THE ROLE OF THE CONTACT CENTRE IN THE FINANCIAL SERVICES SECTOR

GENESYS

nextiraOne

A PLATINUM EQUITY COMPANY

INTRODUCTION

The past decade has seen the financial services industry emerge as one of the toughest and most competitive markets in the world, with cost structures being challenged, margins being slashed, new competition emerging from every direction, and customer loyalty evaporating. Finance companies have had to compete aggressively or disappear entirely.

The complexity of the industry has grown massively as well. The deregulation of the banking and insurance industries has encouraged competition from non-traditional sources, but the actual regulations and rules that finance companies have to comply with are greater than ever. Data protection and customer privacy is watched closely, and failures in corporate governance and accountability can severely damage companies or even entire markets.

This white paper looks at the key issues affecting financial services companies globally: although there are differences between finance sub-sectors, there are key structural issues which run throughout the whole financial services industry, crossing borders, industries and organisations. This white paper will address four of the most important issues facing the financial services industries today, and show how a credible and experienced partnership like Genesys and NextiraOne offer the skills, tools and solutions to help the financial sector master these issues and build future success.

The areas which the white paper covers are:

- **Improving customer satisfaction, loyalty and lifetime value**
- **Maximising profit on every contact, while managing cost**
- **Providing a consistently high level of service across locations and time-zones**
- **Managing the multichannel experience for the customer and business**

IMPROVING CUSTOMER SATISFACTION, LOYALTY AND LIFETIME VALUE

In a recent survey of almost 200 contact centre directors and managers[1], improving customer satisfaction was rated as the most important issue that the contact centre faced – higher than reducing costs or staff attrition rates.

This is a big change from the way contact centres (and many businesses) used to be run, where the customer found it hard to change supplier, didn't have many alternative products or services to choose from and consequently stayed with the same supplier for a long time without much effort needing to be expended by the company. Of course, the world is different now – an increase in choice, customer awareness, and competition means that as prices have come down businesses have to fight harder to win and keep their customers. The key for many companies now is in increasing the number of products the customer purchases, keeping them loyal, and thus increasing their lifetime value.

How can the contact centre help with this?

Firstly, businesses need to understand what makes a customer satisfied. For most contacts and most customers, there are four main criteria:

- **the call/contact is answered quickly**
- **the customer is connected to the right contact first time**
- **the query is dealt with quickly and correctly**
- **the relevant information about the customer is available at all times**

This will satisfy most customers, although you may have to go further to make a real impression on them: showing a thorough understanding of their situation, suggesting the right ways to help them that they haven't even asked for and of course, having a courteous, friendly and empowered agent. It has been proved that an "exceptionally satisfied" customer is six times more likely to buy than one who is merely "satisfied"[2]. The next step is to sell additional timely and relevant products and services to this happy and loyal customer, thus increasing products per customer, lifetime value and profit.

[1] ContactBabel, "The Contact Centre Operational Review – 2nd edition", (November 2004)

[2] Harvard Business Review: "Why Satisfied Customers Defect", Jones & Sasser

WHICH SOLUTIONS ADDRESS THESE ISSUES?

Issue	Solution
Answering calls quickly	Short queuing times mean that the customer is more likely to be in a good frame of mind, which makes the agent's life easier and cross-selling/up-selling more feasible. This relies on the availability of agents to take calls, which in itself is a product of average call length and the success of any call avoidance strategies which are in place. CTI applications which pop the customer's details on the screen before the conversation begins have been shown to reduce call lengths by over 15 seconds on average, making a considerable overall saving. Even bigger savings are possible if certain transactional calls (e.g. balance enquiries) are dealt with automatically, freeing agents up for more complex work.
Dealing with the customer first-time	Customers who keep calling back become frustrated and prone to defect to competitors. Being passed around the contact centre is also disliked, even if the query is finally dealt with. Much better is to identify the caller (e.g. through capturing customer data in an IVR, or through their calling line identity), what their query is likely to cover, and pass the call through to the right agent (e.g. one who speaks the same language, has spoken to the customer before or who has a good understanding of the issues to be discussed). This way, the customer gets a good response, the agent feels happy to have helped and the call length is likely to be shorter than usual
Keeping call lengths short	Short call lengths can be part of a virtuous circle: short calls mean more agents available, which means shorter queues, which means happier customers. Also, dealing with the initial part of the call quickly means customers will be happier to spend some time talking to agents about other products and services
Making successful cross-sell and up-sell offers	A sales pitch tailored and personalised to a customer's specific interests and needs is far more likely to succeed than a "one size fits all" approach. The most powerful contact centre solutions can be linked to a company's CRM and other back office systems, providing real-time and relevant information about the customer and their needs, supporting the agent with their cross-sell or up-sell sales pitch

Keeping customers satisfied, loyal and willing to buy new products requires an holistic approach to customer management. It is not enough to tack a sales script onto the end of every conversation and hope for the best. The customer requires an efficient and effective interaction before they will even consider buying more from a company, and even then, they will respond much better to a personalised enquiry which shows they are truly understood and valued by the company. The ultimate aim of the customer management system is to build a relationship which is based upon personal value and benefit. Using CTI applications such as screen popping and skills-based routing will cut call duration and queuing times, and will mean the customer gets in front of the right agent. Linking contact centre solutions with business information applications (such as CRM and ERP) means that any cross-sell or up-sell opportunity is improved, as the agent is fed with the right information in real-time, a major advantage in winning, knowing and keeping a company's most profitable customers.

Case Study: Swiss Life

Swiss Life's 120 agents are fluent in at least one of the three official Swiss languages – French, German and Italian. The company's research shows that most clients just want to deal with one person per call, who can deal with everything. However, Swiss Life found that a significant number of calls were being lost or were abandoned by customers tired of waiting for an agent to become free.

Using Genesys software as the focal point of a merged front-end and telephony solution, automated routing strategies based upon the caller's regional location, the agent's language skills and product knowledge has ensured maximum use of resources, and allows changes to be made in real time. The result has been a 50% increase in agent availability, which has led to higher customer satisfaction levels, higher customer retention rates and increased up-sell opportunities.

MAXIMISING PROFIT ON EVERY CONTACT, WHILE MANAGING COST

Contact centres were originally set up to reduce the cost of communicating with customers, and their success was measured through calls per hour, cost per call and other efficiency-focused measures. Although times have changed, when considering any technology investment the ultimate question is still "Will it save money?".
The reality is that, without a positive and demonstrable answer, the investment will almost certainly not happen, so all contact centre solutions still have the need to show that their return on investment is based on proven cost reduction and a manageable total cost of ownership.

This is especially true in the financial services industry, where intense competition, the cost of complying with regulations, multiple channels to market and higher customer expectations have placed increasing pressure on profit margins.

How can the contact centre help with this?

Firstly, businesses need to decide whether the interaction even requires being passed to the contact centre – low-value, simple interactions such as balance enquiries can be dealt with cost-effectively through self-service, or through offshoring. However, potential cross-selling and up-selling opportunities are lost, as is the chance to learn more about the customer. Lower value customers may also be passed to a low cost option in order to keep them profitable.

If calls are taken by the contact centre, they need to be kept as short as possible, while still achieving a successful resolution. There are cases of contact centres being so focused on short call durations that agents are encouraged to put the phone down if the call is dragging on. This is why call duration metrics should be placed alongside first-time call resolution rates in order to balance efficiency with effectiveness.

It's not just call duration that impacts on the cost of the contact centre. Without accurate forecasting and scheduling of staffing levels, there is likely to be excessive idle time or very long queue times – bad for the business and the customer respectively. Of course, it's not always possible to forecast with total accuracy, which means that sometimes agents will be left without calls. At such times, agents could be put onto outbound work, whether sales, service or collections. The opportunity to utilise non-contact centre based personnel to answer specialised or routine enquiries is available when the contact centre is based upon IP. By spreading the range of the contact centre to branch environments or other identified staff both within the office and homeworking, many benefits are possible including optimising workload, human resources and cost control. This potential innovation could change the way retail financial organisations work in the future by integrating customer management operations into the day-to-day work of an entire organisation.

For many financial services companies, the back office operations account for a high proportion of overall cost, so any method of reducing back office costs through front office (contact centre) improvements should be looked at closely. Many processes started by the contact centre (e.g. chequebook requests, insurance purchases, change of address, etc.) trigger processes in the back office, and leading solutions offer the flexibility for a contact centre event to launch and manage a back office process through its entire lifecycle, reducing the need for human intervention and thus lowering cost. It is therefore very important that the solution provider responsible for providing and specifying the contact centre has an understanding of the business processes which underpin the organisation. For example, the flow of information within the insurance sector is a crucial factor in the success of the business in managing claims and assessing information. To realise the benefits of investment in Customer Relationship (CRM) systems it is important that the solution provider understands the end–to-end business process and the way the company operates so that the technology becomes a facilitator and underpins the customer management process.

WHICH SOLUTIONS ADDRESS THESE ISSUES?

Issue	Solution
Would interactions be better served outside the contact centre ?	CTI and IVR applications support the identification of the customer, his/her lifetime value and their likely query. Decision support systems can then indicate the most profitable channel or agent for the customer, and route the interaction accordingly, thus trying to maximise profit and manage cost.
Leverage the contact centre to reduce costs in the back office	Front office actions which affect the back office can trigger an automated workflow process. This launches and manages a back office process through its entire lifecycle, reducing the need for human intervention and thus lowering cost.
Keep cost per call low, but make sure they are being dealt with effectively	Through the correct identification of the customer and call routing strategies, call lengths can be reduced, increasing agent utilisation, and decreasing the requirement for more agents. Interaction recording and management information systems can make sure that the agents are dealing with the call effectively as well.
Maximise the available agent time	Workforce management systems improve the chances of the contact centre being staffed with the right number and type of agent. If there is any available idle time, using call blending technology will allow agents to be shifted seamlessly onto outbound calling until they are required to take inbound calls again, although the skills of the agents certainly need to be taken into account as well. For dedicated outbound campaigns, dialling technology increases agent efficiency and live calls through various levels of automation, from simply getting rid of the need for manual dialling, to predicting when an agent will become free.

Another key issue is that while innovative solutions attract interest, they are often held back by fear of failure and worries about expenditure. To be able to trial and use cutting-edge functionality, or to simply optimise the existing solution, are options which contact centres now have through the latest generation of managed services solutions, which provide:

Control

- Predictable costs linked to the demands of the business
- Access to experts in a wide range of technical and business domains required to achieve the best performance in the contact centre environment
- Real-time access to management systems such as on-line service portals to control the quality and levels of service delivered
- The business runs the application, the business logic, and holds the data itself: the things which are competitive differentiators

Choice

- Take an a la carte approach to services: choose which ones to begin with and then expand the range as confidence and business needs grow
- Offer superior automated and/or human service as the need arises
- Run applications on existing premises investment (regardless of switch type)
- Can trial new technologies and functionality (e.g. speech recognition) more simply and without capital expenditure

Intelligence

- Provision of real-time information relevant to business
- Use business analytics applications to optimize long-term commercial activities, help create market differentiation or enhance productivity

This means businesses have to choose technology and integration suppliers with a commitment to open systems and future-proofing, as well as those that can deliver solutions either via a managed service model or through the more traditional CPE (customer premises equipment) route. A structured approach to scoping, deploying and optimising solutions as well as knowledge of integration with back office processes is also critical – the contact centre's boundaries are being broken down, and the effects are felt throughout the business.

Case Study: PNC Bank

PNC receives and responds to over 130,000 calls per day, of which over 25% are handled by 'live' agents. Until the Genesys solution was implemented, any one of the 650 agents could end up taking any call. PNC has a wealth of information about their customers, and by segmenting and routing customer calls based on customer and agent information, cross-selling and up-selling opportunities are increased, as well as between 12 and 30 seconds being cut from the average call length.

Case Study: Allianz

Allianz has 750 employees in the Czech Republic, but its ageing telephony systems meant that it could not support customer's requirements for self-service, nor was the agent performance as high as required. NextiraOne implemented a new 50 seat contact centre with ACD and IVR, and immediately improved performance, with 95% of calls being answered within 15 seconds, and a far higher number of calls being cost-effectively handled overall due to the new IVR system.

PROVIDING A CONSISTENTLY HIGH LEVEL OF SERVICE ACROSS LOCATIONS AND TIME-ZONES

Over the past decade, one of the most prevalent dynamics in the whole financial services industry has been merger and acquisition activity. Aimed at gaining economies of scale, commercial power and reducing costs through deduplicating similar processes, M&A has seen many smaller operations swallowed whole as large financial services institutions move towards a full-service model – offering multiple products ranges (insurance, mortgages, current account, savings, etc) under a single banner brand. This has thrown up many challenges for those responsible for the merging of companies, especially those in IT and operations. Most financial services companies have had to (or still) cope with different IT and telephony infrastructure, hardware and software across multiple locations, which may not even be in the same country.

Added to this is the recent phenomenon of offshoring, especially to Africa, Eastern and Central Europe, India and the Philippines. Much of the work moving from Western countries like the US and UK has been back office, but increasingly, companies are taking advantage of the low salaries on offer to offshore contact centre agents (which can be a low as 10% of that of a Western agent) to shave costs further. Most businesses which use offshoring still retain considerable capacity in their domestic contact centres, which are best run alongside the offshore operations to form a single virtual contact centre.

How can the contact centre help with this?

It is more cost-effective to gain economies of scale by having a single 1,000 seat operation than it is to have 20 stand-alone contact centres of 50 seats. There are some distinct advantages to having a larger operation:

- Calls can be spread more evenly between agents, making it fairer and providing the customer with a better service
- It is easier to forecast and schedule call volumes and required agents
- Management information is more readily available which accurately reflects the whole business
- Because there are more agents, there are likely to be more skillsets available to choose from (e.g. language or product knowledge)
- Call routing costs between sites can be expensive

By implementing a solution which uses open systems and which adheres to agreed standards of interoperability, businesses will be able to make the switch from multiple proprietary site-based systems to a single, open, virtual contact centre, which can be managed as a single entity, regardless of location.

IP-based contact centres – where all voice and data run on a single network – allow customers to take a “best of breed” approach with their choice of hardware and software vendors to create a modular solution for their contact centre. Advances in standards such as the Session Initiation Protocol(RFC 3261)enable telephony applications to interface with each other and provide functionality that used to be only available using proprietary infrastructure hardware. This increases the flexibility and functionality that multiple site contact centre operations can experience, and avoids the dangers of vendor lock-in, complicated upgrades, and expensive maintenance costs.

The virtual, IP-based approach releases financial service contact centres from the shackles that M&A activity may have forced upon them, allowing them to plan for the future, rather than spend all of their time and resources trying to integrate their existing systems.

Case Study: Zürcher Kantonalbank

Zürcher Kantonalbank, Switzerland’s third largest bank, previously had a telephone infrastructure which was based on over 100 different communications systems, with some being too outdated to be upgraded.

The bank specified a single, scalable system, using a standard hardware and software platform. NextiraOne linked the bank’s 90 offices through a virtual network, set up a small contact centre for IT fault reporting, and linked the existing 200-seat service contact centre into the network, which also acts as a routing pool for the whole bank.

Case Study: Shinko Securities

Shinko Securities, the fourth-largest securities firm in Japan, implemented a CRM strategy, of which the first part was to establish a contact centre, in which Shinko Securities implemented Genesys' screen popping and outbound applications.

The CRM system had to support three primary channels – the 99 branch offices nationwide, the contact centre and the Internet channel. Each is managed in an integrated fashion, allowing consistent support regardless of communication method. The number of calls handled almost tripled over 2 months, to about 2,000 per day, although the contact centre's response rate has been nearly perfect, with fewer than 1% of calls lost.

MANAGING THE MULTICHANNEL EXPERIENCE FOR THE CUSTOMER AND BUSINESS

The average financial services company will offer access to the customer through many touchpoints:

- Physical branches
- Telephone (live agent)
- ATM (automated teller machine / cashpoint)
- Internet banking
- IVR (interactive voice response, through either touchtone or speech)
- Letter / direct mail
- Email
- SMS (short messaging service)
- Website (url)

Others may use even more channels, such as fax, interactive television, field sales forces, kiosks, text chat and web collaboration, amongst others. No other type of business has so many channels, and also has to keep 100% security in every instance.

It is a daunting task, especially when considering that finance companies need to provide the same high level of service and security across all channels, as well as learning as much about the customer as possible and choosing the right time and message to cross-sell and up-sell to them in order to make them profitable.

How can the contact centre help with this?

For many financial services businesses, the contact centre is now the main route to the customer, whether through inbound or outbound calling. The contact centre provides an excellent opportunity for person-to-person interactions at a reasonable cost per contact, encouraging customer loyalty and cross-/up-selling prospects. However, talking to an agent is still a great deal more expensive than other automated alternatives, such as IVR, web self-service and automated email response, which can be as little as 10% of the cost of an agent-handled call.

The challenge is to offer a mixture of channels for the customer to use, while trying to encourage them to use the ones that are right for the business.

Despite analysts' predictions in the late 1990s, multimedia contact is still in its relative infancy. There are some important reasons for this, some of which still have to be addressed:

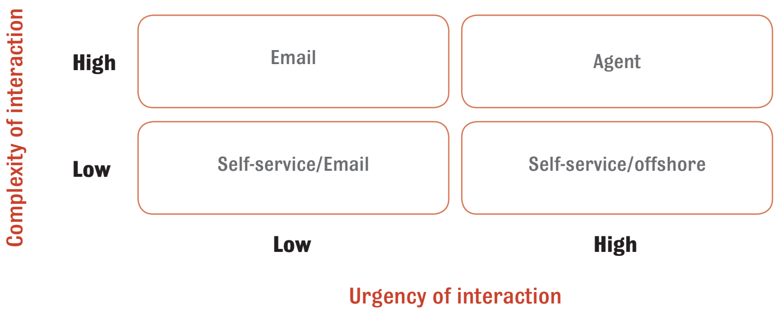
- Email support offered from most companies was and is still often very poor, meaning customers would try email, not get a response, and then call the company anyway (unless they went to a competitor in the meantime). The customer would not use email again, and would be likely to take this negative attitude to other companies too

- PC and especially broadband penetration was much lower than it is today, holding the market back from using non-voice communication

- Email looks good for the company as it has a low cost per interaction if all or part of the reply process is automated, but there has not been a good enough reason for consumers to use it in the past. This has not only been due to poor response times, but also as it is much more difficult to enter into a conversation, required if the initial answer does not fully meet the customer's expectations or it throws up another question

Self-service has the advantage of offering an immediate response, but one cannot enter into a conversation with the customer. However, it is of great use for simple interactions which can be repeated (e.g. balance checking, brochure ordering, etc.), and in most cases has a definite and easily provable return on investment.

The business needs to understand how the various elements fit into the customer service jigsaw.



For example, email could be a good way to deal with non-urgent responses, while self-service can handle many simple requests. Live agents are definitely the best for handling urgent, complex requests, although simpler requests may be handled offshore for now.

The challenge is not so much to offer these channels, but to support them effectively by identifying the issues raised and passing them to the right channel to deal with them effectively, while managing costs.

WHICH SOLUTIONS ADDRESS THESE ISSUES?

Issue	Solution
Encourage low value calls and customers to use an inexpensive channel	Using CTI to identify the caller profile and the type of enquiry allows the business to route the call to the relevant place. For example, those customers with a high propensity to churn may be routed to the most persuasive agent, whereas those with borderline profitability and little chance of being upsold to may be routed to a cheaper channel, such as IVR or offshore
Interactions which use live agents should be dealt with by the right person in the shortest amount of time	Having separate queues for telephone calls, text chats, emails and other interaction types can mean that some agents get overworked while some sit idle, which does not help customer satisfaction ratings or profit either. Using a universal queue which identifies the content of each incoming interaction – regardless of the channel – allows the business to route interactions to the right agents based on their own business rules, rather than relying on an ad-hoc approach to non-telephony work
Provide a consistent self-service experience regardless of channel	Create a consistently high customer service experience through self-service channels which are easy to use and which contain the information customers need. Having a single knowledge base which can be accessed by both agent and customer, via both web and phone means the customer experience is more consistent, as well as reducing application development costs
Increase the power and ability of voice self-service beyond that which simple touchtone IVR can offer	**Implementing speech recognition allows:** · Improved background noise cancellation and filtering, essential for a customer base which is increasingly communicating with businesses via a mobile device · Increased support for more languages and dialects · Improvements in the persona and tone of the speech recognition unit. Specific personalities and voices can be chosen, depending upon a client's preferences · Biometrics and voice authentication can run alongside or instead of passwords/passnumbers for added security · Businesses are no longer restricted to a few options – some investment banks use speech recognition to give stock quotes on tens of thousands of stocks

Case Study: Nordea

Nordea is the largest banking and insurance group in the Nordic region, operating 14 contact centres across Denmark, Finland and Sweden. Around 3 million of Nordea's customers use telephone and Internet banking.

Nordea's contact centres needed a single platform that would enable them to provide the same high level of service, regardless of the media by which their customers contact them. Six of the contact centres were linked into a single virtual contact centre, and used the Universal Queue to deal with the routing of all contacts, regardless of media. Of the 44 million calls received by Nordea each year, over 85% of them are handled by IVR.

The day that the Genesys Enterprise Routing Solution went live in Gothenburg, Nordea took 25% more calls without employing a single extra agent.

HOW GENESYS AND NEXTIRAONE CAN HELP

Worldwide, Genesys is the no.1 provider of contact centre software. It delivers hardware-independent, real-time customer interaction solutions to many of the world's largest companies and many of the most successful medium-sized businesses.

NextiraOne is a leading multinational vendor-independent provider of integrated enterprise network solutions and services. It is the leading independent provider of communications solutions, and the no.1 integrator of customer contact and IP communications solutions in Europe, with over 150,000 agents supported via its deployments across Europe. To serve the specific needs of the financial services industry, NextiraOne has built a pan-European vertical finance team with dedicated resources, skills and management.

TOGETHER, NEXTIRAONE AND GENESYS PROVIDE:

- Global presence, with local service and solution knowledge and delivery
- Dedicated financial services-specific knowledge and management
- Support for open systems and standards, future-proofing your investment – Genesys can be integrated into any infrastructure
- Powerful, best-in-class contact centre applications
- Ongoing support through NextiraOne's strong local support services
- A choice of CPE or managed services solutions, to suit your investment decision
- The flexibility, experience and functionality to integrate seamlessly with leading CRM, ERP and legacy contact centre solutions
- A shared vision of the future for the financial services industry, and the presence and commitment to make it happen.

This white paper was compiled by ContactBabel on behalf of NextiraOne and Genesys. ContactBabel is a UK-based analysis firm focusing upon the global contact centre and CRM industries. Both contact centres and solution providers use ContactBabel's industry expertise to develop strategies based on our primary-research driven reports and consultancy projects.

ContactBabel was set up in 2000 by Steve Morrell, a leading expert on the UK contact centre and CRM industries. Steve has been widely quoted in industry journals, is a judge for the European Call Centre of the Year awards, sat on a government Steering Committee to determine how contact centres can alleviate long-term unemployment, is co-author of the DTI's report on the future of the UK contact centre industry and has written "20:20 CRM – A Visionary Insight into Unique Customer Contact", a book read by over 30,000 contact centre managers and directors worldwide.

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