



THE AI REVO- LUTION

**CREATING A NEW CUSTOMER
SERVICE PARADIGM**

#TechforPeople

CONTENTS

04

Introduction

10

Meeting customer expectations means offering choice

24

Early technology adopters see benefits

34

AI will empower customer service agents

08

Research Highlights

14

Businesses struggle to meet demand for 'always-on' customer service

28

Customer service will prevent issues, not fix them

38

Conclusion

20

The potential of AI isn't fully realised...yet



INTRODUCTION

Customer service is evolving at a fast pace. In today's subscription economy, in which company growth and health depends on customer renewals, customers' expectations are heightening. **People don't want to tell a company they're having a problem. They just want it fixed.** And if problems do arise, customers increasingly expect the company to acknowledge their pain, and fast.

McKinsey has long been warning that customers are less likely to renew or re-purchase from the same company if the customer experience was only average; but when the experience

improves from average to WOW customers are 30 to 50% more likely to renew.

Customer service always used to be a defensive position, in which companies waited for disgruntled customers to call. Not anymore. The most successful companies have recognised the need to deliver **"wow" experiences** and are owning their problems and setting things right before the customer has a chance to vent on social media and switch suppliers.

And as nearly everything becomes connected, companies are increasingly gaining unprecedented insight into when, where and how their products and services are used. This allows them to become active participants in the value-delivery chain of products and ensures they are better equipped to take this more proactive position to customer service.

However, this hyper-connectivity is demanding more than today's customer service teams can deliver on. Faced with growing consumer expectations for customised attention, instant responses and effortless service, organisations are turning to artificial intelligence (AI) to supercharge their customer service efforts.

This report explores how the AI revolution is creating a new customer service paradigm, specifically answering these key questions:

- Given the rapidly evolving range of communication channels, are we approaching a breaking point where customer service teams can't keep up?
- How far along are organisations in adopting AI-powered technology to transform customer service?
- What does AI mean for today's customer service teams?

To find out, **ServiceNow and Devoteam** questioned more than 1,000 IT professionals who are responsible for the customer service function. Their insights shine a light on the critical role that AI-based technologies will play in transforming customer experiences and empowering the customer service staff of the future to lead the way.

METHODOLOGY

ServiceNow and Devoteam commissioned research company Loudhouse to survey 1,082 senior IT professionals from 11 countries who are involved in the customer service function. Respondents are based in Belgium, the Czech Republic, Denmark, France, Germany, Luxembourg, Netherlands, Spain, Sweden, the United Kingdom, and the United States.

RESEARCH HIGHLIGHTS



01

Truly omnichannel customer experiences that span telephone, email, chat, social media and text/SMS are only offered by 50% of businesses. The primary challenge for customer service professionals today is to provide instant, 24/7 customer support and engagement opportunities.

04

AI technologies will compliment human customer service agents, freeing them up from repetitive tasks and enabling them to assume more high-value roles that will drive job satisfaction.

A third of organisations have either rolled out or are trialling virtual chat assistants and chatbots to process high-volume routine tasks and customer enquiries, providing customers with instant resolution and the always-on support they now expect.

02

Customer acceptance of AI-driven customer engagement is higher than anticipated. The majority of organisations that are using VCAs and chatbots say customers are displaying openness to the use of these emerging technologies.

05

03

The use of AI and self-service technology in customer service has increased and AI-driven technologies will become more prominent in customer service strategies.

06

AI-driven technologies present a real opportunity for customer service to pre-empt issues before they occur and open up an avenue to transform customer engagement, where 'wow' experiences become the norm.

08

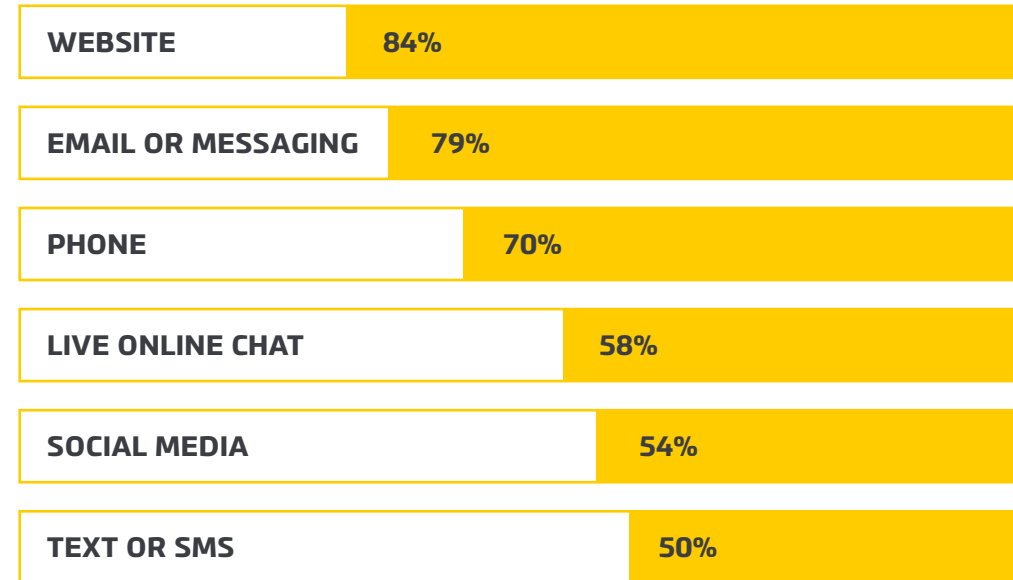
09

MEETING CUSTOMER EXPECTATIONS MEANS OFFERING CHOICE

The research looked at the channels that organisations currently offer customers to engage with the company and it's clear the majority have stepped up to offer a true omnichannel experience.

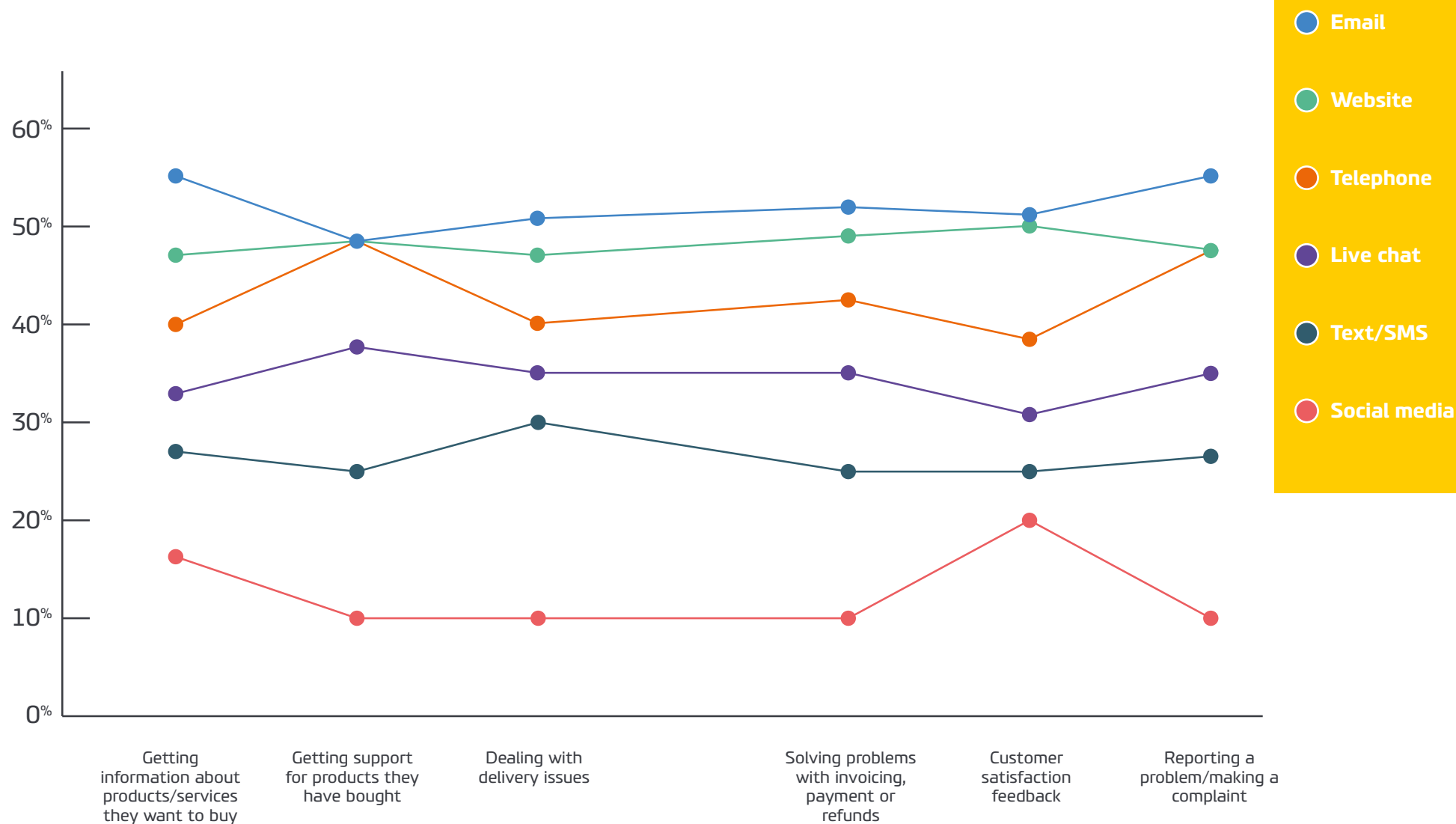
Digital channels are no longer bolted on as an afterthought, with chat — whether with a live agent or a bot — social media and mobile messaging used by at least 50% of the organisations questioned.

Figure 1: The channels offered to customers by businesses



Yet customers aren't tied to using one channel to engage with a brand. While well-established channels (email, website, telephone) are more frequently used, there is a clear demand for choice among consumers, who select a channel based on the type of information, assistance or feedback they are looking for:

- The use of social media almost doubles when customers are providing feedback on satisfaction levels
- Chat usage is highest for customers looking for support for products they have bought
- The telephone is a prominent channel for reporting a problem or making a complaint, suggesting a desire from customers to reach an agent who will understand their issue

Figure 2: The channels for choice for different queries

BUSINESSES STRUGGLE TO MEET DEMAND FOR 'ALWAYS-ON' CUSTOMER SERVICE

According to the research, organisations cite 'providing service and support 24/7' as their number one customer service challenge.

The proliferation of social media, chat, video calling and mobile messaging into our personal lives means that **consumers now expect much more from the brands**

they choose to engage with. If consumers can interact instantly and simultaneously with other people, at any time and from any location, then why can't they communicate with brands in the same way?

14

More than half of organisations (55%) surveyed say they are available to respond to customer enquiries 24/7.

However, organisations are aware of the growing consumer demand for immediate gratification due to pervasive digital communication channels and in the last two years have been focusing their attention on creating more instant ways to serve their customers:

- 39% have increased the use of chat
- 51% have increased the use of self-service technology

But are chat and self-service channels enough? Some organisations have hired more customer service agents, but have realised this is not a long-term fix as it's extremely costly and complex to maintain the right resource and skills available at all hours of the day and night.



15



Figure 3: The availability of customer service teams

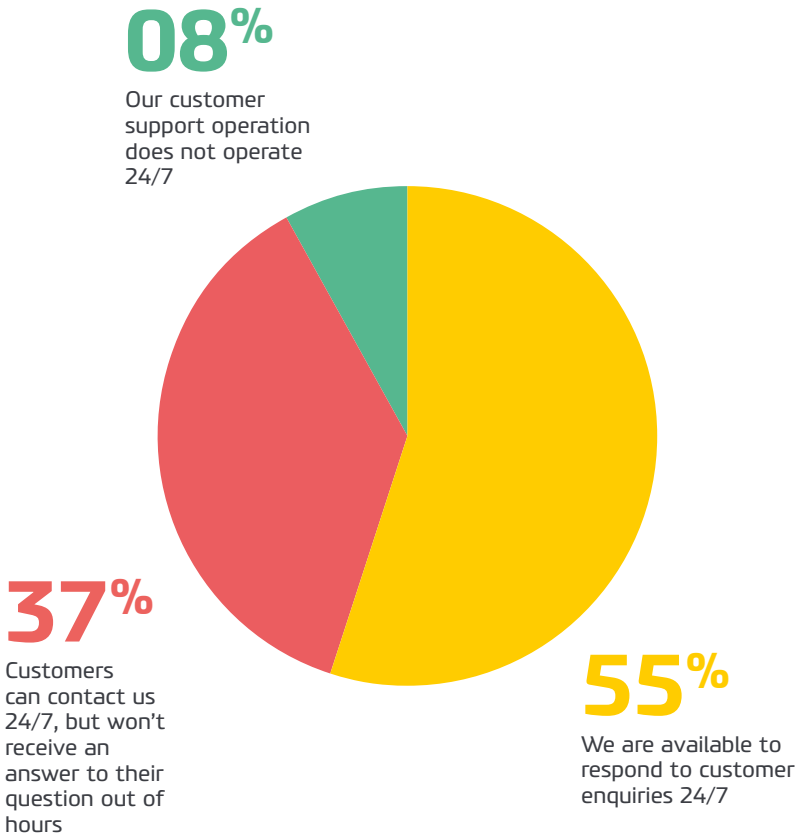
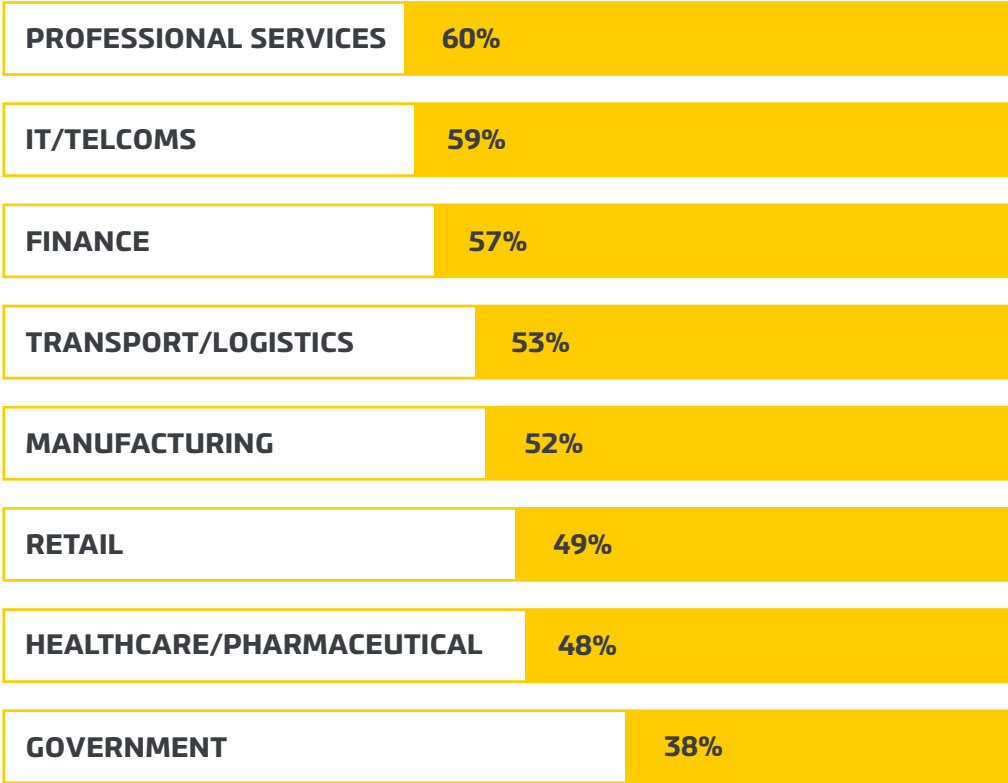


Figure 4: The percentage of organisations that provide 24/7 responses, by vertical sector



THE POTENTIAL OF AI ISN'T FULLY REALISED...YET

In the last two years, 47% of organisations have increased the number of customer service and support agents.

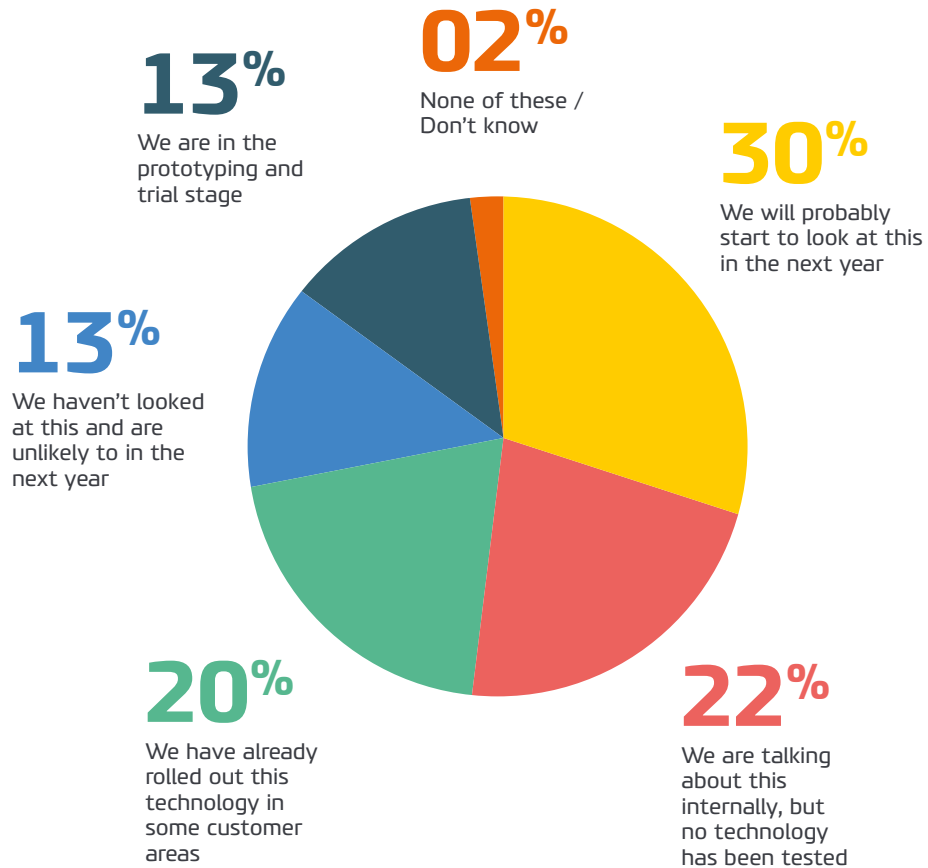
Despite this investment, the challenge of providing always-on, instant support continues:

- 42% of organisations say they struggle to meet the rising expectations of customer service
- 39% are challenged to answer repetitive questions in an efficient way

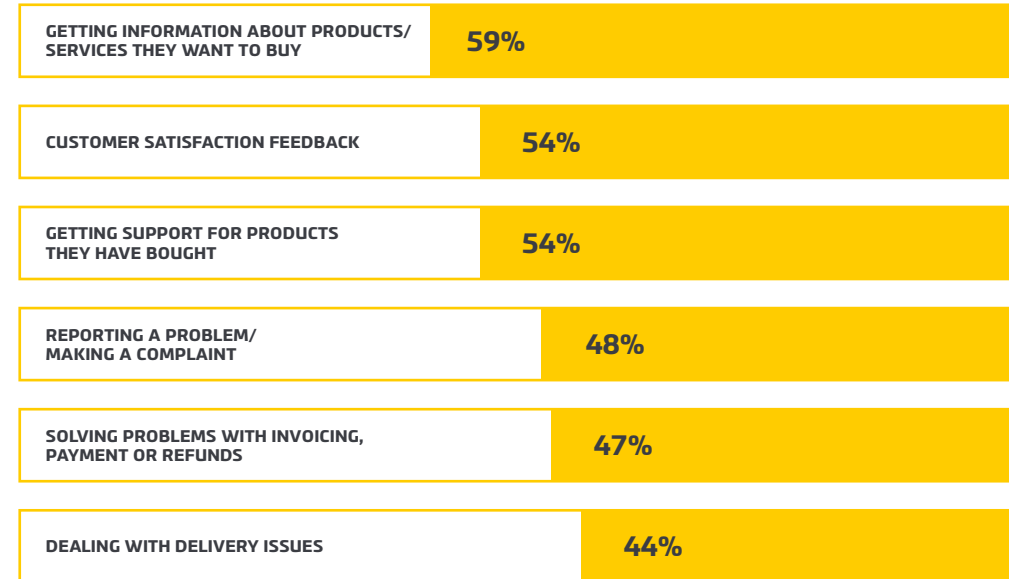
AI-driven technologies offer an exciting opportunity to meet these challenges head on.

Through virtual chat assistants (VCAs) and chatbots, organisations can efficiently process high-volume routine tasks and customer enquiries, providing customers with instant resolution and the always-on support that they have come to expect, while freeing up human resources (HR).

Currently, a third of organisations have either rolled out chatbots for customer-facing support or are in the process of trialling the technology.

Figure 5: The adoption of chatbots for customer service

Today, chatbots and VCAs are being used for data gathering or delivering information, but not to handle more complex tasks, like problem solving. More than two-thirds of organisations agree that chatbots and VCAs need to help customer service teams deliver a more personalised service to realise their full potential.

Figure 6: How chatbots are being applied in the customer service function

EARLY TECHNOLOGY ADOPTERS SEE BENEFITS

At its 2018 Customer Experience Summit, Gartner highlighted the untapped capabilities for virtual assistants:

A great VCA offers more than just information. It should enrich the customer experience, help the customer throughout the interaction and process transactions on behalf of the customer.

While our data highlights that VCAs and chatbots are not yet being used to their full potential, there's clear evidence of the advantages of adopting these AI-driven technologies even at the most basic level.

Nearly three-quarters (74%) of organisations who have introduced VCAs and chatbots are already seeing benefits around handling high-volume, routine questions and tasks, providing always-on support and freeing up customer service agents.

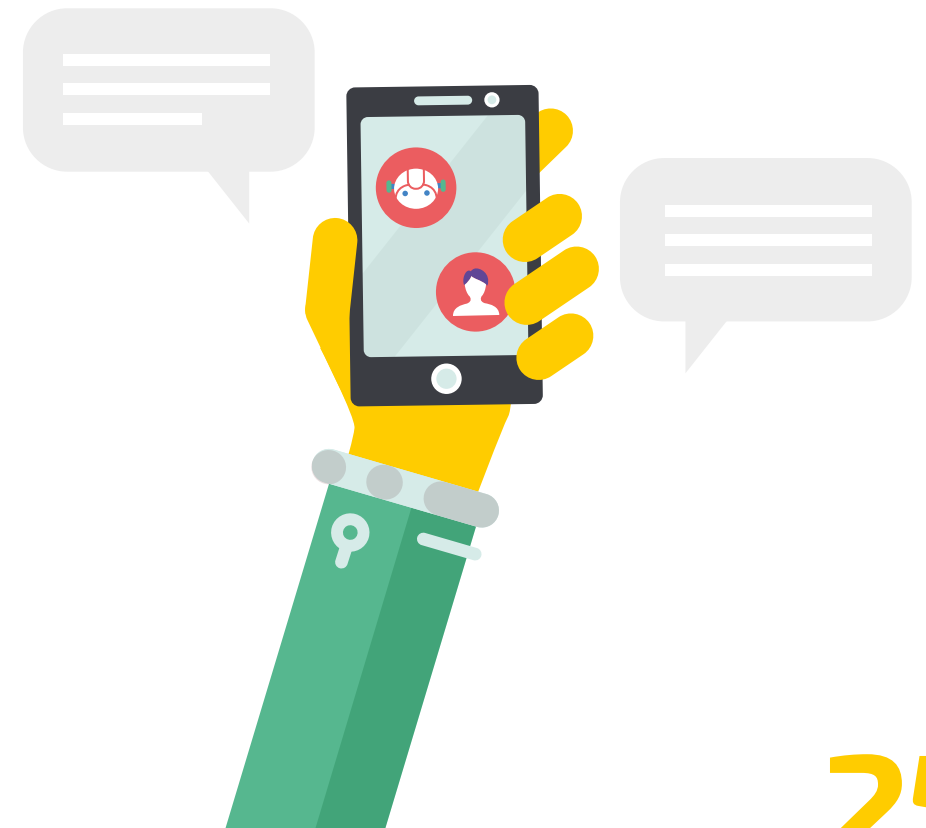
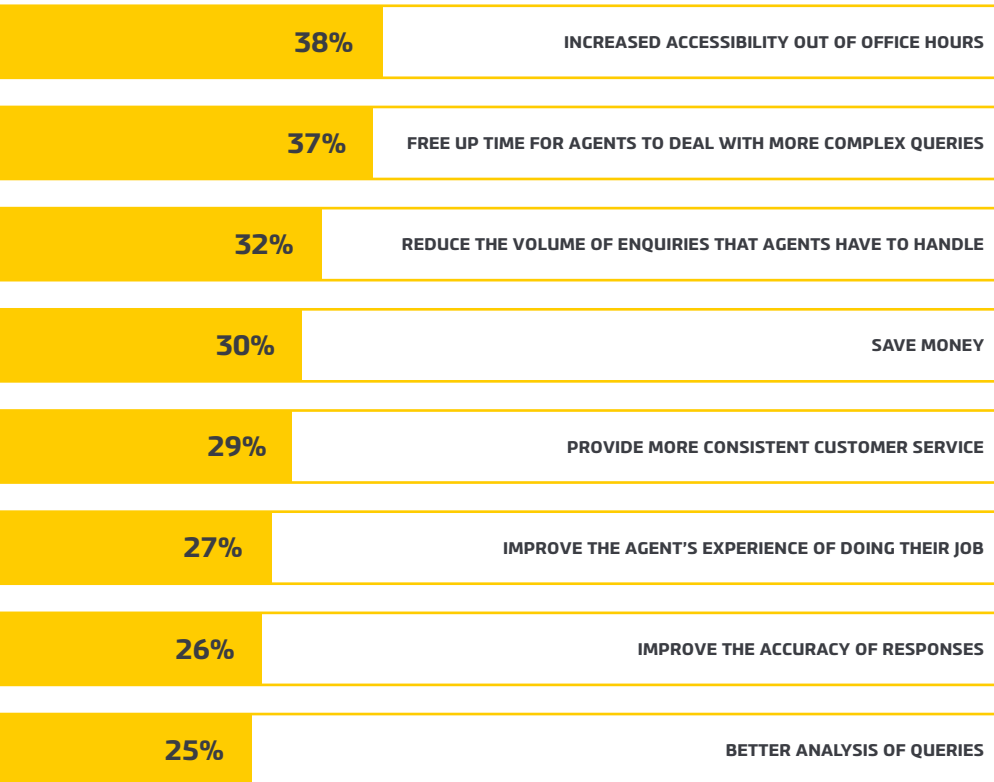
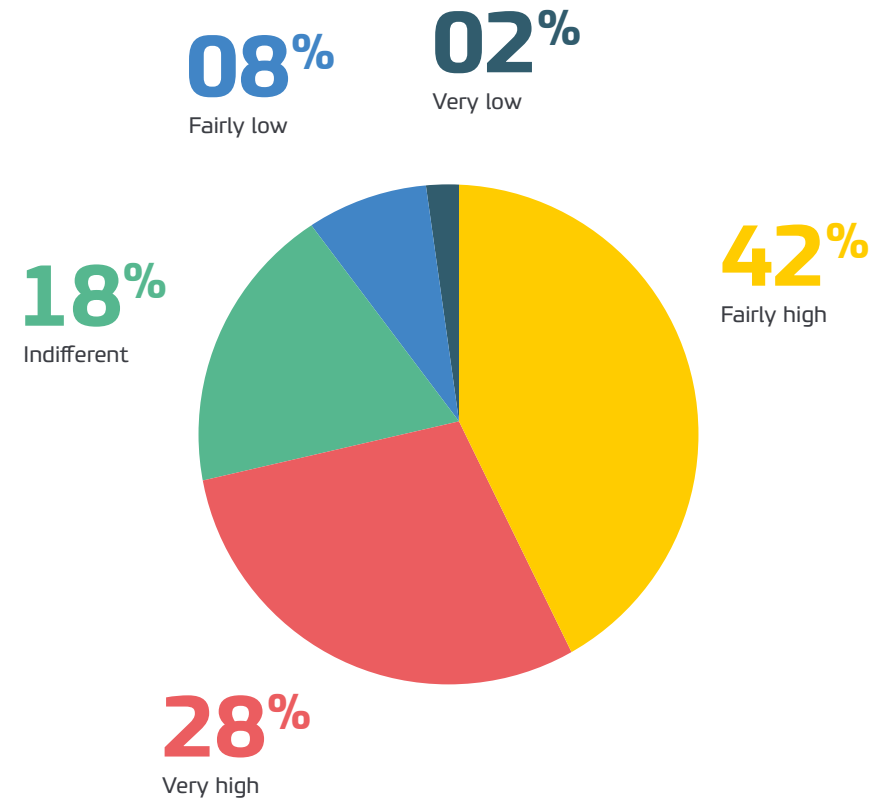


Figure 7: The tangible benefits of virtual assistants and chatbots

Furthermore, the majority of the organisations that are using VCAs and chatbots (70%) say their customers are displaying acceptance and openness to the use of these emerging technologies. It's a promising trend, advancing to a more sophisticated use of AI-driven technologies within a blended customer service operation.

Figure 8: The levels of customer acceptance of VCAs and chatbots

CUSTOMER SERVICE WILL PREVENT ISSUES, NOT FIX THEM

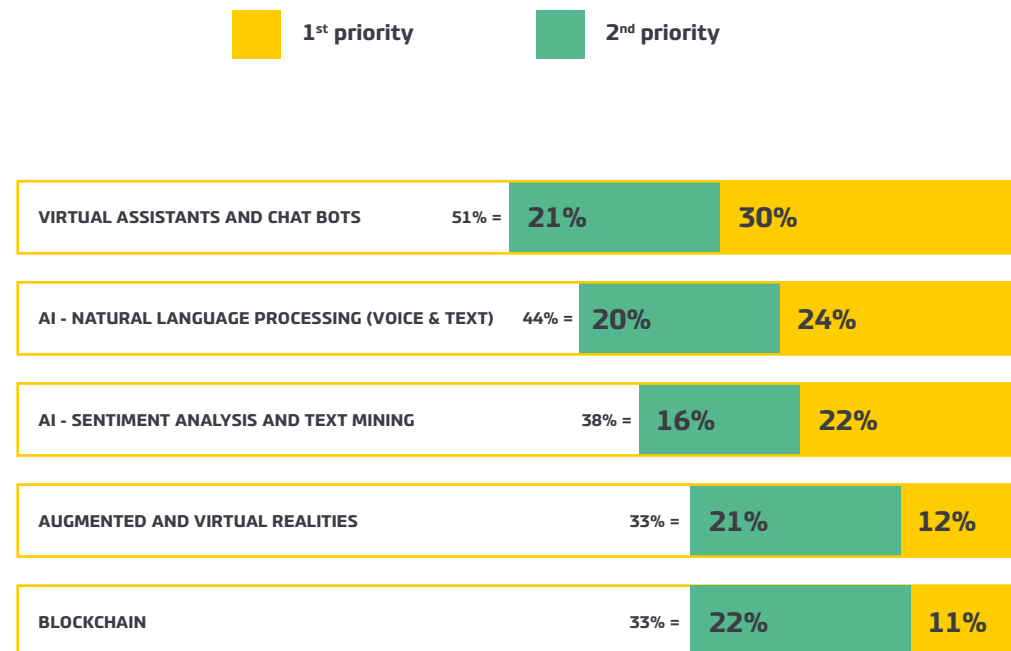
Traditionally, the underlying premise in customer service has always been to fix an issue identified by the buyer. But it is time to finally change this paradigm.

The next transformation in customer service will be one where a problem is fixed before it is even identified by a customer. With AI-powered technologies, this ability to predict problems can become a reality.

Currently, customer service operations are focusing on AI adoption in the form of VCAs and chatbots. It's no surprise, given the challenges they face in providing 24/7 support and answering repetitive questions in an efficient way.

As we look ahead, other AI-driven technologies will become more prominent in customer service strategies.

Figure 9: The priority technologies under consideration



AI-driven technology in its many forms — virtual assistants, chatbots, natural language processing (NLP) or sentiment analysis and text mining — collects and analyses large amounts of information related to customer service.

This data can expose new opportunities or identify issues, such as questions being typed into virtual assistants by other customers, that are going unanswered and could help predict what's causing problems for other users, often before they notice it themselves.

The organisations that can harness AI in this way, moving beyond just freeing up human agent time to identify potential issues and act before they impact the customer experience, will be the ones that gain the ultimate competitive advantage.



Our research shows that organisations already recognise the long-term benefits of AI in this regard.

64%

will extend the range of queries that virtual assistants and chatbots can deal with

38%

say AI will allow their organisation to offer more sophisticated products and services

50%

say AI will enable the customer service operation to become more efficient

30%

expect to extend the use of AI technologies to new areas of customer service in the next two years

42%

say AI can be used to provide a higher level of service



AI WILL EMPOWER CUSTOMER SERVICE AGENTS

With increasing demands on customer service teams, the adoption of AI-driven technologies is only set to grow. This technology-led transformation is set to change the role of humans and empower the customer service agents of the future.

For example, the growing sophistication of AI is liberating agents from the repetitive, high-volume tasks they currently undertake, such as accessing knowledge-base information or supporting checkout issues, freeing them up to focus on the customer interactions where the human touch is needed the most.

Many experts believe that **AI won't replace humans in customer service, but instead give them greater job satisfaction** by freeing them from repetitive tasks, and augment their capabilities enabling them to offer a higher standard of service and quicker response to VIP customers or those in high-stress situations.

Organisations believe people have a critical role to play alongside technology.

59%

say customer service queries are too complex to be managed by virtual assistance and chatbots

42%

say AI can be used to provide a higher level of service, with similar levels of employment

33%

of those using AI are aware of the need for upskilling customer service managers

As technology evolves, customer service teams will rise to a new level of customer engagement, where ‘wow’ experiences become the norm.



Think of an airline and a flight cancellation. AI can detect the customer making a call or starting a live chat and will know it is likely to be due to the cancellation. The system can recognise by the way the customer speaks or the speed at which they type that they are in a high-stress moment. The system can immediately escalate the interaction to a human agent to arrange an alternative.

Furthermore, that agent can re-book the customer on a new flight in minutes, without asking the customer for details they already hold on file.

Working together, the human-machine partnership can attain the holy grail of exceptional customer service, changing a high-stress moment into a positive customer experience that would build loyalty and advocacy.



CONCLUSION

Customer service and contact centres have long been a consumer bug bear, with unanswered calls, uninformed agents and slow responses creating anger and disengagement in even the most passive of customers.

Digital channels have gone a long way to helping companies to operate their customer service teams more efficiently, as this new research has shown, but re-sourcing these channels around the clock is complex and expensive.

The reality is that AI-driven technologies are already improving our lives without us even knowing it. Customer acceptance of virtual agents and chatbots is proving overwhelmingly positive as, ultimately, they just want quick and efficient resolution to problems or questions. Customers don't care where this support comes from, as long as organisations can escalate to an empathetic human when it's needed the most.

But AI goes far beyond just freeing up humans from repetitive tasks, and organisations are waking up to this. The potential is ENORMOUS.

When we combine the data-processing ability of AI technology with the vast quantities of information being created through connected devices and the systems used to deliver communications, we will really start to see the future of customer service.

Armed with visibility of everything that's happening throughout the service supply chain truly empowers customer service teams. Companies can fix faults before customers are affected, proactively alert them when things are going wrong, put in place remedial measures or provide instant compensation. Customer service agents are involved when the human touch is needed the most.

This is where the wow experiences become a reality...

38

ABOUT DEVOTEAM

At Devoteam, we deliver innovative technology consulting for business.

As a pure player for Digital Transformation of leading organisations across EMEA, our 6,500+ professionals are dedicated to ensuring our clients win their digital battles. With a unique transformation DNA, we connect business and technology.

Present in 18 countries in Europe and the Middle East, and drawing on more than 20 years of experience, we shape Technology for People, so it creates value for our clients, for our partners and for our employees.

Devoteam will achieve yearly revenues of €640 million in 2018 (e).

At Devoteam, we are Digital Transformakers.



ABOUT SERVICENOW

ServiceNow (NYSE: NOW) makes work, work better for people.

Our cloud-based platform and solutions deliver digital experiences that help people do their best work.

For more information, visit: www.servicenow.com.

servicenow[™]



devoteam

WWW.DEVOTEAM.COM
WWW.SERVICENOW.COM