



## Cloud Contact Centres

### Building a Business Case for Cloud Contact Centres

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#### White Paper - “Building The Business Case for Cloud Contact Centres”

Over the last decade or so, cloud computing has been one of the most hyped terms in the IT sector with thousands of media articles, conferences, workshops and discussion groups dedicated to analysing its potential benefits. In the last few years, commercial applications have caught up with the hype, with businesses across all sectors of the economy from the largest enterprise to the smallest SME reaping the rewards of relocating their systems to the cloud and a growing range of applications from office programs to security solutions going virtual. Over the past few years, in particular, the hype cycle has moved on to cloud contact centres. Many vendors say they can deliver but what’s the reality on the ground?

This white paper takes a look at the issues businesses face in enhancing customer interactions and optimising their customer service; examines the on-going move away from physical contact centres towards a more virtual approach and explores the elements of building a business case for cloud

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## Drivers for Change

When asked to conjure up a picture of a typical contact centre, most people still visualise a large office floor populated by people wearing telephone headsets packed together like battery hens. It is an image as far removed as Venus is from Mars from the popular vision of cloud computing: an individual sat at his or her desk reaching out into the ether to tap into a seemingly limitless online resource.

The reality is that the contact centre environment is changing rapidly. If you just go back five years or so, 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 centre from a fixed landline and speak to a customer service representative (CSR).

Today, this is just one of a raft of a rapidly growing number of options that an individual customer has to establish contact with the company.

Mobility has become one of the key factors in these interactions. People will typically make contact with the centre 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. And 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 bricks and mortars contact centres, where customer service is typically only available between the hours of nine and five, are struggling to evolve sufficiently to keep pace with these developments

## Stuck in the Past?

Until recently, the traditional contact centre effectively acted as a switch for customer enquiries. The customer service representative (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. More and more organisations appreciate the dangers of being perceived to be stuck in the past by their increasingly sophisticated and demanding customer base.

In line with these developments, we are seeing an on-going move from physical to virtual contact centres. Certainly cloud remains a vibrant growth area across the business IT market while other IT sectors remain stagnant and flat. Analyst Gartner is predicting that enterprise spending on public cloud services will grow from US\$91 billion worldwide in 2011 to US\$109 billion in 2012. By 2016, enterprise public cloud services spending will reach US\$207 billion.

Cloud computing is clearly a sector of the IT market that is gaining traction and space. But looking behind the market statistics, what is the reality for organisations today considering making the move to cloud-based contact centre solutions?

## Scoping out the Benefits

There are a great many potential benefits for businesses in moving to the cloud for their contact centre applications. One of the most frequently cited and persuasively compelling benefits are the cost savings. By enabling businesses to make the move from a predominantly capex-based to an opex-based model, cloud implementations can allow companies to save money right from the outset of a project while at the same time helping them to plan their budget more effectively. Having to manage a monthly recurring cost as opposed to making a big upfront investment allows the business to invest money into other growth areas.

As Mike Richardson, formerly director online operations, Bioware (part of the EA Games brand), explains:

“Cloud contact centres can offer a compelling alternative to the traditional ‘bricks and mortar’ approach. One of the great benefits of a recent cloud contact centre implementation in which I was involved was that agents were made available on demand as part of a pay-as-you go service that gave unrecendented flexibility with minimal upfront investment.

With a cloud-based approach, the company concerned will also not have the hassle and expense 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.

They can also be much more flexible in terms of agent costs. This is key, especially at the current time when many organisations are experiencing huge cost pressures and are looking to reduce internal costs and total costs of ownership. As Richardson explains:

“traditional contact centre solutions are typically scaled around an estimated number of agents and call volumes. A virtual contact centre running on a flexible cloud based infrastructure was attractive to us as it was affordable, scalable and offered the benefits of an operational cost model.

On top of this, with an on-premise approach the organisation 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, organisations 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 when it is finished with using the solution, it can turn the subscription off.

Compare 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 customise to its precise business needs. Not only does the on-premise approach involve much more work, it typically also results in long implementation time-frames.

In contrast, 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 virtualised cloud contact centre. And the approach helps the business reduce costs, achieve faster time to market for new solutions and innovations and drive enhanced business agility.

At the same time, the move to the cloud helps organisations to focus more on their core business by outsourcing cost and also IT issues and concerns.

## Switching Staff on and Off in the Cloud

Cloud-based contact centres also help drive business agility by enabling organisations to use their staff much more flexibly. As we move into the future, the use of remote workers will become increasingly popular. Organisations will have far greater flexibility to bring staff on stream to help service the virtual contact centre at busy times and then effectively 'switch them off again' during quieter periods.

The approach also helps organisations to tap into knowledge-based workers who are experts in certain subjects no matter where they are based. As long as they have a thin client sitting on a cloud based solution, businesses can ensure that anyone based anywhere in the world on almost any device can be 'part of the conversation'. In the contact centre space, a cloud-based approach can help to deliver 'follow the sun support'. If, for example somebody in the UK needs an answer at 10 pm when the UK contact centre is closed, they could get routed on the same platform to a US-based expert capable of answering their question for them.

For Richardson,

"the great benefit here is that if you have a global business, you can connect potentially millions of international customers to call agents in distributed support locations with the right language and skills to deal with their enquiry. At the same time, you can flex agent numbers up and down to give customers the seamless support required.

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 centre 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 organisations to share it at the same time is one of the great strengths of the cloud-based virtual approach to contact centres.

## Countering Objections

Many of the most popular objections to cloud-based contact centres are misconceptions that can readily be challenged. Security continues to be a sticking point for some companies. There is a widely-held belief that the cloud is inherently less secure than the on-premise approach. Vendors need to work hard to dispel this notion because if their cloud implementation is structured correctly, this isn't the case.

The perception of enhanced risk can also be an issue. Some organisations believe that if they are sharing a platform with other organisations and something goes wrong with one of those businesses, then the negative impact might also adversely impact them. Again when the cloud model has been architected and structured correctly this is not a reality.

Customisation can be an area of concern too. Cloud multi-tenant solutions tend to be vanilla in flavour i.e. the derivative of a given service that will suit the majority 'out of the box'. Yet when you consider multi-tenanted cloud solutions such as salesforce.com, it is easy to see how some companies have achieved high levels of customisation on what would appear to be a standard platform.

Issues around people and politics are also key areas of concern. Many organisations have built strong internal IT teams who see cloud as a threat to their control and influence and job security so tend to create and use many of the arguments above to justify why approaches should be held on premise and run by internal IT. Sometimes, objections come more generally from the business itself because they are worried about losing 'ownership' of their IT systems

As Richardson explains:

"Companies can still be very nervous about the issue of ownership. Some feel that by moving to the cloud and by entrusting a third party to deliver their IT, they are essentially giving up on their IT role and. IT has traditionally required a lot of investment and resources to be put into it by the organisation, so the nervousness in supposedly letting go is perhaps understandable.

"However, in my experience, companies that are used to scaling very quickly are typically less resistant to that culture change," he continues, "because they focus on capability and quality, then moving on to dealing with cost and ownership, so they look more naturally to cloud solutions.

Richardson also points out that opting for a cloud-based contact centre solution does not mean that all responsibility for shaping IT is handed over by the company. "It doesn't absolve them of the need to plan the modelling and usage of IT and the drivers of that usage, he said. "Companies still need to understand that."

## Terms of Engagement

There are also potential issues around choosing one of the various different levels of cloud engagement. The final choice will of course depend on what assets and systems the organisation already has in place and what its own business strategy is. If you have a system in house that's fully paid for and does what you need it to do, then you should probably retain it but for most businesses this will not be the case and they will be looking to refresh systems without incurring significant up-front costs.

"With a hybrid approach to the cloud, it is even more important you understand your usage modelling and capacity planning because you are only as strong as the weakest link in that supply chain," adds Richardson. "You may have planned a solution that gives you a lot of scale and on demand capacity but if you are doing a hybrid implementation with some other element and that other element is weak then you are ultimately limited by the peak threshold of that weaker element."

## Connecting Business with IT

In migrating to a cloud-based contact centre, one of the key questions any business needs to ask itself is: how do they make sure they are delivering a complementary technology and business strategy so that the technology they are adopting is linked in closely with the business strategy?

According to Richardson, "the key here is often around reducing cost and not compromising quality and capability: mapping the business specification into what the platform offers and understand that you'll transition the business if you scale with success. You need to appreciate what impact that is likely to have on your business. You need to work closely with cloud solutions vendors to engage early with their solutions roadmap and understand what the options are at the various break points in your ramp up model to switch from capacity and quality to customisation and agility.

With the cloud, one of the great advantages is that ramp up and down lead times can be significantly reduced in multi-site contact centres. With a physical contact centre approach, onboarding new sites or overloading on the existing estate for new services would involve dedicated local infrastructure and telephony services. Lead times of three months or more would not be uncommon not including contract negotiations where service lengths could stretch to between 12 and 24 months. Building in the cloud could potentially massively reduce these lead times and enable the organisation to quickly meet requests both for increasing and decreasing capacity, thereby driving the enhanced agility both of the contact centre and of the business as a whole.

"The following figures are approximate but act as an illustrative example of the typical differences between an on premise and on demand approach.

Lead Times

	Line capacity - Ordering telephone lines	Data Circuit – Delivery data	Add/ configure agents remotely	Term
On Premise	90 Days	90 days	24 hours	12-24 months
On Demand	3 Days	7 days	1 hour	Monthly

Example Cost Comparison of On Demand against In House.

On Demand over 3 yr XXXXXXXX

On Premise over 3 yrs XXXXXXXX

On demand is 65% more cost effective over three years than the on-premise platform

## Why the Cloud is not for Everyone

At the same time, there has to be a clear realisation 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 centres 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 customisation’, 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 customisations 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 customised to their needs rather than the one-size fits all model more typical of cloud implementations.

## Looking to the Future

Going forward, the on-going migration of contact centres 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 centres will use a form of software-as-a-service in their call centres.

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 customisation and sophistication required. In making the choice, organisations will inevitably need business partners who can help guide and shape their decision. In seeking this advice, they should ideally be looking for providers who deliver a whole end-to-end contact centre portfolio and who are equally adept at providing on-premise or cloud contact centre solutions or a mixture of the two and are therefore able to look at any problems that a business might have in this area in a completely impartial and open way.

Ultimately also, the choice of contact centre model and approach must always be geared to the likely needs of the organisation's end customers. In a world where customers wield more and more power, organisations must ensure that their chosen contact centre model delivers the best possible customer experience at all times in order to differentiate themselves in an increasingly commoditised world and drive competitive edge.

## About Enghouse Interactive

Enghouse Interactive develops and supplies the widest range of customer contact solutions on the market through an extensive network of value-added partners. Enghouse Interactive's integrated suite of solutions includes multi-channel contact centre, self-service, attendant operator consoles and workforce optimisation. These solutions enable organisations to classify and respond to customers in the way that they want: quickly, efficiently and successfully, with minimal effort.



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