



Cloud Enabled Contact Center Transformation

F R O S T  S U L L I V A N

A Frost & Sullivan White Paper for

TATA COMMUNICATIONS

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Introduction

Over the past few years, contact center technology and solutions have entered an era where every day, millions of agents carry out conversations that shape the end-user experience, that influence business success. Over 80% of end users carry first impressions of a company based on the first interaction they have had with the contact center. Equipping organizations with the right contact center infrastructure and applications to respond to Omni channel conversations has become a business imperative. This white paper examines the drivers and developments behind this change. It looks at the market challenges that have held adoption back, that pose problems for businesses developing hosted contact center strategies. It also explores the future of seamless end-user experiences on the cloud and impact that data generated from customer interactions have on the contact center. Additionally, it provides an analysis for CXOs, customer experience heads, business heads, and key contact center decision makers on the technology trends and pre-requisites that they should consider while developing their hosted contact center strategies.

Macro Forces Transforming Global Contact Center Dynamics

Delivering superior customer service and support has become an extremely critical function for contact centers across the globe. To add to that, maintaining global competitiveness has become an even more highly complex activity for organizations across industry verticals. Furthermore, emerging economies, emerging participants, and technology-led disruptions are radically affecting the competitive landscape. Economic turbulence has resulted in an adverse impact on traditional relationships in the business-to-business (B2B) space with enterprises seeking newer vendors to create greater business value. In addition, intensifying competition in the business to consumer (B2C) space is challenging product and service providers with diminishing customer loyalty and rising expectations. As a result, contact center operations are dealing with end users who are more likely to approach through a wider spectrum of choices, including multi-media channels, mobile devices, social media, and other contact modes.

Contact centers have undergone radical business model transformations over the last decade. The drivers for this transformation may vary from the need to create differentiation, attain operational efficiencies, and tap expanding growth opportunities, to the unavoidable need for alignment with the shifting end-user preferences. Increasing availability of informational content about end users, products, and services attributed to technological advancements has played a pivotal role in accelerating the change.

In the current context, mobility has become core to every individual and industry in mature as well as emerging markets. The multifaceted mobility ecosystem continues to evolve and mature. Device manufacturers, mobile operators, application developers, system integrators, and infrastructure providers are all competing aggressively to monetize the new opportunities.

Further, more and more features such as mobile app support, SMS, social media engagement, and community support are coming into the contact center model framework. Technology vendors and service providers are forming strategic alliances and partnerships to create innovative connected devices, unique offerings, and new services, which will continue to revolutionize the contact center business landscape.

Social media has emerged and rapidly established itself as an effective communication channel altering the way enterprises interact with their external and internal stakeholders. Communities and platforms have enabled consumers, professionals, and businesses to connect and interact with each other, express themselves, and share their thoughts and experiences to the larger world. Consumers across the world use social media to directly reach out to companies to resolve queries and share satisfaction levels. Enterprises are now looking for ways to leverage collective and inherent intelligence in these social networks to make better business decisions as well as utilize the channel for effective marketing and better customer service. These platforms are proving to be effective tools for managing instant and two-way communication among value chain participants.

Economic setbacks and political turmoil have often created a significant impact on contact centers, thereby leading to moving or restructuring the workforce and agents across locations. Additionally, mergers, acquisitions, and the expansion of companies is likely to motivate contact centers to further rethink their technology strategy in order to be more flexible and agile to meet these changing market dynamics. A contact center as a service-based model is thus gaining importance as it is prepared to handle these inorganic macroeconomic changes.

Exhibit I: Changing Business Landscape



Source: Frost & Sullivan

Challenges of Traditional Contact Centers in Multi-Site Deployment Model

For most global companies, multiple products and technologies deployed across the enterprise infrastructure have made the situation more complex when it comes to upgrading technology and bringing seamless connectivity across their geographically dispersed offices and clients locations.

Inconsistent End-User Experience and Service

Building one's own contact center requires dealing with multiple vendors that include original equipment manufacturers (OEMs), telecom service providers, application providers, system integrators, and other participants in the value chain. Each vendor is likely to provide a different level of service that will result in an inconsistent experience for the end users. One of the most prominent aspects of macro changes in today's digital world is on end-user expectations and, hence, the rules of engagement are also changing. Given that building customer loyalty is more important today than it has ever been in the competitive marketplace, enterprises are investing significantly to revise consumer management strategies.

Extended Implementation Phases

Building one's own contact center is a complex process that requires special knowledge, distinctive skills, extensive planning, and a long lead time. The task of implementing one's own contact center can be challenging, especially in cases where multiple applications are used to provide agents with the correct guidance they need at every step. More often than not, setting up a contact center does not fall under the core competency of enterprises. Therefore, enterprises can lose out on valuable organizational and management bandwidth that can be used to focus on their core business activity. End users across industries are looking at and focusing on enterprises that deliver on their promises and offer transparency; provide a growing level of personalization for the services; provide customer support through a platform of their choice and convenience, and recognize long-term loyalty. These factors are what end users value the most, and what they are increasingly learning to expect from any organization they do business with.

Huge Capital Expenditure and Ongoing Maintenance Cost

One of the most frequently cited restraints for on-premise contact center technology has been the Total Cost of Ownership (TCO). The initial costs of building an on-premise contact center, maintaining and upgrading hardware, adding additional applications and channel is a huge continuing expense. A huge CAPEX payments approach becomes not only a challenge while deploying the on-premise contact center solutions, but also as enterprises need more and more applications or as agents seats grow, makes it difficult to justify the return on investments.

Frost & Sullivan anticipates the global cloud contact center market to grow significantly in the next five years as it overcomes the challenges of high CAPEX, frequent technology upgrades, long deployment cycles, and high maintenance cost.

Hosted Contact Center Market

A Hosted Contact Center is not a new concept in the market. But it is only in recent years that it has become a part of everyday conversation, especially with respect to the booming new concept of the Cloud. In the past, hosted contact centers did not see as much traction due to reasons such as data security concerns, scalability restrictions, inconsistent user experiences, inability of service providers to offer global reach, and most importantly, different service level agreements (SLAs) for each service.

However, with the rise of web-based applications, end users are more open to the idea of offloading applications to a service provider. As a result, this new business and implementation model is becoming more popular. In addition, the prolonged economic downturn has forced many traditional contact centers to rethink their approaches to capital spending and infrastructure, in light of restricted budgets.

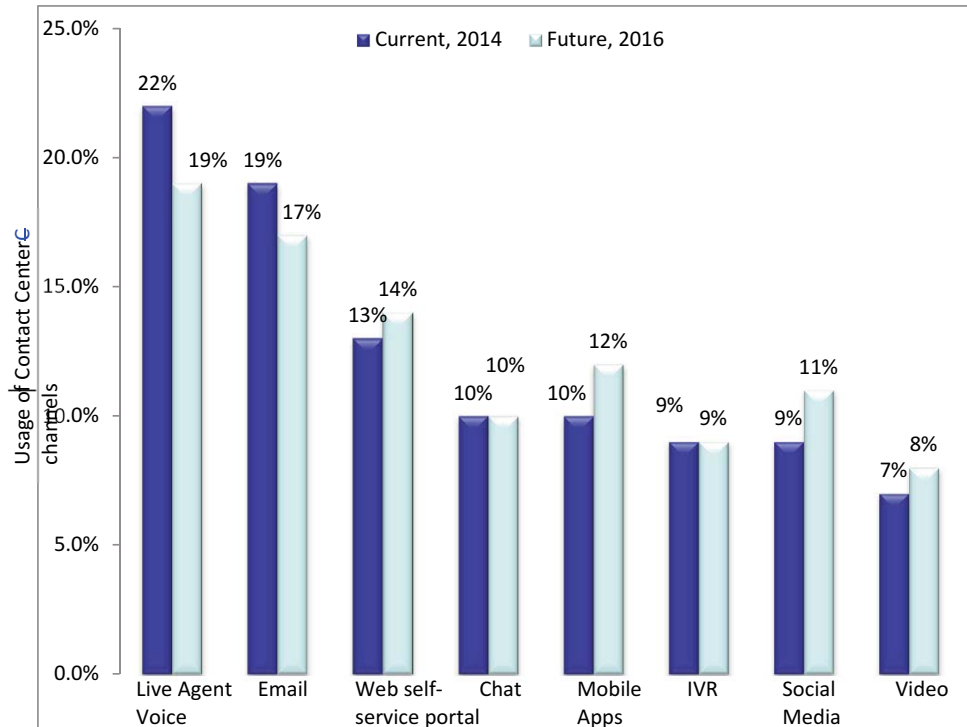
Cloud has a dramatic impact on the customer care market. In 2013, the cloud contact center market crossed the on-premise product market revenue in North America. As these trends resonate, Frost & Sullivan anticipates the global cloud contact center market to grow significantly in the next five years as it overcomes the challenges of high CAPEX, frequent technology upgrades, long deployment cycles, and high maintenance cost.

Exhibit 2: Hosted Contact Center Market, 2013-2019



A survey conducted by Frost & Sullivan in North America and Europe, shows about 38 percent of contact center organizations have fully automated their contact channels. By 2016, about 50 percent expect to be fully integrated (a 34 percent growth rate).

Exhibit 3: Current versus Future Customer Interaction Channels: North America and Europe, 2014



Source: Frost & Sullivan

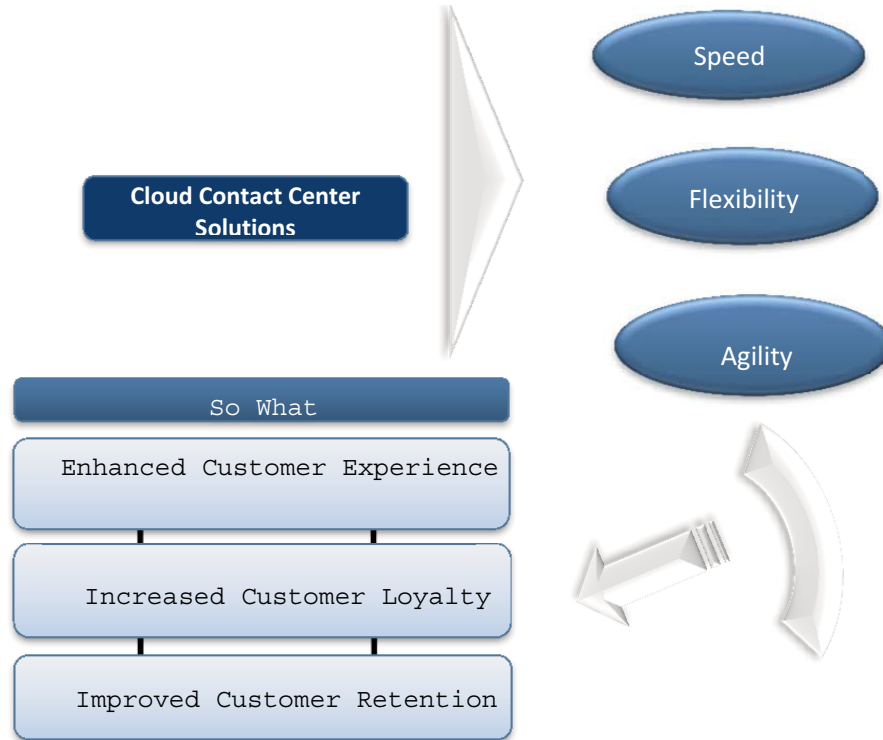
Web self-service, interactive voice response (IVR) and mobile apps are mostly automated channels. While email, chat, and social media have a mix of automated and assisted interactions, more of these are expected to be automated in the future. Overall, the use of multiple capabilities with mobile customer contact strategies is expected to increase by 2016 in North America and Europe, with the largest percentage point increase expected for full integration with other contact channels. Interestingly, the ability of outsourcers to deliver consistent and seamless customer experiences across contact channels will remain a high priority.

Cloud Computing – A CEO’s Perspective

Every CEO wonders about the possibility of adding new dynamics to a business that points them to new business opportunities. The cloud computing model offers CEOs the agility to sense and respond to end-user needs and challenges, speed in delivering solutions faster and flexibility to adapt to the ever evolving business landscape. Cloud computing can offer CEOs new means to address how best to develop their IT, which in turn will allow them to focus on what matters most – their core business objectives. However, achieving long-term success by improving overall buyer experience requires investment in a more flexible solution capable of unlocking the true potential and value from data.

Data collected from varied sources and touch points should be translated into tangible, measurable business advantages including increasing customer loyalty, enhancing brand advocacy, improving customer retention, and reducing churn rates. Hence, the need of the hour for a CEO is to invest in solutions and processes that drive businesses to align with the end-user’s perspective and accordingly shape the experience.

Exhibit 4: Business Value of Cloud Contact Center



Source: Frost & Sullivan

Benefits of Using Hosted Contact Center Solutions

Adding Business Agility by Releasing Focus on Noncore Business

An important factor that leads many enterprises to choose the hosting and cloud model is the opportunity to let their employees focus on their core business. In other words, by choosing cloud based solutions, a company is likely to outsource services such as voice, network, infrastructure, and application services, and thus become more productive and profitable by focusing on its core product or service. A hosted model also leads to a rapid time to deployment and the go-to-market model offered is much faster as compared to the on-premise solution. It provides enterprises with cost-effective geographic and opportunistic integrations, which include remote or at-home agents who may not be on the phone at all times but can easily be added to end-user interactions.

Hosted contact center services offer enterprises the freedom of unlimited scalability and options to hire a workforce in different geographic regions to address seasonal increase in demand for call center operations. These services also help promote a collaborative work environment among call centers and work-from-home agents. Typically, in a hosted multi-geographical contact center set up, shifting between the agents becomes much easier in comparison to an on-premise based contact center. This widens companies' options when it acquires the solution and also ensures that its clients will be well attended at all times.

Reduced Total Cost of Ownership

With strained economic conditions, rising global competition, and increasing end-user expectations, companies are looking at newer ways to implement technology to lower operating costs and maintain operation levels of their contact centers. Hosted contact center service providers offer enterprises web-based solutions to address demand, thereby helping to reduce capital expenditure without affecting operation levels. Small and mid-sized companies that seek contact center technology, but are held back due to limited initial capital expenditure, are attracted by this business proposition of a hosted contact center service. Small and mid-sized businesses can now operate a full-fledged contact center by availing small services to begin with, expanding over time according to their goals. End users pay a usage-based fee for the service, typically on a per-agent per-month basis. This payment model simplifies cost management. Additionally, enterprises can also employ the benefits of business continuity/disaster recovery strategies from the service provider, a trend that is a natural fit for the cloud.

Improved Scalability and Faster Time to Market

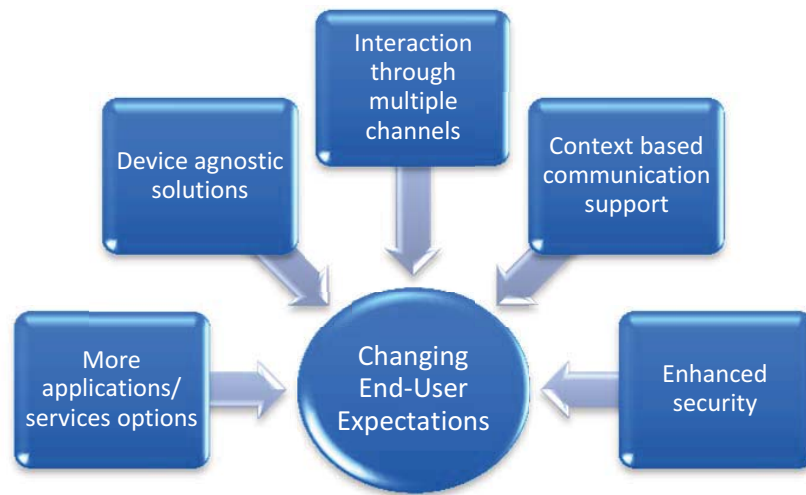
The hosted contact center model offers quick deployment time, multiple contact center sites, and the elimination of the need for expensive and disruptive system upgrades. With hosted solutions, enterprises will no longer need to be dependent on IT decision makers to find solutions for the problems posed by the existing legacy systems. They can avail or remove services easily, without inheriting a huge cost burden. This sort of future proofing gives enterprises a sense of satisfaction that they are investing in a technology that will lead to an enhanced end-user engagement. End users dialing into a contact center embark on a customer experience journey which, in most cases, ends with a solution to their query. They feel more valued when organizations understand and manage this experience smoothly by keeping track of all their inquiries, irrespective of the medium chosen for communication. To address this challenge and ensure customer loyalty, enterprises are ready to invest in new methods to further improve their customer service which is made available on the cloud platform.

Enhanced Application Functionality to Support Omni-Channel Engagement

The proliferation of channels and devices that are being used is creating an operational challenge for all legacy contact centers. While voice calls are prevalent, end users are increasingly getting more tech savvy and empowered. They prefer to self-serve first and research online and through their peers before they engage or re-engage with a business. As a result of which, they expect personalized interactions and engagement on the channel of their choice, moving between voice, text, mobile apps, chat, blogs, streaming video, community forums, and social media—often using three or more simultaneously.

Redevising ‘End-User Experience Management’ Strategies in Contact Centers

Exhibit 5: Changing End-User Expectations



Source: Frost & Sullivan

Implementing an effective contact center strategy requires defining metrics that can be clearly communicated, measured, and monitored. However, depending on the business objectives, metrics may vary considerably. Nevertheless, it is important to provide a holistic experience to create value during decision-making, purchase, and usage. Only consistent delivery of positive experiences can aid sustainability. Many enterprises face the hard truth regarding lack of vendor support for their existing platform; eventually, they will be forced to migrate to cloud-based solutions. Awareness about the cloud services offered by solutions providers is helping businesses understand the long-term benefits of cloud-based deployments.

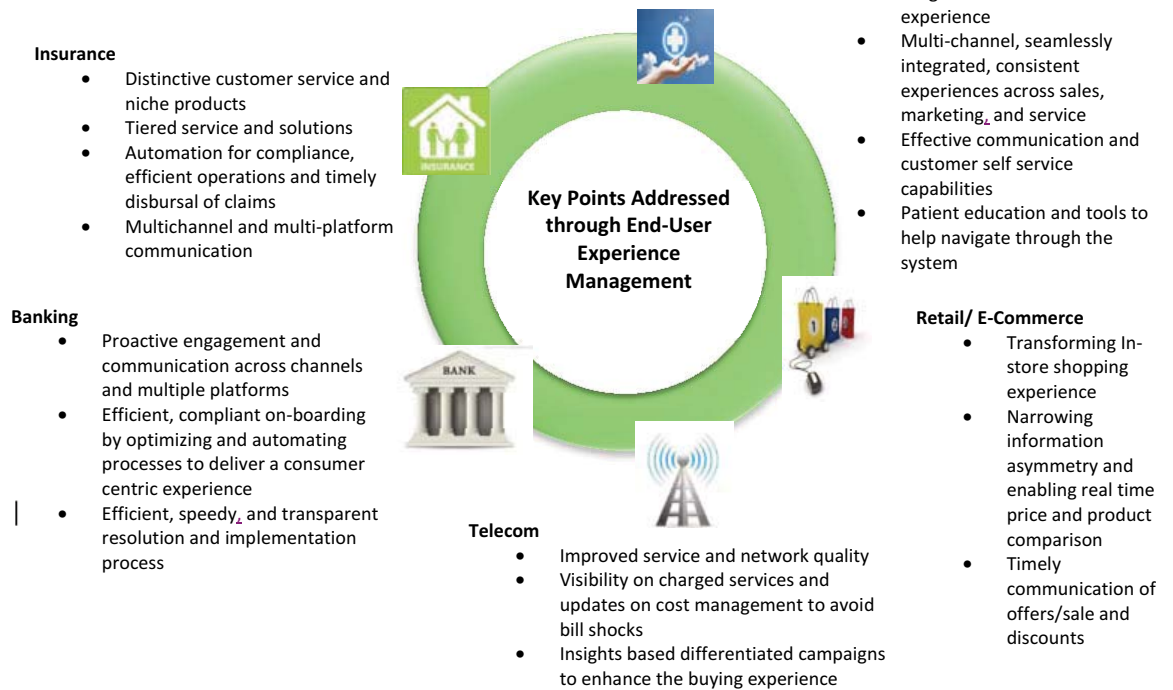
Hence, it is important to understand end-user behavior at multiple interaction points and channels. The most important need lies in supporting businesses with real-time decision making based on insights about current buyer patterns and behavior, and then offering something additional.

The most admired enterprises and successful brands get it right where they remember the end user’s spending history and other revealed facts in a positive and flattering manner. They use this information to help buyers know that their investment is valued. This requires embedding analytical capabilities across multiple touch points like social media, billing, customer care, partner management functions, etc. Creating a full circle of accountability for the increasingly complex contact center service often helps.

Technology Roadmap: Evolving Beyond Multiple Vendor Partnership

Choosing the right technology partner to deploy a hosted contact center is vital to develop a successful growth strategy. Enterprises are no longer only looking for multiple vendor partnerships to provide them with their evolving contact center needs. Achieving long-term success by improving the overall end-user experience requires investment in a more comprehensive solution that offers a uniform global customer experience, with better manageability and single ownership. For MNCs, it is very important to have a consistent end-user experience and overall quality control across geographies through centralized control. In the current context, contact center solutions have come a long way from siloes-based platforms to a more integrated platform. Network uptime, negligible multi-vendor management cost, flexible and unified service level agreements (SLAs), global reach of network and voice and managed support services are some of the important factors that should be considered by MNCs and large BPOs, before shifting their infrastructure on cloud.

Exhibit 6: End-User Experience Management



Source: Frost & Sullivan

Tata Communications’ InstaCC Global™ : Redefining Contact Center Services

Tata Communications provides a truly global interconnected cloud with a vast global network footprint and a distinct presence in emerging markets. Tata Communications’ experience, operational models, and service positioning make it a force to be reckoned with in the hosted contact center market. Tata Communications not only performs stringent interoperability testing to ensure that different contact center infrastructures are fully synchronized and are working seamlessly, but also seamlessly integrates InstaCC Global™ contact center solutions with third party standard CRM solutions. Below are some the competitive differentiators that make Tata Communications unique in its service offerings:

Key differentiator for Tata Communications is its single, secure and unified service level agreement (SLA) for all physical transport, voice, network, datacenter and application services.

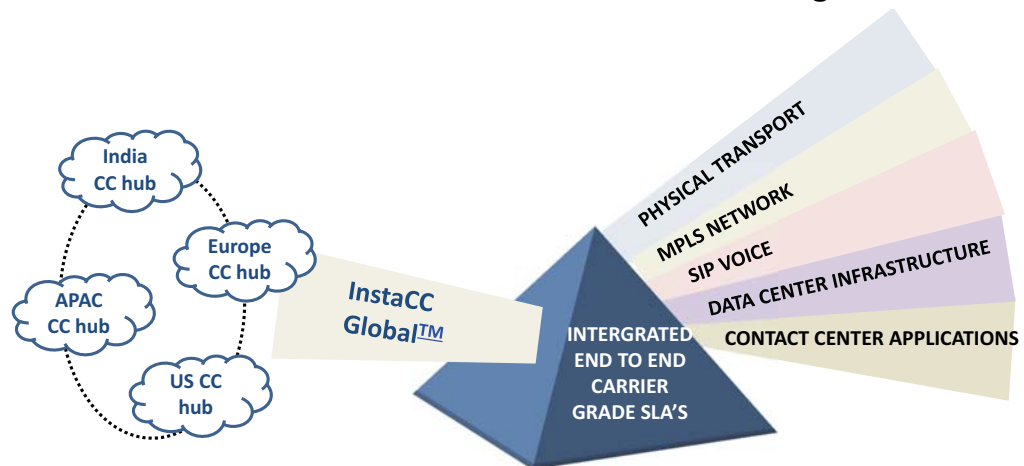
Network Reach

Tata Communications is amongst the few service providers that are well prepared to handle MNC’s Hosted Contact Center requirements through its strong network. Its hosted contact center service is available through datacenters in North America, Asia Pacific, Europe, and South Asia. Because of its massive global presence, Tata Communications’ customers virtually get unlimited reach and continuous support throughout the globe. Just to provide some perspective, the vendor carries over 53 billion minutes of international wholesale voice traffic a year, has a network to network interface (NNI) of more than 1,600 carriers globally, has 44 datacenters worldwide, and 31 offices globally.

Integrated End to End Carrier Grade Service Level Agreement

Key differentiator for Tata Communications is its single, secure and unified service level agreement (SLA) for all physical transport, voice, network, Datacenter, and application services. While other service providers offer SLA on specific services, Tata Communications provides a unified SLA across all these layers. It is a simpler, more cost-efficient way of doing business where enterprises can focus on their core competence without worrying about their contact center operations.

Exhibit 7: Unified End-to-end Service Level Agreement



Source: Frost & Sullivan

Strong Partnerships

Tata Communications strengths in terms of its global network for voice and data is complimented by a complete suite of partners who are some of the best across virtualization, storage, network load balancing, and health monitoring solutions. These partnerships enable Tata Communications to maintain its committed SLAs and consistent uptime with minimal disruptions to business thereby providing world class services to the enterprises.

Unmatched Control and Quick Time to Market

InstaCC Global solution comes with modular, pre-integrated services that are ready to go. This lets enterprises quickly and easily open new offices and scale capacity up or down as needed. Centralized and proactive monitoring on InstaCC Global™, has taken the end-user experience to the next level. It also allows end users the choice to pick and choose from a wide range of the latest application modules to fit their needs. Since all the services are bundled together in one package, enterprises have the flexibility to deploy contact center technology virtually anywhere in the world in a very short span of time.

Superior End-User Experience

With InstaCC Global™, enterprises get a reliable and efficient cloud-based contact center solution that delivers a consistently excellent end-user experience. And it all comes in one easy-to-manage, cost-efficient package with a state-of-the-art physical transport infrastructure, a global MPLS network, and leading-edge voice, data center, and contact center application. The solution provides access to a complete array of applications, including campaign and lead management systems, automatic call distribution, call recording, predictive dialling, customized reports, and quality control, and monitoring systems thereby enriching the experience.

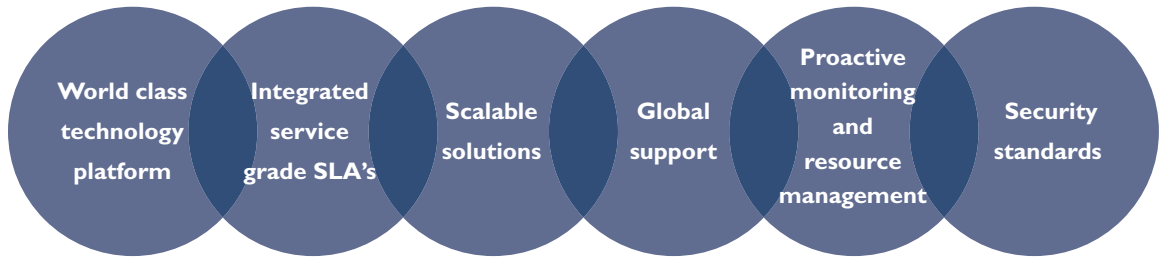
Cost Savings

Another key benefit of using InstaCC Global™, is significant cost savings. Along with more responsive customer service, the solution can substantially reduce overhead and capital expenditures. And with pay-as-you-go pricing, monthly costs are more predictable, manageable, and lower. Setting up and running the Tata Communications' cloud contact center requires a minimal upfront investment and little maintenance cost. InstaCC Global services has proven to be cost effective to enterprises in the vicinity of 30 percent depending on the number of agent seats, IVR ports, locations, infrastructure overheads, network and datacenter expenses, onsite and offsite manpower and management, and services cost.

The Last Word

The most important question today is- How effective are enterprises today equipped and ready to respond to end users through an end to end contact center strategy? Today’s connected world is truly a different environment because of advanced communications. The growing power to achieve results by communicating across multiple channels — voice, video, e-mail, social media, text, chat is directly impacting businesses. As companies come to the end of a product life cycle with some of their existing premises’ infrastructure, Frost & Sullivan believes that the potential growth curve for hosted systems will become steeper. Larger companies will continue to focus on reliability and security and will have a long-term plan for deployment that may retain hybrid solutions including on-premise and cloud solutions, depending on the unique needs of the organization. However, any organization large or small, that is in the process of choosing a cloud service provider, should strongly consider whether the service provider has:

Exhibit 8: Pre-requisites for a Hosted Contact Center Service Provider



About Tata Communications

- Tata Communications is a leading global provider of A New World of Communications™. With a leadership position in emerging markets, Tata Communications leverages its advanced solutions capabilities and domain expertise across its global and pan-India network to deliver managed solutions to multi-national enterprises, service providers, and Indian consumers.
- The Tata Communications global network includes one of the most advanced and largest submarine cable networks and a Tier-I IP network with connectivity to more than 240 countries and territories across 400 PoPs, as well as nearly one million square feet of datacenter and collocation space worldwide.
- Tata Communications' depth and breadth of reach in emerging markets includes leadership in Indian enterprise data services and leadership in global international voice.

About Frost & Sullivan

- Frost & Sullivan is a leading global strategy consulting company, headquartered in the United States. Established in 1961, in New York City, the company today has 43 offices across the globe. It has eight offices in the Middle East, North Africa, and South Asia (MENASA) — Bengaluru, Chennai, Delhi, Kolkata, Mumbai, Pune, Bahrain, and Dubai.
- Frost & Sullivan has tracked the Information and Communication Technologies (ICT) market globally. Coupled with our successful history of addressing the growth strategy needs of our global and regional clients, Frost & Sullivan is well placed to assess opportunities, analyze customer segments, and provide strategic recommendations for partners in ICT industry.
- Frost & Sullivan also recognizes that a failure to respond to customer needs can have long-term implications for a company's growth strategy. Hence, we are dedicated to help our clients prioritize their customers across the organization. More specifically, our experienced team of analysts and consultants enable our clients to:
 - o Sense, anticipate, and prioritize customer needs and preferences
 - o Act on insights through improved product innovation, customer engagement, and communication
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