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Three Best Practices for Today's Profitable Contact Centers

Three Best Practices For Contributing to the Bottom Line

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January 2005



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New Challenges and Opportunities for Today's Contact Center

Today's revenue engine is tomorrow's cost center — or is it the other way around?

If any aspect of the enterprise was a solid candidate for an identity crisis, contact centers would be a sure bet. The fact is, when it comes to business pendulum swings, few areas of enterprise operations have undergone more shifting mandates than contact centers.

When contact centers entered the business mainstream in the 1970s, management attention was nearly totally focused on exploring ways to use this new tool as a means of serving customers more effectively. The desired outcome? Increased customer satisfaction = improved retention = more revenue.

In the 1980s and 1990s, the focus shifted towards improved efficiency and cost savings. New technologies and applications were introduced like Interactive Voice Response (IVR) and workforce management that were all about reducing the cost per transaction.

Much of the 1990s were boom years for contact centers, a time where it was hard to imagine anyone looking at the expense side of the ledger. Servicing customers in whatever way they wanted to be serviced was the mantra, which fueled significant innovation. Web-based eService, self-service, and visions of multi-channel centers were all the rage.

In the wake of the dot.com implosion, cost containment became the new order of the day, as initiatives like outsourcing, off-shoring, and a shift toward more IVR and fewer agents worked their way into contact center action plans.

So where are we now? In our discussions with enterprise leaders over the past year, we see a new optimism radiating from the executive suite. A recent IBM Global CEO Study¹ of over 450 corporate leaders showed an extremely strong executive consensus regarding the rebounding health of the market and the implications to business strategy.

Among the key findings:

- Revenue growth has replaced cost cutting as the #1 strategic objective
- Increased responsiveness to customers is seen as a key driver for top-line growth
- Business Communications and Computing Technologies are viewed as increasingly essential to achieving competitive advantage

These findings mirror our own observations. More and more, executives are telling us that they are intent on leveraging technology to reinforce a differentiated brand experience and provide a more personalized customer touch.

For contact center managers, these developments are great news — the customer experience is back in the spotlight again. But does this mean that the days of cost containment are history?

Sorry, no such luck. Although the expense reduction targets of a few years ago have largely been reached, it's clear that most executives intend to keep a strong focus on holding those gains and maintaining streamlined cost structures.

¹ Global CEO Study 2004, © IBM, 2/23/04

So what does this mean for today's enterprise contact centers — is the pendulum swinging to revenue generation or to cost containment? Actually, both. Increasingly, contact centers are expected to act as profitability engines. Translation: center managers will need to help add to the top line *while* managing expenses to create a net positive contribution.

Operationally, this means that contact centers must deliver a highly effective and satisfying customer experience *and* do it efficiently. As you form your own action plans, we offer three best practices to help give your business an edge in reaching that goal.

Best Practice #1

Lower Your Contact Center Cost Structure With IP

Well-run contact centers are very good at leveraging the right agents for the right customers at the right time. The obstacles in achieving this operational state are greatly amplified when multiple centers are involved. Traditional TDM (time division multiplexing) technologies are not known for their ease of integration — whether it's the integration of a widely distributed set of agents, the technological integration with back-office operations, or seamlessly interoperating with multi-vendor applications.

Case in point, the classical model for large contact center operations with multiple locations involved complex designs, considerable duplicated infrastructure across all of the sites, and high operating and connectivity costs.

In stark contrast, today's start-of-the-art IP servers equipped with intelligent call processing applications (like Avaya Communication Manager) allow enterprises to flatten out and consolidate contact center infrastructures. Multiple locations can easily run off a single centralized set of applications (although redundancy is a definite plus when it comes to business continuity).

When centers are interconnected by IP trunks, the incremental transport cost for call transfers and load balancing approaches zero. In our discussions with customers, it is not uncommon for enterprises with global contact center operations to reduce their annual Total Cost of Ownership (TCO) by over a million dollars when they convert from TDM to IP.

When your contact centers are based on IP, you have great flexibility to add home agents, satellite locations, outsourced resources and subject matter expert employees as extensions to the center — all under a consistent, centralized set of controls and management tools.

For those enterprises that have considerable embedded investment in TDM technology, Avaya supports an evolutionary approach to IP, allowing businesses to concurrently operate a mix of TDM- and IP-powered centers. Existing investment is protected, and the enterprise retains control over the extent and pace of IP deployments.

*JetBlue Airways*² is a great example of a start-up enterprise that faced a greenfield situation and adopted a complete IP-based infrastructure. JetBlue relies almost exclusively on home-based agents that use *Avaya IP Softphones* on their PCs with secure IP connections to tie into the corporate network. From JetBlue's perspective, there's no doubt that IP technology plays a significant role in maintaining a streamlined cost structure. According to Frankie Littleford, director of reservations, the ability to keep internal costs low allows JetBlue to offer fares that are up to 65% below comparable competitive flights.

² For more information about JetBlue, please go to the following URL:
<http://www.avaya.com/gcm/master-usa/en-us/resource/assets/casestudies/lb10001.pdf>

One of Europe's biggest travel agencies, *ebookers*³, is another great example of a large contact center operation that decided to migrate from TDM to IP. After acquiring a number of travel-related properties, ebookers wound up with more than 25 centers that were all over the map in terms of technology and performance. With Avaya IP, ebookers was able to re-use and upgrade most of their existing TDM systems. According to ebookers, *"we were very impressed with how easily and cost-effectively our systems could be upgraded to IP Telephony"*.

The migration of the centers to IP was invisible to ebookers' customers, and improvements were immediate. *"The Avaya applications allow us to exactly match our capacity — and resource spending — to meet the demands of the market. Our agent utilization levels have never been higher. Caller wait times — and frustration — have been substantially reduced. The number of abandoned calls has gone down over 35%".* In the TDM environment, calls that were routed between centers were carried over the public switched network. Once the new IP network was in place, all cross-center traffic essentially rides for free over ebookers' Wide Area Network (WAN). With monthly volumes that typically exceed 200,000 calls per center, ebookers has seen a huge reduction in on going transport expense.

Down under, the Department of Veteran's Affairs in Australia used Avaya IP technology to collapse multiple stand-alone contact centers into a single virtual center. Now, calls from the entire country are fielded by the combined pool of agents, increasing speed of answer and reducing abandonments. All agents are now using a standard desktop and are well equipped to provide a consistent customer experience.

The use of IP to tightly link contact centers with branch offices is also gaining. At San Antonio-headquartered *Security Service Federal Credit Union (SSFCU)*⁴, over a million calls a month go through the center's IVR. Final routing is based on the member's preference — transactions can be handled by a local branch office, a member representative agent, or through a self-service bank-by-phone application. In addition to offering members transactional convenience and choice, the credit union's operational costs are reduced.

SSFCU is clear on the financial impacts of IP. *"We expect our contact center to deliver a favorable financial impact to the firm. We're a not-for-profit organization, so whenever we can reduce operating costs, those savings can be returned to our members in the form of higher returns on CDs and lower interest rates on loans. The use of converged technology has definitely reduced our on-going operating expenses."*

Other companies are using IP networks for local resource balancing — if a branch finds itself understaffed on a particular day, calls can be easily fulfilled by agents in the contact center. It works the other way, too. If the center finds itself short-staffed for the specialized agents that process loans, transactions can go to the branches and be handled by the local loan officers.

Best Practice #2

Making the Most of the Customer Moment of Truth

Sometimes, bigger is better. In addition to being able to tap multiple sources of local talent, enterprises that utilize distributed contact centers can leverage a larger pool of agents to handle periods of high call volumes. But these benefits also bring a thorny challenge — how to consistently ensure that the right customer is matched with the right resource?

³ For more information about ebookers, please go to the following URL:
<http://www.avaya.com/gcm/master-usa/en-us/resource/assets/casestudies/gcc2540.pdf>

⁴ For more information about Security Service Federal Credit Union, please go to the following URL:
<http://www.avaya.com/gcm/master-usa/en-us/resource/assets/casestudies/svc2223.pdf>

When this is done well, the upside is clear — customer satisfaction is higher, your ability to up-sell or cross-sell is improved, and you have the capability to treat higher-value customers with a special touch. Costs also decrease when the right agents handle the right customers; the calls are handled more efficiently, with a resulting increase in contact center throughput.

Many traditional Automatic Call Distribution Systems (ACDs) — even those using some form of Skills-based Routing — do a less-than-ideal job of performing this vital match function. It's not uncommon for large centers to experience appropriate customer-to-agent match rates of 20% or lower. Some centers try and compensate for their ACD deficiencies by overusing specialized skill queues. Result? Center efficiency drops along with overall service levels.

Fortunately, there is a better way. *Avaya Business Advocate* is a perfect example. Think of Business Advocate as a highly evolved coming together of advanced contact routing and sophisticated contact prioritization. Using its unique predictive decision-making capabilities, contact centers with Avaya Business Advocate commonly report match rates in the 70-80% range — all the while maintaining multi-channel service levels across their various voice, email or Web transactions.

Business Advocate also excels when it comes to resource optimization. Agent pools are automatically managed, with reserve agents being introduced *before* service levels start dropping. Intelligent distribution of contacts also ensures that your most skilled agents don't experience burnout by carrying a disproportionate share of the load.

*Pebble Beach*⁵ is the top-rated golf course in the U.S. and one of the most famous golf resorts in the world. As one would expect, they are extremely exacting when it comes to their brand reputation and delivering a world-class customer experience. Given their Five-Star approach to customer care, it's no surprise that they utilize Avaya Business Advocate.

Relying on the advanced caller segmentation capabilities of Business Advocate, Pebble Beach Company is able to handle incoming calls quickly and efficiently, as well as manage critical customer information. *"We're achieving some pretty dramatic results with very little effort. The Avaya solution proves that creating a positive experience can produce positive business results."*

Best Practice #3

Self-service Efficiencies That Go Right to the Bottom Line

Although traditional touch-tone IVRs have certainly increased contact center efficiency and provided customers with convenient access to transactions on 7x24 basis, most contact center managers are also highly familiar with customer feedback that complains of bewildering multi-level tree structures and splits that lead to endless do-loops.

If there was good news for contact centers during the burst-bubble depression of the past few years, it was that speech technologies, aided by advances in standards like VoiceXML (Voice Extensible Markup Language),

⁵ For more information about Pebble Beach, please go to the following URL:
<http://www.avaya.com/gcm/master-usa/en-us/resource/assets/casestudies/gsi18373.pdf>

have improved by leaps and bounds. Moving well beyond the robotic interface of early speech applications, the new and improved systems are finding their way into an expanding array of uses — from utility bill payment, to the placing of newspaper classified ads.

The availability of Unified Messaging suites supporting voice commands is also accelerating the deployment of speech IVRs, as business people at all levels are increasingly aware of the ease-of-use and efficiencies that come with speech-enabled applications.

Behind the scenes, VoiceXML can also streamline the development of customer interaction scripting. For *Keystone AmeriHealth Mercy*⁶, one of the largest Medicaid managed care organizations in the U.S., Avaya natural language speech recognition tools have allowed new applications to be developed more quickly and easily than ever before. In addition to greater efficiency, use of VoiceXML has allowed Keystone AmeriHealth Mercy to reduce operating costs, since they are now able to perform more application programming using their in-house team. *“Natural language speech recognition played a key role in our decision to choose Avaya Interactive Response. The system delivers efficiencies we can benefit from today with flexibility for future integration plans.”*

There is no question that speech transactions have a definite place in today’s contact center. Overwhelmingly, centers that have implemented this new breed of speech interface report significantly improved transaction success rates. The feedback we are receiving from large customers that are using the speech capabilities of *Avaya Interactive Response* is extremely impressive — some are realizing annual cost savings in excess of \$1M for every 1% shift of agent-handled transactions to speech-enabled self-service.

Do these savings come at the expense of customer sat? In fact, the opposite has been the case. The same customers that have substantially reduced their operational costs also report higher customer satisfaction scores, especially when it comes to transactional ease and speed.

Next Steps?

The business pendulum swing towards profitable contact centers represents a clear opportunity for center managers to reinforce the importance of their operations to the overall enterprise.

Armed with realistic approaches that will help fuel business growth while streamlining costs, contact centers are ideally situated to demonstrate their increasing relevance to sales, marketing and IT leadership.

Learn More

For more information on how Avaya can take your enterprise from where it is to where it needs to be, contact your Avaya Client Executive or Authorized Avaya BusinessPartner, or visit us at www.avaya.com

⁶ For more information about AmeriHealth Mercy, please go to the following URL:
<http://www.avaya.com/gcm/master-usa/en-us/resource/assets/casestudies/gcc2117.pdf>

About Avaya

Avaya enables businesses to achieve superior results by designing, building and managing their communications infrastructure and solutions. For over one million businesses worldwide, including more than 90 percent of the FORTUNE 500®, Avaya's embedded solutions help businesses enhance value, improve productivity and create competitive advantage by allowing people to be more productive and create more intelligent processes that satisfy customers.

For businesses large and small, Avaya is a world leader in secure, reliable IP telephony systems, communications applications and full life-cycle services. Driving the convergence of embedded voice and data communications with business applications, Avaya is distinguished by its combination of comprehensive, world-class products and services. Avaya helps customers across the globe leverage existing and new networks to achieve superior business results.

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Printed in the U.S.A.
02/05 • EF-GCC2611

