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How to Deliver a Great Customer Experience and Lower Costs

Achieving Interaction Excellence Across Multiple Touch Points



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Customers today want to interact with their product and service providers in many different ways:

- They want to secure the cheapest fares and best hotel deals online, but may also visit a travel agent for professional advice about the best places to go. Customers also expect to get a text message when their flight is delayed or receive an email notification when a flight price drops.
- They want to configure and price out a new car at an automaker's Web site, get multiple dealer quotes instantly, and visit their dealer of choice the next day for a test drive.
- If they have a problem with their DVD player, digital camera, or computer, some customers may seek online support to fix the issue themselves, others would prefer to pick up the phone and call the vendor's customer service center, and still others would rather return the item to the store where they purchased it.
- Bank customers may want to check and manage accounts online, call the service line to dispute a credit card charge, withdraw cash from a checking account at the ATM, or visit the local branch to negotiate a mortgage face to face.

This proliferation of channels and customer touch points has made business today a lot more complex than it used to be. Whether in a business-to-consumer or business-to-business context, customers demand multiple channels through which they can find information, purchase goods, view and pay their bills, request services, or get support based on their specific needs and preferences.

Offering these multiple channels – and providing excellent customer service through all of them – isn't easy; customer expectations are constantly changing (see sidebar on page 20), and not all companies have

a reliable, integrated technology backbone on which to base all customer interactions.

But the payoff is worth the extra investment: For product and service providers, each customer interaction – whether it's face to face, online, on the phone, or via email – is an opportunity to add customer value, improve customer service, or even sell more goods. In fact, customers who use multiple channels tend to be more loyal and spend more, on average, than those who use only one channel.¹

What's more, the ability to successfully manage the complexity of customer interactions across multiple channels and customer segments can become an important source of differentiation. Organizations that can provide convenient touch points, deliver a consistent, positive customer experience across these touch points, and empower the customer to control the interaction based on his or her preferences will be able to gain a competitive edge.

Understand the Economics of Different Channels

In many organizations, the increasing number of available channels and customer touch points has had some unintended effects; by providing customers with more interaction options and implementing technologies to support existing and new channels, many companies have struggled with escalating costs and diminishing returns.

What went wrong? Many organizations failed to tailor their channels to meet the needs of their specific customer segments. Companies have also neglected to carefully guide customers to the most appropriate channel. For example, some companies have opted to simply push as many customers as

¹ "The Multi-Channel Retail Benchmark Report," Aberdeen Group, Inc. (2005).

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possible to low-cost channels, such as an automated response system or a self-service Web site. But for many, this approach has backfired. Service in these channels is often patchy and spotty, and customers have had to re-contact an organization because they had difficulty with the self-service — or didn't want to use that channel in the first place. The result? Increasing costs and churn rates.

To avoid going down this path, we strongly advise companies to understand the economics, strengths, and weaknesses of each customer interaction channel they employ. As an example, let's conduct a risk-benefit analysis for an online service channel.

On one hand, an online self-service channel could provide the following benefits:

- **Convenience.** From an operational standpoint, customer requests for a wide range of product categories — such as getting up-to-date flight arrival information, tracking order status, checking an account balance, renewing a car registration, or purchasing goods — can be handled more quickly and conveniently online.
- **Lower costs.** Companies can benefit from reduced transaction costs, needing fewer live agents to manage routine customer service requests.
- **Improved customer service for common requests.** Many customers prefer using online self-services for simple service requests and orders.
- **Potential to penetrate underserved segments.** Specific segments of customers who prefer online interaction (think Generation Y) may not want to do business with you unless you offer online self-services — they may not even become aware of your offering through more traditional channels. Another example would be customers in remote locations abroad.
But you also have to consider the following risks:
- **Incomplete customer service.** More complex questions, multifaceted services, and difficult transactions may still warrant human interaction and the additional costs and time associated with it in order to provide real value to the customer.
- **Poor user interface design.** To ensure customer satisfaction, an online customer service site must be well designed, targeted to the right customer segments, and tailored to the specific needs of these segments.
- **Potential customer frustration.** Self-service isn't a panacea for all customers. If they have a question they can't answer online, they want to call someone for help. Seeking primarily to curb operating costs and urge customers to use self-service options by making more expensive channels inconvenient — for example, by causing long wait times on the phone — will result in low levels of problem resolution and declining customer satisfaction.

What Do Customers Want?

Customers demand **convenience** when interacting with an organization. In some situations, a customer may prefer the Internet because it's faster or allows him or her to compare different purchase options easily. But in other circumstances, the same customer might prefer to discuss very specific questions or a complex problem on the phone. Customers have different preferences but similar expectations: that all touch points work reliably, are easy to use, and are linked together.

Customers also want **consistency** when they interact across multiple touch points. They want to get the same information no matter how they contact the company, and they want to switch channels seamlessly. A customer who orders a product over the phone might want to track the order status online or vice versa. Customers who submit a claim or request online and then call in with a question should not have to provide the entered information again. It's even worse when an online customer is told to fill out a paper claims form, sign it, and send it via fax or mail. In order to provide consistency, you need to integrate all channels — ideally on a single platform.

Most important, customers want **reliability**. No matter which channel they use, they expect to receive accurate answers and efficient follow-through on all commitments and be spared the pain of having to hunt for an answer. Reliability across channels is a big issue, especially when new channels are introduced: If basic processes are broken, online transactions fail, customers get trapped in a maze of options within automated response systems, or service representatives have no clue what transpired on a different channel, then customer loyalty is clearly at stake.

SAP Business Communications Management provides comprehensive support for contact centers — especially those that are spread across multiple sites and serve multiple contact channels.

- **Increased costs.** Poor customer self-service can actually increase the number of customer contacts and thus increase the cost of your contact center.

We'd advise companies to do a similar analysis for each interaction channel they offer and to then carefully evaluate every avenue through which they reach out to customers. To reap maximum results while keeping a firm grip on costs, you must optimize your entire channel mix, aligning the different channels with customer preferences and business needs.

The Need for Integrated, Multichannel Communication

Once you've determined your company's optimal multichannel customer service strategy — which channels you'll use in which situations and why — the next challenge is to ensure that your customer relationship management (CRM) systems can work together to support that strategy.

Delivering an effective multichannel customer experience used to involve a complicated process of integrating communication hardware and software from multiple vendors — and then building a bridge between these components and your CRM applications. Today's challenges require a more comprehensive solution, one that shifts away from silos and embraces a more connected, unified system approach.

Figure 1 illustrates this move from isolated communication system silos to integrated, software-based communication and business process applications. An integrated multichannel communication solution yields the most value in contact-intensive situations where service requests are complex. When business requirements call for a high volume of interpersonal interactions and when resources are globally distributed, this integrated approach can bring

the greatest benefits. When deployed properly, a multichannel communication solution can result in simplified interactions for a company and its customers, faster response times and greater accuracy, a breaking down of organizational silos, and a better social context for communication — all while significantly reducing operations costs.

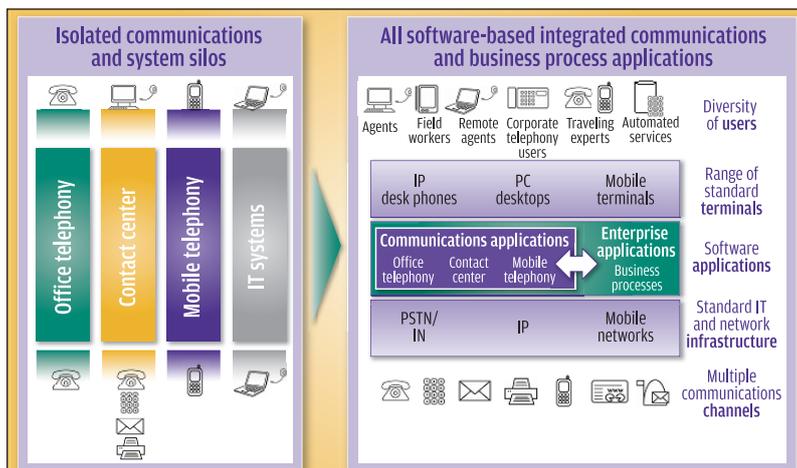
For SAP customers, **SAP Business Communications Management** is an all-IP communication software solution that fits this bill, offering organizations the ability to integrate multichannel communications with customer-facing processes. SAP Business Communications Management, in conjunction with SAP Customer Relationship Management (SAP CRM), replaces traditional telephony hardware solutions with software. The solution then integrates this software-based communication with the interaction center user interface that service agents are currently using — except now companies can more effectively manage their resources and better utilize the knowledge distributed throughout their organizations, offering a seamless customer experience across channels. With SAP CRM 7.0, all business users across marketing, sales, and service can leverage the benefits of communications-enabled business processes.

SAP Business Communications Management provides comprehensive support for contact centers — especially those that are spread across multiple sites and that serve multiple contact channels. Intelligent routing ensures that your customers reach the people with the right skills to best address their needs. The software provides unified queuing, prioritizing, and routing of all contacts, no matter their format: telephone, email, fax, voicemail, text message, or online request.

Web-based tools support your service agents, supervisors, and contact center managers wherever they are. Users can access contact-center queues from any Internet-connected computer, standard telephone, or mobile device. A customer inquiry that reaches a service agent's desktop is accompanied by customer-specific information and an interaction history. Access to this information increases first-time resolution rates and reduces the need for consultations or transfers.

The combined functions of SAP Business Communications Management and SAP CRM help you route inbound calls to the service people who can most effectively answer customer questions and resolve issues. Service agents can verify the availability of

FIGURE 1 ▼ Moving from isolated communications and system silos to all-software-based integrated solutions



Customer Service Case Study: SAP Business Communications Management in Action

A telecommunications company's call center had been using a best-of-breed contact center system that was not integrated with the company's CRM application or the back office's telephony systems. As a consequence, agent utilization in the service center was only at 60%. True, customers could solve routine inquiries through a self-service Web portal. But this meant that the complexity of phone and email requests had increased, and service agents were ill-equipped to address customer issues. This lowered the service agents' first-time resolution capabilities and burdened the back office.

The company searched for a solution and chose to implement SAP Business Communications Management for their customer service and support so that employees across the organization – not just customer service representatives – could connect to an integrated CRM and communications system from any network-connected PC.

The company's front-line agents now have an integrated user interface for accessing customer data, interaction history, and

back-office queues. The back-office experts use similar communication tools. Since all communication events and interaction history are stored in a central repository, management can now understand the areas of expertise required for servicing customer requests. This information helps the company design training courses for the service agents. Also, during the first two months after the go-live stage, the back office recorded a knowledgebase of frequently asked questions. The front line uses this information to solve customer issues in more than 80% of the cases – reducing transfers to the back office by more than 50%.

By improving customer service, the company's management found that it was able to counter the trend toward commoditization. With fewer distractions – such as inaccurate data and misinformed personnel – social interactions among sales staff, service agents, and customers improved. In addition, customers were less likely to shop the rate the company was offering, and the company was able to adhere to its pricing policies. Agent utilization increased from 60% to 85%, customer satisfaction improved by 14%, and first-call resolution rates increased by 23%.

relevant experts from across your organization and conference them in. And they can route contacts to other personnel who might be appropriate – whether they are located in a fixed location or in the field. With this support, your organization can respond immediately and effectively to a wide range of customer requests – leveraging the entire organization and optimizing contact center staffing (see sidebar).

Conclusion: Optimize the Customer Experience and Keep Costs in Check

With budgets tightening and consumer spending on the decline, winning new customers and – more importantly – keeping existing customers has become incredibly difficult. Focusing on product and price is no longer enough to gain a competitive edge. Organizations need to deliver a superior customer experience, one that's consistent across all customer touch points.

Accordingly, customer interaction channels have become critical sources of differentiation as customers demand convenience and choice when interacting with companies. State-of-the-art technology can help companies manage customer interaction effectively and efficiently across multiple channels.

SAP Business Communications Management technology gives a company's customer-facing

employees access to the same information and comprehensive communications tools, making staff more effective. By helping decrease response times and improve overall service, the software can help increase customer satisfaction and loyalty. And by replacing communications hardware with a software-based solution, SAP Business Communications Management helps lower operating costs significantly. Visit www.sap.com/bcm for more information on this exciting new technology. ■

Additional Resources...

...from **SAP Insider**

- ✦ The **CRM 2009** conference in Nice, February 11-13, 2009, and Orlando, March 2-5, 2009, for tips on optimizing customer contact center operations (www.sapcrm2009.com)
- ✦ *Maximizing Your SAP CRM Interaction Center* by John Burton (SAP PRESS, www.sap-press.com)
- ✦ "Drive Sustainable, Profitable Growth Through CRM: 8 Golden Rules to Turn Your Company into a Customer-Centric Enterprise" by Volker Hildebrand (*SAP Insider*, October-December 2007, www.SAPinsideronline.com)
- ✦ "Still Struggling to Reduce Call Center Costs Without Losing Customers? The Right Technologies Lead the Way Out of the Call Center Dilemma" by Dr. Tim Bolte and Rick Fleischman (*SAP Insider*, October-December 2007, www.SAPinsideronline.com)