

CANADIAN
HOSTED CONTACT CENTRE SERVICES
MARKET REPORT



2012 EDITION

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ASSOCIATES INC.

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1.1 Introduction

This NBI/Michael Sone Associates report initiates our coverage of the Canadian market for hosted contact centre (HCC) services by examining the current state, size and composition of the market.

Historically, most organizations that operate contact centres have invested in the purchase, installation and maintenance of specialized equipment for the routing of incoming telephone calls, faxes, chat requests and/or e-mails to the organization's sales, customer service and technical support agents. These premise-based contact centre systems are costly to purchase and can range from \$500 to \$2,000 per agent depending on functionality, capacity, brand and other parameters.

Within the last decade, IP technology has made it feasible for service providers to operate a hosted contact centre platform and sell client organizations a service with many of the same functions provided by premise-based contact centre equipment.

This approach transforms a capital investment in premise-based equipment into a monthly operational expense for the consumption of a service. Since the operation and maintenance of the HCC platform are the responsibility of the service provider rather than the client organization, there can be additional related savings in IT staff and upgrades. Although there are other advantages, this is the essence of the business rationale for hosted contact centre services.

Several service providers now offer HCC services in Canada, including: global service provider Verizon; Canadian incumbents Bell, SaskTel and TELUS; mid-sized providers such as Primus; and newer players FlexITy Solutions, OneConnect and Telax.

This report briefly profiles these service providers as well as their HCC offers, and focuses on IP-based services that provide all-in-one call or contact centre functionality. Legacy services such as Centrex and hosted IVR are specifically excluded.

We anticipate that there are multiple audiences for this report, including:

- ◆ Service providers currently offering, or considering offering hosted contact centre services;
- ◆ Equipment manufacturers selling ACDs and other contact centre infrastructure products;
- ◆ Network equipment manufacturers providing business telephone systems including key systems, PBXs and IP-PBXs to which contact centre applications can be added;
- ◆ Systems integrators and consulting firms that sell, design and install contact centre solutions; and,
- ◆ New entrants focused on Internet, data and VoIP services such as cablecos, ISPs, ITSPs and VoIP service providers.

This report is organized into three sections.

Section 1, "*Introduction & Industry Background*", presents an introduction to hosted contact centre services, industry background, the competitive landscape, types of HCC services, and the business rationale.

Section 2, "*Canadian Market Overview*", shows the state of the market as of the fourth quarter of 2012, along with size and share analysis for a three-year period (2011-2013) based on revenues and seats. A discussion of market trends is included.

Section 3, "*Service Provider Profiles*", presents descriptions of the leading providers of hosted contact centre services in Canada.

This report is part of NBI/Michael Sone Associates' series of research reports on the Canadian telecommunications industry. Our other reports cover IP-PBX, Cloud Computing, Data Centre Hosting, SIP Trunking, Ethernet Switching, Hosted Voice Services, Data Communications, Wireless Services & Devices, Local Telecom and VoIP Services, Internet Services and Digital & IP-TV Services.

As with all NBI/Michael Sone Associates reports, information has been gathered from primary sources. The information contained in this report is the result of numerous interviews, primarily with the service providers themselves.