

South Africa | outsourced customer management for an international client base

Breaking the mould: creating sustainable competitive advantage for Merchants BPO



Challenge

- Merchants search for competitive advantage through technology

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Solution

- Contact Centre-as-a-Service (CCaaS) – a comprehensive suite of contact centre functionality delivered via the cloud.

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Result

- migration of 90% of Merchants' clients to CCaaS
- up to 40% reduction in client IT delivery costs
- 15% margin improvement
- significant new business wins based on technology advantage
- up to 60% reduction in technology deployment times
- 45% reduction in corporate office telephony costs

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'We are now in the **enviable position of being able to offer technological innovation to our clients without having to make speculative investments** in functionality our clients may or may not adopt. In a nutshell, **we have achieved competitive advantage without business risk.**'

George Todd, Managing Executive,
Merchants

 Challenge

Investing in innovation

Customer management outsourcing businesses have often been castigated for their lack of technological innovation and an unwillingness to invest in evolving technologies ahead of client demand. This is hardly surprising. In an increasingly tight margin business, speculative investment represents a degree of risk few outsourcers have the appetite for. As a result, outsourcers – no less than their clients – often depend on outmoded, inflexible technological infrastructures that are expensive to maintain, uneconomical to change, and prohibit access to technological innovation.

Merchants, an established pioneer in customer management outsourcing, and its parent, Dimension Data, decided to break the mould.

'We were aware that BPO clients were hungry for new technology and innovation, and that Merchants needed to supply it to them on a flexible and scalable basis. With Contact Centre-as-a-Service we would enable Merchants to set itself apart from its BPO competitors,' says Adam Foster, Group Executive of Dimension Data's Global Communications Business Unit.

In January 2011 the search began for a key technology vendor that would make Dimension Data's vision of a flexible, scalable, pay-as-you-use contact centre functionality suite realisable. By July that year it had selected Avaya to design and supply the core architecture at the heart of Contact Centre-as-a-Service (CCaaS).

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 Solution

A multi-vendor solution

Recognising that the solution it had created for its own BPO operation would be of interest to contact centre operations across the world, Dimension Data set out to ensure it had wide appeal.

'As the global leader in contact centre technology, Avaya was a natural choice,' says Adam. 'However, we will never be bound by a single vendor approach. We constantly monitor the evolving technology landscape and introduce innovative applications from the best vendors as they emerge and are proven.' Already key functionality from Verint and Nice has been added to CCaaS. More will follow.

The implementation of CCaaS in Merchants' South African contact centre operations was completed over the summer of 2011 and deployed for the first time in September of that year on behalf of Merchants' client, TransUnion.

Transformation for TransUnion

The ability to deliver state-of-the-art contact centre functionality on no-risk financial terms via CCaaS unlocked a seven-year outsourcing contract for Merchants with this market leading credit bureau. CCaaS now supports all of TransUnion's lines of business and has underpinned a fundamental restructure of the company's business operations in South Africa. Merchants transferred 146 staff from four of the company's in-house contact centres to a single, outsourced location and implemented CCaaS within only four months.

'Success with TransUnion clarified very quickly that CCaaS could not only unlock large-scale projects with enhanced revenue streams for us,' says George Todd, Managing Executive, Merchants. 'It also showed that it could be deployed very rapidly in an environment where time is money.'

New opportunity for Hollard

Merchants has a long-standing reputation for delivering on-premise technology infrastructures for many of its clients, either as a component of a broader outsourcing deal, or in isolation. A natural first step was to migrate those operations whose infrastructures were approaching end of life, or where new functionality was in demand, to the new CCaaS. One of the first to make this move was Hollard, South Africa's largest private insurance company, which had previously sourced technology to support its in-house operations from Merchants.

Merchant's ability to use CCaaS to offer Hollard an escape from the limitations of its outdated legacy technologies without capital investment on its part proved the catalyst for a transformation of the in-house sales operation for this leading insurer. In less than three months, Hollard transferred its operation from several disparate and aging centres to a single, state-of-the-art contact centre building in Johannesburg. In this case, Merchants was able to provide both the technology and the building, which is now managed by them on a managed service basis.

'We trusted Merchants to specify, acquire, and manage the technology environment on our behalf because they have such demonstrable experience, not just in executing large-scale technology deployments, but in managing ongoing contact centre operations, too,' says Albie Aucamp, Head of Sales for Hollard.

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 Result

Unlocking service innovation for customers

Ninety percent of Merchants' existing client operations have now transferred onto CCaaS including Asda, Vodacom, FSB, and Hollard. Merchants' European-based joint venture partner, TSYS Managed Services (TMS), has also adopted CCaaS to support its growth in the financial services customer management and payment card processing market. In every case the ability to unlock service innovation through technology has created additional business opportunities for Merchants.

'We know that technology is a major headache for customer management operations that are struggling to keep pace with customer expectations in an adverse financial climate,' says George. 'In the past, outsourcers like Merchants have been able to do little to help. Today, we can unlock transformational change rapidly, providing access to advanced contact centre functionality on demand and on a pay-as-you-use basis.'

Uncovering business opportunities

Merchants appreciates that CCaaS has put it in a strong position not only to maximise potential within its existing operational client base, but to uncover otherwise hidden business opportunities. 'CCaaS has been a key factor in the majority of the new business deals that we have won in the past 18 months,' confirms George. 'It has also allowed us to secure key contract renewals, thanks to the ability it gives us to offer "more" for "less".'

Flexible access to advanced functionality

Merchants' conviction that CCaaS gives it a compelling competitive advantage stems from its knowledge that, for today's customer management operations, an ability to bring new functionality on-stream quickly is recognised as a primary advantage. By the same token, the inability to do so represents significant business risk.

Customer management decision-makers questioned in the 2013/14 Global Contact Centre Benchmarking Report say they see emerging technologies, especially in the area of analytics and multichannel service delivery, as the greatest source of potential benefit for their businesses. However, at a time when technological innovation is most desirable, companies feel least able to achieve it. Further research carried out by Merchants confirms that almost half of all organisations believe their customer management technology infrastructures will fail to keep pace with demands placed upon them by customers within the next three years – 9% say they are already failing. Despite this, almost half have no technology strategy and 72% of those who feel their infrastructures are most at risk, have not been able to allocate budget to finance the investments they envisage will be needed.

'In this environment, the ability to offer flexible access to advanced functionality is a trump card for any outsourced provider,' says George. 'And, because that functionality is provided on a fully resilient basis via the cloud, we – and our clients – pay only for what is needed, when it's needed. As an outsourcer, we're able to scale our business up and down at will without financial penalty.'

'We believe Contact Centre-as-a-Service is a game-changing proposition with the potential to transform forever the way outsourcing businesses like ours deliver solutions to clients. It gives us a distinct commercial and competitive advantage as we grow our business, allowing us to provide innovative solutions based on the best technologies available.'

Managing the business

Merchants figures that what's good for its clients is good for its own business, too. Today, the telephony and technology infrastructure that supports Merchants' corporate functions in its offices around the world is sourced via CCaaS, delivering a substantial reduction in operating cost. This is not only because licencing and support costs have disappeared, but because the whole of Merchants' global estate now operates as a single telephony network, bypassing third party telcos. Calls between Merchants employees, in their offices or on the move, are effectively, internal calls. 'We've seen a 45% reduction in operating costs across our corporate telephony infrastructure,' concludes George. 'That makes Contact Centre-as-a-Service a winner on both sides of the balance sheet!'

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Services overview

- Contact Centre-as-a-Service (CCaaS): customer management functionality delivered via the cloud
- systems integration: integrating CCaaS into existing technology infrastructures
- hybrid solutions: combining CCaaS with on-premise telephony or multivendor application environments