CONTACT CENTER PIPELINE
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MANAGED SERVICES: EASY TO WANT, HARD TO BUY

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Contact Center pipeline

MANAGED SERVICES: EASY TO WANT, HARD TO BUY

THE MS MARKET IS COMPLEX, DIVERSE AND ARGUABLY STILL IN ITS INFANCY FOR CONTACT CENTERS

by Lori Bocklund, Strategic Contact

MANAGED SERVICES (MS) ARE EASY TO WANT, given the desire to lessen reliance on IT, add agility, secure specialty expertise and/or change cost structures. But MS isn't so easy to buy, as the market is complex, diverse and arguably still in its infancy for contact centers. Each situation has different requirements, leading vendors to create variations on existing offerings or unique offerings. Fundamental decisions, such as what stages of the technology lifecycle are in scope and whether the goal is simply better monitoring, support and administration or a value-added consultative relationship, can change the game. The right option may be out there, but contact centers must frame what they really want, perform in-depth due diligence to find the right partner, and define how MS will be managed and funded.

WHAT'S ALL THE EXCITEMENT ABOUT?

MS has garnered plenty of energy and enthusiasm in the contact center technology marketplace, both from buyers and sellers. It aligns with the move to cloud-based solutions and all its attractions, and is arguably a natural extension of it. But MS is not just about the cloud. In fact, cloud does not require MS, nor does MS require cloud.

MS is perceived as solving problems companies face today, such as IT cost, responsiveness, resource bandwidth and expertise. The contact center wants more control for strategic and day-to-day changes, and has an increasing need for agility and speed. The perception at least, and reality for some, is that IT holds them back. The capacity flexibility so attractive with cloud technology applies to the resources to support and manage it, as well. The longing to remain up to date is bolstered by the feeling that, when companies manage things in-house, they get behind. Add to that the need for stability and reliability, with the associated focus on keeping an eye on systems and solving problems quickly (or better yet, preemptively) when they occur.

But the problems MS might tackle don't stop at reactions to the sub-optimized world of any given company's current technology. Most face increasingly complex and specialized needs for infrastructure and applications. Security and compliance, redundancy, reliability, resiliency and filling gaps in neglected areas such as business continuity and disaster recovery all seem to be increasingly high and steep mountains to climb. Add the preference for operational costs and MS starts to look very attractive. But don't worry if you still want to capitalize your costs: some vendors will sell service with a capital expense structure.

WHAT BUYERS REALLY WANT—AND NEED

Solving those problems highlights what buyers are looking for across the technology project lifecycle (See Figure 1). When seeking new technology, they want to get more value, sooner. Once in production, they want to use it more effectively, and perhaps improve stability or performance. The latter is a pain point for those coming from an environment with problems from lack of investment or internal resources. It all boils down to having "at the ready" resources to implement, administer, update and apply technology effectively to business needs, while complying with IT standards. And that desire shines a big spotlight on the "easy to want, hard to buy" dilemma.

Figure 1 shows the lifecycle steps that can come into play and points to some important responsibilities to define and assign to the MS provider or in-house resources. The process starts with assessments and strategic planning to meet business and IT needs. Historically the realm of internal IT architects and business leaders (and their consulting partners), MS providers are raising their hands to help define what to do now and what's next. Someone needs to be responsible for proactive performance management, whether for capacity, responsiveness, reliability or resiliency. Optimization can be driven by issues or opportunities, and tie into insights as diverse as root-cause analysis from trouble tickets to strategic market directions and associated new product capabilities. Successful management and application of technology to business needs must address trends and changes, whether business- or technology-driven, as well as mundane tasks such as Moves/Adds/Changes (MACs). All of these are ripe for MS ownership, but each organization and its needs and resources can alter the landscape of who does what.

MS OFFERINGS AND VARIATIONS

There are many different types of MS providers, with a variety of segments they address:

- Broad IT versus CC specifically
- Applications focus (with infrastructure behind it) versus a broader offering including network, infrastructure/platforms, data centers, security and compliance
- Front-end (planning, design, implementation) and/or back-end (support, management, optimization) of technology lifecycle
- Consultative services for in-house operations versus outsourcing/BPO

- Maintenance enhancements (e.g., proactive updates and upgrades) versus value-added optimization on the back-end of the lifecycle

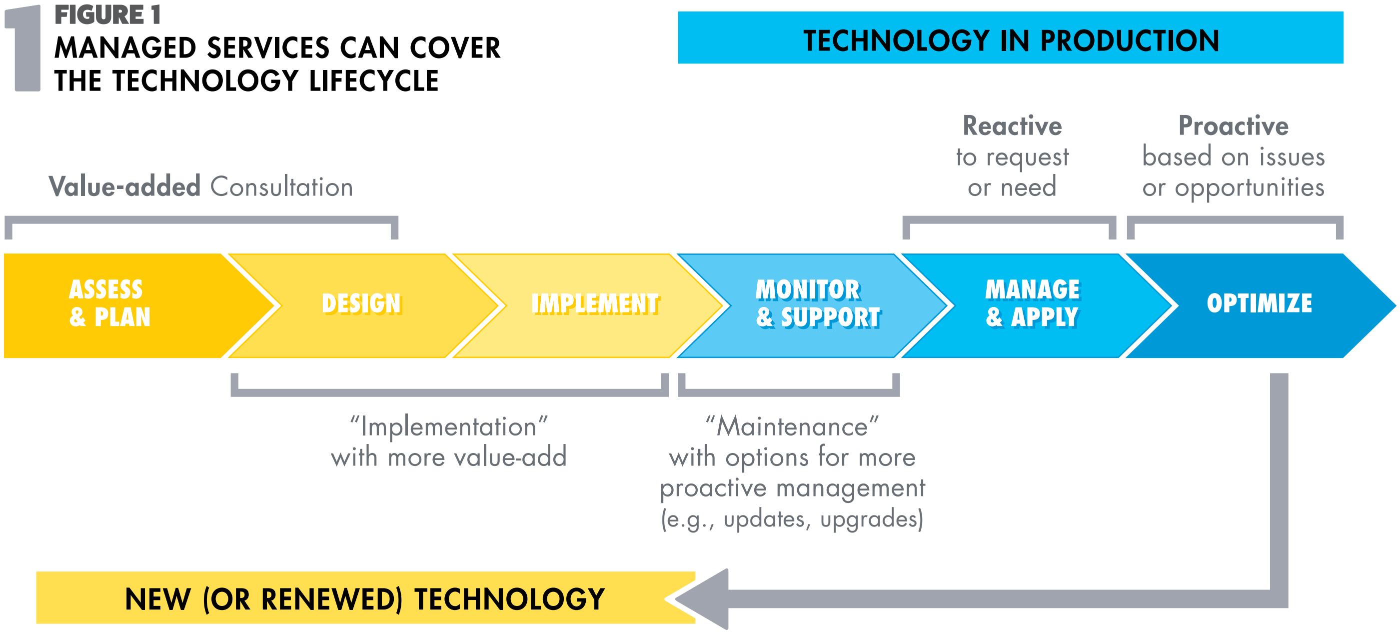
Table 1 shows three categories of vendors that can come into play when considering MS for the contact center.

Contact center applications may be the focus of every reader of this article, but other factors can come into play. I already mentioned cloud as a big and impactful trend. Server virtualization similarly is changing the game, along with third-party data center providers that offer expertise in infrastructure provisioning and management. MS providers may have a bevy of partners behind them that help create their comprehensive and, hopefully, cohesive offerings. The growing need for specialization and expertise to address increasing regulation and compliance demands (PCI, HIPAA, PHI, etc.) can also play a role in MS offerings. Knowing these pain points exist, providers can tout their abilities and show buyers how they relieve these burdens while delivering best-in-class expertise. Similarly, contact center technology with its unique functionality and operational needs can be viewed as a specialty that should be highly scrutinized by any MS buyer, because that is not necessarily the DNA or focus of every offeror.

One more important variation in the offerings is pricing structure (not to mention cost). We've seen flat (monthly or annual) pricing with options, monthly minimum with add-ons based on factors such as number of servers or users, blocks of hours with rollover for X months (with reset at the end of the year), as well as usage-based pricing (based on servers, seats, minutes, activities, etc.).

The net result of all this variation in the MS offerings is the "snowflake effect." Providers of MS define "offerings" based on what they think the market needs, or based on specific client needs. They may create an offer for one customer and then leverage it into other

FIGURE 1
MANAGED SERVICES CAN COVER THE TECHNOLOGY LIFECYCLE



A GOOD PARTNER CAN HELP GET IT RIGHT FROM THE START

IF PART OF WHAT A BUYER IS LOOKING FOR is more value-added services on the front end of a project (or to restart/redo existing technology), and doesn't want to just replicate an old system (one of our hot buttons!), the left half of Figure 1 *requires* a Managed Services mindset. A consultative approach (whether labeled MS or not) drives different results.

Design occurs with the business needs in mind, ripe for change. (The internal operations better be ready to define and pursue changes, too.) Implementation proceeds with targeted configuration and development, with customization where necessary. Integration with other systems, such as desktop applications and backend customer data, is not driven by speed to cutover but by optimized business outcomes and customer experiences. Testing is thorough and leaves time for fixes and regression tests. Training ensures that frontline users, support staff, trainers and anyone who will have administration roles are really "taught to fish" with the system. Careful planning up front defines whether a pilot and phased rollout is in order (and if so, what they look like), and leaves time to assess and refine along the way.

Table 1 ***A VARIETY OF VENDORS CAN DELIVER MS FOR CONTACT CENTER TECHNOLOGY***

VENDOR CATEGORY	EXAMPLES	CONSIDERATIONS
Contact center technology	Avaya, Cisco, Genesys, Mitel	› Tend to be more about maintenance enhancements › Some have targeted MS offerings but many rely on partners (see next row)
Value-Added Resellers (VARs) for contact center technology	Altivon, Avtex, EDCi, NACR	› Many offer consultative, value-added professional services › On frontend of project lifecycle targeted for sales and delivery › On backend of project lifecycle tied to enhanced maintenance offerings; may include monitoring, application optimization, health checks, configuration support (including MACs), etc.
Large integrators/ BPOs Network Carriers	Accenture, IBM AT&T, Verizon, Windstream	› Broader offerings for core IT technology and services (not specific to CC) but can include CC › Buyers often cede specific solution decisions to vendor in goal of getting a more comprehensive managed service › Can include outsourcing of IT (where a "rebadge" scenario has value in retaining some knowledge of the current environment) › Can be driven by other opportunities (e.g., network, BPO)—but the vendors have built out services groups and partnerships to deliver MS across infrastructure and applications

offers. In reality, except for very "packageable" services (which are probably more about the technology then the people to apply and manage it), it's easy to end up with one-off customizations. The customization is about the solution, resources needed, pricing structure and price points, not to mention the Service Level Agreements (SLAs) that are so important to holding the MS vendor accountable.

BUYER PREPARE

While snowflakes may be beautiful, unique is not always best. It can be difficult to define all the right things up front because you want to tell them *what* you want, but you probably better not tell them *how* to offer it. An MS RFP can't just address functionality and technology. It must carefully define the services aspect—both in scope and how you want to or are willing to pay for it. Performance applications (QM, WFM, scorecards, analytics, etc.) create different demands than core applications like routing, IVR and CTI. MACs require little targeted knowledge or understanding of a specific environment, whereas routing, reports, and performance tools are likely to require more specialization and firsthand knowledge. Fixed monthly fees look very different from usage-based pricing.

It will probably be tough to compare MS offerings, so due diligence is more important than ever. You are buying expertise—the right type and enough of it. If part of why you are pursuing MS is "one neck to choke," you're looking for a provider with economies of scale as well as the specialties—the proverbial breadth and depth. Without enough critical mass, you risk a scarcity of specialists and poor responsiveness. Keep in mind the level of coverage required (e.g., 24/7) and the demands you will place on their resources, and seek a provider that can meet those demands. You'll also want to make sure that their level of control doesn't prevent you from making basic changes you want to manage with your own resources (like a simple prompt, routing or skill change). And you want to understand how much the people you deal with will know YOUR environment (a risk we see with cloud solutions that can be compounded with MS). Many vendors offer involved and engaged staff with ownership and accountability to specific accounts (even going so far as to place MS staff at your site). Some offerings highlight this value, and buyers should explore the realities through due diligence.

Lots of choices and decisions and diverse offerings means a pretty low chance of an easy "apples-to-apples" comparison. Once you select a vendor, you are likely to have more complex negotiations, too. Remember, it's easy to want, but not so easy to buy. With the relative newness of this market, buyers need to understand risks. If the price isn't profitable for the seller, it raises the risk of corner-cutting that impacts outcomes (similar to what we see with outsourcing—if the price looks too good to be true, it is!). SOWs, SLAs and strong vendor management are your best weapons for mitigating this risk and managing the outcomes of your unique environment once in production.

CRITICAL RESOURCES

The Vendor Manager (see "Technology at Today's Speed," *Pipeline*, November 2015) is a very important resource that must wear many hats and represent many interests—IT, users (including a variety of contact center users—frontline, leadership, support), procurement and finance come to mind. Who will have this role? Where will they report? Who is their backup? They need to provide strategic and active management of performance and costs. If things don't go as expected, they have to provide tactical, responsive management as well. A buyer of MS *must* fund this role; it is not a “spare time” task.

The vision for use of MS must also consider changes in IT and the center, including what resources will be involved going forward and their roles. The contact center must designate resources to engage with the vendor, as should IT. And don’t think MS relieves the center of having the appropriate level of well-trained support resources and leadership who are engaged in projects up front and in ongoing opportunities to use and optimize technology. Even with the best MS relationship, you can’t totally rely on the vendor and vendor manager. The contact center must have responsibility and accountability to use technology effectively.

CONCLUSION

It’s a new era in contact center technology, driven by changes from both buyers and sellers. MS presents an exciting new alternative that can meet many centers’ needs, and it’s a natural next step with cloud being so appealing to so many. While it’s easy (and understandable!) to want MS, recognize the complexities of buying it and ensuring ongoing success. Bring an extra dose of caution and diligence to the processes of defining your requirements, identifying and evaluating options, negotiating the right structure, price and SLAs, and managing your provider going forward.

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