

WHITE PAPER

A New Model for Customer Engagement

Interactive Softworks

Smarter Interactions *Anywhere*

Abstract

Only those companies willing to embrace today's 'rules of engagement' will emerge as leaders over the next decade. Acquiring and retaining customers and building loyalty calls for 'A New Model for Customer Engagement'

In today's competitive business climate, customers expect more than ever from the companies with which they do business. Customers are tech savvy and want to engage with companies when, where and how they prefer, and they want that engagement to be meaningful, consistent and efficient. What's more, as new social media channels continue to emerge at a staggering rate, effectively engaging customers has become even more complex. Companies that are willing and able to embrace a new way of engaging their customers will be better positioned for acquiring and retaining customers and building loyalty.

This white paper will discuss the six steps to effective customer engagement, including embracing a true multichannel strategy, having smarter conversations, delivering seamless experiences for delighted customers, enabling business collaboration, leveraging affiliates, partners and bundled offerings, and measuring customer retention, loyalty and revenue potential through real-time business analytics.

Additionally, this paper will take a closer look at 'relationship architecture' – the technology foundation that streamlines and helps manage all aspects of customer-facing business initiatives. Establishing a relationship architecture will provide lasting benefits to the company, partners and the customer, ultimately leading to success for the business.

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Introduction

Today's customer looks vastly different from the customer of five, or even two years ago – and tomorrow's customer will be more different yet.

In this period of economic uncertainty – marked by some signs of renewed growth, but with continued softness in consumer confidence and cautious discretionary spending – companies must focus more than ever on maintaining customer loyalty, cross-selling and up-selling offerings, and acquiring new customers efficiently. Coupled with the continued emergence of the web, mobile platforms, and social networks as viable business channels, companies must be prepared to engage with their prospects and customers anytime, anywhere, via any channel, at their convenience, or they will lose relevance, customers and market share.

Today's customer looks vastly different from the customer of five, or even two years ago – and tomorrow's customer will be more different yet. Customers are not only tech savvy, but are increasingly on-line around the clock. They are more driven to find their own answers and solve their own problems, and, when they cannot solve their problems on their own, to meaningfully engage through social media with others who are trying to solve the same or similar problems.¹ More and more customers are also showing a preference for subscription-based offerings, which means that companies need to offer web-based services that promote customer 'stickiness' – loyalty, regular and repeated engagement, etc. – in order to maximize revenue. But, because consumers have more choices than ever, it is increasingly easier to “unplug” one service provider and “plug into” another, when a customer is unhappy.

The Relationship Mind Shift

Unhappy customers are ten times more likely to stop doing business with a provider than are loyal customers.²

The first step toward meeting today's customer where they live is to make a fundamental mind shift in how your company will create and maintain relationships with prospects, customers, and business partners.

People want meaningful and positive interactions with the companies with which they do business – every single time they do business with them – and they expect consistency across all communication channels. Focusing on building and maintaining these business relationships will be the most critical success factor for businesses moving forward, across virtually every industry sector.

¹ “Magic Quadrant for CRM Customer Service Contact Centers,” Gartner Inc., 2010

² “Customer Experience Consumer Study,” Strativity, 2009

Companies must be well-positioned to maximize the value of their relationships with customers and partners through the continual and rapid launch of creative offerings – recombined or bundled products/services, personalized and targeted campaigns, etc. – and then be able to measure the effectiveness of those offerings while also guaranteeing optimized service levels tailored to the unique needs of each individual consumer. This will require movement toward campaign-driven sales patterns, agile business systems, and proactive business intelligence/analytics. Without re-evaluating an organization’s approach to conducting business, and embracing the shift to enabling and maintaining long-term, positive relationships, companies will likely repeat common mistakes of the past: siloed systems, disjointed and inconsistent functionality, fragmented and inconsistent customer touch points, all of which lead to dissatisfied and frustrated customers.

The Six Steps to Effective Customer Engagement

Step One: Embrace a True Multichannel Strategy

Since the early to mid-90s, communication channels have been emerging at a staggering rate. Business that had previously been conducted across only one or two primary channels less than twenty years ago – phone, mail order – is now happening across a dozen or more channels, and companies have been scrambling to keep up. The result has been a lack of strategic approach to communication channels, and companies finding themselves falling behind their customers.

The traditional solution has been to build channel-specific interaction points for customers and partners, including functionality within each channel that is often limited to technology constraints unique to that channel. This costly and time-consuming approach is reactive instead of proactive, and subsequently is certain to lag behind marketplace demands. This approach also makes it almost impossible for customers to begin a task in one channel then easily complete it in another channel, or get assistance from a customer service representative without having to provide the same information multiple times.

Instead, companies need to first create a shared foundation, including information, processes, and functionality that will feed – or ideally, drive – all channels. This strategy needs to encompass common services that the company wants to deliver to customers and partners, and then treat each and every channel merely as a window into those services.



Once there is a shared, common foundation for information, processes and functions communication channels simply become windows into the company, not confusing bolted-on appendages that are not synchronized.

Step Two: Have Smarter Conversations

Companies must be prepared to engage ‘anytime and anywhere’ with their prospects, customers and partners. However, critical data and the customer-oriented information required for smart conversations is scattered across back-office systems and repositories, each with unique data

structures and dedicated interfaces that are typically not designed to engage directly with customers. This makes it difficult to access, collect, and present relevant information in a meaningful way, limiting the ways that companies can reach out to customers and vice versa. Customers demand rich conversations and interactions that draw upon the information and functionality of this conglomeration of business systems, and they want those conversations to happen across the entire spectrum of communication channels.

Smart conversations should be customer-focused, direct, informed and personalized. Relevant data should be seamlessly collected from across the company to deliver real-time historical context; and the entry of new transaction information must be coordinated across processes that flow throughout the enterprise. Siloed systems make this a near impossibility, so enabling technology must be applied to draw upon the power and previous investment in legacy systems and synchronize real-time data prior to either reaching out to the customer or enabling self-service capabilities.

Smart conversations can be automated and allow customer or partner self-help; they can be two-party with an internal knowledge expert providing guidance to a customer; or they can be multi-part and collaborative. But, in all cases, the right information has to be provided at the right time and delivered effectively – which is only possible when a company is aware of the information and functionality they already possess. What’s more, that information and functionality must then be accessible by relevant parties in an effortless and transparent manner.



By breaking down technology barriers and exposing the richness of existing investments, companies can provide customers with positive engagement each and every time they interact.

Step Three: Deliver Seamless Experiences for Delighted Customers

Automating processes and empowering customer self-service by offering rich multichannel points of engagement can result in operations cost savings over 33% or more.³

Market leadership requires delighting customers every time over a sustained period. Each interaction should be direct and personalized: from empowering new customers to on-board themselves, to delivering compelling and personalized offers and providing consistent experiences across the lifespan of the relationship, to giving today’s customers the ability to self-help that they are demanding. These personalized interactions can result from previous purchasing history, channel preference, and up-to-date transaction information from inside the company or across affiliate organizations. And, when the situation calls for it, a specific customer engagement needs to flow across departments and across channels without making the customer feel like they are doing all the work.

³ “Best Practices: Customer Onboarding,” Forrester Research, 2009

The reality is that companies often fail to delight their customers, not because they don't want to do so, but because they simply don't have the technology required to make it possible. Companies can't provide the information necessary to meet the customer's expectations, and they can't offer the same level of service across different channels. Customers can do one thing via a web portal, another via an IVR system, and yet another only if they call and speak to a live representative – and information does not flow freely between the various systems and departments.



Agile, enabling technologies must be brought to bear to expose the right data and provide access to features at the right time, ensuring the customer only has to answer questions a single time whether they are sitting in their office or using their cell phone on vacation.

Step Four: Enable Business Collaboration (Social Networking at Work)

For a company to successfully earn the trust of its customers, there must exist a vibrant culture within the organization that recognizes the importance of trust and enables and empowers employees to act upon that perspective.⁴

Just as consumers are seeking to support themselves and reach out to social communities when they need assistance, so are the people who make up businesses. Businesses should capitalize on the acceptance of collaboration and social networks by their employees through providing them the same tools with which they are familiar from outside the work environment: blogs, wikis, function-driven communities, profile updates, etc. By creating collaborative environments throughout the organization, a company can become more productive while simultaneously embracing what their employees are seeking as individuals.

Collaborative environments help break down – or eliminate entirely – traditional cross-departmental and “business vs. IT” barriers. Creating a social environment promotes communication and cooperation and ultimately yields a faster time-to-market for new business initiatives.



By putting in place the same social structures that people are using in their personal lives, businesses can become more productive, more collaborative, and improve employee satisfaction and retention.

⁴ “The State of Customer Experience Capabilities and Competencies,” SAS Institute Inc. and Peppers & Rogers Group, USA, 2009

Step Five: Leverage Affiliates, Partners, and Bundled Offerings

Adding value to customer relationships over time requires launching compelling offerings on a regular basis. Reconfigured and recombined or bundled offerings, new services, and improved terms and conditions all build value for the customer and the company. Customers should be made to feel that they are a company's first priority and that the company continually strives to bring them value proactively, and the company must be willing to create value for the customer on an ongoing basis.

Creating and nurturing strong business relationships through affiliate channels and complimentary partner offerings expands the potential for bringing value to customers. And, because engaging with partners can suffer from many of the same issues as engaging with customers, companies need to consider openness, easy interoperability, and personalization when selecting solutions for both their business partnership and customer relationships. Additionally, it should be easy for affiliates to rebrand offers in their own channels, and should also be able to incorporate partner offers into the company's own brand.



By offering competitive personalized targeted products and services – bundled with other core products and services or in cooperation with affiliates and partners – businesses decrease the level of churn in their customer base and reap the revenue potential of long-term customer relationships.

Step Six: Agility through Operational Intelligence: Measure, Adapt, Repeat

Only 20 percent of companies today even try to know the state of their customer experience success by measuring it holistically across all channels.⁵

The only way a company can determine if they are effectively engaging with customers is through measuring customer retention, loyalty and revenue potential. Measurement is only possible when there is accurate and consistent data across all channels and all phases of the customer lifecycle. Technology must be implemented to deliver the right data from across the entire spectrum of the enterprise in real-time and in a meaningful and digestible format.

Real-time business analytics are a necessity made more difficult to achieve by the various ways in which customers engage with their service providers. Companies need technology solutions that have an integrated approach to analytics – where analytics are core to business processes themselves, not an external afterthought or add-on solution. The best way to achieve accurate and consistent information is to capture and deliver it at the point of engagement, and from within each specific instance of a customer's interaction.

⁵ "The Customer Experience Quality Framework." Forrester Research, 2007

Simply measuring customer interaction isn't enough. What really matters is how fast a company can respond to knowledge gained through operational analytics. A company must be flexible and have the ability to implement multiple alternative campaigns simultaneously, while continuously monitoring which ones are most appealing to prospects and customers. Smart technology can lower the cost to engage in this multi-variant testing and help companies determine where to focus their time, energy, marketing efforts, and money. Companies should prepare for testing to be an ongoing trial, error and success process that will need to be continually repeated and improved.



Customers' preferences and demands are changing at a faster pace than at any time in history. Companies must be able to monitor those changes and react just as fast.

Establishing a Relationship Architecture

Underlying all six steps of the new model for customer engagement is the concept of 'relationship architecture'. This is the technology foundation that streamlines and helps manage all aspects of customer-facing business initiatives. It is the hub of communication for the company, its customers, and its affiliates. It should simplify, standardize, and normalize the process of bringing people and systems together from across the company, and across all communication channels.

A critical success factor for a company to build the relationship architecture is to first understand exactly what it has in terms of data, features and functions of existing systems, and human capital. All of these elements need to be taken into account and leveraged, not thrown out nor duplicated. A 'relationship architecture' allows back-end systems to perform the functions they are best at and enables them to participate in a standard way with all other systems and data stores. This allows companies to expand on previous investments instead of replacing them and also fosters evolutionary growth.

The relationship architecture is also a place where the business can define and optimize the core processes and services that are to be exposed to end-users of all types: internal users, prospects, customers, partners, etc. Human-facing elements should be defined a single time in a standard manner so they are accessible consistently and effectively through any communication channel. This allows the business to be more efficient, centrally manage business rules and processes, and rapidly respond to shifts in market demand and direction.

The Value of a Relationship Architecture

Value to the Company

Achieve faster time to market through efficient operations and reduced resources required to do so (personnel and system operations) and enabling the adoption of agile methods. A lowered total cost of ownership results from speeding the internal development lifecycle and the external interactions that forge value-driven relationships with partners and customers.

Value to the Partner

Extend to partners the same value by establishing deeper, more meaningful connections via seamless integration and linkage of business processes that present customers with a high-quality experience that is consistently delivered, contextually relevant, and brand appropriate.

Value to the Customer

The customer is the ultimate recipient of these benefits when they are empowered to manage their relationship with the company on their own terms: they choose when, where, how and why they initiate interactions. What's more, the customer knows that if one company is not committed to the relationship, another company certainly will be.

Customer Engagement in Action

The benefits to be gained from following the new model for customer engagement can readily be substantiated, and the return on investment quantified, by assessing real-world case studies and comparing our companies' pre- and post-model adoption key performance metrics.

ROI in the Performance Marketing Industry

“The results have been remarkable. From an infrastructure performance standpoint, just relating to our satellite TV business, we’re now processing more than 822,000 web service calls per day for our clients, while managing Web applications in real time that are used by more than 80,000 call center agents daily—and we are exceeding 99.9 percent uptime.”

—Jonathan Washburn, CIO, Tranzact

- » Interactive Softworks helped Tranzact reduce development costs by 30% through improved efficiency and reduced IT lifecycles.
- » Interactive Softworks helped Tranzact reduce time-to-value by 38%. Previously, new project roll-outs took 16 weeks as compared to the new, and considerably speedier, 6 weeks for new launches.
- » Tranzact has reduced workforce levels while improving manageability.
- » Now Tranzact can hire programmers who are proficient in solving business problems rather than hiring highly paid architectural experts.

ROI in the Financial Services Industry

“The Interactive Softworks team leveraged our existing investments while also introducing a revolutionary architecture into our environment—and they did it much faster than most organizations take to rethink an existing implementation.”

—CIO, Student Loan Provider

- » Interactive Softworks built and delivered a major lender's new infrastructure—from zero to full-scale production, and including eight major system integrations—in 90 days. Full prerelease QA was achieved in 45 days.
- » Interactive Softworks helped the lender optimize loan processing procedures and achieved a 166% improvement in Sales Associate Effectiveness, as well as eliminating 60% of inbound service calls for funded loans, and 51% less callbacks for loan applications.
- » Interactive Softworks' solution helped the lender reduce their customer service headcount by 92%, eliminating 66 underutilized positions.
- » Interactive Softworks helped the lender decrease time-to-value by 50%. New channel opportunities and program implementations now take 30 days or less compared with the previous two (plus) months.

About Interactive Softworks

Interactive Softworks improves the way organizations engage customers by synchronizing critical real-time data with back-end processes and driving individualized customer interactions across multiple communication channels (voice, Web, IVR, chat and social media). Interactive's solutions represent the next step in Business Process Management (BPM) and Customer Relationship Management (CRM) systems, enabling smarter and more consistent customer experiences that leverage partner and market-driven opportunities.

Today, Interactive Softworks optimizes business performance and delivers successful customer acquisition, loyalty and retention campaigns for innovative Fortune 500 companies.

Contact

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