

Middlesex University succeeds in offshoring core operations to India

Drivers

- Make significant savings on UK staffing
- Streamline business processes
- Improve data quality
- Improvements to the student experience, including extension of opening hours of student services

Outcomes

- Over 25% savings in UK staffing
- Huge efficiencies in data processing
- Improved data quality
- Transformed management information helps managers to resolve underlying problems
- Flexible labour capacity of offshore workers
- Extended supported day benefits staff and students around the world
- Documented business processes are both standardised and resilient

When Steve Knight, Deputy Vice Chancellor and Director of Corporate Services, took his idea of offshoring core operations to Middlesex University's Board of Governors, he was surprised to encounter little resistance. In the drive to streamline operational efficiencies, Middlesex University had already outsourced areas such as cleaning and security in the UK, and had consolidated its London sites. The Board was also aware that offshoring was tried and tested in government departments and other sectors. Digitisation and IT connectivity made the offshoring of core operations feasible; growing cost pressures made it highly desirable.

Middlesex University was already well established in India – it had a number of regional offices with staff responsible for local student recruitment. So, it was with confidence that Steve first went out to India with a colleague to explore offshoring options in January 2009.

Among the Indian companies that Steve visited was a medium sized offshoring company based in Chennai that was already engaged in offshore work for several American universities and colleges. "We decided to run a pilot project with them", says Steve. "We had experience of operating in India, and a number of drivers were bearing down on us, notably the need to improve business processes and data quality, increase efficiencies and extend our support hours to both staff and student services. We wanted to manage risk whilst avoiding an initial lengthy procurement exercise, so a controlled pilot project made sense. We took up references with their American clients and moved forward with our new partnership."

Piloting student application data entry

In the first three months, the University restricted the remit of its new offshoring partner to student application data entry work pertaining to the recruitment of Indian students, previously processed by the University's regional offices in India.

"The pilot delivered against every indicator", says Steve. "Processing speed and quality both improved. We were clearly in the hands of a specialist processing company that we could trust, so we extended the pilot to include all our six overseas regions. A few months later we added the UK. We quickly reached a point where all applications coming into the university were processed by our offshoring partner, as they still are now." Paula Vickers, Pro Vice Chancellor and Director of Computing and Communications Systems Service adds, "This was all done in compliance with the Data Protection Act and other legislation. We had formal agreements in place to cover data security and quality."

Process improvements were noticeable, even at this early stage. "We have 40,000 students around the world," explains Steve, "so we're processing tens of thousands of applications and student records every year. Our Indian partner has the systematic approach needed to process such high volumes of data accurately."

A pilot project for enquiry handling

Middlesex University then turned its attention to offshoring email enquiries from prospective students. Volumes were so high that significant backlogs were the norm in the UK office. "So, we set up a small enquiry handling team in India", says Steve, "and they started answering those emails. This brought Chennai operators into direct contact with students, who were unaware that they were communicating with India because we had set up the infrastructure properly."

Offshoring the University's helpdesks

With the next area, the staff IT helpdesk, Indian operators handled voice based transactions for the first time. As Paula explains, "They started with simple calls such as password resets, which required little knowledge of the University's IT services, and we gradually introduced more complexity as their expertise grew. This freed up UK staff time to carry out more complex tasks." It was a resounding success: the standard of English was good and the offshored service was well received.

The University was now confident enough to offshore the student helpdesk. "We dedicated twelve operators in India to call handling", says Steve "and it has been a great success. It's open for long hours, and the Indian operators now know our systems as well as UK staff do." Paula adds, "From an IT perspective, it's really important to move University services to 24/7 provision. Students on our Dubai and Mauritius campuses, who start work at 4am UK time, should not be penalised for their location. It's almost impossible to achieve that with UK based staff – the costs are prohibitive. So offshoring has helped us to extend the supported day."

Indian operators systematically log all calls in a knowledgebase accessible from the UK, and University managers know, for the first time, all the questions students are asking. "Not only do they resolve the problem," says Paula, "they also return valuable statistics to help us understand the throughput of calls. This is just part of the huge improvements in management information that we have noticed in our partnership."

UK staff members have made use of that intelligence by identifying the most common problems and putting longer term solutions in place. "In a number of areas we've taken management action and

solved the underlying problem as well as answering calls more efficiently”, says Steve. “A year on, we know the questions that students ask at different times of year, and we can resource the helpdesk accordingly.”

A succession of discrete offshoring operations

Another benefit of the improvements in management information is that Middlesex University receives an hour by hour breakdown of the work carried out by each operator. They use quieter periods, identified by their detailed time logging, to carry out data housekeeping tasks, using six sigma quality checking mechanisms. “Offshoring has improved data quality immeasurably”, says Steve “as well as freeing up staff time here.”

Middlesex University has also offshored a series of small but process heavy areas such as registry verification – a chargeable and time consuming process in which staff confirm in writing the University accreditations of named individuals by request.

Improving ways of working together

At the beginning, Steve ran the offshore arrangement single handedly supported by one project manager. “I would visit Chennai three times a year, checking that everything was running properly”, he says. “But we’re now able to devolve that responsibility. I send managers out there and their people also visit the University, so we’re all gaining a deeper understanding, and we are working to embed the offshored services throughout the University management.”

Visits to Chennai were supplemented, from the outset, by teleconference calls which took place at least once a week. “But now we use video conferencing for management meetings, and we also use it for training”, says Paula. “The team here trains with the Indian teams. It’s very useful to see the body language – we can see any confusion arising, and understand each other better just by seeing people’s faces.”

Reducing UK staffing costs

Middlesex University’s primary aim throughout the offshoring process has been to reduce staffing costs in the UK. The University reduced costs very quickly in both its Admissions and Enquiries teams. “We were very clear”, says Steve, “that for every operator we placed in India, we would make matching staff savings in the UK. We minimised redundancies by targeting departments with staff vacancies and temporary workers.”

Overall, the University has reduced its UK staffing numbers by at least 50, and as Paula points out, “the University makes a further productivity gain from the Indians’ longer working day”. Steve confirms that significant savings are feasible. “A university can make 25-50% savings, depending on UK location and salary levels. And there are other benefits around quality, process improvement, management information, capacity flexibility, which are almost as important.”

Middlesex University now has on average 50 desks (the offshoring equivalent of FTE staff) in Chennai. This number varies seasonally according to work volumes, and the University pays only for productive time logged. “Our partner mainly assigns people who have already learned our business,” says Steve, “but we’re working hard to improve the flexibility of the teams we use in India. They’ve been cross training so we’re able to deploy additional operators across teams quickly during busy periods. They will also do this if someone is sick, which isn’t possible with permanent staff in the UK. As more

mundane tasks are pushed out to Chennai, UK staff are left with much more stimulating work. So everyone focuses on their own area of expertise, and quality improves as a result.”

The knowledge of student enquiries and application processing amassed offshore helped recently when Middlesex University experienced problems with its telephony system during the hectic clearing period. As Paula recalls “We were able to redirect our clearing calls to India, where they were logged, and then we processed them back in the UK. So offshoring has given us added resilience for some of our in house processes.”

The future outlook for offshoring at Middlesex University

Middlesex University is in the process of offshoring all incoming enquiries across the entire admissions process, not just those at the pre-application stage. “The vision is to have a single contact point for all enquiries”, says Steve.

The University is also starting to offshore some of its finance functions. “Our starting point was at variance to many organisations in that we started by offshoring core support activities, rather than backend operations”, Steve says. “So far we’ve only moved out a few minor finance functions, so there is much more work for us to do in HR and Finance.”

The whole offshoring venture has been a great success for Middlesex University, delivering against all planned outcomes and even providing benefits that were not originally anticipated. However, throughout this process, the University has been planning for the moment when the offshored service is stable enough to take to market. Such a full tendering process has been difficult throughout the pilot project period, but staff have worked hard to document processes and standardise operating procedures, which could form part of an invitation to tender. “In the early days we had concerns about what actions we would take if the arrangement broke down in some way”, recalls Steve. “But now we are so confident across the organisation about working with offshore resources that in the event of failure, we have all the procedures mapped and we would simply switch to another company. We also have plenty of staff here with the experience of offshoring. We’ve managed this very carefully and we are now a very intelligent client.”

“We do have to monitor risk”, concludes Steve. “The more operations are offshored, the bigger the risk becomes. We make constant judgements as to whether specific operations should be carried out by UK staff, our offshoring partner, or on an overseas campus. In meetings, a colleague will ask whether the task in hand is something that could be done offshore. At the beginning it was just the opposite – people would try to avoid the subject.”

In under four years, offshoring has become completely embedded into the culture of Middlesex University.

Lessons learned

- Bulk and manually intensive operations are strong candidates for offshoring, but only if they are digitised.
- Senior level buy in is essential. Offshoring requires the full support and drive of the university senior management.
- Use pilot projects that you can start and stop freely, to minimise the risks involved.
- Until offshoring (or outsourcing within the UK) is culturally embedded, tensions with staff and trade unions must be managed sensitively.
- A deep understanding is needed of the culture and working patterns of the offshore country. In India, for example, there are significant differences between small and large offshoring organisations. The larger ones may see universities as minor clients. But there is also a huge SME sector in India, and that was the right choice for Middlesex University, offering flexibility and a more personal service.
- Universities planning to offshore need mapped processes. Many in house processes are not documented and staff simply carry them out intuitively. Many offshoring companies will map processes as an additional chargeable service.
- Processes need to be well managed. If a business critical system is rebooted overnight in the UK, an offshore contractor may raise a Severity One support call in the belief that the system is offline. The UK workforce needs sufficient maturity and circumspection to engage successfully with offshoring companies and their workers.
- When an established offshoring company undertakes a new area, allow time for recruitment and training.

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