Achieving digital customer service transformation

Staying ahead when customers don't stand still

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Introduction

Introduction

We are at a moment of unique opportunity for customer experience leaders. Nearly every business is striving for customer centricity to better differentiate and retain valued customers. And today, new advances in digital transformation allow you to declare powerful win-wins in both customer engagement and operational efficiency.

For the longest time, your customer service likely consisted mainly of call centers – but no more. The world is digital, and your customers are expecting service at their fingertips. From online chat and social messaging, to text notifications and even intelligent virtual assistants, the customer service world is evolving. And by 2022, experts such as Gartner predict that the majority (70 percent) of all customer interactions will involve technology, like messaging applications, social platforms, and chatbots[1].

Today, your customers don't actually want to call you. In fact, according to a 2018 Pega survey, 57 percent say they dread it. And by your own customer service success metrics, you don't want them to call either. Like many, you are measuring agent success by metrics such as average handle time (AHT), which in its simplest sense, is nothing more than a measure of how fast you can hang up. That doesn't sound very customer-centric, does it?

The best way to do a better job of managing AHT is to solve most – if not all – of customers' needs before an agent interaction is even needed. To drive the greater levels of efficiency and effectiveness your business now demands, it is critical to acquire a new capability for achieving both digital "brain" and "muscle" to drive personalized interactions and streamlined service journeys. This requires infusing greater analytic insight into each customer interaction at the very moment it is happening, and the ability to drive frictionless and more efficient service journeys – anywhere across the enterprise. With the addition of new superpower capabilities for real-time, omni-channel AI and end-to-end automation with robotics, these outcomes can finally become a reality.

Rethinking service in the digital era

Your new customer: Greater awareness and expectations

Your new customer is always-on and increasingly impatient. They want the immediate gratification of their needs being met quickly and effortlessly. According to Pega's latest consumer survey on the subject, however, your customer service experience takes 111 percent longer than it should take. Consumers cite that the average customer service interaction is 19 minutes in duration. And if you think you're off the hook because yours is less than the industry average – well, not so fast: consumers actually want it to be closer to nine minutes.

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[1] Maoz, M., & Manusama, B. "Magic Quadrant for the CRM Customer Engagement Center." May, 2018.
 Accessed from https://www.gartner.com/doc/reprints?id=1-4TMGJ66&ct=180321&st=sb

And your processes aren't helping either. **Two out of three customers say they have been forced to fill out a paper form for something that could have been done digitally over the past three to six months**. This means not only unwanted customer frustration, but also increased cost and processing time for your business.

Unfortunately, most web self-service isn't much better. One major telecommunications carrier found that 30 percent of the time their agents connect with a customer, it's only because the customer was already on their website trying to find an answer for themselves – and ultimately failed. And your number may be much higher than that.

Ultimately, your customers are now expecting you to keep pace and provide a frictionless experience. This is possible with new forms of self-service and automation.

Customer service friction: A double-edged sword

Along the customer journey there is commonly a minefield of friction. This tension can be broken down into two facets: customer-side friction and business-side friction. Both are painful. And both cost your business money.

Figure 1: The two facets of customer service friction
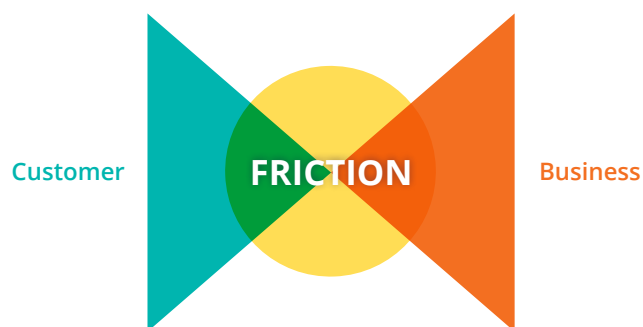
Much of the conversation on eliminating friction from the service experience has been focused on the customer. Today's customer demands that you clear the way, eliminate speed bumps, and accelerate their path to resolution. We also see the emergence of new metrics, such as Customer Effort Scores (CES), to attempt to keep this expectation – and challenge – more squarely in view.

Despite this expectation, many businesses are struggling to keep up. Consider if your customers may identify with any of the statements below while interacting with your brand:

Category	Customer frustrations	Rapid resolutions
Duration	"Why does this take so long?"	**End-to-end automation and robotics** can help transform your processes to accelerate customers to the outcomes they seek – while working across your existing systems and processes.
Identity	"Why don't you already know who I am?"	**Real-time omni-channel AI** can work with your existing systems to assemble a real-time customer view – at the very moment of interaction – even across disparate data sources and systems.
Memory	"Why do I have to repeat myself?"	**Case management** maintains each customer's state as they move across channels, agents, and interactions. No more repetition. Customers pick up right where they left off, regardless of channel.
Consistency	"Why is the answer different each time?"	**Real-time omni-channel AI and dynamic case management** powers decisions and processes that are channel-less. Once created, all business rules, logic, and cases may be made instantly available to any of your channels and touch points. Now customers can receive the very same experience – anywhere they choose to interact.
Visibility	"Where do I even stand in the process?"	**Case management** automatically provides new levels of transparency that avert the need for an agent interaction altogether. Communications are established at specific steps in case processes, to assure customers that their issue is being progressed.
Empowerment	"Why can't I do this myself?"	**End-to-end automation and "mash-up" capabilities** let you redesign your processes for digital self-service, enabling customers to get what they want on their channel of choice.
Proactiveness	"Why did I even have to ask?"	**Real-time omni-channel AI** uses pattern and event detection to anticipate customer needs and reach out to customers – often before they know a need may exist.

These are just some of the many frustrations experienced by customers when engaging with your service touch points. And when left unresolved, the pain is not just felt by your customers.

Case in point: Your customer just entered their 16-digit account number and reason for calling on your intelligent voice response (IVR) and was then asked those very same questions when they finally reached an agent. This doesn't just create another point of friction (and anger) for your customer: it increases your AHT and bottom-line cost of servicing each customer – all while driving down Net Promoter Score (NPS).

Business-side friction

The key to improving your customer service digital transformation effort is resolving friction on the other side of the equation as well – for your employees. This friction often takes the form of complex manual processes, dealing with many non-integrated applications and screens, and disconnected systems.

Some of the top employee frustrations from customer service friction include:

Category	Employee frustrations	Rapid resolutions
Manual sign-on	"Why do I need to log into all these systems manually, just to start my day?"	**Robotic desktop automation** can be applied as a personal robot on each agent's desktop, to automatically sign in agents across multiple applications, even where single sign-on may not exist.
Siloed applications	"Why do I have to deal with so many screens and applications?"	**Robotic desktop automation** as a path toward desktop unification. Leveraging powerful interface "mash-up" capabilities and robotic automation, your business can hide the complexity from agents, providing them with a new single user interface in as little as 90 days.
Manual data entry	"Why do I need to use sticky notes and note pads to help me remember information across systems?"	**Robotic desktop automation** can be applied as a personal robot on each agent's desktop, to automate the copying and pasting of information that is required across non-integrated legacy applications – all in the background, without having to lift a finger.
Enterprise amnesia	"Why do I have to ask customers the same question they've already answered to another agent or channel?"	**Dynamic case management** captures and maintains each customer's state as they move across channels, agents, and interactions. No more repetition. No more duplication. No more frustrated customers – or employees.
Disempowerment	"Why do I need to pass the customer from department to department?"	**Case management and AI-powered "next best action"** provides the channel-less brain and muscle to any agent, system, or channel your customer may touch. This means that employees are finally empowered to treat customers with the same incredible level of service, wherever they are.
Irrelevance	"Why am I presenting this offer that has nothing to do with them?"	**AI-powered "next best action"** considers each customer's context in the moment, and methodically weeds out irrelevant offers, to present agents with only the top-predicted successful conversations – all in real time.
Failed self-service	"Why couldn't they find this information on our website?"	**Contextual self-service** enables your website to sense the customers' needs and surface service insights and cases directly to them, wherever they are. And real-time **co-browse** finally gets your agents and your customers on the same page – literally – without anything at all to download.
Manual interaction wrap-up	"Why do I have to spend so much time wrapping up each interaction?"	**Case management** captures all the details of each customer journey, regardless of where it began. And robotic desktop automation automates the dissemination of this information across the enterprise, even where integrations do not exist.

Evolution of the customer service model

The 3 things your customer service needs to be: A customer perspective

Your new customer has different expectations – and they don't stand still. To begin to turn the corner, there are three guiding lights that your business must establish. These are:

1. **Make it personal:** Consumers expect you to know who they are, and they expect you to understand their unique needs. Consider if your web, email, and mobile apps are presenting only the offers and content that are important to each specific client. This may not be the case. And even worse, you could be guilty of presenting irrelevant offers. To be truly personalized, make it about their journey. Their needs. Their context. This is how you can grow not just NPS, but ultimate Customer Lifetime Value (CLV).

2. **Make it easier:** Too often, businesses consider what they need to do to conduct operations – but not necessarily what their customers need to derive value. Despite the complexities of your business, the new consumer expects the easy service they receive elsewhere. Members now expect you to provide a simple, fast, and clear path to the answers they need (e.g. finding a doctor, understanding a benefit, or resolving a cost issue). This is why much of the prior generation of web self-service efforts had poor results, as they had little to do with the actual customer need, but rather focused on the basic goal of containing and deflecting an inquiry.

3. **Make a connection:** Customers want to connect with you when they want, in the way they want. They now move from channel to channel, and to make matters worse, they are now often using several channels at the same time. And if they cross from one channel to another, they expect their journey to continue without interruption. Because customers are accustomed to this seamless experience, thanks to companies like Netflix, they now expect the same from all brands across industries.

To put these principles into practice, your business will require new core capabilities and a new way of activating them.

Your digital transformation (DX) breakthrough

To accelerate and realize real digital transformation (DX) success, your processes must be rethought around the outcomes customers seek, not the tasks along the way. Think end to end about service processes, designing journeys that get customers the outcomes they want in a way that is easy for them and efficient for the business.

To make this a reality, your business will need two new technology capabilities, forming an ability for both digital "brain" and "muscle":

1. **Brain: Real-time omni-channel AI**
   First, you will need real-time AI that can work across every customer channel and touchpoint to recommend the right actions to take and conversations to have, while continuously allowing you to learn and optimize each customer interaction.

   This can't be a network of disconnected brains that are not unified into a customer-centric solution. It needs to be a centralized decision hub that knows – regardless of channel – when to recommend a service, when to suggest a payment plan, and when to offer a new product. It must operate with full knowledge of the customer's context: their existing relationship, their recent interactions, their risk tolerance, and so on. And it must be transparent in its thought process, so you always know why decisions are being made.

2. **Muscle: End-to-end automation with robotics**

   Secondly, as a new form of digital muscle, you need end-to-end automation with robotics to break through where your existing processes have stalled. The problem? Too often, case management in customer service is reduced to simple tracking and ticketing. This just routes the work. It doesn't help you get that work completed.

   To drive both efficiency and ease and make your service journeys available on your digital channels, customer service needs automation that is powerful enough to cut across existing systems and silos to drive work to completion. That means managing a case as an outcome that needs to be delivered, and orchestrating the processes, systems, human tasks, and intelligent bots that come together to deliver the outcome more efficiently than ever before.

Channel-less is the new omni-channel

To achieve your omni-channel vision, your new digital brain and muscle shouldn't be locked away in a channel – rather, it should be entirely "channel-less" instead. Remember, your customers don't think in terms of channels, but in terms of need. No customer has ever said "I'm going to go use this organization's mobile channel." They gravitate to the device and touchpoint that is closest to them.

This channel-less strategy is very different from old, channel-first approaches. Consider your own organization: In the past, as new channels emerged, new logic had to be created to craft the desired experience. Consider that chatbot pilot you recently rolled out. Or even that mobile app you're now redesigning for the third time. In the rush to move with your customers you've stood up new capabilities, and yet, these have often resulted in new silos. Separate logic, rules, and data hinder the connected experience that customers actually seek. Not only does this result in unwanted duplication of logic and effort across channel silos, but it also makes it impossible to manage or scale as the next new channel emerges.

"A channel-less strategy allows your business to leverage the capabilities of your digital brain and muscle centrally, by focusing on the customer outcomes you need to achieve, regardless of channel. The channel, in this sense, becomes irrelevant."

Your company's fastest path to realizing an omni-channel vision is to have a strategy that's not channel-led, but "channel-less." A channel-less strategy allows your business to leverage the capabilities of your digital brain and muscle centrally, by focusing on the customer outcomes you need to achieve, regardless of channel. The channel, in this sense, becomes irrelevant. You can simply activate your outcome-driven processes and intelligence to focus on the customer's journey on any channel, without duplication.

Transforming your approach

Digital demand off-ramps and new on-ramps to engagement

With your new channel-less capabilities in place, the next opportunity will be to orchestrate your engagement strategy much closer to each customers' moment of need. There are many "off-ramps" far upstream of your agents and contact center, that can actually divert much of that volume. And it's not just about containing and deflecting. It's about minimizing the friction and effort for both customers and employees alike.

The top digital strategies for getting closer to your customers' moment of need include:

- **Contextual web self-service:** The reason that your current web self-service strategies are failing is because they are built around how you can most effectively serve up information – not how customers can best digest it. Customers are forced to search through and seek answers on their own. But there's a better way.

   There is a new form of web self-service that is contextual and can actually wrap itself around the customer and their specific context in that very moment. Here, the insight finds your customer, not the other way around. Wherever your customer is on your website, you can sense the state of their accounts, their prior behavior, and other digital footprints in that session and others, to understand their context, and then serve up content uniquely for them. They can access key knowledge documents and work cases from within that view, without ever leaving the page. The experience is wrapped around them, not you. That is the way it should be.

- **Chatbots and intelligent virtual assistants (IVAs):** Your next course of action is to leverage the latest in AI-powered messaging, including IVAs, chatbots, and even voice-based IVAs (e.g. Amazon Alexa). Whether the conversation happens via text or spoken word, AI has the power to use natural language processing (NLP) to break down your customers' requests, infer intent, and offer up a relevant response (when appropriate). And when done correctly, these touchpoints are not just another silo, but are actually connected to the entire experience.

- **AI-assisted email:** Even so-called "old" mechanisms, such as the masses of time-consuming email manual inquiries you're receiving, can take on new life. Today, these inquiries are usually manual and take a great deal of time and money to resolve. Furthermore, they often lead to yet more inquiries to find out where they stand in the process. But what if you could be armed with a new email robot that could open up each email for you, understand each one using NLP, and even assign cases – automatically? It's not just faster for customers – it's less error-prone, far more efficient for you, and reduces the probability of that follow-up phone call.

- **Intelligent IVR:** Even IVR is becoming new again. No longer should a customer be asked to weed through endless menu options to understand why they are calling – the system should already know. And even better, the system should be able to ask the same questions that would be asked by an agent. How? Because this time, your existing IVR can be guided by the very same brain. And if the IVR doesn't completely resolve their issue, by the time they get to the agent interaction, they are already half done, and the agent simply picks up where they left off. The result? Not just better AHT, but also much happier customers with a faster time to resolution.

- **Agent-assisted digital messaging:** Today's customers prefer to communicate via text-based communication, online chat, and social messaging. In the past, contact centers enacted separate social teams for Twitter, online chat, and the next new channel. Of course, the right answer is to organize around the customer and their journey – not the channel. These text-based digital messaging approaches can now leverage the same brain and the same muscle, regardless of the channel, to serve each customer – no matter where they initiate the interaction, or where it ends.

Effort map: Digital strategies reduce both customer and service effort

As you devise your future digital strategy, your business should consider a long-term plan and a digital "portfolio" of AI-fueled engagement. Many of these techniques still provide quick wins for customers and employees alike, while others may take longer to achieve, but promise greater gains once realized.

With Pega, the key is that these are all powered by your new capability of a digital brain and muscle, which accelerates your approach for every digital strategy that follows.

Customer effort and employee service effort aside, your business should also consider the impact that each of these strategies can have for other factors, including the level of customer intimacy and capacity to most quickly resolve each issue.

These digital customer service strategies provide a new form of "win-wins" for your business. From empowering customers, accelerating resolution, reducing effort, and improving the overall experience, customers gain many powerful benefits that directly impact your NPS.

And for your business, these benefits come with the perks of reducing labor cost, reducing errors, slashing AHT, and improving first call resolution (FCR). These symbiotic win-wins provide a clear path to rapid ROI.

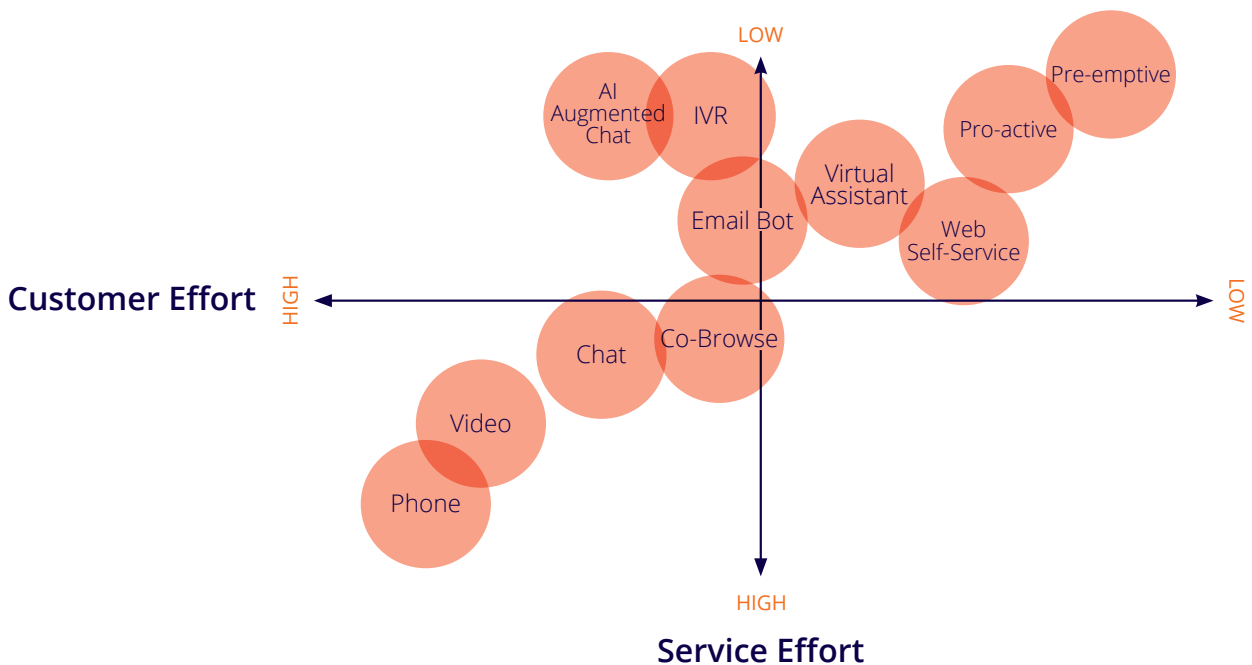**Figure 2:** Mapping effort for customer service strategies

Figure 3: Customer and business win/wins for your digital strategy provide distinct benefits

STRATEGY	CUSTOMER WINS				BUSINESS WINS			
	Empower	Accelerate resolution	Reduce effort	Improve experience	Contain/deflect	Reduce labor/AHT	Improve FCR	Reduce error
Web self-service	✓	✓	✓	✓	✓	✓		✓
Chat		✓	✓	✓	✓	✓		
Chatbots/ intelligent virtual assistants		✓	✓	✓	✓	✓		
Social messaging	✓	✓	✓	✓	✓	✓		
Intelligent IVR	✓	✓	✓	✓	✓	✓	✓	
Email bot		✓				✓	✓	✓
Co-browse	✓	✓	✓	✓	✓		✓	✓

The new role of your customer service agents

You may sense an emerging fear among your customer service team that recent advances in AI could lead to loss of jobs. The good news is that AI is not jeopardizing jobs, especially in the near-term. It does, however, mean that customer service roles will change – mostly for the better.

A 2018 Pega consumer survey found that respondents tend to favor customer-facing AI approaches, such as chatbots, for only the simplest queries. The most popular chatbot use cases were found to be for straightforward objectives, such as tracking an order, inquiring on the status of a case, or asking basic questions. Meanwhile, speed and simplicity can only take today's digital consumers so far, with the top chatbot complaints including:

- Not enough smarts to effectively answer questions (27 percent)
- Lack of context in the conversation (24 percent)

This means your agents' jobs are still needed – only in a different form. Your agents will now be responsible for the heavy lifting. They will handle more challenging, higher-value interactions where the greatest customer empathy is required – while AI takes on the front-line basic queries.

This is not to imply that AI is not going to have a role when it comes to your agents themselves. Quite the opposite. To help them take on the challenge of these more complex, more contextual interactions, your agents must now become "superagents."

Your agents' new AI super powers

With the power of Pega's AI, agents are able to take advantage of powerful new capabilities including:

- **Pega's AI-augmented agent:** This capability gives your agents new superpowers. The AI can automatically understand the chat interaction via NLP, understanding the customer's intent in the moment and their current context and then pre-populating the response for the agent instantly – all while keeping your agents in control. And every time the agent makes a change to the recommendation, the system – and AI – only gets smarter.

- **Pega's AI-powered next best action:** And it's more than just providing answers. It's about providing real value – to both the customer and the business. To turn contact centers into profit centers, Pega's real-time next best action also understands this context in the moment, and connects the dots across interactions and propensities, to analytically determine the next best upsell, cross-sell, or retention strategy. This allows the business to truly optimize customer lifetime value (CLV) while marrying each customer, and their particular circumstance, with the solutions they value most.

The next wave: Moving beyond responsive service strategies

The problem with the strategies discussed so far is that they are responsive. In other words, they involve waiting for a customer to reach out.

If it's really about the customer, we must realize that it's actually not about their service resolution – it's really about the moment of need that preceded it. So, what if you could sense the customer's moment of need proactively, and digitally engage them, before they even had to reach out? Or what if you could even anticipate their moment of need before it happens?

This is exactly what forward-thinking organizations are deploying.

Figure 4: A path to preemptive service
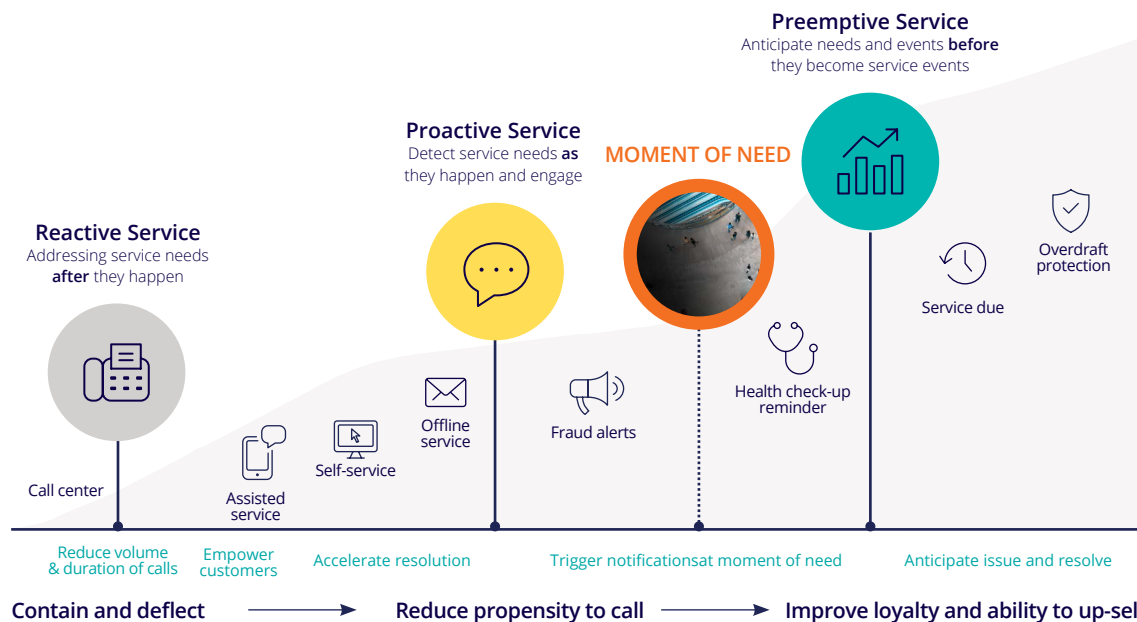
AI-powered techniques for event and pattern detection can be employed to help your business automatically sense your customers' moments of need across data sources. The system can listen for simple events (e.g. something happens), non-events (e.g. something expected does not happen, such as a regular deposit), and even complex event detection (e.g. a combination thereof).

Say a customer has $500 in their account and regularly withdraws $1,500 two days before the end of the month. If the business knows this pattern, couldn't they recognize that the customer may be trending toward an overdraft event, even though they don't know it? If so, they could reach out digitally to provide suggestions to avert it, such as transferring money from another account, or adding overdraft protection. This approach makes for a better customer relationship, as the customer perceives that the business is looking out for them.

Furthermore, now the customer doesn't have to reach out and engage responsive service touch points to demand that the overdraft penalties be credited back. And that makes for a more efficient contact center.

These are the win-wins that every business needs to be chasing now. In this sense, new customer service best practices should really require no "customer service" at all.

Executing on success

How to get started quickly

You are sensing the push from your customers to go digital, but you are mired in legacy technology. And perhaps until now, you were also caught up in old ways of thinking. But Pega's channel-less capabilities for digital brain and muscle can allow you to break through.

You can succeed, in spite of your systems. Pega makes it practical and possible because you're finally solving the right problem. With the right solution, you can succeed while leaving the existing infrastructure intact.

Taking a "journey at a time" approach

The key to getting going quickly is to focus upon the specific customer outcomes, or customer journeys, you would like to improve most. To make it manageable, begin with a single journey, on a single initial channel. This approach helps create fast gains, while establishing the bedrock of brain and muscle that may be then leveraged to extend quickly outward to new channels and new journeys. For example, once a "resolve billing/claims issue" journey is created in one channel, such as the agent-assisted channel, the very same journey can be immediately activated via the web self-service channel, IVR, or mobile app.

The most common customer service journeys for commencing digital transformation will vary by industry. The following is a table of popular examples among a number of key industries.

Figure 5: Popular journeys for commencing customer service DX

Industry	Popular customer journeys for commencing DX
Communications and media	Inquire into billing/order status Conduct guided troubleshooting Upgrade equipment
Financial services (e.g. retail)	Inquire into account info Register complaint/dispute Manage collections and recoveries
Manufacturing (e.g. automotive)	Inquire into order status Conduct break-fix (field service) Manage warranty/recoveries
Insurance	Execute policy change/policy loan Resolve agent query Manage policy payment/billing
Healthcare (e.g. payer)	Personalize interactions and care (end-to-end) Resolve billing/benefits inquiry Onboard members
Government	Benefit onboarding/enrollment Service online application

Conclusion

Sitting on the sidelines is no longer an option. In an era where your customers – and markets – don't stand still, your business needs to jump into the digital customer service era at full speed, without losing its footing. You need a new digital bedrock of channel-less brain and muscle that can carry your organization for the long term, without having to be replaced.

Now you can future-proof your business, despite your existing infrastructure, while providing your customers and employees with the new digital, friction-free experiences they demand.

Pega can help make your customer service transformation a reality.

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We are Pegasystems, the leader in software for customer engagement and operational excellence. Our adaptive, cloud-architected software – built on the unified Pega Platform™ – empowers people to rapidly deploy and easily change applications to meet strategic business needs. Over our 35-year history, we've delivered award-winning capabilities in CRM and digital process automation (DPA), powered by advanced artificial intelligence and robotic automation, to help the world's leading brands achieve breakthrough business results.

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