

# Hosted v. Premised:

Are You Getting the Maximum ROI from Your Dialer?

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## Hosted v. Premised: Are You Getting the Maximum ROI from Your Dialer?

*As a call center with any number of agents, you need to see this 7-year cost analysis.*

Most companies are starting to grasp the benefits of cloud based services. Have you considered the increase in ROI available out of a cloud based dialer? Are you considering the compliance tools that are available in the cloud?

It is easy to see the benefits of cloud vs. a premised-based hardware dialer. Either you have a secure, reliable, cost predictable, continuously upgraded Hosted cloud solution; or an expensive, old-out-of-the-box Premised model that breaks down, has maintenance fees, and depends on features that only get older and more dated every day you own it.

When deciding between hosted- and premised-based predictive dialing options, a straight price comparison may not always be the ideal barometer of what's best and what's not. There are, however, some well-defined points of difference. With a hosted solution there are no start-up or capital costs; you pay as you go, and you receive automatic no-cost upgrades to maintain cutting edge capability. The premised model requires a large upfront capital outlay along with ongoing operational costs—including seat fees—and upgrades are either restricted or prohibitively expensive. This doesn't even include the costs for IT or support contracts. View the full diagram here: [Cloud vs. Premised](#)

Regardless how much you spend on a premised dialer today—a typical one runs up to \$300,000 or more—within a year or less, new technology and new regulations may quickly render it obsolete, requiring a new dialer or pricey upgrades, additional employee and training costs, or all the above. The numbers tell a compelling story:

|                           | <b>Premise</b>    | <b>Cloud</b>      |
|---------------------------|-------------------|-------------------|
| Purchase & Implementation | \$ 300,000        | -                 |
| Extra IT Staff            | \$ 55,000         | -                 |
| Seat Fees                 |                   | -                 |
| Maintenance & Upgrades    | \$ 48,000         | -                 |
| Hosted Licensing Fees     |                   | \$ 129,600        |
| <b>Total Cost</b>         | <b>\$ 403,000</b> | <b>\$ 129,600</b> |
| Upfront cost              | \$ 300,000        | -                 |
| Monthly cost              | \$ 8,583          | \$ 10,800         |
| Year 1 costs savings      |                   | 67%               |

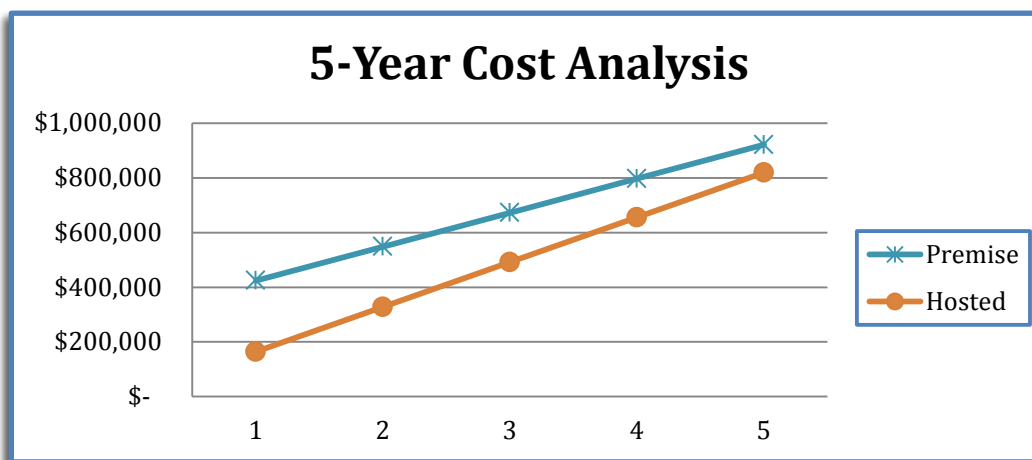
\*LD costs have not been listed but are the same in both cases

This chart shows the actual costs of a New York based call center with 100 agents. Each premise dialer can have costs that need to be considered for the Total Cost of Ownership. As the numbers indicate it is clearly less expensive to operate a hosted environment in the cloud.

### How A Hosted Model Has a Lower Total Cost of Ownership?

*It is more cost effective to “lease” a hosted vs. “buy” a premise dialer.*

Even over five-years, a hosted solution makes the most financial sense. Not only does it allow you utilize the \$300,000 capital that you would have spent on a purchase of a hardware premise dialer to drive growth or other strategic business initiatives, you also will realize ROI gains in new feature development and ongoing month to month cost savings. In fact when you take in the consideration of the old saying “buy vs. lease”, it would take 7 years for you to spend the same amount of money “leasing” a hosted dialer vs. purchasing a premise-based dialer.



You may be saying 7 years for the accumulated costs (Total Cost of Ownership) lines to intersect? Then that makes financial sense, to buy instead of lease, right? Well, consider the gains in technology that happen in 1 year. What about regulation changes? 7 years is a lifetime in technology years. Think of a 7 year old car (purchased premise-based dialer) vs. a brand new leased car with zero miles (hosted- cloud-based dialer). What about phones? Do you know anyone that has a 7 year old mobile phone? And to top it off, at the end of 7 years do you want to have to buy another piece of hardware just to stay current with technology? Remember, you have to come up with another \$300k in order to do that. This can be an endless cycle.

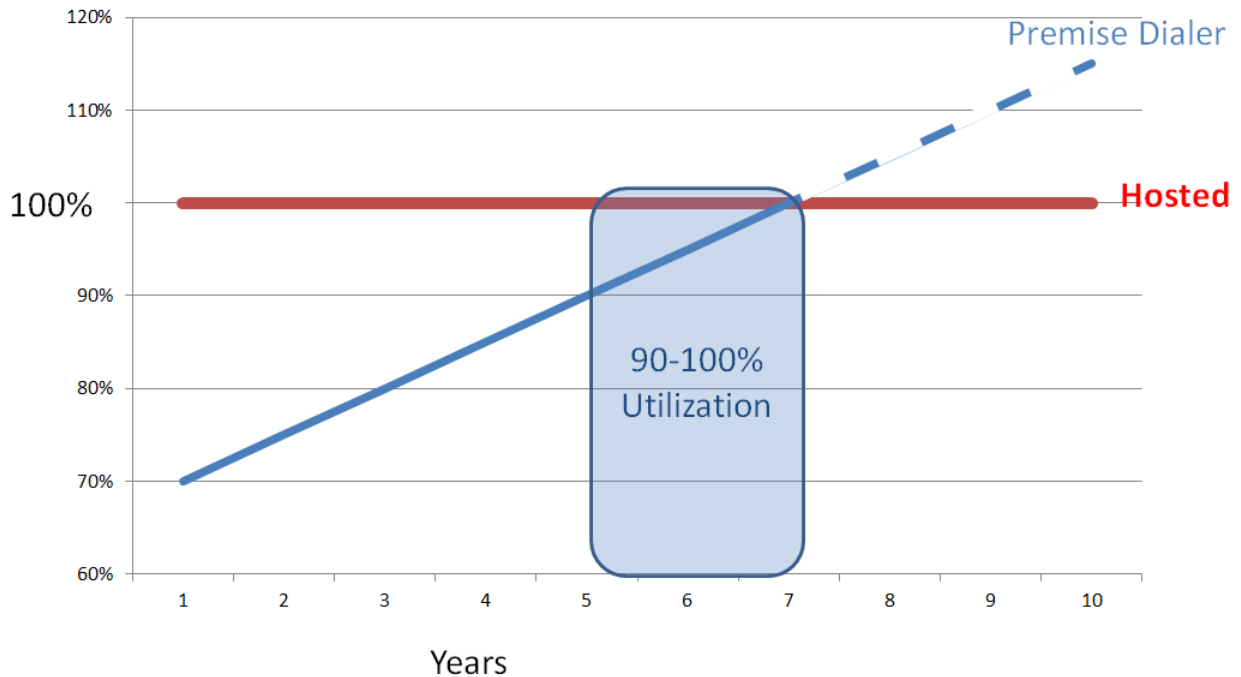
*When call centers can access unlimited lines/ports, their utilization efficiency and dial strategy changes.*

Many times the amount of seats purchased with a premised based model will dictate the maximum amount of agents and the maximum amount of business that you can service. If you have more agents than seats, how do you keep your agents busy? Equally as challenging, what if you have enough seats/licenses for your premised based dialer but you don't have enough lines to keep all your agents busy placing calls. This leads to major inefficiencies of long wait times in-between calls and not enough capacity to place the calls in the ideal times of day. Or it could mean you simply are not capable of taking on any more business.

To be effective in the long run with a premised based dialer, a call center has to predict up to 7 years into the future: How many lines/ports should I buy at start-up? Is that going to be enough to help me

grow, and will I get the needed bang for my buck? What happens if I guess wrong? And if I win, or lose, a major account, what then? Unfortunately, we have seen that in the average 10 year life span of a premise dialer a 90-100% utilization is maximized for only 2 of those years.

## Dialer Capacity/Utilization Efficiency



In general, we have seen that call centers have to buy more capacity that they will use for 4-5 years, paying for hardware and capacity that is not used. Then, there is only 2 years where they maximize usage with 90-100% Utilization (the dialer features are out of date by then). And finally, they tend to put off the purchase of another replacement dialer for another 3 years while they scramble to amass the Cap Ex for the purchase price. That equates to poor agent utilization resulting in lost revenue as well as poor resource allocation and use.

*With a hosted solution, however, the strategy changes.*

Agent dialer capacity/utilization efficiency is always 100% in a pay-as-you-go, hosted-in-the-cloud dialer.

Due to unlimited capacity in the cloud, call centers no longer have to worry about how to keep their agents busy, worry about how many lines/ports they have, worry about how many seats they have. Taking these restrictions out of the equation makes it so you don't even have to think about the dialer, you only need to think about how much business you have and if you want to hire more employees to conduct that business. This has really changed the game. One particular call center saw that they were limited to 3 lines per agent on a premised based dialer and when they switched to a hosted based dialer, they were able to immediately double the amount of consumers called by the same staff.

## **How A Hosted Model Can Adapt to Industry needs like Compliance Tools**

*With the flux and change of today's federal and state regulatory rulings, you may not even be able to use a premise-based dialer.*

Being a completely 100% software based solution in the cloud, TCN has the luxury of building and releasing new features and enhancements following the need and demand of our client base. Nowhere is this more important than developing and delivering compliance tools as frequently as the industry and regulations demand with no additional cost.

One example is how TCN manages the identification, and manual dialing, of wireless (cell phone) telephone numbers. As new court rulings have call centers at risk of litigation and fees for using a predictive dialer to call cell phones without express consent, TCN was able to quickly release a Manual Calling platform that is incapable of "Predictive Dialing" cell phones but yet allows for 100% call recording of manually dialed outbound and inbound calls while still maintaining most of the agent efficiency tools used to track call flow, and agent performance.

### **TCN's "Hosted" Solution**

*The capital outlay from an in-house IVR system can take years to recoup but you can achieve instant ROI, and have the latest and greatest features (including compliance tools) with Leading Call Center Cloud Technology from TCN.*

Increase your ROI immediately by switching to TCN's cloud based hosted [Platform 3.0](#) (P3):

- True Predictive Dialing Utilizing Agent Login
- Preview Dialing
- Manual Calling
- Call Recording
- Advanced Reporting
- Analytics with Real Time Monitoring
- Much More

As a truly hosted solution, P3 can be up and running in your call center in a matter of hours. And you get automatic updates along with security, efficiency, and compliance tools included from call one, at no additional cost.

## What others are saying

*"The beauty of predictive dialing through TCN [Hosted cloud solution] is the connection speed and information that is instantly available. With TCN, agents are logged into their portal, and when a human voice is heard, they are instantly connected to the agent, with a screen pop that shows the consumer information. TCN then automatically pulls that account up in our own system. As a manager in a call center and collections type environment, I see so much value in having fully informed representatives on the phone with consumers instantly, with the time consuming activities, such as dialing, looking up accounts, and leaving messages on answering machines, all handled by automated systems."*

*"There is no contest between hosted and premise based dialers in my opinion: do you want a hunk of worthless machinery (resale-wise) in your server room and have to pay for upkeep on it, trunk lines, etc..., or do you want to pay pennies on the minute to have it hosted [in the cloud] and infinitely configurable by the user, accessible from any location? Hands down Hosted."*

*Heath Morder, Recovery Manager  
RSI, Inc. 3838 N. Central Ave., Ste. 1700  
Phoenix, AZ 85012-1994  
(602)627-2208  
heath.morder@rsico.com*

## About TCN

As a leader in the hosted call center technology industry since 1999, TCN Inc. is recognized worldwide as the preeminent global provider of cloud-based virtual call center technologies. Their cutting-edge communication technology has rendered expensive hardware, subscription software, and crowded call centers obsolete.

For additional information, visit [www.TCNP3.com](http://www.TCNP3.com).