

Entering the European market for contact centre services

The European market for contact centre service providers is a very interesting market for offshore and nearshore providers. The market is characterised by innovation and new laws regarding the privacy of European customers. New outsourcing destinations are entering the European market, paving the way for other contact centre services outsourcing providers.

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1. What requirements must contact centre services comply with to be allowed on the European market?

What are mandatory requirements?

Mandatory outsourcing requirements for the European contact centre market can be divided into legal and non-legal mandatory requirements. Although non-legal requirements are not obligatory by law, they are considered minimum requirements to enter the European market.

Legal mandatory requirements

Regulations on cold calling

When you approach potential customers who you have not interacted with before, and who are not expecting you to contact them, this is referred to as “cold calling”. Some European countries have introduced strict national legislation to reduce the amount of cold calling that companies can do. Consumers and companies in many European countries can register for a specific period in which they cannot be contacted by phone, fax or SMS for direct marketing purposes.

Tip:

Research the national regulations of your European target country with regard to “cold calling”. In the United Kingdom, this is regulated by the [Telephone Preference Scheme](#) (TPS). In Germany, it is regulated by the [Robinsonsliste](#). In Belgium it has a similar name: [Robinson Lijst](#). In the Netherlands, it is regulated by the [bel-me-niet register](#).

Copyright

Copyright refers to legal protection of computer programs. The European Union has established specific rules to protect computer programs by means of copyright. According to the [Directive on the legal protection of computer programs](#), you have to make sure not to breach any copyright when placing your contact centre services on the market. At the same time, your products and services are also protected against unauthorised reproduction under this directive (law).

Tips:

Read more about the [legal protection of computer programs](#) on the website of the European

Commission.

Check the exact regulations in your European target market. All European Union Member States have implemented the European Directive into national legislation. Although they are generally the same, there could be minor differences.

Pay attention to copyright and infringement (the act of breaking or disobeying the contract) clauses in the contracts you sign with European buyers.

General Data Protection Regulation

Privacy is highly protected in Europe. Providers that do not respect these directives may be subject to enforcement actions and/or possible claims – even if they are located outside Europe.

Most contact centre services concern personal data, and this is becoming increasingly important as the personal data aspect in contact centre services is [expected to grow very fast](#) in the upcoming years.

The new [General Data Protection Regulation](#) (GDPR) came into effect on 25 May 2018. This regulation was designed to protect individuals in Europe from privacy and data breaches. It has since then also been incorporated into the European Economic Area ([EEA Agreement](#)), which brings three of the European Free Trade Association (EFTA) states into the European single market. This means the new GDPR is also enforced in Iceland, Liechtenstein and Norway.

These new rules were introduced to give people more control over their personal data and let businesses benefit from a level playing field where the laws and regulations are the same in every country. The GDPR applies to all companies processing the personal data of individuals in Europe, regardless of the company's location. This means it also applies to you directly.

Under the old directive, the protection of any data by which an individual can be identified was the sole responsibility of the data controller (owner). However, under the GDPR, any company or individual that processes data is also responsible for its protection. Examples of personal data that are protected by this regulation are names, email addresses, bank details, social media content, photos and IP addresses.

Some key consumer rights you must comply with include, but are not limited to:

Consent – also known as permission or approval. Consumers must explicitly consent by opting in, consent must be easy to withdraw and requests must be specific and in plain language.

Right to access – consumers are entitled to know whether companies process their personal data, where they do so and for what purpose.

Right to be forgotten – consumers are entitled to have their personal data erased and have processing and further dissemination halted.

Privacy by design – data protection should be included from the onset of designing systems. Data should be minimised and access limited.

The General Data Protection Regulation is very important in the contact centre industry, because data plays a big role in many contact centres. In some cases, the GDPR requires the appointment of a [Data Protection Officer](#), specifically if a company's "core activities involve processing of sensitive data on a large scale or involve large-scale, regular and systematic monitoring of individuals". The [main tasks of a Data Protection Officer](#) include informing their company of its obligations under data protection legislation and monitoring

compliance.

It is important to find out [what the GDPR means for your contact centre operations](#). Study the GDPR's new [European data protection rules](#) and [principles](#) if you are dealing with personal data. This will give you a good understanding of what is allowed and what is not. You should also use IDC's [GDPR Readiness Assessment](#) to determine how compliant you are and what you may need to improve. Follow the [ten steps contact centres should take to prepare for the GDPR](#).

Tips:

Set up clear consent request forms and privacy policies that inform customers how you process their personal data. For more information, see the [GDPR consent guidance](#) from the United Kingdom's Information Commissioner's Office (ICO) and Econsultancy's [GDPR: How to create best practice privacy notices](#). Also, audit your current data to determine whether they are GDPR compliant. What data do you have, where and why? Did customers explicitly consent to the data being used for this specific purpose?

Keep records of your obtained consent. See ICO's advice on [how to record consent](#).

Check the [ePing](#) website for an overview of country-specific measures that affect trade and differ from the international standards, as well as for the contact persons per country that the World Trade Organisation (WTO) has appointed. You can also subscribe to receive alerts (called ePing alerts) that might be relevant for your product or service.

ePrivacy

ePrivacy regulation is important in most outsourcing industries, but also in the contact centre industry. The [ePrivacy Directive](#) (2002/58/EC), commonly known as the "cookie law", contains specific regulations for data protection in the electronic communications sector. For example, sending unsolicited commercial electronic messages ("spam") is now controlled by the ePrivacy Directive and is no longer allowed. There are strict rules on the use of cookies and contact details may only be published with the subject's consent.

A [new ePrivacy Regulation](#) was originally scheduled to enter into force along with the GDPR, but its implementation has since been delayed. [The latest draft](#) dates from February 2019 and was expected to enter into force at the end of 2019, but it is still waiting for approval at the beginning of 2020. The regulation is intended to safeguard the confidentiality of electronic communications through stronger privacy rules. Unlike the current directive, it includes Internet-based voice and messaging technologies such as Skype, WhatsApp and Facebook Messenger.

Tips:

Be aware of what data you store and where, to be able to comply with potential consumer requests. Also, note that the legislation on data protection is only relevant if your services involve personal data.

Make sure your staff are aware of your policy, so they do not unintentionally violate GDPR regulations.

Read more about [digital privacy](#) on the website of the European Commission. This is also where you can keep up to date on the reforms of the European ePrivacy rules. Contact [Open Trade Gate Sweden](#) if you have specific questions regarding rules and requirements in Sweden and the European Union.

Non-legal mandatory requirements

There are also non-legal requirements that are considered mandatory by many European buyers of outsourcing services. Although these non-legal requirements are not obligatory by law, they are minimum requirements to enter the European market. Without fulfilling these requirements, your services will likely not be considered by European buyers.

Security

Data security is one of the main challenges for business process outsourcing (BPO) service providers. This includes both data protection and recovery systems. Many European buyers expect you to implement an information security and management system, especially in industries in which security is essential, such as finance and banking, healthcare or mobile applications. The [ISO 27000-series](#) contains common standards and guidelines for information security.

ISO 27001 is an internationally recognised standard that provides requirements for an information security management system. Companies can become ISO 27001 certified if they comply with the standard. ISO 27002 is a supporting document to ISO 27001 that gives guidance and advice on the implementation of information security controls. Other supporting guideline documents in the ISO 27000-family are ISO 27003 and ISO 27004. ISO/IEC 27701:2019 is a certifiable privacy extension of ISO 27001, supporting the GDPR.

Tips:

Make sure you have effective security processes and systems in place, from business continuity and disaster recovery to virus protection.

Ask your buyer to what extent they require you to implement a security management system like the ISO 27001 standard.

Consider obtaining the ISO/IEC 27701:2019 certification. To do so, you will need to either have an existing ISO 27001 certification or implement ISO 27001 and ISO 27701 together as a single implementation audit.

What additional requirements do buyers often have?

European buyers of contact centre services often have additional requirements that are important to them when choosing an outsourcing provider. These refer to quality, privacy, security and corporate social responsibility (CSR). There has always been a debate within the sector on whether quality certification is important. If anything, it can show your commitment to your product or service and proves that you are a serious service provider focusing on your clients' needs, quality and continuous improvements.

Quality management

Many European buyers only do business with companies that have a quality management system in place. Such a system shows that you are well organised and able to deliver the required service quality. They include, for example, backup and recovery schemes, network and infrastructure security, communication plans and relocation options.

EN 15838

For contact centres, the [EN 15838](#) standard applies. This European standard focuses on the performance quality of the contact between the customer and the contact centre.

COPC

COPC is a performance management system for call centre and customer experience operations. It gives objective measures for all activities that directly impact your clients. It demonstrates your capability to achieve your performance target. It also gives you a roadmap for change and to achieve a significant return on investment.

ISO 9001:2015

One of the best-known quality management standards is [ISO 9001:2015](#). If you comply with ISO 9001:2015, you can obtain [certification](#), which may give you a competitive advantage.

Corporate Social Responsibility

CSR refers to companies taking responsibility for their impact on the world. Not only in the products or services they offer, but also concerning consumer rights, education and training of staff, human rights, health, innovation, the environment and working conditions. For contact centres, its importance is debated, as its impact from small companies is often marginal.

CSR is becoming especially important to large companies and governments in Northern and Western Europe. Many European companies involve their suppliers in their CSR policies. In the future, CSR may well become a direct selection criterion. Having a well-documented CSR policy may therefore give you a competitive advantage over companies without one.

The [ISO 26000](#) standard provides guidance on CSR. For small software companies, labour practices, fair operating practices and community involvement are the most relevant and practical aspects of the ISO 26000 standard.

There are some new trends and initiatives to extend CSR into small IT businesses. Fairtrade software is an example of such an initiative. It means software that is developed for better prices, under decent working conditions, supporting local sustainability and with fair terms of trade.

Impact sourcing is another example. It is described as the integration of disadvantaged workers from low-employment areas into the processes of businesses from more economically advanced countries, either through outsourcing or by setting up remote or virtual teams using digital technology. Impact sourcing has good potential for companies that wish to make their business more socially responsible.

When you are considering a particular quality certification, ask yourself three questions before working out the details: is it good for my company? Is it good for my clients? Does it have marketing value? When you specialise or aim to specialise in offering contact centre services for a particular sector, find out which certifications are relevant for that particular sector.

Tips:

Look at [ISO/IEC/IEEE 90003:2018](#). This is a guideline (checklist) on how to apply ISO 9001:2005 for software development.

If you are an African contact centre service provider that emphasises technology, take a look at the [#FastTrackTech Africa Initiative](#) by Intracen.

Read more about CSR in practice on the website of the [European Commission](#) and look at [examples](#) of small [software companies](#) engaging in CSR. Also, consult the [ITC Sustainability Map](#) for a full overview of certification schemes addressing sustainability in the IT outsourcing sector.

What are the requirements for niche markets?

European buyers often require you to comply with a sector-specific and/or industry-specific standard or code of practice (if available). There are also many technologies, technical standards, protocols and frameworks related to the software that is used for contact centre services.

Financial services

From 30 September 2019, the European Banking Authority's (EBA) [guidelines on Outsourcing Arrangements](#) took effect. This law does not only apply to banks, building societies and investment firms, but also to payment institutions and electronic money institutions.

Payment-related services

The [PCI Security Standards Council](#) is a global forum for the payment industry. It maintains, evolves and promotes the Payment Card Industry Security Standards. If you are working with payment-related services and offer or aim to offer outsourcing services to the EU/EFTA market, look at their [standards overview](#) and complete their [Self-Assessment](#) tool to get more insight into the standards for payment-related services.

Tips:

Keep in mind that we have only mentioned some examples. The requirements for niche markets vary greatly because the contact centre market is very diverse. An immense amount of technology is present in contact centres, and companies often focus on horizontal and/or vertical markets. So you have to research your own situation, market and requirements yourself.

Other sources that might be helpful in your research are [PCI Security Standards](#), the [ISO](#) website, the [SAP website](#) and the website of the [European Commission](#).

Look at our [Buyer Requirements](#) study for more information on the IT outsourcing sector in general.

2. Through what channels can you get contact centre services on the European market?

How is the end market segmented?

The easiest way to segment the contact centre market is by vertical market (type of industry) and by horizontal market (type of service). For contact centres, language is also an important factor. This makes some countries particularly attractive outsourcing destinations for some companies, and not for others.

Figure 1: Horizontal and vertical market segments with opportunities for service providers

Services

Customer Care, Technical Assistance, Customer Acquisition and Chasing Arrears

Industry

Airlines
Banking, Financial Services and Insurance
Healthcare
High Technology
Restaurants and Food Services
Retail
Telecommunications
Travel and Hospitality
Travel and Transportation
Utilities and Energy

Vertical markets

The most promising vertical markets for contact centre outsourcing services are Banking, Financial Services and Insurance (BFSI), Telecommunications, Healthcare, Restaurants and Food Services, Travel and Transportation, Utilities and Energy, and High Technology and Airlines. They are the front-runners in offshoring their contact centre operations. Retail as well as Travel and Hospitality are also interesting vertical industries for contact centre outsourcing.

All abovementioned industries require a high volume of agents, diversity and scalability of the service offering and multilingual capabilities. A vertical industry is more interesting if there are more business-to-consumer rather than business-to-business companies. The former includes more end customers who seek to ask questions.

Read more about this topic, related to the end-market segment, in our [Market Analysis study](#).

Horizontal markets

The largest horizontal markets within contact centre services are customer care (almost 60%), technical assistance (25%), customer acquisition (10%), chasing arrears (5%) and others (2%). Most contact centre providers offer all of the above horizontal market segments. It is recommended that you do the same, since most European companies like to work with one service provider that can offer a complete package.

Tips:

Provide contact centre services for specific industries or niche markets. Focus on industries you are experienced in, or could easily develop expertise in. This offers you a competitive advantage.

Clearly promote your specialisations.

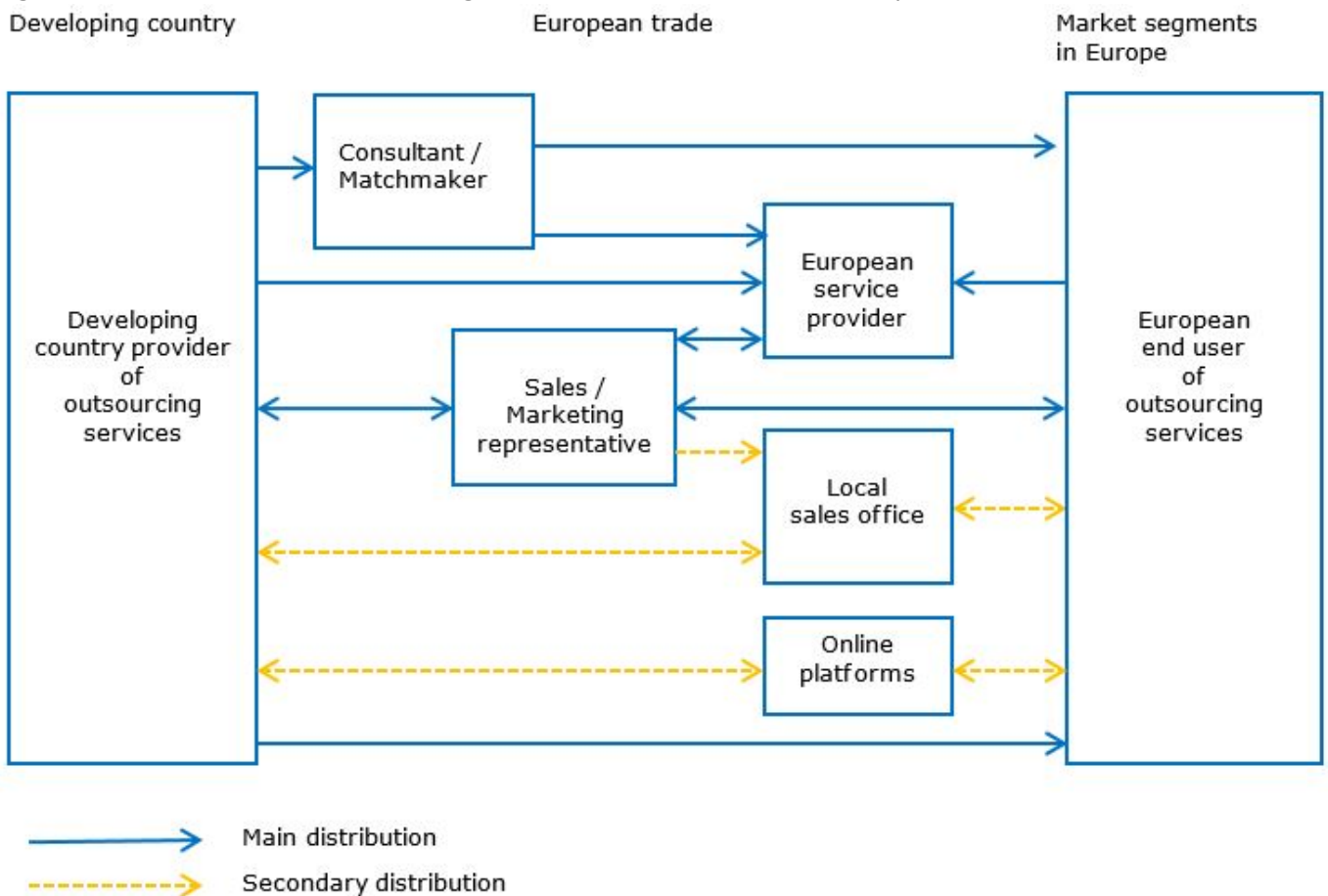
Offer high-quality contact centre services for business and other critical applications.

Through what channels do contact centre services end up on the end market?

As a contact centre service provider in a developing country, you can use several trade channels to enter the European market. Figure 2 provides an overview of the trade structure for outsourcing. This structure is more or

less the same in every European country.

Figure 2: Trade structure for outsourcing contact centre services in the European market



What is the most interesting channel for you?

The most common and most promising market entry channel for contact centre service providers from developing countries is to find and work together with a European service provider. Other channels are working with a consultant/matchmaker, a sales/marketing representative, a local sales office or direct sales (possibly through online platforms).

Selecting a channel depends on your type of company, the nature of your product or service, your target market and the available resources for market entry. You must understand that, regardless of the channel you choose, marketing and promotion is a vital part of your market entry strategy. And you are responsible for your own marketing and promotion strategy.

European service provider

Most contact centre service providers from developing countries find a European service provider either directly or by working together with a matchmaker and/or a sales representative. According to industry experts, subcontracting for European service providers is the most realistic market entry channel. You can try to find a suitable partner on your own or work with an intermediary. Because many European companies prefer to deal with a local contact person, an intermediary is a good option.

A European service provider that is similar to your company would be your most suitable subcontractor. Ideally, this contact centre service provider should offer similar contact centre solutions to yours and be active in similar industries. This can also be a chain of contact centre service providers that has offices in different countries.

Tip:

Approaching European service providers directly is only recommended if you have experience in the target market. Otherwise, you should consider working with a consultant/matchmaker.

Consultant/matchmaker

Consultants/matchmakers (just like sales and marketing representatives) usually work based on a retainer + success fee basis. This has a number of consequences related to marketing and contracting issues. A matchmaker is a person or a company with existing, relevant and ideally a large number of contacts in a specific market segment or industry.

A good consultant/matchmaker is therefore a “door opener” and not an agent to make cold calls or send cold emails. Matchmakers make appointments with prospects for you. However, the presentation and sales process remains in your own hands. This means that a consultant or matchmaker is a good option for you if you feel comfortable taking care of the presentation and sales process yourself.

It is also very important to consider the exit strategy in the contract. It is in your best interest to clearly define a (shorter) period after which the contract can be terminated without any further consequences. This period is usually not longer than three or four months (after which the contract will be evaluated and can be terminated – for non-delivery for instance – or prolonged for another period). For this period, there should be clearly-defined delivery expectations and targets (number of relevant meetings, projects brought in, etc.). To negotiate a trial period can also be in your interest.

Tips:

When signing a contract with a consultant/matchmaker, ensure the remuneration is very clear for all parties. The retainer and the success fee together must provide a strong motivation for the matchmakers/sales representatives to deliver (the retainer should be high enough to cover some of the costs, but low enough to encourage delivery).

Make sure your contract does not limit the marketing coverage and activities of the service providers in any way or form.

Think about who would be a good sales representative for your company. Hint: your uncle who is living in Germany might not be the best matchmaker or sales representative for your company.

Sales/marketing representative

A sales representative also does the sales and is sometimes also involved in the high-level management of the projects. Marketing and sales representatives (just like consultants and matchmakers) often work based on a retainer + success fee basis. The retainer must be paid even if there is no delivery by the matchmaker or sales representative. The success fee depends on what the matchmaker/sales representative has delivered. This combination should provide motivation for the intermediary to deliver.

A properly drafted contract, by a lawyer, is a must! In the contracting process, determining the exact level of the retainer as well as the success fee is very important. In case of sales representatives, determining the success fee is usually easier, because it is often a certain percentage of the projects they bring in.

Involve a good lawyer who knows the applicable law of the country where the sales/marketing representative resides and has previous experience with this type of contracting. Pay special attention to exit clauses (how and when the contract can be ended), success criteria, deliverables and payments.

Tips:

Check the size and value (quality) of your potential sales/marketing representative's existing network. A good sales/marketing representative does not make cold calls in order to provide services for you. A good sales/marketing representative has a large, existing contact base. Your expenses will rise by having to pay a sales/marketing representative, but you will be free to concentrate on your service or product and search for other markets yourself.

Make sure you properly inform them about your company. The more information your sales/marketing representative has on your company, and the better they understand your capabilities, the more they can spread the word about you.

Limit your risk by defining a trial period of a few months with concrete goals and deliverables. The sales/marketing representative should come up with a certain number of leads within the trial period. If this objective is not met, the contract can be ended. Be especially cautious if an intermediary works only based on a retainer or success fee, if an intermediary wants to work for you part-time besides their regular job or if they do not have an existing network of professional contacts.

Local sales office

Ideally, you should establish a local sales office in your European target market. A local presence makes it easier to build up long-term relationships with customers through personal contact. It also increases your credibility and builds trust. However, this is very difficult in practice, as it requires a lot of experience and large investments. Most companies in developing countries are simply too small and do not have the financial strength for this.

Tips:

Establishing a local sales office is only recommended if you have experience in the target market and have built a steady clientele and reputation in the European market.

Be aware that establishing a local sales office will be very costly and you will need to have a strong financial position.

Direct sales (possibly through online market places)

You can also try to sell your contact centre services directly (even to European end users). Many European companies are looking for cost reduction and delivery capacity, which developing countries can often provide. This is one of your unique selling points.

For most suppliers from developing countries, it is very challenging to sell contact centre services directly. Sometimes, suppliers from developing countries team up with other service providers to make an offer for direct sales to European customers. This usually means that these other service providers sell your calls/contacts at a higher price than your initial cost price. Having one or more customers in Europe will help you find a suitable European customer, as references are a must when you want to enter this market through direct sales.

The main characteristics of direct sales to end users are as follows:

- There must be a direct relationship between the service provider and the end customer.
- You must have a lot of international experience.

Direct sales to end users can be interesting if you:

- have experience in the European market;
- are a large company;
- want to target large European end users;
- focus on a small, underserved niche market.

Tips:

Combine offline and online promotion channels to develop as many contacts as possible. This maximises your chances of finding suitable partners/customers.

Have a professional, high-quality company website. You can present full and up-to-date details of your product/service at low cost. Make it compatible with mobile devices like smartphones and tablets. Invest in Search Engine Marketing and Search Engine Optimisation, so potential customers can find you online.

Use social media as a marketing tool to reach potential customers, especially professional platforms like LinkedIn.

3. What competition do you face on the European contact centre services outsourcing market?

Which countries are you competing with?

For contact centre service providers, we have selected six countries that can be considered your strongest competition. It is important to note that, in general, European companies prefer to outsource services to providers within the same country (homesourcing). When they do outsource to companies abroad, they generally prefer nearshore locations, because of proximity, language, cultural similarities and the minimal time difference. For more information on nearshoring versus offshoring, please read our [Market Analysis study](#).

Global Services Location Index

The competitiveness of an outsourcing destination can be measured by various factors: financial attractiveness, people skills and availability, business environment and digital resonance. Together, they form the Global Services Location Index (GSLI). In this chapter, we connected the country scores in the GSLI with the most competitive countries for (I)IoT service providers.

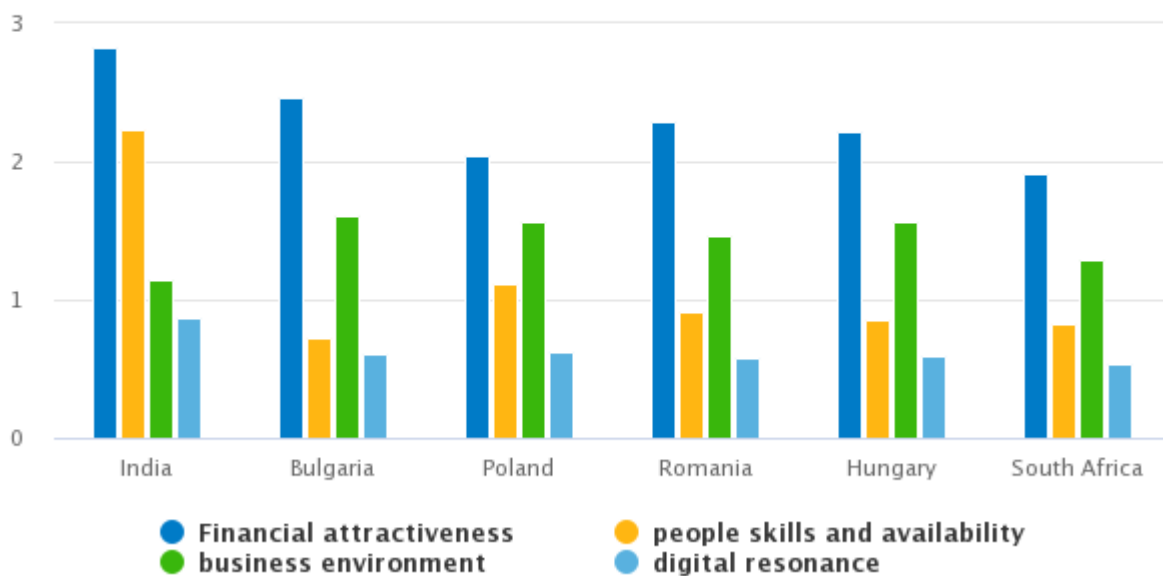
Table 1: Global Services Location Index

Financial attractiveness (35%)	People skills and availability (25%)	Business environment (25%)	Digital resonance (15%)
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Compensation costs	ITO/BPO experience and skills	Country environment	Digital skills
Infrastructure costs	Labour force availability	Country infrastructure	Legal and cybersecurity
Tax and regulatory costs	Educational skills	Cultural adaptability	Corporate activity
	Language skills	Security of IP	Outputs

Source: [Kearney analysis](#)

Figure 3: Selected country scores, based on the Global Services Location Index



Source: [Kearney analysis](#)

Country competition

On an international level, entire destinations compete to become an established outsourcing destination for contact centre services. European companies choose a specific destination based on a mix of factors, such as price, talent pool, language skills, economic and political stability and cultural and geographical proximity. For example, if salaries in a country are rising or the political situation is escalating, European buyers may switch to a cheaper or more stable destination. This is out of the control of individual service providers.

India continues to lead the Global Services Location Index. This leading position is mainly due to the country's unique combination of low-cost services and excellent English language skills. This attractive profile makes India a particularly strong contender on the contact centre services outsourcing market. To stay ahead, the country needs to prepare for the shift from lower-skilled jobs that may be replaced by robots to more creative and highly-skilled work. This applies to other low-cost countries as well.

India has long been the global leader as a contact centre outsourcing destination. However, in light of recent reports of poor customer feedback and the emergence of other cheaper and closer destinations, the Indian contact centre industry is not performing very well at the moment.

Bulgaria. The Index rankings of traditionally strong performers in Central and Eastern Europe are declining.

Bulgaria now holds the 17th position (coming from 15th in 2017), due to decreases in compensation costs and ITO/BPO experience and skills.

To fill the language gap, many Bulgarian companies hire residents (quite often students) from other European countries. This also applies to the other companies on this shortlist, except for India.

Poland used to be the highest-ranking Central and Eastern European country. Now, it has slipped to 24th place, after ranking 12th in 2017. It remains an important outsourcing location for contact centre services, as the industry is maturing and can offer good-quality services.

Romania has dropped 10 places, to the 28th position. In future, jobs demanding a higher degree of creativity and skills offer opportunities for these nearshore countries. Just like other Central and Eastern European countries, Romania continues to be able to offer good language skills combined with relatively low wages.

Hungary lost five places on the Global Services Location Index. The country went from the 26th position in 2017 to the 31st. It remains a popular outsourcing destination, but the quick rising of the Baltic countries (Estonia, Latvia and Lithuania) may prove to be a threat for Hungarian contact centre service providers.

South Africa dropped six places on the Global Services Location index, from the 43rd position in 2017 to the 49th position today. However, South Africa remains a popular contact centre outsourcing destination for services that require both English and Dutch-speaking employees. Also, the quality of the contact centre services employees in South Africa remains high.

South African contact centres in financial services, healthcare, travel and utilities segments perform particularly well.

Tips:

Attend relevant industry events in your target country to meet potential partners. This also allows you to learn more about their business culture. For example: [Call Centre World](#) in Germany, [Call & Contact Centre Expo](#) in the United Kingdom and [Stratégie Clients](#) in France.

Use industry associations to find potential customers in Europe. Interesting sources of potential customers include such national outsourcing associations as the [Belgium Customer Contact Association](#), [Customer Contact Management Association](#) of Ireland, [Call Centre Management Association](#) in the United Kingdom and [Outsourcing Verband](#) in Germany.

National outsourcing associations can also be interesting sources to find potential buyers. For example: [Global Sourcing Association](#) in the United Kingdom, [Outsourcing Verband](#) in Germany and [Platform Outsourcing](#) in the Netherlands.

Which companies are you competing with?

There are many contact centre service providers in the world. It is impossible to mention all relevant companies

from all the most competitive source countries, because the market is so diverse.

[Global Phoning Group](#) is an Eastern European (Moldova and Ukraine) company that specialises in offshore outsourcing. Besides contact centre services, they also offer BPO and KPO solutions. They operate in 25 countries, offer more than 10 languages and are mainly located in Southeast Europe and the Balkan region.

Another contact centre nearshoring provider (based in Czechia) is [Cortex](#). They pay extra attention to offering an inclusive workplace. This means they offer equal opportunities for all employees, regardless of their nationality, gender, family status and physical disposition.

[SA Commercial](#) is an award-winning (Business Process Outsourcing) company from South Africa. They offer a training program for young people that are interested in working as contact centre agents. They have a clear website that is easy to navigate and tells potential customers what they can offer. Their certifications are listed on the website, as are their social media channels. However, their website will need some updating in the near future.

Tip:

Check the many lists available on the Internet of contact centre service providers that are performing well, such as [top call centres](#), [best call centres and answering services for businesses for 2020](#) and [Top 10 contact centre software and technology 2019](#). Even though most of these contact centres are not located in your most competitive countries, you can still learn from their best practices.

Which products are you competing with?

In contact centre outsourcing services, the product is the service. This means that the real question here is: what makes one service provider different from another? The answer is: available capacity, references, language skills, flexibility, reliability, communication, quality management, security infrastructure, vertical and/or horizontal market focus and niche market orientation, among other things. The location (country) of the service provider is also an important factor.

Automation

The threat of substitutes on the European contact centre outsourcing market is moderate. Automation is the main substitute for contact centre outsourcing services. An increasing number of contact centre activities are being automated to save costs. In the contact centre sector, for example, computers increasingly handle calls, chatbots are available and self-service applications are increasingly integrated in the websites of European companies.

The search for automation is expected to grow, meaning the threat of automation will increase. Opportunities exist if you can combine your services with some level of automation.

Other substitutes for service providers are:

- in-house departments (for example, in-house Information Technology departments);
- captive centres;
- backourcing (moving outsourced services back home, often driven by automation).

Tips:

Focus on services that are difficult to automate, or offer services/solutions that already contain some

level of automation.

Lower the threat of substitution by offering constant, high-quality products/services, compliance and reliability. You should follow developments in new technologies and models. Build capabilities in these areas to avoid being replaced by providers with newer technologies.

For more in-depth information on automation in contact centre services outsourcing, please also read our Market Analysis [\[MdH1\]](#) study on this topic.

4. What are the prices for contact centre services outsourcing?

When trying to make a sale in Europe, it is very important to offer the right price. The outsourcing market is a buyer's market, driven by demand. Buyers set the conditions, as they can choose from a wide range of service providers worldwide offering similar services. Furthermore, more countries are promoting outsourcing. This gives buyers even more options in outsourcing destinations and providers.

At the same time, as long as the costs and risks of switching providers are high, this somewhat reduces the power of buyers who are already engaged with service providers.

In contact centre services, the most commonly used pricing models are full-time equivalent-based (FTE) (generally eight hours per day, five days per week), transaction-based and outcome-based pricing. Since contact centre services are a very diverse business, you must look at the exact services you want to develop a price for if you want to determine the average prices.

You must also [choose a price model](#) for your product or service. There are three popular working models: Fixed-Price Contract (where you agree on specifications, budget and deadlines in advance), Time and Material Approach and Dedicated Team (where you discuss and agree on the specifications during the development process). For more information on pricing models in outsourcing, please read [this document](#).

Tips:

Look for pricing information on your particular product or service on specific websites, such as [Worldwide Call Centers](#). Another way of determining the cost and wages of people in your sector is to look at the [Payscale](#) website.

Average prices can be more easily determined by country or by region, or by people's position. To study those average prices, please have a look at the blogs of [Yalantis](#), [Cleveroad](#) or [Social Shorthand](#).


Go beyond setting the right price. You should work out your pricing strategy, including your and your clients' preferred pricing model, payment terms/expectations, how and when you provide discounts and so on.

Create a description of your "ideal" client. This will help you tailor your offer. An example of such a buyer persona: "a software development company with fewer than 200 staff in the Munich area, specialised in ERP development/customisation using Microsoft Dynamics AX".


This study has been carried out on behalf of CBI by Globally Cool.

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