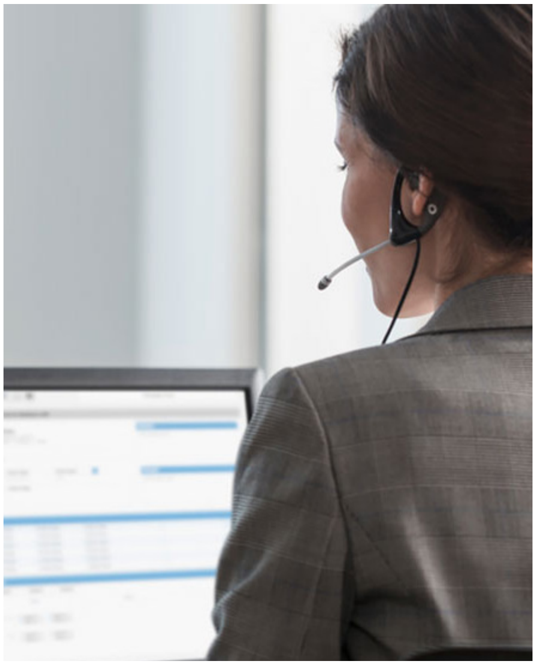
ABSTRACT

2017 Contact Center Workforce Optimization Market Share Report

DMG CONSULTING LLC



This is DMG Consulting's 14th annual ***Contact Center Workforce Optimization (WFO) Market Share Report****. It analyzes revenue and market share for WFO vendors worldwide for 2016 and shows 5 year industry trends for this segment. This Report provides the most accurate and thorough coverage of the vendors, solutions and market landscape for this essential and transforming market.*

Please contact Deborah Navarra at deborah.navarra@dmgconsult.com or 516-628-1098 with any questions. To order your copy of the report, visit www.dmgconsult.com.

The WFO market is at a critical turning point. Companies need WFO solutions to optimize and engage employees and to capture and analyze customer insights. The question is who they are going to buy these solutions from: WFO suite providers, best-of-breed vendors, contact center infrastructure providers, or others. The WFO sector is transforming, and future growth will depend on vendors adapting to changing market dynamics.

The growth rate of the overall WFO market between 2015 and 2016 was 1.6%. While slow, even for a mature sector, this is an improvement over the 5.7% contraction the market experienced between 2014 and 2015. (There were two primary drivers of the market shrinkage: NICE sold two business units, and DMG changed its method of accounting for Enghouse revenue. Without these two factors, the market would have increased by 4.8%.) Most of the growth in the WFO sector for the past 10 years has been inorganic, resulting from acquisitions that introduced new sources of revenue. While 2016 saw significant acquisition activity, it was too late in the year to make a substantial contribution to the market. This, along with the continued contraction of the security sector, explains the low growth rate for 2016.

Organic growth in the WFO market has been slow for years, as its core functionality, the recording and quality assurance (QA) segments, are highly penetrated. The complementary modules that comprise WFO suites include speech and text analytics, contact center performance management (CCPM), surveying/voice of the customer (VoC), workforce management (WFM), desktop analytics, gamification, coaching, eLearning and customer journey analytics. As all of these sectors are under-penetrated there is great potential to cross-sell these applications to contact centers as well as to open up new WFO opportunities.

The future of WFO lies in expanding its addressable market beyond the contact center. There is great potential to sell WFO applications to back-office departments throughout enterprises, which DMG estimates has 2.5 times more employees than the front office in the US alone. Many enterprise functions would benefit from WFO applications, including auditing, compliance, legal, branches, and field service and dispatch. Recording should be used to mitigate risk for all customer-related activities. Speech analytics should be used to capture insights and identify opportunities from all external-facing activities. Coaching and eLearning can help employees improve their performance. WFO solutions can be used throughout enterprises to build employee engagement, a particularly important goal for an increasingly Millennial-centric workforce. To achieve wider adoption, however, the vendors need to customize their solutions and their sales pitches to address the specific needs of the different functions within a company.

The broad applicability of WFO solutions throughout enterprises means that WFO solutions should be part of many software suites and sold by a variety of vendors. Contact center infrastructure vendors have seized on this opportunity, but enterprise resource planning (ERP), customer relationship management (CRM) and human resource information system (HRIS) providers are also viable candidates to sell WFO capabilities into non-contact center functions. It's time for the WFO vendors to rethink their sales models in order to broaden the addressable market for their solutions.

The ***2017 Contact Center Workforce Optimization Market Share Report*** provides a detailed analysis of 99.3% of the revenue for the vendors in the WFO market; the remaining 0.7% of revenue is addressed in the "Other" category. The Report analyzes the financial performance of the top 24 vendors, including: 8x8, ASC, Aspect, Avaya, Calabrio, ComputerTel, Coordinated Systems, Inc., dvsAnalytics, Enghouse, Envision, Genesys, HigherGround, inContact (pre-acquisition), Interactive Intelligence (pre-acquisition), Mitel, NICE, OnviSource, OpenText (new to the 2017 Report), TelStrat, TantaComm, Verint, VirtualLogger, Xarios, and ZOOM International. (inContact, acquired by NICE on November 14, 2016, and Interactive Intelligence, purchased by Genesys as of December 1, 2016, are included on a pre-acquisition basis.)

Key Elements Of This Report

- Total company GAAP revenue and market share analysis for all vendors who sell workforce optimization suites for contact centers and other uses
- Revenue analysis for the two primary industry categories: enterprise and security
- Drill-down analyses of WFO market revenue and market share, from total company to contact-center-only views of the data
- Revenue and market share analyses for recording and quality assurance/quality management, the two core applications in the WFO market
- Growth comparisons analyzing 2015 and 2016 revenue and market share for total company on a GAAP, contact center WFO, revenue source and sales-channel basis
- Five-year revenue trend analyses for total company revenue based on GAAP, contact center WFO, geography, vertical, revenue source and sales channel
- Five-year revenue trends by application for 14 workforce optimization segments, including recording (contact center, non-contact center and video), quality management/assurance, workforce management (contact center and non-contact center), speech analytics, performance management, surveying/voice of the customer, desktop analytics, text analytics, coaching, eLearning and gamification
- Geographical analysis of revenue and market share for North America, Europe, Asia Pacific, and Caribbean and Latin America (CALA)/Middle East and Africa (MEA) (combined), by vendor for each region
- Back-office/branch revenue and market share analysis
- Revenue source (hardware, license/software, cloud/hosted/software as a service (SaaS), and services) revenue and market share analysis, by vendor

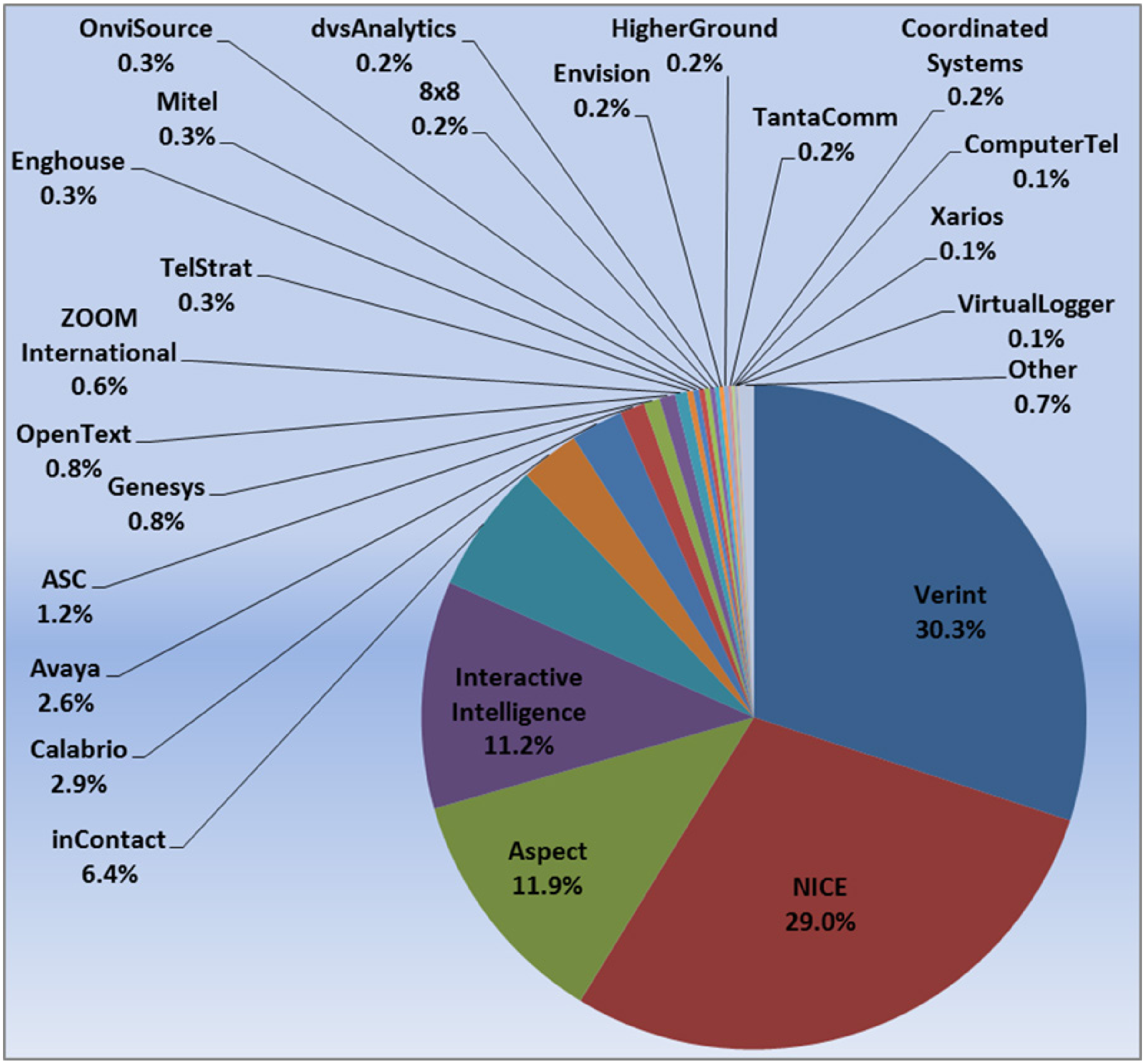
Report Highlights

- ***The WFO market is mature and growth is slow:*** The growth rate between 2015 and 2016 for the overall WFO market on a total company GAAP basis was a modest 1.6%. Despite this slow performance, segments of the WFO market have performed well, as reflected by the 9.5% growth rate for both the contact center WFO and WFM sectors, and a 10.7% increase in the QA sector.

- ***WFO vendors have a great opportunity to sell to a broader addressable market:*** The slow growth in the WFO market in 2016 is a call to action for the vendors. It's time for WFO vendors to open up sales to new people-intensive markets, specifically branch/retail outlets and back-office operating departments.

- ***WFO vendors need to transform:*** WFO solutions have traditionally been sold on a "one size fits all" basis. In order to expand the use of WFO throughout enterprises, the vendors need to customize their applications and target their sales approaches. They also need to partner with ERP, CRM and HRIS suite providers.

2016 Total Company GAAP Revenue Market Share



Source: DMG Consulting LLC, May 2017

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DMG
CONSULTING LLC

6 Crestwood Drive, West Orange, NJ 07052
(973) 325-2954 www.dmgconsult.com