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Hosted Contact Centre Infrastructure Market Report Reprint

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1. Hosted Contact Center Technology and Applications

Contact centers are complex operating environments with many applications and technologies. Figure 1 shows that there are five main technology categories in most contact center environments:

Core Systems: The core routing, queuing and processing engines for contact centers.

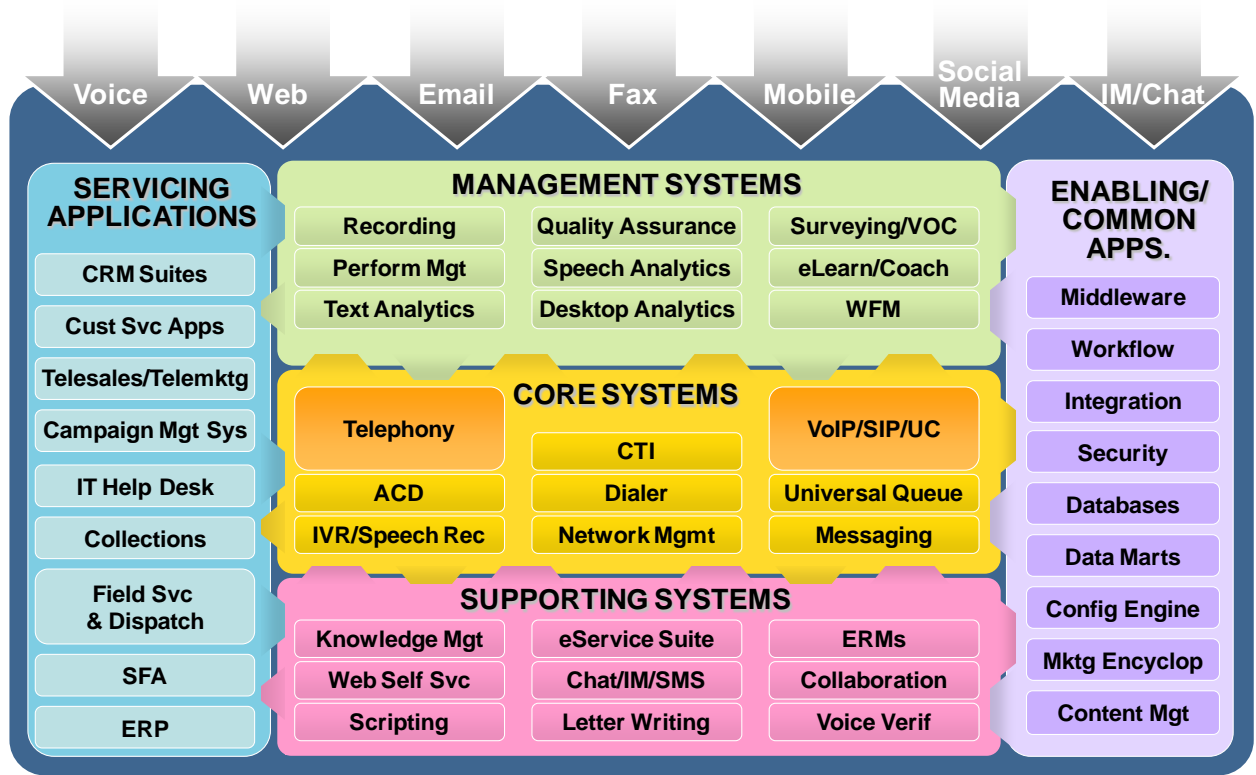
Management Systems: Applications that give managers visibility into contact center and agent performance. These applications are intended to make it easier to manage the operation.

Supporting Systems: Applications that enrich contact center interactions and make them easier to process.

Servicing Applications: Applications that manage and track customer requests, inquiries, sales, appointments, etc., and what an agent does to address issues/opportunities. This is a broad category, as the type of servicing or customer relationship management (CRM) application depends upon the purpose of the contact center.

Enabling/Common Applications: Technology, solutions and applications that are used in other parts of the enterprise and have found their way into the contact center.

Figure 1: Contact Center Infrastructure Technologies and Applications



Source: DMG Consulting LLC, December 2011

Today, all of the technologies and applications shown in Figure 1 are available on a hosted basis, but there is no single vendor that provides all of them. Although the hosted contact center infrastructure offerings vary and are highly differentiated, Figure 2 shows the technology, applications and capabilities that are expected to become standard components within the next few years. These solutions will be comprised of the following modules:

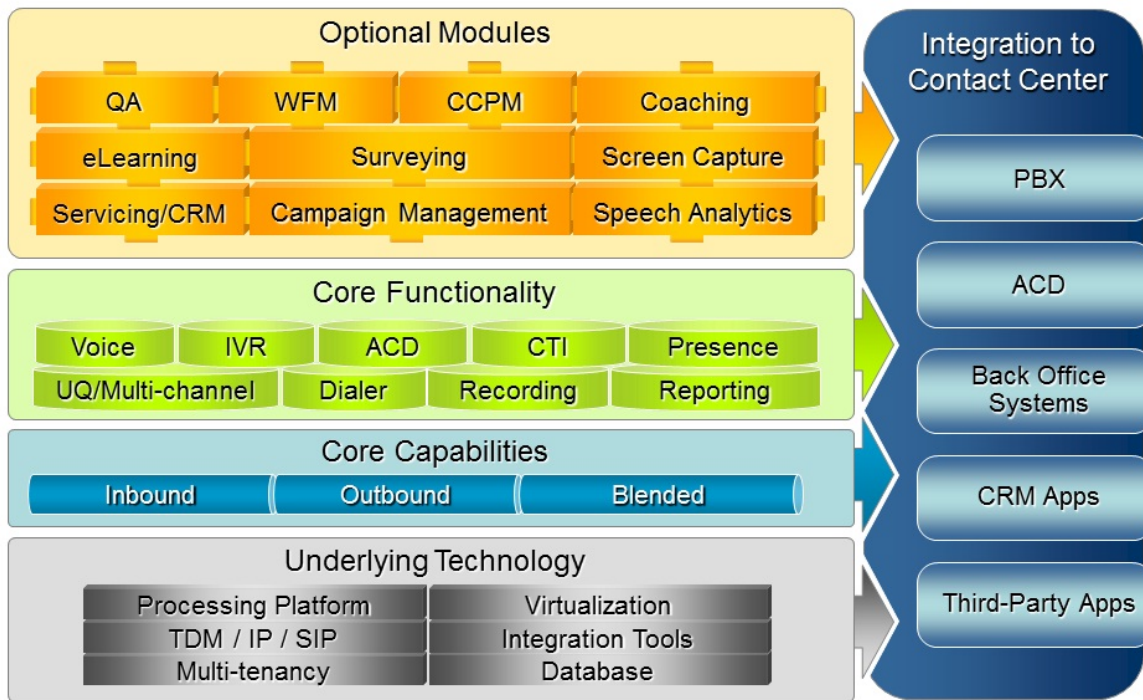
Core Capabilities: Automatic call distributor (ACD) (routing and queuing), interactive voice response (IVR), computer telephony integration (CTI), presence management, dialer, recording and reporting. These solutions will all handle calls and will come with a universal queue that enables them to handle a variety of additional channels, including: emails, chat/instant messaging(IM)/short message service (SMS), and, increasingly, social media-based interactions.

Optional Modules: Quality assurance, screen capture, workforce management, contact center performance management, coaching, eLearning, surveying/voice of the customer, speech analytics, CRM and campaign management.

These capabilities will be provided through a combination of in-house development and partnered offerings, but all of these components will be fully integrated and made available through a standardized administration environment.

The standard hosted contact center infrastructure solution will come with the ability to handle inbound, outbound (preview, progressive and predictive), and blended transactions. They will be multi-tenant, virtualized solutions that can support time-division multiplexing (TDM), Internet protocol (IP) and session initiation protocol (SIP)-based transactions. These solutions will come with out-of-the-box connectors to enable integration with both premise-based and hosted home-grown and third-party applications. These solutions will be built using a services-oriented architecture (SOA) that facilitates integration and ongoing R&D.

Figure 2: Typical Hosted Contact Center Infrastructure Solution



Source: DMG Consulting LLC, December 2011

2. Benefits and ROI of Hosted Contact Center Infrastructure Solutions

The classic value proposition and common benefits from hosted contact center solutions have not changed in the last few years. The primary benefits are:

1. Financial

- Avoids major cash outlay
- Low start-up costs
- No capital investment
- No upgrade fee
- No ongoing maintenance fees
- Lower total cost of ownership (than premise-based solutions)

2. Strategic

- Levels the playing field for businesses that cannot afford a large capital investment (typical of small and mid-sized organizations)
- Gives businesses access to contact center, IT and even business experts
- Enables companies to rapidly implement a new contact center solution
- Highly flexible and adaptable and can change to meet the needs of businesses
- Can scale up and down as needs change

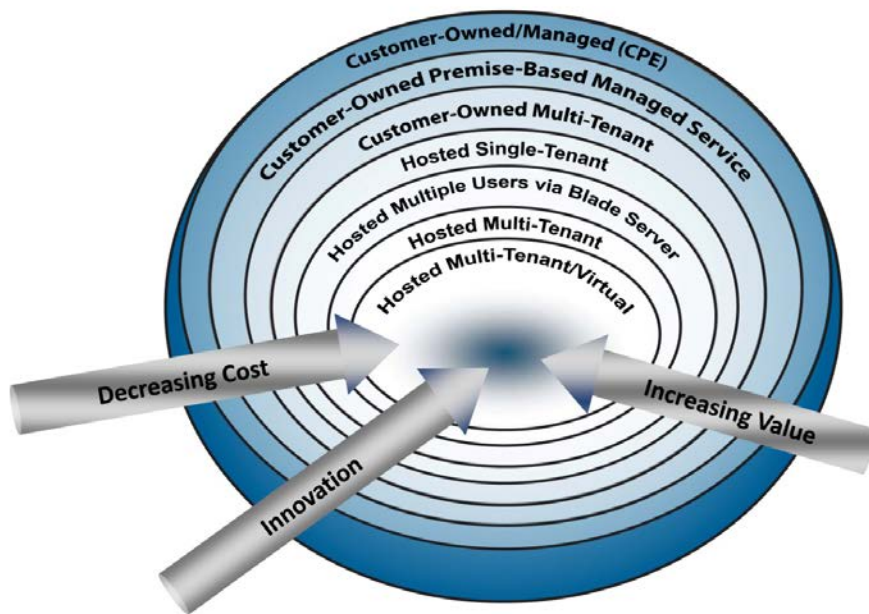
The difference in 2011 is that some of the cloud-based contact center infrastructure providers have started to differentiate themselves by developing a strategy that goes beyond the traditional (and proven) benefits of cloud-based computing. The areas of differentiation include: ability to scale, security, international capabilities (including having a presence in a growing number of countries), advanced routing and queuing, and vertical expertise. As more vendors enter this sector, these differentiators are having a significant market impact. End users have so many choices that they can be selective; increasingly, prospects can expect to find a vendor that truly understands the needs of their business.

Although there are many proven and quantifiable benefits from using hosted solutions, prospects should appreciate that cloud-based solutions are not the ideal choice for all organizations. If an organization plans to purchase a contact center solution, and expect to keep it for five years or more without making any upgrades or enhancements over the life of the asset, it would likely cost less to select a premise-based solution. However, if an organization plans to keep their ACD current, take advantage of product enhancements, needs to scale up and down throughout the year, or needs to upgrade their hardware every couple of years, then a hosted solution would likely prove more beneficial.

2.1 Value Proposition

Figure 3 shows the three primary value propositions for hosted contact center infrastructure solutions: decreasing costs, delivering ongoing enhancement and innovation, and increasing value. This chart also shows the vendors' different approaches for multi-tenancy, which is a key element of hosted solutions. In many circumstances operating a premise-based contact center (referred to as customer premise equipment (CPE)) is the most expensive approach, and using a multi-tenant hosted solution is the least expensive. Clearly, this is the value proposition from the perspective of the hosted contact center infrastructure vendors.

Figure 3: The Hosted Contact Center Infrastructure Value Proposition



Source: DMG Consulting LLC, December 2011

When selecting a contact center infrastructure solution, prospects need to take into consideration many factors including whether or not they have the capital to make an investment, whether they need to integrate with internal systems and applications, how many sites need to be consolidated, whether they have sufficient internal IT and administrative resources (people to implement and maintain their contact center solution), whether they need to scale up and down, and quite a few other factors. Surprisingly, a growing number of chief information officers (CIOs) are pushing businesses to acquire hosted contact center infrastructure solutions because they do not want to continue to be responsible for the ACDs.

2.2 Return on Investment

Figure 4 shows the expected payback from the hosted contact center infrastructure vendors analyzed in-depth in this Report. The Figure shows that the payback, or ROI, is between 1 and 12 months. All of the vendors in this analysis “danced” when we asked them this question, and provided many qualifications for the payback. This is because the payback really does vary based on many factors, including the number of system users, number of sites, which modules are being used, how much the customer knows about using an ACD, integration needs and costs, and many other variables.

Figure 4: Hosted Contact Center Infrastructure Payback Analysis

Vendor	ROI/Payback
Echopass	6 to 12 months
Five9	3 to 6 months
inContact	2 months
8x8	1 to 3 months
Interactive Intelligence	6 to 12 months
LiveOps	3 to 12 months
NewVoiceMedia	1 to 2 months
Transera	Less than 6 months

Source: DMG Consulting LLC, December 2011

End users selecting a contact center infrastructure solution should plan on doing a detailed ROI analysis that compares the costs and benefits of the various solutions they are considering, as there are significant functional differentiators among the providers. To do this analysis, end users need to work with each of the vendors to compile a list of benefits, and then quantify the contribution of each one to their organization. (End users also need to obtain all costs associated with each provider.)

If an end user is not sure whether to go hosted or premise-based, they should conduct a lease vs. buy analysis where they compare the costs of premise-based and hosted solutions. In these analyses, it is essential to reflect all internal and external costs. It’s important to identify internal IT and business costs for ongoing support and maintenance, as these frequently have a significant impact.

DMG also recommends that end users conduct a total cost of ownership (TCO), analysis in addition to an ROI analysis. ROI analyses concentrate on the costs of

the initiative, while TCO analyses take into consideration the purchase price and the ongoing costs of maintaining a solution over the life of the asset.

2.3 Pros and Cons of HCCI Solutions

Over the years, prospects have raised fewer and fewer objections to hosted contact center infrastructure solutions. The most common objections are legitimate and need to be seriously considered. Security remains a major concern for some organizations, and to be fair, it's a real issue. However, it's important to point out that premise-based solutions are also at risk of being infiltrated. Organizations, particularly financial services organizations, are the most concerned about security. To address these concerns, hosted contact center infrastructure vendors have hired chief security officers (CSEs) whose job it is to assure prospects that their solutions are secure. The CSEs participate in conferences to address the concerns of the market, but there is a long way to go before anyone will claim that the risk has been totally averted. Internet-based interactions are at risk of security breaches, but they can be mitigated by adhering to a number of proven best practices. Organizations that establish and send traffic over their own virtual private networks (VPNs) are much more secure than those that use the public Internet, for example.

A second area of concern is the size of the implementations. Most hosted contact center infrastructure implementations are for less than 250 seats. Although the size and complexity of these implementations is growing rapidly, the fact remains that there are a limited number of implementations in the higher end of the seat-number scale. However, it's very important to point out that the hosted contact center infrastructure vendors who specialize in large deals can absolutely scale to the large end of the spectrum – this is what they do for a living. (If a vendor can handle multiple customers with 250 seats, they can also handle one with 1,500 or 2,000 seats, for example.) Some of the vendors who specialize in small and mid-sized deals are also expected to be able to scale significantly larger than their average deal size. The more significant issue is whether there is enough of a payback for large organizations to host. This is highly debatable, but cost may not be the only factor to consider. If an organization wants a multi-site contact center solution but does not have internal resources to support it, going hosted may be a good way to address the need, as long as the organization appreciates that the decision is not being made for financial reasons.

Figure 5 reviews the primary reasons to host a contact center infrastructure solution. The main reasons remain financial, as hosting allows organizations to conserve cash, keep the start-up, implementation and integration costs low, and eliminates the need to pay for system upgrades. However, as this Figure shows,

there are many other reasons why organizations should consider a hosted solution.

Figure 5: Reasons to Host a Contact Center Solution

- Conserves cash
- Low start-up costs, small initial cash outlay
- Generally lower total cost of ownership than a premise-based solution
- Relatively small monthly payments that come out of the operating budget instead of the capital budget
- Vendor is responsible for system installation, implementation and ongoing maintenance
- Rapid implementation – users are generally up and running in 1 day to 2 weeks with a full-featured implementation
- Cost-effective and feature-rich alternatives
- Solutions can be right-sized for small, mid-sized and large contact centers
- Browser-based offerings require little on-site technology
- Vendors release new functionality more frequently than premise-based providers; this can be used to achieve a strategic service advantage
- Investment protection, as the vendor is responsible for upgrades
- Ongoing technology refresh without forklifts or major disruption to the operating environment
- Reduces IT support costs, eliminates need for IT staff and related management overhead (indirect cost allocations)
- Eliminates hidden support costs that are generally not counted, e.g., data center real estate (for servers), power, cooling costs, systems administration, database administration, help desk, change management, etc.
- Ease of scaling up and down
- Handles virtual and geographically dispersed locations
- Reduces the time and complexity of opening additional contact center sites
- No (or little) incremental network costs or application expertise required to support multiple sites and at-home agents
- Standardized functionality and best practices easily implemented across departments or the entire enterprise

- Option to combine premise-based applications with the hosted contact center solution
- Ease of transition to a premise-based implementation, with minimal financial or system impact
- Simplification of disaster recovery/contingency planning, testing and implementation
- Users are not locked into a long-term capital investment, and can negotiate a flexible contract
- Ability to walk away from an implementation without a big financial write-off

Figure 6 provides reasons not to host a contact center infrastructure solution. The overall risk is that the end user is dependent upon a third party, the hosted provider, to deliver their contact center capabilities. This risk is often mitigated by the harsh realities facing many companies today: Their internal IT resources are stretched too thin to provide the support that many contact centers require. They cannot afford to wait days for IT to get around to making a change. While the risks and trade-offs vary by organization, there are some good reasons why hosting is not for everyone, as shown in this Figure.

Figure 6: Reasons Not to Host Contact Center Infrastructure

- The user is dependent upon the hosted provider to address their security needs
- Hosting for an extended period of time, approximately 3 to 4 years, is likely to cost more than purchasing the technology outright (however, if the cost of system upgrades and operations are included, it alters the financial trade-off)
- It may be costly to terminate a long-term contract before it expires
- The client depends completely upon the vendor to provide a high level of service reliability
- Not all of the applications are as functionally rich as the leading premise-based offerings
- Prospects must find a service provider capable of meeting the organization’s requirements and possessing contact center expertise
- Quality of service, cost and speed of enhancements are subject to changes in the hosting vendor’s financial position or business strategy
- The service provider may not be as responsive as an in-house team, and it may take days to make simple changes

- The hosting vendor may not have the depth of technology expertise needed to “push the technology envelope” into the new value-added areas required to maintain a competitive service advantage
- The client depends on the vendor to implement new features as needed
- Hosting vendor may not be willing to support unique requirements
- It may be challenging to integrate the hosted solution into the existing operating environment
- Back-ups are no longer under the client enterprise’s direct control

3. NewVoiceMedia

Founded:
2000

Headquarters:
Belvedere, Basing
View, Basingstoke
RG21 4HG UK

Website:
www.newvoicemedia.com

Ownership:
Private

Product:
ContactWorld
ContactWorld for
Salesforce
ContactWorld PCI

Current GA Version:
N/A

Current Release Date:
Bi-Weekly for minor updates; quarterly for major releases

Service Delivery Model:
Software as a Service

Production sites:
United Kingdom (3)

High-Level Functionality:
Inbound/outbound/blended
Conferencing
Skill-based routing
Call queuing
Voicemail
CTI
IVR/call prompter
Outbound IVR
Dialer
Email

NewVoiceMedia's mission is to enhance the contact center world by providing analytics that allow users to make effective decisions and drive continuous improvements in the interaction experience. They intend to achieve this goal by delivering enterprise-grade software and services from the cloud and by making contact center technology widely available.

NewVoiceMedia defines their "sweet spot" as contact centers with 20 to 500 seats. The product is sold directly and indirectly via a reseller network of distribution partners and network service providers, including BT Global Services, BT Wholesale, China Telecom, Astadia, Bluewolf, Westbrook and Tquila. NewVoiceMedia's primary contact center focus is providing core services such as automatic call distribution (ACD), outbound dialing (preview, progressive, predictive), customer relationship management (CRM), integration and agent productivity optimization. Most of NewVoiceMedia's implementations are located in the United Kingdom, with others in Australia, North America, France and Portugal; 5% of their users are in North America. The company has three production sites geographically dispersed across the United Kingdom.

Product Profile

NewVoiceMedia's product, ContactWorld, is an integrated hosted software suite that supports skill-based routing and queuing of multi-channel contacts. Supported channels include inbound, outbound and blended voice, email, short message service (SMS) and chat. Core system components include ACD, queuing, skills-based routing, computer telephony integration (CTI), interactive voice response (IVR), call recording, conferencing, voicemail, post-call surveying and reporting. The product also supports proactive customer care via outbound notifications. The application comes with a basic customer tracking/customer relationship management application called Contact Manager. On an outbound basis, ContactWorld, does preview, progressive and predictive dialing. It also has an outbound IVR capability.

Optional system capabilities include ContactWorld for Salesforce, an out-of-the-box integration with salesforce.com and ContactWorld PCI, a PCI-compliant solution for processing credit card transactions and payments via IVR.

Agent Interface and Reporting

The Web-based agent interface provides an integrated set of call control functions for handling inbound, outbound and blended calls, agent log-in/log-out, hold, conferencing, transfers, agent state, and call disposition. Transfer options include warm or blind transfer via click-to-dial to an internal/external number in the agent's speed-dial list. The solution has a standard broadcast feature that allows supervisors to distribute information to agents. (Broadcast

IM
 Chat
 SMS
 Recording
 Surveying
 Web-based self-service
 FAQ knowledge base
 CRM management application
 Contact center performance management
 Surveying

Sales model:
 Direct and Indirect

messages can include embedded website links.) The agent interface provides access to Contact Manager, a basic desktop servicing CRM tool, websites, social media sites, scripting, company intranet, phonebook, or other applications or sites that are routinely accessed while assisting customers.

Supervisor Interface and Reporting

NewVoiceMedia's Service Control Suite is a Web-based supervisor interface for managing and monitoring agents, agent groups and queues. Supervisors have a visual representation of real-time statistics for the ACD queue – calls offered, calls answered, calls abandoned, service levels; for a group – agents in group; agent state; and for agent activity – current state (busy, ready, wrap-up) and cumulative agent status. Supervisors can also monitor pre-defined performance targets (KPIs) such as answer time, service level and agent state alerts. Supervisors can configure customized threshold-based alerts for any assigned agent or queue metrics. Alerts can be issued as an email, SMS, or HTTP post. For live monitoring, the application provides supervisors with two options: silent monitoring or 3-way monitoring.

Design and Development Environment

NewVoiceMedia's Call Plan Architect provides a graphical design and development environment that allows users to develop and edit call control scripts. Users can configure call flows using announcements, IVR menus, CTI routing, etc. The application supports skills-based, conditional and real-time adaptive routing. Call Plan Architect supports conditional routing based on geographic location, Individual Caller Line Identification (CLID), percentage of calls, time-based, stored preference, menu selection, IVR selection, CRM data routing and dialed number. The solution also has a contact database that can be used for real-time adaptive routing. Data from other applications can also be used via NewVoiceMedia's Simple Object Access Protocol (SOAP) applets. ContactWorld for Salesforce supports real-time adaptive routing based on either standard or custom field values within the Salesforce application. Standard reports for change management control are included.

Reporting

NewVoiceMedia provides both real-time and historical reporting. The solution comes with 6 standard reporting templates, which can include over 100 system metrics. Alternatively, users can export system data to Excel or in a .csv format. Reports can be scheduled and sent via email on a daily, weekly or monthly basis. Additional specialist/custom reports, as required, are provided as part of the service by the client support managers.

Integration

ContactWorld for Salesforce is pre-integrated with Salesforce's CRM application. For other CRM systems, NewVoiceMedia supports integration via

Web Services for real-time integration and .csv for downloads.

Security

Customer data is stored in a payment card industry (PCI)-compliant data center and is available via a secure Web portal. Customers are assigned a unique account with log-in that restricts access to data and parts of the system based on roles and permissions. Sensitive data is encrypted with advanced encryption standards (AES) using a key per tenant. Physical security at the hosting locations includes perimeter security, closed-circuit television (CCTV), locked cabinets, and a 24x7 security guard on-site.

Differentiators

- NewVoiceMedia's Customer Trust Site provides transparency into system performance. It updates and publishes system test results every 15 minutes.
- NewVoiceMedia provides an out-of-the-box PCI DSS Level 1-compliant payment application that allows customers to process secure payments mid-call via an IVR.
- The application has a layered agent interface that provides agents with ready access to the CRM application, websites, social media, scripting, company intranet, phonebook, or other applications or sites that they routinely need to access while assisting customers.

Challenges

- Outbound capabilities within ContactWorld are limited and depend on integration with salesforce.com or other CRM vendor to provide preview and progressive dialing capabilities.
- The primary supervisory interface has rudimentary dashboards; users have to select and click on individual agents in order to see their performance details or access the dedicated statistics module.
- The application does not provide agents with visibility into their real-time or historical performance data, with the exception of number of calls in queue.

Future:

Minor upgrades to ContactWorld are generally made live every 2 weeks. Major upgrades and significant new feature releases are typically done once a quarter. The next major release is expected to feature the following product enhancements:

1. Multi-channel support – support for inbound email and Web chat.
2. Workforce management – development of API's allowing integration of 3rd party WFM products for forecasting, scheduling, agent adherence and exception planning.

3. New reporting infrastructure – enhanced reporting capabilities that will make reporting easier to use.
4. Enhanced salesforce.com integration – extending the salesforce.com integration to include call center reporting, real-time dashboards and Service Cloud agent console.
5. Third-party CRM integration APIs – improving APIs to allow integration to more third-party CRM packages.

About NewVoice Media

ContactWorld from NewVoiceMedia is an enterprise-class contact center, delivered via a true multi-tenant cloud architecture. Our customers benefit from fast, flexible and cost effective access to contact center capabilities that would normally be very complicated, expensive and slow to acquire, integrate and use.

ContactWorld offers customers an incredibly rich suite of integrated call center technologies. We leverage the cloud to provide complex data driven routing of calls so they are delivered to the correct agents. We provide them the technology and information to resolve more enquiries first time, resulting in a more rewarding interaction between agents and customers.

The ContactWorld platform provides a market leading 99.999% service availability SLA, and processes hundreds of millions of calls, for thousands of agents working across the globe. We have customers in 14 countries on 5 continents, including Berry Bros & Rudd, Long Tall Sally, QlikTech, Royal Mail, SHL Group and Parcelforce. For further information, please visit www.newvoicemedia.com

About DMG Consulting LLC

DMG Consulting is the leading provider of contact center and analytics research, market analysis and consulting services. DMG's mission is to help end users build world-class, differentiated contact centers and to assist vendors in developing high-value solutions for the market. DMG devotes more than 10,000 hours annually to researching various segments of the contact center market, including vendors, solutions, technologies, best practices, and the benefits and ROI for end users. Our research covers Hosted Contact Center Infrastructure, Hosted/Managed Service IVR, Quality Management/Liability Recording (Workforce Optimization), Speech Analytics, Surveying/Enterprise Feedback Management, Text Analytics, Contact Center Performance Management, Workforce Management, and Contact Center Analytics. DMG is an independent firm that provides information and consulting services to contact center management, the financial and investment community, and vendors in the market.

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DMG Consulting LLC
6 Crestwood Drive
West Orange, NJ 07052

973.325.2954
www.dmgconsult.com
info@dmgconsult.com

DMG

CONSULTING LLC