



## **Contact Center Hosting**

### **When the Trend Becomes a Preference**

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## Introduction

Business continuity planning, among other reasons we will get to later, have contributed to the tipping point for myriad IT, customer service and contact center managers in making the decision to host mission critical applications, rather than stock and support their own. The concept of a tipping point is when a confluence of factors come together to make something explode, turn into a fad, an epidemic or trend. In Malcolm Gladwell's book, *The Tipping Point*, this is described in sociological terms as "the moment of critical mass, the threshold, the boiling point." In the case of contact center hosting, several factors have converged to tip hosting as a trend into a preference.

## The Decision Makers Grappling Points – Historical Pros and Cons of the Host vs. Buy Debate

Since the advent of the hosted contact center, vendors who provide both enterprise and hosted contact centers have used persuasive arguments as to why businesses should host or buy their own solutions, leaving business managers to weigh each point and build a business case to support the most attractive scenario. We don't want to rehash every point, but in order to frame the underlying argument of to host or not, here is a brief list of the historical pros and cons that vendors have presented in favor of one way or the other.

### *Hosting Versus Premise Solution Pros and Cons*

<b>Service Provider (SP)</b>	<b>Premise</b>
No Capital equipment cost	No constant outlay of "rental" money
SP responsible for technology refresh	Operational Control
Usage-based pricing	
Rapid scalability	
Access to new technology as it becomes available	
SP-supplied expertise	
SP responsible for software license renewals	
Frees up IT staff to do other mission critical work	
Business continuity in case of unforeseen events	
Accelerated time to value - (live quickly)	

*Source: Jamison Consulting (2008)*

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Business decision makers have been weighing these pretty classic factors for years when building the business case to lease or buy. Vendors also have used the fear factor such as hosted suppliers talking of disaster recovery or business continuity, and premise suppliers speaking of “more secure data” or lower cost of ownership in the long run. In some cases one or more of these factors is predominate to the point where the business case is clear, but typically it’s a weighting of all of these that has made the case for one over the other. “Typical”, however, is changing. Weighing the benefits of each side doesn’t account for the increasing popularity of a hosted solution. So what has? The tipping point for this rise is coming from a combination of attractive hosted offerings, changes in world climate and economic conditions, the maturation of technology, and finally, the changing mindset and experience of the business decision maker and supporting staff within the contact center.

## **Recent Events Have Created a Tipping Point**

Although the traditional points of debate are still weighed in building business cases to host or buy, it is hard to ignore recent trends, along with national and worldwide events that have tipped the weights on a few critical issues. Just as important is the morphing of the mindset and responsibilities of the contact center manager from someone who manages agents to someone deeply embedded in the process of elevating the customer experience. Following are some of these trends and events.

### **Hosting Grows Up**

Contact center hosting has grown up, and is no longer the fledgling idea that it was a decade ago. The idea of outsourcing mission critical functions is not as foreign as it was even a few years back as more companies now offer hosted and managed services, both offshore, which has garnered a lot of the press, and domestically. In fact, the large amount of press coverage of outsourcing offshore has helped to educate businesses and the public as to what outsourcing is; thereby helping hosted service providers in the US to state their case.

However, hosted services would have gone nowhere if it weren’t also for the fact that as awareness has evolved, so has the technology to make hosting a safer choice to begin with. For example, VoIP is now a stable and prolific technology, making calls to a hosting facility entirely affordable and taking slow speed of remote application access off the table. Even five years ago this was not the case. The movement towards standards-based, open, software solutions has made the integration of traditional contact center and third party applications a reality. Lastly, technology advances have made the ability to both have and manage remote and off-shore agents an entirely more attractive option.

Moreover, hosting isn’t all about handing over the reigns to someone to do it all for you either. It’s about providing managed services whereby the business decides what functions and how much control to keep. The idea that a business would not have complete control over their operations is one argument that premise-based application and equipment providers have used to sway businesses into purchasing their own solutions. However, hosted providers provide such flexible offerings nowadays that this argument no longer carries as much weight.

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Although in this paper we are focusing on the contact center industry, which represents function, human resources and traditional brick and mortar buildings, hosting providers in this space have also benefited from Software as a Service (SaaS) offerings elsewhere in the enterprise. Notable examples of this include SaaS offerings from fields intertwined with the contact center, including on demand CRM and ERP solutions from companies including Salesforce.com, Microsoft, IBM and numerous others. As companies become more accustomed to “renting” applications in one part of their enterprise, they are more likely to consider related hosted functionality.

## **Wild Weather**

Wild and sometimes devastating weather has had a catastrophic effect on businesses in certain areas. Hurricane Katrina in New Orleans first awakened many people to the long term business disruption that can be caused by a storm out of control. But that was just the start. The fires in Southern California in the Fall of 2007, followed by fires up and down California in late spring 2008, massive flooding in the Midwest in the summer of 2008, and recent hurricanes Ike and Gustav, not only disrupted businesses further, but put a magnifying glass on the business continuity plans of business across all verticals.

In particular, the contact center industry saw an increase in hosting following Katrina, with businesses employing hosted service providers to handle overflow traffic, or a safety net in case of a power outage or work stop due to conditions such as those noted above. Since then there has been a big increase in discussions by vendors and IT/contact center managers to build hosted services into near term and long range plans, not just as a precaution, but as a strategic move.

## **Volatile and Depressed Economic Conditions**

The big elephant in the room today is the economy. In reality, this elephant has been lingering in the room for a long time. If people aren't pulling back entirely on spending, then they are being the most cautious they have been in decades. However, two issues can't be ignored. First, more than ever there is the requirement to cut costs, and second, we are in the middle of a big replacement cycle for TDM PBX and legacy call center equipment, much of it purchased in advance of Y2K nearly 10 years ago. So how does a business handle this? In areas where the business case can be made to spend money on capital equipment and other resources, and the business doesn't mind the inherent limitations to their ongoing flexibility, premise-based solution arguments often still hold. But the beauty of hosting is that companies can pull back if they need to, not pay out capital money up front, not spend critical resources on hiring, retaining and training personnel, and scale their operation up or down without purchasing any equipment. This also helps management, who may have their backs to the walls with investors on spending issues, and thus the woes of the economy are therefore highlighting the attractiveness of leasing over buying and hosted over premise.

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## **A New Kind of Manager; a New Breed of Support Personnel**

Finally, three decades into the existence of contact centers we have a large veteran pool of contact center managers who have been there and done that with managing their own centers. This has given them the savvy and the confidence to understand what they feel they should do themselves to manage their support centers, and what they feel can be done by someone else. These managers have grappled with understanding the ever changing products and services that their centers support, handling the hiring, training, and supervising of pools of agents, and keeping up with the churn of technology to run their centers. Additionally, they have dealt with two critical issues that have been a thorn in their side forever - getting IT to make changes in a timely and on demand fashion when there is a need to add agents, desktops or software, and being able to get a consolidated statistical reporting view of what is going on their center(s).

The experience of these seasoned managers, combined with their own awareness of what is now possible with hosting as an option has changed the thought processes of many. They have seen that technology advances such as IP can provide them with consolidated reporting across all centers, and centralized software downloads. They are more comfortable with outsourcing those pieces of their operation that others do really well, and focusing on mission critical things they need within their control. At the same time, their support staff and the follow on generation of contact center managers is growing up with Web 2.0 applications, and are comfortable with downloadable software and tools and renting versus owning applications and technology. Together more experienced contact center managers and their support staff no longer thinks of hosting as a novelty, but a choice; and an attractive one to boot.

Equally important is the change in status as to how the contact center and associated managers are viewed within a business. No longer is the contact center viewed as a necessary, costly evil, but as a strategic asset in an overall business strategy. Seasoned contact center managers position themselves as business strategists, focusing on the customer experience, finding ways to incorporate their centers within business plans to transform the business, not just finding ways to cut costs and improve day to day operations. These managers “get” process transformation and customer relationship management, not strictly operational nuts and bolts and contact center metrics.

These three, the changing nature of the purpose of a contact center, the long-term experience of many managers, and the embracing of technological change by managers and support staff have helped make hosting a preference as it allows managers to strategically offload what they don't want or need to manage directly. They no longer have to worry about being in line with IT to make changes, struggle with getting a quick and consolidated view of what is happening in their centers, or keeping up to date with changing technology - it's all done for them.

## **Business Continuity or Peace of Mind?**

During a rare calm in the 2006 hurricane season in the Southeastern U.S., the Philippines weren't so lucky. Echopass customer MediCall Inc., located in Manila, has a staff of several

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hundred agents supporting the US based healthcare industry. Their contact center, primarily staffed with nurses, provides services to a variety of healthcare clients including providers and insurance companies. Typhoon Milenyo, which turned into a category 5 typhoon, ripped through the center of the island. However, MediCall not only rode out the storm, but continued operations throughout due to its relationship with Echopass.

When their center was built, MediCall did everything they could to avoid problems with typhoons and other potential disaster scenarios including building above sea level, and equipping both centers the company has with backup generators and uninterruptable power supplies. The most critical decision they made however was to use Echopass' hosted contact center services and the Echopass hosting facility in Salt Lake City, Utah. MediCall's Philippine centers are linked via VoIP lines to Echopass who hosts and runs its integrated contact center infrastructure including Genesys software at the Echopass data center.

You might think that this is a pure business continuity story, but it isn't. Not only did it simplify operations for MediCall, it saved them money too as they didn't have to hire 15 extra people to manage switches, and it allowed them to grow more easily as business conditions changed. The peace of mind of knowing business could continue, and the fact that they didn't lose a single call during the typhoon made it all worth it.

## Summary

The tipping point for the rapid movement in hosted contact centers is a sociological meeting point between experience, awareness and situation. Although we can't control situational factors such as the weather or economy, we can mitigate some of the negative business impact that occurs when either takes a downward tumble. Awareness of our options for handling these occurrences, combined with experience of handling business operations allows us to understand the value of outsourcing even mission critical operations to experts so that we can focus our resources on transforming other parts of the business to get ahead and remain competitive.

The breadth of experience of both the contact center/IT managers, and companies that provide enterprise class applications, such as Echopass, have matured to the point that a hosted solution is a smart, safe and obvious choice. A growing percentage of managers and vendors are relying on their experience in managing contact center operations to move beyond day to day to see how their centers are critical in business operations as well as business transformation, and as such have pushed hosting beyond a trend in the contact center industry to a preference. In essence, there is now a confluence of experience between IT professionals and hosted services providers that change the decision point away from solely an ROI model to freedom to use resources in more transformational ways.

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## Echopass

Echopass is one company entirely focused on providing hosted contact center solutions to enterprises. The Echopass Service Integration Platform is a complete end-to-end contact center delivery vehicle, providing on-demand services for enterprise customers. Echopass solutions are entirely customizable, from basic call routing and contact center functionality to complex, multi-site, multi-channel deployments containing a mix of applications including interactive voice response (IVR), workforce management, outbound contact, customer relationship management (CRM), quality monitoring, reporting and analytics, and multimedia contacts (voice, chat, email, and fax). Echopass prides itself on providing always-on and on-demand solutions backed by rock solid service level agreements (SLA) and superlative professional services.