



Cloud-Based Contact Center Infrastructure Market Report Reprint

Reprinted for:



2014/2015

Table of Contents

1.	Cloud-Based Contact Center Infrastructure Market Share Analysis.....	1
2.	Five9	3
	About Five9.....	7
	About DMG Consulting LLC.....	7

1. Cloud-Based Contact Center Infrastructure Market Share Analysis

The numbers in this year's Report do not reflect the strength of the market, as they show only a 12.8% increase in seats from the prior year. The smaller than expected increase in cloud-based contact center seats is due predominantly to improved visibility and transparency into market activity numbers from many vendors. As in many emerging markets, the vendors initially overestimate their market activity numbers; this could be on purpose or because they do not have a good way to track them. Either way, early market activity numbers are often inflated, and at some point, the vendors' reporting processes mature and they attempt to provide more accurate numbers. This has happened to some degree this year, and DMG expects that we will see more of the same next year. However, despite the relatively small increase in reported seat growth during the past 12 months, adoption of these solutions has never been greater. Companies of all sizes now consider cloud-based contact center solutions viable options and are including these vendors in selection processes. The cloud-based contact center infrastructure market is hotter than ever, which is why DMG estimates that there are over 200 worldwide competitors, including a growing number of network service providers (carriers). (DMG has visibility into many regions of the world, with the exception of parts of Asia.)

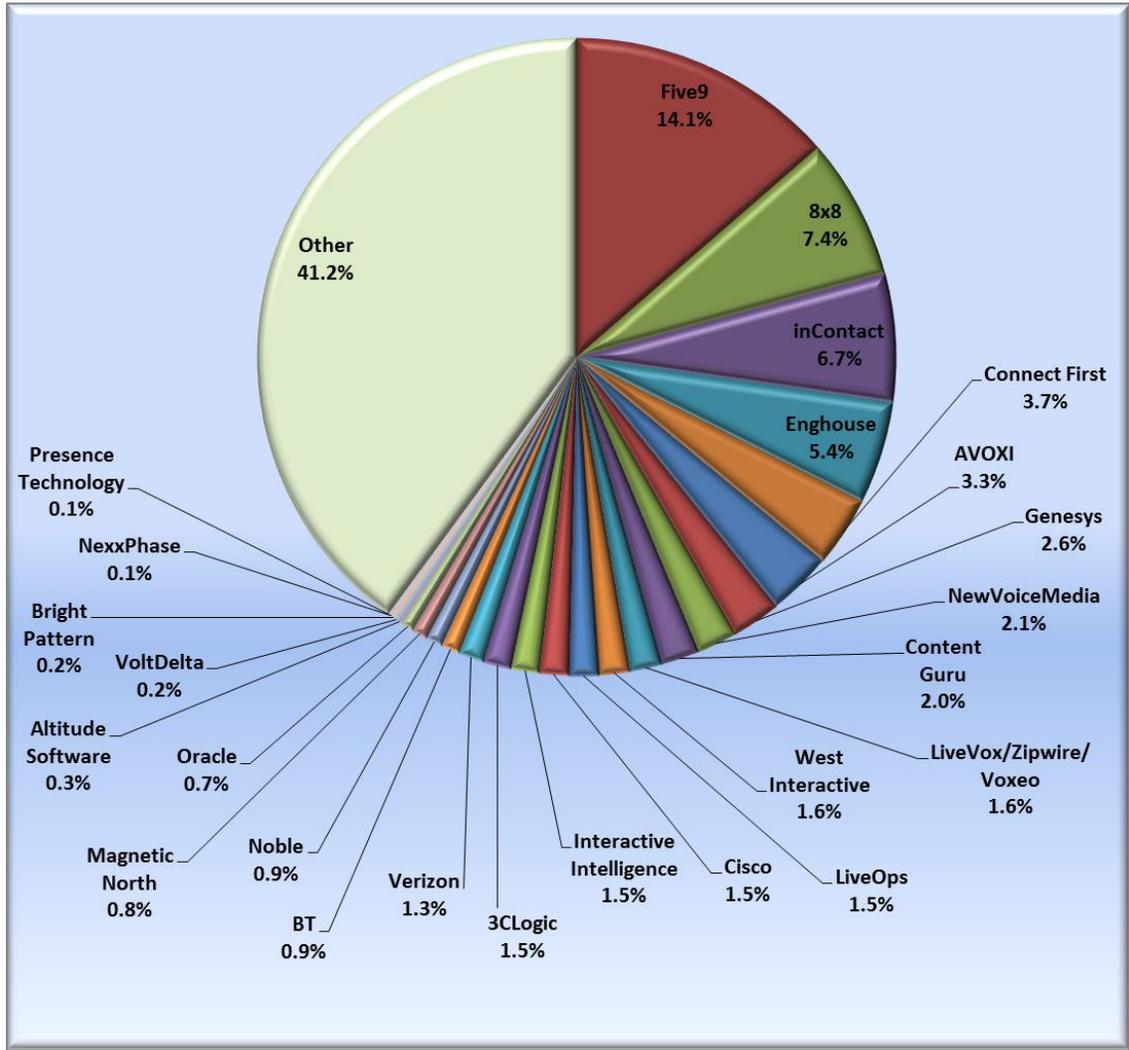
In this year's report, DMG also made an effort to standardize the way that vendors report seats, and worked to exclude IVR ports from the agent seat count. In the past, there was little consistency in whether vendors reported named or concurrent users – the vendors shared whatever numbers they had. (A named or licensed agent is one who is literally “named” and assigned an individual license. A concurrent user-based license is one that limits the maximum number of users at any given point in time.) Typically, the number of concurrent users is less than the number of named/licensed users. This year, DMG attempted to standardize on named/licenses users, although we included some of the concurrent data in the footnotes for the Figures.

Many of the cloud-based contact center infrastructure vendors also sell IVR services to their customers without agents. Although DMG always asked the vendors to exclude IVR-only users from their numbers, we believe that some of them included this activity in the past, in order to make their numbers appear larger than they were. DMG believes that there still are some IVR-only users included in the agent numbers provided by vendors, but a great deal less than in prior years.

Figure 1 shows cloud-based contact center infrastructure market share, based on the number of customers, by vendor, as of August 2014. The “Other” category still accounted for the largest share of the market, 41.2%, as of the end of August

2014. Five9 had the largest number of customers, accounting for 14.1%. 8x8 was in second place with 7.4% of all known cloud-based contact center infrastructure customers. inContact was in third place with 6.7% of customers, and Enghouse came in fourth place with 5.4% of customers. All of the rest of the vendors accounted for less than 5% of the cloud-based contact center infrastructure customers, as of the end of August 2014.

Figure 1: 2013 Cloud-Based Contact Center Infrastructure Market Share, by Number of Customers



Source: DMG Consulting LLC, October 2014

2. Five9

Company Overview

Founded: 2001

Number of employees: 550

Headquarters:
4000 Executive Pkwy
Suite 400
San Ramon, CA 94583

www.five9.com

Ownership: Public
NASDAQ: FIVN

Five9 is a provider of cloud-based contact center infrastructure solutions and network services. The company went public and began trading on NASDAQ on April 4, 2014. In October 2013, they purchased SoCoCare, a social engagement and mobile customer care solution. Five9's go-to-market strategy is "to be a complete end-to-end contact center solution serving companies of all sizes through a cloud-based offering." Five9 sells exclusively on a direct basis. Their "sweet spot" is contact centers with 5 to 500 concurrent agents. Key verticals include healthcare/pharmaceuticals, education, energy, business process outsourcing (BPO), financial services, technology and retail.

Five9 solutions are deployed exclusively in the cloud. The company maintains production data centers in Santa Clara, CA and Atlanta, GA. Five9 plans to establish a new data center in the UK to support their entry into the Western European region.

Product Profile

Product name: Five9
Virtual Contact Center
(VCC)

Version: Summer Release

GA: June 2014

Five9 Virtual Contact Center (VCC) leverages the Five9 Connect Platform to support inbound, outbound and blended calls, email, chat and social media. Core components of the solution include: automatic call distributor (ACD), routing and queuing, computer telephony integration (CTI), touch-tone and speech-enabled interactive voice response (IVR), recording, virtual queuing and callback, conferencing, real-time and historical reporting and post-call surveying. Virtual Contact Center includes audio recording capabilities that support time division multiplexing (TDM) and session-initiated protocol (SIP) environments. Visual IVR is an optional module. Five9 offers workforce management (WFM), quality management (QM), recording (audio and screen capture) and coaching through a partnership with NICE Systems. Using the NICE application, recordings can be configured to automatically pause and resume when sensitive information is accessed, to assist users with Payment Card Industry – Data Security Standard (PCI-DSS) compliance.

Agents access a unified Web-based interface with an integrated softphone for handling multi-channel inbound interactions and outbound dialing activities. The interface gives agents access to queue statistics, a call log, and buttons for accessing callbacks, messaging, voicemail, session history and a contact list. The supervisor interface provides real-time dashboards and reports for viewing agents, queues and campaigns. Supervisors can monitor agent calls, queues and statistics, and leverage traditional telephony functions (silent monitoring, whisper coach, or barge-in). Supervisors can also direct messages to individual agents or groups using an internal chat function. Supervisors can search, retrieve and replay recorded interactions. Supervisor and agent interfaces are supported on mobile devices such as

Functional Capabilities

smartphones and tablets.

Virtual Contact Center provides a centralized Web-based portal for managing system users, queues and application-level set-up and configuration. The administrator interface also provides access to a self-service support portal.

ACD routing Virtual Contact Center supports skills-based, conditional and real-time adaptive routing. The Five9 Connect platform includes a natural language processing (NLP) engine that is used to filter and categorize interactions, eliminate spam, and determine sentiment. Five9 Connect also includes a business rules and routing engine that directs interactions based on client-defined policies and priorities. VCC supports blended voice capabilities natively by employing an automated rules-based process that actively moves agents between inbound and outbound queues.

IVR Five9 offers both inbound and outbound IVR capabilities. The application includes a drag-and-drop graphical design tool for creating call flows and IVR call trees. Visual IVR is an add-on component that is smartphone- and tablet-enabled. Customers can request that an agent contact them via callback, email or chat. Call flows that have been developed for voice can be re-used and applied to mobile visual IVR applications across smartphones, tablets and laptops.

Outbound On an outbound basis, VCC is a voice-only platform. It supports campaign, list and agent management capabilities for integrated inbound, outbound (manual, preview, power, progressive, predictive and non-automated) and fully blended customer contacts. Do-not-call (DNC) validation is performed outside of the system; call lists can be pre-scrubbed using a third-party DNC solution, prior to being loaded. The application comes with a drag-and-drop graphical design tool for creating dynamic agent call scripts, call flows and IVR call trees. Scripts can be presented to agents within the agent interface.

Five9 has developed a Telephone Consumer Protection Act (TCPA) dialing mode that is specifically designed to support preview and manual-only dialing. Upon request, Five9 can host this system for customers on a completely separate server, removing any capacity to auto-dial from this solution. Five9 offers an automated proactive customer care (PCC) application on a select basis. When Five9 is asked for this functionality, they are careful to ensure that

it is deployed in a regulatory-compliant manner

CRM/servicing functionality

Virtual Contact Center has out-of-the-box integrations to Salesforce.com, Oracle RightNow and Zendesk customer relationship management (CRM) systems. Integration to other third-party applications and systems is performed using Web Services and application programming interfaces (APIs). Five9 is introducing a CRM “lite” application as part of their Winter 2014 release, planned for Q4 2014.

Dashboards, reporting and alerts

The standard reporting environment includes 150 out-of-the-box reports, which are rendered in tabular and graphical formats. For ad hoc reporting, data can be exported in hypertext markup language (HTML), portable document format (PDF), rich text format (RTF), Excel, or comma separated values (CSV) formats to third-party reporting applications. VCC provides visual, audio or email real-time key performance indicator (KPI) alerts based on user-defined thresholds.

Security

Access to the system is controlled via username and password authentication. System rights can be role-based and/or defined at the individual user and application level. The system logs all changes made to the code, operating systems, database schemas and tables, and tracks and reports all user activities. Network firewalls, intrusion detection systems (IDS) and logical partitioning are used to secure customer data and application components. Five9 encrypts data in transit to/from the customer, using secure socket layer/transport layer security (SSL/TLS).

Future

Version: Winter Release
Target Date: H1 2015

Five9 uses an Agile development methodology. They issue minor releases approximately once per quarter and major releases every 6 – 12 months. The following product enhancements are expected to be delivered over the next 12 – 18 months:

- Enhanced user interface – update and optimization of the agent interface with a modern, “social media” paradigm look and feel
- Salesforce email and chat integration – multi-channel support, including routing and reporting for email, chat and social interactions for Salesforce Sales Cloud and Service Cloud
- Oracle RightNow email and chat integration – multi-channel support, including routing and reporting for email, chat and social interactions for the Oracle RightNow agent desktop

- Advanced routing and universal queue capabilities – ability for VCC to optimally route multiple communication channels (voice, email, chat, social, and mobile) through the same queue, as well as enhancement of next-best action and agent assistance capabilities
- Expansion of partner ecosystem – deeper integrations to Salesforce and Oracle RightNow, and the addition of functionality with existing IP-PBX vendors, RingCentral and Netrix; also includes development of new alliances to expand the partner ecosystem

About Five9

Five9 is a leading provider of cloud contact center software, bringing the power of the cloud to thousands of customers and facilitating more than three billion customer interactions annually. Since 2001, Five9 has led the cloud revolution in contact centers, helping organizations of every size transition from premise-based solutions to the cloud. Five9 provides businesses secure, reliable, scalable cloud contact center software to create exceptional customer experiences, increase agent productivity and deliver tangible business results. For more information visit www.five9.com.

About DMG Consulting LLC

DMG Consulting LLC is a leading independent research, advisory and consulting firm specializing in contact centers, back-office and real-time analytics. DMG provides insight and strategic guidance and tactical advice to end users, vendors and the financial community. Each year, DMG devotes more than 10,000 hours to producing primary research on IT sectors, including workforce optimization (quality management/liability recording), speech analytics, workforce management, performance management, desktop analytics, surveying/voice of the customer, text analytics, cloud-based contact center infrastructure, dialing, interactive voice response systems and proactive customer care. Our actionable solutions are proven to deliver a lasting competitive advantage, and often pay for themselves in as little as three months.

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