Path to Innovation for On-Premises Contact Centers

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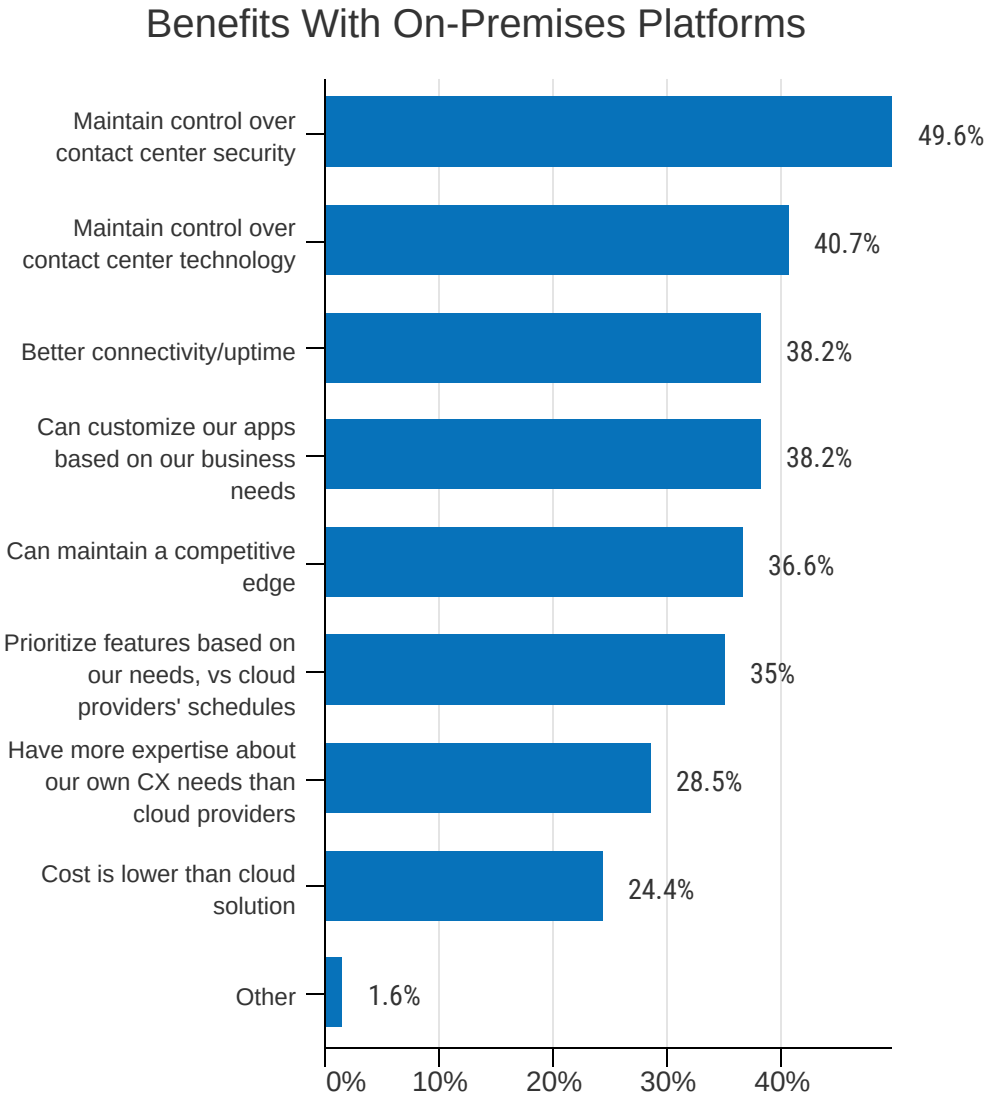
On-Premises Contact Centers Deliver Value



For decades, contact center platforms have served as the core technology for communicating with customers or prospects. Most of the largest contact centers remain on premises, leveraging their platforms, numerous custom apps and integrations, and experienced technical staffs.

CX leaders see several benefits with on-premises platforms, which can be summarized into four primary areas:

1. **Control –** Keep decisions about which applications and features will be deployed and when; manage the security capabilities protecting the platform and apps
2. **Performance –** Control the network infrastructure to ensure optimal connectivity, application performance, and uptime
3. **Customization -** Enable the ability to customize key features that cloud providers may not have in time for company business requirements; with more expertise on those requirements, companies can innovate with technology to maintain a competitive edge
4. **Cost –** Save money without monthly cloud licensing costs (though some companies do find savings with CCaaS or hybrid deployments)

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The C-suite is focusing heavily on customer satisfaction because customers have enormous power to make or break a company with one viral social media post. Consequently, the pace of innovation for CX technologies is dramatically faster today than it was just three years ago. That's created some challenges for those operating on-premises contact centers. For example, it can be difficult to meet business demands quickly because rolling out new capabilities may involve acquiring or writing an application, spinning up a server, integrating it with the existing platform, and testing it.

In addition, on-premises contact center platforms only last so long before they become end-of-life, making it difficult to find parts or support. Once that happens, the cost to replace the equipment may not be in the budget.

Technology limitations affect all aspects of customer experience. CX leaders need agile options to use technology to meet business demands. For example, companies must be able to quickly add interaction channels because customers and business units are demanding them. Adding them via cloud applications gets the capabilities online more quickly, which is one reason companies add AI using cloud applications twice as much as those using on-premises applications. At the same time, agent turnover, at 21%, is a big problem that requires new agent analytics applications. Along with analytics, artificial intelligence and automation improves efficiencies, delivers contextual information, and improves customer ratings.

Despite Benefits, Lack of Agility and Innovation Challenge On-Premises Contact Centers

Key Challenges With On-Premises Contact Center Platforms

- Length of time to roll out new features
- High cost to replace equipment
- Can't quickly scale based on business demands
- Difficult to keep up with the pace of CX innovation
- Can't meet business unit demands quickly enough

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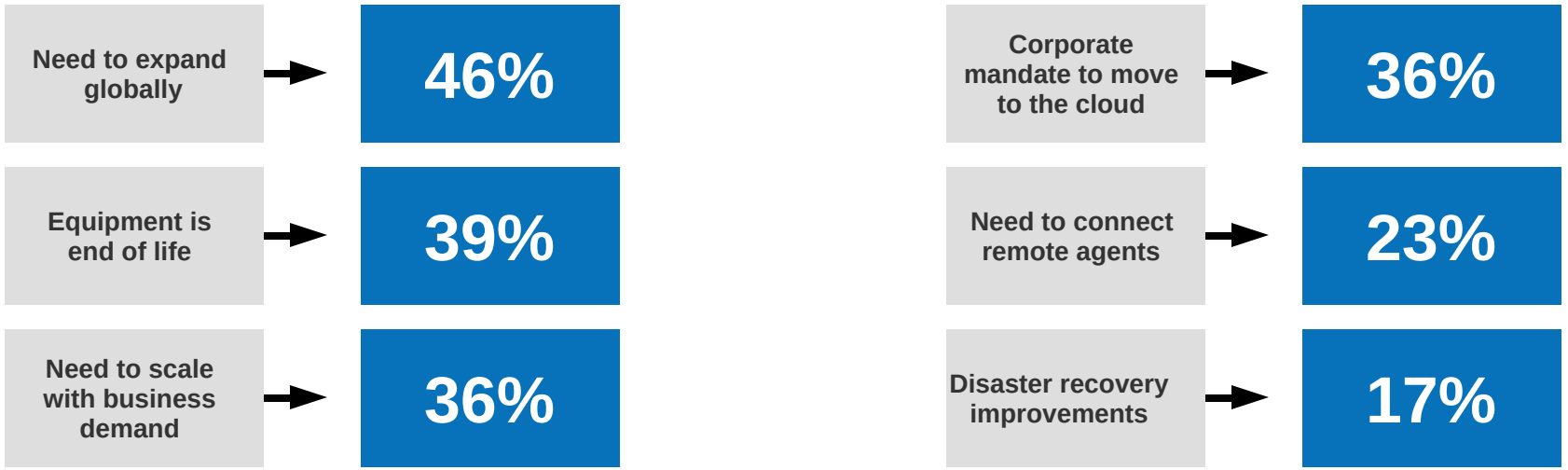
Those Challenges Lead CX Leaders to Consider Other Solutions

Cloud-based services are piquing the interest of CX leaders because they address the aforementioned challenges—specifically, the ability to scale and manage expansions. That's why we find 35% of companies shifting to cloud strategies (either fully or partially) in 2020, and another 31.4% planning to shift in the future.

"No one wants to develop on-prem anymore. We got a new CEO and CIO in the last two years, and the goal is to transform everything to the cloud. But on-prem, we can quickly adapt because we control it all."

--Healthcare company with 1,500 agents, evaluating move to cloud

Triggers for Moving to the Cloud



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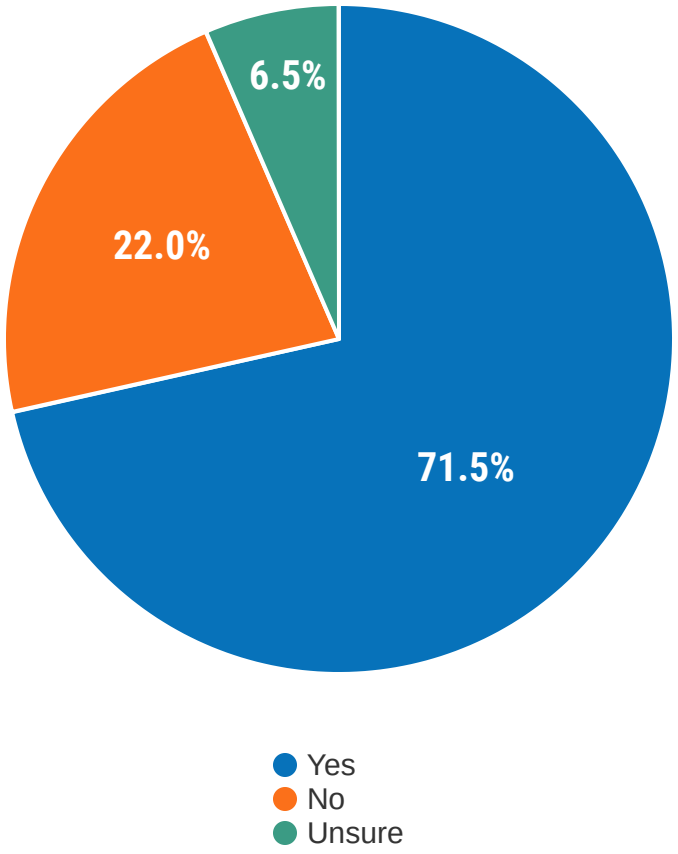
Pandemic Also Shifts Focus to Cloud for CX Apps

The global COVID-19 pandemic illustrated some of the benefits of cloud-based applications. Practically overnight, contact centers needed to move agents to home offices and experienced some challenges being able to quickly spin up necessary apps to serve customers and assist agents. The top applications they are considering for the cloud include:

- 36% Workforce Optimization
- 34% Self-Service
- 33% Customer Analytics
- 31% Collaboration
- 29% AI-Enabled Chatbots
- 29% Agent Analytics

Has COVID-19 made you more likely to use the cloud for CX apps?



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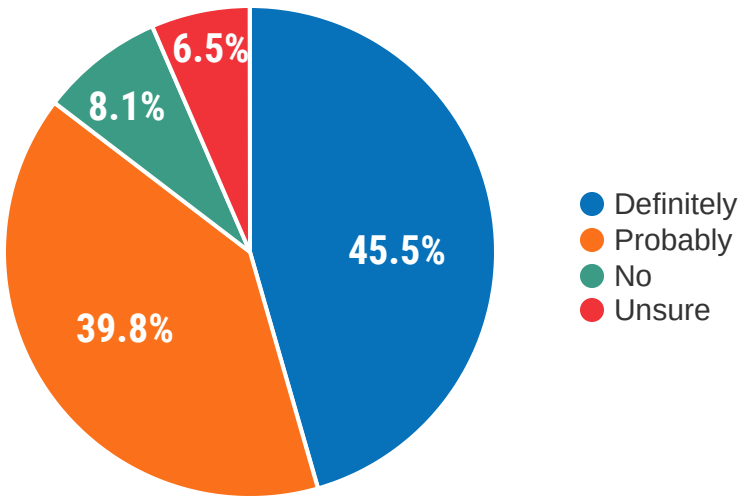
85% Want to Innovate in Cloud—but Keep Platform On-Premises

CX leaders understand the speed, flexibility, and overall agility that cloud services can bring to their CX strategies. But many see only one solution to the challenges they're facing: Rip and replace the entire contact center infrastructure. They often delay pulling the trigger for months or years because they know such a massive transformation will be very disruptive.

If you were able to use this platform to add new apps—**without risk or impact to your existing agent interfaces and infrastructure**—would you keep your on-premises contact center platform?



There is a less-disruptive solution for on-premises contact center platforms. Some providers offer an over-the-top technology platform that allows companies to quickly develop, integrate, and host CX apps, including:

- SMS
- Voice/ telephony
- Social messaging
- Analytics
- AI-enabled chatbots
- Workflow automation
- Marketing automation

By layering applications over the top, organizations can maintain control of overall technology and security, while realizing the benefits of adding innovation to the CX strategy quickly, without the time and resources it may take for a large contact center to migrate to CCaaS.

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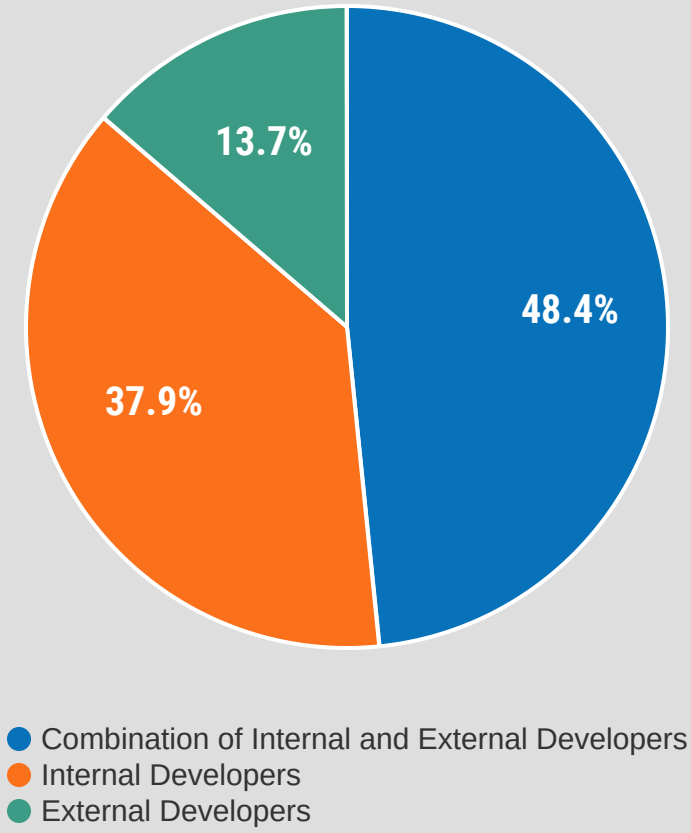
CPaaS Provides Option for Over-the-Top Innovation

Communications Platform as a Service (CPaaS) is the functional core of the emerging CX development ecosystem. CPaaS allows organizations to deliver more customized features and capabilities without having to build a back-end infrastructure to support it. CPaaS providers already have the back-end in the cloud. Contact centers then leverage APIs to add new collaboration capabilities (say, video, click-to-chat on a web site, or AI-based chatbots) over existing communications platforms (on-premises or cloud-based). Or, they can use pre-built solutions from community marketplaces.

Many CX leaders turn away from CPaaS because of an erroneous belief that they require sophisticated developers. Though that may be the case with some providers, it's not the case with all. So, it is crucial when selecting a CPaaS provider to ask about ease of development and how user-friendly it is to add a new CPaaS-based feature. Most organizations use a combination of internal and external developers to quickly add apps, features, or even SDKs to meet customer and business unit needs. Even with limited development resources, some providers offer low code/no code solutions.

Of course, these solutions, by definition, enable customization to improve competitiveness. So when evaluating providers, talk to reference accounts and look for a provider that understands your business as a trusted advisor, regularly delivering recommendations on how to leverage the technology.

Type of Programmers Used for CPaaS



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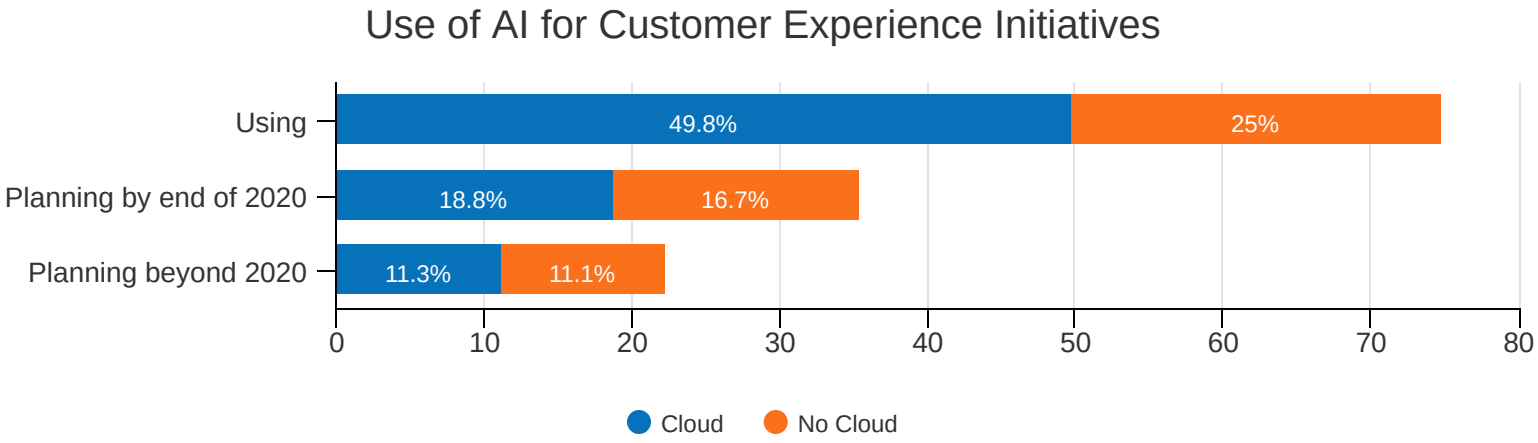
Innovation Should Address AI, Automation, Analytics

To maintain competitiveness, it's vital for organizations to have a cohesive strategy for adding AI, automation driven by AI and machine learning, and analytics. AI helps CX initiatives in many forms, ranging from Natural Language Processing to speech analytics to agent or customer virtual assistants. Those, along with many other AI-enabled apps, ultimately automate manual functions and enrich the customer interaction by delivering context and personalization.

For example, omnichannel integrates interaction channels, while AI transcription provides live agent call notes that automatically populate into the customer data record. What's more, virtual assistant can provide live agents with screen-pop recommendations based on behavior of similar customers, or that customer's buying history.

Using AI without analytics will not provide the data needed for both the applications in use, and the human decisions about whether to continue or cancel or enhance a CX strategy. AI and analytics go hand-in-hand toward improving the customer experience.

We find that companies using cloud capabilities are more likely to also use AI for their customer experience initiatives. This doesn't mean on-premises contact centers must shift the platform to the cloud. They can implement AI and analytics on premises, but it will take longer and likely be more costly. The fastest way to add these capabilities is through an over-the-top cloud deployment.



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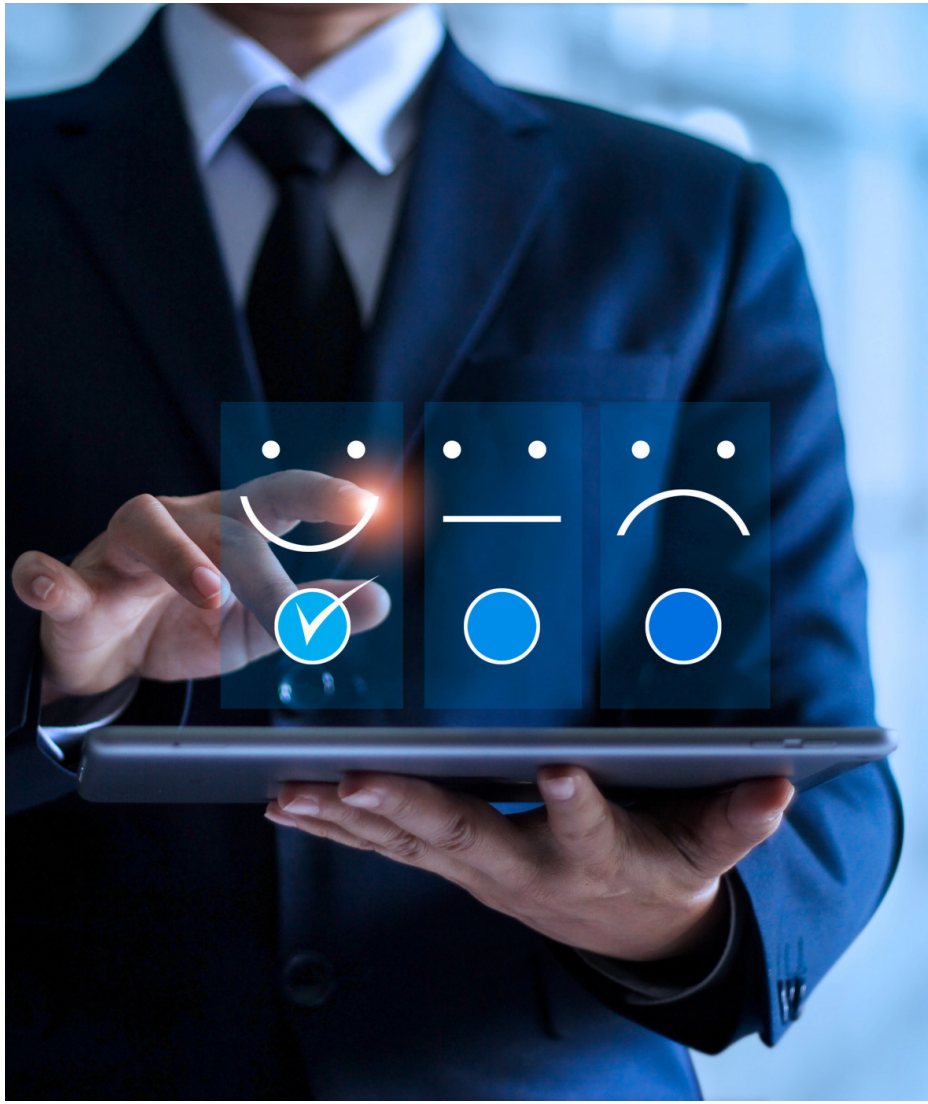
Measurable Success With CPaaS for CX Innovation

Organizations find measurable success when they use CPaaS development platforms for CX. The platforms allow them to quickly add new features in response to customer or business unit demands. They typically measure success in three areas: Revenue increases, operational cost decreases, improved customer ratings.

Increased Revenue	• Integrations to CRM, AI, analytics provide upsell recommendations • Automated callback to keep customers connected and close sales • Self-service virtual assistants make product recommendations
Decreased Opex	• Chatbots, self-service offload live agents • Analytics provides guidance on automation
Improved Ratings	• More channels keeps customers happier • Event, appointment notifications raise CSAT • Customer Engagement Management provides special offers



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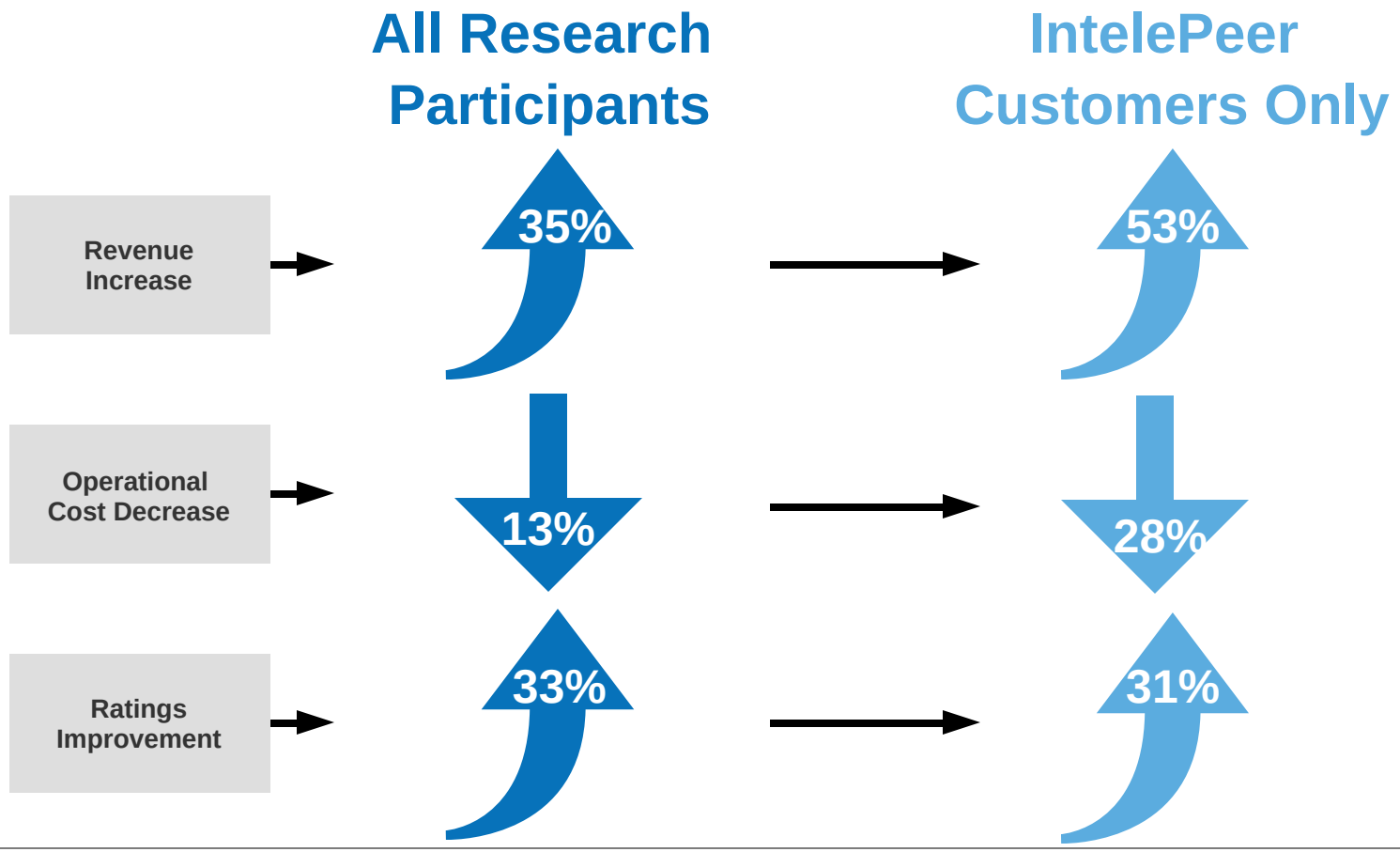
Real-World Results Using CPaaS for CX Strategy

In a Nemertes study of 132 organizations, CX leaders reported notable improvements in all business metrics. They compared figures before and after using a CX development platform to improve customer engagement.



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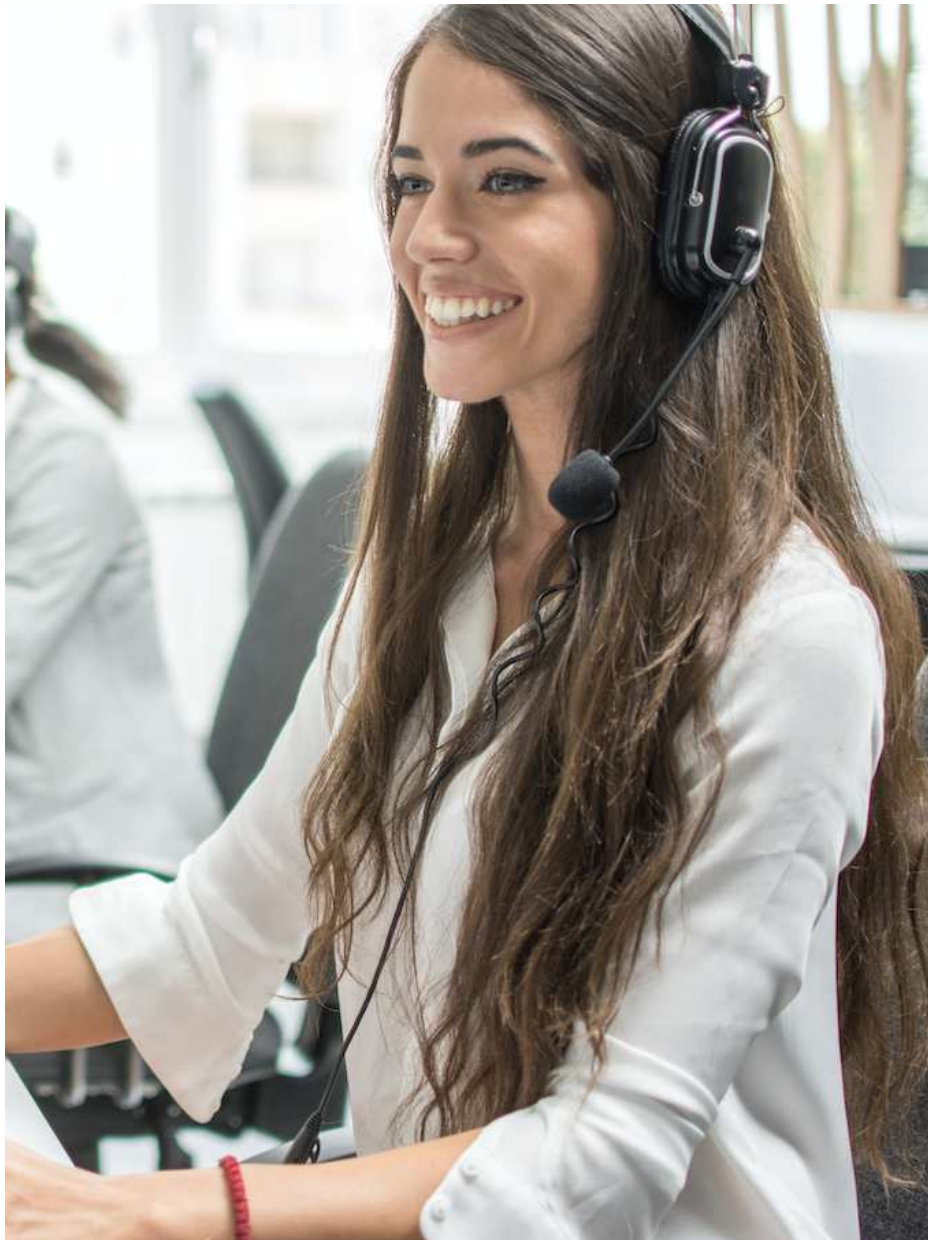
On-Premises Contact Centers Can Innovate Quickly, Affordably

If you plan to continue using an on-premises contact center platform, don't give up on innovation because you don't think you have options, or if you do, they are too costly or time-consuming to complete. Consider the following:

- **CPaaS can deliver the ability to quickly add cloud-based applications over your on-premises platform**; evaluate what these services can do for your organization.
- **Hybrid solutions potentially deliver the best of both worlds**, particularly for large, highly customized on-premises contact center platforms; discuss internally if this strategy makes sense for your organization.
- **Make sure you have an AI, automation, and analytics plan for your overall CX strategy.** Without it, you'll fall behind competitively. But adding these capabilities on-premises may take more time and resources than you have, so consider CPaaS as an option for quick response to business/customer demands.
- **Establish a development strategy.** You may have enough internal developers, but you may want to hire external experts, as well. Always consider the low code/no code options that will save you development costs.
- **Evaluate CPaaS providers based on their experience** (talk to references), and their ability to understand your business and become your trusted advisor.



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