

Digital Transformation and the Contact Center

**CREATING AN OMNI-CHANNEL
CX STRATEGY**



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INTRODUCTION

The buzzword that has made its way around every industry this past year is digital transformation. But what exactly does it mean, and what does it have to do with the customer contact center?

Digital transformation (DX) allows you to transform how your business operates and deliver increased value to your customer base, while improving the operational efficiencies of your systems. Simply put, DX is the act of evolving in order to better harness the potential of current and emerging digital technologies.

The landscape for enterprise contact centers has changed. DX is reshaping how enterprises use communication to engage customers. Consumer adoption of digital technologies is only set to grow further in the next five years. One of the main talking points at the Gartner Symposium / ITxpo 2018 was how rapid advancement of technology will continue outpacing the ability of all but the most agile businesses to [keep up](#). CIOs face mounting pressure to navigate the digital storm and outdated organizations that cling to legacy solutions will find the struggle to maintain competitiveness only grows.

Failure to keep up with the technological expectations of consumers is one of the biggest customer experience (CX) challenges facing businesses today. Another is capitalizing on opportunities for improved engagement born out of changing ways that customers and enterprises interact. When CX is not delivered flexibly and becomes fragmented into siloes, businesses face higher operating costs, fewer sales opportunities and, ultimately, loss of customers to competitors, not to mention lower average revenues per user and diminished opportunities for current and future revenue generation.

While voice remains the preferred communication channel, today's customers aren't as easily pleased as they once were. Businesses are faced with a new generation of consumers raised solely in the digital era and demands for omni-channel CX show no signs of slowing down. This puts added stress on IT to deliver edge-to-edge communications that not only meet core business objectives, but also improve CX initiatives and drive revenue opportunities.

The best way to achieve this is by integrating cloud voice and messaging services into the contact center platform.

Digital transformation and the contact center

Digital transformation has created huge opportunities for better CX. In 2019, communication was a [top 3 cost center for IT managers with Gartner](#) estimating the size of the market at \$1.4 trillion. But DX has also created a shift in the role

of IT and communication has the potential to become a profit center for forward-thinking enterprises. No longer are CIOs and IT managers solely concerned by keeping operating costs of communication channels to a minimum. Instead, they are pushed by product, marketing and sales teams to deliver cutting edge communications to the edge of their network, enabling:

- **New revenue generating opportunities**
from the engagement of prospects and customers in the channels that are most convenient for them.
- **Omni-channel marketing initiatives**
that enable the creation of a 360-degree view of customers by aggregating interactions from every channel.
- **New functionality for products and services**
through embedding of native communications, such as number masking as a feature of Facebook Marketplace. In these instances, communications are becoming a core competency for products and services.

As a result of these reconfigured priorities, IT departments are tasked with seeking out constructive solutions to three core communications objectives:





Bringing the contact center into the digital age

Even though most contact centers are incorporating channels beyond voice, [the humble phone call remains the customer service channel of choice in the US](#), ahead of bricks and mortar, email, SMS, live chat, social media, community forums, and chatbots. A [2019 survey](#) of US consumers shows two-thirds still prefer voice calls to text for customer support.

IT's focus shouldn't be trying to move past voice to chase the most cutting-edge digital channels, but identifying new opportunities to supplement core voice services only when it is appropriate and effective to do so. In other words, the impetus is on bringing the contact center into the digital age, not throwing out the fundamentals of what still works. And the best way to do this is by moving the core infrastructure of your voice and messaging services into the cloud.



The pillars of cloud voice messaging integration

While communication is viewed as an IT cost center, CIOs will always be tasked with finding innovative ways to increase operational efficiencies at the same time as making it easier for business functions to scale. This won't change. But what is changing is how communication is used throughout organizations, particularly when it comes to customer interactions.

Voice isn't going anywhere, but a continued reliance on the PSTN and traditional carriers will make it incredibly difficult for businesses to scale effectively, particularly when the time comes to enter new markets. Another development is how contact centers themselves are increasingly staffed, with more organizations opting to hire virtual customer support staff, situated in remote locations.

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By migrating to a cloud model that delivers communications as a service (CaaS) and integrates voice directly into your contact center platform of choice (including in-house builds) via a modern protocol such as SIP, you can ensure reduced costs, improved efficiency and greater flexibility.

1

Reduce costs

- Save an average of 45% on the cost of communications by moving delivery of service [from the PSTN to SIP](#)
- Reduce by as much as 63% the operating expense of your communications platforms by [connecting them to your own cloud SIP trunks](#) from a dedicated provider instead of bundling service
- Interconnect with the PSTN through a single cloud SIP connection instead of separate connections in every country to optimize downstream network architecture and reduce your SBC footprint

2

Improve efficiency

- Consolidate vendors across multiple locations via a single SIP connection to a global provider
- Centralize resource and compliance management via online tools or APIs
- Provision and manage services in real time via web & API

3

Increase flexibility

- Avoid the need to forecast or manage capacity with scalable, elastic services
- Get set up without the need for expensive hardware, all you need is a SIP URI (this can also be integrated into existing on-premise deployments to improve the efficiency of legacy systems)
- Enjoy new features and services as they become available with the 'as-a-service' cloud model

The need for omni-channel CX

Voice is set to remain at the forefront of customer interaction, even though the need for other channels including SMS, chat, and IM will continue to grow.

That's according to the [2017 Global Contact Center Survey](#) of more than 450 contact centers worldwide by Deloitte. What is driving this growth? The need for personalized customer experiences that work seamlessly across channels.

Siloed communication channels and fragmented customer experiences have a detrimental effect on revenues and can only be rectified by deploying omni-channel solutions that focus on customer engagement that is joined up across the multiple touch points along the path to conversions, be they a first purchase or repeat subscription.

A true omni-channel customer experience is created by collecting and applying relevant customer data across every possible channel, from all segments of the customer lifecycle. Today's consumer is more 'digitally aware' than those of the past and they prefer to take a 'self-service' approach to their interactions with companies.

Take Millennials and Generation Z, for example. While they are [65% more likely to respond to a voice call over a text message](#), they don't want to be bothered with dialing into a customer service line, going through an array of pre-set IVR menus and waiting on hold for 15 minutes for an agent to pick up. They would rather send an SMS message, arrange a callback, or use live chat to speak to an agent. This is why forward-thinking enterprises that focus on CX are not just giving their customers more options to speak with them but also seeking to streamline these interactions. Many businesses will now let a customer log into their account, enter their preferred contact number, and have a rep call them directly—bypassing the need to go through lengthy menus or verification procedures.

As more Baby Boomers reach retirement age, Millennials now account for 35% of the US labor force—making them the [largest working demographic](#). Not only are they the largest contributors to the economy, they are the first generation that can claim to be digitally native. They rely on technology for all forms of communication and prefer SMS, social media, and video in conjunction with traditional voice.

From a sales and marketing perspective, contact centers should prioritize the channels that their customers prefer. For IT, this means strategizing an omni-channel approach to CX that:

- ✓ Reduces bottlenecks and breaks down communication silos
- ✓ Limits costs and increases self-service options
- ✓ Optimizes the user experience based on customer preference



Creating a seamless and personalised omni-channel customer experience

IT managers and CIOs find themselves faced with the pressure of meeting the demands of evolving customer personas, while bringing outdated contact centers into the ‘present’ and ensuring that they are ready to embrace emerging technologies.

At the same time, they are still ultimately judged on foundational KPIs such as availability of services.

More often than not, all of this can be achieved by deploying robust, agile, and flexible communications services from the cloud that can be seamlessly integrated into your contact center platform, putting the tools at your agents’ disposal to interact across voice, messaging, chat, e-mail, mobile, and social media applications. The growing ease with which additional enterprise services can be integrated into CRM and CX systems without the need for custom integrations means that you can leverage value adds such as consumer analytics, AI, big data, and even automation to [create personalized customer experiences that scale](#).

While complete digital transformation is the end goal, most enterprises won’t have the risk appetite to transition to a full omni-channel cloud solution all at once. This means that you will need to adopt a migration strategy as part of your DX plans that prioritizes the most important channels or locations first, which we will consider more closely in section 3.



Voice

Regardless of how digitally-native society becomes, the telephone is still the most widely used communication channel. In fact, 74% of customers have contacted customer service by phone, according to Microsoft’s 2017 State of Global Customer Service Report. But while the preference for human interaction remains strong, the key reasons that people choose to pick up the phone have changed. The average customer dials into a contact center only when they have what they believe to be a ‘complex issue’. For easier or simpler concerns, they prefer to use self-service applications like SMS or IM.



Email

In the same survey, Microsoft found that 62% of consumers have used email to resolve a customer services issue. It may be tempting for smaller operations to prioritize email communications because of their offline nature, which removes the need for an immediate real-time response. But be wary of the longer response times that this channel tends to see compared to phone calls, SMS and web chat. Particularly among younger consumers, the thought of waiting several hours or even days for a response to their query is unlikely to be met with enthusiasm.



SMS

SMS is undoubtedly in the top tier of preferred communication channels and it's one that segues nicely with voice. According to CIO Today, 44% of consumers would rather send a text to arrange a callback than stay on hold. As devices have become so omnipresent in our lives, SMS is also a channel that is sure to get a customer's attention. After all, the average person checks their phone 150 times a day and from minutes after waking up until minutes before falling asleep. SMS messages also have an [open rate of 98%](#) (versus 20% for email) making text messaging a great option for things like sales, marketing, payment reminders, status updates, and more.



Web chat or IM

Web chat and instant messaging are real-time alternatives to a voice call. Both services can also be used to increase contact center agent productivity and are useful tools in managing heavier workloads. Visitors who use web chat are almost [3 times more likely to make a purchase](#) than those who don't, yet only 10% of all major US- retailers are using web chat or IM as part of their CX strategy.



Knowledge base

It's not always practical or cost-effective for contact center staff to be available 24/7 but customers may have queries that can be answered with FAQs or basic tutorials. This is where self-service channels like Knowledge Bases or Help Centers embedded in your website or mobile apps can deliver true value.

Regardless of the communications channels that are utilized in the contact center, there is a need for unification of records across all channels so that information does not need to be repeated each time a new channel or agent is engaged.

Things to consider when setting up a contact center

There used to be a time when a business could strategically position a couple of desks, plug in a phone or two, and they had themselves a contact center. Not anymore. Now, even the most basic contact center requires communications infrastructure, hardware, software, and agents.

When considering communications infrastructure, there are several options for setting up a contact center:

- **Premise-based**
On-site hardware & legacy carrier agreements
- **Hybrid**
A mix of premise and cloud-based systems
- **Communications-as-a-Service (CaaS)**
Cloud infrastructure integrated with a separate CC platform
- **Contact Center-as-a-Service (CCaaS)**
CC platform hosted in the cloud that bundles infrastructure

Companies running legacy systems are faced with the huge task of setting up and managing their infrastructure in every country they operate, meaning separate contracts with national or regional providers, complicated billing and inflexible management of on-site hardware in all their locations.

Moving to a cloud solution brings with it many benefits, including increased flexibility and operational efficiencies, opening doors to system integrations and rapid security/feature upgrades. But decoupling your platform from your infrastructure allows you to unlock even greater cost savings and efficiencies, particularly as your operations scale. This is also the most effective way of ensuring you fully replicate the functionality of your legacy systems and the PSTN in the cloud.



Migration to the cloud

Unless you are a digital-native business, chances are you are going to have some sort of legacy systems in place. The shift to cloud communications has been a major cornerstone of DX initiatives. One of the strengths of a CaaS approach is that this voice infrastructure can be easily run alongside your legacy systems. Whether you're extending the reach of your existing hardware-based PBX systems by plugging in SIP trunks that provide global coverage to your contact center or testing out cloud communications ahead of a planned switch. This approach is also a great way to increase your ROI on the significant multi-year outlay that setting up and managing proprietary on-prem deployments requires.

The benefit of CaaS is that it enables you to migrate your communications to the cloud at the right speed for your business. You can mitigate risk by running small-scale trials of SIP-based communications, then gradually move over your communications one location or platform at a time.



Best practices for setting up a contact center

When setting up a communications infrastructure for a cloud contact center, the key requirement is for stable, long-term guaranteed quality and availability of service. Security is also a major consideration. This requires the use of communications services that are built on top of a robust, reliable global backbone, with interconnections to the PSTN in every country where you have customers. When choosing a CaaS provider to integrate with your contact center platform, you're likely to be thinking about connectivity, network presence, security and reliability, coverage, quality, and cost.



Connectivity & network presence

There are three types of interconnection worth considering:

1. Dedicated interconnection to private access points
2. Secure interconnections over the public internet with VPN encryption
3. Interconnections over the public internet

Your interconnection profile will depend on your use case, with dedicated connections proving the most secure and reliable, but also the most expensive. Then there is the issue of presence and, specifically, the distance between your network and the relevant access points to your provider's backbone. Whether you're running one central contact center or regional operations, you'll need a provider that offers access points as close as possible to the action.



Security & reliability

Security is a crucial component of enterprise-grade communications and should occur at several layers:

- **VPNs (Virtual Private Networks)**
to secure any traffic sent over the public internet with secure encrypted tunnels between endpoints
- **SRTP (Secure Real-Time Protocol)**
to encrypt the transmitted voice data that makes up a phone call
- **TLS (Transport Layer Security)**
to encrypt the signalling traffic of the call itself, securing details of the call and DMTF tones that might be required to verify account details



Coverage & quality

High-quality services are the backbone of every good customer service experience. To succeed, a contact center manager needs to be confident that they are utilizing long-term and stable voice services that are available in every market or region they service, otherwise they run the risk of disconnection, leaving a negative impression and harming CX. It can be tempting to choose the cheapest providers with the broadest coverage, but it is important to consider how stable their services are in the regions and markets that matter most to you. Do they suffer service disruptions? Have they lost coverage due to failures to comply with local regulations? This is where it's crucial to do your due diligence.



Vendor consolidation

IT is under constant pressure to improve communications efficiencies while lowering costs, which is why the vendor consolidation promised by cloud communications is so alluring to businesses. Contact centers operating across multiple regions or countries can massively cut their billing footprint, freeing up significant resources in legal and finance teams. The ability to manage cloud communications infrastructure remotely also means that one engineer can do from a single site what several dedicated remote teams would need to do with legacy systems.

It's no surprise, then, that you can save as much as 45% on the cost of your communications by moving from the PSTN to cloud SIP trunks.

Conclusion

Communication spend will exceed \$1.4 trillion in 2019. This is a significant investment and one that must be leveraged to maximum result. This means harnessing a digital transformation strategy that lets you scale your communications with ease and evolve as new technology surfaces. The best way to start is by adopting a cloud-native approach.

This is the most effective way to create omni-channel customer experiences that join up fully across the different touch points you have with your customers. Despite the widespread benefits of the cloud, larger businesses running legacy systems will be reluctant to jump in with both feet. The emphasis of your digital transformation initiatives should be on identifying methods of migration that allow you to move to the cloud at your own pace and only once you have been able to test SIP communications.

In a cloud setting, choosing to unbundle your communications infrastructure and your contact center platform is an effective way of achieving this as it enables you to run SIP communications that are compatible with your legacy systems. It also unlocks greater efficiencies and makes it possible for your business to scale elastically in the most cost-effective manner.

When it comes to bringing your contact center into the digital age and protecting your communications investment, choosing the right vendor is key. Choose Bandwidth.

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Contact us or visit Bandwidth.com to learn more about our contact center solution.