

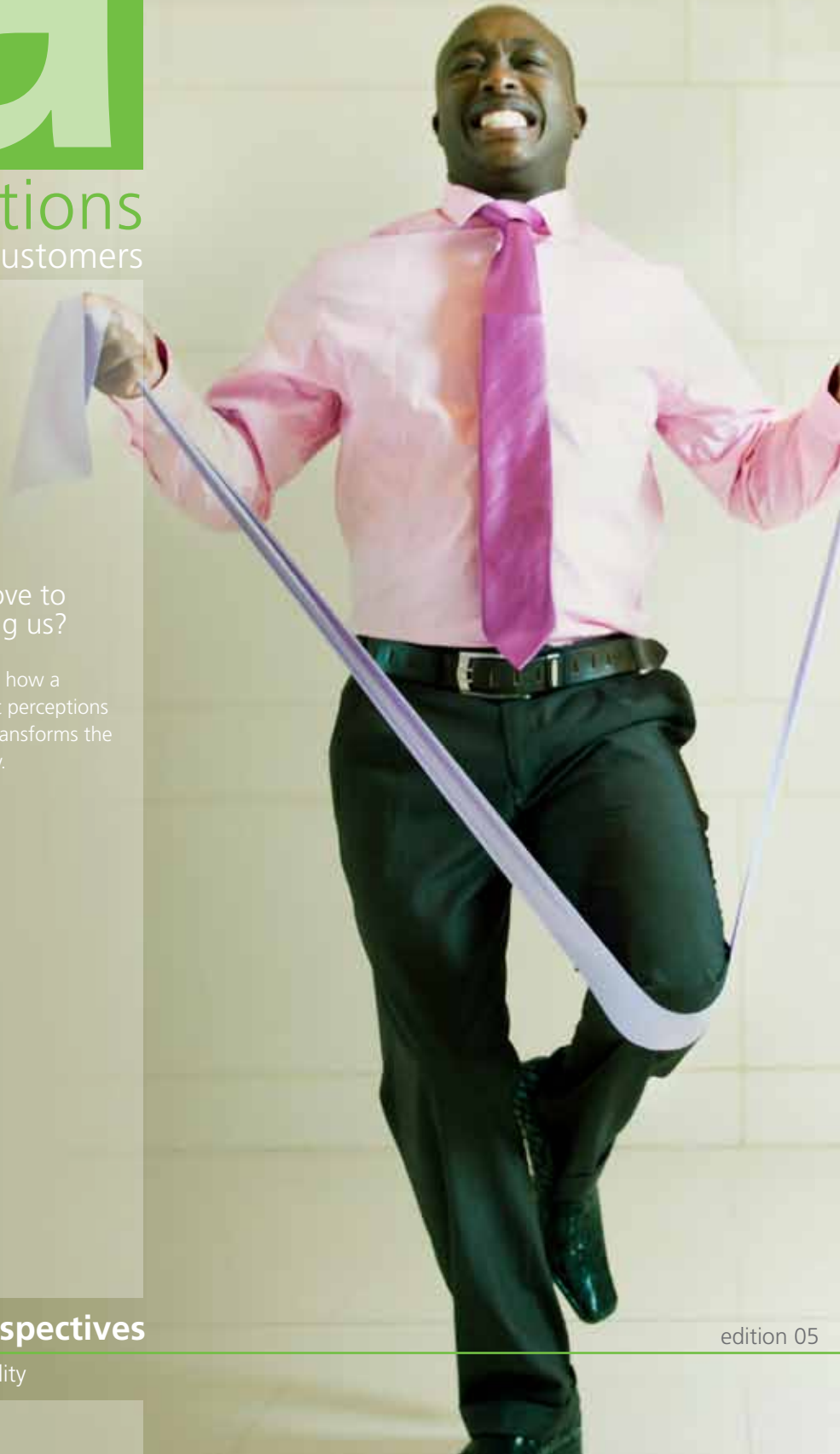
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interactions
talking with customers

Ask yourself:

Where is the move to
e-channels taking us?

Tim Pearce talks about how a
massive shift in market perceptions
and customer usage transforms the
contact centre industry.



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This Quarter: We need to be **Flexible**

As businesses evolve, as in nature, one of the prime prerequisites of survival and growth is the ability to adapt. Those who don't change with the times, face extinction. In this, the fifth issue of Interactions, we look at three different trends that are impacting our business and the global contact centre industry as we adapt and change in diversifying markets.

Overall, we are seeing the channel revolution that has been unfolding over the last 10 years really start to change the way we communicate with our customers. We're seeing an evolution in contact centre operating models, with a much greater understanding of the role that third parties can play. And we're seeing growth in regional markets that will change the way that the global marketplace works.

Much of this change is not new, but what organisations are now starting to acknowledge and embrace is the need for a greater degree of flexibility and scalability in the way we work to deal with the inevitability of change. In our first article we look at the increasingly complex area of channel integration and how this impacts our traditional contact centre world. Our customers are facing this challenge in multiple ways; some see it as a catalyst to change the way in which

customer contact is managed within the organisation, whilst others are approaching it more cautiously. We have looked to crystallise what we believe to be the critical success factors for managing this channel revolution.

This year's benchmarking study has shown a dramatic global increase in the number of contact centres that are procuring their technology on a more flexible basis. In our second feature, Stephen Strydom, National General Manager of our CIS business in Africa and Middle East, talks about an exciting new way that organisations in South Africa are accessing state-of-the-art contact centre technology on a pay-as-you-go basis. The growth of the Asian economy is a regular topic in the business media. In our third article, Karina Majid, General Manager of Datacraft's Customer Interactive Solutions business, discusses how this growth is fuelling the domestic contact centre industries in India and China. This has to be one of the greatest challenges for flexibility and scalability that our profession has ever seen.

This is the first edition of Interactions since I have taken up the reins of Dimension Data's Global CIS business. I would welcome your feedback and input as to how useful and interesting you find our publication and look forward to hearing any ideas you may have on how we can make it more relevant and valuable.



Best wishes,

Martin Dove

Managing Director,
Customer Interactive Solutions

Ask yourself Where is the move to e-channels taking us?

The answer? Firmly down the road to channel integration!

We're seeing a massive shift in market perceptions and customer usage transform the contact centre industry as we do our daily business . . . we know this trend is here to stay, but where is it going, and more importantly, what does it mean for you and your call centre? How can you prepare for the next technology wave?



There's been a **seismic shift** in the marketplace – a growing trend that's impossible to ignore and confirms what we are experiencing on the ground every day in our call centres.

According to research findings from Dimension Data's most recent Global Contact Centre Benchmarking Report, in 1997 over 90% of inbound transactions were conducted over the telephone with a contact centre agent, with the remaining 10% using non-human agent channels. Ten years on, the entire landscape has changed dramatically... now the data tells us that over 30% of transactions today are handled through e-channels. There's been a seismic shift in the marketplace – a growing trend that's impossible to ignore and confirms what we are experiencing on the ground every day in our call centres. There's an inexorable turning of the tide in favour of e-channels. Where will this turning tide take us, and what are the winning trends that will triumph in the market?

We believe the answer lies in channel integration or merging. It's the natural progression of where market forces, customer preferences and technology options are leading us. Converging voice and e-channels involves bringing together the disparate channels in your contact centre – your highly trained, literate human agents, and your technology investment in e-channels like self-service IVR, speech recognition, web or internet-based self-service and e-browsing, e-mail and sms. Converging these elements aims to provide your customer with the quickest, best, most informed and productive interaction – the kind of interaction that builds customer loyalty, cements the stability of your brand and delivers efficiency improvements and cost containment.

The merging of channels is already a priority/focus area for many organisations preparing to do business in the tough economic and human capital

markets that are already upon us, and we believe it's going to be a key business driver for the contact centres of tomorrow. Sixty percent of centres we have canvassed indicated their intention to develop multi-channel capability over the next two years. But is it right for you?

The specific benefits of merging channels include the practical ability to deploy the holistic, customer-oriented CRM strategies that have been the Holy Grail of contact centre strategy for so long; the implementation of consistent and uniform service standards across all channels; the ability to access a complete MIS picture, e.g. total volumes/transaction types/costs of service for all channels; the ability to gain insight into customer patterns and behaviour; enhance customer experience; and simplify the maintenance and administration of processes across all channels.

So far, so good... it sounds like the way forward is clear and that channel integration is the gateway to the evolved, efficient, cost-effective contact centre operations we all want. The problem for many contact centres is that when the time comes to move on to channel integration, they'll find themselves on the back foot in terms of preparedness and infrastructure. Our data tells us that only 36% of participating contact centres in our Benchmarking research project have online self-service channels within their scope – so the majority of these channels reside outside of the contact centre environment and are owned by other business areas. Many contact centres that do have the capability to view key information across channels will

also be limited in their ability to implement merging of channels – for example, they only have a partial or incomplete view of the customer across channels, products and services, and transactions.

The single stand-out factor that will make the difference for contact centres wanting to catch this wave of the future will be placing ownership for managing overall customer contact strategy with a senior organisational figure that will be able to cut across divisions by business unit and functional area. The heart of the operational philosophy should be a commitment that the CRM strategy should develop an understanding of customer value by customer segment, and the overall marketing positioning of the organisation. **We suggest the following critical success factors:**

- Your channel strategy must focus on delivering the overall customer management strategy and be customer-focused, not channel-focused.
- All channels must be considered holistically and in relation to each other – in the absence of unifying objectives, channels serve no purpose
- Align channel objectives to achieving overall customer management goal
- Define clear business requirements, based on customer needs
- Appoint a single customer management sponsor with the mandate to drive supporting activities, including setting channel KPIs
- Clearly define cost justification by channel segment and channel
- Articulate business objectives by channel

- Ensure the ability to measure/monitor usage/behaviour of specific customer segments

Forewarned is fore-armed! When technology trends shift, they are inexorable and those who don't surf the wave, get dumped in the backwash. Start thinking ahead, assessing your state of play and thinking about where you could start laying the tracks to implement channel integration. It's coming to a contact centre near you soon!

About the authors

Tim Pearce is Dimension Data's Global Solution Manager for Self service and has nine years experience of multi-channel business process automation and optimisation. Tim has engaged on speech recognition solutions on four continents, holds a modern languages degree, as well as a post graduate marketing degree and is fluent in six languages.

Neville Cousins is the Chief Technical Officer for Customer Interactive Solutions. Neville has been with Dimension Data for over 12 years. He is currently Chief Technical Officer of the CIS Global team and is responsible for the Group's CIS technology strategy, including the Partner and Alliance strategy. He is tasked with developing the Contact Centre Integration (CCI) solution offering that forms the foundation of the CIS business. This responsibility includes all aspects of solution and business development of the CCI offering at a global level.

“Pay-as-you-go” contact centres take off

The advent of new-generation on-demand contact centres is opening up entire new markets for contact centre vendors and small businesses that were never before able to afford and manage the technology.



Contact centres are a **highly specialised business** that can **absorb more resources** than most small companies can afford.

The ever-increasing pressures of doing business and the need to continuously improve customer service make the contact centre an invaluable communication channel in gaining competitive advantage. For many small and medium-sized businesses, though, it is simply not economically viable to invest in the technology and skills needed to develop an effective contact centre.

As it turns out, they don't need to. With the new generation of managed services-based solutions allowing smaller contact centres to flexibly purchase technology services as and when they need to, the pressures of owning and managing their own contact centres are eradicated.

In addition to offering more flexibility, these solutions give smaller businesses the ability to offer better service to their customers and hold their own in the marketplace against far larger competitors.

One such solution, Dimension Data's Interaction on Demand (iOD), is rapidly gaining traction at its pilot site in Johannesburg, South Africa, where it is delivering immediate business benefits and clear advantages over on-premises systems in terms of cost, flexibility, and reliability.

Dimension Data's Stephen Strydom says the pay-per-use format of the solution is attracting a growing number of customers who recognise that they no longer have to invest in contact centre infrastructure to be able to talk to their customers.

“This is certainly the way that small and medium businesses are going,”

says Strydom.

“Contact centres are a highly specialised business that can absorb more resources than most small companies can afford. Today, though, the technology has evolved to the point where the network plays a significant role in the overall solution offering, which means that we are able to provide contact centre functionality in a far more flexible way than ever before.”

The benefit of on-demand contact centre solutions like iOD is that they enable companies to control operational expenses and focus budgets on core business areas. Speed and agility are key elements in meeting market requirements, but this can often mean over-investment in capacity to meet peak requirements as opposed to normal business loads.

Although it is still a fledgling market, on-demand contact centres represent a major shift in the dynamics of the broader contact centre industry. For one, it makes nonsense of the traditional approach that on-demand contact centre solutions are merely a stop-gap solution until an in-house system can be purchased. Market researcher Frost & Sullivan expects the market’s acceptance of on-demand contact centres to grow at a healthy pace, predicting more than 30% compound annual growth (CAGR) by 2012.

Part of this acceptance is based on a growing realisation that it is no longer cheaper to build and run an on-premises contact centre in the long-term, even when software licences and hardware costs are amortised. As many savvy businesses are realising, this approach does

not fully take into account the ongoing operating expenses associated with a contact centre – including the costs of IT staff to deploy; the maintenance, support and upgrading of the system and hardware; and secure and reliable facilities with appropriate network and telephone connections.

Interaction on Demand means that costs can track market demand increasing and decreasing the number of agents to match the business requirements. With no capital investment, monthly fees are proportionate to the exact business requirements, but the choice of contact centre functionality and the comfort of knowing that the technology platform will support your business requirements well into the future remain the deciding factor.

But wait. There’s more.

Strydom says further benefits of on-demand contact centre offerings include:

- **Speed-to-market**
The back-office infrastructure is already in place, so the time it takes to get a service to market is greatly reduced
- **Usage-based pricing**
Customers pay only for the functionality and the agent seats used, and can scale easily for busy periods and growth
- **Reduction of risk**
The secure data centres and support professionals monitor and manage user communications 24x7
- **Simplified management**
One team takes responsibility for solution design, application updates and version control, protecting smaller businesses against the ravages of technology obsolescence
- **Predictable costs**
There are no hidden costs

related to staff, support, upgrades and maintenance – a boon for cash flow and cost management

“The reality is that iOD delivers the functionality of a modern on-premises solution for a low subscription fee that is typically a fraction of the operating expense of on-premise solutions,”

says Strydom.

“Simply upgrading and maintaining contact centre kit is extremely time-consuming and expensive. With an on-demand approach, the supplier manages the technology, and constantly keeps it pegged at n-1 (that is, one level behind the latest release). This way the user gets to focus on their core business, and only their core business.”

Another feature of the iOD package is that customers retain full control of the agent, and the solution simply delivers the technology to the point of use. Customers choose both the functionality and the number of agent licences they require on a monthly subscription basis. The customer retains full control of the agent – and more importantly, of the client interaction.

All the hardware resides in two secured and mission-critical data centres at Dimension Data’s Bryanston Campus. The feature-rich functionality ensures that smaller businesses can offer their customers contact centre functionality that is usually only available to larger organisations.

The secure data centres deliver impressive functionality over an IP network, allowing agents to access the features from



any location served by a broadband connection. The technology is linked to the customer site via diginet leased line from our site to the customer site. The flexibility of the package makes it practically “pay as you go”, with service level agreements in place to ensure a seamless service. And this is the crux of the service, says Strydom: plenty of suppliers can install the infrastructure, but actually supporting and maintaining this infrastructure effectively is what really takes time and expertise.

The supplier hosts, monitors and manages the contact centre applications 24x7 and ensures that the risks and costs are kept under control. The contact

centres provide full redundancy, as the infrastructure is split across two data centres, and critical components are configured in duplex mode to provide enhanced business continuity capabilities.

“Smaller businesses can now make decisions about contact centre solutions that are very different from those available only a few years ago,”

says Strydom.

“With on-demand solutions, they can now get superior functionality, greater security, flexibility, and scalability – at a far lower cost of ownership than ever before. It opens up immense opportunities for small businesses and contact centre suppliers.”

About the author

Stephen Strydom is the National General Manager for CIS Africa and Middle East. Stephen is responsible for Dimension Data's five go-to-market strategies, which include Contact Centre Integration, Interaction Management, Workforce Optimisation, Managed Services and Speech Self-Service. Stephen has been with Dimension Data for five years and has over eight years experience in the industry. He has consulted to various leading organisations in Europe, Africa and the Middle East, specifically in the areas of application architecture and customer service strategy.

Taming the contact centre dragon one seat at a time

Amidst the global economic crisis, the inexorable rise of the Asian economic giants presents huge opportunities for the contact centre industry – but it will require a significant shift in thinking and strategic approach to fully unlock the potential of this market, says Karina Majid, General Manager for CIS in Datacraft, Dimension Data's Asian subsidiary.

Having the right frontline skills and assets, and the ability to provide post-sales support and service, will make or break a company's efforts to break into the gold-rush days of mass customer acquisition in the region. The sheer volume of business, and the speed with which an organisation can attract and service customers, will determine whether the industry will rapidly evolve to a few dominant leaders and many wannabes.

"The opening up of emerging mega-economies in Asia like China and India, represents immense business potential for acquiring new customers in relatively short period of time, and also to sell multiple products or services after the first sale,"

says Ms Majid.

"This requires a different scale of thinking to plan and grow a business – or be dwarfed by competition."

Recent years have also seen Asian enterprises placing greater emphasis on enhancing customer service. Because of the need to manage rising customer expectations, Asian enterprises have begun to embrace contact centres as a key element in their business strategies.

"Organisations across Asia-Pacific continue to face intense competition and mounting pressures to 'own' the customer and meet their needs,"

says Frost & Sullivan industry analyst Shivanu Shukla.

"With the changing customer service landscape and rising customer expectations, the contact centre is becoming an integral and strategic part of any organisation."



India and China currently represent over one third of the world's population. Traditionally, India has been perceived as an underdeveloped nation, yet all market projections indicate that its middle class, and its income, are set to increase substantially. The same is true of China: recent reforms have put the country back on the global trade map. The consequence of these reforms is a growing Chinese middle class, including a vast

number of millionaires, which will lead to an increase in income and resultant increase in the consumption of goods and services.

A key challenge for both Asian enterprises and potential contact centre service providers is how to manage mass customer acquisition at what Ms Majid calls "the speed of multiples", and to maintain customer satisfaction in the resulting swarm of new customers.

The Asia-Pacific market is expected to grow strongly in the next two to three years due to rising domestic demand, and the increasing shift of outsourcing and offshoring hubs to low-cost Asia-Pacific countries. Frost & Sullivan estimates the Asia-Pacific contact centre applications market will grow at a CAGR (compound annual growth rate) of 9.1 percent from 2006 to 2013. This growth will be driven strongly by the dawning recognition that the role of the contact centre must change, especially among industries like banking, insurance and mobile service providers. More than half the participants in the 2008 Dimension Data Benchmarking Report were drawn from the financial services, service providers and telecommunications industries, reflecting the importance that the customer experience plays in the success of these sectors.

A case in point is India's insurance industry. As an under-insured nation, India's population represents a veritable goldmine of potential new customers for savvy players. In 2005, there were 2.69 million individual single premiums being paid on insurance policies in India. This grew to 6.7 million in 2006. As Ms Majid points out, meeting this exponential growth in demand is going to take a significant shift in capacity. The good news is that the judicious use of technology can go a long way towards providing this boost in capacity. Any new entrant to the market can become operational, and more importantly, stay in check with the changing levels of customer expectations, if its business strategists and technology architects stay ahead of the change curve.

"For a new market entrant to minimise the time to become fully operational, they need

to combine the masterful use of technology, channels, customer service and distribution in an innovative way around their customer acquisition strategy,"

says Ms Majid.

It goes without saying that this technology will need to be carefully architected, based on the type of services that must be in place to support the necessary customer initiatives to attract the Web 2.0 customer. Multi-channel contact centres must become the operational frontline, complete with skilled staff and supported by application systems that are consistent with self-service applications and information that is available over IVR, web portals, kiosks, ATMs, and the face-to-face interactions of agents and advisors. Apart from the technology, the real challenge facing any new entrant to a booming market like this one is having the right staff and service

What industry are you in?

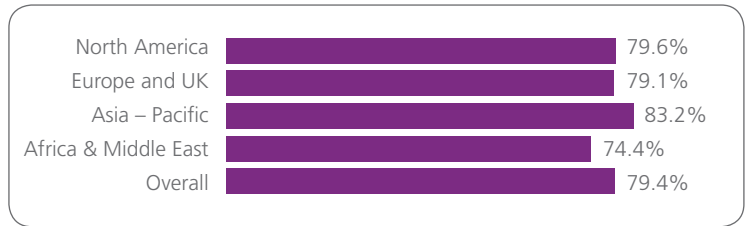
industry sector	% response
Automotive and Manufacturing	1.7%
Business Services (legal, research, etc.)	4.6%
Consumer Goods and Retail	6.8%
Financial Services (banking, insurance, broking, etc.)	34.2%
Government and Education	9.3%
Healthcare and Pharmaceuticals	6.3%
Media and Entertainment	3.4%
Service Providers and Telecommunications	17.7%
Technology	5.9%
Travel and Transportation (logistics, freight, travel agents, etc.)	8.4%
Utilities and Energy (electricity, gas, water, etc.)	1.7%

providers who can think and actualise large-scale plans with speed. Also critical, especially in the Asian context, is an intimate knowledge of local customer culture, the market dynamics, and familiarity with engaging business partners locally. This is key to successful market positioning and the ability to provide relevant localised product offerings.

Asian companies will also need to drive greater levels of customer satisfaction if they are to build their brands and market share. Customer-facing staff must be passionate about helping people, especially when it comes to post-sales service.

A bad customer experience can make it very difficult for a company to restore brand-friendliness. You cannot grow the value of customers unless you first acquire customers. Enterprises will need to learn quickly how to collaborate with their customers if they want to win their business.

If you measure customer satisfaction, what is the actual customer satisfaction score recorded?



Given these “lean” times, companies will be prudently looking to do this at as low a cost-per-transaction as possible and with a lot more focus on revenue-per-interaction that bolsters profitability, whilst pursuing aggressive sales of high value, not high risk products. This isn’t as straightforward as it sounds, partly because the ability to measure the cost-per-interaction across the full array of customer interaction channels and the total costs from first interaction to the close of the deal is a complex business. Ultimately, says Ms Majid, companies need to carefully strategise which country and

which vertical markets and product offerings their sales and marketing teams are to target if they want to generate profitable revenue growth. A heterogeneous blend of cultures, languages, consumers and countries characterises the Asia Pacific market, but this does not imply a cookie-cutter approach for multi-channel integration with the contact centres of these large Asian enterprises. What will separate the Leaders from the Laggards will be the ability to identify the most competitive unified interaction channel architecture and roadmap that works out the unique starting-point specific to that enterprise.

About the author

Ms. Karina Majid, General Manager, Customer Interactive Solutions, Datacraft Asia Limited. Karina manages and develops the Customer Interactive Solutions business in Datacraft. A 20-year veteran in the information technology industry, Karina has extensive experience in implementing contact centre infrastructures and running multi-language and multi-country revenue-based contact centres using IP-based technology.



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