

Staffing Challenges and the Growth of Virtual Support Operations

Andrew Pogonoski,

Senior Director, Oracle Corporation



Agenda

- The Traditional Support Model
- The New Reality
 - Telecommuting
 - Global Virtual Centres
- The Impact on Australian Support Centres
- Q & A

The Traditional Support Model

- Large Support Operations with everyone in the office
- Heads over partitions
- Brown Bag lunches in the office
- Water-Cooler / Coffee-Machine conversations



But Times Are Changing....

- Virtual Offices are popping up everywhere...



The Telecommuting Phenomenon



- Working from Home, Working on the Road
- We all know the proposed & actual gains.
 - More time for work & family, less time commuting.
 - Having staff now accessible where traditionally “Out-Of-Office” truly meant “Unavailable”.
- But what are the costs?

Telecommuting: If Done Well



- Telecommuting can have great benefits in retaining staff, and reducing office costs, if done well
 - Reduce commute time for staff (may or may not mean greater availability, but definitely leads to happier employees)
 - Reduced Costs of Office Space for this employee (Workstation, Parking Space, Use of Facilities)
 - Employee has all tools (Chat, VoIP, Web Conferencing) to feel as if they are in the office
 - Employee has designated “Workspace” that meets WHS standards & ensures productivity

Telecommuting: If Not Done Well



- Telecommuting can cause real problems if not properly researched before allowing it
 - Need effective productivity measures to ensure that same or greater productivity from home environment
 - Need to ensure proper cover for Workplace Safety, even if it is their home
 - Need scheduled check-points & compulsory attendance at meetings, to ensure employee remains “connected” to their team and organisation
 - Need to put reviews / contracts in place

How NOT to Manage Telecommuting



Back To the Stone Age? New
Yahoo CEO Marissa Mayer Bans
Working From Home



The Cost of Support

- While we like to think we are key to the success of our companies, we are only one contributing factor. There are always those that stand above us on the totem pole
 - Product Design / Engineering
 - Sales & Marketing
- In most companies, the product support teams are a cost centre, where incremental revenue is not generated by each employee
- As such, extra scrutiny is being placed on the money being spent in product support, looking for that utopian goal of increasing customer satisfaction with flat -> decreasing support costs

Support In Australia: The New Reality

- The high Australian dollar and the nation's continued prosperity has hurt more than just our exporters
 - We are no longer an attractive proposition for large support investments
 - Staff Costs (Salaries, Superannuation, Payroll taxes)
 - Facilities Costs (High-rent cities, high cost-per-head)
 - There are cheaper, higher-scale and often higher-skilled alternatives
- The developing world have definitely come to play
 - India, China, Malaysia, Philippines

The New Reality of Remote Support



- An example:
 - Take a Product with a Targeted \$10m sales target across the Asia-Pacific region, primarily providing English-language support
 - You are looking for a Support Model to take on this product, and your calculations have shown that you need 15 staff to deliver this support
 - You investigate three alternative centres
 - Australia / China / India
 - Let's look at the baseline costs
 - Australia: 15 staff @ \$115K = \$1.7m
 - China: 15 staff @ \$55K = \$825K
 - India: 15 staff @ \$35K = \$525K
 - If you were the accountable support leader in HQ, what would you do?
 - How do you justify the extra \$1.2m to staff the centre in Australia?

Support in Asia-Pacific



- So what's the counter-argument?
 - So it's not as simple as "let's go there!", but it's worth considering, and expect the question from management "Why aren't we using anyone in India?" at the first sign of cost pressures

Australia	India	China
<ul style="list-style-type: none"> ■ Smaller number of university graduates, strong competition 	<ul style="list-style-type: none"> ■ Large number of university graduates 	<ul style="list-style-type: none"> ■ Large Number of university graduates
<ul style="list-style-type: none"> ■ High-loyalty, low-attrition (< 5%) 	<ul style="list-style-type: none"> ■ High attrition (15-20%) 	<ul style="list-style-type: none"> ■ Medium level attrition (5 – 10%)
<ul style="list-style-type: none"> ■ Knowledge capital: advanced economy, can pull experts from Industry to provide specialised support 	<ul style="list-style-type: none"> ■ Infrastructure Challenges 	<ul style="list-style-type: none"> ■ Cultural differences with other customers In region (Korea, Japan)
<ul style="list-style-type: none"> ■ Train once, leverage skills for longer 	<ul style="list-style-type: none"> ■ Language issues 	<ul style="list-style-type: none"> ■ Language issues
<ul style="list-style-type: none"> ■ Higher-cost, but high-value 	<ul style="list-style-type: none"> ■ Lower-cost, so can hire for redundancy 	<ul style="list-style-type: none"> ■ Extensive government requirements: reporting, approvals etc

Maintaining Some Control

- Prepare yourself with Virtual Support Teams
 - Look at integrated models
 - Australia / India / China – all working together
 - Leverage existing infrastructure, partners etc
 - For top level expertise (Level 3 support), looking to more developed countries. In previous example this would be 3 support analysts in Australia
 - For language, time-zone and level 1/ level 2 skills coverage, look to India & China for 10-11 support analysts
 - Manager location is open based on available candidates, skill vs cost analysis.

Embracing Technology

- Ensure productivity tools implemented
 - Knowledgebase tools
 - Effective search and publishing tools
 - Collaboration tools
 - Instant messaging, video conferencing, shared workspaces / blogs
 - Effective process design & rollout to ensure consistency & collaboration
 - Consistent process across all geographies. Avoid “we don’t do it that way” discussions

My Own Reality



- Managing a Virtual Operation:
 - 34 people across 10 countries
 - No real critical mass in any location for local management
 - Broad time zone range (5.5hrs)
 - Broad customer base
 - 8.5 hrs time zone difference
 - 15-hours in our day (overnight support where needed from EMEA & US)
 - Most staff have never met everyone, yet they talk almost weekly in meetings
 - I have not met some employees who have worked in my team for 5+ years
 - Fortnightly All-Hands Call / Fireside Chat to keep dialog happening across the team

Summary

1

The way in which we support our customers is changing

2

Telecommuting is good, but only if it is effectively rolled-out & managed

3

We need to be aware of the global nature of support delivery

Thank You

