

The Network as the Platform for Transforming Customer Service



A Cisco White Paper for Customer Service Professionals

Executive Summary

For many organisations, the customer experience is rapidly becoming the last competitive differentiator. Their products, and even services, have become commoditised and dramatic cost cutting has not proved an effective way to profitably gain and retain customers.

However, doing business in a complex market with proliferating customer touchpoints means that it is actually getting harder, not easier, to consistently and profitably deliver the right kind of high-quality experiences to all customers all the time.

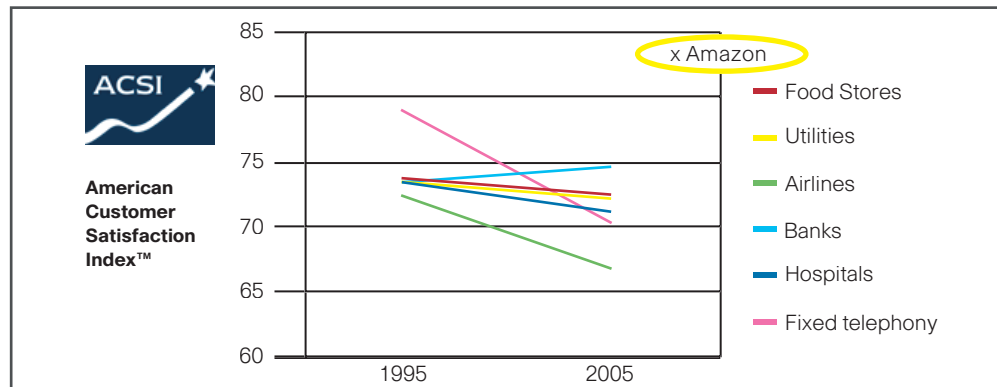
This document argues that the network offers companies the most fitting foundation on which to build their customer service solutions. A network can connect not only all a company's customer touchpoints, but also its employees, partners, and suppliers, all of whom contribute to the creation of positive customer experiences.

A Holistic Approach to the Customer Experience

The promise of mass customer intimacy, scaled by large corporations to mimic the personal relationships that customers used to enjoy with local shopkeepers, has been tantalising organisations for at least a decade. Yet in spite of multiple initiatives, such as customer relationship management (CRM), online shopping, loyalty card schemes, and multi-channel contact centres, all the evidence suggests that very few companies are consistently providing customers with the right experience at the right time and in the right place.

Recent figures from the American Customer Satisfaction Index (Figure 1) show that customer satisfaction is actually deteriorating in most sectors, because customers' expectations are rising at a faster rate than customer service is improving. Interestingly, Internet only companies register the highest levels of satisfaction, because of their ease of use and their ability to personalise each customer interaction.

Figure 1. Falling Levels of Satisfaction Suggest an Opportunity for Companies to Differentiate Themselves



In a recent survey by management consultants Accenture¹, nearly half the respondents said they had changed service or product providers in the past year because of poor customer service. This statistic confirms what businesses already knew: customers are becoming less tolerant of any interaction that falls below their expectations.

The same report also shows that technology has been only partially successful in shaping a positive customer experience. Respondents were particularly dissatisfied with automated phone systems, one of the most widespread cost-cutting and efficiency measures of recent years.

Companies today appreciate that their strenuous efforts to reduce costs must now be combined with equally robust attempts to improve the customer experience. In many industries, this is the only area in which companies can effectively differentiate themselves from the competition. However, for many, the way to actually achieve this remains largely unresolved.

Cisco® believes that the answer lies in a more holistic approach to the customer experience than is typical today; matched by a similarly integrated view of the technology that supports it.

¹ Accenture, "Service in the Customers' Eyes: What Works, What Doesn't and How It Contributes to High Performance," September 2005

Crucial Challenges for Customer Service Professionals

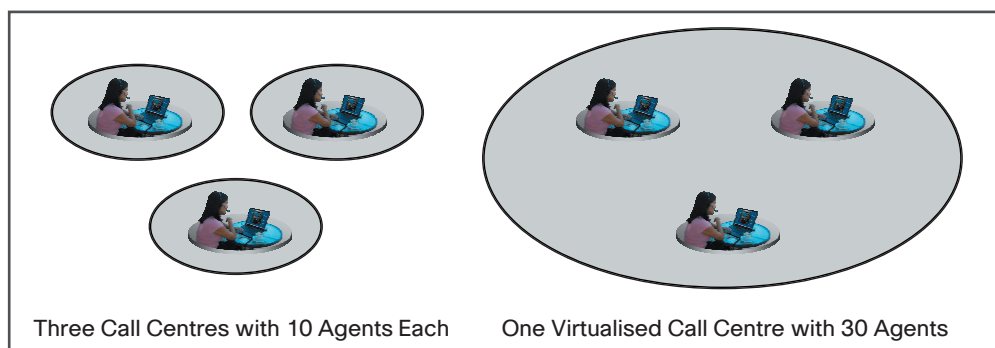
What constitutes the right kind of customer experience depends on a number of factors, some of which are variable. Customers require different experiences depending, for example, on the time of day, how busy they are, how much money they have, or where they are located. The type of product or service involved, for example, its value or complexity, introduces another set of variables.

One way that companies can improve their performance is by getting better at recognising these variables and responding accordingly. Indeed, qualities such as operational agility and the ability to make decisions in real time are now seen as highly desirable in a dynamic and unforgiving marketplace.

In a service-orientated economy, employees make a particularly strong contribution to the customer experience. As Frederick F. Reichheld of Bain & Company has shown², the company with the most satisfied employees is also likely to deliver the highest levels of customer loyalty and, consequently, the most sustained long-term growth. Employees' satisfaction is based on many factors, including the availability of the right tools to help them carry out their internal and customer-facing roles. Providing employees with richer tools that will help them enhance the effectiveness of each customer interaction is, therefore, one of the key challenges facing customer service professionals.

The ways in which customers can, and want to, communicate with companies are proliferating. The effect of this proliferation on the customer-facing parts of an organisation can be compared to a leaking pipe: no sooner do you plug one hole than another hole appears, until water is escaping from several places. Many organisations have become adept at supporting customers by telephone, for example, and their call centres provide high-quality service. Others may be better at face-to-face or e-mail interactions, depending on the nature of their business. Yet very few companies have succeeded in offering a consistently good experience at every possible customer touchpoint.

Figure 2 Benefits of Virtualisation



Plugging all the leaks takes time. One relatively simple measure that many organisations are already implementing is Virtualisation of their call centres. Using Erlang's formula³, it is possible to compare certain performance indicators that are critical to the efficiency and cost effectiveness of a call centre operation (Figure 2).

Both examples in Figure 2 assume that the average call length is 180 seconds and the target service level is to handle 80 percent of the calls in 20 seconds; after each call ends, the agent takes 60 seconds to do all the necessary database input.

With three separate 10-agent call centres working independently, each call centre can handle 100 calls per hour, or 300 in total, with customers queuing for an average of 13 seconds before being answered. This scenario requires 36 incoming telephone lines.

By virtualising these three call centres into a single 30-agent call centre, the call handling rises to 370 calls per hour, with customers queuing for an average of 10 seconds before being answered. This scenario requires 30 incoming telephone lines.

² *The Loyalty Effect*, Harvard Business School Press, 1996.

³ Worked out by Danish mathematician A. K. Erlang in 1917 and still used today to design telephone networks.

The virtualisation approach has three clear advantages: customers are more satisfied because their calls are handled more quickly; employees are more productive and able to collaborate more effectively as one team; and operating costs are reduced. Virtualisation is also a step that need not involve making significant changes to, or investments in, an organisation's current business processes.

The Changing Role of the Contact Centre

As with other point solutions, virtualising an organisation's call centres is not the answer to all customer service challenges. Precisely because customers have multiple points of contact with a product or service provider, a call centre (however efficient) that operates as a silo or satellite will never be able to manage a customer's entire experience of dealing with that organisation.

The traditional role of call centres and contact centres is already changing to reflect this shift in function and emphasis. Contact centres are becoming integrated into the end-to-end experience that a company creates for its customers. Such a move not only opens the door to greater consistency and intelligence in dealing with customers, but also allows the contact centre to work proactively by providing valuable information to the rest of the organisation that can be used, for example, to inform future product or service enhancements.

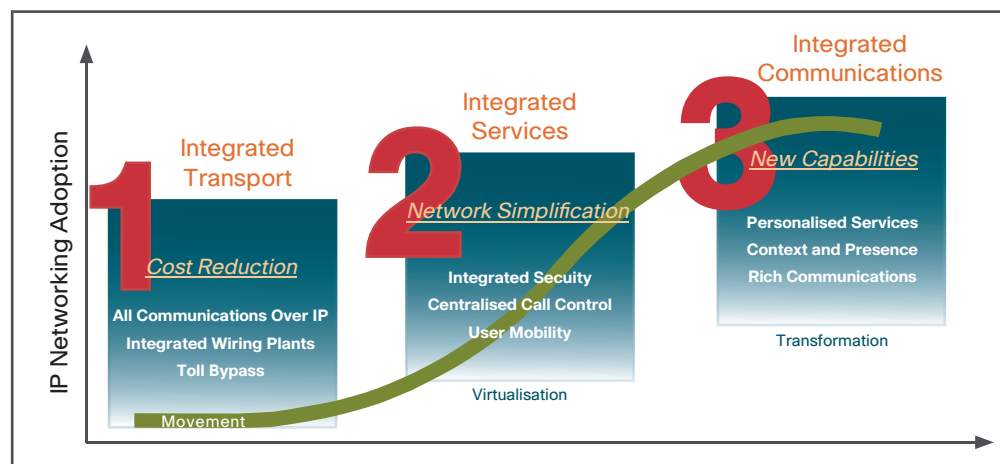
All these developments, however, depend on high levels of integration in a company's business processes, communications, and information systems. They also call for new kinds of functions and intelligence in the underlying technology. These challenges bring us to the one entity that is common to all customer touchpoints and can potentially be used to deliver a consistent, high-quality, and appropriate experience at all of them: the network.

How Networks Are Improving Business Agility

Companies have already started to use their networks to improve business agility and efficiency, working through three stages of an evolutionary process (Figure 3):

- **Integrated transport.** Using what IT experts call convergence, enterprises are bringing all major network traffic (data, voice, and video) onto the same infrastructure based on the acknowledged IP standard. As well as reducing costs, convergence improves internal connections between employees and between a company and its external partners or supply chain.
- **Integrated services.** Enterprises are virtualising services that were formerly siloed to make them available to everyone on a network to be reused or shared as appropriate. Virtualisation allows better use of existing resources and services, such as telephony, call centres, and conferencing, within the organisation.
- **Integrated communications.** By introducing greater intelligence, integration, and function into the network through integration, enterprises are improving their operational agility and ability to create and introduce new service offerings.

Figure 3. How Companies Are Using Networks to Improve Efficiency and Operational Agility.



Thus, by addressing some of the business challenges that have the greatest effect on customer service, the network becomes a resource that unites an entire company in generating positive experiences for its customers.

Networks That Serve Business Interests

Without looking in detail at the technology, it is important to understand what has to happen in the network to enable such a positive transformation within the business. Many influences are at work:

- The network's ability to integrate different IT systems, types of communications (voice, data, and video), and applications leads to transparency of information across an organisation. The result is transparent access and information flows, which, in turn, improve operational agility and responsiveness to customers.
- Richer communication modes such as video, and others in the future, provide employees and customers with better tools, leading to better experiences. These tools are effective not only because they increase choice, but also because they are available to everyone on the network, enhancing the reach and quality of interactions.
- Growing intelligence in the network removes many IT and process-related barriers to effective communication. It also increases a large organisation's ability to personalise each customer's experience.

As shown in Figure 3, some of these capabilities are already available, and their potential is well understood. In phases 1 and 2, for example, additional functions such as security have worked their way into the network, instead of sitting on top of it.

The main business benefit of this trend is that any embedded function immediately becomes available to every network user, because the network touches the whole organisation. Because the whole organisation potentially touches the customer, the network becomes a uniquely versatile customer service vehicle.

Networks That Provide Intelligent Customer Communications

As companies transform their networks, new capabilities such as video and presence will become increasingly important in delivering positive customer experiences (see Figure 3). Video, for example, will be able to create live links between the branch of a retail bank and any of the bank's mortgage specialists located in a regional office several miles away, allowing the bank to provide the information and advice that a customer needs at a time and in a place that is convenient for that customer.

Presence capabilities will help the network make intelligent decisions about the most appropriate way to handle internal communications to respond to customers' requirements. The company's network will know, for example, which employees are available at any time and on which communications device.

Ultimately, networks will also be able to determine what employees are doing, to make even better decisions about where and how to forward calls or information. For instance, employees may not want to receive calls on their mobile phones while they are in meetings or text messages while they are driving. As a further refinement, networks will increasingly take into account different people's preferences, such as specific times when they are not available to take calls.

What this means for customer service is that a company with such capabilities on its network will be much better equipped to field the best employee to handle any particular customer's inquiry in real time, without having to call customers back or offer them anything less than a satisfactory experience. This capability takes customer service beyond the call centre and out into the entire organisation.

The Customer Interaction Network

How can companies use such a network to improve the experience they offer to customers?

First, the company's employees will have a single view of the customer, allowing companies to help ensure that customers are dealt with consistently and appropriately at every touchpoint throughout the organisation. Cisco calls this approach the *customer interaction network*.

Second, employees will have much richer communications tools on their desktops: videoconferencing, audio conferencing, online collaboration, presence information and so on. Not only will these tools increase their job satisfaction, which, as mentioned earlier, leads to increased customer loyalty; they also enhance employees' capability to collaborate with each other and with customers. An example of how an organisation might improve its first call resolution rates is shown below.

A customer calls into a contact centre with a technical problem relating to a product. Instead of taking the details and offering to call the customer back, the agent identifies those people within the company whose expertise can help solve the problem. Three are available, one by telephone and two by instant messaging, so the agent brings them into the call as appropriate, and the problem is resolved to the customer's satisfaction. Depending on the technology available to the customer, this interaction might include a blend of media, such as voice calls combined with Web collaboration and instant messaging, to accelerate and enrich the process.

Third, real-time access to comprehensive, up-to-date customer data can help employees resolve problems more efficiently and can provide details that enable them to personalise their conversations with customers.

A customer interaction network transforms an entire company into a living, breathing customer service organism. It is completely focused on customers' needs. It is simple and convenient to use, offering a range of channels and access modes, and it knows enough about each individual to promote customer intimacy even in the largest organisation. Customers enjoy cumulative benefits from these interconnected and pervasive improvements.

The Customer Service Organism

What does a living, breathing customer service organism look like? It is an organisation with customer service running in its veins. Customer service is the lifeblood of this organisation, alive in its culture and flowing through its people, technology, and business processes.

This organisation can adapt quickly to change because it has already automated its processes, integrated its IT systems and information, and introduced advanced technologies that will support new ways of working and interacting with customers.

This organisation communicates with its customers effectively, consistently, and appropriately at every touchpoint: in the branch or store (or any face-to-face environment), on the telephone, by e-mail or Web chat, using text messaging on mobile phones, through kiosks, or by regular mail.

This organisation's employees, suppliers, and partners are efficient and motivated because they operate in a highly integrated environment with access to rich communications and productivity tools.

Migrating to a Customer Interaction Network

Companies can develop a customer interaction network from their existing networks. Figure 3 shows a typical migration process. The first phase, convergence, enables the intelligent movement of voice, data, and video across a single IP infrastructure and can reduce the costs of network ownership and management.

Many companies today are in the second phase, using Virtualisation to expand access to information and resources by breaking down the departmental and IT silos that have built up over time.

In the third phase, greater intelligence allows the network to adapt to the needs of the company's applications and business processes, whereas previously the opposite often happened. In a customer service context, this intelligence dramatically increases an organisation's ability to respond to its customers' requirements in ways that will strengthen their loyalty: by creating personalised interactions, consistently, in real time, across a range of media, at any time.

Cisco calls this type of resilient, adaptive, and intelligent infrastructure *intelligent networking*. It is the basis for a customer interaction network. Companies evolving toward it should take a structured approach to planning. A structured approach will help reduce the likelihood that enterprises will make short-term decisions for tactical reasons, which typically leads to siloed systems and higher long-term costs.

While keeping the big picture in view, companies should avoid being overwhelmed by the scale of the task before them. Intelligent networks can be built in small stages, starting with the introduction of services such as security and IP telephony that are available today, and then moving on to more advanced applications and technologies.

The ultimate goal is to align IT resources with business priorities. Increasingly, that means aligning them with customer service priorities.

Conclusion

Early in 2006, Forrester Research asked the question, "In this competitive new world, how will leaders rise above the fray this year and differentiate their wares?"

There seems little doubt that more and more companies will be considering this question very seriously, not only in 2007 but for many years to come.

Forrester answered its own question in this way: Business leaders will differentiate their products and services "by creating compelling, valuable, usable customer experiences." For customer service professionals in every sector who are defining the strategies that will enable their companies to create such experiences, the answer should include something more: "...and a customer interaction network to bring these ideas to fruition."



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