

CLOUD FOR MID-SIZE CONTACT CENTERS: WHAT YOU MUST KNOW

December, 2014

Cloud technology is opening new doors for many businesses. However, it does so only when it's combined with the use of best practices and key technology enablers. This document highlights the adoption of cloud technology by mid-size contact centers and illustrates the reasons driving their investments. It also provides a roadmap to help mid-size contact centers maximize the returns from investing in a cloud-based delivery model of customer care applications.

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Definitions:

For the purposes of this research, Aberdeen makes the following as:

Small and mid-size (SMB) contact centers: businesses that have 250 seats or less in their contact center

Mid-size contact centers: businesses with 50 to 250 seats in their contact center

Improving the customer experience is the top objective driving mid-size contact centers.

Happy customers help organizations ensure financial health. Simply put, satisfied buyers are more likely to remain loyal and continue purchasing company products / services. This is true for organizations of all sizes. Indeed, Table 1 illustrates the top objectives driving the customer care activities of SMB and mid-size contact centers (see sidebar). The top objectives shared by organizations in both categories, and highlighted in beige, are similar: improving the customer experiences, as well as growing company revenue.

Table I: Mid-size Firms Focus More on Enhancing Agent Productivity and Flexibility to Handle Omni-Channel Needs

Top Goals	SMB Contact Centers	Mid-size Contact Centers
Improve customer experience results and consistency	85%	90%
Improve visibility into agent performance and overall contact center processes	56%	85%
Reduce time to support new technologies or channels	57%	85%
Improve annual company revenue and cross / up-sell effectiveness	72%	80%

Source: December 2014, Aberdeen Group

Aberdeen surveyed 135 businesses for the February 2014 *Public Cloud vs. On-Premise: How to More Effectively Deploy a Contact Center* study. Of the 135 organizations surveyed, 20 were mid-size contact centers, and 71 were SMB contact centers. Considering that mid-size contact centers are a part of businesses defined as SMB contact centers, and that businesses in both categories share the same top objectives, we'll use findings about the latter (SMB) to share insights related to the former (mid-size). However, in doing so it's also important to highlight areas where mid-size contact centers are more focused than the SMBs. As illustrated in pink within the above table, these areas include improving agent productivity and performance as well as being more flexible in addressing customers' channel preferences. Therefore, when analyzing the performance of SMBs in attaining the objectives listed above, we'll also highlight what mid-size contact centers must do to enhance agent productivity and better align their channel-mix with client preferences.

What's the Role of Cloud Technology in Helping Firms Achieve their Objectives?

We asked the above question to businesses participating in the *Public Cloud vs. On-Premise* study and found that 66% of SMB contact centers invest in a cloud-based infrastructure to improve customer experiences (see sidebar). This comes as no surprise, since technology is often among the first options companies consider to meet their changing needs. However, companies are selective in their technology investments – they invest only in the solutions that measurably deliver results. Therefore we've also analyzed the year-over-year performance improvements of SMB contact centers using cloud technology (see sidebar on next page), versus those with an on-premise infrastructure.

66%

Of SMB contact centers invest in cloud technology with the goal of improving customer experiences.

Factors Driving SMB Contact Centers to Invest in Cloud Technology

Below are the factors companies cite most frequently when asked about the primary drivers of their cloud contact center initiatives:

- Improve customer experience: 66%
- Improve agent productivity: 34%
- Improve business flexibility through scaling contact center activities: 25%

Note: The related survey question was asked for the top two factors influencing cloud contact center investments, hence a combination of the above goals were determined as the top drivers of cloud contact center initiatives.

Definitions

Cloud-based contact center deployments allow businesses to utilize the services of a third-party provider to deploy and manage part of or the entire contact center infrastructure. For the purposes of this research, Aberdeen defines two cloud contact center deployment models:

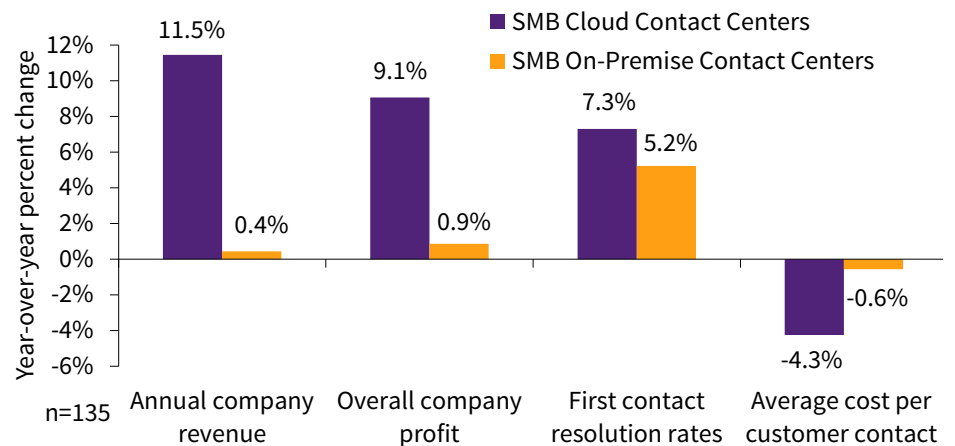
Public cloud: Contact center applications are hosted on a third-party provider's premises and managed entirely or partly by the provider. There are three different forms of cloud deployments within the public cloud. These are:

- **Software as a Service (SaaS):** A third-party provider is responsible for application management and control; the company only manages the data
- **Hosted:** A third-party provider hosts applications in the cloud on servers owned by the Cloud provider, but the business is responsible for managing the software
- **Hybrid (private and public):** Contact center applications run simultaneously in the public cloud and in-house. This group is categorized within public cloud because part of the contact center infrastructure is provided by a third-party provider

In-House: Contact center applications are hosted within the company premises where the organization is responsible for managing and controlling these applications on company owned computing hardware.

Figure 1 shows that that SMB cloud contact centers (including mid-size firms) enjoy far superior outcomes in key measures such as first contact resolution rates and annual company revenue, compared to their on-premise counterparts.

Figure 1: Mid-size Cloud Contact Centers Enjoy Less Cost & More Revenue



Source: December 2014, Aberdeen Group

The above findings signal that mid-size contact centers with a cloud infrastructure are far more likely to achieve the objectives we've observed earlier in this report. They enjoy 40% greater first contact resolution rates (9.1% vs. 0.9%) and grow company revenue by more than 28 times (11.5% vs. 0.4%) year-over-year, compared to mid-size contact centers with an on-premise infrastructure. Furthermore, they drive greater operational efficiencies than their on-premise counterparts – indicated by the delta (4.3% vs. 0.6%) in decreasing average customer care costs.

While these findings indicate that using cloud technology helps mid-size contact centers improve their performance towards attaining their goals, it's critical to note that this statement holds true only when it's combined with use of best practices. To this point, Table 2 shows a performance comparison between Best-in-Class cloud contact centers and SMB cloud contact centers.

The former group includes several SMB firms, but those that are included in this category are the ones who earn the right to be named as Best-in-Class – thus, lead the way for mid-size contact centers on how to achieve success.

Table 2: Mid-size Cloud Contact Centers Trail the Best-in-Class

Company Performance (n=135)	Best-in-Class	SMB Cloud Contact Centers	All Others
Customer retention rates	82%	52%	51%
Year-over-year change in number of quality SLAs met	31.5%	3.5%	-0.5%
Year-over-year change in first contact resolution rates	29.9%	7.3%	-0.8%
Year-over-year change in agent productivity	14.7%	2.1%	0.2%

Source: December 2014, Aberdeen Group

As illustrated above, despite outperforming a combined group of Industry Average and Laggard cloud contact centers, SMB cloud contact centers trail the top performers across all the KPIs. This shows that in addition to the performance benefits we’ve observed above, mid-size contact centers have room to further improve their performance. Now let’s take a look at the activities where they trail Best-in-Class (see sidebar) in adoption to understand what mid-size contact centers must do to maximize the returns from their cloud technology investments.

Steps to Maximize Cloud Technology Investments

Data in Figure 2 shows that SMB cloud contact centers fall behind the Best-in-Class in their ability to scale customer care activities across different channels as well as provide agents with timely visibility of their own performance results.

When asked about the top strategies used to accomplish the goals driving cloud technology investments, 60% of SMB contact centers indicated scaling their activities up and down on-demand as needed. Use of cloud technology helps firms, including mid-size contact centers, execute this strategy in an easier fashion as companies can add additional users / agents to accommodate increases in customer traffic or reduce the

The Aberdeen maturity class is comprised of three groups of survey respondents. Classified by their self-reported performance across several key metrics examined within the *Public Cloud vs. On-Premise* study, each respondent falls into one of three categories:

Best-in-Class: top 20% of aggregate performance scorers

Industry Average: middle 50% of aggregate performance scorers

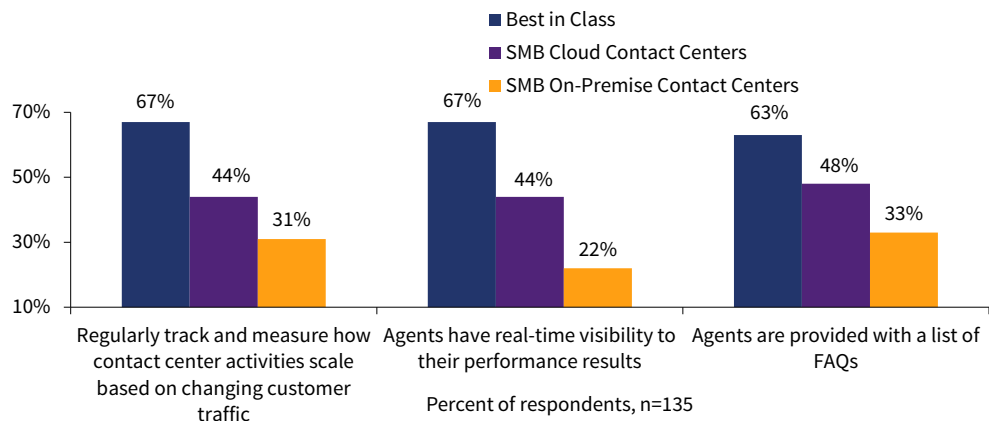
Laggards: bottom 30% of aggregate performance scorers

Sometimes, we look at the combined performance of Industry Average and Laggards, and we call this performance cohort **All Others**.

Mid-size cloud contact centers should do a better job in establishing accurate forecasts on customer traffic across different channels. This is instrumental in helping them reduce overstaffing and understaffing.

number of users at times of less traffic. However, the ability to maximize the benefits of cloud technology in this area also requires firms **to establish accurate forecasts on customer traffic across different channels and add or reduce the number of users accordingly**. The ability to scale contact center activities up and down is helpful for organizations to reduce the risk of understaffing and therefore minimize the likelihood of requiring clients to wait longer to interact with an agent (and get frustrated). It also helps reduce the risk of overstaffing, which helps firms decrease unnecessary costs associated with agent idle time.

Figure 2: Monitor Agent Performance & Ensure Scalability



Source: December 2014, Aberdeen Group

The ability to balance customer traffic with agent supply also requires **real-time visibility into sudden surges or decreases in customer traffic**, since that allows customer care executives to adjust staffing levels (and cloud technology licenses) accordingly. The Best-in-Class are 52% more likely to have this capability in place (67% vs. 44%) compared to SMB cloud contact centers. Therefore if your mid-size contact center is not already forecasting customer traffic across different channels, and adjusting staffing levels as changes happen in real-time, we strongly recommend you emulate the Best-in-Class and incorporate this capability as part of your business activities.

Another activity that the Best-in-Class are 52% more likely (67% vs. 44%) to use than SMB cloud contact centers is providing agents with real-time visibility into their own performance. This capability is beneficial to **help agents understand how they perform against the KPIs they are measured with**, and therefore, allow them to seek coaching and training in a timely fashion. Weekly, monthly, and even quarterly performance reviews are helpful to gauge agent performance and determine areas of improvement. However, this means that agents don't have the ability to determine where they stand against their KPIs at any given time – until their performance review. As a result, they won't have the opportunity to adjust their activities in a timely fashion to meet their KPIs or seek coaching / training to do a better job. If your mid-size contact center doesn't have this capability in place, we highly recommend you utilize **reporting and analytics tools** to start empowering your agents with the ability to better manage their own performance and strive to continuously improve (see sidebar).

While improving the customer experience is the top objective driving mid-size contact centers to invest in cloud technology, another key factor driving these investments is to establish a flexible financial structure by converting fixed costs of deploying an on-premise contact center into variable costs associated with cloud technology licenses. This 'pay as you go' model associated with public cloud contact centers allows firms to utilize business applications, such as speech analytics, workforce optimization and analytics, that otherwise might have been more cost prohibitive for the firm to use via an on-premise deployment model due to the fixed costs of investment. As a result, we recommend that you **read the sidebar on the next page that shows the key technologies used by Best-in-Class** in order to determine the supporting technology enablers you need to support executing the activities outlined in this Knowledge Brief.

Mid-size contact centers should adopt reporting and analytics to improve their ability to empower agents with relevant and timely customer insights.

Agent Experience = Customer Experience

Customer experience begins with the agent experience. Therefore, the more you excel in empowering your agents with insights and technology tools to do their jobs better the more likely you are to increase your customers' satisfaction. Please read Aberdeen's October 2014 [*Streamlining the Agent Experience Reduces Unnecessary Costs*](#) study to learn about the business impact of agent empowerment.

Key Technology Enablers

Findings from the *Public Cloud vs. On-Premise* study shows that Best-in-Class contact centers are more likely to use the following technologies more widely than the SMB cloud contact centers (including mid-size firms):

Screen capture and sharing: Best-in-Class: 90% vs. SMB Contact Centers: 38%

VoIP: Best-in-Class: 85% vs. SMB Contact Centers: 43%

Contact center and CRM integration: Best-in-Class: 84% vs. SMB Contact Centers: 62%

Customer analytics: Best-in-Class: 84% vs. SMB Contact Centers: 50%

Automated contact distribution (ACD): Best-in-Class: 78% vs. SMB Contact Centers: 48%

CTI integration: Best-in-Class: 74% vs. SMB Contact Centers: 31%

SIP trunks: Best-in-Class: 70% vs. SMB Contact Centers: 32%

Unified agent desktop: Best-in-Class: 68% vs. SMB Contact Centers: 20%

Key Takeaways

- **Mid-size contact centers have a diverse set of expectations related to investing in cloud technology; #1 is improving the customer experience.** Faced with the growing influence of empowered customers in buyer / seller relationships, organizations need to be laser-focused on tracking and addressing the evolving needs of clients across all channels of interaction. When used effectively, cloud technology helps mid-size contact centers accomplish this goal while controlling and reducing costs by better scaling their activities across different channels.
- **Simply adopting cloud technology doesn't help firms become Best-in-Class; it needs to be complemented with key processes and technologies.** The benefits of cloud technology don't directly translate into better performance unless you follow the lead of the Best-in-Class and empower your agents with relevant technology tools that help them better manage customer interactions across different channels. Please observe the characteristics of top performing organizations highlighted in this report to determine which ones you are not currently using, and focus on making them a part of your business activities in order to maximize the returns on your cloud technology investments.
- **Mid-size contact centers should improve their ability to scale customer care activities based on multi-channel traffic.** Best-in-Class excel at optimizing their agent staffing levels based on customer demand across different touch-points. By giving companies the ability to easily add or cancel user licenses, use of cloud technology facilitates mid-size contact centers to replicate this capability. You should use reporting and

analytics as key technology enablers to accurately forecast agent demand and address sudden changes as they happen.

→ **Integration among disparate systems is a must to enable contact center agents to deliver a true omni-channel (see sidebar) experience.** Customer experience begins with the agent experience. If you're using multiple systems to capture customer data through different channels, work with your IT team to ensure that these systems are integrated and that your agents can access a single view of clients through their agent desktop. This will help them ensure the consistency and timeliness of their messaging – regardless of the channels involved in their client conversations.

Definition:

Omni-channel Customer Care

For the purposes of this research, Aberdeen uses the term “omni-channel customer care” to define strategic customer engagement initiatives designed to deliver seamless customer experiences across multiple channels (e.g., phone, social media, web, mobile, and email) and devices (in-store, laptop, and smart phone). The end goal of these programs is to ensure that the context and experience from each channel and device carries over to succeeding touch-points to ensure consistency of conversations via multiple touch-points.

About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve performance. We identify Best-in-Class organizations by conducting primary research with industry practitioners. Our team of analysts derives fact-based, vendor-agnostic insights from a proprietary analytical framework independent of outside influence. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision making and improve business strategy.

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