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# Why the Work At Home Agent Works and this Agent Population Will Continue to Grow



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## **Introduction**

If you have anything to do with the call center industry, you have probably been accosted by your family and friends who insist on telling you their customer service stories about a particularly bad call center experience. The agent handling their call couldn't resolve their issue, they were transferred time and again, the agent had an accent, etc. No matter what the issue, the stories all seem to end the same....expectations were not met. The customer leaves the experience with a bad taste in their mouth, or, even worse, is shopping the competitors.

Unfortunately, many of these bad experiences can be supported by industry and client research that tell us customer satisfaction with the call center experience is declining and consumers are increasingly frustrated with service that does not meet expectations.

Now, if you are working in the industry and understand the increasing cost pressures associated with running an efficient call center, many times it feels as if you are on a tightrope thousands of feet in the air. It is a skillful and delicate task to try and balance increasing cost pressures with providing good customer service that exceeds customer expectations. More and more, there are declining qualified labor pools; the hard costs of off-shoring are appealing, but increasing off-shore competition is limiting the benefits for some and may not be as appealing as once thought; advances in technology, especially in communications and high tech industries, practically require a rocket scientist to resolve complex inquiries. And, of course, consumers *expect* more than ever. As a result, companies continue the tightrope walk with an eye for creatively balancing a quality experience at a cost effective price. One of the newest ways to accomplish this is through the Work At Home Agent.

## **Market Overview**

Within the past 5-10 years, the industry has been experimenting with the concept of the virtual, or what is commonly referred to as the "work at home agent" (WAHA), as a way of resolving many of the challenges the industry is facing. Until recently, technology has been a barrier for companies to be able to provide the same level of desktop functionality, operational efficiency, data security, and management oversight, as they can within a brick and mortar environment. However, now, with the proliferation of computers and data access in the home, coupled with the advancements in the call center environment (thin client desktops, secure firewalls and networks, audio and video authentication, sophisticated data encryption, etc.), the Work At Home Agent (WAHA) is becoming a real and viable option for many companies, including those with large call center operations.

Work at home has opened up a whole new set of job opportunities for a group of highly skilled agents who previously, because of physical disabilities, childcare constraints, or a host of other lifestyle issues, were not able to work in a brick and mortar facility. In addition, it has enabled a number of existing brick and mortar agents, who require a more flexible work environment or scheduling options, to overcome transportation or childcare issues that might otherwise have forced them to leave their job. And the best part is.....work at home agents are more productive; have lower absenteeism and attrition; and they have higher quality and customer satisfaction scores.

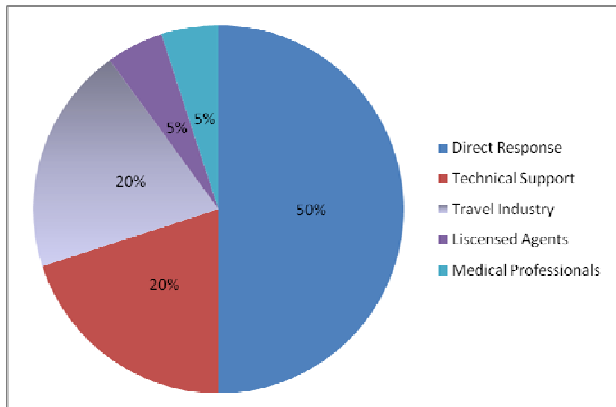
While the current WAHA

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market is estimated at \$400M with 47,000 outsourced agents. It still represents a very small percentage (2%) of the total 3 million agents in the US market. Today, most of the WAHA segment, handles direct response calls (50%). Direct response, always in need of agents to handle spike volumes from advertising, infomercials



and other seasonal events, has been particularly fond of utilizing the WAHA segment to manage their continually fluctuating business. However, **other markets will see the growth as WAHA outsourcers migrate to more complex applications.**

DataMonitor<sup>1</sup> estimates the number of outsourced WAHA agents to grow from 31,000 in 2006 to 223,651 in 2012 an average annual growth rate of 36.4%, IDC<sup>2</sup> estimates the number of total WAHA agents to increase from 139,000 today to 300,000 in 2010 an average annual rate of 38.6%. While there is a significant difference of opinion on the number of WAHA agents, the majority of analysts agree,

***The average annual agent growth rate for WAHA is going to be between 40-50% over the course of the next 2-3 years.***

The early adopters of the WAHA service model have been in the retail and travel industry and include companies like J.Crew, Office Depot, GE, 1-800 Flowers, Jet Blue, Delta, Wyndham Hotels and AAA. However, as more companies are adopting this model we are seeing companies that handle more complex applications in the communications and

financial industries, such as, Cingular, Verizon, AIG, Travelers Insurance and Mastercard.

Teleperformance, a global leader in contact center outsourcing is conducting trials with two large communications companies to determine the effectiveness of WAHA in more mainstream and traditionally more complex call center applications (i.e. Customer Service and Technical Support).

Currently, there are a few key players offering outsourced WAHA services in the market today. Many of these companies are technology software development companies who have leveraged their homegrown applications into the outsourcing market to offer stand-alone WAHA service capabilities. In most cases, these companies (Alpine, Work at Home Solutions, Arise, etc.) are not full-service contact center service providers, nor do they offer a wide array of other operating or service delivery models. There are a few emerging entrants in to the WAHA market from the traditional pool of recognized outsourcing service providers. The majors currently being noted as: West, which is still the largest in WAHA revenues; Teletech; Convergys; and Teleperformance. In addition, there are a number of niche outsourcing players also entering the market offering very specialized services (i.e. appointment setting, lead generation, VIP helpdesk, etc.). These companies have the opportunity to provide their core service offering at a reduced rate using a WAHA employment model.

As technology advances, companies like Avaya, Aspect, I3 and Five9 continue to introduce stable, secure, highly scalable and lower cost VOIP solutions to the marketplace, even more companies will continue to trial and adopt WAHA as a companion service delivery model.

For example, there are number of in-house call centers currently deploying WAHA on their own. Airline companies such as Jet Blue, Continental,

American and Delta, are just a few examples of companies within the industry that have either fully deployed or are currently testing the concept.

These providers are also using and testing different agent models. These tend to fall into two major categories: *Contractors vs. Employees*.

- **Contractors**: In this model, the agent contracts with an outsourcer or other third party company to provide live agent services. A contract is typically created to deliver services for an average number of productive minutes per hour for X number of hours per week or per month. The Contractor may or may not provide their own equipment and is typically required to meet certain minimums in terms of volume of contacts handled, sales conversions (if applicable), service levels, attendance, etc. Benefits are not provided by the employer and usually the contractor has no other privileges (additional training, career opportunities, etc.) that a permanent employee would have. As a result, contractors may have higher turnover rates than regular employees and may not have the same level of commitment with respect to the team.
  - A subset of this model is the contractor agent who establishes their own network of WAHA agents. In this scenario, an agent has a service contract with a company to offer services and they pay a monthly fee to establish their own network. That agent is then responsible for hiring, recruiting and training their own agents. The benefits are that the responsibility and liability for the WAHA agent recruitment and management is off-loaded to a third-party. This makes the ramp process much faster, but also puts the accountability of performance in the hands of the contractor. Additional challenges include a loss of control and consistency in the recruiting, hiring and training practices which ultimately impact the overall customer experience.

In addition, there may be some future regulatory concerns with the contractor model. There have been a number of case filings with respect to employers who hire WAHA agents as independent contractors. Part of the dispute is being able to

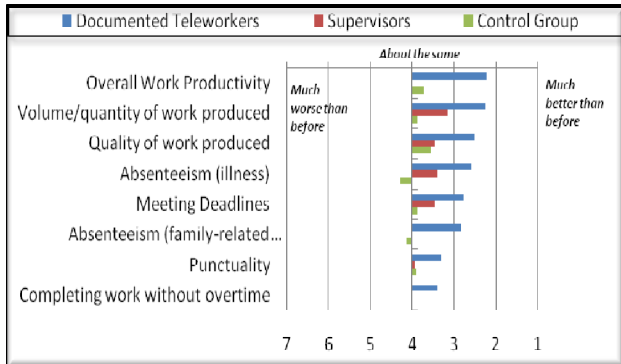
substantiate that these employees are really independent contractors and therefore not eligible for company benefits, payroll tax withholding, etc. There is also some question as to whether or not the government will continue to incent jobs going off-shore or impose regulations that make it more difficult, hence, providing a greater incentive to companies to use WAHA as an alternate approach to cost reduction. Due to these types of issues, many companies who used this model earlier in their WAHA offering are now moving to a permanent employment model (i.e. West).

- **Employees**: In this model, the agent is an employee of the company. They have the opportunity to receive partial or full benefits, depending on whether they are part or full-time. In this model, the employees have a greater sense of job security and can more likely set a schedule that fits their lifestyle due to a greater consistency of work. Of course, they also get the value of having other company benefits, which includes ongoing skills and technical training, as well as the opportunity for career advancement. Challenges to the employee model are few. This is certainly the preferred model for most WAHA applications. However, some WAHA employees may want the flexibility to be able to work for multiple service providers. Becoming common practice, agents are able to bid up their salaries in on-line auctions for agent time availability. However, for clients seeking to obtain a loyal, dedicated and engaged group of agents to work on their programs this is not be a suitable method for recruiting workers.

From the service provider's perspective, the employee model is by far the best model, if they have the volume of work, HR infrastructure and financial strength to support a large permanent/part-time employee base. Performance management, quality control and consistency are the three greatest benefits to providers who embrace this model

Regardless, of the type of model used, research has shown that the work at home agent population provides an opportunity to select and retain the best agents. According to Gartner<sup>3</sup>, 70% to 80%

have college degrees compared to 30% to 40% in call centers. And, most agents are in 30's and 40's and many have management and/or sales experience. Booz Allen Hamilton<sup>4</sup> reports that WAHA attrition is only 10% on average. In traditional call centers, attrition can be 50% to 100% and higher, depending on the application.



The productivity enhancements from the work at home agent result in cost savings over the traditional brick and mortar delivery model. In looking across the major cost categories, the largest savings by deploying a WAHA model is in labor. These labor savings come in the form of reduced agent attrition, lower team lead to agent ratios, as well as higher call quality. As expected, reduction in space also provides a substantial cost savings. In the WAHA model, space is only required for the management team, therefore, the costs of brick and mortar are reduced. System costs are similar across both models, and while telecom costs are higher now, they will decrease as Voice over IP technology continues to roll out.

% of Total Costs	Brick and Mortar	WAHA	WAHA Savings
Labor	70%	52%	18%
Telecom	10%	12%	-2%
Space	10%	1%	9%
Systems	10%	10%	0%
<b>Total</b>	<b>100%</b>	<b>75%</b>	<b>25%</b>

There are several companies that are currently claiming similar cost benefits from using work at home agents. One example is JetBlue who claims a savings of 20 percent per flight booked by employing at-home agents, and annualized employee turnover of only 4 percent. In addition, in a study conducted with 150 companies by the Aberdeen Group<sup>5</sup>,

**35% have seen customer satisfaction increase by 10% or more**

**Opportunities and Challenges Facing WAHA Today**

Now, with all of this positive data, why isn't everyone deploying WAHA and getting rid of their brick and mortar agents? Well, there are still some challenges to overcome, and it may not be the 'silver bullet' everyone is looking for.

As WAHA continues to prove successful in terms of delivering higher quality results; lower costs; lower agent turnover; and higher customer satisfaction rates; the number of WAHA outsourcers entering the market is likely to increase. Since the early 2000's, there have been several new entrants. In addition, the lower cost barriers for entry into WAHA may enable a whole new breed of companies to enter the market that don't have the existing overhead costs that the incumbent brick and mortar competitors have to contend with. However, all of these competitors will still face similar challenges. Some of these include:

**Increased Competition.** There will be many new entrants into the market and many will be WAHA only. These companies typically do not have the financial backing and history of performance that the entrenched outsourcers who have been in the business for years. They may not be ‘fly by nights’, but they are entering outsourcing from a single-sided point of view and capability, without the ability to integrate other sourcing models or self-care.

**WAHA is hard to do right.** There have been company’s trialing this in the United States for over 10 years!! This begs the question, “*why has it taken so long?*” It is true that technology has been a big barrier, but it is not the only one, and probably not the most important. Recruiting, hiring, scheduling, managing, monitoring, coaching, reporting, and making it all work cohesively to deliver a consistent customer experience is hard to do! Similar to other solutions, such as automation or off-shoring, it needs to be done right, with the right type of calls, for the right customers and it needs to be integrated with a company’s overall sourcing model.

**India** is entering the market, which could provide additional cost savings for clients. It is apparent that India is building out WiMax and other technologies to support the work at home agent model in their country. Consequently, the cost gap between the US and India is not likely to narrow if Indian firms are successful with their efforts. However, they still have to overcome the accent and cultural barriers that are causing customer dissatisfaction for Americans. So, even if India is able to overcome the technology issues, the jury is still out as to whether work at home is a good cultural fit.

**Complexity of Applications:** Lastly, up to this point, WAHA has been used in ‘simple’ types of applications. Short calls, high volume peaks as

needed in direct response. WAHA typically has not been used for the more complex types of applications. Tier 2 and 3 tech support, inbound dedicated customer care for complex services, major account sales, etc.

Most analysts agree that the WAHA model will significantly reduce the growth of offshore brick and mortar agents. But, for all companies, there are still some big challenges related to having the necessary support required to maintain and grow a successful work at home agent environment. These areas include:

- **Technology:** While many companies have the technology to deliver a call to a work at home agent through call routing and connectivity support, many lack the necessary systems to effectively *manage* a work at home agent staff. The technology required for managing work at home is different than in a brick and mortar environment and needs to have effective on-line, real-time agent performance reporting as well as the ability to coach an agent on a daily basis, through on-line web chats and/or web-cam meetings. In addition, work at home requires for advanced call routing, the ability to escalate to supervisors, security authentication and data encryption, just to name a few.
- **Process:** There are challenges that exist today in a brick and mortar environment, that are even more critical in the work at home environment, due to an increased loss of control over agent performance. For example, the processes needed to ensure a consistent exceptional customer experience, are much more difficult to deploy in a WAHA model. Therefore, it is critical that processes have the appropriate measurement criteria and vehicles to report the data to both the agents and the management team in order to ensure consistency in the overall customer experience.

- **People:** While work at home offers a higher quality agent pool, it is still critical to have an established profile and process for recruiting, hiring, training, coaching and incenting a work at home agent. The motivations for a work at home agent are not necessarily the same as an agent willing to come to a brick and mortar center, consequently special considerations need to be given, particularly in the area of scheduling.
- **Integration with Service Delivery and Global Sourcing Strategy:** It is also important to keep in mind, that WAHA is typically just a subset of a company's overall service delivery model. WAHA should be a tightly woven component of a company's sourcing strategy – not the only component. More importantly, if it is done right, the virtual agent is merely an extension of the broader team and fully integrated with all of the other channels (e.g. on-shore brick and mortar, off-shore, near-shore, IVR, e-mail, web-self Care, etc.). Leveraging WAHA into the existing delivery model enables a company to take advantage of the benefits of the work at home model in the segments of its business where it makes the most sense, without risking the other segments of work that are doing well in their current environment.

Most industry experts agree that the WAHA model provides improved results, lower costs and higher customer satisfaction due to the ability to select from a pool of higher qualified candidates. However, they also agree that the basis of any call center, no matter what model is used, is based on the processes you use to manage your agents, which will be more of a challenge for new entrants into the market.

Therefore, when determining whether or not WAHA is right for your business, there are some key considerations:

**What are the key business drivers?** Are you trying to drive cost reduction? Do you need a higher

skilled agent or a larger agent pool? Are you trying to reduce agent attrition and/or increase employee satisfaction? Are you trying to increase customer satisfaction? It is important to note that employing the WAHA model will not automatically make all these business goals come true, particularly if the proper people, processes and systems are not in place to support a successful model.

**What is your technology framework?** Do you have the necessary technology to support WAHA? This includes not only the network and telecom infrastructure, but the HR and operations management systems and agent performance reporting as well.

**What is your management framework?** Do you have the necessary processes in place to manage call center agents, let alone in a virtual environment? It is likely that if you have not had experience in this area before, it would be more cost effective to utilize the expertise of an outsourcer before bringing the WAHA model internal.

**What is the impact on the customer experience?** Will agents have the necessary resources and training to resolve customer issues? If not, it may have a negative experience. In addition, is the solution integrated with the overall delivery strategy to ensure all customer touch-points are monitored and measured to ensure overall satisfaction levels?

**Do you have measurement criteria and the ability to report on the criteria?** As with any business model, in order to improve, you must measure and report on current activities. This is especially true in the call center environment. Therefore, are you able to establish goals and objectives and provide reporting and improvement in a timely fashion against those goals? If you can't answer 'yes' to this question, then your business drivers will not be met utilizing the WAHA model.

## **Teleperformance Case Study**

Teleperformance, a leading provider in global call center outsourcing, is conducting WAHA trials for two leading communications providers in the United States. Both trials are showing very positive results in a very short amount of time and proving the WAHA model can be successful in environments that are more complex. This case study will feature one of these companies, which is a leading communications provider in the United States.

### ***The Trial – Leading U.S. Communications Company***

This company was interested in exploring an employee demographic they had not been able to tap into before WAHA due to an ever increasing declining labor pool. The hypothesis for the test was that if the new demographic proved successful, it will open up a much larger labor pool, which in turn, will provide a more qualified agent and, ultimately, a better customer experience.

For purposes of the trial, the agents are taking a wide range of customer care calls including billing inquiries, product and services issues and questions, network coverage inquiries, etc. Teleperformance is utilizing a mix of existing brick and mortar agents who were willing to work at home, as well as new recruits. The current Teleperformance agents were selected based on their tenure, balanced scorecard performance; desire to work at home and attendance. They were also required to meet the minimum specifications for the project, which included having minimum computer and connectivity requirements (.e. high speed internet connection, a color monitor, etc.). In addition, they were tested more strictly for typing speed, customer service experience, and in-depth personality/behavior assessments. Finally, all the necessary personal and background checks were established for these agents. For purposes of the

test, the work at home agent pool matches the on-site agent pool handling calls.

All agents attended a 6 week training program in the brick and mortar location. Then, agents began taking calls. In addition to the daily call center management, Teleperformance meets with the client weekly to review all the key performance indicators being measured. These measurements include: customer satisfaction; quality performance; first call resolution, total issue resolution, and efficiency metrics, such as: average handle time, utilization and occupancy. In addition, attendance and agent attrition are also key measurements.

The trial has been in place for three months and the results have been extremely positive. While actual numbers are not available due to client confidentiality, the performance of the work at home agent has been on par or superior to that of the brick and mortar agents on **all key metrics**. And, as a result, Teleperformance and their client can offer positions to a completely different market segment.

However, the test has not been completely without challenges. The biggest issues related to technology and training. There were some client and WAHA system compatibility issues that proved challenging. Related to training, Teleperformance required the work at home agents be trained in the brick and mortar facility. Since the training was a six week program, the requirement to be in the center

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proved challenging for many of the work at home agents. Due to the very nature of the type of agent who wants to work at home, it is important to maintain some flexibility when it comes to training.

**Key Benefits:**

- Better agent performance, hence, client KPI improvement
- Better recruiting opportunities (larger labor pool)
- Better scheduling

**Key Challenges:**

- Training in brick and mortar facility
- Some technology, system compatibility

**Key Learnings:**

The test has already met its objective of opening a broader agent pool from which it will recruit in the future. Performance metrics to date have been very positive and based on the current trend, will continue to improve. As a result, Teleperformance will continue to deploy the WAHA model on more complex applications and continue to offer WAHA as part of the larger service strategy for its clients.

**Summary**

In summary, the work at home agent model could be a win-win for organizations that need to be creative about how to provide high quality care for lower costs. But, as with most call center solutions, it is not the ‘silver bullet’, nor is there one silver bullet to providing high quality care at a lower cost. Therefore, WAHA should be considered as part of an overall and tightly integrated service strategy solution. Also, it is important to note that Teleperformance is a large call center outsourcer and has certified processes and procedures in place

to appropriately manage call center agents, especially those requiring more sophisticated system and management support such as needed in a work at home environment.

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*Christine Wright is Founder and President of Customer Contact Insights, Inc. Christine has over 25 years of diverse industry experience consulting with Fortune 500 clients in the areas of Marketing Research, Database Marketing, and Customer Relationship Management; using a multi-disciplinary approach to strategy planning, research and analysis and tactical execution of CRM/Loyalty programs and applications. For more information on Christine, please visit: [www.customercontactinsights.com](http://www.customercontactinsights.com)*

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