



Hosted Contact Center Recording and Quality Management: Doing It Right!

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October 2005

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Executive Summary

Contact center recording and quality management have become mission critical requirements, driven by legislation, security concerns and litigious customers in North America and many countries in Western Europe. The increasing demand for these solutions is also being fueled by a growing interest in improving the customer experience. This goal can be achieved only when organizations use information contained in customer communications to obtain actionable insights into customer behavior and satisfaction. Most companies appreciate the importance of recording 100 percent of customer transactions in order to check them to see if agents are adhering to internal policies and procedures. An increasing percentage of companies also appreciate the value of speech analytics which helps uncover customer needs, wants and trends hidden in customer conversations. Hosted recording and quality management solutions have emerged during the last two years. They give companies a cost effective alternative that can be implemented more rapidly than purchased solutions. This white paper addresses these trends and provides a roadmap to ensure success with a hosted recording/quality management application. It also presents criteria that will help you decide if hosted recording/quality assurance is right for your company.

Hosted Contact Center Offerings are Ready for Prime Time

Hosted contact center offerings – automatic call distributor (ACD), routing, Interactive Voice Response (IVR), recording, quality management, speech analytics, workforce management (WFM) and customer relationship management (CRM) suites, have captured the attention of business managers, IT departments and CFOs because of their low start-up costs, quick implementations and rapid return on investment (ROI). End-users like having choices and hosting gives them access to leading edge solutions without a large upfront capital investment or long commitment. Hosted solutions are altering the competitive landscape of their respective markets and are giving end users new, flexible and feature-rich alternatives to traditional premise-based offerings. DMG Consulting LLC predicts that by the end of 2007, 20% to 30% of all new contact center infrastructure seats will be hosted. Moreover, DMG Consulting forecasts that installations of hosted recording and QM solutions will grow at least as quickly as implementations of hosted ACD infrastructure.

How Hosted Recording/Quality Management Solutions Work

Hosted applications are essentially rented from a vendor, a Network Service Provider (NSP), outsourcer or central corporate facility (internal hosting) on a monthly basis or for a defined period of time. Although the rates vary, it's a safe bet that the shorter the term of the agreement, the higher the monthly fee. Hosting is designed to give end users flexibility, but vendors prefer to lock customers in for a 1 to 2-year period. This is particularly true where significant vendor start-up costs and effort are involved.

Primary Delivery Models for Recording/QM

There are two primary technology delivery models for hosted recording, quality management and associated applications (speech analytics, surveying, eLearning and coaching):

1. Premise-based recording – The hosting company installs and maintains the recorder and applications at the customer site. Recorded transactions can be transmitted to the hosting company for indexing, storage, reporting and access, or maintained at the client site. (See Figure One.)
2. Remote-based recording – The recorder and applications are located at a remote data center, such as a vendor or network service provider’s site. Recording is done across the network and logged transactions are transmitted to the hosting company for indexing, storage, reporting and access. (See Figure Two.)

Figure One: Premise-Based Recording

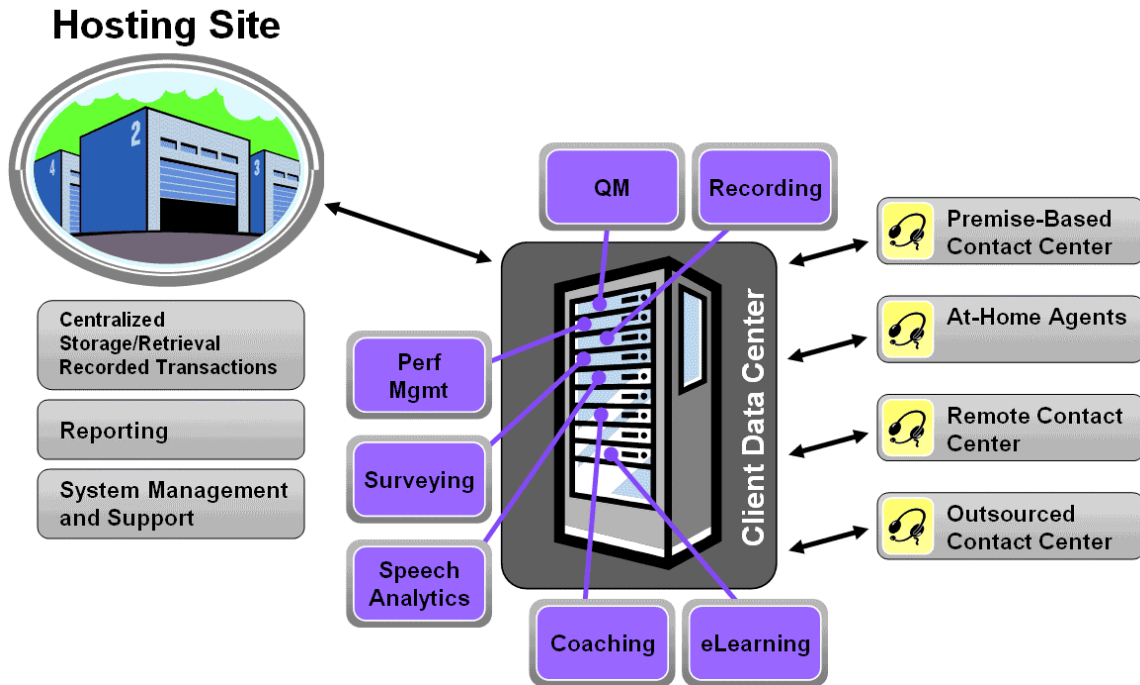
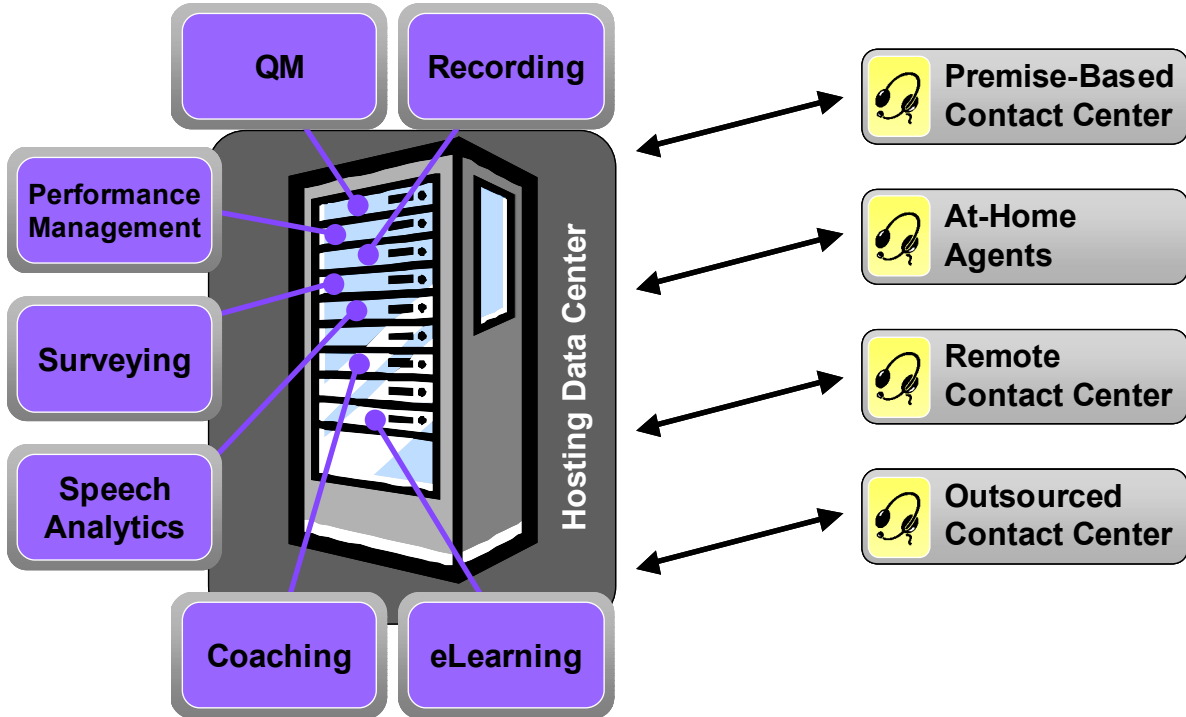


Figure Two: Remote-Based Recording



Comparison of Premise and Remote Recording

Both technology delivery models for hosted Recording/QM have advantages and decision makers should select the one that is more appropriate for their operating environment. Figure Three reviews the differences between premise-based and remote recording. Internet Protocol (IP) recording reduces the cost of the recording and data transmission for either model as it eliminates many of the carrier-related costs.

Figure Three: Premise vs. Remote Recording

Premise-Based Recording	Remote Recording
Dedicated server for recording and other applications. No resource conflicts.	Server generally shared by more than one company.
Security and contingency backup of recorder and applications handled at customer site.	Security and contingency backup of recorder and applications addressed at hosting facility.
Combination of on-site and remote support.	Remote support.
End user has control over much of the operating environment.	All activities handled remotely.
Either TDM or IP-based recording.	Almost always IP-based recording.

Ability to buffer audio as it's being recorded.	No facility for buffering audio. Risk of losing recordings if link goes down and backup not running.
Lower cost of recording, which is done on site and not over phone lines.	Potentially higher voice capture and transmission costs.
Simplified matching of call and CTI data.	Greater difficulty in matching up call and CTI data.

Benefits of Hosted Recording/QM

There are financial, technical, resource, timing and practical reasons to employ hosted recording/QM applications. (See Figure Four.) The benefits are:

Financial

No capital expenses – Hosting does not require a large upfront capital investment or long delays for obtaining corporate budget approvals.

Low start-up costs – Vendors tend to provide simple and quick installation services because their business model largely depends on billing for transaction volumes.

Low total cost of ownership – Total cost of ownership (TCO) measures the cost of an asset, such as a recording/QM application, through its life cycle. Hosted applications generally have a low TCO because they do not require significant in-house end-user technical or business support.

Technical, Resource and Timing

Rapid implementations – Hosting companies make money once a solution is up and running, so they have a strong incentive to get systems in production as quickly as possible.

No in-house technical support – Hosting companies are responsible for implementing, maintaining and providing training for their applications, with minimal or no involvement of end-user technical staff.

Continuous technology refresh – Hosting companies are responsible for hardware and software upgrades. This ensures that end users have the most current features and functionality without having to make significant investments.

Practical

Not captive to vendor –Hosting vendors have to provide outstanding service and ongoing support because it is fairly easy for end users to move their business elsewhere once the initial contract period is over.

Flexible and scaleable – End users can add or reduce their seat counts as needed, at any time, without negotiating a new deal or asking for new capital funds. This makes hosting ideal for any organization that is in flux.

Figure Four: Hosting Benefits

- **No capital expense**
- **Low start-up costs**
- **Rapid implementation**
- **No in-house technical support**
- **Continuous technology refresh**
- **Not captive to vendor**
- **Flexible and scaleable**
- **Low TCO**

Hosted QM/Recording Suites

Recording/QM suites start with two core capabilities, recording of customer calls and servicing screens and quality assurance applications to measure and evaluate how well agents adhere to internal policies and procedures. Users can elect to invest in recording, quality assurance or both. Recording/QM suites are expanding beyond their original mission of recording customer transactions and evaluating agent performance into complementary areas, including speech analytics, performance management, surveying, eLearning, and eCoaching. None of the current hosted recording/QM suites provides workforce management or back office modules, but these are expected to be added to products in the next 18 months, as they already exist as components of purchased applications.

Return on Investment

Recording/QM suites are also referred to as performance optimization solutions. They deliver quantifiable and quantitative benefits to contact centers and, increasingly, to the greater enterprise. The ROI from a standard, premise-based recording/QM application is 6 to 9 months.

When additional applications are added, such as speech analytics or performance management, the cash outlay is higher, but the ROI tends to be more rapid. ROI for hosted recording/QM applications will vary based on the number of seats, but can be as short as 1 to 5 months from the time the application is fully implemented.

Technical Requirements

The overall technical requirements for hosted recording/QM applications are similar to those of premise-based offerings. End users want well-architected and designed, fault tolerant, secure applications that do not fail and can grow with their needs. As the recording/QM market matures, customer requirements grow more complex. Now, end users want applications that are designed around an enterprise-portal framework; this is as true for hosted applications as it is for premise-based offerings.

Hosted offerings must address the following additional technical requirements:

Architecture – The ideal hosted offering is multi-tenant. This means that the application can run many end users on the same server with total independence and security. While there are many variations on multi-tenancy, the best models allow users to upgrade their applications without impacting anyone else.

Security – This is a serious concern for all applications, whether premise-based or hosted. For hosted recording solutions, there are three areas warranting concern and protection:

1. Transmission of data from the client's site to the service provider
2. Protection of data at the service provider's site
3. Protection of data when accessed by clients

The following are security best practices for hosted recording/QM solutions:

1. Encrypt data transmissions – Data transmission must be encrypted; standard data encryption must be a minimum of 128-bit.
2. Utilize dual DMZ firewall – Hosting vendor must provide network boundary protection called a firewall, to keep intruders out of its operating environment. It's more secure if there is a "demilitarized zone" (DMZ) within a dual firewall environment.
3. Require SSL for web transmissions – Secure Socket Layer (SSL) should be used to protect web access. SSL creates a secure tunnel for passing sensitive information across the web.
4. Implement intrusion protection system – Hosting companies should implement a real-time system to protect themselves and their customers' data.
5. Perform audit and certification – Hosting companies should hire an external company to confirm that their operating environment is secure.

The unfortunate reality is that there is no perfect method for fully protecting any data. The most secure sites around the world are hacked on a daily basis. The goal is to find the right balance between accessibility and security.

Back-up – All applications should be fully backed up to minimize the risk of service interruptions. The back-up approach will vary based on the hosting model. Premise-based hosted recorders require a back-up server and/or voice card on site, to ensure adequate protection from a hardware failure. Remote-based hosting requires a complete back-up system with hot cut over capabilities at the hosting site. This means that if a server fails, the system automatically cuts all system users over to the back-up server without losing calls. This must happen automatically, without any manual intervention.

Contingency – In our volatile world, all companies must have contingency plans for all of their systems, whether located on or off site, in the event of a fire, an act of God or a catastrophic event. Hosting companies need to have a “hot” back up facility or system available. It’s important for a hosting company to have adequate contingency capabilities to cover all of its customers, even in its largest and busiest regions. It’s also important to make sure that the outsourcer contingency capacity continues to grow as its customers and volume increase.

Redundancy – Hosting solution providers must operate fully redundant servers. Ideally, all critical operational components should operate redundantly. This includes everything from the recording link that captures and logs calls to the primary servers and storage devices that save calls.

Storage – External and centralized storage and retrieval facilities for recorded calls and screens are an important factor in selecting a hosting company. It’s essential for hosting companies to make it easy for clients to store and retrieve transactions. The hosting company must provide an online storage facility large enough to hold all client transactions that require immediate access. (The data must also be protected from access by other companies.) Hosting companies must have external storage devices and the ability to index the location of all transactions stored off line. They must also have long-term storage and retrieval capabilities for interactions that have to be archived for extended periods of time, as is necessary for some financial institutions’ data.

Service Interruption – Service disruption is the most significant concern for users, who are at the mercy of the service provider when there is a failure. The ideal approach for addressing service interruptions is to avoid them. End users should ask any prospective hosting partners for their performance records and make sure they do a good job keeping their systems up and running. Check that their equipment and software is up 99.999% of the time. Prospective clients should also ask vendors to demonstrate how quickly they resolve problems. The reality is that service interruptions do occur, whether an application is on premise or hosted remotely. Therefore, it is important to select a hosting company that provides live monitoring and support 24x7x365. To find out how reliable a hosting company is likely to be, check references before

making even a small commitment. If the hosting vendor cannot provide references, they should not be seriously considered.

Implementation, Maintenance and Support – Hosting companies need to handle all maintenance and support issues, including site requirements, definition of system and capacity needs, implementation, testing, adds, moves and changes, user training, and ongoing maintenance and support. The hosting company is also responsible for sharing best practices that enable users to maximize the value of their applications. All of these requirements should be described in the service level agreement (SLA).

Service Level Agreement

The best way to address technical, business and performance concerns is in an SLA. Hosting companies will have SLA templates. Whether you use their form or your own document as a starting point, it's critical to draft an SLA that requires the hosting company to meet or exceed your service level requirements. The SLA should address the following critical areas: up time criteria, definition of up time, time required to fix a minor problem, time required to correct a major failure, definition of major and minor problems, online and offline storage capacity requirements, time allowed to retrieve a record from online and offline storage, security requirements and remedies when there is a breach, backup, contingency and redundancy requirements, reporting requirements and time frames (including a description of all necessary reports), contact names for the hosting company and end user, escalation procedures and penalties for non-performance. The SLA should also describe how a relationship can be unwound and the required time frames. The best way to avoid a problem is to define and document a mutual set of goals before issues arise.

Project Plan for a Hosted Recording/QM Implementation

Implementing a hosted recording/QM application and related suite components requires significantly less resources and time than for a purchased application. A hosted recording/QM application can be implemented in one-half to three days. For recording only, expect the implementation to take 2 days in the most complex environments. For QM, the implementation may last as long as three days. The last day of either implementation is generally used for training and to make sure everything works to the user's satisfaction. While the hosting company is fully responsible for the implementation from site analysis through training, users must oversee the process. Here are the steps for ensuring a successful implementation for a premise-based hosting solution.

Figure Five: Premise-Based Hosting Project Plan

Phase	Tasks
Pre-Contract Due Diligence	<ul style="list-style-type: none"> • Make sure the hosted solution is technically appropriate for your operating environment. • Conduct a technical evaluation. Engage IT/Telecom and data security staff to make sure the technology complies with your corporate standards and that you have adequate network bandwidth to transfer audio files to the hosting company. • Address firewall issues to make sure that data can be freely passed between your enterprise and the hosting company. • Make sure hosting company has experience integrating with your phone switch. • Make sure the hosting company can meet your data retention requirements for online and offline storage. • Address physical needs for the premise-based recorder <ul style="list-style-type: none"> ○ Shelf space ○ AC Power ○ LAN access and bandwidth ○ Web ○ IP network, if applicable • Select application modules to implement (i.e. recording, QM, speech analytics, etc.)
Contract	<ul style="list-style-type: none"> • Negotiate contract terms and conditions, pricing and length of agreement. • Finalize SLA. Be sure SLA includes a problem escalation process for both your company and hosting company so that both organizations have contact names and numbers for support. • Schedule implementation date.

Phase	Tasks
Pre-Implementation Planning	<ul style="list-style-type: none"> • Have vendor send end user a detailed implementation guide that explains the implementation process. • Schedule phone-based kick-off session. During kick-off session: <ul style="list-style-type: none"> ○ Define recording requirements ○ Define data storage requirements <ul style="list-style-type: none"> ▪ Frequency of storing calls/transactions ▪ Time between transaction capture and access ▪ Method for transferring transactions ▪ Time of day transaction records will be transported to hosting company ▪ Online and offline storage time frames • Choose between TDM and IP-based recording. • Arrange for carrier to install a connection from phone lines to recorders. • Test the integration between the switch and hosting company. • Determine which anti-virus software is required for the recording server to comply with corporate standards. • Define reporting requirement and create management reports. • Schedule training for the system administrator, focusing on system set-up and modifications, and for end-users to learn how to retrieve and search calls and perform agent evaluations. • Give hosting company a paper version of your QM evaluation forms so that they can build them for you and be incorporated into the system before the implementation.
Training	<ul style="list-style-type: none"> • Determine who needs to be trained. • Arrange a training schedule. • Train staff to use the system before it goes live.
Implementation	<ul style="list-style-type: none"> • Install data capture device at customer site. • Check to make sure all connections are in place and working. • Coordinate implementation information requirements and status with contact center manager and IT. • Implement.

Phase	Tasks
Testing	<ul style="list-style-type: none"> • Test every aspect of the application to make sure everything works as defined. Make sure the application: <ul style="list-style-type: none"> ○ Records 100% of transactions ○ Transfers calls to the hosting facility on a timely basis, as per specifications ○ Allows end users to easily find, retrieve and replay transactions • Check the remote access support capability to make sure that the hosting company can monitor and maintain the application on a real-time basis. • Ensure that everyone is properly trained in using the system and realizing its benefits.
Post-Implementation	<ul style="list-style-type: none"> • Have hosting company work with end user to make sure all aspects of the process are set up to their satisfaction before leaving the customer's site. (This gives the end user an opportunity to "tweak" the environment.) • Schedule a post-implementation phone-based review six weeks to three months after the implementation. Use session to learn best practices for optimizing the use of the application and realizing the greatest benefits and ROI. • Arrange for hosting company to offer best practices to the end user on an ongoing basis.
Ongoing Maintenance and Support	<ul style="list-style-type: none"> • Make sure hosting company provides 24/7 live monitoring and support. • Draft support procedures so that the hosting company and user organization know whom to contact to address any issues. • Have hosting company measure its performance and report adherence to SLA on a monthly basis. • Establish process for hosting company to notify users of any scheduled upgrades and coordinate any on site system changes and training needs.

Note: The project steps required for a remote hosting implementation are similar to the ones for a premise-based implementation above. The main difference is that the recorder and applications are not installed on site.

Implementations that include speech analytics are more complex. In this situation, the hosting company will implement the application as described above. Upon cut over, the application begins to accumulate recordings. It takes a few weeks of data for the speech analytics engine to accurately model its input. Once an appropriate amount of data is collected, the hosting company assists the end user in setting up the speech analytics application. The hosting company is also expected to provide ongoing support to enhance the benefits of the speech analytics output.

Hosting companies must continually earn each customer's business, as customers are not captive to an installed application. This places great pressure on hosting companies to provide outstanding service and support. Users who are not satisfied should let their hosting company know immediately so that they can remedy the problem. Sure, it's much easier to cancel a hosting agreement than to uninstall a purchased application. But it will take time and resources to select and implement a new solution. Good communications, facilitated by an effective SLA and good reporting, will improve your chances for a successful relationship with your hosting company.

Is Hosted Recording/QM for your Organization?

Use this checklist to determine if your company is a good candidate for a hosted recording/QM application.

Yes No

1. Do you have a business reason for purchasing or upgrading a recording/QM application?
2. Have you done a preliminary ROI and determined that a new or upgraded recording/QM application would pay for itself in 6 to 9 months?
3. Are you willing to have a third party implement and maintain your recording/QM application?
4. Does your company policy allow third parties to maintain and support mission critical operating systems?
5. Do you have limited IT resources?
6. Is your capital budget limited for new IT investments?
7. Do you have more flexibility over your operating budget than your capital budget?
8. Will your security organization allow a third party to access and transfer call and screen data through your firewall?
9. Would you like to be able to upgrade your recording/QM application without undertaking a system implementation?
10. Do you need or want a centralized storage and retrieval facility for recorded calls and screens?

If you answered "yes" to seven or more of these questions, including question eight regarding security, your organization should strongly consider using a hosted application when selecting a new recording/QM solution. If you answered "no" to more of three of these questions, hosting may still be a good alternative, but it may not yet be as compelling as a purchased application for your company's needs.

Final Thoughts and Recommendations

Small, mid-size and large companies in all industries need recording and, in many cases, quality management applications. Within the next two years, we're going to see demand for speech analytics applications double and triple as best practices are introduced that allow end users to realize substantial benefits and payback. Hosted recording/QM solutions are a great option for companies that see the value in these applications but are not able to make a capital investment, do not want to be captive to one vendor for an extended period of time, or do not have the technical resources to implement and support this type of application. As hosted offerings are growing more feature-rich, they are becoming an increasingly viable and compelling option for all companies to acquire recording/QM application functionality.

About the Author

Donna Fluss is the principal of DMG Consulting LLC, a strategy firm specializing in contact centers and real-time analytics. DMG Consulting advises end users and vendors around the world. The firm's clients include Nortel, RealNetworks, J.Jill Group, Stride Rite, NICE, Internet Order, HBCS and many others.

Donna is the author of the newly released book, *The Real-Time Contact Center*, a guide for transforming reactive, cost-oriented contact centers into proactive, engaged, real-time profit-oriented organizations. Donna's articles and columns appear regularly in leading publications around the world, such as Call Center Magazine, ICCM Weekly, Line 56, Speech Technology, Europecontactcenter.com, Greater China CRM and many more. She is also the author of the annual *Quality Management and Liability Recording Product and Market Report* and *The Guide to Successful Offshore Contact Center Offshore Outsourcing*.

Donna has 22 years of experience in sales, marketing, service and operations. She is a former VP and research director in Gartner's CRM practice, where she built the Customer Service and Support Strategies Team and consulted with over 3,000 clients. She was previously a senior manager and leading business transformation and merger implementation specialist at Chase.

Donna is well-known for her ability to identify industry trends and for helping companies adapt their products, processes and technology to address evolving market needs.

More information is available at www.dmgconsult.com.

About the Sponsor

VoiceLog LLC is the leading provider of call recording and quality monitoring on a hosted/on-demand/ASP/"software as a service" basis. VoiceLog introduced the concept of call recording "on-demand" in 2002 and has since grown the practice to include quality monitoring, agent evaluation/scoring, screen capture, speech analytics, and eLearning – all on a hosted/on-demand basis. VoiceLog solutions include VOIP and TDM recording, and 100%, sampling and on-demand recording for any call center environment.

Founded in 1996, VoiceLog began by offering Third Party Verification to the telecommunications industry, a practice that requires 99.999% uptime and 100% recording with instant online retrieval for three years or more. Using that expertise, VoiceLog offers a highly secure, proven approach to call recording and monitoring that eliminates the upfront investment, while maximizing ROI and minimizing total cost of ownership. VoiceLog now records over 40 million calls per year for over 300 clients in the US, Canada and Western Europe.

VoiceLog's senior management has over 80 years combined experience in call center, telecommunications and related industries. VoiceLog is a two-time INC 500 company, has been recognized as the #1 provider of Third Party Verification in the US, and has won numerous industry awards.

For more information about VoiceLog, please call 410-647-4384, email lleikin@voicelog.net or visit <http://www.voicelog.com>.