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cutting through complexity

Next-generation contact centers

Building a competitive customer service model in the age of social media

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Introduction

Contact centers now play a major role in the trajectory of a business, including the ability to retain top talent and align with internal and external compliance requirements while providing enhanced value to their customers.

What has changed and why it matters

The days of trained analysts with hard copy notes of the 1990s gave way to improvements in the use of the searchable knowledge base as the millennium approached. Almost simultaneously, the introduction of self-help via automated tools such as Interactive Voice Response (IVR)/Voice Response Unit (VRU) and Web-based Frequently Asked Questions (FAQs) allowed contact centers to reduce the rising cost of labor while addressing the business requirements of their internal/external customers. What has become evident, however, is the overall business impact that the customer experience now has on a company's bottom line. There are still many baby boomers in the workforce today who consume goods and services, and many detest the use of automation when calling a business help line. That demographic, however, is giving way to a younger and more technically sophisticated workforce and consumer base. A new era has emerged and brings with it a population that not only wants but expects answers and resolutions delivered more quickly and efficiently. This is a generation that prioritizes the speed of information over the human experience. They are more apt to seek a solution through the "Internet of things" before ever reaching out to a contact center. That shift has caused businesses to rethink the delivery of the customer experience far beyond the traditional contact center analyst who answers the phone or supports the customer through an online chat session, both of which typically have delayed response times.

Social media's role. As important as speed and accuracy are to obtaining a resolution or request, it is still the overall experience that matters most when a customer engages with a contact center. In the past, a dissatisfied customer had little impact on the growth potential of a business. Today that consumer has the ability to make or break a company as reviews go viral. Previously, the only venue to provide feedback on an interaction was through a customer satisfaction survey sent out by the company. Now, what is more likely to occur is that an experience, good or bad, will show up as a review on one of many public forums submitted by the satisfied, or not so satisfied, customer or employee. The introduction and acceptance of social media has been the single most important catalyst in prompting the focus on

> "By 2025, up to 75 percent of an organization's workforce will come from what sociologists call Generation Y." – Gartner [1]

customer service. It has also made companies painfully aware of the importance of their contact center, resulting in new service level agreements (SLAs) both internally and with providers that measure the impact of social media on the business.

Effectively managing service delivery, with the unpredictability of customers and their ever-changing perception of service, has become even more challenging in terms of costs and options. Although some companies have been reticent to invest heavily in leading-edge capabilities in order to maintain their IT budgets, a survey conducted by Forrester reflected that "80 percent of customer service organizations identify the customer experience as one of their top two goals."[2] This is a significant shift in the priority and importance of the contact center over the previous 5 to 10 years. How the attention will manifest itself will be totally dependent on who the consumer is and what the company business strategy will be over the coming years, but the realization has occurred and, thanks to social media, there is no going back.

> The introduction and acceptance of social media has been the single most important catalyst in prompting the focus on customer service.

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[1]   http://blogs.gartner.com/frank-ridder/

[2]   Forrester_wp_custom – technology – adoption – profile – amdocs – market – inside.pdf

Finding the right solution

The need for live interaction. Contact center options with a positive return on investment (ROI) have come a long way over the years with the introduction of speech analytics, speech self-service, and, on the horizon, the use of artificial intelligence (AI) and robotics. It makes perfect sense that as the era of the baby boomer subsides, the ability to resolve customer issues or requests in the future will be less dependent on that individual's technology acumen and more so on the speed and accuracy of the information obtained. The use of technology, however, is only part of the answer. Contact center leaders continue to recognize the value of trained and experienced analysts who possess the knowledge and the empathy to ensure the interaction with the customer meets expectations in a timely, thorough, and successful manner and are reticent to turn that interaction over completely to technology. The immediate solution has been to augment the human element by prioritizing knowledge and technology in order to stay competitive.

Taking advantage of automation for repeatable contact types and transactions moves the customer through the process in order to achieve their objective more quickly in many cases, but there is still significant risk if their temperament for cycling through self-help before reaching a live person is tested without concurrence.

Balance continues to be critical. Allowing a customer the option to speak to a representative at any point during the contact is still important to the overall experience and helps minimize the potential for negative feedback. It is also expensive, requiring well-trained representatives with knowledge readily available to effectively answer questions or reach an acceptable resolution.

Training contact center resources on technology, while sometimes taxing, is usually the least difficult part of ensuring that they possess the skills necessary to perform their job. The ability to actively listen to the customer and to demonstrate empathy is even more critical in achieving successful results when technology cannot. Finding representatives with a balance between an aptitude for learning and personality traits that put a customer at ease is paramount. Whether your contact center is internal or outsourced, understanding the differentiators in delivering exceptional service is of the utmost importance. Continuously improving, disruptive technologies will soon begin to perfect sensing tone and emotion, which will provide a more humanistic approach to the automated customer interaction. Until then, it will be incumbent on organizations to maintain a balance between automation and live support.

"45 percent of U.S. consumers will abandon an online transaction if their questions or concerns are not addressed quickly." – Avaya[3]

[3]   Avaya Consumer Preference Report 2011: http://www2.avaya.com/emea/campaigns/consumer_index/index.asp

THE CHECKLIST

CHARACTERISTICS OF WELL-MANAGED CONTACT CENTERS

Successful contact centers possess a very similar set of mature attributes in the delivery of their services, which in turn allows them to balance business objectives with customer expectations. This is evident whether delivery is sourced to a service provider or offered through an internal organization. Leadership in these organizations understood early on the impact of the overall customer experience and the importance of the following key attributes in their success:

Hiring and training

Screening applicants to validate their soft skills (listening, tone, language, and logic) complimented by a comprehensive training program with a variety of learning methods across an appropriate time line is fundamental. The continued use of classroom instruction, coupled with more Web-based and gamification techniques help challenge and facilitate active learning.

Commitment to people

With contact center turnover typically exceeding 20 percent, providing incentives and opportunities for growth (think continued education and internal advancement as well as performance-based bonuses and awards) induce a customer service representative's (CSRs) commitment to the position and help to attract and retain top talent. The result is evident in cost avoidance and/or reduced hiring expense that often averages greater than 15 percent of the new employee's salary.

Value relationships

Partnerships with vendors drive improvements in performance and behavior of the support team as well as the end user, not only through contractual incentives, but also in the planning and execution of the business strategy and future changes. Including the vendor in the development of future strategies (e.g., methods for the reduction of contact volume, incentives to drive the use of more self-help and chat) in addition to regular operations meetings with focus on quality is key to both sides.

Set and manage expectations

Establish and continuously manage customer expectations, with focus on delivering quality at every step through well-documented and established communication methods supported by work flow processes in line with business objectives. Stay in step with customer/consumer expectations as well as with what is trending in the market through continuous benchmarking of price and service levels and encouraging feedback on performance through surveys and open dialogue.

Predictive results with standard practices

Planning and governing with standard and repeatable processes helps ensure consistency in delivery, reduction in training costs, and increased employee retention. Validating the effectiveness of processes at least annually is also critical in an effort to improve first contact resolution (FCR) rates (a major contributor to an improvement in customer satisfaction, in addition to varied channel options and an expeditious response to inquiries). These standard practices also put the customer at ease when engaging, as the level of service becomes exceptional and unwavering.

Technology and automation

The innovative use of technology that enables an organization to meet business objectives while managing cost should incorporate user-friendly integration at all levels. Doing so not only increases the attractiveness of the position for the analyst and reduces the learning curve, but also incorporates a user-friendly environment for the customer (think multichannel access such as visual Web chats and easy-to-use phone applications). For those ready to take the leap, introducing cutting-edge capabilities such as AI/robotics for the most common contact types (standard and repeatable resolutions such as password resets, online catalogs, reservations, etc.) will further enable the achievement or improvement of the business case and expedite the results for the customer/consumer.

Knowledge and experience

Where self-help is not an option, quick and easy use of an IVR's intelligent routing capability coupled with compute telephony integration (CTI) promotes an exceptional customer experience by quickly recognizing and routing the caller to an experienced analyst who readily greets or welcomes the caller back and possesses the knowledge, skills, and access to the right information in order to quickly respond and resolve the incident/request or inquiry.

THE CHECKLIST (CONTINUED)

MEASURING AND TRACKING WHAT MATTERS

Critical and key performance measurements (CPI and KPI) as well as productivity, quality, and cost metrics are necessary in both managed service and internal contact centers, while the emphasis on accountability differs substantially between the two. Common contact center performance metrics and resource drivers include the following:

PERFORMANCE INDICATORS

CRITICAL (CPI)*

- Average speed of answer (ASA)
- Average response time
- First contact resolution (FCR)

KEY (KPI)

- Abandon rate
- Average hold time
- Average time to abandon
- Percent of calls blocked

SOCIAL MEDIA

- Total incoming posts
- Number of posts routed for review
- Number of posts diverted
- Average response time
- Number of public responses
- Number of private responses

COST TYPE**

- Cost per ticket
- Cost per contact
- Cost per seat
- Cost per minute

RESOURCE DRIVERS

- Contact volume
- Average handle time
- Average speed of answer (ASA)
- Language
- Coverage period
- Shrinkage

QUALITY

- First contact resolution (all contacts)
- First contact resolution (resolvable contacts)
- Customer satisfaction index
- Call quality
- Average contact handle time
- Percent Escalated – resolvable L1

PRODUCTIVITY

- Total contacts per CSR per month
- Utilization rate
- Customer service representatives (CSRs) as a percentage of total full-time equivalents (FTEs)
- Manager to CSR ratio

MANAGEMENT METRICS

- Occupancy
- Job satisfaction
- Annual turnover
- New hire training hours
- Annual training hours
- Tenure
- Schedule adherence

*Service Level Credits Typically applied in Managed Service Contracts

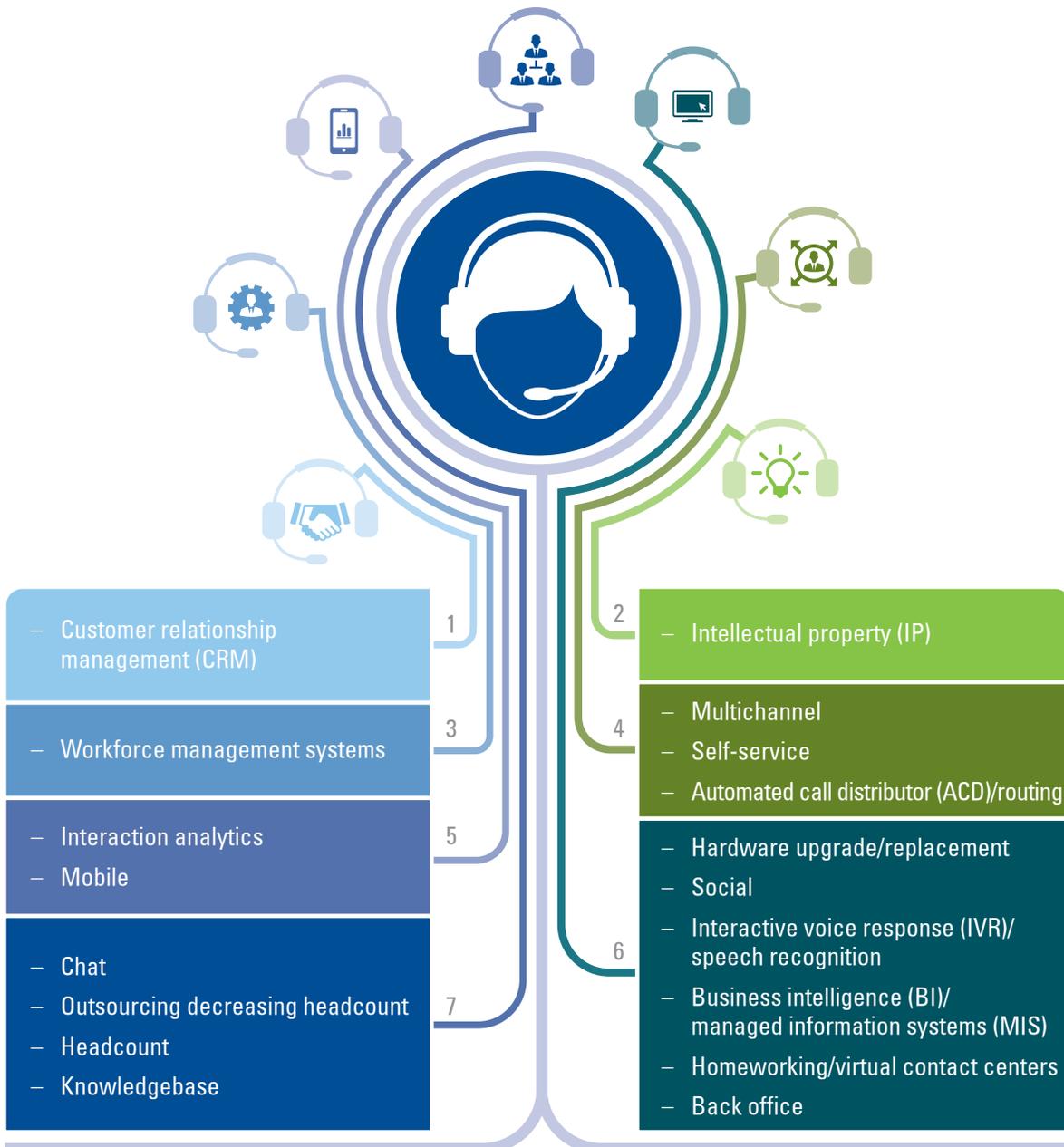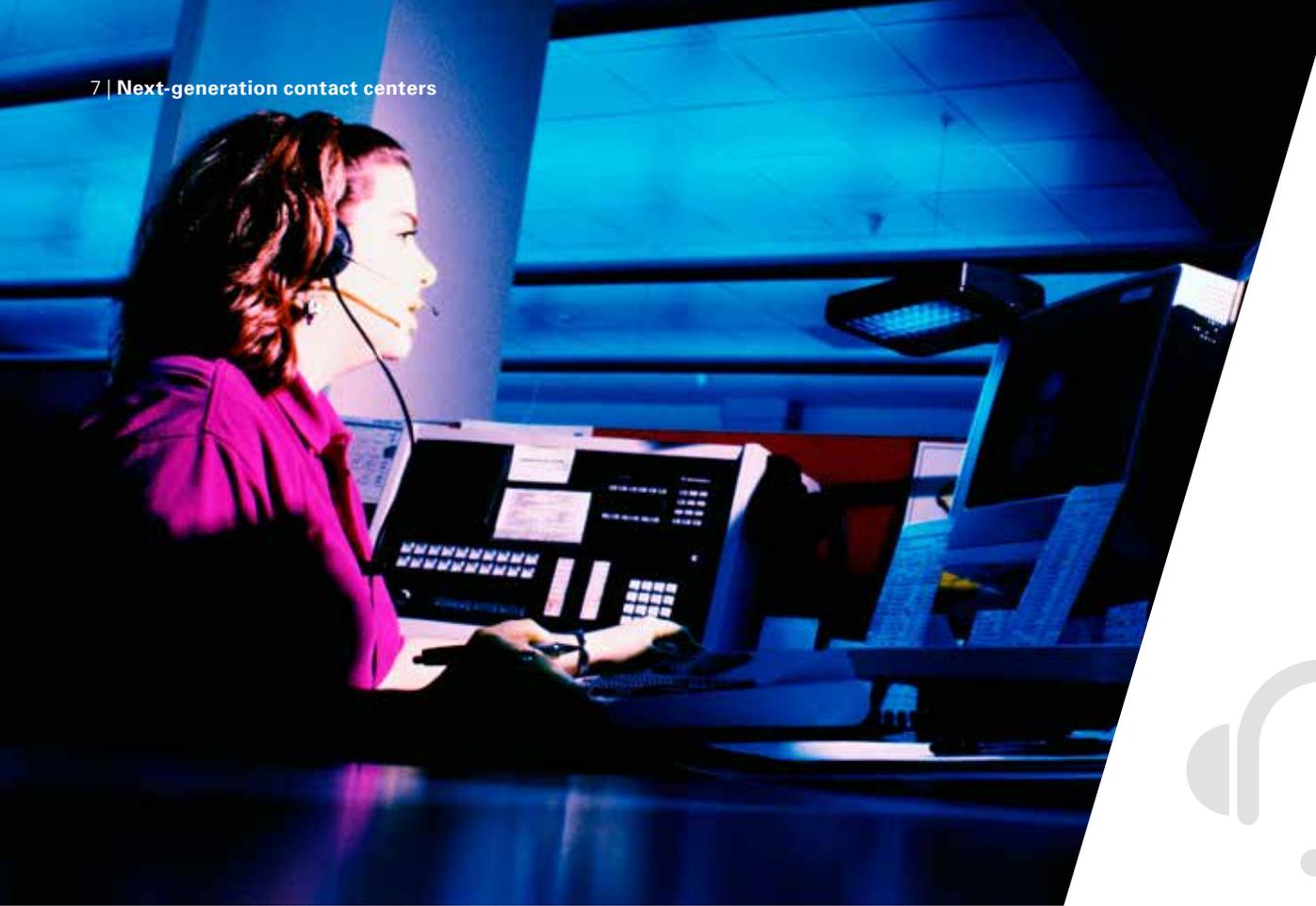**Varies by contract type.

2015 and beyond

What is trending?

The most prominent observations from multiple industry experts have included some new and some not-so-new capabilities. Managed service providers have been swift in adopting many of these capabilities while some internal contact centers struggle to keep up with older technology and an aging workforce. When considering any of the following capabilities, understanding the ROI in conjunction with business requirements will be a critical first step.

Key investment priorities cited by U.S. contact center managers and directors included:[4]

1
- Customer relationship management (CRM)

3
- Workforce management systems

5
- Interaction analytics
- Mobile

7
- Chat
- Outsourcing decreasing headcount
- Headcount
- Knowledgebase

2
- Intellectual property (IP)

4
- Multichannel
- Self-service
- Automated call distributor (ACD)/routing

6
- Hardware upgrade/replacement
- Social
- Interactive voice response (IVR)/ speech recognition
- Business intelligence (BI)/ managed information systems (MIS)
- Homeworking/virtual contact centers
- Back office

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[4]   DMG Consulting – *2014-2015 Cloud-Based Contact Center Market Report.*

The most common and evolving contact center capabilities in the market today include:

Channel preferences: Consumers still prefer talking to an agent on the phone, which poses a financial challenge for organizations because it is by far the most expensive channel to support.

Cloud: Call center seats in the cloud will reach 18 percent by 2015, up from just 2.2 percent in 2008,[5] which demonstrates an increased interest in technology advances and savings opportunities without an impact to capital budgets.

Customer experience: As the customer experience becomes a top priority, timely and accurate feedback is an absolute requirement. Social media reviews will begin to dominate in importance, but for the foreseeable future, customer satisfaction surveys will continue to be a source of input for businesses to gauge their performance.

Gamification: With the influx of Generation Y (born 1980s–2000s) into the workforce, using familiar and engaging methods (think video games) as one of the avenues used to train representatives is gaining momentum and increasing knowledge retention. According to **Forrester**, as part of training activities, 70 percent of Global 2000 companies were forecasted to have incorporated some form of gamification in 2014.[6]

Knowledge management life cycle: Self-service video is now providing instructions (e.g., YouTube), while social media including FAQs explain the "How" (e.g., Twitter, blogs) in disseminating information. These are two new and highly successful knowledge sources for businesses to consider when defining their knowledge management strategy.

Multimedia interaction: Chat, opt-in messaging, alerts, collaboration capabilities, and speech-activated self-service will continue to be adopted, increasing and improving upon the "ease of access" contact channels offered to consumers and employees.

Smartphones: Mobile integration is considered a strategic investment by call center decision makers. Utilizing a mobile app to reach the contact center is a huge plus to employees and consumers.

Social media: Participant sites such as LinkedIn and Tumblr, as well as hosted sites like Facebook, YouTube, and assorted blogs add to the customer's ability to be heard and are important venues that companies must pay attention to in order to stay ahead of poor reviews and escalations.

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[5] "The US Contact Center Decision Makers Guide 2014" sponsored by **In-Contact** – Obtain the full report at: www.contactbable.com/reports.cfm.

[6] http://www.pewinternet.org/2014/08/06/future-of-jobs/
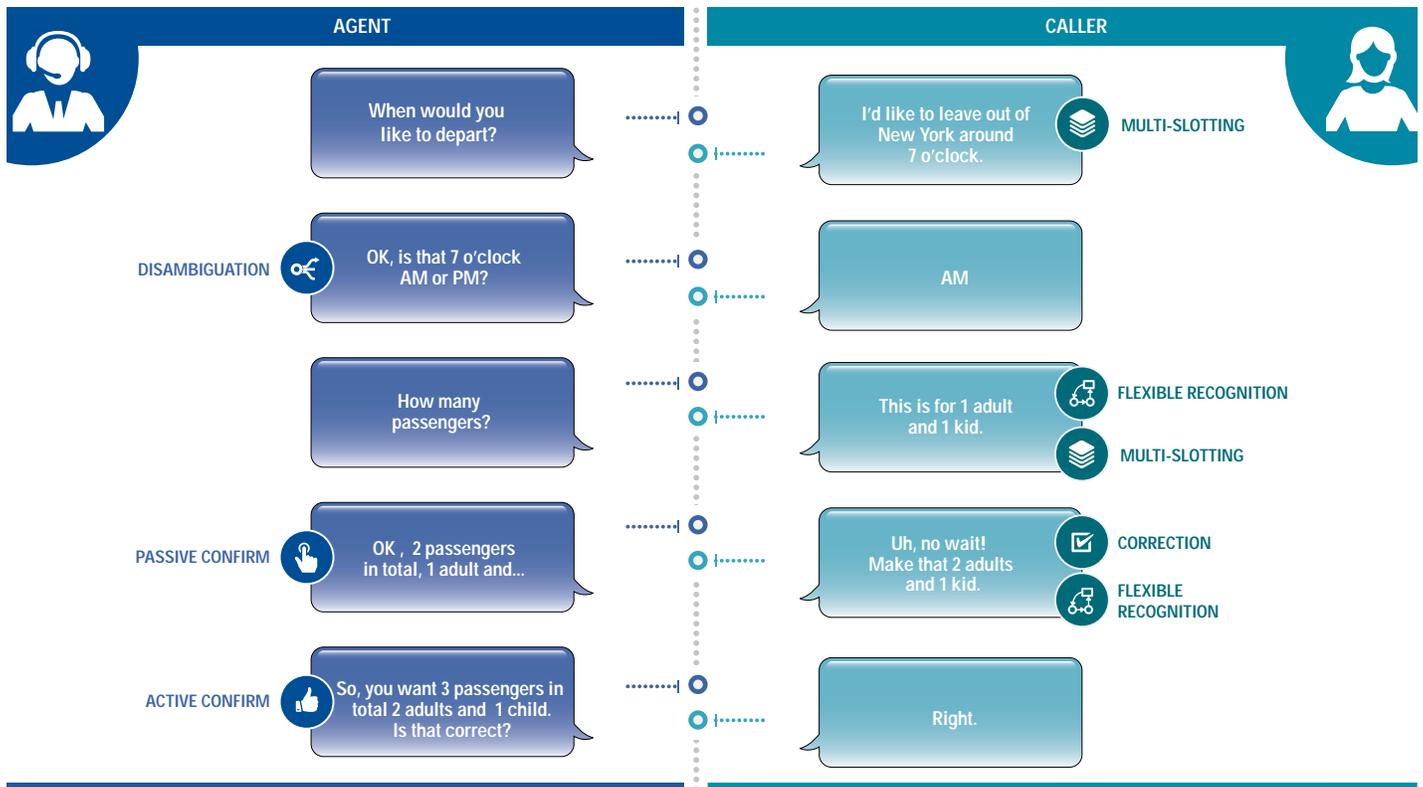
Speech analytics/speech self-service: Speech analytics and speech self-service are the most common enablers of AI and include capabilities such as:

- **Audio-Mining** – use of a speech recognition system in order to identify word or phoneme units that are likely to occur in the spoken content

- **Multi-Slotting** – allows callers to provide more information in the same dialogue as well as identifying additional information needed to proceed to the next stage in the conversation, e.g., collecting the delivery address information

- **Disambiguation** – verify caller's request using a numbered list, supporting grammars, recognition weighting (most probable), and skip list (eliminating previously rejected responses)

- **Correction** – allows callers to make changes to a request, correct errors due to misrecognition, or caller error, and

- **Adaptive Conversation** – assumes recognition is correct and based on the confidence level; validates the response with an acknowledgement, passive confirmation, and active confirmation.

In order to facilitate early adoption and ease of usage, speech analytics vendors have been aligning more with managed services offerings.

Workforce optimization: The success of skilled and well-trained analysts is dependent on optimized utilization, intelligent work flow, and quality knowledge management. It is not just ensuring the right number of resources are staffed for expected demand, but that those resources are able to improve first contact resolution rates and fulfill the expectations of the consumer.

Disruptive technologies: In "The 2014 Future of the Internet" canvassing conducted by **Pew Research Center,**[7] it was reported that "respondents anticipate that Robotics and artificial intelligence will permeate wide segments of daily life by 2025, with huge implications for a range of industries such as health care, transport and logistics, customer service, and home maintenance."

With cognitive computing, front-runners such as IPsoft's "Amelia" and IBM's "Watson," the ability to read natural language (open questions, more conversational, and can interpret free-form responses), understand context (intended meaning), and apply logic (if/then response) has certainly been realized and would be highly beneficial in a call or Web-chat session with a customer. AI has even been enhanced to include sensing certain aspects of tone and emotion based on key words that would be useful with both channels, but are these game changers to be worried about or welcomed? Will the introduction of AI improve or impede the customer experience?

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(7) http://www.voxify.com/products/conversation_engine.php

To invest or not to invest

A reduced average speed of answer (ASA) and an increased first contact resolution (FCR) are to the customer experience what adherence to work flow standards and a potential reduction of 75 percent in delivery costs are to the bottom line. In today's contact center market, business is supported by people who are supported by technology. AI is exchanging that reality for one of technology supported by fewer but more skilled human resources.

Facing the challenge of rising costs and regulatory requirements leaves businesses with no choice but to consider AI and robotics in their future. As a result, companies will begin to hold service providers accountable through more outcome-based versus strictly performance-based contracts to ensure projected business case savings. It will no longer be enough to meet basic table stakes FCR, ASA, and customer satisfaction; service providers will be held responsible for projected reduction in volume by contact type, thereby giving AI its earned credibility.

A philosophical debate

As demand for automated knowledge work rises, controversy over what the real impact to the customer and the job market will be continues to concern and excite. The true benefits and risks of such functionality have led to numerous points of view.

Nonsupporters fear degradation of service and a reduction of jobs in the marketplace, while those on the progressive bandwagon of the future believe that the need for service representatives will eventually be eliminated as society adapts to redefined requirements in the workforce.

Only time will reveal the true adoption rate, but regardless of which point of view you hold, as AI and robotics continue to humanize technology's interaction with consumers and drive down labor costs, there is no denying the impact the capability will have on the competitive landscape.

With limited players in the space today, meeting projected demand and providing historical data that supports a reduction in human resources is still in its infancy. Make no mistake, however, those that fail to recognize the benefit of disruptive technologies will quickly begin to feel the impact that AI and robotics will have in the hands of their competitors over the coming years.

Contact us:

How ready is your contact center to face the future? Whether your center is internal or outsourced, KPMG possesses the knowledge and experience to help you assess your business needs and provide insights to enable you to mature your contact center capabilities in step with your employee and customer expectations. Please contact us to learn more on how a Service Centered Workshop or Maturity Assessment can help you progress your customer service experience in 2015 and beyond.

About the author

Michele Miller has 21+ years of experience in infrastructure management and sourcing advisory. Ms. Miller specializes in solution assessment, design, implementation and optimization with additional emphasis on transaction, transition and transformation services. Her background includes organization and vendor governance, program enablement, knowledge management and program/project management. Additional areas of expertise include process design and training, solution review and cross tower process integration. Provider side international transformation experience in call center support and end user services was gained in Singapore, Brazil, Mexico, New Zealand, Argentina, Sweden and the U.K.

With a balanced portfolio, Michele has led engagements helping clients in the development of their comprehensive IT strategies, Target Operating Models and sourcing solutions within Federal, State and Local Government; Financial; Healthcare; Insurance; Manufacturing, Oil and Gas; Pharmaceutical; Retail and Utility industries.

Contact us

As a leading firm in shared services and outsourcing initiatives, KPMG helps clients transform business services to improve value, increase agility, and create sustainable performance. Contact us to arrange a meeting.

Charles Arnold
Principal, KPMG LLP
Management Consulting
T: 773-960-8991
E: carnold@kpmg.com

Michele M. Miller
Director
Shared Services and Outsourcing
Advisory
T: 260-241-7433
E: mmmiller@kpmg.com

www.kpmg.com/us/sharedservices