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EXECUTIVE SUMMARY
CX for Contact Centers

Case Studies, Market Drivers and Barriers, and Market Sizing and Forecasts Focused on the Adoption of CX Platforms and Applications in Contact Centers

Published 1Q 2022

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Section 1
Executive Summary

1.1 Introduction

Call centers have long played a passive role in delivering customer service, usually handling inbound inquiries related to administrative customer matters, technical questions or issues, or general questions about the company, its products and services, and its policies. However, to remain competitive, today's business-to-consumer (B2C) and business-to-business (B2B) organizations have been evolving their call centers into contact centers, which are designed to take a more active role in delivering great CX across a variety of functions, channels, and devices.

In many cases, organizations that have tried to incorporate new technologies or platforms to support changing user behaviors or channels, have been hamstrung by the huge capital expense of installing new hardware and system software, only to find that the technology has a relatively short life span before it is antiquated.

That said, the COVID-19 pandemic, which forced many companies to reassess how they provide customer support, has led to growth in the adoption of cloud-based contact center software, which allows contact center workers to be distributed beyond a single or small group of physical locations, to anywhere with a reasonably fast and reliable Internet connection. The shift in labor trends, where workers have sought more flexible schedules and the ability to work from home, has also led to a consideration of technology that supports hybrid, if not an entirely remote, contact center workforce.

Also referred to as engagement centers, today's contact centers and the agents who staff them are charged with handling communications through a variety of channels, and, in some instances, may be asked to handle or resolve issues across a range of functions. These contact centers are, in many cases, supporting omnichannel tools, such as support for web chat, short message service (SMS), mobile applications, and social media applications, to engage with customers through the digital channel of their choosing.

Companies usually integrate contact center platforms and applications with existing customer relationship management (CRM) systems, customer data platforms (CDPs), and other applications that can store and make available the data that is used to track, coordinate, and manage all interactions between the organization and the public. Increasingly, these platforms are being designed to not only incorporate basic customer data, but also incorporate customer journey information, to help provide the most appropriate level of service (which can range from a self-service tool to a conversation or other interaction with a live agent specialist). The end goal, of course, is to ensure that the customer's sales, support, or administrative engagements with the company are efficient, convenient, and successful.

1.2 Market drivers

The catalysts for change reside in three distinct domains: personnel, policies, and platforms. Each of these functional areas can drastically impact the way CX is delivered via a traditional live-agent service model, albeit with several changes.

To support the shift from a call center agent to an engagement center agent, organizations need to implement policies and procedures that support a customer-centric, relationship-focused approach to each interaction. Instead of focusing solely on key performance indicators (KPIs), such as average call handle time, first call resolution percentage, or other metrics designed to assess quick resolution of issues, organizations need to focus on CX measures, such as customer satisfaction, customer success, and customer effort scores.

A second component is an increased focus on agent training. Customer-facing agents must be trained to build empathy with the customer, as opposed to simply treating each call as a transactional process. They also need to be trained in the skill of active listening to understand the true intent of the inquiry, the current sentiment of the customer, and the decision-making authority to resolve the issue, or quickly escalate the matter to a qualified superior.

Agents must also be provided with the proper technology tools to ensure that relevant product or service knowledge is automatically delivered to the agent, based on the context of their interaction with the customer, to ensure the agent can provide immediate assistance. It is this third component that is the focus of this report. The adoption drivers of software for contact centers includes:

- An increase in digital engagement from B2C and B2B customers
- A mandate for more efficient contact center labor and resource allocation
- A desire to deploy a multichannel or omnichannel engagement strategy
- A push to generate revenue via contact centers
- A demand to improve the overall CX

1.3 Market barriers

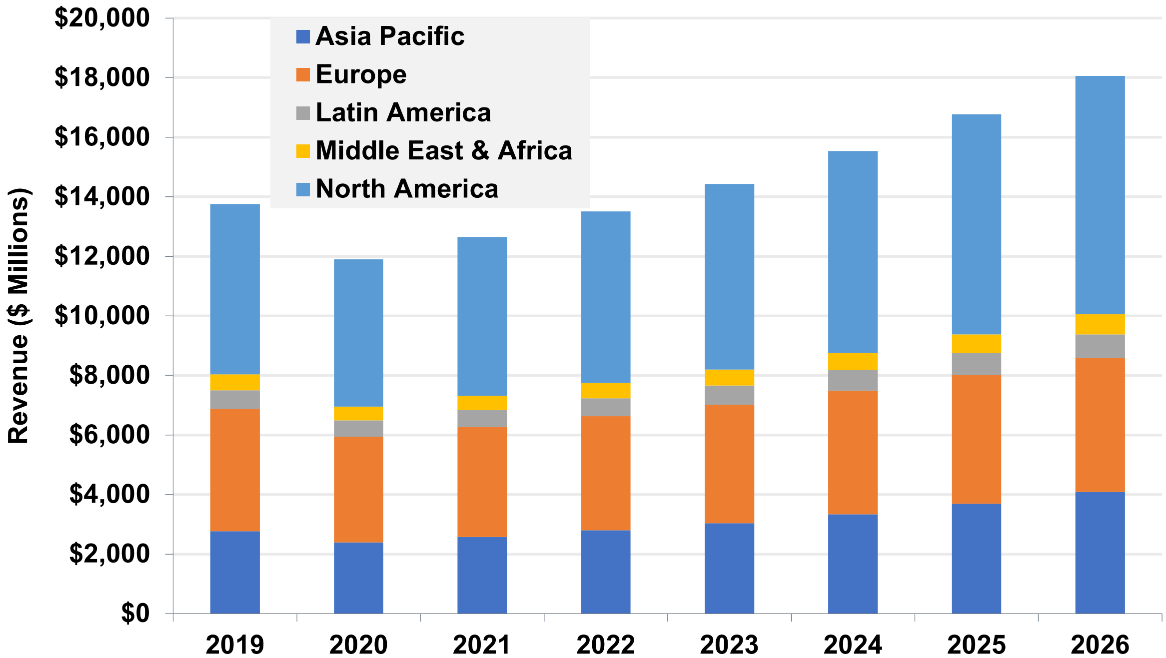
Despite the increasing appetite for deploying new technology tools to improve the efficiency, speed, and effectiveness of contact centers, organizations face several barriers to implementation, including:

- Technical integration challenges
- Issues with data quality and data availability
- Data governance, privacy, and security concerns
- Return on investment (ROI) considerations
- Agent dissatisfaction and turnover
- Support and training

1.4 Market forecasts

Dash Research projects that the market for contact center software and services will reach $18.1 billion by 2026, increasing from $13.8 billion in 2019, reflecting a CAGR of 4%. Contact center software is likely to be purchased by organizations that have adequate financial resources to deploy each year (as most contact center software is now being sold via an “as a service” subscription model. Additionally, companies that have a dedicated focus on improving the overall CX are also prime candidates for purchasing new technology, as they realize that single-channel, primarily-voice based CXs are rarely preferred by customers, whether B2C or B2B. Much of the investment will come from organizations located in or operating within North America, Europe, or Asia Pacific.

Chart 1.1 Contact Center Software and Services Revenue by Region, World Markets: 2019-2026



Source: Dash Research © 2022 Dash Network

Additionally, most of the key vendors in the market are based within these three regions, as are many of the large outsourcing contact centers. While the COVID-19 pandemic has made it easier for organizations to support a more geographically diversified contact center agent workforce, Dash Research does not believe that the latter two regions, Latin America, and the Middle East & Africa, will be transformed into contact center hotspots within the next 7 to 10 years.

1.5 Dash Research insights

Providing excellent and consistent experiences can and will be bolstered by investments in contact center applications, platforms, and services, but overall improvements in CX ultimately depend on an organization taking an assessment of its current CX policies and procedures, listening to customers, identifying what level of service it wants to provide, and then implementing specific operational and behavioral changes.

COVID-19 was clearly a major catalyst in the shift to cloud-based contact center software, but most organizations are likely to deploy a hybrid model that includes a combination of in-person, on-premises call center agents, a mix of remote workers, and an increasing use of artificial intelligence (AI) and automation to continue to anticipate and resolve basic customer inquiry needs prior to requiring the services of a live voice agent.

Spending on contact center software is projected to increase steadily over the next several years, as organizations embrace an omnichannel engagement strategy. Most organizations, however, likely will take a best-of-breed approach to engagement tools, to leverage the pre-existing tech investments they have already made, and simply spend where they see feature set, capability, or usability gaps.

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8.1 Scope of study

This Dash Research report examines the market issues, drivers, and barriers for CX and CE software platforms, software applications, and services that are used within or by contact centers. Several case studies illustrating the various ways these software platforms or applications are being deployed by end users are included in the report. The scope of the market forecasts includes software that is deployed by Dash Research's ecosystem of companies that spans 20 industries, 5 world regions, and 3 offerings (software platforms, software applications, and professional services). The forecast takes 2019 as a base year, forecasts market value from 2021 through 2026, and segments the market by offering, geography, and function (CX versus CE).

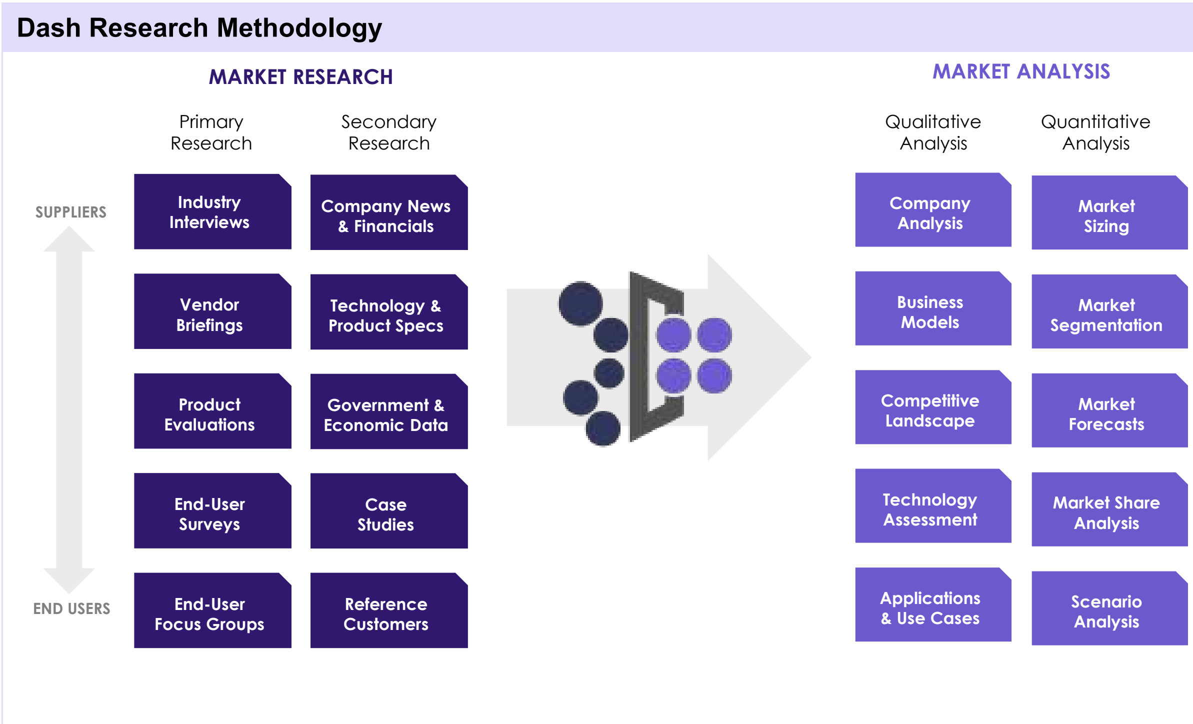
8.2 Sources and methodology

Dash Research is an independent market research firm that provides industry participants and stakeholders with an objective, unbiased view of market dynamics and business opportunities within its coverage areas. The firm's industry analysts are dedicated to presenting clear and actionable analysis to support business planning initiatives and go-to-market strategies, utilizing rigorous market research methodologies and without regard for technology hype or special interests including Dash Research's own client relationships. Within its market analysis, Dash Research strives to offer conclusions and recommendations that reflect the most likely path of industry development, even when those views may be contrarian.

The basis of Dash Research's analysis is primary research collected from a variety of sources including industry interviews, vendor briefings, product demonstrations, and quantitative and qualitative market research focused on consumer and business end users. Industry analysts conduct interviews with representative groups of executives, technology practitioners, sales and marketing professionals, industry association personnel, government representatives, investors, consultants, and other industry stakeholders. Analysts are diligent in pursuing interviews with representatives from every part of the value chain in an effort to gain a comprehensive view of current market activity and future plans. Within the firm's surveys and focus groups, respondent samples are carefully selected to ensure that they provide the most accurate possible view of demand dynamics within consumer and business markets, utilizing balanced and representative samples where appropriate and careful screening and qualification criteria in cases where the research topic requires a more targeted group of respondents.

Dash Research's primary research is supplemented by the review and analysis of all secondary information available on the topic being studied, including company news and financial information, technology specifications, product attributes, government and economic data, industry reports and databases from third-party sources, case studies, and reference customers. As applicable, all secondary research sources are appropriately cited within the firm's publications.

All of Dash Research's reports and other publications are carefully reviewed and scrutinized by the firm's senior management team in an effort to ensure that research methodology is sound, all information provided is accurate, analyst assumptions are carefully documented, and conclusions are well-supported by facts. Dash Research is highly responsive to feedback from industry participants and, in the event errors in the firm's research are identified and verified, such errors are corrected promptly.



8.3 Forecast methodology

Dash Research has taken a multifaceted approach to developing its forecast model. A scan of the market was undertaken to identify a market ecosystem consisting of companies serving the CX market, including small, medium, and large players, across seven key CX functional areas: contact center; personalization & optimization; customer feedback; customer data & analytics; customer relationship management (CRM); customer data platform (CDP); and employee experience (EX).

Using a combination of company-supplied data (annual reports, press releases, and analyst conference calls) and public and subscription-based company databases, an assessment of each company's revenue was captured for the base year of 2019. Further assessments on the amount of revenue that was directly attributed to CX platforms, applications, or services were made, along with an assessment of the revenue level attributable to personalization & optimization efforts, which were cross-checked against customer lists, press releases, and industry news reports.

To forecast the potential market value, industry growth rates from several sources were collected and analyzed, and applied as a baseline growth rate for the industry. Then, segment growth rates were calculated by implementing technology adoption growth curves for each region and functional area, taking into account the internal market dynamics and external economic factors that impact the CX market.

The forecast is not without limitations; many of the functional areas overlap, and Dash Research's categorization relies not only on vendors' classification, but on an assessment of what the company's products and services actually allow a customer to accomplish. Further, while Dash Research has attempted to capture a wide-ranging and comprehensive ecosystem of companies, the definition of what constitutes CX software and services is highly variable. Dash Research has focused on companies that offer solutions that are clearly focused on CX, as opposed to marketing automation, sales automation, or other related applications.

8.4 Copyright notice

Published 1Q 2022

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