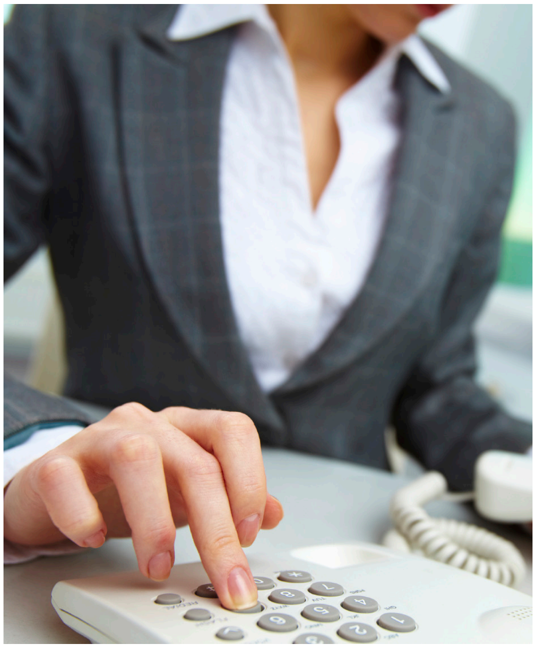
ABSTRACT

2016 Workforce Optimization (WFO) Mid-Year Market Share Report

DMG CONSULTING LLC



DMG Consulting's 12th annual ***Workforce Optimization Mid-Year Market Share Report*** *provides a comprehensive analysis of the financial performance of the WFO market and its 42 vendors during the first six months of 2016, and compares market activity for this sector to the same period in 2015. The Report complements DMG's annual* ***Workforce Optimization Market Share Report****, which examines full-year WFO financial performance and market activity, and DMG's annual* ***Workforce Optimization Product and Market Report****, which provides an in-depth analysis of this market's vendors, solutions, functionality, technology, competitive landscape, trends and challenges, benefits, return on investment, pricing, customer satisfaction, implementation best practices, and more.*

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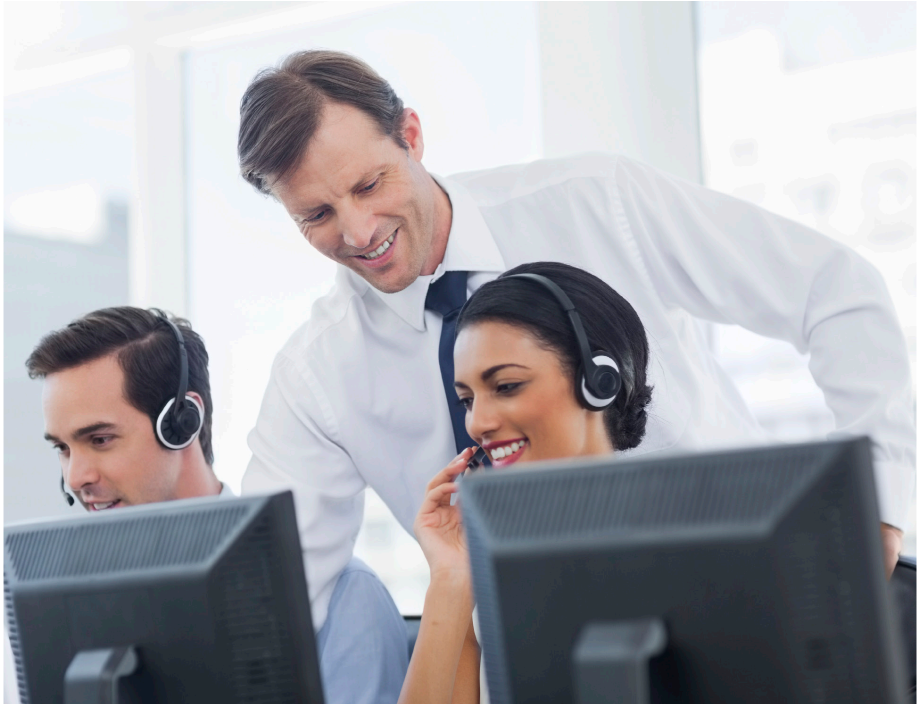
 

The contact center WFO market has hit an important inflection point and is starting to transform. Revenue is down, mergers and acquisitions are up and occurring at a rapid rate not previously experienced by this sector, and more activity is expected in the next 24 months. Recording and quality assurance applications are commoditized, and end users are reluctant to pay high prices for these modules. Innovation in WFO solutions has slowed; smaller vendors are focused on positioning themselves to be acquired in this market's period of brisk mergers and acquisitions (M&A) activity.

Total company GAAP revenue for the 42 WFO competitors declined in the first half of 2016, down by $5.9 million, from $1,675.6 million in first-half 2015 to $1,669.7 million. (The 2015 numbers are a pro forma representation of WFO market activity during the first half of 2015, after removing revenue for the two security-related companies sold by NICE.) The overall market momentum remained positive, as most of the revenue decrease was attributed to two vendors, Verint and Aspect. Verint's total company GAAP revenue declined by 10.3%, and Aspect's WFO revenue is estimated to have decreased by 5.9% between the first six months of 2015 and the same period in 2016. At the same time, however, many of the WFO competitors delivered solid results. NICE's company revenue was up by 3.3% between the first half of 2015 and first-half 2016. Calabrio is estimated to have experienced a significant increase in revenue, 40.2%, in the first half of 2016. Interactive Intelligence, which announced in August 2016 that they were being acquired by Genesys, grew by 12% between the first six months of 2015 and 2016. And inContact, which grew by 20.9%, announced that they were being acquired by NICE.

The WFO market will continue to be important because companies need the solutions that comprise these suites. For years, contact centers have been the target market for these solutions, but the focus is starting to shift to address the needs of the back offices and branches. In five years, WFO offerings are going to feature new approaches, processes and technology, as WFO suites transform into an employee and customer framework that will help companies reduce costs, increase service quality, and enhance the corporate bottom line, all while significantly improving the customer experience.

The ***2016 Workforce Optimization Mid-Year Market Share Report*** provides a detailed breakdown of revenue for the following 25 named vendors: 8x8, ASC, Aspect, Avaya, Cacti, Calabrio, ComputerTel, Coordinated Systems, dvsAnalytics, Enghouse, Envision, Genesys, HigherGround, inContact, Interactive Intelligence, Mitel, NICE, OnviSource, OpenText, TantaComm, TelStrat, Verint Systems, VirtualLogger, Xarios and ZOOM International. These vendors comprise 99.3% of the contact center WFO market; the remaining 0.7% (17 vendors) is addressed in the "Other" category.

All of the vendors covered in this Report are WFO suite providers. This means that they offer the 2 core WFO applications – recording and QA/QM – as well as at least 2 more of the following applications: workforce management (WFM), contact center performance management (CCPM), speech analytics (SA), text analytics (TA), desktop analytics (DA), enterprise feedback management (EFM)/surveying, eLearning, coaching, gamification and customer journey analytics (CJA). DMG produces in-depth industry reports for most of the application segments named above, providing detailed market share analyses for their respective sectors.

Key Elements of This Report

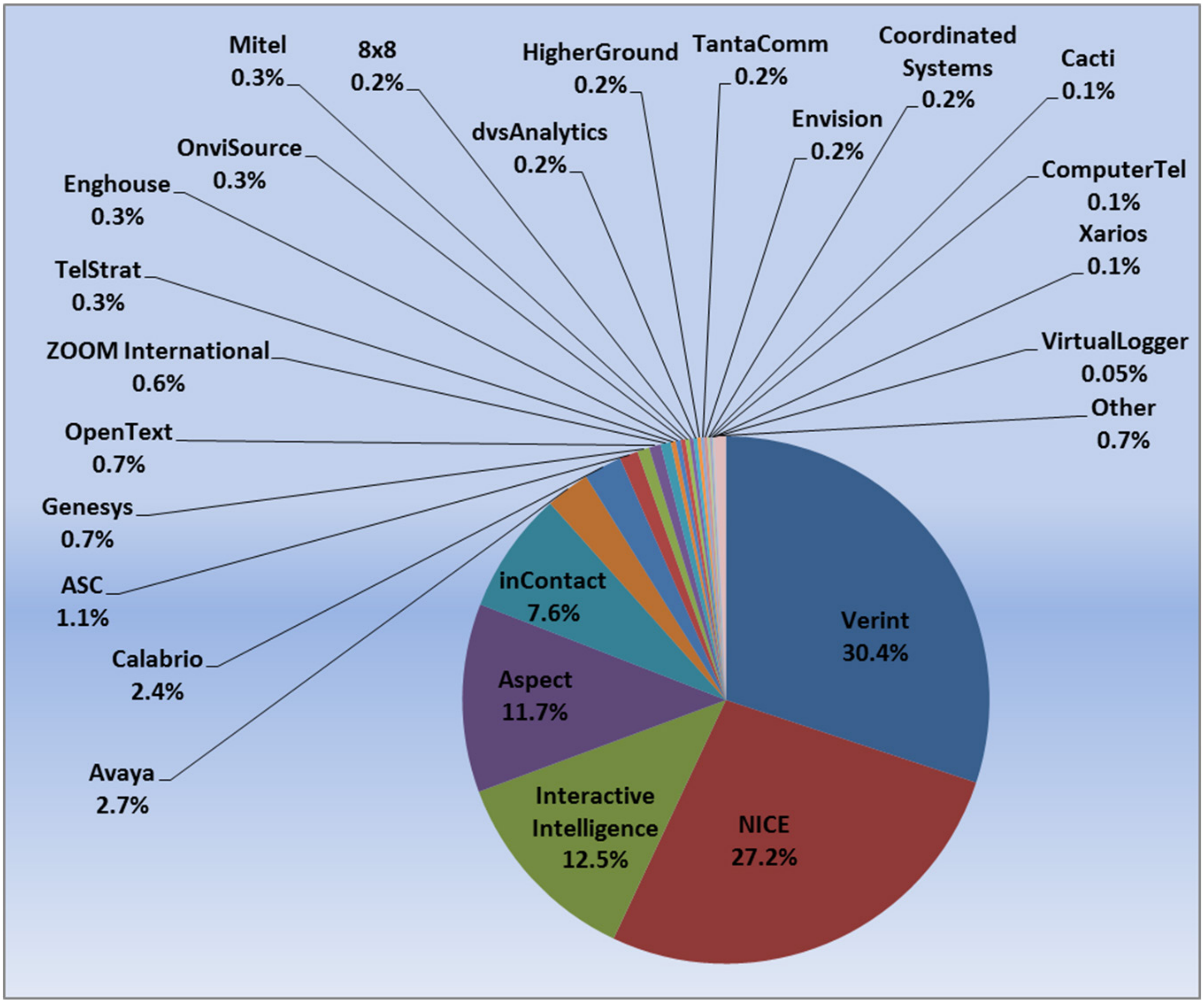
- ⇛ Market projections by application segment for the 5-year period from 2016 to 2020, for recording, QA/QM, WFM, CCPM, speech analytics, text analytics, desktop analytics, EFM, eLearning, gamification and customer journey analytics
- ⇛ Detailed revenue and market share analyses by vendor, broken down by GAAP revenue for total company, the contact center WFO segment, the quality management/recording (WFO) sector, voice recording, contact center and non-contact-center voice recording, and QA/QM
- ⇛ Growth rate comparisons by vendor for the first half of 2016 vs. the same period in 2015
- ⇛ Detailed analyses of the 25 leaders and contending vendors in the various WFO sectors

Report Highlights

- ***Overall market momentum and direction is positive, although a couple of market leaders have lost ground:*** Verint and Aspect experienced revenue decreases, which brought down market-wide WFO revenue from $1,675.6 million in first-half 2015 to $1,669.7 in the same period in 2016. Despite this overall decrease, however, more companies showed gains than slowdowns in revenue.
- ***The WFO market is mature and consolidating:*** M&A activity in the WFO sector is at an all-time high. Companies are concentrating on positioning themselves for acquisition, sometimes at the expense of investments in product innovation.
- ***The future of the WFO market is analytically-enabled solutions:*** Innovative vendors are increasingly embedding analytics into their solutions. These capabilities can provide valuable insights into customer wants and needs, which can help enhance service quality and improve the customer journey.

SAMPLE FIGURE

First-Half 2016 Total Company Market Share for WFO Competitors



Source: DMG Consulting LLC, October 2016

TABLE OF CONTENTS

TABLE OF FIGURES

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