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The Most Powerful Name in Corporate News

Cloud-Based Call-Back Solutions

Shai Berger - *CEO*

About Fonolo

Fonolo is the leading provider of cloud-based call-back solutions. The company's innovative products improve the way call centers interact with their customers by seamlessly replacing hold time with a call-back. Regardless of where the conversation begins – on the web, mobile or by phone – Fonolo quickly and conveniently routes customers through the call center, connecting them to the right agent and eliminating hold time. A growing list of organizations, including the Royal Bank of Canada (RBC), Nationstar Mortgage and Thomas Cook trust Fonolo to improve the call center experience for their customers.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: ***Mr. Berger, what is the concept at Fonolo?***
Mr. Berger: Our concept at Fonolo is to allow call centers to add new functionality that improves the caller experience, and at the same time make the call center more efficient and more effective. The features we are talking about, for example, are replacing hold time with a call back. Rather than leaving callers on hold, we give them the option to hang up the phone and get a call when it is their turn in line. That is delivered by a product we have called In-Call Rescue. We also offer visual IVR that replaces the old system of “press one for this and two for that” with a modern visual interface that callers can use through the web or through their mobile phone. These are features that have been around for a while, but historically have been available to only the largest call centers. Only large airlines or global banks have been able to afford this kind of functionality. The core concept behind Fonolo is to make it possible for call centers of all sizes and from all industries to easily have this kind of functionality.

CEOCFO: ***What have you figured out for it to be added easily and relatively inexpensively?***
Mr. Berger: There are two reasons why we really have broken the barrier to these advanced features. The first is that Fonolo is offered as a cloud service, which means companies do not have to install any hardware or software on their end. The second innovation is in the way that we have priced the service. We follow a model called software as a service or SAAS, which basically means that companies buy an amount of service that meets their needs. That cost scales up or down with their usage, and this is opposed to the traditional way of adding functionality to your call center, which is a big up-front expense. The switch between fixed up-front expense and ongoing usage-based expense is one that we have seen throughout all of enterprise software. It has been one of the biggest stories in how software is used by large organizations in the last decade. This same trend is coming now to the call center world, and that is part of what makes Fonolo so appealing and so successful.

CEOCFO: ***Why is that callback feature so popular?***
Mr. Berger: We see a very positive response from consumers whenever they are given the option for a call back, and many studies have shown that it is a very appealing choice. A recent study by Forrester asked companies about their preference if a company does need you to wait on hold, and 75 percent of the respondents said that a call-back offer was highly appealing. Callers like it, and I think the reason why they like it is because it feels like the company is respecting their time. The company is saying, “You are going to have to wait. We do not have enough agents to get to everyone right away, but you do not have to put your life on hold and sit on the phone. We will call you back when it is your turn.” It seems considerate, and I think that really resonates with most consumers.

CEOCFO: ***What is the competitive landscape?***
Mr. Berger: Primarily, we compete against the incumbent vendors of call center platforms. This means companies like Genesys, Cisco, Avaya, Shoretel and Aspect. These are the companies that install the main call center platform and they usually have some form of add-on or some form of component that companies can buy to add call back functionality. Taking that path often involves a large up-front expense and an equipment based solution. What we find is that with the

exception of very large call centers, most companies are priced out of that option. In other words, many companies would love to add call-backs to their call centers but find the cost of adding an equipment-based solution to be out of their range. While the offerings from all the companies I listed are very functional, well regarded and well built, our niche in the marketplace is to help all those companies who cannot afford a premise-based solution to add call back functionality.

CEOCFO: ***Why would one want to have something on premise anyway?***
Mr. Berger: This gets into the history of the call center space, which is a pretty interesting topic. The call center evolved in such a way that it was dominated by a handful of players who have for decades sold large premise-based software to companies for their call center. These systems are all proprietary, so companies end up locked-in to one vendor or another, and in the past they have had to go to their vendors whenever they wanted an upgrade or to add new features. That is one of the reasons that innovation has been slow to come to the call center space.

Often when I talk to consumers, there is just a lot of pent up frustration with the call center experience. People ask me why we are still stuck with this old IVR system of “press one for this and two for that”. Why I am asked for my account number, I punch it in and then I get to the agent and I have to repeat the number again? Why do I have to wait on hold rather than get a call back? All of these problems that seem like they should have been fixed a long time ago are still with us because of the proprietary lock-in that has been a big part of the call center landscape.

CEOCFO: ***How do you reach potential customers and how do they find you?***
Mr. Berger: For us, the most important aspect of our growth has been online content marketing. Today’s enterprise buyer is very sophisticated and quite immune to traditional PR and the old tactics of the past. Today, if you want to reach a buyer at an enterprise company, you have to be really savvy about it. You have to provide engaging content, prove yourself as a thought leader in the industry, let people to read your materials by providing a ton of good insight and valuable information, and then present a solution to a problem they might have. That has been central to our strategy -- writing good content and then presenting it on social media.

“If your company is running a call center, then you should look at Fonolo as a way to improve your customer satisfaction, lower your abandonment rate, lower your cost-per-call and engage with younger consumers. Fonolo is unique because it can add advanced functionality to your call center without any new equipment being added to your call center, since we are a cloud-based service. Our SAAS pricing model means Fonolo is easy on the budget.” - Shai Berger

CEOCFO: ***Would you tell us about your recent agreement with Avaya?***
Mr. Berger: We were very excited to announce at the beginning of May that we joined a reseller program with Avaya called the Select Product Program. Basically that means Fonolo is available to be purchased through the Avaya sales channel, which means either from Avaya directly or any of their resellers or distributors around the world. This is really exciting for a small company like us because it gives us tremendous leverage to reach the market. We are now available through Avaya in 47 countries around the world, and it just gives us a reach that we would never be able to have as a young startup. It is also a great vote of confidence in our approach to virtual queuing that an industry leader like Avaya wants to partner with us.

CEOCFO: ***When somebody is working with Avaya and they want to use Fonolo, would they then be working directly with you on it?***
Mr. Berger: Companies can go to their local Avaya reseller. Most companies are already working with some kind of VAR – Value Added Reseller – to set up and maintain their Avaya system. Now if those companies want to add call-backs, they can go to their reseller and say they would like Fonolo, and that reseller will contact us and we will work together with them to help the customer buy the right package and make sure they are implementing it correctly. All the billing goes through the reseller and through Avaya. It really is purchased as if it were an Avaya product, which it makes it really easy from a purchasing perspective and in terms of maintenance and service.

CEOCFO: ***Do you anticipate deals with other companies in the same range or would this be something exclusive to Avaya?***
Mr. Berger: I see similar partnerships in our future. I think we provide a nice compliment to existing solutions that are out there because we target a segment of the market that is very popular and growing right now. It is the mid-market, which is basically defined as call centers that are between 50 and 500 agents. This is a segment that is highly coveted by the industry right now, and it is a challenging segment because they often cannot afford to add a ton of new equipment. They are looking for cloud-based solutions and cost effective ways to enhance what they have.

CEOCFO: ***You mentioned a couple other areas in addition to the call back. Tell us about some of the other services that you offer and where they are gaining popularity?***
Mr. Berger: One of our products is called Mobile Rescue, and its goal is to connect the call center with a mobile app in a meaningful way. The emergence of the smartphone has been a real game changer for customer service, especially for younger consumers who regard the smartphone as their first choice when it comes to customer service. In other words, younger consumers go to the smartphone first when trying to have some kind of interaction with a company. Only if that does not work will they go to the website, and then if that does not work will they go to a phone call.

It is really important to engage people with the smartphone. Many companies have released mobile apps that have a variety of functionality. Unfortunately, when you use these apps and navigate to the "Contact Us" section, frequently all they do is list the company's phone number. If you tap on the phone number, you are basically starting a plain old phone call. When that happens, it is really throwing away a big opportunity to make use of all the power that is in these smartphones. You lose whatever context was there. You throw away the ability to use the advanced interface that the smartphone gives you both in terms of seeing and entering in information. So it is really a lost opportunity.

What Mobile Rescue does is provides a component that any company can add to their existing mobile app on Android or iOS, and this component allows customers who are already in the mobile app to connect to a call center agent for a live conversation with one tap. They bypass the IVR and avoid waiting on hold, so it is a great experience for the end user, and at the same time it really helps companies engage with that younger demographic.

CEOCFO: ***Have you seen people who are taking advantage of your call back returning for additional services?***
Mr. Berger: We have had tremendous success in the market over the last few years. In fact, our fiscal year, which just ended a month ago, saw a doubling in revenue. We are really pleased about that and we have some great case studies available on our website.

Just to give you one quick story, there was a mid-size credit union in California with about 50,000 members and they implemented all three of our products, In-Call Rescue, Mobile Rescue and Web Rescue, as part of their attempt to engage with younger consumers, as I was talking about earlier. They had a great deal of success, and they were able to engage with those younger members much better. In fact, in the first 60 days they booked new loans just through the Fonolo channels of 1.3 million dollars. In the first year after implementing Fonolo, that number was over 10 million dollars in new loans just through interactions via the Fonolo channels.

Another great result we are seeing is companies decreasing their abandonment rate. Abandonment is when someone calls in, gets on hold and then gives up and hangs up, which I am sure you have done. (We have all done it! We just lose patience and then leave.) Abandonment is one of those metrics that call centers keep a really close eye on, especially when you are talking about a sales situation. Companies often regard abandonment as a lost potential sale, so it is for obvious reasons an important metric. We had an implementation with a child care provider called Bright Horizons that lowered their abandonment rate by 30 percent and we have deployment with a big mortgage company, Nationstar Mortgage, who lowered abandon rates by 35 percent during peak times – 30 days after employment.

CEOCFO: ***Fonolo is showing impressive and substantial results!***
Mr. Berger: Yes, that is fair to say! And we're just getting started.

CEOCFO: ***Put it all together for our readers. Why pay attention to Fonolo?***
Mr. Berger: If your company is running a call center, then you should look at Fonolo as a way to improve your customer satisfaction, lower your abandonment rate, lower your cost-per-call and engage with younger consumers. Fonolo is unique because it can add advanced functionality to your call center without any new equipment being added to your call center, since we are a cloud-based service. Our SAAS pricing model means Fonolo is easy on the budget.

BIO: Shai is responsible for setting Fonolo's strategic direction and driving its growth.

His experience and accomplishments within the customer service and contact center industries have positioned him as a thought leader and innovator in the space.

Prior to launching Fonolo, Shai was the co-founder and CEO of Streamcheck, where he led the company until its acquisition by Keynote Systems in 2003.

He has a degree in Engineering Physics from Queen's University and a Master's degree in Applied Science from the University of Toronto.

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