
THE CLOUD AS A CUSTOMER SERVICE SOLUTION

Wisdomtree EU
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The recent Behind the Markets focused on technology trends, with Wharton Professor Gad Allon, a venture capital partner at Bessemer Venture Partners, Ethan Kurzweil, and Rowan Trollope CEO of Five9, a cloud contact centre solution for enterprises.

Cloud Trends

Softwares have been moving to the cloud for the more agile operating environment and coincidentally allowing people to access things from anywhere—relevant in our current work from home environment. This trend has been in place for 10-15 years but it is accelerating out of necessity right now.

Trollope described Five9 as providing the platform you need to connect and engage with your customers. Their software is replacing legacy Private Branch Exchange (PBX) phone systems – which many will be familiar with the ‘push 1 for this, push 2 for this when you call someone for service.

Trollope believes most people do not like the typical customer service they receive. People expect the worst when calling contact centres.

There are 16 million people employed worldwide in contact centres, with \$24 billion spent annually on legacy technology that no one likes. Adding in labour costs, there is nearly ¼ of \$1 trillion spent on this bad customer experience. Adding Google AI services on top, Five9 helps companies leverage their incoming call centre data to be more efficient with their labour spend as well.

‘Home-shoring’ has been happening in call centres for a while, but within 2 weeks, 100% of people using Five9 software were working from home. And it may never go back.

Trollope’s largest client with 5,000 customer service gents plan to leave 80% working from home. Trollope sees this improving the overall call centre experiences—turnover goes down as agents are happier working from home.

Rule of 40: a measure of efficient growth

The rule of 40 adds revenue growth to a free cash flow or enterprise margin. Five9 has a nice balance in profitable growth – with growth rates in the high 20s but also delivering healthy profits.

Five9 highlighted their Lifetime value (LTV) to Customer acquisition cost (CAC) ratio –

which measures the lifetime value of an enterprise client versus the customer acquisition cost. Five9 has a 6 to 1 ratio - Kurzweil said Bessemer looks at anything above 3 to 1 ratio as good, 4 to 1 is exceptional - so Five9 being 6 to 1 is extraordinary in his opinion.

WisdomTree has been focused on the cloud space recently and this was a great conversation illustrating what is ahead for one of the high growth companies in the space.

Please listen to the full conversation below.

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