What's the Best Way to Scale Your Call Center?

replicant

Introduction

If there's anything certain in the call center today, it's that unpredictability is the name of the game. Forecasting models aren't able to address sudden and unforeseen changes, such as the 2020 pandemic and its resulting impact. The ability to scale is the key to always meeting customer expectations for seamless, fast, and helpful customer service interactions.

You have a few options for scaling your call center, but what's the best way to do so?

Adding more agents is often the first option. But hiring is expensive, slow, and challenging, especially during labor shortages. There are three other options for scaling: hire a business process outsourcing (BPO) provider, implement an interactive voice response (IVR) system, or deploy voice artificial intelligence (AI). All three methods have a place in call centers and come with their unique advantages and disadvantages.

In this guide, you'll learn how BPO, voice AI, and IVRs differ and understand how to make the right decision for your contact center — and ultimately, your customer experience.

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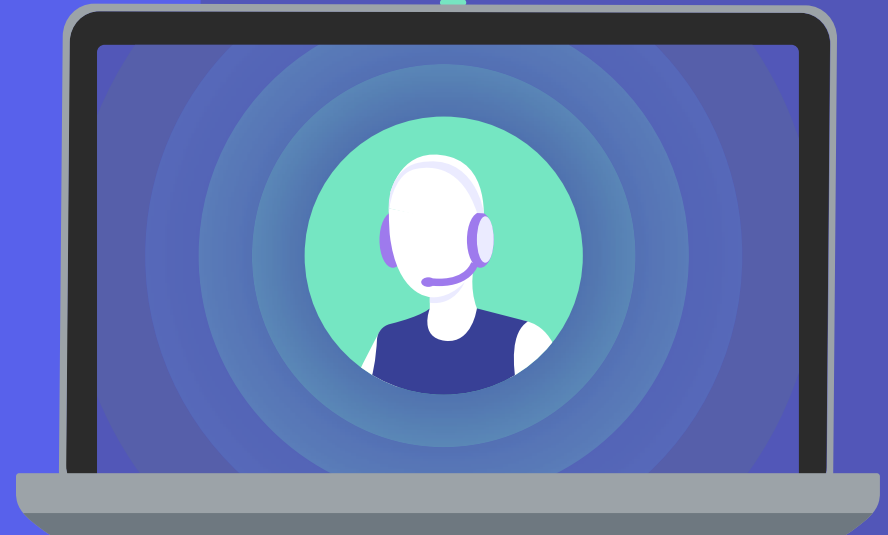
Business Process Outsourcing

Business process outsourcers provide either all call center services on behalf of their customers or supplement in-house call centers with extra support and scalability.

BPO accounted for 22.9% of the global call center market share in 2020 and is expected to continue growing.

Staffed with agents and often augmented with AI technology, BPO companies offer varying levels of contracted services.

There are many types of BPO providers. If you decide to outsource your call center, you'll need to pick the right type of BPO for your business model. BPO companies mainly differ based on their services and their operating model. Here are the most common types of BPO call centers.

Types of BPO call centers

Inbound vs. outbound

There are two types of BPO call centers: inbound and outbound. Inbound call centers handle incoming customer communications, which includes:

- ◆ customer service
- ◆ answering services
- ◆ IT and tech support
- ◆ ordering services.

Outbound call centers make proactive communications, such as:

- ◆ telemarketing
- ◆ marketing or sales campaign follow-ups
- ◆ appointment making
- ◆ lead generation

Each type of call center requires different skill sets for agents. While BPO call centers will often make both inbound and outbound calls, the majority of call types they make determines whether they're an inbound or outbound call center. The type of outsourcing you need — or whether you need both — is determined by the type of customer engagement your business prioritizes. **Enterprises often make high volumes of inbound and outbound calls**, so they might need to engage with both types of BPO call centers. **Smaller businesses may use one or the other** to outsource the call type that makes up most of their call volume, while handling the remaining calls in-house.

Shared vs. dedicated

Additionally, BPO providers offer shared or dedicated call centers. Shared call centers have agents that handle calls from multiple clients, which limits their ability to handle complex issues and may not result in the best customer experience (CX) for your brand. Shared call centers are typically less expensive than dedicated ones.

Dedicated call centers assign teams of agents to your business and they can be trained to handle complex, highly nuanced customer experiences.

Onshore vs. offshore

Onshore BPO services provide call centers located within the same geography as your business. This ensures that agents are from your culture and that there are no language barriers to overcome. Offshore BPO providers are located in other countries and employ agents who speak multiple languages.

There's a number of advantages to business process outsourcing, especially when compared to having your own in-house call center. With a BPO provider, you'll get lower call center costs, less work, and increased customer service hours.

Advantages of BPO

Eliminate the need for an internal call center

BPO providers can take on all the call center work for you, including hiring, building infrastructure, and setting up the necessary technology. This completely eliminates the need for an in-house call center, saving you a tremendous amount of time and effort. All you'd have to do is manage the BPO provider and train their agents.

Cheaper than an in-house call center

Because BPO providers run large-scale operations and are experts in what they do, they're typically more economical than running an in-house operation. By providing agents with infrastructure, technology, and benefits, BPO services eliminate these costs from your own business.

24/7 support

Customers want to be able to reach your business at any time. Engaging with BPO providers that are located across different time zones enables you to extend your business hours. Your customers will be able to get their issues resolved even when your local agents are off the clock. And for global businesses, you can easily offer 24/7/365 customer service for all of your customers.

Provides additional agent capacity for expected fluctuations

For expected spikes in call volume, such as seasonal demand or annual sales events, you can easily handle them with a BPO provider's agents. BPO services add more customer service capacity to your call center, which prevents long hold times from building up when there's increased customer demand.

However, a BPO service can only provide additional capacity when you're able to give them a heads up on when you'll need the help of their agents and how much volume you expect. For unexpected spikes in volume though, BPO call centers aren't equipped to jump in as needed.

Shoulders liability and risks

There are lots of risks involved with running a call center. From high agent turnover to compliance, you can offload these challenges and risks to a BPO provider. If you're starting a call center for the first time, navigating regulations, security requirements, and paperwork can be difficult and complicated. BPO providers will not only take care of these more difficult aspects of running a call center, but they'll also bring their expertise to it.
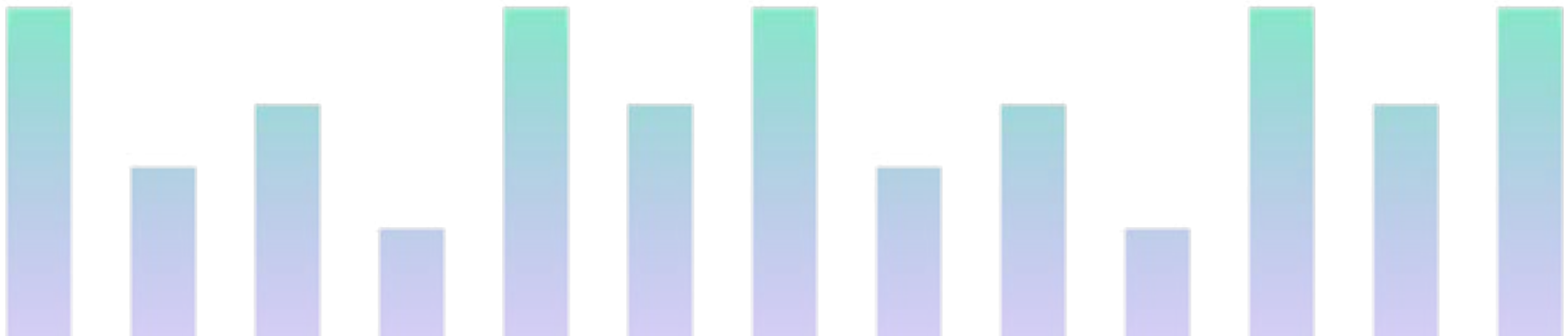
Outsourcing comes with the trade-off of not having full control over your operations and the customer experience. Setting KPIs helps to ensure the customer experience remains on par with standards, but there's always the risk of a BPO provider not performing in a way that upholds the brand's reputation. Before you decide to outsource, it's important to understand the risks and challenges that come with it.

Disadvantages of BPO

Lack of full control

You give up a lot of control over your call center operations and customer experience when outsourcing. You won't be able to carefully vet and manage agents yourself, and you'll have to rely on the BPO provider to maintain the customer experience you want. Even when you have a transparent and close partnership with your BPO provider, you're placing a critical part of your brand's experience and reputation in someone else's hands.

Cultural or language barriers

If the BPO call center is located in a different country or continent than your business and customers, there might be some cultural and language barriers that need to be overcome. For example, colloquialisms that your customers use might not be understood by offshore agents. With some training though, you can enable agents to effectively communicate with and understand your customers.

Cost can't be easily adjusted and you might overpay

With BPO, you have limited control in adjusting your costs since you simply pay whatever the BPO service charges. If you need to reduce your costs, you'll most likely have to find a cheaper outsourcer. When you have an in-house call center, there are more levers you can pull to adjust your costs, like making agents more efficient through automation. Also, BPO services typically require you to commit to a number of hours or agents upfront. If you overestimate, you'll waste money on idle agents.

Ability to scale depends on BPO provider's capacity and forecasting

BPO services don't have an infinite amount of agents, so your ability to scale is dependent on how many agents they have free at a time and how quickly they hire new agents. Also, since BPO services can only provide agent capacity when they're notified in advance, outsourcing still relies on forecasting and isn't able to serve unanticipated call spikes.

As of May 2021,

44%
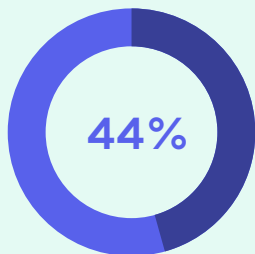
**of organizations have experienced a breach within the last 12 months.**

Security and privacy risks

The majority of these were a result of "giving too much privileged access to third-parties." By putting customer information into the hands of a third-party, there's always the risk of it being compromised. BPO providers may also not put the same amount of care into security and compliance as you do. When BPO services experience security breaches, it doesn't just cost you money. It negatively impacts your brand reputation and there may even be legal repercussions.
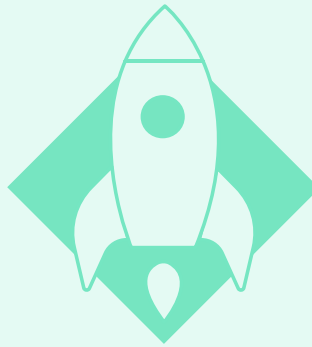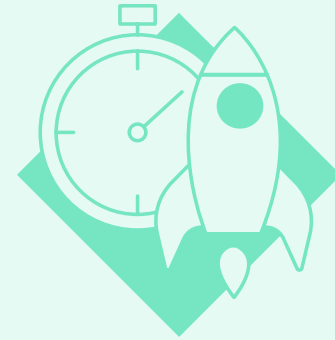
Pricing

Pricing models vary for BPO providers. The three most common are:
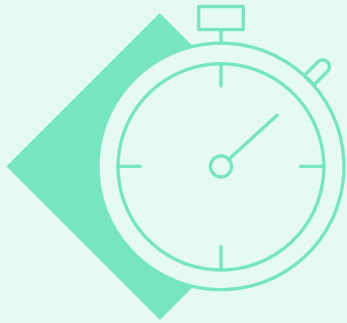
hourly models	performance based	hybrid models

Hourly models can be economical, but agents aren't incentivized to deliver exceptional customer service. Performance base models alone are rare because pricing is unpredictable and agents don't receive a steady income. **Typically, BPO services use a combination of a base hourly rate and performance based incentives that provide financial stability and better performance outcomes.**

Hourly BPO call center rates vary by region. The average is **$6 to $55 or more**, with wide variations based on the BPO model, call volume, and services needed.

Voice AI

Voice AI is the combination of **machine learning**, natural language understanding (NLU), **natural language processing** (NLP), and other technologies that enable human-like interactions between humans and machines. Consumers frequently experience voice AI when interacting with virtual agents and voice assistants. Unlike IVRs, voice AI enables machines to understand how humans naturally speak.

Voice AI gives contact centers elastic customer service capacity by effectively providing an additional "workforce" without having to hire more agents or a BPO provider.

> **This elasticity is unique to voice AI and enables the most cost effective way to automatically scale up and down as needed.**

Voice AI is the second best thing to a human experience with an agent and is a powerful way to augment your agents. It can understand how customers naturally talk, respond quickly, and have complex multi-turn conversations, which all results in higher customer satisfaction (CSAT). Voice AI also enables call centers to scale with demand, while making them more efficient and reducing their costs.

Advantages of Voice AI

### Elastic customer service capacity that automatically scales with demand

Voice AI gives call centers **elastic customer service capacity**, which is the ability to scale customer service capacity up or down based on customer demand. This reduces the need to add staff, increase shifts, and outsource, which are all expensive or slow ways of scaling. Since voice AI automatically scales with demand, you don't need to rely on accurate forecasting in order to ensure there are no wait times. Plus, customers won't experience wait times when unanticipated call spikes happen.

Reduces average handle time and improves first contact resolution

Voice AI is even more effective than IVRs at resolving Tier-1 issues without agent intervention since it doesn't rely on keyword matching or limit customers to a set menu. Using machine learning and robotic process automation (RPA), it can also do more than IVR. For example, it can initiate refunds, send customers a shipping label, and look up the nearest store near a customer.

Aside from resolving issues, it can also collect information from customers and intelligently prioritize calls when routing calls to an agent. The result is even shorter average handle times and higher first contact resolution rates than what an IVR delivers.
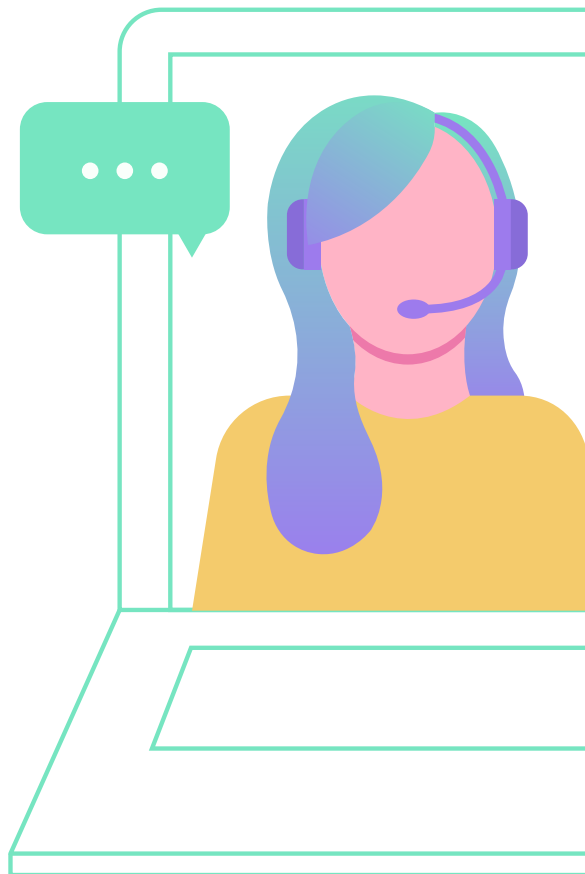
## Improved customer experience that feels natural and human-like

Although customers are speaking to AI, it doesn't feel unnatural. When conversational AI is applied to voice, the result is a voice interaction that feels like you're speaking to a human agent. Customers can speak as they normally would, without having to use specific keywords or phrases.

Understands intent and is capable of complex conversations

Voice AI doesn't rely on keyword matching. Instead, it classifies the intent, or what the customer means, of what is said. If a customer said, "I bought these tennis balls last week, but I'd actually like to return them," the AI would classify the intent as "return purchase." By recognizing intent, voice AI enables customers to use many different ways of saying the same thing.

While an IVR only understands one request at a time, voice AI is capable of recognizing multiple intents and having complex multi-turn conversations. When customers have multiple issues they need to resolve, they can state them all at once. For example, voice AI would understand a customer's request for "I'd like to extend my reservation by two days and upgrade my room."
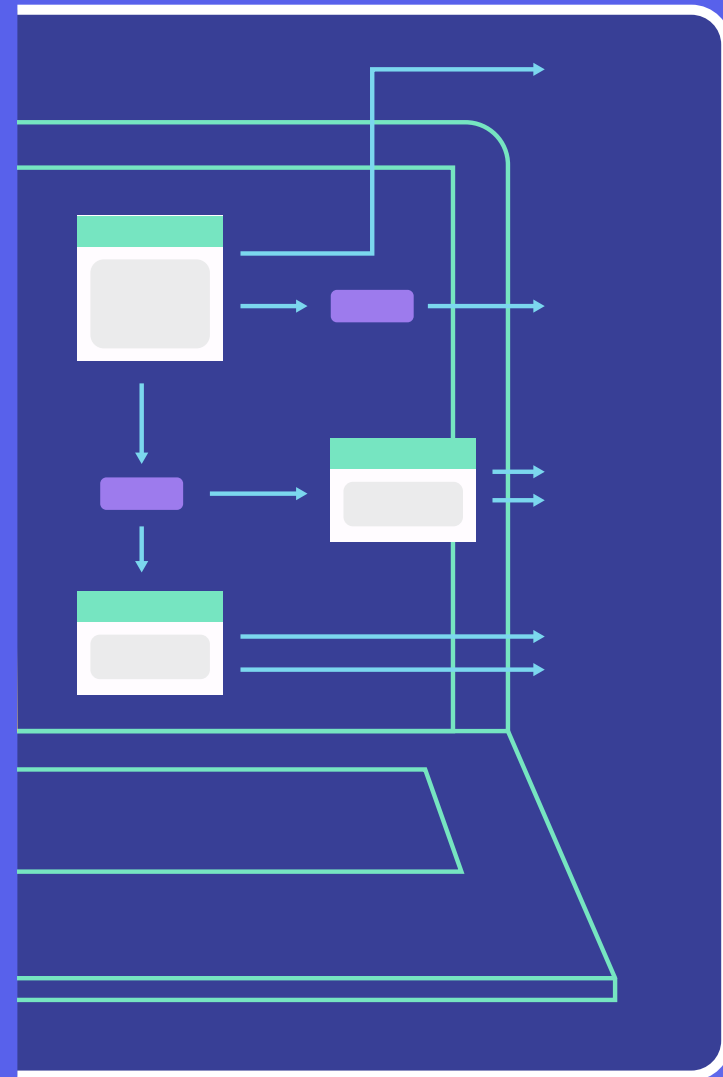
Postmates

Postmates reduces call center costs by

55%

with voice AI

Postmates, an enterprise on-demand delivery company, outsourced its call center operations across two BPO providers. However, the BPO providers had trouble keeping up with call spikes, which resulted in delayed orders. Postmates replaced their BPO providers with voice AI, which reduced their call center costs by 55% and will generate a 110% ROI over three years.

Read the full story

Frees agents to focus on more complex calls

By resolving over 90% of Tier-1 issues, voice AI lifts a lot of repetitive, high-volume calls off of agents. Agents get more time to tackle issues that require problem-solving skills, creativity, or empathy. They can even make outbound calls to offer proactive service that increases revenue. Not only do you refocus agents on call types that need a human touch and unlock revenue potential with voice AI, but you'll also end up with more engaged and happier agents.

Lower cost compared to hiring agents or outsourcing

AI requires a heavy investment upfront that might scare some businesses away.

But AI generates a ROI quickly, and in the long run, voice AI is significantly cheaper than hiring or outsourcing.

The primary disadvantage of voice AI lies in the risk of poor design, which leads to a bad customer experience. You can avoid this by working with in-house or external experts though. Other disadvantages that you need to consider include slow deployment and continuous maintenance.

Disadvantages of Voice AI

Poor design creates a frustrating customer experience

Poorly designed voice AI is slow in responding to customers, tries to mimic human agents by inserting typing noises and filler words, isn't highly accurate in understanding intent, and has conversations that don't flow smoothly. It ends up being ineffective in resolving issues and negatively impacts your CSAT score.

On the other hand, great voice AI:

- ◆ responds in less than one second
- ◆ has an accuracy rate of 94% or more
- ◆ conversations follow a logical sequence
- ◆ coordinated turns between the AI and customer

Part of great voice AI is the technology behind it and the other part is conversational design. When the two pieces are well crafted, the result is voice AI that actually increases your CSAT.
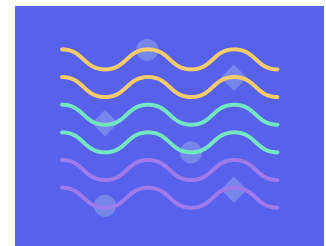
Deployment can take months or longer

Implementation time for voice AI varies widely based on the vendor and whether you're building or buying a solution. The fastest implementations take eight to 12 weeks. Such a quick deployment is usually only achieved by partnering with a vendor that works out-of-the-box and provides everything needed to be successful including conversation design, automatic training of AI models, integrations, and testing and conducting of quality assurance. They're also experts in voice AI and conversational design, which is why they can get you up and running fast.

The slowest implementations take years. And in some cases, the AI never reaches production or isn't deployed at scale. Some vendors are slow to deploy, but in most cases, you'll experience these slow timelines when building your own AI. Companies often underestimate how much time, resources, and expertise is needed to build AI — even when leveraging APIs.

Some calls still need to be handled by a human agent

Even the most intelligent and effective voice AI won't be best suited for handling all calls. Voice AI won't replace human agents because there are some calls that humans are better at. These are the complex calls that require problem-solving or creativity and emotional calls that require empathy.

Where voice AI will make the most impact and delight customers is with the high-volume, transactional, and repetitive calls. Understanding which **call types that voice AI is best for** and which are best handled by human agents will help you succeed with voice AI.

AI needs to be continuously updated

The field of AI is constantly advancing. What was the most accurate AI model can quickly become out of date. To ensure your voice AI is always providing customers with the best experience and keeping up with customer expectations, you need to continuously update and retrain it. If you buy a solution, the vendor will most likely do this work for you. However, if you build your own AI, be prepared to dedicate ongoing resources to it.

Pricing

Voice AI seems complex and expensive, but it can be surprisingly economical. Effective voice AI delivers ROI fast and costs up to 50% less than a highly optimized BPO.

Call centers also only pay for what they use, which means when call volume drops, so does your cost. This eliminates the need to pay live agents or a BPO service when service levels are low and there's unused customer service capacity.
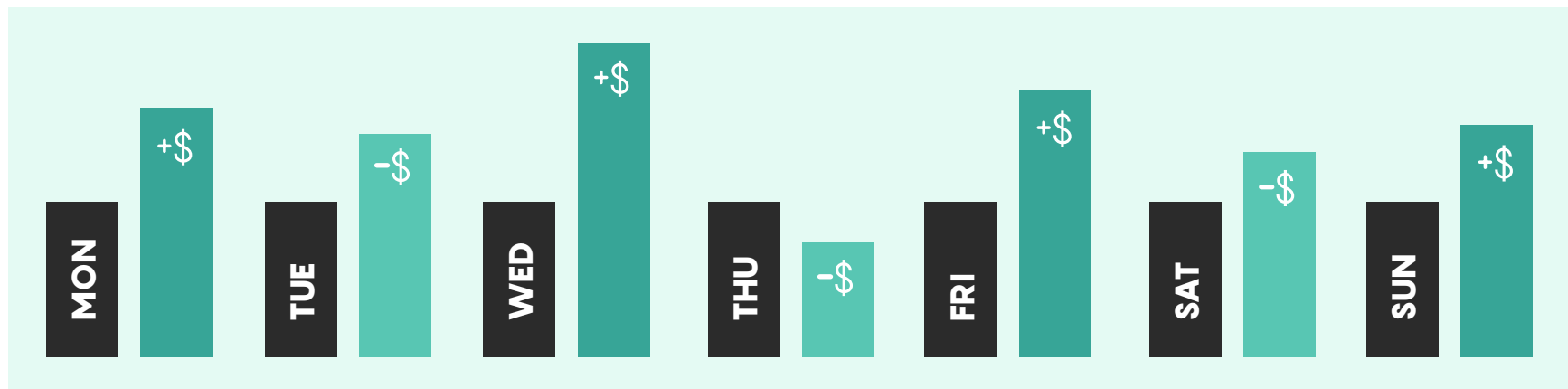
Interactive Voice Response Systems

Interactive voice response systems provide a menu of self-service options via the telephone for customers to select from. Originally used to queue and route calls, IVRs are now a staple of call centers. They're also used to scale self-service options, so customers can complete basic tasks without speaking to an agent. IVRs can guide customers through resolving an issue or completing a task, such as troubleshooting, updating account information, making payments, or following steps to achieve an outcome.

Traditionally, customers selected from the menu through touch tone dialing. Now, customers can also interact with IVRs through their voice. Using speech recognition, IVRs can detect human speech and match the speech to words or phrases it has been programmed to understand.

A well-designed IVR can lift rote issue resolution off agents and increase first contact resolution. It's also fairly easy to deploy an IVR and most cloud contact center software include an IVR system in their package.

Advantages of IVRs

24/7 self-service

IVRs are always on and available for your customers to use. No matter the time or day, customers can use an IVR to go through basic troubleshooting flows and accomplish simple transactions.

Increases customer service capacity without hiring more agents

Since IVRs can resolve some Tier-1 issues and collect information from customers on behalf of agents, they can help you scale your customer service capacity without adding more seats.
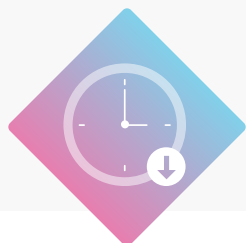
Reduces average handle time and increases first contact resolution

By resolving customer issues without agent intervention and routing customers to the most qualified agent, IVRs reduce average handle time and increase first contact resolution.

Frees agents to focus on more complex calls

IVRs take the mundane, transactional Tier-1 issues off of agents' plates, freeing them up to handle more complex calls or calls that require emotional sensitivity. For issues that the IVR can't resolve, it can still gather information from the customer upfront. By removing this work from agents, they can be more productive and resolve issues more efficiently.

Lower cost compared to hiring agents or outsourcing

Having human agents answer calls is always going to be more expensive than a machine.

> Compared to a call with a live agent, a self-service IVR call is six or seven times cheaper.

Simple and quick to deploy

Most cloud contact center software offers a built-in IVR system, which makes deployment easy.

> Depending on how complex your IVR is, it can take just a few days or weeks to implement.

Although IVRs are widely used by call centers, their ability to scale service is limited to what they allow customers to do. They're also well known for their frustrating customer experience, which can negatively impact your brand and end up driving customers away.

Disadvantages of IVRs

Provides limited scalability

IVRs can only resolve very basic Tier-1 issues, and they tend to deflect more issues to agents or other channels than they resolve. Since they aren't effective at handling more complex issues and may end up creating problems for customers, you'll only be able to scale up to a certain point with an IVR before you'll have to invest in more agents or in more effective voice AI.

Decreased CSAT and risk of losing customers

IVRs are infamous for the poor customer experience they provide. When presented with an IVR, **64% of surveyed consumers** felt negative feelings, such as frustration, stress, and anger. With an IVR, you risk lowering customer satisfaction and even losing customers. Consumers are quick to take their business elsewhere, and 51% of them have abandoned a business because they reached an IVR. It's estimated that businesses lose $262 per customer each year due to this. That amount quickly adds up when you consider the thousands and millions of customers that interact with a business' IVR each day.

## Creates an inefficient customer experience

How the IVR is designed is critical to its success. Poorly designed IVRs don't just frustrate customers. They also make it inefficient for customers to resolve their problems. The top things that **consumers dislike about IVRs** are: the reason for calling might not be listed, being forced to listen to irrelevant options, IVR keeps callers from reaching a live person, and the menus are usually too long. By preventing customers from reaching an agent or not offering a menu option for what customers need help with, IVRs make it more difficult and increase the amount of time it takes for customers to get help.

Unable to understand intent

Although IVRs are no longer limited to touch tone dialing and can now recognize human speech, its ability to understand what humans say is severely limited. IVRs that have voice recognition capabilities can only understand what customers need help with by listening for keywords that are programmed into its system.

By only understanding certain keywords, IVRs either don't understand customers or force them to talk in unnatural ways. For example, instead of saying "I want to get a copy of my insurance," customers might have to say "proof of insurance."
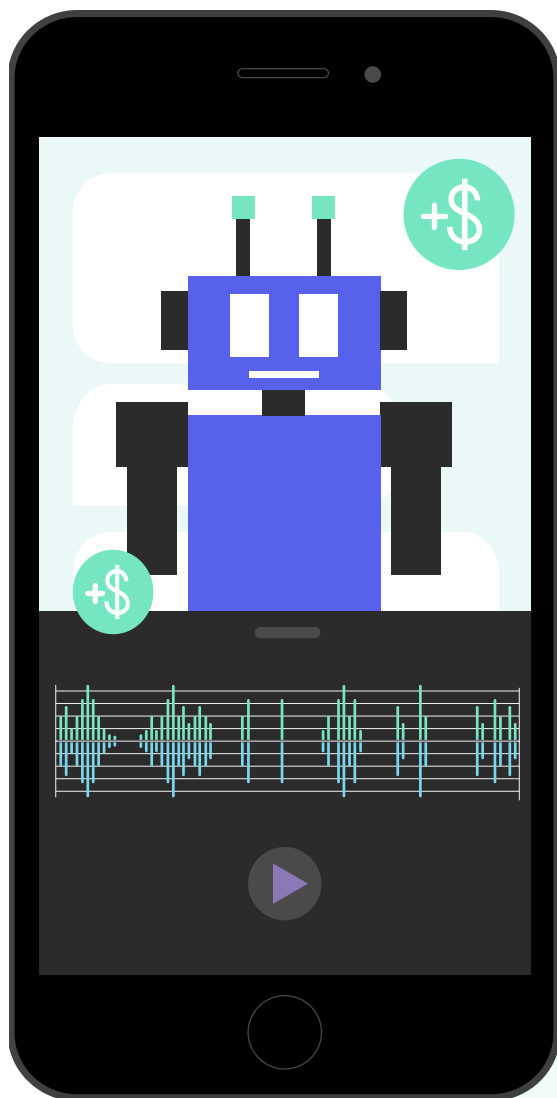
Feels like talking to a machine

Just as customers are forced to talk in robot-like ways when interacting with an IVR, IVRs speak to customers in the same way. They sound unnatural and are slow to understand and respond to customers. There's no mistaking an IVR for a human agent.

Pricing

IVRs are built into cloud contact center platforms. This makes the pricing economical, as it's often included in the platform package cost. There can be additional costs with IVRs though. For example, if you need to update the IVR script, the vendor may charge you to do so.

Which method Is best for Scaling?

With their distinct advantages, BPO, voice AI, and IVRs all have a role in helping call centers scale. In your call center's lifetime, you'll probably use all three methods at some point. Call centers often use at least two of these options at the same time. For example, pairing an IVR with voice AI or an IVR with outsourcing.

When you need to choose just one method to start with though, here are the primary considerations and the questions you should ask yourself:

Impact on customer experience: How will this method affect the customer's experience? Will it improve and not harm CX?

Cost: How much budget do I have? How much will this method lower call center costs?

Resources needed: What resources are needed to implement this method? Do I have the resources needed?

Deployment time: How long will it take to implement this method? Does this timeline match up with when I need a solution?

Automation: How much of this method is automated and how much requires human intervention? Will it automatically scale without needing human resources?

Sustainability: Can this method be sustained over time? Is it capable of adapting to business and technology changes over time?

Impact on agent productivity: How much will this method free agents to focus on more complex work?

If you're still unsure after asking yourself the above questions, use the following guidelines to help steer you in the right direction.

BPO is best when you need to scale temporarily

Outsourcing is the low tech option out of all three. And because of that, it's the fastest.

The most time-consuming part of outsourcing is training agents. You aren't introducing new technology or reconfiguring systems and data though. If you need to scale quickly or need additional customer service capacity for a temporary period of time, working with a BPO provider is the way to go.

BPO services will be able to add additional capacity fast and at a low cost.
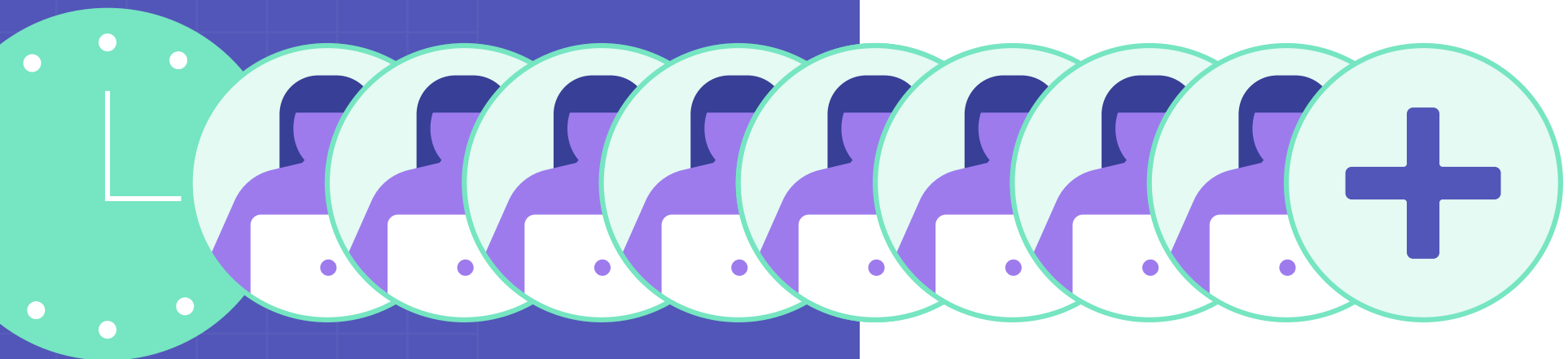
Use voice AI when you aren't willing to compromise on customer experience and efficiency

If you want a solution for scaling that will truly make your call center more efficient while also upholding high standards of customer satisfaction, use voice AI.

If you choose the right company to partner with, you'll see incredible results. **Over 90% of Tier-1 issues can be resolved by the AI, taking an enormous burden off of agents. You'll continue to delight customers, since voice AI offers human-like conversations and efficient resolutions.** When it comes to scaling long-term, you'll have the elastic capacity that's needed to always meet customer demand as it fluctuates. Best of all, you won't need to notify the vendor of changes in customer demand, since voice AI automatically scales as needed.

Go with an IVR if routing callers is more important and you're willing to exchange customer experience for speed

IVRs require less technical expertise and have fewer moving parts than AI, which means IVRs are faster to deploy. There's also a lower barrier to entry, since most cloud contact center software provide an IVR system. So if you need to increase your customer service capacity in a few weeks or one month and want to automate some of your calls, go with an IVR. If you're also looking to mostly route calls, rather than resolve them without agent intervention, an IVR will be more cost efficient.

Just be aware that you'll give up a bit of customer satisfaction in exchange for the implementation speed of an IVR. Customers hate IVRs for multiple reasons, so you might see a dip in your CSAT score.

If you need to scale quickly, keep in mind that you can deploy an IVR first to increase your capacity and then add voice AI.
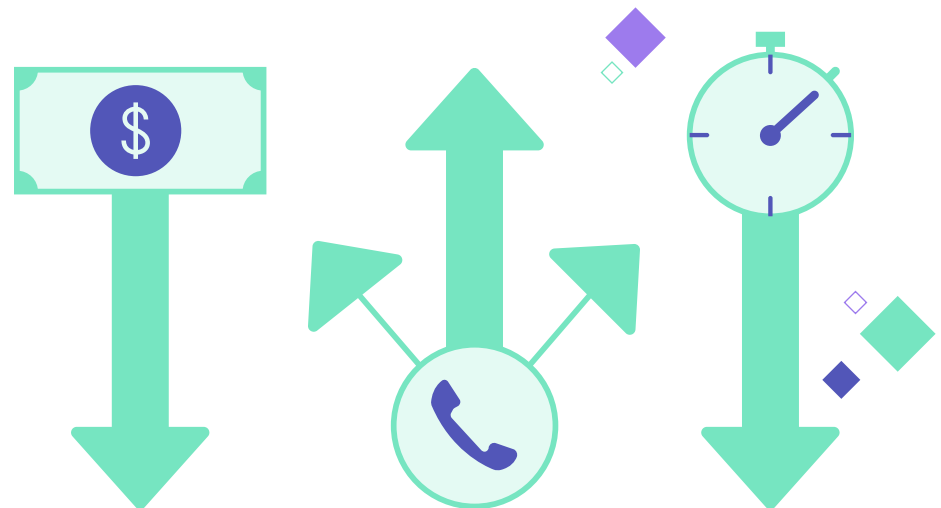
Replicant is the world's first autonomous contact center that brings always-on, elastic capacity to every customer experience with voice AI. Replicant Voice resolves Tier-1 support issues over the phone, using natural and human-like contextual voice AI. It eliminates hold times, manages unpredictable call volumes, and gives agents more time to resolve emotionally-sensitive and complex issues. Replicant Voice has been deployed by Fortune 500 companies to resolve over 3,000,000 calls a month and reduce contact center costs by 50%.

Visit Replicant.ai