Industrial Strength BPO

Leveraging Cloud Contact Center Technology for Omni-channel Service Delivery

FROST & SULLIVAN

A Frost & Sullivan White Paper

In Association with 8x8, Inc.

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Introduction

Frost & Sullivan defines customer care outsourcing as a subset of the much broader business process outsourcing (BPO) industry. In North America, this segment is highly fragmented, and competitive. These BPOs offer a multitude of benefits to their client base, including capital expense reduction, business agility and flexibility, increased access to qualified labor, reduced costs, advanced management techniques, and cost-effective access to state of the art technology. Contact center outsourcing will continue to expand and grow in the future due to the following strategic, financial and technological factors:

Multi-year contracts with experienced outsourcing providers are becoming more attractive as they can deliver exceptional service levels at a lower cost

Companies are seeking out workforce solutions that can expand and contract in relation to their business objectives and client call volumes

The use of near-shore, offshore and work-at-home agent resources for outsourcing is increasingly becoming an acceptable and trusted model

There is a mind-boggling level of choice in goods and services in the consumer market. Whether it's a B-to-B or a B-to-C model, the consistent delivery of high-quality customer care is a difficult goal to achieve. This is especially relevant in our device-driven world; an "always on" hyper-connected environment laced with multiple customer touch points. The customer journey is growing more complex; hence the critical importance for BPOs to have access to advanced call center features to satisfy this demanding new consumer.

Executive Summary

A growing number of businesses are looking to outsource their communications and collaboration capabilities to a trusted service provider - to avoid the large capital expenditures and risk associated with deploying communications infrastructure on their premises. Today's consumers have an array of options for engaging with businesses: email, chat, phone contact and social media. This shift in power from business to customers has made savvy business leaders realize that the best way to ensure success is to place the customer experience first on the list of strategic priorities. Incorporating new channels such as mobile and social into the traditional contact center—and applying analytics to the resulting bonanza of information—can go a long way toward improving that experience. As traditional channels—including IVR, chat, and the Web—meet emerging channels, the goal is to deliver an effortless Customer Experience that lets customers move seamlessly between those channels. Their personal context and history will move with them. These challenges and others are driving tactical and strategic initiatives within BPO organizations.

This white paper provides insights into the rationale for and dynamics behind the use of next-generation virtual contact center technology. Leading BPOs are refocusing their centers to support what many market experts are suggesting is the new BPO; transaction and relationship hubs.[1,2] After all, in today's customer management environment, effective tools and skilled brand advocates must be combined with a platform for managers to leverage today's sophisticated communications systems.

Analyst Perspective: Contact Center Trends and Challenges

Center Complexity on all Fronts

For contact centers of all sizes, there is no shortage of challenges around technical, human, and business issues. Frost & Sullivan believes that the clearest challenge in call centers today is one of complexity. There are a dizzying array of products and services to evaluate, intricate systems interfaces to understand, and a large number of measurements of performance (MOPs) and key performance indicators (KPIs) to meet. Integrating all of these is a significant challenge. There are additional related challenges that are impacting this complicated environment. Consider the following:

Consumer demand for quick service and multichannel touches (email, text, SMS, alerts, notifications, social media, and mobile)
The increasing use of self-service channels for simple transactions
Harnessing and disseminating data from disparate silos to stakeholders across the organization

Meantime, the proliferation of channels and devices that consumers now have at their fingertips is creating an operational challenge for all contact centers. Frost & Sullivan has defined this omni-channel communication in the following way:

"Omni-channel means ensuring a consistent, high quality customer experience regardless of how and where a customer chooses to interact with an organization, and no matter the purpose. It ensures that data and context from initial contact carries over to subsequent channels, reducing customer effort, improving the customer interaction, and enabling the business to tailor the customer journey."

This movement toward an omni-channel world is vertical agnostic. Improving customer service has become synonymous with improving the overall interaction experience, regardless of industry sector. Sales and support agents are beginning to use a wider arsenal of communication tools – voice, video, e-mail, IVR, Web chat, collaboration and file sharing, and social media. The benefits are clear: a better experience for the customer, lower times to resolution, deeper relationships, stronger loyalty, and ultimately more sales opportunities and higher revenues. Omni-channel engagement is all about relationships, which has changed the technology needs of the modern contact center.

Technology Enabled Customer Care

This omni-channel movement has meant that visionary center executives, especially in the BPO provider space, are deploying a complex blend of unified communications and collaboration technologies in order to stay relevant, competitive and profitable. The goal is to connect and communicate with customers at the touch point of their choice, whenever they choose.

The Distributed Agent Workforce and Work-at-Home Business Models

The final and most daunting challenge to growth in the customer care outsourcing market, is finding ways to attract new clients. Companies today prefer to engage outsourcers who can offer a blended mix of on-shore, automated, home agent, near-shore, and offshore solutions in order to provide continuous, around the clock coverage for their clients in every corner of the world.

Over the last five years, all large traditional outsourcers in North America have added work-at-home agent (WAHA) capabilities to their line-ups. This set of features is often marketed as a complement to existing brick and mortar agent point solutions. Many smaller outsourcers utilize home agents exclusively. While many companies have decided to implement their own in-house home agent program, the vast majority trial it as project using a 'hub-and-spoke' model The use of this agent model has the added benefit of removing infrastructure and real estate costs while making some expected green contributions.

Movement to the Cloud: Why Going Virtual Matters

Frost & Sullivan estimates that the market for enterprise cloud-based contact centers is set to exceed two billion dollars in 2014. By the end of 2013 sales of hosted contact centers had clearly overtaken contact center systems with $1.962 billion in sales for hosted solutions versus $1.537 billion for system sales. This fast moving trend of cloud adoption is only getting stronger as companies embrace the myriad benefits the cloud brings. Frost & Sullivan estimates that by the end of 2014 the cloud market will have grown to $2.191 billion, with 11.7 percent growth, while systems sales are predicted to decline by .8 percent for $1.524 billion in sales.

This groundswell of cloud adoption is continuing totally unabated. Indeed, in a 2014 Frost & Sullivan Contact Center Survey we asked C-level executives, vice presidents, and contact center supervisors as to their plans to purchase and use different contact center channels. The results showed this preference for cloud adoption. Exhibit 1.1 highlights the type of contact center applications that will move to Hosted/cloud.

Exhibit 1.1- Contact Center Applications Planned to be Moved to Hosted/Cloud

Contact Center Applications Planned to be Moved to Hosted/Cloud Solutions: North America, 2014
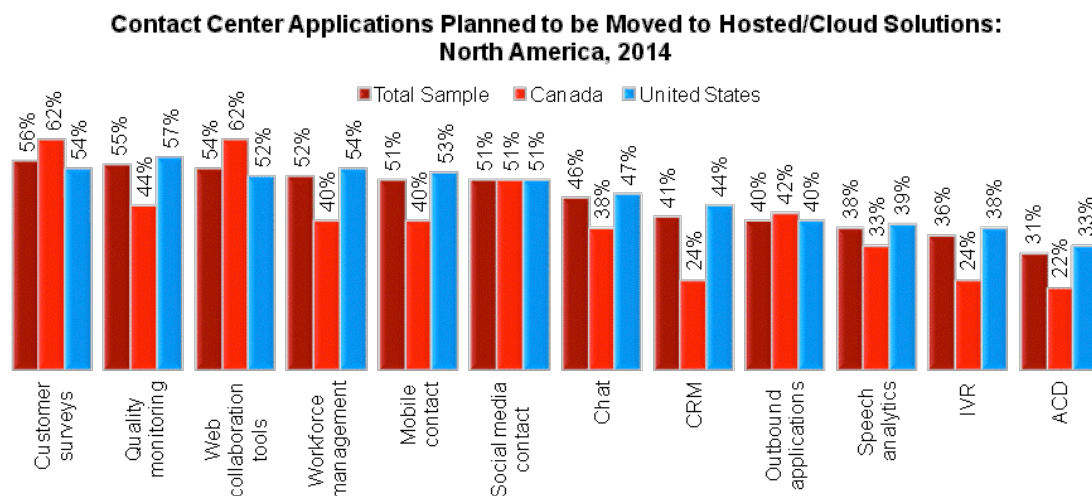
Source: Frost & Sullivan analysis

Base: Filtered respondents: those, who use or plan to use hosted/cloud solutions (n=284).

Keys to Organizational Agility

BPOs, like their enterprise counterparts, are highly complex organizations that face myriad challenges that the cloud addresses, which is driving adoption of cloud services within the BPO ranks. Foundational to this movement is the need for organizational agility and flexibility and this means having the ability to quickly, easy and intuitively add on features and functions. It is no longer enough to run a center and add applications on piecemeal and in silos. New applications, particularly third-party applications, should be integrated seamlessly not only to be up and running quickly, but also to feed the resulting new information back to the business. Businesses need to effortlessly add channels as customer needs arise, and scale up or down as demand dictates.

Of great importance and a benefit the cloud can provide, is the ability to implement and manage these changes with minimal or no IT support. Good tools that let supervisors add new applications, change routing rules, modify scripts or IVR menus or make other da- to-day operational changes without reliance on IT, are essential.

Finally, businesses also need to arm agents with the tools they need to assist customers on any channel, at any level, and then harvest the resulting wealth of customer and transactional data across channels and outside sources to gain insights on how to improve operations, all with minimal supervision.

The Multiple Advantages of SaaS

Cloud-based, software-as-a- service (SaaS) contact center solutions deliver an array of benefits to businesses of all sizes. They are being widely embraced by organizations that want to leverage new capabilities without pouring more resources into management or IT staff, infrastructure and applications. Experts in delivering cloud-based contact centers become trusted partners that deliver the following benefits:

Cost Effectiveness. SaaS solutions deliver state-of-the-art capabilities with zero up-front capital investment and can be deployed in a matter of hours, not days or weeks. Cloud deployments can reduce the burden on IT of having to handle a continually expanding set of channels and applications.

Business Agility. The cloud enables the much-needed shift for BPOs to multiple in-house agent sites, multiple outsourcer call centers, and branch offices, remote and work-at-home agents. This movement brings with it reduced seat costs, higher agent retention rates and expansion of the labor pool.

Scalability. The cloud allows BPOs to make fast and cost effective capacity adjustments, scaling up and down depending upon traffic, seasonality and business need.

Fast time to deployment. The cloud enables BPOs to dynamically respond to the need for new applications as customer demand dictates. It allows organizations to add new channels and get access to the latest technology and ongoing releases of software without worrying about legacy infrastructure.

Centralized Management. The cloud allows for centralized management of operations and applications despite the mix of remote/at home or center personnel.

Analytics for innovation and continuous improvement. The elimination of legacy infrastructure, with its often siloed applications, helps organizations to more easily and effectively gather customer and transactional data across channels, allowing for deeper operational, customer and agent performance insights.

Requirements for Customer Success

How can those investigating alternatives to premise-based deployments best avail themselves of the benefits cloud has to offer? Search for providers that focus on the following:

Security and Compliance. The cloud makes it easier to stay compliant with corporate, industry and government regulations. Cloud providers have done much to address the myriad security and client concerns around security of customer data, as well as privacy, particularly for remote agents. Cloud centers should be laser-focused on security management employing the latest certifications, such as

SSAE-16 SOC II Type II, ISO 27001, and have developed best practices for handling customer data, particularly for highly regulated industries such as healthcare and finance. In particular, look for cloud providers that have focused on being in compliance with industry regulations such as HIPAA, Sarbanes-Oxley, PCI-DSS, and others.

Further, choose cloud providers that have put in place a strong security management system based on an internationally accepted security framework. Data centers should be redundant with failover and be geographically distributed, with enforceable service level agreements. Customers should be able to request performance records from previous years that show the service provider's uptime and ability to efficiently resolve issues in the case of adverse events.

Geographic Reach. The service provider's footprint and channel network can determine whether a multi-site business can deploy the same hosted solution in all locations and receive appropriate levels of support. In addition, the cloud provider must specify the locations and countries in which data will be stored.

Unified Queue. The center should have the flexibility of providing a single queue that can be configured to allow agents to work on one or all channels of customer interaction from a single desktop.

Expanding Online Engagement Tools. Cloud providers should offer a unified agent desktop that allows agents to quickly and easily navigate billing systems, knowledge bases, CRM systems and multiple products and interfaces. Deep integration with best-of-breed technology should be a consideration. For instance, cloud vendors will keep APIs up-to-date, and many offer pre-built integration with leading CRM and WFM applications such as Salesforce.com, Microsoft Dynamics, SAP and Oracle CRM, Zendesk. However, the level of integration can make a significant difference on agent effort.

Business Continuity/Disaster Recovery (BC/DR). Current violent weather patterns have brought business contingency planning discussions back into the boardroom. Contact centers are, particularly now, seeing the clear advantage of having a distributed workforce in the event of a business outage, national disaster or sustained inclement weather conditions. The cloud is ideal for maintaining BC/DR strategies.

Reporting and Analytics. The platform must offer robust data capturing and reporting features that track activities in real-time and measure results.

Proof Points

Case Study

As an example, one leading BPO company continues to invest in technologies and solutions that help companies communicate effectively and efficiently with their employees, partners, and customers. Specifically, the company is focusing on its unified communications (UC) and customer contact transformation (CCT) solutions. CCT solutions include hosted IVR/speech, hosted contact center, mobile, proactive notifications, social media monitoring, engagement services, and integrated analytics.

Situation and BPO Business Challenges

AON Hewitt is the leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and <u>outsourcing services</u>. Its industry-leading global resources, technical expertise and industry knowledge are delivered locally through 500+ offices in more than 120 countries. Its agents are highly motivated outsourced resources for some of the largest HR departments in the world.

AON Hewitt was faced with a number of business challenges including:

> A limited ability to respond to client needs and new contract bids due to its outdated legacy systems. One limitation was that AON was unable to distribute customer contacts across its physical support locations. If a single physical AON Hewitt site could not handle the volume of work for a client, then the company was forced to say "no" to the new business opportunity.
> The speed of setup on an older premises system was extremely slow for new business projects.
> IT department intervention was needed to make changes to the contact center software.
> The use of multiple vendors and point solutions to provide multi-channel communication for its clients.

The Results

Aon Hewitt now uses an 8x8 contact center solution set to facilitate its client communications and manage *all* customer communications channels. Results include:

> Administration, scheduling, and intraday adjustments/change requests are significantly easier to manage without IT staff involvement.
> The multi-channel ease of setup allows AON Hewitt's staff to focus squarely on client metrics and service needs. This singular concentration on client business issues has resulted in higher satisfaction levels for clients and repeat business opportunities.
> With an improved graphical user interface (GUI), lead agents are now empowered to manage the universal queue; add and remove agents; and customize system reports. This allows AON to put the client first, while balancing other priorities like agent training and ongoing education.

Differentiating the BPO Center of Excellence

The BPO Game Changer: Beyond Contact Center Seats

Customer care outsourcing providers offer a multitude of benefits to their client base, including minimizing capital outlays, business flexibility, access to qualified labor, reduced costs, advanced management techniques, and the opportunity to gain access to state of the art technology. Technology provider solutions, like those offered by 8x8, help clients acquire retain and increase the lifetime value of their customer relationships.

In the last two years, global customer care providers have been forced to differentiate themselves. Long gone is the goal of winning greater wallet share through labor arbitrage and sheer operational excellence alone. It is no longer acceptable to be viewed as a top choice for cheap seats. Simply put, outsourcers have realized that they must put solutions in-place that affect their clients' *core* business; from strategy, operations and processes to the financial bottom line. As such, technology platforms *will be critical* in meeting the complex communication needs of today's omni-channel consumer.

Cultural Alignment

The nature of the relationship between customer, service provider and technology vendor is vital to the long-term success of any outsourcing arrangement. It has become even more important today because consumer expectations for excellent service delivery are extremely high, regardless of the vertical segment. Premium brands, in particular, want to be able to sculpt and shape the customer experience. This requires a shared vision and a good cultural fit between BPO outsourcing vendor and the all-important technology partner. It engenders a high level of trust, a synergistic relationship and a great deal of transparency.

Conclusion and Recommendations

Handling the complexity of service delivery in a hyper-connected world increasingly devoted to improving the Customer Experience requires high levels of technological engagement. BPOs bring business agility—coupled with the flexibility, scalability, and fast access to state-of-the-art technology of the cloud— that can enable organizations to leapfrog many of the obstacles to achieving omni-channel customer care.

To start on this journey, look for providers with the aforementioned keys to success – fully featured cloud offerings with broad geographic reach, strong compliance and security management, comprehensive agent tools, reporting and analytics, and deep integrations with third-party applications. Lastly, to ensure your company's success, search for at trusted partner with a track record of strong professional services, solid customer references, and cloud experience.

References:

[1] Bruce Tempkin, **http://www.cmswire.com/cms/customer-experience/contact-centers-must-morph-into-relationship-hubs-022843.php**

[2] **http://www.mycustomer.com/feature/experience/relationship-hubs-and-superagents-contact-centre-2020/166841**

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today's market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community.

About 8x8

8x8, Inc. (NASDAQ:EGHT) is the trusted provider of secure and reliable cloud-based unified communications and virtual contact center solutions to more than 40,000 small, midsize and distributed enterprise organizations operating in over 40 countries across six continents. 8x8's immediately available cloud solutions replace traditional on-premises PBX hardware and software-based systems with a flexible and scalable Software as a Service (SaaS) alternative, encompassing cloud business phone service, contact center solutions, and web conferencing. For additional information, visit www.8x8.com.

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