ABSTRACT

DMG CONSULTING LLC

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

Contact center WFO revenue numbers were strong during the first half of 2011, growing by 7.9% from the same period in 2010. Despite market challenges, many of which were due to worldwide economic woes, the WFO market was one of the bright spots in the IT world in the first half of 2011.

DMG Consulting's annual **Workforce Optimization (Quality Management/Liability Recording) Mid-Year Market Share Report** presents a detailed analysis of the financial performance of the workforce optimization (WFO) market segments and vendors during the first six months of 2011. This Report provides a detailed financial analysis of the 45 WFO competitors from all over the world. The Mid-Year Market Share Report complements DMG's annual **Workforce Optimization (Quality Management/ Liability Recording) Market Share Report**, which looks at WFO market performance and activity for the full year. The titles of this year's reports were modified slightly, as the term workforce optimization is now more common than quality management/liability recording.

Workforce optimization vendors had a good start in 2011. Overall company revenue on a generally accepted accounting principles (GAAP) basis increased by 16.0%, from $1,468.1 million in the first half of 2010 to $1,702.3 million in 2011. A sizable share of this increase was from Autonomy (of which Hewlett-Packard acquired control as of October 3, 2011), a company that sells predominantly non-WFO products. A few of the WFO-oriented vendors – such as NICE, Interactive Intelligence, and some smaller participants – also delivered strong results during the first half of the year, despite the turmoil in the worldwide economy.

Contact center WFO revenue increased by 7.9% between the first half of 2010 and the first half of 2011, growing from $522.1 million to $563.4 million. Sales of many contact center solutions increased during the first half of 2011, and the WFO market shared in that success. NICE delivered strong results in the first half of 2011, building on their momentum from 2010. With mid-year 2011 revenue of $232.7 million, segment leader NICE had a 41.3% share of the contact center WFO market. Verint was in second place with an estimated $184.5 million in first-half contact center WFO revenue, accounting for 32.8% of the market. Aspect was in third place with $45.3 million, 8.0% of all first-half contact center WFO revenue. (Most of Aspect's WFO revenue was generated from sales of their workforce management product.)

The contact center WFO market is still looking for a clear third-place vendor. This position became available a few years ago when Autonomy acquired etalk and subsequently deemphasized their contact center WFO activities. CyberTech had performed well in 2010, and was trying to fill this void. But CyberTech was acquired by NICE in Q1 2011, creating a new opportunity for a contending vendor to grab the third-place position. Calabrio, Envision and VPI are next in line by size, but CallCopy has shown the most significant momentum in the past 12 months.

2011 started out well for the WFO market, but it remains to be seen how it will finish. WFO competitors have delivered mixed results during Q3, and DMG Consulting has seen indications of some softening of the market in Q4, with some purchases being deferred to 2012. Despite market challenges, the WFO market is still expected to grow during 2011.

The seventh annual **Workforce Optimization (Quality Management/Liability Recording) Mid-Year Market Share Report** addresses GAAP revenue, market share and total company performance for 45 vendors, with the numbers broken down by technology segment. It presents a detailed analysis of revenue for the top 27 WFO competitors, comprising 99.3% of the market. The analyzed vendors are: ASC, Aspect, Autonomy (Hewlett-Packard acquired control on October 4, 2011), Cacti, Calabrio, CallCopy, ComputerTel, Coordinated Systems, CTI Group, CyberTech (acquired by NICE on March 4, 2011), dvsAnalytics (previously known as TDI), Envision, HigherGround, Interactive Intelligence, KnoahSoft, Magnetic North, NICE, OAISYS, OnviSource, TantaComm, Telrex (acquired by Enghouse), TelStrat, Verint, VirtualLogger, VPI, Xarios, and Zoom International.

All of the vendors evaluated in this Report offer a WFO suite with recording and quality assurance capabilities, and at least one of the following supplemental modules: performance management, speech analytics, surveying/ voice of the customer (VOC), coaching, eLearning, workforce management, desktop analytics and text analytics. Market leaders NICE and Verint offer all 10 of these modules, and many of the WFO competitors offer more than 5 of them. DMG Consulting produces separate in-depth industry reports for most of these supplementary WFO application segments. These reports include detailed market share analyses of their respective sectors, covering both WFO suite providers and stand-alone vendors.

Key Reasons to Buy This Report

- Get first-hand financial performance information for the top 27 contact center workforce optimization vendors, along with the industry's most comprehensive, current and accurate market share analysis.
- See four-year market outlook and projections for application segments including recording, quality assurance/quality management, performance management, speech analytics, eLearning, coaching, surveying, workforce management, desktop analytics and text analytics.
- Evaluate revenue and market share by vendor on a GAAP revenue basis for total company, contact center WFO segment, all WFO and recording solutions, call recording, and all applications.
- Assess growth rate comparisons for first-half 2011 versus first-half 2010.
- Examine detailed analyses of leaders and contending vendors for the various WFO segments.

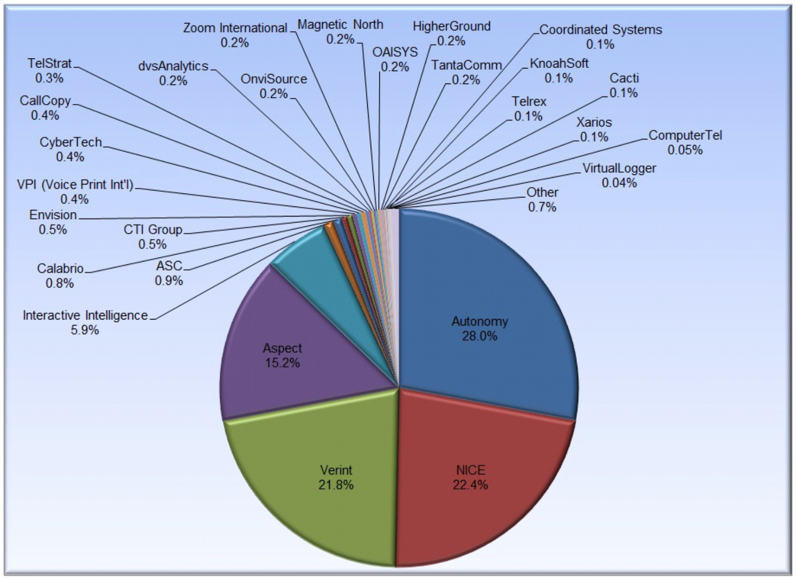
Report Highlights:

- **2011 started strong for WFO market.** WFO is still an area of strength in the IT market. Company GAAP revenue increased by 16.0%, from $1,468.1 million in the first half of 2010 to $1,702.3 million in 2011. A sizable share of this increase was from Autonomy (control of which was acquired by Hewlett-Packard as of October 3, 2011), which sells predominantly non-WFO products.
- **Contact center WFO revenue grew well.** This key market sector increased by 7.9%, from $522.1 million to $563.4 million, between the first half of 2010 and 2011. NICE was the largest contributor to this growth, but a majority of the other 26 leading and contending WFO vendors also performed well and contributed to the market's momentum.
- **Recording revenue will decrease.** Between 2011 and 2014, recording revenue will decrease and all other WFO sectors will grow in size as adoption of applications increases.
- **NICE and Verint remain dominant.** Top two vendors, NICE and Verint continue to lead all aspects of the WFO market. The market is waiting for a clear third-place WFO vendor to emerge.

Sample Figure:

First-Half 2011 Total Company Market Share for WFO Competitors

Source: DMG Consulting LLC, December 2011



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