



Executive Summary

"*The Reality of IP Contact Centres in the UK*" is based upon 114 telephone interviews with senior UK contact centre influencers and decision-makers in December 2002 and January 2003, as well as in-depth product interviews with leading IP solution providers.

This report is aimed at looking at exactly what is going on in the IP contact centre world, through case studies, expert opinion, objective vendor profiles, and most of all, a detailed and thorough understanding about what leading contact centres are thinking and doing about IP. Some key findings follow.

Advantages of implementing IP contact centre solutions

Some of the key benefits that IP-enabled contact centres can expect are:

- Enables homeworking and remote office model
- Promotes the successful take-up and management of multimedia customer interactions
- Use of common protocol (IP) allows rapid development of new functionality
- More affordable functionality available to smaller contact centres
- Reduces cost of maintaining two networks
- Flexibility of adding and changing agents
- Reduction in call charges between sites via IP trunking
- Reduced staff attrition
- Boundaries between contact centre and the wider business break down
- IP infrastructure may be cheaper to upgrade than circuit-switched platform
- Reduced call costs in a hosted environment

The main influence upon actual decision-making was the existence of convincing return-on-investment figures. On a greenfield site, ROI is easier to prove: putting only one network in place, avoidance of switch purchase cost, and lower management costs are immediately available. In an existing site, ROI can be more difficult to prove, and it can require a strategic decision to take place before IP will be installed, such as the desire to use homeworkers or remote sites, gain a single view of the customer, or improve flexibility going forward.

The ability to develop multimedia channels more fully also plays a significant role in decision-making, and comes a clear second to proof of ROI. Other factors, such as homeworking, the need to replace infrastructure and IP implementations from competitors play less of a role generally, although they can be critical on a case-by-case basis.



Inhibitors of IP implementations

There is a reluctance amongst many contact centre decision-makers to implement IP, for a number of strongly-felt reasons (ranked in order):

- Reliability
- Expense
- Don't know enough about IP
- Security
- Lack of advantages over existing systems
- Wasted existing investment
- Internal politics
- Upheaval
- Risk of early adoption
- Little multimedia interaction planned

When IP telephony was first taken onto the market, there were (justifiable) concerns about its reliability and security. Today there is no reason why, in a well-managed and designed QoS network, IP telephony should not have the same levels of resilience as circuit-switched telephony, yet the same concerns are still aired. Larger contact centres are most concerned about both reliability and security, with 65% citing fears about reliability as having a 'considerable' or 'major' effect on their decisions.

The expense of the implementation can be an inhibitor, but for greenfield sites and operations looking to replace their switch, the cost of IP implementations may compare favourably to traditional implementations. Cost is believed by respondents from the largest contact centres to be less of a future issue.

There is concern at all levels that IP may not bring any advantages to the contact centre. In a way, this has some truth to it: an IP infrastructure may save some money through IP trunking and reducing management overheads, but its main advantage is as an enabler to provide superior multimedia service, greater flexibility of workforce, improved functionality which is easy to deploy and –a fundamental asset – the opportunity to future-proof the contact centre as far as it can be.

Present and future take-up of IP contact centre solutions

Survey respondents were reasonably evenly divided amongst those which had or were definitely implementing IP, those which were researching the option, and those which had no foreseeable plans to implement IP.

- Implemented - 14%
- Pilot scheme - 10%
- Will implement in next two years - 15%
- Formally researching - 14%
- Informally researching - 15%
- Not seriously considered - 28%
- Will not implement in next two years - 4%

Initial interest in IP contact centre solutions is likely to be shown by operational management, often the contact centre's IT manager. However, the ultimate decision is likely to be made at the very highest levels of a business, at senior executive level. This is because IP is a strategic decision, aimed at enabling the contact centre to perform more effectively in the longer term, rather than being an example of a cost-saving technology.

Even amongst those respondents which have not yet made any final decision on IP, more than two-thirds expect that they will have implemented IP by 2005.

Operations most likely to gain immediate benefit from IP contact centre solutions

In the longer term, most respondents and suppliers (even those which are not yet offering IP solutions) feel that IP-based contact centres are likely to be the norm. However, due to the potential cost of upgrading, a widespread movement towards IP is not likely in the short-term, but contact centres with the following characteristics are more likely to see benefits from IP sooner than most.

Characteristics of contact centre	Key IP solution aspect	Potential benefit level
Small contact centres, in cases where there is less investment in existing infrastructure and a low level of functionality. Operations which are considering moving up to big-league functionality, and are perhaps not mission-critical	Packaged solutions allow exceptional contact centre functionality in a box for relatively low prices. (A leading solution provider to all levels of the market says ROI achieved for small contact centres in 6-18 months)	High
Large strategic contact centres (especially in the outsourcing sector), which see IP as a competitive advantage	May be using IP trunking between sites already. Can offer integrated multimedia solutions to clients and customers	High
Greenfield sites	Lack of existing circuit-switched infrastructure means cost avoidance possible	High
Visionary businesses wishing to become knowledge-led, and to break down the boundaries between contact centre and the wider enterprise	IP communication can roll-out throughout the enterprise and mean the right person is always available if needed. Applications can be more quickly developed and deployed in an IP environment	High

Characteristics of contact centre	Key IP solution aspect	Potential benefit level
Sophisticated multimedia interaction with customers is a key part of future plans (banking and IT may be key vertical markets)	Integrated multimedia control, and opportunities to use new media (video, web collaboration etc.)	High
Virtual contact centre with overseas or domestic sites	Reduce call costs by IP trunking (esp. overseas)	Medium
Having major problems with staff recruitment and retention	Depending on the cause of the problems and the nature of the business, homeworking may prove to be useful, especially in the cases of highly-skilled staff	Medium
Doubled infrastructure management (telephony and IT)	Writing-off the telephony network will save money on salaries and maintenance, but it is important to make sure your network staff understand voice as well as data	Low-Medium
Brownfield sites in the right stage of technology refresh cycle (switch end-of-life)	Cost avoidance for switch, but still need to consider how applications will sit on an IP PBX, and cost of upgrade to the network	Low-Medium



The reality of IP-based contact centres in the UK

Actual implementations of IP contact centre solutions are relatively few and far-between. However, the technology is available today to offer real options for operations which have reached the PBX end-of-life stage, wish to develop virtual contact centre functionality, offer sophisticated multimedia interactions to customer, or break down the boundaries between business and the contact centre.

This report reveals some key issues and facts about IP-based contact centre solutions:

- Implemented carefully in an environment which supports a QoS network, the reliability of IP telephony can rival traditional circuit-switched infrastructures
- Except in greenfield environments, IP contact centre solutions are unlikely to be any cheaper to purchase overall, as the cost of network upgrades can be very substantial
- IP is an enabler, not an end in itself. As such, the decision to move to IP is likely to be a strategic choice taken at the higher levels of the business, and may focus more upon the contact centre's long-term position, rather than short-term cost savings
- Contact centres looking to implement IP must have a clear vision of what they want to achieve, and be looking to move the contact centre to a higher level. Those operations only interested in immediate cost reduction are unlikely to see the full potential benefits
- There is a lot of interest in what IP can do, but many seem to be being held back by fears about security, resilience and cost. Solution providers must do more to educate the market, show their success stories, and try to answer questions about cost vs payback
- There is unlikely to be a rush towards IP implementations. Many businesses are either trialling the technology on a small basis, or researching their options. It is unlikely that IP will become mainstream before 2005, but it seems highly probable that IP contact centre solutions will be the industry benchmark after this time.