ABSTRACT

2018 Contact Center Workforce Optimization Market Share Report

DMG CONSULTING LLC

This is DMG Consulting LLC's 15th annual ***Contact Center Workforce Optimization (WFO) Market Share Report****. The Report analyzes revenue and market share for the approximately 39 WFO vendors worldwide for 2017. It provides the most in-depth, accurate coverage of the WFO competitive landscape, addressing the vendors, solutions and 5-year trends for this mature and evolving sector.*

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2017 was a challenging year for the WFO suite market, but it was also one in which this sector made progress in laying the foundation for its future direction. Enterprises are looking for enhanced applications that can help optimize employee performance and enhance the customer journey. The leading vendors are listening and responding with new-generation offerings that incorporate automation and artificial intelligence (AI) to help enterprises achieve their goals.

Though it was a tough year for the WFO market in general, as total GAAP revenue decreased by 4.8%, the contact center segment grew by 4.6%, from $1,583.2 million in 2016 to $1,655.3 million in 2017. This revenue growth came primarily from 5 vendors: NICE, Verint, Calabrio, Aspect and Genesys. As has been the case for close to two decades, NICE and Verint dominated every WFO revenue segment and category in 2017.

Despite what the numbers show, the top-selling WFO application remains recording, as it is the core module for the vast majority of sales. The revenue numbers do not reflect this because enterprise buyers view recording as a commodity and are not willing to pay much for it, so the WFO suite vendors have reduced the price for this essential and valuable application.

The Report shows that quality assurance (QA)/quality management (QM) was the top-selling WFO application in 2017, as it was in 2016. The North American market continued to be the primary consumer of WFO functionality, as has been the case for years. The only small surprise in the revenue numbers for 2017 was the strength of the contact center WFM sector. This mature segment increased by 7.8% between 2016 and 2017, after having grown by 11.4% in the prior 12 months. The opportunities remain great for vendors who can offer enhanced and accurate WFM solutions that can help companies better engage and deploy their employees in both the front and back office.

The next frontier for WFO vendors is automation, AI and robotics/robotic process automation (RPA). Robotics brings these solutions around full circle to their original purpose of optimizing agent performance and reducing staff-related costs. These new applications and capabilities are attracting a great deal of enterprise attention and investment. Sales of robotics/RPA products picked up great momentum in the past 12 months, and while still a relatively small component of total contact center WFO revenue, they are displaying a "hockey stick" growth pattern, a trend that DMG predicts will continue for the next few years. Paradoxically, RPA solutions pose a threat to WFO vendors, as their automation capabilities reduce the need for traditional WFO solutions to optimize employee performance. The WFO market is at an inflection point where the vendors will have to start to rationalize their offerings and sales strategies. DMG anticipates that this will drive ongoing consolidation and a change in direction for the WFO market.

WFO solutions are mission-critical for enterprises, and the leading vendors are investing to meet the current and future needs of the market. As the market buzz focuses on incorporating more automation into WFO applications, the vendors have remained true to their mission of helping companies optimize employee productivity. This sector will continue to thrive by addressing this essential enterprise need, albeit with enhanced new-gen solutions.

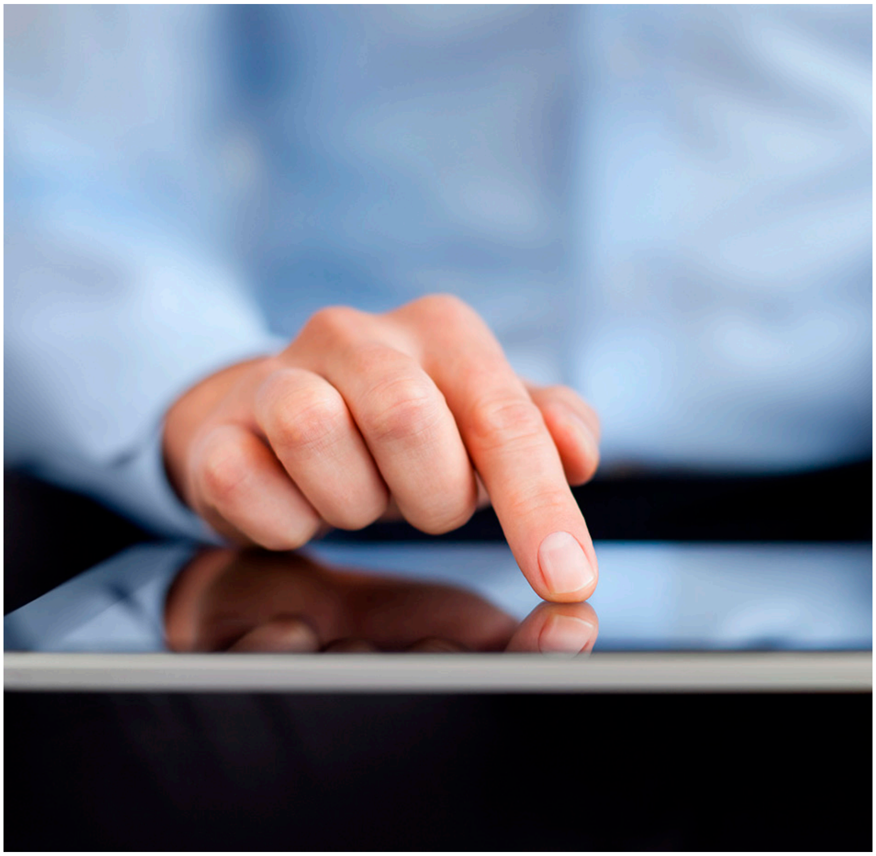
The ***2018 Contact Center Workforce Optimization Market Share Report*** provides a detailed analysis of 99.2% of revenue for the vendors in the WFO market; the remaining 0.8% of revenue is addressed in the "Other" category. The Report analyzes the financial performance of the top 22 vendors, including: 8x8, ASC, Aspect, Avaya, Calabrio, ComputerTel, Coordinated Systems, Inc., dvsAnalytics, Enghouse, Envision, Genesys, HigherGround, Mitel, NICE, OnviSource, OpenText, Serenova, TantaComm, Verint, VirtualLogger, Xarios, and ZOOM International. Revenue for Avaya is included at the WFO level, but not in the detailed analyses.

Key Reasons to Buy 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 and market share for the two primary industry categories: enterprise and security
- Analysis of WFO market revenue and market share, by total company and contact center only
- Revenue and market share analyses for recording and quality assurance/quality management, the two core applications in the WFO market
- Growth comparisons analyzing 2016 and 2017 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, RPA, text analytics, eLearning/coaching 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

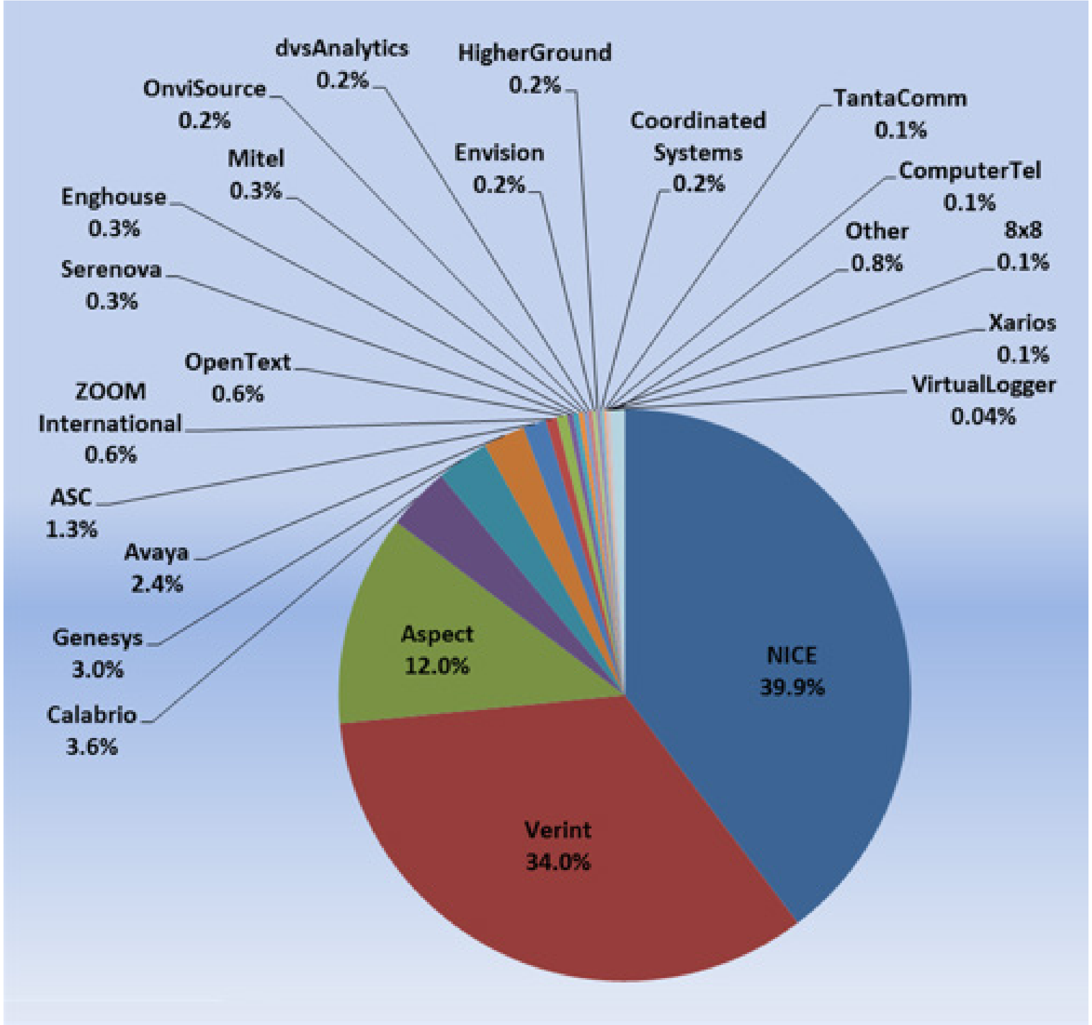
Report Highlights

- ***WFO applications continue to sell, though the market is mature:*** Considering the over $3.3 billion dollars in GAAP revenue that the WFO suite vendors earned in 2017, it is clear that enterprises worldwide continue to find these solutions valuable and useful. The contact center WFO segment, in particular showed positive results in 2017, growing by 4.6% with a 5-year compounded growth rate of 5.2%.
- ***AI and robotics represent both the future direction and a challenge for WFO:*** Intelligent automation will make substantial contributions to contact centers by taking over many routine, time-consuming tasks previously performed by agents and improving quality; this will reduce the need for traditional WFO solutions as there will be fewer agents. The trend toward automation will drive substantial changes in WFO solutions and the competitive landscape.
- ***Improving employee productivity remains the focus for WFO vendors:*** The mission for WFO suites has expanded over the 35 years of this market, but enterprises expect WFO vendors to deliver solutions that optimize employees' performance and productivity while improving the customer experience. Even as exciting innovation and automation are coming to the WFO market, the solutions that are selling are the ones that are focused on helping enterprises achieve these traditional goals.



SAMPLE FIGURE

2017 Total Company GAAP Revenue Market Share



Source: DMG Consulting LLC, May 2018

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