



The Compelling ROI Benefits of Contact Center Quality and Performance Management Technologies

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Making the Business Case

You have dealt with operational and quality challenges, done your research, and know its time to modernize your contact center(s). This means adding some new workforce optimization (WFO) applications and upgrading or replacing others, such as voice and screen recording, call quality management, performance management, electronic learning and coaching, and speech analytics. You have an idea of available options and costs. Now it's time to zero-in on the most appropriate technology and ask management for the money. This means preparing a capital funds appropriation. ROI, NPV, and IRR are not the KPI's that contact center management is accustomed to using. This is never fun but no business function gets a pass these days, no matter how "mission-critical." Most businesses and a growing number of non-profits require a business case before approving substantial capital investments. This can be a lot of work, but it's also a chance to shine. Think of yourself as an entrepreneur going before a venture capitalist to request funding. The entrepreneur's presentation includes numbers, but does not stop there. It's as much about ideas and vision as sales and profit projections.

Business Case versus ROI Model

A business case should not be confused with an ROI model. Management looks at the numbers and they also look behind the numbers to see if the analysis is solid and to assess how well the proposed investment fits with the broader of goals of the organization. These goals include cost control and revenue growth, but they also include customer satisfaction, customer retention, employee loyalty, and other challenges faced by today's business organizations. The business case captures all the reasons to make an investment in contact center workforce optimization (WFO) applications, while the ROI model only presents the relationship between the capital investment and a financial benefit of that investment.

Key Business Strategies

A good place to start is to list the key strategies of your organization and the many ways your proposed investment will contribute to the success of these strategies. Business strategies are the reflection of an organization's understanding of its strengths and weaknesses and the best utilization of its potential to maximize opportunities and minimize risk. Many of today's organizations formulate their business strategies around objectives such as:

- Differentiate based on superior customer service and satisfaction
- Expand organically in existing business categories
- Develop new business
- Expand margins

Since the contact center is the customer-facing frontline of an organization, it makes a direct contribution to the execution of these strategies, with measurable impact. Examples include:

Differentiation based on superior customer service and satisfaction

- Develop correlations between customer satisfaction levels, repurchase levels, QA scores, and selected KPIs to better understand which factors drive customer delight.
- Implement customer satisfaction tracking systems
- Identify, analyze, and replicate success
- Develop new metrics for measuring the strength of customer relationships
- Implement an agent incentive program based on customer relationship metrics like satisfaction scores and retention rates
- Implement analytics to monitor customer assessments of the competitive landscape

Expanding organically in existing business categories

- Analyze effectiveness of all active campaigns and perform root cause analysis where appropriate
- Initiate an outbound campaign to existing customers, alerting them to new products/promotions
- Follow-up with personalized emails thanking customers for recent orders
- Revise the script to make sure every agent asks questions that lead to up-sell opportunities

Think of yourself as an entrepreneur going before a venture capitalist to request funding. The entrepreneur's presentation includes numbers, but does not stop there. It's as much about ideas and vision as sales and profit projections.



Developing New Business

- Develop specialized scripts for new services or products
- Provide special training on new products and new target customers
- Enable and encourage cross-selling between product lines
- Route calls from the most important customers to the most skilled agents

Expanding Margins

- Improve productivity at both Agent and Management levels
- Speed up handling time and first contact resolution by consolidating the views agents need to see and automating business processes
- Use technology to automate reports
- Reduce and simplify IVR menu options
- Implement skills-based call routing and scheduling

Each of these actions could involve additional investments in call routing, CRM, IVR, interaction recording, workforce management, analytics and eLearning.

For example, organizations that have implemented Activ! Performance Optimization software from VPI Corporation have found that their investment has resulted in significant savings while also supporting the company's growth and customer care objectives.

Preparation

Itemizing how your proposed investment supports the goals of the organization is the most critical first step. This step goes hand in hand with justification of the investment's cost. Your proposal will be judged against others – all of which will show lofty pay-offs. No department is going to submit a capital funding request that shows an unfavorable return. Build on your advantage – the contact center has better back-up data, allowing you to present a more defensible business case. You need to identify and value (1) the cost savings, (2) the revenue gains, and (3) the investment costs.

Understanding Expenses

In the contact center, costs fall into one of three categories: labor, facilities, and overhead.

Labor – The cost per hour for each employee classification, including benefits. You multiply this number by the hours worked to determine total labor costs. Labor costs need to be averaged by labor classification to calculate the average cost per hour for managers, supervisors, team leaders, analysts, QA specialists, trainers, agents and others that may be on the payroll or otherwise charged to the contact center – like HR trainers, IT support, and outsourcers. Labor is the largest budget item, accounting for 60 – 70 percent of annual expenditures.

Facilities – Facilities costs cover all the hardware, software, utilities, and external services required to operate the contact center. The largest components will be voice and data services, depreciation on invested infrastructure, and software license fees. This category would also include incidental office expenses. Facilities are the smallest part of the total contact center budget, accounting for 10 – 15 percent of total budget.

Overhead – The contact center budget will include a charge for corporate overhead. Overhead covers everything that cannot be readily assigned to specific departments. Examples are corporate staff salaries, electricity, water, and building maintenance. Overhead will run 20 – 30 percent of total budget and is an uncontrollable expense. Unless otherwise specified by your finance department, overhead should not be considered in your financial justification models.

The expense categories you will be most concerned with are labor and facilities. In some cases, where organizations have committed to a policy of energy conservation, you will want to consider the cost of electricity to run your servers, workstations, readerboards, and other power-hungry devices.

It is very important to know differential labor costs since WFO investments impact different employee classes. Interaction recording systems, for example, have no meaningful cost impact on agent labor,

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but do produce savings in terms of supervisor and QA specialist time. It is also essential to know how much time is spent performing specific tasks, such as manually creating workforce schedules, coaching agents, attending training sessions, crafting emails, or preparing reports. Some organizations keep time sheets or use outside experts to perform time studies to get this information.

Cost Savings

Cost savings may be direct or indirect. Direct savings result from reduced agent hours to provide the same level of customer care, perhaps as a result of more efficient scheduling or automated workflows. Lower network services costs may result from new technology, lower holding times, and faster call handling. Indirect savings include cost avoidance and productivity gains. Cost avoidance occurs when planned cost increases are mitigated due to new technology or new work processes. An example of cost avoidance is the purchase of an integrated suite of applications that share a common platform. In this event, software upgrades and data base changes are administered simultaneously to all applications, avoiding the cost of maintaining separate release schedules, duplicate data entries, and manual merging of separate reports.

Another example of cost avoidance is risk mitigation. There are many laws and regulations governing privacy, outbound calling, mandatory disclosures, and labor laws. Applications like full-time interaction recording, script authoring, and workforce management software help insure against violations and provide an audit trail to prove or disprove charges. Productivity gains accrue when more work gets done with the same or a lower level of labor units. An example is the replacement of manual quality monitoring systems, such as side-by-side agent monitoring, with automated recording and retrieval systems. The investment in automated recording means supervisors will be able to evaluate more agents in the same or less time and have more time available to spend working one-on-one to more effectively coach agents.

Examples of Cost Saving Benefits:

- Reductions in head count
- Reduced turnover and the consequent lower cost of recruitment and training
- Reduced costs for voice and data services
- Reduced costs of internal or external IT support
- Avoidance of fines and potentially costly litigation
- Better utilization of management personnel

Revenue Gains

Revenue gains may also be direct or indirect. Agents engaged in outbound calling, up-selling, and cross-selling generate direct revenue. In environments like direct marketing, reservations, enrollment, and debt collection, the value of the contact center contribution can easily be measured. However, in most contact centers, agents do not have the authority to actually take orders. They can and should probe for selling opportunities, but the qualified leads must then be turned over to individuals with the proper authority to negotiate terms and accept orders.

The contact center also generates indirect revenue by taking actions that reduce customer defections. This is especially important in the wireless industry where the “churn” rate can be as high as 30 percent annually. It can cost \$300 or more to replace a lost customer. Preserving that customer – perhaps by providing agents with more comprehensive customer data and empowering them to make modest concessions – not only saves the time and cost of replacing the lost customer but preserves the “lifetime value” of that customer. Customer lifetime value (CLV) is a concept gaining recognition in the industry. CLV calculates the full stream of revenue that a loyal customer generates over the period of time that they remain customers. The presumption is that highly satisfied (“delighted”) customers will remain customers for a longer period of time.

Examples of Revenue Gains

- Higher collections rate
- Direct sales through inbound orders
- Increases in average order size
- Up-selling and cross selling
- Higher re-purchase rates
- New accounts
- Customer retention levels
- Leads generated
- “Top box” customer satisfaction

“Our Agents benefited from it as well. Employees now have the ability to not just listen to, but watch their call and make immediate improvements! Easy extraction of recorded calls allows us to send batches to our clients as well with little to no preparation and overall maintenance of the applications are quick and efficient. In approximately one year’s time, we have had no major gaps or roadblocks while using this tool.”

“As our business grows, so does our demand for the more in depth features VPI offers. Data retrieval, offsite storage and form automation are all items currently being explored or implemented. In short, it was the right purchase for our business.”

- Cole Helmer
QA and Training Manager
Arvato Services



Investment Cost

You will need to know the total cost of ownership (TCO) over the useful life of the investment. This includes the cost of front-end engineering and training, the initial software cost, the ongoing maintenance fee after the warranty, expected cost and frequency of system upgrades, labor expenses of dedicated personnel to administer the system, and the cost of internal IT support. There may also be additional costs for infrastructure, such as servers, workstations, data storage systems, system security, operating system upgrades, and internal wiring. Depending on the policies of your finance department, you may also have to assess a depreciation charge to the items that are capitalized.

Examples of Investment Costs

- Cost to prepare RFQs
- Cost to evaluate vendor proposals
- Front-end engineering to identify needs and expectations
- Acquisition of servers, workstations, and other hardware required to support the new application
- Installation of software, including data base entry, programming, and testing
- Vendor training costs
- Initial license fee
- Post-warranty service contract
- Anticipated cost of future software upgrades
- Cost of internal IT support
- Cost to manage and administer the application
- Cost of capital

Metrics that Matter

We said earlier that the contact center has a significant advantage over most other departments that are also lobbying for scarce investment capital. You have the data to prove your case. However, this data is only useful if it is expressed in a way that is directly pertinent to investment decisions. ACDs generate hundreds of statistics but no ACD can report cost per call, cost per channel, revenue per call, customer satisfaction, cost to recruit and train an agent, customer retention, or customer lifetime value – to cite just a few. Collecting these “metrics that matter” is an ongoing challenge. Modern performance management software does the heavy lifting for you – by scooping data from enterprise data bases and contact center support systems – and massaging the information so that it comes out just as you want to see it.

Interactions Recording

The two main purposes of interaction recording systems are to allow management to review and evaluate the quality of agent interactions and to provide a basis for determining compliance with regulations and corporate policies.

Some systems are designed to capture only a small portion of interactions. Others can capture and archive anything from a fraction to all interactions, using built-in intelligence to determine which calls to record and retain. Although all recording systems provide the basic functions of capture, storage, and retrieval, they vary considerably in terms of design architecture, technology, ease-of-use, channels recorded, cost, and special features. An example of an important technology distinction is how the systems process VoIP calls. From the perspective of a business user, recording a call sent over IP or traditional TDM lines should be no different, relating calls to specific agents and business events, no matter how many different phone systems and locations are involved.

Apart from providing for all this, the latest-generation recording systems are capable of handling a high-volume of VoIP traffic in a very efficient manner, minimizing the impact on your network. The benefits gained from these systems is further expanded when they provide for Web-based access and tight integration with other performance optimization applications.

Special features include the ability to record screen actions simultaneously with voice in both the TDM and VoIP realms and the ability to quickly and easily drill down to specific interactions based on business statistics from performance analytics. Another example is embedded evaluation forms. This speeds and simplifies the evaluation process and allows for more meaningful analysis. Since recordings can – and should – be used for evaluator calibration, the resulting quality evaluation can

“VPI was the only vendor that could meet our specific customers’ requirements and within the tight timeframe as well. No other vendor was able to provide an integrated and all-encompassing solution like VPI could. They provided 100 percent IP voice and data capture, seamlessly and smoothly, and also met our customers’ remote data storage requirements.”

- Matthew Chow
IT Infrastructure Manager
Arvato Services



be much more objective. With integrated call recording and quality evaluation, it becomes more difficult for agents to challenge the subjective judgments of evaluators, which would invariably lead to unproductive disputes, time losses, and growing agent turnover.

The agent quality scores become data points from which trend analyses can be prepared and related to specific events. For example, did agent scores improve after training sessions? The most advanced systems also include an option to analyze speech. This enables managers to search for specific words, phrases and events to categorize interactions and zoom in on the best calls to playback in order to explore business opportunities or analyze failing campaigns. For example, how many people referred to a specific campaign incentive when they called and what did they say? If your contact center is among the 40 percent that do not currently deploy an automated call recording systems, then the business case must establish the qualitative and quantitative benefits of the automated system compared to manual systems like silent monitoring or tape recorders.

Following are some examples of how recording systems contribute to profitability and revenue growth:

Financial Benefits of Interactions Recording					
	Cost Savings			Revenue Enhancement	
	Labor	Productivity	Other	Direct	Indirect
Reduced inactivity between calls		✓			
Improved work processes		✓			
Model calls as teaching aids					✓
Reduced legal fees			✓		
Reduced compliance/litigation risk			✓		
No need to replace tapes	✓				
Reduced handle time	✓		✓		

Automated Call Quality Evaluation

Quality monitoring is a vital function for any contact center. As part of a differentiation strategy that builds on commitment to superior customer service, quality monitoring really gets down to the basic purpose of the contact center: assuring that customers are provided with the quality of care they both expect and deserve.

While automation is a key best practice for quality monitoring, only two thirds (66 percent) of contact centers currently have an automated quality monitoring system (QMS) in place. Of those without a QMS system, nearly three quarters (74.6 percent) indicated a “lack of funds” as the reason (The Benchmark Portal). Without automated quality monitoring, however, there are costs of lost opportunities to be considered. Contact centers often have limited resources to perform tedious direct observation, manual recording, storing, archiving and retrieving of customer interaction data. When supervisors tie up their time this way, they are unable to devote attention to other important functions, such as targeted training. Without an automated system, supervisors or quality assurance specialists are forced to spend hours of unproductive time listening to calls or dead silence waiting for “coachable” interactions that can be scored. Subsequently, they only spend as little as 10 percent of their time actually reviewing and evaluating calls. And even with all the time investment that goes into looking for the call to be evaluated, the results are rarely objective. Agents often don’t perform naturally when they’re aware of being directly observed; many will either perform uncharacteristically well or falter under the pressure. This can be solved by remote monitoring, but even that has a downside: there’s no tangible record of the call for later use in agent disputes or as a coaching tool.

A contact center that uses an automated quality monitoring system, on the other hand, can utilize best practices for ensuring that agents represent the center consistently, are properly trained, and are efficiently using their knowledge. With the latest-generation quality monitoring systems, best practices are already built in – supervisors can effectively review any number of contacts in timeframes that fit their schedules, and without dead time.

The contact center has a significant advantage over most other departments that are also lobbying for scarce investment capital. You have the data to prove your case. However, this data is only useful if it is expressed in a way that is directly pertinent to investment decisions.



There is no need to waste time by manually crunching numbers – up-to-the-minute reports and statistics are accessible at any time. This also allows for delegation of the QA function to QA specialists, which lowers labor costs and frees up supervisors to provide feedback, coaching, training, and to handle escalated calls.

Selected vendors, such as VPI, provide QA evaluation and tracking systems that can scale well, allowing even the smaller centers to enter automated quality monitoring at a reasonable price that buys increased supervisor productivity (typically 30 to 50 percent), increased QA productivity over live monitoring (up to 70 percent), in addition to reduced turnover due to more objective performance assessments.

Since the most significant direct savings accrue from increased supervisor productivity, let's explore this area further. In a best case scenario, without an automated system, which assumes that every call is coachable, supervisors will be able to score two calls per hour. More realistically, the supervisor will evaluate and score two calls every three hours per agent or 1.5 per hour. If the goal is five evaluations per month per agent, a 200-agent contact center will likely spend 1500 supervisor hours per month just doing evaluations. That's the equivalent of nine full-time supervisors. If the average hourly compensation (including benefits) was \$35.00/hour, that's a monthly cost of \$52,500. If an automated system reduced that time by 50 percent, the contact center would save over \$300,000 annually.

The latest-generation Call Quality Evaluation systems leverage integrated recording and analytics for the automated selection of most pertinent calls for evaluation eliminate unproductive supervisor and evaluator time. With tools for intelligent, automated, business-focused selection of call recordings, management also gains the opportunity to locate and use the most coachable interactions as teaching examples. VPI's solutions offer the capability of capturing all interactions with retroactive random or intelligent, rules-based selection for evaluation. This results in substantial productivity increases for a QA staff. Combined with the benefit of intuitive and easily customizable call quality evaluation tools, VPI's customers typically see further QA productivity increases. With these systems, you can focus your quality management efforts by selecting the most meaningful interaction recordings for evaluations based on specific company objectives, leveraging integrated applications. You can evaluate based on real-time performance management notifications of increased or decreased up-sell performance, frequency of a specific topic or phrase detected and reported via speech analytics, or a customer satisfaction issue identified by post-call IVR customer surveying.

"Now, we pull up the right call instantly, replay it to the customer, and if the call proves that they were aware of the charge, they understand that we cannot offer a refund. Instead of angry yelling, we are now hearing an apology."

- Angel Elchepp
Customer Service Manager
Tony Hoffman Productions

Financial Benefits of Automated Call Quality Evaluation

	Cost Savings			Revenue Enhancement	
	Labor	Productivity	Other	Direct	Indirect
Improved accuracy of performance assessment	✓	✓			
Faster, more efficient evaluations		✓			
Faster access to reports		✓			
Ability to evaluate more calls		✓			
Delegation of monitoring function	✓				
Improved work processes		✓			
Lower agent turnover	✓				
More time for coaching					✓
Reduced handle time	✓		✓		

Performance Analytics

Performance analytics empowers management to access, absorb, and act on data more quickly. With multiple missions, contact centers can no longer rely on KPIs and other information generated by the automatic call distributor and related support subsystems. Information must come from multiple data bases and devices. For example, if the objective is to grow revenue, then the contact center needs to know how much revenue is being generated in whole or in part from the agent pool and measure this by agent and by time unit. If the goal is cost reduction, then it is necessary to understand the cost of processing a call through various channels. No ACD or workforce management system knows what revenue or costs are related to contact center interactions. The data resides elsewhere in the organization.



Performance analytics (PA) software scoops data from various sources, sets it aside in a central DataMart, unifies it so it can be extracted and manipulated, then presents it to agents and managers in the form and channel that best stimulates improved performance. Performance analytics software is invaluable for capturing and reporting expense and revenue data.

One of the greatest advantages is the ability to make faster and more effective decisions that result from having real-time access to the information.

Financial Benefits of Performance Analytics					
	Cost Savings			Revenue Enhancement	
	Labor	Productivity	Other	Direct	Indirect
Consolidated information		✓		✓	
Presentation of "Metrics that Matter"		✓			✓
Automated reporting	✓				
Integrated workflows	✓			✓	
Centralized messaging		✓			
Real-time alerts for faster decision-making		✓			
Drill-down to identify causes	✓				
Faster call processing	✓		✓	✓	
Higher first-contact resolution	✓		✓		✓

The most immediate and most easily measured benefit is a sharp reduction in average handle time. The software reduces handle time in two ways. First, consolidating the information that agents need into a variety of views reduces the time it would otherwise have taken to wade through multiple data bases and Web sites and log in and out of separate applications. The other way PA reduces handle time is through pre-configured workflows.

Another important money saver is automating the reporting process. By some estimates, supervisors spend as much as 30 percent of their time preparing reports. Go back to the example of measuring the revenue contribution of the contact center. Customer sales data may reside in an accounting or sales automation application. Supervisors or full-time analysts have to look up the needed information in various reports (which may or may not be immediately available) then manually enter the data into spreadsheets in order to build a "revenue per agent" or "cost per contact" metric. This is time that could otherwise be spent in training and coaching agents. Manual reporting involves completing complex spreadsheets based on data from various contact center support systems and enterprise data bases. Performance analytics calculates the various measurements (for example, cost per call), and displays graphical tables that show real-time performance. The software spotlights significant deviations that need immediate attention.

Although it's hard to quantify, perhaps the most important contribution is the more informed decision-making that results from having all this information readily available. If, for example, there is a service level problem in the Denver contact center, managers get an alert or email message. The manager can then drill down to find out the cause – perhaps there is a problem with the network, attendance is down because of bad weather, or a training session was erroneously scheduled during a peak calling period. Once the cause has been identified, managers can then take the appropriate actions, like notifying home agents to login or deflecting more calls to a contact center that is experiencing low traffic. Lacking this centralized depot of information it could have taken many hours of phone calls and analysis of application-specific reports to get to the root of the problem.

Case Study - HouseValues

HouseValues generates 100 percent of its revenues through telephone contact. The primary contact center is located at the head office in Kirkland, WA (suburb of Seattle) with a satellite center in Yakima, WA. Account Executives make outbound calls to sell real estate agents on HouseValues services. Bruce Allison, Call Center Operations Manager, determined that the biggest obstacle hindering contact center productivity was the difficulty in getting timely and comprehensive reports.

Customer Case Study:

VPI's customer Tony Hoffman Productions is a good example. In addition to the monetary losses that resulted from the inefficiency of the previous recording system, Tony Hoffman Productions was aware of the high price of an overworked, underutilized QA department. Because the old system could only guarantee access to calls recorded the day before and couldn't differentiate between calls based on outcome, QA supervisors were listening to between 800 – 1000 calls per day, and many were static and silent. VPI's system completely changed this process.

Today, the QA staff is only listening to the calls that resulted in a sale and those where sales were attempted unsuccessfully. All calls are recorded, tagged, and stored, allowing for the flexibility to search and replay. This gives the QA staff time to make determinations about calls and evaluate them.



Creating performance reports and calculating incentive earnings meant hours downloading call statistics into Excel then sorting and reformatting the information – a lot of work to get the reports they needed. The ACD data had to be manually merged with data from the sales automation system and payroll to figure out how much revenue each agent was generating so incentive payments could be accurately calculated.

Bruce had heard some good things about Syntora, a VPI (Voice Print International) company. VPI produces Activ! Intelligence, a unique application that combines many of the features of analytics, e-Learning, performance management and CRM.

VPI’s Activ! Intelligence software gives agents the information they need to measure their own performance against set targets and make immediate self-improvements. The Activ! Intelligence Suite consists of three powerful modules – Analytics, eLearning and Messaging.

HouseValues piloted the VPI’s Activ! Intelligence for four months. At the conclusion of the trial they observed substantial improvements in the time it required to prepare reports and in contact center effectiveness:

- Savings of nine hours per month in preparing manual reports
- Savings of 15 hours per month in verifying time sheets
- Savings of 15.5 hours per month in reporting tracked sales leads to AEs.
- Savings of six hours per month in preparing special sales reports for marketing department
- Account executives gained an additional 40 minutes per day to spend generating new business – and they used it well. For one of the test teams, revenue climbed 22 percent over the control group.
- 13 percent gain in certification sales reported by one of two teams.
- Helped reduce abandoned calls by 50 percent;
- Collections were up substantially due largely to the 50 percent drop in abandonment

Training and Coaching

Training and coaching is the most important part of the supervisor’s job. It is also very costly. Recruiting and initial training typically costs \$3,000 to \$15,000 per agent (or more) depending on the nature of the contact center and the types of agents needed. Centers requiring special skills like technical support or multilingualism will be at the higher end of the scale. All contact centers experience higher than desired attrition rates.

Assuming the contact center has 200 agents, experiences 30 percent annual attrition, and spends \$4,000 to recruit and train each new agent, the annual cost to maintain the agent pool will be \$240,000 per year. This does not take into account frayed customer relations and lost sales opportunities attributable to inexperienced agents and the demands on supervisor time spent trying to get new people up to speed.

While best practices dictate that supervisors should spend 75 – 90 percent of their time coaching and developing agents, few if any achieve that lofty goal. Supervisors are challenged just to keep up with changes in products, prices, business processes, preparing reports, and attending meetings. Best practices also call for one supervisor for every 15 agents. This low ratio is rarely achieved, which further reduces the time each supervisor has for individual coaching. In a perfectly run contact center coaching occurs in real-time, at the moment that a “coachable event” occurs. The supervisor runs to the agent’s side or picks up a remote phone and intercepts the call herself to rescue a potentially difficult situation. In fact, supervisors report that a significant amount of time may pass between the occurrence of an agent action that requires coaching and the time the coaching actually happens. In the meantime, the opportunity to have real impact is lost and the agent continues to deliver the same sub-par performance.

Purchasers of VPI’s recording and quality monitoring platforms report supervisor productivity gains of 30 to 50 percent and quality assurance productivity increases over live monitoring of up to 70 percent.



Financial Benefits of Electronic Learning and Coaching					
	Cost Savings			Revenue Enhancement	
	Labor	Productivity	Other	Direct	Indirect
Fewer formal classes – more time on the phones		✓			
Reduced need for dedicated trainers	✓				
Reduction in “herding factor”		✓			
Reduction in paper drops		✓			
More timely and effective coaching		✓		✓	
Shorter and less frequent formal training sessions		✓		✓	
More effective agent development		✓		✓	
Increased sales per agent				✓	
Lower administrative costs	✓				
Improved ability to assess training effectiveness			✓		

Electronic training and coaching are best used as adjuncts to live training, not complete substitutes. Only live trainers can answer questions and provide the motivational “spark” to encourage trainees to immediately implement their new knowledge. However, there are many instances when electronic tools can do the job as effectively – and in some cases more effectively – than live trainers and at a fraction of the cost. Good examples are updates of new information, such as new product features, pricing, and internal procedures and reinforcement of more conceptual learning – like turning service calls into sales opportunities. Agents are tested right after the training to assure that the message got across. The more advanced systems are tightly integrated with quality monitoring and workforce management systems – to make sure the training appears on the agent desktop when the agent has both the need for specific learning and the time to take the course. Contact centers that have implemented electronic learning report cutting both the number and duration of formal sessions in half.

There is no need to take large numbers of agents off the phones, herd them into classrooms, reproduce and distribute handouts, then lose valuable time while agents “settle back” into their workstations. The simple task of getting agents to and from the training room can easily add a half hour per agent. Besides the significant cost advantages, electronic learning eliminates trainer error. Management can be assured that everyone received exactly the same information and at the same time. Knowledge retention can be measured in minutes and scores added to the agent data base so that supervisors can evaluate the effectiveness of the training and the agents’ ability and willingness to use the information.

With the implementation of electronic coaching, organizations can maximize each agent’s potential with targeted, timely training and motivation. The system also allows you to align automated distribution of electronic training content with your workforce management schedules, based on performance statistics from the performance management system and schedule adherence via the workforce management system, focusing on the specific needs and talents of each agent. You can leverage the agent coaching module of the performance management dashboard to display messages and coaching tips and to easily launch course content.

Contact centers that have implemented VPI’s Activ! Coaching report the following improvements:

- Increase in call quality scores – 14 percent
- Up-sell increase – 1-3 percent
- Revenue increase – 3 percent

Preparing the Analysis

Return on investment (ROI), internal rate of return (IRR), and net present value (NPV) are the most common metrics used to evaluate capital investments. The specific measures used and method of calculation varies among companies. In most cases, standard models are used by all departments that seek funding. Performing the calculation is the easy part. Collecting the data is the greater challenge. Following is a simplified model that puts all the key metrics in one place.

“We can measure anything that we track... Activ! Intelligence can capture that data and deliver the information to whomever you authorize to receive it. A huge benefit is that we can get all of this information from all of our nine sites.”

- Lou Orsi
Vice President
1-800-Flowers.com



Data Presentation Model						
Cost Savings		Year 1	Year 2	Year 3	Year 4	Year 5
Interactions Recording						
1	Costs to find and retrieve calls					
2	Cost to resolve disputes					
3	Liability/compliance risk					
4	Customer replacement					
5	Sub-total (1+2+3+4)					
Call Quality Evaluation						
6	Supervisor cost to monitor calls					
7	Supervisor cost to complete and present rating forms					
8	Analysis and Report preparation costs					
9	Cost of Supervisor time dedicated just to quality monitoring					
10	Sub-total (6+7+8+9)					
Performance Analytics						
6	Reporting costs					
7	Call handling costs					
8	Callback costs					
9	Sub-total (6+7+8)					
eLearning and Coaching						
10	Agent training costs					
11	Shrinkage cost					
12	Sub-total (11+12)					
13	Total Costs (5+9+12)					
Revenue Gains						
Interactions Recording						
14	Sales from new leads					
15	Sales from higher close rate					
16	Sub-total (14 + 15)					
Performance Analytics						
17	Sales from conversions					
18	New customer sales					
19	Sub-total (17 + 18)					
eLearning and Coaching						
20	Sales from skill enrichment					
21	Sales from shorter training					
22	Sub-total (20 + 21)					
23	Total sales(16+19+22)					
24	Gross margin on sales (GM% x 23)					
25	Total benefit (13 + 24)					
Investment						
26	Initial					
27	Ongoing					
28	Total investment costs (26 + 27)					
29	Benefit - NPV*					
30	Investment - NPV*					
31	ROI/Year					
32	Average ROI/Year					
33	Payback					

“The built-in messaging system led to more timely communications between supervisors and agents.

“We use this to alert people to meetings or immediate incentives. The message pops on the screen immediately. The real-time messaging has been a huge win for us.”

- Bruce Allison
Call Center Manager
House Values

* Multiply each year's total by the discount factor provided by finance department, adjust for number of years



Architecture and Economics

The compelling ROI benefits and gains of contact center workforce optimization solutions can often be maximized by selecting the right technology architecture – one that will not limit your options when new business or technology opportunities present themselves. Such technology will not only address your needs today, but will also equip you for successful, economically-sound navigation through the inevitable changes that the future always brings.

Service-Oriented Architecture

Today’s businesses invariably employ disparate systems and technologies. However, organizations must look for ways to leverage the technology investments they have already made. Service-oriented architecture (SOA) allows applications to be evolved and adapted instead of replaced in order to handle business process changes, and it allows for interoperability and easy integrations between heterogeneous applications and technologies

For workforce optimization technologies, such as those developed by VPI, this design strategy affords additional benefits for organizations like yours, to include rapid implementation and standards-based design, coupled with enhanced security and scalability.

Standards-Based Design

Standards-based technologies support and fundamentally accelerate industry innovation and broaden the range of your choices for system interoperability in both the short and long term. Organizations that adopt open-standards strategy for their technology acquisitions are beneficiaries of the best technology experience available.

The standards-based approach directly translates into lower capital investment and lower costs of operations – you can leverage COTS hardware and other 3rd party interfaces and data to subordinate the rules and procedures for data access to your business processes and policies. SOA also allows for customizations and integrations, assuring a perfect fit to any size and scope of an organization’s workflow and goals. There is also less risk from being locked in to one vendor.

Centralized or Distributed?

With today’s cost-cutting initiatives and the pursuit of improved efficiency, contact centers leverage off-shore, home, and other off-site agents, combined with consolidation of technology and management among multiple contact centers. To support such business strategies you require options for your performance management technology to be as centralized or as distributed as needed, while allowing for economically defensible changes and reconfigurations. Progressive contact centers prefer solutions with the flexibility to scale from small to large and large to small without running against design-imposed limitations, which tend to result in “fork-lift” upgrades or expensive modifications.

Migration to VoIP

Organizations of every size and nature are either investigating or implementing VoIP technology because of its many advantages over traditional telephony. Apart from vast cost savings of integrated infrastructure, businesses that deploy IP telephony are experiencing other long-term benefits such as improved individual productivity, improved team collaboration, faster responsiveness to customers, and better quality of customer service. This technology can also make it easier to record and process all or a higher percentage of calls for liability management, quality assurance, regulatory requirements, and security issues.

Unlike traditional (TDM) call recording, IP captures voice and data packets from a span (or mirroring) port on the enterprise network versus tapping into phone line extensions or PSTN trunks. IP recording requires a software solution that will not burden your network needlessly. If selected and implemented correctly, the solution can reduce costs over TDM recording, while at the same time providing many more options for leveraging the captured information.

Suite, Point, or Both?

There are two broad categories of vendors – those that concentrate on a single solution (“point vendors”) and those that provide a suite of solutions. Point vendors, as the name implies, concentrate on doing one thing well. It is in their best interest to keep current on the latest technology advances, provide top quality products, and aim for superior service and support. Suite vendors offer a variety of workforce optimization applications. These typically include call recording, workforce management, performance management, eLearning, and analytics.

“Our training team can create and send out a quiz based on training content that has just been provided, and then revise materials to clarify points that agents didn’t understand, this has been a huge benefit.”

- Lou Orsi
Vice President
1-800-Flowers.com



Depending on the skill sets of the vendor, the suite may alternatively include predictive dialing, interactive voice response, automatic call distribution, or customer relationship management software. The trend is to integrate these offers on a common platform.

Both approaches have their advantages:

Advantages of Point Solution vs. Integrated Suite	
Point Solution	Integrated Suite
Platform agnostic	Benefit of multiple applications
More flexibility in choice of vendor and solution	Centralized administration
Vendor is dedicated to one solution	Single point of contact accountability
Easier to learn one application at a time	Coordinated system upgrades

Vendors like VPI allow organizations to combine the best of both worlds by letting them purchase selected components of the suite in a modular way. By mixing and matching, contact centers pay only for what they need – when they need it. This flexible approach allows their customers to re-use what they already have and are happy with.

Summary

Contact centers contribute to growth and profitability in many ways: by strengthening customer retention, by adding revenue through lead generation, up-sells, cross-sells, and telemarketing, by reducing litigation risk, by improving productivity, by strengthening customer relationships, and by producing valuable insights into competitor activities and customer behavior.

The business case for contact center investments like interaction recording, quality monitoring, performance analytics, and electronic learning is compelling. However, stressing only the financial side of the equation short-changes the real value of keeping up with new technology. As we have shown, enterprises have many goals. Financial success is the most important goal but there are other important goals as well, such as maintaining and strengthening ties to customers, employees, and other constituencies. Your business case needs to be just as emphatic in emphasizing how the proposed investment contributes to the accomplishment of these vital goals.

Capital submissions are reviewed by a committee of high level officials. If you can present your proposal in person, you should. Your presentation should outline how the proposed investment will produce a favorable return for the enterprise, how you came to that conclusion, and how the investment meshes with the broader corporate strategy. Don't assume that people in your audience know or care about contact center jargon and acronyms. Use layman's language and be right to the point. This is an excellent opportunity to showcase the talents and contributions of the contact center.

About the Author

Dick Bucci is Senior Consultant for The PELORUS Group (www.pelorus-group.com) where he specializes in contact center technologies. He has authored eight in-depth reports on workforce optimization applications and over 20 articles and white papers. Dick is also managing director of Technology Marketing Associates, a marketing consulting firm. Dick has over 30 years of experience in the telecommunications industry.

About The PELORUS Group

Founded in 1987, The PELORUS Group has emerged as one of the fastest growing independent market research and consultancy companies in the financial services and telecommunications industries. The PELORUS Group produces authoritative analysis and research reports, provides custom business planning services, and offers timely industry conferences.

About VPI

VPI (Voice Print International) is a leading innovator and provider of integrated call recording and workforce optimization solutions for enterprises, trading floors, government agencies, and first responders. Through its award-winning suite of solutions, VPI empowers organizations to proactively improve the customer experience, increase workforce performance, minimize risk, and ensure compliance. With the power to be proactive, organizations are equipped to actively identify and maximize opportunities and minimize risk. For more than a decade, VPI has been providing proven technology and superior service to more than 1,000 customers in over 30 countries. Learn more at www.VPI-Corp.com or call 1-800-200-5430.

Besides the significant cost advantages, electronic learning eliminates trainer error. Management can be assured that everyone received exactly the same information and at the same time. Knowledge retention can be measured in minutes and scores added to the agent data base so that supervisors can evaluate the effectiveness of the training and the agents' ability and willingness to use the information.