

[Precision Marketing](#), 22 April 2005,

Offshore fraud threat to banks

Goodness gracious, how audacious the offshore call centre industry is becoming. Everyone's nightmare scenario of giving personal financial information to foreign call centre staff and then finding that your bank account has been lightened considerably has come true for some Citibank customers in the US.

It seems that several staff at Indian business process outsourcing company Mphasis, which has offices in Bangalore and Pune, have knobbled \$350,000 (£185,000) from a few customers. Despite this offshore company being BS7700 and CMM Level 5 certified, the criminal activity was not only perpetrated easily, but went unnoticed by both the call centre and bank until the account holders noticed illegal withdrawals.

Most call centres on the sub-continent wave reams of security related certificates at doubting Thomases who question the wisdom of banks and other financial institutions which outsource highly confidential transactions. But it is not enough for these to be taken at face value. The outsourcing companies have a duty to run weekly audits, enforce their own security measures, and implant staff to run constant checks on potential abuses.

The backlash in the US may reduce the offshore call centre business by a third. What are the UK banks and insurance companies doing as a result of this security breach?

Rupert Suren

Managing director

Blue Channel

London W6

6 December 2004,

Vote No to EU German control

Alex Hickman of the Vote No campaign is wrong when he states that this country joined the EU in 1973. We joined the Common Market after being bamboozled by Edward Heath.

The Common Market was intended to create a free trade zone among its members, unlike the EU, which is a pretty transparent cover for the federalisation of Europe under the control of Germany and its new (or maybe not) collaborator France.

The people of this country were persuaded by the Downing Street matelot to leave a perfectly good organisation, Efta (European Free Trade Association), which comprised seven north European countries with a respect for personal freedom and honest business, unlike the collection of charlatans, mountebanks, homophobes, and of course, socialists who lead the EU.

Johnny Rock-Savage

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22 August 2003,

Suren launches London-based data bureau



Former Printronic and OTS Group sales director **Rupert Suren** has launched data bureau Blue Channel. The company will share offices with WWAV Rapp Collins in London. Suren says: "Our expertise will allow UK companies to handle the validation and enhancement of international data to the standards of our foreign rivals."

10 June 2004,

Offshore call centres failing

Having just completed an unintelligible conversation with my Internet service provider's (Globalnet) call centre in India, and thrown the phone across the office in despair at the abysmal service, poor English and complete reluctance to sort out the problem, I feel obliged to highlight the results of a recent survey.

One in seven UK customers who used offshore call centres last year kicked over their traces and took their business to competitors, according to Contact Babel. Three quarters of those questioned felt negative towards their supplier, while 142 out of 1,000 actually switched supplier.

An average high-street bank with 12 million customers and revenues of £225 per customer per year, would save £9.26m by replacing 1,000 British call centre workers (not forgetting that it would cost the taxpayer about £100,000 per week in benefits to the newly unemployed).

If just 0.343 per cent of customers (over 41,000 people) changed banks in protest, that saving is cancelled. Last year 1.09 per cent of British bank customers changed purely because of offshoring.

Perhaps shareholders might begin to question the bloated board members with exploding girths who are killing another British industry at our expense, completely unaware that they are losing market share.

Rupert Suren

Managing director

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16 April 2004,

GMD chief axed over call centre row

Sarah Balmound



Global Marketing Direct (GMD), the UK company which sued an Indian contact centre for £420,000 over breach of contract, has ousted managing director Carl Martin Garder after a bust-up over how he distributed the cash.

Managing director Ben Brouwers has confirmed that Garder was axed at a shareholder meeting this month, and says GMD has not ruled out taking court action against him. Brouwers comments: "It was a good decision. We did not agree about the way he distributed the money."

GMD sued Indian firm GTL after a dispute about data the latter used in an aborted telemarketing campaign (*PM* July 4, 2003). **Rupert Suren**, managing director at data bureau **Bluechannel**, was GMD managing director until he quit in 2002. "Garder is a contract wizard and master of the small print," he says.

Garder was unavailable for comment as *Precision Marketing* went to press.

He has set up a rival to GMD, called **Global Support**, and lives in Norway, where he owns various businesses.

Garder has courted controversy for a number of years, having fallen foul of both the Charity Commission and Office of Fair Trading after one of his companies, Royal Consulting, was accused of duping consumers out of cash.

19 December 2003,

UK contact centres: fight back for slice of business

So, the cowboys are joining the Indians. More and more short-term cost-cutters have managed to brown-nose their way into convincing the board of yet another insurance company to export around 2,500 jobs to India. This appalling decision - which has obviously been made purely on cost grounds, and which should keep the shareholders

happy for the next few months - has every chance of backfiring as customers are increasingly turned off by Third World call centres.

The move has nothing to do with quality and everything to do with cost. The average starting salary for a call centre agent in India is around £15,000, whereas the UK equivalent is around £13,000, according to a ContactBel study. The same survey, based on around 300 operations in both countries, also detected that UK workers deal with 25 per cent more calls each hour and resolve 17 per cent more problems on the first call. Meanwhile, Indian call centre gaffs include being called during the World Cup Final and being offered a 0 per cent balance transfer on a credit card.

The backlash will come when people get fed up with trying to make insurance claims through someone who has minimal geographical knowledge and, in the case of motor claims, no idea of the entirely different traffic hazards involved in the UK.

UK contact centres should start to campaign for people to boycott companies using offshore facilities. After all, your premiums won't be going down, but the insurance companies' profits will continue to soar, while we foot the bill for the thousands of unemployed people.

Rupert Suren

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23 April 2004,

Watertight contracts can stem litigious tide



Given our increasingly litigious age, direct marketers can no longer rely on the industry's rich vein of goodwill when negotiating contracts. Often only watertight agreements can guard against a day in court. Sarah Balmont reports

Bust-ups over a contract are nothing new to the direct marketing industry. But as the sector becomes increasingly complicated, with ever more sophisticated supply chains, company bosses face potential contractual minefields which are vast and complex in their legal and business

implications.

It is no longer enough for a business to rely on a basic contract as the only shield against a bad experience. Marketers must become savvy to the small print, as well as knowledgeable of key contractual issues and pitfalls.

Yet, despite this, industry bodies such as the DMA (UK), IPA and Institute of Sales Promotion (ISP) all claim foolhardy businessmen are still carrying out work based solely on a good-faith handshake.



In fact, there is much to suggest individuals remain largely in the dark about the contractual world, acting with apathy and naivety when it comes to signing on the dotted line. This can ultimately cost the industry millions of pounds in legal fees each year, as well as undermining notions of best practice.

So will the situation change, or will agencies, clients and suppliers continue to be flummoxed by contractual 'problem' areas such as copyright and licensing rights?

The recent disagreement between UK direct marketing company Global Marketing Direct (GMD) and Indian contact centre GTL indicates how complex the contractual landscape has become.

GMD sued GTL for £420,000 over a breach of contract when it refused to pay for data it used in an aborted telemarketing campaign - due largely to a dispute with third-party product supplier Royal Consulting (*PM* July 4). The incident, which resulted in a two-year legal wrangle, reached a climax when GMD ousted managing director Carl Martin Garder after an argument over how he distributed a cash award (*PM* last week). **Rupert Suren, managing director at data bureau Bluechannel**, was managing director of GMD, until he quit in 2002, and claims to have been involved in the saga from the start. **Suren** argues that the incident, which sent shock waves through the UK boardrooms of companies which outsourced business to Asia, was exacerbated by a watertight, complicated contract that ultimately created problems and 'blind spots' for GTL.

He says: "To be honest, I am surprised the Indians signed the contract in the first place, because it meant they had to guarantee to sell a set number of items over a 12-month period. It resulted in a huge disagreement over the percentage of commission earned

"Essentially, the contract locked them in. If you blew it, it was going to cost you serious cash. You had to pay for every mistake."

Suren states that a company should always negotiate a contract, as well as try to foresee any likely complications to avoid similar nightmares. He adds: "This incident shows just how important it is to always think about the 'what-ifs'. You start deals in a positive frame of mind, and may overlook things because of a general optimism. The contract is so important, because if it goes wrong everything can hang on a single word.

"You only revisit a contract when something is going wrong, so it is vital to get it right in the first place. Litigation is a very expensive business."

The DMA (UK) says that so far this year it has received at least five complaints from members claiming to be in the throes of a contractual problem which cannot be rectified in the absence of a written contract. This is despite the association promoting model client/agency contract 'Suggested terms and conditions for contract of agreement between agencies and clients'.

Advertising body ISBA also has a document for clients to develop legally sound contracts with agencies.

Sam Hambury, legal and public affairs adviser at the DMA, says: "There is some naivety about the need for contracts. This is a friendly industry and some in the business have been working for years in the same relationship, with no contract. But if there is no written agreement how can you govern the problem when something goes wrong? And how will it ever stand up in court? We strongly urge people to put safeguards in place."

Marina Palomba, legal director at the IPA, agrees that, despite the industry wising up to the importance of contracts, it must do more to protect itself: "The market has become very sophisticated. The industry is becoming aware of the need to protect itself, but problems remain."

Indeed, the safety net provided by a comprehensive contract is worth its weight in gold. It should address key contractual problem areas such as list usage rights, intellectual property, liability with regards to media costs, and service level agreements. These terms provide a way of measuring performance on an ongoing basis, and are often linked to incentives. Without these types of agreement, there is often little pressure on a supplier to fully deliver what has been promised in the first instance.

But Jim Surguy, managing director of Results Business Consulting, says contracts remain rife with potential stumbling blocks. He argues there is a new phenomenon emerging, which he dubs 'scope creep': when a company ends up doing far more work than was initially agreed.

Surguy claims this is usually down to mounting client pressure, as well as a notion of goodwill on behalf of the supplier. But he warns: "Why not pay for this extra work? Often, it is ignored and overlooked."

To avoid this, Surguy stresses that the basis of remuneration needs to be more clear-cut. He says payment terms should be better defined, as well as the issue of volume discounts and rebates. "There are areas which still need clarification - they remain the 'grey' parts of the contracts. For example, there is the problem of ownership, insurance and get-out clauses. In general, I think the onus is more on suppliers to get it sorted. At the moment, they are not doing enough to look after their own interests."

Meanwhile, Randle Stonier, chairman of the ISP, comments: "We are finding ourselves in a far more litigious world where contracts have become an increasingly dominant part of life."

He argues that, even five years ago, contracts were not considered so important: "This really is a hot topic. This is a more contractually onerous world, whether we like it or not. It is vital to put out a legal agreement upfront to define where you stand. As painful as it is, these things need to be sorted through. There are still large gaps in the market where more could be done."

While the direct marketing industry may still be remarkably rich in goodwill, it remains poor in defining what each party expects from the other. Until this is addressed, the sector will continue to be haunted by contractual dilemmas.