ESTUDO DE CARACTERIZAÇÃO E BENCHMARKING

ATIVIDADE DE CONTACT CENTERS

2017

apcc associação portuguesa de contact centers

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Characterization and Benchmarking Study

Contact Centers' Activity

2017

Index

Preface

The Characterization and Benchmarking study on contact centers' activity in Portugal, carried out in 2017, aims to understand the behaviour and main trends of the industry on a national level. This Characterization and Benchmarking study, the 11th of its kind, developed by the APCC (Portuguese Association for Contact Centers) in partnership with KPMG Management Consultants is divided into seven main chapters:

- The first chapter includes a short characterization of the Portuguese market and of the main companies participating in the study, namely with regards to their geographic distribution, size and activity sector;
- The second chapter focuses on a more detailed analysis of the main performance indicators of the Contact Centers that participate in the study such as Average Waiting Time, Call Success Rate, Recurrence Rate, etc;
- The third chapter focuses on a characterization of aspects related to Human Resources, covering themes such as employees' level of education, absenteeism rates, turnover rates, incentives and training systems;
- Next, in the fourth chapter, the main self-care technologies and tools used in the Portuguese Contact Center sector, are revealed;
- In the fifth chapter, an analysis of outsourcing resources is elaborated identifying which services are contracted and revealing remuneration models applied to the Service Provider;
- The sixth chapter addresses continuous performance improvement aspects for contact centers, highlighting the implementation of client satisfaction monitoring and surveys.
- Finally, in the sixth and last chapter of this document, some of the sector's main financial indicators are quantified such as turnover and distribution of the operational cost structure of contact center lines that are participating in the study.

Additionally, it is important to highlight that the information presented in this study will be available in digital and editable format (assuring information confidentiality) on the official APCC website.

Market notice

This study was carried out based on an on-line questionnaire intended for Contact Centers based in Portugal, belonging to different sectors of the economy. Information collection took place from February 7th to March 3rd of 2017, during which a total of 69 answers where obtained.

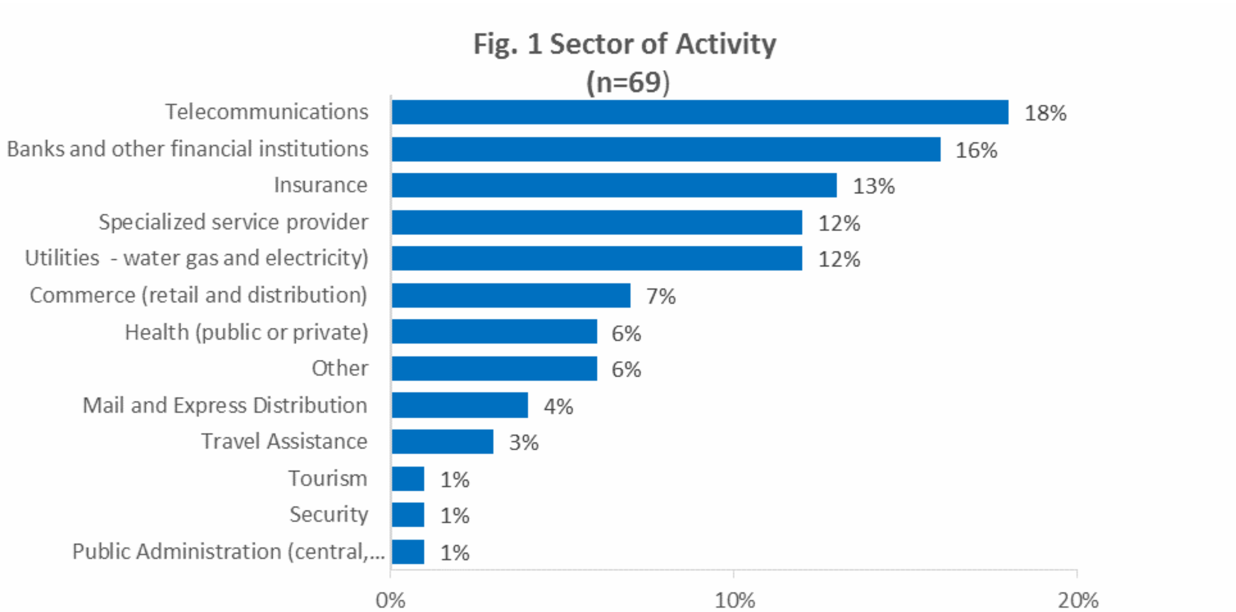
In 2017, the same questionnaire structure used in previous years was maintained and only one new question was added. Similar to last year, the use of a weighting factor was maintained for the calculation of averages (as opposed to an arithmetic average, we use a weighted average by volume of contacts or total number of collaborators, for example). Whenever possible, the averages referring to same periods are presented, in order to compare the results obtained. However, when comparing same periods we must take into consideration that the number of contact centers that participated in previous editions of this study, varies.

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

Characterization

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

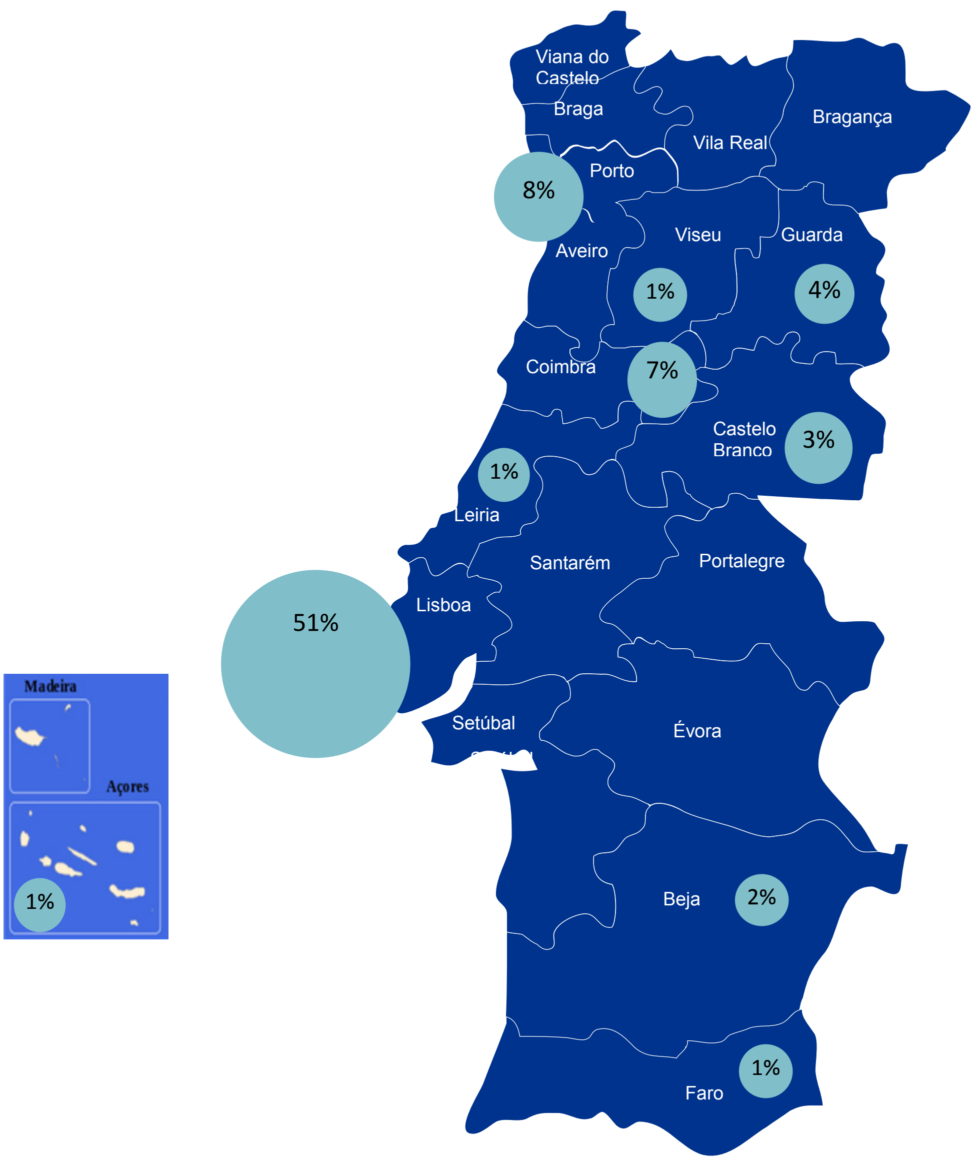
Interpretation: The companies that participated in the 2017 study are from the telecommunications sector (18%), followed by banks and other institutions (16%), insurance companies (13%), service providers specialized in contact centers (12%) and lastly, utilities such as water, light and electricity (12%).



Question: Where are the centers located?

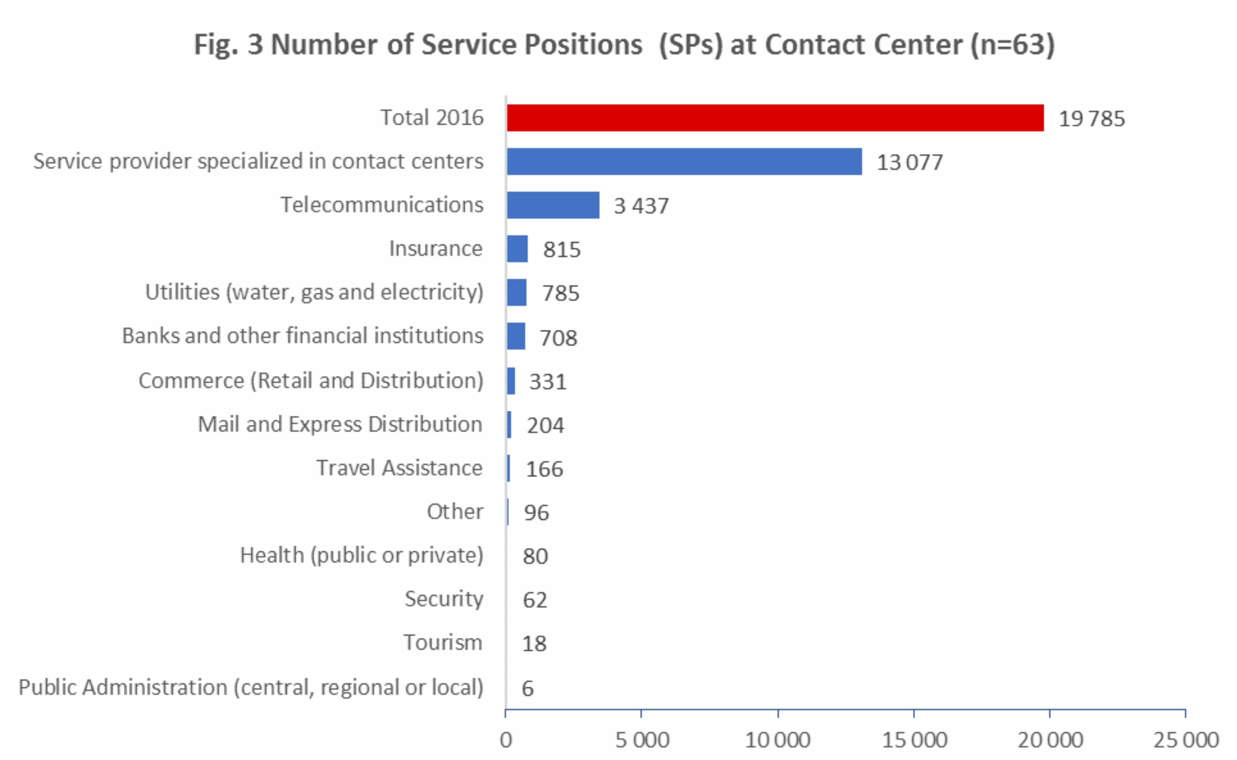
Interpretation: Over half of the Contact Centers are located in the district of Lisbon (51%), followed by the district of Porto (8%), Coimbra (7%) and Guarda (4%).

Fig. 2: Distribution of centers per location (n=63)



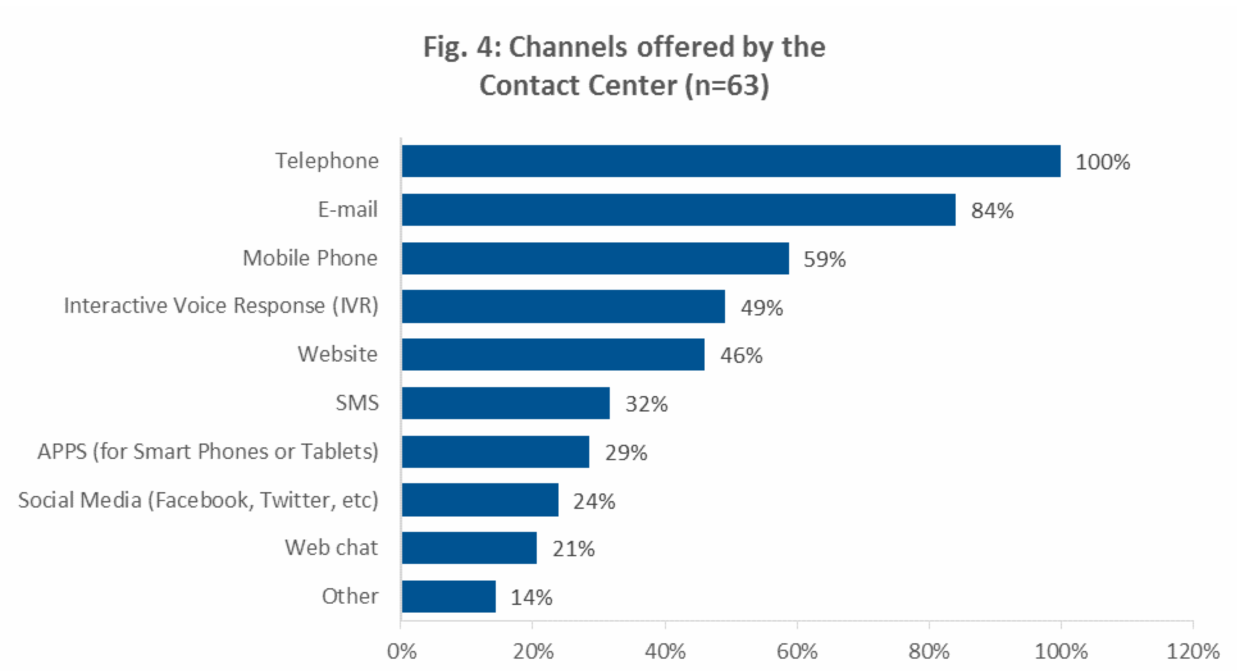
Question: How many service positions by sector of activity?

Interpretation: Service providing companies specialized in contact centers have the highest average number of service positions (13,077 SPs), followed by companies from the telecommunications sector with about 3,437 positions, and insurance companies with 815 service positions.



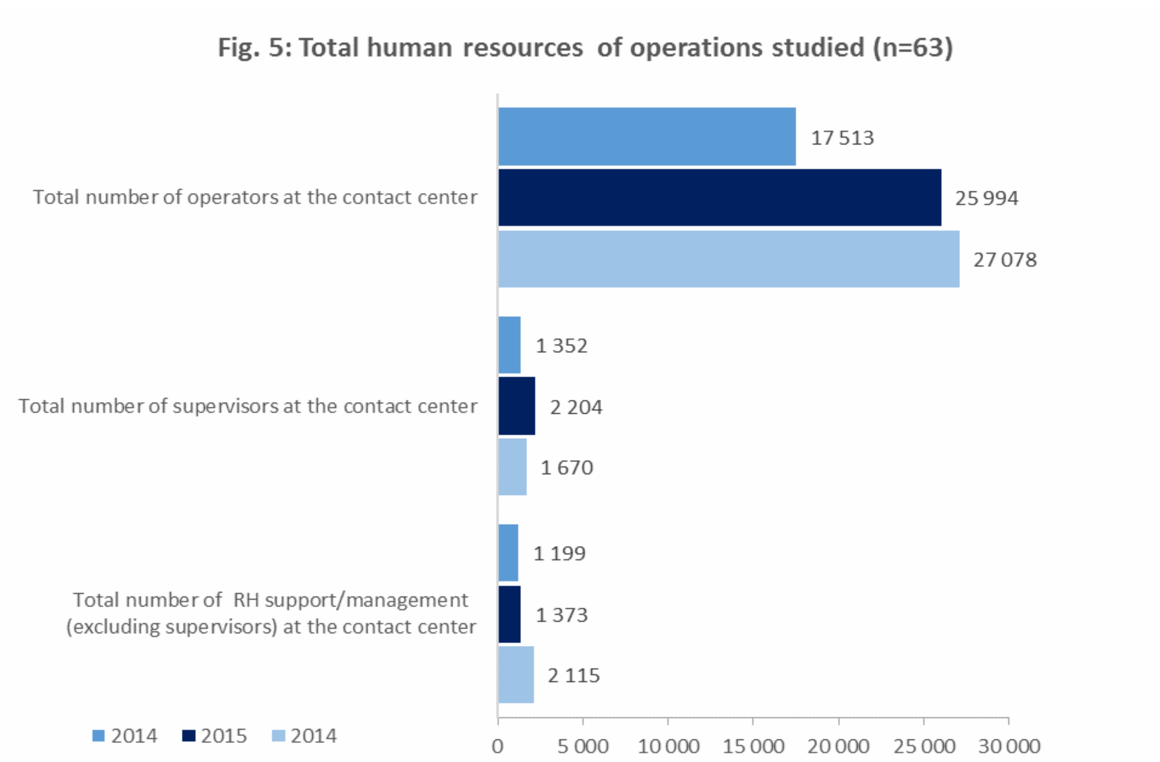
Question: What channels are made available to the client, by the contact center?

Interpretation: The telephone is provided by all contact centers participating in the study (100%), followed by e-mail, used by over 80% of respondents, and mobile phone with nearly 60% of the total number of answers.



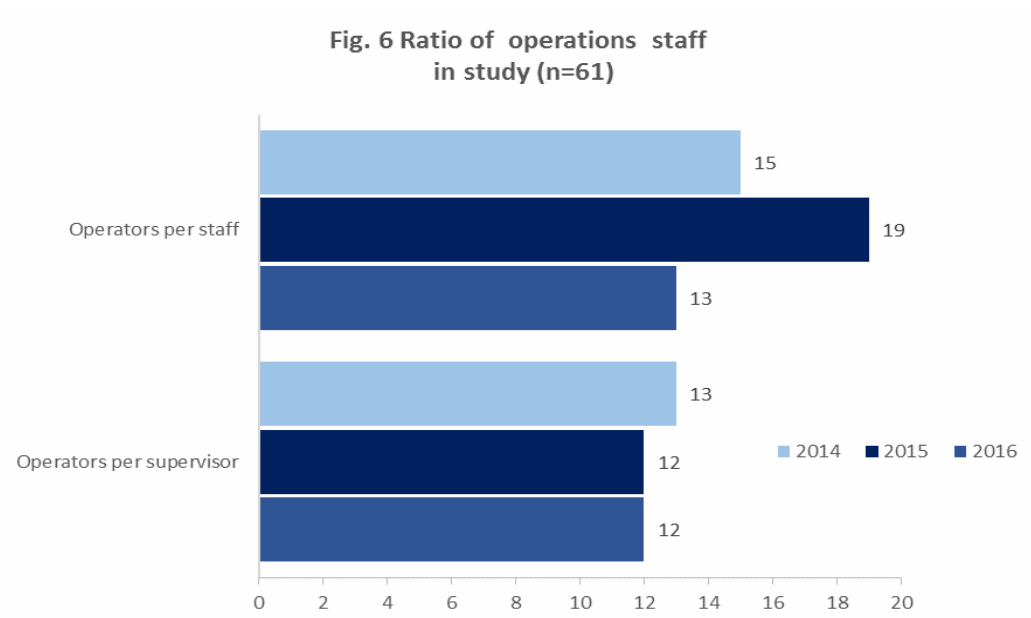
Question: What are the total numbers of human resources allocated to Contact Center operations?

Interpretation: The total number of 30,863 employees working for Contact Centers that participated in this study include: 27,078 operators, 1,670 supervisors and 2,115 staff/human resources and support/management.



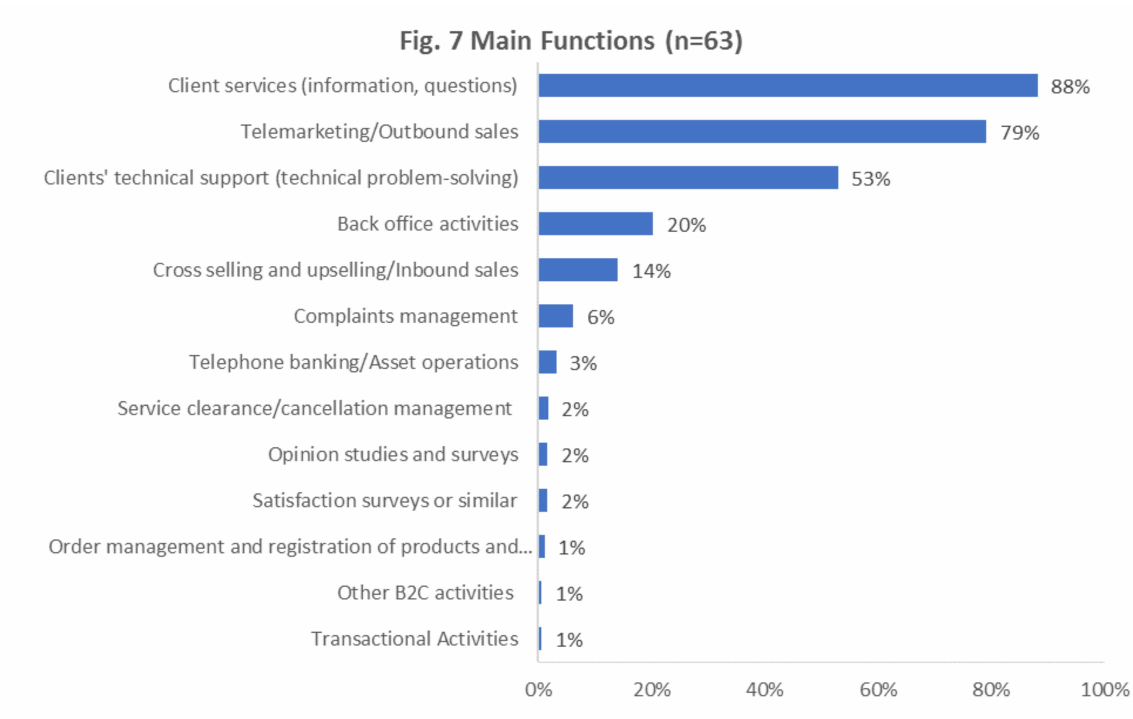
Question: What is the human resources ratio of Contact Centers?

Interpretation: The operators to staff ratio decreased from 19 to 13 operators per staff representing a significant reduction of 32% compared to 2015. However, the operators to supervisor ratio remained the same compared to the same period with a total of 12 operators per supervisor.



Question: What are the main functions of contact centers?

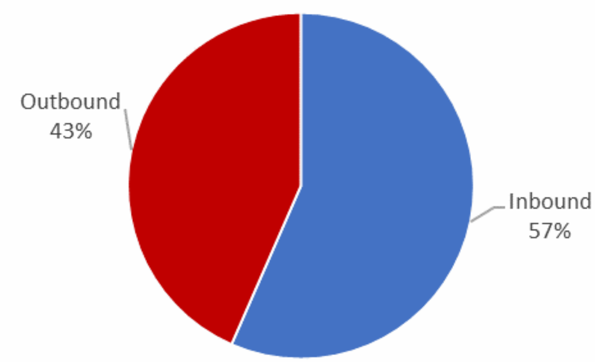
Interpretation: Client service (88%) followed by outbound telemarketing/sales (79%) and technical support for clients (53%) were considered the three main functions by contact centers involved in the 2017 study.



Question: What is the distribution of calls per type of contact (Inbound vs Outbound)?

Interpretation: Most calls by contact centers participating in the study are inbound (60%), and the remaining calls are Outbound (40%).

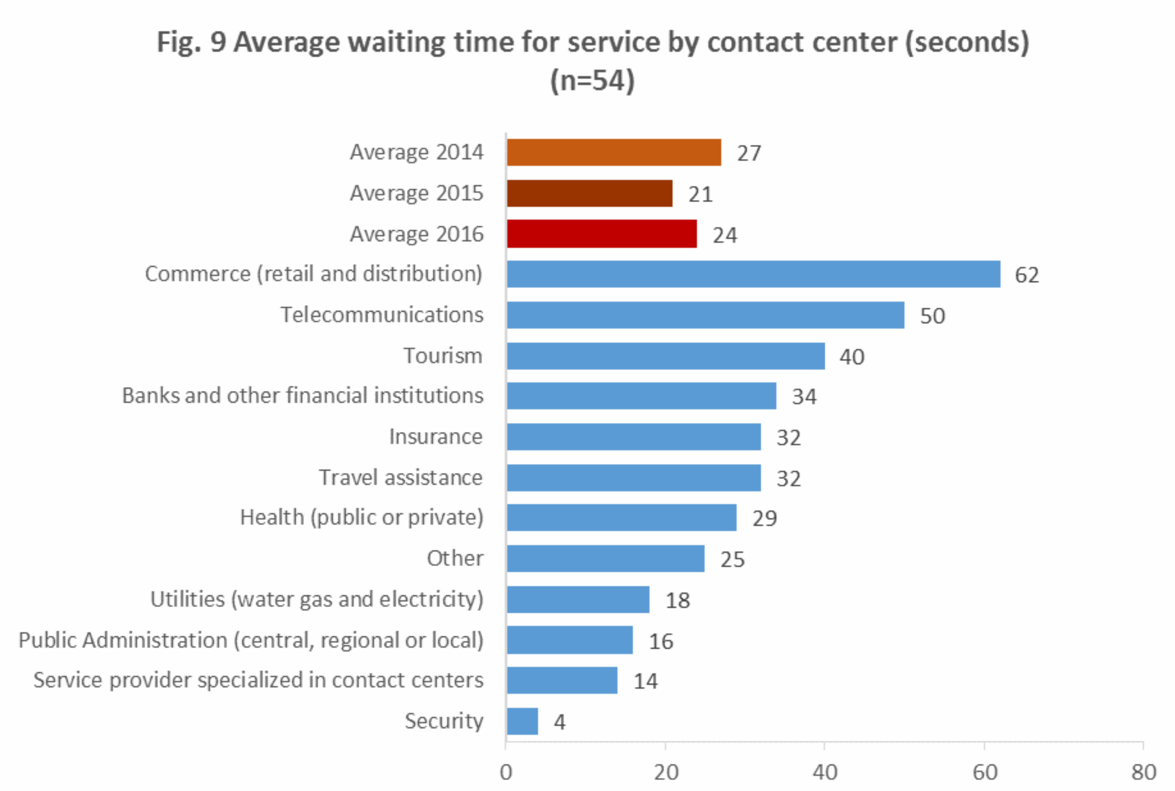
Fig. 8 Contacts Inbound vs Outbound (n=63)



Operational Performance

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

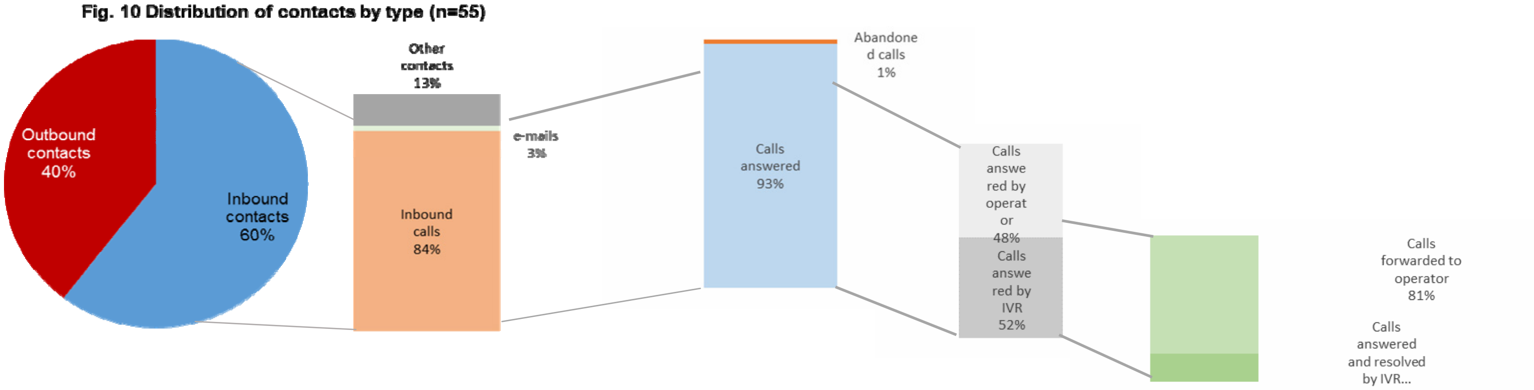
Interpretation: The average waiting time increased 14% compared with 2015 corresponding to an increase of 21 to 24 seconds in 2016.



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

Interpretation: About 60% of contacts are inbound, with 84% of these inbound calls, 3% e-mails and 13% contacts originating from other means of communication. Of the total received calls, about 52% are answered by IVR and 48% answered by contact center operators.

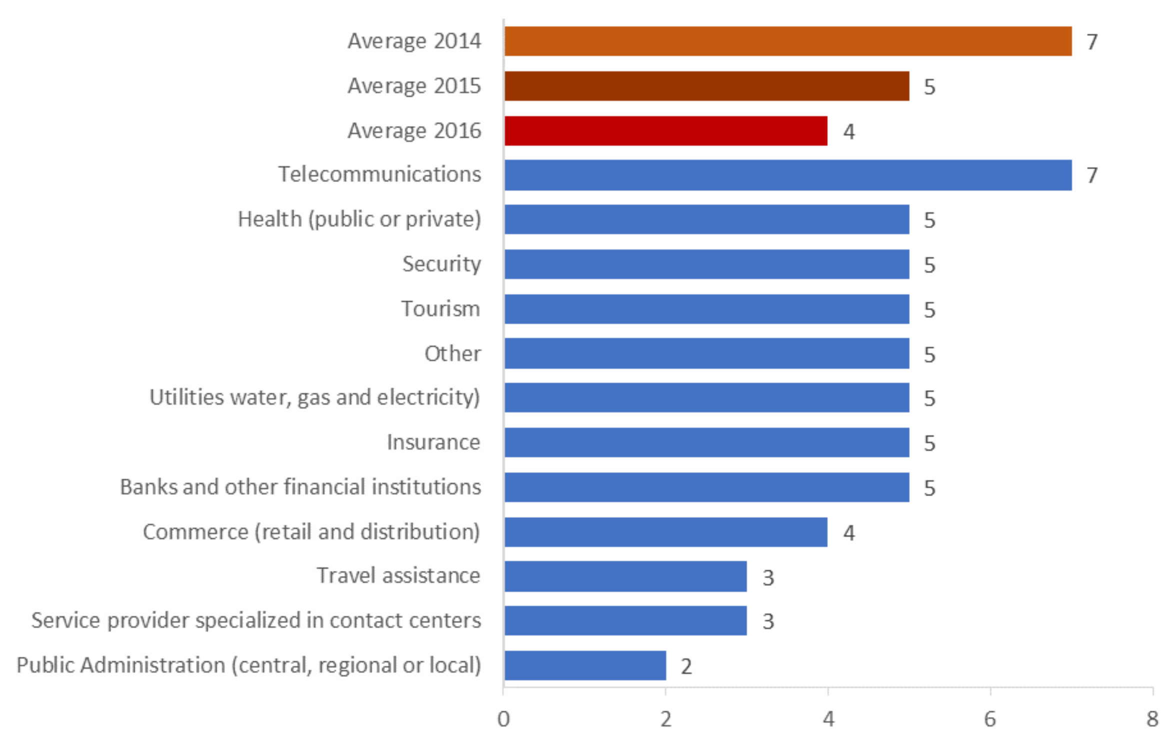
Fig. 10 Distribution of contacts by type (n=55)



Question: What is the average duration of the calls?

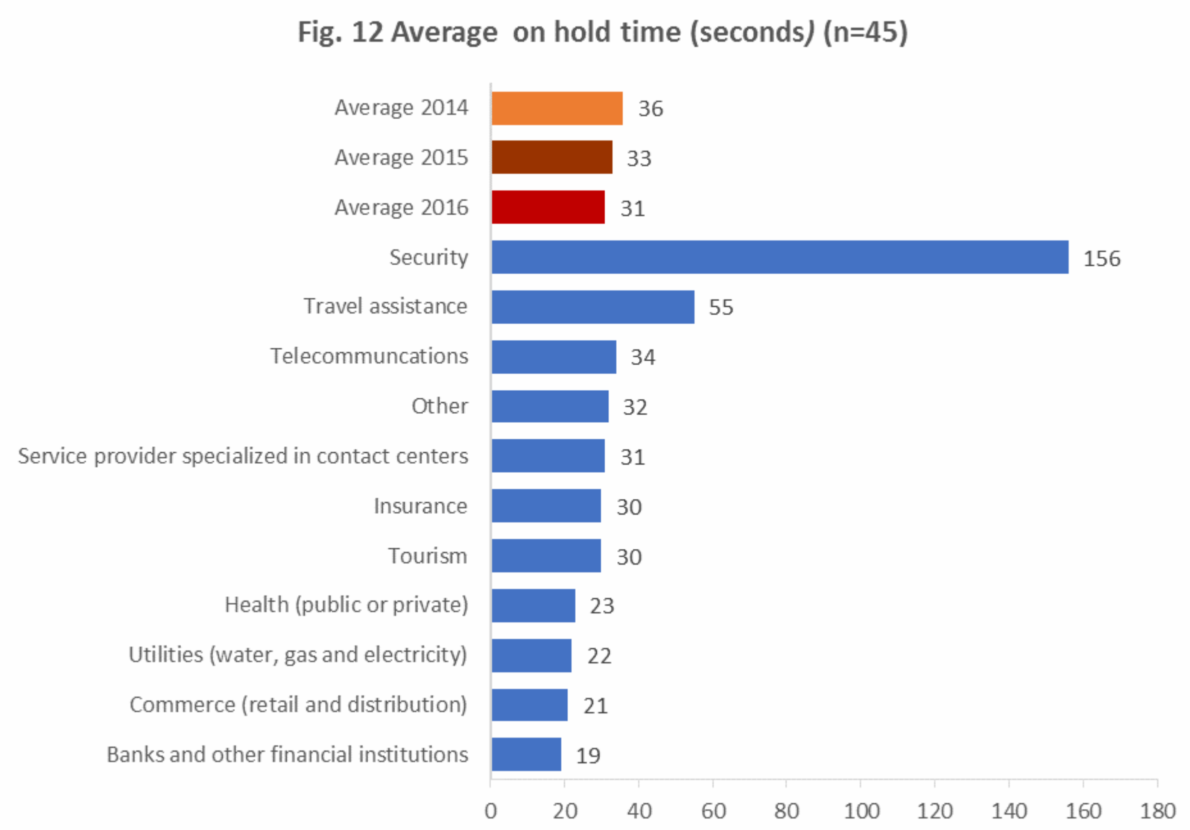
Interpretation: The average duration of calls received decreased about 20% when compared to 2015 (from 5 to 4 minutes). In this regard, the telecommunications sector presents the longest average call time, lasting 7 minutes whilst the Public Administration sector calls last an average of only 2 minutes.

Fig 11 Average call duration/Average service time (minutes) (n= 54)



Question: What is the average on hold time?

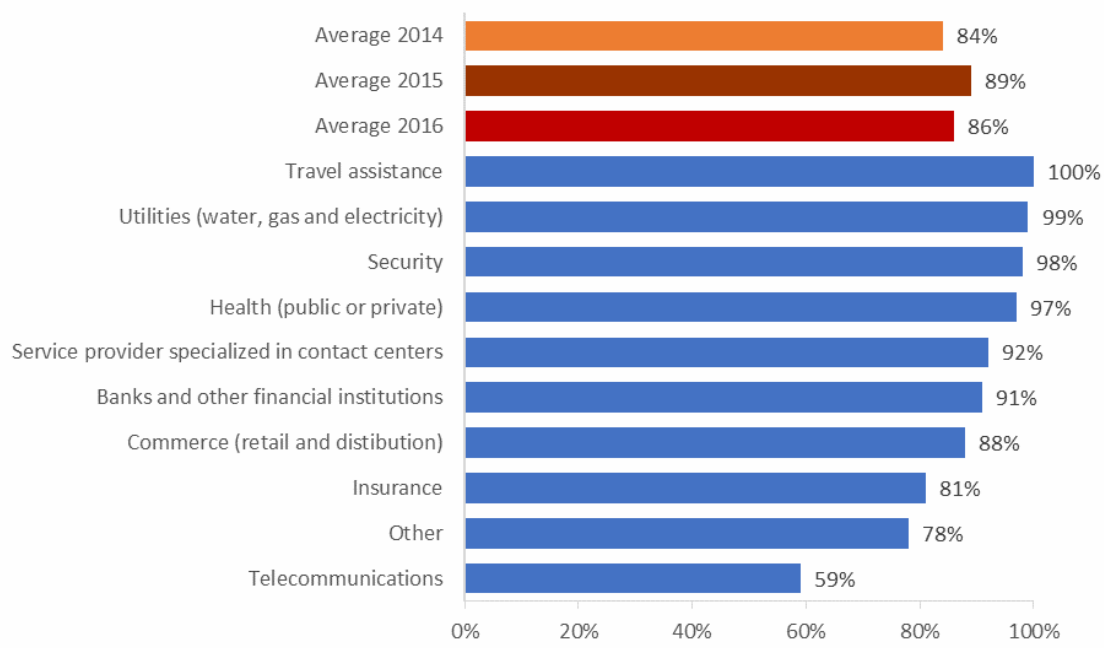
Interpretation: In general terms, the average on hold time decreased nearly 2 seconds in relation to 2015 lasting 31 seconds in 2016. Similar to the previous year, the sector where clients were kept on hold for the longest length of time was the security sector, lasting over 2.5 minutes.



Question: What is the first call resolution rate?

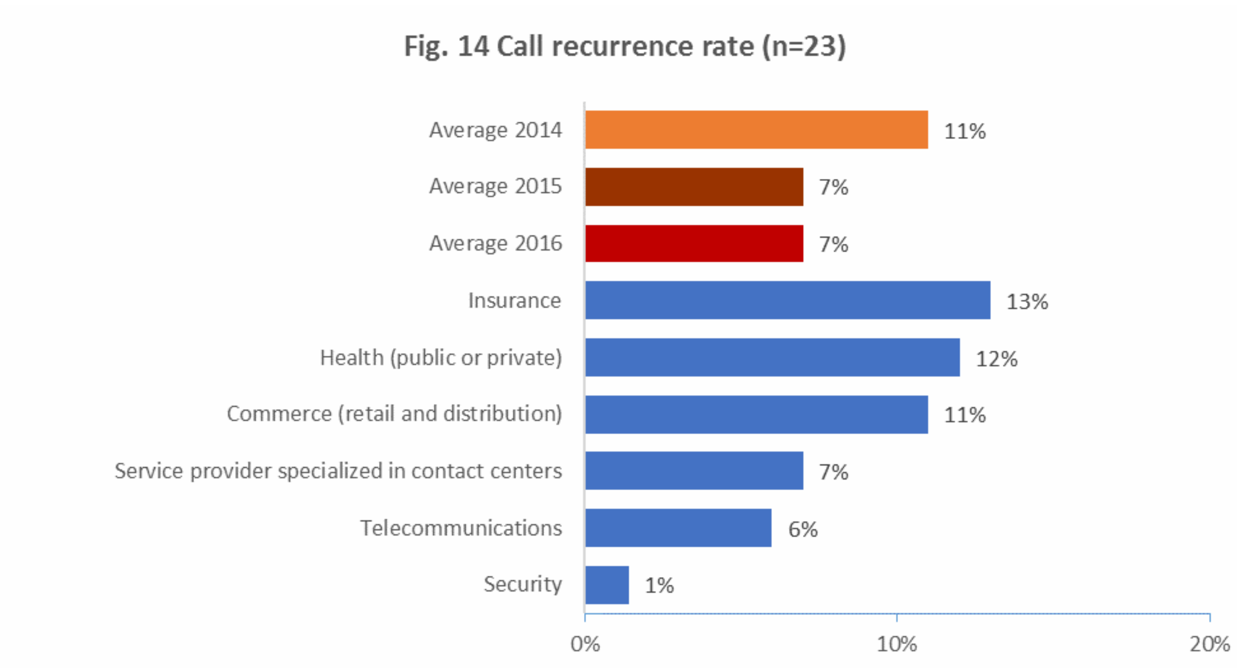
Interpretation: The first call resolution decreased 3 p.p in relation to 2015 reaching 86% in 2016. Nevertheless, there are four sectors that have a resolution rate of 100%, or nearly 100%: travel assistance (100%), utilities (99%), security (98%) and health (97%).

Fig. 13 First Call Resolution by month (n=45)



Question: What is the average resolution time of requests?

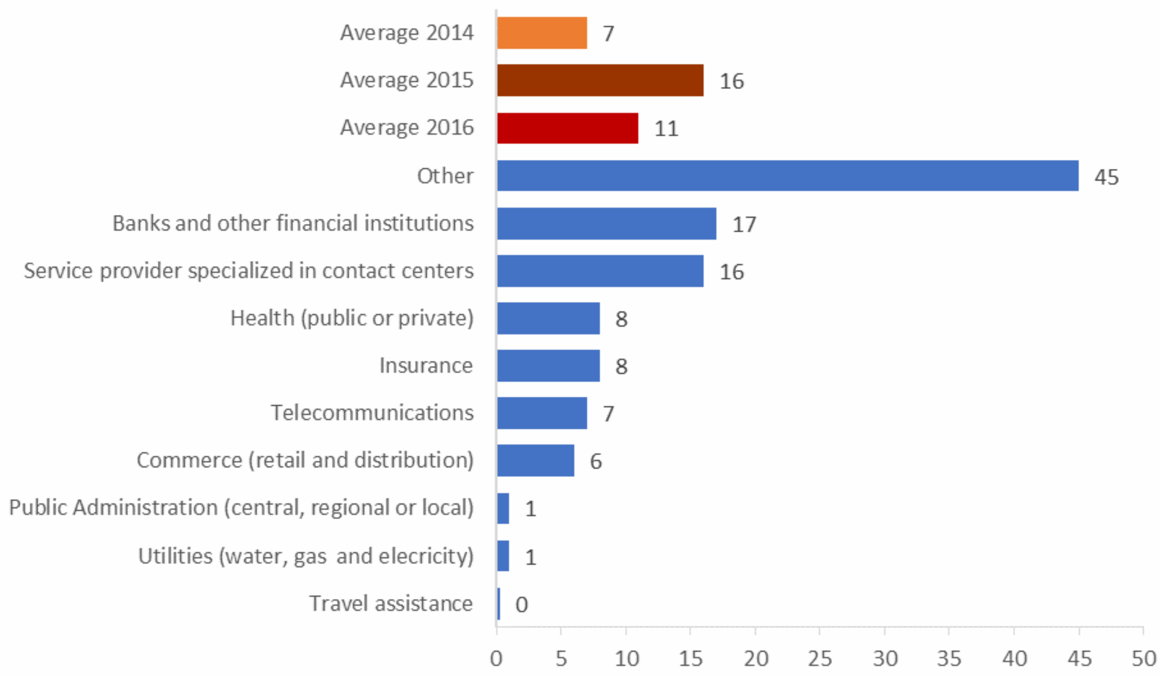
Interpretation: The average resolution time of requests registered a decrease of over 30%, from 16 hours in 2015 to 11 hours in 2016. The sectors with the lowest average resolution time of requests are public administration and utilities that register an average resolution time of only 1 hour.



Question: What is the recurrence rate of the calls?

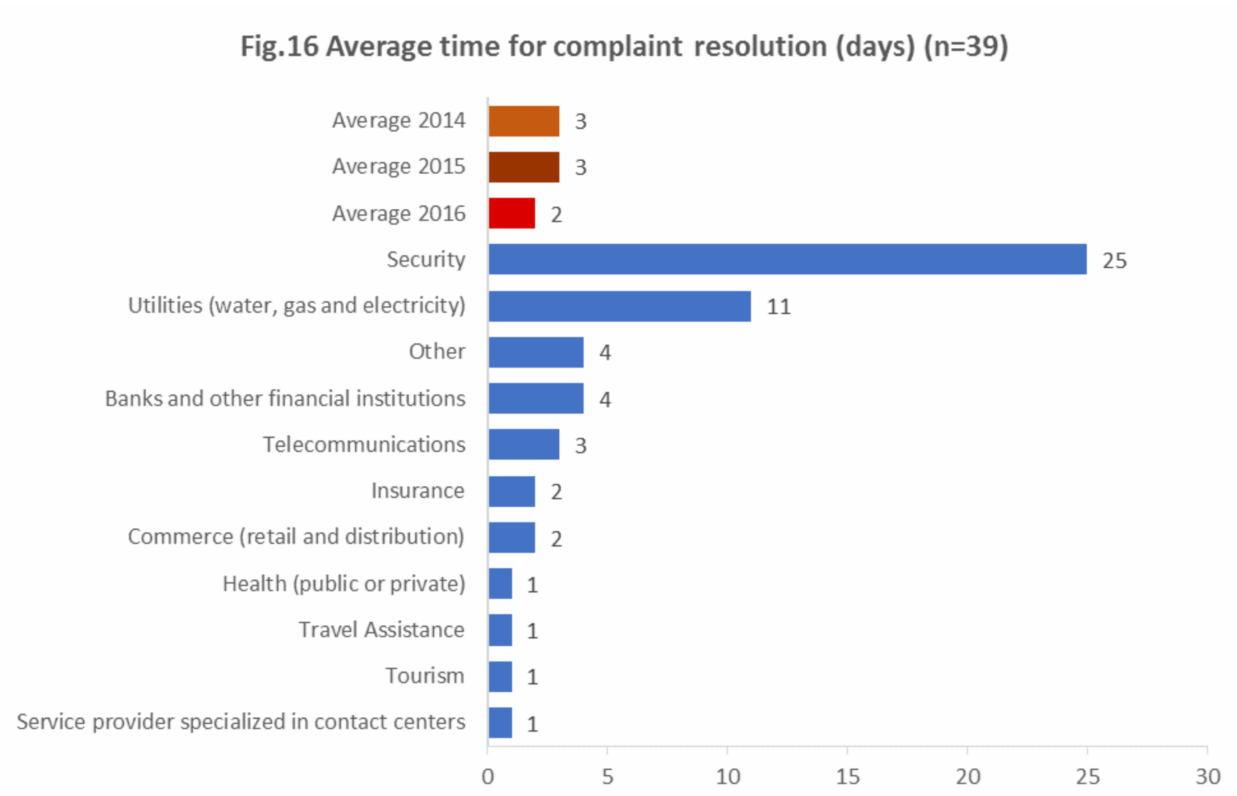
Interpretation: The recurrence rate remained stable at 7% from 2015 to 2016. In this regard, the sectors that present the highest numbers are insurance (13%), followed by health (12%) and commerce (11%), as opposed to the security sector that presents a rate of only 1%.

Fig.15 Average request solution time (hours) (n=36)



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

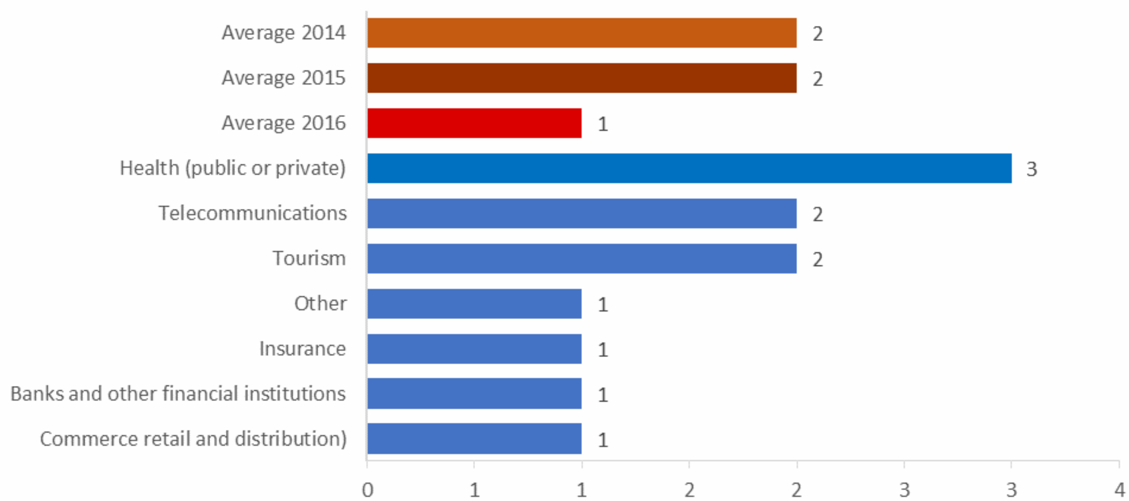
Interpretation: The average resolution time for complaints presented by clients decreased from 3 to 2 days in 2016. This decrease may have been reinforced by sectors that take an average of only 1 day to resolve clients’ complaints: health, travel assistance, tourism and specialized health service providers.



Question: What is the average resolution time for e-mails received (days)?

Interpretation: In 2016, the average resolution time for e-mails received was reduced by 1 day, from 2 days in 2015 to 1 day in 2016.

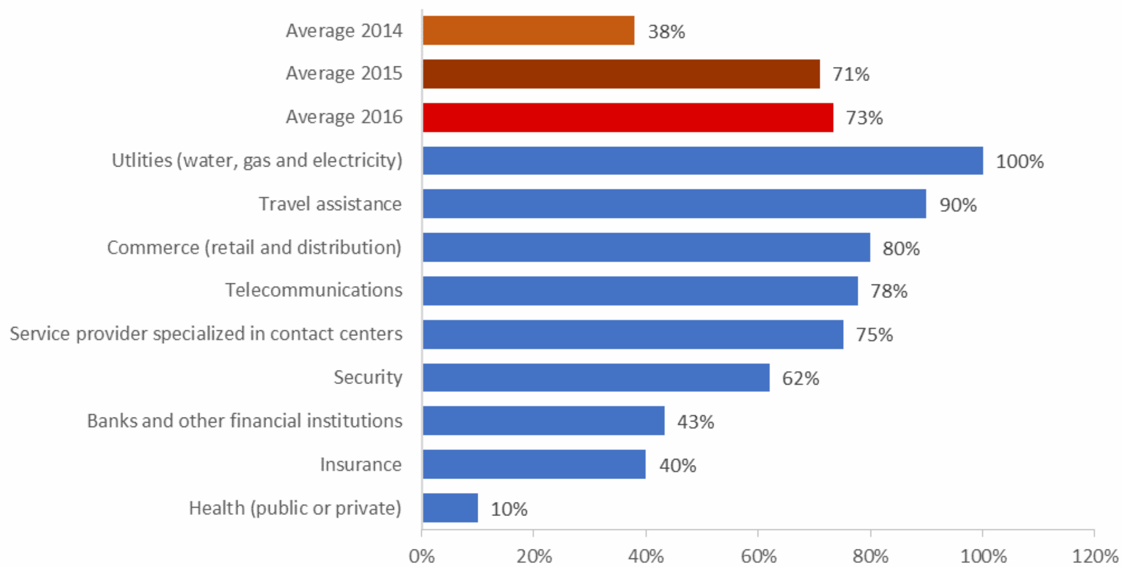
Fig. 17 Average e-mail resolution time in days) (n=43)



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

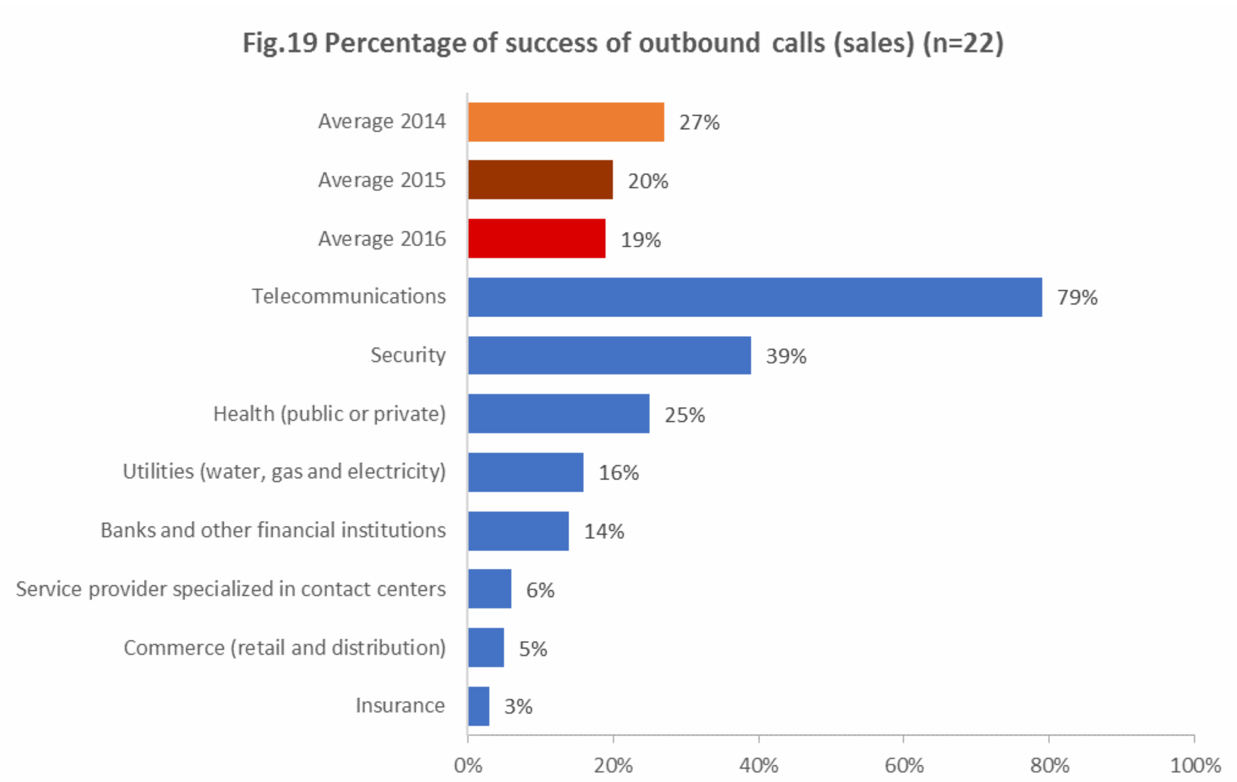
Interpretation: The percentage of success for inbound retention calls increased slightly by 2 p.p. compared to 2015, corresponding to an increase of 71% to 73% in 2016**.** The utilities sector presents the greatest success rate with 100% followed by the travel assistance sector (90%), commerce (80%) and telecommunications (78%).

Fig. 18 Percentage of success of inbound retention calls (n=13)



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

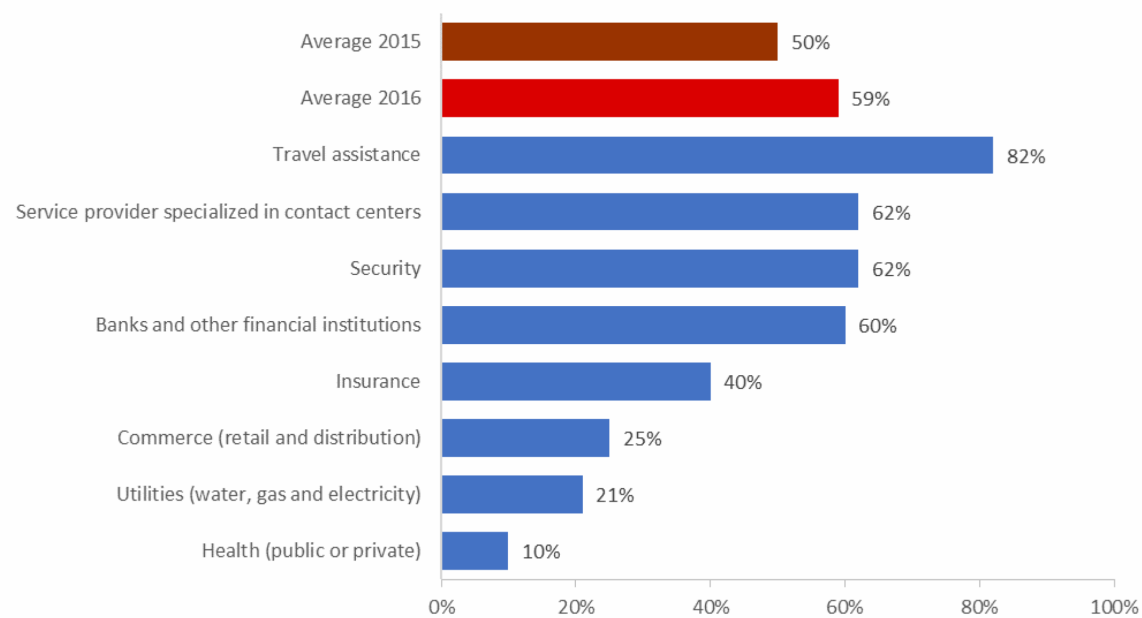
Interpretation: The percentage of successful outbound sales decreased slightly, by 1 p.p. in relation to 2015, currently at 19%. Worth noting is the telecommunications sector which had the most successful sales rate (79%).



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

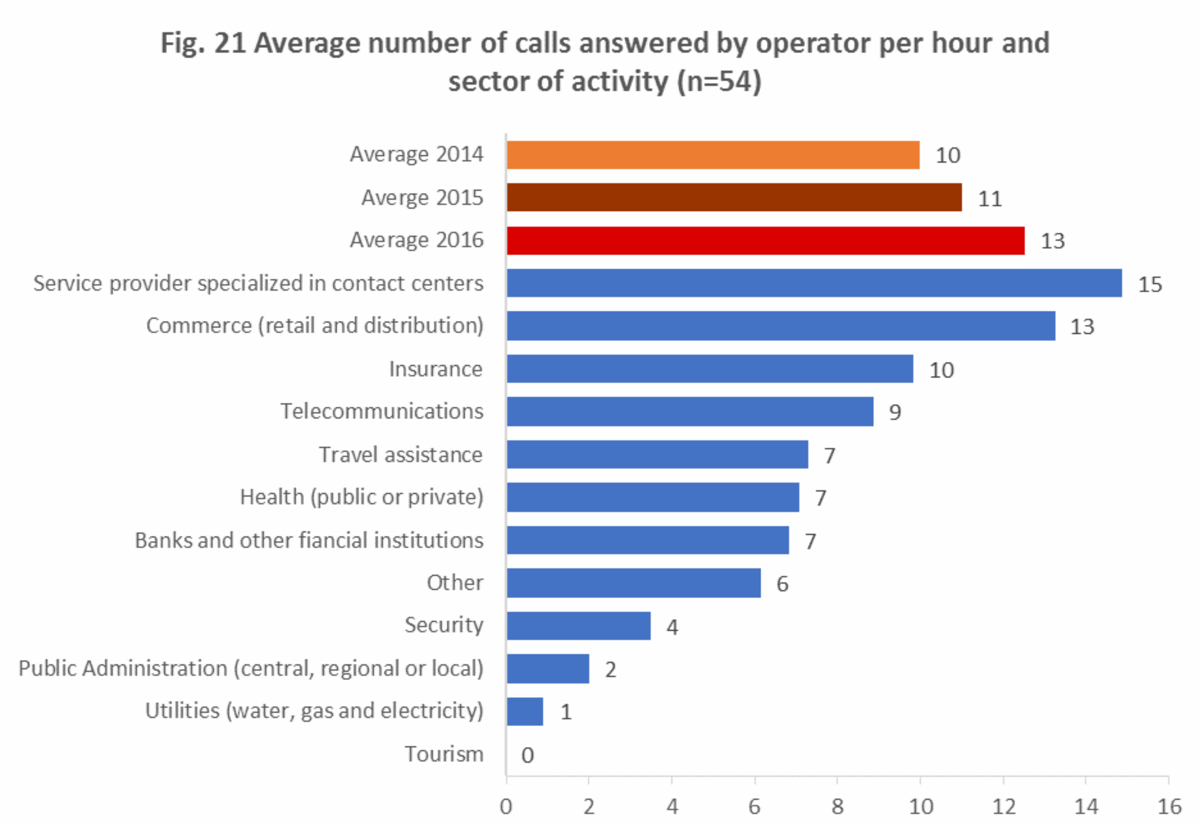
Interpretation: The percentage of successful retention outbound calls surpassed the 50% mark obtained in 2015, reaching 59% in 2016. The sector with the highest success rate is travel assistance that achieved 82%.

Fig. 20 Percentage of success of outbound retention calls (n=11)



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

Interpretation: The average number of calls received by operator followed an upwards trend and reached 13 calls per hour, representing an increase of 18% compared with the same period of the previous year. The most notable sectors are the service providers, with 15 calls per hour.

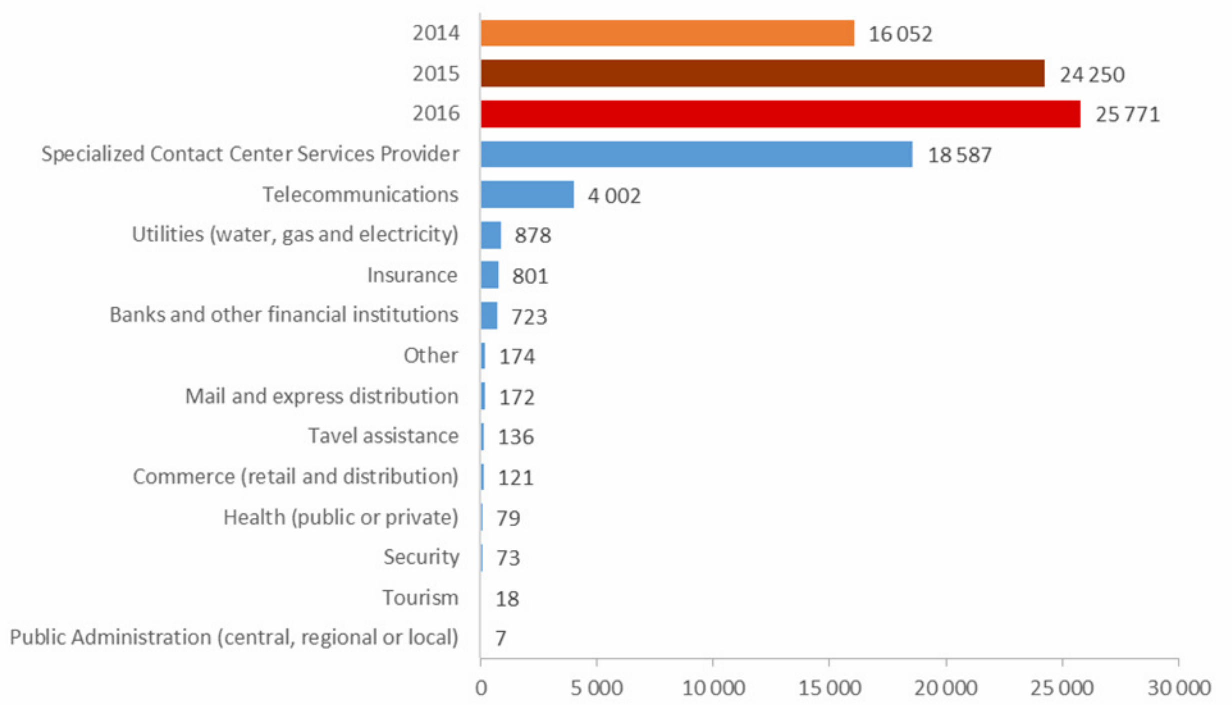


Human Resources

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

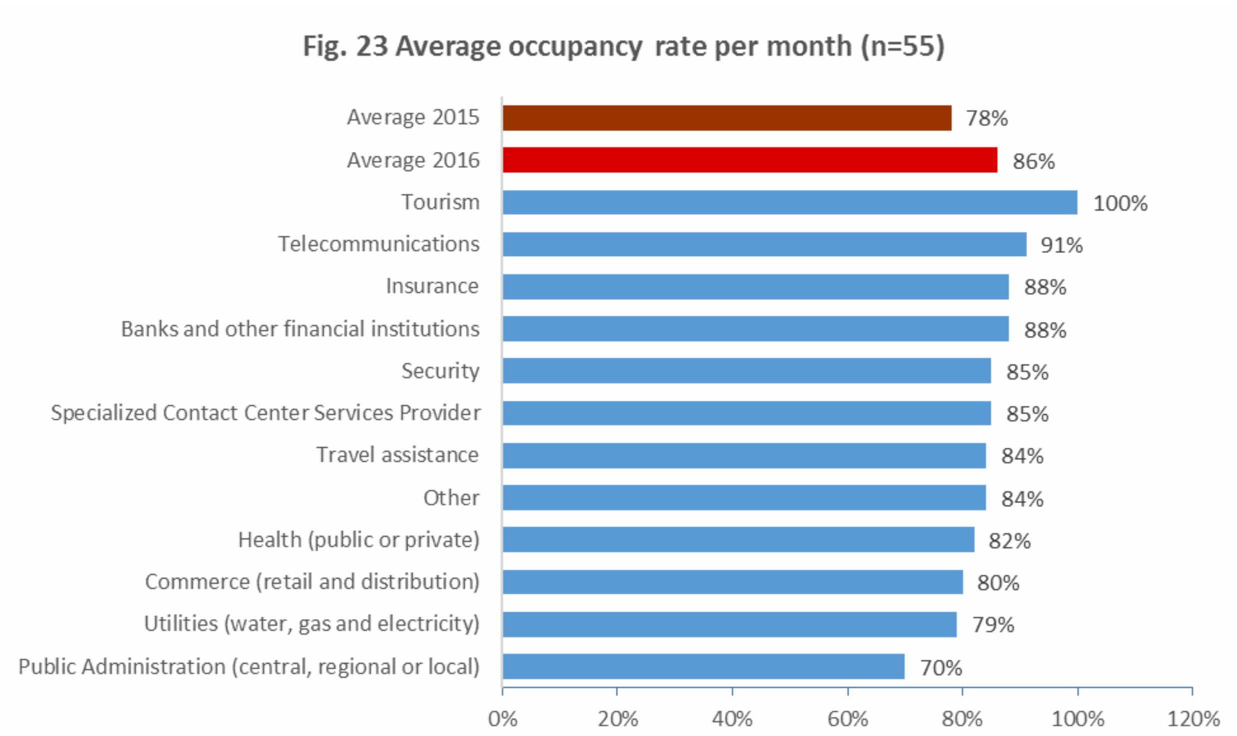
Interpretation: In 2016, the number of FTEs of the study was 25,771, corresponding to an increase of nearly 5% in relation to the same period of the previous year. In this respect, it is important to note that service providers specialised in contact centers all together represent over 18 thousand FTEs.

Fig. 22 Number of Full Time Equivalents (FTEs) (n=62)



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

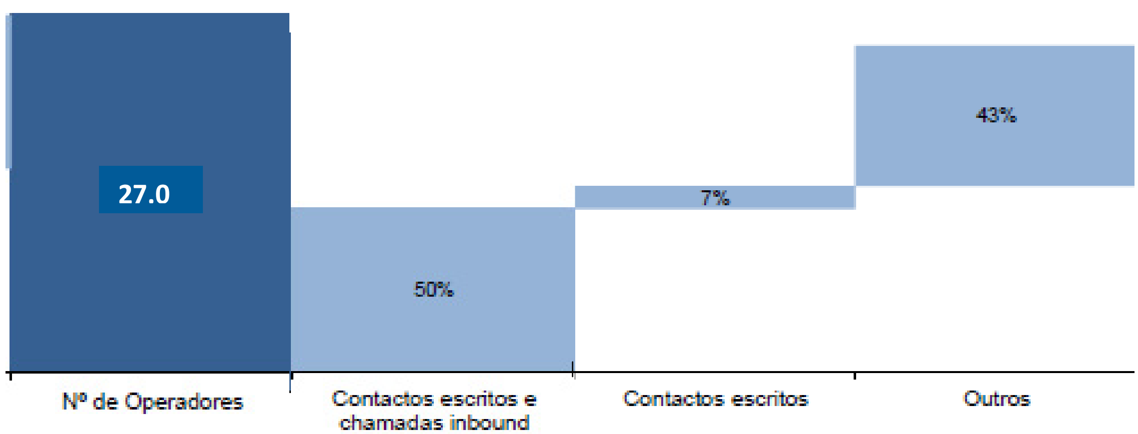
Interpretation: The average resources occupancy rate by month registered an increase of 8 p.p. compared with 2015 at 86% in 2016. Tourism is the sector with the highest occupancy rate at 100% followed by telecommunications with 91%, and banks and insurance companies with 88% in each sector.



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

Interpretation: Out of a total of 27,078 operators, about half are allocated to written contact operations and inbound calls.

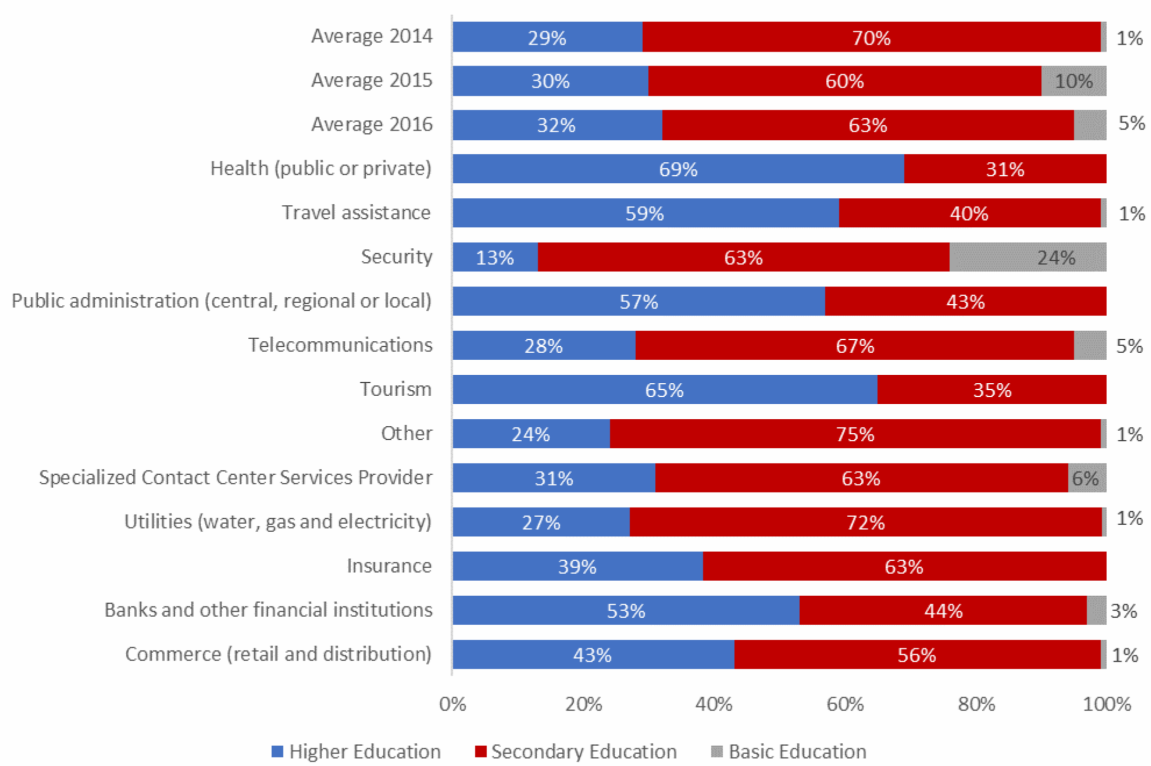
Fig. 24 Split of operators per activity (n=56)



Question: What is the split of contact centers staff by level of education

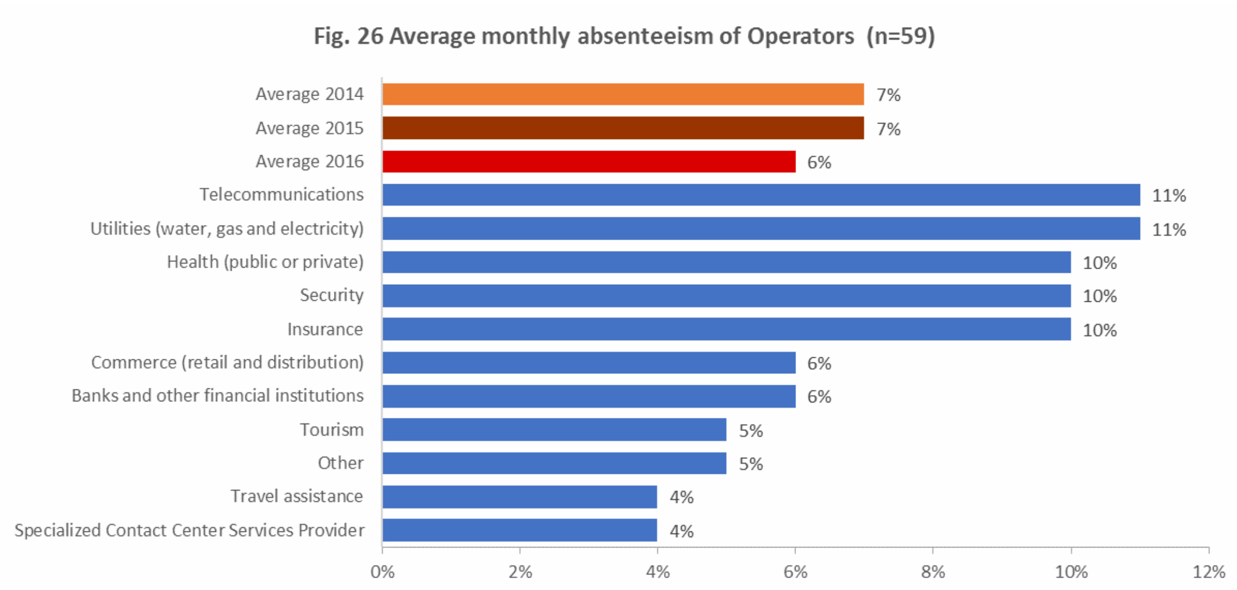
Interpretation: As in previous years, the majority of contact center staff have a secondary (63%) or university (32%) degrees.

Fig. 25 Split of contact center staff per level of education (n=63)



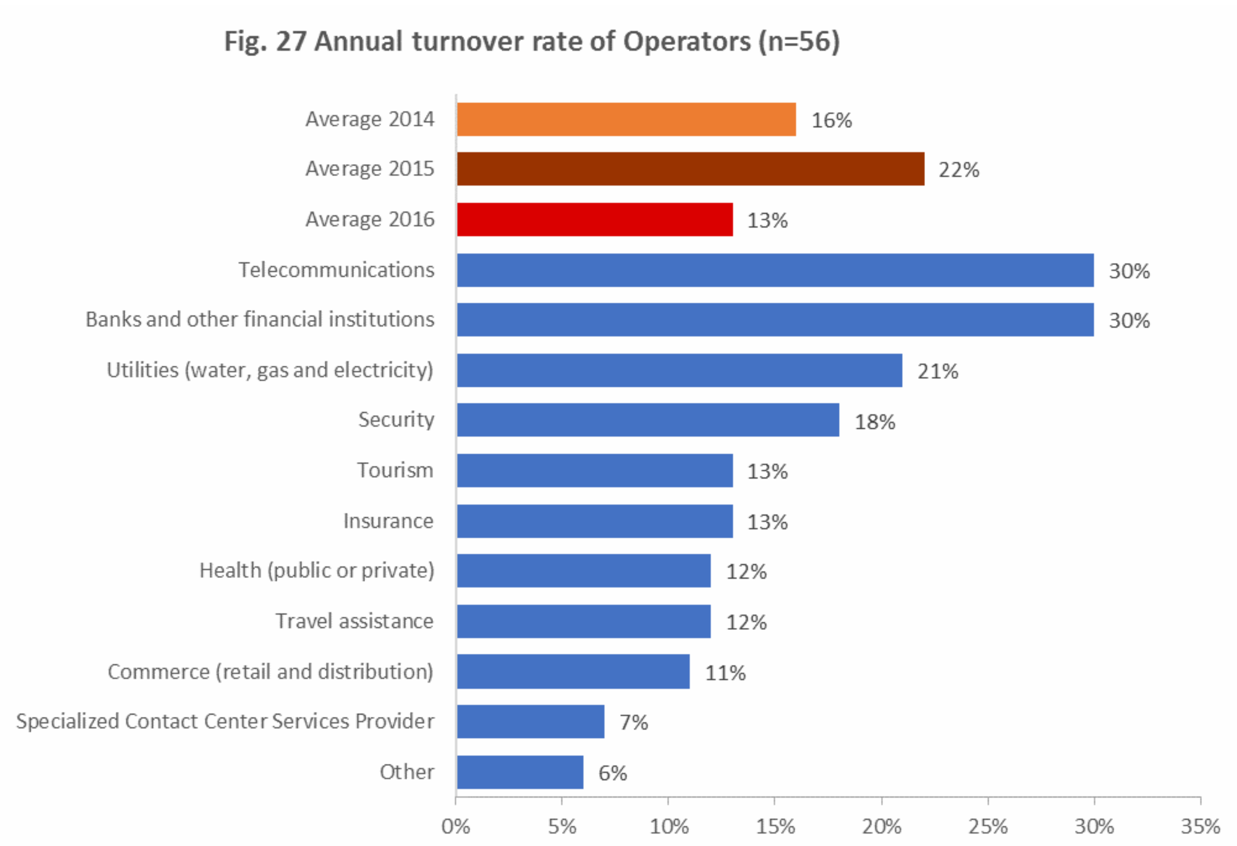
Question: What is the average monthly rate of absenteeism of operators?

Interpretation: The average monthly rate of absenteeism decreased by 1 p.p. compared with the same period of the previous year, with 6% registered in 2016. The sectors with the greatest absenteeism rates are telecommunications and utilities with rates of 11%.



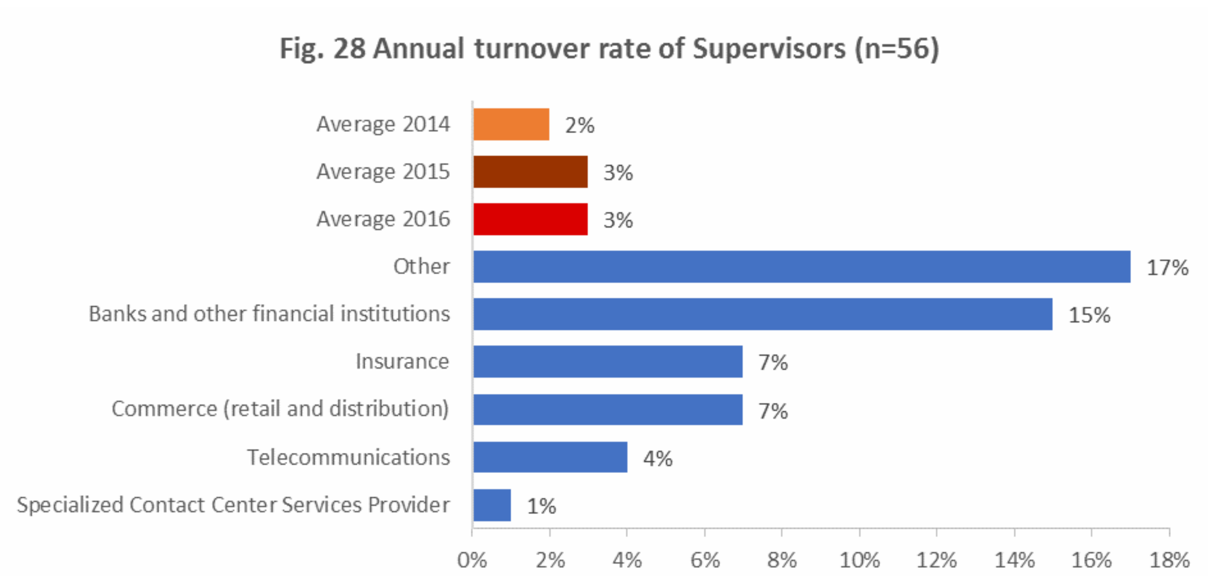
Question: What is the annual rotation rate of operators?

Interpretation: In 2016, an average rotation rate of operators of 13% was registered which represents a decrease of nearly 10 p.p. compared to 2015. The sectors with the highest rotation rates are telecommunications and banks and other financial institutions, both registering a rate of 30%.



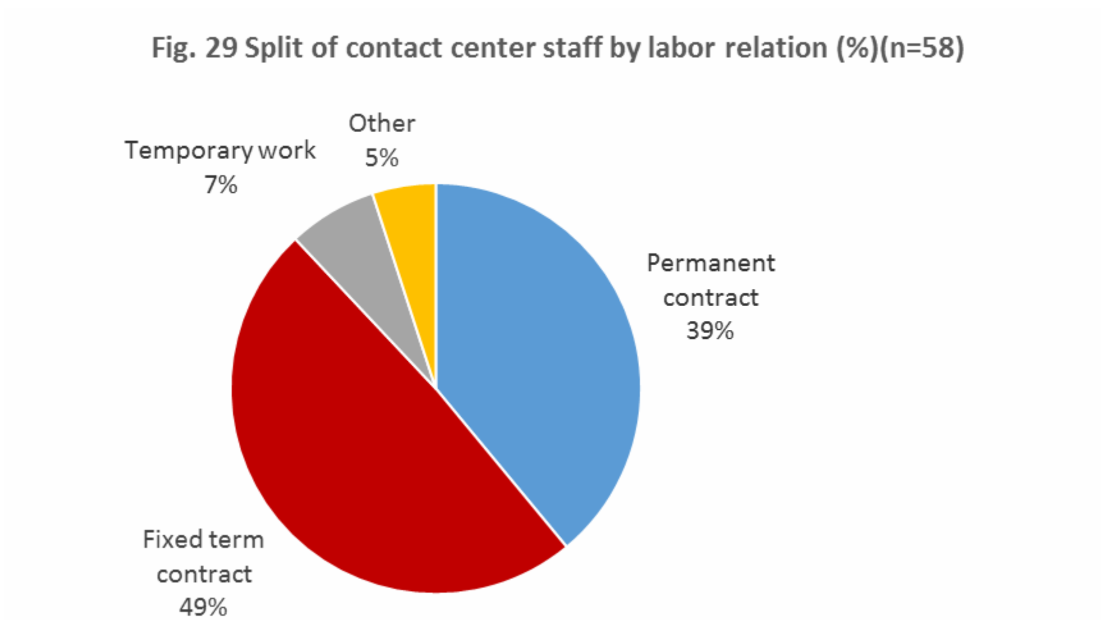
Question: What is the annual rotation rate of supervisors?

Interpretation: The rotation rate of supervisors in 2016 is similar to the result obtained in 2015, at 3%. The highest rotation rates were registered by companies from varied (Other) sectors reaching 17%, followed by banks and other financial institutions that incurred a rotation rate of 15%.



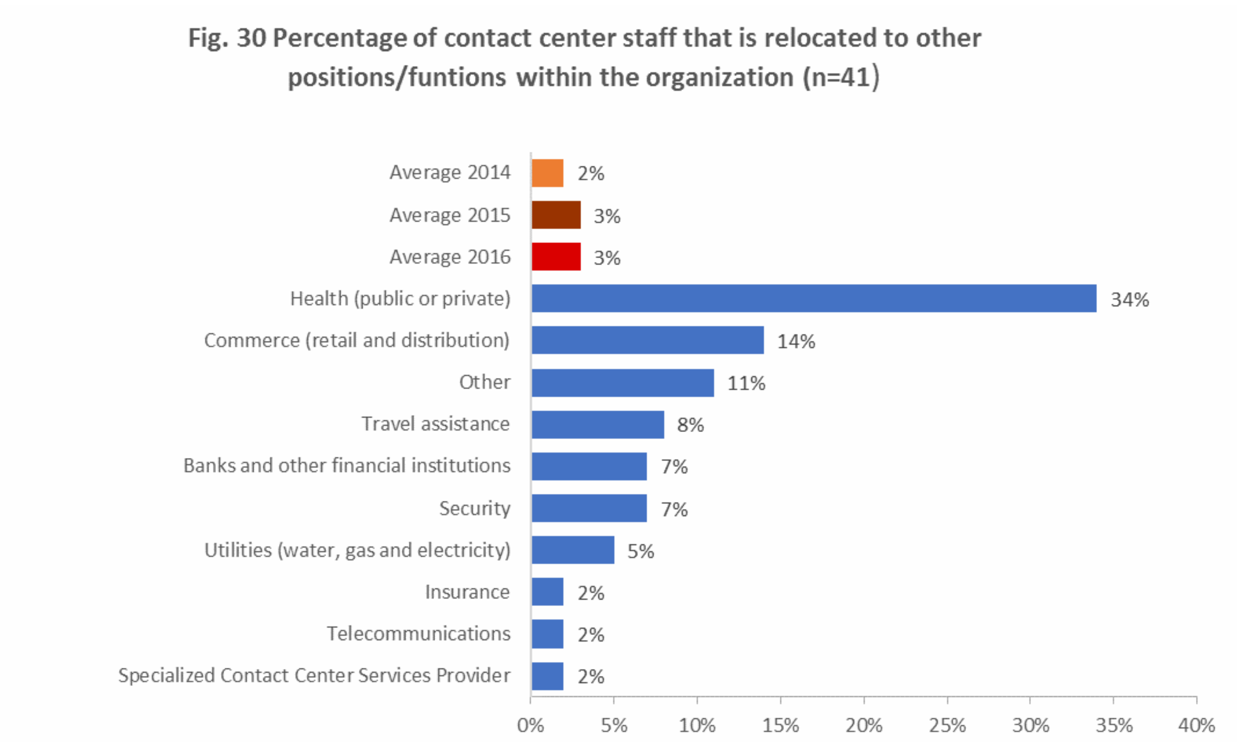
Question: What is the split of employees by labour contract?

Interpretation: Nearly 50% of contact center staff in Portugal have fixed term contracts followed by approximately 40% with permanent contracts. Only 7% of staff are temporary workers.



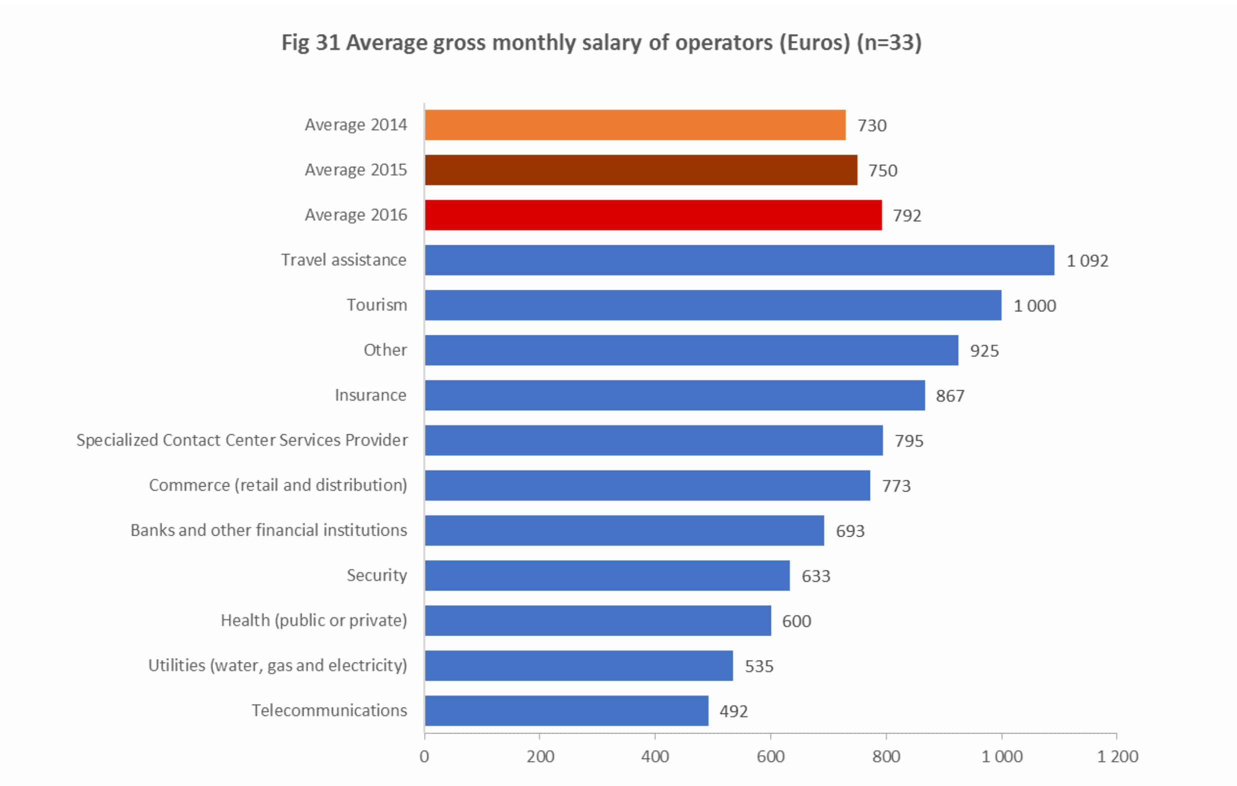
Question: What percentage of staff is relocated from the contact center to other positions/functions within the organization?

Interpretation: In 2016, the average percentage of staff relocated remained at 3%, similar to the amount registered during the same period of the previous year. The health sector presents the greatest relocation rate with 34% followed by the commerce sector with 14%.



Question: What is the average monthly salary of operators**?**

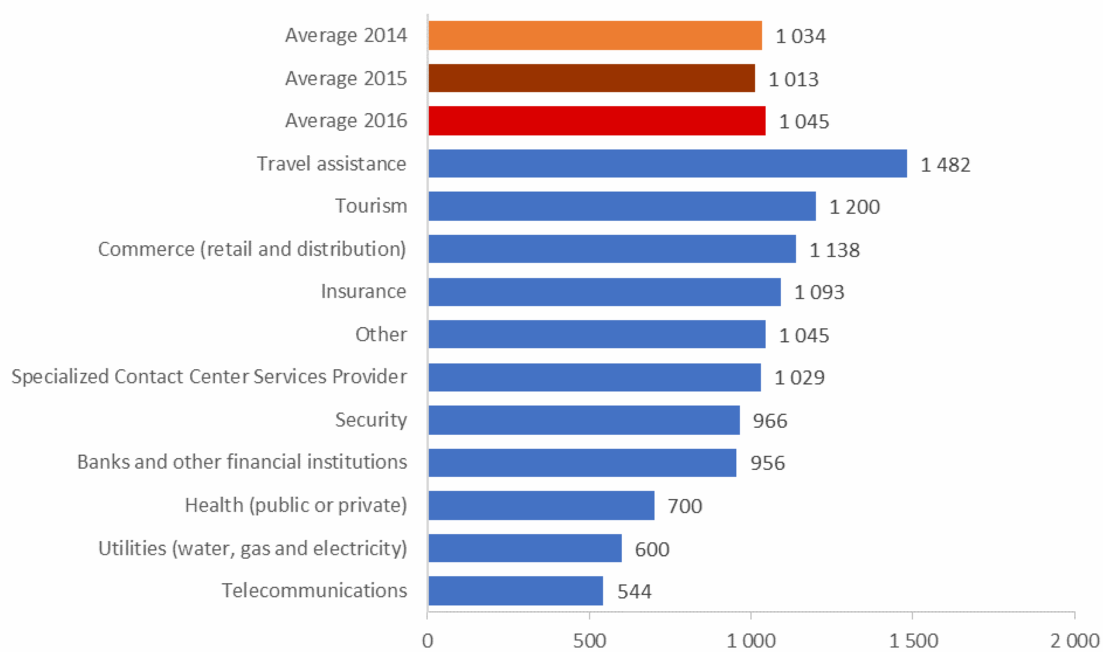
Interpretation: In 2016, salaries followed the upward trend of the past years increasing about 6% compared to 2015, from 750€ to 792€. In this regard, the sectors with the highest average salaries were: travel assistance (1,092€) and tourism (1,000€).



Question: What is the average monthly salary of supervisors?

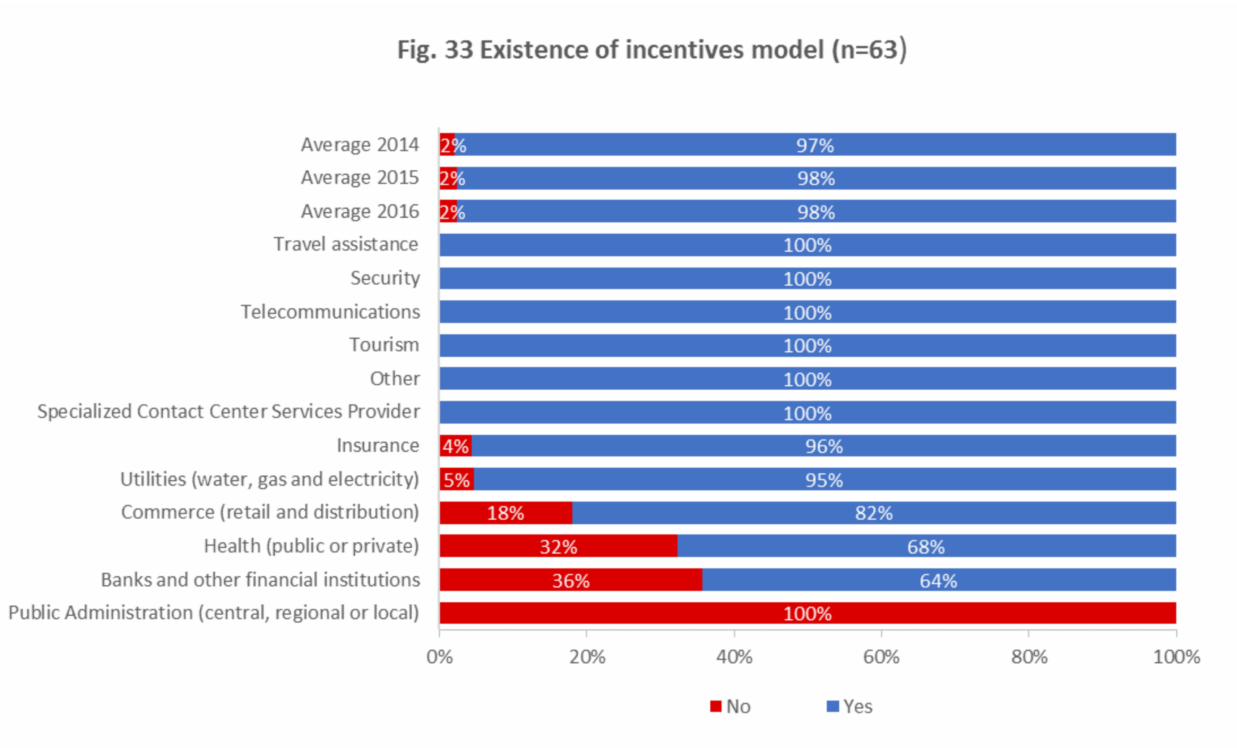
Interpretation: Similar to the evolution of average salaries for operators, the average salary for supervisors has increased steadily, rising 3% from 2015 to 2016. Similarly, the sectors with highest average salaries for supervisors are: travel assistance (1,482€), tourism (1,200€) and commerce (1,138€).

Fig. 32 Average gross monthly salary of Supervisors (euros) (n=33)



Question: Is there an Incentives Model for employees?

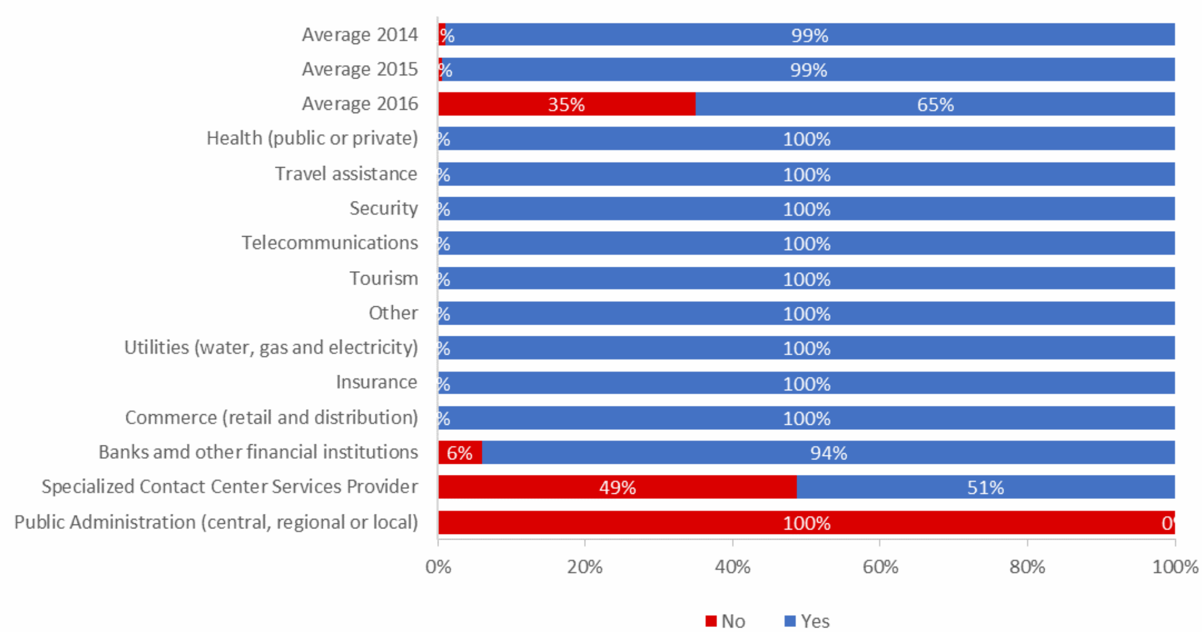
Interpretation: Similar to values observed in the two previous years, in 2016, about 98% of contact centers that participated in the study have an incentives model. However, this is not the case in the public administration sector where incentives models are not adopted.



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

Interpretation: In 2016, about 65% of contract centers stated that they have an incentives model that establishes a direct link between the employees' evaluation and remuneration metrics. The public administration sector is the only sector with a dissonant rate as it does not use any structured incentives model.

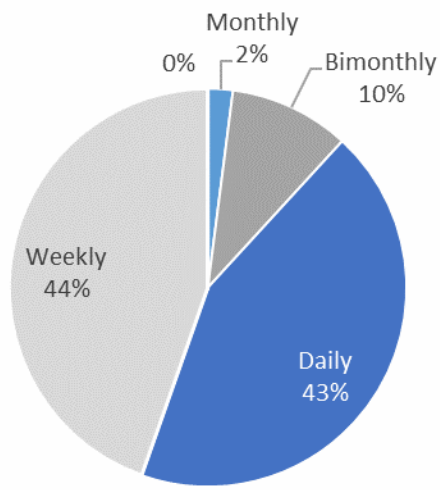
Fig. 34 Link between the evaluation and remuneration metrics (related to the previous question)



Question: How often is individual feedback on monitoring given?

Interpretation: Most individual feedback initiatives on monitoring take place on a weekly (44%) or daily (43%) basis, followed by every two weeks for about 10% of respondents. Lastly, sharing monthly feedback is low, only 2% of the total number of responses.

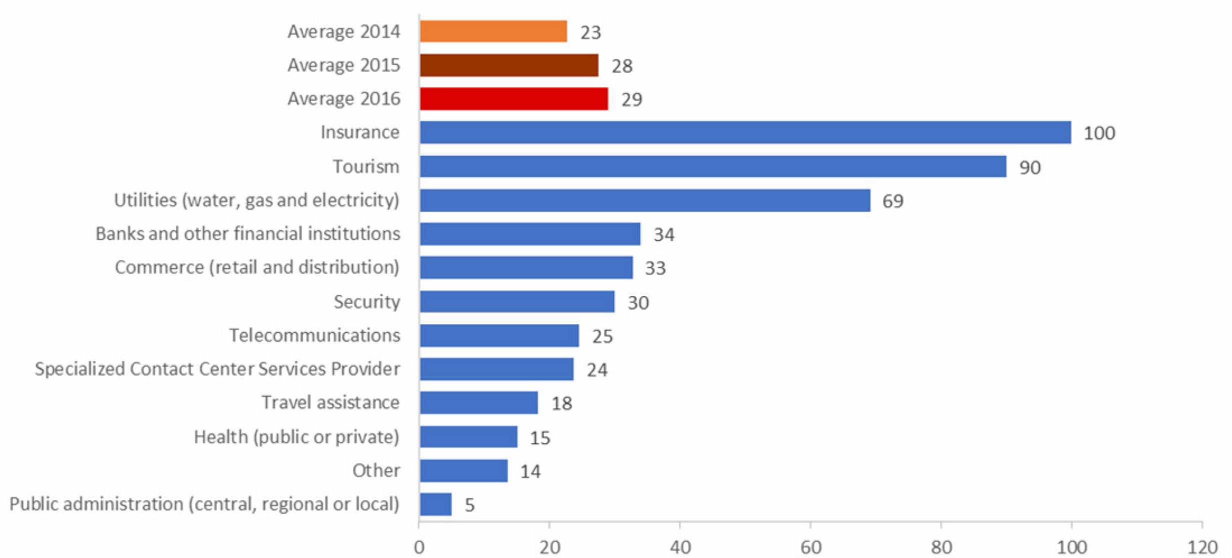
Fig. 35 Frequency of individual feedback initiatives on monitoring (n=63)



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

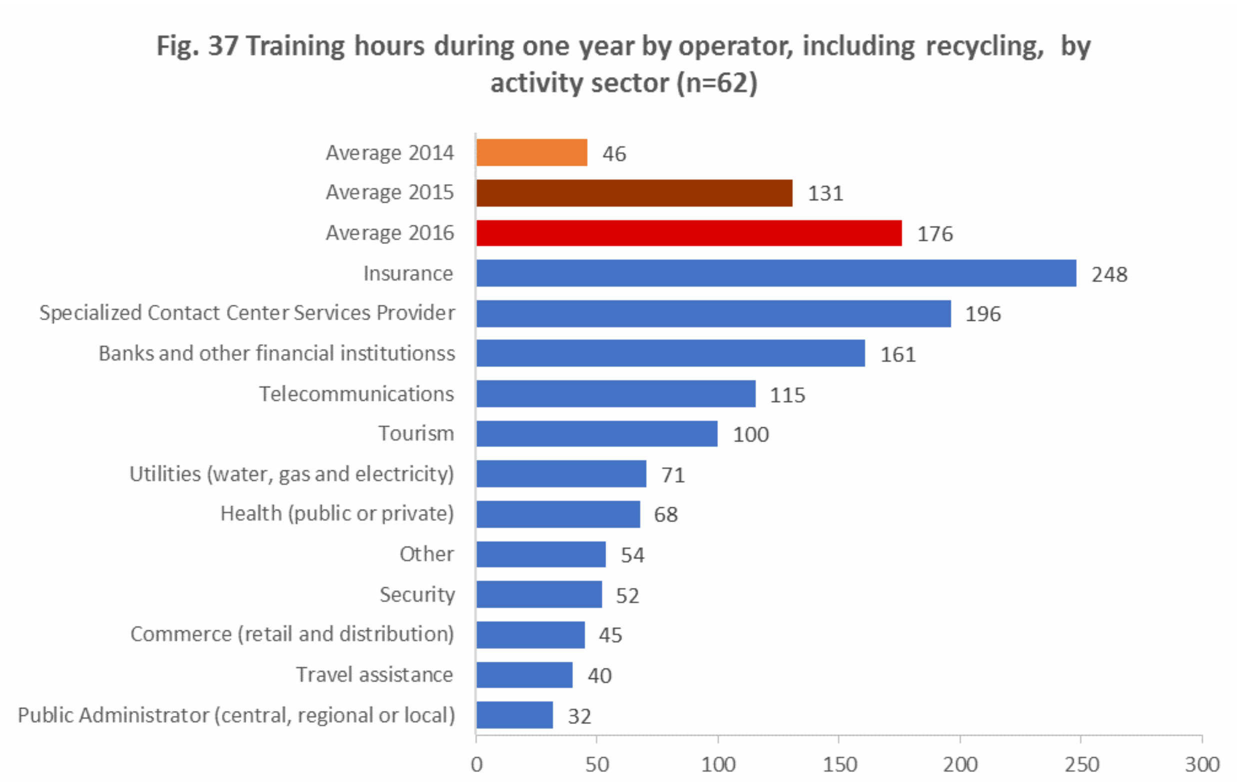
Interpretation: On average, about 29 days are necessary to train a new employee to work alone at the contact center. The sectors that present the highest average training times are: insurance companies (100 days), tourism (90 days) and utilities (69 days).

Fig. 36 Average time necessary to train an employee who has just started at the contact center (days) (n=63)



Question: what is the number of yearly training hours per operator, including recycling?

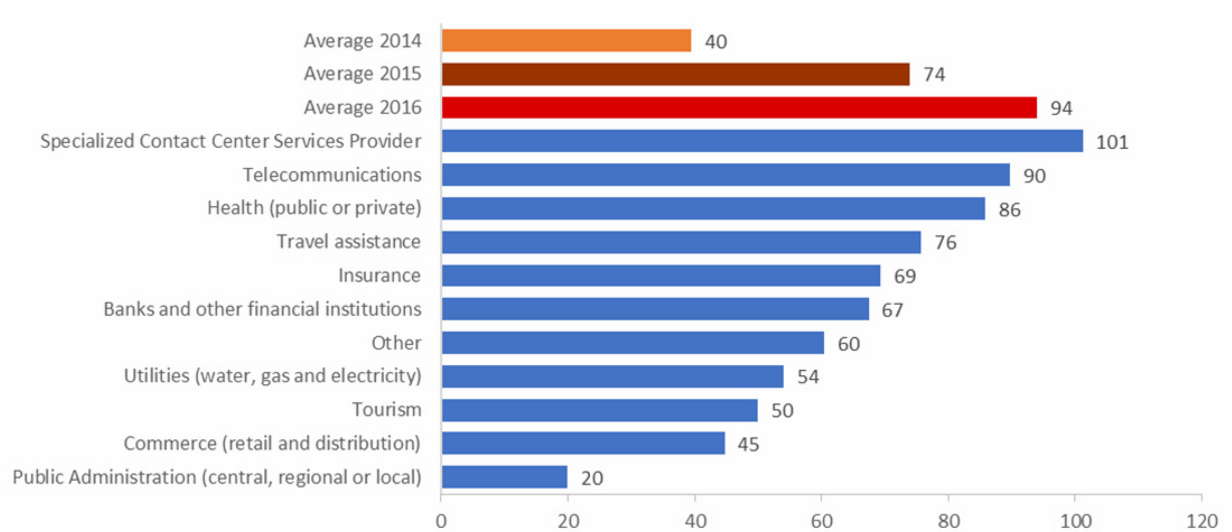
Interpretation: The average number of training hours has shown a growing tendency year after year. In 2016, it grew more than 30%, over 2015, reaching an anual average of 176 trainning hours per operator.



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

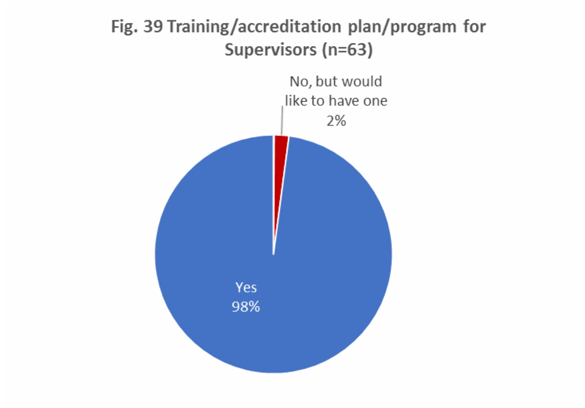
Interpretation: Similar to the previous question, the average number of training hours by supervisor has been increasing, from 74 hours in 2015 to 94 hours in 2016, representing an increase of 27%.

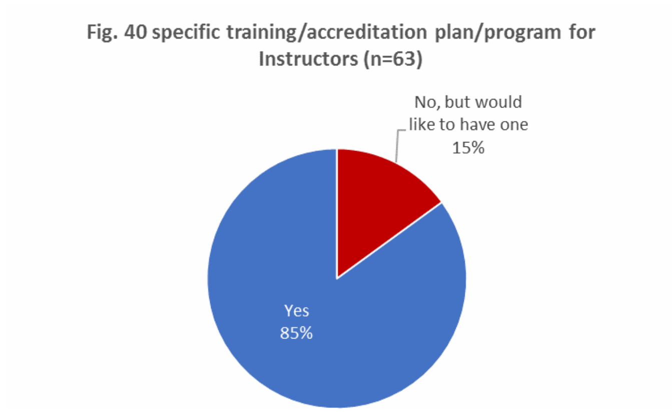
Fig. 38 Hours of annual training by Supervisor (n=62)

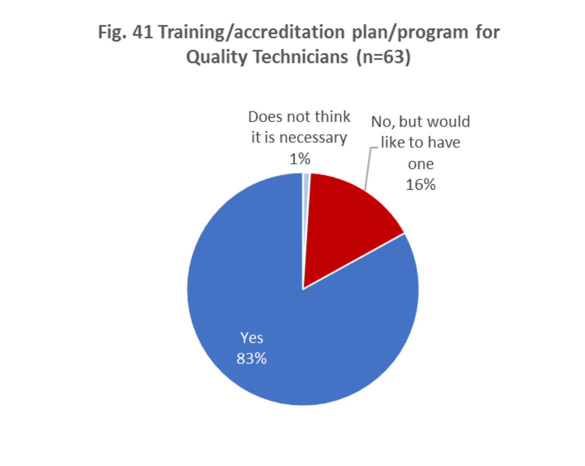


Question: Is there a specific training/accreditation plan/programme for supervisors, instructors and quality?

Interpretation: Over 80% of those participating in the study have specific training/accreditation plans for supervisors, instructors and quality. However, the majority of these training plans are intended for supervisors (98%).



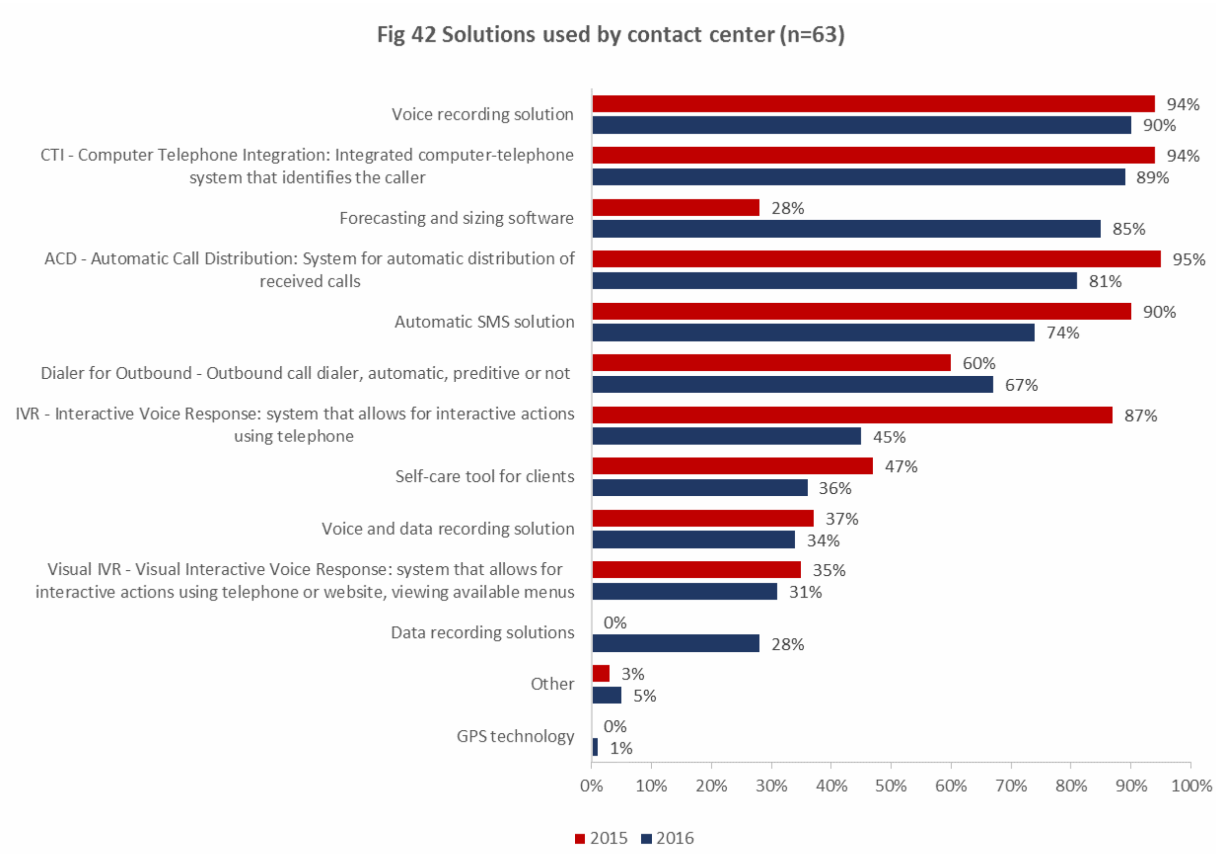




Technology

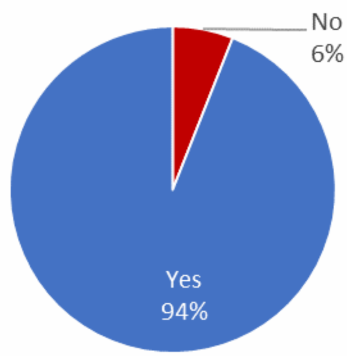
Question: What are the main technological solutions used?

Interpretation: In 2016, the technological solution most widely used was the voice recording solution with a utilization rate of 90%. The second most widely used technology is CTI (Computer Telephone Integration), an integrated telephone/computer system that identifies the caller, used by 98%, followed by the forecasting and sizing solution used by 85% of participants.



Question: In the case of IVR use, is it possible to resolve the contact using this solution?
Interpretation: Nearly 94% of contact centers that use IVR confirm that this solution also allows for the resolution of clients' requests and enquiries.

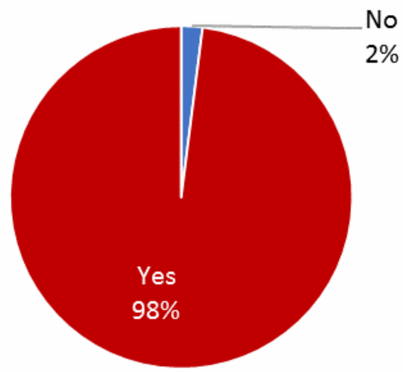
Fig. 43 Is it possible to resolve the contact using IVR? (Related to previous question)



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

Interpretation: In general terms, nearly all contact centers that use IVR (98%) state that it is possible to select the call me back option.

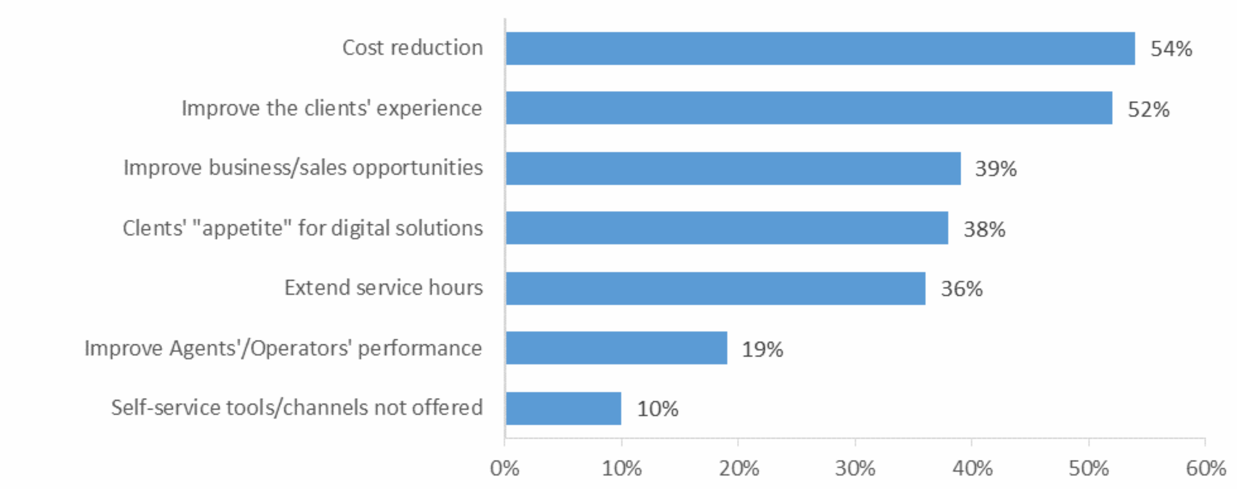
Fig 44 Call me back option (related to the question about the use of technological solutions)



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

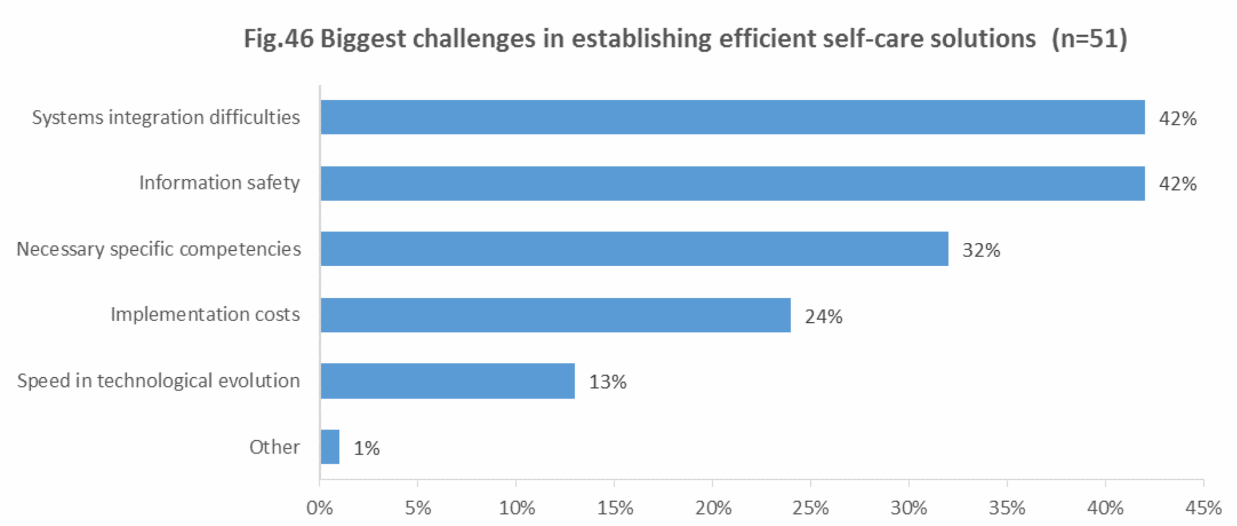
Interpretation: Cost reduction is the main reason given for offering self-care tools/answering channels (54%), followed by improving clients' experience (52%) and improved business/sales opportunities (39%).

Fig.45 Main reasons for offering self-care tools/answering channels



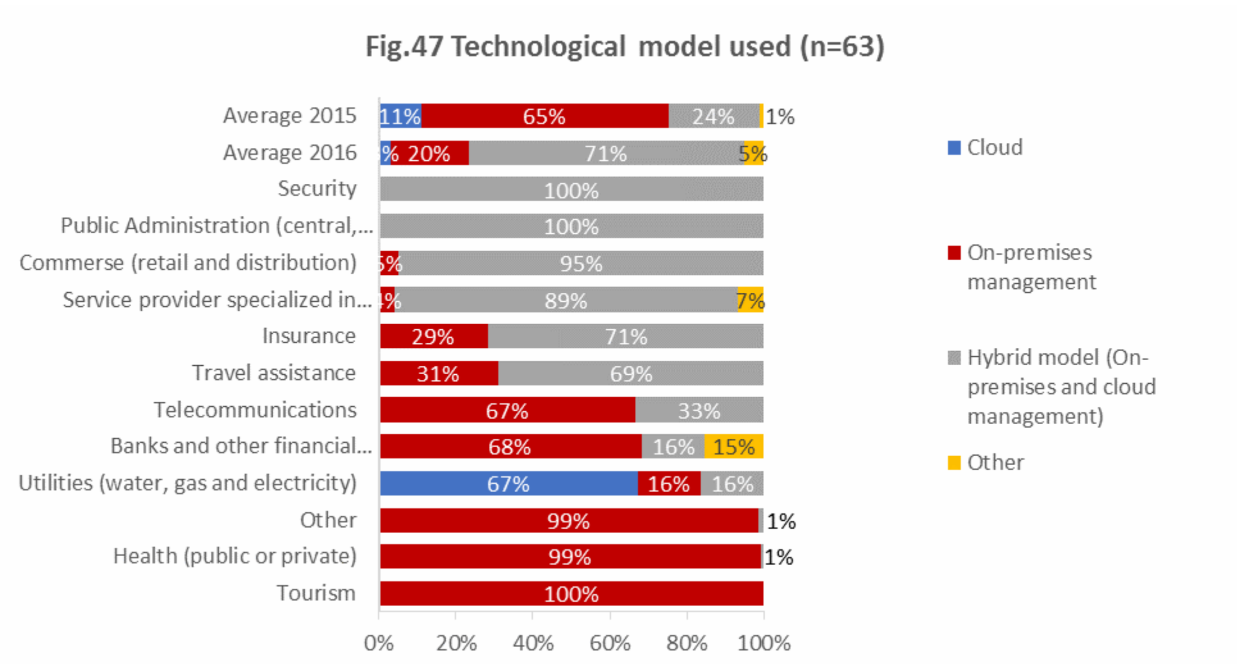
Question: What are the biggest challenges in establishing efficient self-care telephone assistance solutions?

Interpretation: Most surveyed contact centers state that the greatest challenges in establishing efficient self-care telephone assistance solutions are systems' integration and guaranteeing information safety, as mentioned in 42% of replies. Acquisition of specific competencies and implementation costs follow mentioned in 32% and 24% cases, respectively.



Question: What technological model is used?

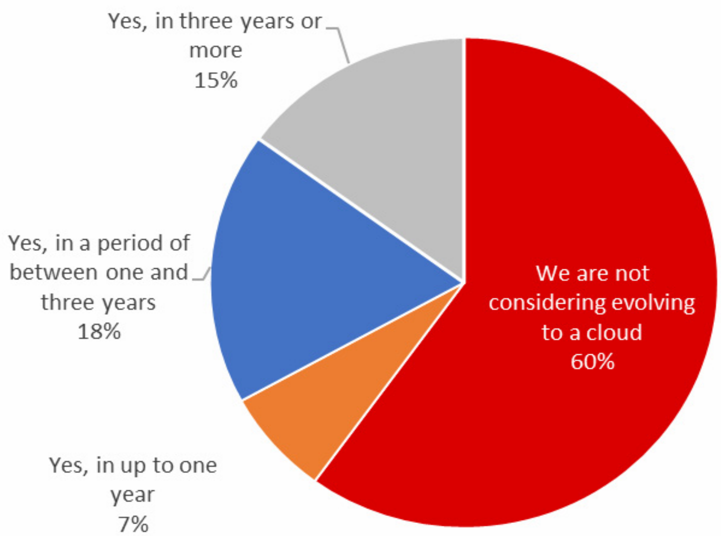
Interpretation: In 2016, the trend verified over the previous years was reversed as the Hybrid model (Cloud and On Premises management) gained dominance over the On Premises model. The Hybrid model is used by 70% of respondents, while the In House model is only use by 20%. With regards to Cloud in 2016, its use prevailed mainly in the utilities sector, with a rate of 67%.



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

Interpretation: The majority of contact centers state that they do not intend to evolve to cloud (60%) but a significant part of respondents (18%) claim that this evolution is part of the development strategy for the next 1 to 3 years.

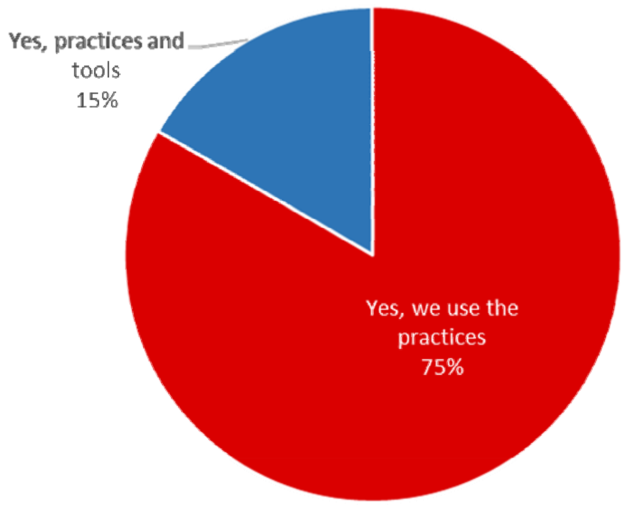
Fig. 48. Intention to evolve contact center to a cloud (related to previous question)



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

Interpretation: Gamification is used by 75% of contact centers taking part in the study. However, only 15% of respondents confirm that they use gamification practices and tools.

Fig. 49 Gamification concept (n=63)

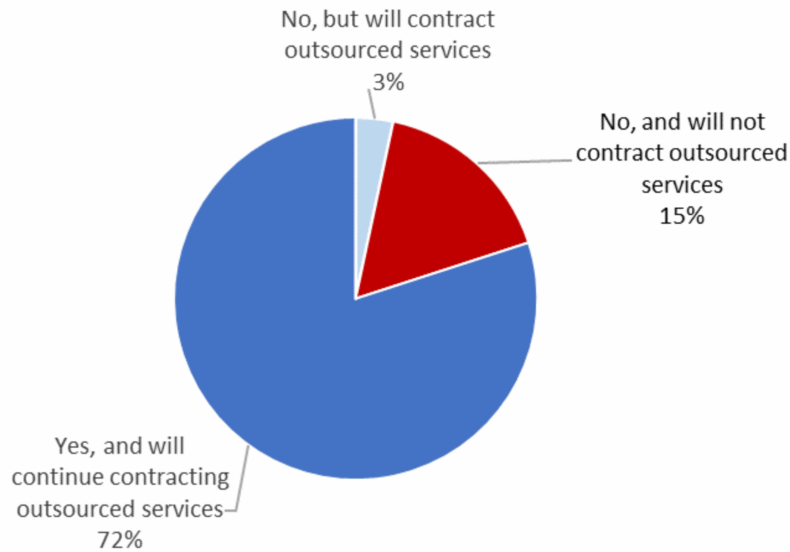


Outsourcing Resources

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

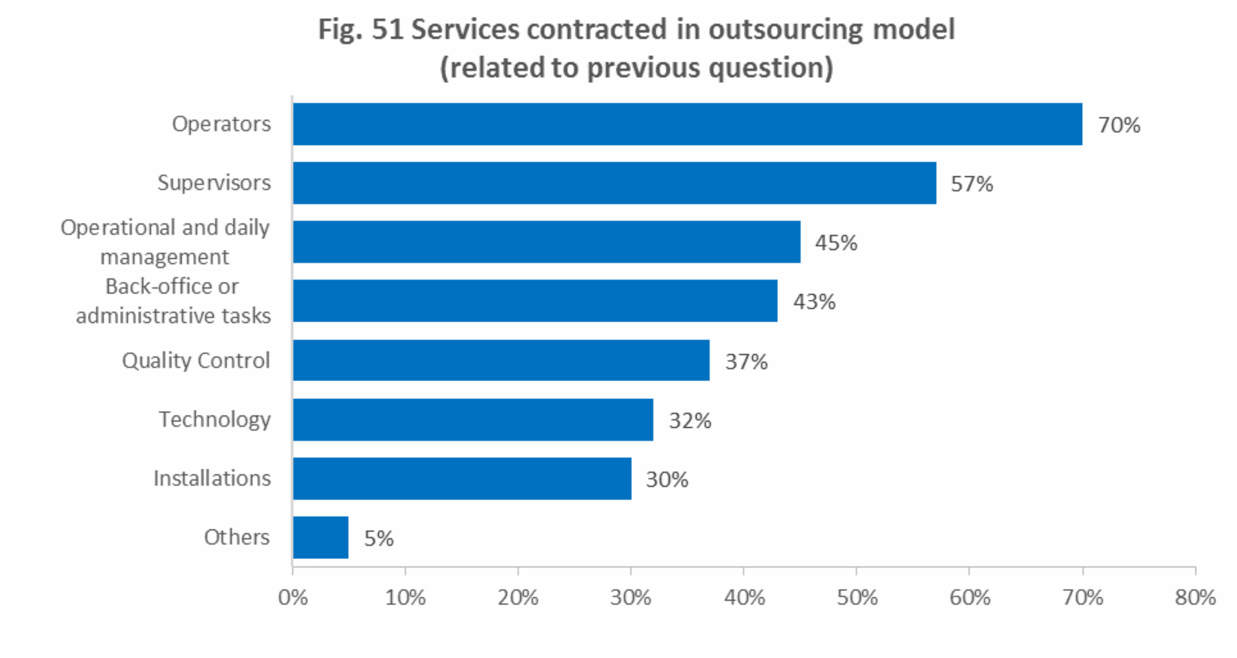
Interpretation: In 2016, approximately 72% of contact centers confirm the use of outsourced services and intend to continue doing so in the future. 15% do not use outsourced services and do not intend to start using them. Only 3% declare that they do not hire outsourced services but intend to do so in the future.

Fig. 50 Contracting of outsourced services (n=59)



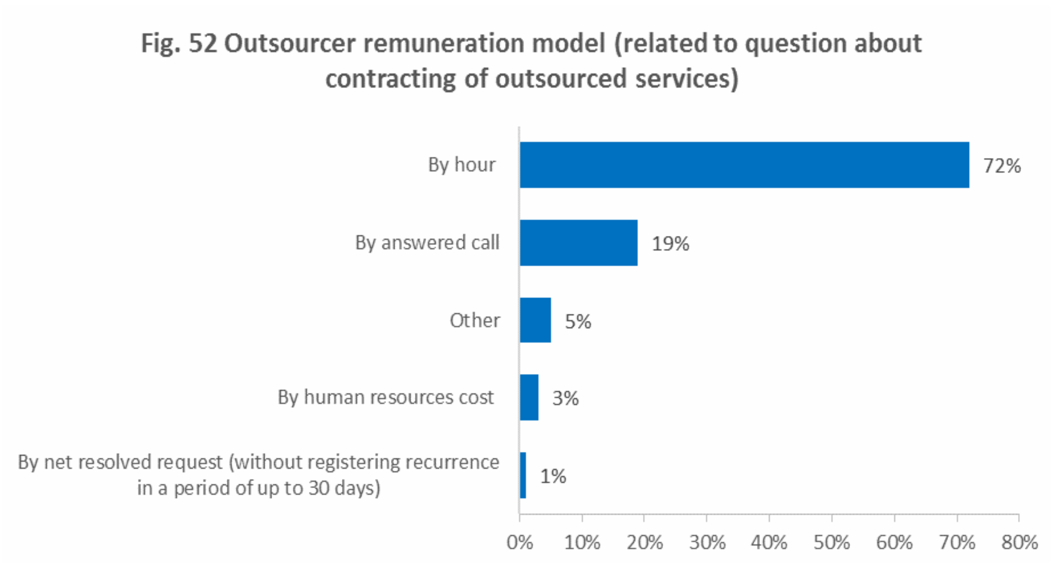
Question: In an outsourcing model, what are the services hired by the company/organization?

Interpretation: Outsourcing is mainly used to hire operators and supervisors with rates of 70% and 57%, respectively, followed by operational and daily management (45%) and back office or administrative duties (43%).



Question: What is the outsourcer remuneration model?

Interpretation: Over 70% of participants apply a model based on remuneration per hour while only 19% base their model on the number of calls answered by their outsourcers.



Continued Improvement

Question: Are client satisfaction surveys carried out to evaluate the quality of services? If so, what is the classification received on a scale of 1% to 100%?

Interpretation: About 90% of respondents state that client satisfaction surveys are carried out in order to assess the quality of service. The average classification in 2016 was 85% which represents an increase of 3 p.p. compared with the same period of the previous year.

Fig.53 Carrying out satisfaction surveys to measure quality of service evaluated by the client (n=48)

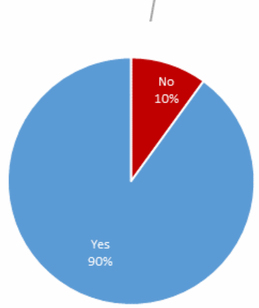
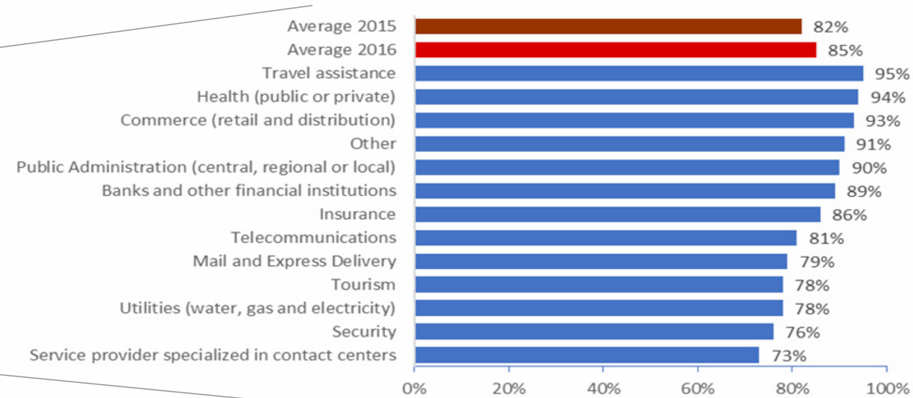
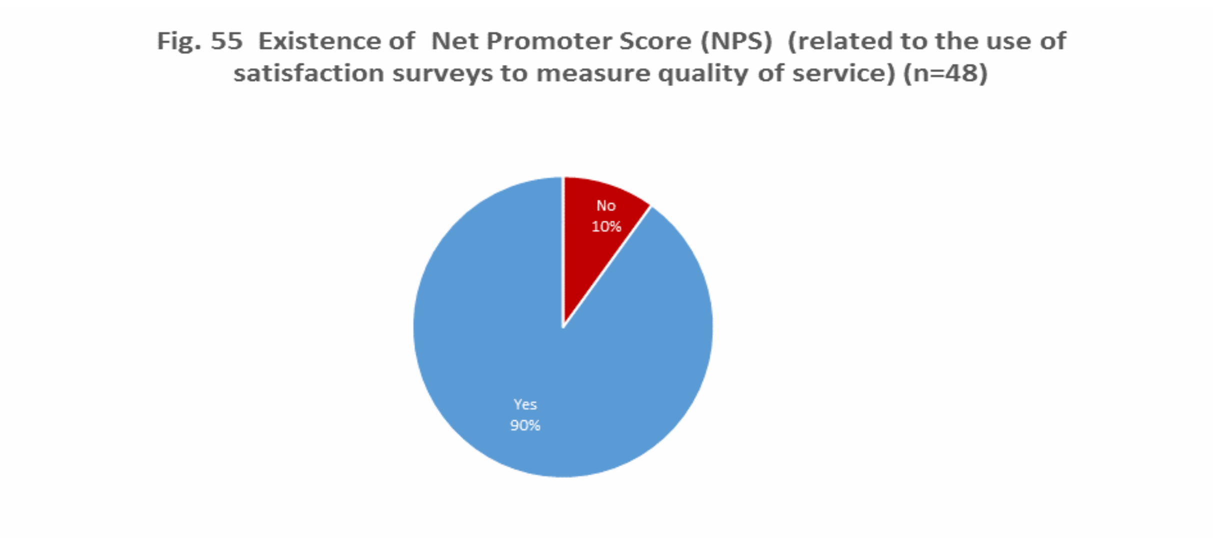


Fig. 54 average classification (related to previous question)



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

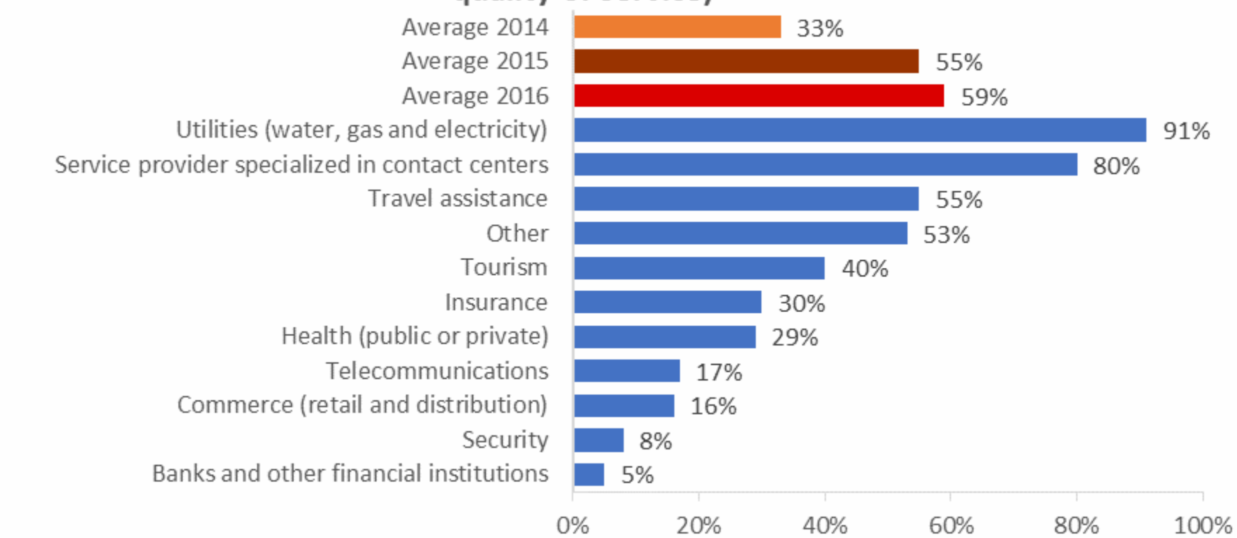
Interpretation: Among the contact centers that use satisfaction surveys (that answered "yes" to the previous question), 90% use "Net Promoter Score" (NPS) to measure and evaluate their performance.



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

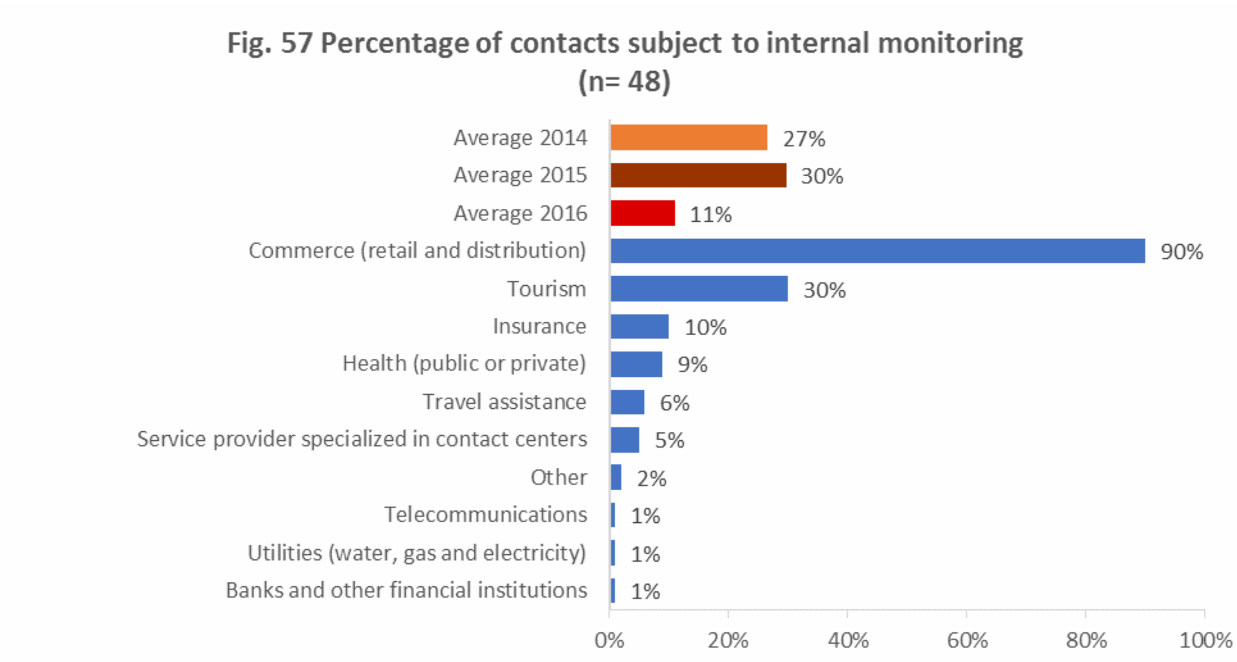
Interpretation: In general terms, the average number of calls with quality measurement by the client followed an upwards trend in 2014, 2015 and 2016. This year, about 60% of calls were evaluated which corresponds to an increase of 4 p.p. compared to 2015.

Fig. 56 Percentage of calls used to measure the clients' level of satisfaction (related to the fulfillment of satisfaction surveys to measure quality of service)



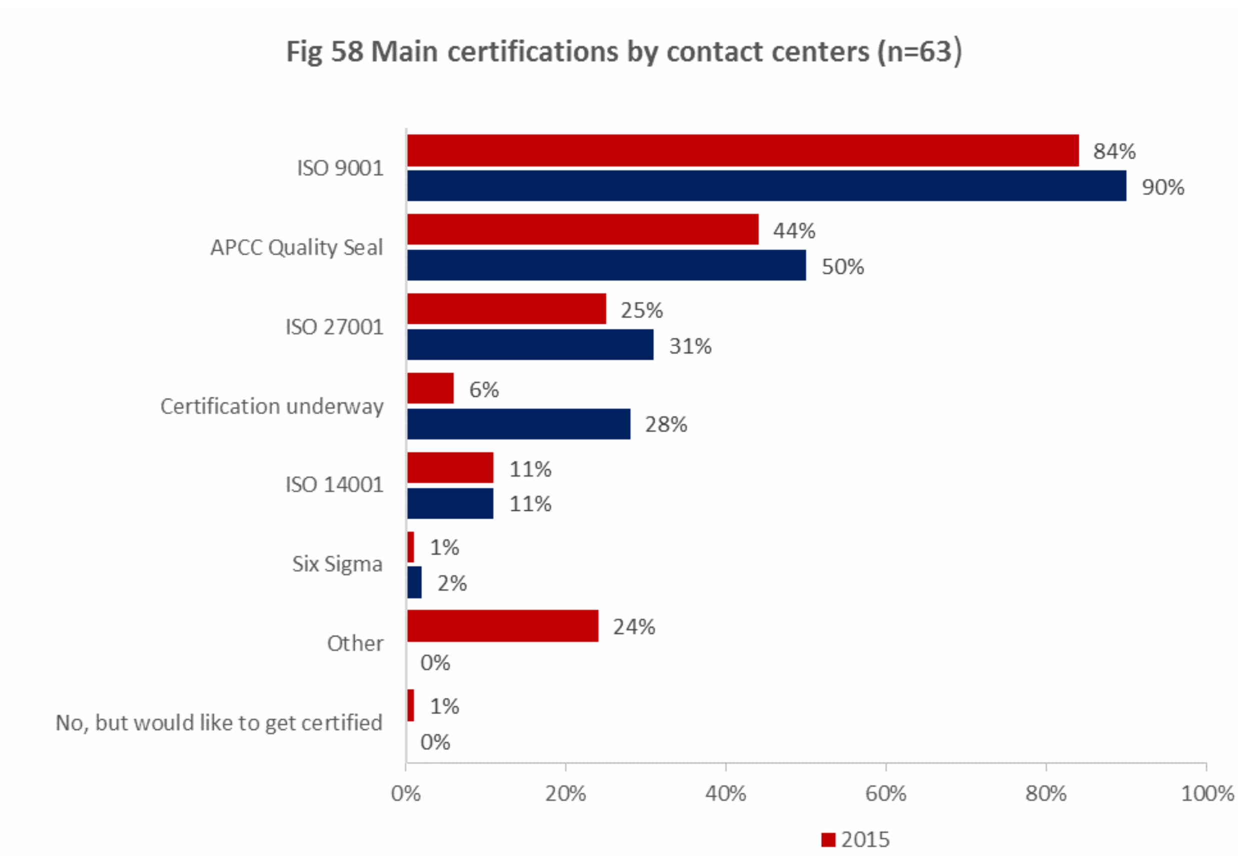
Question: What percentage of calls is subject to internal monitoring?

Interpretation: The commerce sector (retail and distribution) has the highest percentage of calls subject to internal monitoring, approximately 90%.



Question: What are the contact centers' certifications?

Interpretation: In general, there has been more certification of Portuguese contact centers between 2015 and 2016. ISO 9001 is the main certification and was obtained by 90% of respondents in addition to the Quality Seal by 50% of participants. Moreover, in 2016 all contact centers had some form of certification.

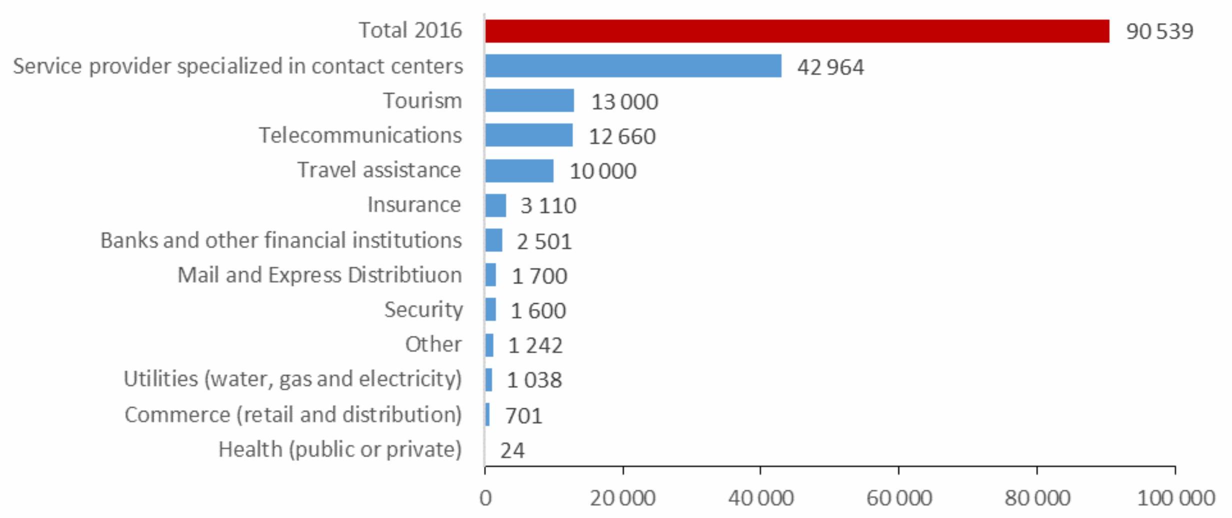


Financial Information

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

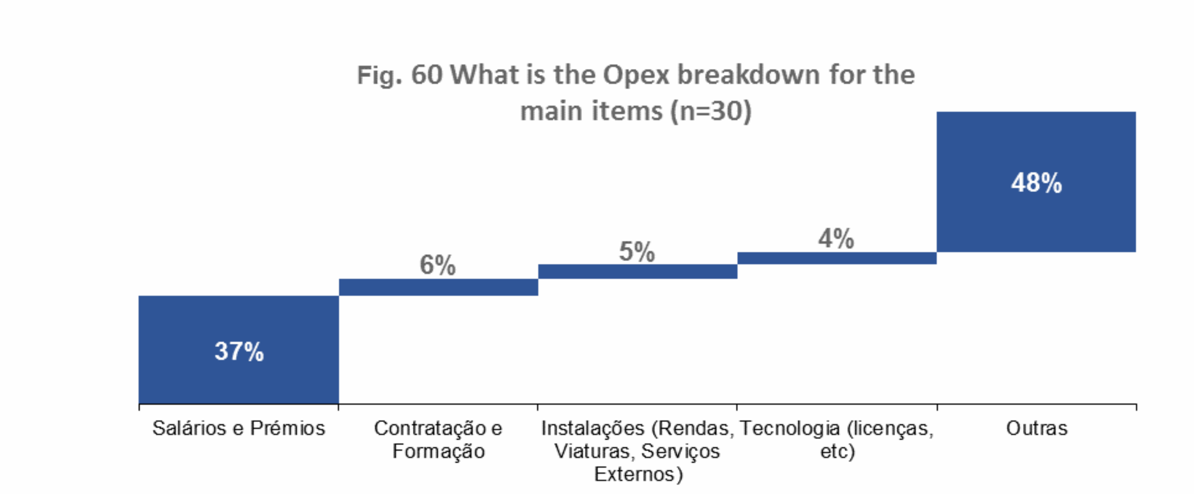
Interpretation: In 2016, the business volume generated by the contact centers that answered this question was approximately 90,539,000 Euros. The sector with highest revenue generation is specialized service providers who were responsible for nearly half of the total business volume.

Fig. 59 Contact Centers Business Volume (thousands of Euros) (n=28)



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

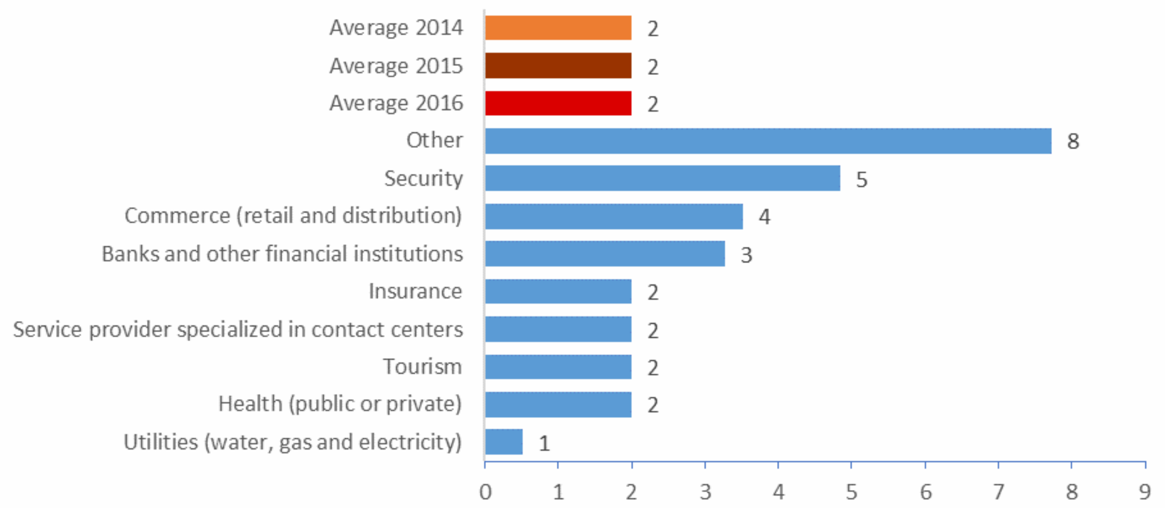
Interpretation: Expenses with salaries and bonuses represent a total of 37% of the global structure of operational expenses (OPEX), followed by contracting and training with 6% and expenses resulting from installations that represent 5% of expenses.



Question: What is the OPEX cost per contact?

Interpretation: The average cost of each contact has remained the same over the previously analysed years at 2 Euros per contact made. Notwithstanding, a wide range of average amounts is observed, between 1 and 8 Euros.

Fig. 61 Cost (OPEX) per contact (n=16) (Euros)



Question: What is the OPEX cost by resolved request?

Interpretation: In 2016, the average cost of each request resolved was approximately 4 Euros representing a slight decrease compared with the amount for the same period in 2015, of 5 Euros. Moreover, a wide range of average amounts is observed, between 3 and 9 Euros.

Fig. 62 Cost (OPEX) by resolved request (n=16) (Euros)