An eGain White Paper

Customer Support Megatrends and Next Practices

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"May you live in interesting times!" The popular Chinese saying invokes both a blessing and a curse—depending on what you make of it. These are interesting times for customer support executives. As the rise of the Internet (and now, mobile Internet) and social networks collide with forces of globalization, support organizations find themselves in the eye of the storm. They are buffeted by powerful winds of change, ranging from the dramatic migration of most phone business to the Web to the high-profile outsourcing of agent positions to low-cost countries. To add to it, CxOs are redefining expectations from their service and support operations as they seek to build competitive advantage through distinctive customer service. This white paper discusses the eight megatrends transforming customer support organizations today.

Resistance is futile. Taking a passive stance is like trying to ignore a tsunami. Megatrends are not fads; they won't go away after a while. The trick is to embrace change and stay ahead of these trends instead of getting swept away.

So what are these megatrends?

- ▸ Megatrend 1: Customer is royalty; her wish must be your command
- ▸ Megatrend 2: Change is the only constant with mergers, acquisitions, consolidation, outsourcing, and offshoring
- ▸ Megatrend 3: Your agents need 20 pound megabrains to keep up with product proliferation
- ▸ Megatrend 4: There are more devices than people
- ▸ Megatrend 5: Your customers are getting social; get in front of the parade
- ▸ Megatrend 6: Green is the new black; just do it
- ▸ Megatrend 7: The buck stops at your desk; service levels and compliance are your headaches
- ▸ Megatrend 8: Show me the money, says your CEO

Ideas to help you shine. Megatrends present unique opportunities to add strategic value to your business, reposition yourself, gain visibility, and turbo-charge your career. As a leading provider of customer service solutions, eGain works with large as well as midsized support operations. In this paper, we share our unique ringside view of these trends and proven ways of benefiting from them. We show how innovative solutions used

with proven best practices can help you rise through your organization while enabling sustainable competitive advantage for your business.

Megatrend 1: Customer is royalty; her wish must be your command

This is the age of the customer! The asymmetric information advantage that businesses have traditionally relied on to acquire and retain customers is gone. The more pervasive the Web becomes, the more informed is your customer. The Internet and global competition have virtually eliminated all search costs and barriers to switching.

So, what do most customers want? It's not that they have become unreasonable all of a sudden; they are simply more aware of their choices and less tolerant of poor service. They want easy and multiple ways of finding information and solving problems. They need both an online presence that is available 24x7 and the option to call or visit. They would like to receive quick, consistent, accurate service through all these interaction channels in a way that makes them come back for more. They want you to "recognize" them at every contact point—they hate being the "glue" that repeatedly provides context for the interaction. And, they'd like you to tell them how they can get more value out of products they've bought, how to troubleshoot, and even what else they could buy!

What makes this shift in power from business to customers particularly hard to maneuver for you, the customer support executive? It's the **need to do more with less**—you have to meet increasing customer expectations in a time of shrinking budgets and resources. To provide better service at lower costs, executives often resort to the traditional option of driving agents harder. In most such cases, agent attrition goes up, and customer experience suffers due to inexperienced or unhappy agents resulting in customer defections and higher customer retention costs.

Next practices

▸ **Think like your customers:** This is the first simple, and often overlooked, step to creating a customer-centered support organization. Think like your customers and design service processes and scenarios from their perspective. What would make it easy for your customers to do business with you? What kind of help do they need in various phases of the support life cycle? What would be "excellent service" in each interaction scenario? An easy way to find out is to just ask your customers!

One of our clients, a leading financial services institution, embarked on a customer service initiative by first surveying customers. When it realized customers wanted interaction choice more than anything else, the company implemented a customer engagement hub (CEH) to power a customer portal

with a range of interaction options. The portal has delivered tremendous improvement in customer experience and cost efficiencies, reducing the need for agent-assisted service (the same number of agents now handle twice the number of customers). It's no surprise then that the customer service organization and the executive that spearheaded the initiative received awards both internal and external! The customer portal was recognized as the best self-service implementation in wholesale banking by the Tower Group, a leading financial services industry authority, and was also picked as one of the top 10 CRM applications by the Aberdeen Group.

▸ **Visualize an evolving omnichannel customer engagement hub:** Next, put together a roadmap for transforming your organization in the light of changing customer expectations. A modular, omnichannel CEH—with shared knowledge, interaction data, and service processes across channels—is the only cost-effective way to providing the choice and service experience that customers expect today. Map out the priority for offering new interaction options (web self-service, email response automation, or live chat and cobrowsing) based on what your customers want, what your organizational objectives and overall business strategy are, and what your competitors offer. Any such roadmap should also incorporate measuring and marketing the strategic and operational business benefits to senior management (for example, revenue impact, cost savings, customer satisfaction, productivity, and first-contact resolution that can be assessed before and after the initiatives).

Megatrend 2: Change is the only constant with mergers, acquisitions, consolidation, outsourcing, and offshoring

In industries such as financial services, telecommunications, retail, and health care, businesses are being re-architected at a dizzying pace. Much of this frenzy is driven by the opportunity to reduce overhead and improve efficiency through market concentration, business rationalization, technology leverage, and global arbitrage. In all this activity, customer support organizations have become the focal point of efficiency gains and business differentiation.

As a support executive, you face the enormous challenge of navigating through this sea change. When change is all around you, the best way to handle it is to embrace it, be proactive, and exploit it for success!

Next practices

▶ **Establish your support organization as the performance pace setter:** Ensure that your organization is the best in class in terms of customer service quality, responsiveness, SLA conformance, and customer experience. Benchmark its performance on an ongoing basis with leading customer support organizations within and outside your industry sector. Use the results to improve your technology, process, and people management. In the event of a merger, this proactive approach will enable you to catapult to the top in the merged organization, instead of being "right-sized."

▶ **Use empowering tools:** Make sure your customer interaction solutions are based upon open architectures that can easily integrate with other systems. Also, empower your agents and customers with centralized knowledge base content and personalized and flexible ways to access that content—you'll find it an invaluable tool if a merger causes a sudden growth in the company's product and service portfolio. Robust tools will allow you to maximize contact center effectiveness and efficiencies, while controlling technology cost of ownership and leveraging existing IT and content assets during a merger.

Megatrend 3: Your agents need 20 pound megabrains to keep up with product proliferation

Every customer support head is wrestling with the exponential growth in products and services that they have to market, sell, or support. This growth is due to continued innovation as well as mergers and acquisitions, resulting in a plethora of new offerings that agents need to be able to support or sell. Ultimately, this product proliferation leads to poor customer experience, followed by agent stress and turnover.

Next practices

▶ **Create a corporate megabrain:** Leading customer support organizations know that the solution to this challenge is not to hire "genius" agents but to capture existing enterprise content and the know-how of their best agents and subject matter experts into a knowledge base (KB) that enables digitized capture, structuring, and refinement of actionable expertise. The KB should be adaptive, combining easy-to-use access methods and interfaces that drive usability across self-service and customer support organizations with adaptive content management that helps automate content performance management.

It is time for agents and their service organizations to unlearn the log tables to do long multiplication and, instead, retool themselves with calculators! In industries such as the communications sector, where the challenge of ever-increasing products and services is a particularly severe one, our knowledge management products have helped businesses achieve results such as 38% reduction in handset exchanges in the first six months of use, improvement in first-time resolution rate to 98%, and 33% reduction in agent training time. Instead of spending money on trying to make agents learn and remember "everything," which is close to impossible, these customer support organizations focus agent training on "soft" communication skills and addressing customer perceptions and emotions, while relying on the adaptive KB to guide them through appropriate conversations with customers. Another surefire way for you and your organization to brand yourself as a top performer with CxOs!

▸ **Make the 80-20 rule your guiding star:** A good KB is almost always the result of careful prioritization. Customer support organizations usually find that a small number of topics (20%) generate most of the inquiries (80%). Assess the inquiry types to see where your agents spend most of their time and find out which 20% of topics must be included in the KB. Based on our experience conducting Best Practice Assessment Study at blue-chip clients, we have observed that management often does not know the true sources of customer dissatisfaction and cost leakage in their support organizations. By analyzing your inquiries for frequency, agent costs, and escalation rates, you can also target low-hanging fruit. Remember, quick wins can turn an incipient initiative into a transformation juggernaut!

Megatrend 4: There are more devices than people

People are embracing mobile technologies in droves. By some reports, there are more number of mobile devices in the world than people (Source: GSMA Intelligence). And people are doing a lot more than just voice on smart phones—some of them seem to live online! Mobile and social channels are also driving each other's growth with social networking being the #1 activity that smartphone users spend their time on (Source: Forrester). So, mobile customer service is a must for any customer-focused organization.

Next practices

This is one trend that could be your gift that keeps on giving!

▸ **Differentiate your business by providing exceptional mobile customer service:** Mobile technologies offer lots of small but unique ways of making your customer's life easier. Explore options for providing unusual and

memorable service experiences on mobile devices through chatbot, self-service widgets, and SMS. A smart mobile strategy and some investment could quickly lead to your brand being seen as a leader in this area. The sooner you adopt mobile technologies as an effective way of performing support tasks, the better it will be for your customers and your brand.

▸ **Leverage traditional support investments across mobile:** Extend the reach of your support tools by providing mobile access to users. Enable customers, partners, and field staff to have "always-on" access to vital customer service information and knowledge through mobile devices, especially the popular iPhone® and Android phones. Not only will this increase customer service reach and business differentiation, it also means more ROI of existing customer service investments.

▸ **"Mobilify" field service personnel and partners:** Give them on-the-go access to customer information and knowledge. Provide options for mobile collaboration between "roaming" experts and agents for rapid resolution, and even extend those capabilities to your partner organization. Facilitate organic knowledge base growth by enabling mobile contributions.

▸ **Adopt mobile "apps":** The most cost-effective way of enabling support for mobile devices is to create mobile apps or widgets for various capabilities such as case management, KB search, and agent or chatbot sessions.

▸ **Add SMS to the mix:** Support SMS as another interaction channel. If you have a customer engagement hub, common workflows and knowledge will ensure service consistency across all channels. Our customers also use SMS extensively for outbound alerts for proactive and preemptive service. One of North America's largest prescription services provider delivers 100 million proactive notifications (SMS and voice) per year to members based on complex rules for content personalization, delivery conditions, and channel preferences.

Megatrend 5: Your customers are getting social; get in front of the parade

Social networking is the biggest trend to hit the Internet in the last few years. Aided by the rapid adoption of smart phones, consumers are sharing their views about products and companies much more easily—through Twitter, Facebook, blogs, and forums.

Consumers are increasingly discussing your brand online. This free-flowing viral conversation is a challenge and opportunity for your business. Unaddressed negative perceptions can easily spin out of control (gossip and rumors at their worst) to become a public relations nightmare for your business. On the other

hand, a timely, appropriate response to complaints or negative perceptions is seen as a sign of caring. An old business adage says that if you solve a customer's problem, they will be 25% more loyal to you than if they had never had the problem in the first place. Moreover, this conversation (complaint and response) is playing out in social media—in plain sight of many others. Impressions created in social media, therefore, have a multiplier effect—negative or positive. By actively monitoring and responding to social media incidents, you can generate tremendous goodwill for your brand—above and beyond the one-to-one benefit for the relevant customer.

On a different note, social media, like one-on-one customer conversations, is an effective channel to tune into the "true" voice of your customer. According to a recent study, nearly half the participants felt less inhibited about sharing their honest opinion online about a company or its products than in person. Social conversations are unfiltered and emotional. But they are authentic and can be a better measure of brand perception than most formal customer feedback channels.

Next practices

▸ **Develop a social media strategy for your organization:** You lead one of the few groups in your company that is tasked to listen to customer concerns and respond to them. Use this unique position to track, analyze, and respond to relevant social incidents. Use this insight, in partnership with your marketing peers, to develop brand-focused analytics.

   Strive to be transparent and sincere. And, begin small. Social media interactions are less about doing things right and more about doing the right thing. Businesses often forget that consumers are actually quite discerning and understanding about the challenges that businesses face in helping them. By quickly and publicly acknowledging complaints and offering to help, you will build an atmosphere of trust that will strengthen your brand.

▸ **Build a community of passionate customers, and harvest their knowledge:** Tap into the knowledge of your expert customers to enhance the whole product experience of your entire customer base. Very often, the best way to solve a problem or use a product in an effective way is known to your customers, not to your contact center agents. And many of these customers want to share this knowledge with fellow customers. Build a community of interest for your customers—forums are a great way to do this. The moderated environment encourages your customers to share their views and knowledge with others, even as your expert agents can share their insight with the community. Make sure this community is seamlessly integrated with your existing knowledge infrastructure, so that all your business stakeholders (subject to appropriate access control) can tap into and contribute in this community.

Megatrend 6: Green is the new black; just do it

Energy efficiency is a powerful trend in business and industry. And it is more than just efficient buildings, cars, and homes. Every Fortune 1000 CEO has a green initiative as an MBO line item for her team. As a contact center head, you lead a sizeable portion of your company's workforce, in-house or outsourced. Beyond the obvious ways of driving energy efficiency—efficient buildings and data centers—you can significantly improve the energy footprint of your company by pursuing a number of proven business strategies that have significant "green" implications.

Next practices

▸ **Diligently explore the home-shored agent model:** Not only do you get talented people who can be great brand ambassadors, you also significantly cut down the energy footprint of your operation—no commute, no building cost. In order to do so, you will need appropriate technology infrastructure. For example, without a VoIP based telephony infrastructure, it will be expensive for you to manage virtual agents. You also need a Customer Engagement Hub as the basis for all your agents to get a 360-degree view of all customer interactions as well as access to a common knowledge base that helps them effectively respond to customers. Both these investments can be made incrementally as long as you opt for a platform approach where specific applications like knowledge management, email management, and web chat can be added incrementally.

▸ **Digitize and web-enable customer interactions:** Paper-based interactions are expensive and not green. 100% digitized interactions cannot be achieved overnight. You must start with tools and processes that gradually transform your current interaction channels to online channels, while hand-holding your customers through the journey. Align yourself with powerful trends and market the benefits, both financial and psychological, of going green to your customers. To successfully undertake this journey, make sure that the tools and infrastructure you have in place for your contact center can support your eService processes. The more you plan the journey ahead of time and empower your agents with the right tools, the better the chance of success.

Many of our financial services clients have successfully taken even complex transactions to the Web. A premier asset management firm in the US uses concurrent phone conversation and cobrowsing to help consumers fill out 401K and other kinds of forms online. Agents also use cobrowsing to train consumers on how to use web self-service—it is like providing training wheels, when kids are learning to bike. Agents at a leading international bank use a knowledge-guided process management system to help small business banking clients open new accounts. The knowledge-enabled customer interaction management system also automates the fulfillment of follow-on tasks such as mailing checks and other information to the client, reducing or eliminating

the need for branch-office visits by the client for account opening and other tasks. These innovations are "green" in many ways—they are not just energy efficient, they save the customer and the business significant time and money!

▸ **Reduce unwarranted field service truck rolls:** A big source of customer service cost and carbon emissions is unwarranted field service trips. In the case of big-ticket items like household appliances, manufacturers can preempt unnecessary field service "truck rolls" and associated carbon emissions through effective problem resolution by contact center agents and web self-service. A premier home appliance manufacturer, a household name in the US, preempts field service by using a knowledge management system, guided by case-based reasoning (CBR), in its customer contact center to reduce unnecessary field visits. In the last eight years, it has been able to save an average of $50M per year—and the planet in the process!

▸ **Reduce unwarranted product exchanges and returns:** Effective knowledge management in the contact center is eco-friendly in other ways, too. Knowledge-enabled contact center customer service can also help reduce unwarranted product returns or exchanges, which lead to unnecessary inspections, re-manufacturing, and product shipping and related environmental damage. An eGain client, a leading European telecom company, has reduced unwarranted handset exchanges by 38% through preemptive phone-based customer service by agents, empowered with a guided-help knowledge management system.

Megatrend 7: The buck stops at your desk; service levels and compliance are your headaches

You are responsible for your processes and what your agents say, do, and don't do. It is no longer enough to respond to and resolve customer requests. Sophisticated service level agreements (SLA) between support organizations and their clients—be they internal or external—require support organizations to pay penalties if they drop below agreed service levels. And these trends will get more and more significant as outsourcing and offshoring continue to gain ground. Complex SLA-based contracts for services will put pressure on executives such as yourself to develop teams and processes to deliver to these SLAs while maintaining profitability, service quality, and customer satisfaction.

Furthermore, compliance is a major hot button in many regulated industries and it has become a bigger issue today due to corporate scandals and a wave of new corporate and privacy regulations. To add to the problem, the liability of mis-selling or misrepresenting falls on the business and contact center executives, regardless of the intent of the frontline agent. In addition to what the agents can and cannot say or ask, compliance also requires archiving customer interactions in

some industries. But here's the good news! As compliance is one of the major issues keeping CxOs up at night, automating it within your customer support organization without compromising service productivity and quality is a foolproof shortcut for upward mobility.

SLA management and regulatory compliance both require digitization, process automation, and analytics. Therefore, it is important for you to work with customer interaction management systems that provide best-practice workflows to enforce service levels and compliance in interactions. Focus on automating workflows in the following areas.

Next practices

▸ **Extend service process automation:** Intelligent routing, monitoring of service levels across interaction channels, departments, escalation, and integration with external applications are the key features of effective interaction workflows. You must be able to measure and track the activities in your core and extended contact center so that you can predict SLA bottlenecks before they occur. Also, by automating your customer service processes across the support organization and the enterprise, you can ensure that best-practice processes are being enforced for conversations (interactive process support) or across long-lived cross-organizational tasks that are automated through workflow and external data integration. The support organization at one of the largest providers of broadband services in the US use eGain's email management solution to route and process email-based sales orders and requests for post-sales customer service, and also log and process sales orders coming in through non-email channels such as the phone and retail kiosks. In addition, agents use the system to check the status of orders and associated service fulfillment tasks, and answer order-related customer questions. The seamless integration of the system with their order management system enables agents to get a complete view of customer orders and associated tasks.

▸ **Manage compliance:** Workflows for outbound communications with customers and partners are useful both for ensuring the compliance required by regulatory bodies such as the SEC and FDA and for training novice agents. One of our customers, a household name in the brokerage industry, uses a customized, patent-pending workflow for routing service requests to agents with appropriate certifications, auditing, and archiving outbound emails. It also uses the workflow to meet the secure delivery requirement for investment reports. Another example is a leading grocery chain in the US that uses eGain's email management solution for not only answering email queries from consumers and retail store staff but also to automate extended service processes and compliance enforcement for activities such as product recalls. It achieved significant cost savings with the extensive tracking and improved detail in documentation and work history enabled by this email-based workflow.

Megatrend 8: Show me the money, says your CEO

Despite the valuable role they play in the area of customer interaction management, support organizations are rarely considered a "core" part of the business. Support executives are often to blame, when all they talk about are rising contact center costs. After all, if there is no visible contribution of a business function to the company's growth plans or market performance, how core can it be to its competitive advantage!

Next practices

To get noticed by senior management and be perceived as a key manager who adds strategic value to both your organization and company, market yourself with CxOs by touting the following:

▸ **Deliver cost savings:** Setting up an omnichannel customer engagement hub, powered by a common knowledge and workflow platform, along with implementing the right processes and incentives, is a proven way to boost agent productivity, self-service adoption, and process efficiencies, while reducing escalations and overall service costs. This adds to bottomline cost savings, which you should market to general management, especially heads of finance, business heads, and CxOs.

▸ **Boost revenue:** Drum up customer interest in the marketing department's offers, and sell, upsell, and cross-sell based on best-practice conversations and product content—all enabled by an omnichannel knowledge-powered customer engagement hub—to boost the topline revenue enabled or generated by your contact center. Then, present the revenue growth to senior marketing and sales executives, as well as business heads and CxOs.

▸ **Lay the cultural foundation for constant improvement:** It is not enough for contact center executives to have operational goals alone. The executives who institute and nurture a culture that welcomes change and continuous improvement stand out from the pack. Digitize, automate, and constantly optimize key service processes. Set goals and incentives that make your team thrive on change and continuous improvement. The support manager at one of our large retail clients sets annual improvement goals for customer experience (measured through third-party surveys) and service cost per customer. Every year, the support team has to come up with ways to improve on the past year's performance and, needless to add, this manager is a "star" within the company!

▸ **Enhance customer loyalty:** Beyond the operational areas of bottomline cost reduction and topline revenue growth, you need to market the strategic value of your support organizations by emphasizing customer retention and loyalty as key enablers for expanding wallet share within current customers. After all, acquiring new customers and getting revenue from them is

significantly more expensive than mining the existing customer base in today's business environment. support organizations are often the only customers touch points that businesses have in this day and age, and can play a pivotal role in expanding wallet share. The key to success in this effort is putting the right metrics in place to enhance customer loyalty—for instance, the number of service resolutions enabled by an agent is more important than the number of unproductive interactions logged by the same agent. Likewise, the business value generated by an agent through contextual selling may be more important than the average handle time, but the trick here is to arm the agent with best-practice conversations in contextual selling through a knowledge-powered conversation engine.

▶ **Partner with marketing and sales:** While touting your contributions to the topline, it's important to foster and leverage alliances with marketing and sales. Forrester Research, after conducting extensive research of leading-edge contact center operations, came to the conclusion that marketing and support organizations should work hand-in-hand to develop the crucial links between customer loyalty goals and contact center activities. Linking these two groups also closes the feedback loop from customers back to the marketing team. Sales organizations, on the other hand, know that add-on sales is going to come from customer loyalty, and your organization is critical to growing the business with current customers. Appealing to their self-interest and building alliances with the marketing and sales team will further elevate the importance of your role within the organization and boost your career!

A Final Word

The megatrends that have swept businesses in general and support organizations in particular, have created enormous opportunities for proactive executives to become strategic players within their business and take their careers to the next level. The proven strategies and tactics discussed in this paper are based on real-world experiences of the highly successful contact center executives we have worked with over the last 15 years. Put these to use now, add value to your business, and reap the rewards!

Next Steps

As a solution provider committed to helping businesses differentiate themselves through best-in-class customer interactions, eGain offers a complimentary, no-risk, no-obligation assessment of your current customer service and support operation in the form of a Best Practice Assessment Study (BPAS). Based on your priorities, the BPAS can be focused on the specific topic of this document or your broader contact center and customer service operation. If you found the content of this document to be useful, we are confident you will benefit from a BPAS engagement with us. To qualify, send us an email at info@egain.com. We will contact you to set up a mutually convenient time to conduct a BPAS.

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