

Customer Contact Centre Sector in Scotland

A Presentation by Scottish Development International

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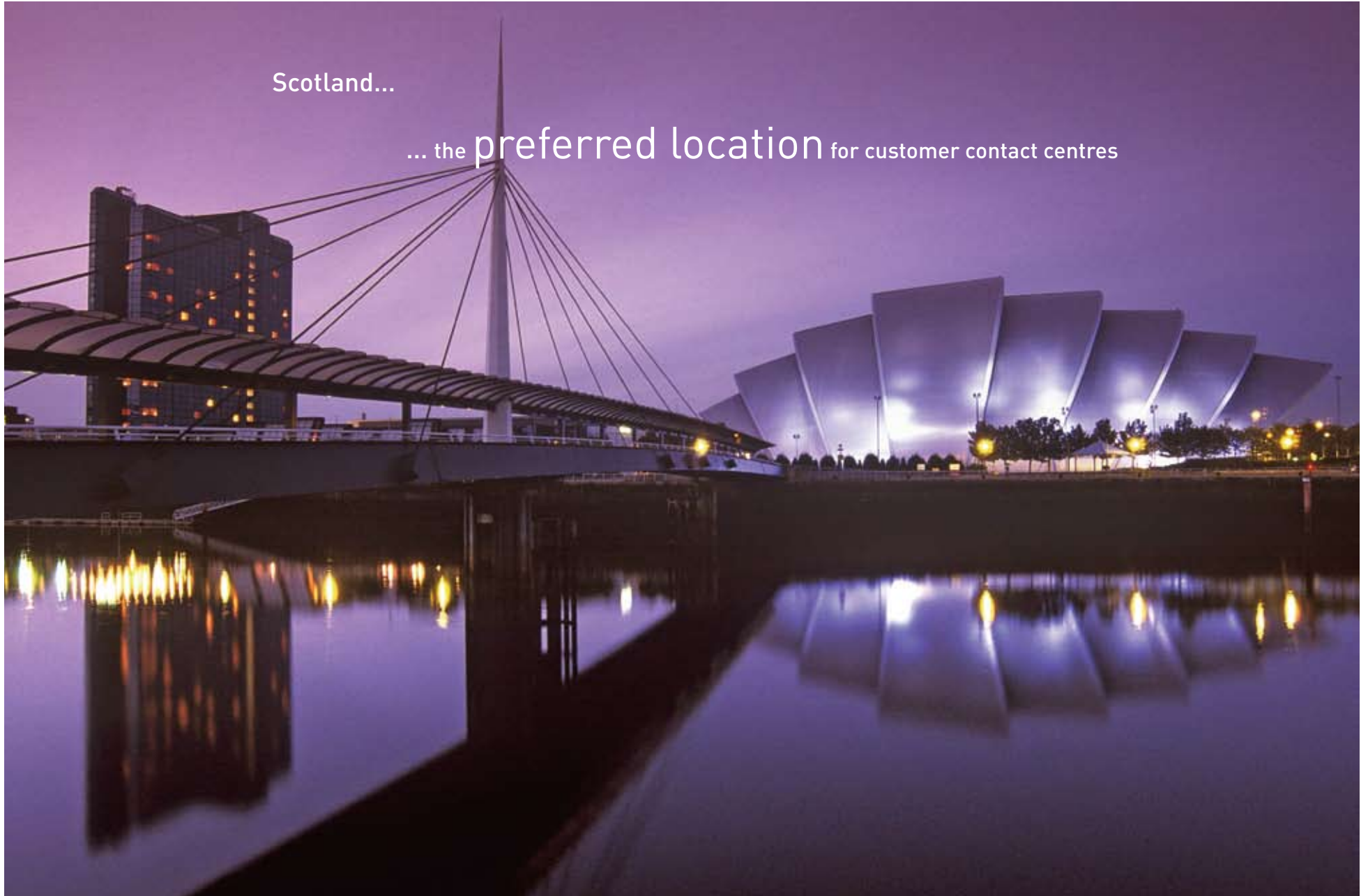
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Scotland...

... the preferred location for customer contact centres



Customer Contact Centre Sector in Scotland

Introduction

Scotland is home to some of the largest contact centres in Europe. There are over 86,000 people employed within 400 contact centres in Scotland - one in every 30 employees works in a contact centre. (Source, Taylor & Anderson Report 2008)

Much of our growth and success can be directly attributed to a flexible, stable and motivated workforce with highly developed skills in a mature sector.

O2, Dell, IBM, NCR, Direct Line, esure, Intelligent Finance, Tesco, Thomas Cook and BSkyB are amongst some of the companies which have chosen to locate their contact centre in Scotland.

Additionally, Scotland is home to many global and pan European contact centres due to the wealth of multilingual capability available locally. Current contact centres offer a mix of 26 different languages.

French German Italian Spanish Portuguese Hindi Urdu
Gujarati Punjabi Dutch Swedish Norwegian Finnish Danish
Greek Flemish Hungarian Polish Arabic Russian Tamil Turkish
Catalan Hebrew Czech English

Key Facts

- Scotland is a world leader for contact centre operations
- 86,000 people are employed within 400 contact centres
- 1 in 30 of the employed population are within contact centres across the central belt
- Undertake a variety of sectors: financial services, telecoms, utilities, retail, motoring, technical support, travel and media.
- Undertaking business critical functions and transactions
- 31,400 employees are engaged on financial services, the most significant sectoral activity. The Public Sector accounts for over 12,000, Media/Communications 11,500, Telecoms, 10,000 and Utilities 6,500
- Over 10% of centres provide dedicated foreign language services while many others draw upon their employees' linguistic skills when required
- The sector has grown by 30,000 employees, or 54% since 2003
- Glasgow is home to the National Industry Body - The Contact Centre Association
- Access to a labour pool of over 2.7 million people within the central belt of Scotland General Register Office (Scotland), 2008 Mid Year Estimates
- Scotland has over 272,000 students studying at any one time for a higher education qualification (Source, Education Statistics Authority and Scottish Funding Council, 2009)

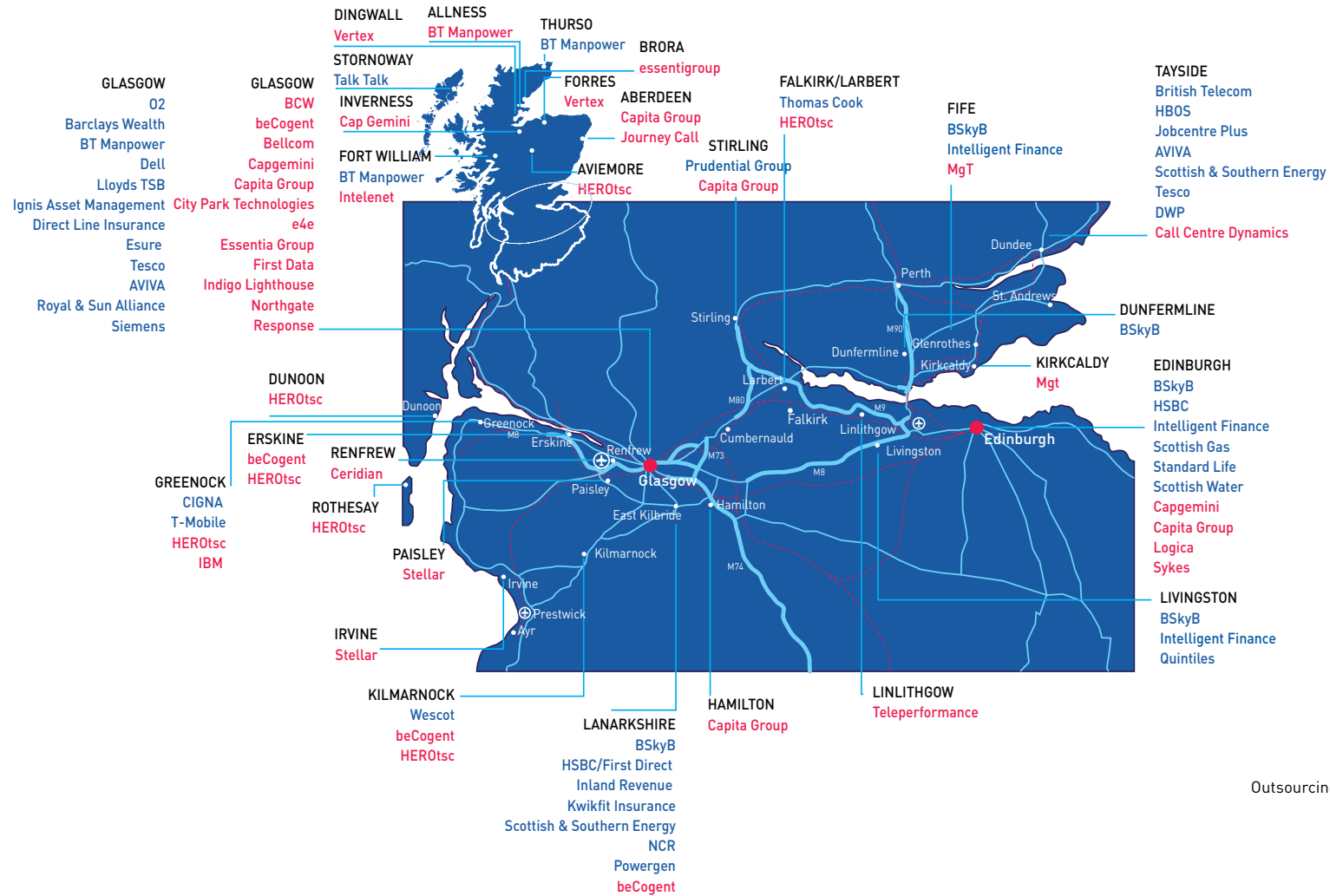
Scotland's Competitive Advantage

Return on Investment without a reduction in Quality

- Internationally recognised as a contact centre location
- Critical mass and expertise
- Low risk option
- World Class reference sites
- One of the lowest tax rates in the European Union
- High Quality Staff at lower cost which means lower staff turnover and lower operating costs
- High quality property at lower cost
- Excellent telecoms infrastructure
- Excellent Quality of life

Critical Mass

Below is a cross section of our customer contact centre community demonstrating the breadth of companies operating within Scotland.



Outsourcing Companies are featured in Red

Selected Company Profiles

esure



esure the telephone and internet insurance company set up its regional management and operations centre in Glasgow in 2001. The company is now one of the largest providers of motor insurance in the UK and also offers home, pet and travel insurance, as well as personal insurance.

In February 2009, esure announced further plans to expand the Glasgow operations by creating a further 500 jobs within five years, bringing total employment to over 1,100 in Glasgow.

"In these terrible economic times, I'm absolutely delighted to be able to make a commitment to Scotland and to Glasgow. The combination of excellent people, superb infrastructure and a can-do ethic makes this a perfect place to do business and I cannot understand why anyone with telephone and internet-centred businesses would choose anywhere else.

"It would have been easy for esure to choose to consolidate and stem growth in the current market conditions but more customers are choosing us as their insurer and we are selling a mandatory product so expansion is the right option."

Peter Wood, Chairman, esure, February, 2009

First Data International



First Data International, a global leader in electronic commerce and payment services opened its first facility in Scotland in February 2007, and is expected to create more than 430 financial services jobs in Glasgow over the next five years.

First Data International serves hundreds of the world's most innovative card issuers in nearly 70 countries across six continents. The company offers a comprehensive portfolio of payment services and the new facility in Glasgow will deliver contact centre services, including card applications and activations, customer support as well as loyalty and fraud management programmes in support of First Data's UK banking clients.

"We chose Glasgow for our new centre as we believed that it would offer us the ability to recruit high calibre personnel. The quality of applicants has exceeded our expectations and we are delighted with the superb working environment created for our staff.

Simon Rubin, Managing Director of First Data International's operations in the UK

O2



O2, one of the UK's leading mobile phone operators, announced in May 2005 that it will dramatically expand its presence in Scotland through the creation of a new Customer Service centre in Glasgow, creating 1500 new jobs, around 1,000 of which have already been recruited.

The new customer service centre for O2 was officially opened in Glasgow in January 2007.

The First Minister said:

"O2's decision to locate their flagship customer service centre at the Skypark is a great move for them and a great move for Glasgow. The official opening is a significant day for O2, for Glasgow and for the country as a whole and it is a privilege to be able to take part.

"These world class new facilities and the thousands of jobs that go with them are a symbol of a city and an economy that is going from strength to strength.

"We have a highly skilled, highly adaptable and totally committed workforce that can compete with the best the rest of the world can offer.

"Here in Glasgow and across Scotland, we are creating the right business environment for major companies to flourish.

"Glasgow and Scotland are moving in the right direction and we must continue to invest in education, skills, transport and enterprise to create even more jobs in the future."

Cheryl Black, O2's Customer Service Director, said,

"Glasgow offers a large, experienced, customer-focused workforce which matched O2's requirements and the Skypark's central location sealed the decision to settle here.

"We are almost half way through our recruitment programme and aim to reach our target of 1,500 staff by the end of the year. The creation of so many jobs in Glasgow is part of our wider remit to strengthen customer loyalty. We will continue to improve O2's offering by opening more stores and ensure that the network infrastructure in Scotland is maintained to a high standard."

Dell



Despite facing fierce competition from sites across Europe, Dell chose Scotland as the location to expand its UK operation. The centre offers customer sales and support for Dell's medium and large business and public sector customers. The project led to the creation of more than 850 new jobs and is based at Glasgow's City Park, Alexandra Parade.

"The growth and expansion of Dell's UK operation, our second largest business outside the US, into Scotland, is testament to our commitment to continue to deliver our UK customers great products and services and a positive customer experience.

The opening of the new Glasgow operation will allow for our future growth in the UK, by providing additional sales and customer services capacity to complement our existing and successful sites.

Dell puts a high value on our business customer sales and support and believe Glasgow is the right choice in delivering this promise. We look forward to the Glasgow centre playing a major role in the further expansion of the company"

Paul Bell, President, Dell EMEA

Contact Centre Outsourcing

As the sector moves from call to a service-orientated environment, there is an increasing emphasis not only on telephone customer service but also email, web, CRM and knowledge management solutions.

This has significantly impacted on the cost of keeping up with the front runners in customer care and has led to a growth in customer contact centre outsourcing.

Scotland currently has approximately 20 outsourcing companies, many with multilingual capabilities.

If you wished to explore any possible partnerships with any of the following companies, then this is something that SDI could facilitate.

Company Profiles

RESPONSE is a leading contact centre and business process outsourcer for many of the UK's most successful brands including the AA and SKY. Established in 1991, RESPONSE manages 1.5million interactions each month and is one of the largest contact centre outsourcers in Scotland, with over 2,200 quality employees across the UK.



Response is an award winning organisation, In 2007 won the National Outsourcing Association Awards for Public Sector Outsourcing Project of the Year - US Embassy, In 2008 was the Contact Centre World Awards Winner - EMEA Regional Final - Best Outsourcing Partnership - The Student Loans Company.

Response has 3 core operational sites in Scotland plus several in-source operations throughout the UK. With an 18 year growth history, RESPONSE has outsourcing expertise in a number of market sectors including technology, financial services, media/telecommunications and utilities.

www.response-uk.co.uk

beCogent Ltd was founded in 1999 by Dermot Jenkinson and Ron Peerenboom. The headquarters in Airdrie were selected and purchased on the basis of the strong road, rail and air transport links in conjunction with the available local talent pool resulting from the decline of the local steel industry.



As a new entrant to the outsourced contact centre industry, BeCogent has excelled in winning significant contracts with a number of the UK's highest profile brands, including AOL, Virgin Media (formerly Telewest/NTL) and JD Williams. Two of these client partners remain with the business more than a decade later.

This growth continued and was recognised on a national level when they won the Deloitte Technology Fast 50 Awards in 2003 and were officially named by the Sunday Times Fast Track 100 in 2004 as the UK's 6th fastest growing firm. Its growth necessitated a move into another site in 2004 with further expansion to the Kilmarnock site in 2006, and this was followed with the most recent leasing in 2008 of their Glasgow site.

Today beCogent is one of the UK's leading contact centre outsource specialists with revenues in excess of £40m. With more than 3,000 employees it operates four multi-client contact centre service operations located in Airdrie, Erskine Kilmarnock and Glasgow which extend to more than 140,000 square feet of contact centre floor space and in excess of 2000 seats.

beCogent offers a broad range of services spanning a number of industry verticals delivering contracts ranging from consultancy through to the provision of full contact centre solutions.

www.becogent.com

TSC (Telecom Service Centre) the fourth largest contact centre company in the UK, was established in Scotland in 1994 with its head office in Rothesay, Scotland. TSC was acquired by the new Delhi-based Hero Group in September 2007 and employs nearly 3,000 people in Scotland. The Hero Group comprises of 20 companies employing over 27,000 people worldwide and is one of the top 15 BPO suppliers in the world.



TSC also has facilities based in Glasgow, Kilmarnock, Aviemore, Dunoon, Erskine, Falkirk, Greenock and North Shawbost, Isle of Lewis. The company has three main areas of business including web-enabled customer contact services, customer value management, e-commerce and systems development. Clients include: Singlepoint, Tesco Personal Finance, Inland Revenue and The Woolwich.

www.tsc.uk.com

Sykes Enterprises is an American owned company with 40 call centres in nearly 20 countries and is one of the world's leading providers of end-to-end customer care management solutions – providing CRM solutions for many of the world's leading global companies, including helpdesk, RMA and related technical help.



Scotland houses its Northern European HQ and a multilingual contact centre in Edinburgh and employs approximately 600 staff. Operatives speak sixteen languages including Russian and Turkish. The majority of the employees are foreign nationals rather than English speakers with second languages.

www.sykes.com

IBM In 1997, IBM set up a Pan-European technical helpline call centre in Greenock. Initially, it dealt only with existing client users. However, it migrated to dealer and business partner support and also outsourced customer support. The Centre services customers in 25 countries including Europe, the Middle East and Africa covering 23 languages with approximately 1000 foreign nationals and local multilinguists with over 1,950 people employed at the Greenock facility.



The facility has 5 different contact centres representing a variety of functions including:

- IMBP CRM / BTO Delivery
- Maintenance and Technical Support
- Outsourced Customer Support Centre
- Customer Fulfilment Organisation
- Procurement Services

These contact centres handle over 1.5 million customer calls per annum in national language utilising a dynamic pool of resource including both IBM and sub-contract workforce, allowing IBM Greenock to remain flexible and competitive, and also providing career opportunities for the workforce.

With 12 years' experience of multi-lingual hiring, IBM has strong relationships with contract agencies, including onsite contractor managers. IBM Greenock has earned a good reputation as an employer and attracts high quality candidates. The five centres provide opportunity for employees to rotate, and learn new skills, and to build valuable experience for their CVs. A number of employees who came to IBM with the expectation of staying for a couple of years, to gain experience and improve their English, have built up their career, with some now in IBM management, and have chosen to make Scotland their home.

www.ibm.com

Qualified and Talented Workforce

Demographics

Scottish Workforce

Within Scotland's central belt, the working population is approximately 2.6 million people as illustrated. The quality of Scotland's workforce is internationally recognised. The people of Scotland make up one of the best trained, most reliable and cost competitive labour forces in the world. With a world-renowned educational system and its ratio of graduates per capita, Scotland surpasses most countries of comparable size in Europe.

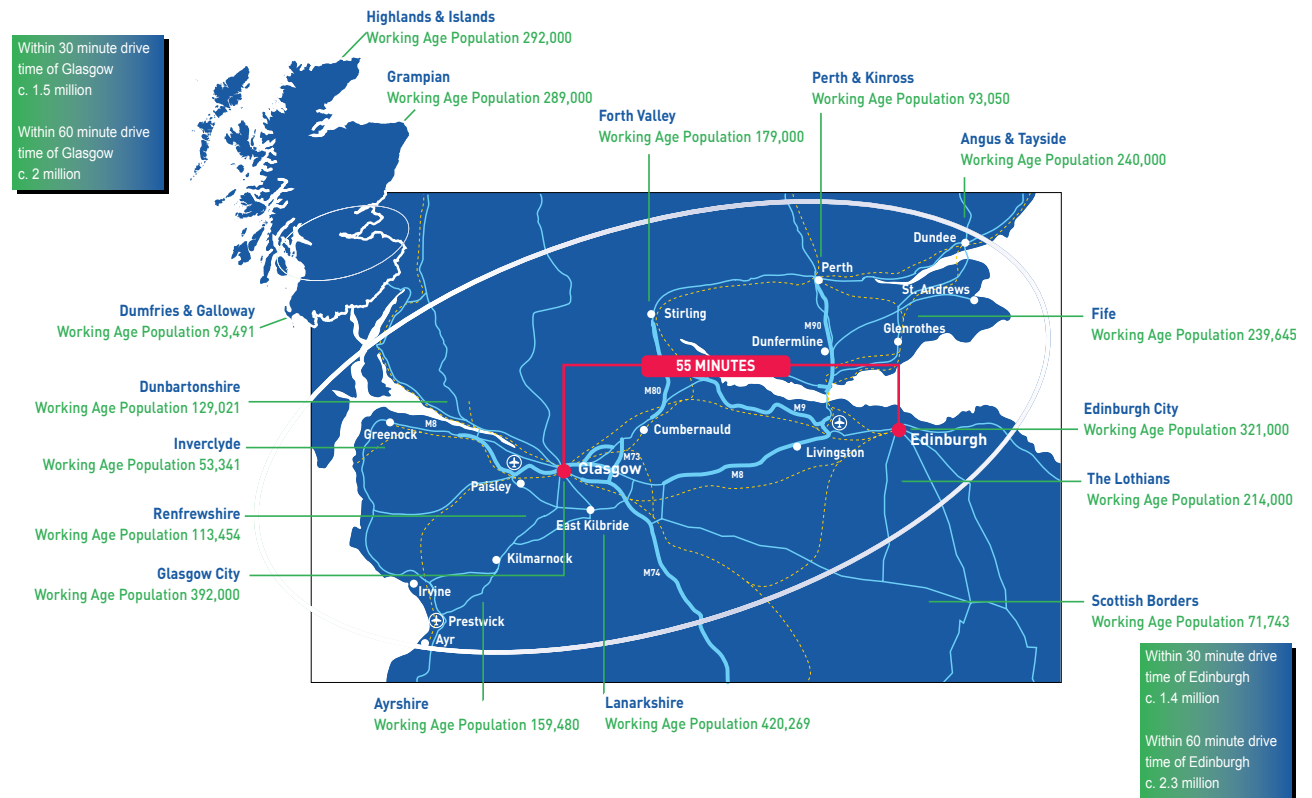
Scotland is reputed internationally for its education system and high quality university graduates. Across the central belt alone, there are more than 270,000 students in higher education institutions and further education colleges, one of the UK's highest student concentrations. Many of Scotland's academic institutions are internationally renowned for their research and teaching excellence, with many institutions providing bespoke contact centre training.

It is no surprise then, that one of Scotland's greatest assets is its talented workforce. Indeed, the contact centre talent pool is broad, skilled and exceptionally well-qualified.

Customer contact centres operating in Scotland benefit from this excellence:

- There are 42 colleges of Further Education and 19 Higher Education Institutions in Scotland, including 14 universities.
- There were a total of 489,610 student enrolments recorded on courses in Scotland's further education colleges for 2007-08, of which 47,770 were for higher education courses
- In 2007/08 83,335 students successfully completed a higher education course in Scotland.
- Scotland's skills profile has been improving faster than the rest of the UK; 18% of the working age population now has a degree equivalent qualification or above.

In addition, Labour market regulations in the UK, including working hours, are the most flexible in Europe, and staffing costs are highly competitive. Scottish salary costs, including indirect social wage costs such as employer national insurance are among the lowest in Europe.



Source: General Register Office (Scotland), 2008 Mid Year Estimates

Language Research

Scottish Development International recently commissioned research on language capability on Scotland through Oxford Intelligence. The key findings are detailed below:

Scotland's Strengths

- A pool of 109,000 fluent language speakers.
 - » 18,000 who speak 2+ languages fluently.
- A highly skilled resource – the best in the UK.
 - » 74% of fluent speakers in Scotland educated to degree level or above.
 - » Compared with 57% across the UK as a whole.
- Available and willing to work with a company that needs language skills.
 - » Only 19% currently use their languages in their job.
 - » 65,000 fluent language speakers would be interested in a job where they can use their languages.

Number of fluent linguists in selected languages

Western European Languages	No.Fluent Speakers
French	32,000
German	22,000
Spanish	10,000
Italian	10,000
Dutch	5,000
Greek	2,000
Portuguese	1,000

Eastern European Languages	No.Fluent Speakers
Polish	9,000
Russian	6,000
Czech/Slovak	2,000
Hungarian	1,000

Asian Languages	No.Fluent Speakers
Urdu	8,000
Hindi	5,000
Punjabi	4,000
Mandarin	3,000
Cantonese	3,000
Malay	3,000
Bengali	2,000
Japanese	1,000
Gujarat	1,000

In Summary

- Scotland has a significant talent pool of 109,000 fluent language speakers.
 - » 81% of fluent speakers – 88,000 people – are not currently using their languages at work.
 - » Yet 60% of all competent linguists would be very interested in a job where they could use these languages.
 - » Fluent linguists in Scotland tend to be both younger and better educated than those in the rest of the UK as a whole. Hence, inward investors and exporting companies have access to a highly skilled talent pool.
- Scotland offers ample resources in the four key Western European business languages – French, German, Italian and Spanish.
 - » Eastern European and Asian languages are also significantly represented and of growing relevance as these regions develop.

Should you require any further information on the above research, we will be happy to help.

(Source: Oxford Intelligence, 2008)

Foreign Nationals

There are some 190,000 Foreign Nationals in Scotland, many of them students, and many attracted by the high quality of life, particularly in the culturally exciting and thriving cities of Glasgow and Edinburgh.

Migrant Workers

Scotland is an ideal location to live and work attracting thousands of people from around the world. The following provides examples of nationalities & quantities of foreign nationals living and working in Scotland.

- Between 2004 and 2006, 63,000 overseas nationals registered for work in Scotland with 50% possessing service skills competencies.
- 44% of these immigrants came from the 8 Accession countries---Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia and Slovakia.
- Of the 63,000, nearly 50% have settled in either Edinburgh or Glasgow.
- As well as bringing their own indigenous language skills, these immigrants will also have swelled the ranks of German and Russian language speakers.

(Source, Slims, June 2007)

- Recent surveys show that over 400,000 Polish immigrants entered the UK in 2007, with over 40,000 entering Scotland.

(Source, Home Office, DWP, August 2007)

Language Graduates

Scotland produces over 3,200 language graduates each year. This is comprised of a combination of language only qualifications and courses where a language is combined with other subjects.

Combining full and part-time study, approximately 13,000 individuals in Scotland are studying for degree level or above qualifications in languages in any given year.

Foreign Graduates

The number of qualifications obtained by international students increased by 10.5 per cent from 13,600 in 2006-07 to 15,025 in 2007-08, with the majority of those studying at postgraduate level.

Foreign Students

In 2007-08 there were 35,170 overseas students enrolled in higher education courses in Scotland. The majority (60.4 per cent or 21,250) of those students came from out with Europe with India (3,815 students), China (3,770 students) and the United States of America (2,665 students) being the most common domicile of overseas students.

India	3,815
China	3,770
Republic of Ireland	2,850
USA	2,665
Germany	1,800
France	1,680
Nigeria	1,675
Poland	1,595
Greece	965
Malaysia	960

(Sources: Higher Education Statistics Agency (HESA) and Scottish Funding Council (SFC).

Training and Development for the Contact Centre Industry

As an established contact centre location, Scotland has a well embedded training infrastructure developed by the public and private sector.

Customer Contact Association (CCA)

The CCA established in 1996, is the professional body for the Call Centre, Contact Centre and Customer Service Industry in the UK. Headquartered in Glasgow, Scotland, the organisation is independent, has no commercial influences and is funded by member subscriptions.

The CCA endorses training courses at three levels with a strict quality checking process at each level. Another distinctive feature is the post-approval quality checking and maintenance process which is in place for particular courses. This includes In-Company training, Approved and Recognised Training and Accredited Training.

More information can be found at:

<http://www.cca.org.uk>

Most colleges in Scotland have particular strengths in developing flexible pre employment training courses and are well geared to meet the needs of contact centres. There are numerous courses available and many success stories in this area. A broad range of bespoke courses have been developed in conjunction with companies, colleges and local enterprise companies in Scotland. Some examples of courses offered include:

Pre-recruitment training

- run over a four week for example (or to meet the employer's needs a focussed pre-recruitment course for preparation of potential employees for employment in the customer contact sector

Vocational Qualifications in Call Handling

Working to nationally recognised standards, candidates are assessed in the workplace to confirm competence at Level 2 or 3, Supervising (Level3) and Managing (Level 4) in addition to mandatory units (Positive Caller Relations, Quality of Provision and Health and Safety), areas of competence assessed can include:

- Generating Sales Leads
- Offer Products/Services over the Telephone
- Undertake Research by Telephone

Candidates are expected to complete the qualification within 12 months.

www.perth.uhi.ac.uk

Specialised Short Courses

- A range of short courses (normally one day but can be tailored to suit employer's requirements) including:
 - Customer Service
 - Handling Conflict
 - Telephone Techniques
 - Assertiveness Skills
 - Telephone/reception Skills
 - Customer Relationship Management.

All courses can be tailored to meet the specific needs of employers, with the length of the courses flexible depending on delivery method and level of qualifications to be attained.

Salary Rates

The following salary rates are for indicative purposes only. We will be pleased to provide more specific rates if required.

Role	Basic Salary Range	Typical	OTE Range	Typical
Contact Centre Director	£50,000 +		£60,000 +	
Call Centre Manager	£35,000 - £50,000	£40,000	£40,000 - £55,000	£45,000
Team Manager	£25,000 - £30,000	£25,000	£25,000 - £30,000	£28,000
Team Leader	£19,000 - £25,000	£22,000	£22,000 - £26,000	£24,000
Trainer	£20,000 - £25,000	£22,500	n/a	
Resource Planner	£18,000 - £23,000	£20,000	n/a	
Telesales & Telemarketing (Inbound)	£12,500 - £18,000	£14,000	£16,000 - £23,000	£18,000
Telesales & Telemarketing (Outbound)	£12,000 - £15,000	£13,000	£13,000 - £20,000	£16,000
Up-Selling & Sales	£13,000 - £16,500	£14,500	£16,000 - £20,000	£18,000
Call Handler	£12,000 - £15,000	£13,500	£13,500 - £15,000	£14,000
Back Office	£12,000 - £16,000	£14,000	n/a	
Team Manager (multilingual)	£24,000 - £28,000	£25,000	£25,000 - £30,000	£27,500
Team Leader (multilingual)	£18,000 - £24,000	£22,500	£23,000 - £26,000	£24,000
Telesales & Telemarketing Inbound (multilingual)	£16,000 - £20,000	£17,500	£17,000 - £23,000	£20,000
Telesales & Telemarketing Outbound (multilingual)	£17,000 - £23,000	£19,000	£18,000 - £25,000	£21,000
Up-Selling & Sales (multilingual)	£16,000 - £20,000	£17,500	£17,000 - £21,000	£18,000
Call Handler (multilingual)	£15,000 - £18,000	£16,000	£17,500 - £20,000	£18,000

Employment Packages

There are many salary benefits packages available to employees which are discretionary and flexible. Some examples are: pension schemes, holidays, shares schemes, private healthcare, permanent health assurance, performance incentive plans, car benefits, free parking, travel season ticket, and travel loans etc.

Education Attainment

Typical agents are expected to have basic literacy, numerical, verbal and written skills. The customer contact centre normally provides bespoke training on product knowledge, customer service and sales and technical skills.

[Source: Search Recruitment, 2010]

Incentives

Scottish Development International (SDI) works with both Scottish-based and overseas companies and organisations. Its objective is to benefit the Scottish economy both by encouraging inward investment into Scotland and by helping Scottish-based companies to develop international business opportunities.

SDI provides a wide range of support services, including advice, access to specialist expertise, selective business mentoring and development, market information, financial assistance, business location information, investor aftercare and specific services covering each phase of international trade activity.

Regional Selective Assistance (RSA)

Regional Selective Assistance (RSA) is a national grant scheme, aimed at encouraging investment and job creation in the areas of Scotland designated for regional aid under European Community (EC) law (the Assisted Areas). Grants are awarded on a contribution of capital expenditure for the project and/or, the number of new jobs created by the project. Many service related projects tend to receive grant based on the number of jobs created and the salaries of those jobs. Contact centre companies are eligible for grant assistance.

Job Creation Assistance

Most projects require a substantial amount of capital investment. However for projects involving relatively low levels of capital expenditure but which involve the creation of new jobs, RSA can make a meaningful contribution to project funding. For this type of project, we would calculate limits on potential grant by applying the appropriate aid intensity limit (based on the assisted area status) to the first 2 years' salary costs of the projected jobs. This will generally mean that we can offer more grant for highly paid jobs.

Grant Limits

Grant limits vary across the Assisted Areas - a map can be found at www.rsascotland.gov.uk. However, for Tier 2 areas in Scotland the grant limit is 15%. Tier 1 areas which include Highlands and Islands would be 30%.

Multiple Grants

RSA is not limited to a single grant, it can be awarded several times provided the qualifying criteria are satisfied.

Training and Employment Grants

In addition to RSA, Scotland also offers incentives to companies to help fund training and retraining of employees. Assistance is negotiated on a case by case basis and is dependent on the type and nature of the training required. We will be delighted to work with clients in determining their location needs.

Continued Support

Also once established in Scotland, Scottish Development International continues to offer close support. A Senior Executive will be available to assist in the settling in process. In partnership with other organisations in Scotland, we shall ensure that our client continues to prosper and grow in Scotland, receiving ongoing assistance and advice.

www.sdi.co.uk



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