



VENTANA RESEARCH



The Next-Generation Contact Center in the Cloud

Supporting Customer Self-Service
and Other Channels of Engagement

White Paper



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June 2016



Ventana Research performed this research to determine attitudes toward and utilization of cloud-based contact center systems. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate cloud-based contact center practices, needs and potential benefits. It is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve cloud-based contact centers. Moreover, gaining the most benefit from cloud-based contact centers requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

The full report with detailed analysis is available for purchase. We can provide detailed insights on this benchmark research and advice on its relevance through the Ventana On-Demand research and advisory service. Assessment Services based on this benchmark research also are available.

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We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of contact centers and cloud computing, and that the analysis and conclusions are entirely our own.

Ventana Research



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Executive Summary

Developments in technology and changes in customer behavior have forced companies to alter how they attract and engage with people. Consumers have embraced to a greater degree than ever before the internet, particularly social media, and mobile devices. In response, companies have had to add support for an array of new channels of communication while still maintaining established ones such as the telephone, email and company websites.

To support multiple customer contact channels, companies must provide consistent information and personalized responses across all channels in use.

Supporting multiple customer contact channels creates issues for companies, chief among them the imperative to provide consistent information across all channels. To be able to deliver a seamless customer experience they must integrate their channels of communication, share all available information among the employees and systems handling interactions, apply the same rules in all of them so that responses are consistent as well as personalized, and maintain context as customers shift across touch points.

Cloud computing offers relatively easy and cost-effective ways to add new channels and connect them with existing ones. Ventana Research undertook this benchmark research to explore the changes in how companies interact with customers that have occurred since our groundbreaking research on contact centers in the cloud four years ago. We set out to determine the attitudes, requirements and plans of those who engage in customer service and contact center management, and to identify the best practices of highly performing organizations. We designed this research to examine both the commonalities and the qualities specific to major industry sectors and across sizes of organizations. We considered the various ways in which organizations engage with customers, issues they encounter in the process and the information technology they use.

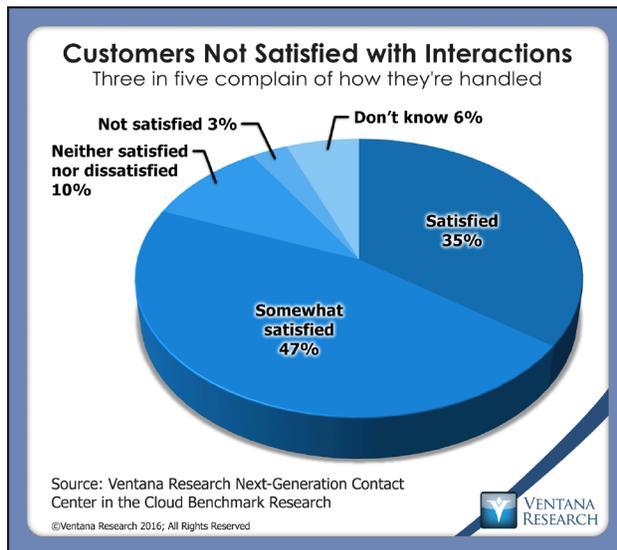
The research finds that companies communicate with customers through more channels than ever before. Since the earlier research the average number of channels used has increased by one, to eight



channels. The top three channels remain inbound calls, email and outbound calls, although the percentages of companies supporting them have dropped slightly. On the other hand, the channels in which volumes of interactions are most expected to grow are all digital: the corporate website, mobile apps, email and social media. Thus new channels not only are being added but are increasingly important for contacts with customers.

The research also shows that expansion will continue, as many companies plan to support additional channels. The most often cited, each by at least 30 percent of participants, are video calls, outbound text messaging, mobile apps and Web-based chat.

Driving the trend toward multichannel support is an intensified focus on the customer. Asked about areas for competition, as well as the obvious categories of services offered (cited by 82%) and products offered (67%), which affect customer interactions indirectly, 70 percent of research participants said they compete on the basis of the



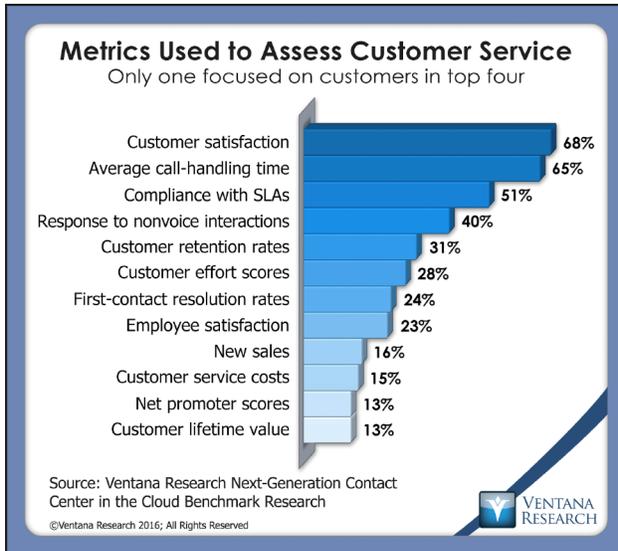
customer experience. How they compete on customer experience is also the area in which the largest percentage of participants (71%) said they plan changes.

The research shows what is driving these changes. Only about one-third (35%) of participating organizations reported that their customers are satisfied with the way the organization handles their interactions; the largest percentage (47%) said their customers are somewhat satisfied, which may well

be uncomfortable in such a fiercely competitive economy. In other signs of pressure, more than two-thirds (69%) said it is very important to improve customer service, and the same percentage said it is very important to improve the way the organization handles interactions. However, improving customer experience (cited by 82%) is the most common motivator.



To make improvements, organizations need first to know how well they are doing and where weaknesses are. Key performance indicators (KPIs) are tools commonly used for such assessments. The largest percentage (63%) of research participants said that they use the customer satisfaction metric as a KPI in their contact centers. While that aligns with this focus, the three next-most commonly used KPIs address operational efficiency instead: average length of calls, number



of calls handled, and speed of answer. The findings are similar for metrics used specifically to monitor and assess customer service: The most common (for 68%) is customer satisfaction, but three operational metrics rank highest after that.

The research finds much less frequent use of metrics that relate more directly to aspects of customer service and satisfaction: customer retention (40%), customer effort scores (28%) and first-contact

resolution rates (24%). We note that customer effort scores are used more often now than in our previous research, but the truest measure of business success, customer lifetime value (13%), is tied for least use among participating organizations. Every company needs to track efficiency, of course, but doing so at the expense of more customer-oriented metrics can undermine the goal of better customer service.

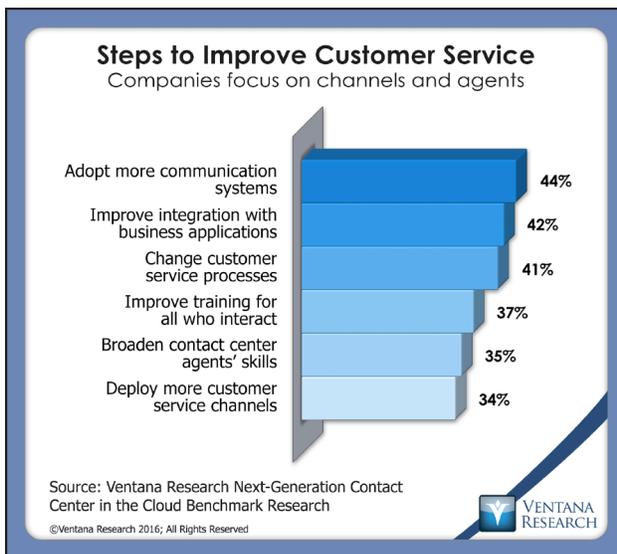
Customer experience and multichannel communications come together in what's now called an omnichannel customer experience. Delivering such an experience requires a company to provide consistent interactions across all channels and all needed information to both customers and the employees who deal with them. Recognizing the need to deliver such experiences is one thing; implementing it effectively, however, is another. Currently fewer than half (48%) of organizations said they can provide omnichannel customer experiences.

The issues that stop others from doing so are primarily technological. Those cited most often are that current systems lack functionality to



support actions and provide information (73%), that communications systems are not integrated and cannot share data (68%) and that responses are not consistent across all touch points (44%). The implications of these technology constraints, however, impact customer relationships. Among factors that undermine satisfaction, participants most often cited customers having to repeat information (50%) and being unable to use their preferred channels (43%), as well as responses being too slow (48%) and inconsistent (41%).

The research also reveals that many organizations aren't sure how to resolve the problems they face. One-third or more cited half-a-dozen steps they likely must take to improve customer service; the most



common is to adopt more communication systems (cited by 44%), but they also mentioned issues involving integration with other systems (42%), customer service processes and training of employees who handle interactions. As organizations adopt more channels, the need for integration among them to establish and maintain consistency intensifies.

Contact centers often are complex entities, even more so today than in the past. To accomplish successful

customer interactions, organizations need four categories of systems: communications management for the channels of engagement; business applications to manage customer data and transactions; self-service to support new digital channels; and analytics to produce analysis and reports of customer behavior and interaction. The research finds that to keep up with customer demands and thus retain their business, participating organizations intend to adopt new systems in all four categories.

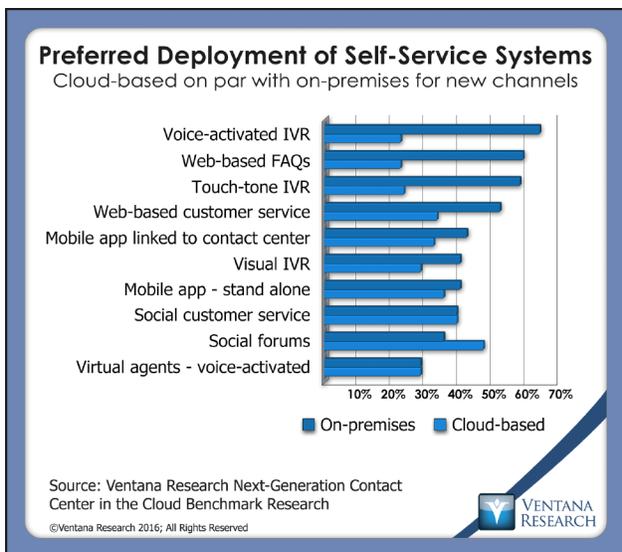
Among the innovative technologies that Ventana Research tracks, participants most often cited analytics (62%) as likely to have an impact on how they provide customer service. More than half (58%) said they will evaluate additional analytics systems to improve customer engagement. Advanced analytics can help users collect and



analyze the mass of information necessary to create a comprehensive view of their customers. The types most often planned for use are social media (33%), Web (27%), cross-channel (27%) and speech(26%) analytics, all of which can provide useful insights.

As well as analytics, research participants said that mobility (49%), social media (41%) and collaboration (39%) will impact how they provide customer service. Since our previous research, notably more companies have deployed systems in these areas, for both customer and employee use. In addition, one-fourth or more now plan to adopt self-service systems in the form of social forums (27%), stand-alone mobile apps (23%) and social customer service (23%). All of these cater to the preferences of today's customers.

Self-service is increasingly relevant as it appeals to consumers who seek information and take action at a time of their choosing and on their preferred device, most likely mobile, rather than engaging with a person. For companies, self-service can be a double-edged sword: It can be less costly than using customer service agents, but if the system doesn't work well or contains incorrect, insufficient or inconsistent information, customers can abandon the transaction with a single click, perhaps never to return. As for other channels, organizations should be sure to invest in robust applications and use customer-facing metrics to track success of self-service.



In the effort to modernize and expand their contact centers, companies are increasing willing to consider systems based in the cloud, the research finds. This is particularly true for new channels of communication. Cloud-based applications, which largely obviate the need for dedicated technical resources in-house, can be easier, faster and less expensive to implement than products on-premises. Across the four categories of contact center systems, most



organizations still prefer to deploy established applications themselves locally but are more disposed to use the cloud for those involving, for instance, mobile and social capabilities.

The most frequently cited benefits of adopting cloud-based systems in all four categories have to do with cost savings, reduced need for in-house resources and better financial visibility and control. But organizations most often said that usability (72%) is a very important criterion for evaluating contact center software, whether deployed in the cloud or locally. Cloud computing typically facilitates access to systems through a Web browser, which can enhance usability. So do modern, easy-to-use interfaces and the ability to run on mobile devices, which matter to both customer and contact center employees.

The research shows that organizations are well aware of the imperatives to improve and update customer service processes, systems and channels and to focus on the customer experience and engagement. We advise all to take these challenges seriously and commit to making real changes in how they interact with customers and assess their own performance. Customer care strategies should be focused on providing easy, personalized, in-context and consistent experiences in an omnichannel environment. Companies that succeed in doing so can expect to thrive in the contest for customers' loyalty and continuing business.



Key Insights

This benchmark research yielded the following important general findings and key insights regarding adoption and use of contact center systems in the cloud. (We discuss performance levels in the Performance Index portion of the full research report; the actual questions asked in our survey are in an appendix to the research report. Specifics of organization sizes are in the appendix “About This Benchmark Research.”)

Adoption of cloud-based contact center systems is advancing.

Many organizations still use legacy systems in their contact center infrastructure and applications; some, however, are deploying cloud-based systems to support new requirements.

The Performance Index analysis in this benchmark research shows that most companies are slow to adopt cloud-based contact center systems. The largest percentage (45%) rank at the lowest-performing Tactical level, and only one-tenth are at the highest Innovative level. Many participating organizations still use legacy systems in their contact center infrastructure and applications; some, however, are deploying cloud-based systems to support new requirements.

Our Performance Index analysis also examines organizations’ performance in more detail in four dimensions: People, Process, Information and Technology. In

People and Information, at least half of organizations rank at the Tactical level, while of the four, the largest percentage of organizations ranking at the Innovative level of performance (only 13%, however) is in the Technology dimension. In this area, companies reported most often that digital self-service technologies such as text messaging and chat can help improve customer engagement, and the preferred supply model for these and other new technologies is cloud-based.



Organizations are evolving in how they compete for customers.

The research shows that organizations plan to modify how they compete for customers. Today they most often focus on services offered (82%), the customer experience (70%) and products offered (67%); very large companies by number of employees most often try to differentiate on products offered. In the next two years nearly three-quarters (71%) of organizations said they will change how they compete to focus on the customer experience, while smaller percentages plan changes in services offered (61%) and products offered (52%).

More than two-thirds (69%) said it is very important to improve customer service, and the same percentage said it is very important to improve the way the organization handles interactions.



Our analysis finds that this pattern is more common in very large companies. Significantly more organizations (46%) said that they will emphasize customer self-service in the next 24 months than said they do that now (34%, the fewest of any option).

Organizations clearly are concerned about how well they deal with customers. Only about one-third (35%) said that their customers are satisfied with the way the organization handles their interactions; the largest percentage (47%) said their customers are somewhat satisfied. More than two-thirds (69%) said it is very

important to improve customer service, and the same percentage said it is very important to improve the way the organization handles interactions.

How well organizations handle customer interactions strongly impacts customer loyalty and lifetime value. To improve customer satisfaction, participants most often said they need to remove the need for customers to repeat information (50%), speed up responses (48%), support preferred channels of engagement (43%) and make responses consistent regardless of channel (41%).

Customer satisfaction is the top priority, but operational metrics abound.

The performance of contact centers has long been subject to close scrutiny, and the primary focus has been on meeting operational



targets to minimize costs. Increasingly in recent years, however, organizations have claimed that their top priority is to assure customer satisfaction. These research findings reflect this dichotomy. The largest percentage (63%) of participants said that customer satisfaction is a key performance indicator, but after that the four next-most commonly used key indicators are operational: average length of calls (59%), number of calls handled (59%), speed of answer (56%) and adherence to service-level agreements (SLAs, 49%).

To monitor and assess the success of customer service, the most widely used metric is customer satisfaction (for 68% of companies),

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followed by three operational metrics: average call-handling times (65%), adherence to SLAs (51%) and time to respond to nonvoice interactions (40%). Metrics that relate more directly to aspects of customer service and satisfaction are used much less often: customer retention (40%), customer effort scores (28%) and first-contact resolution rates (24%).

Compared to our previous research on contact centers, customer satisfaction has moved from the second-most common to the most commonly used metric, but the greatest change is that customer effort scores have moved from the least-used metric to sixth place, further emphasizing attention paid to the customer. Very large companies especially have increased focus on the customer experience, using customer satisfaction the most of any size of company and average call handling and adherence to SLAs the least. Net promoter scores and the truest measure of business success, customer lifetime value, are used by the fewest companies (13% each).

The number of communication channels continues to grow.

In recent years the balance in how consumers engage with organizations has shifted from direct contact to contact through digital channels. However, the older channels remain in wide use: Two-thirds (66%) of organizations ranked direct assisted service (real-time interaction with an employee) as the most important customer service channel, followed by digital services such as email, text messaging and



chat (21%), nonvoice activated self-service such as interactive voice response (6%), and social and voice-activated self-service (both 4%). The preference for direct assisted service is especially true of companies in the finance, insurance and real estate (FIRE) industry sector, and these companies also said that their customers are satisfied more often than did those in other groups. The preference for direct assisted service is confirmed by the communication channels organizations support most often: inbound calls (92%), email (92%), outbound calls (84%), face-to-face encounters (70%) and postal mail (67%).

Overall the research shows that companies communicate with customers through more channels than ever before, with the average number of channels used having increased by one since our previous research (from an average of about seven to slightly more than eight). The top three remain inbound calls, email and outbound calls, although the numbers of companies supporting them have dropped slightly, and significantly more companies now support social media and video channels.

During the next two years companies plan to support additional channels, particularly video calls (32%), outbound text messaging (32%), mobile apps (31%) and Web-based chat (30%).

During the next two years many companies plan to support additional channels, particularly video calls (32%), outbound text messaging (32%), mobile apps (31%) and Web-based chat (30%). Research participants said they expect volumes of interactions to grow in all channels, with the most significant growth being in customer contact through the corporate website (41%), mobile apps (26%), email (25%) and social media (24%).





Communication and process issues obstruct omnichannel experiences.

The proliferation of communications systems has also brought a demand to provide consistent interactions and information across them all – what has come to be known as an omnichannel customer experience. The research finds that fewer than half (48%) of organizations are able to provide customers with such experiences. The issues most often impeding omnichannel experiences are that current systems lack functionality to support actions and provide information (73%), communications systems are not integrated and cannot share data (68%), and responses are not consistent across all touch points (44%).

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This research identified a variety of actions that organizations said would help improve customer service and the customer experience. Reflecting the complexity of this effort, the largest percentage (32%) of participants cited six or more steps. The most popular are to adopt more communication systems (selected by 44%), improve integration to share information across systems (42%), update customer service processes (41%), improve training for employees (36%) and deploy more customer service channels (33%). All but training may create challenges in providing consistent responses on all channels, a fundamental requirement of an omnichannel experience.

Customer interactions occur throughout the organization.

As well as wanting to use more channels of engagement, customers today expect to receive more personalized service and to have requests and issues resolved at the first point of engagement. To meet these expectations, forward-looking companies are using more knowledgeable and differently skilled employees, often outside the contact center, to handle interactions. The research shows that in 15 percent of companies more than half of inbound interactions are handled outside the contact center; in almost half (43%) of organizations some interactions (fewer than 10%) are handled outside



the contact center. In addition to the contact center, which handles 75 percent of interactions, the business groups primarily involved in handling interactions are sales (67%) and branch offices and service and retail outlets (52%); on average in an organization, five business groups do so. In the next two years more interactions are likely to be handled by mobile employees (in 23% of organizations), other business groups (20%) and the marketing department (20%). This leads us to conclude that handling interactions, and thus the quality of the customer experience, is an enterprise issue that requires a corporate strategy and coordinated efforts to meet customer expectations.

Using employees in multiple business groups creates challenges. In only one-third of companies do these employees handle all types of interactions, and roughly the same percentage (36%) of employees handle interactions across all communication channels. Organizations following this trend thus need to be able to route interactions to properly skilled employees and to provide training and systems to support them.

Analytics is the key technology impacting customer service.

Ventana Research monitors innovative technologies that are impacting or will impact business. Among them participants in this research most often (62%) said analytics will have an impact on how they provide customer service, followed by mobility (49%), big data (44%), cloud computing (44%), social media (41%), collaboration (39%) and wearables (8%).

To improve customer engagement, more than half (58%) of organizations said they will consider adopting additional analytics systems.



Customer service organizations have long been seeking a comprehensive “360 degree” view that would enable them to better understand their customers, and advanced analytics systems can help them collect and analyze the mass of information necessary to create such a view. To improve customer engagement, more than half (58%) of organizations said they will consider adopting additional analytics systems, and nearly half will consider adopting more self-service technologies (47%), business applications (45%) or communication



systems (40%). However, very large companies place more reliance on self-service technologies than do other companies.

Organizations are beginning to invest in new technology.

We examined organizations' plans over the next two years to adopt the four categories of systems needed to provide successful customer interactions. In communications management systems, the systems most planned to be adopted are Web-based instant messaging (34%), video (30%) and unified communications (26%). In business applications to manage customer data and transactions, the systems

Since our previous research into contact center systems, social media, collaboration, real-time analytics and predictive analytics have been deployed by more companies.

most planned to be adopted are workflow (32%), e-learning (32%) and social media integration (30%). For self-service systems, they are social forums (27%), stand-alone mobile apps (23%) and social customer service (23%). For analytics to produce analysis and reports of customer behavior and interaction, the systems most planned to be adopted are social media (33%), Web (27%), cross-channel (27%) and speech (26%) analytics.

Since our previous research into contact center systems in the cloud, social media has been deployed by more companies, moving from 12th-most often deployed to sixth; collaboration also has been deployed by more companies, moving from 10th-most often deployed to sixth; and real-time analytics has moved to most deployed (from third). The most substantial change is that predictive analytics has moved from seventh-most deployed to fourth. Taken together these results indicate that organizations are beginning to invest in more advanced systems to help meet new customer expectations.

The use of cloud-based systems is sporadic.

The research finds that many organizations now are willing to deploy contact center systems in the cloud, although IT participants more often expressed reluctance to do so than did business users. Asked to identify all their deployment options, fewer than half (44%) included on-premises deployment while a total of 69 percent selected at least one of the three cloud-based variations: private (28%), public (22%)



and hybrid (19%). Another indicator of less reliance on on-premises systems is that more than one-fifth (22%) expressed no preference.

It also finds indications that the cloud is the preferred model for some new systems. For communications systems already deployed, cloud use is preferred over on-premises for mobile text messaging (36% vs. 33%), social media (40% vs. 33%), visual IVR (33% vs. 31%) and Web-based instant messaging (47% vs. 25%).

Overall it seems that organizations make their deployment decisions on a case-by-case basis, opting most often for the cloud for newer, more advanced systems.

In business applications the cloud is preferred for social media integration (43% vs. 38%), and for agent coaching the preference is the same for both models (37%). For self-service the cloud is preferred for social forums (48% vs. 38%), and for social customer service (40%) and virtual agents (29%) the preference is the same.

Organizations are least prone to use cloud-based systems for analytics: Only Web analytics (40%) has as much as equal

preference for both models. Overall it seems that organizations make their decisions on a case-by-case basis, opting most often for the cloud for newer, more advanced systems.

Organizations realize an array of benefits from cloud-based systems.

The research shows that organizations that have deployed cloud-based systems realize various benefits. In terms of the type of system, participants said they gain the largest number of benefits from business applications in the cloud, an average of 6.4 benefits, followed by communications systems (6.1), self-service (5.2) and analytics (4.6).

For communication systems the top three benefits are fewer required in-house resources (46%), better integration with other systems (43%) and better support for home-based agents (41%). In business applications we find a similar pattern, with fewer required in-house resources at the top (48%), followed by better financial visibility and control (42%) and better integration with other systems (also 42%). The top benefits of self-service systems are lower ongoing costs



(50%), better support for distributed centers (also 50%) and less dependence on IT (39%); for analytics, lower ongoing costs (45%) also ranks first, followed by better financial visibility and control (40%).

Overall these benefits are connected with savings of costs and resources and better financial control. Few have used cloud-based contact center systems to significantly change the way they handle interactions: Only 23 percent reported that innovation is a benefit of using cloud-based business applications, 14 percent said this for communication systems, 11 percent for self-service and 5 percent for analytics. The research also shows that organizations have not overcome concerns about the security of cloud-based systems; improved security was mentioned least often as a benefit in all categories except business applications, where it was third-least often mentioned.



10 Best Practice Recommendations

This benchmark research reveals significant new insights into the evolving nature and use of contact centers in the cloud. For organizations considering how to optimize their contact centers and customer service, we offer the following recommendations.

1. Focus on the customer experience.

The research shows that in competing for customers, 70 percent of participating organizations focus on the customer experience; only services offered (82%) was cited more often. In addition the largest percentage (71%) said that in the next two years they will change how they compete on the customer experience. More than two-thirds (69%) said it is very important to improve customer service, and the same percentage said it is very important to improve the way the organization handles interactions. To boost your organization's competitiveness, develop a customer care strategy centered on providing easy, personalized, in-context and consistent customer experiences.

2. Offer customers as many channels of communication as possible.

The research shows that companies communicate with customers through more channels than ever before – on average, eight. While two-thirds (66%) of organizations said direct interaction with an employee is the most important customer service channel, digital channels are increasingly being planned. Within two years at least 30 percent plan to support video calls, outbound text messaging, mobile apps and Web-based chat. The channels organizations most expect to grow in volumes of interactions all are digital: the corporate website, mobile apps, email and social media. Many customers prefer such interactions, especially through mobile devices, so prepare and institute plans to offer those channels or risk losing important customer segments.



3. Develop the ability to offer omnichannel customer experiences.

Today's customers not only want a broad range of communication channels, they also expect their interactions and information to be consistent across them all – what the industry calls an omnichannel customer experience. The research finds that fewer than half (48%) of organizations are able to provide such experiences, so having that capability can be a competitive advantage. An omnichannel experience must also be personalized and reflect previous interactions and the customer's relationship with your organization. Being able to provide it is likely to require integrating systems and sharing data (both currently a problem for 68%). Evaluate what your organization will have to do to meet this critical challenge, and consider investments that will enable it to do so.

4. Consider deploying new channels in the cloud.

Choosing cloud-based systems can reduce upfront costs and technical resources required for new implementations. Using such systems also can make integration to existing systems on-premises an easier alternative to developing such linkages in-house. The research finds that the cloud is preferred for new digital systems such as social media, social forums and social customer service (all cited by at least 40%), mobile text messaging (36%) and Web-based instant messaging (47%). Include cloud options as you evaluate supporting new channels and replacing others that are outdated.

5. Base the business case on benefits of cloud-based systems.

The research shows that organizations that have deployed cloud-based systems realize various benefits. The most common are fewer required in-house resources, better integration with other systems, lower ongoing costs and better financial visibility and control. Reduced dependence on IT was another factor cited. Thus it is possible to expand the ways in which the organization interacts with customers in a cost-effective manner. Use this rationale to enlist support for investment among decision-makers in the lines of business and in IT.



6 Discuss involving employees outside the contact center in customer service.

■ To meet customer expectations for more personalized service and quick resolution of requests and issues, almost half (43%) of companies are using employees outside the contact center to handle at least some interactions. The business groups primarily involved in handling interactions are sales (67%) and branch offices and service and retail outlets (52%). In the next two years more interactions are likely to be handled by mobile employees (in 23% of organizations) and the marketing department (20%). This strategy can maximize human resources without increasing head count; however, it requires routing interactions to properly skilled employees and providing training and systems to support them. Assess its suitability for your organization.

7 Use analytics to improve the effectiveness of customer service.

■ Among a variety of innovative technologies, participants in this research most often (62%) said analytics will have an impact on how they provide customer service. To improve customer engagement, more than half (58%) said they will consider adopting additional analytics systems. To produce analysis and reports of customer behavior and interaction, the types of analytics most planned to be adopted are social media (33%), Web (27%), cross-channel (27%) and speech (26%). Advanced systems can help an organization understand the mass of information necessary to develop a comprehensive view of customers and better meet their demands across the span of communication channels.

8 Evaluate other new technologies to improve engagement.

■ In addition to analytics, research participants also said that mobility (49%), social media (41%) and collaboration (39%) will impact how they provide customer service. Since our previous research, notably more companies have deployed social media and collaboration systems. Significant percentages now plan to adopt self-service systems in the form of social forums (27%), stand-alone mobile apps (23%) and social customer service (23%). All of these cater to the preferences of today's customers for digital channels of



engagement. Investing in them can help your organization keep up with the times and your competitors.

9. Look for usability and functionality in software tools.

Usability is rated a very important criterion for evaluating contact center software by the largest percentage (72%) of research participants; it's followed by business functionality (63%). Seek out products that have modern, easy-to-use interfaces and the ability to run on mobile devices as well contact center systems. These should be considerations not only for your employees but for customers. They can boost acceptance and use among both groups and encourage customer engagement by appealing to the preferences of today's users.

10. Adopt metrics that shift the focus from operations to customers.

The largest percentage (63%) of participants in this research said that they use customer satisfaction as a key performance indicator. However, the three next-most commonly used key indicators are operational: average length of calls, number of calls handled and speed of answer. The latter are important, of course, but today's business competitiveness and demanding customers require a different focus. We recommend devoting greater attention to metrics directly related to aspects of customer service and satisfaction such as customer retention, customer effort scores, first-contact resolution rates, net promoter scores and the truest measure of business success, customer lifetime value. Combined with an emphasis on the customer experience and new channels of communication, they can enable improved customer service performance and better business outcomes.



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Appendix: About This Benchmark Research

Methodology

Ventana Research conducted this benchmark research on the Web from April 2015 through February 2016. We solicited survey participation via email, our website and social media invitations. Email invitations were also sent by our media partners and by vendor sponsors.

We presented this explanation of the topic to participants prior to their entry into the survey:

The cloud is increasingly being relied on to support cost-effectively today's multichannel contact centers. This benchmark research is designed to examine the pace of that transition. We'd like you to help us by sharing best practices in deploying and managing cloud-based systems to support next-generation, multichannel contact centers and customer self-service and identifying the benefits realized and the issues encountered.

The following promotion incited participants to complete the survey:

What's In It For You? Upon completion of the research, all qualified participants will receive a report on the findings of this benchmark research to support their organization's efforts, along with a \$5 Amazon.com gift certificate. In addition, all qualified participants will be entered into a drawing to win one of 25 benchmark research reports and a 30-minute consultation, a package valued at US\$1,495 or €1,232. Thank you for your participation!

Qualification

We designed the research to assess the use of and plans for spreadsheets across organizations and industries. Qualification to participate was presented to participants as follows:

The survey for this benchmark research is designed for marketing, sales, customer service, call center- and contact center-related business and IT managers connected with customer engagement and



managing or operating an in-house contact center, offering outsourced contact center services or involved with the purchasing of technology for this area. Solution providers, software vendors, consultants, media and systems integrators may participate in the survey, but they are not eligible for incentives and their input will be used only if they meet the qualifications. Incentives are provided to qualified participants in the research and also are conditional on provision of accurate contact information including company name and company email address that can be used for fulfillment of incentives.

Further qualification evaluation of respondents was conducted as part of the research methodology and quality assurance processes. It entailed screening out responses from companies that are too small, questionnaires that were not materially complete, or those where the submission is from an inappropriate submitter or appears to be spurious.

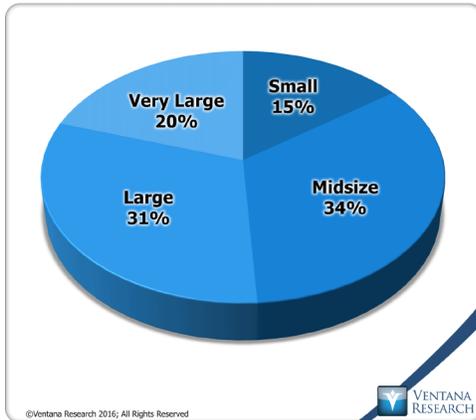
Demographics

We designed the survey used for this research to be answered by executives and managers across a broad range of roles and titles working in organizations. We deemed 106 of those who clicked through to this survey to be qualified to have their answers analyzed in this research. In this report, the term “participants” refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications.



Company Size by Workforce

We require participants to indicate the size of their entire company.

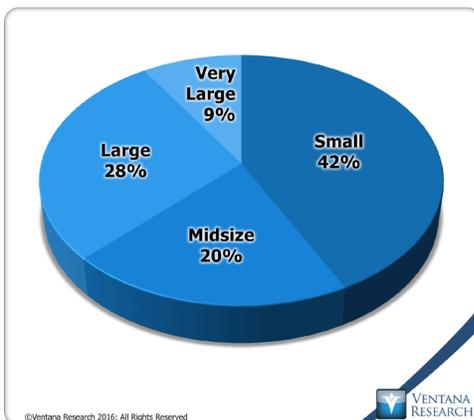


Our research repeatedly shows that size of organization, measured in this instance by employees, is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure. In this research, participants represented a range of organization sizes: 20 percent work in very large companies (having 10,000 or more employees), 31 percent work in large companies (with 1,000 to 9,999 employees),

34 percent work in midsize companies (with 100 to 999 employees), and 15 percent work in small companies (with fewer than 100 employees). This distribution is consistent with prior benchmark research and our research objectives and provides a suitably large sample from each size category.

Company Size by Annual Revenue

When we measured size by annual revenue, the distribution of



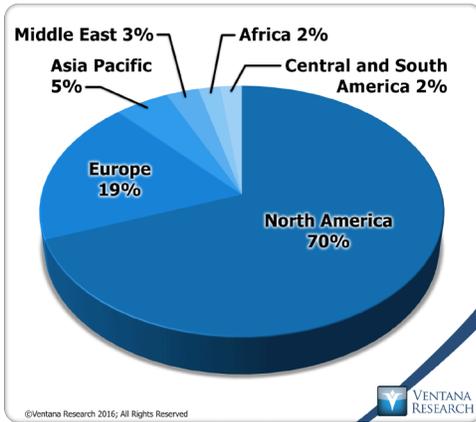
categories shifted downward; fewer than half as many companies fell into the very large category and nearly three times as many are small. By this measure, 11 percent fewer are very large companies (having revenue of more than US\$10 billion), 3 percent fewer are large companies (having revenue from US\$500 million to US\$10 billion), 14 percent fewer are midsize companies (having revenue from US\$100 to US\$500 million), and 27 percent more are small companies (with revenue of less than

US\$100 million). This sort of redistribution is typical in our research projects when we measure by revenue instead of head count.



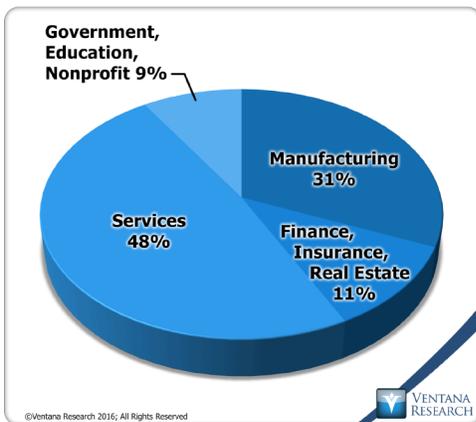
Geographic Distribution

A large majority (70%) of the participants were from companies



located or headquartered in North America. Those based in Europe accounted for 19 percent. Those based in Asia Pacific accounted for 5 percent, in the Middle East for 3 percent and in Africa and Central and South America for 2 percent each. This result was in keeping with our expectations at the start of this investigation, since organizations participating in our research most often are headquartered in North America. However, many of these are global organizations operating worldwide.

Industry

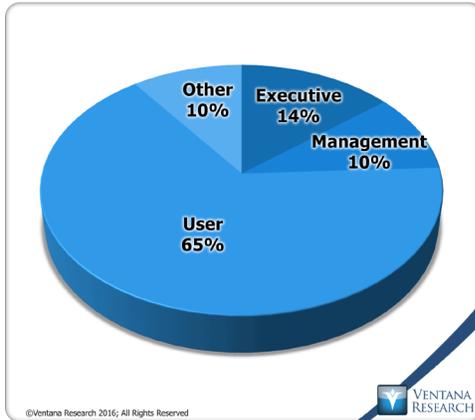


The companies of the participants in this benchmark research represented a broad range of industries, which we have categorized into four general categories as shown here. Companies that provide services accounted for nearly half (48%) of participants. Those in manufacturing accounted for 31 percent. Those in finance, insurance and real estate accounted for 11 percent. Government, education and nonprofits accounted for the remaining 9 percent.



Job Title

We asked participants to choose from among 12 titles the one that best describes theirs. We sorted these responses into four categories: executives, management, users and others. Nearly two out of three identified themselves as having titles that we categorize as users, a grouping that includes director (19%), senior manager or manager (39%), analyst (7%) and staff (1%). About one in seven are executives. Another 10 percent are management, by which we mean vice presidents. Others, almost entirely consultants, accounted for the other 10 percent. We concluded after



analysis that this response set provided a meaningfully broad distribution of job titles.

Role by Functional Area

We asked participants to identify their functional area of responsibility as well. This enabled us to identify differences between participants who have differing roles in the organization. The largest percentages of participants identified themselves as being in IT or call or contact centers. Another 15 percent work in customer support, and 7 percent are in operations. A variety of 14 titles, none with more than 3 percent of the total, comprised the Other category.

