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A Report on Business Success:

The Inconvenient Truth About Caring for Customers

By Tom Topolinski

SNAPSHOT

The sheer number of new technology products and services that provide "instant on" access and are marketed as "time-saving miracles" have inadvertently created a new challenge for the companies that produce them; the need for "instant service." Users don't want to deal with issues that complicate resolution, such as communication complexities, indecipherable accents or script readers. They want resolution on the first call. They "want it now" and they "want it for real."

In Short: Client demands have changed. Therefore, support strategy needs to change or companies risk losing customers.



Decision-makers of technology and user support know the importance of customer satisfaction. That has not changed. But getting there and maintaining it has.

Poor support creates negative headlines, reduces brand equity and, ultimately, the business valuation for technology-based companies. Brand equity and valuation are then "held hostage" by how a company supports its users. In today's highly competitive technology market, product offerings are so similar to each other that quality support is often the only perceived differentiator. Two factors that magnify the challenge of providing great support are:

USER BEHAVIOR

- Consumer and business user behavior has gone through considerable evolution due to widespread adoption of life-changing technologies – their expectations and support requirements have risen dramatically
- User behavior has been largely ignored by companies, even though these gradual changes have become a very real concern

SUPPORT STRATEGIES

- During the past five years, support strategies have negatively migrated from user focus to managing expense

- Due to cheaper options, many companies have given into temptations that pushed them into becoming more "expense centric" rather than "user centric," to the detriment of their respective market shares
- Today, many companies are trying to force fit their existing expense-centric support model to this new user support dynamic, but are having trouble doing so and missing the mark with user expectations

Today, both factors combined have created a huge challenge in supporting users. Decision-makers have been struggling to find the right formula for their support strategies. The common dilemma decision-makers have is "how do we provide great support at the lowest manageable cost?" Very few have been able to balance these two concepts in any meaningful way.

The answer is actually simple: understand and cater to your user base requirements; set realistic financial priorities and develop a support plan that incorporates both a user and expense centric strategy, in that order.

The first part of providing great support is to have a strategy that incorporates the consumer and business end-user behavioral changes that have taken place over the past five years. At no other time in history have we seen such a rapid change to people's lives, routines, habits and rituals due to technology offerings. **Do not ignore it.** It's a whole new world when it comes to meeting the user's needs today at a true satisfactory level. Yes, decision-makers of technology and user support know the importance of customer satisfaction. That has not changed. But getting there and maintaining it has.

The second part of a successful support strategy is to provide it within a manageable expense budget. Being able to afford the proper level of support is absolutely necessary to providing the required level to the users in any long-term fashion. Smart companies will understand the support requirements first and then budget accordingly; not budget and then fit the support plan into that budget. Success is not achieved top down, but rather, bottom up.

How Users Have Changed in Behavior

Consumer and business user behavior has changed dramatically in the very recent past due to new product offerings and user adoption of new technologies. There is no reason to believe that it will not continue to evolve. It's best to forget the support machine that industry has been accustomed to – the game has changed forever. In choosing a plan for technology and customer support, regardless of in-house or outsourced, it's imperative to look at the recent revolutions the users have gone through and adjust accordingly. What may seem obvious can have major consequences when viewed through a more holistic lens.

Today's customers are more savvy when it comes to accessing suppliers for purchases, service and support. Users today are considerably more "technology enabled" than they were even a few years ago. Consider the other industries with higher technology touch points and how customers have become "accustomed" to those changes: finance/banking; retail products and health are well ahead of the other industries and have "set the bar" for service and support. Regardless of the industry, what hasn't changed is the impact of the quality of support to brand equity and company valuation.

TECHNOLOGY EVOLUTION HAS CREATED A USER-MONSTER

The evolution of technology products and their impact on consumers and business end-users has taken "a giant leap for mankind." The products available today create a new environment for the users to thrive in. These products allow increased access to everyone, including the supplier. New products have created higher expectations and have given the user a higher level of confidence. This transformation of users has taken place quickly over a very short period of time. Ten years ago, in 1996, most consumers and business employees were not Web-enabled, while today, the majority use the Internet in one manner or another, many of whom do so on a daily

basis. More importantly, these users have become dependent on these technologies without realizing it.

The vast majority of consumer and business users have been rapidly force-fed through the straw of technology over the past decade. Metaphorically, over the past five years, this straw has expanded almost to the size of a fire-hose. Consider the technologies we as consumers use today – the feeding hose to users – most not available or widely utilized just five years ago, but all considered very standard today:

Communications

- Cell phones
- Wireless devices (in home – wireless network, wireless devices used to eliminate hardwiring; out of home – PC connect in airports, hotels, in most major cities)

Entertainment

- Digital satellite and digital cable TV
- iPods¹ and music enabled handhelds
- Satellite radio

Internet Access

- Broadband vs. dial-up
- Cell phones and handhelds

Digital Phone

- VOIP (no more concern about "long distance" charges)

Intelligent Applications In The Health Industry

- Pharmaceutical
- Scheduling appointments with doctors and dentists
- Diagnostic research (helping to understand what the doctor says)
- Selection of health services by region
- Medical flexible spending accounts

¹ iPod is a registered trademark of Apple, Inc.

Finance

- Online banking
- Online trading

Retail

- Purchasing
- Instant credit checking (for credit cards or checks)
- Online catalogs
- Trading/online auctions

Intelligent Vehicles

- Automatic maintenance
- Diagnostics

Intelligent Appliances

- Household appliances (kitchen appliances, laundry)
- Communications devices (fax, e-mail, instant messaging-IM, text messaging, etc.)
- Global positioning satellite (GPS) for cars, boats, off-road vehicles, walking, now available on cell phones
- Smart home applications (HVAC, light control, security)
- Pet identification scanners (implants for the dog or cat)

The buyers of these products and services have become dependent on the convenience provided by today's technology offerings. Most end-users of today's technology do not even recognize the vast changes it brought upon their daily lives; however, they have rapidly become reliant on it. When their technology doesn't work right, they go into rapid withdrawal and quickly become agitated.

Consider the baby-boomer generation, which is a very large and increasing part of the user base. Today's support channels ask them to "get on their knees" to open up the PC to find the problem. Current support strategies do this to ensure a lower "in-house field service" expense, to reduce the "no problem found" metric. However, most users of this generation are completely out of their comfort and physical zone to do this. And on top of that, the majority of agents today attempting to guide them through

this process have a 'hard-to-understand' accent. **This activity lowers customer satisfaction.** It lowers brand equity and company valuation. It also lowers the chance for future purchases, cross sales and upgrades. To the providers and businesses, the brand equity and company valuation is held hostage at much more vulnerable levels than ever before.

TECHNOLOGY EVOLUTION HAS CREATED A MORE INTELLIGENT USER BASE

Today's consumers and business clients can not only buy or sell products online; they can gain access to research and information that our parents' generation could have only dreamed of. They make health decisions more interactively with their doctors; they eliminate long delays at the pharmacy and order refills online and go to the drive-up window to pick up at their convenience. Today, users can become well-informed on a variety of subjects, including financial matters or world events. They now use the Internet to prepare themselves by researching business subjects prior to meeting a professional or business associate. Probably most important, users today can check credentials and even "Google"² a name of a company, professional or businessperson prior to any engagement.

Ten years ago, most business people could not have imagined what the environment for our clients would be today. As an example, most of the consumers and business clients no longer go to libraries to research business or personal subjects. They merely have to get up an hour earlier, log on to the Internet at their homes, perform searches on a given subject, print a few pages and attend meetings fully prepared.

Most of our users no longer read hard copy product guides or technical manuals. They merely punch through an online menu item and access the information directly on their laptop, home PC, handheld or even smart cell phone. And if that information is not available online, they become frustrated quickly. And who do they get frustrated with? – the suppliers or providers of that technology providing them with this access.

Traveling with children in a vehicle or plane is completely different today than it was five years ago— we simply pop in a DVD and suddenly “are we there yet?” is a thing of the past.

TECHNOLOGY IMPACT ON DAILY ROUTINES

Some of these changes affect users' daily routines. The need to “go” somewhere has been reduced. For entertainment, fewer users go to movie theatres, they simply pay for on-demand, rent or download the entertainment and watch while on a plane or in a car or at home at their convenience. Traveling with children in a vehicle or plane is completely different today than it was five years ago – we simply pop in a DVD and suddenly “are we there yet?” is a thing of the past. On-demand is becoming the de facto expectation dynamic.

Consumers rarely make physical trips to the bank anymore, electing to do most (if not all) of their banking online. The vast majority of users have their paychecks deposited automatically into their accounts. They log in to the bank's Web-page to pay the bills and transfer money to investments or accounts or suppliers versus mailing checks. When, as a consumer, have you recently purchased stamps? Clients have dramatically reduced the US Postal Service's throughput by huge factors to the point where it's now competing with overnight delivery companies versus the traditional business of letter-carrying.

Consumers and business clients no longer wait at their desks or home phones for phone calls. Now they simply provide their cell numbers and take the call from wherever they are. They roam around freely, while still being effective and productive.

Many consumers no longer listen to radio as much as they did in the past because they can download their “style of music” to iPods or other devices and listen to their personal choices at will, without the talk-radio and advertisement chatter that most of us grew up with. The average user, especially the teen generation, has now learned to “burn” their own CDs and DVDs. Even gifts at birthday parties for pre- and teens often include personal CDs and DVDs versus the trip to the toy store by the enduring parents to spend \$25.

Technology continues to impact user behavior in most areas of life. Consumers no longer buy film for cameras as much as they did five years ago. Today, the pictures they take are simply transferred to their PC and sent through e-mails to Mom and Dad within seconds of the taking. Many families have their own Web-pages with photo albums available for all to see. Developing the pictures is becoming a thing of the past. Instead, users go to the printer vendors or distributors to buy more ink cartridges and photo paper to create their printed pictures, or go to kiosks to get the pictures printed immediately.

TECHNOLOGY EVOLUTION'S IMPACT ON TECHNICAL SUPPLIERS

Consumers and business clients no longer wait at their desks or home phones for phone calls. Now they simply provide their cell numbers and take the call from wherever they are. They roam around freely, while still being effective and productive.

Business decision-makers need to forget about ANI (automated number identification) to “pop” a screen so the agent can see the caller's record. Those days are gone. Today, callers are accessing support channels at their convenience from non-static locations. As providers, the expectation to identify callers by their phone number no longer exists as it did just five or ten years ago. Incorporating a smart IVR (interactive voice response) to identify the caller is becoming a necessity. And because typing an alpha-numeric series has become a challenge, the use of serial numbers has to be revisited.

² Google is a registered trademark of Google

POWER SHIFT TO THE USERS

Clients are becoming accustomed to more control and power. Living by means of traditional schedules is becoming a thing of the past as today our clients have moved into the "real-time" world. When watching TV, they can pause during a live show when the pizza is delivered or when their cell phone rings (with its unique music song for a specific caller). They can record shows on their DVRs or TiVos³ and watch them at will. Many users today can see who's calling on the home phone directly on their TV or PC now and decide whether to ignore the call or pause to answer it. Users are becoming accustomed to a level of control and power that is unprecedented.

USERS EXPECT TO BE PAMPERED

Users today can cook gourmet meals with the touch of a few buttons, set their dishwasher to run while they're sleeping, get chilled filtered water and ice without opening a refrigerator and load a washer and dryer without setting the load size or time to finish. Their car calls them on their cell phone when it needs attention. Users have reminders and e-mails popping up at

them on their handhelds and cell phones, PCs that are virtual theatres on the go, GPS to literally tell them how exactly to get there and kitchen scales that list out not only the weight, but the nutritional information of the foods they are going to eat. Technology has encroached upon every aspect of their lives and is creating a new breed of very demanding consumers and business end-users.

BRANDING HAS CHANGED

Users now can buy "Frigidaire"⁴ washer and dryers and buy a refrigerator from "Maytag"⁵, a complete reversal from what most of them knew about these companies five years ago. Legacy companies who once provided focused brand products now have expanded outward with more scope and offerings than you can shake a stick at. Freedom to use products has been greatly enhanced and freedom to purchase them has greatly increased over the past five years. All of this expansion and change has an affect on companies. Brand equity and company valuation is getting more difficult to manage because of the increased dependency on the support provided to the customers versus the core competency most companies were known for.

³ TiVo is a registered trademark of TiVo, Inc.

⁴ Frigidaire is a registered trademark of Frigidaire

⁵ Maytag is a registered trademark of Whirlpool Corporation

Support Providers Gave Into Temptations

At the same time these user changes were taking place, about five years ago, most support providers became focused on call center metrics to provide support to their customers. They designed the support centers to answer the calls within specific service level agreements (SLAs), such as Average Handle Time (AHT) and Average Speed of Answer (ASA) – and they paid for this service based on talk minutes with the clients.

Also about five years ago, the industry looked to “offshoring,” most specifically India where it cut the price per minute from the 50s and 60s cents per minute in the US call centers to half that in India. This was motivated by a strong belief that there were intelligent and skilled resources that would work for less than half the price and provide an equal or higher delivery expectation.

What has been the catalyst for this trend? Many of the Board of Directors decided that they could cut costs by at least half for the support expense line and still provide the same or better level of support based on current practices in use. They went the “cheaper route” and got what they paid for.

WHAT HAPPENED?

Users were subjected to rough communication problems aggravated by the journalist’s song of “offshoring takes jobs away from Americans.” Most outsourcers four or five years back did not focus on the importance of communications and the “accent impact” to overall customer satisfaction. Yes, support expense dropped dramatically – but so did customer satisfaction and, eventually, so did brand equity.

Why? A stereo-typing took place within support channels in many industries and the “accent” problem was interpreted as “proof” that suppliers cared more about cost than customer care. This eroded many companies’ brand equity and over the past several years transformed into a real perception and problem for US businesses.

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SUPPORT STRATEGY RESULTS

Over the past year or two, companies began to feel the hit to brand equity and realized the pressures of the dissatisfaction of users. Many attempted to change the support models from transaction-based to performance-based. Unfortunately, the problem most companies dealt with was that the current strategy of support was based on the very foundation of that flawed strategy. If the strategy was based on transaction management, or expense centric, changing to a customer centric model was difficult if not impossible. Most offshore locations didn’t have the experience or capability to make the changes required. This left many companies where they are today: struggling and looking for the right support formula.



Meeting the Needs of the New User Today

Dealing with a more savvy and technology-dependent client base requires a thorough understanding of that client base and its expectations. While client satisfaction is still key, getting to the levels of strong brand equity within that client base is not easy to achieve. The key to this puzzle is having the proper understanding of the metrics and motivators of the support system. Focusing on the key drivers to the right behavior will lead to success. Clients today want a high level of "first call closure," calling once and getting the right solution to their problem. This does not preclude an "offshore" solution, but it does require a total customer support strategy.

SUCCESS FORMULA

Protecting brand equity while managing customer requirements and costs is the right formula. Neither component alone will gain true success, but managing to all will help a company achieve strong customer satisfaction while remaining profitable as a business. Aligning to first call closure is key; not price per minute nor typical call center metrics alone.

Focusing on the "right-shoring" model is also a key element. Smart managers will not place their call center in a specific region just for price. Working within a Global Model will assist in having the clients catered to the proper support where it is most likely available at the right cost when it's required for the best solution. Providing the proper support at the proper location when it's required will yield the proper cost management. This is Right-Shoring.

TO BUILD OR BUY?

Outsourcing is frequently the best solution unless the technology supplier's core competency is aimed at providing technical support, which is seldom the case. Managing an outsourcing relationship can allow a company to focus on its actual core competency and not be distracted by the demanding support model.

OUTSOURCING DECISIONS SHOULD BE JUDGED ON CORE COMPETENCIES.

Outsourcers typically can provide an economy of scale in the pricing structure which most suppliers cannot compete with. As an example, outsourcers with a support core competency typically can share the high cost of a premium infrastructure across many clients versus a technology supplier spending the infrastructure costs on only one company.

When choosing an outsourcer, look for the keys to success for today's support model:

Agent Retention is key to any support model

- Attrition adversely affects all critical success factors
 - Price, efficiency, productivity, customer satisfaction
 - Ability for vendor to perform well
 - Low attrition translates to more skilled and experienced agents to handle the call and who can achieve higher first call closure
 - Ensure your outsourcer has a model which manages attrition and can be checked through references.

Choose an outsourcer who has a proven model on First Call Resolution

- First Call Resolution is the key to high customer satisfaction

Price is important, but price alone is dangerous if not balanced by other key value-propositions

- Choose price combined with quality delivery aimed at true user requirements, not just call center metrics
- Choose a vendor who you can feel comfortable with and who has a short- and long-term plan

- Choose a vendor who has a proven track record with referenced accounts in your space
 - Selecting a vendor who can provide support to your direct competitors is not a bad thing
 - Ensure that processes are in place to protect your company
- During your selection process, make sure you consider a "workable relationship" as all plans need adjustments and modifications during the life cycle of a support program
 - Choose an outsourcer who can partner with you versus just deliver a transaction
- Treat them as a partner, as successful outsourced partners are actually an extension of your company
- Consider core competency for outsourcing versus "do it yourself"
 - Avoid distractions, let the supplier focus on its core competency while you focus on yours
 - Good outsourcing decisions should lead to best practices, increased efficiency, higher productivity, faster arrival to departure of delivery
 - Control and management
 - Multiple outsourcer vendor choices

Final Recommendations

To be successful in providing technology support, a company needs to have a strategy that caters to a manageable support expense model designed to deliver to the clients' requirements.

For the ultimate support model, strive for a true partnership with an outsourcer whose core competency is providing technical support – who also needs to be profitable while you make profit, manage expenses and increase brand equity. Ensure that they have a solid attrition management model – without it, the support provider is helpless to staying profitable, providing ongoing consistent and quality support while protecting your brand equity.

FINAL RECOMMENDATIONS TO PROVIDING SUPPORT ARE:

- Partner with an outsourcer who complements your core competency and provides you with a function that is outside of your core focus
- Partner with an outsourcer who does not engage in transactional labor techniques
- Partner with an outsourcer and set up a contract that drives a WIN/WIN/WIN
 - You, the outsourcer and the end-user
- Make sure the outsourcer has "skin in the game"
 - Risk/Reward metrics are common practice
- Tap the information versus transactional delivery
 - Use the best practices of the outsourcer

As providers of products and technical support, perfecting the art of support is important to brand equity and company valuation. The key to successful support is first call closure and attrition management, providing rapid solutions by experienced people – expected by most consumers and business end-users. Core competency should drive all in-house and outsourcing decisions. Don't let regional price tempta-

tions lead your support strategy. Regional locations should be a part of a global support strategy, not just based on price. Support strategies led or influenced by operational financial pressures typically lead to the wrong results and do not lead to true customer satisfaction.

THE BOTTOM LINE:

Clients can buy technology products and services from many companies. Since all technology products and services require assistance and support, competition is often separated by the support provided. Keeping clients coming back is done by selling them quality products and providing quality support.

The consumer and business end-user world and their expectations have greatly changed. Users have become incredibly dependent on their tools and have become both savvy and demanding. They want their technology to work and expect to get instant and efficient help to keep it working when they encounter problems. They're a very demanding group that expects things to work at the start and continue to work forever. And when this doesn't happen, they want help quickly and easily – and gain help from a real person who they can talk to easily and who can truly solve their problem on the first call and attempt. They want help from someone who truly understands their problem. They want resolution on the first call in quick order, they want it now and they want it for real. In summary, client requirements have changed and the support strategy needs to adapt.

ABOUT THE AUTHOR

Tom Topolinski is a freelance writer who has been in the technology field for over 32 years. He has held positions as a software engineer, product manager, consultant, executive of technology companies and a CRM industry analyst. He has worked for the US Air Force, Digital Equipment Corporation and has managed projects for Compaq, Dell, GE, HP, Kodak, Microsoft, Xerox and many others. Mr. Topolinski has also worked with Siebel, Oracle, Peoplesoft, JD Edwards and hundreds of other CRM software companies over the past few years in an analyst capacity – and during the acquisitions, has been quoted by major publications on his opinions. He has also worked for Gartner, Inc. and Sutherland Global Services.



The Outsourcing Institute
6800 Jericho Turnpike Suite 120W • Syosset, NY 11791
www.outsourcing.com