



You must rewire your customer experience for the virtual economy

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The Bottom Line

Make digital-first and human-centered design the foundation of differentiated CX

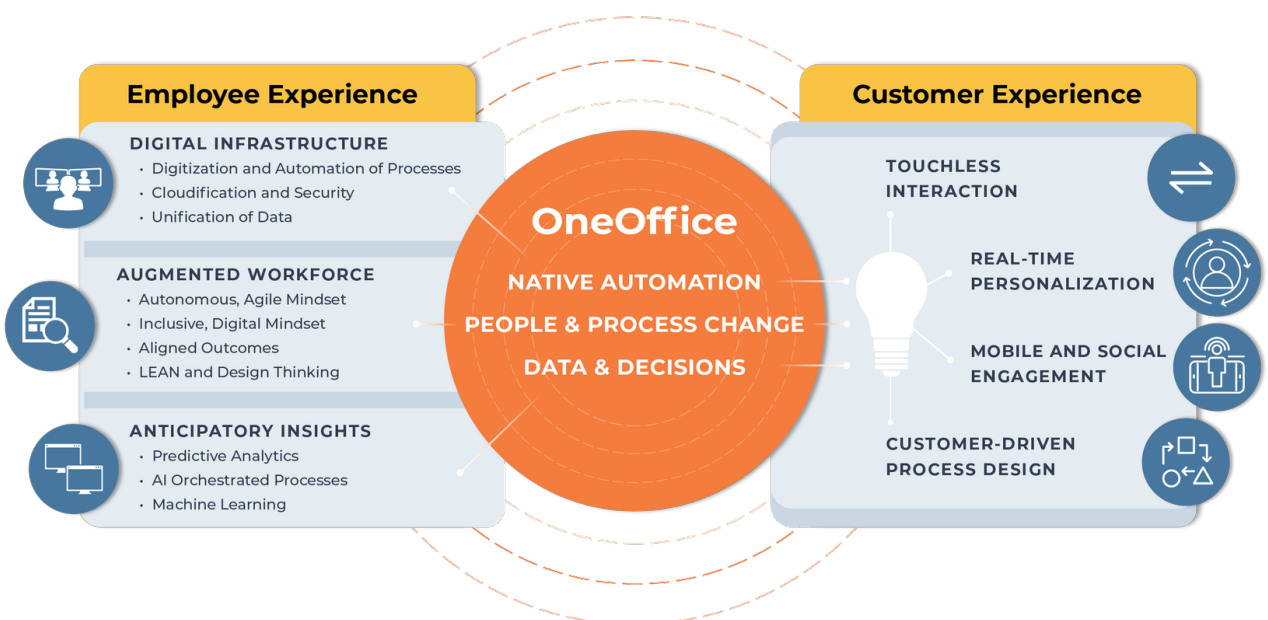
Now more than ever, customer experience (CX) is the great differentiator making or breaking a company's success. The pandemic-induced disruptions of the past 18 months exposed many broken processes and lifted customer friction to an all-time high. Shifting customer expectations have made companies realize they need to understand their customers' engagement, buying, and post-purchasing habits and needs much better. Many enterprises have realized they must step back and

re-examine their CX approach and design new strategies to improve their customer experience and customer services life cycle in light of today's virtual economy.

We spoke to some of Tech Mahindra's customers and learned they are focused on pivoting their CX efforts around improving the flow of information across the organization to create a singular customer experience. We call this the HFS OneOffice™ mindset. HFS's OneOffice in Exhibit 1 is a holistic approach to addressing a customer engagement cycle and a mindset for successful companies to leverage the best of digital technology to make employee and customer experience easy, seamless, and personalized

Exhibit 1

The Digital OneOffice vision leverages automation, people, process, and insights to deliver on shared EX and CX outcomes



Source: HFS Research, 2021

Since its inception in 2019, the foundational goal of HFS' OneOffice has been to break down the barriers between the front and back offices to create efficiencies and intelligence in alignment with common employee and customer outcomes. This OneOffice framework resonates with our enterprise network, with 99% of Global 2000 business leaders considering a OneOffice mindset as important or mission critical. The majority indicate this vision has only increased in the last 18 months since the pandemic began. Further driving home the importance of OneOffice's core values is that employee experience (EX) and customer experience (CX) are tied in the top position as drivers in enterprise investment in technology and business services.

Designing digital-first for employee and customer experiences is mission critical

Before the pandemic hit, it was a struggle for enterprise leaders to look at customer experience from a holistic perspective. While many firms adopted omnichannel engagement tools to support their call centers, in many cases, they prioritized the efficiencies in service more than quality of service from the customer's perspective. Plus, "digital-first" intelligent self-service and automation were ideals but proving the return on investment was often difficult. The difficulty was often due to poorly designed or force-fitted solutions, such as un-intelligent tools like FAQ-based chatbots masquerading as "conversational AI" (artificial intelligence).

Exhibit 2

Stakeholder experience emerges as the most important driver for the deployment of technology and business services

What is the most important driver for deployment of third-party services?
Percentage of respondents



Sample: 800 decision makers, Global 2000 enterprises
Source: HFS OneOffice Pulse Study, H1 2021

In many cases, enterprises made the CX process digital; however, they often failed to digitalize how their teams worked. This failed CX digitalization cascaded throughout systems as data became inconsistent, impacting planning, product development, billing, and providing services. As a result, customers sought alternatives.

The pandemic and the rush to work at home across different networks, the need for securing data across multiple systems, and an inability to train or coach in person revealed gaps in both this strategy and its failed execution. Now, CX leaders have their burning platform to transform as customer experience has emerged as a make-or-break capability for successful enterprises. Automated solutions and “digital-first” capabilities are critical to support CX during high demand and labor shortages. And enterprises have no choice but to take an employee- and customer-focused design approach to achieve the goals of enhanced experience, cost reduction, and revenue growth.

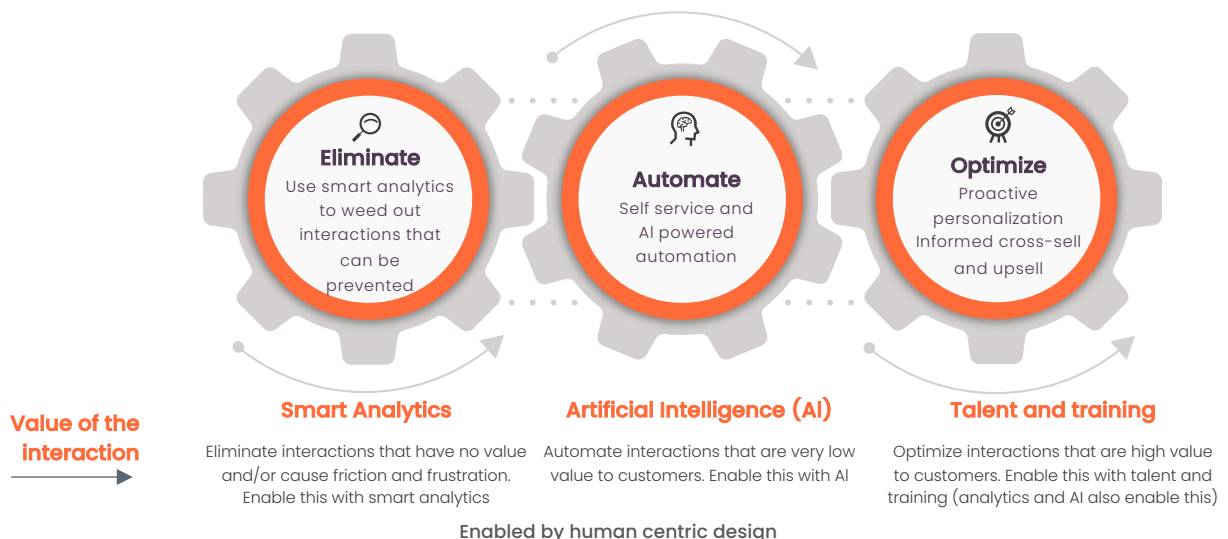
Digital-first upends the traditional CX services paradigm

The legacy contact center services market has been largely driven by large volumes of interactions in traditional channels like chat and email. While that changed over the past decade, it didn’t shift nearly as quickly as it should have to meet customer expectations and take advantage of greater efficiency. There’s a desire among many service providers and clients alike to keep things at the status quo, despite high labor costs and misaligned EX and CX outcomes.

In our recent [HFS Top 10: CX Services in the Pandemic Economy—The Best of the Best Service Providers](#), we found that while digital channels are on the rise, there is still much opportunity for enterprises to pivot their services partnerships to a digital-first approach and eliminate a lot of customer effort and friction. Exhibit 3 details our paradigm for designing digital-first CX operations.

Exhibit 3

Reduce customer effort and friction through elimination, automation, and optimization



Source: HFS Research, 2021

First, by embedding analytics into CX operations, you're tapping into the treasure trove of often unused data, which can help pinpoint then eliminate sources of customer frustration. Next, by automating low-value interactions, you create efficiencies for both the customer and the business. Finally, for the interactions that still require a human touch, leverage AI- and analytics-enabled talent to maximize your highest-value customer interactions.

Tech Mahindra achieved the top ranking for "OneOffice Alignment" in the CX Services Top Ten mentioned above. Its customers told us how they are working together to adopt this digital-first approach and take ownership of these important outcomes for the customers' business, leveraging a services portfolio that starts with a human-centric design approach. For example:

- For a leading UK-based telco provider, shifting most of its interaction volume from voice to chat significantly improved NPS (net promoter score) and reduced its cost to serve. The shift also gave revenue generation a boost via effective cross-sell (sales through service). This client went from being the most complained about telecom provider in the UK to the least in two years.
- Tech Mahindra helped a leading telecom provider in Australia move over 50% of its phone volume to a customer-centric, convenient, and efficient asynchronous messaging channel. This project delivered over \$15 million in savings by

implementing automation, analytics, and AI/ML (artificial intelligence and machine learning) initiatives and resulted in at least a 45-point improvement in NPS.

- Tech Mahindra is supporting a global eCommerce company, where its process improvements and interaction automations have helped save the client over \$1.8 Million annually. The client also tracks a "Positive Response Rate" metric, where Tech Mahindra has achieved the target of 90%+.
- For a leading global ridesharing and food delivery company, Tech Mahindra helped reduce average handle time (AHT) by ~35% and reduce cost to serve by ~40% through various people, process, and technology changes. Tech Mahindra's quality score is consistently over 98% for this client.

Making these shifts by rewiring the customer experience is a win-win for the customer and the enterprise when done with thoughtful design. The end customers prefer quick self-service or otherwise digital options such as chat and asynchronous messaging that provide the information they seek quickly and easily. These digital options reduce costly labor-focused interactions, saving those for exceptions or complex, high-value interactions. The examples we provided illustrate how CX initiatives can impact revenues and NPS rather than the legacy view of CX as a cost center.

— Takeaways

Customer and employee expectations have changed tremendously in the virtual economy, and how enterprises approach CX design and partner for their CX services must follow suit. While customer experience gets an overhaul, we need an equal focus on attracting and retaining talent to support these re-designed CX initiatives, especially in light of today's talent and labor shortages. CX leaders must take a bold approach to creating a strategy with a holistic view and alignment of EX and CX at its center and focus on outcomes that impact the brand, not just the bottom line.

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Melissa O'Brien is a Research Leader at HFS Research. Melissa leads HFS' research initiatives for CX services, including digital marketing and sales, contact center, and digital associates. In addition, her industry research focuses on key dynamics within retail, CPG, travel, and hospitality regarding customer-centric strategies, intelligent operations, and service delivery.



About HFS Research: Insight, Inspiration, Impact

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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