Digital Transformation
Accelerate the pace of change to the "DIGITAL Enterprise"

White Paper

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Why Read This White Paper

FTSE100 are facing an unprecedented challenge, not from their competitors but from New Customer Expectations – Millennials, empowered customers and increased demand wrt how customers choose to fulfil their needs for a product or service and engage with a business.   Businesses realised quickly the need to transform and go digital or die, but how could an enterprise not born digital transform, and transform rapidly?

Enterprises continue to face increasing pressure to evolve and engage customers digitally in an era where Tech adoption of an APP can reach 50 million in 30 days. They are forced to compete on the very public playing fields of customer service with the likes of Apple and Amazon which are for most customers today the standard of quality they expect irrespective of business type. Any deficiencies or mistakes are quickly scorned socially by customers. Just like Blockbuster and Netflix, or Kodak and digital cameras before; what if a Google moves into your vertical?

S&P 500's have seen massive changes, since 2000 > 50% have left; by 2027 it is predicted that 75% will be shifted or die out entirely. Enterprises who are not born digital must transform to survive, the pace of obsolescence is increasing. Read on for a strategy to accelerate the pace of change.

What is digital transformation?

The digital enterprise is not Omni channel; it is a journey, and a framework enterprises need to embrace. To succeed an enterprise needs to move their transformation thoughts from a start, beginning, middle and end. **Digital is a journey that does not end and one that is mobile centric.** The theme is the smart phone, which is critical and central to everything that an enterprise will accomplish from a digital transformation point of view. It is your primary device, digital wallet, et al. Digital transformation is not Sci-Fi (Minority report) it is more personal and we need to think of it in this way.

Digital transformation is happening right now!

You do not need to sell it to the CxO, just Google "Digital enterprise" / "Digital transformation" to see what this means and how Enterprises are adopting it. This year alone there were 1872 books on digital transformation published on Amazon.com, everyone is talking about it and the anticipated benefits could be huge.

Anticipated benefits of digital transformation

75% *Lift in customer engagement*

63% *Improved customer satisfaction*

53% *Higher digital traffic*

Source: Altimeter Group Digital Transformation Survey, 2014.

Enterprises are on the journey to digital adoption and many are already executing a digital or Omni-channel transformation strategy. European examples of those who are embracing digital and rethinking services are ING, Barclays Bank, Virgin Money and Liberty Global.

Technology components of the digital enterprise

Digital is Mobile Centric

More people worldwide have access to mobile phones than safe drinking water and electricity

63% *of all Consumer to Business (C2B) was via mobile phones and in the US 53% are smart phones*

90% *of all purchases start online and 77% are from a mobile*

"The use of technology to radically improve performance or reach of the enterprise"

Source: MIT Sloan Centre for Digital Business and CapGemini Consulting

ING's strategy is to earn the primary relationship with the customer and create a differentiating customer experience in today's digital era

Source: ING Analyst Presentations May 13, 2015 Dorothy Hillenius at Bank of America Merrill Lynch Digital Banking Revolution Conference, London. http://www.ing.com/Investor-relations/Presentations/Analyst-Presentations.htm
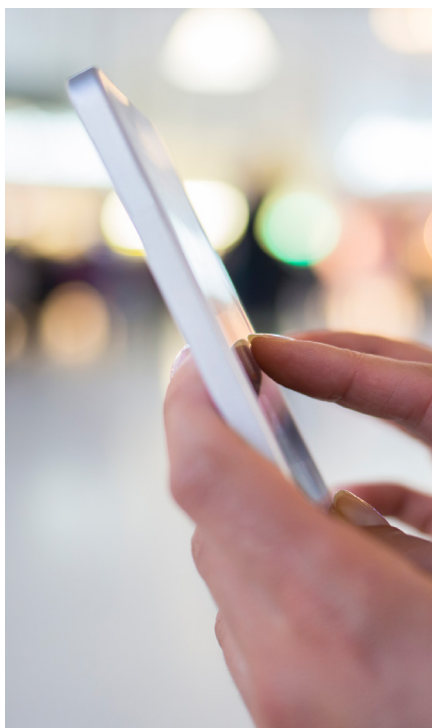
Customer services and the Contact Centre

A contact centre customer service journey may start on the web today but could still lead to a free phone number to get customers in the door via voice, an analogue channel. However the digital customer journey starts with something that is not the 0800 free phone number the **MOBILE APPLICATION and could start with the web or proactive notification, anything but free phone.** We are starting to see a trend where enterprises are also targeting elimination of free phone, as it adds no value to them.

CHASE Bank worked out that 1-800 toll free avoidance would pay for their infrastructure change project alone.

Here a key Contact Centre strategy is to drive low value customers to self-service via the web, chat and social media avoiding free phone costs associated with talking to a customer services agent. Recent research has also shown that consumers prefer self-service, thou they would still prefer to talk to a live agent if they cannot self-heal and resolve an issue. The most frequently asked question on web chat is "Can I talk to you?", and the prominence of voice as a customer service channel has not diminished in the last 3 years. Voice is not going away and is a key primary channel for the most valued customer interactions and engagement. However in 2015 Forrester predicts that

Customer services will start to adopt a Mobile-First Mindset.

Consumers increasingly use self-service channels for Customer Service, 76% used the website. Ahead of voice conversations with a customer services representative or agent via the telephone.

In 2015, companies will increasingly focus on mobile customer service interactions and will provide support for value-added mobile usage scenarios.

Source: Forrester's North American Consumer Technographics® Customer Life Cycle Survey 2, 2014

In the Netherlands, the number of mobile log-ons at ING exceeds online banking log-ons for the first time in the third quarter of 2013.

Source: ING Group N.V. Annual Report 2013.

Enterprise Unified Communications

Enterprises are losing pace with how their employees wish to communicate (BYOD), and one the biggest barriers for mobile UC adoption in the enterprise is that employees have found a way around UC mobile APPs. They don't want to have to unlock there phone then fire up a UC APP in order to then make a call, what they really want is to just make a call native from the mobile.

What is the No. 1 barrier to full adoption of your unified communications system?

"End users have adopted consumer workarounds and ignore our officially supported UC system" was the third most popular response

Which UC features are most beneficial to the business?

"Mobile UC clients" finished near the bottom of responses with only 8% of the respondents identifying it as one of the top 3 beneficial feature

Source: Information Week, 2014 State of Unified Communication survey of 488 respondents

For the last two years running, the largest unconstrained (and growing) cost to enterprises has been Mobile Long Distance spending – According to a recent Gartner survey of COO's. Most don't have a plan for how to contain it!

Contextual in a Big Data Way

Digital Enterprise is contextual in the BIG DATA way a topic that is misunderstood and more to do with **ANALYTICS front and Centre** with tight integration from analytical insight in the solution.

A **customer journey** to fulfil their needs for a product or service crosses many different touch points, people/groups, objects and systems. Today the journey starts on the web with search and for digital the mobile and an APP. Behind this is a services eco system involving both the enterprise and 3rd parties. One which is creating vast amounts of customer data and insight at each touch point, contributing to an ever expanding data lake. Looking to the future enterprises need a plan for the new digital methods such as the IoT, Wearables and the SmartHome/Cities, all of which will be generating and adding to the data lake huge quantities of customer data.

Tapping into the data lake with ANALYTICS for actionable insight, correlation and events is a challenge faced by all businesses today. All of the data is out there, but 80% of the data stored is unstructured, getting to the question of what an enterprise want to do with it and accomplish is key, you may only need part of the data for relevance to your customers and business i.e. just 1%. The value here is that Big data/analytics can kick off proactive events based on this 1%, enabling digital engagement and improving the customer journey and experience by making it more agile, proactive and relevant. Think of this as an **analytically event driven customer experience, a contextual and consistent customer experience that is the next step in the evolution to a personalized experience**, one where the opportunity is to develop an interaction analytics maturity roadmap.

What is Big Data?

"That amount of data or complexity that puts you out of your comfort zone and makes you re-think your current processes" – SAS

One where **AVAYA's Engagement Development Platform (EDP)** and Orchestration (+Snap-Ins; Work assignment, context store, speech analytics) and interaction manager et al. play key enabling roles, delivering the next best offer, next best action or need in the operations environment in under a second.

Powered by AVAYA EDP the Enterprise opportunity is to deliver a new and improved digital customer journey and an experience which is: Social, Local and Mobile, an Omni-Channel customer experience where the customers do not know channels and one in which Mobile devices are more than only one channel.

Prepare by becoming familiar with BIG data solutions such as Hadoop, Watson (IBM) et al. to talk with relevance for topics such as how you search and mine data. Plan for inhibiters to success such as with big data and privacy/ regulatory concerns for personally identifiable data + context. Will-I-Am recently coined a term for our data "Idatity (identity + data) a combination that will become increasingly important i.e. a customer's - attribute repository (Profile: Demographic Info, Product Information, Preference Information and Social Media Information). Here consider that millennials are highly likely to give their data for free in return for a service, they spend less on things and more on experiences.

Social Media

The voice of the customer is louder than it has ever been before, and **social engagement** is seen as a channel to drive quick solutions to customer issues. Social communities are a new way to fix issues and good examples to call out are:

GiffGaff (O2 Telefonica) - Social Community service with most social queries answered by the community members in 90seconds.

Barclays – YourBank which is using social as an ideation engine. "What would you like to see from your bank"?

Source: Lithium.

The immediate business value and ROI for social is call deflection (trending down) to community and self-service. KPIs include value engineering metrics: 1% of the experts in a social media community provide 50% of engagement, the strategy here is to focus on and grow the number of expert influencers. Develop a total community and an on domain experience, one where you own the experience and data (not Facebook, Google, why drive traffic here). Unlocking Influencers (by Klout score et al.) is key wrt who the social consumers trust; Academic or expert 87% to advertising 14%. It is all about establishing trust, consider ranked searches by influence using Klout for example; here a search could only result in tweets from people with a

Wearables took a huge step forward over the past year, shipment volumes will exceed 19 million units in 2014, tripling last year's sales. The global market will swell to 111.9 million units in 2018, resulting in a CAGR of 78.4%.

Source: International Data Corporation (IDC), April 10 2014.

Klout score above 65. Gameification can also be used as an intrinsic motivation reward to influencers (e.g. Gamers.com), here community member ranking is based on these rewards. All interactions however should form a knowledge base that you could tap into at a later date.

Wearables

Beyond this is wearable's, which will be huge! Such as the Apple watch, GLASS and health monitoring. All of these are additional digital methods that Enterprises will need to become well versed in for these digital trends.

Digital transformation a journey not a destination

The Business Model and ascension to Digital starts outside-in with the Digital Customer Journey

Organizations undergoing digital transformation efforts

88% *of executives and digital strategists stated that their company is undergoing a formal digital transformation effort in 2014*

Yet, ONLY **25%** *had mapped out the digital customer journey*

Source: Altimeter Group Digital Transformation Survey, 2014

The focus here is on how to make an experience which allows customers to have more FREE time. By leveraging predictive ANALYTICS AVAYA consulting help's Enterprises to develop transformation plans and examples of how to do things smart. Note the experience paradox, there are so many bad experiences out there it takes 12 positive experience to make up for one negative one. For user experience design we consider the human factors, capturing what you know, don't know, what you don't know you don't know. We have found that what people say in an interview is not what people do via observation, and user needs tone part of our design thinking process, with a focus on the end user needs. Users are dying for experiences, and AVAYA's digital transformation consulting can assist in developing and making the experience more personalized and customized.

There is a need to use analytics to help, we can help you to pick the right data points for the **HUMAN TOUCH?** With **DESIGN THINKING** we consider why people stay even when they have a bad experience and when the user experience is delivery on the brand promise. We consider all the touch points on a user journey and design for simplicity. It begins by designing for the end user journey before, during and after. E.g. what drives calls back to the Contact Centre? The highest Contact Center cost is Human Capital. We can **leverage user research as the tip of the spear** -then- Digital transformation i.e. **"Designing for human performance"** How they use the system today, what are they doing with the system?

The **Primary preparation target for AVAYA is areas where we can impact changes.** You may have already mapped or started to map the digital journey. Here through an As-Is discovery we need to understand your current customer journey maps. We frequently add significant value to complement what has already been done improving the experience at a touch point powered by an AVAYA solution today, or in the future by understanding the end-to-end journey better and enabling a touch point, one mapped during the journey discovery outside of the AVAYA domain today.

A outside-in Customer Journey engagement is typically 1-2 weeks - map to situation and 1 week to map pain points to what AVAYA can effect change to, then taking all of the data and putting this into a map to highlight areas AVAYA can target i.e. a **road to removing customer frustration.** This engagement can extend to measuring the Contact Centre Agent / desktop performance an inside-out approach "leading to benefits derived from desktop and interface re-design"

Here the focus is on making the Agent Experience better.

According to recent studies there are a handful of companies that perform at the top of the employee happiness charts year after year. Studies show that companies that invest in the employee experience benefit on Wall Street

Happy management techniques = happy agents = happy interactions = happy experiences = happy stock price

Source: http://www.forbes.com/sites/blakemorgan/2015/03/04/happy-employees

Customer Lifetime Value

AVAYA's Customer Journey consulting focus is on a key KPI and strategy to improve customer lifetime value (CLV). Enterprises have driven customers from voice to self-service to reduce cost via the web, chat, social and now digital. However a side effect is that Enterprises are losing the personal human sales touch "and customer intimacy" look at the finance vertical and banking, customers now infrequently go into a branch or not at all talk to a customer service representative.

Virgin Money however is opening Lounges across the UK exclusively for their customer to enjoy.

AVAYA consulting is here to help the enterprise re-engage in the digital space and build customer relationships, advocacy and lifetime value. Enabled by our customer engagement solution; ones which are analytics driven, mobile, proactive and relevant, building targeted event based engagement and interactions.

Our Lounges are about more than money and banking - they are designed to be places where our customers can relax and local communities come together. They are all part of our ambition to be a very different kind of bank - one that makes everyone better off.

Source: Virgin Money. http://uk.virginmoney.com/virgin/about-lounges/
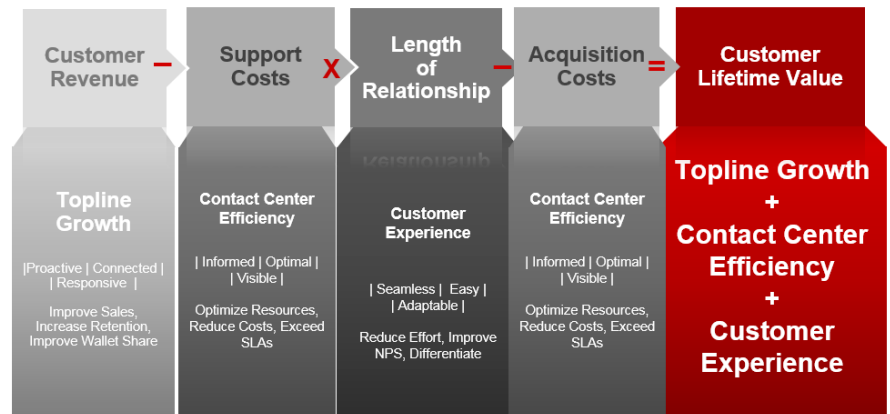
Digital Enterprise references

A great digital transformation example to reference is AVAYA's Global Client Services and those Enterprises born digital i.e. Uber, Airbnb and undergoing transformation such as businesses like Nike vs. Under Armour.

What was core to AVAYA's Global Client Services and our service desk transformation to digital was knowledge centred support. A mix of available technologies with knowledge bringing this to the front line and customer. This was driven with knowledge mapped customer journeys, and is a conversation that can be replicated as a repeatable digital enterprise motion. A Digital customer experience transformation approach: To optimize cost, customer experience and revenue and an experience we can share with you.

For those born Digital look to Uber in San Francisco which now has over 50% of local TAXI business in last 18months, by taking a digital oriented point of view. Nike (Converse trainers) shows us how to adapt to a digital era. Sports APPs - wearable (Shoe), how high you jump, how quick you are, how hard you play, gamification. Fully integrating digital into products themselves Vs. Nike's biggest competitor which is UnderArmour: with Map Fitness et al. Where is Adidas in all of this? are they falling behind.

"What are you doing to constrain customers from doing what they want to do"?

Reference the traditional taxi business vs. disruptive and opposed to what Uber did. One that embraced digital change from the start vs. the laggard traditional Taxi services. But for most great brand experiences such as: Amazon, Google, Hulu, Spotify, Skype, Netflix is the only example of one not born digital (remember - they started by using the post to send/return DVDs)". If the Enterprise was not born Digital pivoting to be as good as one born digital is not easy.

A lot of Enterprises and brands are looking at Uber / Airbnb and thinking they need to be like them. Businesses like Airbnb are been held up as the gold

standard, and many are trying to copy them and throw away their existing business model for how they execute. From a customer services standpoint they do not need Contact Centres for the types of business they are in and some such as GiffGaff rely on social community support. **It is all about using traditional and digital in harmony** a disruptive new model for customer loyalty and the only way to differentiate is through service quality. Here existing Enterprises with established business operations have an advantage, thou you may need to think differently about the digital customer experiences. AVAYA consulting is helping Enterprise design the experience a "CUSTOMER DESIGNED EXPERIENCE".

Accelerate the pace of Digital Enterprise transformation

The reason why most of the industry has not done this today is that many Enterprises spend 80% of their budget on projects in motion e.g. keeping current, break/fix.

The Digital Journey is services led

The digital enterprise journey is complex and service oriented it is also a political problem that most Enterprises have not concurred yet; T**he journey is SERVICES LED** and with AVAYA Consulting together we can **shape the pace of contact centre transformation to make it more digitally oriented.**

AVAYA Professional Services - Strategic Advisory Services Overview
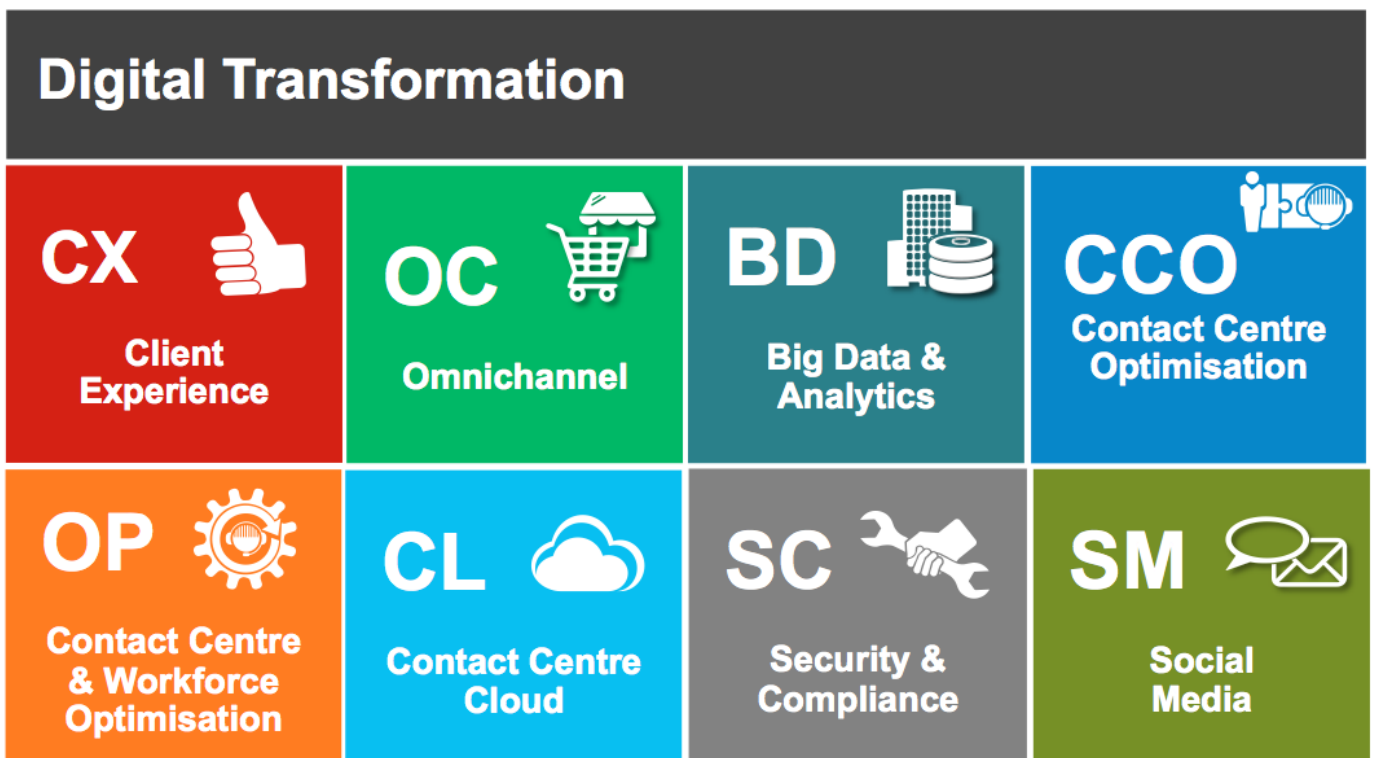
About Avaya

Avaya is a leading, global provider of customer and team engagement solutions and services available in a variety of flexible on-premise and cloud deployment options. Avaya's fabric-based networking solutions help simplify and accelerate the deployment of business critical applications and services. For more information, please visit **www.avaya.com.**

Contact Centre Digital Transformation

This consulting led approach using the As-Is To-Be **(AITB)** framework is aligned and positioned to accelerate the pace of change to digital for our Enterprise clients by also leveraging our established **Analytics practice**.

• Benchmark and Baseline

Current KPI selection and their values are evaluation against best practices and industry peers creating a baseline to measure improvement

• Customer Experience & Contact Centre Performance Analytics

Every building block forming the Customer Journey is analysed by subject matter experts using specialised analytical tools such as speech analytics to unlock insights hidden in unstructured data such as call recordings

• Customer Engagement Transformation

The creation of a seamless, low effort customer journey supported by efficient and well informed business processes

http://www.avaya.com/uk/services/portfolios/professional-services/