



Extending Traditional Call Centers for Greater Business Flexibility.

THE TOP EIGHT REASONS TO USE A VIRTUAL CALL CENTER

Call centers have evolved from cost centers to strategic customer interaction channels that are vital to growing revenue, differentiating through service quality, and capturing customer intelligence used to develop more effective marketing campaigns. as a result, businesses are increasingly seeking ways to improve the quality, flexibility, and scalability of their traditional call centers.

Call center executives need new ways to swiftly respond to business changes and spiky call volumes—without adding costly new infrastructure. equally important, they need ways to reduce agent attrition; most call centers have nearly 100% attrition per year, which not only drives up recruiting and hiring costs, but also makes it difficult to meet business goals, such as revenue targets and customer service levels, because there aren't enough experienced, high quality agents taking calls. to address these issues, many innovative call center leaders are adopting a virtual call center model that leverages home-based agents and on-demand technology. new technologies—such as voip and Web-based, zero-client applications— in

combination with socio-economic factors, such as an aging workforce and rising gas prices, make virtual call centers a viable option for enterprises. virtual call centers offer advantages such as reduced attrition rates; a geographically unlimited pool of agents to recruit from; and freedom to staff for peak call volumes (for example, during weekends or evenings) without having to worry about the costs of idle infrastructure and under utilized resources. this paper explains what a virtual call center is, weighs the pros and cons of traditional call centers and virtual call centers, and provides an overview of the top eight reasons why companies should consider extending their call centers using a virtual model.



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Going Virtual to Gain Flexibility.

What do Kodak, Pizza Hut, Lifelock, Aegon, Ebay and the Red Cross all have in common? They all use virtual call centers to extend their traditional call centers. as diverse as these organizations may be, they share a common set of business challenges that virtual call centers help them address:

- **They all need a way to deal with spikey call volumes and rapidly changing business requirements –both of which make efficient scheduling and infrastructure management difficult to address.**
- **They need to offer high service levels and low wait times for their customers without spending money on excess capacity—both infrastructure and agents that would sit idle during periods of lower call volume.**
- **They want to reduce agent attrition and increase the quality of their calls by staffing with more experienced, seasoned agents.**
- **They need to achieve growing business objectives through their call center, but they lack the internal resources to meet them.**

The virtual call center model is a natural choice to solve these types of business problems. virtual call centers enable companies to use geographically dispersed employees, home-based workers, and employees at remote or branch locations—or a combination of all three. Agents and supervisors can

be located anywhere to handle calls and can access a complete call center application suite using their Web browser. this innovative model offers agents a higher quality of life, which helps solve the attrition problem faced by most traditional call centers. At the same time, virtual call centers give businesses unprecedented business flexibility and control. Not only can they attract and retain the best agents from anywhere in the world, but they can handle sudden spikes in call volumes in a cost-effective manner—while continuing to offer high service levels and low customer wait times.

Disrupting Traditional Call Center Models to Deliver Results.

Virtual call centers disrupt traditional call center operational models in fundamental ways. They help organizations address their challenges and limitations by delivering unlimited scalability across the three critical components: location, people, and technology:

- **Location:** Traditional call centers are limited to a pool of talent within a 50-mile radius, and when there's a sudden increase in call volume, the only option is to add additional buildings to accommodate a large increase in the number of agents. Virtual call

centers are not constrained by call center buildings and geography. They can attract and choose the best home agents from anywhere in the world. With no geographical boundaries and unlimited bandwidth, virtual call centers can ramp up to handle any volume of calls in a matter of minutes.

- **People:** Virtual call centers use flexible scheduling models, which make it much easier to deal with unexpected spikes in demand or unexpected drops in call volume. They can access a much larger pool of agents and mobilize them in a matter of minutes via cell phone, text message, email, and voicemail broadcast.
- **Technology:** Traditional call centers require large investments to ensure sufficient infrastructure is in place to handle spikey call volume. As a result, during off-peak times, a percentage of the infrastructure is under utilized. Virtual call centers offer infrastructure on demand, bringing the scalability of the Internet to the call center to seamlessly handle millions of calls each month.

¹ Drew Kraus, Research Vice-President of Enterprise Communications Applications for Gartner



Table 1 Compares the value of traditional call centers relative to virtual call centers staffed by home-based agents.

	Traditional Call Center	Virtual Call Center
Scalability	<ul style="list-style-type: none"> Typically requires 3-10 days to prepare for a significant increase in call volume- 	<ul style="list-style-type: none"> Can scale from tens to hundreds to thousands of agents within minutes, better managing peak periods
Attrition	<ul style="list-style-type: none"> More than 100% annual turnover 	<ul style="list-style-type: none"> Less than 10% annual turnover
Quality of Agents	<ul style="list-style-type: none"> Young and inexperienced Limited by geography Limited education 	<ul style="list-style-type: none"> More mature and with prior professional work experience Work virtually anywhere 80% with college degrees
Technology	<ul style="list-style-type: none"> Large up-front investment Idle infrastructure Deployment in months or years 	<ul style="list-style-type: none"> No up-front costs Pay-per-use Deployment in weeks
Visibility into Operations	<ul style="list-style-type: none"> Reporting managed by IT 	<ul style="list-style-type: none"> Reporting in hands of business users
Operational Costs	<ul style="list-style-type: none"> High up-front costs High ongoing costs (rent, utilities, maintenance) 	<ul style="list-style-type: none"> Low capital investment Minimizes maintenance and infrastructure costs
Business Agility	<ul style="list-style-type: none"> Rigid and static—unable to change and adapt quickly 	<ul style="list-style-type: none"> Flexible and nimble, able to update with real-time information
Eco-Friendliness	<ul style="list-style-type: none"> Long commutes lead to carbon emissions and depletion of natural resources 	<ul style="list-style-type: none"> Reduced carbon emissions and natural

Top Eight Reasons to Leverage a Virtual Call Center.

The primary drivers for adopting a virtual call center model vary from business to business. The following sections explain the top eight reasons why any business with traditional call centers should consider extending their capabilities using a virtual model.

Reason #1: Scalability To Easily Manage Peaks And Valleys In Call Volume.

In a traditional call center, managers need anywhere from three to ten days in order to prepare for a significant increase in call volume. They have to

schedule agents well in advance and typically in four- or eight-hour blocks. But this also means that when demand spikes unexpectedly, managers can't scale resources quickly to cover a 1.5 hour emergency shift or a late-night rush. It can be equally difficult to cover planned periods of higher volume—for example, during tax season for financial services companies, Saturday evenings for takeout restaurants, and ticket rushes for popular concert venues; in most locations, finding experienced staff to work for just a few months or only on weekends or even-

ings just isn't feasible. Nights and weekends pose other challenges as well because these unpopular time slots impact quality of life. It's no surprise that they tend to be staffed by newer, less experienced agents, which leads to reduced service quality and ultimately customer attrition. Complicating matters further is the fact that even if call center managers were able to bring enough agents in quickly to handle a sudden spike in volume,



most wouldn't have the additional infrastructure, such as ports and phone lines, to accommodate the additional agents. Given the high cost of infrastructure, it doesn't make sense to make the investment when it will go unused the majority of the time. Faced with these challenges, most traditional call centers can't scale agent resources to manage the peaks and valleys in call center volume. As a result, traditional call centers get overloaded, service quality drops, and call abandon rates go up.

The Virtual Call Center Advantage.

Virtual call center models allow companies to scale from tens to hundreds to thousands of agents within minutes—and do so in a more flexible, cost-effective manner. To increase their available agent resources, they can either hire or contract with independent, home-based agents directly or leverage the large agent pool of an outsourcing service provider. Because agents work from home, there's no need to invest heavily in additional infrastructure to accommodate them. And, leveraging innovative, pull-based scheduling models, agents can schedule themselves in 30-minute blocks (as agents no longer have to drive in to work). By giving home-base agents greater scheduling flexibility and con-

trol, companies typically find it much easier to staff their evening, weekend, and holiday work times, as well as planned periods of higher volume.

Flexible, Web-based scheduling also makes it possible to rapidly mobilize agents to deal with unexpected spikes in demand. With the right technologies in place, managers can send out alerts via cell phone, text message, email, and voicemail broadcast so agents can volunteer for emergency back-up or sign up instantly when there's additional work.

Certain management best practices enabled by the virtual call center model can also help smooth the peaks and valleys of demand from a cost perspective. For example, companies can pay according to actual talk time rather than by the hour, as well as provide additional monetary incentives for working during peak or undesirable times.

And finally, the technology supporting virtual call centers can provide unsurpassed scalability and flexibility. Call center managers can rapidly scale technology usage when call volumes go up, as they are no longer restrained by the number of agent seats or available telecom ports. And when

call volumes fall, they no longer have to worry about idle infrastructure and unused capacity.

Reason #2: Substantially Lower Agent Attrition.

It's a well-known fact that traditional call centers have nearly 100% annual attrition. Being a call center agent is not a popular vocation—largely due to quality of life and job satisfaction issues. Popular day shifts tend to go to people with the most seniority, so new agents are relegated to nights and weekends—the least popular time slots—which leads to rapid turnover that hurts morale, drives up costs, and ultimately reduces service quality. As a result, call center managers just can't seem to build up a large team of experienced, proven agents.

The Virtual Call Center Advantage.

With a virtual call center, companies can boost agent retention up to 90% higher by offering flexible, work-at-home opportunities—an increasingly popular option, especially amongst agents with hard-to-find skills. Research consistently proves that work-



from-home and independent agents have higher job satisfaction, which translates directly into higher retention and motivation to deliver excellent service. Many companies with both traditional and virtual models reward their top agents with a work from home option as a way to increase retention.

Companies can also offer agents greater flexibility regarding working times—a key factor in job satisfaction and retention. For example, a single mother working for a virtual call center can develop a schedule that allows her to drop her child off at preschool, come back and provide services for three hours, pick her child up at noon and care for him until bedtime, and then resume services from 8pm until midnight. This flexibility alone can dramatically lower turnover because quality of life is so much higher.

Virtual call centers also put agents in the driver's seat in terms of their revenue potential and career advancement. Automated, data-driven performance systems used to monitor remote agent performance enable managers to objectively measure and reward performance in real time—and ultimately create a meritocracy where by agents are compared to their peers and rewarded based on their relative

performance. Top performers— whether they are new agents or long-term agents—can be recognized in ways that mean the most to them, such as earning the privilege to schedule time for the most coveted programs and time slots. These types of unified, merit-based incentive systems mean that anyone can be a top performer—even a hard-working new agent—which encourages everyone to stay in their jobs longer and work harder.

REASON #3: BETTER AGENT QUALITY.

Traditional call centers tend to have difficulty finding the best people. Forced to recruit within a 50-mile driving distance, they typically can't find enough of the right talent within this limited geography—especially if they need call center agents with specialized skill sets, such as licensed insurance agents, licensed nurses, Spanish-speaking agents, or agents with extensive experience. And often, these specialized agents are not willing to work in traditional, brick-and-mortar call centers.

Furthermore, because of their high turnover rates, traditional call centers tend to exhaust the local talent pool within a few years, often forcing companies to relocate their call centers.

But this doesn't solve the talent problem for long; once a call center location is established in a new area by one business, others tend to follow suit and set them up in the same location, which then drives up wages and exhausts the talent pool even faster.

The Virtual Call Center Advantage.

Virtual call centers change the whole sourcing equation from "How do I find people?" to "How do I select the best from so many people?" Companies can recruit from a much larger pool because they can source talent nationally— rather than within a 50-mile radius—and have a diversified community of high-quality agents to match different callers' interests and needs (see Figure 1). Recruiting can be powered by automated, Web-based processes that allow candidates to apply online from home, giving call center managers unlimited, concurrent nationwide sourcing, 24 hours a day. Equally important, companies can support the recruiting and hiring process using Web-based agent screening to automate, monitor, and track all phases of the sourcing, screening, and on-boarding process, including



background and reference checks; phone manner, personality and behavioral, reading comprehension and voice tests. Because agents perform these tests at home using their PC, companies can manage the entire process using a smaller, less costly recruiting team.

Reason #4: Simplified It and Shorter Deployment Time frames.

Traditional enterprise software solutions require significant investments in premise-based hardware, databases, middleware, and application licenses that can take months to integrate and deploy. The applications—typically traditional, client-server software—can require significant investment for application maintenance and management. And it is typically very difficult to configure, which makes it hard for companies to implement changes that improve the customer experience and boost efficiency. For example, simply making changes to how calls are routed requires specialized IT assistance. In the end, companies have to:

- **Pay for infrastructure and capacity regardless of whether or not they are actually using it**
- **Hire large IT teams to support integration, configuration, and administration**

Traditional Call Center Agents	Virtual Call Center Agents
27-31 years	32-38 years
High School education	80% have some college education
No sales experience	85% have sales experience
100%-200% annual churn	Less than 10% annual churn

Figure 1: Agent profile in traditional versus virtual call center.

• **Wait for software updates and then invest costly resources to upgrade**

The Virtual Call Center Model Advantage Companies leveraging on-demand software to support a virtual call center can dramatically simplify their IT requirements. It's why the world is quickly moving to on-demand software models. Gartner predicts that by 2013, at least 75% of customer call centers will use a form of software-as-a-service in their call centers. On-demand is simply the fastest way to generate high value from enterprise applications. Leveraging a modular, multi-tenant architecture and Web-based delivery model, on-demand solutions enable organizations to rapidly deploy, configure, and maintain business applications – and empower business users to take control of their software assets. Innovative on-demand platforms, such as the Stringcan platform, also offer the following benefits:

- **Pay-per-use:** The cost of idle infrastructure is eliminated, and companies only pay for the bandwidth and infrastructure that they use.
- **On-demand scalability:** The technology can scale up and down instantly to seamlessly support even large spikes in call volume.
- **Rapid deployment:** On-demand solutions are deployed in weeks and eliminate the need to purchase solutions from multiple vendors and integrate them, which usually results in long deployment time frames.
- **Continuous product enhancements:** Customers benefit from ongoing product enhancements and innovation delivered throughout the year. And true, multi tenant, on-demand solutions make updates seamless and instantly available.
- **Ease of integration:** On-demand technology can include a web services API layer that enables tighter integration with call routing solutions, as well as all key CRM and legacy applications. As a result, the call center applications can work seamlessly in a heterogeneous environment.



Reason #5: Greater Visibility and Control to Insure Efficient Operations and Agent Effectiveness.

Monitoring and reporting on core processes, agent activities, and business outcomes is essential to any call center—both traditional and virtual. Decision makers need up to the minute balanced scorecard information (such as speed to answer, average handle time, and first-call resolution performance) and agent related, line group, and campaign related information. Agent calls must be audited on a regular and frequent basis, and data must be compiled and reported on swiftly so that companies can address performance issues before they negatively impact business outcomes. And managers need real-time insight into the effectiveness of different campaigns, scripts, and offers so they can make adjustments quickly and achieve the best business outcomes. But in most traditional call centers, the resources, methods, and technologies used to monitor call center performance and daily operations are costly, inefficient, and inadequate. Most companies have bolted together software from different vendors to support operations; because these products weren't designed to share data, they limit visibility, increase complexity, and force

call center managers to depend on IT analysts to run complex reports—when they have time. The processes in place to monitor agents can be equally ineffective. For example, to monitor agent effectiveness, companies may use call recorders, hire QA teams to perform audits (often using paper-based grading), and track results in spreadsheets. In addition, they typically use infrequent—and paper-based—performance evaluations to provide feedback, determine pay rates, and encourage agents to perform their best. But these touch points are few and far between because they are costly and time consuming for managers to perform. Equally important, they fail to give managers the visibility and control they need to ensure efficient operations and agent effectiveness.

The Virtual Call Center Advantage.

When a virtual call center is deployed using applications that run on a single, integrated platform, there's tight integration between all applications. This integration gives managers complete visibility across every call center function and agent—giving them greater control over day-to-day operations and the ability to proactively improve long-term performance. Companies can also view and analyze all call-related information (speed to answer,

average handle time, call disposition codes, hold time, etc.), as well as agent-, program-, and campaign-related information. Leveraging analytics functions that run on top of the call center platform, business users can generate reports without IT assistance and get timely, accurate insights into call center performance.

For example, managers can monitor agents more closely—and in real time—to ensure high productivity and overall effectiveness. On-demand technology can offer immediate access to recordings and full visibility into call center hold times and balanced scorecard metrics on agent performance—without costly third-party technology. Some solutions enable users to monitor performance by individual agent or relative to other agents, compare scores after each call is completed, as well as specify the metrics used to calculate the score in order to quantify agent performance against specific business objectives.

In addition, with a virtual call center, organizations can use technology to create a community based on



performance. Automated, data-driven performance systems enable managers to objectively measure and reward performance in real time—and ultimately create a meritocracy whereby agents are compared to their peers and rewarded based on their relative performance.

Companies using virtual call centers can also track and report on hundreds of different metrics—data that helps them identify specific issues that may arise on calls. Today’s software allows businesses to look at performance across all agents, campaigns, and programs. This level of analysis provides organizations with powerful visibility into the performance of their virtual call center, the programs they are running, and every agent on the program. Managers can quickly make adjustments to ensure agents are as effective as possible. For instance, if a business is seeing poor performance on the second up-sell in a script, managers can use a real-time reporting tool—combined with the recorded calls—to identify agents who may not be reading the entire script during that portion of the call. This allows the call center personnel to take immediate and precise corrective action.

Reason #6: Lower Operational Costs.

To set up the average 250- to 500-person brick-and-mortar call center, companies usually spend \$10-\$20 million in initial capital costs alone. But as experienced call center managers know, technology represents only a small slice of the typical call center cost model. Labor—including training, salaries and benefits—represents a much larger percentage, estimated at 70% in a 2006 Datamonitor report (see Figure 2). Datamonitor further estimates that facilities make up about 15% of overall costs.

To obtain significant operational efficiencies, call center managers have to reduce attrition, under utilized infrastructure, and facility costs. The Virtual Call Center Advantage With a virtual call center, companies can reduce labor costs by making it easier to employ higher-quality agents and retain them by rewarding good performance. In addition, the virtual model reduces dependence on costly brick and mortar buildings—and eliminates the need for facilities related expenses, such as up-front capital expenditures for real estate, buildings, and leases. In addition, companies can reduce costs in other areas because they can:

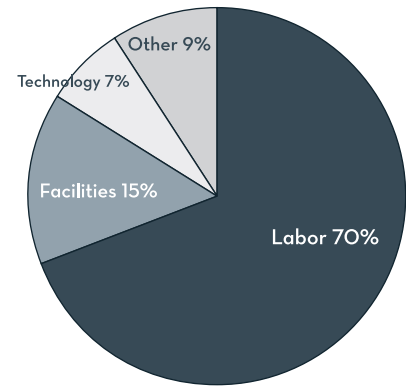


Figure 2: Labor costs account for the majority of call center operating expenses [source: Datamonitor, “Global Contact Center Outsourcing and Offshoring Services,” December 2006]

- **Improve agent productivity and pay agents only when they are on calls (rather than for downtime and “face time”)**
- **Reduce annual attrition rate from 100% to as low as 10%, and therefore significantly lower recruiting, training, and on-boarding costs**
- **Pay for technology only when they use it rather than paying for under utilized and idle infrastructure**
- **Reduce training and management overhead (for example, using web-based education and certification processes that enable organizations to avoid the complex logistics of scheduling, registration, and lost time for breaks and lunches)**



Reason #7: Greater Business Agility and Flexibility.

Most traditional call centers are built with multi-vendor, on-premise systems that are rigid and make it difficult to respond quickly to today's business needs. For example, call centers facing spikes in call volumes are restrained by the number of agent seats and ports in their software applications and telecom infrastructure. In addition, they can't modify how calls are routed without IT assistance.

Today's businesses need greater agility to respond to market changes, business changes, and new information about the effectiveness of marketing campaigns. They need the ability to scale up and down as call volumes change without worrying about idle infrastructure and excess capacity in times of lower call volumes. And they need to be able to modify call routing in real-time, as business needs require.

The Virtual Call Center Advantage. Virtual call centers provide flexible capacity whenever and wherever businesses need it, and do so with consistency and reliability. This on-demand capacity helps organizations handle spikes in call

volume without forcing additional investment in telephony capacity and agent port capacity. As a result, companies can rapidly scale technology usage when call volumes go up, unrestrained by a limited number of available ports. And they need not worry about idle infrastructure and unused capacity when call volumes go down.

Reason #8: Support For a Sustainable, Eco-friendly Business Model.

With the growth in global trade and new communication capabilities, stakeholders are increasingly determining the health of organizations by measuring their social, environmental, and economic impact, in addition to their financial results. When done effectively, companies that implement "green" business strategies can increase brand value, boost operational efficiency, reduce costs, and strengthen their organization's value as a socially responsible company. Traditional call center models are far from eco-friendly. Agents driving to work five times per week utilize valuable resources that could be saved via telecommuting.

Stringcan: Proven Solutions That Deliver on the Promise of Virtual Call Centers.

Stringcan helps companies make existing call centers more flexible and scalable by enabling the virtual call center model. The Stringcan Virtual Call Center Solution combines an on-demand call center platform and applications, independent home agents, and proven best practices to deliver breakthrough call center results.

Stringcan provides unlimited flexibility by scaling on demand to ensure that the infrastructure, bandwidth, and agents needed to meet any call volume are always available. Real-time visibility allows customers to precisely monitor the quality of every call and track performance and trends across

programs, agents, or distributed call centers. And increased control over crucial call center resources, processes, and metrics enables our customers to quickly add, shift, and deploy resources to make the most of each call.