

World Agent Performance Optimization
Report Summary



WORKFORCE MANAGEMENT

Predicting the number of calls coming into the contact center and matching them with the right number of agents with the right skills can be a very daunting task, given the current complex contact center environment. Workforce management software allows contact centers to automate and manage this complex task cost-effectively and with accuracy. Workforce management products ease the pain of scheduling and forecasting within the increasingly complex multi-site, multi-channel, multi-skill contact center environment.

FUTURE OUTLOOK

The Agent Performance Optimization market is projected for rapid growth over the forecasted period ... Some of the factors driving market growth include:

Focus on newer applications such as performance management

A significant growth area within the workforce management space is Performance Management. Though performance management techniques have been around for awhile, what is key within the current initiatives, is an ability to create a unified view of metrics and measures, based on data gathered from independent solutions within the contact center (ACD, IVR, Quality, CRM, HR, and others). The metrics are defined to cater to performance objectives at the operational as well as executive level. On the evaluation scale, this means that agents in a contact center are being measured against operational performance indicators such as number of calls handled, average handle time etc. and are also being measured against executive performance indicators such as revenue generated, up-sell calls handled etc.

Performance views can be presented in the form of reports or dashboards delivered to employee desktops on a daily basis. Presenting this information in real time or near real time offers even greater benefits to contact centers seeking ways to optimize current investments and improve performance. Information presented in a timely fashion can aid contact center managers in identifying and rectifying problems pro-actively through recognition of trends and patterns. The key is to get this information quickly so that managers can act on correcting problems before they have a chance to escalate and magnify.

Changing scope and definition of traditional applications

Agent Performance Optimization applications as a means of improving agent effectiveness have been around for several years, driven by compelling value propositions and solid ROI.

As the market has matured and evolved, so has the scope of these applications. Workforce management software has come a long way from focusing on the core modules of forecasting and scheduling. Newer releases of the software have several features that allow optimization of people, process and technology associated with the workforce management cycle thereby further maximizing contact center performance. Workforce management products are increasingly being viewed as optimization enabling tools rather than just as a means of managing the workforce.

Suite versus best of breed solutions

The majority of vendors in this space realize the benefits of an integrated approach to agent

performance optimization, offering their core applications and partnering with other vendors to provide the missing pieces.

As each of these sectors evolve to focus on improving the customer service process, both within and outside of the contact center, there is a potential of realizing even greater benefits by offering tighter integration between these different applications. There are instances of value delivered by the exchange of information between the core sectors of Quality Monitoring and Workforce Management.

Examples of value delivered by this integration include:

- 1) Track and evaluate agent quality and performance using schedule adherence data
- 2) Using schedule information to initiate quality recordings
- 3) Increase effectiveness of workforce schedules by taking into account agent training schedules

Suite-based solution benefits include lower TCO and integration costs and simpler upgrades. But these benefits often come with some compromises within the depth of features. Additionally, flexibility of the solution can sometimes be compromised with the suite approach. An additional challenge for suite vendors is to demonstrate greater value and ROI, than what can be achieved with in-depth integration between the core application areas. Integration can of course be provided by effective partnerships between vendors operating in the space.

Low penetration rates in the small to medium contact center market

The small to medium contact center market represents an enormous, relatively untapped slice of the contact center market. Many of these operations, though smaller in size, are extremely complex and can benefit significantly with the deployment of agent optimization applications. Realizing this potential, the majority of vendors in the space have introduced pre-packaged and specially priced versions of their products targeted towards the small to medium sector. Small-medium size contact centers have been defined as those with less than 250 agent seats.

Exponential growth projections for overseas markets

The recent trend in outsourcing of contact centers to overseas markets continues to grow, driven by compelling factors such as significantly lower costs and 24/7 customer service. The success of these overseas contact centers in providing cost-effective and quality customer service has resulted in exponential growth projections for several overseas markets such as India, Philippines and China. The maturation of the European market for agent performance optimization technologies also resulted in increasing revenues from the EMEA region.

WORKFORCE MANAGEMENT MARKET ANALYSIS

The global market for Workforce Management solutions, including revenue from software and services, currently stands at \$ 207.2 million. Over the past year, the market has changed somewhat in terms of geographical distribution of revenues. North America accounted for 70.6 percent of total revenues in 2004. Saturation within some segments of the North American market as well as successful outsourcing of contact centers are some of the reasons behind this trend.

The current contact center marketplace has become increasingly complex over the past several years. Customers now have a variety of ways they can engage with the enterprise, such as voice, chat, email, web, fax etc. and possibly video and instant messaging in the future. Matching customer calls to the agent with the right skill set, results in quicker problem resolution and increased levels of customer satisfaction, necessitating the need for multi-skill agent environments. Additionally, contact centers are often multi-site operations, spread out over disperse geographical locations. All of these come together to create a complex multichannel, multiskill, multisite contact center environment. Predicting the right number of calls to the right agents would be a very daunting task without the use of a state-of the art workforce management solution. The eventual rise in remote agents will further increase the complexity of contact center operations. As the market has matured and evolved, so has the definition of Workforce Management.

The software has come a long way from focusing on the core modules of forecasting and scheduling. Real-Time Adherence Monitoring, Change Management and Reporting and Strategic or Long Term Planning are increasingly becoming standard tools, to effectively and efficiently manage contact center workforce. Performance Management applications ensure a more holistic measurement of contact center performance, one that includes both qualitative as well as quantitative measures. Workforce management products now contain functionality that gives agents greater input and control over their schedules, thus empowering them and increasing satisfaction levels.

Newer releases of the software have several features that allow optimization of people, process and technology associated with the workforce management cycle, thereby further maximizing contact center performance.

Workforce Management products are increasingly being viewed as optimization enabling tools rather than just as a means of managing the workforce. The benefits of workforce management software in improving contact center productivity and agent satisfaction are well understood. The message that needs to be articulated is the changing scope and definition of workforce management. As the product matures and evolves, workforce management software can play a significant role in realizing overall contact center optimization via its focus on agent performance and business process performance.

Revenues in this study represent manufacturer-level sales of workforce management products. Revenues were derived by multiplying the average price per agent by the total number of unit shipments at the agent level. Revenues from direct sales are factored at 100 percent, while revenues for indirect sales are reduced by the margin accrued by the reseller.

Upgrades that are part of a standard maintenance contract have not been included in unit shipments. Upgrades that offer additional benefits and are hence paid for by customers have been included in the unit shipments. Vendor software license and services mix was also taken into account to estimate services revenue. Vendors typically sell primarily through direct channels in North America and indirect channels in other regions.

MARKET TRENDS

Agent Empowerment

Agents are being increasingly viewed as an important vehicle in driving customer satisfaction. As contact centers become truly multimedia in nature, a significant number of routine calls will be handled

through self service channels such as web and IVR. The balance of the calls being handled by agents will require superior handling skills.

Effective training coupled with high levels of motivation and satisfaction amongst agents will go a long way in ensuring maximum value generation from the call. This forms the basis of the trend of giving an agent greater input and control over their work schedules. These modules allow agents to request changes to their schedules within parameters defined by their organization. These changes can also be done through IVR and Web self service portals.

Recent releases of workforce management software continue to include agent empowerment modules in a variety of forms, such as Shift Bidding, Shift Trading, Request Bidding, Vacation Planning and Agent Schedule changes through IVR. This trend is interesting because of its ability to impact agent morale and ability to increase non-agent productivity by freeing up supervisor time. Additional benefits include time savings due to automation of administrative tasks.

Performance Management

Contact center performance measurement has, until very recently, been all about cost cutting and hence measurement of numbers. The change in the profile of the contact center to a more strategic asset within the enterprise, has given way to a more holistic measurement of contact center performance: one that includes both quantitative and qualitative measures. It thus becomes imperative to measure performance not just on the basis of quantitative measures such as average handle time, but also on qualitative measures such as the value or revenue outcome of the call. Enterprises are increasingly realizing that contact centers are often the only source of valuable customer needs and wants, and that contact center agents are a significant influencer of customer satisfaction and retention rates.

Performance Optimization applications draw information from various software systems such as Quality Monitoring, Workforce Management, elearning and combines this with data from the ACD, CTI and CRM systems to present a unified multidimensional view of contact center performance. The ability to automate data collection from disparate information sources is a critical piece of functionality.

Performance management solutions offer the option of picking from a standard list of KPI's or Key Performance Indicators. Alternately these KPI's can often be customized to offer a more sophisticated measurement. Awards and recognition programs tied into the performance statistics allow agents to see the correlation between activity and compensation.

Reports and scorecards generated by these applications are proving to be of interest to agents, super-visors and also decision-makers outside of the contact center, within the enterprise. Benefits realized include the ability to optimize existing investments and time savings and cost reductions via consolidated reporting. Additionally, performance management deployments have also yielded increased first call resolution rates and reduced average talk times.

Complexity in Contact Centers

Managing contact center operations in a multisite, multichannel and multiskill deployment can be a very complex task. Effective tools that present a consolidated view of contact center performance across these various dimensions are imperative for managers and executives in making informed decisions.

Workforce Management solutions that provide multi-skill, multichannel, multi-site planning, reporting and analysis have become essential optimization tools for contact centers today.

The migration of TDM based contact centers to IP based centers is inevitable, and has already picked up momentum within the marketplace. Migrating contact center infrastructure platforms from TDM to IP offers users several benefits, ranging from reduced maintenance, management as well as operational costs. IP makes it much easier to deploy flexible contact center models, that support remote agents, and also offers the ability to add agents on the fly in order to cope with demand. At present IP contact centers are being increasingly deployed in green-field environments, wherein the costs of deployment and the business values are fairly easy to justify. On the other hand IP offers clear-cut cost savings for centers wanting to operate in a distributed virtual environment, with several geographically distributed sites operating as a single centrally administered center.

Strategic or Long Term Planning

One of key trends within the Workforce Management space is the focus on Long term or Strategic planning. Recent releases of the software have included modules with functionality enabling long term planning. The functions within this module allow the user to use historical performance to develop a medium to long term workforce planner. Sophisticated 'what-if' scenarios help direct budgeting and recruiting strategies and determine the impact of business changes on workforce requirements. Typical scenarios include assessing the impact of outsourcing or attrition on costs and service levels. Related functions include personnel planning, budgetary planning and revenue modeling. Decision support systems are often used in deployments to support the long-term planning process.

Process Automation

A number of features introduced by vendors provide the ability to automate routine workforce management tasks, thus freeing up supervisor and agent time to focus on more critical activities. For example, schedule changes, shift and vacation requests can be processed automatically thereby saving valuable supervisor time. Self-service technologies empower agents and allow enterprises to realize the benefits of process optimization.

Operational processes such as performance appraisals, can also be optimized, by automating associated activities such as generation of performance reviews. Functionality contained within performance management applications further provide numerous avenues for process automation, right from automated collection of data, to performance reporting to delivery of elearning sessions to address gaps.

Competitive Overview and Marketshare

Key Observations

IEX had an excellent growth year in 2004, and strengthened its market share position in global, as well as regional markets. EMEA and Asia-Pacific markets represented significant growth areas for IEX, as a result of direct selling efforts, and successful channel development efforts.

Aspect maintained and somewhat grew its market share in both global as well as regional markets.

Blue Pumpkin (now Witness) maintained its position within global as well as regional markets.

Genesys continued to maintain its strong leadership position in EMEA.

Symon maintained and somewhat grew its market share in the North American market.

Figure 3-8 shows the market share of the major workforce management vendors on a global basis. These are based on revenue derived from sale of software licenses only.

Others include Envision, GMT, Pipkins, Concerto, Teleopti, Portage Communications etc.

Figure 3 - 8

Workforce Management Market: Market Share Trends of Major Market Participants Based on Software License Revenues (World), 2004

2004 Company	(%)
IEX	22.1
Aspect	16.3
Blue Pumpkin (now Witness)	12.9
Genesys	10.8
Symon	4.4
Others	37.9
TOTAL	100.0

Figure 3-10 shows market share for North America based on revenue derived from software licenses only.

Figure 3 - 10

Workforce Management Market: Market Share Trends of Major Market Participants Based on Software License Revenues (North America), 2004

2004 Company	(%)
IEX	23.1
Aspect	18.2
Blue Pumpkin	13.0
Symon	6.2
Genesys	3.9
Concerto	2.0
Envision	1.2
Others	32.4
TOTAL	100.0

Profile

IEX Corporation

In 2004, IEX ranked first in the workforce management market measured on the basis of software license revenues. The strong performance by IEX in 2004 was driven to a large extent by excellent growth in license revenue. IEX further enhanced its technologically strong product line with the introduction of several new and value-add features and functionalities. A commitment to customers and significant investments in research and development have been instrumental in increasing the technological depth of its solutions.

The integration capabilities of IEX SmartSync architecture make it easy to interoperate with a wide variety of functions and technologies within the contact center. Long standing and fruitful partnerships with Merced Systems for performance management capabilities, and Bay Bridge Decision Technologies for strategic planning capabilities, have helped IEX expand the breadth of its solution offerings, without compromising on depth in functionality.

Key customer successes in 2004 included GE Consumer Finance Australia, Bank of America, Singlepoint (part of Vodafone), American Electric Power, Worldspan, Unibanco Brazil, SITEL, etc.

As the classic debate of strengths and weaknesses for suite versus individual point solutions continues, IEX has an approach that offers the best of both worlds. An alliance of technology vendors that can provide highly functional best-in-class solutions that are pre-integrated and tested to provide enhanced value to customers. The IEX SmartSync suite is an enabler to this approach by providing seamless data integration and synchronization. An alliance of point solution vendors provides the depth of a point solution and the easier integration of a suite.

With its strong position in the market in terms of technology and strategy, IEX has a good chance of making a success of this approach.

Figure 4-5

Workforce Management Market: Critical Success Factors for Key Vendors in the Workforce Management Market (World), 2004
Blue Critical Success Factors Aspect Pumpkin IEX Genesys Symon

- Proven ROI model
- Supports Multimedia Channels
- Multisite Capabilities
- Multiskill
- SME Product
- Web Access for agents/supervisors
- IVR Access for agents/supervisors
- Agent Empowerment
- Strategic / Long Term Planning
- Bundled with Contact Center Suite
- Integration with 3rd party applications
- Integrated Performance Optimization
- Global Presence
- Strategic Vision

GROWTH STRATEGY LEADERSHIP AWARD

IEX is the recipient of the 2005 Growth Strategy Leadership Award. A well planned and executed growth strategy built upon a strong and deep product portfolio, coupled with an insight into industry and market trends and drivers have been some of the factors responsible for IEX's excellent growth year in 2004. Frost & Sullivan lauds IEX's successful growth in a maturing and consolidating marketplace.

Frost & Sullivan mentions that in a market experiencing saturation in large contact centers within North America, IEX outperformed the competition by registering the best year in the company's history. Increasing revenue by 16 percent over 2003, IEX reinforced its stronghold in the workforce management market.

The strength of IEX's significant market presence is visible in the benefits reaped by more than 800,000 agents spread across over 2,800 sites in 43 countries. Such robust growth was spearheaded by the adoption of the TotalView® Workforce Management system by emerging small and medium contact centers. Although the large contact center space is near a saturation level for investments into new workforce management solutions, the demonstrated ability of IEX to win in competitive replacement sales was also a factor in the company's growth during the year.

About Frost & Sullivan

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