

North American Contact Center Industry 2011: A Mid-Year Update and Forecast

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THE NATIONAL ASSOCIATION OF CALL CENTERS

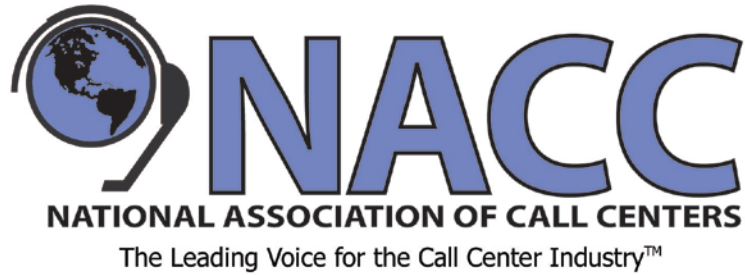
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VPI (www.VPI-corp.com) has become a frontrunner in contact center quality monitoring, performance management and workforce optimization technology. VPI's approach has been disruptive to legacy approaches because its VPI EMPOWER software is easy to deploy, easy to use, and extremely cost effective. VPI EMPOWER leverages advanced analytics and an open, Web 2.0 architecture to help organizations more easily and rapidly identify and solve their critical business issues. VPI has over 1,500 customers in 50 countries worldwide using its workforce optimization software solutions

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North American Contact Center Industry 2011: A Mid-Year Update and Forecast

Executive Summary

Contact center industry employment and technology-demand data gathered by the National Association of Call Centers (NACC) indicates that the industry has emerged from the recession and is clearly in recovery mode. Employment has grown for eight calendar quarters in a row, including the first quarter of 2011.

The arrival of the Web 2.0 framework in the contact center and the meteoric rise in popularity of social media applications has had a deep and instant impact on the customer service industry. Several companies have responded quickly to this important trend and are emerging as thought leaders and the companies to watch for the remainder of this decade. Ironically, companies that we would have expected to see exhibiting a greater demonstration of industry leadership from are making only token acknowledgement of these customer-driven changes. These important industry dynamics should lead to a very different look in industry leadership as the decade progresses.

Buyers have exhibited a great deal of interest in analytics solutions of all varieties in 2011. Newly emerging solutions such as desktop analytics have captured the attention of industry buyers while solutions such as speech analytics continue to experience a steady growth in demand.

Recessionary conditions led many contact centers to reevaluate such performance metrics as first call resolution (FCR) as a means to control costs. 73 percent of our survey respondents track FCR, however the methods by which FCR is tracked appears to be as varied as the industry itself. Many contact centers also discovered the benefit of deploying a unified communications solution in support of a FCR initiative. Unified communications provides a means for a customer service representative to quickly determine what other enterprise resources are available to resolve a customer issue, and to bring those resources into the conversation as required in order to resolve the issue in a single call.

Factors influencing purchase took some interesting turns in 2010, which is impacting buying trends in 2011. While price and return on investment (ROI) remain at the top of the list of factors that influence purchases, many of the top influencers of the previous decade have become non-entities in purchasing decisions in 2011. Such factors as information on company websites, blogs and other websites, and industry trade shows have little or no influence on the purchase process in 2011 while such previously passé factors as relationships and trust are rising to the top of the list again. It appears that technology still cannot replace the human touch when it comes to gaining the trust necessary to get a buyer to open his or her wallet.

Introduction

Growth in the U.S. contact center industry during 2010 marked a return to confidence that has been characteristic of the industry since the beginning of the year and continues as we reach the mid-point of 2011. Strong growth in jobs during the second half of 2010 was followed by more moderate growth during the first quarter of 2011.

Industry and employment data gathered by the National Association of Call Centers (NACC) indicate that the industry has emerged from the recession and is clearly in recovery mode. Encouraging employment data that shows a positive trend in contact center employment for the last eight quarters has buoyed the industry while new companies are appearing on the industry landscape in a welcome sign of the return of innovation on the technology solutions side.

New concepts such as Web 2.0 applications and services are driving the industry to reexamine how customer service will be managed in this second decade of the new century. Social media is changing the way contact center professionals communicate with customers and with each other. Web 2.0 framework is poised to radically change capabilities in nearly every aspect of contact center technology, from enterprise collaboration all the way down to the agent desktop. As technology undergoes this revolution, so will applications.

Hiring and retention have once again become an issue as industry growth keeps demand for agent personnel high. As contact center executives begin to better understand the cost of recruiting and hiring new agents, the issue of agent turnover has been elevated. The NACC continues to receive calls from members seeking ways to reduce agent turnover while customer service employment issues has become a popular topic in the media and general press.

Our 2010 survey of NACC members and readers of the NACC monthly newsletter *In Queue* reveal a general sense of optimism about the economy and about business in general. Similarly there is a positive outlook among NACC members regarding the state of business in 2011. The majority of survey respondents, representative of the industry with a confidence level of 95 percent, feel that economic and business conditions in 2011 will be the same or better than they were in 2010.

Technology Trends

Not surprisingly, technological innovation has suffered over the past few years as companies hunkered down to endure the recession and do their best to market the products they already had in their solutions portfolio. That situation appears to be changing in 2011 as innovation has returned to the forefront of the vendors who found their way through the recession and are getting back to business as usual in terms of seeking to gain market share through a superior product strategy.

There were several vendors that have distinguished themselves with innovative product strategy, design and introduction over the past 12 months. These vendors will be noted in the text of this report.

Web 2.0 Framework

The technology innovation that has had the greatest impact on the contact center industry over the past year is actually no innovation at all. Web 2.0 is not a product but is rather a different way of using Internet resources that have existed all along. Web 2.0 uses the Internet as a participatory platform rather than an information resource. As a result, new applications based upon a Web 2.0 framework are revolutionizing customer care product solutions.

Web 2.0 offers an open architecture that is less hardware dependent than traditional contact center solutions. This translates to a lower cost of ownership as well as faster application development. Web 2.0 applications are browser based and provide users with a familiar interface that is consistent across applications. Web 2.0 applications feature a common look and feel, shared administration and a high degree of flexibility in terms of how applications can be personalized to meet the needs and preferences of individual users at all levels, from agent to executive. Figure 1 below, for example, illustrates the Calabrio ONE Web 2.0-based dashboard on a portable device.

Figure 1: Calabrio ONE Integrated with a Portable Device



Source: Calabrio

The NACC believes there are only a handful of vendors that “get it” when it comes to the power of Web 2.0 in the contact center environment. Among the premier thought leaders and product innovators in the Web 2.0 environment is Calabrio (www.calabrio.com) of Minneapolis, MN. Calabrio represents the leading edge of technology providers and should not be overlooked by buyers who may be reluctant to be among the first to embrace the Web 2.0 framework in the contact center. Calabrio has proven its competence as a provider of workforce optimization (WFO) solutions and this competence has migrated to the company’s Web 2.0-based offerings.

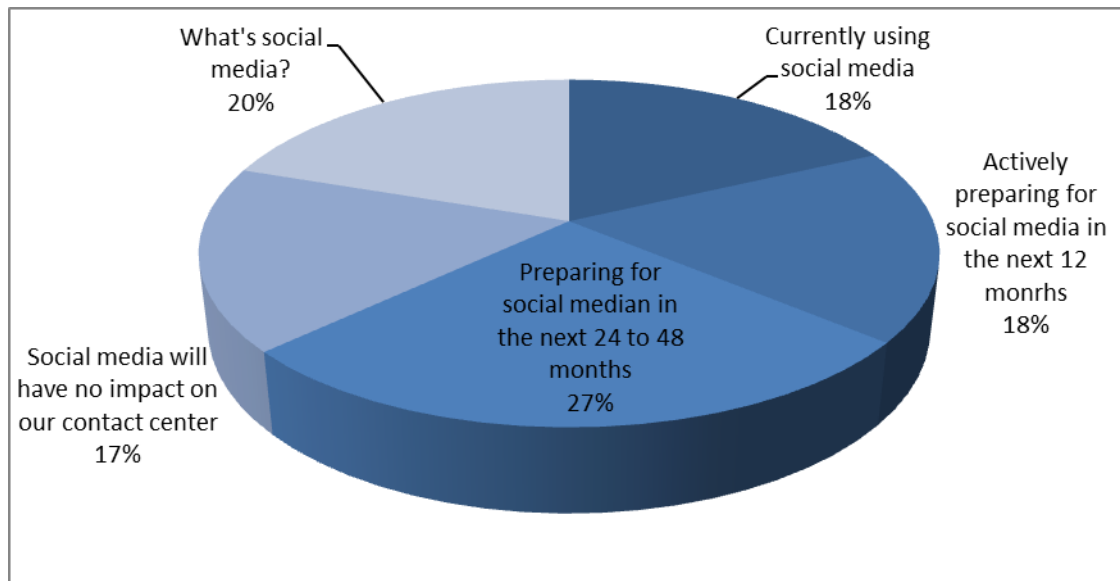
It is important to remember that this is not new technology; this is proven technology being used in a new way. While there is comfort in buying and using old, familiar technology there is market leadership to be found in using technology solutions that are built upon a platform that will be ready for wherever application innovations and customer service demands takes it.

Web 2.0 Applications/Social Media

If you are employed in the contact center industry today it is nearly impossible to log into your e-mail inbox and not be overwhelmed by the volume of e-mails touting some aspect of social media and its importance to customer care. It seems that every vendor, writer, analyst, consultant and other industry pundit claims to have the answers to the questions surrounding the potential of social media in the contact center. Rather than add to the clutter, the NACC has gone to the end-user, your colleagues, to gauge industry sentiment toward social media.

In our most recent survey of NACC members and subscribers we asked respondents about their plans to include social media as a customer service communications tool in 2011 and beyond. Their answers are illustrated in Figure 2 below.

Figure 2: Survey Respondents' Attitude toward Social Media in the Contact Center

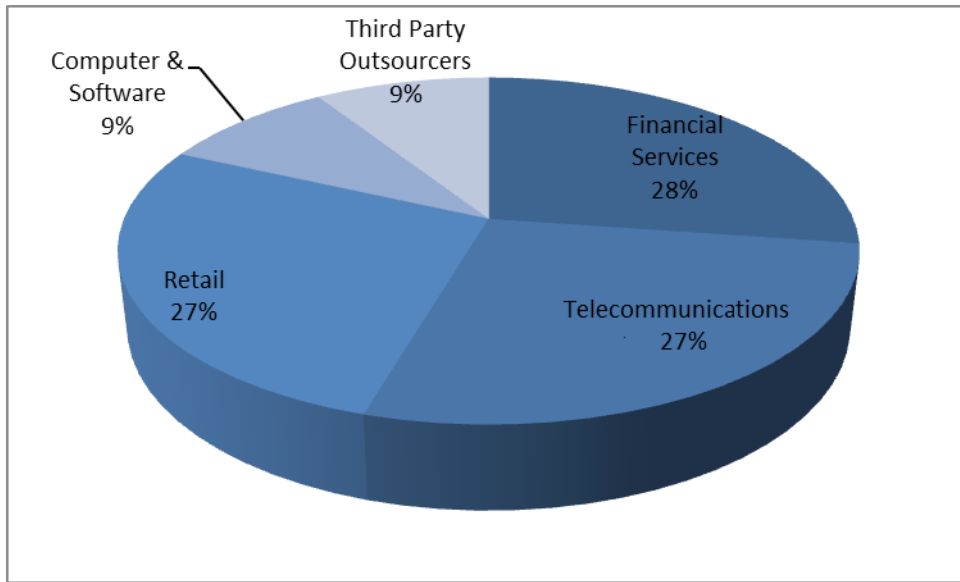


Source: NACC

With 36 percent of respondents reporting that they are currently monitoring social media applications, or will be doing so by the end of this year, social media is clearly a communications channel that will have an immediate impact on customer service as we know it today. It is unlikely that those respondents unfamiliar with social media at the time of our survey are still unfamiliar with social media today.

As with all new ideas, solutions or applications there will be companies that adopt these new concepts before the majority of the industry does. These early adopters typically tend to have a greater propensity for risk with the belief that those who take the early risk also reap the early reward. In the case of social media in the contact center, the early adopters come from five specific vertical markets, as diagrammed in Figure 3 below.

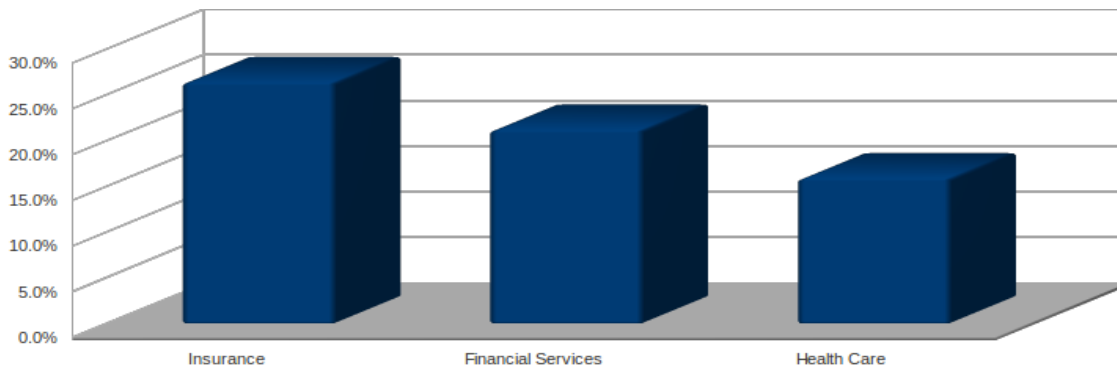
Figure 3: Vertical Markets of Contact Center Social Media Early Adopters



Source: NACC

On the opposite end of the scale are the companies that believe social media will have no impact on the way they do business in the future. Although we speculate that this group will be in rapid decline as social media applications permeate every aspect of our lives, it is interesting nonetheless to look at the vertical markets that seem to be putting their head in the sand when it comes to the adoption of social media in the contact center. These vertical markets are illustrated in Figure 4 below.

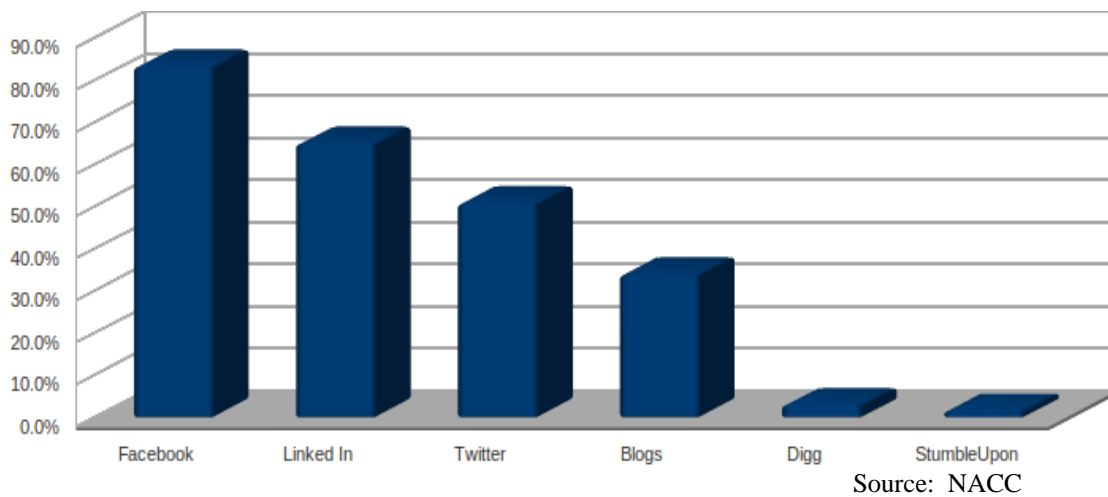
Figure 4: Vertical Markets of Respondents Who Believe Social Media Will Have No Impact on Their Contact Center



Source: NACC

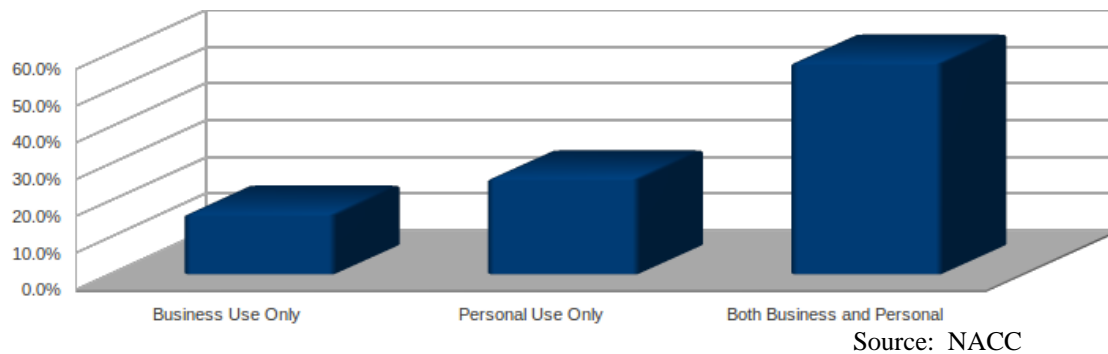
There are many social media channels that are candidates for contact center use but there is only one that has already had a movie made about it – Facebook. It is therefore not surprising to learn that the majority of respondents to the survey are currently users of that popular social network service. Following Facebook in popularity is the business-oriented LinkedIn, which has not become a popular channel for consumer status posts focusing instead on business and personal networking. The most popular social media services among survey respondents are illustrated in Figure 5 below.

Figure 5: Social Media Services Used by Survey Respondents



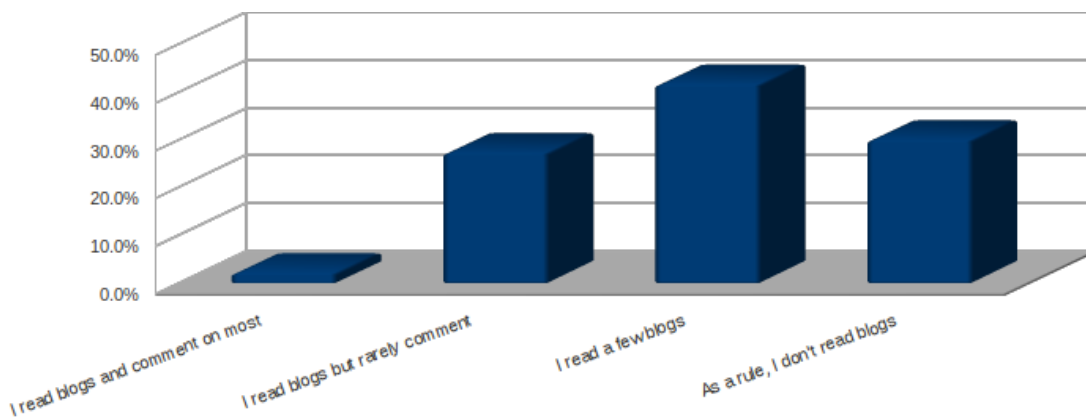
In order to better understand if or how these services were being used in the contact center, we asked respondents if they used the above listed social media services for business use, personal use, or both. The responses are listed in Figure 6.

Figure 6: Business vs. Personal Use of Social Media Services



We found it very interesting that nearly 34 percent of survey respondents use or pay attention to blogs to some degree, as noted in Figure 5 above. Because we believe that blogs will continue to grow in importance to the customer service profession, we asked to what degree respondents read or commented on blogs. Responses are shown in Figure 7 below.

Figure 7: Survey Respondents' Attitude Toward Blogs



Source: NACC

Among those who read blogs regularly but rarely comment, about 23 percent are already using social media in their customer care strategy while 17 percent plan to add social media to their strategy in 2011. 40 percent of regular blog readers indicated that their contact center will add social media to their strategy in the next 24 to 48 months. These results show that half of all those who regularly read blogs will be actively monitoring social media and presumably blogs in their contact center by the end of 2011. According to the survey results, this number will increase to 90 percent of regular blog readers within the next four years.

Although the path that social media will take in the customer service profession is not yet clear, what is clear is that it will become increasingly important in the pursuit of modern customer care. Social media applications will also be responsible for being the springboard for new contact center technologies in the future, as evidenced by the development of text analytics for rapid understanding of social media content as it relates to customer service.

Analytics

Ten years ago analytics came in one flavor and one flavor only – performance analytics. Today, contact center analytics has essentially become a class of solutions unto itself as it continues to expand across mediums and customer care functions.

According to the Merriam-Webster dictionary, analytics is defined as “The method of logical analysis.” For those readers who think analytics is a fairly new development, the first use of the word appeared in 1590. The first use of the word appeared in the contact center industry in about 2001.

This section will discuss the various analytics solutions available today and the demand for each according to our member and reader survey.

Performance Analytics

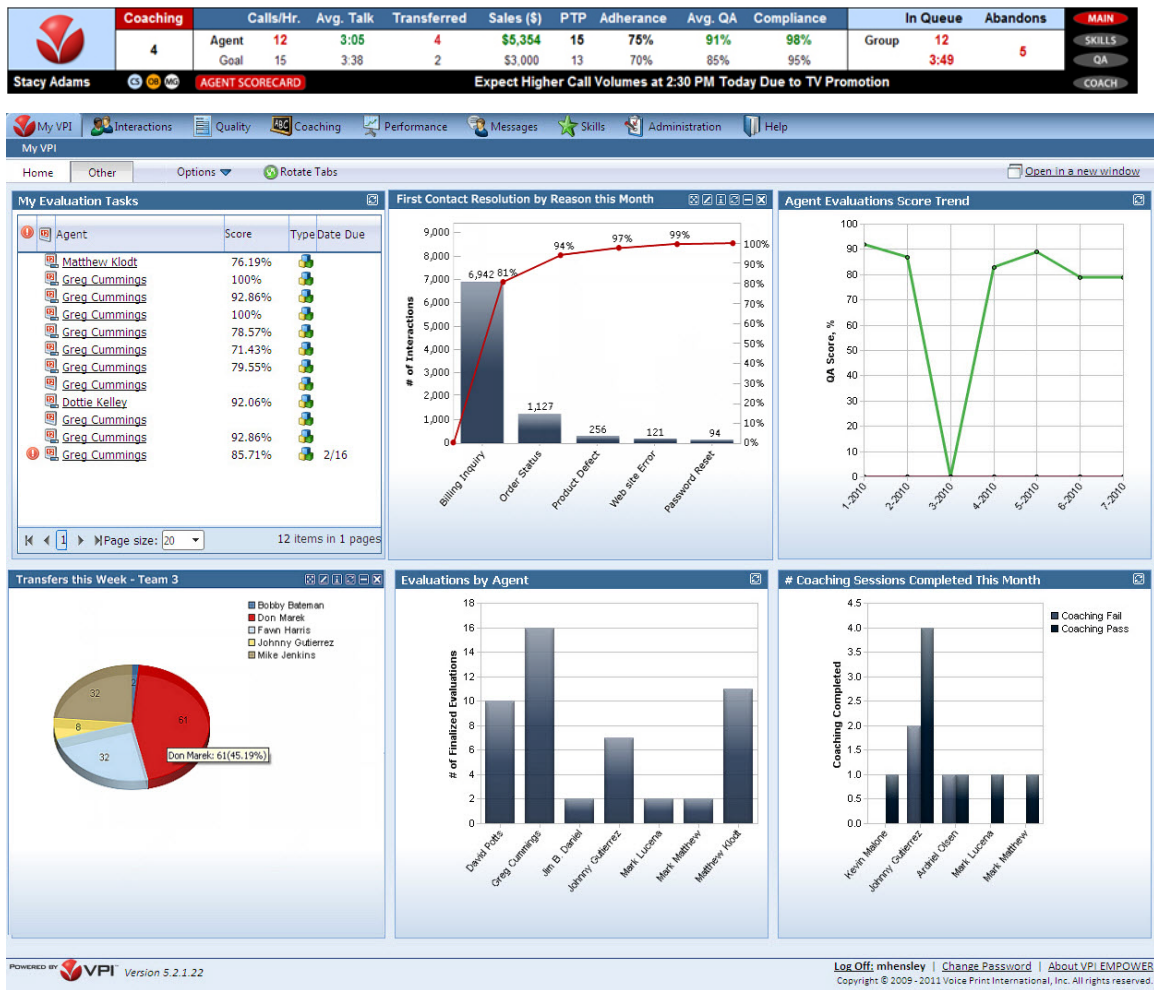
Performance Analytics, also referred to as Performance Management, is the form of analytics most likely already familiar to the reader. An integral part of a workforce optimization (WFO) suite solution, performance analytics also stands on its own as a highly valuable tool for the measurement of productivity at every level of the enterprise, but especially in the contact center.

As performance analytics continues to evolve and grow in popularity the approaches to this market by the various vendors also continues to diversify. One of the most dynamic approaches to this market segment also comes from VPI (www.VPI-corp.com) with their Real Time Performance Management solution.

Many performance management solutions today provide historical end-of-day or end-of-week reporting. VPI provides single view performance management reporting in real time across multiple sites and across multiple communications platforms. VPI's performance management solution captures data from such sources as ACDs and dialers, quality assurance, customer relationship management (CRM), helpdesk, and workforce management software in order to create unified reports and real-time views into the data.

VPI's "always on" view into performance data enables agents to self-monitor and correct in real-time while managers can quickly identify and correct potential performance problems. The VPI performance management solution provides users the opportunity to immediately address business issues as they happen. An example of VPI's EMPOWER performance management dashboard is illustrated in Figure 8 below.

Figure 8: VPI EMPOWER Real Time Performance Analytics Ticker and Dashboard



Source: VPI

Our survey results reveal that 25.9 percent of respondents currently use performance analytics in their contact center. This relatively small user base translates to plenty of room for growth, which seems to be in the plan for our survey respondents, 31.3 percent of whom indicated that they would evaluate performance analytics for purchase in 2011.

Performance analytics finished in the top three products that will be in demand during this year, clustered with desktop analytics and e-learning. 3.6 percent of respondents have already funded performance analytics for purchase in 2011. This translates to approximately 2,450 contact centers that will be implementing performance analytics for the first time this year, not including the approximately 21,000+ contact centers that will be evaluating performance analytics for acquisition in 2011.

Speech Analytics

Perhaps the best known and best understood of the analytics solutions, speech analytics has been making significant strides in interest among potential users. When the NACC first began surveying buyers in 2008, speech analytics distinguished itself by having the highest percentage of respondents, 70.3 percent, expressing no interest at all in the technology.

Over the years that number has gradually decreased to the point that this year 14.5 percent of respondents reported that they are currently using speech analytics, 26.4 percent of respondents intend to evaluate speech analytics for purchase, and 5.5 percent of respondents have already funded the purchase of speech analytics in 2011.

Speech analytics is clearly entering the mainstream, assisted no doubt by its close ties to recording technologies that already have deep penetration rates in the contact center industry and by the fact that the complexity formerly associated with the use of speech analytics has been drastically reduced.

Calabrio has distinguished itself as a leader in the movement to simplify the use of speech analytics in the contact center. Calabrio Speech Analytics, introduced simultaneously with Calabrio's Web 2.0 workforce optimization suite in 2010, circumvents much of the complexity associated with speech analytics deployment by providing customers with pre-defined "quick start" templates.

Based upon use cases with tangible return on investment (ROI), Calabrio's quick start templates allow users to realize immediately the benefits of many basic speech analytics applications without the complex implementation process typically associated with a speech analytics deployment. Quick start templates can be used out-of-the-box or can be customized as required making it easier for customers to gain real value without costly implementations or heroic learning curves.

Desktop Analytics

This particular breed of analytics is still going through the definition phase, so we believe there may be some misunderstanding among buyers as to what exactly constitutes a desktop analytics solution. As the industry works this issue out, we will consider the umbrella term "desktop analytics" to include the several solutions that vendors are positioning as included in this category.

One variety of desktop analytics involves the study of time and motion on the desktop in order to determine efficiencies and eliminate wasted movement that may impede the customer service process. Desktop analytics also identifies the symptoms of system or software problems, such as pages that hang, during a customer interaction so that they may be corrected.

A second variety of desktop analytics is offered by VPI. VPI's desktop analytics tool has the ability to capture both events and data directly from application screens and tag them to recorded interactions so that these interactions can be automatically flagged, categorized and prioritized for further inspection. Calls can be segmented and inspected based upon such factors as contact, call outcome, and type of business issue. VPI's desktop analytics tool can identify repeat calls, calls related to new products or services, failed upsell attempts, and others.

VPI has developed several ready-to-use Application Packs with pre-configured capabilities tailored to solving major contact center issues, including its PCI Compliance Pack which uses desktop analytics to identify and mask and mute out sensitive credit card information within recorded conversations to help organizations ensure compliance with strict PCI-DSS requirements.

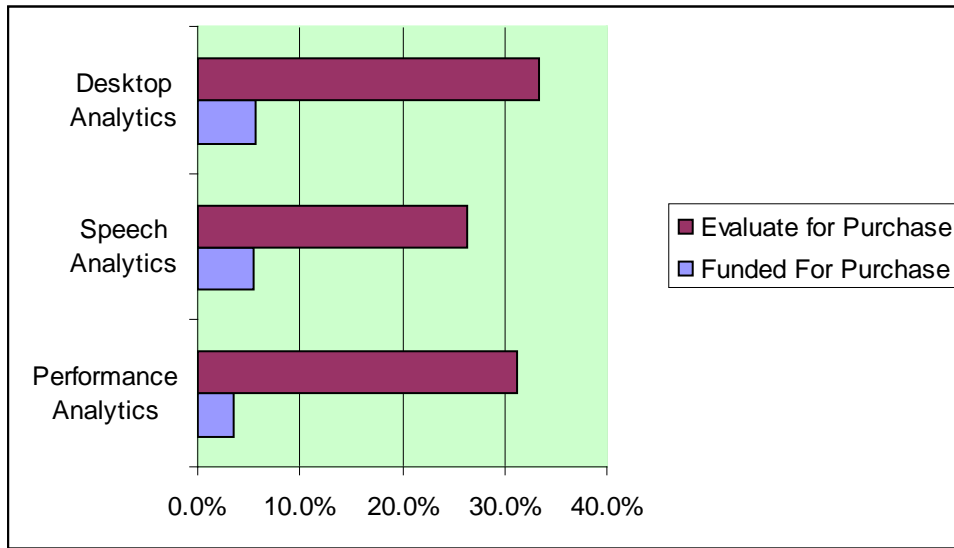
Our survey of NACC members and readers revealed that desktop analytics is the contact center solution that is at the top of the list of solutions that will be evaluated for purchase in 2011. 26.4 percent of respondents indicated that they would be looking at desktop analytics this year. Beyond that, 5.7 percent of respondents reported that desktop analytics has been funded for purchase in 2011.

Text Analytics

This flavor of analytics is the latest to join the contact center family of analytics solutions. Long used by marketers, text analytics is finding its way into the contact center as more centers embrace social media as a customer communications tool. Text analytics allows contact center managers to quickly identify key words or phrases in social media in the same way speech analytics helps managers identify important words and phrases in recorded customer calls.

Figure 9 below provides a summary of the demand expected for analytics solutions in 2011. Text analytics is not included because it was not available to the market at the time of the survey that is the basis of this report.

Figure 9: Analytics Solutions to be Evaluated and/or Purchased During 2011



Source: NACC

Workforce Optimization

As with the survey of previous years, we look at workforce optimization (WFO) by asking our respondents about the individual suite components. Although full WFO suites consisting of workforce management, quality monitoring, performance management and e-learning have been available for several years, it is more common for a buyer today to purchase a single component and build upon the suite with other component solutions over time.

As previously mentioned in this report, Calabrio pioneered the contact center industry's first software-based workforce optimization (WFO) suite in a Web 2.0 framework. Web 2.0 provides a personalized efficient user experience with simple, intuitive navigation and a consistent look and feel between all applications.

Calabrio's OpenSocial framework enables multi-vendor applications to work together seamlessly, bringing WFO capabilities into the world of social media applications. For example, Calabrio provides the opportunity to integrate with third party contact center platforms like Cisco SocialMiner, which allows enterprises to monitor and respond to posts on social networking sites. Calabrio is among the elite few that have fully grasped the extensive potential of Web 2.0 and is bringing it to life in the contact center.

Workforce Management

With more than 50 percent of the market already owning workforce management software it is not surprising that this popular solution is still in demand among our survey respondents. 20.7 percent reported that they intend to evaluate workforce management for purchase during 2011 while 3.6 percent have already funded workforce management for purchase this year.

Workforce management continues to be in demand among buyers. Nine percent of respondents reported that they currently own workforce management software but intend to replace it with a newer version this year. One of the common issues with workforce management that we hear about is that the efficient use of the software seems to diminish along with personnel turnover. Trained system analysts and administrators often take their expertise with them when they leave a company and the replacement analyst or administrator takes over without the benefit of a lot of training. As a result, the software is not used to its full potential.

Likewise, we have heard anecdotally that many new workforce management system sales are due to the hiring of a new analyst or administrator who has extensive experience and expertise with workforce management systems other than the incumbent. Many companies will purchase different workforce management software in order to take advantage of the skills of their analyst and/or administrator.

Quality Monitoring/Quality Assurance

Quality monitoring, which is an interchangeable term with quality assurance, is the solution with the highest market penetration rate at 74 percent. This highly useful solution continues to evolve as solution providers seek to differentiate their offering from the competition.

One of today's most innovative approaches to the quality assurance process comes from VPI. VPI has developed a quality monitoring solution that takes away the uncertainty of listening to and evaluating random calls and replaces it with a process that identifies the calls that matter most to the user's business.

VPI's Analytics-Driven Quality Monitoring provides the ability to follow agents through their applications as they're on the call and tag data that is valuable to the call such as customer identification, transaction value, disposition codes and so on. All of the data gathered from the applications or from the agent's desktop becomes searchable and can be used to classify and store recorded calls according to business issue. Managers can then select specific high-value calls to review rather than having to rely on the random selection of traditional quality monitoring recordings and hoping to find something useful to review and evaluate.

13 percent of survey respondents indicated that they intend to evaluate quality monitoring for purchase in 2011. With new approaches to quality monitoring being developed, such as the VPI approach as described above, we expect to see an increase in turnover of these systems over the next three-to-five years.

Performance Management

Also referred to as performance analytics, this rapidly growing market segment continues to be popular among NACC members and subscribers. Nearly 26 percent of this year's survey respondents reported that they currently own performance management software while over 31 percent indicated that they plan to evaluate performance management software for purchase this year. Performance management placed second among the top three technology solutions of interest to our survey respondents.

Performance management continues to evolve as a practical, forward-facing tool that should not be overlooked in any contact center. About four percent of survey respondents, statistically representing about 2,700 contact centers, have already funded performance management for purchase in 2011.

e-Learning

e-Learning turned out to be the dark horse in terms of solutions that held significant demand among buyers this year. Finishing third of the top three technology solutions that will be evaluated for purchase this year, e-learning may finally be coming into its own.

Users of e-learning have for years sworn by its usefulness as a training tool in the contact center and with a market penetration rate of just over 41 percent it is well on its way to achieving critical mass among users. Although market demand for this product has waned in recent years, it is clearly on the comeback trail. As an integral part of a workforce optimization strategy, e-learning has taken on a second life and seems to be riding on the coattails of users and buyers of performance management software and quality monitoring software.

Besides integrating e-learning with performance management and quality monitoring, VPI has integrated its e-learning software with workforce management to ensure e-learning training is accessed by the agent at an appropriate time relative to call volumes and other priorities. This tight integration of e-learning with other related workforce optimization solutions is also driving the renewed demand for e-learning software in the contact center.

Unified Communications

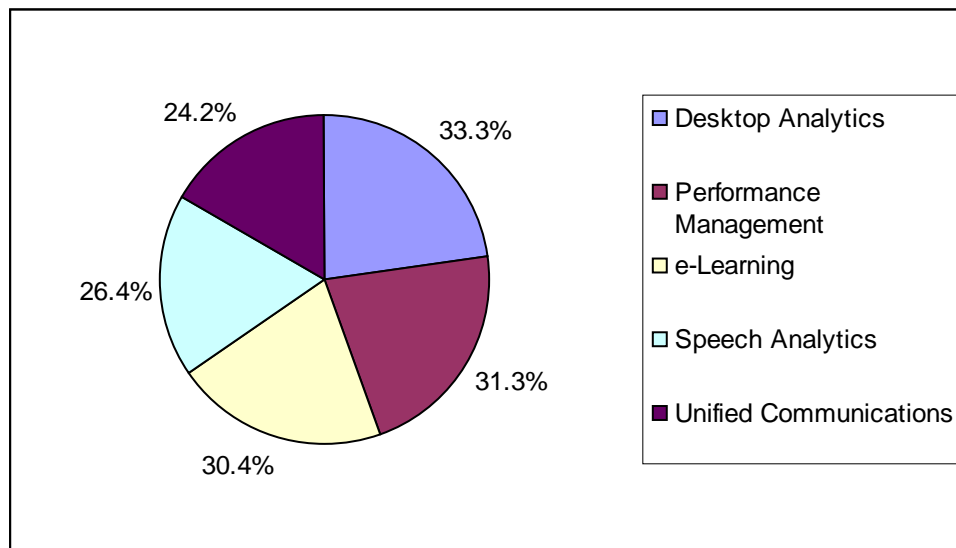
Unified communications continues to be a solution of interest among our survey respondents, representative of the industry population as a whole at the 95 percent confidence level. Over 32 percent of respondents reported owning and using a unified communications solution of some sort, up from 19 percent in the previous year. We suspect that there may still be some confusion between unified communications, unified messaging and possibly some mobile communications technologies as this is an unexpectedly large jump in the installed base in a one year period.

24.2 percent of survey respondents reported their plan to evaluate unified communications for purchase in 2011. Unified communications is considered by many users to be an efficient tool for achieving first call resolution (FCR) in the contact center. By bringing in additional resources as necessary to address a customer inquiry, the potential for a “one and done” call resolution increases exponentially.

Top Technologies in Demand

Figure 10 below illustrates the top five technology solutions that will be evaluated for purchase in 2011. Analytics of several varieties appear to have captured the attention of the industry in general while unified communications has made a surprising surge from its position in 2008, when 51 percent of survey respondents reported not knowing what unified communications was. Of the 49 percent of respondents that were familiar with unified communications in 2008, 73 percent said that they had no plans to utilize unified communications in the future. For unified communications to finish in the top five products in demand for 2011 is quite a feat.

Figure 10: Top 5 Technology Solutions to be Evaluated for Purchase in 2011



Source: NACC

Desktop analytics is another surprise top five finisher although the value of this solution is immediately apparent. There are very few vendors providing desktop analytics software and in our opinion, are showing very little interest in selling this software despite the demand that exists in the industry based upon our survey results.

Market Trends to Watch

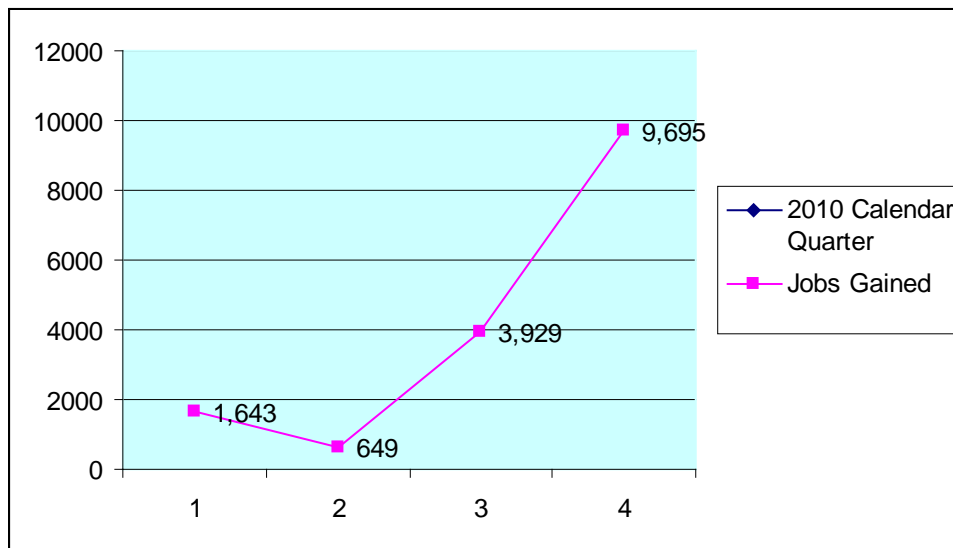
As the economy improves we are seeing new contact center industry trends develop in much the same way that they did before the most recent recession. Although most venture capital seems to be going to new services, primarily Internet based, we are seeing a return of entrepreneurial spirit in the form of new companies with new products appearing on the industry landscape.

The aftermath of the recession has left some previously overlooked performance metrics at the top of many managers' list of key performance indicators while regulatory and security concerns have also added pressure to contact center operations. Also shifting over the past year has been the factors that influence the purchase of contact center technology.

Human Capital Management

Among the first industries to recover from the recession was the contact center industry. 2010 saw employment grow quarter over quarter, culminating with a spike in hiring during the fourth quarter of 2010 that indicated many companies were back to “business as usual” and aggressively seeking new customers. 2010 hiring patterns are illustrated in Figure 11 below.

Figure 11: Calendar Year 2010 Contact Center Hiring per Quarter



Source: NACC

Despite the recession, personnel turnover is still a major problem for the contact center industry as a whole. High turnover numbers have almost become accepted as the normal course of business in the customer service profession. Many contact centers have responded to the turnover challenge by turning to a sheer numbers strategy and ensuring that there is a constant flow of potential employees through the door regardless of their qualifications or potential for success.

Others are beginning to embrace the type of hiring technologies that have proven successful in other industries for decades to assist in a more scientific approach to the hiring process. Rather than playing a numbers game as has been traditional practiced in contact center hiring, these leading edge companies are employing recruitment and skills assessment technologies in order to ensure that the people they bring in have the greatest chance for career and performance success.

As a result of the burgeoning demand for industry-specific hiring and assessment solutions, a number of start-up companies are being created to meet this demand. Companies such as HireIQ in Atlanta have developed software and service solutions that streamline the hiring process, significantly reducing associated costs while increasing hiring efficiency by orders of magnitude.

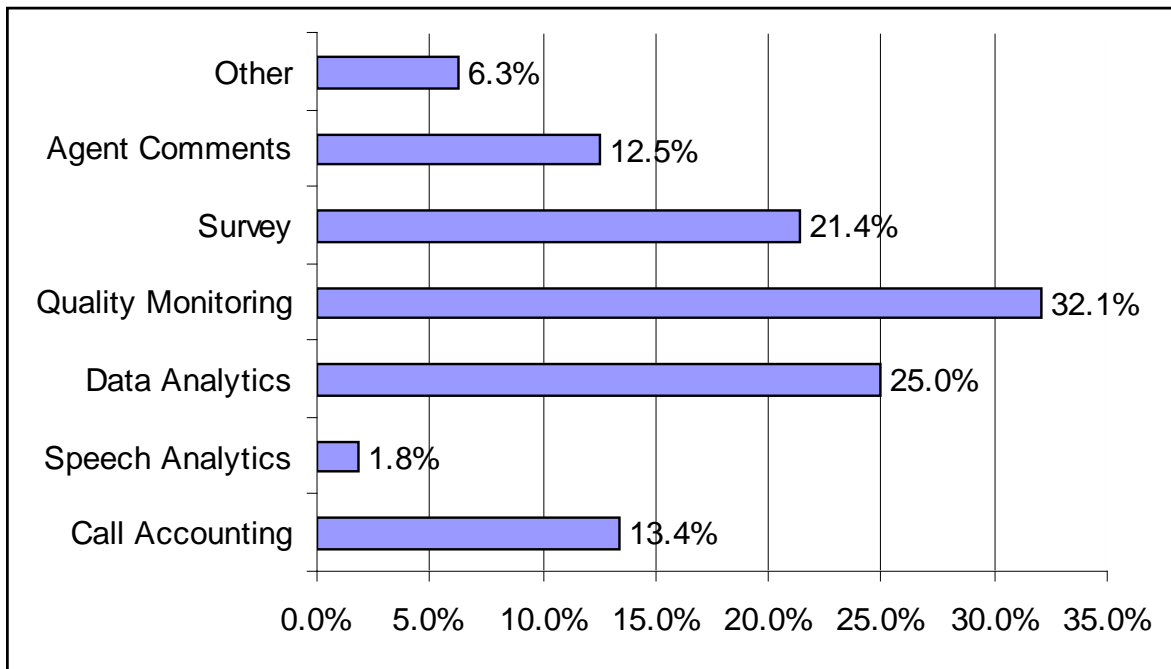
We expect to see the hiring and assessment market segment continue to grow as the contact center industry realizes the tangible benefits that can be attained by utilizing objective technology to assist in what has historically been a subjective task. The NACC foresees an era of job stability and career path development in the contact center industry as a result.

First Call Resolution

At some point during the depths of the recession, someone discovered that there is a great deal of cost that can be reduced by ensuring that customer issues are resolved during the first call rather than having to expend additional time and money on two or more calls to resolve the issue. As a result, first call resolution (FCR) became an important performance metric that was followed like a new religion in many contact centers.

When we asked our survey respondents about FCR we discovered that 73 percent were already tracking FCR in one way or another. Figure 12 below illustrates the various methods being employed by survey respondents to track FCR in their contact center.

Figure 12: Survey Respondents' Methods of Calculating FCR



Source: NACC

As noted previously in this report, unified communications has been identified as an enabler of FCR by virtue of its ability to access enterprise resources necessary to resolve an issue in one call. We expect to see unified communications continue to grow in parallel with the popularity of FCR as a key performance metric in the future.

Purchase Influencers

The NACC takes great interest in factors that influence the purchase of technology solutions in the contact center because the honest responses we get from our survey participants often fly in the face of industry wisdom that is driven by nothing more than marketing hype. For example, many vendors invest marketing money in websites that claim to draw visitors interested in a specific technology solution. While thousands are spent for ads and other attractions on these sites, only one percent of our survey respondents tell us that they are influenced by information on websites when they make a technology purchase. These types of contradictions are often uncovered when we survey our members regarding the factors that influence their purchase decisions.

Not surprisingly, price and return on investment (ROI) are the top factors that drive purchase decisions. This is to be expected as the survey was conducted so closely on the heels of the recession, but the other responses, as illustrated in Figure 13 below, show that many of the resources considered high on the list of influencing factors by vendors, such as websites and blogs, actually rate quite low with buyers.

Figure 13: Factors Influencing Technology Purchase Decisions

Influencing Factor	Positive Response
Return on Investment (ROI)	75.0%
Price	58.9%
Company Reputation	26.8%
Prior Relationship with Vendor	22.3%
Mgmt Recommendation/Mandate	19.6%
Peer/Colleague Recommendation	11.6%
Trust in Brand Name	11.6%
Information on Websites/Blogs	2.7%
Information on Company Website	0.9%
Trade Show Demonstration	0.9%
Prior Relationship with Salesperson	0.0%

Source: NACC

We were surprised to see how well relationship factors ranked in the findings. As technology permeates more and more of our personal and professional lives the expectation is that it will grow in influence in every aspect. In the contact center industry, trust and relationships still appear to rank higher than the Internet when it comes to making a purchase decision.

Forecast and Conclusion

The word “collaboration” is being bandied about the industry as an important direction the industry is taking, and there is no doubt that the influence of the customer service function today is extending beyond the contact center to reach deep into the enterprise. The concept behind collaboration is basically that the entire enterprise performs as part of the customer service function. Technologies integrate and functions such as marketing and customer care come closer together. The dividing lines between technologies and departmental function are beginning to blur.

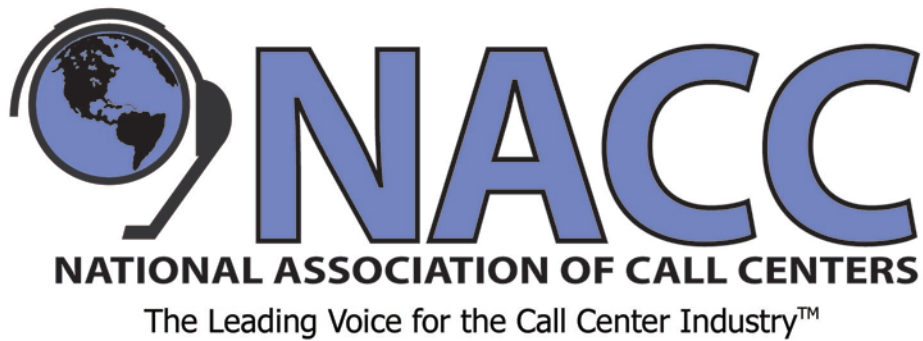
We are seeing tangible evidence of enterprise collaboration through such recent actions as Verint’s partnerships and acquisitions in social media monitoring and feedback management that take them out of their traditional realm and into the rest of the enterprise. Collaboration is quickly changing from concept to reality and companies are realizing that marketing initiatives in the future will have to involve customer service if they are to stand a chance of success as so many markets evolve in response to pressures such as social media and other Web 2.0 applications.

The NACC has detected the welcome return of an entrepreneurial spirit in the contact center industry, which will provide direct benefit to customer care professionals that possess the resources and wherewithal to take advantage of the new products and services as they become available. It seems that the industry has sorted itself out relative to those who will survive and those who won’t, and a new sense of industry confidence is the result.

Although not start-ups, nimble companies such as Calabrio and VPI are rapidly taking their place as industry thought leaders despite being outsized exponentially by the bigger companies. We also see this as a future trend as many of the larger companies that formerly led the industry, such as Nortel, have disappeared from the landscape and others are so inwardly focused that important market trends will bypass them before they can lumber into action. For an industry with a “bigger is better” mindset it will take some getting used to seeing smaller companies out-innovate the larger ones, but it is a mindset that contact center leaders should prepare for now.

As the dust settles from the fallout of the recession, it is clear that the customer service profession is a survivor to the extent that it almost stands alone. As the national unemployment rate still exceeds nine percent, the U.S. contact center industry has seen employment growth for eight quarters in a row. Whether used to shore up the customer base in response to recessionary conditions or used to ramp up new customer acquisition campaigns, the contact center has been front-and-center in the action.

The contact center industry can face the second half of 2011 and go into 2012 with confidence. It has proven its value in the worst of times. It is our hope now that the contact center industry also has the opportunity to prove its value in the best of times.



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