BT

Beyond.
Customer
satisfaction

How the cloud will
(and won't) make your
customers happier

Beyond. The cloud

1 Executive Summary

Everyone, it seems, is talking about the cloud. This white paper is one of a series that aims to move beyond the hype that currently surrounds the cloud.

This paper looks at making customers happier and in particular, the changing face of customer contact provision, how it's delivered and charged. Secondly, it looks at the impact of the cloud on the customer contact landscape. It outlines the business benefits of blending cloud and traditional services, thus boosting your economic advantage and increasing your flexibility. It provides practical guidance to making the most of the cloud, without being sucked into narrow debates about cloud technology itself.

Beyond.
The cloud

1   Introduction

1 Peter Drucker, The Practice of
  Management, 1954

As the world has negotiated the recent economic downturn, striking the right balance between exemplary customer service and cost containment has become increasingly difficult. How can you give customers the service they want when the capital investment required to meet their demands is not available?

Most large contact centres are designed to handle peak demand. As a consequence, the levels of redundancy built into the contact centre model have become unpalatable to shareholders and investors.

This is now being dealt with thanks to two key shifts in the contact centre approach: virtualisation and cloud delivery of automated services. These two forces have delivered entirely new ways to buy contact centre services.

"The late Peter Drucker put it best when he said, "there is only one valid definition of business purpose: to create a customer[1]".

2 The Contact Centre Decade

Calls and the internet living together

2 Call centres; Working in real time, Post Magazine, August 10, 2000

3 Washington Post, Bricks and Clicks Together, January 20, 2000

A decade ago, predictions regarding the future of the call centre ('contact centre' was still a newfangled word at this time) and the impact of the internet were rife. Some experts were very wide of the mark. Others demonstrated a sound degree of foresight.

In 2000, for example, Simon Daisley of the Customer Contact Company argued, in an interview with UK insurance magazine Post[2], that although the internet will undoubtedly reduce overall costs, that alone will not be the prime mover because it assumes that is what consumers want. **"Evidence suggests that customers will demand human intervention,"** he said. **"Pushing everything onto a website is really a cop-out."**

Similarly, Maggie Evans, head of marketing at Telecom Potential, contended that the internet would simply add another communication channel by which the contact process will be enhanced. **"It's not an 'either/ or' situation,"** she said.

Perhaps the most prescient of predictions was made by Andrew Mawson, managing director of Advanced Workplace Associates, who argued that the call centre would evolve into a communication centre in the widest sense. **"In reality, customers are channelled into methods of trading and will want to use the combination of facilities that suit them best. In the future, a customer could be talking to a live operator, while simultaneously viewing the website, with the operator guiding the caller through the site."**

Many were excited about the potential of a more customer-focused world, where customers would 'pull' information from a business rather than wait for it to be 'pushed' at them.

The Washington Post, reporting on the National Retail Federation's annual convention in 2000[3], wrote how **"merchants spoke of integrating their behind-the-scenes databases so consumers can communicate with a company's Web site and simultaneously have their wishes recorded in the company's stores and call centers."**

This future has arrived. Today, live calls and the internet exist side by side and are effectively seen as one distribution method, helping organisations to optimise both their spend on and the quality of their customer service.

"merchants spoke of integrating their behind-the-scenes databases so consumers can communicate with a company's Web site and simultaneously have their wishes recorded in the company's stores and call centers."
The Washington Post

3   At what price?

New options for buying contact centre services

As customer contact has evolved, from a purely voice-based function into one that is increasingly automated, so have the commercial realities for those making purchasing decisions. Virtualised contact centres can seamlessly integrate traditional business processes, which tend to be centred around people at desks, and cloud services such as automated customer contact processes or remote agents using cloud-based workflow applications.

However, purchasing has not kept pace with technological innovation. Now, there is a new opportunity for customer service, marketing and IT decision-makers, along with procurement departments, to review how they measure the return on investment for customer contact services.

Most global organisations require a portfolio of customer contact solutions designed around specific tasks, campaigns or customer requirements (see options in 'Side bar: contact factory or high-tech solution?'). Purchasing decision-makers need to be aware of the variety of solutions on offer, including the ways these solutions can be priced.

As elements of customer contact have migrated into the cloud, there has been a growing demand for pay-as-you-use customer contact services. The most sophisticated organisations see this model as a way to drive better value from their contact centre partners, and to avoid major capital expenditure on systems implementations and upgrades. But there remains a gulf between those organisations able to measure and forecast the ROI on pay-as-you-go solutions and those whose knowledge extends only to services sold on a more traditional basis.

In today's market, then, what are the pricing models, and what do contact centre purchasers need to know? There are two main factors to take into account when making a purchasing decision: purchasing period and license type.

Contact factory or high-tech solution?

The contact centre marketplace can be divided into two broad areas, serving different functions. At one end of the spectrum are large-scale, lower-complexity 'contact factories', designed to process high volumes of relatively simple customer interactions, such as handling simple transactional account management calls.

At the other end of this spectrum are smaller, specialised, virtualised contact centres designed to channel complex or high-value customer interactions to the best expert available, to deliver high-value outcomes, such as resolving complex complaints from valuable customers. In many cases, providers of specialist outsourced contact services are able to maximise value from the outsourced business process by themselves turning to a contact factory vendor to handle the low-value or high volume end of their work. It is an increasingly integrated market, and understanding how to build the right flexible solutions has become a specialist field.

"As elements of customer contact have migrated into the cloud, there has been a growing demand for pay-as-you-use customer contact services."

3

"It is an increasingly integrated market, and understanding how to build the right flexible solutions has become a specialist field."

Table 1:
next generation contact centre purchasing decision matrix

	Purchasing period		
License type	Year	Month	Hour
Named	**Advantages:** Traditional contact centre model, provides cost predictability, presuming demand forecasting is accurate.	**Advantages:** More responsive to demand fluctuations. Lower up-front investment.	Not applicable: Platforms charged by the hour can track individual users, so lend themselves best to per-login and concurrent license models.
	Disadvantages: Provides poor flexibility in response to changing demand. Has to be managed as a non-core process by the purchaser.	**Disadvantages:** You have to buy enough licenses to meet peak demand – even if this is unpredictable and only occurs during one period in the year.	
Per-login	**Advantages:** Provides theoretical cost efficiency advantages over named license model.	**Advantages:** Greater flexibility than per-year pricing and better value than purchasing named – potentially unused – licenses.	**Advantages:** Greatest value in terms of paying only for use, rather than 'right to use'.
	Disadvantages: In most cases, over such a long period, this is virtually identical to the named user model.	**Disadvantages:** Inefficient model for contact centres employing flexible workers, such as part time or job-sharing arrangements.	**Disadvantages:** With a system capable of charging by the hour, this model misses out on the cost efficiency of concurrent use.
Concurrent	**Advantages:** Best value license type. Especially suitable for organisations operating flexible working systems.	**Advantages:** High level of flexibility means that contact centre resources are likely to be used at near maximum efficiency.	**Advantages:** Risk passed mostly to technology partner, best value for purchasers with fluctuating demand.
	Disadvantages: In reality, peak concurrent user demand over a year will be similar to paying for peak named user demand.	**Disadvantages:** Difficult to compare model with incumbent contact centre platforms.	**Disadvantages:** Accurate pricing requires a period of observation, in order to understand demand fluctuations.

3

Other pricing options
also exist, and can be
built around individual
organisations' needs, thus
offering the prospect of
better value.

		Options	
		Bundled pricing	**Business-value-pricing**
Description		Bundles can be priced to include additional services, such as network infrastructure, compute, storage, or security, as required.	Contact centre infrastructure is paid for on the basis of business outcomes of the purchasing organisation (e.g. a complaint resolved, an invoice issued or bill of lading signed).
Advantages		Provides flexibility to contact centre customers that need a tailored package to fit with existing infrastructure.	Links cost to valuable business outcome. Aligns technology with business requirements. Puts business objectives ahead of technology objectives.
Disadvantages		Requires strategic planning and procurement, to ensure purchased platform fits with existing IT estate.	Complex pricing process, based on analytics often not available. Typically more suited to long-term contracts, as opposed to hosted, pay-per-use agreements.

Future direction: business value pricing

The majority of customer relationship management partnerships today are structured to be measurable against the in-house process they The majority of customer relationship management partnerships today are structured to be measurable against the in-house process they replace. However, many of the most successful are those that place innovation at the heart of the process itself. CRM pricing strategies are heading towards structures that reward vendors for supporting business value itself, rather than a short-term tactical outcome such as a sale, or a query handled satisfactorily.

In a report into innovative pricing structures*, analyst IDC examined a number of live examples to understand the mechanics of business value pricing. It found that the advantages were:

– provides a built-in incentive for a technology partner to tailor a solution to a specific customer relationship management need

– ensures CRM processes are measured in a way that is of value to the business in question (for example, measuring a campaign to upgrade people to broadband internet would be best measured by how many people upgrade to broadband internet, rather than by the volume of outbound calls made)

– makes the resolution of business problems, rather than technology, the focus of a CRM partnership

IDC also found that the disadvantages of being an early adopter of a new business process were significantly reduced when business value pricing was used.

4 Preparing to purchase

Ten practical tips

These days, more than ever, purchasing decisions are under scrutiny by finance departments, regulators and investors. Making the right decision will be as important as showing due diligence has been undertaken with respect to every option available to a contact centre services purchaser. What advice, then, can be given to organisations planning to negotiate these complex and nuanced models?

1   Don't underestimate (cloud-delivered) 'self-service' technologies. They can do more than you think and customers don't dislike them as much as they might say. Two thirds (60 per cent)[4] of US and UK customers would rather companies use a voice-based self-service system than an offshore contact centre to improve service efficiency.

2   Voice-based self service can also improve efficiencies and stop avoidable manned contacts – two vital outcomes in the current climate. Remember that with self-service and virtualised options, you can deliver 24/7 customer service without employing a 24/7 rota of agents.

3   Hosted services help you cope. The advantages of hosted services are not just the obvious financial ones such as the avoidance of capital expenditure. One real benefit is the ability to scale. If your demand fluctuates by 40 or 50 per cent, that means for much of the time you are paying for twice as much capacity as you need. Hosting services in the cloud means you pay only for what you use – and they can simply be scaled by a factor of 10 or 100 if that is required.

4   Take the call to the agent not the agent to the call. Save money and the environment by using cloud-based contact centres, routing calls to agents, instead of having your agents go to a place to receive calls. It saves money on facilities, increases the pool of skilled workers available, increases their productive hours and allows resources to be flexed as needed.

5   Read up on virtualisation! Virtualising services is happening all over the place, right now. It will provide agent savings (of up to 15 per cent, according to BT estimates) while improving the average answer time, thereby improving customer satisfaction.

Hosted contact centres, delivered from the cloud or otherwise, are the quickest, most cost-efficient way to virtualise resources. This can improve service quality by connecting the best person with the right skill to the right enquiry every time. Moreover, costs can be optimised, by maximising the use of expensive skills and managing skills centrally as one big 'pool'. Any agent can be available to any call, just by connecting to the hosted platform.

6   Choose non-geographic telephone numbers. That way, you are not tying your organisation to a specific location. The number can move with you as you grow without you having to change your main contact numbers. Your contact number can even become part of your brand.

"Don't underestimate (cloud-delivered) 'self-service' technologies. They can do more than you think and customers don't dislike them as much as they might say."

4

"Innovations such as cloud services, virtualisation and unified communications are likely to bring about a step change in the way customer contact is delivered and priced."

7   Consider looking beyond call recording as a 'tick in the box' for industry regulation. Instead, view it as an aide to understanding your customers and improving the quality of agent interaction. Let automated analytics loose on your archive of recorded calls and learn things you never knew about your customers, your agents, your IT infrastructure and your products and services.

8   As the delivery of customer contact services becomes increasingly technological, organisations must think carefully about what is mission-critical. Is operating contact centre infrastructure a central aspect of the organisation? Concentrating on core business competences is likely to meet the approval of your shareholders and investors, and letting a specialist provider operate your contact centre infrastructure takes away the problems of supplier management and service support.

9   Protect yourself against rapid change. Innovations such as cloud services, virtualisation and unified communications are likely to bring about a step change in the way customer contact is delivered and priced. The best way to remain at the leading edge of this change is to work with a partner focused on delivering these innovations with the stability and security required by international enterprises and Government bodies.

10 Pick a partner that understands the full range of contact centre technologies – from network management and telephony, to cloud delivery of applications and services.

5

The future of the contact centre

One consequence of the rapid development of voice- or web-based self service technologies is that customers are increasingly willing to do the 'simple stuff' online or via voice transaction systems. This is where the cloud comes into its own.

The contact centre 'mission' used to be to process lots of calls – fast. It's no longer as simple as that. The demands being placed on contact centres, or rather, upon the staff within them, are ever more complex and technical. The traditional contact centre model is breaking down, and being integrated with cloud architecture.

The increased access to information and collaboration by remote teams has the potential to greatly enhance the customer experience for most organisations.

Historically, the contact centre has been perceived as something peripheral to the successful operation of an organisation. Now it is becoming the pulse of an organisation. It is and will continue to become the hub for complex issues that should be fed into, for example, the new product development process. Companies are able to listen to their customers as never before. And whether or not they are taking advantage of this capability today, they will have to do so in the future.

"The increased access to information and collaboration by remote teams has the potential to greatly enhance the customer experience for most organisations."

Case study: Air China – global airline, global customers

Top international airline, Air China, employs around 23,000 people and serves 70 domestic and 36 foreign cities. The airline has experienced growth in excess of 20 per cent per annum, and much of this growth has come from the lucrative European market.

The challenge
Air China was keen to capitalise on its European expansion by bringing the point of service closer to the customer. The intention was to enable calls from European customers to be directed to a multi-lingual contact centre where they could be routed to an agent able to deal with the enquiry in the caller's own language, and in a way that is sympathetic to their culture.

The solution
Air China decided to locate its new customer contact centre in Estonia due to its highly skilled workforce, plus the fact that it compared favourably on cost. Air China chose a BT customer relationship management solution. Using the reach and quality of the BT global network infrastructure, the solution would enable BT to take end-to-end responsibility for the collection and delivery of Air China's voice calls right across Europe. The package includes features such as caller identity, which enables the network to route incoming calls to the right linguist according to their country of origin. Despite the international nature of the calls, there is no delay or interference, and BT provides a solid guarantee of service.

Results
As well as significantly saving money for Air China's customers, BT's solution increased customer satisfaction with the service. The airline is protected against one-off events, such as the Beijing Olympics in 2008, since the solution is completely and flexibly scalable, ensuring customers service levels do not drop.

6   BT's expertise

A hosted pay-as-you-go contact centre

BT's Next Generation Contact Centre (NGCC) takes cloud question marks out of the contact centre process. It is a pre-packaged, 'out-of-the-box,' multi-channel hosted contact centre service. Seamlessly integrated into your new or existing contact centre infrastructure, it bundles together the best features of BT's current CRM portfolio, offering you powerful and fully hosted contact centre functionality. It means you can utilise the latest contact centre technology on a pay-as-you-go basis – without capital expenditure in technology.

Easy to deploy, "Unified by nature"

Legacy infrastructure is often unable to deliver new features or requires significant capital investment and complex integration projects. NGCC can supplement your existing infrastructure, reducing the need for up-front investment.

By embedding all contact centres components – multi-channel, IVR, skill-based, routing engine, configurable agent front end, ubiquitous administration cockpit – into one inherently unified application, BT NGCC significantly reduces the time, cost, risk and resources needed to deploy, deliver and maintain a contact centre solution.

With BT NGCC you can meet the dynamic changes of your market and manage uncertainty without the hurdle, delay and risk of obtaining capital investments authority and managing complex infrastructure.

Leading-edge IP technology

NGCC is hosted within BT's Global voice and data networks, allowing access from anywhere in the world. The BT Global Inbound Voice network enables delivery of calls from more than 170 countries to your agents.

Flexible licensing

Utilising the On Demand platform it's possible to share concurrent licences across a wide pool of agents reducing overall costs and better managing peaks in demand. Utilising the ability to flex up and down enables better management of uncertainty, the ability to try new markets without risk, and to change your mind dynamically.

Flexible commercial methods are available based on peak concurrent agents during a month, designed to suit your working pattern

For more information on BT Next Generation Contact Centre and how it can improve ROI on your customer contact operations, please visit bt.com/globalservices or contact Andrew Small (andrew.2.small@bt.com)

The 'Beyond the Cloud' series of white papers examines in depth specific aspects of running an organisation, and show that, beyond the hype, cloud services have an important role to play. They should be seen as part of the solution to corporate challenges such as boosting productivity and efficiency, and meeting demands such as delivering better customer service and security.

The other papers in the series are:

– How the cloud will (and won't) make your people more productive

– How the cloud will (and won't) make your operations more efficient

– How the cloud will (and won't) impact your organisation's security

"Utilising the ability to flex up and down enables better management of uncertainty, the ability to try new markets without risk, and to change your mind dynamically."