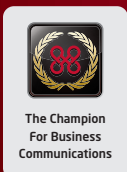


The New Math: Double Your Results for Half the Cost

How Cloud-Based Contact Centers Minimize Risk and Increase Customer Satisfaction



Contents

How Cloud-Based Contact Centers Minimize Risk and Increase Customer Satisfaction.	3
Agility in the Enterprise is Key to Innovation.	3
The Shift Away from On-Premises Contact Centers.	3
On-Premises Contact Centers are Fraught with Problems	4
Significant Capital Expenditure.	4
Substantial Integration Time and Complexity	4
Unavoidable Annual Maintenance Costs.	4
Considerable Ongoing Support Costs.	4
High Degree of Vulnerability to Disaster	4
Inability to Easily Accommodate Off-Site Agents.	4
Difficult to Manage Fluctuating Demand	4
The Triumph of SaaS.	4
How Companies Can Benefit From a Cloud-Based Call Center.	5
Eliminate Capital Expenditures	5
Reduce Ongoing IT Maintenance and Support Costs.	6
Increase Staffing Flexibility	6
Gain Disaster Preparedness	6
Stay Nimble as Demand Fluctuates	6
Enjoy a “Future Proof” Contact Center.	7
A Proven Way to Gain More Satisfied Customers.	7
Cultivating a Greener Enterprise Through Cloud-Based Contact Centers	7
The 8x8 Virtual Contact Center Provides Many Benefits	8
References.	8
¹ Gartner Research	8
² Frost & Sullivan	8
³ DestinationCRM.com	8
Conclusion	8
The Clear-Cut Case for Cloud-Based Call Centers.	8
About 8x8	9

How Cloud-Based Contact Centers Minimize Risk and Increase Customer Satisfaction

This paper discusses the vital role of contact centers and examines the differences between on-premises contact centers and cloud-based alternatives. It looks at the reasons why on-premises contact centers are becoming obsolete and offers suggestions for how enterprises can eliminate capital expenditures while increasing customer satisfaction and staying on the forefront of innovation.

Today, cloud-based contact centers are being recognized as a smart way for companies to stay agile while still delivering tremendous value to their customers.

Agility in the Enterprise is Key to Innovation

The contact center performs one of the most vital functions within an organization, forging the essential link between a company and its customers that builds loyalty and reinforces the values of the company brand. In keeping with its critical role, enterprises have traditionally invested millions of dollars into building and maintaining best-in-class contact centers. For decades, this strategy made sense.

In today's environment of rapid technological change and economic volatility, an on-premises contact center is no longer an asset; in most cases, it is a clear disadvantage.

Hardware, software and other related equipment require major capital expenditure in a world where technology is evolving so quickly that an on-premises contact center starts to become obsolete nearly as soon as it is assembled. When market conditions inevitably shift, companies saddled with aging equipment and massive maintenance fees are unable to stay flexible, making them vulnerable to more nimble competitors.

Building a culture of innovation requires a shift in focus, putting an emphasis on agility while maintaining IT functions more efficiently and affordably. Today, cloud-based

contact centers are being recognized as a smart way for companies to stay agile while still delivering tremendous value to their customers.

The Shift Away from On-Premises Contact Centers

On-premises contact centers were once the only reliable choice for the enterprise, a necessary investment with no real alternatives. With the advent of SaaS (Software-as-a-Service), this is no longer true. SaaS vendors have proven their ability to deliver measurable value, causing a permanent and fundamental shift in the way technology is delivered and managed.

As SaaS has matured, it has instigated sweeping changes across the IT landscape, transforming industries like CRM and ERP. Now contact centers are also undergoing a radical change. Among the underlying technologies supporting this change are VoIP (Voice-over IP) and Internet-based communications, which provide superior functionality at a far lower cost than traditional systems.

Companies of all sizes are now beginning to adopt cloud-based contact centers and reap the benefits they provide. They aren't just curious: they're being driven to seek alternatives by the myriad of problems inherent in on-premises contact centers.

Drawbacks of On-Premises Contact Centers

- Significant capital expenditure
- Substantial integration time and complexity
- Unavoidable annual maintenance costs
- Considerable ongoing support costs
- High degree of vulnerability to disaster
- Inability to easily accommodate off-site agents
- Difficult to manage fluctuating demand

On-Premises Contact Centers are Fraught with Problems

Significant Capital Expenditure

Purchasing the hardware and software required to set up a new call center runs into the hundreds of thousands of dollars. Given the tremendous complexity and cost, the technology often becomes outdated soon after it is up and running. Even worse, this upfront capital expenditure only represents the “tip of the iceberg” of the total cost of ownership.

Substantial Integration Time and Complexity

Setting up a new call center can take months to plan and build out and requires a team of specialized, highly-trained IT personnel to ensure proper implementation. IT staff often spend 4-6 weeks in training at the launch of a new on-premises call center.

Unavoidable Annual Maintenance Costs

Maintaining hardware, upgrading software and keeping the system in working order comes with a steep price tag. Annual maintenance agreements often run 18-20% of the capital expenditure, which is a significant recurring expense.

Considerable Ongoing Support Costs

The complexity of call center technologies makes it necessary for specialized IT staff to be dedicated for maintenance and support, whether or not they are being utilized at all times. Most medium-sized call centers require at least 2 full-time equivalents in IT. Not only do these individuals require training at the onset, but they also need ongoing education to stay informed about new and evolving technologies.

High Degree of Vulnerability to Disaster

On-premises contact centers make companies vulnerable to pandemics, natural disasters, power shortages and other environmental dangers. Building full

redundancy and disaster recovery plans into an on-premises system is prohibitively expensive. Lacking the ability for agents to easily work from home, companies are vulnerable to gaps in service, missed calls and lost sales.

Inability to Easily Accommodate Off-Site Agents

On-site contact centers cannot easily accommodate remote and home-based agents, which limits their ability to tap into a growing pool of high-quality agents who are working from home. Setting up a single remote or home-based agent requires a trained IT professional to install a dedicated data line, VPN hardware and specialized phones or routers.

Difficult to Manage Fluctuating Demand

On-site contact centers are usually built to handle a pre-determined level of call volume. They are often unable to manage spikes in demand, thereby missing critical calls and risking customer dissatisfaction – or paying steep license fees and purchasing new equipment simply to keep up. When demand drops, this costly equipment sits idle.

The Triumph of SaaS

The SaaS model is disrupting industries, making early adopters more agile and altering the competitive landscape. Solutions that were previously out of reach for small to mid-sized companies are now within their grasp, putting more pressure on larger companies that want to maintain an edge.

It comes as no surprise that Fortune 500 companies and market analysts alike have hailed SaaS as a viable way to outsource many IT functions, including email, customer relationship management and enterprise resource planning.

Gartner named cloud computing as one of their Top 10 Strategic Technologies

for 2010. They define this list as being technologies that have potential for significant impact on the enterprise for the next three years: "These technologies impact the organization's long-term plans, programs and initiatives. They may be strategic because they have matured to broad market use or because they enable strategic advantage from early adoption."¹

Cloud-based contact centers are a prime example of a successful SaaS model. Over the past decade, they have matured into a stable solution that enables organizations to save money while improving the customer experience. By eliminating the need to buy hardware and build out a burdensome infrastructure, organizations can free up funds for other business areas while still maintaining a responsive IT operation.

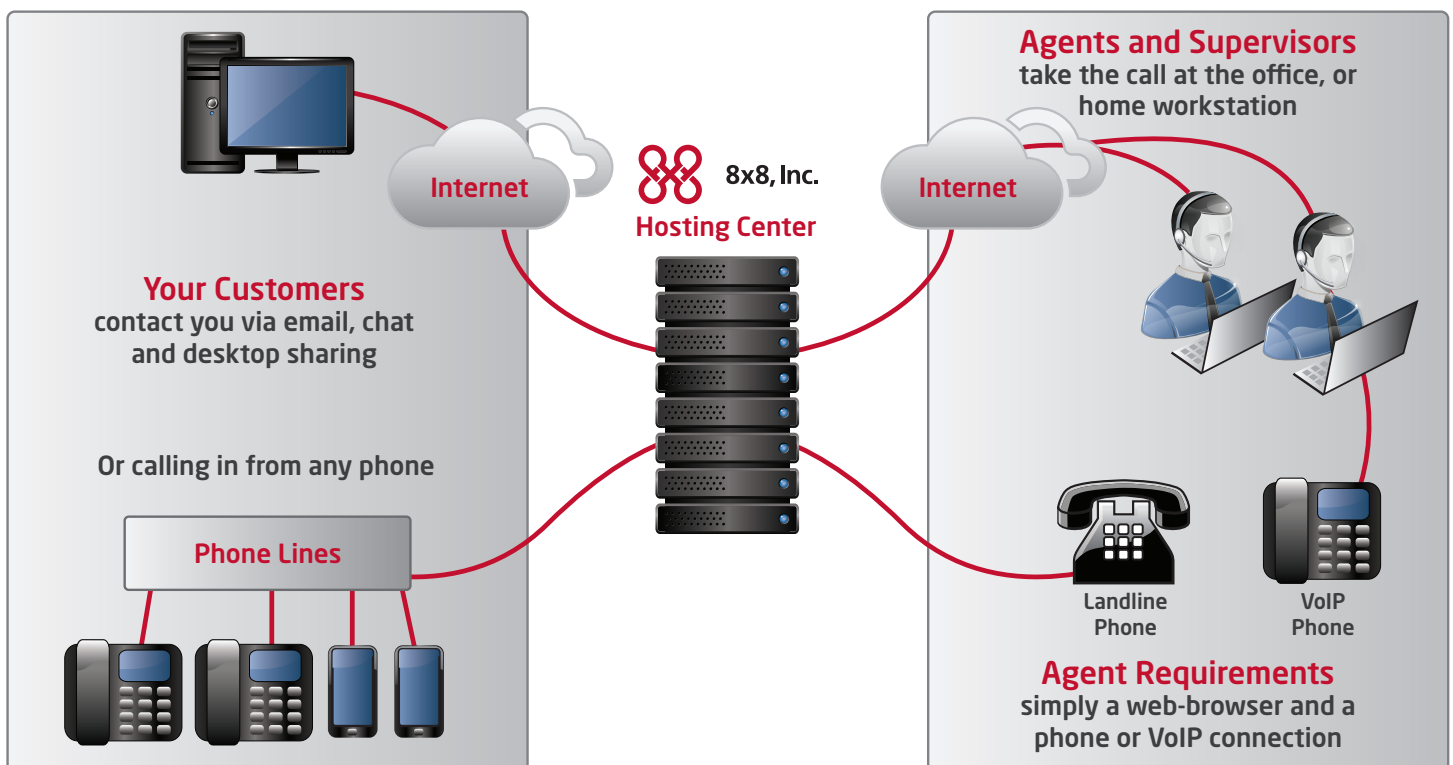
How Companies Can Benefit From a Cloud-Based Call Center

Eliminate Capital Expenditures

One of the initial attractions of cloud-based contact centers is their affordable cost structure. In sharp contrast to on-premises solutions that require a steep capital expenditure, a cloud-based solution requires only a one-time set up fee plus a modest monthly per-seat price. The cloud-based model is also more affordable in the long term, freeing companies from aging hardware that takes up space, requires maintenance and consumes large quantities of energy.

As new technologies emerge, companies no longer have to worry about purchasing solutions from different vendors and engaging professional services to integrate them all. Most cloud-based vendors offer a single unified solution that continually improves over time.

Cloud-Based Contact Center Architecture Overview



Benefits of Cloud-Based Centers

- Eliminate capital expenditures
- Reduce ongoing IT maintenance and support costs
- Increase staffing flexibility
- Gain disaster preparedness
- Stay nimble as demand fluctuates
- Enjoy a “future proof” contact center

Frost and Sullivan reports that: “...the pay-as-you-go model simplifies cost management and moves companies to a more favorable operational expenditure (Op-ex) payment approach in the long term.”²

Reduce Ongoing IT Maintenance and Support Costs

Upon switching to a cloud-based contact center, most companies realize an immediate savings in IT headcount. A typical on-premises contact center requires highly trained in-house IT personnel to perform maintenance, support and troubleshooting.

And there is another cost that is often invisible at the outset; most on-premises systems have annual maintenance agreements that run well into five figures.

Increase Staffing Flexibility

The remote agent model is rapidly gaining acceptance across organizations of all sizes for three primary reasons: speed, cost savings and agent retention. Since no unique hardware or software is required, cloud-based contact centers enable companies to add remote or home-based agents quickly and easily. All the agent needs to get started is an Internet connection, a web browser and a phone. No on-site IT help is needed. The cost savings are immediate. Organizations need less office space and consume less energy when agents work remotely.

In their 2009 report on the North American cloud-based contact center market, Frost and Sullivan found that agent virtualization is a perfect fit with cloud-based solutions: “The power of the model lies in higher agent quality, staffing flexibility and lower attrition rates. With these well-educated and loyal agents, clients recognize that high-quality interactions add significant value to the customer experience.”²

This increased staffing flexibility makes extending service hours a breeze. Companies can instantly meet the needs of customers in different time zones, providing availability around the clock without significant investment.

Gain Disaster Preparedness

Most cloud-based contact centers have redundant systems and multiple mechanisms designed to ensure business continuity, even in the case of pandemics and natural disasters such as earthquakes, snowstorms, hurricanes, or power outages. During times of crisis, call volumes may spike, making availability more important than ever. Companies that maintain communication and stay responsive during these times have a distinct advantage over less flexible competitors.

A cloud-based contact center gives companies the confidence that business will proceed as usual, even in unusual circumstances. Remote agents can quickly be added as needed and organizations can maintain an open channel of communication with customers, partners and vendors during emergencies.

Stay Nimble as Demand Fluctuates

To maintain a high standard of excellence in an unpredictable economic climate, companies must be able to scale staffing needs as demand shifts. A cloud-based contact center provides ultimate flexibility, making it easy to add more agents when call volume spikes and lower headcount when volume drops.

This elasticity reduces the friction between business objectives and customer satisfaction, making it possible to execute short-term activities such as promotions, events or fundraising in order to meet sales and awareness targets.

Cloud-based centers enable companies to engage more fully with customers and increase satisfaction rates.

Gartner reports that: “Contact center SaaS enables enterprises to dynamically add and subtract agent infrastructure based on demand troughs and crevices... This is far more economical than enterprise “owned” platforms, which require the business user to purchase for their peak periods, resulting in underutilized assets for most of the year.”¹

Enjoy a “Future Proof” Contact Center

One of the biggest advantages to using a cloud-based contact center is the ability to access new and emerging technologies without buying them upfront. Companies can freely experiment with a wide variety of interactive tools, such as chat, desktop sharing and social media to determine which modes of communication are right for them.

As the next wave of interactive tools begins to emerge, having the ability to try new technologies without risk is more important than ever before. Companies never have to worry if their existing hardware is compatible with these technologies and never again have to purchase costly standalone solutions that are difficult to integrate. Upgrades are seamlessly performed by the cloud-based vendor, allowing for constant uptime and uninterrupted service.

Analyst Donna Fluss of DMG writes: “Contact center managers certainly depend on vendors to deliver continually improved technology as an effective way to reduce annual costs while enhancing the customer experience and service quality... Managers are demanding solutions that are easy to implement and use as well as applications that are actionable and that deliver rapid results.”³

A Proven Way to Gain More Satisfied Customers

Cloud-based contact centers enable companies to engage more fully with customers and increase satisfaction rates for two primary reasons: they improve the customer experience and offer a better working environment for agents.

The ability to seamlessly add agents in times of peak demand ensures that customers are always able to reach someone, while the agents themselves are able to maintain a reasonable workload. Equally as important, the ability to accommodate remote or at-home agents can increase agent morale, which is subsequently reflected in the level and quality of care they give to customers.

Cloud-based contact center solutions provide access to the latest technology in an easy-to-use web interface, thus minimizing frustration and training time. Agents are able to engage customers in multiple ways, including chat, phone, email and desktop sharing. Most cloud-based solutions also provide comprehensive feedback tools, providing valuable insight into customer behavior and allowing contact center managers to quickly make service adjustments to enhance the customer experience.

Cultivating a Greener Enterprise Through Cloud-Based Contact Centers

Not only is the enterprise under pressure to cut costs and increase customer satisfaction, but it has also been mandated to lower its carbon footprint. A cloud-based contact center provides economies of scale in all areas — from staffing to energy use to system utilization — that make it a more planet-friendly choice than an on-premises solution.

The 8x8 Virtual Contact Center Provides Many Benefits

- Immediate cost savings
- Affordable monthly fees
- Fast set-up and guided integration path
- Easy-to-use interface gets new agents up and running fast
- 99.99+% uptime
- Ability to scale up or down to meet changing demand
- No dedicated IT support needed
- Access to robust, industry-leading technology

A cloud-based contact center can help companies meet their objectives to operate more sustainably:

- **Lowered energy consumption**

An on-premises call center consumes a vast amount of energy, drawn by multiple servers, IVR components and other equipment. The avoided costs of powering this hardware, in addition to the cost of lighting and cooling required to keep it running, offers a substantial energy savings.

- **A more energy-efficient workforce**

Cloud-based contact centers have the ability to support agents working in local or home-based environments, thus contributing to less congestion and reduced carbon emissions.

Conclusion

The Clear-Cut Case for Cloud-Based Call Centers

Cloud-based contact centers have proven to be an excellent choice for companies that want a secure, unified solution that allows them to stay competitive and keep their customers happy. Not only do cloud-based vendors provide cost savings and reliability in a single solution, but they also offer security, flexibility and the ability to gain an edge over competitors using on-premises technologies.

References

¹**Gartner Research**

Enterprises Should Consider Hosted and SaaS Contact Centers as Part of Their IT Environment,

February 3, 2009 by Daniel O'Connell & Drew Kraus

²**Frost & Sullivan**

North American Hosted Contact Center Market,

August 31, 2009 by Michael DeSalles

³**DestinationCRM.com**

Contact Center Innovation: What to Expect in 2010 Organizations Must Change Their Mission and Culture to Benefit from New Technologies,

January 25, 2010 by Donna Fluss



About 8x8

8x8, Inc. is a publicly-traded (Nasdaq: EGHT) cloud communications and computing service provider. 8x8 provides more than 25,000 businesses of all sizes with the industry's most innovative and reliable IP telephony and communications offerings.

The 8x8 Virtual Contact Center is a full-featured solution that breaks the call center's long-standing dependency on complex specialized hardware and software. The 100% SaaS-based platform provides the rich functionality of traditional on-premises contact center systems without the long implementation delays, maintenance hassles, or hidden costs. We operate in tier 1 data centers with a fully-redundant infrastructure and provide 24/7 network monitoring, secure SSL and professional on-site security staff. We have a proven uptime record exceeding 99.99% ensuring customers will always be able to reach you.

To learn more about how 8x8 is helping companies reap the benefits of a cloud-based contact center solution, visit www.8x8.com.

To learn more about how 8x8 Virtual Contact Center can help your business, call **1.866.913.7684** or visit www.8x8.com.



NASDAQ: EGHT
www.8x8.com

