A Case Study in
Customer Contact Transformation

In Collaboration With:

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Alaska Airlines

Mobile customer care, IVR systems, chat, and social media are hot contact center topics. Deployed and managed properly, these customer care channels have the potential to revolutionize the customer experience as companies seek to move the customer care bar from "good" to "great." During this eBroadcast:

- Michael DeSalles, Principal Analyst, Customer Contact, Frost & Sullivan provided an overview on trends and developments in the contact center.
- Skip Hanson, President, West Interactive Corporation shared the Five Pillars of Customer Contact Transformation.
- Seth Ettwein, Workforce Planning Manager, Alaska Airlines discussed real-world examples of these new challenges in customer care.
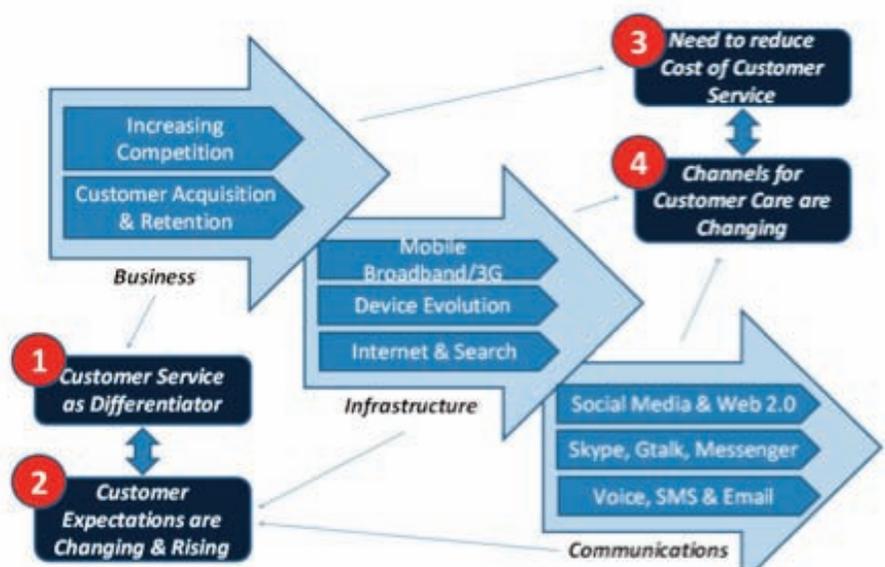
MARKET OVERVIEW
Trends and Developments in the Contact Center

Contact centers are constantly charged with doing more with less to reduce cost. Though this creates challenges, it also opens the way for new communication channels.

Frost & Sullivan believes there is a broad opportunity to help contact centers move from a cost focus to a value-add focus, from "merely satisfying consumers" to "creating delighted brand advocates and loyal customers. In short, getting organizations to make customer service, contact centers, and help desks more strategic to the enterprise's core business.

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> — **Michael DeSalles**
> *Principal Analyst,*
> *Customer Contact,*
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Forces Shaping Contact Center Trends

"It's my opinion that the biggest single trend (and challenge) in call centers today is complexity; complex products and services, intricate systems interfaces and a dizzying array of measurements and key performance indicators (KPIs) that agents and managers are trying to meet," said Michael DeSalles, Principal Analyst, Customer Contact, Frost & Sullivan.

The second trend DeSalles noted is the **unrelenting, demanding consumer** who wants immediate access to every communication channel available.

Other trends include:

- **Social Media "Scramble":** Companies are doing their best to manage social media for brand protection, sales, and service.
- **High-Maintenance Customers:** These customers have elevated expectations and want their issues solved quickly and effectively.
- **Self-Service:** A plethora of self-service options via IVR and the Web exist, and these options are growing.

The final trend, and the one most relevant to this eBroadcast, is the explosive growth of hosted/cloud-based solutions.

Cloud/Hosting Surpasses Premise Solution Revenues

Cloud Center Applications in the Cloud

Frost & Sullivan defines a hosted or cloud contact center application as a network-based service. A service provider hosts a contact center technology platform and leases out functionality, applications, and features to end-users. The end-user typically pays a usage-based fee, a fee per transaction, or a per-agent-per-month basis for the service.

In the market, hosted contact center functionality can include one or more of the following applications typically provided as part of a "full suite" or can be deployed in a modular fashion. Hosted automated call distributor (ACD) is the baseline functionality. The suite can include one or more of these contact center applications:

- **VR:** Network IVR, speech, self-service
- **ACD:** ACD, multichannel, multisite, remote
- **Outbound:** Collections, proactive customer Contact, dialers
- **Chat:** Sales, service, support
- **APO:** Quality monitoring, workforce management, analytics
- **Full-Suite:** ACD, IVR, outbound, chat, multimedia, APO

The Drivers Behind Hosted and Cloud Growth

Chief among the drivers behind hosted and cloud growth are **financial advantages**—a "pay-by-the-drink" financial model that allows business of all sizes to move away from high front-end expenditures in favor of a more manageable operational expenditure approach. Other drivers include:

- **Flexible Work Options and Virtualization:** More flexible and decentralized contact centers offer the same level of control and visibility into agent scheduling, performance, and customer interactions as the traditional model; virtualization allows companies to create a central queue that includes agents in multiple centers and skills-based routing that ignores physical location.
- **Security Strength:** A well-engineered hosting environment will have deeper security infrastructure in-place than many companies could afford on their own.
- **Access to the Latest Technology:** Using a subscription model, enterprises can try out new functionality with minimal effort.
- **Business Continuity and Reduced Risk:** The hosted contact center model ensures business continuity by enabling agents to be connected to the technology platform and necessary applications.

Top Contact Center Priorities

Based on Frost & Sullivan's research, some of the top contact center priorities the industry is witnessing include:

- Standardizing the customer experience across multiple channels.
- Determining how to best handle social media as a meaningful contact channel.
- Providing proactive customer care; managing care smartly through subscription services.
- Offering CTI integration.
- Determining how to take advantage of agent and customer analytics.
- Addressing outsourcing choices; where to deliver calls: onshore, with home agents near-shore, or offshore?

"The most critical question today is this: How can we make sure to choose the best *technology partner*, a company who has the experience, certainly the infrastructure, and the best people to help you manage complex contact center systems and applications," DeSalles said.

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> West Interactive Corporation

Customer Contact Transformation

Consumer-Driven Care

Customers have more power than ever before. "We call this consumer-driven care. Consumers are driving care through the new devices and channels that they have available to them—through smartphones, tablets, PCs, Web, voice, chat, all these channels are driving more and more control and putting it in the hands of our customers," said Skip Hanson, President, West Interactive Corporation.

Today's customers expect:

- Quicker response times
- Better, more informed answers
- Targeted one-to-one communication and marketing
- Information to be associated with the interaction, regardless of channel and across multiple channels

"Customers expect the enterprise to know them. As a result, enterprises are looking to transform their customer contact strategies and experience to match this expectation," Hanson said.

The Five Pillars of Customer Contact Transformation

Enterprises are striving for several objectives to meet customer demand. "We see these as five key pillars," Hanson said.

The Five Pillars of Customer Contact Transformation

1. The right mix of customer engagement: customer-relevant and preferred channels, proactive communication, personalized service, consistent care

2. Optimized operational delivery of these solutions that avoids data, technology and customer interaction silos

3. Integrated quality management and Performance Feedback programs to measure success of customer communication

4. Unified visibility into performance, quality and cost-of-care operations across the enterprise

5. Modern, cloud-based solutions for aspects of care not deemed as core competencies of the business

Best Practices for the Hosted Contact Center

Enterprises that successfully transform and implement hosted contact centers follow a set of best practices as identified by West:

- Building a comprehensive, holistic view of the customer
- Making an effort to diminish silos of customer ownership and information ownership, thus creating a collaborative effort to serve the customer
- Providing a roadmap for transforming the customer experience from today's siloed approach to an integrated, logical path that optimizes the channels the customer values, including:
    - Mobile
    - Social media
    - Web
    - Voice
    - Video
- Creating a technology strategy to link together multiple customer touch points
- Implementing a performance feedback loop and management program that helps redefine business processes
- Utilizing business intelligence and analytics to drive continuous improvement in the customer experience

"Ultimately we're looking at building decision-making and more intelligence in the process to improve that personalized customer experience," said Hanson.

Why Customers Are Building These New Channels

"The enterprises we talk to are saying that transforming their customer contact strategy is no longer just a 'nice to have' but is a 'must have' in their competitive market," said West's Hanson. As such, West has identified four key items driving customer adoption of new channels and how your business can adapt to them:

1. **Convenient**
   - Make it easy for customers to connect with you when and how they want.
   - Give them 24/7 access.
   - Give them multiple channels: voice, email, Web, chat, SMS, social networks.
2. **Competent**
   - Make sure it is easy to access to ALL customer information.
   - Send customers to the right agent the first time.
   - Deliver a consistent experience across all channels.

3. Personalized
- Know who your customers are.
- Understand (and cater to) their needs via preferred channels.
- Use the information you already have about them.

4. Proactive
- Inform customers about things that are relevant to them.
- Offer them products/services relevant to their needs.
- Add-value for them proactively and predictably.

Building a Business Case for a Hosted Contact Center

Frost & Sullivan has found that in a hosted contact center basis there is little to no capital investment. The results demonstrate that the primary drivers for companies to choose a hosted contact center solution include no capital investment, pay-as-you-go expense, ease of provisioning and flexible scalability. These are followed by reduced system maintenance and IT budgets.

The growth in cloud enables organizations more flexibility in IT investments, while leveraging a hosted option helps enterprises keep pace with today's fast-changing technologies and, importantly, with the ever-changing needs and increasing demands of their customers' channel choices.

Finally, by offering a comprehensive, flexible way for consumers to interact with them, enterprises can delight their customers, as well as maintain and grow loyalty among their customer base.

Case Study: Alaska Airlines

Preparing for Take Off

For Alaska Airlines, the call center is imperative to its operations. Alaska Airlines, founded in 1932, flies to 95 destinations. In 2013, its airplanes flew 18.5 million passengers. The airline has over 10,000 employees, with 750 in call centers.

Overall, in the words of Seth Ettwein, Alaska Airlines' Workforce Planning Manager, the company has been "doing what we do best, good customer service and flying people from point A to point B on time."

Challenges in the Contact Center

A few years ago, Alaska Airlines underwent a turbulent customer experience. "We were not meeting our customer expectations in the call center as we were with our in-flight service. There's a big discrepancy between the two engagement points for our customers," Ettwein said.

The factors behind this challenge broke down to Alaska Airlines not offering enough customer service and long call center queue times with high rates of abandonment.

Although the airline wanted to adapt, it could not move fully to self-service, especially as it needed to address the needs of a unique customer base with non-mobile users located in remote parts of Alaska. "Internet access, mobile penetration, and social media penetration are not nearly as prevalent as in, say, the Pacific Northwest and Seattle or the Los Angeles basin," Ettwein said.

Customer Contact Transformation

To meet these unique challenges, Alaska Airlines installed an intelligent call-routing solution. One major goal was to anticipate customer needs to understand the drivers behind customer calls and deliver customers to agents as quickly as possible.

By using existing data on those customers, agents could begin to predict and tailor the IVR experience. After the IVR, the calls would be sent to the intelligently balanced call router, which allowed the airline to get customer information directly to agents so they could take immediate action. "It's imperative that you get the right information to the agent and the agent uses that information to drive the experience," Ettwein said.

Outbound notifications also gave Alaska Airlines the opportunity to bring customers back to the call center in the event of a canceled or delayed flight. "If you're providing customers a way back into the call center, know that when they call the IVR that they're calling about their reservation and get them back to the agent to help them fix what's possibly wrong about their reservation," Ettwein said.

The Results

After implementing intelligent call routing (ICR) at the beginning of 2011, Alaska Airlines saw an immediate 18 percent increase in its service levels with no net change in staff. Most of that was derived from better utilization of employees—not having staff sit idle while calls queued up.

"We have to be nimble, and we have to be able to provide these types of experiences to our customers without taking on the cost of buying without spending capital to implement this system in-house on our own," Ettwein said.

Another improvement was a decrease in handling time. Alaska Airlines experienced a 7 percent reduction in handling time—immediate upon going live with the new ICR.

The morale of call center agents improved as well. Calls were no longer queued up waiting for agent attention, customer data could be ported to the agent answering the call, and agents could enjoy some downtime between calls.

The sky is the limit for Alaska Airlines.

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ABOUT ALASKA AIRLINES

Alaska has grown from a small regional airline to one of the most respected in the nation. Carrying more than 17 million customers a year, Alaska's route system spans more than 60 cities and three countries. The Alaska Airlines fleet of Boeing jets is one of the youngest among all major airlines. And its reputation for outstanding service consistently earns best U.S. airline recognition from the likes of Travel + Leisure and Condé Nast Traveler magazines. Learn more at www.alaskaair.com.

ABOUT WEST

West Corporation is a leading provider of outsourced communication solutions to many of the nation's largest companies. West's integrated suite of customized solutions includes customer acquisition, customer care, conferencing and receivables management services. Through a variety of live agent and automated solutions, we help our clients communicate more effectively and maximize their customer relationships. Learn more at www.west.com.

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