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RESEARCH NOTES

AT-HOME AGENTS: PROMISE AND PITFALLS

In their eternal pursuit of cost-efficiency, enterprises worldwide are beginning to use a variety of strategies to reduce call center costs while boosting productivity. Although many businesses have moved their call center operations offshore, industry reports indicate that companies are increasingly looking to a solution that is - literally - closer to home: virtual call centers staffed by home-based agents who are connected to the enterprise via the Internet. There are already more than 100,000 home-based agents working in the U.S., and that number is expected to triple by 2010.¹ By 2006, 10% of all call centers are expected to be using home-based agents in some capacity.²

The trend toward home-based agents is driven by both technology and economics. Voice over Internet Protocol (VoIP) significantly reduces the cost of long-distance calling and allows for data transfer that makes it possible to manage home-based agents remotely. And since they require very little overhead, at-home agents offer significant cost savings over their counterparts at brick-and-mortar call centers -- an average of \$21 per hour per agent compared with \$31.³

Many reports have also indicated that the benefits of using home-based agents extend beyond cost-savings, and include: expansion of the available workforce, flexibility in meeting demand peaks, reduction in agent turnover and improved service levels.⁴ At-home agents report a higher overall job satisfaction rate than their traditional call center counterparts, and their annual turnover rate is just 10%, compared with 50% or more for in-house agents.⁵

Seeking a more comprehensive understanding of the virtual call center trend, in 2006 Five9, Inc. commissioned a survey of decision-makers in the call center community to assess the extent to which call centers were using at-home agents and attitudes toward the practice. A Web-based survey was sent to leading call center executives, and distributed to the greater call center community through a variety of industry newsletters. The survey's questions explored the current use of at-home agents, as well as factors that may promote or limit the widespread adoption of this strategy in the years ahead.

The survey received 200 responses from call centers operating in the United States and Canada, and was followed by interviews with selected participants to gather additional anecdotal feedback. The results revealed that while the trend is not as widespread as some reports indicate, the use of at-home agents is on the rise and being considered as a productivity-enabling model in the near term. Not surprisingly, this model also brings numerous challenges to an organization in the area of personnel recruitment and management, training and even security.

WHO WE SURVEYED



Of the respondents to Five9's At-Home Agent survey, 83% are based in the United States and 17% in Canada. Thirty-two percent are Five9 customers. In-house call centers represented 68% of responses, while 25% came from outsourcers; the rest were either a mix of both or virtual call centers. By far the largest number of respondents (51%) represented small call centers with fewer than 11 agents, although the second largest group (22%) had 75 or more agents.

¹ IDC, *An Alternative to Offshore Outsourcing: The Emergence of the Home-Based Agent*, November 2004.

² Gartner, Inc. 2005

³ IDC.

⁴ Purdue University Center for Customer-Driven Quality, 2005

⁵ Booz Allen Hamilton, *Home-Based Agents an Emerging Contact Center Trend*, 2005

WHAT WE FOUND

At-Home Agent Use

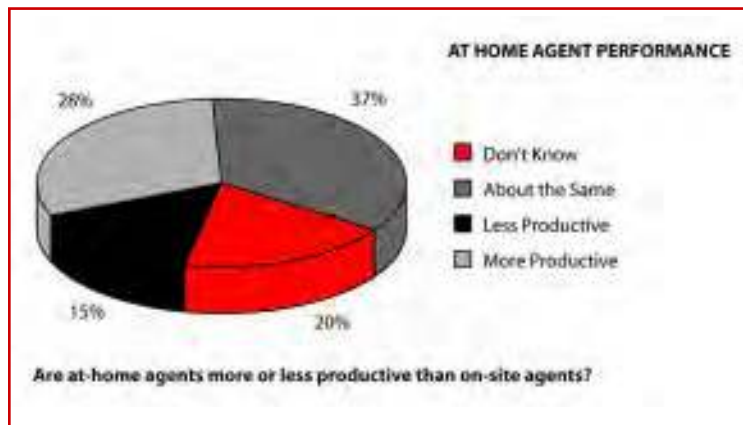
Despite the recent attention this new model is receiving in the media, we were surprised to find that only thirty-nine percent of the survey respondents currently use at-home agents. Of those, at-home agents tend to account for either less than 10% of the workforce (28%) or more than 90% (24%) which indicates that companies are taking one of two approaches: they have either embraced this model and are building their business around it, or they are using it more conservatively as a pilot program or a means to retain or attract key talent.

“We have been bursting at the seams for about three months, physically. We’re looking to add at-home agents for the ability to scale up and down and add 50 or 100 people at a time.”

— Fred Sumner,
Director of Sales, Holden Marketing Support Services

As expected, Five9 customers were more likely than others (45% vs. 38%) to take advantage of at-home agents, possibly because Five9’s hosted solution allows customers to operate virtual call centers employing at-home agents equipped with only a computer, a USB headset and a high-speed Internet connection.

At-Home Agent Productivity



Respondents overwhelmingly reported that at-home agents were either just as productive as their on-site counterparts (37%) or more so (28%). Only 15% said that at-home agents were less productive, while the remainder (20%) did not know. For those who said that at-home agents were more productive, the productivity gains were significant: 62% believed that they were at least 20% more productive than on-site agents.

Questions of productivity clearly have a subjective aspect. In follow-up interviews, several respondents mentioned a strong perception on the part of senior management that home-based agents could not possibly be as productive as on-site employees. In the short term at least, these issues, together with the relatively large number of respondents who were unable to assess the relative productivity of their home-based agents, may slow the growth of at-home agent use. These concerns point to the importance of tools that enable managers to measure the productivity of at-home agents, using standard call center metrics such as the number of outbound calls home-based agents are making, the number of inbound calls passed on to them and talk time, as well as business outcome metrics to track the actual output of the individual agent, such as leads converted, closed tickets and booked revenue.

Of the organizations currently using at-home agents, many of them noted that performance at-home was similar to performance on-site, in that it varied at the agent level. There are agents who are well suited to the home-office environment and others who are not. The challenge is identifying agents who will excel in a home-office scenario.

AT-HOME AGENT TURNOVER

Of those using at-home agents, 40% said at-home agents were less likely to turnover than on-site agents, while 23% said the turnover rate was about the same for both types of agent. Only 10% said their at-home agents had a higher churn rate. Twenty-seven percent did not know.

“We see this as an award. Enabling agents that have been with us for a while to work from home is a great retention tool.”

— Brian Gabriel,
Chief Operating Officer, Sound Telecom

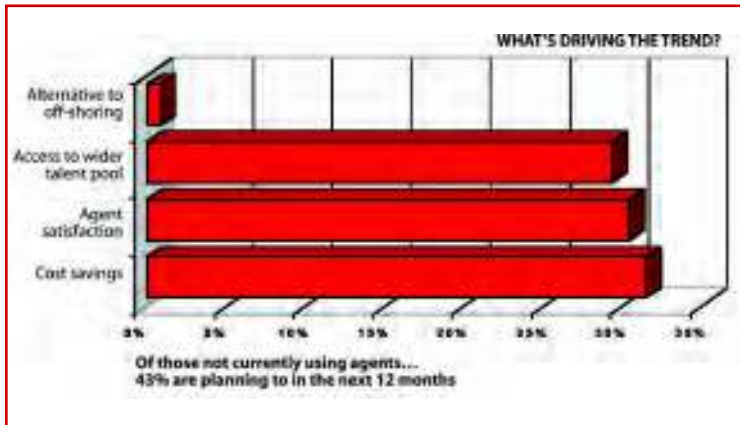
The follow-up interviews revealed that in many cases, allowing agents to work at home is a tool for retaining top talent. Mothers returning from maternity leave, mature employees looking to move to part-time employment, and employees moving out of commuting distance, were all cited as targets for the at-home agent model.

LOOKING AHEAD

Although the percentage of call centers currently using home-sourced agents was not as widespread as expected, it is clearly a growing trend and survey results show that the industry should anticipate widespread adoption in the next two years.

Of those not currently using at-home agents, forty-three percent said they plan to do so within the next 12 months; other respondents plan to add to their existing home-based workforce. Although virtual call centers are often cited as an alternative to off-shoring, only 16% cited this as their reason for adding at-home agents. The rest pointed to cost savings, agent satisfaction and retention and access to a wider talent pool as reasons, in nearly equal numbers.

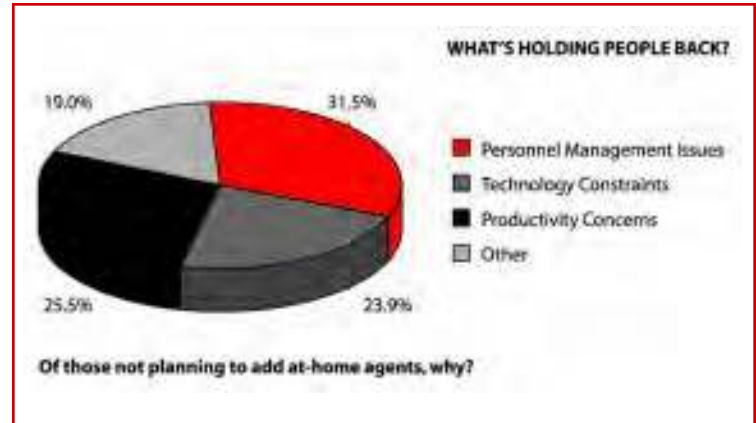
Among those who reported that they did not plan to add home-based agents, personnel management issues, productivity concerns and technology constraints were the leading reasons.



Our follow-up conversations revealed that many call center executives were worried about the ability to maintain a quality experience for their customers. Concerns over background noise such as barking dogs or crying babies were cited frequently. Another challenge was maintaining the quality of the work environment for the employee – software upgrades, bandwidth limitations and hardware failures were all listed as potential issues with a home-based workforce. Said one respondent: “We’ve moved some of our proven employees to at-home agents, when they request it; however, we find that all the resources are at the office. It’s a complicated business, and even the best need to ask questions.”

“We have one at-home agent who has done extremely well, and we want to replicate that success with other at-home agents. ..the trouble is, how do you find, recruit and retain that motivated talent?”

— Jonathan Perlstein,
FSS LLC



Among the other concerns listed, security and compliance issues were mentioned frequently, particularly when financial transactions are involved. With credit card fraud and identity theft on the rise, managers want the ability to monitor agents’ conversations directly.

CONCLUSIONS

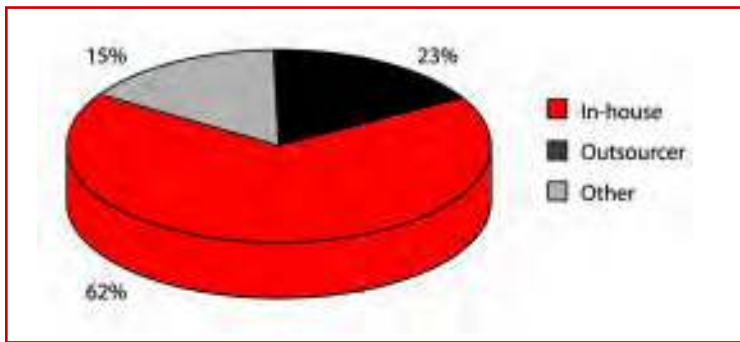
At-home agents clearly have enormous cost-saving and productivity-boosting potential for call centers, although much of that potential has yet to be realized. Those who are already testing the home-based agent waters tend either to be dipping in one toe -- by allowing just a few employees to work from home -- or have jumped in with both feet, possibly reflecting the success of earlier trials with a limited number of agents.

The primary issues limiting the growth of the at-home agent trend seem to be concerns about the remote management of people and their environment. Call center decision-makers should therefore look carefully at monitoring and recording tools that can address these concerns; as the home-based agent model becomes more widespread, these tools will continue to improve and new ones will be brought to market.

“At-home agents are the future of our business. By using at-home agents, you can really add on value to the role and reduce the cost per employee. You’re not paying for the lights, and they can control the temperature of the room themselves.”

— Kevin Hartley,
Director, Call Centre, MarketTrend

If the data found by Five9, Inc.’s survey are accurate, businesses that ignore the use of at-home agents will do so at their peril: they will find themselves competing for the best agents with companies that offer this employment option. Although a home-based call center workforce may not be right for every company, the benefits it offers make the scenario well worth investigating.



North American Contact Center Study

200+ Contact Center Executives

17% Canada, 83% United States

Mix of Five9 Customers and Broader Call Center Community

Survey Method

Web-based Survey

Telephone Interviews with a sample of responders

Objective

Validate recent media coverage

Obtain both quantitative and qualitative feedback from the industry

Uncover what is, or is not, driving the trend

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STUDY RESULTS

- 41% of all surveyed are currently using at-home agents
- Usage is split at the two ends of the spectrum
- Up to 10% of the workforce vs. 90 - 100% of the workforce
- Outsourcers more likely than other types of call centers to use home workers
- 48% vs. 38% for non-outsourcers
- Five9 Customers more likely to leverage the model
- 45% vs. 38% for non-customers

ABOUT FIVE9

Five9 is the leading global provider of on-demand telemarketing, customer service, and call center solutions for customer interaction management. The award-winning Five9 Virtual Call Center is used by call centers and contact center operations of businesses of all sizes, and companies that provide outsourced telemarketing, customer service, and call center services. Customers on five continents profit from Five9's reliable, robust functionality that is fast, easy, and affordable to deploy for any call center.

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