



THREE KEY BENEFITS OF HOSTED INTERACTIVE VOICE RESPONSE (IVR) SOLUTIONS

A WHITE PAPER



In today's marketplace, driving down business costs while continuing to communicate with customers across a wide array of channels—and maintaining a consistent and customer friendly experience—creates an interesting challenge.

Businesses must essentially handle more inquiries from a growing number of customers across an increasing number of touch points—and do it with fewer dollars and staff.

To address this challenge, companies look to automated voice self-service solutions (also known as Interactive Voice Response, or IVR) as a mission-critical tool in helping reduce the number of routine inquiries into call centers so that agents can focus their efforts on helping customers with the most pressing issues, along with calls identified as revenue generating opportunities.

No doubt, these IVR systems have a clear and compelling value proposition. DMG Consulting estimates that IVRs can automate anywhere from 20-90 percent of a company's incoming calls, while actually preserving a business' ability to increase service quality and customer satisfaction.

But in today's environment—where budget constraints and high customer expectations intersect—new trends are emerging in the IVR space to help businesses address changing needs.

HOSTED IVR SOLUTIONS TAKE CENTER STAGE IN MEETING EVOLVING MARKETPLACE NEEDS

While some companies have opted to purchase in-house IVR systems to address these challenges, industry research suggests that many of these applications are in dire need of a tune-up in order to address current—and future—customer needs.

Many of these in-house IVR systems are outdated and require costly hardware and software upgrades and services personnel to handle the next generation of customer service. Unfortunately, many companies simply cannot dedicate the resources, dollars or expertise to optimize these in-house IVR systems.

As a result, many companies are considering investing in new IVR systems delivered through a hosted environment that can help them not only address current business challenges but evolve with their future businesses needs.



As companies look to re-invest in the next generation of IVR systems, industry research points to the incremental value of leveraging hosted IVR solutions over their on-site counterparts. DMG Consulting estimates that hosted IVR solutions are outpacing inhouse IVR technologies as the platform of choice among companies across a wide array of vertical markets.

There's a key driver for this trend: a significant reduction in capital expenditures. At a time when budgets are tight, businesses are looking to further drive capital expenditures out of their bottom line. Hosted IVR systems not only drastically reduce the traditional costs associated with in-house systems; but the act of outsourcing also transfers the costs internally from a capital expense to an operating expense. This is an attractive option for executives who are continually pressured to drive CAPEX costs out of the business while also ensuring the enterprise has the mission-critical technologies to deliver an unparalleled customer experience.

Indeed, cutting costs is certainly one driver of this trend, but not the only factor. Let's explore three key drivers and business benefits for hosted IVR solutions.

THREE KEY BENEFITS:

- **LOWER OVERALL COSTS, ENHANCED CUSTOMER EXPERIENCE**
- **FASTER DEPLOYMENT, SCALABILITY AND UPGRADES**
- **ADVANCED FUNCTIONALITY TO COMPLEMENT CORE IVR STRATEGY**

KEY BENEFIT #1

LOWER OVERALL COSTS, ENHANCED CUSTOMER EXPERIENCE

The cost savings potential for hosted IVR solutions over in-house applications is dramatic and significant.

By their very nature, hosted solutions enable businesses to deploy a new “pay-as-you-go” cost structure that provides a great degree of budget flexibility and expense control over in-house software solutions. In addition, by switching to a hosted IVR model, businesses can divert capital expenditures associated with traditional in-house hardware and software assets into operating expenses.

In addition to cost savings in the call center, industry experts outline numerous business benefits and cost reductions resulting from hosted IVR solutions.

In a three-year Total Cost of Ownership (TCO) study, research firm Yankee Group compared an in-house contact center solution with the costs of a hosted offering.

Yankee Group found that outsourcing key business functions such as IVR plays a critical role in maintaining tight operating margins while preserving customer satisfaction.

Yankee Group's three-year study found:

- While the TCO advantage is most substantial in enterprises with 200-400 call center agents or more, small and medium-sized enterprises could also realize significant cost savings
- A 50-agent call center could realize a savings of 25 percent by deploying a hosted IVR solution over an in-house solution, with the largest savings in hardware and software investments, implementation and maintenance costs, technology upgrades and IT and telecom staffing. The cost savings are even more significant with larger call centers



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- With a hosted IVR solution, businesses can also eliminate hard-to-find capital expenses and reduce or reassign headcount associated with managing and maintaining in-house software systems
- Hosted IVR solutions empower businesses to more easily leverage “at home” or remote call center agent models. Yankee Group points out that this flexibility enables companies to hire the “best and brightest” call center staff and results in higher retention rates among call center agents

But cutting costs is only one part of the equation. To compete, businesses must be able to reduce costs while also continuing to improve customer service and satisfaction— and do it with fewer dedicated resources.

As a leading provider of Customer Communication Management solutions, CSG understands first-hand the need to reach these sometimes conflicting business goals. Our solutions enable organizations to simplify all facets of customer communication, decrease operational costs and continue to realize improvements in customer satisfaction.

For example, a direct broadcast satellite company increased Customer Satisfaction Index scores by more than 25 percent since partnering with CSG to redesign and redeploy new hosted IVR solutions. Implementing these tools and reducing costs is not enough: decision makers must be able to justify these investments by ensuring that they help their organizations reach or exceed overall customer service goals.

KEY BENEFIT #2 FASTER DEPLOYMENT, SCALABILITY AND UPGRADES

In-house solution deployments have become notorious among business decision makers as costly and lengthy ordeals.

Unfortunately, this reputation isn’t unwarranted: like the construction contractor who underestimates costs and project time for a home remodeling project, businesses also suffer from the effects of unrealistic IT project scopes and timeframes.

Delays in implementation—particularly those around mission-critical solutions such as IVR—can not only cause frustration, but can result in opportunity costs that sacrifice both revenue and customer satisfaction rates.



Scalability is another challenge organizations utilizing in-house IVR solutions face. Lengthy lead times due to telecom network requirements, as well as the time and IT resource allocation needed to add extra voice ports, make it difficult to compete with the seamless scalability hosted IVR solutions offer. Due to excess capacity being, in most cases, a standard platform feature, hosted IVR solution providers are uniquely positioned to seamlessly provide on-demand capacity to meet clients' unforeseen business requirements and keep business moving forward.

For a business that has implemented an in-house IVR system, the delays, scalability uncertainties and cost impacts don't end there. Every time a change is needed to address new business challenges, a company must once again undergo the pain of dealing with the time, IT resource allocation and budget variance associated with updating an in-house IVR solution. What's more, in most cases, businesses using an in-house IVR solution lack domain expertise in areas such as Voice User Interface (VUI) design, industry best practices and other critical areas of expertise traditionally brought to the table by best-in-class hosted IVR solution providers. The impact of these internal deficiencies often results in additional costs associated with third party consulting engagements.

ELIMINATE THESE PROBLEMS WITH HOSTED IVR SOLUTIONS:

- **LENGTHY DEPLOYMENT SCHEDULES**
- **SCALABILITY UNCERTAINTIES**
- **ONGOING MAINTENANCE COSTS**

Simply put, hosted IVR solutions eliminate these headaches. Companies with hosted expertise have extensive, proven methodologies to optimize the deployment of IVR applications. Other significant business benefits include:

- Hosted IVR solutions have no upgrade costs. Companies that offer Hosted IVR solutions incorporate upgrades into the solution as a natural evolution of their applications
- Hosted IVR solutions are highly scalable. This is ideal when IVR traffic volume is difficult to forecast, highly volatile, seasonal or driven by specific campaigns
- Hosted IVR services enable businesses to nimbly and rapidly address changes in the marketplace resulting from regulatory or technology shifts
- Clients that leverage hosted IVR platforms do not need to dedicate staff to implement or train clients during and after deployment, enabling businesses to focus on their true core competencies

KEY BENEFIT #3

ADVANCED FUNCTIONALITY TO COMPLEMENT CORE IVR STRATEGY

Indeed, deploying a sound IVR strategy is key to reducing costs and improving customer satisfaction.

But by adding important feature-rich tools—such as advanced speech recognition, analytics, and other additional functionality—businesses can extract even more value from their IVR systems.



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Hosted IVR providers can more readily extend the company's IVR platform by adding complementary, value-added solutions that add insights into every customer interaction. These insights can then be used to actually predict future customer behavior in order to improve overall results.

Two key areas of complementary functionality—advanced speech recognition and customer intelligence analytics—require extensive knowledge in highly specialized areas, expertise that does not typically reside within IT departments that are called upon to support in-house IVR solutions.

As a result, businesses that seek to augment their in-house IVR systems with speech recognition or analytics tools must undergo separate vendor analysis for this functionality. They must invest in additional implementation, integration and training costs. Any time the business wishes to upgrade its core IVR platform, they also must undergo additional integrations with the other software platforms that touch it.

Extending core IVR functionality doesn't have to be such a costly or timely endeavor.

Hosted IVR providers are uniquely positioned to deliver this kind of value-added functionality at a fraction of the cost and with significantly fewer resources than in-house solutions providers for these reasons:

- By pre-integrating these other mission-critical capabilities, hosted IVR providers can deliver faster deployments of these solutions with much lower up-front costs
- As hosted IVR providers upgrade their existing platforms with new functionality, they also take into account the steps needed to ensure that advanced speech recognition and analytics systems are also fully integrated
- Because this functionality is such an integrated part of the platform, hosted IVR providers have the knowledge on-staff as well as key vendor relationships to help clients understand how these specialized initiatives must operate within the context of a solid IVR strategy. These additional resources give clients the benefit of deep expertise across a wide range of cutting-edge technologies through a single source



A HOSTED IVR STRATEGY IS NOT A ONE-SIZE-FITS-ALL APPROACH

Every business is unique, and their customers are a lifeline. When it comes to effective IVR strategies, what works for one company in the financial services market may not work for another in the communications industry.

Industry trends and research clearly demonstrates that the key to developing and deploying a sound IVR approach begins by leveraging a hosted solution. From there, companies must tailor their IVR strategy to address their own individual and industry's needs.

For example, does the company wish to deploy Advanced Speech Recognition to achieve higher automation rates? What other touch points are critical for customer service satisfaction? Do we need to optimize our call center and agent performance with custom front-and back-end automated customer interaction solutions? How can we leverage analytics to better understand if our retention strategies are really effective?

Hosted IVR solutions create a clear roadmap for helping businesses identify and resolve key customer service challenges, both today and in the future.

ABOUT CSG'S INTERACTIVE MESSAGING SOLUTIONS

For more than 20 years, companies across numerous industries including Financial Services, Telecom, Business Services, Cable & Direct Broadcast Satellite, Marketing Services, Retail, Healthcare and Media & Entertainment have utilized CSG Interactive

INDUSTRY TRENDS AND RESEARCH CLEARLY DEMONSTRATES THAT THE KEY TO DEVELOPING AND DEPLOYING A SOUND IVR APPROACH BEGINS BY LEVERAGING A HOSTED SOLUTION.

Messaging solutions to drive business results and maximize every customer interaction.

Seamlessly integrating Interactive Voice, SMS/text, Print, Email, Web and Fax, CSG Interactive Messaging solutions help the world's leading companies connect with their customers in the most cost effective, efficient, and customer friendly ways possible.

Each month, CSG Customer Communication Management solutions touch more than half of all U.S. households. And every year, we send and receive more than 1 billion interactive voice, SMS/text, print, email and fax messages to and from more than 50 million end users.

CSG Interactive Messaging solutions are delivered through multiple channels and are fully integrated, enabling our clients to evolve their use of Interactive Messaging functionality as their business needs change and grow.

Our hosted solutions enable businesses like yours to rely on CSG to cost-effectively and efficiently deliver Interactive Messaging functionality and expertise while continuing to focus on what your business does best—serve your customers.



ABOUT CSG

CSG simplifies the complexity of business transformation in the digital age for the most respected communications, media and entertainment service providers worldwide. With over 35 years of experience, CSG delivers revenue management, customer experience and digital monetization solutions for every stage of the customer lifecycle. The company is the trusted partner driving digital transformation for leading global brands, including Arrow, AT&T, Bharti Airtel, Charter Communications, Comcast, DISH, Eastlink, iFlix, MTN, TalkTalk, Telefonica, Telstra and Verizon.

At CSG, we have one vision: flexible, seamless, limitless communications, information and content services for everyone. For more information, visit our website at csgi.com and follow us on [LinkedIn](#), [Twitter](#) and [Facebook](#).