alpineaccess ®

At-Home vs. Brick-and-Mortar
How the Virtual @Home Model is Transforming the Contact Center Industry

Overview:
Ongoing adoption of virtual contact centers has made the @home model a mainstream outsourcing solution and industry analysts predict continued growth. As a corporate decision-maker, call center executive, customer service director or head of operations, it is important to make sure your company is leveraging the benefits of today's virtual business world. Learn why switching to a virtual solution can give your organization a competitive edge.

The Decline of Brick-and-Mortar Contact Centers

It's known as the battle between "Clicks" and "Bricks." Are online businesses destined to become the rule versus the exception? Who will remain 10 years from now? While there are arguments on either side of this ongoing debate, one thing is clear — traditional businesses must adapt to competing in the virtual world or risk obsolescence. This is evident in the recent failures and struggles of highly visible brick-and-mortar retailers, such as Borders and Blockbuster, against their online competitors. According to a recent article by Forbes Magazine, "The new conventional wisdom says that big box retailers like Best Buy are going the way of the dinosaur. Online giants, notably Amazon, are the future. Online retailers are more efficient, because they lack physical locations, and so can offer better prices."[1]

The same phenomenon is also at play in the contact center industry. Technology has transformed the way customer calls are handled, making it possible to route calls to agents based anywhere in the world. Sending calls to agents working from home was a new concept 14 years ago. Today, over 80% of Fortune 500 companies are using or planning to use home-based agents[2]. Conversations about the @home or virtual contact center model have shifted from "why" it is more advantageous than brick-and-mortar (B&M) centers, to "when" and "how" it can be implemented as either an in-house or outsourced solution.

Looking at the dynamics currently at play within the contact center industry, leading outsourced at-home companies are growing in excess of 25% annually[3], while traditional B&M centers continue to close their physical locations.

Taking these statistics and recent headlines to the logical conclusion, there will be no need for brick and mortar contact centers in the future.

T-Mobile closing Thornton call center, eliminating 441 jobs

By Steve Raabe
The Denver Post

T-Mobile is closing a call center in Thornton, eliminating 441 jobs and shuttering one of Adams County's lar[...]
The wireless phone service company[...]
nationwide consolidation in which se[...]

CenturyLink to close three call centers, move 240 workers

Orlando Business Journal

Date: Tuesday, March 27, 2012, 6:19am EDT - Last Modified: Tuesday, March 27, 2012, 6:23am EDT

CenturyLink announced it will close three call centers by June 1, the Orlando Sentinel reports.

AMEX Business Travel Expands Axcess@Home Virtual Network

March 23, 2012
By: George Dooley
Travel Agent

American Express Global Business Travel reports it will expand the number of its front-line travel counselor employees to a virtual, or home-based network. The transition follows a successful multi-year pilot program in

Overview of Existing Options for Customer Care

The virtual contact center model emerged from the idea that it would be more efficient and effective to bring the work to the people, rather than the people to the work. Using newly available technology, or creating it themselves, these early virtual at-home providers created intricate telecommunication networks that routed calls to agents in home offices across the country. In doing so, they radically redefined the traditional call center market and gave executives a new alternative. Today, the majority of customer service calls are handled through one of the following five options:

1. **In-House Contact Center.** Operating an internal customer care facility ensures agents are employees of the company, familiar with corporate culture and products/services. It can be a more expensive solution due to the costs associated with employment and operating a physical center.

2. **Domestic-based Brick-and-Mortar Contact Center.** Outsourcing to a contact center based in the United States provides access to agents with cultural familiarity and avoids employee-related costs. However, the cost-per-minute can be higher because B&M centers have the added expenses of operating a physical facility.

3. **Offshore Brick-and-Mortar Contact Center.** For the lowest cost-per-minute solution, offshore B&M centers are the desired partner. However, outsourcing to a center in a foreign location involves management of other factors such as unstable economic/political environments, cultural and language barriers, and additional security issues.

4. **Nearshore Brick-and-Mortar Center.** To alleviate some of the language barriers, there are contact centers in countries close to the United States, also known as nearshore. These centers offer the benefits of outsourcing, but still have the expenses of operating and maintaining physical buildings.

5. **Domestic Virtual Contact Center.** Virtual at-home call centers use 100% domestic-based agents hired solely on qualifications rather than geographic location. The virtual nature of the model eliminates much of the costs associated with operating physical buildings, while also having a more positive impact on the environment.

Rather than choosing just one solution, some companies have opted for a hybrid approach — holding onto their physical centers, while operating a second @home division.

Reasons @Home is Gaining in Usage and Acceptance

Virtual contact centers combine highly skilled representatives with service flexibility, cost savings, business continuity and reduced environmental impact. The overall value they provide is a welcome alternative to large companies bringing customer service back onshore due to customer frustration with foreign agents. These companies are reluctant to return to the expensive and inflexible traditional B&M model, whose high fixed costs are what caused them to move offshore in the first place.

Higher Agent Quality

"Today's workforce has changed tremendously. It's younger, more specialized, looking for better work...and it's virtual."
Josh Bersin, CEO of Bersin & Associates, Leading Expert in Talent Management[4]

Forrester Research estimates that 63 million Americans will work from home by 2016[5]. With no geographical limitations to hiring, virtual @home contact centers are able to take full advantage of this large and growing talent pool of workers. Using a process described as the "science of selection," companies like Alpine Access hire and match employees to client programs based on brand affinity, specialized skills, cultural match and client requirements. In fact, Alpine Access receives enough applications annually that it is able to hire the top 2% of all candidates.

As the chart on the following page summarizes, the demographics of home-based agents provide distinct advantages over B&M centers including higher disaster recovery capabilities, lower chances of fraud and built-in multi-language capabilities.

COMPARISON

TRADITIONAL BRICK & MORTAR AGENT *VS* ALPINE ACCESS @HOME AGENT

	BRICK & MORTAR	ALPINE ACCESS
Average age of agent:	23	38
Percentage of agents who have attended college:	35%	84%
Average years of work experience:	5	15
Talent pool recruiting boundaries:	Within 30 Miles	Nationwide
Agents ability to continue to work in the event of a natural disaster:	Low	High
Multi-lingual capabilities:	Third Party Often Utilized	Included
Likelihood of larceny-theft:	B&M 3.0x more likely than Alpine Access Agent	
Likelihood of forgery:	B&M 1.8x more likely than Alpine Access Agent	
Likelihood of fraud:	B&M 1.3x more likely than Alpine Access Agent	

Source: Frost and Sullivan & FBI Uniform Crime Report   © 2012 Alpine Access, Inc. All Rights Reserved.

Additionally, "there's a lower agent-attrition rate among home agents (10 percent) than there is in the brick-and-mortar world (50 percent)" reported Michael DeSalles, strategic analyst at research analyst firm Frost & Sullivan[6].

Lower Operating Expenses

Virtual call centers have the obvious advantage of lower operating costs than B&M facilities based on the simple fact that large physical centers are not necessary for service delivery. The high costs associated with infrastructure and facility maintenance, which are eliminated by the virtual model, include items such as:

- Internet connectivity
- Facilities/real estate/maintenance
- Utilities
- Building security
- PC & phone hardware
- Network operations

- Janitorial services
- Local taxes
- Office supplies
- Plant/nursery care
- Transportation costs
- And many others

Another factor contributing to lower expenses for virtual centers is the use of automation and technology. When employees are distributed across the nation, powerful automated systems help control the work that people are doing. Many times, what is automated in the virtual environment is still being performed manually by middle management in B&M centers. For example, a well-designed at-home agent program uses business systems to track the status and activities of all agents. Rather than monitor employees with an army of supervisors "walking about," these processes and systems enable management by exception.

Virtual training programs are another example of leveraging technology to lower operating costs. Virtual training programs utilize e-learning technologies and content rich media, such as video, audio and social learning, to enhance traditional instructor-led classes. They provide students with a variety of learning services, including self-directed refresher courses, peer mentoring, assessments, and more. This is all done in a 100% virtual environment thus lowering costs (no need to bring people into a physical center to train them),

alpineaccess®

improving speed to competency and enabling the provider to run multiple concurrent training classes at once (difficult to do with limited space in a B&M facility). Companies using virtual @home service providers typically see a 20% reduction in training time and expenses.
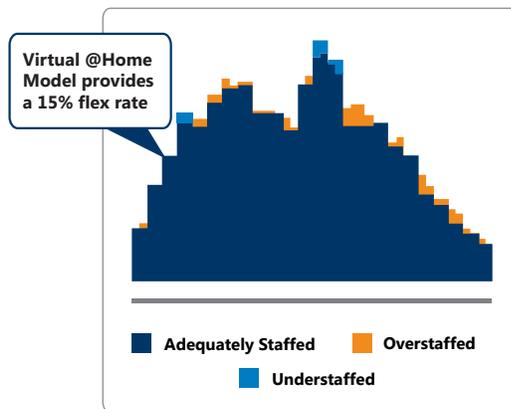
Higher Revenue

Another reason more companies are choosing to outsource to virtual contact centers is the fact that @home agents tend to generate more income per call than either in-house staff or B&M centers. This fact is especially important to companies who have found that only reducing costs may not be enough to operate in the black. According to Alpine Access' internal data, home-based agents' higher revenue-generating results over B&M agents include:

- Increasing sales conversions by an average of 15%
- Securing approximately 25% more dollars per call
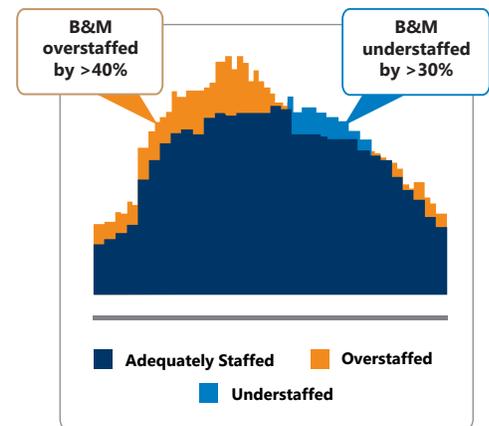- Achieving 4% higher customer satisfaction scores

Efficient Staffing

The inherent staffing flexibility of a home-based workforce provides extremely efficient staffing capabilities. Using a blended workforce of part-time and full-time professionals, schedules in a virtual environment can be set in 15 minute increments to closely match forecasted demand. Should the actual call volume differ from the forecast at any time, virtual call centers — where employees do not have commutes — can increase or decrease the number of agents on the phones in real-time. In some instances, agents may be willing to work multiple, split shifts in a day. In contrast, B&M centers are forced to over staff facilities to ensure adequate levels of staffing are available when call volumes are higher than anticipated. If volumes are lower than expected, these B&M centers have the added expenses of paying for on-site, under-utilized agents.

Alpine Access' Virtual Staffing Efficiency

Virtual @Home Model provides a 15% flex rate

Adequately Staffed   **Overstaffed**
Understaffed

Industry Staffing Standards

B&M overstaffed by >40%

B&M understaffed by >30%

Adequately Staffed   **Overstaffed**
Understaffed

Whether it is to accommodate seasonal, weekly, intraday, or even intra-hour changes in call volume, virtual contact centers help clients save money by providing appropriate staffing at all times.

Business Continuity and Disaster Recovery

Preventing service interruptions is critical in today's highly competitive, 24/7 business environment. The ability to provide seamless customer interaction regardless of circumstance is one of the biggest drivers in home-agent growth, according Ovum[7]. The effects of a disruption due to storms or other regional issues are drastically minimized when using a geographically dispersed group of agents. The small amount of calls normally sent to agents in that region can be easily and instantly re-routed to agents in unaffected areas. Redundant network and backup facilities in multiple locations create an additional layer of service continuity.

Sustainable Environmental Savings

More and more companies are placing a high priority on the lower environmental impact achieved by using work-from-home employees as opposed to commuting to a B&M call center.

The table to the right includes the annual environmental savings associated with 50 million individuals telecommuting 2+ days a week. This shows the staggering impact working from home can have on the environment. Companies concerned about the environment find the reduction in carbon emissions and oil consumption very compelling benefits of the @home solution.

SUSTAINABLE
ANNUAL ENVIRONMENTAL SAVINGS

Reduced Carbon Emissions	51 Million Metric Tons
Barrels of Oil Saved	281 million
Reduced Oil Imports	46% reduction
Reduced Road Travel	91 billion miles

Source: Telework Research Network © 2012 Alpine Access, Inc. All Rights Reserved.

Security

Legitimate virtual contact centers have equal or better processes and procedures in place as B&M centers to keep confidential information as secure as possible. Validated compliance with industry standards, such as HIPAA and the Payment Card Industry (PCI), is essential when evaluating the effectiveness of an organization's security provisions. For example, Alpine Access has achieved third-party validation of full compliance with all PCI Data Security Standards (DSS) Level 1 requirements for the past five years and is also HIPAA certified.

Where virtual contact centers have a significant security advantage over B&M centers is in their agents. Home-based agents tend to have fewer security-related instances than in-house or B&M agents, which can be attributed to the initial hiring process, as well as their demographics. Home-based agents must pass a thorough vetting process including background checks and personality profile tests. As mentioned earlier, agents tend to be older, more mature and have higher levels of education, all of which reduce the inclination to abuse sensitive information.

Virtual @Home Has Redefined the Industry

In the beginning, virtual contact centers were viewed as a niche solution for highly seasonal industries. Yet, their ability to recruit and hire employees according to a client's requirements produced a level of service quality so high it was simply unattainable by other types of centers. This quality service delivery, combined with significant cost savings, has propelled virtual contact centers into the mainstream and fueled explosive growth. Ovum projects that the number of outsourced, home agents will reach 120,000 by the end of 2015[8].

Home-based agents' proven adeptness at handling complex calls has made virtual @home contact centers the preferred solution for many financial institutions, healthcare corporations, information technology firms, telecommunications providers and many others in the U.S. and Canada. But it is not just the type of vertical markets using virtual contact centers that has changed. Home-based agents have proven to be a valuable asset at every customer touch point. While product and service support continue to be the dominant type of calls handled by home-based agents, technical support calls for sophisticated products are growing as well[9].

The overall value that virtual at-home call centers offer companies is too compelling to ignore. Similar to the way low cost pricing drove offshoring in the 1990s, the strong economic benefits of the virtual @home model have overcome any reservations executives previously had. Virtual call centers provide higher quality service, increased revenue, more skilled agents, and reduced environmental impact. It is these universal benefits that will continue to convince companies to switch from brick-and-mortar centers to a more modern, virtual customer care solution. Outsourcing to a virtual home-based contact center is a smart way to avoid getting left behind in the dust of falling bricks.

The virtual @home model is a viable replacement for both onshore and offshore B&M centers and the growing number of companies using at-home agents proves it is becoming the preferred model of choice. To learn more about how your organization can benefit from the @home model, **please visit Alpine Access on the Web at www.alpineaccess.com or call 866.279.0585.**

alpineaccess®

About Alpine Access

Alpine Access is redefining the contact center industry through its virtual outsourcing services and solutions. Founded in 1998, Alpine Access powers the customer service and technical support operations of many leading international brands through approximately 5,000 work-at-home professionals across the U.S. and Canada. The company offers a robust suite of distributed workforce solutions and capabilities, including SaaS-based talent management platforms, security solutions in the cloud, and consulting services. Rated the #1 contact center and CRM outsourcer for client satisfaction by the Black Book of Outsourcing, Alpine Access' clients include respected Fortune 1000 companies in the financial services, communications, technology, healthcare, retail, travel and hospitality sectors. For more information, visit the Alpine Access website at www.alpineaccess.com or call 866.279.0585.

Alpine Access and the Alpine Access logo are trademarks or registered trademarks of Alpine Access, Inc. All other trademarks or registered trademarks are the properties of their respective owners.

---

[1] "Why Best Buy is Going Out of Business," Forbes.com, January 2012.

[2] "2009 Outlook for the Contact Center Industry — What are Customers Buying in the Current Economy?", Frost and Sullivan, March 2009.

[3] "Deriving Value from Home based Agents (market focus)," Datamonitor, September 2007.

[4] "Why You Should Love Your Virtual Workforce," Bersin & Associates, April 2012.

[5] "US Telecommuting Forecast," Forrester Research, March 2009.

[6] "And They're Off," DestinationCRM.com, May 2008.

[7] "Work @Home vs. Brick and Mortar," Webinar by Ovum, April 2012.

[8] "Profiting from Home Agents in CRM Outsourcing," Ovum, April 2012.

[9] "Work @Home vs. Brick and Mortar," Webinar by Ovum, April 2012.