



contact center

WHITEPAPER

# Understanding the Total Cost of Ownership

Evaluating hidden - and ongoing - costs associated with the ownership of hardware-based systems.

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In order to build a proper business case, it is important to fully understand and evaluate the often hidden – and ongoing – costs associated with the ownership of hardware-based systems.

## Are you considering the purchase of a new Contact Center Solution?

If so, you are most-likely evaluating the pros and cons of replacing older facilities-based systems for newer on-premise hardware versus moving up to the cloud. And, most importantly, trying to determine which of the two options will be the most cost-effective in the long run.

Could it in fact be more economical in the long-run to make a significant “one-time” CAPEX investment in order to save on monthly recurring Contact Center as a Service charges? While this initial question may seem like a logical one, simply comparing the amortized purchase price of a hardware-based solution to the total monthly fees of a cloud-based solutions over the same period of time does not give you the complete picture.

- What happens once the equipment is purchased and installed?
- How much does the space and power required to host the equipment cost on a monthly basis?
- Who will install the hardware and ensure its ongoing maintenance?
- How much of your IT personnel’s hours and corresponding salaries need to be allocated to supporting – and learning how to support – this new system?
- What happens if a break occurs, and replacements or upgrades are required?



The illustration shows a blue iceberg floating in the ocean. The tip of the iceberg is above the water line, representing 'Visible Costs'. The much larger part of the iceberg is submerged below the water line, representing 'Hidden Costs'. A white circle on the tip points to the 'Visible Costs' list, and a yellow circle on the submerged part points to the 'Hidden Costs' list.

Visible Costs	
1. Contact Center Hardware*	
2. Contact Center Software*	

  

Hidden Costs	
1. IT Support & Maintenance	5. Finance & Cost of Capital
2. IT Staff & Resources	6. Power & Space
3. Support Staff Training	7. Downtime
4. Depreciation	8. Opportunity Loss

\* Should include entire call center solution: ACD, Call Recording, IVR, WFM

The following template can help you identify and evaluate some of these hidden costs that are often forgotten.

Total Cost of Ownership over a 5 Year Period		On Premise Hardware	Cloud-Based Solution	Notes
<b>Up-Front Costs</b>				
CAPEX	CC Core Hardware Purchase	■	■	CC, ACD, CTI, IVR and PBX servers & modules
	CC Software Purchase	■	■	Software licenses
	Backup Hardware Purchase	■	■	Critical hardware backup servers & modules
	Ancillary / Feature Module Hardware Purchase	■	■	SMS, email, chat, WFM, etc, add-on modules
Up-Front Set-Up Costs	CC Core Hardware Purchase	■	■	OEM and/or Vendor costs
	CC Software Purchase	■	■	OEM/Vendor/Internal/3rd Party costs if applicable
	Backup Hardware Purchase	■	■	IT manhours for deployment, training & certification costs
	Ancillary / Feature Module Hardware Purchase	■	■	Loss of expected savings / revenues during deployment process
<b>Recurring / Ongoing Costs (over 5 years)</b>				
Service Fees	CC Software Fees	■	■	Monthly licenses per seat
Support & Maintenance Costs	Hardware Support Plans	■	■	OEM and/or Vendor support plans
	Software Support Plans	■	■	OEM and/or Vendor support plans
	IT Support and Maintenance Staffing Costs	■	■	IT Salaries, benefits, overtime, mangement, etc.
	Staffing Opportunity Costs	■	■	Turn-over, training and knowledge transfer, errors, re-training
Hosting, Utilities & Security Costs	Space and Power	■	■	Server room rackspace and utility costs for power, cooling
	Proactive Monitoring Costs	■	■	NMS software operators
	Security Costs and Compliance Audits	■	■	Manhours associated with compliance readiness & auditing costs (PCI etc.)
Financial Costs	Equipment Financing Costs	■	■	Financial costs associated with CAPEX investments
	Depreciate of Equipment Costs	■	■	
<b>One-Time Life Cycle Costs</b>				
Repair Costs	Unplanned Repart Costs	■	■	Repair and/or replacement of deffective hardware
Upgrade Costs	Software Upgrade Purchases & Installation Costs	■	■	Compatibility & interop testing, security testing, etc.
	Hardware Upgrade Purchases & Installation Costs	■	■	Compatibility & interop testing, security testing, etc.

■ Applicable ■ Not Applicable

## Salaries & Operating Costs

*IT maintenance and supporting personnel salaries represents an estimated 17% of a typical contact center's operating expenses. A decision to purchase hardware will usually preclude any opportunity to downsize or significantly reduce costs in this particular area.*

A cloud-based contact center solution does not simply eliminate the one-time costs associated with deploying and hosting equipment. It enables your organization to reduce ongoing operating expenses because maintenance, support, updates and upgrades are covered by the monthly licenses of the Contact Center as a Service model.



## We're Changing the Contact Center Game.

Unlike most over-the-top cloud solutions, Telax's unique partnership with your Communication Service Provider enables your cloud contact center platform to become part of your unified communications by integrating directly within your Service Provider's network; **delivering increased reliability, superior voice quality, and faster more accurate resolve times.**

*The only full-featured, powerful, flexible, and customizable Cloud Contact Center platform built right into your Service Provider network.*

Plus, with a Telax powered solution you get the human capital you need to ensure your agents are empowered to deliver optimal customer service. **At NO ADDED COST, we'll help:**

- Recommend better contact center metrics to gain actionable business intelligence for Senior Management.
- Provide continuous training to ensure the most effective use of our simple yet powerful analytics and reporting tools.
- Offer ongoing staff training leveraging industry best practices to improve the collection and aggregation of optimal contact center metrics for your goals.
- Provide you with continued premium support via a dedicated technical team.

## Other Things to Consider

### *Opportunity Costs*

Depending on the size of your organization and complexity of the solution you are looking at, hardware-based deployments implementations can take months, even years to be completed.

Meanwhile, your business is not benefiting from the efficiency gains and cost savings you were expecting from your new Contact Center platform. Opting for Telax's Cloud Contact Center can be completed in weeks, so you can start positively impacting your bottom line much faster!

### *Scalability*

What happens when your business grows and you need to add more agents? More equipment and software licenses need to be purchased and installed. Likewise, you will need to ensure that sufficient voice channels will be provisioned, which can severely impede your ability to react in a timely manner.

Thanks to its ability to provide users with On-Demand scalability and bursting capabilities and Telax can not only help you increase your seat count in record time, but also let you scale down during slower seasons to make sure you are never over-provisioned.

### *Business Continuity*

Relying on a hardware-based contact center solution means your operations are at the mercy of anything that can affect the facilities in which the equipment is housed.

In the event of a power failure or natural disaster, Telax's cloud-based nature and remote agent capabilities can make failover and disaster recovery simpler than ever before. By allowing calls to be routed over the PSTN or mobile networks, and thanks to its web-based agent console, your agents can get back to work in no time and ensure you remain open for business.

