Virtual Process and Data Flow: A Case Study

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Abstract: The competitive global business has encouraged many organizations to save cost by moving to virtual processes. Virtual processes outsourced are completed by distributed teams in the context of matrix organizations. Projects are run by teams which are constantly changing in structure according to customer demands. Given the rapid expansion of business process outsourcing, it is important to understand more about the operations of these companies and this has not been very visible. This paper is a report on a case study of one virtual process completed by a vendor organization for a client company. The focus of the study is on the changes in the data during the process completion. The study examined the teams, their functions, their support structure and the outcome of the project. The study provides visibility of virtual process outsourced by the client organization.

I. Introduction

While Enterprise Systems were behind the move towards process oriented organization, outsourcing was the force behind a new type of organizational move towards virtual processes. 'The pyramid' - that is, the form for organization where strata of executives direct permanent divisions consisting of specialists fulfilling specific purposes is replaced by combination of different distributed teams working on different organizational processes. These are organizations built from projects, projects run by teams, which are constantly changing in structure according to customer demands. The driving force is that this type of organization as a rule cuts costs from the client's (the company outsourcing certain parts of its activities) point of view, and it also means that the work outsourced can be handled quicker and more precisely by the project oriented company towards the customer [1].

Expert knowledge is focused, and both the project oriented company and the company outsourcing parts of its business can concentrate on accumulating knowledge and focusing on their core lines of business. Project-oriented organizations have a linear structure at the top so that after the completion of a project the main team members refer to the linear structure to be provided with a new project for which they have to form a new team. The present study examines an outsourced business process which is a telemarketing project. The study examines a typical project, the team members, dataflow, reporting, and the outcome. The study examines how projects are completed and how distributed team structure provides the required flexibility to complete a project on time and on budget. In the organization of our case study projects are called campaigns.

Primary data consist of interviews with people in key positions in the companies, notes from visits and information material used inside these companies. Secondary data have been collected from articles, books and the Internet.

The recent advances in Information Technology have enabled some of these project/matrix organizations to work with virtual teams. A successful example of cooperation between a local authority and a call centre would be the information service CALLskoga [2]. The information service, and the form for cooperation, is an example of a new approach, aiming to create a positive helix, spreading and in that way showing new possibilities and concretizing the use of new information technology for the town inhabitants.

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II. Business Process Outsourcing

There are many reasons why companies outsource. It has been suggested that only those functions classified as non-core activities are outsourced. Outsourcing should be considered when certain support functions can be completed faster, cheaper, or better by an outside organization. It is believed that outside vendors possess economies of scale and technical expertise to provide these services more efficiently than internal departments. This is especially true about those functions for which there is an unclear value. Some of these functions are actually considered as overhead, or an essential cost but one to be minimized [3]; [4]; [5]. Many of these reasons are unique to specific firms and industries. Lankford and Parsa [3] believe that in the current environment of right–sizing and a focus on core business activities, companies can no longer assume that organizational services must be provided and managed internally. Managers relate outsourcing decisions to the organization's competitive business strategy. Companies have outsourced traditionally accepted non-core business processes (functions such as cleaning, catering, transport and facilities management) for decades to generate savings and to allow greater focus on core processes. Recent advances in enterprise systems were the force behind the use of 'best practice' in re-defining the organizations business processes. The combination of cost and efficiency consideration is motivating the organizations to follow the business model of retaining what's core and outsourcing processes that are considered to be non-critical [6].

Outsourcing has moved today to other areas such as finance, HR, manufacturing and even call centres. Outsourcing non-critical activities saves a lot of management time which can actually be diverted to core business activities. Outsourcing is related to efficiency as well. Senior managers feel that even if they pay more for a task by outsourcing it, they know that the job will be done on time and also in a predictable fashion [3].

The economic downturn of the early part of this decade has forced the companies to try to reduce the cost at non-core processes. The best way to decrease the cost of such processes is to profit from the considerable wage discrepancy around the world. There are destinations such as India, China, Philippines, and Malaysia with highly qualified low-cost labour [7].

The last decade witnessed a rapid decrease in the cost of telecommunications due to various factors such as widespread use of Internet and the dramatic improvements in the supporting technologies. This in turn enabled the companies to re-define their existing business processes and execute whole or part of the processes in low-cost destinations [7], [8].

The potential for lower labour cost and greater efficiency are two important factors as companies consider Business Process Outsourcing (BPO). One of those two factors alone isn't enough to create sustainable value because skilled labour and technology are the most important cornerstones of any business process and both must be optimized to create lasting value and maintain a competitive edge. Industry analyst Gartner predicted BPO to grow to more than $173 billion by 2007 [8].

III. Call Centre - Telemarketing

In call centre terminology, "outsourcing refers to the process of having all call centre activities handled by an outside organization or a teleservice outsourcer" [9].

Call centre are one of the biggest areas which businesses seek to outsource. In fact companies in the west have now started off shoring their call centres to countries like India, Philippines and South Africa. The reason for this is that most nationals in these countries speak English. The labour available in these countries is also comparatively less expensive. However we should be aware that outsourcing and offshoring would not have been possible if it were not for the advances in technology that have occurred over the past many years. The introduction of Wide Area Telephone Service (WATS) by AT&T in 1961 gave rise to toll free calling. The advances in telecommunications with cellular, wireless and satellite technologies have also boosted services. This has been further augmented by the Internet and the World Wide Web and the Computer Telephone Integration (CTI). This has also led many call centres to evolve to contact centres where basic telephone services are complemented by services in other media such as e-mail, fax, webpages, or chat [8].

Du Toit [9] has outlined many reasons why call centers are outsourced. The first of these is cost savings for the company that outsources its call centre activities. Outsourcing can lead to lower costs due to economies of scale for the client company as the vendor is usually experienced and has the technology and resources that would usually be very expensive for the client to acquire.

Secondly, outsourcing results in reduced risks for the client. In many cases these risks are shared for the client as a result of consultation with an expert vendor.

The third reason outlined is scalability and flexibility to the client. Depending on the amount of work that the client has at a particular moment, casual staff can be taken on or laid off by the vendor as required.

Lastly, outsourcing allows process re-engineering and implementation of best practices benchmarked against similar operations worldwide. As many call centre outsourcers tend to utilize the most advanced technology available to stay efficient, the client gets access to new systems and applications which may otherwise have been unaffordable.

Telemarketing is one of the largest outsourced services in the industry today. According to Spiller and Baier, "Telemarketing is defined as a medium that uses sophisticated telecommunications and information systems combined with personal selling and servicing skills to help companies keep in close contact with present and potential customers, increase sales, and enhance business productivity."

Telemarketing is a direct marketing tool which allows organizations to reach their customers in a personalized manner. Telemarketing allows for personalized selling without the face-to-face aspect. Telemarketing also is the most effective medium of direct marketing. In the USA, telephone marketing sales for both business and final customers accounted for $764.9 billion in 2003 and these figures have risen tremendously.

Telemarketing has the advantage of providing immediate feedback and is also very productive. More customers can be reached over the telephone in a given period of time then by having to send a sales representative to each individual customer. The telemarketing industry has one of the highest labour turnarounds because the nature of the job involves frequent rejection and intense personal interaction.

Technical Issues

Telemarketing can be classified as **inbound**, where customers call to place an order, to request for more information, or for customer service, or **outbound,** where a firm calls customers to offer a product or service.

Outbound calls are referred to as proactive telemarketing. The company wanting to sell a product or offer information about a product initiates the call. Outbound calling requires more experienced and well-trained employees as compared to inbound calls.

Outbound calls can further be classified as cold calls and warm calls. Cold calls are made when there is no existing relationship with, or recognition of, the direct marketer [9]. Warm calls on the other hand are made when there is an existing relationship between the prospect and the direct marketer.

Major technologies have been developed to support the telemarketing industry. Apart from the ones outlined above, there are two more systems that are very critical. These are the Dialed Number Identification System (DNIS) and Automated Numbering System (ANI). The DNIS identifies for the receiver what number was dialed by the caller. This may help organizations to keep track of the number of calls that are dialed to a particular number and thus companies can forecast the number of employees that are needed to handle call on that line. The ANI identifies the telephone number of the person calling. This number can then be matched against a name in the company's database so that all details of the person calling can be populated when an agent actually speaks to the person calling. This can actually save a lot of money for the organization in terms of the amount of time an agent spends speaking to a single customer.

Another very important technology for outbound calling is the predictive dialer. The predictive dialer is a computer that actually dials calls and connects this call to an agent who is free only if a live person answers the call on the other side. It is considered to be predictive because it anticipates when an agent will become available, and when the next human response will be detected [10]. The predictive dialer greatly improves efficiency by maximizing the amount of time agents spend speaking to customers.

A well planned telemarketing program requires that the telephone operators are well trained and also they are provided with well designed scripts. "A telephone script is a call guide to assist the telephone operator in communicating effectively with the prospect or customer" [9].

It is suggested that in Business Process Outsourcing the person or the team who manages the day-to-day relationship with the outsourcer plays a major role. This person or team needs to understand the companies own strategies as well as how the outsourcer operates and would be the source of all communication between the outsourcer and the organization [11].

IV. This Study

Outsourcing literature in Information Systems does not follow any single research question or a single method or theory. It has been suggested that from an academic perspective, the practice of outsourcing IS functions is a practitioner-driven phenomenon [5]. This is illustrated by the fact that the first research papers on the subject did not appear until 1992, over three years after Kodak's landmark decision to outsource its IS functions [12].

The present study is an interpretive study. These are studies that seek to understand the deeper structure of a phenomenon through different approaches such as trying to understand the meaning an act has for the actor himself, trying to understand the observed world reflected by written or spoken text, or trying to understand the meanings that a particular behavior signifies to the subjects [13]. According to Orlikowski and Baroudi [14], in interpretive studies researchers adopt a non-deterministic perspective where the intent of the research is to increase understanding of the phenomenon, and the phenomenon of interest is studied in its natural setting from the perspective of the participants. For that purpose, in interpretive research often case studies and action research are used. The aim of such research is to get close to research subject and explore its detailed background and life-history [15].

Case studies typically combine data collection methods such as archives, interviews, questionnaires, and observations [16]. Case studies are frequently used to explore a problem that is not well defined or understood [17]. This method helped us collect information on a particular campaign in a particular setting that could not be otherwise collected.

The project (campaign) was divided into different sections. Different groups of people concerned with the campaign were interviewed. The study used interviews in combination with observation of the teams involved in the operations of a selected BPO in the outsourcer settings. Interviews, observations, and archival sources are particularly common in case study data collection since they provide a stronger substantiation of constructs [16]. The observation of the particular business process involved taking field notes on the role of different teams and the changes to the original data provided by the client organization.

This study was conducted over a period of five months. Most case studies are conducted over a fairly short period of time—usually less than a year, although it is possible to conduct a case study over a much longer period [17].

The Project (Campaign)

The present study focuses on the changes in the data through one outsourced project to a vendor. The selected vendor organization is a medium sized organization with a combination of temporary and continuing staff of about 3000. They are located in three locations in South East Asia. They offer services from initiating and receiving the end customers' calls, to managing the entire back office and support services common to most organisations. In view of their particular organizational structure they can tailor solutions to suit their clients' needs. Each provided service is flexible and can be used independently or in association with their other offerings. Figure 1 shows the basic structure of the selected organization pointing out the support structure available to different virtual processes run by this organization. For the purpose of this study outbound telesales campaign was selected as the outsourced process.

A telemarketing campaign is a project. The external party is the client who has outsourced the telemarketing campaign. The internal team members are the divided into two groups. Those who are working exclusively on this campaign, we call them *campaign members* and those who provide services to support all running campaigns, we call these *service members*. At the beginning of the campaign the campaign manager would be provided with Business Requirement Specifications (BRS). The BRS would specify the KPIs, the number of hours a campaign needs to function, number of staff and also the criteria for QA involvement. The BRS would also give an indication about the script.

The data would be reviewed by the Implementation Manager so that s/he can arrange for the right set-up before the campaign is up and running.

At each point of time there are several campaigns running simultaneously in the telemarketing company. The number of outbound telesales is approximately 10 separate campaigns with their own campaign. The following are the campaign members:

The Teleoperators: At the bottom of the ladder and have to meet some standard KPIs for each campaign. **KPI** stands for Key Performance Indicators are set by the client to be achieved during the course of the contractual period. These are directly related to agent productivity. Clients prior to venturing into a partnership with an outsourcer build their own business models assuming the level of productivity required to make the venture viable.

The Group Leaders: each campaign has several group leaders who are usually in charge of five to six teleoperators.

The Campaign Manager: Each campaign has a manager who has usually worked as a group leader for several years.

The following are the ***service members*** who support all running campaigns.

The Quality Assurance group: These are the group who are in charge of checking the quality of any agreement made on the phone before the positive results are considered as a success.

The Information Technology Services: The unit is divided into different sections. These include Business Analysts, Infrastructure, Voice (outbounding diallers, enterprise routing and voice portals) and the CRM Application.

For a specific campaign, the customer data (records such as their phone numbers, name, the product type and age) is provided by the client company. This data is sometimes sent from a washing agency to ensure that all the data being sent is correct and that things have been matched up. Washing means checking the quality of the data before they actually dial the number.

IT would do all the validations on the software to ensure that the flow of the scripts and data is all correct. There are two type of software used here. The first one is CRM software and the second one is the software which is directly connected to diallers. The data provided is then stored in two databases, the CRM and the database connected to diallers. In the database which is connected to diallers, we store information like the phone number, the customer ID and the campaign ID. The project company has a unique code for each campaign and customer for that campaign. In the CRM database all information about the customer including call history is stored.

The data for a campaign is provided in an RTF file. The project company then provides a campaign number for that list and the script for CRM is configured. Also a customer ID specific to the project company is provided for each customer in the database. The script in the CRM software is dynamic as there are many script variables which get loaded based on information in the its database. The client provides the script which is then formatted by QA. IT then converts the script to the right file format to be uploaded into the software.

The project company through IT has access to two kinds of diallers. These are Predictive and the Progressive dialler. The predictive dialler is the one most often used and it results in higher productivity. The trade off with predictive diallers is that it can result in drop calls. The progressive dialler is not used very often. With this, one dial is made for every agent waiting. It may not result in an efficient hit rate. The CRM software is independent of diallers. The diallers use their own specific algorithms to dial. The speed of the diallers can be altered based on the time of the day or the requirements of the campaign. The dialler usually throws a call to an agent who is free when it makes a hit. The call outcome is reflected both in the CRM software and the database connected to diallers. The CRM software is updated based on the diallers' database call outcome or the diallers' database code for the call disposition.

Analysts would be concerned with the scripts and how script variables are loaded on the software. They are also concerned with productivity and KPIs. They support the campaign manager achieve the desired KPIs. They make sure that the scripts are ready for a campaign on time. In addition they help campaign manager by controlling factors like wait time of agents, their talk times and the wrap times. Analysts are also concerned with resource planning and forecasting. They are more concerned with the results of the campaign.

The CRM database contains all information about the customer. The diallers' database is concerned with the call outcome of each call dialled.

Training Services: We noticed that the training team is in charge of training members of different campaigns. They obtain all the information required for training different campaign members. They train different levels differently. There are some basic training workshops for the campaign managers, group leaders and operators which are conducted in separate sessions. They divide the training workshops into two sections, the sale section which they cover and the product section that in some cases they conduct the workshop on the basis of the material provided by the client and in some particular situations the training is covered by the outsourcing organization themselves. There are several campaigns running simultaneously. This means that the training team are conducting workshops for different teams and different levels in each team all the time. In training sessions of the group leaders and the training sessions of the operators the specific information is provided by the campaign manager. This is on the basis of the expectations of the client.

Quality Assurance: Quality Assurance (QA) team have two different functions. One is toward the client (the outsourcing organization) in terms of meeting the targets and the other is to ensure that the project organization abides by rules and regulations. This could be the Fair Trade Practices Act or the FSRA for financial products. QA is the team who ensures the Service Level Agreement entered with the client is met. From an organisational context, they make sure that the project organization obeys rules. From a campaign context, they make sure that the business follows client specific targets. It is interesting to note that QA is not really a legal team. They work on the presumption that scripts and expectations given by the client have been checked by a legal team. They document what the client expectations are.

It is important for QA team to have a right definition of the successful call for each campaign. The criteria are given to the QA team by the Campaign Manager who deals directly with the client. The criteria can be very specific to a campaign. Some of the criteria for a specific campaign may be relevant to the way the script is read by the operator, the number of rejections on one call, background noise, mistakes or incorrect or missing information, and that customer to be told s/he is being recorded.

QA's communication with the campaign manager is very interactive. In different campaigns, QA provide essential support for the campaign manager. QA would support campaign manager in areas such as recruitment process; rewards and recognition, hours of operation. In the particular project examined in this study QA team provided the campaign manager with support in: Call monitoring and making sure mistakes are corrected, Verifying or bouncing sales and then providing feedback on what went wrong, Direct feedback to operators on the campaign and performance reviews to address any problems.

Outcome – Reports: Once the call is considered to be successful, the result will be checked by QA team for quality and then sent to the client organization. The day after the successful call all the necessary documents regarding the sales will be sent for the customer by the client organization. The outcome for the project organization is updated database to be provided for the client organization upon request and different types of reports. When a call is successful, it gets documented in a system (in-house). The details that are stored here are information such as Customer ID, Customer Name, Name of operator who was responsible for the sale, Length of recording, Campaign ID, Bounce reason if any and QA comments if any.

Data Flow: The database is updated on the basis of the responses by the customers. The response to the calls made is sent as daily reports to exclude the name and details of the customers already purchased the product/service. This will avoid calling the same customer for the same product/service.

Operational: The extract of a successful call is sent to the client the day the sale has been made. The client is responsible for sending the policy document. Also the Product Disclosure Statement (PDS) and Financial Services Guide (FSG) are sent to customers by the client.

There are two types of reports, external reports and internal reports. External reports are provided by the project organization for the client and internal reports are for the management of the operation inside the project organization.

External Reports: Reports to the client can be of different types:

- **Daily Activity Report**: This summarises sales, hours, dispositions (the result of the call), and productivity level on day in comparison to month or week.
- **CSP**: Every operator productivity level on a daily basis in comparison to their monthly results.
- **Age Summary:** This report is important in Financial Services. It would be used as a data mining tool to connect age with the number of successful calls. This will help the client company target the correct age group for their future campaigns.
- **Premium Levels and Card Types (specific to the project of this case study):** This report matches premium level to Card Type of the Customer. This is also used for data mining purposes. This will help the client to focus their future campaign target the right market segment.
- **Daily Extract**: This report contains data for sales of the day. It would contain information such as which customer signed and at what level and what price, who sold the cover, what time it was sold and the customer ID.
- **End of Campaign (EOC):** This would be accumulative data about the performance of the campaign. The call outcomes are summarized in the EOC.

Internal Reports: Internal reports are for people within the organisation and are usually less cosmetic. These reports are usually system generated. Internal reports can be intra-day, daily, weekly, monthly and end of campaign (EOC).

Figure 2 maps out different steps completed in each virtual process completed by this organization as a vendor organization.

V. Discussion

The study selected one outsourced process of a vendor organization with matrix organization and followed the dataflow through this particular process. These organizations are usually experienced in a prticular business process and have the technology and resources that would usually be very expensive for the client to acquire. The vendor has a project oriented structure. The project oriented organization is ideal for this type of organization and in practice it saves their clients time and money. In most cases such as the project examined by this study permanent team members were acting as business analysts on behalf of their clients. The building block of these organizations are virtual teams who work on a particular campagin.

The vendor organization usually can work on a very low cost due to the economies of scale and particular characteristics of this type of organizational structure. The lowest rank on the lader of team members have a very standardised work. All the questions are coded. All the possible outcomes are coded too. This is a very standardized work. The calls are automatically dialed and then automaticaly directed to the operators. They do have all the questions and answers. Once the sales is made the result is check by very standardised process by QA members and forwarded to the client. The cost is kept very low. The process is completely standardised. For each campagin the values of the parameters are changed according to the reuirements of that particular campagin and by the end of the campagin all the right information have been forwarded to the customers by the client. The only remaining function would be to provide some addition information for the client to be used in their future campaigns.

The study documented a sample virtual process from the data provided by the client organization to the completed reports and the updated database sent for the client company. The next step would be to look at this whole process from a knowledge management point of view and to examine different concepts in such a virtual process such as data ownership and security.

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GLOSSARY

- **Abandoned call –** A call that customer hangs up before even speaking to an agent.
- **Agent –** see TSR.
- **Calling List –** A table containing information regarding customers to be called.
- **Campaign –** An outsourced telemarketing venture for a specific client.
- **CM –** Campaign Manager. A person/s responsible for the day to day activities concerned with a campaign at the outsourcer.
- **Contact Penetration –** A KPI which sets the percentage of contacts to be achieved based on the number of records provided in a list.
- **CPH –** Contacts per hour. A KPI which sets what is the minimum number of contacts that an agent needs to make in an hour.
- **CTI -** Computer Telephone Integration. Technology which allows the telephone to be integrated with the computer.
- **Disposition –** A call outcome. After a call to a customer is finished with, the outcome of the call is saved in the form of predefined dispositions. Examples of dispositions would be Answering Machine, No Answer, Call Back, Sale, etc. The dispositions are set either by the predictive dialler or the agent with the help of conclusion codes.
- **Dropped call –** A call that is answered by the customer but cannot be answered due to agent unavailability.
- **EOC Reports –** End of campaign reports. These summarise all the activities during the course of the campaign and provide figures for the client who can compare them to the KPIs they have set.
- **Extract –** A record of a particular customer from the calling list.
- **FSG –** Financial Services Guide. A legal document which is mailed to a customer and contains information about all the parties involved in providing a financial product to the customer over the telephone. It has to be mailed to a customer before he/she can be contacted over the phone.
- **Hit Rate –** The contact to dialled rate.
- **IVR -** Interactive Voice Response. A computerised system that allows a telephone caller to select an option from a voice menu**.**
- **KPI –** Key Performance Indicators. The specific factors that the client sets its business partner to achieve during the course of the contractual period. These are directly related to agent productivity. Clients prior to venturing into a partnership with an outsourcer build their own business models assuming the level of productivity required to make the venture viable.
- **PDS –** Product Disclosure Statement. A legal document which has all description about a product being offered over the telephone including costs, eligibility, exclusions, etc. It has to be mailed to a customer before the customer is contacted by telephone.
- **Predictive Dialler –** A computerised systems which dials calls from a list and only forwards those calls it thinks to be a valid answer to an agent on the floor. If it cannot find an agent to forward the call to, it simply drops the call.
- **QA –** Quality Assurance. A department at the outsourcers end which is responsible for verifying the legality of recorded sales.
- **SPC –** Sales per contact. A KPI which sets what is the minimum percentage of sales an agent needs to achieve based on the number of contacts made.

  SPC = (Total number of sales / Total number of contacts) * 100
- **SPH –** Sales per hour. A KPI which sets what is the minimum number of sales an agent needs to make per hour.
- **Telephone Script –** A call guide used to assist an agent to communicate effectively with a customer.
- **TL –** Team Leader. A person who manages a small group of agents and is responsible to see that agents belonging to his/ her team are meeting necessary KPIs.
- **TSR –** Telesales Representative. An agent who takes calls forwarded by the dialler and speaks to the customers

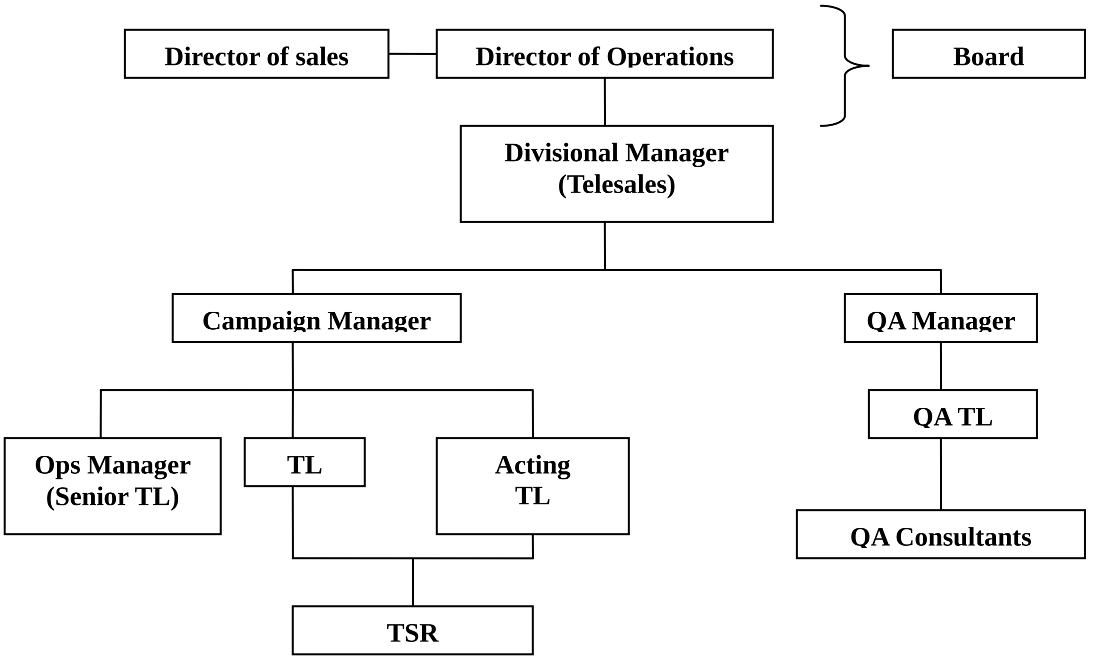

Figure 1: The particular organizational set up to cater for simultaneous virtual processes

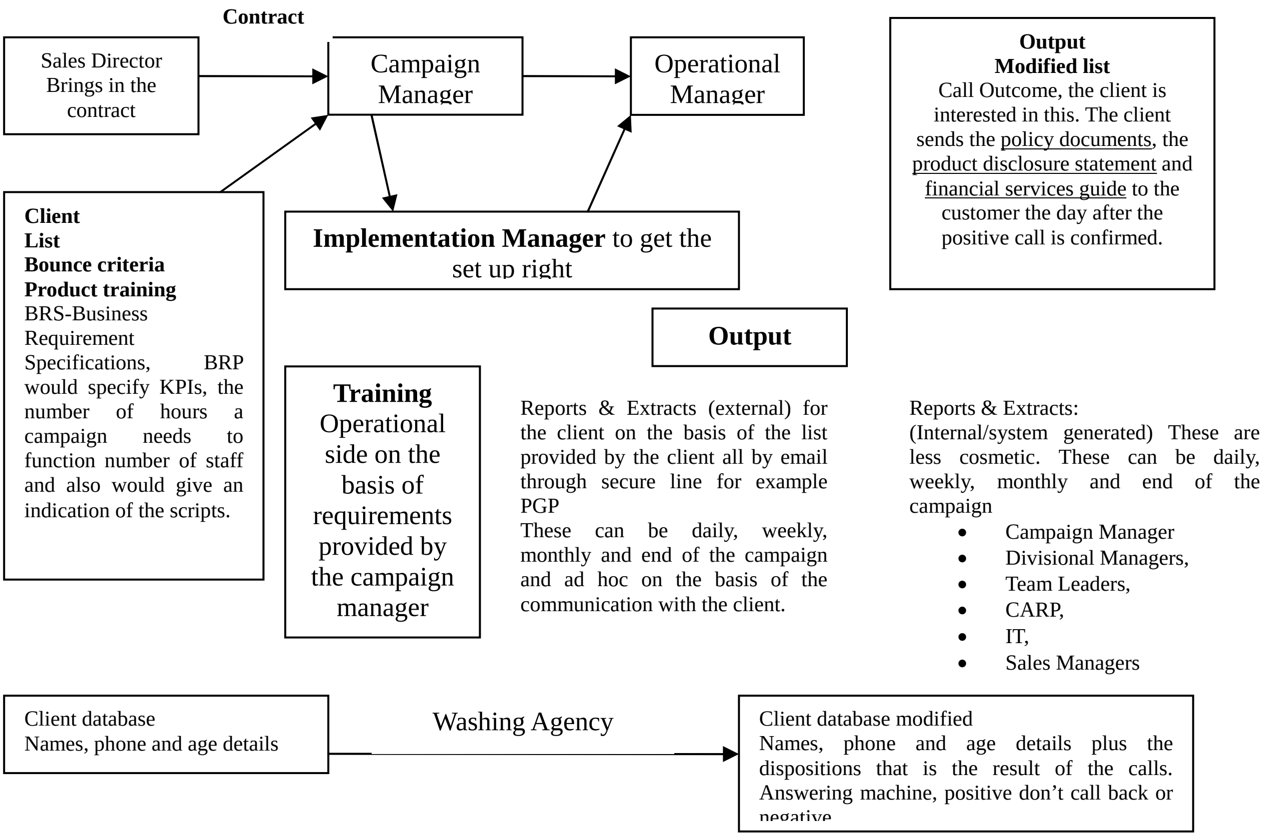

Figure 2: The outsourced process documented