



World-Class Customer Service:

The Power and Payoffs of Intelligent Customer Care

The Automated Teller Machine (ATM) has become an indispensable convenience in our lives and business activities. It is unquestionably vital to the growth and success of the financial services industry. It enhances the productivity of banks, strengthens their customer relationships and accelerates the velocity of commerce. But it was not always this way. When the ATM was introduced in the late '60s and early '70s, it was considered a technology that was "nice to have" but not essential to competitive success. These days, ATM technology is considered a "must have" technology that is now intricately woven into our lives; we no longer need to stand in long lines to conduct simple and common banking transactions. Money and account information are available to us from virtually everywhere at anytime. In many ways, the ATM has transformed the financial services industry – and it has certainly had an important impact on their customers.

The same trends and patterns can be observed in relation to customer self-service and e-service. However, there is one key difference: trends that took decades to materialize with regard to the ATM are now playing out right before our eyes with regard to customer service. Leading-edge customer service software and solutions are rapidly turning mainstream, transforming the nature of customer interactions and relationship management. Hyper-competitive markets – connected and catalyzed by the Internet – are accelerating the pace of change and dramatically raising customer expectations. Whether the need is to service traditional, external customers or employees, companies that fail to stay ahead of these rising expectations will likely suffer the devastating impact of lost competitiveness and customer defections.

Smart companies now recognize that, to remain profitable and competitive, they must employ world-class customer service systems and solutions. Indeed, they must have powerful and proven solutions that leverage the knowledge of the enterprise to provide optimal customer care. The payoff for such investments lies in loyal and profitable customer relationships, dramatically higher employee performance, and the development of world-class customer service and support capabilities.

Key Trends in Customer Service and Support

Despite the recognized value of excellent customer service, many companies continue to under-invest in this key area. However, industry experts and analysts now are beginning to make it clear that they do this at their own peril.

There may have been a time when companies could get away with relegating customer service to a position of low prominence. But that time has passed. In the Internet era, the consequences of failing to build strong customer service capabilities have become increasingly immediate and severe. Datamonitor, a research firm, calculates that for every completed online transaction, there are almost four times as many abandoned transactions. Further, it found that U.S. online businesses lost over \$6.1 billion in potential e-commerce sales in 1999 alone due to a lack of customer service on their Web sites.

At the same time, many companies seem to be struggling to communicate effectively with their customers. The proliferation of communication channels we have witnessed in recent years seems to have caught businesses off guard. This problem is especially true with regard to Internet communication. While the Internet is recognized as one of the most cost-effective and high-impact means of communicating with customers, it is also a channel that is fraught with the greatest customer service problems. Market research firm Jupiter Communications recently found that approximately 50-percent of Web sites took five or more days to respond -- or never responded at all -- to customer requests. Companies that invite interaction on the Web and then fail to follow through clearly are prone to stirring up customer dissatisfaction and, worse, customer defections.

Negative outcomes of this sort are precisely the opposite of what new Web-based technologies make possible. While some companies seem to be experiencing a degradation of service in recent years, new technologies are enabling other companies to build increasingly powerful and profitable relationships with their customers. Indeed, they are reducing costs at the same time.

In a recent survey of 50 enterprises, Gartner, Inc. found that companies that "successfully migrate customers to a multi-channel service and support strategy can cap the growth in service costs, increase the number of contacts with the customer and improve customer loyalty." They are accomplishing these tremendous payoffs not by reducing headcount among service agents, but by reassigning and redeploying them for maximum impact. Through 2005, enterprises that deploy multi-channel service and self-service technologies will improve customer loyalty, stabilize personnel costs and lower their costs of service by 6 percent, according to Gartner.

Companies are realizing such benefits not only by making their agents more productive, but also by making their customers more productive. One way of accomplishing this goal is by investing in Web-based service and self-service capabilities. The economics of interacting on the Web alone are encouraging many companies to invest in sophisticated "e-service" capabilities. Deutsche Banc Alex Brown estimates that the cost of face-to-face interaction is well over \$100, while interactions via phone can cost \$5-10. By contrast, the cost of communication through one of the e-channels can be as low as 10 cents.

And while the benefits associated with today's leading customer service technologies may become industry standard within the coming decade, such solutions offer the promise of competitive differentiation in the near-term. "A well-crafted self-service strategy will be the factor that most differentiates competitors during the next five years," states Gartner. "Enterprises that do not achieve this will be at the highest risk of failing as business entities."

The standards that define "world-class" are clearly shifting. Companies are expected to actively manage their customer relationships across multiple channels, but they also are expected to provide their customers with top-notch self-service capabilities on the Web. One reason these types of capabilities have become so important is that the linkages between customer satisfaction, loyalty and profitability have become increasingly apparent and transparent. Customers expect more and more -- and they are prepared to leave when they don't get it.

As a result, companies are aggressively investing in the world's best service technologies and solutions. Even in an economic downturn, 87 percent of companies will maintain or grow investments in e-business initiatives, with top focus on customer and supplier management, according to a recent report by AMR Research. Today's customer service technologies offer ample opportunities for reducing costs. They also offer an excellent opportunity for companies to set themselves apart from competitors and demonstrate clear market leadership.

A Survey of Current Business Challenges

Smart companies, of course, recognize the importance of building strong customer service capabilities to develop more profitable customer relationships. But they need an array of key tactical measures of success to justify those investments.

Indeed, customer service executives and managers have immediate challenges to meet if they are to be recognized for addressing their companies' central business objectives. If they do not address such challenges, their customer service and customer management initiatives most likely will fail. Here are some of the benefits that executives responsible for customer service seek::

- **Service Productivity.** Companies today cannot afford to offer poor service, but they cannot afford to offer expensive and unproductive service either. They need to leverage their customer service agents' time in the most effective way possible and they need to support their customers through the most productive channels. To that end, companies are now investing in powerful customer care capabilities that span and integrate multiple channels of interaction. But they also are placing particular emphasis on e-service and self-service channels that promise excellent customer care at the lowest cost.
- **Call Avoidance.** Companies know the high cost and relatively low productivity of handling customer service issues over the phone. While phone interaction generally will not (and should not) be eliminated, they need alternatives that allow them to manage customer queries and interactions by more productive means. With that in mind, many companies are now investing in powerful e-service capabilities that enable them to handle interactions over the Web in or in an engaging, self-service environment.
- **Call Handling Time.** Another important goal of customer service managers is related to the time necessary to manage calls. If companies are to manage their phone-based interactions as productively as possible, they must be able to respond to queries accurately and quickly. Customer service agents need immediate access to the knowledge necessary to address customer questions or concerns. That means companies must invest in intelligent customer care solutions that capture knowledge and leverage it throughout the enterprise.
- **First Call Resolution.** To achieve world-class customer service, companies must quickly address customer inquiries without escalation to other experts.. In the past, companies often depended on such hand-offs in order to address the complex array of queries that customers make. However, companies have since learned that they can avoid call escalation by making knowledge-driven solutions available to front-line agents. Investments in leading service solutions increasingly enable agents to address customer needs on the first call, which enhances the productivity of customer service as well as the customer's experience.
- **Managing Specialists and Generalists.** Central to all efforts to upgrade and optimize customer service is a need to ensure that individuals are deployed where their skills are most useful. In this sense, new customer service technologies enable companies to more effectively manage the time of both their generalists and specialists. The generalists are the folks who receive the first-level calls; they are in a position to address the vast majority of customer concerns. New technologies empower them to effectively do this. As the generalists gain access to higher levels of knowledge, the specialists can now be used ever more sparingly. Such customer service solutions enable companies to realize increasingly high returns on their investments in people.

- **Agent Training and Turnover.** Still another challenge facing the customer service profession is the high rate of agent turnover. It often takes companies a great deal of time and resources to train agents to perform at optimal levels of productivity. Therefore, the costs of losing agents can prove quite significant. New customer service solutions, however, are capable of addressing these problems. They can help companies accelerate training times, often reducing the learning curve by as much as 20-25 percent. By providing agents with faster, easier access to enterprise knowledge, these systems also improve job satisfaction, which, in turn, encourages employee retention and enables companies to continue realizing a return on their investment.
- **Cross-selling Opportunities.** The roles of service and sales are increasingly blurring for many companies. They realize that many customer service interactions are opportunities to market or sell products. However, agents need to be prepared if they are to effectively cross-market or cross-sell company products during an interaction. Of course, this trend does not merely apply to phone-based service. Web-based service and self-service environments need to be designed to enable cross-selling capabilities as well. Today's customer service solutions enable companies to seamlessly move from addressing a concern or problem to recommending a new product. This can further support the customer while raising the growth and profitability of the enterprise.

As these challenges and opportunities suggest, today's world-class customer service environments reflect the principle that companies can reduce service costs and raise productivity while enhancing customer loyalty and profitability. Customer expectations are increasingly high. Customers want their questions answered and quickly, through the medium of their choice. If companies are to productively meet the needs of demanding customers in an era of perpetual, real-time communications, they will need to invest in solutions that actively leverage corporate knowledge and effectively allocate resources.

The Knowledge-Driven, Customer Service Solution

Just as the ATM eventually became an integral part of business in the financial services industry, we are beginning to see knowledge-driven, e-service and self-service solutions become integral to the customer-service profession. Where once these leading-edge capabilities were considered a "nice to have," they are now becoming a "need to have." Customers expect a certain level of service, and the only way to productively develop such customer care capabilities is by investing in today's leading customer service solutions.

What do companies need? A knowledge-driven service platform that enables them to rapidly address customer needs, concerns and inquiries at all customer touch points. As Yankee Group analyst Brian Jones puts it, "An effective knowledge base is a crucial component of any successful e-service solution. A knowledge base for online customer service is a collection of information that is of value to an organization's customers, combined with means of accessing that information in order to answer questions and solve problems."

Such a solution should support call center agents and customer service professionals who interact with customers on the phone. It also should support a company's Web-based customer care activities. In fact, the relationship between phone and Web-based interaction becomes increasingly interconnected as a result of such approaches. This can payoff in many valuable ways. According to Datamonitor, "A well constructed Web site with a comprehensive knowledge

base will reduce simple inbound call volume, thereby freeing up agents to focus on outbound, revenue-generating activities.”

Most importantly, such approaches promise to elevate the value of the customer care group within an enterprise. They accomplish this by aligning the activities of the customer service organization with the stated business objectives of the organization. The linkages between sales, marketing and service are becoming increasingly tight and powerful. Companies that recognize this dynamic and invest in platforms and solutions that make it possible will gain a competitive edge in the marketplace. While such solutions will become increasingly mainstream, the customer care team now has an opportunity to help companies differentiate themselves in the marketplace.

So to whom will companies turn for help in developing their world-class customer care platforms? Top companies such as Pfizer, Marriott International, Fleet Services, Stream International, Texas Instruments, Ingram-Micro, John Deere, H&R Block, and Marconi have made their choice. They have chosen ServiceWare.

Headquartered in Oakmont, Pa., ServiceWare delivers a comprehensive, integrated family of e-service solutions that enable organizations to easily provide customers with fast, accurate answers to inquiries across all touch points -- Web, e-mail, phone, fax or in the field. Based on ServiceWare's patented MindSync™ technology, ServiceWare's eService Suite™ enables companies to deliver the ultimate service and support experience to customers and employees.

World-Class Successes

Numerous companies already are demonstrating the power and potential of today's leading customer service solutions. They are raising customer service productivity by reducing costs and increasing first-call resolutions. They are enhancing customer relationships and profitability by significantly raising service levels. Among them: Northeast Utilities, Hughes Supply and Sage Software. Each of these companies chose ServiceWare to help them develop their intelligent customer care solutions.

Northeast Utilities

Northeast Utilities (NYSE: NU) is New England's largest energy company and a major energy trader in the Northeast, serving more than 1.7 million electric power customers and 187,000 natural gas customers in the region. The company has a team of 18 IT support center analysts responsible for keeping company workers at more than 6,000 desktops up and running on a daily basis. While the analysts themselves are quite proficient in a wide range of computer systems as well as applications ranging from proprietary to off-the-shelf software, the company has teamed with ServiceWare to implement a knowledge management system as part of a department-wide initiative to improve efficiencies as well as solution consistency.

As a result of implementing ServiceWare's technology, the number of calls resolved by first level support staff, without escalation and its associated costs, has increased and 90 percent of the information required by IT support analysts can be found quickly and easily.

Hughes Supply

Hughes Supply manages and maintains computing, electrical and other products at nearly 500 sites throughout North America. The company, which grew its business through acquisition, has seen the number of employees and customers dramatically multiply in recent years. By the year 2000, Hughes Supply's inventory had swelled to more than 250,000 construction, plumbing and electrical products. Leveraging knowledge throughout its enterprise was no longer a simple task,

and, with each acquisition, became increasingly burdensome. The company has created three support centers to aid employees with computing and point-of sale questions. Unfortunately, first-call resolution at the centers averaged a mere 55 percent. This prompted Hughes to invest in ServiceWare's eService Suite.

As result of its investment in the platform, Hughes is now generating higher quality and faster solutions to address the needs of its internal customers. "Our first-call resolution goal was 70 percent before implementation – we are now at 86 percent," says Christine Edel, Hughes Supply's information design and development manager. Moreover, escalation to Level 2 support is down to approximately 20 percent from its previous 60 percent. Training for new employees, which used to take roughly two weeks, is now capped off at a week or less. Finally, customer service professionals are far more engaged and satisfied with the work. As Tom Ward, vice president of information technology, explains, "Our agents handling customer calls are much more enthusiastic and excited because they now have the tools to help them satisfy their customer needs."

Sage Software

Headquartered in Irvine, Ca., Sage Software, Inc. develops, markets and supports accounting and business management software. Over the last several years, Sage has undergone significant growth and increased its number of product lines as well as revenue, profitability and staff. Since Sage's accounting software and services are vital to the successful operation of small to medium-sized businesses, providing immediate answers to their service questions became crucial.

To support this growth and still provide superior service, Sage needed a knowledge management solution that could support both its internal and external customers. The company chose ServiceWare.

With ServiceWare's eService Suite, Sage has been able to lower costs, reduce incoming calls, and improve customer satisfaction. By establishing a Web-based self-service option for its customers, call center agents can now focus on more difficult and complex service inquiries. Additionally, customers seeking help are now able to turn to the Web to answer their service questions without sacrificing the high quality of -service they traditionally receive. Sage's call center agents can now respond to customer inquiries faster by providing relevant solutions from past cases. As Mark Purnell, call center product specialist for Sage explains, "ServiceWare's eService Suite was the only application we found that could learn with every interaction and continually provide consistent and accurate answers for our customers."

The ServiceWare Solution

ServiceWare is widely recognized as an innovator and market leader in the field of customer service. The company's eService Suite enables companies to deliver superior service and support and improve the outcome of every customer interaction. At the heart of the solution is the company's patented, self-learning, self-maintaining and self-organizing MindSync technology, which captures and learns from the success of previous users, dramatically increasing an organization's ability to leverage its knowledge to provide world-class customer care.

Version 4.0 builds on the established success of eService Suite and features enhancements designed to increase end-customer satisfaction, service professional productivity and ease-of-use. A key feature includes SmartMiner™, the industry's first and only automated knowledge building capability for customer service. SmartMiner enables support professionals to search multiple types of corporate knowledge outside of the service organization, weights that knowledge based on relevance, and automatically replicates it to the knowledge base.

This is vital to an enterprise's ability to capitalize on its knowledge to enhance customer relationships. "The information required to convert customer Web interactions into sales, and to service customers following a sale, is typically maintained throughout the enterprise, beyond the control of the service organization," says Tim Hickernell, an analyst with META Group's Web & Collaboration Strategies service. "Organizations that maintain unconnected silos of information that customers require—such as separate customer knowledge bases among sales, marketing and service organizations—will be at a competitive disadvantage in their market. Organizations must be able to expose required content to customers regardless of where it resides in the enterprise."

In addition to ServiceWare's innovative products, their professional service teams also provide an unmatched and essential level of value to clients. The company's Decision Integrity Team, a group of experienced knowledge management consultants, works directly with companies to understand their unique infrastructure, customer needs, and overall business objectives. Through its Decision Integrity Suite, the team delivers a formalized measurement process through varying degrees of analysis, results and recommendations.. ServiceWare's Global Enterprise Services implementation team works hand-in-hand with the Decision Integrity Team and integration partners, such as EDS, to ensure that the eService Suite delivers predictable, powerful and proven results – on time and within budget. ServiceWare's implementation methodology is a formal process that pays attention to tactical, calculated phases and includes knowledge management domain analysis, customer training, and integration/implementation services.

"ServiceWare recognizes the importance of measurable results, and our professional services teams are committed to ensuring that customers can easily adopt our solutions to accomplish their primary business objectives," says Roberto Aguas, vice president of products and technology at ServiceWare. "Customers are well supported through the entire implementation process until they are self-sufficient and have achieved their projected goals for ROI."

The ServiceWare Payoff

Customer care is rapidly becoming a central corporate priority. As the role of customer service becomes increasingly integrated with sales and marketing, companies must adopt leading-edge technologies and world-class approaches to remain competitive. They must implement platforms that enable them to rapidly and effectively leverage their knowledge to provide superior levels of service and raise productivity levels in the customer care organization.

ServiceWare offers a powerful and proven solution that addresses these challenges and opportunities. Worldwide, the company's eService Suite is enabling leading companies to elevate customer care operations by dramatically decreasing call volume, call escalations and agent training time, while increasing first-call resolutions, customer satisfaction and customer loyalty. As the premier knowledge management solution for service and support, ServiceWare represents a new evolution in software: intelligent service applications.



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