Transforming the Front Office

to achieve Competitive Differentiation, Growth and Profitability

An Outsourcing Center and Wipro Paper

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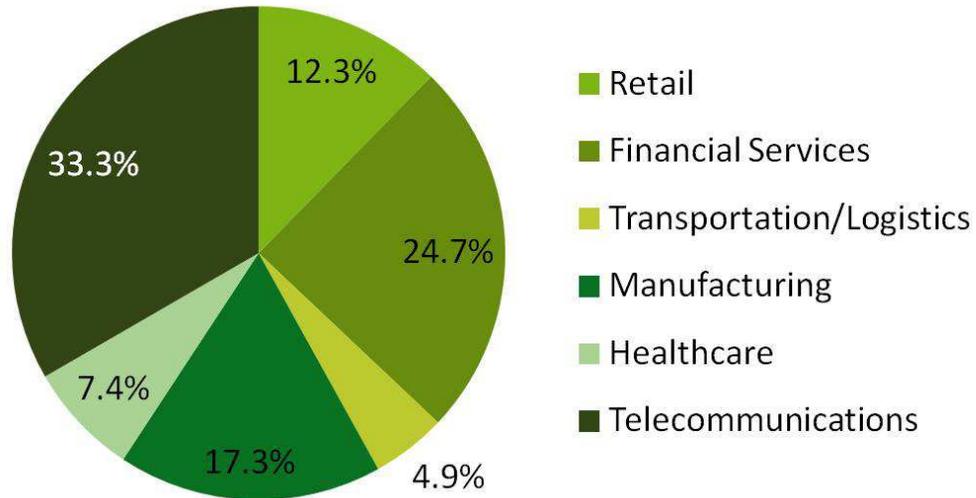# TABLE OF CONTENTS

INTRODUCTION:

Customer experience has become a powerful differentiator for organizations of all sizes and types. In today's ultra-competitive market, businesses must strive to deliver exemplary customer service across all touchpoints and via a proliferating array of channels. With customers becoming more demanding every day – and given the fact that dissatisfied customers often will take their business over to the competition – it has become imperative for every customer-facing business to optimize all customer contacts. Increasing customer expectations has made creating that great customer experience a daunting challenge.

Customer experience is both sales and service enabled. Organizations must have the ability to see their customers across their organization and all touchpoints. But just having the data isn't enough – companies need to be able to aggregate and analyze that data to learn things like what leads to customer churn and then take corrective action before customers defect to the competition. That's where analytics can help.

Savvy organizations are able to analyze and leverage customer data to understand customer behavior and create a meaningful customer feedback loop to ensure the essential continuous improvements in customer service.

Outsourcing Center and Wipro performed a survey that looked at how organizations are approaching their front office today and how they view transforming their customer-facing strategies to improve the customer experience and boost their bottom line. This report strives to provide a snapshot of where organizations are in terms of their front office and points to general trends in this area.

What is your organization's primary business?

Legend:
- Retail — 12.3%
- Financial Services — 24.7%
- Transportation/Logistics — 4.9%
- Manufacturing — 17.3%
- Healthcare — 7.4%
- Telecommunications — 33.3%

Survey respondents represent retail, financial services, transportation/logistics, manufacturing, healthcare, telecommunications and other industries. Approximately 43 percent of respondents are from organizations with more than 20,000 employees; a full 64 percent of respondents work for companies with annual revenue of more than $500 million.

What is your organization's front office strategy—and could it benefit from transformation?

FINDING #1: ORGANIZATIONS ARE CURRENTLY USING A WIDE VARIETY OF CONTACT CHANNELS TO INTERACT WITH CUSTOMERS.

What customer contact channels are part of your organization's current front office strategy?

Channel	Percentage
Mobile platforms	48.1%
Social media	53.1%
Web self-service	69.1%
Mail	70.4%
Fax	38.3%
Chat	37.0%
Email	96.3%
Phone	96.3%
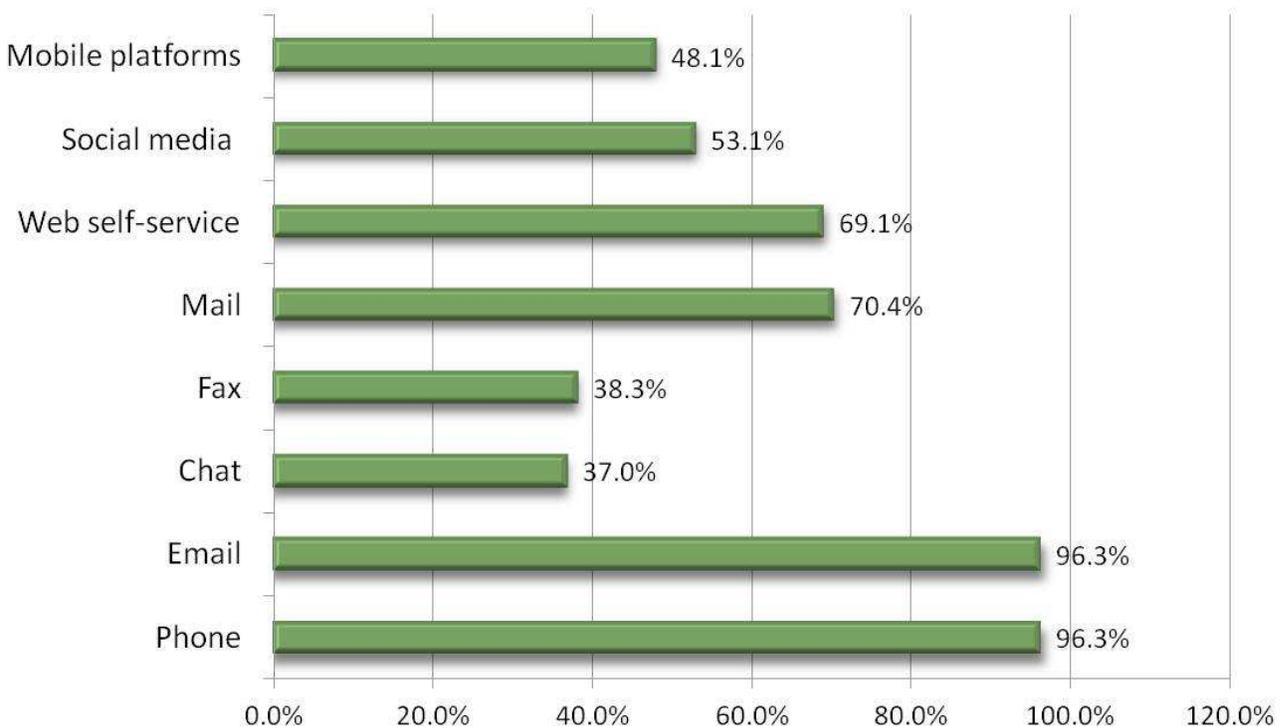
The past decade alone has seen proliferating customer contact channels. Just ten years ago, communication was limited to phone, email, fax and surface mail. Today, organizations can interact with customers through a myraid of channels, including social media, Web self-service and increasingly mobile devices.

Q4 2011 research from The Temkin Group, Data Snapshot: Consumer Channel Preferences, revealed that the phone and Internet are consumers' most preferred channels across 11 common interactions that include updating an address or resolving technical problems. In the Wipro/Outsourcing Center study, nearly all (96 percent) participants are contacting customers by phone and email and 70 percent are using postal mail to reach out to customers. Interestingly, Web self-service is nearly as popular as surface mail, with 69 percent using this channel in their front office strategy. It seems to be growing in popularity as surface mail declines.

Vishal Kapoor, director of global transformation services for Wipro, says that while it comes as no surprise that Web self-service is enjoying a great deal of popularity, organizations will be challenged to create a more personal, interactive experience to make this channel more effective in the future.

"We recommend that organizations focus on a personalized customer interaction that is very personalized to customers when they're on the self-service side, rather than providing generic self-service experience," Kapoor explains. "Customers get quickly disillusioned if the experience is generic, which can lead to high drop-outs.
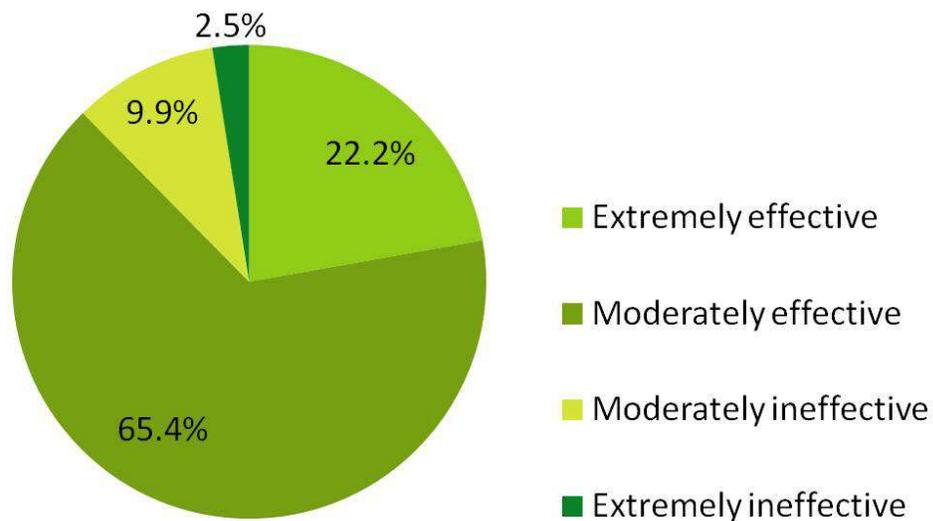
Kapoor adds that chat, collaboration and cobrowsing have been extremely effective tools in customer care scenarios. "Chat has very dramatic and phenomenal results in deflecting high-cost calls that come into the contact center," he says. "While customers have witnessed the benefits of chat, there is an increasing population that is looking to harness next generation collaboration tools such as cobrowsing and remote diagnostics, which will see dramatic adoption over the next three to five years."

Voice will remain a significant channel in the future, but it will evolve, Kapoor notes. Voice self-service and automation with the voice channel will see increasing adoption.

"In the next several years, we will see more and more new devices and new channels emerge, like mobile self-service and SMS-based service," he says. While most of the self-service now provided on mobile applications is static, this will change. "There will be increased functionality that will allow customers to use their mobile devices more interactively over the next few years," Kapoor adds.

FINDING #2: MOST ORGANIZATIONS DO NOT BELIEVE THEIR CURRENT CUSTOMER CONTACT EFFORTS ARE AS EFFECTIVE AS THEY COULD BE.

How would you rate your current customer contact efforts?

2.5%
9.9%
22.2%
65.4%

- Extremely effective
- Moderately effective
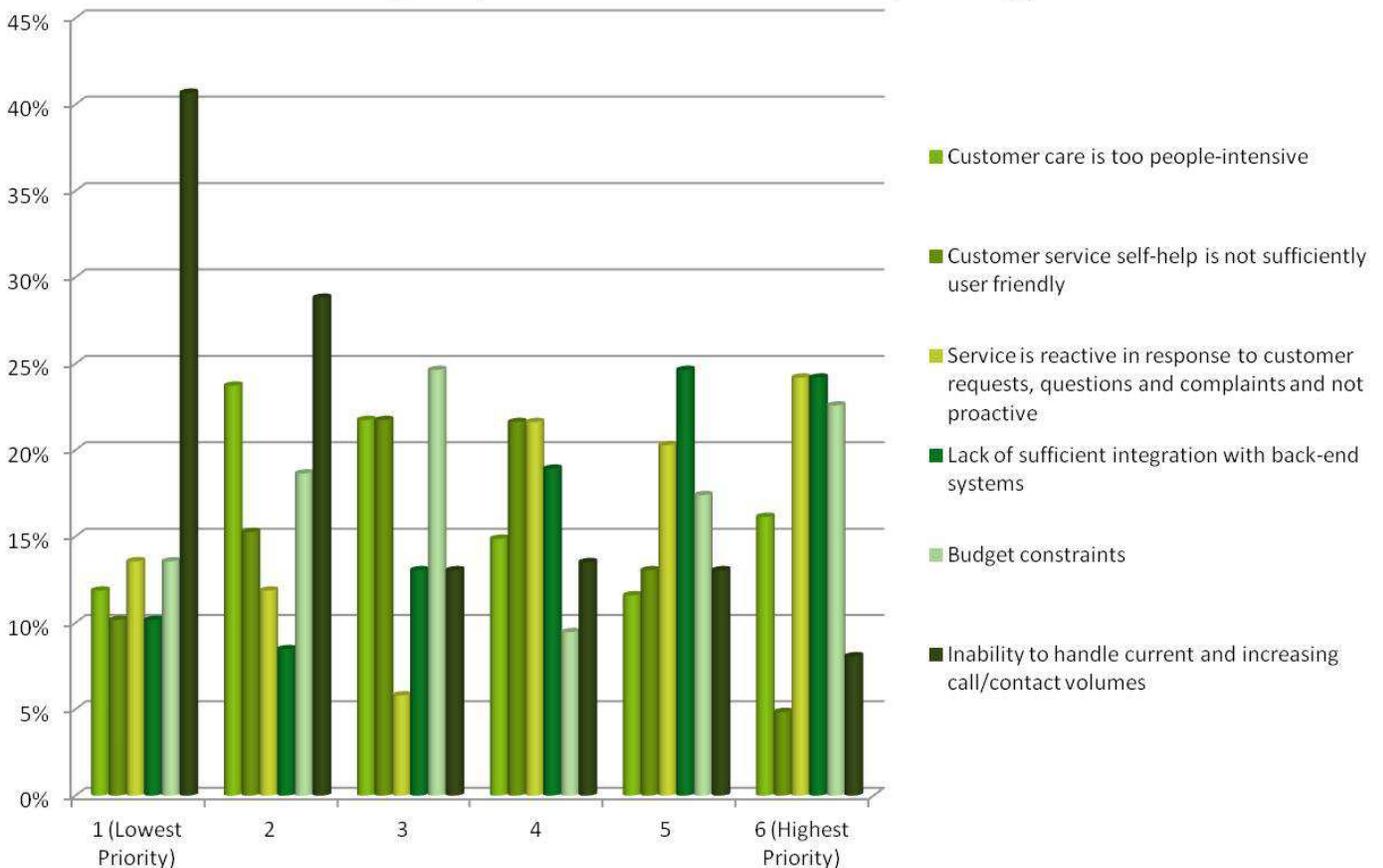- Moderately ineffective
- Extremely ineffective

With increasing customer demands and expectations, as well as an expanding number of channels through which organizations and their customers interact, companies are not feeling confident in their contact center's effectiveness. Nearly two-thirds (65 percent) of the organizations in the Outsourcing Center and Wipro study said that their customer contact center efforts were only moderately effective. Just 22 percent said those efforts were extremely effective.

There are many reasons why an organization might feel that its contact center is not as effective as it could be. Says Wipro's Kapoor, in order to understand the reasons why customer contact efforts are falling short, companies must analyze specific interactions. For example, they must be able to capture what has happened on a call and then gain actionable insight to determine why it isn't the most appropriate or successful one. "Text analytics and unstructured data analytics gives you the ability to understand customer behavior or profiling so you can continuously train your agents to make them more effective," Kapoor points out. "Then you can improve your contact and make it more successful."

Having the ability to adequately segment customers is also important. One size does not fit all. "When a customer calls a contact center, he or she should be treated as an individual and not viewed as a generic customer profile," Kapoor notes. "Properly segmenting customers enables organizations to create a more personalized experience—a challenge for many companies today."

FINDING #3: CURRENT FRONT OFFICE CHALLENGES CENTER AROUND INTEGRATION ISSUES AND REACTIVITY INSTEAD OF PROACTIVITY.

Where are your organization's current front office challenges? (Please rank in order of priority)

Legend:
- Customer care is too people-intensive
- Customer service self-help is not sufficiently user friendly
- Service is reactive in response to customer requests, questions and complaints and not proactive
- Lack of sufficient integration with back-end systems
- Budget constraints
- Inability to handle current and increasing call/contact volumes

According to findings from the Outsourcing Center and Wipro survey, when it comes to the customer contact center, organizations are currently most challenged by two areas: insufficient integration with back-end systems and reactive—not proactive—customer service.

Customer experience challenges will change over the next few years as the customer profile itself changes. For example, younger, savvier customers will become more powerful and able to buy more products and services in the marketplace over the next five to 10 years. The level of services these customers will need and the kinds of interactions they will expect will also change. The contact center itself will need to transform to look at customers who are always on the go.

There are four key categories that contact centers need to focus on to bring the next level of service to customers over the next two to five years:

1. **Go Digital:** Deliver an excellent digital customer experience that changes the game in terms of the interaction itself.

2. **Harness Big Data:** Use big data to create actionable insights that will enable the organization to grow sales and retain customers. This will allow contact centers to shift from being cost centers to profit centers. Contact center data will be used to boost wallet share with customers while increasing loyalty and retention over time.

3. **Improve Channel Strategies:** Enhance channel strategies to improve channel productivity.

4. **Automate:** Use next-generation automation in the contact center to decrease the cost of customer contacts. Next-generation chat and self-service can save money as well as reduce the cost of each customer contact.

Wipro's Kapoor notes that certain industries face more daunting challenges in some areas than others. For instance, the telecom industry is currently most challenged by customer churn and the need to cross-sell and upsell. "The challenge—and opportunity—is around the ability to take a holistic view of the data and start building a predictive mechanism to identify when customers are going to churn, and then initiate some corrective action before it takes place," he says.

While churn is a major issue for telecom, customer experience is critical in the financial services vertical. These organizations must build build a long-term relationship with customers, and because they do not deliver an actual brick-and-mortar product, it's imperative to provide excellent customer service across all touchpoints.

Front office challenges continuously change and evolve, according to Kapoor. "But one challenge most companies face is the growing need to move toward self-service," he explains.

FINDING #4: ORGANIZATIONS AIM TO STANDARDIZE PROCESSES AND IMPROVE CURRENT CUSTOMER SERVICE CAPABILITIES.

What are your key goals and objectives for your contact center functions you are most likely to outsource within the next year?	
Answer Options	**Response Percent**
Standardize customer service across communication channels	44%
Help establish and manage customer communities	35%
Set up processes across all communication channels to facilitate end-to-end customer feedback	22%
Expand and complement current customer service capabilities	39%
Add functionality that will enable your company to offer more personalized and contextual customer service	39%
Add functionality that will enable agents to become more proactive in its approach, enabling them to offer cross-sell and up-sell products or services	35%
Add real-time analytics to best match agents to customers	35%
Add predictive analytics capabilities	**30%**
Add interactive voice response (IVR) capability	9%

When participants in the study were asked to prioritize their key goals and objectives for their contact center functions over the next twelve months, they gave the highest scores to "set up processes across all communication channels to facilitate end-to-end customer feedback" as well as "expand and complement current customer service capabilities."

Nearly as important to this group is standardizing customer service across communication channels, adding functionality so their organization can offer more personalized and contextual customer service as well as enable agents to become more proactive in their approach, resulting in more effectively cross-selling and up-selling of products or services.

While organizations seem to be on the right track by standardizing processes and improving customer service across communication channels, it is essential for them to first benchmark and assess where their contact centers are today and make sure that the deployed channels are effective. It's important for organizations to go through the exercise of taking various metrics from their contact centers, understand these metrics in context of their key goals and objectives, and then map and benchmark them.

"Only then can organizations begin to define a roadmap for the next three to five years and start to determine their overall strategy to create their next generation contact center," Wipro's Kapoor explains. "But that first level of intelligence is a critical first step in taking this to market more effectively."

FINDING #5: ORGANIZATIONS COULD BENEFIT FROM INCLUDING OUTSOURCING IN THEIR FRONT OFFICE TRANSFORMATION STRATEGIES.

Does your organization currently outsource any of its customer contact offerings?
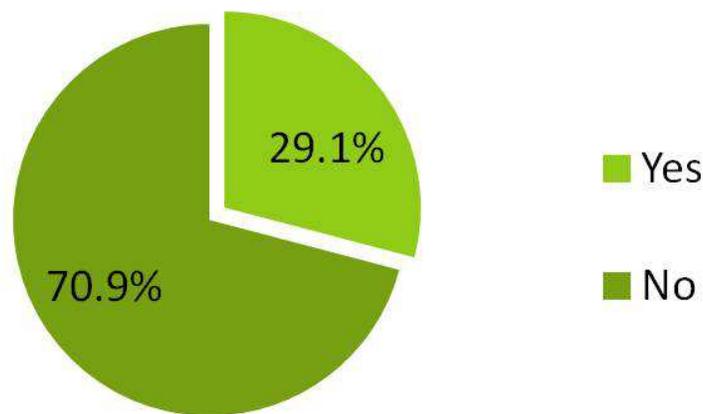

More than two-thirds (71 percent) of participants in the Wipro and Outsourcing Center survey said that their organizations do not currently outsource any of their customer contact capabilities. Of the nearly 30 percent of research participants that are currently using an
outside provider for front office functions, only 5.1 percent said they planned to outsource their customer contact center within the next six to 12 months. Nearly three-fourths (74 percent) said they did not plan to outsource their front office in the next six to 12 months.

Many companies choose not to outsource the contact center functions because of voice and language issues. "However," says Wipro's Kapoor, "alternative channels like chat and social media that don't have the voice component are the least risky in terms of outsourcing."

"Companies that believe voice is not the right choice for outsourcing might want to look at a channel deflection strategy and then outsource a channel that doesn't have voice interaction enablement," he says. "This will offer the least risk in the the contact center and at the same time enable the organization to maintain a consistent experience through an alternative channel that customers will adopt."

Which of the following customer contact/front office functions do you currently outsource?
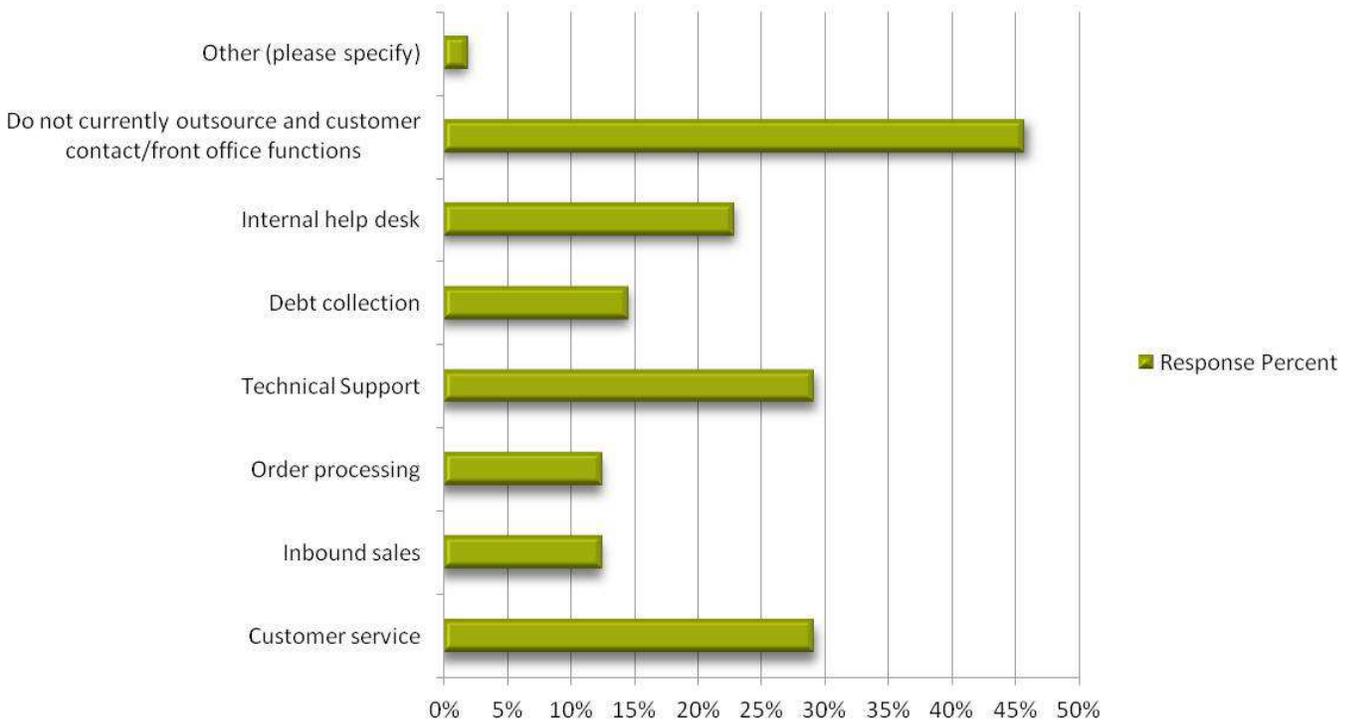
Of the 29 percent of Wipro-Outsourcing Center survey respondants that are currently outsourcing some of their contact center functions, almost 30 percent outsource the customer service function, and another 29 percent outsource technical support. Another popular outsourcing choice is the internal help desk, for which 23 percent of respondents that currently outsource have chosen to hire an outside provider. Less than 15 percent of this group uses an external service provider to handle their inbound sales, order processing and debt collection front-office functions.

Research participants that indicated their organizations' plan to outsource front office functions within the next 12 months most often selected "Standardize customer service across communication channels" as a key goal and objective for their customer contact center and outsourcing initiative, with 44 percent of respondents selecting this option. Also popular outsourcing options include expanding and complementing current customer service capabilities and adding functionality that will enable your company to offer more personalized and contextual customer service, each with more than a third (39 percent) choosing these goals and objectives.

CONCLUSION:

Customer experience has emerged as a powerful differentiator for companies that have to operate in an intensely-competitive market. It is imperative for firms of all types to provide an exceptional customer experience across all touchpoints and across all of the proliferating contact channels. In an uncertain economy when budgets are constrained, it is also important for companies to decrease the cost of customer contacts. In an operating environment where companies must ensure that their customer-facing strategies are top-notch, companies must make sure their contact center operations are working for them--and not holding them back. Organizations can transform their front office by:

- **Driving exceptional customer experience.** This can be accomplished with Web self-service capabilities that include keyword and intent-based search, analytics, guided help and more, plus global listening platforms that includes social media monitoring.

- **Growing sales and retaining customers.** Organizations must be able to proactively grow sales and predictively retain customers with superior churn management and appropriate cross-sell and up-sell prompting.

- **Improving channel productivity** through the use of customer analytics and a well-designed, strategic channel strategy.

- **Decreasing the cost of customer contacts** through natural voice self-service and next-generation chat capabilities.

Wipro offers an array of services to help organizations of all sizes and types and across all industries transform their front office to achieve operational effectiveness while improving their customer experience.

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