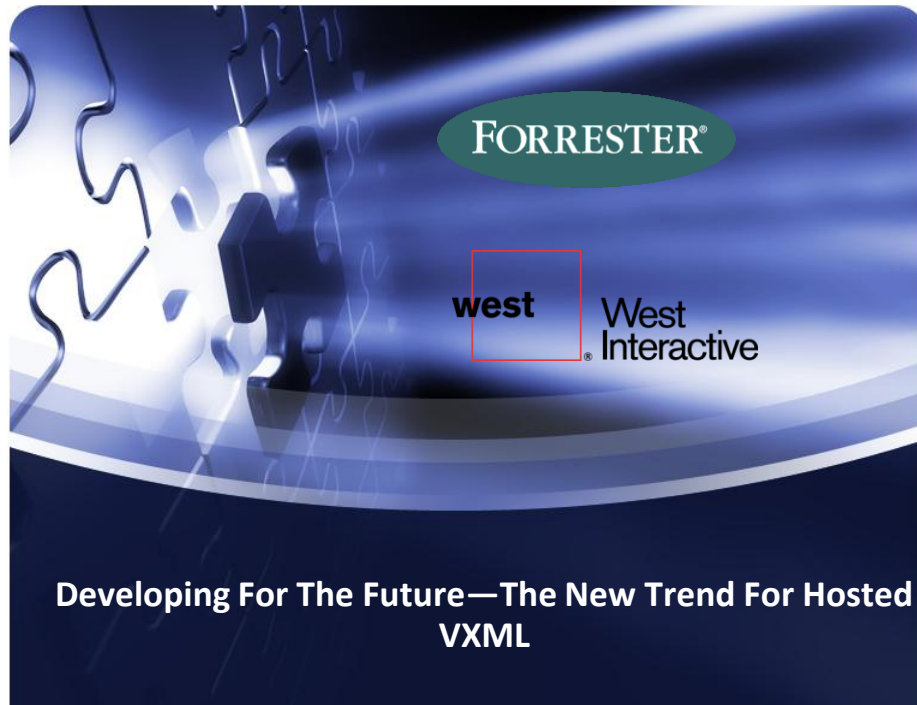


Developing for the Future - The New Trend for Hosted VXML

Sponsored by West Interactive



**Speakers: Elizabeth Herrell, Vice President and Principal Analyst at Forrester
Rhonda Gibler, Vice President of Sales for West Customer Management Group
Moderated by Chris McKillop**



Chris McKillop: Hello, and welcome to a SearchCRM.com presentation, ‘Developing for the Future - The New Trend for Hosted VXML’. This presentation is being brought to you by West Interactive. As the cost of business continues to rise and operating and resource budgets decline, many companies are looking for alternatives to managing the large capital expenditures and infrastructures they are maintaining today. Today’s webcast will provide you insight on the recent trend of using an established hosted VXML platform to deploy your applications as well as inform you on how to achieve total cost of ownership for a platform-as-a-service solution. For more information on West Interactive, you can click on their logo, in the lower portion of your screen.

Today's Presenters



Elizabeth Herrell
Vice President
Forrester Research



Rhonda Gibler
Senior Vice President - Sales
West Corporation

My name is Chris McKillop, and I'll be the moderator for today's presentation. Joining me today is Elizabeth Herrell, Vice President and Principal Analyst at Forrester. Also joining me today is Rhonda Gibler, Vice President of Sales for West Customer Management Group.

Before we begin the presentation, I would like to review a few housekeeping items with you. The slides for this presentation will be pushed to your screen automatically. If you have any questions throughout the presentation, you can type them into the "Ask a Question" area, located on the right side of the viewing console, and they'll be addressed at the end of the presentation. If you have any difficulty reading or viewing the slides, there is an "Enlarge Slide" button you can click on, which is located just below the slides. And, lastly, if you experience any technical difficulties with this presentation, there is a "Help" link you can click on, over in the lower right-hand corner of your screen.

With that said, I am now going to turn things over to Elizabeth to begin this presentation. Elizabeth?

Elizabeth Herrell: Hello! Thank you, Chris, and hello everyone, and thanks for joining today! This is an important webinar, I believe, because it's something that's on everyone's mind. Let's go and take a quick look at the agenda for today.

Agenda

Cost Effective Solutions for Upgrading your IVR

- Contact center trends
- When to consider IVR upgrades
- Adoption of speech technology
- Platform as-a-Service benefits
- Next steps

Building the Business Case

- Defining Platform as a Service
- Total Cost of Ownership
- Understanding the Costs of PaaS
- Customer Profile/Use Case Example

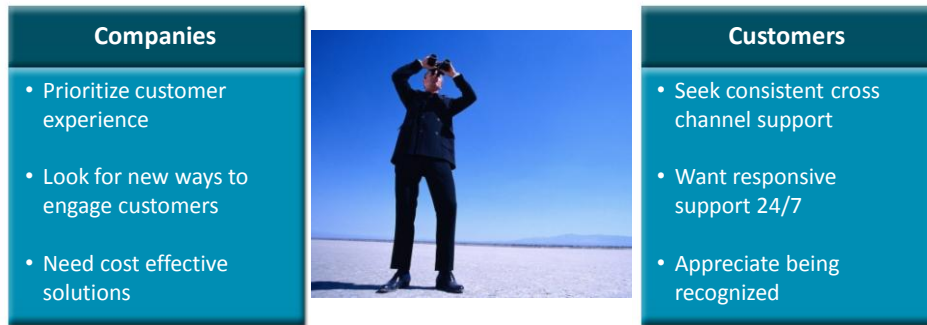
We're going to find that most people today are struggling. We know there is a struggle between where we put our money. We need to obtain value for that money. We need to obtain payback. So, today we're going to look at some real trends, what's really going on in the contact center world, and let's take a pragmatic view. Is it really time for an idea or upgrade? Or, maybe you're doing well and should stay where you are. Then, importantly, because of the economic times, what West is going to present, how to build a business case, because as most of us know, nothing is going to happen until we have a firm business case.

Innovative speech
as-a-service offering
creates a positive customer
experience



So, as the bottom line, to start all of this, most companies want to engage customers. That is our goal. That's why we're providing customer service. And, we're looking for new ways to provide superior customer service, to keep our customers and hopefully keep them coming back. And, one of the key technologies that has proven very effective over and over again are innovative speech technologies, because when they are done right they do create a really positive customer experience. So, as we're looking at companies who are looking at these new, innovative solutions, how do we help our customers?

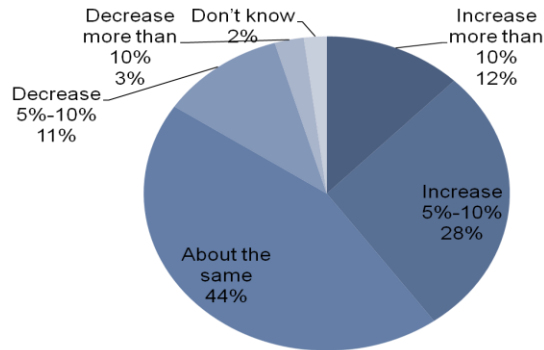
Companies seek innovative solutions and customers want responsive support



So, from the company's perspective, your perspective, you know that you need to prioritize your customers' experience. Remember, it's not just about efficiency. It's about holding and retaining that customer. Then, we have to look for new ways to engage customers. Because, if we're just following everyone else, perhaps we're falling off the competitive landscape there, and others are doing it better. But, while we want to do these great things for our customers, it's also important that we have a cost-effective solution, because let's face it, budgets are not unlimited.

But, then we take what our customers want and we want to see if there is a matchup between what our customers want and what we want. Well, customers want to see consistent support across all channels, so that's important. I mean, whether our multichannel customers is using the web, or an IVR, or the telephone, they want the same level of response. And, yes, customers are more demanding. They want 24/7 service. Just being there 9 to 5 will not work for today's customers. And, the important thing, customers will want to engage and do business with us if they feel that you recognize them, and that you understand who they are, and can deliver value to them.

Companies back on track to grow their contact center seats in 2010



Base: 293 North American and European networks and telecom decision-makers responsible for contact centers

Source: Enterprise And SMB Networks And Telecommunications Survey, North America And Europe, Q1 2010

Well, every year Forrester surveys telecom decision makers in North America and Europe, and we look for trends in what people are buying. Well, we did see really somewhat of a slowdown last year, and obviously that was because of the tough economies globally. But, this year's surveys reveal that companies are back on track. There were 28% of companies who said they were going to increase their...grow their contact centers by 5% to 10% this year. That's a substantial increase. And, there were 10% of companies who said they were going to increase their contact centers by more than 10%...by 12% of the companies. I'm sorry, I reversed that. So, that's a total of 40% of companies who are actively involved in working with the customers' experience today. So, that means this is a very active market and companies are serious about moving to the next step. So, when we're looking at changing how our customers' expectations are changing, that's really making us, companies delivering these services, offer flexible solutions. The days of the rigid touchtone menus and IVRs are really long gone.

Changing customer expectations require flexible solutions

- Today's customers
- Use multiple forms of contact based on nature of transaction
- Expect quality support across all communication channels
- Consider cell phone as primary channel for company contact
- Want accurate information delivered quickly
- Appreciate high-value automated services when done right

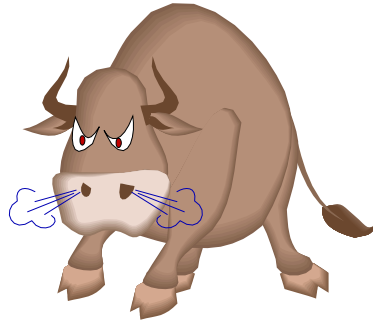


So, who is the customer? Well, a customer today, first of all, is not a single channel customer. We know that very well, that they're using multiple forms of transactions, and they will use different channels, based on the nature of their transactions. And, regardless of what channel they use, they do expect to have quality support across all of these channels. So, they certainly don't want to be penalized for using the web or an email, versus a live phone call. And, with the huge growth in cell phones, we know that cell phones have become a primary channel for company contact. And, maybe I shouldn't just say cell phones. I should include all of the smart devices out there, because a lot of mobile devices, their primary use is for internet connection. And, what our customers want, accurate information, and they want it delivered quickly. They're not patient today and they're not going to wait to be transferred around, hoping to find information, nor do they want to be tossed from one channel to the other. So, when they have automated services that are done right, they do appreciate them, because what the customer wants is access to the information they need or access to the solution. And, if they can get that quickly and easily over an automated channel, they are happy to engage in that channel.

Aging IVRs often annoy rather than engage

Outdated IVRs often source of customer dissatisfaction

- Confusing menus
- Limited call steering
- Difficulty in reaching a human
- Poor navigation
- Lack relevant information



Hidden costs in retaining old solutions

- High opt out rates
- Difficult to modify
- High support costs
- Poor customer satisfaction

So, let's just step back and say, "OK, what are we doing today? How is your company responding?" You know, often business leaders, they sit around and they're trying to make decisions on how to improve that customer experience and what they can do better, and this poor lost old IVR is sitting there. No one pays attention to it. It was just a mechanism for call steering, and it doesn't seem to rise to the attention of top decision makers. But, what's important is that old IVR could be a source of customer dissatisfaction. You know, do you have confusing menus? Is that why so many calls are opting out? What about limited call steering? They can't get to what they want. The number one reason for leaving is they don't feel that the menus will support them. Then, the frustration, if they can never reach a human. Also, poor navigation often leads them to the wrong agent, and then they have to start all over again. And, again, lack of relevant information. Customers will say, "Look, this isn't helping me. I think I'll just have to either go to the website or pick up the phone and talk to someone."

Companies who have these situations may not realize it, but this is really costing them money. The high opt out rates means more agents are needed to support calls. The old systems are difficult to modify, so making a change may take months actually before planning and execution. The support staff needed to manage that is really a costly item also. And, the highest cost, and the one that most companies really need to care about, is that it does result in poor customer satisfaction, which leads to attrition.

Is it time for you to consider upgrade?

Factors to consider include:

- Age of current system
- Proprietary vs. open standards
- Rigid touch tone menus
- Difficult to administer
- Low call completion rates
- Premise vs. network based
- Limited interoperability
- Vendor no longer supports



Aging IVRs cost money:

- Maintenance
- Upgrades
- Low customer sat

So, here's a little quiz for you. Is it time for you to consider an upgrade? So, look down these questions and say, "Well, do I have any of these situations?" What is the age of your current system? If it's more than five years old, I'm sure it's ready for a technology refresh. If it's based on the old proprietary code, instead of open standard, most likely it's high cost, difficult to manage. If you find that the touchtone menus are rigid and complex, again you're alienating your customers. If you find that they're long leading just to make changes, to administer this system, that's costing you. What is your completion rate? Do you have a 20% completion rate in your IVR? Do you have a 70%? If you have less than 20%, most likely you're not providing them with enough paths that they can easily handle on their own. Also, is it premise-based or network-based? You know, in the old proprietary IVRs, we had to put one at every location. Now, you can have one in the network and share those applications across a wider expanse. Again, do you have limited interoperability with your databases and other systems? Just add some money to that one. And, this is a given, but it's amazing, your vendor no longer supports it. So, here you are trying to struggle along with a system that is so old that the vendor is not supporting you. So, bottom line, aging IVRs are costing you money, maintenance costs, upgrade costs, and that important one, low customer satisfaction.

Upgrading your IVR improves customer experience

- Encourages callers to complete basic transactions without agent assistance
- Supports higher value transactions by recognizing caller
- Provides greater sense of intimacy with personalization
- Predicts customer's interest and increase sales potential by integrating with customer data bases
- Supports higher call completion with easier navigation with streamline menus or self-directed dialog
- Enables companies to offer broader portfolio of services

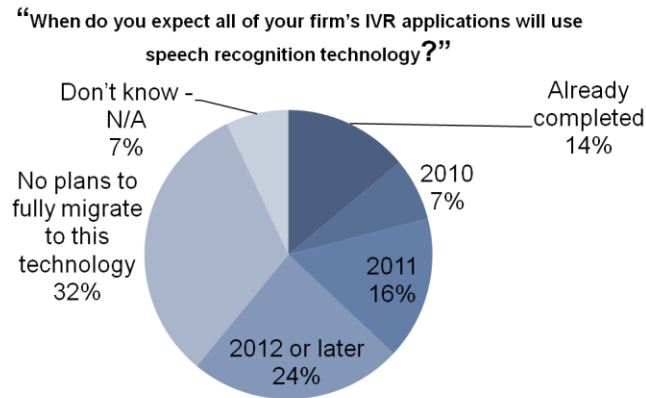
So, we're not just upgrading our IVR, just perhaps to have...well, while it's important to do so to lower our administrative and support costs, the best reason, the most important reason, is to improve your customer experience, because if your customer defects, walks away or doesn't get good service, it's going to really affect your bottom line. And, with all of the social networking, they can spread the word out very quickly that perhaps you're not a good company to do business with.

So, what you want to do, with an upgraded IVR, you encourage callers to complete the transactions without agent assistance. You take those easy to do transactions and simplify them through an engaging speech application. Also, upgrading your IVR supports higher value transactions, because if you can recognize the call and pull that information from the customer database, then you feel more comfortable and then more willing to provide credit card information, make a purchase, extend a service agreement. And, it also provides a greater sense of intimacy. Again, when a caller feels that the system does recognize him, knows who they are, and knows their history, I feel ready to engage with that system.

An improved IVR also can have a predictive capability and predict customers' interests, based on buying patterns or certain movements they take, and then again will allow you, as a company, to provide an offer that would be suitable for that customer. A very cost-effective reason to do this is when you can improve your IVR and see that you're going to have higher call completion rates. So, maybe today you have 15%, 20% of callers who go through the IVR. What if you just improve that by 5% or 10%? How many hours would that shave off of live agent time? And, as you know, when you shave off those hours from agents' time, the cost goes significantly down. And, also, companies now

who are expanding their product portfolio can find that the IVR is a great way to offer new goods and services, and to do it cost-effectively, and simply.

23% plan IVR upgrade to voice by 2011



Base: 293 North American and European networks and telecom decision-makers responsible for contact centers

Source: Enterprise And SMB Networks And Telecommunications Survey, North America And Europe, Q1 2010

Our survey that I mentioned earlier, we also asked another question. We said, “How many planned to use...that would expect that all of their IVR will use speech?” Now, we know there is a much higher percentage of companies who use partial speech and partial touchtone applications, and that’s fine. But, we find also that companies who are using speech really want to provide all of the applications in speech, because they’re comfortable with speech, they know their customers accept speech, and they see that it’s getting the job done. So, again, our survey showed that while there were a total of 23% between already completed or in the act of completing, or going to complete their IVRs by next year to all speech applications. So, again, ask yourself, competitively. Are these your competitors who are doing that? Are you keeping up with them? Or, are you somewhat falling behind?

Innovative speech applications promote higher automation rates

- Callers gain sense of intimacy and feel comfortable using speech for complex transaction completion
- Reduces complexity of menu driven applications
- Simplifies transaction processing
- Supports both inbound calls and outbound alerts
- Advanced speech applications encourage callers to embrace self-service
- ... and improves customer satisfaction



Again, when we're talking about IVRs, we're talking about automating customer experience. But, we cannot avoid that while the platform and support is important, you really need to look at the applications you're putting in there. Yes, you can use IVR for basic call steering, but you can do so much more. Why are companies calling you? Are they calling for account information? Are they calling for location information? Are they calling to buy a good and service? And, what you want to do, in addition to having a very efficient, sturdy infrastructure, you want to look at innovative applications so that the caller feels comfortable chatting with you. And, you also want to reduce that complexity of those menu-driven applications. Survey after survey show that customers are not happy with being caught in those endless menus, and they really want to just get through them very quickly. So, you also want to...with speech, you can simplify the transaction processing. For example, if I call into a company and before I say anything, because they recognize my cell phone number, they could say, "Hello Elizabeth. What can we do for you today?" I am much more engaged than if I have to punch in a 12- or 15-digit account code. Then, of course, you want to find out that customers not only want to be reactive to what they're asking for but you can be proactive. Send them alerts of matters of interest. Let them know that something is due or that perhaps there is some action they should be taking, or an offer you can provide to them. And, again, ask customers to start engaging in speech self-service. You'll find out that they are comfortable and they are willing to do more and more transactions. Bottom line, when a speech application is done well, again, customers are engaged, stay on, and will be happy to use those systems.

New purchase options makes voice portal solutions more affordable

- IVRs/voice portals often managed as premise based solution or hosted solution
- Hosted solutions support dedicated application at services provider's data center but company agrees to a predetermined configuration
- Platform as a Service (PaaS) provides IVR/voice portal on a service model that provides scalability based on usage
- Companies pay per-use or per-minute without large upfront costs
- Companies retain full control over customer data bases
- Applications created by customer or service provider

So you might say, “Well, OK. That sounds good, but kind of budgets are down this year and we’re not sure we have any money to do so.” But, you know, vendors are coming out with new purchase options that also we would not only have to have IVRs and voice portals as a premise-based solution, we could not have a hosted solution. As a matter of fact, before all of the ads of service came about, the hosted IVR has always been one of those more readily adopted applications. And, again, a hosted solution supports a dedicated application at the service provider’s data center, but the company will agree to a predetermined configuration. Or, in many cases, the customer can own all of their applications and keep all of their databases all on their premise and then they’re just using the platform. So, there are multiple options of how a customer can go about and get these types of services. And, the platform-as-a-service, which is an IVR voice portal on a service model that provides scalability...so instead of buying or hosting a rigid configuration as a service platform, it’s a platform they’re ready to support you as you scale up and back. You don’t have to worry if business is down or business goes up, and you’re only going to pay really for what you’re using, without all of these large upfront costs. So, when you’re trying to support your customers, you’re saying, “OK, we’re going to use it for these purposes and only pay for what we need.” You will retain full control over your databases. And, again, the applications may be at your, the customer’s, premise or the service provider, depending on how you would make those arrangements.

Comparing premise based and PaaS solutions

Feature	Premise based	PaaS
Platform license	Required	Included
Speech browser	Required	Included
Speech license	Required	Included
Application development	Required	Required
Grammar development	Required	Required
Security and continuity	Required	Included
Facilities-space, power	Required	Included
Maintenance fees	Required	Included
In house support	Required	Shared

Bottom line: Premise solutions require CAPEX of \$100,000's to \$ M's
PaaS solutions average a few cents per transaction or minute

So, let's take a realistic look at what this is costing you. For many of you who say, "Yeah, speech is kind of complex and this IVR is complex," yes because you are going to require a series of licensing, and that can go down, you know platform licensing, premise-based or as a service, platform-as-a-service. You can see it's included in as a service. A speech browser is already included in as a service. The speech license is included. Application development, yes you're going to need it on both sides. Grammar development on the as a service, yes you're going to require at both sides. Security and continuity is included. Facilities is included. Maintenance fees are included. In-house support will be shared, because basically with this type of service you're going to be managing your application, of course in your database, but the company, the platform, those things that perhaps you don't even have expertise in, is all being cared for by a professional provider who has experience in this and can provide scalability and reliability. So, while premise solutions can cost hundreds of thousands of dollars, remember an as a service solution you're paying a few cents a minute on a usage basis, and that really makes it easier to manage and, importantly, to justify.

Growth in PaaS vs. On-Site Solutions

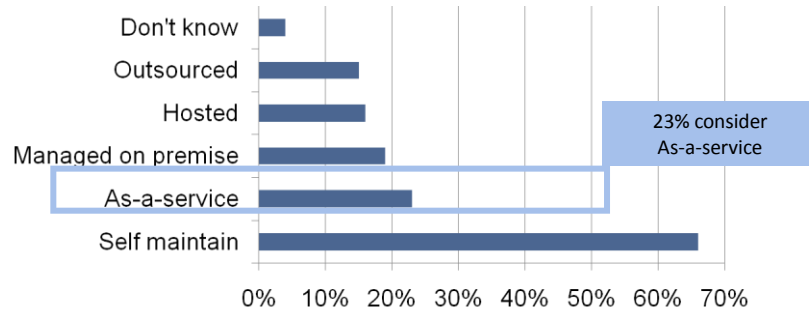
- Expect premise solutions to decline as PaaS solutions grow
- Competitive pricing, easier integration with back office systems AND higher reliability promote PaaS as better alternative
- Supports latest upgrades with continuous refresh of platform technology
- Benefits all size businesses with scalable, redundant solutions
- Shortens deployment time by several months
- Enables intelligent call routing from the cloud
- Consider PaaS at time of expansion, retirement of older technology or for departmental solutions
- Eliminates CapEx to speed budget approval

So, we're expecting to see more premise solutions decline as platform-as-a-service will grow. Another survey we did, we found that while most people use premise services today, the as a service model is getting high demand for future purchases. We also see that we have competitive pricing with an as a service, easier integration, and high reliability.

Another real area of interest is upgrades. Remember, when you buy or host a system, you have to look and make the upgrades a part of your ongoing cost. But, when you're dealing with an as a service, the vendor itself will continuously upgrade that platform, so you're always ensured that you're having a platform that is tuned and ready with the latest technology. And, also, you'll find out that regardless if you're small or large that these benefits will help you. If you're in a hurry to get started, because business is beginning to pick up, notice as a service shaves months off a deployment time, and you will improve your routing capabilities because it's going to be done from the cloud, giving you more cost-effective solutions, and you're not going to be bouncing your caller from one operation or one location to another. So, I would consider platform-as-a-service at a time when you're expanding your system. Perhaps, you're retiring older technology, or maybe you just want to have an implementation of a new application in the department. It works in all cases. And, because, again, of budget requirements, it will prevent you from having to go and ask for a large sum of money.

Contact center decision makers consider as-a- service model for FUTURE upgrades

"Which types of deployment models is your firm interested in using for future contact center(s)
Whether you use it today or not? Multiple responses accepted."



Base: 239 NA and Europe network and telecom decision makers responsible for contact centers

Source: Enterprise and SMB Networks and Telecommunications Survey, Q1 2010

So, here we're seeing really what buyers are saying what they want to do in the as a service model. You know, that term just came around recently. Now, a lot of people still have premise-based equipment, so that's what they bought. It hasn't been...maybe they still have a few years left on it. But, they're saying would you consider it in the future. And, you can see 23% of the customers that we surveyed, in both North America and Europe, said yes, this would be definitely a consideration for them as a future purchase, so again seeing high uptake and interest.

Recommendations

- Promote quality customer engagements when upgrading your IVR application
- Eliminate customer hurdles with poorly designed applications
- Engage customer with innovative speech applications
- Compare upgrade options with full lifecycle cost comparisons when building your business case
- Consider PaaS as cost-effective alternative to premise based on managed in house solutions

So, my bottom line is what you want to do is remember put your customer first and look at a quality customer engagement when you're upgrading your IVR. You don't have to be an expert on everything, but you can be an expert on how your customer is going to respond. And, take time and tune that application to make sure your customer is actively engaged. And, again, make sure they're not hurdled. And, even if there are hurdles, you can work on those in your first few months of deployment. Keep validating that that is a good application and that it's tuned correctly. Then, again, not only support your customer to get to the transaction, remember, engage them. Who are they? Can you link to their database? Can you provide customer information? Then again, looking at the upgrade, you really should do a cost comparison in your business case. And, remember, a cost is just not a purchase option. It's all of the facilities, supporting staff, maintenance, etc. So, take the total cost when you're really evaluating what this is going to cost you. And, again, I think if you're in a hurry to go someplace or you just want to relax and let someone else manage that platform while you manage the customer, platform-as-a-service is a really reasonable alternative to consider.

So, with that, I would like to turn this over to West again, and Rhonda Gibler is going to talk to you about how you might do a business case for this. Rhonda!

Building the Business Case!

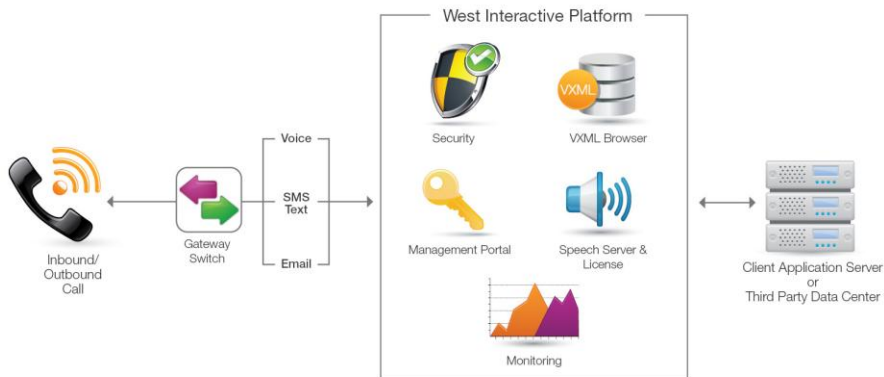


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Rhonda Gibler: Thank you so much, Elizabeth, and really appreciate the platform that you've laid out here for the audience.

West Interactive Platform as a Service



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You know, as we look at platform-as-a-service, first of all, it's very exciting to see all of the emerging technologies that are coming together and enabling customers to really start

leveraging that, whether that be in their own premise or in the platform-as-a-service, which is really the hybrid model, or in the fully managed environment. So, it's focused specifically on platform-as-a-service. Really, there are some key attributes that we run into for customers that are interested in looking at it. Elizabeth, you mentioned it earlier. One is cost. So, there are budgets that are getting rolled out. There are customer expectations that are needing to be met, and the cost and budget aren't marrying up. So, platform-as-a-service is a great entrée for that. Customers that have a fabulous IT and IS department internally and they want to leverage those resources to ensure that they keep control of the platform and of the applications, and overall the customer experience. The third area that we find with customers is certainly customer satisfaction, one of the key items. Ensuring that customers are retained and that there is extremely low churn within their customer base is very important in this competitive marketplace. And, platform-as-a-service gives customers and clients the opportunity to really leverage best practices. So, whether you're a beginner in looking at platform-as-a-service, or mature and have done it time and time again, and looking at just another platform provider, that gives you the opportunity to leverage the resources that are within the company that you're going to choose.

So, kind of as we look at the platform-as-a-service, how it's laid out, in its simplest format here, is we have the client applications to the right, and those client application servers, as you may or may not know, those can live in your own environment, in your data centers, in a redundant way, or it can live in a third-party data center. As we kind of move right to left, let's look at the West Interactive platform. In our platform, we provide a number of feature sets that can be leveraged for customers, either on day one or as you mature throughout your lifecycle of what your customers' needs and demands are. It gives you the opportunity to use these items.

So, of course, security, primary, probably number one on the list, is how do we ensure that your data and your customers' are in the securest format. So, we do that through a number of ways here at West. Also, the management portal, so what are you, as developers, going to be using in order to write your applications and deliver those through the platform. Of course, the external browser is a main part of the platform. Those speech servers and licenses that Elizabeth talked about, those items can be very expensive, but at the same time very, very necessary because of the customer demands and them wanting to use speech, as well as multichannel. And, then of course monitoring, which is critically important, to ensure that we're achieving the results that are expected from either a service level perspective as well as customer satisfaction.

Moving further to the left, certainly the platform that has that multichannel environment. So, again, day one or day X, it's is this platform able to support me from a voice perspective, both inbound and outbound, SMS/text messaging inbound and outbound, as well as email. And, then that telephony infrastructure, so is it domestic only? Does it have a global footprint or presence? And, how are we able to deliver transactions through that telephony infrastructure? And, then of course, last but certainly not least, is the customer component, so whether that's a landline, an IP phone, or a mobile device, you know, that's really what's making up this platform-as-a-service. So, again, this

really supports a pay-as-you-go model and it supports using and leveraging those great resources that you have internally within your organization, and the expectation of the developer, to developer support, in working on the platform.

Total Cost of Ownership

Considerations and Challenges of upgrading a Premise Platform

- Reaching Business Goals are directly tied to Contact Center Solutions (Retention, Customer Sat, Cost)
- Achieving Superior Contact Center Experience involves costly technologies
- Scaling for unexpected volumes
- Overlooked Costs are a significant portion of the Cost of Ownership
- Understanding the Total Cost of Ownership (Purchasing, Installing, Deploying and Maintaining)
- Comparisons often neglect equivalent level of technology, performance and soft benefits

So, as we move deeper into that total cost of ownership, and probably things that all of you are considering or are challenged with, from a premise platform perspective, is of course the constant need to be reaching those business goals, and that is tied so tightly to the contact center solution. So, again, we talked about retention and customer satisfaction in that cost model.

Also, achieving superior customer contact experience involves, sometimes, costly technologies. It's interesting. A customer is a customer, and they get the opportunity to experience, and we all do, different engagements with companies that we do business with. So, our expectation, when we get a great interaction through technology, that becomes our level of expectation for all companies. So, depending on where you're at in your maturity is what level of technologies that you're going to be needing to deploy.

Certainly, scaling for unexpected volumes, some of them planned and unplanned, but there are seasonal things that happen within businesses every year, and then of course the unplanned, unexpected volumes. The great thing about platform-as-a-service, it really allows you the leverage to use ports and capacity as you need them. There are certainly, and I think all of us can say, there are overlooked costs, and they can be a significant part of that cost of ownership. So, we all know there are certifications and different compliance regulations that come out periodically, and you have to ensure that is happening, of course, within your own infrastructure, on an on-premise environment.

And, in a platform-as-a-service, you're able to leverage what they've already completed, from a certification and compliance perspective.

Understanding the total cost of ownership, we'll dive into this a little bit more as we go through the presentation, but the purchasing, the installation, the deploying, and then the ongoing maintenance or optimization. So, that's one of the key areas, and then of course comparisons, sometimes neglect that equivalent level of technology and performance, and of course the soft benefits. So, all of this, certainly we're very focused on customer expectation. We want to make sure that we, as a provider of automated services, whether on-prem, or through platform-as-a-service, or through managed, that we're really focused on the customer adoption of those IVR or automation services, and how can we best do that and still ensure that we're spending our money and our company's money wisely?

Cost of ownership model



So, as we move on to look at total cost of ownership model, simplistically there are really two elements. There are those upfront and onetime costs, and then you have your recurring costs, which really equate to that total cost of ownership. And, as we dive in a little bit deeper, when we look at the upfront costs, we're looking at systems and platform upgrades. Again, Elizabeth mentioned this earlier, and it's really a great offering from a platform-as-a-service, is your provider will maintain and continue to invest in that platform and in the systems, and ensure that you are on the latest and greatest, as well as also supporting the maturity lifecycle of all of its clients.

Upfront and One-Time Costs

Purchase Hardware Infrastructure

- Capacity for every call to get answered
 - Seasonal Spikes
 - Unexpected Volumes
- IVR Hardware and Tools

Application Development

- Development Costs
- Migration Costs
- Optimization/Ongoing Costs

System Upgrade Costs

- IVR Hardware and Tools
- Etc.
- Mobile/Text/Voice Agent



Application development is key. Some folks will be moving from more of a proprietary on-prem environment to a VXML standard spaced environment, which there is going to be this conversion process that you go through in order to get to that VXML environment. Some of you are already there. It makes it much easier.

And, of course, infrastructure as we move over into the recurring costs, kind of starting at the top there, your processing fees. So, things that we're thinking about there are variable teleco redundancy of carriers, infrastructure built within the platform-as-a-service model, certainly data centers...if anybody has been out shopping for data centers, we know that real estate is at a prime, and making sure that when you're deploying on-prem or in this environment, in a platform-as-a-service, you're actually getting redundant data center environments, geographically redundant data center environments on day one. Hardware and software, of course facility costs, so whether that be power or cooling, or backup facility costs, and then support, which is key, which are those people. And, ensuring that as you move through your lifecycle that you have the people and the skill sets in order to keep up with those changing needs of the customer and also meet the market demands.

So, let's move along to upfront and onetime costs. Purchasing of hardware, are you thinking about capacity for every call to be answered? That is sometimes a challenge in an on-prem environment because you're spending a lot of capital expenditures that it would be nice to balance that and be able to say, "You know what? I'm going to own my applications and I'll leverage the ports and capacity of someone else, in order to take care of, ensuring that I meet my service level agreements and those seasonal unexpected volumes. And, of course, the IVR hardware and tools. So, what are the toolsets? Are they equivalent toolsets? Does it enable me to do things more quickly and expeditiously so that I can have speed to change and meet the market demands?"

As we look at application development, some of the things to consider, development costs, migration costs, as well as optimization, and ongoing. And, in the application development area, there are a lot of different things that we can really consider when it comes to platform-as-a-service, and we'll talk about this coming up, as it relates to the people. System upgrade costs, of course there is IVR hardware and tools from an on-premise perspective that you're thinking about. Also, it's a crossing between voice and other forms of communication, so your mobile strategy, your text and SMS strategy, as well as your agent and your voice strategy, and how those things can all come together to provide a seamless, more intimate relationship between you and your customer.

Recurring Costs

Data Center / Contact Centers

- Telephony Infrastructure (IP & TDM)
- Facilities Cost
 - Space, Power and Cooling

Hardware and Software Maintenance

- 18% to 22%



As we move along then to recurring costs, and again looking at that data center, is how your infrastructure is going to be changing or has changed your telephony architecture, so looking at telephony as it relates to IT technology, as well as TDM technology, and SIP technology. Also, for facility costs, it's what are you thinking about for space, power, and cooling, when it comes to adding in those figures. And, then roughly, we see for hardware and software maintenance anywhere between 18% to 22% annual maintenance on your hardware. And, I guess the real thing to consider here is at what point does the platform become extinct and at what point are you going to have to be reinvesting and reenergizing that platform to again meet the demands of not only your customer but your business partners that want to ensure that you have the best customer engagement possible.

Recurring Costs

Support Personnel

- IVR Support
 - Application Development
 - Platform Support

- Professional Services
 - UI Designers
 - Audio Producers
 - Voice Talents

- Speech Engineers

- Quality Assurance
 - Application
 - Systems



Moving to additional parts recurring, this is the support personnel, and certainly this is key to any successful IVR program, so support personnel for IVR support. When we think about application development and platform support, who are the individuals that are doing that today, ensuring that in an on-prem environment that not only are they meeting your needs now but also for the future. On professional services, again, depending on where you're at, as Elizabeth talked earlier, where you're at in your adoption of speech or your deployment of speech, the things that you are thinking about or have thought about are your user interface designers, your audio producers, and certainly voice talent. Again, those can be things that you have internal today or that you're using a third party for. Certainly, speech engineers are critical to the overall success and adoption of that application, and quality assurance to make sure that when you're rolling out your solution, that you're doing it right the first time, so the testing of the applications as well as the system, and info security, not on approval to move forward with the application.

So, as we move...so, those are the items, just to kind of round out those cost elements. Those are all of the items that, when we're comparing that platform-as-a-service model to an on-premise model, the things that we need to look at and, of course, dive deeper in, in comparing the overall total cost of the engagement.

PaaS Customer Profile

Target Client:

- Aging Premise Based System
- Existing PaaS customer with competition
- Unpredictable or Seasonal Spikes
- Mergers & Acquisitions

Target Verticals:

- Healthcare and Financial
 - Typically Premise due to regulations and security needs
- Airlines and Utilities
 - Need for spike capacity and unpredictable volumes
- Brokerages and Transportation
 - Seasonal and spike capacity needs

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So, platform-as-a-service, from a customer profile perspective, what's our target client? Who are the best clients to consider this, potentially? Certainly, aging, premise-based systems, existing platform-as-a-service customers. Maybe, you have started out in a smaller environment and now you want to grow your platform-as-a-service solution, and maybe there are just things that you want to start looking at from a competitive perspective, to go out and check those systems out, highly recommend that as well. Unpredictable or seasonal spikes, and certainly mergers and acquisitions, so we've seen a lot of consolidation over the last couple of years, and certainly, as you look at those disparate systems and maybe some are on a proprietary environment, others are already on a VXML environment, and how do you bring all of that together so that you have a single view of your overall customer engagement and how they're being handled across all channels. Certainly, those are some of our key areas for target clients. And, so when you look at really the industries that are thinking that this is a really great direction to go, if you're healthcare or finance, certainly coming more from an on-premise environment, but it enables you now, by giving you control and keeping those applications internal, to really start leveraging some of those outside services. Airlines and utilities continue to worry about how to handle those unpredictable or unexpected call volume spikes, great application for them. They have great IT, IS resources internal, so again leveraging those folks to maintain and manage those applications while leveraging the size and scale capacity, and security of a platform-as-a-service. And, again, the same thing can be said for brokerages and transportation.

PaaS Use Cases Examples –Leading Financial Institution

Customer Need:

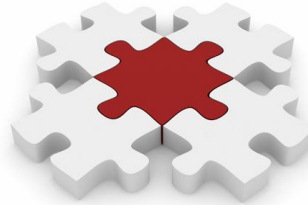
- Flexible and Secure System
- Experienced IT Department with Outdated Premise Platform
- Scale quickly and cost effective
- Move on demanding requirements from the business

Solution:

- Platform as a Service

Results:

- Speed To Market, Replacement & Customer Experience
 - Pilot Application up in 60 Days
 - 70% Faster than replacing Premise System
 - Easily ready to support new features and customization



So, as we move really to the business case, this is a great customer. They've been a West customer for several, several years, and they're a leading financial institution. And, one of the reasons that they were looking at adopting platform-as-a-service and moved to this direction was certainly to leverage a flexible and secure system. Their IT department is very mature and experienced, but they had outdated premise and platform. They needed to be able to scale quickly and cost-effectively, so again that marriage between budget, and speed, and the need for scale. And, then they needed to move on demanding requirements from the business, which are really demanding requirements of their customers.

So, the solution for them was platform-as-a-service. And, as we worked with them, they leveraged our professional services group. And, that's another great niche or great application for platform-as-a-service, is to be able to leverage those best practices and those professional services, organizations that live within the platform-as-a-service providers. This can provide you great speed to get things done and converted. And, of course, they wanted to upgrade to the newest solutions and maximize their flexibility, now and into the future.

So, for results, of course they got speed to market and have a great customer experience. Great to say, the pilot application was up within 60 days, again a reflection of that speed to market, and 70% faster than replacing their premise solution. So, for them, it was an easy decision. The business case, again, was easy, and the ongoing business case is nice because the investment is all on the platform that they're using. And, of course, it's easy and ready to support new features and customization, as the customers in the market and competitive landscape continue to change.

So, Chris, that rounds out my component of the presentation, and I will turn it back over to you.

Thank you

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Chris McKillop: All right. Thank you very much, and thank you both for your presentation! I would like to take this time to remind everyone that you are participating in a SearchCRM.com presentation, ‘Developing for the Future - The New Trend for Hosted VXML’, which is being brought to you by West Interactive. If you’d like any more information on West Interactive, you can click on their logo, which is located in the lower portion of your screen.

All right, we are now going to move on to the live question and answer portion of today’s presentation, and I encourage everyone to enter in their questions in the “Ask a Question” area, that is located over on the right side of the presentation screen, and we will respond to as many as time allows.

So, let’s see what we have so far. All right, the first question, it looks like it’s going to you, Rhonda.

Rhonda Gibler: OK.

Chris McKillop: “With the consistent delivery of always wanting to enhance the customer experience, what level of personalization can be expected with a hosted VXML platform?”

Rhonda Gibler: So, great question! And, I want to answer it a couple of different ways. First of all, a lot of the personalization is going to come through the development of the

applications, certainly the grammars as well as the integration to the host system, so back into the client systems. The platform is going to be able to facilitate whatever level of intimacy or personalization that the customer wants. So, for instance, platform-as-a-service can enable not only that voice communication, but also the text and email conversations. That can be made available. So, the expectation of the customer is going to drive a lot of the personalization. The host of the XML platform is going to enable the conduit to continue to grow with that customer. And, then of course, the integration that we have with the client application developers and integration to host systems is going to drive much of the personalization.

Chris McKillop: All right. Great! We only have time for just a few questions here, so next one is going to Elizabeth. Let's see. It goes as follows. "The recommendations that were given by Forrester, what would be one of the most important to consider?"

Elizabeth Herrell: Hi! Yeah, the most important one, I think, is that you really prioritize your customers' experience as the leading...the first thing you need to do. So, while a lot of us get really involved, and we need a good platform, we need good technology, we need good support, when it all comes together, how the customer will respond is really important. So, you can do some things to help that along. You could talk. You could have user groups come in and discuss what their needs are. When you first launch the application, you can bring some in to pilot it and to try it out, and to really see if it's getting the reaction. And, then also monitor if you get any complaints, because if the customers are having difficulty it's not that difficult to go back, make a few configuration changes. So, really focus on how they're using it. And, then, to monitor your success, find out if you are doing more transaction completions, people are staying on and engaging. And, that's a real gauge to you because that's going to help you determine was this investment worthwhile, was the effort worthwhile. And, hopefully you'll come back and say, "You know, our customers are saying they actually like calling in now, where before they kind of struggled with it". So, I would put that as first.

Chris McKillop: All right. Thank you! OK, just time for one last question here, and this should go back to Rhonda. "Regarding hosted VXML coding, could you explain how a hosted VXML platform solution would solve for various options, like customers codes themselves sent to a third-party contractor, or use a service provider for the platform solution?"

Rhonda Gibler: Yeah. Thanks for that question! That is a great question! And, that is the gem for platform-as-a-service. It provides maximum flexibility. So, in working with clients, what's great about platform-as-a-service is to really understand the level of expertise that they have within their own environment and then just determine, based on speed and need, what environments they want to work in. So, for instance, customers or clients can choose to use their own application developers that are in-house, within their organization today, if they have that VXML experience. They could choose to leverage our professional services group that writes applications, and that could be in whole or in part. And, of course, the other option is to hire an outside third-party development organization that can come in and bridge the gap as well. So, again, maximum flexibility

as it relates to hosted VXML, and that's certainly one of the great reasons to really consider it in your business model.

Chris McKillop: All right. Thank you both, Elizabeth Herrell and Rhonda Gibler, for your presentations today. That does conclude today's presentation, 'Developing for the Future - The New Trend for Hosted VXML'. If you'd like to review today's material at some later date, an archive version of this event will be made available on our SearchCRM.com webcast library. I would like to, once again, thank Elizabeth Herrell and Rhonda Gibler for taking the time to be part of today's presentation, and I'd also like to thank West Interactive for sponsoring this event. As always, thank you very much for taking the time to join us today. This is Chris McKillop, wishing you all a great day!