

Hosted Contact Centers

Don Van Doren, Vanguard Communications
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“Our company isn’t ready to commit to any particular vendor or any technology. That’s why we’re going to use a hosted solution, at least for the interim.” The CTO of a financial services company was explaining his company’s recent decision during an interview. There were three major issues. The company had made several acquisitions and had inherited equipment from a number of different suppliers. Many of these systems were aging and facing end-of-support or significant upgrade costs. The business wanted to consolidate the different units and operate as a single entity across all their contact centers.

The company looked at a number of potential approaches – upgrading in-place systems and adding virtualization capabilities; standardizing on one vendor’s TDM or IP platform; or a hosted solution. They weren’t eager to invest in more TDM technology, but were concerned that IP wasn’t ready. The business managers also decided they would have their hands full with organizational, operational, and process changes because of consolidation, and didn’t want to be bringing in a new system at the same time. Despite some concerns about control and cost, the decision was to delay an immediate technology choice and to use a hosted service.

Hosting continues to grow as an alternative for companies purchasing contact center technology. This column will look at some of the factors that are making this more appealing and more interesting. One supplier even removes potential concerns about cost by offering hosted services for free. That’s right, free (with a few strings).

Hosted contact center technology solutions have been around for a long time. A decade ago, a flurry of applications service providers (ASPs) tried to capitalize on this market. Some offered point solutions for a single capability, such as click-to-talk. Others offered complete contact center functionality. Many of these were acquired or ran out of funding before gaining critical mass. But changes in technology and market dynamics are making hosted services a more interesting proposition, and bringing new and stronger providers into the mix. Further, as contact centers consider virtualization and increased use of home-based or remote agents, they find that hosting offers some attractive alternatives to premise-based solutions.

Hosting suppliers often identify these premise-based solutions as their biggest competitor. “Our biggest challenge is visibility...getting a seat at the table,” notes Vin Deschamps, president of Echopass. But with growth on a doubling curve, getting to the table seems to be happening more often. One of the reasons for increased visibility is that major vendors are making moves to get into hosted services, either for contact centers or other business applications.

I'm writing this column in the week that Cisco purchased WebEx and Microsoft acquired TellMe. This follows Nuance's acquisition of BeVocal and Oracle's purchase of Telephony@Work. Oracle's Siebel OnDemand had been using Telephony@Work's hosted functionality, so acquisition made sense. In addition, carriers are increasingly seeking ways to fill their network capacity. Sprint has hosted offerings and AT&T is coming to the market with new capabilities. MCI had a relationship with Telephony@Work, and now with the Verizon merger there will likely be some new announcements by the time this column is published.

CosmoCom is one of the companies that emphasizes hosted solutions. They designed their platform to be media-agnostic and multi-tenant, making it ideal for hosted offerings. Their strategy to date has been to partner with carriers who offer hosted services. They have been successful in Europe, and more recently in Latin America and Asia. Some of CosmoCom's partners are now bringing services to North America. Moreover, CosmoCom is extending their reach beyond the contact center using unified communications concepts. Ari Sonesh, CosmoCom CEO says, "One of our European partners has deployed 13,500 seats of capacity. About 2000 of these are regular contact center agents, and the rest are other employees who can be brought into customer interactions when needed."

Prem Uppaluru, president of Transera, talks about taking a different approach. "We have designed our architecture so that the network infrastructure is disaggregated from the contact center applications. This gives us more flexibility to meet a customer's need to work with multiple carriers." In addition, Transera is partnering with other hosted providers and applications that meld well with their contact center capabilities. Look for them to be part of an ecosystem of hosted conferencing, staffing, and other services that businesses need.

And finally, the Aastra OnDemand division of Aastra Intecom is likely to shake up the industry by offering free hosted services. That's right, free. The functionality is more limited than their regular hosted offering and there may be some modest communications charges after 90 days, but companies can sign up unlimited numbers of North American agents for as long as they wish. "We want to show companies just how easy it is to provide contact center functionality with our free offer. Of course, we hope that many will choose to convert to our regular service," says Charlie Henderson, Director of Marketing.

The bottom line is this. There is a convergence of new business imperatives, desire to avoid technology risk, innovative solutions, and new entrants and partnerships. The combination means that hosting is looking increasingly attractive to many companies.

Don Van Doren is president of Vanguard Communications, an independent consulting firm that helps clients achieve their business goals through better customer contact solutions. Contact Don at dvandoren@vanguard.net or visit Vanguard at www.vanguard.net.