



## I D C M A R K E T S P O T L I G H T

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# A Maturity Model for Delivering Proactive Customer Service

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*Customer service and contact centers are on the front lines representing organizations. Their successful handling of service issues helps deliver on the promise of a great customer experience. To continue meeting the demands of customers — while fulfilling the organizational goal of delivering a differentiated service experience — the modern customer service organization requires a seamlessly integrated front-office to back-office enterprise applications architecture and set of processes. As products and services become more technical in nature — think IoT devices — this interconnectedness is essential. Systems and customer support staff must be informed and enabled through technology to provide a contextualized experience that meets the customer's needs. Consistency across channels, proactive service, knowledge of a customer's past service requirements, technical skills, and rapid assessment and response will be essential requirements for modern customer service, which in turn creates a positive and differentiated experience. This Market Spotlight examines the shift in customer service requirements within a highly digitized and competitive environment and how holistic customer handling creates a superior customer service experience.*

### Introduction

At the highest level of organizations, a new management directive has emerged to meet the changed nature of customer demands and interactions as well as the need to differentiate within the market. This directive has one goal: providing a differentiated customer service experience. As products become increasingly commoditized, organizations can set themselves apart from their competitors by providing a unique customer service experience that creates a "relationship" based on intangible benefits that their customers will find hard to give up.

While this vision is theoretically sound, it requires a significant tactical shift in business thinking and processes. The modern customer's habits and service requirements have changed radically. Meeting these needs challenges many historically held beliefs and practices regarding the customer and modes of interaction.

### ***The Changed Customer: Power to the People***

The first dramatic shift in customer handling is simply the idea of customer handling. A popular corporate perception of the customer used to be based on the 360-degree view of the customer. What this view reflected was the organization's internal knowledge of the customer based on the ability to aggregate all the interactions, history, data, and transactions that were related to one customer and his or her interactions with the organization. This view was always flawed because it brought no knowledge of the customer's preferences, behaviors, and engagements outside of those with the brand or product.

However, the interconnected world we inhabit today has changed all that and with it the power positions of the customer and an organization's brand or product. While the organization is still trying to manage the relationship, customers have wrestled control of their destinies. Essentially, the relationship has shifted from an inside-out world to an outside-in world. The web created a world in which customers meet and communicate easily with other customers, move seamlessly in their environments, and lose the restrictions of time, distance, and (in some cases) money. The "always connected" customer is self-educating, in both the business-to-business environment and the business-to-consumer environment. These customers connect with trusted advisors and their industry peers, for instance, and these connections inform the purchase decisions of these customers before they even engage in the sales process. With the rapid flow of information and ability to connect, customers can rapidly build their perception of who or what a brand or product represents, thus completely displacing the power of organizations to state who they are or what their product has to offer. While organizations may view the three processes by which their customers engage with them as being separate and distinct (discovery, purchase, and service), in the mind of the customer, it is a fluid environment. News of a firm's service debacle with a particular product is likely to discourage similar firms from purchasing that product. IDC has coined the phrase "service is the new marketing" in response to this trend.

### ***The Changed Customer Service Response***

Connected customers challenge the ability of an organization to service them effectively. Customers should be able to engage when and how they want, and they should be able to take advantage of self-service options to resolve issues, without having to engage with an agent, as far as possible. However, when a customer reaches out for service on any of the 14+ channels available today, that interaction needs to be consistent and effortless across channels. The content of that discussion must also persist from one channel to the next as the customer travels across channels as circumstances change. If the customer begins in a website chat session and moves to a mobile conversation and then to a video engagement, the history and content of that interaction must travel with the customer. Next, the context must be there. If that customer purchased a device and has had previous service calls, the agent involved needs to have that information and history carried along with the interaction. Finally, proactive engagement with the customer over likely issues can preempt the need for the customer to call in with an issue in the first place. For customer service teams to be able to rapidly identify, diagnose, and resolve the underlying cause of an issue before it impacts their customers, they need to be able to work seamlessly with engineering, field service, operations, finance, and other departments through connected and automated processes. Organizations also need to move toward predicting what is likely to be required by that customer for service or add-on products — in addition to contacting the customer regarding a known service issue or based on the monitoring of a device.

### **Customer Experience: Goals and Definition**

IDC sees the customer experience as central to an organization's business strategy and defines customer experience as follows:

Customer experience is the entire process, over the lifetime of a relationship, relating to the interaction between customers and an organization with which they engage. In this context, customer experiences can range from a single interaction to an ongoing relationship over a period of many years.

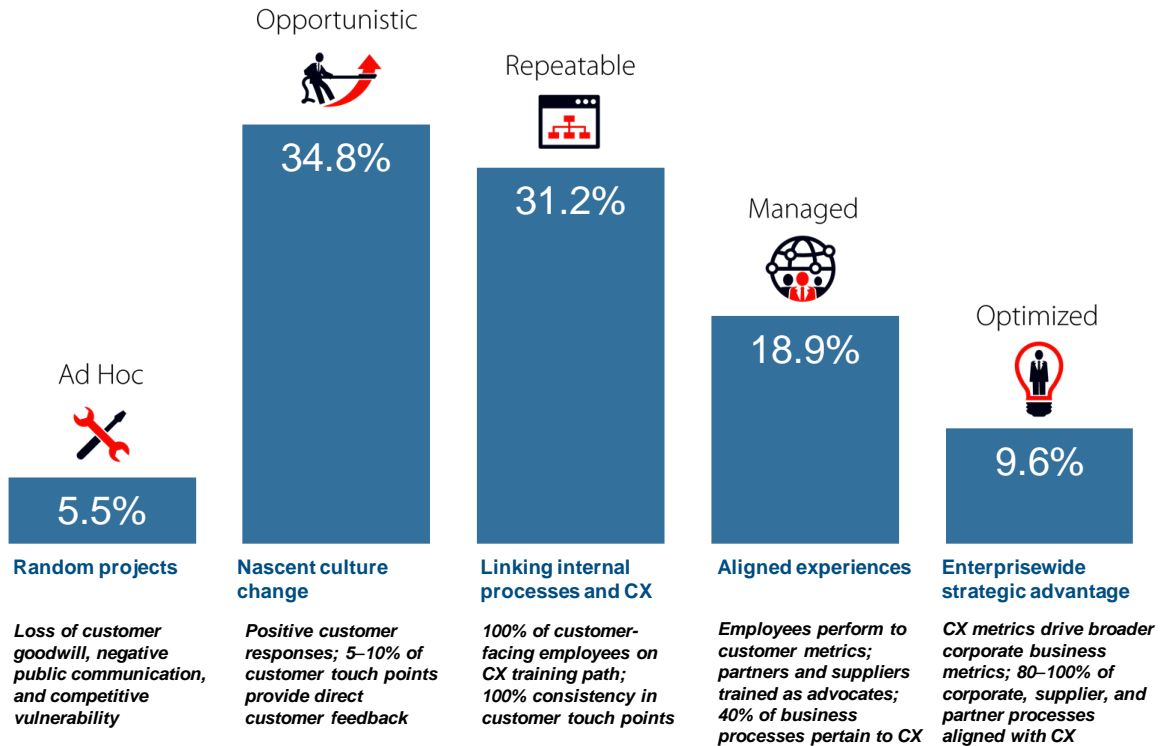
Customer service experience solutions are able to:

- Align corporate goals with the ability of a customer service organization to meet the expectations of its customers and deliver a great experience.
- Support the orchestration and automation of business processes that span departments and systems to create a flow that is planned and architected to make the interaction from the customer's side as easy, quick, transparent, positive, and full featured as possible, through any customer journey.
- Deliver optimized end-to-end customer service experiences, from the moment the customer becomes aware of the product or service and decides to make a purchase to the servicing of the product — with the goal of improving customer retention and gaining greater leverage over the relationship.

In assessing the state of customer service experience within organizations, IDC developed a customer experience maturity model called the IDC Customer Experience MaturityScape and validated this model with a survey. The model is presented in Figure 1 and shows the relative maturity of organizations in their pursuit of delivering a differentiated customer experience.

**FIGURE 1**

**IDC Customer Experience (CX) MaturityScape**



n = 225

Source: IDC's *Customer Experience MaturityScape Benchmark Survey*, February 2016

IDC's *Customer Experience MaturityScape Benchmark Survey* reveals several interesting things:

- Organizations are actively pursuing a customer experience strategy. However, those that are doing so are still early in the process.
- A majority of the respondents are in the "opportunistic" and "repeatable" stages. Organizations in these stages are more advanced than organizations in the "ad hoc" stage where the customer experience initiatives are random and related to putting their "fingers in a leaking dike."
- In the "opportunistic" and "repeatable" stages, customer service agents are actively involved in the initiative. In the "opportunistic" stage, the percentage remains low, with only 5–10% of customer touch points providing direct customer feedback to the organization. However, in organizations that deliver a "repeatable" service experience, 100% of customer-facing employees (the majority being in customer service) tend to be on a customer experience training path to deliver consistency across touch points.

IDC's *Customer Experience MaturityScape Benchmark Survey* further evaluated each organization's degree of maturity on five dimensions: people, processes, technology, vision, and offerings. As part of the evaluation of organizations, IDC segmented the results into two groups — "survivors" and "thrivers" — and then compared the results of the two groups across all five dimensions. Of these dimensions, the most significant difference between survivors and thrivers was found in their use of technology.

Organizations further along the maturity curve have leveraged technology as a means of supporting their customer experience strategy. In contrast, survivors are rather passive when investing in technology that creates an integrated view. Survivors are typified by applications isolated by department. For example, customer information in independent sales automation systems is isolated from customer service applications, and there is no cross-application data sharing related to a single customer record. Thus survivors are reactive and unable to support customers in a holistic manner.

Thrivers, however, recognize the benefit of integrated systems to enable integrated front- and back-end processes across customer service, field service, problem and change management, asset management, engineering, accounting, and portfolio and project management. This integration, which includes a breadth of customer handling channels from self-service to assisted, creates the backbone for holistic customer handling that results in a positive customer experience. It also creates the foundation for analytics and a broader and deeper understanding of the customer environment. With this level of insight, organizations are able to provide proactive service to identify and resolve issues.

Organizations with this profile are in a position to capitalize on the Internet of Things (IoT), using advances in technology to gain real-time visibility into their customer systems — such as servers, devices, applications, or hardware — to identify potential problems before their customers do.

### ***The Role of Customer Service in Customer Experience***

Organizations that have undertaken customer experience initiatives began with a strategy led by the corner office because corporate leadership and the authority to enable the requisite changes are needed. In IDC's experience, organizations are found to have either a leader of customer experience whose responsibility extends across the organization or an interdisciplinary team representing each functional area, or a mix of the two. Each functional area needs to understand its charter within the whole organization.

Customer service organizations are on the hook for keeping customers happy. The ultimate responsibility for creating satisfied customers sits with this central customer-facing department.

Given the challenges of delivering a consistent customer service experience across multiple channels and evolving customer demands, how can customer service step up to this heady task? Only through a front-office to back-office technology and process flow. This flow aligns the goals of the organization with the needs of the customer, and that can furnish the customer service agents with the contextual data they need to service the customer fully through any channel, on any service need, in a timely fashion. This is not a small task. But as we saw in the results of the IDC *Customer Experience MaturityScope Benchmark Survey*, the thrivers are further ahead in their use of technology to support the customer experience initiative.

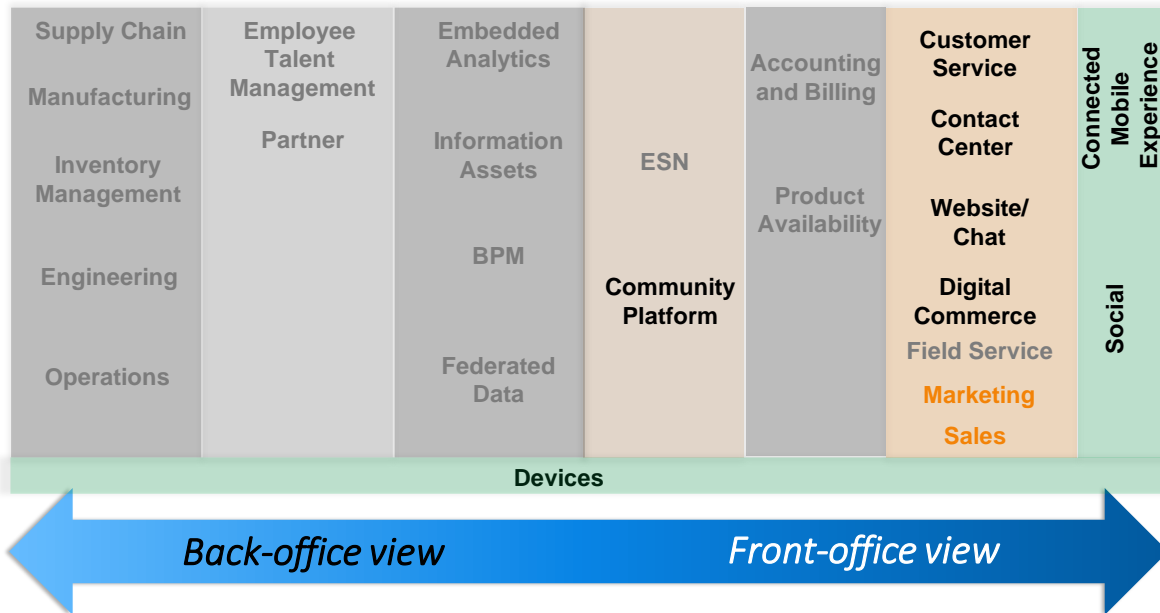
Today, the watchwords to solving any business need are people, process, and technology. Figure 2 presents a simplistic example of an enterprise's application architecture. These systems all have a functional role in automating key areas of the company. However, each one holds valuable information that can contribute to the servicing of the customer and creating the requisite customer experience. In most environments, these systems are not connected, but they need to be in order to create a front-office to back-office process flow that supports the front-office personnel who are key to creating customer satisfaction. Consider a customer issue with a malfunctioning ice maker in a smart refrigerator. In traditional service environments, the agent has had minimal ability to speak to technical issues, such as why the ice maker is not working reliably, let alone being able to resolve them. However, such issues can be resolved with connected systems that provide visibility into back-end systems and collaboration capabilities with departments such as engineering, field service, and finance.

The technology maturity model presented in Figure 2 shows one scenario for how organizations prioritize connecting their internal systems for the critical process of creating an informed front-office capable of resolving customer issues for good.

- Customer-facing components — customer service, contact center, website/chat, and digital commerce — are the key tasks for support and service resolution. Marketing and sales are also customer-facing channels, but they are not the primary customer *response* channels. With increased outreach through marketing and sales using social channels, the customer service response channels are experiencing even greater demand.
- Often the next systems to be connected to the customer response functions are the internal systems of accounting and billing and product availability because these two areas are at the top of the customer inquiries list. But this is a reactionary scenario in connecting internal systems. These connections are being driven by the demands of the customers, and they are not capable of addressing all the demands today and in the future.
- To deliver proactive customer service and for more complete customer handling, organizations need to connect the next several layers of the internal applications environment. Bringing the internal analytic capabilities together with the internal communications systems, as well as with systems across inventory management, manufacturing, engineering, field service, and supply chain, helps organizations quickly diagnose and fix underlying issues and deliver proactive service.

**FIGURE 2**

**Customer Experience Technology Maturation**



Source: IDC, 2017

**IoT and Customer Service Demands**

Customer service environments have evolved over the past 15 years, starting with the movement to the Web. This was quickly followed by an increase in the number of channels, the emergence of digital channels, changed device formats (such as mobile phones), and new communication environments (such as social networks). Each of these changes put demands on customer response environments, which are about to be tested yet again. Customer service and contact centers need to resolve the issues of supporting multiple channels and cross-channel interactions before the next wave driven by digital technologies such as the IoT, artificial intelligence, and augmented reality and virtual reality.

In an environment with an increasing number of products and services with an IoT component, the ability to move to a proactive contextual service model will be critical. IoT is bringing technically based products into environments, both professional and consumer, where individuals interacting with the products will not be technically proficient, nor should they be. For example, a doctor's office deploying an IoT-based medical monitor most likely won't be hiring a full staff to support an at-home patient who is experiencing WiFi conflicts.

Support in these settings will need to include:

- Complete contextual understanding of the customer and the service requirement (e.g., past and current history, interactions, products or services, entitlements, service-level agreements, and contracts)
- Connection to the right people, inside and outside the organization, in order to reduce friction in the interaction channel

- Connections among systems for technical data and information (e.g., product life-cycle management, parts and inventory)
- Appropriately skilled service agents
- Proactive service to eliminate the need to contact customer support

### ***Proactive Service***

The support models of many organizations are built on service avoidance. The less a customer calls, the less cost an organization incurs. This can build walls between the organization and its customers. Over time this contact avoidance can negatively impact customer loyalty and, ultimately, advocacy. Organizations must remember that customers have paid for a product, and inherent in that payment is the expectation that the product will work. If it doesn't perform as expected, the customer deserves support. Avoiding service calls by making it difficult to contact the organization creates an environment fraught with customer frustration. Instead, organizations have an opportunity to "make a friend for life" by implementing mechanisms that can preempt the need for a service request. Proactive service can be accomplished in many ways, such as a systematic review of existing service requests and then proactive outreach to customers with similar products or ongoing communication with engineering to relay product updates and regular maintenance services to ensure products are working. Advancements in customer service software can connect customer service teams with other departments to pinpoint and resolve the underlying causes of issues before they impact customers. However, all of these approaches can require significant internal information collection from disparate systems. This is why success requires a connection between internal systems, people, and processes.

While IoT will place more demands on customer service environments, it is also bringing a sorely needed capability to service environments: proactive service, which will play an important role in enhancing efficiency and effectiveness. IoT devices have the unique capability to provide self-informing information that can preempt the need for service. According to the IDC *Global Technology and Industry Research Organization IT Survey*, the two leading drivers of IoT adoption are lower operational costs and better customer service and support. While IoT and the ability to perform proactive service may be a future state, it does not mean organizations are not capable of building processes and leveraging existing data now.

### **Considerations**

Building a proactive customer service experience-oriented organization is no small task. It takes an organizational commitment from the highest levels and a strategic view of what is needed to accomplish those goals. IDC research shows that organizations that deliver a differentiated customer experience through service have approached the process from a strategic initiative with leadership from senior management. This is essential to provide the requisite authority to enact change when needed and to commit organizational resources to the task. Customer experience leaders are then chartered with providing oversight to the organization and working with departmental representatives to tie organizational goals to departmental goals.

For customer service organizations, the main charter of supporting the customer's direct requirements expands to leverage the resources available from corporate systems, people, and process. As the marketing and sales teams expand their outreach through means such as social, the overall demand in customer handling will increase. While the rest of the organization shifts its thinking to contributing to customer handling, customer service also needs to shift its thinking to being part of the broader process. Customer service is the new marketing in an age where the relationship that is built through service is what differentiates an organization or a brand in the marketplace.

## Conclusion

The customer support and service organization is now the clearinghouse for all customer concerns across every channel a customer or prospect uses to interact with a brand. With an increasing number of interactions being conducted by digital means, organizational requirements for supporting customers will require proactive engagement, a corporate understanding that customer service is everyone's job, contextualized experiences for the customer informed by previous and current interactions and product usage, and integrated insight across the organizational system supported by intelligently designed and applied self-service systems.

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