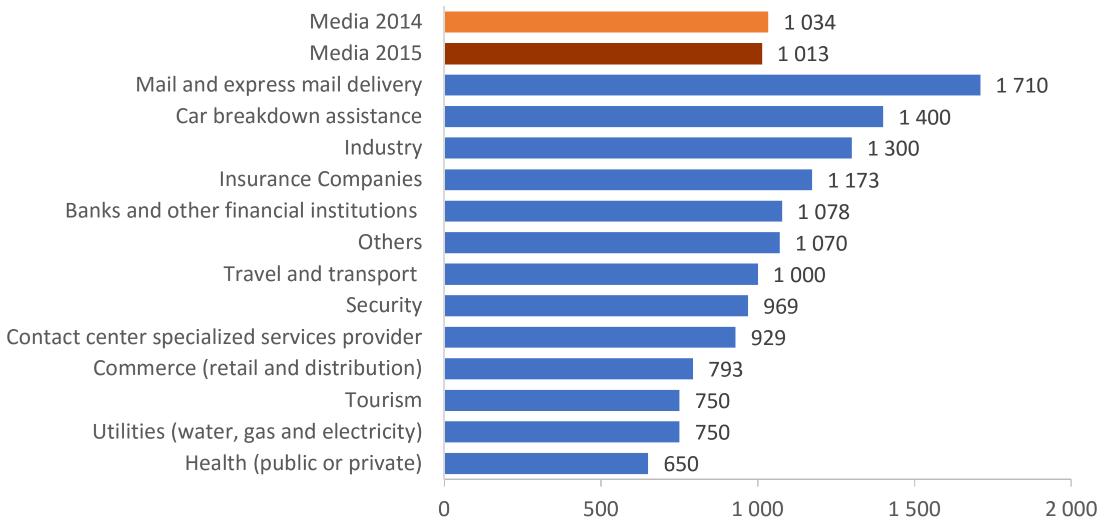
Fig 30 Average monthly agent gross wage in euros (n=30)



Question: What is the average monthly salary of supervisors?

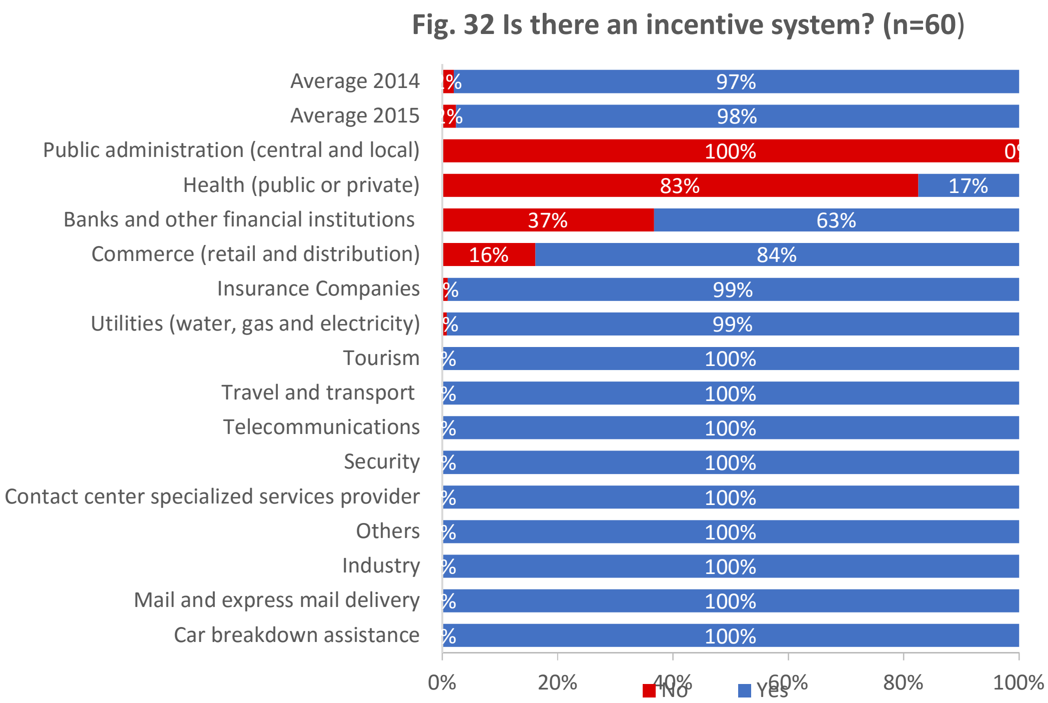
Interpretation: The average monthly salary of supervisors decreased to €1,013 in 2015 corresponding to a decrease of 2% compared to 2014.

Fig. 31 Average monthly supervisor gross wage in euros (n=30)



Question: Is there an Incentives Model for employees?

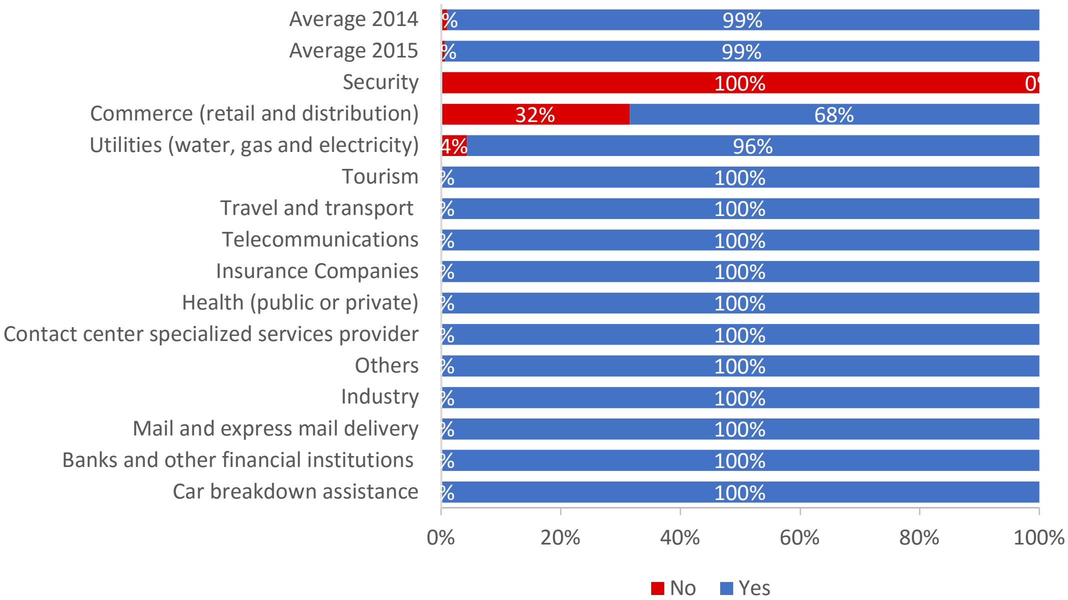
Interpretation: About 98% of participants stated that they had an Employee Incentives Model.



Question: Are there any links between the evaluation and remuneration metrics?

Interpretation: In 2015, about 99% of participants in the study who have an incentives model, established a link between the evaluation and remuneration metrics.

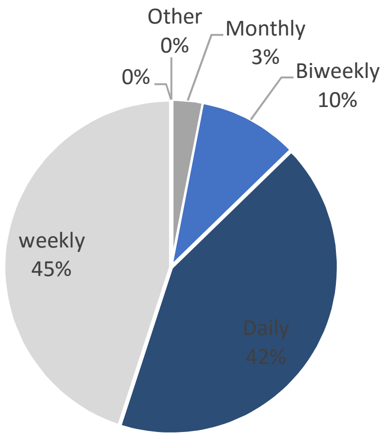
Fig. 33 Relation between evaluation metrics and wages (relating to the previous question)



Question: How often is individual feedback on monitoring given?

Interpretation: Most individual feedback actions take place on a weekly basis with 45%, followed by daily feedback for 42% of the employees covered by this study.

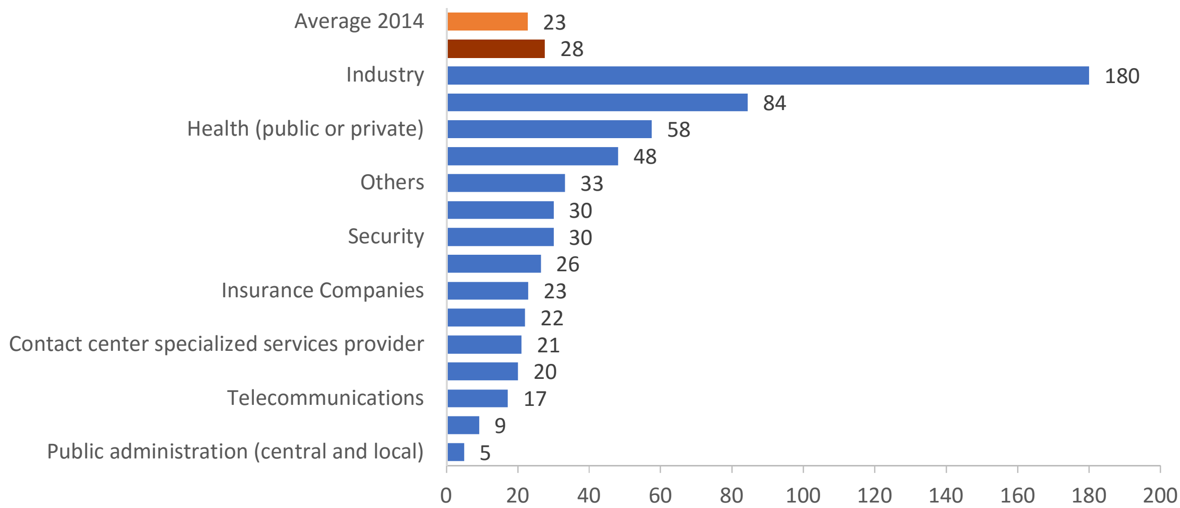
Fig. 34 Frequency of individual feedback on monitoring (n=61)



Question: What is the amount of time necessary to train an employee who has just been accepted to work at the contact center?

Interpretation: On average in 2015, 28 days were necessary to train a new employee, industry is the sector with the longest training time with 180 days and public administration with the shortest, with 5 days.

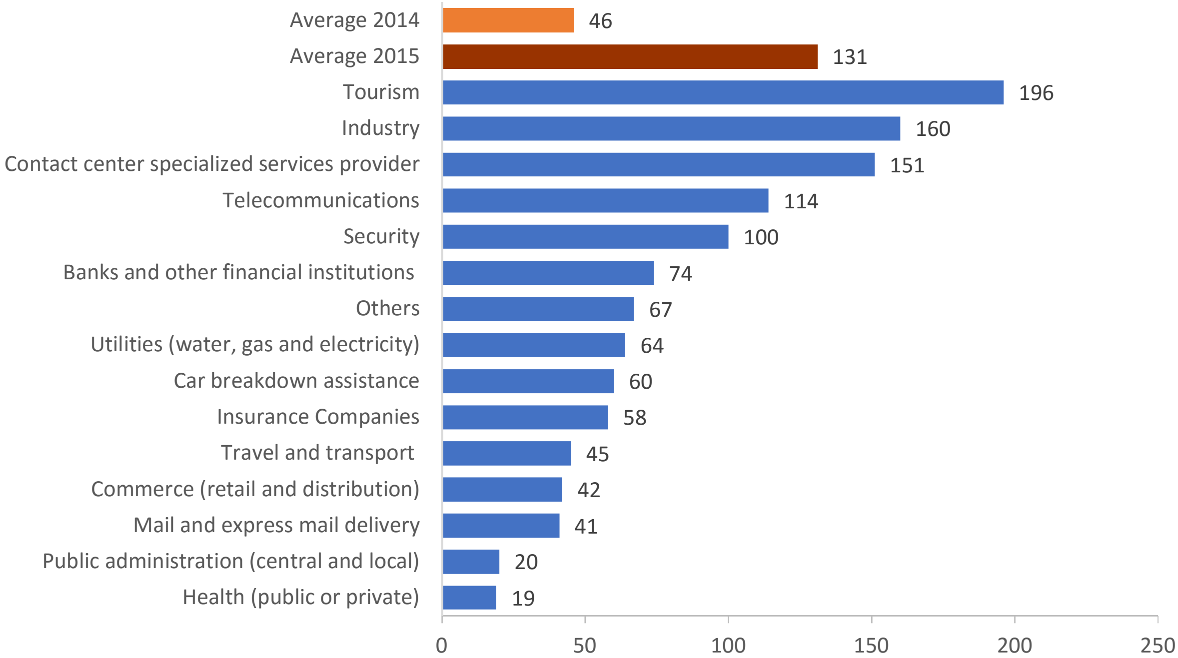
Fig. 35 Average time needed for an agent just arrived at the contact center in days (n=60)



Question: What is the annual number of training hours, including recycling, by operator?

Interpretation: The average number of training hours by operator has increased about 85 hours, when compared to 2014.

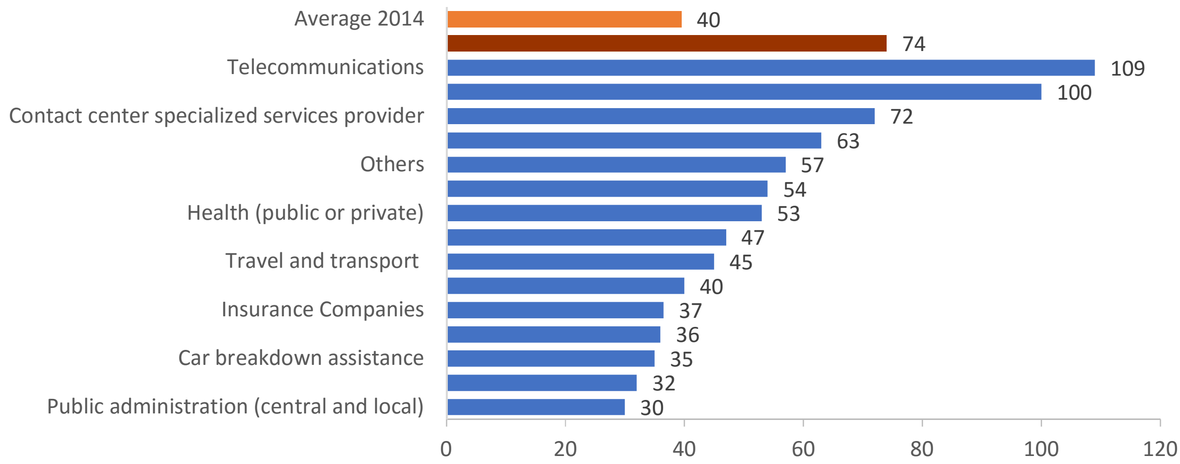
Fig. 36 Average yearly training hours per agent, including refreshing (n=61)



Question: What is the annual number of training hours, including recycling, by supervisor?

Interpretation: The average number of training hours by supervisor increased about 34 hours compared to 2014, with about 74 hours.

Fig. 37 Yearly hours of training, including refreshing per supervisor (n=61)



Question: Is there a specific training/accreditation plan/program for supervisors, trainers and quality?

Interpretation: The majority of participants have a specific training/accreditation plan/program. Of those that do not, 15% stated that they would like to have one.

Fig. 38 Is there a specific supervisor training/accreditation plan/program? (n=61)

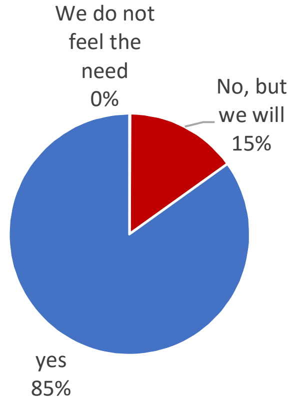


Fig. 39 Is there a specific trainers' training/accredation plan/program? (n=61)

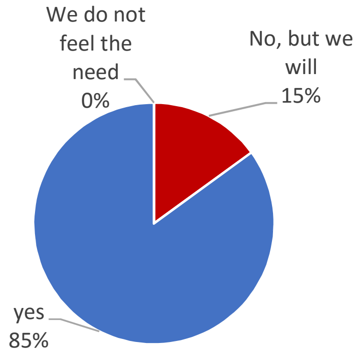
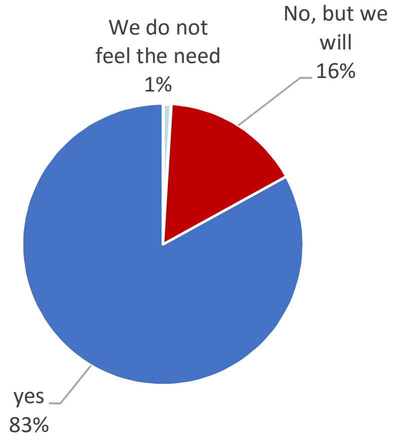


Fig. 40 Is there a specific quality manager training/accreditation plan/program (n=61)

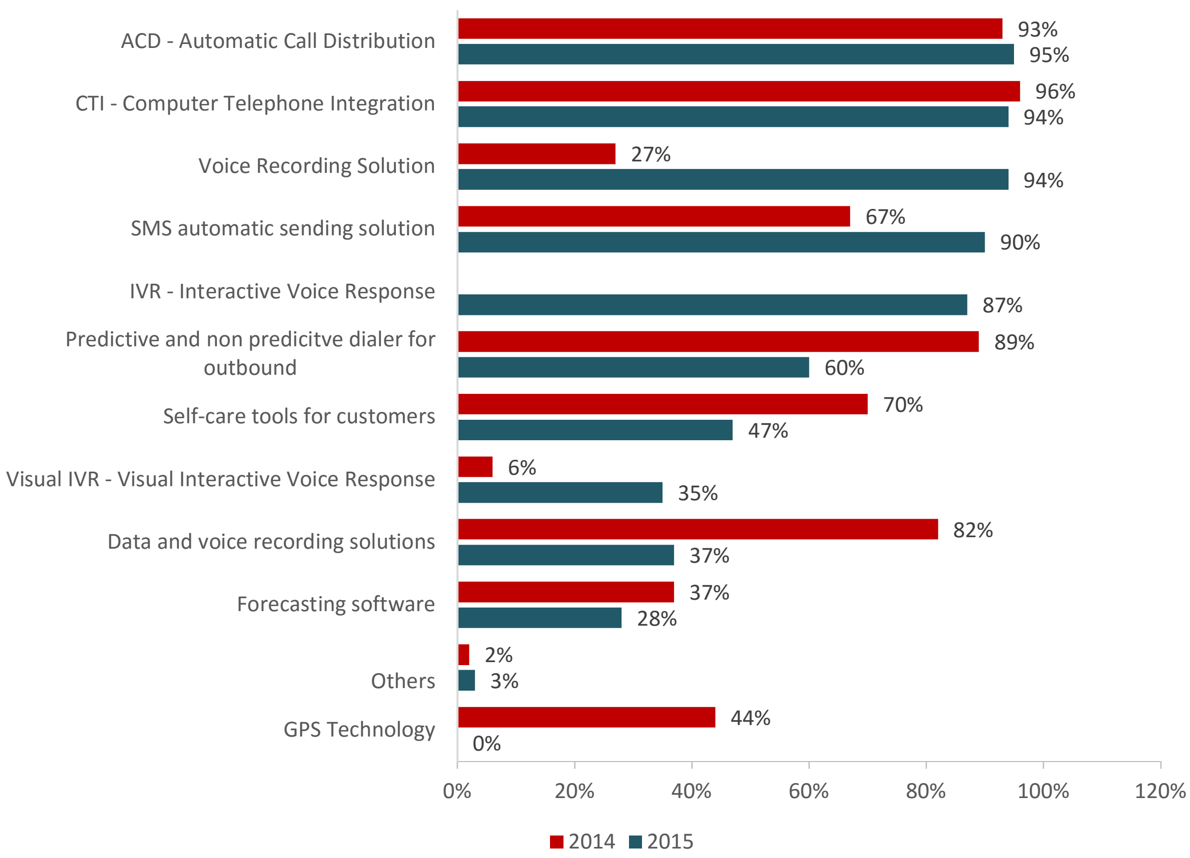


4. Technology

Question: What are the main technological solutions used?

Interpretation: The most commonly used technological solutions are ACD - Automatic Call Distribution, claimed to be used by 95% followed by CTI - Computer Telephone Integration: an integrated phone-computer system that identifies the caller and voice recording solution, both used by 94% of participants in the study.

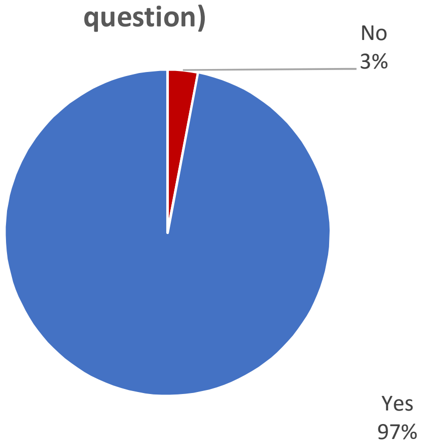
Fig 41 Technological solutions used in the contact center (n=61)



Question: In the case of IVR use, is it possible to resolve the contact using this solution?

Interpretation: About 97% of IVR users confirm that this solution does allow for resolution of contacts.

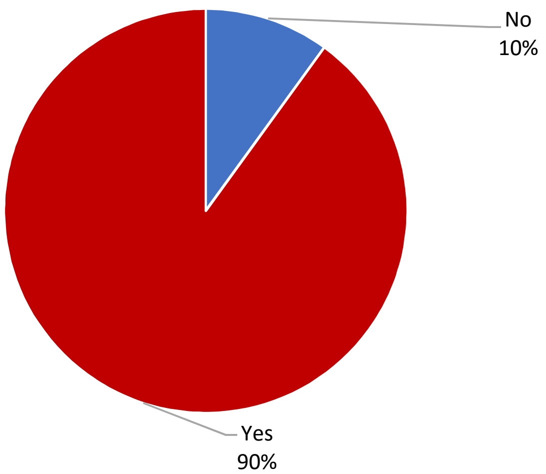
Fig. 42 Possibility of resolving a contact by IVR (related with the previous question)



Question: In the case of IVR use, is it possible to select the call me back option?

Interpretation: Of the users of the IVR solution, 90% claim that it is possible to select the call me back option.

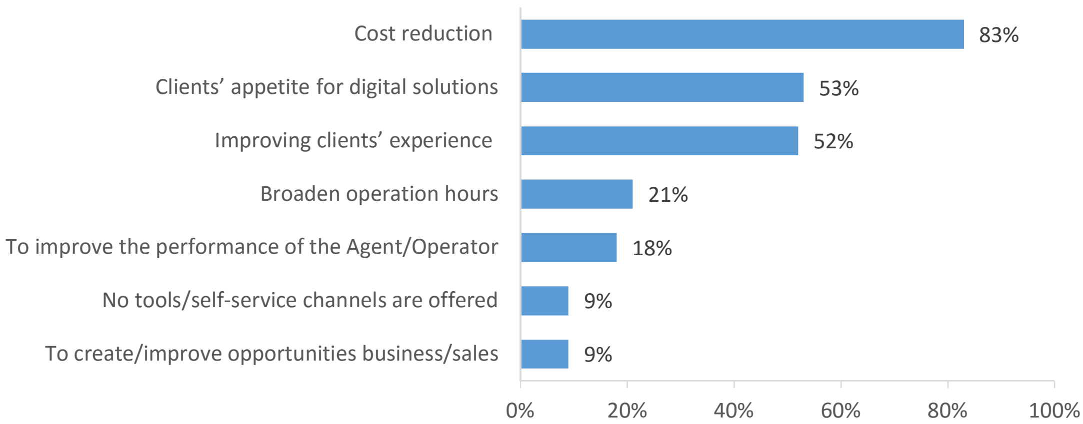
Fig 43 Call me back option (related with the previous question)



Question: What are the main reasons for offering self-care tools/answering channels?

Interpretation: Cost reduction is the main reason given for offering self-care tools/answering channels, 83%, followed by clients' appetite for digital solutions, 53% and improving clients' experience were mentioned by 52% of the responses.

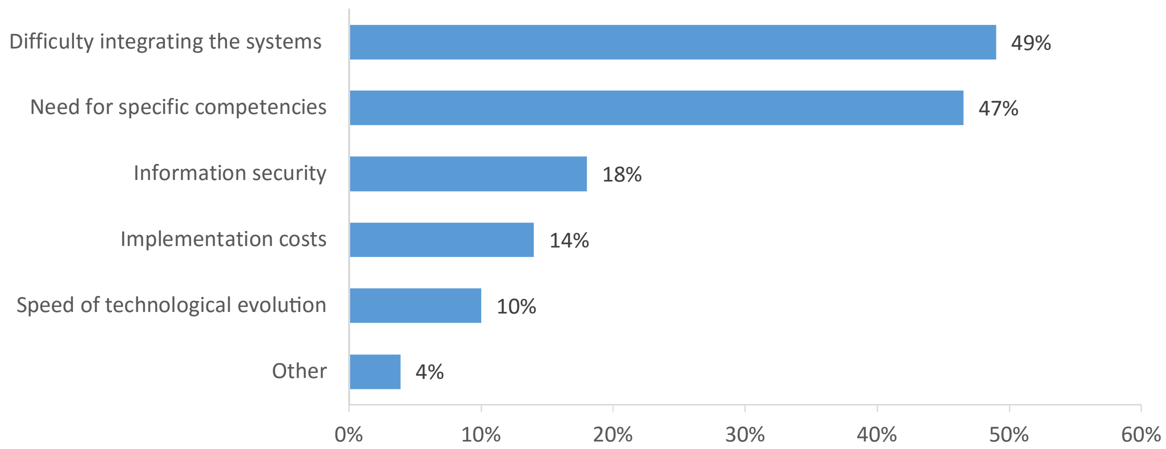
Fig.44 Main reasons for offering self-care tools/channels (n=61)



Question: What are the biggest challenges in establishing efficient self-care telephone assistance solutions?

Interpretation: Difficulty integrating the systems is considered the biggest challenge, mentioned by 49%, followed by the need for specific competencies, by 47% of participants.

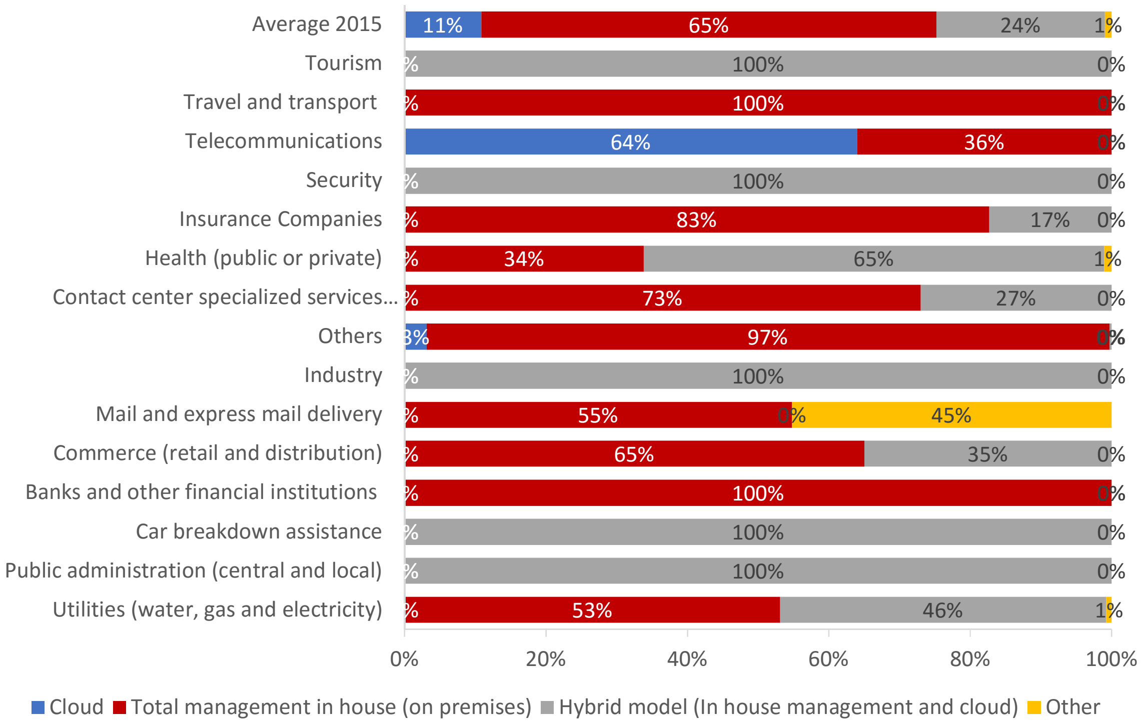
Fig.45 Key challenges to establish efficient customer care solutions (n=61)



Question: What technological model is used?

Interpretation: On average, total management in house is the model most commonly used, 65%, followed by the hybrid model, used by 24% of the study's participants.

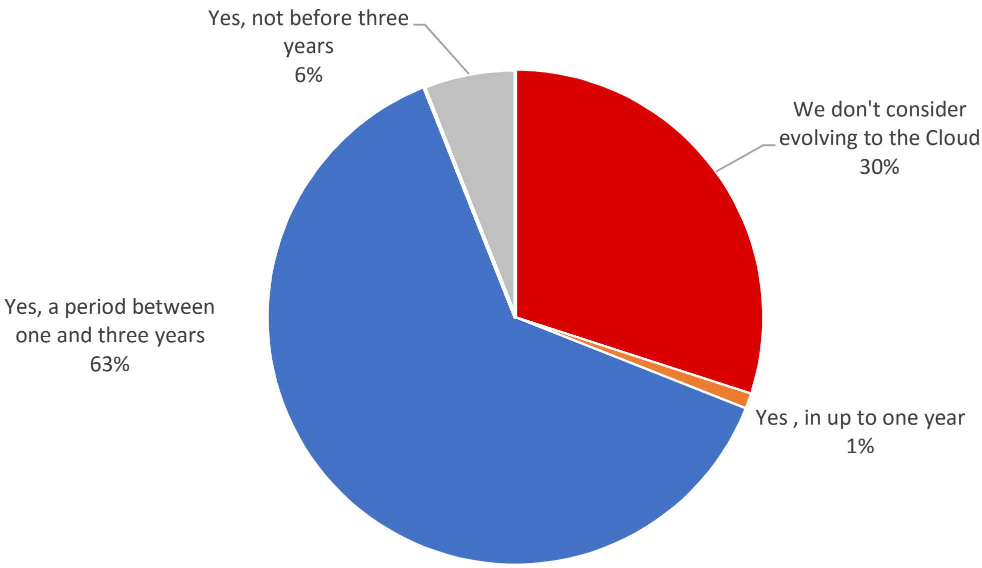
Fig.46 Technological model used (n=61)



Question: Would you consider evolving your contact center to a cloud?

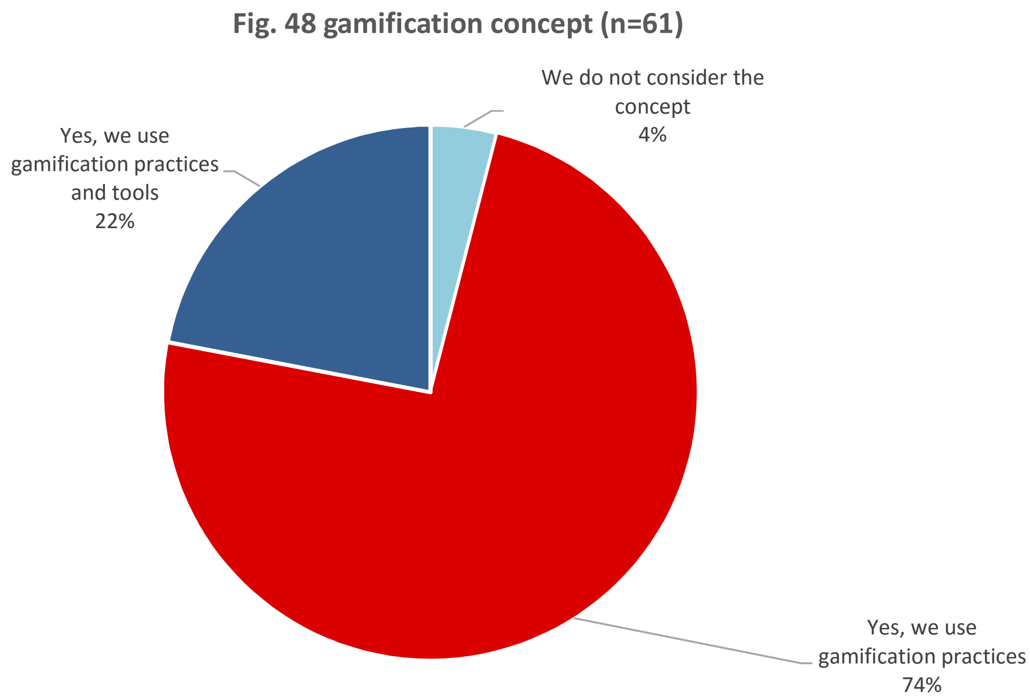
Interpretation: 63% of the contact centers that don't use the cloud or hybrid model intend to involve to a cloud model within the next 3 years. 30% do not consider evolving to this model.

Fig. 47. Intention to evolve to the cloud (related with the previous question)



Question: Would you consider the gamification concept in your organization?

Interpretation: 74% of participants use gamification practices. 22% state that they use gamification practices and tools.

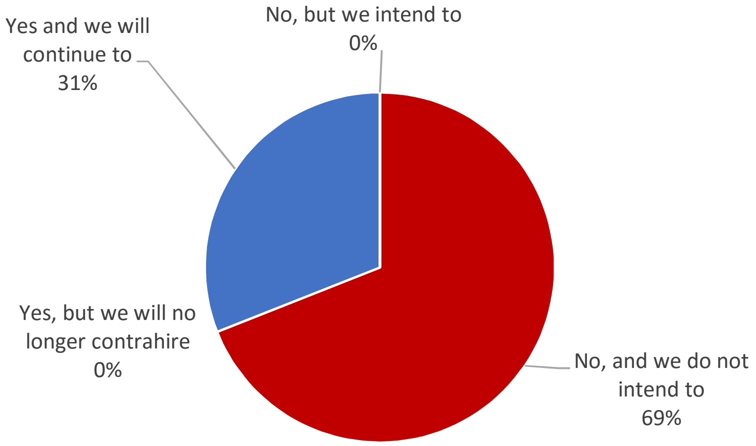


5. Outsourcing Resources

Question: Does the company contract outsourcing services for contact center positions?

Interpretation: About 31% of the contact centers contracted outsourcing services in 2015 and showed interest in continuing to do so, 69% did not outsource services and have no intention of doing so.

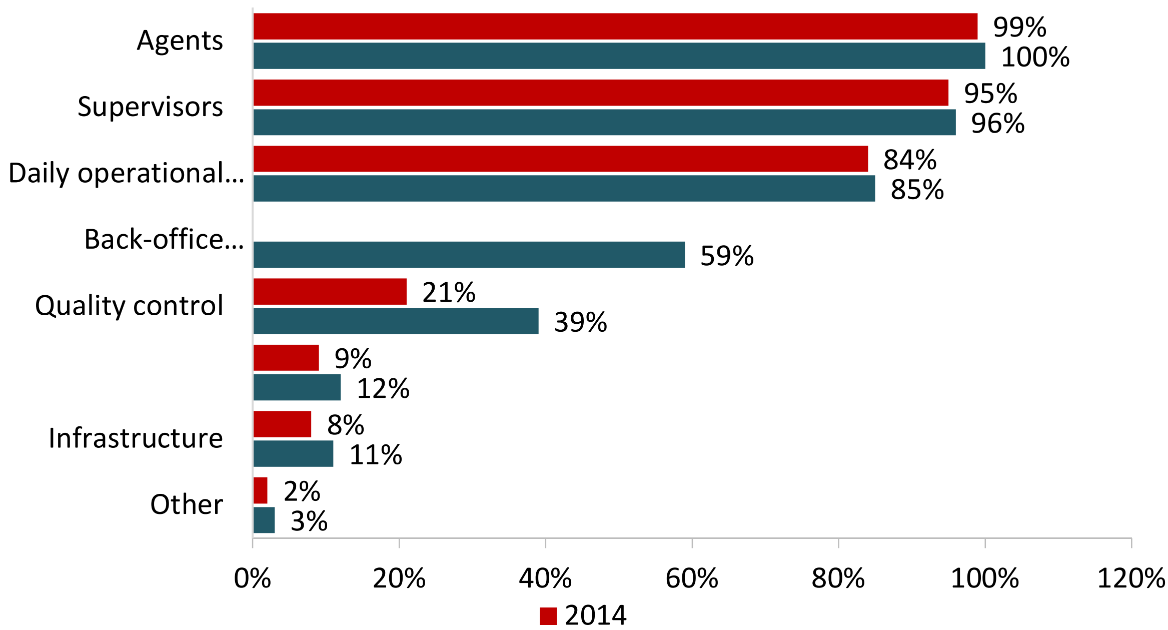
Fig. 49 Contracts outsourcing services (n=61)



Question: In an outsourcing model, the company/organization hires:

Interpretation: In an outsourcing regime, operators and supervisors are hired mainly, by 100% and 96% of the participants respectively, followed by operational management and daily by 85%.

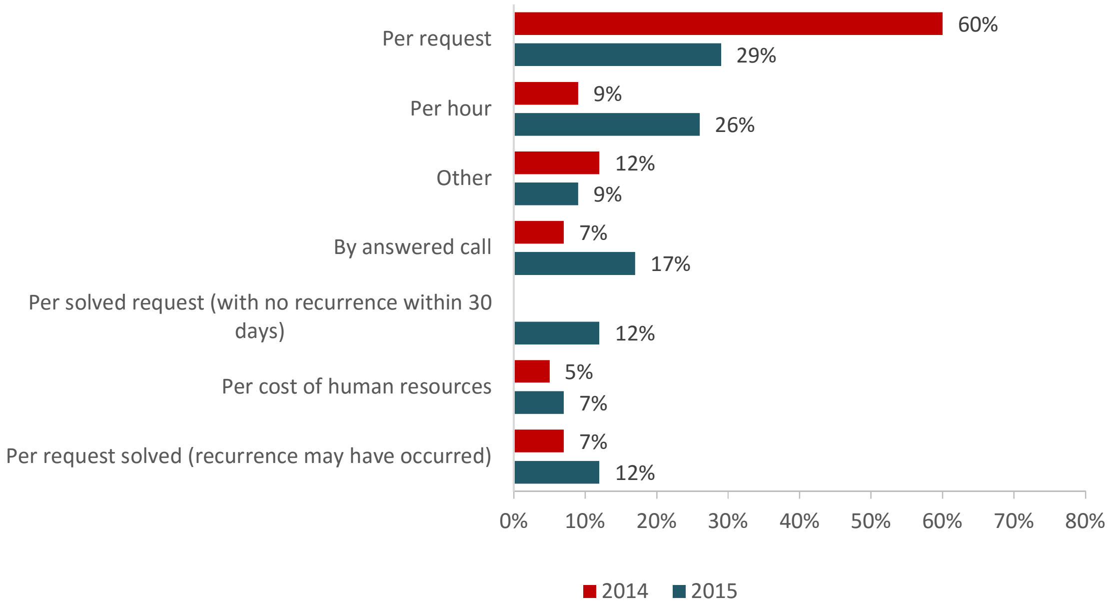
Fig. 50 Services contracted in outsourcing (relacionada com a questão anterior)



Question: What is the outsourcer remuneration model?

Interpretation: Remuneration by request, 29%, and remuneration per hour 26%, are the main remuneration models used by participants in this study who resort to outsourcing.

Fig. 51 Outsourcer remuneration model (related to the question on outsourcing services)



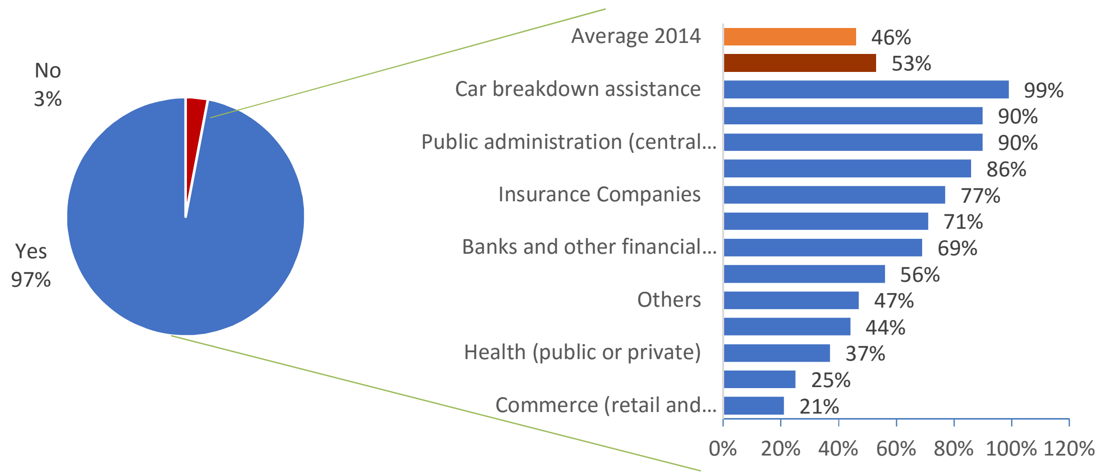
6. Continued Improvement

Question: Are client satisfaction surveys carried out to evaluate the quality of services? What is the classification received on a percentual scale.

Interpretation: 97% of the study's participants stated that client satisfaction surveys are carried out to assess the quality of service. The average result was 53% which represents an increase of 7 p.p. when compared to 2014.

Fig.52 Carry out client satisfaction surveys (n=57)

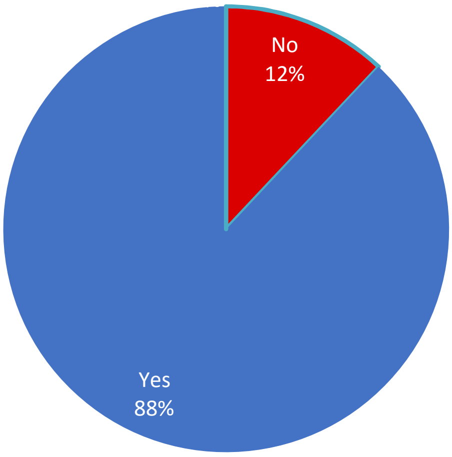
Fig. 53 Average result (in relation with the previous question)



Question: Is the Net Promoter Score (NPS) used in the Client Satisfaction Surveys?

Interpretation: 88% of the companies that carry out satisfaction surveys use 88% NPS.

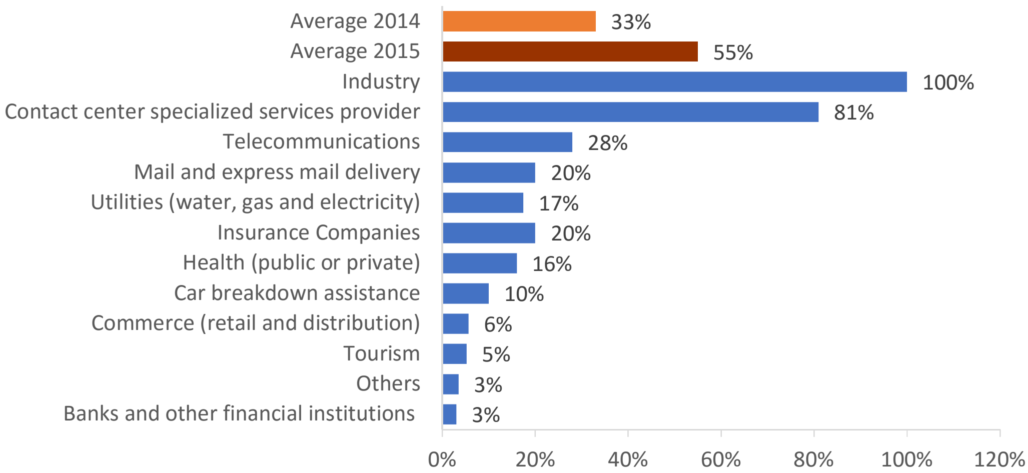
Fig. 54 Existence of Net Promoter Score (NPS) (related with the carrying out of client satisfaction surveys)



Question: What percentage of calls are used to measure the clients' level of satisfaction? (using the satisfaction survey)?

Interpretation: On average, the numbers of calls when the quality was evaluated by clients in 2015 increased 22 p.p. compared to 2014 for 55% of the calls received.

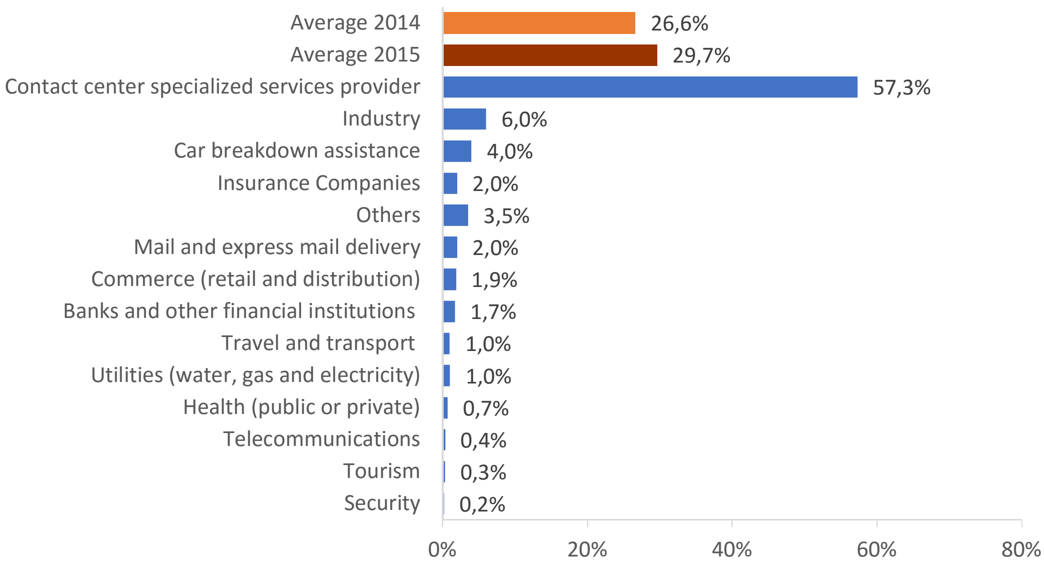
Fig. 55 Percentage of calls used to mesure clients' satisfaction (related to the carrying out of clientes' satisfaction surveys)



Question: What percentage of calls are subject to internal monitoring?

Interpretation: On average 29.7% of contacts are monitored internally, with the services providers specialized in contact centers with the highest percentage, with 57.3%.

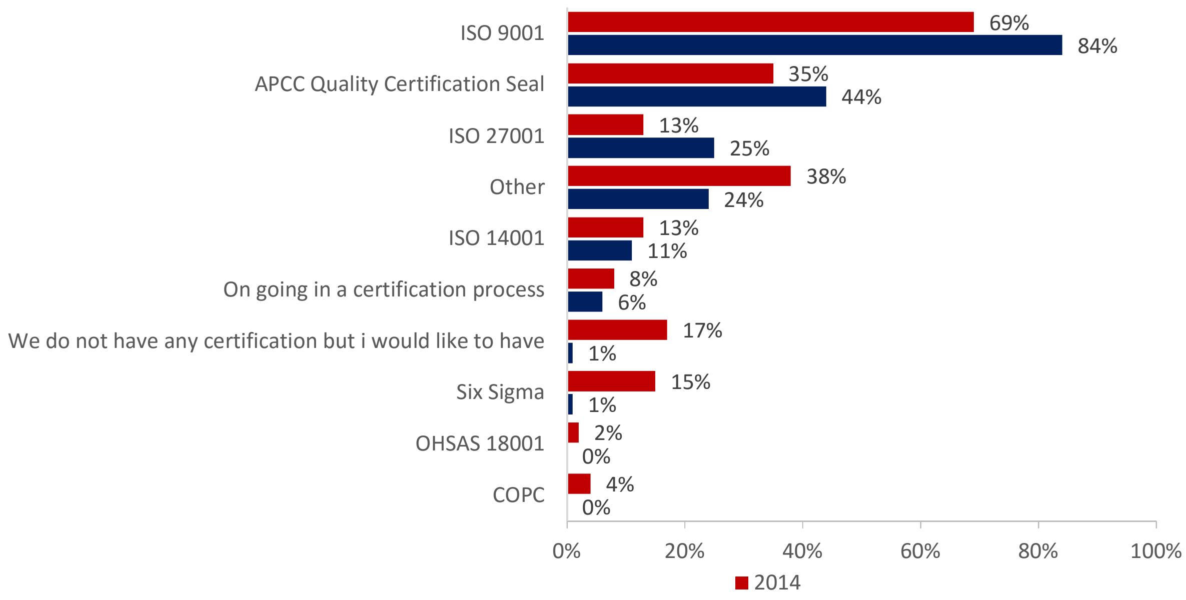
Fig. 56 Percentage of calls subject to i9nternal monitoring (n= 56)



Question: What are the contact center's certifications?

Interpretation: On average in 2015, ISO 9001 is mentioned by 84% of the study's participants followed by the APCC's quality seal by 44%. 17% of contact centers do not have any type of certification,1% registering an increase of 16 p.p. compared to 2014.

Fig 57 Main certifications of the contact center (n=61)

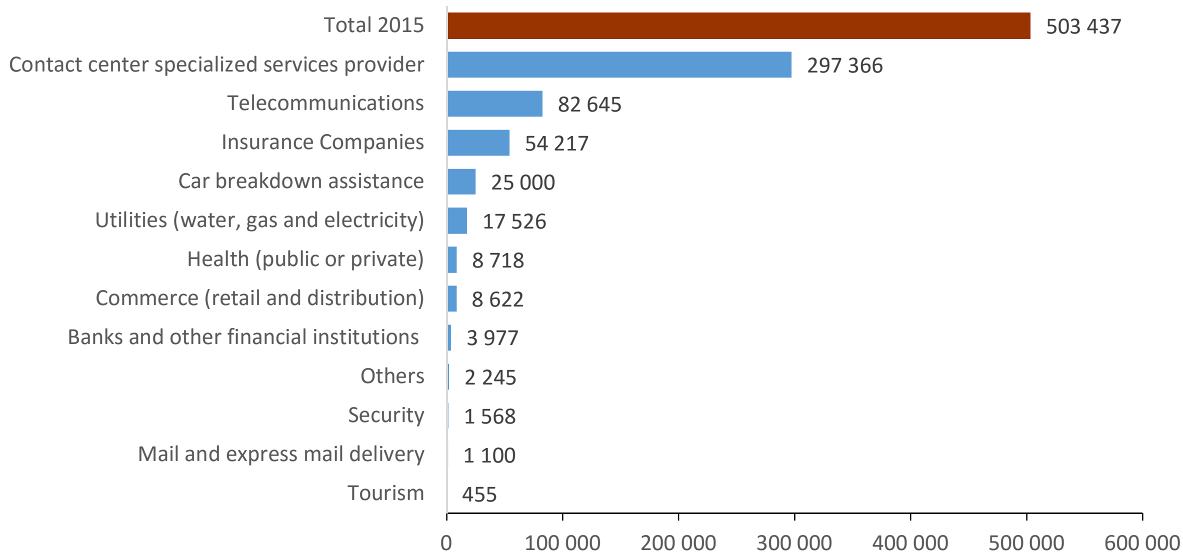


7. Financial Information

Question: What is the average business volume (real or plan) of the *contact center*?

Interpretation: The average business volume in 2015, of the study's participants was 503,437 thousand Euros.

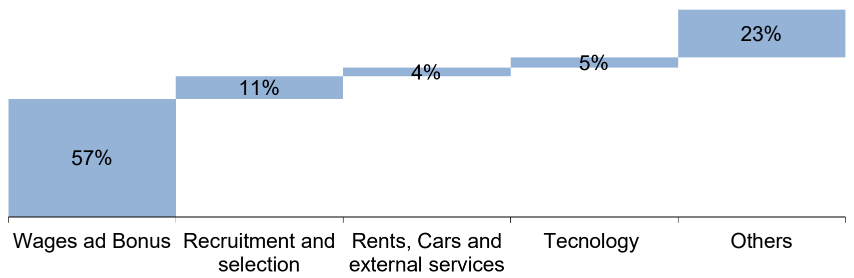
Fig. 58 Average turnover of *contact centers in 2015* (thousands of euros) (n=33)



Question: What is the OPEX breakdown for the main items?

Interpretation: Costs with salaries and bonuses represent a total of 57% of the OPEX, followed by contracting and training that represent 11% of the costs.

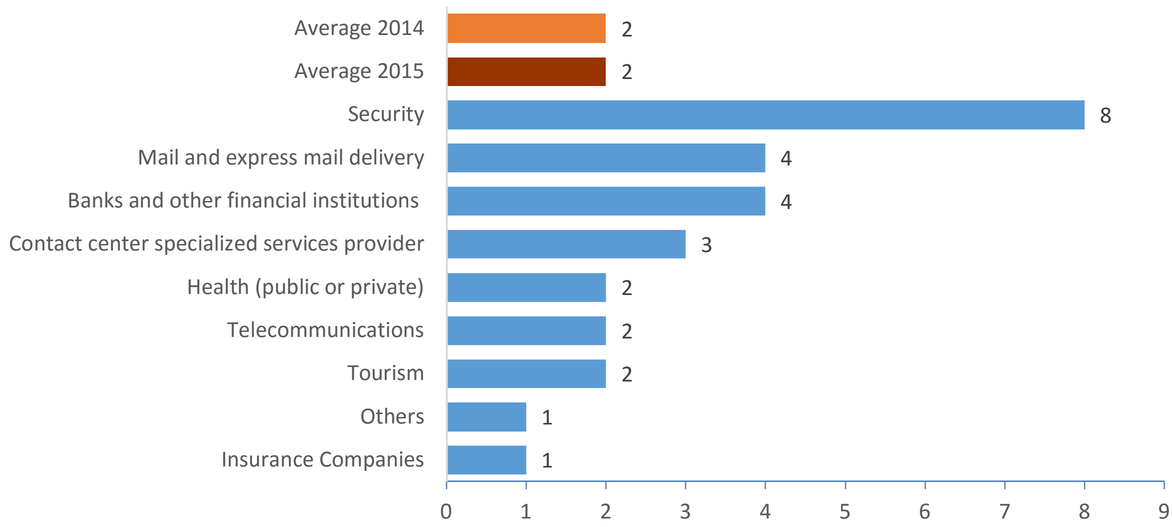
Fig. 59 Opex distribution per main headings (n=23)



Question: What is the OPEX cost per contact?

Interpretation: On average in 2015, calls had a cost of 2 Euros, as they did in 2014, with a range of average amounts of between 1 and 8 Euros.

Fig. 60 Cost per contact, in euros (OPEX) (n=19)



Question: What is the OPEX cost by resolved request?

Interpretation: On average in 2015, calls had an average cost of 5 Euros, 1 Euro above the costs registered in 2014, with a range of average amounts of between 1 euro and 11 Euros.

Fig. 61 Cost per resolved request, in euros (OPEX) (n=16)