

# The Cloud as a Customer Service Solution

Published 11 June 2020

## WisdomTree

Contributor

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.

### **Related blogs**

- + [The Best is Still Ahead: Investors May Have Not Missed the Cloud Computing Investment Opportunity](#)
- + [Jumping to the Cloud](#)

### **Related products**

- + [WisdomTree Cloud Computing UCITS ETF - USD Acc](#)

## Important Risks Related to this Article

### Important Information

**Marketing communications issued in the European Economic Area (“EEA”):** This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

**Marketing communications issued in jurisdictions outside of the EEA:** This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

**For professional clients only. The information contained in this document is for your general information only and is neither an offer for sale nor a solicitation of an offer to buy securities or shares. This document should not be used as the basis for any investment decision. Investments may go up or down in value and you may lose some or all of the amount invested. Past performance is not necessarily a guide to future performance. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.**

The application of regulations and tax laws can often lead to a number of different interpretations. Any views or opinions expressed in this communication represent the views of WisdomTree and should not be construed as regulatory, tax or legal advice. WisdomTree makes no warranty or representation as to the accuracy of any of the views or opinions expressed in this communication. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

This document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares or securities in the United States or any province or territory thereof. Neither this document nor any copy hereof should be taken, transmitted or distributed (directly or indirectly) into the United States.

Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.