

Outsourcing gets homey

Homeshoring provides call center alternative to offshoring.

By Jennifer Mears , Network World , 08/07/2006

It's not surprising that 1-800-Flowers.com sees its business spike around Valentine's Day, Mother's Day and Christmas. What might surprise you, however, is that the company meets its increased call volume with customer-care agents who just might be answering the phone in bathrobe and slippers.

1-800-Flowers.com is among a growing number of companies turning to service providers that employ home-based call center agents or let their internal customer-care agents work from home if they choose. The trend has been gaining momentum for a few years, but it's one that IDC says is poised to take off.

"It's really something that is exploding as far as I'm concerned," says Lou Orsi, director for vendor relations and strategic projects at 1-800-Flowers.com. "When you think about it, it really makes a lot of sense."

According to a recent IDC study, there were about 112,000 home-based agents in 2005, but that number is expected to nearly triple over the next few years and surpass 328,000 by 2010.

IDC says there are several factors making work-at-home arrangements attractive. Not the least is advanced technologies, such as wider access to broadband, that let home-based employees be as productive as their brick-and-mortar counterparts.

Add to that the savings in gas and commuting time and the convenience of rolling out of bed and into an office without setting foot out the door, and it's no surprise that companies say they attract and retain higher-caliber employees with the work-at-home approach.

Analysts don't expect the use of home-based call center agents - a practice IDC terms homeshoring - to displace offshoring, but they do expect the work-at-home option to play a larger role in an enterprise's outsourcing strategy.

"Rather than think of [homeshoring] as an alternative to offshoring, I think of it as companies enhancing their portfolio mix of services," says Stephen Loynd, a program manager at IDC.

Some calls may go to India, others to another near-shore market, such as Mexico, "and then there are a certain amount of calls that would best be handled in the United States and, by extension, by a home-based agent," Loynd says.

In situations where geographic familiarity or culture and language are particularly important, the calls could go to a home-based agent, rather than going offshore, Loynd says. Companies cut real estate costs with home-based agents, so while costs aren't at the offshoring level, they are reduced.

"It's a little bit more expensive than going offshore, but I think you get what you pay for," Orsi says. "And it's less than your traditional brick-and-mortar pricing models. Second, the quality of the person you're getting is far superior."

Alpine Access (which Orsi uses), VIPdesk, West and Willow are among a growing list of outsourcing firms that use home-based agents. Alpine Access says homeshoring has let it tap into employees more attuned to the business of its customers, which include 1-800-Flowers.com, J.Crew Group and Office Depot.

"The clients want experts in their subject matter, and we're able to do that because we're not geographically limited like a traditional call center," says Brad Krinhop, COO of Alpine Access.

By removing physical limitations, companies such as Alpine Access also are putting together more highly educated, dependable workforces.

Although a typical brick-and-mortar call center may be staffed primarily by employees in their early 20s with very little college education, the average age at Alpine Access is 38, and 80% have at least some college education - "and a lot more work experience," Krinhop says.

At the same time, home-based agents are likely to be happier and thus more dependable. Typical call centers can deal with turnover rates of about 65% annually, with some even higher, but centers with home-based agents see turnover rates of less than 10% in most cases, says Chuck Wilsker, president and CEO of the Telework Coalition.

Another benefit of telecommuting is business continuity, Wilsker says.

"Business continuity is a big issue for home-based work now," he says. "What if people are quarantined, what about the prospect of terrorism, hurricanes, other severe weather? A lot of people are looking at business continuity and see home-based agents as the way to go."

Security, which initially was a concern when it came to work-at-home agents, is now seen as a benefit. Legislation gives companies greater control over sensitive data in the United States than overseas, Wilsker points out.

Still, many companies are hesitant about having employees based at home.

"We really do see this taking off, but today people seem more comfortable sending things halfway around the world than having people work from home," Wilsker says.

Experts expect that to change as enterprises see peers succeed with the home-based model. 1-800-Flowers.com, for example, is so happy with its experience with Alpine Access it is launching its own work-at-home pilot for its internal employees.

“We have about 50 home agents, and we’re looking to double that by year-end,” Orsi says. “The amount of calls we get from people looking for these types of jobs is unending.”