



Exposing the True Cost of Your Legacy Contact Center Software

On June 29, 2007, Apple released the very first iPhone and upended the tech ecosystem. From a sleek design and Jetsons-level connectivity, the original iPhone laid the foundation for modern communication, forever changing the way we access the world's information.

With its dynamic, touch-friendly interface and a central location for finding new applications, the iPhone was unlike any other mobile device on the market. And together with the App store, it established the idea that a communications device needn't be functionally rigid: just a phone, or just a camera, or just a music player.



The first iPhone couldn't record video, send pictures in text messages, or connect to business email or the 3G network.

Today's smartphones are, instead, computational Swiss Army knives, capable of anything and everything. They're responsible for getting us turn-by-turn directions and adjusting the thermostat at home, and pretty much anything in between.

We've seen incredible progression over the last 10+ years, and it's not limited to the iPhone.

Since the introduction of the cloud in 2002, SaaS has seen an incredible growth spurt. Companies can consume shared computing, storage, and other resources faster, more efficiently, and at **half the cost** of building and operating their own IT infrastructure.

Yet, some industries aren't embracing that potential.

For instance, in 2008, on-premises contact center systems hit their peak, capturing **88% of the industry's market** share. Cloud contact center software had debuted, but execs were resistant. They couldn't trust a mission-critical system to such a progressive technology. Paired with security concerns and the novelty of the cloud, those top execs skipped the risk. Instead, they defaulted to a technology they were comfortable with, despite known limitations.

Fast forward to today: on-premises systems are, simply put, outdated. They're hard to scale and expensive to maintain. Most calamitous, they're hard to integrate with your modern software investments.

With the constant hurdles and financial drain, you'd think companies would be ready to jump ship away from their legacy systems. But they're not.

They're holding tight to legacy technology, sticking on Band-Aid after Band-Aid to make it work. They're holding onto this grand notion that yesterday was easier. There's a perceived simplicity (that's completely inaccurate, by the way) and comfort in the status quo.

In other words, **regardless of the promise of better, faster, more agile technology, they'd rather hang on to their first iPhone than upgrade to the newest model.**

But the status quo doesn't cut it in business anymore, argues Gaurav Dhillon, founder of [SnapLogic](#).

"While you can run your business on legacy technology, just as you can run a modern company on a lot of adding machines, the real question is should you?"

You could also ride a horse to the office but it isn't the most efficient way of getting there. The reality is that when legacy technology was developed the world was a lot simpler. There were just a few databases that mattered, they were just a few ERP systems (Oracle, SAP and a young PeopleSoft), and clouds were something you saw in the sky.

Yes, many businesses have invested heavily in legacy tech and don't want to give up on sunk costs, but they really need to think about the sunk opportunity they are missing out on.

With legacy technology remaining a fixture in enterprise technology environments, businesses aren't as agile as they should be. They can't meet users' demands for data access, they can't connect cloud applications, and they certainly can't do it quickly."

Confined by Technology

Your customers expect every interaction they have with your company to be the best one. And, they're noticing when they have to repeat their inquiry over and over (and over). They expect a personalized, omnichannel support experience. And if you're still on-prem, you're not delivering. You're fighting the status quo with one hand tied behind your back. Good luck with that.

These limitations aren't lost amongst execs. Studies found:

62%

of execs see integrating with existing systems as the top obstacle to realizing intended ROI in the contact center.

[Deloitte]



92%

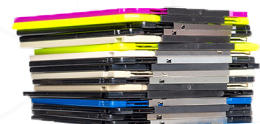
stated that they believe their agent-facing applications could be more effective. [ICMI]



One of the

5

root causes of a lost customer relationship is the inability to easily switch between channels. [Neil Patel]



While it's obvious outdated tech is a major factor to operational inefficiency, the risk of the unknown still doesn't outweigh the comfort of same. The comfort of a known - albeit broken - system still "gets the job done." But, your frontline agents, the folks who work with the tech daily, have a different outlook.

Half of executives think that their employees have the resources needed to do their jobs.

Only **39%** of workers agree. [PWC]



69%

of IT professionals in the US say the C-Suite doesn't see technology as vital to company success. [Juniper Networks]



Some

9 of 10

IT and decision-makers admit their company would perform better if their C-Suite were more tech-savvy. [Juniper Networks]



Executives are grasping for straws as customers begin to demand exceptional service. But as they try to please their customers, they're taking shortcuts that stifle their frontline agents. (And their bottom line.)

For instance, [Deloitte](#) reported contact center execs say omnichannel is one of the highest priorities for the industry. And many are trying to move toward it full speed ahead. But their legacy software limits their ability to implement integrated channels. So, they piece together several communication systems and check off the omni-box. (Spoiler alert: That's not true omni.)

But agents that have to work with a piecemealed system are left to struggle, usually with a customer on the line.

On-premises systems are so outdated that they need extensive customization to even be compatible with modern SaaS. And often, they need lengthy implementations and a variety show of vendor support contacts. Not to mention the disruptions they cause every time they're updated. And, your agents are wasting time navigating a bunch of systems to find what they need and solve customer issues.

Even still, less than 25% of companies have a formal strategy in place to re-evaluate their digital platforms, according to [451 Research](#).

There's an assumed lack of urgency for digital transformation, most likely because the status quo is "working." But, under what's "working" is a parallel universe of dysfunction. And that's impacting IT, operations, customer satisfaction, agent retention, and revenue.

Legacy Technology Is Killing Your Contact Center

Dated technology is one of the most notable challenges facing contact centers. It touches every process and every interaction. Any inefficiency initiates this mass chain reaction, impacting the entire company. Some of those inefficiencies are obvious: downtime, technical difficulties, siloed data, bad reporting, but these issues are the tip of the iceberg.

The financial and staffing impacts on IT departments.

On-premises hardware and software licenses are a huge investment. Yet, little thought is given to the sunk cost of on-site personnel needed to perform maintenance and troubleshoot issues with that equipment. All of these costs—from personnel to upgrades—hit IT's budget.

In a 2017 [Forbes Insights Report](#) (The State of IT Service Management), 37% of executives said the majority of their IT budgets go to ongoing maintenance and management. From maintaining uptime and availability, applying upgrades, fixes, and patches, to ensuring security. Another 31% report the majority of their IT staff hours are spent in maintenance mode.

**With great power comes . . .
a huge electricity bill:**

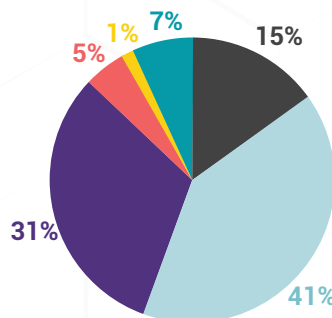
According to the US Energy Information Administration, running a single server costs upwards of \$730 per year.

[source]



On-premises systems bring a perpetual cycle of system maintenance, upgrades, and costs that siphon budget and manpower from new initiatives and systems. Not surprisingly, 44% of companies think technology limitations will bottleneck or prevent success in the coming year. **Quite literally, old technology is holding them back.**

How much of your IT budget is currently spent on ongoing maintenance and management (maintaining uptime and availability, applying upgrades, fixes and patches, ensuring security), versus new project development or new initiatives (digital, virtualization, cloud)? [BMC]



- Less than 25%
- 26% - 50%
- 51% - 75%
- 76% - 99%
- 100%
- Don't know / unsure

Agent Satisfaction Issues

No one is more impacted by contact center software than your frontline agents. They're dependent on the software to do their job. And, their experience with, and opinions of, the systems they use are different than those of IT or executives.

What's thought of as a minor functionality inconvenience is actually a major hurdle to quick customer resolutions and meeting KPI expectations. This leads to agent stress and burnout, and eventually, excessive turnover.

Some 74% of your **contact center agents are at risk of burnout**. With 30% of those sitting in the severe risk category - meaning handling one more disjointed interaction will be the straw that breaks the camel's back. Statistically speaking, this means in a few months, you'll have to replace 30% of your agents. And a few months after that, the mass exodus will continue as the other 44% of agents escalate to severe burnout risk, then fall through the cracks, too.

If your agents don't have the right tools, they can't do their jobs. It takes more emotional labor to get the bare minimum done. And they'll struggle with empowerment, leading to more escalations and fewer resolutions.

But with a modern, connected toolset, your agents are equipped to be happier, better performers. In **one instance** a company implemented an omnichannel, cloud platform and turned a three-and-a-half-week customer service process into a 45-minute resolution.

Modern technology lets you connect your contact center platform, CRM, and ticketing system, so your agents aren't jumping between platforms to find relevant customer information.

What is emotional labor?

Emotional labor is managing feelings and expressions to fulfill the emotional requirements of a job. More specifically, workers are expected to regulate their emotions during interactions with customers, co-workers and superiors.



Customer Satisfaction Issues

Some **92% of consumers** say an agent's perceived happiness affects their personal customer experience, according to **ICMI**. From the minute your agent connects with a customer, their ability to handle the interaction emotionally and technologically sets the tone for the rest of the interaction. If the customer detects frustration in the agent's voice, or if it takes too long to resolve their issue, they'll feel less than satisfied about the entire experience.

In a survey of 3000 consumers by the **Institute of Customer Service**, 62% of complaints were about staff attitudes and competences, compared to just 34% about the quality or reliability of goods and services.

And, insufficient technology makes it hard for companies to address customer needs, which leads to:

- Low First Contact Resolution (**FCR**) (customers aren't routed correctly)
- High Average Handle Time (**AHT**) (agents spend too much time looking for info)
- Insufficient Self-service Options (IVRs aren't efficient due to inaccurate data; self-serve apps aren't integrated with CTI data)

The True Cost of Resistance.

Many companies have invested so much time and resources into their current technology that they hesitate to replace it for financial reasons. Yet, while many are aware of the expense of legacy technology for the IT department, there are some hidden (and pretty significant) financial repercussions.

The Cost of Poor Agent Productivity

The use of siloed systems that are either poorly or not integrated leads to siloed data. On average, agents have to switch between 3-5 systems to gather the information they need to solve a customer issue. That can cost them several minutes *per customer interaction*. Over half of contact centers have **reported that 10-20%** of their agents' time with the customer is spent searching for information.

While 10-20% may not feel like much, it's costing companies hundreds of thousands of dollars in lost productivity.

Let's assume that the average contact center pays their **agents a salary** of \$35,000. If a contact center has 250 agents, and each of those agents is spending 10-20% of their time looking for information, that means you're spending between \$875k and \$1.8 million in time wasted.



The Cost of Agent Turnover

It's hard to think that your contact center turnover rate, already seen as the industry's KPI killer, could ever be underestimated. Yet, that's exactly where we are today. The problem isn't that executives aren't taking the concept seriously enough to take action, but rather they're taking the wrong ones. In fact, too often, they're ignoring the fact that deficient technology is a major contributor of turnover.

The biggest expense related to employee turnover is hiring and training new employees. To calculate the cost of employee training, you have to consider three factors:

- The cost of the instructors and supporting staff. This includes salaried and hourly employees who are taken away from other productive work.
- The price of software and materials. If any of your training materials or technology is charged on a per-user or per-class basis, you should add that to the total tally as well.
- The cost of the new employee salary during the training period, including any salary-related expenses like taxes and benefits.

Here's an example calculation for a 6 week long training class with 10 trainees.

Cost of instructors, supporting staff, and materials:

\$7,000 total

Cost per trainee:

\$700

2 trainers 4 week salary:

\$6,000 (\$3,000 per trainer)

Cost of materials:

\$1,000

Cost of new employee salaries during training:

\$20,000

Cost per trainee:

\$2,000 (\$12.50/hr x 160hrs)

Total Overall Training Costs:

Total training cost per new hire:

\$2,700

Total training cost for entire class:

\$27,000

Total training costs for calendar year (assuming 1 class per month):

\$324,000

How Legacy Technology is Driving up Training Costs

The more complex a technology (your agent's desktop), the more time it takes to train new hires how to use it.

According to one survey, 50% of the respondents said the complexity of the desktop increases overall training costs by at least 20%. And 17% said it increased training costs by more than 40%.

So, let's apply these reductions to our annual training costs from the above example.

Costs reduced by 20%:

\$259,200

(\$64,800 reduction in overall training costs per year)

Costs reduced by 40%:

\$194,400

(\$129,600 reduction in training costs per year)

It makes sense: the more intuitive something is, the quicker someone can learn it. Legacy technology has a significant impact on the ability of contact centers to get productive agents to the floor quickly.

The Cost of Unhappy Customers

Poor customer service is costing companies more than **\$75 billion a year**, up \$13 billion from 2016. Customer service is, without question, today's corporate competitive edge. Yet contact centers still haven't found a way to make significant gains in customer experience. They adjust KPIs, increase staff, and make minor flexes to policies here and there. Yet, they're not seeing much improvement in CSAT.

Because the problem isn't the KPIs or the number of agents you have in seats.

The Institute of Customer Service found 62% of customer complaints were about staff attitudes and competencies. That doesn't mean quality and price no longer matter. They do. But isn't it a given that what a customer buys should do what it should do? And today's consumer expects that price will be, if not the lowest, at least competitive.

Think about that - the majority of your customers don't leave because of your product or policies.

The majority of your customers leave because your agents are unhappy and unable to do their jobs well.

A series of teal-colored lines and circles on the left side of the page, resembling a circuit board or a stylized path, extending from the top to the bottom.

It's time for an upgrade. Here's why cloud contact center software is the solution.

Technology enhances our lives. Each new feature makes us more efficient, organized, and connected than ever before.

A study from Fujitsu, found 37% of companies who've digitally transformed their contact centers have seen:

46% increased revenue.

44% improved customer relationships.

35% improved efficiency or reduced costs.

22% improved employee satisfaction.

Here are a few ways cloud contact center software can reduce your costs, streamline your contact center operations, boost agent morale, and improve your customer satisfaction.

- **All system maintenance, upgrades, or fixes are handled virtually by your vendor.** No need for onsite IT staff hired only to service your contact center software.
- **If a specific bug needs fixed or a feature upgraded, it can be done without downtime to your platform.** It can also be done at anytime, which means you're not waiting weeks or months for crucial updates.
- **Integrations with other systems are easier.** APIs allow for the easy exchange of data between systems. Integrations also reduce the number of programs your agents need to open to do their jobs.
- **Access to new technology is frequent and the user interface is constantly improving.** Because cloud software is easier to update, user functionality is improved, and new features are added often.
- **As an omnichannel solution, customer data and past interactions are available in one system.** Agents don't have to jump between platforms to handle different types of customer interactions. They can access them all in one platform.

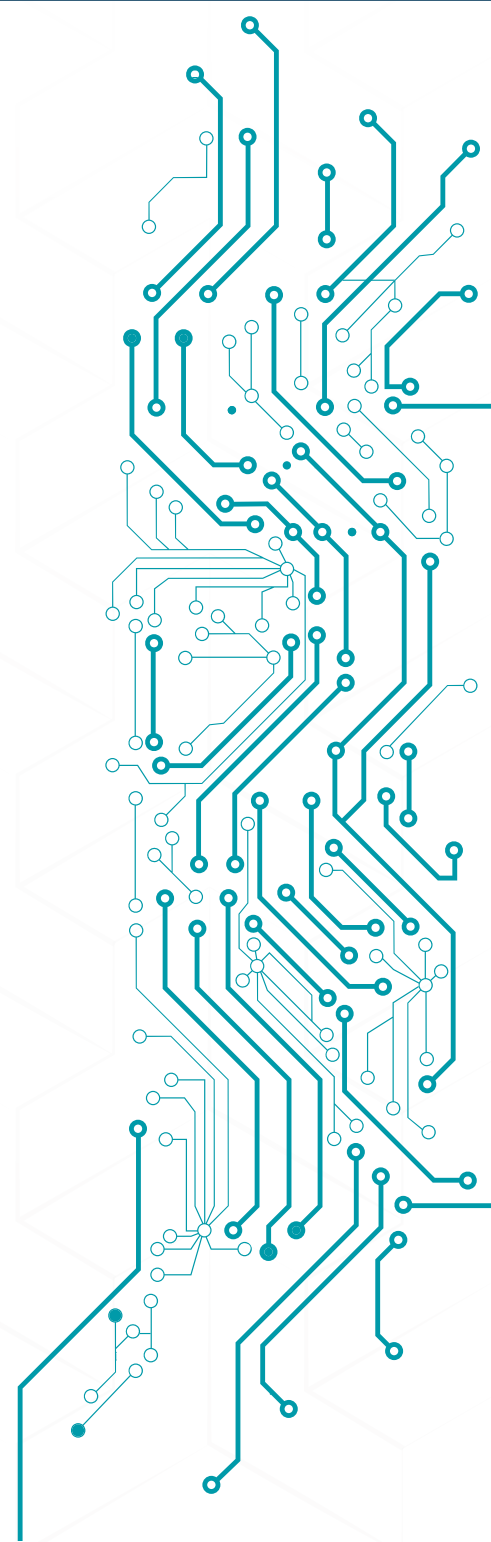
Companies that surrender the sunk costs of their legacy systems, develop a **digital transformation strategy**, and invest in modern technology will have an edge over their competitors.

These companies will emerge as leaders in their industry. They're redefining customer experience by way of modern systems, happy agents, and reduced costs. And, they're setting the right expectations for their customers in a world of ever-evolving technology.

Best of all, companies investing in modern solutions are seeing **higher ROI** than investments in products or services that put Band-Aids on their legacy technology.

Are you ready for an upgrade? Learn more about Sharpen's cloud-native contact center platform, and how we're helping companies all over the world transform their customer service by visiting sharpen.cx.

[Learn More](#)



About Sharpen Technologies

Sharpen has developed the agent-first contact center platform. Our proprietary Agent Experience Score (AXS) gives contact centers a way to measure and track performance and agent well-being. And, our cloud-native, omni channel platform gives agents a single interface for communicating across any (and every) channel from anywhere in the world. Sharpen was founded in 2011 and is headquartered in Indianapolis, IN. Visit sharpen.cx or contact us at **855.249.3357**.