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### From Early Adopters To Mass Market

Speech technologies and solutions have created excitement in the telecommunications market for many years now, but they have not yet reached the mass market. The novelty and complexity of speech solutions

The more widespread adoption of speech solutions is being driven by a number of factors, including improvement of quality, increased reliability and declined cost of the underlying speech technologies. Customers feel more comfortable deploying the new technologies as they learn about partners and competitors realizing cost savings and driving revenues through speech solutions. Finally, increased vendor and channel partner expertise and improved understanding of customer needs have resulted in the development of packaged, off-the-shelf applications that save time to market and reduce the total cost of deployment.

# Advanced, Packaged Applications To Bring Speech Capabilities To The Mass Market

By Elka Popova, Frost & Sullivan

have so far required a substantial amount of professional expertise and investment in design, tuning and integration services in order for such solutions to be successfully developed and implemented. The early deployments took months or years, from the initial commitment to the final deployment and integration with existing infrastructure. The inability of vendors and channel partners to standardize, modularize and package products and to reduce the implementation costs have, therefore, limited the penetration of speech technologies to larger enterprises with substantial telecommunications needs and budgets.

The speech technology and solution market is now entering a new stage. It is gradually transitioning from the early adopter stage to the more rapid growth stage, when speech solutions are beginning to penetrate the mass market. As speech solutions are becoming both more sophisticated and more affordable, they are attracting a larger, more diversified customer audience.

### Packaged Applications Offer A New Value Proposition

“Packaged applications” is the buzz word (rather, buzz phrase) of the industry today. Vendors, solution providers and integrators seem to have discovered the key to market success and are rushing to develop off-the-shelf, plug-and-play solutions. The term “packaged applications” is fairly general and ambiguous, and it could mean different things to different people. Most typically, however, these are more generic, prepackaged solutions that are less expensive and faster and easier to implement than complex solutions developed for a single customer.

Therefore, vendors can more rapidly recognize revenues, whereas customers can more rapidly introduce new features and capabilities to clients or employees.

Packaged applications typically solve common and less complicated tasks. Auto attendants and corporate dialers are examples of products that require little customization but can

“Packaged applications” is the buzz word (rather, buzz phrase) of the industry today.

be marketed to a wide and diverse customer audience – virtually any business can benefit from such applications. Messaging products can also be offered prepackaged and ready for implementation with more

advanced features available upon customer request. Other examples of simple speech applications that can be prepackaged include password/PIN reset and address change, typical utility and financial service organization functions that currently involve a client interaction with a customer service agent.

One common characteristic of most packaged applications is that they address the needs of multiple customers across multiple vertical markets. In most cases, packaged applications are the so-called plug-and-play type. Therefore, they require little, if any, design, tuning or integration services. When they are also integrated with off-the-shelf hardware, they are very economical and easy to deploy.

Packaged applications are likely to help vendors both expand their customer reach and penetrate a more diverse customer audience. Small and medium-sized businesses, in particular, will now be able to deploy some speech applications that they could not afford earlier. The growth of packaged applications is likely to have a slightly negative impact on average revenues per customer, especially on the service portion. Packaged applications will,

however, most certainly help vendors both increase customer awareness and encourage a larger number of people to test speech solutions. Therefore, packaged applications will drive a larger number of deployments and, eventually, revenues.

### **Packaged Applications Will Drive Competition**

We believe that the success of speech solutions continues to be dependent upon the entrepreneurial spirit of market participants and their ability to create, market and promote advanced speech applications. The entrepreneurial spirit of companies such as [Nuance](#) and [SpeechWorks](#) (now part of [ScanSoft](#)) helped the market grow from the lab stage to early adoption. The two leading core technology vendors educated the market about the benefits of speech, and they invested a tremendous amount of time, effort and money in developing viable technologies and in helping customers implement solutions to meet their specific needs. Now solution vendors need to take this effort further and continue innovating and developing solutions that offer a greater value to customers.

Packaged applications are becoming an important strategic differentiator for speech technology and solution vendors. Both major core technology vendors, such as Nuance and ScanSoft, and leading solution providers, such as [Avaya](#) and [Nortel](#), are focusing on the development and deployment of some packaged applications that would help them gain a competitive advantage with small and medium-sized businesses. Core technology vendors are finding out that core technologies are quickly becoming commoditized and that margins are shrinking. Packaged applications will help them to diversify revenue streams and to gain better control of the end users as they move up the value chain. Solution vendors, on the other hand, are finding out that cost considerations continue to represent a major barrier to speech adoption; therefore, they are seeking to develop solutions that help customers realize cost savings on hardware, software and implementation.

Large and established vendors are being challenged by some innovative start-up companies with a strong focus on speech-enabled solutions. Most of these companies have developed a competitive edge in cer-



tain vertical markets or specific horizontal applications. **Phonetic Systems**, **iVoice** and the former **LocusDialog** (now part of ScanSoft), for example, have focused mostly on speech-enabled auto-attendants and corporate dialers. Phonetic Systems has also gained a substantial amount of recognition in the carrier directory assistance market and is now diversifying into some self-service applications, such as password reset. **AVST**, a new formation that includes the **CallXpress** group of **Captaris** and the former **Sound Advantage**, focuses on unified messaging solutions with speech-enabled auto-attendant capabilities. **NeoSpeech** offers a differentiating outdialing application called VoiceNotify. There are numerous other small vendors that focus on niche application markets.

Packaged applications are likely to foster competition among existing vendors and to encourage the market entry of some new ones. They will most likely give an edge to smaller vendors that choose to focus on niche opportunities. Some of these small vendors may grow to become serious contenders for market share leadership in some application markets, and others may be later acquired by larger competitors.

### **AVST: Success With Speech Solutions Requires An Entrepreneurial Spirit**

Applied Voice and Speech Technologies (AVST) is a perfect example of a company pushing the envelope in creating advanced speech-enabled solutions for the messaging market.

AVST is still not well known in the telecommunications market because it has existed under this name for only about two quarters. AVST was created when Sound Advantage purchased the CallXpress division of Captaris. The merger of the two entities was premised on the vision of combining the advantages of CallXpress, a unified messaging solution, and the Seneca speech application platform. Currently, AVST markets a range of messaging products and capabilities utilizing the various capabilities of the CallXpress and Seneca platforms.

CallXpress is one of the five high-profile unified messaging products in the North American market, together with products offered by Avaya, Nortel, **Cisco** and **Siemens**. As the only independent unified messaging vendor (not a PBX vendor, as well), AVST offers an open, economical solution that integrates with virtually any telephone system in the market. The CallXpress scales up to 144 ports per systems and supports as many as 10,000 users in a single Windows 2000/2003 server platform

CallXpress offers a number of differentiating features and capabilities. Users can organize and save all types of messages in folders for future reference; can select the voice message they want to hear first without listening to them all sequentially; and can enable their database to read or fax information to callers on demand, 24x7, without user assistance.

CallXpress administrators can manage numerous systems through one unified view; can perform changes across multiple systems simultaneously; can use the Microsoft Exchange Directory to change user records for voice, fax and e-mail messaging, rather than making three separate entries; can automatically synchronize user and server data via the Internet; and can activate advanced messaging functionality, such as text-to-speech or desktop message management, on a user-by-user basis.

CallXpress' features, as well as its cost and integration advantages, have enabled it to garner a substantial market share in the unified messaging market.

Now the CallXpress is bundled with the Seneca platform that adds speech-enabled auto-attendant and call routing capabilities to the messaging application. CallXpress allows users to use a single interface to respond to messages via a real-time phone call, a telephone, an e-mail or fax message,

or through a combination of messages. For example, users can send a voice message as a .wav file, attach a voice message to a fax or an e-mail, or route e-mail or fax messages to a nearby fax machine.

Furthermore, CallXpress allows users to instruct the program to search for them at up to nine phone numbers, including

paggers, mobile phones and SMS-enabled devices. The Seneca platform enables users to screen a caller before deciding to take the call or reject it; to create an Address Book; to use a simple voice command to place calls to members of their contact list; to make a return call by simply saying "call back;" to dial a telephone number by pronouncing the digits; to log into the system using only speech commands; and to have

calls routed directly to the user at his or her Virtual Extension number.

AVST is well positioned to leverage its sophisticated messaging and auto-attendant solution to gain further penetration in the unified communications market. As a modular, plug-and-play product that integrates with multiple telephone systems, CallXpress can be targeted to a diverse customer audience via a variety of direct and indirect channels. It can be deployed as a very simple unified messaging solution by more cost-conscious customers, but it can also provide a large array of advanced features that can enhance the productivity and efficiency of busy, mobile professionals.

CallXpress is easy to install and can be marketed by a variety of channel partners that do not need to develop any specific implementation or integration skills. AVST has secured the support of some channel partners, such as Verizon and Norstan, and an OEM arrangement with Ericsson that will help it grow faster and compete more successfully with the larger unified messaging solution vendors.

Some of these small vendors may grow to become serious contenders for market share leadership in some application markets, and others may be later acquired by larger competitors.

## Conclusions

As the speech technology and solution market grows, it is likely to become increasingly diversified and competitive. Multiple vendors of varying size and business focus are likely to introduce competing products and try to gain market share. Packaged applications currently represent a significant opportunity for vendors to develop a competitive edge.

In the unified communications space, as well as in the speech solutions market in general, smaller speech providers are in the company of large vendors with a significant amount of reputation for offering advanced and reliable telecommunications solutions. Well-diversified vendors such as Avaya and Nortel have substantial marketing and sales resources at their disposal, and they can rapidly and relatively easily develop new solutions in-house or

acquire new skills and expertise via mergers and acquisitions.

Smaller vendors, however, are those that will shake the boat. By pushing the envelope in developing advanced solutions and capabilities, they challenge the incumbent vendors to also innovate and offer greater value to customers. These companies also have an impact on pricing, distribution models and customer expectations. Smaller vendors are much more likely to focus on delivering packaged, plug-and-play applications that allow them to target the typically under-served small and medium-sized business segment and to leverage extensive and diverse distribution channels.

As the market evolves further, packaged applications are likely to become a major differentiator and to determine vendors' competitive abilities. Nimble and entrepreneurial companies can strive to intro-

duce such solutions faster than the incumbent vendors and to gain market share away from them. Such companies are likely to pose a significant threat to established vendors and are likely to grow as demand for advanced, packaged, speech-enabled solutions grows.

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