

Achieving Balance in Contact Center Performance

The Benefits of Agent Performance Optimization Suites

Introduction

Contact center managers are faced with the challenge of containing operational costs while continuing to improve service levels. This challenge grows greater each year as customers now demand access to service on a 24 hour by 7 day a week basis in addition to consistent quality across multiple channels (voice, e-mail and self-service etc.). The consequences of not meeting these expectations are high. Research conducted by the American Management Association shows that 68 percent of clients stop doing business with a company because of poor service.

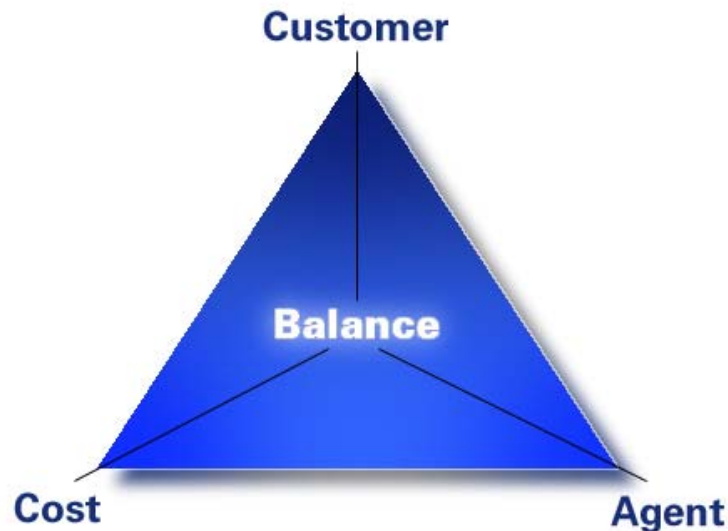
Despite the high stakes involved in providing quality service, many businesses have difficulty meeting customer expectations. All too many contact centers focus on cost cutting at the expense of effectiveness, with the consequence of alienating customers and placing excessive pressures on staff. A primary factor in failing to meet customer expectations is the tendency to overlook the human side of contact center performance. Many businesses have made large investments in CRM technology, multimedia contact channels, and customer self-service tools but without tools and processes to better manage the employees who handle customer interactions these investments often fail to deliver the desired results.

All of this has led to increased adoption of agent performance optimization technologies. The power of the agent performance optimization concept is that it cuts to the heart of concerns central to the enterprise. Regardless of the economic environment, all businesses must meet the challenge of effectively utilizing their most valuable and costly resource – their staff. Since staff represents approximately 70 percent of contact center costs, improvements in the ability to manage human resources leads directly to operational improvements, and to clear, measurable return on technology investments.

What precisely are agent performance optimization technologies? This category stands at the confluence of two well-established contact center technologies – quality monitoring and workforce management – and has also come to include new value-adding applications such as eLearning. These applications help contact center managers meet a multitude of challenges by offering tools to forecast staff requirements, measure agent performance, analyze results, and improve overall staff and contact center performance. Previously, workforce management and quality monitoring were considered completely separate markets with distinct competitive dynamics. In recent years, however, end users and industry players have recognized that these applications form a stronger value proposition when viewed as a holistic solution addressing challenges related to human performance within the contact center. Frost & Sullivan first identified the emerging optimization space over two years ago. Since that time we have seen the space rapidly evolve from one where the applications are merely complementary to one where the need to resolve human performance challenges in a holistic manner has led to the emergence of a market for integrated suites. Future market growth will be driven by the benefits of this holistic approach.

Elements of Contact Center Management

Why is it important to take a holistic approach to contact center management? The chart below shows the three elements that must be taken into account in order to run effective customer service operations. Since focusing on one element at the expense of the others throws contact center performance out of balance, each must be considered when managing operations. Thus, what is required is an approach that optimizes the performance of each.



Customer: Effectively meeting customer needs is the overarching purpose of the contact center. Enterprises understand that with customer service having emerged as a primary source of competitive differentiation, improving the customer experience must be a constant goal. However, in the real world contact centers cannot focus solely on the customer. Instead, it is also important that costs be contained and that agents work in a motivating environment.

Agent: The needs of the agent must be taken into account in contact center management since this is what promotes the high morale and positive incentives that create a loyal, motivated workforce, without which quality service could not take place. Meeting agent needs requires allowing flexible work schedules, competitive pay, bonuses, and training opportunities. However, if the agents needs are at the center of the management equation, then costs will rise to unsustainable levels.

Cost: Containing costs in the contact center is essential, and this is one of the key metrics by which managers are evaluated. In fact, many senior executives argue that cost containment should take precedence over other goals. However, it is not possible to run a contact center purely on costs, since this causes high agent turnover and customer defection.

The Optimization Process

How does optimization take place? The first element of this process is cost reduction. It is by now well documented and well understood that agent performance optimization technologies offer tangible, quantifiable results with return on investment (ROI) being measured not in years, but in months or even weeks. Furthermore, the value proposition for these technologies is clear, straightforward and easy to measure. For example, workforce management software allows contact centers to determine precisely how many agents are required during a particular time period, therefore obviating the need to pay for extra agents. Similarly, quality monitoring and eLearning applications are able to produce tangible results through greater agent effectiveness, resulting in improved metrics such as higher first call resolution rates and greater up-sell capabilities.

The ability to cut costs is a major benefit, yet this is only the beginning of the optimization process – effective customer service also entails improving the customer and agent experience. This is the most significant benefit of agent performance optimization software since it leads to superior operational results such as improved customer retention and profitability. For example, quality monitoring applications provide the ability to gauge customer satisfaction since managers are able to search interaction recordings for indicators of what customers would like to see improve. This allows contact centers to improve product offerings and revamp processes in order to provide better service. Quality monitoring also improves agent satisfaction by providing an objective method of evaluating performance and earning bonuses. In the same vein, workforce management improves the agent experience by taking their scheduling preferences into account and ensuring workloads are reasonable. Customers also benefit from workforce management software since the right agents are available at the right time. Finally, eLearning allows agents to improve their skill sets, thereby gaining greater job satisfaction and advancement opportunities.

Optimization requires the ability to view results in distinct areas and adjust operations accordingly. In essence, it is a balancing act between the needs of the customer, the needs of the agent, and cost containment. This need to balance is the driving force behind the shift away from viewing this market as a set of stand-alone applications and towards viewing the market as an integrated solution to resolve a common set of problems. However, to date this integrated approach has been more a theory than reality. This is because a suite providing each of the constituent applications of an optimization solution has not been available from a single vendor. At most, vendors have offered one of the core applications (either quality monitoring or workforce management) in conjunction with an additional application (i.e., eLearning or performance analytics). Thus, although the space is evolving towards providing integrated optimization tools, it has not yet reached the point where end users are able to realize the true promise of optimization.

Evolution of the Agent Optimization Space

Before taking a closer look at how the market for integrated agent performance optimization suites is moving from theory to reality, it is useful to examine the constituent components of this market. This helps to understand the evolution of this space, and where it is headed.

- Workforce management software automates forecasting, planning, and scheduling agent-customer interactions within the contact center by using data from automatic call distributors (ACDs) or computer telephony integration (CTI) servers to determine the optimal staffing schedule. Using algorithms, forecasts are made on an hourly, daily, monthly, or seasonal basis. Staffing requirements may be calculated based on user-defined service levels such as tolerance for percentage of calls abandoned or percentage of busy signals, and mean time to answer. When properly deployed, workforce management provides the lowest-cost schedule while accounting for factors such as agent preferences or seniority. The overarching purpose of workforce management technology is to put the right staffing resources in the right place at the right time, to produce a quality customer interaction.
- Quality monitoring software records and allows users to review the telephone conversations, multimedia interactions (e-mail, web chat, fax), and screen capture resulting from interactions between agents and customers. The software records either randomly or based on triggers prompted by a variety of mechanisms. These include: event-driven recording, information from Automatic Number Identification (ANI), Dialed Number Information Service (DNIS), a particular word prompt, measured stress levels, or agent initiated recording. These recordings are subsequently stored in a database and replayed for evaluation, training, compensation, and performance management purposes.
- Contact center eLearning solutions are software-based training and coaching software courses enabled by authoring tools that allow content to be delivered to the agent desktop via a network. Contact center eLearning applications are designed specifically with contact center skills in mind, and content is typically delivered to agents during identified periods of low customer contact volume. Sending the training at the right time requires integration with other contact center applications that contain scheduling, contact volume, and agent performance data, namely workforce management, automatic call distributors (ACDs) and quality monitoring solutions.

The evolution of these distinct markets into the integrated optimization space can be traced to a growing recognition that these applications solve a related set of problems in the contact center.

These various applications can be regarded as answers to a series of questions regarding the agent workforce:

How many agents do I need?	<i>Workforce Management</i>
How are my agents doing?	<i>Quality Monitoring</i>
How can I make my agents better?	<i>Training/eLearning</i>

Working together, these applications form a closed-loop process to enhancing human performance. The benefit of workforce management is that the application ensures that the right number of agent skills are in place at the right time. Quality monitoring captures interactions, which allows managers to identify any performance gaps and recognize excellent performance. eLearning enables the final step in the agent performance optimization process by providing contact centers with the tools to enhance individual performance. This ultimately improves quality such that the contact center functions more efficiently and effectively.

In order for the closed loop process to work, it is important that these applications be tightly integrated. For example, once managers understand how their agents are doing (through quality monitoring), they can address their skill gaps with the proper training (through eLearning). Likewise, in order to schedule the training at the optimal time, tight integration with the workforce management system is required. Growing interest in realizing these synergies is driving end user demand for these applications as a holistic solution.

Drivers of the Agent Performance Optimization Market

The agent performance optimization market operates on two levels. One level is the benefits of each particular application. The second is the benefit of these applications working as a closed loop process. Increasingly end users are seeing the connection between these two types of benefits. The key drivers of adoption that will continue to impact this market over the next several years are summarized below.

- **Customer Service as Key Point of Differentiation:** Since pricing and product differentiation has become increasingly difficult to achieve, customer service has emerged as the final frontier for competitive differentiation. This trend is of great significance to agent performance optimization vendors as their applications directly improve customer service operations and allow managers to leverage a tremendous database of customer metrics to measure overall contact center performance.
- **Requirement to Improve Metrics:** In order to ensure that quality service is being provided senior management requires that contact centers continuously improve performance metrics. Optimization tools enable such improvements to take place. A key example is the ability of quality monitoring tools to improve metrics such as average handle time (AHT) and first call resolution by identifying skill and knowledge gaps of individual agents. Additionally, when quality

monitoring is coupled with eLearning agents gain the requisite skills and knowledge to become more productive.

- **Recognition of the Crucial Role of Agents:** Agents are in a unique position to influence customer loyalty, positively or negatively. Many companies have recognized that what really matters to agents for job satisfaction is recognition and empowerment. For agent performance optimization tool vendors, this translates into tools for improving skill sets, establishing fair procedures for determining bonuses, sending commendations directly to the agent desktop and giving agents the latitude to express scheduling preferences and have these be processed in an objective manner.
- **The Rise of the Multi-channel, Multi-skill, Multi-site Environment:** This trend has resulted in increased complexity in the contact center and intensified the need for staff management tools. Contact centers are more efficient when employees have multiple skills or agents with different skills are connected to the same contact center. In addition, businesses must now support customers in multiple-languages and differentiate between various types of customers (gold, silver, etc.) These trends will only intensify in the future. Agent performance optimization software enables these environments to run more smoothly. For example, scheduling and forecasting algorithms are able to account for the demand and availability of each skill, agents gain access to information from multiple databases, and training resources can be developed to broaden the skills and knowledge of each agent.
- **Need to Reduce Agent Turnover:** Companies increasingly understand the high cost of agent turnover, and the ability of agent performance optimization tools to reduce this liability. The cost of recruiting and training a new agent can be as high as \$15,000 and is normally over \$3,000. Even a small reduction in turnover can produce substantial savings - and better customer service as experienced agents stay on the job longer.
- **Rise of Self Service Increases Complexity of Live Service:** The rise of self-service has meant that the inquiries being handled by live agents are more complex. This makes problem-solving skills even more crucial, driving the need for improved training and performance management tools.
- **Outsourcers Provide Examples for Best Practices:** The growth of the contact center outsourcing market represents a significant opportunity for agent performance optimization vendors. Outsourcers of contact center services use quality monitoring to improve performance and also as an effective marketing tool. Prospective and current clients are encouraged to monitor live calls to gauge the performance of their agents. Outsourcers also understand the value of continuous skill improvement through eLearning. Not only do outsourcers invest heavily in these technologies, but they also provide examples for best practices.

Challenges Facing the Agent Performance Optimization Market

Despite the significant market potential for agent performance optimization tools, there remain a number of challenges technology vendors and end users must face in order to continue growth. What is required is an engaged partnership where vendors learn about the changing needs of end users and develop product lines and services to meet these needs. The following section examines the major issues currently taking place in this market, and provides recommendations to overcome barriers to implementation.

- **Improve Ease of Use:** Encouraging contact centers to use the applications to their full potential remains a key challenge in the market. While the core value proposition of quality monitoring and workforce management is clear, integrating the multiple data sources required to create schedules and performance statistics can be complex. Industry experts concede that about 50 percent of the average workforce management applications end up as "shelfware." Contact center supervisors are overwhelmed with technology and often do not have the technical backgrounds required to fully understand the capabilities of the application. It is incumbent on suppliers to provide the training and handholding needed to insure that users gain the full benefits of their products. The need to reduce this complexity is one of the major drivers behind increased adoption of integrated application suites. For this reason vendors that have bundled quality monitoring and/or workforce management with eLearning and/or performance management analytics applications are seeing increased success in the market.
- **Broaden Product Lines While Continuing to Improve Core Applications:** As the value proposition behind integrated agent performance optimization suites becomes increasingly well understood, vendors offering multiple applications are challenged to broaden their product lines while retaining focus on their core applications. The top vendors in this market gained initial success by providing either workforce management or quality monitoring applications, and the majority of their revenues continue to be gained through one of these core products. This is because these applications are well known to users and offer easily identifiable agent productivity gains, as well as a clear, understandable ROI value proposition. At the same time, over thirty percent of the deals these vendors win now involve more than one application (for example eLearning is bundled with quality monitoring.) This encourages vendors to continue to innovate and offer value-adding modules. However, vendors must continue to gain an understanding of end user needs (such as scalability, reliability, feature-richness) for these core applications to remain competitive. Since the long-term value of the core solutions lies in the synergy between the core and value adding solutions, vendors that accomplish this successfully will realize market gains.
- **Point Solution Vendors Must Enhance Value Proposition:** The growth of integrated suites has created a new set of challenges for the point solution vendors in this market. Point solution vendors in the optimization space are those offering eLearning and performance management software as stand-alone components. Vendors of point-solution technology contribute to market

development by introducing new and innovative products. However, as the market for agent performance optimization technology matures, vendors of quality monitoring and workforce management software are increasingly providing eLearning and analytics modules as add-ons to their core products. The suite-based approach offers multiple advantages including easier implementation and reduced cost of ownership. To continue to be competitive, smaller vendors must offer applications that are not currently provided by vendors of larger application suites, communicate the value of these applications to prospects, and offer aggressive pricing.

- **Promote Agent Empowerment:** For the quality monitoring and workforce management markets to fully evolve into overall performance enhancement solutions, the idea that these tools are to be used as a punitive measure for gauging time adherence or performance must be left behind. In particular, agents are often anxious about the implementation of quality monitoring. Agents must understand how quality monitoring can help them. This is why it is very important that the vendor (or the vendor's representative) be pro-active in the implementation phase. It is especially important that agents be accorded visibility into data sources and performance metrics, that the product be easy to use, and that the tools be used for proactive performance enhancement.
- **Introduce Products Targeted to the Mid-Market:** The complexity of the products currently offered is holding back growth in the mid-market. Quality monitoring systems as designed today are largely niche products – intended primarily for large contact centers. Vendors need to offer simple software-only solutions targeted to the mid-market, affordable to contact centers with 20 - 150 agents. Likewise, deployment of workforce management software is nearly 100 percent among large contact centers, but overall penetration is estimated at no more than 30 percent. Yet experts agree that when call centers exceed 30 - 75 agents (depending on the nature of the contact center), automation is essential to achieve efficient scheduling and performance analysis. Therefore, there is a large unrealized opportunity in the mid-market. Vendors that offer integrated application suites that are easier to implement and manage are the best positioned to capitalize upon this opportunity.
- **Reduce Cost of Ownership by Offering Integrated Suites:** A further barrier to market growth is the high cost of integrating the multiple solutions that comprise an agent performance optimization suite. When applications are not offered as part of a single suite the overall cost of ownership is raised since typically each application must be run on a different server platform. The result is high integration costs and higher hardware costs. This acts as a barrier to end users implementing a more complete agent optimization solution since they are required to not only pay software costs but also to purchase additional hardware and obtain the services of technicians and consultants to ensure the entire solution works together. For many organizations, particularly those in the mid-market, the risks of integrating multiple systems and additional costs are a burden they are not willing, or able to, take on.

Need for an Integrated Suite

In order to bring the agent performance optimization market to the next level of adoption, the availability of an integrated suite offering is a necessary step. This development allows the major challenges holding the market back (i.e., ease of use, complexity of integration) to be met while continuing to provide the key benefits offered by performance optimization applications. Many businesses are interested in gaining the value of these applications but are put off by the difficulty and cost of managing the applications. A key benefit of the suite-based approach is that by making the implementation of these applications more cost-effective vendors are able to tap into the large opportunity represented by the mid-market.

Frost & Sullivan believes that an integrated suite offering the three core agent performance optimization applications will drive further market expansion. This is because a single suite offered from a single vendor offers a lower cost of ownership, requires less hardware, minimizes risk and provides a lower cost of upgrade over the life of the technology. Additionally, an integrated approach offers greater ease of use, which translates into less shelfware. The end effect is to bring the closed loop process to its full fruition.

A true integrated suite includes each of the core applications of workforce management, quality monitoring and eLearning. Rather than being required to purchase each component separately and later integrate, end users gain access to all key features and functions up-front. Such an approach allows users to balance the multiple components of contact center performance – customer needs, agent needs, and cost containment – by providing visibility into each step of the human performance management process.

To summarize, the key benefits of an integrated suite are as follows:

An integrated suite offers the lowest cost of ownership since a single server solution minimizes hardware costs. The solution also offers easy upgrades when one application changes. One vendor is available for ongoing support. Integration costs are minimized since there is built-in integration of data and functionality. And, finally, training costs are lowered.

Integrated reporting for quality monitoring, workforce management and eLearning is made available through an integrated suite. Rather than work with multiple interfaces, users have access to a single interface for all applications. This provides a centralized management tool and allows users to drill down to details for root-cause analysis. With such a tool, balancing the multiple components of contact center performance is facilitated.

Lower administration costs and greater ease of use are available through the ability to create a single schedule for quality monitoring and workforce management. This reduces training costs and cuts administration time. When a single schedule is created for quality monitoring and workforce

management, users are able to accomplish more consistent monitoring by type and group. An additional benefit is that when an agent's skill level changes, monitoring is adjusted automatically, thereby reducing administration costs.

Agent empowerment is facilitated since an integrated suite offers a centralized feedback, information and learning tool. Such a tool provides various types of data and tools including: work schedules, recordings of customer interactions, supervisor evaluations, verbal coaching from the supervisor, training videos, personal performance graphs and on-demand recording of difficult calls for self-evaluation or discussion and learning with the supervisor. The key benefit here is that when all information is in a central location, agents are more likely to use the data to maximum benefit.

The integration of workforce management with eLearning allows coaching to be delivered to the agent desktop at the right time. Additionally, since the eLearning application is integrated with quality monitoring, the eLearning is targeted to precisely those skills a particular agent needs to acquire. Managers retain control over the process and can choose the optimal delivery option depending on business needs, traffic, and urgency of content. This enacts a continuous process improvement loop while ensuring that contact center operations are not disrupted. The end result is cost effective performance enhancement.

Finally a wealth of metrics are made available from the various applications. This allows managers to gauge performance in the contact center as a whole, and to enact improvements at the overall level. These key metrics include: quality scores, productivity numbers (such as average talk time, average hold time etc.), training courses completed, and workforce management statistics such as agent schedules, contact volume and service level adherence.

Conclusion

The concept of optimization – along with the technologies that enable this process – has continued to gain momentum in the contact center market. This is because, unlike other concepts (such as CRM) that have offered lofty benefits and failed to deliver returns commensurate with the scope of investment required, optimization offers clear, measurable benefits that can be realized with a short time frame. Further the value proposition of optimization is easily understandable and addresses human performance concerns that are central to the enterprise. In short, improved staff performance directly improves the bottom line and leads to stronger customer relationships. This explains why, according to our research at Frost & Sullivan, demand for each of the applications associated with agent performance optimization – quality monitoring, workforce management and eLearning – continues to expand despite the current economic downturn. The end result has been continued revenue growth for vendors of these applications, enhancement of the core products, and an expansion of product lines to include value-adding applications that extend the optimization process.

Yet penetration rates for agent performance optimization technologies remain low among contact centers overall. This indicates that despite ongoing market expansion there is still considerable room to grow, and also that barriers exist to implementation. Among the most significant of these obstacles has been the requirement that users undertake the risk and expense of integrating technology from multiple vendors in order to deploy each component of the performance optimization. This makes it difficult for users to realize the benefits of a closed loop process. In fact, many users have been unable to realize the benefits of their technology purchases since they lack the in-house technical expertise to utilize the software to its full potential. In many cases, realizing even the most basic benefits of the software requires extensive integration and administration expenditures, amounting to several times the cost of the software itself. The end result has been to discourage large segments of the potential end user population from investing in optimization technologies. This trend is particularly pronounced among the mid-market, and barriers to penetrating this segment have restrained market growth.

However these obstacles are not insurmountable. The current trend towards developing integrated suites of agent performance technology applications is likely to address these barriers. This is because an integrated suite offers an overall lower cost of ownership, making the solution accessible to a wider range of users. A further benefit of an integrated suite is that it brings the optimization process to its full fruition, since it is truly able to provide a closed loop through unified reporting and data integration. To date, much of the excitement regarding the agent performance optimization concept has been with reference to the *potential* benefits of a holistic approach, yet currently only large enterprises have been able to reap the benefits of a complete solution. An integrated suite makes these benefits available to a wider range of organizations, thereby moving the agent optimization concept from theory to reality.

This paper is part of an on-going coverage of worldwide Information and Communications Technologies markets by Frost & Sullivan (www.frost.com), an international growth consulting company. Working closely with our clients, we use advanced market research methods to identify and analyze the critical market challenges they must address to become successful competitors in their industry. Our solutions are focused on these challenges in order to provide our clients strategies, which enable them to increase revenues, market share, and profitability.

For more information on other Frost & Sullivan studies on Information and Communications Technologies markets, please contact:

Brian Cotton
Vice President of Consulting
bcotton@frost.com
+1 416.490.0983

Richard Sear
Director of Sales
rsear@frost.com
+1 210-247-3840

This paper was sponsored by Envision to obtain objective third-party analysis of the benefits of an integrated agent performance optimization suite.