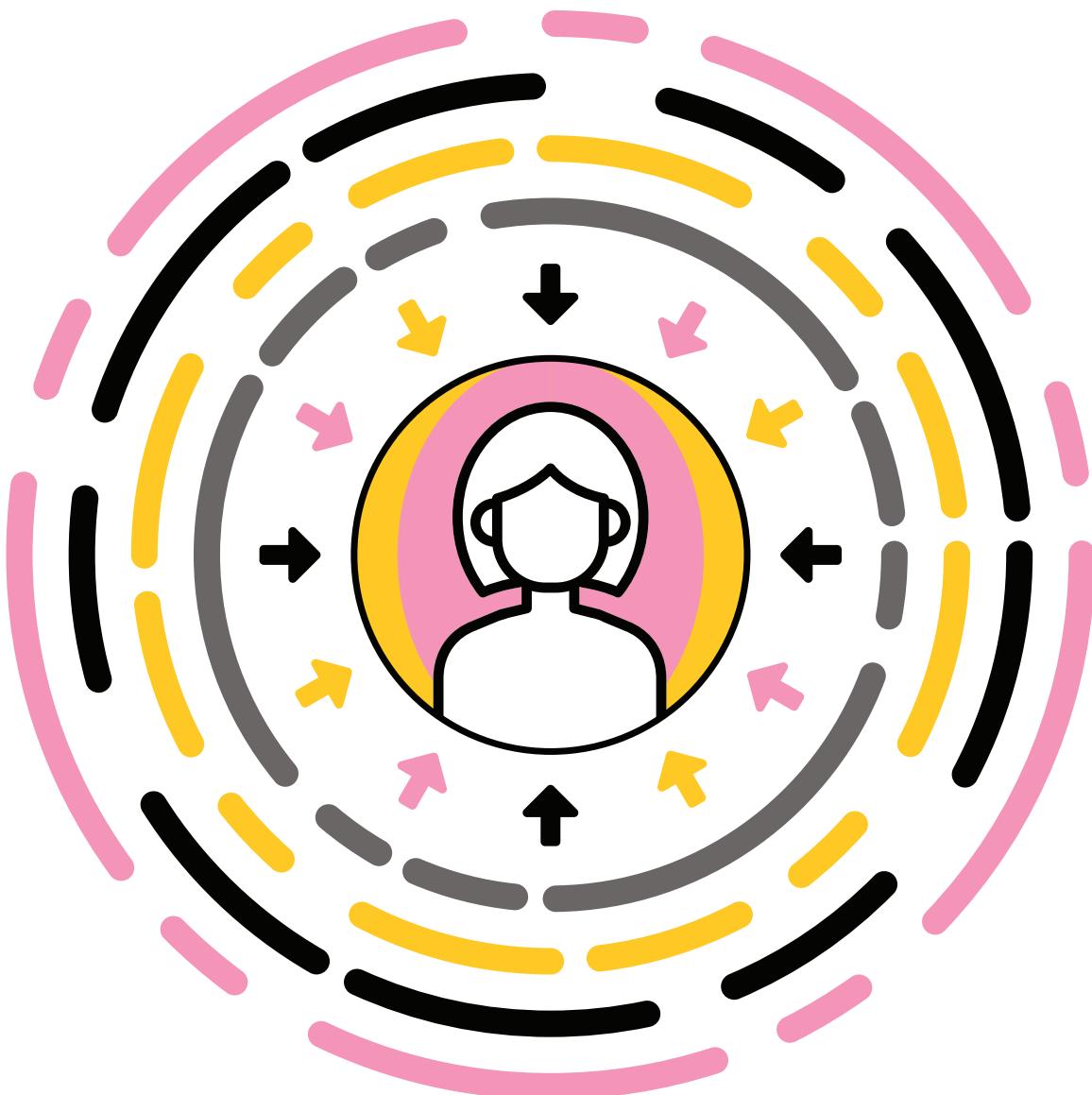


TRANSFORM, IMPROVE, SAVE

A study of new models in customer contact management, and the financial impact of failing to transform to these new models.



SUMMARY

- Digital media have caused a revolution in the way consumers interact with the companies they buy from
- Yet the contact centre industry – both outsourced and in-house – is still working with business models that have changed little in the last twenty years
- In today's world, customer contact and 'experience management' should be handled through a smart and seamless combination of automation and live 'super-agents'
- Contact processes and capabilities need to be built on the basis of current business strategies and commercial objectives
- They have to be able to deal with volatile peaks of demand and focus highly skilled staff on more complex, problem-solving enquiries
- This paper has conducted research which estimates that customer contact management operations across the UK could save over £2.1 billion by moving to new business models, while also giving themselves significant competitive advantage
- These contemporary requirements are at odds with outdated contact centre business models that have a vested interest in live, lower skilled personnel working in centralised operations, and which lack the means of attracting top talent
- The optimum transformation partner for contact centre operations will both be prepared to prove and deliver new business models on an outsourced basis, but also then to transition that model back in-house by the end of a contract period, leaving the client organisation with the long-term value of corporate knowledge and skills.

The new revolution in customer contact

For the last ten years, the mantra in customer service (or 'customer experience' - the phrase with a more contemporary feel) was 'omni-channel'. Organisations who had invested in providing multiple channels for interaction with their customers were, and indeed still are, amplifying their investment in integrating those channels. In theory, this allows customers to move seamlessly between channels for an integrated, 360° experience. In practice this is largely not being achieved¹. This is the result of expecting technology to deliver results with little or no experienced analysis of business dynamics, business process and commercial return on investment. One commentator notes that, "the top oversight among retailers is rushing to launch too many buzzy technology programs at once, without considering how they function together".

Another major global business² analyst has coined the phrase 'Smart Contact' to encapsulate where the next generation of customer experience management needs to go. They summarise the notion thus: "Smart Contact is about aligning... operations with the changing nature of customer interaction, driven by new technology and the behaviours of the connected customer". This analyst has identified four key themes central to the Smart Contact agenda:

- 1. The move towards digital interaction;**
- 2. The rise of the bot;**
- 3. Making personal connections;**
- 4. The agile operating mode.**

Such a structure poses an existential threat to the structure of the contact centre industry (outsourced and in-house) as it currently stands. As more contact moves to text and data channels and – more importantly – artificial intelligence in the form of bots taking over the handling of much of its simpler traditional work, the size, format and skills base of the contact centre is changing. At the simplest level, inbound frontline teams are going to shrink. Demand volumes are going to become much more unpredictable, and it is likely that such spikes and troughs simply cannot be handled by traditional voice-based contact. Flexible solutions, combining the best in automation and live contact handling, will be needed to handle these volatile contact patterns – especially as consumer confidence in such capabilities grows. Greater skills levels will be required from more experienced live agents to proactively handle higher risk, higher value contacts.

The potential impact and scale of change is daunting. On the other hand, those organisations that fail to change will be left with dislocated customer service, brand damage and competitive disadvantage. Normal business disciplines still need to be applied to reforming an organisation's customer contact. All contact strategies should come seamlessly out of the organisation's strategic business direction and goals. Robust business cases must be built. And rigorous pilots have to be conducted to prove RoI in real life situations.

Sizing the commercial imperative

So, is this need for change simply the province of innovative pioneers, or is there a strong commercial imperative for the mainstream?

Based on the study of over 100 organisations that have begun to address this issue in the last five years, NeosWave has built a projection of the current cost to various UK sectors of **failing** to address their customer contact infrastructure. The control trials underpinning this study have showed that, at a basic level, analysing business processes, then restructuring customer contact infrastructure using an appropriate combination of AI and skilled agents, will deliver a baseline bonus of just over 20% cost savings. This is the baseline return on investment. A variety of individual examples are delivering savings greatly in excess of this baseline level – through more rapid resolution rates, demand spike answering rates, complaint reduction and the loyalty bonus of greater customer retention/share of wallet.

Methodology

NeosWave experts analysed the activities of over 100 client organisations as they sought to address the need to move towards new business models. Based on this data, and using the reduction in agents required as the basic cost saving, NeosWave calculated the baseline annual savings that would be accrued through transformation, assuming 70% penetration (to generously eliminate skewing factors such as current market penetration rates).

Taking the baseline bonus rate, and based on just a 70% implementation of contact centre market restructuring, this paper estimates that UK contact centres (in-house and outsourced) are wasting at least £2.1 billion every year by failing to migrate from old and outdated business models.

Clearly, such economies provide a compelling business imperative to restructure contact centre operations. The baseline savings deliver a rapid return on investment, with follow-on competitive benefits potentially multiplying those returns and placing the organisation at a strategic advantage over competitors.

THE COST OF THE OLD WAYS OF WORKING

How much are UK contact centres wasting by not adopting new business models?

Sector	Baseline Bonus Savings (£million annually)
All Sectors	2,110
Financial Services	431
Retail	329
Telecoms	284
Government & Public Services	228
Service Industries	206
Information Technology	145
Utilities	116
Travel	105
Manufacturing	89
Automotive	37
Publishing	36
Medical & Pharmaceutical	36
Food & Beverage Brands	32

Points of Reform

Where, in principle, is customer contact being let down by these outdated business models? How does the next generation approach to customer contact management differ from those old models? The answer may be summarised into four key points.

1**Initial audit and analysis**

to understand what contact is needed and where contact can be engineered out of the business. This process understands the reason for customer contact, what has prompted the contact in the first place, what can be redesigned to fix the problem, and how much the amount of inbound contact genuinely required can be reduced!

3**Strategies to improve the customer interaction**

and fulfilment process by augmenting people with technology so that they are better informed when the customer contacts them, irrespective of channel, routing the enquiry to the best person to handle it supported with the right information, tools and context to delight customers and drive up first call resolution.

2**An analysis of the role of technology**

, how/whether it can be effectively used to automate the customer interaction, providing what they need, quickly, efficiently and in a channel of their choosing. This stage has been seen to reduce the need for live agents by up to 60%.

4**Strategies to engineer out unnecessary contact**

. Many organisations offer forms of customer contact simply because 'it's the done thing' or 'we've always done this'. Often, they serve little or no beneficial purpose. Commercial organisations should always relate contact to measurable benefits – benefits for the customer or the company. Public sector organisations are duty bound not to waste taxpayer's money on inefficient or ineffective processes.

5 Upskilling a flexible workforce.
'Super-agent' talent has to be accessible and scalable. Problem solvers are needed with a strong focus on customer experience. By using remote access technology, along with the latest quality management and employee engagement tools, the right talent pool can be recruited, on-boarded, deployed and managed. Such talented individuals can work when they want, where they want, all with seamless secure cloud access to their 'workplace'. This opens the agent pool to highly experienced people (working mothers, retirees, disabled, 'portfolio' careerists, etc.), all without them having to leave home if that is what suits them.

6 Finally – business arrangements from expert suppliers that have redundancy built in. To effect change, most organisations will engage with an outsourcer. However, the vested interest of these businesses are focused on trying to retain annuity income over time. This is usually not in the best interests of the client organisation. New generation consulting outsourcers will offer 'transitional outsourcing' which helps to rapidly and reliably transform the contact management machine, takes responsibility for proof-of-concept/pilot through to roll-out. However, they also - over an agreed period - transfer the customer experience infrastructure and skills base back into the client organisation, leaving the client with full value from the exercise.



Conclusion

The traditional contact centre model uses legacy technology, is committed to fixed overheads, and employs lower-skilled workers. They are often sited in areas or catchments with a low penetration of the talent pool required for 'super-agents'. As a result, their ability not only to be technology agnostic, but also have no vested interest in changing the balance between people and automation, is very limited.

In contrast, this short report provides a business-case basis for organisations looking to improve their customer experience and contact management, while also reducing costs. Getting it right reduces costs, improves customer experience and importantly frees up resource to re-invest for growth and value creation. The new world of contact management combines the power of artificial intelligence with highly skilled super-agents. It also offers a value-proposition to client companies that does not perpetuate a constant outsourced service outlay, but gradually transfers value back into the client company over the contract period.

FOOTNOTES

1. Retail Systems, Retailers 'failing on omnichannel experiences', 2 Jul 2018; Business Insider, Experts say these are the biggest mistakes retailers make when merging their store and online experience, 16 Jun 2019
2. Deloitte, Smart Contact, 2017

Information

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