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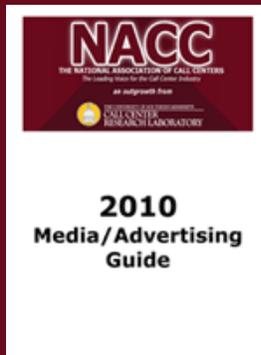
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NACC Investment Portfolio

Is the Cost of Offshore Outsourcing About to Go Up?

Paul Stockford, Research Director, National Association of Call Centers and Chief Analyst, Saddletree Research, Paul.Stockford@nationalcallcenters.org

In what is being touted as a means of keeping jobs in the U.S., Senator Charles Schumer (D-NY) has proposed legislation that will require companies to inform their customers when their calls are being transferred to a location outside of the U.S., then will charge those companies an excise tax of \$0.25 per call for each call transferred. The net result of the bill, according to Senator Schumer, will be to keep call center jobs in the U.S. as well as provide incentive for those companies that have already outsourced jobs overseas to bring those jobs back home.

This proposed legislation is highly reminiscent of similar legislation introduced in April of 2006 by Senator John Kerry (D-MA). Senate Bill S.2553, the "Call Center Consumer's Right to Know Act of 2006," introduced legislation that required employees at a call center who initiate or receive phone calls to disclose their physical location. The bill also required contact centers to offer a domestic alternative to an offshore customer service agent. In other words, the bill required that callers be told that their call was being transferred to an offshore facility but they had the option of speaking to a domestic customer service agent. The consumer trade-off was expected to be timeliness versus security. The queue to speak to an offshore agent was expected to be much shorter than the queue to speak to a domestic agent.

Senate Bill S.2553 was introduced in response to growing public concern about identity theft and the risks of providing private and financial information to offshore contact centers where U.S. law was neither applicable nor enforceable. Despite public pressure for more legislation to protect private information, Senate Bill S.2553 never became law. The bill was read twice and referred to the Committee on Commerce, Science and Transportation where it languished. Sessions of Congress last two years and at the end of each session all proposed bills and resolutions that did not pass are cleared from the books.

On March 29, 2007, a similar bill was introduced in Congress. "H.R. 1776: Call Center Consumer's Right to Know Act" was worded almost exactly the same as Senate Bill S.2553. H.R. 1776 was brought before subcommittee for hearings in September 2007. Testifying at that hearing was the NACC's Executive Director, Dr. David Butler. Following the initial hearings the bill failed to be referred to the House for vote and similar to Senate Bill S.2553, H.R. 1776 was eventually abandoned.

The bill introduced this week by Senator Schumer may stand a better chance of a positive outcome. With unemployment in the U.S. hovering around ten percent, contact center jobs have a great deal of appeal. The reason behind the current legislation is much more compelling than the fear of identity theft by foreign nationals, which was the primary motivator behind Senate Bill S.2553. Senator Schumer may find himself with the power of popular support behind this bill. With the right media spin and sufficient public dissemination of the potential benefits of this bill in terms of U.S. employment, offshore outsourcers may soon be forced to rethink pricing strategies in order to remain competitive in the U.S. customer service market.

From the Trenches

The Agility/Complexity Dilemma

Lori Bocklund-President – Strategic Contact, lori@strategiccontact.com

Somewhere near the top of the requirements list for every contact center these days is "agility" or "flexibility" – and today's technology can

Stock	Price	Value	Change
NICE	29.82	7.43	-2.57
VRNT	25.88	10.56	0.56
SYKE	17.26	9.08	-0.92
WIT	21.15	14.12	4.12
CVG	10.92	6.18	-3.82
TTEC	12.93	5.62	-4.38
APAC	6.47	29.28	19.28
TOTAL		82.27	12.27

There is talk of a double-dip recession in the global markets. Some evidence points in this direction while other evidence points to a slow, but steady, recovery. Which way will it tip? That is the trillion dollar question. Because of this uncertainty, the NACC Investment Portfolio was down to \$82.27, still in positive territory but that profit is being whittled away slowly. Only three of the remaining seven investment portfolio stocks are in the black, Verint, Wipro, and APAC. All others are in the negative, some slightly negative like Sykes and others more deeply negative like Teletech.

NACC Composite Index

Date	Value	Change	Percent
11/6/07	100.00		na
12/5/07	94.38	-0.56	-0.60
1/15/08	80.89	-17.02	-21.04
3/12/08	65.47	-11.25	-17.18
6/4/08	81.51	2.93	3.60
9/10/08	66.55	-1.69	-2.54
12/3/08	36.19	3.30	9.13
1/7/09	42.75	2.10	4.92
3/4/09	30.94	-2.42	-7.82
6/10/09	61.67	6.00	9.74
9/16/09	81.26	6.29	7.74
12/16/09	100.81	4.24	4.21
1/13/10	110.48	9.67	8.75
1/27/10	97.93	-12.54	-12.81
2/9/10	94.57	-3.37	-3.56
2/24/10	99.36	4.80	4.83
3/9/10	107.55	8.19	7.62
4/7/10	109.39	1.84	1.68
5/5/10	99.95	-9.45	-9.45
5/31/10	98.29	-1.66	-1.69

The NACC Composite Index was down 1.69% since the last reporting period. This is not a huge drop but it is still a negative slide and puts the index below the initial rate of 100 points in November 2007.

deliver. But agility and flexibility come at the price of complexity, and it's killing us. It's time to systematize contact center technology deployment and support, and put all the right people, processes, and tools in place to manage the complexity required to meet today's business needs.

Choices can be great, but...

Not to reminisce too much, but "call centers" used to be relatively simple – both operationally and technologically – and that simpler time made life easier for everyone. Centers were characterized by single media (phone), rock solid voice systems (PBX/ACDs), and a few basic tools (IVR, WFM, QM). System operations were fairly smooth and straight-forward.

The contact center technology world today, on the other hand, is prone to problems. For example, we're engaged in multiple projects on a variety of vendor platforms focused on stability and resiliency. That's not a coincidence; it's an outgrowth of wide-ranging technology options and complex and highly interdependent architectures. Voice over IP (with its heavy reliance on data networks), multi-site, multi-media, enhanced performance tools, web integration, and more are essential parts of the center's ecosystem. Vendors and distributors have responded by offering services to monitor the performance of their servers, gateways, routers, etc. Such services are important considerations in technology procurement. (You can't just buy boxes and licenses anymore!)

The scale and options of network carrier services – another area that used to be "simple" – compound the challenges. Companies experience fiber cuts, over-commitment by carriers on what they can deliver, timing issues, etc. With voice highly dependent on data networks, companies applying best practices institute redundant, diverse networks, yet vulnerabilities remain due to the greater interdependency, complexity and scale in what those networks entail. Issues can be wide-ranging and wreak havoc on centers and customers.

Combine these environments with the lean staffing today and you've created a monster. Most centers' operational leadership has little or no time to plan for the next thing as they are consumed with the day-to-day operations and challenges. IT/telecom doesn't have enough time or bandwidth either. They frequently wind up reacting to trouble rather than proactively managing these complex environments. No one sees the reason to do the extra things with technology, tools, or processes until something (or many things) go wrong... then it's a scramble to stabilize and put remedies in place quickly.

If you think "this can't happen to our center," let me present some interesting statistics from IQ Services, a company that specializes in contact center technology testing and monitoring. They send hundreds of thousands of calls a month into centers all over the country, hitting a variety of voice platforms and carriers. They find that 4-5% of these calls encounter an issue such as ring no answer, busy signals, tens of seconds of silence, unexpected greetings, host unavailable issues, calls that are unexpectedly disconnected, and unexpected responses. Most centers aren't even looking at these customer-impacting issues. Ignorance is NOT bliss. Centers need to be in tune to the problems that are occurring or could occur. That means testing and monitoring tools and/or services, and a commitment to identify and resolve issues proactively.

Organize and Commit

We've got to address the agility/complexity dilemma to meet centers' needs while providing a stable, robust environment. There are two important ingredients to success: getting your "house" in order, and committing the resources to do it right.

Execute clear and consistent processes routinely and thoroughly for both technology deployment and support. Find ways to build redundancy, diversity, and resiliency into your architecture so that the systems and networks take care of themselves as much as possible. With this type of infrastructure in place, you prevent problems in the first place and recover quickly when

Dow Composite	-6.73%
S&P 500 Composite	-7.02%
NASDAQ Composite	-6.44%
NACC Composite	-1.69%

The *NACC Composite Index* was down 1.69% while the Dow, NASDAQ and S&P500 were down all between 6.50-7.00%. Though they were all negative, the positive outlook is that the NACC Composite Index dropped much less than the market indices overall.

Quote

"It is difficult to produce a television documentary that is both incisive and probing when every twelve minutes one is interrupted by twelve dancing rabbits singing about toilet paper."

-Rod Serling (1924 - 1975)

Picture of the Week



This is a photo of the Deepwater Horizon Gulf of Mexico oil spill. On April 20, 2010, the Deepwater Horizon oil rig exploded and caught fire killing 11 people on board and injuring a number of others. Four days later the oil rig collapsed below the water into the gulf and an oil spill began. Over a month later, the oil is still spewing from the broken pipe. As part of the surveillance of the spill and recovery, underwater robots have been put on station to capture video of the spill. This image is a screen shot of some of the video footage.

Reports from the NACC

The NACC has been burning the midnight oil and typing until our fingers are sore to bring out reports to our members. Each is listed below. If you are interested to see

problems occur. Leverage in-house, vendor/distributor, or third party services for monitoring and testing of premises equipment as well as network services.

Most companies are too lean in their technology support domain. Technology stability and resiliency suffer due to lack of focus on proactive optimization and management. Make the case to staff up, redefine roles and responsibilities, and solidify processes. This charge includes a focus on non-contact center technology and application changes. For example, IT must have processes in place that consider the impact on the contact center when making router changes on the data network. Review all technology support and management processes and the tools to enable them especially for things like proactive technology monitoring and testing, and problem/incident identification and resolution.

Do it now

Agility and flexibility are here to stay as standard requirements for centers, so we've got to find ways to deliver and support those characteristics effectively. Much like disaster recovery and business continuity, it is difficult to muster the time, energy, resources, and investment dollars to put things in place to prevent problems you can't see or anticipate, or consider unlikely (it won't happen to us!). Use business requirements for agility and flexibility to drive a new look at the technology, processes, resources, and tools you need to make that complex environment stable and agile, and always available and responsive to business needs.

Want to learn more about contact center technology testing and monitoring best practices? Email Lori at lori@strategiccontact.com to gather some ideas on what to consider for your environment.

Are Shifting Economic Values Affecting Contact Center Vendors?

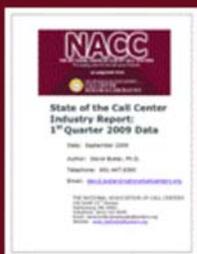
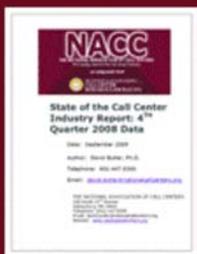
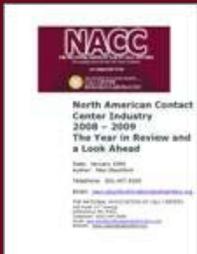
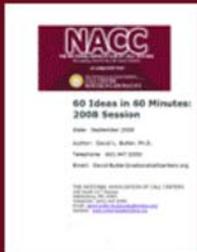
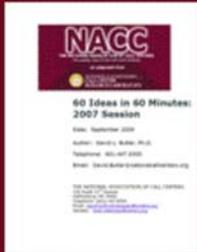
Paul Stockford, Research Director, National Association of Call Centers and Chief Analyst, Saddletree Research, Paul.Stockford@nationalcallcenters.org

As the U.S. business and consumer cultures seems to be pulling back the reins on the fiscal debauchery of the last decade, it appears to me that contact center technology vendors are also shifting their values and priorities. If you take a minute to reflect on what has happened to the contact center vendor community over the past few years, it is mind-boggling. Not only have we seen some of the biggest names in the industry disappear; I believe we are also seeing tangible evidence of the beginning of decay in other companies that have long been considered industry leaders.

Out of the ashes of the economic devastation of the past two years there is a Phoenix rising in the form of companies that are determined to be successful the old fashioned way through hard work, innovative products and exemplary customer service. Compare this to many companies of the past decade that only came into existence with the singular objective of being acquired and turning a quick profit for the investors. While some of the companies that were acquired over the past ten years continue to support their products and customers there are many others that lost their management and, consequently, their focus on customer relationships. Customers were left out in the cold as old relationships disappeared and product development and support plans became muddled.

In recent months I have come across many companies that have told me in no uncertain terms that they are not interested in being acquired and that they intend to grow organically, through their own sales efforts, rather than growing via acquisition. This is a refreshingly different attitude from that of the past few years where we have watched ruthless management do whatever it takes to show a bottom line that makes their company an attractive

what we are writing about, click on the images below and download the executive summary of each. If you like what you see, join the NACC so that we can send you these reports and others that will be coming out soon to ensure you know the latest trends in the industry.



acquisition target, employees and customers be damned.

I have been an industry analyst for the past 21 years and have personally met and followed the careers of many great leaders and managers. What made these managers different from so many others that I have met in more recent years was their genuine concern for making an excellent product and ensuring long-term customer satisfaction. The managers I have met in more recent years seem to have lost touch with the humanity and humility that made their predecessors respected and admired among their peers.

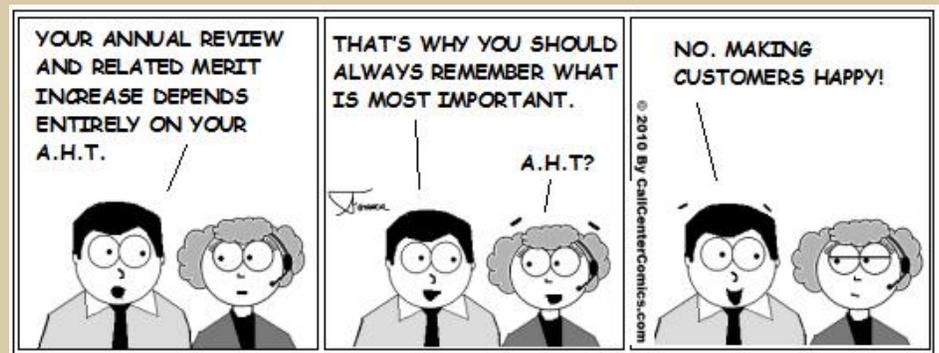
Don't get me wrong. There were also plenty of jerks in the previous generation of managers too. I recall having breakfast with one such manager – the president of a multi-billion dollar telecommunications company. The majority of our conversation consisted of him talking about his collection of Corvettes and how nervous his daughter was because Martha Stewart was going to be at her wedding. But managers like him were not as prevalent a decade ago as they have been over the past few years. The business culture and attitudes of the previous decade definitely worked to bolster the jerk-as-manager quotient.

Next generation managers and leaders will be different. They have to be, and we are already seeing evidence of these new leaders in the customer service industry. Innovation and a drive to succeed have replaced greed, and current economic circumstances mean that egos must be checked at the door. Industry gunslingers are being replaced by heads-down hard work and employees who look at a job as more than just a weekly paycheck.

I am interested in knowing if you, the buyer, are also seeing changes among contact center vendors and invite you to share your experiences and opinions with me and with David Butler. My e-mail is at the beginning of this article and David's e-mail is david.butler@nationalcallcenters.org. I'm interested to know how your impressions compare to mine.

NACC members are also invited to contact either David or me if you would like to discuss any of these up-and-coming vendors and technologies or talk about which companies we see as having the potential to be the industry leaders of the future.

Call Center Comics!



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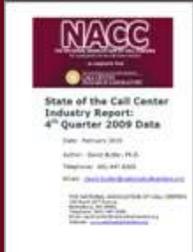
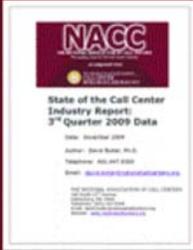
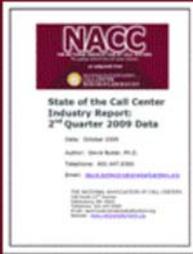
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