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WHITE PAPER

AMDOCS CUSTOMER EXPERIENCE RESEARCH: WHAT'S REALLY HAPPENING WITH SELF-SERVICE

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INTRODUCTION

There was a time not too long ago when self-service was heralded as a sort of savior for customer service operations. The rationale went something like this: “Drive your customers to these lower cost forms of customer service and all will be well – your cost of service will be lowered and you’ll reduce your reliance on agents in the shop and in the contact center.”

It’s clear that self-service has not been a panacea, at least to the extent that was anticipated back in the late 1990s. But as the level of sophistication of, access to and user-comfort with the Internet has grown, web-based self-service has become a more promising and productive channel for self-directed service applications. Today, there is ample evidence to suggest that many enterprises are investing significantly in getting self-service, especially web self-service, right for their intended customer experience. But there are several questions around online, self-directed customer interaction that need answering for enterprises to understand how much it can really improve their interaction with their customers.

As the leader in customer experience systems innovation (clearly, self-service counts as one of the most customer experience-affecting systems), Amdocs commissioned independent research firm Frost & Sullivan to conduct a first-of-its-kind survey to investigate just what is really happening with self-service. Rather than look at what enterprises were planning to do or their attitudes toward self-service, or get consumer opinion about self-service, the survey took a different approach. It looked at what enterprises are actually doing and experiencing in specific areas related to web self-service, from the perspective of the staff responsible for delivering it, every day. By doing this, an initial benchmark of web self-service adoption has been created, which, it is hoped, can help enterprises assess and further refine their strategies for web-based self-service as part of their intentional customer experience™.

As discussed in detail below, the survey looked at five main areas:

- > Customer interaction trends, specifically the ratio of interactions taking place that are self-directed versus agent-assisted

- > Web self-service adoption rates as estimated by enterprises that provide this functionality to their customers
- > Targets and promotions for web self-service, as a measure of enterprises’ level of goal-setting for self-service performance
- > Web self-service applications – what is offered and what is considered critical to end-user customers
- > Motivation for investment in web self-service going forward

The survey provides a view into web self-service by querying actual decision-makers involved with self-service on a daily basis. The companies surveyed come from the United States, the UK and Germany, representing five different industries, enabling the reader to compare and contrast the experiences in each. In addition, the survey looked at self-service directed at both business-to-consumer (B2C) and business-to-business (B2B) audiences.

About The Survey

Frost & Sullivan surveyed 182 people representing business enterprises evenly distributed across five industries:

- > Computer hardware and software development & manufacturing
- > Financial services and banking
- > Insurance
- > Retail
- > Telecommunication services

Each industry represented approximately 20 percent of the total respondents. Seventy-eight respondents were located in the United States and 104 respondents were located in the United Kingdom & Germany. The survey period was from January to March 2008. The respondents were key decision-makers in sales, marketing, customer operations and customer care, having daily responsibility for or interaction with their companies’ web self-service capabilities for both consumer (B2C) and business customers (B2B).

“ An increase in our customer base has led to an increase in the demand for the products that we offer. This means there would be an increase in the customer-related queries, which can better be handled (sic) by self-service applications.”

Telecommunication industry survey respondent

“ Customers find web portals more user-friendly to submit their queries. This in turn has shifted our focus to these applications.”

Computer industry survey respondent

SURVEY RESULTS

Customer Interaction: Who's In Control?

Self-service capabilities give customers the tools to initiate and complete service interactions without direct intervention from a service agent. One general indicator of the pervasiveness of self-service tools and channel usage is a simple measure of perceived breakdown of all interactions into those that are “self-directed” -- initiated and completed by the customer unassisted -- and those that are “agent-assisted” -- managed by a service agent in a contact center or retail store. The survey defines “customer interaction” as “exchanges and communications that occur for the purposes of sales, service or support.”

When asked to estimate the relative share of self-directed and agent-assisted interactions, respondents indicated that, overall, 35 percent of customer interactions are self-directed, with notable variance across the industries surveyed, as shown in Exhibit 1.

EXHIBIT 1
PERCENTAGE SHARE OF SELF-DIRECTED INTERACTION BY INDUSTRY

Overall	Computer	Financial	Insurance	Retail	Telecom
35%	24%	37%	28%	44%	42%

Base: n= 182

Respondents from the telecommunications and retail industries estimated the highest share of self-directed interactions while the computer hardware and software, and manufacturing respondents had the lowest share. Many factors may explain these industry results. Retailers have invested heavily in online shopping facilities and, although their business models retain a large focus on traditional

bricks-and-mortar shopping, e-commerce transactions are starting to rival in-store retail transactions in the UK, Germany and US.

Telecommunication service providers have invested heavily in developing and promoting self-service capabilities such as paperless billing and account balance-checking via IVR.

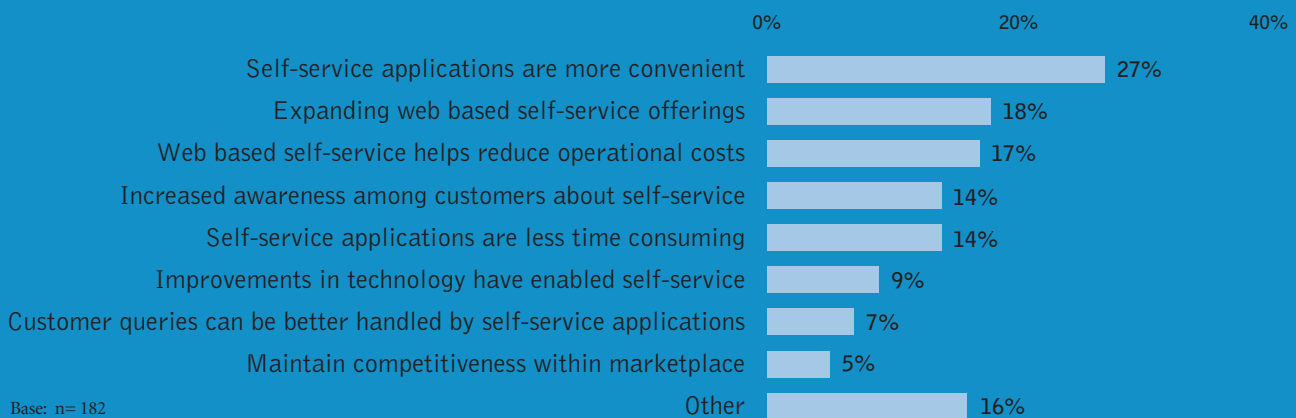
In an effort to assess trends in share of self-directed versus agent-assisted interactions, the survey asked respondents about perceived shifts in one versus the other over the previous two years and expected in the coming two years. For the preceding two years, 71 percent of respondents reported an increase in the amount of self-directed interactions, with similar proportions across the different industries. And the respondents expected the trend to continue, with 73 percent expecting an increase. This was especially pronounced in the computer and insurance industries, in which 86 and 81 percent, respectively, projected increases in self-service interactions.

When asked the reasons for the anticipated increase in self-directed interaction, 27 percent of respondents stated that they perceive self-service applications as more convenient for customers, as shown in Exhibit 2. Other reasons given include:

- > Companies are expanding their offerings in web-based self-service (18 percent)
- > Web self-service helps companies reduce operational costs (17 percent)
- > Customers are more aware of self-service offerings (14 percent)
- > Self-service applications are less time consuming for the customer (14 percent)

Respondents were asked to provide more insight as to why they anticipated an increase. In general, they felt that customers perceive

EXHIBIT 2
REASONS FOR INCREASE IN SELF-DIRECTED INTERACTION OVER THE NEXT TWO YEARS



Base: n= 182

self-service functionality as an important component of the customer service experience. For example, the respondents pointed out the following:

- > Customers can choose their preferred means of interaction and often seem to find that, with self-directed means, they can fulfill their customer service needs faster.
- > Customers see self-service tools as a given and also expect them to be effective and high-quality
- > Their customers perceive web portals are to be more user-friendly when supporting enquiries.
- > As companies add more customers and manage increased demand, self-service applications can better handle customer queries.

Web Self-Service: Level of Adoption

For many years, enterprises that offer self-service capabilities have been reluctant to talk about how much of their customer interaction is supported by self-service. However, web self-service portals tend to be very visible, an obvious extension of their companies' image. So, their role in the overall customer interaction mix has been somewhat sensitive.

If their openness to answer a survey questionnaire is any indication, this reluctance to share information looks to be beginning to fall away. Also, web activities across many types of consumer and business customers are on the upswing as increased broadband adoption and familiarity with the Internet are helping to drive up web activity overall.

The survey explored the specific issue of web self-service adoption by asking respondents to estimate what portion of their customers—enterprise customers and consumers--use, register for and consistently return to their web self-service capabilities. In Amdocs' experience,

enterprises often deploy web self-service portals differently to address the distinct needs of these two segments.

The relative rates of web self-service usage by segment, country and industry are shown in Exhibit 3. The most significant finding is the contrast between the number of registered web self-service users versus consistent users in both business-to-business (B2B) and business-to-consumer (B2C) segments. The drop off is more dramatic in the B2C segment – from 35 percent to 13 percent – than in the B2B segment – from 44 percent to 22 percent.

This drop-off between registered and consistent users confirms a frequently voiced frustration with self-service portals: while one can build a portal and convince customers to register, it is far more difficult to get them to use it consistently. One respondent said that consistent use is often ignored as a metric and companies tend to prefer registrations as the key performance indicator, as it paints a more positive picture of how the self-service portal is faring. However, consistent use (researchers acknowledge that respondents likely have different definitions of what it means to be “consistent”) of the web self-service portal is the most significant indicator, as it is what will ultimately drive down customer service costs and provide a better chance of cross-sell and up-sell to new offerings.

Survey respondents' estimates also show that, as expected, consistent adoption among consumers is lower than for enterprise customers. This was anticipated as it was assumed that B2B self-service end-users will use web self-service portals in the day-to-day course of their jobs, thus driving more consistent use. However, in the telecoms sector for instance, consistent use rates were nearly the same, with the B2B rate of consistent use 21 percent and B2C, 22 percent.

It is also important to note the industry differences in adoption of web self-service, as shown in Exhibit 3. Telecom service providers and financial respondents have the highest rates of consistent adoption across both B2C and B2B segments. In the B2C segment, this most likely reflects the emphasis that each of these industries have placed on web self-service capabilities for e-billing and e-statement management,

EXHIBIT 3
ESTIMATED RATES OF SELF-SERVICE WEB ADOPTION

	Business-to-Consumer			Business-to-Business			
	% (of total customer base)	Used Web Self-Service at least once	Registered for Web Self-Service	Registered & Use Web Self-Service Consistently	Used Web Self-Service at least once	Registered for Web Self-Service	Registered & Use Web Self-Service Consistently
Total Sample		42%	35%	13%	50%	44%	22%
COUNTRY							
US		49%	40%	16%	51%	46%	22%
UK		30%	25%	7%	45%	40%	19%
Germany		36%	30%	9%	56%	45%	25%
INDUSTRY SECTOR							
Computer		50%	34%	11%	52%	46%	24%
Financial		46%	43%	17%	53%	50%	26%
Insurance		40%	29%	10%	44%	40%	18%
Retail		32%	21%	6%	42%	36%	16%
Telecoms		49%	46%	22%	56%	42%	21%

“As technology advances, our customers expect to be able to access our services 24 hours a day, seven days a week, so a self-service model will go far in meeting this requirement.”

Insurance industry survey respondent

as well as the nature of the information that customers manage online. Also, in the computer hardware and software segment, there is a large gap between rates of consistent adoption between the B2B and B2C segments, with B2B being more than two times greater. Again, as in the overall B2C and B2B comparison, computer hardware and software providers have invested heavily in getting business users to use web portals for their service and support interaction.

Web Self-Service Applications

Web self-service portals are designed to offer customers opportunities to conduct many different types of activities around sales, service and support, such as gathering product and service information, ordering, paying bills and managing accounts.

The survey asked respondents which of the web self-service applications their companies offered seemed most critical to their business and consumer customers. The respondent were asked to rate the the following applications:

- > Financial and billing inquiry
- > Account information management
- > Order and change existing products and services
- > Personal information management
- > Bill payment
- > Support and trouble ticket entry
- > Online dashboards
- > Order tracking
- > Bill dispute
- > Agent chat and co-browse
- > Report creation on customer data

As shown in Exhibit 4, the most critical applications for consumer web self-service turned out to be those related to product and service

inquiry, followed by financial and account management applications. The results confirm the value of knowledge-based informational self-service applications that aid customers in locating and then acting upon information. In the consumer web-self service area, the survey found that nearly 60 percent of the respondents considered getting information from web portals critical. The relatively high rating for financial and account management applications indicate the importance of transactional self-service capabilities that relate to billing and personal activity with a supplier.

Order-related applications (e.g., when the actual purchase transaction occurs) were seen as less critical. The survey results confirm the idea that both businesses and consumers love web self-service portals for information gathering, bill paying and account management, but they don't seem to be using those web portals to buy. It would seem that, especially for consumers, it is important to be able to touch and feel products, and be able to speak with a person when they decide to purchase something. They may spend hours on the web finding what they want to buy, but they prefer person-to-person interaction when it's time to buy.

Targets and Promotion

It is sometimes said that if you build self-service sites, no matter how well-designed, adoption will remain an issue—particularly for consumers, who don't share business customers' day-to-day need to use their suppliers' web portals. Indeed, given this survey's findings, it would seem critical that enterprises offering web self-service invest significant effort in promoting their portals and set targets for adoption.

However, the survey showed that, while promotion was taking place and efforts to raise adoption were widely carried out, a surprisingly high proportion of the respondents reported they had no set targets for consistent use, as shown in Exhibit 5.

EXHIBIT 4
RANKING OF APPLICATIONS CRITICAL FOR CONSUMER WEB SELF-SERVICE PORTALS

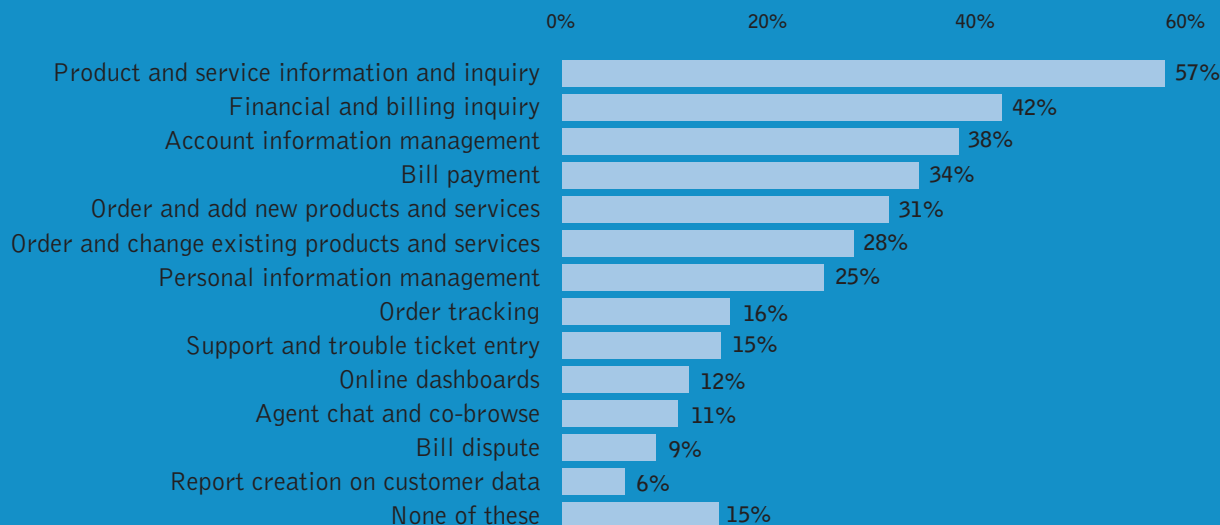
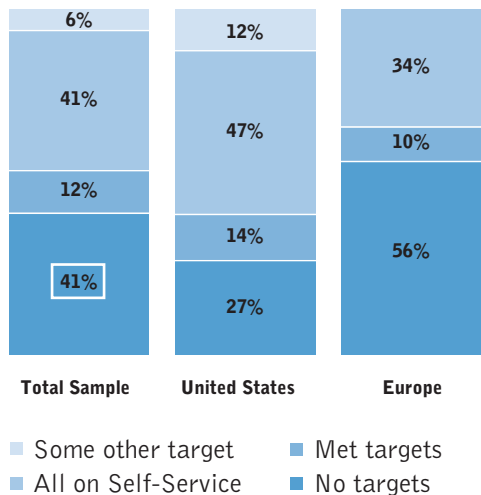


EXHIBIT 5
TARGETS FOR CONSISTENT USE OF WEB
SELF-SERVICE BY CONSUMER CUSTOMERS



Base: n= 126

Overall, four out of ten respondents reported that they had no targets for increasing the adoption of web self-service applications among consumers. By region, 56 percent of respondents in the UK and Germany combined had no targets; neither did 27 percent of the US respondents.

At the same time, three-quarters of respondents said their companies have undertaken initiatives to promote the increased use of self-service web applications. When asked what tools that they used to help promote web self-service to drive more consistent use among their consumer customers, the survey found that dedicated awareness campaigns (78 percent) and redesigning their web self-service portals

(75 percent) were the top two actions that respondents have taken. Other initiatives included:

- > Introducing new services on the self-service portal (67 percent)
- > Analyzing use of the web portal (48 percent)
- > Introducing incentives for use (43 percent)
- > Reviewing competitor self-service portals (41 percent)
- > Holding focus groups about the self-service portal (40 percent)
- > Restricting agent assistance to drive customers to web self-service (18 percent).

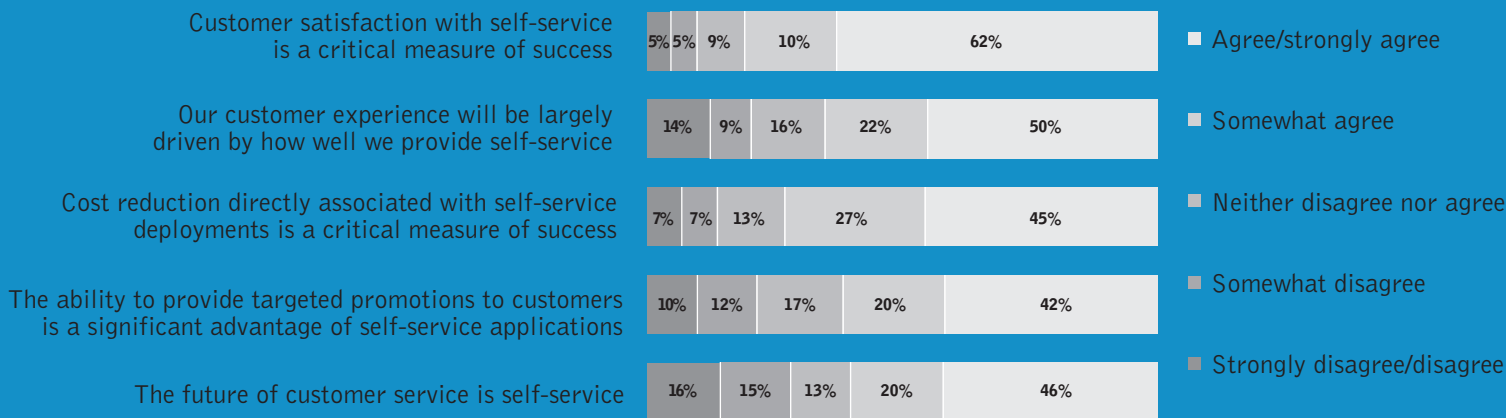
Although much effort seems to be directed toward promoting web self-service, it is not necessarily supported by a structured strategy, as supported by comprehensive metrics for success. This is not to say that enterprises lack a strategy for self-service. Rather, it provides an indication that web self-service portals are still not perceived and supported as a primary means of customer interaction like contact centers or retail outlets. In many cases, web self-service portals are measured against a limited set of key performance indicators (KPIs), and sometimes just the single KPI of number of registered users of a site is used as a barometer of success. Contrast this with contact centers which are generally measured against a very specific set of KPIs that are derived from a detailed customer interaction strategy.

Web Self-Service: A Change in Motivation?

The raison d’etre of all self-service has been centered on the idea of driving down the cost to service customers. Self-service channels such web portals, IVRs, ATMs and in-store kiosks can be seen as lower-cost means of customer service, where the agent-related cost of interaction is taken away. Indeed, initial investments in self-service technology were justified largely on the basis of longer-term cost-reductions achieved by deflecting calls away from contact centers.

This survey’s findings suggest the primary motivation for providing customer self-service may have shifted from cost to customer

EXHIBIT 6
IMPORTANCE OF SELF-SERVICE APPLICATIONS



Base: n= 126

concerns. In fact, when asked to rank the critical measures of their self-service success, survey respondents rated customer satisfaction and concern over the customer experience as more critical than cost, as shown in Exhibit 6.

As shown in Exhibit 6, six out of ten respondents said that customer satisfaction with self-service is a critical measure of success. Four out of ten also agree that the customer experience will be largely driven by how well they provide self-service. Only roughly 45 percent of respondents ranked cost savings as a critical measure of the success of their self-service applications.

SUMMARY

Amdocs and Frost & Sullivan conducted this survey to understand what's happening with self-service today--long past the days of the hype of web self-service. The survey findings serve as a snapshot and initial benchmark for web self-service use and, by extension, the customer experience it delivers.

The self-service professionals surveyed recognized the role of self-service in the customer experience, but the survey suggests formidable challenges. Web self-service has been "a nice to have" for many years, but now easy-to-use and effective self-service tools are expected, and need to become a core part of companies' service identity and thus their brand. Enterprises must provide a new level and kind of customer service, delivered consistently through web self-service portals.

In view of these results, "customer service at a lower cost" is still a basic rationale for web self-service, but it's no longer the sole driver for improving and delivering better self-service. Enterprises are now reacting to a clearly stated customer demand for better self-service capabilities. As one respondent said: "Customers are gaining more expertise with self-directed interactions and expect to have the self-directed option."

While web-based self-directed interaction will not overtake agent-assisted interaction in the short term, it's clear that enterprises are gearing up for a time when there will be a balance between the two. The immediate challenge lies in attaining more consistent use of web self-service capabilities and making sure that portals are not just places for account management and product browsing, but viable venues for guided shopping and purchasing. In this regard, the success of web self-service will be driven by the enterprise's ability to understand and respond to customers' expectations of web self-service, and their ability to provide a rewarding service experience that encourages customer to return to self-service on a consistent basis.

RESEARCH TEAM

The research team for this report was led by Stephen Krajewski (stephen.krajewski@amdocs.com), Product Marketing Director for Amdocs Self Service at Amdocs, and Dan Colquhoun (dan.colquhoun@frost.com), Vice-President for Customer Research at Frost & Sullivan.

ABOUT FROST & SULLIVAN

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ABOUT AMDOCS SELF SERVICE

Amdocs CES Self Service offers an integrated e-service solution for residential and corporate customers to self-manage their operations over the web. Through either a consumer or dedicated corporate portal, customers can view and investigate their charges and usage; pay and dispute bills; perform detailed bill analysis; maintain their accounts and details; configure and order services and equipment; and manage and control their own support issues. And most critically for corporate customers, they can do this all according to their own organizational structure and approvals hierarchy.

For residential customers, Amdocs CES Self Service provides a consistent, unified platform that supports self-service functionality via the web, television or mobile device. Not only does this provide consistent information to the end-customer, it also offers one single platform for all self-service functions.

Pre-integrated with Amdocs' portfolio products, such as Amdocs CES CRM and Amdocs CES Ordering, Amdocs CES Self Service is a fully customizable, stand-alone system that can be integrated into front-end e-service portals and back-end third-party business and operational support system environments.

ABOUT AMDOCS

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