

# CIO 2 CIO >

## Today's IT Leaders on Market Trends

# Customer Experience: Why IT Can't Stand Still

**There's nothing quite like a satisfied customer. But with growing reliance on online interactions, companies today are constantly competing—and sometimes struggling—to provide a better and more cost-effective online experience that meets customers' increasingly complex needs.**

### **"WE'VE LEARNED THAT WE WERE SLIPPING ON THE CUSTOMER LOYALTY INDEX**

because we weren't aware of what other companies were doing to keep their customers and increase their market share," says the IT director of a large insurance company. "We saw other companies stepping up—some who were never there before."

A senior IT executive for a midsize financial services firm notes that due to resource constraints, his company has relied on a dozen third-party providers for different customer service-related products. As a result, he says, "What we find is that the online experience is a very disparate one for our clients." Now the company is focusing on building a single portal that will unify the customer experience. The justification for the investment is easy, he adds: "It's very difficult to get new clients, and we want to make sure that the clients we do have we don't lose."

Both executives are among 139 CIOs and IT leaders at companies with more than 1,000 employees who recently participated in a survey by IDG Research Services. Their answers revealed an imperative to create an engaging customer experience across communications channels. More than 60 percent say they are planning to increase investments in customer self-service technology over the next 12 months.

According to the survey, the top three drivers for investing in new or improved functionality to support customer interactions and processes are:

- Pressure to strengthen competitive position
- Pressure to improve customer satisfaction
- Desire to improve quality of customer information/records

## Customer Needs Take Center Stage

It shouldn't come as a surprise that IT is feeling pain with the current state of online customer interactions; the issues associated with managing customer-facing process are not all that different from those associated with creating a coherent cross-enterprise systems strategy. Forty-five percent of those surveyed say data residing in disparate



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— IT executive,  
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### **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 IDG Enterprise's multimedia assets.

systems is their top challenge, followed closely by integrating customer/client-facing applications and processes with existing systems (43 percent), and integrating multiple applications into a single view for customer-facing employees (39 percent).

Companies have invested heavily—often in stovepipe fashion—in platforms for inventory and supply chain management, enterprise resource planning and customer relationship management. Yet there hasn't been a single unifying platform that manages interactions with the customer across these different functional areas. And technical limitations have prevented them from creating user interfaces that are dynamic, personalized and easy to use.

One survey participant, the senior IT manager of a food manufacturer with home delivery and retail distribution businesses, says his organization has lots of customer data, but simply merging it is not the solution. “We struggle with the fact that we have a lot of data,” he says. “How do we keep it separate in some situations and combine it in others?” He notes a particular concern with tight integration: “If we ever sold that business off, how do we separate that data out?”

Another challenge: Customers have different preferences as to how they wish to interact with a company. “There are users who want to have the experience where they go into an office—they don't have a computer,” explains the insurance company IT director. “There's a new type of user who [wants] to purchase via the Web or on the phone. So we need to tap into that and realize that people have different

preferences in how they shop for insurance and how they purchase insurance.”

## How IT Can Improve the Customer Experience

Asked to rate key areas where they would add or enhance functionality to enable a better customer experience, IT leaders in the survey reveal their greatest need is to support mobile applications. Indeed, the respondents express little confidence in their ability to enable individuals to research and purchase products and services, and to obtain customer services via mobile channels.

The mobile issue applies to enterprise applications as well as consumer use. One healthcare organization developed mobile applications to help make physicians more productive. “Physicians can come in and pick up a mobile device that provides patient information as they walk through the hospital,” allowing them to see and treat more patients more efficiently, explains says the organization's CIO.

The IDG survey found that a plurality of IT executives are looking to enhance the customer experience via guided experiences, in which agents interact and collaborate with customers to help them complete transactions online. The respondents also point to a requirement for simpler interfaces for customer-facing employees, such as integrated dashboards that display a more complete customer view.

The food manufacturer's IT executive highlights the need to interact across different interfaces with regard to a cus-

### Percent of companies that say they are “excellent” or “good” at tracking and measuring various customer activities

Activity	Companies with structured/automated processes in place	Companies without structured methods in place
How many areas of the website with which customers engage	72%	40%
Whether customers are downloading information	68%	40%
Time lapse between a customer request online and fulfillment	65%	37%
How much time customers spend on your website	62%	28%
When/if a customer abandons an online transaction	53%	27%
A view, by individual customer, of past information downloads	41%	22%

Source: IDG Research Services, June 2010

FIGURE 1: TRACKING AND MEASURING CUSTOMER ACTIVITIES

## CIOs describe which capabilities will help them create a more compelling customer experience

Desired IT Functionality or Feature	To improve customer service	To improve customer acquisition
Support mobile applications	61%	64%
Simpler interfaces for customer-facing employees	63%	57%
Guided experiences	52%	58%
Rich collaboration features	58%	40%
Rich media	49%	49%
Security features	43%	45%
Being able to audit/record customer transactions	44%	43%

Source: IDG Research Services, June 2010

FIGURE 2: THE CIO WISH LIST

customer's ability to opt-in and opt-out of scheduled home-delivery service. It's an issue, he says, of providing a customer experience in a manner most appreciated by the customer at any particular time or location: "Previously, they were able to go to the website and opt out or opt in. However, if they are on vacation and we're coming through every day, they are getting text messages that we stopped by. We need a way to figure out how to do that better. We're working on being able to offer automatic opt-out/in or reschedules via text messages through smartphones and PDAs."

From a cost perspective, it's not realistic to implement a new system with every change in customer behavior or technology adoption. Businesses are looking for ways to extend the value of existing back-end systems by enabling developers to build and deploy applications quickly and easily, and by ensuring that customers can more effectively interact with those systems. That means more self-service options for certain tasks. Self-service applications that include wizard-style guides or rich Internet applications (RIAs) make it much easier for those customers to open accounts, for example, or order parts.

But companies realize that self-service applications are not entirely sufficient. A high-value customer of a financial institution, for example, may want to casually peruse information during one visit, but at another may want immediate access to his account manager. Almost half of those surveyed indicate they are likely to implement real-time agent support in online interactions, especially in the

areas of product selection and product support. They also want to provide richer collaboration features that are user-friendly—both for their customers and those employees interacting with and servicing them.

The financial services IT executive is hoping to introduce several customer interaction enhancements to achieve consistency in customer satisfaction across all channels. "The touch points tend to be online, our call center and obviously our relationship managers. We try to make sure that all of those are consistently a great experience," he says.

RIAs can also be used for employee applications, producing a customizable composite view of multiple applications. This functionality can empower employees to efficiently help customers access their information across multiple applications, departments and products.

### Tracking Customer Behavior and Satisfaction

Of course, being able to provide a specific customer the best experience requires the ability to track and analyze a history of interactions and the level of satisfaction achieved, rather than a record of contacts and buy/no-buy decisions, as is typical of most CRM applications. While a substantial majority of those surveyed indicate that their current technology solutions for housing and managing customer data are achieving expectations, more than half also say they need better analytics and reporting capabilities.

A bare majority (53 percent) of IT leaders indicate that their methods for measuring or tracking customer satisfaction is mostly structured, repeatable and automated. One-third relies on mostly unstructured, manual processes, such as sifting through customer comments and feedback. Eleven percent report they have no methods in place for tracking customer satisfaction.

Some companies rely on feedback coming from their sales forces. Others use third-party polling, community forums and surveys sent out with bills. Some have dashboards that provide insight into metrics such as total sales and retention, but others express a level of frustration with the automation they've tried to implement to date.

"In our case, we're looking at a way to tie a lot of our communications together and be able to track those customer dialogues," says one executive. "I can buy separate systems

[that] can communicate through email, and have some other capabilities, but to be able to track that down to an interaction into a specific customer and watch that over a long time is where a lot of those systems were lacking."

Too many IT leaders are rating their organizations as fair (29 percent) or poor (22 percent) in their ability to view past information downloads by individual customers. Only 41 percent are happy with their ability to track when or if a customer abandons an online transaction.

However, companies with automated, repeatable processes—including analytics and databases—believe they are far more successful at tracking customer behavior, at a rate twice that of those without. Understanding how customers interact with your company allows you to quickly respond to changing demands, competitive threats, and compliance requirements.

"The thing we're always learning is how to quantify the customer experience," says the executive at the midsize financial services company. "How do we become more aware of what our customers are seeing? We want to make sure we're not in the situation where we think everything is fine and dandy, but our clients have a very different perspective."

## CRM OR CEM: TO BE EXCELLENT, OR TO SIMPLY BE?

There are two sides to the customer relationship: There's the view the company has of the customer and there's the view customers have of the company.

For that first perspective—from the inside looking out—much effort has been expended over recent years in developing enterprise-wide capabilities that provide companies with a "360-degree view" of every interaction the customer has with sales, service, or other departments and divisions. That effort has centered largely on CRM—customer relationship management.

But from the customer perspective, it's the experience that counts, and until now there has been no common platform that can track and measure the level of satisfaction customers gain from each contact with the company. In fact, many still take a stovepipe approach that can weaken or fracture the organization's image.

Already customers and companies are relying on Web interfaces to communicate—and that reliance will only grow as mobile devices proliferate and foster new media ranging from SMS texting to social networking. Companies must manage these interactions and ensure they are providing the best experience for a customer. This has spurred a relatively new form of application technology, known as customer experience management, or CEM.

CEM provides companies with the tools to manage how they present themselves to customers across various formats and channels, and to ensure that presentation works for the customer.

## Don't Stand Still

IT leaders recognize they must be proactive in creating a compelling customer experience. Sixty percent say they will address IT-related customer acquisition and customer service challenges within the next six to 12 months.

This urgency reflects the business need to improve revenue and gain competitive advantage by increasing the loyalty of existing customers while also engaging new ones. Improved and enhanced IT functionality such as self-service, rich interfaces and real-time agent support give CIOs the ability to enhance customer interactions, decrease IT costs and increase organizational effectiveness.

"It's pivotal turning point," says the IT director of the large insurance company. "We have a significant portion of the marketplace, but other companies are creeping in there. We have to fight to keep it and try to increase it."

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Find out how your organization can increase market share by improving the customer experience. Go to [www.adobe.com/go/cio](http://www.adobe.com/go/cio).

