

FROST & SULLIVAN

BEST PRACTICES

AWARDS

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2020 BEST PRACTICES AWARD

 **Teleperformance**
each interaction matters

**2020 LATIN AMERICAN
WORK-AT-HOME-AGENT
COMPANY OF THE YEAR AWARD**

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Background and Company Performance

Industry Challenges

The crisis generated by the COVID-19 pandemic has shaken the foundation of the global economy and has severely disrupted several industries. This scenario has presented new challenges and opportunities for organizations across the board, thereby accelerating the digital transformation of enterprises. Today, companies need to hasten decision making, which is particularly difficult during periods of stress and even more difficult when future outcomes are uncertain.

Companies are facing significant challenges in delivering their customer experience (CX) services and are thus set to reimagine how they will best manage their customer care delivery strategies in the short, medium, and long terms. Moreover, as the current pandemic and global lockdowns present severe restrictions for contact center service providers (CCSPs) to continue their traditional brick-and-mortar operations in their delivery sites, providers must rapidly migrate a substantial part of their agents to a work-at-home-agent (WAHA) modality. This model is likely the only feasible way in which CCSPs can effectively continue to operate and support their existing customers and connect to consumers.

In the midst of this global crisis, the CX is possibly the most important competitive weapon that an organization can have to remain strong and relevant in a competitive market. Severe lockdowns are increasing the general level of anxiety in consumers, who are now more impatient and demanding fast and pleasant resolutions. At the same time, agents are feeling anxious as well, which is why the employee experience (EX) is more important than ever to keep employees engaged with the company and keep them rising to the challenge of meeting increased customer expectations.

Providing a high-quality, satisfying CX has become a strategic imperative because it is crucial to gain and retain customer loyalty. CCSPs that can rise to the challenge will likely experience lower churn rates, strengthen long-term relationships, and win new logos over other CCSPs that have been unable to provide the expected service levels during this crisis.

Visionary Innovation and Performance/Customer Impact

Teleperformance is a leading global group that offers digitally integrated business services, with over 40 years of experience in customer relationship management (CRM). The company achieved €5.36 billion in revenue in 2019, growing 10.6% year-over-year (YoY) on a global basis and significantly outperforming most other market participants. Teleperformance has over 80,000 employees in Latin America and the Caribbean, holds the market leadership in the nearshore arena, and occupies leadership positions in most of the countries in which it operates.

Addressing Unmet Needs

As a global enterprise with over 330,000 employees and operations in 80 countries as of year-end 2019, Teleperformance leverages best practices and global proven processes to enhance the value delivered in each location. The COVID-19 pandemic has brought disruption and transformation across Teleperformance's entire operations, which is why the

company's top management has shortened the time between meetings and is now conducting two or three meetings per week. These meetings are meant to assemble leaders from all regions worldwide to exchange best practices, processes, and technologies and to provide advice on how to deal with the pandemic while maintaining the outstanding levels of service to which customers are accustomed. Teleperformance China has proved to be tremendously valuable in this context.

Teleperformance has successfully implemented several of the above-mentioned best practices in Latin America, especially related to dealing with the COVID-19 pandemic and the transition to a mostly WAHA environment. As a result, Latin America is one of the most advanced regions for the company, in terms of migrating agents to a WAHA modality. As of April 15, 2020, Teleperformance has close to 75% of its agents in Latin America (excluding Brazil) working from home, which is significantly above the regional market average and surpasses most of its closest competitors in the region. The company, however, plans to take this figure to 100% in the short term and become a fully virtual company.

Visionary Scenarios through Mega Trends

Frost & Sullivan research shows that providers with previous experience in WAHA are showing significantly better results when transitioning their operations from a brick-and-mortar environment to a mostly remote operation. For example, these providers already had processes, technologies, and the right people in place to allow for a rapid and seamless transition. In contrast, providers with little-to-no experience with WAHA have struggled to set up massive remote campaigns because of the challenges of having no related processes in place (e.g., specialized managers and human resource processes); lacking the needed equipment (e.g., one PC and headset per agent); having an insufficient IT workforce and infrastructure; and lacking the technological tools, including but not restricted to contact center, security, and virtualization applications. Moreover, many providers lack the sufficient cash flow to deal with the necessary investments to set up functional WAHA operations.

Teleperformance had the experience, expertise, and resources in place prior to the global pandemic to drive its massive WAHA operation successfully. In fact, Frost & Sullivan's Latin American research team conducted an investigation on the WAHA landscape in the region, which showed that in December 2019, Teleperformance had one of the major WAHA programs in Latin America. At the same time, the overall market exhibited a penetration rate of remote agents over the total number of outsourced agents of 1%; however, Teleperformance was already multiplying that rate.

Implementation of Best Practices

One of the major restraints for the adoption of WAHA operations in Latin America has been the concern around the telecom infrastructure. Companies are often worried that the Internet capacity in place would not guarantee the needed bandwidth levels necessary to maintain the stability and quality of an enterprise-level service. This concern was shared by both service providers and contracting companies; however, because most providers were compelled to move at least a part of their operations to WAHA and as most knowledge workers in the regions moved to this modality as well, the telecom infrastructure in Latin America was indeed tested. Providing a solid customer care service using a voice-over

Internet Protocol (VoIP) service over the public Internet can present disruptions, especially because the vast majority of contact center agents use a residential Internet connection with no strict service level agreements (SLAs).

To address the above-mentioned issues, Teleperformance uses state-of-the-art voice compression and virtualization technology to optimize the bandwidth to avoid any disruption in the customer interaction that can cause the client to have to wait longer than expected and have a negative impact on customer satisfaction, loyalty, and net promoter score (NPS). As a result, the company enjoys similar key performance indicators (KPI) than those achieved in its traditional brick-and-mortar operations, such as speed of answer, agent productivity, average handle time, hold time, and customer satisfaction, with virtually zero absenteeism and rotation.

Blue Ocean Strategy

Traditionally, security concerns have been the main reason why some companies have resisted embarking on a WAHA journey. Companies often believe that providers would be unable to guarantee the same levels of security for a remote agent than for an agent in a brick-and-mortar environment and are often worried about data privacy, data theft, and fraud because the average contact center agent handles a considerable amount of sensitive information. Providers looking to set up a WAHA operation are required to implement the strictest security measures and tools to avoid any data breaches and to guarantee this to the contracting organization.

Teleperformance is fully aware of this requirement and has thus made security a global priority, with initiatives such as Project Eagle to enhance its cybersecurity standards across the board. Throughout the last two to four years, Teleperformance has built a significant IT infrastructure, a sizable security team of experts, and a collection of state-of-the-art security tools in Latin America. As a result, the company has successfully and seamlessly implemented secure WAHA operations across the region. Teleperformance uses various tools that allow a comprehensive security assessment, such as two-factor authentication, VPN, and virtual servers. These tools vary from client to client because some have specific regulatory and compliance requirements. Nevertheless, Teleperformance ensures that its security applications are strong, effective, light, and agile to avoid compromising the capabilities of computers so that agents can have an optimal performance and not jeopardize the quality of customer service.

Customer Service Experience

Frost & Sullivan independent research has consistently shown that having a strong EX leads to an outstanding CX. Because agents are at the frontline and provide the human connection and empathy and ultimately turn the interaction into a memorable event for the end customer, they must feel content and engaged enough to transmit a pleasant experience to the consumer. Furthermore, in the context of WAHA, one of the biggest challenges is maintaining connectedness because remote agents may eventually feel isolated if they are not engaged at least on a weekly basis. Establishing frequent and appealing communications with agents is imperative to keeping them engaged and committed to the company.

Unlike most market participants in Latin America with limited or no experience in WAHA environments, Teleperformance has developed several initiatives to strengthen agent engagement in remote-work environments, including monthly physical gatherings (e.g., going to movies, playing sports, and having lunch), periodic recognitions based on performance, celebrating special dates (e.g., birthdays and holidays), and offering fun-content communications (e.g., magazines, weekly stories, and memes). In fact, the company leverages its proprietary TP Cloud Campus, a virtual platform that allows for virtual talent acquisition, training, development, coaching, team building, learning, client interaction, quality control, and data security management, as well as emotional well-being and rich social interaction for employees. The platform leverages gamification and allows agents to interact directly with the contracting company, thereby strengthening their sense of belonging and employee engagement.

Brand Equity

Teleperformance enjoys solid brand recognition across most countries in Latin America and especially among large enterprises. Leveraging its leading position in major markets in the region, the company has exhibited above-average revenue growth in the past three years. In addition, the company has consolidated a strong position to seize major growth opportunities identified by Frost & Sullivan for this market, including providing services to US and European customers and becoming a long-term digital transformation trusted advisor for large organizations. This brand equity will likely play a fundamental role in Teleperformance's continued growth.

The future landscape of the contact center outsourcing industry has yet to be determined; however, Frost & Sullivan industry experts observe that the industry is going through tremendous transformation, with results expected to land somewhere in the middle of the traditional brick-and-mortar environment and the current scenario with most agents working from home. Whatever the outcome, both winners and losers will emerge from this crisis. As explained above, in the middle of the COVID-19 pandemic, not every service provider can effectively support existing customers; however, Teleperformance can accomplish this, which will set the company on a rapid growth trajectory in the coming years and allow it to leverage future growth opportunities.

Conclusion

In the middle of the unprecedented global COVID-19 pandemic, the CX industry is experiencing rapid transformation, which demands service providers to be extremely proactive and nimble to continue serving existing customers.

Teleperformance provides proactive CX and digitally integrated business services in Latin America, building a solid WAHA environment by leveraging its existing state-of-the-art technology, security practices, IT infrastructure, and proven processes. Moreover, the company's outstanding EX and tremendous brand equity provide it with a leading edge over other providers.

With its strong overall performance, Teleperformance has earned the 2020 Frost & Sullivan Company of the Year Award in the Latin American WAHA industry.

Significance of Company of the Year

To receive the Frost & Sullivan Company of the Year Award requires a market participant to demonstrate excellence in growth, innovation, and leadership. This excellence typically translates into superior performance in three key areas—demand generation, brand development, and competitive positioning—that serve as the foundation of a company’s future success and prepare it to deliver on the 2 factors that define the Company of the Year Award: Visionary Innovation and Performance, and Customer Impact).



Understanding Company of the Year

Driving demand, brand strength, and competitive differentiation all play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Visionary Innovation and Performance to enhance Customer Impact.

Key Benchmarking Criteria

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated each factor according to the criteria identified below.

Visionary Innovation and Performance

- Criterion 1: Addressing Unmet Needs
- Criterion 2: Visionary Scenarios through Mega Trends
- Criterion 3: Implementation of Best Practices
- Criterion 4: Blue Ocean Strategy
- Criterion 5: Financial Performance

Customer Impact

- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Visionary Innovation & Performance

Criterion 1: Addressing Unmet Needs

Requirement: Implementing a robust process to continuously unearth customers' unmet or underserved needs, and creating the products or solutions to address them effectively.

Criterion 2: Visionary Scenarios through Mega Trends

Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling first-to-market growth opportunity solutions.

Criterion 3: Implementation of Best Practices

Requirement: Best-in-class strategy implementation characterized by processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 4: Blue Ocean Strategy

Requirement: Strategic focus on creating a leadership position in a potentially uncontested market space, manifested by stiff barriers to entry for competitors.

Criterion 5: Financial Performance

Requirement: Strong overall business performance in terms of revenue, revenue growth, operating margin, and other key financial metrics.

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with select best practice criteria. The reputation and integrity of the awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify award recipient candidates from around the world	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging industries • Scan multiple regions 	Pipeline of candidates that potentially meet all best practices criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best practices criteria • Rank all candidates 	Matrix positioning of all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best practices criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best practices positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • Share findings • Strengthen cases for candidate eligibility • Prioritize candidates 	Refined list of prioritized award candidates
6 Conduct global industry review	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> • Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates 	Final list of eligible award candidates, representing success stories worldwide
7 Perform quality check	Develop official award consideration materials	<ul style="list-style-type: none"> • Perform final performance benchmarking activities • Write nominations • Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best practices award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select winner 	Decision on which company performs best against all best practices criteria
9 Communicate recognition	Inform award recipient of recognition	<ul style="list-style-type: none"> • Announce award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance 	Announcement of award and plan for how recipient can use the award to enhance the brand
10 Take strategic action	Upon licensing, company able to share award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess award's role in strategic planning 	Widespread awareness of recipient's award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan’s 360-degree research methodology represents the analytical rigor of the research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan’s research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, resulting in errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients accelerate growth and achieve best-in-class positions in growth, innovation, and leadership. The company's Growth Partnership Service provides the CEO and the CEO's growth team with disciplined research and best practices models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on 6 continents. To join Frost & Sullivan’s Growth Partnership, visit <http://www.frost.com>.