



Transforming the Customer Journey

Benefits abound when shifting from fragmented, reactive CX to streamlined, proactive one

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Executive Summary

Building and fostering a successful customer journey has become a top-priority goal for 85% of companies, which have built or are building Digital Customer Experience (DCX) strategies. Customers have become a de facto extension of the marketing arm through positive ratings or social media posts. But they also can become the best advocate for competitors through negative ratings or social media posts. Exceeding customer expectations with personalized, contextual interactions—based on sound data analytics—keeps company financials running smoothly.

Organizations must possess the right leadership, strategy, and engaged employees to be successful. All of that depends on a successful technology strategy, validated by business metrics that document success. For example, contact-center agent turnover drops by 31% when organizations focus on projects that address problems, such as a lack of agent analytics.

Creating a solid technology strategy must include a migration plan. Organizations may move from different contact center and Unified Communications (UC) providers to the same one, or they may be shifting from on-premises to cloud architecture. IT leaders must decide whether they want to move all or some locations and apps to the cloud—and at what pace. It's important to select a provider that can make the migration smooth, with a pricing structure and support for any combination of architectures.

In building both the front- and back-end strategies for an improved customer journey, consider the following best practices:

- Leverage partners and cloud infrastructure
- Divert cost savings to invest in new technologies, such as AI and automation
- Prevent integration roadblocks that will slow deployment

Customer Engagement is a Focal Point

Customers have unprecedented power to make or break a brand, thanks to the power of web-based ratings and social media.

Whether business-to-business or business-to-consumer, customers expect companies to understand their requirements, resolve issues quickly and painlessly, and extend benefits to them for their loyalty. They want interactions to be personalized and based on context, along with proactive outreach when it's beneficial to them. And all of that happens more easily when employee engagement is high, as well.

Technology strategy plays a central role in DCX success, according to Nemertes' Digital Customer Experience (DCX) research study of 697 global IT and business leaders. All of the DCX projects organizations cited in the research were heavily dependent on analytics, mobile-enablement, cloud services, and advanced contact center capabilities.

Selecting and Funding New Projects

The good news is customer experience is extremely high profile at the majority of organizations. DCX initiatives have garnered undivided attention from C-level executives.

More than half (51%) of organizations say C-level executives fund their DCX projects; 53% say VP or director-level IT people fund, and 32% say VP or director-level business unit leaders fund projects. Within the C-suite, a mixture of executives provides funding. The highest percentage of organizations say Chief Financial Officers most often funds the projects. Why? Because CFOs ensure that of all the potential projects, the organizations select those that deliver measurable return on investment. (Please see Figure 1.)

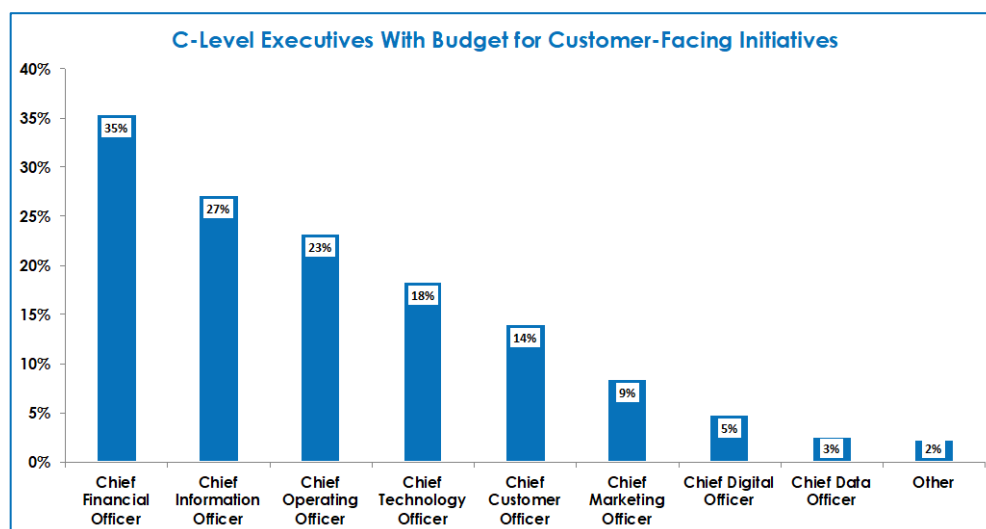


Figure 1: C-Level Executives with Budget for Customer-Facing Initiatives

By mid-2018, 36% of organizations had developed a DCX strategy, either enterprise-wide (21%) or in silos (15%). Another 23% had planned a strategy by year-end, and another 26% plan to do so in 2019. If they all succeed, that brings the total number of organizations with a DCX strategy to 85% by the end of 2019, according to the study.

In kicking off these strategies, numerous factors come into play. IT and business leaders who have documented success with their strategies cite the following as some of their best practices for optimizing technology investments for DCX projects:

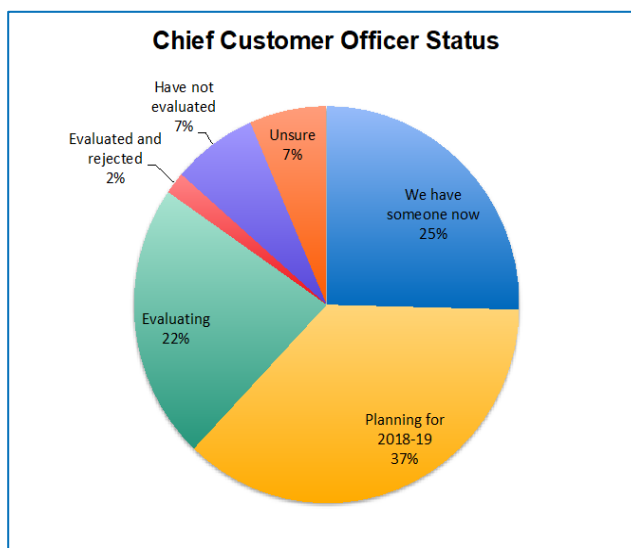
- **Leverage partners and cloud infrastructure** – DCX projects are multi-faceted and require expertise that may be stronger outside the company.
- **Divert cost savings** to invest in new technologies, such as AI and automation – As organizations optimize their technology deployments, cost savings naturally result. Have a plan for redirecting that cost savings to emerging technologies that will result in a competitive advantage from the better customer experience they derive.
- **Prevent roadblocks** that will slow deployment – Using multiple providers or trying to handle numerous technology integrations internally will slow deployments, risking the speed and success of DCX projects.

Business Leaders Must Deliver Flawless Customer Journeys

Delivering a flawless customer journey requires committed leadership, engaged employees, a solid technology foundation coupled with innovative apps, and data analytics to identify success and areas for improvement, among other things.

Role of CCO

Delivering a successful strategy relies upon an executive-level person responsible for customer success. Typically, these are Chief Customer Officers, Chief Experience Officers, or similar



titles. CCOs or CXOs head all customer-facing activities, analytics, and strategy to maximize customer acquisition, retention and satisfaction. They work closely with the Chief Marketing Officer, head of sales, Chief Operating Officer, and even the head of HR to create a *customer-first* mentality across the organization.

A quarter of organizations have a CCO today, and another 37% are planning to hire one by the end of the year. (Please see Figure 2.) Clearly, not all companies have embraced the need

Figure 2: Chief Customer Officer Status

for this executive role—and even those who have sometimes do not empower the CCO. However, our research shows having a CCO correlates with success: 68% of organizations with DCX strategies underway have a CCO, and 84% rate DCX excellent or very good when they have one.

Contact Center Employee Engagement

It's not just the leadership that facilitates a flawless customer journey; rank-and-file employees are equally as important. Employees who have an emotional connection to their employer—those who are passionate about doing what they can to please customers—are golden. And high employee engagement directly affects customer ratings.

Nowhere is that more visible than it is in the contact center. Historically, agent turnover in contact centers has been high—higher than overall employee turnover rates. The job is demanding, and contact center supervisors have not always had the tools they needed to provide valuable feedback. Among those without DCX initiatives, turnover rates range from 16.4% to 35.3%, on average, based on the company size. (Please see Figure 3.)

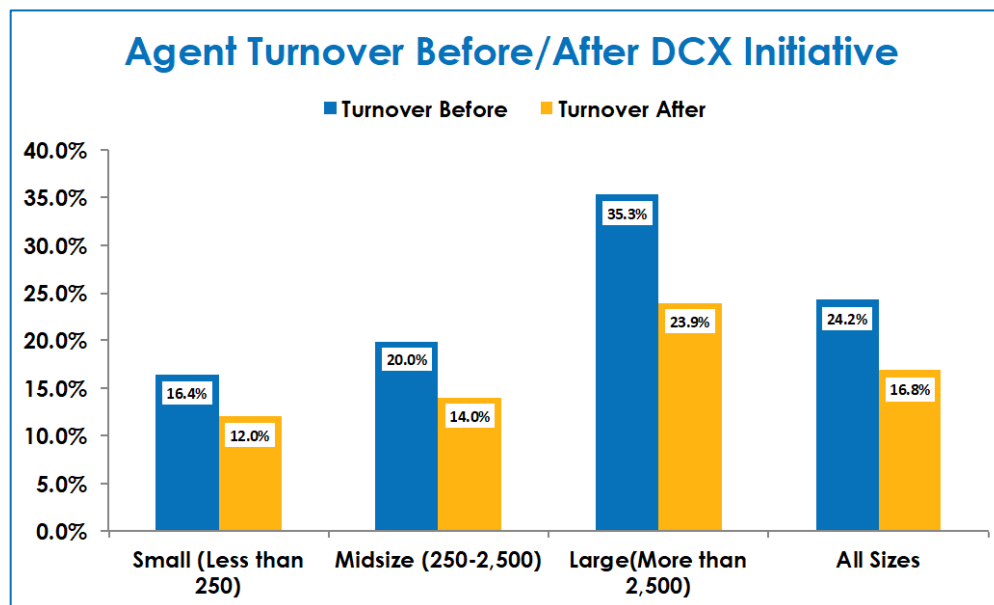


Figure 3: Agent Turnover Before/After DCX Initiative

But when companies focus on DCX initiatives aimed at reducing agent turnover, the rates dropped by 31%. Considering it costs \$1,500 to \$2,000 to hire and train each new agent, a 31% reduction in turnover delivers measurable cost reduction.

DCX projects that improve agent turnover the most include agent analytics, automating customer-facing workflow, adding new digital channels, and improving overall customer data analytics. Analytics are key, in that they can provide agents with analysis on their own

performance, so they improve and can be rewarded based on hard data. Analytics also provide context for agents to personalize voice, video, SMS, or webchat interactions. The agents not only can see previous interactions, but they also can see analytics based on those interactions that help them know more about customers. How much have they purchased in the past? Did they have a recent bad experience? Have they complained on social media, and if so, how many followers and influence do they have?

As customer engagement becomes more important, so does the skillset and compensation of contact center agents. Agents are more valued, more engaged, and more educated: 25% of organizations are hiring more skilled agents, and companies are increasing compensation by a 2:1 ratio compared to those decreasing compensation.

Leaders Must Optimize Technology

The best employees or leaders in the world will not succeed in creating a coveted customer journey without a sound technology strategy. Key success strategies are detailed below.

Customers Journey to the Cloud

Most organizations are moving to hybrid or cloud deployments for both Unified Communications and Collaboration (UCC) and customer interactions (including contact center, Customer Relationship Management, reactive customer service, proactive customer engagement, and success analytics).

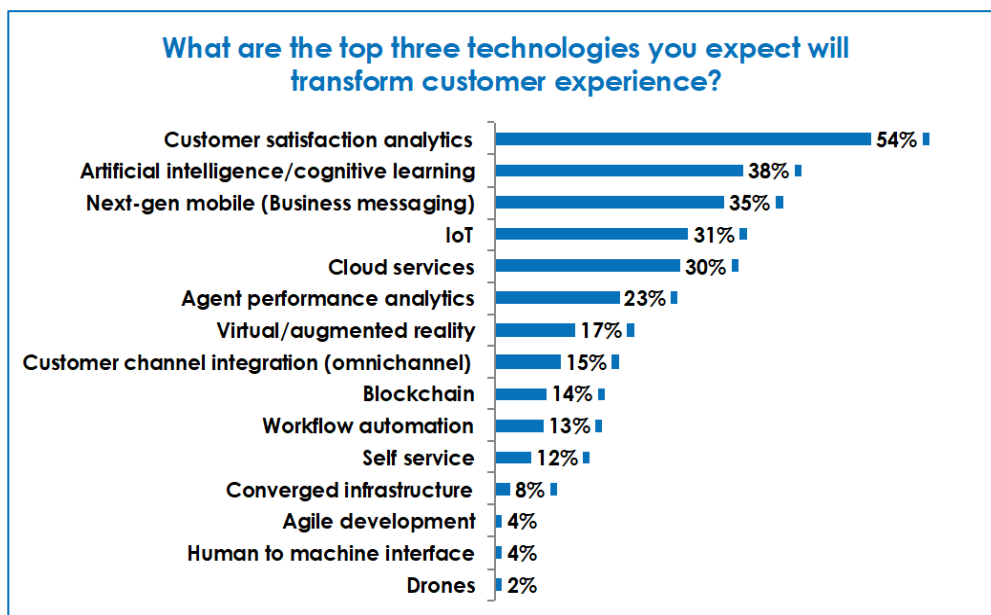


Figure 4: Top Technologies to Transform CX

In fact, as Figure 4 shows, cloud services are among the top five technologies expected to transform customer experience over the next three years—a testament to the value and future of cloud services, given how many already have moved to the cloud. Additionally, analytics and AI are key technologies that help deliver personalized experiences. Companies are gathering data from multiple sources—structured and unstructured from both internal and external sources. Consolidating that data for a 360-degree view of customer experience—and the associated agent performance and response—are crucial to a successful customer journey.

Those participating in Nemertes research study said cloud architectures help them achieve their DCX goals in the following ways:

- **Reduction in complexity** – Several companies said they are moving their contact center to the cloud because they no longer have the internal expertise to run a complex contact center platform. By moving to the cloud, they are relying on their cloud partners to manage, upgrade, and integrate their contact center foundation and apps, while they focus on other strategic initiatives.
- **Global availability** – As companies expand globally, buying and installing servers, along with the in-house staff expertise, is an expensive proposition. By using cloud services, they do not have to worry about global regulations, equipment installation and management, or app integration.
- **Improved security and compliance** – Most companies (60%) do not see security as an inhibitor to the cloud, and 20% actually security as a driver toward the cloud. IT leaders are becoming more comfortable with the cloud as providers offer vertical-industry solutions that focus on compliance regulations.
- **Better apps available overall** – Cloud UC, contact center, and CRM providers all provide APIs to app developers, and most new, innovative DCX apps are cloud-based. By selecting a cloud architecture, organizations gain access to an integrated ecosystem of analytics, customer service, artificial intelligence, and other apps that streamline into the DCX strategy easily.

Migration Path to the Cloud

Though there are numerous, validated reasons to move to the cloud, not everyone will move every app to the cloud either at one time—or ever. With UCC, for example, 38% are operating in a hybrid environment—the largest when looking at on-premises, hybrid, and cloud. According to Figure 5, 23.5% of contact centers are hybrid cloud and 20% are full cloud. Another 28.1% are planning to move to the cloud. Only 3.5% have rejected moving to the cloud.

Organizations that are on-premises today and who a.) don't want to flash cut to the cloud, or b.) have designed a hybrid architecture, should seek a provider that offers a smooth migration to their desired architecture. Some may want to keep some locations or apps on-premises, and others in the cloud. Others may want to slowly move from an all-on-premises architecture

to all cloud over time. Either scenario requires a provider that can deliver a hybrid solution with a flexible pricing structure that makes it seamless to move from on-premises to cloud.

The value of such a platform is not only in the flexibility it offers now, but it also helps companies futureproof. For example, those that want to keep the contact center on-premises use or inevitably will use cloud-based apps, such as CRM, team collaboration, social media, AI, or analytics. Those apps stay with the contact center and its processes regardless of whether the company ultimately decides to move the contact center to the cloud. The opposite is also true for those using on-prem apps today that they want to continue using if the contact center platform itself moves to the cloud. Essentially, what how organizations change and improve the customer journey has less to do with the selected architecture because everything works as one ecosystem, regardless of whether it is on premises, in a public cloud, in a private cloud, or both.

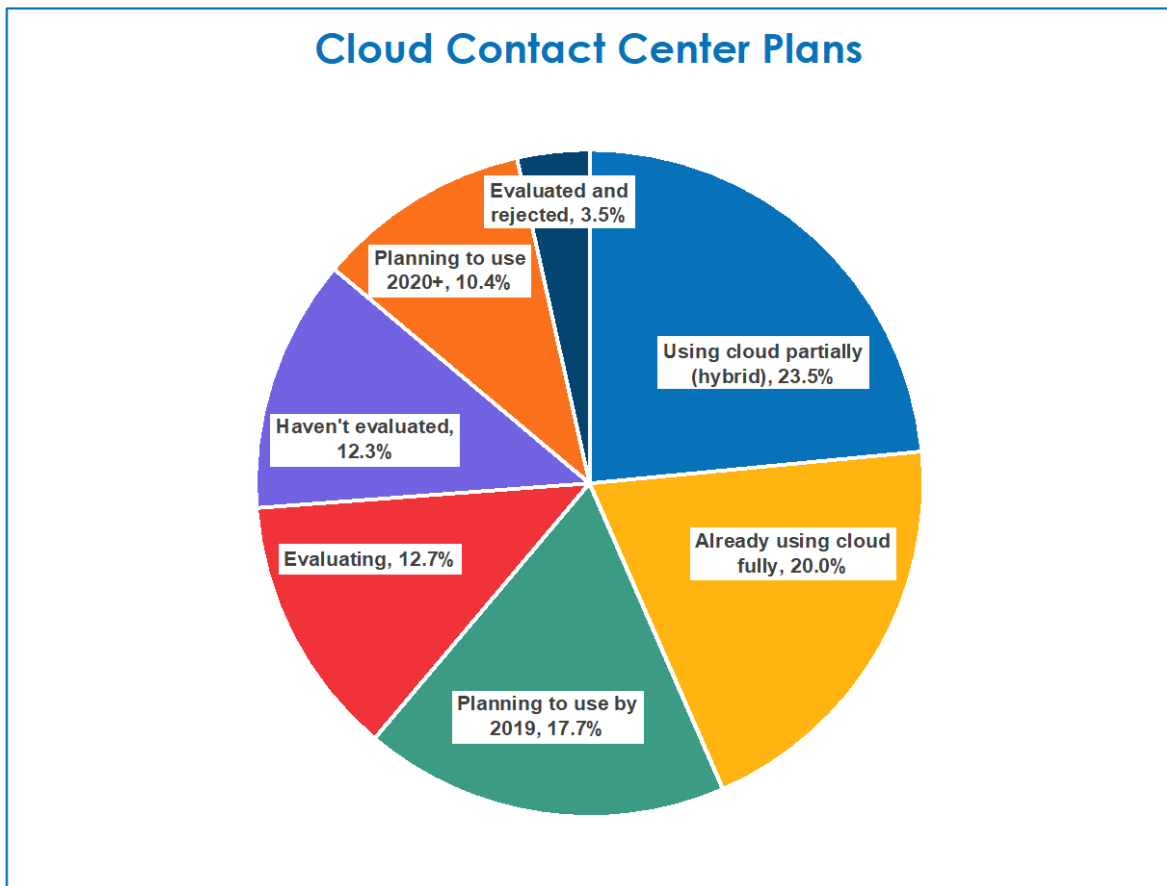


Figure 5: Cloud Contact Center Plans

Integration is a Must

Tightly integrated cloud and on-premises services provide a seamless way to move locations or apps to the cloud over time. This approach is much easier using a single provider vs. using multiple providers, particularly as data passes between channels into analytics tools to provide real-time screen-pops or historical trending.

Integration between contact center and UCC is vital, as companies pull employees into customer calls to answer questions, address service issues, or help close sales. The ability to integrate contact center with internal employee communications makes it easy to use presence and messaging to find the internal expert, and then connect them to a voice call, webchat, or video conference.

According to the study, 22.4% have integrated their UCC and contact center environments, with another 34.7% planning to do so by the end of 2019, and another 15.4% planning for 2020 or later. Among those who have integrated UCC and contact center already, about 53% use the same vendor—and report success in doing so.

Integration between contact center and CRM also adds value, as the communications between the company and its customers or prospects must be up to date for effectiveness. About a quarter of companies in the study had integrated their contact center with CRM, with another 29.7% planning to do so by the end of 2019, and another 14.7% by 2020 or later.

Security integration also is crucial, both for internal communications and customer data. Whether on-premises, cloud, or hybrid architecture, organizations must work with their cloud provider and security partners to tightly integrate security apps and practices.

Finally, the need for data across channels requires integration. This integration can come from omnichannel capabilities linking distinct customer communications channels. In the study, 21% of organizations had completed an omnichannel deployment, with another 31% in progress and 18% planning to do so.

Cross-channel data also includes data that provides contextual information that enables suggestions based on predictive analytics. To provide a truly successful customer experience, organizations need context that is real-time and ubiquitous through the customer and agent experience.

Conclusion

To develop a customer journey that delights customers, resulting in glowing reviews and increased revenue, consider the following best practices:

- Hire *and empower* a Chief Customer Officer or Chief Experience Officer to focus on the voice of the customer.

- Focus on the customer is crucial, but don't overlook focus on the employee. Engaged employees have an emotional investment in the company and will go the extra mile to serve customers.
- Empower the CIO and team to establish a solid technology foundation for all DCX apps and strategies today and the future.
- Analytics are key to success. Gather historical and real-time data, both structured and unstructured, and consolidate that information to provide a 360-degree view of the customer journey. Equally as important, make sure to take action on the data findings.
- Move to the cloud strategically. Determine whether a full or partial move to the cloud makes the most sense, in terms of locations and apps. Regardless of the extent of the move, make sure the provider provides the pricing structure and support for both on-premises and cloud locations and apps—and the ability to easily migrate between them.
- Optimize the technology strategy. Cloud and hybrid-cloud architectures deliver global coverage, integrated apps, security, data protection, and compliance, and an overall reduction in complexity. Integration of a host of technologies, including contact center with UCC, CRM, and analytics is key.

About Nemertes: Nemertes is a global research-based advisory and consulting firm that analyzes the business value of emerging technologies. Since 2002, we have provided strategic recommendations based on data-backed operational and business metrics to help enterprise organizations deliver successful technology transformation to employees and customers. Simply put: Nemertes' better data helps clients make better decisions.