Cloud and the Contact Center

Ready for Prime Time

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With so many companies orchestrating major advertising campaigns around their favorable customer satisfaction levels, it's easy to see how important customer care now is as a major point of competitive differentiation. Unlike technology innovations, new services, price reductions, and special promotions, quality customer care cannot be easily replicated by competitors. And it also makes sound economic sense. Studies have shown that it costs up to six times as much to replace a disgruntled customer than to retain a valued customer.[1] Service providers, financial institutions, insurers and similar businesses that rely on a steady revenue stream from their customer base lose billions[2] every year due to customer churn.

Customer Experience Management (CEM) has emerged as a new paradigm for modeling the agent-caller interaction. An important distinction between customer experience management and traditional customer service management is the notion that every interaction at any touch point constitutes an experience. The sum total of these experiences influences the customer's view of the brand and the company. These experiences can be positive or negative. The resulting predisposition to favor or disfavor the brand has profound economic consequences. Customers that have negative views will choose other brands, if that option is open to them. If they cannot readily switch brands because of barriers, these supposedly loyal customers may share their feelings with others – particularly via convenient broadcast channels like social media – and thereby dissuade potential new customers and diminish investments made in communicating the brand promise. The contact center, once focused on processing the highest number of calls at lowest possible cost, is becoming the cornerstone of the new customer experience management philosophy.

According to research conducted by Forrester and sponsored by Aspect Software, about 90% of businesses have already aligned or are in the process of aligning their contact center with the organization's customer centricity goals. While belief in the customer experience philosophy is almost universal, actual implementation is often stymied when senior management is confronted with the substantial expense of upgrading or replacing legacy contact center support systems with current generation web-based technology.

Until recently the only alternative to investing in the complex hardware and software required to promptly answer all queries, direct them to agents with appropriate expertise, ensure appropriate staffing levels, monitor performance for quality and compliance, and provide the myriad reports needed to manage the operation was to outsource the technology (or even the entire contact center operation) to a third-party. While this may have some short term economic advantages, the lack of control makes it very difficult to implement an effective customer experience strategy. For brand-conscious companies committed to quality service, outsourcing a major customer touch point is a risky move.

The Cloud Option

Another option that is gaining momentum is acquiring technology on a subscription basis, via the cloud. The application is hosted remotely and accessed on as-needed basis. This approach offers many advantages, principally obviating the need to finance a substantial upfront investment. Point solutions have been available on a subscription basis for many years but only for a few specific solutions and from small number of vendors. Implementing a cloud model required cobbling together a mix of on-site and remote applications. The quality of the customer experience was compromised and the economic benefits were modest.

[1] *Ernst & Young, Understanding Customer Behavior in Banking – The Impact of the Credit Crisis Across Europe , February 2010, page 2*

[2] *Madeline Scinto, Business Insider, (citing a research report by cg42), November 23, 2011*

However, pressure to migrate to the cloud continues to build. CEOs understand the value of supporting the contact center but are also faced with multiple requests for capital investment – so difficult choices must be made. CFOs favor the total cost of ownership benefits of the cloud model as well as the tax benefits of expensing these operating expenses as they incur rather than depreciating a capital expense over time. Information technology leaders have had first-hand experience with the cloud model and many see it as "the new normal." IT experts also understand that early concerns about security and reliability have been addressed and welcome relief from managing seemingly endless software fixes and upgrades.

Aspect Disrupts Market with Zipwire™

Responding to growing pressure from customers and sensing an opportunity to differentiate from leading competitors, Aspect – one of the largest , long-time vendors of contact center hardware and software and a true pioneer in the space – has launched Zipwire, the industry's first single vendor integrated suite of cloud-based contact center applications. Architected from the ground up as a cloud offering and fully leveraging the proven cloud architecture developed by its recently acquired Voxeo business unit, Zipwire stands apart both in the breadth of applications bundled in the suite and the level of functionality. The target market for Zipwire includes smaller contact centers, namely the 95% that have fewer than 250 agents (based on Ovum 2013 report), and centers of all sizes that incur significant seasonal variations in call volume. Today businesses of all sizes want and need the best technology available to deliver a superior customer experience.

Advantages of the Cloud Model

The cloud model for acquiring contact center infrastructure provides a number of important benefits.

Benefits of Cloud-based WFO Suite	
1	Low start-up costs
2	Pay as you go
3	Rapid implementation
4	Minimal internal support costs
5	Ability to scale as business grows
6	Agility
7	Reliability
8	Tight integration among applications

Low Start-up Costs

The upfront cost to migrate from a legacy siloed infrastructure or to establish a new contact center can be prohibitive for many organizations, especially for smaller deployments (in terms of number of agents).Today's modern web-centric software distribution model could cost in excess of $1 million depending on the size and mission of the contact center. Cloud models often require little or no on-site hardware and software. In those cases the only startup costs are for customer engineering and training.

Pay As You Go

The traditional ownership model drives businesses to acquire excess capacity. To ensure every application performs reliably at peak capacity, the capacity has to be there at all times, whether it is utilized or not. Retailers and e-commerce companies will experience peaks during the holiday buying season. Utilities will receive more calls in the winter and summer, as bills escalate and delivery becomes a more critical concern. Travel and hospitality businesses are busier in the summer months when children are home from school. Even B-to-B call traffic will vary by season with the fourth quarter typically the busiest. While payment plans vary by cloud provider, the subscription model is pay-as-you-go. If you don't use the capacity, you don't pay for it.

Rapid Implementation

Fast-growing businesses may not have time to install the hardware and software for call processing servers, IVRs, quality management systems and other tools and applications required to run a modern call center. On top of that, more time and money will be required to make sure that all of these systems, databases, and applications play nice with each other. The process could take months. In comparison, some cloud installations can be up and running in a day.

Minimal Internal Support Costs

The contact enter is one of the most technology intensive functions within the enterprise.

A short list of the applications that will be found in a best-in-class contact center include:

- Automatic call distributors
- Email servers
- Interactive voice response systems
- CRM software
- Computer telephone integration to unite disparate databases and present "screen pops"
- Predictive dialers to automate outbound calls
- Interaction recording systems for compliance and liability
- Quality monitoring systems
- Workforce scheduling and planning systems

- Speech analytics software
- Performance management software
- Electronic learning and coaching systems
- "Voice of the Customer" tools to measure customer satisfaction

Full-time IT specialists will be required to support these systems, many of which will be from different vendors and require dedicated servers. Each vendor will follow its own schedule of software upgrades and fixes. Businesses may have to pay substantial fees to train and certify the technicians that will be supporting these systems. Vendor service contracts typically cost 15% to 20% of the original installed price, after warranty. That means your original $1 million investment will cost up to $200,000 per year in perpetuity. In contrast, the subscription model offers single point of contact accountability for the hosted applications.

Agility to Adjust to a Changing Business Environment
We are the midst of a communications revolution. It seems every person over the age of ten either owns or has access to a smart phone. The volume of text messages has long ago eclipsed the number of voice calls. Social media and interactive chat are growing as a share of inbound communications. Self-service capabilities now extend to intelligent "virtual" agents that use advanced speech recognition technology to interact much like a human agent. The maturation of IP telephony makes it possible to deploy contact center agents from virtually anywhere there is a secure high speed data link. Contact centers today must be agile to adjust to a changing technology landscape.

In addition to changes in the channels and devices used by customers, the role of the contact center itself continues to evolve. For example, over half of contact centers today are tasked with generating revenue. Agents particularly skilled at sales will be diverted to outbound calling during times when inbound traffic is light. Contact centers today should not be constrained by their technology, but rather empowered by it.

Reliability
The call center must be operating at all times. Both cloud and on-premise solutions are highly reliable. Much depends on the specific architecture. Cloud solutions have been used for years to deliver enterprise software to the financial services and other industries that demand the highest levels of reliability and security. Cloud hosting companies can guarantee this reliability by hosting data centers in multiple locations.

Seamless Integration Among Systems
One of the problems with today's contact center with their multi-vendor technology environment is that each application has its own database. Updates require separate data entries, which is time consuming and error-prone. Poor integration

is also a problem for agents, who may have to navigate numerous applications to execute an interaction. They may not even have access to information like open cases and purchase history, which means customers are stuck on hold while the agent tracks down essential information. Seamless integration among all systems is essential for providing a superior customer experience whether on premise or in the cloud. A cloud-based solution like Zipwire™, with APIs that integrate to commonly used CRM applications like Salesforce, assures real-time data sharing among applications and a common user interface for front line personnel.

Final Analysis
The maturation of the cloud model for provisioning contact center applications and the emergence of at least one vendor with a powerful multi-function suite presents an attractive alternative to the familiar ownership model. Our analysis indicates that the cloud model, when delivered by an experienced, financially stable, and technologically advanced vendor with contact center depth matches or even exceeds the direct purchase model on key criteria.

Solution Comparison Cloud versus On-premise			
	Best Choice		
	Cloud	On-Premise	No Difference
Total cost of ownership	X		
Quality of customer experience			X
Rapid implementation	X		
Internal product support costs	X		
Scalability	X		
Agility	X		
Reliability			X
Integration		X	

On the first question about total cost of ownership, there are many variables to consider. "It all depends" may sound like a copout, but it really is the correct answer. For large mature organizations ownership may make more sense for both economic and internal control reasons. Large users can negotiate favorable initial purchase and service contract terms, and financing plans. The IRS offers accelerated depreciation schedules for certain technology investments which mitigates the tax advantages of opex vs. capex. Some cloud plans provide for unlimited flexing – the ability to scale or up down to meet changing traffic levels, and on short notice. Some plans are not as flexible. Some plans also have minimum commitment levels and fixed term contracts. There are also differences in the monthly fee structure.

That said, we give the TCO edge to the cloud. The major factor is support costs. Cloud vendors are responsible for systems maintenance, including carrier provisioning, adding new users, software upgrades, maintenance, and user training. This relieves organizations of dedicating personnel to support the applications. This is in sharp contrast to paying high monthly fees for service contracts as well as additional charges for software upgrades.

Although there is some evidence the rate of first call resolution may be higher under the cloud model, we would contend that in general the quality of the customer experience is primarily a function of internal management. Highly functional, easy to use applications are available from both cloud and premise vendors. Best in class contact centers will extract more value from the technology they choose.

Cloud provisioning has clear advantages in implementation time, product support costs, and agility.

Both methods are very reliable, although it could be argued that there are fewer points of failure when the applications are fully integrated and hosted off-site. There is also a higher comfort level with disaster preparedness under the cloud model.

We would give a small edge to customer-owned facilities on the issue of integration. This is simply because that today it is simply not possible to obtain all desirable applications via the cloud (although Zipwire™ comes very close). As well, there is a continuing need to tie together systems and data bases both internal and external to the contact center. Much of this has to do with the need to collect performance metrics that rely on cross-enterprise data. For example, cost per call and cost per agent requires pulling information from payroll. Scheduling vacation time requires data sharing with human resources. Improving first call resolution (one of the most important metrics that drive customer satisfaction) requires that the agent have a holistic view of the customer, including a history of prior contacts. Creating these integrations typically requires custom programming onsite.

Summary

In summary, the cloud is definitely ready for prime time in the contact center space and is ideal for small fast-growing organizations and firms of any size that experience significant seasonal variation in call traffic. Until now, with the launch of Zipwire, single vendor multi-function integrated solutions were simply not available over the cloud. This paper has outlined many of the advantages of the cloud model over the familiar capital investment model. Although the cloud model is widely deployed for enterprise software applications in general it is just now coming into its own in the contact center space. Given the mission critical nature of their function contact center executives are understandably cautious about making the leap. The good news is that subscribing to a cloud service does not have to be an all or nothing decision. In a move that is rare, if not unprecedented, Aspect has made Zipwire is available for a 30-day no risk trial that can be self-provisioned through their website.

About the Author
Dick Bucci is Founder and Chief Analyst for Pelorus Associates (www.pelorusassoc.com) where he specializes in contact center and public safety technologies. He has authored 12 in-depth reports on workforce optimization applications and numerous articles and white papers. He is a regular contributor to leading trade publications and is one is one of the industry's most widely quoted analysts. Mr. Bucci has over 30 years of experience in the telecommunications industry.

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About Zipwire™
The Zipwire contact center was designed as a pure cloud solution that combines Aspect's 40-year contact center heritage with Voxeo's 15 years of global cloud hosting expertise. The Zipwire contact center in the cloud brings multi-channel contact center capabilities that are reliable, scalable and simplistic for organizations with needs ranging from 2 - 250 seats as well as large enterprise needs up to 500 seats. Our easy solution doesn't bury capabilities in complexity, making it possible to deploy an inbound, outbound or hybrid contact center solution with robust features like multi-session chat, fully-featured agent and supervisor desktops and advanced reporting and recording capabilities – reducing your go-live effort and overall resource allocation. With pay-as-you-go pricing that scales with your business and a 100% uptime service level agreement (SLA), our Zipwire contact center gives you the reliability and simplicity you expect from the cloud with the robust multi-channel communications capabilities your business needs to deliver a superior customer experience. It's just that simple. For more information, visit **zipwire.aspect.com**.

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