

CLOUD CONTACT CENTER: PATH TO BETTER CUSTOMER EXPERIENCES IN MID-MARKET AND BEYOND

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Report Highlights

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34% of SMB contact centers are currently deployed in the cloud

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SMB cloud contact centers adopt Best-in-Class customer care activities more widely than on-premise SMBs

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SMB cloud contact centers differentiate multi-channel activities through customer-centricity

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SMB cloud contact centers use key technology tools more widely than their on-premise counterparts

Contact centers in small and mid-size businesses (SMBs) contact centers face a series of challenges that impact their ability to delight empowered customers. Using a cloud-based delivery model to manage key customer care applications, these firms address these challenges and align themselves with top performing contact centers. Between November 2013 and January 2014, Aberdeen Group surveyed 135 organizations on contact center trends and best practices; 71 of these respondents were SMB contact centers. This report will highlight the business value of deploying an SMB contact center in the cloud and the best practices companies should use as part of this endeavor.

** This report was originally published on March 2014 with the title "Cloud for SMB Contact Centers: Path to Better Customer Experiences"*

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“The top objectives driving the customer care efforts of SMB contact centers in 2014 are influenced by customer empowerment and the necessity to engage clients through multiple channels.”

Definition: SMB Contact Center

For the purposes of this research, Aberdeen defines SMB contact centers as businesses that have 250 seats or less in their contact center.

The findings in this report are applicable for both mid-size (50 and 250 seats) and small (less than 50 seats) contact centers. Given that mid-size contact centers typically handle a greater volume of interactions than small contact centers the research findings will help these mid-size contact centers better use the cloud technology to delight a greater pool of clients.

Rapid advancements in technology tools enable today's buyers to use numerous devices (e.g. smartphones and tablets) and channels (e.g. social media, live chat and mobile applications) to interact with businesses. This creates a new normal for both customers and organizations - one that refers to a trend called 'customer empowerment.'

This trend means that customers have easier access to a wealth of information to address their needs. This is facilitated by the growing adoption and use of social media portals and online user groups, as well as technology tools such as smartphones and tablets. From the perspective of businesses, customer empowerment means that companies need to differentiate themselves in the eyes of their clients by delivering personalized and timely service to stand out among other competitors.

State of the SMB Contact Center in 2014

SMB contact centers (see sidebar) are not immune to the changes in the marketplace. In fact, Table 1 shows that the top objectives driving the customer care efforts of these businesses in 2014 are influenced by customer empowerment and the necessity to engage clients through multiple channels (*more to come on this topic.*)

Table I: What’s on the SMB Contact Center Agenda?

Top Objectives Driving Customer Care Efforts (n=135)	SMB Contact Centers
Improve customer experience results and consistency	84%
Reduce customer effort for issue resolution	78%
Increase agent performance / productivity	76%
Improve annual company revenue and cross / up-sell effectiveness	74%

Source: Aberdeen Group, March 2014

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Aberdeen's March 2014 [State of the CEM Market 2014: It's All About Better Use of Customer Data](#) study revealed that 99% of companies are using two or more channels as part of their customer experience management (CEM) programs. This signals that using multiple channels (*those that are preferred by the customer*) is no longer just an option.

As depicted in Table 1, SMB contact centers are laser-focused on designing their activities to meet the demands of empowered customers through consistent and personalized interactions across multiple channels - in other words omni-channel customer care activities (see sidebar).

Other objectives driving the agenda of SMB contact center executives' include making it easy for customers to receive service by reducing client effort, as well as increasing agent productivity and performance, and leveraging contact center activities as a strategic revenue driver for the business.

Data indicates that SMB contact centers use a mix of different technologies to accomplish these objectives. These include the deployment model of contact center applications; cloud versus on-premise.

The Role of Technology Infrastructure

Findings from Aberdeen's January 2014 [Public Cloud vs. On-Premise: How to More Effectively Deploy a Contact Center](#) study show that 34% of SMB contact centers are currently deployed in the cloud (see sidebar on next page). Figure 1 below shows a year-over-year performance comparison between SMB contact centers using a cloud-based delivery model for their customer care applications versus those using an on-premise model.

Definition: Omni-channel Customer Care

For the purposes of this research, Aberdeen uses the term “omni-channel customer care” to define strategic customer engagement initiatives designed to deliver seamless customer experiences across multiple channels (e.g., phone, social media, web, mobile, and email) and devices (in-store, laptop, and smart phone). The end goal of these programs is to ensure that the context and experience from each channel and device carries over to succeeding touch-points to ensure consistency of conversations via multiple touch-points.

“34% of SMB contact centers are currently deployed in the cloud.”

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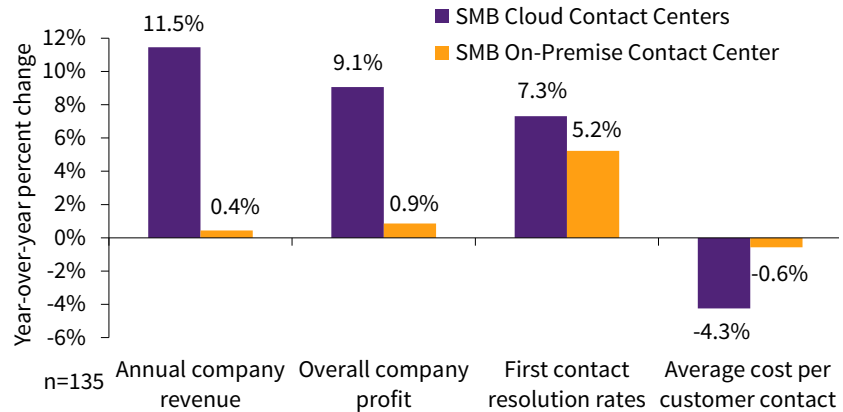
Definition: Cloud Contact Center

Cloud-based contact center deployments allow businesses to utilize the services of a third-party provider to deploy and manage part of or the entire contact center infrastructure.

In comparison, traditional in-house (on-premise) contact centers require companies to host customer care applications within the company premises, where the organization is responsible for managing and controlling these applications on company owned computing hardware.

“20% of the SMB contact centers currently deployed on-premise are assessing a cloud-based infrastructure to support their customer care programs over the next 12 to 18 months.”

Figure I: Cloud Deployment Drives Strong Performance for SMB Contact Centers



Source: Aberdeen Group, March 2014

As illustrated above, SMB contact centers deployed in the cloud outperform their peers with an on-premise infrastructure across several key performance indicators (KPIs). Those with a cloud-based infrastructure outpace on-premise contact centers in reducing overall customer care costs and growing annual company revenue. Furthermore, they are more likely to delight their customers as they enjoy stronger first contact resolution rates, compared to on-premise contact centers. Improvements in first contact resolution help companies reduce customer effort and ultimately enhance client satisfaction. These findings indicate that SMB cloud contact centers achieve the Holy Grail by driving customer satisfaction through spending less and growing revenue.

In light of these findings, it's no surprise that [research](#) shows us that 20% of the SMB contact centers currently deployed on-premise are assessing a cloud-based infrastructure to support their customer care programs over the next 12 to 18 months.

While the findings above indicate that SMB cloud contact centers outperform their on-premise peers, it's important to note that these results are not solely a direct result of deploying the

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contact center applications in the cloud. Cloud-based deployment provides companies with added flexibility due to less IT involvement in managing applications. However, achieving the results illustrated above is dependent on the use of several contact center best practices. Let's now observe how SMB contact centers compare to the Best-in-Class firms, and identify those key activities that help SMB cloud contact centers outperform on-premise peers.

Best-in-Class versus SMB Contact Centers

Table 2 below illustrates the four KPIs we used to assess organizational performance in contact center activities. Best-in-Class lead the way across all these key measures that are indicative of agent productivity, customer satisfaction and operational excellence.

Table 2: SMB Contact Centers are Falling Behind the Best-in-Class

Performance Results (n=135)	Best-in-Class	All Others	SMB Contact Centers
Customer retention rates	82%	51%	52%
Year-over-year change in number of quality SLAs met	31.5%	-0.5%	3.5%
Year-over-year change in first contact resolution rates	29.9%	-0.8%	7.3%
Year-over-year change in agent productivity	14.7%	0.2%	2.1%

Source: Aberdeen Group, March 2014

While SMB contact centers overall (both cloud-based and on-premise) perform better than All Others (see sidebar), they fall well behind the Best-in-Class in their performance. Also, as noted earlier, SMB contact center performance varies within itself based on the deployment model where cloud users outperform on-premise users.

The Aberdeen maturity class is comprised of three groups of survey respondents. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

Best-in-Class: top 20% of aggregate performance scorers

Industry Average: middle 50% of aggregate performance scorers

Laggards: bottom 30% of aggregate performance scorers

Sometimes, we look at the combined performance of Industry Average and Laggards, and we call this performance cohort **All Others**.

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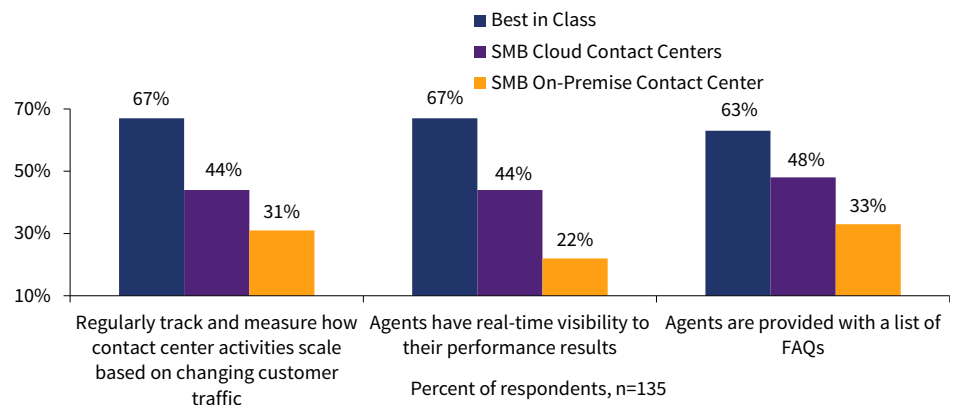
“Companies should forecast customer traffic across all the existing interaction channels to avoid overstaffing or understaffing.”

Let's now observe the factors that contribute to SMB cloud contact centers' success in outperforming on-premise users.

Factors that Contribute to SMB Cloud Contact Center Success

Findings from Aberdeen's [Public Cloud vs. On-Premise: How to More Effectively Deploy a Contact Center](#) research show that Best-in-Class firms use several key activities that help them achieve excellence in customer care. Adoption of those activities is much wider across SMB cloud contact centers, compared to businesses using an on-premise model. However, when adoption of those activities is observed against the Best-in-Class, SMB cloud contact centers are falling considerably behind the top performers. Therefore, in order to maintain their competitive advantage against on-premise SMBs, they need to grow the adoption and use of these activities. Figure 2 below illustrates several of those capabilities.

Figure 2: Activities that Unlock Success for SMB Cloud Contact Centers



Source: Aberdeen Group, March 2014

Customer traffic varies based on a number of factors. Regardless of the reasons that cause increases or decreases in customer demand for agents, businesses need to be prepared to handle client issues as they arise. Excessive wait times caused by understaffing or incurring unnecessary spend due to overstaffing

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are not ideal for any contact center - let alone SMBs with rather limited resources. The Best-in-Class address this challenge by regularly monitoring customer traffic for sudden changes and adjusting staffing levels as needed to address client demand for support (see [The Strategic Value of Intraday Management in the Contact Center](#) report for further insights for managing intraday contact center activities,) SMB cloud contact centers are 42% more likely (44% vs. 31%) than their on-premise counterparts to implement this activity so they can regularly track and forecast changes in customer demand to optimize staffing levels.

It's also important to note that this activity needs to be used to predict customer traffic across all interaction channels. Clients today use multiple channels to seek and share information. Therefore, companies need to address this need. This is done by capturing historical data on channel traffic and using business intelligence (BI) tools to analyze and reveal hidden trends and correlations that influence client demand across different channels.

Another activity that helps the Best-in-Class differentiate themselves is agent empowerment. Frequently asked questions (FAQs) and playbooks help companies solve common client issues without the need to drill-down into product / service databases to seek insights for resolution. This is complemented by providing agents with real-time visibility on their performance regarding KPIs. While the measures used to assess agent performance will vary from business to business, providing agents with a view of their standing against KPIs helps them self-monitor and take corrective action - thus, improving agent engagement. SMB cloud contact centers are twice as likely (44% vs. 22%) than on-premise users to provide their agents with such real-time insights through the agent desktop.

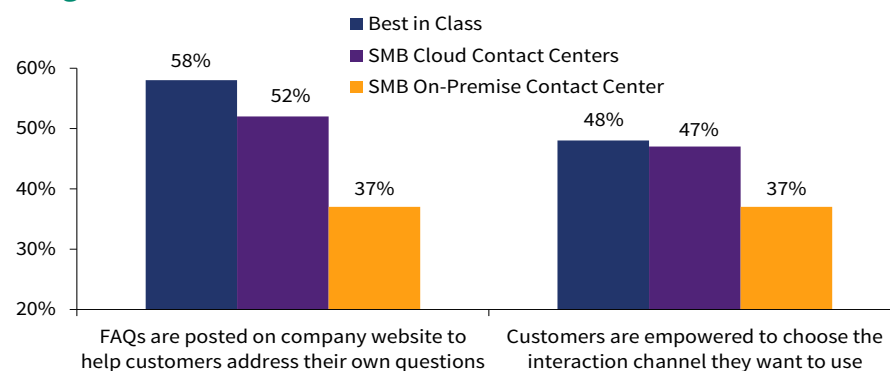
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“To maximize the benefits of customer contact routing efforts, companies should analyze historical case resolution data and determine the channels that have the greatest resolution rates for different types of issues.”

Another activity that helps companies make best use of existing agent resources is using agent skills and knowledge as criteria to route customer issues. A knowledgeable agent is far more likely to handle customer requests promptly, and thus delight clients and attain personal objectives. Seventy-eight percent (78%) of Best-in-Class use automated customer contact routing technology to support executing on this activity.

In addition to matching the right customer with the right agent, companies should also pay close attention to adding the right channel as part of their routing criteria. If a client prefers to be serviced through a specific channel, the organization should be able to address this want - unless there are any issues (e.g. regulatory compliance governing data security) preventing it. As illustrated in Figure 3, SMB cloud contact centers are nearly as likely as the Best-in-Class to implement this activity. They are also 27% more likely (47% vs. 37%) than on-premise SMBs to use it as part of their multi-channel efforts.

Figure 3: Bring Customer Centricity within Multi-Channel Programs



n=135, Source: Aberdeen Group, March 2014

To maximize the benefits of customer contact routing efforts, companies should analyze historical case resolution data and determine the channels that have the greatest resolution rates for different types of issues. The findings from this process

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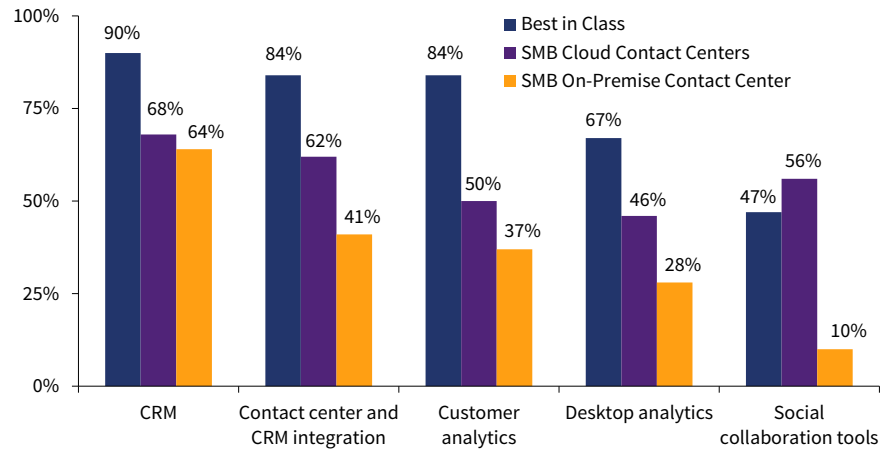
should be used, along with data on agent skills and knowledge, to design customer contact routing workflows. While SMB cloud contact centers use this activity more widely than on-premise users, they are recommended to further increase adoption of this activity in order to incorporate customer-centricity within their multi-channel efforts.

Another capability where adoption by SMB cloud contact centers is better aligned with the Best-in-Class than on-premise users is self-service through FAQs on the company website. Findings from Aberdeen's February 2014 [*Optimizing the Self-Service Experience: Helps Customers Help Themselves*](#) report shows that companies using self-service enjoy an 85% greater year-over-year increase in customer retention rates compared to non-users. SMB cloud contact centers follow the lead of the Best-in-Class in adopting this capability and outpace their on-premise peers by 41% greater adoption (52% vs. 37%) of self-service. (Read [*Optimizing the Self-Service Experience: Helps Customers Help Themselves*](#) study for the business value and best practices related to customer self-service.)

Key Technology Enablers

Best-in-Class contact centers complement their use of the above activities with several technology enablers. This helps them automate and better execute on those activities. Figure 4 below illustrates these technologies and shows how SMB cloud contact center adoption compares to on-premise users.

Figure 4: SMB Cloud Contact Centers Follow the Lead of Best-in-Class in Technology Adoption



n=135, Source: Aberdeen Group, March 2014

Ninety-percent (90%) of the Best-in-Class use a customer relationship management (CRM) system. This indicates that using CRM as an enterprise system of record for customer data is a mission critical piece. It provides companies with data to personalize customer conversations within the contact center. Top performers also ensure that their agents have seamless access to data within this system to support their interactions. They do so through integrating the contact center with CRM. SMB cloud contact centers follow their lead, and they are 51% more likely to have such integration in place, compared to on-premise users (see Aberdeen's December 2013 [Contact Center and CRM Integration: A Data-Driven Approach to Delight Customers](#) report for further insights on this topic.)

SMB cloud contact centers also incorporate analytical tools within their customer care efforts. They use [analytics](#) to analyze historical customer interaction data gathered across different channels and use the resulting insights to plan future activities. They also use desktop analytics tools to monitor how the agent desktop is used. The findings from this analysis help determine

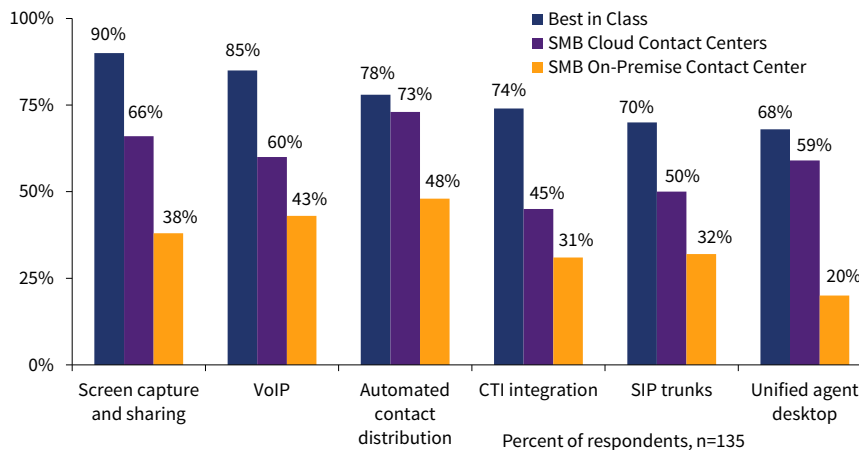
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any inefficiencies hindering agents' ability to access relevant insights for resolution. It also helps them identify opportunities for coaching agents on how to search and use the right information to help clients.

It's important to highlight that SMB cloud contact centers outpace even the Best-in-Class in their adoption of social collaboration tools. This technology helps companies facilitate internal collaboration among and across different silos in the business, and ultimately help contact center agents become more productive. It also helps to ensure delivery of consistent customer messages across different touch-points. (Read Aberdeen's [Enterprise Social Collaboration in Customer Service: Better Teamwork Unlocks Customer Delight](#) study to learn how contact centers use social collaboration tools to achieve these results.) Figure 5 illustrates several additional technologies that contribute to optimizing contact center results.

“SMB cloud contact centers outpace even the Best-in-class in adoption of social collaboration tools.”

Figure 5: SMB Cloud Contact Centers Follow the Lead of Best-in-Class in Technology Adoption (cont.d)



Source: Aberdeen Group, March 2014

As noted earlier, automated customer contact distribution helps companies route the right customer to the right agent through

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the right channel. This is facilitated by designing workflows that determine routing criteria based on different factors such as customer issue. A unified agent desktop helps agents, through a single screen, seamlessly access customer data stored across numerous enterprise systems, such as CRM and Enterprise Resource Planning (ERP). This helps companies improve agent productivity by reducing the time agents spend looking for information. Best-in-Class firms lead the way in adoption of these key technologies (along with the others displayed in Figure 5.) SMB cloud contact centers are using those technologies more widely than their on-premise counterparts. This gives them the ability to seamlessly execute the key activities noted earlier, and ultimately, align their performance more closely with the Best-in-Class.

Recommendations

SMB contact centers need to walk a fine line. They need to address the rapidly changing (and often growing) needs of empowered customers by maximizing use of often limited resources. To achieve this goal, they turn to technology; specifically cloud. Research shows that 34% of SMB contact centers currently use a cloud-based delivery model for their customer care applications. Twenty-percent (20%) of the SMBs are also assessing the deployment of a cloud-based model over the next 12 months.

The top factor driving SMB contact centers to invest in a cloud-based application delivery model is the goal to improve the customer experience. This is joined by the objective to enhance agent productivity and performance, as well as deliver consistent customer messages.

SMB cloud contact centers enjoy far superior performance results compared to their peers. However, these results are not

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driven solely by adopting a cloud infrastructure. SMB cloud contact centers are following the lead of the Best-in-Class in order to achieve their objectives. We recommend SMB contact centers currently using a cloud-based infrastructure, or assessing one, adopt the below activities in order to maximize their results from a cloud deployment:

- ➔ Don't assume that solely changing the contact center infrastructure will yield superior results. Regularly monitor if and how your organization uses Best-in-Class customer care practices in order to achieve your objectives driving cloud investments.
- ➔ Ensure that your contact center activities scale effectively (and rapidly) to reflect changing customer demand across multiple channels.
- ➔ Provide agents with real-time visibility on performance results to help them self-monitor, and ultimately improve agent engagement.
- ➔ Factor in customers' channel preferences within your customer routing activities to address client needs and preferences.

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For more information on contact center, CEM or other related research topics, please visit <http://aberdeen.com/aberdeen/contact-center/CMAV/practice.aspx>.

Related Research

[*Optimizing the Self-Service Experience: Help Customers Help Themselves*](#); February 2014

[*Public Cloud vs. On-Premise: How to More Effectively Deploy a Contact Center*](#); January 2014

[*State of the CEM Market 2014: It's All About Better Use of Customer Data*](#); March 2014

[*Big Data in the Contact Center: A Strategic Advantage*](#); December 2013

[*Contact Center and CRM Integration: A Data-Driven Approach to Delight Customers*](#); December 2013

[*Omni-Channel Customer Care: Empowered Customers Demand a Seamless Experience*](#); October 2013

[*Contact Center Optimization: Use Data to Deliver Superior Customer Care*](#); July 2013

[*Transitioning your Contact Center from On-Premise to the Cloud*](#); April 2013

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