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# Transitioning your Contact Center from On-Premise to the Cloud

Contact centers are in the midst of a fundamental change impacting their role and activities. As customers can rapidly access and share information across myriad devices and resources, it is this empowerment that redefines today's buyer-seller relationships. Businesses are constantly seeking ways to delight their buyers through precision customer experience management (CEM) programs across multiple channels. However, companies need to balance this focus with their organizational capabilities. In fact, Aberdeen's June 2012 *Contact Center Analytics: How the Best-in-Class Reduce Operational Costs through Contact Center Data* study shows that increasing contact center operational costs is the top challenge that impacts organizations' ability to deliver a superior customer experience. As such, it's critical for companies to search for ways to reduce contact center costs while increasing revenue through improved customer satisfaction.

Findings from Aberdeen's January 2013 *The Hidden ROI of a Cloud-based Contact Center* research shows that companies that deploy their contact center in the cloud (see sidebar for definition) enjoy 27% lower ($112.5 million vs. $155.0 million) annual contact center costs, compared to their peers. This Aberdeen Analyst Insight will highlight several best practices that allow companies to reduce their costs while accomplishing the objectives that drive companies to transition from a traditional internal (on-premise) to cloud-based contact center.

The Value of Deploying a Cloud-based Model

In addition to enjoying benefits such as reduced contact center costs, companies using a cloud-based model also achieve growth in their top-line revenue results (Figure 1).

Figure 1: Year-over-Year Performance Improvement
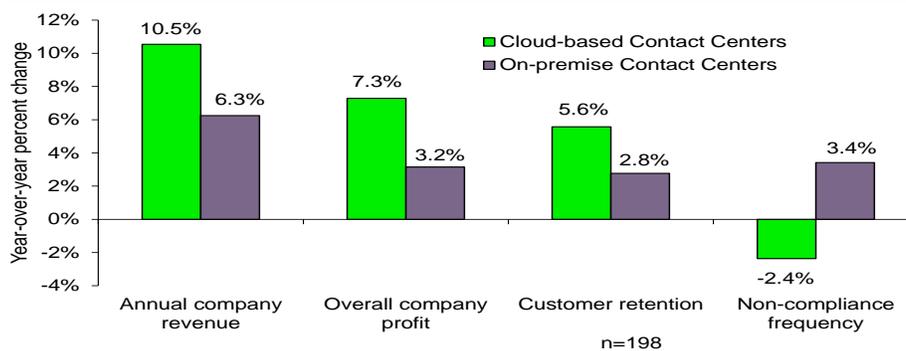
Source: Aberdeen Group, December 2012

Analyst Insight

Aberdeen's Insights provide the analyst's perspective on the research as drawn from an aggregated view of research surveys, interviews, and data analysis.

Definition: Customer Experience Management (CEM)

Aberdeen defines CEM as a continuum of cross- and multi-channel business activities that are executed on an enterprise-level to manage business activities across the entire customer lifecycle.

Definition – Cloud-based Contact Center

For the purposes of this study, Aberdeen defines "**Cloud-based Contact Center**" as a deployment model that allows businesses to host their contact center in a remote, third-party's data center. The host, rather than the business, handles activities such as maintenance, data backup, and hardware and software upgrade.

As depicted in the above figure, cloud-based contact centers are far more likely than their counterparts using an on-premise model to experience improvement across several key measures such as company revenue, customer retention, and profitability. This is primarily a reflection of the top objective driving these organizations to deploy a cloud-based model: improving the customer experience. As customers are increasingly becoming aware of numerous product and service options to fulfill their needs, companies need to deliver an optimal customer experience by improving overall customer responsiveness. To this point, our research shows that cloud-based contact centers experience a 4.5% customer contact abandonment rate, compared to 6.2% by their peers. The best practices that cloud-based contact centers put in place to improve overall customer responsiveness ultimately help these businesses reduce customer churn, improve customer satisfaction, and increase company revenue. These best practices will be discussed in detail in the next section.

Before delving into the differentiating factors that enable cloud-based contact centers to achieve the results noted thus far, it's also important to note the delta in year-over-year change of non-compliance frequency within the businesses. While traditional internal contact centers experienced a 3.4% annual increase in the number of activities that are not in compliance with internal and external regulations, cloud-based contact centers were able to decrease this by 2.4% year-over-year — amounting to a delta of 5.8%.

Now, let's observe how cloud-based contact centers accomplish such strong results.

Best-in-Class Steps to Deploying a Cloud-based Contact Center

Developing a Best-in-Class contact center infrastructure is no easy task. It takes organizational commitment as well as the use of key business processes that enable organizations to adopt a data-driven approach in delivering customer care and ensuring operational excellence. Aberdeen's July 2012 _Contact Center Analytics: How the Best-in-Class Reduce Operational Costs through Contact Center Data_ research outlines sev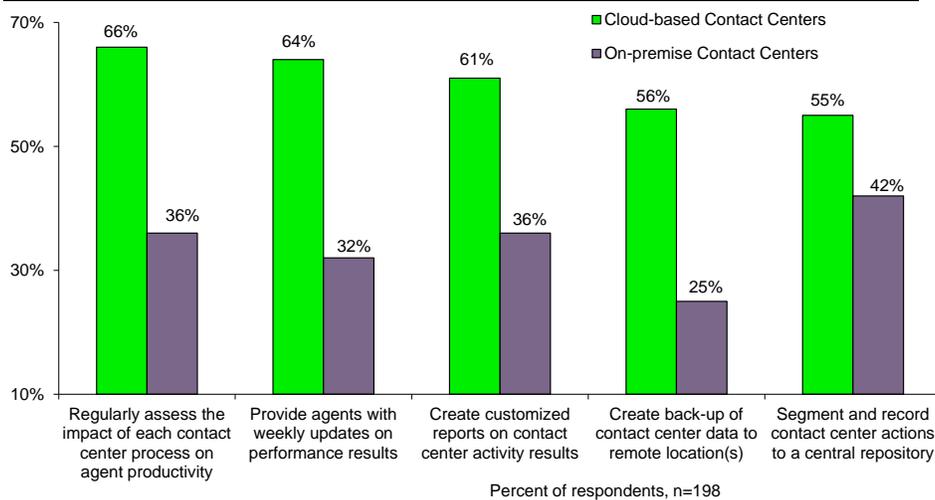eral Best-in-Class (see sidebar for definition) capabilities that help organizations reduce their contact center costs, improve customer satisfaction, and increase agent productivity. Figure 2 below demonstrates the adoption of these building blocks by cloud-based contact centers in comparison to their peers.

It's important to note that the capabilities reflected in the below figure are aimed at addressing the top goals driving companies to deploy a cloud-based contact center. On a high-level, these include improving the customer experience, increasing agent productivity, reducing vulnerability of contact center system failure, and reducing costs. We'll take a closer look at how the below activities help companies address these needs that lead to deploying a cloud-based model for their contact centers.

Figure 2: Key Activities to Transition from On-Premise to Cloud

Percent of respondents, n=198

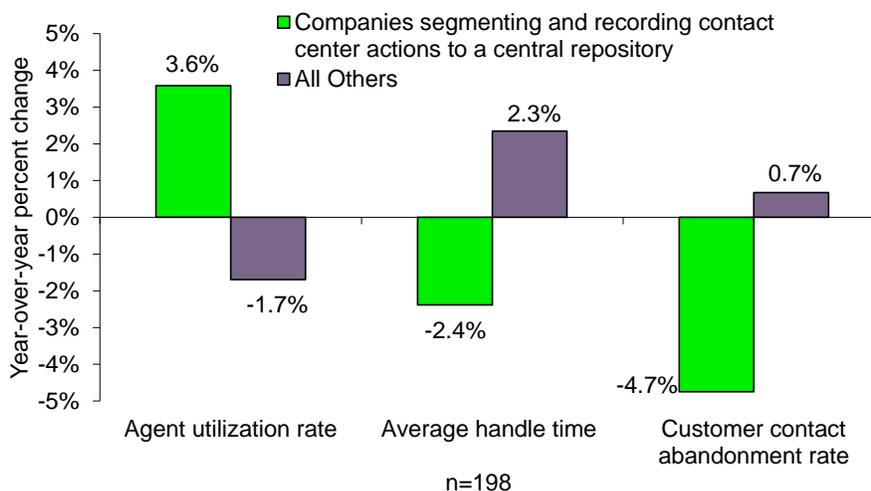Source: Aberdeen Group, December 2012

As noted earlier, increasing contact center costs is a top challenge affecting customer care efforts. Businesses experience a rise in their contact center costs for numerous reasons; including changes in labor markets, increase in customer traffic volume, unnecessary agent idle time, and sub-par agent productivity. In order to address these and other factors that lead to increasing costs, contact centers need to regularly monitor their operational activities to determine any inefficiency. To this point, cloud-based contact centers are 83% more likely (66% vs. 36%) than their peers to have a formal process where they assess the impact of contact center processes on agent productivity on a weekly basis. This helps these businesses continuously determine factors that hinder agent performance and productivity. It also represents a step that companies looking to transition from an on-premise to a cloud-based contact center should take in order to accomplish their goals.

In order to determine the root cause of any inefficiency, contact centers need to drill-down on the specific activities that impact their performance results. Research shows that 71% of Best-in-Class organizations have the ability to create customized / tailored reports on overall activities that influence their contact center efforts (see sidebar on next page). This compares to 61% of cloud-based and 36% of on-premise contact centers utilizing this capability — it also signals that cloud-based contact centers have a better understanding and utilization of the strategies that yield Best-in-Class results. One of the use cases of this activity is analyzing how contact center activities scale based on changing customer traffic volume. Companies can analyze historical data on their activity results to see if sudden spikes or valleys in the number of customer requests have been handled successfully by scaling up to address increased traffic or down to reduce unnecessary costs. By adopting this activity, companies deploying a cloud-based model can regularly assess if their technical infrastructure can

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handle changing loads or traffic to ensure maximizing responsiveness to rapidly changing customer requests.

The ability to regularly analyze activity results through any specific period requires companies to record and segment their contact center activities. Deploying such a "source of truth" is instrumental in providing contact center executives with critical information needed to analyze customer and operational data to glean insights. This is another capability whose value is affirmed by Best-in-Class adoption (71%) and that contact centers with a cloud-based model use 31% more widely (55% vs. 42%) than their on-premise peers. As businesses start evolving their contact center from on-premise to cloud, establishing this capability will be a key enabler helping them regularly assess the overall effectiveness of both their CEM activities and contact center infrastructure. Figure 3 below demonstrates the year-over-year performance gains of businesses with this capability.

Figure 3: Establish a Source of Truth for Better Results

Source: Aberdeen Group, December 2012

While optimizing contact center processes are a key ingredient to help companies accomplish objectives such as reducing costs and improving customer satisfaction, it's also important to note the role of agents in ultimately impacting the overall customer experience. Indeed, Aberdeen's June 2012 _Workforce Management in the Contact Center: Optimizing Agent Scheduling and Productivity to Improve Customer Experience Results_ study shows that companies that improve their agent performance results achieve far greater (10.5% vs. 5.2%) year-over-year improvement in their customer satisfaction results, compared to their peers. Data indicates that cloud-based contact centers are exactly twice more likely (64% vs. 32%) than their peers to provide their agents with weekly updates on their performance results. This shows that while transitioning to a cloud-based model, companies should also deploy workforce management best practices aimed at improving agent productivity and reducing unnecessary costs.

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Earlier in this document, it was noted that reducing vulnerability to contact center system interruptions was one of the top objectives driving companies to invest in a cloud-based model. To this point, Aberdeen's *The Hidden ROI of a Cloud-based Contact Center* research shows that cloud-based contact centers enjoy 35% less downtime (2.4 hours vs. 3.7 hours per year), compared to their peers. This is enabled by their focus on ensuring security and business continuity. Indeed, data indicates that cloud-based contact centers are far more likely (54% vs. 25%) to have a formal process to regularly back-up contact center data to remote locations, compared to other businesses (see sidebar). Companies planning to adopt a cloud-based model in their contact center implementation should follow suit and establish processes that ensure regularly backing up key customer and operational data. Doing this on a frequent (e.g. hourly) basis would help businesses preserve a greater amount of strategic information, which is a key advantage against peers that back-up their data less regularly.

Key Takeaways

Businesses are increasingly pursuing specific goals to maintain and improve the effectiveness of their contact center efforts. Objectives such as superior customer experience, reduced costs, and enhanced disaster recovery affect contact center activities. Research shows that businesses that deploy a cloud-based contact centers outperform those that use on-premise internal contact centers in performance results that reflect their ability to achieve these objectives.

While the findings within this document validate the value of cloud-based contact centers, it's important to note that these results are not solely accomplished by changing the deployment model. As noted throughout this document, cloud-based contact centers are far more likely to adopt Best-in-Class contact center processes that yield to successful business results. As such, companies currently transitioning or planning to transition their contact center deployment model should bear in-mind that success ultimately hinges upon their focus on incorporating the best practices outlined in this document as a part of their business activities.

For more information on this or other contact center and CEM research topics, please visit http://www.aberdeen.com/_aberdeen/services-management/SMAV/practice.aspx.

Fast Fact

Thirty-two percent (32%) of cloud-based contact centers back-up their data at least on an hourly basis, compared to 26% of traditional internal contact centers.

Survey Demographics

Below is a snapshot of the demographics of companies surveyed within Aberdeen's January 2013 *The Hidden ROI of a Cloud-based Contact Center* study:

√ Geography: Americas (52%); APAC region (17%) and EMEA (31%)

√ Company size: Large enterprises (annual revenues above US $1 billion) – 14%; midsize enterprises (annual revenues between $50 million and $1 billion) – 39%; and small businesses (annual revenues of $50 million or less) – 47%

Related Research	
Next-Generation Customer Experience Management; March 2013	*Speech Analytics: Listen to your Customers*; September 2012
The Hidden ROI of a Cloud-based Contact Center; January 2013	*Contact Center Analytics: How the Best-in-Class Reduce Operational Costs through Contact Center Data*; July 2012
Multi-Channel Contact Center: Delight Customers where they Live; November 2012	*Workforce Management in the Contact Center: Optimizing Agent Scheduling and Productivity to Improve Customer Experience Results*; June 2012
Agent Desktop Optimization: Agents can Finally Focus on the Customer; October 2012	*Customer Experience Management: Using the Power of Analytics to Optimize Customer Delight*; January 2012
Virtual Contact Center Agents: Break the Boundaries; August 2012	

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