Choosing the Right Cloud Contact Center Solution

A solution and vendor evaluation guide for enterprises

An Ovum White Paper

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INTRODUCTION

Competing in today’s complex marketplace requires enterprises to adapt to an environment where the frame and basis of competition are constantly shifting. Consumer expectations of products, services and support are evolving at a rapid rate and enterprises need to be agile enough to service customers on their terms across the entire customer experience lifecycle. The volumes of customer service transactions are increasing each year with the emergence of channels such as web chat, short message service (SMS), social media and mobile. Overall, this means the contact center is becoming more of a strategic asset for enterprises as it is the central communication and transaction hub for service, sales and support between the customer and the enterprise.

Business agility in customer service is therefore paramount to meet customers’ changing demands quickly and efficiently. To enable this, enterprises need to have a flexible technology infrastructure in place that enables them to add and support new customer touch points and business processes with minimal disruption to existing operations. The challenge for enterprises is to do this quickly, cost effectively and with little risk. Given this, a growing number of enterprises are turning to the cloud contact center deployment model. However, many enterprises may find it difficult to evaluate and choose the right cloud contact center solution from among the myriad of solutions in the market today. This white paper is an industry guide for enterprises considering the cloud contact center model for customer service. It provides:

- Key market trends shaping customer service in today’s competitive environment;
- An overview of the cloud contact center and its impact in the marketplace; and
- A set of criteria which enterprises should use when evaluating and choosing a cloud contact center solution that will meet their business needs.
KEY MARKET TRENDS SHAPING CUSTOMER SERVICE

Every day contact centers handle millions of customer interactions via phone, web, email, SMS, web chat and social media. And every year, the number of these interactions is trending upward as customers use a mix of more channels to engage with customer service. This is further amplified by the proliferation of smart devices which support multiple channels from a single device. Managing customer service is therefore becoming increasingly complex.

In order to create a successful customer service operation that aligns corporate strategy, technology investments and business processes, enterprises must first understand the changing dynamics of customer care. Ovum has identified four key trends that are impacting enterprise today (both individually and in confluence with each other).

Consumer preferences in customer service are changing

![Figure 1: Consumer preferences in customer service](image)

When you seek advice, how do you get assistance? What did you use two years ago?

Source: Ovum  

n=2,000
The web and mobile are playing a prominent role in today's customer service. Social networks, such as Twitter and Facebook, are becoming the funnel through which consumers view and share information.

As a result, customers are using these tools for support: reading product reviews, asking peers for assistance on forums and directing queries and complaints to organizations via Facebook and Twitter. Additionally, the switch to Facebook Timeline in March 2012, which allows customers to send private messages directly to businesses via Pages, has created yet another online interaction channel for customers to use.

Figure 1 provides an indication of behavioral evolution and how customers’ channel use has changed over the last two years. The results were taken from a recent Ovum survey of over 2,000 consumers across the US, UK, France and Germany. The figure depicts a significant increase in the use of online channels for customer service. Email, web self-service, web chat, social media and SMS have all doubled in usage over the last two years among respondents. This is evidence of the shift in customer engagement with enterprises when it comes to care. Ovum predicts that the current trajectory of usage for online channels will continue and more customers will use online channels in conjunction with voice to interact with customer service.

The evolving role of customer service in customer experience

The notion of customer experience in the enterprise has evolved over the past few years. What used to be a term that was closely associated with customer service now spans different parts of an entire customer experience lifecycle and involves various touch points between the customer and the enterprise.

A customers’ perspective of a business begins when they first hear about a product or service via word of mouth, the web, social media, advertising or even in a store; from that moment on the enterprise has the opportunity to influence the customer to make a purchase and then ideally repurchase or recommend the product or service to their connections at a later date. During the customer experience lifecycle the customer may engage with the contact center with support queries or technical challenges. The value of the customer experience is derived from seeing it as closely as possible from the customer’s point of view. Ovum defines the customer experience as the sum of exposure that a customer has to three domains:

- External “surrounding” contact with other outsiders about that company or product;
- a company’s marketing, sales and support infrastructure; and
- product or service itself, through usage
What this means for the contact center is that rather than isolating individual transactions to determine customer satisfaction, they should consider how a customers’ value, satisfaction and opinion of the business vary after each interaction. The way a customer query is handled has the potential to change their future purchasing behavior. Customer service creates a small window of opportunity in which an agent can alter a customer’s perception of the business. Progressive customer-centric enterprises have begun to measure and track a broader range of interaction inputs and to make use of existing data that exists outside of the traditional contact center in order to improve customer service. This movement is expected to gain greater momentum across the market over the next several years.

Greater focus on customer retention comes through the customer experience

Customers have access to an array of differing views and information sources on the web and, as a result, are likely to be influenced by peers, online articles, blog posts, discussion boards, customer ratings and reviews before making a purchasing decision. In addition, enterprises are working harder to remain competitive through improving customer experience and within that the focus has been on customer service. Great customer service experiences (alongside product quality, price and availability) help influence customer decisions to repurchase or recommend products and services. Contact centers are therefore using customer service as a way to improve customer loyalty and boost retention rates. They require contact center solutions that will allow them to tailor channels to customer needs and better track customer issues in order to impact customer loyalty. For example, the smartphone is often seen as an extension of the Web, and vendors try to recreate web-based support on these devices. Smartphones have their own distinctive capabilities that should be utilized, and contact centers need mobile customer service solutions that allow customers to call straight from the application and send their historical data to an agent. Customers need simpler user interfaces, and easier access to knowledgeable agents in order to create positive service experiences.

The sphere of cloud contact center deployments is growing

The cloud contact center deployment model is continuing to gain traction among enterprises as they outgrow legacy infrastructure constraints and look to more flexible hosted deployment options. Figure 2 depicts the number of cloud-based contact center agent positions on a multi-tenant platform in North America and Europe. Ovum predicts that this number will increase at a brisk compound annual growth rate (CAGR) of 18% from 2011 to 2016. As a frame of reference, growth in premises-based contact center agent positions will be relatively flat across these markets.
Given these four trends in customer service it’s clear that enterprises are becoming more strategic in their approach to customer service and contact centers. To keep up with changing customer demands more enterprises will turn to the cloud as they require more adaptable and scalable solutions for customer service.

AN OVERVIEW OF THE CLOUD CONTACT CENTER

Businesses seeking to expand their contact center operations in a cloud environment typically have two options today: either enter into a managed services contract with a vendor/systems integrator or outsource their technological requirements to a hosted contact center service provider.

Managed services vs. cloud contact center

Managed services typically involve two types of deployment models. One of which is where an enterprise owns the entire contact center solution that resides on their premises but is managed by a vendor or systems integrator. The second deployment model, which is more common, is where
an enterprise owns and manages certain elements of a contact center solution stack while outsourcing other parts of the technology stack to a vendor or systems integrator. In this scenario, managed services support a hybrid deployment model that is primarily geared towards enterprises with sunken contact center technology investments that want to continue using these assets and/or retain control over some elements of the contact center infrastructure. While Ovum expects managed services to evolve over the next several years where infrastructure as a service (IaaS) or platform as a service (PaaS) models segregate application layers from contact center infrastructure and platform services, the vast majority of managed services deployments use this hybrid deployment model.

Cloud contact centers provide a different value proposition where enterprises leverage a fully-integrated framework of various contact center technologies in the cloud. Enterprises can use cloud contact centers as an on-demand service that provides strategic and cost benefits over time or choose to tap this model for added scale during seasonal campaigns or for business continuity purposes.

A cloud contact center is essentially a hosted contact center where many or all of the traditional elements of a contact center solution (automatic call distributor [ACD], computer telephony integration [CTI], email, web chat, interactive voice response [IVR], outbound, quality monitoring [QM], workforce management [WFM], etc) are provided as a network service without the need for premise-based technology. It can be purely IP-based, where all calls and data are routed via IP, and all that is required on the premises is an IP network plus desktops and hard/soft phones on the agents’ desks. Otherwise, data can be delivered via an IP network and calls delivered separately via the PSTN through the existing telephony network on the premises. The technology may be provided as a multi-tenant (i.e. one-to-many) or dedicated (i.e. one-to-one) hosted service. Payment for the technology must be usage-based, either on a per-agent/concurrent license/port per-day/week/month basis, or based on actual technology usage – i.e. per-minute/phone call/email/transaction, etc.

**Multi-tenancy vs. dedicated**

There are many floating questions in the industry as to what the advantages of multi-tenancy vs. that of dedicated cloud contact center services are and how it impacts enterprises. The answer really depends on the specific business requirements of the enterprise. In a multi-tenant-based cloud contact center service, customers share the same servers, although their data and business processes are stored and executed in a logically separate tenant. In a truly multi-tenant environment, a single tenant could upgrade its applications or data with no impact on the other tenants sharing the server. Many cloud contact center offerings today utilize VMware to provide...
multi-tenancy by virtualizing server resources and creating tenants to service multiple customers on a single server. Cost savings from achieving economies of scale are then passed onto the enterprise.

As the name suggests, dedicated cloud contact centers have a dedicated platform for each tenant. This provides for greater security and performance as data is not shared on the same physical server. However, over time this differentiation is expected to disappear as security evolves in multi-tenant environments. Ovum believes that the future of cloud contact center solutions is in multi-tenancy where resources are dynamically assigned and reassigned according to enterprise demand. Cost savings from a shared multi-tenant model make cloud contact center solutions more economically palatable for enterprises and will help drive more businesses to adopt this deployment model.

CLOUD CONTACT CENTER SELECTION CRITERIA

Given the myriad of cloud contact center solutions available in the market, Ovum has compiled three criteria for enterprises to use as a guide when evaluating various cloud contact center solutions. As seen in Figure 3, there are three areas which enterprises should assess: technology, vendor positioning and customer sentiment.

![Figure 3: Selection criteria for cloud contact center solutions](image)

Source: Ovum
Technology criteria: choose the right foundational layer

When evaluating the technical aspects of a cloud contact center solution enterprises need to first create an inventory of existing technology and conduct a gap analysis of their customer service strategy in relation to their contact center operations. They must identify all hardware, routing, applications and the existing personnel needed to manage the technology. They should then determine which capabilities are essential for running the contact center, pinpoint key applications that need to be replaced and list out nice-to-have features. It is not necessary to replace all applications at once, in which case, the contact center should work with a vendor to deliver a roadmap for adding new capabilities when they are required. Enterprises should also ensure that they have a record of the different data sources to be integrated or migrated with the new solution.

Most importantly, enterprises need to find a solution that will enable them to easily conduct baseline and benchmarking to measure the successes and failures of their customer service organization in order to make continuous improvements in this area.

The following are the criteria from which enterprises should evaluate the technical aspects of a cloud contact center solution.

- Solution features & capabilities - these include routing and call management, IVR prompts, CTI, email contact management, web channel features, surveying and workforce management;
- Solution breadth & depth across channels - the types of multimedia channels supported on the cloud platform and the extent to which they are integrated;
- Solution maturity - these include the number of deployments and agents using the cloud contact center solution over time. It also includes investment protection via future proofing and support for proprietary standards;
- Security - this entails security measures for desktop, physical data center entry and transactions and interaction (such as PCI compliance and IVR masking of sensitive information);
- Interoperability - integrations with other platforms, IVR compatibility, enterprise and CRM applications, WOTs, desktop client operating systems and off-the-shelf agent equipment such as phones and PCs;
- Reliability & scalability - this includes failover, redundancy, disaster recovery, multi-tenancy & single tenancy, average deployment sizes, referenceable deployments in various size-bands, data centers & backup sites and parameter driven configurations;
Choosing a cloud contact center vendor requires more than just a technology evaluation and subsequent decision based on technical merit alone. Enterprises need to be strategic and find a strategic partner that not only has a robust cloud offering but also understands their business, culture and philosophy. Enterprises should look at finding a solution that matches their strategic roadmap in customer service and customer experience. Enterprises should also look for a partner that is an expert in customer care and customer channel engagement often acting as advisors to the enterprise. Vendors should help educate the enterprise and provide new multichannel capabilities as they become available with version upgrades.

The following represents the criteria for vendor positioning which enterprises should consider when evaluating vendors of cloud contact center solutions:

- **Strategy** - the vendor's strategy in the cloud contact center market. Its viewpoints on customer engagement and potential shifts in the market place;
- **Expertise and experience** - this includes the vendor's expertise and experience in providing and managing cloud contact center solutions in the market;
- **Services** - the professional services capabilities and support teams provided by the vendor;
- **Verticals** - the vertical level expertise and vertically tailored offerings of the vendor;
- **Partnerships** - the vendor's technology and business partnerships;
- **Market share** - vendor's market share in cloud contact center by region of business;
- **Financial viability** - the vendor's wallet share, profitability and long term viability without having to lean on external investments.

**Vendor positioning criteria: be strategic in your decision**

> Administration & monitoring - this includes solution administration, reporting as well as realtime reporting, performance statistics, contact recording and quality monitoring;

> Analytics - these include capabilities for adding an analytics overlay on top of monitoring tools. Service creation environments for analytics tools to provide information and centralized management console.
Customer sentiment criteria: be realistic in your strategy

Increasingly more enterprises are engaging with users of cloud contact center solutions to obtain a better picture of a specific vendor's cloud offering and to then make more informed decisions on their investments. Vendors, analysts and consultants are typically facilitating this type of activity.

Given this movement enterprises should consider the following criteria when interacting with users of a specific cloud contact center solution:

- Vendor assessment and feedback - the user’s feedback, assessment and opinions on the specific vendor’s cloud contact center offering and positioning;
- Deployment size and contact center distribution - the user's cloud contact center agent position deployment size and the number of contact center sites it has been deployed across to help draw better comparison points between the enterprise and the particular user;
- Vertical expertise - the user's review on the vendor's understanding of its business needs specific to its vertical and the impact of the vendor's vertically tailored offering and expertise;
- Regional expertise - the user’s opinions on the vendor’s regional presence and plans for expansion in that geographic theater. Enterprises should be wary if a vendor is scaling back on infrastructure in a given region.

The realities of customer care and customer experience

Customer experience is a top priority for many organizations today as enterprises sharpen focus on customer retention and customer loyalty. Translating that momentum into the development of a holistic customer experience strategy varies widely based on organizational dynamics (e.g., politics) and the center of gravity for customer experience strategy within an enterprise. The biggest challenge for organizations in the area of customer experience is the ability for customer care teams to collaborate effectively with teams they may not have worked with in the past, most notably marketing.

Contact centers have traditionally worked in silos from other departments within the enterprise. These silos have created blind spots within organizations and have impeded coordinated action toward addressing issues that can be detrimental to the customer experience. But as the notion of the customer experience lifecycle begins to pervade the enterprise Ovum expects there will be greater collaboration across different teams, such as sales, marketing, IT and customer care. The information and knowledge captured from each customer interaction across different touch points
should be compiled into a single repository of data where various departments can conduct advanced analytics to discover customer segmentation, correlations and trends. For example, if the organization has a strong social media presence for marketing but no social customer service as yet, it makes sense to consider implementing a solution where they can add social media response and management capabilities. This will only be successful with interdepartmental collaboration.

**SUMMARY**

Competing in today's highly competitive environment requires enterprises to have an agile technology infrastructure to support customer service and to achieve the greater corporate objective of improving the customer experience. Given that the contact center has become the face of the enterprise for customers it is prudent for enterprises to adopt a systematic approach to enhancements in performance, channel support and engagement, and reporting and analytics to successfully support a customer base where customer preferences keep changing. The cloud contact center solution provides a level of agility and transformational qualities that help facilitate these objectives if leveraged strategically. The challenge for enterprises is in choosing the right cloud contact center solution and strategic partner to achieve these goals.
APPENDIX

Methodology

In conjunction with other studies Ovum surveyed nearly 70 users of hosted contact center services across the United States. Ovum used the results of these surveys, in addition to in depth interviews with major cloud contact center vendors, to determine which technical criteria are most important for enterprises evaluating cloud contact center solutions.

Ovum also carried out telephone interviews with two of inContact’s customers, who had differing capabilities and priorities for their contact centers. These interviews enabled Ovum to gain perspective into the leading challenges and best practices for getting a cloud contact center up and running successfully.

Definitions

Contact center

Ovum defines a contact center by the following features:

- an Automatic Call Distributor (ACD) or Private Branch Exchange (PBX) with equivalent functionality overlaid (or soft ACD)
- 10 or more agent positions
- agent positions are desks from which agents make and/or receive telephone calls to internal or external customers. This is taken to imply that the call in question involves communication between the agent and the customer.

Specifically excluded from these figures are:

- public safety centers, meaning those centers that receive calls to the emergency services, which are counted separately and not included as call centers
- air traffic control
- financial trading floors
- legal interception centers, where there is a law enforcement officer or other security worker listening in on a conversation in which they do not take part.

Workforce optimization

Workforce optimization technologies (WOTs) are tools that help contact centers create a more efficient and effective workforce. The various technologies included under the WOTs umbrella are:
call recording, quality monitoring (QM), workforce management (WFM), performance management, e-learning and coaching, feedback and survey tools and contact center analytics.

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