

Offshore Call Centers Face Compliance Challenges But Also Offer Tremendous Opportunities

A White Paper on Compliance Best Practices and Advice from Experts

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With the growth in near shore and offshore call centers over the past few years, the level of concern over adherence to compliance regulations has also increased, especially with a greater level of enforcement and the potential for devastating negative publicity combined with costly fines and legal fees.

The trend towards consumer protection laws on a global scale is clear when you run a quick news search on Google for 'privacy notification laws' or even 'Do Not Call', for example. Canada, Australia, and India are moving forward with do not call regulations modeled after the U.S. Federal Registry. Monitoring and making sure that your offshore or outsourced contact center is adhering to the extensive, tangled web of telemarketing compliance regulations is a challenging task even for U.S. companies, let alone call centers providing near shore outsourced options in the Dominican Republic, Costa Rica, or traditional offshore opportunities in the Philippines or India. Combine these factors with other comprehensive rules surrounding predictive dialer abandonment rates, wireless compliance, non-rebuttal states, non-profit calling campaigns outsourced to a for-profit call center operation. Plus, add in the privacy regulations surrounding required notifications for breach of personal identifiable information, and you start to realize that there are innumerable ways Federal or State officials can get their nose under the tent and wreak havoc on your call center operation.

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■ Most U.S. Firms are Ahead of the Compliance Curve

Fortunately, the good news is that the total percentage of call centers that are in compliance is very respectable when you look at the adherence to the Federal Do Not Call program in the U.S. compared to all of the millions of calls telemarketers make annually in the U.S. There is a relatively small amount of calls to phone numbers on the Federal Registry; however, many offshore centers have realized that enforcing laws in other counties may be a long, drawn-out process, such as in India, where it may take up to seven years to even bring a case to trial. There is benefit that has come from compliance regulations. For call centers that outsource work to offshore firms, the sellers are increasingly requiring concrete documentation, site inspections, surprise audits and synchronized and approved compliance technology to verify that they will not end up on the front page of the business section. There is a good deal of effort for the outsourcer to demonstrate compliance because it leads to long-term business sustainability and can be used as a value-added selling point in the very competitive, billion dollar outsourcing marketplace.

The North American call center outsourcing market is expected to continue along a steady growth path, according to recent research by Frost & Sullivan Inc., which states that the market reached \$19.5 billion in revenues in 2005 and is expected to reach \$20.1 billion by 2012. Call center agent attrition, companies continuing to adjust to Do Not Call legislation and greater specialization by North American outsourcers are driving the market, according to Michael DeSalles, Frost & Sullivan's industry analyst for the communications practice.

The trend toward outsourcing will inevitably continue due to the significant return on investment by having access to a larger labor pool with lower wage requirements than in the U.S. This savings can translate from 50-70 percent less than onshore facilities with a labor pool that often has a higher

education and experiences a lower turnover rate. The return on investment benefit brought about by your new offshore call center can be offset negatively by just one of your outside vendors that fails to comply with any of the Federal or State compliance rules. While the fines can range in the millions of dollars, as with Direct TV, the actual cost of compliance is much less than that for most organizations, hence the need to understand where you can push for best practices in your call center and with offshore partners.

■ **Compliance Best Practices Can Avert a Train Wreck**

While compliance is usually an increasing annual budgeted expense for most companies in the U.S., offshore centers oftentimes have a different take on implementing best practices. One benefit clients have witnessed with the Federal Do Not Call Registry is that response rates for some verticals of consumer goods have gone up since the Registry has grown in size to over 132 million numbers. Offshore centers in many markets have seen this as well, and it has spurred many to increase their focus on compliance. However, some countries and offshore locations provide a haven for the bad apples in the call center business to proliferate. Just take a look at Canada, where it was recently estimated by the FTC that Canadian call centers are responsible for approximately \$100 million in illegal business annually, thereby harming U.S. consumers. In comparison, InternationalStaff.net estimates that South Asian call centers operating illegally are currently generating four to five times that amount in total revenue. In addition, InternationalStaff.net estimates that in India, on any given business day, there are at least 300 call centers actively engaged in violations of U.S. telemarketing rules and that the actual number of outlaw facilities in India could be twice that figure if unincorporated operations and those with less than 10 seats are included. According to Workforce Management's Matthew Heller, Consecro, Inc. sold its India-based ExlServices because customers complained that they could not understand the call center agents, and Dell Computers pulled two of its products out of an Indian call center due to similar customer complaints.

E-commerce Times' columnist, Anthony Mitchell, estimates that less than 12 percent of Indian call centers comply with state telemarketing rules. Mitchell has worked with the Indian IT industry for 17 years, and he specializes in offshore process migration and call center program management. "Even though your own firm's programs may be in compliance," Mitchell asserts, "having out-of-compliance programs running in tandem at the same offshore facility presents risks of collateral damage in the event that enforcement efforts ever target that facility operator."

Since the advent of Voice Over IP (VoIP), call centers are sprouting up all over areas that now have enhanced telecommunications access. This has led to an increase in credit card scams, automated dialers that are used with pre-recorded messages, and other major compliance issues due to the lack of international enforcement. The FTC and State Attorney Generals in the U.S. have thus far pursued several well-known U.S. corporations that violated compliance rules and even U.S.-based outsourcers. There has been little news about offshore enforcement.

■ **Implementing Compliance Offshore: Do your Homework**

One of the benefits of outsourcing offshore lies in the educational background of many local economies where a job in a call center is considered a prominent position. In the call center business, your lowest paid employee is your main defense to ongoing daily compliance such as scripting rules or in-house do-not-call or policy requests. With a better-educated work force and more dedication to the call center as a career, more concern about compliance and following the rules goes hand-in-hand. This is one reason certain markets like the Philippines, Panama and Costa Rica are exploding as sellers are becoming increasingly confident in these countries' abilities to deliver results and document compliance across the enterprise.

Starting a relationship with an offshore center is akin to getting a prenuptial agreement in the global marketplace—you want to put controls in place so that you don't get burned! As a seller, you may

want to control things like making sure the data stays in your possession or the calls are routed through your U.S. switch so that you can monitor quality and compliance. You also may need to support the outsourcer with clarifications on so-called "legal gray areas" so that everything is black and white in the agreement.

Proper due diligence and reference checks will help you uncover any previous issues. Ensure that the firm has a dedicated compliance officer and that they have all the necessary policies in place, as well as any necessary State registration and bonding requirements up-to-date. Clarify the use of the client's Federal Registration (SAN number) and if calls will be placed under any Existing Business Relationships (EBR's) or under any industry exemptions such as non-profit, supervised financial lender or newspaper/magazine seller. Make sure there are no deviations from scripts and that proper scripts are populated to account for non-rebuttal states. Newer technologies such as NICE Systems allow you to pinpoint deviations from scripts or key phrases such as "Put me on your do not call list" so that remote monitoring is not only effective for quality, but also for compliance escalation processes where database centralization is critical.

■ **Technology Solutions Enable Business Enabling Best Practices**

As we have seen with the majority of the enforcement actions to date, the number one impetus for a State or Federal investigation is the result of do-not-call violations. This is, in part, because the average U.S. consumer does not realize there are exemptions to the DNC list and that being on the list will not stop all telephone solicitations. They may not be aware because they are an existing customer or may have, for example, visited a vacation property that employs telemarketing calls. Hence, the importance of mitigating potential complaints before they are escalated to a regulatory authority and the importance of working with your outsourcer to have a compliance escalation plan.

For companies that outsource their call center work offshore, there is certainly more complexity when trying to stay updated with current DNC laws and the multiple DNC lists, while also adhering to reporting requirements for database centralization across the enterprise. The most efficient way for an enterprise to ensure compliance is to employ the necessary solutions to monitor internal and external processes. The proper solution not only provides the necessary tools to adhere to the Do Not Call regulations, but it can also provide real-time service to keep the call center up-to-date on consistently changing rules.

Compliance technology solutions from a company such as Contact Center Compliance (DNC.com) offer complete automation to save time and expense, the ability to clean lists before calling to prevent violations as calls are being dialed, provide centralized failsafe compliance as well as integrated rules and detailed reporting. DNC.com provides a hosted, rule-based model with an integrated legal matrix that a company with internal call centers abroad or a company outsourcing work overseas can utilize to ensure their data is managed to remove all necessary State and Federal Do Not Call numbers, as well as wireless numbers, by applying the most conservative rules, including Existing Business Relationship (EBR) regulations before calls are placed that automatically centralize the company's calling lists with any new, updated company-specific DNC numbers.

■ **About Contact Center Compliance (DNC.com)**

Contact Center Compliance reduces the complexity of Federal and State telemarketing laws concerning Do Not Call, wireless, and exemptions-including Existing Business Relationships- with an award winning enterprise level technology solution. As the leading full service compliance technology provider for leading call centers worldwide, we manage the entire compliance process seamlessly from the point of first contact through the entire customer relationship. Visit DNC.com for more information.

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