

**SOURCE:** Customer Inter@ction Solutions (Norwalk, CT)  
**AUDIENCE:** 210,111 [provided by Nielsen//NetRatings]  
**DATE:** 04-28-2008  
**HEADLINE:** High Priority Talkument An Oaisys in the Desert

### Source Website

Once a year, the editorial staff of Customer Interaction Solutions conducts a roundtable interview of industry leaders as a way of assessing the growth and prospects of the call/contact, CRM and teleservices industries. This year, we asked **Interactive Intelligence**, InfoCision Management Corp., Aspect Software, Oracle, Autonomy etalk, Verint Witness Actionable Solutions and IEX Corp. to provide us with their valuable opinions on the direction of the industry. We're happy to share with you, our valued readers, these companies' expert opinions.

First, companies were asked, "In your judgment, by what percentage is the contact center industry expected to grow, and what is the reason for this growth?"

**Interactive Intelligence:** We anticipate worldwide contact center industry growth between four and eight percent; we expect North American growth between three and four percent. Due to current economic conditions, we expect the collections industry to help drive market growth. In addition, we expect a continued increase in the use of remote agents driven by cost-savings, improved business continuity, a broader labor pool, and increased agent retention as a result of more flexible and convenient work conditions.

InfoCision Management Corp: 20 percent. At InfoCision, we are projecting close to 20 percent growth for ourselves over the next year, and that's really the only way we can gauge how much the industry will grow. We believe that other firms that are focused on high-quality service should grow as well.

We have seen a refocus around the important concept of quality. Companies are beginning to realize that simply choosing the lowest priced provider from RFP responses does not translate into a total lower cost with sufficient customer satisfaction. Offshore call centers are generally not providing the quality of service that most firms require, in terms of keeping customers and being productive. So we're seeing more Fortune 100 companies outsourcing to top-tier providers here in the U.S. to provide them with the highest return on investment.

Oracle: 20 percent. CRM is growing at an average of eight to 10 percent currently and the focus on contact center extensions to include infrastructure transition to software-as-a-service offerings will drive customers to consider a larger solution when implementing new solutions. Aging applications are going to need to be replaced requiring additional investment – driving the investment to exceed the averages in CRM.

There is a resurgence of customer satisfaction as a measure of customer value expected as the competition for revenue becomes more acute due to an anticipated economic downturn. Companies tend to invest more heavily in service solutions during these lean times to preserve the existing customers and highlight the value of customers to prospective customers. As this is a global trend, the investments should rise globally, and not only in the Americas.

Additionally, the significant contact center consolidations and leveraged outsourcing continues to drive investments in standard infrastructures that provide flexibility to companies when reconfiguring their service organizations should play a role in the growth of the technology investments.

Aspect Software: Less than 10 percent. Datamonitor expects the global contact center market to grow from \$5.6 billion in 2007 to \$6.6 billion in 2010 with a compound annual growth rate (CAGR) of 5.2 percent. During the same period, The North American contact center market is expected to grow from \$2.5 billion to \$2.7 billion showing a CAGR of 3.5 percent.

We are expecting modest to almost flat growth for the contact center industry in the U.S. Most of the growth we expect to see will be around VoIP deployments and the implementation of unified and performance optimization solutions. VoIP is a viable option for contact centers now with the growing adoption of session initiation protocol (SIP) and standards-based technology. This reflects a huge shift in the industry from proprietary, closed standards to open standards and this will impact the growth of the contact center industry. Contact centers are looking for solutions that will provide them with more flexibility and control over their contact centers and the ability to deliver a better customer experience. This is a key reason why unified solutions that include all major contact center applications, like an ACD, dialer, voice portal, Internet contact, reporting, routing and administration in a single platform, are increasingly gaining traction in North American contact centers. In addition, performance optimization solutions are giving contact centers a better view into how they can improve and streamline contact center operations and get an edge over the competition.

Verint Witness Actionable Solutions: 15 percent. Increasingly, companies are recognizing the strategic value and critical business intelligence that comes through its most customer-facing channel: the contact center. More and more, these centers are being viewed and recognized as vital information sources, strategic assets, key branding channels and insightful sources for product and service feedback, as well as relationship building. Organizations with IP infrastructures (also on the rise) and those that share customer intelligence with the back office and other areas of the enterprise that impact the customer experience can help make companies more customer-centric in their approach, their processes and their investments. We see this a lot in the workforce optimization market we serve.

At our May 2007 Driving Innovation event, the Verint Systems annual customer conference, a survey of attendees showed that more than half of respondents reported their organizations share interactions with departments and/or groups outside of the contact center. Executive management, marketing and product management ranked the highest among those groups. This is a sign that companies are moving to a more integrated way of working cross-departmentally --- sharing customer intelligence, uncovering business trends, discovering the root cause of employee and customer behavior and powering the right decisions --- to help ensure service excellence and achieve continuous performance improvement across every aspect of customer care operations.

The move to IP telephony by a growing number of organizations is one key factor. The rise of the knowledge worker and home-based customer service agents, enabled by IP, is another growing trend in the contact center industry. Additionally, continuing to make customer service easily accessible is a driver; i.e., the contact center - versus storefronts - have helped create a quick avenue for customers to check balances, return status, etc.

Autonomy etalk: 10 percent. With the current business environment and U.S. presidential campaign underway, businesses will likely be more cautious regarding expansion and development. For 2008, businesses utilizing an outsourcing model will evaluate this model to determine if the expected ROI and customer experience have been delivered.

With the rapid growth of contact centers in Asia and India over the past few years, we anticipate a concentrated effort on cultural education and people development rather than expansion in traditional contact centers. Instead, businesses will focus on providing consumers with new communication and self-service channels in the upcoming year and supporting customer service through those channels.

Organizations that used the outsourcing model based on expense savings are either moving those functions in-house or utilizing U.S.-based outsourcers. We will continue to see the movement of contact center work from overseas to U.S. shores for more efficient quality management and to counteract the negative impact some foreign service centers have had on the customer experience. With this influx of work, there will be some potential growth of brick-and-mortar contact centers, but the growth, economic appeal, technological capabilities, and flexibility of at-home agents will definitely increase.

IEX Corp.: 10 percent, based on market experience and a review of various WFO reports.

Additional factors:

Consolidation at the top–end of the market continues to drive product innovation and end–user refinements;

Continued growth of the sales into the small–to–mid sector;

Expansion of the contact center technology into non–traditional environments such as work–at–home and outbound; and

More widespread adoption of IP technology.

For the next question, companies were asked, "What, in your opinion, is the greatest technological need of the call/contact center industry at the moment?"

***Interactive Intelligence:*** Continued adoption of open standards that help promote more flexible communications options.

**InfoCision Management Corp.:** The most critical need throughout the contact center industry is to create a consistent and high–quality experience for customers. If something works well, a teleservices firm should focus efforts to maximize the benefits of the existing technology and make improvements to it. Constantly adopting new technologies just because they promise bigger and better things can ultimately backfire. Training costs increase and employee frustrations can mount. Instead, companies should focus their efforts on customizing solutions for clients to improve the customer experience.

**Oracle:** Transition of call switching to a software–based infrastructure and improved voice–driven technologies will continue to lead the innovation adoption curve for 2008 as seamless multichannel communications that enable the routing and redirection of customer contacts in context of their existing request continues to be widely implemented.

**Aspect Software:** With major software vendors like Microsoft lending credibility and stature to the subject, many companies are thinking about unified communications and what it means to their businesses. As a result, technology/applications that help support UC strategies will be in high demand in 2008 and beyond. Creating an enterprisewide strategy for UC is as much art as science, because the endeavor forces every company to ask (and answer) critical questions about internal business processes and workflows.

**Verint Witness Actionable Solutions:** The need for unified platforms is proving to take precedence. With a suite solution — and even more specifically, a unified framework — significant synergies develop among the previously disparate parts and its beneficial impact is profound. Today, industry experts are concluding that the customer service industry is maturing and that companies are demanding more integrated and robust software and services. Integrating separate best–in–breed solutions from multiple vendors is costly, not because the integration per se is terribly difficult to accomplish, but because integrated systems can be challenging to standardize, replicate and maintain over time. Through unified, single platform suites, customers can benefit from easier installation and implementation, and reduced learning curves and training expenses — all of which translate into lower cost of ownership and a faster return on investment. Couple that with solutions and services that draw on a structured upgrade path and single support organization, and users gain significant advantages.

There's a great need for technology and business processes that help organizations improve the entire customer service delivery network — from contact centers to branch stores and remote offices to back–office operations. These departments and locations that also support the customer (either in person, or in the way of billing, order fulfillment and claims processing for instance) face some similar challenges that contact centers have in the past, but with a different twist. Workforce optimization is addressing those needs by taking proven solutions traditionally used in the contact center and applying them in new, innovative ways elsewhere in the

enterprise.

Autonomy etalk: As businesses today face more and more regulations, from data security standards to industry compliance and risk management initiatives, they require technologies that can help them manage their data and meet the numerous requirements they are charged with both internally and via external influences. The Federal Rules of Civil Procedure (FRCP) is one regulation that is beginning to impact the way companies manage the data collected through the customer contact center, collections departments, and financial trading arenas. Information captured as voice interactions is now being targeted as Electronically Stored Information (ESI) for legal discovery and is a risk to any organization. Businesses that record calls for quality or compliance, especially those in highly litigious industries such as financial, insurance, and utilities companies, should invest in technologies that can automatically search, analyze, and retrieve data that are stored both within the enterprise and in any archived or externally stored information.

IEX Corp.: The contact center is under tremendous press to meet service goals and protect business value every time they interact with the customer. Therefore, the greatest need in the contact center is for tools that enable the center to achieve high performance. To do so, the center must be able to gain a unified view of its operation. But it must also be able to roll-up and drill-down from the enterprise, to the operation, to the agent level in order to uncover key market and business drivers. Advances in critical contact center solutions such as interaction analytics, workforce and performance management are making high performance achievable by changing the way the contact center is viewed and managed.

Next, companies were asked what was the most important technology they used in 2007.

InfoCision Management Corp.: We have been focused on a concept called server and desktop virtualization over the past few months. It is the concept of using one physical server computing resource to run multiple server or desktop sessions on the same hardware platform.

Virtualization has allowed us to consolidate several servers onto one physical piece of hardware, resulting in savings in racks, maintenance and energy. We have also seen the benefits of virtualization in development and testing due to the ability to create, use and reset virtual server images. If you include Microsoft's Terminal Services in a looser definition of virtualization, we have seen even more benefits by reducing the total-cost-of-ownership of desktops and the enablement of a home-based call-center workforce. In addition, we will significantly decrease the amount of space we need to use in our data center as we grow, as well as saving substantially on power consumption and cooling costs.

Oracle: Integration of best-of-breed solutions plays an important role in extending existing infrastructure investments and enabling adoption of newer technologies that drive greater customer satisfaction. Solutions that enable call center agents to more intelligently handle customer requests and resolve their issues sooner will greatly enhance productivity, cut costs and improve productivity. Look for integration of knowledge management solutions, dynamic queuing solutions that route customer inquiries to the "best resource" that resolves their solution, "next best offer" solutions, as well as the ability to transition investment to a soft telephony infrastructure that leverages VoIP and transitions from hard wired switches to a more dynamic software based infrastructure should lead contact center innovation for the next couple of years.

Aspect Software: In 2007, Aspect implemented Aspect Unified IP -- a complete contact center product that unites automated call distribution (ACD), predictive dialing, speech-enabled voice portal, e-mail management, Web chat and collaboration, workflow management, recording and quality management -- in its new global headquarters in Chelmsford, Massachusetts. Aspect Unified IP exemplifies the company's unified approach -- uniting inbound, outbound and blended multichannel contact in a highly scalable architecture that enables the single administration of as many as 15,000 agents.

Contact centers have great potential to be revenue-generating assets to modern-day businesses. However, as the industry has evolved, they now include a lot of enabling technologies that traditionally have been sold by separate vendors as individual components instead of as an integrated solution. Aspect Software recognized

that a single platform designed to include all the key functional contact center components would be required. Aspect Unified IP not only leverages innovations like open standards to support critical customer-focused business processes, but it is also flexible enough to accommodate the unique business models of the variety of clients and vertical markets that the company serves.

Finally, roundtable participants were asked what, in their opinion, is the most important criteria in selecting a teleservices company.

InfoCision Management Corp.: The best, surefire way to see what a teleservices company is really made of is to visit its call centers and experience the reality of its operations. Anyone can create a fancy flyer or Web site to tout their services. But if you can physically watch agents while they work, you can tell a great many things about the company they work for. Do the agents have a passion for what they do? Do they have the experience and training to sound professional when speaking on behalf of your company? Are the agents mature adults who are supporting their families, or are they college kids who just need some money for pizza and beer this weekend? When you see the operations and company culture firsthand, you should know whether you want that call center firm representing your company.

Aspect Software: Companies should invest in (and demand) solutions and vendors that offer open standards such as SIP, MRCP, etc. Open standards are particularly valuable to companies because they deliver increased compatibility between components, enabling true interoperability. In doing so, they make it easier, faster and less expensive for companies to implement new and emerging technologies that have the power to greatly enhance customer experiences and improve customer loyalty. As open standards continue to mature, we will see the development of a number of new and innovative products and services using new standards, such as VoiceXML, SCXML, CCXML, which have been built on early protocol standards such as HTTP and SIP.

Technology Marketing Corp. 1997–2008 Copyright.

***Highlights: Interactive Intelligence***