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1 FOREWORD

It's hard to believe that we are already in August! Anyway, welcome to the third industry update for 2008.

Once again, thanks to so many of you for your valuable feedback and suggestions as to what should be covered; there is so much in the media about the BPO&O sector, highlighting the prominence it enjoys as a growth industry.

This edition is quite long, yet full of interesting articles, so I recommend you scan the contents list for those articles that will be of specific interest to you (that's if you have not read them already) and then go straight to them.

I'll begin by commenting on the articles that address activities in the international arena: starting with the article titled "UK Call Centres worsening". It's always difficult to make out what is really going on with customer service quality as, on the one hand, we hear of fantastic call centres (winning awards) making a really positive impact on customer service, and then we get another picture altogether from research stats indicating deteriorating levels of service. I must say that it's no surprise that service levels and levels of customer satisfaction are declining (not just in the UK)! With the growing pressures on cost, budgets have been cut for resources and for training, leaving centres under resourced and under skilled. The 2008 Merchants Global Benchmarking report highlights the deterioration in SLA from an average of 72% in 1997 to 63.5% in 2008 and the abandonment rate rising from 6% to over 13% for the same period. This would be o.k if there was an inverse correlation with customer satisfaction levels; but there is not! What are your service levels looking like; and how satisfied are your customers right now?

In the context of the deteriorating levels of service, recognition is again given to the critical role of the customer service representative, particularly in managing the customer experience once customers do get through to an agent to have the request / query addressed; read the article "Contact Centre report highlights importance of representatives". This article takes an interesting, but not unprecedented, dip at soft skills that are not backed up by resolution capability; I quote Sheri Teodoru, chief executive officer of CFI Group: "If customers just wanted to hear a friendly voice, they'd call their mom – but they are calling to get something done."

There are a few articles (six to be precise) on the subject of unified communications and IP Contact Centres. The first article titled " Unified communications and IP contact centres show strong growth" summarises some of the research findings made by Infonetics about market growth and industry leaders in this field; the second article titled " the contact centre suite is the best" is written by Pete Flanagan, of

Intelleca, addressing the pros and cons of multi media communications. He makes some really good points that are relevant to the SA market in particular. The third article is titled “Avaya leads worldwide contact centre market in both revenues and shipments”; it talks to the growth in IP based contact centres and reiterates the point that the migration to IP telephony and IP based contact centres is well underway across the globe. A somewhat related article talks to the latest software release from interactive Intelligence, who is releasing a major upgrade in South Africa to all their all-in-one IP communications software suite operators; it contains some interesting security features including end-to-end encryption of voice and data. Then there is an article about the role of self-service in contact centres, titled “Self service drives success of call centres”; and finally an articled by Genesys on technology adoption across vertical industries.

All the technology related articles highlight the importance of enabling call centres / contact centres, thorough technology solutions, to: service customers through media of their choice; cater for multi-channel service models; to reduce the costs and improve the efficiencies of call and data management using IP networks; and to build relevant insights into customer preferences and behaviours.

There is quite a bit on the subject of BPO&O. Firstly, there is an article about India’s market leadership in BPO&O and the emergence of the Philippines. We tend to look up to the Philippines as an example of how to use the BPO&O sector to drive job creation and growth in FDI. We could learn a thing or two about how the Philippines is driving the development of their “2nd economy” cities through the spread of BPO&O; since this is a major component of our local BPO&O sector development strategy.

Then we read about Telkom and the BPO&O industry being at odds with each other as to the status of competitively priced international calls. On the one hand, Telkom believe they have lowered international rates sufficiently over the past two years to enable SA to compete with the global BPO&O market; the BPO&O industry, on the other hand, refutes this saying that we are still up to 10 times more expensive than our rivals! It seems like we are just going to learn the hard way i.e: by watching many of the large business opportunities pass us by while we try to figure out how to collaborate around matters of national importance (job creation). Read the article “Telkoms, BPO square off”.

Skills, or the lack of skills, resurface in this edition. Read the article “Business process outsourcing and administration becoming more popular”. In this article Grant Thornton research focuses on the lack of skills in South Africa, highlighting this as a major inhibitor of growth in the BPO&O sector; for both front and back office activities. This leads nicely into the article “Paladin in the news” , communicating our partnership with Intelleca to address some of the skills issues in South Africa. We have spent much time over the past few years developing and testing a few skills development programmes at the team leader and agent level that enable high performance. With Intelleca adding the Skills Manager solution to the mix, we are now able to offer the South African market something unique, and highly relevant and effective, for the development of High Performance Skills. We are working on a reference site right now and look forward to sharing the results with you in due course.

We also read about the BPO&O standards, which have now been set; and we look forward to sharing success stories with you in future editions of this update, about those local companies who adopt these standards and realise the benefits of doing so.

Some good news!! We read about the success of a number of local companies who have successfully competed in the contact centres world global contest. Congratulations to: Pastel; Volkswagen SA, Sanlam, the Kelly Group, Standard Bank, and Absa! They certainly are helping to raise the profile abroad of the South African Contact Centre industry.

Certain trends that we have been following and commenting on over the past few years are addressed in the banking articles: the growth in take up of the internet for on-line banking; extending the mobile channel offerings to small and medium business; and infrastructure reliability and DR.

You can also read about the analysis of the local logistics industry using the “complexity vs capability” model; a very interesting method for highlighting strategic options and implications based on where your organisation is currently positioned. Read the article “ where does your company fit into the global supply chain capability”. Finally, there is a very interesting article titled “Going lean and green: the next focus of SCM”; which discusses the increasing focus being placed on fuel management and pollution.

Enjoy the read and don’t hesitate to give me or anyone in our team a call if you are looking for specific information about the BPO&O industry or about Contact Centres in general. We would be very happy to assist you where we can.

Enjoy the read.

Regards
Andy and the Paladin Team

2 INTERNATIONAL HAPPENINGS

2.1 UK call centres worsening

Customer service levels at call centres in the UK have fallen in the past decade, according to a new report, says Sky News.

The research says the average time to answer the phone has increased from 23 to 38 seconds. The best centres were in the travel industry; the worst were in technology and the media.

A study of 300 call centres around the world, including 59 in the UK, found customer service levels had dropped "significantly".

CRM set for growth

One segment that is predicted to grow within the IT industry, despite economic downturn, is CRM, states Response Source.

AMI-Partners Research estimates the global CRM market will increase at an average annual rate of 13% from 2007 to 2012.

Vivek Thomas, MD of Maximizer Software, believes CRM is increasingly being seen as a valuable tool not just in helping organisations to win new customers – and keeping them satisfied once they are on board – but also delivering on business goals when times are tough.

Sage and Tasaa partner

Sage is partnering with Tasaa Netcom to offer Sage Accpac ERP in the Mumbai market, reports TMC Net.

Company officials say it is a bid to widen its market coverage in the small to medium enterprise segments.

Earlier this month, Sage CRM Solutions, part of the Sage Group, has announced initial progress of its Sage CRM Solutions 2010 strategy, described by company officials as "a product and technology vision" announced in March.

LINK:
http://www.itweb.co.za/sections/enterprise/2008/0806020906.asp?A=COV&S=Cover&T=Section&O=C

2.2 Contact centre report highlights importance of Representatives

As much importance as officials place on the customer service representative within a contact center to resolve an issue, recent research suggests that it is even more important than originally thought.

The service delivered by these individuals can ultimately make or break the organization in a competitive industry, new data shows.

According to CFI Group's second annual Contact Center Satisfaction Index, the ability of the customer service representative to resolve customer issues is the most critical driver of customer satisfaction, loyalty and word of mouth recommendations.

Overall satisfaction with call centers improves, as the CCSI gains three percent to a score of 72 on the Index's 100-point scale.

Overall, customer satisfaction with contact centers is up, yet that does not mean that all are performing to internal and external expectations. In fact, the study finds that one in five customers end their contact center experience with unresolved problems. These customers are proving to be half as satisfied and twice as likely to defect.

The study also highlights that customers clearly punish poor performance, while at the same time, they reward good customer service. Customers whose issues are resolved on the first call are 49 percent more likely to continue doing business with the company than those customers whose issues are not resolved.

"Customer Service Representatives are on the front lines of a company's interaction with their customers, so it's vitally important that they have the training and resources to do what customers expect of them," said Sheri Teodoru, chief executive officer of CFI Group. "If customers just wanted to hear a friendly voice, they'd call their mom – but they are calling to get something done."

The CCSI study found that more customers are using the call center as the resource of last resort. With multiple channels available to the customer for issue resolution, customer service representatives are more likely to get a higher proportion of "harder" questions that customers cannot find answers to elsewhere.

Customers who tried other methods before calling the contact center have a satisfaction score of 64, which is 15 percent lower than customers who called the contact center directly.

Offshore contact centers seem to be doing a better job this year of resolving customer issues, but their satisfaction scores still lag behind onshore contact centers by a wide margin.

One of the main challenges for offshore contact centers is effective communication. The study finds that customer issues are 25 percent less likely to be resolved when customer service representatives are difficult to understand.

"As Customer Service Representatives receive tougher questions, communication is going to become an issue," Teodoru said. "The last thing a customer wants to do is struggle with basic communication."

"This is particularly true when customers call the contact center and find that the person on the other end is difficult to understand, doesn't seem to comprehend the problem, and repeatedly reads from a script. In this down economy, American consumers are also more resentful that call center jobs are being sent overseas when they could be handled more effectively here at home," Teodoru added.

Contact center satisfaction is an important indicator of loyalty and recommendations. Data from this study shows that 94 percent of satisfied customers will do business again with the same company and 91 percent will recommend the company to others.

LINK: http://callcenterinfo.tmcnet.com/Analysis/articles/32949-contact-center-report-highlights-importance-representatives.htm

2.3 Research: Unified communications and IP contact centres show strong growth

Organizations throughout the world have discovered significant communication challenges when integrating disparate systems and supporting other locations and employees not housed in the corporate headquarters.

As a result of these challenges, many have looked to unified communications to streamline processes and deliver cost savings while also driving efficiency and productivity. This has led to significant increases in UC market growth and the opportunities that exist for vendors operating in this industry.

According to Infonetics Research, a communications market research firm, the UC market, which includes unified messaging and communicator software, jumped 20 percent sequentially in 2007, following a 19 percent increase in 2006.

The same type of growth has been realized in the IP contact center (IPCC) market as it grew 24 percent in 2007, on the heels of a 26 percent increase in 2006.

A recent Infonetics' report, Unified Communications and IP Contact Centers, indicates that together, UC and IPCC sales grew 22 percent to hit $1.05 billion worldwide in 2007, and healthy growth is expected through at least 2011.

"As a key component of unified communications, sales of communicator software clients are taking off. The Nortel/Microsoft alliance drove growth in 2007, and Microsoft captured close to half the communicator market," said Matthias Machowinski, Infonetics Research's directing analyst for enterprise voice and data, in a statement.

"Market share will likely bounce around in the coming years, as vendors from different backgrounds try to establish themselves as the leader in the nascent UC market and promote their offerings aggressively."

The report has also found that the sales of the relatively small communicator segment jumped 164 percent from 2006 to 2007. Unified messaging makes up the bulk of the UC market and is lead by Avaya with more than one third of the market.

Avaya also leads the IPCC market by quite a bit, with more than half of the worldwide revenue. Cisco is in second place in this area. In addition, the transition from TDM to IP is causing the IP contact center market to grow more rapidly than the overall contact center market.

The Infonetics report tracks add-on applications for IP PBXs that provide communication features in addition to basic IP PBX functionality, including unified communications and IP contact centers, including ACD, IVR and CTI.

Companies tracked include 3Com, Aastra, Alcatel-Lucent, Avaya, Cisco, CosmoCom, IBM, Interactive Intelligence, Microsoft, Mitel, NEC, Nortel, Siemens ShoreTel, Vertical, ZTE, and others.

LINK: http://callcenterinfo.tmcnet.com/Analysis/articles/32805-research-unified-communications-ip-contact-centers-show-strong.htm

2.4 Indians rule outsourcing

In a clear indication that India dominates outsourcing the world over, a Forbes magazine survey says that five of the seven billionaires whose primary source of wealth is outsourcing are Indians, reports The Economic Times.

Three of the five, NR Narayana Murthy, Nandan Nilekani and Senapathy Gopalakrishnan, are from Infosys Technologies. The others are Azim Premji of Wipro and Shiv Nadar of HCL Technologies.

Forbes notes that all five made their billions by providing global software and IT services. In contrast, the other two outsourcing billionaires, Terry Gou and Barry Lam, both of Taiwan, run companies specialising in contract manufacturing in the electronics sector.

Newspaper group takes outsourcing flak

A digital advertising contract between India's second largest IT services provider, Infosys Technologies, and a major American newspaper group is threatening to become a rallying point for the US anti-outsourcing brigade to regroup and renew attacks on the outsourcing of management information systems and key operations-related work to India, says Business Standard.

Infosys Technologies, according to sources, signed an advertising outsourcing deal with Missouri-based Kansas City Star sometime last month.

The daily will outsource advertising production work for its new media/digital business to Bangalore.

Philippines BPO grows

According to the Commission on Information and Communications Technology (CICT), 17 areas in the Philippines now have investors from the business process outsourcing (BPO) industry, says Inquirer.net.

CICT has identified a total of 22 areas in its drive to establish so-called ICT hubs ideal for BPO investors, according to Commissioner Monchito Ibrahim.

Ibrahim cited the growing awareness about BPO in cities outside of the Metro Manila. He also noted increased enrolment in ICT-related courses in these areas.

LINK:
http://www.itweb.co.za/sections/business/2008/0806040902.asp?A=OTS&S=Outsourcing&T=Section&O=ST

3 TELKOM & MACROENVIROMENATL NEWS

3.1 Neotel dedicates R10bn to networks

Second national operator Neotel has committed R10 billion, over the next five to 10 years, to the development of its networks.

This is according to head of strategy Angus Hay, speaking at the presentation of Neotel's new enterprise wireless “last mile” offering this morning. “You will also see us undertake a push in coverage over the next six to 12 months,” he added.

The company hopes to bring between 10 000 and 20 000 enterprise clients on board its networks. Last month, Neotel revealed it had 150 businesses connected to its network operating centre.

“April this year was the last count for consumer services, and we had in the region of 300 subscribers,” said Stefano Mattielo, head of enterprise business group and the Network Operations Centre.

The company also disclosed it is targeting 50 000 customers for its consumer services segment by March next year.

Closed local loop

Neotel has started rolling out WiMax and VectaStar technologies as an option for enterprise customers to connect to its fibre backbone. Neotel was granted spectrum by the Independent Communications Authority of SA (ICASA) on the 3.5GHz (commonly WiMax) and 10.5GHz (VectaStar) bands.

This spectrum was allocated as part of the operator's initial licensing conditions, which stipulated it would be licensed under conditions that are no less advantageous than Telkom.

According to Neotel product manager for the enterprise group Marcel Steyn, WiMax has been rolled out in the Johannesburg area, primarily in the northern suburbs business areas. “The VectaStar technology has been implemented in the four major metropolitan areas,” he adds.

Neotel is to issue WiMax on the 802.16d standard, which is the fixed wireless standard. Hay says the company will use the wireless services to target the enterprise market, while the CDMA networks, which are already in place, will focus on the consumer business.

Steyn says WiMax has become a globally relevant technology and he is convinced it will have a future in SA. WiMax will offer Neotel customers around 2Mbps subrates, while VectaStar will offer between 4Mbps and 10Mbps.

Can't get enough

While Hay has not promised a consumer WiMax offering, he says there would be several stipulations to meet before the company could do that. “If we were to implement a WiMax offering for the consumer, we would have to look at the implementation on the 2.6GHz band. We would also have to provide it on the 802.16e mobile standard.”

ICASA recently published its decision on how it wants to allocate the 2.6GHz and 3.5GHz bands, commonly used for WiMax delivery globally. The authority decided to auction WiMax spectrum to bidders, but not before it has held a beauty contest to whittle down the list of eligible players. One of the criteria is that companies must be at least 51% empowered.

According to ICASA's decision document, each successful applicant in the 2.6GHz band will be allocated 20MHz. The allocation of 20MHz allows for a maximum of six companies to be allocated spectrum.

Hay says 20MHz is not enough spectrum to provide a national consumer service. “There should be at least 30MHz in the allocation.”

LINK:
http://www.itweb.co.za/sections/telecoms/2008/0807181100.asp?A=EMT&S=Emerging%20Technologies&O=FPLEAD

3.2 Neotel targets 50 000 consumers

Neotel hopes to bring 50 000 customers on board its consumer services segment by March next year.

This is according to PR manager Zinhle Modiselle, who says the response to the company's consumer services has been positive. “There has been a keen interest for all types of product packages.”

The company initiated its consumer services last month and its business services were officially launched in November last year, almost two years after the operator was licensed. “We have had a significant amount of applications and requests for services from all across the region,” says Modiselle.

While the company is keeping actual subscriber numbers under wraps, she says: "The up-take of the service within the Neotel coverage area has been promising and we expect an even greater response as we continue to expand our coverage on a daily basis."

Neotel's consumer offering, NeoConnect, is built on CDMA2000, a wireless 3G standard used globally. The offering is converged voice and data ranging from a 2GB product, costing R299 per month, to an unlimited bandwidth offering, priced at R999 per month, she notes.

According to Modiselle, the company is looking to introduce a small and medium business package, although she did not specify an expected date. "We have a team of product development people dedicated to bringing the latest technology to both the consumer and business markets."

Telkom's woes

Meanwhile, Telkom is feeling pressure from a changing local telecommunications landscape.

In its group annual results, released this week, Telkom reported a drop of more than R1 billion in its fixed-line voice revenue, to R6.3 billion for the period ended 31 March 2008, from R7.6 billion the previous year.

CEO Reuben September said: "Both the fixed-line and mobile segments are operating in changing and challenging business environments. As mobile voice growth slows, the mobile segment is aggressively expanding into data and particularly corporate data. The fixed-line is challenged with increased competition and pricing pressures in its traditional high margin, predominantly retail markets."

Telkom's number of fixed access lines also dropped from 4.6 million in 2007 to 4.5 million this year. Telkom has stated it expects to lose 10% to 15% of the market share to competition. It has also said it is taking active steps to combat that competition.

According to Irnest Kaplan, MD of Kaplan Equity Analysts, Telkom needs to defend its market share from Neotel. "Telkom is going from spoilt to some real competition. If the management is not strong, Telkom will have a problem maintaining market share."

LINK:
http://www.itweb.co.za/sections/telecoms/2008/0806131040.asp?O=FPTOP&S=Business&A=BUS

3.3 Telkoms, BPOs square off

Telkom says the cost of telecommunications is no longer an inhibitor for business process outsourcing (BPO) operations, such as call centres, to operate in SA. But industry players disagree.

According to Telkom SA group executive for strategy Steven Hayward, the country's fixed-line provider has brought down the cost of telecommunications significantly in the last couple of years.

Hayward was commenting on the recent speculation that Telkom was ready to announce reduced tariffs for the BPO sector – something he says the company is still working on in conjunction with government, but warns the new tariffs will not differ greatly from current costs.

“Telkom has reduced the price of international bandwidth aggressively over the last few years,” says Hayward. “The prices are much lower, so there are fair margins charged now.”

In 2006, Telkom reduced bandwidth costs by between 9.3% and 31.8%. In 2007, the average DSL price reduction was 18.2%, and this year the company filed for an average decrease of 7% on data products.

XHead = Not enough

Tim Marshall, international investor with the Dialogue Group, as well as for a number of international BPO investors, vehemently disagrees with Hayward's stance.

“That is typical monopolistic behaviour,” he says. “Telkom has not done nearly enough – bandwidth in SA costs at least 10 times more than in Asia and the Philippines.”

As an example, he quotes intentions by Amazon.com to move its call centre into SA a couple of years ago, but the quote it received comprised 70% of bandwidth costs, something Marshall says should account for only about 12% to 18% of such a quote.

In addition, the availability of bandwidth is an issue, he says – a sentiment that is echoed by Keryn House, CEO of ContactinGauteng (CiG).

“This continues to be a constraint as many of our BPO transactions require large graphics and data transfer, which simply cannot be done from SA unless those pipes are laid in the relevant areas,” she says.

“We believe telecommunications is the last major hurdle to job creation in BPO sector."

Discrimination

Hayward says labour is a bigger expense for BPO operations than telecommunications and that there are call centre operations that have been in the country since before Telkom reduced its rates, leading him to believe "there are models that work, so it (the cost of telecoms) is not an unbeatable impediment".

There is great pressure on Telkom to reduce the operating costs of BPO operations due to their strategic importance in the national growth plans. The Department of Trade and Industry (DTI) has even availed special cash incentives for companies bringing call centres into the country, with additional incentives for those bringing seats into rural areas.

Hayward says Telkom has to structure any tariff reductions into a bigger package of government incentives, as cheaper telecommunications could otherwise be seen to be anti-competitive.

"We can't give a BPO a price that is better than for an ISP (Internet service provider) – that would be discriminatory – so the incentive scheme has to be approved by government," he explains.

However, Marshall is adamant that no incentives by the DTI, whether in partnership with Telkom or not, will succeed in bringing the big international players into the country if broadband costs are not addressed.

"Government, which essentially owns Telkom, is working against itself here," he says. "If it wants to create jobs in economically depressed areas, it needs to control the cost of telecommunications, otherwise it (job creation) remains just a good idea."

LINK:
http://www.itweb.co.za/sections/business/2008/0807231034.asp?A=COV&S=Cover&T=Section&O=C

3.4 Telkom applies for 2.4% increase

Telkom filed its 2008 tariff adjustment with the Independent Communications Authority of SA (ICASA) today, applying for an overall increase of 2.4%.

"Pricing is a key element of the value proposition and our pricing strategy is aimed at improving our competitiveness in areas where competition is expected to intensify and where arbitrage opportunities exist," says Godfrey Ntoele, Telkom's group executive of national sales and marketing operations.

Pending ICASA approval, the tariff filing will become effective on 1 August 2008.

The Price Control Formula, implemented by ICASA to limit the extent of price adjustments, uses the formula “Consumer Price Index (CPI), minus 3.5%, plus carry-over”. At the time of Telkom's rate review, CPI was 11.1%.

According to Ntoele, under that regulatory formula, Telkom would have been allowed to file an overall increase of 17.2%. “Compared to the CPI used in the tariff filing, customers will experience a decrease in real terms of 8.7%.”

The minimum charge for post-paid local calls, from zero to 50km, will increase by 9.4%, while the per-second tariff for local calls during standard time will increase by 3.1% and during Callmore time by 9.2%.

Customers using SupremeCall and Telkom Closer calling plans, with pure-per-second bundled offers, will not be affected by the tariff filing. International calls will see a comparatively low overall adjustment of 0.2%. “Within the SMME sector, SupremeCall customers are to save up to 25% with pure-per-second billing on all call types for an upfront monthly rand value,” says Ntoele.

Even though all residential and business installation charges, as well as analogue and ISDN Basic Rate rental will increase by 11%, customers subscribing to ISDN Primary Rate will not be affected by the proposed increases.

Ntoele says Telkom's stated objective of growing the data business has resulted in the company filing an average decrease of 7% on data products in the basket. “Our broadband customers will also be pleased to hear that our submission makes provision for the monthly subscription charges for ADSL, Do Broadband and Telkom Internet to remain unchanged,” says Ntoele.

“As in the past, we have complied with regulatory stipulations and we are optimistic that ICASA will approve the proposed tariff changes,” he concludes.

LINK:
http://www.itweb.co.za/sections/telecoms/2008/0806201500.asp?O=FPTOP&S=Business&A=BUS

4 CONTACT CENTRES & BPO

4.1 The contact centre suite is the best

The contact centre suite is the best way of merging the disparate requirements of consumers and management.

Imagine you are a senior executive in a major company, and someone tells you that two out of every five people stop doing business with your company because of a poor contact centre experience.

This is the reality. A poor contact centre experience has a direct impact on a company's bottom line - and as the figure above shows, this impact is enormous.

Now, consider the industry yardstick that it costs five times as much to gain a client than to retain one, and the real cost, including opportunity cost, of losing a customer.

The contact centre has become the primary interface for customers - and for companies wanting to reach existing and potential customers.

Empirical research conducted by Genesys involving 4 200 consumers has showed that:

* 67% of consumers are frustrated by long hold times.
* 57% are frustrated by IVRs (interactive voice response systems) with too many or incorrect options.
* 52% are frustrated by having to repeat information they've already provided.
* 76% of consumers feel companies are pushing them to use self-service systems instead of talking to live agents.
* 66% react negatively when they feel they are being pushed to use self-service.
* 84% of consumers would actually like to hear about cross- and upselling opportunities.
* Consumers are increasingly interested in using communication channels other than voice, with e-mail, Web chat and SMS the primary new channels. Of these, 90% of consumers would rather use e-mail to engage with a company rather than the phone. And one in four consumers expect a response to an e-mail query within an hour.

However, the fact is that today's contact centres are more geared to voice than to non-voice channels. Many contact centres can offer non-voice options, but then the customer experience is fragmented and uneven.

In addition, management does not have a common view and cannot gain insight into or scrutinise reports on contact centre activities - in particular there is no ability to slice and dice data, or go down to any kind of granular level.

The requirement for customers to engage with an organisation in a consistent manner, and for management to gain control of and gain insight into contact centre performance are among the key reasons the contact centre suite has emerged as the most strategic response to these diverse but linked requirements.

A contact centre suite offers the best of all worlds:

* From the customer interaction perspective, it permits customers to engage via voice, e-mail, SMS, Web, fax or other, newer channels, as and when they emerge.
* From a management perspective, it provides a common, unified view of the performance of the contact centre, across all channels, in real-time, and historically, by day, by week, by agent, by subject area, by average hold time, call duration and much more.
* From an agent view, it provides a common interface to agents, self-service, automation and subject experts, with a unified interface for consumers. All consumer details are passed on to the next agent, removing the necessity for restating or rekeying of personal details.
* Of vital importance, it really doesn't matter if a consumer engages via live agent or IVR ... the experience is the same, but IVR can reduce holding time by 66% and dramatically enhance the customer experience.

The contact centre suite has emerged as the best possible way of merging the traditionally disparate requirements of consumers and management.

In the next Industry Insight in this series, I'll look at the way the contact centre suite has evolved to become dynamic: because the dynamic contact centre suite is the next step in superior customer service and enhanced management capabilities.

LINK:
http://www.itweb.co.za/sections/industryinsight/contactcentresandcrm/flanagan080717.asp?A=CAC&S=Contact%20Centres%20and%20CRM&T=Section&O=ST

4.2 Avaya leads worldwide contact centre market in both revenues and shipments

Avaya Inc is leading the worldwide contact centre market, according to Gartner¹s new report* on this key market, driving customer service for companies around the globe.

The report, which measured 2007 global contact centre market share, states that "Avaya is number one" in contact centre revenue and shipments across all measured categories and regions, including the market for Internet protocol (IP)-based contact centres.

According to Gartner, Avaya represents 38% of the global market for contact centre revenue and 40% of the global market for contact centre shipments - figures that are in both cases about 25 points ahead of the nearest competitor. Specifically in the Europe, Middle East and Africa (EMEA) contact centre market in revenue, Avaya leads with 32% of the market, which is 14 points ahead of its nearest competitor.

In the North American contact centre market, including the US and Canada, Avaya leads with 43% of the total market for contact centre revenue.

In other regions, Avaya delivers similar strength in contact centre revenue, leading Asia Pacific with 35%. In the Latin America region, Avaya grew more than 100%, and represents half of the region's share for contact centre revenue - about three times its next competitor.

According to Gartner, the market for contact centre revenue is nearly $2.4 billion. Gartner defines contact centres as computer-based systems that provide call and contact routing and prioritisation for high-volume telephony and multimedia transactions. They support critical customer service functions around the world through specialist answering 'agents' and use sophisticated real-time contact management and reporting systems.

Additionally, Gartner's report highlighted the rapid growth of IP-based contact centres, with shipments growing 37% year over year to now represent 49% of the worldwide contact centre market (comprised of both TDM and IP technologies). Next year, Gartner expects the migration to IP-based contact centres to accelerate, as more businesses turn to IP for its more functional multi-site and virtual customer service capabilities.

According to Gartner's report, Avaya led the IP contact centre category with 36%, 16 points ahead of its nearest competitor.

Avaya's portfolio of contact centre solutions incorporates a broad range of capabilities and applications that meet the needs of a full-scale customer service operation. They include software for contact management, intelligent routing, self-service, outbound calling, home agents and more. For more information on Avaya contact centre solutions, visit http://www.avaya.com/gcm/master-usa/enus/pillars/contactcentres/index.htm.

LINK:
http://www.itweb.co.za/sections/business/2008/0807170803.asp?A=CAC&S=Contact%20Centres%20and%20CRM&T=Section&O=ST

Industry update

4.3 Business process outsourcing and administration becoming more popular

Globally business process outsourcing (BPO) continues to grow exponentially and South Africa has the potential to increase its stake in a market that is expected to grow to a whopping $195 billion by 2010, said Pule Mokoena, Group Executive of Marketing at Innovation Group, leading business process consulting and administration company, and South African subsidiary of London-listed global BPO operation, Innovation Group plc.

“While we offer holistic BPO, consulting and administration solutions, we also offer, as part of these solutions, numerous call centre options for various large organisations in SA, spanning a wide range of industries, including the motor industry, finance and insurance. While that is only part of the outsourcing services we offer, we do see potential for a great deal of growth for local companies.

We are rapidly becoming more competitive in the overall outsourcing market, not just in the call centre sphere of things. An increasing number of businesses are starting to recognise the benefits of outsourcing by leveraging off experts to manage non-core functions and services – that can be done far more efficiently when outsourced.

“Indeed,” said Mokoena, “experience – and results – have shown that any non-core area can be outsourced. While the more mainstream payroll and financial services – such as debtors – have been outsourced for some time now by many companies, IT, marketing and communication are starting to be outsourced by more companies. It is a fast-growing business area.”

Referring again to the call centre and general outsourcing market, Mokoena said this market is going to become increasingly popular in SA – especially since Telkom has reduced rates for certain qualified BPO players. But the critical mass must be right, he said. “If a company has around 200 or less employees, operating a call centre business can be a financial nightmare. The infrastructure can be costly since it must be acquired, installed and maintained. And, of course, it needs to be upgraded to keep up with the ongoing technological demands. The right employees need to be found, trained and retained. And retaining staff in this sector is very difficult.

“Also on the downside is the country’s spiraling interest rates and our electricity supply problems. This is making it harder for local companies to get a larger foothold in the call centre market – and the BPO market in general.”

In a recent press report it was stated that an international report from Grant Thornton Strategic Solutions revealed that the biggest drawback for this country when it comes to private business growth – across all sectors – is lack of skills. The report said that a worrying 48% of businesses noted this as a problem, while 52% of service-focused companies said it was arguably the biggest constraint to growth. Because of this factor alone, outsourcing makes more sense.

LINK:
http://www.contactindustryhub.co.za/news_item.php?news_id=399&news_headline=Business%20Process%20Outsourcing%20and%20Administration%20becoming%20more%20popular

4.4 Self service drives success of call centres

Over the years, the traditional telephone-based call centre has morphed into the multichannel contact centre, offering customers the ability to contact the centre via phone, e-mail, Internet, SMS, chat, fax and more, states TMCnet.

According to Dimension Data, an IT solutions and services provider, the global contact centre industry has seen an increase in the use of interactive voice response (IVR) self-service channels, with 60% of the world's contact centres using the channel.

SMS/text messaging has also experienced an increase in use by 8% up from last year's level of 32%.

SSKA appoints Lynch as VP

Bill Lynch, vice-president of strategic development for Source Technologies, has been appointed to one of three vice-president positions with the Self-Service and Kiosk Association, ATM marketplace.com.

The SSKA is a professional membership association that serves the needs and promotes the interests of companies engaged in the self-service industry.

In 2007, Lynch was elected to the association's advisory board. In 2008, he joined the association's executive committee. Now, as a vice-president, he will represent vendors involved with the association.

Regulatory DataCorp releases Web self-service

Regulatory DataCorp (RDC), a recognised provider of risk-relevant data focused on regulatory compliance related to anti-money laundering and customer monitoring in the financial services industry, is releasing the first in a series of innovative Web self-service (WSS) features for its clients, according to PR Web.
The WSS features offer maximum flexibility so that clients can access and manage

compliance due diligence efforts for on-boarding and ongoing monitoring of their customers.

LINK:
http://www.itweb.co.za/sections/computing/2008/0806050902.asp?A=COV&S=Cover&T=Section&O=C

4.5 Interactive intelligence is realeasing a major upgrade in South Africa to all its all-in-one IP communications software suite for contact centres and enterprizes

Version 3.0 of the company's Customer Interaction CenterR (CIC) and Vonexus Enterprise Interaction CenterT (Vonexus EIC) software offers increased security, broader integration, simplified deployment and enhanced mobility features.

"Interactive Intelligence has taken the key end-user concerns we hear every day and incorporated them into its latest software upgrade," said senior analyst for Yankee Group, Ken Landoline. "Particularly for organisations migrating to IP, as well as large enterprises, this new software's security and deployment enhancements are extremely beneficial."

The software's new security features include support of the secure real-time transport protocol (SRTP) and transport layer security (TLS) standards, providing end-to-end call encryption. Other new security features include recording encryption, stricter password generation requirements, the use of public and private key certificates, and the ability to handle communications between secure and non-secure devices.

"We wanted to take security a step further than what's available today by not just providing user-to-user call encryption, but encryption for inbound IVR and ACD, outbound predictive dialing, and other core communications applications," said Interactive Intelligence founder and CEO, Dr. Donald E. Brown. "We've also ensured our security features are specialised for voice over IP to meet customers' performance requirements."

CIC and Vonexus EIC version 3.0 also include new integration to Microsoft Office Communications Server and Microsoft Exchange 2007 Unified Messaging, designed to increase user productivity by embedding call control features into the Microsoft applications.

New auto-provisioning for Polycom phones, automated service updates, and an enhanced Web version of the software's desktop client are all designed to further simplify deployment for faster return on investment and increased operational efficiencies.

For mobile workers, Interactive Intelligence has added Microsoft Exchange calendar integration to its Interaction Mobile OfficeT application, along with more cost-effective speech recognition capabilities. A new graphical client interface that supports the Windows Mobile 5.0 and 6.0 operating systems is designed to make the company's IP telephony functionality accessible via mobile devices.

Interactive Intelligence first released its standards-based, all-in-one IP communications software suite in 1997 to reduce the cost and complexity introduced by product portfolio vendors.

CIC and Vonexus EIC 3.0 is available through the company's reseller channel in South Africa. CIC and Vonexus EIC core pricing does not increase with the introduction of version 3.0.

LINK:
http://www.contactindustryhub.co.za/news_item.php?news_id=395&news_headline=Interactive%20Intelligence%20to%20release%20major%20upgrade%20in%20South%20Africa%20to%20its%20all-in-one%20IP%20communications%20software%20suite

4.6 BPO standards to be set

The South African Bureau of Standards (SABS) will for the first time set standards for business process outsourcing (BPO) operations in the country.

Keryn House, an executive at Business Process Enabling SA, speaking on behalf of the SABS, says the standards will the first of their kind in SA, and have been two to three years in the making.

“They are based on international and local best practice, and we are looking to not only incentivise their uptake ourselves, but are talking to government to incentivise it as well.”

The BPO industry employs between 65 000 and 80 000 people in SA, and is expected to provide 100 000 direct and indirect jobs by 2010.

Consulting firm Frost & Sullivan says hosted contact centres in Europe, Middle East and Africa earned 227.9 million euros in revenue last year, and estimates this will more than quadruple in size by 2014, to reach 1.45 billion euros.

These standards, once published, will relate to incoming, outgoing and back-office possessing operations. They deal with leadership, HR issues, operational matters and technical resources.

House says data security features to some extent in all four of these areas, as SA has hundreds of pieces of legislation that deal with the storage of data and how to secure it.

“The standards, for example, set out that employees can't have access to data via USBs and that, from a technical point of view, companies need to use things like access codes,” she explains.

“It is using and simplifying what the legislation says in a very user-friendly way, especially for small businesses. They can now understand things that were never explained to them before, as well as get some strategy insight.”

This week, the window period for industry input closed, allowing the SABS and its partners to finalise the standards for publication.

These will be a step-by-step best practice model for BPO operations and will be available for a couple of hundred rands at the SABS Web site.

House says once published, the standard will be constantly updated, to ensure it remains relevant.

LINK:
http://www.itweb.co.za/sections/business/2008/0807111036.asp?A=CAC&S=Contact%20Centres%20and%20CRM&T=Section&O=ST

4.7 Pastel contact centre shines among other SA winners at international awards

Softline Pastel's 145-agent contact centre, provider of support services to its accounting software customers, won multiple awards at the third annual ContactCentreWorld.com benchmarking competition.

Finalists not only represented their company, but also their country and region of the world, and Pastel was one of a number of South African contact centres to compete in the Europe, Middle East, and Africa (EMEA) category.

The awards, announced in London during June 2008, ensure that Pastel's contact centre, along with those of Volkswagen SA, Sanlam, the Kelly Group, Standard Bank, and Absa, will be listed as one of the top 100 industry performers for 2008 by ContactCentreWorld.com - the global conference, research and online magazine provider for the contact centre industry.

Industry update

The organisation has almost 113 000 members. BPeSA, South Africa's national co-ordinating body representing the interests of the business process outsourcing and offshoring sectors, calls ContactCentreWorld's competition "the Olympics for the contact centre industry".

The 800 global entrants for this year's competition came from countries as diverse as Germany, Turkey and Latvia, and included brands like Vodafone, Dell, Barclays and Lloyds. Overall, however, companies from the United Kingdom and South Africa collectively won more awards than those from other countries.

The Pastel contact centre came second in the Best Community Spirit category, third in Best Customer Service, and was a finalist in the Best Contact Centre and Best Outbound Campaign categories. Two of its team members were also highly commended in the Best Contact Centre Agent and Best Contact Centre Leader categories.

"What makes these awards particularly gratifying, is that last year only two South African companies entered, but this year there were 12," says Pastel national sales director, *Bridget du Toit*. "So, just from a South African point of view, the competition was tougher and, while we certainly held our own, South Africa as a whole was recognised for contact centre quality.

"It's important for us at Pastel to benchmark ourselves against the best in South Africa and the rest of the world, to ensure that we're always giving our customers the best possible value for their money. It also helps us identify any gaps in our service, giving us practical ways to improve."

Du Toit says discussions in London with competitors showed that Pastel's technical solutions for its contact centre are on par with the rest of the world. "What was different, however, was people management styles and the level of transparency offered to customers.

"Internationally, the trend is for most contact centres to divide their customers into gold, platinum and other categories and provide different levels of service to each. Our approach is different. We believe every customer deserves our best and so we don't differentiate.

"Having different levels of customer service provides a career path for contact centre agents who, internationally, cover all age groups. Locally, agents tend to be very young and view working in a contact centre as a stepping stone to some other career. So there's work to be done by all South African contact centres to create a desire among agents for a lifelong career in contact centres."

LINK:
http://www.itweb.co.za/sections/business/2008/0806270801.asp?A=COV&S=Cover&T=Section&O=C

4.8 Genesys contact center realities study provides insights into technology adoption across vertical industries

Most companies claim to put a lot of emphasis on quality customer service and maintaining customer loyalty. Currently, communication and financial services companies are doing a better job than other industries at using customer service as a strategic differentiator because they are most sophisticated and proactive in terms of the type and depth of contact center technologies implemented.

A study commissioned among US companies by Genesys Communications Laboratories, has shed new light on which industries are leading the charge in customer service offerings, and which are lagging behind. The study polled 385 contact center managers from communication, financial services, insurance, government, utilities and healthcare organizations to determine what business practices and technologies were being deployed or planned for improving the customer experience.

One common characteristic - a strong likelihood that companies not currently using an IP-based contact center will implement one in the next two to three years. In fact, 66 percent of financial services companies, 45 percent of communications companies, 58 percent of utilities and 83 percent of healthcare companies not using the technology are moving toward IP installations.

"Consumers often have intuition about which industries offer the best customer service experience, and which ones use more dynamic customer service technologies," said Paul Segre, CEO, Genesys. "This research gives us insight into where each vertical segment is in the adoption continuum."

The research also indicates that government organizations have more clearly defined measurements for contact center performance, agreed upon by both contact center managers and executive management. However, they still lag behind other industries, having fewer installations of dynamic contact center technologies, such as outbound calling, customer-to-agent e-mail, instant messaging or Web callback.

Utilities also fared well for an internal agreement of contact center measurement, while the other industries examined showed a significant disconnect between the goals and objectives of the contact center manager and that of senior management.

Additional key industry findings from the research included:

Industry update

- Although almost two-thirds of the Financial Services companies are not currently using an IP-based contact center, over half of them are likely to implement one in the next two to three years, enabling them to integrate multiple channels of customer contact.

- Insurance companies are the highest users of touchtone IVR as 92 percent of those surveyed are using the technology.

- Communication companies are leading in use of SMS/text messaging and Web chat, significantly higher than any other industry.

- Only 23 percent of healthcare contact centers are likely to attempt up- or cross selling because they view the practice as “not appropriate” or because it would involve time-consuming training requirements.

- Customer satisfaction measures are least important to government agencies when judging the success of the contact center.

- Utilities have the highest levels of outsourced staff - 31 percent. An additional 30 percent are considering outsourcing in the future.

LINK:
http://www.contactindustryhub.co.za/news_item.php?news_id=436&news_headline=Genesys%20Contact%20Center%20Realities%20study%20provides%20insights%20into%20technology%20adoption%20across%20vertical%20industries

5 RETAIL BANKING

5.1 The banking sector – A new competitive edge

Lebogang Alaardt, Enterprise Content and Knowledge Management Consultant at NokusaEI, views the management of content, information and knowledge as a critical success factor for the South African banking sector.

This is based on the history of the South African banking sector stipulated below.

Over the past decade, South Africa has established a well-developed banking system which compares favourably with those in many developed countries and which sets South Africa apart from many other emerging market countries.

Our country found itself with a more mature banking sector, with a moderate level of private-sector indebtedness and a respectable and first-rate regulatory and legal framework. This is the statement made by the South African Governor Tito Mboweni in his review report of the South African banking sector at the end of 2004, 10 years after the first South African democratic elections.

At that time, South Africa had 38 registered banks; of which 15 were South African-controlled banks, six non-resident-controlled banks (subsidiaries), 15 local branches of international banks, and two mutual banks. In addition, 44 international banks had authorised representative offices in South Africa. The South African banking sector continues to be dominated by five major banks, ie Standard Bank Group, First Rand Group, Nedcor, Investec and Absa Group.

Solid as it is, over the past two years the South African banking sector has experienced an upheaval, caused by a variety of international and local factors.

Internationally, USA entered into a recession, oil prices increased rapidly, Basel II was introduced (regulatory framework designed to ensure capital adequacy for banks) while locally the introduction of National Credit Regulations, increasing interest rates and inflation, power shortages and load-shedding have created changing conditions.

The background provided above has given rise to two critical issues within the South African banking sector; firstly, increased competition and secondly, the impact of the external environment and economies on the banking sector.

The question to ask is: what are the critical measures required for the banking sector to ensure sustainability and to maintain competitive advantages?

In order to manage the competition element, the major banks have realised that competing on a product and service basis is no longer enough to give them the niche that they require. Developments within technology and innovation have neutralised the value of products- and services-based competition. According to Max Makhubalo, CEO of Bankseta, the "world around us continues to develop at a technology and a knowledge level. For organisations to maintain their position, they need to change at the same pace as their operating environment." The banking sector is not immune to this.

In order to counter this, most financial institutions have turned to customer-centric models as part of their strategy for attaining and maintaining competitive advantage. While customer centricity is a sound model to follow, Alaardt believes that "the key to success for any banking service provider is a proper integration of the three main information capability (ie, good information management, appropriate use of information technology to manage organisational information, and the right information behaviour and values). This is supported by Marchand, Kettinger, and Rollin (2001) stating that "companies that integrate the three information capabilities (ie, good information management, use information technology appropriately, have the right information behaviour and values) and scores high in all three will achieve superior business performance."

For Alaardt, management of information and knowledge resources' lifecycles must be seen as critical to the banks' operational success. Banking sector strategies, processes and policies must be created based on the banks' content, information and knowledge resources. This means that strategic decisions within the banking sector must always be made based on current, relevant and accurate content, information and knowledge resources.

What would the value of this approach be? According to Alaardt, the banking sector will be better equipped to deal with external changes that affect their business. Having access to relevant and accurate content, information and knowledge about the environment will assist the financial institutions in understanding their environment better, and enable them to predict possible future changes in the environment and the impact of these on their business.

This will enable them to influence the direction of those changes. The banking sector will then be able to effect organisational changes that will match the environmental future state.

Improved and more accurate access to content, information and knowledge about the country and about the community that the bank serves, will assist the banking sector in realising its customer-centric strategies and vision. This knowledge will also assist the bank in developing products and services that are relevant for that community. For the banking community, this will assist with the establishment of lasting relationships and increased loyalty that in turn will translate into a competitive advantage and increased market share.

LINK:
http://www.itweb.co.za/sections/techforum/2008/0807140805.asp?A=ITB&S=IT%20in%20Banking&T=Section&O=ST

5.2 Two leading South African banks illustrate the benefits of customer intelligence

Recent customer intelligence (CI) business breakfast hosted by SAS Institute in Johannesburg revealed how Absa and Nedbank have used the SAS customer intelligence software to improve customer profitability and satisfaction.

The breakfast, held at the Westcliff Hotel in Johannesburg last week, played host to delegates from a variety of industries including banking, auditing and telecoms.

Featuring speakers *Simon Marland*, CIO retail banking for Nedbank, and *Anthony Hlungwane*, GM analytics and sector information officer for Absa.

"We look to analytics to help us create the capacity to understand hidden truths about our customers," says Hlungwane.

"Absa really recognises that its customers are its most valuable assets, our customer intelligence solution has helped us improve our customer satisfaction, resulting in staff motivation."

In the financial sector specifically, customer analytics software strives to achieve three main goals, namely to acquire customers, to retain more customers and to increase customer profitability. However, apart from the business and ROI benefits customer analytics allows banks to better serve their customers, knowing what they want and being able to give it to them; resulting in improved customer satisfaction.

"It really comes down to implementing client-centric activities based on your analytic models, and giving the customer tailored solutions," says Marland.

Banks like Nedbank and Absa are often required to store around 10 years of data, which results in large amounts of customer knowledge for them to work with. However, as both speakers highlighted at the conference, implementing the software is only the beginning for them; the true value of CI tools lies in how you implement solutions based on the analytics and models that you derive from your data.

"To get true value from any analytics software, the key is to follow through with models and implement changes in the frontline. This can be done by empowering your call centre agents and sales staff by giving them the information they need when dealing with your customers on a personal level," says Marland.

SAS is holding a further three CI events between July and December, with the next event falling on the 25 July at the Westcliff Hotel in Johannesburg. It will feature international customer intelligence expert Phil Winters, the Managing Senior Partner at CI Agenda Inc, who will present on how to maximise the return on your marketing investment.

"Our CI events are designed to let users educate users, by supplying a platform for our clients to speak on their own experiences with our solutions we are supplying an independent impression and allowing the truth to reveal itself through their own customer intelligence experiences," says *Gerrit van Wyngaard*, SAS Customer Intelligence.

LINK:
http://www.itweb.co.za/sections/business/2008/0807210805.asp?A=COV&S=Cover&T=Section&O=C

5.3 Absa profits once again

Absa announced that it has implemented a solution called Transparent to automate its transfer pricing processes throughout the group. The company has successfully streamlined its transfer pricing model for greater transparency, having a significant impact on its profits, taxation and governance.

Cortell, a global provider of intelligent business solutions, was awarded the tender to automate Absa's transfer pricing processes by developing and implementing its Web-enabled Transparent solution. Cortell has a proven track record in the financial services arena and has already successfully implemented a transfer pricing function and application at other large South African financial institutions.

The application had to address Absa's inefficiencies to perform analysis of transfer pricing costs. Cortell needed to establish a centralised transfer pricing function and governance to validate entries prior to being posted to the general ledger. It also had to address the lack of visibility for transfer pricing results and methodology.

“Cortell was chosen to implement a transfer pricing solution for group profitability because it could deliver the unique user requirement, which in our case is different to just another shelved market product being sold by many,” says Wim Veltkamp, GM of Group Finance IT, Specialists Functions at Absa. “They are very professional in their approach and understanding. This is not only one of the most successful projects that

I have been involved in, but also the one that stands out due to its excellent management and co-ordination.”

Prior to the implementation of Transparent, Absa had a select few business units that were operating on the transfer pricing model. Profitability analysts within each business unit would perform the task manually, which proved to be extremely time consuming. Compounding the issue was that each business unit took its own approach. This meant that customers and other business units within Absa would receive varying formats and levels of detail.

Additionally, senior management would only see the results in the general ledger, which meant they could not drill down into the detail to manage the costs. Before it could roll the transfer pricing project out to all of its business units, it had to deal with a number of issues including the huge amount of manual work required to perform journal results; no processing automation; lack of manual results validation before processing to the general ledger; and poor communications between business units.

“Cortell has a long history with Absa and the key project team included a wealth of experience in terms of understanding the Company's business as well as technical expertise that would ensure the necessary customisation could be done,” says Greg Bogiages, director at Cortell Business Solutions.

The solution is fully Web-enabled, which means that no software needs to be loaded on user computers. This meant that ABSA could rollout the solution countrywide without the concerns and constraints of loading new software.

Furthermore, Cortell's solution and architecture ensures that the presentation and business logic layer can be separated from the data layer. This allowed Cortell to implement the solution on the standard Oracle DBMS employed by Absa. Transparent was designed and developed in South Africa by Cortell's South African office, which means that first-, second- and third-tier support is locally available.

In terms of the general ledger reports, Cortell developed a notification engine to allow the system events to notify users via e-mail automatically; audit log functionality to provide a full record of data changes; copy and delete functionality to allow for the mass copy and deletion of services, structures and volumes; and validation reports to provide the users with a record of validation errors.

Additionally, Cortell developed a processing utility to allow users to review results before they were posted to the general ledger; automated updates and importing of general ledger information pertaining to cost centres, general ledger accounts and divisions; and soft lock functionality to allow the administrator to lock down the system for data changes during freeze periods.

LINK:
http://www.itweb.co.za/sections/software/2008/0808010804.asp?A=ITB&S=IT%20in%20Banking&T=Section&O=ST

5.4 Huge banking growth predicted

Technology service providers are looking forward to making booming sales to the GCC's flourishing banking sector, with one major player saying its business may treble in the coming three years, says The National.

Postilion, a market leader in payment software for banks and businesses, predicts year-on-year growth of 35% to 40% to at least the end of the decade.

Banks in the region are defying a worldwide slowdown in the financial services sector, making major investments in technology across all areas of their business, Steve Kirrage, Postilion's general manager for the Middle East, reports.

Azerdemiryolbank chooses SAP

Azerbaijan bank Azerdemiryolbank OJSC has revealed the winner of a close tender procedure for an automated banking system (ABS), says ABC.AZ.

The bank explains that following the tender it was decided to introduce ABS SAP for Banking, conforming fully to its needs and to promote to its further development.

Choice of ABS is conditioned first of all with reliability of SAP for Banking that is being used successfully by many world banks, multifunctionality of solutions, and desire to introduce know-how of banking business management.

TrustDefender secures banking

The IT industry is beginning to provide tools that give consumers control over their own security during online transactions, says Australian IT.

This week, TrustDefender unveiled a software tool that allows online users to check if they are genuinely connected to their own bank's website, and prevents man-in-the-browser attacks that can hijack legitimate banking sessions.

Man-in the-browser attacks are particularly dangerous, because the malware (malicious software) activates after a user has logged on and authenticated a session, rendering two-factor or SMS code authentications useless.

LINK:
http://www.itweb.co.za/sections/business/2008/0806230901.asp?A=COV&S=Cover&T=Section&O=C

5.5 FNB extends cellphone offering

First National Bank (FNB) has created a cellphone banking offering for the business market.

FNB introduced the cellphone banking channel to consumers in March 2005 using SMS technology.

According to research completed by the bank, by the end of that year, consumer uptake had grown fourfold.

In November last year, Len Pienaar, CEO of FNB mobile and transact solutions, said the bank processed 100 million cellphone banking transactions per month.

World Wide Worx's annual study of mobile technology, conducted in November, showed the growth in the mobile channel, for banks across the board, had more than doubled in 2007.

The big four banks all actively pushed the technology in the consumer market last year, and each showed good growth figures in the channel.

SMS for two
The Cellphone Banking for Businesses product allows companies to have a dual authorisation agreement in place. This means a minimum of two registered cellphone banking users will be required to successfully process a financial transaction.

“As part of the security features, once a customer has registered for this service, only registered cellphone numbers can perform transactions. This service also includes SMS notification to inform you of pending transactions waiting for your authorisation,” says Pienaar.

Registered cellphone banking users can use the service to transfer, make payments, check balance statements and purchase prepaid electricity and airtime. “The business owner can now enjoy the benefits of electronic banking through the use of their cellphone without having to incur any additional expenses, such as purchasing a personal computer,” says Pienaar.

Customers can make these transactions using their handsets in a similar manner to those used by consumer services. Once a dual authorisation user initiates a financial transaction, all possible authorisers will receive an SMS notifying them of the pending transaction.

All financial transactions will trigger an SMS to all cell numbers registered for InContactPro (a free messaging service that notifies customers of any activity on their business account). FNB has also guaranteed the service, allowing business customers to claim on the full amount if fraud occurs.

Look at the market

All of the big four banks have a cellphone channel offering; however, only FNB and Absa seem to have taken the product to the business market.

Absa head of digital channels Christo Vrey says it has offered a comprehensive business cellphone service for some time. The bank introduced its version of a dual authorisation system in March last year.

According to Vrey, Absa's business cellphone banking service has around 46 000 customers, primarily from the small to medium business sector.

Standard Bank could not confirm whether it offered a similar service. When questioned, the bank responded: “We are constantly reviewing our product offerings according to the needs of our customers.” However, there seems to be no similar offering listed in the products covered on its Web site.

Nedbank's site also did not show a business cellphone offering, nor could the bank be reached for comment.

Want, not need

KPMG IT advisory Gerald Kasimu says there is no reason why the channel will not be successful in the business arena. “However, it must be presented in a way that will be convenient and enhance business efficiency.”

He says the popularity of the cellphone channel really took off around two years ago, and all the banks have been actively pushing the service to clients. “In the consumer market, the cellphone gives access to those who would not otherwise have had banking services before.”

The cellphone has been the core of the technology channels explosion the banks have implemented, he adds. “That is why it is no surprise that banks are now starting to target the business segment with the channel.”

The popularity of the payments option is the primary difference between the consumer offering and the business offering, says FNB. “Nearly a quarter of all transactions on the business platform to date have been payments,” says Pienaar.

LINK:
http://www.itweb.co.za/sections/business/2008/0806061200.asp?A=COV&S=Cover&T=Section&O=C

5.6 Std Bank downplays glitch

Yesterday's publicity, about a mainframe software glitch at the big-four financial institution on Monday, was totally out of proportion to the problem, says Standard Bank CIO Jörg Fischer.

He says a glitch created “a lock-out and affected a couple of our channels at 3.20pm on Monday”. Fischer says this knocked the bank's branch transaction system offline, affecting Internet banking and credit card clearances.

But he said the branches closed at 3.30pm anyway and a stand-in procedure meant credit card transactions were still being cleared. A note was posted on the bank's Web site to alert clients that the bank was experiencing a technical problem.

“All of this was resolved by 4.30pm; so just over an hour later all services were recovered,” Fischer says. “Obviously some came up earlier. Our ATMs were fully functional throughout. I'm [therefore] a bit uncomfortable at what got published.

“Our view is this was blown totally out of proportion. This happened at half past three; we were fully restored by half past four. Did it have a major impact? Yes, of course we are totally embarrassed, we do apologise to our customers absolutely; but being in the IT industry, we know that things like this happen.

“Our systems are fine,” he adds. “Obviously, we are nursing them because we had some challenges Monday night synchronising them all. We are monitoring them.”

Fischer says the Internet banking facility was “a bit slow” on Tuesday, as “some connections were not working”. He confirmed this morning that “all our monitors [are] green” and that the facility is fully functional.

LINK:
http://www.itweb.co.za/sections/software/2008/0806041034.asp?A=COV&S=Cover&T=Section&O=C

5.7 From Nedbank to Netbank

Nedbank, SA's number four bank, has revamped its business banking in order to grab a better share of that market.

Hendus Venter, Nedbank's operating executive for wholesale product and channel management, says the bank has rebranded its online business banking under the name “Netbank” and is offering customers a simpler, more intuitive experience.

The bank has also tightened security by introducing authentication by way of digital certificates on both the client side and at the bank. “Our customers are paranoid, so are we,” says Venter.

“Security is of paramount importance,” he adds.

Nedbank corporate electronic banking channel manager Petro Botes adds that the client's one-time certificate is generated by a security token that resembles a memory stick and indeed has flash memory to carry the drivers one has to install on the PC that will be used for the interaction.

Venter says Netbank is the culmination of several years' worth of labour. “We've done a lot of work in the last few years to position ourselves for the future,” says Venter. “This new business banking portal was designed from the customer in and not from the bank out.”

Venter adds that Netbank has moved Nedbank away from a product to a platform approach, which is also the case at rival Standard Bank. Both are doing this to simplify processes and to avoid costly duplications. Nedbank is also seeking to achieve a “single view of the customer” in order to “look at the client's entire value chain”.

“We are moving away from being product-specific to being service-specific and channel-agnostic,” says Venter. This, he adds, allows them to offer clients multiple channels of interaction. Speaking for a hypothetical client, he says: “I want to choose whether I pay my domestic worker over a cellphone, receive my statement via Internet, etcetera.”

Venter adds that the push to give customers a better online experience is also driven by economics. “Online banking clients are two to three times as profitable as traditional [branch] clients,” says Venter, a point also recently made by Absa digital channels managing executive Christo Vrey.

“They are more profitable and more locked in,” Vrey observed. “They're also very impatient and complain more,” he added.

Venter adds that Nedbank has also noticed that many clients, who bank with multiple banks, consider the bank with whom they e-bank as their primary bank, which adds to Vrey's observation of “lock-in”.

LINK:
http://www.itweb.co.za/sections/business/2008/0806181034.asp?A=ITB&S=IT%20in%20Banking&T=Section&O=ST

5.8 Absa gets its million

Big-four retail bank Absa has just become the first in SA to reach one million Internet banking users.
Absa launched an Internet banking service as early as 1996 and became a virtual Internet service provider to clients and the public at large in 2001, in a successful bid to build out its online client base.

Absa group chief executive Steve Booysen has hailed the event as a “significant milestone” and says he is delighted so many clients have come to recognise the convenience and security of electronic banking.

"We have made substantial investments in innovation, to ensure our customers enjoy state-of-the-art Internet and cellphone banking facilities that are available anywhere, any time,” he adds.

Absa executive director of Retail Banking Alfie Naidoo says the growth in the number of online users has accelerated sharply in recent months. “Evidently, customers enjoy the speed, convenience and control they have with Internet banking,” he says.

Booysen adds that they also stand to make “significant savings in bank charges and fees".

The value of transactions processed has also escalated. “In the past 12 months, the total value of the transactions processed by our Internet banking service is over R660 billion," continues Naidoo.

In addition to retail clients, business has also started adopting Internet banking en masse. Naidoo says Absa now has over 150 000 small businesses routinely using its business Internet banking service.

LINK:
http://www.itweb.co.za/sections/internet/2008/0807281038.asp?A=ITB&S=IT%20in%20Banking&T=Section&O=ST

6 PALADIN IN THE NEWS

6.1 Intelleca, Paladin partner on contact centre skills upliftment

Intelleca, South Africa's leading contact centre company, and customer management and contact centre specialist Paladin Consulting have teamed up to boost skills levels in the contact centre, business process outsourcing and offshoring markets.

The combined offering will help elevate the shortage of skills, which have been eroded as demand has outstripped supply in these rapidly growing markets: there are more than 63 000 frontline call centre agents in 1 000 locations across South Africa, while the number of frontline business process offshoring agents is set to grow from 8 500 to 25 000 by 2010.

"This rapid growth in demand for contact centres has depleted the available pool of suitably skilled agents," says *Mike Renzon*, CEO of Intelleca. "With demand outstripping supply, staff costs have soared while productivity and service quality have deteriorated. Our partnership with Paladin is focused on addressing this challenge."

Together, the two companies will offer customised skills development solutions that combine best practices in high-performance skills development with technology that enables the correlation and management of competency, skills and performance outcomes.

Intelleca is South Africa's fastest growing contact centre company, focused on delivering the dynamic contact centre on either a hosted or premise basis. Intelleca's specialist skills and experience in interaction management, resource optimisation, processes and contact centre insights enable a holistic offering to the contact centre market.

Paladin, in turn, is a professional services company which focuses on unlocking the value of customers for organisations. It specialises in customer management, contact centre consulting and task-based skills development for high-performance environments.

Underpinning the partnership is Skills Manager, a Web-based content delivery and resource management tool from UK-based Silver Lining Solutions, which Intelleca represents in South Africa.

Skills Manager enables organisations to accurately capture the required and actual competencies of learners, to assess competency development throughout the programme, and to measure the relationships between specific competencies and operational outcomes. Skills Manager defines and manages progress relative to a learner's "skills DNA", which can be customised for any company and any operating environment.

The initial offerings to arise from the partnership include:

* The internationally accredited EDEXEL BTEC Professional Award in performance management (aimed at the team leader level); and
* The high-performance simulation programme (addressing functional skills at the agent level).

Both programmes are enabled by Skills Manager, which has been custom-designed for this industry and proven internationally, and can be delivered in either on-site or off-site modes.

In addition to being the enabler for these programmes, the Skills Manager solution can also be deployed in a client's systems environment, as an integral part of the people and performance management systems.

"We are confident of achieving results," says *Andy Searle*, MD of Paladin. "Hundreds of learners in South Africa have been through the programmes, with performance typically being improved between 30% and 300%.

"We are excited by the opportunity to make a difference by addressing a critical area, which is fundamental to the success of the business process outsourcing and offshoring sector."

LINK:
http://www.itweb.co.za/sections/business/2008/0806250806.asp?A=COV&S=Cover&T=Section&O=C

7 LOGISTICS

7.1 Where does your company fit into the global supply chain capability

The supplychainforesight report for 2008 seeks to demonstrate clearly and decisively what we have been arguing for five years now: that there is a significant correlation between supply chain reform and business success on many fronts, including both growth and profitability. In this year's research we have sought the answer to the key question: are South African companies who respond to the challenges of globalisation through strategic supply chain reform more successful than those who do not?

In last month's issue of the supplychainforesight 2008 findings, we explained the 'complexity masters' methodology in detail. In this issue, we examine in more detail the supply chain capability and complexity profiles of SA companies in each of the four grids, along the axes of global supply chain complexity, and global supply chain capability, and compare them to each other.

QUADRANT ONE: LOW COMPLEXITY, LOW CAPABILITY

This quadrant accounts for the majority of respondents, at 53 percent of the total. However, only 11 percent of these companies rate themselves as more successful than their competitors. The vast majority of their activities are inside SA, with only a few venturing beyond our borders to the rest of Africa and beyond. The top objectives for the companies in this quadrant reflect their more localised view, and are focused largely on cost reduction within individual supply chain functions, without much focus on the important methodologies that would provide these cost reductions. They wish to improve service to customers most, followed by reducing sourcing costs and investments in inventory. The quadrant one challenges to achieving these objectives reflect strongly the low levels of capability and the difficulty these companies are having in dealing with a changing global business landscape. The top challenge is planning and forecasting, followed by sourcing practices – which probably means they are struggling to compete with low-cost global sources of supply, and the challenges posed by increased volumes.

QUADRANT TWO: LOW COMPLEXITY, HIGH CAPABILITY

This quadrant contains companies focused on silo-based efficiency in their value chain, in low-complexity environments. Some 19 percent of all companies surveyed fall into this quadrant, but, a high 48 percent of rate themselves as more successful than their competitors. The size of these companies is relatively smaller, with most (31 percent) coming from the lower than R100-m turnover grouping.

This quadrant, like quadrant one, is characterised by a localised business attitude, with only low levels of inbound or outbound activity outside of Africa.

The top objectives for the quadrant are clearly silo-focused, with improved customer service the overall top objective. Other goals are focused on cost reduction across the supply chain, particularly in specific areas such as sourcing, warehousing and distribution and inventory costs. Significantly, the quadrant has a major training and skills improvement objective, reflecting their determination to improve functional efficiency.

The top challenges of this quadrant reflect the strain of maintaining their current efficiencies in a rapidly changing market. Sourcing is a major challenge, since their local focus makes them vulnerable to low-cost global sourcing. Planning and forecasting challenges are exacerbated by increased volumes and complexity of the supply chain and the diverse needs of an increasingly demanding customer base. The perceived inability of current IT systems and supply chain staff skills and capabilities to achieve objectives are also problems for a sector which is reaping the rewards of having improved their supply chain capability but which has yet to take advantage of the possibilities that globalisation offers.

QUADRANT THREE: HIGH COMPLEXITY, LOW CAPABILITY

This quadrant might also be dubbed the ‘chaos quadrant’, and reflects graphically the difficulty of responding to the globalisation challenge without the right strategic approach to value chain reform and the right deployment of capability. Some 22 percent of companies surveyed see themselves as having highly complex value chains, and relatively low capability. Of these, only 11 percent see themselves as more successful than their competition.

A total of 50 percent of the companies in this quadrant have over R5-bn in turnover. Both marketing and sales and procurement activities demonstrate a wide global market reach. The top objective for this quadrant is to reduce investment in inventory, while at the same time reducing out of stocks and improving service delivery. The high score for reducing sourcing costs reflects the pressure of international competition, while the realisation that they need to improve collaboration, flexibility, agility and visibility in the supply chain, as well as aligning the supply chain and business strategies, indicates a realisation that improvements in capability are crucial. The challenges to achieving these objectives reflect the position of companies with a complex and multifaceted global value chain, without the supply chain capabilities to make it pay off for them. The top challenge is planning and forecasting, linked to the challenges raised by increases in volumes and complexity.

QUADRANT FOUR: HIGH COMPLEXITY, HIGH CAPABILITY

In this, our ‘complexity masters’ quadrant, 7 percent of companies surveyed rate themselves as both complex and capable. But by far the majority – 75 percent – rate themselves as more successful than their competitors. A total of 60 percent of these companies are also large and multinational in size and character, with over R5-bn in turnover. Both their sourcing and selling activities show a good spread of global markets, especially sales into the major trade areas of Western Europe, the Middle East and South-East Asia, as well as the rest of Africa.

The top objectives for this group reflect the reasons for their success. Their complex approach to globalisation is reflected by their high level of supply chain capability. Thus their objectives reflect not only the traditional supply chain objectives of cost reduction and service enhancement, but also the methods by which these may be achieved in an increasingly globalised economy – chiefly through information visibility and the integration of logistics functions.

When one examines the challenges facing quadrant four companies, it is unsurprising to find planning and forecasting as the top challenge given the diverse needs of global value chain partners. However, the distinguishing difference of companies in this sector is their recognition of integration as a key challenge. Once again the quadrant exhibits a focus on the ‘how’ and not only on the ‘what’.

IN SUMMING UP

It’s clear that it will be easier for some companies to migrate their business to the desirable fourth quadrant than it will be for others. For companies in quadrant one the immediate goals should be to rescue their situation by increasing efficiencies in their supply chains in order to begin to compete.

Overall, the companies in quadrant two demonstrate good business practices, but in the context of the pressures on globalising supply chains these are inappropriate inasmuch as they are failing to respond to complexity.

Those companies in quadrant three are putting their business at risk because moving into a complex, globalised value chain without the capability to respond to its challenges means lost sales. In the quadrant four scenario, the capabilities are appropriate to the complexities these businesses face in their value chains, with a consequent emphasis on information visibility for management, and the effective integration of functions across the chain. Here, strategies are aligned with tactics, and these businesses are already seeing the rewards of early adoption of globalised supply chain systems and processes.

LINK: http://www.logisticsnews.co.za/ArticleDetail.aspx?ID=73

7.2 The eight Keys to superior business performance

So you think your company has an effective sales and operations planning (S&OP) process. Before you can appreciate the keys to superior business performance, it's important to have a clear understanding of what S&OP is and what S&OP is not.

Fundamentally, integrated S&OP is an ongoing core business process designed to influence future business direction, based on co-operative, ongoing analysis of available intelligence and key metrics, with distinct end-goals. To ensure your company's S&OP process stays on track, there are eight keys to achieving superior business performance:

1 EXECUTING THE PROCESS EVERY MONTH

While the details of a good S&OP process can seem like a grind, reducing the frequency of monthly meetings is only possible for those businesses that experience little change in their markets, channels, supply lines, or product offerings. These businesses would have to operate with small deviations to their plan and have best-in-class key performance indicators (KPIs). Most do not, so they need to meet monthly.

2 PROCESS OWNERSHIP AND CLARITY OF ROLES AND RESPONSIBILITIES

S&OP requires the drive of a process champion so that functional managers can direct operations that
align with your business's long-term strategic plans.

3 ORGANISATIONAL COMMITMENT TO ACHIEVING HIGH FORECAST ACCURACY

A business needs a long-term commitment to taking actions necessary to achieve high forecast accuracy. The Demand Plan drives the entire supply chain so if you don't understand what you expect customers to buy, it is difficult to make good supply chain
decisions.

4 FOCUS SHOULD BE ON THE NEXT 3-12 MONTHS

While it is important to understand where a business stands relative to the budget, the focus should not be on past results. It should be on looking forward, examining what the next 3-12 months are projected to look like. Companies that have a longer-term view have a better grasp of the demand drivers influencing their business.

5. ONE INTEGRATED PLAN MUST INTEGRATE THE ENTIRE ORGANISATION

An integrated S&OP process reviews deviations in operational forecasts, new product plans, budgets, capital plans, and to achieving the goals of the business.

6 SENIOR MANAGEMENT DECISION MAKING

In a best-in-class Sales and Operations planning process the endgame is decision-making. If senior management is not willing to take action, the Executive S&OP Meeting serves more as a 'reporting' session, from which few decisions are made and even fewer action items are assigned.

7. MEASURING END-TO-END SUPPLY CHAIN PERFORMANCE

Many leaders do not like the prospect of having their work conspicuously evaluated on a monthly basis and in public. Companies that embrace measurement as a starting point for continuous improvement are far better served by S&OP than those that resist measurement. The metrics provide indicators of how well the business is performing, and they illustrate progress that has been made to drive improvement

8. S&OP FORECAST VS OPERATING PLAN OR BUDGET

The S&OP forecast will not match a company's operating plan target or budget for a given year.

Companies should never artificially adjust the S&OP forecast to match the budget. The greatest business value is realised when companies are willing to analyse the gaps between the forecast and budget and take the time to identify the actions that need to be taken to close the gaps.

In general, companies that design, implement, and manage their own S&OP processes fail to realise the full potential of the process. Too many senior managers lose sight of their commitment to improving the cycle, falling prey to yesterday's news and the fire of the day. Overcoming that mindset usually requires a 'cultural' change that must be driven from the top down.

LINK: http://www.logisticsnews.co.za/ArticleDetail.aspx?ID=74

7.3 Response management is key

Walk into a consumer electronics store and look at the offerings. Colour, form and styling are more important to many consumers than the features and functions. And, consumers expect 'what they want, when they want it', placing mounting hurdles to achieving and maintaining brand loyalty. If a consumer is ready to buy and a brand owner's product is not on the shelf, they will buy something else, increasing the pressure for companies to unfailingly meet aggressive demands.

Commercial products are not immune to these same trends. Expectations for customisation, last-minute changes, and aggressive pricing are not restrict¬ed to consumer purchases, but also impact behaviours of individuals purchasing for business needs. And the pressures faced are passed on to suppliers, creating a vicious cycle that feeds on itself to further exacerbate the consequence of these trends.

The business implications and challenges are manifold. Velocity-based competition, shortened product lifecycles, increased demand variability, globalisation and global sourcing, leaner supply chains, more mass customisation, cost volatility, and competitive pressures have altered the supply chain management requirements in fundamental ways, causing organisations to rethink how they operate or risk being left behind.

Responding to change has quickly become an imperative for today's manufacturer. While planning
remains a core part of any business, the faster pace of change multiplies the problems that planning can't prevent.

The financial impact to a company unable to respond to change can be crippling.

As companies establish a more global footprint, the execution challenges to meeting changing demand escalate rapidly. Understanding and anticipating consumer behaviour is no longer a local issue, but is now global. And while the flat world ushers in a new era of global competition that drives rapid innovation and pricing pressure, demand sensing and responding become critical to the efficient operations of a supply network – yet are challenged by geographic dispersion.

Likewise, despite all the intended benefits of outsourcing manufacturing operations, brand owners have found themselves significantly challenged by the lack of supply network visibility and the inability to respond to constant changes. This results from the fact that most essential supply chain information now resides with third parties.

Today's leaders of demand-driven supply networks are creating value networks that take a more global view of risk and opportunity, integrating multi-enterprise business processes across the three major spheres of activity: product innovation, demand management and supply management.

Brand owners have become 'virtual companies' with global supply networks comprising contract manufacturers, suppliers, third-party logistics providers and, ultimately, the customer. Brand owners remain directly accountable for customer satisfaction, delivery performance, their own financial results, and regulatory compliance, but are increasingly vulnerable to mishaps in meeting customer and shareholder expectations because they no longer have direct control over manufacturing and supply chain operations.

As a result, proactive supply chain risk management via Response Management strategies is required to effectively respond to unexpected changes as they occur. Response Management empowers people to respond rapidly to constant supply network changes and deliver superior operations performance.

It's clear that manufacturers need to make fundamental changes in the way they think about their supply chains (now supply networks). To effectively manage the volatility in demand, companies need to become more demand-driven. A demand-driven supply network (DDSN) has been defined as 'a system of technologies and processes that senses and reacts to real-time demand across a network of customers, suppliers, and employees'.
DDSN looks more like a self-renewing interaction between three strategic business domains: demand, supply, and product. Visibility and freedom to act in all three domains at once defines the demand-driven business of the 21st century.

TRENDS RELEVANT TO THIS SHIFT INCLUDE:

• Supply chains extend far beyond the core enterprise. To survive in today's highly outsourced environment, companies must follow an 'outsourced competency model' in which they focus on business functions that truly give them competitive advantage and offload the rest as much as possible. As a result, enterprises have evolved into 'business ecosystems' comprising myriad specialised trading partners working towards sets of common goals.

• Traditional SCM tools are not very effective in the new environment. Companies frequently struggle to effectively manage their supply chain relationships. Difficulties in creating and sharing scorecards, managing to the contract, and agreeing on results are common. Many companies say that increased outsourcing has resulted in a loss of control over a wide range of key inbound and outbound supply processes.

• Visibility into demand signals is more important, yet also harder to obtain signals. Forecasting has long been an SCM challenge, and improvements are still needed. Brand owner visibility plays a crucial role as well – yet a variety of trends make gaining clear supply chain visibility more difficult now than ever before. Few outsourcers believe they are doing an adequate job of forecasting, and a significant portion of companies don't even know whether they've lost control over processes or not.

In this environment, companies would benefit from utilising collaborative technology that lets them not
only anticipate and respond to events as they occur, but also share a synchronised view of information they must act upon.

Responding rapidly to change in today's complex, multi-enterprise supply networks requires the organisation to quickly make tradeoffs and compromises to resolve problems. The best people to spot and act on these issues in a timely fashion are the ones directly involved and intimately familiar with the situation at hand. As such, the

Response Management process, given the intrinsic nature of its function, must be very decentralised.
Dealing with a last-minute order change or drop-in, an unexpected hiccup in supply availability, or the need to manage engineering revisions in the midst of rapidly shifting demand requires human intervention. Key decision-makers throughout the supply chain network must have ready access to both the information and tools to quickly understand the impact of these changes and determine the right course of action – one that will proactively drive Key Performance Indicators (KPIs) to meet the businesses objectives. Too many companies have failed to strategically address this Response Management challenge.

A demand-driven supply network requires the proper use of appropriate technology to be successful, but technology alone is insufficient. To optimise the response to change, users throughout the organisation and supply chain need tools that provide three key capabilities: global visibility to actionable data, the ability to rapidly and collaboratively assess many 'what-if' alternatives, and a comprehensive scoring mechanism that accurately predicts the impact of proposed responses and weighs alternatives against company goals and customer requirements so the best option can be implemented.

Global access to current, live data from multiple, disparate ERP, SCP, and legacy systems across internal and external supply chains combined with proactive alerting allows action teams to accurately align all supply and demand considerations based on exceptions. The ability to instantly and continuously capture new changes and agreements as they are made gives all participants a single view of the truth, empowering individuals across the organisation to make intelligent, reality-based decisions and respond at the moment.

A web-based client interface that enables key players and suppliers both inside and outside the enterprise to rapidly propose, detail and share poten¬tial results of myriad action alternatives facilitates the true collaboration crucial to identifying the best options. Response Management solutions integrate these capabilities to empower front-line decision-makers throughout a supply network with the infor¬mation and tools to rapidly respond to changes in demand, supply, and product. With such a solution, brand owners are able to manage supply/demand alignment, respond to demand changes, proactively managing inventory and supply exposure as well as material costs across their supply networks.

LINK: http://www.logisticsnews.co.za/ArticleDetail.aspx?ID=75

7.4 Going lean and green: the next focus of SCM

The move toward leaner and greener supply chains has companies focused on further reducing waste and lowering excess inventory, whilst exploring ways to create more eco-friendly operations.

This is escalated by the number of green-conscious consumers willing to pay extra to deal with companies that are environmentally responsible. Companies are therefore increasingly turning to technology and customised tools to solve the soaring cost of doing business whilst remaining environmentally friendly.

As companies examine ways to streamline operations, tools that can help lower excess inventory, determine the optimal 'right-shoring' plan and reduce fuel and logistics costs whilst lowering overall carbon emissions are in high demand.

One focus is on lower-impact manufacturing. No longer are companies narrowly focused on maximising the utilisation of their factories, but rather on creating inventory based on consumer demand. With the ability to access and analyse real-time demand signals, there are a growing number of companies moving from push to pull manufacturing.
By nature, this not only eliminates excess inventory, thereby reducing waste, but it also decreases carbon emissions as it relates to the less-wasteful creation of products and materials.

Companies are also re-evaluating global sourcing. Off-shoring models of the past are increasingly being replaced with more efficient 'right-shoring' models, as the risks and costs associated with manufacturing overseas continue to surface. Longer lead times, increased fuel costs, larger carbon footprints and excess inventory are causing companies to re-examine where and how much they outsource. With the ability to analyse the various factors driving costs and environmental impacts, companies can create balanced plans that are both cost-effective and environmentally friendly.

Streamlining transportation is one of the fastest ways to become 'greener'. For example, a first step to optimise overall transportation plans is to maximise space utilisation of every truckload, reducing the number of trucks required to deliver goods. The establishment of optimal routes allows for lower fuel consumption and fewer carbon emissions.

Industry update

Companies faced with skyrocketing fuel costs and soaring overheads are turning to automated dispatch, delivery and routing as an answer, with savings as high as 15 percent being reported, and with the added bonus of improved service delivery standards.

Many companies are turning to wireless technology to streamline their operations, increase efficiency and improve profitability. Real-time automation leads to increases in productivity, profitability and simultaneously supports 'going greener' policies.

However, companies often lack the technology infrastructure most vendors require to implement a logistics optimisation and dispatch system. Some companies have found that the solution to overcome the purchasing of hardware and software and hiring an expensive technical staff, is to opt for the SaaS (Software as a Service) model providing access to a real-time logistics solution over a secure Internet connection. In addition to greatly reducing costs, this approach provides easy implementation and a very rapid ROI.

Another logistics transport company at one time required 10 dispatchers and several co-ordinators to handle 3 000 daily deliveries. It recognised that the manual system was not efficient. By implementing a sophisticated real-time logistics solution for routing, dispatch and delivery, the company reduced its dispatchers to five and increased delivery capacity by 230 percent to manage more than 7 000 deliveries per day.

These examples illustrate how, together, these changes are allowing companies to reduce overall supply chain costs and become more socially responsible in the process. The balance of the hard business processes and the greener focus creates benefits for both companies and end consumers.

LINK: http://www.logisticsnews.co.za/ArticleDetail.aspx?ID=76

8 LOCAL EVENTS

Event location and description:	Contact information:
11 - 12 August **Big 5 - Telemarketing Workshop** C3 Africa Events Featuring the BIG 5 Telemarketers in the country SponsorshipOpportunitieslogo.JPG	Bookings - <mailto:events@c3africa.com> events@c3africa.com http://www.experienceit.co.za/manager/Images/EventImages/NewsLetter/Example/
17 - 18 September **Big 5 - Technology Workshop** C3 Africa Events Technology explained and unpacked	Bookings - <mailto:events@c3africa.com> events@c3africa.com
14 - 16 October **African Public Sector Service Delivery Solutions Event** C3 Africa Events The Annual African Public Sector Event	Bookings - <mailto:events@c3africa.com> events@c3africa.com
November **BPeSA, National Conference** BPeSA The annual Industry Conference	Bookings - <mailto:info@bpesa.org.za> info@bpesa.org.za http://www.experienceit.co.za/manager/Images/EventImages/NewsLetter/Example/
November **BPeSA, National BPO Industry Awards** BPeSA & CiG The Annual Industry Awards Banquet	Bookings - <mailto:traci@contactingauteng.co.za> traci@contactingauteng.co.za Entries open this month! http://www.experienceit.co.za/manager/I

Industry update

	mages/EventImages/NewsLetter/Example/
28 November **CiG Golf Day** CiG Event The annual Gauteng networking event	Bookings - <mailto:traci@contactingauteng.co.za> traci@contactingauteng.co.za http://www.experienceit.co.za/manager/Images/EventImages/NewsLetter/Example/

9 USEFULL WEBSITES

9.1 Research sites

Website:	Description:
www.dti.gov.za	Government policies
www.sacccom.co.za	Government news and research
www.itweb.co.za	Local and international news
www.callcenters.co.za	Local news
www.contactingauteng.co.za	Government news and policies
www.geda.co.za	Gauteng economic news
www.contactindustryhub.co.za	Contact center news
www.call-centres.com	Offshoring and outsourcing
www.callcentres.com.au	Call centre links and news articles
www.cca.org.uk	Events and Call centre links
www.callcentersus.com	Contact center news