



## Home Bodies

### **Cut contact center operating costs, reduce churn rates, and up flexibility--a serious look at the at-home agent model.**

By Coreen Bailor

If your company is anything like mine, at one time or another you've traded in your business casual attire for a pair of jeans and a T-shirt to work from home. Every member of our *CRM* magazine editorial staff has conducted interviews, filed stories, and edited copy from home for various reasons, from recovery from surgery to having plumbing repaired. *CRM*'s editors typically rely on telecommuting for these kinds of sporadic personal events. But when New York City's transit union members spent three days on the picket lines in December 2005 during the transit strike, we had to telecommute. Working from home went from being an occasional choice to being the core of our contingency strategy for maintaining normalcy (which means, in our case, the controlled chaos of hitting lots of deadlines).

*CRM*'s staff represents a tiny fraction of the millions of U.S. employees who work from home either occasionally or regularly, part- or full-time. Within the broad scope of telecommuting, however, lies an increasingly popular subgroup of home workers: at-home customer service representatives. It's not hard to understand why. Reduced operating costs, improved productivity, more flexibility for meeting customer demands, better qualified and highly motivated agents, and lowered attrition are just a handful of reasons why companies use home-based CSRs. Some companies turn to third parties like Alpine Access, Convergys, ICT Group, LiveOps, Sitel, VIPdesk, West, WillowCSN, and Working Solutions for at-home agents, while others hire at-home agents directly and let some of their on-the-premises reps transition to home-based CSRs.

The industry is taking note: IDC forecasts that the number of U.S. at-home agents--a slim but rising subsegment of the millions of CSRs in the United States--will burgeon from an estimated 112,000 in 2005 to more than 300,000 by 2010. "The companies themselves are looking for an alternative to the way they provide customer service, which drives more profitable revenue, but drives it at a much lower cost," says Angie Selden, CEO at WillowCSN.

### **Virtual Reality**

The at-home agent method certainly isn't a new concept, but over the past few years several trends have emerged to stimulate the model's penetration into companies' customer service practices. One driving force boils down to the demand placed on contact centers to keep costs as low as possible without letting service suffer. Three additional factors driving the at-home agent trend are consumer backlash against offshoring, negative press coverage about leveraging

overseas agents, and the need to efficiently staff for peaks, part-time hours, early mornings, and late nights. Many companies are also continuously looking to combat dismal attrition rates, while many workers are trying to find ways to cope with skyrocketing gas prices and cost of living expenses.

But it's technology like broadband, multimedia routing engines, hosted contact center offerings, Web and teleconferencing, mobile phones, email, and instant messaging that is really making at-home easier to implement. "An Internet connection, a PC, and a phone, and they can be up and running," says Stephen Loynd, a program manager at IDC.

In particular, IP-based infrastructure makes it much easier to incorporate home-based agents, according to Donna Fluss, principal of DMG Consulting and author of "At-home Agent Business Case and Best Practices," a white paper sponsored by Nortel. "In the past companies realized significant start-up and ongoing costs when they installed time division multiplexing (TDM)-based contact-center infrastructure in the homes of remote agents," she writes. "The agent was burdened with having to tie up a phone line and pay carrier costs for the entire time he was scheduled to be handling calls. Internet Protocol (IP) and Session Initiation Protocol (SIP) enable enterprises to easily connect agents to their contact center infrastructure with minimal ongoing charges. In the IP/SIP world, agents are simply another end point to the switch."

### **Phone Home**

Many companies tap at-home agents to handle after-hours contacts, query overflow, and seasonal spikes. For instance, Vermont Teddy Bear Company leverages Alpine Access agents as an add-on to its brick-and-mortar centers to handle call volume during the seasonal peak around Valentine's Day. The 20-year-old company's internal agents handle "all forms of communication," including "telephone calls, faxes, and letters," says Chris Powell, contact center manager at Vermont Teddy Bear, while its outsourced agents take purely sales calls.

Companies like JetBlue Airways leverage at-home agents more regularly. The discount carrier hires full-time and part-time at-home agents directly for all customer queries, including reservations. David Neeleman, JetBlue founder and CEO, first tested the at-home agent waters back in 1984 at Morris Air Service, a low-cost charter airline he cofounded with June Morris, which was later sold to Southwest Airlines. He carried the model with him to JetBlue. "We never had to transition from on-premise to home-based," says G.R. Badger, a supervisor at JetBlue.

JetBlue kicked off its customer service operations about seven years ago with 48 reps all working from home, but has since expanded to 1,400 agents; about 1,100 work at home (all based in Utah), while the remaining 300 work in the company's Utah center. The airline's approach to a virtual call center used to heavily rely on dial-up and an Avaya switch. "[Reps] would call in to our server and then our server would call them and actually funnel the call from the customer to them," Badger says. However, the airline has transitioned its at-home agents to broadband (a few at-home reps still have to be migrated). Broadband "gives us more bandwidth and it allows quicker service for our crew members at home, which is something that they are truly loving and appreciating--being able to pull up information much faster," says Cris Palauni, a reservations manager at JetBlue.

Whether companies use at-home agents rarely or regularly, there is still an assortment of at-home agent deployment models that apply to both. Some of these models, according to Fluss's DMG white paper, include making agents responsible for purchasing, installing, and maintaining their own equipment; sending agents a preconfigured setup with instructions (then they're responsible for implementation); and putting the onus on the enterprise for equipment, installation, and maintenance.

### **The Big Payback**

Perhaps the most obvious benefit is considerable real estate savings--agents don't work at a physical contact center. This approach also eliminates geographic boundaries. For example, if a contact center is in a location where competition for agents is fierce or the band of available agents fails to meet criteria, the firm can recruit and hire people from New York to Nebraska to work remotely. "It opens up a big opportunity for hiring people with the right skills wherever they may reside," says Betsy Wood, evangelist at Nortel Multimedia Applications.

Employing at-home CSRs also allows companies to pump up their agent roster with agents they normally can't draw into a brick-and-mortar contact center, like stay-at-home moms, people caring for elderly parents, and people with disabilities. Take, as an example, Steven Singley, an at-home agent with Alpine Access for about a year and a half who has handled calls for companies that include Office Depot and 1-800-FLOWERS. The 42-year-old Utah resident became quadriplegic in 1986 after a car accident. "With my disability it's just fabulous to not have to worry about transportation and getting to work on time," he says. "I have been a much happier individual in being able to just set up at a desk and go to work."

The model also allows companies to tap agents with a strong familiarity with and knowledge of a region's language and culture. And the model provides companies with a business continuity plan for natural disasters and other catastrophes.

Companies can staff harder-to-fill hours, leveraging agents who are willing to work typically less desirable time blocks like graveyard shifts and weekends. It makes recruiting part-time agents easier, according to Fluss. They don't have to deal with lengthy travel times and escalating gas prices commuting for just a couple of hours of work. These points, along with a comfortable work environment, are just some factors of the staffing model that can help crack the Rubik's Cube of contact center HR: how to attract and retain first-rate CSRs. In addition to shrinking turnover stats the model can improve agent morale, which can lead to improved productivity.

The perks of working from home are enticing more people to apply for positions, allowing outsourcers and companies hiring directly to be even more selective. The number of applicants that outsourcers see is staggering. Alpine Access gets about 2,000 applicants per week for at-home positions, while West receives 1,500 to 2,000 applications a week. "I couldn't get that many people to show up if I was hiring in a brick-and-mortar facility even if I spent hundreds of thousands of dollars on promotion," says Mark Frei, senior vice president at West. He also oversees the West at Home program.

According to IDC's Loynd, at-home reps are usually in their mid- to late 30s and up, and tend to have a higher education level. For example, 82 percent of the more than 9,000 at-home CSRs

contracted with LiveOps are college educated, while 75 percent have prior sales experience. "The maturity level and the professionalism of the agents seems much better with the at-home model," Powell says about Alpine Access's home-based agents. "The agents seem to me to be so much more enthusiastic and I think that's a combination of a couple of things. They have a better work environment being in their own place and they're satisfied being able to do that." He adds that "in a project like mine where it's so short term [we] still need 200 people no matter what, but might only get 250 applications. [But] the sheer number [of home-based applicants] would mean that you're able to take much better people across the board--better educated, better spoken people, and people that probably have more experience taking calls. There are a lot of benefits that way."

### **Conditions to Consider**

The benefits of using at-home agents are clear, but there are things that both agents and companies can't afford to overlook. For one, agents must have at least basic tech-troubleshooting knowledge and the ability to work independently. At-home agents do not have the ability to tap agents in neighboring workstations for help. That's why it's especially important for companies to provide home-based agents with collaboration tools like instant messaging systems and a helpdesk. JetBlue's support group is called Crew Support. "Any time a crew member has a concern with a customer or with a program or [is] unsure of where to find something, they call Crew Support," Palauni says. "Crew Support has approximately 150 [team members] available 24/7 [assisting] in any manner that the crew members need. If it's more of a personal nature at that time they'll either call their supervisor or email them."

Being able to work independently is also very important. "This isn't a job for people who can't compartmentalize," Fluss says. "You've got to be able to separate from your day-to-day activities. If you're constantly running and cooking and doing these other things it's not a great idea. The job isn't for everybody."

It comes down to hiring the right people. "Whether they're in the contact center or working at home [the key] is hiring the right people for the job. If you do that correctly, what people are finding is, home workers are very motivated," Wood says. "They're the type of people who don't need a lot of management or measurement in the process, which is a huge benefit and part of the apples-to-oranges comparison between at-home and brick-and-mortar agents," Frei says. Still, companies must not neglect remote training (i.e., e-learning), monitoring, and management best practices. They must also ensure a secure tech environment and foster a team unity to convey employees' importance to the company.

### **The Homeshoring Alternative**

The home-based agent model will continue to gain traction. "With any new business model there will always be pioneers, the early adopters--companies that are willing to pilot and try new concepts," WillowCSN's Selden says. "People see that those innovators are actually getting good results from the trials and tests, then there are a lot of fast followers; we're at the fast-follower stage now. This model is not unproven. It's a legitimate alternative in the portfolio strategy a client might be considering for how he provides customer contact solutions."

But homeshoring will not eliminate offshoring, primarily because it is not cheaper than going

overseas. "I do see [the at-home agent model] as an intermediate cost, a way to bring it down a little yet keep it with folks who are much closer to the culture of those people they're servicing," Fluss says. Loynd looks at the at-home agent model as a piece of the larger outsourcing reality. "It seems to me the most effective providers in the future will offer a diversified mix of offshored and homeshored solutions for clients looking to capture the most gains from global sourcing."

## **At-Home Agent Configurations**

There are three primary remote-agent configurations used today:

### **1. POTS (plain old telephone service)-Based (TDM)**

- A corporate site requires two PBX/ACD phone lines--one for call receipt and one for call redirect (to send to the at-home agent)
- A agent's home requires one broadband line for data and one POTS line for voice
- Data traffic goes through a virtual private network (VPN) which functions as a firewall and provides data security and password protection. (A VPN concentrator at the host office allows the home user to access the corporate data sources)
- CTI required for agents to manage their status (available, unavailable, wrap-up) and to enable supervisors to control agent availability

### **2. PBX-Based (TDM)**

- A corporate site requires one PBX/ACD phone line
- An agent's home requires a fully featured business set connected to the PBX/ACD. Contact center has full control
- An agent's home requires one broadband data line shared by both voice and data; a separate POTS line can be used as a backup carrier for voice
- Data traffic goes through a virtual private network (VPN), which functions as a firewall and provides for data security and password protection. (A VPN concentrator at the host office allows the home user to access the corporate data sources and connect to the PBX)
- Agent can use CTI to manage availability, but it's not necessary, as agent can indicate status via IP phone. CTI enables supervisors to manage agent status

### **3. IP-Based**

- An agent's home requires an IP soft- or hardphone; phone will be a fully featured business set connected to the PBX/ACD. Contact center has full control

- Requires one broadband line shared by voice and data traffic
- All traffic goes through a VPN
- Requires a VPN concentrator. Voice and data traffic goes through the broadband modem to the VPN concentrator and into the corporate network. The concentrator performs authentication. It also facilitates split tunneling to minimize the use of VPN resources
- Requests go into the corporation via the concentrator. General Internet access is sent via broadband
- Agent can use CTI to manage availability, but it's not necessary, as agent can indicate status via IP phone. CTI enables supervisors to manage agent status