# Service Engineering & Science: Data-Based Research, Teaching, Practice

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http://ie.technion.ac.il/serveng

Wharton Empirical OM, September 2006

# Main Messages

- Simple Models at the Service of Complex Realities.
   Supported by a Panorama of Empirical and Theoretical Models.
- 2. Data-Based Analysis is a Must & Fun (after tenure?).
  Supported by DataMOCCA = Data MOdels for Call Center Analysis, initiated at Wharton, currently developed at Technion and available for adoption.
- **3. Back to the Basic-Research Paradigm** (Physics, Biology, ...): **Measure, Model, Experiment, Validate, Refine, etc.**
- 4. Ancestors & Practitioners often knew/apply the "right answer": simply did/do not have our tools/desire/need to prove it so.
- **Supported** by Erlang (1915), Palm (1945),..., seasoned & thoughtful managers.

# **Background Material (Downloadable)**

► Technion's "Service-Engineering" Course (≥ 1995): http://ie.technion.ac.il/serveng

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- Gans (U.S.A.), Koole (Europe), and M. (Israel):
   "Telephone Call Centers: Tutorial, Review and Research Prospects." MSOM, 2003.
- Brown, Gans, M., Sakov, Shen, Zeltyn, Zhao: "Statistical Analysis of a Telephone Call Center: A Queueing-Science Perspective." JASA, 2005.
- Trofimov, Feigin, M., Ishay, Nadjharov:
   "DataMOCCA: Models for Call/Contact Center Analysis."
   Technion Report, 2004-2006.
- ► M. "Call Centers: Research Bibliography with Abstracts." Version 7, December 2006.



# Present Focus: Call Centers, but Expanding

# Call Centers: Business-Frontiers & Sweat-Shops of 21<sup>st</sup> Century U.S. Statistics (Relevant Elsewhere)

- Over 60% of annual business volume via the telephone
- ▶ 70,000 200,000 call centers
- ► 3 6.5 million employees (3% 6% workforce)
- 20% annual growth rate
- ▶ \$100 \$300 billion annual expenditures
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#### Expanding, eg. Healthcare:

- Similar Challenges: Scarce transactional data, natural queueing-network view, human-operations interface (7% LWBS), nurse-staffing (several millions), . . .
- ▶ Unique Challenges: More risk, less scale-economies, more synchronization gaps, . . .



# The First Prerequisite: Data & Measurements

Empirical "Axiom": The data one needs is never there for one to use – always problems with historical data.

Data at the level of **Individual-Transactions**: Time-Stamps of Events

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Current Databases: Operations (vs. Marketing, Surveys, ...)

- ► Face-to-Face data (bank bar-code readers): Recitations
- ► Telephone data (small cc 350K calls/year): Homework
- ▶ DataMOCCA (large cc's 350K call/week): Research

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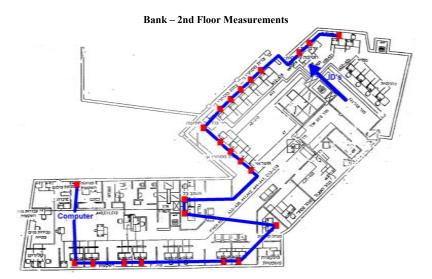
#### Future Research: - experience anyone?

- Healthcare (via RFID)
- Multimedia: Telephone + email + Internet (log-files)
- Field-Support
- Operation + Marketing (ACD + CRM)



### **Measurements: Face-to-Face Services**

#### 23 Bar-Code Readers at a Bank Branch

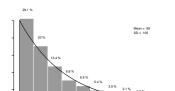


# Measurements: Telephone Call-by-Call Data (Log-File)

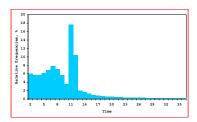
		customer id		_	date	YOU CORRY	vru exit	vru time		a exit		outcome	ser start	ser exit	ser time	server
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AA0101	44750 44967	12887816	1	PS	990905	14:49:00	14.49.06	6	14:49:06	14.53:00	234	AGENT	14.52.59	14:54:29	90	ROTH
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AA0101	44968	0	0	NW	990905	15:10:17	15:10:26	9		15:13:19		HANG	20,021,03		0	NO_SERVER
AA0101	44969	63193346	2	PS	990905	15:22:07	15:22:13	6	15:22:13	15:23:21	68	AGENT	15:23:20	15:25:25	125	STEREN
AA0101	44970	0	0	NW	990905	15:31:33	15:31:47	14	00.00.00	00:00:00	0	AGENT	15:31:45	15:34:16	151	STEREN
AA0101	44971	41630443	2	PS	990905	15:37:29	15:37:34	5	15:37:34	15:38:20	46	AGENT	15:38:18	15:40:56	158	TOVA
AA0101	44972	64185333	2	PS	990905	15:44:32	15:44:37	5	15:44:37	15:47:57	200	AGENT	15:47:56	15:49:02	66	TOVA
AA0101	44973	3.06E+08	1	PS	990905	15:53:05	15:53:11	6	15:53:11	15:56:39	208	AGENT	15:56:38	15:56:47	9	MORIAH
AA0101	44974	74780917	2	NE	990905	15:59:34	15:59:40	6	15:59:40	16:02:33	173	AGENT	16:02:33	16:26:04	1411	ELI
AA0101	44975	55920755	2	PS	990905	16.07.46	16:07:51	5	16:07:51	16:08:01	10	HANG	00.00.00	00:00:00	0	NO SERVER
AA0101	44976	0	0	NW	990905	16:11:38	16:11:48	10	16:11:48	16:11:90	2	HANG	00 00 00	00:00:00	0	NO SERVER
A A0101		13689787	,	PS		16:14:27		6	16:14:22	16 14 54	21	HANG			0	NO SERVER
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AA0101	44770	0	0	PS	990901	16:14:31	16:14:46	15	00.00.00	00.00.00	0	AGENT	16:14:44	16:16:02	78	BENSION
AA0101	44771	0	0	PS	990901	16:38:59	16:39:12	13	00.00.00	00:00:00	0	AGENT	16:39:11	16:43:35	264	VICKY
AA0101	44772	0	0	PS	990901	16:51:40	16:51:50	10	00.00.00	00:00:00	0	AGENT	16:51:49	16:53:52	123	ANAT
AA0101	44773	0	0	PS	990901	17.02:19	17:02:28	9	00.00.00	00:00:00	0	AGENT	17.02:28	17:07:42	314	VICKY
AA0101	44774	32387482	1	PS	990901	17:18:18	17:18:24	6	17:18:24	17:19:01	37	AGENT	17:19:00	17:19:35	35	VICKY
AA0101	44775	0	0	PS	990901	17:38:53	17:39:05	12	00.00.00	00:00:00	0	AGENT	17:39:04	17:40:43	99	TOVA
AA0101	44776	0	0	PS	990901	17:52:59	17:53:09	10	00.00.00	00.00.00	0	AGENT	17:53:08	17:53:09		NO_SERVER
AA0101	44777	37635950	2	PS	990901	18:15:47	18:15:52	S	18:15:52	18:16:57	65	AGENT	18:16:56	18:18:48	112	ANAT
AA0101	44778	0	0	NE	990901	18:30:43	18:30:52	9	00 00 00	00:00:00	0	AGENT	18:30:51	18 30 54	1	MORIAH
AA0101	44779	0	0	PS	990901	18.51:47	18:52:02	15	00.00.00	00.00.00	0	AGENT	18:52:02	18:55:30	208	TOVA
A A0101	44780			PS	990901	19 19 04	19 19 17	13	00 00 00	00 00 00	0	AGENT	19 19 15	19/20/20	65	MEIR
AA0101	44781	,		PS	990901	19:39:19	19:39:30	11	00.00.00	00.00.00	0	AGENT	19 39 79	19:41:42	133	BENSION
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AA0101	44784	0	0	NW	990901	20 36 54		20	00.00.00	00 00 00	0	AGENT		20:38:07	54	BENSION
AA0101	44785			PS	990901	20.50.07	20.57.14		00.00.00	00.00.00	0	AGENT	20.59.15	20.50.07	22	RENSION
AA0101	44785		v	PS			-	10	00.00.00			AGENT		20:51:32	69	TOVA
		0	0													
AA0101	44787	,	U	PS			21:25:13	13		00.00.00	0	AGENT			170	AVI
AA0101	44788	0	0	PS	.,,		21:50:54	14		00.00:00	0	AGENT			61	AVI
AA0101	44789	9103060	2	NE	990901	22:05:40	22:05:46	6	22:05:46	22:09:52	246	AGENT	22.09.51	22:13:41	230	AVI
AA0101		14558621	2	PS	990901	22:24:11	22:24:17	6	22:24:17	22:26:16	119	AGENT	22:26:15	22:27:28	73	VICKY
AA0101	44791	0	0	PS	990901	22:46:27	22:46:37	10	00:00:00	00:00:00	0	AGENT	22:46:36	22:47:03	27	AVI
AA0101	44792	67158097	2	PS	990901	23:05:07	23:05:13	6	23:05:13	23:05:30	17	AGENT	23:05:29	23:06:49	80	VICKY
AA0101	44793	15317126	2	PS	990901	23:28:52	23:28:58	6	23:28:58	23:30:08	70	AGENT	23:30:07	23:35:03	296	DARMON
AA0101	44794	0	0	PS	990902	00:10:47	00:12:05	78	00.00.00	00.00:00	0	HANG	00.00.00	00:00:00	0	NO SERVER
AA0101	44795	0	0	PS	990902	07:16:52	07:17:01	9	00:00:00	00:00:00	0	AGENT	07:17:01	07:17:44	43	ANAT
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# **Beyond Averages: Waiting Times in a Call Center**

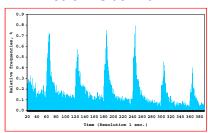
#### **Small Israeli Bank**



Large U.S. Bank



#### Medium Israeli Bank

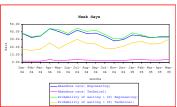


# DataMOCCA = MOdels for Call Center Analysis

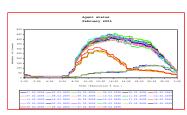
#### **Daily Report**



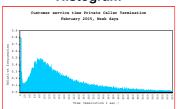
#### **Time Series**



#### **Cross Tabulation**



#### Histogram



# The Second Prerequisite: (Operational) Models

Through **Examples** Only.

Each example starts with a **Complex Reality** and ends with a **useful** insight due to a **Simple Model**.

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"Theorem": A useful model must be simple (yet not too simple).

Models in decreasing simplicity-levels:

- Conceptual: Service Networks = Queueing Networks
- ▶ Descriptive: Averages, Histograms
- Explanatory: Comparative, Regression
- Analytical/Mathematical: Little's Law, Fluid Models, Queueing Models, Diffusion Approximations.

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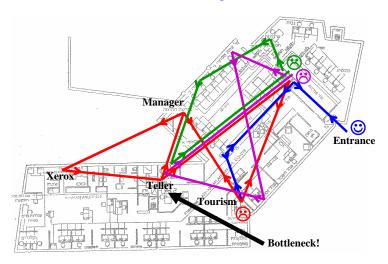
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<sup>&</sup>quot;Corollary": To be useful, a simple model sometimes requires deep analysis.



# **Conceptual Model: Face-to-Face Services**

#### **Bank Branch = Queueing Network**



# **Descriptive Model: Transition Probabilities (Averages)**

#### Transition Frequencies Between Units in The Private and Business Sections:

		Private Banking				Business				
	To Unit From Unit	Bankers	Authorized Personal	Compens - - ations	Tellers	Tellers	Overdrafts	Authorized Personal	Full Service	Exit
	Bankers		1%	1%	4%	4%	0%	0%	0%	90%
Private	Authorized Personal	12%		5%	4%	6%	0%	0%	0%	73%
Banking	Compensations	7%	4%		18%	6%	0%	0%	1%	64%
	Tellers	6%	0%	1%		1%	0%	0%	0%	90%
	Tellers	1%	0%	0%	0%		1%	0%	2%	94%
Services	Overdrafts	2%	0%	1%	1%	19%		5%	8%	64%
	Authorized Personal	2%	1%	0%	1%	11%	5%		11%	69%
	Full Service	1%	0%	0%	0%	8%	1%	2%		88%
	Entrance	13%	0%	3%	10%	58%	2%	0%	14%	0%

Legend:

0%-5% 5%-10% 10%-15% >15%

#### **Dominant Paths - Business:**

Unit Parameter	Station 1 Tourism	Station 2 Teller	Total Dominant Path
Service Time	12.7	4.8	17.5
Waiting Time	8.2	6.9	15.1
Total Time	20.9	11.7	32.6
Comico Indon	0.61	0.41	0.53

# **Mapping the Offered Load (Bank Branch)**

Department	Busi	ness	Private	Banking		
	Serv	ices	Banking	Services		
Time	Tourism	Teller	Teller	Teller	Comprehensive	
8:30 - 9:00						
9:00 - 9:30						
9:30 - 10:00						
10:00 - 10:30						
10:30 - 11:00						
11:00 - 11:30						
11:30 - 12:00						
12:00 - 12:30						
Break						
16:00 - 16:30						
16:30 - 17:00						
17:00 - 17:30						
17:30 - 18:00						

#### Legend:



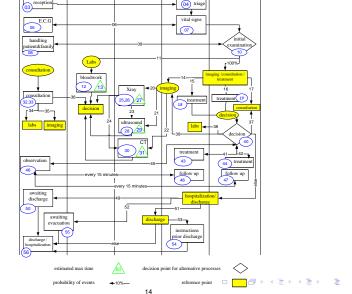
# **Conceptual Model: Hospital (ED) Network (Sinreich)**

Imaging

proportion of patients

reception

Lab



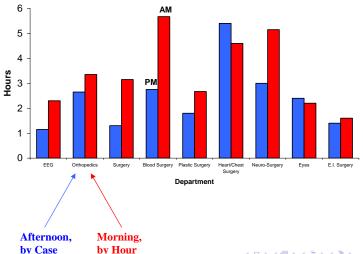
process requires bed

Physician

Nurse

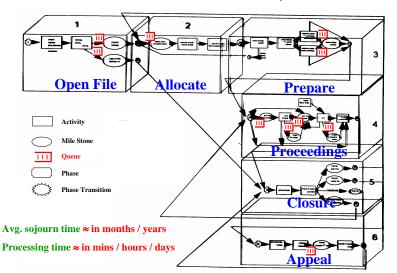
# Descriptive Model: Service Times (Averages) or, Even "Doctors" Can Manage

Operations Time - Morning (by Hour) vs. Afternoon (by Case):



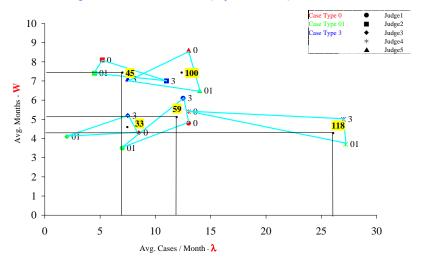
#### Conceptual Model: The "Production of Justice"

#### The Labor-Court Process in Haifa, Israel

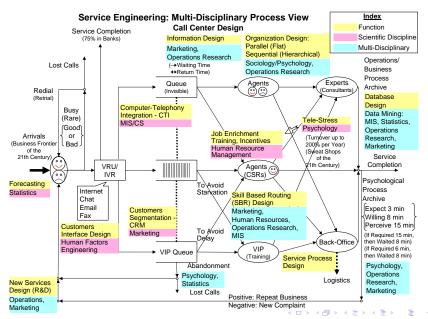


# **Analytical Model: Little's Law in Court (still Averages)**

#### Judges: The Best/Worst (Operational) Performer

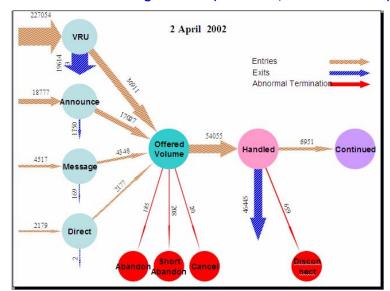


# **Call-Center Network: Flow, Functions, Disciplines**

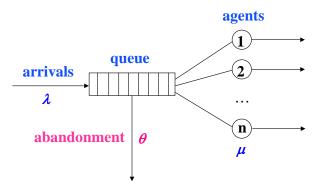


# **Conceptual Model: Telephone Service**

#### Call-Center = Queueing-Network (U.S. Bank, via DataMOCCA)



# The Basic Staffing Model: Erlang-A (M/M/n +M)

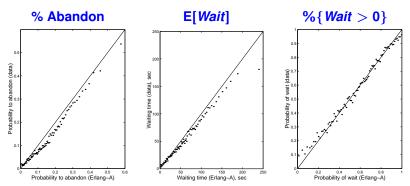


#### **Erlang-A Parameters:**

- $\lambda$  **Arrival** rate (Poisson)
- $\mu$  **Service** rate (Exponential)
- $\bullet$   $\theta$  Impatience rate (Exponential)
- ▶ n Number of Service-Agents.

# Erlang-A: Fitting a Simple Model to a Complex Reality

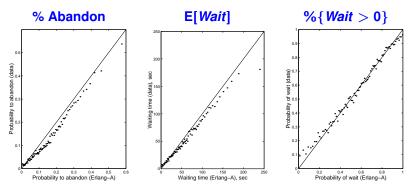
#### **Hourly Performance vs. Erlang-A Predictions**



- Small Israeli bank (10 agents)
- ▶ Empirically-Based Estimation of Patience  $(P\{Ab\}/E[W_a])$

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- Small Israeli bank (10 agents)
- ▶ Empirically-Based Estimation of Patience  $(P\{Ab\}/E[W_q])$
- Asymptotic formulae fit even better:
   Theory Why so Robust wrt size, features? Boundaries?
   Practice eg. few-server time-varying systems (Healthcare, . . .)

# **Erlang-A: Simple, but Not Too Simple**

#### **Experience:**

- ► Arrival process **not pure Poisson** (time-varying,  $\sigma^2$  too large)
- Service times not exponential (typically close to lognormal)
- ▶ Patience times **not exponential** (various patterns observed).
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#### Questions naturally arise:

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- 3. How to Accommodate Generalizations? Time-Varying, SBR, ...

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Answers via Asymptotic Analysis, as load- and staffing-levels ↑:

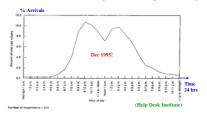
The QED Regime, where QED = Quality & Efficiency Driven. Erlang (1915-25), Halfin-Whitt (1981); recent surge of research.



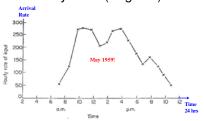
#### Arrivals to Service: Poisson-Related

#### **Arrival Rate to Three Call Centers**

#### December 1995 (U.S. Helpdesks)



#### May 1959 (England)



#### November 1999 (Israel)

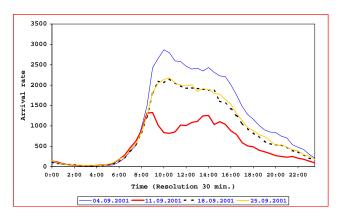


#### Observation:

Peak Loads at 10:00 & 15:00

# Arrivals: Still Poisson-Related, but ....

#### Arrival Rates on Tuesdays in a September - U.S. Bank

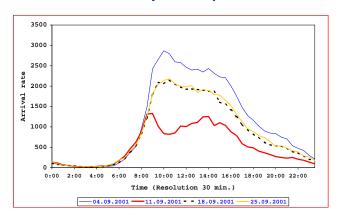


- ► Tuesday, September 4th: Heavy, following Labor Day.
- ▶ Tuesdays, September 18, 25: Normal.



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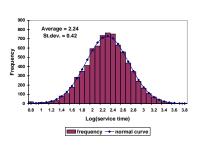


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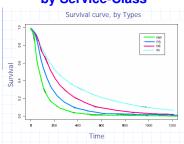


# **Service Durations: LogNormal Prevalent**

#### Israeli Bank Log-Histogram



# Survival-Functions by Service-Class



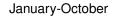
- New Customers: 2 min (NW);
- ► Regulars: 3 min (PS);

- Stock: 4.5 min (NE);
- Tech-Support: 6.5 min (IN).

Observation: VIP require longer service times.

# Service Durations: Still LogNormal, but ...

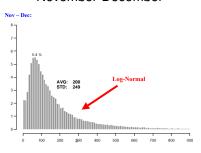
#### Service Times in a Typical (?) Call Center



Jan - Oct:

# 7.2 % AVG: 185 STD: 238 0 100 200 300 4t0 500 600 700 800 800

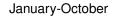
#### November-December



▶ Lognormal service times are prevalent in call centers.

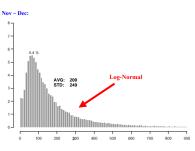
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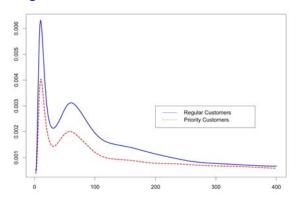


- Lognormal service times are prevalent in call centers.
- ▶ 7.2% Short-Services: Agents "abandon" (improve bonus,rest).
- Distributions, not only averages, must be measured.



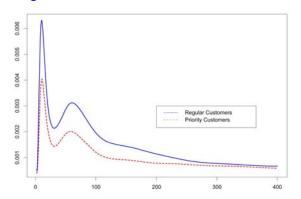
# (Im)Patience while Waiting (Palm 1943-53)

# Irritation ∝ Hazard Rate of (Im)Patience Distribution Regular over VIP Customers – Israeli Bank



# (Im)Patience while Waiting (Palm 1943-53)

# Irritation Hazard Rate of (Im)Patience Distribution Regular over VIP Customers − Israeli Bank



- Peaks of abandonment at times of Announcements
- Call-by-Call Data (DataMOCCA) required (+Censoring).

Observation: VIP are more patient (Needy)



# Erlang-A: Simple, Useful, Robust, Insightful, Optimal

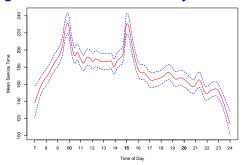
- ► Simple: 4CallCenters calculator (download in our Website)
- Useful: Is replacing Erlang-C as the WFM standard
- Robust: QED asymptotics (moderate-to-large systems)
- Insightful: Square-Root Staffing rules; EOS
- Optimal: Could save significant \$'s

# Erlang-A: Simple, Useful, Robust, Insightful, Optimal

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- Insightful: Square-Root Staffing rules; EOS
- Optimal: Could save significant \$'s
- and Generalizable: Time-Varying, CRM/SBR, ..., still has its Boundaries, both Theoretical and Practical:
  - **⇒** Current Research

# A "Service-Time" Puzzle at a Small Israeli Bank Inter-related Building Blocks

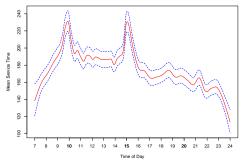
#### Average Service Time over the Day – Israeli Bank



Prevalent: Longest services at peak-loads (10:00, 15:00). Why?

# A "Service-Time" Puzzle at a Small Israeli Bank Inter-related Building Blocks

#### Average Service Time over the Day – Israeli Bank



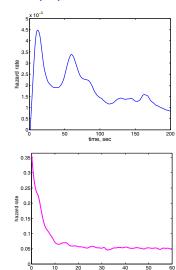
Prevalent: Longest services at peak-loads (10:00, 15:00). Why? Explanations:

- ▶ Prevalent: Service protocol different (longer) at congestion.
- Operational: The needy abandon less during peak loads; hence the VIP remain on line, with their longer service times.



# **Call Center Data: Hazard Rates (Un-Censored)**

#### (Im)Patience Time

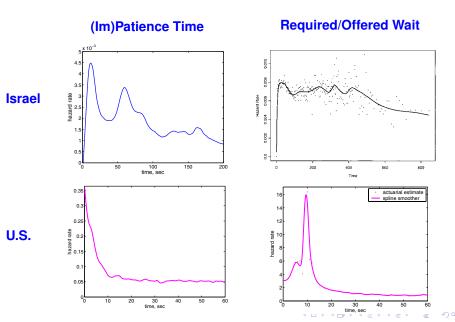


time, sec

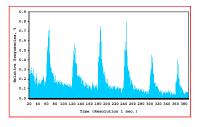
Israel

U.S.

# **Call Center Data: Hazard Rates (Un-Censored)**



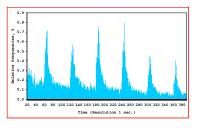
# A "Waiting-Times" Puzzle at a Medium Israeli Bank



#### Peaks Every 60 Seconds. Why?

- ► Human: Voice-announcement every 60 seconds.
- System: Priority-upgrade (unrevealed) every 60 seconds.

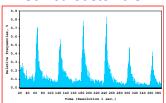
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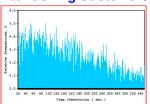
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#### **Served Customers**

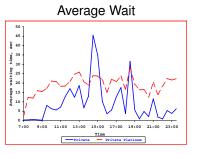


#### **Abandoning Customers**



#### **Priorities and Economies-of-Scale**

Regular vs. VIP Customers: Cellular – March 23, 2004

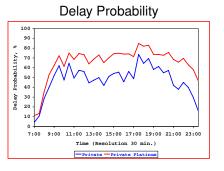


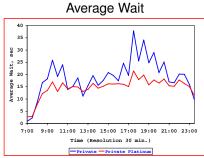


- Design: VIP-dedicated agents, Regular-dedicated Agents.
- VIP's are not served better than Regular's
- ▶ **Solutions:** Add VIP agents (costly), or Change Design.

# **Priorities and Routing Protocols I**

#### Regular vs. VIP Customers: Cellular – October 2004



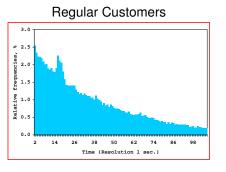


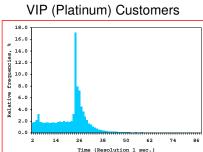
More VIP's delayed than Regular's, yet their average wait is shorter.

What changed since last March?

# **Priorities and Routing Protocols II**

#### Waiting-Time Histograms: Cellular – October 2004





After **25 seconds** of wait, **VIP** customers are **routed** with **high priority** to Regular agents. Hence, almost **no long waiting times** for VIP's.

# Main Challenges for Research & Practice

- Uncertainty: in Reality, Model Parameters; Forecasting.
- Skills-Based Routing: Convergence of Practice and Theory.
- ► Time-Varying Queues: Time-Stable Performance.
- ► General Service-Times: Theory.
- Economic Models: Operations (Dimensioning), Marketing. Refine, etc.

All of the above in a **Network** of distributed call centers.

But there is much more: The **Psychology-Operations** Interface.

Consider, as only one example, the "Phases of Waiting" for Service.

# The "Phases of Waiting" for Service

#### Common Experience:

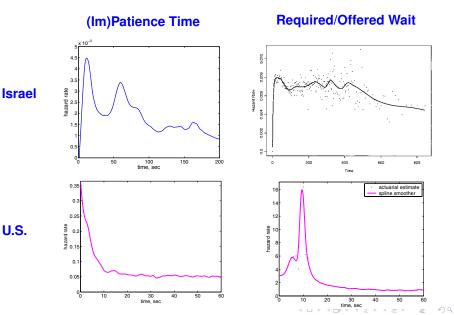
- Expected to wait 5 minutes, Required to 10
- ► Felt like 20, Actually waited 10 (hence Willing ≥ 10)

#### An attempt at "Modeling the Experience":

```
Experienced customers ⇒ Expected = Required Rational customers ⇒ Perceived = Actual.
```

Then left with  $(\tau, V)$ .

# **Call Center Data: Hazard Rates (Un-Censored)**



#### A Patience Index

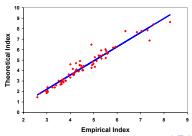
#### How to quantify (Im)Patience?

**Theoretical** Patience Index 
$$\stackrel{\triangle}{=} \frac{\text{Willing to wait}}{\text{Expected to wait}} = \frac{\text{E}[\tau]}{\text{E}[V]}$$

the last = if Experienced: then calculable but complex, error-prone. Simple (but not too simple) model suggests the easily-measurable:

**Empirical** Patience Index 
$$\stackrel{\triangle}{=} \frac{\% \text{ Served}}{\% \text{ Abandoning}}$$

Patience Index – Empirical vs. Theoretical (Brown)



# **Predicting Performance**

#### Model Primitives:

- Arrivals to service
- (Im)Patience while waiting τ
- Service times
- Number of Agents.

#### Model Output: Offered-Wait V

Operational Performance Measure calculable in terms of  $(\tau, V)$ .

- ▶ eg. Average Wait = E[min{\(\tau\), \(V\)}]
- eg. % Abandonment =  $P\{\tau < V\}$

..., and we are back to Erlang-A and relatives, but with lots that's left to do,

which is comforting.



# **DataMOCCA = Data MOdel for Call Center Analysis**

**Project Goal:** Designing and Implementing a (universal) data-base/data-repository and interface for storing, retrieving, analyzing and displaying **Call-by-Call-Data**.

#### **System Components:**

- Clean Databases: operational-data of individual calls, agents and operations.
- Friendly yet powerful Online Interface: enables convenient fast access to (mostly) operational and (some) administrative data (but no marketing/business data).

#### **Current Databases:**

- Medium-sized U.S. Bank (2.5 years; 220M calls, 40M via agents; 800 agents at peaks) – Completed.
- Israeli Cell-Phone Company (2 years; 110M calls, 25M via agents; 700 agents at peaks) – Ongoing.
- Large Israeli Bank Pilot.

