

Customer Service and Support: the Telecoms Perspective

How service centers across Europe address operational efficiency,
performance management and contact center technologies

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Executive Summary

Webster Buchanan Research carried out in-depth research interviews with senior executives in the European customer service arena in November and December 2004, designed to assess the current and potential impact of technology in customer service and support. The findings provide insight into how successfully core technologies are being implemented in customer service centers, ranging from pioneering investments, through good practice to common stumbling blocks.

Interviewees were questioned on the challenges and benefits they had experienced in:

- > Managing the query to resolution process, including escalation
- > Blending multiple channels of communication
- > Providing customer and employee access to knowledge bases, and the impact on training
- > Performance management
- > Sharing data
- > IT Systems and implementation plans

More than 90% of interviewees are currently involved in some form of IT system enhancement or replacement. Their experiences provide invaluable advice for their peers going through similar projects where the risk of failure is high. Key findings include:

- > While customers are increasingly able to communicate with contact centers over the web, most organizations still prefer to manage their various channels as separate entities so that they can monitor different performance metrics more easily
- > Many organizations continue to rely on "swivel-chair integration" between their different systems, where agents have to access multiple applications to complete a task. Companies like BT have tackled the problem in the short-term by introducing an additional technology layer on top of their existing systems to provide a single interface
- > Easy-to-use, intuitive IT systems can substantially cut technology training overheads—particularly where companies have just one central system to learn. One organization found training requirements for temporary staff shrank from 6-7 weeks to 6-7 days because of a simplification in the system set-up.
- > While there is a high level of monitoring of basic performance metrics (call duration, call abandonment, response times) some organizations are taking performance management one stage further and looking at softer measures that influence churn
- > Most managers recognize the opportunity to turn the contact center into a profit center but few actively encourage comprehensive selling initiatives. Even in rare cases where sales training is provided, agents are rarely incentivized to sell
- > The level of investment in both building and buying new platforms for contact centers is high, as a result of industry consolidation and management of customer expectations. In most cases, legacy systems are being phased out to make the process more manageable

Methodology

The research consisted of in-depth, free-form interviews conducted during November and December 2004 with senior management in 24 customer service environments. The interviews were ranged across five vertical sectors in both B2B and B2C environments, namely retail, utilities, telecommunications, financial services and hi-tech manufacturing. Interviews were carried out in eight countries either in English or in some cases, in local languages. Countries represented the major Western European economies including: UK; Germany; France; Italy; Spain; Ireland; Benelux; Nordics. Respondents were selected from senior management positions within target companies, including customer service directors, call center managers and operations managers.

Webster Buchanan would like to thank the following organizations for their help in conducting the primary research:

- > Call Center Managers' Association (CCMA) UK - <http://www.ccma.org.uk/>
- > CCMA Ireland - <http://www.ccma.ie/>
- > AECCO Spain - <http://www.aeccc.com/>
- > CCMA Netherlands - <http://www.ccma.nl/>
- > AFRC (France) and ECCCO (Europe) - <http://www.eccco.org/>
- > Hewson Group - <http://www.hewson.co.uk/>
- > SQM Nordic - <http://www.sqm.se/>
- > International HELPdesk Associates - <http://www.rhion.com/>

We are also indebted to the 24 companies and their individual managers who took part in our study. Interviewees who gave up to time to participate included: NTL, Creative Labs, AVT, Schulke & Mayr, ICA, Continental, Raja, COIN, Loyalty Partner, Fortum Power, Watt Germany, RWE, Central Networks, Scottish Water, Abbey, Citigroup, Offentliche Braunschweig, BT, Chorus, Vivento and FourPlus.

Introduction

For a telco, running a contact center is like a pharmacist taking its own medicine. Given that other parts of the business will typically be implementing or supporting many of the technologies they want to use, functionality such as routing and switching, computer-telephony integration and call distribution pretty much come as standard. The flipside, however, is that customer expectations about service levels tend to be high—and churn levels match them.

Telcos are typically complex beasts, especially where they've emerged from state monopolies or evolved through multiple mergers and acquisitions. Highly regulated and operating on low margins, many are in the midst of consolidating geographically diverse contact centers, with all the turmoil that entails. While there are varying levels of sophistication among the telecoms companies we spoke to, some common themes emerge including:

- > A majority of managers accept the need for higher levels of automation to cater for increasing complexity in the customer service operating environment
- > At the same time, most contact centers still struggle to rid themselves of old-fashioned, inflexible systems and siloed ways of working
- > Greater customer choice means those with better service (more communications channels, faster response times, higher proportion of one-step resolution etc) are able to differentiate themselves in meaningful ways

A number of factors are driving increased complexity, centered on the changing profile of the contact center. As recently as the mid-1990s, most service operations tended to be swamped with telephone calls from consumers and business customers, and their primary goal was to deal with volume at the most acceptable cost. Today, web-based self-service and email interactions account for a growing number of low-level queries (such as store opening times) while outsourcing or offshoring provide viable options for coping with volume issues. As a result, the retained contact center function is left dealing with queries which by their very nature are more difficult to resolve, often carry greater expectations (particularly where priority callers expect a high level of personal service) and concern information that may not be easily available elsewhere.

The second common theme is the increasing requirement to view the contact center from the customer's perspective and "learn from customers", as one retailer puts it. This challenges organizations to turn themselves "inside out", so that customers looking at a website can view the same (non-confidential) information as a customer service advisor sees internally. Increased openness also helps create a sense of trust with the customer, which is particularly important in B2B scenarios.

Meanwhile, the constant drive to give customers more information through the channels they choose is an immense challenge for service operations, not least because they often have to build on older "legacy" systems that weren't designed for this kind of access. Almost all of our interviewees struggled with this issue. In many cases, mergers and acquisitions have complicated the issue further, creating multiple information stores which now need to be brought together.

As a result, more than 90% of our interviewees—including companies where the level of technology adoption is relatively advanced—are currently involved in systems rollouts, whether upgrades or wholesale replacements. In such a dynamic environment, the risk of failure is high. Perhaps not surprisingly, one large retailer we interviewed had gone so far as to close down its call center in an attempt to drive cost savings, and was dealing with queries only by email or from its website. While this kind of radical approach will raise eyebrows from a customer management perspective, it does reflect the scale of the challenge many retailers face.

These different challenges are addressed in detail in the following sections.

MAKING CONNECTIONS

At Vivento, the Deutsche Telekom-owned contact center outsourcer, the software used to automate 17 contact centers and 2,600 agents is a mixture of a packaged CRM system and its customers' own systems. Vertical telecoms expertise was an important factor in its choice of Deutsche's own systems integrator, T-Systems, for putting together the packaged offering. MD and CEO Michael Martin, says: "It was a key issue in us using the organization. When customers order projects, their software is used, together with [our own] depending on the size and depth of the project."

Part One: The complexity behind multi-channel centers

1.1 MULTI-CHANNEL OPERATIONS—THE DRIVERS

Cost will always be one of the key drivers for providing new 'channels' of communication for customers—after all, once the infrastructure is in place, email management is an order of magnitude less expensive than the phone, and web-based forms are a level lower again. But in almost every case, the drivers for multi-channel initiatives are more complex, often centering on the need to increase capacity and improve customer satisfaction without incurring corresponding rises in costs. While many contact centers find themselves supporting more territories, extra product lines and providing added value services, budgets tend not to rise in proportion. Senior management, therefore, has to work smarter, increasing agent productivity and multi-skilling (see Part 1.2).

The phone remains the predominant channel in most companies for 60%-80% of communications, (although one interviewee has reversed that figure and now handles the majority of enquiries via email¹). The remainder is handled by:

- > **Email**, which is both a channel of choice and a fall-back position—in periods of high demand, a natural migration happens away from the phone as the lines become jammed
- > **Self-service through Web-based Frequently-asked Questions (FAQs)**, which can help clear high-volume, low-touch queries
- > **Self-service through Web-based knowledge bases**. These vary in sophistication, ranging from key-word searches to complex natural language searches based on predictive knowledge, "intelligent" associations and "self-learning" systems. The latter require some expertise to implement—two interviewees had difficulty in engineering their knowledge bases to maximum effect
- > **Web chat and Web collaboration**. These techniques combine Web self-service with agent intervention and can be relatively efficient once the infrastructure is in place—one agent, for example, can handle multiple discussion threads. However, they are also resource intensive as they demand real-time responses, so some organizations prefer to offer the facility only to preferred customers. This kind of communication can be extended through secure portals and extranets, which allow partners in a supply chain to share data

1.2 TACKLING THE COMPLEXITIES OF CHANNEL MANAGEMENT

Implementing multiple channels is more than a technology challenge—it's a sizeable change management exercise in its own right, not least because it brings new dynamics and a requirement to blend in new ways of working. Not surprisingly, most e-commerce operations have grown up alongside but separate to the established contact center. In many cases, interviewees conceded that voice-only call center agents sit next to colleagues who handle email interactions on different systems.

Interviewees are divided over whether agents are able to switch easily from one system to another. One manager has her team rotating between the phone and email, but notes that more ambitious agents are less keen to use the phone as they perceive writing to be a more skilled activity. Conversely, others believe telephone agents are not necessarily qualified to write email responses (see box on page 6). It's difficult to envision a future where the two techniques are not handled simultaneously, given that the methodologies for dealing with queries are similar, even if the technique is different. The question is how organizations can manage that change.

From the customers' perspective, of course, none of this is relevant—they simply expect to be able to make an enquiry in one channel and pursue it in any other of their choosing. But for organizations that typically evolve in self-contained product, departmental and channel "silos", that can require a complete rearchitecting of process flows. This is the point where many IT applications—and indeed much of the underlying infrastructure—begin to struggle, and is a major driver for much of the current replacement activity.

¹ See 'Customer Service and Support: the Hi-tech manufacturing perspective', by Webster Buchanan Research February 2005 www.websterb.com

Those organizations that have made some progress on blending interactions usually have a single agent taking ownership of a case or ticket, then route all subsequent contact to that agent. The more complex the queries, the harder this is to do manually—increasingly, therefore, companies rely on their systems to decide how queries should be routed and escalated. End-to-end resolution requires automated workflows and a means of blending in the unstructured, manual activities (such as a phone call or email) that will arise in the process.

Interviewees point out that the final challenge in multi-channel service is managing performance. Service level commitments are well established in the traditional call center environment, and managers are well versed in meeting them (see Part Three), but this presents a different set of challenges for new channels. UK cable company and telco NTL has a number of different channels to customers including its "broadband medic"—effectively a hotlink to technical services. However, loyalty manager Chris Boyle says: "We keep [e-mail and phone] separate, as it allows us to better meet our service levels [with commitments] that we'll respond in a certain timeframe." This of course raises further questions:

- > What's the optimum response period after initial acknowledgement? What's the bare minimum level of response?
- > Should the response contain hypertext links or sections of text and diagrams?
- > Should the company follow-up to ensure the query was resolved?

TEXT, COMPUTER OR PHONE...

Not surprisingly, BT, one of the world's largest telcos, has some technologically advanced channels to interact with customers. For example, in one section of its website, customers can initiate a text chat or co-browse—a set-up where the advisor takes control of the customer's computer—and in both cases they can be switched straight over to a voice call.

"The technology trick is the ability to switch both sides to voice," says Jim Preston, head of technology at BT Retail. "If, say, you order broadband and you want to set up a micro-filter. We could start with a text chat, then the agent could start entering information for you, but you might just want to pop on the phone to discuss something and we can switch it over instantly." Preston adds that such services are for specialist requests and accessible only from certain parts of the website.

At the other end of the scale, Dutch contact center outsourcer FourPlus is currently trialing web self-service and e-mail software in what director Steven Voorn describes as a "defensive investment" against the threat of offshoring. His biggest issue is working out the correct billing structure with customers for the new channel—including establishing what impact it will have on existing call volumes. The pilot will help FourPlus—which Voorn says is ahead of the game in the Netherlands with this investment—establish some benchmarks. "Clients of course always want the most economical solution. So we are saying this will help and we will monitor the cost reduction internally."

Part Two: Arming your agents—knowledge management and training

2.1 KNOWLEDGE OVER SCRIPT

While early contact centers made heavy use of scripting, today managers prefer to arm agents with the tools they need to answer queries but leave the precise path they follow from query to resolution up to the individual. This is partly because agents are increasingly dealing with multiple query types—service information, product details and in some cases, billing—and multiple customer types. But it's also recognition that agents have to be sensitive to the differing requirements of customers.

As a result, knowledge management and training will continue to climb up the order of priorities within the CSS environment in coming years. Aside from the simplest of product lines and query types, agents need in-depth background on their organization, its processes, and its products and services—as well as knowing where to go to find out more.

2.2 ADVANCED KNOWLEDGE MANAGEMENT

Linking knowledge management (KM) systems with customer support can significantly enhance productivity by automatically presenting the agent with information relevant to the customer, based on their product profile. But while contact center managers would like to have their KM systems better integrated into their CSS, in most cases it's a separate, standalone platform. In many instances manual, paper-based catalogues are still used, significantly impacting agent productivity. Others have a basic intranet site which can be searched by agents, but does not allow natural language searches.

Some interviewees have begun to make the same knowledge base they use internally available to customers over the web, optimized to improve the customer experience. The system requires constant monitoring and improvement—if users have to wait more than five seconds for a response, then something's wrong—and the information needs to be provided in the way a customer wants to view it, rather than the way the organization's processes typically generate it. One or more dedicated staff will usually be responsible for managing the knowledge base.

Other examples of best practice include:

- > Employing case-based reasoning, a form of artificial intelligence where the system acts like a well-informed agent
- > Pushing out new and relevant FAQs to profiled users
- > Allowing users to rank particular answers for usefulness as part of an iterative improvement process
- > Grouping answers in different ways, so users can search not just by product or service but by issue or area

The key step here is to ensure that the system is used as a matter of choice both by customers and internally by agents. As one interviewee comments: *"If it's easier to turn round to your mate who's sat next to you and ask them for the answer, then you've failed."*

PREDICTIVE STRIKE

Over the past three years, BT has consolidated more than 150 contact centers into 30, plus two offshore. One of the goals of the consolidation was to bring together billing, customer service, sales and technical queries. Jim Preston says: "The prize was to be able to transform what were geographically disparate centers into blended contact centers that were multi-skilled, multi-technology and multi-function." This of course puts greater focus on knowledge management, ensuring agents have the information on their desktop to handle the query. BT makes use of caller line identification (CLI) to update information to the agent prior to the call being answered. "It's a predictive strike," says Preston.

2.3 TYING KNOWLEDGE MANAGEMENT TO INCENTIVES AND TRAINING

One method of encouraging usage of the KM system internally is to build specific training programs around it, helping agents understand short-cuts and encouraging them where relevant to think laterally. This should be a two-way process—if a particular query or set of queries is being raised regularly, it may be that the system needs to be adjusted.

A further, more integrated employee management technique is to tie incentives and pay grades to knowledge, so agents can be incentivized not just on the volume of calls they handle, but on the type of call they're qualified to deal with, the quality of their response and their ability to find their way around the system. A lower-grade employee might be targeted to complete a certain number of calls in an hour, but the next grade will be expected both to complete the calls and to hit a certain quality threshold.

Whether tied to product knowledge or not, investment in training in the contact center remains high, both in upfront and ongoing training. Most contact centers we interviewed spend an average of four weeks training new starters before they're let loose alone on the customer base, usually beginning with face-to-face classroom training and progressing to on-the-job training. Some interviewees stress that if companies can keep the technical element of training to a minimum—preferably by providing just one central system to learn, and a simple, intuitive user interface—then more training hours can be spent on other issues such as familiarizing agents with new products. One manager at a seasonal business found training requirements for temporary staff shrank from 6-7 weeks to 6-7 days because of a simplification in the system set-up.

E-learning—which replaces classroom-based training with online, often self-paced training—has not yet enjoyed widespread take-up in the contact centers we approached. In part, that may be down to the initial cost—while it allows organizations to widely disseminate information at a low price, there is a sizeable upfront requirement for infrastructure investment. Where it is being deployed, one key benefit is that it allows agents to access learning modules in bite-sized chunks at quiet periods, without having to leave their desks.

Part Three: Monitoring and managing service levels

3.1 CORE PERFORMANCE MANAGEMENT

It's with good reason that customer service operations—almost without exception—keenly monitor the basic performance of their contact centers. Research repeatedly shows that the single biggest driver of dissatisfaction is leaving callers waiting too long², and there's a close correlation between call abandonment rates and churn. While there's inevitably debate about what "too long" actually means—a definition that will differ from industry to industry—on average managers strive to have a high percentage of calls answered in less than 20-30 seconds.

What happens after the call is answered, however, is more difficult to monitor. Four core conclusions from our interviews were:

- > Process-based measurement tends to be relatively easy. Issue resolution, for example, can be fairly easily measured in terms of the number of steps required and length of overall interaction. Many strive for first time resolution and consider it a negative if a customer has to call back
- > Monitoring and managing individual performance is also relatively easy at a basic level (call volume, call duration etc) and can usually be tracked in the system. However, the bigger challenges center on preserving employee rights in some European territories, notably Germany and the Nordic countries. One retailer pointed out that measuring individual performance would require consultation with trade unions, and so prefers to focus on team performance and other outputs
- > Monitoring performance at this level is all about efficiency, both in distributing the information to team leaders and providing the necessary analysis to understand the data. One company we spoke to sends a message to its managers on their Blackberry handhelds at 9.30am every morning summarizing the previous day's performance stats. With this degree of visibility, performance management becomes a high-profile, competitive and routine discipline
- > Some interviewees said they have struggled to set up reporting mechanisms, particularly when implementing a new system. Research conducted by Webster Buchanan in the business applications field consistently shows that improving management information is one of the top three drivers for investment in new applications, so failure to deliver significant improvements in that field will be highly visible

On top of basic reporting measures, each contact center focuses on specific service-related issues that differ for each industry sector and individual company. Examples include:

- > Telcos focus harder than most on first-time resolution, and tend to look at call quality, agent competencies and other measures which support this goal
- > Larger retailers—and others with sufficient muscle to dictate to their supply chain—tend to focus on delivery times at the point of sale

VIRTUAL MANAGEMENT

Cable company Chorus scooped a 2003 award for its innovative use of technology, in which its user activity module came in for particular praise. The system, dubbed a user activity wallboard, logs the transactions and comments entered by users in any given session. Stephen Ruschitzko, head of customer operations, describes it as a "virtual trainer" and adds that data entry accuracy has risen from 92% to 99.6% over 2.5m transactions in six months: "It takes team leaders away from looking at data entry and helps them focus on call quality, mentoring, coaching and feedback."

FourPlus is also looking to improve its agents' call logging in clients' CRM systems. It currently runs reports which can take up to two hours, but its IT department is building a system which can deliver the information in real time. This will change the nature of its business from weekly or monthly service level monitoring in meetings with clients to real-time, proactive management of potential issues. Steven Voorn says: "I try to manage the problem people, but because we only have monthly meetings it's difficult. After the new system I will be able to run a report and tackle problems straight away."

² MORI research on behalf of the UK's Citizen's Advice asked 2,253 people their top complaints with call centers

- > One utility we interviewed had been tasked by its regulator with making significant changes to its cost base, and focused as a result on monitoring the level of service visits it was scheduling. One technique was to ensure that a second support tier filters all first line requests

3.2 QUALITY AS A DIFFERENTIATOR

While many components of core performance are relatively easily measured and reported on, monitoring the quality of a response and its impact on customer satisfaction and loyalty has always been far more difficult. Most companies conduct third-party customer satisfaction surveys, but it's not always easy to isolate the impact of the contact center itself. As one interviewee pointed out, the contact center is just one element in a long chain of customer interactions, all of which affect satisfaction. That said, one interviewee sends out 2,500 emails to customers who have contacted it in the last month asking about various areas of satisfaction, and receives a surprisingly high 15% response rate.

Most see improving customer satisfaction as part of continuous improvement and quality management. The new ISO quality standards³ place continuous improvement at the center of customer contact and require companies to monitor customer satisfaction through surveys.

3.3 COST CENTER OR PROFIT CENTER?

Despite years of talk about turning the contact center into a profit center, the vast majority of companies continue to operate their support operations first and foremost as a service operation. Several interviewees are currently investigating introducing cross-selling and upselling: one has done so, and was largely unsuccessful. The majority of interviewees view any sales they make from the service center primarily as an opportunity to improve satisfaction, rather than a core goal. That informs strategic direction within the contact center and influences several important factors. For example:

- > Where cross-selling/upselling is catered for, agents are trained to spot an opportunity and are provided with the tools to book sales—but they are not incentivized on making sales
- > The sales opportunity is not marketed within the service operation: it tends only to be introduced reactively if the customer enquires, or on an ad hoc basis if an opportunity arises
- > The channel is not targeted on revenue
- > Service center agents are not prime users of their company's sales system, but are usually able to access it to offer a quote, product information and enter orders

Some interviewees were firm believers in the principle of transforming their service center into a revenue-generator long-term—as one remarked, "every issue is a chance to sell." But they also argue that such initiatives need to be backed up by a powerful customer database so agents know exactly which products the customer has bought before, where their areas of interest are and have some idea about their likes and dislikes.

SILENT ATTRITION

As well as measuring sales per agent/project and retention, German outsourcing giant Vivento claims to be able to measure "sweet spots" for its clients. Michael Martin gives the example of dealing with a helpdesk problem or a billing issue. "Did the customer buy products which were suggested? What was sold after the customer incident? After how many incidents does a customer leave a company or cancel a contract?" This depth of analysis, while difficult to carry out, helps address the problem of silent attrition where companies don't even realize when customers defect.

³ The ISO 9001:2000 standard for a quality management system includes a new requirement to measure customer satisfaction. See <http://emea.bsi-global.com/Quality/Overview/9kDifferences.xalter>

Part Four: The systems jigsaw—data and process integration

4.1 "SWIVEL CHAIR" INTEGRATION

The phenomenon of swivel chair integration—where agents need to move to another computer, open up a different application or phone up a colleague to access further information or complete a transaction—is a symptom of the increasing complexity of the contact center. Teams often communicate with each other by email—or even by filling out paper forms and sending them in the internal mail—which means that data is moving around the organization in an unstructured fashion, rather than being stored in one central system.

Managers try to work round these issues by having calls routed to different teams on multiple queues (one queue for billing enquiries, another for warranty calls and yet another for complaints). But our interviewees expressed their concerns about the limitations of this "silo" approach to customer support. They include:

- > The organization as a whole has a disjointed view of the individual customer. Agents may be unaware, for example, that a customer holding a portfolio of products has complained about one service offering and is still being cross-sold another product
- > The organization cannot take a view of all its customers and business partners across all its products and channels
- > Jobs can fall between the cracks in the handover from one silo to another, particularly where there are manual systems. A customer can find a process falling down, for example, simply because an agent forgot to print out a request and forward it
- > Real-time reporting of the status of an enquiry is impossible where process flows are manual or disjointed. This is a significant barrier to introducing meaningful self-service for customers or business partners

Integration between different systems typically takes place at three levels.

The most basic form sees data passed from one system to another in batches, a slow and cumbersome process that's usually carried out overnight. One interviewee points out that an unfortunate symptom of extended automation—the production of vast quantities of data which need to be integrated with other systems—means the system becomes a victim of its own success, and overnight batch processing can still be running the following morning.

At the next level, application to application integration sees two or more systems tied together through "middleware"—this works well in a relatively simple exchange of data, although it can be limited in a more complex environment. The third level is business process management, where, with advanced workflow systems, business processes can be adapted irrespective of what happens with the underlying IT infrastructure.

A good proportion of companies interviewed have made the decision to replace their entire system, partly in order to establish a single database and to help them reorient their businesses along customer-facing lines. This will not, however, solve all of the integration issues. There's no guarantee that a single product suite will be able to provide all the functionality that existing systems offer, so some older applications may still have to be kept running and integrated. The issue of replacing legacy systems is covered more fully in Part Five.

TAPPING INTO THE STOVEPIPES

BT's Jim Preston would claim to be one of the people who coined the term "swivel-chair integration"—and he admits it's been a major issue for the telco in the past. "The heroes at the front-line would answer the phones and merge and blend functions," he says. "Because of the way we have developed we had a lot of stovepipe applications. So agents would have to alt-tab and move between them. This was integration at the user level."

The telco has overcome the problem by implementing what Preston calls an application consolidator. He explains: "It presents a unified interface to the front-end user without [replacing] the back-end applications." By making the integrations at the user level, BT has delivered short-term benefits while the long-term strategy of replacing legacy applications catches up.

4.2 CONNECTING TO THE WIDER BUSINESS

Customer service and support operations need to access information from—and pass information to—other business functions, particularly in areas such as warranty returns, field service, distribution, product management and quality.

Yet the connections between service and support and the wider business, while dressed up in various guises, are mostly manual. Interviewees told Webster Buchanan that:

- > Where field service is brought into a customer interaction, the customer support agent will often have to open a separate dispatching application or send a message to a different department. In high-performing organizations, field service is connected in real-time to customer service. This can bring savings on its own merits by reducing the workload of field engineers through better communication at the point of contact
- > In manufacturing and distribution-oriented environments, much of the communication regarding product faults is couched in the terms of quality—continuous improvement, ISO 9001 and total quality management. Information from the contact center is gathered together on a regular basis and sent off to the "black box" that is the quality department. Some companies are building systems to automate this feedback loop
- > At an organizational level, it's sometimes as hard to bring different business functions together as it is to link the underlying technology. Team meetings between customer service and other departments can degenerate into a forum for complaints. Ultimately, there's little point focusing on connecting up the customer service department if the processes and culture do not support it.

Part Five: Vendor selection and building the business case

5.1 REPLACING LEGACY SYSTEMS

Most contact centers have a large number of legacy systems and databases, often inherited through acquisition and mergers. Legacy systems tend to bring a number of problems, including:

- > Difficulty in integrating with other systems, such as marketing databases. Technical solutions are emerging to tackle this as we outlined in Part Four, but this may represent a significant investment in IT infrastructure technologies
- > Difficulty in releasing information to senior management and other business functions. For example, new types of reports may need to be built by the IT department because of the technical complexity, whereas newer systems can often be configured and adjusted by users
- > Higher cost of maintenance—older, proprietary platforms tend to require specialist skills and training and may have less flexibility to meet changing business requirements

At the same time, however, some legacy applications will have evolved over time to meet very specific business needs, and contain rich functionality that's hard to replicate.

Organizations are taking a number of different approaches to solve these kinds of problems. Some develop their own user-friendly front-end systems that pull data from different legacy applications: others attempt to implement a new, all-embracing packaged application: a third group combines both approaches, selectively replacing the least efficient legacy components of their IT set-up.

5.2 SELECTING VENDORS

Whichever purchasing route organizations take, there's a widespread acceptance that systems will have to be customized to meet their specific needs. While some interviewees were able to simply 'configure' the system themselves (changing fields, for example, rather than amending the underlying software code), in other instances between 50% and 70% of the system needed to be changed. That demonstrates, perhaps, just how hard it is for vendors to meet contact center requirements "out of the box".

This willingness to customize may also help explain why, in general, organizations say they do not look for suppliers with particular expertise in their industry, even though they recognize that they have specific sector-oriented requirements.

In many cases the choice of system is forced on the contact center manager, often because it's in use elsewhere in the organization. Where the service operation does influence the purchasing decision, interviewees say they tend to look for companies that can solve their specific pain points—such as managing complexity, providing better access to data and so forth—as opposed to seeking organizations with a more grandiose vision of enterprise-wide customer relationship management. In most cases, purchasers are keen to make contact with reference sites for tangible evidence.

As Ian Gillman, head of customer service at Abbey, says: "This is such a dynamic environment that we're never satisfied with what we've got. Our systems are not always perfect but they are very robust. We've got an innovative management team that always looks at what we've got and asks what benefit we will get if we change it for the next generation."

WORTHWHILE LEGACY

Since 1983, BT has been developing a customer service and support system—CSS—which contains a high level of functionality for traditional Public Switched Telecommunications Network (PSTN) billing and support. However, the market has evolved and Jim Preston says: "CSS is brilliant at managing the core PSTN product, but customers now want blended technology, fibre and digital, converged mobile and fixed line." The company is responding and currently implementing packaged applications centred around its CRM system.

But despite its move to a packaged off-the-shelf billing system, BT will not retire the core CSS system which has so many years' functionality and expertise built in. Preston says: "You cannot switch that off overnight. Will we move it all to the packaged system? Is it scalable enough? I doubt it. We've got a core pricing engine that works, so why should we build another? Our core pricing capability for PSTN, as long as it exists in its current form, is unlikely to be replaced."

5.3 RETURN ON INVESTMENT

With most companies still viewing their contact centers as an overhead rather than a revenue source, return on investment measurements inevitably focus on cutting cost. But this is not just an exercise in number-crunching. Several interviewees argue that by bringing in tangible and significant improvements in efficiency, they will be able gradually to shift board-level perception of the contact center, moving the focus away from pure cost control of an overhead to a point where the center is seen as an integral part of product and service delivery.

These efficiencies come from a combination of sources:

- > Re-engineering operation, for example by integrating the contact center more closely with field service
- > Improving agent productivity so they can deal with more calls, or reducing the volume burden so that agents can spend more time on difficult calls
- > Consolidating contact centers
- > Opening new channels to the customer to improve quality of service and satisfaction

CONSOLIDATION AND TRANSPARENCY

Cable company and ISP NTL has consolidated its 13 regional offices into seven "strategic specialist" centers, with three dedicated service centers. Loyalty manager Chris Boyle says the move is only possible because it's implementing a single, in-house developed platform for the centers and he sees one of the big benefits as increased transparency. "There'll be an obvious improvement in customer service. Now we'll have full visibility of all aspects of our customer accounts on one single end-to-end customer management platform. This will enable us to deliver an enhanced level of service and will further improve the quality of customer information available to our agents in our specialist centers"

Conclusion

The contact centers we interviewed across Europe exhibit wildly varying levels of technology adoption, with the vast majority currently investing in systems replacements or upgrades. Based on their analysis of the challenges they face, combined with their current and future plans and examples of best practice, a number of broad conclusions can be drawn:

- > While most organizations continue to manage their channels separately, multi-skilling across e-mail, voice and web chat—and across different departments and functions—will become more common as consolidated super centers emerge and greater emphasis is placed on first time resolution
- > Integration between different systems remains a pressing issue for the sector, and it's worth considering short-term solutions—such as layering a new front-end across multiple systems to provide a single user interface—while more complex back-end challenges are addressed
- > Compared to other sectors, telcos are highly experienced in monitoring core performance metrics, focusing hard on factors such as first-time resolution, call quality, and agent competencies. More sophisticated measures—such as root-cause analysis of issues that lead to churn—will be an emerging area of focus
- > Consolidation, churn volumes and high levels of customer expectations will continue to be drivers for new system investment across the sector. Replacing well-embedded legacy applications with customized packaged applications is a major challenge, particularly in terms of replicating existing CSS functionality, and most organizations will prefer to take an incremental approach
- > Few organizations focus on revenue generation within CSS, even though most managers recognize the opportunity to turn the contact center into a profit center

Case study: Chorus

Stephen Ruschitzko, head of customer operations at Irish cable company Chorus, has a simple philosophy for the contact center. "If you build it, it will come," he says, referring to the performance targets that he and fellow managers aspire to, such as answering 85% of calls within 30 seconds. "Improvements will happen if you have a strong understanding of things like call volumes, rotas and breaks, and spend time forecasting calls from marketing and billing campaigns and engineering planned maintenance programmes," says Ruschitzko, also a board member of the Irish Call Centre Management Association. "Preventing interference from your financial director always proves difficult but you don't want to give control away to someone who doesn't understand the call center business."

A veteran of 14 years with Chorus, Ruschitzko previously worked in field service, so had a good understanding of the impact of customer relations on the rest of the business when he was tasked with turning round a poorly performing 80-agent customer service center in 2002. And, true to his word, improvements did come, with call volumes reduced by 40%, productivity up 30%, and a dramatic fall in absenteeism. "The call center had poor service levels when we took it over. [Improvements came from] three simple areas—staff, training and systems."

The three are of course highly interlinked—Chorus tackled the big issues around staff and training while at the same time improving systems. Acclaimed for its user activity application, built on top of its mainframe billing system which runs all the day-to-day functions of the cable company from order entry to field service, Chorus saw a rapid payback from what was a simple piece of programming. "Things like business rules are not managed in the main system, so we introduced an on-line real-time agent screen, monitoring every account they go into and out of, all the information they should be entering and the comments they add."

While this could be seen as a "Big Brother-style" initiative, Ruschitzko prefers to accentuate the positives for his staff. "If you can look at the screen at the end of the day and see of the 60-70 accounts you've entered that you've been 100% accurate, that give you a sense of a job well done." Team leaders can also easily review comments, and deal with problems quickly.

Having tackled the major issues, Chorus has moved onto the softer side, such as the threat of silent attrition. The company has focused for example on reducing repeat faults—flagging them early on as code red and actively monitoring possible defections to big competitor Sky. "Churn is a very big issue for cable TV companies. It's very important that we identify any customers that are unhappy or in the early stages of annoyance which leads to churn."

The company has a strong focus on ensuring complaints are dealt with correctly, with a 28-day customer satisfaction promise and internal escalation to directors. The system and the culture it has engendered has been audited by an external third-party and is cited by the regulator as an example to banks in Ireland. Based on experience of the system, Ruschitzko estimates there is a margin of error of about one week before customers will churn. "We treat customer dissatisfaction very seriously both to comply with regulations and because once you've got to the situation where dissatisfaction has occurred, they will churn."

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