

Artificial Intelligence Transforms the

CONTACT CENTER

WHITE PAPER

Prepared by
Zeus Kerravala

ABOUT THE AUTHOR

Zeus Kerravala is the founder and principal analyst with ZK Research. Kerravala provides tactical advice and strategic guidance to help his clients in both the current business climate and the long term. He delivers research and insight to the following constituents: end-user IT and network managers; vendors of IT hardware, software and services; and members of the financial community looking to invest in the companies that he covers.

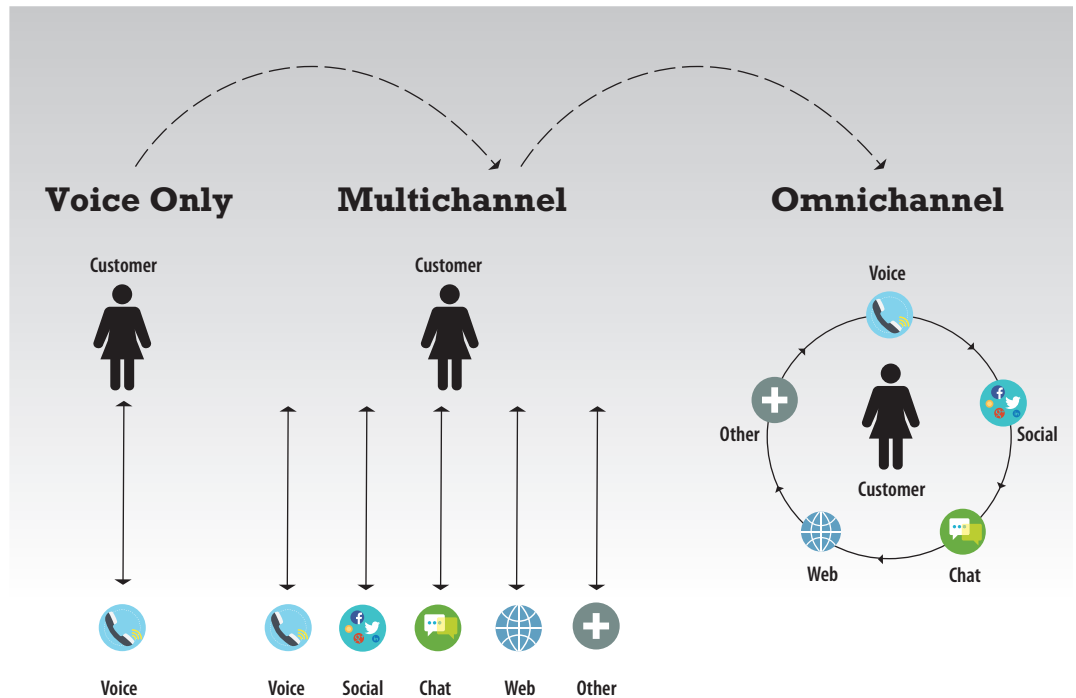
INTRODUCTION: THE CONTACT CENTER RISES IN VALUE

Digitization has altered the relationship between company and customer, only to be exacerbated by the COVID-19 pandemic and a greater shift to online shopping and communications. Today, the customer is in the driver’s seat, which means that companies must take a customer-centric approach. A core tenet of customer centricity is ensuring a pleasant experience, and that begins with the contact center.

Over the years, the customer experience (CX) has increased in value. In fact, according to ZK Research interviews, 90% of companies view it as a critical differentiator today. Yet according to [a study by PwC](#), while 65% of U.S. customers believe a positive customer experience is more influential than great advertising, only 49% said they have had a good experience. Also, the ZK Research 2021 IT Priorities Study found that two-thirds of millennials changed loyalties to a brand because of a single bad experience, and 90% of companies now compete on CX, up from 26% five years ago.

Therefore, it is critical to evolve the contact center to meet customer demand. Gone are the days when consumers are willing to put up with calling customer service, waiting on hold and then being transferred multiple times or—worse yet—disconnected. Customers expect to connect with an organization’s customer service team across multiple channels. This includes phone, email, chat, social media, text message and video call ([Exhibit 1](#)). And in some cases, customers may opt to utilize multiple channels to resolve their issue.

Exhibit 1: Omnichannel Is Now Mandatory for CX Success



ZK Research, 2022

A modern contact center will employ an omnichannel approach to respond to modern customer requirements.

Legacy contact centers do not have the infrastructure, tools or people to meet the demands of today's customer. To create an optimal experience that helps ensure retention, businesses must modernize, making investments in technologies that can handle volume, predict needs and route people to the appropriate solution regardless of the channel. In addition to retaining customers, these investments will enable companies to manage their customers' requirements more effectively and efficiently.

This is why the contact center is shifting to a platform. It's also the reason that organizations have digital transformation plans involving CX. In fact, 86% of respondents in the ZK Research 2021 IT Priorities Study reported having such plans. As this shift happens, artificial intelligence (AI) will play a bigger role in delivering best-in-class experiences to customers.

SECTION II: AI IMPROVES THE CUSTOMER EXPERIENCE AND AGENT PRODUCTIVITY

Companies are taking in massive amounts of data that reflect their customers' feedback, but currently, most are not harnessing that information. Each communication between a company and its customer can be used to help not only that customer, but also all current and prospective customers.

Whether a company has one data center or multiple, AI and machine learning (ML) tools can gather and store the disparate data across agents and other external systems, connecting the dots in a way that is impossible for humans. Whether a communication comes from phone, social media or email, these tools can gather and transcribe the data into actionable insights. This is precisely why 52% of businesses will begin to invest in AI to improve CX, according to the ZK Research 2021 IT Priorities Study.

A modern contact center will employ an omnichannel approach to respond to modern customer requirements, which have shifted dramatically over the years. The ZK Research 2021 IT Priorities Study found that 86% of customers currently use self-service, while 61% opt for online chat and 37% turn to social media. And when customers do choose to speak with a live agent, they expect the experience to be great. Next is the mobile element. Ongoing research conducted by ZK Research has found that 50% of U.S. households are mobile only today. Consequently, the modern contact center must be mobile friendly and especially responsive to millennials and Gen-X customers.

Modern contact centers have the unique opportunity to positively impact both the top and bottom line simultaneously, improving the experience for the contact center agent as well as the customer. This means businesses can increase revenue, achieve significant cost savings and improve employee satisfaction. In addition, a modern contact center can allow a business to reduce its agent workforce and focus on recruiting top-tier agents at a better salary.

But this is not just about cutting labor. Agents will feel empowered, leading them to be more productive. Technologies should not simply replace agents; modern centers should augment agents' work and enable them to focus on more complex issues that require human empathy and can help improve retention. According to [a McKinsey report](#), two-thirds of customers believe the customer service tools provided via online channels and mobile devices to solve their issues should be faster, easier to use and

more robust. The report goes on to say that the adoption of chatbots can reduce costs by up to 20%, improve retention and upselling by as much as 15%, and quadruple employee productivity.

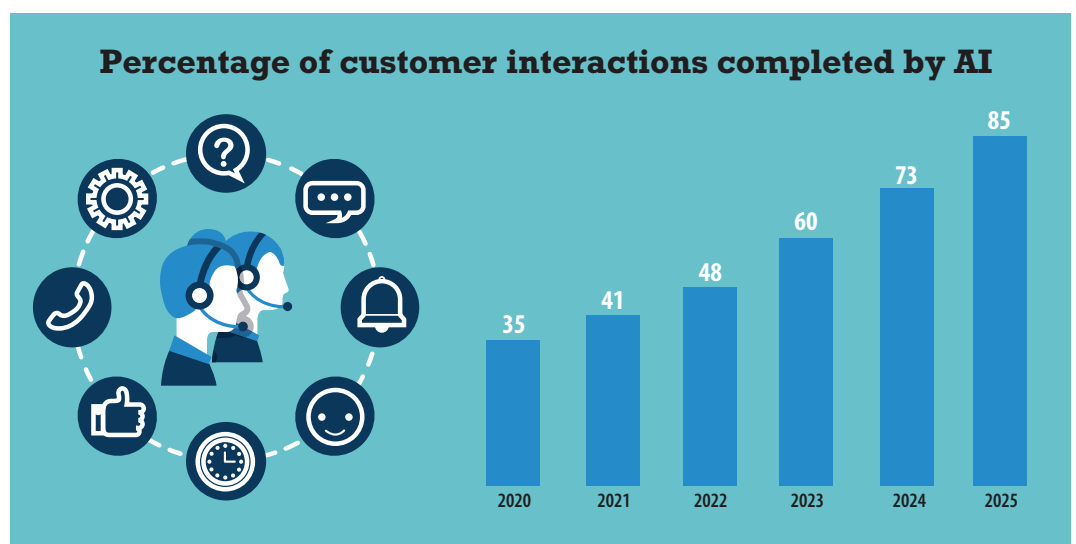
Companies often turn to customer satisfaction (CSAT) surveys and net promoter scores (NPS) to understand customer needs, but these often stop short of digging deeper and assessing customer sentiment across all contact center channels. AI and ML technologies can take all of this data in, provide real-time feedback and create actionable insights.

Using sentiment analysis to learn patterns can also drive automated and intelligent routing that allows customer needs to be met faster and more accurately. Simultaneously, tools that utilize natural-language processing offer a human feel that customers value.

According to the ZK Research 2021 Customer Experience Forecast, the number of customer interactions involving AI will grow from 35% in 2020 to 85% by 2025 (Exhibit 2). And this massive influx of data generation and intelligence has transformed the contact center into a platform model where companies are now providing *experience as a service*. Each ticket created and responded to will integrate into the platform, establishing patterns that can be acted upon. Good agents can take inbound calls and upsell or cross-sell, while outbound agents can build deeper customer relationships, fostering retention and additional sales.

The first step in providing experience as a service is to turn to cloud-first models. Contact center as a service (CCaaS) software is now big business. Two leading companies, NICE (which acquired inContact in 2016) and Talkdesk, were both named Gartner Magic Quadrant Leaders in 2021. Both platforms help businesses optimize their customer journeys while also optimizing costs. Both offer omnichannel routing, automated and intelligent responses, CRM integration and real-time reporting—features that are critical to creating a customer-centric business.

Exhibit 2: AI Will Play a Key Role in Contact Center Evolution



ZK Research 2021 Customer Experience Forecast

Partners should offer real-time reporting capabilities in addition to storing reports for historical, longer-range reviews.

SECTION III: THE IMPORTANCE OF CHOOSING THE RIGHT SERVICES PARTNER

As companies modernize their infrastructure and move toward a cloud-first model, they can't leave the contact center behind. But CCaaS deployments can be complex, particularly when migrating from a legacy system. And choosing the right partner is critical as companies balance optimal customer service with seamless, secure integration across the business and workforce.

Does the platform integrate with the current CRM system, unified communications and other business apps? When done right, these integrations create a seamless way for agents to provide customer service while also ensuring the information gleaned is not siloed from the rest of the organization.

When choosing a partner, companies need to think beyond the technology stack. They must assess the level of employee training, customization and ongoing support that is necessary to modernize their contact center. If there is too much or too little customization, or if the training is not sufficient for employees, it will not be a good fit.

The technology is only as good as the insights. Therefore, companies must ensure that partners offer real-time reporting capabilities in addition to storing reports for historical, longer-range reviews. These reports can be used to identify patterns for tracking customer trends and issues as well as gaps in employee training and overall workforce management.

SECTION IV: CONCLUSION AND RECOMMENDATIONS

Building a modern contact center supported by AI and ML technologies will transform the customer journey.

As more companies complete their digital transformations and more consumers utilize digital channels, customers will increasingly expect to utilize self-service options. In addition, customers will remain steadfast in their expectation of speed, efficiency and empathy throughout their journey.

As companies become more customer centric, the contact center must be at the center of their strategy. Companies that do not holistically incorporate their customer journey into their overall strategic vision—including product roadmaps and service delivery—will find themselves losing out to those companies that do.

In an environment that offers an abundance of choice, customers will opt for the brands that offer the best experience. Whether inbound or outbound, customers must be able to choose their mode of engagement, and the communications must be personalized and address customer issues. This demands that companies offer an omnichannel contact center that provides customers the freedom to move among channels.

As you consider modernizing your contact center, ZK Research recommends choosing a platform partner that does the following:

- Understands the unique needs of your business
- Has AI and ML built into the core capabilities to both automate and learn from each customer communication
- Works to integrate with your infrastructure seamlessly and offers the transparency needed across the entire organization
- Will provide the training necessary for your own team to best meet the needs of your customers
- Provides real-time and historic data and metrics
- Will scale with you

In the end, your contact center should empower your customers and agents, drive revenue and customer value, and help to elevate your brand.



CONTACT

zeus@zkresearch.com

Cell: 301-775-7447

Office: 978-252-5314

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