



## Reimagining the Contact Center with Digital Technologies

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It costs \$600 billion per year to field the 270 billion calls made annually to the world's customer contact centers.<sup>58</sup> Many of these are already highly automated, using voice recognition and other technologies to expedite call routing and processing. But advances in digital technologies could help these centers deliver far better service to more customers at lower cost. Here is a look at ways in which companies can evolve their contact centers and increase customer loyalty and profitability.

<sup>58</sup> CIO magazine, 'Telcos May Replace Call Centre Staff with IBM's Watson,' March 23, 2015, accessed April 4, 2017, <http://cio.co.ke/news/top-stories/telcos-may-replace-call-centre-staff-with-ibm%E2%80%99s-watson>



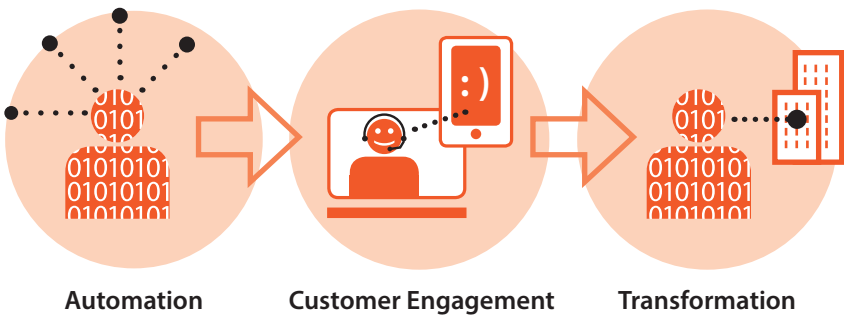
## From Call Centers to Contact Centers

Once upon a time, most people contacted customer service by telephone. Just 10 years ago, smartphones were in their infancy, social media was for kids, and it was rare for anyone to use email to contact a company to ask a question or file a complaint.

That world is vanishing. In 2015, digital contact (email, web chat, social media, and self-service channels) was on pace to overtake voice-based contact by this year. But these new capabilities don't come cheaply. For many corporations, contact centers are a major expense. And while they have more potential than ever to maintain and increase customer loyalty, they also have become large and growing cost centers.

We believe that the best approach to modernizing a contact center is to do it in phases: automation, customer engagement, and transformation. Let's look at each stage.

### Three Stages for Upgrading the Contact Center



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Which stage to begin requires asking a few critical questions.

Three are elemental:

- 1. How important is customer service to your company?** Is it a non-critical component or a competitive differentiator?
- 2. How complex is your product or service?** A simple product may not need a lot of customer support, while a more complex product or service might demand plenty of high-touch handholding.
- 3. Do your customers depend on the continuous operation of your products or services for their own success, or are they willing to tolerate occasional interruptions and downtime?** For example, a homeowner might be disappointed if a backyard barbecue grill fails to light in July, but be desperate if a home furnace malfunctions in January.

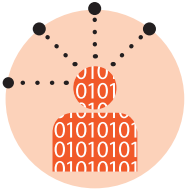
Once you answer those questions, you can go deeper into your three options for the contact center as shown in Figure 7.

### The Three Stages of Contact Center Modernization

	Automation	Customer Engagement	Transformation
<b>Primary Goal</b>	Service and Cost Efficiency	Happier Customers and Employees	Customer Experience
<b>Customer</b>	Satisfied, Disconnected	Loyal, Connected	Advocate, Informed, Social
<b>Customer Relationship</b>	Transaction	Interaction, Engagement	Transformation
<b>Channels</b>	Phone, Email	Multi-channel	Omni-channel
<b>Technology</b>	On Premise	Hosted	Cloud, Hybrid
<b>Analytics</b>	Descriptive	Predictive	Prescriptive
<b>Key Metric</b>	Customer Satisfaction Index	Customer Lifetime Value	Net Promoter Score
<b>Key Skills</b>	Responsiveness, Product/Service Knowledge	Digital Technology, Problem/Opportunity Identification, Cross-selling	Advanced Analytics, Cross-functional

**Figure 7:** Three Stages for Evolving the Contact Center

## 1. Automation: For efficiency and lower costs



If you choose the automation approach, your goal should be to reduce customer volume in high-cost engagement channels such as phone calls, by shifting as much volume as possible to low-cost automated channels such as internet-based self-service knowledge banks and chat bots.

If your contact center is not automated, a first step would be to introduce basic automation elements such as Interactive Voice Response (IVR) systems that allow callers to obtain answers to many common questions in a self-service system. On the back end, process automation can improve agent productivity by reducing the time it takes to solve common, simple problems. Meanwhile, descriptive analytics can pinpoint service problems to remove bottlenecks. One of the UK's leading media and telecom businesses reduced costs \$3 million a year merely by cutting down on handling times, resolving customer problems the first time, and reducing call transfers.

Consolidation goes together with automation. If you have multiple data centers, you can reduce your real estate costs by merging them into fewer, larger facilities. At the same time, systems consolidation combined with on-demand cloud resources can reduce hardware costs. Of course, if your contact center is not a competitive driver for your business, you might want to consider the financial and

operational implications of outsourcing the function.

Such automation initiatives should be judged according to the metrics such as lower operational costs coupled with greater efficiency (e.g., higher call volume per agent, shorter average time to resolution, etc.).

Consider the case of Cell C, the third-largest GSM telecom service provider in South Africa. The company implemented a next-generation contact center solution using the Oracle Service Cloud. The new system centralized and streamlined the way Cell C provided customer service, enabling cross-channel reporting and establishing a robust knowledge management system. By automating key business processes—including prioritization and distribution of incoming customer inquiries—Cell C provided customers with a better experience, improved agent productivity, and reduced operating costs. Eventually, Cell C expects more customers will turn to the self-service knowledge base, which should limit growth in call center volume and keep costs contained.

## 2. Customer engagement: Happier agents, more loyal customers



For many companies, the contact center has become a competitive necessity, if not an advantage. In a 2016 global survey, 85% of contact center executives viewed customer experience as a means to differentiate their company. Half said they felt that contact centers play a primary role in customer retention.<sup>59</sup>

A recent *Harvard Business Review* article argued that the better the environment for contact center agents, the better the outcomes for customers.<sup>60</sup> We agree:

### **Customer satisfaction starts with satisfied contact center agents.**

#### **To boost agent satisfaction, we suggest**

- reinvesting the cost savings achieved through automation to streamline the systems that agents use (making their work easier),
- provide them with new skills (adding valuable learning to the work environment). The goal should be to cultivate a culture of customer engagement across traditional and newer channels by training agents to use new digital channels (e.g., chat, social media, text messages, etc.) to solve customer problems and identify customer needs.

If you follow a customer engagement strategy, track success by customer churn rates and satisfaction scores, first-contact resolution percentages, abandon rates (the percentage of

customers who hang up before agents can help them), and customer lifetime value. One way to measure whether agents are satisfied is by tracking turnover.

For example, a large automaker had an outdated contact center that could only handle voice calls. The automaker deployed new technology that enabled agents to provide multichannel support across email, phone, SMS, and chat. A knowledge management solution gave agents access to 14 internal and external information sources. Thanks to these optimizations and upgrades, the company achieved 25% faster complaint resolution and higher customer satisfaction scores. The new system also enabled managers to easily create reports that provided valuable customer insights.

<sup>59</sup> Deloitte's 2015 global contact center survey – Key insights, accessed April 14, 2017, <https://www2.deloitte.com/us/en/pages/operations/articles/2015-global-contact-center-survey-results.html>

<sup>60</sup> Harvard Business Review, Customer Service Reps Work Best When They Work Together, April 10, 2017, accessed May 16, 2017, <https://hbr.org/2017/04/let-your-call-center-reps-collaborate>

### 3. Transformation: Predicting and preventing customer problems



Are the products your company sells, or the services it provides, vital to your customers' operations? That's often the case for industrial companies selling high-ticket items (like aircraft engines) to business customers.

If this is your business, you might consider transforming your contact center into a profit center. By embedding Internet of Things (IoT) technology into your company's products, you can gain access to a trove of data. With proper analysis, this data will give you a better understanding of the way that customers use your products and services.

IoT technology can also enable prescriptive analytics, allowing your contact center to move beyond responding to customer problems and to begin anticipating them. With remote diagnostics tools, agents can monitor equipment and reach out to customers to flag concerns, suggest improvement opportunities, or stop problems before they occur.

Instead of focusing first on your own business' efficiency, a transformative contact center approach looks to make your customers' operations more efficient, turning them into loyal brand advocates. As a transformative contact center initiative begins to succeed, you should see lower customer acquisition

costs and higher transaction conversion rates. Average order values should increase. Ultimately, the primary measure of success will be whether the contact center drives revenue growth and profit.

It takes skilled agents to transform a contact center. They will need high-level customer management and analytical skills, along with a passion for solving problems. For example, contact center agents at a cable and phone service provider that monitors customer data usage for abnormal activity could reach out to alert customers if they might be experiencing a hacking attack.

In another sector, we've been working with a utility provider to prove the feasibility of having the contact center plugged into data from a connected home. If sensors indicate that a furnace has failed, or a hot water heater has sprung a leak, the agent could call to help the customer avoid a catastrophe.

## **Creating Contact Centers for a Complex World**

Digital technology now occupies every corner of our lives, and as products and services incorporate digital technologies, they become more complex. Customers need more support to use these digitally enhanced products and services to their full potential. And now that those products can be interconnected, contact centers can be proactive, anticipating and preventing customer problems from occurring. That will turn such a contact center into a killer app for inspiring loyalty.

With the right technology and agent training, contact centers can help companies stand out, deliver memorable service, and attract new business.