11 TCO Traps to Avoid in Customer Service Software

What They Won’t Tell You
IT executives and business managers worry endlessly about **TOTAL COST OF OWNERSHIP (TCO)** when it comes to **BUYING, MAINTAINING, AND EXTRACTING BUSINESS VALUE FROM ENTERPRISE SOFTWARE**.

This white paper examines some obvious and not-so-obvious **TCO traps that companies SHOULD BE AWARE OF** as they select, implement, and maintain omnichannel customer engagement software.

The 11 traps discussed in this paper are:

1. The channel fragmentation trap
2. The multilingual trap
3. The non-shareability trap
4. The deploy-my-way trap
5. The bait-and-switch trap
6. The user adoption trap
7. The architectural trap
8. The customization trap
9. The RAS trap
10. The knowledge base maintenance trap
11. The super-agent trap
Defining customer engagement software

Customer engagement software include applications for managing the following processes:

- Inbound and outbound customer interactions within and across phone, paper (fax or postal mail), email, chat, web collaboration, web self-service, and other new and emerging channels such as SMS, social, and mobile. This includes presales and post-sales interactions, including informational, transactional, diagnostic, and advisory customer service. Advisory customer service also covers contextual upsell and cross-sell marketing at the point of service.

- Service fulfillment and service process automation within and across channels and across the service life cycle.

- Contact center knowledge management including content management, process capture, and process codification that provides in-process interaction guidance for agents. The benefits of contact center knowledge management are well-documented and will not be covered in this white paper.

- Contact center performance management including performance at the agent, queue, group, and contact center level.
TCO traps

This paper focuses on TCO traps related to customer engagement software and not well-understood infrastructure costs such as telecom and server hardware and software costs. Here are 11 traps that businesses should avoid.

1: The channel fragmentation trap

Issue

Ten years ago, companies that wanted to gain rapid competitive advantage had to often implement single-channel point applications for email, chat, web self-service, etc. since truly integrated suites were not available. Even today, true integration is hard to find, despite vendors’ marketing hype. A standalone application approach entails managing disparate application objects including data models, workflows, analytics, routing, business rules, application logic, and integration with existing business applications, content assets, and telephony infrastructure, in addition to creating, maintaining, and synchronizing channel-specific knowledge bases. This results in inconsistent rules, answers, and customer experience, broken service processes, fragmented analytics, and cumbersome application management. Moreover, tying these systems with one another and with back-office systems becomes a many-to-many integration nightmare as the various systems get upgraded over time. In addition, users such as cross-channel agents will have to learn how to use multiple applications and this entails additional training costs. These issues not only increase the TCO exponentially but also result in customer defection, the cost of which is not captured in traditional TCO models.

Best practice

When you evaluate customer engagement software alternatives, look for solutions that take a “hub” approach to managing customer interactions through a centralized platform for interaction and knowledge management, including common business rules, routing, workflow, knowledge base, and analytics. Bear in mind that you are not necessarily sacrificing best-of-breed functionality when you go with the hub-based approach. Look for solutions that are broad and deep and built on a common platform. Has the solution been recognized for excellence and being used in best-of-breed ways by demanding blue-chip clients, as a suite and as individual applications?

2: The multilingual trap

Issue

As businesses become inevitably more global, they are faced with the imperative of providing personalized, multilingual customer service to maximize customer service effectiveness and efficiencies, while enabling superior customer experience. Many customer service software solutions require a separate deployment for each language, significantly driving up the total cost of ownership.
Best practice

When you evaluate solution alternatives, make sure they allow you to provide multilingual service from a single deployment, spanning multiple aspects such as user interface and content. Furthermore, make sure that the vendor has proven multilingual client deployments.

3: The non-shareability trap

Issue

One of the major TCO drivers in large enterprises is the deployment of multiple customer service systems to support their various business units and subsidiaries. The same issue applies to outsourcers that deploy a separate system to support each client.

Best practice

Forward-looking enterprises are starting to leverage a “shared services” approach to acquiring and deploying applications software such as customer engagement systems.

Make sure your customer service software can support multiple departments from a single deployment. This capability enables enterprises to create self-contained implementations that include variables such as the user interface, business rules, reporting, workflow, and knowledge base content. At the same time, these objects and best practices can be shared across departments (or clients, in the case of outsourcers) for holistic analysis and performance comparisons across groups.

4: The deploy-my-way trap

Issue

Most customer interaction management software vendors have favored one deployment approach over the other—on-premise or SaaS—depending on their architectural strengths, pricing strategies and business models, rather than focusing on what approach might be the best fit for the customer.

Best practice

Enterprises choose on-premise, SaaS, or hybrid deployments based on many factors including the availability of IT resources, requirements for customization, security, and integration, perceived risk, technology adoption profile, and risk tolerance of the buyer or the business (e.g. innovators, pragmatic buyers, and late adopters), preferred acquisition practices such as “try before buy,” corporate policy, and other factors beyond just the cost. Moreover, many companies make erroneous cost estimates without evaluating TCO over a long-term time horizon. We recommend that each business choose a deployment option that best fits its specific needs, goals, and preferences, instead of simply listening to what the vendors push or based on myopic cost estimates. While making sure the vendor provides flexible options and the ability to seamlessly switch from one option to another,
it is equally important to make sure the solution provider has a proven track record in implementing and delivering these various options over the years.

5: The bait-and-switch trap

Issue

Many buyers have implemented apparently low-cost systems only to get stunned by bait-and-switch tactics of some of these solution providers.

Best practice

Beware of tactics such as low initial cost and vendor insistence on short term contracts. These vendors “get” buyers when the contract is up for renewal, where they try to monetize perceived switching costs to a steep price increase. Examples of other tricks include charging by page views for web self-service, requiring a separate deployment for different views of the knowledge base, and other areas covered elsewhere in the document such as requiring separate deployments to support multiple departments and languages. As an example, self-service page views can grow exponentially, especially in B2C scenarios but also in B2B situations where the business is serving a large number of customers. Likewise, enterprise users want custom views into the knowledge base and the requirement of multiple deployments to support this need significantly increases the TCO.

One other common trick seen in the market is false vendor claims of a single, integrated platform for all interaction channels. Buyers believe in this claim to initially buy single-channel applications only to find out later that adding new channels entails additional cross-channel integration efforts. Given the increased switching costs, these buyers fall into the escalation-of-commitment trap, sinking more investments in sewing together applications that cannot be truly integrated.

Buyers who do not pay attention to these tactics find themselves having to explain poor or negative ROI and astronomical TCOs to management, putting their own careers at risk!

6: The user adoption trap

Issue

While user training costs are typically included in TCO calculations, the hidden cost of user resistance to adopting complex user interfaces and running multiple applications during the course of a customer interaction is almost always ignored. A related issue is findability. What use is the knowledge base content if users cannot intuitively, quickly, and easily find information at the point of need? What use are FAQs if customer queries are very broad and are all infrequent? If agents cannot find knowledge base information easily, they will stop using it—a major hidden cost that is not in traditional TCO models.
**Best practice**

Software usability is a major cost driver that cannot be covered up by overinvesting in training. Ask vendors about their design and testing processes for usability. Have your agents run the software and compare usability across vendors during the acquisition process. How evolved is the user interface (UI)? Over how many releases has it been refined? Does the vendor allow you to access and leverage data and content from other systems so that the agent does not have to hop across applications to answer customer queries and perform service tasks? Are these integrations out of the box or costly custom projects? How many clicks does it take to accomplish various tasks ranging from the simple to the complex? Does your software provide flexible content access methods that enhance findability and increase user adoption? Content access is covered in more detail elsewhere in the document.

**7: The architectural trap**

**Issue**

Customer engagement systems are often based on monolithic, archaic architectures that are not modular or integration-ready, preventing you from leveraging service-oriented approaches and ending up creating process islands and driving up integration costs. Moreover, many of these systems are unable to leverage existing infrastructure assets such as database and application servers, CTI systems, content assets and business data.

**Best practice**

Make sure the solution is based on a modular, multitier, standards-based (e.g. J2EE) architecture that also includes support of emerging approaches such as SOA for application development and interoperability, reliability, availability and scalability (RAS), and security and integration. This approach allows you to reuse existing server infrastructure and application assets and services, and mix and match components to rapidly reconfigure business processes. Benefits include increased ROI, reduced TCO, and increased business agility.

**8: The customization trap**

**Issue**

Enterprises need and want customized approaches to business process design and execution in order to create and extend competitive advantage, and to tailor enabling customer service applications to their processes and not the other way around.

**Best practice**

Make sure your customer engagement applications can be easily configured and does not require expensive and time-consuming customization. Moreover, business users should be able to reconfigure processes without having to rely on IT, which increases the cost and time to benefit.
9. The RAS trap

**Issue**

RAS (reliability, availability, and scalability) is critical to the success of any enterprise-class deployment. It is even more important for customer engagement systems because of its direct impact on customer service access, customer experience, customer retention, and ultimately business growth. However, a solution’s anticipated RAS performance is seldom accounted for in TCO analyses.

**Best practice**

Make sure the solution provider has large enterprise clients and supports RAS capabilities such as distributed server support, self-monitoring, fault-tolerance, and hardware redundancy. In the case of on-demand deployments, ask about up-time guarantees—leading vendors offer over 99% uptime.

10. The knowledge base maintenance trap

**Issue**

A big mistake often made in customer engagement software TCO calculation is ignoring the cost of creating and maintaining contact center knowledge bases to ensure sustained use and generation of ongoing business value.

**Best practice**

Take a holistic look at the knowledge base creation, usage, and refinement process as you evaluate knowledge base maintenance costs. Moreover, if you have siloed applications for interaction management, you also have disparate knowledge bases to maintain and authoring interfaces to learn.

Often, contact centers take a “deploy and forget” approach to knowledge bases. It is critical to make sure that the knowledge base content continues to perform and deliver value. Is a specific knowledge base article answering the queries effectively or is it resulting in escalations? How do customers rate the content? Does the solution have an SOA-style survey capability that can be injected into any part of the service delivery and content consumption process to get feedback from customers and act on it? Does the solution help automate content performance management through adaptive management tools—for example, can it automatically trigger and track content maintenance including the tasks, ownership, and service levels within the organization, based on the ongoing performance of the knowledge base? Does it allow community-based knowledge creation by contributors such as subject matter experts outside the contact center, agents, and even customers, whereby they can contribute content and have it published through best-practice quality control processes? Does the system make it easy to quickly translate and deploy content in multiple languages?
11. The super-agent trap

Issue
In an environment replete with mergers and acquisitions, contact center consolidation, outsourcing, product proliferation, and ever-tightening government regulations around customer interactions and service processes, agents and customer service executives are facing a daunting challenge in delivering high-quality customer service and maintaining process effectiveness and efficiencies, while keeping costs down. While knowledge management solutions can help, most do not provide in-process interaction guidance or flexible access or retrieval methods to make it easy for less experienced or outsourced agents to find information easily and intuitively, and conduct effective and value-maximizing customer interactions that are also compliant with regulatory and internal best practices. This requires contact centers to hire expensive subject matter experts, a cost that is seldom captured in TCO calculations.

Best practice
Elicit and capture best-practice interactions from your best agents within the framework of government regulations (if any), starting with the most common customer queries first. Sophisticated case-based reasoning engines can guide agents through a broad set of interactions through an adaptive, step-by-step process, while helping them avoid compliance landmines. Be wary of solutions that take a “one size fits all” approach to content access or knowledge retrieval, and make sure the knowledge management solution can provide in-process interaction guidance to empower a broad set of agents—novice or experienced, in-house, or outsourced. Moreover, such full-spectrum knowledge management solutions will help improve the performance of agents in handling queries that span customer life cycle stages and inquiry types, ranging from the simple to the complex, informational to diagnostics or advisory, post-sales support to pre-sales advice. The ability of such solutions reduces costs associated with training and agent salaries, lowering overall TCO.
Next steps

As a solution provider committed to helping businesses differentiate themselves through best-in-class customer interactions, eGain offers a complimentary, no-risk, no-obligation assessment of your current customer service and support operation in the form of a Best Practice Assessment Study (BPAS). Based on your priorities, the BPAS can be focused on the specific topic of this document or your broader contact center and customer service operation. If you found the content of this document to be useful, we are confident you will benefit from a BPAS engagement with us. To qualify, send us an email at info@egain.com. We will contact you to set up a mutually convenient time to conduct a BPAS.

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