
CRM in the Contact Center and the Emergence of the Unified Agent Desktop

An excerpt from Datamonitor's recent report, DMTC2207

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SUMMARY

Contact centers face ever-increasing demands from their corporate masters. They are continuously asked to do more with less. With so much expense and effort spent on improving and maintaining agent performance, customer service and support solutions are being developed with the user interface and customer experience in mind. Vendors are offering unified desktop solutions, which integrate multiple systems and applications, providing a single point of access for all customer information. Contact centers are empowering agents with information through customer relationship management (CRM) solutions in order to improve the customer experience.

This is an extract from Datamonitor's report, *CRM in the Contact Center and the Emergence of the Unified Agent Desktop (DMTC2207)*, September 2008. The report assesses the current trends and market opportunities for CRM and unified agent desktop applications. It provides market sizing and forecasts for hosted and premise-based managed CRM, as well as giving regional breakdowns. This extract includes some of the key market trends and drivers. There is a short excerpt taken from the competitive landscape with a summary of Jacada's solution and strengths.

Datamonitor's analysis of trends in this market has revealed the following key findings:

- Contact centers are investing in tools that help improve customer retention;
- There is a growing demand for better user interfaces and easier access to customer information;
- Spending on CRM solutions in the contact center is growing steadily through 2013;
- Analytics and real-time predictive response solutions will play a greater role in the contact center;
- Integration in the contact center is paramount moving forward.

KEY MESSAGES

Contact centers are investing in tools that help improve customer retention

Enterprises are changing their contact center strategies. Previously, they were focused on cost cutting and making contact center operations more efficient. Metrics such as call handling time and number of calls answered were used to determine performance. However, after an increasing need for compliance and the tightening economy, enterprises are placing more importance on customer retention and providing better service. Regulations such as Do-Not-Call lists, The Health Insurance Portability and Accountability Act (HIPPA) and initiatives such as GetHuman are forcing enterprises to change to way they approach strategic contact center investments. Enterprises need to equip agents with more information and easier to use desktop applications so they are able to provide better information to customers. This is driving adoption and upgrades of CRM solutions in the contact center. Enterprises are using CRM applications and unified agent desktop solutions to consolidate customer information and monitor agents' interactions through analytics and reporting. Understanding the customers' requirements and improving business processes to meet customers' needs are top contact center priorities.

The market for CRM in the contact center is growing steadily

Enterprises are continuing to invest in CRM solutions in the contact center and are upgrading old customer service solutions to gain new features and unified desktop solutions. Customer service and support applications make up a significant proportion of the total CRM market. The contact center CRM applications and services market will increase a CAGR of 10% between 2008 and 2013, with adoption of hosted CRM and unified agent desktop solutions growing at faster rates of 14% and 23% respectively over this timeframe. Although the uptake of unified desktop solutions is gradual and the market is currently immature, there has been uptake among telecommunications and financial services organizations. In industries such as financial services and communications, products have become commoditized and customer service delivery is becoming more of a differentiator for companies. In addition, enterprises need tight data security and with unified solutions they are able to control the information that agents are able to access. Across industries, there have been a rising number of mergers and acquisitions which has resulted in difficulties with integrating legacy systems and applications. This has led to the delivery of inconsistent customer service and in doing so has become a major pain point for many organizations. Unified solutions create a better user interface, while providing the right information to agents so they are able upsell and cross-sell products more effectively.

There is a demand for better user interfaces and easier access to customer information

The number of channels and technologies feeding into the contact center has increased over the last few years with the proliferation of web and mobile devices. The use of DTMF IVR is widespread and enterprises are introducing web chat, speech recognition and now mobility into their customer service solutions. Customers can access information and conduct transactions through web and phone self-service. When they do call into the contact center it is usually for help with more complex inquiries or complaints. Therefore agents must be more knowledgeable and better equipped to provide help and guide customers through issues. This has led to traditional CRM vendors developing unified desktop solutions and a growth in the number of smaller niche vendors that provide specific applications for this purpose. The unified agent desktop aggregates information from contact center, billing and back-office applications and brings these elements together in one interface to make it easier for agents to find historical customer information and provide a better service.

MARKET OPPORTUNITY

Unified agent desktop

The 'unified agent' desktop is emerging as solution to solve the problem agents have with navigating through several applications at once to access information. In the course of a single interaction, an agent may use numerous applications, including homegrown industry-specific applications, traditional CRM and financial and logistical applications. The unified agent desktop aims to bring all relevant information into one user interface, to make agent–customer interactions more seamless and reduce hold time for customers. The agent will have a single point of reference for all customer information and one set of login details. This reduces the constant switching between applications to get different sets of information so the agent becomes more efficient at dealing with customer queries and customer hold time is reduced. These unified solutions work alongside traditional sales and marketing CRM applications but can also be deployed instead of traditional CRM solutions, mainly for smaller enterprises that do not have legacy CRM in place.

Market trends and the evolving contact center

Enterprises are investing in technology to enable the contact center as a tool for customer retention

In the past, the contact center has been used to drive sales of new business through cold calling, or merely as an information center to provide customers with basic assistance. However, legislation such as 'Do-Not-Call' lists and The Health Insurance Portability and Accountability Act (HIPPA) have changed the contact center from a sales hub to a customer service center. In addition the customer pushback for better customer which led to the 'Gethuman' initiative, is forcing enterprises to rethink and change their strategies. Customers frustrated with poorly designed interactive voice response (IVR) systems and long hold times have become more reactionary and verbal. They are sharing their views through online forums which are creating a buzz around poor customer service. Enterprises previously focused on creating more efficient contact centers used IVR to deflect calls and reduce agent costs. They used metrics such as call handling time and number of calls answered to determine how well contact centers were performing. However this strategy was unsuccessful in building lasting customer relationships as agents were more focused on reducing call time than providing accurate and informative answers to customers.

The focus is now on customer retention because, with the slow growing economy, budgets are tight and business growth is stagnant. It is cheaper for businesses to keep existing customers, by getting them to renew contracts or upgrade services, rather than spend advertising money and employing sales staff to find new clients. In order to retain customers, enterprises need to focus on providing better customer service. Agent-customer interactions need to be more closely monitored to ensure that customers are receiving the right support and their reasons for calling need to be better understood. In industries such as financial services and communications, products have become commoditized and customer service needs to be used as a differentiator. Enterprises can utilize analytics to find out more about their customers and their value to the business. CRM applications can also be used to help agents in providing the right information to customers and are therefore becoming more valuable and more widely adopted.

Agents' roles and responsibilities must change to adapt to increasing use of phone and web self-service

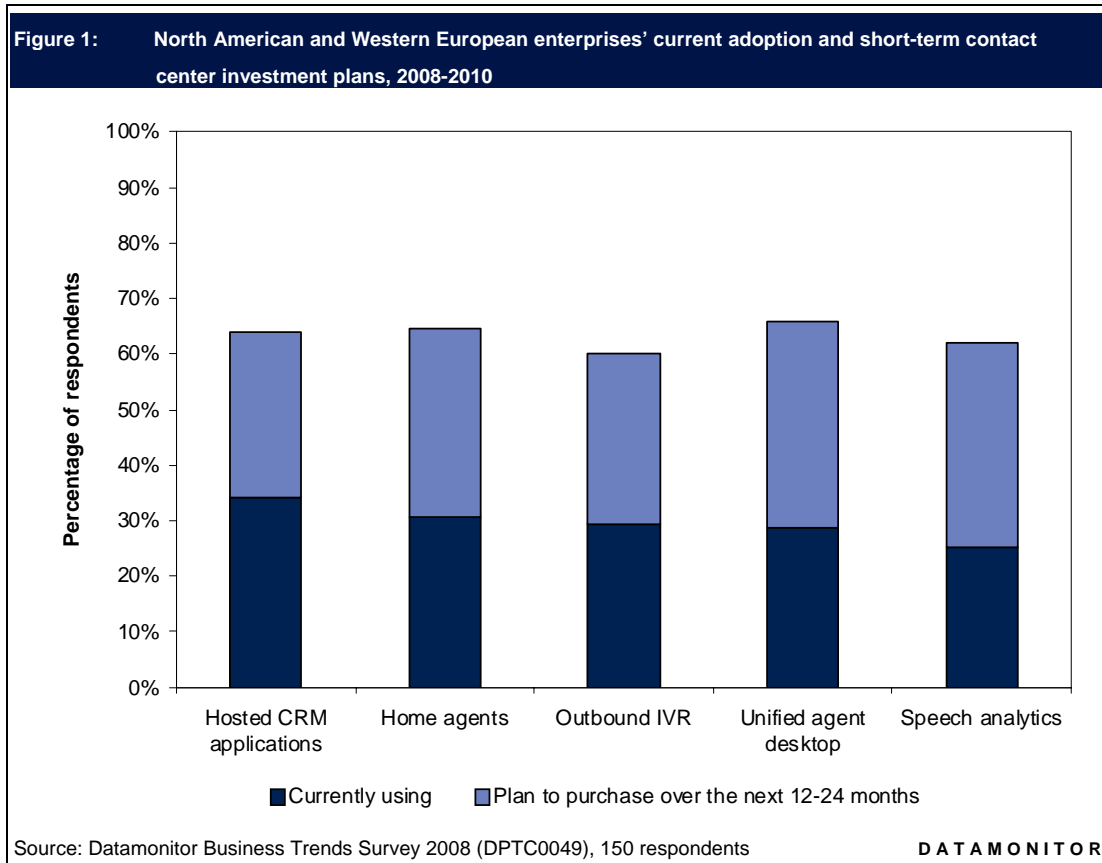
There has been an increased use of inbound and outbound IVR to automate basic contact center interactions, which has changed the types of communication between agents and customers. Agents are expected to provide more knowledge

than what can be found on the web or through the IVR application and often have to deal with customers' complaints or complex queries. In Datamonitor's most recent Business Trends survey, Contact Center Investments in Developed Markets (DPTC0049), 150 contact center managers and IT decision-makers were asked about their adoption of contact center technologies and plans for investment. The survey indicated that self-service solutions are gaining in importance with 45% of respondents currently using either a DTMF or speech-enabled IVR solution. These applications are also becoming more sophisticated which has affected the nature of calls to agents. Speech-enabled IVR systems can handle more complex interactions and increasingly, calls are routed to agents only when a customer requires more detailed information or when the transaction is highly complex.

Customers also have access to more information about products and competitors through online communities and websites. Agents are therefore often called upon as a last resort and need to provide in-depth knowledge and solutions. The fact that customers can now influence each other via shared resources and online networking communities is also a threat to business as they often report on their bad customer service experiences through multiple forums including the web, email and word of mouth. Both IVR and the web must be accounted for within agent desktop solutions and, as a result, multichannel offerings are emerging. Customers do not want to repeat information they have given to an IVR system or that they have provided via an instant messaging (IM) session with a customer service representative. Vendors are therefore integrating mobile, web, IVR and IM into their agent desktop solutions.

There is an increase in the numbers of home-based and outsourced agents

In order to utilize the contact center to its full potential and provide the best service, enterprises need to invest in skilled agents. This is often a challenge for contact centers and high agent turnover is costly in training and recruitment time. Therefore, the number of home-based and outsourced agents has increased. Datamonitor's Global Contact Center Outsourcing Model (IMTC0095) shows that there is an estimated 1.3 million outsourced agent positions globally in 2008, which is almost 16% of all APs. In addition, as Figure 1 shows, 31% of enterprises are already using home-based agents and an additional 34% are likely to invest in this model in the next 12-24 months. These 'virtual' agents need to be closely linked to other agents and also their back-office colleagues in order to be up to date on business information. Unified desktop solutions can help to provide information faster and using a browser-based or remote software approach is also favorable for faster deployment and more manageable IT architecture. A hosted CRM solution is particularly suitable in this scenario as distributed agents are difficult to manage from an IT and training perspective. A hosted solution reduces the need for IT staff to monitor agents in different locations, which makes it even more appealing.



Drivers for investment in CRM and unified agent desktops

The need to reduce costs and improve customer retention is driving investment in CRM

The credit crisis is forcing enterprises to change their contact center strategies. Enterprises want a better understanding of how their customers and agents are behaving to improve service and thereby retention rates. The fact that so much information is available on the web through online communities and ratings websites makes customers more susceptible to the influence of others' opinions. Agents need to have access to a greater depth of information in order to help enterprises provide differentiating customer service. Enterprises are investing in unified agent desktops and advanced CRM applications so that agents are better equipped to provide faster service and more targeted offers using historical data.

Enterprises want to improve system usability and agent turnover rates

Enterprises face problems with high staffing costs and high turnover due to a lack of agent job satisfaction and a wide availability of similar positions. This is particularly an issue in mature markets such as the US and the UK where there has been a pullback in offshoring due to poor performance. Unified agent desktop solutions give agents better user interfaces, reduce training time and help to solve issues with agent retention. Providing agents with tools to help customers and provide good service should increase agent job satisfaction.

A high proportion of contact center costs are spent on staffing and enterprises want to use agents to their full potential. By using a unified desktop, agents have the ability to reduce customer hold time; instead of having several logins and switching between applications, agents can find all the information from one interface. Enterprises want to improve the quality of information that agents have access to on their customer's previous communications by deploying unified solutions. At the same time the increase in the number of home-agents means that enterprises need a system to control data that 'virtual' agents have access to and ensure that they are connected with back-office departments.

Outsourced agents need access to the same level of information

The need to employ skilled agents, handle varying call volumes and contain costs has led to the increased use of outsourced agents. Having a unified desktop and effective CRM solutions are even more important for these agents that are not directly connected with the enterprise and are likely to have less knowledge of the business. Enterprises are unable to control agent turnover in this scenario but using the right software they are able to control the information that outsourced agents can access.

Outsourcing organizations have a need to deploy CRM where agents are answering calls from different accounts in the same day. Agents must quickly determine the right information to provide to customers and will have less industry knowledge than an agent working directly for the same business. Unified desktop solutions can be customized to provide agents with predictive decision making technology which will give them access to this information faster. One of the main drivers for outsourcers in using agent desktop technology is to gain a competitive advantage. With a simpler user interface, less training would be required and services can be deployed faster. This is of value where there are high volumes of low complexity calls than need to be addressed rapidly.

COMPETITIVE LANDSCAPE

The majority of traditional CRM vendors have developed unified agent desktop solutions, but many niche vendors are working solely as providers of these unified desktop applications that integrate all contact center applications and processes including CRM. The list of specialist vendors includes Altitude Software, Cincom, Jacada and OpenSpan. The market is still developing, which has given way for the smaller niche vendors to grow.

Jacada

Jacada WorkSpace is a unified service desktop solution for the contact center that provides agents with [an intelligent](#) view of all data and processes relevant to call types. This task-based user interface provides navigation assistance and scripting capabilities and supports multiple channels through a browser-based, J2EE solution. The platform has capabilities for managing and integrating all existing business applications through the use of open standard application programming interfaces (APIs) and web services or Jacada Fusion middleware. The company has a growing services business which it utilizes to integrate all business applications into the WorkSpace. In addition it has partnerships with systems integrators, including IBM and Accenture, which it will use to grow its brand image and broaden its solutions offerings. It does not provide traditional CRM apps such as SFA and MA but has seen growing demand for its interaction analytics. It is strong in the business to consumer (B2C) customer service market, particularly in the telecommunications, financial services, retail and gaming/hospitality industries where there are complex call centers and agents are using many applications.

Strengths

- Focused on providing unified desktop solutions in the contact center only and has a good understanding of these customers.
- Thin client, browser-based application does not require changes to the agent desktop and easily supports work-at-home agents and outsourcing.
- Jacada's unified WorkSpace solutions work alongside all existing applications and can an alternative to deploying CRM applications in B2C environments.

APPENDIX

Definitions

- **Customer relationship management (CRM)** - is a business methodology focusing on the interactions between a customer and an enterprise. Also refers to any software solutions that help enterprises manage customer relationships in an organized way.
- **Contact center** – Datamonitor defines a contact center by the following features:
 - an Automatic Call Distributor (ACD) or Private Branch Exchange (PBX) with equivalent functionality overlaid (or soft ACD);
 - 10 or more agent positions;
- **Agent positions** – This is the physical desks from which agents make and/or receive telephone calls to and/or from internal or external customers. This is taken to imply that the call in question involves communication between the agent and the customer.

Methodology

- **Vendors interviews** – Telephone interviews with the leading CRM and unified agent desktop vendors in July – August 2008
- **In-house research** – Datamonitor's publications on related topics

Further reading

- Contact Center Investments in Developed Markets (Business Trends) – DPTC0049, September 2008
- Insurance Technology - CRM in Global Insurance (Review Report) - DMTC2097, January 2008
- Contact Center Markets and Technologies Market Sizing Model to 2012 (Interactive Model) – IMTC0101, November 2007
- Economic Outlook: Customer Relationships Management (Market Focus) – BFTC1686, September 2007
- Decision Matrix: Selecting a CRM Vendor (Competitor Focus) – DMTC2124, September 2007

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Datamonitor consulting

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