DMG CONSULTING LLC

Abstract

Contact Center Workforce Optimization Market Share Report

DMG Consulting's 18th annual **Contact Center Workforce Optimization Market Share Report** analyzes the revenue, market share and performance of the estimated 36 worldwide workforce optimization (WFO) suite vendors for fiscal full-year 2020. The Report analyzes revenue by vendor, application and sector, and provides a detailed analysis of market share broken down by company, contact center WFO, back-office/branch, vertical, application, geography, revenue source and sales model.

Contact center WFO revenue was up on a year-over-year basis from 2019 to 2020, though it was the smallest increase this segment has experienced in many years. In 2020, total contact center WFO revenue was $2,078.4 million, up by a slight 0.4%, $8.7 million, from $2,069.8 million in 2019. Cloud/hosted/SaaS revenue increased by an impressive 64.6%, from $492.2 million in 2019 to $810.0 million in 2020. This increase of $317.8 million occurred while license/software revenue decreased by $221.7 million, 29.6%, on a year-over-year basis between 2019 and 2020.

The primary drivers of the market during the past year were the digital transformation and migration of contact center solutions to the cloud. Revenue is shifting from an up-front, on-premise model to a cloud annual recurring revenue (ARR) approach where sales are recognized throughout the life of the contract. The pace at which cloud-based WFO suites are being adopted is exceeding the rate of decrease for on-premise revenue.

A shift is also occurring in terms of the vendors who are providing contact center WFO suite functionality. Traditionally, WFO suite vendors were the primary source for these solutions. During the last 5 years, however, enterprises have begun looking to their cloud-based infrastructure vendors as "general contractors" and are expecting them to provide fully integrated WFO suite capabilities. This is driving some of the contact-center-as-a-service (CCaaS) vendors to either acquire a WFO solution or to build their own capabilities. Customer relationship management (CRM) vendors are also expanding their offerings to include WFO capabilities. This is narrowing the opportunities for stand-alone WFO providers, although the need for these capabilities is expected to continue for the foreseeable future.

Workforce optimization solutions have played a critical role in the success of contact centers during the pandemic. In the early days of the health crisis, contact centers around the world rapidly transitioned anywhere from a few to thousands of their employees from offices to their homes to work, with minimal disruption. Workforce optimization solutions, particularly cloud-based ones, were instrumental in this process because they enable managers to oversee the performance of a remote workforce. Some of the WFO applications, such as gamification, as well as internal chat tools, have also been instrumental in keeping agents engaged.

The 2021 Contact Center Workforce Optimization Market Share Report provides a detailed breakdown and analysis of revenue for the following 19 named vendors: 8x8, ASC, Aspect, Avaya (high-level revenue only), Calabrio, DVSAnalytics, Eleveo, Enghouse, Envision, Five9, Genesys, HigherGround, Lifesize, Mitel, NICE, OnviSource, OpenText, Verint, and Xarios. This Report provides a detailed analysis of 99.4% of revenue for the named vendors in the WFO suite market; the remaining 0.6% of revenue is addressed in the "Other" category.

Report Highlights

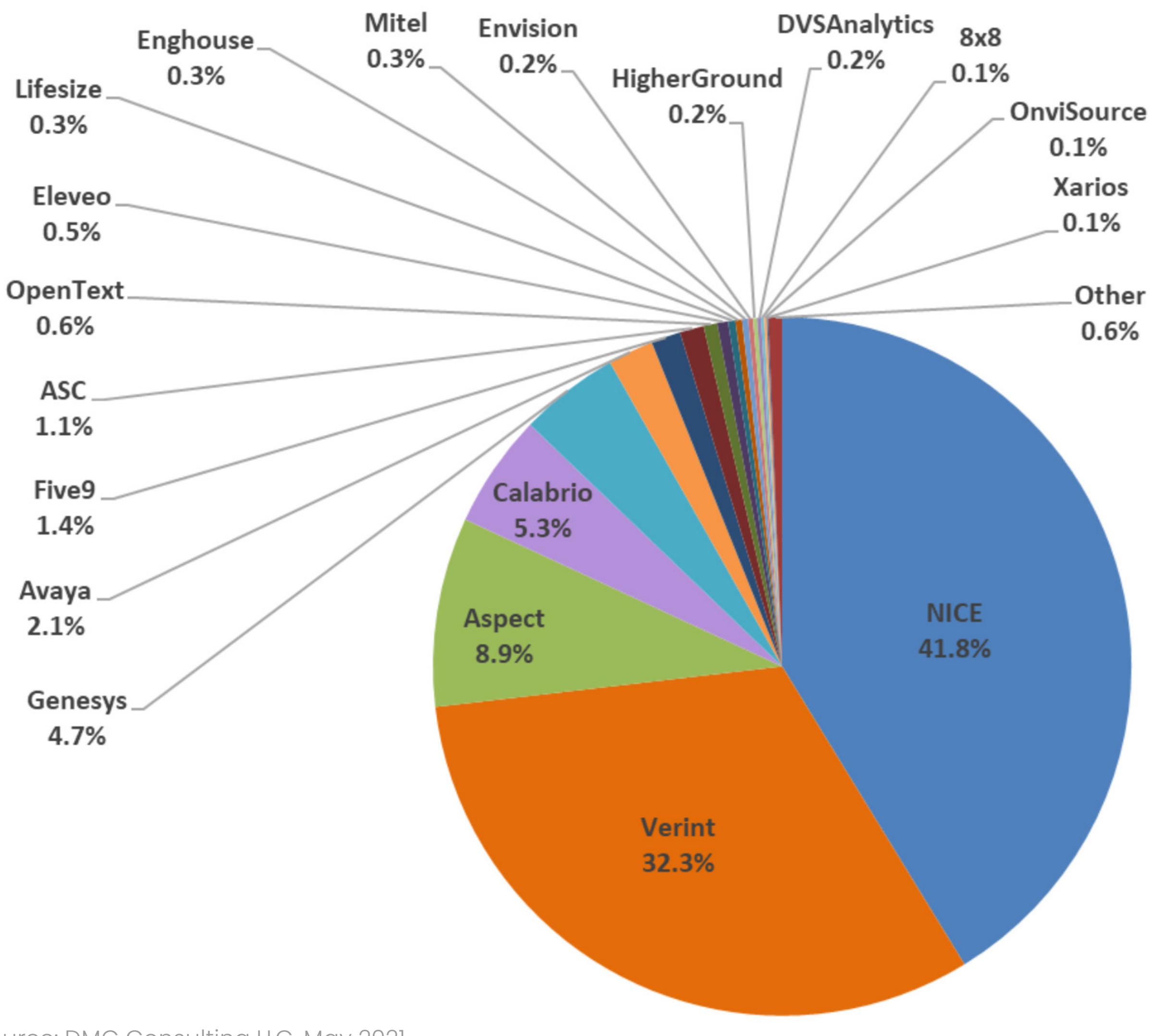
- **Revenue in the contact center WFO market increased modestly between 2019 and 2020:** The small gains in WFO revenue in 2020 are still a good sign for this market, particularly in light of the pandemic and the maturity of the WFO sector. The market is also being impacted by the transition from an on-premise sales model to an ARR model that spreads revenue over the life of a contract.
- **The digital transformation is impacting sales of WFO solutions:** The rate of adoption of cloud-based WFO solutions is exceeding the rate of decrease of on-premise solutions. This reflects new opportunities opening up as a result of the advantages of the cloud, including more flexible implementations and favorable financing models.
- **The pandemic has forced contact centers to demonstrate remarkable agility, supported by WFO solutions:** Workforce optimization solutions have been major contributors to the successful transition of contact center employees from their offices to at-home workspaces. The WFO solutions have allowed managers to maintain oversight of their employees and to engage workers in their jobs, despite their remote locations.
- **There is a shift in the vendors from whom users are acquiring their solutions:** Buyers of WFO capabilities are increasingly looking for a single source for their contact center solutions. They are looking to CCaaS vendors to be "general contractors" who provide fully integrated WFO suite capabilities. They are also looking to their CRM vendors for WFO functionality. This is reducing, though not eliminating, the market opportunity for stand-alone WFO vendors.

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
- ► 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 the two core applications of WFO suites – recording and QM
- ► Year-over-year comparisons and analysis of 2019 and 2020 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 GAAP revenue and broken down by 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 and non-contact-center), QM, WFM (contact center and non-contact-center), interaction (speech and text) analytics, performance management, surveying/VoC, DA, RPA, KM, CJA, 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
- ► Revenue source (license/software, cloud/hosted/software-as-a-service (SaaS), services, and hardware) revenue and market share analysis, by vendor
- ► Analysis of revenue and market share based on sales model (direct/indirect), by vendor

Sample Figure

2020 Total Company GAAP Revenue Market Share



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