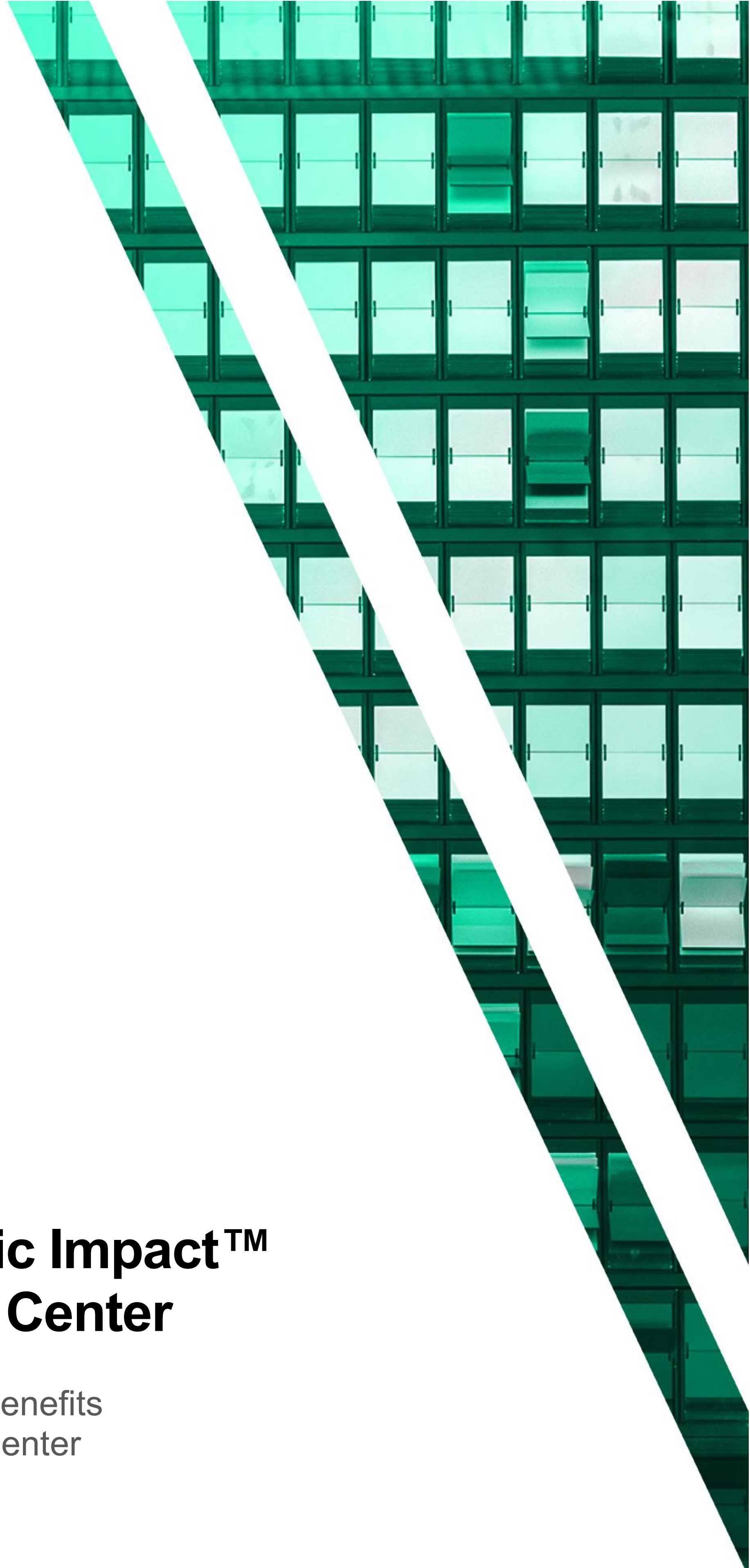


FORRESTER®

The Total Economic Impact™ Of Webex Contact Center

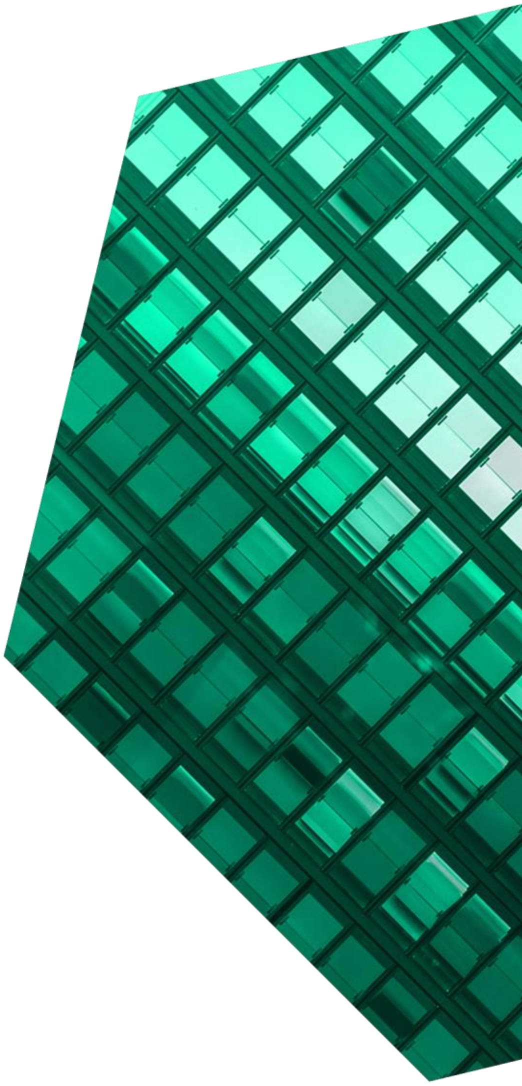
Cost Savings And Business Benefits Enabled By Webex Contact Center

AUGUST 2023

A FORRESTER TOTAL ECONOMIC IMPACT™ STUDY COMMISSIONED BY CISCO

Table Of Contents

Consulting Team: Sam Sexton
Matt Dunham



Executive Summary

High-quality customer experience has never been more important — or harder to deliver. As new technology grows more innovative, so do customer expectations for fast communications, personalized to their needs, delivered via the channel of their choice. Businesses need to deliver exceptional experiences while leveraging technology to optimize efficiency and scalability. Legacy, on-premises call centers just don't have the workforce, capacity, or flexibility to keep up and create a competitive disadvantage.

Webex Contact Center is a cloud-based contact center platform that lets businesses connect customer experiences across all of the ways customers want to engage: proactive messaging, self-service, and human-assisted engagement. With broad channel support, Webex Contact Center allows customers to communicate in their individual channel of choice — whether that is voice, text, email, social messaging, or another option — and ensures that agents have context and intelligence across the entire customer journey.

Cisco commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Webex Contact Center.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Webex Contact Center on their organizations.

Calls deflected with Webex Contact Center

20%

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with organizations that have deployed Webex Contact Center. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single composite organization.

Prior to using Webex Contact Center, these interviewees noted how their organizations struggled with legacy on-premises solutions for their call centers. This led to difficulties managing multiple legacy solutions, an inability to scale to meet customer demand or add communication channels, and vulnerability to downtime related to technological issues or unanticipated disasters.

After the investment in Webex Contact Center, the interviewees moved their on-premises contact centers to the cloud. Key results from the investment include easier management of the platform and employees, improved flexibility with deployment and avoiding downtime, and more deflected calls.

KEY STATISTICS

Return on investment (ROI)
304%

Net present value (NPV)
$11.45M

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Reallocated 10 IT support FTEs due to easier contact center management.** Consolidating contact center systems under a single vendor with Webex Contact Center and moving to the cloud reduces the need for IT support to keep legacy systems connected and running. The composite organization reallocates six of its 12 IT support FTEs in the first year of usage and 10 FTEs in Years 2 and 3, leading to a total, risk-adjusted three-year savings of $1.7 million.
- **Deflected 20% of calls due to improved interactive voice response (IVR), email, and chatbot and self-service capabilities.** Webex Contact Center improves on the composite organization's prior email and IVR capabilities with more helpful responses, and it prompts and adds automated self-service options like chatbots to further reduce incoming calls to agents. The composite organization improves deflection from 8% of its total incoming calls to 20%, resulting in a three-year, risk-adjusted labor savings of nearly $3.6 million for the composite organization.
- **Avoided 100% of legacy license costs after three years.** The centralized and expanded capabilities of Webex Contact Center allow the composite organization to retire its legacy solutions. The organization retires 95% of its legacy solutions in Year 1 and 100% in Years 2 and 3 with the move to a single vendor. The saved legacy license fees total a risk-adjusted, three-year PV of just under $3.5 million.
- **Reduced customer care and quality management costs by 35%.** Better tracking of customer and employee data, along with more options for following up with customers and easier access to call recordings and other agent contact information, enable the composite organization to reallocate a significant portion of its 100 customer care and quality management staff. The composite organization reallocates 25 employees in Year 1 and 35 in Year 2 onward. This saves a three-year, risk-adjusted $2.8 million for the composite organization.
- **Avoided 50% of customer support system downtime.** As part of its cloud transformation, the composite organization makes wide-ranging changes to encourage remote work, move away from on-premises systems, and avoid unnecessary downtime. The improved system stability and distributed workforce enabled by Webex Contact Center reduces downtime for the customer support system by 45% in Year 1 and 50% in Year 2 onward. This totals a risk-adjusted $3.6 million for the composite organization.

Unquantified benefits. Benefits that were cited as providing value for the composite organization but are not quantified in this study include:

- **Improved employee experience.** The intuitive tools, real-time customer context, and intelligent routing of the Webex Contact Center platform all make the agent experience more efficient and less tedious. Improved deflection also contributes by avoiding inundating agents with repetitive, simple requests.
- **Better customer experience.** With Webex Contact Center, agents can offer customers omnichannel communication and callback options and improved speed of response, enabling more problems to be addressed faster.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Implementation and management costs of $1.5 million.** These include professional services fees, a small team working to implement Webex Contact Center over several months, and ongoing management of the platform.

- **Ongoing subscription costs of $2.5 million.** The composite organization pays $990,000 per year in various per-agent subscription fees to Cisco for usage of Webex Contact Center.
- **Training costs of $80,000.** The composite organization initially trains its entire agent workforce, and instructs additional agents that churn out each year.

The representative interviews and financial analysis found that a composite organization experiences benefits of $15.22 million over three years versus costs of $3.77 million, adding up to a net present value (NPV) of $11.45 million and an ROI of 304%.

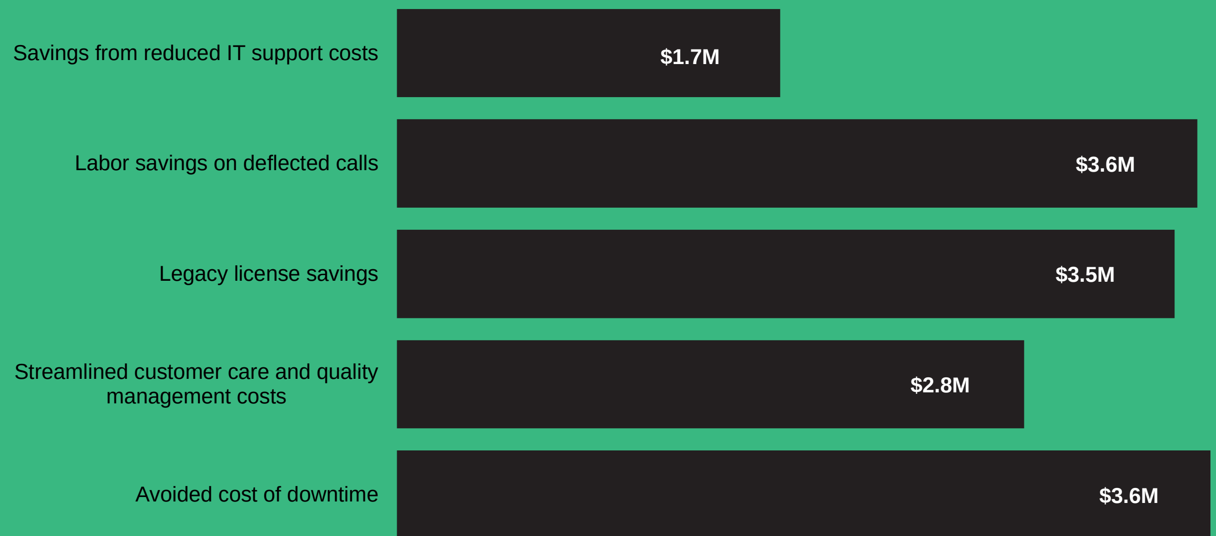
ROI
304%

BENEFITS PV
$15.22M

NPV
$11.45M

PAYBACK
<6 months

Benefits (Three-Year)



"Customers don't care if they're calling you or your competitor down the street. They want the same features and functionality everywhere."

— Voice services manager, financial services

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Webex Contact Center.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Webex Contact Center can have on an organization.

DUE DILIGENCE

Interviewed Cisco stakeholders and Forrester analysts to gather data relative to Webex Contact Center.

INTERVIEWS

Interviewed four representatives at organizations using Webex Contact Center to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.

FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Webex Contact Center Customer Journey

Drivers leading to the Webex Contact Center investment

Interviews			
Role	**Industry**	**Annual Revenue**	**Contact Center Agents**
Head of end-user experiences	Manufacturing	$33 billion	700
Director of infrastructure services	IT solutions	$1 billion	160
Voice services manager	Financial services	$4 billion	250
Director of operations	Healthcare	$33 million	30

KEY CHALLENGES

Before adopting Webex Contact Center, the interviewees' organizations had an on-premises call center with limited IVR, email, and SMS capabilities in place.

The interviewees noted how their organizations struggled with common challenges, including:

- **Lack of scalability.** Prior to the investment in Webex Contact Center, the interviewees' organizations struggled with scalability due to limited customer service resources and outdated infrastructure. As the volume of customer inquiries increased, they were unable to efficiently route, manage, and monitor customer calls. The voice services manager at a financial services firm described how the lack of scalability made business growth impossible without significant cost increases. They shared, "In the past, if we brought in a new client that had 200 agents, we'd have to invest in additional hardware, additional SIP [State Implementation Plan] requirements, additional licensing, all that stuff."

- **Limited capacity for call center employees.** Interviewees noted that before implementing Webex Contact Center, their call centers were short-staffed, and agents rarely had the bandwidth to efficiently handle customer inquiries. The agents faced difficulties in managing simultaneous interactions, leading to longer wait times and lower customer satisfaction. Constraints on agent capacity also negatively affected employee experience, resulting in high agent turnover.

> **"There's a lot of advantage in an end-to-end system. Agent experience is also much easier, [and] I can scale very easily."**
>
> *Head of end-user experiences, manufacturing*

- **Unreliable legacy environment.** The interviewees' organizations struggled with frequent outages that disrupted their contact center operations and impaired customer service. The unreliability led to frustrations for both customers and call center agents.

- **Disparate legacy systems.** Interviewees shared that prior to Webex Contact Center, they had a variety of different communication solutions in place, which made their environments costly and difficult to maintain. When they experienced outages, it was sometimes difficult to determine which vendor was responsible, leading to delays in remediation. Furthermore, the head of end-user experiences at the manufacturing company described how the disparate solutions would sometimes frustrate customers: “In the previous contact center, there was no integration between the live agent chat and the chatbot. … If I’m an agent, the user could be chatting with my chatbot and then transferred to a live agent chat. The chat platform is not fully integrated. I will have to ask the user the same question again, and the customer may get irritated.”

- **Minimal visibility into call center analytics.** The interviewees’ organizations did not have sophisticated reporting and analytics capabilities before the investment in Webex Contact Center. As a result, they had limited understanding of agent performance and call center efficiency, preventing them from making data-driven improvements.

INVESTMENT OBJECTIVES

The interviewees’ organizations searched for a solution that could:

- Enable them to increase the proportion of customer calls that they deflect, allowing them to respond to more customer inquiries without significant headcount hikes.
- Accommodate organizational initiatives to bring more operations to the cloud.
- Consolidate communication solutions and reduce legacy licensing costs.
- Reduce internal labor and maintenance costs on communication ecosystem.
- Improve customer and agent experience.
- Eliminate downtime and the revenue loss associated with it.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization has $8 billion in annual revenue and has 18,000 employees, 650 of whom are contact center agents. The organization has an on-premises call center that receives 12 million customer calls per year.

Key Assumptions

- **$8 billion annual revenue**
- **650 contact center agents**
- **12 million calls per year**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits

Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Savings from reduced IT support costs	$484,500	$807,500	$807,500	$2,099,500	$1,714,497
Btr	Labor savings on deflected calls	$1,440,000	$1,440,000	$1,440,000	$4,320,000	$3,581,067
Ctr	Legacy license savings	$1,353,750	$1,425,000	$1,425,000	$4,203,750	$3,478,991
Dtr	Streamlined customer care and quality management costs	$900,000	$1,260,000	$1,260,000	$3,420,000	$2,806,161
Etr	Avoided cost of downtime	$1,366,875	$1,518,750	$1,518,750	$4,404,375	$3,638,838
	Total benefits (risk-adjusted)	$5,545,125	$6,451,250	$6,451,250	$18,447,625	$15,219,554

SAVINGS FROM REDUCED IT SUPPORT COSTS

Evidence and data. Prior to the investment in Webex Contact Center, interviewees noted that their legacy call centers were difficult to maintain. Additionally, many of the interviewees' organizations had a variety of disparate communications solutions in place, all of which required internal labor to manage.

- The director of operations at a healthcare organization noted that managing Webex Contact Center was easier than managing the legacy solution: "From an IT perspective, we've saved a bunch of time. … Our old system was very tedious to get in and adjust between phone trees, holiday hours, and quick-time hours."
- The voice services manager at a financial services firm shared that prior to implementing Webex Contact Center, their organization had to outsource some maintenance work to third-party firms. They explained: "We were using quite a bit of outsourced resources to maintain any minor upgrades or keep things functioning. So those expenses went away as we certified and trained our people. … Webex Contact Center is definitely a better model for us to maintain and keep running."

The voice services manager also discussed how important having one vendor was for simplifying their overall system while expanding capabilities at the same time: "We aren't maintaining two phone systems. We're able to keep everybody in one phone system, which let us standardize a cell phone across the environment."

> **"Our goal was to get a single phone system. … Before, agents were on a system with just their phone. Now, they can use their mobile device, their desk phone, and all kinds of different things."**
>
> *Voice services manager, financial services*

- The director of infrastructure services at an IT solutions organization described the benefits of having a single unified communications solution: “When you have multiple vendors, they often butt heads and blame the other vendors for problems, so we really didn’t get a resolution to issues. Now, we have one solution [and] one vendor, so it will be easier for us to understand who’s responsible for what and how to resolve issues.”
- The head of end user experiences at a manufacturing firm detailed how having a single solution made the environment easier to maintain: "The beauty of WebEx is the call center, the calling, the conferencing, and your devices — everything is in one console. ... I own the entire collaboration space, but I only have one console to go in.”

“We don’t get calls for bad passwords anymore.”

Director of operations, healthcare

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- Prior to the investment in Webex Contact Center, the composite organization devotes 12 IT support FTEs to managing the legacy contact center.
- The average fully burdened annual salary of each FTE is $85,000 per year.
- After implementing Webex, the composite organization reduces the number of IT support FTEs to six in Year 1, and two in Years 2 and 3.

Risks. The savings from reduced IT support costs will vary depending on:

- The amount of internal labor required to manage the legacy system.
- The speed at which a company can redeploy IT support FTEs to other tasks.
- The fully burdened annual salaries of impacted employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.7 million.

Savings From Reduced IT Support Costs

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Previous IT labor FTEs for legacy call center and communications	Interviews	12	12	12
A2	Current IT labor FTEs for Webex Contact Center and unified communications	Interviews	6	2	2
A3	IT labor savings	A1-A2	6	10	10
A4	Average fully burdened annual salary for IT support FTE	TEI standard	$85,000	$85,000	$85,000
At	Savings from reduced IT support costs	A3*A4	$510,000	$850,000	$850,000
	Risk adjustment	↓5%			
Atr	Savings from reduced IT support costs (risk-adjusted)		$484,500	$807,500	$807,500
	Three-year total: $2,099,500		**Three-year present value: $1,714,497**		

LABOR SAVINGS ON DEFLECTED CALLS

Evidence and data. Interviewees noted that their organizations had ineffective IVR, email, and SMS capabilities in their legacy environments and were only able to deflect a small percentage of calls to self-service options. The lack of deflection meant that organizations either had to hire more agents or deal with the long wait times and low customer satisfaction associated with short-staffed call centers. The interviewees reported that Webex Contact Center's IVR, SMS, chat, and automation capabilities enabled them to significantly increase the proportion of calls that they were able to deflect to self-service or automation options, resulting in time savings for contact center agents.

- The head of end-user experiences at a manufacturing company described how call deflection has increased since the investment in Webex Contact Center: "When we first went live with Webex Contact Center, we saw a drop in the number of live agent calls. ...We found that, 'Hey, we are getting fewer calls because our deflection rate is higher.'"
- The voice services manager at a financial services organization described how Webex Contact Center's IVR deflection capabilities enabled their organization to acquire another firm without having to significantly increase the size of the contact center: "If you put two companies together, you would think you would get twice the volume of calls to agents, but that's not what we saw. We were able to realize a 10% increase in call resolution inside of the IVR."

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The composite organization receives 12 million calls per year. On average, each call takes 5 minutes for an agent to handle.
- Prior to implementing Webex Contact Center, the composite organization deflects 8% of its calls with IVR.
- After the investment in Webex Contact Center, the organization deflects 20% of calls to self-service or automation, resulting in an additional 1.44 million deflected calls annually.
- Contact center agents have an average fully burdened wage of $15 an hour, or $0.25 per minute.

"Most contact centers don't have seamless integration, but Webex Contact Center is integrated end-to-end. If we need to, we can easily move from a chatbot to a live agent to a call. … We have a pretty successful deflection rate."

Head of end-user experiences, manufacturing

Risks. The labor savings from deflected calls will vary depending on:

- Number of calls per year.
- The amount of time it takes contact center agents to handle customer calls.
- The average fully burdened wage of contact center agents.
- The speed at which organizations adopt Webex Contact Center features, including IVR, chatbot, and SMS, to deflect customer calls.

"Our deflection rate is running at 20% right now. … We started this last year and have seen the percentage climb up."

Head of end-user experiences, manufacturing

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $3.6 million.

Labor Savings On Deflected Calls

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Calls per year	Interviews	12,000,000	12,000,000	12,000,000
B2	Time required per call (minutes)	Interviews	5.0	5.0	5.0
B3	Calls deflected by IVR before Webex Contact Center	Interviews	960,000	960,000	960,000
B4	Calls deflected by improved IVR, automation, and other features after Webex Contact Center	Interviews	2,400,000	2,400,000	2,400,000
B5	Additional calls deflected by Webex Contact Center	B4-B3	1,440,000	1,440,000	1,440,000
B6	Per-minute blended contact center agent salary, fully burdened	TEI standard	$0.25	$0.25	$0.25
Bt	Labor savings on deflected calls	B2*B5*B6	$1,800,000	$1,800,000	$1,800,000
	Risk adjustment	↓20%			
Btr	Labor savings on deflected calls (risk-adjusted)		$1,440,000	$1,440,000	$1,440,000
	Three-year total: $4,320,000		**Three-year present value: $3,581,067**		

LEGACY LICENSE SAVINGS

Evidence and data. Because of the switch to one consolidated platform in the form of Webex Contact Center, several of the interviewees told Forrester that they had been able to realize significant savings on retiring licenses.

- The voice services manager for a financial services organization explained that thanks to Cisco, “We’ve scaled back everything on a [competing] license down to the bare bones.”

  The interviewee went on to explain that working with Cisco also helped avoid a potential hardware refresh: “We were going to need to do a hardware refresh on all our servers. … It’s definitely a better model now for us to maintain and keep running.”

- The head of end-user experiences for a manufacturing organization told Forrester how Cisco’s flexible model for charging users helped save their organization money: “We have named agent licenses, so our support and maintenance is higher. But we’re on the concurrent model. Most of the time, we have between 150 and 200 agents logged in, but if we have a project launch, we can spike. … The concurrent license structure is actually cheaper for us.”

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The composite organization spends $1.5 million per year on legacy licensing fees.
- As the composite organization phases out its legacy license spend, it avoids 95% of that expenditure in Year 1. By Year 2, it is able to avoid 100% of the expenditure.

Risks. Factors that could impact the size of this benefit for organizations include:

- Prior legacy license costs.
- Speed of implementation of Webex Contact Center.
- Degree to which Webex Contact Center can replace prior legacy solutions.

Results. To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV of $3.5 million.

Legacy License Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Total legacy license costs	Interviews	$1,500,000	$1,500,000	$1,500,000
C2	Percentage reduction in legacy license spend due to Webex Contact Center	Interviews	95%	100%	100%
Ct	Legacy license savings	C1*C2	$1,425,000	$1,500,000	$1,500,000
	Risk adjustment	↓5%			
Ctr	Legacy license savings (risk-adjusted)		$1,353,750	$1,425,000	$1,425,000
	Three-year total: $4,203,750		**Three-year present value: $3,478,991**		

STREAMLINED CUSTOMER CARE AND QUALITY MANAGEMENT COSTS

Evidence and data. In addition to directly improving customer outcomes, Webex Contact Center also improved the interviewees' ability to provide follow-up care for customers and review the quality of their own calls.

- Webex Contact Center helped save time on customer care and quality management by centralizing call information, making it easier to find and listen to recordings.
- The voice services manager at a financial services organization described how Webex Contact Center helped improve quality management for their organization: "We used to use spreadsheets and things to track what's going on. … [With Webex Contact Center], our team can spend a lot less time trying to figure out where calls are and a lot more time listening to calls."
- The director of infrastructure services for an IT services organization told Forrester: "Changes within the system around queuing have been better. … With the old way, we had to use a third-party vendor, but now we're able to do a lot of that stuff with in-house resources. That's saved some annual cost for us."

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The composite organization requires 100 total customer care and quality management staff before Webex Contact Center.
- Due to the time-saving improvements from Webex Contact Center, the composite is able to reallocate 25 of these FTEs in Year 1 and 35 in Year 2 onward.

Risks. Factors that could impact the size of this benefit for organizations include the following:

- Size of customer care and quality management teams.
- Degree to which Webex Contact Center is able to replace or reallocate employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $2.8 million.

Streamlined Customer Care And Quality Management Costs

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Customer care and quality management staff required before Webex Contact Center	Interviews	100	100	100
D2	Customer care and quality management staff required after Webex Contact Center	Interviews	75	65	65
D3	Total staff reallocated	D1-D2	25	35	35
D4	Fully burdened annual salary for a customer care and quality management team member	TEI standard	$40,000	$40,000	$40,000
Dt	Streamlined customer care and quality management costs	D3*D4	$1,000,000	$1,400,000	$1,400,000
	Risk adjustment	↓10%			
Dtr	Streamlined customer care and quality management costs (risk-adjusted)		$900,000	$1,260,000	$1,260,000
	Three-year total: $3,420,000		**Three-year present value: $2,806,161**		

AVOIDED COST OF DOWNTIME

Evidence and data. By replacing an unreliable stack of disparate legacy solutions with Webex Contact Center, the interviewees' organizations were able to significantly decrease customer service center downtime and avoid associated losses in fees and lost revenue.

Webex Contact Center provided this improved reliability by replacing unreliable on-premises solutions and enabling more flexibility to deal with disasters or disruptions by allowing employees to take calls from anywhere.

- The director of infrastructure services for an IT solutions organization explained how important avoiding downtime was for their business and how Webex Contact Center helped: "We have to be up at all times. On-prem, we had more risk, but moving to the cloud lets us rely on the vendor to make sure the environment is up and running at all time. … It's been pretty stable over the last year; we haven't had any major outages where we were completely down."

  The interviewee went on to explain the potential consequences of downtime: "There are financial ramifications if we're down at all. We have SLAs that could cause us to pay penalties back to our clients."

- The head of end-user experiences for a manufacturing organization was also impressed with how reliable Webex Contact Center had been for their organization: "Number one for us is the stability, because of how Webex Contact Center sets up their environment. … There's no downtime, that's the beauty of it."

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The composite organization's contact center experiences 15 hours of downtime per year.

"Improved resilience is the main reason why we moved to Webex Contact Center."

Director of infrastructure services, IT solutions

- Switching to Webex Contact Center avoids 45% of this downtime in Year 1 and 50% in Year 2 onward.
- Each hour of downtime costs the composite organization an estimated $225,000.

Risks. Factors that could impact the size of this benefit for organizations include:

- The amount of contact center downtime incurred before switching to Webex Contact Center.
- The degree to which Webex Contact Center is able to avoid downtime.
- The costs of downtime for organizations.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $3.6 million.

Avoided Cost Of Downtime

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Customer support system downtime per year before Webex Contact Center (hours)	Interviews	15	15	15
E2	Downtime avoided after migration directly attributable to Webex Contact Center	Interviews	45%	50%	50%
E3	Cost per hour of downtime	Composite	$225,000	$225,000	$225,000
Et	Avoided cost of downtime	E1*E2*E3	$1,518,750	$1,687,500	$1,687,500
	Risk adjustment	↓10%			
Etr	Avoided cost of downtime (risk-adjusted)		$1,366,875	$1,518,750	$1,518,750
	Three-year total: $4,404,375		**Three-year present value: $3,638,838**		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved employee experience.** Moving away from disconnected, unreliable on-premises systems and providing better options for handling and deflecting calls improved the day-to-day experience for customer service agents.

  The head of end-user experiences for a manufacturing organization elaborated: “[Webex Contact Center] is easier to use. … You don’t need to access multiple systems anymore.”

- **Better customer experience.** Better uptime and more options and channels for handling inquiries made troubleshooting with the contact center smoother and easier for customers.

  The voice services manager for a financial services organization told Forrester: “Scores have been extremely high on customer satisfaction surveys. This project was more than just replacing our phone system — we increased and improved technology for all of our agents. … It decreased the amount of time needed to help resolve a situation.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Webex Contact Center and later realize additional uses and business opportunities, including:

- **Improved scalability.** The head of end-user experiences for a manufacturing organization told Forrester that Webex Contact Center’s ability to quickly scale made integrating contact centers acquired via mergers much faster and easier than before: ”With our first acquisition [before Webex Contact Center], it took us 13 months. When we acquired another company, it took us six months end-to-end. Now it takes us only three months. … It’s so much easier to absorb a large contact center coming in because all we need is internet access.”

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Ftr	Implementation and ongoing management costs	$720,000	$204,000	$204,000	$204,000	$1,332,000	$1,227,318
Gtr	License costs	$0	$990,000	$990,000	$990,000	$2,970,000	$2,461,983
Htr	Training costs	$42,900	$15,048	$15,015	$15,015	$87,978	$80,270
	Total costs (risk-adjusted)	$762,900	$1,209,048	$1,209,015	$1,209,015	$4,389,978	$3,769,571

IMPLEMENTATION AND ONGOING MANAGEMENT COSTS

Evidence and data. Interviewees described the initial implementation process of Webex Contact Center, as well how their organizations staffed for ongoing maintenance.

- Interviewees told Forrester that the bulk of implementation work occurred over the course of a few months, with lower-level, ongoing work continuing for another year as part of employees' routine duties.
- Some interviewees used third-party professional services to assist with their implementation.
- Once implemented, a small team of a few FTEs was required to manage and maintain the platform.

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- Professional services fees total $375,000.
- A team of six internal FTEs spends 75% on implementation tasks for five months.
- A team of two FTEs works on managing the platform full-time.
- Pricing may vary. Contact Cisco for additional details.

Risks. Factors that could impact the size of this cost for organizations include:

- Degree of involvement of professional services.
- Number, type, and pay rate for implementation and management employees.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.2 million.

Implementation And Ongoing Management Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Implementation professional services costs	Interviews	$375,000			
F2	Internal implementation team members	Interviews	6			
F3	Blended fully burdened implementation team salary (monthly)	TEI standard	$10,000			
F4	Time required for implementation (months)	Interviews	5			
F5	Percentage of time devoted to implementation	Interviews	75%			
F6	Internal implementation labor cost	F2*F3*F4*F5	$225,000			
F7	FTEs required for ongoing management	Interviews		2	2	2
F8	Fully burdened annual salary for management FTE	TEI standard		$85,000	$85,000	$85,000
F9	Ongoing management costs	F7*F8		$170,000	$170,000	$170,000
Ft	Implementation and ongoing management costs	F1+F6+F9	$600,000	$170,000	$170,000	$170,000
	Risk adjustment	↑20%				
Ftr	Implementation and ongoing management costs (risk-adjusted)		$720,000	$204,000	$204,000	$204,000
	Three-year total: $1,332,000			**Three-year present value: $1,227,318**		

SUBSCRIPTION COSTS

Evidence and data. Interviewees told Forrester that their organizations paid a per-agent fee for ongoing usage of the platform.

- Pricing may vary. Contact Cisco for additional details.

Modeling and assumptions. For the composite organization, Forrester assumes annual subscription fees of $900,000.

Risks. Factors that could impact the size of this cost for the composite organization include the following:

- Number and type of agent subscriptions required.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $2.5 million.

License Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Annual license costs	Interviews		$900,000	$900,000	$900,000
Gt	License costs	G1	$0	$900,000	$900,000	$900,000
	Risk adjustment	↑10%				
Gtr	License costs (risk-adjusted)		$0	$990,000	$990,000	$990,000
	Three-year total: $2,970,000			Three-year present value: $2,461,983		

TRAINING COSTS

Evidence and data Interviewees told Forrester that training agents on how to use Webex Contact Center was remarkably fast, typically only requiring a few hours before agents were ready to work at full capacity.

- The head of end-user experiences for a manufacturing organization told Forrester: “Cisco gave us a lot of good user documentation. … It’s a few 1-hour sessions [for training].”

Total training required per agent

4 hours

- The voice services manager for a financial services organization described how Cisco was able to set up training for their organization: “We did several modules. … Now we don’t have to wait for agents to get on a class and do everything. We can just send them the video on our internal portal.”

Modeling and assumptions. For the composite organization, Forrester assumes the following:

- The composite organization initially needs to train 650 agents.
- It incurs 35% churn in its contact centers, requiring additional instruction after the initial wave of training.
- Total training time per agent is 4 hours.

Risks. Factors that could impact the size of this cost for organizations include the following:

- Number of agents requiring training.
- Time required for training.
- Churn rate of agents.

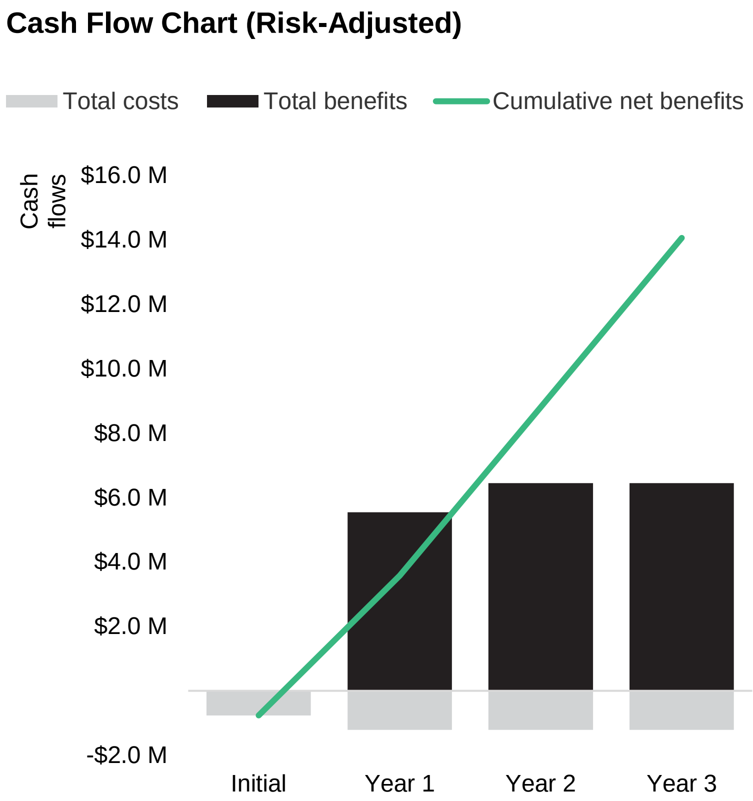
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $80,000.

Training Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	Agents requiring initial training	Composite	650	0	0	0
H2	New agents added over time due to churn	Composite	0	228	228	228
H3	Total agents requiring training	H1+H2	650	228	228	228
H4	Hours of training required	Interviews	4	4	4	4
H5	Blended, fully burdened hourly agent salary	B6*60	$15	$15	$15	$15
Ht	Training costs	H3*H4*H5	$39,000	$13,680	$13,650	$13,650
	Risk adjustment	↑10%				
Htr	Training costs (risk-adjusted)		$42,900	$15,048	$15,015	$15,015
	Three-year total: $87,978			**Three-year present value: $80,270**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($762,900)	($1,209,048)	($1,209,015)	($1,209,015)	($4,389,978)	($3,769,571)
Total benefits	$0	$5,545,125	$6,451,250	$6,451,250	$18,447,625	$15,219,554
Net benefits	($762,900)	$4,336,077	$5,242,235	$5,242,235	$14,057,647	$11,449,983
ROI						304%
Payback						<6 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

[1] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.


FORRESTER®