

White Paper

AnyHour SOLUTIONS

***Cost Comparison of
Insourcing vs
Outsourcing Contact
Center Operations***



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Executive Summary

The recession has pressured many community banks to reduce operational expenses and discard many capital-intensive projects. Even before the "Great Recession," community banks were increasingly looking to outsource many aspects of their operations because it meant that they did not have to invest in or maintain costly internal resources.

Contact center operations are a prime candidate for outsourcing, whether it be to provide supplemental 24/7/365 service or as a complete outsourcing solution. Many community bank call centers are staffed with fewer than 20 CSRs (customer service representatives). While large community banks can also benefit from outsourcing options - regular business hours overflow or evenings, weekends and holidays or even 100% outsourced - this majority of smaller centers has a great deal to gain from working with a collaborative contact center partner.

Vendors Working Hard to Help

Fortunately, these vendors are making themselves more attractive to prospective community banks by:

- * Offering flexibility in services & robust economies of scale;
- * Investing in organic growth by training their employees in required skill sets;
- * Providing dedicated client managers to existing and new clients, thereby enabling custom reporting, trend analysis;
- * Offering a host of solutions that can be customized to meet the unique needs of any community bank - large or small;
- * Demanding more from their employees thereby increasing work efficiency in these tough times.



Staffing Remains Top Issue

Without a doubt, the number one issue with in-house call centers revolves around staffing. One survey of smaller financial institution call centers found that 39 percent of respondents said that their greatest operations challenge is staffing. Other challenges include quality of service (34 percent), training (13 percent), ability to staff 24/7 (7 percent) and technology (7 percent).

Numerous Costs to Consider

Community bank executives from CFOs to Board of Directors to Call Center Supervisors must realistically consider the complete cost structure of running an in-house contact center operation. Naturally, this overall number starts with the CSR's salary and benefits, but quickly skyrockets when all of the hard and soft costs are factored in to the equation. Starting with the



significant baseline of CSR wages and benefits, the community bank must consider additional operational costs such as:

- * Supervision
- * Occupancy reduction
- * Attrition/turnover
- * Overhead



Any contact center with more than a handful of agents must have a supervisor. If you assume an agent to supervisor ratio of 10 - 1, and supervisors earn 10 percent more than agents, then the cost of supervising is equal to 11 percent of the CSR wage rate plus benefits.

Occupancy is defined as the actual amount of time that CSRs are taking customer calls. Occupancy reduction can include breaks, lunches, training sessions, sick days, vacation time, and simply when an agent is not taking calls. Community bank executives may be surprised to learn that industry figures show that full time CSRs are actually engaged in customer interactions on average about 30

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hours per week! In an outsourcing mode these occupancy reduction costs are essentially absorbed by the outsourcer since the community bank only pays when the outsourcer actually takes a customer call.

No matter the industry, call centers are infamous for turnover. These attrition/turnover costs can be the single largest cost variable in the call center, and the one most often overlooked. A well run call center may enjoy a modest 10 percent turnover rate, while poorly run operations may actually see 100% rates! As the attrition rate rises, operational costs increase dramatically. That is because it costs anywhere from \$5,000 and \$20,000 to put an agent to work (i.e., recruiting, hiring, and training) This does not include additional intangible losses from lost productivity, lost institutional knowledge, and lost business, which can dwarf the other costs. Once again, these turnover costs are absorbed by the outsourcer.

Everyone is familiar with overhead that includes items such as rent, utilities, insurance, furniture, training, payroll, legal, etc. For contact centers, there are IT costs as well, which include specialized hardware (servers, headsets, phones, etc), software (ACD, IVR, call routing, CRM,

scheduling, call analysis, call recording, etc), and the network (VoIP integration, high speed Ethernet, WAN connectivity, etc). To cover these costs adequately, it is safe to assume an industry average of 25% of the CSRs total salary plus benefits.

Spreadsheet Accurately Calculates Costs

With so many variables to account for, it can be difficult for community bank managers to completely



get a handle on their in-sourced contact center expenditures. That is why AnyHour Solutions has developed a powerful, but easy to use, spreadsheet that automatically calculates and totals these diverse expenses. This is a completely customizable tool designed so a community bank can simply input a few operational variables (i.e. # of FTE CSRs, CSR average hourly wage, and total number of monthly customer service calls) and the

model recalculates the cost comparison of in-sourcing vs. outsourcing. The community bank can change any of the variables/assumptions in the model and it will recalculate accordingly.

The bottom line result is that most all community banks can realize a savings - and typically a very significant savings - from outsourcing all or a portion of their call/contact center operation.

For More Information

To learn more about AnyHour Solutions and why their many community bank clients have chosen them as their preferred collaborative contact center partner, please go to:

www.anyhoursolutions.com

Or call:

888.622.8696

For a free copy of the AnyHour Solutions insourcing vs. outsourcing cost analysis spreadsheet, please email your request to Steve Holmes at: sholmes@anyhoursolutions.com; please include your name/title and bank name.

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