



A FASTER WAY TO ACHIEVE GREATER COST OPTIMIZATION USING ON-DEMAND CONTACT CENTER PLATFORMS

Are economic conditions intensifying internal pressures to cut contact center costs? Have mergers with other companies made it costly and difficult to integrate contact centers and provide management with full visibility across locations? Are you being asked to find ways to do more with less when it comes to contact center operations?

This paper explores the real costs behind traditional contact center operations – particularly in the areas of labor, IT, and facilities – and explains how you can leverage on-demand contact center solutions to substantially reduce them. On-demand technologies have matured to the point where they can easily support enterprise-level contact center requirements. They give you instant access to process and technology innovations that can substantially reduce – and even avoid – these costs.

The savings opportunities can be substantial, as determined by Datamonitor and ROI studies conducted with several companies using the LiveOps On-Demand Contact Center Platform.

When you use an on-demand contact center platform, you can potentially:

- Reduce annual labor costs by 15%
- Reduce facility costs by up to 100%
- Reduce annual technology costs by as much as 35%¹

At the same time, this paper explores how Serenova™ solutions can help you simultaneously improve customer satisfaction, operational efficiency, agent effectiveness, and business outcomes. Because our on-demand technology gives you greater control over the levers of agent productivity, you can run a leaner contact center without sacrificing overall business objectives.

¹ Datamonitor, "The Business Guide to Virtual Contact Centers in the Enterprise—New thinking overcomes traditional barriers." July 2008

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TRADITIONAL CONTACT CENTERS: REACHING A CROSSROADS

Given the current state of the economy, companies are more focused on cost optimization than ever. Contact center managers are being challenged to find ways to do more with less – and still keep customer service levels high. But for many, achieving these goals can be nearly impossible given their existing technology infrastructure. For example, your traditional contact center technology may be capacity constrained and approaching the end of its life. Or you may have integrated contact centers from acquired companies – each with different technology – resulting in an overly complex infrastructure that’s costly to maintain, limits visibility, and makes it difficult to utilize labor efficiently.

When looking to cut costs, it’s not uncommon to think of IT as the biggest area of opportunity. But the fact is that most contact centers have already gleaned all potential cost savings from their existing contact center technology – and as a result, their remaining IT

costs are relatively fixed. In reality, technology represents only a small slice of the typical contact center cost model. As shown in Figure 1, which extrapolates data from a recent Datamonitor report, labor – including staffing, training, salaries, and benefits – represents an estimated 70% of total operations costs.² Facilities make up about 15% of overall costs, while

technology makes up 7%. These percentages indicate that as you look for ways to cut contact center costs, your greatest opportunities may actually reside in areas other than technology.

The challenge for you, then, is to find contact center solutions and best practices that make a real difference

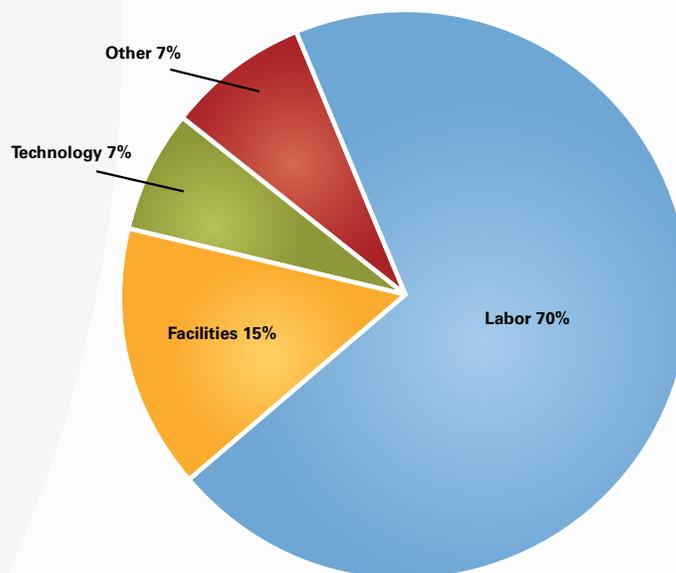


Figure 1: Labor costs account for the majority of contact center operating expenses.

² Datamonitor, “The Business Guide to Virtual Contact Centers in the Enterprise—New thinking overcomes traditional barriers.” July 2008

in all three cost areas. The good news is that Internet and on-demand technologies can help you achieve these goals. For years, on-demand solutions – which are delivered using a Software-as-a-Service (SaaS) model – have been driving productivity in other areas of the enterprise, including CRM, human resources, and finance. And they are now being used within enterprise-level contact centers to not only cut technology, facility, and labor costs, but also substantially improve operational efficiency and business outcomes.

SaaS OFFERS NEW OPPORTUNITIES FOR COST OPTIMIZATION

The SaaS model of software deployment makes a comprehensive contact center solution available as a hosted service through the Internet. SaaS eliminates the need to install and run contact center software on your own IT infrastructure and PCs – so you no longer have the burden of software maintenance, ongoing operations, and support. You simply pay a monthly fee based on the number of users (or a similar metric) to use the application(s). You also gain instant access to new features and innovations as soon as they are available – and at no additional cost.

As explored more fully throughout this paper, the latest on-demand contact center solutions from Serenova™ deliver the innovation, best practices, and process automation needed to create new savings opportunities in technology, labor, and facilities. How? By transforming how contact centers are

set up and work gets done at all stages of the contact center life cycle – from deploying contact center applications to hiring, educating, and managing agents; routing and transferring calls; and monitoring performance and productivity. LiveOps On-Demand Contact Center Platform and Application Suite offers a comprehensive, fully integrated contact center solution that unifies all contact center activities, supports remote agent and traditional contact center models, and provides unprecedented visibility and control.

LIVEOPS ON-DEMAND CONTACT CENTER SOLUTIONS: DELIVERING RESULTS

Serenova™ knows first-hand the cost savings opportunities to be gained from leveraging a SaaS model. We operate the world's largest virtual contact center using our on-demand technology. Currently, over 200 customers – including many enterprise organizations and over 28,000 customer, partner, and independent home agents – depend on the Serenova™ to manage over 270 million minutes of talk time per year. Many of our customers are Fortune 500 companies that use our platform to run their mission-critical operations. Careful analysis of our own operations, as well as customers using the LiveOps On-Demand Contact Center Platform, indicate that businesses can substantially reduce or eliminate hard costs. You can potentially:

- **Reduce labor and workforce costs by up to 15%** through on-demand solutions that improve agent utilization, increase agent

productivity, and reduce agent-to-supervisor ratios

- **Avoid up to 100% of facility and real estate costs**, including leasing costs, utilities, and related costs associated with leasing or owning contact center facilities by supporting virtual contact centers staffed by home-based agents
- **Cut annual technology costs by up to 35%** because you no longer need to invest in software licenses; hardware such as routers, switches, and servers; and IT staff for ongoing maintenance and configuration

At the same time, Serenova™ best practices and proprietary tools help you “do more with less” by increasing the efficiency and effectiveness of your agents. Our customers typically realize substantial soft benefits, including:

- Increased overall productivity
- Increased customer satisfaction
- More consistent and effective brand representation and agent effectiveness
- Substantially reduced attrition
- Increased scalability and flexibility to handle unpredictable demand

SERENOVA™ CASESTUDIES: PROVING THE VALUE OF ON-DEMAND SOLUTIONS

Serenova™ recently worked with several customers to analyze their return on investment (ROI) after leveraging some or all components of the LiveOps On-Demand Contact Center Platform and Application Suite. The studies focused on the effect of the Serenova™ on technology, labor, and facilities costs, as discussed in a recent Datamonitor report.³ Industry-standard

metrics around customer satisfaction, agent productivity, handle time, first call resolution, and transfer time were used to measure the effectiveness of the LiveOps platform and applications.

As the following examples illustrate, Serenova™ customers are leveraging the deployment flexibility of the on-demand architecture to accomplish different objectives. For example, some businesses choose to deploy the platform within their existing brick-and-mortar contact center to reduce IT and labor costs. Others use it to create a virtual contact center staffed with home-based agents, which cuts facilities and real estate costs and ensures they only pay for agents when they need them. And some companies use it to ease the migration to a virtual contact center. The SaaS model is flexible enough to accommodate unique customer needs and evolve as needed.

REDUCING LABOR AND IT COSTS

Given that labor costs make up 70% of all contact center costs, finding ways to improve agent productivity and utilization can go a long way toward improving your bottom line. The Serenova™ includes several unique capabilities that increase agent productivity – both at the aggregate workforce level and individual agent level – while simultaneously enabling you to cut labor costs by as much as 15%.

IT costs are another area where on-demand contact center platforms

can help you slash operating overhead. Traditional contact center solutions require significant investments in premise-based hardware, databases, middleware, and applications that can take months to integrate and deploy – and are costly to maintain over time. Costs add up quickly to about 7% of total contact center costs. Serenova™ customers have found that moving to an on-demand model can save as much as 35% on IT costs.

Let's take a look at how some Serenova™ customers have used our platform to achieve these results.

A FORTUNE 50 FINANCIAL SERVICES FIRM REDUCES IT AND AGENT LABOR COSTS

One of Serenova™ customers – a Fortune 50 financial services firm – has geographically distributed contact centers staffed by more than 900 agents. Management felt their organization was best served by having their agents working in traditional contact centers. But the IT department had been maintaining a mix of Cisco and Aspect technologies for their contact centers – an increasingly costly and time-consuming endeavor. The CIO was tired of investing in a legacy technology platform and maintaining it using the company's limited IT resources. And he didn't want to grow his IT staff just to meet new contact center requirements for re-routing calls and other tasks. Rather, he wanted to get out of the contact center maintenance business, reduce associated IT labor costs, and focus on technology that's



Currently, over 200 customers – including many enterprise organizations – and over 28,000 customer, partner, and independent home agents – depend on Serenova™ to manage over 270 million minutes of talk time per year. Many of our customers are Fortune 500 companies who use our platform to run their mission-critical operations.

³ Datamonitor, "The Business Guide to Virtual Contact Centers in the Enterprise—New thinking overcomes traditional barriers." July 2008

central to the organization's daily operations.

The problems didn't stop there. Contact center management found that the current technology platform made it impossible to use their agent pool in a way that optimized agent utilization or leveraged individual skill sets to improve service quality. Their traditional routing solutions only supported location-based, geographic routing – with no way to direct calls to individual agents. This resulted in over-utilization of agents in one location, and under-utilization in another, which hurt hold times, call abandonment rates, and aggregate agent utilization. Utilization rates were only 60%, and hold times were too long – averaging 2.75 minutes.

To address these challenges, the company investigated using the LiveOps On-Demand Contact Center Platform and Application Suite in their existing contact centers. After testing the software, they performed an ROI analysis. Results of this analysis are summarized in the following table.

Lowering Labor Costs by Improving Agent Utilization with Contact Center Virtualization

After reviewing call concurrency across multiple contact centers, the customer determined that the company could realize a 6.5% reduction in staffing levels by using virtual call routing – a best practice enabled by the LiveOps On-Demand Contact Center Platform. Once deployed, the virtual call routing feature would free contact center managers from the constraints of traditional call routing solutions. Typically, when calls came in, they were routed to just one of several contact centers, regardless of how busy that contact center was (or how slow the other contact centers were). By using virtualization to treat their multiple centers as one large center, the company could distribute calls more effectively and maintain (or even reduce) their staffing levels while providing better customer service, decreasing hold times, and potentially realizing millions in annual savings.

The company recently completed a comprehensive cost analysis that

compared today's call routing with virtualized call routing used among the three contact centers servicing one of their divisions. The platform's virtual routing capability makes it possible for them to route calls dynamically to all of their agents – remote or in-house – and across these three sites. When agents are fully utilized, calls are queued in the Serenova™ media gateway instead of a specific geographic location. When the next agent becomes available, the platform routes a call to that agent based on their eligibility to take the call type – all without regard for location. As a result:

- **Agent utilization is expected to increase by 15%**
- **Hold times are expected to decrease from 2.75 minutes to under two minutes**

Serenova™ also offers many routing options, including geographic, skills based, and time-based. This enables the customer's contact center managers to, for example, avoid peak-based staffing decisions per contact center location by relying on best-available routing, which incorporates aggregate attributes across agent groups, individual and group utilization, discrete agent skills, and performance against targets. And unlike other solutions, Serenova™ puts the control firmly in the hands of the company's business users. For instance, now they can configure changes in real time as business needs change – without IT assistance.

Enabling Technology or Best Practice: Projected Results

Contact center virtualization

- 6.5% reduction in staffing levels
- 15% increase in agent utilization
- Reduction in hold times from 2.75 to under two minutes

Transfer with audio

- 67% reduction in transfer times
- 1.3% reduction in average hold time and telephony costs

On-demand contact center technology

- 35% reduction in IT costs

Lowering Labor Costs by Reducing Unproductive Warm Transfer Talk Time

This customer was also able to reduce labor costs using the LiveOps On-Demand Contact Center Platform by reducing unproductive warm transfer talk time. Their contact centers had been using a “warm transfer” protocol, whereby a transferring agent briefly explains the caller’s inquiry to a new agent before transferring the call to the agent. This warm transfer practice fosters a better customer experience, but it also encourages unnecessary talking between agents, which extends handle time, drives down utilization of agents, and increases telephony costs.

To address these challenges, the company tested a feature available with Serenova™: transfer with audio. This unique call transfer flow reduces unproductive agent time without compromising the customer experience. Using the transfer-with-

audio feature, the first agent records a summary of a call before transferring the call (and the recording) to the second agent, who can listen to the recording as many times as needed. This innovative approach to call transfers increased agent productivity by reducing unproductive talk time among agents from 183 to 60 seconds and making the transferring agent available sooner, as shown in Figure 2.

The customer estimates that the transfer-with-audio feature will enable them to cut transfer times by 67%. This decrease in call transfer time is also expected to yield a 1.3% reduction in average hold time and telephony costs.

Reducing IT Costs by Using On-Demand Contact Center Technology

By eliminating their complex, outdated contact center platform – and replacing it with the LiveOps On-Demand Contact Center Platform and Application Suite – this customer also **anticipates a 35%**



Using Serenova™ functionality to treat their multiple centers as one large center, the company could distribute calls more effectively and maintain (or even reduce) their staffing levels while providing better customer service, decreasing hold times, and potentially realizing millions in annual savings.

THE RESULTS:

- Agent transfer time reduced from 183 to 60 seconds
- AHT decreased from 420 to 414 seconds

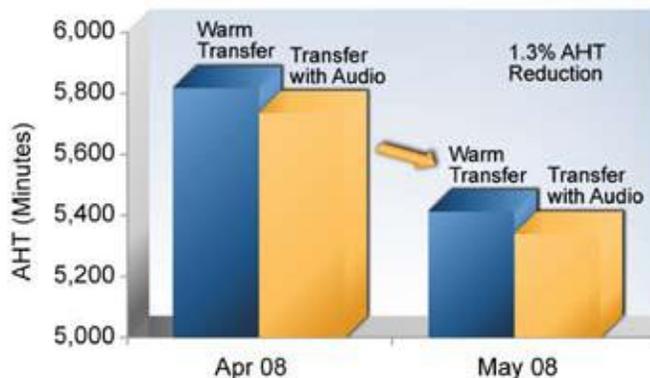


Figure 2: A Fortune 50 financial services firm realizes substantial savings in average hold time and telephony costs.

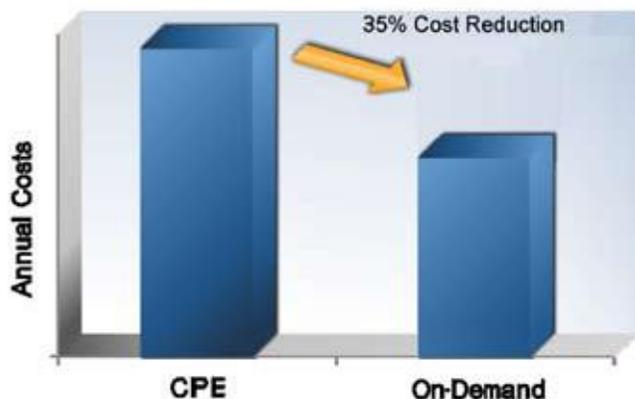


Figure 3: A Fortune 50 financial services firm expects to cut technology costs by 35% by outsourcing their contact center platform to Serenova™

reduction in IT costs (see Figure 3). These savings are made possible through:

- **Reduced in-house IT costs** Now IT doesn't have to purchase and manage discrete, geographically-based hardware and software deployments, configure and integrate disparate applications, and maintain them. (In traditional contact centers, these activities typically equal 20% of total technology expenses.) With Serenova™, there is no need for ports and routers, and all applications are integrated and delivered via existing network infrastructures. LiveOps experts keep IT running in top form on a 24x7 basis, and software upgrades happen automatically, with no disruption to daily operations. Even switching, call recording, and maintenance costs are reduced because these capabilities and services are either built into the platform or delivered as part of the on-demand service.

- **improved IT productivity** IT is no longer bogged down with contact center issues, such as maintenance, upgrades, and call routing changes. They are free to focus on IT issues more central to the overall business.
- **Avoidance of incremental investments in emerging contact center features:** Innovations are automatically and instantly available as soon as they are released – all at no additional fee.

Savings are also possible in the following areas:

- **infrastructure and capacity:** The Serenova™ provides flexible capacity whenever and wherever the business needs it. Managers can rapidly scale technology use as call volumes go up, which reduces the need to invest in additional telephony and agent port capacity to handle spikes in call volume.
- **Administration:** Serenova™ enables contact center managers to instantly generate

reports or make routing changes without costly IT assistance. Equally important, because business people are empowered to make changes in real time, they can respond more swiftly to evolving business conditions.

- **Vendor management:** The IT department now has “one throat to choke” in the event of a problem.

A FULL-SERVICE MEDIA AGENCY LOWERS LABOR COSTS BY INCREASING AGENT EFFICIENCY AND EFFECTIVENESS

Contact center virtualization and technology outsourcing aren't the only ways you can lower labor costs. For example, another Serenova™ customer used our platform to improve the performance of individual agents – and ultimately do more with less. This customer – a direct response company that markets health products to consumers – wasn't happy with its sales conversion rates. Their agents primarily take inbound sales calls, and net conversion rates for their offering were only 29.5%. Revenue per agent time was \$4.13.

To address these challenges, the company decided to leverage best practices supported by the LiveOps On-Demand Contact Center Platform: results-based routing and performance-based agent segmentation.

Using Results-Based Routing

Traditional contact center solutions support skills-based routing, which helps you better match agent segments and skill types to customer segments; usually, matching is done

using agent skills databases that are difficult to update. Serenova™ gives you an innovative feature called results-based routing, which evolves contact center operations from next-available to best-available routing. It enables you to segment agents by any attribute you choose (such as average handle time or sales rates) and then rank their performance in real time. This makes it possible to match call type and caller needs to specific agent capabilities, which ensures that calls are routed to the best available, highest-performing agent in a given moment.

By using results-based routing, this customer was able to optimize performance at the individual level – agent by agent – to achieve better business outcomes. The customer’s contact center managers could match call types to specific agents based on their skills, experience, and performance – regardless of the agent’s geographic location. And as a result, they realized:

- An 8.6% increase in conversion over a four-week period
- A 12% increase in agent productivity (measured in terms of revenue per agent time)

Because their agents were able to be more productive, the company could meet its financial targets without having to hire additional agents.

Using Performance-Based Agent Segmentation

This company used another best practice supported by the LiveOps on-demand platform to reduce labor costs: performance-based agent segmentation. Management uses it to segment agents into groups based on performance criteria such as average handle time, sales conversion rates, and customer satisfaction. Once they define the criteria, the Serenova™ tracks agent performance against those criteria for every call in real time. This all-call approach to performance monitoring ensures that agent segmentation is always current.

Gartner surveys show that 24% to 37% of all software purchases end up as shelfware due to deployment complexity.

And because they can send more calls to high-performing groups, they can improve overall campaign performance.

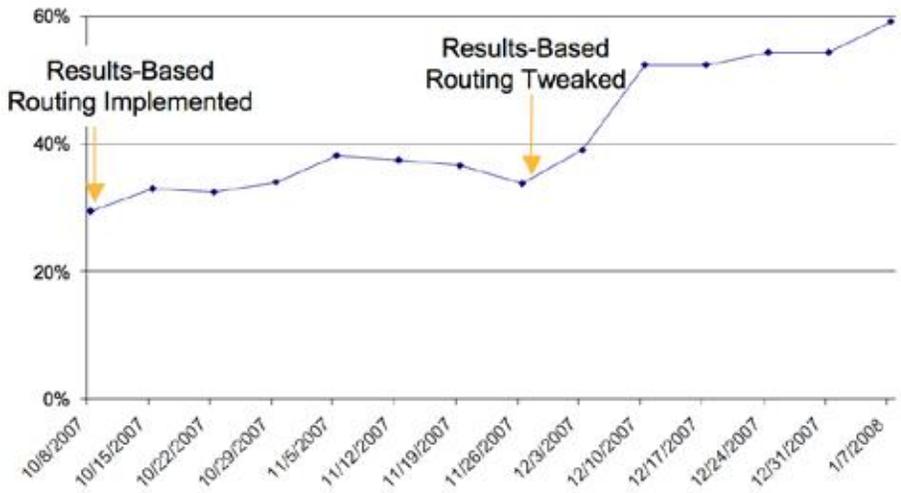
As illustrated in Figure 4 below, the program was launched on 10/6/2007 with a common line group of agents. On the week of 10/15/2007, the client segmented their highest-performing agents and routed more calls to them. You can see an instant spike in conversion on this date and then a gradual increase in conversion and revenue per agent time as more calls were routed to the highest performers.

After segmenting agents into high-performing groups and routing more calls to them (without starving the

THE RESULTS:

- Conversion increased from 29% to 52%
- Agent productivity (revenue per agent minute) increased 13% from \$4.13 to \$4.67

Figure 4: An online consumer retailer dramatically increases conversion rates and increases agent productivity, enabling them to do more with less from a labor cost perspective.



other agents), this customer increased conversion rates from 29.5% to 59.2% and improved revenue per agent time from \$4.13 to \$4.67 – dramatically improving conversion and overall revenue per agent time.

REDUCING FACILITIES COSTS

Setting up a typical 250- to 500-person brick-and-mortar contact center usually costs between \$10 and \$20 million dollars – just in initial capital costs. It's no surprise that facilities alone represent about 15% of all contact center costs.

But with on-demand contact center solutions, you can avoid 100% of these costs altogether by setting up a virtual contact center staffed with home-based agents. The virtual model reduces the need for costly brick-and-mortar buildings and eliminates facilities-related expenses such as capital expenditures for real estate, buildings, and leases. At the same time, you can reduce labor costs by making it easier to employ higher-quality agents, as well as retain them by improving their quality of life and rewarding good performance.

Augmenting or replacing your traditional contact center with a virtual model also enables you to improve the quality, flexibility, and scalability of your traditional contact centers. You likely need a way to respond swiftly to business changes and handle unpredictably high or low call volumes – without adding costly new infrastructure or paying for idle agents. On-demand solutions make this possible and keep costs affordable.

Let's take a closer look at how a large

consumer services firm used a virtual contact center staffed with home-based agents to achieve its savings and growth goals.

A Financial Institution Selling Identity Protection Uses a Remote Agent Model to Avoid 40% of Facilities Costs

A leading provider of identity theft prevention services experienced 80% to 100% annual growth during its first few years of business. But such tremendous demand for the company's services was straining core business processes, particularly in the area of contact center support. Call volumes were severely straining the company's 5,000 square foot contact center facility. Periods of unexpected spiky call volumes were a particular challenge. Agents couldn't keep up, service levels were dropping, and opportunities to close new business were being lost.

To handle the rising volume of calls, contact center managers began utilizing home-based agents and the LiveOps On-Demand Contact Center

Platform to quickly add capacity, as they didn't want to invest millions to expand their existing brick-and-mortar contact center. Management was impressed by the quality of service that these agents provided – as well as the stability, scalability, and agent management capabilities of Serenova™. They knew they'd found a possible solution to their scalability problem. But they needed a proven technology solution that would allow them to manage both their in-house and home-based agents using a single, secure contact center platform.

The LiveOps On-Demand Contact Center Platform supports every process required to manage a virtual contact center. Intuitive, fully integrated applications provide unprecedented visibility and control over every contact center activity – right down to individual agent performance and calls. Business users are empowered to control the effectiveness of their contact centers by centrally managing every contact center function in real time. And contact center management

on-demand in Action: The Liveops Virtual Contact Center

We use our on-demand contact center platform every day to optimize the performance of the Serenova™, which:

- **Manages 270 million minutes of talk time per year**
 - **Addresses an SLA objective of 99.99% availability (measured end-to-end using the strictest standards)**
 - **Maintains the highest levels of security with sensitive customer data (In 2007, Serenova™ securely collected 15 million credit card numbers, over 1 million bank account numbers, and over 100,000 social security numbers)**
 - **u ses Web services and published APIs to integrate with premise routing systems and other legacy applications**
-

and agents can log in from anywhere in the world using just a PC and an Internet browser.

This customer performed an analysis to determine the cost savings associated with a virtual contact center staffed by home-based agents. Because this customer's call traffic patterns are very spiky, much of the cost savings are derived from infrastructure that would otherwise be idle during periods of lower call volumes. As shown in Figure 5, savings come primarily from leasing costs, utilities, and ongoing training and recruitment costs that are reduced due to lower attrition. This client has achieved cost savings of \$2 million per year in facilities and labor costs by leveraging the equivalent of 85 full-time agents to handle large call spikes caused by direct response advertisements.

On-Demand in Action: The LiveOps Virtual Contact Center

LiveOps operates the world's largest virtual contact center using our own on-demand contact center platform and application suite. As stated previously, over 200 customers – including many enterprise organizations – and over 28,000 customer, partner, and independent home agents – depend on our on-demand contact center platform to manage over 270 million minutes of talk time per year. The platform ensures that we can consistently meet the strictest SLAs – both internally and for our enterprise customers. We use the platform to recruit and onboard agents, educate and certify them,

THE RESULTS:

- AVOIDED COSTS OF OPENING A THIRD CONTACT CENTER BY USING REMOTE AGENTS
- REDUCED CARBON FOOTPRINT

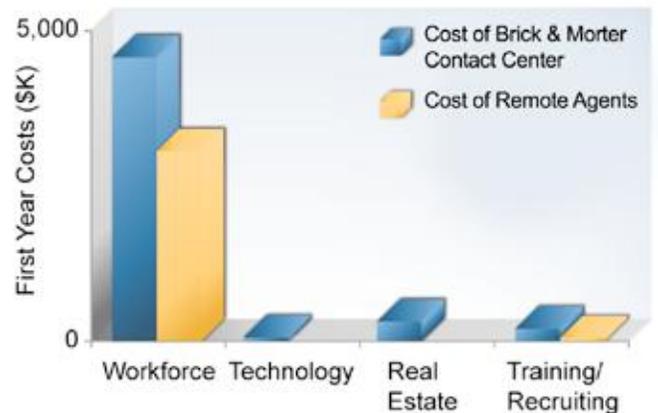


Figure 5: A Fortune 500 company providing identity theft protection services avoids nearly 100% of facilities costs by using Serenova™ to support a virtual contact center staffed by home-based agents.

route calls, monitor and improve agent performance, and track performance in real time.

Since we rely on the platform as much as (and potentially more than) our customers, we continuously invest in it. We're constantly developing new functionality to simplify the job of managing agents, routing calls, and driving performance. We also leverage our experience to develop and share best practices so our customers can use the platform and its accompanying application suite to achieve new levels of customer service and operational efficiency.

FOR MORE INFORMATION

As these technology and customer stories illustrate, on-demand call center models have matured to the point where they can easily support enterprise requirements.

Equally important, they give you access to unique capabilities and ongoing innovations that help you

reduce costs, support new demands, and improve operational performance.

For more information about how Serenova™ can help you reduce costs and improve contact center performance, please visit www.serenova.com.



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