

Cloud-Based Contact Center Infrastructure Market Report Reprint

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1. Introduction

The future of contact center applications is in the cloud. Chief information officers (CIOs) and business leaders are in agreement and on board with the benefits of placing their contact center infrastructure and other contact center systems in the cloud. On-premise applications are not going away, but the benefits of the cloud-based delivery model are so compelling that a company needs a good reason to justify keeping their contact center solutions in-house.

2016 has been a great year for the cloud-based contact center infrastructure market, despite some confusion caused by mergers and acquisitions. The number of cloud-based contact center infrastructure seats increased by 20.9%, and this growth came from companies of all sizes. The market for cloud-based contact center infrastructure solutions is no longer limited to only small and mid-size organizations. Although the larger environments are not yet opting for wholesale replacements of on-premise contact center solutions, they are doing strategic insertions in their existing infrastructure, a trend that is expected to continue.

Financial services organizations, among the last holdouts, are joining many other industries in adopting cloud-based contact center infrastructure solutions. Increased reliability, flexibility and security are making these solutions more appealing to IT and business leaders in financial services, particularly now that the cloud-based vendors are driving market innovation. The adoption rate of cloud-based contact center infrastructure solutions is still slow in the larger financial services organizations, but acceptance has begun.

Globalization and the need for worldwide contact center and carrier services are also important trends that are driving the adoption of cloud-based contact center infrastructure solutions. The cloud-based contact center infrastructure vendors are capable of handling the complexities of providing multi-national services and routing, making these solutions an obvious choice for enterprises that do business in many countries.

Replacements are Going to the Cloud

The vast majority of contact center infrastructure solution seats that were sold in the last two years have been replacements of existing premise-based contact center solutions. The contact center infrastructure market is in the midst of a major technology refresh, as companies are being forced to replace their 18- to 20+- year-old premise-based solutions, which are either end-of-life (EOL) or at the end of vendor support. Ten or more years ago, a large percentage of companies stayed with their incumbent solutions, but due to turmoil in the premise-based contact center infrastructure market, this is no longer the case. In

this era of customer engagement, where service enhancements are a necessity, enterprises need solutions that give them an ongoing flow of new features and functionality. The cloud-based vendors are introducing innovation to the market much faster than their premise-based counterparts. Using Agile development methodologies, vendors can release new functionality daily or weekly, so it's readily available when one of their enterprise clients wants to use it.

In over 40 years, the contact center infrastructure market has never experienced this pace of innovation. Vendors are delivering enhancements to improve system usability, ease of integration, agent productivity and the customer experience. In the past 12 – 18 months, a number of the cloud-based contact center infrastructure vendors have released new user interfaces (UIs) and user experiences (UXs) for their customers, and some are already planning further improvements. The willingness of the cloud-based contact center infrastructure vendors to listen and respond to the needs of their customers – to the extent that some of the vendors claim to dedicate more than 50% of their R&D dollars to addressing customer requests – is a significant differentiator for this sector.

The M&A Story

In a market with over 150 competitors, mergers and acquisitions (M&A) are inevitable. The only surprise is that it has taken so long to start happening. It's been a busy M&A season for the cloud-based contact center infrastructure market, and DMG expects to see more of this activity in the near future. Notable deals include NICE's acquisition of inContact and Genesys's purchase of Interactive Intelligence. NICE is a workforce optimization company that has announced their plan to operate inContact as a separate business unit. NICE is known for working with many of the largest banks around the world, concentrating on the high end of the market where the organizations have large and very large contact centers; this is already opening the door to new opportunities for inContact.

Genesys's acquisition of Interactive Intelligence is similar to the NICE purchase of inContact in that the acquiring company primarily works with many of the larger contact centers in the US and worldwide. Interactive Intelligence has recently gone through growing pains in building out their new PureCloud cloud-based contact center infrastructure solution from the ground up, but the company has previously experienced many years of strong growth and success. Interactive Intelligence's all-in-one contact center solution represents a winning approach in the market. Genesys has announced that they plan to use Interactive Intelligence to target the mid-size sector and use the legacy Genesys solutions at the high end. It remains to be seen how well the acquiring companies execute their mergers, as there is a lot at risk for all parties – the acquiring company, the “acquiree,” and the customers of the acquired companies.

However, one thing is for sure: a great deal more M&A activity lies ahead for the cloud-based contact center infrastructure market.

Service Providers are Developing Cloud-Based Contact Center Solutions

Service providers around the world, particularly carriers and business process outsourcers (BPOs), are actively building cloud-based contact center infrastructure offerings and services. In some cases, these vendors have realized that this is an essential service that they need to provide to their customers; in other cases, their customers pushed them to enter the market. Regardless of the reason, this is a business model that is here to stay.

It is convenient for many companies to purchase contact center infrastructure functionality from their carrier and pay for it either per minute or per seat. The challenge is that many of the carriers are struggling to learn this business. A major round of investments is underway, as carriers and BPOs are actively seeking the right technology and partner to help them succeed in this increasingly competitive market. In some cases, the service provider is buying only the underlying technology; in other cases they are also purchasing many of the services the cloud vendors offer to give them the platform, technology, resources and expertise they need to succeed. During the past 12 – 18 months, selling and OEM'ing to service providers and other third parties has become one of the fastest-growing opportunities in the market.

Cloud-Based PBX Vendors Take on the Contact Center

A growing number of companies all over the world want to buy public branch exchange (PBX) and contact center functionality from the same cloud vendor. This is one of the reasons why carriers are currently striving to enhance and build out their cloud-based contact center infrastructure capabilities. For years, a number of the cloud-based PBX vendors offered basic contact center capabilities, and these features were adequate for many of their customers. However, given the availability of more advanced contact center features and the growing importance of delivering an outstanding customer experience cost effectively, contact centers with as few as 2 seats are asking for more advanced capabilities, such as voice and screen capture, skills-based routing, workforce management, speech analytics, and a lot more.

The cloud-based PBX vendors are adding more advanced capabilities and are now offering 3-tiered services. PBX services remains their primary business, but they also offer rudimentary contact center offerings for companies that need just the basics, and a full-featured contact center offering via an OEM or white-label of one of the more advanced cloud-based contact center infrastructure solutions in the market. Many of the cloud-based PBX vendors still have to learn how to sell contact center solutions, but they are very well positioned to succeed in this

market, as they already have relationships with the IT groups in end-user companies, who often make contact center recommendations.

Market Potential is Great

The cloud delivery model is highly compelling for enterprises. Contact centers were late to adopt cloud-based solutions, but are now fully on board, as they have found these vendors to be very responsive to their needs. The vendors still have work to do – they need to get better at integrations, professional services, managed services, reporting and personalizing their offerings – but they have come a long way in a short time. The cloud-based model allows companies to acquire capabilities that they may not previously have been able to afford or build internally, such as automatic call distributors (ACDs), dialers, customer relationship management (CRM) systems, workforce management (WFM), analytics, hiring solutions, etc. The shared resource concept of the cloud is a game-changer that can benefit companies of all sizes. This doesn't mean that companies using the same cloud-based contact center platform will deliver the same service experience to their customers – far from it, as the quality of the service experience still depends on the resources and expertise available within each organization. It does mean that companies can dedicate their resources to developing a highly differentiated service strategy, and then have a platform from which to deliver it.

2. Core Cloud-Based Contact Center Infrastructure Functional Capabilities

The core capabilities in functionally rich cloud-based contact center infrastructure solutions should be similar, although how they are executed differs. Leading cloud-based contact center infrastructure offerings are omni-channel solutions that handle inbound, outbound and blended interactions. These solutions provide the following core capabilities:

Automatic call distributor: Used by inbound, outbound and blended contact centers to manage the flow of interactions by routing and queuing them to the most appropriate agent.

Interactive voice response (IVR): Self-service voice tools that automate the handling of incoming and outgoing calls. Advanced IVRs use speech recognition technology that allows customers to interact with them by speaking instead of pushing buttons on their phones. IVR applications are also being leveraged in outbound agent-less campaigns to interact with customers, collect data, schedule callbacks, and transfer calls to live agents.

Computer telephony integration (CTI): Software that connects the ACD to the servicing application (customer service, CRM, sales, collections, etc.), and looks up or records information about the caller. At its most basic level, CTI performs a “screen-pop,” displaying a customer’s account on the agent desktop when an interaction is delivered.

Unified Communications (UC)/presence: UC is the integration of real-time and non-real-time communication services. Real-time communication services include Internet Protocol (IP) telephony, call control, instant messaging (IM)/chat, presence information, real-time video and data sharing. Non-real-time applications include voicemail, email, short message service (SMS) and fax services. The communications services are delivered over a variety of communications devices, IP phones, personal computers (PCs), smartphones and tablets. Presence provides real-time status information about the availability of each person in the network, as well as their preferred method of communication (phone, email, chat and video).

Unified messaging (UM): Application consisting of various messaging and communications media (voicemail, email, SMS, fax, video, etc.) stored in a common repository and accessed by users via multiple devices through a single unified interface.

Universal queue (UQ): Application used to integrate interactions from multiple communication channels (voice, email, SMS, chat, fax, video, social media,

etc.) into a single queuing solution to provide standardized routing, queuing, reporting and management.

Outbound: Application used to fully or partially automate the process of interacting with customers or other people who have given their permission to be contacted on an outbound basis. (These solutions must comply with many different regulations.) Outbound solutions offer multiple dialing modes for reaching customers – manual, preview, progressive, predictive, non-telephony (also known as Telephone Consumer Protection Act (TCPA)-compliant), power, click-to-call and robo-calling.

Campaign management: Application used to design, schedule, execute and manage outbound campaigns. Campaign management systems are also used to analyze campaign effectiveness. (At their most basic, they are list management applications.)

Recording: Applications used to capture and play back audio and screen interactions between customers and agents. Recording systems should capture everything that happens during interactions and what agents do on their desktops.

Unified desktop – centralized agent desktop interface for handling omni-channel interactions, calls, emails, chat sessions, co-browsing, SMS, social media, video, etc. The unified agent desktop can be integrated with third-party CRM and servicing applications.

Reporting: Tools used to track and manage the performance of agents, teams, departments, systems and processes within the contact center. Reports are presented in narrative, graphical or tabular formats. Reports can be created on a historical or real-time basis, depending on the data collected by the contact center applications.

Mobile applications: Applications designed to function on mobile devices such as smartphones and tablets. Contact center mobile applications are intended to be used by agents, supervisors and managers. They give users access to relevant contact center information, such as dashboards, key performance indicators (KPIs), work schedules, survey results and quality assurance (QA) evaluations, via mobile devices.

The more advanced cloud-based contact center infrastructure solutions come with a number of optional modules to help managers improve the performance of agents and their departments. The optional modules that are most often being included in cloud-based contact infrastructure solutions are:

1. QA – evaluates how well each agent adheres to the internal policies and procedures of the department

2. Coaching/eLearning – provides highly tactical and timely feedback and/or learning content to agents to help them improve their performance
3. Enterprise feedback management (EFM)/surveying – web, IVR and social-media-based solutions for creating, issuing, tracking and analyzing customer feedback
4. Speech analytics – structures phone conversations and converts them to metadata for further analysis or action
5. Text analytics – software used to extract information from unstructured text-based data, such as emails, chats, SMS, social media, etc., in order to structure and use it to identify the reasons why people contact the organization
6. Desktop analytics – captures, tracks and analyzes everything that happens on the agent desktop
7. Real-time guidance/next-best action (NBA) – tools designed to give agents the right information at the right time to deliver a personalized experience to each customer
8. Predictive analytics – utilizes data mining, statistical techniques, machine learning, neural networks and artificial intelligence to identify relationships, patterns and trends; from this data, a predictive model can be built to anticipate the likelihood or probability of future events, behaviors or occurrences and their impact on business forecasts
9. Customer journey analytics (CJA) – an agile method of capturing, aggregating, measuring and evaluating the full experience as customers/prospects traverse an organization; provides the ability to reconstruct and assess what happens at every touch point, from inception to fulfillment, to evaluate the experience from the customer perspective
10. Contact center performance management (CCPM) – integrates data from multiple sources to produce contact center reports and dashboards
11. CRM/servicing – provides a complete view of the customer relationship and their interaction history
12. Workforce management – forecasts and schedules the right number of agents to handle interactions in each channel
13. Gamification – provides a recognition and reward framework to improve performance, productivity, employee retention, performance, sales, etc.

3. Serenova

Company Overview

Founded: 2000 (as LiveOps, Inc.)

Ownership: Private

HQ: Austin, TX

of employees: 165

Deployment models:
Cloud

Serenova is a cloud-based contact center platform and services provider. Founded in 2000 as LiveOps, the company split in 2015, divesting their cloud contact center solutions business from their contact center outsourcing services, to form LiveOps Cloud Platform LLC, an independent corporate entity. In 2015, Marlin Equity partners acquired LiveOps Cloud Platform and rebranded the company as Serenova in October 2016.

Serenova’s cloud-based contact center infrastructure strategy is “to put clients in command of the customer experience with a smart, powerful, and highly reliable contact center platform.” Serenova sells primarily on an indirect basis via a global network of channel partners consisting of carriers, resellers and systems integrators. Serenova’s target market is contact centers with 200 – 600 seats. Key verticals include IT services and technology, financial services, retail (traditional and online), business services, business process outsourcers (BPO), energy, utilities, insurance, pharmaceutical, consumer products and healthcare.

Product Profile

Product name: CxEngage

Version: N/A

GA: Updates released weekly

CxEngage is an omni-channel cloud-based contact center infrastructure solution that supports inbound, outbound (click-to-call) and blended voice, email (via Salesforce), text, short message service (SMS, via Twilio and Plivo) and social media (Twitter and Facebook). Core components of the solution include: automatic call distributor (ACD), interactive voice response (IVR), computer telephony integration (CTI), customer relationship management (CRM-lite), email response management, scripting, list management, voicemail, virtual queuing and callback, conferencing, voice recording, quality management, surveying, and historical and real-time reporting. The Serenova Call Flow Authoring (CFA) Suite is a drag-and-drop GUI-based flow designer that uses widgets and templates to enable the creation, configuration and distribution of IVR and call flows, and agent scripting. Users build customer experience flows separately from agent experience flows and then put them together to deliver an optimized experience. Commonly used flows can be defined, saved and re-used as components of larger flows.

English is supported out-of-the-box. Serenova also has a small/mid-size business offering that is targeted for environments with 5 to 299 agents.

Agent desktop Smart Agent Tool bar is the unified agent interface for handling omni-channel interactions and monitoring personal performance. The tool bar can be embedded within a third-party CRM system. Agents are provided with a browser-based WebRTC softphone. Agents can conference in supervisors or support resources for assistance, and/or transfer voice, email, SMS, chat, Twitter and Facebook interactions if escalation is requested or required.

Supervisor dashboards/ Supervisors have access to customizable real-time dashboards and historical reports for managing agent and contact center performance. CxEngage comes with 10 standard report

reporting

templates, which can be modified with user-defined filters and parameters. LiveDashboards provides access to real-time reporting. The real-time dashboards are configurable; supervisors can select from a list of pre-defined KPIs, and group them via a drag-and-drop user interface (UI) to create customized dashboards. Multiple dashboard views are available, with the ability to drill down for more details. LiveDashboards provide visual and audible threshold-based alerts and notifications when parameters are exceeded. Supervisors can live-monitor calls and can access Serenova’s web-based interfaces on mobile devices that run iOS or Android.

Customer relationship management (CRM)/servicing

Serenova provides a basic CRM-like interface and integrates with other CRM or servicing applications using Web Services or REST application programming interfaces (APIs). Serenova has out-of-the-box integrations with Salesforce and ZenDesk CRM systems. Information from the servicing application can be captured and populated within CxEngage CRM data fields.

Outbound

CxEngage offers manual, click-to-call and robo-calling outbound dialing modes. Contact and dial-plan strategies are user-defined and fully customizable. Multiple campaigns can be run in different modes simultaneously. For automated proactive customer care (robo-calling), CxEngage supports outbound call campaigns and outbound email and SMS broadcasts. Serenova Outbound Advantage is an independent software vendor (ISV)-managed application that is sold on the Salesforce AppExchange. It supports automated real-time loading of outbound dial lists from Salesforce.

Workforce optimization (WFO) capabilities

CxEngage natively provides TDM, SIP, and WebRTC-based voice recording, quality assurance, surveying and performance management. Other WFO capabilities are offered via partnerships: omni-channel voice/screen recording and advanced quality assurance (Verint and ZOOM), workforce management (Adtech/Verint, Monet and Teleopti), coaching (Verint) and gamification (Bunchball).

Analytics

Serenova offers analytics capabilities via partnerships: speech analytics (Verint), text analytics (Verint and ZOOM) and desktop analytics (Glance and Verint). The speech analytics solution leverages both large vocabulary speech recognition (LVCSR) and phonetics to provide post-call and real-time analysis of audio interactions. Text analytics supports email, web chat, SMS, Twitter and Facebook. An integration with Glance provides co-browsing, agent-to-customer video and real-time next-best-action offers. For customer journey analytics, Serenova can link

omni-channel interactions into a single CRM record by combining multiple contact points. Serenova offers an optional interface to view transaction history across all channels.

Compliance

Serenova was conferred TRUSTe's Privacy Seal in 2015, signifying that privacy policies and practices have been reviewed by TRUSTe for compliance with TRUSTe's Web Privacy and TRUSTed Cloud program requirements. The CxEngage platform is PCI Level 1 and SOC 2 certified. Security attestations are provided by Trustwave. Serenova offers Secure Exchange as a PCI DSS compliant credit card payment method that can be integrated into call flows.

Back-up/disaster recovery/business continuity

CxEngage is a multi-tenant cloud platform that runs on Amazon Web Services (AWS). Serenova data centers are located in Las Vegas, NV; New York, NY; London, England; Sydney, Australia; Amsterdam and Singapore. Serenova provides redundancy in their data centers as well as geographic redundancy by running in an active/active architecture. Serenova provides automatic failover if a primary site is unavailable. They perform both complete and incremental back-ups, which are stored for a minimum of 2 years. Customer data is replicated between sites within each region, and is periodically moved off-site for secure long-term storage.

Future

Serenova utilizes an Agile development methodology and releases updates to their cloud-based contact center solution each week. Planned enhancements during the next 12 – 18 months include:

- Expanded connectivity – gateway integrations for BroadWorks, Mitel, Plivo, Skype and Cisco for increased connectivity and enhanced failover options; software development kits (SDKs) for iOS, Android and JavaScript to enable voice/WebRTC integration to mobile applications and websites
- Call flow simulation and testing – additional capability to run simulations using historical data to predict contact center performance; also, the ability to test alternative flow set-ups in production
- Social listening – ability to track definable online conversations, phrases, words, brands or hashtags, and to receive notifications of heightened activity or unusual trending of accounts in Facebook and Twitter
- Streaming API – high-throughput and secure access to tenant reporting data, enabling customers to stream CxEngage information into a data warehouse or third-party business intelligence tool
- Extended channel support – addition of web chat as a servicing channel; addition of progressive outbound dialing capabilities

About Serenova

Serenova simplifies every aspect of the customer experience, from front office to back, to make life easier for you, your customers and your employees. The world's most passionate, customer-focused brands achieve brighter interactions, deeper insights, and more meaningful outcomes with Serenova's always-on, highly secure, true multi-tenant and instantly scalable Contact Center as a Service (CCaaS) platform, CxEngage. Headquartered in Austin, Texas, Serenova has operations in California, Canada, the United Kingdom and Australia/New Zealand. Learn more at www.serenova.com. For live updates follow [@serenovashine](https://twitter.com/serenovashine).

About DMG Consulting LLC

DMG Consulting LLC is a leading independent research, advisory and consulting firm specializing in contact centers, back-office and real-time analytics. DMG provides insight and strategic guidance and tactical advice to end users, vendors and the financial community. Each year, DMG devotes more than 10,000 hours to producing primary research on IT sectors, including workforce optimization (quality management/ recording), workforce management, speech analytics, text analytics, desktop analytics, customer journey analytics, enterprise feedback management/surveying, performance management, gamification, voice biometrics, cloud-based contact center infrastructure, dialing, interactive voice response systems and proactive customer care. Our actionable solutions are proven to deliver a lasting competitive advantage, and often pay for themselves in as little as three months.

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