

DATA NEWS

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DATA CAPTURE

Off-shore outsourcing explained

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Brett Trevalyan

on off-shore outsourcing

The offshore drill

Brett Trevalyan of DDC, explains the process.

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INTRODUCTION

Things have changed. When the offshore data capture industry first took root in the mid to late 1980s, the routine was to bundle large quantities of documents into boxes and to airfreight the consignment to a seemingly remote location on the other side of the world for processing. The great attraction was, of course, cost, but the process did suffer from disadvantages of longer turnaround times, customs problems, document security issues and difficult communications. Not any more!

Relatively recent technological developments have changed the picture. The combination of increasingly efficient data communications, widespread e-mail and videoconference usage, aligned with quick and reliable scanning equipment has removed these old drawbacks. The cost benefits, however, still remain.

It has taken a few years for this new reality to filter through, but there is a gathering momentum to follow the offshore outsourcing route stimulated, in part, by the economic and social shocks of the past 12 months. This expansion of interest prompts a regular set of questions and concerns. Let's try to answer some....

WHERE ARE THE OFFSHORE OUTSOURCING CENTRES?

In a nutshell, everywhere! It seems that new outfits spring up every week – in recent times from locations as diverse as Tonga and Nepal! However, two locations have established critical mass – the Indian sub-continent and The Philippines. Both locations boast large, well-educated, English-speaking workforces, rapidly improving infrastructure and a strong work ethic.

IS IT DONE IN GRASS HUTS?

All right, it might not be expressed in that manner, but the thought certainly does exist in the back of some minds. Consider, however, that the same factors that make the cost case so compelling are also at work in providing good value, high quality office accommodation.

ISN'T THIS SWEAT SHOP AND/OR CHILD LABOUR?

All potential suppliers should be considered on their own merits. There will be variations in

employment conditions between offshore suppliers, just as there are in their onshore equivalents. Having said that, one big difference is that computer-based employment is aspirational in many offshore locations. The industry tends to attract a relatively high calibre of staff, who are inclined to remain with their employers for long periods of time. The same cannot always be claimed onshore.

SO, WHAT SAVINGS CAN BE MADE?

You should expect to save between 50% and 75% of your data capture costs when moving to offshore processing, depending upon your existing cost base, application, turnaround requirement and volume. There have been examples where clients have saved 90% of their existing cost, although this is unusual. It is also worth bearing in mind that the savings can be relatively greater where "knowledge workers" are involved. For one application, for example, medically qualified GPs are employed to analyse and code medical journals. The relatively low cost and availability of highly qualified staff to conduct such an exercise make the offshore option extremely attractive.



One of DDC'S 'grass huts' in Manila

.WHAT ABOUT THE QUALITY?

You should expect to receive a quality guarantee backed (at least) by a Service Level Agreement (SLA) from any supplier, whatever their location. Look to include penalty clauses for non-compliance.

Typically, offshore companies should offer 99% accuracy for key-only data capture and 99.95% for key and verify (double key), assuming legibility. This is high by industry standards.

Always check on the method of computation for accuracy and ensure that your supplier uses validation routines (such as PAF) wherever possible.

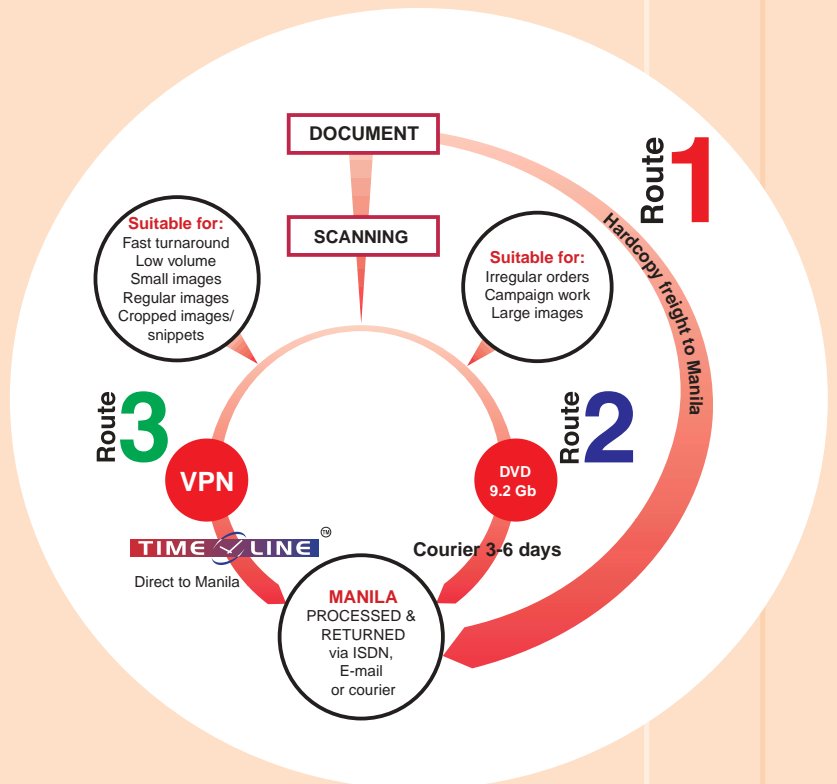
“Insist upon penalty clauses for non-compliance.”

HOW FAST CAN CAPTURE BE ACHIEVED?

You may be surprised to learn that 24-hour turnaround is now being offered on regular incoming data, although 48-hour is more normal. As a rule of thumb, the quicker the turnaround, the more you can expect to pay for the service.

HOW IS THAT POSSIBLE?

If incoming mail is routed into on-site PO Boxes, envelopes can be automatically opened, sorted, batched and scanned. It is then possible to crop relevant sections and to further compress images using recently introduced compression software (in some cases, these software tools can reduce image size by 95%, although 50% is more common). This process of scanning, cropping and compression can be automated and the resulting file dropped into a dedicated server linked to a VPN (Virtual Private Network). From there, the image can be transmitted in "real-time" to the production location (see diagram).



ISN'T THAT EXPENSIVE?

A 2Mb VPN can be put in place for just over £1,000/month. The process of opening and scanning onshore is a little more expensive than the airfreight option, but not critically so. The overall savings remain substantial and there are other benefits to be had through scanning. Such as:

- Barcodes can be recognised and instant reports produced on features such as document codes and media codes, without additional cost.
- Documents can be stored as images and appended to the final database to allow easy searching against enquiries by data subjects. The expense of storing responses is thereby greatly reduced.
- Sections of documents can be "cropped" for special treatment such as very fast turnaround or additional validation.
- Documents can be split and later re-merged. This allows sensitive data such as medical or financial data to be processed entirely separately from name and address information.

Cont.....

HOW IS THIS AFFECTED BY DATA PROTECTION LEGISLATION?

This is a common concern given that most offshore capture locations do not fall into the "safe harbour" definition of the European Data Protection Act. You should, therefore, insist that your supplier sign an agreement assigning the same rights to the data subject as apply under European law (for an example of such an agreement, please e-mail the author).

If you are still uncertain on this point, bear in mind that imaged documents can be cropped and transmitted separately so main body data and address data be processed by separate operators in separate locations. It is then relatively simple to merge the data using the unique image identifier. This process can be entirely automated and rarely involves additional cost.

It is also worth noting that the likelihood of "chance recognition" is very significantly reduced if data is being processed overseas. For example, it is always possible that a document containing information of a sensitive medical nature will be captured by a next-door neighbour/friend/partner. This possibility is very much reduced when data is processed overseas.

WHAT TIPS CAN YOU GIVE ME WHEN CONSIDERING OVERSEAS SUPPLIERS?

- Ask about their experience in processing consumer data - particularly address data. Do they use PAF?
- Insist upon a SLA including quality and turnaround guarantees.
- Insist upon penalty clauses for non-compliance.
- Do they have onshore scanning and transmission?
- Draw up separate confidentiality and DP agreements.
- Speak to some of the suppliers' existing clients – particularly those who have visited the overseas production centres.
- Does the supplier have onshore project management?
- Ensure that your instructions are thorough.
- Conduct a test.
- Finally, don't be afraid to visit!



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