TECHNOLOGY SOURCING DECISIONS IN A COMPLEX MARKET

Three clarifying questions
to narrow the field.

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THE CONTACT CENTER TECHNOLOGY MARKET HAS BECOME INCREASINGLY DIVERSE AND COMPLEX. With many sourcing options (premise, hosted, cloud, managed services), a growing number of vendors, and the dances those vendors do with their partners, it's a wonder anyone can make a *good* decision, much less a *timely* one, when pursuing new solutions. Pricing comparisons alone are a huge challenge.

Vendors contribute to the confusion. They change whether they sell directly, through partners, or a combination of both. Their partners may represent multiple vendors, often leaving customers unsure of which solution they'll propose.

As a contact center leader seeking new technology, you can simplify the process considerably by answering three sequential questions (see Figure 1):

- Do you want a premise or cloud solution (or some variation)?

- Which vendors will you consider?

- Will the bid come directly from a vendor or through a partner, and if a partner, which one?

This article will help you understand and answer each of these questions as you pursue the right technology solution for your center.

Premise or Cloud?

The first step in your evaluation process is to decide whether you want a premise or cloud solution and, if cloud, which variety is right for you. Cloud solutions tend to be a good fit for centers with one or more of the following characteristics:
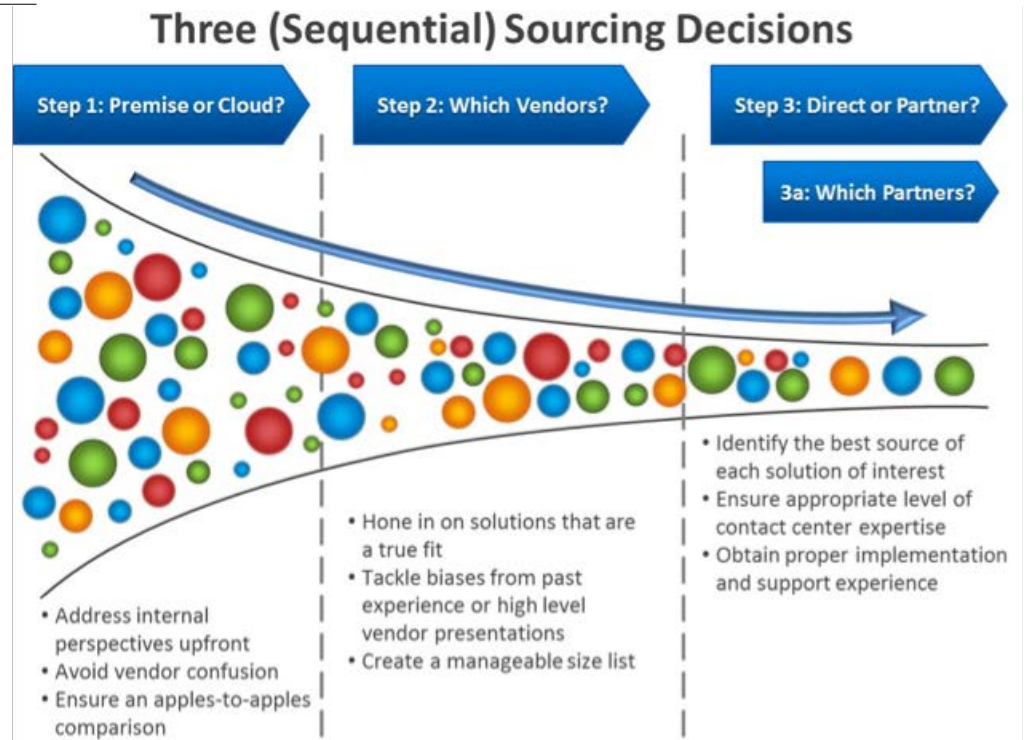
- Heavy users of cloud solutions for other applications

- Minimal IT staff to support technology

- Need to minimize upfront costs

- Highly volatile volume and a need for licensing flexibility

For many companies, the premise versus cloud decision is not so straightforward, and the market evolution adds to the challenge. Traditional premise-based contact center technology vendors are adding cloud options to their offerings, whether directly or through partners. At the same time, the cloud-only vendor list continues to expand. It is clear that the interest in and purchase of cloud solutions is growing. However, there are different ways to deliver cloud solutions, and vendor labels don't necessarily carry consistent meaning. Here is a nomenclature suggestion:

- **Cloud:** The solution resides in data center(s) owned and/or contracted by the vendor. The pricing model is licensing fee based (e.g., $X/seat/month), and the system is typically multitenant (multiple customers are on shared servers and software).

- **Hosted:** A variation on "cloud" and often used interchangeably, hosted has the same licensing model as cloud. Hardware is generally remote but elements could be onsite, and it is generally single tenant (dedicated servers and software for each customer).

Three (Sequential) Sourcing Decisions

Step 1: Premise or Cloud?
Step 2: Which Vendors?
Step 3: Direct or Partner?
3a: Which Partners?

- Address internal perspectives upfront
- Avoid vendor confusion
- Ensure an apples-to-apples comparison

- Hone in on solutions that are a true fit
- Tackle biases from past experience or high level vendor presentations
- Create a manageable size list

- Identify the best source of each solution of interest
- Ensure appropriate level of contact center expertise
- Obtain proper implementation and support experience

- **Premise:** The solution resides onsite; responsibilities depend on vendor agreements, but generally in-house IT has first-level maintenance and support responsibility.
- **Managed service:** Agreements include hardware and software as well as associated IT functions, such as maintenance, support, moves/adds/changes, etc. You manage the vendor, they manage the solution.

For the purposes of this article, we'll contrast cloud/hosted and premise as the two common models. Cloud/hosted have common characteristics for comparison (and we point out where they differ based on tenancy, when necessary). Managed services can apply to any model.

Table 1 shows some of the criteria and key considerations when making a premise/cloud decision. While each option can vary in level of redundancy and reliability and other capabilities based on what you pay for, this table shows the general differences. Decide if each criterion is a decision driver for your premise/cloud decision and prioritize the ones you care about the most. (For more insights into considerations as you pursue a cloud or hosted option, see Strategic Contact's article, "The 'Gotchas' of Cloud-based Contact Center Solutions," *Pipeline*, May 2013.)

Some criteria are becoming harder to distinguish due to market changes. In response to cloud market growth, many premise vendors offer server virtualization to reduce footprint and drive down costs and ongoing support requirements. At the same time, cloud vendors offer varying architecture options that can include some premise hardware to provide more resiliency and local storage. Other options include single tenant or multitenant, the number and location of data centers, and data center connectivity via MPLS or public Internet. These choices can impact reliability and resiliency in addition to cost, speed of deployment, approach to upgrades and maintenance, and voice quality.

Professional services vary based on contact center requirements and IT capabilities and resources. Premise solutions tend to require a bigger investment in design, configuration, integration and testing. Cloud can be "plug and play" with little to no onsite time and minimal

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TABLE 1: Premise/Cloud Decision Criteria

FACTORS	PREMISE	CLOUD/HOSTED
Speed	▶ Generally takes more time to implement, test, move into production	▶ Could be implemented faster—procure, configure, test and go
Capabilities	▶ Some premise solutions are more feature rich (including performance tools)	▶ Could be less feature rich and/or integrated, and vendor may seek to avoid complexity
Investment	▶ Capital plus maintenance	▶ Operations (monthly expense)
Maintenance/ Support	▶ Requires more internal resources to maintain/support ▶ In-house IT and CC are responsible for upgrades (budget & execution) ▶ Accountability and responsiveness is managed internally (CC working with IT)	▶ Less internal support required—vendor responsible (including monitoring) ▶ Vendor manages regular upgrades ▶ Must actively manage the vendor to SLAs
Business Continuity/ Disaster Recovery	▶ IT is responsible for Business Continuity/Disaster Recovery (e.g., architecture, data centers, etc.)	▶ Dependent on vendor and SLAs for continuity and recovery
Flexibility	▶ Buy number of licenses needed (for peak)	▶ Pay for what you use (better for peaks but may need to set minimum licensing base)
Security	▶ Inside corporate firewall ▶ In-house IT in control	▶ Elements outside corporate firewall ▶ Dependent on provider for most security
Network	▶ In-house IT/Network team procure, contract, and manage	▶ Vendor could be carrier and may not support current/chosen network provider
Control	▶ Greater control	▶ Less control

vendor involvement. In fact, this easy, quick and low-cost approach can be very appealing. In reality, cloud professional services can be similar to a premise implementation if you require redesign (e.g., routing, reporting), integration, rigorous testing and onsite training. Professional services requirements can be important factors in your sourcing decisions.
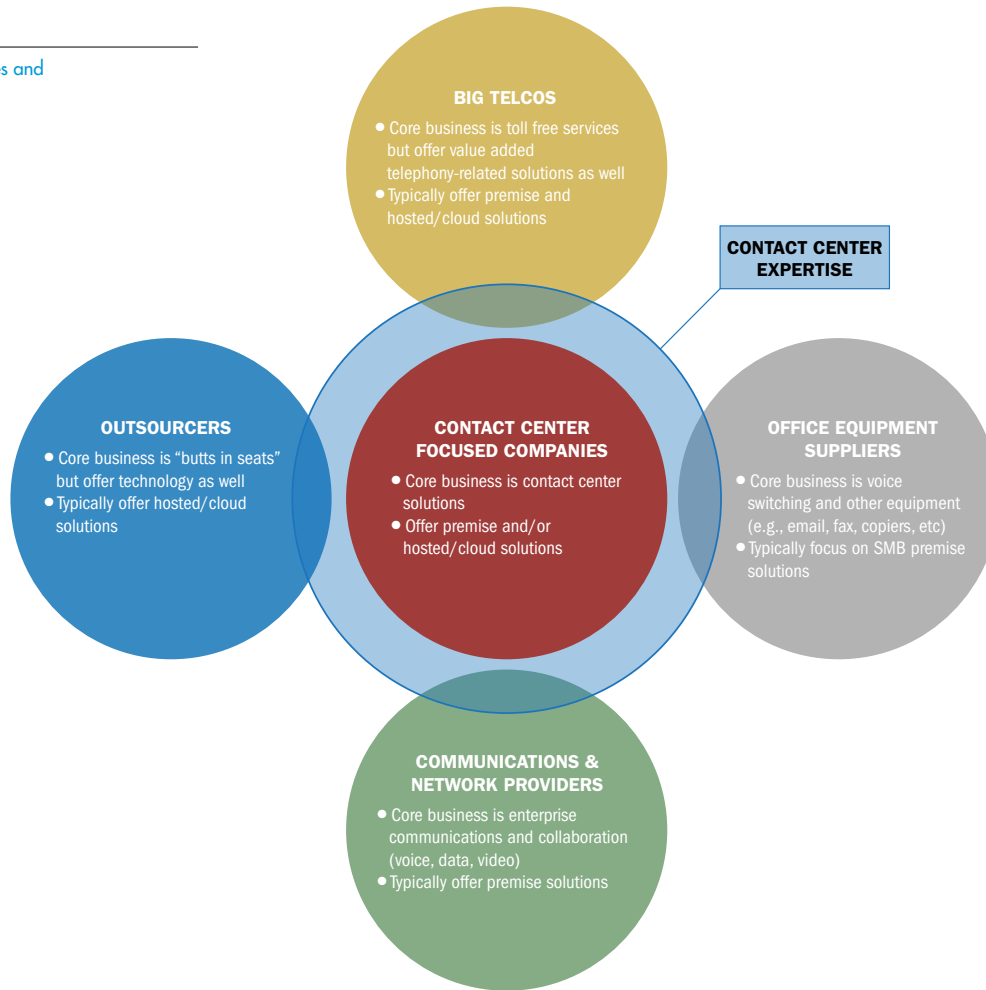
Support for premise or cloud comes in a variety of options. Premise service plans are typically defined by hours of coverage and can include monitoring or managed services. Cloud service plans are also defined by hours of coverage. Good ones include strong service level agreements (SLAs) for performance such as uptime and response time since the vendor has more responsibility for maintenance and support, including monitoring, upgrades, patches, etc. Cloud support can also be offered as a managed service if the vendor plays a bigger role in administration.

The importance of sorting through these and other factors to reach a cloud/premise decision at the beginning of technology pursuit cannot be overemphasized. To start, it is important to sort through varying internal views of the fit—or lack thereof—of these options to ensure that all team members from IT and the contact center can reach a decision together. Further, a request for proposal or quote that is unclear or seeks all options can confuse and potentially scare off vendors. They may feel you don't know what you want, and bidding will be a waste of time. And, of course, you want to be able to make direct comparison of options when you receive proposals and pricing.

Once you have narrowed your option to premise or cloud and made some decision about the type of architecture and support you require, you will be able to focus more specifically on creating a list of potential vendors that are right for you.

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BIG TELCOS
- Core business is toll free services but offer value added telephony-related solutions as well
- Typically offer premise and hosted/cloud solutions

CONTACT CENTER EXPERTISE

OUTSOURCERS
- Core business is "butts in seats" but offer technology as well
- Typically offer hosted/cloud solutions

CONTACT CENTER FOCUSED COMPANIES
- Core business is contact center solutions
- Offer premise and/or hosted/cloud solutions

OFFICE EQUIPMENT SUPPLIERS
- Core business is voice switching and other equipment (e.g., email, fax, copiers, etc)
- Typically focus on SMB premise solutions

COMMUNICATIONS & NETWORK PROVIDERS
- Core business is enterprise communications and collaboration (voice, data, video)
- Typically offer premise solutions

Vendor Choices?

Start the second step by evaluating vendors based on the breadth of their functionality, including the core solution and performance applications. For example, do you need advanced features like analytics? Check the channels you need against the ones they offer, keeping in mind that not all "multichannel" or "omnichannel" solutions are equal. Compare vendors across additional criteria including implementation approach and resources, support options, overall total cost of ownership, local sales/support presence, and their ability to integrate with your existing infrastructure (e.g., PBX, ERP, CIS, CRM, performance tools). These "big picture" factors can be assessed quickly through brief discussions or questionnaires.

Consider each vendor's position in the market and approach to the market. For instance, are you looking for larger, more established players with more mature solutions and delivery, or are you willing to take some risks with smaller, newer players to get advantages of price, agility or influence? Consider analyst reports such as Gartner's Magic Quadrants and Forrester's Waves for input to your thinking. These studies are generally produced for premise and cloud contact center technology vendors, and some are offered for core systems and for workforce optimization.

Feature differences are narrowing for lower cost, simpler premise and cloud options. However, be cautious: We have seen many centers who found a lower-cost solution was indeed too good to be true and left them lacking in functionality. Make sure the vendor can deliver on marketing promises. Look under the hood to see how feature rich the solution is in skills-based and multimedia routing, the reporting they offer, and the capabilities of their quality monitoring (which may simply be call recording).

With a little research and vendor discussions, you should be able to narrow your potential vendor list to three to five vendors who will meet your needs, leaving you with a manageable set of options to probe more deeply. This step can also serve to proactively address any biases in the evaluation team from past solutions (good or bad) and validate or repudiate a solution that may have garnered excitement from a vendor presentation or conference visit.

Direct or Partner?

In the third step you determine who will bid the solution from each vendor, an area that has recently become more complex. Larger vendors have shifted to using Value-Added Resellers (VARs) rather than selling directly, although many still sell directly in certain situations (e.g., large, strategic, global customers). VARs have been diversifying, offering directly competitive solutions, potentially making it unclear which solution they will bid.

There are several categories of VARs: outsourcers, big telcos, office telecom providers, enterprise communication providers, and contact center solution providers. Understanding the differences among these options is crucial to finding the right VAR. Figure 2 provides a snapshot of each category.

Again, it is important to identify a few differentiators that matter to you. Consider characteristics like local presence, size, and implementation and support approach and resources. With the latter, probe if they provide services themselves or leverage the vendor for service resources. In some cases, the VAR remains highly reliant on the vendor for depth and expertise in contact center implementation and support. Above all else, ensure that the VAR you choose has the level of contact center expertise you need to meet your business goals.

Similar to narrowing the vendor list, this step can be accomplished with a focused set of questions that you address with the candidates through phone calls or a quick form or "request for information." For VARs that have multiple offerings, it is important to validate they will bid the vendor products you are seeking. Your goal is to receive a single bid for each solution of interest, from a provider that can meet your needs every step of the way.

Narrow Your Options
for Evaluation Success

Two key goals in selecting replacement or new technology are ensuring clarity and respecting time for all involved—including the bidders and the buyers. You want to be in control, spending your time evaluating "best fit" options that you can directly compare. The vendors and their partners want to bid on situations they have a valid chance of winning, and want to know that you are serious about considering them and what they have to offer. No buyer wants to evaluate a ton of proposals, and no vendor wants to be competing against a large, scattered field. A little time spent up front narrowing the options from the very diverse and complex market will serve all parties well. ℗

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