ABSTRACT

DMG CONSULTING LLC

2011 - 2012
Hosted Contact Center Infrastructure Market Report

The fourth annual **Hosted Contact Center Infrastructure Market Report** provides a thorough analysis of this rapidly evolving technology sector. It addresses vendors, product functionality and technology, planned innovation, market trends and challenges, market share, adoption rates, benefits, return on investment, pricing, implementation best practices, customer satisfaction, and company reviews. The Report gives readers a deep appreciation of the full range of hosted contact center infrastructure offerings, their strengths, weaknesses, opportunities and pricing. The **2011-2012 Hosted Contact Center Infrastructure Market Report** is specifically designed to give business and IT managers the information and tools to help them select the right solution for their operating environment.

While it does not happen often, every now and again something so compelling comes to market that every vendor wants to be part of it and every user stands to benefit in some way. This is the story of hosted/cloud-based contact center infrastructure. Still an emerging sector by formal definition, this market is maturing rapidly. New vendors and new solutions from existing vendors continue to come to market, making it highly innovative and competitive and giving users an unprecedented number of choices. Today, all but the most traditional contact center users are including cloud-based solutions as part of any selection process.

2011 was an excellent year for the hosted contact center market, as users' needs for virtual, multi-channel servicing infrastructures, and a recovering economy converged to create strong demand. Hosting offers an array of benefits including no major capital outlays, lower start-up costs, faster implementations, scalability, no upgrade fees, and no need for in-house IT resources. Cloud-based providers also have the great advantage of being able to deliver new capabilities and functionality without having to address backward compatibility with older versions or upgrades. This enables them to give users what they want quickly and efficiently – a standout difference from their premise-based counterparts.

While traditional contact center infrastructure market leaders remain on the sidelines trying to figure out how to enter the hosted market without damaging their traditional revenue stream, users have made it clear that they like the option of acquiring all types of contact center solutions and applications on a hosted basis. The hosted vendors are wasting no time improving their solutions' performance and scalability, creating third-party integrations, and investing in enhancements and new functionality to come closer to functional parity with the leading premise-based solutions. DMG expects premise-based leaders to come off the bench with hosted offerings over the next 12 to 18 months.

In the meantime, the premise-based vendors know they are under siege. The hosted market continues to exhibit strong and steady momentum. Seat counts grew by 26.3% between 2008 and 2009, and by an even more impressive 42.4% between 2009 and 2010. This sector's revenue grew by at least the same amount, as prices increased during the year and many vendors expanded their offerings. The 2010 adoption rate of 3.5% is a 29.6% increase from the 2009 hosted contact center infrastructure penetration rate of 2.7%. This significant increase is supported by the 42.4% growth in hosted contact center seats. DMG continues to be bullish about the performance of the cloud-based contact center market, despite the sluggish economy, which is actually one of the key drivers for adopting hosted solutions. DMG predicts the hosted contact center infrastructure market will grow by 25%, 20%, 18% and 18% each year from 2011 to 2014, respectively.

DMG expects hosted contact center solutions to continue to be highly differentiated for the next five to eight years. This puts the burden on end users to carefully review the functional capabilities of all solutions they are considering, especially as the most innovative of the solutions are expected to reach true parity with their premise-based competitors and then surpass them. As the market matures, DMG expects to see continued innovation, specifically around unified communications (UC), routing, social media and desktop analytics.

End users now have more choices for purchasing a contact center infrastructure solution than ever before. Despite the classic benefits of hosted offerings, hosting is not the right choice for all companies. Organizations that require heavy customization, have the resources to maintain a solution, and plan to keep it in place for five or more years are good candidates for the traditional approach. However, DMG recommends that any organization considering an acquisition/replacement of a contact center infrastructure solution add cloud-based providers to their selection process. While the prices for hosted solutions have risen, vendors are flexible and are looking to gain market share.

The 475-page **2011-2012 Hosted Contact Center Infrastructure Market Report** is the most comprehensive, fact-based, timely analysis of this technology sector. The Report provides a thorough look at this rapidly evolving technology sector, including trends, challenges, market share, adoption rates, and projections. It details the vendor, product, functionality, technology, pricing, benefits, return on investment (ROI), and best practices information that contact center and IT managers need to determine if hosting is right for them, and to select the ideal technology and partner for their operating environment. This Report covers 13 vendors, eight in-depth and five at a higher level. The vendors covered in detail are: Echopass, 8x8 (acquired Contactual), Five9, inContact, Interactive Intelligence, LiveOps, NewVoiceMedia and Transera. Convergys, Noble, USAN, VoltDelta and West, whose solutions are still emerging, are covered at a high level.

Order Information: To order a copy of the *2011 – 2012 Hosted Contact Center Infrastructure Market Report* contact Deborah Navarra at deborah.navarra@dmgconsult.com or 516-628-1098. You may also purchase the report online at www.dmgconsult.com.

Key Reasons to Buy This Report

- ⇛ Overview of hosted/cloud-based contact center infrastructure technology and applications
- ⇛ Hosted contact center infrastructure market share analysis, projections and adoption rates
- ⇛ Review of the current state of the market and its competitive landscape, including trends, challenges and the overall direction
- ⇛ Comprehensive corporate, technical and functional side-by-side comparisons of the vendors and their solutions, including current products, packaged solutions and small and mid-sized business (SMB) offerings
- ⇛ An analysis of innovation, including new product features and planned research and development (R&D)
- ⇛ A guide for navigating the hosted contact center competitive landscape, including a discussion of market momentum and its impact on premise-based solutions
- ⇛ Hosted contact center vendor selection guidelines to help end users acquire the right solution, and best practices for successfully implementing these new applications
- ⇛ Benefits and return on investment (ROI) analysis to help prospects build their business case
- ⇛ Detailed pricing analysis for leading and contending vendors, and the typical price ranges for the market
- ⇛ Comprehensive vendor satisfaction analysis addressing each vendor's products, implementation, service, training, professional services, innovation and pricing
- ⇛ Detailed company reports for 13 leading and contending hosted contact center infrastructure providers, including their planned investments
- ⇛ Complete Hosted Contact Center Infrastructure Vendor Directory

Report Highlights:

- **2011 was a strong year for the hosted contact center market:** The benefits of hosting, coupled with the advantage of being able to receive new capabilities and functionality quickly and efficiently, made 2011 a banner year for the hosted contact center infrastructure market. Contact centers of all sizes are realizing that hosting can benefit their organizations and are seriously considering these solutions.
- **Where are the market leaders?** Traditional contact center infrastructure leaders have not yet jumped into the fray, but they will have to in order to remain competitive. Users have made it clear they like the option of being able to acquire all types of contact center solutions and applications on a hosted basis. DMG expects that the premise-based leaders will come to market with hosted solutions in the next 12 to 18 months.
- **Hosted vendors can do more with their solutions to attract end users:** Cloud-based vendors need to improve their solutions' supervisory environments, predictive outbound capabilities and overall system capacity. Also there is still an opportunity to differentiate their security capabilities, a critical area that continues to require a great deal of attention.
- **The next five to eight years are critical; end users must be vigilant:** DMG expects hosted contact center solutions to continue to be highly differentiated for the next five to eight years. During this time, the most innovative solutions are expected to reach true parity with their premise-based competitors and then surpass them. DMG expects to see continued innovation to broaden suites and to enhance UC, routing, social media, desktop analytics and other capabilities.
- **Hosting is not the answer for everyone:** End users now have more choice than ever. Despite the benefits of hosting, it is not the universal "right" choice. Organizations that require heavy customization, have internal resources to maintain their contact center solution, and plan to keep it for five or more years are good candidates for the traditional approach.
- **There is more to come for hosted solutions:** DMG is bullish about the performance of the cloud-based contact center market, predicting growth of 25%, 20%, 18% and 18% in each of the four years from 2011 to 2014, respectively.

Sample Figure:

Typical Hosted Contact Center Infrastructure Solution

Source: DMG Consulting LLC, December 2011

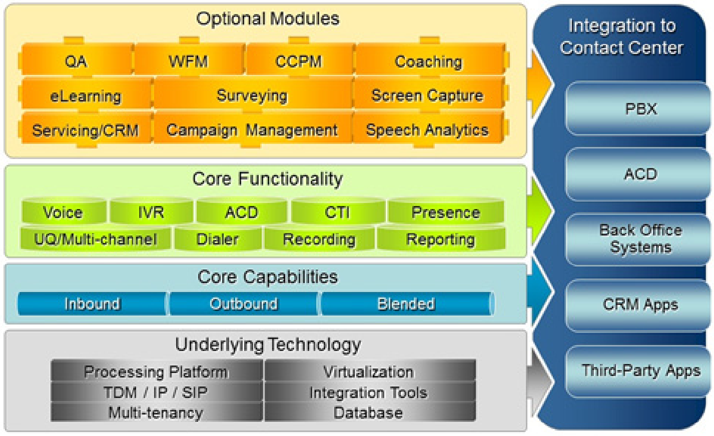

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Table of Contents

Table of Contents (continued)

6 Crestwood Drive, West Orange, NJ 07052
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Table of Figures

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Table of Figures (continued)

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Table of Figures (continued)

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