

Workforce Management for the Masses

- Hosting removes the pain while you keep the gain –

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Understanding hosting

Have you thought about hosting? No, it's not about throwing a party for your top agents. Hosting is a delivery model that allows you to secure needed contact center applications now – not “when the economy turns around,” or “when budgets free up.” Hosting goes by a lot of names. “Application service provider ASP is one. “Software as a Service (SaaS)” and “cloud computing” are currently in vogue. Another trendy term along is “on-demand” services. For the sake of simplicity we will simply use the term “hosting”

The basic idea is that you secure that applications you need by paying a subscription fee rather than investing in premised-based software and hardware. The most common models are similar to your electric service where you pay just for usage, or a fixed charge based on services contracted for - similar to TV cable service. The hosting model is ideal for today's economic climate where capital funds are tight while the need to improve service and cut costs has gotten even stronger.

The idea is well established in the enterprise software space but still a little new to contact centers. Hosted solutions are most common in call distribution and customer relationship management with major players like Salesforce.com, Oracle, Microsoft, SAP, RightNow Technologies, Interactive Intelligence and Five9 taking the lead. According to Gartner Group, by 2012, 30 percent of investments in CRM will be via the hosted model.

While hosting has gone mainstream in call routing and CRM it has been slow to take off in other important contact center applications. A major constraint has been the paucity of vendors that offer a hosting option for applications like workforce management and interaction recording. Fortunately, a few vendors led by Pipkins, Inc. – which pioneered the concept in 2002 – now offer a full-featured solution via the hosted model.

Do I need workforce management software?

Before considering alternate delivery models the first question to ask is whether you need workforce management software at all. Workforce management software (WFM) uses highly sophisticated mathematical algorithms to find the best agent scheduling solution for your environment. You feed in your target service levels, plus a lot of data about your workforce, and the systems keep crunching numbers until it finds the optimum solution that achieves target service levels with the minimum required level of employees that have the requisite skills to get the job done. Most applications can also forecast future schedules so employees can plan ahead and management can be confident that goals will be met despite widely fluctuating call volumes. Depending on the vendor there are numerous special features like helping to align schedules with agent preferences, scheduling agents based on their special skills (like language proficiencies or the ability to compose great emails) and even

simulation tools that allow management to test the impact of changes before making any final decisions.

Contact center WFM pays for itself through staff reductions, more efficient deployment of current resources, reduced administrative hours, fewer callbacks, and better decision-making. The quality of customer care improves because callers are directed to live agents more quickly – thus reducing holding time and abandonments – and agents are more satisfied with their jobs. There is ample research that shows that satisfied agents make for satisfied customers.

Workforce management is arguably the most cost-effective and most underutilized applications in the contact center software arsenal. But despite the many benefits our research at The PELORUS Group indicates that the overall penetration rate is only about 40%.

Penetration of Contact Center Applications by Agent Size USA, 2007			
Application	Agents in Call Center		
	25-50	50-250	500 - 1000
Interactive Voice Response	46%	50%	66%
Interaction Recording	35%	58%	90%
Predictive Dialers	11%	19%	21%
Workforce Management Software	8%	25%	85%
Performance Management Software	<1%	3%	11%
IP-Enabled Call Servers Telephony	<5%	15%	25%
Intelligent Desktops	<1%	6%	10%
Sources: The PELORUS Group, ContactBabel, Cornell University			

Over 80% of very large contact centers – those with 500 agent or greater – have automated WFM systems. However, penetration among contact centers with 250 agents or less drops to less than 25%. These same small to mid-size operations account for over 95% of all of the world’s contact centers and employ over half of all agents. The experts we spoke with while conducting this research tell us that, in general, once a contact center grows to 25 or more agents manual forecasting methods are no longer practicable. Accuracy drops, errors creep in, and it is very difficult to make quick changes.

The cost factor

The major impediment to broader deployment is cost. Sophisticated systems can easily set a mid-size center back by six figures. There are less costly alternatives. Excel spreadsheets are still very common, along with Erlang calculators. They are not very effective for contact centers with 25 or more agents or any environment where call flow is highly variable, queries arrive via multiple channels, agents have different skill sets, or there are multiple locations spread over different time zones. As well, only modern WFM software provides real-time adherence reports or the ability to pre-test the impact of different scheduling scenarios. Modern systems can forecast and schedule staffing for multi-channel and multi-site environments. Some (not all) handle outbound and blended environments as well as inbound. Vacation and time-off request are handled consistently based on business rules. Best of all, automated systems quickly pay for themselves. The biggest payoff is in more effective utilization

of agent resources. Other economic benefits are reduced costs for administration, report preparation, and the ability to do “what if” simulation tests.

Now there’s a way for every contact center to afford workforce management

The most persuasive and most thoroughly documented capital investment proposals can get crushed when nervous CFO’s decide that it is best to hold onto cash in today’s uncertain economic outlook. But what if you told your CFO that you could save money at the contact center and not have to dish out a wheelbarrow full of cash upfront?

If WFO is something you need – or something you already have but no longer meets your needs - then it is appropriate to compare hosted versus on-premise acquisition options.

There are many advantages to the hosting model.

Advantages of Hosted Workforce Management

• <i>Capital preservation</i>
• <i>Business continuity</i>
• <i>No expensive maintenance contracts</i>
• <i>Pain-free upgrades</i>
• <i>Short implementation cycle</i>
• <i>Requires little or no onsite IT support</i>
• <i>Pay only for what you need</i>
• <i>More responsive to business changes</i>
• <i>Extensible throughout the enterprise</i>
• <i>Try before you buy</i>

Capital preservation

Hosting requires little or no capital investment. The software and data storage is maintained centrally and distributed via secure networks. Depending on who you deal with, you may not need on-premises hardware or have to load desktop software. Your CFO can use scarce capital funds to support activities more central to the operation of the enterprise, like inventory control, production, and accounting.

Business continuity

With on-premise hardware and software there is always a risk of a major systems failure or damage due systems crashes or natural disasters. If the system is non-functional it could take days or weeks to bring in a replacement or perform fixes. Business continuity is a major reason why so many businesses have moved to the hosted model for enterprise software and services such as teleconferencing and web hosting.

No expensive maintenance contracts and set-up fees

When you purchase on-premise software typically half or more of the initial cost is for upfront services. After the system goes live and the initial warranty expires you can expect to pay about 20% of the initial cost for ongoing service and maintenance. With hosted solutions, you pay for just what you need – training for example. But

you won't have to pay for costly integrations and customizations ongoing maintenance – which is where the real money goes.

Pain-free upgrades

Upgrades and software fixes can cut deeply into productivity. With hosted applications upgrades are handled centrally. They can be downloaded during slow hours with little or no interruption to ongoing activities. The process is completed all at once – not in a piecemeal fashion that can stretch over days or even weeks. You get the latest features with out the trouble. All gain – no pain! In the case of www.workforcescheduling.com by Pipkins Inc you don't even pay extra for upgrades. The software you secure through the hosted model is identical to their popular on-premise product, Vantage Point, and follows exactly the same software release schedule.

Short implementation cycle

A hosted solution takes much less time to get up and running because so much of the work is done by the hosting company. End users do not have to purchase or configure servers. You simply tell them what features you want and how you want the software configured. The vendor can even load your data. On-premise solutions require setting up the underlying hardware — getting it installed, purchasing licenses for supporting system software like operating systems and communications technology, and tuning everything for best performance. With the hosted model you begin receiving the economic and performance benefits in days instead of weeks or months.

However, you still need to do your homework in advance. One of the “hidden” benefits of WFM is it forces you to carefully think through your goals, expectations, processes, and latitude to make the structural and staffing changes needed to improve performance. An experienced vendor can help you along in this process. The front-end analysis is the most important step and there are no short cuts.

Requires little or no onsite IT support

Workforce management software is highly complex. For smaller contact centers that have little or no dedicated IT support hosting is ideal. For businesses that do have in-house information technology resources you will no longer have to rely on them to support your WFM system. It takes time and money to train and certify in-house experts and your organization may well prefer to focus their limited IT staff on other priorities. Further, in-house staff experts are not always immediately available to help you out in a crisis situation. Your contact center may work extended hours, but not your IT staff. Hosting vendors have the expertise. They know the product inside and out. In the case of Pipkins, Inc. experts are available by phone or email 7 X 24.

Pay only for what you need

When you purchase premise-based WFM you essentially have to provision for maximum expected capacity. Since call flow varies significantly and is often seasonal, most of the time you are paying for unused capacity. With hosting, and depending on your vendor, you pay for usage – not empty seats. And the hosted model is almost infinitely scalable. If you have a major campaign coming up or if your business is highly seasonal you simply add more seats when you need them.

More responsive to business changes

In that same sense, hosting is much more responsive to business changes. No one needs to tell you that the economic climate has changed dramatically over the past year to 18 months. Manufacturers, retailers, and travel businesses are sitting on unsold inventory and empty hotel rooms. In many cases this means fewer calls and therefore fewer agents. But not always. In the case of banks, mortgage companies, investment houses, collection companies, government agencies, and others call flow has increased sharply – as worried consumers try to work out new mortgages, review their portfolios, or deal with mounting unpaid bills. Hosting allows the enterprise to rapidly adjust capacity to match changing business conditions.

Extensible throughout the enterprise

Workforce management software has many applications throughout the enterprise. Virtually any function where staffing is contingent on varying workflow can benefit from workforce management software. Good examples are bank tellers, retail sales clerks, claims processing, nursing, and production lines. If workflow can be measured it can be managed. Several leading vendors market nearly identical software to both contact centers and so-called “back office” environments. The more utilization you gain from WFM then the greater the benefits to the enterprise. A major impediment to extending the application cross-functionally is the cost and difficulty of adding seats. Hosting mitigates that problem. And if you later learn that WFM does not work as well as anticipated in these departments then you simply discontinue the service.

Try before you buy

Hosting is a terrific way to become familiar with the technology before you make a major investment in on-site software. You can see for yourself if you are getting the anticipated results while gaining familiarity with the features and applications.

How do I know if hosting is right for our situation?

First, hosting is a viable option for any contact center that is exploring the acquisition of WFM for the first time or is looking to replace an existing system. Four classes of enterprises are especially strong candidates for hosted workforce management software.

Top Candidates for Hosted WFM

- *Small to midsize contact centers*
- *Contact centers with highly variable call flow*
- *Multi-location contact centers*
- *Outsourcers*

Small to mid-size contact centers

As we have discussed, too few small to mid-size contact centers currently deploy automated WFM. This is not because of lack of need. All contact centers regardless of size have the same basic needs to drive customer satisfaction, grow revenues, control costs, and capture and convey valuable market intelligence. In the case of WFM the need is even greater because absences, poor scheduling, and adherence lapses have a disproportionate impact on service levels. There are simply fewer resources to pick up the slack.

The major deterrent is that smaller operations simply don't have the high six and even seven-figure capital budgets to invest in all the hot new technologies. As a

result, they don't always get a lot of attention from the top vendors and consequently don't fully understand how WFM works and how it can benefit their operations. Also, smaller operations often don't have in-house resources to administer and support the software.

Hosting solves both problems. Instead of a big up-front investment you pay little or no upfront fees and after that you pay for only what you need. All of the expertise and responsibility for system maintenance resides with the vendor.

Contact centers with highly variable call flow

Operations with widely fluctuating inbound and outbound call traffic have to prepare for worst-case conditions. This means investing in excess capacity. For example, a company that assists parents and students in securing financial aid requires only 40 agents during the early summer months but as the fall enrolment period approaches contact center staff swells to over 100. In their case and others in seasonal businesses you could spend a lot of money for empty seats. With hosted solutions you pay for what you need – no more, no less. If you need to bring on part-timers or home agents to handle the peaks advanced IP-based hosted solutions like www.workforcescheduling.com from Pipkins, Inc. are ideal.

Multi-location contact centers

Users can easily extend WFM functionality to any site that has a secure Internet connection. There is no need for costly site visits (other than training) or investments in new hardware. Costs can readily be budgeted and tracked for each location.

Outsourcers

Outsourcers are the classic example of variable workflow. When business is good, all agent positions are occupied and the money flows in. But if they lose a major account or suffer business declines they still pay software maintenance fees for unoccupied seats. Additionally, with Web-based hosted WFM outsourcer clients can be authorized to check service levels, adherence, and other important metrics remotely. The cost for WFM can be accurately tracked to specific clients and projects and billed accordingly.

What should I look for in a hosted solution?

The first and most important consideration is whether the product fully meets your needs. You should not have to accept a slimmed down version simply because you prefer the subscription model. The functionality of *WorkforceScheduling.com* from Pipkins, Inc. is exactly the same as their highly featured on-premise product, Vantage Point.

There are many key questions you should ask of your vendor before making any commitments.

Issue	Question
Security	How secure is my data?
Vendor stability	How long has this vendor been in business? Can I count on them to be around in the future?
Compatibility	Will the software communicate with my ACD? Will we require any custom integration work?
Functionality	Will this system address all of our needs, or do we have to make some sacrifices in functionality?

Flexibility	Can we subscribe to only the features we need? Can we add new capabilities when we need them? Are we locked into a long term agreement or are can we opt out at any time?
Training and support	What are our options for user training? What is the procedure for getting tech support? What are vendor response times? Does the vendor offer SLA's? Must we pay for upgrades?
Terms	What are the fees and how are they calculated? What is the term of the agreement and what are the penalties, if any, if you opt out before the end of the term. What services are included in the subscription fee and what services cost extra?

Security

Data security is extremely important. You don't want sensitive call histories and performance metrics to be lost, damaged, or get into the wrong hands. Pipkins, Inc. stores all of your call data in a secure building with multiple back-up servers, generators for emergency electricity, and extensive storage capacity. The facility is operated by a third party that specializes in data security. Access to the building requires retina scanning.

Vendor stability

In today's volatile world of business closings and consolidations vendor stability is almost an oxymoron. Vendor stability is especially important when you are relying on them for both product and service. It is not easy to migrate from one hosting vendor to another. Privately-owned Pipkins, Inc. stands out from the crowd with a record of over 25 profitable years in business. The conservatively-managed company has never made an acquisition and their technology is entirely home-grown.

Compatibility

There are dozens of ACD brands installed in contact centers. No hosting vendor – or premises vendor for that matter - seamlessly integrates with all of them. Integration is the same issue in hosted environments as on-site environments. You need to know if the proposed hosted solution is compatible with your ACD and if not what costs are involved if you need to build a custom integration.

Functionality

The basic purpose of WFM software is to calculate the most effective agent staffing levels at any point in time that comes closest to meeting your desired service level. Service level is defined as answering X% of calls with Y seconds. For example, you may have a goal of answering 80% of calls within 20 seconds of the time the call arrives at an agent desk. A secondary but also very important function is to forecast staffing needs into the future. Beyond these basics, there are numerous additional features and capabilities. In selecting a hosted solution you should consider not just your needs for today but how they may change in the future. With the Pipkins on-demand offer the product is exactly the same as the feature-laden Vantage Point on-premises solution.

Flexibility

If your contact center has not used WFM before there will be a learning curve. You need the flexibility to adjust your feature mix to your needs and growing understanding of how to best to use the system. For example, you may decide to add home agents or deploy an ACD with skills-based routing capability. There is also the possibility that your business may undergo dramatic changes, such as rapid growth, mergers or acquisitions, or an unexpected drop-off in business. Or you may

later decide that system ownership is better for your situation. In all these cases you would like the ability to discontinue or modify your contract to mesh with these changes without incurring substantial cost penalties. The Pipkins approach is to enable only the features you want. All of the power is embedded so you can add or reduce functionality at any time. Further, the financial commitment is month-to-month. You are not locked into long term contracts. With a premise-based solution what you buy is what you get and you must pay for it.

Training and support

Regardless of the means of product acquisition you will require training. Larger contact centers have one or more full-time administrators that manage the software and produce reports. In smaller operations this may be additional job for already taxed supervisors.

Terms

You will want to know about the fees for initial set-up and whether or not you will need any local hardware. You should ask about how user fees are calculated. Are there different fees for supervisors and agents? Are the fees based on enabled seats or on some calculation of actual usage, or some other metric? Is there a minimum contract period? Are there termination fees if you opt out early? What does training cost and how is it provided? Are there separate fees for scheduling and forecasting? Does it cost more to add functionality or receive upgrades? Does the vendor provide service level agreements? Do you want your data encrypted for added security? All of these questions and more need to be discussed and spelled out in your agreement.

Summary

The hosting model has long been established in the telecom sector, going back to the days of Centrex. Hosting is the primary model today for conferencing and Web services, and is rapidly gaining traction in enterprise software applications. Gartner predicts that by the year 2012, 30 percent of investments in CRM will be via software-as-a-service.

While the model is well-established it is still new to contact center workforce optimization (WFO) applications. Contact centers are mission-critical operations and are understandably cautious about making dramatic changes in the way they control and manage essential performance tools.

However, the timing is right to consider a hosted solution for agent scheduling and forecasting. Too many contact centers are still scheduling agent hours through costly and inefficient manual methods. No contact center application has a faster or more provable ROI than WFM. With hosting, you have another option. You won't have to commit to a large initial investment and – depending on the vendor you chose – you can secure exactly what you need, pay for only what you use, and terminate the agreement at any time if you are not convinced you are getting the results you anticipated.

This is not to say there are no downsides. You have more options with purchased software and you can do more to customize the solution to your special requirements. And the long term economics may not always favor hosting. However, if it comes down to a choice of no WFM at all or hosting the choice is obvious. If your situation is highly dynamic you may not want to pay for more than you need. But bottom-line, in many if not most cases, hosting removes the pain while you keep the gain.

About the Author

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

About Pipkins, Inc.

Pipkins Inc., founded in 1983, is the leading supplier of workforce management software and services to the call center industry. Its Vantage Point product enables managers to solve the complicated operational issues in today's multi-faceted call center environment. PIPKINS' systems forecast and schedule more than 100,000 agents in over 300 locations across all industries worldwide. The company is headquartered in St. Louis, Missouri. For more information, visit www.pipkins.com.