

# CIO 2 CIO >

## Today's IT Leaders on Market Trends

### The CIO's Mandate:

# Creating Compelling Customer Interactions

**New IDG research shows that companies must achieve consistent and relevant customer interactions across all communication channels.**

**MOST CIOs AND IT LEADERS RECOGNIZE THAT CUSTOMERS** will abandon poorly designed or non-intuitive Web sites, or will lose patience with errors in billing or ordering processes. From sales to marketing to customer service and support, customer interactions must be not only efficient but also streamlined and personalized.

Without the right tools, technology, and business processes in place, a company can find itself struggling to manage increasing customer demands—resulting in lost sales opportunities, lower customer satisfaction rates and dwindling revenues. On the other hand, an organization that provides a consistent, relevant customer experience across all possible communication channels—Web, call center, e-mail, etc.—can boost customer loyalty, trim costs and improve profit margins.

IT executives realize that customer interaction is a critical IT and business driver. IDG Research Services recently surveyed CIOs and IT leaders at companies with more than 1,000 employees in various industries, and followed up with some one-on-one interviews with these executives. The research found that:

- 25 percent rank customer interaction as their top priority
- 54 percent rate it as a top-five initiative
- 70 percent expect that investments in customer interaction technology will grow over the next 12 months

Although integrating customer touch points—the ways they make contact with your company—is a proven formula for success, achieving it is no simple task. Organizations must share data across channels and systems, communicate with customers in an appropriate and desirable format, and introduce compelling and easy-to-use interfaces—all while managing costs and maintaining airtight security.

In today's fast-changing business environment, it's important to manage customers in a holistic way. A new and innovative approach—using the right collaboration technology to design systems and solutions from the customer's point of view—is necessary.



“Initially the focus was on customer service, but **interaction** is now focused on **customer issues** in a much broader and deeper way.”

— CIO,  
financial services firm

#### About CIO2CIO:

This peer-based thought leadership program analyzes quantitative research and tests it via qualitative, one-on-one interviews with CIOs. The resulting executive insight is then disseminated via CXO's multimedia assets.

## CIOs Cite Critical Customer Priorities

The IDG Research Services survey found that information technology is a key enabler for delivering superior customer interactions. CIOs and IT leaders said streamlining and improving the customer experience is critical:

- Two-thirds cited a need to integrate and enhance existing systems and processes.
- 54 percent indicated a need for business intelligence.
- 53 percent reported that data security and integrity are priorities.

Remarkably, only 15 percent of respondents said that their companies do “very well” in maintaining a consistent user experience across all communications channels. And the challenges are growing as organizations address sales, service and support options via a growing tangle of channels, including contact centers, Web sites, branch offices, agents in the field, mail and fax, e-mail, and mobile tools and apps.

Ultimately, an IT department must integrate structured (e.g., business intelligence and databases) and unstructured data (e.g., spreadsheets, audio files and video) from different and sometimes disparate systems—all while ensuring its customers’ privacy and security. In addition, time is of the essence: employees, customers and partners must be able to easily and quickly view an account history and, just as fast, communicate in multiple formats and across different applications and systems. If not, companies risk alienating customers and losing potential sales.

## Only 15 percent of CIOs say their companies do “very well” in maintaining a consistent user experience across all communication channels.

This risk is not lost on CIOs. Nearly three-quarters (70 percent) of the IDG survey respondents said they expect to ratchet up investment in customer interaction within the next 12 months. They will extend collaboration tools into mobile environments, invest in new communications channels, and find ways to improve online and Web interaction. Social media and rich Internet applications, including blogs, wikis, mashups and online communities, will play a prominent role.

What makes this task difficult is the need to offer highly personalized and customized customer experiences.

The tradeoff in introducing additional technology and channels—particularly less expensive channels such as the Web and e-mail—is providing consumers with greater latitude over how they interact and on what terms the process takes place.

Unfortunately, success often proves elusive. Customer interaction continues to grow in complexity, and many organizations are struggling to keep up. As the director of IT for one company explained, “Right now we do not take a proactive approach to customer interaction...we don’t have anybody taking the initiative.” And yet without leadership and IT direction, the customer experience suffers, and the cost to acquire and support customers under old frameworks (e.g., call centers, in-person sales) will continue to rise.

## Using New Tools to Address Challenges

Today’s high-stakes business environment can make or break an enterprise. To compete effectively, an organization must address several key issues:

- Diverting traffic to lower cost channels
- Managing regulatory and compliance issues
- Keeping up with competitors
- Creating new opportunities for interaction through technologies
- Dealing with globalization
- Maintaining high customer service ratings for increasingly demanding consumers

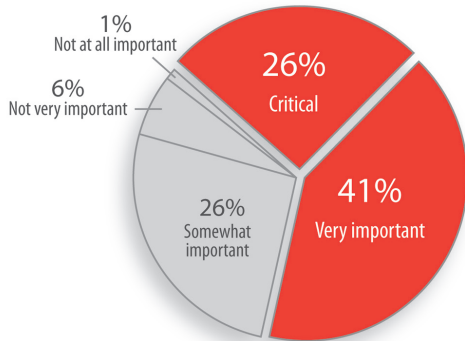
IDG respondents indicated they use a diverse array of approaches to achieve these goals. Among them: e-statements, e-invoices, Web conferencing, live chat, social networking, and dynamic media and video. CIOs and IT leaders said these lower-cost channels are a key driver for customer interaction, as is the need to reduce paperwork.

The ability to demonstrate a product online or provide compelling self-service options has the potential to shorten phone queues, trim labor costs and simplify overall support processes. In fact, 80 percent of survey respondents said that their primary objective is to drive traffic to their self-service Web site.

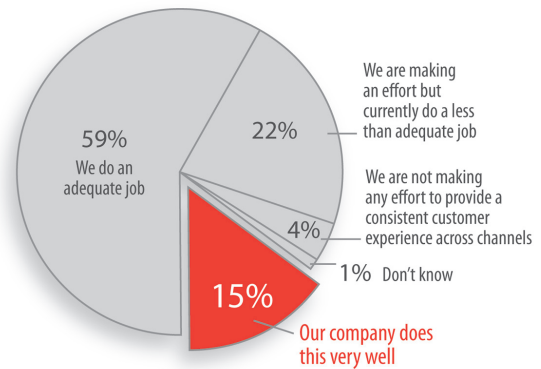
The benefits are clear. For example, the senior IS manager for an online firm said that using personalized offers and incentives to push customers to the company’s Web site has strengthened customer bonds.

Likewise, the CIO of a major financial services firm told IDG that pushing communications online has led to a more efficient information delivery model along with cost savings. “We’re actually poised to beat most of our targets

How important is the goal of maintaining a consistent customer experience across all communication channels (e.g. print, telephone, online, mobile, etc.)?



How effective is your company at maintaining a consistent customer experience across all communication channels?



Source: IDG Research Services, January 2010

in terms of customer usage,” he said. “For instance, we had a target that 80 percent or better of our initial online requests for products (i.e., when a customer initiates a request) would come through the Internet rather than through phone or a rep. We’re on target for that. It is enhancing our retention rates because clients perceive that they are getting greater value.”

In addition, mobile and wireless technologies are convincing companies to improve customer interaction. Indeed, 64 percent of IDG survey respondents said they are either making or planning to make investments in mobile and wireless systems, and of those, half are focusing heavily on customer interaction and retention.

Not surprisingly, as individuals turn to smartphones and other mobile devices, text messaging and dedicated apps are gaining attention. Best-practice organizations recognize that they must serve up the desired data in a format that’s device- and customer-appropriate.

“Mobile technology has been one of our biggest methods for retaining our customer base with the advent of the iPhone and other 3G-type phones,” said the financial services CIO, adding that mobile interaction has already shown significant benefits for his firm. “We’ve got about 80 percent customer retention, and the biggest drop in our customer base has been simply because a lot of our clients have gone out of business. We’re not losing market share to competition.”

## How to Build a More Effective Customer Interaction Framework

Seamless customer interaction doesn’t happen by accident. CIOs must develop a strategy that provides consistent customer support, using innovative and emerging

technologies including rich Internet applications, multimedia and collaboration tools, and information management technologies.

For the financial services CIO, overhauling his firm’s customer interaction strategy has been “a big upheaval in some respects,” which started about five years ago. “Initially the focus was on customer service, but interaction is now focused on customer issues in a much broader and deeper way,” he said.

He went on to explain that some investments included enhancements to existing customer-facing solutions, such as voice and fax technology. Next came Web-based technologies to make it easier for customers to interact and find data online, such as account information. Now the focus is on mobile technologies. “The impetus right now is for us to move forward. [The strategy] has had challenges, but it has been a fun ride and I think it will continue to be so,” the CIO said.

Companies increasingly recognize the need for a holistic approach that provides more sophisticated interaction. According to the IDG survey, 70 percent of IT leaders say that integrating collaboration tools and features into online and mobile communications channels will rise in importance over the next 12 months. Already, 80 percent say they use some digital forms of customer interaction—such as e-statements and e-invoices—or plan to do so in the future.

Organizations that provide up-to-date data, content and services in real time and communicate consistently across customer channels are bound for success. In fact, best-practice companies invest in technologies that automate workflows and enhance customer connection points—ultimately improving customer satisfaction and revenues.

They adopt a customer service model that lowers service costs by seamlessly guiding traffic to less costly channels while automating systems.

For example, one major manufacturing firm put an emphasis on moving from tactical to strategic customer interaction. “We’re trying to automate processes in order to provide customers with a self-service environment as opposed to a push environment,” noted the company’s vice president of information technology. In fact, the ability for customers to grab data at any time, from anywhere, can change the way they view a business and ratchet up loyalty.

## Take a Strategic and Tactical Approach

A key component in putting these systems to work is eliciting strong support from IT management, executive and corporate management, marketing executives and customer service specialists. The IT department, meanwhile, must play a major role in validating end-user

needs, evaluating and recommending products and services for purchase based on business requirements, and in some cases working directly with the business owners to optimize the user experience and the ROI from these more sophisticated customer interaction tools.

The right strategic and tactical balance is paramount. Best-practice organizations ultimately focus on several key issues, including:

- Providing relevant and up-to-date content
- Striving for a high level of responsiveness with customers
- Maintaining consistent communication throughout the customer experience
- Delivering a compelling and engaging user interface
- Offering breadth of functionality
- Building feedback mechanisms into the entire customer interaction process
- Providing personalized interaction and content

In fact, IDG survey respondents almost unanimously ranked these issues “very important” to “critical.” Indeed, customer-facing initiatives will remain on the enterprise radar screen in the months and years ahead. Savvy companies understand that a multichannel approach focusing on collaboration, customer acquisition, customer retention and servicing customers in personalized, customized ways creates a distinct competitive advantage.

In the final analysis, customers must find all interaction with a company intuitive, user-friendly and efficient. As a result, best-practice companies find ways to adopt new and innovative approaches while differentiating themselves, forging greater loyalty and building more profitable and sustainable relationships. By streamlining interaction across channels and providing consistent customer experiences, they strengthen long-term relationships. They’re also able to deploy applications more quickly, accelerate cycle times and reduce overall costs.

In today’s high-stakes business arena, it’s an approach that makes sense—and saves dollars.

## DOWNLOADING A SUPERIOR CUSTOMER EXPERIENCE

Verizon Wireless knows that the competition is on to provide consumers with mobile handsets, accessories and applications quickly and efficiently, in a cohesive, slick interface.

“We needed both back-end and user-interface foundations for our Web properties that would enable us to deliver rapid, frequent releases and bring new services and products to market quickly,” said Ben Holsinger, associate director of Internet marketing for Verizon Wireless. “We also wanted to chart new territory in terms of user experiences and drive Web/handset integration.”

To achieve this compelling customer interaction, Verizon Wireless worked with Adobe’s professional services team to develop a dynamic, scalable online storefront. The solution makes transactions seamless. For example, customers can easily download MP3 files and import them automatically into their media players, and use an enhanced drop-and-drop interface to personalize ringtones. Verizon Wireless is already reporting increased online revenues and positive user feedback.

“Using Adobe solutions, the online media store raises the industry bar by providing an outstanding user experience and a one-stop shop for handset must-haves,” said Mark Lawson, executive director of Internet sales and marketing for Verizon Wireless. “We’re also the first telecommunications company to offer full downloads of MP3 music tracks and albums.”

---

Discover how you can build a rich, interactive experience for your customers by visiting [www.adobe.com/go/cio](http://www.adobe.com/go/cio).

