

A Forrester Total Economic Impact™
Study Commissioned By RingCentral
September 2019

The Total Economic Impact™ Of RingCentral Contact Center

Cost Savings And Business Benefits
Enabled By RingCentral Contact Center

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Project Director:
Mary Anne North

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Key Benefits



Cost savings from reduced average handle time:

\$4.8 million



Avoided costs of downtime:

\$636,087



Improved Net Promoter Score (NPS)¹

Executive Summary

RingCentral Contact Center is an omnichannel and collaborative cloud-based contact center platform. It helps organizations deliver a better customer experience and improve agents' productivity and work environment. RingCentral Contact Center offers extensive functionality and can be readily integrated with adjacent systems. It is highly reliable and scales easily, enabling organizations to accommodate seasonal peaks or ongoing growth.

RingCentral commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying RingCentral Contact Center. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of RingCentral Contact Center on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers of RingCentral Contact Center. To reflect the impact that RingCentral Contact Center could have on an organization, Forrester has developed a composite organization detailed further below that is based on benefit and cost data gathered from the interviews. The composite is representative of the organizations Forrester interviewed and is used to present the aggregate financial analysis in this study. The magnitude of benefits and costs will vary for organizations with more or fewer agents.

Prior to using RingCentral Contact Center, the interviewed organizations primarily used on-premises contact center systems for voice and multiple cloud applications for internal collaboration. Poor reliability caused excessive downtime. Agents found their legacy systems time-consuming and difficult to use. In addition, the legacy on-premises systems constrained operational flexibility and did not readily scale. The complexity of legacy systems increased the IT staff effort needed to manage them.

With RingCentral Contact Center, the interviewed organizations were able to not only deliver a better customer and agent experience but also decrease their contact center costs. The IT director at an enterprise software company summed up its impact by noting, "There are so many things we can do with RingCentral Contact Center that we couldn't do before."



ROI
615%



Benefits PV
\$6.9 million



NPV
\$5.9 million



Payback
<3 months

Key Findings

Quantified benefits. The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:

- › **Cost savings of \$4.8 million from reduced average handle time, by making every customer interaction as efficient as possible.** Skills-based routing, integration with customer relationship management (CRM) systems, RingCentral team messaging, and other features combine to cut the composite organization's average handle time by 3 minutes.
- › **Avoided costs of downtime of \$636,087, from greater reliability.** RingCentral Contact Center's reliability cut the composite organization's annual downtime from 120 hours to 15 minutes. Agents can work without system disruptions, and IT staff no longer spend time resolving outages on a regular basis.
- › **Baseline cost savings of \$803,512 from retiring the previous solution.** Organizations eliminate the ongoing costs of on-premises infrastructure and the IT staff costs of supporting that infrastructure.
- › **Avoided costs of ensuring peak capacity of \$493,114, through improved scalability.** Since organizations can quickly dial agent seat volume up or down, they no longer need to maintain peak capacity infrastructure that is used only a few months of each year, or take weeks to expand capacity to accommodate organizational growth.
- › **Avoided costs of disaster recovery of \$123,099, by eliminating the need to maintain a separate disaster recovery system on standby.** RingCentral Contact Center provides disaster recovery capabilities, so organizations no longer pay those infrastructure and IT staff costs.

Unquantified benefits. The interviewed organizations experienced the following benefits, which are not quantified for this study:

- › Improved NPS.
- › Higher first-call resolution by leveraging RingCentral team messaging.
- › More extensive analytical and reporting capabilities.
- › Ease of agent training and use.
- › Swift implementation with no downtime.
- › Better security and compliance through a role-based platform.
- › Freeing up IT staff time for higher value activities.

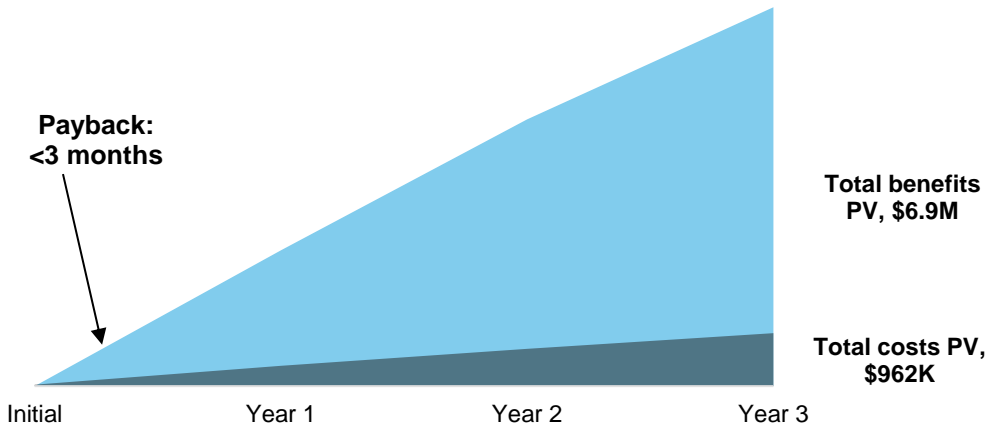
Costs. The interviewed organizations experienced the following risk-adjusted PV costs:

- › **RingCentral Contact Center fees totaling \$891,462.** Annual fees include subscription fees based on the number of seats, and an annual variable usage cost based on call volume.
- › **Initial and ongoing internal labor costs totaling \$70,050.** Internal implementation costs include IT and business staff time, and agent training time. Ongoing costs include training of seasonal agents, and IT and business staff time.

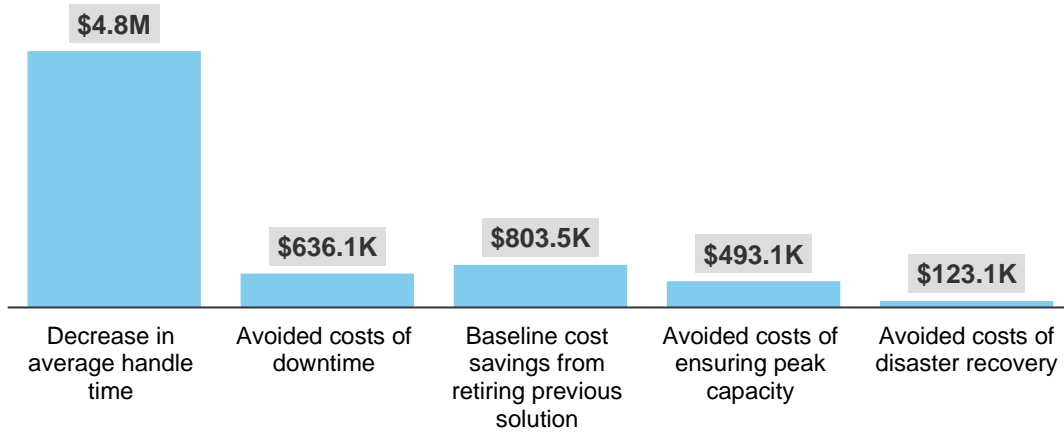
Forrester's interviews with four existing customers and subsequent financial analysis found that an organization based on these interviewed organizations experienced benefits of \$6.9 million over three years versus costs of \$961,512, adding up to a net present value (NPV) of \$5.9 million and an ROI of 615%.

An infographic with highlights of this case study is available [here](#).

Financial Summary



Benefits (Three-Year)



The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing RingCentral Contact Center.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that RingCentral Contact Center can have on an organization:



DUE DILIGENCE

Interviewed RingCentral stakeholders and Forrester analysts to gather data relative to RingCentral Contact Center.



CUSTOMER INTERVIEWS

Interviewed four organizations using RingCentral Contact Center to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



CASE STUDY

Employed four fundamental elements of TEI in modeling RingCentral Contact Center's impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by RingCentral and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in RingCentral Contact Center.

RingCentral reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

RingCentral provided the customer names for the interviews but did not participate in the interviews.

RingCentral Contact Center Customer Journey

BEFORE AND AFTER THE RINGCENTRAL CONTACT CENTER INVESTMENT

Interviewed Organizations

For this study, Forrester conducted four interviews with RingCentral Contact Center customers. Interviewed customers include the following (annual agents are agents that work 12 months of the year):

INDUSTRY	REGION	INTERVIEWEES	ANNUAL AGENTS
Enterprise software for retail stores	Headquartered in North America, global reach	Information technology (IT) director	160
Business services for healthcare insurers	North America	Director of business technology VoIP technology III specialist	170
SambaSafety (software and information services)	North America	Vice president, customer success and professional services Director, IT and operations	40
Goosehead Insurance (insurance brokerage)	North America	Vice president of IT	180

Key Challenges

The interviewed organizations described a range of challenges with their previous on-premises solution that drove their decision to invest in RingCentral Contact Center:

- › **Lack of functionality and integration hindered agent effectiveness and productivity, and affected customer satisfaction.** Legacy solutions did not offer desired features, and integrating with other applications to get those features was difficult or (depending on the legacy vendor) infeasible. Agents found those legacy solutions time-consuming and difficult to use. They spent substantial time accessing customer information and juggling multiple communication and collaboration applications. An incoming call could not be routed to an agent whose skills were best suited to address that call. These factors increased handle time and impaired first-call resolution, degrading the customer experience.
- › **Management lacked metrics and reports.** In addition, analytics and reporting capabilities in those legacy solutions did not provide enough insights to help management optimize agent performance and make decisions around staffing levels.
- › **Poor reliability caused excessive downtime.** Recurring outages that could be several hours long trimmed agents' availability to field customer calls. This downtime frustrated customers who could not reach the contact center, required IT staff time to resolve, and left organizations paying agents for unproductive time.
- › **On-premises legacy solutions constrained operational flexibility.** In extreme weather or other disruptions, or if an issue arose with the contact center building, agents were unable to do their jobs. Organizations also could not consider having agents work from home,

"Our primary objectives in moving to a cloud-based phone system were to find a more scalable, more reliable and feature-rich option to support our rapid growth. RingCentral proved to be the only company that was capable of helping us meet these objectives, while saving us money and moving us away from the archaic on-premises phone system we thought we were tied to."

*Vice president of IT,
Goosehead Insurance*



or hiring the best talent regardless of location.

- › **Legacy on-premises solutions could not readily scale to meet seasonal needs and accommodate organizational growth.** With previous on-premises solutions, infrastructure to handle expected peak capacity (e.g., for seasonal demand) had to be put in place upfront yet would remain unused during most of the year. Scaling to expand capacity as the organization grew was time-consuming and required substantial capital investment. The infrastructure had to be upgraded (at an additional cost) every two or three years, and sometimes also for the purpose of enabling certain features to work either directly from the legacy solution or by plugging in a feature from another application.
- › **Legacy solutions required having disaster recovery systems.** Organizations had to be prepared to continue operating if a major system disruption occurred. This required the capital expenditure and IT staff time of maintaining a backup phone system that could be quickly put into use at any time. It also required having associated procedures in place, and possibly keeping tapes going in order to support recovery.
- › **IT staff time was spent supporting legacy solutions instead of driving forward on more strategic initiatives.** Organizations cited the need for IT staff to tightly manage their legacy solution, leaving insufficient time for higher value IT efforts. The complexity of that solution not only was time-consuming for IT staff but also made it difficult to get a clear picture of contact center operations and costs.

Solution Requirements

The interviewed organizations searched for a solution that could:

- › Improve agents' ability to quickly and effectively address customer needs via a single platform with extensive functionality like skills-based routing, ready access to customer information, and team communications tools.
- › Be easily learned and used by agents.
- › Provide flexibility for agents' working location.
- › Provide contact center managers with better analytics to optimize operations.
- › Minimize downtime.
- › Readily scale to accommodate seasonal peak capacity needs and organizational growth.
- › Reduce IT staff effort to support it.
- › Easily integrate with adjacent solutions such as customer relationship management (CRM) and enterprise resource planning (ERP).

“With the on-premises system, we could be down for hours, and once, it was for an entire day.”

*VoIP technology III specialist,
business services company*



“We didn’t want to be trapped in our own wiring and our own ecosystem. We wanted to leverage the cloud so we could have flexibility.”

IT director, enterprise software company



Key Results

The interviews revealed these key results from the RingCentral Contact Center investment:

- › **Delivering better customer support in less time.** A combination of RingCentral Contact Center features cuts average handle time. Its broad functionality in a single platform includes skills-based routing of calls and easy access to adjacent solutions like CRM. RingCentral team messaging cut handle time and increased first-call resolution rates by enabling agents to get answers or information from colleagues during the call or share screens with customers. NPS improved, reflecting greater customer satisfaction.
- › **Improved NPS.** While noting that multiple factors determine their NPS, interviewed organizations acknowledge RingCentral Contact Center's role in improving those scores. Score improvements included rising from the low 40s to the 70s, increasing 25% from a relatively low starting point, and moving from an already high 86 up to 89.
- › **Near elimination of downtime.** Contact center downtime has become a rare and brief occurrence. Agents and customers no longer find themselves at a standstill, and IT staff can reclaim time that was previously spent troubleshooting outages.
- › **Increased operational flexibility.** Agents now have the ability to work from any location (reducing facilities costs), if company policies and needs support them doing so. In addition, organizations can hire the best talent, wherever those candidates are located.
- › **Ease of scaling to provide short-term peak capacity or support ongoing organizational growth, and decreased capital expenditures for infrastructure.** As the vice president of IT for Goosehead Insurance indicated: "Need more seats? I just go and get them." Organizations no longer need to purchase, implement, and support peak capacity infrastructure that is used only a few months of each year. Additional subscriptions are available within hours.
- › **Elimination of disaster recovery effort and expense.** Organizations eliminated the capital expense and IT staff time previously needed to maintain disaster recovery capabilities for their on-premises legacy solution.
- › **Enabling IT staff to address more strategic needs.** RingCentral Contact Center requires minimal ongoing support from IT staff and operational staff, and any upgrades are handled by RingCentral. After implementing RingCentral Contact Center, organizations could redeploy several IT FTEs to higher value efforts.

Quantifiable benefits are discussed in more detail in the Analysis of Benefits section. The magnitude of those benefits, as well as the associated costs, will increase for organizations with more agents than indicated for the composite organization. The interviews also revealed unquantified benefits and potential future use cases, which are described in the Unquantified Benefits and Flexibility sections.

"RingCentral Contact Center gave our users a single user interface to work through while assisting our clients. This drastically simplified the technical aspects of their day to day, which means they can focus more on quickly finding a resolution and engaging our clients."

*Vice president of IT,
Goosehead Insurance*



"We were able to save money just by being able to keep people on the phones."

*Director of IT and operations,
SambaSafety*



"Disruptions are almost nonexistent now. If we do lose connectivity, it is typically resolved in a matter of minutes."

*Director of business technology,
business services company*



"RingCentral Contact Center pretty much maintains itself."

*VoIP technology III specialist,
business services company*



Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The magnitude of benefits and costs will vary for organizations with more or fewer agents.

The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

Description of composite. The composite organization is a provider of business-to-business services with 25,000 North American customers. It employs 170 agents annually, with an additional 80 agents hired for three months of each year. Directly serving customers from the organization's own contact center, its agents handle a total of 2,400,000 calls annually. The calls are predominantly inbound requests for customer service, from multiple individuals at each customer. Prior to implementing RingCentral Contact Center, the organization used an on-premises contact center system for voice and multiple cloud applications for internal collaboration. By replacing these, the organization wanted to increase customer satisfaction, improve its agents' work environment and productivity, gain greater insight into contact center operations and metrics, address scalability and stability issues, and cut infrastructure and operating costs.

Deployment characteristics. After an extensive vendor selection process, the organization selected RingCentral Contact Center. Over one month it implemented the voice capabilities for the Advanced-Plus version of RingCentral Contact Center, along with RingCentral team messaging. After training its agents and supervisors, the organization took RingCentral Contact Center live without downtime.



Key assumptions

170 annual agents

80 seasonal agents

One contact center

2,400,000 calls annually

Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits

REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Decrease in average handle time	\$1,938,000	\$1,938,000	\$1,938,000	\$5,814,000	\$4,819,519
Btr	Avoided costs of downtime	\$255,780	\$255,780	\$255,780	\$767,340	\$636,087
Ctr	Baseline cost savings from retiring previous solution	\$294,690	\$380,190	\$294,690	\$969,570	\$803,512
Dtr	Avoided costs of ensuring peak capacity	\$174,610	\$245,860	\$174,610	\$595,080	\$493,114
Etr	Avoided costs of disaster recovery	\$49,500	\$49,500	\$49,500	\$148,500	\$123,099
Total benefits (risk-adjusted)		\$2,712,580	\$2,869,330	\$2,712,580	\$8,294,490	\$6,875,331

Cost Savings From Reduced Average Handle Time

By leveraging a combination of RingCentral Contact Center features, interviewed organizations can make every customer interaction as efficient as possible and decrease average handle time. Skills-based routing gets an inbound call to the right person, whether that is an agent fluent in a second language, someone who handles a specific type of inquiry, or a supervisor. The VoIP technology specialist at a business services company noted: "Skills-based routing allows the call to get to the appropriate individual faster, instead of being transferred here and there. It cuts caller frustration as well as handle time." Calls also can be routed based on caller information drawn from the organization's CRM system, since a CRM system is readily integrated with RingCentral Contact Center. That same integration enables an agent to pick up a call with customer information near at hand.

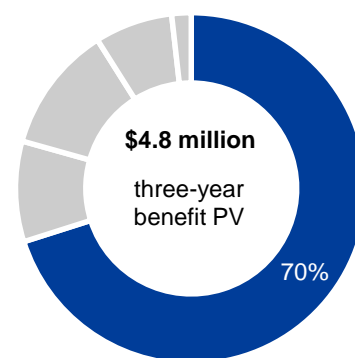
RingCentral team messaging enables agents to reach out to experts (including external partners) to quickly resolve questions or gather information while on the call and share screens internally or externally. This helps decrease handle time and increase first-call resolution. The director of IT development at SambaSafety explained: "Our customer care group can communicate with other employees while on a call, get information quickly, and be able to share it with the customer. We're definitely saving time because of RingCentral team messaging, and it's been a big hit."

With decreased handle time and greater first-call resolution, each agent fields a higher volume of calls than with the legacy system.

For the composite organization, Forrester models this cost savings from reduced average handle time as:

- › Annual worktime of 2,080 hours for each annual agent and 520 hours for each seasonal agent.
- › Agent pool of 170 annual agents and 80 seasonal agents.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of nearly \$6.9 million.



Cost savings from reduced average handle time:
70% of total benefits

- › Decrease in average handle time from 11 minutes to 8 minutes.
- › A total of 2,400,000 calls each year.
- › A 100% productivity capture of agent time savings given the task-oriented nature of their role.

The cost savings from reduced average handle time will vary based on:

- › Call volume.
- › Magnitude of the decrease in handle time.
- › Agent fully loaded compensation rates.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year risk-adjusted total PV of \$4,819,519.

As shown below, the magnitude of this benefit increases with higher agent count. The calculation table is for the composite organization.

ANNUAL AGENTS	SEASONAL AGENTS	ANNUAL CALL VOLUME	THREE-YEAR RISK-ADJUSTED TOTAL PV
100	50	1,404,000	\$2,819,419
300	150	4,212,000	\$8,458,256
500	250	7,020,000	\$14,097,094
1,000	500	14,040,000	\$28,194,187
2,000	1,000	28,080,000	\$56,388,374

Cost Savings From Reduced Average Handle Time: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Total number of calls per year		2,400,000	2,400,000	2,400,000
A2	Average handle time before RCCC (minutes)		11	11	11
A3	Average handle time after RCCC (minutes)		8	8	8
A4	Agent hours saved	$A1*((A2-A3)/60)$	120,000	120,000	120,000
A5	Average fully loaded hourly compensation of agents	$\$39,520/2,080$	\$19	\$19	\$19
A6	Productivity capture		100%	100%	100%
At	Decrease in average handle time	$A4*A5*A6$	\$2,280,000	\$2,280,000	\$2,280,000
	Risk adjustment	↓15%			
Atr	Decrease in average handle time (risk-adjusted)		\$1,938,000	\$1,938,000	\$1,938,000

Avoided Costs Of Downtime

Interviewed organizations indicate that they experience minimal downtime with RingCentral Contact Center, and any outages are quickly resolved by RingCentral. Agents can work without system disruptions,

and IT staff no longer need to spend time troubleshooting and resolving outages on a regular basis. The vice president of IT at Goosehead Insurance reported cutting annual downtime from 175 hours to 15 minutes, noting: “Our previous contact center system had around 98% uptime. Now we’re at five 9s.”

For the composite organization, Forrester models the avoided costs of downtime as:

- › A total of 120 hours of downtime distributed evenly throughout each year.
- › Half of the total number of agents on each of two shifts.
- › An additional one-half of an IT FTE to address outages.

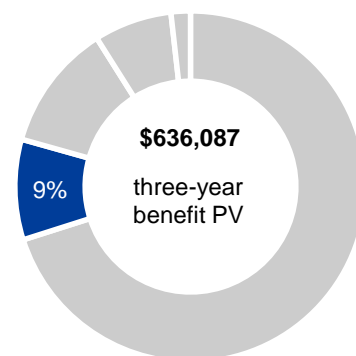
For simplicity, the typical annual downtime of around 15 minutes reported by interviewed organizations is not included in the model.

The avoided costs of downtime will vary based on:

- › Number of hours of downtime.
- › Number of agents.
- › Agent fully loaded compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$636,087.

As shown below, the magnitude of this benefit increases with higher agent count. (The calculation table is for the composite organization.) Please note that the benefit amount will not scale at the same rate as agent count, since the number of outages and the need for one-half of an IT FTE to address them remains consistent across varied agent counts.



**Avoided costs of
downtime:
9% of total benefits**

ANNUAL AGENTS	SEASONAL AGENTS	THREE-YEAR RISK-ADJUSTED TOTAL PV
100	50	\$438,345
300	150	\$1,012,435
500	250	\$1,586,525
1,000	500	\$3,021,749
2,000	1,000	\$5,892,198

Avoided Costs Of Downtime: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Hours of downtime with previous solution during peak season		30	30	30
B2	Hours of downtime with previous solution during non-peak season		90	90	90
B3	Number of agents on shift during peak season		125	125	125
B4	Number of agents on shift during non-peak season		85	85	85
B5	Average fully loaded hourly cost of agents	\$39,520/2,080	\$19	\$19	\$19
B6	Incremental IT FTEs to address outages		0.5	0.5	0.5
B7	IT fully loaded annual compensation	\$135,200	\$135,200	\$135,200	\$135,200
Bt	Avoided costs of downtime	$((B1*B3)+(B2*B4)*B5)+(B6*B7)$	\$284,200	\$284,200	\$284,200
	Risk adjustment	↓10%			
Btr	Avoided costs of downtime (risk-adjusted)		\$255,780	\$255,780	\$255,780

Baseline Cost Savings From Retiring Previous Solution

By moving to RingCentral Contact Center, interviewed organizations are able to retire their previous on-premises solution. This eliminates not only the ongoing costs of the on-premises infrastructure (hardware, software, associated maintenance charges) but also the IT staff time needed to support that infrastructure. It also eliminates the effort and expense of upgrading that infrastructure every few years, and sometimes more frequently in order to access new features from the legacy solutions or other applications.

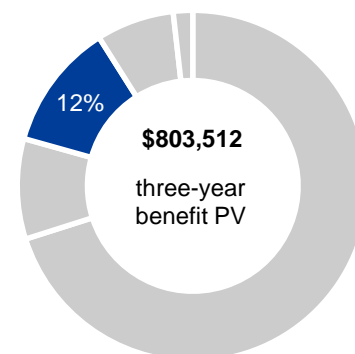
For the composite organization, Forrester models the baseline cost savings from retiring the previous solution as:

- › Annual infrastructure costs of \$175,000.
- › Upgrades costs of \$90,000 every third year.
- › One IT FTE for support.

The baseline cost savings from retiring the previous solution will vary based on:

- › How much infrastructure an organization needs for ongoing operations.
- › Frequency and extent of upgrades.
- › Local compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$803,512.



Baseline cost savings from retiring previous solution:
12% of total benefits

Baseline Cost Savings From Retiring Previous Solution: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Annual infrastructure costs for legacy system		\$175,000	\$175,000	\$175,000
C2	Periodic upgrade costs for legacy system			\$90,000	
C3	IT support FTEs		1	1	1
C4	IT fully loaded annual compensation	\$135,200	\$135,200	\$135,200	\$135,200
Ct	Baseline cost savings from retiring previous solution	$C1+C2+(C3*C4)$	\$310,200	\$400,200	\$310,200
	Risk adjustment	↓5%			
Ctr	Baseline cost savings from retiring previous solution (risk-adjusted)		\$294,690	\$380,190	\$294,690

Avoided Costs Of Ensuring Peak Capacity

Interviewed organizations that are growing quickly or need additional agents during certain times of the year value the ease with which they can dial their agent seat volume up or down. By implementing RingCentral Contact Center, the interviewed organizations no longer need to maintain year-round infrastructure that is only fully utilized for several months to meet seasonal peak capacity needs. The IT director at an enterprise software company serving retail customers explained: “If I need to expand the number of agents during the holidays, I don’t worry about the hardware aspect of it. With RingCentral Contact Center, I can scale up tomorrow if I want to, and their systems will be able to handle that capacity. Buying and setting up new servers could take weeks, and then I have to maintain the hardware capacity throughout the year.”

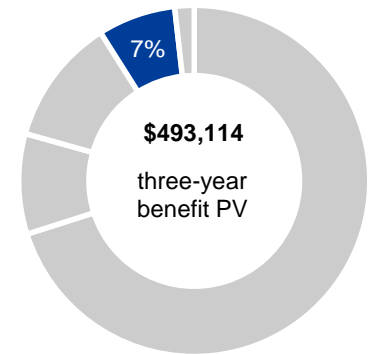
For the composite organization, Forrester models the avoided costs of ensuring peak capacity as:

- › Annual infrastructure costs of \$125,000.
- › Upgrade costs of \$90,000 every third year.
- › One-quarter of an IT FTE for support.

The avoided costs of ensuring peak capacity will vary based on:

- › How much peak capacity an organization maintains.
- › Frequency and extent of upgrades.
- › Local compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$493,114.



Avoided costs of ensuring peak capacity: **7%** of total benefits

Avoided Costs Of Ensuring Peak Capacity: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Additional annual infrastructure costs to ensure peak capacity		\$150,000	\$150,000	\$150,000
D2	Periodic upgrades for peak capacity infrastructure			\$75,000	
D3	IT support FTEs for additional peak capacity		0.25	0.25	0.25
D4	IT fully loaded annual compensation	\$135,200	\$135,200	\$135,200	\$135,200
Dt	Avoided costs of ensuring peak capacity	$D1+D2+(D3*D4)$	\$183,800	\$258,800	\$183,800
	Risk adjustment	↓5%			
Dtr	Avoided costs of ensuring peak capacity (risk-adjusted)		\$174,610	\$245,860	\$174,610

Avoided Costs Of Disaster Recovery

By moving to RingCentral Contact Center, interviewed organizations no longer need to maintain a separate disaster recovery system on standby and possibly related resources such as tapes recording conversations. They also no longer need IT staff to maintain that system, keep related procedures current, train users, and run periodic tests.

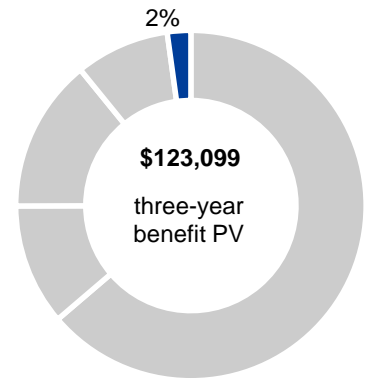
For the composite organization, Forrester models the avoided costs of disaster recovery as:

- › Annual costs of \$55,000.

The avoided costs of disaster recovery will vary based on:

- › Intended speed of recovery.
- › Extent of desired data recovery.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year risk-adjusted total PV of \$123,099.



Avoided costs of disaster recovery:
2% of total benefits

Avoided Costs Of Disaster Recovery: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
E1	Annual disaster recovery costs		\$55,000	\$55,000	\$55,000
Et	Avoided costs of disaster recovery	E1	\$55,000	\$55,000	\$55,000
	Risk adjustment	↓10%			
Etr	Avoided costs of disaster recovery (risk-adjusted)		\$49,500	\$49,500	\$49,500

Unquantified Benefits

Interviewed organizations described other significant benefits that are not quantified for this study:

- › **Improved NPS.** While noting that multiple factors determine their NPS, interviewed organizations acknowledge RingCentral Contact Center's role in improving those scores. For instance, handle time and abandonment rates dropped, and holds became less frequent and shorter. The vice president of IT at Goosehead Insurance attributes some of the company's NPS increase (from an already high 86 up to 89), to Ring Central Contact Center, citing its integration with the CRM system and its extensive built-in functionality that allows agents to focus less on technology and more on the customer experience. The VoIP technology III specialist at a business services company indicated that its NPS had risen from the low 40s to the 70s since RingCentral Contact Center was implemented, and counted RingCentral Contact Center among the factors driving that increase. The vice president of customer success and professional services at SambaSafety noted a 25% increase in NPS, from a lower starting point, and mentioned a decrease in the number of escalations prompted by the inability to connect with an agent.
- › **Higher first-call resolution by leveraging RingCentral team messaging.** Interviewed organizations cited a variety of operational improvements since implementing RingCentral Contact Center. First-call resolution increased, aided by an agent's ability (via RingCentral team messaging) to quickly get a response back from the escalation team or other resources.
- › **More extensive analytical and reporting capabilities.** Organizations are able to track more metrics than with their prior solutions, and leverage those metrics to improve contact center operations. The metrics range from agent productivity measures like agent idle time, abandoned calls, and average hold time, to customer insights. The VoIP technology III specialist at a business services company described an example: "With RingCentral Contact Center we can do a deeper dive by pulling information from calls, such as why our customers are contacting us, what makes them happy or unhappy, or why we might have lost a customer based on what occurred during that contact."
- › **Ease of agent training and use.** Interviewed organizations commented on agents' reduced frustration with their current contact center systems, compared to legacy systems. The vice president of information technology for Goosehead Insurance contrasted RingCentral Contact Center training with training on previous solutions. Goosehead Insurance agents were comfortably using the solution after 2 hours of homegrown training based on training materials provided by RingCentral, with no questions by the second day. Training on legacy solutions had taken 12 hours, followed by a month of questions from agents.
- › **Swift implementation with no downtime.** RingCentral Contact Center was deemed easy to configure, and could be taken live via a hot swap. Interviewed organizations noted the extensive planning and implementation support RingCentral provided.



Improved NPS



One month
Total implementation
and deployment time

- › **Better security and compliance through a role-based platform.** With RingCentral Contact Center, organizations can indicate who may see certain information and where that information can go. This can be especially important for companies that must accommodate industry-specific standards like healthcare’s Health Insurance Portability and Accountability Act (HIPAA) requirements.
- › **Freeing up IT staff time for higher value activities.** Since RingCentral Contact Center easily integrates with other applications and needs minimal day-to-day management, IT staff can focus on higher impact efforts like refining and optimizing customer journeys. The vice president of customer success and professional services at SambaSafety noted, “The contact center platform plugs into just about everything else you may use or decide to use later.”

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement RingCentral Contact Center and later realize additional uses and business opportunities, including:

- › **Deploying additional RingCentral Contact Center functionality.** All versions of RingCentral Contact Center include extensive functionality, and customers may deploy that incrementally over time. For instance, the IT director for an enterprise software company explained how his organization is exploring use cases for RingCentral Contact Center’s Pulse functionality, starting with alerts when a call is on hold for too long or there are not enough agents available to take calls. Other organizations mentioned plans to use live analytics to gauge customer sentiment during a call based on keywords and voice inflection, and offer additional customer interaction channels such as chat or text.
- › **Deploying other products from RingCentral.** With RingCentral Contact Center installed, organizations can readily add adjacent RingCentral products like workforce optimization, workforce management, or collaboration tools like RingCentral team messaging. They also can expand to a full set of unified communications products.
- › **Revising the contact center footprint.** Opening additional contact centers, consolidating multiple physical contact centers into a single virtual contact center or hiring agents to work remotely in additional geographies are all simplified with RingCentral Contact Center.
- › **Integration of acquired companies.** With RingCentral Contact Center, organizations can more easily consolidate contact centers of acquired companies.
- › **Managing in-house and outsourced agents on the same platform.** With all agents on the same platform, organizations get more consistent reporting and performance management.
- › **Incremental revenue from faster rollout of new customer or product initiatives, new business units, or new geographies.** By removing the contact center infrastructure speed bump, organizations can move faster to launch new business initiatives that need contact center support.

“Before RingCentral, our IT team spent 90% of their time focused on being reactive and fixing problems. Now they spend 90% of their time focused on forward-thinking innovation and tech enablement for our end users. This has allowed us to drive efficiency and better client experience across the organization.”

*Vice president of IT,
Goosehead Insurance*



Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the “right” or the ability to engage in future initiatives but not the obligation to do so.

- › **Integrating RingCentral Contact Center with additional applications and tools a company may decide to use in the future.** RingCentral provides connectors for a wide array of applications and tools. Interviewed organizations had felt restricted by the limited integration that was possible with their previous on-premises solution. The vice president of customer success and professional services at SambaSafety mentioned potentially integrating RingCentral Contact Center with marketing automation or customer success applications in the future.
- › **Expanding RingCentral Contact Center to additional use cases.** Organizations can expand from primarily inbound calls, to greater outbound use such as sales or collections.

Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

Total Costs

REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Ftr	Annual subscription and usage cost	\$0	\$358,470	\$358,470	\$358,470	\$1,075,410	\$891,462
Gtr	Initial and ongoing internal labor costs	\$26,456	\$17,530	\$17,530	\$17,530	\$79,045	\$70,050
	Total costs (risk-adjusted)	\$26,456	\$376,000	\$376,000	\$376,000	\$1,154,455	\$961,512

Annual Subscription And Usage Cost

RingCentral Contact Center costs include subscription fees based on the number of seats. In addition, organizations pay an annual variable usage cost based on call volume. Consult with RingCentral for pricing specific to your organization when conducting your own analysis.

Depending on IT staff capabilities and bandwidth, some organizations may pay an additional fee for support from a RingCentral technical account manager.

For the composite organization, Forrester models the annual subscription and usage cost as:

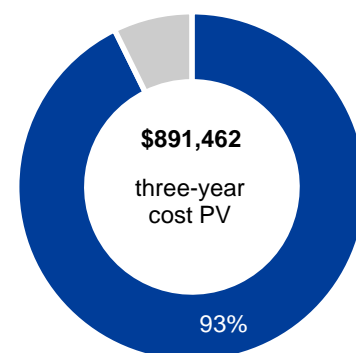
- › A combination of 170 annual seats and 80 additional peak seats.
- › Three months of peak seat usage each year.
- › Monthly per seat costs of \$115 for RingCentral Contact Center and \$20 for a CRM adaptor.
- › Annual variable usage cost of \$33,600 based on call volume.

The annual subscription and usage cost will vary based on:

- › Product version.
- › Number of seats.
- › Full versus partial-year subscription.
- › Call volume.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$891,462.

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total costs to be a PV of more than \$961,000.



Annual subscription and usage cost:
93% of total benefits

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

Annual Subscription And Usage Cost: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Number of annual seats			170	170	170
F2	Number of additional peak seats			80	80	80
F3	Number of months for peak seats			3	3	3
F4	Monthly cost per seat			\$115	\$115	\$115
F5	Monthly cost per seat for CRM adaptor			\$20	\$20	\$20
F6	Annual variable usage cost			\$33,600	\$33,600	\$33,600
Ft	Annual subscription and usage cost	$\frac{((F1*12)+(F2*F3))}{(F4+F5)}+F6$	\$0	\$341,400	\$341,400	\$341,400
	Risk adjustment	↑5%				
Ftr	Annual subscription and usage cost (risk-adjusted)		\$0	\$358,470	\$358,470	\$358,470

Initial And Ongoing Internal Labor Costs

Initial costs: It took interviewed organizations typically one month to implement RingCentral Contact Center. Their IT and contact center operations staff collaborated with RingCentral resources (provided at no additional fee) to configure, integrate, test, and deploy RingCentral Contact Center. Given the simplicity of using the solution, agents could be trained in about 2 hours by internal staff. RingCentral provides training and self-training materials through its Contact Center University.

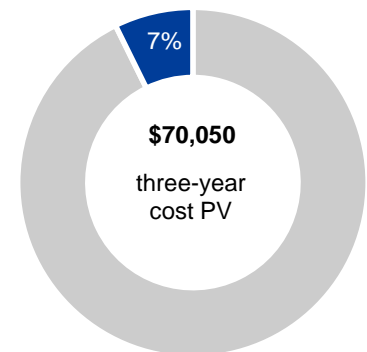
For the composite organization, Forrester models the initial internal labor costs for implementation and training as:

- › Approximately 40% of three IT staff and one contact center operations manager for one month.
- › 2 hours of training for 170 agents.

Ongoing costs: Interviewed organizations need only minimal ongoing effort from IT and contact center operations staff to support RingCentral Contact Center. The vice president of IT at Goosehead Insurance explained, “We have RingCentral’s support, and with the simplicity of RingCentral Contact Center’s back end, anyone on our IT team can now work with it.”

For the composite organization, Forrester models the ongoing internal labor costs as:

- › Approximately 5% of the time of a contact center manager (business staff) and a contact center technical specialist (IT staff).
- › 2 hours of training each year for 80 seasonal agents.



Initial and ongoing internal labor costs: 7% of total costs

The initial and ongoing internal labor costs will vary based on:

- › Number of agents trained.
- › Fully loaded compensation rates.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$70,050.

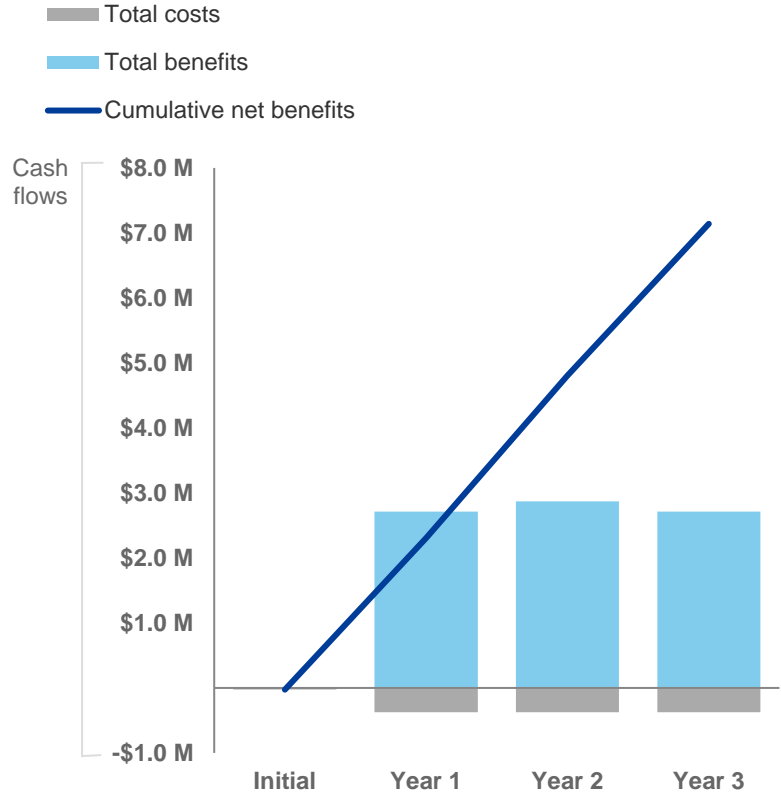
Initial And Ongoing Internal Labor Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
G1	IT hours required for implementation and ongoing support		208	104	104	104
G2	IT fully loaded hourly rate	\$135,200/2,080	\$65	\$65	\$65	\$65
G3	Business staff hours required for implementation and ongoing support		69	104	104	104
G4	Business staff fully loaded hourly rate	\$122,720/2,080	\$59	\$59	\$59	\$59
G5	Number of agents trained		170	80	80	80
G6	Hours of agent training		2	2	2	2
G7	Average fully loaded hourly compensation of agents	\$39,520/2,080	\$19	\$19	\$19	\$19
Gt	Initial and ongoing internal labor costs	$(G1*G2)+(G3*G4)+(G5*G6*G7)$	\$24,051	\$15,936	\$15,936	\$15,936
	Risk adjustment	↑10%				
Gtr	Initial and ongoing internal labor costs (risk-adjusted)		\$26,456	\$17,530	\$17,530	\$17,530

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.



These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$26,456)	(\$376,000)	(\$376,000)	(\$376,000)	(\$1,154,455)	(\$961,512)
Total benefits	\$0	\$2,712,580	\$2,869,330	\$2,712,580	\$8,294,490	\$6,875,331
Net benefits	(\$26,456)	\$2,336,580	\$2,493,330	\$2,336,580	\$7,140,035	\$5,913,819
ROI						615%
Payback period						<3 months

RingCentral Contact Center: Overview

The following information is provided by RingCentral. Forrester has not validated any claims and does not endorse RingCentral or its offerings.

RingCentral helps organizations build deeper, more meaningful connections with current and prospective customers. Our omnichannel, collaborative, cloud contact center technology has redefined customer engagement for companies of all sizes. Built with the user in mind, RingCentral provides tools that allow contact center admins and managers to own the customer experience and respond to changing conditions in real time.

RingCentral Contact Center's reliable and dependable platform delivers 99.999% uptime. In addition, its automatic availability failover requires no manual intervention between data centers. In the rare event of an outage, even live calls with customers remain intact and crystal clear.

RingCentral protects both data in motion and at rest to ensure that customer information remains safe. With a large number of financial services and healthcare customers currently using the platform, RingCentral solutions also comply with both PCI and HIPAA security standards (among others). In addition, the platform's cloud-based infrastructure scales rapidly and seamlessly to handle the largest and most diverse contact center teams, allowing customers to scale up or down for short bursts of time to meet seasonal demand or manage emergency situations. In addition, with RingCentral all interactions are managed in a drag-and-drop development environment that simplifies application development for IVR (interactive voice response), chatbots, and routing applications.

RingCentral is a leader in global enterprise cloud communications and collaboration solutions, with over 350,000 business customers, over 2,000 employees, and global coverage in 42+ countries.

RingCentral's customer engagement solutions deliver:

A more efficient agent experience:

RingCentral Contact Center uses input gathered in the IVR or from CRM systems to gain historical, contextual, and behavioral needs to intelligently connect agents with the right proficiencies to resolve customer issues. With **smart routing** and screen pops, agents can deliver highly personalized customer experiences through a single **omnichannel desktop** without needing to switch desktops or tools to provide better service.

An enhanced supervisor experience:

RingCentral Contact Center maximizes agent productivity with **agent management** capabilities for monitoring, whispering, barge-in, call recordings, powerful historic reporting, and real-time analytics. Supervisors can extend their capabilities to full **workforce optimization**, including **quality management, scheduling, and workforce management**, as well as powerful **speech analytics** and **performance management** tools to help improve the management of their system.

An improved customer experience:

RingCentral Contact Center allows customers to reach out to you via **voice** or **any channel of their choice**. It also features a powerful **IVR** that supports **advanced speech-recognition** capabilities to identify customers, determine their needs, and provide self-service options to resolve simple inquiries. RingCentral also provides intelligent callback to allow customers to save their place in line without having to wait on hold. Customers receive a callback when an agent is available. RingCentral also easily supports **CRM integration** with prebuilt integrations to Salesforce, Zendesk, and other popular CRM and business intelligence systems, so agents always have the latest information. And RingCentral Contact Center also provides APIs for integrations to homegrown or third-party back-end system.

A global, reliable, and secure solution:

With RingCentral Contact Center, agents can work anywhere in the world with an internet connection. A **99.999% SLA** lets organizations consistently receive and make calls any time of day or night. **PCI level 1**,

HIPAA, and other security compliance standards help organizations keep customer data safe. Contact center admins and managers directly control these functions via easy-to-use configuration and scripting tools that control the customer experience across all channels without dependence on IT. These features also allow admins or managers to respond to changing conditions in real time and easily see the full customer journey.

One vendor, consolidated billing:

The average company requires over 20 different vendor relationships to manage its contact center business. With RingCentral, organizations can communicate and collaborate with employee and customers through one single vendor. The breadth of RingCentral capabilities greatly simplifies contact center management and removes finger-pointing and confusion over any service or support issue. RingCentral Contact Center is also easy to purchase and onboard, with prebuilt product bundles that include common functionality, and avoid the need for long and complicated a la carte purchasing options.

Other features include:

Seamless communications:

RingCentral Office and RingCentral Contact Center work closely together with a **direct network connection between both services** to provide no-cost “on-network” calling and extension dialing between systems.

Organization-wide collaboration:

The RingCentral App simplifies **contact center communication and collaboration across organizations**. Connect directly with customers to text, share files, or manage a project over time. Agents can use the app to quickly **access subject matter experts** throughout the organization to help solve difficult customer problems and ensure rapid first-contact resolution.

Analytics:

Real-time and historical reporting on all customer interactions throughout the contact center provide the fullest picture of how an organization currently handles customers queues. **QoS reporting** helps contact center admins and managers understand the quality of all phone calls.

A simple and flexible UI:

With simple-to-use tools, RingCentral allows system administrators to respond to changing conditions within seconds without needing to rely on IT or a third-party provider. Admins can react in real time with configurations, not code.

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach



Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.



Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.



Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.



Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

¹ Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.