

## Off-shoring – a risky business?

**John Monks discusses the importance of evaluating the risks associated with off-shoring business processes and highlights areas for the business continuity professional to consider when deciding to move mission-critical functions overseas.**

As businesses strive to lower the total cost of operation, off-shoring critical business functions to locations where labour and business costs are cheaper becomes an attractive option. The trend is already common in the high tech and financial services industries and, according to a recent survey conducted by Deloitte Research, telecommunications operators will become the next group to benefit from the cost savings made possible by moving operations overseas, with global operators expected to off-shore 275,000 jobs by 2008.

Call centres, IT services, application service development and accounting and finance functions are the top processes which are being off-shored to locations such as India and Eastern Europe. But what are the risks involved with adopting the off-shoring model and are they often overlooked in the quest for cost management?

### **Out of sight but not out of mind**

Deciding to move part of your business overseas is a big decision and to make it a successful decision, it is important to consider the potential disadvantages and risks involved as well as the advantages. Just because your call centre will be operated and managed outside of the UK does not mean that it should not form part of your organisation's business continuity strategy.

On the contrary, it is vital that risk is evaluated and the appropriate contingency plans put in place to ensure that the off-shored part of the business does not experience downtime in the event of an interruption. Out of sight does not mean out of mind and if your call centre operation fails it will affect the overall running and success of your business. As far as your customer is concerned, if it can't get an answer from the call centre, your company has ceased to exist.

### **Infrastructure resilience**

No matter where your operation is located, customers and staff expect availability and reliability of service, making it a key factor in the decision to move a critical business function, such as a call centre, overseas. Customers are increasingly promiscuous and if they can't access a service due to a power failure, flood or other interruption, then they will move their custom elsewhere.

Not all locations in the world have the level of infrastructure that we have in the Western world and the availability of power and telecoms is not necessarily as reliable overseas. The stability and resilience of the overseas infrastructure must be evaluated and plans put in place to manage things such as power availability, call routing and peak demand.

Power availability can be resolved by such measures as UPS (uninterruptible power supplies) and generators. But for telecoms, the large distances between concentration points will pose more problems.

Taking the call centre as an example, it is imperative to have a functioning voice network at all times, so it is necessary to subscribe to two network suppliers and have a second feed for routing calls. There is a high cost associated with putting in a second feed and it may be easier and more timely to re-route calls overseas. But consider the routes carefully. Using satellites results in a time delay and routing via South Africa can also have a noticeable pause. Routing through Turkey has resulted in interruptions due to earthquakes, which took out all the channels over their infrastructure, with companies who did not have diverse routing losing their communications.

It is therefore important for organisations to identify what their minimum business and IT requirements are in order to remain in business, and to determine whether the overseas infrastructure has the necessary resilience to cope. The timeframes by which these functions must and can be restored following any periods of interruption such as power outages, flood, fire, terrorist attack or denial of access to office premises, must also be identified and evaluated. A call centre, for example, may have a recovery time objective of two hours, although lines would need to be transferred immediately to a recorded message if an interruption occurs.

In this instance, ideally the workplace recovery centre should be less than two hours away from the main facility. In the event of a disaster, calls should be re-routed to the recovery facility and direct dial numbers or data re-assigned on the call centre operators' PCs.

### **Cultural considerations**

Infrastructure and technology issues are not the only things that can cause problems. Consider the impact of local disruptions such as flooding and droughts and the effect that they would have on the running of the operation. Is there a backup facility available if the main site becomes unusable for any reason? The combination of an over-supply of labour and lack of alternative premises for staff will cause them to go elsewhere leaving a reduced workforce, resulting in lost business. Staff will go wherever they will get paid so are more likely to transfer their affections to a company that isn't suffering downtime.

Many off-shore facilities are situated in one part of a country, such as New Delhi in India. This means that staff can easily migrate between companies adding to the problem of retaining staff. A power cut can cause downtime for all facilities in the area resulting in multiple invocations and the need to recover to backup sites. If alternative facilities are shared with other organisations there might be issues with access and capacity if a neighbouring company has already invoked.

A dedicated recovery centre would overcome this and IT systems and PCs can be configured to the company's specific needs all the time, so that in the event of an invocation, work can start immediately.

### **Successful off-shoring**

Off-shoring can be a successful option if a full risk assessment is carried out to evaluate the reliability and stability of the overseas location both in terms of the infrastructure and culture. Because of the technological changes we have seen in recent years, companies of all sizes are increasingly dependent on their IT and – more importantly - the people behind the systems. It is therefore essential that businesses move their focus from purely business continuity to information availability – the process of keeping their people and information (data or intellectual) connected at all times – and reflect this in their contingency plans for the in-house and off-shored parts of the business. Remember that out of sight should not mean out of mind, especially where the continuity and availability of key operations is concerned.

John Monks is product manager, workplace and telephony at SunGard Availability Services. For more information: 0800 143 413, [infoavail@sungard.com](mailto:infoavail@sungard.com)