Hilton Reservations and Customer Care   Case Study

Challenge:
Growing Call Center Capacity While Cutting Costs

This is a good time to be in the hospitality industry. Leisure travel is up
19 percent since 2000, and hotel occupancy rates continue to grow, despite average daily
room rate increases of five to six percent in 2007. While this boom is affecting most
hospitality companies, no company in the industry is growing faster than Hilton Hotels
Corporation. Between 2000 and 2006, Hilton added 1,000 hotels to its system and
expects to add another 900 by 2010. Currently, it has more than 2,800 hotels and 480,000
rooms in
76 countries and territories, and employs 100,000 team members worldwide.

Keeping those rooms booked is Hilton's top priority, and the company is doing very well on
that measure. Many of its hotels - in the U.S. in particular - are operating at occupancy
levels in the high 80 percent range with room rates at all-time highs. Hilton's RevPAR
(revenue per available room) - the all-important metric in the lodging industry - grew
30 percent from 2002 to 2006.

The challenge for management at Hilton Reservations and Customer Care Group is to
provide high-quality customer service to the growing number of travelers inquiring about
reservations, as efficiently as possible. The company wanted to increase its quality of
customer service while decreasing its call center costs, and realized that a work-at-home
program for its call center staff could address both requirements.

The flexibility of working at home appeals to more job applicants, including many well
educated and skilled people such as stay-at-home mothers and teachers on summer break.
Hilton can offer these flex-time workers hours when demand is high and cut back during
slow seasons, helping it to match capacity to demand for optimal efficiency and cost savings.

In addition, the going rate for a part-time work-at-home agent is approximately $6 an hour less than for a traditional full-time agent, plus the savings in employee benefits. Hilton Reservations also saw a work-at-home program as an opportunity to reduce its number of call center locations. This could result in savings on real estate, power, and other physical support costs.

Beginning in 2004, Hilton Reservations and Customer Care experimented with a remote call center program, issuing employees PCs and having them dial in to the corporate network and reservation system. However, by late 2006 the group concluded that the program wasn't working, from either a business or an IT point of view. Approximately a dozen agents were using PCs from home, but even that limited number of agents required almost one full-time IT employee to support their technical needs. Technical issues impacted the agents' productivity, and consumed a disproportionate amount of technical resources.

Solution: Enabling Agents through Thin Computing

Steve Christian, senior systems engineer at Hilton Reservations and Customer Care, and Chris Charbonneau, systems engineer, began researching options by looking at other companies with work-at-home programs, such as JetBlue, which has no call centers. Christian and Charbonneau saw the opportunity to follow and improve upon the example set by JetBlue, which outfits remote employees with PCs and expensive local routers.

"We wanted to move away from the model of supporting local computers over a network," explains Christian. "In our experience, managing individual PCs remotely took too much time and had the potential to expose our reservations system to viruses and spyware. We started thinking about thin-client computing."

Christian's team evaluated several thin client product offerings from vendors such as Wyse, Neoware, and Hewlett Packard. Hilton in the end opted to standardize on Wyse thin clients because of a more robust feature set and overall compatibility and integration issues.

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"It's the perfect solution for us," comments Christian. "It costs us significantly less to outfit and support our staff with Wyse thin clients than with PCs. We manage everything centrally on the server, instead of troubleshooting each PC. The Wyse thin client solution also enables us to fully protect our corporate system. The worst thing that can happen is a malfunction with the thin client, and if that happens, we simply give the team member a new one."

When Hilton Reservations and Customer Care hires new work-at-home agents, it provides six weeks of training on site, in the evenings. During the third week of training, the company provides trainees with a thin-client device. They take it home, plug it in, and practice from home.

"Next year, we're going to experiment with remote training," says Christian. "Trainees will come in, we'll give them a thin client, and they can take classes through web conferencing and do all their training from their homes during scheduled on-line classes with the Hilton training department."

The Challenge:

- Reduce call center space requirements

- Decrease costs associated with taking reservations

- Expand skilled flex-time workforce

Agents can work from anywhere within a metropolitan area where Hilton Reservations and Customer Care has a phone switch. They switch on their Wyse thin client running Microsoft Windows XP Embedded, log into the VPN and then into Hilton's Automatic Call Distributor (ACD), which manages incoming calls and handles the calls based on the number called and an associated database of instructions.

The Wyse thin clients connect back to the company's Memphis server farm through a Web browser running over the Independent Computing Architecture (ICA), protocol developed by Citrix. Agents log in to a desktop that's served from a Citrix Presentation Server 4.5, and that desktop provides all the functionality for their Wyse thin clients. They see their applications—e-mail, the Polaris registration system, the Hilton intranet, and an IP phone. They can start work right away, fielding calls, checking room availability, recording credit card information, and making reservations. But they are unable to download anything— viruses, credit card numbers, personal information—to their Wyse thin clients. Their work is all done on a central server, and when they switch off their Wyse thin client at the end of their session, nothing is stored locally on their hardware.

Hilton initially purchased 500 Wyse V90 thin clients for the program. By the end of 2007, it had 687 units in the field, and expects to double this number by the middle of 2008. Hilton now uses both Wyse V90 and V90LE thin clients.

Wyse: Easier to Use and Manage

The Wyse solution has proven easy for agents to use and for IT to manage. Agents only need to ensure their home has a high-speed Internet connection. Everything else is included with the Wyse device. Because so little can go wrong with a thin client computer, most technical support is handled by 4 full time staff members at a centralized Work at Home Help Desk staff members supporting over 650 users whose responsibilities include fielding agent questions, mostly by referring them to FAQ material on the Hilton intranet. "It doesn't amount to a full-time job," explains Christian. "This is really easy. In fact, the biggest challenge is ensuring that remote workers subscribe to a high-quality ISP."

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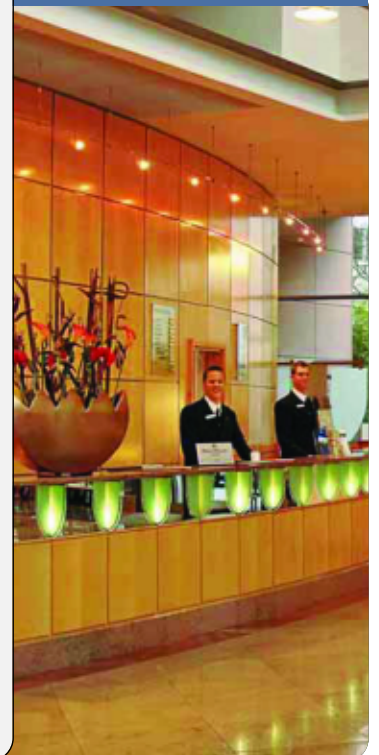
For the IT team, Wyse Device Manager software makes managing hundreds of Wyse thin clients—and scaling up to thousands of devices—straightforward. Wyse Device Manager software enables central systems management for "visit-free" total control of thin clients, including remote management, upgrades, and configuration from an administrator's console, so the IT team can closely control what happens. It also integrates with Citrix's management console giving the IT team a unified network view. In this way, agents always work with the latest software and systems capabilities, without needing to upload anything to their devices.

"With the Wyse administrative console, we really only need to manage a few servers and the Citrix Presentation Server," says Charbonneau. "We manage everything in one place. Nothing happens on the thin clients, which makes this model extremely scalable."
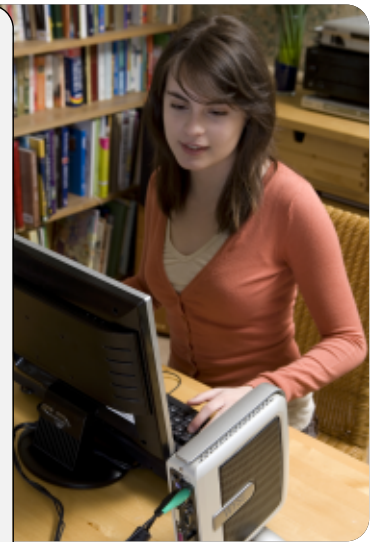
Customer: Hilton Hotels

- 100,000 employees

- 1,200 work-at-home employees at one international and four domestic call centers

Benefits

When asked what ultimately motivated Hilton to switch to a thin-client model and aggressively expand its work-at-home program, Christian is succinct: "It all came down to the doing an even better job for less."

Through this program, Hilton is saving money on call center real estate, computer equipment, power, server licenses, technical support, per-hour agent rates, and full-time employee overhead. At the same time Hilton Reservations and Customer Care is gaining flexibility to expand or decrease workforce hours as needed, and broadening the company's reach to employ the most qualified agents who will deliver the highest quality service to Hilton's customers.

Real Estate Cost Avoidance

Although Hilton Reservations and Customer Care has only recently launched its work-at-home program, it has already reduced call center staff numbers enough to close a call center and shift the work out to home-based agents. This will enable the company to close one full call center of 500 employees and allow them to work from home. In this way Hilton Reservations and Customer Care avoids costs associated with renting floor, utilities, and maintenance. In addition to enabling closure of one call center, the program has also enabled a 350-person reduction in staff working from another center, dramatically reducing employee footprint in that center and opening up options for alternative use of that space.

Greater Systems Control

Another major reason Hilton Reservations and Customer Care selected Wyse was the inherent security benefits of centralizing managing data and applications. "With Wyse, we saw that we could lock down the devices so that agents couldn't use them for Internet browsing. We could control devices so that agents can access only what they need: the VPN connection and a browser-based connection to our Citrix back-end," says Charbonneau.

Equipment Cost Avoidance

To outfit an agent completely, Hilton Reservations and Customer Care supplies a Wyse client, Netgear firewall, Citrix license, and a Microsoft Terminal Server license. This costs approximately $1,200, which compares favorably with the $1,300 it costs to outfit an agent station at a call center, and even more favorably with the $1,400 it was costing to send out PCs under the original work-at-home plan. "Saving $100 to $200 on equipment costs per employee may not sound like much," says Christian, "But we are rolling this out to 2,500 individuals. That's $250,000 to $500,000, not including the cost savings in support staff salaries."

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In addition, because the Wyse thin clients don't become obsolete like PCs do, Hilton won't have to replace them as frequently as it replaces PCs in its call centers. The Wyse thin clients are diskless, fanless, and convection cooled. Because they have no moving parts, they are quiet, durable, have low operating costs, low service requirements, and a long (150,000 hours) Mean Time Between Failures (MTBF). In contrast, each PC has a useful life of approximately 4 years, and the call center replaces approximately 20 percent of its PCs each year. Annual savings from not having to replace PCs runs in the tens of thousands of dollars.

Salary Savings

Work-at-home agents typically earn $8 to $10 per hour, compared to the $14 to $15 per hour that the company pays senior full-time call-center based agents. Hilton also saves money by adjusting the hours available to its work-at-home staff to match changing levels of demand. This enables Hilton to respond to seasonal variance and deliver excellent customer service, with minimal wait times for incoming callers, without having to pay staff when it doesn't need that extra capacity.

By going "thin" Hilton has also been able to streamline and reduced IT overhead costs. IT call center support staff has been reduced slightly while still being able to increase the number of users on the network. "We're able to support more users while improving the overall quality of service by adopting an easy-to-administer, hard-to-break thin-client model," says Charbonneau.

Better-Quality Employees

The experience of Hilton Reservations and Customer Care in its work-at-home program has been that you don't always get what you pay for—sometimes you get more. Although the amount the company pays per hour worked has gone down significantly, overall the performance and quality of services agents deliver to Hilton customers has dramatically increased.

"With the convenience and flexibility of working at home, we attract more applicants and can afford to be more selective," says Christian. Many applicants already have full-time jobs, but can work extra hours if they don't have to drive to a workplace and if they can choose their own hours. Agents use an online program to build their schedule each week, signing up for specific hourly slots to meet expected levels of demand.

Hilton Reservations and Customer Care plans to deliver its six-week training course online to broaden the pool of potential employees, enabling people with tight schedules or physical disabilities to participate from home, at a convenient time.

Already, at Hilton Reservations and Customer Care in Dallas and Tampa, some visually impaired agents are able to work with the Wyse-powered reservations systems. They have larger screens on their Wyse devices and some use a Brailler that translates visual screens to Braille. "We've only just started this program, but we expect it will enable us to attract and retain skilled visually impaired people, further expanding our pool of potential employees," says Christian.

Wyse V Class thin client

Quality of Service

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  Chris Charbonneau

  systems engineer

  Hilton Reservations

Hilton @ Home

Conclusion:

Scaling up a Successful Program and Going Global

Hilton's work-at-home program was piloted in the United States, but the company has already expanded it to Glasgow, Scotland. The Glasgow office trains new work-at-home employees throughout Europe, and provides them with Wyse thin clients. Because the devices almost never need support, it's easy for staff at the Glasgow to provide support over the phone. This also enables a single office to support work-at-home agents from many different language groups across Europe, helping ensure greater customer satisfaction in a cost-effective manner.

The work-at-home program with Wyse devices has proven so beneficial and cost-effective for Hilton Reservations and Customer Care that the company plans to expand its work-at-home program to operate out of its offices in Mexico City and Singapore. One of the great benefits of the Wyse thin computing model is that it enables a company to scale up a work-at-home program dramatically without significant additional expense beyond the cost of additional thin client hardware and licenses. The cost of developing and maintaining systems and applications remains virtually unchanged even if the number of users and devices triples or quadruples.

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WYSE