



THE US CONTACT CENTER DECISION-MAKERS' GUIDE

(3RD EDITION - 2009/2010)

Lead Media Partners





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DEDICATED TO SERVING THE CONTACT CENTER INDUSTRY

ABOUT THE AMERICAN TELESERVICES ASSOCIATION

The American Teleservices Association (ATA) is the only non-profit trade organization dedicated exclusively to the advancement of companies that utilize contact centers as an integral channel of operations. ATA members include companies with inbound or outbound contact centers, users of Teleservices, trainers, consultants, and equipment suppliers who initiate, facilitate, and generate telephone, Internet, and e-mail sales, service, and support.

Founded in 1983, the American Teleservices Association (ATA) represents more than 4,000 contact centers that account for over 1.8 million professionals worldwide. Contact centers offer traditional and interactive services that support the e-commerce revolution, provide specialized customer service for Fortune 500 companies, and generate annual sales of more than \$900 billion.

ATA provides leadership in the professional and ethical use of the telephone for conducting business and is committed to serving the needs of its members, recommending the highest standards of quality for the channel and protecting the rights of consumers. Members benefit from the ATA's strong advocacy at the national and state level; advanced and timely educational opportunities and business building events; advocacy and support in the public realm; and rich and trusted resources for Teleservices professionals.

Our Mission

ATA is committed to serving the needs of its members by recommending the highest standards of quality for the channel and protecting the rights of consumers. ATA values members by providing essential business elements in the form of:

- forums for networking at international, national and regional levels;
- programs for business learning;
- advocacy of Teleservices users' and providers' interests before State and Federal government;
- research on consumer and regulatory topics of interest to Teleservices users and providers;
- consensus, voluntary guidelines for industries who utilize Teleservices in their business operations;
- information about global developments in Teleservices; and
- education of the general public and media to promote Teleservices providers' and users' business interests of their strong commitment to customer service and satisfaction.



Experience the ATA

The benefits of membership in the ATA are many, but active participation is the only way to make the most of it. By attending local and national events, engaging in meaningful communication with fellow members, and taking advantage of business opportunities, ATA members are contributing to the active, healthy growth of the Teleservices industry.

Explore the many membership opportunities to find fits for you and your organization.

- Grow your business through local and national networking opportunities
- Attend chapter events to leverage business and topics specific to your region
- Learn about compliance to reduce business risks
- Support your industry with strong government representation
- Know how state and federal legislation may impact your business
- Join ATA Committees which focus on specific topics that affect your industry
- Take advantage of discounts from select vendors and on ATA Events
- Understand how the ATA Self Regulatory Organization can facilitate the complications of regulation and compliance

Most importantly, ATA membership affects your bottom line. Business leaders know that building a business is often about having the right connections, and ATA membership makes that easy.

Protection from Government Regulation

Simply put, ATA diligently works to educate lawmakers regarding the importance of the Teleservices industry and to aggressively oppose potentially damaging legislation affecting the industry. ATA is an active voice for the Teleservices profession on Capitol Hill. Whether testifying in front of Congress, working with the regulatory agencies, participating in the US Government Affairs Committees, or personally contacting members of Congress, ATA is working for the benefit of its members.

Business Networking

All of ATA's activities place specific emphasis on enhancing business relationships and forging new ones with industry colleagues. Teleservices leaders know that ATA is the only professional association 100% dedicated to serving Teleservices professionals. Offering you easy access to industry leaders in your area of interest and expertise is just one more way ATA membership contributes to your bottom line.

Education

As the host of numerous local and national events, ATA provides attendees with cutting edge professional development opportunities. We feature industry experts responsible for the newest trends in our industry at the ATA Annual Convention & Expo, the ATA Washington Summit, and at regional events held across the country. ATA also conducts complimentary seminars on Industry Compliance on a regional basis. ATA Chapters present local events several times per year.



Communication

Members receive relevant industry news from the ATA. The organization maintains frequent contact with members through eConnections, the association's bi-weekly email newsletter. This online publication provides breaking news, emerging issues, in-depth analyses, association news and reminders, and links to crucial information for the Teleservices professional. The ATA also provides a robust website serving as the industry's first stop for information and numerous social networking opportunities.

ADVOCACY – EDUCATION – NETWORKING

www.ataconnect.org

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American Teleservices Association



INTRODUCTION AND METHODOLOGY

The *"US Contact Center Decision-Makers' Guide (2009/2010 - 3rd edition)"* replaces the *"US Contact Center Operational Review"* as the major annual report studying the performance, operations, technology and HR aspects of US contact center operations.

Taking a random sample of the industry, a detailed structured questionnaire was asked to 212 contact center managers and directors between April and August 2009. Analysis of the results was carried out August to November 2009. The result is the 3rd edition of the largest and most comprehensive study of all aspects of the US contact center industry.

ContactBabel is very grateful to the support which it has received from all of the sponsors of the report. However, complete editorial independence has been insisted upon and given at all stages, and readers can be confident about the objectivity of the report's findings.

HOW TO USE THE REPORT

Unlike previous reports, which looked at discrete solutions without prior reference to the commercial and operational issues which they address, the US Contact Center Decision-Makers' Guide first identifies seven of the major pain points and issues that affect the contact center industry:

- Improving quality and performance
- Maximizing efficiency and agent optimization
- New media and the customer of the future
- Increasing profitability
- Choosing a location
- HR management
- Strategic directions.

Within each section, specific solutions are identified that can be used to solve these issues, along with the analysis of the primary research data that are relevant to this area, including a comprehensive statistical analysis in graphical and tabular form.

Third-party White Papers, case studies and thought leadership pieces are also spread throughout the document, to assist readers who may wish to look more in-depth at specific areas or gain another viewpoint.

The report also contains a Supplier Directory, of organizations which provide services, products and solutions to the US contact center industry, divided by discrete category.

An Interactive Supplier Matrix, which allows readers to cross-reference specific commercial issues with the solutions available can be downloaded from www.contactbabel.com as an Excel spreadsheet.

SEGMENTATIONS

Looking at industry averages for contact center statistics is only so useful. Only with a clear understanding of how and why metrics differ between operations can readers see where they stand compared to their competitors. As such, key statistics have been segmented in many different ways where relevant and possible:

- by vertical market (industry sector)
- by contact center size (agent positions)
- by contact center type (e.g. inbound/outbound).

We may also segment data along other lines (e.g. sales / service, and by location) where possible and relevant.

VERTICAL MARKETS

Where possible, we have segmented and analyzed data along vertical market (business sector) lines, to highlight the specific issues and environments particular to that vertical industry. Below are the ten vertical markets studied within this report.

Figure 1: Vertical market definitions

Vertical market	Sub-sectors
Finance	Banks, credit cards, loans, debt collection, credit checking, corporate, broking
Healthcare	Providers of healthcare and pharmaceutical products and services (not including insurance)
Insurance	General, life, motor and medical insurance, for both individuals and businesses; re-insurance
Manufacturing	Mainly B2B sales and support, along with customer helplines
Outsourcing	Large full-service outsourcers and smaller telemarketing firms
Public Sector	Government, central and local, agencies, emergency services
Retail & Distribution	Retailers, home shopping, catalog, parcel carriers, logistics
Services	Non-physical service offerings to public and business not covered elsewhere
TMT (Technology, Media and Telecoms)	Mobile and fixed line carriers, advertising, media, technology solutions
Transport & Travel	Transport information, booking, travel agents, airlines, hotels

SIZE BAND

Almost every survey question is considered from the size aspect, as differences in resources, management techniques and technology vary greatly between size bands.

Contact centers surveyed fit into one of three categories:

- Small - 10 to 50 agent positions
- Medium - 51 to 200 agent positions
- Large – over 200 agent positions.

CONTACT CENTER TYPE

Whether a contact center is predominantly inbound or outbound can fundamentally determine how the contact center is run. Therefore, we sometimes analyze data by contact center type:

- Inbound: more than 75% of work is inbound
- Outbound: more than 75% of work is outbound
- Mixed: less than 75% of work is either inbound or outbound.

THE STRUCTURE OF THE DATASETS

The data provided by the 212 contact centers interviewed in this study were broken down into discrete segments:

Vertical markets

- Finance - 26
- Healthcare - 13
- Insurance - 14
- Manufacturing - 12
- Outsourcing - 49
- Public Sector - 16
- Retail & Distribution - 11
- Services - 33
- TMT (Technology, Media and Telecoms) - 25
- Transport & Travel - 13.

Size bands

- Small (10 to 50 agent positions) - 78
- Medium (51 to 200 agent positions) - 66
- Large (200+ agent positions) – 68.

Inbound / outbound

- Mostly inbound (75%+ inbound) - 85
- Mixed (between 25% and 75% inbound and outbound) - 89
- Mostly outbound (75%+ outbound) – 38.

DISTRIBUTION AND USE OF THIS REPORT

This report is written for the community of people interested in the present and future performance of the US contact center industry. Amongst others, these may include:

- Contact center managers and directors
- HR managers and directors
- Operations managers and directors
- Customer service directors and those involved in contact center strategy
- IT managers and directors
- Contact center solution providers: hardware, software & services
- Outsourcers
- Consultants
- Training providers
- New entrants to the US contact center industry
- Government bodies
- Academic institutions
- Contact center industry organizations
- Regional & national development/inward investment agencies.

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THE SUPPLIER DIRECTORY



Quickly, easily and economically fulfill the most complex customer interaction management requirements of today - and tomorrow – with CosmoCom's unified, all-IP contact center suite. The global leader in Contact Center Consolidation 2.0, CosmoCom enhances the customer experience with a lower TCO (Total Cost of Ownership) and a more favorable ROI (Return on Investment) than any comparable system. Consolidation 2.0 enabled by CosmoCom is available as a premise-based platform and as a hosted service from top global service providers.

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nVoq was founded in 2000 by veteran technology entrepreneur Charles Corfield. Charles believed call centers could run more efficiently by making better use of the thing they used the most: speech.

The company's original products were the Sandcherry Voice Platform and Voice Tools, now called Vcore™ and Vtools™. Its latest product, SayIt, is a speech-to-text application for call-center agents.

nVoq is an acknowledged contributor to the VoiceXML 3.0 specification now being developed in the W3C Voice Browser Working Group, and is a member of the committee developing the VoiceXML 2.1 Certification Suite.

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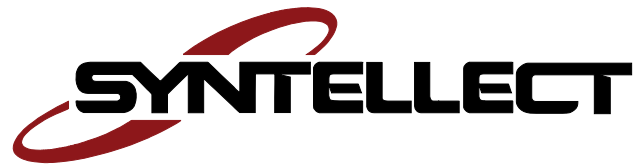
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IMPROVING QUALITY AND PERFORMANCE

Within this chapter, methods and solutions are discussed that improve the quality of the customer experience and allow the contact center to gain insight into each customer and agent to improve their own business strategy.

Topics include:

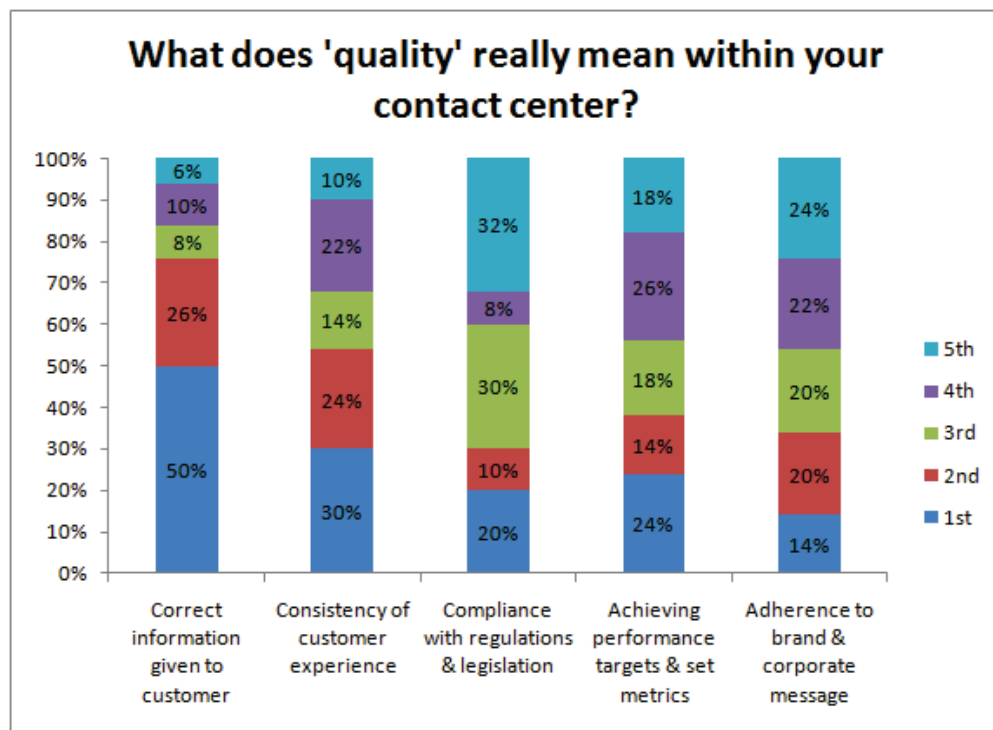
- Quality management and improvement: challenges and solutions
- Quality assurance
- Call recording and analytics
- Performance management
- The supervisor desktop
- Management information systems and reporting
- Customer satisfaction and complaints
- Queue management systems
- Training and coaching.

QUALITY MANAGEMENT AND IMPROVEMENT

Quite apart from managing costs and delivering performance, contact center managers are expected to be improving the quality of the service and interactions that customers have with the business. To achieve this is not simply a matter of dropping in a piece of technology, but rather is a continuous, ongoing process involving the input of agents, supervisors and managers, as well as targeted training and regular evaluation.

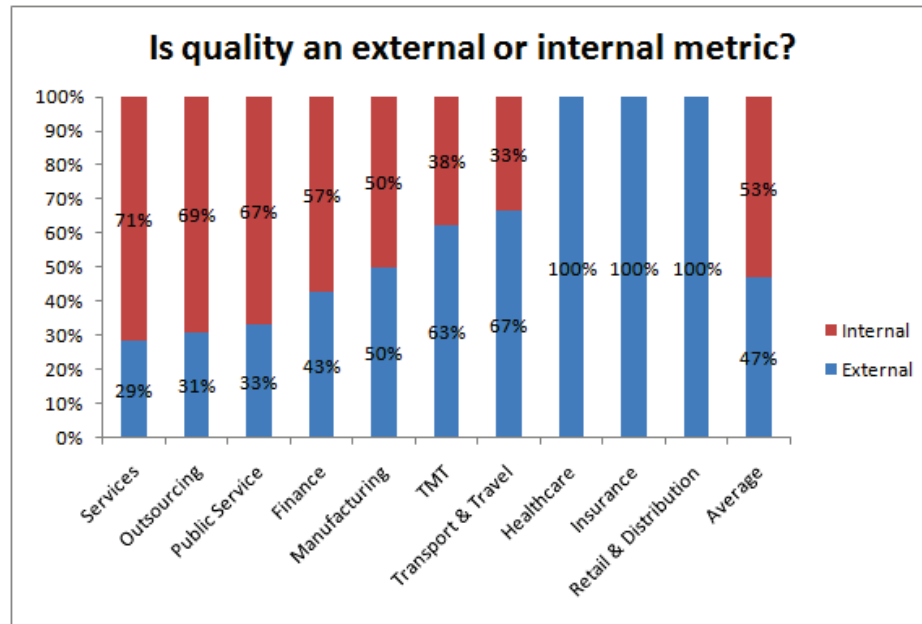
The following chart, which looks at the ideals of quality, rather than the reality, shows that the two most popular meanings of quality are those which are focused on the customer's experience, which is perhaps not a surprise. The three internal quality measurements - compliance with regulation, achieving performance targets and adherence to corporate message and brand - are far less well-supported - in theory.

Figure 2: What does 'quality' really mean within your contact center?



However, despite this idealized focus on the customer, the following chart shows a somewhat different reality. It is interesting to see that 53% of respondents state that quality measurement is internal (defined and measured by the contact center's own targets) rather than an externally-focused metric (defined by the customer's own experience). This internal focus is particularly prevalent in the services and outsourcing sectors, and is far more likely to be the case within large contact centers, where 64% of respondents say that 'quality' is decided and measured from an internal perspective (against 45% of small contact centres and 54% of medium operations).

Figure 3: Is 'quality' an internal or external measurement (by vertical market)



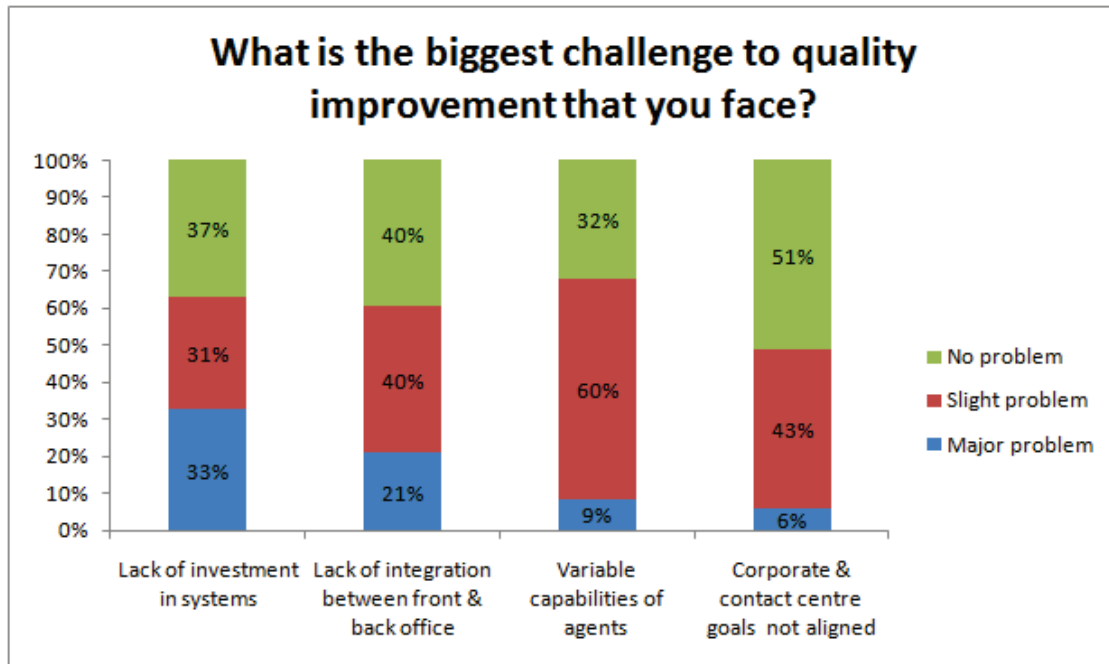
In cases where quality focus is said to be internal, one could argue that it is not really 'quality' that is being measured or strived towards, as it is clearly the consumer who decides on quality, rather than the producer. In these cases, the contact center has arbitrarily decided on the definition of quality, and measures that without reference to the actual customer experience.

It may be that senior managers are being told that their contact centers are delivering 'quality' because they are adhering to strict processes and meeting first call resolution targets. However, in reality, their customers may not be getting the special attention that is necessary to keep them happy and loyal. Businesses have to make sure that quality control goes way beyond metrics, and strives to understand the customers' experience and opinions far more than seems to be the case for many.

CHALLENGES TO IMPROVING QUALITY

Once businesses start to measure quality from the perspective of the customer, they then need to implement ways to improve it. Respondents were asked what their biggest challenges were to improving their quality.

Figure 4: What is the biggest challenge to quality improvement that you face?



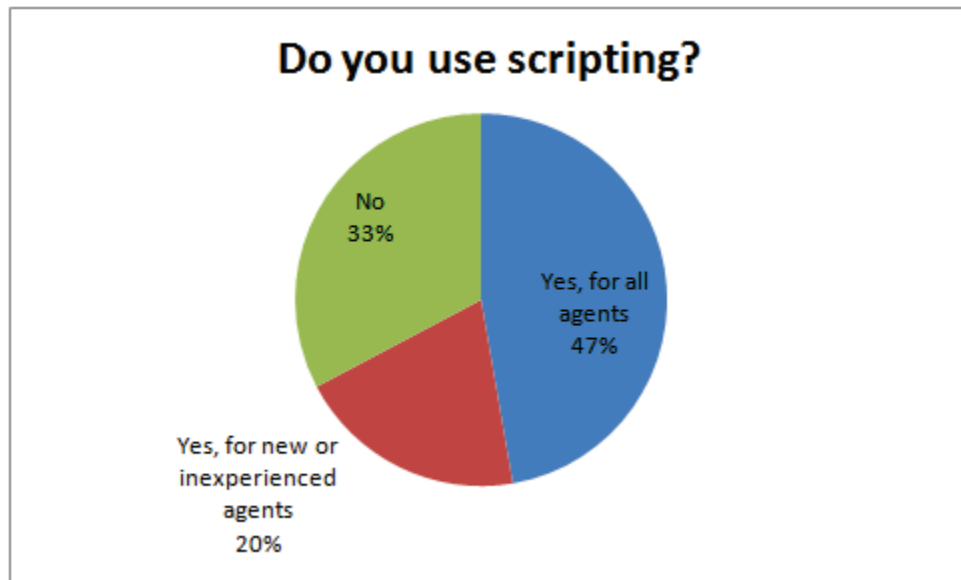
Respondents felt that the lack of investment in systems was holding them back the most, with 33% seeing this as a major problem, although one-third said that it did not hold them back at all from improving quality. Small contact centers were more likely to be restrained by budget constraints.

Smaller contact centers are much less likely to have workflow in place that supports the seamless and automatic movement of a job throughout the required processes, and the use of a unified desktop that can assure the collection of the required data and automatically kick off the necessary processes is far less likely too.

The majority of contact centers of all sizes and sectors noted that the variable capabilities of agents was a contributory inhibitor to quality improvements - although rarely the biggest problem they faced - which could again be enhanced by a scripting application within a unified desktop environment, as well as understanding agent training needs through call recording and monitoring, along with the delivery of the right training.

Scripting is far more prevalent in the US than the UK, with 47% of US respondents offering scripts to all of their agents. 33% of respondents never use scripting, with 20% offering it as support to inexperienced agents. While overly-scripted conversations are frustrating for both caller and agent, a dynamic script or prompt, which guides an agent through a conversation and provides relevant information and suggestions is certainly worth considering.

Figure 5: The use of scripting



QUALITY ASSURANCE METHODS

Whether quality is an internal or external matter, there are various ways of measuring and tracking this. Some methods, such as scripting, support the consistent, correct and standardized customer experience which many contact centers stated earlier was one of their views on what quality was really about.

Other methods, such as customer surveys, are to do with understanding quality after the event, in this case, from the customer's perspective. Listening-in (call monitoring) and call recording are more about measuring quality against a set of targets or items that the contact center's management believes quality consists of. Performance dashboards provide a quantitative, real-time view of quality that can include elements such as average handle time, customer satisfaction ratings, first-call resolution, schedule adherence, etc). As such, they are generally more used within the 53% of operations where quality is defined and measured as an internally-focused metric.

Figure 6: QA methods

QA method	Average score from 10
Call recording	8.6
Call monitoring	8.1
Performance dashboards	7.9
Customer surveys	7.8
Scripting	5.5

Directly checking what an agent has actually said - through real-time call monitoring and post-call reviews of recordings - are seen as the most effective ways of quality assurance, providing the supervisors with touchpoints of real conversations, and these are explored in greater depth within the next section. Customer surveys are also seen as an effective QA method, with feedback from real customers being valued especially by those for whom quality is an external issue. Performance dashboards are highly rated, especially by operations whose quality focus is on internal processes.

Although in widespread use, scripting has quite a poor reputation these days, widely seen as disliked by customers and agents alike, and rigid scripting is certainly often counterproductive. In fact, scripting within a unified desktop environment can actually be beneficial to agent and customer alike, supporting complex interactions where multiple systems and media are required. Applications that define each step of the call interaction flow and present the relevant data to the agent allows agents to take advantage of pull-down menus, on-screen buttons, pop-up windows, inheritance mechanisms, and fill-in-the-blank parameters. Scripts guide agents dynamically through dialogues with customers which change as required, while managing contacts, controlling interactions, and updating databases.



CALL RECORDING AND ANALYTICS

For the past decade, there has been increasing desire within contact centers to improve upon customer satisfaction and experience, in order to keep customers loyal and profitable for longer. Recent ContactBabel studies have shown that increasing customer satisfaction is the no.1 focus of many contact centers, outperforming other key areas such as decreasing costs or increasing sales.

Call recording and monitoring may have been around for a long time, but it is at the forefront of the battle to improve quality and thus customer satisfaction and loyalty. Sophisticated call recording solutions have the tools within them to recognize patterns and anomalies, allowing management to identify the issues that are impacting customer service, and to deal with them at an agent or process level. Such recording solutions record every call that comes in and analyzes them on an agent- or subject-level to identify areas for immediate action, such as whether it is a training issue, a process issue or a product issue.

This real-time analysis, and of course, the actions leading from it, can mean that customers' hold time and call time is shorter because of the increased agent efficiency, and customers call less often about processes that have been fixed as a result of the new system, with agent performance improving as well due to the identification of training needs.

Effectively, the call recording and analytics can act as an exceptionally well-informed and alert team leader who can oversee the entire operation instantaneously, which is vital, as supervisors are struggling under the mass of tasks they have and need something to keep them organized, and contact centers need something to monitor the supervisors and of course, prove compliance.

However, most contact centers still find themselves managing QA with paper-based processes and bulging filing cabinets. Leading call recording solutions have the capabilities to allow QA scoring to be performed retrospectively as well as by listening in live, with automated scheduling of QA assessments, management of compliancy obligations (with audit trails), and less reliance on paper forms stored in filing cabinets.

Agents can feed back and comment on their assessments, including requesting more training. Management can use dashboards to give visibility of QA and operational performance by campaign or agent, quickly identifying non-compliant calls and assisting with coaching and appraisals.

Recording and analyzing the effectiveness of interactions is a vital part of the customer satisfaction and quality mix, especially when it is used for multiple purposes – training, educating the upper management about what customers are saying, and for quality assurance. Agents have to be encouraged to feel that recording is there for their own benefit, improving the standard of service which they provide, rather than just being a “Big Brother” waiting to catch them out. Interaction recording solutions can assist in many areas of the contact center.

Resolution of HR issues:

- Reducing supervision time, by allowing the supervisor to choose which calls to review at a time which suits them
- Increasing the effectiveness of agent training



-
- Demonstrating the investment a company makes in its agents to reduce attrition and the cost of employing and training new agents
 - Rewarding agents based upon customer-focused metrics, which creates a better culture in the contact center and serves customers more effectively.

Improved profitability:

- Managing costs and improving operations through reducing the paper trail
- Measuring agent and contact center performance based upon key performance indicators which the business chooses, e.g. average revenues per call, customer satisfaction rating etc.
- Changing the culture of the contact center towards balancing concerns with cost with loyalty and satisfaction, which interaction recording allows a business to measure
- Feeding back into the whole enterprise, allowing knowledge transfer to occur rapidly enough to change a business's direction immediately based on actual customer responses.

Improved customer loyalty:

- Measuring the contact center performance against metrics which matter to the customer, which will align customer demand with contact center success
- Recording all interactions and analyzing them in depth means business processes can be improved and customer response acted upon immediately
- Best agent practice can be identified and shared rapidly, and worst practice avoided
- Reasons for poor responses to sales and marketing campaigns or product launches can be identified quickly based upon detailed analysis of specific areas.

Alleviate problems caused by new channels:

- Allowing the business to treat each set of related interactions as a single conversation, regardless of media, thus improving the understanding of customers' opinions and preferences
- Creating more highly-trained and knowledgeable agents which will be required as low value-add agents become scarce, and each agent-customer interaction becomes more important
- Fulfilling legal compliance and managing risk across all media.

Encourage the success of new working practices:

- Helping to manage agents remotely without the time or costs of physically seeing them
- Creating the same level of agent skills across sites regardless of actual location, which is critical to an international or global business.

cost

quality

service

ROI

performance

staffing

sales

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PERFORMANCE MANAGEMENT AND THE ROLE OF THE SUPERVISOR

The supervisor's role within a contact center can be thought of to be akin to that of a sergeant in the army: the link between the foot-soldiers (agents) and officers (management), who have to understand the strategy and direction of the company, as well as manage the individuals who make up the team that does the actual work.

Supervisors - usually in charge of teams of 10-20 agents - have an average tenure of 3 years, and have almost always excelled in the position of agent before being promoted, rather than being recruited directly into the role with no previous agent experience. However, without the right support, training and tools, a good agent will not necessarily make a good supervisor, as the latter is a management position which also requires a high ability to multi-task. Despite the big step-up in responsibility, supervisors usually earn only around 25% more than an experienced agent.

The front-line supervisor is widely acknowledged to be the key to a successful contact center, having roles and responsibilities far in excess of their official job description, most of which impact directly upon the performance of the contact center.

Figure 7: Supervisor activities

Supervisor activity	Importance to the contact center
Manage agent performance to required service levels	Missing service levels has a major impact upon cost and customer satisfaction
Review agent career goals against the requirements of the contact center	Lack of opportunity for promotion and advancement seen as a major cause of attrition. However, the needs of the business must also be considered
Identify agent training needs and provide opportunities for learning	Through a combination of silent monitoring, scorecards and call recording, supervisors can develop a good understanding of their team's needs, and schedule training (whether eLearning or away from the desk)
Increase agent skills through mentoring, coaching and training	On average, mentoring (support from senior agents or supervisors) is rated as the best induction course training technique. On an ongoing basis, supervisors will spend around 1.5 - 2 hours per agent per week on coaching

Identify the attributes of agents who are performing well and encourage others to follow suit	Top agents outperform poor agents by 3 to 1. Supervisors identify the best-practice behaviors and characteristics of top agents (making sure that they are aligned with the brand and strategy of the organization) and propagate these to other agents
Troubleshoot technology problems	Supervisors are the first port-of-call when a technology issue has been found, and have to sit with agents to see if they can replicate the conditions in which the error occurred, documenting this for the IT department to deal with. Recording technology can be used to capture screens, data and voice automatically which fit the given criteria
Answer questions and distribute relevant information	The supervisor is a hub of information: upwards from agents who have found specific issues and answers, and downwards from management who wish to make things known. The supervisor needs tools to collate and distribute relevant data in real-time to the right people
Create and alter forecasts and schedules	Supervisors need to use workforce management solutions to plan their schedules, but also have to have the ability to change on the fly as internal and external factors kick in, otherwise service levels will be missed
Handle escalated calls	Supervisors can improve first-call resolution rates by being skilled and supported enough to deal with exceptional and difficult calls which an inexperienced agent simply could not handle
Monitor calls - whether random or exceptional - and provide real-time help if required	Real-time monitoring of calls (perhaps looking for voice stress or key words) can bring in a supervisor to listen to a live conversation, perhaps joining in if the business's needs are not being met or the brand is being damaged by off-message agents
Liaise with the rest of the organization	The supervisor, unlike the manager, will listen to and deal with multiple calls each day, as well as understanding exactly what agents are listening to and talking about. This gives the supervisor an understanding about what customers are saying, which can be fed into the wider enterprise and learned from. Supervisors will also deal with ad-hoc requests from other departments and areas of the contact center as they have all of the information and knowledge required - although it may take a very long time to find in all the data to which they have access
Stand as examples of how to behave and perform	Supervisors are usually top agents as well, and are seen as role models by their teams and need to be supported by business intelligence and reporting tools



Contact center managers may not always be aware how much extra-curricular activity their supervisors have to perform, with the list of work growing ever longer. This combination of too much data, not enough actionable information, too few hours in the day and excessive expectations can mean that supervisors underperform through no intrinsic fault of their own. The right tools, processes and technology solutions can go a long way to alleviating these issues.

MULTIPLE KPIS AND THE UNIFIED SUPERVISOR ENVIRONMENT

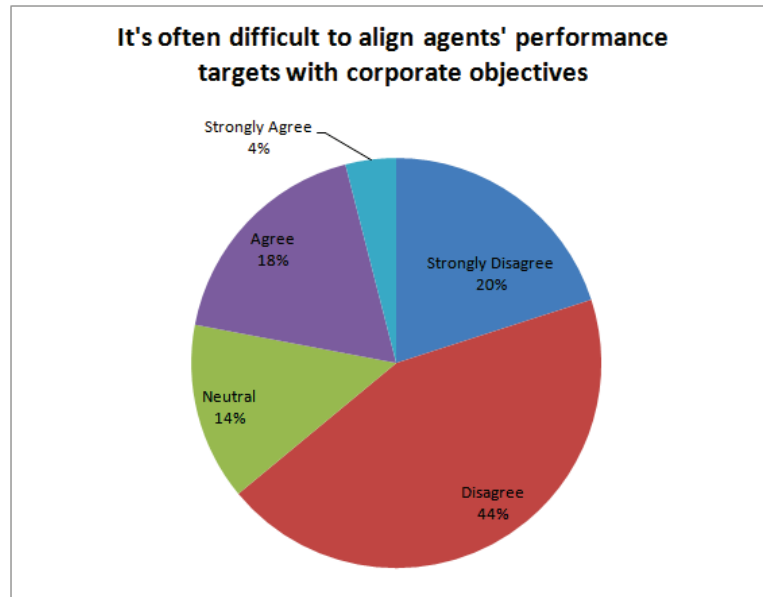
Today's agents and supervisors must deal with multiple applications - ACD, CRM, workforce management, quality management, performance management, order entry, knowledge base, etc. However, applications still reside in separate silos, each dealing with different information and presenting a different user interface. As a result, supervisors usually see multiple views of the contact center, and these confusing displays waste time, degrade service quality and interfere with productivity and effectiveness.

These siloed applications need a unified and customizable approach which integrates them and presents the information that is relevant to the situation in a way that the supervisor will find most useful, in real-time.

As supervisors have a limited amount of time to spend coaching each agent - usually no more than two hours per agent per week - it's vital to use the same performance measurements at both supervisor and agent level. In this way, the real-time call statistics being reported to the supervisor are the same metrics that the agent is being measured against, and which are also aligned with the aims of the wider contact center so that gaps in agent and team performance can be easily recognized. There is an increasing trend to measure performance against real-time KPIs (key performance indicators) that are based upon the wider strategy of the organization (such as first-call resolution and customer satisfaction ratings), rather than just standard ACD metrics.

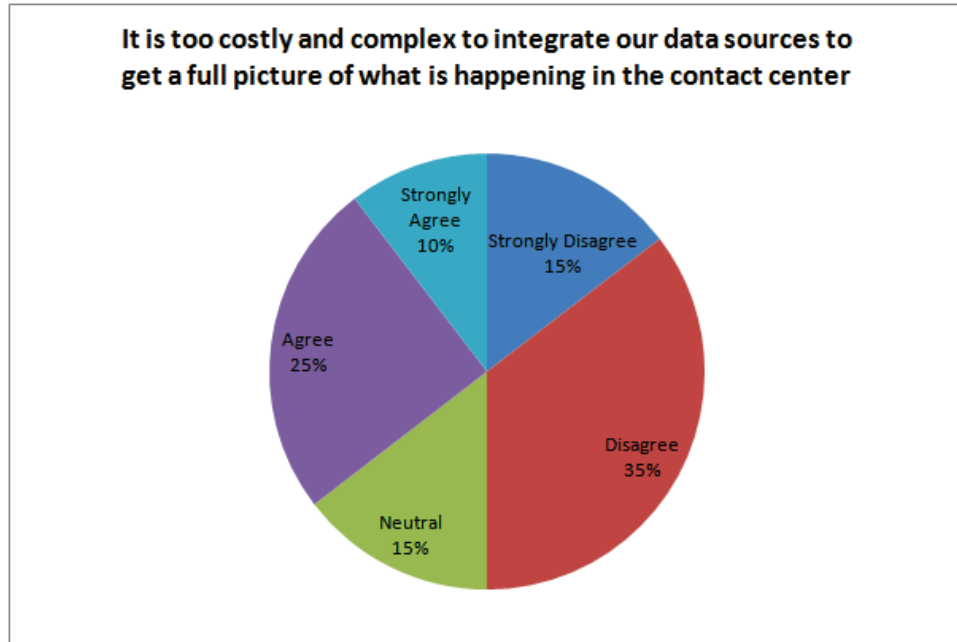
The following chart shows that 22% of respondents believe that what the wider business wants will often clash with how agents are measured - for example, setting targets for average handle time may be counter to the organization's stated desire to increase customer loyalty and satisfaction, as agents who are overly-focused on performance statistics could miss opportunities to go the extra mile with a customer. Surprisingly, it was the smaller contact centers that agreed most strongly with this statement. It might have been thought that large contact centers, with their focus upon efficiency and throughput, would be the most likely to be unable to align with the wider business's stated customer-centricity. However, the opposite is true: it may be that small contact centers simply do not have the presence to make their opinions heard at higher levels of a business, or that organizations with small contact centers do not have the senior management capabilities to understand the pressures on the contact center operation.

Figure 8: How true? 'It's often difficult to align agents' performance targets with corporate objectives'



Many of the gaps noticed in respondents' current performance management solutions talk about integration, and the absence of the data that are needed to get a complete picture of what is happening in the whole contact center. 35% of respondents stated that they could not integrate everything they needed to in order to understand fully what was happening in their contact center operation. There was little real difference between size bands with this question, but financial services and public sector respondents indicated that their systems were often too complex to integrate fully.

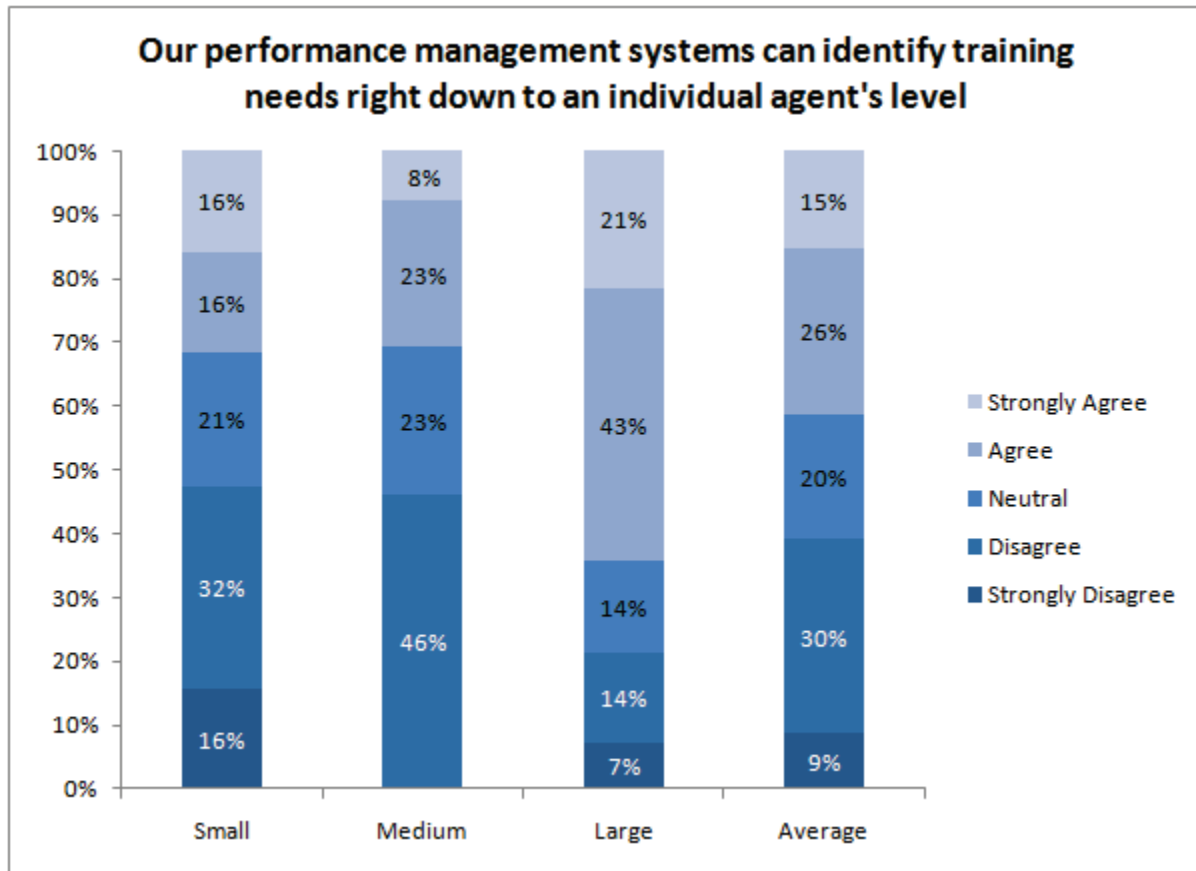
Figure 9: How true? 'It is too costly and complex to integrate our data sources to provide a full view of what is happening in the contact center'



Agent scorecards record performance against key metrics: first call resolution, revenue, AHT, quality and adherence. However, finding the reason for an unsatisfactory score can require extensive searching through multiple data sources and archives. If possible, a unified approach more efficiently and effectively relates performance to specific contributing statistics. Not all relevant data comes from an ACD - agent performance scorecards and informed comment on the types of calls being received are also part of understanding the overall picture, thus closing the loop between quality assurance at a agent level and optimizing the performance of the contact center as a whole.

With a unified approach, a supervisor views a composite performance management scorecard with a single value that represents performance in a number of areas: first call resolution, revenue, AHT, quality, adherence, etc. Using a streamlined process, the user drills through the data and views contributing scores in each area—quality scores, for example. The user then drills down further and views the recording and evaluation of a particular quality score, relating that specific instance to the top-level composite score. The facts behind the top-level score are discovered without time-consuming searches through multiple sources, and a unified approach even allows the supervisor or manager to identify training needs specific to the agent. 41% of respondents state that they have this functionality, in some form, although there is a wide discrepancy by size of operation, and a big opportunity for solution providers to address the lower end of the market where this functionality and ability is rarely used.

Figure 10: How true? 'Our performance management solution can identify training needs right down to an individual's level'



REPORTING AND BUSINESS INTELLIGENCE

Another of the supervisor's, or manager's many roles is to identify, collate and distribute business intelligence - not just raw data - making sure the results go to the correct parts of the contact center and wider organization.

By collecting and analyzing data, tools can be used to report assessment results at all levels - supervisor, team or agent - which can highlight the attributes of a successful team. By reviewing these assessments, supervisors can learn from each other. Additionally, best-practice calls can be saved and used by agents so that they learn from them.

At a higher level, the management in the contact center and the wider enterprise can also be provided with business intelligence gleaned from consolidating supervisor-level reports. It is vital to gain an understanding of the type of calls that the contact center is receiving, as well as how well it is coping with them. Understanding and using all of this input at a micro- as well as macro-level means that the contact center equips itself better to address its performance, scheduling and training needs, making itself more effective and providing a better service to its customers.



From a technical viewpoint, recording and reporting is also used to report exactly what happens before a technology system fault occurs, as it is of great importance to a business's IT department to understand the exact sequence of events that occurs before a fault, so they can duplicate it and then repair it.

REAL-TIME SERVICE LEVEL MANAGEMENT TOOLS

Much of the supervisor's and manager's time is spent making sure that teams are performing to agreed service levels, and improving efficiency and effectiveness. There are a number of specific applications and tools that help in this ongoing process.

- **'What-if' scenarios:** hypothetical models that give an idea of staffing requirements and service levels depending on whether certain events happen, such as a new TV campaign driving up calls, a 'flu epidemic keeping agents off work or a self-service option going live. Practicing their responses in virtual environments can mean the right decisions are made quickly by management when the worst happens.
- **Messaging to teams and agents:** electronic team messaging, especially in a virtual environment, is vital to keeping to the same message. Supervisors can immediately let agents know about changes in service levels, or even the answer to a question which is suddenly being asked by numerous people. Management can also make changes to customer messages, informing them within the IVR announcement of quick fixes, or awareness of a specific issue which is being dealt with.
- **Queue and team management (real-time re-skilling):** the unified supervisor / management desktop allows changes to be made to agent groups based on the skills required to handle specific issues at certain times.
- **Automated processes:** A very high proportion of contact center processes are initiated manually or with mixture of manual and automation, which is not the optimal way to manage processes, and can lead to delay and error. A better way of dealing with multi-step processes is to automate all of the steps that follow logically from the initial change or initiated process. For example, if a scheduled training session will impact too negatively on the future service level, the automated scheduling tool can search for and select a better time, alter each agent's individual schedule and trigger alerts to inform each agent of the new time.
- **The customized supervisor management desktop and automated alerts:** The supervisor or manager can be provided with a single console screen that contains all of their key metrics and alerts that are triggered at certain user-defined parameters, even though the logic itself may be spread across various systems. This unified environment means that they can react more quickly and accurately to issues that arise, and the troubleshooting capability may follow them around the contact center by sending a page or text message as required. Automated alerts can trigger once performance slips below a pre-set level, and be targeted at management, team leader or even agent level.

Management information systems interpret call event data sent from one or more ACD switches. Contact center managers can then access critical information necessary for management of available resources within their contact center operation (s). Detailed information may be offered on:

- Real-time ACD and agent performance monitoring: simultaneous queue and agent data for efficient analysis of call activity and staff performance. Information on individual agents and groups, as well as on inbound / outbound queues is available.
- Historical reporting: measures success at reaching service quality objectives by monitoring the performance of personnel and equipment, determining how staff adjust to the workload and identifying peak and quiet times for better utilization of personnel, which can be fed into workforce management systems.
- ACD load management: enhances the ability to make on-line changes to the ACD configuration in response to real-time calling patterns.

Respondents to this survey were asked what they would most like to improve within their management information systems.

Figure 11: Most desired improvements to management information systems

MIS improvement	Proportion of respondents
Consistency and consolidation across systems to give full view of contact center	28%
Real-time reporting	18%
Agent-level reporting inc. adherence to schedule	10%
100% customer view	7%
Automation of reports	7%
Cross-site management	7%
First-call resolution measurement	3%
Multimedia handling	8%
Other	12%

Almost every respondent had something to say about how they would like their management information system to be improved. By far the most important issue was the difficulty in getting data from various systems into a format that was reliable and useful. There was a general lack of integration across systems, teams and sites which results in multiple reports being generated from different places, rather than the single overall accurate view of the contact center that so many respondents were wanting.

There were also requirements for real-time reporting and agent level reporting, especially to check whether they were adhering to their schedule. This touches upon workforce management functionality, and emphasizes the point that agent performance, contact center performance, workforce management and quality management have all become interdependent.

CUSTOMER SATISFACTION

Most businesses say that customer satisfaction is vital to them. Yet this raises more questions: how satisfied do customers have to be? And what do customers want from contact centers? Quite simply, they would like to be answered quickly by a person who is able to help them without passing them around, and have the correct answer given to them quickly by someone with whom they feel comfortable talking. Additionally, the business has to deliver on the reason the customer is calling in the first place – by sending out the purchased item promptly, changing the database details or refunding money, for example. So the contact center does not stand alone: it orchestrates the rest of the business.

Various pieces of research show that the benefits to a business that are made from increasing customer satisfaction are non-linear: if a customer is very happy, they are likely to be worth a great deal in additional direct purchases and possibly more importantly, will act as a brand advocate for your company. A customer who is merely 'satisfied' will not have anywhere near the same positive impact on revenues or profits, and is likely to be a good deal less loyal.

A contact center can achieve all the operational performance measurements which it sets for itself, without actually being successful. If the customer does not hang up the phone feeling that she has been treated appropriately and that her query has been resolved to her satisfaction, then that counts as a failure, regardless of how good the internal metrics may be (the earlier section on quality as an internal or external metric is a case in point).

As customers become more demanding and their expectations of what constitutes good service increase, then contact centers are forced to develop greater external focus. This is in part due to the growth of outsourcing, which has introduced a new competitive edge to the business of handling calls. In addition, the greater choice available to customers in terms of suppliers means that customer retention is now as important as customer acquisition. Without knowing what your customer thinks of your service, you cannot legislate for their requirements.

The following table shows how customers of each sector rate their satisfaction with businesses. The average has increased slightly from last year's figure of 64%.

As with last year, the customer satisfaction with the insurance sector is impressive, with the unhappiness about the financial system's role in the current economic crisis keeps finance companies' scores depressed.

Figure 12: Proportion of customers giving maximum customer satisfaction rating

Vertical market	Proportion of customers giving maximum customer satisfaction rating
Insurance	86%
Outsourcing	67%
TMT	66%
Manufacturing	62%
Services	61%
Retail & Distribution	52%
Finance	50%
Healthcare	49%
Transport & Travel	46%
Average	66%
NB: insufficient number of Public Sector responses to be included in this analysis	

CUSTOMER SATISFACTION MEASUREMENT TECHNIQUES

The numerous methods of surveying customers include the following:

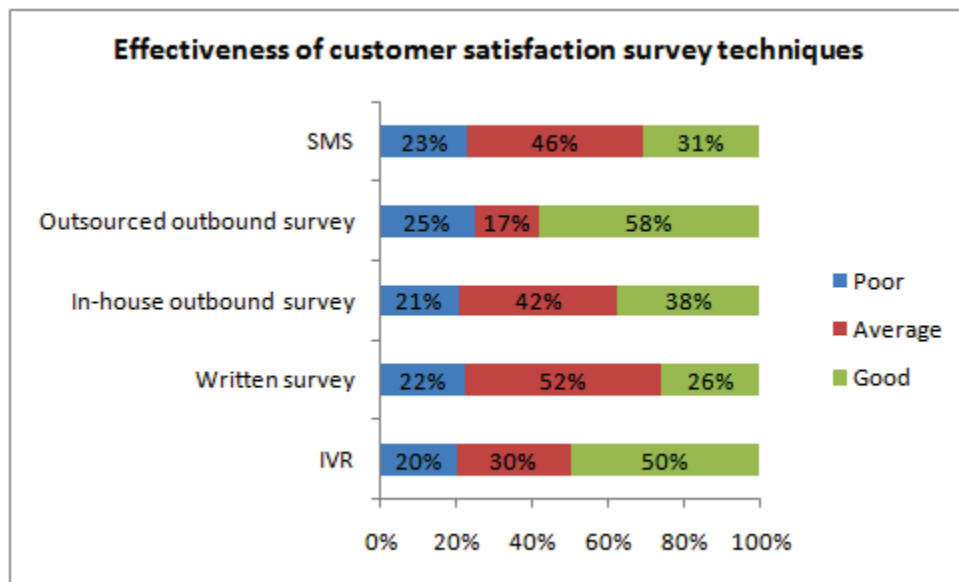
IVR: at the end of the call, and after agreeing to do so, the customer may be passed through to an automated IVR system, which asks generic questions and typically requires 'yes' or 'no' responses, the theory being that the customer can provide an impersonal and immediate reaction, as well as it being cheaper for the company than massive outbound customer satisfaction surveys. However, the 'play rate' - the proportion of people taking the survey is low, and tends to be self-selecting, with those who have experienced either very good or poor service being more likely to take the survey, which skews results. Contact centers should also limit the ability of agents to prevent callers from taking the survey, as the agent will know how the customer feels and will not want to encourage disgruntled customers from being surveyed.

Written: a system-generated letter is posted to the customer soon after an interaction takes place, requesting feedback. Typically more customers who have had a poor experience will bother to return the questionnaire, skewing the figures, and although some good and detailed learning points can emerge, it's an expensive way to survey customers. It's also the case that results will be tilted towards the demographics with more time available to them, especially older people. There can be a lack of immediacy, and some people might feel that sending out a written questionnaire to ask about how well a call was handled is over-kill.

Outbound: frequently, the contact details of a proportion of incoming callers will be passed to a dedicated outbound team, who will call the customer back, often within 24 hours, to ascertain the customer's level of satisfaction with the original call. Sometimes customers will find this intrusive, while others will welcome the chance to provide feedback. Additionally, certain companies employ **outside agencies** to survey customers regularly, which may be useful in benchmarking exercises, since they will apply a more formalized and structured approach to data gathering and presentation.

The following figures shows that respondents believe that outbound third-party telephony is the most effective customer satisfaction survey method currently being used, as the neutrality of using an outsourcer was seen to provide better results. There is a more lukewarm feel to written surveys, but half of respondents considered post-call IVR to be a good way of gauging customer satisfaction.

Figure 13: Effectiveness of customer satisfaction survey techniques



While there is not a single measurement method which is generally agreed upon to be the best, outbound telephone surveys (whether carried out by the business or an outsourcer) rate slightly higher than more hands-off approaches, perhaps simply because people are less likely to refuse a person rather than ignore an SMS or written questionnaire. It would be interesting however to see whether the customer satisfaction rankings that are gathered by people are generally higher than those gathered by machine, as there is a hypothesis that suggests that people will be more likely to tell the whole truth if they do not have to be negative towards another person. However, although outbound calls are expensive, they can gather more detailed information about specific comments, rather than just statistics, further allowing the company to rectify unacceptable service hopefully before the customer defects elsewhere.

A few businesses are beginning to look at **SMS** to gauge customer service. This method has the advantage of immediacy of sending and also of reporting on the results. It is a cheap way of carrying out surveys, and can be linked to a specific agent, allowing the contact center to use this information for agent performance as well as satisfaction with the business. SMS does not allow detailed or multiple questions though, and businesses will have to collect mobile numbers if they do not already have them. However, play rates are far better than most other forms of feedback (at around 25-35% on average), and younger and more time-poor customers are more likely to respond, providing a wider universe of responses across demographics. This form of survey can allow the contact center to identify very unhappy customers and schedule an outbound call to deal with the problem.

We would suggest that there is no single best way to gauge customer satisfaction. If detailed feedback is what's needed, a written or telephone-based questionnaire is best. If what you need is immediate knowledge about an

issue (including your customers' views of your agents' performance), consider post-call IVR or an SMS survey. The more information you have at your disposal, the more confident you can be that you understand your customers fully.

Despite this discussion, carrying out the survey is the easy bit. Many companies pay lip service to listening to their customers. The question is...do they actually hear what their customers say? And more importantly do they act upon it to change or improve their processes? There is no point in generating an expectation which you have no intention of fulfilling. Don't ask the customers for feedback if you have no intention of using it to make the service you provide them with substantially better.

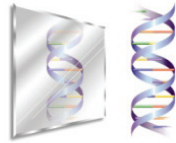
Formal surveys of customer satisfaction offer the customer a chance to feed-back, and the business to learn. Setting up surveys involved various elements which should not be overlooked, including:

Defining the purpose and objectives of the survey

- Deciding the approach
- Developing the questionnaire
- Carrying the survey out
- Collating the data
- Analyzing the results
- Presenting the findings - and acting upon them.

The point of a customer satisfaction survey is to discover what the company is doing wrong, where improvements can take place, how the company is perceived against its competition and how it can improve. It is important to view the survey from the customers' perspective, rather than checking boxes that just relate to internal company metrics, which is self-serving.

Survey forms should be simple and quick to complete, but if possible should carry enough weight to allow the company to change its processes and behaviors if that is what is required, using a mixture of objective questions that can be segmented and scored, as well as free text, especially in telephony questionnaires, where customers can be encouraged to add real value.



Harding & Yorke

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[Empathy vs. Profit](#): your customers' feelings about your call centre and your profitability

COMPLAINTS

John Seddon uses the term "failure demand" to describe calls that are created by the inability of the business's systems to do something right for the customer:

"A failure to do something - turn up, call back, send something...causes the customer to make a further demand on the system. A failure to do something right - not solve a problem, send out forms that customers have difficulty with and so on - similarly create demand and creates extra work. Failure demand is under the organization's control, and it is a major form of sub-optimization."¹

Seddon cites the instance of the bank where failure demand created almost half of the calls which they had to deal with. Another classic example of failure demand is where emails go unanswered, leading to calls being made (first-stage failure demand). Later, the email will be answered, unnecessarily, as the customer already has their answer (second-stage failure demand). This redundant work will then impact on other (still live) messages in the email queue, creating a vicious circle of failure demand. Redesigning and restructuring the way in which work flows around the organization, putting the contact center at the heart of it, rather than treating it as a separate silo, will go much of the way to reducing unnecessary contacts. The customer ends up getting a better service from the whole company, not just the contact center.

One way in which this can be achieved is to unify and automate the agent desktop, bringing in the relevant data automatically, depending on who the caller is and what they want. At the end of the call, the correct data is written back to the relevant places, and the correct processes kicked off automatically, meaning that the right departments will be provided with the right information, thus reducing the risk of failure demand, unnecessary

¹ *Freedom from Command and Control: A better way to make the work, work*, John Seddon, 2005

calls and irate customers. This also takes the pressure off the agents to remember which systems to update and how to navigate through them within the call (which causes long delays, negatively impacting customer satisfaction), or in the wrap-up, which risks agent forgetting to do things, and also decreases agent availability, increasing the queue length, and decreasing customer satisfaction.

Information on failure demand can be gleaned from the contact center, which can also hold huge amounts of knowledge about what customers' views of the products, services, competitors and company are. Feedback loops will be established in leading contact centers to push information and insights upwards to those who can make a difference in product development, process improvements and customer strategies. It is vital then to act upon this knowledge, proving to both customers and agents that the business takes them seriously.

Customers who take the time to complain are also taking the time to state what went wrong with your process, product or communication, and this effort should be acknowledged and treated as being important. Businesses have found that fixing the problem for one customer can help many other customers, including the ones who never contacted you. Most customers are not complaining to cause trouble - they want you to know what went wrong, and believe that you can fix it. If one customer makes a complaint, the chances are that there are many more who are experiencing the same thing. A customer that has given up on your company will probably not complain, but go elsewhere and tell everyone who will listen that they are doing so.

Figure 14: Proportion of calls received that are complaints / target of complaints, by vertical market (sorted by largest proportion of complaints about the contact center - high-to-low)

Vertical market	Proportion of calls that are complaints	% complaints about the contact center	% complaints about the wider business
TMT	27%	13%	87%
Outsourcing	9%	15%	85%
Manufacturing	25%	5%	96%
Finance	8%	14%	86%
Insurance	3%	20%	80%
Services	15%	3%	97%
Healthcare	2%	20%	80%
Transport & Travel	16%	2%	98%
Public Service	1%	30%	70%
Retail & Distribution	20%	1%	99%
Average	14%	11%	89%

The preceding table shows, by vertical market, the proportion of inbound calls received that are complaints, and also, in the widest sense, what that complaint is about (i.e. internal - such as a rude agent or not being called back when promised, or external - such as failure demand, which is explained previously).

The table is sorted by those vertical markets which have the greatest proportion of their calls being complaints about the contact center itself. In this case, the TMT sector has 3.5% of its overall calls being complaints about the service received in the contact center itself (calculated by multiplying the % of complaints - 27% - by the % that refer to the contact center - 13%). On the other hand, the retail & distribution sector has a miniscule 0.2% of calls being about the failings of its contact center operations, although there are a very high number of complaints about the business as a whole.

This calculation and ordering helps to show the true nature of each sector's contact center operations and also the underlying level of competency in the wider business. For example, the retail & distribution sector receives a high proportion of complaints (20% of all calls), but 99% are about failures in processes elsewhere in the enterprise.

The vast amount of complaints received by a contact center are not about the contact center itself (or its staff), but rather 'failure demand', caused by a breakdown of process elsewhere in the organization. However, the contact center has to deal with the dirty work, and further failures within the complaints procedure (or lack of it) can see customers calling into the contact center again and again, becoming more irate each time, despite the real problem lying outside the contact center.

There is also a real risk, especially within large contact centers, that a single agent does not have the capability or responsibility to deal with the customer's issue, which may reach across various internal departments (e.g. finance, billing, provisioning and technical support), none of which will (or can) take responsibility for sorting out the problem.

VIRTUAL QUEUE MANAGEMENT

In 2007, a telephone questionnaire was asked to a representative sample of the UK population by ContactBabel, which aimed to explore why the UK public hated queuing to speak to a contact center agent, yet were legendarily happy to queue for almost everything else.

Figure 15: Reasons given for dislike of contact center queuing

Reason for disliking queue	Average score from 10 where 10 is "extremely frustrating"	% of public scoring this at a maximum 10
Not knowing how much longer you'll have to wait	8.7	61%
Repetitive announcements	8.0	45%
Having to restate account information already given earlier in the call	8.0	45%
Can't do anything else in the meantime	7.9	46%
The music you have to listen to	7.3	39%

The key finding from this table is that 61% of the public absolutely hate not knowing how much longer they will be waiting. This is less of a problem when waiting in a store to speak to an assistant, as although they cannot give you an exact statement of when someone can help, the queuing system allows a customer to see how many people are



ahead of them, and to estimate their own wait time. This makes queuing psychologically easier for the customer, **even if the actual waiting time is significantly longer than it would be in a contact center queue.**

The phenomenon of 'Dentist-Chair Time' - time which seems to stretch out to infinity - is very much active in the contact center world. ACD statistics from thousands of contact centers, over many years, indicate that an average wait time is around 20-30 seconds. However, when the public was asked to estimate the time they usually spent waiting to speak to a contact center, the average answer was 11½ minutes - 27 times longer than the reality.

Clearly, trimming 10% off a queue time isn't going to make a lot of difference to the perception of the caller, even though it may be a very difficult task to carry out. If customers aren't informed of wait time, they may become discouraged and frustrated as hold time drags on. This can lead to increased abandonment and starts a call off badly, leaving the agent with a lot of work to do. Customers waste time complaining about their experiences and may even ask additional questions on the call so that they get their money's worth.

If customers hear the estimated wait time, they may decide to abandon immediately or may judge that the wait is acceptable and remain on the line to speak with an agent. This alleviates some customer frustration but means that some of the callers which abandon may not call back - ever - and it doesn't solve the fact that customers are still having to wait. One solution is to implement a virtual queuing system, which provides customers with information about current queue conditions and presents them with various options, such as remaining on hold or being called back when it is their turn.

There are several different varieties of virtual queuing systems: the standard "First-In, First-Out" (FIFO) system keeps the customer's place in line by monitoring queue conditions until the estimated wait time hits a set target, at which point it intercepts incoming calls before they enter the queue, informing customers of their wait time and offering the option of receiving a return call in the same amount of time as if they had personally waited on hold.

At this point, customers choosing to remain on hold go directly into queue. Customers who opt for a call-back (typical acceptance rates of a FIFO call-back are around 50%) are prompted to enter their telephone number and then hang up. Virtual placeholders keep the customers' places in line and the virtual queuing system launches an outbound call to the customer at the agreed time. When the callback is answered by the customer, the system checks the right person is on the line and ready to talk. If this is the case, the call is routed to the next available agent, who handles it as a normal inbound call.

By replacing real hold time with this virtual version, customers are free to do other things, thus removing four of the five problems that they have with queues - unknown queue times, hold music, the inability to do anything else and repetitive announcements.

It is also worth considering a scheduled call-back system, which differs from a FIFO system in that customers do not keep their place in queue, but are called back at some time in the future that is more convenient for them. There are several flavors of scheduled virtual queuing:

- **Datebook-type scheduling systems** allow customers to schedule appointments for days in the future, with times blocked-out that are unavailable for scheduling, and limiting the number of call-backs available. This system also allows customers that reach a contact center out-of-hours to schedule a call-back during normal working hours

- **Timer scheduling systems** promise a call-back after a specific amount of time, regardless of queue conditions. While this ensures an on-time callback for the customer, a surge in call volume or staff reduction due to a shift change can create problems for the contact center's queue, lengthening wait times for other callers.
- **Forecast-based scheduling systems** offer appointments during times that are expected to have low call volumes. These times may not be convenient for the customer, and the contact center runs the risk that their scheduling may be inaccurate.

Virtual queuing and call-back, when implemented - and explained properly to customers - can be a win-win for both business and customer by:

- Increasing customer satisfaction
- Reducing average speed to answer
- Reducing call abandonment rates
- Reducing call lengths as customers should spend less time complaining and adding-on unnecessary queries "while they're on..."
- Reducing toll-free costs, as virtual queuing time does not incur telephone charges.

The following table shows the prevalence of call-back options, with 17% of respondents offering a queue-based call-back option. Interestingly, it is the service-oriented respondents that are more likely to offer the latter, whereas it might have been expected that sales-focused contact centers would have been more concerned about losing a potential sale and thus to offer a call-back option.

The use of a website 'call-me' button (which initiates an outbound call at a time specified by the recipient) is used more by sales operations, and is present in the case of 18% of respondents.

Figure 16: Use of website 'call-me' buttons and call-back options, by contact center activity type

Contact center activity type	Website call-me button	Queue call-back option
Sales	27%	5%
Mixed	24%	24%
Service	11%	21%
Average	18%	17%

TRAINING AND COACHING

Although agent attrition is less of a concern for many contact centers than it has been for some years, the need to improve customer satisfaction and quality has come even more to the fore. This makes agent training is one of the most high-profile and important issues within the industry, with its importance to contact center managers growing year on year. As the types of role that contact center agents perform continue to grow in complexity, ongoing training must go beyond simple call handling and top-line product information. There is an increasing trend towards cross-selling and up-selling, which requires agents to switch between very different skill-sets at a moment's notice, and the importance of empathy and listening skills cannot be underestimated.

Contact center training starts with induction courses, initial periods of two to four weeks that prepare an agent for life in the contact center. After this, the coaching provided by team leaders and senior agents is invaluable, but the agent must continue to receive support throughout their career, and to be able to gain the skills and experience they need to move upwards and of course to do their current job effectively.

To this end, a mix of internal and external training is often used, and there are a growing number of external qualifications in and around the contact center industry for contact center employees at all levels, with many contact centers offering agents those opportunities. There have been polarized views on this across the industry: some cynics believe that externally-recognized qualifications will just encourage agents to leave sooner, whereas most see it as an investment in the agent, and proof to the agent that the business values them.

Most contact center managers are aware and concerned that the skills available in their contact center are leaking away too quickly, due to high attrition rates, or increasingly, that the general availability of skills required is not high enough in any case. The content and aim of training can be roughly divided into hard and soft skills. Hard skills are those which are specific to the job in hand, and/or that can be measured. Examples include:

- Data entry speeds
- System navigation
- Product knowledge
- Application usage
- Understanding of relevant business processes.

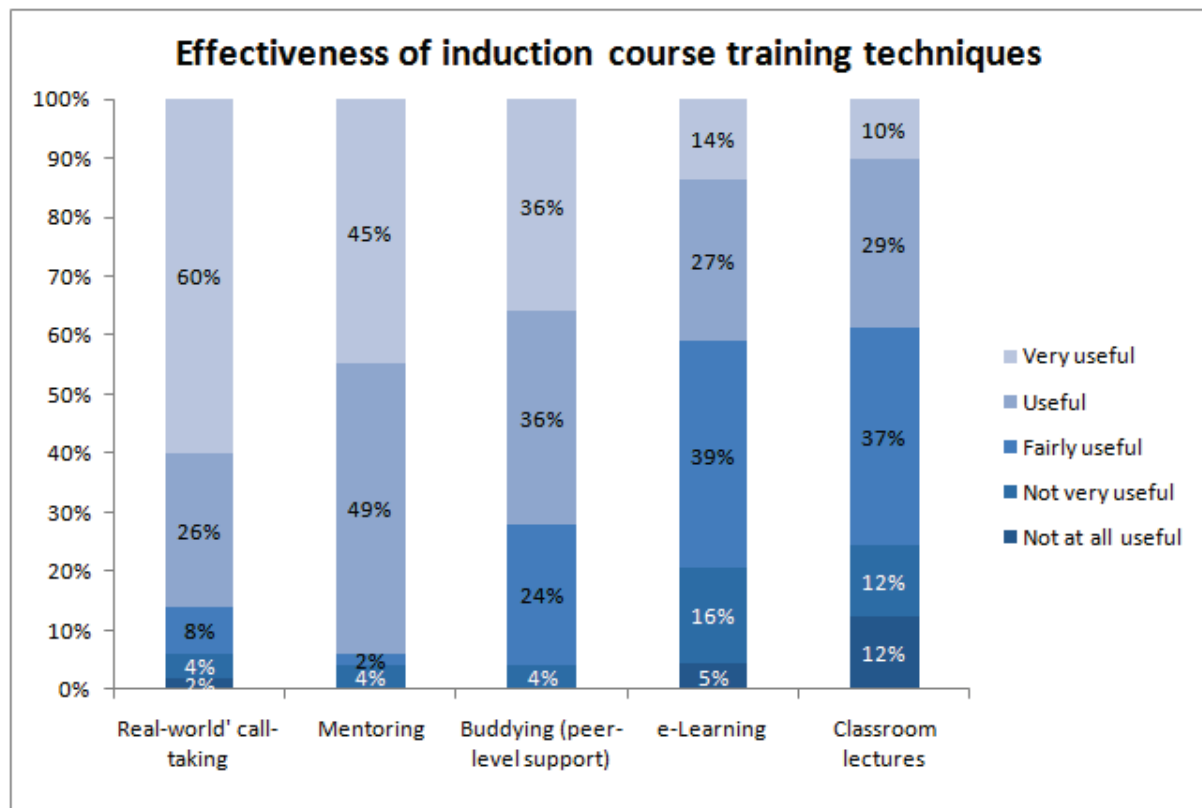
Soft skills are more about influencing the agent's behavior and character, as well as looking at the non-measurable elements. They include:

- Empathy and listening skills
- Cross-selling and up-selling
- Managing intra-team dynamics
- Developing self-motivation
- Dealing with abusive customers.

INDUCTION COURSE TRAINING METHODS

Respondents were asked to state how effective various training methods are within an induction course environment. The following table shows that one-to-one tuition and support is seen as far more effective than the one-way information flow of lectures and eLearning, although the latter are much more cost-effective ways to disseminate information to large numbers of people at once.

Figure 17: Effectiveness of induction course training methods



The traditional method of training is to sit a number of people in a room and **lecture** them. This is certainly a useful, well-proven and cost-effective way of passing on information, although of course it cannot really take into account the specific requirements of each employee. However, as a way of passing on structured information - for example, about a new product - it is a very effective and well-used training method.

Almost all respondents use the '**buddying**' technique, giving a current employee responsibility for a new starter, so that they can learn the ropes in an informal environment and have someone to discuss any of the hundreds of new tasks and situations that a new starter has to deal with. While this is in theory a good idea, and certainly cheap, there is often little quality assurance of buddying technique, and the experience can vary widely depending on the 'buddy' in question. Some organizations deliberately ask less-motivated employees to be buddies, in the hope that the extra responsibility will help them to improve their own attitudes, although this is obviously fraught with risk. Generally though, buddying is a positive and cost-effective way of easing a new starter into the company, although

it should not be relied upon to take the place of structured training methods, particularly as the ‘buddy’ themselves will often not have received any detailed training on what to do.

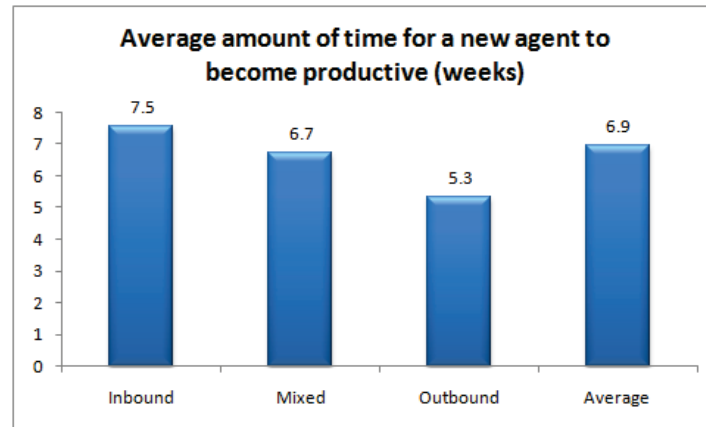
The **mentoring** technique is a more hierarchical version of buddying, involving more knowledge and skill transfer and often a more formal setting, with specific time set aside, perhaps with a small group rather than an individual. Again, most respondents state that they use this method of training, although in reality, some of the mentors will actually be more like buddies - those on a similar level, albeit with more experience of how the business works. Mentoring comes with a definite cost, as the mentor is likely to be an experienced and skilled individual and thus, their time will be in great demand. The mentor may run specific regular sessions for their protégé or group, based on transferring specific knowledge and skills, and perhaps being involved in the protégé’s career progression. This method is rated the most effective way of training new agents, along with **live call-taking**, which is a training method specific to contact centers whereby new agents make the transition away from the classroom by taking live calls in a tightly-controlled environment, with one-to-one supervision that is gradually eased as the agent’s competency and confidence grows.

E-Learning currently lags some way behind the other training methods in terms of its use, although it is far more prevalent than it was even 2 or 3 years ago. This training method involves the agent taking software-based course modules at their own desk, which reduces the need for expensive formal training sessions at times which may not be suitable for the business (e.g. taking agents away from their desks for training in the middle of a call spike isn’t generally welcomed). Such courses are may delivered via the web as ‘software-as-a-service’, or the company can buy licenses, either of which can be cost-effective and flexible, although there are limited options to change content or ask questions in most cases.

TIME REQUIRED TO BECOME FULLY-PRODUCTIVE

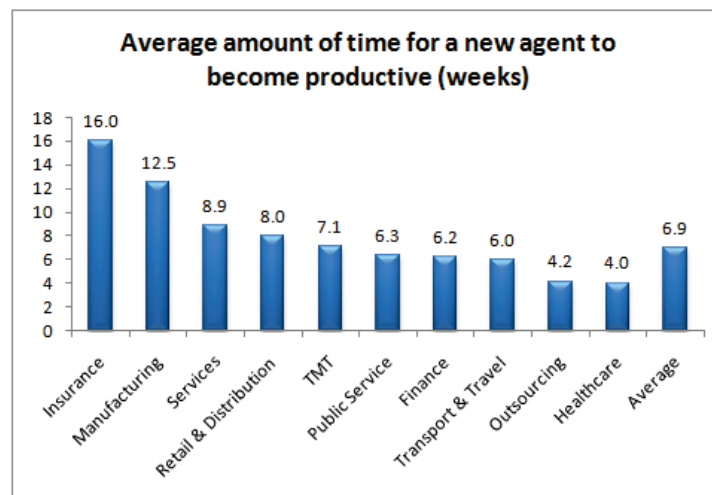
The main purpose of any type of training is to improve employee's abilities to do their job well. On average, respondents state that it takes almost 7 weeks before a new starter is fully-productive, which means that for the best part of the first two months, an agent is still coming to terms with their job and is not pulling their full weight.

Figure 18: Number of weeks for a new agent to become fully productive, by contact center activity type



There is little difference between size bands in the amount of time required to get an agent totally up to speed, but as we might expect, the type of contact center activity that an agent is asked to do has a large bearing on their speed to competency. Outbound-focused operations (usually sales-orientated), get their staff fully-trained and selling far sooner than an inbound operation. This is probably due to the higher number of systems that an inbound operative has to use, as well as the often-required need to blend service with sales, a less prevalent use of rigid scripting and a greater variety of requests and topics that an inbound agent will often have to deal with.

Figure 19: Number of weeks for a new agent to become fully productive, by vertical market



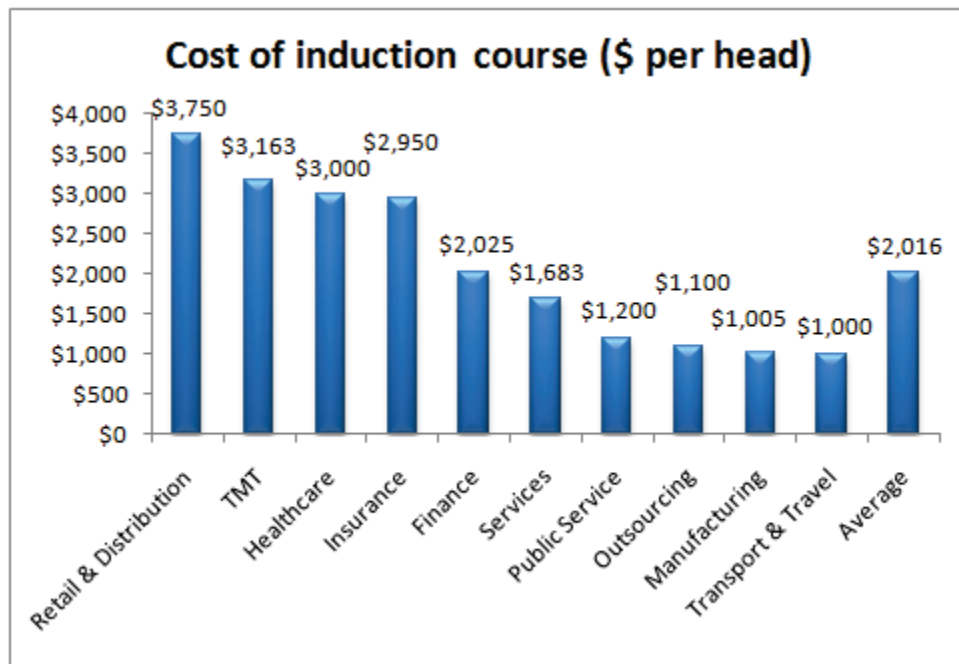
This delay in achieving full productivity is even more noticeable in businesses where the role is generally more challenging, probably as a result of the technical complexities of the role, the legislative requirements or any other business-specific reason for delayed competency, as can be seen with insurance agents.

INDUCTION COURSE COSTS

The cost of the induction course varies significantly across vertical markets, as the complex inbound service and cross-selling activities often found in the retail and TMT vertical markets pushed the per-capita induction course expenditure to around or over \$3,000 per head for some sectors. Vertical markets with a lot of sales focus, especially outbound have a much lower induction course cost.

Overall induction course expenditure per head has declined dramatically in 2009, dropping from an average of \$5,331 per head in 2008 to only just over \$2,000 this year. It is often said that the first cuts to be made in a recession are in training and marketing budgets, as the negative results of these will be felt in the future rather than immediately. These figures seem to bear that out strongly, and are mirrored in the UK contact center industry as well.

Figure 20: Cost of induction course by head, by vertical market



Across the board, training budgets have been cut dramatically, with the inbound sector cutting an unbelievable \$4,400 per head from the induction course expenditure.



Figure 21: Cost of induction course per head, by contact center activity type

Contact center activity type	Cost of induction course per head (\$)	Change since 2008
Inbound	\$1,890	-70%
Mixed	\$2,875	-30%
Outbound	\$1,255	-37%
Average	\$2,016	-62%

The largest contact centers will usually tend to spend slightly more than smaller operations, as they have more access to training techniques that lower-budget operations do not (e.g. external trainers, e-Learning, etc), as well as the standard training methods. However, there is little difference in per-capita spend across size bands, as they have all been cut to the bone in 2009.

Figure 22: Cost of induction course per head, by contact center size

Contact center size	Cost of induction course per head (\$)	Change since 2008
Small	\$1,575	-73%
Medium	\$2,053	-59%
Large	\$1,631	-60%
Average	\$2,016	-62%

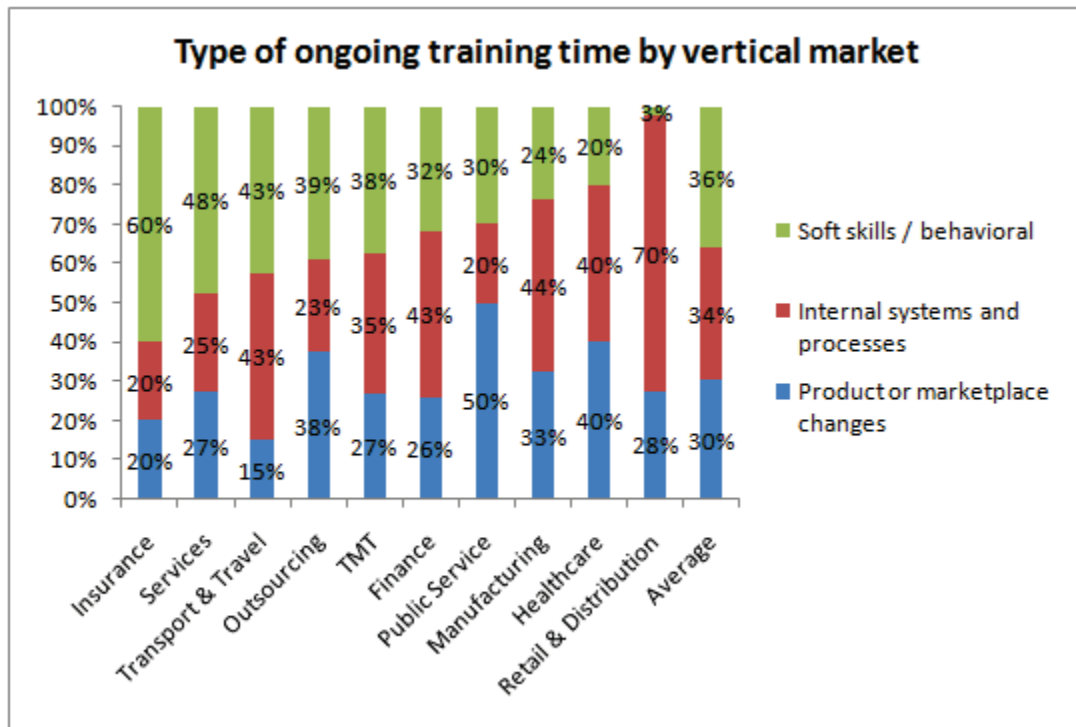
ONGOING TRAINING AND COACHING

Once an agent comes out of the induction course, their team leader or supervisor should take over the day-to-day development of the agent, supported by regular and targeted formal training courses (whether internal or external), and possibly computer-based training sessions as well.

The types of training that agents receive can be broadly split into product or marketplace knowledge, internal systems and processes (IT systems training, business processes and flows, etc.) and soft skills (listening and conversational skills, learning and reinforcing positive behaviors, cross-selling and up-selling, etc.). Hard skills (product and IT systems) training is more focused upon than soft skills across all industries, except insurance, although the services and transport & travel sectors state that they spend over 40% of training time on soft-skills. However, soft skills as a whole is up to 36%, an improvement on 2008's figure of 30%.

The retail & distribution respondents state that more than half of their training time is spent learning about how to use and manage internal systems and processes.

Figure 23: Type of ongoing training time, by vertical market



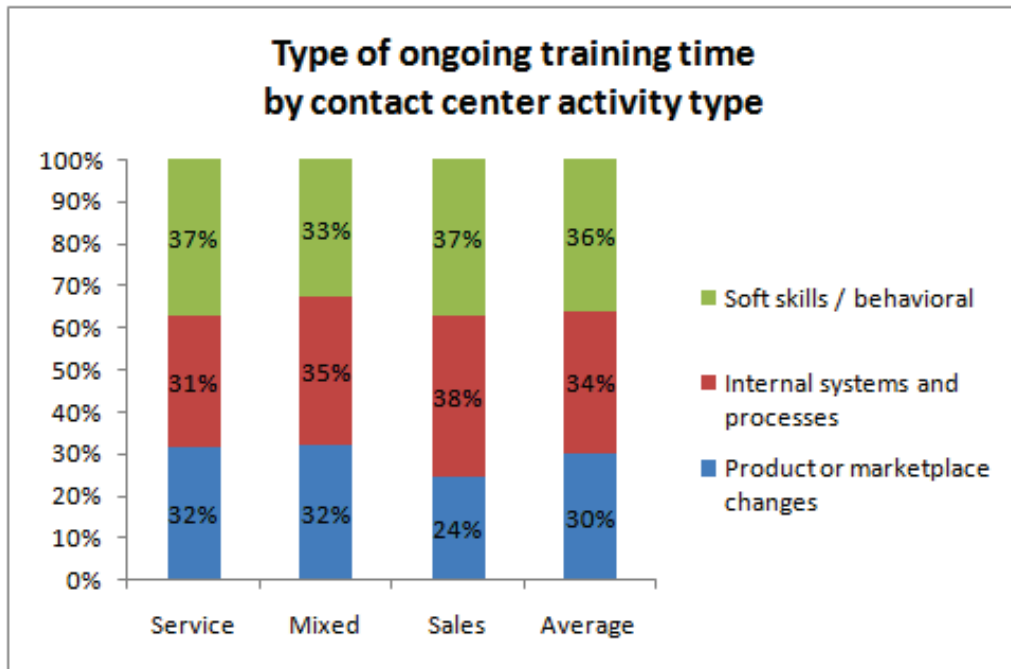
It is negative that a very significant amount of the agents' time is spent on training them how to navigate between multiple archaic legacy systems, when desktop integration applications could be put in place to ease the flow of the interaction, allowing the agent to focus upon the customer. Through this, the use of dynamic, intelligent scripting or prompting can be promoted, providing the agent with the right information at the right part of the conversation, without them having to learn first about every product and service that might be relevant.

Once this major barrier to quick, successful interactions is removed, agents will have more time to listen to customers, and to use some of the softer skills, such as negotiation, cross-selling and up-selling and consultative selling rather than having to wrestle their way through multiple complex and arcane systems.

It is not just soft skills that should be focused upon: only 30% of the typical agent's training time is spent upon learning about their products, services or competition, although down slightly on last year's figure of 32%. An agent that does not feel confident that they know all they can about what they are selling cannot be expected to initiate cross-selling or up-selling with any sort of competence, nor answer most of the questions that a well-informed customer or prospect can ask about competitive products.

There is little pattern to how ongoing training is spent across the contact center size bands, nor is there is a significant difference when looking at the type of activity of the contact center.

Figure 24: Type of ongoing training time, by contact center activity type



Surprisingly, sales-focused, outbound operations spend only 24% of ongoing training time informing staff about new products, features and competition. This is a missed opportunity, as they are likely to be asked about these, and this knowledge, along with how to present it, is likely to be vital to whether a sale is made. However, perhaps the biggest difference is in the amount of type dedicated to soft-skills, especially sales techniques, empathy training, matching communication styles and attitudes with callers, and listening skills.

Quite apart from the time spent on formal training courses, agents will receive one-to-one coaching with their supervisor and are also likely to have some form of computer-based eLearning facilities available to them.

Figure 25: Types of ongoing training (hours per agent per week)

	Coaching	eLearning	Classroom training	Total ongoing training
Average	2.2	0.8	1.0	4.0
NB: 'Classroom training' data converted from 'days per year' into 'hours per week' by assuming 8 hours per day, and dividing by 52 weeks				

In terms of cost, the annual per-head expenditure on ongoing training is \$1,694, 15% lower than last year's figure of \$1,991, but a less dramatic reduction than that seen in the induction course budgets.

TEAM LEADER COACHING AND DEVELOPMENT

Many people say that team leaders are the most important people within the contact center, as they are what makes the difference between good and mediocre agents. Yet many team leaders are promoted out of the agent role at which they were good, without being fully taught the skills of management or coaching, including excellent people skills, training and coaching, learning how to balance the demands of their own teams with their operational workload and acting as the ultimate arbiter with difficult customers.

Figure 26: Weekly hours of coaching and development for team leaders, by vertical market

Vertical market	Weekly hours of coaching and development for team leaders
Insurance	3.0
Transport & Travel	3.0
Outsourcing	2.7
Manufacturing	2.2
Healthcare	2.0
Finance	1.3
TMT	1.3
Services	1.3
Retail & Distribution	1.0
Public Service	0.8
Average	2.1

On average, an agent can expect to receive slightly more than 2 hours of coaching per week from their supervisor / team leader, equating to around 60% of the team leaders' time, and these team leaders themselves receive about the same amount of coaching and development from their superiors. Many contact centers have flat structures, and senior management has to try very hard to make the time to develop team leaders, without taking them away from the teams for too long.

Solution providers offering assistance with Improving Quality and Performance include:



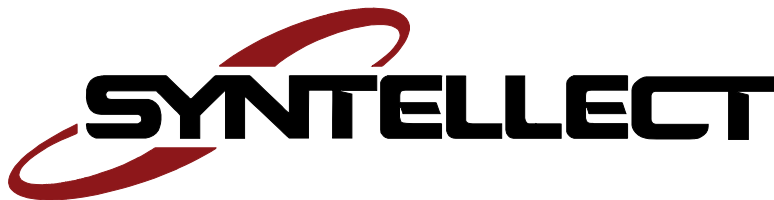
inContact provides market-leading, end-to-end contact center services and network connectivity – in the cloud.

www.incontact.com/products-solutions/incontact-platform



nVoq was founded in 2000 by veteran technology entrepreneur Charles Corfield who believed call centers could run more efficiently by making better use of the thing they used the most: speech.

www.nvoq.com



At Syntellect, we help our customers create, maintain and continuously improve superior end-to-end service for their customers: with over two decades of pioneering leadership and thousands of solutions deployed globally, Syntellect is a premier provider of enterprise-class contact center solutions for the utilities, financial services, government, high- technology, help desk, consumer products and healthcare industries.

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MAXIMIZING EFFICIENCY AND AGENT OPTIMIZATION

Improving call throughput and decreasing costs has been a focus of most contact centers since the industry started, and few solutions or processes are considered without understanding how they will affect productivity.

This section looks at ways in which contact centers can make the most of what they've got, through increasing efficiency, or by avoiding unnecessary calls in the first place. Solutions and issues include:

- Contact center performance metrics
- Changes in Opex and Capex
- Alternative ways of working - virtualization and homeworking
- The enterprise-wide contact center
- IP and convergence
- The unified desktop
- Voice biometrics
- CTI and call routing
- Workforce management
- Headsets.

Comprehensive Contact Center Solutions

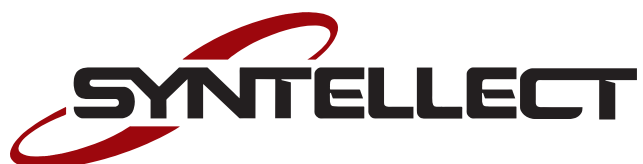


When you choose Syntellect contact center technology your customers will experience exceptional service throughout the entire interaction lifecycle.

Syntellect has solutions for every aspect of your customer interaction needs:

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CONTACT CENTER PERFORMANCE METRICS

The success or otherwise of contact centers has traditionally been measured by observation of key metrics, usually related to cost and efficiency – average call length, average speed to answer, % of calls answered within a certain time, etc. While these figures are a useful and still widely-acknowledged and understood benchmark, times are changing, albeit slowly. Many contact centers now try to measure the effectiveness of their operation by tracking metrics such as first-time call resolution and customer satisfaction levels, although there are no standard measures or agreements on what constitutes a satisfied customer or fully-resolved call. This does tend to strengthen the hand of those who believe that because the contact center **can** provide detailed data on call volumes and handling times, then that is what it **should** primarily be measured against. Depending on the type of work that they do, contact centers may like to consider focusing upon various measurements from the following table.

Figure 27: Contact center metrics

Metric	Comments
Call duration / Average Handle Time	A typical ‘old-fashioned’ metric, which seems to be going out of favor, based on the idea that each call is different and should take as long as it takes.
Cost per call	<p>Although this is an attractive and easily-understood metric for senior management to view, there is a real danger that calls are closed too quickly and revenue and loyalty-building opportunities are lost. If a contact center has many short calls (which may be better off being dealt with by self-service), this will produce a lower cost-per-call figure, which makes it look as though the contact center is doing well, when the opposite may be the case. The same logic applies to first-call resolution rates.</p> <p>Cost per call is a very complicated metric that is difficult to get correct. However, senior non-contact center management understand how cost figures impact the business more than occupancy or call abandonment rates, although these have an impact on all parts of the business. At the most basic level, cost per call can be calculated by dividing the overall spent budget of the contact center by the number of calls, although this does not take into account although this does not take into account abandoned calls or where the customer has had to call multiple times to get a resolution (a situation which in fact brings cost per call down, although being negative to both business and customer). Neither does it take into account the effect of failure demand - where the contact center cleans up after processes elsewhere in the business go wrong, leaving the contact center to sort them out. As such, it should be viewed with caution.</p>
Schedule adherence	Schedule adherence is a metric that looks to help with the fine-tuning of a contact center’s labor force, so that calls are answered swiftly, but that agents are not sitting idly waiting for calls. It is a metric that is of more importance to schedulers than to customers, although the impact of getting schedules wrong can be catastrophic for efficiency, cost and performance.

Agent occupancy rate	The agent occupancy rate is made up the call-time plus wrap-up, that is, the proportion of time that each agent spends on dealing with the call itself and the actions deriving from it. A laborious wrap-up time caused by slow back-office systems or lack of familiarity from the agent's perspective, can go some way to producing high occupancy rates, which looks good at first glance, but is actually worse for the business in these cases.
Customer satisfaction ratings	A very hot topic for some time, customer satisfaction is seen to be directly linked to profitability through increased loyalty, share of wallet and customer advocacy. There is considerable debate about how satisfied (or delighted) customers have to be before it starts making a noticeable difference to the bottom-line (i.e. how happy does a customer have to be before they accept premium pricing strategies, and how unhappy do they have to be before they go elsewhere?). There's no easy answer, but high customer satisfaction ratings - at a reasonable cost for the business - are surely good for everyone.
Call throughput and abandonment rates	Understanding the types of call being received as well as tracking the number that are dropped can be translated into lost revenue within a sales environment, making a pitch for greater investment easier.
Call transfer rate	This metric can indicate training needs at the individual agent level, a failure in the initial IVR routing or a need to update FAQs or other information on a website (for example, a spike in this metric might be driven by a recent marketing campaign which has confused some customers, creating a high level of calls about the same issue). Tracking and call recording in cases of high transfers should identify the issue.
Revenue per call	As many contact centers are now profit centers, understanding the effectiveness of the sales efforts is vital to judging the success of the contact center itself.
Staff attrition rates	A well-publicized cost that senior management are very aware of, high levels of staff attrition are poisonous to the effective running of the majority of contact centers, causing high levels of recruitment and training cost, lower average call handling quality and longer queue times due to inexperienced staff, as well as the vicious circle of lower staff morale.
Average speed to answer / longest call waiting etc.	Has a strong and demonstrable effect on customer satisfaction or frustration, as well as impacting on call abandonment, lost revenues and high staff attrition rates caused by excessive pressure. Average speed to answer is a metric which is easily measured, and forms a vital view of the contact center's staffing levels as well as impacting directly upon the customer experience. As such, it is similar in nature to the call abandonment rate. Contact centers should of course consider the amount of time that a customer spends in the IVR segment of the call when considering the 'speed to answer' metric - as the customers themselves surely do so.

Customer loyalty / lifetime value / churn rates	A central thought of CRM is that a business should focus upon keeping profitable customers, and growing unprofitable ones. A single figure for customer retention is not effective, as it does not include the types of customer churn, or the undesirability (or otherwise of losing such customers).
First call resolution	Improving first call resolution (FCR) benefits customers (who are more happy / loyal / profitable / etc); agents (higher morale; fewer frustrating calls); and business (lower cost of repeated calls; higher profitability): everyone wins. Although this can be very hard to measure, as it is the customer, and not the contact center that should be stating whether the issue has been resolved successfully.

AGENT ACTIVITY

Agent activity per hour is a key structural metric aimed at helping contact center management understand how the agent's time is being spent.

Figure 28: Agent activity by vertical market

Vertical market	Call time	Wrap-up	Admin / training	Idle
Finance	67.5%	10.7%	9.8%	12.0%
Insurance	65.0%	14.9%	7.6%	12.5%
Outsourcing	62.7%	14.0%	9.8%	13.6%
TMT	61.2%	12.8%	12.2%	13.8%
Retail & Distribution	59.1%	17.1%	8.6%	15.1%
Manufacturing	58.3%	16.5%	12.7%	12.5%
Transport & Travel	54.4%	10.9%	14.8%	20.0%
Services	54.0%	17.9%	11.2%	16.2%
Public Sector	51.5%	15.0%	14.6%	18.9%
Healthcare	45.2%	21.1%	12.6%	21.0%
Average	59.0%	15.2%	10.9%	14.8%

We have segmented it into four parts:

- **Call time:** amount of time actually spent on the inbound call
- **Post-call wrap-up:** after-call data input and actions driven specifically by that call
- **Administration and Training:** general administration and keyboard- or paper-driven work which may be for internal purposes only (e.g. timesheets) or for external work as well (e.g. sending faxes). Also includes training, whether desk-based or not
- **Idle:** time spent not taking calls or doing other work.

As in previous year's, respondents' agents spend an average of just under 60% of their time on calls, with around 15% of time spent on wrap-up, 11% on administration and 15% on idle time. These figures are very similar to what is found in the UK's contact center industry, which is also a mature, technically-capable sector. There is a significant opportunity for reducing the non-productive call time at the beginning of the call, where an agent is authenticating the caller's identity. By doing this automatically, either through IVR or more securely, through biometric identification, the business can free up around 20-30 seconds of agent time, which makes a big difference to call and queue lengths. This element is investigated in-depth in the Voice Biometrics section later in this chapter.

Post-call wrap-up time is also ripe for slimming-down. There are many applications in the market which are capable of reducing the amount of after-call work that an agent has to do, by bringing together all of the systems and applications the agent needs on that specific call into a single virtual application, and then updating the relevant databases accordingly. This removes the need for a specialist knowledge of legacy system navigation, reducing keying errors and dramatically shortening wrap-time through kicking off relevant back-office processes automatically. Most of these agent desktop optimizers do not touch the logic of the existing systems, but act as a user interface that picks up and presents the relevant fields and business processes at the right time.

CALL DURATION

Average inbound call length has traditionally been a metric which most contact centers have measured, as it is directly related to cost (and is also easy to quantify).

Enlightened operations regard this metric with wariness, as a call which is cut short too quickly can often mean a worse experience for the customer (with lower revenues over time), lower first-call resolution rates (which increase costs in the long-term) and fewer cross-selling or upselling attempts being made. Low call duration can also mask a lack of agent capability, as knowledgeable and confident agents may go out of their way to deliver the best service possible, which leads to longer call times. The use of call recording and monitoring, as well as close supervision by team leaders can assess whether this is the case.

Helpdesks and sales contact centers now pay much less regard to managing call lengths (especially in premium rate environments), but most operations will still be aware of it, especially it is obvious that a high-quality agent will spend less time on certain types of call than a low-quality agent. Additionally, although the contact center's own management is aware of the questionable value of average call duration as a useful metric, the senior management (who are used to measuring this) may be less willing to replace such a definite and cost-related metric with something else.

Average call duration varies between vertical markets, as we would expect, especially for sales calls. For example, a financial services or insurance sales call will often involve a complex explanation of products, along with legislative explanations and disclaimers, with perhaps time needed to run credit checks and to refer upwards to more senior decision-makers, making the average sales call duration amongst the highest. At the opposite end of the scale, retailers are usually in the business of simple order-taking - often from a catalogue - which is highly-automated and involves the customer knowing exactly what they wish to buy before the call is made.

Figure 29: Average call duration (service & sales), by vertical market

Vertical market	Service calls	Sales calls
Finance	4m 5s	7m 42s
Healthcare	3m 28s	3m 0s
Insurance	6m 8s	7m 0s
Manufacturing	6m 38s	n/a
Outsourcing	4m 41s	6m 30s
Public Service	5m 10s	n/a
Retail & Distribution	2m 6s	3m 33s
Services	6m 8s	5m 20s
TMT	10m 4s	7m 0s
Transport & Travel	7m 40s	8m 30s
Average	5m 36s	6m 41s

As the role of an agent becomes more complex, call lengths will increase if no additional investment in technology or training is made. Contact centers need to alleviate the effect of the increasing complexity of the work by managing agent occupancy rates and reducing the amount of the call which is wasted, such as silences when the agent is waiting for the system to deliver what is needed, and the caller ID process at the beginning, which can be securely automated and authenticated through voice biometrics.

CALL ABANDONMENT

Call abandonment rates link directly to customer satisfaction, cost, average speed to answer and revenue as well, and is widely seen as one of the most important and complete key performance indicators that a contact center has at its disposal.

Figure 30: Call abandonment rates by vertical market

Vertical market	Call abandonment rate (median)	Call abandonment rate (mean)
Finance	4.3%	7.3%
Healthcare	2.9%	3.1%
Insurance	2.9%	4.1%
Manufacturing	4.8%	7.0%
Outsourcing	4.6%	6.0%
Public Service	3.3%	4.5%
Retail & Distribution	5.1%	6.4%
Services	3.9%	5.0%
TMT	4.1%	4.9%
Transport & Travel	5.8%	9.6%
Average	4.0%	6.1%

The transport & travel sector experiences the highest levels of call abandonment on a mean average basis. The outsourcing sector is not renowned for overstaffing, and is also high. However, these figures are caused by a small number of very high figures skewing results upwards.

It is important to note the median rate of call abandonment is only 4.0%, and that looking at median averages reduces the impact of very high call abandonment rates (which might be seen as freakish to most of the industry). In fact, the vertical markets which have the largest contact centers within them (usually finance, telecoms and outsourcing), have amongst the lowest abandonment rates, probably caused by the efficiency-improving technologies that most employ. This link between contact center size and lower abandonment rates is proven in the table below.

Figure 31: Call abandonment rates, by contact center size

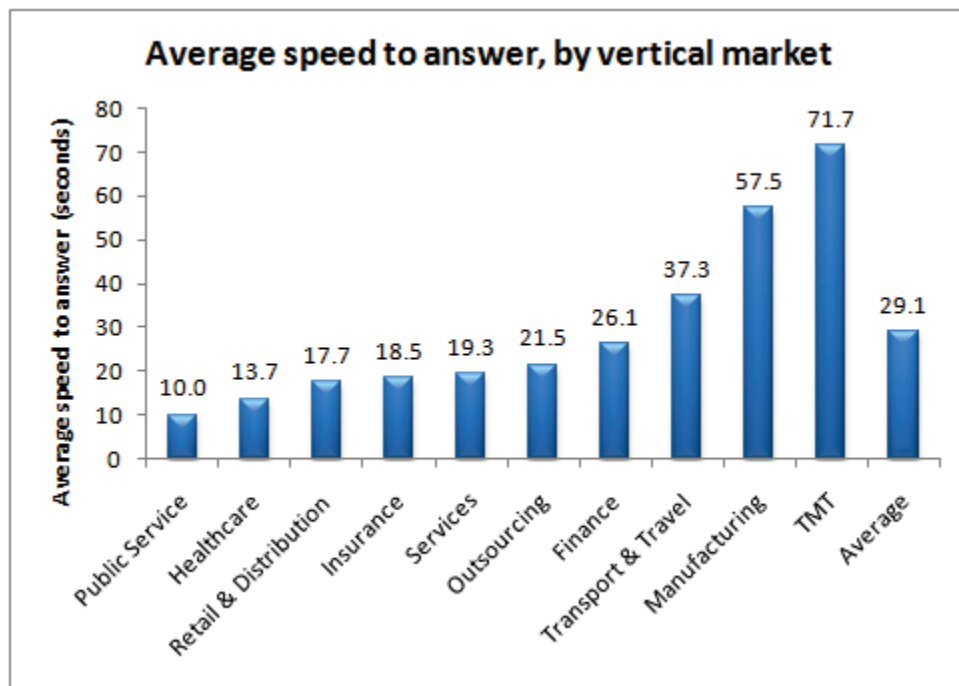
Contact center size	Call abandonment rate (median)	Call abandonment rate (mean)
Small	4.5%	7.0%
Medium	3.9%	6.4%
Large	3.6%	4.7%
Average	4.0%	6.1%

SPEED TO ANSWER

Speed to answer is another of those traditional statistics which has always been measured, and there is a strong case for keeping it at the forefront of how contact centers measure their success. Speed to answer plays a vital part in improving the customer experience, and also feeds into other performance measures such as call abandonment rate. However, contact centers should also keep a close eye on “longest call waiting” statistics to get a fuller picture of the pre-call experience that customers are having. Some contact centers reduce their speed to answer figures by not counting the time taken for the caller to deal with IVR or listen to announcements before speaking with an agent: it is our opinion that the call should be measured from the moment the caller dials the last digit to the moment the agent answers the phone. Of course, not everyone sees it that way, but your customers certainly do.

As an aside, ContactBabel research² indicates that the public believe that they wait for an average of 11½ minutes to speak with an agent. As average speed to answer is consistently around 20-40 seconds, and has been for many years, this statistic does not make sense, particularly in the light of the average time to call abandonment being well under 2 minutes. Our certain conclusion is that the “11½ minute” figure is collected from people’s subjective view, rather than anyone waiting by the phone with a stopwatch. Also, people tend to remember the times they had to wait a long time, rather than the times they were answered straightaway. Regardless of the reality, speed to answer does affect customers’ perceptions of the contact center’s quality.

Figure 32: Average speed to answer, by vertical market



As we would expect, the vertical markets with the lowest call abandonment rates also have a low average speed to answer, with the insurance, healthcare and public sector looking particularly impressive.

² Source: ContactBabel analysis of ICM Research data interviewing 1,004 UK adults (July 2007) on behalf of Vicorp.



The mathematics of contact center performance will tend to indicate that larger operations should have an advantage over smaller contact centers where ASA and queue management is concerned. In fact, there is very little difference in queue lengths between contact center size bands in this year's study, with the largest contact centers (27 seconds) seeming to keep ASA down slightly more than smaller contact centers (30 seconds) which tend not to have as much efficiency-improving technology in place.

FIRST-CALL RESOLUTION

The ability to understand a query and deal with it in a reasonable timeframe at the first time of asking is the key to a contact center's success, reducing the overall number of calls while providing the customer with a good experience which will impact on the company's overall performance. It also has a positive effect on the agent's morale (and thus, staff attrition rates), and increases the chances of a successful cross-sell and up-sell being made. Little wonder that this metric is growing in importance, although first-call resolution can be problematic to quantify accurately, risking this metric being ignored, especially as it is not simply a matter of producing a monthly report from ACD statistics.

This year, a worrying 67% of respondents **did not** measure their first-call resolution rate. Average FCR has improved from last year's figure of 70% (mean) and 75% (median). The median is included as a few respondents have a very poor first-call resolution rate, which can drag the mean average down considerably. This can be shown by looking at quartiles: the top quartile (best 25%) FCR rate is 94%, with the bottom quartile beginning at an FCR rate of 75%. The industry should not get complacent - the steep decline in the proportion of contact centers actually measuring their FCR is a major concern, and it may be that those with a poor FCR have simply stopped tracking it this year, rather than there being a general industry improvement in this metric.

Figure 33: First-call resolution rate

Mean first-call resolution rate	
Mean average	75.9%
Median average	80.0%

There is little difference in FCR rate across contact center sizes, with all three size bands reporting a mean average FCR rate of between 74% and 77%.

METHODS OF MEASURING FIRST-CALL RESOLUTION

These statistics lead to a conclusion that more must be done to measure first-call resolution rates accurately. With an average of 20-24% of calls not being resolved first-time, and an average call cost of around \$7, a reasonable-sized contact center taking 2m calls per year will spend around \$3m dealing with the calls that they didn't handle successfully the first time around, which should make FCR a priority for any contact center.

It's easy to see how dealing with more calls straightaway can benefit everyone concerned. So why is it that first-call resolution rates both haven't improved much, or been tracked and measured more thoroughly?

No-one can suggest that this decline in FCR measurement can be caused by first-call resolution becoming less important. Businesses' focus upon customer satisfaction and operational efficiency - which both directly benefit from an improvement in FCR - has actually increased in recent years. The answer almost certainly lies in the inability of contact centers to measure their first-call resolution rate effectively and thus to do much that is commercially meaningful with it.

There are various ways to measure, or at least estimate, first-call resolution rates:

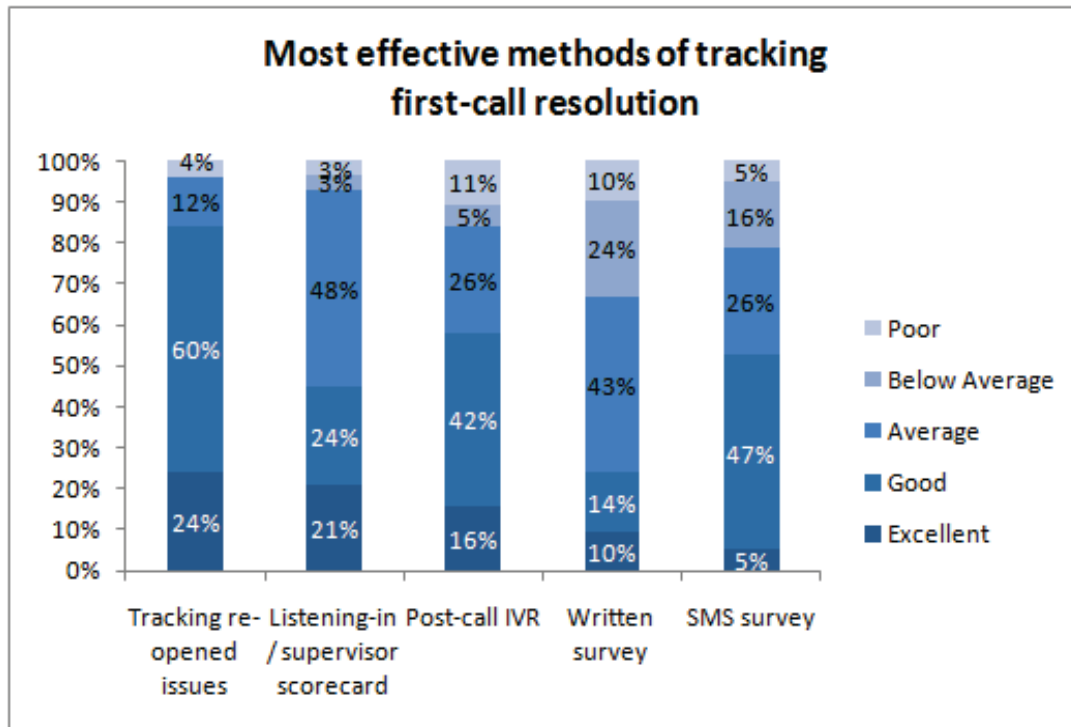
- Agents provide opinions on whether the call was resolved completely
- Supervisors monitor calls and score based on their opinion
- The company or a third-party can contact customers later to ask their views
- Customers provide feedback in end-of-call IVR sessions
- SMS messages are sent to customers at times defined by the business.

Whether or not a call has been managed completely is really a matter for the customer to decide, rather than the business, so involving an agent or supervisor - both of whom will be rewarded or otherwise for these results - leaves the FCR measurement open to creativity, with results often following a gently-improving path upwards over time. Tracking re-opened issues - often used within the helpdesk environment - is the purest way to measure FCR, but is very difficult to measure if there is not helpdesk software already in place, and also relies upon agents to re-open an existing case, rather than starting a new one, which may be problematic if they are rewarded on their FCR rate.

Calling a customer later to see whether they are satisfied that the matter has been dealt with is better, but this is an expensive option, and it may be hard to get hold of the customer at a time that suits them. Leave it too long and they have forgotten what the call was about, and outbound calls are rarely welcomed in any case.

End-of-call IVR sessions provide real-time opinion, but does not give the company any information on whether the entire transaction (i.e. the actions that came directly from the call, such as sending out a brochure or solving a technical issue) was actually completed satisfactorily: in such cases, calls could be marked as completed first-time that actually require more work after the back-office processes eventually fail to deliver on the contact center's promise.

Figure 34: Use and effectiveness of FCR measurement method



The SMS option to identifying true first-call resolution rates, although simple and cheap, is very flexible, although there are costs involved to all parties. Based on business rules such as who the customer is and what they have called about, SMS messages can be sent either immediately (for real-time results), or after a few days, allowing the customer and business to judge whether the back office processes kicked off by the call have succeeded or failed. SMS responses can be tracked by agent, group, customer, product or any other data tag that a contact center captures on each call, and these data can then be reported upon, offering an opportunity to identify underperforming agents and repetitive problems. However, with only 160 characters to play with in an SMS message, the business has less opportunity to explore customer views in depth and cannot continue a conversation with the customer in that medium, although some businesses use solutions which routes very negative feedback via email to a virtual outbound team that can call the customer immediately to work through any problems with them.

Why it may be good for first-call resolution rate to decline (at first...)

First-call resolution rates have to be viewed in context: an improving business may well see its FCR rate actually decline after it implements process improvements, which is counter-intuitive.

Some businesses are currently handling live calls that are more suited to self-service or better marketing communications. Many of these calls are about the same issue, and are answered quickly and accurately, which improves FCR rates, but of course, piles up cost and impacts negatively upon other performance metrics, such as queue length and call abandonment rate.

Businesses should consider what is causing these unnecessary calls, rather than just focusing upon a single metric, and high first-call resolution rates may actually be masking underlying problems:

- The contact center is handling simple and repetitive calls that could be moved to self-service, or which could be addressed on a website and through better marketing communications
- Callers are dropping out of self-service to speak with agents because the self-service application is failing in its task and should be re-engineered
- Unclear marketing communications are causing customers to call
- Calls are being received that are actually driven by mistakes from elsewhere in the enterprise.

When businesses begin stopping unnecessary calls at the source, those left are usually of a more complex nature. This will lower first-call resolution rates initially, allowing a clearer picture of what is really happening in the contact center to emerge, which can then be addressed more fully.



White Paper: "First-call resolution: the missed opportunity for contact centers": (ContactBabel, for UpCell)

Synopsis: How can SMS provide the immediate feedback that contact centers require to act quickly to resolve FCR issues?

Download: www.upcell.co.uk/research.cfm (registration required)

CALL TRANSFERS

This metric indicates training needs at the individual agent level, a failure in the initial IVR routing or a need to update FAQs or other information on a website (for example, a spike in this metric might be driven by a recent marketing campaign which has confused some customers, creating a high level of calls about the same issue). Tracking and call recording in cases of high transfers should identify the issue.

Figure 35: Call transfers by vertical market

Vertical market	% of calls transferred	% of contact centers able to track call transfers at agent level
Manufacturing	14.3%	50%
Healthcare	14.0%	33%
TMT	10.5%	71%
Outsourcing	8.6%	47%
Transport & Travel	6.7%	33%
Finance	6.3%	57%
Insurance	5.0%	100%
Services	4.8%	70%
Retail & Distribution	3.3%	33%
Public Service	1.7%	50%
Average	7.6%	55%

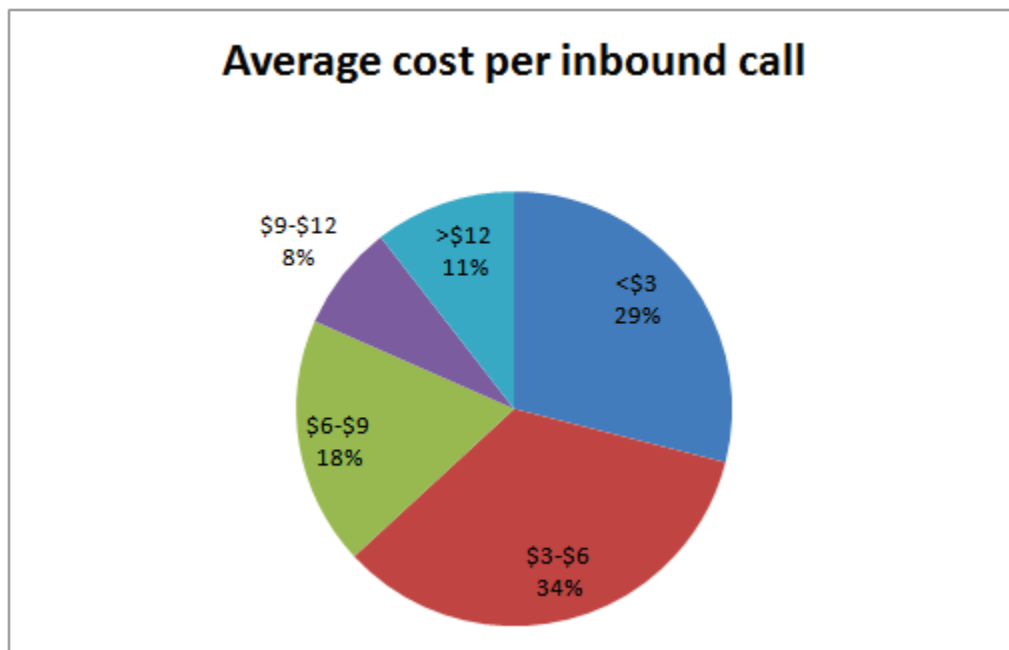
Care must be taken when analyzing these figures, as a switchboard-type operation is likely to have very high call transfer rates - as that may be what the agent is supposed to do, and a technical helpdesk may require significant amounts of 2nd-line support to be provided.

COST PER CALL

Cost per call is a very difficult metric to work out, and even more difficult to benchmark in any meaningful way, as calls can vary massively in cost even within the same contact center. Whereas with most data analysis, there can be conclusions drawn from vertical market comparisons, the differing nature of each company makes this impossible. For example, respondents within the IT sector posted vastly different cost figures, as one dealt mainly with high-level technical queries (for which costs considerably in excess of \$50 per call are not unusual) whereas another would be handling simple interactions.

As such, the best way to display the information is by showing the frequency of each call cost. One-third of inbound call costs are between \$3 and \$6, with a mean average of \$6.80. The median average is \$4.70, the 1st quartile is \$7.60 and the 3rd quartile is \$2.85.

Figure 36: Cost per inbound call



For outbound sales calls (only including instances where the agent got through successfully to the intended recipient), the mean average was \$9.10, the median \$5.00, the 1st quartile was \$10.00 and the 3rd quartile \$2.97.

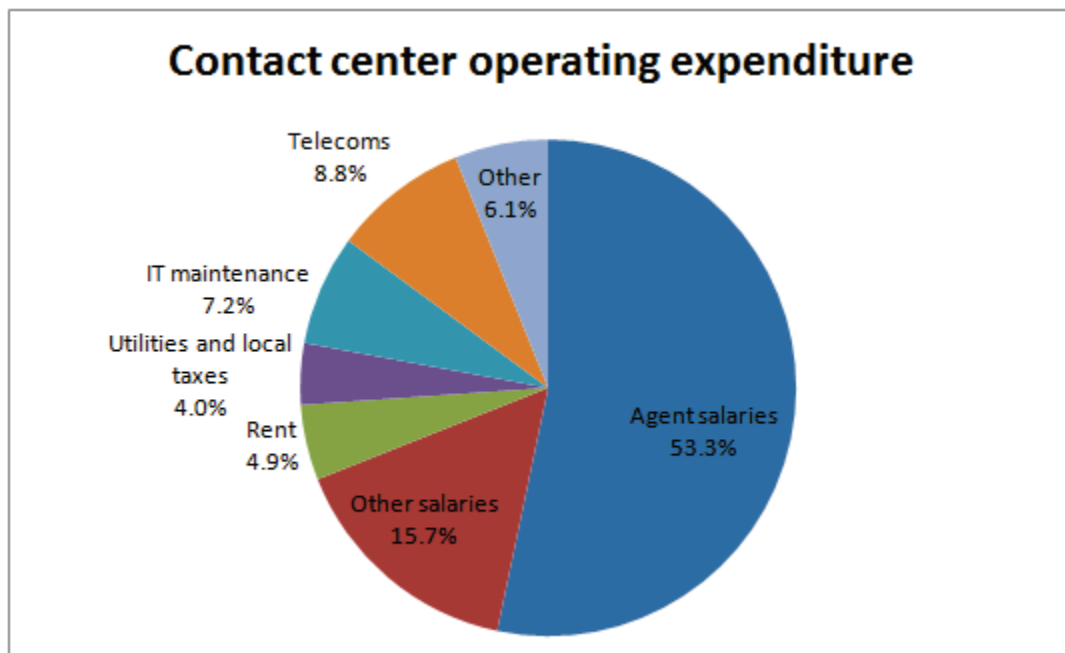
BUDGET

This section looks at how contact centers spend their money, and the effect that the economic downturn has had on operating and capital expenditure. To define the difference between the two, capital expenditure (Capex) refers to upfront investment costs, e.g. for large IT systems. Opex (operating expenditure) are the ongoing costs, such as agent salaries, rent and IT maintenance costs.

OPERATING EXPENDITURE, 2009

It is typical for agent salaries to account on average for around 55% of a contact center's Opex - agent salaries have dropped as a proportion of costs to 53% in 2009, although IT and management salaries have remained at similar levels. Telecoms and IT operating expenditure have both grown in their share of budget at 16.0% compared to last year's combined figure of 13.4%.

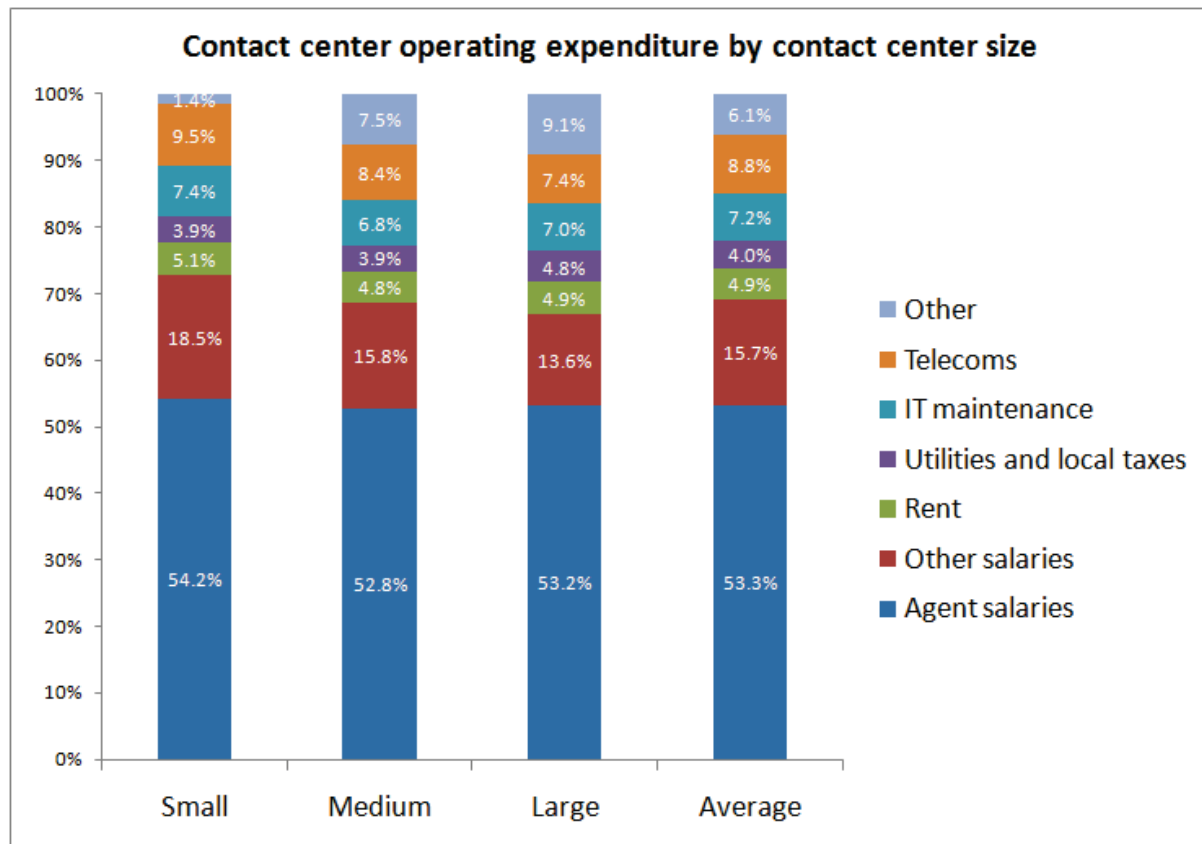
Figure 37: Contact center operating expenditure



When looking in-depth at how Opex differs across sectors, salaries as a whole are a higher proportion the smaller the contact center, particularly the IT and management salaries, which gain most from economies of scale (i.e. an IT manager of a 50-seat operation is not paid half the salary of a 100-seat IT manager).

Telecoms costs are a smaller part of the whole in large contact centers, which are more likely to be able to negotiate favorable rates with telecoms providers.

Figure 38: Contact center operating expenditure by contact center size



CHANGES IN CONTACT CENTER SIZE, OPERATING AND CAPITAL EXPENDITURE, 2008-2009

After years of generally steady increase in headcount and investment, the last 12-18 months have stopped a great deal of the investment required by contact centers from actually being made.

Both Opex and Capex budgets have been cut for many of our respondents, with 43% decreasing their Opex and 39% their Capex. Few have been able to increase their budgets by anything more than a small amount, and as detailed later in this section, the tightening of Opex has meant that there has been almost no overall increase in headcount across the industry as a whole.

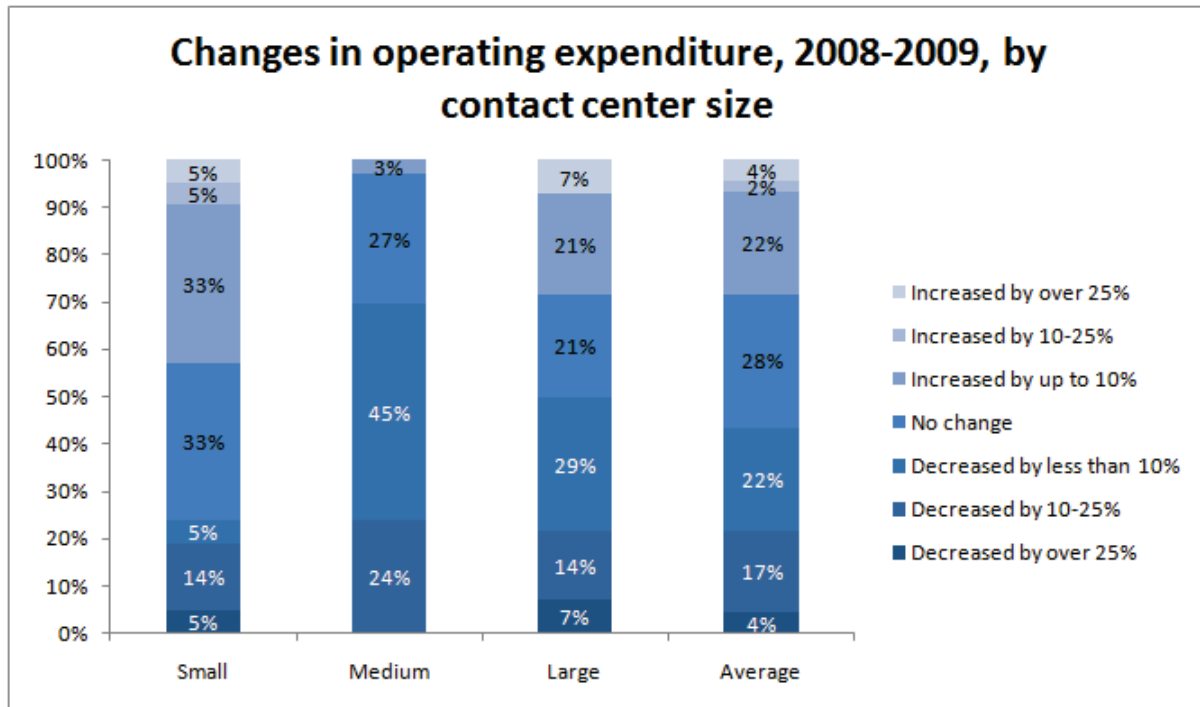
Figure 39: Changes in OpEx and CapEx, 2008-2009

Change in expenditure	Proportion of respondents experiencing this change in OpEx	Proportion of respondents experiencing this change in CapEx
Decreased by 25%+	4%	16%
Decreased by 10-25%	17%	16%
Decreased by < 10%	22%	7%
No change	28%	47%
Increased by <10%	22%	7%
Increased by 10-25%	2%	7%
Increased by 25%+	4%	2%

38% of contact centers stated that their Opex had actually increased in the past 12 months, however this statement is less rosy than it seems, as 21% of respondents experienced an Opex decline in double-digits, with only 6% of respondents experiencing the same level of increase. For Capex, the picture is worse, with 32% seeing a double-digit drop in investment, and only 9% seeing a similar gain.

The following chart shows that smaller contact centers suffered less from Opex reduction, with 43% actually increasing Opex in the past 12 months, albeit on a generally low level. 69% of mid-sized operations and 50% of large operations had a cut in Opex.

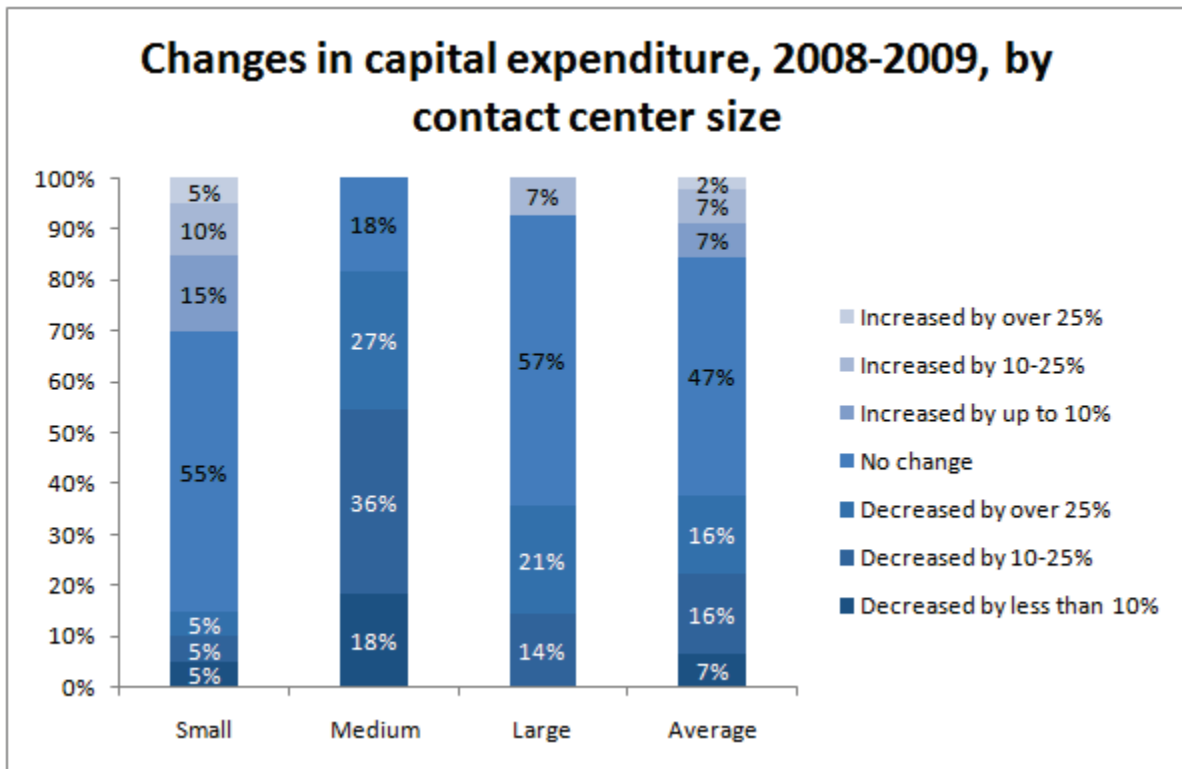
Figure 40: Changes in operating expenditure 2008-2009, by contact center size



Looking at the change in capital expenditure, we would not be surprised to see a wholesale abandonment of investment as organizations conserve cash by putting a general investment freeze in place. While there is little evidence for a strong increase in Capex spending (except with a few of the outsourcers), 47% of respondents said that there had been little discernable change in Capex budgets (of course, this may have been because they had already been cut to the bone 12 months ago). However, only 11% of respondents claimed that Capex had actually increased in the past 12 months.

Looking at how contact center size affects Capex, it is a clear (and unsurprising) finding that large and especially mid-sized contact centers have generally been told to curtail their investment plans. 30% of small operations managed to increase their Capex spending.

Figure 41: Changes in capital expenditure 2008-2009, by contact center size

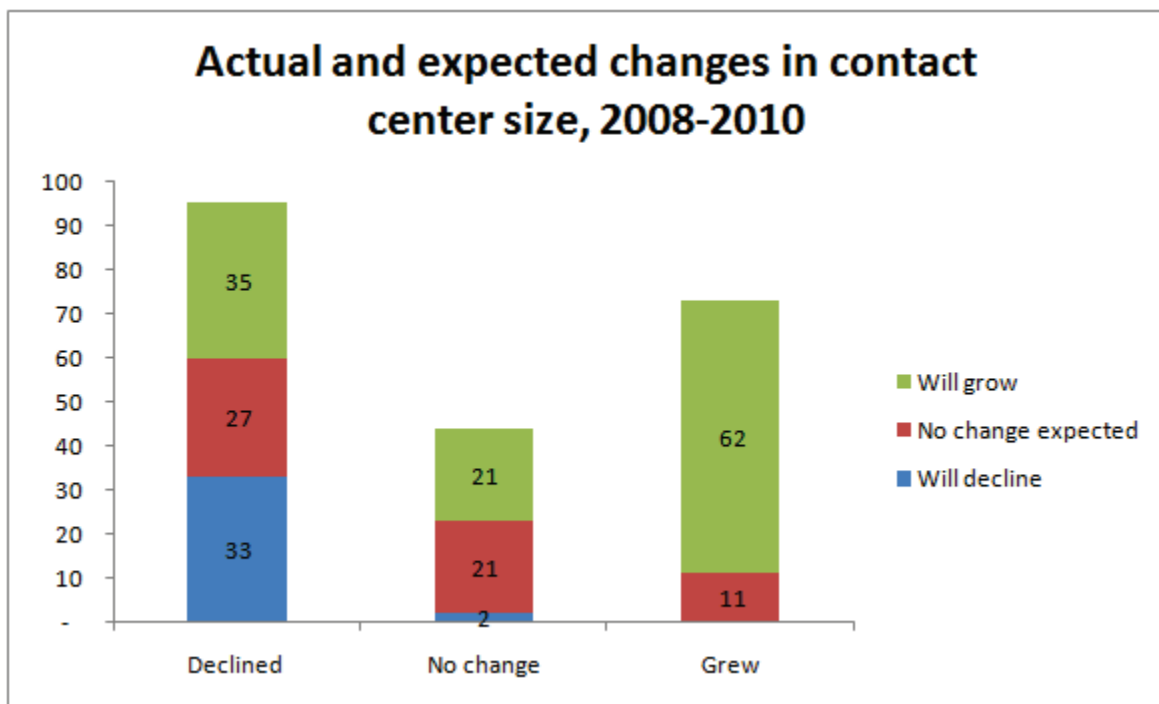


As the following chart shows, more respondents experienced shrinkage than growth (46% declined, 34% increased headcount, 20% did not change) in the past 12 months. However, the general feeling looking forward is that this is a blip, rather than the start of a structural change in the contact center industry. Even amongst those contact centers which had experienced a decline in agent figures in the past 12 months, 37% expected an upturn next year, although 35% expect a further decline. Amongst respondents which avoided major headcount losses in 2009, 2010 looks positive, with 85% of respondents that added headcount this year believing the trend will continue, and 48% of no-change respondents looking for an uptick in 2010.

Amongst all respondents, the average change in agent figures was a decline in headcount of 3.9%. The manufacturing, finance, insurance, retail and healthcare sectors were all hit harder than average, with more than half of these respondents experiencing a drop in headcount. However, the majority of services and TMT contact center respondents posted headcount increases.

The next 12 months is expected to see a large rebound in agent figures, with an average expected headcount growth rate of 5.7%. Public sector and insurance respondents are least bullish, but the services, TMT and outsourcing sectors all expect significant increases in headcount.

Figure 42: Actual and expected changes in contact center size, 2008-2010



NEW WAYS OF WORKING

Although many contact centers still operate in the same way in which most were originally set-up – a single, centralized site – there increasing pressures within the industry to look at alternative ways of working, such as using virtual contact centers, or encouraging homeworking.

The causes for this include:

- the presence of multiple contact centers – possibly gained through mergers and acquisitions (especially in the finance, insurance, telecoms and utilities sectors) which are not linked together in any way, thus not gaining from any economics of scale
- increasing levels of staff attrition and difficulty in finding the right staff to replace them, especially highly-skilled agents
- the requirement of many contact centers for better-qualified staff, rather than just “warm bodies” to answer phones
- the need to keep the contact center open for longer, despite agents not wishing to work anti-social hours
- the rising concern about coping with call spikes, which could be dealt with by logging agents on for an hour or two, rather than having them come in for a full shift
- the desire to increase the size of the contact center, which may not be possible in that location.

This section looks at alternatives to the 9-to-5, full-time, centralized ways of working, and investigates the number and type of contact centers that are using these alternatives.

VIRTUAL CONTACT CENTERS

The application of technological abilities to commercial issues has created a new breed of contact center - the virtual contact center – which, although located in multiple sites, can still be run as a single entity. The virtual contact center consists of many operations (or even homeworkers) which are linked together so as to be viewed and managed as a single mega-site, allowing significant economies of scale and improvements in performance to take place, but hopefully without the attendant problems around environment, morale and attrition that plague many very large operations.

The virtual contact center model has been driven by several factors. These include:

- For businesses involved in acquisitions or mergers, the number of contact centers they run have increased. M&A activity peaked in the late 1990s and early 2000s, especially in businesses such as banks and insurance companies
- Rapid contact center growth in particular areas has caused agent recruitment and retention issues. This has meant that businesses have moved to new physical locations in which to establish and grow their operations
- A rise in teleworking and remote locations means agents may never see their parent contact center. This is increasingly the case in 2nd- and 3rd line technical support, where skilled agents can be extremely scarce and expensive to replace
- Some companies prefer to offer a local touch to customers by basing operations in the area which they serve
- Improvements in networking and communications, such as IP telephony and converged networks, have meant that the virtual contact center is now much more easy to realize at an affordable cost
- Companies have increasing needs to serve global customers, necessitating either contact centers operating in different time zones, or paying overtime for working anti-social hours
- Operational redundancy and disaster recovery are possible with multisite contact centers
- Smaller contact centers tend to have lower staff attrition rates than large operations.

Treating multiple contact centers as a virtual contact center allows great efficiencies can be made through economies of scale. This is especially true where businesses are using skills-based routing. All agent competencies are displayed to the scheduler – regardless of agent location - who can be more flexible, simply because the available resource pool is so much more deep.

Benefits of CosmoCall Universe

Complete

Satisfy all of your ACD, IVR, CTI, agent desktop, reporting, recording and outbound dialer requirements on a single, unified, virtual contact center

Easy to Use

- **Agents** – Simple, web-based, easy to learn interface
- **Administrators** – intuitive web-based tools for administration, reporting, and call flow across your entire virtual contact center
- **IT Staff** – consolidation and multi-tenancy means one platform to install, maintain and integrate for all call centers in all locations

Easy to Integrate

- Easily integrate one or more CRM's
- Data flows with calls for screen pop every time
- Unified agent desktop
- Integrate **once** for all locations & media

Scalable and Reliable

- Scales up to carrier-sized systems
- Scales down for small enterprises
- Field-proven for mission-critical contact centers and telcos

Flexible

- **Agents anywhere** – formal call center, knowledge workers, at home agents, mobile workforce, even outsourcers on the same platform
- **Communicate your way** – telephone, email, voice mail, and web chat/voice/video/collaboration
- **Deployment choices** – your premises or service provider hosted



VIRTUAL BY DESIGN

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Customer service excellence is a core strategy for businesses worldwide. And within contact centers – often the largest, and sometimes the only point of contact for company and customer – decision makers are under continuous pressure to increase customer satisfaction and reduce costs at the same time, all while managing increasingly complex day-to-day operations.

One of the most effective ways to further these challenging and seemingly conflicting objectives – service improvement, cost reduction, and operational efficiency – is through the deployment of a virtual contact center.

A virtual contact center is a contact center in which the agents are located in multiple locations, but managed and utilized as a single entity. With one logical center across many locations, staffing and technical resources are used to their maximum efficiency. Calls are shared across the entire pool of agents balancing both traffic and agent workload, so busy signals and wait times are reduced, which raises customer satisfaction.

Skills-based routing

In a virtual contact center, experts are available to any caller who needs them through location-independent, skills-based routing. Calls routed to the right person regardless of location means better first-call resolution rates.

Enabling agents to work in the location of their choice, even at home, the virtual model increases the pool of available agents, reduces recruitment and training costs, and improves employee retention and satisfaction.

Mergers, spin-offs, reorganizations and redeployments are rarely painless. But they are far less painful and costly on an enterprise's contact centers when the technology is virtual and resources location-independent.

Virtualization also supports and reduces risks associated with the major trend of offshore outsourcing of agents. While offshore outsourcing is may offer significant cost savings, vital concerns remain about loss of control, operational complexity, and quality of service. Virtual contact centers mitigate these risks, because they enable managers to retain complete operational visibility and control of activity across the globe via easy-to-use, web-based administrative and reporting tools. They also allow seamless global call routing, so that callers can reach the most cost effective and appropriately skilled agent wherever in the world the agent may be.

The IP advantage

Because IP networks are inherently virtual, virtualization is more cost effective and easier to justify as a capital investment with the deployment of an IP-based solution. As enterprises deploy their own high performance IP networks, the IP advantage increases. And there are other benefits to this inherently virtual technology. New generation software-based platforms like CosmoCall Universe don't need CTI middleware to integrate with the IT environment, and unify all communication channels in a single platform.

An alternative path to virtualization is via Hosted IP Contact Center On-Demand services which are increasingly available from major service providers with global presence. Such services not only nearly eliminate the capital requirement of contact center infrastructure, but also provide instant virtualization because they are fundamentally engineered to support agents in any mix of physical locations.

Whether they follow the traditional premises or new on-demand model, IP-based virtual contact center platforms that can make the vision of a completely global, fully distributed, yet logically singular contact center a practical reality.

Consolidation – Multi-virtual centers

Some forward thinking enterprises are taking the next step and consolidating their call centers into one "multi-virtual" platform. Such an enterprise can use "multi-tenancy" capabilities to support not just one distributed virtual contact center, but any number of them. Most large enterprises have several contact centers addressing completely different applications. From a staffing perspective, it may not make sense to combine them. But from a technology perspective, it can make a lot of sense and save a lot of dollars.

A CosmoCom multi-tenant platform provides web-based self-administration to each individual tenant, so for tenants it's just like having their own dedicated platform. Combining the workloads of multiple applications by combining multiple tenants on the same platform generates great economies of scale across all the contact centers operating within an organization. There are also economies of scale in implementation and support personnel, because the investment in staff training and experience keeps on paying dividends across more and more applications.

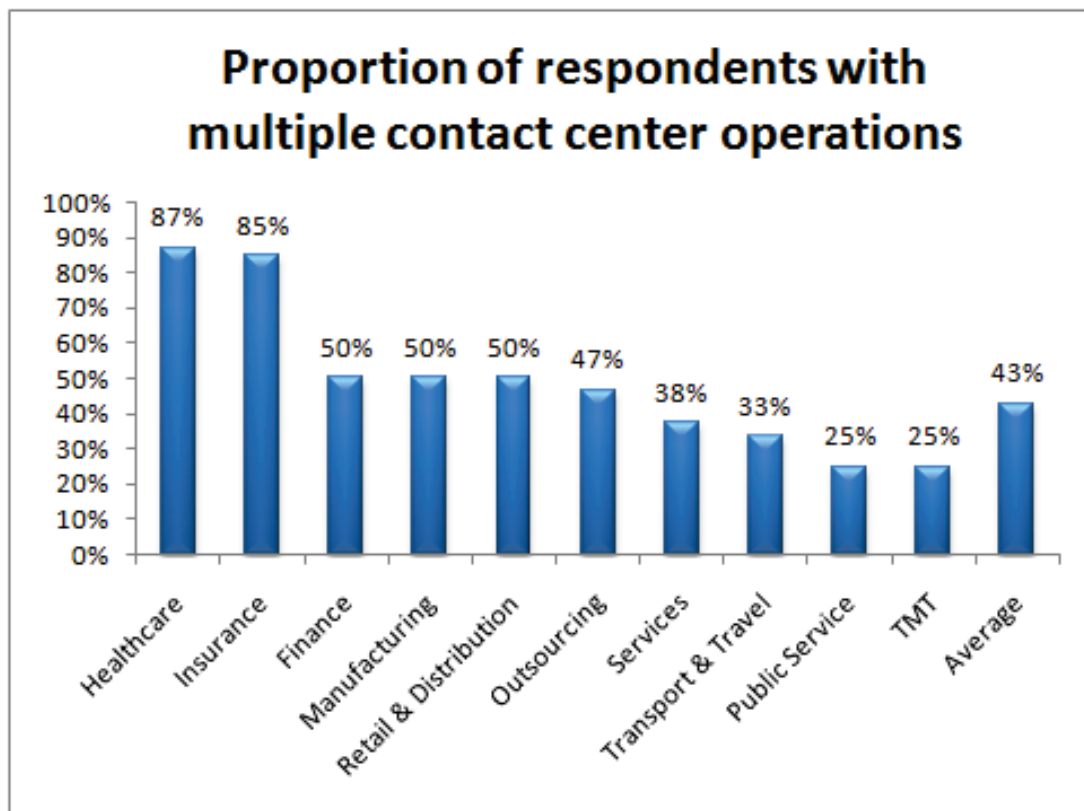
Figure 43: Virtual contact center commercial and operational benefits

Effect of virtual contact center	Commercial advantage
Larger pool of skills available	More likely to be able to match the call to the customer effectively. This improves first-call resolution, customer satisfaction and also improves agent morale, as they are able to help more customers first-time. It also means that businesses can route calls based on more detailed criteria than previously, as the available pool of skills is greater (e.g. if there are 5 contact centers, but only 1 person in each contact center speaks a specific language, then it only becomes feasible to offer this as a routable skill once the contact centers are linked together to create a virtual language team)
More balanced work across contact center locations	In a stand-alone multiple contact center environment, there is a very real risk that agents in one contact center will be overworked (leading to stress and increased queue times), whereas those in another may be underused yet unable to help their colleagues. The ability to overflow calls between physical locations is a key advantage of virtual contact centers, which can improve both customer and agent experience
Skills may be widely deployed and managed	Virtual contact centers can look at agent skills and competencies with a view to scheduling staff and routing calls accordingly. This allows specialized virtual teams to emerge
Forecast and schedule only once	Where many contact centers are treated as a single entity, work can be shared across sites as the contact centers are viewed as a single resource. Viewing the operations and skills available as one entity makes scheduling easier and more flexible. The resource pool is much deeper, allowing customers to be offered more skills, and the time and cost of scheduling is greatly reduced
Increase global coverage	For global businesses which have contact centers spanning distant time-zones, the opportunity exists to create a follow-the-sun contact center, where the customer can be served 24/7, without the need to increase headcount or bear the costs and inconvenience to staff of working anti-social hours
Deploy applications in a standardized way	Virtualization can mean that improving and standardizing the functionality available to agents in separate locations can be easier, if solutions which allow remote upgrades are in place. Making the same functionality available to each agent regardless of their location means that a consistent level of customer service and agent experience can be achieved
Offer 24/7 availability and use more flexible and imaginative agent resourcing	Agents which work from home or smaller offices allow the business to expand dynamically, offering 24/7 cover without the cost of keeping the major contact center operation open. Virtual contact center technology also allows businesses to reach out to new labor pools such as the housebound and other non-traditional sources
Allows dynamic choice of outsourcers	If a company uses multiple outsourcers, these outsourcers can bid dynamically for the work available, e.g. the company does 80% of the work with its own people, but outsources the overflow as and when needed

Linking contact centers together can be a complex task, especially in circumstances where the business has multiple types of switch and other infrastructure, perhaps as a result of merger and acquisition history. In such cases, businesses are advised to look closely at underpinning the contact centers with a single, open platform: think of the platform on which your contact centers operate as a foundation upon which you build applications. Without a solid and scalable platform, separate applications, hardware and locations will remain isolated, or cost so much time and money to integrate that it would be better to leave them alone.

Using a single open platform, this investment becomes much lower, and leaves the way open for businesses to add locations, channels and applications without having to concern themselves unduly about the technical feasibility. The single open platform should be a concept which is always in the minds of people making decisions about the future of their multi-site, multi-platform operations.

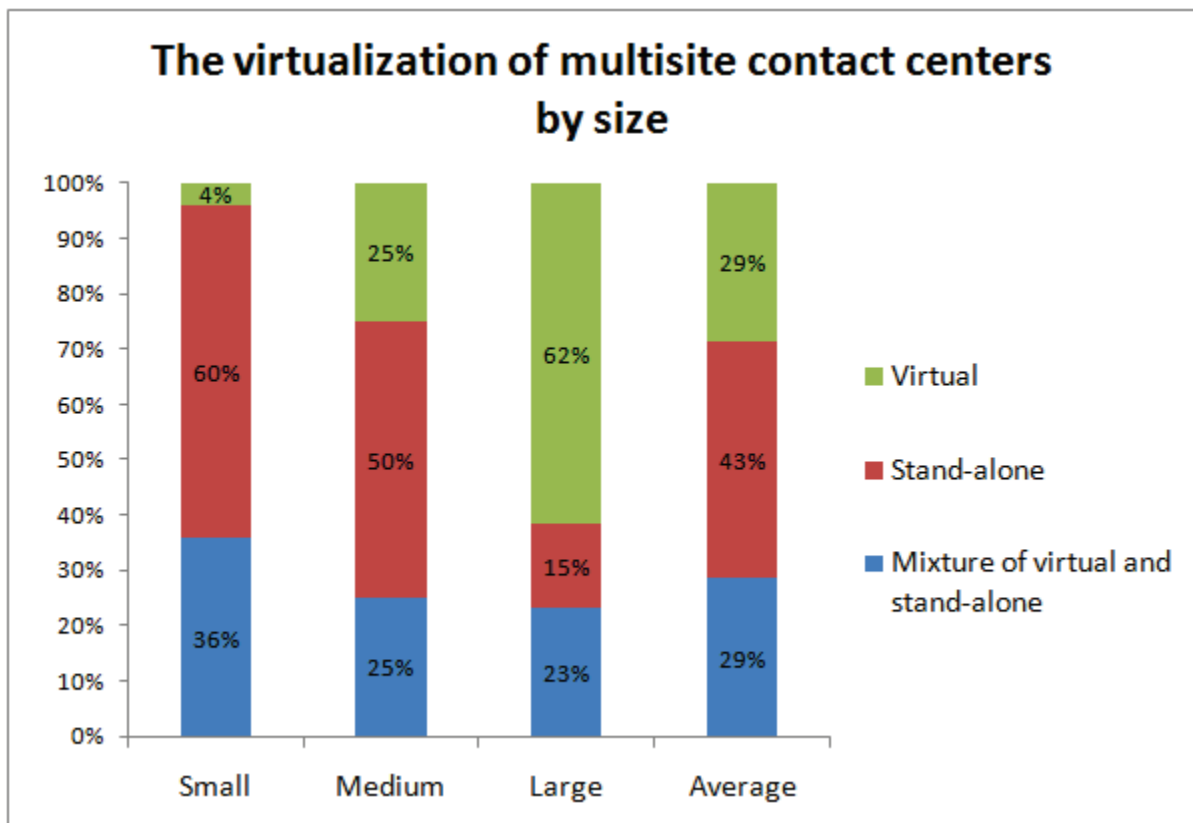
Figure 44: Respondents with multi-site contact center operations, by vertical market



Slightly under half of US contact centers are part of a multiple-site operation, and as such, are potentially part of a larger virtual contact center structure. However, only 29% of multi-site contact centers act as part of a full virtual contact center operation, with a further 29% acting as a part of a partial virtual operation (e.g. in cases where a only few of the overall number of US operations are linked together).

Looking at the uptake of virtualization by contact center size, it is plain to see that the larger operations have been much more likely to put enabling technology in place to gain further from their existing economies of scale. The following chart would suggest that virtualization is certainly a factor of size as well as of the number of contact centers.

Figure 45: The virtualization of multisite contact centers, by contact center size



Respondents with virtual contact centers were generally pleased with the gains in efficiency and service level that they have experienced. The ability to smooth out call spikes by moving them between contact centers, and the reduced wait times were particularly mentioned, although all of the potential virtual contact center benefits mentioned were rated positively.

The issue of coping with call spikes is one which is growing year upon year, and has been particularly noticeable in the past two years' surveys. Virtual contact centers allow agents from other locations (including homeworkers) to make themselves available to deal with a different queue, being seamlessly moved back to their original work when the spike has flattened or the length of their own primary queue triggers a move back to their original work. Dealing early with such call spikes can often remove the issue before it becomes a real problem, and such movement between call groups can be done automatically by setting thresholds in each queue. Such flexibility of agents means that there is a fairer agent utilization, as the situation of a set of agents sitting idle while others are under great pressure is less likely to happen.

Figure 46: Benefits of virtualizing a contact center

Benefit from virtualization	Mean average (from 10)	Proportion of respondents rating this as 8,9 or 10
Improved ability to handle call spikes	7.9	72%
Fairer agent utilization and reduced queues	7.7	56%
Wider range of agent skills available to callers	7.4	56%
Savings on call costs between sites	7.4	69%
NB: The question asked was: "What benefits have you seen from implementing a virtual contact center (1 to 10, where 10 is 'very much improved')"		

Of the multiple-site respondents who had not virtualized their operations, the purported expense of virtualization and the concerns over remote, distributed management were the main hurdles, unlike the years up to 2007, when the biggest issue was failing to see the commercial benefits of virtualization. It seems as though the industry is becoming more convinced about the benefits, but now needs to persuade the senior management to make the necessary investment, as well as addressing some of the potential operational concerns that are present.

Figure 47: Reasons for not implementing a virtual contact center

Reason for not implementing a virtual contact center	% "Agree" or "Strongly Agree"
Concerned about the management of teams across multiple locations	61%
Too expensive and complex	59%
Can't see the business benefits	50%
Concerned about data security	45%
Too many different systems at each site	39%

HOMEWORKING AND TELECOTTAGES

Homeworking and homeshoring promises contact centers significant benefits, but is certainly not for every agent or every contact center. Amongst the potential advantages are:

- the environmental benefits of working at home, reducing carbon emissions and decreasing congestion on the roads
- offshored contact centers are generally unpopular yet businesses are looking at ways to cut costs
- increased flexibility in working hours means rapid response and reduced idle time
- the increasing costs of recruiting and retaining staff allow agents outside the commutable distance to work as well.

Remote working is becoming a real option that people are talking about and in many cases, actually using today. Although there are real concerns about remote management of agents - and obviously, not all agents are suitable for this type of environment - remote working opens the door to the sorts of people might never seek employment in a typical contact center (as the industry does not have a good reputation as a whole) but who would happily work in their own home or small telecottage taking calls. For an industry facing a crisis in recruitment - but which refuses to pay more to keep or attract more staff - this opportunity to deepen the labor pool should not be ignored. The contact center could also use limited homeworking (for example, one day a week) as a reward for its top agents, encouraging their loyalty and offering a tangible promise to others, although some are dubious about the effectiveness of this.

Remote agents, whether working at home, or in a telecottage (small, remote sites), can be a part of the larger virtual contact center by being linked to the main operation via ADSL, ISDN or a leased line (in the case of telecottages). Some solutions permit least-cost routing and redundancy, where if the IP voice quality deteriorates,



the call can be switched onto a back-up ISDN connection until the IP quality improves sufficiently to move it back to IP. Agents need only a PC which may act as a softphone, a headset (or IP phone) and a data connection.

36% of this year's respondents were using at least some homeworking (a big jump from 21% in 2008 and 22% in 2007), and overall, 5.6% of agent positions in this survey were based at home (up from 4.4% last year and 3.2% in 2007).

The outsourcing, TMT and services sectors were the most likely to be employing some homeworkers, with respectively 57%, 38% and 35% of respondents in these sectors doing so.

53% of large contact centers were using some homeworking, compared to 33% of small and only 20% of medium-sized operations.

Homeworking does not just have to be a matter of moving your own employees from a centralized location to their own homes. It is also possible to add an outsourced contingency workforce through a homeshoring model (for example, [Arise](#)), employing staff as and when they are needed, rather than employing them directly. Stated benefits include increased agent productivity and decreased staff turnover, and cost savings of up to 20% are claimed.

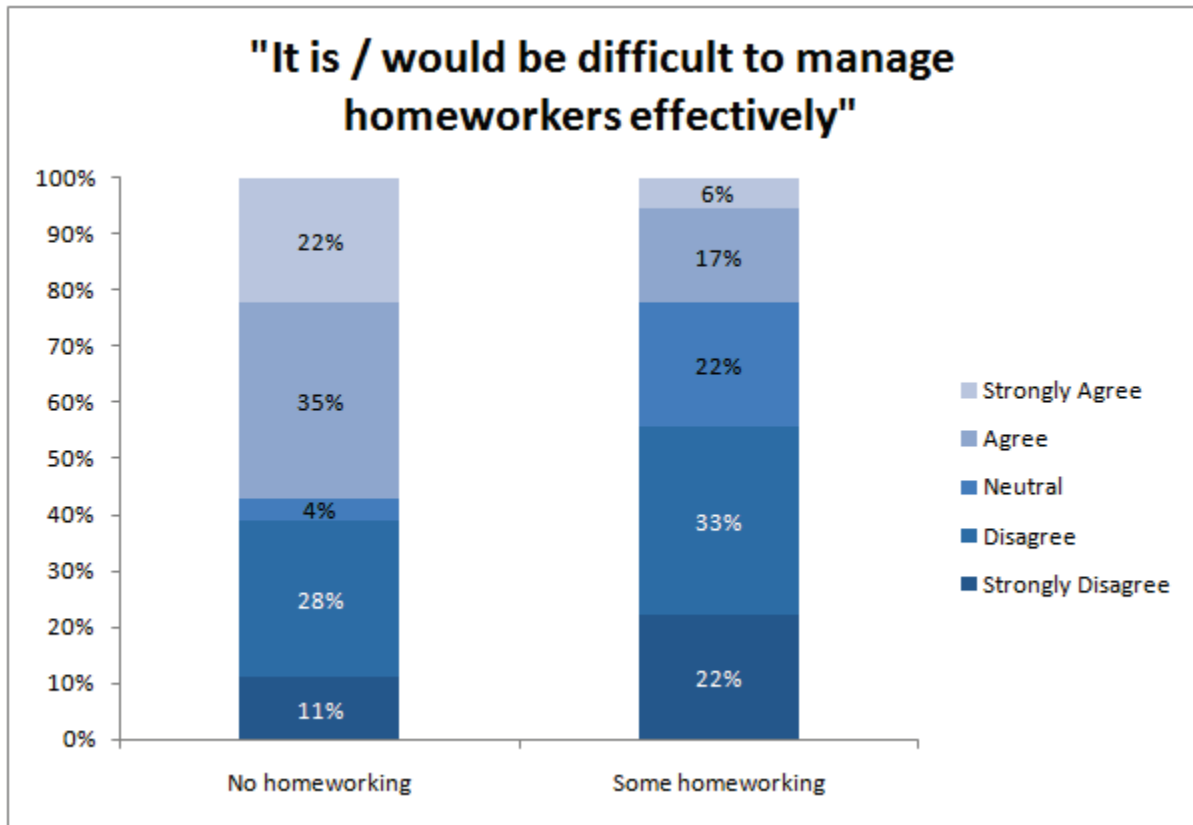
Respondents' view on the future of homeworking are far more positive than they have been in the past, perhaps as a result of there being some definite successes experienced from businesses which have started using homeworking.

"It would be difficult to manage homeworking agents effectively"

The concern that homeworkers cannot be managed effectively from a remote location has always been a fundamental objection to this way of working. Isolation can be a problem for both agent and management, and not all roles or agents are suitable for homeworking. It is generally considered that new mothers returning to work part-time, or older people who wish to reduce their working hours but who are not yet ready to retire completely are particularly suitable to be considered for homeworking roles, which require experience and maturity in the agent.

With real-time adherence and call management systems in place, there is no real reason that a virtual contact center made up of homeworkers is more difficult to manage than a 'typical' operation, although the role of the team-leader (being someone to help actively) will have to be re-addressed.

Figure 48: Opinion: "It is / would be difficult to manage homeworking agents effectively"

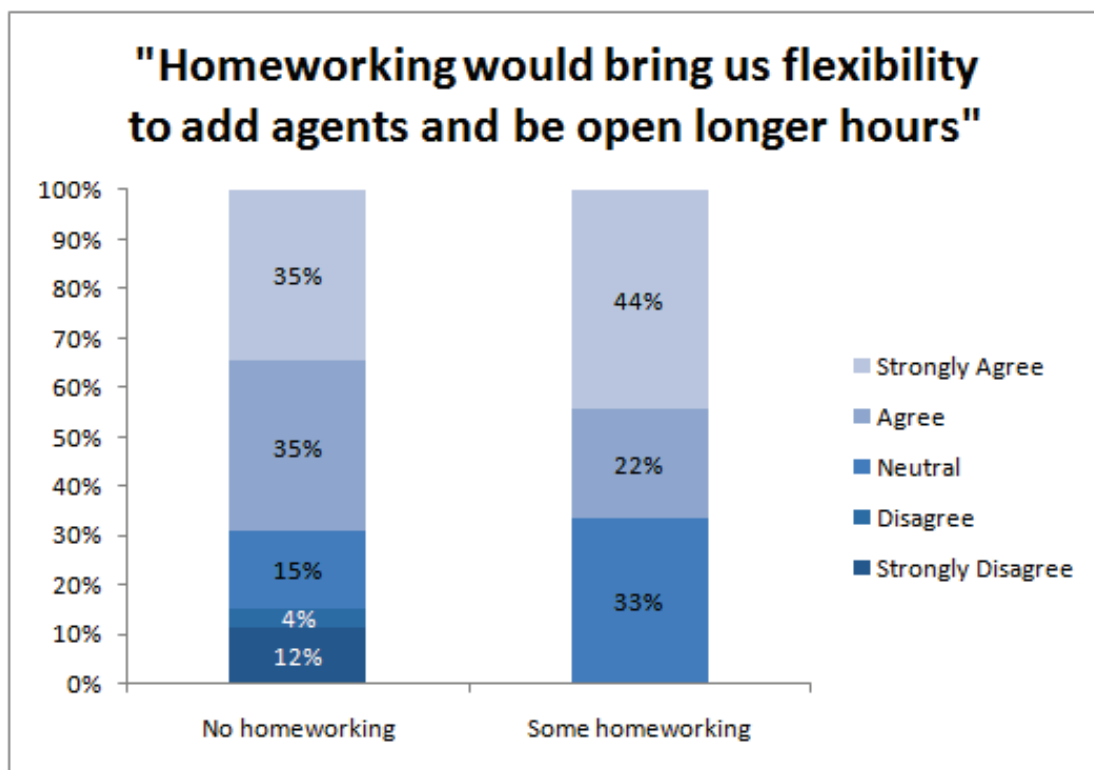


Those contact centers with some experience of using homeworking are far more likely to be positive about management of staff. 57% of non-homeworking contact center respondents are concerned about this, but only 23% of those which have implemented some homeworking have found remote management to be any sort of a problem.

"Homeworking would bring us flexibility to add agents and be open longer hours"

This is perhaps the main advantage of homeworking, in that travel-to-work time is eliminated, and in an emergency, agents can be requested to log-on for an hour or so by a text message to their mobile phone (in a typical contact center, the operation just had to deal with it, or overflow calls to an outsourcer, which can be expensive). Some contact center agents rely upon public transport which may not run well outside core hours, and some are put off by having to wait around and travel in the dark. Homeworking also opens the door to the sorts of people might never seek employment in a typical contact center - as elements of the industry do not have a good reputation - but who would happily work in their own home taking calls.

Figure 49: Opinion: "Homeworking would bring us flexibility to add agents and be open longer hours"

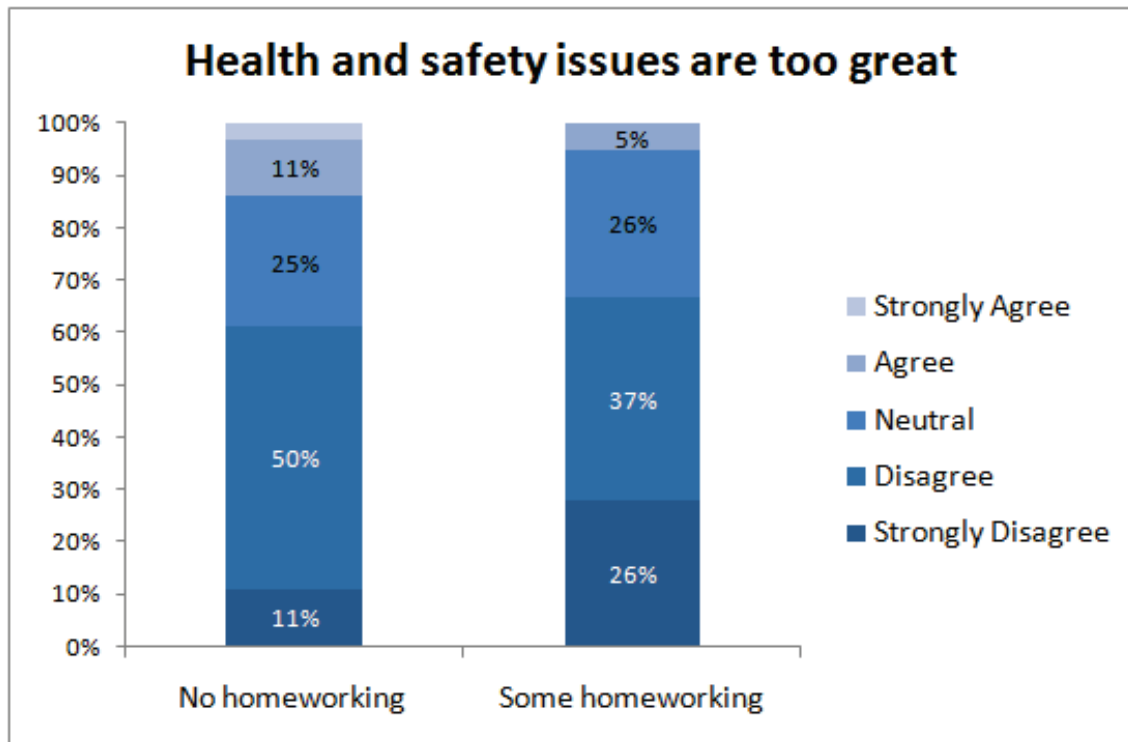


There is a general opinion that flexibility of staffing is a major advantage of homeworking, although surprisingly, one-third of contact centers using homeworking were lukewarm as to the amount of additional flexibility that homeworking actually brought.

"Health and safety issues are too great"

To a great extent, the contact center can control its own environment, and limit the risks to staff. However, the health and safety of employees working in their own home is less controllable, and businesses are very aware that they have to assess health and safety very rigorously before homeworking can be implemented. Only 5% of those who have implemented some homeworking actually agree that H&S is an issue, but health and safety need to be looked at closely before doing anything with homeworking.

Figure 50: Opinion: "Health and safety issues are too great"

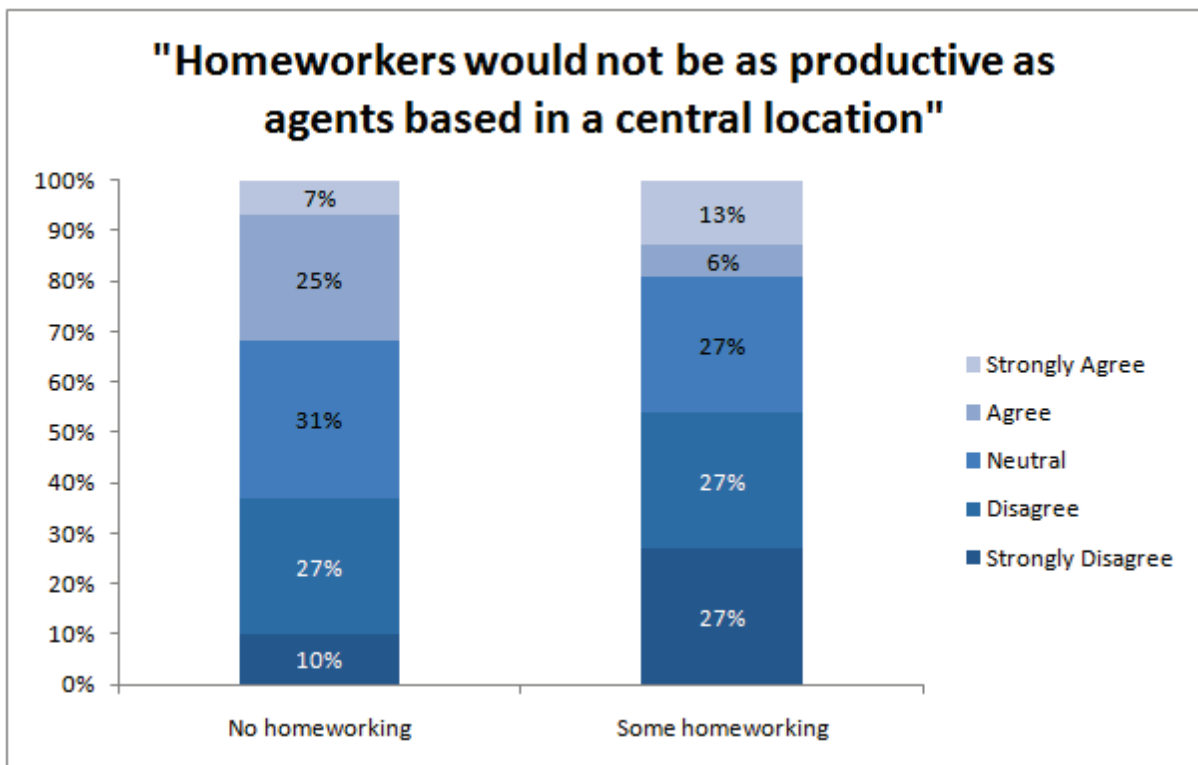


"Homeworkers would not be as productive as agents based in a central location"

29% of non-homeworking respondents expect homeworkers to be less productive than centralized staff, perhaps as they are not in such a high pressure environment, with supervisors encouraging them, peer pressure and wallboards telling them the state of play. To some extent, it depends on the definition of 'productive': if it is a matter of call volumes, then not having these cues to hurry up may well have an effect. On the other hand, there are perhaps fewer distractions in the home.

In any case, there is no reason to expect that quality will suffer - probably quite the opposite - and the homeworking model is particularly suitable to moving agents between queues rapidly, which in fact will improve the productivity of the entire operation.

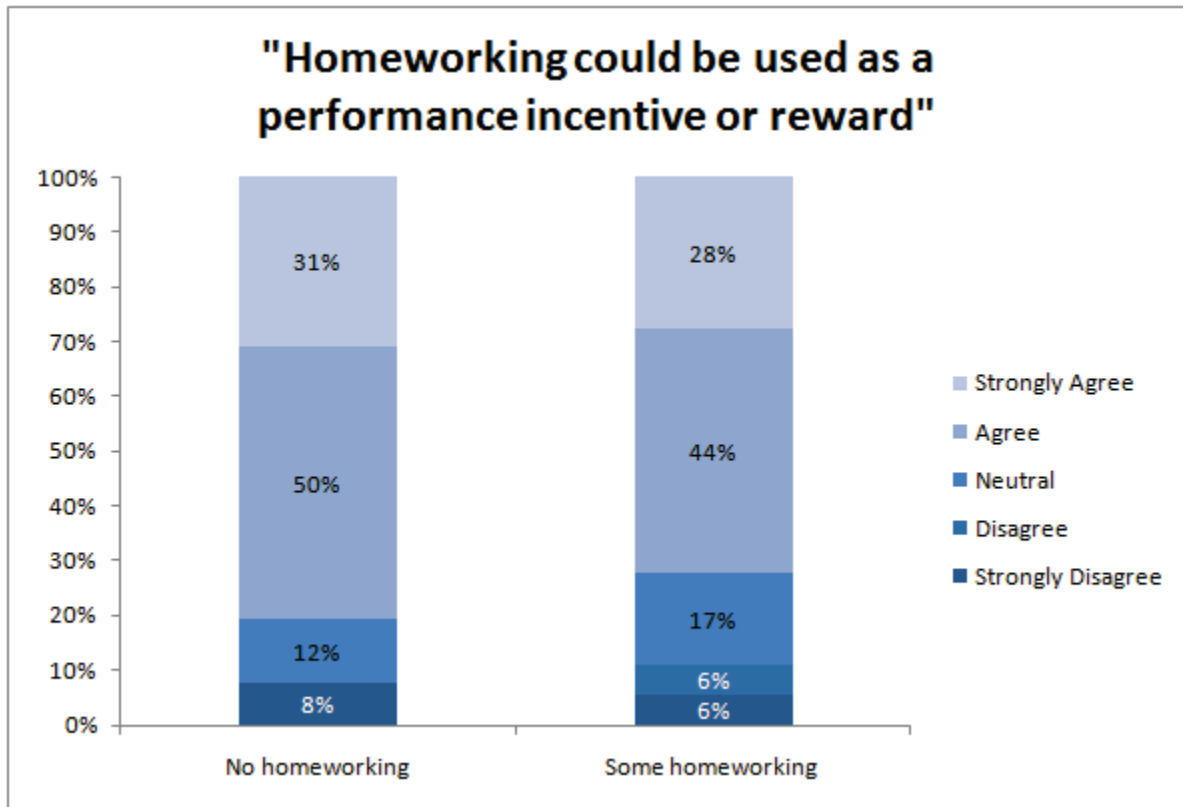
Figure 51: Opinion: "Homeworkers would not be as productive as agents based in a central location"



"Homeworking could be used as a performance incentive or reward"

Interestingly, this possible advantage to homeworking is one which inexperienced respondents are more likely to think is feasible, and only 12% of homeworking contact centers do not see homeworking as a potential carrot to dangle in front of staff (a figure much lower than the UK, which may be indicative of how the two business cultures view homeworking).

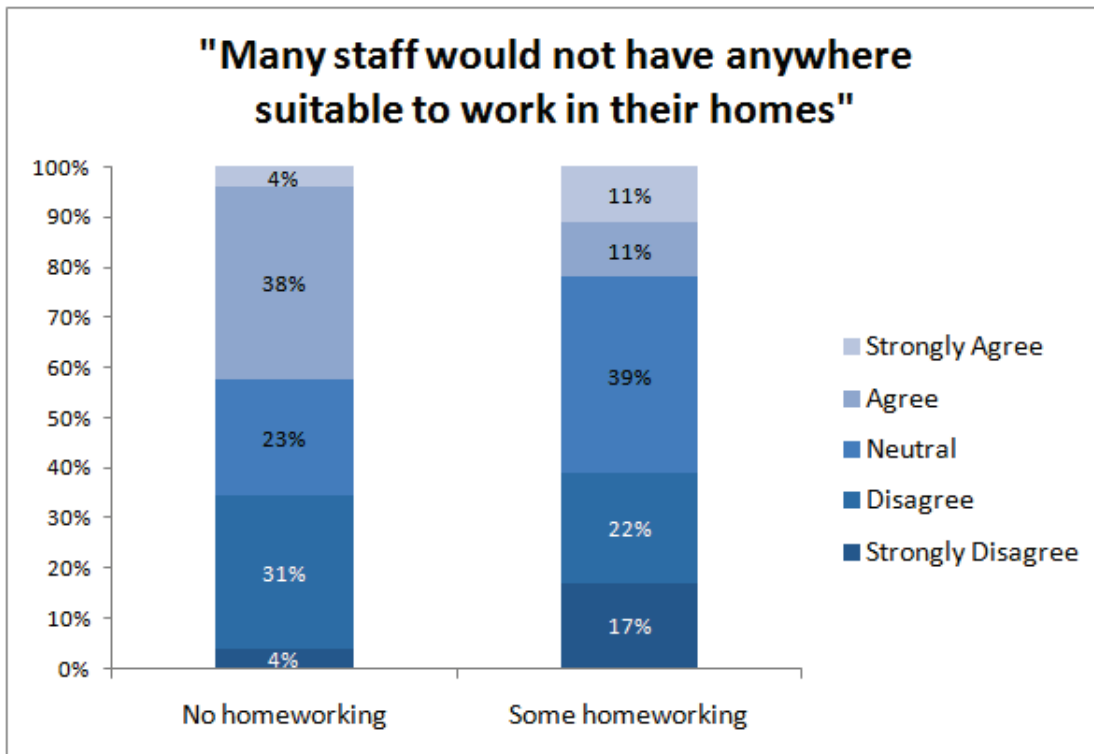
Figure 52: Opinion: "Homeworking could be used as a performance incentive or reward"



"Many staff would not have anywhere suitable to work in their homes"

For many contact center workers, it would be difficult to have a room away from the noise of the household, and this is a major concern for those operations that do not have any experience of homeworking, with 42% believing that this would be a problem. Even for those with experience of homeworking, 22% say that finding somewhere quiet to work is an issue. Obviously, it's important to consider working location on a case-by-case basis to assess the suitability of the agent for homeworking.

Figure 53: Opinion: "Many staff would not have anywhere suitable to work in their homes"



White Paper: "The Work-at-Home Agent Model for Improved Customer Loyalty" (by inContact)

Synopsis: This paper discusses options for deploying and managing a home-based agent model with the ultimate goal being increased customer loyalty.

Download: <http://www.incontact.com/media/files/white-paper-at-home.pdf> (no registration required)

THE ENTERPRISE AS THE CONTACT CENTER

For some years, the larger contact center solution providers have been encouraging businesses to look beyond the four walls of a typical operation and consider how and when to involve other knowledge workers in the enterprise, whether office- or field-based, in the business of customer service.

IP contact center solutions have the potential to break down the boundaries between contact center and wider business, allowing every employee to act in the capacity of a contact center agent if in the best interests of the business. In many cases, the drive and interest towards IP telephony is coming from the internal corporate telephony and IT departments, especially in the multi-office environments where real savings can be made.

From a contact center perspective, there are potentially massive advantages to having non-contact center personnel available to speak with customers on occasion: superior customer service (and the attendant improvements in customer spend and retention), immediate interaction with the right person, reduced call abandonment rates, shorter resolution times, as well as more intangible benefits, like the ability of executives to listen to the customer first-hand and learn from the experience.

Knowledge workers / experts form part of the overall customer handling resource pool in 15% of cases (especially in the IT helpdesk environment), with field staff and branch staff handling customer calls in 3% and 8% of organizations respectively. This suggests that if the wider enterprise is not yet quite integrated into the contact center, then the demand for these services is certainly taking it that way.

Knowledge workers can be incorporated into the contact center on a part-time basis, without actually becoming a customer service agent. 'Presence management' links workers from diverse back office departments into the contact center by allowing communication and collaboration across sites and functions. Presence management shows if a user is available to communicate via a specific medium, such as instant messaging, email, telephony etc. Availability can be defined either by the knowledge workers themselves, or via device detection. It is possible to route calls to experts using the same criteria as in the contact center.

Presence can be seen as an extension of multi-channel contact routing by being integrated into software-based contact routing solutions, and can take multimedia routing further, particularly in a SIP environment where presence can be detected in a greater variety of modes.

There are, of course, some potential dangers:

- Highly-paid knowledge workers may be overworked by the demands and interruptions placed on them by agents, and become less productive
- Most collaborative tools include directory search, instant messaging and presence for every individual, however, it is skill sets rather than names that should be used, to discourage dependency on one expert.

Intelligent routing should be used to govern requests for help to experts, creating routing rules to decide when experts should be used, and at what times. This should have the benefit of keeping the knowledge workers onside, and not choosing to show their presence as unavailable to avoid interruptions. Each skill area or department could offer a schedule to make sure that someone is available for the contact center, thus ensuring the privacy of the others in that virtual team.

IP AND CONVERGENCE

Traditional contact centers operate their telephony functions in a circuit-switched telephony environment, where a fixed, dedicated line is left open between caller and agent. Running alongside this, a packet-switched data network breaks up any data (e.g. a customer record to go along with the phone call), sends it in packets along many routes, and reassembles it at the destination in the right order.

IP contact centers differ from traditional PBX-centric operations in that voice traffic is converted into packets of data and carried around the contact center (or between contact centers) on a data network, rather than a voice network. There are two types of IP contact centers: those running on an IP-only architecture, and those running a hybrid environment, where both IP and traditional circuit-switched infrastructures are used.

However, all IP-enabled contact centers are not the same. A distinction should be made between the type of systems where there is still some need for proprietary equipment and software to communicate, and “Open IP”, which is entirely open standards-based and will allow any standard-based application or piece of infrastructure to communicate with another.

There are many reasons to consider changing from a traditional to an IP contact center, including:

- The use of common protocol (IP) and the growth of key standards such as SIP allow rapid development of new application functionality
- IP enables virtual contact centers, homeworking and the remote office model
- IP promotes the successful take-up and management of multimedia customer interactions
- More affordable functionality is made available to smaller contact centers
- IP reduces the cost of maintaining two networks
- There is more flexibility to add and change agents in an IP environment
- There is a reduction in call charges between sites via IP trunking
- IP supports reduced staff attrition through allowing flexible working
- The boundaries between contact center and the wider business are breaking down, and IP is a common theme across all parts of the enterprise
- IP infrastructure may be cheaper to upgrade than a circuit-switched platform.

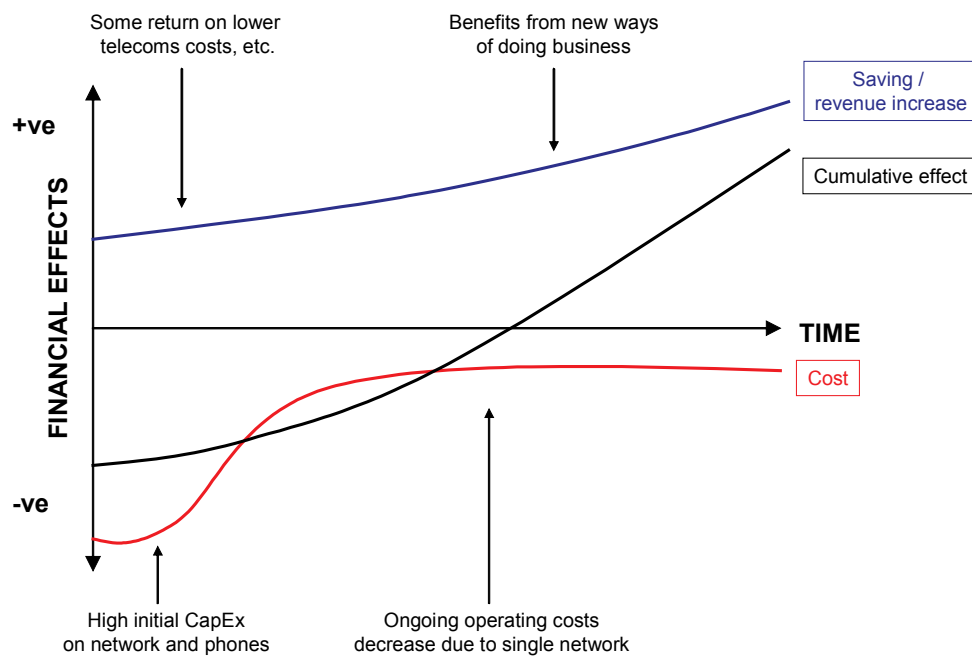
The use of IP within the contact center is very much a thing of the here-and-now, rather than another possibility for the future. Despite the relatively slow start to IP implementation, these statistics point towards IP being an integral, definite and strategic part of the contact center industry’s future, and in many places, its present.

Moving contact center operations to an open IP environment should be seen as a strategic enabler, rather than just an obvious cost-cutting exercise. It is very difficult to put a number on the really important pieces, which are the business functionality improvements, but over time these will be far more important than short-term costs or savings that are associated with IP.

The key to understanding the real value of IP is through how it enables functionality to be deployed quickly and effectively regardless of physical location. Put simply, completely and genuinely adopting open standards means that contact centers release themselves from high maintenance costs associated with proprietary systems, and can

choose the applications that exactly suit their needs at the time. Standards-based IP solutions are the closest the industry has come to being truly able to future-proof their contact centers.

In the following diagram which represents a likely return on investment scenario for an IP contact center, the initial capital outlay can be considerable, and far outweighs the immediate savings made from reduced telecom costs. However, over time, the business benefits from IP's greater openness and flexibility, allowing it to be more innovative and responsive. Costs are reduced as the system beds in, allowing maintenance of a single network. Over time, the benefits keep accruing, making the quantitative return on investment take longer than in most IT projects, but deliver greater benefits for longer.



SIP – Session Initiation Protocol

Advances in standards such as the Session Initiation Protocol (RFC 3261) enable telephony applications to interface with each other and provide functionality that used to be only available using proprietary infrastructure hardware.

- Widely regarded as the successor to H.323 for IP-based telephony
- Gaining increased attention and visibility due to major technology solution providers
- An alternative to TAPI-based IP telephony models
- A protocol that removes the need for a separate IP-PBX and contact center solution
- The emerging standard for session control for a variety of media - greater flexibility and more scalability than many alternative multimedia communication protocols in use today
- Software-based, open and lightweight, allowing organizations of all types to support the new breed of SIP phones along with soft phones, analog phones, desktop PCs, and even mobile devices and PDAs
- SIP also provides strong support for real-time voice communications, text-based messaging and application sharing – SIP can initiate real-time, multimedia sessions that seamlessly integrate voice, data and video

Open systems allow customers to select non-proprietary hardware and software for queuing, routing and applying treatments to interactions. This means that future contact centers will be free of the restrictive nature of proprietary systems, and able to develop and deploy applications which may have previously been too complex to integrate or maintain cost-effectively. The widespread use of a truly open standard will encourage application developers to push functionality boundaries further as time-to-market should be significantly decreased because integration will become much easier.

It is important to understand that there is no CTI link in the SIP world – true interoperability takes care of the integration. This has a distinct cost benefit, a reduction in complexity of deployment and maintenance, and an ability to implement quickly. Through SIP, the value of contact center solutions is moving from routing to applications – not so much “how shall we do it?” as “what shall we do?”.

Recently, some vendors have developed unified communication platforms that allow contact center solutions to operate on standard servers with no specialized hardware components, providing an infrastructure that can be supported and maintained by clients’ existing IT staff. This offers an easy path to a software-only platform or to allow hybrid applications where both traditional telephony and software-only SIP environments can be unified for a best-of-breed Unified Communication approach.



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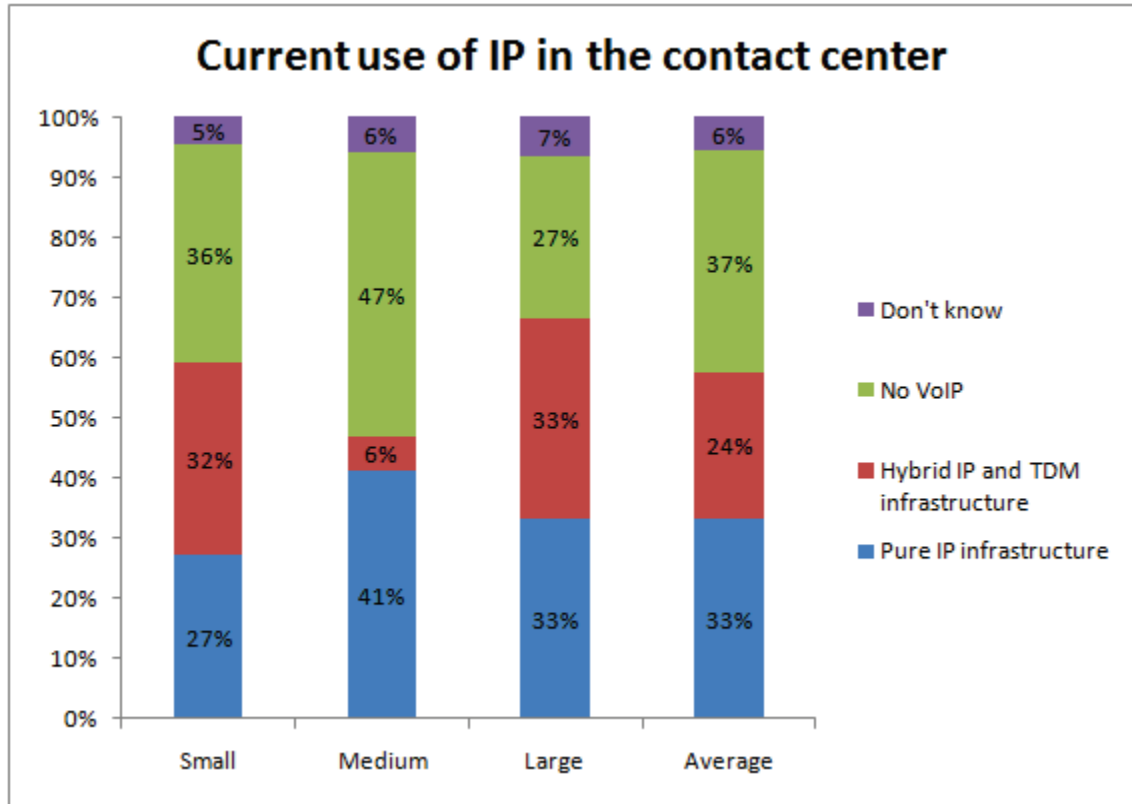
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Figure 54: Current use of IP in the contact center, by contact center size

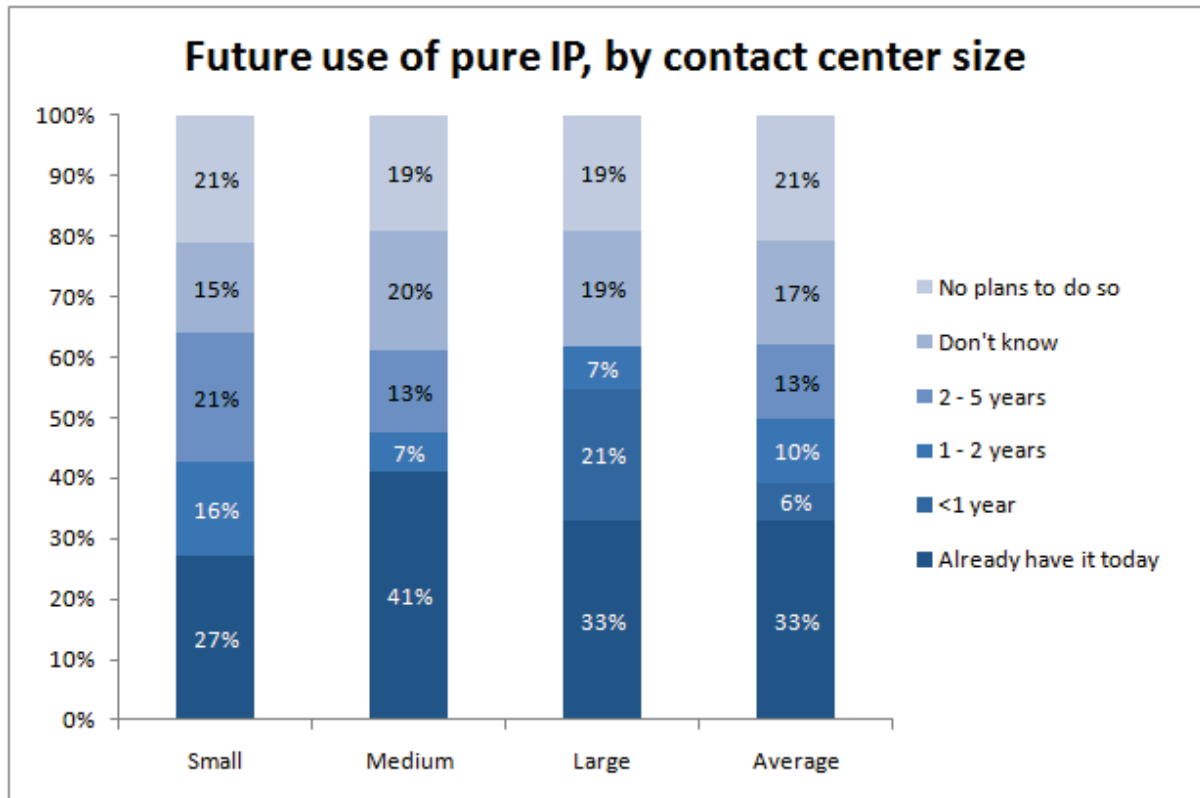


The mantra “evolution, not revolution” has often been applied to the IP contact center environment, with vendors encouraging contact centers to consider the option of moving at their own pace towards IP, and this is what has happened in recent years. However, there is now a significant proportion of respondents (33%) using pure IP within their contact centers, up significantly from 20% in 2008 and 14% in 2007.

In earlier years, it had usually been smaller contact centers that used a pure IP solution, as to upgrade or replace equipment and networks is much cheaper for them. This year, 33% of respondents from large contact centers and 41% from mid-sized operations indicate they are using pure IP, up respectively from only 7% and 18% last year. Although this massive leap is more likely a result of small sample sizes than massive investment, it can act as an indicator that there have been significant movements towards IP at the higher end of the industry.

The movement towards pure IP has been guided in the past by smaller contact centers, but the larger-sized operations are looking seriously at this in the short term. If things going according to plan, the top-echelon of the contact center sector will overtake the mid-sized element next year where pure IP is concerned.

Figure 55: Future implementation of pure IP, by contact center size



In many cases, the decision on whether to make most contact center technology investments tends to boil down to operational cost savings: the amount of money saved by implementation is greater than the cost of the solution plus its maintenance. In many cases, IP contact center solutions do not easily fit into this simple model. There are some contact centers (especially small, or new operations) where the value of having an IP-based solution is immediately obvious and provable, but at the other end of the spectrum, short-term ROI can be more complicated to find.

Yet in all cases, when businesses are considering implementing IP contact centers, they must look beyond the present day. IP contact center solutions are enablers, not necessarily ends in themselves. The value of an IP solution for many will come in what it will allow the contact center to do in the future, not the short-term cost savings it can make now. Having said that, IP solutions can certainly reduce operational costs in some cases, but anyone either researching or actively considering implementation of IP contact center solutions must be aware that they will be enabling their contact center to change and improve the way it operates. IP is a critical strategic decision which will support what you want to use your contact center for in 1, 2, 5 or 10 years time.

Figure 56: Main drivers for moving to IP, by contact center size

Why do it?	Small	Medium	Large	Average	% of respondents rating as 'strongly agree'
Reduce telecoms and network costs	4.3	4.5	4.8	4.5	56%
Corporate-wide telecoms decision	3.4	2.9	4.6	3.5	47%
PBX needed replacing	3.6	3.8	3.1	3.5	42%
Deploy virtual contact center or homeworking	3.6	3.5	4.5	3.8	37%
Support use of open standards and wide range of applications	3.4	3.9	4.4	3.8	30%
Support multimedia environment	3.7	3.8	3.8	3.8	27%
NB: scores relate to the 5-point scale of 'Strongly Disagree - 1, to Strongly Agree - 5'					

The main driver for IP implementation is to reduce costs through running a single network, and many of these contact centers also have a necessity to switch to IP because of the requirements to replace their PBX. Large contact centers are looking more at what they can do in the IP environment, specifically, moving to a flexible

working model and increasing the use of more applications through the likes of SIP. Large operations also strongly agree that IP is less of a contact center decision than something decided at a higher level.

Enabling new multimedia channels, such as video, is currently less of a key driver for IP decisions, but although two-way video may not be what customers want, there are certainly advantages to being able to provide visual support, even in a self-service application:

- the self-service experience is faster and more interesting
- visual agent interaction may enhance trust
- improved communication - a picture is worth a thousand words - reducing call costs
- higher customer perception of the level of service
- new revenue opportunity through video advertising.

Having said that, there is no single over-riding reason for implementing IP - it adds flexibility and future-proofs the contact center somewhat (especially in a multisite environment), and most importantly perhaps, offers a foundation upon which to base the next generation of contact center functionality.

Figure 57: How has implementing IP improved your contact center? (by contact center size)

What were the results?	Small	Medium	Large	Average	% of respondents rating as 'strongly agree'
Reduce telecoms costs between locations	4.3	3.9	4.6	4.3	52%
Greater flexibility in adding and changing agents	3.8	4.5	4.3	4.2	46%
Reduced network and IT costs	3.7	3.9	4.7	4.1	41%
Easier integration of applications	3.5	3.5	4.3	3.7	25%
Support multimedia environment	3.4	3.6	3.6	3.5	29%
Greater choice in choosing vendors and applications	3.1	3.3	4.2	3.5	23%
NB: scores relate to the 5-point scale of 'Strongly Disagree - 1, to Strongly Agree - 5'					

The effects that IP implementation has **actually** had (rather than the perceptions of what it could do) revolve, as with previous years, around inter-site cost reduction and the flexibility to add and change agents quickly, with large operations also benefiting from economies of scale around reduced IT and network costs.

It is interesting to note that there is emerging evidence that moving to IP presents a greater choice of vendors and applications, particularly for large contact centres. The increased use of SIP and drive to open standards is helping this factor increase in importance, but the proprietary nature of solutions and hardware is still felt by smaller operations.

INCREASING EFFICIENCY AND EFFECTIVENESS WITHIN THE CALL

There is a balance between dealing with calls efficiently (i.e. without spending too long on them) and effectively (making sure that the customer is served well, and that the business gains what it can from the interaction as well). This section looks at ways in which the 'dead time' that occurs in an interaction can be reduced, with improvements for both customer and business.

THE UNIFIED DESKTOP

Many of today's contact centers use complicated, multiple applications, often only loosely-linked, which require skilled and experienced agents to navigate, let alone to manage interaction with customers successfully at the same time. Even after the call is completed successfully, each system may need specific inputs from the agent in order to start the required back-office processes, or to keep each database consistent with the others.

Figure 58: Use of multiple applications across vertical markets

Vertical market	Use of multiple applications
Finance	Customer accounts, CRM, product database, payment systems, email, quotation system (esp. insurance), complaints, other sister companies' systems (often through merger and acquisition), legal and compliance scripts, insurance claims
Outsourcing	Multiple screens and applications depending on customer requirements, not all of which will be familiar to agents
Retail & Distribution	Supply chain systems, distribution and shipping history, warehouse stock systems, CRM, customer history, pricing applications, payment systems, complaints, email
Telecoms	Customer accounts, cross-selling/upselling applications, CRM, field maintenance booking systems, real-time network status screens, complaints, payment history, credit/debit card applications, fulfillment systems, email
Utilities	Customer accounts, payment systems, utilities status systems (e.g. scheduled or emergency work being done on water, gas, electricity supplies), cross-selling/up-selling prompts, product information, maintenance and booking systems, complaints, email

The result is that even though a contact center may be staffed with experienced, hard-working and skilled staff, its overall performance is disappointing, leading to low customer satisfaction, unnecessary costs and decreased profits.

Figure 59: Agent activity as it relates to the unified desktop

Do your agents...	% of respondents
...have to access more than one screen within a call?	87%
...have to log-in separately to each desktop application?	70%
...start back-office processes manually?	60%
...have access to all of the customers previous interactions, including email?	53%

In most cases where complex, multiple applications are used, they are necessary for the agents to do their job, so the question is not “How can we reduce the number of applications?”, but rather “How can we improve how the agent uses the applications?”. At the moment, due to complexity, expense and the sheer weight of constant change, applications are either integrated very loosely, or not at all. Agents are “trained” to switch rapidly between applications, relying on their experience to make sure they don’t forget to do everything. Such an approach can have severe primary and secondary effects:

- Increased training costs
- Higher staff attrition caused by inability to complete tasks successfully
- Inconsistent data caused by keying errors or missed procedures caused by manual wrap-ups
- Increased call handling times
- Lower customer satisfaction caused by long queues and unnecessarily long calls
- Missed opportunities to cross-sell and up-sell
- Multiple open applications on the agent desktop can lead to system instability and lower performance.

The bottom-line is that using complex, multiple applications without any specific agent support usually leads to longer calls. However, this is not the end of the problem, as this type of work also tends to initiate requests for processes to be carried out within the back-office (e.g. initiating an engineer or sales visit, sending out literature, moving a customer request onto the right department with the right information, flagging a customer as a hot prospect for a specific marketing campaign, etc.). This, as well as the need to enter information in multiple applications, will tend to increase post-call wrap-up to a point where the agent spends a great deal of their time unavailable to take more calls. Currently, an average of 15.2% of an agent’s time is spent on post-call wrap-up.



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Cutting time without cutting corners

Applications now exist which support the important activity of after-call note taking, which can run into several minutes, depending on the call complexity. The real-time speech-to-text application reduces typing time both at the end of the call, and within the call as well: the agent can manually start the recording process while talking to the customer, in order to get a verbatim transcript of what is being said, without having to try to remember and repeat the conversation afterwards, as it is almost impossible for agents to type as quickly as someone is talking, without making errors.

After training the application with the agent's voice, a 98%+ accuracy rate can be expected. Applications can also offer a 'quick note' option, where saying a three-word code phrase can insert a standardized note.

The application can reduce average handle time by 20%, and the quality of the notes taken means that any future unresolved calls can be handled more successfully as nothing relevant is lost from the previous conversation, further benefiting downstream work including supporting field agents.

Industries such as technology, media, telecoms, insurance and healthcare often have very complex calls with lots of details that have to be captured, and for calls such as these, rapid and accurate note-taking is vital to successful customer experiences, with options to extend this functionality to email agents also being useful.

Manual inputs involved in transferring data during wrap up commonly lead to data entry and processing errors, causing an adverse effect on operational efficiency, contact center cost, performance and customer satisfaction. Cost per call rises, and productivity per agent declines first-call resolution rates slip as more calls are escalated due to the complexity of the systems hindering agents, rather than helping them. So we can see that poor application integration and presentation at the desktop level has a direct and negative effect on those long-term contact center strategies deemed most important and desirable, such as customer satisfaction, lower first-time resolution and higher escalation levels.

It is in the wrap-up stage that a lot of time and effort is wasted by sub-optimal manual processing of data. For example, a simple change of address request could take many minutes in a non-unified environment, with several separate databases having to be altered, which is itself a process prone to error, with a negative impact on the customer and business, as well as at least one extra unnecessary future phone call from the customer. Reducing wrap-up time through optimizing the agent desktop is not simply a matter of writing consistently to the correct databases, although this is a key element. The contact center also kicks off a number of processes elsewhere in the enterprise: it is the prime mover for sending out documents, instructing the warehouse to release goods, arranging deliveries, taking payment and many other key elements to a successful customer-business transaction.

Businesses can usually focus either on cutting costs or improving quality. However, there is a third way, which allows desktop solutions for users to be developed separately from the underlying applications, re-using existing logic and interfaces rather than replacing them. The agent works with a single desktop application which is tailored



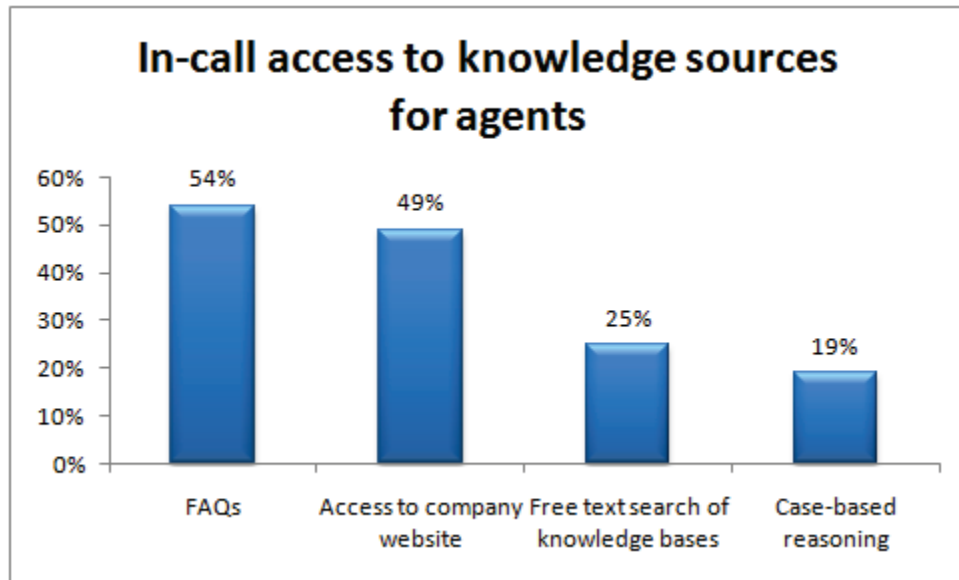
to their specific needs, pulling in only the right data and applications from disparate systems and presenting them on a single screen. In the background, business rules and workflow make sure that the right back-office processes happen without agent intervention, thus reducing wrap-up costs.

This unified desktop approach also supports the availability of a higher level of business intelligence, as every aspect of the call, including the outcome, can be viewed holistically during and after the call. This is especially useful for gauging first-call resolution rates, which are growing in importance every year - there being a very strong positive correlation between first-call resolution, lowering costs and improving customer satisfaction – yet few contact centers measure it accurately.

An application which supports less experienced agents, and helps them to learn means that staff attrition rates can be managed more effectively. High attrition rates and poor knowledge bases mean that people take away the knowledge as they leave. By having a user interface which provides the right information dynamically – and which increases the amount of leeway an agent has as they become more competent – means that agents can find the right balance between being too tightly managed and feeling cast adrift by the system’s lack of user-friendliness.

The following table shows the knowledge resources that agents have within a call. Finding, reading, assimilating and using information actually within a call as very difficult and is rarely done seamlessly. An application such as case-based reasoning, which prompts the agent to ask specific questions, drilling down to find the right answer, is very useful but only 19% of agents have access to this sort of dynamic application. Most have to search around on a company website or FAQ page, or even rely on a wide, unsupported search of knowledge bases, hoping to get lucky.

Figure 60: In-call access to knowledge sources for agents



Apart from the solution providers whose main products simplify and automate the agent desktop, some of those that operate in the multimedia space also offer a unified desktop solution which can include dynamic scripting and a single view of the customer. There is more on this in the Multimedia and the Customer of the Future section.

The cost of excessive wrap-up

Although few contact center managers would say that excessive wrap-up times cause the same level of concern as attrition or customer satisfaction, the 15.2% of time that contact center agents spend each hour in after-call work adds up to an enormous cost. The overall expenditure of the US contact center sector - salaries, IT, telecoms, building, rent, utilities, etc - comes to around \$175bn each year. Wrap-up time accounts for 15.2% of the time spent by the industry: slightly less in larger contact centers, which account for the bulk of the jobs. As such, wrap-up costs the industry around \$26bn each year. This is not to say that all wrap-up is wasted and unnecessary, but this is a segment of expenditure that is ripe for efficiency-enhancement.

As an example, a 500-seat contact center, processing 5m calls per year, would spend around \$4.3m each year just on wrap-up. A 20% reduction in wrap-up time would save around \$850,000, quite apart from the savings in training and lower attrition, as well as the benefits of shorter queues and simpler applications.

Some suppliers of unified desktop solutions state that they will not charge clients unless they see a better than 20% improvement on wrap-up times, with additional benefits coming from reduced training times (as agents are learning one system, not many); processing the call quicker (by hiding slow legacy applications or posting information to multiple systems in one go without replicated effort) and improved customer satisfaction / conversion rates (as the agent can concentrate on the customer and is supported by knowledge bases).

VOICE BIOMETRICS

Until a few years ago many businesses relied on trust that the caller was who they claimed to be – asking only for a name and address. Today, strong identity verification processes are now seen by virtually all businesses as critically important and most make some attempt to verify a caller's claimed identity by asking for additional information that only the real caller should know.

Identity theft is a high-profile issue, and as such, businesses have had to tighten security and, as importantly, be seen to be doing so by their customers, as fraud prevention has now become a brand issue. While fraud certainly causes losses to a business, the risk of losing customers' confidence by being seen as lackadaisical about security is potentially a much greater negative.

Criminals' methods have become more sophisticated and businesses have had to respond by introducing more complex identity verification processes.

However identity verification procedures have now become intrusive and inconvenient for the customer. Customers are expected to remember an increasing array of ID's passwords, PIN's, memorable information, information on their last transactions or to carry smart cards or tokens everywhere they go. Customers can undergo a 'Spanish Inquisition' before being permitted to make their enquiry or place their order – which reduces customer satisfaction.

Identity verification procedures also cost businesses time and money. It takes an average of 23 seconds to verify a customer's identity manually, and this mounts up considerably: the US contact center industry spends around \$12.4bn each year, just to verify the caller is who they claim to be.

Identity verification processes are typically based on one or more authentication factors that fall into the following generally-accepted categories

- something you **know** - e.g. password, PIN or memorable information
- something you **are** - a biometric such as a finger print, retina pattern or voice print
- something you **have** – a tangible object, e.g. a PIN-generating key fob, or the 3-digit CVV2 code on some credit cards.

Combining these factors creates a more complex, and potentially more secure two-factor or three-factor authentication process. Increasingly, regulations are requiring two-factor authentication processes. Financial institutions' can no longer rely on simply passwords to protection web banking services. For example, in the US, FFIEC guidance published in 2006 indicates that financial institutions should implement similar stronger authentication processes in their contact centers and IVR systems.

Figure 61: Proportion of calls requiring caller identification, by vertical market

Vertical market	Proportion of calls requiring caller identification
Insurance	95%
Finance	93%
TMT	86%
Manufacturing	75%
Outsourcing	51%
Healthcare	50%
Retail & Distribution	50%
Transport & Travel	42%
Services	37%
Public Service	28%
Average	59%

As might be expected, the financial, insurance and telecoms sectors are amongst the sectors most often authenticating callers' identity. The more sales-oriented sectors do so the least.

Figure 62: Caller identity authentication methods

Identification method	Proportion of contact centers using this method
Touchtone IVR	33%
Speech recognition	18%
Using an agent	97%
<i>Using both agent and automation</i>	30%
<i>Using only an agent</i>	67%
<i>Using only automation</i>	3%

67% of respondents who authenticate identity do so through purely human means, taking an average of 23 seconds to do so. 33% use IVR or speech recognition to identify the caller (which takes around 20 seconds), but almost all of these get the caller to use an IVR to collect their details, then use the agent to double-check once the call is passed through, wasting the caller's time and increasing the contact center's costs.

The amount of time required to authenticate an identity through manual means (using an agent) differs significantly between vertical markets, with those in the healthcare sector taking the longest.

Figure 63: Time taken to authenticate caller identity, by vertical market

Vertical market	Time taken to authenticate caller's identity (seconds)
Healthcare	30
TMT	23
Manufacturing	23
Services	23
Insurance	21
Finance	21
Public Service	20
Retail & Distribution	20
Outsourcing	18
Transport & Travel	15
Average	23

An estimate of the unnecessary cost of caller authentication

59% of all calls require a security and identification process to be completed first. 97% of these will require some agent input even if IVR or speech recognition is also used. On average, it takes 23 seconds to go through manual security. Using these statistics, it is possible to calculate how much US contact centers spend each year on screening customers by using agents.

Inbound call minutes per year: 265bn³

Average inbound call length: 350 seconds, therefore, total inbound calls per year: 45.4bn

Proportion of inbound calls that require security and identification checks: 59%

Proportion of security and identification checks carried out using an agent: 97%

Average length of agent-handled security and identification check: 23 seconds

Median average cost per inbound call: \$7.25

Cost of time spent on agent-handled security and identification check: 48c per call, therefore the **overall cost of agent-handled security and identification checking: \$12.4bn per year**

³ ContactBabel, forecasts from "The North American Contact Center Industry in 2006"

THE FUTURE OF IDENTITY AUTHENTICATION

To recap, there are several factors to consider when trying to predict changes in the ways in which customers are identified:

- businesses want to reduce the cost of fraud
- customers want convenience but also their personal information and assets protected
- businesses need to comply with existing and new laws and regulations
- contact centers spend excessive amounts of money on identifying and verifying customer identities
- existing methods of identity verification (e.g. PIN, password, etc) are not secure and are user-unfriendly.

The emergence of biometric technologies

Biometric technology uses physiological or behavioral characteristics to verify a person's claimed identity. Physiological biometrics includes fingerprints, iris, or retina recognition, and voice verification. Behavioral biometrics includes signature verification, gait and keystroke dynamics.

Of these, voice is the only biometric that can be used over the phone. In fact, a voice verification system's strength lies in its ability to work over the phone or web making it a viable identity verification solution for contact centers. Voice verification systems use spoken words to generate a voiceprint. A voiceprint can be compared with a previously enrolled voiceprint to verify a caller's identity. The most sophisticated systems generate a voiceprint by using spoken words to calculate vocal measurements of a caller's vocal tract thereby creating a unique digital representation of an individual's voice. These systems are not affected by factors such as the caller having a cold or using different types of phones, or aging. Voice verification systems are now delivering levels of accuracy and security that have proven robust enough for use by banks and insurers.

The customer's experience

Since speaking is natural and intuitive, a well-planned implementation can result in a better customer experience that eliminates the need for PINs or passwords. For example:

- 'Account Number' based voice verification – the caller is asked to speak their account number. The account number identifies the caller, and the spoken words are used to generate a voiceprint that verifies the caller is the account holder
- 'Challenge Response'. Typically the customer is asked to repeat a series of numbers , e.g. "Please say 'one seven three four'". The spoken words are used to generate a voiceprint. The numbers spoken are usually different each time the caller phones.

In cases where a two-factor authentication process is required, voice verification can be combined with a 'something you know' – such as an answer to a memorable question.

The business benefits

Businesses benefit from two types of savings. These can be illustrated in the following example:-

A contact center receives 10 million inbound calls per annum with the existing identity verification procedure taking on average 23 seconds and being performed by an agent:

- Eliminating the time taken by an agent to verify a caller's identity can save 48c per call (\$4.8m per annum)
- Secure automated identity verification enables a broader range of fully automated services to be offered.

The potential benefits for the business are huge, and the customer also gains through a better experience, longer opening hours and greater identity protection.

Voice verification can also be used to protect the enterprise against repudiation (where the customer says at a later date that they did not do it) as it can verify the physical presence on an individual at the other end of a phone line. Interestingly, this capability is already used by various US law enforcement agencies to check that released offenders are where they should be.

For procedures such as internet password resetting, the higher level of security achieved with voice verification can enable businesses to offer real-time password resets or reminders. This benefits both customer and business and can reduce up to 70% of helpdesk calls.

Voice verification has the advantages of near-ubiquity (the vast majority of people would be able to use it) as well as improving levels of security and reducing costs. The increasing demand of the public for identity protection, coupled with businesses' permanent desire to increase profits mean that voice verification is an option that any company concerned about identity authentication should now seriously consider.

CTI, CALL ROUTING AND SCREEN POPPING

Collecting information about customers before an agent has spoken with them is a contact center technique which has been around for decades, under the wider auspices of CTI (computer telephony integration). CTI infrastructures route calls and automate information retrieval to help agents deal with issues quickly and accurately, without transferring callers or leaving them on hold.

CTI and SIP

SIP ("Session Initiation Protocol" - see the section on IP) will enable companies to use CTI functionality throughout IT infrastructures instead using a proprietary hardware/software layer. Applications will use SIP commands to carry out call-related activities and also non-call functions such as presence management.

A contact center's CTI servers use caller ID information from PBXs to retrieve customer information from various databases. This information is then passed to the agent along with the voice call as a screen-pop, cutting down the time spent at the beginning of a conversation. If calls are transferred, the information follows the voice call so the customer does not have to repeat information they have already given. CTI is extremely effective, however, it's also expensive, proprietary and complex. The use of SIP will enable CTI functionality to be used far more widely and effectively.

Enabling a voice device to communicate with a data network has required the CTI middleware layer to translate TDM (Time Division Multiplexed) voice traffic into data. If a contact center uses SIP and a pure IP infrastructure, it removes the need for CTI as a separate layer in the IT infrastructure because SIP enables mobile phones, laptops, smartphones, etc to communicate directly with IT resources. In pure IP networks, calls will enter the infrastructure as VoIP traffic and travel to a SIP proxy server which initiates sessions with the necessary applications to perform call routing and customer information searches that the CTI server was formerly responsible for.

Standards-based SIP proxy servers are much cheaper than CTI servers and can be implemented on standard hardware. Integration is easier and quicker as all the input and output in the network is one standard protocol, which opens this up to smaller operations too, however all voice traffic must be through VoIP.



The use of IVR, whether touchtone or speech recognition, is embedded deep in the fabric of the US contact center industry, with the majority of operations using touchtone to route calls, and almost one-quarter using speech to direct enquiries.

Figure 64: Use of touchtone IVR and speech recognition to route calls, by vertical market

Vertical market	Touchtone IVR	Speech recognition
Healthcare	100%	50%
Insurance	100%	100%
Public Service	100%	25%
Retail & Distribution	100%	0%
Finance	88%	38%
TMT	88%	14%
Transport & Travel	67%	0%
Outsourcing	64%	14%
Services	56%	33%
Manufacturing	50%	25%
Average	75%	24%

As IVR (interactive voice response) is a solution which provides major cost savings in volume-based environments, we would expect to find more of the larger contact centers using it, and this is certainly the case, suggesting that commercial decisions to use IVR have been made that are based around cost considerations and economies of scale. There is little of the wariness about IVR that many non-US businesses have.

Figure 65: Use of touchtone IVR and speech recognition to route calls, by contact center size

Contact center size	Touchtone IVR	Speech recognition
Small	61%	10%
Medium	82%	18%
Large	87%	47%
Average	75%	24%

Information about the specific caller is collected and popped to the agent's screen in 63% of relevant cases. This ability seems to be a factor of contact center size, as the benefits of cutting 20 or 30 seconds from a call is worth far more to a large operation than a smaller one, simply due to the volume of calls received making the CTI investment worthwhile. In fact, 84% of calls received by large operations that use IVR are routed to an agent complete with screen-pop, compared to 57% in small contact centers.

Sophisticated call routing capabilities allow the business to put the right agent with the right skills in front of the customer to meet the business's strategic aims, keep costs low and improve the customer's experience. Obviously, a business will want to treat a delinquent account differently to a high-value customer, or a caller identified at risk of leaving the business. The former can be routed straight through to collections, and the latter two to highly-skilled agents who may have worked with the customer previously.

Figure 66: Capability of routing calls automatically depending on the customer history

Can you route calls automatically depending on...	Proportion of respondents	Main vertical markets
Specific language requirements	67%	Finance, outsourcing, services
High-value customer	55%	Manufacturing, outsourcing, services
Unpaid account	38%	Insurance, finance, outsourcing
Risk of defection / end of contract	26%	Services, outsourcing

Finance, outsourcing and services respondents are most on-the-ball with value-added routing, although there is still a lot of room for improvement. Being able to route a delinquent account automatically through to credit control is of great value to any business which offers accounts in arrears to its customers (finance, retail, telecoms, utilities, for example), yet a minority of respondents do this.

Identifying a high-value customer (and presumably bumping them up the queue or sending them to a top agent) is somewhat more popular. Perhaps surprising, even high-churn sectors like telecoms and utilities do little to route customers who are likely to defect through to an appropriately-skilled agent.

Skills-based routing

This is a call-assignment strategy used in contact centers to assign incoming calls to the most suitable agent based on the caller's requirements and the agent capabilities, instead of simply choosing the next available agent. It differs from the previous table, in that calls are passed to specific virtual agent groups (clustered by skills) rather than routing through to a particular department or team.

Previously, agents answering calls were generally able to be assigned to only one queue taking one type of call, meaning that agents who could deal with a range of call types had to be manually reassigned to different queues at different times to make the best use of their skills, or end up handling calls that perhaps they were not suited to. Skills-based routing allows the agent capabilities required for a call to be assessed by the telephone number dialed (DDI), the calling number or caller's identity (CLI), as well as options selected in the IVR system. A skills-based routing system then tries to match the call to a suitably-skilled agent. Instead of being served in the order of their arrival, calls are handled as agents with the right skills become available.



Fulfilling service levels while managing costs is a repetitive cycle, requiring several key processes to be completed. Feedback from each stage means that the enterprise can continually improve its efficiency and become more confident in future predictions.

FORECASTING

Before any staff planning can be done, an enterprise first needs to understand what has happened in the past. A solution which provides historical data from entire customer contacts (i.e. from CTI as well as the ACD) means that scheduling can take place in a more realistic way. Enterprises should also be able to factor in exceptions, such as advertising campaigns, training and public holidays, and view when the best time for a meeting or training session will be, and measure the impact on the rest of the contact center. Running regular hypothetical 'what-if' scenarios can show a scheduler how alterations to shift-patterns would impact performance, as well as assisting in business continuity by seeing what would happen in a flu epidemic, for example.

A great deal of unnecessary agent work can be removed by identifying the types of call that are being received, and determining whether these could be reduced further up the line, in the departments whose activities actively affect the volume and type of calls received, e.g. marketing or IT (for the website). As such, workforce management is increasingly being used as part of an overall quality or performance management suite, which can include quality monitoring, HR management and training as well as the traditional workforce management forecasts and schedules, as all of these factors affect each other.

For example, understanding when and how other departments will be operating means that workforce management tools can be used to forecast and schedule accordingly (e.g. about a new TV advert). Additionally, contact center management is able to brief agents - via a desktop broadcast if at short-notice - about the correct responses and issues, as well as changing IVR prompts and messages to provide answers to the more simple answers, as well as managing agent skill-sets for relevant call groups.

Businesses should look for flexibility in forecasting functionality: situations can develop very quickly which mean that forecasts can become useless without the ability to alter schedules dynamically to reflect reality.

SCHEDULING

Scheduling is not as simple as it may seem at first glance. The enlightened enterprise takes agent preferences and skill sets into account when scheduling. The "standard agent" approach to solving resource issues (i.e. treating one agent the same as any other) will cause problems with both agent satisfaction and customer service levels. Most companies using advanced workforce management software will have between six and nine skill-sets to work with, although a few contact centers use as many as 50.

Yet the business's needs must come first, so a scheduler will have to find the best way to match the company's requirements with those of its employees. This can get particularly complicated in a multimedia environment which usually has agents with multiple media handling skills (e.g. voice, e-mail, text chat etc.) and multiple business abilities (e.g. sales, service, product knowledge, languages etc.).

Businesses must look for a solution which does not over-simplify the scheduling process, yet retains usability and the flexibility to make changes. Solutions that allow agents to request and alter their own schedules (for example,



around holidays) are becoming increasingly sought-after, as they have also been proven to strengthen agent morale.

ADHERENCE AND REPORTING

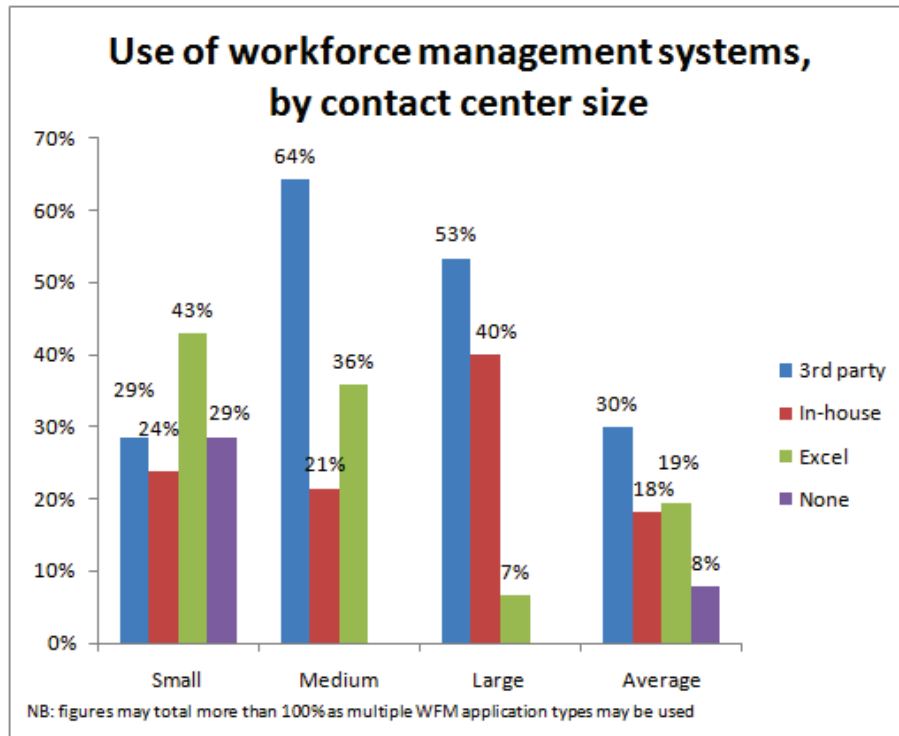
Adherence is the ability to compare forecasts with reality, and learn from mistakes. Sophisticated scheduling and forecasting is useless without the opportunity for improvement brought about by adherence monitoring. Real-time adherence allows managers to see exactly what is happening, and can alert them to deviations from the expected activity, allowing them to make changes before problems occur. Adherence allows a business to fine-tune its contact center activity. Put simply, the more you use it, the more accurate your forecasts and schedules become.

This is another area where the cerebral activity of traditional workforce management has become more dynamic. Real-time reporting on schedule adherence, and the ability to access this information through a web browser or mobile phone means that dynamic changes can be made to the system. In the more sophisticated solutions, 'workforce management' has now become 'workforce performance management'.

For example, adherence does not have to refer to the contact center as a whole, as WFM solutions enable contact center managers to monitor and manage agent performance in real time, by connecting to the ACD system and monitoring the status of an agent's activity, (for example, time spent logged on, against planned work schedules). Agent adherence and non-adherence can then be acted upon quickly, and used to support performance appraisals.

Businesses should look for a solution which is simple to understand (so staff will feel comfortable using it) yet retains the power and functionality to help the contact center manager understand what has happened and to make changes quickly if necessary.

Figure 67: Use of workforce management systems, by contact center size

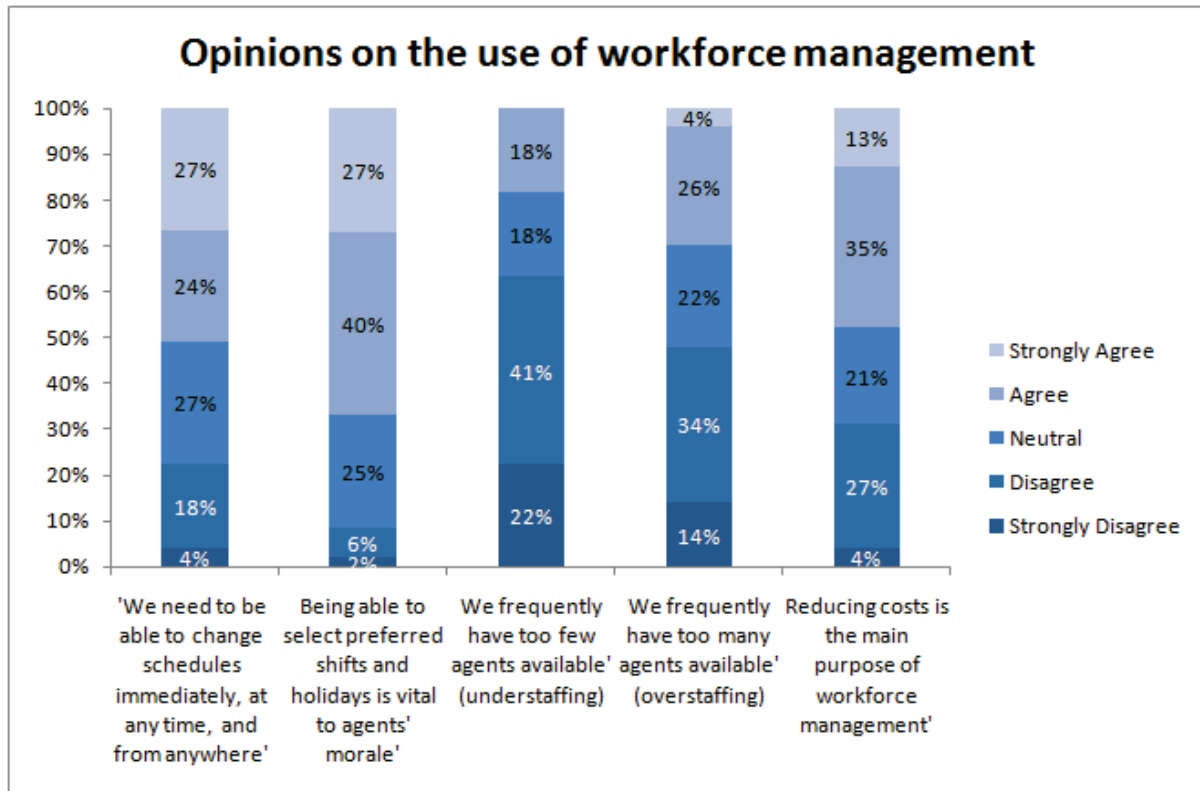


Small contact centers are still very heavily involved in manual workforce management, which offers extremely limited opportunities for doing anything other than a static schedule that cannot easily be changed. In fact, forecasting and scheduling in this scenario is more of an art than a science. Medium and large operations are far more likely to use dedicated third-party workforce management applications which historical data can be fed into, providing a far more accurate schedule.

The low take-up of third-party workforce management tools in smaller contact centers is almost certainly down to cost, the fact that the time taken to create a manual schedule for 10 agents is far less than for 100 agents, and that the manager of a small contact center does not need the flexibility or capabilities that a large operation can benefit by, as their labor and skills pool is so much more shallow to begin with.

However, it is certain that most contact centers of perhaps 25 seats upwards could benefit from more accurate forecasting and scheduling, and such businesses could look at the hosted or SaaS (software-as-a-service) model that many solution providers now offer.

Figure 68: Opinions on the uses of workforce management



There was strong agreement across the board that allowing an agent to register a preference for a shift and holiday was positive for morale. The ability to change schedules quickly was also seen as generally important, especially amongst large contact centers, where 80% of respondents said this was the case. It is worth noting that 50% of small contact centers said that quick schedule changes were important for them, however, few of these have the technology in place to do this particularly quickly or accurately.

Generally, understaffing was rarely seen as an important issue, unlike overstaffing, which medium and large contact centers found to be a more of a concern than did smaller operations. 20% of contact centers with a third-party workforce management solution said that under- or over-staffing was a problem, compared to 37% amongst those operations which did not use this solution. Around half of all operations were also likely to think of workforce management solutions as primarily being about cost-cutting.

HEADSETS

There are various factors to consider when deciding which headset to purchase for your contact center workforce. If you have many hundreds or even thousands of agents, headset purchase can be a large ongoing capital expenditure that is important to get right. There are many things to consider:

- Compliance with health and safety legislation
- Total cost of ownership
- Durability
- Performance
- Comfort
- Contact center telephony infrastructure
- Sound quality.

Contact center agents wear headsets for hours on end every day, and the cost of replacing or repairing headsets should be considered in the total cost of ownership, requiring good levels of after-sales support and guarantees.

Some contact center agents like having the freedom to move around while on calls, especially in a high-pressure sales environment. Some contact centers may decide they don't want agents wandering around, but that the supervisor needs to be able to be mobile. Agents with wireless headsets can spend less time putting callers on hold as they can walk to where the information they need is held, taking the caller with them. This in turn reduces the time taken on each call, and improves customer satisfaction.

Headsets and the 'enterprise as contact center'

The newest headsets support the 'enterprise as contact center' model by allowing the agent to involve knowledge workers in a three-way conversation with the agent via Microsoft Communicator, IBM SameTime or VoIP. This allows, for example, a 2nd-line technical support worker to help immediately with a difficult part of a query without a formal, long-winded escalation process taking place.

As can be seen in this report, the majority of contact centers will be considering Internet protocol (IP) telephony as part of their future technology environment, if they have not already done it. Agents will make and take calls via their PC, so choosing a headset that can adapt to future technology infrastructures is key.

The weight, sound quality, amount of background noise allowed in, comfort and the length of time the headset will be worn should also be considered. Having sound in both ears (binaural) allows noise levels to be lower than is the case with single-ear sound (monaural), although some agents can feel isolated if they cannot hear the world around them. In addition, a noise-cancelling microphones filter out the unwanted background noise which can make the conversation harder for a caller to hear. Voice tubes can also allow more flexible positioning of the microphone, with attendant improvements in sound quality.

The effect of headsets upon productivity

There are examples of how improving audio and speech quality can positively impact upon call handling time and overall contact center performance. A Spanish contact center gave some sets of agents headsets with digital audio processors, and some used the more traditional headset. The first group's technology had the effect of 'cleaning up' unwanted noise at either end of the line, allowing the customer and agent to communicate more effectively. Calls were handled more quickly, fewer mistakes were made with data collection (with the attendant knock-on effect that fewer repeat calls were required), and overall, agents handled an average of 10% more calls per day than did the control group.

In some countries, there has been recent legislation put in place around noise at work, which detail maximum average and peak noise levels that a worker may undergo, and the maximum amount of time that it is permissible for the worker to experience these sounds. We believe that it is only a matter of time until similar legislation is imposed in all Western contact center industries, and that businesses should be putting procedures in place before they are forced to, which could help agents' health, and limit the business's exposure to litigation.

Surveys have seen that only 6% of contact center managers are aware of the level of ambient noise within their contact centers, and only 9% regularly measure it⁴.

The Acoustic Safety Programme (developed in the UK) has developed some simple advice for contact centers to help them meet or exceed legislation and make working life safer and more comfortable for their agents:

- Measure contact center noise regularly and record it
- Fully understand legislation and create a formal policy so that staff at all levels of a business are aware of it
- Make sure that the headsets used are compliant with current legislation, and test them throughout their life
- Provide agents with a choice of headsets - monaural or binaural - the latter can help to absorb background noise, but may make the agent feel more cut-off from their environment
- Be aware that excessively long shifts may cause damage to agents' hearing, even if within nominally-safe limits
- Use sound-absorbing materials as much as possible to absorb unnecessary echoes and reverberation
- Educate agents on how to use their headset and phone correctly, including volume and ergonomic adjustments
- Test staff's hearing throughout their contact center career.

For more information, please visit www.acousticsafety.org.

⁴ Source: CCF magazine, July 2007

HEADSET REPLACEMENT AND COST

Around 24% of respondents' headsets are replaced in a given year, meaning that the average headset will have a useful life of around 4 years.

Figure 69: Proportion of headsets replaced annually

Proportion of headsets replaced annually	
1st quartile	35%
Median average (2 nd quartile)	15%
3rd quartile	8%
Mean average	24%

On average, contact centers pay \$102 for a new headset.

Figure 70: Cost of replacing a headset

Cost per headset	
1st quartile	\$135
Median average (2 nd quartile)	\$92
3rd quartile	\$55
Mean average	\$102

Based on there being around 3m agent positions in the US, the overall annual industry expenditure on replacement headsets therefore totals around \$73m, with the retail and finance sectors spending the most.

WIRELESS AND IP HEADSETS

Wireless headsets

35% of contact center respondents used some wireless headsets within the contact center, with an average of 16% of headsets in these contact centers being wireless. In past years, most of the wireless headsets were used by supervisors who are more likely to have to be mobile to help agents in their team.

IP headsets

IP telephony can occasionally throw up some negative performance issues. As VoIP is a digital signal and human speech is analogue, converting between the two takes a certain amount of time. IP was not initially designed to transfer speech and so does not guarantee a time between the signal leaving one point and arriving at the next. These two points mean that there may be more of a delay in speech being transmitted from one point to it being heard at another on a VoIP system than with a conventional system.

As with all telephone systems, the person speaking will hear some of their own speech in their ear. This is referred to as 'sidetone', and when the delay levels are low it is an important part of the telephone system. When delays are excessive, the sidetone becomes echo, which is distracting for the people on both ends of the call. As detailed above, excessive delays are more common in VoIP systems than with standard telephony, meaning that echo cancellation is a critical component in improving call quality.

Some headsets are able to alleviate or even remove the impact of sub-optimal network performance on the conversation:

- Echo - how the earpiece fits to the ear and the positioning of the microphone relative to user's mouth helps prevent echo, and digital signal processing (DSP) alleviates echo management when it is unavoidable. DSP can help with unequal call levels, and manage sudden increases in amplitude and/or volume, and prevent acoustic shock
- Distortion - clipping the voice signal by taking away the highest and lowest voice registers can mean that the voice sounds distorted, an unpleasant sound for both agent and caller
- Latency - often viewed as one of the major bugbears of IP, latency is experienced as a lag, due to information being sent and received across the network in a sub-optimal manner. This can cause broken conversations, and can be extremely frustrating for both customer and agent, particularly when experienced as poor sound quality, such as missing pieces of sound, as well as the lag itself.

Currently, half of respondents have some headsets that are able to cope in an IP environment. Of these respondents, 85% of headsets can handle IP, with 73% of these respondents saying that all of their headsets are IP-capable.

IP headsets and homeworkers

The homeshoring / homeworking model can be supported by using a headset and IP audio processor (that links the headset and PC), rather than an IP phone. This method is cheaper than an IP phone, is simpler to support, and has the added advantage that if the PC locks up, the agent can continue to speak and be heard.

ACOUSTIC SHOCK

‘Acoustic shock’ is a phrase coined to describe a sudden, unexpected noise, often delivered at a very intense frequency. It may be caused by feedback from telephone equipment, faulty telephone lines, non-compliant switchboards and headsets. Other sources of acoustic damage include caller abuse (shouting, screaming, blowing whistles etc – most often found in the outbound environment) or background noise on the call. Acoustic shock also refers to the damage done by long-term exposure to noise in excess of healthy limits. It can lead to permanent hearing damage and cases of psychological trauma.

Readers wanting more information may like to consider viewing www.acousticsafety.org

Contact centers may like to implement a traceable reporting system for headset users who may have been exposed to acoustic shock incidents.

The following information should be reported:

- Date and time of the incident;
- Details of the source of the exposure;
- Description of the noise;
- Duration of the exposure;
- Details of the headset and telephone equipment used;
- Whether the incident was electronically recorded (a copy should be kept for future reference);
- Symptoms experienced by the operator directly related to the acoustic shock incident.

Operators should be trained to recognize such incidents and how to report them. Organizations that operate call centers are further advised that they should keep up to date with developments in this field through their professional associations and other representative bodies, as well as through their enforcing authority if applicable.

Only 4% of respondents’ contact centers have a definite, written policy on acoustic shock and avoidance thereof, a clear area for improvement.



Solution providers offering assistance with Maximizing Efficiency and Agent Optimization include:



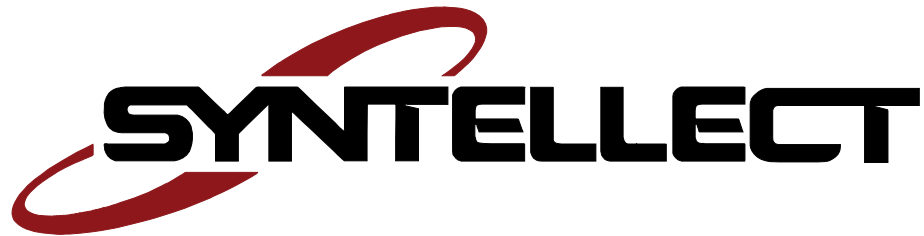
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NEW MEDIA AND THE CUSTOMER OF THE FUTURE

Currently, the most widely-used forms of non-voice customer contact (apart from letters and fax) are email and self-service, followed by SMS, text chat and web collaboration. Despite the much lower penetration rates, it is also worth discussing the presence of virtual worlds, avatars, kiosks and video agents in the customer contact mix as these are options which businesses may use to target the Internet generation as well as more technically-literate existing customers.

Figure 71: Multimedia channels

Channel	Current use	Drivers	Inhibitors	Proportion of interactions
Email	Widely offered for inbound and outbound service by all sectors, especially TMT and outsourcing.	Email is widely-used and accepted by customers. As a non-real-time application, businesses can deal with emails in slack periods. Written format is suited to long and complex answers. Templated responses offer cost savings.	Without investment in email systems, email is no cheaper to handle than a phone call. Service levels are often poor or inconsistent, leading to customer dissatisfaction. Any interaction that requires security is unsuitable for email checks.	TMT often highest. Insurance and finance usually low. On average, the contact center industry has 11.2% of inbound interactions as email. Strong belief and desire for the figure to grow to 20%+.
Self-service	Both voice and web self-service are widely used, the former either through touchtone IVR or speech recognition, which handles simple queries and transactions.	Variable costs of using self-service are very low (i.e. once the system is set-up correctly, incremental cost per use is negligible), making it suitable for high-volume, simple interactions, avoiding the costs of these calls being handled by agents. Allows 24/7 service at low cost.	Excessively pushing the use of self-service, & badly-designed IVR menus can mean that callers feel frustrated & alienated. The use of natural language self-service is not yet widespread, & older voice-based applications are often inflexible & long-winded.	9.2% of inbound contact center interactions are dealt with by self-service, although contact center managers believe that far more calls are suitable for self-service.
SMS	Often used for marketing messages, SMS can also provide proactive customer service, such as balance threshold alerts and appointment reminders.	SMS is a cheap channel, mobile phone penetration is greater than 100%, and SMS senders are very likely to have their messages read.	The same rules against email spam apply to SMS, so customers must give their permission to be sent SMS. Inbound SMS is like email, in that security cannot be established, and it is not a real time application. Cost associated with receiving SMS in the US.	A minority of US businesses currently use SMS to communicate with customers, usually for marketing purposes.

Channel	Current use	Drivers	Inhibitors	Proportion of interactions
Text chat / instant messaging	Growing in US especially as specific applications for its use emerge.	Real-time nature of text chat means it is akin to a voice conversation in immediacy. It is possible to ask security questions through text chat, although it is debatable whether the customer will feel happy about passing on this information over the web. Multiple concurrent text chat sessions can be run, cutting cost per interaction. Younger generation is used to messaging.	Text chat may be too alien to the older generation who may feel pressured by the sudden appearance of a chat initiation. It is also an expensive option, and may encourage people to ask unnecessary questions that they would otherwise use the website to find the answer to.	1.4% of interactions into US contact centers, but potential to grow.
Video agents	Limited current use. Can be delivered through PC, kiosk or interactive digital TV.	Eye contact is critical for establishing trust and 60% of the communication process is visual. Opportunities for demonstrating product features.	Customers may prefer the impersonality of telephony. Agents will need training in visual presentation.	Not known, although low.
Virtual worlds	Second Life is an online, virtual world populated by avatars, which interact with each other and with real business, such as Coca-Cola, Microsoft, BMW, Reebok, Penguin and KPMG. Businesses use Second Life as a venue for recruitment fairs, a branding opportunity, a sales channel for both real and virtual commodities and also a provider of customer service.	Waiting in a Second Life office should be a less boring experience than holding for a contact center agent, with residents able to wander around the world, watch videos, read information or talk to other people while waiting their turn. The added visual capability will have the same advantages of video agents.	Avatars are not yet realistic or life-like, limiting non-verbal communication. Most people are unaware of Second Life and it is far quicker to pick up the phone.	Millions of Second Life users, but 'real' business fairly limited. Increasingly used for intra-company communications.
Web collaboration	Very limited. Page-pushing and joint form-filling more used in the US.	Allowing an agent to work alongside a customer's desktop can give more personal and effective assistance.	Very expensive per session. Not widely understood by customers.	0.9% in the US.

Channel	Current use	Drivers	Inhibitors	Proportion of interactions
Avatars	An avatar is a physical representation of an individual in cyberspace. Rarely used in commercial environments, avatars are usually found in online games and virtual worlds. Some businesses are using avatars to act as the front-end for self-service applications, offering customers a human-like interface with which to carry out self-service operations.	Online customers can move their avatars around a website in the same way they would move around a shop, and ask sales avatars for help. If avatars were physically similar to their owners, businesses could use web collaboration to show exactly how the customer would look in an item of clothing, or behind the wheel of a car.	Customer service avatars require 'anthropomorphous software' to be able to decipher unformatted text and natural language, read and write text and display some level of behavior that might be seen as personality and intelligence - it needs to be seen as being more than just an attractive way to do the same limited things.	Not known, although very low.
Kiosks	Supermarkets, cinemas, banks, fast-food outlets and train stations have touch-screen terminals which can deal with financial transactions, issuing tickets, taking orders and scanning items.	Low-cost, effectively another variant of self-service, with a possible option to move to a video agent if required, although privacy issues are present. It takes an average of \$3 for an agent to check-in an airline traveler, but only 14c each with a kiosk (source: Forrester Research).	Possible mechanical breakdown. Non-private. Limited functionality.	Not known, although growing.

MULTIMEDIA MANAGEMENT AND THE UNIVERSAL QUEUE

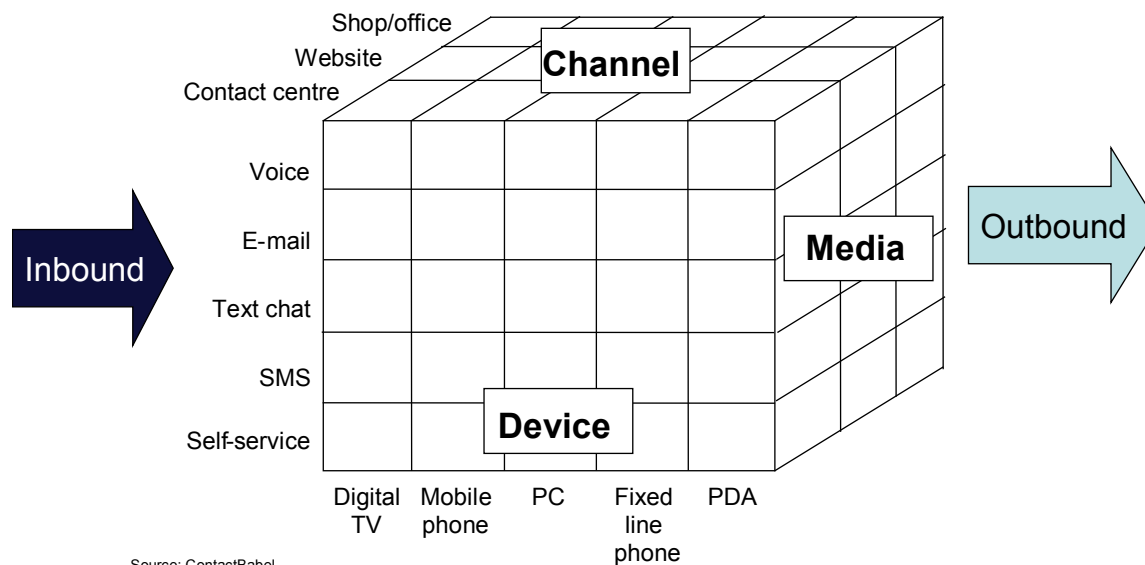
In the late 1990s, the phrase “contact center” was rarely used or understood by many working in the call center industry. With relatively minor changes, call centers continued to do what they had done for years before: receive and make telephone calls from and to businesses’ customers and prospects. The role of the Internet in customer communication was poorly understood, email volumes were still low (and response rates were often appalling) and self-service consisted of IVR and little else.

Today, multichannel contact centers are mainstream. The term “call center” sounds more old-fashioned every week, and the Internet – both as a channel for self-service and person-to-person contact – is an integral part of many businesses’ customer contact strategy.

Many phrases have been invented to describe the explosion of the number and choice of communication channels available to customer and business: ‘multimedia’, ‘multidimensional’, ‘multichannel’, to name a few. New devices, transmission methods and commercial practices mean that the plethora of communication options will continue to increase.

Regardless of the label we put on this phenomenon, the potential complexity of the situation is obvious to see.

Multichannel customer contact



This diagram shows how complicated customer contact can become once multichannel communication begins. The customer has numerous devices, both voice and text-based, with which they can contact the business. They may decide to query an automated system, or a live agent. They may want the answer in real-time, or prefer to receive a reply at their convenience. They may use a telephone, PC, letter or use a kiosk in the street or in a

physical store. Of course, not all contact is one-way – the business can also initiate outbound communications with its customers as well.

The complexity of the situation increases exponentially once a new channel, device or medium is added to the customer service mix. The only constant is that – regardless of the method they choose to communicate with the business – customers want accurate, timely information delivered in a form with which they are happy. The challenges for the business are to provide a high quality of service which is consistent across the channels and to do so in a cost-effective manner. To do this, and break down the boundaries between contact channels that has been stifling the potential of non-telephony contact, a universal queue is required.

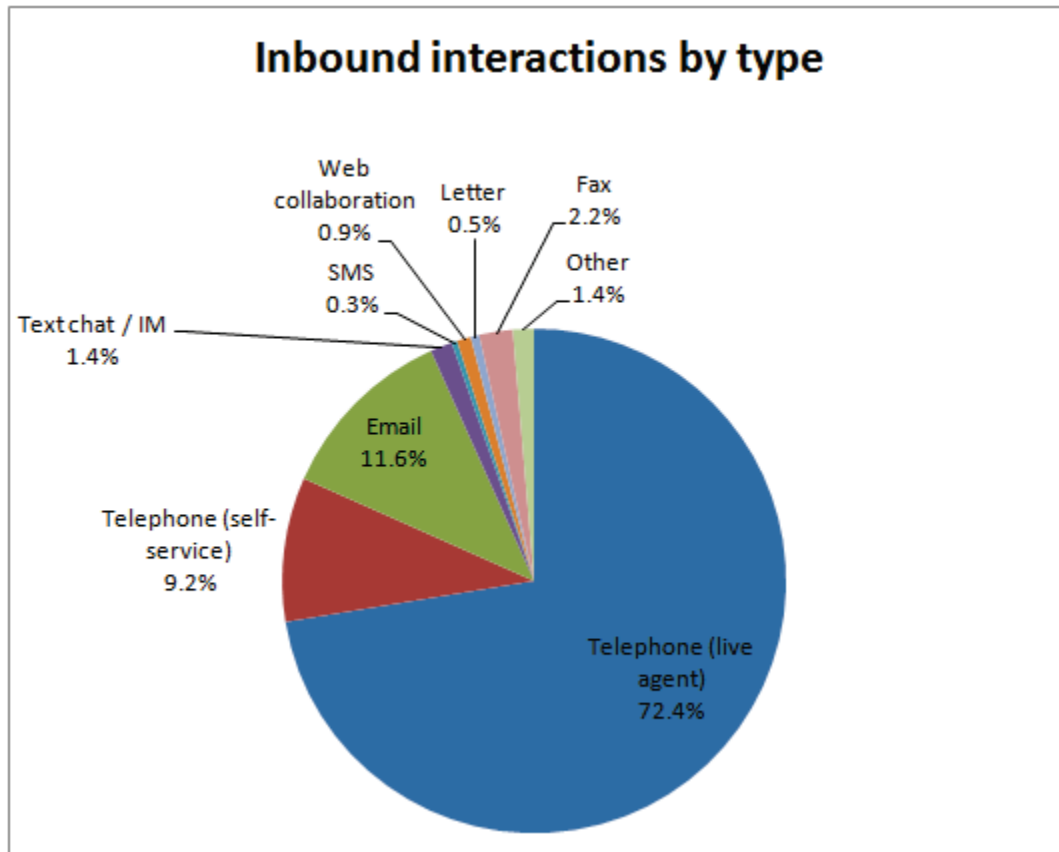
The Universal Queue

Although the 'universal queue' as a phrase is showing its age, having been around for at least ten years, as a concept it's still vital to understand.

A universal queue is a platform which automatically captures, processes, routes and reports on customer interactions and related activities based on a company's specific business criteria, providing a view of each and every customer interaction. Customer interactions through channels such as voice, e-mail, fax, instant messaging and activities such as work items are handled according to business-defined processes and strategies, avoiding the problem of rogue interactions that are left outside normal workflows, or favoring one channel (usually voice) to the permanent detriment of others.

The universal queue can set priority levels to incoming calls, e-mails and chats, and may also have the ability to blend inbound and outbound calls into a single queue to allow agents to move between media as required. This approach also facilitates a single view of the customer across all channels, which is one of the key ways to improve the quality of service offered, as well as improving the agent's confidence and morale.

Figure 72: Inbound interactions by type



EMAIL MANAGEMENT

Customer-to-business email interaction has had a series of false dawns. The relatively low levels of email usage still prevalent in many contact centers is a result of poorly-implemented email systems, a lack of understanding of the nature of the inbound email channel and the customers' natural response to the above – they use email carefully, because they never know if they'll get the same quality response as from a voice call (if they get any response at all). 'Mystery shopper' surveys of email response have consistently shown a generally poor level of service from this channel, although individual organizations (especially some in the IT and retail sector) have managed to make email the channel of choice for customers.

While it is not suggested that businesses should aim to answer an email in the same amount of time that it takes to complete a phone call, it is desirable to manage all interactions closely to consistent business rules, and to act quickly if service levels slip. Too often it seems, contact centers have become so used to managing the telephony queue that they neglect multimedia interactions. The result is that multimedia response times (mostly email) have been sacrificed to meet telephony service levels, although there have been steady improvements in the response rates in recent years.

Putting email on the back-burner may seem like a sensible way to manage things: after all, the emails will still be waiting for agents once a call spike has been dealt with, and no-one wants high levels of call abandonment. However, the email queue is not self-managing in the same way that a telephone queue is, when customers will drop the call if the wait is too long, and (hopefully) call back at a quieter time. Old emails stack up, and agents can spend all of their time answering requests which no longer apply because the customer or prospect has lost interest, gone elsewhere or, ironically, phoned the contact center to get a response denied them by email. In most cases, telephony agents won't know that the customer has sent an email about the same thing, so the email will stay live and be dealt with unnecessarily and too late, meaning live emails sent later get ignored as a consequence.

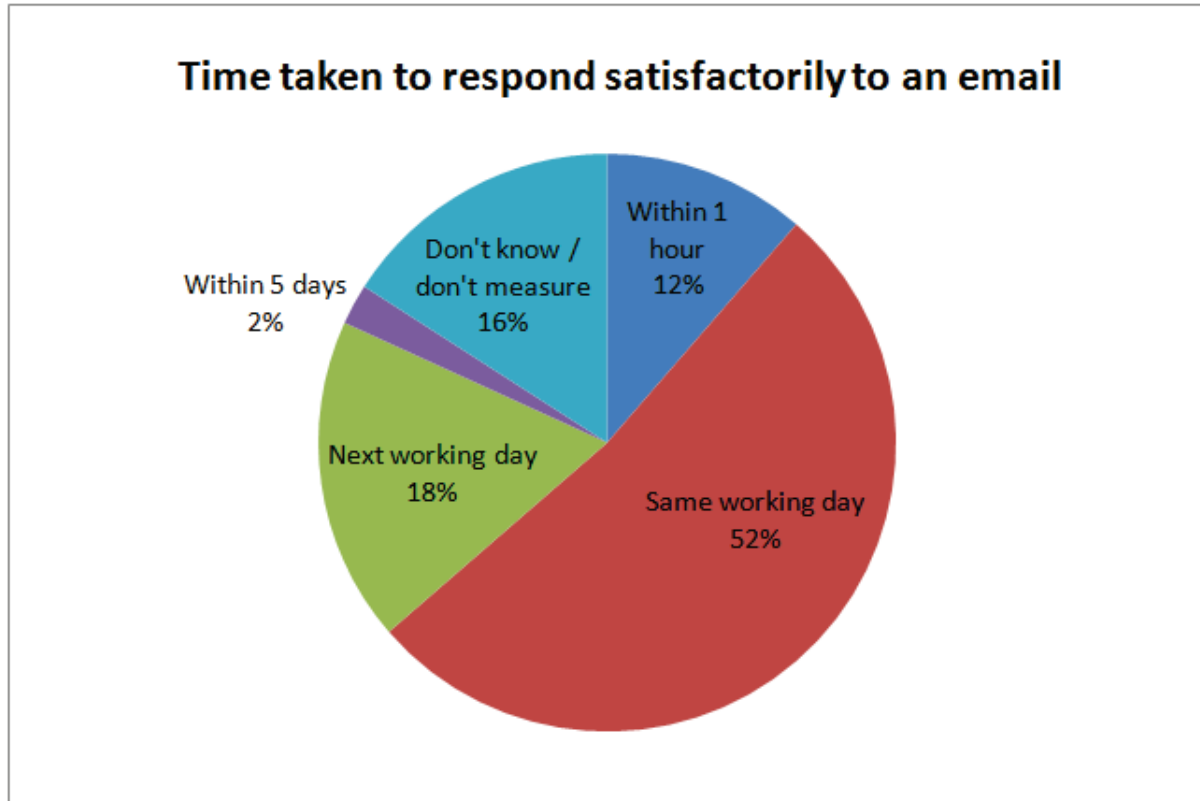
Figure 73: Inbound interactions that are email, by vertical market

Vertical market	% of inbound interactions that are email
TMT	23.3%
Manufacturing	13.5%
Outsourcing	12.2%
Public Service	9.9%
Services	9.6%
Transport & Travel	5.9%
Retail & Distribution	5.3%
Finance	2.4%
Healthcare	1.1%
Insurance	1.0%
Average	11.6%

It is the TMT respondents (which includes IT helpdesks) with the greatest proportion of inbound traffic as email. The insurance and finance sectors do not deal with a large volume of email, mainly due to the restrictions on security, customer identification and customer data. Overall, email has risen from 9.8% in 2008 to 11.6% in 2009.

Email response handling times have shown a slight improvement on 2008, as although the proportion answered within one hour has dropped from 20% to 12%, those answered the same working day went from 27% to 52%. Taking longer than one day to answer an email runs the risk of the customer losing patience, and going elsewhere or phoning the contact center, placing a greater cost burden on the business than if they had just called in the first place.

Figure 74: Time taken to answer an email satisfactorily



The outsourcing sector, perhaps as they are judged on metrics around email response times and which tend to implement efficiency-enhancing technologies, seem to have the lowest rate of delayed responses, with only 18% stated to take longer than the next day to be answered. The public sector admits to 50% of its emails being longer-term (more than one working day).

MULTIMEDIA BLENDING

There is no general agreement within the industry on how best to deal with email, although there are genuine reasons to encourage email/voice blending. On one side, there is a case made that letting agents answer email makes the job more interesting for them, lowering attrition and improving skills. The other side to this says that the skills required by email agents are different from voice agents, and that it is difficult to find the agents to do both jobs. Both sides make sense logically, and of those contact centers which use voice/email blending, only 19% have experienced problems finding the right staff for these types of role, a figure that is decreasing each year.

From our respondents, the retail & distribution, manufacturing, transport & travel and healthcare sectors are keenest on multimedia blending, with all of these respondents allowing at least some of their agents to carry out both email and telephony. However, email requires certain skills, including grammar and punctuation, which not every agent has, even with assistance from an email management system's response template.

On average, slightly less than half of agents in a blended multimedia environment are allowed to do both email and voice work.

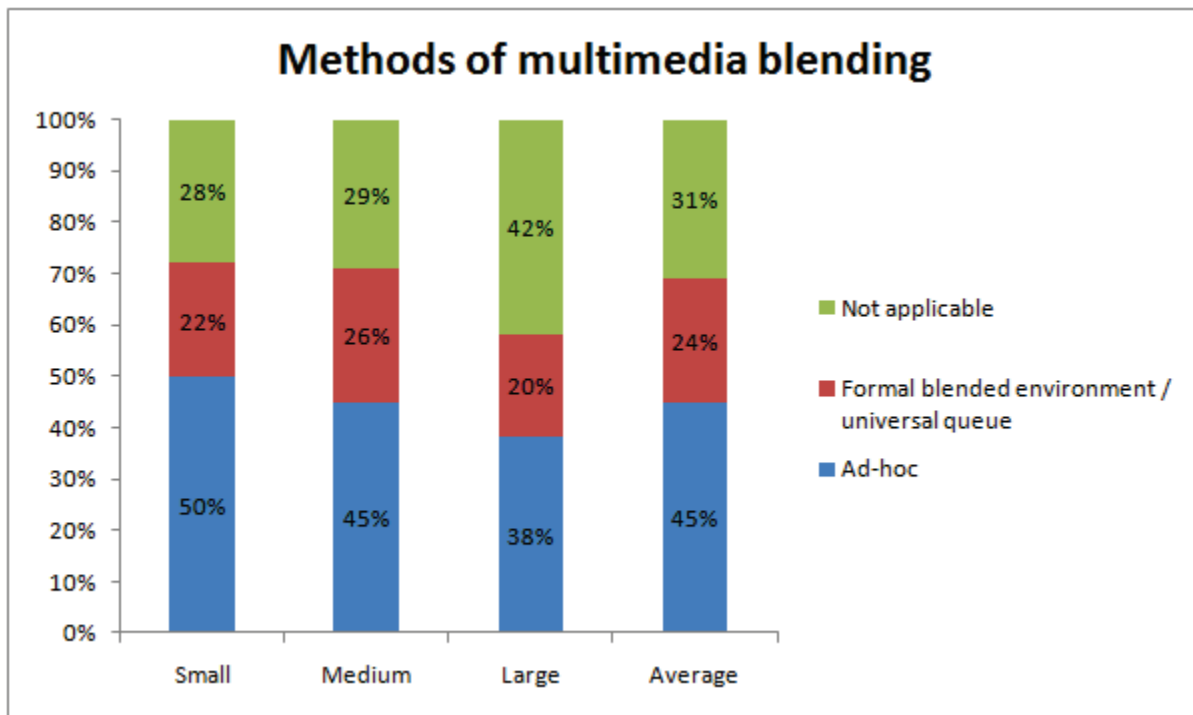
Staff in smaller contact centers are expected to pitch in more with anything that need doing. 72% of sub-50 seat operations have some agents who deal with email and voice, compared to only 58% in the 200+ seat bracket. Within these blended contact centers, small contact centers allow 65% of staff to do both voice and email, compared to 36% in medium-sized operations and only 17% of agents in large contact centers which have multimedia blending capabilities.

Figure 75: Use of multimedia blended agents by vertical market

Vertical market	Contact centers where multimedia blending is allowed	Proportion of agents answering both voice and email (only where applicable)
Retail & Distribution	100%	60%
Manufacturing	100%	58%
Transport & Travel	100%	28%
Healthcare	100%	5%
Services	86%	59%
Finance	67%	8%
Outsourcing	55%	40%
Public Service	50%	95%
TMT	50%	54%
Insurance	10%	15%
Average	69%	45%

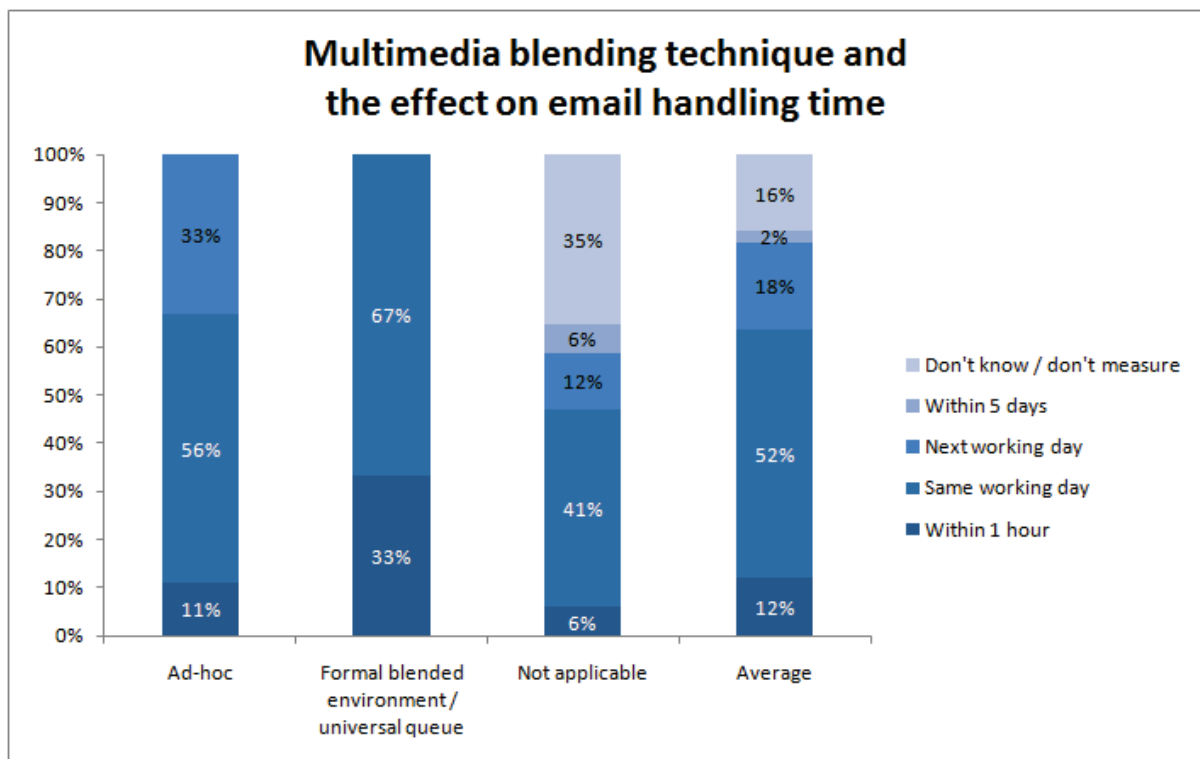
As we can see, simply because a contact center uses the same agents for email and voice does not mean that all operations use the same level of multimedia blending. For some operations, multimedia blending is a strategic decision which has been invested in with the right levels of technology and training being provided. For others, it is a necessity, with agents encouraged to answer emails in slack call times. The following chart shows that the smaller operations - which may not have sufficient email volumes, or the investment available to formalize the blending by forming a universal queue to deal with all types of interaction - are more likely to deal with emails on an ad-hoc basis.

Figure 76: Methods of multimedia blending



The following chart seems to indicate that a formalized blending environment, such as a universal queue, has a beneficial effect on email response times. Respondents indicate that all emails received into a formal blended environment are handled successfully within the same working day, with 33% answered in 1 hour. The ad-hoc approach is a little less successful, with only 11% of emails answered within 1 hour, but 67% in total handled the same working day. Those which do not use multimedia blending at all have the lowest proportion of emails answered in the reasonable time.

Figure 77: Use of blended multimedia agents and average time to respond to an email



MULTIMEDIA BLENDING AND ATTRITION RATES

There is a hypothesis that allowing agents to mix up the type of work that they do will have a positive effect on staff attrition rates, in that the work will be more varied and interesting.

On comparing attrition rates and staff churn problems against the amount of multimedia/call blending that agents are allowed to do, there is some evidence to suggest that staff attrition is eased by multimedia blending.

- In contact centers where fewer than half of staff were involved in multimedia/call blending, the average attrition rate was 44%. In contact centers where more than half of staff answered multimedia and calls, average attrition was 25%.
- This pattern is even more pronounced when looking at contact centers which do not allow any agents to deal with both telephony and multimedia. In such environments, average annual attrition was 58%, compared to 30% in operations where all staff dealt with both email and telephony
- The link between contact center size and staff attrition problems is also relevant, as larger contact centers are more likely to run their operations along highly-specialized (and possibly monotonous) production-line methods, which discourages blending as a whole (although these are still where most of the formal universal queues are to be found) and promotes high levels of attrition. However, such operations are likely to have higher efficiency measures.

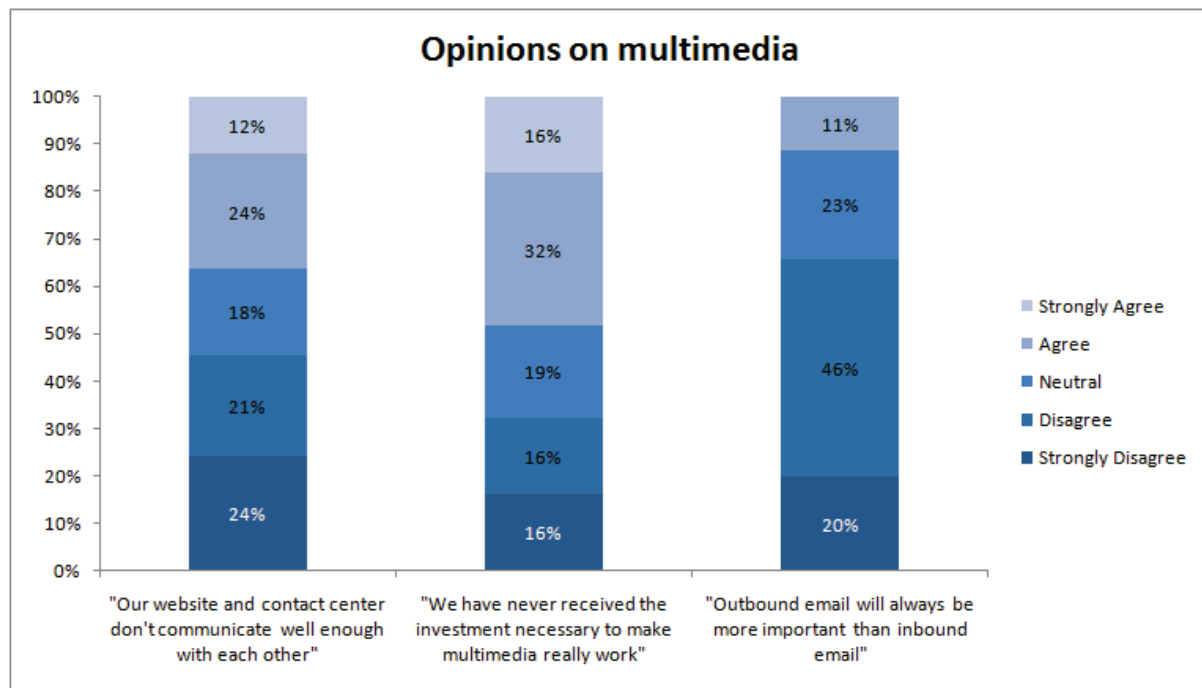
OPINIONS ON EMAIL

Despite the very slow uptake of email as an inbound channel, respondents disagreed with the assertion that email would always be about outbound - sending things to the customer - rather than cracking it as an inbound channel of choice. Only 11% agreed that outbound would always reign supreme, so it seems that contact centers are still as positive about inbound email as they have always been.

One of the big problems with multimedia as a whole is that cross-media interactions are difficult to track, with voice agents often having no idea about what the customer has emailed, text-chatted about or viewed on the website. It is also the case that content gets put onto the website that agents have not been briefed about (but still have to answer questions about), and in some cases, cannot even access the website at all from the desktop. However, 45% of respondents say this is not a problem for them.

There is more agreement with the assertion that the investment in systems and processes to make multimedia work effectively has never been forthcoming, with 48% actively agreeing with this.

Figure 78: Opinions on multimedia



NICHE CHANNELS

Apart from email, which is the most important person-to-person multimedia channel, organizations may feel that their customer base and business model is suitable for other channels to be used as well.

SMS

A potentially key technology that many businesses have ignored is SMS. Many people do not have a landline phone, preferring to use their mobile phone. In the US, one-third of 18-29 year-olds only use a mobile phone for telephony⁵, while in the UK, 8% of all households are mobile-only⁶, a figure which is growing rapidly, especially as young people buy their first houses. While the mobile is more expensive to call, its ubiquity and responsiveness has a great advantage over landline phones and even emails, as the business is far more likely to reach the customer by calling their mobile number. Increasing the use of SMS as a channel to the customer would reduce many of the costs associated with mobile communication (including agent time, as well as transmission costs), while keeping the advantages of contacting a customer's mobile number.

Despite the effects of legislation on outbound calling already being seen, SMS will not act as a substitute for voice calls, but rather as a complementary channel, and this is something that should be emphasized: outbound communications are now definitely seen by businesses as opportunities to add value and secure loyalty through proactive customer service, as well as being a powerful sales tool. Using a mixture of SMS and voice, a business can communicate quickly and effectively with its customer base, choosing the right channel depending on the urgency of the message and the customer's own preference.

Today, SMS marketing is widely seen as 'edgy', and aimed primarily at young (and sometimes naive) consumers. It has also attracted more than its fair share of cowboys and con-men, lending a certain disreputability and gold-rush feel to the practice of SMS marketing, particularly around textback services. In future, SMS will work best where customers are happy to hear from a business (e.g. if their account is in danger of becoming overdrawn) and in cases where the business is saving money or strengthening their brand.

The link between mobile telephony and web is only going to get stronger with the path to a single unified device looking clearer, with media and communications on the same device. This will mean the boundary between SMS and email will just blur, with the current visual drawbacks of SMS becoming irrelevant. Although the small screen of any mobile device means it's hard to do anything complex on-screen, the addition of voice-to-text technology will allow users to form longer and more complex sentences, more akin to email.

⁵ Harris

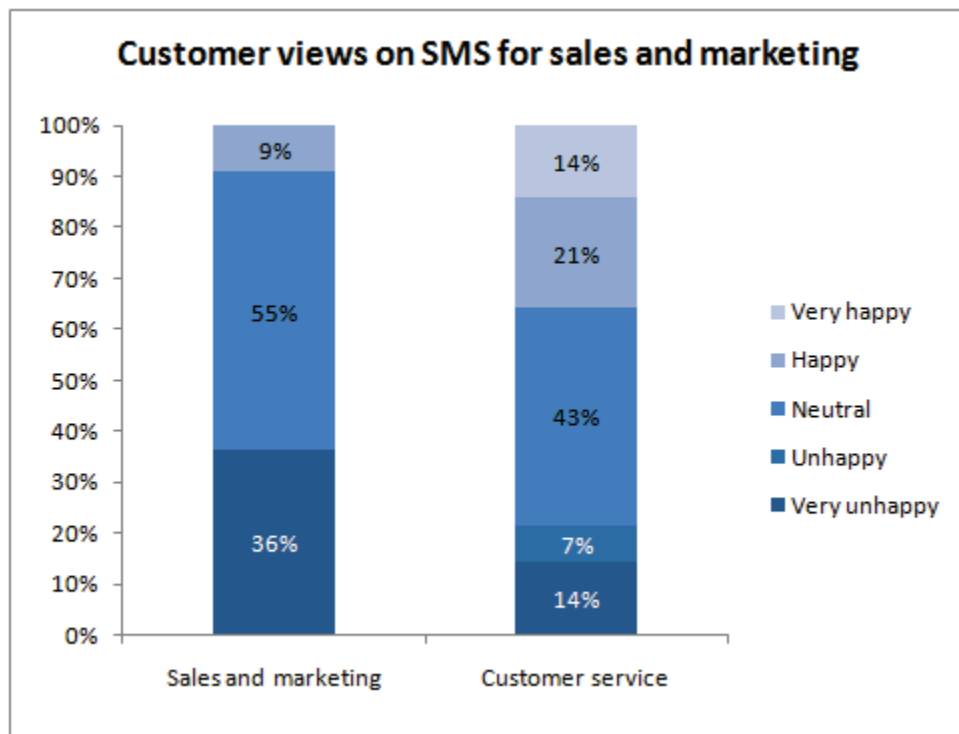
⁶ quoted by Broadband Wales Observatory (the Welsh-only figure is 14%)

CUSTOMER REACTION TO SMS

Customer reaction to SMS, although early days, is fairly positive for proactive customer service (e.g. appointment reminders, delivery information, account balances, etc), and businesses which have implemented SMS as part of their outbound customer contact strategy should experience twin benefits of high customer satisfaction and low costs, particularly when the cost of call avoidance is considered as well. However, only 35% of respondents that use SMS for customer service say that their customers are either 'happy' or 'very happy' with this, which is much lower than elsewhere, probably as a result of there being direct costs associated with receiving SMS in the US.

Unsurprisingly, marketing SMS messages are even less well-received, although there are more positives than negatives. Much of the customer reaction will come as a result of which marketing messages are sent, to whom and how often. The financial result of a marketing campaign is vital, and the following section looks at the return on investment experienced.

Figure 79: Customer views on SMS for customer service and marketing



TEXT CHAT AND WEB COLLABORATION

Text chat (instant messaging / IM) and web collaboration are similar in that they offer live assistance to the process of web browsing. Like email, they have been around for a long time, but have yet to achieve the usage that had been predicted. IM offers an organization a chance to cut costs through running more than one chat session at a time with customers, using the time that a customer spends reading and replying to an agent's response to deal with other customers concurrently. Solution providers offer the option for an agent to deal with 4 or more sessions at the same time, but whether this is a sustainable model for the agent or provides an acceptable quality of service for the customer is another question. Agents can respond to frequently-asked questions by using 'hot-keys', which provide templated answers and can escalate queries if required.

IM is not a cheap channel, and some businesses have started to offer it in the final phase of a web-browsing session, perhaps initiating a text chat session if the customer has revisited a page many times, or is pausing at the checkout process. Forrester Research indicates that investment in proactive IM capabilities will produce an incremental 105% ROI.

As an aside, some US contact centers report that gamers - those experienced in playing online games - are particularly suited to the fast-paced, text-oriented nature of IM, and some US businesses are actively recruiting such people to work as IM agents. It is also worth commenting that although offshore customer contact has received a mixed press (at best), many of the negative issues surrounding offshore are not applicable to the multimedia channel, such as the frequent mutual incomprehensibility of accents.

The customer of the future - especially the younger generation - are often accomplished Instant Messengers, and will be keen to use this option with the businesses they work with. However, IM is currently only really useful for generic information and sales purposes, as users usually aren't taken through security processes, so the agent can't help with specific account queries; the same usually applying to email. Putting some form of trusted biometric device on a PC or mobile device (such as a thumbprint reader) which then assures the businesses' system of the user's identity could possibly overcome this issue. Alternatively and more simply, there doesn't seem to be any reason why the IM agent can't ask the standard security questions to the customer via IM, but this is rarely done today perhaps for cultural reasons.

Web collaboration, including form-filling and page-pushing, is a very intensive, one-to-one channel, best used for high-value customers or in those cases where it is quicker and more effective for an agent to take over the reins than to talk the customer through the process. While it is useful for certain businesses, processes and customers, it is difficult to make a case for it on a cost-saving basis alone, although it will encourage the completion rate of sales, and as such, improve profitability.

VIDEO AND IVVR

Away from the self-service options that are opening up, video agents are a step towards more personalized, high-quality customer contact. The customer will be able to see to whom they are talking, either through a multimedia PC or interactive digital television.

There are a number of cultural and business issues to consider:

- Customers may prefer the impersonality of non-visual contact, and may be uncomfortable with the agent seeing them in a domestic environment, which would suggest one-way video may be more popular
- Eye contact is critical for establishing trust and 60% of the communication process is actually visual. For sensitive purchases such as financial services, being able to see the financial advisor can help to establish trust and put the customer at ease. The entire contact may be captured and distributed electronically for further reference
- Verbal abuse, a major problem for some agents, may decrease in a virtual face-to-face setting, however, agents may feel their privacy is decreased if they are on camera, especially one-way, and the incidence of disturbing crank calls may increase
- The contact center environment will need to be altered to impress the customer, and voice agents will need to be trained in visual communication.

This application has a great deal of potential, especially in a sales environment, and with technical support, where the agent show the customer what they mean. Various businesses – usually banks – are already using video kiosks to offer virtual branch banking services in areas where physical branches have closed.

IVVR - interactive voice and video response

IVVR - the placement of visual self-service options on a screen (PC or mobile phone) adds a new dimension to the caller's experience: in addition to hearing traditional IVR voice menus and announcements, a caller can now see menu choices, and receive video presentations while waiting for an agent, during call transfers, or wherever appropriate in the self-service experience. As people can read a menu far more quickly than they can listen to it, IVVR can provide a much wider choice of self-service options than a voice-only IVR. IVVR can be used as a video front-end to a traditional contact center, or as part of a full video contact center where callers and agents can see each other.

SELF-SERVICE

THE USE OF IVR AND SPEECH RECOGNITION

Despite the growth in use of internet-based services the popularity of contact centers continues to grow:

- Customers like to talk and find voice the most convenient, flexible and quickest communication channel in many instances
- Customers' expectations continue to rise. Not only do they seek out competitively-priced goods and services, but they require quick, efficient services as well
- Customers' general level of awareness of identity theft as a real issue has also grown, and they expect to see that their private and personal information is protected by those organizations with which it is shared.

The challenge for businesses is to improve the customer experience, protect their customers' private and personal information and control their own costs. As such, the use of automated voice-based solutions has become widespread and promises further to offer a high-quality, rapid service to customers while keeping contact center costs down.

Telephone self-service as we know it has been around since the 1970's, when the first IVR (interactive voice response) units became widely-used. Touchtone IVR allows customers with a touchtone phone (also known as "DTMF" – dual-tone, multiple frequency) to access and provide information in a numerical format.

Recently, there has been strong growth in the use of automated speech recognition (ASR), which allows customers to speak their requirements to the system, allowing greater flexibility and functionality.

IVR – whether through touchtone or speech recognition - has four main functions:

1. to route calls to the right person or department (e.g. "Press 1 for sales, or 2 for service...") in auto-attendant mode
2. to identify who's calling via either caller-line identity (where the caller's number is recognized, and their records brought up immediately), or through inputted information, such as account number. The caller's information is then "popped" onto the screen of an agent who then understands who the customer is and what they are likely to want
3. to segment and differentiate between customers, identifying the most important in order to deliver a premium standard of service to them (e.g. minimizing time on-hold, spending longer on the phone with them, offering high-value services such as web collaboration, if required)
4. to deliver a total customer service interaction without having to use a human agent, saving the business money - 8 self-service IVR calls cost less than a single person-to-person call.

To learn more about IVR as a call routing solution (i.e. options 1, 2 and 3), please see the section on 'CTI, Call Routing and Screen Popping' in the 'Maximizing Efficiency and Agent Optimization' chapter. This section considers IVR and speech recognition as part of a full self-service solution, i.e. one that takes the place of an agent.

Figure 80: Advantages and disadvantages of touchtone IVR

Advantages	Disadvantages
Fantastic cost-cutter: 8 IVR calls cost less than a single person-to-person call	Can be inflexible to change IVR options, due to proprietary nature of many existing IVR solutions
Captured customer data from an IVR enables key CTI (computer-telephony integration) solutions, such as screen popping and skills-based routing to take place	IVR menus difficult to visualize for customers, leading to stress and dissatisfaction. Users may feel “there is no end in sight” and become frustrated. IVVR (see preceding section) may alleviate this
Frees agents from boring and repetitive work, reducing staff attrition and improving morale	Long-winded menus annoy customers, where shorter ones can reduce the options available, and thus, the functionality
Allows agents to spend more time doing high value-add work, like cross- and up-selling, and complex customer care and loyalty work	General negative perception of IVR: it is seen as a low-cost option aimed at helping the business, not the customer. Overuse of IVR makes customers feel as though the company does not value them
Reduces queue times and call abandonment rates, improving customer satisfaction for those needing live agent help	Expensive, proprietary hardware has kept businesses locked into existing suppliers

Customers need to be persuaded to use IVR self-service, and you can measure success in two ways: through the “play” rate (what proportion of your customers try to use IVR), and the “completion” rate (how many can successfully interact with your company without having to involve a human agent by “zeroing-out”). Your customers need to be motivated to use IVR (i.e. there’s something in it for them), and you need to design, maintain and promote the self-service application to get them to keep using it.

Simply making IVR self-service available without too much thought or effort will result in perhaps fewer than 20% of calls being completed without human interaction. Designing the IVR self-service experience with customers’ needs in mind, marketing it as an aid for customers, rewarding the customer for using it and tuning the application to make it even better can mean up to 90% of relevant calls are dealt with automatically: a massive cost saving, an improvement in the customer service experience and a boost for the company’s reputation with its customers.

THE USE OF SELF-SERVICE

This section looks in depth at how contact centers are using IVR and speech recognition to provide automated self-service solutions for their customers, such as paying bills, checking balances, checking-in, buying tickets and other end-to-end automated processes. It does **not** cover the use of IVR and speech recognition as a front-end, for example, collecting customer details for security or routing purposes, which are applications studied in the 'CTI, Call Routing and Screen Popping' section within the 'Maximizing Efficiency and Agent Optimization' chapter.

Self-service is prevalent across all industries: there is often at least one function that self-service is suitable for, regardless of what a company actually does.

Figure 81: Some functions for self-service, by vertical market

Self-service activity	Typical sector offering this form of self-service
Problem reporting and resolution	IT helpdesk
Account access	Banking
Product information	Retail
Online registration	Any
Order entry	Retail, travel
Balance enquiry	Banking, credit cards
Dealer or store location enquiries	Car sales, retail
Ticket booking	Cinemas, other entertainment
Real-time punctuality checks	Airlines, trains
Status checks	Retail (esp. online), IT helpdesk
Address changes	Subscription services, utilities
Form filling	Any
Brochure request	Travel, retail
Password reset	Finance, IT

However, there is wariness about IVR and indeed self-service of every type. Many businesses wish to be seen as strongly focused upon customers' needs, and putting what can be seen as a barrier between customer and business is anathema to them.

Although self-service is in widespread use, there are specific sector and business types where it can excel in reducing cost and increasing service levels. At a basic level, self-service can be seen as a function of the complexity and volume of interactions.

Self-service usage

		Self-service usage	
		Very high	Medium
Volume of interactions	High	- balance enquiries - ticket booking - utilities meter reading	May use speech recognition - form-filling - stock purchase
	Low	Medium May use hosted solution - FAQs - low security interactions	Low Cost of system purchase and update may be prohibitive compared to using live agents
		Simple	Complex
		Interaction complexity	

Put simply, the greater the number of simple interactions a company deals with, the more likely it is that it can benefit from implementing self-service. Currently, this paradigm puts self-service in direct competition with inbound offshore contact centers, many of which deal in more routine tasks.

Put simply, the greater the number of simple interactions a company deals with, the more likely it is that it can benefit from implementing self-service.

- **Large** volumes of **simple** requests from customers (and who use agents simply as a means of reading the information from a screen) should have implemented self-service by now. There are estimates that 70% of calls to helpdesks are password/passnumber reset requests, which could be handled via self-service.
- Where businesses only deal in a relatively **small** number of **complex** interactions, the cost of implementing a sophisticated, probably speech-enabled self-service application – and keeping the knowledge base up-to-date – may be greater than any associated salary cost reduction.
- Businesses having a **small** number of **simple** interactions now have the option to have their voice self-service functionality hosted off-site, paying perhaps only for the number of times that it is used. This



model allows self-service functionality at a fraction of the cost of owning and maintaining a premises-based system.

- Businesses which deal with **large** numbers of **complex** interactions are building and using some of the most interesting and potentially beneficial self-service applications. Examples include filling in insurance forms to get a quote – a lengthy and time-consuming business, which can last for tens of minutes, costing the business a great deal of money. Moving this to web or voice self-service can save huge amounts of money, as an agent may only need to be brought in to close the sale or clarify finer points of the policy. Stock purchase is another classic example of this: sophisticated users can buy and sell stocks as quickly as they could by talking to a human agent by communicating via speech recognition directly with a business's applications and databases.

IVR has been a notable success for many businesses, but it is now ready to move away from the limits of touchtone service. It can now leverage both the added flexibility and power of speech recognition as well as being able to share the functionality that businesses have recently developed with their web self-service applications. Of course, this is likely to come at an additional cost, and the thought of trying to find capital budget to invest in these solutions may put contact centers off right-away. In such cases, businesses should consider alternative application delivery methods, such as a hosted solution.

Speech Technology and Hosted Solutions

One of the most consistently strong inhibitors against the uptake of speech recognition is the initial cost involved, as well as the expected ongoing support costs.

Given the current economic climate, the hosted proposition has a particular appeal to organizations who don't wish to invest or tie-up large sums of up-front capital investment on in-house systems or pay for the in-house IT resource to run them. One advantage of hosting is that the need for significant upfront technology investment is lessened, providing on-tap access to extensive telephony resource, albeit of a third-party nature. Additionally, the use of hosted solutions means that businesses don't need continual ongoing investment to upgrade their own systems.

Like other self-service applications, automated speech has of course been more attractive for organizations with high volumes, where the cost of handling the call can even exceed the business value it represents. In this scenario, the need to reduce cost is imperative, but for speech-based self service to work well, the technology infrastructure on which it depends must be robust enough, and the number of phone lines linked to it large enough to accommodate the maximum number of callers ever likely to contact the service, or run the risk of turning callers away, a cost which can be very high. Hosted speech services, where the telephony and technology infrastructure is centrally-owned and managed by a third party overcomes this capital investment hurdle, and the pay-as-you-go model adopted by most hosted suppliers means that ongoing operating costs are directly pegged to transaction volume, providing valuable operational flexibility.

The telecoms and utilities sector is a clear leader in voice self-service technology, with automated meter readings, balances and payments having been used for many years. Overall, only 31% of respondents offer a full self-service option through a voice channel, although of course many do offer IVR for routing and CTI purposes, as well as a widespread use of web self-service.

Figure 82: Overall proportion of calls handled entire through self-service

Vertical market	Overall proportion of calls handled entirely through self-service	Proportion of contact center respondents offering a full self-service option
Finance	28.0%	75%
Public Service	25.3%	50%
TMT	14.4%	40%
Insurance	12.7%	67%
Outsourcing	11.9%	31%
Healthcare	6.0%	33%
Manufacturing	5.5%	75%
Services	5.0%	20%
Transport & Travel	1.5%	50%
Retail & Distribution	1.2%	20%
Average	9.2%	40%
NB: proportion of calls handled through self-service refers to all respondents, not just the 40% offering a full self-service option. As such, it provides an industry-wide view of self-service.		

On average, 21% of voice self-service is handled through automated speech recognition, and 79% through touchtone IVR, a figure very similar to last year. 95% of self-service interactions in small contact centers are through touchtone IVR, with automated speech recognition becoming increasingly widely-used in larger operations, with 20% of medium-sized contact centers and 45% of large operations using ASR. This is a clear example of how the more expensive and complex ASR applications are more likely to be used by those with the resources to implement and support them, but also are operations that can really benefit from the power and flexibility that automated speech recognition can bring.

SUITABILITY AND EFFECTIVENESS OF SELF-SERVICE

Self-evidently, many calls are not suitable for self-service, as they may require multiple requests within the same call, be of a complex nature or be from a caller who feels that they need to speak with a human agent. Additionally, some small businesses may have such a low volume of calls that it is not cost-effective to implement self-service.

Although 60% of respondents do not offer any full self-service solution, only 19% do not believe that self-service is entirely unsuitable for them, meaning 41% of US contact centers do not currently offer self-service to customers, but believe that some of their workload could be fully automated.

Even amongst those which offer self-service options to customers, there is a feeling that the majority of calls are not suitable for complete automation, with only the finance sector believing that a majority of calls are suitable for self-service. However, some sectors strongly believe that self-service has a great untapped potential, with the transport & travel and retail & distribution sectors stating a potential usage more than ten times greater than currently is used, albeit from a very low base.

Figure 83: The potential for self-service, by vertical market

Vertical market	Proportion of calls that are suitable for full self-service automation	Proportion of calls that currently handled through self-service	Potential for increasing self-service (expressed as 'Potential' divided by 'Actual')
Finance	62.0%	28.0%	2.2
TMT	33.3%	14.4%	2.3
Manufacturing	30.0%	5.5%	5.5
Public Service	27.7%	25.3%	1.1
Insurance	22.5%	12.7%	1.8
Outsourcing	21.3%	11.9%	1.8
Healthcare	18.3%	6.0%	3.1
Services	17.7%	5.0%	3.5
Transport & Travel	15.0%	1.5%	10.0
Retail & Distribution	14.0%	1.2%	11.7
Average	26.7%	9.2%	2.9

It's no use trying to shift every customer service interaction onto IVR self-service, as if customers don't want to use IVR, they will "zero-out" (press 0 for a live agent) straightaway. And if you don't offer a live agent option to an irate and frustrated caller, you won't need to worry about providing customer service to them in the future. It is worth reiterating that if callers agree to try a company's self-service system rather than insisting upon talking to an agent, there is an implied understanding that if the self-service session is unsuitable, the caller should be allowed to speak with an agent. Few things can frustrate callers more than being hectored into using an unhelpful and irrelevant self-service system.



Overall, a mean average of 13% of calls that go into the self-service option are “zeroed-out”: instances where the customer decides that they in fact wish to speak with an operator. This figure is likely to become lower with the increasing use of speech recognition, which is usually quicker and more powerful than touchtone IVR, as well as having experienced significant recent improvements in word recognition and usability.

The tracking of this metric in future years will provide an insight into to uptake and effectiveness of speech recognition functionality (and of course, customer acceptance, which is vital). ContactBabel expects speech recognition to become a vital component in major contact centers’ plans in the medium-to-long term.

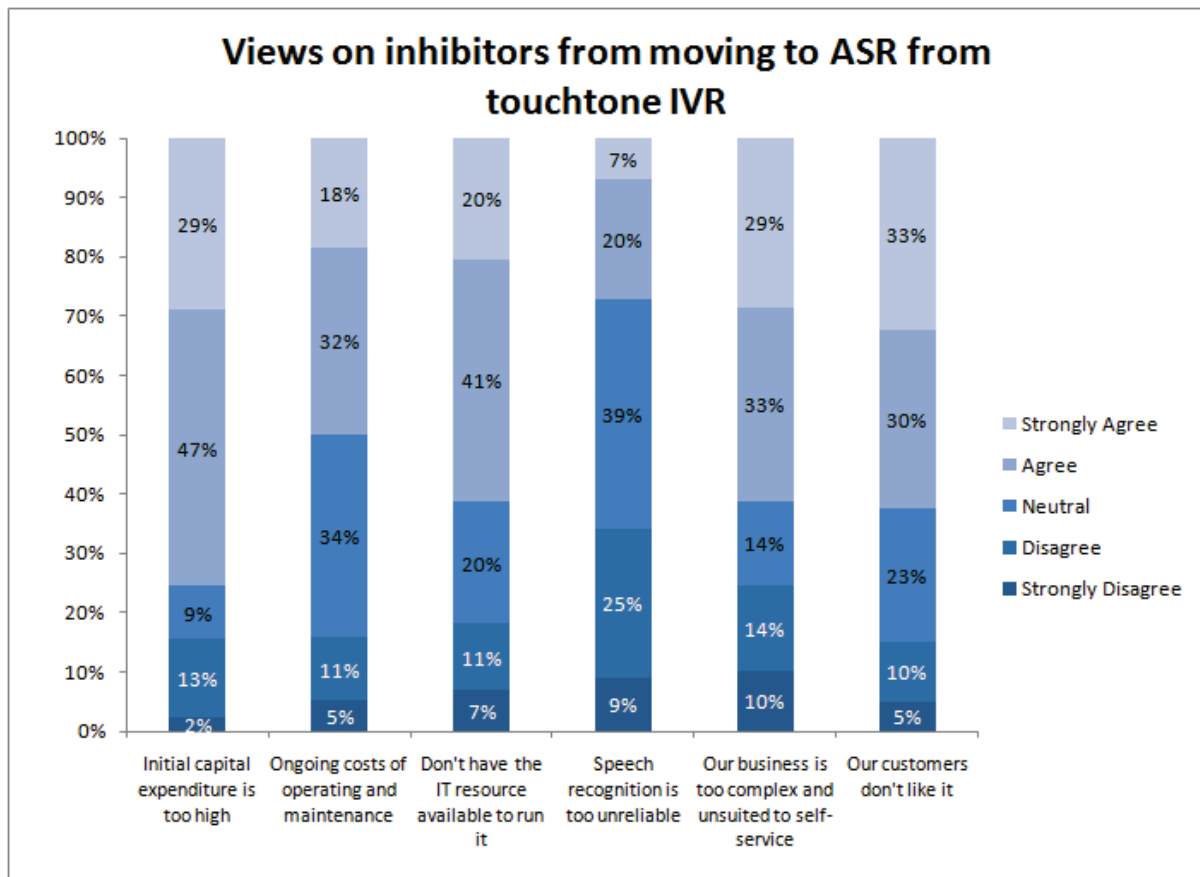
Cost differentials in self-service and live voice support

- The average cost of a live telephone call varies considerably, but has a mean average of \$7.25.
- Respondents state that the average cost of a telephony self-service session is \$1.05

FROM TOUCHTONE IVR TO AUTOMATED SPEECH RECOGNITION

Respondents were asked to give their views on some of the issues that impact the future uptake of automated interactions.

Figure 84: Inhibitors of movement from touchtone IVR to automated speech recognition



61% of contact centers stated that the main issue that held back speech-enabled self-service was that their business wasn't really suited to automation. However, the previous section showed that two-thirds of the contact centers that offer no full self-service options today could see some benefit in automating at least a small part of their processes.

As such, there are likely to be issues around expenditure, operational costs and customer reaction to address for these potential users of self-service. 61% of respondents were unsure that they had the in-house IT resource to run automated speech self-service, and 50% thought that the ongoing costs and effort would not be worth it. However, the biggest inhibitors were the initial investment (which could be alleviated through a hosted model) and that fact that customers would not like it. As touchtone IVR (when badly-implemented) is a major bugbear for customers, replacing it with a quicker and more powerful alternative (ASR) could be seen as a benefit. Only 27% of respondents think that ASR is not yet up to the job technically.



In all, there is still a great deal of work to be done by solution providers to offer delivery of ASR solutions - either as a replacement for touchtone IVR, or as a new solution - with innovative payment and service delivery methods, and especially a greater focus upon market awareness of the success stories in this area.

THE CUSTOMER OF THE FUTURE

The 'customer of the future', for many businesses, is also the customer of today. Rightly or wrongly, the phrase 'customer of the future' itself creates a thought of technologically-capable, media-aware *wunderkind*, who are constantly in touch with each other and the world around them, perhaps through devices rather than face-to-face contact. A group for whom data is more important than voice, although the mobile phone or smart device has a totemic aspect and is never away from its owner. A demographic that businesses may feel will have to be addressed sometime, but not necessarily today.

This latter statement is, for many businesses, wrong. Although around half of respondents did not know how many of their customers were of 'Generation Y' (roughly, those under 30 years of age), it has been possible to draw a conclusion that around 32% of customers are in fact in that age range (higher in the finance, TMT and transport & travel sectors), and as such need to be treated with a great deal more attention than is currently the case. This section of the report looks at some of the ways in which businesses may wish to consider connecting with Generation Y.



White Paper: "The Customer of the Future" (ContactBabel, in association with Exony, Cisco and Jam IP, 2008)

Synopsis: 30pp study of the technologies and cultural factors impacting upon future customer contact. Expands on the subject matter of this section of the US Contact Center Decision-Makers' Guide.

Download: <http://www.jamip.co.uk/research/default.asp> (requires registration)

SOCIAL NETWORKING

Second Life and the virtual world

Second Life is an online, virtual world populated by on-screen representations of users, called avatars. Described by its makers, Linden Labs, as “a 3D, online digital world, imagined and created by its users”, ‘residents’ interact with each other and with the increasing numbers of real-world businesses which are opening headquarters in Second Life.

Businesses such as Coca-Cola, Microsoft, BMW, Reebok, Penguin and KPMG have a presence in Second Life, often with massively opulent and impressive headquarters. Apart from the cachet of being seen to be at the cutting-edge, businesses also use Second Life as a venue for recruitment fairs, a branding opportunity, a sales channel for both real and virtual commodities and also a provider of customer service.

For example, Dell allows users to choose and customize their PCs and have them delivered in the real world, just as if the user had been on a standard website. The UK law firm Field Fisher Waterhouse allows people to meet representatives of the firm, and hosts real-time conferencing for its global staff members at a very low cost.

It is not too far-fetched to say that Second Life, or another virtual world, will be the channel of choice for some customers to receive service or sales assistance - it is, after all, just another way of providing contact center services or web-based self-service. Waiting in a Second Life office should also be a less boring experience than holding for a contact center agent, with residents able to wander around the Second Life world, watch videos, read information or talk to other people while waiting their turn.

However, there are very real legal concerns around Second Life, particularly from the copyright and trademark perspectives, as residents can create exact copies of real-life products without the copyright’s owner being involved. Policing such copyright issues is also fraught with difficulty, as it is difficult to establish the jurisdiction under which the offence is committed.

There are many other opportunities for a virtual online environment to develop the richness and value of the interaction, whether through a virtual world or otherwise, for example, posting demonstrations of how to assemble or use a product (such as flat-pack furniture) on a shared content website such as YouTube or the manufacturer’s own site. There are already numerous examples of ad-hoc knowledge bases that have developed on forums, especially around IT issues, as a quick, cheap and always-on alternative to speaking with someone in technical support.

Currently, the visual side of customer/business interaction is not being fully utilized. Graphical demonstrations of products are infrequent, and most websites usually restrict customers to views of 2-D static pictures. Collaborative walkthroughs would allow the customer to visualize the products more effectively, while offering the chance to ask questions at the same time. Customers could also send pictures to the contact center via a mobile phone for example, showing damage for insurance purposes or to request a spare part.

Social networking sites

The phenomenon of social networking websites has raised its profile above the teenagers and students that make up its core constituency, leaving marketers scratching their heads and wondering how to make money out of it. References to websites such as MySpace and Facebook occur with increasing frequency in the popular press, usually with a slight air of seediness or at least a firm indication that this is “Youth Culture” that we are looking at, rather than anything more mainstream. Yet many cultural commentators see social networking sites as presaging a revolution amongst the way in which customers choose products and services and interact with the commercial world as a whole.

The reality, as so often, probably lies somewhere in the middle. The teenagers and students who spend hours uploading photographs onto social networking sites or ‘poking’ each other do so in part because they have the time available to them to do so. Once the world of work and children rears its head, it’s likely that many of the today’s most rabid Facebook fans will find their time otherwise occupied.

This attempt to get people coming back to the website for specific reasons is perhaps an indication of what social networking sites of the future will look like. Sites such as MySpace and Facebook are today about keeping in touch with people and making new friends (rather than anything overtly commercial from the point of view of the user, despite the adverts on the site). However, within such sites (as well as virtual worlds such as Second Life), members choose to splinter off into groups of like-minded people, sharing opinions on hobbies and interests.

This is the point at which it gets interesting for businesses. Currently, the huge numbers of website visitors which these social networks attract makes things exciting from the perspective of bulk advertising, although response rates are often extremely low. The next step is to appreciate the power and knowledge that is generated by close-knit (yet often still very large) communities of people with similar interests. The connected customer of tomorrow will be even more cynical and dismissive of traditional advertising than consumers are today, and will have the power to filter out much advertising from their lives.

The customer of the future will have been brought up knowing about how to use social networking sites, and when the time comes to “put away childish things”, they will take into their adult lives their understanding of how connected communities work. Trusted virtual peer groups or customer communities will play a major role in helping the customers of the future research and purchase many of the products and services that traditional advertising has a big hand in pushing today.

Customer communities

In her book, *Tomorrow’s People*, Baroness Susan Greenfield segments 20th century people from those of the 21st century (who bear a striking resemblance to Generation Y / Digital Natives / The Internet Generation).

Those of the 21st century, whom Greenfield describes as “People of the Screen” - those for whom the web has always been there - will not accept the text-based culture of the “People of the Book”, who “work within a culture of newspapers, laws, offices of regulation and rules of finance.” Greenfield quotes the journalist Kevin Kelly, who writes: “Screen culture is a world of endless flux...notions don’t stand alone but are massively interlinked to everything else; truth is not delivered by authors and authorities, but is assembled by the audience.”

This has a potentially huge impact for businesses' use of traditional advertising channels. The widespread and innate distrust of mainstream information channels, allied with strong legislation against direct marketing and the technical ability to screen out many advertising messages means that opinions and commercial relationships will be formed and nurtured elsewhere. Studies have shown that fewer customers than ever agree that advertisements are a good way to learn about new products and that they bought products because of their advertising. The Henley Center report that 42% of consumers change their mind about a brand, and purchase a different one as a result of online research⁷.

Against such a background, businesses will have to drive marketing programs which support the customer's needs and interests, keeping customers interested in the brand and fostering loyalty. Customer communities are perhaps one such way to do so.

⁷ HenleyCentre Headlight Vision on behalf of AOL

Customer communities - effects on brand perception and loyalty

A major academic study of eBay community participants⁸ studied how such membership of online communities altered behavior, psychology and attachment to the eBay brand. Groups of active participants ('enthusiasts', who post messages to forums), and passive members ('lurkers', who may read posts, but do not enter into conversations) were considered.

Customer communities on eBay exist in the form of clubs for people with similar interests, such as specific car types, Barbie dolls or other special interests. There are also live chat rooms. Conversations exist both on-topic and off-topic, with some forums dedicated to non-business conversations.

The results of the research, which encouraged people to use communities, and then tracked behavior, found that "with increasing community participation, customers bid more, won more auctions, paid higher final prices, spent more money for buying items and were more motivated to make purchases if they didn't do so before." The same positive effects were witnessed on the sales side, where community members sold more, made higher revenues and received better feedback than non-community members.

The researchers suggest several reasons why this should be:

- Community membership means that a person is more likely to identify themselves with the brand, using it and recommending it more often
- Members gain educationally from the experience, receiving tangible benefits
- The shared goals and values of the group reinforce member identity
- Trust emerges as a result of asking for, and receiving help and advice, making the member more likely to give back in return
- This trust means that members are less likely to fear fraud, and to hold back from purchasing behaviors
- Continual positive experiences within the customer community mean that the supporting brand is considered in a positive light, even if the brand itself is peripheral to what is happening within the community

The researchers estimate that the increased use of customer communities within eBay that were created by this experiment produced a rise in revenues of \$95m over the course of a year. The costs of encouraging greater community participation was around \$11,200, a return on investment of almost \$8,500 for every \$1 spent.

The study's researchers, Algesheimer and Dholakia, identify three types of business which would most benefit from supporting customer communities:

- Those with complex products and services, to offer educational services and to enable rapid peer assistance with technical issues, which can work out extremely expensive otherwise

⁸ "The Long Term Effects of Joining and Participating in Customer Communities", Algesheimer and Dholakia (Zurich / Rice Universities), 2006

- Firms with already strong brands and customer identity (e.g. Ducati and Apple iPod are noted by as having positive experiences from running customer communities) where customer communities further strengthen the brand
- Those companies with rapidly-evolving products and services, especially “objects of desire”, such as the latest mobile phones or games consoles. Customer communities can offer the most up-to-date information to customers and browsers, who will react by checking the community more frequently so as not to miss anything.

Businesses can also benefit from closely tracking the community’s views, extracting high-quality, unbiased feedback about products, services and competitors, and as everyone knows, an unsolicited opinion is far more likely to be honest and useful than asking someone directly what they think. It may be that independent and objective customer service review websites emerge, whereby benchmarking of performance metrics and experiences means that potential customers can check out how good a company is to deal with before they use them.

The increasing use of Twitter (a one-to-many real-time messaging service, through which users choose to receive short communications from individuals or organizations) is another element that could be considered. Although it is not personalized to each recipient, Twitter has possibilities around the mass marketing of desirable new products for which timeliness of message is crucial to the target market (e.g. an eagerly-awaited sale or launch of a new consumer item).

Of course, on a cautionary note, companies running customer communities have to remember to retain some element of objectivity, and not get too close to the action...

The Wal-Mart Blog - how not to do it

In 2006, MediaPost reported that pro-Wal-Mart blog called "Wal-Marting Across America," ostensibly launched by a pair of average Americans chronicling their cross-country travels in an RV and lodging in Wal-Mart parking lots, was exposed as a promotional tactic undertaken by Walmart’s own PR firm.

The blog raved about Walmart’s employees and good value, but was in fact written by freelance journalists who were sponsored by Walmart.

Source: MediaPost, October 12th 2006

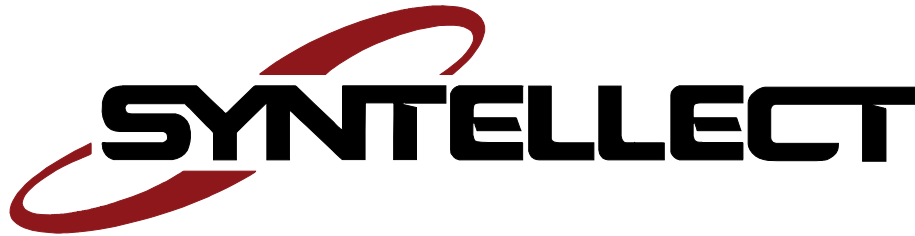


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INCREASING PROFITABILITY

Not only are contact centers under pressure to reduce their costs, but many - either directly or indirectly - are also major revenue-generators for their businesses. Although much responsibility for revenue generation lies with senior management, production and sales divisions, the contact center also has an important part to play in maximizing revenues through selling the right product to the right customer at the right time (aided by a CRM system or similar), and through proactive and efficient outbound selling.

This chapter considers CRM and outbound automation in depth, and also looks at two alternatives to the usual ways of doing things: outsourcing and hosted solutions. Both offer contact centers new financial and operational options which can make a very significant difference to the bottom-line.

CRM, CROSS-SELLING AND UP-SELLING

CRM is a continually-evolving process which requires a shift in attitude away from the traditional business model of focusing internally, which as we have seen in the first section on quality measurement, is still very much present in many contact centers. CRM should be a type of approach that a company takes towards its customers, backed up by thoughtful investment in people, technology and business processes.

The concept of CRM contains everything that all businesses need to succeed.

Customer:

All businesses, when they first start, strive to focus upon the needs of their customers. As businesses get larger and more complex, they become more inward-looking as they try to cope with their internal issues. Often, the customer gets treated as an afterthought. With CRM, one goal is to make the individual customer become important once again, at an acceptable cost to the company.

Relationship:

Until relatively recently, it was impossible for large companies to form relationships with customers – with a customer base of millions, how can a company know their preferences or dislikes? This is an area where technology can help businesses build lasting relationships with customers, to keep them loyal and increase their value to the company.

Management:

Realistically, businesses are not implementing CRM because they have had a change of heart and decided to be nice to the long-suffering customer. Loyalty equals profit: both customer and business gain from it. The “management” part of CRM demonstrates that it is the business which ultimately controls the relationship with the customer: it provides the right information at the right time; it offers the right price to keep the customer happy enough to stay; it anticipates what else the customer would like to buy, and understands why.



The business objective of CRM is to maximize profit from customers, as a result of knowing them, treating them well and fulfilling their needs.

Sales force automation, customer contact solutions, multimedia routing and data management tools have all been claimed as being the key to a business's CRM solution. While these are all useful and reliable aids to a business, none of them on their own are CRM solutions. As before, this is for a very simple reason: CRM is not just about technology.

Instead, try to think of CRM as a holistic approach to refocusing your business on customers, rather than on the internal structure of your organization. It is more about the competencies that you have, rather than a list of technologies, the goal being to win, know and keep profitable customers. There are several ways in which you can implement processes and technologies to assist your business in this goal:

- provide a single view of the customer across the enterprise to whoever needs it
- help your agents to fulfill customer needs and business strategies in real-time
- provide customers with a high level of service no matter the channel which is offered
- proactively and intelligently inform customers about products and services they will be interested in, while keeping your marketing costs under control
- know who your most profitable customers are, and treat them accordingly
- have the strategy and tactics in place to keep profitable customers, and manage to convert loss-making customers into valuable customers.

The contact center plays a crucial role in the wider CRM space. For companies whose main channel to their customers is through the telephone or e-mail, they cannot become truly CRM-focused without putting the contact center at the heart of any improvements they make to their operations and their CRM strategy. CRM is about increasing revenues and growing the business aggressively, through influencing and matching the needs of the customer in a timely manner.

While CRM is not a technology, few companies can re-engineer themselves to be truly customer-facing without providing their business and staff with the tools they need, such as real-time information about customer history and preferences, routing technology which puts the right call through to the right agent at the right time, and the ability to be able to help the customer immediately, even with complicated matters.

Cross-selling and up-selling have been major sales strategies since commerce began, but it took the advent of CRM to get businesses firmly focused on them.

One definition of up-selling is that it is the process of offering a customer who just placed an order, either a bigger or better deal on a more expensive item than that which they have just bought. This also includes the process of "accessorizing", where a customer who has bought a high-value item is persuaded to add (probably higher-margin) accessories to it. For example, a customer purchasing a DVD player may be offered insurance, better leads, a dust cover and various other items connected to the DVD's operation.

Cross-selling, unlike up-selling, refers to offering customers additional items in different categories. These items may be related (e.g. a television to go with the DVD player), or unrelated (e.g. a digital camera).

Although there are differences between cross-selling and up-selling, the purposes are the same:

- to increase overall revenues
- to increase profit per customer
- to decrease customer churn
- to lower the costs of associated marketing (e.g. there is no need to send out brochures to customers who have already received a sales pitch on a call)
- to make sure that the customer has all of the right products and services for their situation
- to make the customer more dependent on the business and its products so they are less likely to defect, helping the customer retention strategy.

Cross-selling and up-selling can happen on both inbound and outbound calls, but the importance of selling off the back of an inbound service call is greatly increasing, as legislation against outbound calling becomes tighter in most countries. Added to this is the stated aim of many businesses to move their contact centers away from a being a service-based cost center to becoming a sales-focused profit center: cross-selling and up-selling are becoming major ways to get the contact center to pay for itself.

Figure 85: Agents capable of cross-selling and up-selling, with future requirements

Vertical market	% of service agents able to cross-sell and up-sell	% of service agents desired to be able to cross-sell and up-sell	% increase required
Finance	95%	100%	5%
Manufacturing	51%	100%	96%
Outsourcing	76%	94%	24%
Retail & Distribution	98%	100%	2%
Services	70%	85%	21%
TMT	36%	81%	124%
Transport & Travel	60%	100%	67%
Average	71%	93%	31%
NB: figures include only those contact centers and vertical markets which carry out or wish to carry out any cross-selling or up-selling			

Currently, respondents indicate that 71% of their service agents are able to cross-sell or up-sell within a call (a jump from last year's figure of 52%), with those in the finance and retail & distribution sectors seeming particularly adept, as might be expected.

The vast majority of respondents were very positive about increasing sales maximization within a call, with an average **realistic** desire in the number of agents being able to cross-sell or up-sell moving from 71% to 93% (a similar potential maximum to last year). Again, retail & distribution and finance respondents were keen to push up this ability to 100%, along with the transport & travel and manufacturing sectors. The TMT sector was keenest to

ramp up this ability from a relatively low base, suggesting opportunities for solution providers and training companies alike.

(NB - any non-sales contact centers were excluded from these figures).

The greatest inhibitor to increasing the amount of cross-selling and up-selling is the concern that service agents do not have the necessary skills of sales agents, with 67% of respondents agreeing with this statement, 24% strongly. It is a debatable point whether this is a matter that can be rectified with training, or whether it is a deep-rooted truth that a service mentality excludes sales. While the latter point is certainly true for some agents, for most a successful transition into sales mode depends upon having the confidence that the system and their own knowledge will support them in this uncharted territory, and that they are in fact, servicing the customer at the same time, by offering products and services that are relevant and helpful. It is up to the contact center and the wider business to make sure that the agent is helped with this new task, rather than just issuing a blanket statement that all callers are to be offered Product X through a heavily-scripted approach.

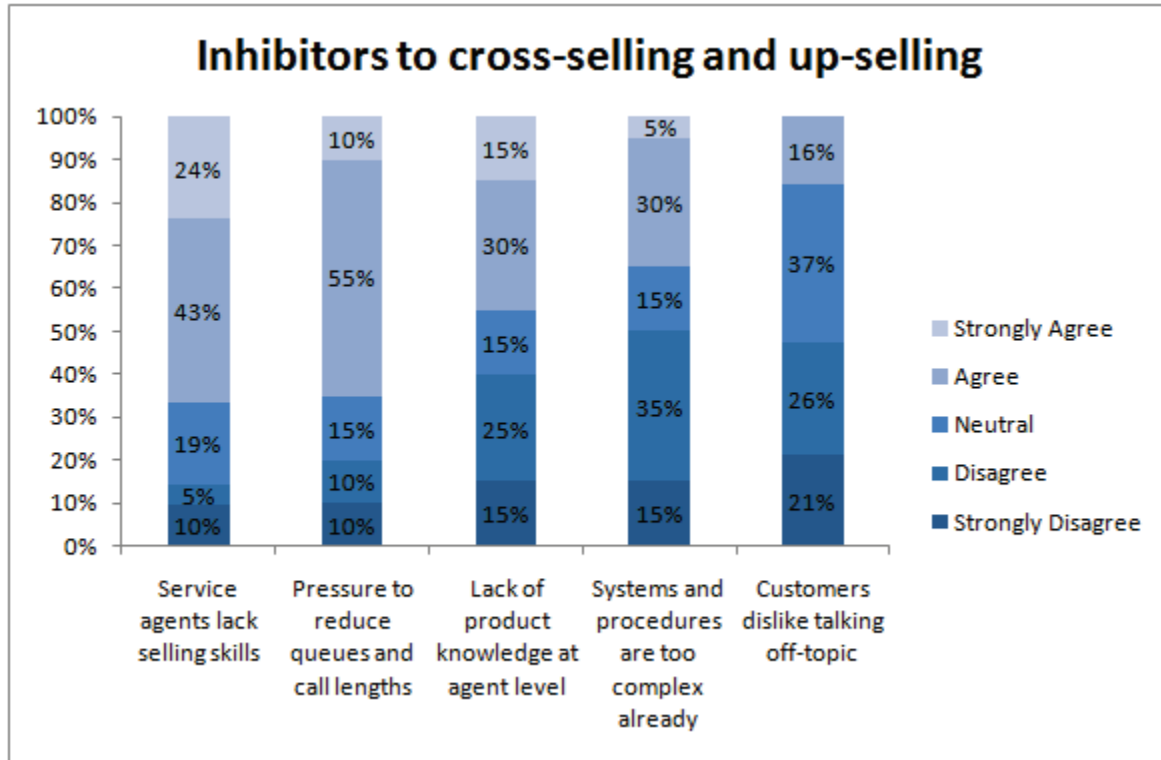
65% of contact centers say that the pressure they are under to cut call times means that any drive to increase cross-selling and up-selling on the call (and thus, increase average call lengths) is much more difficult. Such businesses should consider their recruitment policy (working out a cost-benefit analysis to see what sort of additional revenues would be achieved through cross-selling and up-selling, against the cost of recruiting and paying additional staff), as well as looking at a call avoidance policy (such as self-service) and efficiencies possible within the call (such as automated security).

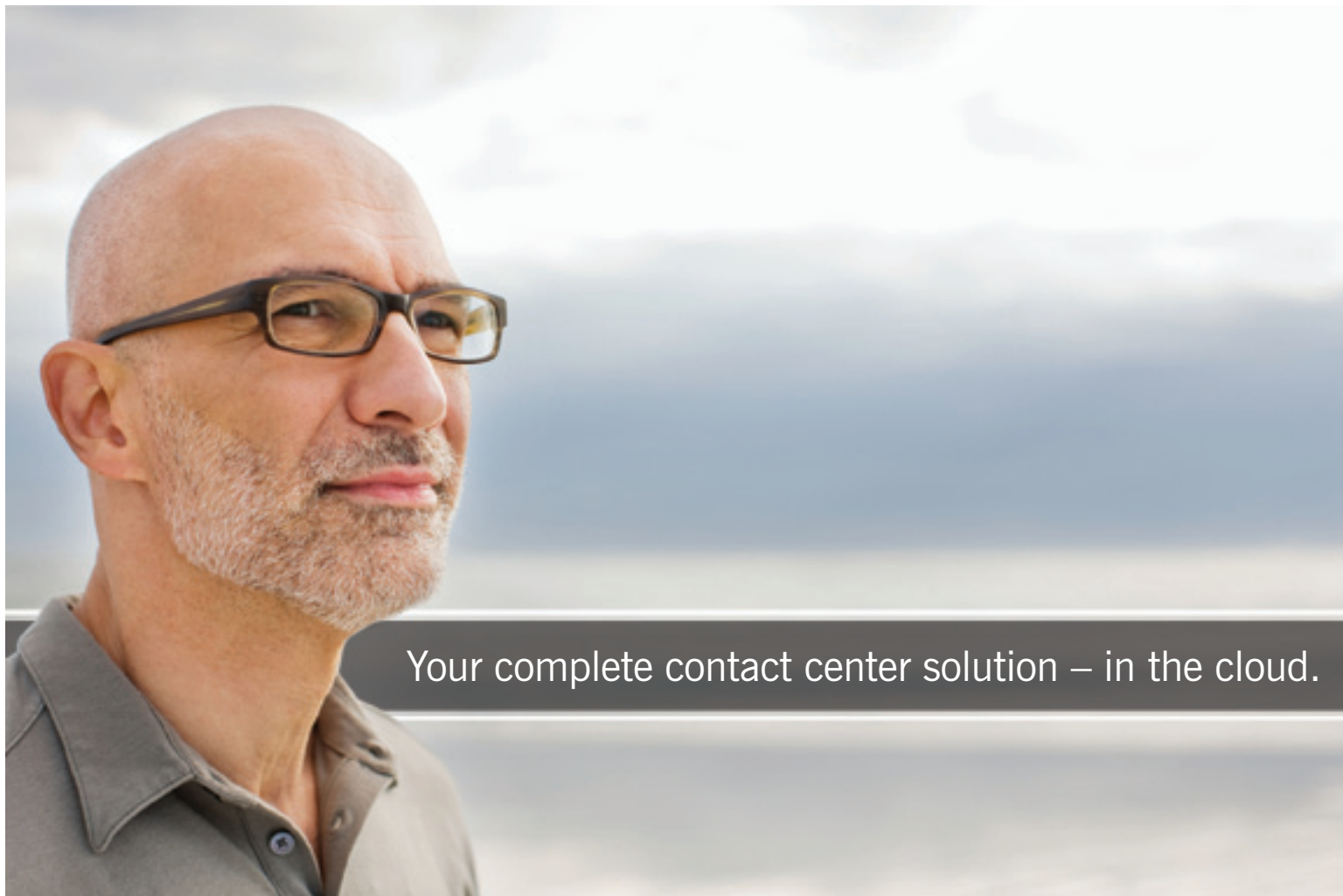
45% of respondents cite a lack of product knowledge as being an inhibitor, a matter that can be addressed through training, but also through offering support systems such as dynamic scripting within the conversation, and also being more realistic with the number of products on offer through cross-selling and up-selling.

35% of contact centers believe that their environment is so complicated already that they can't carry out additional sales work. While this is a minority, it is still a missed opportunity for more than one-third of businesses - which should certainly be addressing the underlying systems as well as the presentation layer - as effectively their systems and procedures are stopping them from moving their business forward.

Only 16% of contact centers say that customers dislike talking off-topic (and none of these feel strongly about this), and here is a clear case of one size not fitting all. Cross-selling and up-selling is far better left to the end of a conversation which has gone well, rather than any where the customer is clearly disgruntled or even in a hurry. Agents have to be trusted to use their experience and intuition to judge whether to start a sales conversation, although of course supervisors have to make sure agents push themselves as well.

Figure 86: Inhibitors to cross-selling and up-selling





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HOSTED AND MANAGED SOLUTIONS

Building an effective contact center can be very expensive due to the capital expenditure required to purchase, install and integrate client premises-based technology (CPE). There has been a genuine alternative to the traditional approach to the purchase and management of CPE for a few years, but a large proportion of the industry is either unaware or misinformed of the abilities of network-based or hosted solutions, due in part to somewhat gentle marketing by the solution providers themselves.

The target audience and the overall market share these providers have secured have been growing rapidly, fuelled in part by the effectiveness that those solutions have had the opportunity to prove. However, there remains much uncertainty about the potential advantages or even the exact nature of the various non-CPE solutions.

Hosted solutions: often built from tried-and-trusted CPE equipment that has been modified to offer functionality to various separate clients at multiple locations, although has not been originally designed to be partitioned. As with reliance on any single piece of equipment, a fault at that point would cause issues for clients. Access to the hosted solutions is generally provided by fixed access links installed specifically for the purpose, but can also be via connecting to existing private WAN networks.

Network-based solutions: not based on a single piece of equipment or at a single site, which should allow greater up-time and fault tolerance. Designed from the beginning for multiple users, and supporting easy scalability as it is not held back by fixed bandwidth, capacity can be increased very easily, supporting true geographical independence including offshore operations. As inbound contact center or outbound dialing equipment is physically held in multiple locations, this permits users to access the various services via a combination of the contact center's internet connection and the standard PSTN networks.

In general these solutions fall into one of two camps; network-based or hosted solutions, but in both cases, a service provider owns and operates a contact center technology platform and leases its services and features to end-users for a monthly or usage-based fee.

Software as a Service (SaaS)

Although hosted and network-based solutions involve hardware and physical networks as well as software, it is worth understanding the concept of SaaS - 'Software as a Service' - which is an increasingly-widely used phrases.

SaaS is a model of software deployment whereby a provider licenses an application to customers for use as a service on demand. SaaS software vendors may host the application on their own web servers or download the application to the consumer device, disabling it after use or after the on-demand contract expires. The on-demand function may be handled internally to share licenses within a firm or by a third-party application service provider (ASP) sharing licenses between firms.

On-demand licensing and use alleviates the customer's burden of equipping a device with every conceivable application. It also reduces traditional End User License Agreement (EULA) software maintenance, ongoing operation patches, and patch support complexity in an organization. On-demand licensing enables software to become a variable expense, rather than a fixed cost at the time of purchase. It also enables licensing only the amount of software needed versus traditional licenses per device. SaaS also enables the buyer to share licenses across their organization and between organizations, to reduce the cost of acquiring EULAs for every device in their firm.

Using SaaS can also conceivably reduce the upfront expense of software purchases, through less costly, on-demand pricing from hosting service providers. SaaS lets software vendors control and limit use, prohibits copies and distribution, and facilitates the control of all derivative versions of their software.

The sharing of end-user licenses and on-demand use may also reduce investment in server hardware.

Source: ContactBabel, Wikipedia (http://en.wikipedia.org/wiki/Software_as_a_service)



White Paper: "Reduce Costs and Increase Performance: The SaaS Advantage for Contact Centers" (by inContact)

Synopsis: This paper examines current economic and business trends impacting the contact center market. It provides guidance and recommendations for contact centers looking for an alternative to on-premises contact handling solutions.

Download: <http://incontact.com/Whitepapers/SAAS.pdf> (no registration required)

WHAT TYPES OF COMPANY SHOULD CONSIDER HOSTED/NETWORK SOLUTIONS?

- Small and medium businesses, especially those needing rapidly deployable, easy-to-use services, such as enhanced routing
- Any size company looking to start a contact center - outbound, inbound or both or move at low risk, or increase size for a temporary campaign
- Any size company looking to provide or leverage the advantages of a multi-site capability
- Enterprises that desire advanced contact center functionality and are interested in acquiring a complete solution as a service
- Businesses needing contact center business continuity plans
- Businesses needing to expand and contract quickly for peak seasons/traffic/campaigns
- Any size company wishing to gain access to technology with uncertain potential gains, such as call blending, and callback services.
- Enterprises with CTI functionality today who wish to enhance enterprise functionality with network call queuing and network routing or other components such as outbound, call blending, workforce management, Internet or web functionality (see following box).

Profit-based calls

Contact centers need to get the most value from each customer interaction and maximize the potential of every call.

Many contact center systems can route calls by agent group or individual skills generally. However, there is also a need to route by the customer value involved: some customers are worth more to the organization than others. Collecting information about the dialed number (e.g. a number only available to Gold customers) or by information collected within the IVR session means that businesses can then route the calls to low cost offices or countries.

This adds value to the business by ensuring appropriate agent gets right level of call, that customers get right level of service they need for first call resolution and cost per contact falls and makes the contact center more profitable.

Put simply, whether delivered by customer premise equipment (CPE) solutions, by hosted or network systems, or a mixture of both, enterprises always demand control, choice and intelligence in a financial framework that is acceptable. Hosted & network solutions offer businesses the opportunity to deal with operating costs rather than capital expenditure which will always get a positive hearing at the budget-holder level of a business, although some CPE providers also offer leasing options.

The bottom line is that a successful hosted/network solution should offer everything a business could achieve with CPE, but yet be available on a pay-per-use or pay-as you-talk basis (per minute or second / call / month, etc), be scalable and reliable, and offer easily-added functionality if required. Offering functions on ad-hoc basis - rather than customer having to pay for them up-front and then maybe never using – is an ability offered with many



hosted/network solutions. Customers can choose to 'turn on' functions when campaigns require, and then 'turn off' if needed. In comparison, on-site systems need all the functions installed to begin with.

While these solutions already offer some inherent benefits provided by their design - such as simpler disaster recovery planning - their providers should also have the ability to offer functionality and managed services that would not be possible with CPE: the very nature of providing a service on equipment based external to the contact center means that the real time activity of that operation can be monitored. For example, a good provider of outbound dialer solutions will be able to monitor and advise on the use, management, configuration and results achieved while using their dialer services, all in real time. As the supplier / manufacturer, they should be best-placed to supply answers, support and advice on the best configurations of the dialing platforms.



White Paper: "Contact Center On-Demand for Enterprises | Business is Changing. Can Your Contact Center Change With It?" (Cosmocom)

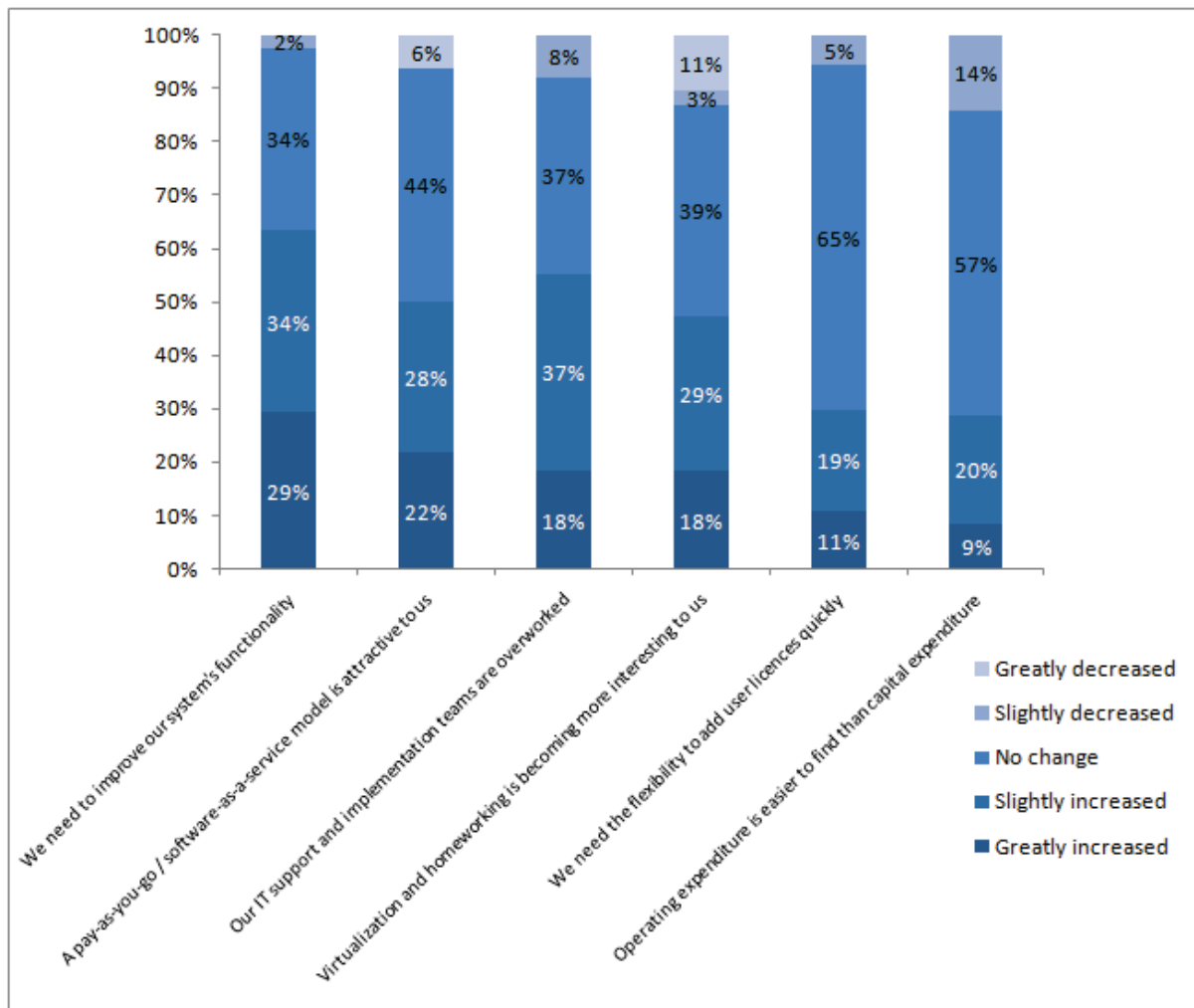
Synopsis: The business world is adopting an on-demand model, and for a very good reason: the business environment is changing faster and becoming more unpredictable. That gives every business two choices: embrace change by building it into the core of the business, or waste time and money chasing yesterday's trends. And if the contact center is an important part of your business, it will have to fit the on-demand model of design for change. Whatever challenge you face: reorganization, spin-off, M&A, outsourcing or off-shoring, you need to build flexibility into your call center infrastructure.

Download: <http://www.cosmocom.com/to/babel-ccode> - registration required

DRIVERS FOR HOSTED AND MANAGED SOLUTIONS

In order to make a change in the way things work, there needs to be pressure exerted to make change worthwhile. After considering several potential financial and operational drivers for hosted / managed solutions, respondents were asked how the importance of these factors had altered within the past 12 months in their own contact center operations, to see if there is a growth in the forces that would make a contact center consider changing the way they do business.

Figure 87: Compared to 12 months ago, how has the importance of these factors changed?



There is a very strong feeling held by the majority of respondents that systems need updating urgently, which offers contact centers the opportunity to look at other options to the traditional CPE model, as it becomes a matter of choosing which change to make, rather than deciding whether any change is necessary. The outsourcing and manufacturing sectors in particular are aware of the need to upgrade their systems.

Over half of respondents say that their IT staff are more overworked now than 12 months ago, despite a cut in new IT projects. A hosted solution can offer a significant reduction in the level of on-site support required. The outsourcing respondents especially indicated that their IT staff were increasingly overworked.

Virtualization and homeworking has also become more interesting: as more solutions become available and more businesses actually go ahead with this, the non-centralized model is something that is being revisited on a wide scale. The flexibility of adding agents and licenses is also important to a significant number of respondents, especially in the TMT sector, which may well be considering the work-at-home model for helpdesk agents and other knowledge workers.

Opex expenditure is somewhat easier to find at the moment than Capex for many respondents, especially manufacturing, but it is the emergence of SaaS that has added fuel to the interest shown in non-traditional infrastructure and financial models, especially in the outsourcing sector which is usually on the look-out for cheaper and better ways of doing things.

THE VALUE PROPOSITION OF HOSTED/NETWORK SOLUTIONS

There are several factors driving the adoption of these solutions. The first is the 'pay-as-you-go' financial model that allows business of all sizes to move away from high front-end expenditures in favor of a more manageable operational expenditure approach. Small and mid-size companies typically do not have the ready access to cash to make the necessary capital expenditures for expensive CPE. As a result, making the shift from capital expenditure (Capex) to operational expenditure (Opex) is especially relevant for these firms. Additionally, the pay-as-you-go model also simplifies overall cost management and business planning, making it more favorable than the Capex model. Recently, current market conditions have affected companies and finances and some organizations that would not have previously considered Opex investments (e.g. public sector, utilities companies) are now doing so, as large Capex projects are being shelved.

(For more research on changes in Capex and Opex, please see the sub-section within the 'Maximizing Efficiency and Agent Optimization' chapter).

From a customer perspective, the low upfront investment, instant access to cutting-edge technology and rapid results make the model difficult to ignore. The real enabler of the low cost model is, surprisingly, a technical one; leveraging multi-tenancy architecture. End-users, referred to as tenants, share server capacity in a partitioned environment. This allows the hosted provider to pass on some of the cost savings from the economies of scale realized through the use of shared resources.

Cutting the cost

- Decreased capital expenditure:
 - Businesses can scale down future customer premises equipment (CPE) investment, with a resulting decrease in capital expenditure

- There is also an opportunity to buy services using a pay-per-use or even pay-as-you-talk pricing model, which helps to keep operating expenses to a minimum
- Additionally, issues surrounding the total cost of ownership of CPE do not arise with hosted solutions: outright purchase of equipment isn't for everyone, perhaps for reasons of budget or the ability to maintain the systems
- Low-risk ability to start up or move or expand without risking existing business plans
- Business retain the freedom to downscale change targets and plans to meet demand, rather than commit themselves to long-term arrangements needed to justify the purchase approach of high value CPE.
- Lower development costs:
 - Businesses can experience a decrease in development costs and an increased speed of implementation, as hosted solution providers will already have solutions up and running
 - Network-based providers can arrange solutions to be integrated in days, as no specialized onsite equipment or dedicated connections are required. This reduces project times and costs, and allows business to react to requirements far more quickly.
- Managing calls at the network level decreases costs:
 - There are benefits of scale available with Hosted and Network solutions, which may offer business far greater overall capacity that would normally be provisioned with onsite CPE equipment. There are invariably transient periods where dialer equipment will calculate that it should be making more calls than there are phone lines provisioned, however the shared services approach means that providers may permit these higher demand periods to be serviced. This feature can save critical agent time and improve the consistency and overall performance achieved by the dialing solution
 - Business are able to reduce associated infrastructure Capex and Opex costs, such as telecoms requirements, as only one PSTN line per agent is needed for outbound & inbound campaigns. The overcall is carried out in the network and only live calls are placed to the agent, therefore the telephony line and terminating equipment costs are reduced
 - Network/hosted solutions can save on staffing/resource as they are no longer needed to manage the physical technology as it is not on-site
 - Call queuing at the network level also saves money. In multi-site operations - rather than pass a call down to a contact center which may not have an agent immediately available to take the call – it makes sense to queue the call at the network level until an agent is capable and available to take it. The call is then passed – once – to the agent in the specific contact center
 - Infrastructure and processes which are held at network level can avoid issues which CPE resources can experience, such as unnecessary duplication across multiple sites and a corresponding increase in management costs for configuration, administration and performance checking.

Improving the service

- Open access to systems allows greater functionality and lower costs:
 - CPE systems are, in the main, proprietary. Although they may be feature-rich, this can often mean that they are difficult to integrate, time-consuming to maintain and limited in scalability. A superior network or hosted solution should be designed to be open, offer multi-site remote management and scale easily to accommodate multiple clients with high growth rates
 - Using CPE often means that development cycles are long, and that technology imposes its own limitations on what can be achieved
 - Hosted solution providers have continually to enhance and develop their services which bestows a competitive advantage to business users who can deploy the latest technology and the often inherent advantages of improved functionality, service and reduced costs, through their contact centers. In effect, a hosted solution removes the technology stranglehold experienced by many contact centers with CPE and allows them to concentrate on their core business.
- Maximize existing resources:
 - Hosted/network solutions enable a business to make the most of their existing call routing infrastructure. By holding the calls in the network and allowing unlimited database lookups, the solution maximizes CPE resource usage and improves routing accuracy: the call is transferred only when the correctly-skilled agent becomes available
 - Network solutions permit a substantially reduced telephony and switch infrastructure. ACD functionality is controlled via the network and inbound calls are routed through a variety of selected rules and then using a script application 'pops' the agents screen with all information collected from the call.
- Disaster recovery (DR):
 - Ensuring business continuity during outages, facility emergencies and inclement weather is a critical requirement. The hosted and network contact center models ensure business continuity by enabling agents to be connected to the technology platform and necessary applications from anywhere with Internet access. Even in an outage, companies maintain the ability to service and sell to the client base, undermining what could otherwise be a disastrous situation resulting in lost revenue, dropped calls and negative customer experiences
 - Hosted contact center solutions eliminate the costly and time-intensive process of building and maintaining a back-up site from which to take calls and deal with emergency situations
 - Superior managed service solutions are fully-redundant, sharing the weight of disaster recovery or unplanned outage with the hosted solution provider
 - With network solutions, superior solutions will offer complete disaster recovery and business continuance as their solutions have the ability to be delivered from multi-site locations, and deliver to

- alternate warm sites, with flexible and immediate switching between sites should an outage or problem occur
- Network solutions can provide back-up disaster recovery protection to centers with on-site CPE, as reserve protection - although indeed, a good network solution provides a high level of disaster recovery integrally, meaning clients should not require additional disaster recovery cover.
 - Improve agent morale and availability:
 - Hosted self-service options such as IVR and voice portals mean businesses can save money through not having to employ line receptionists to route calls. Self-service also frees up time which would otherwise be taken up with answering repetitive questions, improving the happiness of your agents, which goes some way to reducing staff attrition
 - Real-time monitoring across multi-sites (and home-workers) allows identification of contact center best working practice, which contributes to improved Agent/Team/Campaign productivity and cost reduction. In effect, a hosted solution removes technology from the equation when comparing productivity and efficiency in a contact center.
 - Expand/move/increase or try out new functionality without the high initial set-up costs:
 - Using a pay-per-use model allows businesses to start a contact center or move at low risk or increase for a temporary campaign or try out new functionality without having to spend excessive amounts of time and money first. This is especially the case with speech recognition which can be a very expensive solution to implement
 - Pay-per-use or pay-as-you-talk tariffs also allow cost-effective coverage of peak loads and overflow based upon seasonality.
 - Take steps towards a virtual contact center:
 - Managed service solutions support virtual contact center functionality, including real-time monitoring across sites, sometimes even at an agent level, critical to promote a fair and effective working environment
 - For a network-based solution, the only requirement for the agent is a PC and a DDI phone, therefore multiple sites and home-working can be achieved more easily and rapidly
 - Scalability is key: contact centers want to be able to gear up and down to suit business demands and cope with peaks and troughs without unnecessary expenditure, and with network-based solutions they can do this on a daily basis, instead of spending on capacity that they may not use for months
 - Network access to real-time reporting allows the ability to see performance across multiple sites down to campaign-, sale- and even agent-level.



-
- Keep a consistent feel to your business:
 - Self-service and call routing scripts are held centrally, managed from a single interface, so that any changes can happen quickly and consistently
 - Network systems can have the dialer and ACD controlled by secure website access still providing complete control to the business even though there is no CPE on-site
 - Superior network solutions do provide their solutions as managed services. These offer the added benefit of complete management support for the supervisor and center. The network provider is incentivized to ensure that the center is working at optimum productivity levels, unlike on-site providers.

CPE OR HOSTED/NETWORK SOLUTIONS - OR BOTH?

There is a common misunderstanding within the industry that the choice is either CPE or a hosted/network solution. Where expansion is required, superior hosted/network solutions can be easily integrated into existing CPE ancillary systems, allowing the business to experience the functionality and advantages of a hosted solution without compromising existing investment. From a financial perspective, most hosted solution functionality is paid for as an ongoing operating cost, rather than requiring an upfront major investment: this should make it easier for contact center management to persuade the budget-holder to upgrade the systems in place.

The flexibility of hosted solutions allows a business to experience hosted solutions as an additional 'bolt-on', the use of which can be expanded as the current CPE reaches obsolete / depreciated / non-regulatory status, or further functionality and capacity is required by the contact center. Network systems can be available in days and are a cost-effective option, as the only requirements are IP connectivity and phone lines – something the center would already have. Hosted solutions will require a complete change in the connection between the center and the hosted solution provider's equipment and may take longer to integrate.

A perceived lack of control over operations and the security of critical customer data in a hosted environment continue to cause end-user concern. But the reality is that a well-engineered hosting environment will have deeper security infrastructure in place than many SMEs could afford on their own. This is a significant advantage in being able to leverage the financial investment that the hosted provider has made in security standards and measures. Tenant self-administration capabilities, along with process/methodologies with enhanced security options, can play a critical role in overcoming these reservations.

Network and hosted solutions need at least the same level of functionality as CPE type equipment, and there is no reason a good provider does not offer remote web-based access to authorized users. Suppliers of hosted/network solutions must offer fully managed and supported services, with the trend moving towards offering proactive monitoring. On outbound pay-as-you-talk solutions, for example, there is clear synergy in between the contact center and the dialer solution provider to ensure the system is efficient, and is configured to operate at the optimum level, as this benefits both parties. This support offered by hosted/network providers is an essential factor in the decision-making process for businesses, and is vital to driving the non-CPE industry forward.

CHECKLIST WHEN CHOOSING A HOSTED/NETWORK SOLUTION

Vendor background and experience

- What is the company's history and experience in contact center operations?
- Can the company provide references and implementation examples?
- How many contact center seats are currently in production?

IT considerations

- Is there additional hardware or software to install on-site?
- What bandwidth and reliability issues should we address with our ISP?
- Are there additional costs required to integrate existing back office applications?
- What kind of resources & skill sets will I need to commit to the project, and when?

Network/hosting environment

- What reliability parameters are included in the Service Level Agreements?
- How can you maintain control, minimize business risk, & maximize service quality?
- How does the company address security and privacy concerns?
- How is your data separated from other clients' data?
- Do you provide 24x7 monitoring and support?
- What backup/disaster recovery procedures are in place?

Implementation expectations

- How long is the training cycle and is it administered on-line?
- Are there additional support and service expenses?
- How long and complicated is a typical implementation?

Data Access

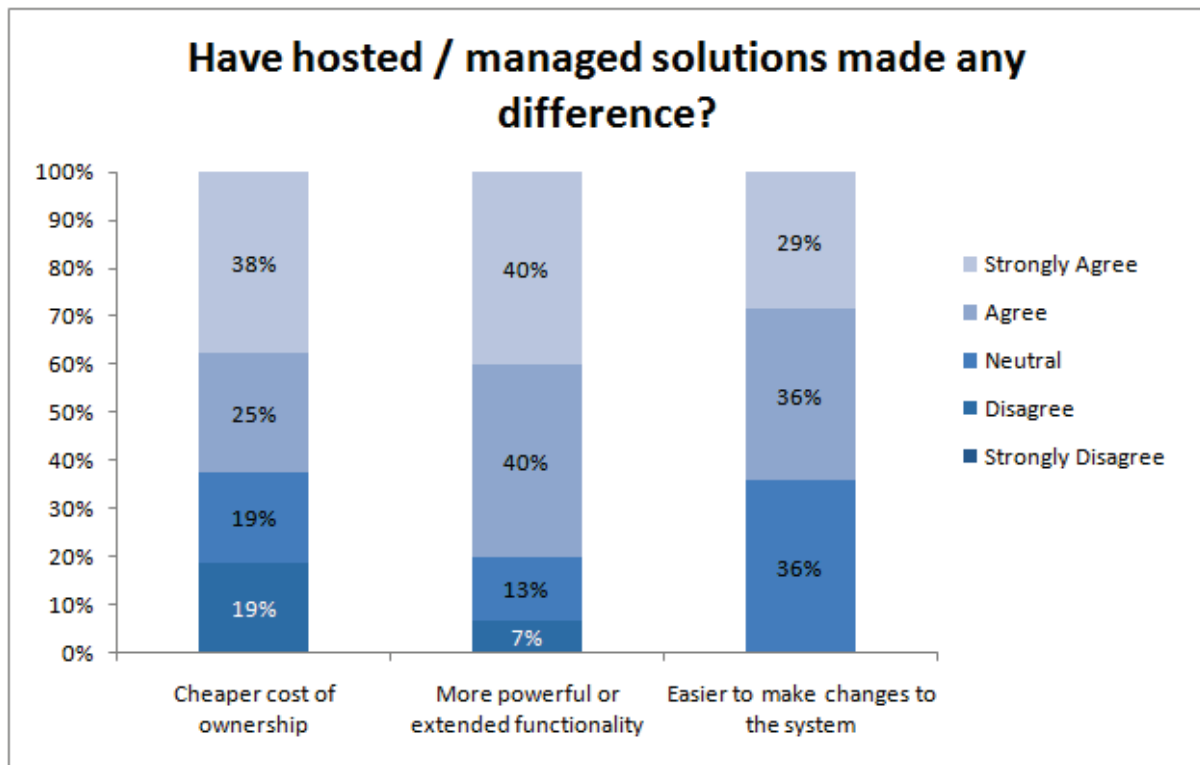
- Can I access my data outside of the provided contact center application (e.g. sales or marketing queries and reports)?
- How does the vendor return data to you at the end of the hosting agreement?
- How do I integrate my local data and applications?

RESULTS OF USING HOSTED AND MANAGED SOLUTIONS

Those 21% of contact center respondents who have actually implemented a hosted or managed solution have generally found that it has delivered significant advantages.

63% of respondents agreed that the overall cost of ownership was cheaper, with 19% disagreeing. 80% said that they had been able to use more powerful functionality, with 7% disagreeing. 65% said that changes to the system were now easier, with no respondent stating otherwise.

Figure 88: Have hosted or managed services had any advantages?



OUTBOUND AUTOMATION

The traditional outbound call was simply about selling more products to new and existing customers. However, legislation and customer pressure is having an impact on cold calling, and an increasing proportion of outbound calling is now to existing customers, delivering customer care or proactively informing them about events and circumstances which affect them. Outbound calling is fundamentally different from inbound, and – facing significant and growing cultural and legislative issues - must be managed sensitively:

- the nature of outbound is intrusive and usually driven by the needs of the business rather than the customer (except in cases of call-back requests and for proactive outbound service)
- this means that customers are more likely to be defensive and wary of the purpose of the call. Trust needs to be built very quickly in order to overcome this negative start point: having the right information about the customer to hand will improve the experience for both agent and customer
- outbound work can be very hard on agents: few people actively welcome most outbound calls, and persistent refusal, lack of interest and rudeness can be very wearing for agents, especially if productivity-enhancing technology such as dialers are being used. Management should consider ways of alleviating agent stress, through sensible scheduling and call blending, judicious use of technology, focused training and improving working environments, amongst other ways
- especially where the technology exists to do so, it can be tempting to treat outbound calling campaigns as an exercise in maximizing call volumes and (theoretically) revenues. However, this can result in brand damage and high staff attrition rates through over-pressured and exhausted agents delivering poorer quality interactions
- there has been a tendency to use offshore contact centers for low-value outbound sales campaigns which would otherwise be unprofitable to run. However, the same high standards of training and support are needed by offshore agents to do their job properly: too many businesses simply put the agents on a dialer with an inflexible script in front of them and then wonder why their customers and prospects become negative towards their brand
- tough legislation has emerged which is reducing the amount of cold calling which businesses can do. Cold calling is illegal in Germany, and the Do-Not-Call register in the US and the Telephone Preference Scheme in the UK allow customers and some businesses to opt out of receiving any sales calls at all.

Call blending is an element of outbound calling which has perhaps not yet reached its full potential, as it stands against some of the conventional wisdom of the traditional contact center industry, which implies that the more one can segregate the contact center into a series of production lines, the better-run the operation will be.

Call blending gives the ability to deliver both inbound and outbound calls seamlessly to the agent, regulating outbound call volume based on inbound traffic. When inbound traffic is low, outbound calls are automatically generated for a specified campaign. When inbound traffic picks up, the dialer dynamically slows the number of outgoing calls to meet the inbound service level. Results can include increased agent productivity, streamlined



staffing, and improved customer service. However, this process needs to be understood and managed carefully, as not all agents are adept at dealing with both inbound and outbound calls.

Sales to both new and existing customers are obviously still key reasons why companies carry out outbound calls, and the hybrid method – customer service leading to a cross-sell/up-sell opportunity – is seen a good way of circumventing the increasing numbers of people registering for the Do Not Call Registry. However, businesses must be careful not to pester customers or abuse the relationship they have built up with frequent calls about products and services that are not tailored to the customer.



White Paper: "Outbound Campaigns, Predictive Dialing, Agent Productivity, and Compliance" (Cosmocom)

Synopsis: Legacy predictive dialers were designed when nuisance calls were unlimited. These dialers can comply with recent regulations limiting nuisance calls, but they cannot do so while maintaining the agent productivity gains that justify their existence in the first place. This white paper explains why lab tests and real life experience differ dramatically for legacy dialers and how to maximize productivity while keeping on the right side of the law.

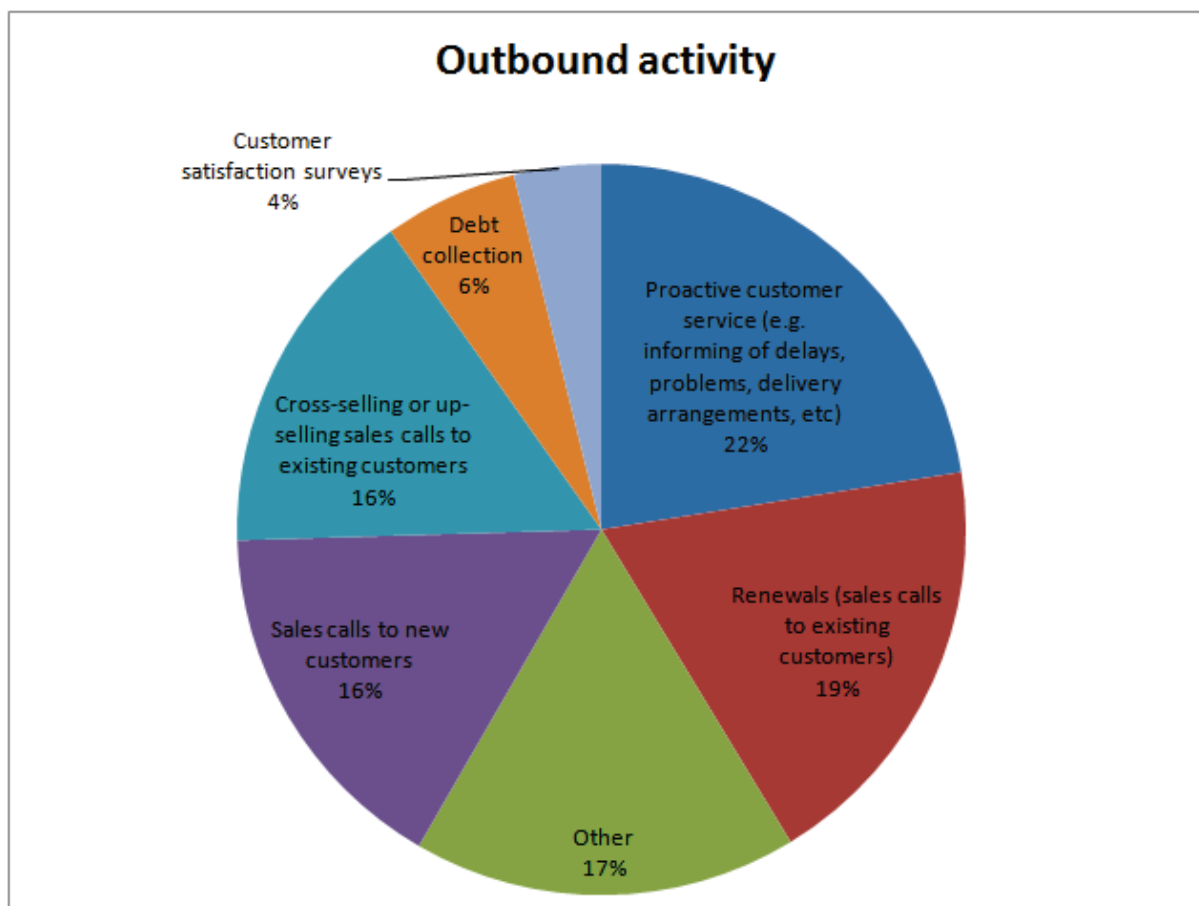
Download: <http://www.cosmocom.com/to/babel-pd> - registration required

OUTBOUND ACTIVITY

The single most popular outbound activity this year is proactive customer service - a strong brand builder as well as an effective call avoidance tactic, up strongly from 17% last year. However, sales calls of all types account overall for 51% of outbound activity (down from 53% in 2008), with renewals to existing customers taking over from calls to new customers this year as the top sales-related outbound activity.

Cross-selling and up-selling to existing customers rises to 16% this year, up from 14% in 2008. (More information on cross-selling and up-selling can be viewed earlier in this chapter).

Figure 89: Outbound activity



Vertical market patterns are very different from each other, and there is not even a great deal of homogeneity within sectors, so it is not possible to show specific data points without being misleading. However, there are some interesting findings to bring out.

Over 70% of the transport & travel sector's outbound activity is proactive customer service, advising of delays and deliveries in the main. The manufacturing sector is also actively seeking and giving information up and down the supply chain.

The outsourcing and TMT sectors are the hungriest for new business and most likely to cold-call (within the law, of course). The outsourcing sector, as might be expected, is keen on all types of sales with 78% of its outbound activity being sales-related.

The contract-based business models, often found in finance and TMT, are most likely to be carrying out renewal sales calls to existing customers.

The retail & distribution sector carried out a lot of debt collection.

DIALERS

There are three types of dialer or dialing mode considered within this report, differing in the way in which they increase the volume of outbound calls.

Figure 90: Types of outbound automated dialer

Dialer type	Explanation
Preview dialers	A Preview Dialer dials the number from a database record, but does not have the capability to detect the call progress. The agent monitors the call's progress (connection / no answer / busy / answering machine) and takes or drops the call
Progressive dialers	A Progressive Dialer has the additional ability to detect the call's progress automatically. It selects an agent for a call and dials numbers for the agent, until it gets a valid contact, when it then puts the call through to the agent if the contact is live
Predictive dialers	A Predictive Dialer is a system that automatically calls a list of telephone numbers in sequence and screens out no-answers, engaged tones, answering machines, and disconnected numbers while predicting at what point a human caller will be able to handle the next call. There is a risk of a live connection being made to a customer without an agent available to talk which can be managed by keeping the over-dial rate very low

While a fair proportion of large contact centers will use preview dialing, then main pattern emerging is that it is currently large operations that use the top-end predictive dialers, although the hosted and managed services solutions available mean that this functionality is available on a per-call basis.

The potential efficiency gains that a dialer can bring to a contact center can be seen clearly in the following table. Respondents using predictive dialers have an average call attempt rate of more than double those operations using manual dialing, translating into a far superior live contact rate as well.

Figure 91: Outbound call attempts and live contacts per agent per hour, by dialer type

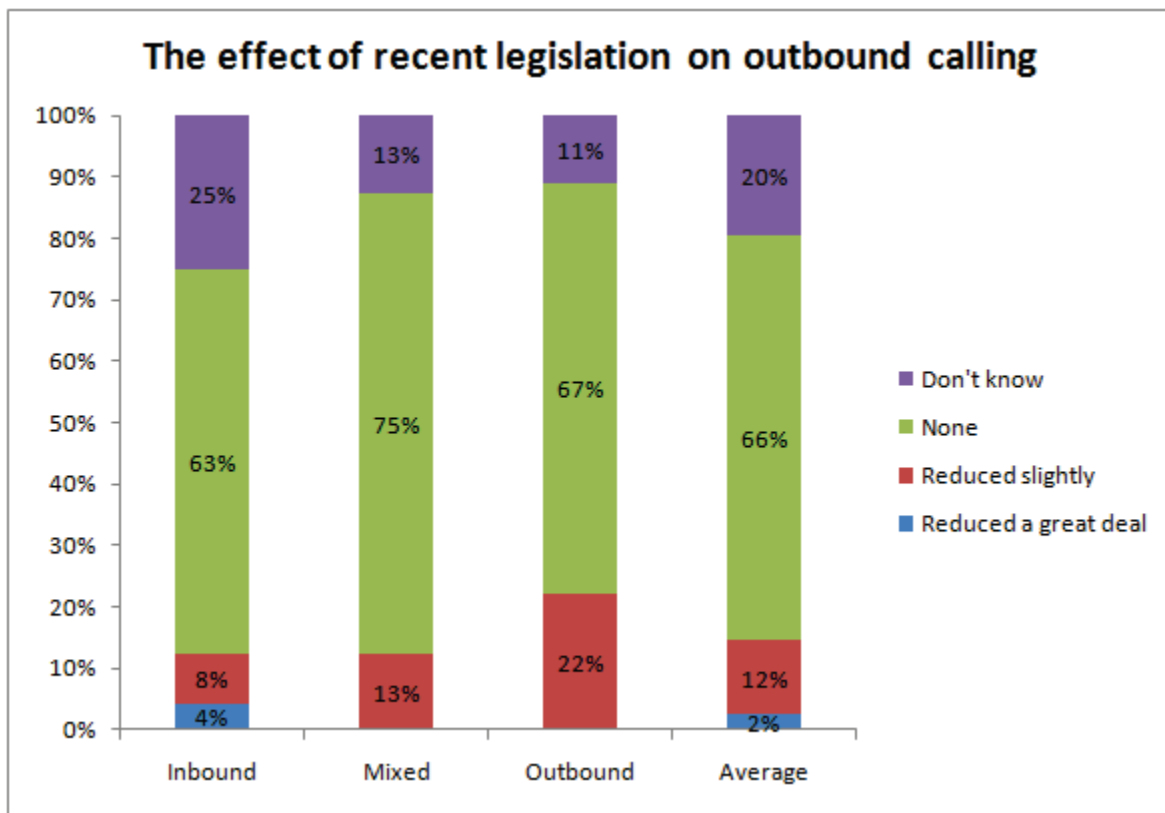
Dialer type	Attempts per agent per hour	Live contacts per agent per hour
Predictive	46	12.0
Progressive	42	9.4
Preview	24	7.1
None	17	5.1

EFFECTS OF LEGISLATION

The Do-Not-Call Registry (and the CAN-SPAM act which deals with email) are part of the general social and political drift towards allowing consumers and businesses the right not to be contacted by companies. This is part of a global movement, perhaps indicated best by the state government of California, which does not allow over-dialing at all.

Respondents are much more sanguine about the effect of legislation than they were last year, with only 2% of all respondents say that the legislation on outbound calling has reduced their calling greatly, and a further 12% saying it has declined slightly. When looking at this statistic by contact center activity type, the mainly outbound respondents - those whose bread and butter this type of calling is - are a little more concerned, but not to any great extent.

Figure 92: The effect of recent legislation on outbound calling, by contact center activity type

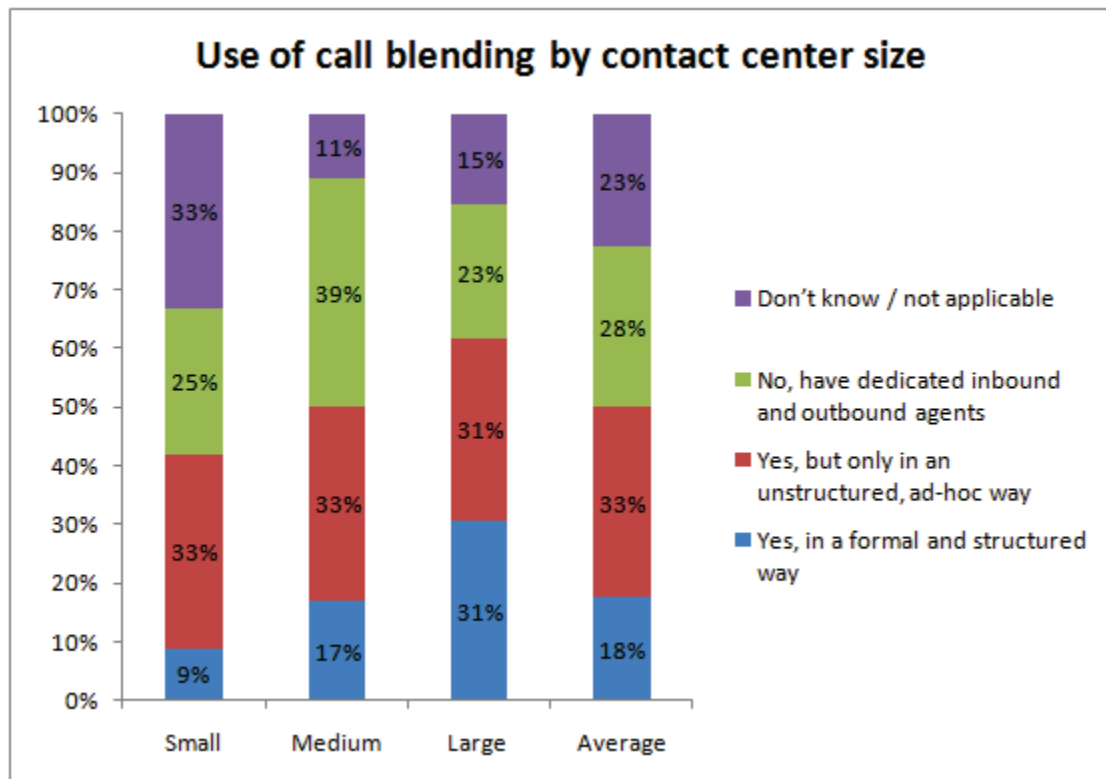


CALL BLENDING

A contact center handling different processes involving customer service, sales orders, and outbound telemarketing, will have different groups of agents with specific skills for these areas. Some agents are more capable and adaptable than others, and can be used as blended agents. For example, these agents may have a primary responsibility to handle inbound calls, but when the inbound call volume drops, the dialer will send a message to these agents indicating that they have been switched to outbound mode and start offering outbound calls to them. A CTI link will prompt a script for the outbound calls to run on the agent desktop and - depending on the call volume in the inbound queue, the agents will be switched automatically, improving productivity. However, if there is a constant switching from inbound to outbound and back again, the agent may lose concentration and the productivity may go down.

A structured blended environment, where agents are moved seamlessly and dynamically between inbound and outbound, is used in only 18% of respondents' operations, although large contact centers are more likely to be able to do this. A significant proportion of operations from all size bands operate blending on a manual, ad-hoc basis.

Figure 93: Use of call blending by contact center size



THE ROLE OF MOBILE TELEPHONY ON OUTBOUND CALLING

In around 40 countries, mobile telephony analysts have put out seemingly counter-intuitive mobile phone penetration rates of well over 100% - that is, there are more phones than people.

Businesses wishing to use mobile telephony - whether through voice or SMS - should be aware of the unique nature of the channel, including the psychological state of many mobile phone users towards the device. The mobile phone is seen as a private, personal communications channel, in a way that a PC or landline phone is not. The mobile phone goes everywhere with its owner at all times (the peak hours for texting in Western countries are between 10pm and 11pm), and the external appearance, sound and function of the phone can be personalized and modified to reflect the user's personality.

In the US, the majority of current call plans make the recipient pay for an incoming call, which means that the caller has to be sure that the recipient actually **wants** to receive the call. Currently, respondents make 13% of their outbound calls to cellphones, roughly the same as last year. The same double pricing structure is also applied to SMS messages, meaning that the current low usage of business-to-customer SMS (and the lack of interest in growing this channel) is very understandable, with SMS being perhaps best suited to proactive customer service, where being sent information such as notification of travel delays or a danger of being overdrawn is actually worth a customer paying for.

Faced with a growth in the costs of calling, businesses may feel tempted to cut back on outbound communications, perhaps even going as far as not to accept mobile numbers as the primary contact method. However, this would be too much of an over-reaction, as its ubiquity and responsiveness has a great advantage over landline phones and even emails, as the business is far more likely to reach the customer by calling their mobile number. Increasing the use of SMS as a channel to the customer would reduce many of the costs associated with mobile communication (including agent time, as well as transmission costs), while keeping the advantages of contacting a customer's mobile number. See the 'New Media and the Customer of the Future' chapter for more about the role of SMS.

Solution providers offering assistance with Increasing Profitability include:



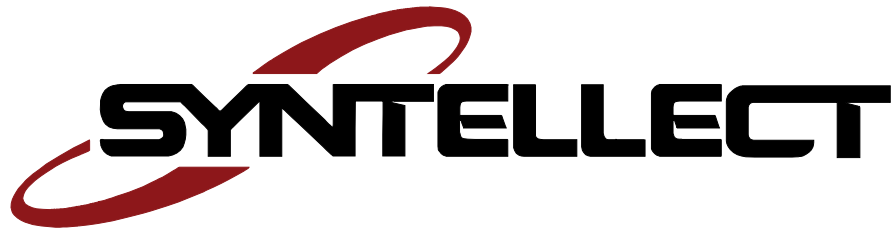
Quickly, easily and economically fulfill the most complex customer interaction management requirements of today
- and tomorrow - with CosmoCom's unified, all-IP contact center suite.

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At Syntellect, we help our customers create, maintain and continuously improve superior end-to-end service for their customers: with over two decades of pioneering leadership and thousands of solutions deployed globally, Syntellect is a premier provider of enterprise-class contact center solutions for the utilities, financial services, government, high- technology, help desk, consumer products and healthcare industries.

www.syntellect.com

CHOOSING A LOCATION

Choosing a contact center location is a complex business, involving elements such as labor force and quality, transport links, the availability of the right buildings, labor cost, external assistance and the historic links of the company with the area.

THE US CONTACT CENTER INDUSTRY STRUCTURE BY DIVISION

This section of the report, taken from 'North American Contact Centers in 2006: The State of the Industry' (available free of charge from www.contactbabel.com), analyzes the US contact center industry by nine divisions. A division is a group of geographically similar states, used widely within the US and is a generally recognized official grouping. It has greater granularity than the regional level provides, but this means the possibility of inaccuracy further increases.

Figure 94: Contact centers by US division

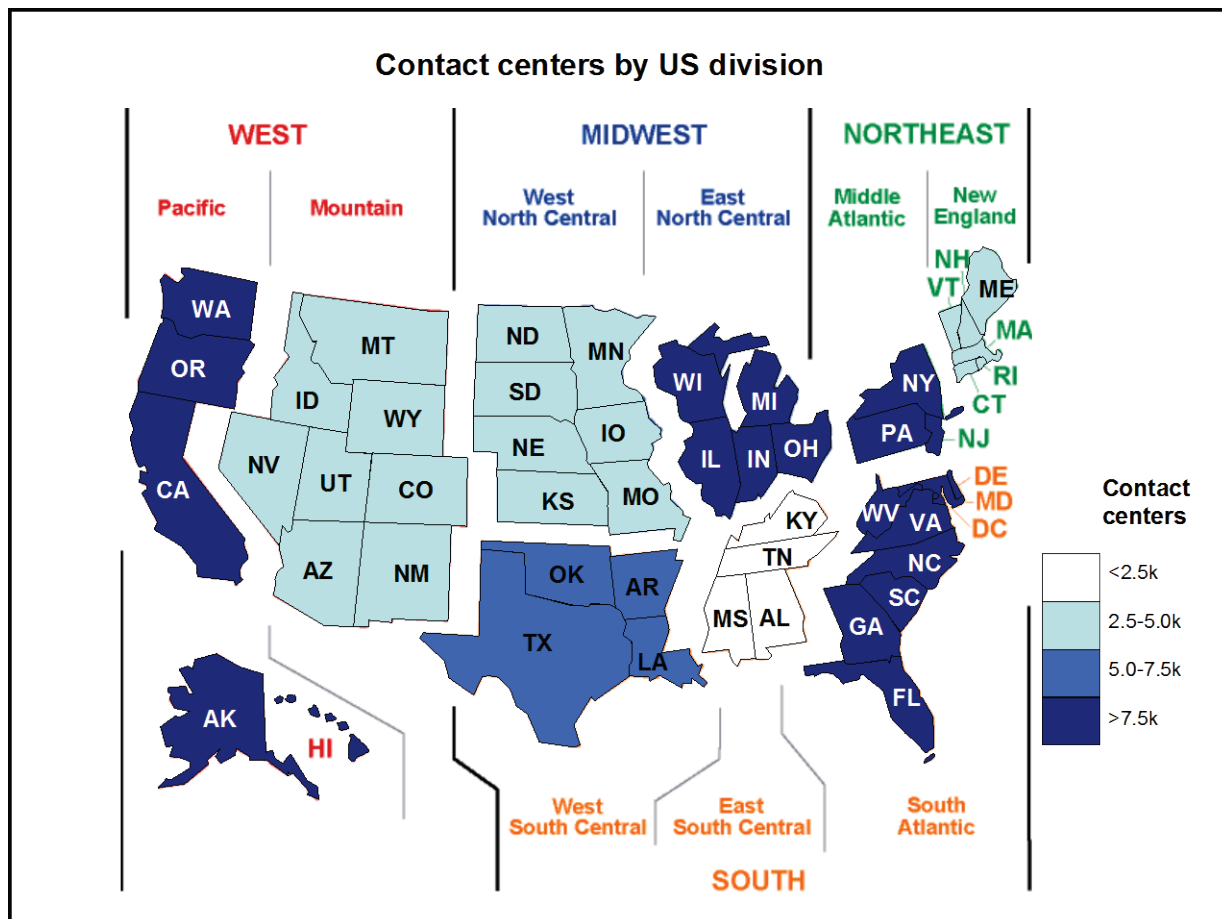


Figure 95: Agent positions by US division

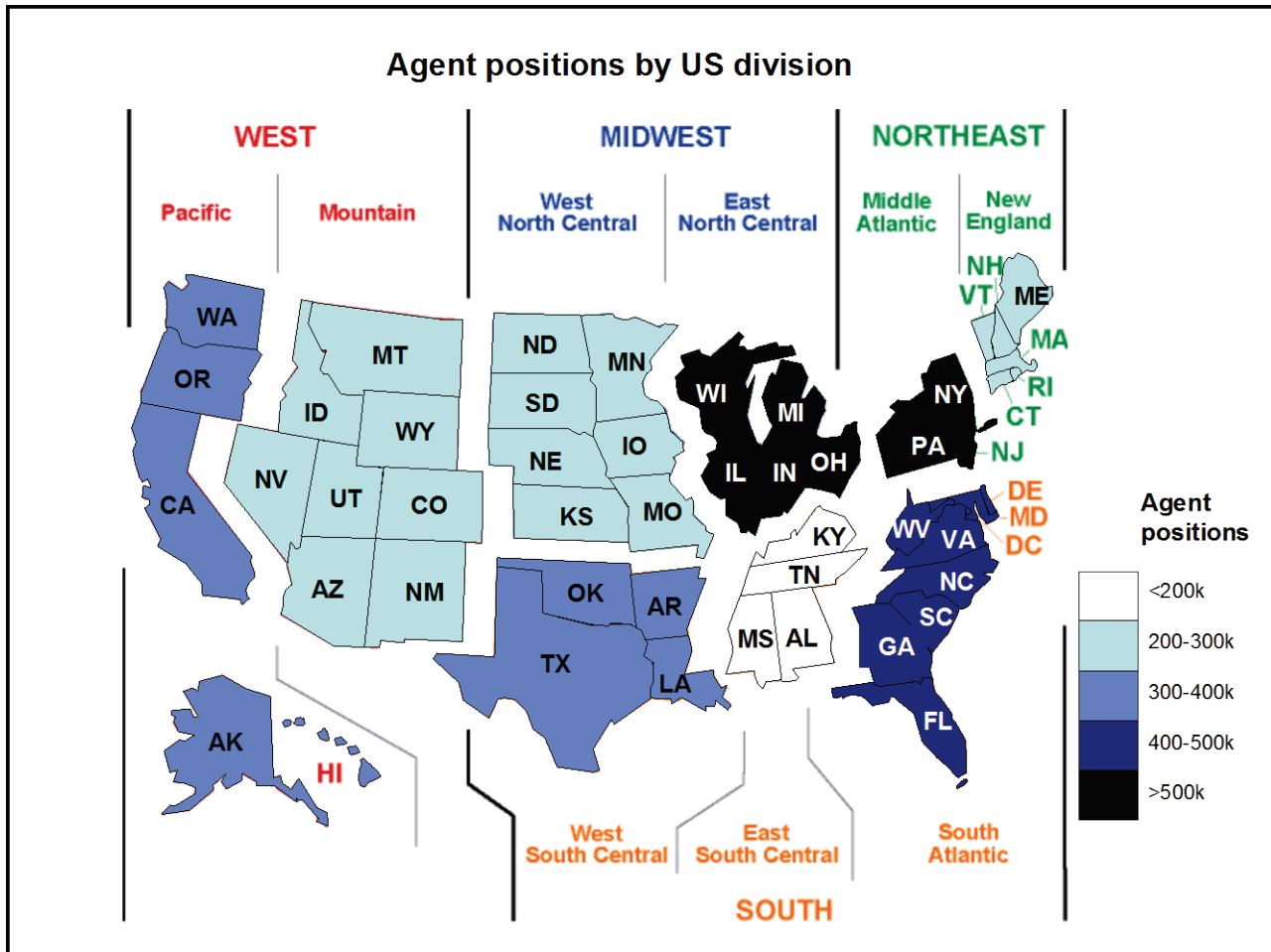
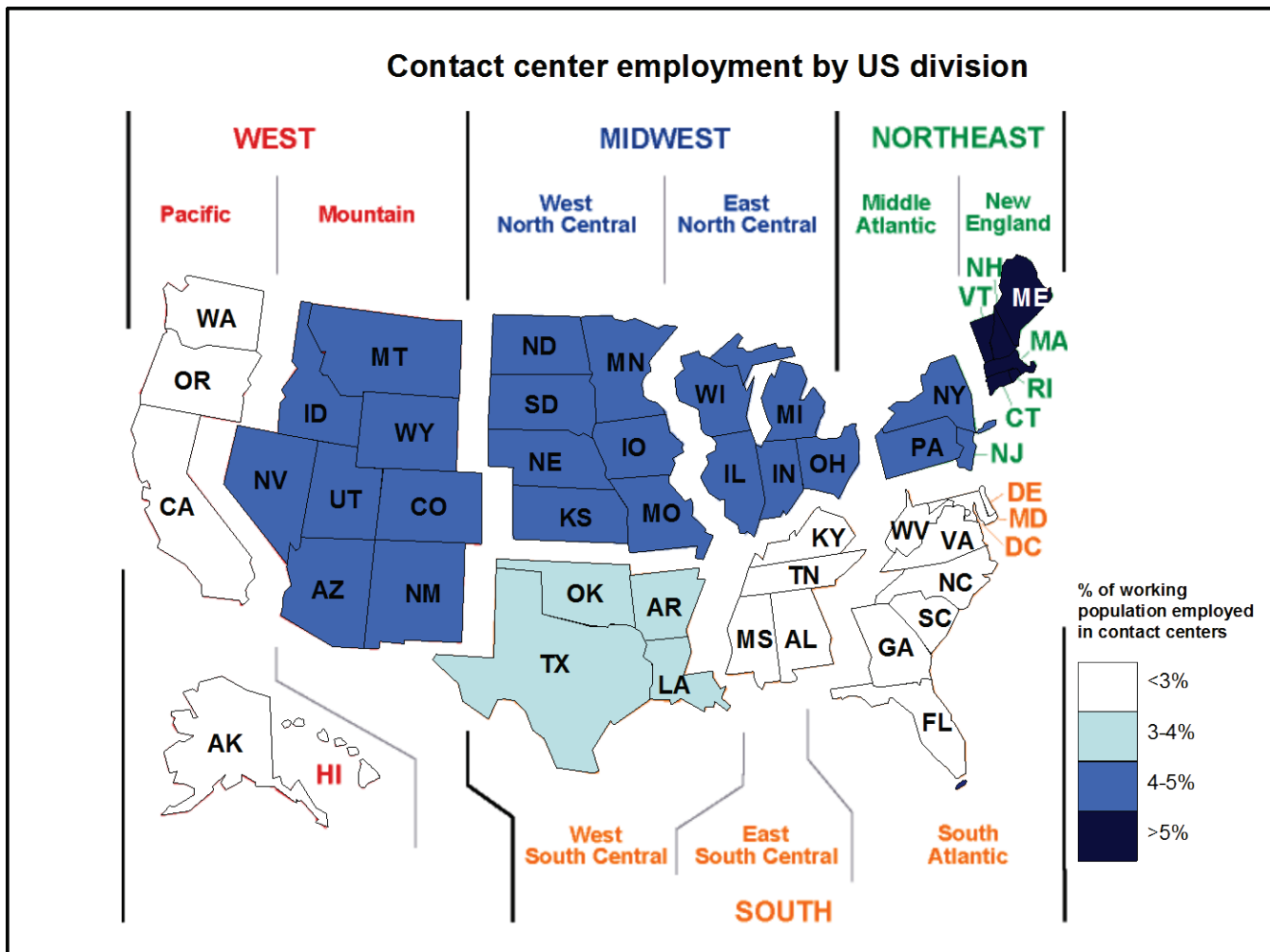


Figure 96: Contact center employment by US division



An interesting pattern thrown up here is the North-South divide along the importance of contact centers to the division. The southern divisions – despite a large number of agent positions and contact centers in the Southern Atlantic division – do not rely on the contact center industry to the same extent as the New England and Middle Atlantic divisions, for example.

Unsurprisingly, the raw contact center and agent position distribution seems to follow the general areas of high population – the North-East, Texas, Eastern Seaboard, California and Great Lakes.

DIVISIONAL RATINGS

The **cost-effectiveness** of staff (including recruitment and remuneration) is one of the key elements to choosing a location, and includes more than just the actual salary: expectations of cost vs reality, and the expense of recruiting and replacing staff is all taken into account. Mountain and South Atlantic contact center respondents were most pleased about staff cost-effectiveness.

The **quality of staff** available is as important as any other measurement. Again, Mountain and South Atlantic respondents show their satisfaction at the quality of staff in their region, with Pacific respondents also pleased. It should be noted that no region is significantly below the average.

The third staff measurement is the **availability of staff**: are there enough of the right people to allow a business to expand or replace any attrition that is being experienced? The same three divisions as before were most satisfied with this.

Transport links (both public and private) may not be seen as being as important to a contact center's success as having a large pool of skilled labor, but without it, contact centers are likely to experience higher levels of staff attrition and difficulty in filling shifts, especially those in anti-social hours, particularly important in that many contact centers now operate way beyond the traditional 9-to-5 opening hours. One of the main reasons that businesses start up in city centers – despite the high rents they usually have to pay – is that public transport links are usually superior to those found in rural or business park areas, allowing more people to consider taking work in the contact center, including students. In the US, where private car ownership is very high, good transport links often means low road congestion, and the less-densely populated Mountain and West North Central divisions rate this factor highly.

The US contact center industry is more in a state of consolidation than actual growth, although obviously this differs hugely between companies. In order to grow, there must be the **future expansion possibilities**. The East North Central, Middle Atlantic and Pacific divisions were most positive about growth opportunities, perhaps as a result of many respondents from these areas coming from large cities.

The **availability of suitable buildings** is one of the main elements in deciding where to locate a new contact center, along with the availability of high-quality, cost effective staff, and good transport links. The North-West is by far the most enthusiastic about this factor. The Middle Atlantic, Pacific and Mountain areas were bullish about buildings.

Figure 97: Rankings of locations by factor

Rank / Location factor	Cost effectiveness of staff	Quality of staff	Availability of staff	Transport links	Future expansion possibilities	Availability of suitable buildings
1st	Mountain	South Atlantic	Pacific	Mountain	Middle Atlantic	Mountain
2nd	South Atlantic	Pacific	South Atlantic	West North Central	Pacific	Middle Atlantic
3rd	New England	Mountain	Mountain	Pacific	East North Central	Pacific
4th	West North Central	West North Central	East South Central	South Atlantic	New England	East North Central
5th	West South Central	East South Central	Middle Atlantic	East South Central	Mountain	South Atlantic
6th	Middle Atlantic	West South Central	West North Central	Middle Atlantic	West North Central	West South Central
7th	East South Central	Middle Atlantic	New England	East North Central	East South Central	West North Central
8th	Pacific	New England	West South Central	West South Central	West South Central	North-East
9th	East North Central	East North Central	East North Central	New England	South Atlantic	East South Central

It is controversial, and worse, risks inaccuracy to rely upon a raw score to indicate how effectively each area of the US supports its contact center industry. As such, the following table should be used only as a rough guide to divisional performance.

There are three main rankings given here:

- The 'overall rating score' is calculated as follows. Respondents give a score out of 5 for each of the 6 categories (1 = poor, 2 = below average, 3 = average, 4 = good, 5 = excellent). The 'Overall Rating Score' shows the total of the 6 categories and gives a useful raw score for direct comparison. Results do not include the actual importance of each category to the contact center industry and should be read as such.
- The 'number of categories in which the region outperforms the national average' is calculated by looking at the raw scores in each of the 6 categories, and placing it above or below the overall national average score for that category. This method lessens the risk that a very high or low raw score in one category will sway the overall result disproportionately.
- The 'number of categories in which the region is in the top 3' shows which regions are high-fliers and which more solid all-rounders.

Figure 98: Divisional ratings: overall scores

Division	Overall rating score	# of categories in which the division outperforms the national average	# categories in which the division is in top 3
Mountain	23.88	6	5
Pacific	22.83	5	5
South Atlantic	22.45	4	3
Middle Atlantic	21.90	3	2
West North Central	21.75	2	1
East South Central	20.66	2	0
East North Central	20.55	2	1
New England	20.34	2	1
West South Central	20.33	0	0
Average	21.90		
NB: Scores are calculated as follows. Respondents give a score out of 5 for each of the 6 categories (1 = poor, 2 = below average, 3 = average, 4 = good, 5 = excellent). The 'Overall Rating Score' shows the total of the 6 categories .			
Results do not include the actual importance of each category to the contact center industry and should be read as such.			

On a wider, regional basis, the West comes out a clear winner (averaging 23.36). However, the other three regions (MidWest - 21.15; NorthEast - 21.12; South - 21.15) are almost identical in their overall scores.

CITY VS BUSINESS PARK VS RURAL

In 2002 and 2003, ContactBabel carried out two large-scale surveys of UK contact center location type⁹, looking at city center, edge-of-town/business park and rural areas. The characteristics of each location type are, rightly or wrongly, clearly defined in people's minds: the city has a large labor pool and good public transport, edge-of-town/business park locations have good road links and suitable buildings, and rural contact centers are nice places to work and have loyal staff.

The reality was not far from this: rural areas tended to support small-to-medium size contact centers well, and were likely to be pleasant places to work in. High value-add, skilled operations seemed to do especially well in rural locations. Many operations based in edge-of-town/business park locations have mushroomed into hundreds or even thousands of seats without too many problems. City center operations also coped well with very large operations, but felt their attrition rates and costs were much higher than other operations.

In the 2009 survey, ContactBabel investigated whether these conclusions were valid 1) from a US perspective and 2) 7 years on. For example, had the advent of new technology such as IP overcome some of the disadvantages that had plagued rural contact centers in the UK, such as poor transport links hindering their expansion, or did the US have a completely different story?

One conclusion is that 'good transport links' in the US mean something different from the UK, being more weighted towards meaning low traffic rather than superior public transport, hence, rural contact centers score far better than do in-town operations. The quality of staff in rural contact centers is above average, as a result of the contact center being more likely to be an employer of choice in these areas, although the availability of staff is down on average for obvious reasons.

City center locations are obviously strong for the number of buildings available, but score poorly on transport, due to congestion. Edge-of-town/business parks are more likely to be strong in availability of staff, although this category is a good all-rounder.

⁹ "Town and Country: Changing Views on UK Call Center Location Types" and "Successful Rural Contact Centers", ContactBabel on behalf of BT eLocations, 2002/2003

Figure 99: City center vs edge-of-town vs rural contact centers, by category

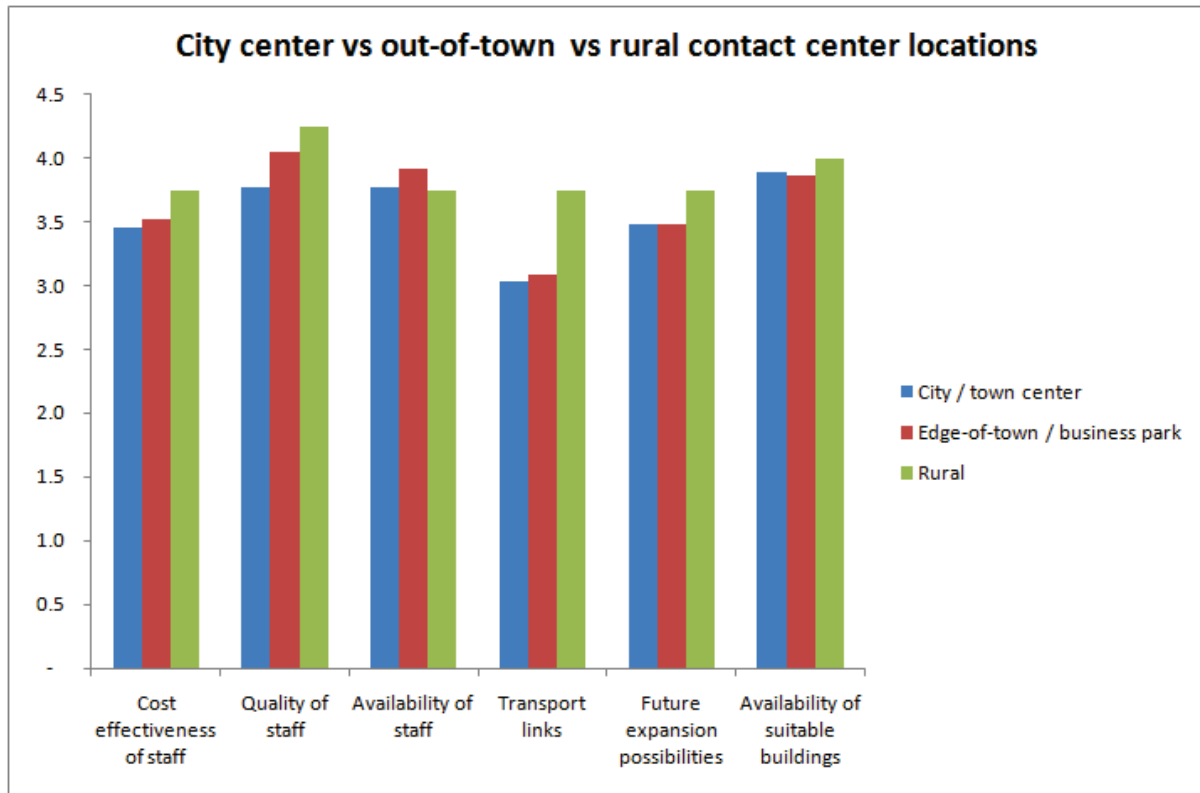


Figure 100: City center vs edge-of-town vs rural contact centers, by category

Category / Location type	City center	Edge of town / business park	Rural	Average
Cost effectiveness	3.5	3.5	3.8	3.5
Quality of staff	3.8	4.0	4.3	3.9
Availability of staff	3.8	3.9	3.8	3.9
Transport links	3.0	3.1	3.8	3.1
Future expansion possibilities	3.5	3.5	3.8	3.5
Availability of suitable buildings	3.9	3.9	4.0	3.9

HR MANAGEMENT

With HR accounting for 70-75% of operational cost, issues such as attrition, recruitment and training are always towards the front of any contact center manager's mind. This section looks at how time and money are spent on the human element to contact centers.

ATTRITION

Throughout the studies that ContactBabel has carried out over the years, whether in the US or Europe, staff attrition has consistently been quoted as one of the major worries of contact center management. Along with staff absences, high levels of unexpected attrition can cripple a contact center's ability to provide even an acceptable level of service, raising costs and creating a negative customer experience, as well as placing massive stress on those agents who remain at work.

Attrition has been perhaps the greatest challenge facing the industry, and one which has rarely been addressed with much in the way of a truly radical approach. The reduction of attrition has two main factors - that the successful candidates are suited to and competent for the work which they will undertake, and that the work and conditions in which they find themselves will be conducive to a long-term stay.

Solution providers experienced in analyzing attrition state that that understanding the 0-to-90 day attrition data is critical to being able to reduce attrition. Most organizations believe that 50 to 60% of their annualized attrition occurs in the first 90 days after recruitment. This strongly suggests that there are often errors made in the type of people employed, who are all but doomed to failure by their unsuitability for the task. Businesses should collect information on the sorts of behavior and characteristics of people likely to do well in each role - preferably analyzing the people who are successful in the roles already - and pre-screen applicants against those criteria.

Getting a high proportion of the right sort of people through the doors and onto the induction course can greatly reduce early attrition: attrition is something that should be focused upon at the recruitment stage, rather than leaving it until the candidates are already in the business before noticing the problems.

Staff attrition in small doses can be good for a contact center, bringing in fresh blood and enthusiasm. However, high levels of staff attrition have some serious side-effects:

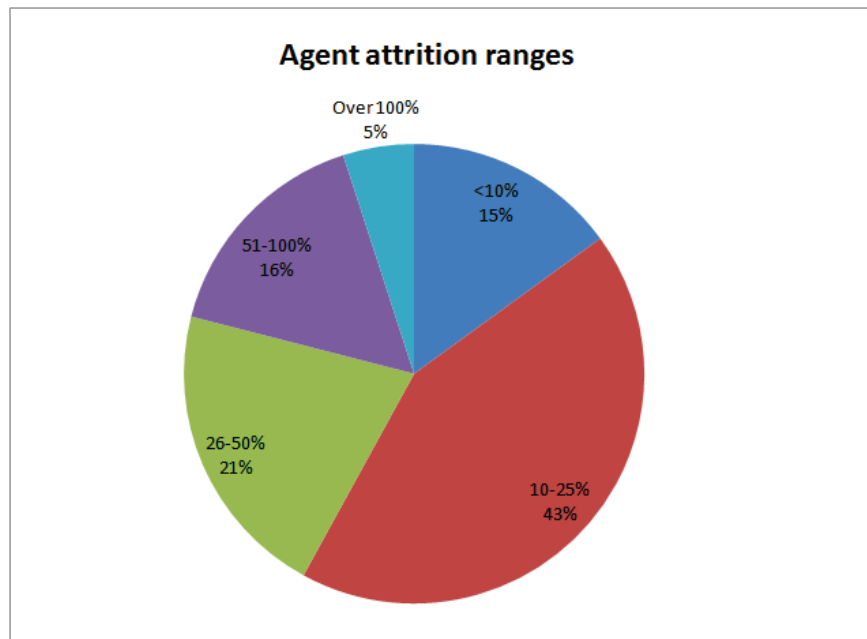
- Increased recruitment and training costs
- Decreases the average agent competency as there are so many 'learners'
- Can decrease the quality of the customer experience, as the agent may not know how to answer the query correctly first-time
- Adverse affect on contact center performance indicators, including first-time resolution, call transfer rates, queue time and call length
- Bad for the morale of the remaining staff
- Inexperienced staff are more likely to miss cross-selling and up-selling opportunities
- Increased pressure put on team leaders and experienced agents

- Difficult to bring on-board new systems and ideas, as the agents are struggling with what is already in place.

Attrition rate: the total number of agents leaving the contact center in a 12-month period, divided by the average number of occupants during the same 12-month period, expressed as a percentage.

After 2008's very high mean attrition rate of 42%, rates have declined significantly this year, down to a mean of 34% and median of 24%, showing that the economic downturn has taken some of the HR pressures off.

Figure 101: Agent attrition rate ranges



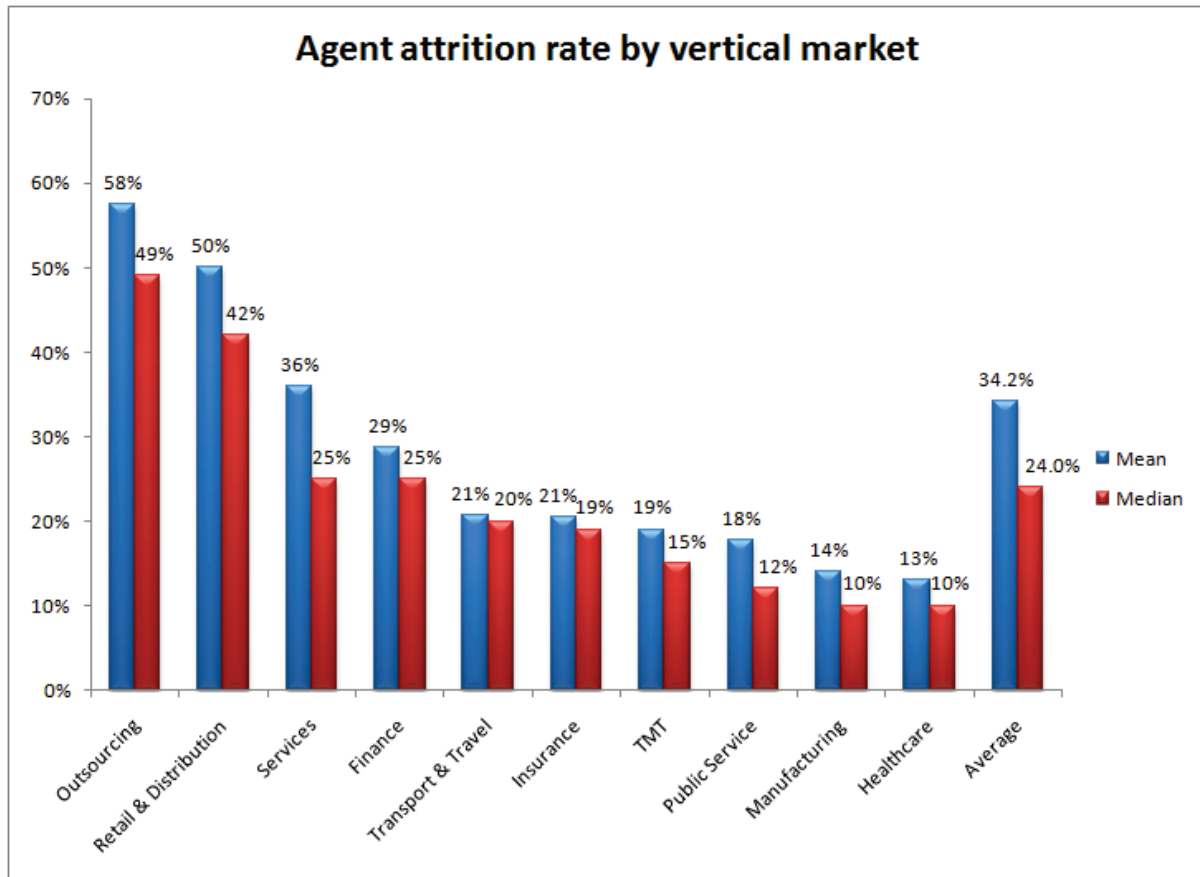
As the previous graph and shows, 58% of respondents have an annual agent attrition rate of under 25%, with a relatively small number of very high attrition operations dragging the mean average up to 34%.

There are numerous factors that impact upon a contact center's agent attrition rate, including vertical market (or the type of business that agents are involved in); contact center size; whether the work is inbound or outbound; the location type; and the region in which the contact center is based, all of which will be analyzed in this section.

AGENT ATTRITION BY VERTICAL MARKET

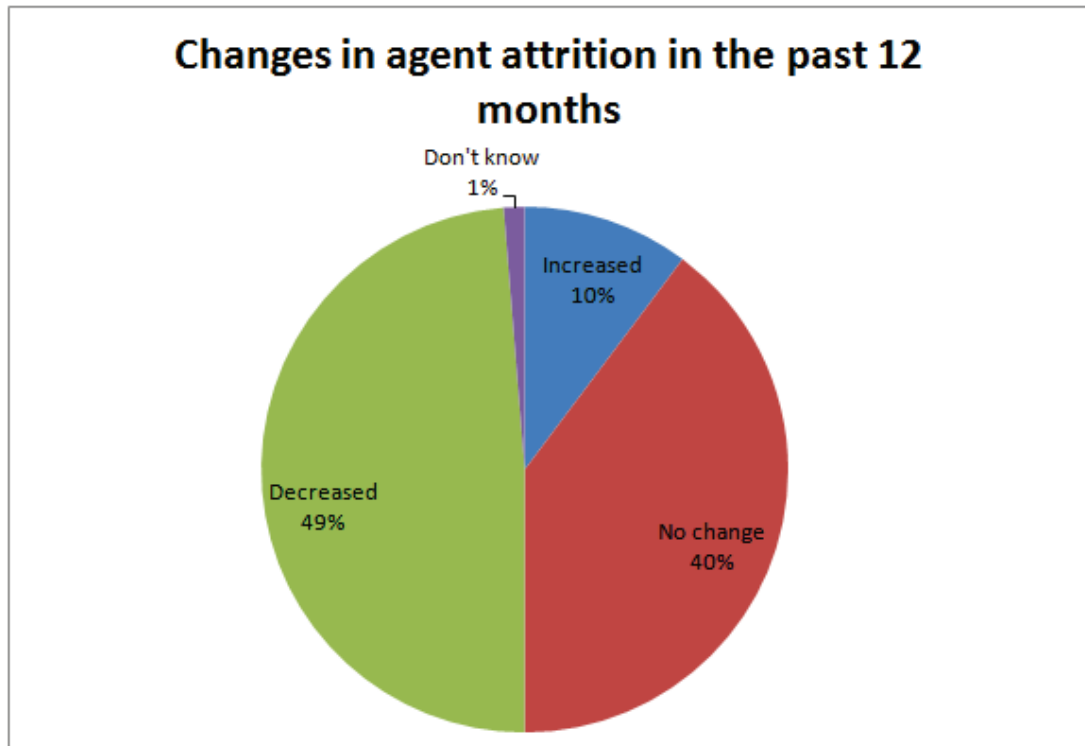
As usual, the outsourcing sector has a high attrition rate, driven mainly by low salaries and lots of outbound telemarketing work. The healthcare, manufacturing and public sectors have very low attrition rates.

Figure 102: Agent attrition by vertical market



Around half of contact centers have seen a decline in agent attrition over the past year, as people become more fearful for their jobs, and opportunities elsewhere dry up. This has been most noticeable in the insurance, outsourcing and public sector vertical markets.

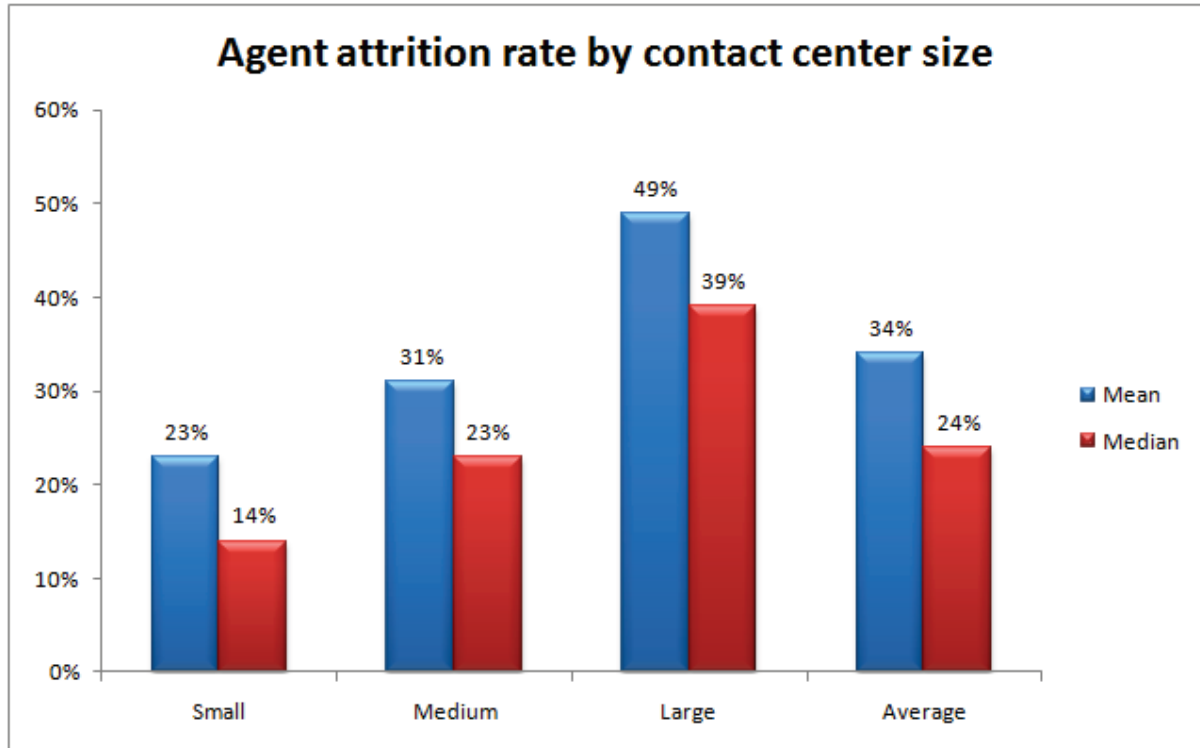
Figure 103: Changes in agent attrition rate in the past 12 months



AGENT ATTRITION BY CONTACT CENTER SIZE

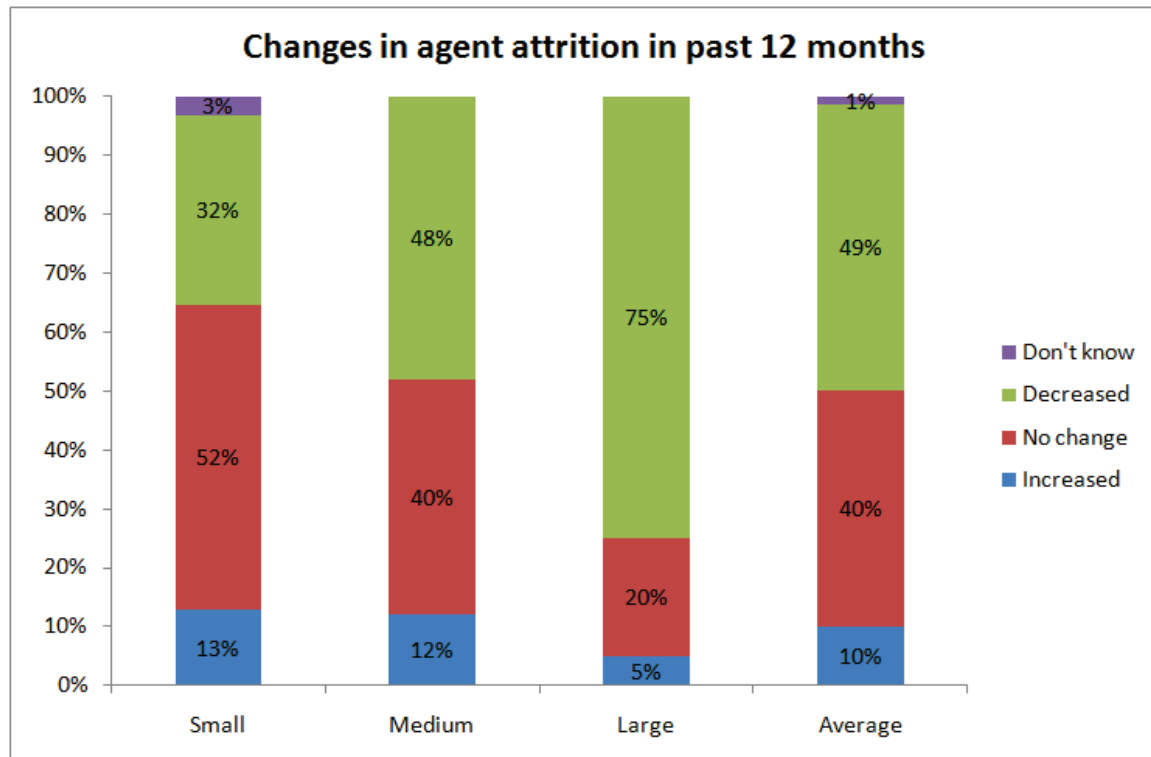
Previous ContactBabel studies carried out in the US and UK have shown that larger contact centers are more likely to have high attrition rates, and this is certainly the case this year as well, with respondents in large operations experiencing mean staff attrition rates of 47%, compared with 23% for the sub-50 seat operations.

Figure 104: Agent attrition rate by contact center size



It is the larger operations that have seen the greatest decline in staff attrition over the past 12 months, perhaps because so many of these operations had very high attrition rates to begin with.

Figure 105: Changes in agent attrition in past 12 months, by contact center size

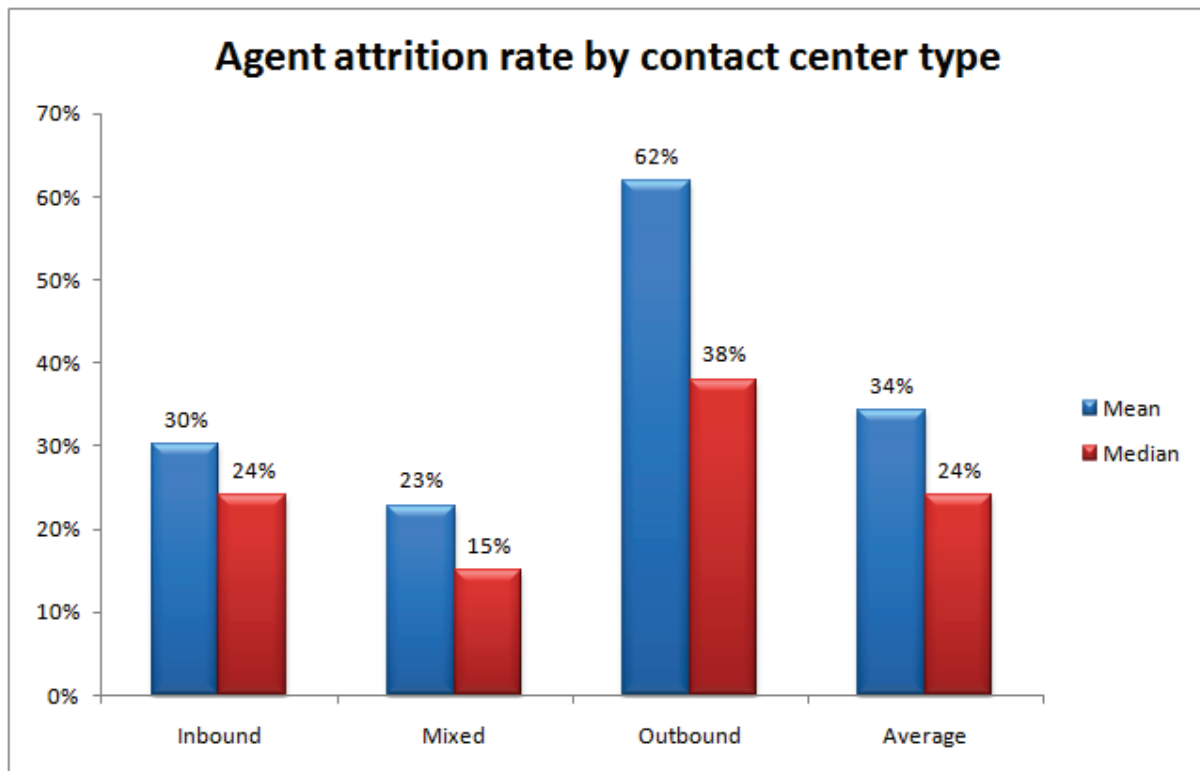


AGENT ATTRITION BY CONTACT CENTER ACTIVITY TYPE

Conventional wisdom states that outbound customer contact is a very difficult, high-pressure job, which leads to stress and burnout, and thus high levels of attrition. It certainly seems as though outbound operations suffer more from staff attrition, with the predominantly-outbound respondents having a mean staff attrition rate of 62%, although this is dragged up by a few very high-attrition operations. The median is a more manageable 38%.

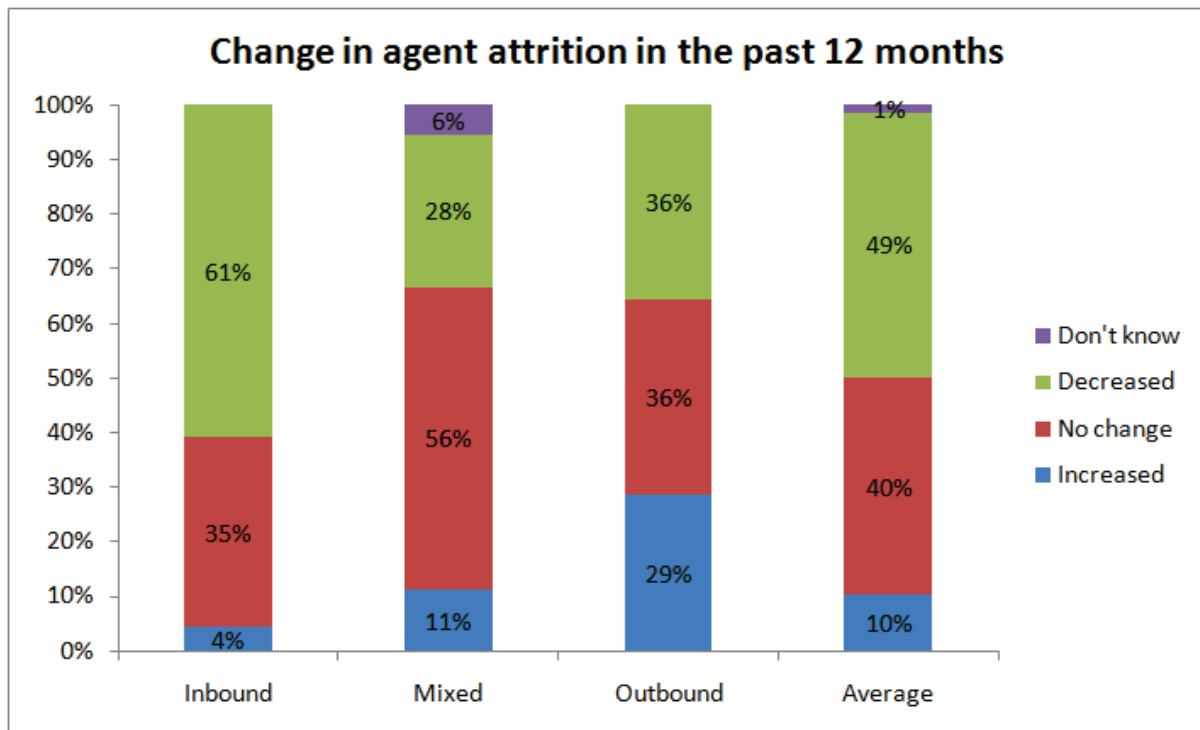
To a large extent, there is an acceptance that large volumes of outbound calling will often come at the cost of high staff attrition, and that this is something which just has to be managed, and outbound respondents will tend to be more geared-up to cope with high staff turnover.

Figure 106: Agent attrition rate by contact center activity type



The inbound sector has experienced the greatest proportion of instances of declining attrition rates. The outbound sector was almost as likely to see increases in attrition, rather than decreases.

Figure 107: Change in agent attrition in past 12 months, by contact center activity type



CAUSES OF STAFF ATTRITION

Last year, it was the stress of the work, and the repetitive nature of some contact center activity that were cited as key by a significant proportion of respondents for agent attrition, and this year they are still important, ranked second and fourth most important. However, contact centers seem to be giving a collective shrug by putting 'just the wrong type of person for the job' into no.1 position, as if there's nothing they can do about it.

As the later 'Recruitment' section will show, psychometric testing and the assessment of behavior and character as well as competency will go a long way to stopping the wrong type of person for the job at source.

Figure 108: Reasons for agent attrition, by vertical market (ranked in order)

Rank	Vertical market	FS	HC	INS	MAN	OS	PS	RD	SVCS	TMT	TT
1st	Just the wrong type of person for the job	1	1	4	1	1	1	1	1	1	2
2nd	Excessive pressure or stress	2	2	1	4	3	6	2	2	4	3
3rd	Lack of promotion or development opportunity	5	3	5	2	4	2	3	5	3	4
4th	Repetitive work	3	4	2	3	5	4	4	4	2	6
5th	Low pay	4	6	6	6	2	5	6	3	6	5
6th	Competition from other contact centers	7	8	7	5	6	7	7	6	7	1
7th	Abusive or unpleasant calls	6	7	3	9	7	8	9	7	9	8
8th	High numbers of temporary / seasonal staff	9	5	8	7	8	3	5	8	5	9
9th	Poor working environment and conditions	8	9	9	8	9	9	8	9	8	7
NB: numbering for vertical markets refers to rank (i.e. 1 = 1 st , 2 = 2 nd , etc)											

Interestingly, in a industry which outsiders often deem as a dead-end job, the lack of opportunity to move up the career ladder is marked on average as being the third-greatest cause of staff attrition.

As for other causes, much of the repetitive work can be alleviated by using self-service (whether voice-driven or web-based), and the blending of tasks (especially email and voice) has been proven many times to counteract boredom.

Looking at a few examples of outside-norms on a sectoral basis, the outsourcing sector states that low pay is a big issue driving their attrition, transport & travel respondents seem to experience a high level of agent-poaching, insurance agents seem to be affected by unpleasant calls more than usual and public sector agents seem to have a far less stressful time than their private sector counterparts.

Does your assessment program deliver documented results?

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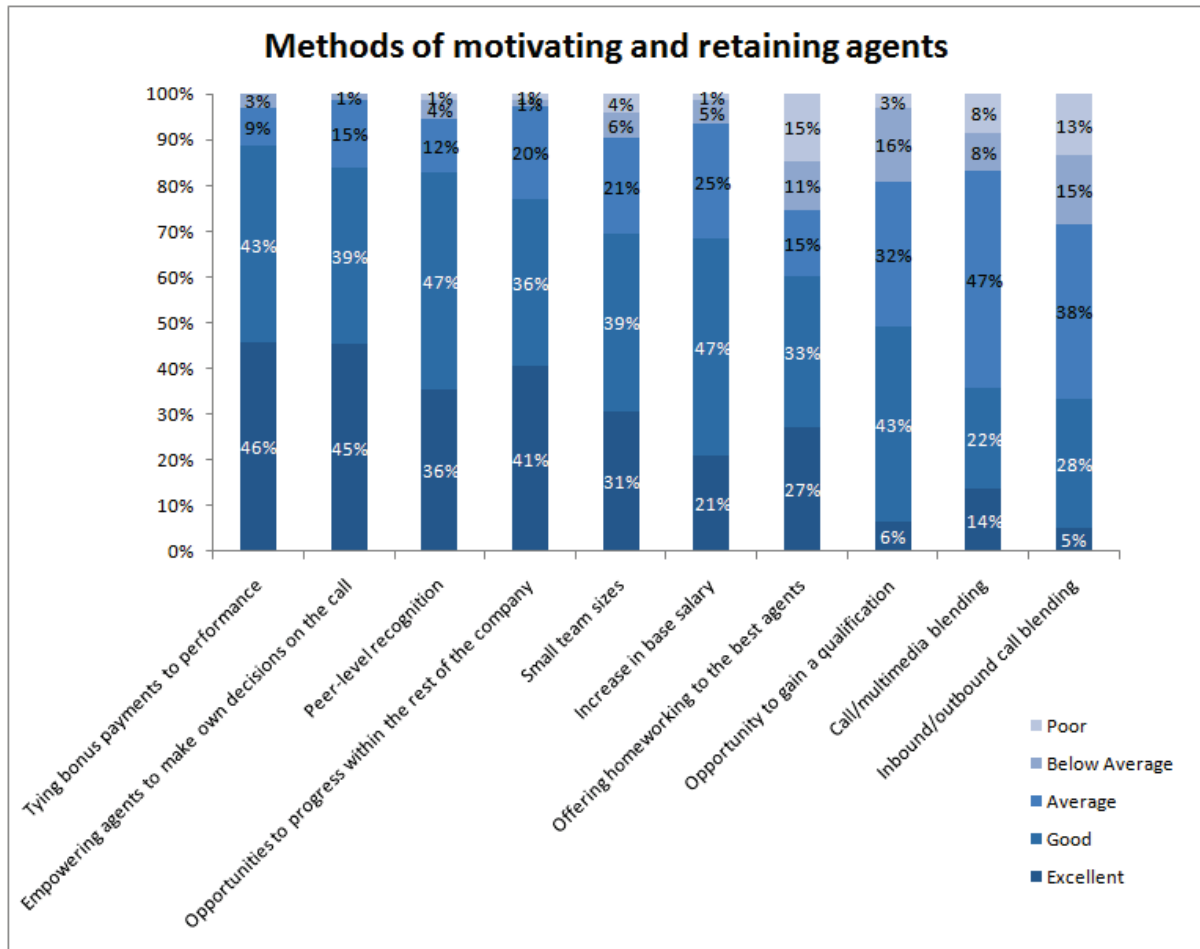
METHODS OF MOTIVATING AND RETAINING AGENTS

The most effective way of motivating agents was felt to be rewarding them through directly linking bonuses with performance. Bonuses that are aligned with the required performance targets and behaviors is a more quickly-implemented motivational tool, although of course these have to be monitored closely, as it's often possible to hit a goal (e.g. a shorter average call duration) by failing in other areas (e.g. putting the phone down on a customer in mid-sentence to keep the average call duration down).

Empowering agents to make their own decisions is also thought to be a very successful motivation tool, as the agent takes on more responsibilities and challenges if they do not just feel like a tiny part of a machine, which is one of the problems of working within a large contact center. However, agents will need training and the right system support to be able to do this effectively, so it is not a cheap or quick option.

Peer-level recognition programs are a relatively cheap way to motivate agents, while a more strategic and longer-term solution is to offer them a clear and achievable chance to take up roles in the wider company. Organizations such as banks and public sector have a large selection of non-contact center roles to aim for, but this is far harder in an outsourcer, for example, where the contact center itself is most of the business.

Figure 109: Methods of motivating and retaining agents



Many of the other motivational tools are seen to be generally effective, although it is interesting to see that multimedia and call blending are not rated particularly highly by management, although elsewhere in this report, both blending methods have proven their worth in terms of staff attrition and productivity.

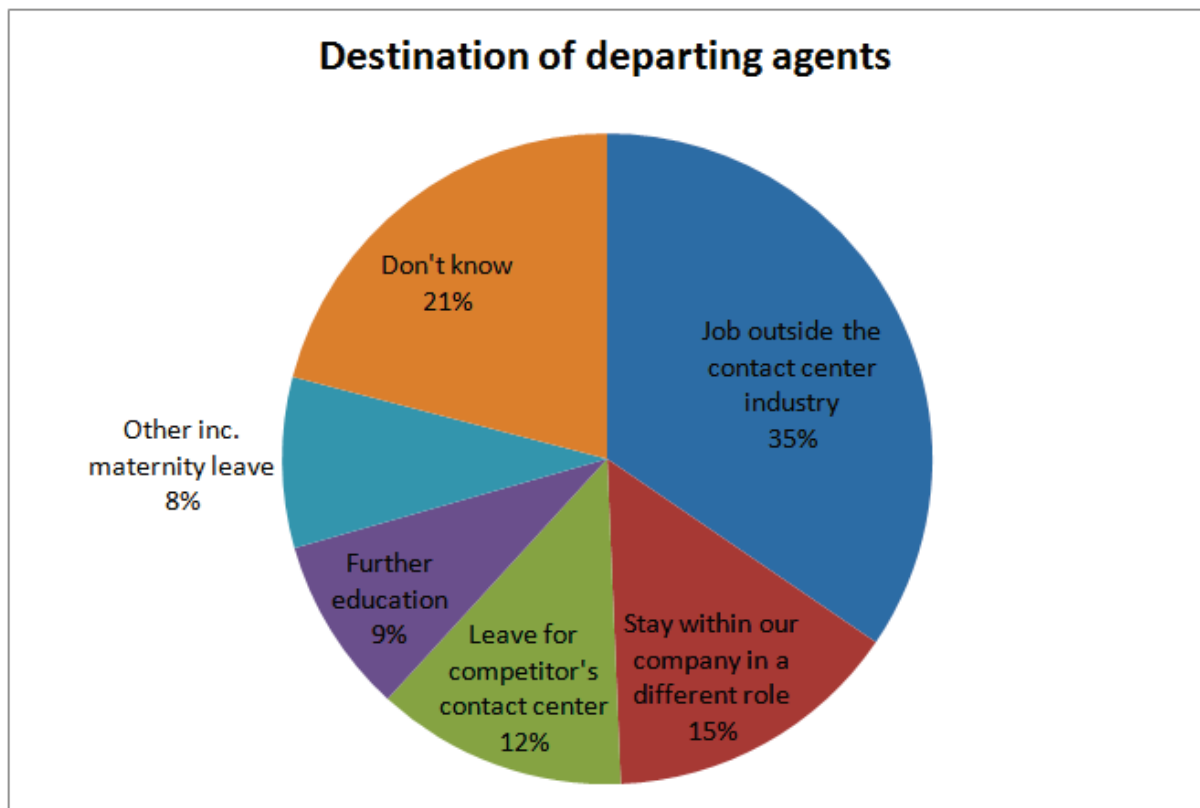
Both call blending and using homeworking as a reward for the best agents had their critics. In the case of the latter, it may be that management does not want to lose the example that such agents set to their peers by having them work at home, or that it is a divisive method which demotivates those people left in the contact center, as if stating that the contact center is a second-class place to be.

DESTINATIONS OF DEPARTING AGENTS

Similar to last year's findings, departing agents are more likely to quit the contact center industry for a completely different type of job than for any other reason, which diminishes the skill-sets available to contact center employers as a whole. A significant number of contact center agents see contact centers as a stop-gap role, and these figures show that. In most cases, the conventional wisdom that says agents leave a contact center to go to a competitor is wrong: this is only true in 12% of cases within respondents' operations. However, this is more the case for in-demand, highly-skilled and knowledgeable agents in the finance (20%) sector.

A small proportion of agents (15%) take the step into the wider company. This is especially prevalent in the Healthcare (23%), TMT (27%) and Manufacturing (24%) sectors. However, only 8% of Outsourcing agents leave the contact center and stay within the business, probably because most of an outsourcer's business is the contact center itself.

Figure 110: Destination of departing agents



ABSENCE

In a tightly-run operation like a contact center where costs and performance are closely managed, significant levels of staff absence can cause major problems with contact center performance and the customer experience. Even just a slight increase in absence rates can mean a major difference to how well the contact center performs on that day. Staff end up over-worked and stressed, and more likely to take time off as a result. Morale suffers, which increases staff attrition, overwork and thus, further absence.

Absence has many reasons – a poor working environment, workplace bullying, an unoptimized schedule which makes impossible demands on staff, lack of leadership, low morale, repetitive and mundane tasks - the list goes on. Staff absence is a vicious circle, each part of which feeds into another, usually leading to higher attrition rates, greater costs and poor service.

There are many causes of absenteeism, including:

- The absence of a recruitment process that allows operations to identify unreliable applicants
- Poor front-line leadership - many team leaders are just not able to manage their teams and help prevent absenteeism, a fault of incorrect training and/or recruitment at this level
- Low morale in the contact center, meaning the workforce think that missing work is acceptable.

There are also other factors that influence absence, including:

- Mandatory overtime
- Lack of schedule flexibility and choice
- Insufficient mentoring or supervisor support, especially during the transition period after training
- Large team sizes (20+ per team)
- Cancelled team activities like 1:1 coaching due to heavy call volume.

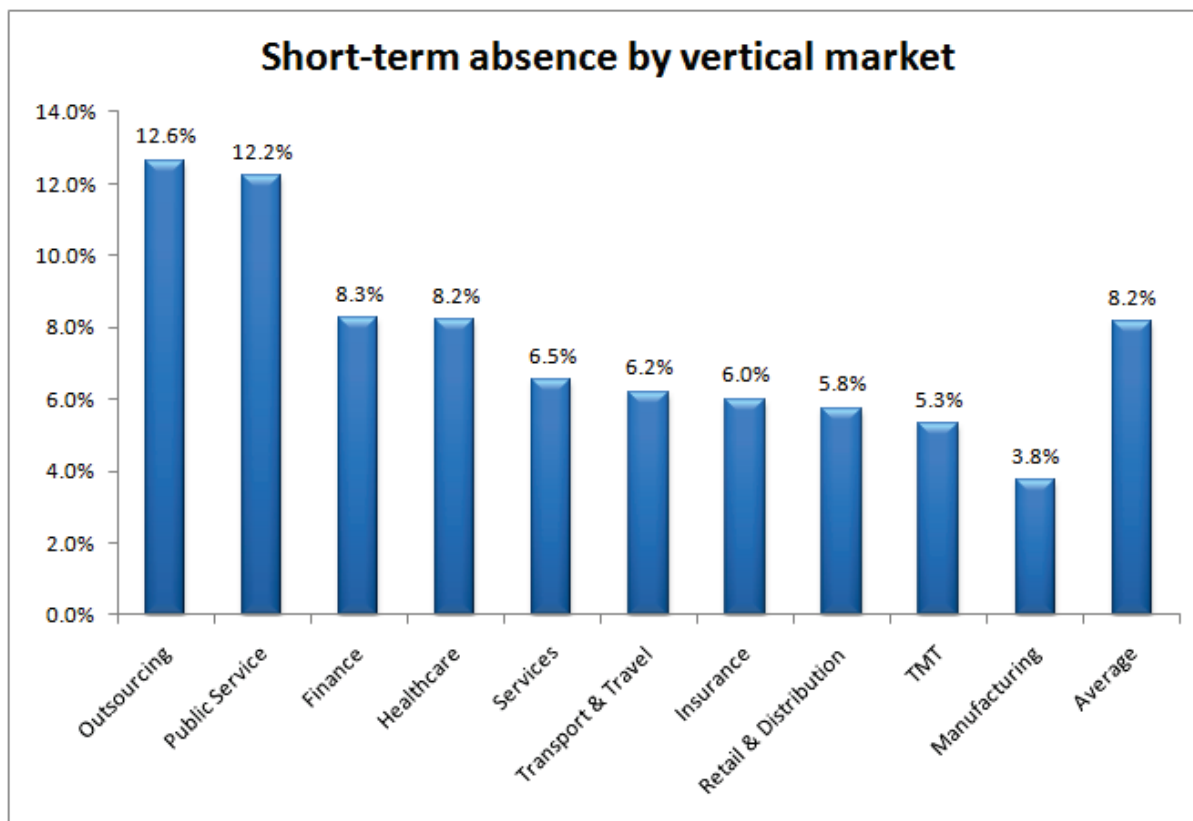
Short-term (no-show) absence - this is the average number of agent days lost through short-term sickness and unauthorized absence as a percentage of contracted days annually. This is included in this year's report.

Long-term absence - this includes long-term sickness, maternity leave, sabbaticals and other long-term absences where the business is able to expect and plan for the absence. This is not included in this year's report.

The outsourcing sector suffers the greatest from unauthorized absence, which goes hand-in-hand with the high levels of staff attrition that this sector experiences. The public service also reports high levels of absence this year.

The average is very slightly down on last year's 8.9% with the 2007 figure being 7.0%

Figure 111: Short-term absence by vertical market



As with previous years, smaller contact centers seem to experience far lower rates of staff absence.

Figure 112: Short-term absence by contact center size

Contact center size	Agent absence rate
Small	5.4%
Medium	10.8%
Large	10.3%
Average	8.2%

Sales-related contact centers have a higher absence rate than the average, probably as a result of these operations undertaking more outbound work, which has a definite effect on absence.

Figure 113: Short-term absence by contact center activity

Contact center activity	Agent absence rate
Mixed	5.8%
Sales	12.1%
Service	8.1%
Average	8.2%

Conventional wisdom would expect to find that those in high-pressure outbound jobs would have higher unauthorized absence rates, and this is certainly the case.

Figure 114: Short-term absence by contact center activity type

Contact center activity type	Agent absence rate
Inbound	7.5%
Mixed	5.5%
Outbound	13.1%
Average	8.2%

Interestingly, contact centers in rural areas have a much lower absence rate. It would be speculation to say why this is, but it could be that agents who don't have to fight through traffic or rely on crowded public transport on those borderline days when they feel a bit off-color may end up choosing to go into work more often than their urban equivalents who just can't face the commute. It may also be the case that those living in rural areas are less likely to have as many alternative employment options available to them than city-dwellers, so will not want to risk their job by excessive absenteeism.

Figure 115: Short-term absence by location type

Location type	Agent absence rate
City center	9.4%
Edge-of-town / business park	6.7%
Rural	5.0%
Average	8.2%

RECRUITMENT

Rather than just asking about which recruitment methods they use, contact center managers were also asked for their experience of how effective each recruitment method was. There is a definite pattern: the closer you get to the candidate, the more likely you are to make the right decision

The average contact center role is slowly changing into something requiring higher skills – a high level of IT, business and communication abilities are needed in many contact centers now and this trend will certainly continue – yet agent salaries are not taking this into account. Coupled with this is the popular view of contact centers as career dead-ends, not helped by the biased and erroneous media view of contact centers (and by extension, their employees) as an unpopular and unloved part of modern life. Improving the contact center “brand” is a vital part of the industry’s future success, which will feed directly into the recruitment process.

It's important to realize that having filled a job role, the recruitment process may be deemed to have been a success, but how many of these new recruits turn out to be no-shows, leave before the induction course is complete, or shortly into the job? These recruits are gauged to be part of the **attrition** problem, when in fact, they are indicative of a **recruitment** problem. As such, businesses should try harder to understand what skills and attributes successful agents are already demonstrating in this role - empathy, resilience, reliability, sales technique, technical capability, etc - and seek to recruit more people with this specific factors and behaviors.



White Papers: "The Right Tool for the Job: Hire Better Agents Using Job-specific Assessment Solutions" & "Hiring Remote Agents and the Science of Assessment" (both Previsor)

Synopsis: How to identify the important characteristics of successful agents, and assessment solutions' role in the recruitment process for contact centers

Download: <http://www.previsor.com/resources/righttool> & <http://www.previsor.com/resources/hiringagents>
(no registration required)

RECRUITMENT METHODS

Recruitment has traditionally been about asking the question “Can the applicant do the job?”. Having the skills to carry out the task is obviously important, but most skills can be learned, and in an environment such as a contact center - where both tasks and environment are not suited to everyone - other factors are perhaps more important. This is borne out by the findings earlier in this chapter, which indicated that the main reason for staff attrition was that they were just the wrong type of person for the job.

Firstly, the business must understand the competencies, characteristics and behaviors that are most suitable for the contact center positions that they are trying to fill. Businesses may decide that the qualities they require in a contact center agent include:

- dependability
- customer focus
- empathy
- problem-solving
- the ability to understand and follow instructions
- a focus on a goal.

Successful agents will also require some hard skills, although many of these are more easily-learned. Through judging competencies objectively, and using a combination of processes (for example, telephone and face-to-face interviews, with upfront psychometric analysis to determine the likelihood of the prospect being a long-term success in the contact center), the business reduces the risk of high attrition and growing costs, and can focus upon its strategic goals.

The most effective form of recruitment method is said to be a face-to-face interview, with contact center simulations and skills-testing also effective.

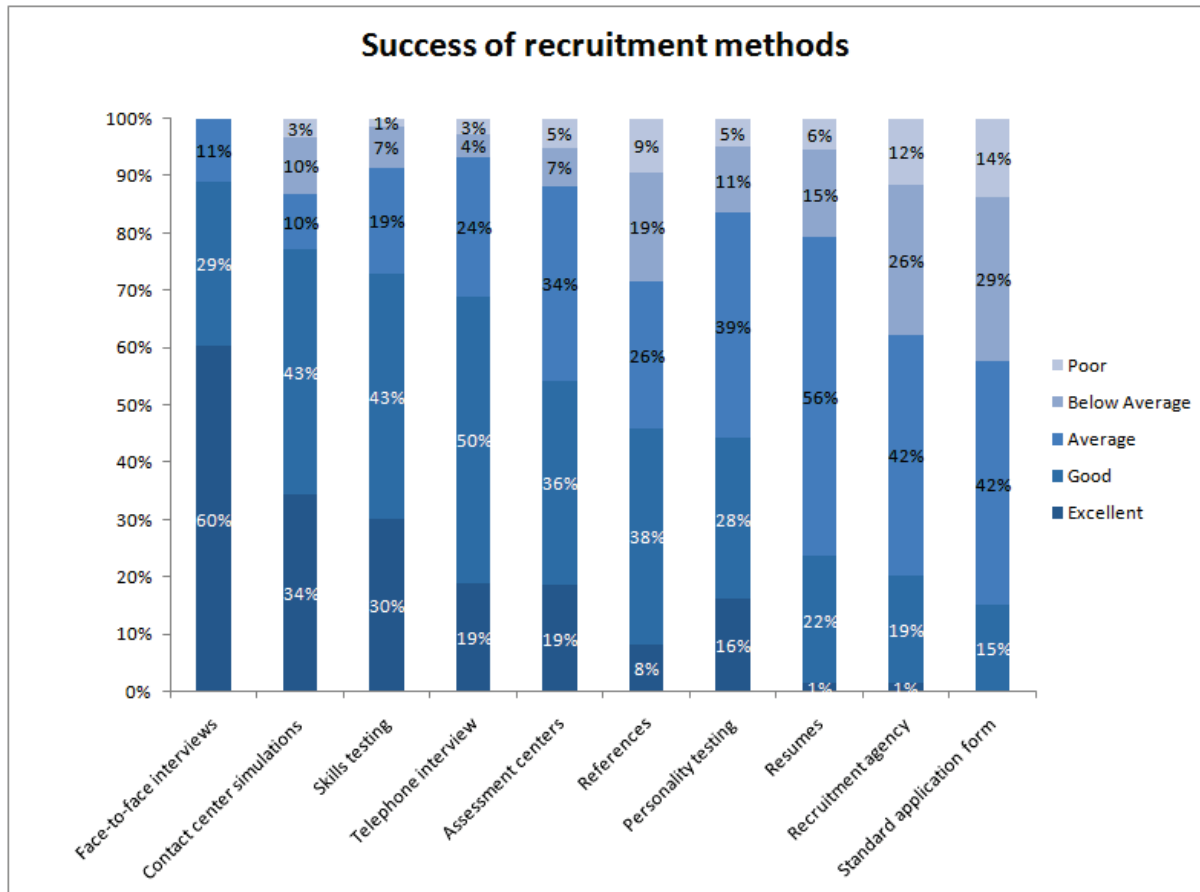
There is a definite split between how directly the company interacts with the candidate and how successful the recruitment method is. Those that keep the candidate at arm’s length – through standard application forms and resumes – have a lower success score, with studies having shown that half of applicants admit to stretching the truth on their CVs, and 10% lie outright.

44% of respondents using personality testing did report high levels of success through this method, which is a figure that has grown year-on-year, reflecting the awareness that it is the type of person at least as much as what they can do, that is crucial to being a successful agent. Many contact centers employ large numbers of recent university graduates, whose biodata and work experience may not show much of the applicants’ abilities (see later in this section for graduate agent information). In such cases, getting a better scientific idea of what makes the candidate tick, and being quite sure about their personality traits will reduce the high risk associated with recruiting straight from higher education.

By tracking the in-job performance of applicants who scored either well or poorly in pre-job assessments, businesses can improve their ongoing recruitment techniques. For example, agents who have high assessment test scores often have higher revenue-per-call ratios, lower average call lengths and lower attrition rates than those who scored lower in pre-job character and personality assessments. The behaviors, personality traits and

characteristics that a top agent is most likely to have can then be identified, and the results fed back into the top of the recruitment process. This allows the recruitment process to seek out the types of people who have already been proven to succeed in that role.

Figure 116: The success of recruitment methods





Case Study

EMBARQ drives productivity with assessment science

In the telecom industry, where balancing customer service issues with sales and staff churn are constant challenges, cutting employee turnover by half while increasing consumer sales and efficiency is an amazing achievement. The secret to EMBARQ's success is rebuilding the hiring process around industrial-organizational psychology-based assessments.

Challenges:

In 2006, when EMBARQ, a wireline, wireless and Internet telecommunications carrier, spun off from Sprint, it faced many challenges. Most specifically, it inherited 13 call centers with 1,500 phone-based customer service and sales representative positions to keep staffed using 13 independent hiring processes. This inconsistency created operational inefficiencies at both local and corporate levels, created a confusing candidate experience, and demonstrated a need for an upfront screening process.

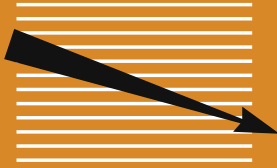
Beyond process issues, the company had high turnover. Average 90-day CSR churn in 2006, the year EMBARQ became independent, was close to 35 percent, which is above estimated industry norms. Knowing the dramatic results that could be achieved with validated, behavioral science-based hiring techniques, EMBARQ engaged PreVisor® to assist with establishing an assessment solution.

EMBARQ identified two objectives. First, to improve productivity in sales performance, average hold time, and QA scores. Second, to reduce costs associated with early churn and inefficiencies in the selection process.

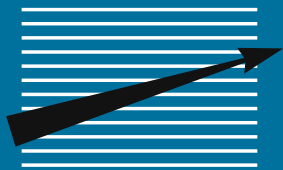
Solution:

To lay the foundation, EMBARQ partnered with PreVisor's experts on a thorough job analysis of customer service positions, determining exactly which skills, abilities, and traits were required for success. In addition, managers and incumbents participated in the design and evaluation phase to ensure a specific understanding of the position requirements.

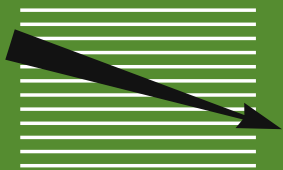


TURNOVER

67% Decrease

SALES

24% Increase

AHT

42 sec Decrease

The result was an entirely new hiring process, beginning with an online assessment screening tool. Designed to measure beyond the typical “hard skills” for a given position, the assessment identifies the personality characteristics and motivations necessary for long-term success in the job, providing an accurate, validated, and quantitative measurement of traits such as “customer focus” and “persistence.” Following that, candidates are given a behaviorally-based, structured interview and a sales-based role play exercise.

Results:

The program began with a pilot in three locations, then a full-scale rollout across all call centers three months later. By all accounts, the program was successful. Measured against the original success metrics, results from the first three months show progress in the following areas.

- Productivity - Among candidates who passed through the selection system, those with higher scores on the initial assessment achieved:
 - Higher sales rates: 103 percent of quota vs. 83 percent for lower scoring candidates
 - Shorter hold times: 42 seconds less than the lower-scoring group
- Churn - This key metric improved dramatically, declining from an average of 33.5 percent for all locations to a mere 12.5 percent (measured as rolling 90-day averages) – an outstanding level compared to industry norms.
- Efficiency - Recruiters report that the training team receives a better pool of candidates, filling classes is easier, and they are experiencing fewer turnovers.

CHALLENGES:

- 13 different call centers & hiring systems
- 1500 CSR positions
- 35 percent turnover
- Inconsistency and inefficiency
- Performance metrics needed improvement

RESULTS:

- Consistent and validated assessment solution
- Ability to screen for key competencies
- Behavioral-based interviews
- Reduced hold time 42 seconds
- Increased sales by 24 percent
- 60 percent reduction in 90-day turnover
- Better pool of candidates

THE COST AND PURPOSE OF RECRUITMENT

On average, it costs \$1,976 to recruit a new contact center agent, with a median cost of \$1,550. The 1st quartile cost is \$3,000 and the 3rd quartile is only \$850.

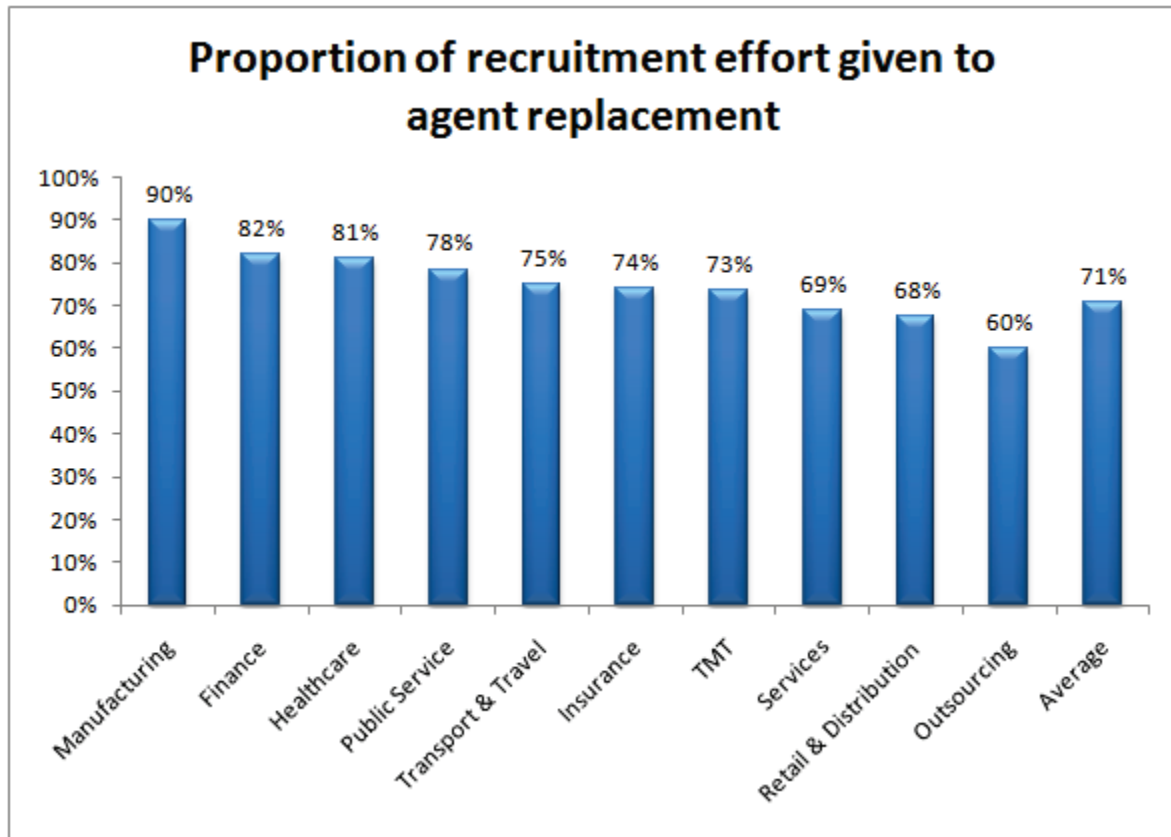
The financial services and insurance sectors pay the most to recruit a new agent, and the outsourcing sector lowest.

It may seem an odd question to ask "what is the purpose of recruitment?", but it is important to know, as there are two types of recruitment: the replacement of staff who have left (caused by attrition), and new staff positions (caused by contact center growth). In the case of the former, much of this recruitment cost is wasted, as - with the exception of replacing an incompetent or undesirable agent - the contact center is certainly no better off than where it was previously and may now have an inexperienced agent to train up: it is running to stand still.

The manufacturing sector believes it spends the greatest amount of effort on replacing agents who have left, with the outsourcing sector stating that it spends the least. As the outsourcing sector certainly has high attrition, we would expect that a high proportion of its recruitment efforts would go towards replacing these agents. As it reports otherwise, we can conclude that the outsourcing sector in general still requires new agents, although a proportion of these may be for short-term or seasonal contracts only.

In all, 71% of recruitment effort is spent by contact centers on staying where they are.

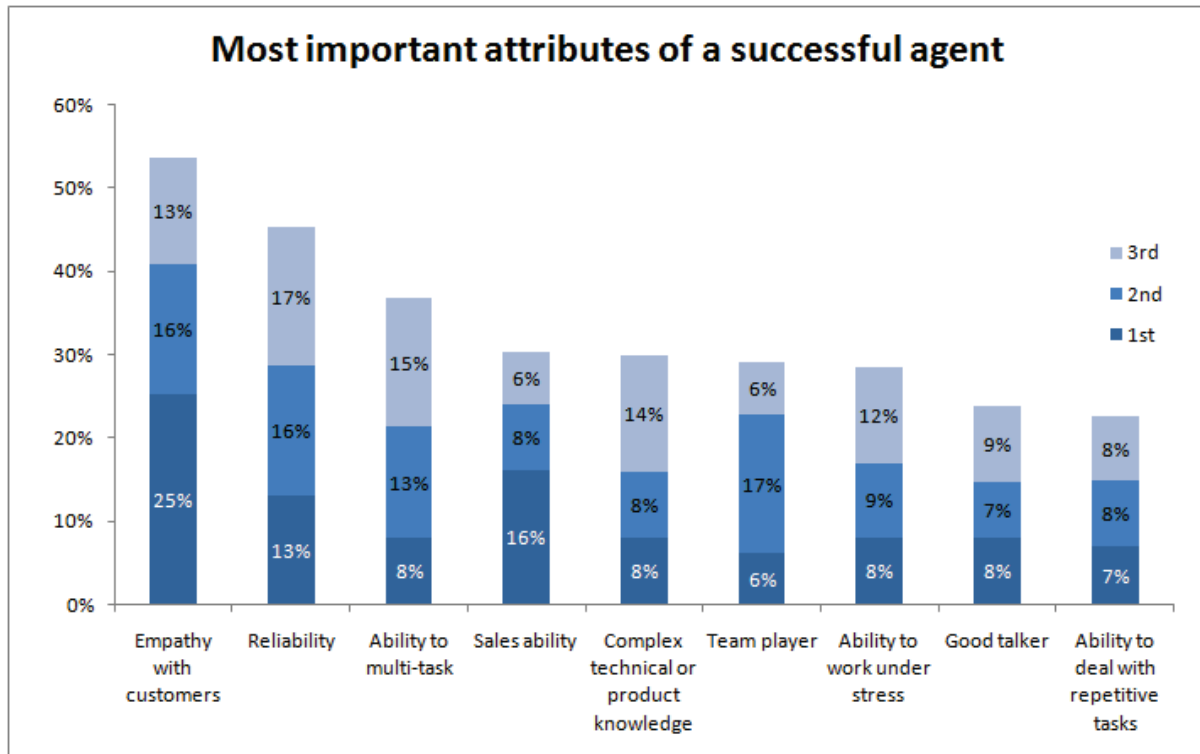
Figure 117: Proportion of recruitment effort given to agent replacement, by vertical market



MOST IMPORTANT ATTRIBUTES OF A SUCCESSFUL CONTACT CENTER AGENT

This year's survey investigated the attributes that contact center managers believe are most important for a successful contact center agent to have. While each contact center has different ideas, some key findings emerged.

Figure 118: The most important abilities or characteristics of a successful contact center agent



25% of respondents stated that **empathy** - the ability to see another's point of view - is the no.1 most important attribute for a contact center agent to have, with a further 29% placing it 2nd or 3rd. This is a characteristic which is hard to learn, and which is ripe for identifying in the recruitment phase through personality testing, for example. Empathy is important for an agent to display in order to make the caller feel that someone is listening to and understanding them, and that they are trying to solve their issue, rather than just seeing the caller as a nuisance. As such, empathy is vital for improving customer satisfaction and loyalty, cross-selling and up-selling.

The attribute of **reliability** appears second most-often in the top 3 agent requirements. Reliable agents have low absence rates and keep working away at their tasks, a trait which the process-focused contact center prizes highly.

Amongst other traits, **sales ability** of course was rated no.1 in most sales-focused environments, and the **ability to multi-task** was often placed no.2 or 3.

Perhaps surprisingly, 29% of respondents stated that one of their top 3 requirements was for the agent to be a **team player**. Making and answering calls is by its nature, a solitary role, albeit one usually surrounded by other people, but the impact upon morale, and thus performance that a team player can have is prized highly.



Being a **good talker**, the **ability to deal with repetitive tasks** or **stressful working environments** did not feature particularly highly with most respondents, all factors which the layman might think were vital to contact center agents.

The picture painted of key attributes of successful contact center agents is one of a versatile, reliable good listener - nothing flashy or highly-strung, nor a simple automaton which is happy to plod on doing the same thing for hours. An observer untrammelled by the requirement to be politically correct might state that many such successful contact center agents could be found in the relatively untapped labor pool of middle-aged women who are currently outside of the workforce, rather than in the younger generation which makes up a very considerable part of the contact center industry: the average age of a contact center agent is around 26.

Case Studies: How FurstPerson® creates value for contact center hiring managers

Telecommunications Case Study

Background

A major telecommunications provider with multiple job families and call types desires to increase the sophistication of its hiring process. Goals include:

- Flexible hiring workflows
- Manage significant hiring volume
- Improve the probability of making the right hire
- Evaluate the candidate for multiple jobs

Solution Actions

FurstPerson® partnered with the client to perform the following actions:

- Conducted a job analysis to understand key success factors that drive job performance
- Conducted over 20 focus groups across all job families
- Surveyed 200 subject matter experts to rank 50 specific contact center competencies
- Based on the job analysis, implemented assessment solution to best evaluate each job candidate
- The solution included [CC Audition® call center simulation](#) plus [CC AIMS assessment](#) which measures work attitudes

Key Results

FurstPerson® conducted a one-year business review to determine the financial impact and found that:

- First call resolution increased by **17%**
- Discipline issues decreased by **52%**
- Average handle time improved by **10%**
- 6 month retention improved by **24%**
- ROI per hire of \$11,129

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Home Agent Hiring / Sales Performance

Background

A contact center organization operating a significant home agent program (3,000 plus agents) needs to qualify job candidates for a new [home agent](#) sales job family. In this new role, agents are using [web chat](#) to drive sales revenue while maintaining customer satisfaction.

Solution Actions

FurstPerson® partnered with the client to perform the following actions:

- Conducted a job analysis to understand key success factors that drive job performance
- The analysis showed that successful chat agents can quickly absorb information and apply it during the contact resulting in higher revenue / chat
- Based on the job analysis, implemented the 1stSolve problem solving test which measures a job candidate's ability to learn and apply information
- Conducted a validation study to determine how effective the hiring solution was at predicting revenue results

Key Results

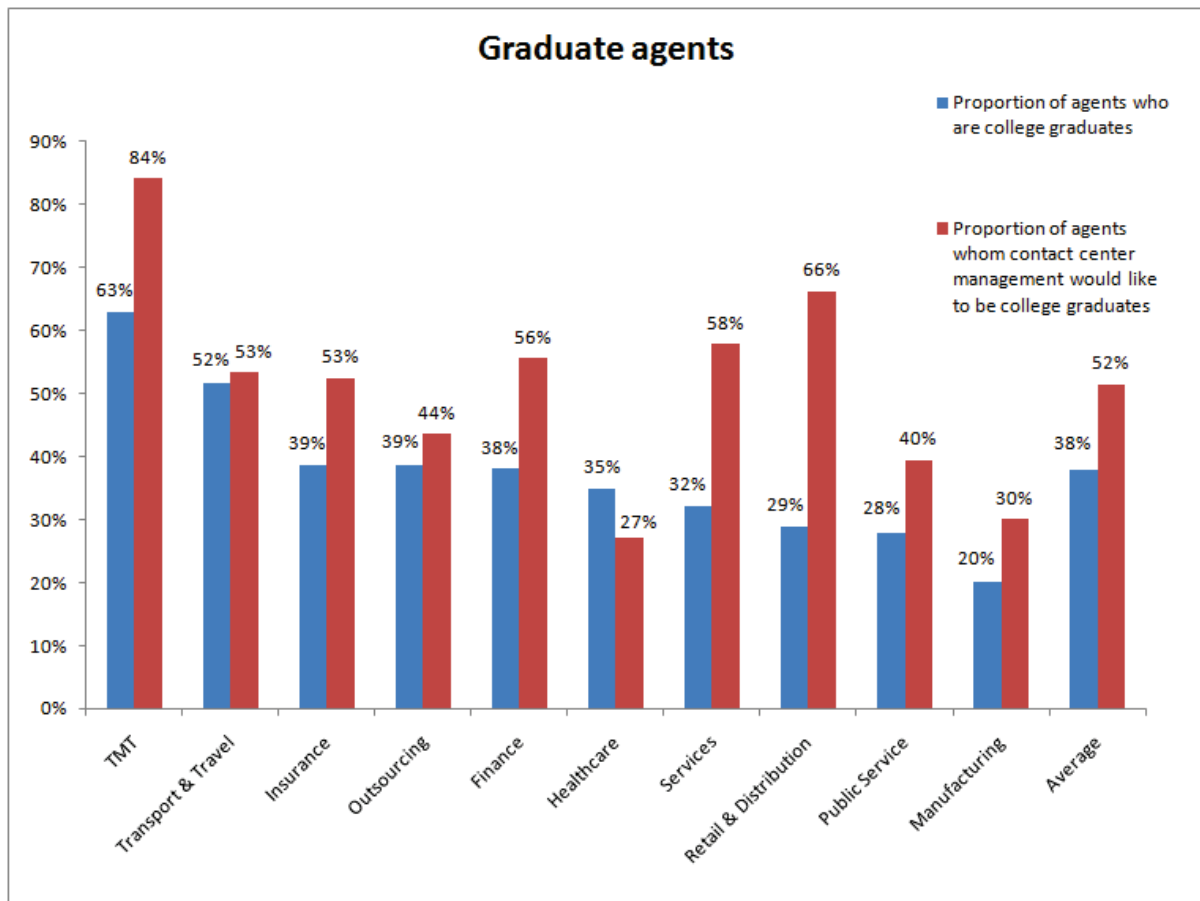
The validation study showed that individuals with high assessment scores demonstrated a **46%** improvement in revenue per chat than individuals that scored low on the assessment process.

GRADUATE AGENTS

In fact, a considerable proportion of contact center agents are straight out of university, with many seeing the contact center as a fill-in job, although as we have seen, some proportion of departing agents will move into the wider business, so it can be a good place to start.

Currently, 38% of the contact center agents from this year's respondent pool are college graduates. The TMT sector (which includes IT) has the greatest proportion of graduates in its contact centers, and would like 84% to have had a college education. The retail & distribution sector is very keen to swell its college-educated workforce, as is the service sector.

Figure 119: Proportion of agents who are graduates, and proportion of agents whom contact center management would like to be graduates

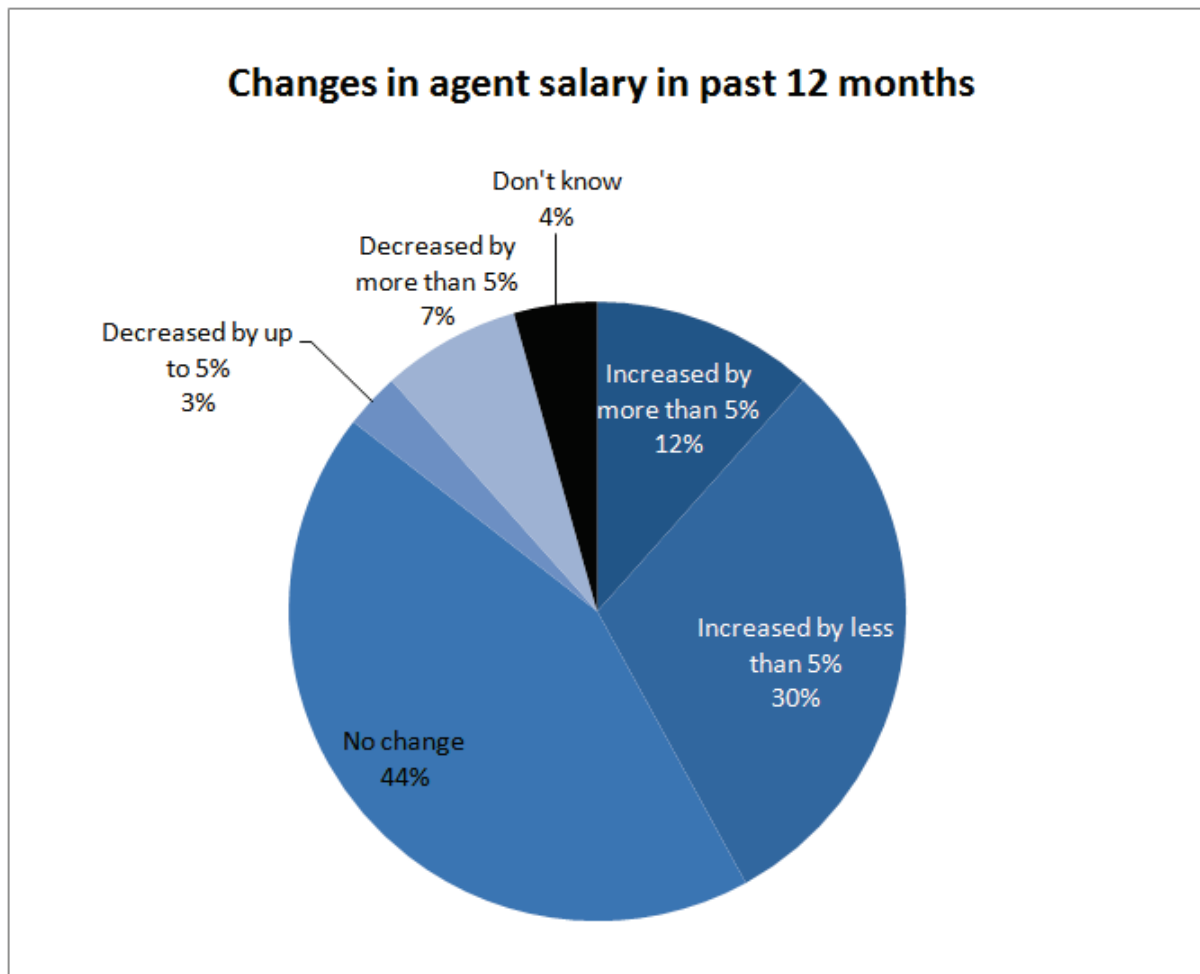


SALARIES

The human element to contact centers is usually at forefront of any conversation around the industry, and with the majority of most operations' cost attributable to the human element, this is unsurprising.

Against a backdrop of economic gloom and with considerable redundancies across the board, contact center salaries have held up surprisingly well. As respondents to this survey can change from year to year, the question was asked to this year's respondents how their own salary patterns had changed in the past year. The answer supported the wider findings that agent salaries had not in general been affected by the economic crisis, with 42% of respondents reporting salary increases and 44% reporting no change.

Figure 120: Agent salary changes in the past 12 months



SALARIES BY VERTICAL MARKET

It is usually the case that healthcare and TMT agents tend to be paid the highest, with those in outsourcing receiving the lowest salary, and this is roughly the pattern emerging here, although those respondents in the transport and travel sector have seen new agent salaries slip considerably.

At a management level, the story is similar, with the public sector, healthcare, insurance and TMT managers being paid the highest, and outsourcing and retail & distribution being paid the least (although retail managers are especially likely to receive performance-related bonuses too).

Figure 121: Salaries by vertical market by job role

Vertical market	New agent	Experienced agent	Team leader	Contact center manager
Healthcare	\$32,618	\$41,157	\$49,750	\$74,169
TMT	\$31,410	\$42,897	\$57,400	\$79,500
Insurance	\$29,500	\$36,667	\$49,333	\$74,333
Public Service	\$29,240	\$35,197	\$44,728	\$80,688
Manufacturing	\$28,729	\$38,094	\$44,000	\$72,000
Finance	\$26,244	\$30,728	\$36,821	\$58,414
Services	\$25,333	\$33,667	\$37,556	\$55,300
Retail & Distribution	\$23,910	\$30,390	\$34,200	\$52,125
Outsourcing	\$22,328	\$26,506	\$32,249	\$54,592
Transport & Travel	\$20,800	\$27,000	\$30,850	\$61,500
Average	\$26,455	\$33,319	\$40,202	\$62,824

NEW AGENT SALARIES

Mean average starting salaries for agents in 2009 are up since last year by 1.5% up to \$26,455, although salaries are still below the 2007 mark in general.

Figure 122: New agent salaries

New agent salaries	2009	2008	2007
1st quartile	\$30,500	\$30,650	\$31,120
Median	\$26,000	\$25,750	\$26,650
3rd quartile	\$20,900	\$20,000	\$22,000
Mean average	\$26,455	\$26,067	\$27,946

EXPERIENCED AGENT SALARIES

Average salaries for experienced agents are 26% higher than those received by new agents. Although the average salary for an experienced agent has jumped by 5.2% on average since last year, this is mainly due to the top-end of this year's respondents dragging mean salary upwards, rather than a general large increase. This can be proven by the median (mid-point) and 3rd quartile being very similar to last year (in fact, a little lower), but the 1st quartile - the high-payers - jumping by almost \$5,000, showing an increase in salary at the top-end, but not the low-end.

Figure 123: Experienced agent salaries

Experienced agent salaries	2009	2008	2007
1st quartile	\$40,100	\$35,300	\$36,000
Median	\$30,500	\$30,800	\$32,500
3rd quartile	\$25,080	\$25,600	\$26,000
Mean average	\$33,319	\$31,686	\$33,693

TEAM LEADER SALARIES

Team leaders will be in day-to-day charge of a team of around 8-15 agents, and fulfill coaching and supervisory activities, as well as listening-in and being the first contact for any issue that the agents may have.

Team leader salaries have increased very slightly in 2009 (0.5%) in mean average terms, although the same principle that is found with the experienced agents salaries (the top-end dragging the mean upwards) is seen here as well.

Figure 124: Team leader salaries

Team leader salaries	2009	2008	2007
1st quartile	\$50,020	\$47,500	\$48,000
Median	\$37,440	\$38,000	\$39,000
3rd quartile	\$31,600	\$32,000	\$34,000
Mean average	\$40,202	\$40,005	\$42,489

CONTACT CENTER MANAGER SALARIES

Large operations may have more than one contact center manager, who may be in charge of a number of teams (e.g. the inbound or outbound operation, or sales-side or service-side). There may be a senior contact center director in overall charge.

Average contact center manager salaries reported an increase of 3.5% this year, with the main growth in salaries coming in the middle of the market, rather than at the top, as has been the case with the experienced agents and team leaders.

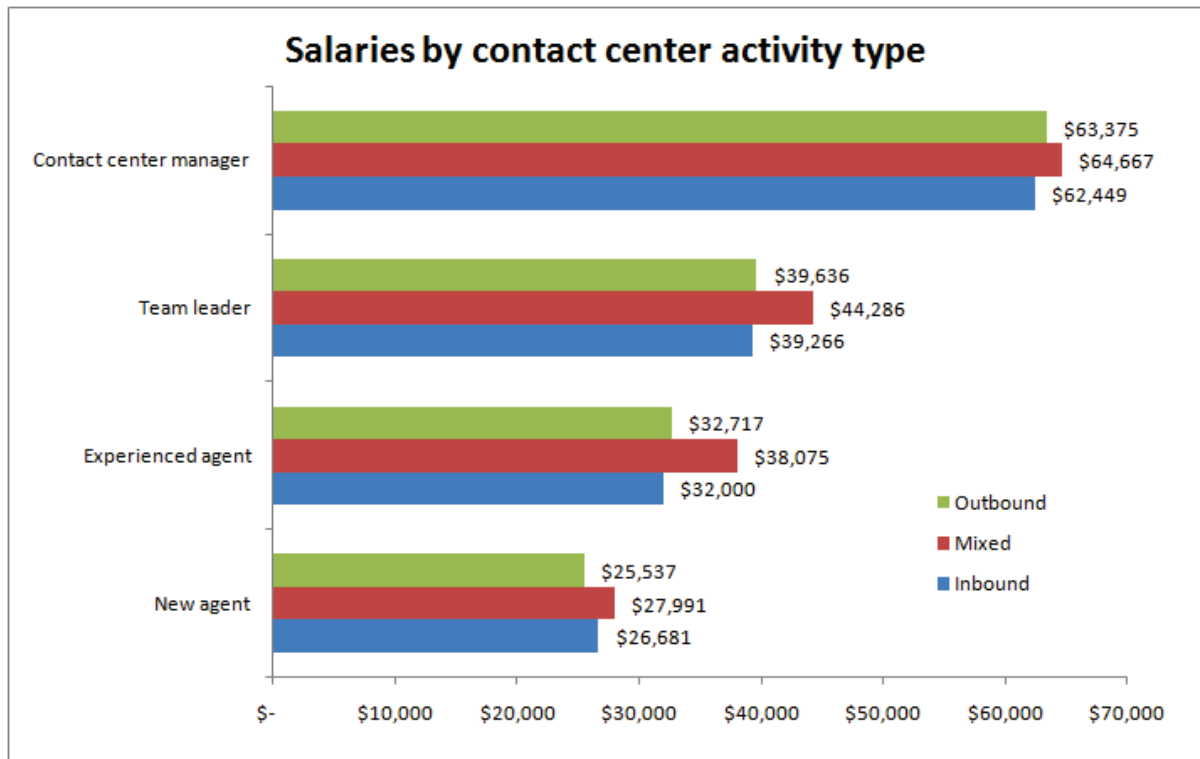
Figure 125: Contact center manager salaries

Contact center manager salaries	2009	2008	2007
1st quartile	\$71,676	\$74,000	\$69,000
Median	\$63,000	\$60,200	\$60,000
3rd quartile	\$48,000	\$48,200	\$50,000
Mean average	\$62,824	\$60,716	\$62,702

SALARIES BY CONTACT CENTER ACTIVITY TYPE AND SIZE

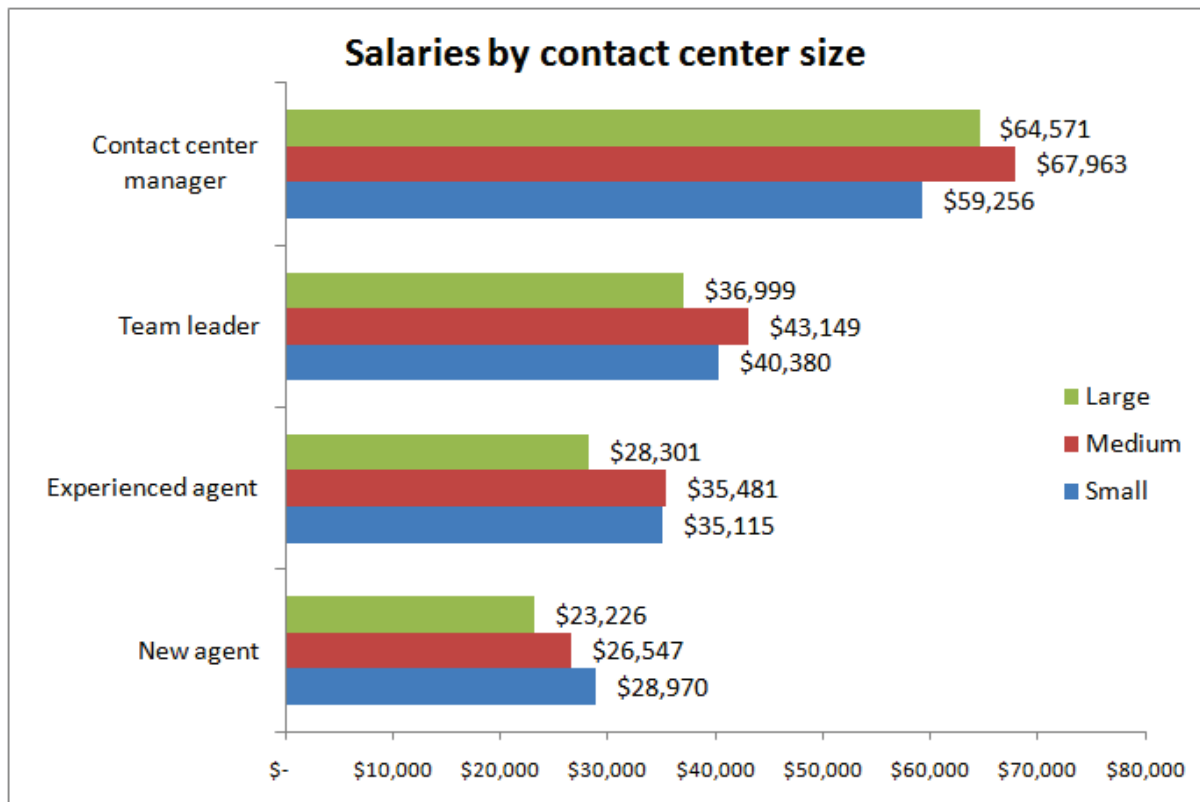
Normally, outbound contact center employees tend to get paid relatively less than their inbound equivalents, mainly because the former will tend to receive a much higher performance-related bonus, and this is the case with new agents, but the gap is much less than it has been in previous years. Those in mixed inbound-outbound operations will tend to be paid more across the board.

Figure 126: Salaries by contact center activity type



Small contact centers tend to pay better salaries to agents than do large contact centers, where a small increase in each agent's salary makes a big change to bottom-line costs. This does not follow through to the management level however, where greater responsibility is rewarded with a high salary.

Figure 127: Salaries by contact center size



BONUSES

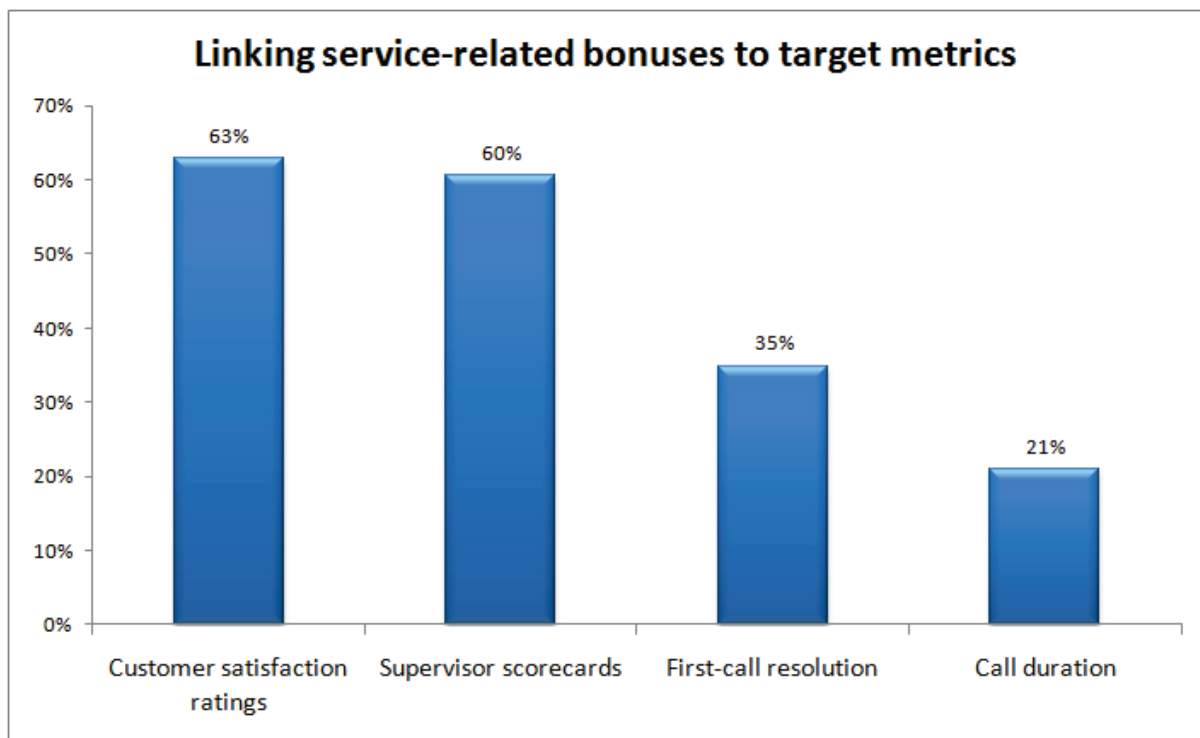
The mean average sales-related commission is 16.7% (usually around \$4,000 - \$5,000 per year), but this varies greatly. Service agents, as they tend to get paid a little more, will receive less performance-related bonus (around \$2,000 on average). Only 66% of service-focused contact centers pay agents any performance-related bonuses at all.

Figure 128: Annual bonus for service and sales agents

	Bonus/commission for sales agent	Performance-related bonus for service agent
1st quartile	25%	11%
Median	12%	9%
3rd quartile	8%	4%
High	50%	25%
Low	1%	1%
Mean	16.7%	8.3%
NB: all figures in this table only apply to respondents which pay bonuses		

Service agents are most likely to be measured against their supervisor's scorecard which covers a variety of performance and behavioral targets, as well as customer satisfaction scores, which is a good mix of internal and external measurements. First-call resolution rates are used only in over one-third of cases, this is probably more to do with the difficulty of tracing this fairly than any feeling that FCR doesn't matter. Call duration - which can change dramatically depending on the customer's requirements and the agent's capabilities - is used in only 1 in 5 cases.

Figure 129: Service-related performance targets used for bonuses



Amongst the 'other' section, service agents were rewarded based upon:

- behavior competencies
- call volumes
- attendance
- sales
- company performance
- conversion metrics for cross-selling and up-selling
- adherence
- team performance
- agent utilization.

Solution providers offering assistance with HR Management include:



FurstPerson, Inc. helps contact center managers hire and keep the right employees through our industry leading assessment solutions that improve the probability of making the right hire.

www.furstperson.com



inContact provides market-leading, end-to-end contact center services and network connectivity – in the cloud.

www.incontact.com/products-solutions/incontact-platform



PreVisor, a leading supplier of pre-employment assessments and employee selection solutions that help employers identify top performers.

www.previsor.com

STRATEGIC DIRECTIONS

Most of this report has been about how contact centers are performing today, but this final chapter looks at the more strategic decisions and issues that contact centers are facing.

HR issues, normally to the forefront of what concerns contact center managers the most, take something of a back seat at the moment. There is a general and growing feeling, perhaps driven hard this year by cuts in investment, that the technology in place is letting the operation down, or at least, preventing it moving forward to the extent that it needs.

The need to measure and improve customer satisfaction, and its impact upon profitability, has become an obsession throughout the industry, which is positive for customers and businesses. However, much of the short-term investment coming from the wider business seems to be focused towards improving efficiency than effectiveness. As many of the issues that the contact center has to deal with come as a result of sub-optimal or even broken processes, both within and without the contact center, spending money on doing unnecessary things more quickly seems strange.

Our own view is that while the industry is growing in terms of increased call volumes, more needs to be done to increase the effectiveness of agents. Self-service levels are very low across the industry, and more must be done to take low-value work away from agents, freeing them up to do more profitable and difficult work. Consistently high and growing levels of wrap-up time and non-call time is worrying, as over 40% of an agent's time is spent doing something other than talking to customers, although recent years have seen increased training and break times. Agent desktop optimization – putting the right things on the desktop at the right time in the conversation, without disrupting the underlying system functionality – is starting to be exploited, especially in very large contact centers with multiple, complex processes and legacy systems.

Yet the background against which the technologies and HR issues that contact center management now talks about is that of customer satisfaction. This is the common ground where senior executives and contact center operations can now meet and discuss how to head in the right direction together. Much of what respondents to this survey have talked about is colored by improving customer satisfaction, the almost-certain driver of where the contact center industry is headed long-term.

OUTSOURCING

This chapter looks closely at the use of outsourcing, whether being served by domestic operations, looking further afield to offshore contact centers, or increasingly a mixture of both (sometimes referred to as rightshoring: restructuring a company's workforce to find the optimum mix of jobs performed locally and jobs moved abroad).

A judicious use of outsourcing can assist a contact center with its operational goals:

- hitting performance targets (through helping with call spikes)
- providing a better customer service (through offering an out-of-hours service)
- quickly ramping up to assist with outbound sales campaigns
- measuring customer satisfaction with regular outbound surveys.

However, outsourcing also offers a strategic alternative to running an in-house contact center, with BPO (business process outsourcing) companies also providing a back-office outsourcing function in alignment with the front-office contact center as well. The international reach of these BPOs allows them to distribute work and functionality to the most cost-effective locations, reducing the risk of providing lower levels of service to the ultimate customer. (See box below for more details on the differences between outsourcers).

Outsourcing allows businesses to focus on their core business, and to benefit from the experience and knowledge of specialist contact center operators. It is a sector which has been hit in recent years by the increase in outbound legislation and the competition from offshore, but which still accounts for around 10% of US agent positions.

There are three main types of outsourcer: traditional, diversifying and emerging.¹⁰

- Traditional outsourcers have some of the best-known players in the sector. A large part of the traditional outsourcing sector consists of large, multiservice companies which may deal with telephone calls, email and query fulfillment (e.g. sending out brochures or bills). It may well be part of a multinational group, whether US- or foreign-owned. Additionally, the large number of smaller telemarketing companies should also be considered, which take on *ad-hoc* outbound sales contracts to both consumer and business sectors.
- Diversifying outsourcers include large system integrators, consultancies and telcos.
- Emerging outsourcers include businesses involved in hosting or hoteling, which are often venture-capital funded, and are often found offshore. However, some of the largest offshore-founded companies are buying up domestic outsourcers to provide a full-service rightshoring solution, which includes offering analytics and business insight, as well as telephony-focused activities such as customer care, billing and collections, sales and transaction processing. By matching activity with the location, the outsourcer is able to keep costs low while still offering a high-quality, profitable level of service to specific segments of the customer base.

¹⁰ Source: CM Insight

THE USE OF TACTICAL AND OPERATIONAL OUTSOURCING

As respondents to this survey run their own contact centers (including some outsourcers as well of course), there are few opportunities to ask about wholesale, strategic outsourcing experiences from the client's perspective. Therefore, the data below refer to tactical and operational outsourcing of specific functionality and projects, rather than the outsourcing of an entire operation.

Figure 130: Type and amount of work outsourced

Type of work	% of contact centers outsourcing any of this work	% of this work outsourced (only including figures from those which outsource)
Market research / customer surveys	38%	47%
Back office processes	18%	41%
Ongoing customer service	16%	72%
Multimedia response	15%	35%
Out-of-hours	12%	18%
Overflow	11%	33%
Outbound sales campaigns	6%	32%

The use of a third-party to survey customer satisfaction is a very strong trend which has become even more popular over the past few years, as the desire to improve customer satisfaction has continued to hold its position as the top priority for contact centers.

A growing number of respondents, especially from large operations, use outsourcers on an ongoing basis to provide back office services such as billing, data entry, document scanning and transaction processing, as the costs of doing so offshore are far cheaper than within the US, with much less risk of a negative response from customers.

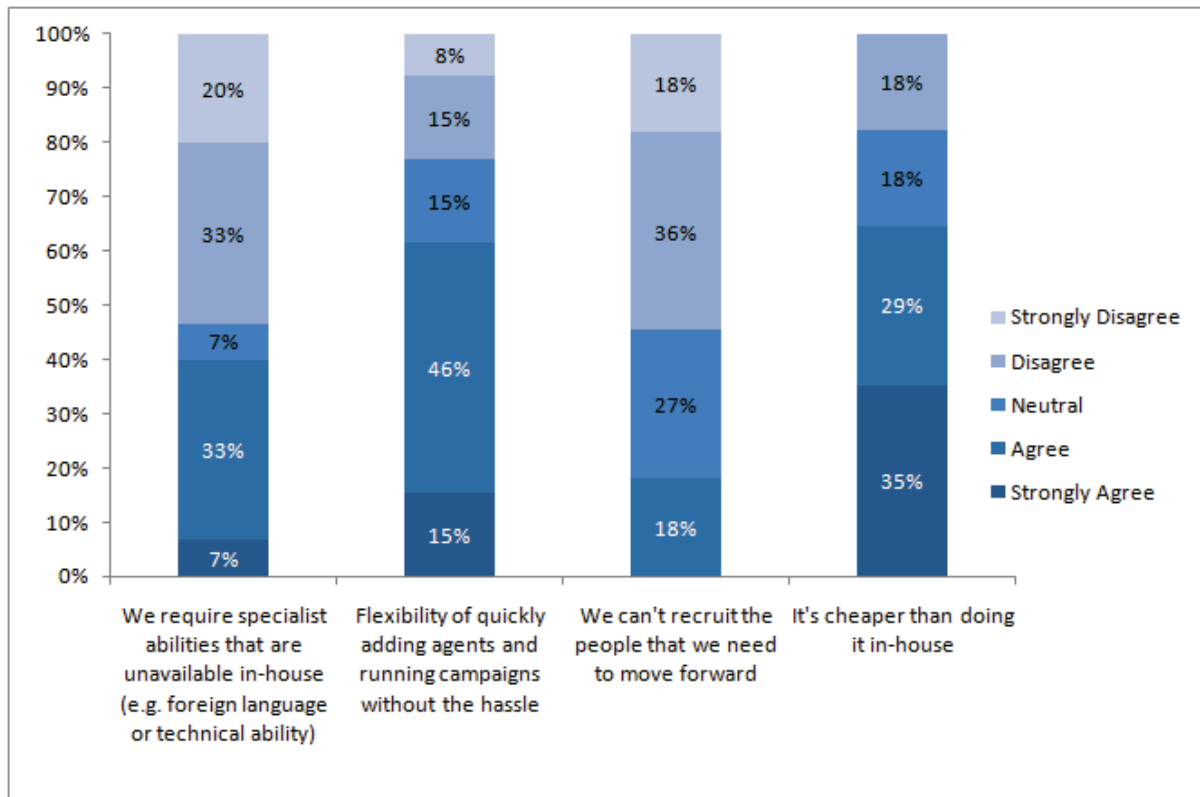
Some businesses which provide long opening hours do so through the use of a third-party, as their customers expect 24/7 service, but it may not be economical to provide this in-house, especially in smaller operations.

Larger operations are more likely to use outsourcers for outbound campaigns, which would otherwise require massive amounts of recruitment and training efforts, as marketing to a large customer base is a major investment. Large operations are also more likely to outsource their multimedia response, which may be of a very substantial nature.

DRIVERS FOR TACTICAL AND PROJECT-BASED OUTSOURCING

This question addresses the drivers for tactical outsourcing - do businesses move away from in-house activity because of cost, inflexibility or lack of skills? (This question does not look at the drivers for strategic outsourcing, as the question is answered by contact center managers, who by definition, have not seen their contact centers outsourced in their entirety).

Figure 131: Drivers for tactical and project-based outsourcing



“We require specialist abilities that are unavailable in-house (e.g. foreign language or technical ability)”

Small contact centers are more likely than their medium and large counterparts to admit to lacking specialist abilities which may be difficult and time-consuming to recruit. Very large outsourcers will have a pool of labor of all levels of education, and international outsourcers will also be able to draw on language skills from almost any country in the world.

“Flexibility of quickly adding agents and running campaigns without the hassle”

Smaller contact centers especially agree that the flexibility an outsourcer can bring to them is very useful, meaning they will not have to direct time and resources to the recruitment and training process, only to terminate employment at the end of the campaign, or if results are disappointing.



"We can't recruit the people that we need to move forward"

Some large operations in this survey also use outsourcers to augment their existing operations on a long-term basis, especially when the contact center is located in a hot-spot where any sort of major recruitment is a very difficult proposal. Over time, the outsourcer becomes virtually a part of the client organization, with its management and agents reflecting the brand and values of the client. However, there is also some very strong opposition to this driver for outsourcing amongst respondents from large contact centers.

"It's cheaper than doing it in-house"

Cost is a major driver for outsourcing, at all levels. The judicious mixture of offshore and domestic outsourcing means that larger outsourcers can provide customer contact from a location that is acceptable to their client's customer base, while being able to offer lower-cost options in other cases if that is what the client desires. Matching the resource to the activity can reduce the overall cost of outsourcing while not compromising on quality.



White Paper: "How to Empower your Outsourced Contact Center Operations to Deliver Real Business Value"
(Cosmocom)

Synopsis: If your business uses, or is considering using, outsourced help for you contact center, this new paper challenges you to look at your current contact center and ask yourself such questions as:

- How effectively are you currently managing your outsourcers?
- Is your outsourcer data accurate?
- Are all your outsourcers reporting the same way?
- Do you have a real-time view of in-house and outsourcer contact management across your entire contact-center?

Download: <http://www.cosmocom.com/to/babel-outsource> - registration required

CHOOSING AN OUTSOURCER

Whatever the scope of your project, there are some questions you should ask yourself and your team before picking up the phone to any potential partners:

- Are we outsourcing a process or a problem?
- Why are we outsourcing this process? (Or – why are we thinking of changing our outsourcer?)
- Are we clear what the brief is?
- Do we have specific objectives?
- Would we consider offshore?
- What management information will you need from them?
- How will you want them to monitor quality and customer satisfaction?
- Do your calls need to be recorded?
- What are the technology requirements?
- What type of contract do we want with this partner?

You also need to ask yourselves how difficult your project is. For example: attempting to direct sell a product or service worth \$100,000 to CEO's of top companies is hugely more difficult than an exact repeat of a campaign selling services worth less than \$500 to existing residential customers.

Depending on the complexity of your project, you may now produce a written brief to send to potential partners – again before you start a serious search. Apart from the fact that they will ask you for one, it will assist you greatly in defining your expectations and objectives.

a) Logistics around the set-up:

- Location: where will the project be sited and why?
- Please describe the management processes and activities that will take place during set-up
- How will you keep all key stakeholders informed and engaged?
- What types of contract are you willing to enter into?
- Who will be working on the project?
- What resources will you need from us?
- Assumptions around agent productivity, allowing for leave, sickness, training, etc

b) Operations:

- Are the targets and KPI's achievable?
- How do you forecast your resource needs?
- How much flexibility is there for a changes in call volumes?
- How will you report on a daily/weekly basis? (with example)
- What will be the split of responsibility in terms of data management, including dependencies, restraints, exceptions etc
- Overview of the outsourcer's IT and telephony systems and infrastructure, detailing age of equipment and average time in operation

- Outsourcer's key IT supplier relationships and length of these relationships
- Method of capturing contact history for each customer record?
- (If outbound) Describe the functionality of dialer technology
- Business continuity: describe contingency plans, in terms of buildings, personnel, IT, telephony
- How is call quality monitored (including, if appropriate, the validation of sales or appointments made)
- Capabilities of your call recording system?
- Complaint management process

c) Management and staff:

- Management team structure that would be allocated to this project, including ratio of staff to team leader, staff to managers etc
- How will project be managed on a daily basis?
- Processes for change control, issue resolution etc
- Processes for selecting, recruiting and training the staff for our project
- Current attrition rates for both inbound and outbound staff?
- Approach and processes for managing individual and team performance

d) Pricing:

- Set-up costs, covering project management, IT and telephony, processes, recruitment, training, and any other costs
- Ongoing costs, covering telephony costs, commission on sales, conversion rates, additional training if the scope changes, data cleaning, etc

One other consideration must not be forgotten: the people you will be working with, perhaps for a long time period, and maybe through some difficult phases. Do you need a large multi-national with a proven track record world-wide, or would you prefer an owner-managed company, where you know you can pick up the phone to their CEO and get an immediate, responsible reply?

Are you prepared to treat your new partner as you would like to be treated yourself? We suggest that a partnership will work better than a client-supplier relationship. This implies honest and open communication, teamwork, and equity. It will take an investment of time and energy from all parties to ensure a successful relationship.

If you are about to embark on finding and appointing an outsourcing partner company for a long-term project – say 3-5 years, where many millions of dollars will change hands, there will be many further questions, crossing over into the due diligence your own organization will insist upon.

PLANNED EXPENDITURE

Analyzing the areas that contact centers are focusing their expenditure upon is quite complicated, as there is rarely exact concurrence or use of the same phrases.

Figure 132: Most important areas of expenditure in the next two years

Expenditure type	Proportion of respondents rating this as 1 st , 2 nd or 3 rd
ACD/PBX/VoIP	37%
CRM	30%
Other IT expenditure	27%
Integration	24%
Self-service	22%
Training	19%
Growth and recruitment	16%
Call recording	14%
Workforce management	11%
Salaries and remuneration	11%
Staffing issues	10%
Web chat	10%
Increasing channels / multimedia	8%
Outbound dialer	8%
Homeworking	8%
Hosting and SaaS	6%
Office relocation / refurbishment	5%

Many contact centers last replaced their telephony systems in 1998 or 1999, to avoid potential problems around Y2K. Many of these systems are overdue for replacement, with businesses often moving to IP. further 27% putting it as their second or third priority.

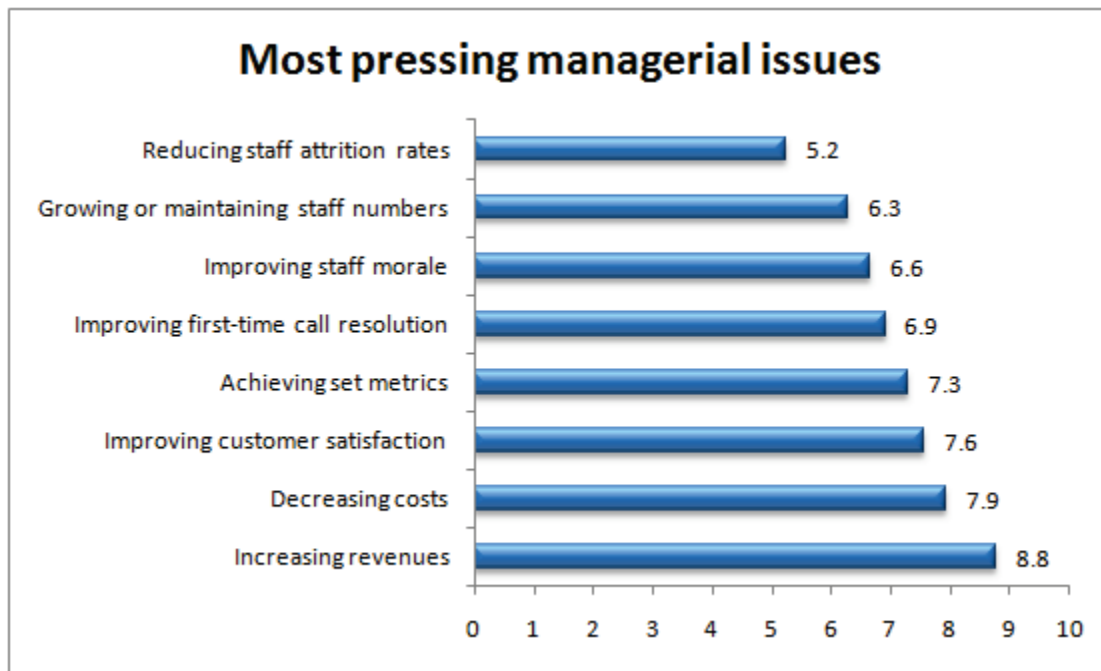
CRM was also an important area of spend money on, with 30% of respondents putting it amongst their top 3 priorities, well up from 14% last year, with self-service and system integration also appearing high up the list.

PRESSING MANAGERIAL ISSUES

The following tables investigate what keeps contact center managers awake at night. Often, the focus upon customer satisfaction improvement is out in front by some distance, but this year, the economic downturn has driven contact centers to focus upon the effect of the operation on their organization's bottom-line, with increasing revenues and decreasing cost taking positions 1 and 2.

'Achieving set metrics' has dropped from no.1 to no.4 this year, as profit-driven metrics replace operational metrics in the contact center industry's collective psyche. Interestingly, staff attrition reduction has fallen off the radar entirely for many of the report's respondents, as attrition drops and more important matters come to the fore.

Figure 133: Most pressing managerial issues

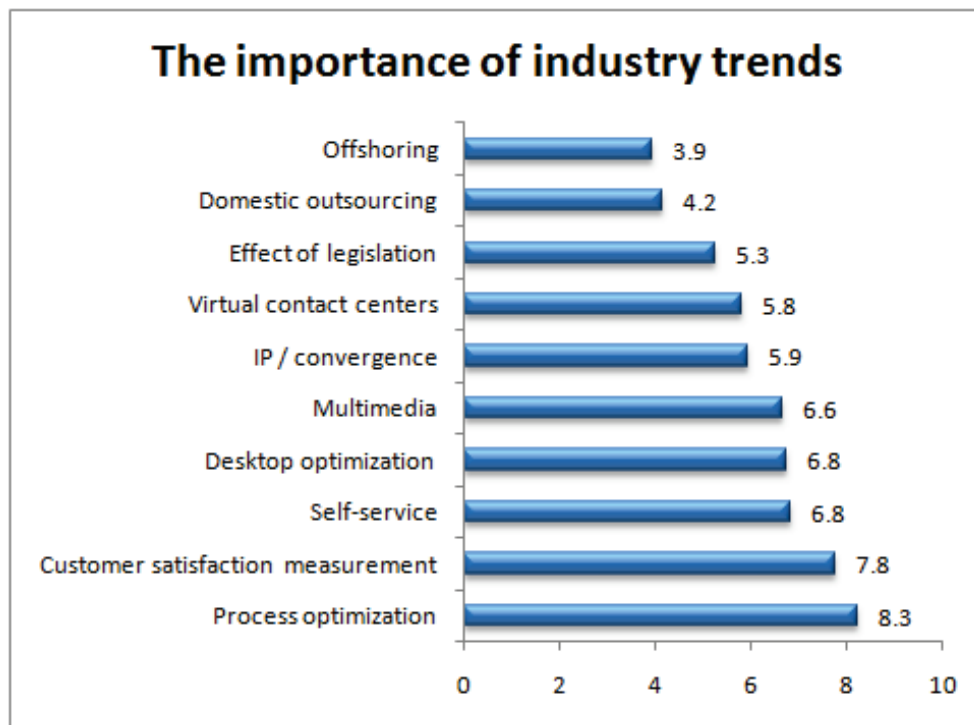


INDUSTRY TRENDS

Respondents were asked how important specific industry trends would be to them in the future.

Unlike previous years, where customer satisfaction measurement was comfortably at the top of the pile, there is a wide and growing acknowledgment that business processes have to change, and the work that the contact center does will need to be more closely coupled with the back office and also the wider business. This was felt especially strongly by the respondents which kick off a great many back office processes through their work in the contact center, such as the healthcare and insurance sectors. As many of the calls that most contact centers take are about failures elsewhere in the organization to deliver what the contact center has promised, fixing broken or sub-optimized processes, and allowing the contact center agent to access the relevant information is vital to getting a satisfactory conclusion to these calls. Mending the processes that are identified as broken could have a major impact upon call avoidance as well.

Figure 134: The importance of industry trends



The ability to measure customer satisfaction accurately is still seen as very important, and a solution provider who can offer a quick and cost-effective way of measuring customer satisfaction and linking it to changes in profit should win a lot of business.

Increasing the levels of self-service to take pressure off contact center costs while providing a better service was rated as no.3 in the list, and represents perhaps the most acceptable way to benefit both customer and business by reducing costs while providing customers with the ability to get what they need quickly. The healthcare and retail sectors were most positive about the future of self-service.

Improving the desktop to make it easier for agents to do their job was rated as the fourth most-important trend, especially by financial services respondents. These agents often have to deal with multiple systems within a call, and also often have long wrap-up times as well as the excessive training requirements that dealing with labyrinthine systems cause.

Multimedia has jumped upwards again this year, with respondents in the healthcare, public sector and retail industries particularly interested in what it can offer.



THE CONTACT CENTER IN 5 YEARS' TIME

Respondents were asked how they thought the contact center might change in the next five years. There was a general feeling that the contact center industry was dynamic enough that things would certainly look different in 2014, although this was disputed by 22% of respondents.

There was widespread rejection of the notion that offshore contact centers would dominate US customer communication, with 68% disagreeing with this idea.

40% of respondents expected agents to be paid considerably more, based upon the increased complexity of the role and knowledge requirements that the agent of the future is expected to have, although 29% disagreed,

The decentralized nature of future contact centers was supported very strongly by respondents in the healthcare, finance and services vertical markets, and generally enjoyed broad support.



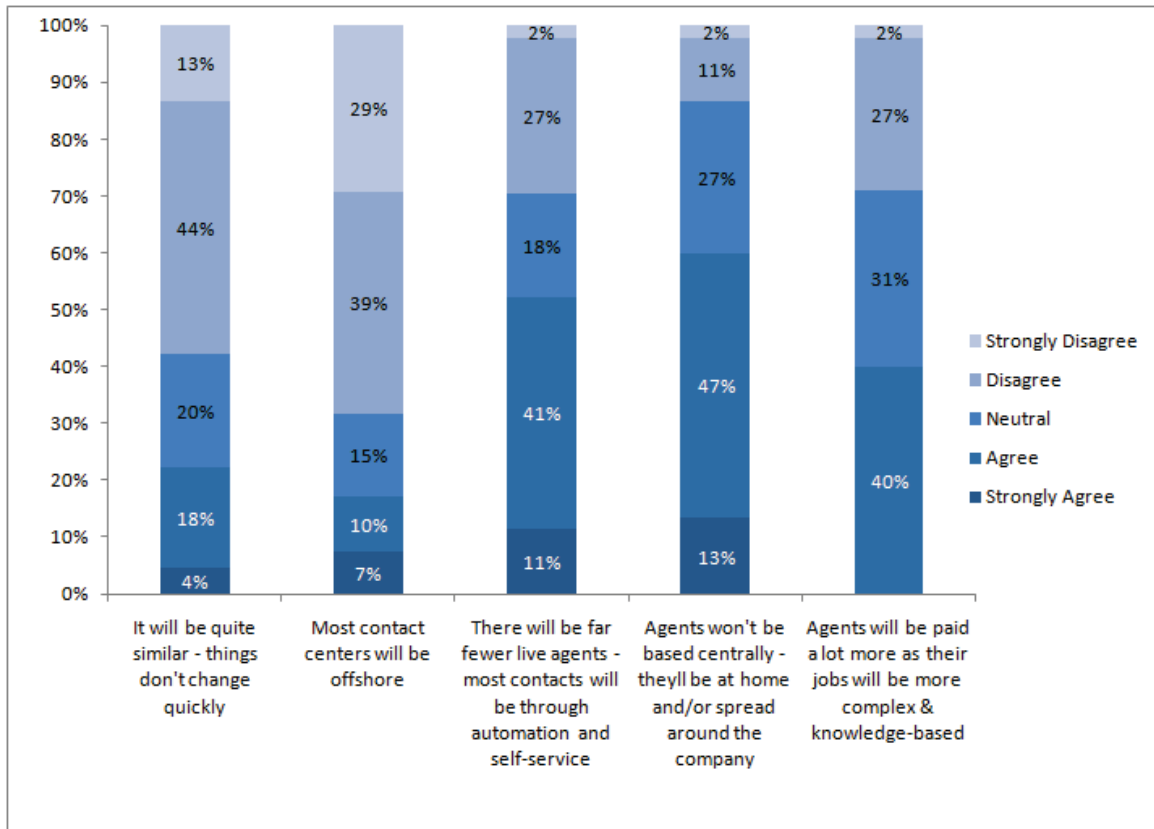
White Paper: " Contact Center Consolidation 2.0" (Cosmocom)

Synopsis: This white paper explains the benefits of Consolidation 2.0 and shows how it best meets the demands of today's global business environment. This strategy is especially appropriate for large, complex enterprises, but many smaller enterprises will benefit, too. Consolidation 2.0 is provider-neutral. It can be deployed on a traditional premise-based system or hosted by one of many global service providers that have Consolidation 2.0 offerings.

Download: <http://www.cosmocom.com/to/babel-consolidation> - registration required

Self-service and automation - and the attendant decrease in the importance of human agents - was widely agreed with by respondents in the finance and public sectors, the former often having generally large agent numbers in their operations and who have actively encouraged self-service and web service over recent years. Those in the healthcare industry disagreed about the drop in future agent numbers as the specialized, complex nature of many of these calls makes automation very difficult.

Figure 135: How will the contact center look in 5 years' time?



As a final question, respondents were asked what they would most want in their contact center if time and money were no object. Most respondents did not ask for anything exotic - the majority of responses falling into the categories of an integrated CRM / contact management system, a knowledge base, speech analytics, integrated voice / multimedia / website and a unified communication platform: all proven technologies that are available today.



Solution providers offering assistance with Strategic Directions include:



Quickly, easily and economically fulfill the most complex customer interaction management requirements of today
- and tomorrow - with CosmoCom's unified, all-IP contact center suite.

Learn more at www.cosmocom.com



APPENDIX: ABOUT CONTACTBABEL

ContactBabel is the contact center industry expert. If you have a question about how the industry works, or where it's heading, the chances are we have the answer.

The coverage provided by our massive and ongoing primary research projects is matched by our experience analyzing the contact center industry. We understand how technology, people and process best fit together, and how they will work collectively in the future.

We help the biggest and most successful vendors develop their contact center strategies and talk to the right prospects. We have shown the UK government how the global contact center industry will develop and change. We help contact centers compare themselves to their closest competitors so they can understand what they are doing well and what needs to improve.

If you have a question about your company's place in the contact center industry, perhaps we can help you.

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