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Self Service Drives Dollars for the Contact Center

May **07**

Thank you for requesting this copy of the **Aberdeen Group's** May 2007 benchmark report, **"Self Service Drives Dollars for the Contact Center,"** sponsored by Neocase Software, a cost-effective customer service solution for mid-market companies. Self service is an important step in the maturity of your support process. It allows you to provide 24/7 support, while reducing call volume.

Neocase Software Inc. believes customer support should be simple - even if your customer interactions are complex. As a leading international provider of customer support software, Neocase has invested heavily to make its solution easy for agents, partners and customers to use. Neocase brings efficiency and profitability to call center operations through web self-service, intelligent knowledge management, service level contract (SLA) management, sales and marketing integration, employee and partner case collaboration, and automated workflows.

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Executive Summary

Customers increasingly want quicker, more accurate answers to their questions in the channel of their choice. Aberdeen surveyed over 150 companies across multiple industries and found that 75% of companies that have implemented self-service into their contact centers have seen at least a 25% improvement in customer satisfaction. One-third of companies surveyed are planning to implement a self-service solution within 24 months. The results are improved customer satisfaction and retention, as well as reduced operating costs.

> "Our customers are demanding 24 hour support at their own time and convenience. In order for us to remain competitive it is necessary for us to implement self-service."
>
> Director,
> Airline Industry

Best in Class Performance

Aberdeen used three criteria to distinguish Best-in-Class (BIC) companies. These key performance indicators (KPIs) are:

- 65% improvement in customer satisfaction
- 58% improvement in first call closure rate
- 39% improvement in customer retention

Competitive Maturity Assessment

Research shows that BIC firms share several common characteristics:

- **91%** of BIC companies are providing their customers with the ability to track issues over the web
- **57%** of BIC companies are tracking call center performance across all available channels (web, chat, email and voice)
- **62%** of BIC companies have an Integrated Voice Response (IVR) system in place, in comparison to only 48% of average and 41% of laggards

Required Actions

In order to achieve BIC performance, companies must do the following:

- Track contact center performance across all channels (web, voice, email and chat)
- Provide seamless and real-time integration across all channels in order to provide the same levels of customer support
- Integrate back-end systems (CRM, ERP and SFA) making them available to self service applications.

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Chapter One:
Benchmarking the Best-in-Class

Aberdeen Analysis

In an effort to gain a competitive edge in the market, companies are implementing self service solutions to deal with business pressures. In fact, BIC companies highlighted **competition** as the top pressure for implementing self service, with the need to reduce operating costs as the second pressure. On the other hand, average and laggard companies identify reducing operational costs as the key pressure, with over two-thirds of Average and 81% of Laggards indicating this in the survey (Figure 1).

BIC companies see the cost savings of self-service as self evident; they are more focused on maintaining customer retention and satisfaction metrics to remain competitive in their industry (Table 1).

Figure 1: Top Pressures to Implement Self-Service Solution
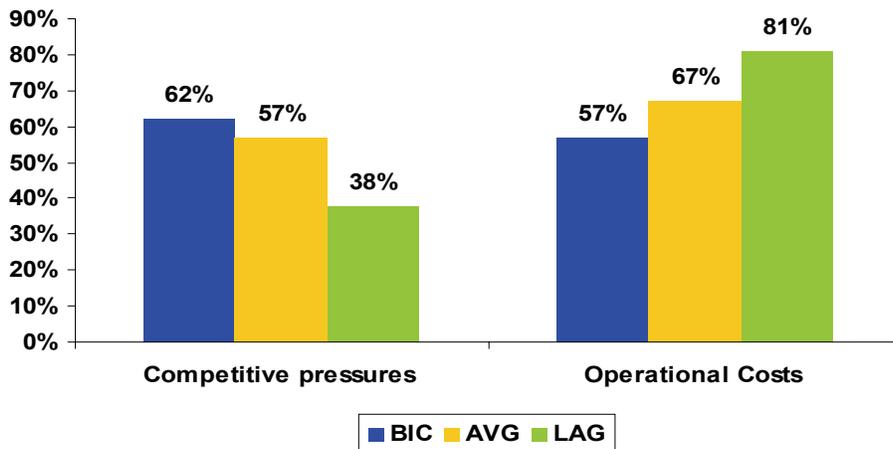
Source: Aberdeen Group, May 2007

Maturity Class Framework

Aberdeen used performance measures across three criteria to differentiate between Best-in-Class, Industry Average and Laggard organizations. These key performance indicators (KPIs) are:

- Customer Satisfaction
- First Call Closure Rate
- Customer Retention

Table 1 describes the differences between BIC, Industry Average and Laggards across these three metrics.

Fast Facts

√ Competition is a primary driver to implement a self-service solution. 62% of BIC companies identified this as the key pressure.

√ Best-in-Class companies are **three times more likely** to see an improvement in total cost of customer support.

Maturity Framework Key

The Aberdeen Maturity Framework defines enterprises as falling into one of the three following levels of practices and performance:

Best-in-Class (20%) — practices that are the best currently being employed and significantly superior to the industry norm

Industry Average (50%) — practices that represent the average or norm

Laggards (30%) —practices that are significantly behind the average of the industry

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Table 1: Top Performers Earn "Best-in-Class" Status:

Definition of Maturity Class	Mean Class Performance
Best in Class: **Top 20%** of aggregate performance scorers	**65%** increase in customer satisfaction **58%** increase in first call closure rate **39%** increase in customer retention
Industry Average: **Middle 50%** of aggregate performance scorers	**48%** increase in customer satisfaction **41%** increase in first call closure rate **24%** increase in customer retention
Laggard: **Bottom 30%** of aggregate performance scorers	**25%** increase in customer satisfaction **12%** increase in first call closure rate **18%** increase in customer retention

Source: Aberdeen Group, May 2007

Best-in-Class PACE Model

In order to reduce the pressure of increasing competitive advantage, BIC companies combine strategic actions, organizational capabilities and enabling technologies. The actions, capabilities and enablers that BIC companies are implementing are outlined below:

Table 2: Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
• Increase competitive advantage	• Extend the contact center to the web. • Drive customers to low cost service options	• Track contact center performance across all channels • Comprehensive access to company information • Structure web site to provide ease of use and navigation	• Web site search • Content management • Version management • Real-time analytics • Knowledge management • Account management • Order & service management • Advanced web design tools • IVR system • Voice recognition • Text-to-speech

Source: Aberdeen Group, May 2007

Strategy in Action

As seen in Table 2, BIC companies are addressing competitive pressures by extending the contact center to the web and driving more customers to the website. BIC companies are more likely than industry average and laggards to allow their customers access to support issues via the web (37% Vs 30% Vs 29% respectively). BIC companies are also offering their customers low cost service options to entice them to use less expensive modes of access, such as e-mail and live chat.

In addition to these strategic actions, more BIC companies are considering outsourcing their contact center operations. This indicates that more companies in general have started to become wary of the impact of contact center outsourcing on the KPIs (Figure 2).

> "We are getting our customers to do as much as possible on the web, and move away from the high cost call center."
>
> ~ Director
>
> Seattle, WA

Figure 2: Strategies Used to Drive Self Service in Contact Center
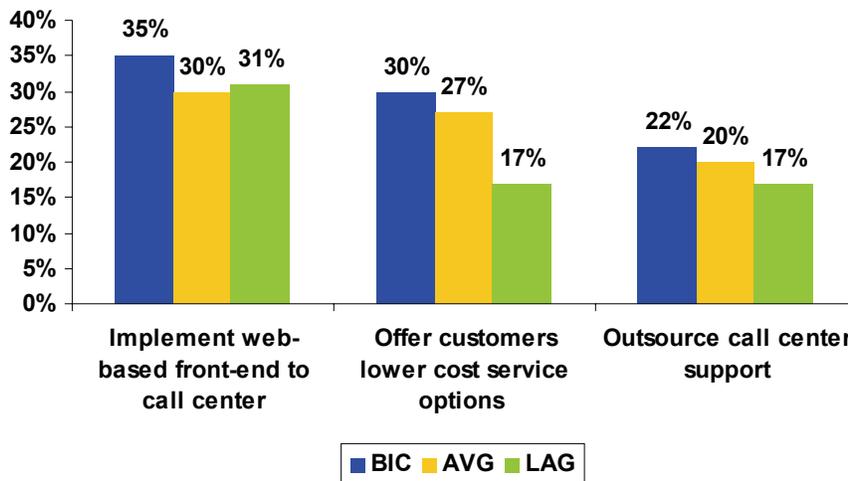
Aberdeen Insights – Strategy

Companies are beginning to realize that self-service is a necessary solution to remain competitive in the market. As customers continue to demand a higher level of service, 24 hours a day, 7 days a week, self-service helps improve call center availability, while driving down costs. It has a direct impact on customer satisfaction and retention.

It is not only necessary to provide customers with the option for self-service, but it is imperative to push them towards these lower cost self-service options. Companies should make it difficult to find the customer service number on the website or start with an automated voice through the phone. The more customers are conditioned towards servicing themselves, the greater the improvement in customer satisfaction and reduction in costs.

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Chapter Two:
Benchmarking Requirements for Success

A fully realized self service strategy will utilize the web and voice as enabling technologies and processes that improve the contact center functionality. Best-in-Class firms see higher performance in the areas of process, organization, knowledge, technology and performance.

Case Study:
A.O. Smith, the largest manufacturer of residential and commercial water heating equipment in North America, is an example of a company that is using web self-service to increase its competitive position in the market while at the same time driving down costs.
A.O. Smith uses knowledge base management software to enable technicians to quickly identify the probable cause of reported failures. Contractors and customers can also access the knowledge base on the A. O. Smith customer support web pages for self service. This system automatically tracks and reports on how many inquiries are received and which answers are used to resolve problems. A.O. Smith further utilizes its knowledge base to suggest possible resolutions to problems via an automated email response system. Customers sending an email inquiry get a rapid email response to their query which suggests the most likely answers to the problem or question they have reported, thereby empowering their consumers to service themselves.
The company's technical support call center provides telephone support to contractors, plumbers and consumers. Skilled technicians provide support for both residential and larger, more complex commercial water heating systems.

Competitive Assessment

Survey respondent classification was examined based on their characteristics across five key categories: (1) process (understanding the impact of self service to stakeholders); (2) organization (corporate focus and collaboration among stakeholders); (3) knowledge (contextualizing transaction data and exposing product data to customers); (4) technology (selection of appropriate tools and intelligent deployment of those tools); and (5) performance management (ability of the organization to measure the benefits of technology deployment and use the results to improve key processes further).

Fast Facts

√ Best-in-Class companies are nearly **50% more likely** than the rest to offer customers an issue tracking process to query customer interactions and retrieve issue status.

√ **Over half** of Best-in-Class companies have implemented knowledge management as part of their self service offering, versus only

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Table 3: Competitive Framework

	Laggards	Average	Best-in-Class
Process	Design Website Using Simple Navigation Techniques		
	41%	59%	68%
Organization	Outsource Call Center Support		
	17%	20%	22%
Knowledge	Track performance across all channels (web, chat, email and voice)		
	27%	40%	57%
	Customers are able to access backend systems to retrieve and update Customer, Order and Sales data using self-service technology		
	2%	14%	35%
Technology	Self Service technology currently in use		
	• **35%** Order management • **36%** Service management • **42%** using IVR	• **45%** Order management • **38%** Service management • **49%** using IVR	• **52%** Order management • **62%** Service management • **63%** using IVR
Performance	Improvement in Total Cost of Customer Support		
	19%	48%	51%

Source: Aberdeen Group, May 2007

Competitive Analysis

Best-in-Class companies are tracking performance across different support channels.

Integration with backend systems, such as CRM and ERP, is critical to provide seamless access to customer data and a single level of support across all channels.

Issue tracking and service management are key areas where BIC companies are accelerating ahead of average and laggard companies.

Organizational Capabilities and Technology Enablers

The components of a well-designed self service strategy fall into two categories: web self service and voice self service.

Web self service allows customers to access information about their accounts, orders and issues online. The ability to do this in the medium and time of their choosing has a positive impact on customer satisfaction. Figure 3 shows the technology selections for BIC as compared to other companies.

Figure 3: Technologies Used in Web Self Service
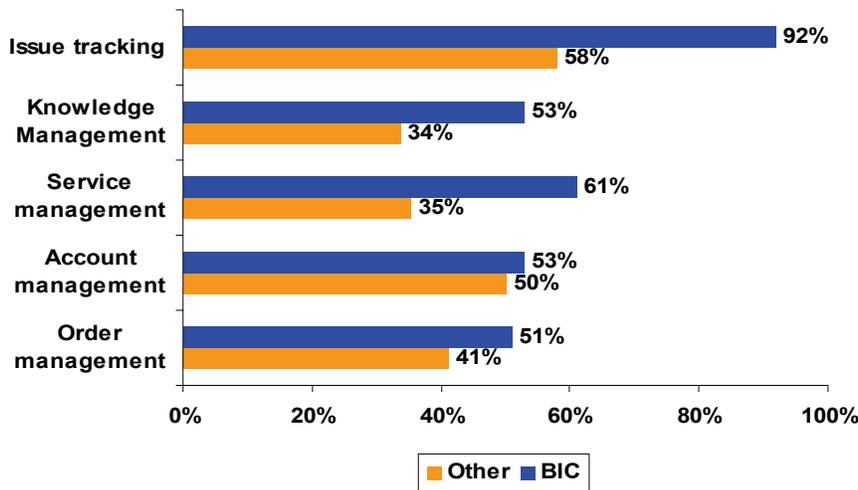
> "We are implementing knowledge based applications on the web so that our customers can find answers to their questions."
>
> Director,
> Airline Industry

Voice self service enables customers to get answers to their questions and resolve issues through traditional phone support. CTI and IVR provide access to customer information without interacting with an agent. Figure 4 shows the technology selections for BIC compared to other companies.

Figure 4: Technologies Used in Voice Self Service
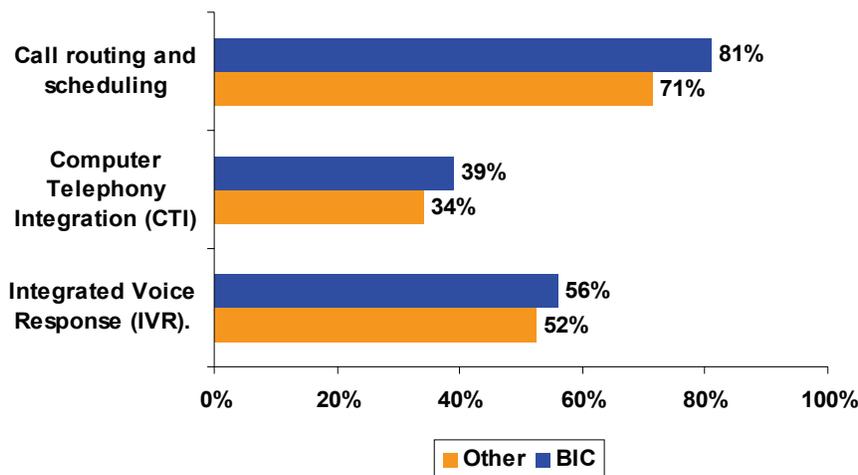
Aberdeen Insights – Technology

Self service requires a firm understanding of the customers and business processes. Best-in-Class companies are consistently implementing technologies in the voice and web self service space as opposed to other companies. Enabling technologies in voice self service which look to be on the brink of planned adoption by BIC are VOIP (28%), speech recognition (19%) and VXML (15%). VOIP will increase the agents mobility and allow them to be located anywhere a broadband connection exists. Speech recognition will provide

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Aberdeen Insights – Technology

greater depth in translating customer voice patterns into actionable task without agent interaction. VXML will provide a mechanism to enable speech recognition, speech synthesis and dialog management via a voice browser.

LiveChat (22%), which allows customers (usually premier) to interact with agents will be another mechanism to improve customer satisfaction in web self service.

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Chapter Three:
Required Actions

Whether a company is trying to move its performance in self-service implementation from "Laggard" to "Industry Average," or "Industry Average" to "Best in Class," the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

Track call center performance across all channels

Laggards are six times less likely to track call center performance than BIC companies. It is important to deliver the same level of service across all channels and measure performance to ensure KPI's are maintained.

Integrate with customer management systems (CRM, ERP etc.)

Less than one-third of laggards have currently integrated their customer management systems with their web service front end. A seamless integration across both the front-end and back-end is essential to provide complete services and maintain customer satisfaction.

Offer knowledge management options to customers

BIC is twice as likely as laggards, to offer knowledge management to its customers. This allows customers to find solutions to their issues in a timely manner through the utilization of natural language structured queries, further driving down costs for companies while improving customer satisfaction.

Industry Average Steps to Success

Implement issue tracking through the web

Compared to 92% of BIC companies, only 62% of average companies currently offer issue tracking through the web. With the ability to check the status of their support issues on the web, customers will not have to call the agents, a tactic that helps to improve customer satisfaction.

Implement business intelligence/analytics

BIC companies are 1.5 times more likely to implement business analytics compared to average companies. In order for average companies to measure and improve their performance across multiple channels, they must implement business intelligence and analytics tools.

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Implement Service Management Solutions

Sixty-one percent of BIC companies currently offer service management solutions, versus 34% of average companies. In order for average companies to be competitive, they must offer this solution to their customers.

Best-in-Class Steps to Success

Implement a recommendation engine to guide customer experience

Recommendation engines, currently implemented by only 16% of BIC companies with 27% considering implementation in the next 24 months, help provide customers with answers to their support issues in a timely manner and improve customer satisfaction.

Add advanced speech recognition capabilities

To further enhance the voice self service experience and avoid manual interference from a high-cost call center agent, it is necessary to implement advanced speech recognition. This is currently used by only 17% of Best-in-Class companies.

Add live chat to expand the web self service offering

LiveChat is one of the key differentiating factors between companies who are providing a complete set of online services. Currently less than one-fourth of BIC companies offer LiveChat capabilities, a technology that can further help reduce call center operational costs.

Aberdeen Insights – Summary
Best-in-Class companies have utilized both web and voice self service to address competitive pressures. They have implemented the ability to view account, product and order data via the web. BIC companies have also utilized IVR applications to allow customers to answer and direct their queries via the voice channel. Issue tracking, adopted by 91% of BIC companies, is a clear differentiator. Both industry average and laggard companies need to move quickly to adopt this functionality in their web self service applications. As Industry average companies and laggards begin to improve and move towards becoming BIC, they next need to focus implementing speech recognition and LiveChat. These two technologies will add breadth to their self service applications and increase customer satisfaction by continuing to allow customers to manage the interaction.

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Appendix A:
Research Methodology

Between March and April 2007, Aberdeen Group examined the use of Self Service technologies, the experiences, and intentions of more than 150 enterprises in a diverse set of industries.

The research identified the necessary characteristics of BIC companies providing self service.

The report highlights key strategies being implemented by BIC companies and how they differ from others in this market.

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on self service strategies, experiences, and results.

The study aimed to identify emerging best practices for self service and provide a framework by which readers could assess their own management capabilities.

Responding enterprises included the following:

- *Job title/function:* The research sample included respondents with the following job titles: manager (38%); director (23%), senior management/VP/CXO (22%).

- *Industry:* The research sample included respondents across various industries. Telecommunications was the largest segment with 29% of the sample. Finance/Banking was 20% of the respondents followed by High Tech at 17%. Traditional retail accounted for 10% of respondents.

- *Geography:* The majority of respondents (62%) were from North America. Remaining respondents were from EMEA (26%), Asia-Pacific region (13%), and South America (2%)

- *Company size:* Thirty-six percent of respondents were from large enterprises (annual revenues above US$1 billion); 33% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 30% of respondents were from small businesses (annual revenues of $50 million or less).

Solution providers recognized as sponsors of this report were solicited after the fact and had no substantive influence on the direction of this benchmark report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Table 4: PACE Framework

PACE Key
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:

Pressures — external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)

Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product/service strategy, target markets, financial strategy, go-to-market, and sales strategy)

Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products/services, ecosystem partners, financing)

Enablers — the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, May 2007

Table 5: Maturity Framework

Maturity Framework Key
The Aberdeen Maturity Framework defines enterprises as falling into one of the following three levels of practices and performance:

Best in class (20%) — Self-Service practices that are the best currently being employed and significantly superior to the industry norm, and result in the top industry performance.

Industry norm (50%) — Self-Service practices that represent the average or norm, and result in average industry performance.

Laggards (30%) — Self-Service practices that are significantly behind the average of the industry, and result in below average performance

In the following categories:

Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?

Organization — How is your company currently organized to manage and optimize this particular process?

Knowledge — What visibility do you have into key data and intelligence required to manage this process?

Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?

Performance — What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, May 2007

**Table 6: Relationship between PACE and
Competitive Framework**

PACE and Competitive Framework How They Interact
Aberdeen research indicates that companies that identify the most impactful pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute.

Source: Aberdeen Group, May 2007

Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report include:

The MultiChannel Call Center Agent: Myth or Reality, January 2007

The Conflicted Call Center: Customer Experience vs Transaction Hub, March 07

The Contact Center as a Profit Center, October 2006

Shoring Up the Front Lines of Product Service: The Call Center, September 06

Supercharge Your Call Center to Slash Product Service Costs, August 2006

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

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