



Giving Machines a Voice

How Machines Will Shape the Customer Experiences of Tomorrow



A Mitel white paper

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In the quest to deliver a more personalized customer experience, businesses have found an unlikely ally in machines. From tiny sensors to artificially intelligent contact centers, machine-based technologies can help businesses better understand, serve and communicate with their customers. A recent survey conducted across six countries and 2,500 IT decision-makers found businesses almost universally see machine-based technologies as a significant value-add in delivering a more personalized customer experience. Among those surveyed, 85 percent believe machine-to-people interactions will positively transform the customer experience, and 90 percent plan to give machines a voice in their business by tying them to their communications and collaboration tools.

The survey, conducted by Opinium Research, spanned over 2,500 IT decision makers, including a minimum of 500 representatives each from North America, Australia, the UK, France and Germany. Participants represented a broad cross section of industries including education, finance, government, healthcare, hospitality, manufacturing and retail. Each participant was asked a series of questions related specifically to their organization's customer experience initiatives as part of their wider digital transformation efforts.

Key Insights From the Survey Include:



Ninety-five percent of IT decision-makers see customer experience improvements as an important part of the digital transformation



Fifty-nine percent of those surveyed have already completed half (or more) of their expected customer experience improvements



Three out of four plan to implement machine-based interactions with customers within the next two years



Ninety-four percent believe it is important to accelerate business workflows in order to improve customer experiences



More than half see a disconnect between IT and the business as the biggest barriers to improving customer experiences—followed closely by legacy infrastructure and siloed business applications

In this white paper, we drill down into the survey responses to uncover the trends, insights and opportunities for transforming customer experiences through machine-based technologies such as the Internet of Things (IoT), machine learning and artificial intelligence (AI). At the end of this paper, you will have a much greater understanding of regional and industry trends around the adoption of machine-based customer interactions, including the business goals, specific challenges and perceived benefits driving those trends.

The Customer Experience Is King

Every business believes they offer something unique to their customers that differentiates them in the marketplace, whether it's a patented product or a specialized service. Yet, increasingly, the key differentiator for companies isn't simply what product or service they deliver, but how they deliver it. In a world where online storefronts can be launched in weeks and entire industries disrupted in months, more businesses are (rightly) focusing on the customer experience as the new battlefield for market share and customer loyalty.

This will come as no surprise to those businesses that have closely watched the digital transformation of the last decade. Customers, particularly millennials, have readily embraced digital technologies in their day-to-day lives, from online shopping to mobile banking. Today, exceptional customer service isn't solely determined by face-to-face or voice-to-voice exchanges; it's a multichannel and, frequently, machine-enhanced process that ties together voice, video, mobile and online channels to deliver a seamless and highly-personalized experience.

If you want to see the future of customer service, look to the habits of millennials:

- They are extremely connected to their mobile devices and take them everywhere.
- They use their smartphones to text more than talk, and are just as likely to use a social media app as their wireless service provider to communicate.
- They value privacy and yet are willing to share personal information in exchange for better service.
- They place a high premium on convenience and personalization and have few qualms about moving to a competitor if they can find a better combination of price and experience elsewhere.

Within the "millennial mandate" for convenience and connectivity lies a challenge and an opportunity for businesses. The challenge is to deliver a mobile, unified, digitized customer experience in a way that is affordable, sustainable and meaningful. The opportunity is to create a customer experience that fosters loyalty, increases satisfaction and drives revenue for years to come.

"Giving machines a voice in machine-to-people interactions can be a powerful differentiator as the relationship between business and consumers shifts from transactional to more experiential, and customer experiences become just as important as the product or service a company provides."

Wes Durow, Chief Marketing Officer, Mitel



Giving Machines a Voice in the Future

One of the most exciting aspects of the evolving customer experience landscape is the ability to bring machine-enhanced communications into the experience. Like data analytics before it, machine-learning technologies and AI can help to deliver a much higher level of personalization and efficiency to customer transactions and interactions. Coupled with sensors and machine-enhanced communications, businesses can now deliver a completely new kind of customer experience with their products and services.

We've already seen the beginning of this trend toward giving machines a voice with chatbots: software-based programs that "converse" with online customers, using artificial intelligence and predictive analytics to move the conversation forward. Millennials, in particular, have displayed a high comfort factor with chatbots. In one UK-based survey, over 60 percent of millennials reported using chatbots, and 71 percent indicated they would welcome chatbot engagement from a recognizable brand.¹

While machines have the potential to positively transform customer service and contact center experiences, integrating machine-based communications with existing products and services can also have a dramatic impact on customer experience. For example, a professional services

company might use machine sensors to diagnose repair issues before a technician arrives, resulting in shorter repairs and higher rates of first-time resolution. An airport might use video-enabled communications with its defibrillator stations to provide live assistance in the event of an emergency. And professional athletes may someday have communications-equipped helmets or wristbands tied to biometric sensors that alert coaches and physicians the moment a player is injured or dehydrated.

Implicit in this customer experience transformation is the need for unified communications. Customers expect an omni-channel experience that extends seamlessly across their mobile and online interactions, and gives them the option of moving between voice, video, text and chat as the situation and personal preferences dictate. Equally important, customers expect contextual conversations that integrate their multichannel experiences so, for example, customer service agents on a voice call can quickly reference an online chat that transpired earlier in the day. Initiatives like these are fast becoming the norm for customer experiences, particularly in the competitive finance and retail industries.

It is true that some industries, and some regions, are farther along on the customer experience journey than others. Yet nearly all businesses agree customer experience improvements are a key part of their digital transformation, and that machine-based technologies have an important role to play in those improvements. In the following sections, we highlight some of the insights from our survey of more than 2,500 IT decision makers who shared their vision for the customer experience of tomorrow.

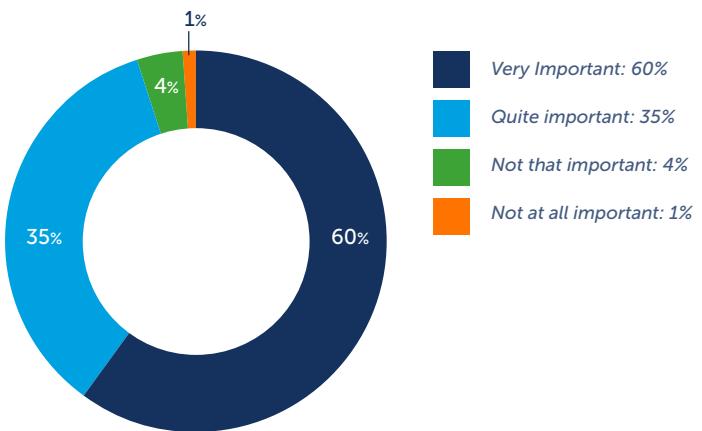
Improving the Customer Experience Is Important

In recent years, the role of IT departments has shifted, from technology handlers to business enablers. Current IT leaders see themselves as directly connected to, and responsible for, business outcomes such as time-to-market, competitive differentiation and revenue generation. This change of outlook is borne out in the fact the vast majority of IT decision-makers view improving the customer experience as an important part of IT's broader plans for digital transformation.

A closer look at the survey responses reveal some interesting trends among geographies and industries. For example:

- North American companies place more importance on improving customer experience. Seventy-six percent of North American IT decision-makers ranked customer experience improvements as "very important" in their digital transformation strategy. This number reflects the maturity of customer-centric digital initiatives in the region, but also suggests that North American companies will face more competition for the "best" customer experience
- Customer experiences are more important to finance and retail companies. Businesses in the financial sector were most likely to rate customer experience improvements as "very important" (66 percent), followed closely by retailers (65 percent). This statistic isn't surprising, as finance and retail companies have been early and strong proponents of mobile and multichannel customer engagement.

How important would you say improving customer experience is as an objective when implementing a digital transformation strategy?



Ninety-five percent of IT decision makers see improving customer experience as an important objective.

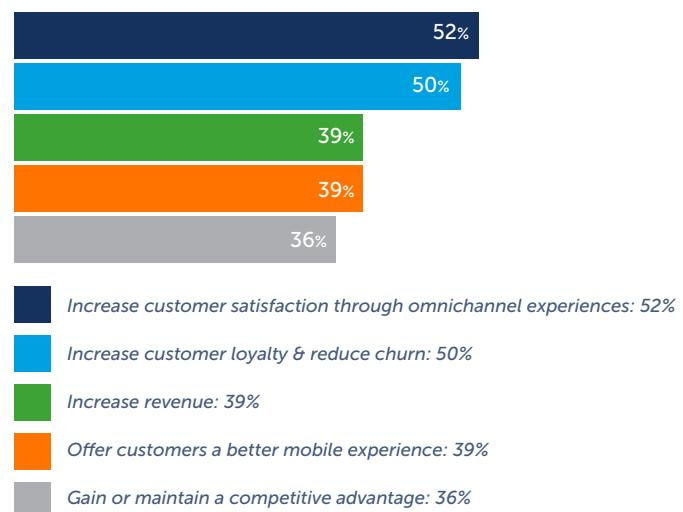
Better Customer Experiences Equal (a Lot) More Revenue

Two out of five IT decision-makers expect their customer experience improvements to increase revenue—and half of them expect a big increase in revenue.

Better customer experiences have a clear impact on the bottom line, with many companies expecting to recoup their investment through higher customer loyalty, lower customer churn and higher customer revenue. Not all industries and regions have the same expectations, however, as these individual responses reveal:

- **Retailers believe better customer experiences will lead to higher customer satisfaction** through omni-channel interactions (57 percent) and higher customer loyalty/lower customer churn (56 percent).
- **Customer experience improvements aren't simply seen as a money-maker.** Fifty-six percent of government and non-profit organizations expect customer experience improvements to boost customer satisfaction by enabling omni-channel interactions across multiple devices.
- **Competitive advantage is determined largely by region.** While only 29 percent of North American companies believe a better customer experience will yield a competitive advantage, 43 percent of Australian companies expect to beat the competition with a better customer experience. This differential suggests in markets where customer experience improvements are less robust, companies can reap a greater benefit from customer experience investments.

What business outcomes would you expect your organization to achieve by improving customer experience?

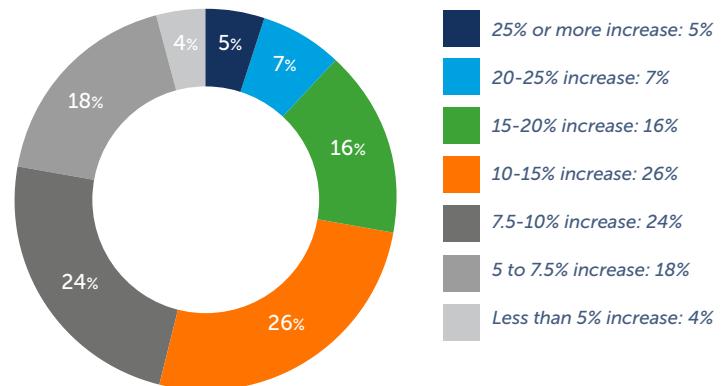


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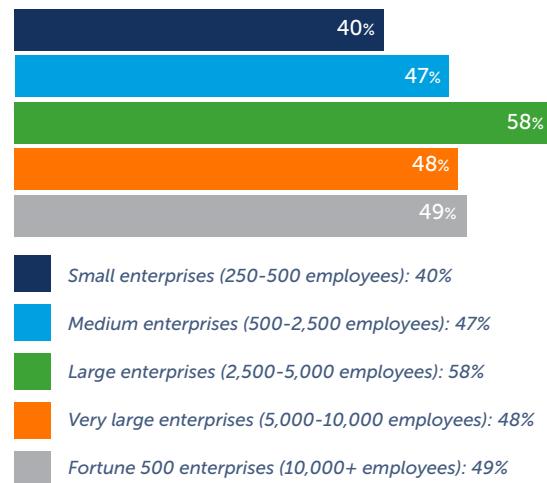
While many companies view customer experience improvements as a revenue driver, mileage varies by region and industry. North American companies, for example, appear to be the most optimistic, with 61 percent predicting significant revenue gains as a result of customer experience improvements. By contrast, only 38 percent of French companies had such high expectations, with most (60 percent) predicting modest gains. Among industries, educational organizations topped all segments, with 69 percent expecting revenue increases of 10 percent or more, while manufacturing companies stood at the opposite end of the spectrum, with only 38 percent expecting similar gains.

As an interesting side note, the survey revealed that size does matter, with large enterprises (those with 2,500 to 5,000 employees) nearly 50 percent more likely to forecast big revenue gains from customer experience improvements than smaller enterprises (those with 250 to 500 employees).

If you indicated you expect an improvement in customer experience to increase your revenue, how much of a revenue increase do you expect?



If you expect revenue to increase from CX improvements, do you expect it to increase by more than ten percent?



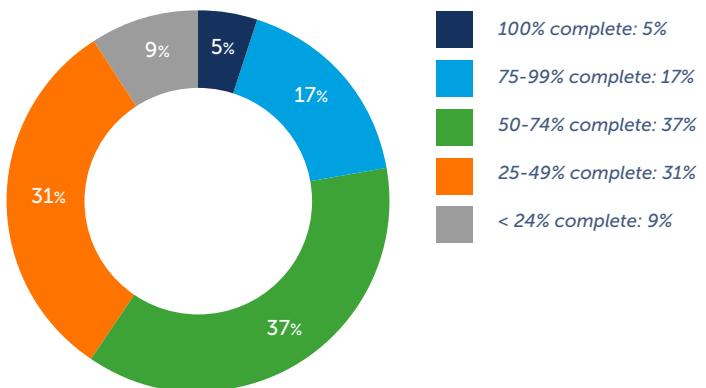
Your Competitors Are Improving Their Customer Experiences Right Now

Most high-performance companies are well along the path of digital transformation. They've developed mobile apps to improve customer service, integrated communications across multiple channels to connect mobile and online experiences, leveraged data analytics to improve customer insights and created richer customer interactions through video-enhanced communications and chat tools. Of course, for many companies, the most exciting part of that transformation—giving machines a voice—still lies ahead.

Survey results reveal customer experience improvements are driven largely by regional and industry factors:

- **North American companies report the highest rate of completion**, with 72 percent indicating their customer experience improvements are more than halfway complete. Not surprisingly, this figure aligns with data that shows North American companies expect to reap the highest revenue rewards for their customer experience efforts. Conversely, German companies lag behind in customer experience improvements, with only 51 percent reporting they have reached the halfway mark in their customer experience journey.
- **Finance companies are out in front of customer experience transformation.** Among industries, 70 percent of finance companies reported completing 50 percent or more of their customer experience improvements, versus only 51 percent of manufacturing companies. This data suggests that state-of-the-art customer experience may soon become table stakes for finance companies, but can still be a differentiator for manufacturers.
- **Small enterprises have the farthest to go.** Only 45 percent of small enterprises (between 200-500 employees) report reaching the halfway mark in their customer experience improvements, which may speak more to an internal resource issue, indicating small enterprises could stand to benefit the most from cloud-based customer experience solutions.

Which of the following best describes the progress your company has made in improving customer experience as part of a digital transformation strategy?



Fifty-nine percent of IT decision-makers say their customer experience improvements are more than 50 percent complete.



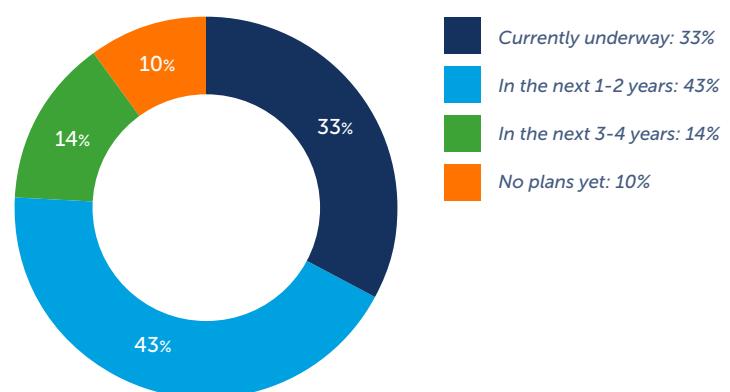
Soon, Nearly Every Business Will Integrate Machines Into Their Communications and Collaboration

Over the next few years, ninety percent of IT decision-makers plan to give machines a voice by tying devices and machines to their unified communications and collaboration (UC&C) capabilities.

In the near future, machines will have a more prominent voice in business communications and customer interactions. These interactions have already begun to take the form of communications-enabled devices embedded in products such as cars and appliances, as well as AI-enabled virtual customer agents and machine-optimized workflows (e.g., using machine learning to route customers to the right agent on the first call). Here again, adoption trends vary significantly by region and industry:

- **North American companies lead the way in machine enablement.** Forty-nine percent of North American companies report efforts are already underway to integrate machines and devices in their communications platforms. This is in sharp contrast to the situation in Europe, where only 28 percent of British and German companies report similar progress.
- **Financial companies are ahead of the pack, but educational organizations are close behind.** Forty percent of global financial companies are currently integrating machines into their UC&C capabilities, but 55 percent of educational organizations have plans to do the same within the next year or two. The spike in interest among universities and schools reflects the readiness with which younger consumers embrace machine-based interactions.

Does your company have a plan to integrate devices/machines with your UC&C capabilities and, if so, when do you plan to do this?



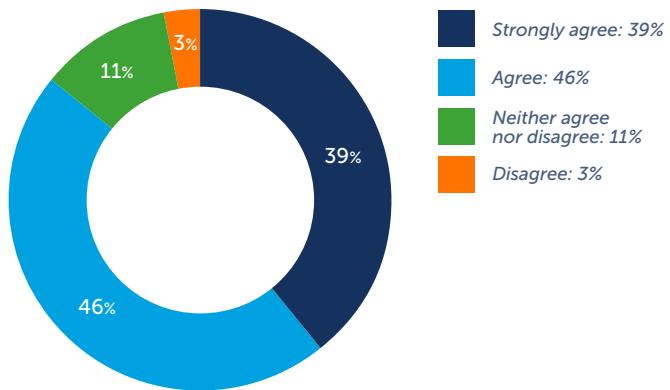
The majority of businesses (85 percent) believe machine-enhanced interactions will improve the customer experience. Again, enthusiasm for machine-enhanced communications is higher in North America than in the UK, with 93 percent of North American businesses seeing a positive relationship between the two, versus 80 percent of UK businesses. Across industries, 91 percent of finance companies saw a positive correlation between machine-enhanced interactions and customer experience, while only 75 percent of government and non-profit organizations agreed.

When asked how machine-enhanced communications would specifically impact the customer experience, businesses generally saw more value in machines directing customers to the right people. According to the survey:

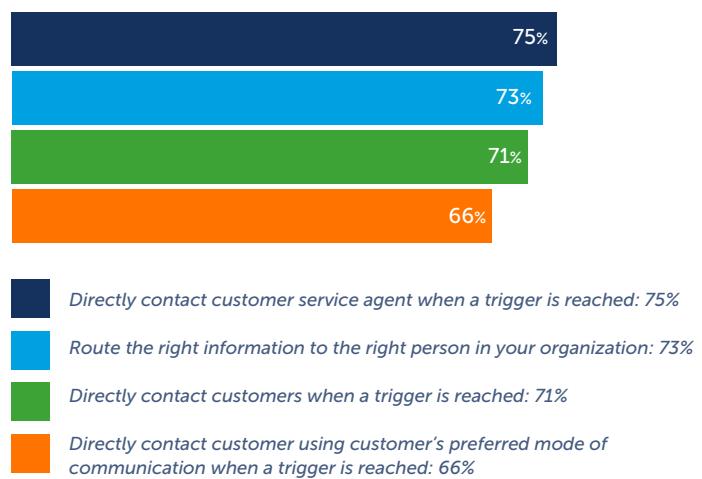
- **Seventy-five percent** of businesses see automated, event-triggered calls from customer devices as a valuable service, including 81 percent of retailers. This data supports the idea that many retailers are thinking about sensor-equipped devices with wireless communications capabilities.
- **Seventy-three percent** of businesses believe machine-enhanced intelligent routing is valuable to their organization, a number that skews slightly higher (78 percent) among retailers. This data aligns with the recent trend among businesses to cultivate super agents: customer service agents who can deliver superior service through a mix of expertise and real-time access to relevant, contextual information.

One additional, interesting data point that emerged from the survey is the need for a standards-based approach to machine-to-person communications. Ninety-five percent of IT decision-makers indicated it was important for open standards to be used when implementing a machine-enhanced customer experience solution.

To what extent would you agree with the following statement: Machine-to-people interactions will positively transform the customer experience?



Which of the following machine-enhanced communications capabilities are more valuable to your organization?



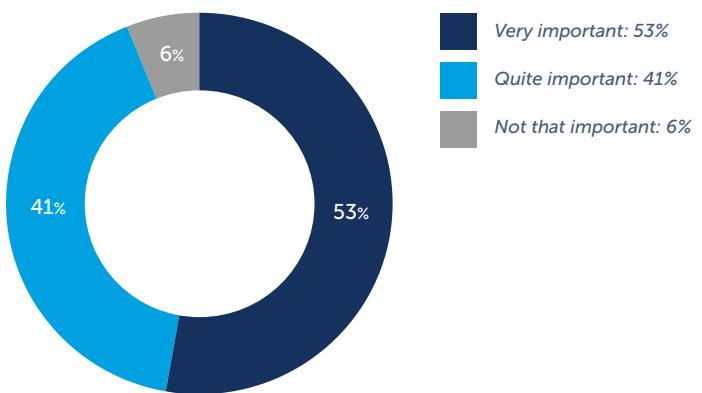
Better Customer Experiences Require Better Workflows

Ninety-four percent of IT decision-makers believe that, in order to improve customer experience, they need to also accelerate their organization's workflow.

Consistently great customer experiences don't happen by accident; they're carefully orchestrated across optimized workflows, whether it's capturing the right information the first time (and not asking customers for it a second time), or routing calls to a knowledgeable agent on the first try. Without efficient processes in place, any communication—even a machine-to-person communication—is bound to break down and leave customers feeling less than satisfied. It's not surprising, then, to learn that most businesses believe workflow optimization has a direct impact on customer experiences.

Regionally, 71 percent of North American companies felt workflow acceleration was "very important" to the customer experience, compared to only 41 percent of German companies. While there isn't data to support the notion German customers are more patient than their North American counterparts, the data does suggest North American customers may expect faster service and fewer delays.

How important do you think it is for your business to accelerate your organization's workflow as you aim to improve CX?



Before You Improve the Customer Experience, You'll Need to Overcome These Barriers

According to IT decision-makers, business/IT misalignment, legacy infrastructure, siloed applications and budget constraints are the main barriers to improving the customer experience.

In order to improve the customer experience, businesses need to overcome a variety of organizational and technological barriers. Many businesses believe IT and business goals need to be better aligned for customer experiences to improve. Fortunately, this barrier is far from insurmountable; in fact, as IT leaders shift from technology gatekeepers to business enablers, IT and business goals are increasingly in alignment. According to the data, however, not all regions are as far along this converged path as others, with Australian companies reporting misalignment as the main barrier 57 percent of the time.

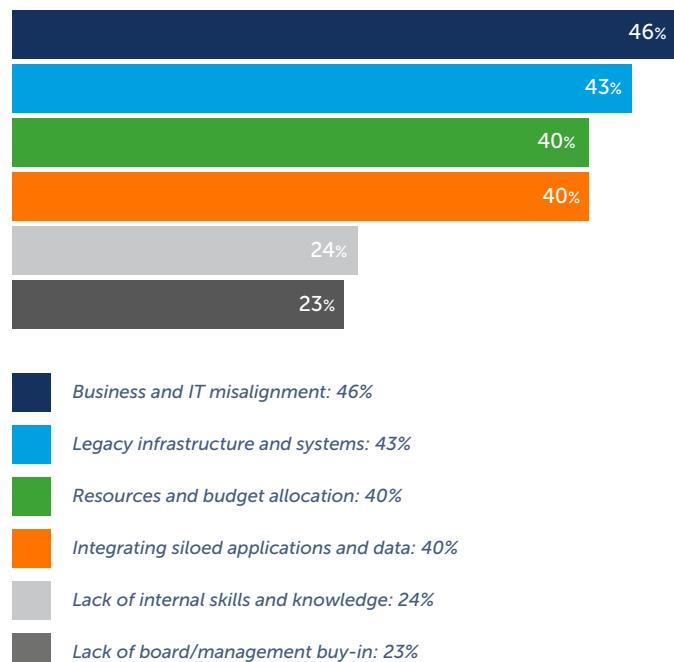
Other statistics from the survey reveal:

- **Government and nonprofit organizations struggle with legacy infrastructure.** Fifty percent of these organizations reported that legacy infrastructure was a significant barrier to customer experience improvements.
- **North American companies must overcome application silos to be effective.** Forty-eight percent of North American companies believe integrating siloed applications and data represents a substantial barrier in improving customer experiences.
- **North American companies struggle to find resources for customer experience initiatives.**

Maybe they should look in Germany. Fifty-six percent of North American companies cited resources and budget allocation as a barrier to better customer experience. Only 28 percent of German companies shared that sentiment. Among industries, government and nonprofit organizations appeared to be the most strapped for resources, with 49 percent calling a lack of resources a significant barrier to customer experience improvements.

Despite a myriad of barriers, businesses can overcome many of these challenges by moving to a cloud-based communications platform. Cloud solutions require little or no internal resources to maintain and operate, provide universal access to applications and data, and allow organizations to leave legacy systems in the past. As new technologies such as IoT applications become available, cloud solutions allow organizations to easily get the latest communications features without expensive and time-consuming upgrades.

What do you think are the main barriers to improving customer experience as part of a digital transformation strategy?





Takeaways From the 2017 IT Decision Makers Survey

The customer experience is the new currency in the digital economy. By improving their customer experiences with cutting-edge technology such as machine-enhanced communications, organizations expect to drive higher revenues, increase customer loyalty and better differentiate their products and services in the market. These improvements, while largely underway in most regions, still face significant barriers, including IT/business misalignment, legacy infrastructure, siloed applications/data and limited resources.

In order to accelerate their customer experience efforts, organizations should choose a communications partner that can help them overcome common customer experience barriers through cloud-based solutions that leverage open standards. With the right technology partners, organizations can give machines a voice in their customer interactions and deliver a richer, more personalized experience. As a cloud communications leader, Mitel is an experienced partner with innovative approaches that bring IoT, AI, machine-learning and communications technologies together for a better customer experience.



Learn More

To learn more about Mitel cloud communications, visit us online at mitel.com.

¹ "SURVEY: Nearly 60% of Millennials Have Used Chatbots," Retale, February 2017