

Building the Business Case for IP

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Companies are evaluating IP as the infrastructure backbone for their multi-site contact center network. However, even great backbones need legs to go somewhere, and these days the thing that gives IP “legs” is a solid ROI. As our economy works its way back from the doldrums of the past few years, most companies are cautious about their capital expenditures and operating budgets.

Is there a sure-fire, rock-solid ROI case to be made for an IP investment? The most realistic, general answer is “It depends.” Of course, a company’s decision to migrate to IP is usually not made just on the basis of the contact center applications. The costs and opportunities throughout the organization typically enter into the business case.

The events that trigger the decision to move to IP can also influence business case development. Many companies initiate the move to IP when existing equipment becomes fully depreciated or is end-of-life. For other companies, the decision to move to IP is a broad-based corporate initiative, and the contact center is just going along for the ride. (Or, being taken on a ride. More on issues with adjunct equipment compatibility in a future column.)

Finally, there are situations in which new contact center applications enabled by IP are compelling by themselves and fully justify moving to the new infrastructure.

A key variable in developing the business case, of course, is “What is the state of the current data infrastructure?” and therefore, “What are the costs of upgrading the network to support an acceptable QoS?” There are many other costs as well, from other equipment changes to redesigning internal processes and procedures.

On the opportunities side, a key variable of the ROI equation is “What are the benefits of the specific applications being implemented in our circumstance?” Contact center applications, especially in a multi-site environment, can contribute significant value to an overall business case. A recent column explored some of these benefits, grouped under four categories:

- Centralize equipment, management and control
- Provide truly virtual capabilities throughout the network of centers
- Flexibility and Agility
- Enable more effective disaster recovery and business continuity plans

These opportunities can change how a company does business, by introducing more efficient and effective ways to operate. Some of the impacts can be relatively easy to quantify. Centralizing equipment reduces the number of switches and servers, lowering capital, operating, and maintenance costs. Implementing routing algorithms that consider all centers as one virtual center can reduce overall staffing requirements. Less tangible, but often strategically

important, is the ability for a company planning growth through mergers to be able to more flexibly incorporate acquired centers into their operations.

Hard dollar benefits can come from IP's long-touted ability to reduce network costs. International long distance charge reduction can still be a source of significant savings, although these potential benefits are shrinking for domestic calls as overall communications costs continue to decline.

However, one client recently realized substantial savings by eliminating charges by their network provider for transferring calls from one center to another. Before VoIP, all calls were initially terminated at an internal IVR farm. Based on call requirements and current availability of appropriate agents at different centers, some of the calls were rerouted back through the network to other call centers. The networking cost to transfer the calls was significant. The VoIP deployment eliminated these costs, as the calls were now carried over the IP-enabled corporate data network. The elimination of transfer costs made a substantial contribution to the overall business case.

Other benefits are more difficult to quantify but may be just as important: What's the value of contact center business continuity? How much is it worth to be able to give home-based or remote office agents the same capabilities as those sitting the main center? How do you quantify the value of better control of contact center outsourcers who are part of your extended network? What's the value of added flexibility to meet new business opportunities?

Perhaps the key issue for building the business case is how far the company is willing to look into the future. If contact center management, and the finance staff, is focused on near-term benefits from specific applications, the justification on purely hard-dollar terms may be difficult to achieve.

On the other hand, by incorporating a longer-term view, the business case can easily be compelling. IP is clearly the future direction. These investments do more than just provide for an immediate application. More importantly, they support a forward-looking infrastructure that enables future integration of all communications and business processes.

That vision gives our network "backbone" somewhere to run, and the justification to do it.

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