

CUSTOMER MANAGEMENT SERVICES
VENDOR PROFILE OF:

Transcom – CMS in Retail Industry Sector

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1. Background

Transcom is a publically-held company headquartered in Luxembourg. Transcom started its operations in 1995 in Sweden, with its first customer TELE 2, to provide customer relationship management services and credit management services to the telecommunications industry and other high-volume businesses in Austria.

In addition to traditional contact center services, Transcom offers comprehensive credit management services. Transcom has ~27 customer management services (CMS) retail industry sector clients.

2. Revenue Summary

Transcom reported its 2012 net revenue at ~€605.6m.

NelsonHall estimates that CMS in the retail sector accounted for ~€27.1m of Transcom's 2012 revenue and that the breakdown of Transcom's customer management services revenues from the retail sector in 2012 by geography are:

- ~€18.5m were generated in Europe
- ~€8.6m were generated in North America & Asia.

3. Key Offerings

3.1 Portfolio of Offerings

Transcom's CMS offerings for the retail sector include:

- Customer Service:
 - Analytics for process improvement
 - Billing support
 - Fulfillment support & package tracking
 - Returns, rules & policy support
 - Policy assistance
 - VIP customer care
 - Customer satisfaction (CSAT) surveys and analysis
- Sales:
 - Analytics-led selling
 - Cross-sell/up-sell
 - Registration assistance
- Multi-channel:
 - Social media
 - Email and web chat
 - IVR
- Technical support:
 - Account takeover for hacked accounts.

The profile of channels supported by Transcom for retail organizations varies considerably; from 5% voice and 95% email for one client, to 80% voice and 20% email for another.

In the customer service area, Transcom handles basic inquiries as well as complex billing support. Transcom provides a policy assistance team in support of its returns, rules, and policy support offering. This team is responsible for handling customer inquiries concerning rules and policies of site usage and transactions, which are primarily policy violations.

Examples of policy inquiries include:

- Sale of restricted or prohibited items such as firearms and explosives
- Resolving buyer/seller disputes
- Items not received
- Canceling transactions
- Received products not matching online purchase description.

Policy community assistance; workload divided into proactive and reactive work streams:

- Proactive – agents ensure items are aligned with retailer policies
- Reactive – agents handle questions about policy violations.

In addition, Transcom has an account takeover team dedicated to the support of customers whose accounts have been hacked by third parties. This team guides customers on what to do when they think someone has gained access to their accounts, educates them on what to look out for and how to protect their accounts from being hacked in the future. Finally, it provides some of its retail clients with a VIP customer care team to handle inquiries for high-value customers. Teams of agents are cross-trained to ensure that all issues are solved by the same department.

Transcom has a dedicated analytics team with a focus on customer satisfaction. Depending on client need it might have one analytics quality employee per 20 or 50 agents.

Transcom is also aiming to differentiate its “process improvement” abilities through analytics. For example, for one retail sector client, Transcom reviewed repeat calls and email interactions and identified that repeat interactions occurred when customers exchanged equipment. Transcom recommended and assisted in the implementation of generating an automated email on how to return the equipment when making the exchange. This process change reduced the repeat interactions by 40%.

Two major retailers are utilizing Transcom’s social media offering. The company is working to increase the adoption of social media among its retail clients. Through this offering, keywords are tracked on Facebook and twitter. Usage of keywords are analyzed and cross-checked against (CSAT) data to provide a full view of what is being said about the client and the feedback is then provided to its clients. Transcom uses Sysomos social media monitoring software.

In addition to social media, Transcom is working with retail clients to increase the adoption of web chat in 2013.

Exhibit 1 provides examples of Transcom’s retail sector clients together with the services being utilized.

EXHIBIT 1

Examples of Transcom’s Retail Sector Clients by CMS Service

Service	Client Type
Multi-channel	<ul style="list-style-type: none"> • Global online retailer • Global traditional and online clothing and home goods retailer
Sales Revenue Generation	<ul style="list-style-type: none"> • Global online retailer • Global traditional and online clothing and home goods retailer
Customer Experience	<ul style="list-style-type: none"> • Global online retailer • Global traditional and online clothing and home goods retailer
Technical Support	<ul style="list-style-type: none"> • Global online retailer

NelsonHall estimate

4. Delivery Capability and Partnerships

Transcom has ~1.6k full-time agents supporting retail sector clients. In addition, a further 500 agents are typically involved in retail seasonal ramps. Transcom has an account management structure, headed by specialists with experience in the retail industry sector. It has recently added a focus on retail e-commerce experience for these roles.

Transcom supports ~55% of its retail industry sector clients from nearshore/offshore locations. Typical services provided from nearshore/offshore locations include customer care, technical support and back-office support. Its North American retail clients are supported from the Philippines. Some Western and South European retailers are supported by Transcom from central Europe, the Baltics and Tunisia. Offshore retail support is handled by Asia and Chile. Many of Transcom's retail clients do not want to offshore, but instead prefer delivery from nearshore or onshore Europe.

Transcom is starting to utilize work at home agents (WAHAs) for retail clients. It currently has ~160 WAHAs supporting retail clients. Transcom principally uses WAHAs to provide coverage for difficult-to-support languages; such as Nordic languages. For example, Transcom is using WAHAs as part of a ramp-up in the Nordics for a global consumer electronics retail client.

From an overall company perspective, by the end of 2013 Transcom plans to add 400 WAHAs in EMEA and 1-2k WAHAs in the U.S.

4.1 Partnerships

Transcom collaborates with partners for recruitment services and fulfillment to support the retail industry sector.

4.2 Technology

Transcom partners with Altitude for campaign management and multi-channel blending, Sysomos for social media software and Autonomy Qfiniti for recording and speech analytics.

4.3 Pricing

Transcom's typical pricing profile for contracts in the CMS retail industry sector is based on per hour and per transaction. Risk reward contracts have recently been increasing for Transcom's retail clients. One retailer has opted for a base average of key metrics, including increased CSAT, 70% net promoter score (NPS) and 30% based on average handle time (AHT).

5. Target Markets

Transcom has 27 retail sector clients based across Europe, North America and Asia, and is also targeting the retail sector in Latin America.

Transcom's retail industry sector contract lengths vary between one and three years, with a gradual increase toward the three-year standard.

Transcom supports both bricks-and-mortar and online retailers. Its proposition for the retail sector is to assist bricks-and-mortar retailers in overcoming the threat of online retailers. It is trying to help these clients grow in the online retail space, and is supporting those needs through web chat, social media and analytics. It uses analytics combined with CSAT to identify customer opinion. In addition, it plans to educate retailers about the online retail market in an effort to increase online sales for retail clients.

Transcom is also aiming to help retailers by sharing retail best practices around low-cost logistics and same-day delivery.

The company is in the process of beginning to help retailers in handling sales across multiple device types, including mobile phones, computers and tablets. Transcom agents are able to practice and familiarize themselves with these devices in an effort to better assist customers.

Transcom targets two main segments within the retail market:

- Retailers looking to increase revenue:
 - For a major retailer, Transcom handles all customer service calls on a 24x7 basis, including cross-sell/up-sell and outbound sales calls. The reason this client decided to outsource this service was because it had no internal capabilities for 24x7 coverage and it was therefore able to reduce its costs. The client also had old telephony in place that needed to be updated. In addition, it needed the ability for agents to undertake back-office work between calls. The client experienced 25% in savings
- Retailers looking to retain customers by making policy navigation easier for customers as well as provide VIP customer service:
 - For a major global online retailer, Transcom is providing inbound customer service and back-office support. Transcom provides 95% email and 5% voice for this client. It plans to add chat in 2013. Six European languages are being supported for this client. The inquiries cover registration to billing support. This client has policies that are highly detailed and can be confusing for customers, and so many interactions are in relation to policy queries. It also handles questions relating to risk (policy concerns) and fraudulent activities (hacked accounts). This client utilizes Transcom's VIP customer care. Transcom has ~350 FTEs on this account, which is ~400 heads. The delivery is supplied from Italy and Hungary; the site in Italy supports Italian language queries. The site in Hungary supports multiple languages, including French, Italian, German, Spanish, Dutch and Polish. Transcom provides customer care to other retail clients from Belgium.

In addition, Transcom is trying to increase its presence in the retail sector in Asia and Latin America.

6. Strategy

Transcom is increasingly targeting retailers interested in embracing technology to support customers and to generate sales. In addition, it is targeting retailers in need of specific delivery location guidance. In particular, Transcom is:

- Combining social media and traditional contact center analytics with CSAT data to help retailers increase online sales
- Working to increase the adoption of social media and web chat among retail clients
- Allowing agents to become familiarized with the cell phones, computers and tablets its customers are using to interact with the company in an effort to provide more efficient customer care
- Investing in the development of onshore and offshore capabilities as well as WAHA solutions across its delivery footprint in America, EMEA and Asia
- Assisting retail industry sector clients on due diligence when looking at new delivery locations:
 - E.g. it recently assisted a retail client in reviewing the possibility of providing delivery from Lithuania to support the English market.

7. Strengths and Challenges

7.1 Strengths

- Significant presence in the retail sector with 27 retail clients across both traditional and e-commerce retailers
- Provides best practice advice and services in support of fulfillment and package tracking for retailers
- Provides policy assistance services to ensure customer purchases are aligned with its retail industry clients' policies
- Use of analytics in support of customer service process improvement for retailers.

7.2 Challenges

- Limited global footprint of retail clients, with the majority of its clients based in Europe
- Slow to adopt WAHA in support of retail seasonality
- Slightly behind in retail client adoption of social media services. Only 2 of 27 retail clients are utilizing this service from Transcom.

8. Outlook

Transcom has traction in the CMS retail sector. It will continue to target retailers looking to enhance their online retailing presence and use analytics to improve customer service processes. It will also work with retail clients to increase their adoption of social media and web chat. The company will continue to invest in analytics, and particularly analytics combined with CSAT data.

From a geographic perspective, the company will continue to grow its retail base in North America, Europe and Asia and target new retail business in Latin America.

In terms of delivery, Transcom will continue to grow the use of WAHAs for retailers. This growth will allow for additional language support and seasonal peak coverage.



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