

2011 Quality Management / Liability Recording (Workforce Optimization) Market Share Report

Widely regarded by contact center leaders and the financial community as the most accurate and comprehensive source of industry data and insight for this technology segment, DMG Consulting's annual Quality Management/Liability Recording (Workforce Optimization – WFO) Market Share Report is essential for vendors and investors who want to understand the current status and expected future performance of the 45-plus WFO competitors. In its eighth year, the Quality Management/Liability Recording (WFO) Market Share Report provides a detailed analysis of the performance of WFO suite providers, applications and sectors for fiscal 2010.

As DMG predicted in the previous edition of this Report, 2010 was a strong and steady year for the WFO market. The overall market recovered nicely, with almost every revenue segment that decreased in 2009 exceeding its prior-year (2008) high. Despite the lingering effects of the recession across Europe and other geographies, 2010 total WFO company revenue increased by 10.2% to \$3,208.9 million on a generally accepted accounting principles (GAAP) basis, up from \$2,912.2 million in 2009. Equally important, the compounded annual growth rate (CAGR) for total WFO company revenue between 2006 and 2010 was 11.1%, demonstrating that the overall trend for WFO companies is positive. Despite the recession, the WFO market has grown every year since 2003, when DMG first began to analyze this sector.

While some vendors experienced a slowdown, and the contact center sector did not fare as well as the overall WFO market, contact center WFO has done well over the past five years. In fact, the contact center WFO sector outperformed many IT segments, with total revenue increasing by 9.0%, from \$928.4 million in 2009 to \$1,012.1 million in fiscal 2010. Additionally, the five-year CAGR for the contact center WFO sector was 4.2%, showing steady but not staggering growth. Overall, the contact center WFO market has grown both organically and through acquisitions every year since 2003, with the exception of 2009.

DMG expects 2011 to be another positive year for the WFO market – perhaps its best year yet – particularly with market leaders Verint and NICE reporting good first-quarter performance for their WFO businesses. While these top vendors strongly influence the market's progress, several smaller vendors are also gaining ground, and the sector is ripe to see a third top contender emerge from the pack. DMG predicts that 2012 and 2013 will continue to be good years for the WFO sector, with strong sales of contact center and security-related offerings, as well as improved sales of

the professional services needed to accompany increasingly complex products.

The most significant trend to emerge in fiscal 2010 in the WFO sector is cloud-based computing (also known as hosting). In the past year, both NICE and Verint became active with hosting offerings via partners, primarily to address the needs of small and mid-size organizations. In addition, some smaller WFO providers and best-of-breed solution providers who sell just one of the nine WFO applications have embraced hosting. Currently, eight of the 26 vendors covered in this report offer solutions on a hosted basis. In 2010, revenue from cloud-based WFO implementations was low – \$19 million – but DMG predicts this will change significantly over the next two to three years, especially with Verint and NICE competing for this business.

The **2011 Quality Management/Liability Recording (WFO) Market Share Report** is the most comprehensive revenue and market share analysis of this technology sector. The Report addresses total company revenue and market share, analyzes revenue by technology sector, and provides a detailed evaluation of the market on a company-wide, contact center WFO, vertical, application, geography and sales-model basis. The Report covers 45 vendors in total, and analyzes the fiscal 2010 vendor and market share for the top 26 vendors: ASC, Aspect, Autonomy etalk, Cacti, Calabrio, CallCopy, ComputerTel, Coordinated Systems, Inc., CTI Group, CyberTech*, dvsAnalytics, Envision, HigherGround, Interactive Intelligence, KnoahSoft, Magnetic North, NICE, OASYS, OnviSource, TantaComm, Telrex**, Verint, VirtualLogger, VPI, Xarios, and Zoom International. This year's Report also includes three vendors for the first time: ComputerTel, Coordinated Systems, Inc., and Xarios.

* Acquired by NICE in March 2011

** Acquired by Enghouse Systems Limited in June 2010

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Key Reasons to Buy This Report

- ⇒ Total company revenue and market share analysis for all vendors that sell quality management/liability recording (WFO) solutions for contact centers and other uses, including detailed analysis by company, geography and technology sector, with drill-down analyses from total company to contact center-only views
- ⇒ For the first time, a revenue analysis for the two primary industry categories – enterprise and security – as well as revenue and market share for hardware, software and services, for the market and by vendor
- ⇒ Geographical analysis of revenue and market share for North America, Europe, Asia/Pacific, Caribbean & Latin America, and Middle East & Africa, by vendor for each region
- ⇒ Revenue for 2010 by application for all quality management/

recording (WFO) market segments, including recording (contact center, non-contact center, video and other), quality assurance, workforce management, speech analytics, performance management and surveying, coaching and eLearning

- ⇒ Total market and company growth from 2008 to 2009, broken down by relevant technology sectors as well, with contact center and non-contact center views
- ⇒ Comparisons analyzing 2009 and 2010 revenue and market share growth for total company on a GAAP, contact center WFO, revenue source and sales channel basis
- ⇒ Five-year revenue trend analyses for total company, contact center WFO, geography and vertical
- ⇒ Hosted/cloud-based revenue and market share analysis for 2010, by vendor

Report Highlights:

- **The 2010 was a comeback year for the overall WFO market:** 2010 saw almost every revenue category that showed a decline in 2009 exceed its prior-year (2008) high. Total company revenue increased by 10.2% to \$3,208.9 million on a GAAP basis, up from \$2,912.2 million in 2009.
- **The contact center WFO sector outperformed many other IT sectors:** While not performing as strongly as the overall WFO market, contact center WFO beat out many other IT sectors, with total revenue in fiscal 2010 of \$1,012.1 million, up by 9.0% from \$928.4 million in 2009.
- **The future is bright for WFO growth:** DMG expects 2011 to be the WFO market's best year yet, with 2012 and 2013 also likely to see strong performance due to increased sales of contact center and security-related products and associated professional services.
- **WFO in the cloud will see more airtime in coming years:** The cloud is hot and WFO is no exception. Eight of the 26 vendors covered in this Report offer their solutions on a hosted basis. While revenue from cloud-based WFO deals was low, \$19 million in 2010, DMG predicts this figure will grow significantly over the next two to three years.

Sample Figure: 2010 Total WFO Company GAAP Revenue & Market Share (All QM/Recording Related Vendors)

Source: DMG Consulting LLC, June 2011

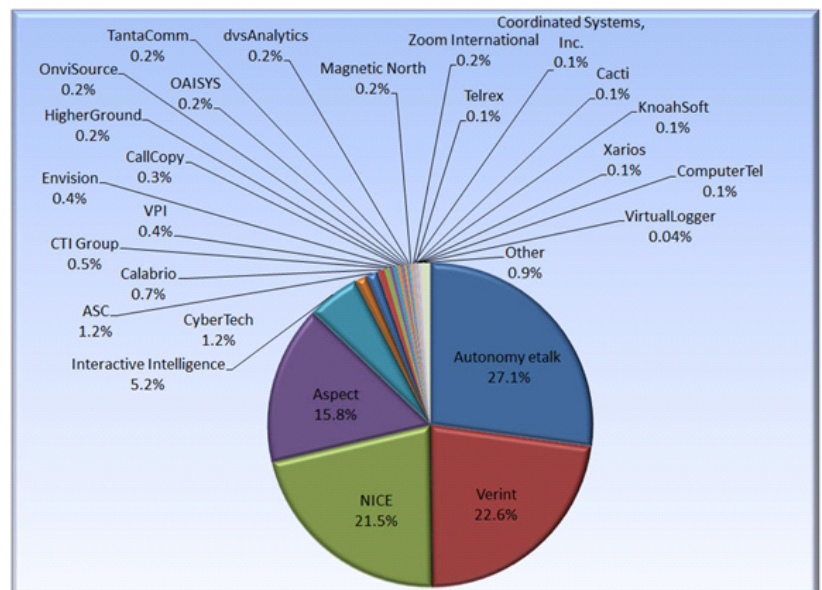


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