

GUIDANCE FOR IT/BUSINESS MANAGEMENT

POWERING PRODUCTIVITY

HOSTED PBX ENABLES NEW EFFICIENCY IN PEOPLE,
PLACES AND PROCESSES

SYNOPSIS: Everywhere in the Canadian business world, we hear concerns about productivity. Globally, Canada ranks near the bottom of G7 countries, and at a national level, the OECD has observed that “Canada’s overall productivity has actually fallen since 2002, while it has grown by about 30% over the past 20 years in the United States.”¹ At a company level, productivity is an even more critical issue: to generate growth, especially with constraints on new hires, it is essential to maximize contributions from every staff member.

Information and Communication Technologies (ICT) are often seen as the most important means of increasing productivity, and business investment reflects this belief; Gartner has calculated that businesses spend upwards of 6% of revenues on technology, a considerable share of any business’s resources.² This faith in IT is not always rewarded, though. MIT professor Erick Brynjolfsson has documented a concept called “The Productivity Paradox of Information Technology,” which argues that ICT has not delivered on expected productivity benefits. Brynjolfsson has identified several reasons for poor returns from IT systems, including the gap between investment and productivity resulting from learning and adjustment periods, the difficulty in measuring the work benefit of a specific system, and a lack of effective management of the technology itself.

Hosted or cloud-based solutions have helped to address these issues in three important ways: by reducing up-front investments; by providing management with new measurement tools; and by reducing the time between adoption and productivity. One example is found in Hosted PBX solutions, which are cloud-based systems that provide enterprise call routing and management. Growing interest in Hosted PBX may be attributed to a number of benefits, including the technology’s ability to address some of the concerns identified by Professor Brynjolfsson. Hosted PBX solutions require no up-front CAPEX expenditures, eliminating the gap between investment and return; they can be deployed quickly and easily, reducing the gap between deployment and productive use; and Hosted PBX services provide businesses with new tools to measure employee time and outputs, giving management increased visibility into critical success factors.

Clearly, Hosted PBX solutions are a valuable technology for firms interested in increased productivity, but obtaining real business benefit from IT investments is about more than deploying tools. The most successful adopters of the technology obtain maximum ROI by using Hosted PBX solutions to drive new levels of productivity from the mobile workforce, and within their call centres, through increased customer satisfaction and a renewed focus on innovation in core capabilities.

1. OECD, June 2012. <http://www.oecd.org/economy/economy/canadaneedstoboostinnovationandhumancapitaltosustainlivingstandards.htm>
2. Gartner IT Key Metrics Data 2012: IT Enterprise Summary Report, 2012.



THE MOBILE WORKFORCE

In the modern workforce, traditional notions about 'showing up for work' have broken down. In the past, it was assumed that work had to be timed, supervised and 'in the office' in order to achieve the required output. But today, the office can be anywhere from a home-based workspace to a wired airport lounge. This change in attitude towards work has been evident at the institutional level from the 1970s, as businesses instituted telework programs aimed at increased workforce efficiency, greater flexibility in work scheduling, better work/life balance, improved environmental performance and other benefits. In Canada, the roster of organizations that experimented early with telework programs includes the Bank of Montreal, BC Hydro, RBC, National Bank, the Government of Canada, IBM, and Purolator.³ More recently, commitment to telework has manifested itself in new approaches to building space, where individuals no longer occupy their own cubicles but have access to common collaboration areas, and concepts like 'hoteling,' where organizations who are looking to shed bricks-and-mortar expenses rent space when necessary to support workers on the go.

The mobile workforce has spread far beyond the pioneers and is becoming the new norm. According to a recent IDC study:

"By 2015, the world's mobile worker population will reach 1.3 billion, representing 37.2% of the total workforce."⁴ And while this same report indicates most rapid uptake of mobile work in Asia/Pacific, growth rates for Canada are similar: according to IDC Canada's Canadian Mobile Worker 2012–2016 Forecast, "The Canadian mobile worker population is set to increase from 12.1 million in 2012, accounting for 68.9 per cent of employed Canadians, to 13.3 million in 2016, or 73 per cent of the workforce or 3 out of every 4 employees."⁵

The explosive popularity of mobile work is indicative of a fundamental shift in thinking about the relationship between productivity and work location. 'Performance,' not 'presence,' is the new measure of employee value. But how do changes in work style deliver the performance and productivity promise of mobile and telework? In a report, sponsored by Calgary Economic Development, WORKshift has quantified the productivity benefits of mobile work for individuals, employees, the community and the environment as follows:

"The total impact of 2 days a week telecommuting by those with compatible jobs and a desire to work from home is \$53 billion in national savings. A company with 250 telecommuters would save over \$3 million a year (see table on the next page)."⁶

3. Alain Pinsonneault, The Impacts of Telecommuting on Organizations and Individuals: A Review of the Literature, 1999.
4. Mobile Worker Population to Reach 1.3 Billion by 2015, According to IDC, Business Wire, 2013.
5. Mobile workers are the new norm, Globe and Mail, 2013.
6. Kate Lister, Tom Harnish, WORKshift Canada: The Bottom Line on Telework, Telework Research Network. Telework in Canada, April, 2011, p. 23.

The Bottom Line Benefits of Telecommuting

	Benefit Calculations For		
	One Employee	Company of 250	All of Canada
Employer Benefits			
Increased Productivity	\$ 5,985	\$ 1,489,563	\$ 26,200,000,000
Real Estate Savings	\$ 1,561	\$ 390,130	\$ 6,800,000,000
Reduced Absenteeism	\$ 2,022	\$ 505,617	\$ 8,900,000,000
Reduced Turnover	\$ 427	\$ 106,830	\$ 1,900,000,000
Representative Employer Benefits	\$ 10,037	\$ 2,492,146	\$ 44,000,000,000
Employee Benefits*	\$ 1,939	\$ 484,738	\$ 8,500,000,000
Community Benefits			
Reduced Need for Oil	-	-	\$ 540,000,000
Reductions in GHG Emissions	-	-	2.1 million tonnes
Traffic Accidents Avoided	-	-	\$ 37,500,000
Representative Community Benefits*	\$ 132	\$ 32,940	\$ 578,000,000
Overall Benefit of Telework	\$ 12,108	\$ 3,009,825	\$ 53,100,000,000

* Note: figures are rounded, and may include inputs not detailed in the table

Source: WORKshift Canada

The productivity benefits of enabling telecommuting within the workforce are highly compelling. The Telework Research Network has concluded that if everyone suited to telework was empowered to do so – if workers with mobile compatible jobs who wanted to work remotely (79% of the workforce) were allowed to work remotely half the time – “the economic benefit would total over \$700 billion a year.”⁷

ACCORDING TO THE TELEWORK SAVINGS CALCULATOR, U.S. BUSINESSES COULD:

- Save over \$500 billion a year in real estate, electricity, absenteeism, and turnover and productivity (more than \$11,000 per employee per year).
- Increase national productivity by 5 million man-years or \$270 billion worth of work.
- Save on utilities, janitorial services, security, maintenance, paper goods, coffee and water service, leased parking spaces, transit subsidies, ADA compliance, environmental penalties, equipment, furniture, and office supplies.

U.S. EMPLOYEES COULD:

- Gain back the equivalent of 2-3 weeks worth of free time per year that they would have otherwise spent commuting.
- Save between \$2,000 and \$7,000 in transportation and work-related costs, and \$20 billion at the pumps.

THE U.S. COULD:

- Reduce greenhouse gases by 54 million tons – the equivalent of taking almost 10 million cars off the road for a year.
- Reduce wear and tear on highways by over 119 billion miles a year, saving hundreds of millions in highway maintenance cost.
- Save almost 90,000 people from traffic-related injury or death, reducing accident-related costs by over \$10 billion a year.
- Save over 640 million barrels of oil.

7. “Telework Savings Potential”, globalworkplaceanalytics.com. (U.S. estimate)

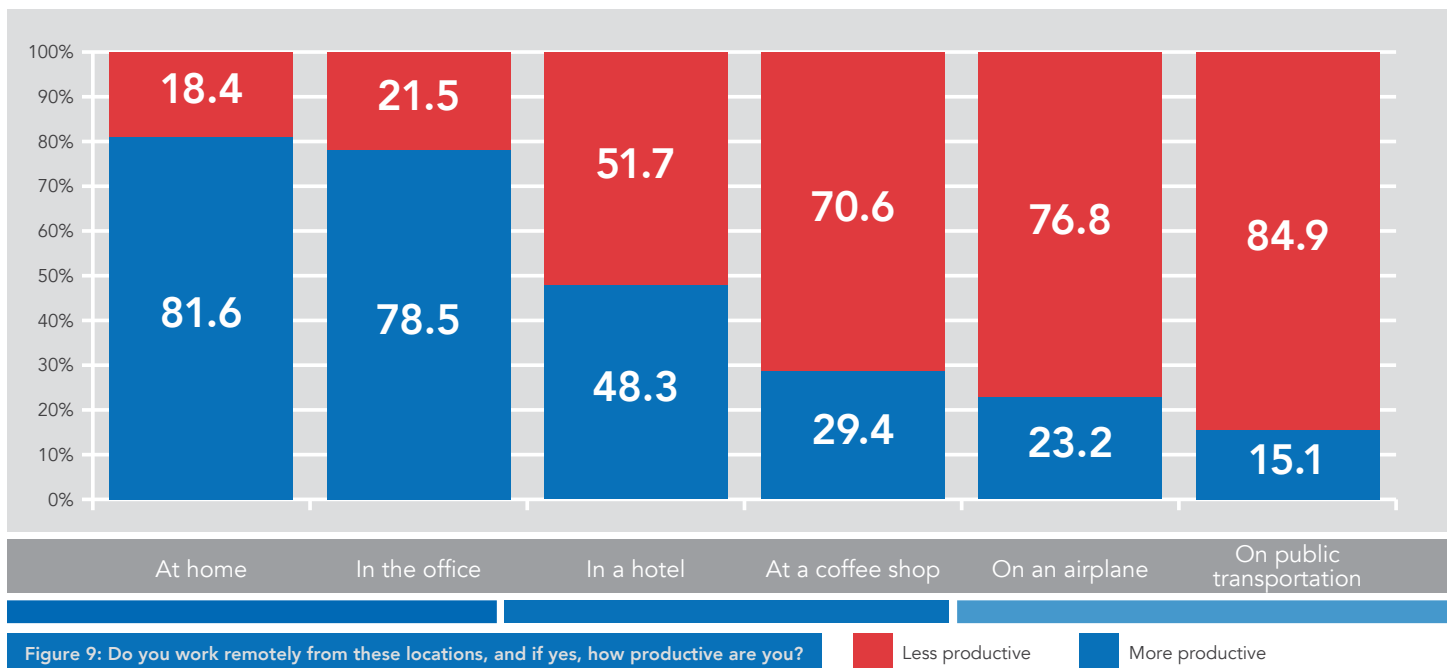


With these productivity inducements on the table, an obvious question emerges: why are more workers and businesses not taking advantage of mobile work? While management misperceptions about the relationship between worker productivity and location likely remain barriers to adoption in certain settings, a more practical concern arises around connectivity, and the ability of mobile workers to connect with their employer and the broader market community securely, reliably and professionally.

Communications issues are top-of-mind in many organizations. Telework.Gov, an organization tasked by the U.S. government to survey federal agencies on their mobile work practices and report these on an annual basis to Congress, has identified the cost of funding additional computer hardware and software for the off-site locations, equipment installation fees, hardware and software licencing fees, telephone installation at the employee's home, long distance billing on credit cards, and telework centre space rental fees as the second barrier to the advance of telework.⁸ Cost

is also a concern among the broader population, particularly in the smaller business segment. Techaisle's "global SMB mobile workforce forecast shows that by 2016 there will be slightly over 298 million SMB employees who will be mobile workers. Nearly 150 million SMB employees will be telecommuting and over 120 million will travel on business."⁹ Of the five main SMB concerns with mobility, the cost of solutions that support mobile workers rose to the top in this research.

Connectivity is also a concern for employees. In its 14th quarterly Mobile Workforce Report, iPass has demonstrated that mobile employees are consistently working longer hours and relying on connectivity in order to be more productive from a range of locations. Interestingly, over 82 percent of respondents in the study said they are most productive working at home (more than are productive in the office); and 75 percent also work in hotels. Asked how productive they are in different mobile work environments, respondents replied as follows:¹⁰



8. The Status of Telework in the Federal Government, Telework.Gov, 2012 report.

9. Techaisle. Worldwide SMB Mobile Workforce will grow to 298 million in 2016 at 6.3 CAGR., 2013

10. The iPass Global Mobile Workforce Report. Understanding Global Mobility Trends and Mobile Device Usage Among Business Users, 2013.

There may be a variety of factors influencing worker productivity in these locations, including ambient noise, distraction and a lack of physical work space. However, the figure also shows that some locations are more conducive to work than others – and that productivity declines correlate to locations where communication may be more challenging. To achieve the potential productivity gains promised by the mobile revolution, businesses need to ensure that they have mobility policies and enabling technologies in place to make work location a neutral consideration.

Hosted PBX is a strategic communication technology that empowers the mobile workforce by allowing employees to work from any location. Using the cloud-based service, workers can:

- Call in to communicate or source corporate data from anywhere on any device.
- Maintain a professional persona, as all outbound calls are identified with a single company number. This helps the company preserve brand and customer relationships.
- Access enterprise communication functionality from any device or location. Personal productivity features include a single phone number and dial plan, Find Me/Follow Me, and voicemail to email forwarding.

For companies who are weighing mobility costs, Hosted PBX offers a cost-effective alternative to the deployment of equipment on-site, which will appeal to small business who can defer CAPEX through cloud-based telephony (The Adaptability of Hosted PBX business white paper outlines the cost advantages of hosted vs. on-premise PBX).

CALL CENTRES FUEL PRODUCTIVITY WHILE LOWERING COSTS

The call centre function within organizations is taking on greater importance in our increasingly social world. Consumers, partners and suppliers have come to expect communication on demand, and now have the social tools to ‘vocalize’ any hesitation or frustration they experience in communicating with a business. As a company’s primary medium for responding to queries or mitigating customer dissatisfaction, call centres are under growing pressure to live up to this expectation through the delivery of accurate and timely information. To perform at their best, call centres depend on responsive and reliable systems. However, many large facilities remain challenged by a lack of metrics by which they can measure or improve operational efficiency.

Use of home based agents for call centre staff has been growing at a rate of about 40 percent per year¹¹

In addition to pressure to perform, the call centre is also undergoing transition, in some cases joining the ranks of the mobile workforce. Use of home based agents for call centre staff has been growing at a rate of about 40 percent per year¹² due to the personal productivity benefits noted above, and to industry-specific advantages such as lower attrition among home workers (30% in typical call centres)¹³ and the greater likelihood of positions being filled by individuals with college degrees. In an article on reduction of call centre costs and service improvement, Christine Holley, *director of market communications*, Interactive Intelligence, has outlined several key benefits of the home-based agent model. Drivers of this homeshoring transition include “cost savings based on lower overhead and turnover rates compared to in-office agents and improved customer service. For instance, remote agents are typically more amenable to working after hours, which enables call centres to provide extended service hours more easily. By being able to select from a larger labour pool (not constrained by geography) call centres have a better chance of securing skill-sets that they require. Remote agents also provide business continuity should the contact centre go off-line, thereby minimizing service interruptions.”¹⁴

Another trend in the industry is the shift away from the outsourcing of call centre functions to large factory facilities in favour of using in-house staff resources. This approach is common in smaller organizations which may not have the budget to contract large, professional outsourced services. For this group, Hosted PBX offers a cost-effective solution that may enable the organization to offer call centre services that might formerly have been out of reach, to better position the organization vis-à-vis its competition. Hosted PBX solutions require no CAPEX for deployment of onsite infrastructure and offer a lower TCO than on-premise systems.

In each of these cases – the large call centre under pressure to perform, the distributed, home-agent based model and the smaller on-premise company call centre – Hosted PBX provides reliable and remote access to cloud-based telephony to facilitate the virtual call centre. But the solution also addresses the call centre’s need for increased efficiency through features that enable businesses to monitor, measure and manage call centre productivity, including:

- Web-based portals for remote management of call features, messaging changes and delivery of prompts from remote locations.
- Detailed real-time and historical call reporting to identify peak times, allowing management to make better staffing decisions.
- Supervisor dashboards that enable monitoring and management of all calls to provide better insight into individual agent performance.
- Cloud Scale, which supports the quick addition of agents or supervisors to manage changing call centre staffing needs.

11. Michael DeSalles, strategic analyst, Frost & Sullivan, April 19, 2010.

12. Michael DeSalles, strategic analyst, Frost & Sullivan, April 19, 2010.

13. Working Successfully with Gen Y, Call Centre Times, 2013.

14. Christine Holley, director of market communications, Interactive Intelligence. “Top Ten Ways to Reduce Contact Center Costs While Improving Service”, TMCnet.com

INCREASING CUSTOMER SATISFACTION

Reaching out to a business for call centre support can be a frustrating proposition. Challenges range from finding the right number to call, to being inundated with lengthy recordings urging the caller to return to the website, to the need to punch in an abundance of information before speaking to a live agent who may or may not have appropriate language skills. When the outcome is customer frustration, the result is lost opportunity for the business.

In the science of optimizing customer experience, a number of suggestions for improving support performance stand out. Key suggestions include: measure agent performance and make sure agents are satisfied with their jobs; use voice, which is still the channel preferred by most customers for service and support; and survey customers on contact centre performance in order to improve.¹⁵ Hosted PBX offers capabilities to manage each of these issues. While remote call monitoring can provide insight into agent satisfaction and performance, the solution is essentially a voice-based call system, which provides a number of management metrics that businesses can use to develop performance improvement strategies.

Customer expectations are changing. While AHT (average handle time) has served for some time as the measure of success in call centre operation, it is no longer viewed as synonymous with “quality.” Today, first call resolution (the percentage of calls handled on first call and therefore, unlikely to call back) is considered a more reliable measure of performance. Other common productivity measurements include customer satisfaction (CSat), agent utilization rate (AUR) or Occupancy (OCC), cost per contact (CoC), average speed answer (ASA) and abandonment rate (ABN) – that is, the percentage of calls that get disconnected before an agent picks up. Abandonment is viewed as an important metric to record because it can let managers in on potential issues with the phone line – a critical issue in a call centre environment.

Tracking these metrics is the first step in improving processes and, ultimately, customer satisfaction. Hosted PBX can help as it provides a number of features for monitoring and reporting on CSat indicators, as well as capabilities that enable a business to take action to improve satisfaction. Hosted PBX enables a business to:

- Listen into live agent calls for real-time coaching through supervisor dashboards.
- Compare call activity between team members.
- Use skills-based routing for greater control of call routing for first call resolution.
- Change auto attendant, messaging and prompts as required to improve call flow.
- Spread team members across locations or home offices, and place incoming callers into organized call queues for more effective management of inbound calling.

15. Al McClain. How Can Contact Centers Be Less Painful for Customers? Retailwire, August, 2013.





THE PRODUCTIVITY CORE

In most enterprises, the share of IT budgets devoted to “keeping the lights on” – or IT systems maintenance – has been estimated at approximately 70 percent, with some estimates as high as 85 percent. This consumption of resources has a huge impact on an organization’s ability to address core business issues. As accounting professional Peter Bartram explained, “It is not unusual for organizations to have over 85 percent of the total spend locked up in maintenance. In these organizations, innovation may come to a stop and saving costs in IT will go at the expense of the maintenance budget, which will harm the business-as-usual.”¹⁶

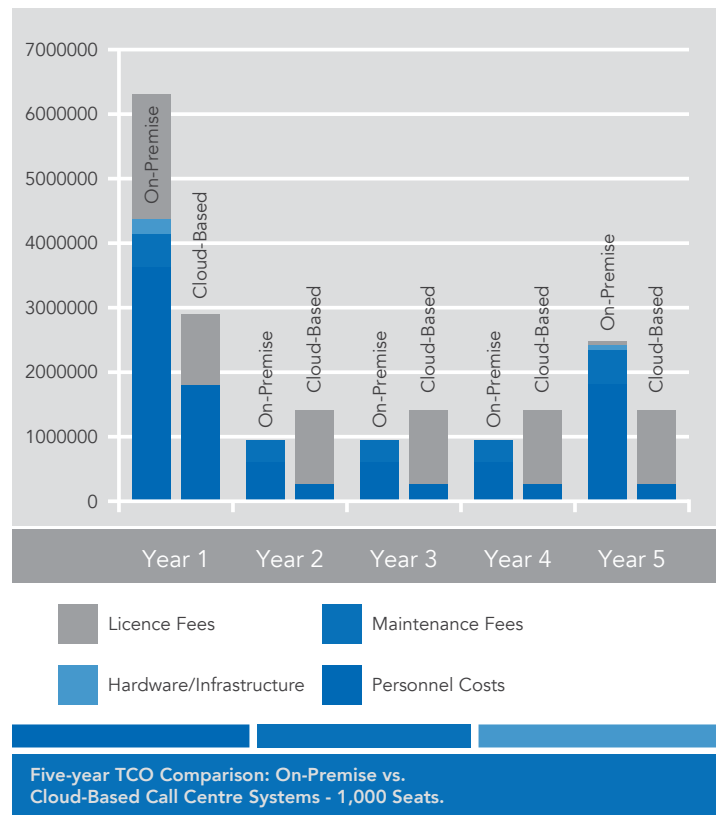
In smaller organizations, which may not have large IT budgets, the need to maintain IT infrastructure imposes even greater challenges. The successful small businesses of today – web startups, for example – are characterized by agility and the ability to focus on innovation as opposed to ITC deployment. But the same may be said of companies of all sizes in all industries: our hypercompetitive market climate now demands ‘continuous innovation’ in internal processes as well as customer products and services. In this environment, businesses can no longer afford to devote precious human and capital resources to non-core routine management tasks. Bartram’s advice is “to always manage the maintenance budget actively and control the maintenance-renewal proportions.”

This advice resonates in the world of PBX. Physical PBX can be a very complex environment, involving the support and maintenance of multiple locations and systems across a distributed organization. Maintenance is a labour-intensive process that requires trained and certified administrators.¹⁷

With Hosted PBX, these systems are centralized under one IP-based network for consolidated control. The network is managed by the hosting provider. As in any cloud solution, maintenance, support and administration of the software and systems are taken over by the provider, including the

responsibility for technology refresh. Software licencing, and solution and equipment procurement become a thing of the past, removing the risk of technology obsolescence, and the provider’s security certifications and redundancy offer levels of reliability that are hard to match on-premise.

According to Beagle Research, cloud-based contact centre solutions are less costly to deploy and stay cost effective over time, due in large part to lower maintenance requirements.¹⁸ As the following figure shows, use of cloud-based systems can result in significantly lower (30% less) TCO over a five year period compared to on-premise deployment.



Source: Beagle Research Group, July 2010

16. Peter Bartram, “8 ways to... manage the cost of IT projects,” Financial Management Magazine, CIMA, Feb. 25, 2013.

17. Steve Shepard. Hosted PBX: The Top Five Advantages For You Enterprise.

18. Beagle Research Group. The Benefits of Modern Customer Service: Moving Your On-premise Contact Centre to the Cloud, July 2010.



In addition to generic cloud benefits, Hosted PBX services typically feature a self-service web interface for changing user profiles and adding or changing system features. This replaces manual routines that previously had to be done on-site. Scaling the number of users or adding PBX functionality to other business locations no longer requires on-premise staff to calculate available slots on a switch or track software licences. Through remote access to a web interface, the management process is simplified and communication needs can easily scale as required. For the business, this frees up staffing resources who can focus on the core issue – business innovation.

CONCLUSION

- Hosted PBX services, such as those offered by Primus Business Services, offer many compelling productivity advantages.
- Primus Hosted PBX services can be used to help your business address key challenges such as unleashing the latent productivity in our increasingly mobile workforce; addressing the need for improved call centre services; improving customer satisfaction through better communications; and reducing the costs associated with maintenance and support of cumbersome, physical call routing systems.
- With Hosted PBX, management can focus on core business innovation, confident that cloud communications empower the productivity and cost savings needed to maintain competitive positioning.

Resources

<http://www.informationweek.com/whitepaper/download/showPDF?articleID=191705228>

<http://www.slideshare.net/XOCommunications/hosted-pbx-the-top-five-advantages-for-your-enterprise>

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