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The Pros and Cons of Outsourcing Network Infrastructure Services

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Network upgrade projects can stretch telecom providers' capacity to the limits. Judicious use of outsourcing can help – but providers must be aware of the potential pitfalls and take steps to avoid them.

Nearly every telecom organization has more work to do than internal staff can handle, yet the work of building and maintaining networks and delivering services continues unabated. Staff augmentation, the use of contractors, is being used to fill the gaps, but is there another alternative? While the staff augmentation model has its advantages, Business Process Outsourcing (BPO) can alleviate staffing shortages and enable operators to optimize their workloads providing benefits that the staff augmentation model cannot duplicate. However, several legitimate concerns about outsourcing must be addressed before it becomes a standard business management practice. The benefits of outsourcing include:

Optimizing staff assignments.
In some cases, a carrier wants to devote its internal resources to the newest networks or service offerings but is bogged down by the need to maintain older services and technologies. In this case, it may bring in outsourced services to handle the older services and technologies.

Offloading grunt work.
Carrier may also use a BPO model to handle mundane tasks. With BPO, a carrier can offload from a highly skilled workforce such chores as AutoCAD updates, database maintenance, materials tracking, project management and order writing. By moving this type of work to a BPO provider, the carrier can capture more bandwidth from its highly skilled workforce and increase output without having to recruit, hire and train additional high-cost employees.

Reducing OPEX (operating expenses).
Because BPO transactions can be tied directly to a project budget, BPO services can often be charged to capital expense budgets rather than to operating budgets and help hold down operating costs

Providing support in a specific geographical area.
Companies may outsource because they need work functions performed in a specific geographical area and the skills or bandwidth required to perform those functions are not available from staff in the area. Outsourcing services provides a risk-free method of expanding temporarily or permanently to meet higher demand.

Making costs predictable.
Because staff and contract employees can vary in the amount of time they take to do specific tasks and because their workloads also vary from time to time, predicting the ultimate cost of handling a particular set of tasks is difficult. However, BPO is billed by the transaction, so the cost of getting the work done becomes predictable and easier to budget.

Eliminating ancillary labor costs.
When they hire contractors, telecom providers must deal with the costs of onboarding, off-boarding, training, facilities and so on. With BPO, the work is performed offsite with the vendor's equipment. In a BPO engagement, the outsourcing company is the one that has to deal with ups

and downs in workload – the customer doesn't worry about this anymore. Bear in mind however, you will most likely have to partner with the outsourcing company to provide training on internal systems, processes, etc.

Improving efficiency.
BPO organizations are motivated to work as efficiently as possible because they are paid by the transaction. In addition, a BPO engagement can bring an external perspective to company business processes, often revealing solutions that internal employees may not see because they are too close to the problem.

Addressing BPO Concerns
Despite its many advantages, introduction of the outsourcing model can raise questions among leadership and employees. Let's look at some issues and how they might be addressed.

Brand dilution.
Some telecom providers are concerned about outsourcing customer-facing positions and losing control over their brands. However, many BPO arrangements don't involve customer-facing activities. Tasks such as database maintenance, order tracking and AutoCAD updates don't put outsourced personnel in contact with end customers.

Failure to meet service levels.
Providers worry that the quality of work performed under a BPO agreement may vary widely and that outsourced employees may not meet necessary service levels. Most BPO agreements put service-level agreements (SLA) in place to ensure that there is always a means of determining the quality of work. If an SLA specifies the level of quality required for each kind of work done, the BPO firm has an incentive to maintain high-quality work to retain the contract.

Changes in requirements and unforeseen charges.
BPO customers worry about "mission creep" or changes in requirements that make it difficult for a BPO vendor to live up to its SLAs. Realistically, a period of adjustment is often required during the first few months of an engagement. During this period, the carrier and the BPO vendor should be open to negotiating unforeseen elements of work that are outside the scope of the original BPO agreement. After making adjustments during the first few months of the contract, the parties can verify the workflow processes and change them as necessary, and the contract should run smoothly. The more detailed the initial agreement is, the less trouble there will be in the future. If at *any* point, however, requirements change, the agreement, processes and SLA's can be reviewed and modified as needed.

Loss of competence and provider dependency.
If a BPO vender is handling all of a certain type of work for a provider, the internal competence needed to perform that work can atrophy and disappear, making the provider dependent on the BPO vendor. The issue of losing the internal ability to do the work can be addressed by keeping a small internal team, knowledgeable about the work being done, to oversee the outsourced work and interface with the vendor's single point of contact.

The second issue – the risk of becoming dependent on a particular vendor and being unable to end a relationship that sours over time – is trickier. If there is a large enough volume of work, engaging two different BPO vendors may be wise. Then, if one vendor starts performing poorly, the provider can throw more work to the second one.

Loss of control.
BPO customers worry about losing control over their work. They feel as if they are tossing their work over a wall, watching it disappear and sitting there hoping it comes back correctly handled. Some BPO vendors address this issue by appointing a single point of contact who can always provide a status update for each task. Even if an outsourcing provider has access to global resources to perform work, a carrier should always ensure that the work stays within the outsourcing provider's company and is not farmed out to third parties. The carrier should also be provided with a method to verify the work that has been completed, the total transactions being charged and the invoicing details.

Maintenance of security.
Passing sensitive company information to an outside firm is another concern. Carriers should qualify any new vendor and ensure that the BPO agreement states that the work remains within that company. Due diligence on BPO vendors includes asking the provider how its security is set up and how the data flows, which firewalls are in place and how it handles other specific aspects of security.

Time to manage the outsourcing partner.
Carriers worry that they will have to spend a significant amount of time managing the BPO relationship. Typically, however, once the scope of work is resolved, these relationships are very low-maintenance. Compared with hiring two or three supervisors to manage 50 employees, assigning one supervisor or a small team to manage a BPO relationship seems like a bargain.

Employee churn.
Outsourcing firms often have the reputation of being "body shops" where interchangeable employees come and go regularly. However, BPO vendors don't have employee turnover rates any higher than those of other companies. What's more, the beauty of a BPO relationship is that churn is no longer the carrier's concern – it's the outsourcing provider's problem.

Figuring out how to keep people trained and ready to handle a BPO agreement and fully meet the SLAs is up to the provider. Doing so is to the provider's advantage if it wants to keep and grow its relationship with the carrier. This is part of the advantage of outsourcing.

Conclusion
In summary, although legitimate concerns crop up when a telecom provider considers a BPO relationship, many of these can be managed through careful selection of a BPO vendor, attention to detail during the creation of the SLA and regular contact with the BPO vendor as the project proceeds. Most companies find that the benefits of BPO far outweigh any negatives.

About the Author

Mr. Thon joined CHR Solutions in July of 2012 to oversee business development and operations for Tier 1 and Tier 2 clients. For nearly a decade, he has held a variety of Services related roles including Sr. Quality Auditor, Program Manager for BellSouth, Program Manager responsible for TPS-India operations and Senior Manager leading an Outsource Services organization overseeing more than 200 employees.

Thon's more than 25 years of industry experience includes 16 years in telecommunications engineering. He also has held various positions focusing on internal quality as well as ISO/TL9000 certification.

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