



GENESYS®
AN ALCATEL-LUCENT COMPANY

A Business White Paper

Increase Customer Loyalty and Reduce Contact Center Costs with Proactive Contact

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Executive Summary

The boundaries of traditional customer service are expanding as companies start to discover the value of proactive outbound customer interactions. The evolution from reactive to proactive customer service shows how forward-thinking companies are able to not only anticipate customer interactions and queries, but to stay one step ahead and exceed their expectations. Satisfied customers are likely to become enthusiastic and loyal advocates and help the company sustain its competitive advantage.

Examples of proactively-delivered outbound interactions range from notifying customers of upcoming events — such as an airline reminding a passenger about their upcoming flight — to targeting customers with relevant, personalized and timely offers, surveys or automated renewal and delivery confirmations.

With widespread use cases throughout the customer lifecycle, proactive customer contact is helping companies provide a superior customer experience across all customer touch points, reduce costs by decreasing the number of inbound interactions and improve customer satisfaction and loyalty.

This paper introduces the concept of proactive contact and describes the overall objectives and business goals associated with it. The paper then illustrates the technical requirements of a proactive contact solution to meet those business objectives. Finally, it outlines the Genesys Proactive Contact solution and its role in the Dynamic Contact Center. Case studies derived from Genesys' experience with companies in various industries worldwide are illustrated throughout this paper.

Introduction

The business climate is rapidly changing and companies are facing new obstacles — such as do-not-call lists — which make customer acquisition more difficult and expensive today than ever. What's more, Internet-savvy customers have easy access to a world of competitors, so it's in every company's best interest to keep current customers happy — because satisfied customers not only buy repeatedly, they also refer family and friends.

While many companies are taking a fresh look at how they interact with their customers, at the same time they're carefully watching their bottom line and looking to leverage new technology as a way to help them do more with less.

Proactive contact management is a powerful strategy for reducing costs and improving customer satisfaction. While customer contact used to be restricted to outbound telemarketing and collection activities, the potential business uses of proactive outbound contact are much broader and strategic.

Proactive Contact versus Traditional Outbound Contact

Moving beyond traditional debt collection or telemarketing, proactive notifications can be used to provide customers or constituents with important and timely information concerning not only the customer's business, but also their safety and security. In addition, organizations can use a proactive contact for courtesy calls to thank customers after a transaction, or determine if any follow-up is needed.

Scenarios:

- A utility company might notify customers of potential outages
- An airline may notify customers of delays
- An online retailer may anticipate shipping problems and proactively confirm delivery times
- An insurance company may proactively contact a customer to renew a policy

Deploying proactive customer contact provides many potential benefits, such as:

- Reducing costs by decreasing incoming calls or customer queries/complaints
- Improving productivity by offloading routine requests so live agents can focus on higher-value interactions
- Enhancing customer satisfaction and loyalty by giving the customer information when they need it, using the communication channel they prefer
- Increasing revenues by reminding customers of renewals or new offers on a timely basis

To achieve the benefits of proactive contact management, the ideal system will integrate with existing information systems and processes while supporting the cost reduction goal. Automated customer interactions, where appropriate, further reduce costs, whether they take place through automated voice systems, e-mail or Short Message Service (SMS).

What is Proactive Contact Management?

Market analyst Gartner defines proactive contact as “The use of outbound contact technology for notification and anticipatory interaction.”¹ The contact technology used might include live agent interactions, self-service voice recordings with voice recognition technology, e-mail or SMS, depending on customer preference and the type of notification.

Proactive contact has use cases in almost all industries where customer service can be leveraged as a competitive advantage. Proactive contact helps to reduce contact center costs, increase customer satisfaction and loyalty and streamline outbound interactions with workflow, all of which serve to increase business process efficiency.

The most compelling cases of proactive contact have these key benefits:

- Saves the contacting company money — most commonly by preempting incoming service calls, improving productivity and reducing costly interactions such as rescheduling
- Increases revenues through up-selling or prompt renewals
- Provides information or access to functionality that the customer needs, when they need it

In most cases, the customers will likely perceive the contact as providing a significant value for them, not as serving as a cost reduction measure on the company’s part.

Case Study: Cost Avoidance

A consumer goods company ships and installs large, high-definition television sets. The company schedules a delivery time with the customer in advance.

Using proactive contact, the company places an automated call to the customer the day before the scheduled delivery to confirm the delivery time. The customer has the option of rescheduling the appointment if the original time is not convenient (either using self-service voice or by connecting to a live agent). The company notifies the shipping company in real time and reschedules the delivery.

Using this model, the company prevents the cost of an unsuccessful delivery attempt. When a single truck roll can cost hundreds of dollars, the savings add up quickly. Note that the customer, however, views the call as a convenience to them, not as a cost-saving tactic for the company.

¹ Steman, Eric and Bern, Elliott. “Using Proactive Outbound Contacting to Reduce Costs and Generate Goodwill,” Gartner, December 2005

Reducing Costs with Proactive Contact

Reducing costs is probably the most compelling reason for implementing nearly any technology, as cost reduction leads to a rapid return on investment (ROI). Strategic use of proactive contact management can reduce costs by:

- Preempting incoming calls
- Improving agent productivity by reducing routine calls and focusing on high-value work
- Avoiding costly occurrences such as missed appointments or unsuccessful truck rolls

The potential cost-saving examples are many:

Industry	Application	Savings
Utilities	Outage Notification	Decrease Incoming Calls
Retail	Purchase Verification Shipping Notification	Prevent Fraud
Medical/Healthcare	Appointment Reminder Prescription Renewal	Eliminate Missed Appointments Reduce Incoming Call for Renewals
Airlines	Flight Status Updates	Reduce Incoming Calls
Financial	Payment Reminders Deposit or Transaction Notifications	Decrease Late Payments Reduce Incoming Calls to Verify Receipt

Improving Customer Satisfaction

If cost reduction is the most obvious benefit of proactive contact, then improving customer satisfaction is potentially the most powerful. According to research from the American Customer Satisfaction Index (ACSI) and the CFI Group², there is a clear correlation between customer satisfaction and a company's "market value added," or success in creating wealth for shareholders/stakeholders.

The fact that proactive contact — if executed well — creates customer satisfaction seems obvious. But to put the concept to the test, Genesys recently conducted a global consumer survey

² Fornell, Claes, "The Science of Satisfaction," *Harvard Business Review*, March 2001

and a survey of several enterprises about the use of simple proactive “courtesy calls” — either a thank-you or satisfaction follow-up³. The findings illustrated a significant untapped opportunity:

Of consumers surveyed:

- 42% have received a thank-you or satisfaction call from a company
- 87% of those customers who had received courtesy calls felt the call generated a positive image of the company calling

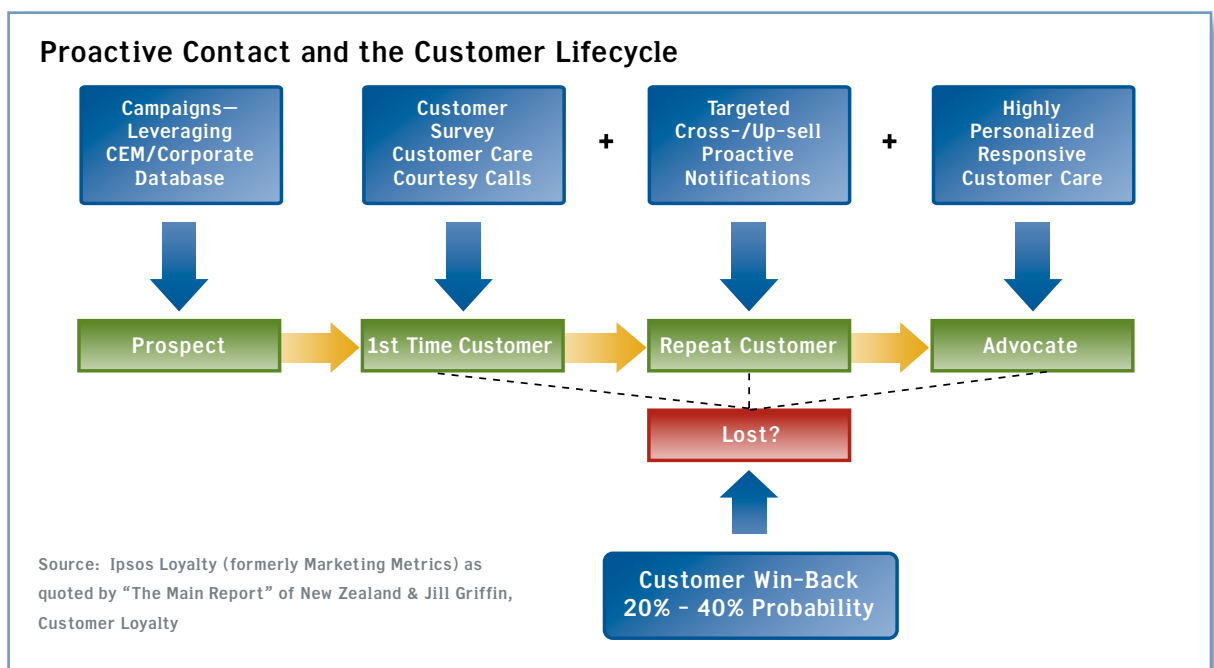
Of the companies surveyed:

- 27% performed outbound calling but do not make proactive courtesy calls
- 43% of the companies that make courtesy calls call less than 5% of their customer base

Clearly, there is a significant opportunity to leverage proactive contact to increase customer satisfaction.

Building Loyalty Through Proactive Customer Lifecycle Management

With the high cost of acquiring new customers, it makes sense to increase the loyalty of existing customers. Leaving this opportunity untapped is a mistake. Proactive contact has a role to play in all phases of the customer lifecycle to increase customer loyalty:



³ “Genesys Global Consumer Survey,” Genesys Telecommunications Labs, 2007

Of particular interest are the opportunities created by proactive contact in customer win-back campaigns. According to a study conducted by Marketing Metrics and quoted by Jill Griffin in her book, *Customer Winback*, on average a firm has a 60 to 70% probability of successfully selling again to “active” customers, a 20 to 40% probability of successfully selling to lost customers, and only a 5 to 20% probability of making a successful sale to prospects.

Looking beyond telemarketing possibilities, proactive contact can help move first-time customers to advocates by increasing their loyalty:

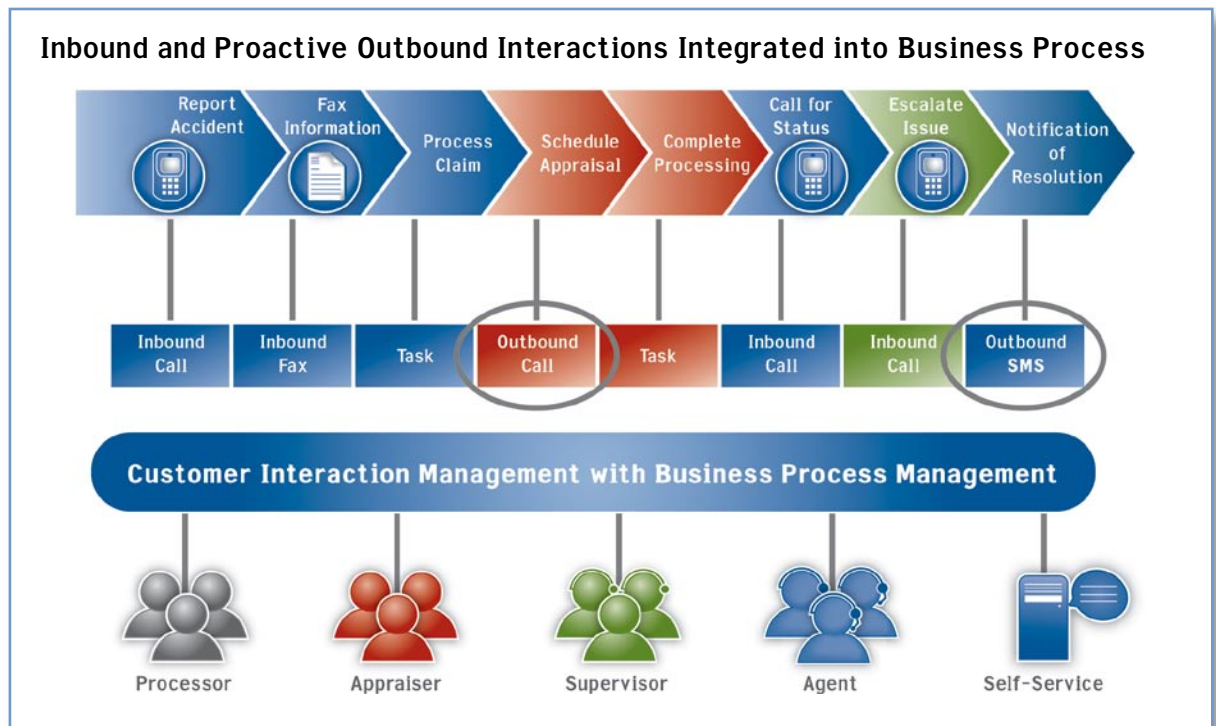
- Courtesy calls and surveys increase the loyalty of first-time customers by improving their image of the company
- Proactive notifications and cross-sell opportunities extend first-time customers into repeat customers
- In some cases, companies can identify customers that might be ready to switch and proactively contact them with offers or opportunities
- Personalized, responsive care and predictive notifications turn customers into advocates. Advocates buy repeatedly and bring in new customers through word-of-mouth

In his book, *The Ultimate Question: Driving Good Profits and True Growth*, Fred Reichheld suggests that companies proactively solicit customer feedback about whether they would recommend the product/service offered to friends or colleagues and suggests that this feedback is an accurate predictor of growth.

Streamlining Interactions to Improve Business Productivity

A significant, emerging application of proactive contact is streamlining business processes. For example, individual processes that include interactions with customers or stakeholders can be integrated in a composite business process application. This approach lets the company leverage multiple interaction management capabilities for overall business productivity.

Consider insurance claim processing as one example of a core business process that involves multiple contacts with the customer:



In the example above, the insurance company uses the Genesys Customer Interaction Management platform to consolidate and manage the customer interactions that are tied to the claims process. By integrating customer interactions in the business process itself, companies can accelerate claims processing and improve efficiency.

When the company adds proactive contact into the mix — tightly integrated with both the business process and other customer contacts — the company can further streamline the process. For example, proactive contact could be automated for:

- Outbound calls to notify customers of scheduled appraisal times, which offer the ability to reschedule as needed
- SMS (or e-mail) notification of resolution

In the example above, the insurer could further reduce inbound calls to check status by proactively notifying the customer (through outbound automated voice, e-mail or messaging) of the claim status whenever that status changes.

In addition to streamlining the business process, relevant and attractive cross-sell and up-sell offers can be included in the business process such that these offers are proactively made to the right customer at the right time, utilizing the best communications channel.

Business Requirements for a Proactive Contact Solution

The first step to implementing proactive contact is understanding the business requirements and defining the contact strategies.

Identify the Initial Campaign

The previous sections illustrate that there are many potential applications for proactive contact. As with any undertaking, it is recommended to start with a project that can demonstrate a clear return on investment in a relatively short time frame. The objective should be to choose applications that solve pressing current problems, deliver significant cost reductions and increase customer satisfaction.

Possible “campaigns” vary according to industry, but could include:

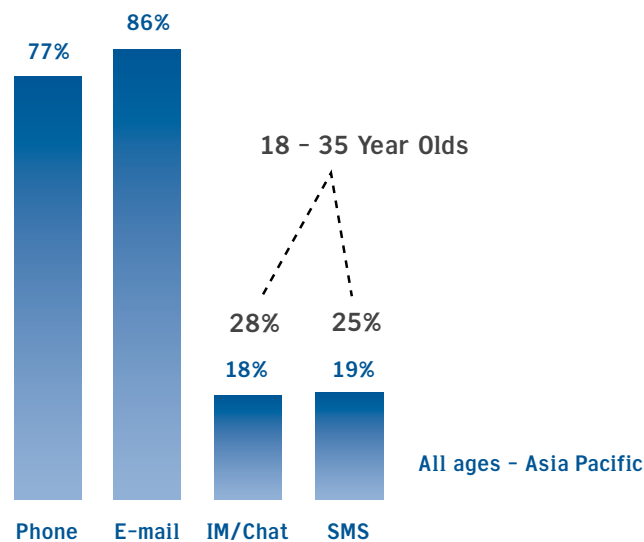
- Courtesy calls
- Customer loyalty surveys (“Would you recommend this company to friends?”)
- Process notification (“We have received your deposit.”)
- Service notification (“We will be upgrading your service.”)
- Problem notifications (“Your region is experiencing an outage; we predict that service will be restored at 8:00 pm.”)
- On-boarding for financial services
- Renewal reminders
- Appointment reminders
- Emergency notifications (as part of a comprehensive disaster or business continuity plan)
- Customer win-back (as part of a predictive campaign to identify customers likely to leave)

Determine Which Communication Channel(s) to Use

The next step is to determine the most appropriate communication channel to use for the contact. Many factors affect the choice of channel:

- **Automated versus live notification needs:** While automated notifications generally work well, in some cases an experienced agent is the best means for achieving the company's goals. For example, banks often use an "on-boarding" process to ensure that complex financial transactions are completed satisfactorily. An experienced agent may be able to not only build the relationship, but to also offer targeted and relevant up-sell or cross-sell information based on the interaction.
- **Age and type of customer:** Preferred communication channels vary by age and type of customer. For example, research conducted by Genesys on consumers in the Asia-Pacific region found that phone and e-mail are the channels preferred by most customers, but that Instant Messaging (IM) and SMS channel preferences are much stronger in the 18-35 age group than the population as a whole.

Communication Channel Preference: Survey Results in Asia-Pacific Showing Preferred Channels by 18-35 Age Group



- **Type of campaign:** The application might also influence communication channels used for the contact. If the company wants to be able to reach someone promptly, then the telephone might be the best communications channel. During a power outage, for example, an e-mail notification will have limited usefulness if the home computer has no power.

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- **Customer-stated preference:** Many successful companies ask customers to indicate their preference for proactive contact. The proactive contact campaign would then store that information with the customer record and use the preferred channel whenever possible.
 - **Interactivity:** The proactive contact has an interactive component (such as automatically rescheduling an appointment), which works well with self-service voice and voice recognition systems.
 - **Escalation:** Proactive contact may include the ability to escalate the contact across channels. For example, an SMS message may be followed by a phone call when the SMS message has not been acknowledged in a certain period of time. In such cases, the customer's record should present information from all channels to the live agent so that the agent can assist the customer completely.
 - **Richness of content:** For rich or detailed content, an e-mail channel will be preferable to SMS messaging, for instance.
 - **Costs:** Each channel interaction has a cost associated with it. For example, incoming calls to live agents are the most costly, proactive calls made with an automated, self-service system are less costly, while e-mail and web channels are highly cost-effective. The issue of cost will certainly affect the company's choice of channel mix.

Identify Metrics for Success

As with any other major initiative, identifying the metrics for success is recommended. In the case of a proactive contact campaign, these metrics might include:

- Number of inbound calls deferred (by analyzing relevant traffic patterns and history)
- Reduction in missed appointments
- Reduction in missed deliveries
- Increase in renewal rates
- Reduction in customer churn
- Number of referrals

Determine Return on Investment

Another important metric is ROI. One simple way to determine an ROI is to look at the cost per channel per interaction and the mix of interactions across channels.

Case study: Pharmacy Refills

The spreadsheet below illustrates the significant potential cost savings for a pharmacy that initiates automated proactive prescription renewal calls. In this case, inbound calls to live agents and voice self-service systems are unchanged, but the proactive contacts reduce the number of interactions conducted by costly paper (mail) systems.

Assuming 22 Million Prescriptions in a Quarter

Mail-Order Pharmacy Example Percentage of Orders Processed By		Cost/Contact	Monthly Total	Total Cost
IVR - Proactive Contact	0%	\$0.65	0	0
IVR - Inbound	25%	\$0.39	1,875,000	\$731,250
Live Agent	30%	\$1.65	2,250,000	\$3,712,500
Web	5%	\$0.30	375,000	\$112,500
Mail	40%	\$2.40	3,000,000	\$7,200,000
Totals	100%		7,500,000	\$11,756,250

After Re-directing Significant Portion of Mail to IVR - Proactive Contact

Mail-Order Pharmacy Example Percentage of Orders Processed By		Cost/Contact	Monthly Total	Total Cost
IVR - Proactive Contact	30%	\$0.65	2,250,000	\$1,462,500
IVR - Inbound	25%	\$0.39	1,875,000	\$731,250
Live Agent	30%	\$1.65	2,250,000	\$3,712,500
Web	5%	\$0.30	375,000	\$112,500
Mail	10%	\$2.40	750,000	\$1,800,000
Totals	100%		7,500,000	\$7,818,750
MONTHLY SAVINGS				\$3,937,500

Technical Requirements for a Proactive Contact Solution

Having outlined the business strategy, the next step is to identify the technical requirements for a proactive contact solution. The technical solution must support the essential business objectives of cutting costs and improving customer satisfaction.

To cut costs, the proactive contact solution should:

- Leverage installed telecommunications and call center equipment — without significant additional hardware purchases and maintenance
- Interoperate with Customer Relationship Management (CRM) systems, so that customer information never needs to be duplicated or maintained separately. It should derive the contact and communications channel preference information from the CRM systems and update them with the result of the contact
- Integrate with back-end systems to allow automated interactions, without requiring human intervention. To further enhance automation, a sophisticated Business Rules Engine system can be included to manage and operate the business rules that might trigger the notifications and alerts

To increase customer satisfaction, the solution should:

- Support multiple channels to address the channel preference issue described in the previous section
- Be interactive, giving the user a chance to respond — for example, to change a delivery time. For voice contacts, this means using voice self-service technology (Interactive Voice Response — IVR). Interactivity can take place through the phone dial-pad or using natural language recognition technology
- Support seamless hand-offs to agents. Sometimes automated systems are insufficient to handle customer concerns. The contact solution should enable the customer to connect to a live agent who has the complete and current customer information in front of them, as well as the reason for, and progress of the current contact. Include easy operations and management controls, including comprehensive real-time and historical reporting on communication results (answered, not answered) and the business results (resolution of process, for example)

Genesys Proactive Contact

Genesys Proactive Contact is the only solution that leverages the market-leading Genesys Voice Platform (GVP) and Customer Interaction Management (CIM) platform to proactively contact customers with timely, relevant and personalized multimedia and interactive notifications.

Unlike competitive offerings that require extensive custom integration into the voice self-service platform and CRM systems and offer a limited number of interaction channels, Genesys Proactive Contact is tightly integrated with the GVP and CIM platform and delivers multi-channel capability, including voice, email or Short Message Service (SMS). Additionally, Genesys Proactive Contact features easy list import and management, list optimization, powerful call progress analysis, seamless transfers to live agents and comprehensive reporting.

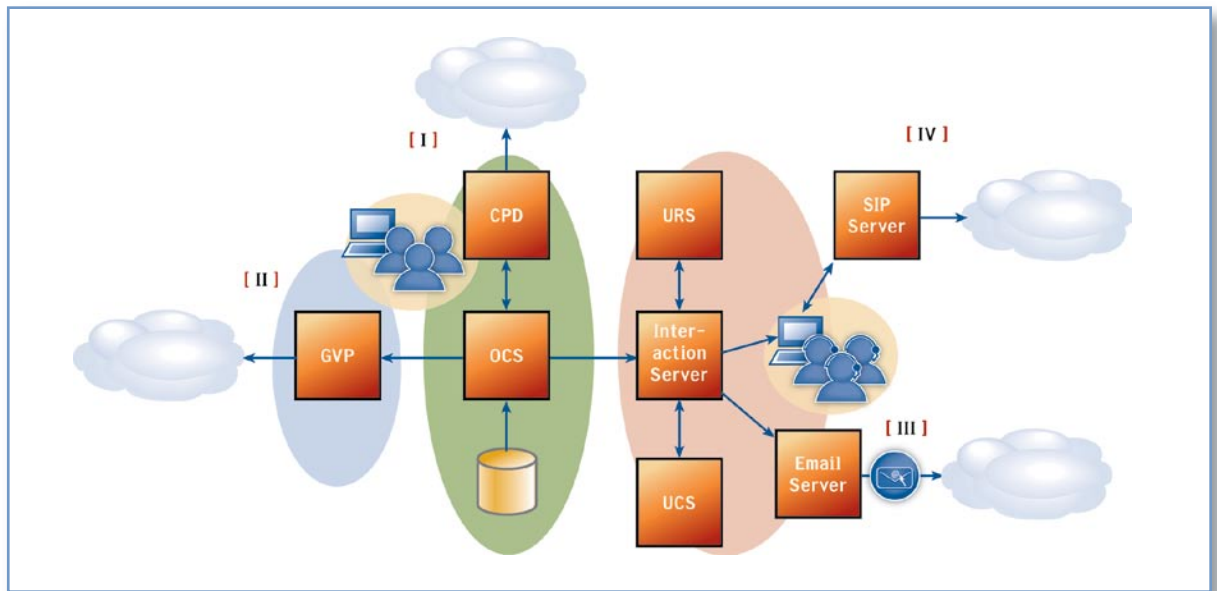
Furthermore, Genesys Proactive Contact flexibly and seamlessly integrates into any IT environment, and optimizes your investment in other components of the Genesys solution suite:

- Integration with GVP offers interactive Dual-Tone Multi-Frequency (DTMF) or speech self-service capabilities
- Integration with CRM systems and operational data sources enables the Proactive Contact solution to access customer information and integrate necessary contact information in the customer record
- Genesys Proactive Contact works with Time Division Multiplexed (TDM), Internet Protocol (IP), and hybrid voice architectures, so it integrates easily into a wide variety of contact center environments

In addition to traditional customer service provided by outbound customer service campaigns, Genesys Proactive Contact offers the ability to handle information consistently across all channels, which addresses the critical requirement of contacting and interacting with customers via their preferred channel.

Genesys Proactive Contact Architecture Overview

Genesys Proactive Contact leverages the robust and comprehensive Genesys Outbound Contact solution to deliver proactive contact using agents and agent-less (automated) notifications.



- [I] Using live agents and Preview, Progressive or Predictive dialing modes, the Outbound Contact Server (OCS) dials out to customers to provide notifications. The Call Progress Detection (CPD) server ensures that the agents are only connected when a right-person connection is established, ensuring highest overall efficiency.
- [II] Using the Genesys Voice Platform (GVP), the OCS initiates dialing through the GVP. The GVP performs call progress analysis using standard or optional components and plays the VoiceXML notification application. The VoiceXML application can include branching based on call progress results — for example, provide interactivity only when a live person is reached, and provide automated messages if an answering machine is reached.
- [III] Using the Interaction Server with appropriate routing strategies applied by the Universal Routing Server (URS), the OCS can provide agent-less automated e-mail or SMS notifications.
- [IV] Using the Interaction Server with appropriate routing strategies applied by the URS, the system can route high-value customer calls to the agents to preview and initiate. Agent-initiated calls can then be completed with the Session Initiation Protocol (SIP) server in the IP environment or the T-server in the TDM environment.

Proactive Contact and the Dynamic Contact Center

Taking a broader view of customer interactions, proactive contact plays an important role in the Dynamic Contact Center — the Genesys vision for the future of the customer contact center.

The Dynamic Contact Center integrates and orchestrates all of the major contact center capabilities in real-time — including Intelligent Routing, Integrated Self-Service with Agent-assisted Service, Multi-channel, Workforce Management and Optimization, Outbound, Virtual Hold, Reporting and Analytics and others — to successfully achieve the company's business goals in fluctuating conditions.

The Dynamic Contact Center carefully balances these three parameters:

- Resource availability
- Traffic
- Call (interaction) outcomes

For instance, when the inbound traffic into the contact center starts peaking, the Dynamic Contact Center could begin reducing the number of outbound up-sell and cross-sell calls or could start offering Virtual Hold queue management until the inbound traffic reduces to average levels, thus optimizing service levels without needing additional resources.

Genesys Proactive Contact is an important part of the Dynamic Contact Center vision. In addition to reducing inbound traffic by proactively notifying customers with personal, relevant information in a timely manner, proactive contact could also be leveraged within the Dynamic Contact Center at non-peak times for proactive outbound activities utilizing available agent resources, self-service resources, or a combination of self-service and agent resources, to achieve business goals.

For example, during non-peak times in the contact center, an insurance company could automatically launch IVR-assisted campaigns for cross-selling life insurance policies to all customers who have purchased property insurance. Since a life insurance policy is typically a complex product, the customer accepting the offer can provide some basic information into the IVR, after which the agent can help the customer with the right product that will fit the customer's needs. As a result, proactive contact supports the vision of the Dynamic Contact Center by helping maximize utilization of all resources and by increasing business outcomes (revenue).

By implementing the Genesys Proactive Contact, an organization can evolve its contact center towards the vision of the Dynamic Contact Center, carefully and continuously balancing the three contact center parameters: resource availability, traffic and call (interaction) outcomes.

Conclusion

Proactive customer contact is a valuable strategy that few companies can afford to neglect. Effective proactive contact strategies reduce costs and improve customer loyalty — offering the long-term benefit of increased revenues from loyal customers, as well as reduced customer churn.

Although the potential applications for proactive contact vary widely across industries, the basic requirements for a solution are similar: it must integrate with existing CRM systems, work across different communication channels for customer contact, and ensure the smooth and seamless provision of information and service to the customer. Genesys Proactive Contact meets these requirements with a flexible offering that includes voice self-service for interactive voice notifications, flexible e-mail/SMS notifications capabilities, rapid integration to CRM systems with Gplus adapters, inbound voice capabilities for seamless connections to live agents and comprehensive real-time and historical reporting. Additionally, Genesys Proactive Contact is well-integrated with the rest of the Genesys Customer Interaction Management suite to enable the vision of the Dynamic Contact Center to become a reality.

About Genesys Telecommunications Laboratories, Inc.

Genesys, an Alcatel-Lucent company, is the only company that focuses 100% on software to manage customer interactions over the phone, Web and in e-mail. The Genesys software suite dynamically connects customers with the right resources — self-service or assisted-service — to fulfill customer requests, optimize customer care goals and efficiently use resources. Genesys software directs more than 100 million customer interactions every day for 4,000 companies and government agencies in 80 countries. These companies and agencies can leverage their entire organization, from the contact center to the back office, to improve the overall customer experience. As a result, Genesys helps stop customer frustration, drive efficiency, and accelerate business innovation. For more information, go to www.genesyslab.com or visit the industry blog at www.betterinteractions.com

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