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# The Evolution of the Contact Center
## Making the Right Choices in a Rapidly Changing World

Over the past few years we have seen dramatic changes in the relationship between corporate business and customer. Across the western world, power has been steadily shifting back to the consumer. Most markets are mature and this speed of commoditization has made it all the more important to handle customers in the way they want to be handled at a time that's right for them.

Making this focus on good customer service even more important, today's customers are more sophisticated than they have ever been previously and they have at their disposal – through the Internet, through content aggregators, comparison and peer-to-peer sites - a raft of ways to share information on corporates that did not exist as recently as a decade ago. For all of these reasons, it is more important than ever that businesses get customer service right.

## Terms of Engagement

Today, most companies have straight-through business systems and straight-through processes that allow them to operate economically with an acceptable level of customer service. When issues or problems arise, however, the service is really put to the test. It is at these 'moments of truth' when the customer wants to interact with the business about something that especially matters to them that customer service really needs to shine. At these moments, customers want to be treated as unique and expect customer service excellence. So what tools are available to companies to help them meet this demand? Traditionally, larger enterprises in particular, have handled this requirement through the physical contact center. Physical contact centers have been the central point in an enterprise from where all customer contacts are managed. If you look back just five years, the approach most customers took if they had a problem with a company's products or services or a query or issue that they wanted to raise, was to phone the physical contact center between the hours of 9 to 5 from a fixed landline and speak to a customer service representative (CSR).

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# A Brief History

The origins of the physical call contact center date back to the 1950s and 1960s with the emergence of Automatic Call Distributor technology, which enabled large companies to filter calls and assign them to the best possible agents available at any one time. The invention of ACD technology made the concept of the call center a possibility by effectively replacing the human operator with a far more flexible automated system capable of handling a much greater volume of calls.

By the beginning of the 1970s, PABX systems were beginning to include ACD technology, allowing for the development of large- scale contact canters. The 1980s saw the term 'call center' widely used for the first time and the industry was boosted by telecoms deregulation which led to a fall in the cost of fixed line calls. The 1990s saw dynamic growth driven by the rise of the Internet and the dramatic growth of 'dot.com' businesses. As websites became the central point of contact and sales for a growing number of companies, call canters became increasingly important as a means of dealing with customer service and technical support for a growing number of companies.

According to the Department of Trade and Industry, by 2003 the industry consisted of 5,320 call center operations, employing 800, 000 people in the UK, 500,000 of which were working in agent positions. The sector had grown by 250% since  1995.

Today, the sector is still growing, with analyst, ContactBabel, finding in its "UK Contact Centers in 2011: The State of the Industry" report that the UK contact center industry now employs more than a million people. The contact center today is evolving fast and for those companies looking to set one up the range of issues to consider is huge.

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# Key Considerations

So what are the main challenges that customers are likely to face in implementing a contact center? There is a popular misconception that the scale of the challenge is directly proportionate to the size of the center being considered. This is absolutely not the case.

Businesses choose the size of their contact center based on the size of their customer base, the business model and contact strategy they choose to adopt. Broadly speaking, the challenges of creating a cohesive and relevant contact strategy are the same whatever the size of the center.

What does change is the management challenge. It is a lot more difficult to align, motivate and manage 1,000 people than 50, especially in a dynamic environment like a contact center. Likewise, 1,000 seats of technology are harder to manage than 50 seats.

In general terms, businesses need to ensure that they do not focus too much of their attention on issues around size. After all, there are a range of other questions that they will need to address when planning the roll-out and operation of a contact center.

**KEY AREAS BUSINESSES TYPICALLY NEED TO CONSIDER WHEN IMPLEMENTING A CONTACT CENTER:**

- How many users do they have now and how many are they likely to have in three years' time?

- How complex and sophisticated are the inquiries they receive likely to be?

- How geographically dispersed are they? Are they just operating in the UK? Or do they have international operations?

- Do they generally have large seasonal peaks and troughs in demand?

- What regulations do they have to comply with? This is often a particularly important issue for firms operating in the banking and financial services industries.

- How strong is their internal IT department?

- Do they need people to be able to access their system remotely from home?

- Do they utilize knowledge-workers and do they require skills-based routing?

- How much more could their customers achieve through a self-service approach backed up by the right tools?

**ULTIMATELY ALL OF THESE FACTORS WILL HELP TO INFORM THE MOST CRITICAL CHOICE OF ALL FOR THE ENTERPRISE – WHAT TYPE OF CONTACT CENTER SOLUTION DOES IT WANT TO IMPLEMENT. IN BROAD TERMS, THE OPTIONS ARE AS FOLLOWS:**

- Having their whole solution on premise – within their own firewall

- Running their own private cloud

- Outsourcing to a BPO who runs a community cloud, or

- Paying a subscription on a multi tenanted public cloud.

# The Changing Nature of the Contact Center

In making their choice, companies will also need to be aware of how rapidly the way customers choose to interact with companies is changing. The days where the vast majority would choose to make contact with the physical contact center via a fixed line telephone in their home are now gone. The number of options customers have to make contact has grown rapidly as has their desire to make contact at any time and from any place.

Mobility has become one of the key factors in these customer interactions. People will typically make contact with the center via smartphone or tablet – maybe on their way to and from work. They may switch channels when they get home – perhaps to their laptop. They might want to open a chat window or to use 'face time' and strike up

a video multimedia conversation. Increasingly, they may be looking to self-serve, either through online forums with other customers or by visiting the company's website to find the information they need.

In short, we are seeing a proliferation both of the ways and places to interact. Currently, most contact centers are struggling to evolve sufficiently to kee1p pace with these developments. Many still haven't picked up on the fact that the younger generation,  in particular, are far more willing to self-serve; to look on the Internet or the company website to find out what they want without interacting directly with anyone representing the company itself. Many companies are being left behind because they are not putting the right tools in place to allow their customers to do that.

# Stuck in the Past?

Until recently, the traditional contact center effectively acted as a switch for customer inquiries. The CSR would make notes and fill in a form or route the caller to another department. Typically, the approach was low intelligence – basically repeating steps that the customer could have taken themselves through a self-service mechanism.

This model is retained today by many companies but gradually we are beginning to see a shift happening as more and more organizations appreciate the dangers of being perceived to be stuck in the past by their customers.

The role of the contact center moving forward is beginning to change. Organizations are starting to bolster the front-end layer  which allows smart streaming and triaging of customer queries at the interaction stage, based not just on the nature of the query but on information intelligently gleaned about the customer's value to the business.

The ultimate aim is to create a frictionless interaction, making it as easy as possible for the customer to get what they need from the engagement process. The next stage is to provide the right self-service tools, enabling customers to self-serve and help each other.

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This is in tune with the approach that customers are increasingly looking for. At the same time, it is enabling companies to streamline their customer service operations and make significant savings as a result.

This development is happening in tandem with the move away from the traditional 'bricks and mortar' contact center to a more virtual and in many cases cloud-based approach. The keynote today is proliferation of choice. We are certainly not talking about a one-size fits all approach here. Prospective providers can have the whole solution on premise – within their own firewall. They can run their own private cloud or they can outsource to a BPO who runs a community cloud. Alternatively, they can pay a subscription on a multi-tenant public cloud.

The issues are often intertwined and many of the vendors promote a single perspective as the 'holy grail' as this is all they have to offer. Yet, in making their decision, organizations have to take into account a range of issues including: security; scalability; flexibility; geographic needs; regulatory compliance; cost; customer service: availability and reliability.

The key trend that underpins most of this is the on-going move from physical to virtual contact centers, which in turn makes it possible for operatives from all over the world to help solve problems for people in any other part of the world as a part of a new 'skill and need' contact center model.

# A Change in Personnel

In tandem, we are seeing a change in the nature of the contact center workforce away from the low-value, low-impact call center operative, unable to offer much added value beyond the ability to route the caller to someone who can actually help. Replacing these individuals are new knowledge-based workers, experts on particular topics who can be brought in to provide help and advice as part of the virtual contact center.

In addition, as we move into the future, the use of remote workers will become increasingly popular. Organizations will have far greater flexibility to bring staff on stream to help service the virtual contact center at busy times and then effectively 'switch them   off again' during quieter periods. They are still effectively running a contact center - just one that is dispersed geographically  around the country and even the wider world. In line with this trend, over the next 10 to 15 years, we are likely to see a fundamental change in the way the contact center looks away from the traditional picture of individual call center operatives, herded together like battery hens in 10,000 feet offices towards cloud-based virtualized contact centers.

In tandem with this, we are likely to see certain organizations forming community clouds. Where, like the emergency services, for In tandem with this, we are likely to see certain organizations forming community clouds. Where, like the emergency services, for example, they have a common structure and a common set of inbound enquiries and outputs, it is likely to make sense for these organizations to all become tenants of a common shared infrastructure – in other words a cloud.

We can also expect to see more seamless transitions between the core company and external business process outsourcers. So, for example, a bank with multiple product lines would typically want its own staff to deal with high-value heavily FSA-regulated products like mortgages and man its own contact center or interaction platform. For lower value products, though, it might well make sense to push the engagement out to a third-party company that is allowed to use the bank's technology, systems, platform, infrastructure and business processes.

Again, this ability to multi-tenant and 'carve out' the infrastructure to allow different organizations to share it at the same time is one of the great strengths of the cloud-based virtual approach to contact centers.

# A Change in Personnel *(cont'd)*

Other key benefits of the cloud approach include speed of implementation. A small company contacting one of the larger solutions providers with a view to migrating to the cloud could potentially be up and running the next day with their own virtualized cloud contact center. And the approach helps the business reduce costs and drive enhanced business agility.

With a cloud-based approach, the company concerned will not have the hassle and expense, for example, of having to pay for a big professional service engagement, purchasing a server and associated telephony switches or of paying large upfront implementation fees for a professional services firm to carry out the installation. This is key, especially at the current time when many organizations are experiencing huge cost pressures and are looking to reduce internal costs and total costs of ownership.

On top of this, with an on premise approach the organization then has the on-going cost of keeping the system up and running and the security issues of providing continuous protection for sensitive customer data. And of course organizations need to comply with existing data protection regulations.

The business simply turns the key and is up and running, reassured by the knowledge that it will be paying a monthly fee on a pay-per usage basis only – and typically that when it is finished with using the solution, it can turn the subscription off.

Compare and contrast this to the traditional on premise model, where the customer goes out into the marketplace, to buy a server, software and support staff to implement, maintain and customize to its precise business needs. Not only does the on- premise approach involve much more work, it also results in a much longer implementation time-frame.

Bearing in mind the range of benefits outlined above, it is clear that as time goes by, an ever greater proportion of contact     centers will be set up and run in the cloud. So, how can businesses choose between the different vendors making offers? Today, almost every unified communications vendor in the marketplace will claim that they have a cloud platform and a cloud contact center. What they are effectively saying however, is that along as customers access their software through a thin client over the Internet, they are effectively accessing the same type of software running on the same kind of server as before. It is now just being represented to the end user as a thin client. This is not really a cloud-based solution but it being presented in this way across the marketplace. Most of these vendors have in reality architected their solutions and systems in a certain way. In fact, it is not that easy to deliver true multi-tenanted cloud contact centers. Even fewer vendors are able to deliver both this multi-tenanted approach as well as an on premise platform which is hosted as a private cloud together with the ability for smaller geographic locations to access the system through the Internet.

# Why the Cloud is not for Everyone

At the same time, there has to be a clear realization that the cloud is not the right choice for every company. While many smaller companies, in particular, are leveraging the cloud concept to reduce their time to market for new contact centers and increase flexibility and lower total costs of ownership in implementing and running the technology, this can come at a price.

Many cloud solutions are by definition delivered over a "common" platform which is great if you can achieve what you need within the boundaries necessarily imposed by the approach. If you need 'heavy customization', though, you may be better   off thinking about 'going down a different route', especially if you have a complex operation and are likely to incur expensive programming for necessary customizations to the core system.

Equally, the cloud may not always be the best option for companies where security is paramount and there is a combination of high call volumes and complex procedures to manage. Corporate banks processing high value transactions, for example, probably will not want all this information stored in the   cloud.

They may instead prefer to keep it behind their own firewall as part of an on premise configuration and have their own highly skilled in-house security staff running this kind of a system – that the bank sees as absolutely core and integral to its business.

Equally the complexity and sophistication of their processes mean that they are really looking for a bespoke solution customized to their needs rather than the one-size fits all model more typical of cloud implementations.

Many companies may also have ways of working, business models and internal policies and procedures that are unique to them. One of the disadvantages of the cloud in this context is that it is effectively a one-size fits all approach, so users can potentially lose a degree of customization and flexibility. Moving forwards, where the on premise story will work best is where you have high levels of sensitive customer data, high levels of complexity and sophistication together with high call  volumes.

"...Leveraging the cloud concept to reduce time to market for new contact centers and increase flexibility and lower costs of ownership in implementing and running technology"

# The Rise of Self-Service

Many organizations today haven't fully recognized a social shift that is happening today around self-service. With growing numbers of smartphones and tablet apps available, customers are ever-more willing to self-serve – if they are given the right tools. One of the most important concepts here is that of the voiceless contact center, which is increasingly used by many low value, transaction-based companies such as in the airline industry, that actively bury their phone number so deep in their website that many people cannot even find it – and nor are they supposed to. Some such companies will even charge customers premium rates to interact with them on the phone.

They are trying to create a means of communication between company and customer that is voiceless that essentially is all about electronic communication. In the future, this approach is likely to become ever more popular. We are likely to be going from the old world where contact centers were almost entirely 'voice-based to a new one where communication likely to be almost entirely digital, social, through IVR or telephony and web self-service. We are just at the start of that transitionary journey at the moment.
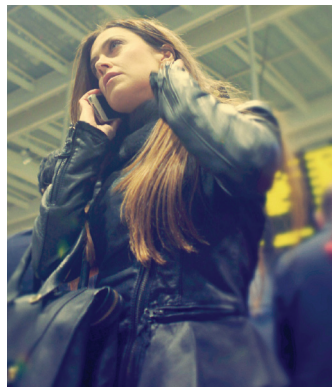
## Looking to the Future

Going forward, the on-going migration of contact centers to the cloud looks set to continue, driven by a combination of convenience; cost-effectiveness and scalability – all of which are likely to remain big draws for companies, particularly in the current economic climate. By 2013, Gartner predicts that at least 75% of customer-focused call centers will use a form of software-as-a-service in their call centers.

The decision about whether or not to migrate to the cloud, however, should never be seen as an automatic one. The choice inevitably depends on the nature of the company making it, the particular industry sector in which that company is operating and the level of customization and sophistication required.

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**ABOUT USAN**

3080 Northwoods Circle
Norcross, GA 30071

www.usan.com

*office*  770.729.1449
*fax*  770.729.8589

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