CONTACTBABEL

UK Contact Centres: Technology Innovation

Research partner of

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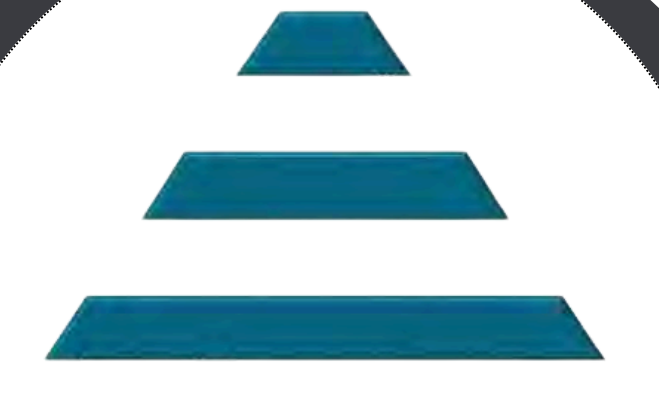

RESEARCH PARTNER

UK Contact Centres: Technology Innovation

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TECHNOLOGY USAGE AND PLANS

Historically, HR issues such as attrition have been what make contact centre managers most concerned, but the past years have seen a growing feeling that the technology in place is letting the operation down, or at least, preventing it moving forward to the extent that it needs.

Many solution providers note that as part of their sales engagements, they will typically carry out a business process review. They often find that staff are typically committed and capable, but are hamstrung by legacy applications, data systems and inefficient processes.

Contact centres are also aware that they have to modernise their processes as well as the technology, but cost, time and the need to keep the operation running smoothly make this sort of strategic thinking very difficult, especially in a situation where some contact centres still do not have much in the way of a champion at the higher levels of the business.

The need to measure and improve customer experience and satisfaction, and its impact upon profitability, has become an obsession throughout the industry, which is positive for customers and businesses. The explosive growth in digital communications has made all contact centres realise that effective customer contact cannot exist in a siloed environment, but only as part of an omnichannel contact strategy.

Driven by digital communication, the industry is still growing in terms of increased volumes of interactions, although headcount has stalled and more needs to be done to increase the effectiveness of agents, particularly as the move from live voice to digital service means learning new ways of operating.

Voice self-service levels have been low across much of the industry for some years, although have picked up significantly in the past years. With the intense interest in AI, far more is being done via web self-service, taking low-value work away from agents and freeing them up to do more profitable, valuable and difficult work, not just through the voice channel, but also via high-value email and web chat interactions.

Technology discovery projects will typically highlight several opportunities for self-service and call deflection, but the customer satisfaction element of a poorly implemented self-service application also needs to be considered. Businesses have to ensure that they choose the right areas to self-serve, and then do it well.

For businesses where self-service is not seen as a viable option, many opportunities still exist to trim unnecessary elements of the calls, from identity verification through system navigation to post-call wrap-up: consistently high levels of wrap-up time and non-call time is worrying: often 40% or more of an agent's time is spent doing something other than communicating with customers.

Agent desktop optimisation – putting the right things on the desktop at the right time in the conversation, without disrupting the underlying system functionality – has gained in popularity, especially in very large contact centres with multiple, complex processes and legacy systems, and this is leading to a greater focus on optimising associated back office processes.

Interaction analytics offers businesses a major opportunity to understand why customers are calling, and to gain real commercial insight that will impact at the heart of the business, and with AI-enabled analytics offering great promise, the opportunity to increase functionality and insight has never been higher.

Open systems and infrastructure now make the implementation of automated identity verification and enhanced routing far more cost-effective and simpler to deploy. Linking with cloud-based CRM applications, the agent desktop can unify all of the legacy applications within a single customer view, significantly reducing agents' post-call wrap-up activities and overall call handling time.

Customer satisfaction and improved customer experience is the common ground where senior executives and contact centre operations can now meet and discuss how to head in the right direction together.

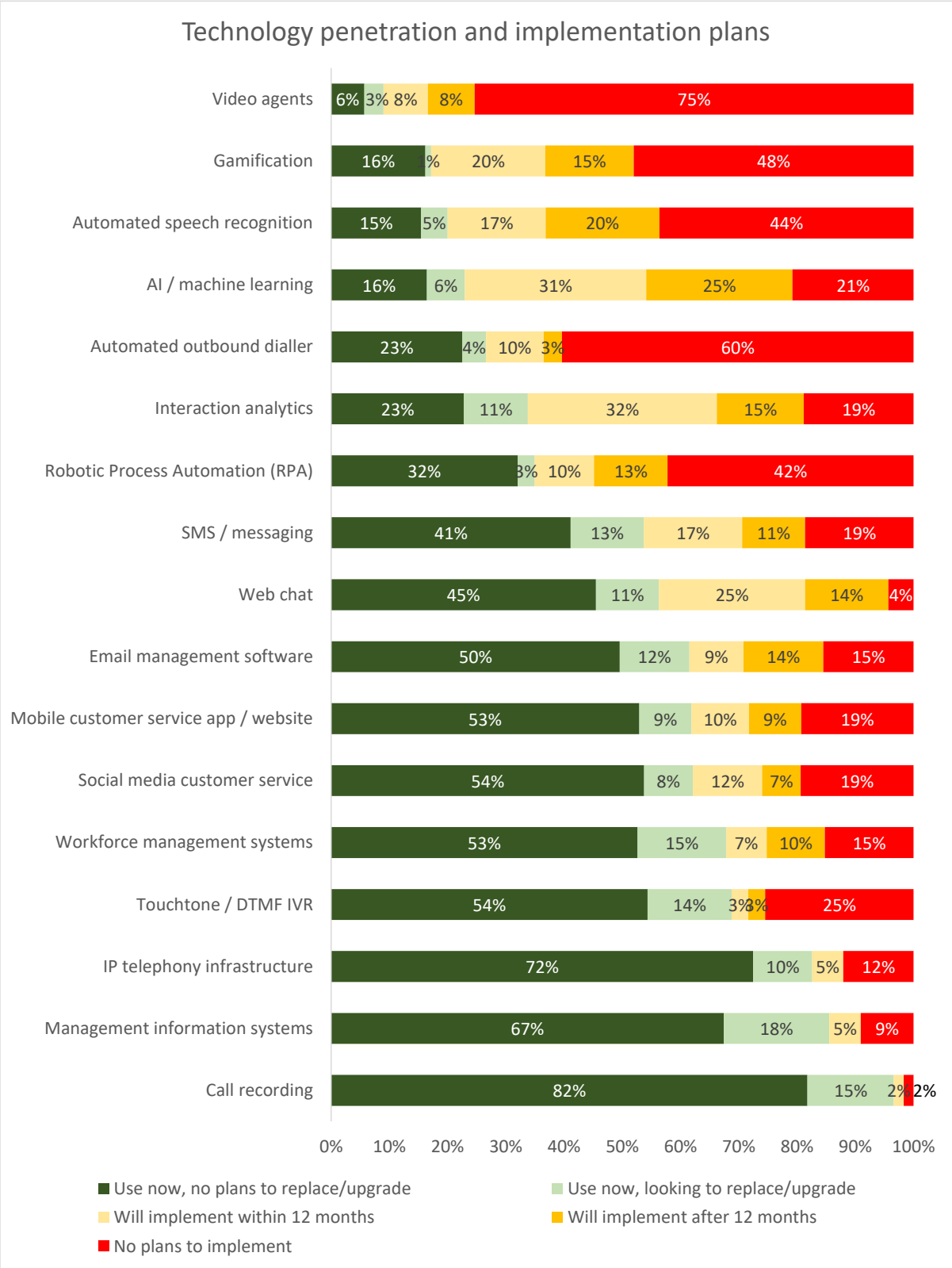
Much of what respondents to our surveys have talked about is coloured by improving customer satisfaction and reducing customer effort, the drivers of where the contact centre industry is headed long-term. This is supported in large part by the technology which contact centres employ.

This White Paper is based on results from surveys of over 200 UK contact centres, carried out each year.

More information on all of these technologies is available for free download from www.contactbabel.com.

The following chart shows respondents' current and future use of specific contact centre solutions.

Figure 1: Technology penetration and implementation plans



Touchtone IVR, call recording, workforce management and management information systems are amongst the most likely to be upgraded or replaced in the next year.

Many legacy call recording solutions are moving to the cloud, removing the need for on-site storage and maintenance, security management and improving operational flexibility, and the opportunity to upgrade recording systems while implementing analytics is also being taken by many contact centres.

In terms of expected new implementations, AI and interaction analytics dominate once again, with messaging, gamification, speech recognition and web chat also receiving serious interest. There is also some interest in video.

In the longer-term, AI, speech recognition, gamification and analytics were seen by respondents as likely investments.

This may show that businesses are serious about these solutions, or alternatively it may be viewed as something that businesses would like to do, but find it difficult to get around to as they have more pressing tasks in the meantime. Budgetary issues may also play a large part in this.

Recognising that the reality of contact centre investment does not always match the intention shown in the previous chart, the following table gives closer analysis of IT investment priorities.

Figure 2: Top 5 most important areas of contact centre IT expenditure in the next two years (proportion of contact centres placing solution in their top 5, 2015-23)

Technology solution	2015	2016	2017	2018	2019	2020	2021	2022	2023
Artificial Intelligence	n/a	n/a	n/a	n/a	43%	42%	50%	47%	54%
Omnichannel (i.e. getting channels to work together)	42%	50%	55%	41%	56%	51%	51%	49%	53%
Web Self-Service	12%	18%	19%	32%	36%	36%	36%	35%	42%
CRM / Agent Desktop Software	48%	56%	53%	63%	43%	32%	40%	36%	42%
Performance & Quality Management	26%	25%	25%	14%	29%	29%	27%	32%	40%
Web Chat	38%	31%	29%	28%	33%	33%	25%	28%	32%
Workforce Management	19%	29%	24%	17%	18%	27%	28%	33%	27%
Interaction Analytics	9%	8%	13%	17%	19%	16%	15%	18%	22%
Management Information Systems	30%	25%	22%	25%	31%	26%	24%	28%	22%
Desktop Automation & Analytics	19%	25%	27%	22%	13%	18%	17%	20%	21%
Email Management	41%	37%	31%	27%	23%	25%	30%	22%	20%
Back-Office Integration	39%	45%	48%	31%	22%	22%	20%	20%	19%
Telephony Self-Service (DTMF IVR, Automated Speech Recognition, Visual IVR)	8%	12%	14%	25%	21%	18%	13%	14%	15%
Telephony Infrastructure (including IP)	10%	12%	7%	13%	8%	10%	12%	16%	15%
Homeworking	14%	9%	11%	26%	16%	28%	31%	22%	14%
Cloud	18%	17%	16%	25%	22%	18%	21%	18%	14%
Social Media	21%	20%	18%	27%	12%	7%	9%	13%	9%
Gamification	8%	9%	11%	6%	9%	8%	8%	7%	7%
Call Recording	19%	6%	12%	16%	10%	12%	11%	6%	7%
Hardware (including PCs & servers)	19%	13%	12%	14%	5%	8%	7%	9%	6%
Voice Biometrics	4%	3%	3%	6%	7%	3%	4%	5%	4%
Interaction Routing (including ACD/CTI-like functionality)	17%	14%	14%	3%	3%	5%	6%	7%	3%
Outbound Automation	6%	5%	5%	6%	4%	1%	1%	6%	3%
Virtual Contact Centres	7%	10%	8%	2%	3%	7%	7%	3%	3%
Headsets	7%	3%	2%	2%	4%	5%	3%	2%	3%
Video/Web RTC	0%	4%	2%	0%	0%	5%	4%	3%	2%
Mobile Service	15%	13%	19%	13%	9%	8%	3%	1%	2%

The percentages in the previous table are based on the proportion of respondents over the past nine years placing the specific solution within their top 5 from a list of 27 possible contact centre solutions (AI was only added as an option in 2019). By showing this historical data, patterns will emerge showing the solutions that are gaining the most interest over the years, and those which are losing their appeal.

Artificial intelligence takes its place at the top of the chart, with more than half of respondents choosing this as a top 5 priority for them.

Omnichannel – which has been defined within this part of the survey as getting the various channels to work together – is placed within the top 5 priorities by 53% of respondents this year. The various supporting applications, such as web chat and email management systems still have significant proportions of respondents placing them within the top 5 (although email has dropped considerably since 2015). The interest in social media as a customer contact channel has also decreased very significantly.

CRM (including improvement to the contact centre agent desktop and contact management system, as well as company-wide CRM) was in no.1 position for a number of years, and although it lost its no.1 spot in 2017 to omnichannel, is still considered one of the key areas of IT investment in the near future.

After some years of relative stagnation, interest in web self-service has grown significantly since 2018, driven in large part by the promise of artificial intelligence and chatbots providing a superior self-service experience than had previously been the case.

Back-office integration has dropped in importance since the mid 2010s, and is now the 12th highest priority rather than the 4th, as it had been for some years. While respondents are still very aware of the need to underpin the entire customer contact infrastructure – both front and back office – with a robust, stable and non-siloed infrastructure that allows a single view of the customer, the resurgent interest in omnichannel and new enthusiasm for AI-enabled self-service has pushed this down the list.

After a major interest in homeworking in 2020 and 2021, it has lost a lot of since, being seen as a top 5 priority by only 14% of survey respondents this year.

Performance management has grown in importance again this year, and although more established contact centre solutions such as MIS and WFM have dropped rankings, investment in these is still a priority for a substantial proportion of survey respondents.

Interaction analytics rises in the rankings to 8th, with 22% of survey respondents placing it as a top 5 priority in the next two years.

The report now looks at five of the key contact centre technologies: AI, omnichannel, analytics, cloud and workforce management.

AI IN THE CONTACT CENTRE

Artificial intelligence (AI) is a wide-ranging term for technology solutions which appears to emulate human cognitive capabilities through the 'understanding' of complex, natural language requirements, in order to reach its own conclusions and develop itself based on what works and what doesn't.

There are numerous use cases for AI and machine learning in the contact centre, and they are listed in greater detail in ContactBabel's reports, "The Inner Circle Guide to AI-Enabled Agent Assistance" and "The Inner Circle Guide to Chatbots & Conversational AI", including:

Improve Voice Self-Service: using AI-enabled natural language recognition can alleviate the high level of self-service abandonment associated with speech recognition and DTMF IVR, as there is no fixed menu to navigate and no limit to the number of options a customer has to explain their issue.

Improve Web Self-Service: for most businesses, the customer is given free rein to search through documents, pre-written answers and archives, hoping to stumble across the right answer for themselves. The often proves time-consuming and ultimately frustrating for the customer, who will then go elsewhere or call the contact centre in a negative mindset. An AI guide would be a valuable aid in improving CX and deflecting unnecessary calls.

Assisted Service: AI can work alongside agents to provide relevant knowledge that may be otherwise take a long time to find, and update the knowledge bases available to humans and AI self-service systems using an automated feedback loop that is constantly improving based on actual outcomes.

Improve Digital Channel Experience and Decrease Cost: perhaps the currently most popular use of AI in the customer contact environment is in handling digital enquiries, through chatbots, which has seen a significant drop in the cost of handling a web chat.

Real-time Analytics and Support: AI can be trained to understand intent and recognise patterns through immersion in vast quantities of historical data, so that when a call is taking place, it can draw upon this knowledge and provide advice or action that has proven successful previously, moving towards the actual provision of real-time analytics.

Improve the Customer Journey: AI can be applied across the entire customer journey, including sales, marketing and service, helping organisations understand customer behaviour, intent and anticipating their next action. Machine learning will allow AI to go beyond simply what they have been programmed to do, seeking out new opportunities and delivering service beyond what has simply been asked of them.

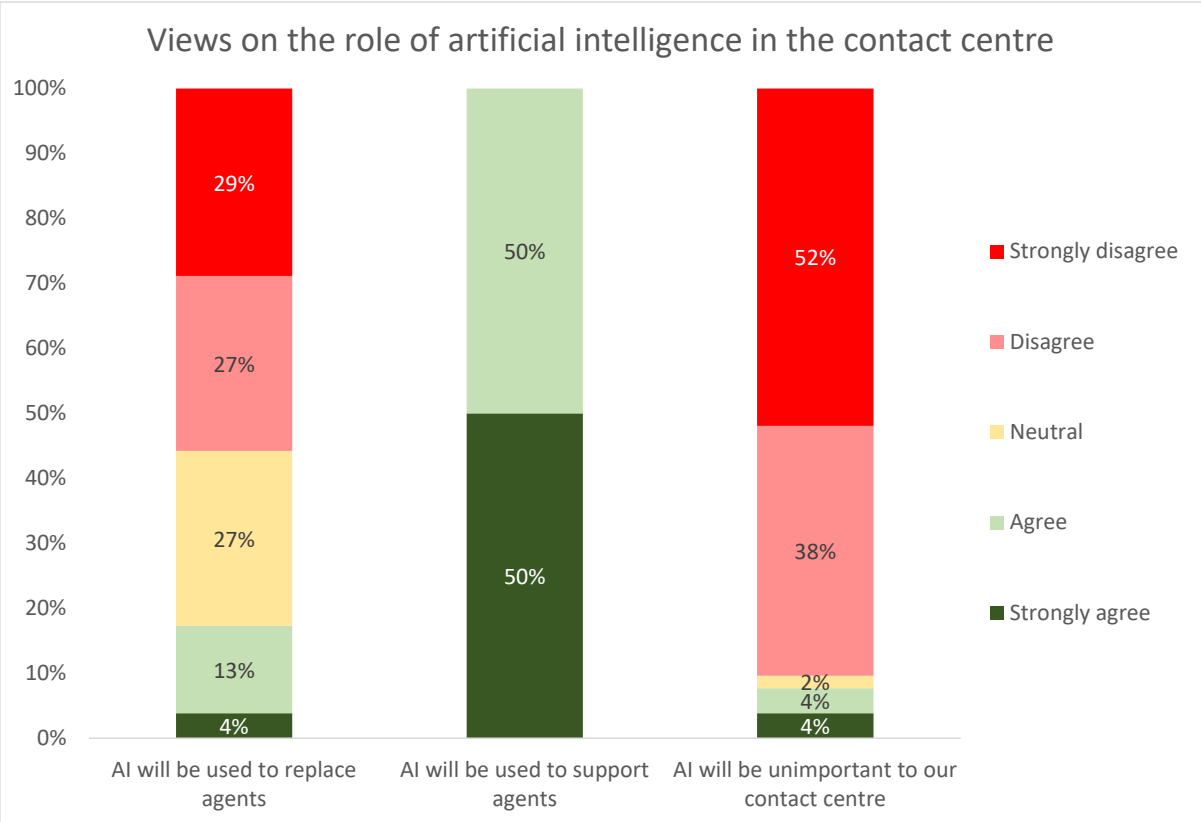
Improve Routing Strategies and Outcomes: AI can be applied to IVR interactions, asking a series of questions to customers using natural language processing to understand their intent. Depending on the customer requirements, it may be possible to answer the query without using a live agent, or in those cases where agents are needed, the prioritisation and routing of the call can be optimised, decreasing call transfer rates and increasing first-contact resolution.

Contact centre decision-makers generally do not believe that AI will replace agents: only 17% agreed to some extent that this would be the case, with 56% disagreeing. It is worth noting that after a growing feeling five year ago that AI will replace agents, recent years' views are very much of the opinion that they will not.

Unanimity was found when the question was asked as to whether AI would support human agents, with all respondents agreeing or strongly agreeing that this would be the case, reducing risk, speeding up responses and providing customers with higher quality resolutions.

52% strongly disagreed that AI would be irrelevant to their contact centre, with almost unanimous agreement that AI will affect contact centres of all sizes. This figure is growing year on year as AI becomes more widespread and the benefits better understood.

Figure 3: Views on the role of artificial intelligence in the contact centre



OMNICHANNEL INTEGRATION

The goal of omnichannel is for customers to be able to contact (and be contacted) through any channel – switching between them during the interaction as appropriate, while taking any relevant data and history along with them – with a single, unified view of the customer's journey being available to the agent.

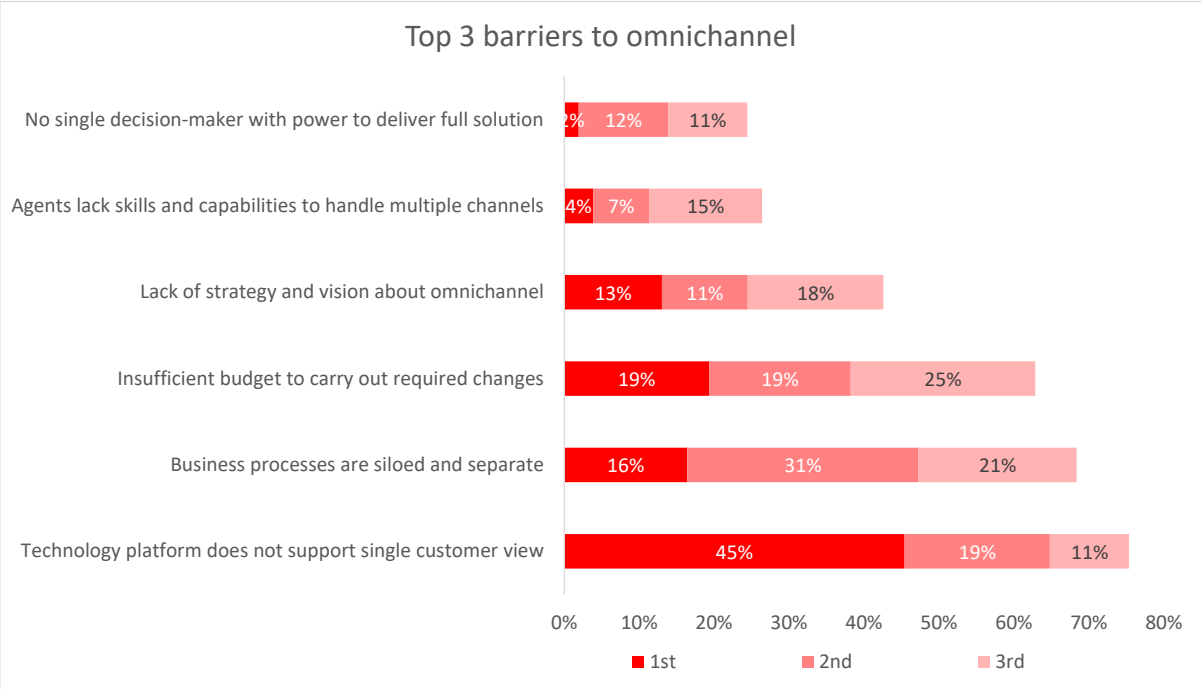
Apart from perennial issue around budgets, survey respondents believe that there are two main barriers to omnichannel:

- the technology platform does not support a single view of the customer
- business processes are siloed and separate.

While these inhibitors to omnichannel are certainly formidable, they are not insurmountable. From a technical viewpoint, the starting point is to have a single integrated platform that is capable of identifying a customer regardless of the channel which they choose to use. This will mean evolving from the siloed, channel-focused point solutions that were put in place to handle a specific need, and using a services architecture that is extendable to different channels in the future. It is also important to have a master dataset for product and customer data which is a 'single source of truth' that can be drawn upon by any customer or agent through any channel.

A key aim of omnichannel is to provide a consistency of customer experience, and this requires access not only to the same master dataset, but also the same knowledge bases and business logic must be applied equally. There must be real-time data flow and updates between channels and databases, as without this, consistency is impossible.

Figure 4: Top 3 barriers to omnichannel



INTERACTION ANALYTICS

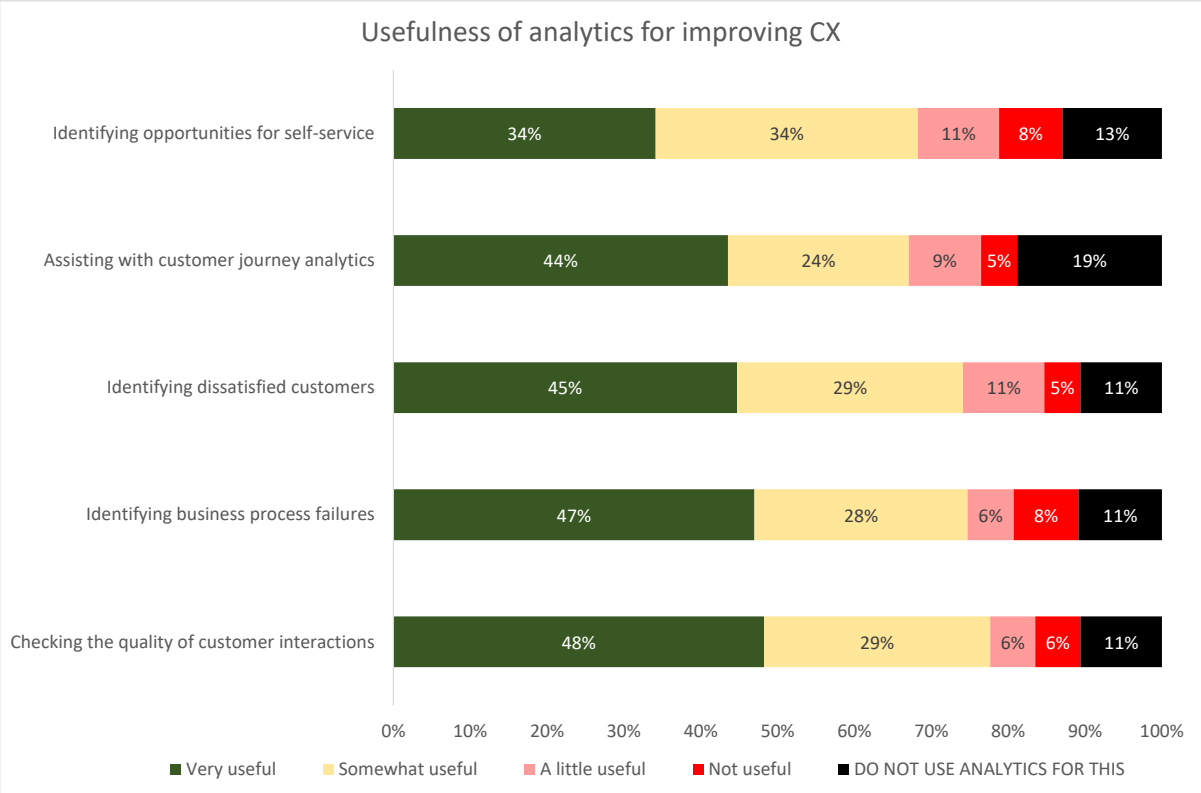
Interaction analytics can be used in many different ways to address various business issues. This is an advantage – it is hugely flexible – but it can also make its message to the market more complicated. However, depending upon how interaction analytics is used, it can assist in:

- agent improvement and quality assurance
- business process optimisation
- avoidance of litigation and fines
- customer satisfaction and experience improvements
- increases in revenue and profitability
- improvements in contact centre operational performance, and cost reduction.

Customer interaction analytics offers huge opportunity to gain business insight, improve operational efficiency and develop agent performance. In fact, the list of potential applications for this technology is so high that businesses could be forgiven for being confused about how to target and quantify the potential business gains.

Organisations using analytics were asked how useful the solution was for improving various aspects of the customer experience, either directly, or through improving internal processes which then had a impact upon the overall customer experience. The findings are significantly more positive than they have been in the past.

Figure 5: Usefulness of analytics for improving CX



CLOUD-BASED CONTACT CENTRE SOLUTIONS

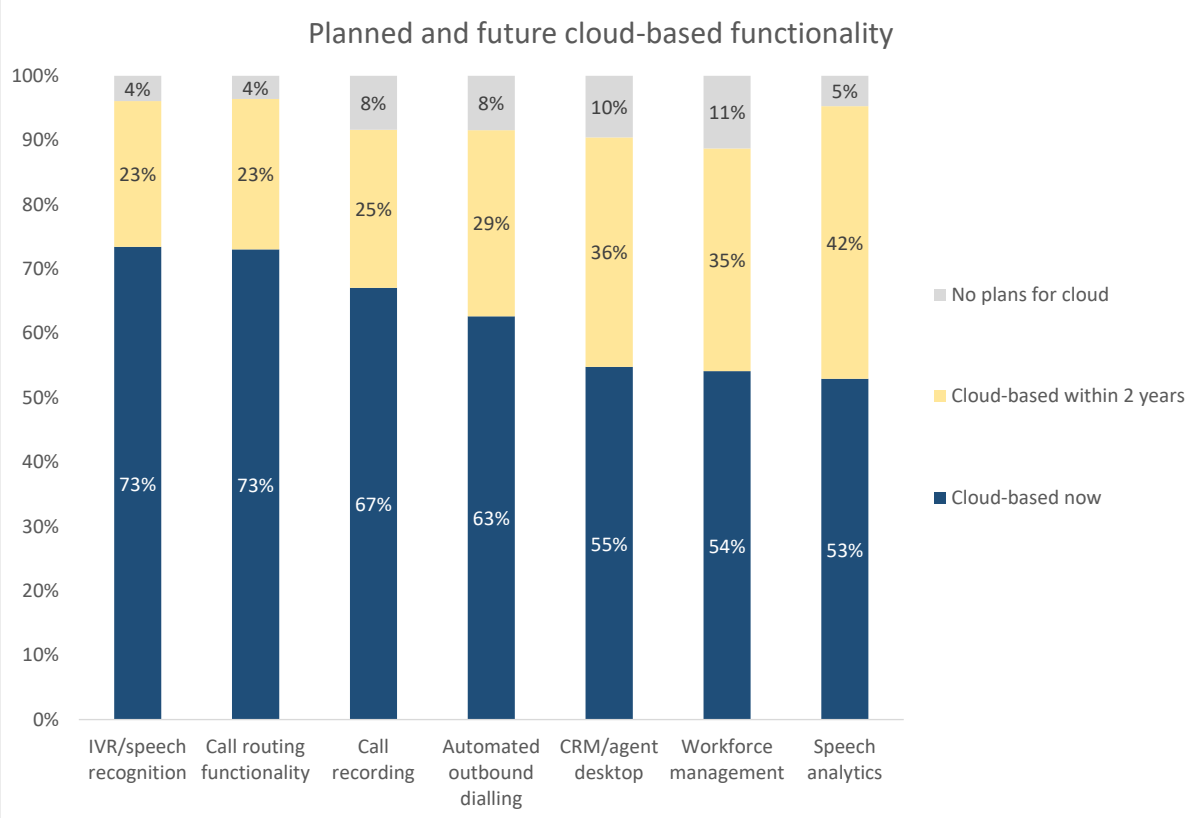
Survey respondents were asked about the contact centre functionality that they had within the cloud, and what their plans were for the next two years. The chart below shows only those respondents that actually use this technology, regardless of which deployment option they use.

IVR / speech recognition functionality is the most likely solution to be deployed through cloud-based solutions, with call routing and call recording also used extensively in the cloud. For the first time, the majority of all of the functionality surveyed here is now being delivered through the cloud.

Respondents expect to see significant extra amounts of their functionality being delivered in the cloud by the end of 2025. Respondents indicate that their cloud-based deployment of CRM, WFM and interaction analytics will increase greatly within two years.

There is still a small proportion of survey respondents that have no plans to move to the cloud, but these are decreasing each year.

Figure 6: Planned and future cloud-based functionality



Those contact centre respondents who have actually implemented a cloud-based solution have generally found that it has delivered significant advantages.

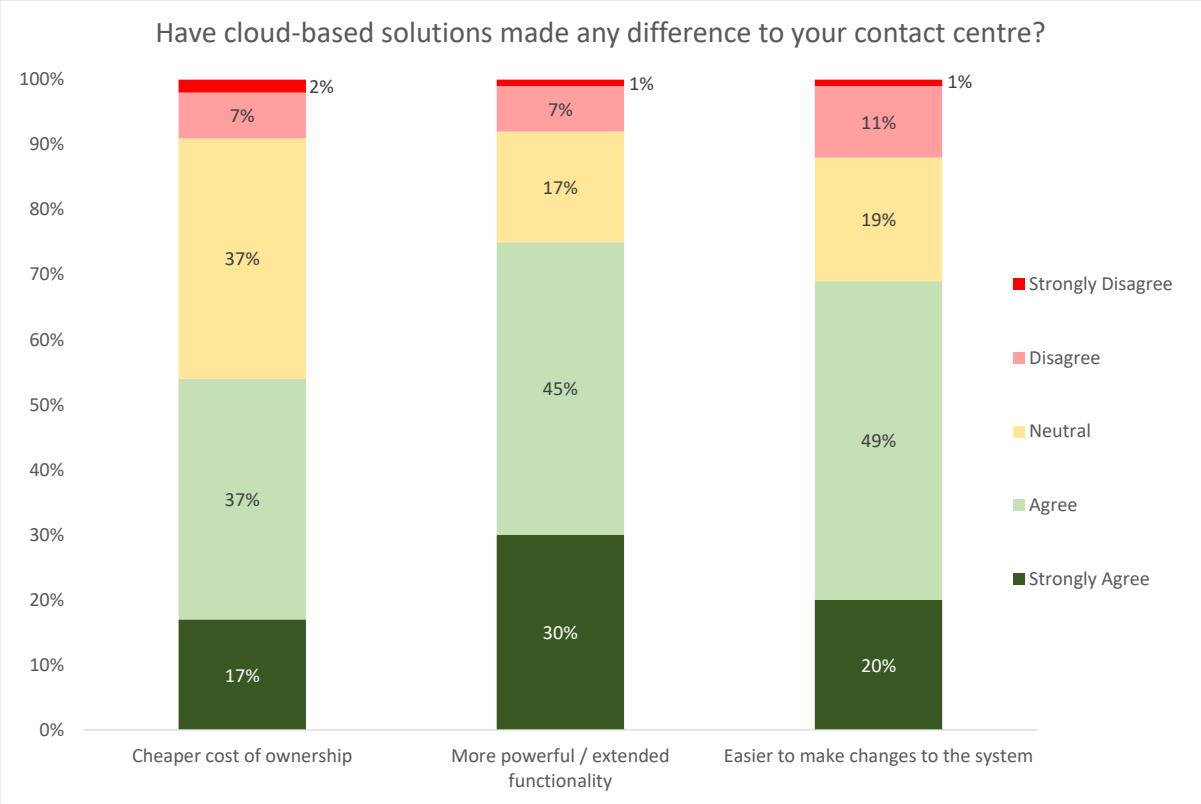
54% of respondents stated that cloud-based solutions had given a cheaper overall cost of ownership of their contact centre technology, although 9% disagreed, usually not strongly.

75% experienced more powerful extended functionality in a cloud-based environment, with only 8% disagreeing that this was the case.

69% of respondents stated that cloud made it easier to make changes to the system, with 12% disagreeing.

Despite different companies taking part in this research each year, the findings have been consistent for many years and readers can treat these with some confidence.

Figure 7: Have cloud-based solutions made any difference to your contact centre?



WORKFORCE MANAGEMENT

Workforce management solutions (WFM) can perhaps be seen as the core element to the workforce optimisation suite, and has developed over time into a sophisticated tool for forecasting interactions across multiple channels and scheduling based on agent skill-sets and diverse locations, reacting automatically in near-real-time to allocate resource to where it is needed most.

Recent years have seen a resurgence in investment in workforce management solutions, often driven by the increasing requirement to handle ever-growing volumes of digital interactions, as well as a rise in remote working and managing employees' greater expectations of flexible working patterns.

The acknowledgement that the customer journey is not only restricted to the boundaries of the contact centre has encouraged vendors and organisations to look at extending workforce management capabilities into the back office, branches and the mobile workforce as well.

Workforce management solutions have to deal with environments which have become much more complex in order to cope with the reality of the work that is being presented to agents. For example, all agents require good listening ability, familiarity with keyboard and IT skills and a knowledge of the business they are working in, but more now need a pool of in-depth and specific skills to be available in order to satisfy customers fully, including:

- Familiarity with either specific customers (e.g. account management) or customer sub-sets (e.g. commercial vs. domestic products)
- Specific product or technical knowledge
- The right level of agent experience and empowerment for the customer
- Language skills (both in domestic and international markets)
- Ability to deal with digital interactions (either in real-time - such as web chats - or offline, such as emails).

Fulfilling service levels while managing costs is an iterative cycle, requiring several key processes to be completed. Feedback from each stage means that the enterprise can continually improve its efficiency and become more confident in future predictions.

The modern contact centre not only requires the basics of having enough people to answer interactions in a reasonable amount of time, but is increasingly demanding more sophisticated functionality such as the ability to forecast and schedule agents in near-real time, handle virtual contact centre, mobile and homeworking resource, accurately allocate staff resource across both digital and voice interactions, consider how the use of voicebots and chatbots will impact on interactions requiring a live agent, and increasingly include back office activities within scheduling as well where relevant.

TECHNOLOGY INVESTMENTS FOR CX

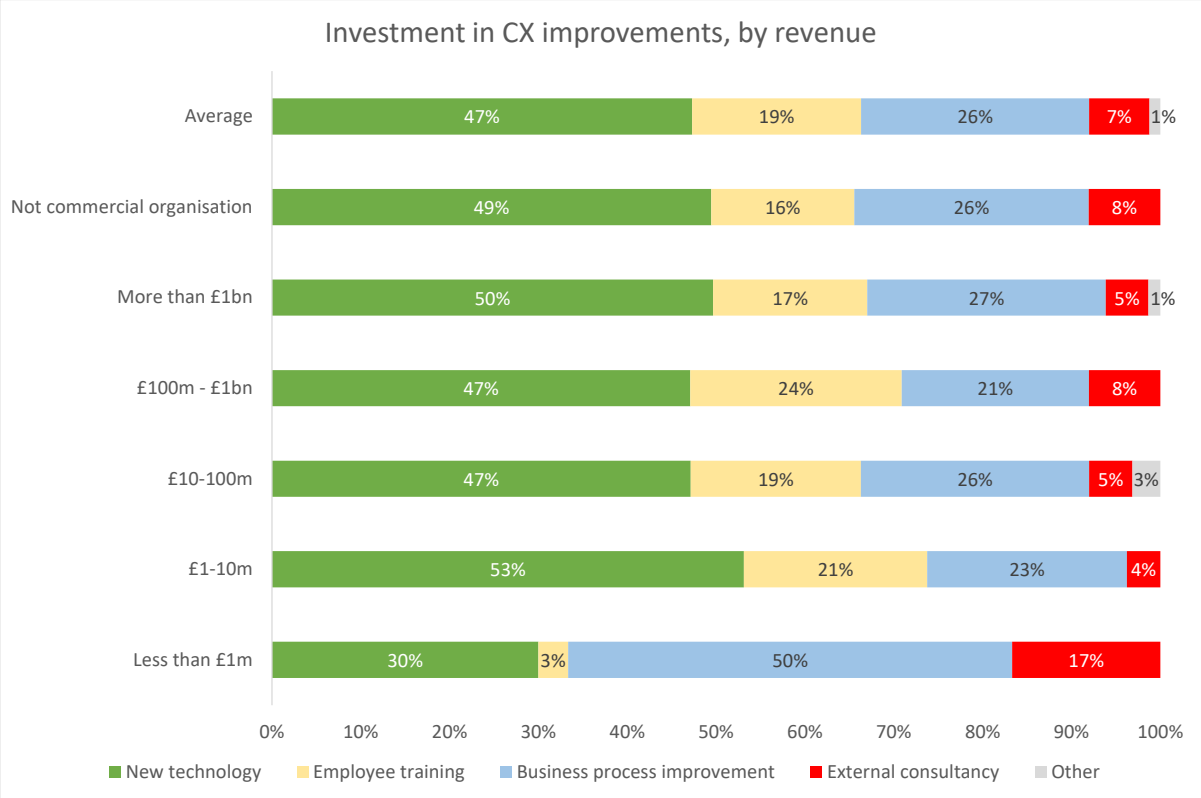
Survey respondents were asked to describe the allocation of their investments in customer experience improvements, considering new technology, training of employees, business process improvements and fees paid to external consultants.

'Other' spending includes:

- Benchmarking
- Customer research
- In-house development on existing platforms
- Integration
- Internal consultancy.

Across the whole of the survey respondent base, investments in technology were considerably higher than that of investment in business process improvements.

Figure 8: Investment in CX improvements, by revenue



It is worth noting however, that only 39% of CX technology investment is aimed at the telephony channel, despite accounting for 70% of customer interactions. Telephony is still seen as providing the gold standard of customer service, and businesses should be careful not to neglect this channel in the rush to move customers to self-service or automation.

ABOUT CONTACTBABEL

ContactBabel is the contact centre industry expert. If you have a question about how the industry works, or where it's heading, the chances are we have the answer.

We help US and UK contact centres compare themselves to their closest competitors so they can understand what they are doing well, what needs to improve and how they can do this.

The coverage provided by our massive and ongoing primary research projects is matched by our experience analysing the contact centre industry. We understand how technology, people and process best fit together, and how they will work collectively in the future.

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Free research reports available from www.contactbabel.com (UK and US versions) include:

- The Inner Circle Guide to Agent Engagement & Empowerment
- The Inner Circle Guide to AI-Enabled Agent Assistance
- The Inner Circle Guide to Chatbots, Voicebots & Conversational AI
- The Inner Circle Guide to Cloud-based Contact Centre Solutions
- The Inner Circle Guide to Customer Engagement & Personalisation
- The Inner Circle Guide to Customer Interaction Analytics
- The Inner Circle Guide to First-Contact Resolution
- The Inner Circle Guide to Fraud Reduction & PCI Compliance
- The Inner Circle Guide to Next-Generation Customer Contact
- The Inner Circle Guide to Omnichannel
- The Inner Circle Guide to Omnichannel Workforce Optimisation
- The Inner Circle Guide to Outbound & Call Blending
- The Inner Circle Guide to Remote & Hybrid Working Contact Centre Solutions
- The Inner Circle Guide to Self-Service
- The Inner Circle Guide to the Voice of the Customer

- The Australia & New Zealand Contact Centre Decision-Makers' Guide
- The UK Contact Centre Decision-Makers' Guide
- The US Contact Center Decision-Makers' Guide
- The UK Customer Experience Decision-Makers' Guide
- The US Customer Experience Decision-Makers' Guide
- Exceeding UK Customer Expectations
- Exceeding US Customer Expectations

- UK Contact Centre Verticals: Communications; Finance; Insurance; Outsourcing; Retail & Distribution; Utilities
- US Contact Center Verticals: Finance; Insurance; Outsourcing; Retail & Distribution.