2005
Asia Pacific

Moving Towards IP-Based Contact Center Technologies - End User Insights

Contents

Overview

The Asia Pacific contact center market is a high growth market as companies across the region realize the importance of maintaining customer contact and the benefits of excellent customer service. As the enterprises get competitive, customers choice of products are based on the level of service provided by the companies. Customer service has become the key differentiator and a competitive advantage for enterprises today. Of late, contact centers in Asia Pacific have been getting more attention from upper management as they extend into the enterprise and help with other functions of the business. This will play a dramatic role in the coming years as the expert center for customer queries will no longer just be within the contact center boundary but will see expert agents come in from across the organization.

The region's high growth is backed by the increased demand for outsourced contact center services by companies from North America and Europe. The low cost advantage offered by Asia Pacific countries and the availability of English speaking labor presents a compelling business case for outsourcing and off-shoring to Asia Pacific. Outsourcing is set to drive the strong growth in the industry. Banking, Finance and Insurance companies, and Telecommunications companies have been the early adopters of contact centers in the region and are currently driving the uptake in the industry. Other verticals such as Retail & Utilities, Government & Education and Travel & Hospitality are also seeing increased adoption.

As the contact center industry in Asia Pacific matures, the need to manage contact centers effectively and deliver excellent service whilst reducing costs is a key challenge for contact centers across the region. Improving the level of service and managing staff issues are key concerns and it tops the list of priorities for contact center managers.

The increasing maturity of the industry is also highlighted by the ever-increasing trend towards adopting advanced and sophisticated technologies such as multimedia applications, speech technology and IP based contact center solutions. In addition to that there has been greater awareness and need for agent coaching and monitoring tools. Analytical solutions that sit on top of each application that can help predict behavioral changes by the way a customer speaks through emotion detection and word spotting technologies are some of the next generation technologies that will help empower the agent to address issues such as churn before it happens and can also detect negativity in how a customer reacts towards a particular situation. Contact centers in Asia Pacific are beginning to realize the advantages and benefits from these technologies and seem ready to adopt them to help improve their customer service levels and increase productivity.

Research Methodology

Frost & Sullivan conducted in-depth telephone interviews with around 1056 contact centers across 6 Asia Pacific countries including Australia & New Zealand (ANZ), China, India, Japan, Korea, and Singapore. Interviews were carried out with key decision makers or influencers of technology in the contact center segment. The objective of this exercise was to understand the pain points and challenges faced by contact centers today and their top priorities. Additionally, the study also focused on the trends in technology adoption. The results of the study are discussed in this White Paper.

Top-of-Mind Contact Center Issues

The Asia Pacific contact center market is characterized by high growth due to the strong trend towards outsourcing and off-shoring and the increase in demand from domestic markets for better customer service. In order to manage the expectations of this increasing demand, contact centers are plagued with some key challenges that need to be resolved.

Figure 1 looks at some of the top issues that Asia Pacific contact centers are facing today

Figure 1

Source: Frost & Sullivan

Frost & Sullivan interviewed several key decision makers in the Asia Pacific contact center industry and identified some of the key challenges and issues for contact center managers:

- **Human resource** management challenges which consist of managing efficiency levels of agents, recruiting and managing agents and stabilizing agent attrition rates. All those interviewed concurred that stabilizing and dealing with agent attrition is the most daunting challenge. Many contact centers are now devising long-term career roadmaps and establishing conducive working environments to address this issue.

- Meeting **customer expectations and service levels** which include service and etiquette of agents, first contact solutions of the call and minimal waiting time.

- **Cost** issues surrounding purchase of new technologies, agent salaries, rental and purchase of premises to mention a few.

- **Management reporting** challenges include having measurement structures in place that can be linked to the entire organization, eliminating unrealistic benchmarks and checking the accuracy of data collated.

Source: Frost & Sullivan 2005

Meeting Customer Expectations Whilst Addressing Surrounding Challenges

Figure 1.1 below identifies some key parameters that emerged as top concerns for contact center managers:

Figure 1.1
Factors Customers Look for in a Satisfactory Call
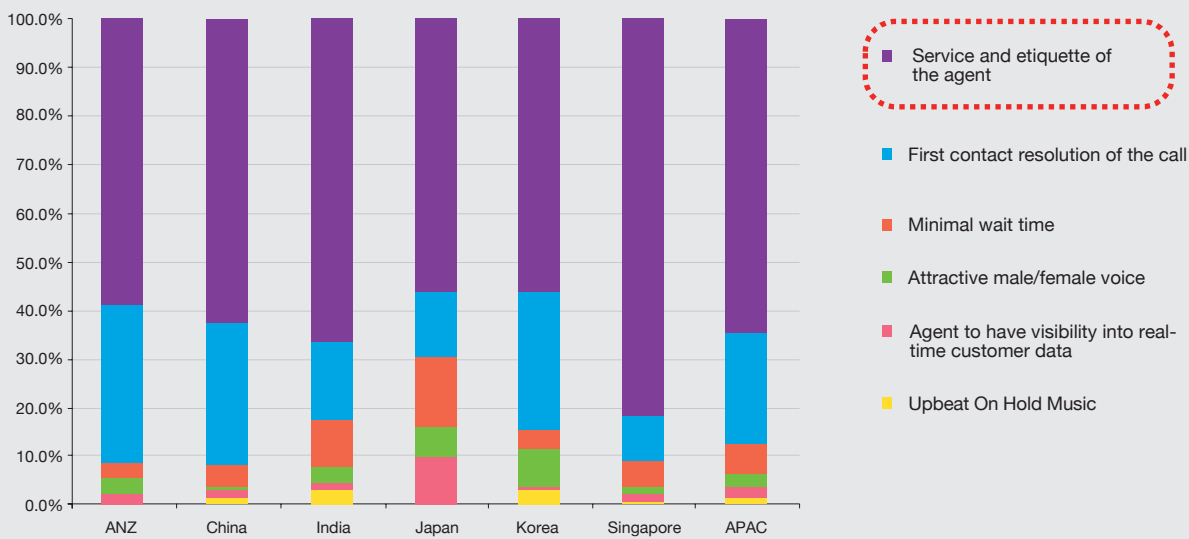
Source: Frost & Sullivan

Asia Pacific customers give high importance to the service and etiquette of the agent and that seems to be the key criterion that determines customer satisfaction. Over 65.0 percent of the respondents identified the importance of service and etiquette of the agents in Asia Pacific. The next biggest factor customers look for is the first contact resolution of the call which was stated by 22.4 percent of the respondents as the factor that drives customer satisfaction.

All six countries in Asia Pacific have rated service and etiquette of the agent as the top driver that links to customer satisfaction. First contact resolution was the other factor identified by all countries except Japan that leads to higher customer satisfaction. For Japan, minimal waiting time ranks as the second important factor in a satisfactory call stated by nearly 15.0 percent of the respondents.

Figure 1.2 identifies some top manager challenges faced by Asia Pacific contact centers

Figure 1.2
**Contact Center Manager Challenges**

Source: Frost & Sullivan

Improving service levels and meeting customer expectations was the top challenge for contact center managers across the six countries in Asia Pacific. 53.0 percent of the Asia Pacific contact center managers stated that meeting customer expectation and improving service levels was a major challenge. Issues arise on a daily basis when there are gaps in customers' requirements and the level of an agent being able to address them immediately is a daunting task for almost all contact centers. This leads to dissatisfaction from agents coupled with low morale thus resulting in high attrition levels.

Managing and recruiting staff was identified by 17.5 percent of respondents as the next biggest challenge in Asia Pacific. Contact centers in Australia, New Zealand and Japan have a higher rating for managing agents as a challenge, with more than one-fifth of the respondents identifying that, as a top challenge.

Figure 1.3 identifies some of the top contact center priorities in Asia Pacific

Figure 1.3
Top Contact Center Priorities
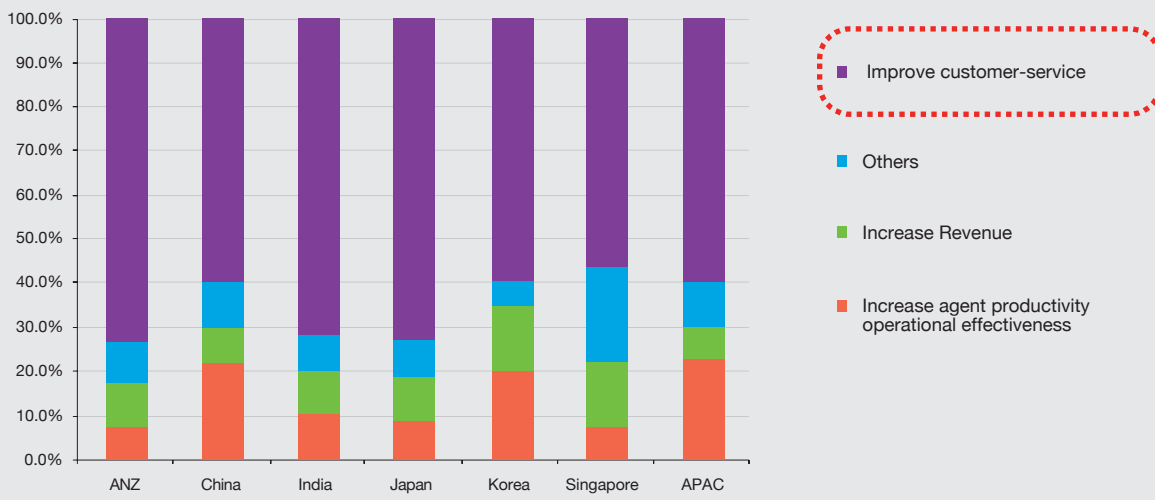
Source: Frost & Sullivan

The above findings reflect a high priority of improving customer-service within contact centers in Asia Pacific with nearly 60.0 percent of respondents stating that as a top priority for them. The high percentage reflects the challenges from lack of customer satisfaction when speaking to call center agents as mentioned in the first point. Besides the high priority of improving customer-service in contact centers for all Asia Pacific countries', increasing agent productivity was ranked as the second priority for China, India and Korean while increasing revenue was ranked as the second priority for Australia, New Zealand, Japan and Singapore.

There is a clear link between the contact center manager challenges and priorities and the customer expectations from a satisfactory call. Customer expectations for better customer service have gone up immensely in recent years which put additional pressure on contact center managers and agents to meet these expectations and to improve their service levels to satisfy the customers. Asia Pacific contact center managers are currently working towards achieving this goal and have thus identified improving service levels as their top priority.

Multimedia Contact Centers

There is a strong demand for multimedia contact centers in the Asia Pacific Contact Center Market. As customers communication through various mediums, to deploy the multimedia contact center solution can improve customers satisfaction level. Over 80.0 percent of contact centers in Asia Pacific see an increase in demand for multimedia contact center solutions as shown in Figure 1.4.

Figure 1.4 displays whether contact centers have seen an increase in demand for multimedia contact center solutions

Figure 1.4

Don't Know
4.4%

No
15.2%

Yes
80.4%
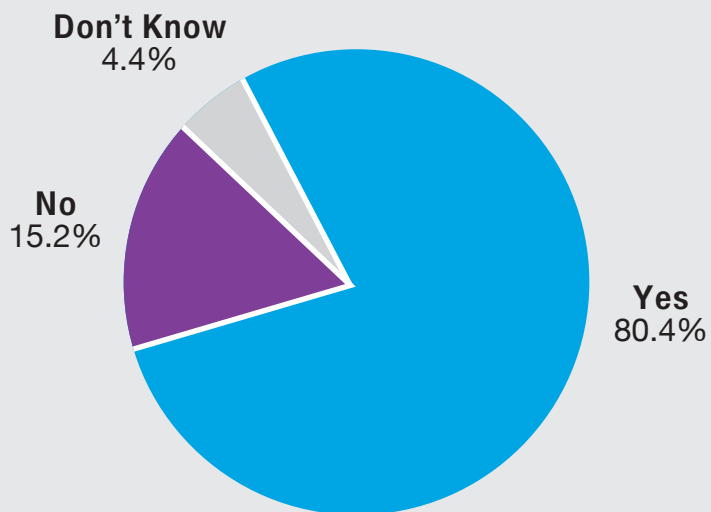
Source: Frost & Sullivan

IP Contact Center - Easier Integration of Multiple Channels

A multi channel contact center environment includes being able to handle voice, fax, email, web call back, web chat, video and SMS transactions as shown in Figure 1.5. All elements within the red circle are communication channels. The outer layer which is the blue circle draws upon the appliances that enable communication channels within a contact center. The size of the bubble reflects the importance of the communication channel.

Figure 1.5 below depicts an integrated communications environment within a contact center.

Figure 1.5
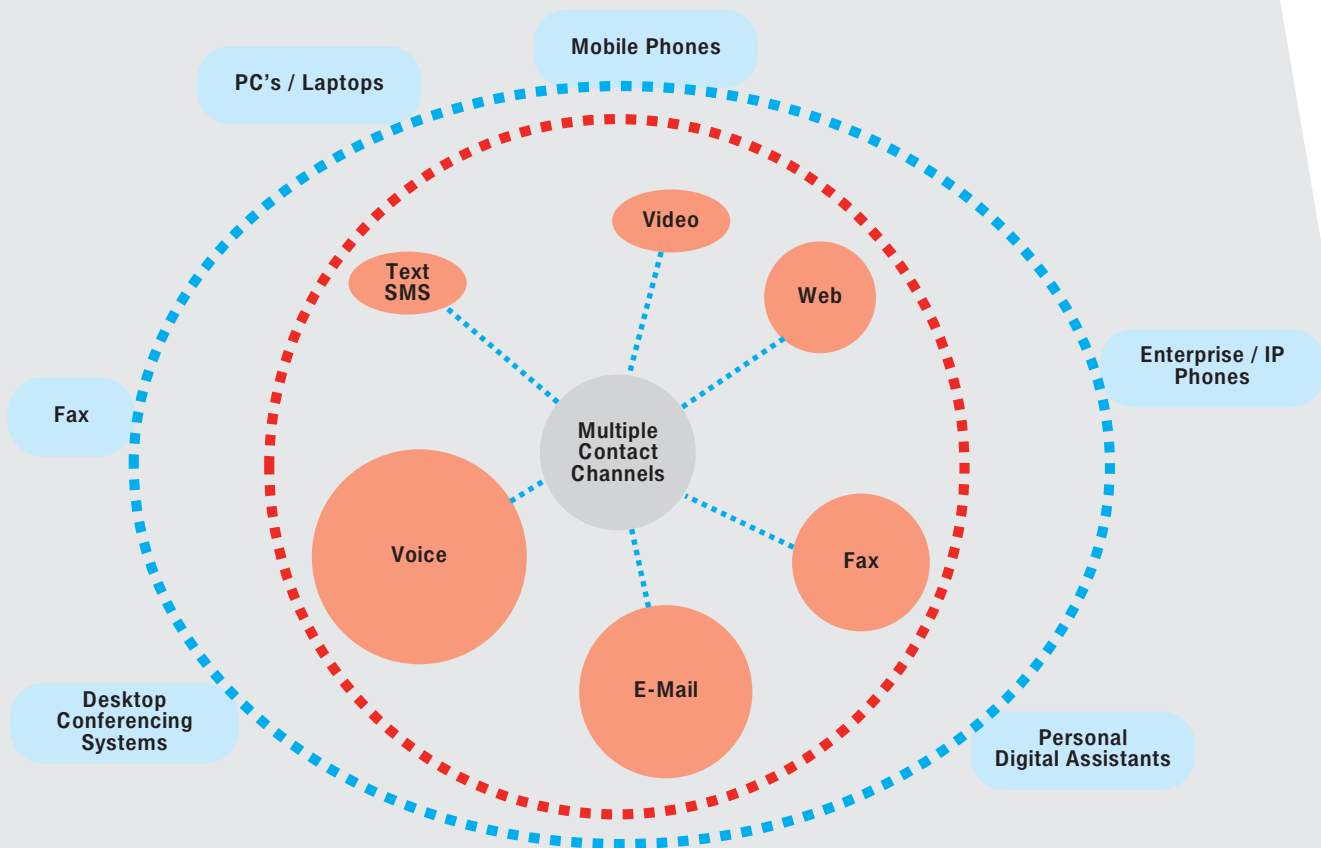
Source: Frost & Sullivan

Enabling different touch points within a contact center is no longer a choice as market demands are pushing for an urgent move towards embracing all forms of communication from the consumer. In fact, apart from voice and e-mail, the market will soon see contact centers actively handle SMS in the near future. Customers are being exposed to more gadgets, tools and collaboration within the work place and the ability to message others via instant messaging is a very common form of internal communication - this will shift to customers wanting to liaise with agents via web chat. Enabling different channels of communication is very crucial even if demand is low. Customers will ultimately decide how they want to reach a contact center, and not enabling a channel could drive potential business away. With IP contact center, the integration of multimedia channels become easier.

Among those new contact mediums, E-mail ranked as a top contact medium which is increasingly being preferred by all 6 countries' customers as shown in Figure 1.6. Web ranked as the second most preferred new contact medium because fast development of internet.

Figure 1.6 shows the rank of new contact center mediums preferred by customers

Figure 1.6
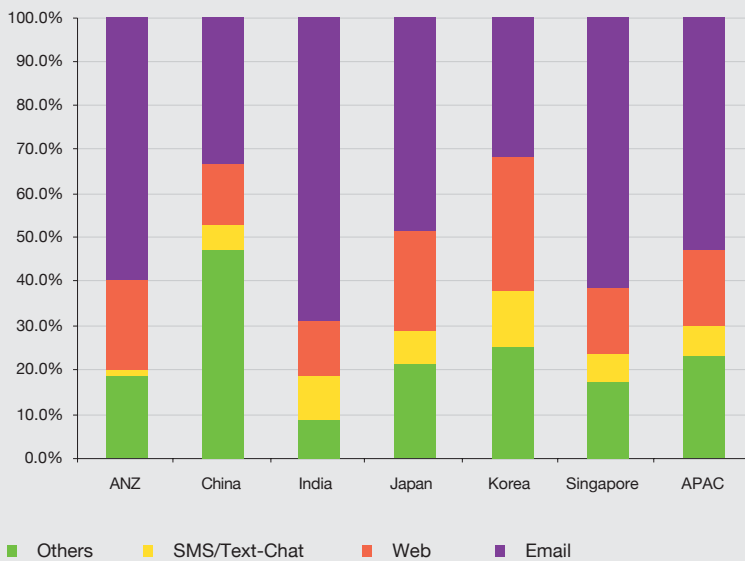
Source: Frost & Sullivan

The Move to IP Contact Center Solutions

IP contact center solutions, is not a new subject in the Asia Pacific Contact Center Market. Being a mission critical center, contact centers expect no glitches in an IP environment and the technology has matured and evolved from a reliability standpoint. Three years ago, many were skeptical of setting up an IP Contact Center, as unpredictable disruptions or downtimes with no immediate back up could have caused contact centers, the risk of losing their competitive advantage. However, the technology has seen vast improvements in recent years, and issues surrounding reliability, as will be seen later in this analysis, was not ranked as a top barrier for IP contact center adoption in Asia Pacific.

Figure 1.7 below displays the barriers for implementing an IP-based Contact Center in Asia Pacific

Figure 1.7
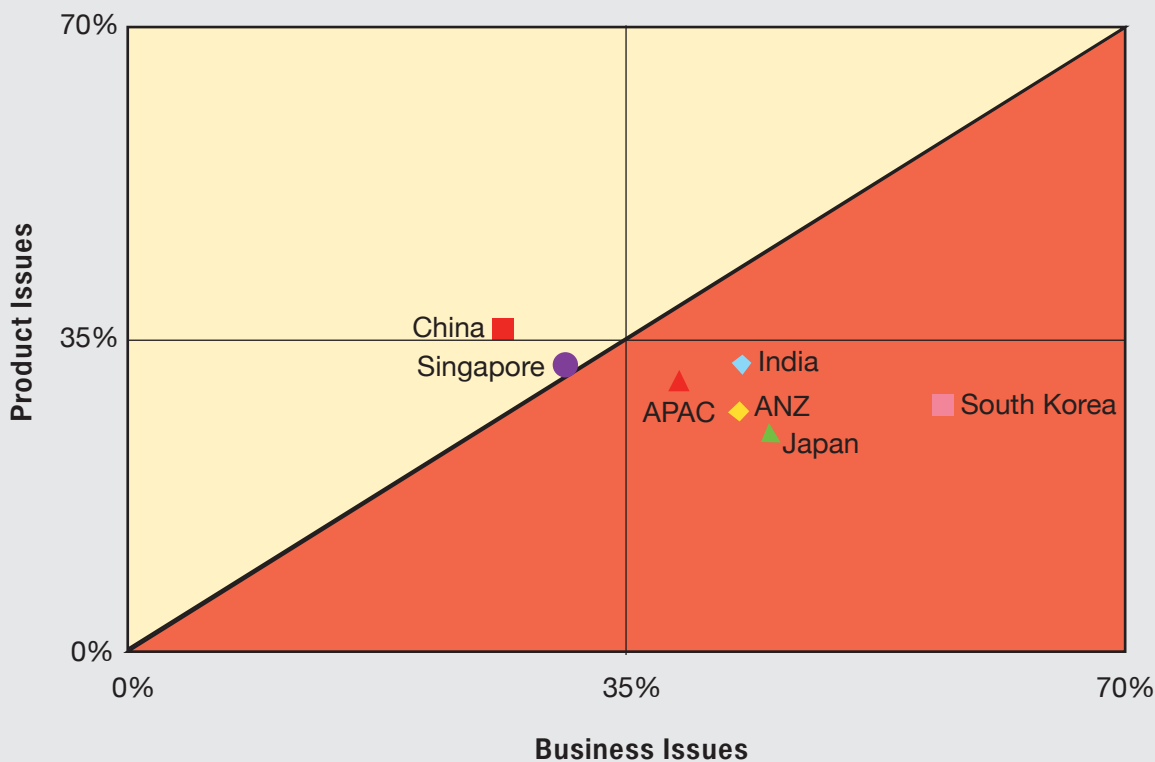
Source: Frost & Sullivan

Product issues include:
- Reliability of IP-based contact centers
- Features of IP-based contact centers

Business issues include:
- Cost of implementing IP-based contact centers
- Management decision on implementing IP-based contact centers

The key barriers for IP contact center adoption have been identified to be business issues and not product issues. As technology has matured, contact centers have started to realize and appreciate the product features and benefits. The restraint for adoption exists predominantly from a business standpoint.

As can be seen from figure 1.7, Asia Pacific contact centers rate product issues lower than business issues. The same trend of low product issues and high business issues was found in countries such as Australia, New Zealand, India, Japan and South Korea. Especially for South Korea, the business issues were identified as the biggest barrier with 57.3 percent of the respondents rating them as a top barrier.

However, the barriers for adoption of IP-based contact centers in China and Singapore differ from the rest of the Asia Pacific countries. Chinese contact centers are slightly more concerned on product issues rather than business issues caused by the low awareness and lack of advanced and sophisticated contact center technologies. Singapore contact centers however, rate almost equally, both business and product issues, as key barriers for adoption.

Figure 1.8 displays the technologies that contact centers in Asia Pacific are exploring

Figure 1.8
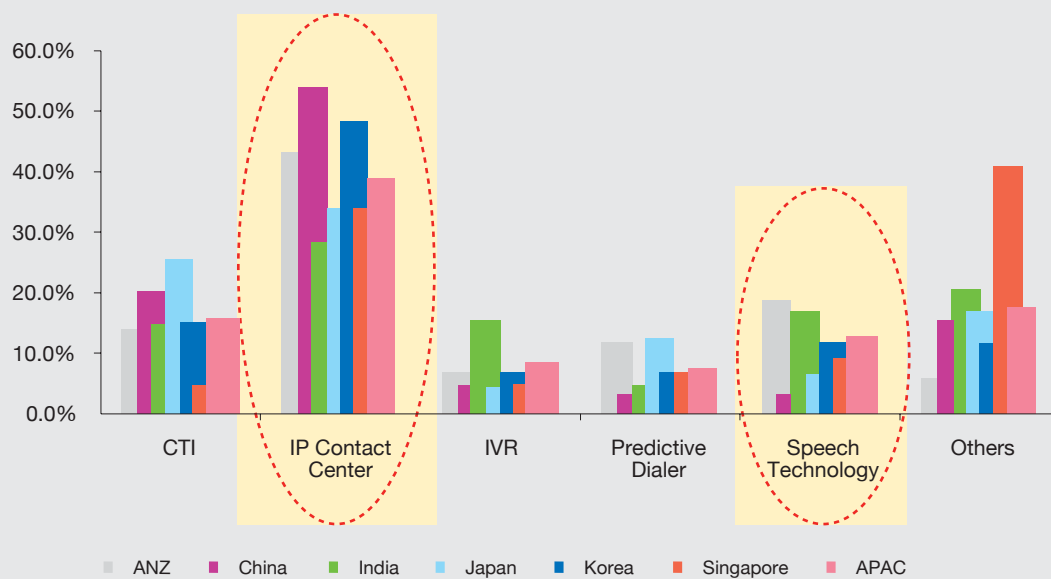
Source: Frost & Sullivan

The Asia Pacific contact center industry is maturing as contact centers are evaluating on whether to invest in advanced and sophisticated technologies such as IP contact centers and Speech Technology. This also demonstrates the commitment of Asia Pacific contact centers to improve their service levels and increase call center productivity as they prepare to take full advantage of advanced technologies to help achieve their goals.

An IP contact center is a hot entity in the Asia Pacific region. Almost 40 percent of the respondents that are exploring to invest in new technologies in Asia Pacific identified IP contact center solutions as their next technology investment, while over 10 percent of the respondents identified speech technology as the next technology investment for them.

Australia, New Zealand and India showed higher interest in speech technology as the next technology that contact centers are exploring. Speech technology is being considered by 18.6 and 16.8 percent of the respondents in Australia & New Zealand and India respectively. Speech recognition technology has certainly reached the point where it delivers demonstrable ROI and customer satisfaction. One of the key benefits of speech recognition is that it allows a high proportion of customer requests to be handled without the intervention of an operator. It also reduces the cost of call handling by up to 90 percent and frees up contact centre staff so that they can focus on more complex queries.

Computer Telephony Integration (CTI) is the other technology that is being considered by over 20 percent of the respondents in both Japan and China. Small & Medium Enterprises (SMEs) in Japan continue to show interest in CTI solutions to better service their customers. The smaller contact centers in China plan to upgrade their service levels by investing in a CTI solution. This is also a reflection of the growth in the market as many new contact centers are being set up and also the importance being given towards customer contact by small contact centers in China.
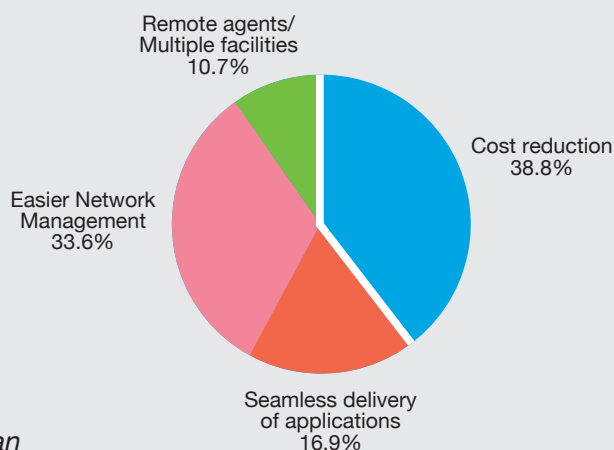
Multi-fold Benefits of IP contact Centers Driving the IP Adoption Trend

Cost Reduction & Easier Network Management – Top Drivers for IP Contact Center Adoption in Asia Pacific

Cutting costs is one of the other key challenges that contact centers are facing today. This is further illustrated in figure 1.2. From the results of Asia Pacific survey as captured in figure 1.9 below, around 38.8 percent and 33.6 percent of respondents identified cost reduction and easier network management respectively as the top two benefits seen from adopting an IP-based contact center.

Figure 1.9 below displays the perceived benefits for implementing an IP-based Contact Center by contact centers in Asia Pacific

Figure 1.9

Remote agents/
Multiple facilities
10.7%

Cost reduction
38.8%

Easier Network
Management
33.6%

Seamless delivery
of applications
16.9%

Source: Frost & Sullivan
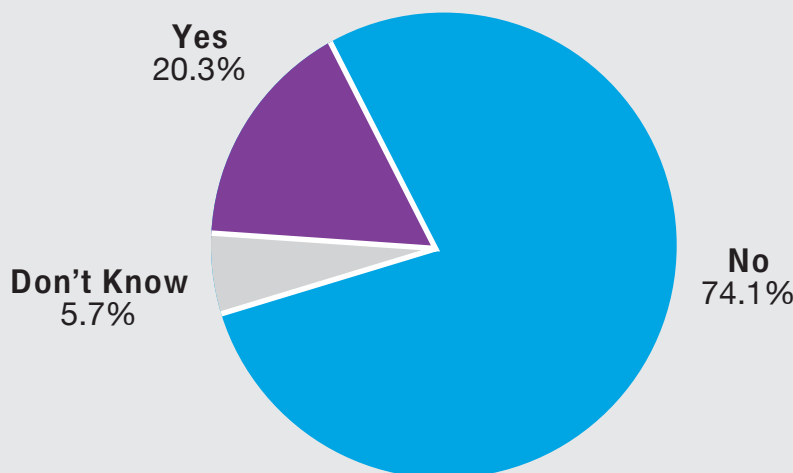
Source: Frost & Sullivan 2005

IP contact centers allows for reduction in infrastructure and staff expenditure by utilizing a converged network. Costs are also minimized due to reduction in maintenance and simplified network management. VoIP technology enables contact centers to reduce call handling time and optimize agent headcount. And also agents are allowed to work at home or elsewhere which reduces the cost of managing dedicated contact center sites. The cost is reduced by employing part-time agents or geographically dispersed agents, or even offshore agents at low cost destinations. With IP, since there is only one network for voice and data, operational costs will be reduced and the network will be less expensive to maintain.

Presence technology which allows contact center managers to effectively see the location and availability of an agent in real time can help address issues immediately by leveraging the subject matter experts across the contact center network. This helps to improve the first contact resolution of the call and quality of service delivered.

Using remote agents is still a relatively new concept that is being explored is stated by less than 10 percent of the respondents in each of the seven Asia Pacific countries. As shown in figure 1.10 below, only 20.3 percent of the respondents in Asia Pacific said that they were willing to use remote agents as an option by 2006. It is for the same reason that remote agent capability which is provided by IP contact centers is not seen as a major driver or benefit for IP contact centers in Asia Pacific.

Figure 1.10 shows the willingness to use a remote agent option by 2006 by contact centers in Asia Pacific.
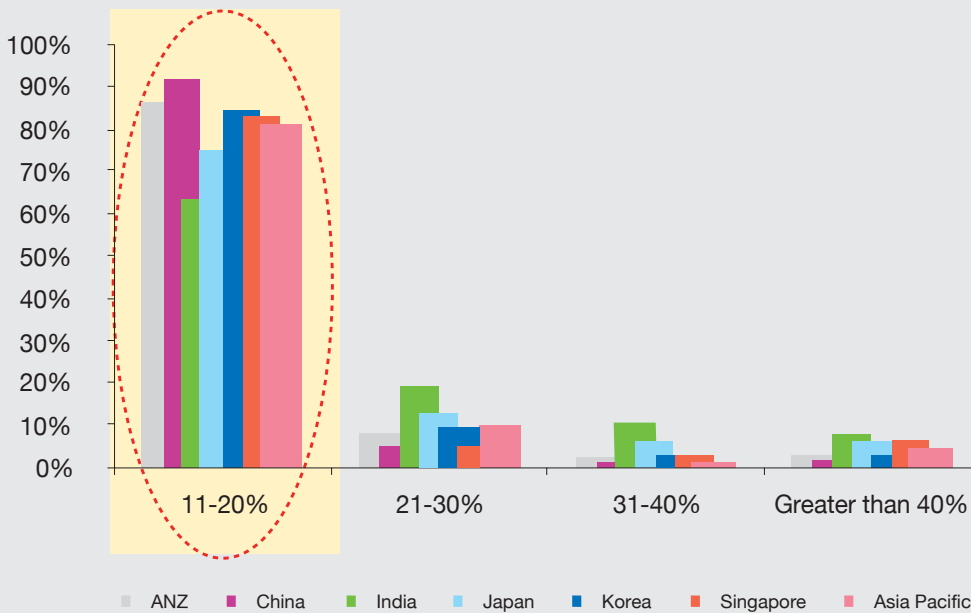

Figure 1.10

Source: Frost & Sullivan

IP Contact Center Enhances Better Human Resource Management

The average attrition rate for Asia Pacific Contact Centers is in the range of 11 percent to 20 percent as shown in Figure 1.11

Figure 1.11 displays agent attrition rate in Asia Pacific

Figure 1.11

Source: Frost & Sullivan

In Asia Pacific, human resource management is rated as the second biggest challenge after improving customer service levels as stated by 17.5 percent of the respondents as shown in figure 1.3. IP technology helps in improving agent motivation. With IP contact centers having a remote agent capability is easily manageable. Agents need not come to the contact center site but can log in from home or other preferred locations to connect to the network and start taking or making calls. This flexibility increases agent motivation and satisfaction and in turn, reduces attrition. Also, with IP contact center solutions the call can be routed to the next available agent across the multiple sites elsewhere. So if it is harder to get agents in some locations the call can be routed to another contact center site where an agent is available. This way managing the workforce becomes easier.

Source: Frost & Sullivan 2005

Conclusion

Asia Pacific contact centers need to focus on improving their service levels in order to sustain the high growth in the market that is driven by outsourcing and offshoring. IP contact centers and other advanced technologies are being explored by contact centers to meet the increasing demand for better customer service.

Contact centers are extending into the enterprise and are gaining more attention from top management. IP contact center solutions help contact centers deliver better customer service and improve productivity. Contact centers have traditionally been cost centers for the enterprise, but with improving technology and expansion of the contact center into the enterprise, they are turning into profit centers.

Businesses in the Asia Pacific region are currently taking a cautious approach towards deployment of Internet Protocol contact centers (IPCC). However, successful deployments of IP-based telephony solutions in many enterprises have broken the shackles and accelerate the adoption of IP in the contact center space. Contact centers are now expected to make a natural progression from traditional contact center suites to IPCC, mainly attracted by the prospects of better ROI, easier network management, seamless delivery of application and wide-ranging applications.

FROST *&* SULLIVAN and AVAYA