



# Building a Business Case for your Next-Generation QA Solution

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# Building a Business Case for your Next-Generation QA Solution

## Executive Summary

The new generation of contact center quality assurance and recording solutions keeps getting better. The new generation uses workflow to make findings more actionable, enabling managers to rapidly realize even greater benefits. If you have not used a quality assurance solution in the past, it's time to make the investment, as the system is likely to pay for itself in 6 to 12 months, while improving the experience of both customers and agents. Companies that already have a recording and quality assurance solution but have not upgraded it in the last 4 years should take a fresh look at the enhanced products now available. Innovative new releases drive the behaviors and outcomes that can help you deliver a differentiated customer experience while generating incremental savings and benefits for your agents and supervisors. This white paper shows you how to build your business case and obtain approval for a new or upgraded contact center quality assurance and recording solution. It helps you identify and prioritize savings and benefits from these solutions, and also provides best practices and tips to promote a successful implementation.

## New and Actionable QA Solutions

Recording and quality assurance (QA) applications are mission-critical for the efficient and effective operation of medium to large contact centers and essential for smaller environments where they are needed to meet legal and regulatory compliance requirements. Quality assurance applications are truly actionable. They provide insights about agent performance at the same time as they capture the voice of the customer.

The adoption rate of recording solutions in contact centers is approximately 65% to 70%, and runs at 45% to 55% for quality assurance applications. These penetration rates are high because of the proven value and benefits from these solutions. Recording solutions are used to capture calls for quality assurance purposes while protecting the company from frivolous lawsuits. Quality assurance solutions, at their most basic level, measure how well agents adhere to internal policies and procedures; however, more innovative companies also use them to identify operational concerns, branding issues, company trends, competitive threats, and possibly even revenue opportunities. The challenge is helping end users make the results actionable, and this is an important area of differentiation between market providers. The new generation of quality assurance applications comes with reports designed to identify issues and opportunities, instead of just providing raw data. These new solutions are designed to help all kinds of contact centers – service, sales, collections, help desk, human resources, field service and dispatch, emergency services, etc. – by providing the targeted information each organization needs to rapidly identify and resolve their issues.

The current-generation recording/QA solutions are vastly different and have far more advanced capabilities than their predecessors. These solutions are workflow-enabled and designed to rapidly identify important issues that can dramatically impact a company's bottom line and market perception. Because of recent enhancements, the new-generation quality assurance solutions deliver incremental benefits and savings above and beyond

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what most organizations have already realized. The reason for this is that the quality assurance vendors “get it” – they are in the trenches with their customers on a daily basis, helping them improve the performance of their contact centers and, in doing so, enabling their clients to provide an outstanding and differentiated customer experience.

### **Making a Business Case for an Enhanced Quality Assurance Solution**

Whether contemplating a first-time quality assurance solution or a replacement system, the best approach for obtaining buying approval from your senior management is to build a business case that shows both the hard and soft benefits that will be realized in your operating environment. The bottom line is that in most companies today, new IT investments are expected to pay for themselves in 9 to 18 months, although CFOs are more inclined to approve short-term projects that pay for themselves in less than 9 months. Technology investment funds are limited and only the most deserving of applications are being approved. One of the reasons why the adoption rate of QA systems is high is because they are easy to cost-justify, due to the hard, quantifiable contributions they make to improving many contact center functions as well as other enterprise activities. They also make very significant qualitative contributions to the customer experience, risk reduction, call quality and the company brand. These benefits are often even greater than the hard-dollar benefits, but are hard to measure and therefore are not generally used in a return on investment (ROI) model.

First-time buyers of contact center quality assurance applications should find it easy to cost-justify their investment. DMG has seen organizations reduce their average handle time by 25% to 40% due to the introduction of a quality assurance program and solution. This alone is more than enough to justify the cost of the purchase. Companies that are replacing a QA solution are also expected to realize significant savings due to new features and capabilities in the enhanced systems. The benefits commonly come from improvements in the first contact resolution rate and the reduction in holds and transfers. There may also be significant benefits from rolling QA out to other contact center areas, including sales and collections environments.

Figure 1 shows a list of hard/quantifiable and soft/qualitative benefits that end users can realize from a QA investment. We recommend that you use this list to prioritize the areas where your company needs the most help. Include these priorities in your request for proposal (RFP) to communicate to vendors the benefits that are expected. Leading providers of QM solutions will address your priorities in their RFP responses, giving you the information you need to build your ROI model and determine your payback.

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**Figure 1: Contact Center Quality Assurance Quantitative and Qualitative Benefits Worksheet**

Quantitative QA Benefits	Priority
Decreased average talk time	<input type="text"/>
Decreased wrap-up	<input type="text"/>
Increased number of calls handled/agent	<input type="text"/>
Improved first contact resolution (FCR) rate	<input type="text"/>
Reduced transfers	<input type="text"/>
Reduced call hold times	<input type="text"/>
Decreased call escalations	<input type="text"/>
Reduced number of call backs	<input type="text"/>
Reduced number of abandoned calls	<input type="text"/>
Reduced toll free costs	<input type="text"/>
Reduced losses due to agent transactional/processing errors	<input type="text"/>
Reduced agent turnover	<input type="text"/>
Improved supervisor efficiency	<input type="text"/>
Reduced customer attrition	<input type="text"/>
Increased sales revenue	<input type="text"/>
Increased up-sell/cross-sell rate	<input type="text"/>
Reduced shipping costs	<input type="text"/>
Reduced replacement costs	<input type="text"/>
Increased dollars collected	<input type="text"/>
Increased IVR automation rate	<input type="text"/>
Reduced monetary and fee adjustments	<input type="text"/>
Reduced agent training time	<input type="text"/>
Reduced losses due to liability issues	<input type="text"/>
Improved profit margin	<input type="text"/>
Qualitative QA Benefits	
Enhanced customer loyalty	<input type="text"/>
Enhanced brand	<input type="text"/>
Reduced negative PR	<input type="text"/>
Reduced regulatory risk	<input type="text"/>
Improved customer experience	<input type="text"/>
Improved agent knowledge	<input type="text"/>
Improved agent quality	<input type="text"/>
Reduced number of angry callers	<input type="text"/>
Improved agent morale	<input type="text"/>
Reduced agent absenteeism	<input type="text"/>

Source: DMG Consulting LLC, November 2010

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### Best Practices for Obtaining Approval for Technology Investments

Obtaining approval for a contact center quality assurance application is easier than for most IT investments because there are many categories that can be used to justify the QA investment. However, to gain approval, you need to know how to “play the game,” as there are usually many departments vying for a limited IT budget.

The first step in the process is to find out your organization’s technology investment guidelines. In larger organizations, the guidelines are formalized and available on the intranet. In smaller or less formal organizations, you may need to speak to the controller, chief financial officer or VP of finance to find out the guidelines and investment threshold for new IT investments. The guidelines generally address the types of benefits that are acceptable to use to justify investments and the thresholds for the payback period, net present value (NPV) and internal rate of return (IRR). The term “return on investment” can refer to any or all of these three measures, even though most people believe it is only the payback period. In mature companies, CFOs are often looking at all three of these financial metrics, and we recommend that you include enough benefits in your business case to ensure that you exceed your organization’s internal hurdles for all of the financial measures to increase your chances for approval. Figure 2 provides a description of the three measures that comprise ROI.

**Figure 2: ROI Defined: Financial Measurement of Invested Dollars**

Measurement	Definition	Approval Targets
<b>Payback Period</b>	Number of months for a project to earn back its initial investment	CFOs are prioritizing investments that pay for themselves in 9 months or less
<b>Net Present Value</b>	The sum of all project costs and benefits expressed in the value of today’s dollar	A positive NPV, using a 15% to 20% cost of capital, is considered a good investment
<b>Internal Rate of Return</b>	Measures how much the company is earning on the investment, as a percent	An IRR of at least 20% to 25% is usually the minimum; an IRR of 50% or more is highly compelling

Source: DMG Consulting LLC, November 2010

Figure 3 provides IT investment best practices that will help you obtain approval for your new quality assurance system.

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**Figure 3: IT Investment Best Practices**



1. Ask your Chief Financial Officer, Controller or VP of Finance for your company's technology investment guidelines.
2. Determine the minimum financial criteria that are required to obtain approval for a technology investment. (This includes the guidelines/thresholds for return on investment, net present value and internal rate of return.)
3. With the help of your vendor and customer references, identify the top 3 to 5 quantifiable benefits that your organization will realize from the investment.
4. Identify the key performance indicators (KPIs) that can be used to measure results in each of these benefits categories.
5. Baseline the performance of each of the KPIs prior to making any changes in your operating environment. (This will allow you to re-evaluate your department's performance after the system is implemented to prove that it has delivered the expected benefits and savings.)
6. Be prepared to trade budgeted agent full-time equivalents (FTEs) for the new QA system. The top savings category preferred by CFOs is staff savings.
7. Ask your vendor for their ROI model or assistance in quantifying the financial benefits from the investment. Identify the payback period, ROI and NPV.
8. Prepare a business case with the ROI model and explain why the solution is essential for your department and the enterprise. In the write-up, emphasize the quantifiable benefits that your senior management looks for to justify investments. Also include the qualitative benefits and explain how the solution will contribute to your organization.
9. Once the investment is approved, put in place a measurement process to track its return on investment and impact on your operating environment.
10. After succeeding, document your results and share them with senior management.
11. Do a follow-up analysis 12 months after the implementation to show the ongoing benefits of the investment for your customers and the enterprise. This will increase the chances of getting your next project approved. Success begets success.

Source: DMG Consulting LLC, November 2010

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### How to Realize Productivity Benefits from QA Solutions

After you have selected the most relevant productivity categories for your operating environment, build an action plan to ensure that you realize the benefits. Improvements in both productivity and quality generally go hand in hand, because doing things the best way qualitatively generally tends to also be the most efficient method for getting the job done. Here are common opportunities that companies address with their quality assurance and recording solutions, as well as best practices and tips for successfully implementing an actionable program that delivers quantifiable benefits.

1. *Reducing average handle time (AHT)* – This is the top productivity benefit realized from quality assurance applications. The best practice is to use a quality assurance system to identify areas of agent strengths and weaknesses, which are generally considered opportunities to improve call quality and reduce average handle time. Once agent performance issues are identified, here are tips for supervisors and QA specialists to address them:
  - Provide feedback to agents on a timely basis
  - Ask agents to listen to calls that include performance issues prior to discussing them
  - Speak to agents in private so that no one else can hear the conversation
  - Provide constructive feedback that addresses both strengths and improvement opportunities
  - When discussing an improvement area, share the proper procedure, communications technique, and/or right way to use the servicing system
  - Use experiential coaching techniques when dealing with agents; after explaining a better way to handle a situation, give agents a chance to apply the information in role-playing sessions

It is as important to give agents positive feedback when they do an outstanding job as it is to discuss improvement opportunities. A balanced coaching approach improves agent satisfaction and retention and motivates optimal performance.

2. *Improving supervisor efficiency* – Quality assurance solutions improve supervisory efficiency by using workflow automation to help find and evaluate calls that require intervention and to shorten the agent review process. (This is also tied to FCR, as the sooner a supervisor or QA specialist finds an issue, the fewer customers get bad or wrong information and have to call back to get their problem rectified.) Supervisory QA best practices include:
  - Use the QA system to identify and deliver calls that meet pre-defined criteria to each supervisor's individual queue
  - Review calls on a same or next-day basis, instead of waiting for the end of the reviewing period to go over them all at one time

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- Prior to conducting a coaching session with an agent, create a formal action plan with detailed steps for improvement
  - Use the QA system's broadcast function to rapidly communicate important information to an individual or a group of agents
3. *Reducing agent turnover/attrition* – One of the primary reasons agent leave contact centers is because they do not receive consistent feedback or coaching. (In many operating environments, they do not receive any feedback because supervisors avoid conducting coaching sessions, as it can be very challenging to deliver constructive criticism.) Tips for reducing agent attrition include:
- Use the QA system to gather and provide timely feedback for agents
  - Provide a fair and objective framework and process for evaluating agent performance, and communicate this to them so they know the objectives they should strive to achieve
  - Identify and reward outstanding performers on a consistent basis
  - Use pay-for-performance programs to motivate and reward optimal behaviors
  - After identifying agent training needs, use the system to deliver coaching content to improve their performance and better prepare them to handle inquiries
  - Rapidly identify company product, process and policy issues and trends that cause complaints and angry callers so that the problems can be fixed on a timely basis
4. *First contact resolution rate* – This is one of the top metrics used by contact center leaders to measure performance, effectiveness, customer satisfaction, quality and volume. While there are many approaches used to calculate the FCR rate, the following best practices will help your department increase the number of interactions addressed during the initial contact:
- Use the QA system to identify policies and procedures that generate follow-up inquiries or complaints
  - Set up a inter-departmental team that is empowered to resolve these issues across organizational boundaries
  - Identify and retrain agents who transfer and place customers on hold too frequently
  - Identify and retrain agents who do not process adjustments and fulfillment requests as promised
  - Identify and retrain agents who give wrong or misleading information to customers
  - Identify and retrain agents who do not inspire customer confidence and trust, driving customers to call back

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- Set up a closed-loop process to re-evaluate agent performance issues identified by QA within a few weeks of providing coaching and retraining, to ensure that the problems have been resolved

### Using QA Solutions to Increase Customer Retention and Increase Revenue

Quality assurance has traditionally been the purview of customer service departments. While QA can improve agent and supervisor productivity and effectiveness, as reflected above, it should also be used in other operating groups where its impact can be as significant or even greater. This is particularly true if QA is being applied to a workgroup for the first time. Two areas where QA systems can make major contributions to enterprises are in helping agents improve their ability to sell and retaining customers.

1. *Selling/up-selling/cross-selling* – Selling has become a primary goal for a growing number of customer service organizations, and this trend is expected to continue. Sales-oriented contact centers can employ QA to help their agents achieve revenue goals. When used properly in these settings, QA will improve productivity while also helping agents improve their sales skills. These best practices will help managers achieve their sales goals:
  - Use a QA solution to identify agents who need coaching to improve their up-sell/cross-sell techniques
  - Identify common caller objections to sales efforts so that agents can be trained to overcome them
  - Identify product limitations that discourage customers from buying products and services; share these calls with marketing, product development and/or the research and development teams so that they can hear the feedback directly from customers
  - Analyze feedback captured by the QA solution to identify new product ideas
  - Use the QA system to vet ideas for focus groups
2. *Reducing customer attrition* – Even in the best of times, it's less expensive to retain customers than to acquire new ones. When the economy is challenged, this goal becomes even more important. Retaining customers is a priority for all types of customer-facing contact centers, but this is a skill that must be taught to most agents, as it's generally not intuitive. The following tips will help companies improve the success of their customer retention and recovery programs:
  - Use the QA solution and program to identify customers who threaten to close their accounts, enabling recovery teams to respond rapidly
  - Identify the product issues, policies and procedures that drive customers to cancel accounts

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- Identify competitive offers that cause customers to change their allegiance
- Identify and retrain rude and inept agents who drive customers to competitors

These productivity and revenue generation best practices and tips will yield measureable benefits when used in conjunction with well-designed and properly implemented quality assurance programs and solutions.

### Case Study

First-time users of contact center quality assurance and recording solutions realize very significant savings (often 25% to 40%) from reducing agent talk time. This is because QA solutions give managers and agents a formalized process for paying attention to this critical metric on a continuous basis.

The harder challenge for many organizations is determining how to build a business case and cost-justify an investment in a replacement solution. There is no standard answer to this question because the results vary based on previously realized benefits. In other words, how the prior QA solution was used, the contact center size and the success of the implementation. DMG Consulting recommends that companies that want to migrate to a current-generation, workflow-enabled QA system take a highly conservative approach to projecting their savings.

The case study below describes a credit card customer service contact center that swapped out a 6-year-old QA solution that was fully depreciated. The reasons why the group decided to replace their QA/recording application were because they continued to have problems with lost calls and they also found their existing QA evaluation creation environment very difficult to use. This prevented them from making the ongoing changes to their QA program (and evaluation form) that they needed to support the evolution of their business. Due to all of the changes in the credit card industry, they felt that they could no longer afford the limitations of their current QA application – they needed a system that was flexible, easy to use, and that could provide a variety of QA evaluation forms that they expected to change on an ongoing basis as they altered their credit card programs and other related product offerings.

This department was also planning to use 15 at-home agents. While not a primary decision driver, they wanted a QA application that addressed the technical requirements for at-home agents and incorporated their results with the rest of the contact center staff.

The CFO at the company had very stringent financial requirements for new technology investments. While the company was in good financial shape, he was limiting new IT investments by restricting the benefits categories that he accepted in ROI analyses. As a result, this contact center was allowed to cost justify the investment based only on staff-related improvements. They were very conservative and justified the investment based on the following staff-related categories: a 5% reduction in agent average handle time, a 2%

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improvement in supervisory efficiency, a 10% reduction in agent attrition, and a 2% increase in first contact resolution.

They purchased a 250-license solution with 100% voice and 35% screen capture; 20 at-home licenses, hardware, integration to their automatic call distributor (ACD), professional services, training and annual maintenance. The estimated pay-back for this solution was 5.75 months, but it paid for itself within 5.5 months of completing the implementation. Even better, it earned the new contact center manager the respect of his senior leadership team, as he was able to deliver measurable benefits that eluded their prior contact center management team. This success was largely due to a close partnership between the company and their solution provider.

### **Why Wait?**

It's been very hard to get approval for new IT investments during the past 2 years, and this challenging environment is expected to continue. However, the technical and functional improvements being delivered in the new-generation contact center QA applications make the effort worthwhile. The best investments for contact centers are those that improve staff productivity as well as contribute to other important areas such as the customer experience, quality, and agent satisfaction. When implemented properly by the right partner, QA solutions can address all of these needs. (It's also helpful that the new-generation QA solutions are much better about not losing calls, but this is a benefit that is really hard to quantify.) There are vendors of all sizes located around the world with outstanding offerings that can meet the needs of contact centers of all types. If you have not carefully evaluated the QA and recording competitive landscape in the past few years, it's time to take another look.

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### ***About Calabrio***

Calabrio, Inc. develops and markets a comprehensive suite of customer interaction and contact center management software that's easy to implement, use and maintain. Calabrio One™, a unique Web 2.0-based software suite, gets call recording, quality management, workforce management, speech analytics and performance management working together for increased value. Access to features and workflows are personalized and optimized for each user – agents, supervisors, managers, knowledge workers, and executives. Calabrio distributes their software through channel partnerships and an OEM relationship with Cisco, and has installed software on more than 750,000 desktops. For more information, visit [www.calabrio.com](http://www.calabrio.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 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. 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. More information about DMG Consulting can be found at [www.dmgconsult.com](http://www.dmgconsult.com).