The hidden costs of Contact Centre licencing

The complexities of Contact Centre IT landscapes

Contact Centres require and depend upon a wide array of software, from telephony and automated chat functions on the customer side, to Workforce Engagement tools and video conferencing solutions for internal functions. Add to that the new applications and disruptive solutions that are being introduced with the rise of the cloud, and it's safe to say that Contact Centre IT landscapes are complex environments.

There are many challenges that come with this vast range of software, such as ensuring agents have the right tools to do their job properly, or making sure customer queries can be solved efficiently across multiple channels – but one challenge is rarely talked about. The hidden costs of licencing.
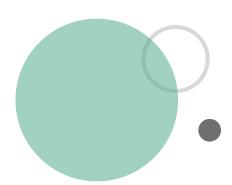
Contact Centre licencing overview

In simple terms, when a Contact Centre signs an agreement for a software solution with a vendor, every product comes with a licence and one of the most important elements is the user licence. This gives every user that is using the solution the right to use it.

Traditional perpetual licence

Contact Centres have typically adopted a 'perpetual licence' agreement for purchasing software. With this model, all the licencing is paid for upfront, giving Contact Centres the right to use it indefinitely. The vendor's associated support contract, typically a one-, three- or five-year term, is purchased alongside the licencing. Contact Centres don't own the licence, but rather have the perpetual right to use the licence, and receive support along the way.

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Flexible subscription-based model

Today, with the growing popularity in cloud services, the method for purchasing licencing has predominantly turned to a subscription-based model, in which Contact Centres have an option to pay for licences monthly or annually for committed users, or on-demand for uncommitted users. Committed users pay either monthly or annually in advance for their chosen capacity, but can also flex above as and when required, at which point the extra users are charged monthly in arrears.

Uncommitted users are tracked by when users log on with their assigned licence, meaning Contact Centres in theory only pay for what they use. These flexible contracts can be hugely beneficial for Contact Centres that fluctuate in capacity throughout the year, giving them the agility to add more user licences for when they need extra agents during peak times.

The hidden costs of licencing

While the benefits for both methods of licencing are evident, there are also some hidden pitfalls that need to be considered when it comes to the cost of licencing.

Support costs

One of the most common places where Contact Centres are at risk of incurring additional costs and risk is with vendor support contracts for perpetual licences. Here, organisations are able to turn to the vendor for support with troubleshooting any problems, and also have access to the latest version of that software product and associated bug fix and security patches.

Traditionally, perpetual licences automatically come with maintenance and manufacturer upgrade support as part of the agreement. But with the rapid growth of cloud-based applications, organisations are scrambling to migrate to the cloud where possible — a fact that vendors are well aware of and are using to their advantage.

Licencing support challenges

FORCED MOVE TO CLOUD – Some vendors are only offering the latest upgrade of products via a cloud-based subscription model, with a perpetual licence option unavailable. This could force Contact Centres down a cloud route they may not have the digital maturity or infrastructure to support, reducing their ability to provide agents and customers with the latest capabilities. This also increases security risks as on-premise solutions can lose support and move further away from the latest upgrade version.

HIGHER COSTS AND LOWER SUPPORT – Vendors are increasing the cost of support and upgrades for customers on legacy technology as a driver to move people to the latest subscription model, while removing support and maintenance altogether for some versions. This can create tension and issues for organisations who have not been warned or budgeted for such an event.

INCREASED RISKS – Without support, Contact Centres no longer have access to bug fixes or security patches – putting them in even more risk of security threats and costly non-compliance. In the last 12 months alone, the Government's Cyber Security Breaches Survey found that 39% of UK businesses identified a security breach, so maintaining the highest security possible is a must. This means Contact Centres will have to upgrade and make the move to cloud, at a potentially massive cost, or risk putting valuable data in danger.

Capacity

Contact Centres are extremely changeable, as they go through seasonal peaks and troughs, and might see a high rate of churn. With users coming and going, it's no surprise many Contact Centres aren't fully aware of what licences they're paying for and what their licencing capacity actually is or needs to be. This has hidden costs in several ways.

Licencing Capacity Challenges

TOO MANY LICENCES – Contact Centres could have far more licences than they need in actuality, meaning they are paying for products they aren't using. This can be especially easy to fall prey to in the world of cloud-based licencing, where easy-to-implement subscriptions can quickly sprawl and become impossible to manage.

NOT ENOUGH LICENCES –When Contact Centres are undersubscribed for licences for the products they're using, this poses a risk of receiving high non-compliance fines when it comes to an audit and also not having the right tools for every user to deliver the best customer experience.

PAYING DOUBLE – By not having a clear picture of their licencing landscape, Contact Centres could be paying twice for the same product. For example, some later licence bundles may include entitlements for many applications, so there is every chance they're paying for the same capabilities twice over.

How IPI can help

Licencing models can be extremely complex, and just a little bit overwhelming – but our licencing experts at IPI are here to help.
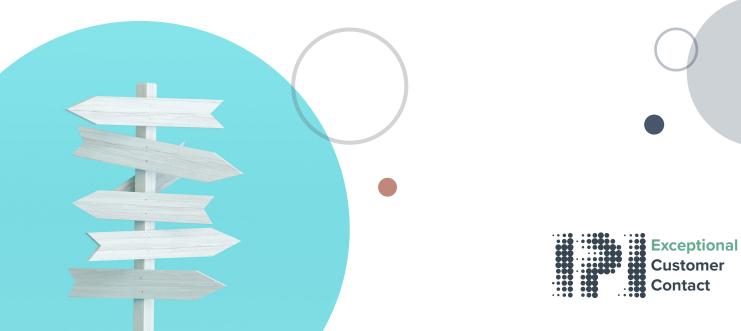
Comprehensive overview

The first key element of reducing and catching these hidden costs is to have a comprehensive overview of your software and cloud estates. There are many tools now that automate licencing information, and at IPI, we can help you to wade through the data to put together a map of what applications you have deployed and where, their usage and how they're being licenced.

Base cleansing

IPI can also help Contact Centres to reduce the cost of any re-initiation fee put forward by the vendor for a customer who wants to re-instate a product that's fallen out of contract. We do this by performing a base cleansing to ensure you're paying the right fee for your requirements.

Roadmap planning

If we see a client is not wedded to the idea of a perpetual agreement or is looking to make the move to the cloud, we will work with you to determine the best roadmap and help secure the best possible deal for your Contact Centre operations on a subscription-basis in the cloud.

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Infrastructure audits

We perform our own audits at IPI. This helps us and you see what has been deployed, as well determine what licencing you need in actuality. We start with a comprehensive audit of your Contact Centre infrastructure to gain an accurate snapshot of your operations. This enables us to pinpoint areas where cost savings can be achieved or where improvements can be made. We'll ensure your estate is adequately covered by the right support packages, identify obsolete or unnecessary products ready for decommissioning, check if licences and solutions can be rationalised and uncover any skills gaps in your workforce.

Selecting IPI as your trusted partner

While being software asset managers isn't in our job description, with our Contact Centre expertise and experience we can help clients to bring the costs down of their licencing estates, helping to maximise their investments and have the right tools for today and the future.

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