CONTACTBABEL

THE US CONTACT CENTER
DECISION-MAKERS' GUIDE

(4TH EDITION - 2011)

CONTENTS

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.

LIST OF TABLES

INTRODUCTION AND METHODOLOGY

The *"US Contact Center Decision-Makers' Guide (2011 - 4th edition)"* is 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 209 contact center managers and directors in June and July 2010. Analysis of the results was carried out in August-September 2010. The result is the 4th 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 optimisation
- 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 may also be used to assist readers who may wish to look more in-depth at specific areas or gain another viewpoint.

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 - region & division) 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 eleven vertical markets studied within this report which had sufficient respondents to justify inclusion.

Figure 1: Vertical market definitions

Vertical market	Sub-sectors
Finance	Banks, credit cards, loans, debt collection, credit checking, corporate
Insurance	Insurance for life, motor, house, corporate, reinsurance, etc
IT	Technology suppliers to businesses and consumers
Medical	Healthcare providers, medical equipment providers, medical advice
Outsourcing	Large full-service outsourcers and smaller telemarketing firms
Public Sector	Government, federal and local, agencies, emergency services
Retail & Distribution	Retailers, home shopping, catalog, parcel carriers, logistics
Services	Non-physical service offerings to public and business
Telecoms	Mobile and fixed line operators, cable providers; broadband
Transport & Travel	Transport information & booking, travel agents, airlines, hotels, public transport
Utilities	Electricity, water and energy providers

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 209 contact centers interviewed in this study were broken down into discrete segments:

Vertical markets

- Finance - 22
- Insurance - 20
- IT - 21
- Medical - 14
- Outsourcing - 49
- Public Sector - 18
- Retail & Distribution - 16
- Services - 16
- Telecoms - 10
- Transport & Travel - 10
- Utilities - 9
- *Others (not included in vertical analyzis): 4*

Size bands

- Small (10 to 50 agent positions) - 59
- Medium (51 to 200 agent positions) - 66
- Large (200+ agent positions) – 83
- *No response - 1*

Inbound / outbound

- Mostly inbound (75%+ inbound) - 129
- Mixed (between 25% and 75% inbound and outbound) - 46
- Mostly outbound (75%+ outbound) – 32
- *No response - 2.*

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.

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THE SUPPLIER DIRECTORY

CosmoCom

CosmoCom™ provides a [unified, all-IP contact center suite](#) that enables businesses to quickly, easily and economically fulfill the most complex customer interaction management requirements of today - and tomorrow.

CosmoCom's Consolidation 2.0 strategy unites all customer contact functions, locations, and personnel – including outsourcers and home agents – on a single unified customer communications platform that is Virtual by Design™.

Organizations can obtain the full benefits of Consolidation 2.0 by deploying CosmoCom's unified contact center technology in-house, or via a service provider offering hosted contact center services. CosmoCom customers include Fortune-class enterprises around the globe, including many of the world's largest service providers.

With its reputation for servicing sophisticated, mission-critical applications, CosmoCom is the [most selected provider of cloud-based contact center platforms](#) to top-tier telcos worldwide.

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FurstPerson

FurstPerson, Inc. provides award winning, on demand assessment tools to help you make the right hire for your contact center.

Based in Chicago, IL, FurstPerson provides a web-based solution that incorporates industry leading assessments and simulations, workflow configuration tools, and reports/analytics that help you identify the key competencies for successful performance, match the right assessments to measure these competencies, validate the solution against performance data, and put a web-based selection system into production easily.

The net result is that you will increase the probability of making the right hire, leading to improved new hire retention, training, and job performance.

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FurstPerson, Inc.

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Alcatel-Lucent's Genesys solutions feature leading software that manages customer interactions over phone, Web and mobile devices. The Genesys software suite handles customer conversations across multiple channels and resources - self-service, assisted-service and proactive outreach - fulfilling customer requests and optimizing customer care goals while efficiently using resources. Genesys software directs more than 100 million customer interactions every day for 4,000 companies and government agencies in 80 countries. These companies and agencies leverage their entire organization, from the contact center to the back office, while dynamically engaging their customers.

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Knowlagent provides the only call center software that increases agent utilization by delivering shrinkage activities during idle time.

Knowlagent creates active wait time through dynamically delivered sessions for talent management and other common shrinkage activities between customer interactions.

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Over 200,000 agents and managers around the world use Knowlagent's solutions every day. For more information, call 888-566-9457 or visit us online at www.knowlagent.com.

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preVisor

TALENT MEASUREMENT

PreVisor, the leading global provider of on demand employment assessments and talent measurement solutions, helps clients connect employment decisions to business results.

Following the rigorous standards of industrial-organizational psychology, PreVisor's assessment content accurately predicts on-the-job performance and supports fair hiring practices.

PreVisor's solutions help streamline hiring, reduce recruiting and training costs, and improve corporate performance for clients worldwide, including more than 100 of the Fortune 500.

The company is headquartered in Atlanta, Georgia, with offices in Washington D.C., Minneapolis, Tampa, London, and Sydney.

Contact:

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SYNTELLECT

At Syntellect, we help our customers create, maintain and continuously improve superior end-to-end service for their customers – personalized service that values their preferences from the way they contact a business to the level of help desired. 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.

Syntellect Customer Interaction Management (CIM) enables you to deliver, continually assess and fine-tune customer service across your organization. The core of Syntellect CIM contains an advanced management engine that enables you to fully control a universal queue of customer interactions of all types, including telephone and Interactive Voice Response (IVR), voice mail, email, web chat, web transactions, fax and agent tasks.

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The Taylor Reach Group, Inc.(Taylor Reach) a call and contact center consultancy, takes a 'hands-on' holistic approach to improving customer interaction and call/contact center strategies, by examining every aspect of the call/contact center interaction process.

Each Taylor Reach consultant has a minimum of 15 years of senior contact center operational management. Since 2003 TRG has delivered award winning results to hundreds of Fortune 500, Global 1000 and SMB's. We understand the 'thousands of moving parts' that make up a contact center and appreciate that the contact center is the single most influential element in delivering an effective customer experience, happier customers and happier employees.

We deliver proven results, driving operational innovation. We guarantee your success by guaranteeing a 300% ROI on recommendations we make. Today more than 14,000 agent desktops globally employ Taylor Reach designed operational models.

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Verint® Witness Actionable Solutions® is the leader in enterprise workforce optimization software and services. Its solutions are designed to help organizations of all sizes capture customer intelligence, uncover business trends, discover the root cause of employee and customer behavior, and optimize the customer experience.

From contact centers to remote office, branch and back-office operations, its award-winning, next-generation Impact 360® Workforce Optimization suite is the industry's most unified solution set—featuring quality monitoring and recording, workforce management, customer interaction analytics (speech analytics, data analytics, text analytics and customer feedback surveys), desktop and process analytics, performance management, eLearning and coaching.

Impact 360 helps improve the entire customer service delivery network, powering the right decisions to help ensure service excellence and transform organizations into customer-centric enterprises.

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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
- Scripting
- Customer satisfaction and complaints
- Queue management systems
- Training and coaching.

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?

What does 'quality' really mean within your contact center?

However, despite this idealized focus on the customer, the data show a somewhat different reality, with 53% of respondents stating 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 centers and 54% of medium operations).

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 to need to implement ways to improve it. Respondents were asked what their biggest challenges were to improving their quality.

Figure 3: What is the biggest challenge to quality improvement that you face?
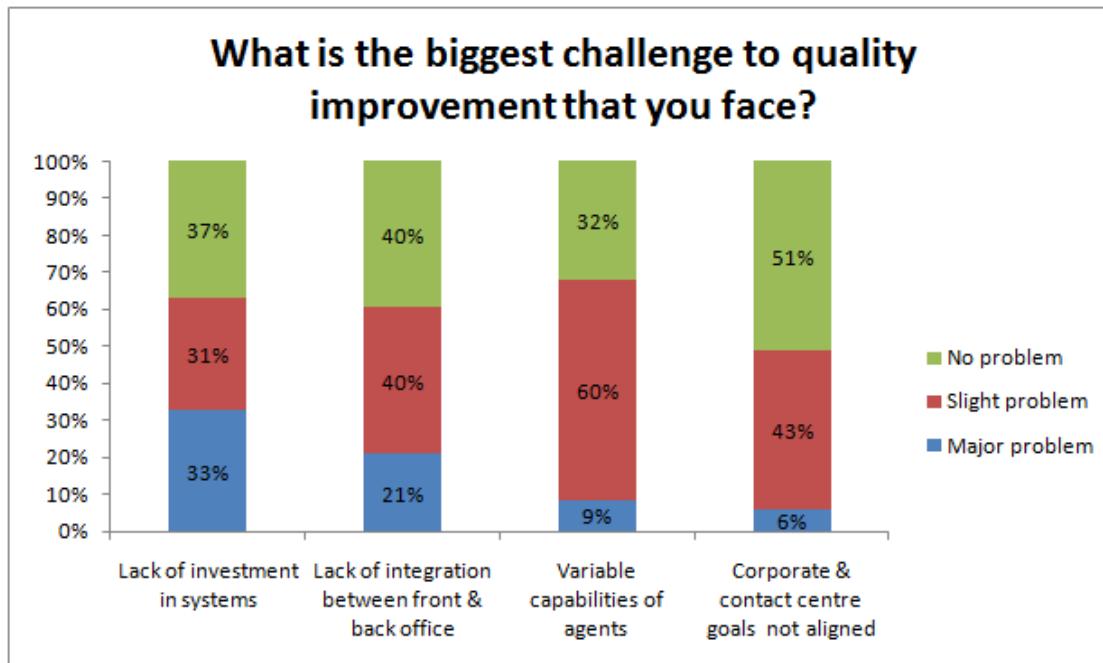
Respondents felt that the lack of investment in systems was holding them back the most, with 33% seeing this as a major problem, although one-third said that it did not hold them back at all from improving quality. Small contact centers were more likely to be restrained by budget constraints.

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.

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 4: QA methods

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

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.

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. ContactBabel studies have consistently shown that increasing customer satisfaction is consistently one of the top foci of US contact centers, sometimes outperforming 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, and, if used correctly, recording's influence can be felt right across the contact center.

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.

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.

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.

Multimedia:

- 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.

Virtual contact center:

- 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.

Impact 360® Speech Analytics

Proven Solutions from a Leading Provider
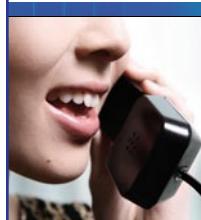
Verint® Witness Actionable Solutions® is a leading global provider of speech analytics software and services. Our award-winning **Impact 360® Workforce Optimization** suite includes **Impact 360 Speech Analytics** — a portfolio of speech analytics solutions designed to provide organizations of all sizes with rapid insight into changes in customer behaviors and patterns. With this breakthrough, patent-protected technology, companies can react rapidly to evolving customer dynamics, reduce expenses, and enhance the customer experience.

Impact 360 Speech Analytics solutions leverage both phonetics and LVCSR recognition — the best combination of speed and accuracy — adding meaning and context to each word and phrase identified in processed calls, all without predefinition of terms. With these solutions, organizations can proactively identify a wide range of business intelligence and make it available across the enterprise, including:

- Call drivers, along with the related product, process, and service issues that may originate in areas outside the contact center

- Emerging trends

- Sales, marketing, and product development opportunities

- Competitive intelligence

To address distinct market needs, the Impact 360 Speech Analytics portfolio includes:

- **Impact 360 Speech Analytics Essentials** — Designed to meet the needs of small to medium-sized contact centers, Impact 360 Speech Analytics offers valuable functionality without the need for costly setup overhead, lengthy consulting engagements, and data interpretation by trained analysts. The solution provides automated trend analysis right out of the box, showing what's happening in the contact center each day. It can also isolate the words and phrases showing the greatest increase or decrease in usage over a given time period, indicating key trends in customer behavior.

  Impact 360 Speech Analytics Essentials can search recorded calls for terms of interest, and surface changes in customer behaviors. Its intuitive, guided search capabilities resemble those used by popular Internet search engines, making it easy to build a focused search and find relevant interactions quickly. A wide range of reports allow captured data to be easily shared.

- **Impact 360 Advanced Speech Analytics** — This robust solution provides a full set of capabilities for categorizing and analyzing speech. It includes all the functionality of the Essentials software, along with call categorization, automated root cause analysis, and native integrations with other Impact 360 solutions. By combining Verint's patented Complete Semantic Index™ technology with advanced emotion detection and a Smart Category Wizard™, Impact 360 Advanced Speech Analytics can automatically categorize audio interactions according to an organization's specific criteria, objectives, and challenges.

  In addition, the solution's TellMeWhy™ functionality can quickly identify potential underlying drivers of specific call types. The software returns a list of contacts in order of relevance, enabling users to evaluate interactions, mine data, and even drill down to specific calls — as well as prioritize root cause groups, automatically suggesting the top instigators of rising call volumes.

- **Impact 360 Speech Analytics Essentials for Audiolog™** — This innovative speech analytics solution is designed specifically for contact centers that use Verint's Audiolog recording solution. Flexible and easy to use, it can process recorded interactions to surface trends and facilitate better business decisions. It's a practical solution that can help organizations identify and take action on strengths and weaknesses, including process and product issues that often originate in areas outside the contact center.

Verint's Impact 360 Speech Analytics solutions can provide valuable insight into what drives calls into your contact center, which products and services customers prefer, and how customer dynamics are evolving. Contact a Verint representative today for more information or to schedule a demo.

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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 5: 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 been 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 6: How true? 'It's often difficult to align agents' performance targets with corporate objectives'

It's often difficult to align agents' performance targets with corporate objectives

- Strongly Agree 4%
- Strongly Disagree 20%
- Agree 18%
- Neutral 14%
- Disagree 44%
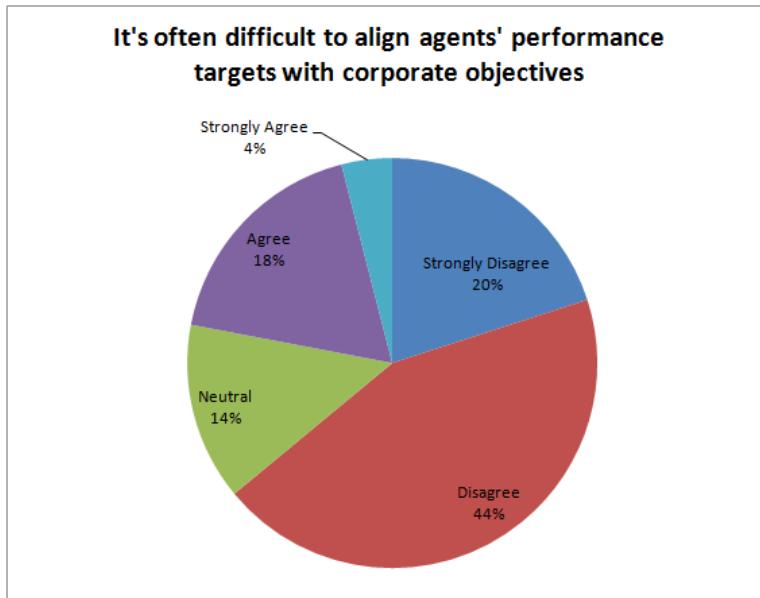
Many of the gaps noticed in respondents' current performance management solutions talk about integration, and the absence of the data that are needed to get a complete picture of what is happening in the whole contact center. 35% of respondents stated that they could not integrate everything they needed 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 7: 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'
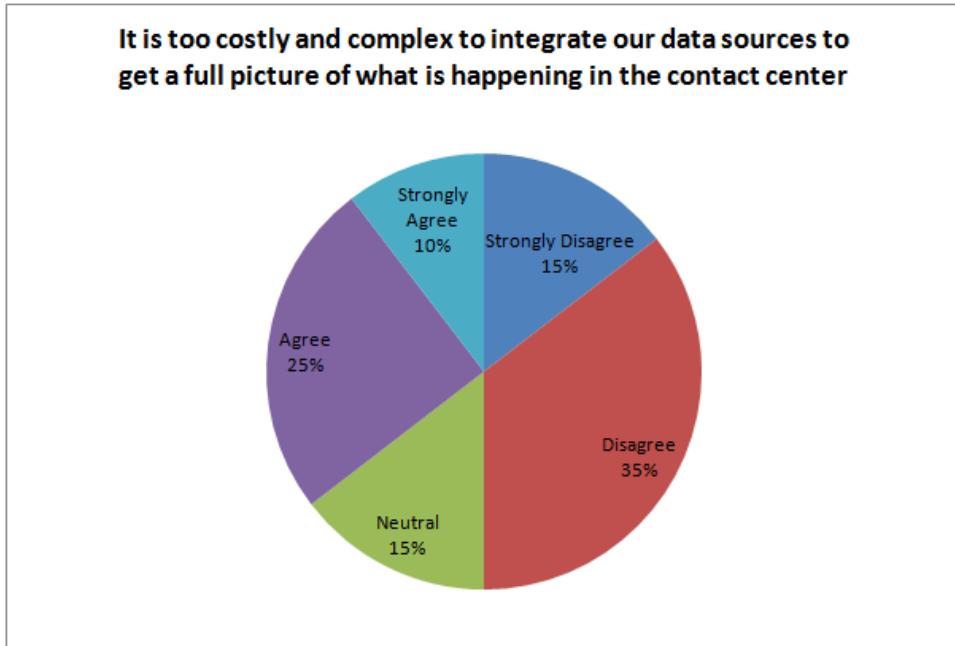
Agent scorecards record performance against key metrics: first call resolution, revenue, AHT, quality and adherence. However, finding the reason for an unsatisfactory score can require extensive searching through multiple data sources and archives. If possible, a unified approach more efficiently and 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.

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Figure 8: How true? 'Our performance management solution can identify training needs right down to an individual's level'

Our performance management systems can identify training needs right down to an individual agent's level
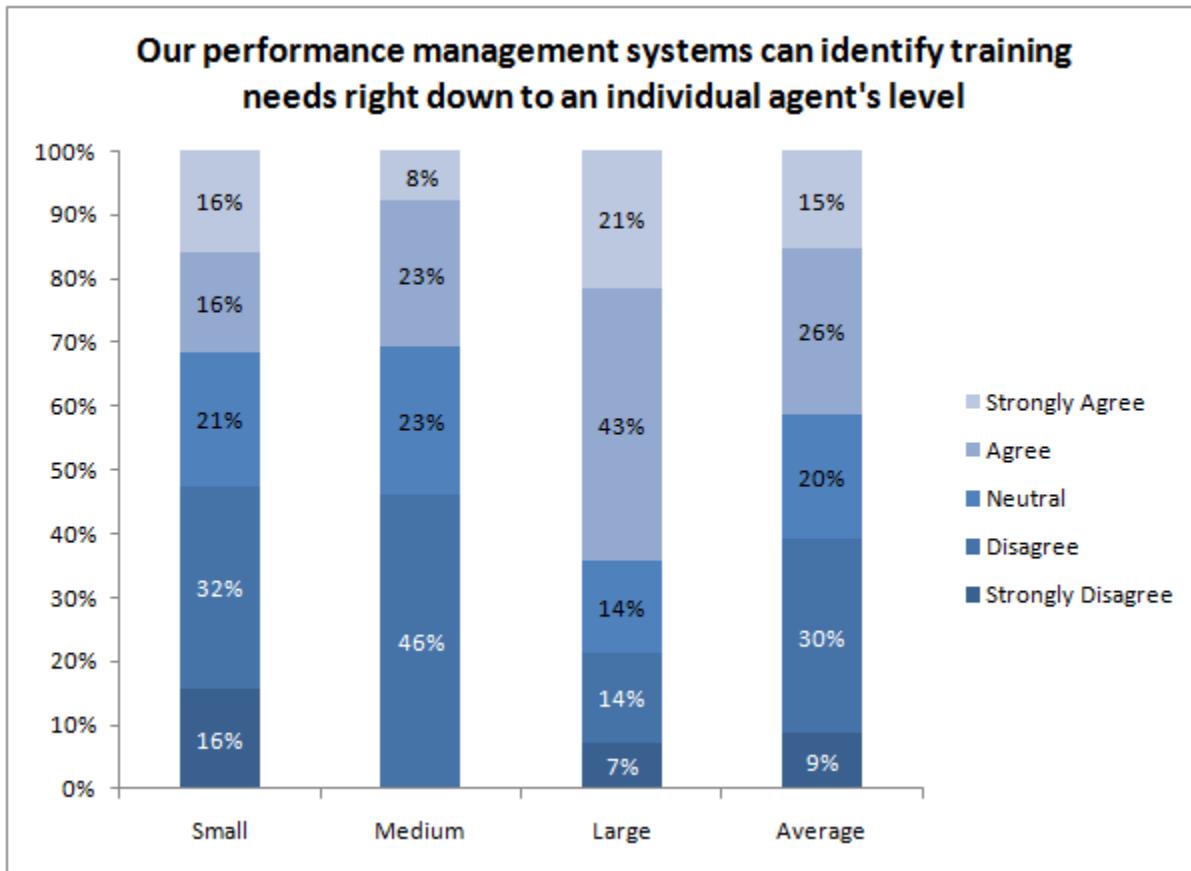
REPORTING AND BUSINESS INTELLIGENCE

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 9: 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.

SCRIPTING

As the previous section showed, the majority of contact centers of all sizes and sectors noted that the variable capabilities of agents was a contributory inhibitor to quality improvements. One possible solution is to look at scripting applications within an overall unified desktop environment, as well as understanding agent training needs through call recording and monitoring, and delivering the right training.

Scripting has a mixed reputation, rightly or wrongly, widely seen as disliked by customers and agents alike, and using overly-rigid scripting is certainly often counterproductive. However, 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 dialogs with customers which change as required, while managing contacts, controlling interactions, and updating databases.

Figure 10: Do you use scripting?
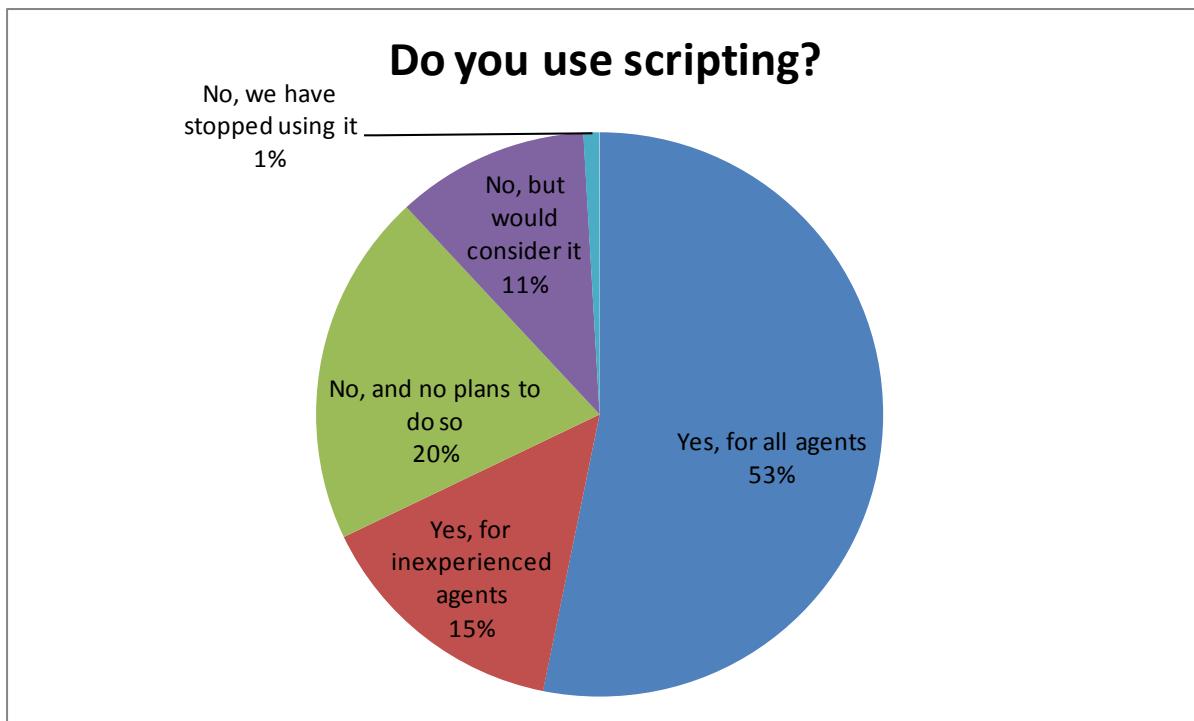
Insurance, medical, outsourcing and telecoms are amongst the greatest users of scripting, with more than half of respondents from each of these sectors stating that all agents used the application (although we should not assume this is for 100% of calls - scripting may be used widely in some industries for legal disclaimers, terms and conditions, etc). Those in the IT sector were least likely to use scripting for all agents.

Public sector and outsourcing contact centers were most likely to use scripting for inexperienced agents, and the retail and insurance sectors were most amenable to considering scripting in the future. Of those respondents who have rejected the idea of scripting, IT, finance and transport & travel operations were the most prevalent.

Figure 11: Use of scripting, by contact center size
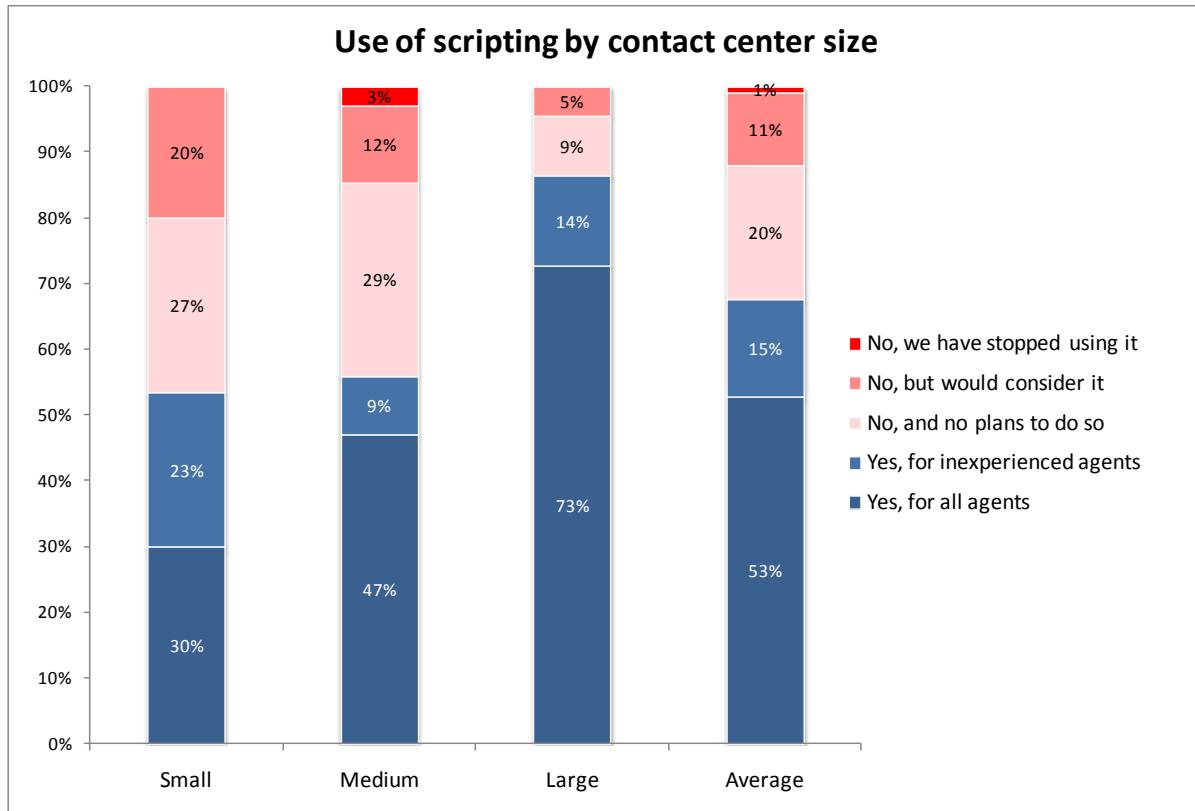
The use of scripting certainly appears to be a factor of contact center size, with 73% of large operations implementing it for all agents, whereas only around 30% of smaller contact centers do so. As larger contact centers will tend to invest most in efficiency-generating applications, this might reasonably be expected to be the case.

A very small proportion of respondents in any sector or size band have stopped using scripting, but there are a quarter in small and medium operations which have no intention of using the application. The next pages will look at what scripting is used for, how effective it is, and why some businesses are against it.

Figure 12: The effectiveness of scripting

Effectiveness of scripting
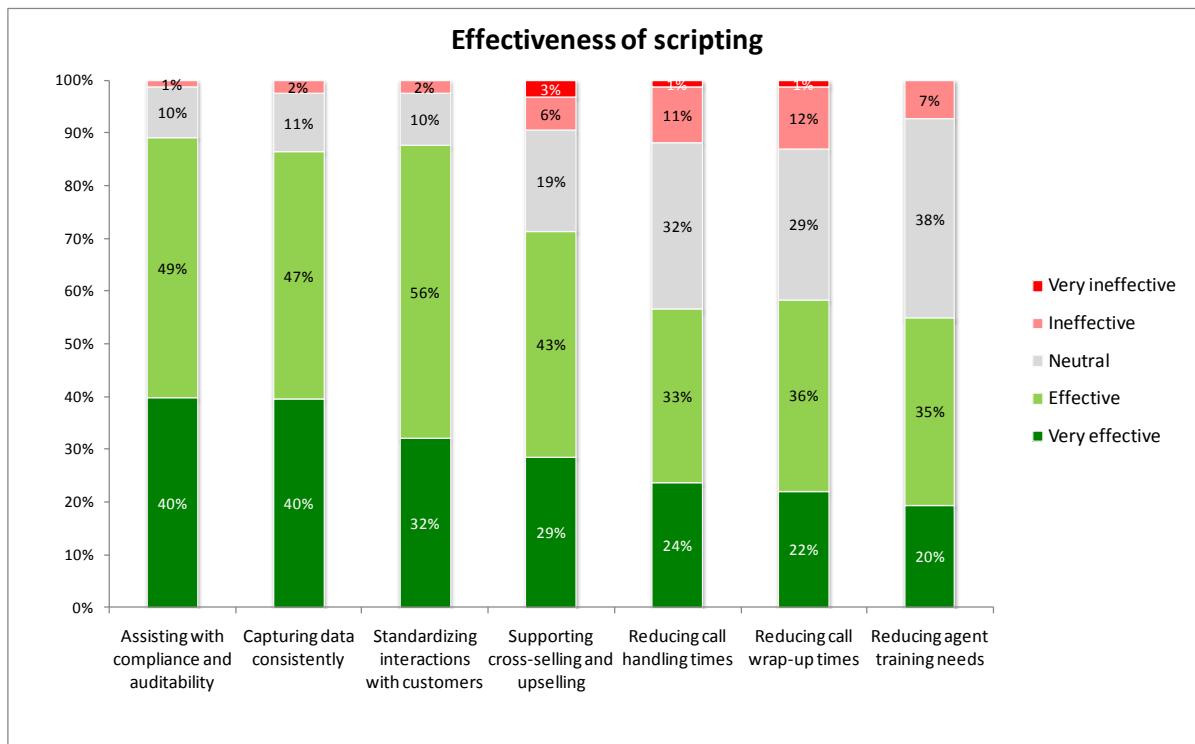
Those respondents who used scripting were generally enthusiastic about the benefits they had received. In particular, the assistance with compliance was particularly well-thought-of, as was the consistency of data capture (as the same information is collected each time, with no short-cuts or missed questions). Most respondents also found that scripting was very effective at standardizing interactions with customers - of course, this only helps quality of the 'average' interaction is of a good quality to begin with.

Secondary benefits around reducing call handling times (through a structured call flow) and as an agent training tool were also reported, with 72% of respondents also saying that scripting was an effective tool for assisting with cross-selling and up-selling.

It seems fair to say from looking at these results that, 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 and tends to yield positive results.

Despite these positive responses from users, scripting has had a bad name, engendered by the uncomfortable-sounding scripts often used by outbound and/or offshore sales agents. Part of this problem is that the agent can sound robotic after delivering the same spiel dozens of times, but there is also the fact that outbound sales calls are generally not well-received by customers, so anything that is associated with them (be it scripting, offshore, silent calls, etc) may have a negative connotation to overcome in any case.

Figure 13: Inhibitors to scripting
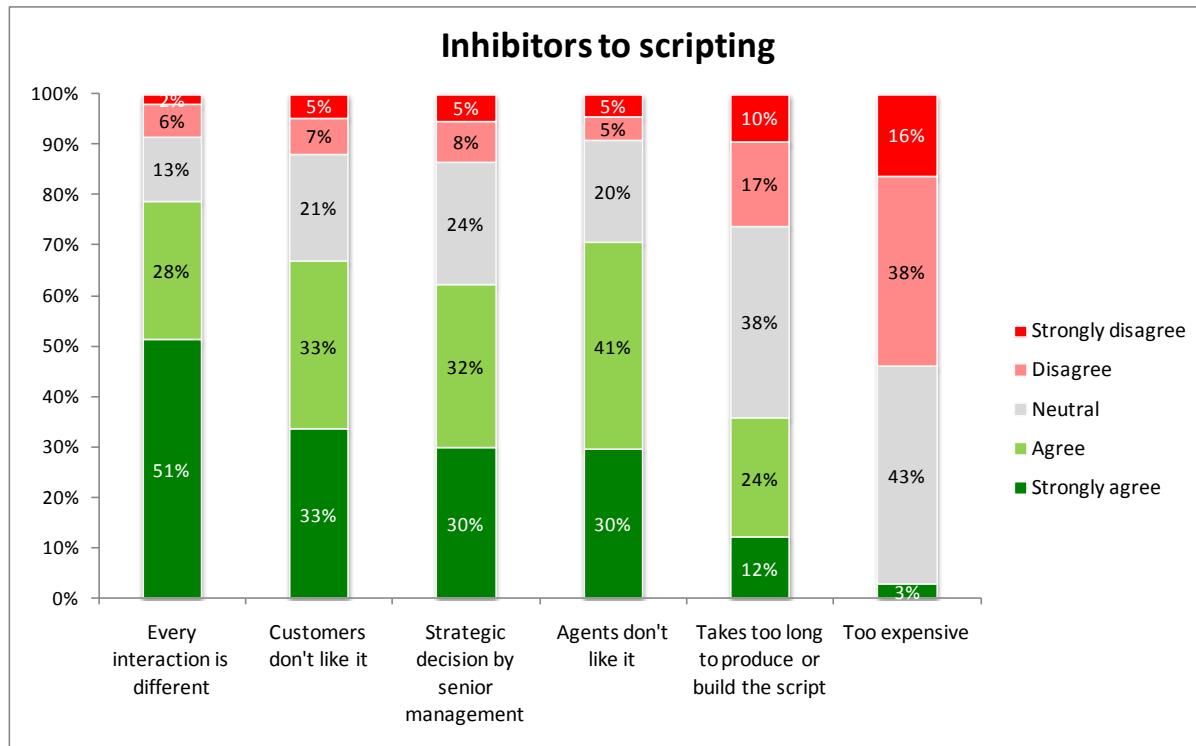
The biggest objection to scripting is that every conversation is different. While this is certainly true, readers should be aware that contemporary solutions offer a whole spectrum of scripting, from tight to loose, with the latter simply offering checkpoints within the conversation: much of the negativity around scripting comes from familiarity only with the tight, constrained version, and as the previous graph shows, contact center management believe that neither customers nor agents like scripting (and seemingly, neither do many people at the top of the organization, who appear to hand down non-scripting edicts). Cost, however, is not an issue.

Scripting is much more than a series of dialog prompts, as it is now more about designing the customer experience and journey for a particular type of interaction - for example, making an insurance claim - using design sessions fitting together workflow, data sources and dialog. People with less experience of modern-day scripting often think the robotic 'scripted conversation' experience is what scripting creates, and indeed, many of the respondents to this questionnaire believe that there are too many variables to anticipate within a conversation and that letting agents make the best decision about the conversation is really the only way to handle things. However, real-time decision engines are an example where online resources can be leveraged to work within the contact center as well: real time responsiveness in an online environment is achieved through automated decision-making built on a set of business rules which identify pre-defined customer profiles and the solutions, products and data that are suitable for presentation to the customer.

The design environment that new scripting solutions provides can use existing back end resources without further development, so scripts no longer have to anticipate every possible alternative. Data gathered during conversations, combined with customer profiling, trigger appropriate responses which can be immediately presented to the customer, which is beneficial for customer and agent alike.

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 66%.

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 14: Proportion of customers giving maximum customer satisfaction rating

Vertical market	Proportion of customers giving maximum customer satisfaction rating
Insurance	83%
IT	76%
Outsourcing	70%
Utilities	68%
Public Sector	66%
Retail & Distribution	63%
Medical	60%
Telecoms	60%
Services	59%
Finance	58%
Transport & Travel	55%
Average	**68%**

In terms of contact center size, there is a slight decline in customer satisfaction as the operation gets larger, with 71% maximum customer satisfaction ratings being experienced in small contact centers, 68% in medium-sized operations and 65% in large contact centers. It may be that large operations are more efficiency-focused and have less time to spend with customers, or simply the fact that banks tend to have large contact centers and are very unpopular at the moment.

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 fell 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.

SMS: Text messaging 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 better than many 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.

The following figure shows that respondents believe that telephony is the most effective customer satisfaction survey method currently being used. There is a more lukewarm feel to written surveys, although respondents were more likely than previous years to consider post-call IVR to be a good way of gauging customer satisfaction. SMS was rarely felt to be more than a secondary technique, perhaps due to the limited nature of feedback, although it does have the benefit of immediacy, and can be linked to specific agents. However, more than two-thirds of respondents have never used SMS for customer satisfaction purposes, so it is fair to say this is currently under-used.

Figure 15: Effectiveness of customer satisfaction survey techniques

Effectiveness of customer satisfaction survey techniques
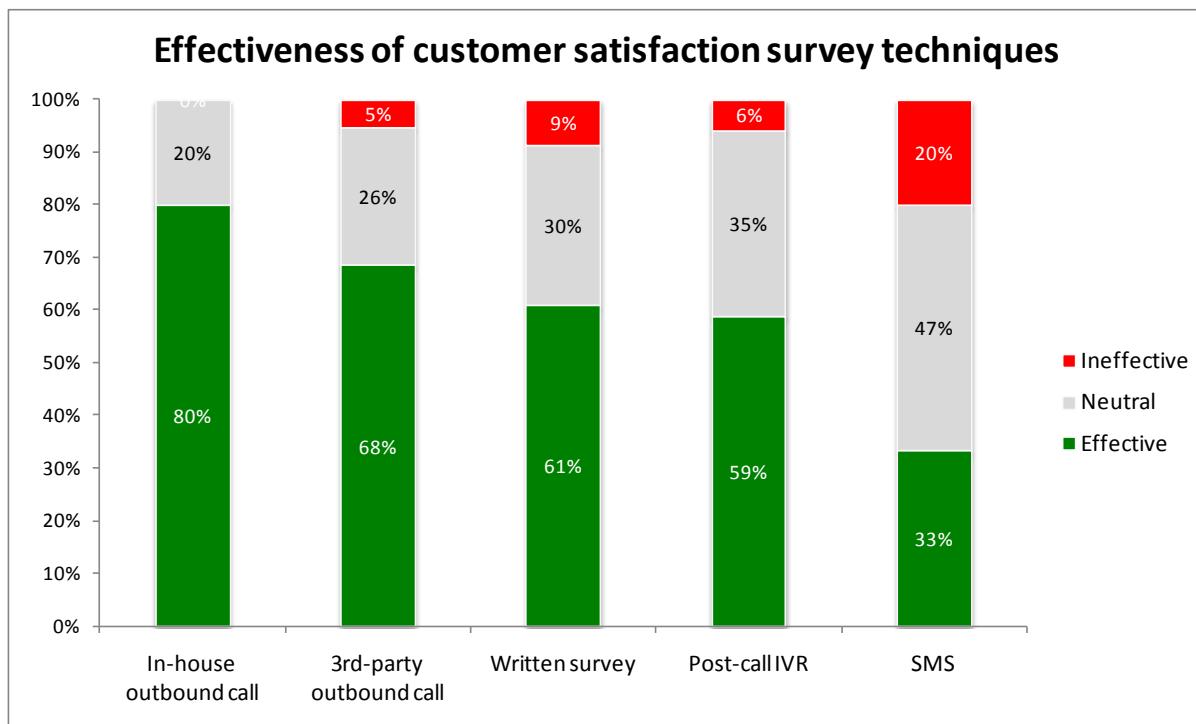
While there is not a single measurement method which is generally agreed upon to be by far the best, outbound telephone surveys (whether carried out by the business or an outsourcer) generally rate higher than more hands-off approaches, perhaps simply because people are less likely to refuse a person rather than a machine. 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.

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.

Despite customer satisfaction being consistently reported as one of the most important issues for contact center managers to track, more than one-third of respondents do not reward agents based upon the customer satisfaction rating achieved, with 45% of respondents not linking customer satisfaction ratings to their management's rewards: traditional call performance metrics are used a little more often to reward both agents and management. Without the direct link between customer satisfaction (preferably at an agent-level) and reward, it is difficult to promote those behaviors that lead over time to customer loyalty and advocacy. As things stand, if an agent has to choose between hitting call targets or spending longer with the customer, it would usually be more rational for them to pursue better call metrics, and this is holding back superior customer experiences.

Figure 16: How do contact center staff get rewarded?

How do contact center staff get rewarded?
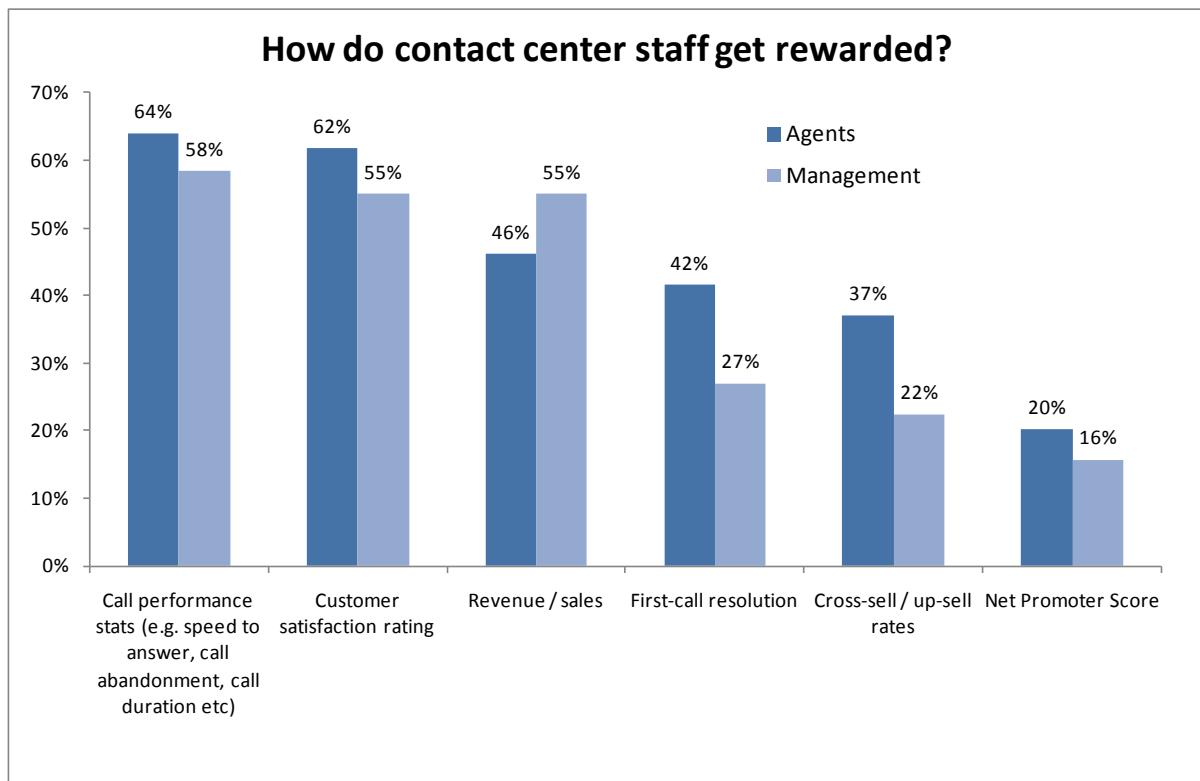
Customer satisfaction scores - given as marks out of ten, for example - are of limited use, although they have the benefit of being easy to understand and track over time. However, businesses should be looking beyond simple metrics, which in themselves give little in the way of actionable intelligence. The majority of respondents collect verbatim responses from dissatisfied customers, which is beneficial for two reasons: responding immediately to the disgruntled customer to bring them back onside, and to analyze and understand which processes are broken so as to fix them.

However, apart from this fire-fighting, customer satisfaction measurement is generally limited in its practical use, with only 49% of respondents tracking customer satisfaction at an agent-level (doing this with written questionnaires is especially difficult), and 38% being aware of which processes are causing the greatest displeasure. It should further be noted that this awareness of broken processes is rarely collated into meaningful and actionable data, relying on the diligence of management to go through individual verbatim responses and find patterns to process failures themselves.

It should be a matter for concern that so few respondents identify the specific behaviors and characteristics associated with successful or unsuccessful agents and conversations, as how a customer feels about a company is key to whether they will stay loyal or defect if a cheaper alternative comes along.

Figure 17: Customer satisfaction measurement, in-depth

Outputs from customer satisfaction measurement	% respondents
Verbatim responses from dissatisfied customers	71%
The agents providing the highest levels of customer satisfaction	49%
The business processes that are causing customer dissatisfaction	38%
The specific characteristics and behaviors most liked / disliked by customers	26%

Looking in more depth about how disgruntled customers are treated, 81% of respondents that identified this customer type actually did something about it, there and then, usually calling them to discuss the matter further. This offers businesses the chance to prove themselves to the customer, potentially turning a detractor into an advocate. It is disappointing to see the telecoms sector's reluctance to engage with unhappy customers, particularly in light of high customer churn rates being one of the banes of the industry.

Figure 18: Immediate response to dissatisfied customers, by vertical market

Immediate response to dissatisfied customers, by vertical market
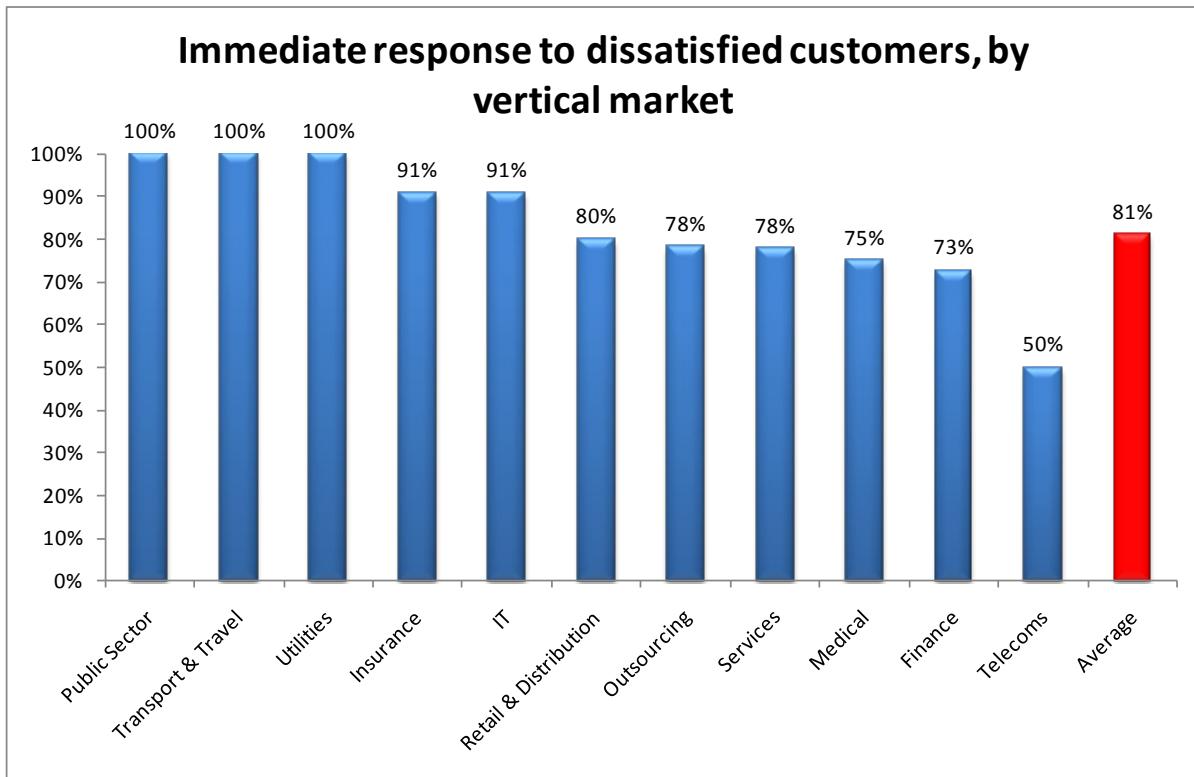
Tracking and measuring customer satisfaction and opinion is important, but many businesses are missing key parts to the customer experience jigsaw by not being able to interpret their findings correctly. 40% of respondents compare their customer satisfaction to their direct competitors, but only 32% try to match themselves against the best-in-class service providers - those which are a byword for top-quality customer service. It is not enough to be the best of a bad bunch - if customers experience superb quality service from a bank, they can reasonably expect that a telco, utilities company or broadband provider should be able to deliver a similar quality of service.

Figure 19: How do you benchmark your customer satisfaction scores?

How do you benchmark your customer satisfaction scores?

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-optimisation."[1]

Seddon cites the instance of the UK 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 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.

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

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 20: 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
Telecoms	18.0%	23%	77%
Finance	7.4%	28%	72%
Outsourcing	9.7%	21%	79%
Services	12.9%	14%	86%
Public Sector	2.5%	51%	49%
Medical	11.0%	12%	88%
Retail & Distribution	13.8%	8%	92%
IT	5.2%	21%	79%
Insurance	3.6%	16%	84%
Utilities	1.5%	33%	67%
Transport & Travel	1.4%	6%	94%
Average	**8.7%**	**20%**	**80%**

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 below).

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 telecoms sector has 5.9% of its overall calls being complaints about the contact center itself (calculated by multiplying the % of complaints - 18% - by the % that refer to the contact center - 23%). On the other hand, the transport & travel sector has a miniscule proportion of calls being about the failings of its contact center operations.

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 services sector receives a high proportion of complaints (13% of all calls), but 86% are about failures in processes elsewhere in the enterprise.

The large majority 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 on behalf of Vicorp[2], which aimed to explore why the public hated queuing to speak to a contact center agent, yet were legendarily happy to queue for almost everything else.

Figure 21: 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%

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[2] "Your call is important to us…" Why does the British love of queuing not extend to contact centers? - available from www.contactbabel.com without charge

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 shop 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 20-25 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 an 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 27% of respondents using this (up from 17% last year). Interestingly, it is the service-oriented respondents that are more likely to offer this, whereas it might have been expected that sales-focused contact centers should have been more concerned about losing a potential sale and thus to offer call-back. One explanation may be that sales-only operations are more likely to be outbound-focused, and thus, an inbound queue management system is less relevant.

The use of a website 'call-me' button (which initiates an outbound call at a time specified by the recipient) is weighted more towards sales operations, and is present in the case of 16% of all respondents (18% in 2009), with a weighting towards revenue-generating operations.

Figure 22: 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	19%	14%
Mixed	29%	35%
Service	12%	28%
Average	**16%**	**27%**

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 the majority of contact centers offering agent 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 that the general availability of skills 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.

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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 23: Effectiveness of induction course training methods
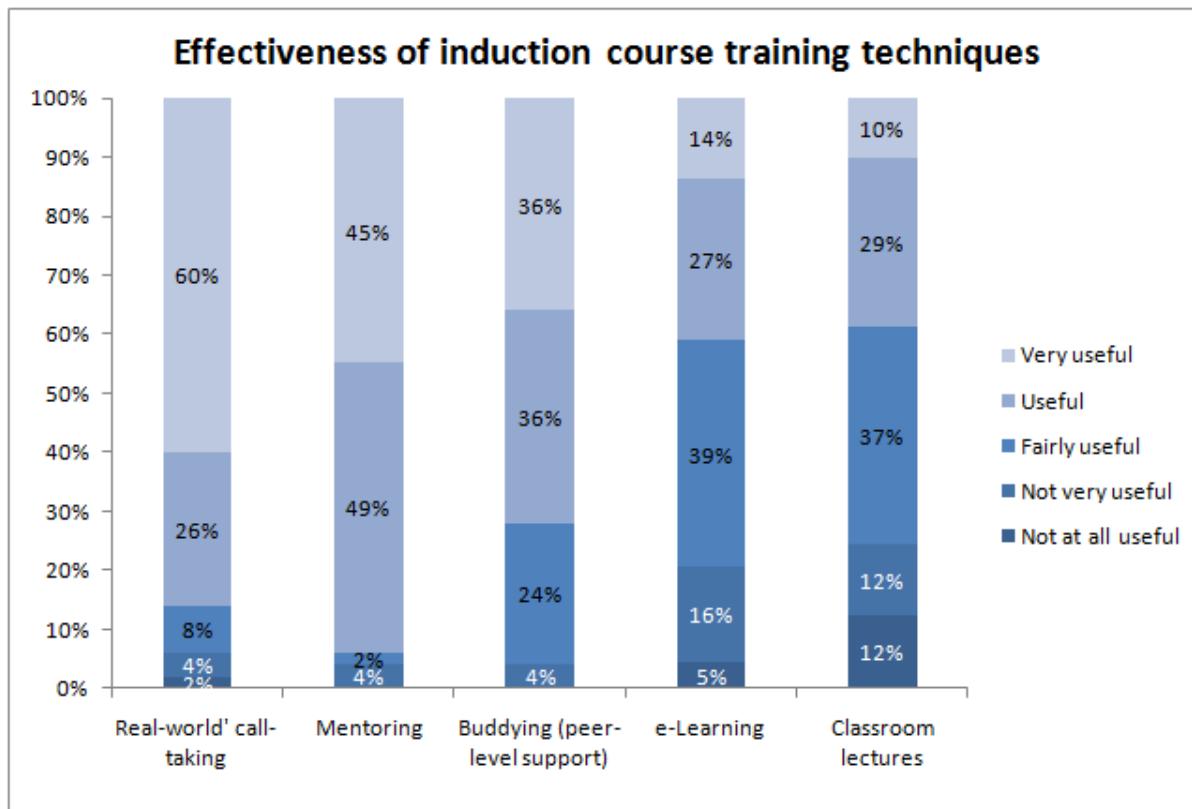
The traditional method of training is to sit a number of people in a room and ***lecture*** them. This is certainly a useful, well-proven and cost-effective way of passing on information, although of course it cannot really take into account the specific requirements of each employee. However, as a way 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 8 weeks before a new starter is fully-productive, which means that for most of the first two months, an agent is still coming to terms with their job and is not pulling their full weight.

Figure 24: Number of weeks for a new agent to become fully productive, by contact center activity type
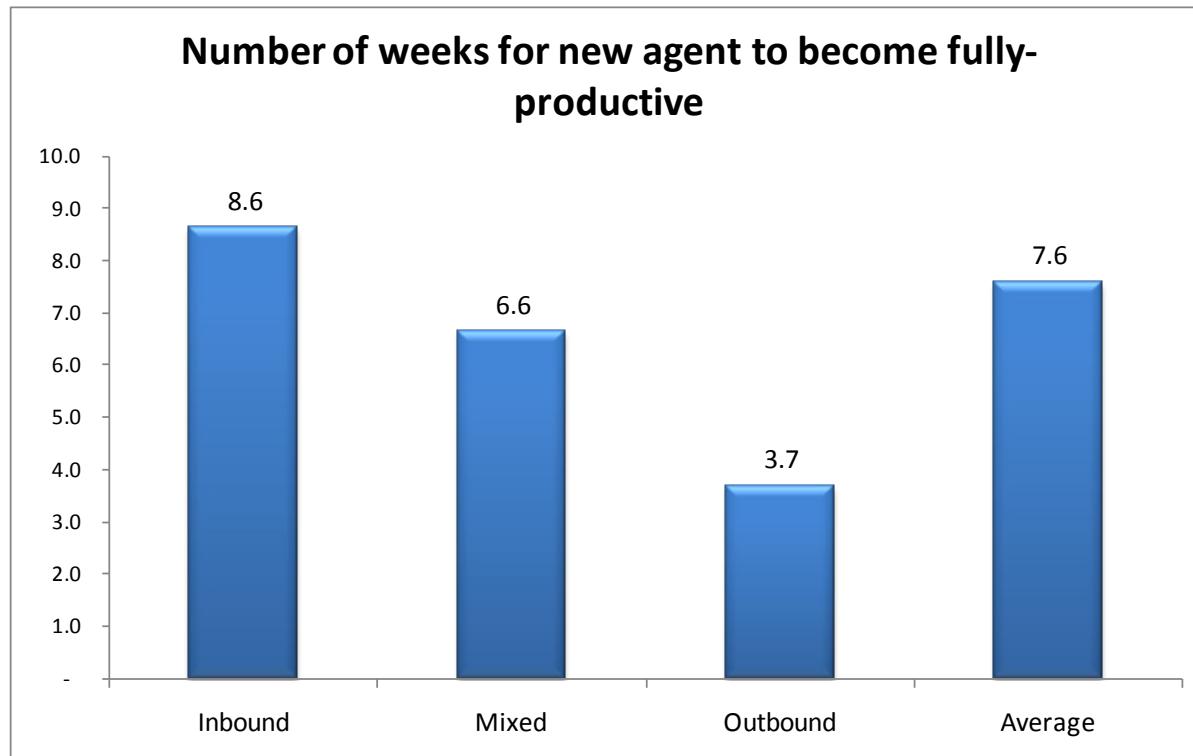
There is little difference between size bands in the amount of time required to get an agent totally up to speed, but as we might expect, the type of contact center activity that an agent is asked to do has a large bearing on their speed to competency. Outbound-focused operations (usually sales-orientated), get their staff fully-trained and selling in much less time that an inbound operation requires. 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 scripting and a greater variety of requests and topics that an inbound agent will often have to deal with.

Figure 25: Number of weeks for a new agent to become fully productive, by vertical market

Number of weeks for a new agent to become fully-productive, by vertical market
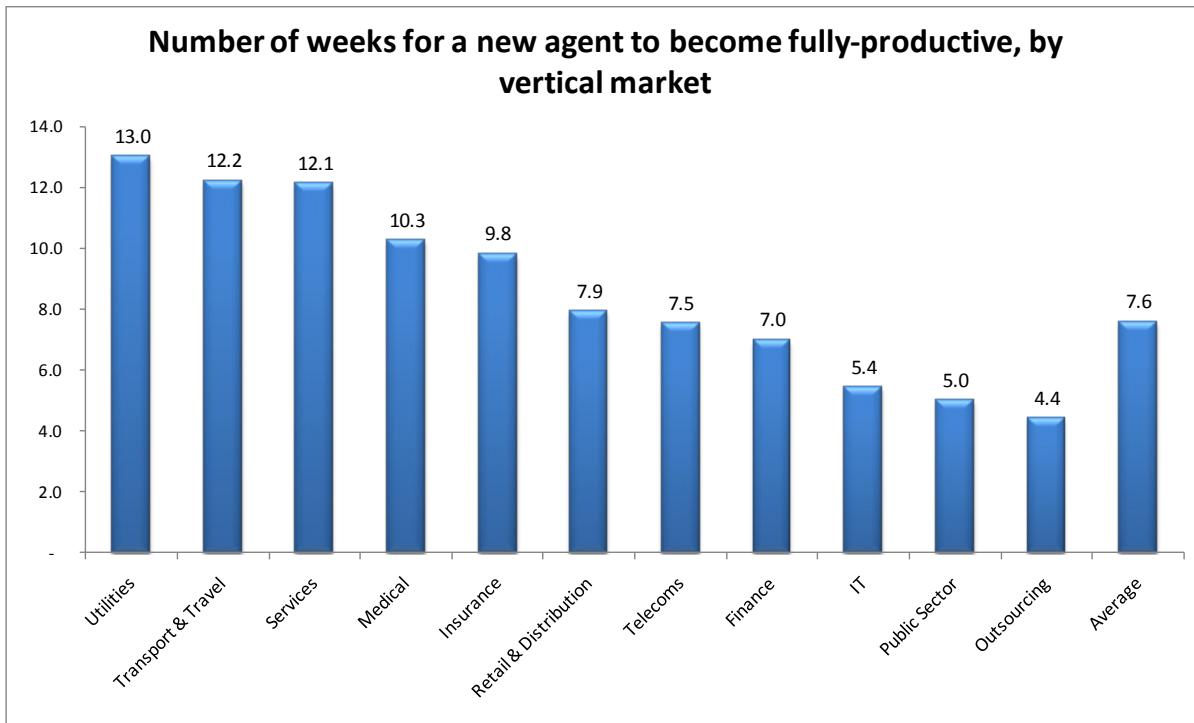
This delay in achieving full productivity is even more noticeable in businesses where the role is generally more challenging, probably as a result of the technical complexities of the role, the legislative requirements or any other business-specific reason for delayed competency.

INDUCTION COURSE COSTS

The cost of the induction course varies significantly across vertical markets, as the complex and often technical inbound service activities often found in the medical and insurance vertical markets pushed the per-capita induction course expenditure up to $2,882, which is a 43% increase on last year, and a sign that businesses believe that the worst of the recession is over. The telecoms and retail & distribution sectors spend the least, and vertical markets with a lot of sales focus, especially outbound, have a much lower induction course cost. We should note that the outsourcing induction cost-per-capita is dragged up from a median of only $1,200 owing to a small number of respondents with very high induction costs.

Overall, induction course expenditure per head has bounced back considerably for almost every sector. 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 and the 2009 figures bore that out, but this trend seems to be in reversal now.

Figure 26: Cost of induction course by head, by vertical market

Cost per head of induction course, by vertical market

Market	Cost
Medical	$5,333
Insurance	$4,200
Finance	$3,829
Transport & Travel	$3,250
Utilities	$3,050
IT	$2,625
Services	$2,240
Outsourcing	$2,008
Public Sector	$1,600
Retail & Distribution	$1,225
Telecoms	$1,220
Average	$2,882
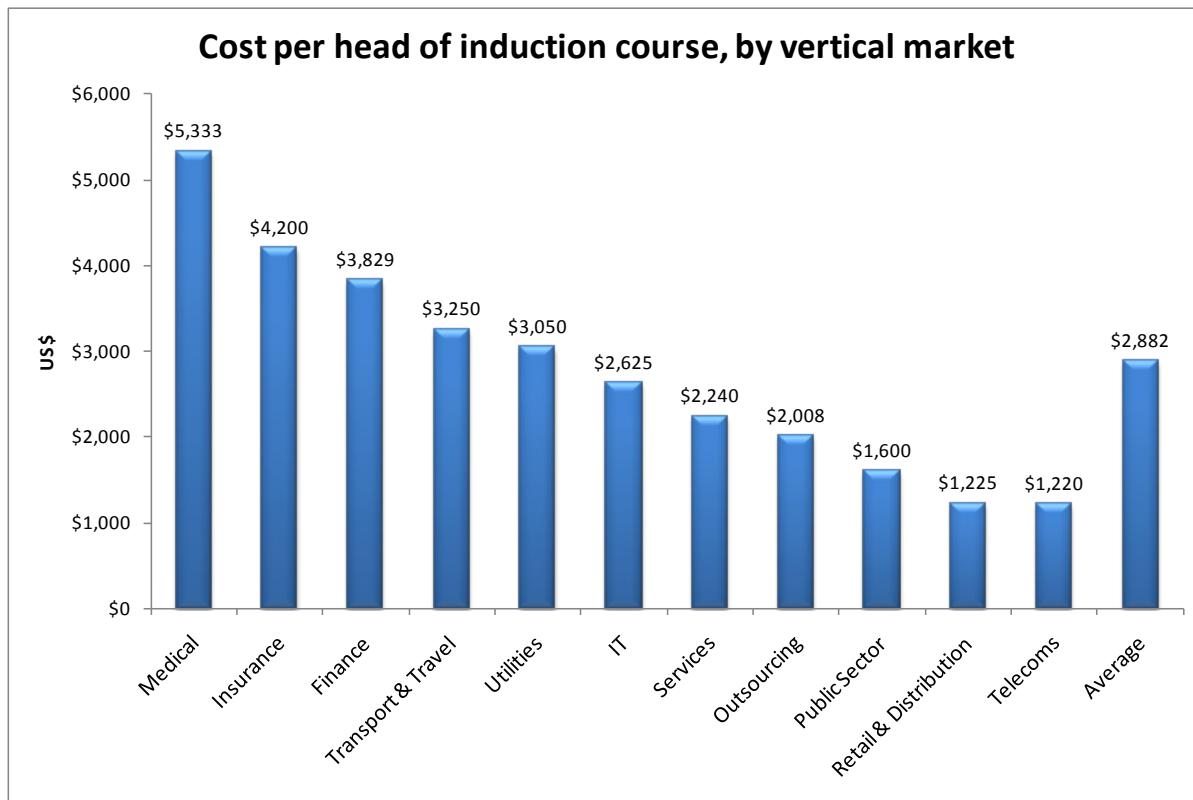
Although training budgets as a whole have bounced back, this is very much driven by inbound-focused respondents. There has been a significant drop in outbound induction course expenditure, but only time will tell if this is a structural decrease, or simply a blip caused by a relatively low number of respondents to this particular question this year.

Figure 27: Cost of induction course per head, by contact center activity type

Contact center activity type	Cost of induction course per head ($)	Change since 2009
Inbound	$3,233	+71%
Mixed	$2,750	-4%
Outbound	$705	-44%
Average	**$2,882**	**+43%**

The largest contact centers 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. In 2009, large operations saw huge cuts in per-capita expenditure as businesses reacted to the recession by slashing costs. However, 2010 has seen this more than rebound, passing 2008 levels, especially for large operations which have almost doubled per-agent expenditure on induction courses.

Figure 28: Cost of induction course per head, by contact center size

Contact center size	Cost of induction course per head ($)	Change since 2009
Small	$2,475	+57%
Medium	$2,738	+33%
Large	$2,845	+74%
Average	**$2,882**	**+43%**

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.

Figure 29: Type of ongoing training time, by vertical market
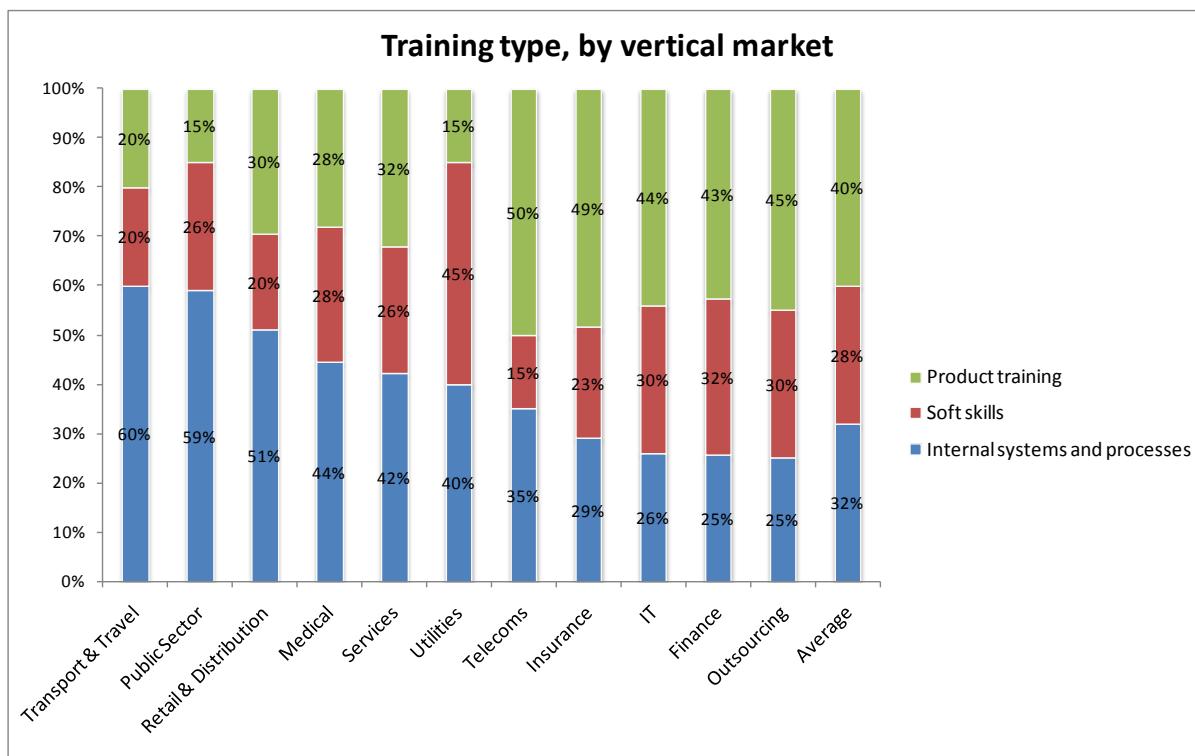
It is negative that a very significant amount - almost one-third - of the agents' time is spent on training them how to navigate between multiple archaic legacy systems, when desktop integration applications could be put in place to ease the flow of the interaction, allowing the agent to focus upon the 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, and it is positive to see that 40% of the typical agent's training time is spent upon learning about their products, services or competition, although this is up on last year's figure of 30%. 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, although there is a significant difference when looking at the type of activity of the contact center.

Figure 30: Type of ongoing training time, by contact center activity type

Training type by contact center activity

Legend:
- Product training
- Soft skills
- Internal systems and processes

Activity	Internal systems and processes	Soft skills	Product training
Inbound	33%	25%	41%
Mixed	30%	30%	40%
Outbound	28%	40%	32%
Average	32%	28%	40%
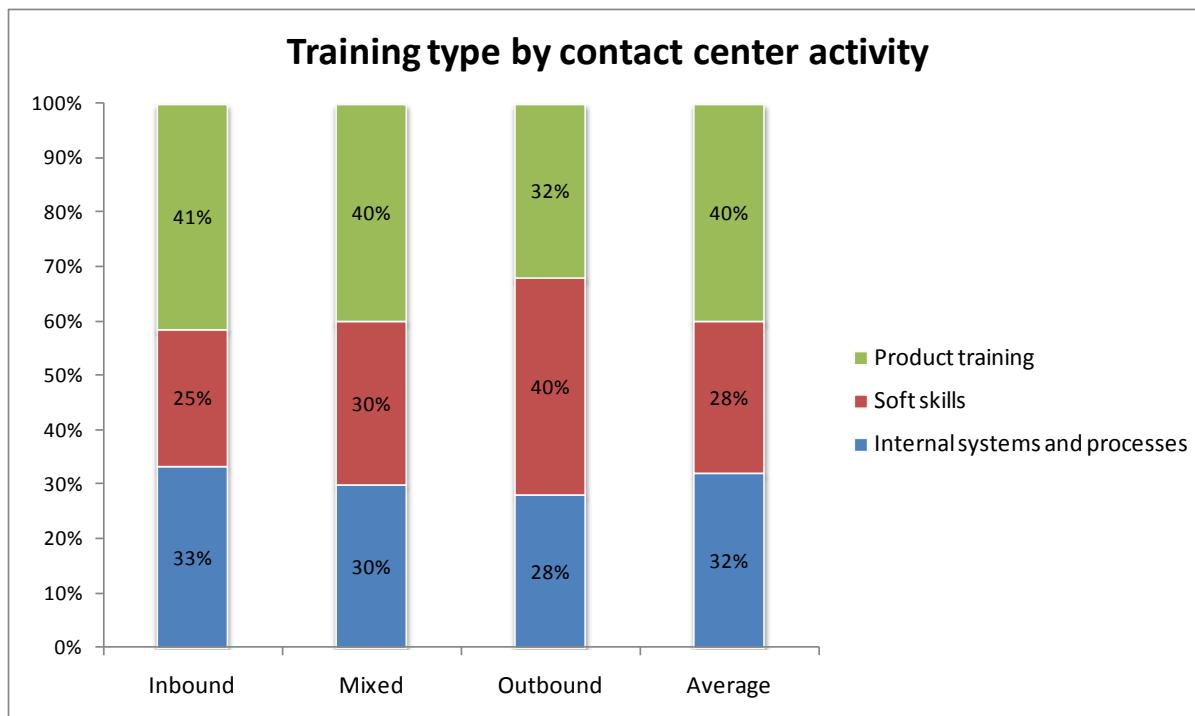
Sales-focused, outbound operations spend 40% of ongoing training time dedicated to soft-skills, especially sales techniques, empathy training, matching communication styles and attitudes with callers, and listening skills.

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 (which is not included in these figures).

Figure 31: Types of ongoing training, by vertical market (hours per agent per week)

Vertical market	Coaching	Classroom training	Total ongoing training
Medical	2.3	1.9	4.2
IT	2.6	1.1	3.7
Services	2.5	1.0	3.6
Finance	2.2	1.3	3.6
Outsourcing	2.2	1.2	3.5
Telecoms	2.3	0.3	2.6
Insurance	1.5	0.6	2.0
Utilities	1.0	0.8	1.8
Transport & Travel	1.0	0.4	1.4
Public Sector	0.8	0.5	1.3
Retail & Distribution	0.6	0.6	1.2
Average	**2.0**	**1.0**	**3.0**

NB: 'Classroom training' data converted from 'days per year' into 'hours per week' by assuming 8 hours per day, and dividing by 52 weeks

The medical sector provides agents with the greatest overall amount of ongoing training, with an equivalent total of 4.2 hours per week devoted to training.

Whereas large contact centers will tend to spend more time on induction courses than smaller operations, the tables are turned where ongoing training is concerned, at least in terms of time. Smaller contact centers spend a lot more time on their staff for ongoing training, as coaching is one the cheaper forms of training and does not require the external training resources that assist many larger operations.

Sales-focused outbound contact centers are more likely to spend money on ongoing training to their staff, as much of this will be driven by new products and campaigns, as well as honing sales skills. Much of this will be highly-specialised, and may be from external trainers. Outsourcers are particularly keen to coach staff rather than to wait for formal training courses.

In terms of cost, the annual per-head expenditure on ongoing training is $2,128, 26% higher than last year's figure.

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 32: Monthly hours of coaching and development for team leaders, by vertical market

Vertical market	Monthly hours of coaching and development for team leaders
IT	9.1
Services	9.0
Outsourcing	8.8
Insurance	6.2
Finance	5.5
Telecoms	5.0
Retail & Distribution	4.1
Transport & Travel	4.0
Medical	3.9
Utilities	3.5
Average	**7.0**

On average, a team leader can expect to receive around 1.5 hours of coaching and development per week 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.

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MAXIMIZING EFFICIENCY AND AGENT OPTIMISATION

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.

University of Maryland Medical Center

Managing the Customer Experience from the First Interaction

CHALLENGES

The University of Maryland Medical Center (UMMC) wanted to provide their customers with an easy way to reach their physicians and services while increasing customer satisfaction with the contact center.

"Our contact center was unable to report the number of calls that were in the queue and the length of time each caller had to wait," says Linda Ellis, UMMC's customer relations manager. "We also could not prioritize calls, offer self-service menus, and obtain accurate reports on contact center activities."

UMMC could not add or update delay messages and the medical center was unable to keep the staff levels adequate to meet the demand. "Another problem the medical center had was determining an accurate call abandonment rate," says Ellis. "We also wanted to route calls to the appropriate agent using caller identification technology, a disaster recovery plan and the ability to record calls for training purposes."

SOLUTION

UMMC evaluated numerous products in the marketplace before choosing Syntellect's Customer Interaction Management (CIM) solution to meet the needs of their contact center. Syntellect CIM manages UMMC's customer experience from the initial arrival of an interaction through self- service options, multiple queues, and agents, as needed, to the final interaction resolution.

"UMMC wanted a state-of-the-art contact center so our staff could provide a high level of service to our callers without hiring additional agents," states Ellis. "We chose Syntellect CIM because it had all the features to fill in the gaps in our operation and the solution was flexible enough to grow with our contact center."

With Syntellect CIM, UMMC can better utilize staff and support other departments at the university with their own phone needs. UMMC can now expand their contact center in the future by using CIM's scalable approach to interaction management.

RESULTS

Since the Syntellect CIM solution was implemented at UMMC, agents are experiencing a higher satisfaction rate from customers. UMMC agents also like Syntellect CIM since they can now view call information prior to taking the call to ensure they are prepared before beginning the conversation.

"When a customer has an assigned agent, the call may be directed to this agent prior to presenting the call to the entire team of agents," says Ellis. "Speaking with the same agent each time provides the customer with a higher comfort level."

Syntellect CIM provides a detailed view across the contact center to ensure that staffing decisions are based on the most accurate business metrics available. Accessible via the Web, CIM provides anywhere/anytime access to critical business data to assist UMMC with planning and staffing the contact center.

Ellis explains, "Syntellect CIM's reporting system provides a detailed analysis of information on all interactions and agents throughout the various stages of the interaction and may be displayed daily, weekly or monthly. This is critical in managing contact centers and forecasting our future operational requirements."

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 consider focusing upon various measurements from the following table.

Figure 33: 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. However, it is one of the easiest statistics to measure, and work out cost against.
Cost per call	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. 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.
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. The Customer Satisfaction section in the previous chapter should be read into order to understand the various methods and meanings of customer satisfaction scores.
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. Currently, this is less of an issue than in previous years.
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 be 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. We have segmented it into five 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
- **Training:** whether desk-based or lecture-type
- **Administration**: 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).
- **Idle**: time spent not taking calls or doing other work.

Figure 34: Agent activity by vertical market

Vertical market	Call time	Wrap-up	Training	Admin	Idle	Other
Transport & Travel	73%	7%	9%	4%	5%	2%
Retail & Distribution	72%	8%	5%	4%	8%	4%
Telecoms	70%	7%	7%	4%	9%	3%
IT	68%	7%	7%	10%	6%	2%
Services	67%	13%	7%	6%	5%	3%
Outsourcing	66%	8%	7%	3%	10%	5%
Insurance	65%	11%	5%	3%	9%	7%
Utilities	65%	10%	9%	3%	8%	5%
Finance	65%	13%	5%	6%	9%	2%
Public Sector	64%	7%	6%	5%	16%	3%
Medical	59%	11%	5%	6%	13%	6%
Average	**65.1%**	**9.3%**	**6.3%**	**5.0%**	**10.0%**	**4.4%**

In an improvement on previous years' results, respondents' agents spend an average of 65% of their time on calls, with around 10% of time spent on each of wrap-up and idle time, which is a decrease this year from 15% in both cases last year.

Looking by contact center size, the general gains due to economies of scale are clearly shown: the sub-50 seat sector achieves talk time of 62%, the mid-sized (50-200) segment is 64% and the large (over 200 seat) sector manages 68% talk time.

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 an area which could further be reduced in many contact centers. 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 - coupled with speech analytics - 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, an 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 over 9 minutes. 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 35: Average call duration (service & sales), by vertical market

Vertical market	Service calls	Sales calls
IT	7m 19s	6m 9s
Finance	6m 12s	5m 44s
Outsourcing	6m 6s	7m 39s
Utilities	5m 25s	7m 30s
Insurance	5m 0s	9m 4s
Retail & Distribution	5m 4s	5m 30s
Public Sector	5m 0s	n/a
Medical	4m 48s	4m 40s
Telecoms	4m 45s	4m 35s
Services	4m 17s	5m 24s
Transport & Travel	3m 30s	7m 0s
Average	**5m 35s**	**6m 31s**

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.

Can you see what's happening to your best customers **RIGHT NOW?**
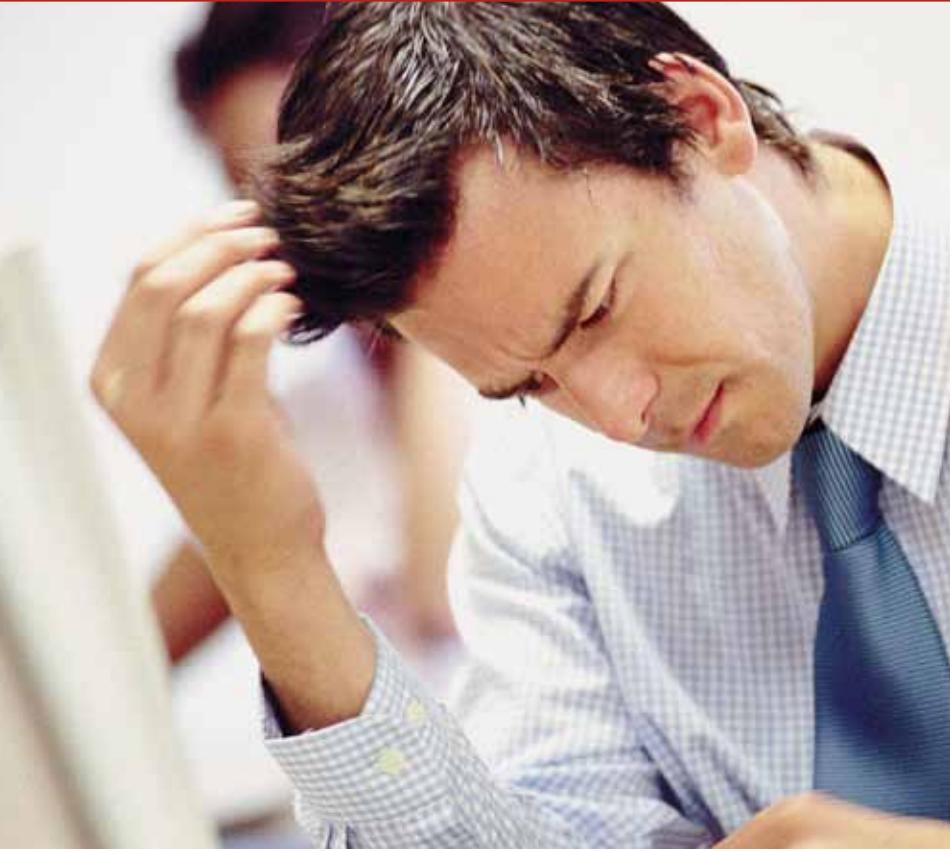
Most reporting solutions can only show you what's already happened. They can't help you see that right now your best customers are receiving poor service or that Cleveland has a call spike while agents sit idle in Denver.

With **Genesys Performance Management** you can see everything that's happening as it happens, and solve issues like these before they become long-term problems.

- Managers can see business and operations performance across the entire customer service organization.

- Users are alerted to developing issues, so problems can be corrected before they affect customers.

- Agents manage their performance in real time, correlate it with supervisors, and get needed information.

Only Genesys Performance Management unifies and simplifies real-time customer metrics from across your organization, to eliminate the blind spot in your customer service.

To find out more about **Genesys Performance Management Solutions,** click here. ⊘

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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. The telecoms sector, perhaps as a result of long service call times and peaky nature of the calls, experiences high levels of call abandonment on a mean average basis. The mean average of the outsourcing sector is also high, but this is as a result of a smaller number of seemingly under-resourced operations taking part in this year's survey, as the median is the same as the industry's as a whole.

Figure 36: Call abandonment rates by vertical market

Vertical market	Call abandonment rate (median)	Call abandonment rate (mean)
Telecoms	6.0%	7.1%
Finance	4.5%	4.9%
Retail & Distribution	4.3%	6.7%
Medical	4.0%	3.5%
Transport & Travel	4.0%	4.0%
Utilities	3.5%	3.5%
Outsourcing	3.0%	7.1%
Public Sector	3.0%	6.3%
IT	2.5%	3.8%
Services	2.5%	5.3%
Insurance	2.3%	2.3%
Average	**3.0%**	**5.3%**

It is important to note the median rate of call abandonment is only 3.0% (down from 4.0% in 2009), 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).

Last year, the historic link between contact center size and lower abandonment rates (as analyzed in the table below) was weakened, probably as a result of large operations having been more likely to have cut spending on recruitment, training and technology in 2009, thus reducing the benefits previously seen through their economies of scale. This year, the positive correlation between size and low call abandonment rates has been re-established.

Figure 37: Call abandonment rates, by contact center size

Contact center size	Call abandonment rate (median)	Call abandonment rate (mean)
Small	5.0%	8.5%
Medium	3.0%	4.1%
Large	2.3%	4.0%
Average	**3.0%**	**5.3%**

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 research[3] 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 20-30 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 (i.e. this makes the 11½ minute statistic is very unlikely to be true, as the vast majority of callers would actually have hung up long before this time). 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.

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[3] Source: ContactBabel analyzis of ICM Research data interviewing 1,004 UK adults (July 2007) on behalf of Vicorp.

Figure 38: Average speed to answer, by vertical market
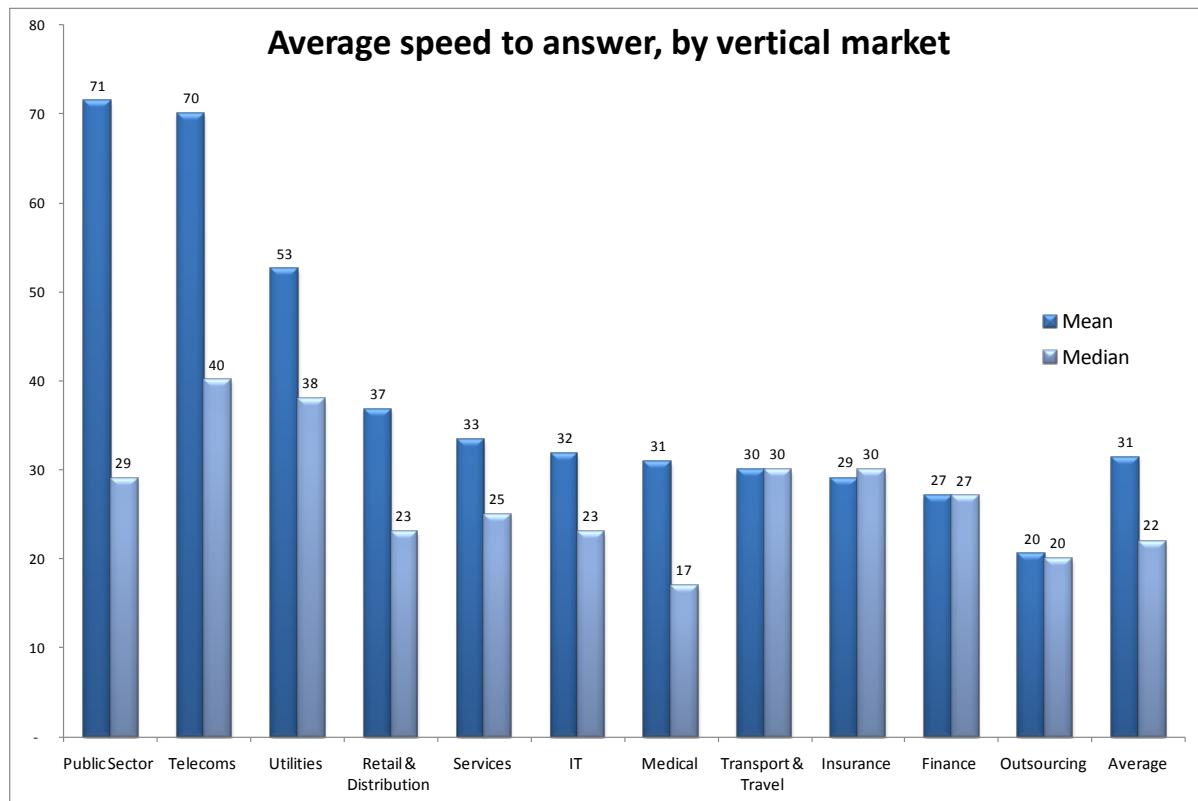
Most sectors have greatly improved their speed to answer over the years, with many of the high-volume yet simple interactions, such as password reset and account balance, now being carried out via self-service. The overall industry ASA mean average has stayed relatively steady, at 31 seconds, slightly up from 29 seconds in 2009. Of more interest to readers using this report as a benchmarking tool, the median average has been included this year, so as to dilute the negative upward effect of a very few respondents that have ASA figures of 2 or 3 minutes, which skew the whole industry upward, and which is especially dramatic within a sector.

Comparing mean and median side-by-side, we can see that the public sector has a few poor performers which drag the mean upward, away from an entirely respectable 29 second median ASA. The utilities and telecoms sectors, whose mean and median are reasonably similar - and high - seem to be the vertical markets under the most pressure.

Figure 39: Average speed to answer, by contact center size

Average speed to answer, by contact center size

	Small	Medium	Large	Average
Median	26	26	20	22
Mean	48	28	21	31
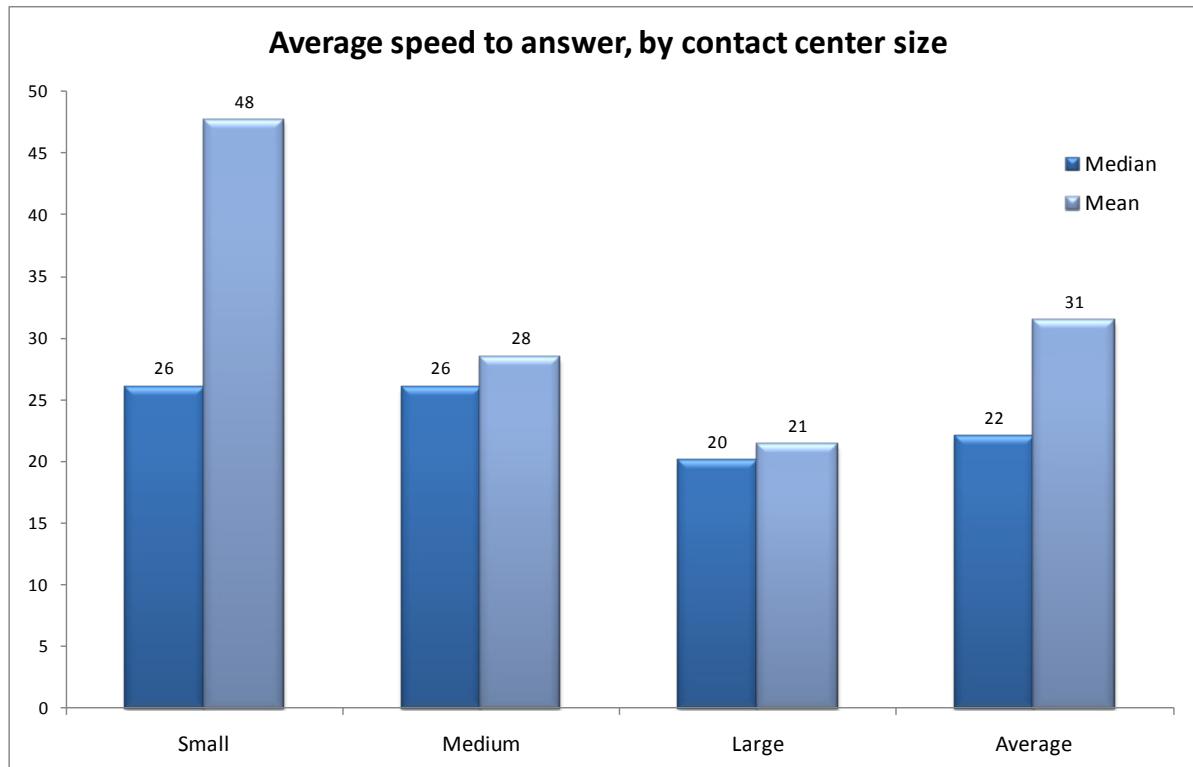
The mathematics of contact center performance tends to indicate that larger operations should have an advantage over smaller contact centers where ASA and queue management is concerned. This is certainly the case when considering the mean average, which is dragged up in the small operation segment by a small number of very high ASA figures. However, this is less the case when looking at the 'typical' median average, although the largest contact centers still have an advantage here.

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, only 24% of respondents **did not** measure their first-call resolution rate, a big improvement on past years. Average FCR has steadied at 75% (mean) & 81% (median), very similar to last year's 76% / 80% result. The median is included as a few respondents have a very poor first-call resolution rate, which can drag the mean average down considerably, as the telecoms sector below demonstrates.

Figure 40: First-call resolution rate by selected vertical market
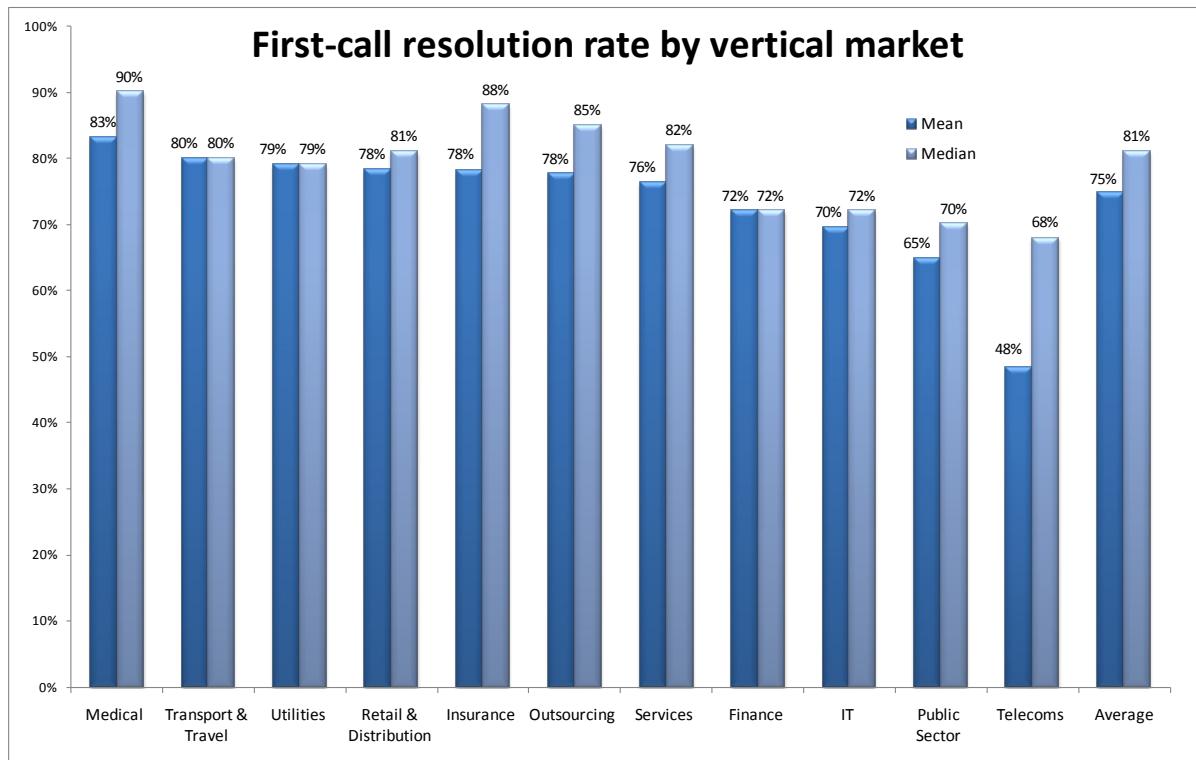
It's easy to see how dealing with more calls straightaway can benefit everyone concerned. So why is it that first-call resolution rates haven't really improved over the past eight years?

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 perhaps 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
- Tracking of issues shows if they are re-opened
- 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 and 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. 67% of respondents rely on supervisor input. Tracking re-opened issues - often used within the helpdesk environment - is the purest way to measure FCR, but can be difficult to measure if there is not helpdesk software already in place. 57% of respondents use this method.

Contacting 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. 47% of respondents state that they use this method.

End-of-call IVR sessions - used by 47% of respondents - 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.

The SMS option to identifying true first-call resolution rates - used by 36% of respondents - although simple and relatively cheap, is very flexible. 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.

Figure 41: Use and effectiveness of FCR measurement method
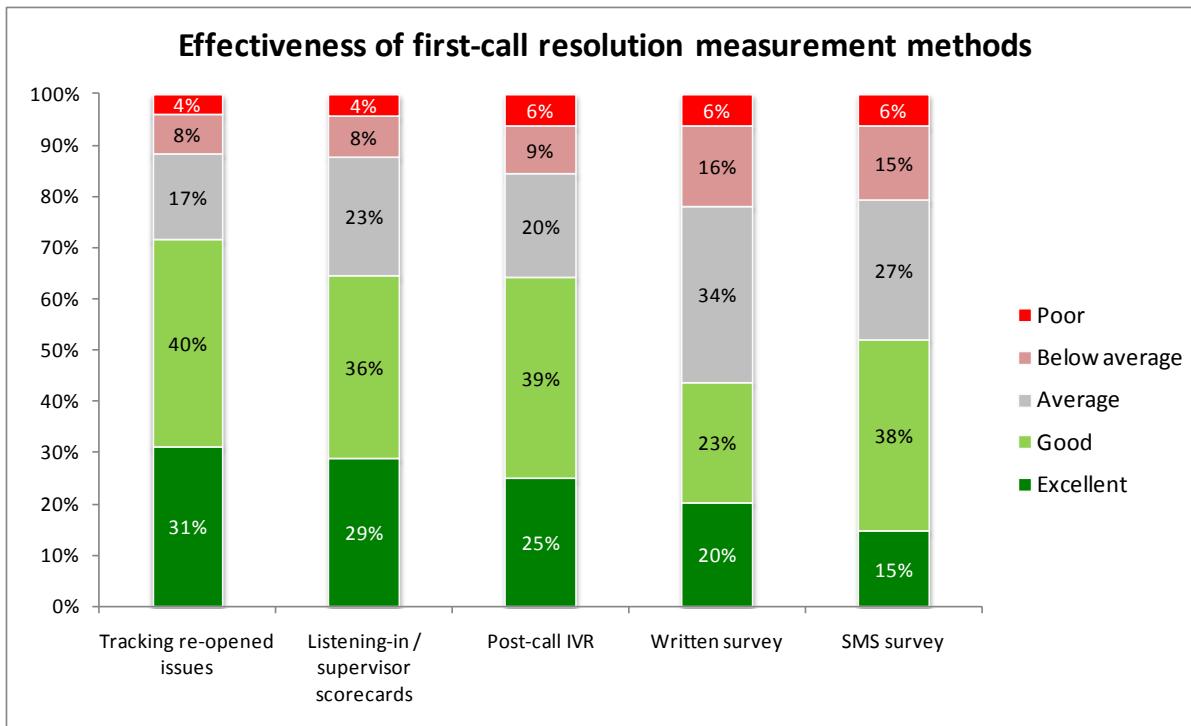
It is worth noting that 47% of the respondents who track first-call resolution do so only based on the telephone call itself: that is, they do not check whether the action or business process initiated by the call has been followed through successfully. As has been previously demonstrated, the vast majority of the complaints received by a contact center are about the failings of the wider business, so focusing entirely upon the work done within the contact center is missing the point of measuring first-call resolution. The traditional insularity of the contact center operation fails the needs of the wider business, but without an explicit remit to investigate and report on processes outside the contact center, it can hardly be blamed for the failure to hunt down and fix the wider problems.

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.

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 42: Call transfers by vertical market

Vertical market	% of calls transferred (median)
IT	15%
Finance	10%
Public Sector	7%
Retail & Distribution	7%
Services	7%
Insurance	6%
Medical	5%
Telecoms	5%
Transport & Travel	5%
Outsourcing	4%
Utilities	3%
Average	**4.9%**

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. As such, this year's average figure has been changed from mean to median, to remove the few very high anomalies that occurred in the respondent data, in order to make it more representative of a 'typical' contact center.

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 analyzis, 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 there were those dealing mainly with high-level technical queries (for which costs considerably in excess of $30 per call are not unusual) as well as some handling simple interactions.

As such, the best way to display the information is by showing the frequency of each call cost. The majority of inbound call costs are under $6, with the mean average being $5.90. The median average is $4.20, the 1st quartile is $6.50 and the 3rd quartile is $2.80. These figures are around 10% down on last year's equivalent.

Figure 43: Cost per inbound call
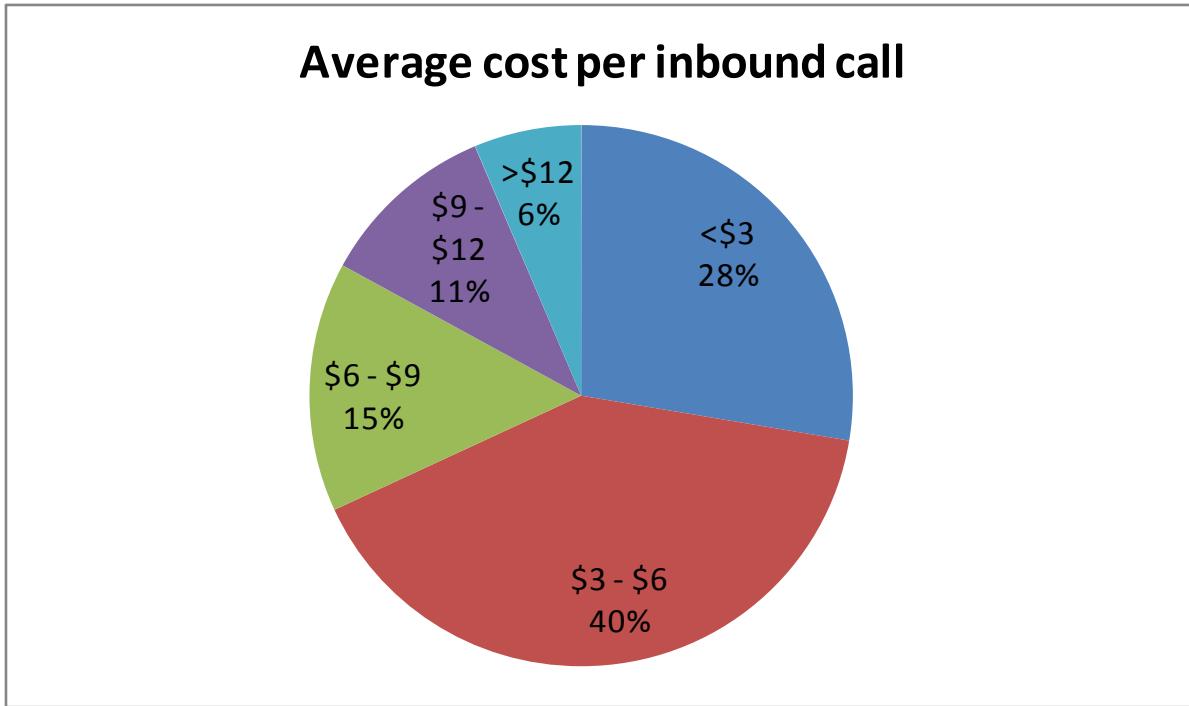
For outbound sales calls (only including instances where the agent got through successfully to the intended recipient), the mean average was $5.94, the median $3.85, the 1st quartile was $5.50 and the 3rd quartile $2.30. Again, this was a decrease on last year's figures.

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Operational Performance Management:

Aligning the Customer Experience with Corporate Goals

In the customer service arena, the delivery of an optimal customer experience depends on response times measured in minutes rather than hours. A two-hour response gap is impractical at best and seriously detrimental to your business at worst. Under such circumstances, by the time management hears about a customer service problem, the damage has almost certainly been done.

Too many companies still approach customer service as if it were an isolated cost center rather than an integral part of their overall business strategy, and haven't implemented applications that intelligently manage and report on customer experiences. For example, they have no way of knowing whether operational drivers for customer service are aligned with business goals and even when individual employees or lines of business are responsible for the customer experience, they're never really in control of it.

Companies need as much visibility into their customer service operations as they do into every other functional area of their business. Yet that level of visibility can be particularly challenging when customer service divisions are often more decentralized than other parts of the enterprise, with:

> Home-based agents
> Multiple global locations
> Business support and sales personnel who are mobile or scattered across multi-site environments
> A variety of technologies and multi vendor platforms

Whatever the specifics of your approach to customer service — whether you focus on boosting customer loyalty, ensuring first call resolution, or driving more revenue per call — all employees responsible for customer service must work in concert to achieve your corporate objectives.

Combining Long-Term Goals with Immediate Feedback

If you respond to emerging issues with no clear business strategy, you will repeatedly tackle the same challenges and issues in different guises. And if you only focus on long-term business goals without tracking minute-by-minute problems as they emerge, you may be able to maintain a consistent business strategy, but risk frustrating your customers because of your inattention to their immediate needs.

This tension between short-term needs and long-term goals can only be satisfied by closing the loop between potentially adverse customer-impacting events and long-term standards or best practices. A balanced operational performance management solution does exactly this by enabling you to take immediate action to address issues that arise — then helps you ensure that those same actions are applied to relevant customer service strategies going forward by helping you create repeatable standards.

The Benefits of Operational Performance Management

Best-in-class companies focus on operational performance metrics that tie day-to-day decisions to larger corporate goals. The numbers speak for themselves:

> Best-in-class companies are nearly 40% more likely to automate tracking of operational performance
> 95% of these companies measure customer satisfaction as part of operational performance strategy
> Best-in-class companies are also 79% more likely to enable access to, and analysis of, operational data within an hour of a business activity taking place.

An effective operational performance management solution gives you the tools you need to understand current and emerging conditions, make the necessary corrections, and align your operational drivers with company objectives. This enables you to:

> Combine the most current information with the proper context to achieve a more balanced approach
> Use fewer resources while maintaining higher levels of customer satisfaction
> Keep your employees accountable by measuring real-time effectiveness without losing sight of larger business goals
> Identify areas of inefficiency and coaching opportunities with detailed analysis of interactions
> Capture events for later analysis if you are unable to identify the root cause of a problem as it emerges
> Collaborate across the enterprise to approach issues head-on with other teams across the organization
> Improve your accuracy by making decisions based on information collected and organized more efficiently
> Learn from experience by adapting your analysis and conclusions to the changing conditions

Conclusion

Business intelligence and operational metrics are both key to understanding the performance of your customer-facing teams – but neither is enough on its own to achieve a truly balanced approach to operational performance management. In order to understand, optimize and align operational activities and processes to a common set of objectives, you need a comprehensive solution that delivers historical context and trend analysis combined with real-time visibility into customer service operations. With such a solution in place, you can create a genuinely "closed loop" that identifies problems as they emerge without losing sight of high-level business strategy.

For more information on Genesys Performance Management solutions, *please click here.* >

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, 2010

It is typical for agent salaries to account on average for around 55% of a US contact center's Opex, but the 2010 results show this figure as being a little lower than the norm (53.3% in 2009). IT operating expenditure has dipped from 7.2%, and the 'other salaries' segment has also declined slightly. However, this is in part owing to the addition this year of the 'Training' and 'Recruitment' categories.

Figure 44: Contact center operating expenditure

Contact center expenditure

- Other 5.3%
- Recruitment 3.0%
- Telecoms charges 7.1%
- Training 5.0%
- IT maintenance 4.5%
- Utilities and local taxes 3.6%
- Rent 6.2%
- Other salaries (e.g. IT, management, etc) 14.3%
- Agent salaries 51.2%
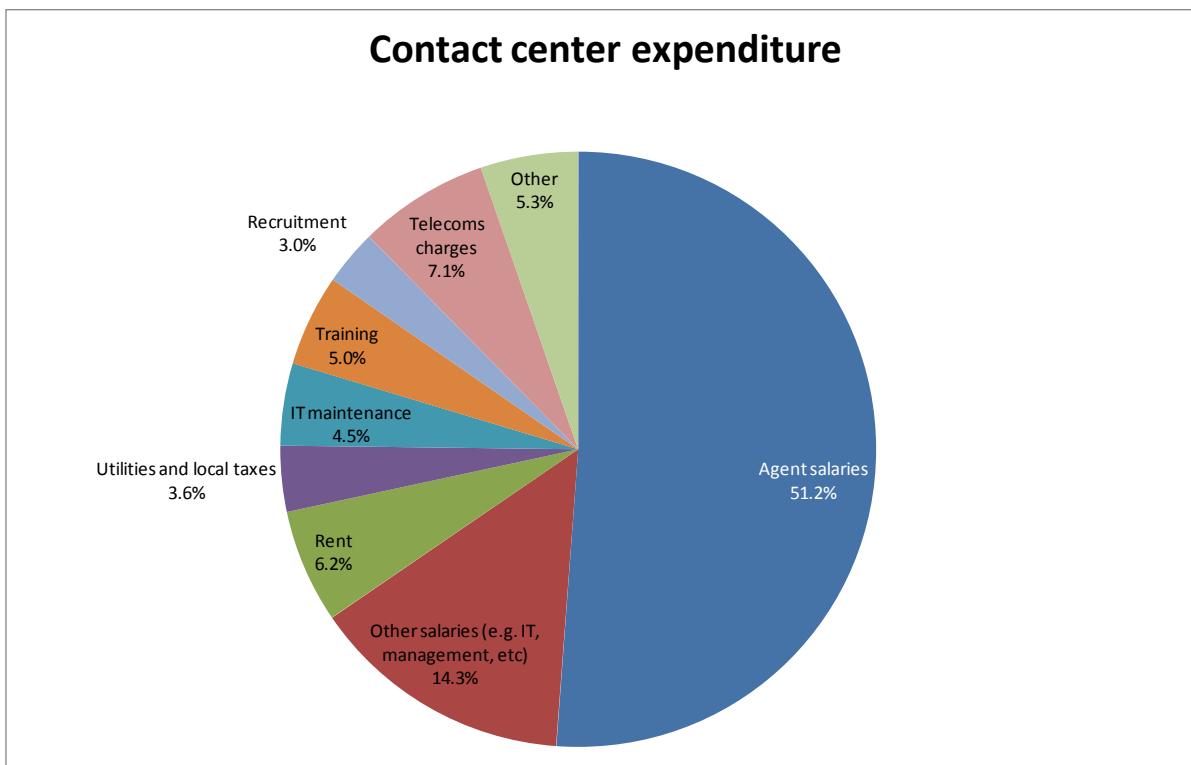
When looking in-depth at how Opex differs across size bands, we find that salaries for agents are a somewhat higher proportion the larger the contact center, although management tends to account for more spend in the smaller operations. Training and recruitment costs are more important in larger contact centers.

Figure 45: Contact center operating expenditure by contact center size

Contact center expenditure by contact center size

	Small	Medium	Large	Average
Other	5.9%	5.1%	5.1%	5.3%
Telecoms charges	7.8%	7.8%	5.6%	7.1%
Recruitment	2.6%	2.6%	3.8%	3.0%
Training	2.9%	6.0%	5.4%	5.0%
IT maintenance	5.4%	3.6%	4.7%	4.5%
Utilities and local taxes	3.6%	3.5%	3.7%	3.6%
Rent	6.4%	5.3%	7.0%	6.2%
Other salaries (e.g. IT, management, etc)	20.1%	11.5%	13.0%	14.3%
Agent salaries	45.3%	54.7%	51.7%	51.2%
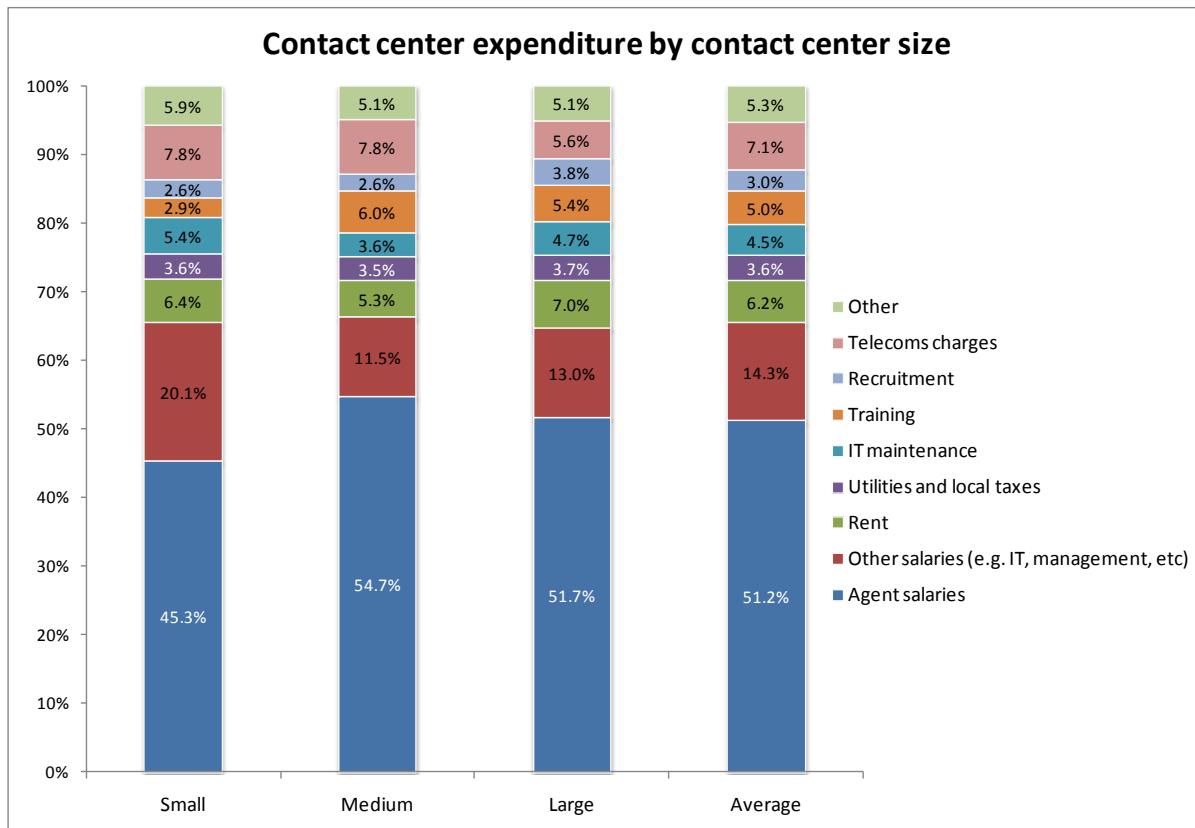
CHANGES IN CONTACT CENTER SIZE, OPERATING AND CAPITAL EXPENDITURE, 2009-2010

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

In 2009, both Opex and Capex budgets were cut for many of our respondents, with 43% decreasing their Opex and 39% their Capex. This pattern has been continued this year, with 40% (Opex) and 34% (Capex) seeing declines. However, these are almost exactly balanced by the number of respondents seeing growth in budget, as well as in its magnitude, especially where Opex is concerned.

Figure 46: Changes in OpEx and CapEx, 2009-2010

Change in expenditure	Proportion of respondents experiencing this change in OpEx	Proportion of respondents experiencing this change in CapEx
Decreased by 25%+	5%	8%
Decreased by 10-25%	10%	12%
Decreased by < 10%	25%	16%
No change	20%	39%
Increased by <10%	25%	16%
Increased by 10-25%	13%	7%
Increased by 25%+	2%	2%

As the following chart shows, many more respondents experienced growth as did shrinkage in the past 12 months which was more positive than the results of 12 months ago (46% declined in headcount in 2008-2009). The general feeling then, looking forward, was that this is a blip, rather than the start of a structural change in the contact center industry, and this certainly seems to be the case, with 55% of respondents reporting growth in the past 12 months.

Looking forward to the next 12 months, the expectation is even more positive. Even within those contact centers which had experienced a decline in agent figures in the past 12 months, only 22% expect a further downturn next year, with 56% expecting an improvement. Of those contact centers that grew or remained steady in 2009-2010, the vast majority expect growth.

Amongst all respondents, the median average change in agent figures was an increase of 6.1% over the past 12 months, and the total change in agent positions (derived by adding up all of the agent positions within the report's respondents, which places much greater importance on larger operations) was 11.1%. However, it should be noted that figures from respondents - by definition - do not take into account any business closures, so these figures are likely to be over-stating the industry as a whole.

Respondents expect the next 12 months to see a further rebound in agent figures, with an average median growth rate in headcount of 13.3% and total change in agent positions of 14.0%. Again, a caveat, this time that such predictions are usually found to be very optimistic. However, these statistics show that certainly our respondents are generally of the feeling that the worst has passed, and are planning for the future with some confidence, even if budgets are not quite back to where they should be.

Figure 47: Actual and expected changes in contact center size, 2009-2011
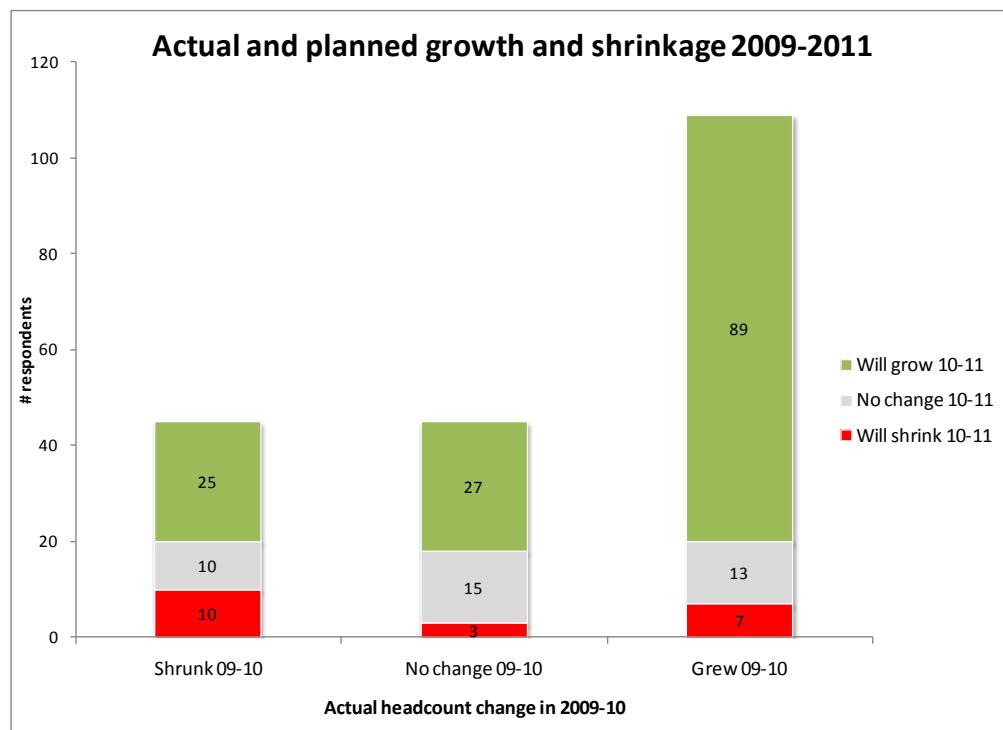
The following chart shows that smaller contact centers are more likely to have bounced back from the reduction in Opex forced on most operations last year, with 55% actually increasing Opex in the past 12 months (albeit generally at a low level). However, half of large respondent contact centers experienced a drop in Opex, so it is still too early to say that operating expenditure is definitely back on the way up industry-wide.

Figure 48: Changes in operating expenditure 2009-2010, by contact center size
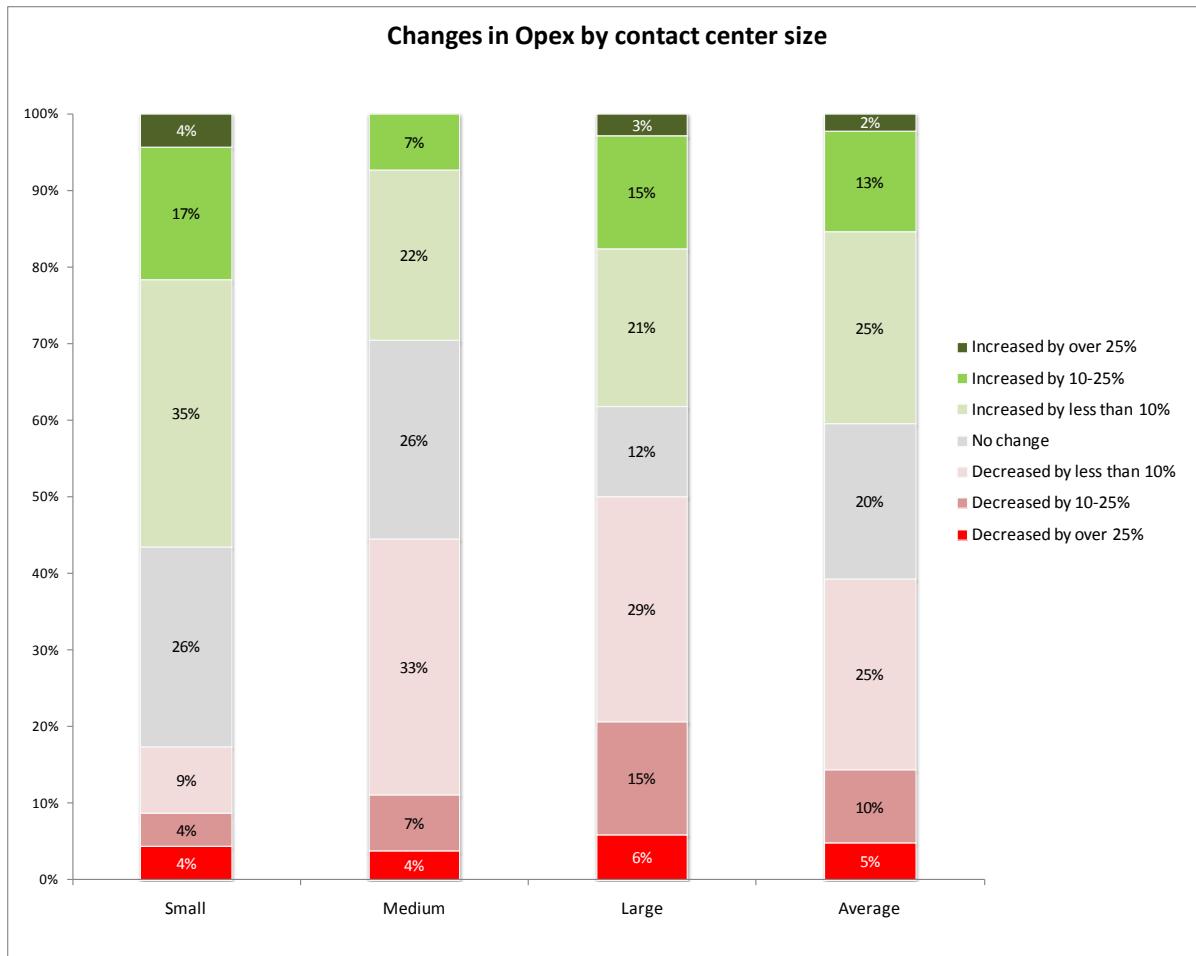
Looking at the change in capital expenditure, we would not have been surprised to see a wholesale abandonment of investment as organizations conserve cash by putting a general investment freeze in place. However, while there is still as yet little evidence for a strong increase in Capex spending, 25% of all respondents said that there had been an increase in Capex budgets (of course, this may have been because they had already been cut to the bone 12 months ago).

In 2009, many large contact centers were told in no uncertain terms to curtail their investment plans. However, the past 12 months have seen a slight easing in Capex pressures for some of these operations, with 30% of respondents seeing investment growth, however, 39% have seen further cuts. There is little cause for celebration in these Capex findings, although the figures suggest that investment is finely balanced and that the bottom seems to have been reached.

Figure 49: Changes in capital expenditure 2009-2010, by contact center size

Changes in Capex by contact center size
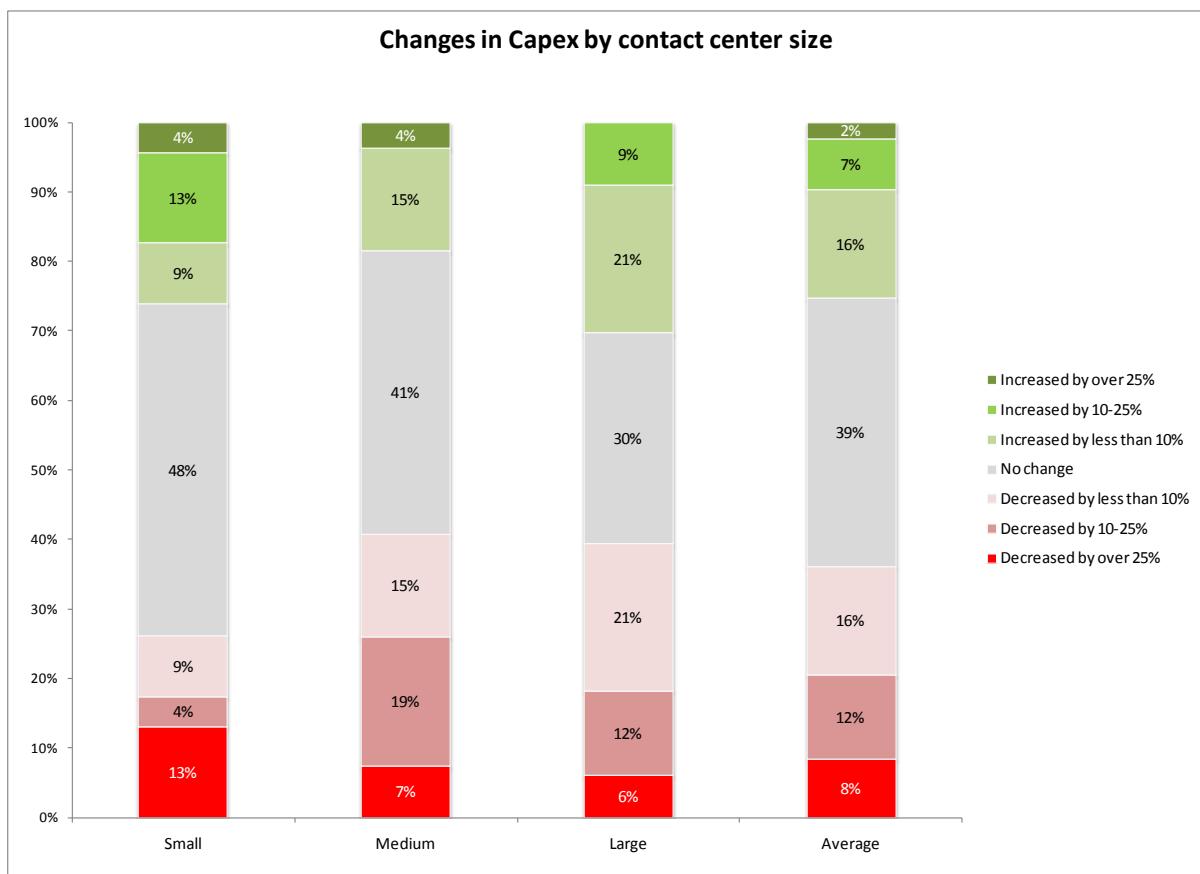
NEW WAYS OF WORKING

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 agent 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.

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.

Around 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 44% of multi-site contact centers act as part of a full virtual contact center operation, with a further 25% acting as a part of a partial virtual operation (e.g. in cases where a only few of the overall number of US-based operations are linked together). These figures indicate a greater use of virtualization compared to last year's findings, with an increase in the proportion of entirely-virtual operations, at the expense of stand-alone multi-site contact centers.

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 51: Virtualization by contact center size
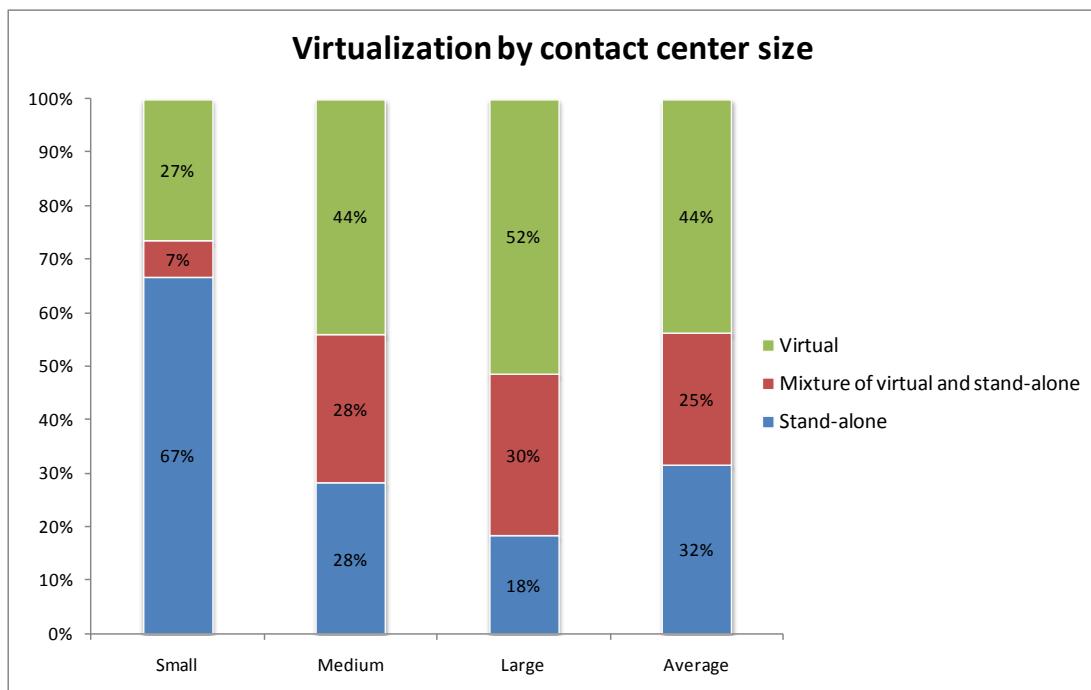
Respondents with virtual contact centers were generally very pleased with the gains in efficiency and service level that they have experienced. The ability to smooth out call spikes by moving them between contact centers, and the reduced wait times were particularly mentioned, although all of the potential virtual contact center benefits mentioned were rated positively, and both the mean average and the proportion of respondents rating the 3 top benefits highly has increased since 2009.

Figure 52: 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	8.4	74%
Wider range of agent skills available to callers	7.8	72%
Fairer agent utilization and reduced queues	7.6	64%
Savings on call costs between sites	7.1	51%

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')

The issue of coping with call spikes is one which is growing year upon year, and has been particularly noticeable in the past three 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.

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

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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 vitualization 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.

Reasons for non-virtualization of multi-site contact centers
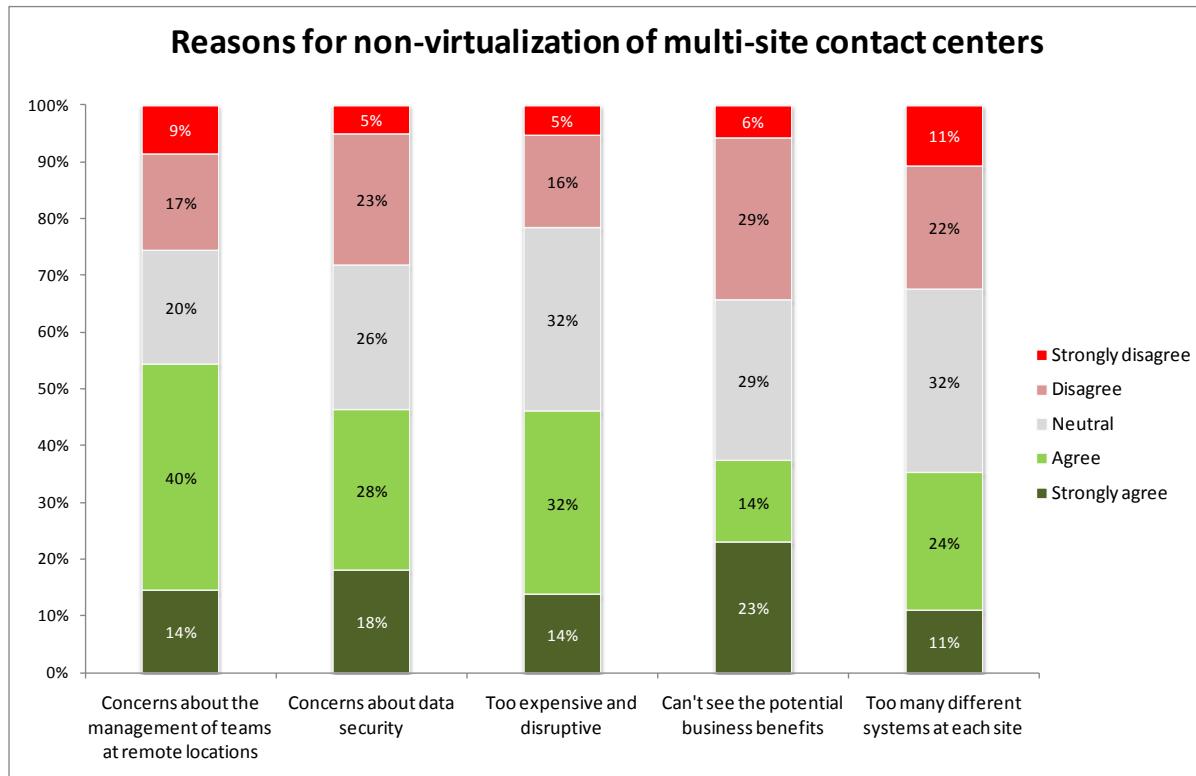
Of the multiple-site respondents who had not virtualized their operations, the expense, concerns about data security and worries about team management were the most important reasons, unlike the years up to 2007, when the biggest issue was failing to see the commercial benefits of virtualization. It seems as though some of the industry has become more convinced about the benefits, but is being held back through needing to persuade the senior management to make the necessary investment, or through technical issues that they believe to be insurmountable (or at least, not worth solving compared to the potential gain). However, it was still the case that 23% of respondents strongly agreed that they could not see the business benefits of virtualization, and coupled with the fact that there is not one single overwhelming inhibitor, it seems that suppliers of virtual contact center solutions will have to make their pitch against many objections, rather than being able to focus on one.

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.

37% of this year's respondents were using at least some homeworking (up slightly from 36% in 2009 and 21% in 2008), and overall, 11.4% of agent positions in this survey were based at home (greatly up from the 2009 survey's 5.6% and 2008's 4.4%). In large part, this is due to the large numbers of outsourcers taking part in this year's study, and in particular a small number of very large operations that used substantial amounts of homeworking.

The median proportion of agents working at home (excluding respondents which do not use homeworking at all) was 10%.

30% of small contact centers were using some homeworking, compared to 37% of large and 33% of medium-sized operations, a continuation of the trend of past years.

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, ki-work or 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 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 54: Opinion: "It is / would be difficult to manage homeworking agents effectively"
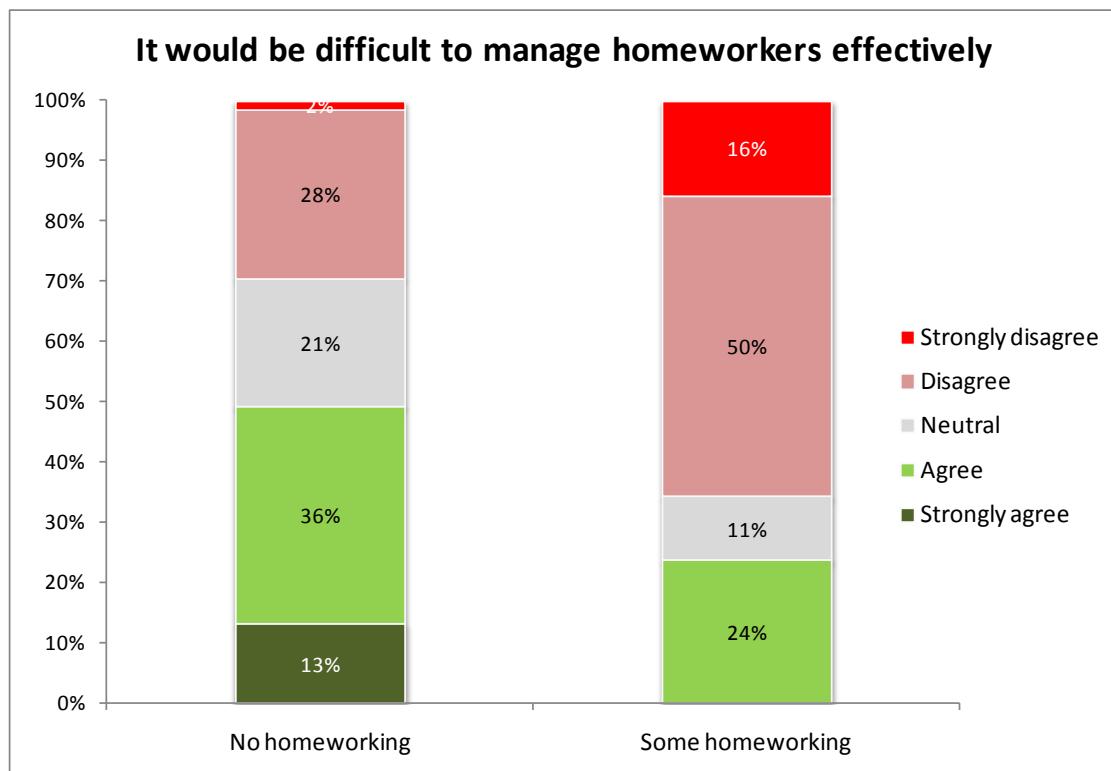
Mirroring last year's results, those contact centers with some experience of using homeworking are far more likely to be positive about management of staff than those without this experience. 49% of non-homeworking contact center respondents are concerned about this, and while 24% of those which have implemented some

homeworking agreed that remote management could be difficult, 66% disagreed that it was any harder than managing someone in a traditional contact center environment.

Non-homeworking respondents are more likely to 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.

"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 the industry does not have a good reputation as a whole - but who would happily work in their own home taking calls.

Figure 55: Opinion: "Homeworking would bring us flexibility to add agents and be open longer hours"

Figure 55: Opinion: "Homeworking would bring us flexibility to add agents and be open longer hours"
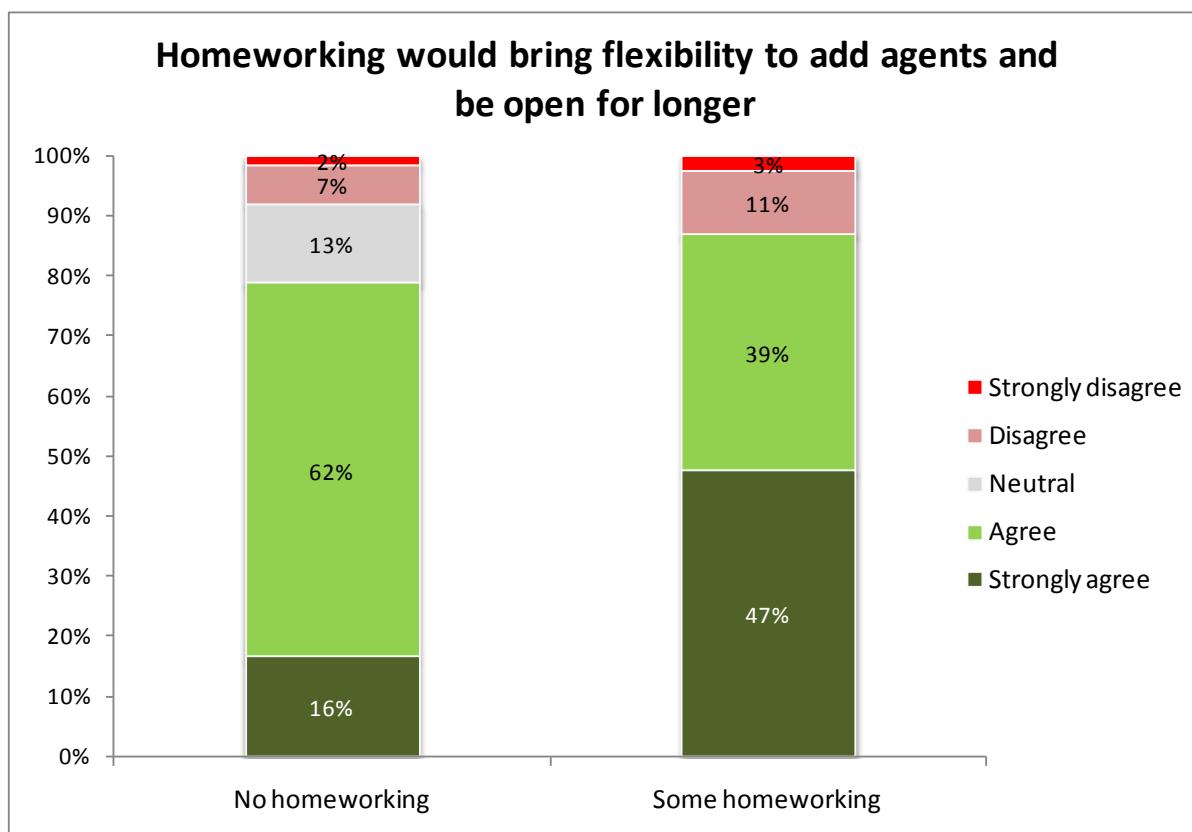
There is a general opinion that flexibility of staffing is a major advantage of homeworking. 86% of contact centers using homeworking agreed that flexibility was a benefit to them as a result, an improvement on last year's findings, and non-users of homeworking agree on its potential benefits too.

"Data security issues are a concern"

Working in an unsupervised environment is likely to mean that the potential risks for data theft and fraud are greater than in a closely-supervised environment such as a traditional contact center, especially if any physical paperwork is involved, payment card details taken or passwords written down. With the home workspace available to family members and visitors as well, risks are not just restricted to the homeworker.

The use of an automated payment card application would reduce the opportunity for deliberate card fraud and definite policies around the storage and usage of equipment have to be agreed upon. There are various data access methods available that circumvent the need for written passwords, such as voice biometrics or coded key-fobs, and strong firewalls and encrypted hard drives will also reduce risk.

Figure 56: Opinion: "Data security issues are a concern"
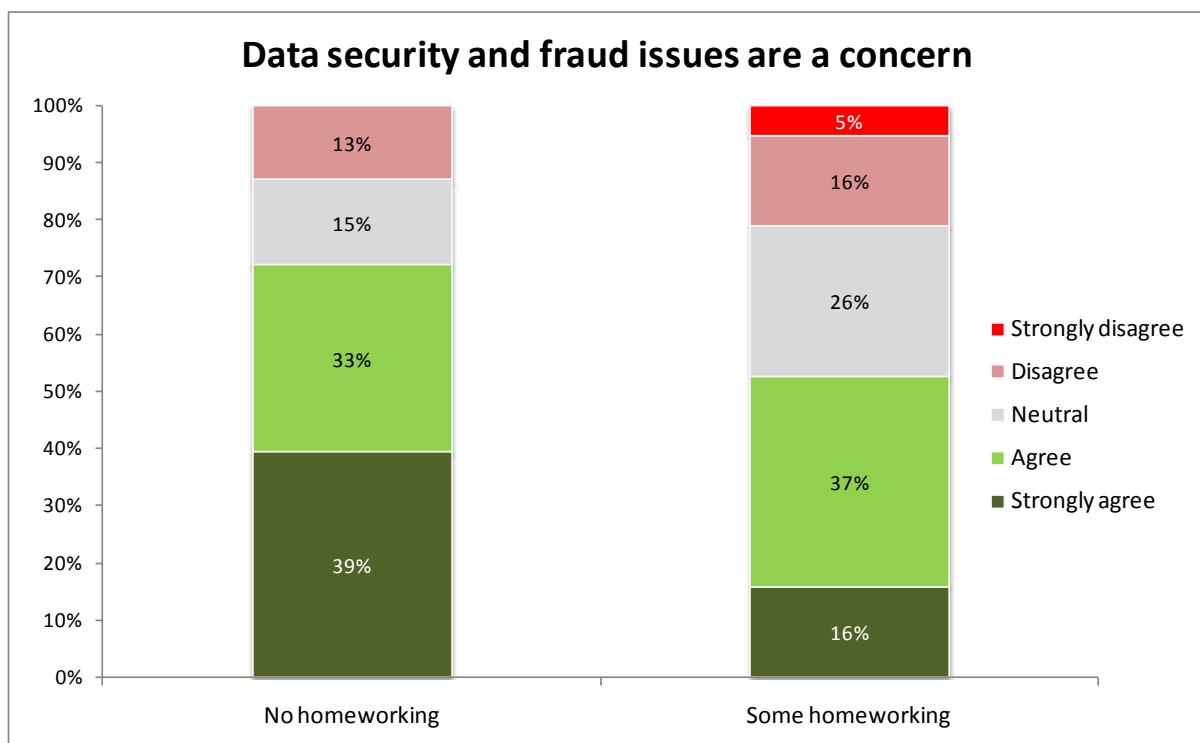
As might be expected, those with no experience of homeworking are very concerned about data security risks. However, 53% of those who use homeworking agree or strongly agree that data security is a concern to them as well, so it appears that this issue is key in reality as well.

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

This possible advantage to homeworking is one which both experienced and inexperienced respondents deem important. Unlike the UK, where few respondents see homeworking as a suitable reward, most US respondents believe homeworking is an effective 'carrot' to dangle before their staff.

Figure 57: Opinion: "Homeworking could be used as a performance incentive or reward"
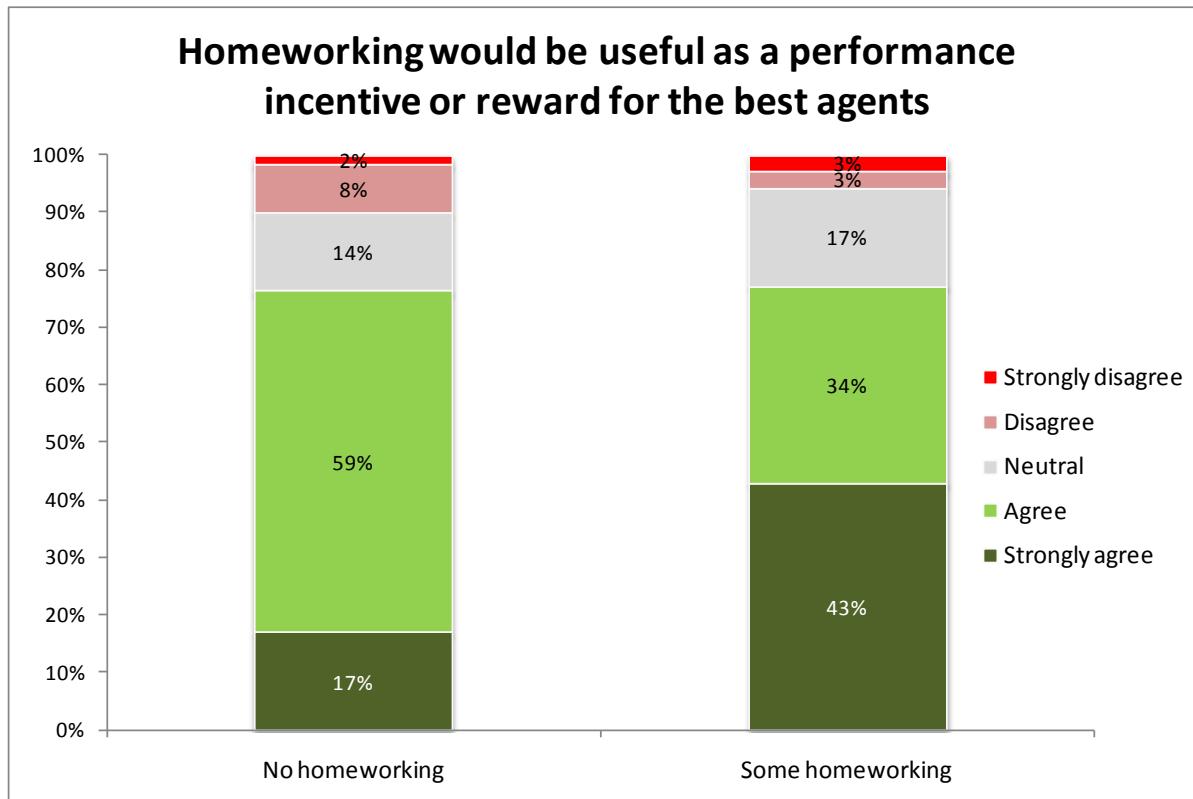
"Many staff would not have anywhere suitable to work in their homes"

For many contact center workers, it would be difficult to have a room away from the noise of the household, and this is more of a concern for those operations that do not have any experience of homeworking, with 46% agreeing that this would be a problem. Even for those with experience of homeworking, 37% say that finding somewhere quiet and secure for agents 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 58: Opinion: "Many staff would not have anywhere suitable to work in their homes"

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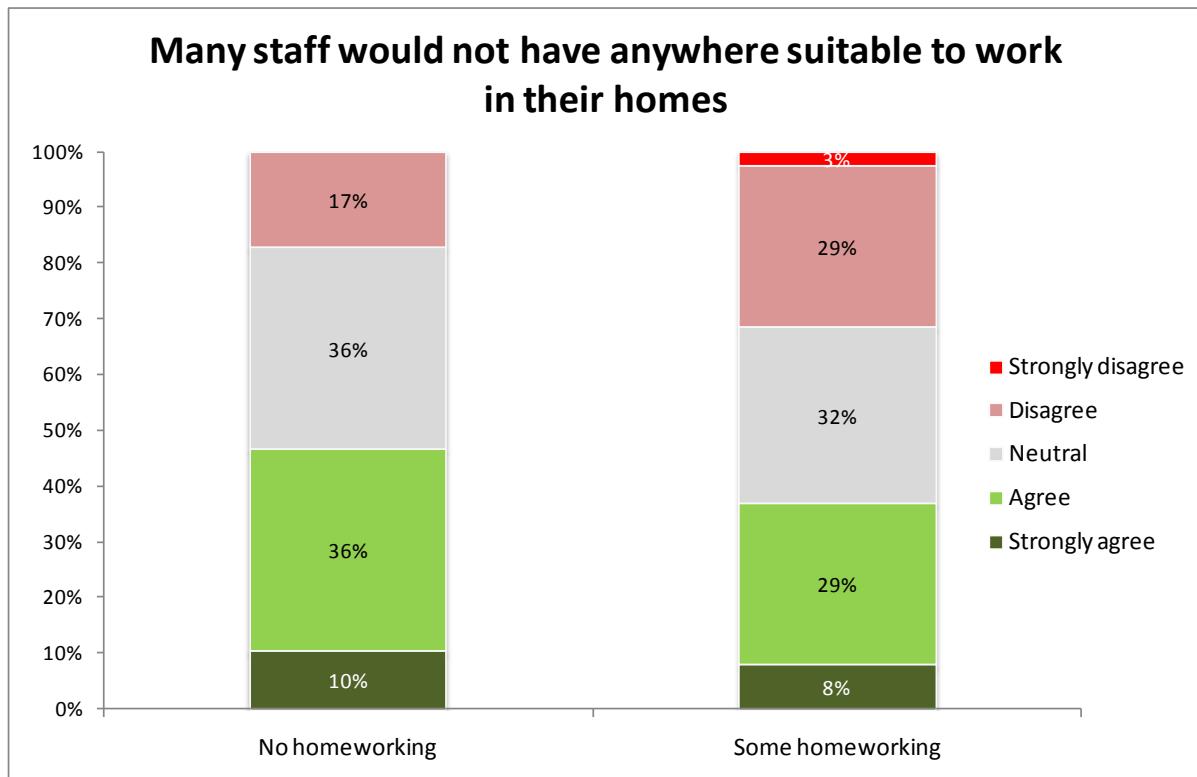
THE ENTERPRISE AS THE CONTACT CENTER

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.

Figure 59: Non-contact center staff who handle a substantial number of calls
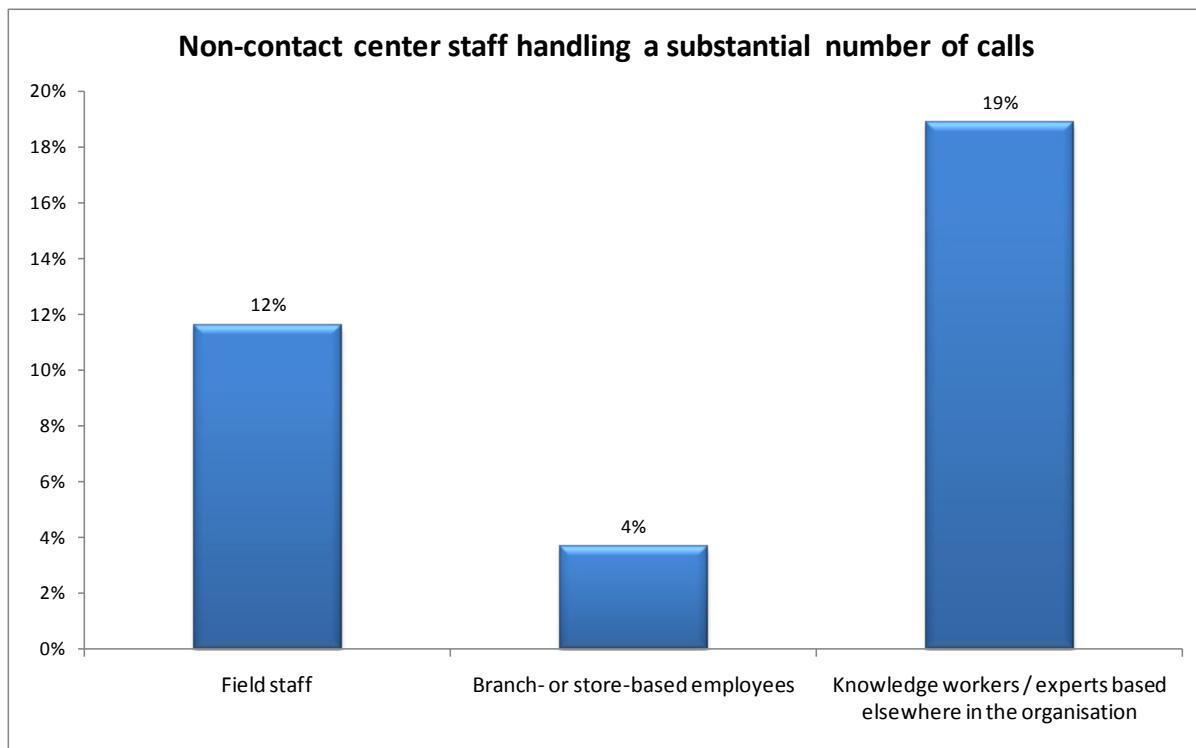
Knowledge workers / experts form part of the overall customer handling resource pool in 19% of cases (especially in the IT helpdesk environment), with field staff and branch staff handling customer calls in 12% and 4% of organizations respectively. This suggests that the wider enterprise is not yet quite integrated into the contact center, but 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 IP 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.
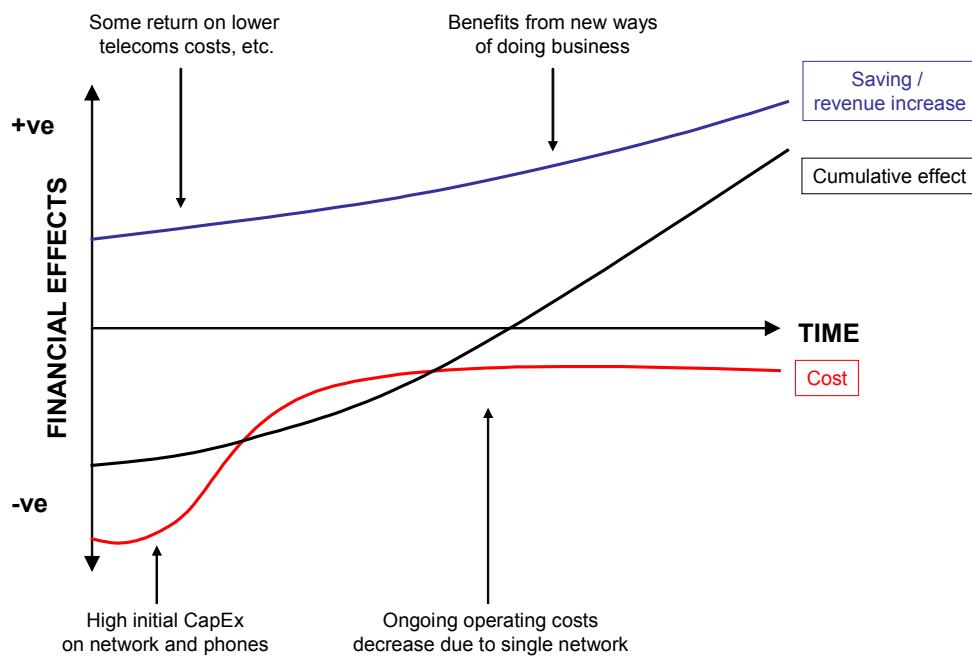
SIP – Session Initiation Protocol

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.

Figure 60: Current use of IP, by contact center size

Current use of IP, by contact center size
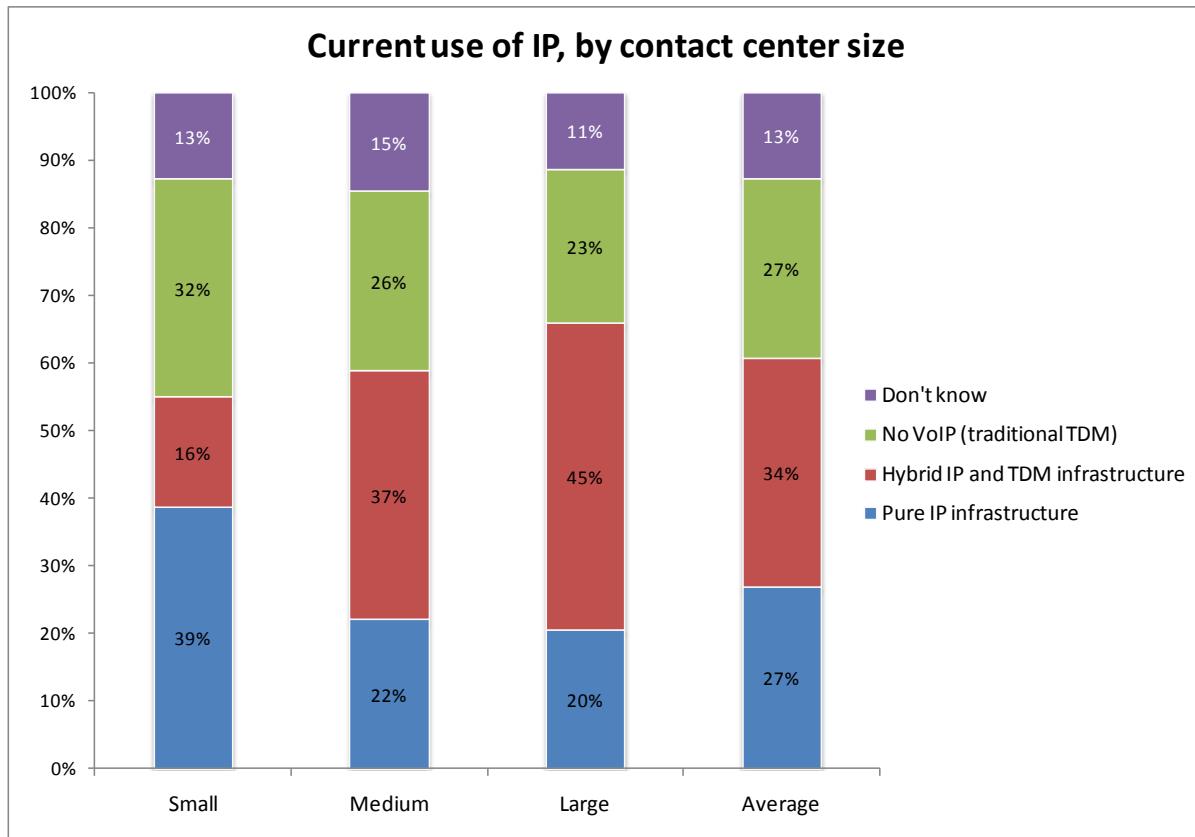
The mantra "evolution, not revolution" is often applied to the IP contact center environment, with vendors encouraging contact centers to consider the option of moving at their own pace towards IP, and this is what has happened in recent years. However, there is a significant proportion of respondents (27%) using pure IP within their contact centers.

Historically, it has been more likely to see smaller contact centers using a pure IP solution, as to upgrade or replace equipment and networks is much cheaper for them. Although the past 2 years have seen a jump in the proportion of larger contact centers indicating that they are using pure IP, this weighting towards smaller operations is still in evidence.

The following chart shows the enthusiasm that the industry is showing for pure IP is unlikely to diminish in the near future, although these figures should be taken as an indication of intention rather than definite fact.

Figure 61: Future implementation of pure IP, by contact center size

Future implementation of pure IP, by contact center size
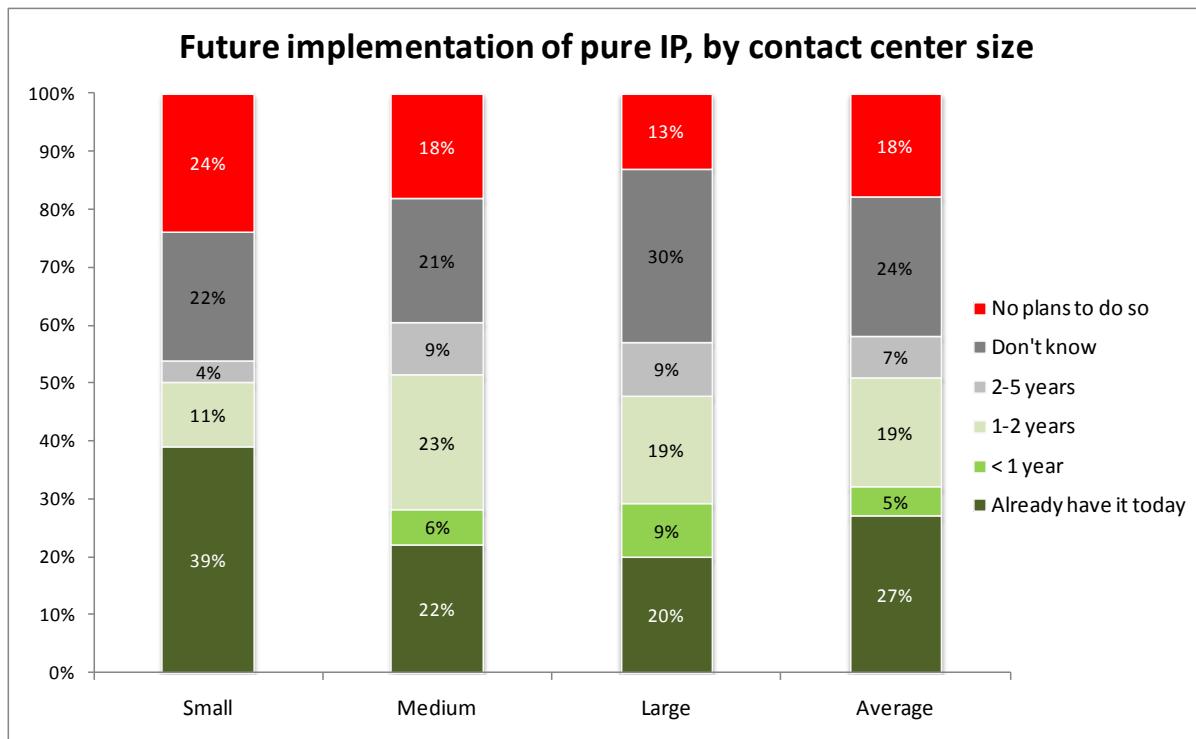
In many cases, the decision on whether to make most contact center technology investments tends to boil down to operational cost savings: the amount of money saved by implementation is greater than the cost of the solution plus its maintenance. In many cases, IP contact center solutions do not easily 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 62: 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	3.9	4.3	4.6	4.3	49%
It was / is / will be a corporate-wide telecoms decision	4.1	3.9	4.5	4.2	45%
Support the use of open standards and wide range of applications	3.5	4.0	4.5	4.1	34%
IP will help us support a multimedia environment	4.0	4.0	3.9	4.0	34%
Support deployment of virtual contact center or homeworking environment	3.7	4.2	4.1	4.0	33%
Replacement of PBX	4.1	4.0	3.7	3.9	38%

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, but this is not as far in front as it has been in the past. 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 growing as 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 63: 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'
Reduced cost of single network	4.1	3.8	4.3	4.1	34%
Easier integration of applications	4.0	3.9	4.3	4.1	31%
Reduced telecoms costs between sites	3.9	4.0	4.3	4.1	28%
Greater flexibility in adding and changing agents	4.1	3.6	4.2	4.0	33%
It supports multimedia channels more effectively	4.0	3.8	4.1	4.0	25%
Greater choice in vendors and applications	3.9	3.3	3.8	3.7	21%
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 and single network cost reductions , but this year has also seen more enthusiasm for the ease of integration that should come with an IP environment. The increased use of SIP and drive to open standards is helping this factor increase in importance. There was also general approval for the flexibility IP gives to add and change agents quickly.

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 64: 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, energy, 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 65: 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%

With 88% of contact centers requiring their agents to use multiple applications within a call, there are significant dangers around forgetting to key in information, start the correct processes or failing to type in consistent information. The use of multiple applications will have a negative effect on training times for new agents as well.

Figure 66: How many applications does an agent use within a call?
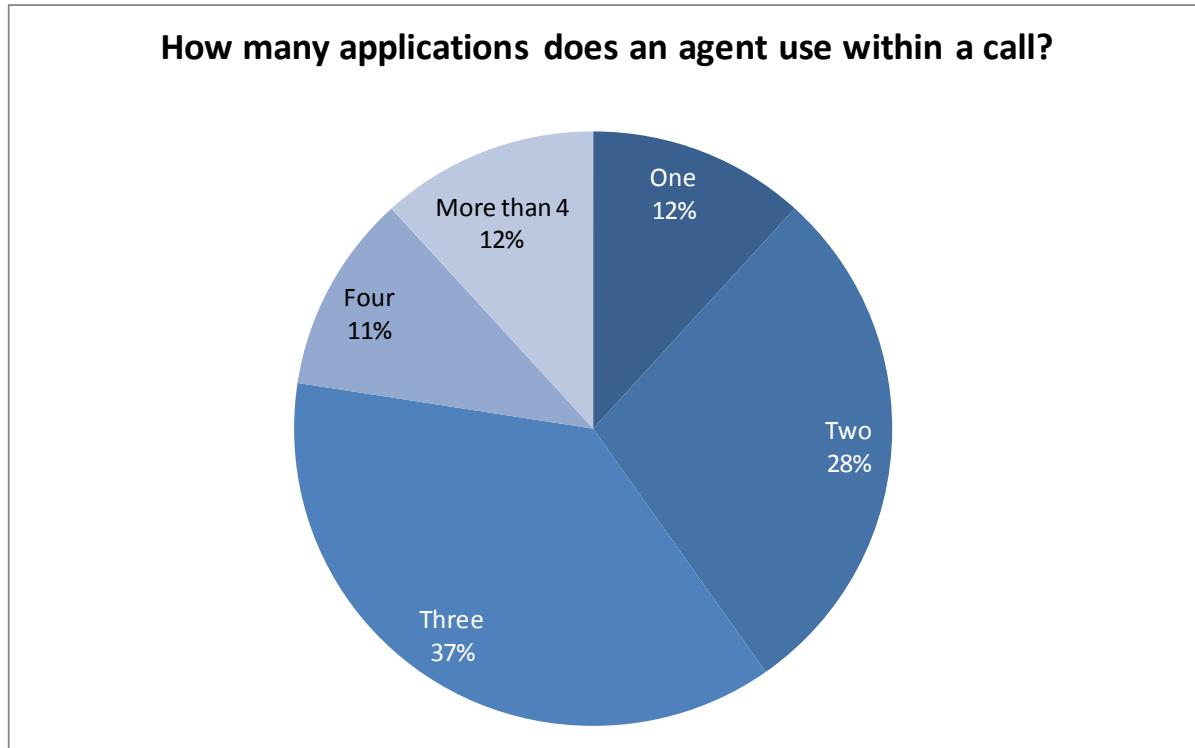
In most cases where complex, multiple applications are used, they are necessary for the agents to do their job, so the question is not "How can we reduce the number of applications?", but rather "How can we improve how the agent uses the applications?". At the moment, due to complexity, expense and the 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 (below), 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 9.3% of an agent's time is spent on post-call wrap-up.

Figure 67: How many applications does an agent use after a call?
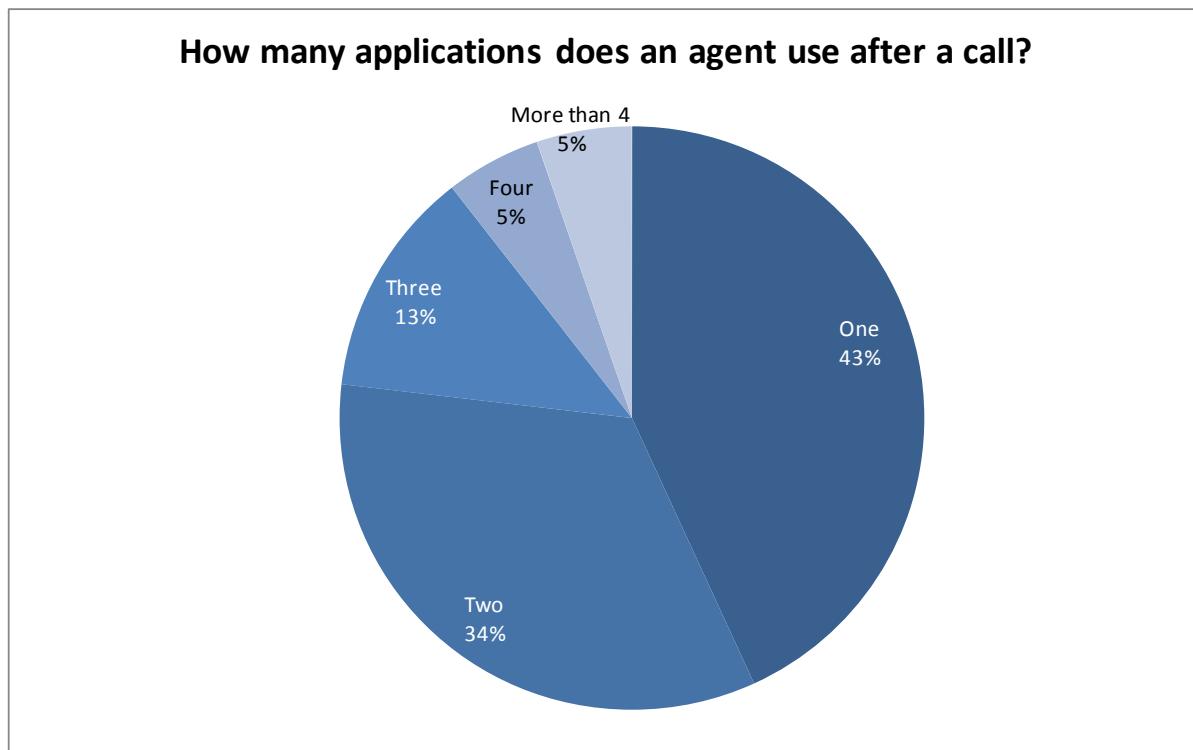
Additionally, manual inputs involved in transferring data during wrap up commonly lead to data entry and processing errors, causing an adverse effect on operational efficiency, contact center cost, performance and customer satisfaction. Cost per call rises, and productivity per agent declines first-call 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 31% of agents have access to this sort of dynamic application (however, this is an increase on last year's figure of 19%). Most have to search around on a company website or FAQ page, or rely on a wide, unsupported search of knowledge bases or the wider Internet, hoping to strike lucky.

Figure 68: In-call access to knowledge sources for agents

In-call access to data sources for agents
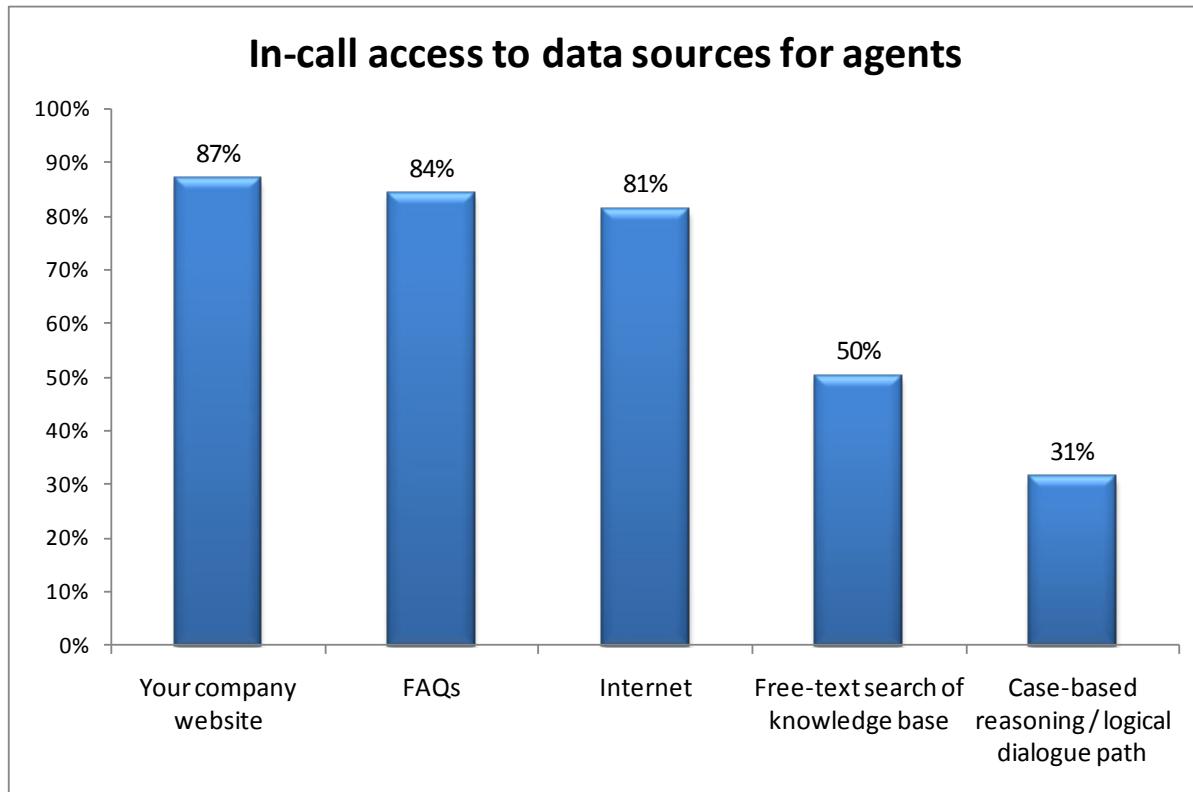
Apart from the solution providers whose main products simplify and automate the agent desktop, some of those that operate in the multimedia space also offer a unified desktop solution which can include dynamic scripting and a single view of the customer. There is more on this in the Multimedia and the 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 9.3% of time that contact center agent spend each hour in after-call work adds up to an enormous cost.

The overall expenditure of the contact center sector - salaries, IT, telecoms, building, rent, utilities, etc - comes to around $180bn each year. Wrap-up time accounts for 9.3% 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 $17bn 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 almost $3m each year just on wrap-up. A 20% reduction in wrap-up time would save around $500,000, quite apart from the savings in training and lower attrition, as well as the benefits of shorter queues and simpler applications.

There has been a big growth in interest in unified desktop solutions in recent times, with at least one supplier stating that it 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 28 seconds to verify a customer's identity manually, and this mounts up considerably: the UK contact center industry spends around £2bn 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 69: Proportion of calls requiring caller identification, by vertical market

Vertical market	Proportion of calls requiring caller identification
Utilities	90%
Finance	88%
Insurance	86%
Medical	68%
Services	68%
Telecoms	65%
Retail & Distribution	53%
IT	52%
Outsourcing	48%
Public Sector	45%
Transport & Travel	40%
Average	**62%**

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

Figure 70: Caller identity authentication methods

Identification method	Proportion of contact centers using this method
Touchtone IVR	43%
Speech recognition	7%
Using only an agent	56%
Using only automation	*6%*

56% of respondents who authenticate identity do so through **purely** human means, taking an average of x seconds to do so. 50% use IVR or speech recognition to identify the caller (which itself takes around 20 seconds), but 41% of these use IVR or speech recognition only to collect the caller's details, then also 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 insurance and financial services sectors taking the longest, as legislation and the risk of fraud is perhaps the greatest here, although the TMT and public sectors also take longer than average.

Figure 71: Time taken to authenticate caller identity, by vertical market

Vertical market	Time taken to authenticate caller's identity (seconds)
Public Sector	40
Telecoms	36
Medical	29
Finance	28
Insurance	28
Outsourcing	23
Retail & Distribution	23
IT	23
Services	22
Utilities	20
Transport & Travel	15
Average	**24**

The unnecessary cost of caller authentication

62% of all calls require a security and identification process to be completed first. 94% of these will require some agent input even if IVR or speech recognition is also used. On average, it takes 24 seconds to go through 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: 265bn[4] and Average Inbound Call Length: 350 seconds

Inbound calls per year: 45.4bn

Proportion of inbound calls that require security and identification checks: 62%

Proportion of security and identification checks carried out using an agent: 94%

Average length of agent-handled security and identification check: 24 seconds

Mean average cost per inbound call: $5.90

Cost of time spent on agent-handled security and identification check: 40.5c per call

Overall cost of agent-handled security and identification checking: **$10.7bn per year**

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[4] From ContactBabel, forecasts from 'North American Contact Centers 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 40.5c per call ($4.05m 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.

Those contact centers which use touchtone IVR or speech recognition considerably more than average are likely to be found in the telecoms, utilities and finance sectors: often high-volume environments where a few seconds shaved from a call or a reduction in misrouting can save considerable amounts of money. Most financial services companies have many products which require specific skills and product knowledge. As such, routing based upon selection criteria such as customer account numbers, sales/service and specific product choices can take place, supported by an IVR front-end.

Less automated or volume-based contact centers, such as public sector, and sales-focused operations, such as retail, show less of a demand for IVR solutions. These are generally smaller operations where use of IVR for call routing is unnecessary.

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

Contact center size	Touchtone IVR	Speech recognition
Small	55%	9%
Medium	62%	9%
Large	79%	11%
Average	**67%**	**10%**

76% of respondents use the information gathered in a touchtone IVR or speech recognition session to route the caller to an appropriate agent, team or department, although information about the specific caller is collected and popped to the agent's screen in one-third of these 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, 38% of large operations route calls to an agent complete with screen-pop, compared to only 23% of small or medium 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 73: 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	75%	Finance, outsourcing, services
High-value customer	52%	Outsourcing, services, finance
Unpaid account	30%	Insurance, finance, outsourcing
Risk of defection / end of contract	21%	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 (DNIS - dialed number identification service), the calling number or caller's identity (ANI - automated number identification), 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.

63% of respondents use DNIS (74% of large operations), compared to 35% using ANI (42% of large operations).

WORKFORCE MANAGEMENT

Workforce management solutions now have to deal with environments which are getting much more complex, in order to satisfy the reality of the work that is being presented to agents. For example, all agents require good listening ability, familiarity with keyboard and IT skills and a knowledge of the business they are working in, but more now need a pool of in-depth and specific talent to be available in order to satisfy customers fully, including:

- Familiarity with either specific customers (e.g. account management) or customer sub-sets (e.g. commercial vs domestic products)
- Specific product or technical knowledge
- Right level of experience and empowerment for the customer (e.g. "gold-card" customers may demand single-call resolution, meaning senior agents must take the call)
- Language skills (both in domestic and international markets)
- Ability to deal with multimedia interactions (either in real-time - such as text chats - or offline, such as emails)
- Similar regional accent to caller (where applicable).

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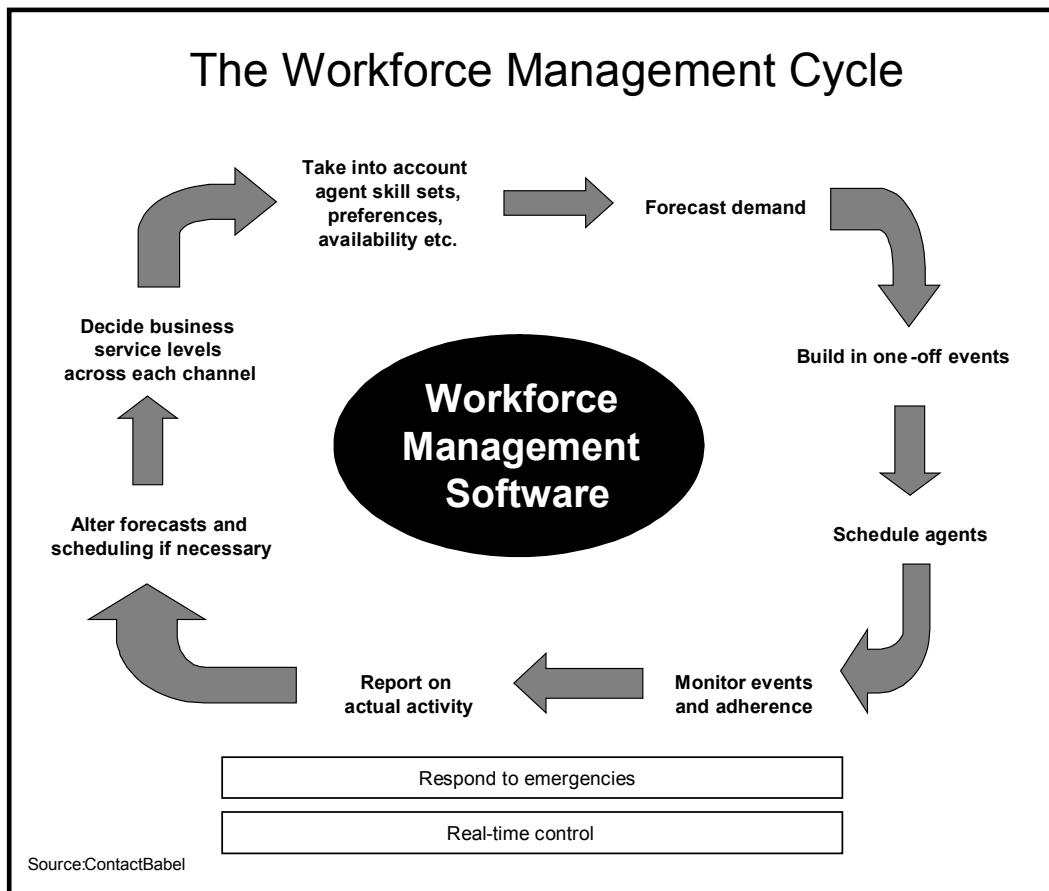
Fulfilling service levels while managing costs is a repetitive cycle, requiring several key processes to be completed. Feedback from each stage means that the enterprise can continually improve its efficiency and become more confident in future predictions.

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 sued 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 74: Use of workforce management systems, by contact center size
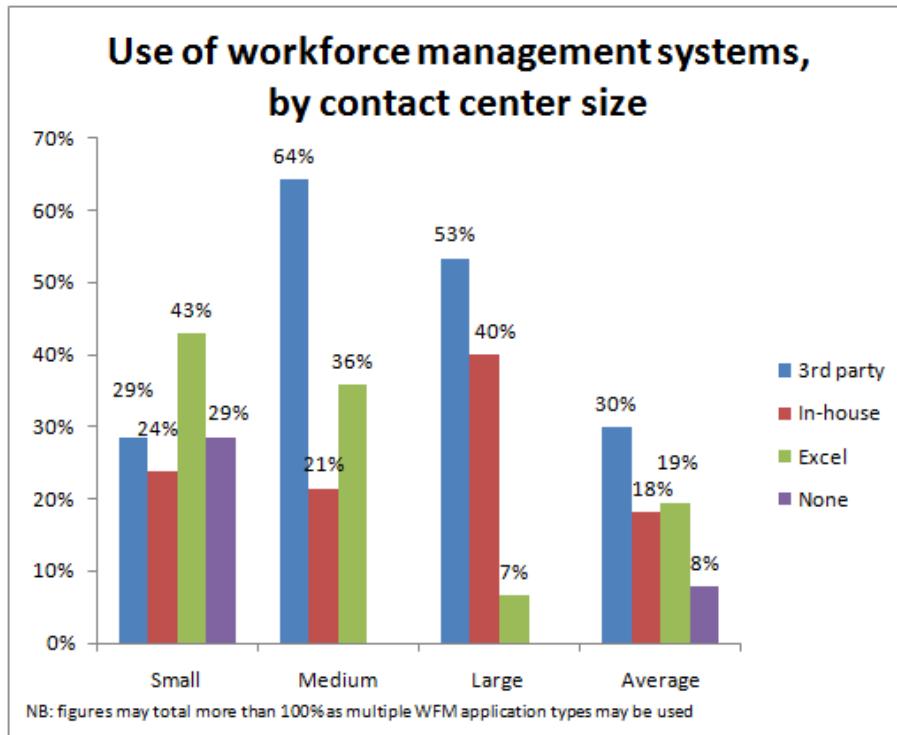
Small contact centers are still very heavily involved in manual workforce management, which offers extremely limited opportunities for doing anything other than a static schedule that cannot easily be changed. In fact, forecasting and scheduling in this scenario is more of an art than a science. Medium 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 75: Opinions on the uses of workforce management

Opinions on the use of workforce management

	'We need to be able to change schedules immediately, at any time, and from anywhere'	Being able to select preferred shifts and holidays is vital to agents' morale'	We frequently have too few agents available' (understaffing)	We frequently have too many agents available' (overstaffing)	Reducing costs is the main purpose of workforce management'
Strongly Agree	27%	27%	18%	4%	13%
Agree	24%	40%	18%	26%	35%
Neutral	27%	25%	41%	22%	21%
Disagree	18%	6%	22%	34%	27%
Strongly Disagree	4%	2%	22%	14%	4%

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 it[5].

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.

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[5] Source: CCF magazine, July 2007

HEADSET REPLACEMENT AND COST

Around 20% of respondents' headsets are replaced in a given year, meaning that the average headset will have a useful life of around 5 years.

Figure 76: Proportion of headsets replaced annually

	Proportion of headsets replaced annually
1st quartile	25%
Median average (2nd quartile)	13%
3rd quartile	10%
Mean average	**20%**

On average, contact centers pay $91 for a new headset.

Figure 77: Cost of replacing a headset

	Cost per headset
1st quartile	$110
Median average (2nd quartile)	$70
3rd quartile	$54
Mean average	**$91**

Based on there being around 3m agent positions in the US, the overall annual industry expenditure on replacement headsets therefore totals around $55m, with the retail and finance sectors spending the most.

WIRELESS AND IP HEADSETS

Wireless headsets

49% of contact center respondents used some wireless headsets within the contact center, with an average of 48% 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 tea, but it seems as though these are becoming more mainstream.

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, 58% of respondents have some headsets that are able to cope in an IP environment. Of these respondents, 81% of headsets can handle IP, with 57% 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 17% of respondents' contact centers have a definite, written policy on acoustic shock and avoidance thereof, a clear area for improvement.

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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 78: Multimedia channels

Channel	Current use	Drivers	Inhibitors	Proportion of interactions
Email	Widely offered for inbound and outbound service by all sectors, especially IT and retail.	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. Templatized 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.	IT and retail often highest. Insurance and finance usually low. On average, the contact center industry has 10% 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.	c.10% 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.	Around 1-2% 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.	Usually <1% 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.

> "A satisfied customer is the best business **strategy** of all."
>
> MICHAEL LEBOUEF

What's Your Strategy for a Satisfied Customer?

When was the last time you reviewed your contact center strategy? Just as chess and other games of strategy require that you think multiple steps ahead, your ability to develop a proactive contact center strategy rather than reacting to crises as they arise can be the difference between securing a life-long customer or helping your competition grow.

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Syntellect contact center solutions have powered the vital customer interactions for thousands of organizations, large and small, over the past 25 years; including:

GE, Symantec, Desert Schools Federal Credit Union, HSBC, Agilent Technologies, British Telecom, Avon, Walt Disney, Los Angeles Department of Water and Power, Bank of Hawaii, Walgreens, Ikea, Hallmark, Severn Trent Water, Seagate, Dominos Pizza, Royal Bank of Scotland and Kronos, just to name a few.

Let Syntellect help review and build your contact center strategy and satisfied customers will follow!

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 touchtone IVR and little else.

Today, multichannel contact centers are mainstream, with most contact centers dealing with a significant proportion of email as well as telephony. The Internet – as a channel for self-service, sales and increasingly person-to-person contact – is an integral part of many businesses' customer contact strategy, with the advent of social media throwing another element into the mix.

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
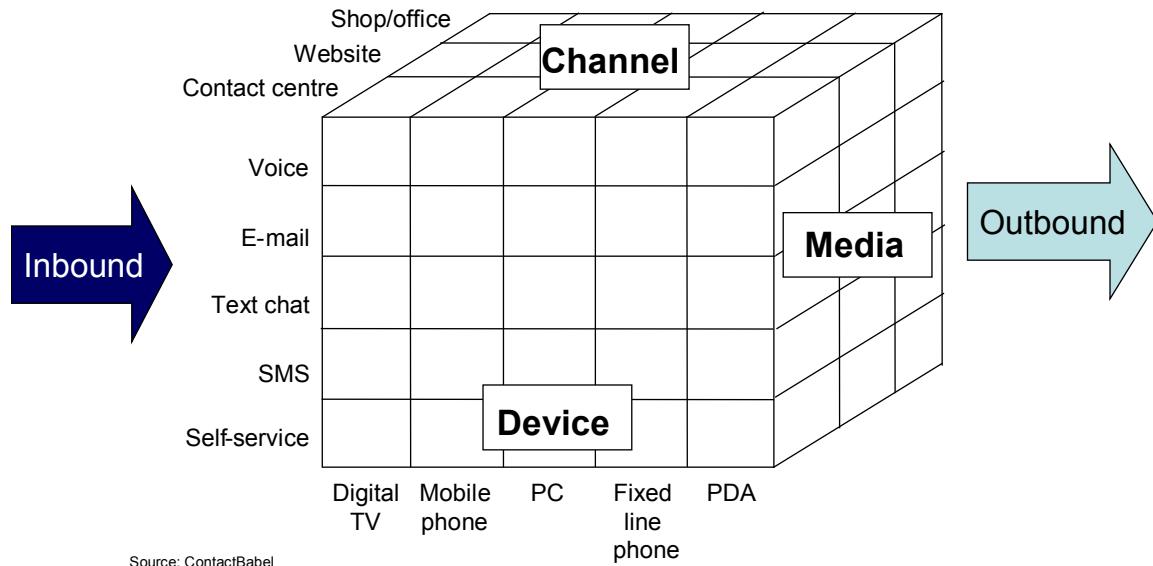
Source: ContactBabel

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.

The proportion of inbound interactions by channel has not changed greatly since last year, perhaps as many initiatives and investments have been put on hold. The proportion of self-service interactions has grown from 9% to 12%, and it will be interesting to see if this trend continues next year. Email hovers around the 10% mark, but apart from the self-service figure, these statistics show no major changes in channel usage since last year.

Figure 79: Inbound interactions by channel
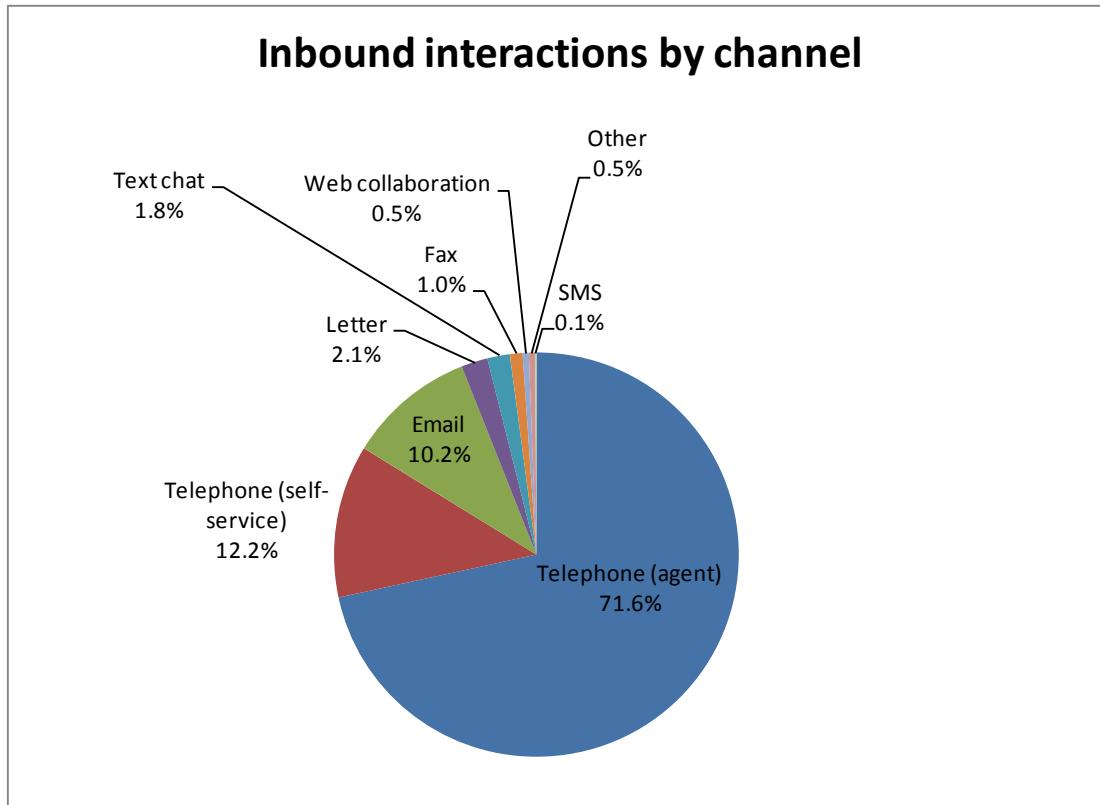
Figure 80: Channel usage

Channel	% of respondents accepting inbound interactions of this type
Telephone (agent)	100%
Email	80%
Telephone (self-service)	54%
Letter	42%
Fax	39%
Text chat	29%
Web collaboration	25%
Other	15%
SMS	3%

Of course, all respondents handle telephone calls to agents, with the vast majority accepting email as well. Traditional channels, such as fax and letter are also still popular, although volumes are low. New media - text chat, SMS and web collaboration - are still in the realms of the early adopter, and it is interesting to see that only around half of respondents offer customers a full self-service solution.

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 a 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 81: Inbound interactions that are email, by vertical market

Vertical market	% of inbound interactions that are email
IT	15.6%
Public Sector	15.5%
Retail & Distribution	14.4%
Outsourcing	11.1%
Services	9.3%
Telecoms	8.5%
Transport & Travel	7.8%
Medical	7.2%
Utilities	6.2%
Finance	6.1%
Insurance	2.8%
Average	**10.2%**

As usual, it is the retailers and IT respondents with the greatest proportion of inbound traffic as email, although this year's public sector respondents are also supportive of this channel. The retailers' email volumes are often driven by sales via a website, with IT's more about technical support. The finance and insurance sectors do not deal with a large volume of email, mainly due to the restrictions on security, customer identification and customer data. Outsourcers are generally increasing the amount of email they handle, as this is a good way to establish contact with new clients, and fulfills a definite need.

As with previous years, emails are proportionally less important for large contact centers, with the gap between large and small operations widening yearly.

Figure 82: Inbound interactions that are email, by contact center size

Contact center size	% of inbound interactions that are email
Small	14.9%
Medium	9.9%
Large	6.2%
Average	**10.2%**

Email response handling times have shown an improvement on 2009, with the proportion answered within one hour going from 12% to 20%, and those answered the same working day staying consistent. However, 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 83: Average time taken to respond to emails
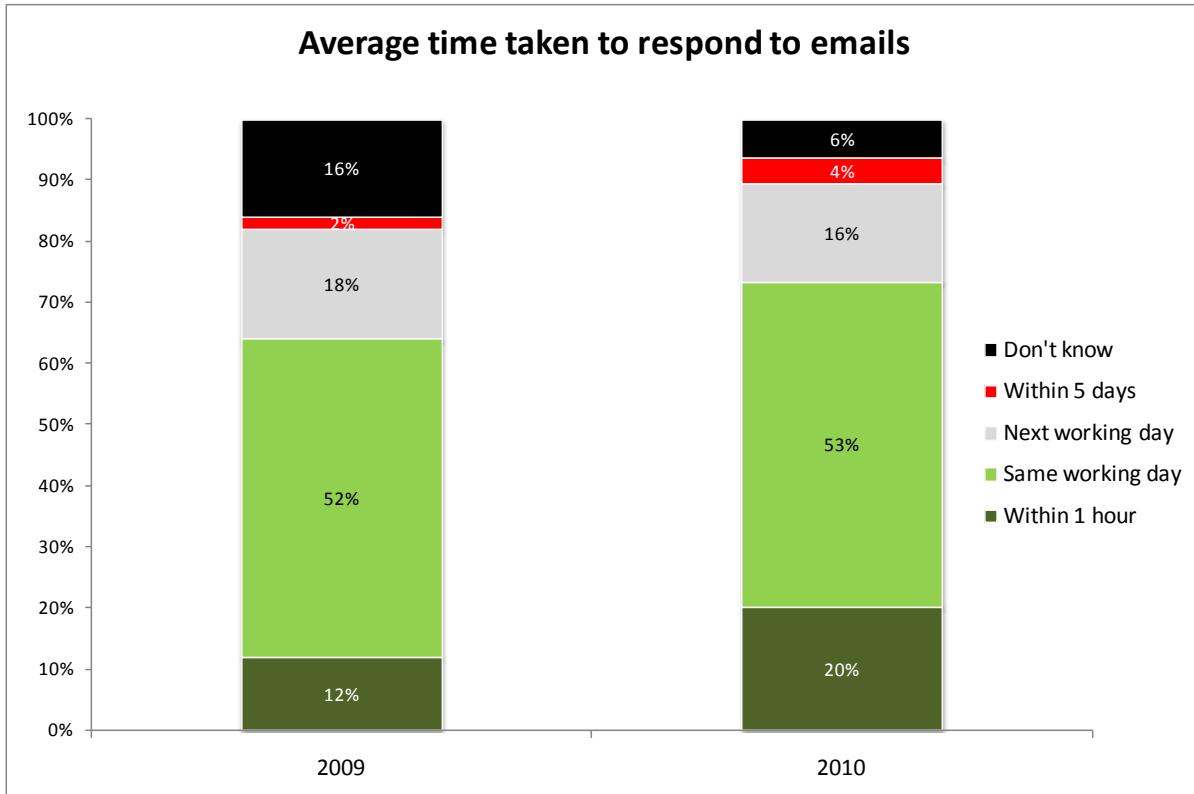
Although the previous chart looks at average email handling time, a relatively small number of tricky enquiries can pull the average email handling time upwards considerably, so it's also worth looking at the proportion of emails answered within 24 hours (consider this measure to be similar to the traditional call center benchmark of proportion of calls answered within 20 seconds).

Figure 84: Proportion of emails answered within 24 hours, by vertical market

Proportion of emails answered within 24 hours, by vertical market
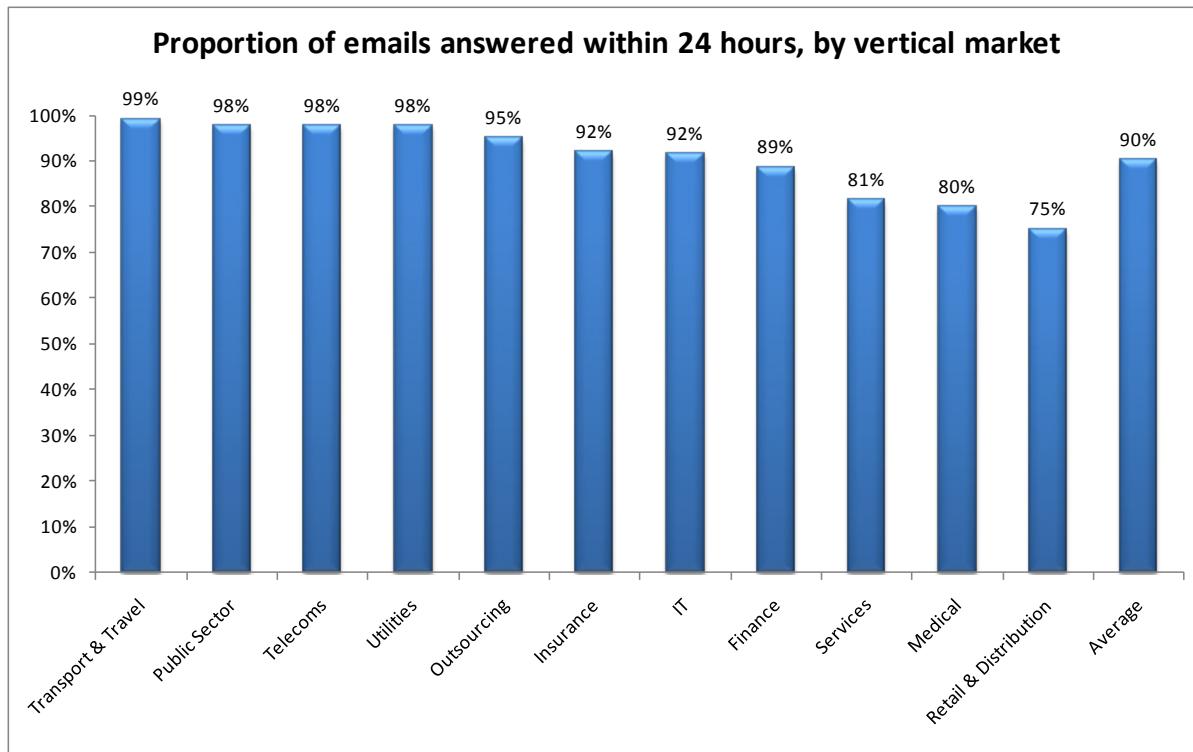
Surprisingly, the retail & distribution sector has the greatest proportion of respondents taking longer than 24 hours to answer (25%), perhaps as a result of the higher-than-average volumes that the sector receives, exacerbated by the relatively low levels of investment in email systems in many retailers. This should be rectified, as many emails to retailers are about sales or delivery, and will direct impact upon revenues.

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 medical, telecoms, transport & travel and public 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, 44% 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. 91% of sub-50 seat operations have some agents who deal with email and voice, compared to 78% in the 200+ seat bracket. Within these blended contact centers, small contact centers allow 71% of staff to do both voice and email, compared to 32% of medium-sized operations and 33% of large contact centers. All of these figures have significantly increased since 2009, suggesting that email / phone blending is gaining traction.

Figure 85: Use of multimedia blended agents by vertical market

Vertical market	Respondent contact centers allowing multimedia blending	Proportion of agents answering both voice and email (only where applicable)
Medical	100%	50%
Public Sector	100%	49%
Telecoms	100%	90%
Transport & Travel	100%	40%
IT	91%	55%
Outsourcing	87%	45%
Finance	83%	21%
Insurance	83%	14%
Retail & Distribution	80%	51%
Services	71%	62%
Utilities	70%	30%
Average	**83%**	**44%**

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 much more likely to deal with emails on an ad-hoc basis, whereas there is a slight positive correlation between contact center size and the use of a formal blended environment or universal queue, although less than previous years, suggesting that investment in universal queues is no longer restricted to the largest operations.

Figure 86: Methods of multimedia blending
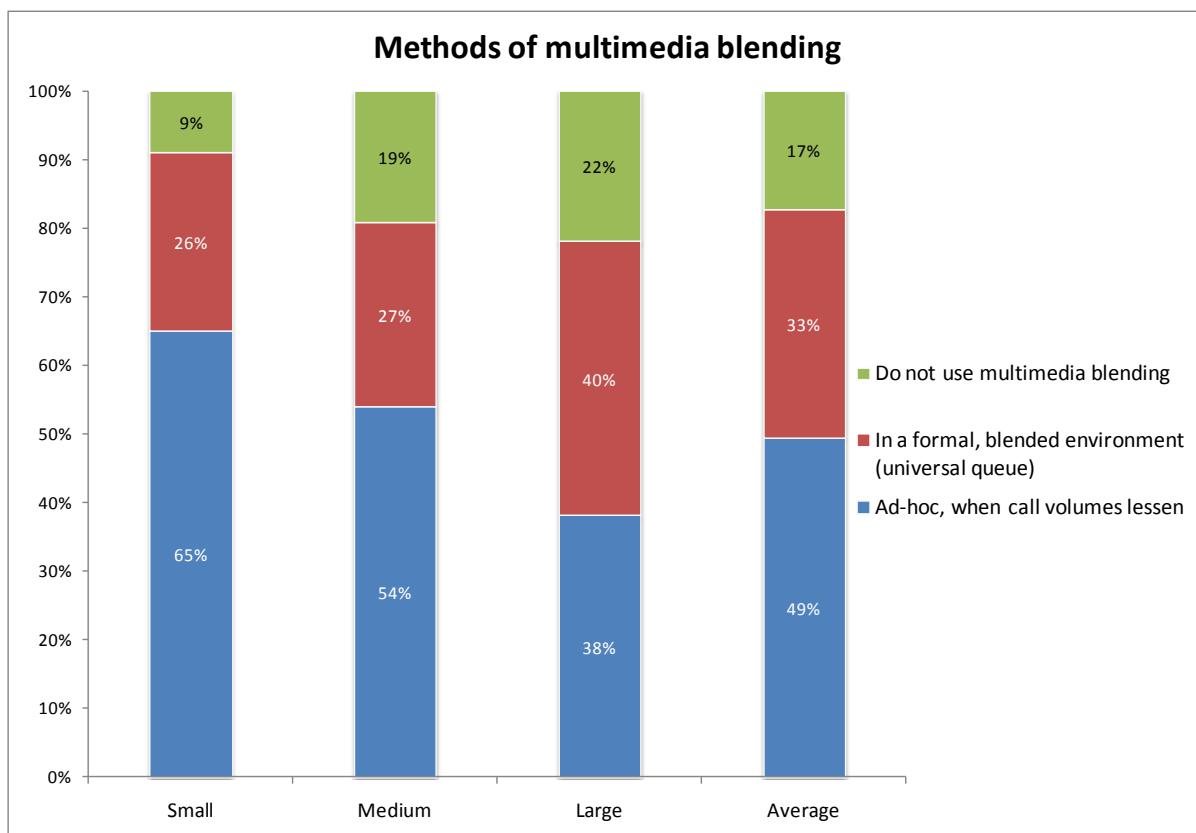
MULTIMEDIA BLENDING AND ATTRITION RATES

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. Data have proven this to be the case for many years, and even though attrition rates are fairly low this year, the same pattern emerges, except less dramatically than in previous years.

On comparing attrition rates and staff churn problems against the amount of multimedia/call blending that agents are allowed to do, there is 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 34%. In contact centers where more than half of staff answered multimedia and calls, average attrition was 23%.

- 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 35%, compared to 19% 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 and promotes high levels of attrition. However, such operations are likely to have higher efficiency measures.

OPINIONS ON EMAIL

The multimedia service channel has been a long time in coming, but now accounts for around 11% of the typical contact center's work. However, there is still a long way to go before it fulfills its promise and potential.

The biggest issue is stated to be a lack of investment in the technology that's needed to really make this work, such as universal queue, email blending, email management and of course the niche applications such as web chat. The second-biggest issue - that customers don't use multimedia out of preference - is strongly linked to this lack of investment: if the channel hasn't been invested in and doesn't work as it should, why would customers want to use this over a proven channel such as voice?

However, 34% of respondents disagree that voice and web self-service make multimedia irrelevant. Concerns over integration and a possible lack of agent skills are minor, leading to the conclusion that multimedia is being held back simply by a lack of vision, as well as the investment required to meet that vision.

Figure 87: What's holding back your multimedia service channel?
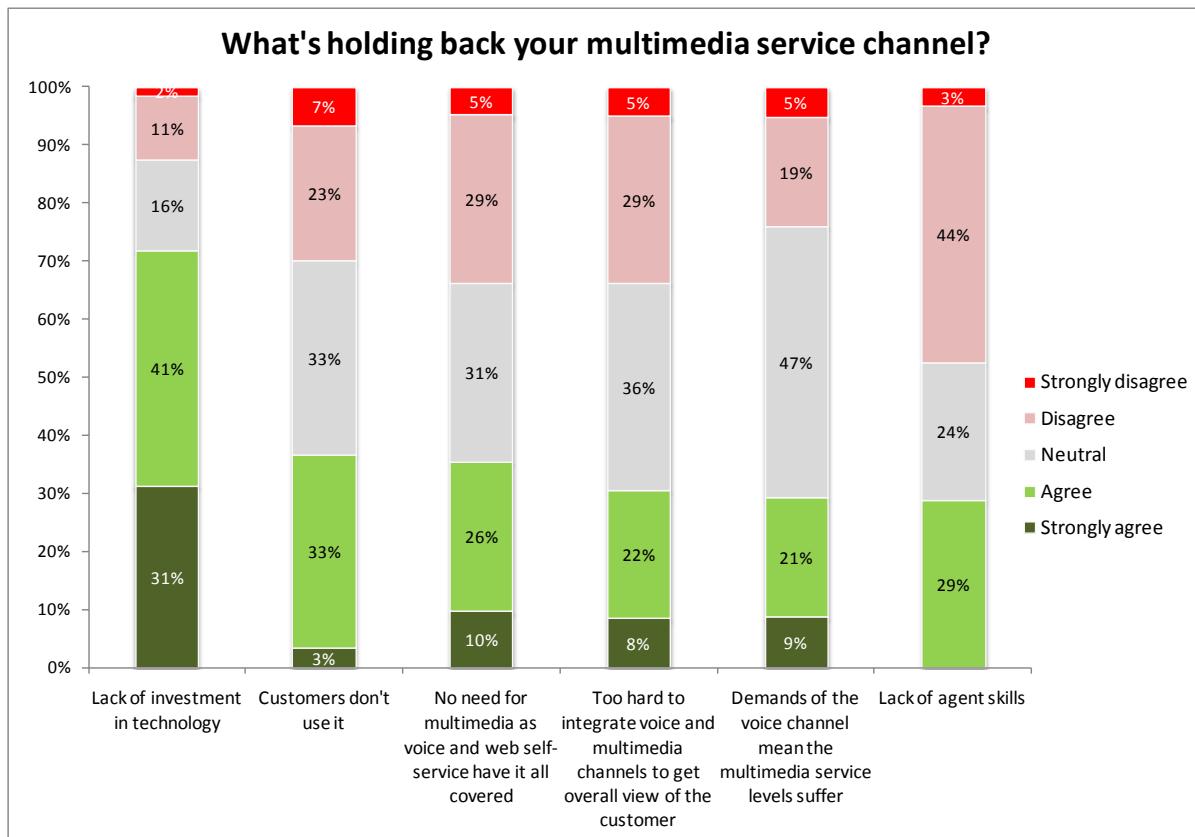
NICHE CHANNELS

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 telephony[6], while in the UK, around 10% of all households are mobile-only[7], 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.

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

CUSTOMER REACTION TO SMS

Customer reaction to SMS, although early days, is very 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 are enjoying the twin benefits of high customer satisfaction and low costs, particularly when the cost of call avoidance is considered as well. 73% of respondents that use SMS for customer service say that their customers are either 'happy' or 'very happy' with this.

Unsurprisingly, marketing SMS messages are 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.

Figure 88: Customer views on SMS for customer service and marketing

Figure 88: Customer views on SMS for customer service and marketing
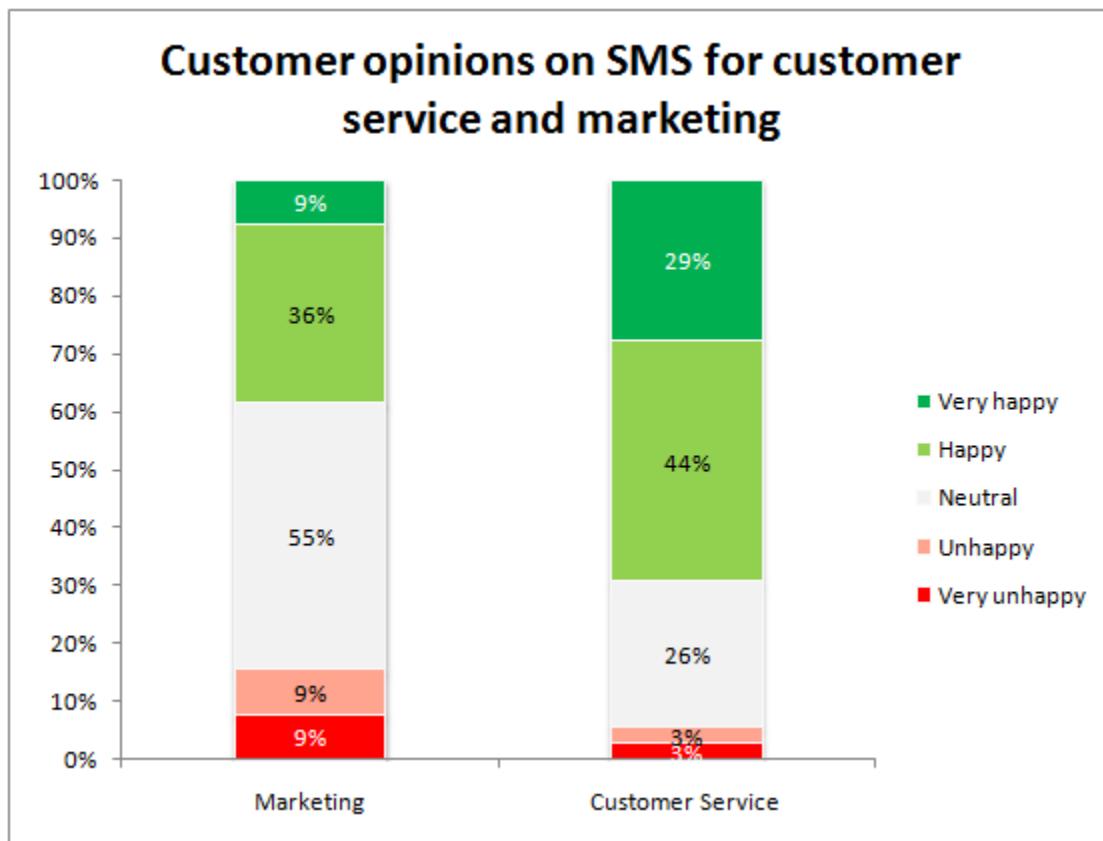
TEXT CHAT AND WEB COLLABORATION

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 templatized 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 3G 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 Optimisation' 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 89: 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.
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 'Maximizing Efficiency and Agent Optimisation' 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 90: 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

		Simple	Complex
Volume of interactions	**High**	**Very high** - balance enquiries - ticket booking - utilities meter reading	**Medium** 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

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 utilities sector is a leader in voice self-service technology, with automated meter readings, balances and payments having been used for many years, with the finance sector also using self-service for balance-checking especially. Overall, 66% of respondents offer a full self-service option through a voice channel (up from 40% last year), although of course many do offer IVR for routing and CTI purposes, as well as a widespread use of web self-service.

Figure 91: 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
Utilities	27.3%	100%
Transport & Travel	23.7%	100%
Medical	19.2%	60%
Finance	17.8%	92%
Services	17.0%	70%
Telecoms	15.0%	67%
Insurance	10.6%	83%
Public Sector	10.0%	60%
Outsourcing	9.5%	61%
IT	7.2%	50%
Retail & Distribution	7.0%	50%
Average	**12.2%**	**66%**

NB: proportion of calls handled through self-service refers to all respondents, not just the 66% offering a full self-service option. As such, it provides an industry-wide view of self-service.

On average, 13% of voice self-service is handled through automated speech recognition, rather than touchtone IVR, a figure very similar to last year. 90% of self-service interactions in small contact centers are through touchtone IVR, with automated speech recognition becoming increasingly widely-used in larger operations, with 13% of medium-sized contact centers and 20% 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.

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 26% 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, which is a deterioration on recent years, and is a sign that self-service applications need to be reconsidered from the point of view of the customer. This figure would possibly 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. (NB, 1st quartile performance for 'zeroing-out' is 2%, the median is 11% and the 3rd quartile is 45%, which indicates that there are a substantial number of contact centers where self-service failure rates are very high).

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 $5.90.
- Respondents state that the average cost of a telephony self-service session is 98c.

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 92: Inhibitors of movement from touchtone IVR to automated speech recognition
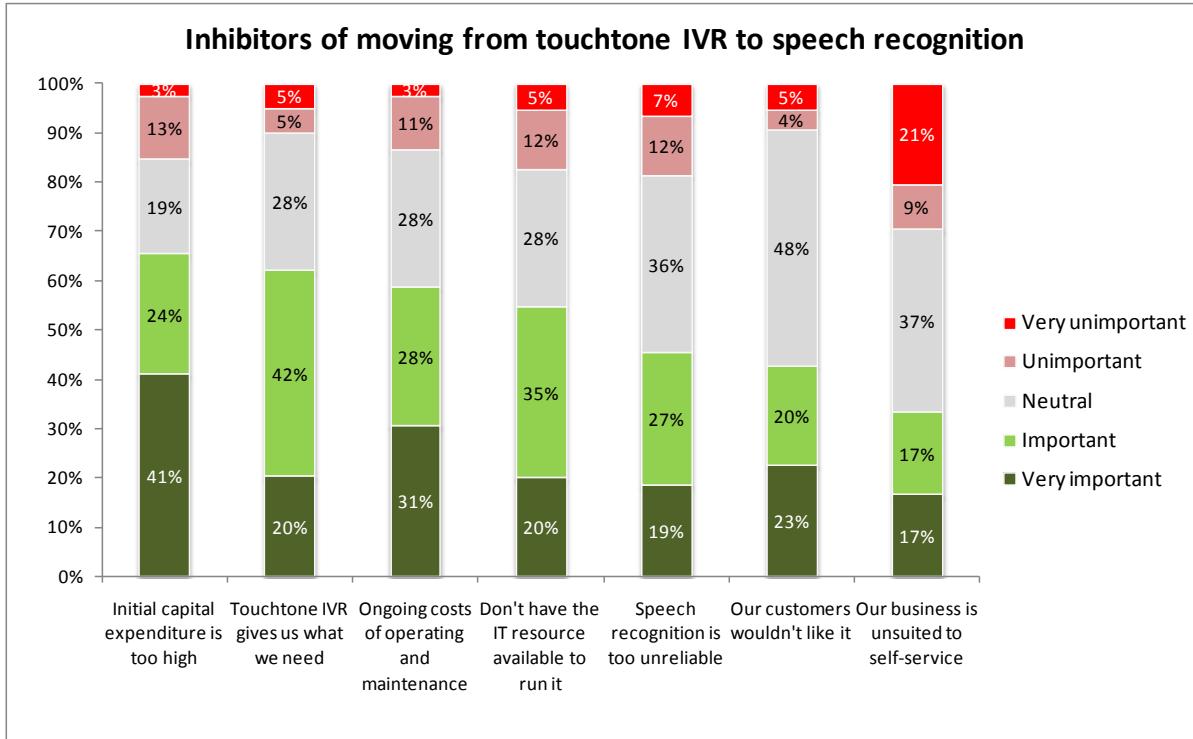
There are likely to be issues around initial and ongoing expenditure, as well as the necessity for speech recognition, the former issues being addressable through a hosted model. Respondents were also concerned that they did not have the in-house IT resource to run automated speech self-service. As touchtone 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, if done properly, but respondents had concerns about customer reaction as well.

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 28% of customers are in fact in that age range, 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: "Customer 2.0: Customer Experience and Profitability in the New Economy" (ContactBabel)

Synopsis: An extended, free White Paper investigating what organizations can expect from post-recession consumers, and how to move beyond traditional customer satisfaction measurements towards an insightful and actionable customer experience framework.

Download: http://www.contactbabel.com/reports.cfm (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.

A case in point is the website 'FriendsReunited.com' which grew exponentially in the early part of the decade, but which tailed off in terms of new members, and more importantly, through the proportion of members actively using the site as people satisfied their curiosity about their old schoolfriends, and moved on. However, with FriendsReunited stating that 53% of UK adults are members, it is still a force to be reckoned with, and has moved away from simply 'reuniting friends' and now offers services around genealogy, dating, recruitment and games, trying to keep their members coming back for different reasons.

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 research[8].

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.

[8] HenleyCenter Headlight Vision on behalf of AOL

Customer communities - effects on brand perception and loyalty

A major academic study of eBay community participants[9] 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 $89m over the course of a year. The costs of encouraging greater community participation was around $10,500, a return on investment of almost $12,750 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

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[9] "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.

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

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).

Although only launched in 2006, Twitter is currently very much in fashion, with there being 50 million tweets per day worldwide (Twitter claims that these figures exclude spam).

However, Twitter currently resembles more of a one-to-many traditional publishing service, rather than true Web 2.0-style collaboration, as the Harvard Business School finds that 10% of users generate 90% of content. Certainly, if your business delivers a dreadful customer service experience to Stephen Fry, P.Diddy or Barack Obama (three of the Top 10 most influential tweeters), then you run the risk of a PR meltdown.

For the vast majority of users, outputting to Twitter isn't a daily part of their lives: 75-80% of tweeters have fewer than 10 tweets to their name, so the opportunity for widespread negative publicity following an individual poor customer service experience is very rare. Additionally, only 34% of Twitter users are over the age of 24, meaning that Twitter is far more important for youth-orientated businesses to understand.

In "What's Working for Social Media Marketers?"[10], Twitter is seen as a quick and effective way to monitor negative PR and to communicate directly with disgruntled customers, techniques which are already widely-used in more effective customer satisfaction programs.

Recent signs (from announcements in May 2010) suggest that Twitter is gearing itself up to address the B2C communications market, with the "Twitter Business Center" currently testing some potentially important additions. Perhaps the most relevant is the ability for businesses to accept direct messages on the service, even from people they don't follow, making this another potential direct inbound channel for customer service, in the same mould as text chat, SMS or email. Businesses can get feedback directly and deal with private customer issues without having to 'follow' the person back first.

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[10] http://www.emarketer.com/Article.aspx?R=1007449 - January 2010

What effect will social media have on the contact center?

Don't know
9%

None at all
16%

Social media will change
the way the contact
centre operates
21%

A niche channel for the
contact center to
monitor and react to
27%

Minimal
27%
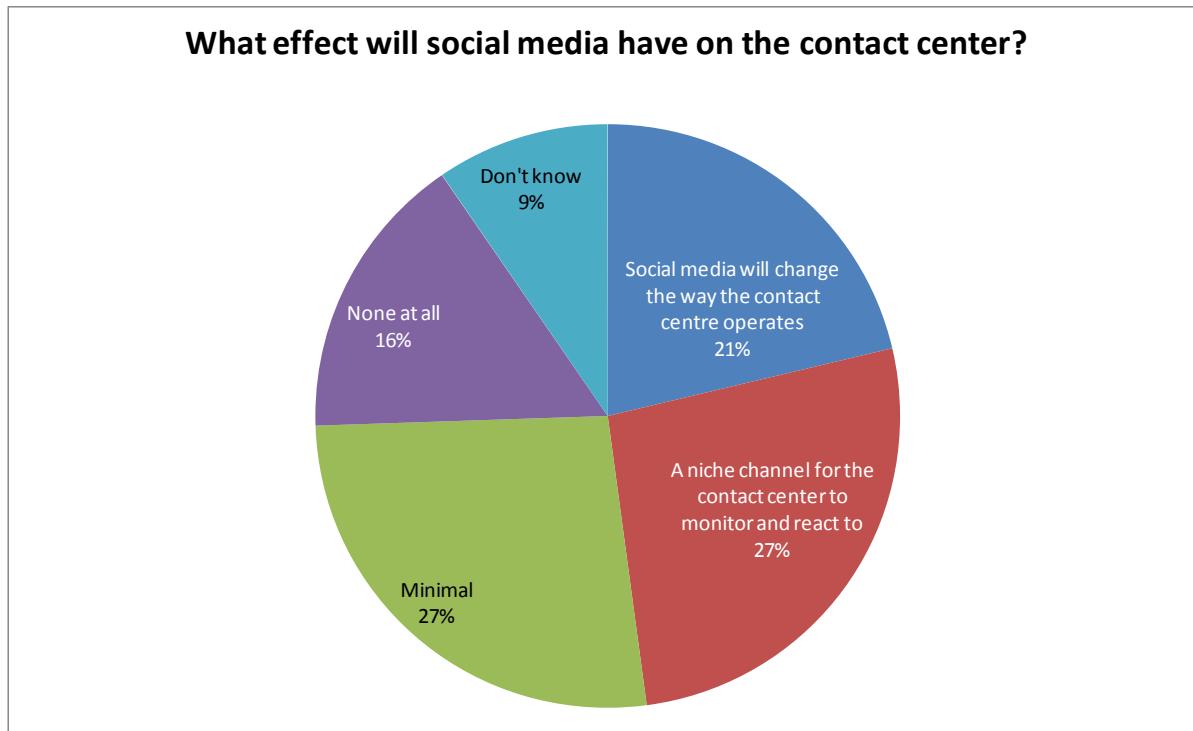
There is little hard evidence as yet on which to base assumptions of how social media will affect the contact center. An initial question on its future importance shows that the vast majority of respondents are aware of it, but with no real agreement on its importance. Those in the outsourcing, telecoms and transport & travel sectors were most likely to consider social media a big deal for the contact center, whereas those in the insurance or public sectors were least concerned.

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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, and the recent drive to maximize profitability has made many businesses look at whether their contact centers can add more to the bottom-line. 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 & managed 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 not a technology, or even a group of technologies. It is a continually evolving process which requires a shift in attitude away from the traditional business model of focusing internally. CRM is an approach 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 which channel they decide to use
- 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 94: 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
Retail & Distribution	82%	99%	21%
Transport & Travel	80%	100%	25%
Outsourcing	70%	76%	8%
Telecoms	63%	65%	4%
Utilities	60%	90%	50%
Services	56%	78%	38%
IT	40%	58%	43%
Finance	38%	43%	14%
Insurance	29%	39%	32%
Medical	26%	27%	5%
Public Sector	0%	0%	N/A
Average	**53%**	**62%**	**16%**

Currently, respondents indicate that 53% of their service agents are able to cross-sell or up-sell within a call, with those in the transport & travel and retail & distribution sectors seeming particularly adept.

The majority of respondents were 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 53% to 62%. The IT, utilities

and insurance respondents were keenest to push up this ability, suggesting opportunities for solution providers and training companies alike.

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

Figure 95: Inhibitors to cross-selling and up-selling
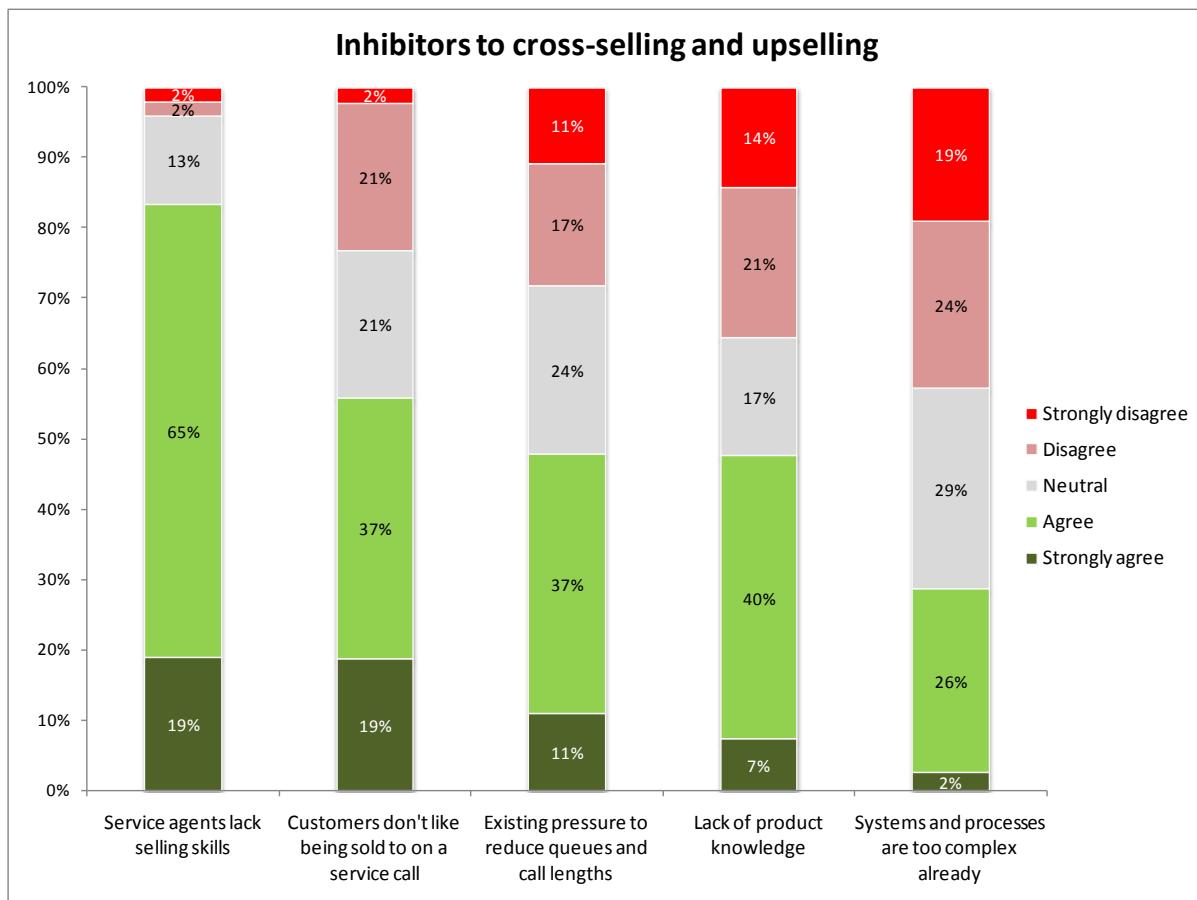
The greatest inhibitor to increasing the amount of cross-selling and up-selling is the concern that service agents do not have the necessary skills of sales agents. It is a debatable point whether this is a matter that can be rectified with training, or whether it is a deep-rooted truth that a service 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.

56% of contact centers say that customers dislike talking off-topic, 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.

48% 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).

47% of respondents cite a lack of product knowledge as being something of 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.

Only 28% 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 a substantial number 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.

Cross-selling and up-selling: success rates

Respondents state that their cross-selling / upselling success rate is 29% - that is, of 100 attempts, 29 will result in an extra sale.

This is highest in the medical sector (45%) and lowest in the IT sector (11%), although there are not enough data points to detail this completely.

The median is 25%, the 1st quartile 40% and the 3rd quartile 11%.

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)

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.

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 96: Compared to 12 months ago, how has the importance of these factors altered within your contact center?

How have these factors changed in importance within the past 12 months?
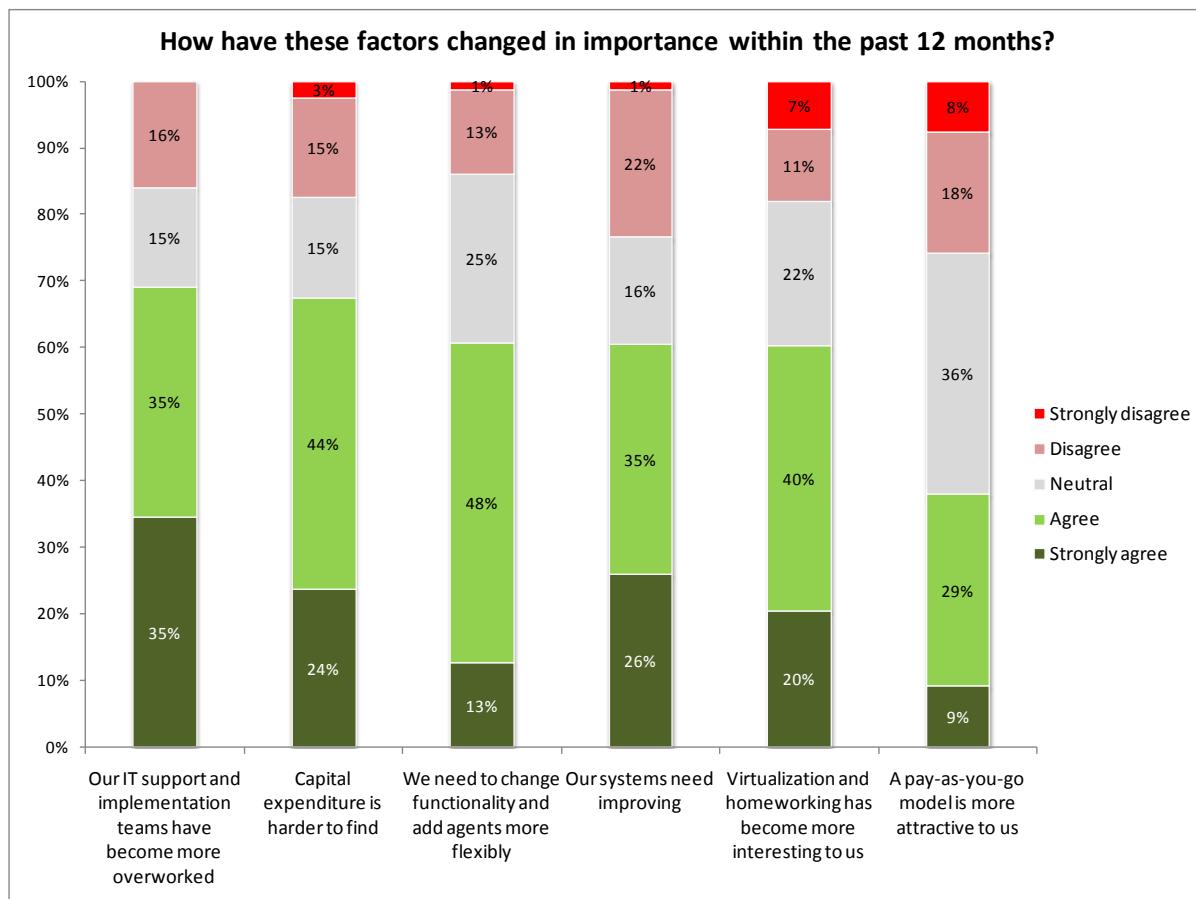
There is a very strong feeling held by the majority of respondents that systems need updating urgently, which offers contact centers the opportunity to look at other options to the traditional CPE model, as it becomes a matter of choosing which change to make, rather than deciding whether any change is necessary. The finance and insurance sectors are particular aware of the need to upgrade its systems.

70% 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.

Opex expenditure is somewhat easier to find at the moment than Capex for many respondents, and the emergence of SaaS also fuels the interest in non-traditional infrastructure and financial models. Surprisingly,

though, interest in the pay-as-you-go model has not increased much further, perhaps as budgets are loosening a little compared to last year. (These statistics show only the trends in changing interest in the past 12 months, rather than the absolute level of importance).

Virtualization and homeworking has gained further on the interest that it had last year. 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 in most sectors.

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 Optimisation' 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:

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

  o 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

  o 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

- o Low-risk ability to start up or move or expand without risking existing business plans

- o 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:

  - o 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

  - o 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:

- o 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

- o 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

- o 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

- o 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

- o 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:

  - o 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

o Using CPE often means that development cycles are long, and that technology imposes its own limitations on what can be achieved

o 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:

o 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

o 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):

o 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

o 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

o Superior managed service solutions are fully-redundant, sharing the weight of disaster recovery or unplanned outage with the hosted solution provider

o 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

- o 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:

  - o 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

  - o 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:

  - o 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

  - o 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:

  - o 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

  - o 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

  - o 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

  - o 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 the business:

  - o Self-service and call routing scripts are held centrally, managed from a single interface, so that any changes can happen quickly and consistently

- o 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

- o 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 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 contact center respondents who have actually implemented a hosted or managed solution have generally found that it has delivered significant advantages.

64% of respondents agreed that the overall cost of ownership was cheaper, almost the same as last year. 67% experienced more powerful or extended functionality in a hosted or managed environment, with only 7% disagreeing. 60% found that making changes to the system was now easier, compared with 13% who felt the opposite.

Figure 97: Have hosted or managed services had any advantages?

Have hosted / managed services had any advantages?
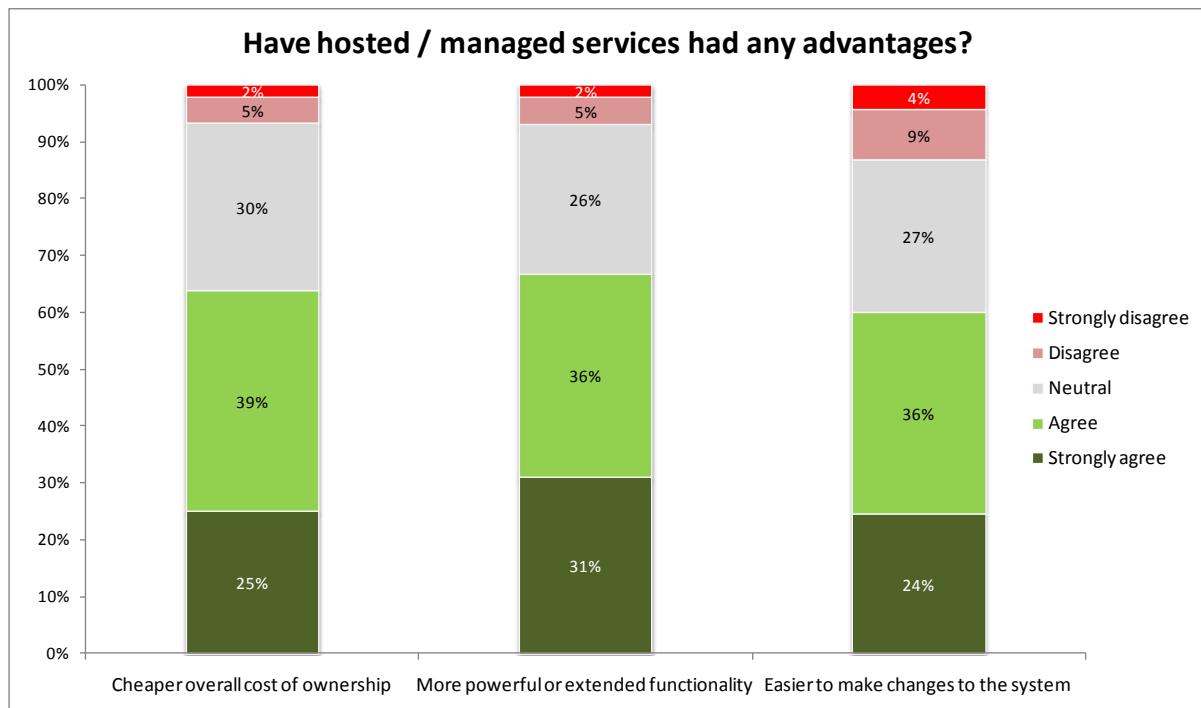
OUTBOUND AUTOMATION

The traditional outbound call was simply about selling more products to new and existing customers. However, legislation and customer pressure is having a continuing impact on cold calling, and the past years have seen an increasing proportion of outbound calling being made to existing customers, either to deliver customer care or proactively to inform 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 (for example, 73% of the UK public who considered offshore customer contact to be inferior cited inflexible scripts as a key issue)[11]

- tough legislation has emerged across many countries which has reduced 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 now businesses in the UK) to opt out of receiving any sales calls at all.

Call blending is an element of outbound calling which, despite being around for many years, 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.

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[11] ContactBabel, "Finding the Balance: The Effects of Offshore Customer Contact on Profit and Brand"

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.

OUTBOUND ACTIVITY

The single most popular named outbound activity is proactive customer service - a strong brand builder as well as an effective call avoidance tactic, but which is back down to 19% from last year's high of 22%. Sales calls to potential new customers takes over this year as the top sales-related outbound activity, possibly as a result of a large number of outsourcers in this year's survey. However, there has been a big jump in debt collection calls, up from 6% last year to 13%.

Figure 98: Outbound activity
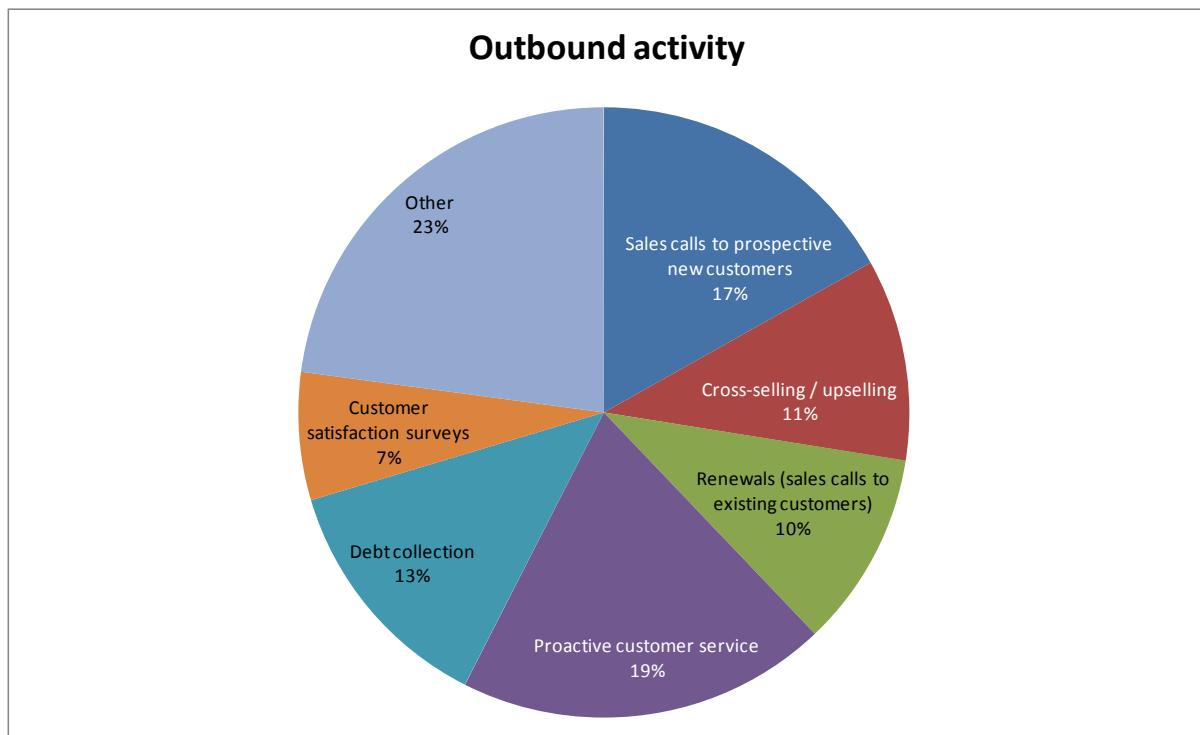
Vertical market patterns are very different from each other, and there is not even a great deal of homogeneity within sectors, so these figures should be treated with some caution. However, there are some interesting findings to bring out.

The public sector's outbound activity is predominantly proactive customer service, with finance, retailers and insurers also heavily involved in keeping customers aware of what is happening.

The outsourcing sector is the hungriest for new business and most likely to cold-call (within the law, of course). As might be expected, it is also keen on sales of all types with 57% of all outbound activity being sales-related.

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

The finance and utilities sectors 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 99: 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 four times those operations using manual dialing, translating into a far superior live contact rate as well.

Figure 100: 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	39	14
Preview	26	12
Progressive	27	11
None	9	6

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.

11% of all respondents say that the legislation on outbound calling has reduced their calling greatly, with a further 15% 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 less sanguine, and the effect of outbound legislation seems to be greater than in previous years.

Figure 101: The effect of recent legislation on outbound calling, by contact center activity type

The effect of legislation on outbound calling
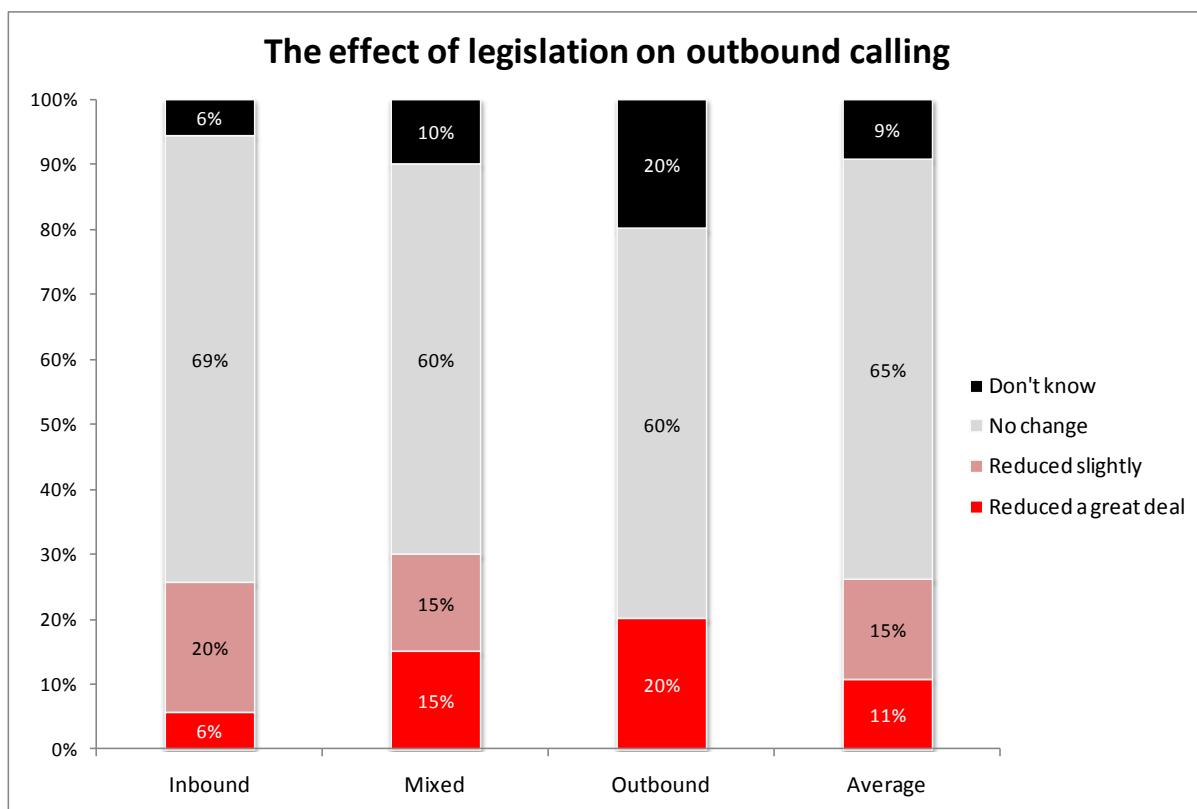
CALL BLENDING

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 37% of respondents' operations - a significant growth year-on-year - although medium and large contact centers are more likely than smaller operations to use dedicated outbound agents. Small operations will also be more likely to operate blending on a manual, ad-hoc basis.

Figure 102: Use of call blending by contact center size

Use of call blending by contact center size

	Small	Medium	Large	Average
Yes, in a formal and structured way	36%	33%	40%	37%
Yes, but in an informal, ad-hoc way	50%	38%	37%	40%
No, we have dedicated and separate inbound and outbound agents	14%	29%	23%	23%
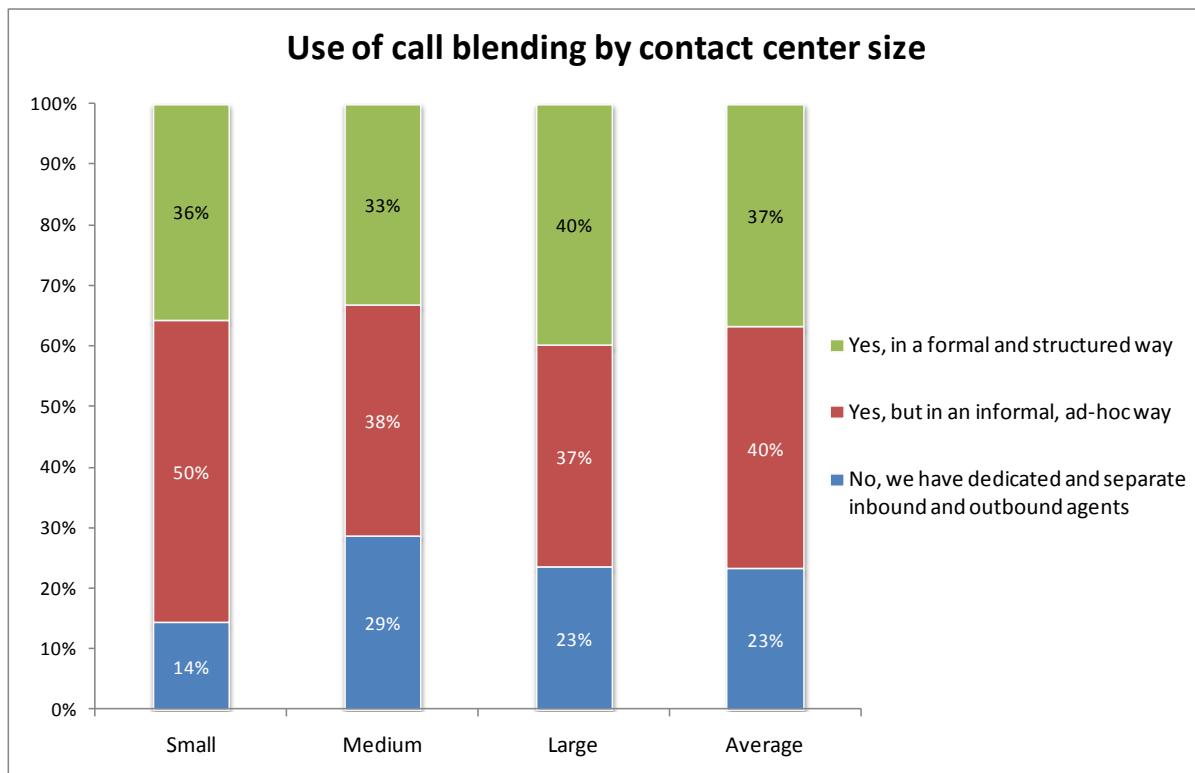
THE ROLE OF MOBILE TELEPHONY ON OUTBOUND CALLING

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 16% of their outbound calls to cellphones, an increase on last year's figure of 13%. 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.

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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 103: Contact centers by US division
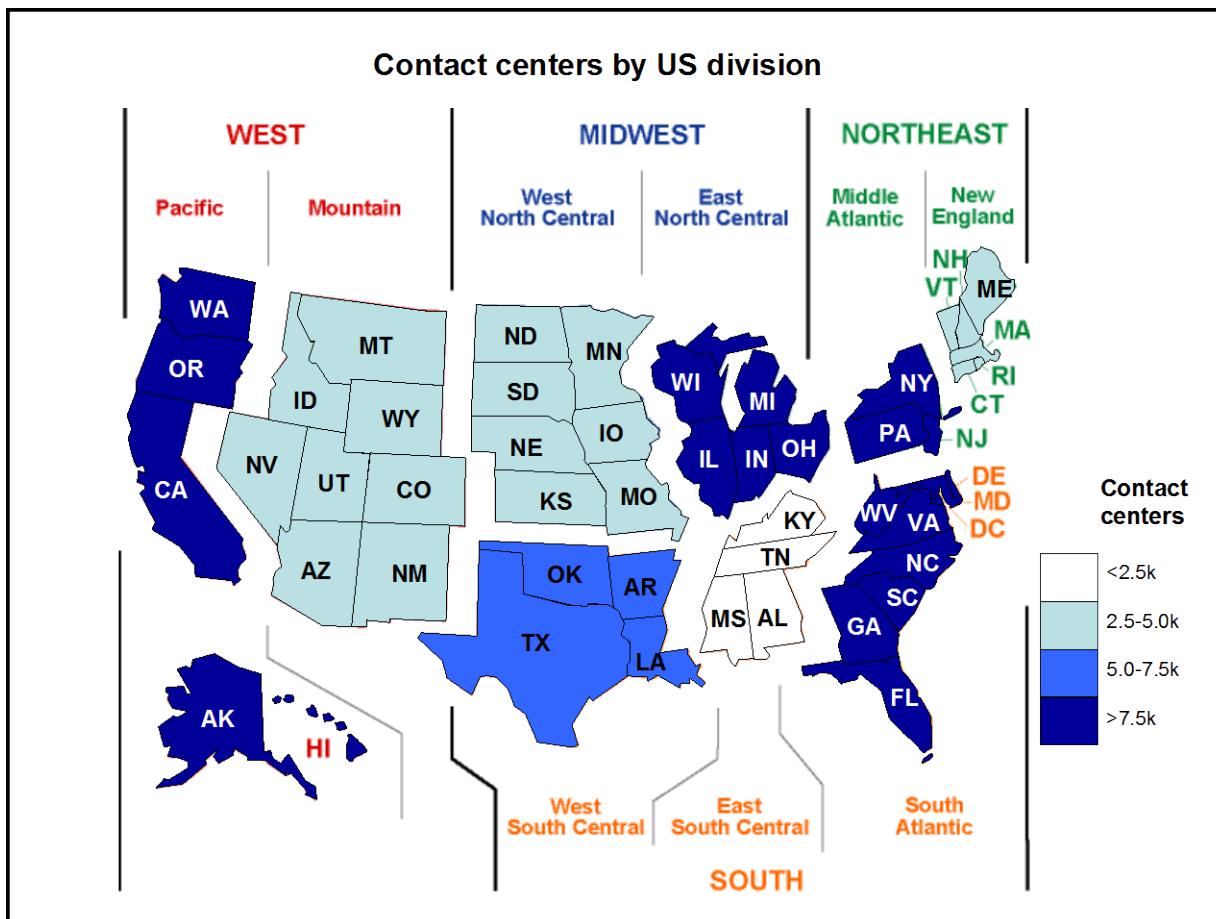
Figure 104: Agent positions by US division

Agent positions by US division
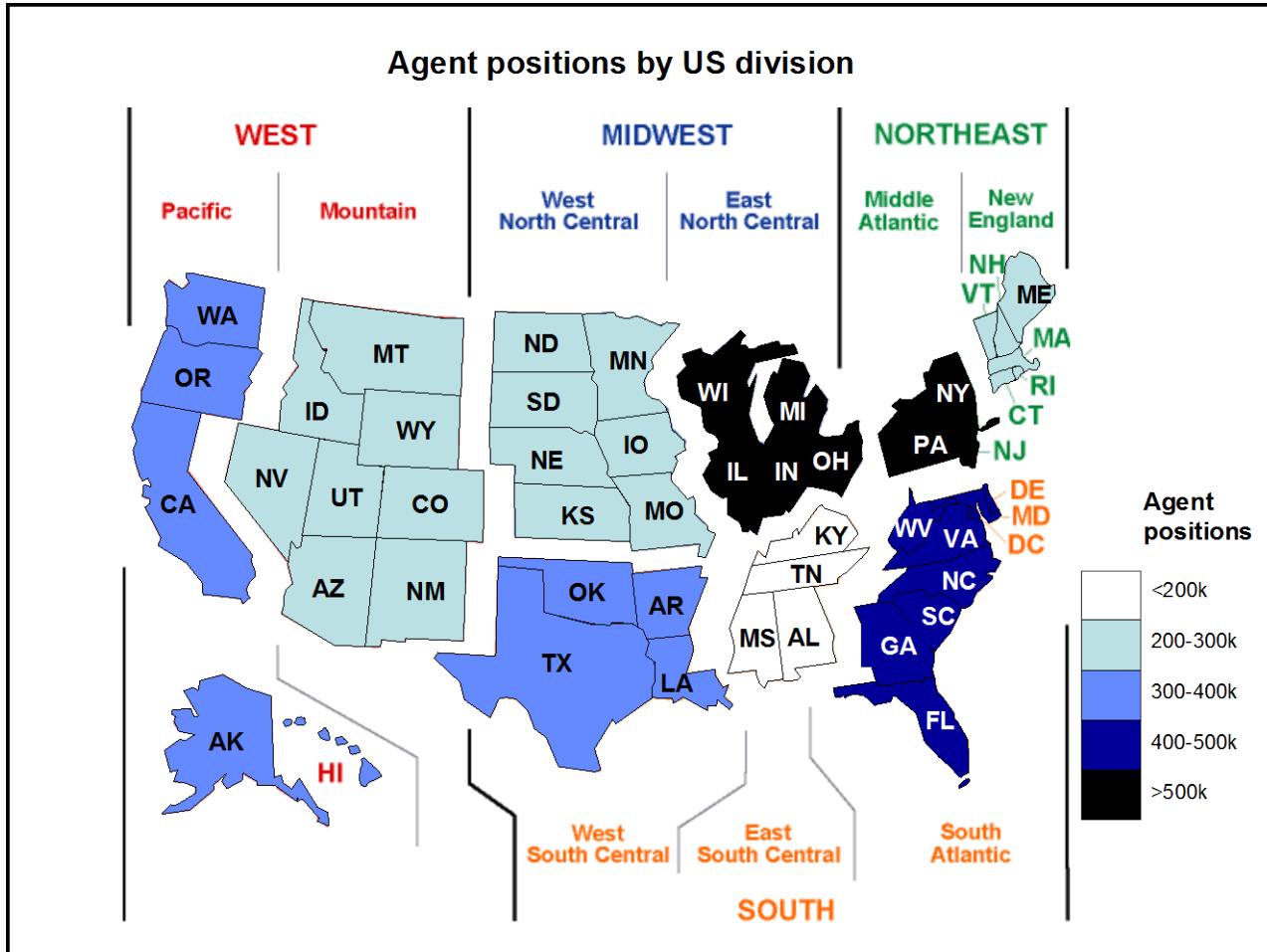
Figure 105: Contact center employment by US division

Contact center employment by US division
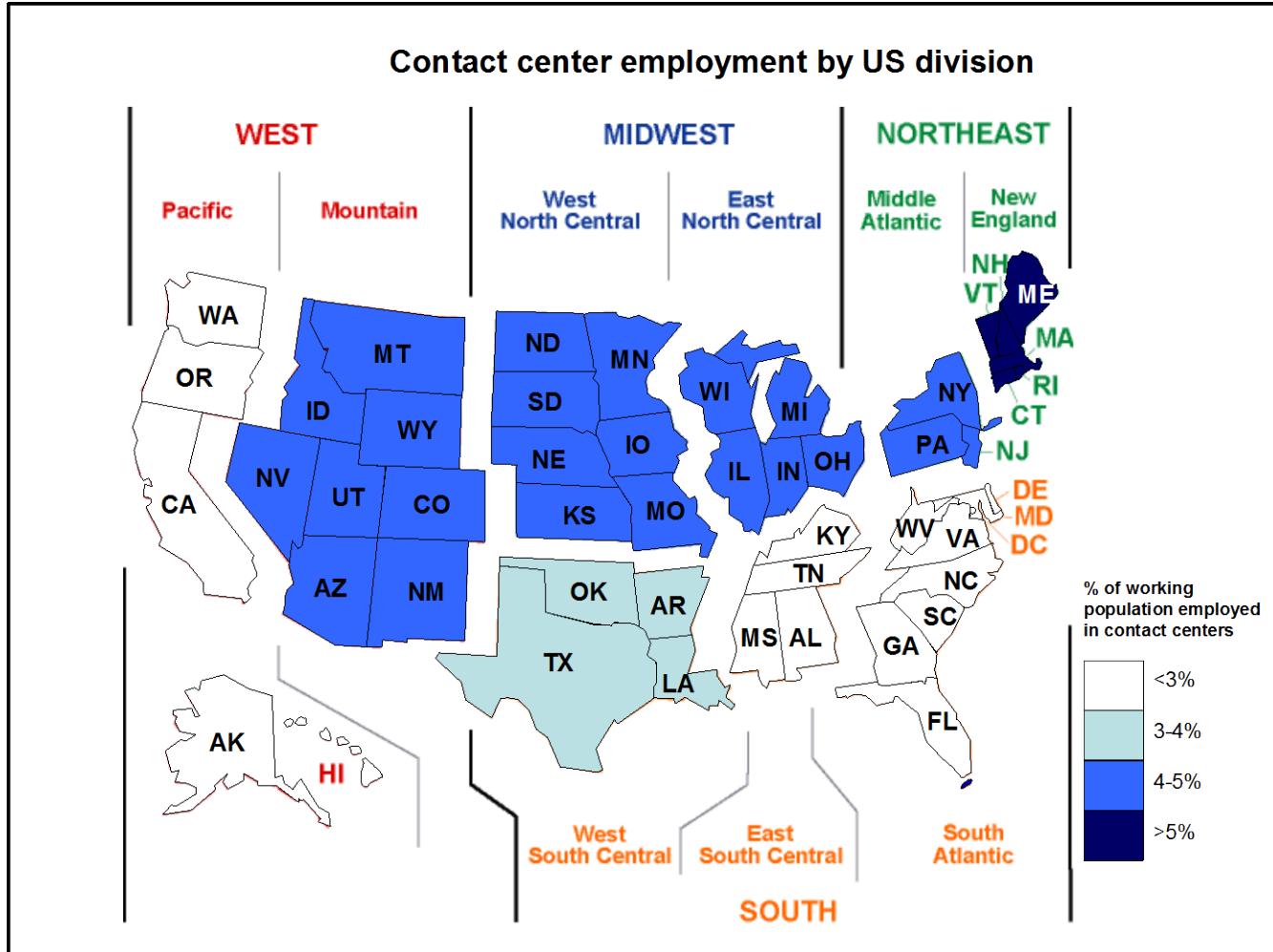
An interesting pattern thrown up here is the North-South divide along the importance of contact centers to the division. The southern divisions – despite a large number of agent positions and contact centers in the Southern Atlantic division – do not rely on the contact center industry to the same extent 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. West North Central 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. Mountain and New England respondents show their satisfaction at the quality of staff in their region, with East South Central respondents most 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? Again, Mountain were 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. New England respondents rated this highest.

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 Mountain, West North Central and East South Central divisions were most positive about growth opportunities.

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 same three divisions rated these highest.

Figure 106: 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	West North Central	East South Central	Mountain	New England	Mountain	Mountain
2nd	South Atlantic	Mountain	East South Central	East South Central	West North Central	East South Central
3rd	East South Central	New England	West North Central	Mountain	East South Central	West North Central
4th	Mountain	West South Central	South Atlantic	Middle Atlantic	South Atlantic	South Atlantic
5th	West South Central	West North Central	West South Central	Pacific	New England	New England
6th	East North Central	Middle Atlantic	East North Central	West North Central	West South Central	East North Central
7th	Middle Atlantic	South Atlantic	Pacific	South Atlantic	East North Central	West South Central
8th	Pacific	East North Central	New England	East North Central	Middle Atlantic	Middle Atlantic
9th	New England	Pacific	Middle Atlantic	West South Central	Pacific	Pacific

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 107: 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	25.88	6	5
East South Central	25.25	6	6
West North Central	24.74	5	4
South Atlantic	23.64	3	1
New England	23.56	3	2
West South Central	23.00	2	0
East North Central	22.73	1	0
Middle Atlantic	22.42	2	0
Pacific	20.92	0	0
Average	**23.54**		

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 South comes out on top (averaging 23.96). However, the other three regions (MidWest - 23.73; West - 23.40; and NorthEast - 22.99) are quite close behind.

HR MANAGEMENT

With HR accounting for around 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 pacing massive stress on those agents who remain at work.

For many years, attrition has been one of the greatest challenges facing the industry, and one which has rarely been addressed with much in the way of a truly radical approach. The recession has reduced attrition greatly over the past two years, but contact centers must understand that this is nothing more than a temporary respite: with no structural change to the industry, its recruitment and train methods, management techniques or job types, the same problems will emerge as the economy picks up.

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 declined significantly last year, down to a mean of 34% and median of 24%, showing that the economic downturn has taken some of the HR pressures off.

This year's data show that the economic downturn has continued to impact on staff movement, with attrition levels dropping further to a mean average of 32% and median of only 20%.

Figure 108: Agent attrition rate ranges
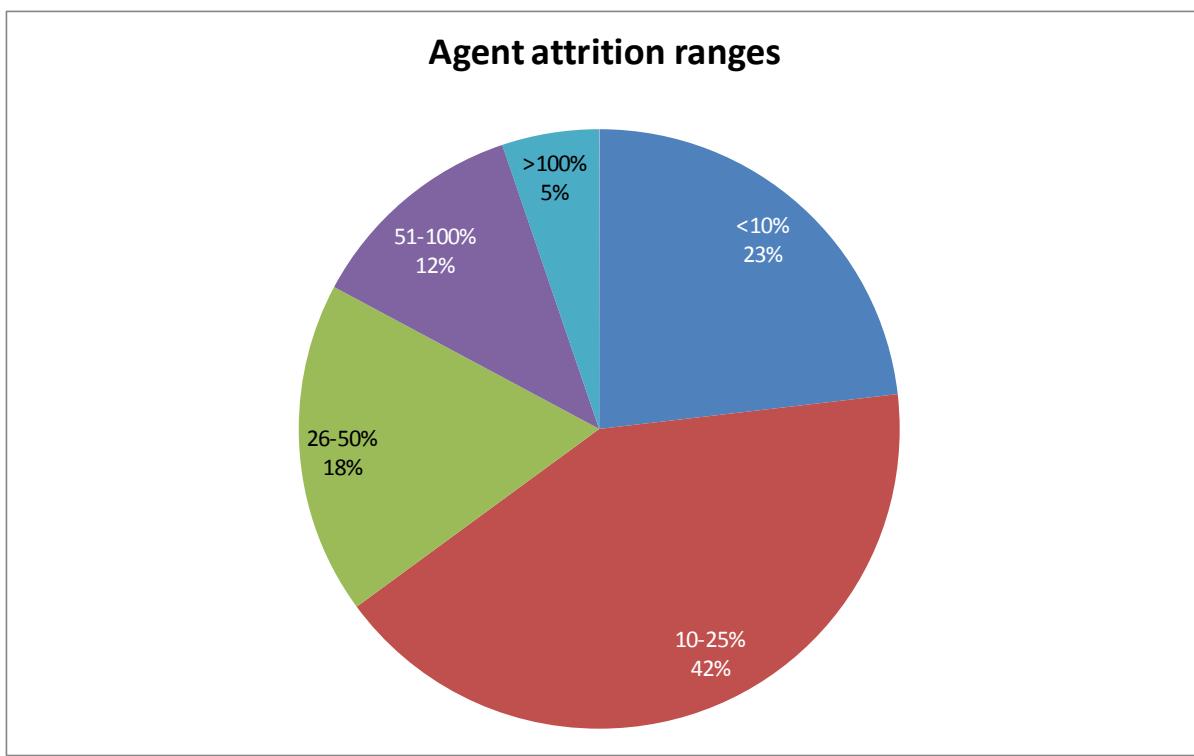
As the previous graph shows, 65% of respondents have an annual agent attrition rate of under 25% (up from 58% in 2009), with a very small number of very high attrition operations pulling the mean average up to 32%.

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.

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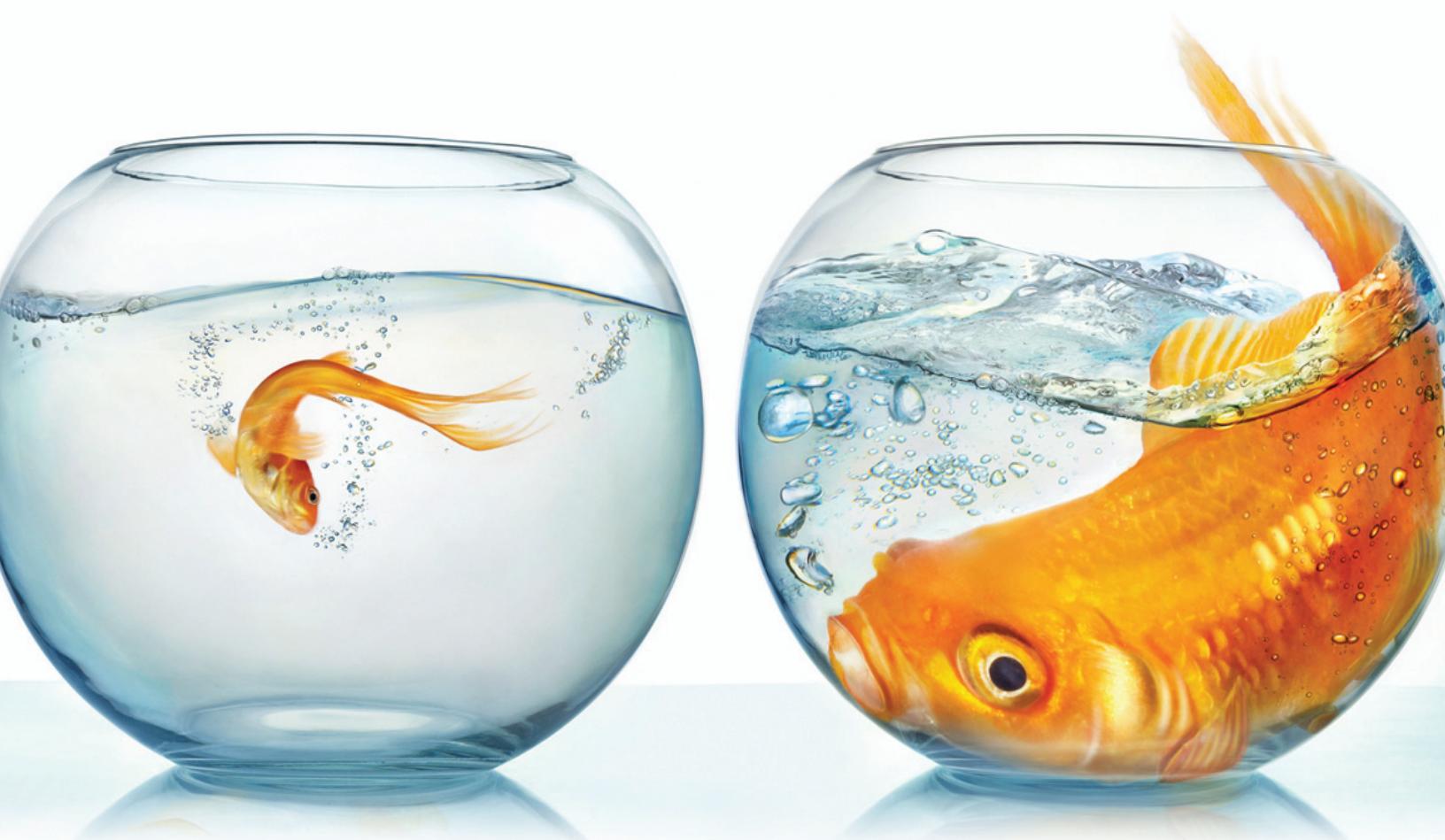
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AGENT ATTRITION BY VERTICAL MARKET

The outsourcing sector consistently has a high attrition rate - driven mainly by low salaries and lots of outbound telemarketing work - and this year, it has a mean average of 54%, far higher than most other sectors. However, the median is only 32%, reflecting the fact that a small number of respondents had very high attrition rates.

The medical, telecoms and insurance sectors had a low attrition rates of around 10-15%.

Figure 109: Mean and median agent attrition by vertical market

Agent attrition by vertical market
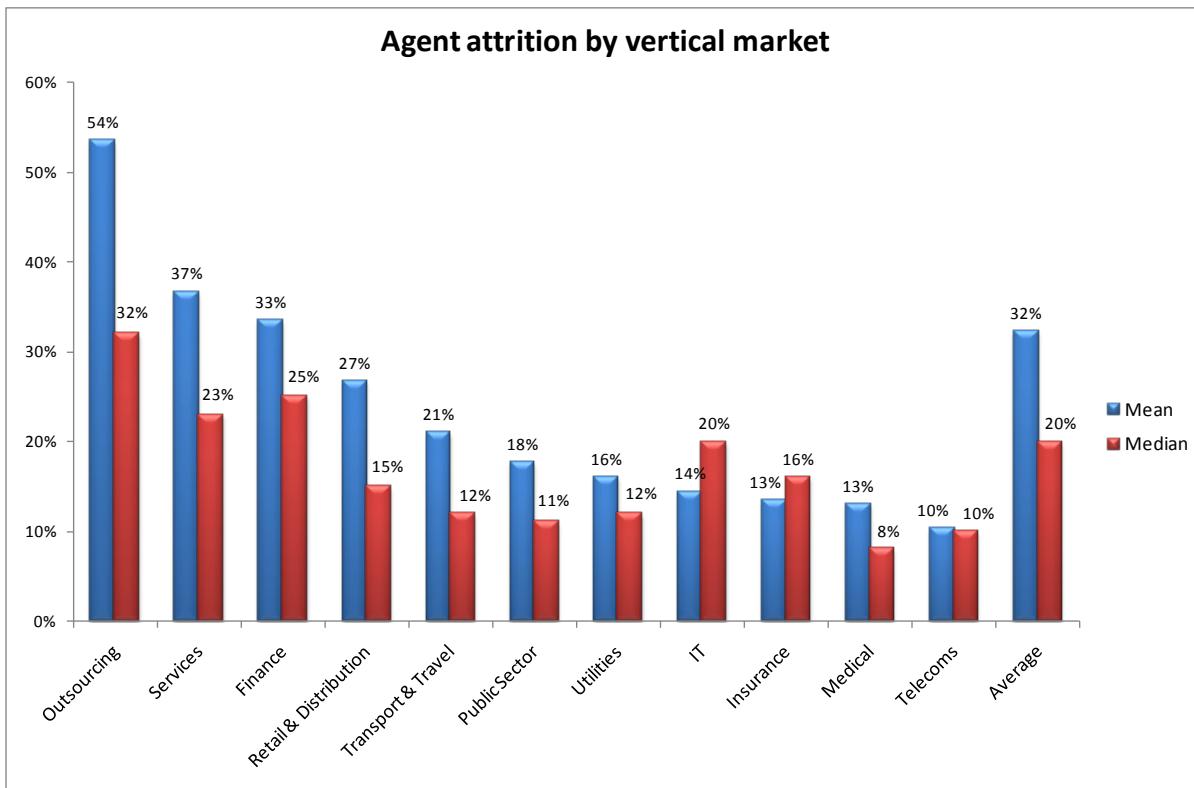
Around half of contact centers have seen a further decline in agent attrition over the past year, as people become more fearful for their jobs, and opportunities elsewhere dry up. Almost all of the respondents from the telecoms and utilities industries reported a drop in attrition over the past 12 months.

Figure 110: Changes in agent attrition rate in the past 12 months, by vertical market

Changes in agent attrition over past 12 months, by vertical market
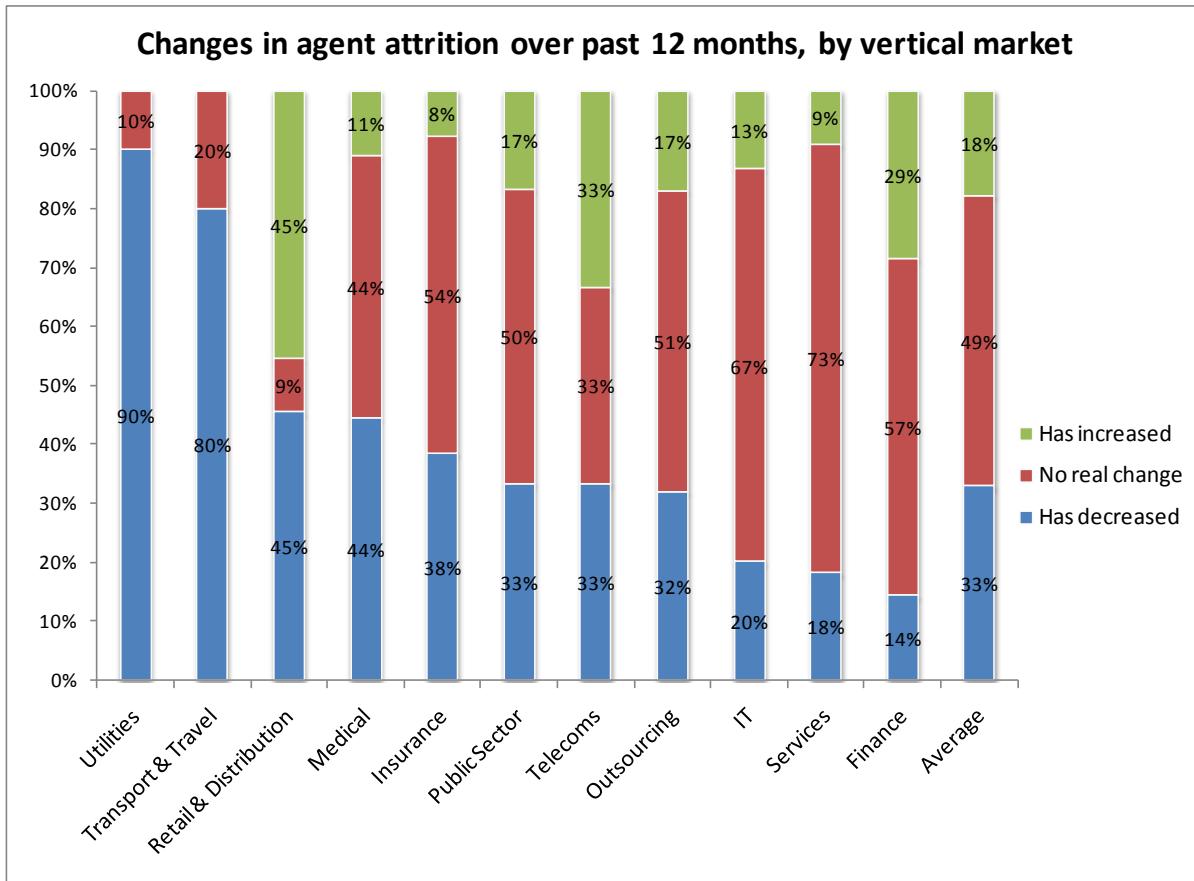
AGENT ATTRITION BY CONTACT CENTER SIZE

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 the case this year as well, with respondents in large operations experiencing staff attrition rates of 45% on average, compared with 17% for the sub-50 seat operations.

Figure 111: Agent attrition rate by contact center size
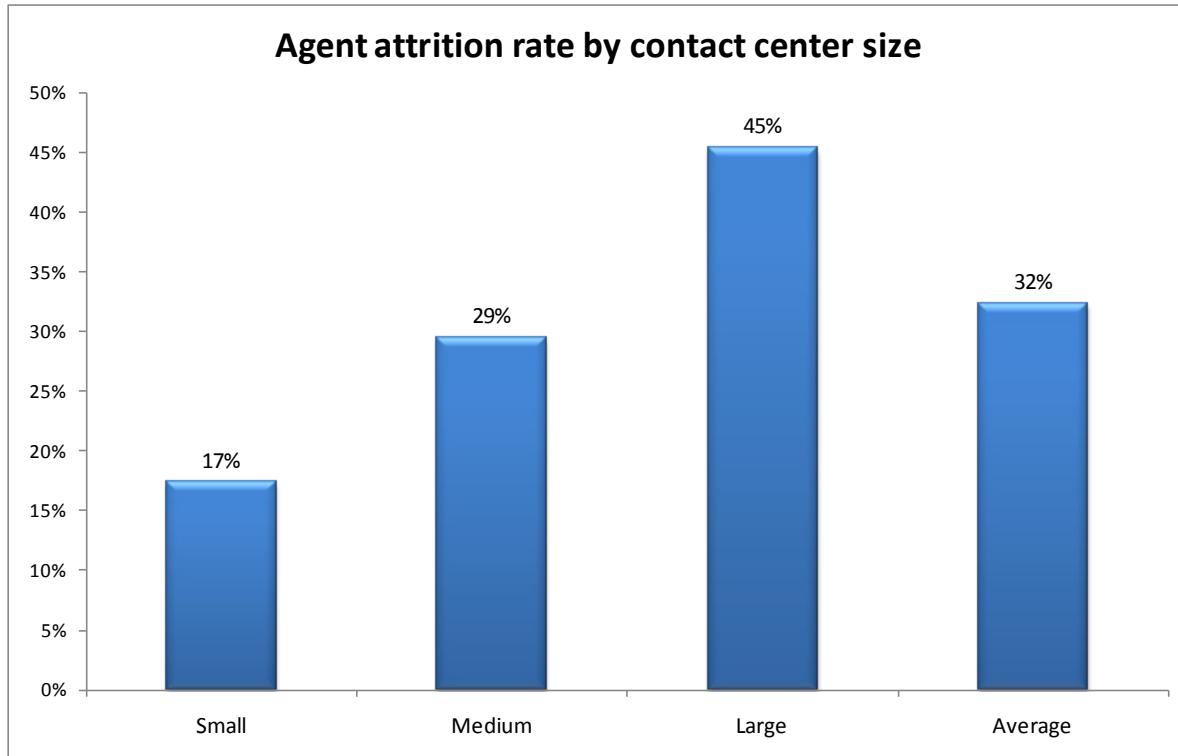
It is the medium and large operations that have seen the greatest decline in staff attrition over the past 12 months, perhaps because so many of these operations had very high attrition rates to begin with.

Figure 112: Changes in agent attrition in past 12 months, by contact center size

Changes in agent attrition in past 12 months, by contact center size

Size	Has decreased	No real change	Has increased
Small	19%	62%	19%
Medium	39%	43%	18%
Large	37%	46%	17%
Average	32%	50%	18%
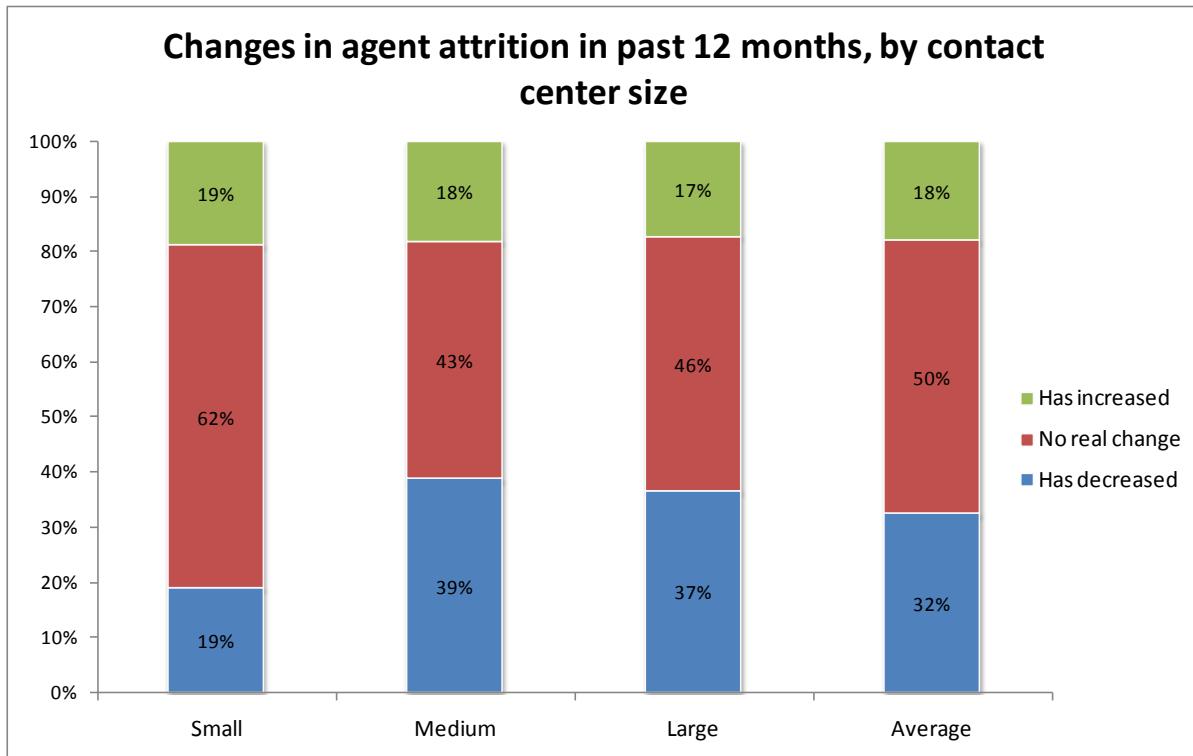
AGENT ATTRITION BY CONTACT CENTER ACTIVITY TYPE

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 56%.

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 113: Agent attrition rate by contact center activity type

Agent attrition rate by contact center activity type

	Inbound	Mixed	Outbound	Average
Attrition	20%	45%	56%	31%
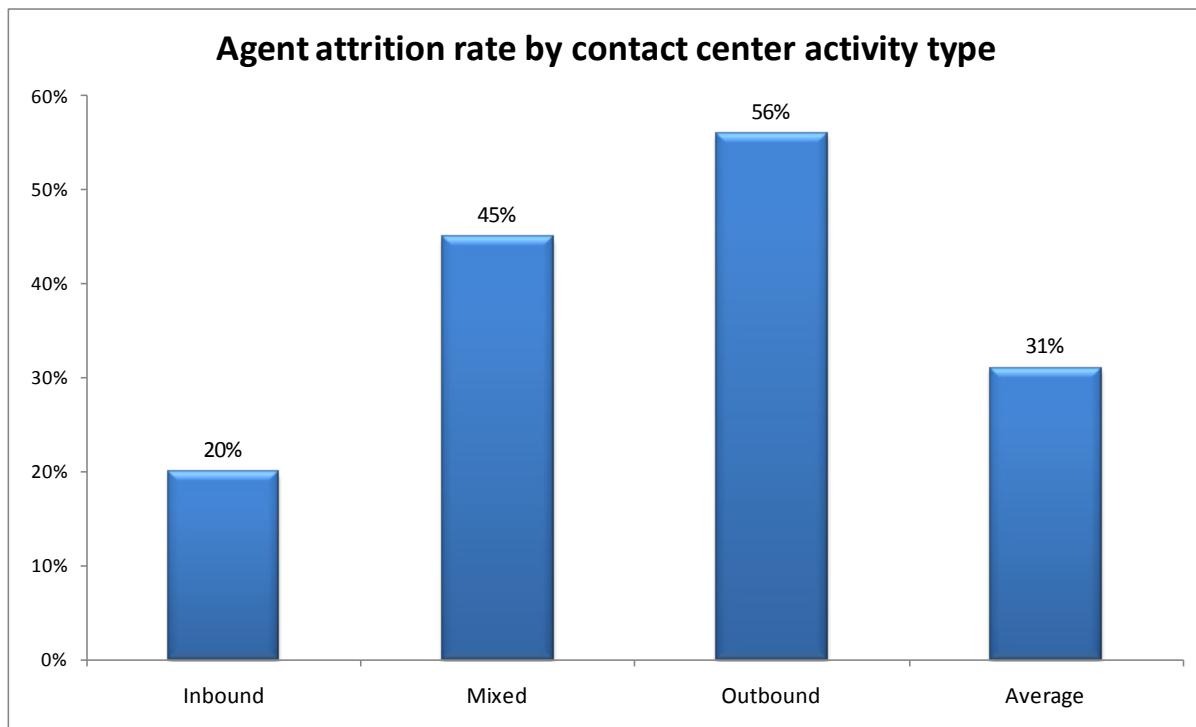
The inbound sector has experienced the greatest proportion of instances of growing attrition rates. The outbound sector was much more likely to see declines in attrition, rather than increases.

Figure 114: Change in agent attrition in past 12 months, by contact center activity type

Changes in agent attrition over the past 12 months, by contact center activity type

	Inbound	Mixed	Outbound	Average
Has decreased	37%	20%	37%	33%
No real change	42%	70%	53%	50%
Has increased	21%	10%	11%	17%
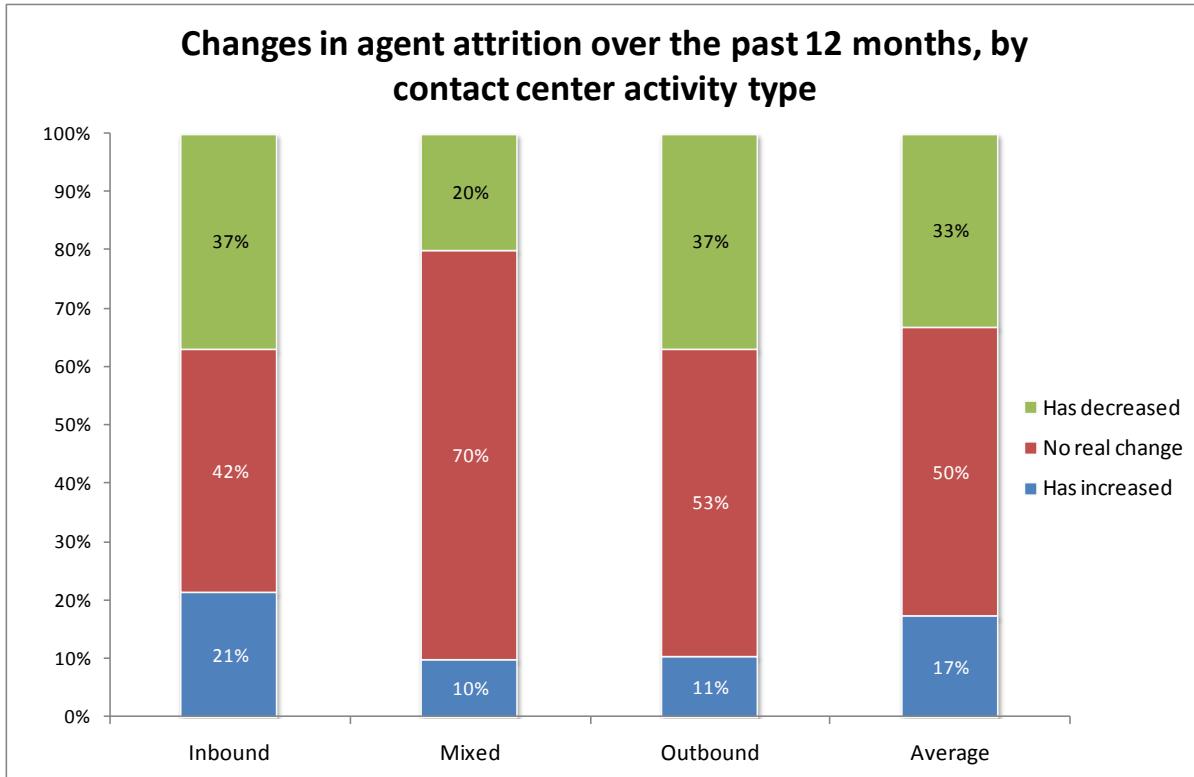
CAUSES OF STAFF ATTRITION

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 115: Reasons for agent attrition (ranked in order)

Rank	Reason for staff attrition
1st	Just the wrong type of person for the job
2nd	Excessive pressure or stress
3rd	Lack of promotion or development opportunity
4th	Repetitive work
5th	Low pay
6th	Competition from other contact centers
7th	Abusive or unpleasant calls
8th	High numbers of temporary / seasonal staff
9th	Poor working environment and conditions

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.

Case Study - International Financial Services Provider

Global credit card issuer sees $1 million increase in sales for every 100 PreVisor-hired agents

PreVisor® TALENT MEASUREMENT

Challenges:

A leading global credit card company was investing too much money and time training newly-hired call center agents who were only staying with the job for less than 90 days. Further, the call center associate selection process did not clearly assess new agents for sales skills or sales aptitude. Additionally, a recently-announced corporate initiative was calling for a boost in customer satisfaction.

Solution:

The credit card provider engaged PreVisor® to audit the company's applicant selection process for ways to redefine the quality of new hires, reduce turnover, increase sales and improve customer service. Using surveys, interviews, observations and measurements, PreVisor's team of industrial-organizational psychology professionals conducted research to determine the knowledge, skills, abilities and other attributes held by its highest performing agents. PreVisor recommended various skills tests and behavioral assessments to best measure these attributes. After 21 months of the pilot program, PreVisor conducted a validation study to correlate actual performance with the assessment scores.

Results:

Today, every call center location that participated in the pilot program eagerly continues to use the assessments. Further, because of its ability to produce measurable

and positive business results, these call centers also eagerly continue to pay for the solutions long after the expense transitioned from the corporate budget to the unit level.

The validation study showed that candidates who scored within the top half of the recommended range on the sales ability metrics generated 3 percent more revenue than those who did not meet the minimum recommended score. Therefore, for every 100 associates who score in this range, the credit card provider can anticipate a $1 million addition to revenue. Additionally, they can anticipate saving on training expenses as the retention rate for applicants scoring in the high end of the recommended range was 14 percent higher than for those that did not meet the minimum requirement.

CHALLENGES:

- Reduce turnover
- Improve sales
- Advance customer service initiative

RESULTS:

- Increased retention rate by 14%
- $1 million potential gain per 100 agents
- Improved quality of new hires
- Implemented selection system based on job-specific requirements

Additional Client Results

METHODS OF MOTIVATING AND RETAINING AGENTS

The most effective way of motivating agents was felt to be to empowering agents to make their own decisions, 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.

Offering them a clear and achievable chance to take up roles in the wider company is also very positive. 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 116: Methods of motivating and retaining agents
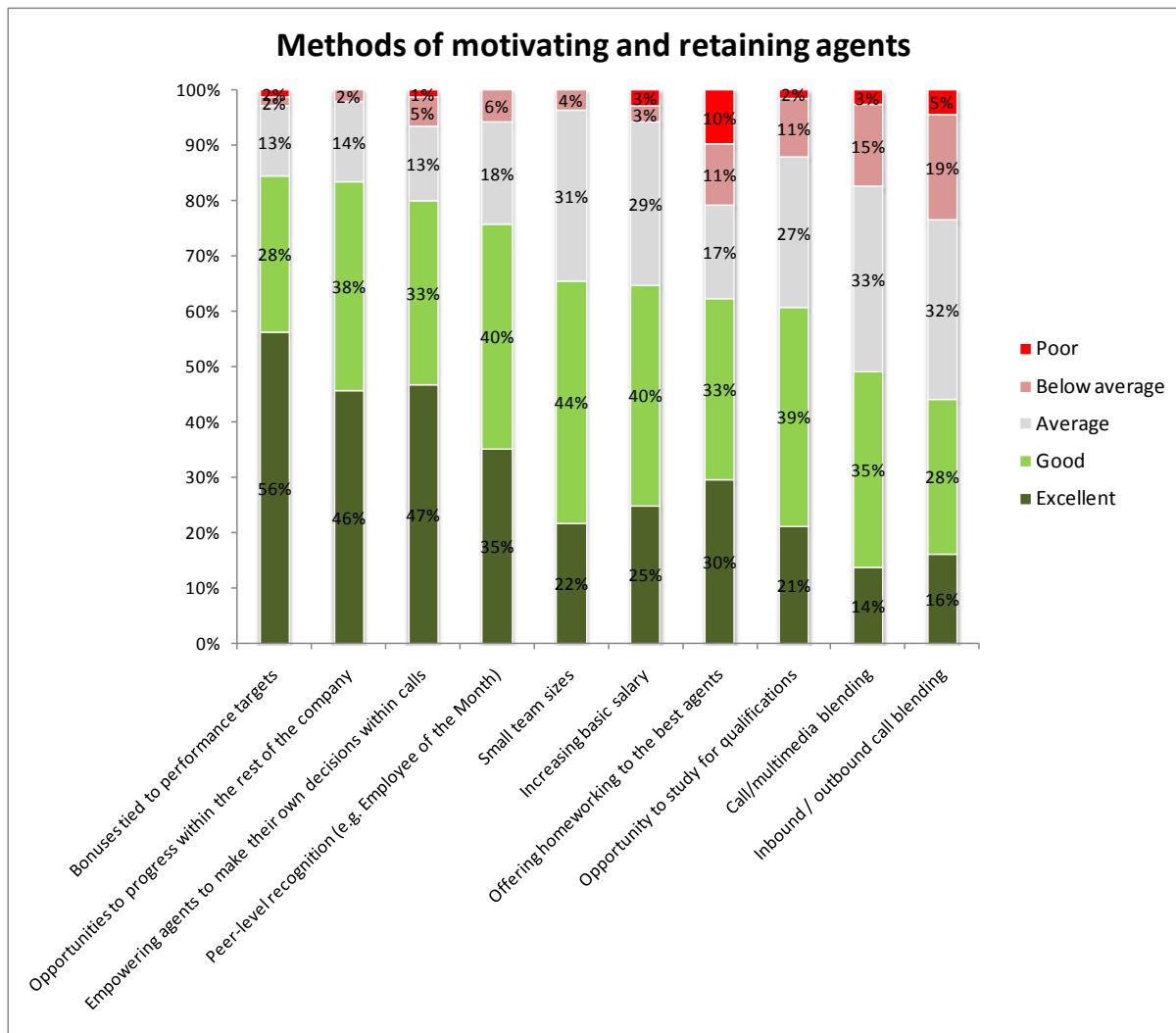
Bonuses that are aligned with the required performance targets and behaviors is a more quickly-implemented motivational tool, although of course these have to be monitored closely, as it's often possible to hit a goal (e.g. a

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).

Many of the other motivational tools are seen to be generally effective, although it is interesting to see that multimedia and especially call blending are not rated relatively highly by management, although elsewhere in this report, both blending methods have proven their worth in terms of staff attrition and productivity.

There were two motivational tools that were rejected by a substantial proportion of respondents: using homeworking as a reward for the best agents (21%) and inbound/outbound call blending (24%). In the case of the former, 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. For call blending, a simple explanation is that, while outbound agents may appreciate taking some inbound calls as well, the opposite is less likely to be true, especially if the calls are sales-related.

DESTINATIONS OF DEPARTING AGENTS

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%) and telecoms (27%) 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 117: Destination of departing agents

Destination of departing agents

- Job outside the contact center industry 35%
- Stay within our company in a different role 15%
- Leave for competitor's contact center 12%
- Further education 9%
- Other inc. maternity leave 8%
- Don't know 21%
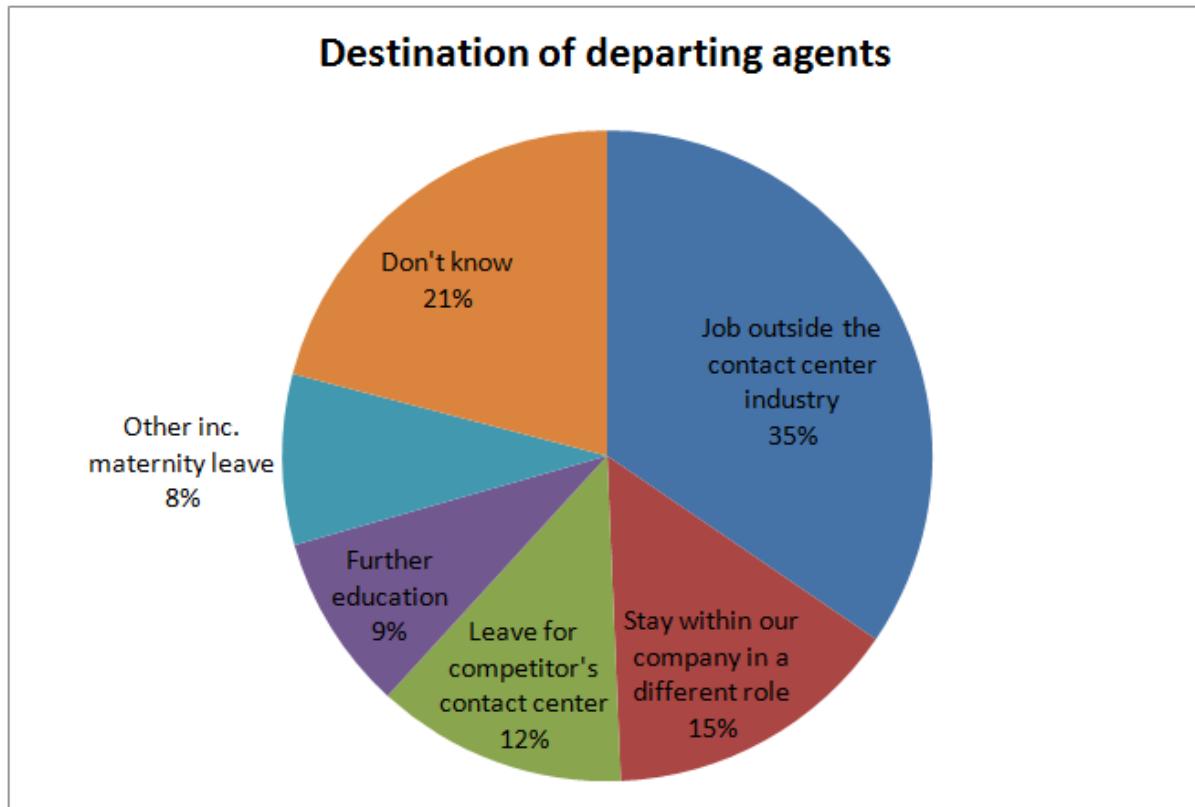
ABSENCE

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 medical and outsourcing sectors are currently experiencing the highest levels of absence, with finance, utilities and the public sector having the least.

The average is down considerably on last year's 8.2%, with the 2008 figure being 8.9%.

Figure 118: Short-term absence by vertical market

Short-term staff absence by vertical market
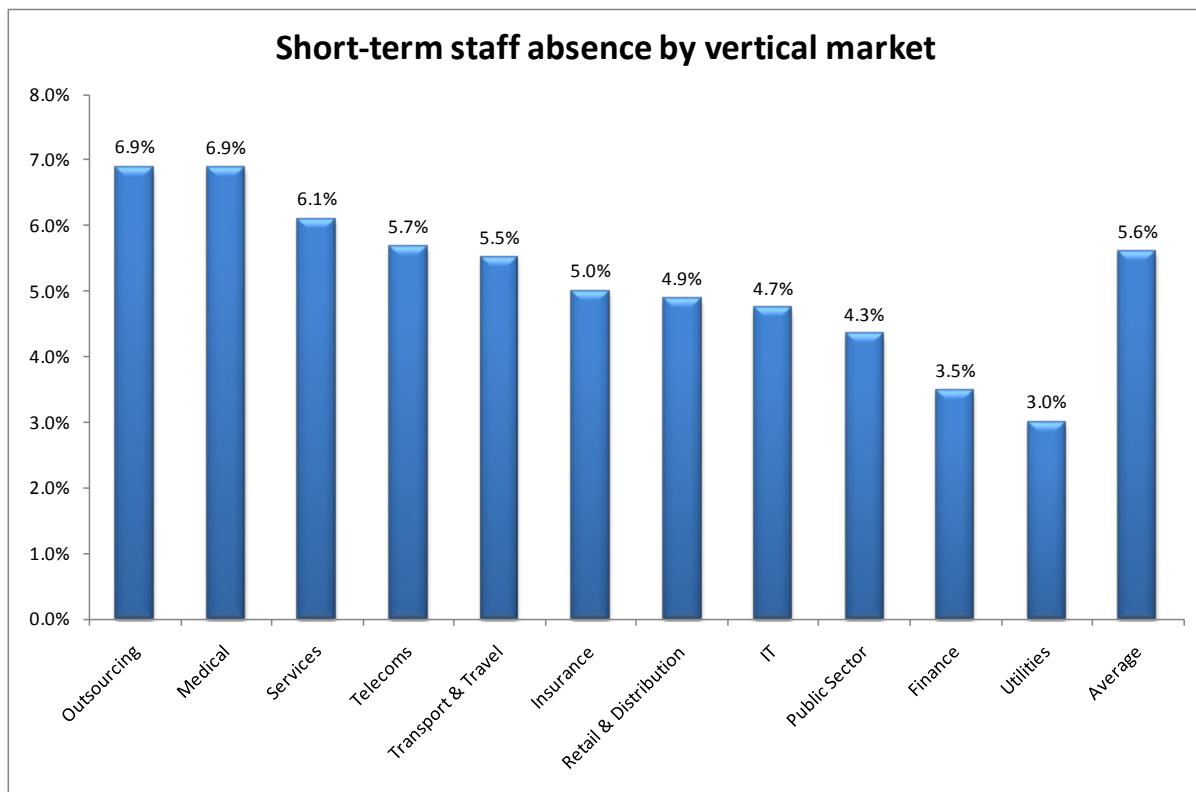
As with previous years, smaller contact centers seem to experience far lower rates of staff absence.

Figure 119: Short-term absence by contact center size

Contact center size	Agent absence rate
Small	4.9%
Medium	7.0%
Large	6.9%
Average	**6.2%**

Sales-related contact centers have a slightly-higher absence rate, probably as a result of these operations undertaking more outbound work, which usually has a definite effect on absence.

Figure 120: Short-term absence by contact center activity

Contact center activity	Agent absence rate
Mixed	6.6%
Sales	7.6%
Service	5.7%
Average	**6.2%**

Conventional wisdom would expect to find that those in high-pressure outbound jobs would have higher unauthorized absence rates, and this is the case this year, although to a much lower extent than in previous years. It is possible that the pressure of the recession and limited alternative opportunities means that staff are less likely to take unnecessary time off for fear of losing their job.

Figure 121: Short-term absence by contact center activity type

Contact center activity type	Agent absence rate
Inbound	5.1%
Mixed	6.9%
Outbound	9.2%
Average	**6.2%**

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.

While most contact centers do not admit to having problems with staff recruitment, many of the same operations have problems with staff attrition, although this is temporarily less of an issue. The case could be made that high-attrition operations **do** have a problem with recruitment, but they just don't realize it. Having filled their job roles, the recruitment process is 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.

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, for example:

- 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-learnt. 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 consistently said to be a face-to-face interview, with phone interviews, assessment centers, 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, recruitment agencies and resumes – have a lower success score, with studies having shown that half of applicants admit to stretching the truth on their resumes, and 10% lie outright.

57% of respondents using personality testing did report high levels of success through this method, which is a figure that continues to grow 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 122: The effectiveness of recruitment methods

Effectiveness of recruitment methods

| Method	Poor	Below Average	Average	Good	Excellent
Face-to-face interview	1%		9%	34%	57%
Skills/competency testing		2%	20%	44%	35%
Contact center simulations	1%		20%	43%	32%
Telephone interview	1%	5%	28%	37%	28%
Assessment center	1%	8%	34%	38%	19%
Personality testing	1%	10%	32%	36%	21%
References		14%	37%	24%	24%
Standardized application form	2%	13%	45%	30%	10%
Resume	1%	13%	46%	26%	13%
Recruitment agency	6%	20%	48%	16%	9%

THE COST AND PURPOSE OF RECRUITMENT

On average, it costs $2,424 to recruit a new contact center agent, with a median cost of $2,000. The 1st quartile cost is $3,300 and the 3rd quartile is $950.

It may seem an odd question to ask "what is the purpose of recruitment?", but it 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 utilities and retail & distribution sectors believe that they spend the greatest amount of effort on replacing agents who have left, with the public sector stating that it spends the least. In all, 60% of recruitment effort is spent by contact centers just to stay where they are.

Figure 123: Proportion of recruitment effort given to agent replacement, by vertical market

Proportion of recruitment given to agent replacement
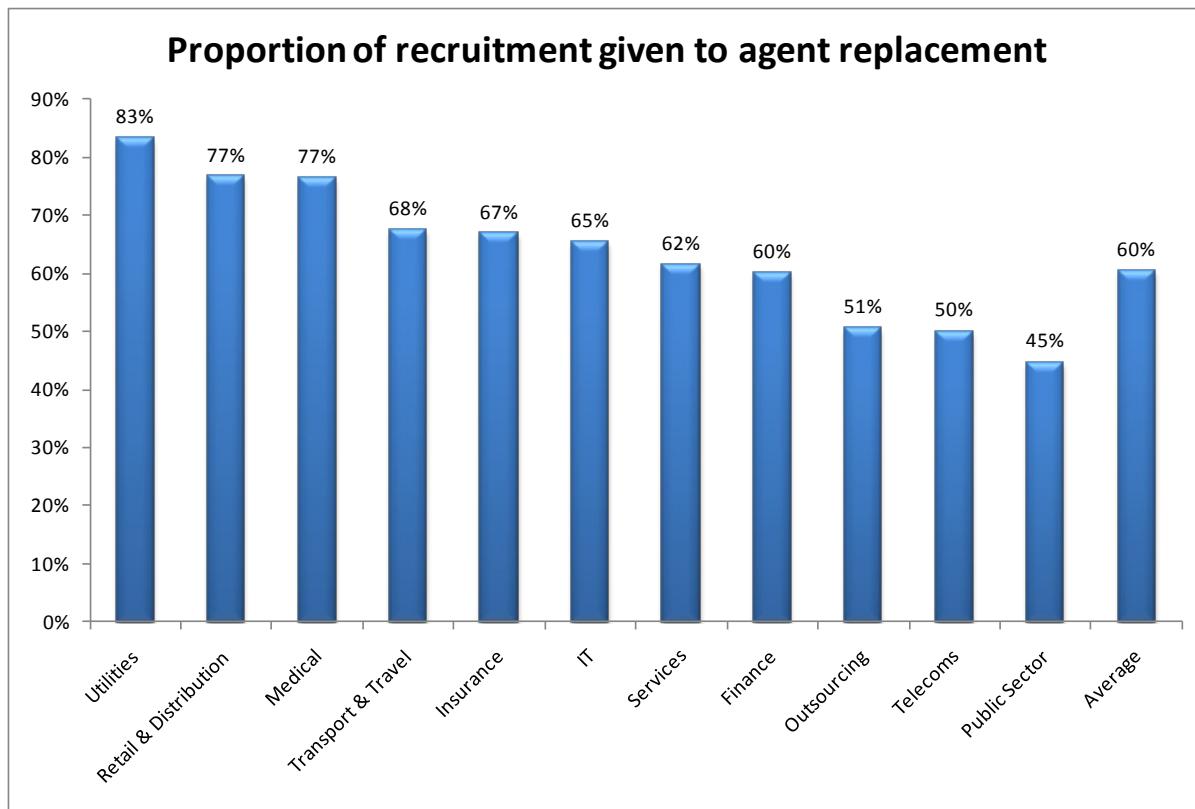
MOST IMPORTANT ATTRIBUTES OF A SUCCESSFUL CONTACT CENTER AGENT

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 124: The most important abilities or characteristics of a successful contact center agent
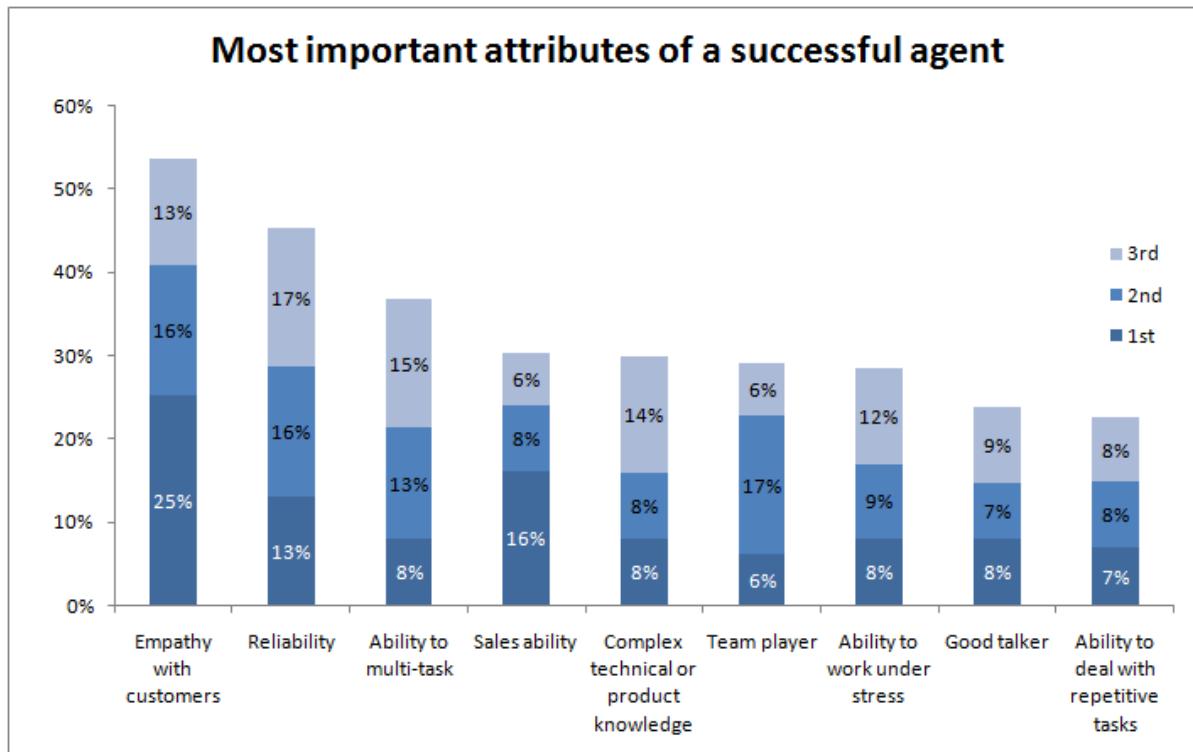
25% of respondents stated that **empathy** - the ability to see another's point of view - is the no.1 most important attribute for a contact center agent to have, with a further 29% placing it 2nd or 3rd. This is a characteristic which is hard to learn, and which is ripe for identifying in the recruitment 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 untrammeled 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.

FurstPerson

CASE STUDY

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 and surveyed 200 subject matter experts to rank 50 specific contact center competencies.
- Based on the job analysis and client needs, FurstPerson implemented its customer care, technical support, and sales hiring solutions for telecommunication organizations.
- The solution included FurstPerson's award-winning CC Audition® call center simulation.

Key Results

FurstPerson conducted a one-year business review to determine the financial impact and found a net ROI per hire of $11,129 plus the following results:

Chart (percent values):
- First Call Resolution: 17%
- Discipline Issues: 52%
- Average Handle Time: 10%
- 6 Month Retention: 24%
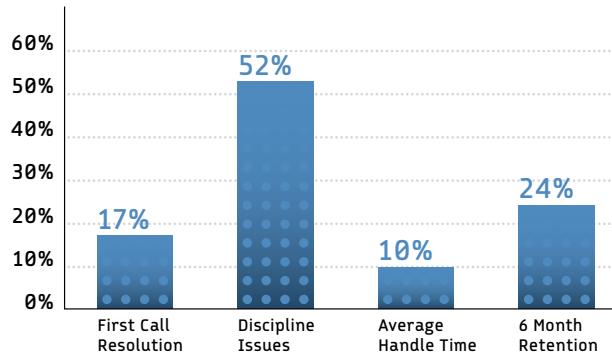
Financial Services Case Study

Background

A multi-site financial services firm with over $250 billion in assets desired a pre-employment hiring solution to better evaluate job candidates for contact center positions.

### 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 focus groups and call observations within the client centers.
- Identified two critical metrics, average handle time and customer satisfaction, as the two most important metrics that drive financial performance for the organization plus overall agent performance.
- Based on the job analysis and focus groups, implemented FurstPerson's Customer Care hiring solution for financial service organizations.

Key Results

Following implementation of the solution, FurstPerson conducted a business review which determined the following results:

CUSTOMER SATISFACTION
23% IMPROVEMENT
- Before: 75%
- After: 93%

AVERAGE HANDLE TIME
8% IMPROVEMENT
- Before: 386.96
- After: 356.76

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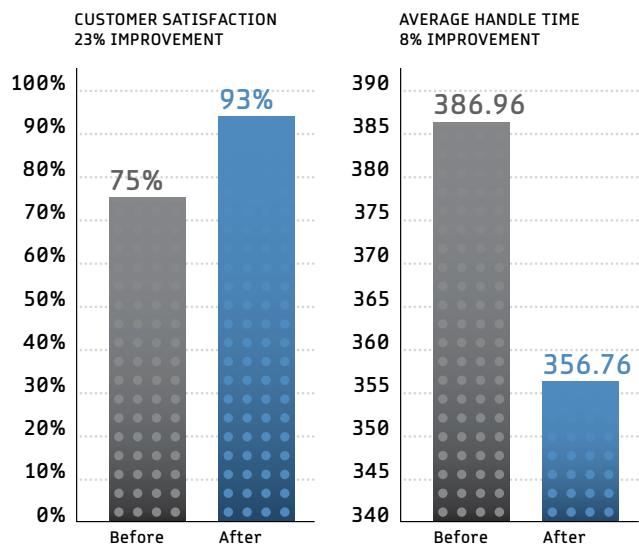
SALARIES

The human element to contact centers is usually at forefront of any conversation around the industry, and with around three-quarters 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 generally been stagnant at best. 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 hugely affected by the economic crisis, with half staying the same..

Figure 125: Agent salary changes in the past 12 months

Agent salary changes in the past 12 months

Don't know 2%
Decreased by more than 5% 6%
Increased by more than 5% 5%
Decreased by less than 5% 18%
Increased by less than 5% 18%
No change 51%

SALARIES BY VERTICAL MARKET

It is usually the case that healthcare and finance 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 & travel, and telecoms sector have seen agent salaries slip considerably.

At a management level, the story is similar, with the utilities, finance and medical managers being paid the highest, and outsourcing, transport & travel and retail & distribution being paid the least (although retail managers are especially likely to receive performance-related bonuses too).

Figure 126: Salaries by vertical market by job role

Vertical market	New agent	Experienced agent	Team leader	Contact center manager
Finance	$31,541	$37,205	$46,499	$67,529
IT	$31,083	$38,600	$46,000	$57,500
Medical	$30,329	$37,127	$45,458	$67,442
Insurance	$29,955	$35,000	$42,110	$57,830
Public Sector	$28,050	$31,350	$33,366	$58,250
Retail & Distribution	$26,938	$33,313	$45,875	$57,125
Utilities	$24,920	$32,500	$44,640	$77,500
Services	$22,375	$27,125	$35,500	$56,375
Outsourcing	$20,989	$26,918	$32,777	$54,417
Transport & Travel	$18,980	$23,400	$31,250	$48,750
Telecoms	$18,800	$19,440	$27,441	$51,500
Average	**$25,983**	**$31,644**	**$39,314**	**$59,353**

NEW AGENT SALARIES

Mean average starting salaries for agents in 2010 are down since last year by 1.7% and are back to 2008 levels.

Figure 127: New agent salaries

New agent salaries	2010	2009	2008	2007
1st quartile	$30,500	$30,500	$30,650	$31,120
Median	$25,800	$26,000	$25,750	$26,650
3rd quartile	$21,000	$20,900	$20,000	$22,000
Mean average	**$25,983**	**$26,455**	**$26,067**	**$27,946**

EXPERIENCED AGENT SALARIES

Average salaries for experienced agents are 22% higher than those received by new agents, although the average salary for an experienced agent has dropped by 5.0% on average since last year, and again, has retrenched to 2008 levels.

Figure 128: Experienced agent salaries

Experienced agent salaries	2010	2009	2008	2007
1st quartile	$39,000	$40,100	$35,300	$36,000
Median	$30,200	$30,500	$30,800	$32,500
3rd quartile	$24,000	$25,080	$25,600	$26,000
Mean average	**$31,644**	**$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 declined slightly in 2010 (2.2%) in mean average terms.

Figure 129: Team leader salaries

Team leader salaries	2010	2009	2008	2007
1st quartile	$50,000	$50,020	$47,500	$48,000
Median	$36,000	$37,440	$38,000	$39,000
3rd quartile	$29,120	$31,600	$32,000	$34,000
Mean average	**$39,314**	**$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 a decline of 5.5% this year.

Figure 130: Contact center manager salaries

Contact center manager salaries	2010	2009	2008	2007
1st quartile	$72,000	$71,676	$74,000	$69,000
Median	$58,000	$63,000	$60,200	$60,000
3rd quartile	$47,000	$48,000	$48,200	$50,000
Mean average	**$59,353**	**$62,824**	**$60,716**	**$62,702**

SALARIES BY CONTACT CENTER ACTIVITY TYPE AND SIZE

Generally, there is a significant difference between sales and service agent and management basic salaries, with service agents earning around 30% more than their sales-focused counterparts, although the differential at management level is much smaller. This is easily explainable by the fact that sales staff, by definition, have a significant part of their overall pay determined by commission, which will be investigated in more detail later in this section.

Figure 131: Salaries by contact center type
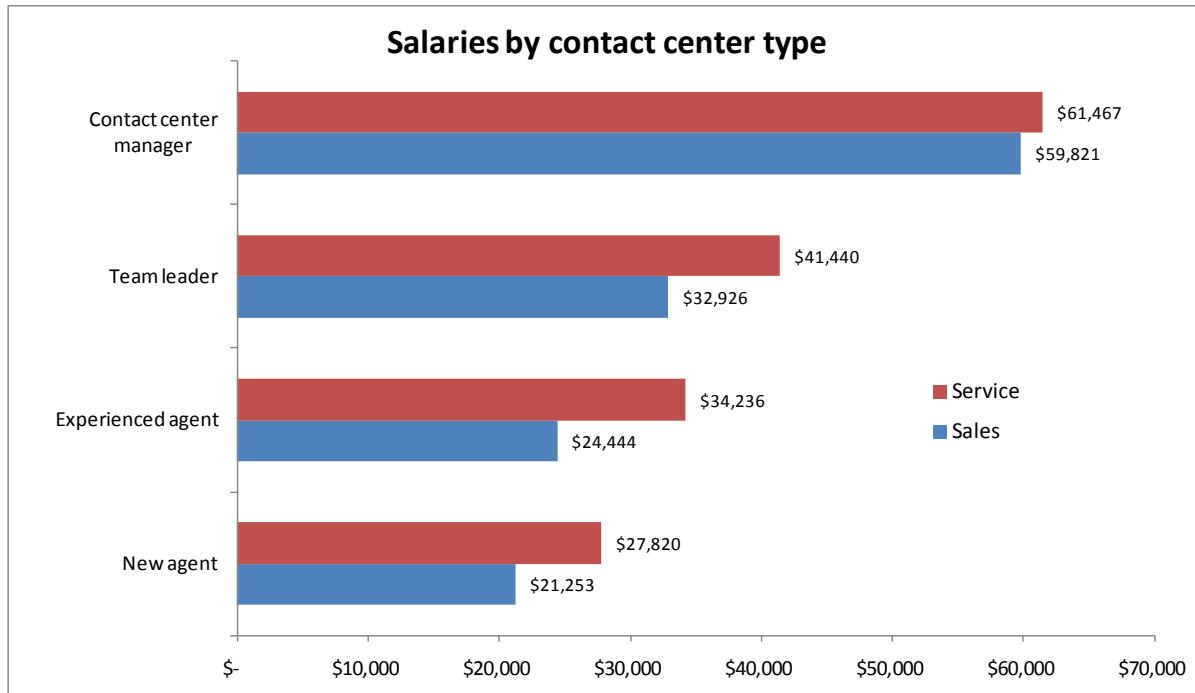
Outbound contact center employees tend to get paid relatively less than their inbound equivalents, mainly because the former will tend to receive a much higher performance-related bonus, and this is certainly the case with junior and operational management in these contact center types.

Figure 132: Salaries by contact center activity type

Salaries by contact center activity

Role	Outbound	Mixed	Inbound
Contact center manager	$51,700	$54,326	$63,396
Team leader	$30,811	$38,159	$42,018
Experienced agent	$25,627	$30,804	$33,501
New agent	$21,206	$25,181	$27,578
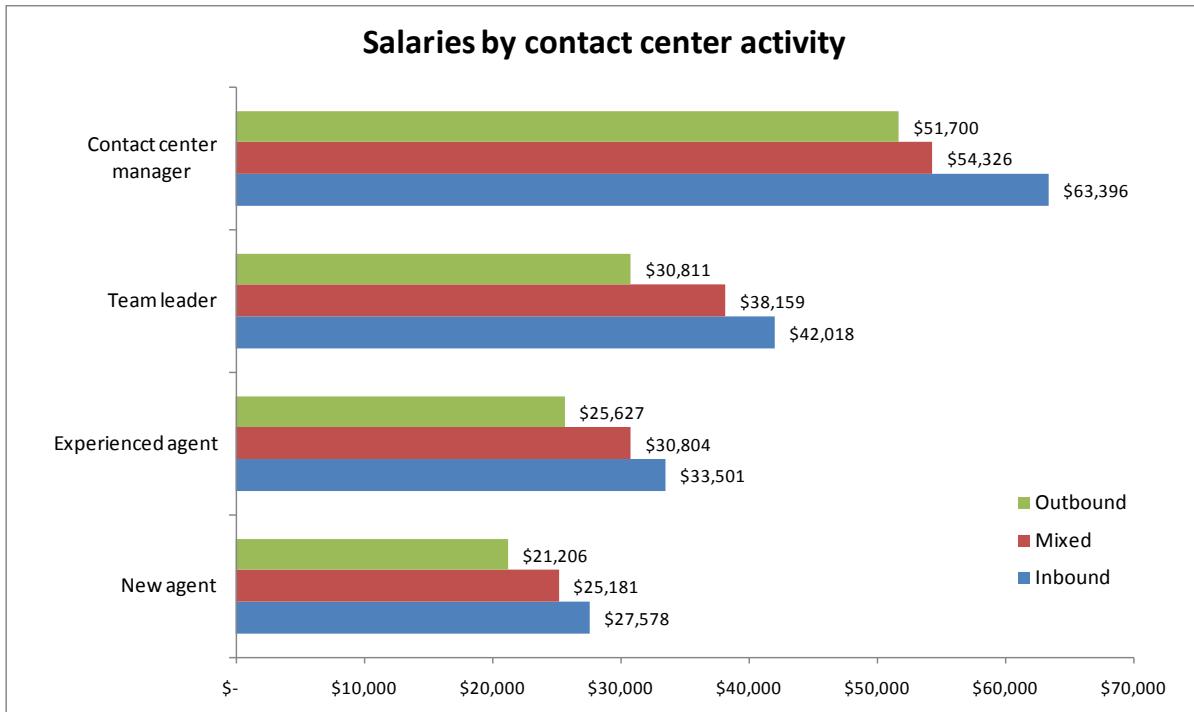
Small contact centers tend to pay better salaries to agents than do large contact centers, where a small increase in each agent's salary makes a big change to bottom-line costs. As in past years, this does not follow through to the management level however, where the differential this year is very low.

Figure 133: Salaries by contact center size

Salaries by contact center size

Role	Large	Medium	Small
Contact center manager	$59,068	$59,658	$60,840
Team leader	$39,592	$40,503	$42,735
Experienced agent	$29,545	$30,762	$36,067
New agent	$24,539	$25,504	$28,466
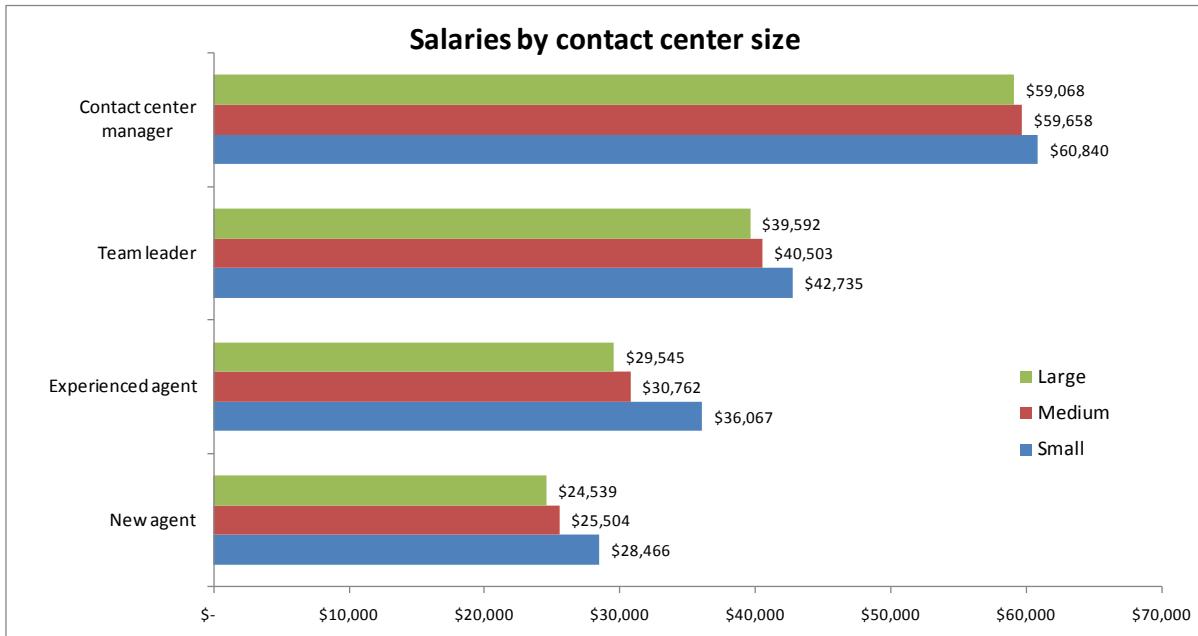
BONUSES

The mean average sales-related commission is 18% (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). 60% of service-focused contact centers pay agents any performance-related bonuses at all.

**Figure 134: Annual bonus for service and sales agents**

	Bonus/commission for sales agent	Performance-related bonus for service agent
1st quartile	40%	25%
Median	20%	6%
3rd quartile	10%	4%
Mean	**18%**	**6%**

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 28% 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 29% of cases.

Figure 135: Service-related performance targets used for bonuses
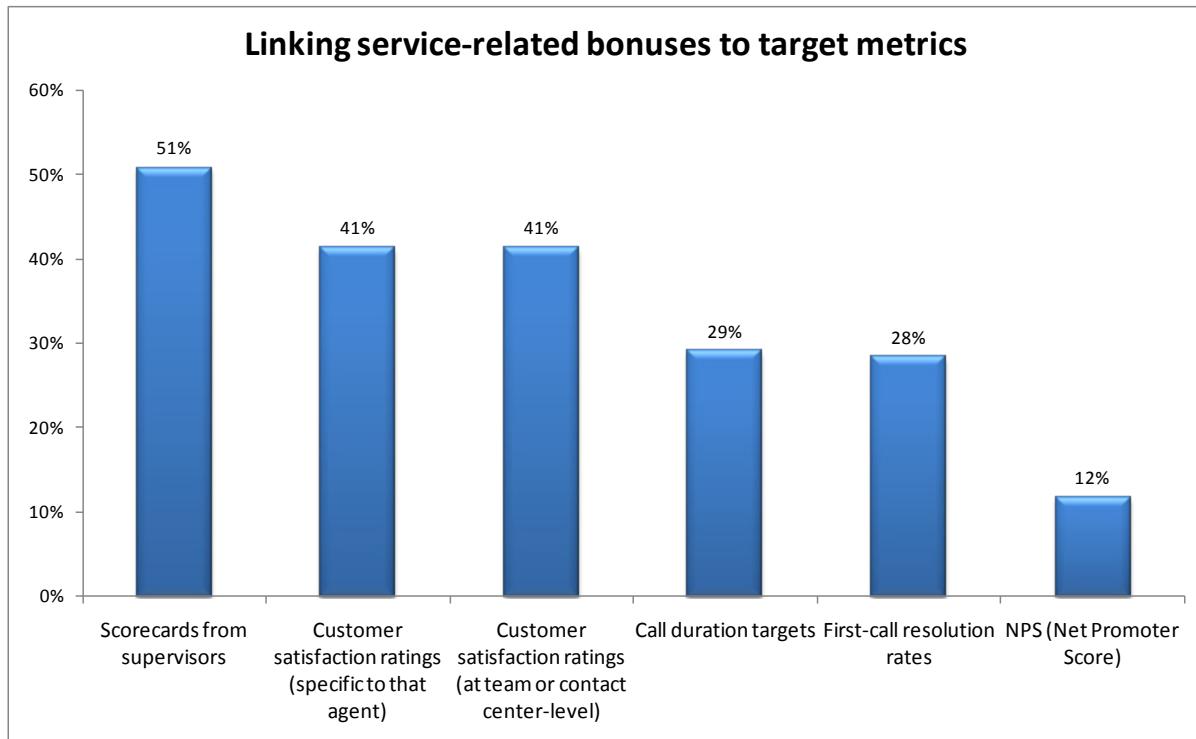
Amongst the 'other' section, service agents were rewarded based upon:

- behavior competencies
- call volumes
- attendance
- sales
- company performance
- conversion metrics for cross-selling and up-selling
- adherence
- team performance
- agent utilization.

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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 are often what make contact center managers most concerned, but there is also a growing feeling that the technology in place is letting the operation down, or at least, preventing it moving forward to the extent that it needs. Contact centers are also aware that they have to modernize their processes as well as the technology, but as ever, cost, time and the need to keep the operation running smoothly make this sort of strategic thinking very difficult, especially in a situation where the contact center does not have much in the way of a champion at the higher levels of the business.

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 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 around 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 which goes some way to explaining this. Agent desktop optimisation – 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 and improved customer experience. 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 the following box 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 over 13% of UK agent positions, and has been growing more rapidly than any other sector.

There are three main types of outsourcer: traditional, diversifying and emerging.[12]

- 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 UK- 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 have bought 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.

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[12] 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. Therefore, the data below refer to tactical and operational outsourcing of specific functionality and projects, rather than the outsourcing of an entire operation.

Figure 136: Type and amount of work outsourced

Type of work	% of contact centers outsourcing any of this work	% of work outsourced (only including figures from those outsourcing)
Market research / customer satisfaction surveys	25%	79%
Back office processes	25%	31%
Outbound sales campaigns	21%	64%
Ongoing customer service	21%	39%
Out-of-hours	19%	73%
Overflow	15%	36%
Multimedia support	8%	29%

The use of a third-party to survey customer satisfaction is a 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 137: Drivers for tactical and project-based outsourcing
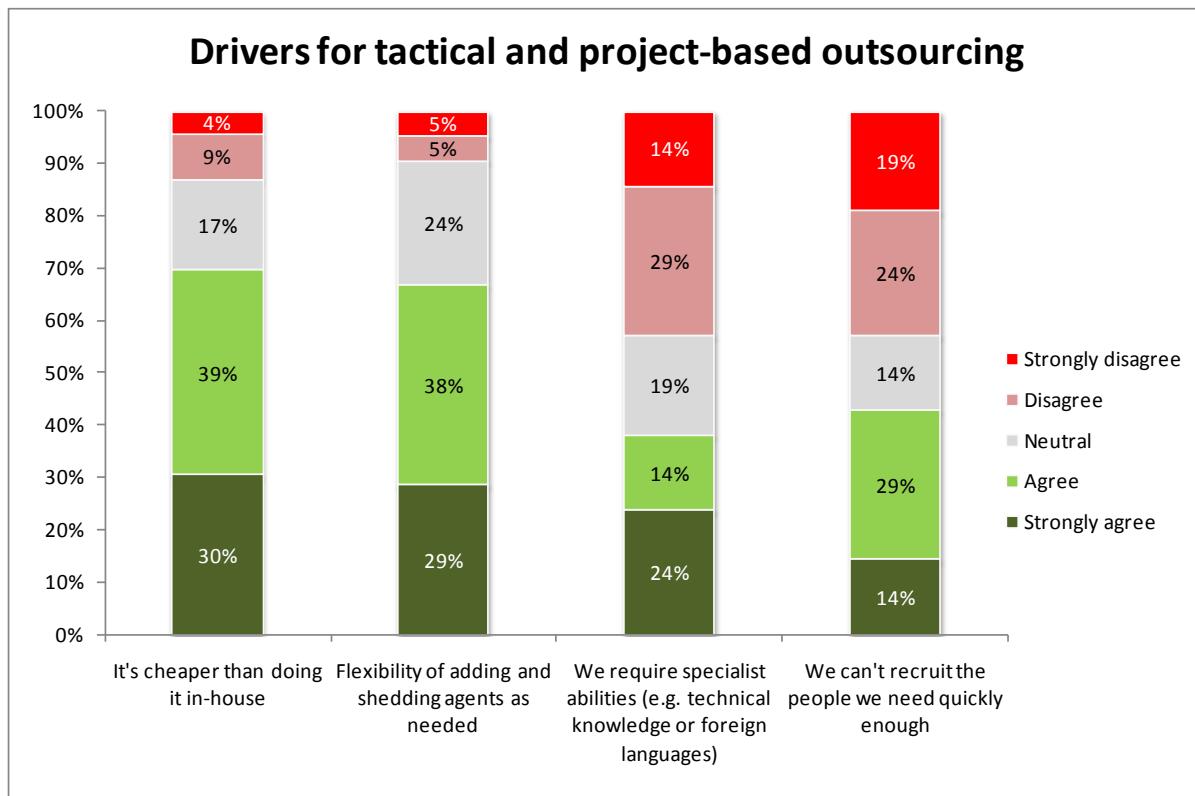
"It's cheaper than doing it in-house"

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.

"Flexibility of quickly adding agents and running campaigns without the hassle"

For large contact centers, the ability to draw quickly upon a pool of available labor - whether calling outbound or taking inbound calls as a result of a large advertising and marketing campaign - is seen as absolutely vital. It is almost impossible and certainly not cost-effective to recruit and train hundreds of agents almost immediately, only

to let then go after a few months when the campaign has ended. Yet that is the flexibility that outsourcers can provide to their clients.

"We require specialist abilities that are unavailable in-house (e.g. foreign language or technical ability)"

Small and medium contact centers are more likely than their larger 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.

 "We can't recruit the people that we need to move forward"

To a lesser extent, large operations 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.

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.

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PLANNED IT EXPENDITURE

Analyzing the areas that contact centers are focusing their IT expenditure upon is quite complicated, as there is rarely exact concurrence or use of the same phrases.

Figure 138: Most important areas of IT expenditure in the next two years

Expenditure type	1st	2nd	3rd
ACD/PBX/VoIP	24%	8%	8%
Self-service	12%	10%	8%
CTI / call routing	9%	8%	3%
CRM	9%	2%	3%
Increasing channels / multimedia	7%	4%	13%
Hardware upgrade	7%	2%	5%
Cloud computing / hosted applications	5%	2%	0%
Workforce management	3%	13%	5%
Homeworking and virtualization	3%	4%	10%
Queuing and callback	3%	0%	0%
Speech analytics	3%	0%	0%
Desktop optimisation	2%	10%	5%
Social media	2%	6%	3%
Knowledge base	2%	4%	5%
eLearning and online assessment	2%	2%	8%
Call recording	2%	2%	3%
Reporting	2%	0%	0%
Outbound automation	0%	6%	5%
Customer satisfaction and experience improvement	0%	6%	5%
Disaster recovery / redundancy	0%	2%	3%
Other IT expenditure	*3%*	*6%*	*13%*

Many contact centers last replaced their telephony systems in 1998 or 1999, to avoid potential problems around Y2K. Many of these systems have already been replaced, with businesses then moving to IP. However, 24% of respondents named upgrading their telephony system as the most important area of expenditure, with a further 16% putting it as their second or third priority.

Self-service moves up in importance in this year's survey, with 12% of respondents putting this as their no.1 IT investment priority, and a further 18% rating it as no.2 or no.3.

CRM was also an important area of spend money on, although it has dropped compared to past years.

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Other areas that have grown in importance in the past 12 months include improvements to the agent desktop, multimedia and CTI/call routing.

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 last year, the economic downturn drove 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.

However, 'increasing revenues' has dropped from no.1 to no.3 this year, as the trend of profit-driven metrics replacing operational metrics in the contact center industry's collective psyche has eased, putting customer satisfaction back in first place. As with last year, 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 139: Most pressing managerial issues**

Most pressing managerial issues

Issue	Value
Improving customer satisfaction	8.4
Decreasing costs	8.2
Increasing revenues	8.2
Achieving set metrics	8.1
Improving staff morale	7.7
Improving first-call resolution rates	7.2
Growing or maintaining staff numbers	6.9
Reducing staff attrition rates	6.1

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INDUSTRY TRENDS

Respondents were asked how important specific industry trends would be to them in the future.

Customer experience improvement is comfortably at the top of the pile, although 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 medical 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 140: The importance of industry trends

The importance of industry trends
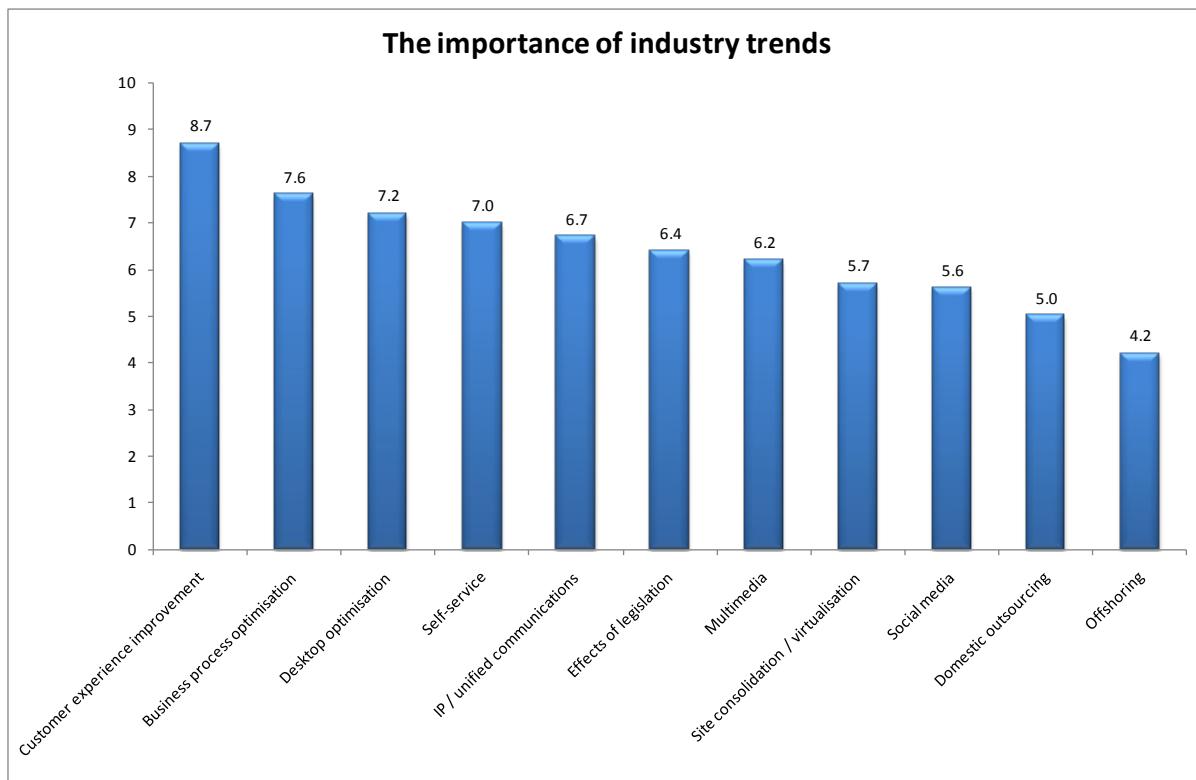
Improving the desktop to make it easier for agents to do their job was rated as the third most-important trend, especially by finance respondents. These agents often have to deal with multiple systems within a call, and also often have long wrap-up times as well as the excessive training requirements that dealing with labyrinthine systems cause.

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Increasing the levels of self-service to take pressure off contact center costs while providing a better service was rated as no.4 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.

Do you have questions about your Contact Center?

Are our service levels competitive? Why is our turnover so high? How can we increase revenue generation? What new technology will improve our effectiveness? What do our customers think of our service? What should we do about Social Media? How do we measure up against our competitors? How do we make customer service a strategic asset? Should we consolidate our contact centers or move to Home agents? How can we improve the accuracy of our forecasts? Can we improve performance and reduce costs? How can we increase first contact resolution? Should we be looking at outsourcing? How do we select a new location for our contact center? Would 'virtual agents' improve our performance? How happy are our channel partners with our service? Have we optimized our contact center processes? Are we measuring the right things? How can we deal with rapid growth in contact volumes? How do we improve efficiency? Will our disaster recovery plan work? How can we support the new sales/marketing initiatives? Are we fulfilling our Mission Statement through our contact center? Are we doing the right activities in the contact center? Can we automate the contact center and keep the human touch? Will our customers accept speech recognition instead of a live agent? Are our wait times reasonable? How can we improve agent productivity? Is occupancy the best measure for agent performance? How satisfied are our agents? Are we staffing the center appropriately? How can we improve the customer experience? How much wrap up time do our agents need? How can we cost justify the new technology we need?

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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 2015, 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 medical, finance and services vertical markets, and generally enjoyed broad support.

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 medical and insurance industries disagreed about the drop in future agent numbers as the specialized, complex nature of many of these calls makes automation very difficult.

Figure 141: How will the contact center look in 5 years' time?
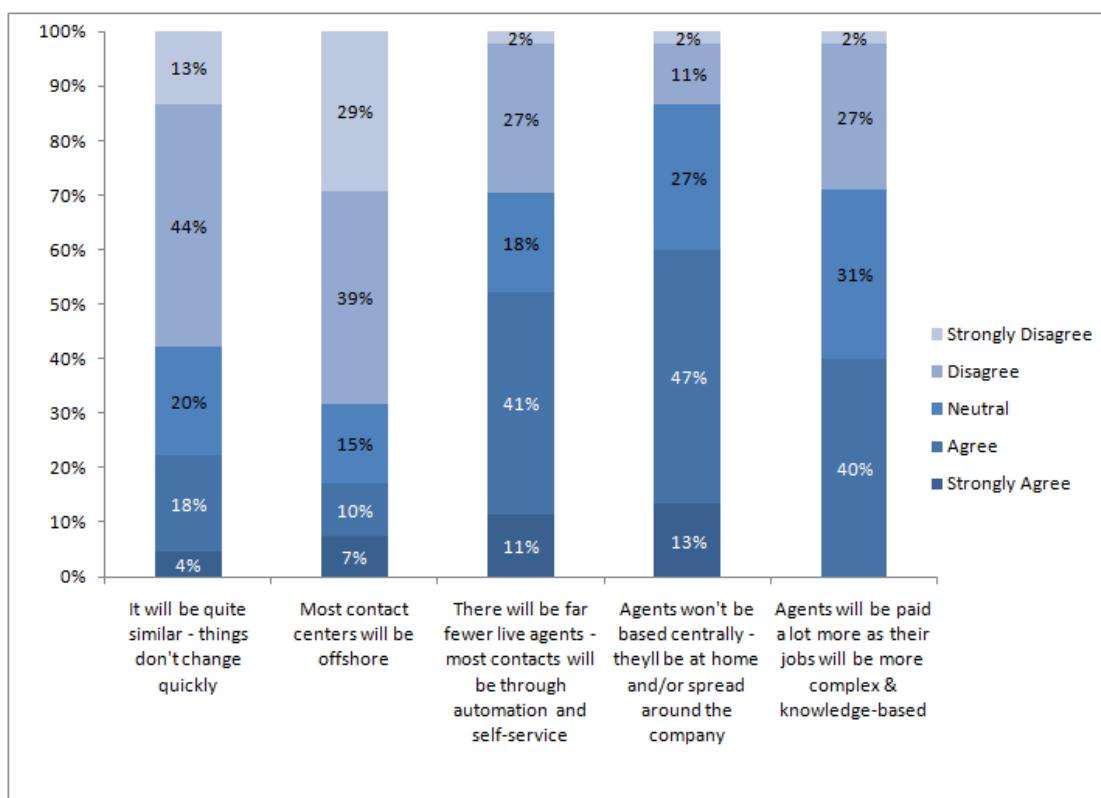
As a final question, respondents were asked what they would most want in their contact center if time and money were no object. Most respondents did not ask for anything exotic - the majority of responses falling into the categories of an integrated CRM / contact management system, a knowledge base, speech analytics, integrated voice / multimedia / website and a unified communication platform: all proven technologies that are available today.

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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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