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Whitepaper

Taking Control of Customer Experience

By Transforming Your Critical Communications

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ABSTRACT

Recent research from Forrester reveals that two-thirds of Chief Marketing Officers (CMOs) now have responsibility for customer experience (CX); yet, based on insights from Aspire, the majority of organizations have not made Customer Communications Management (CCM) part of their CX strategy. With technology shifting to self-serve, cloud-based delivery models, and digital transformation initiatives dictating new, agile ways of working, organizations need to re-assess how they communicate and interact with their customers. In this whitepaper sponsored by Ricoh, we look at how omni-channel communications drive a better customer experience, and what the best sourcing options are for organizations that want to modernize their customer communications.

KEY RECOMMENDATIONS

1. Revise or develop a CCM strategy that is aligned with corporate initiatives around digital transformation, omni-channel communications, and single view of the customer. Focus on improving your critical customer communications and transform them into omni-channel communication experiences to drive loyalty, retention, and higher sales.

2. Ensure that your current CCM technology, processes, suppliers, and skill sets meet the evolving needs of the business in order to improve customer experience. The enterprise must be agile, customer-centric, and overcome silos by operating in cross-functional teams.

3. Reconsider what functions should be performed in-house versus what should be outsourced. New hybrid models are emerging based on hosted managed services (SaaS) technology that offer the best of both worlds.

INTRODUCTION

Figure 1: The Evolution of Customer Communications
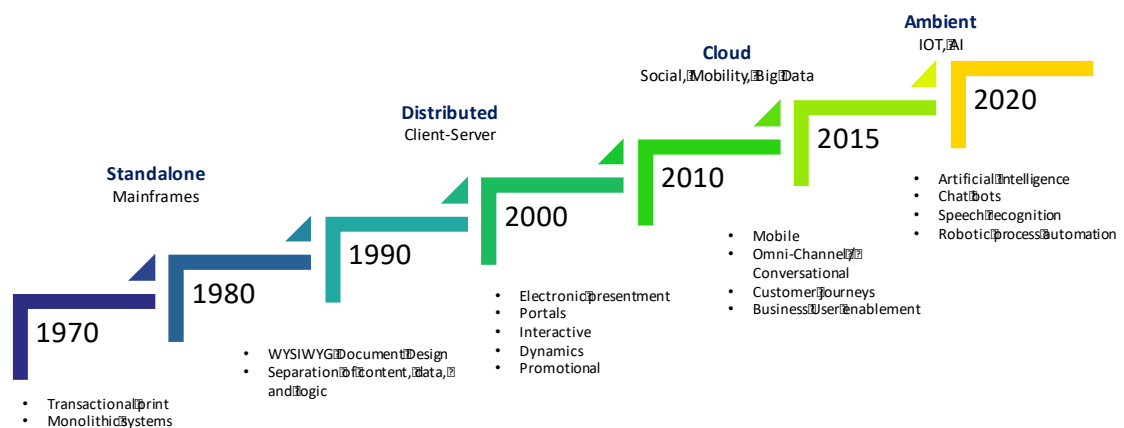
Source: Aspire, 2018

Over the years, CCM has evolved from software to create, manage, and fulfill transactional print communications into an enterprise IT software category that is used to drive omni-channel customer interactions.

Some major developments of the last 50 years include:

- The development of Advanced Function Printing later known as Advanced Function Presentation (AFP) language – an efficient format for high-volume transactional print production that is still being used today; for example in fully automated print factories such as those enabled by Ricoh Process Director (RPD).

- The arrival of what-you-see-is-what-you-get (WYSIWYG) document composition solutions that enable document developers to create documents using a graphical user interface (GUI) instead of programming them on a mainframe. Many of the popular document composition solutions on the market today (such as Quadient and OpenText Exstream) emerged in the 1990s or early 2000s.

"CCM is riding a new wave where print and electronic document delivery are no longer the main components, but tie into a greater customer experience solutions play that aims to deliver enhanced customer communication experience and drive increased business value"

- The arrival of the Internet and portable document format (PDF) in the late 1990s enabled electronic presentment and digital distribution, significantly reducing printing and postage costs.

- The arrival of browser-based document editors in the early 2000s, which enabled business users to create and manage communications independently of the IT department.

- In the late 2000s, the move to bi-directional communications was enabled by mobile and responsive HTML5 delivery.

- In the mid 2010s, the move to cloud deployment and services, brought about more cost-effective delivery, greater scalability, and faster time-to-market.

- In recent years, the arrival of journey mapping and data analytics has turned outbound communications into bi-directional interactions that contribute to a better customer experience or help achieve other business objectives.

- The arrival of SaaS-based services bus or integration technology, such as Ricoh Communications Manager (RCM) that was launched in 2018, helps enterprises or service providers integrate all components in the CCM/CX ecosystem and provide control for the business user.

This evolution of CCM, as depicted in Figure 1, has had a profound impact on how businesses communicate and interact with their customers. CCM is riding a new wave where print and electronic document delivery are no longer the main components, but tie into a greater customer experience solutions play that aims to deliver enhanced customer communication experience and driving increased business value.

THE IMPORTANCE OF CUSTOMER EXPERIENCE AND OMNI-CHANNEL COMMUNICATIONS

A recent survey from Gartner found that 42% of global CEOs have started to digitally transform their business, and that growth is the top

priority for 58%. Consultancy firm McKinsey found that high-performing digital businesses have four things in common, as depicted in Figure 2:

1. A digital portfolio of products and services that enables them to respond much faster to changing market needs

2. Advanced analytics to help understand customer behavior and unmet needs

3. An omni-channel communication experience to enable increased customer satisfaction, drive loyalty, along with the use of personalized offers to increase up-sell and cross-sell situations

4. Automated operations to respond to customers in an agile and efficient manner

Figure 2: Four elements of a high-performing digital insurance business
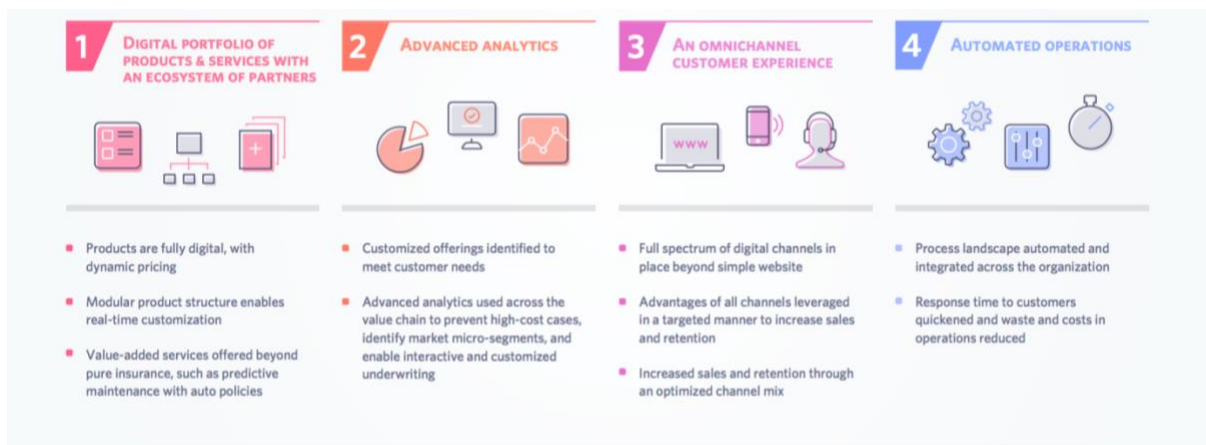
Source: McKinsey, Digital Disruption in Insurance, 2017

CUSTOMER EXPERIENCE

Various research studies suggest that great CX initiatives lead to better customer retention, which also allow businesses to cross-sell and up-sell their services to increase revenue across different channels. In addition, businesses with high levels of CX can lower customer acquisition costs. Customers who enjoy interacting with businesses often spread the word about a company who offers them a different type of experience. Also,

happy customers tend to complain less, which helps businesses avoid the costs of addressing issues experienced by their customers.
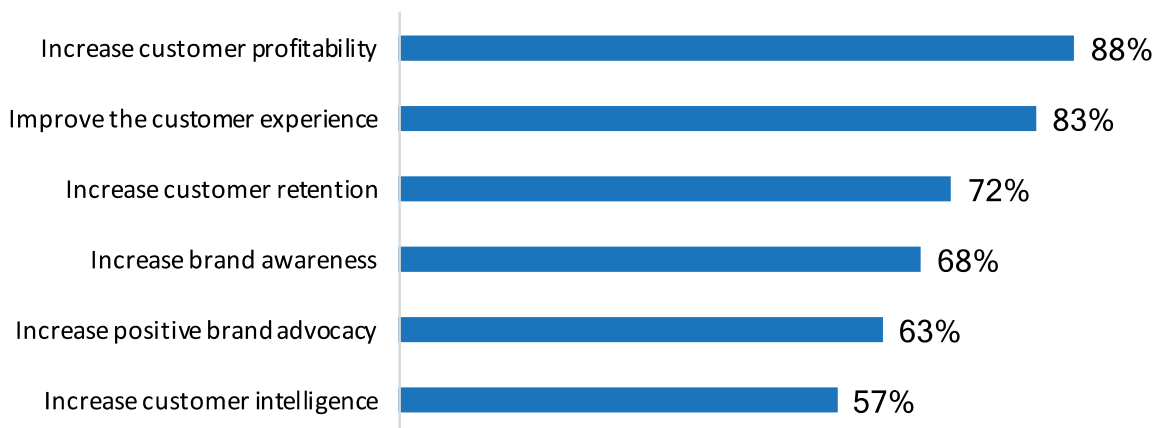
OMNI-CHANNEL COMMUNICATIONS

Omni-channel communications is defined as the ability to communicate according to the customers' channel of choice, including switching channels seamlessly so that a conversation with a customer can be started in one channel and continued in a different one. These communication abilities have positive effects on customer satisfaction, customer retention, customer experience, and ultimately profitability (see Figure 3).

In other words, **improving your critical customer communications and transforming them into omni-channel communication experiences is a very effective way of improving the overall customer experience and meeting business performance objectives such as revenue growth.** Especially in regulated industries in which monthly bills and statements are a trusted and regular touchpoint, we see a lot of interest to transform those printed monthly end-point communications into digital mid-point communications that spark follow-up conversations. Our research suggests that every conversion from print to digital leads to about 200%-300% growth in additional digital interactions[1].

"Research suggests that every conversion from printed to digital communications generates about 200%-300% growth in digital communications", **source: Aspire, 2017**

Figure 3: The benefits of omni-channel communications

Benefit	Percentage
Increase customer profitability	88%
Improve the customer experience	83%
Increase customer retention	72%
Increase brand awareness	68%
Increase positive brand advocacy	63%
Increase customer intelligence	57%

Source: Starfleet Marketing, Benchmark Report, 2016

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[1] Source: Aspire internal data, based on qualitative research among 30 European print service providers, 2017

THE NEED FOR MOBILE COMMUNICATIONS

With mobile adoption soaring and consumers spending more time than ever before on their mobile devices, it comes as no surprise that mobile communications are becoming the most important channel in the omni-channel communication mix.

New research suggests that consumers today find mobile communications so important that **66% agree they would pay a premium to buy products or services from brands that offer mobile messaging support.** In other words, businesses that do not offer mobile communications, including mobile messaging, risk losing out to the competition that is mobile-oriented.

Figure 4: Mobile consumer behavior trends

Source: Market Strategies International 2017, N = 600 U.S. Consumers

NEW BUSINESS REQUIREMENTS

Given the rapid development in technology as well as changing buyer behaviors, businesses should evaluate if their current ways of working require an overhaul in order to meet changing customer expectations. New business requirements are emerging that dictate how a better CX can be achieved. The following three requirements are often identified as essential by companies that are transforming their customer communications, and should be part of larger strategic discussions around the planning and execution of CX initiatives.

1. **Agility**

   It is critical that businesses are able to respond rapidly to the demands of their customers across different channels. Companies are expected to enhance their CX capabilities by ensuring that they have control of a big part of their CX processes. **This means that companies will need to assess if their current technology, processes, suppliers, and skill sets are up-to-par with what the market requires today.** Many businesses have come to the realization that their CCM capabilities are indeed under-par, or that existing outsourcers they work with have not evolved with the rapid changes in technology, and may need to be re-evaluated.

2. **Customer centricity**

   Increasing CX means ensuring companies create strategies with the customer perspective at the forefront. **This requires new metrics, based on key performance indicators (KPI) that help marketers and line-of-business (LOB) executives meet their business objectives, such as a focus on Net Promotor Score (NPS) or Customer Lifetime Value (CLV).** Again, organizations are often trapped in old ways of working and need to embrace new service models to help them unlock the value of omni-channel customer communications.

3. **Cross-functional teams – overcoming silos**

   Most organizations use different systems for the creation of print, email, text or mobile communications. In a recent Aspire survey[2], two thirds of respondents indicated that they have conflicting preference data, or in other words, not a single view of the customer. Beyond data and IT silos, companies often have to deal with organizational silos. The benchmarking data also reveals that 79% of companies have no or minimal interaction between their CCM and CX teams and only 11% interact on a consistent basis. Setting up cross-functional teams along with a centralized communication system will allow increased collaboration and consequently higher CX. We found that organizations moving to a CCM Center of Excellence (CoE) see a **28% reduction in cycle time**, and a **10%-15% uplift in Net Promotor Score**[3].

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[2] Source: 2018 Enterprise Benchmarking research, Aspire & Document Media, May 2018

[3] Source: Aspire analysis based on working with client data and secondary sources

Again, new service models may be needed that give CoEs real-time data insights and full control to manage communications holistically across the organization.

CCM SOURCING TRENDS

With technology shifting to self-serve, cloud-based delivery models, and digital transformation initiatives dictating new, agile ways of working, a fundamental question that is often asked by enterprises is if CCM should be outsourced or performed in-house. Both models have advantages and disadvantages, and new hybrid models based on SaaS are emerging as well, which gives today's enterprises a range of options to choose from. We will now provide an overview of sourcing options, and then present a few pointers that will help you evaluate the best option for your organization.

INSOURCING

CCM insourcing is where you have all CCM capabilities in-house, based on buying software licenses that run on your own infrastructure. All CCM processes are completed in-house, which includes things like requirements gathering; communication design; testing and quality assurance; and production. It also gives business users the option to make content or template changes at either design time (for marketers) or run-time (for case workers or call center agents). A big benefit of insourcing is the ability to produce digital communications often at lower cost, to leverage data analytics (outsourcers are rarely given similar access to customer data as in-house teams), and to use best practices that help break down organizational silos.

OUTSOURCING

CCM outsourcers provide a range of CCM services, often centered around design, composition, omni-channel output, and archiving. Legacy print outsourcing companies now offer additional digital CCM services. These include design, composition, omni-channel output, and archiving. While outsourcers – due to their scale – can provide print at very competitive rates, digital communications are often priced at a premium compared to in-house cost, also because service providers take on additional liability in terms of uptime, SLAs, efficiency, and error rates.

HYBRID – HOSTED MANAGED SERVICES

With the rise of Hosted Managed Services (HMS), services based on SaaS-based CCM platforms, organizations can now choose what CCM capabilities they perform in-house, and if technology is hosted, partially hosted (hybrid), or deployed on premise. The benefit of a hybrid model is that it combines the internal capabilities of the company with hosted or cloud-based technologies, and is often more scalable and cost-effective than doing everything in-house.

CHOOSING THE RIGHT MODEL

While choosing between insourcing and outsourcing requires an in-depth evaluation of the pros and cons of each model, there are some general pointers that will help you evaluate what is the best option for your organization. Based on our interactions with end-users, we have listed four main areas of concern that regularly feature.

1. ARE YOU IN CONTROL?

Companies that continuously strive for a better customer experience want to communicate in better, faster, and more relevant ways than their competitors. This requires them to be in control.

Control means they have up-to-date, preferably real-time insights into the print and digital delivery operation (including open and response rates); have control over touchpoints and channels; and are able to make content changes themselves using browser-based tools.

Control often requires a top-level executive to own the customer communications function. Companies that do not identify CCM as a dedicated area or have decentralized IT organizations producing disjointed customer communications, would seriously struggle to improve CX and customer centricity through customer communications.

Insourcing CCM would make most sense if there is a strategic focus on customer communications as part of digital transformation or CX

improvements, with proper C-level support. Similarly, if CCM is decentralized, it makes sense to work with a partner who can provide a modern, single CCM platform that can centralize communications across decentralized silos and give the business a central point of control.

2. WHAT IS YOUR RISK PROFILE?

Managing risk is a critical component of customer communications, especially in light of evolving regulations such as HIPPA and GDPR. As security and integrity of customer data are so critical, the key question organizations need to ask themselves is whether they are better off outsourcing their compliance risk to an outside company while managing CCM/CX through tight controls and SLAs, or whether they are better suited to having very strict control and operations in place internally.

In addition, in-house organizations with significant quantities of legacy applications often find they are dependent on a small group of internal staff and would be much better off moving to a modern platform, whether that is provided through a SaaS model or through an outsourcer.

3. HOW FUTURE-PROOF ARE YOU?

Customer communications management is evolving; in the future, we can expect data analytics and machine learning to be used for message orchestration or dynamic case management. The CCM market is being hit with multiple technology waves – chat-bots, integration with mobile messaging networks such as Facebook Messenger and WhatsApp, and speech recognition – to name a few. For any business, staying on top of those trends is critical, as the bar for customer experience continues to be raised and consumers are quick to change.

While long-term outsourcing contracts may provide the lowest price, if the provider is not innovative and does not continuously modernize its platform, there is a risk of higher churn or unmet customer needs. Longer term contracts also bear a risk of being increasingly tied to a provider as enterprises continue to develop new templates, and this increases lock-in and makes transitioning to another provider more expensive. Therefore, future-looking businesses recognize that having a modern platform and their own data capabilities are essential. Unless

they work with an outsourcer who is truly strategic and stays ahead of their customers in terms of technical innovation, they are often better off investing in their own.

4. ARE YOU EFFICIENT AND COST-EFFECTIVE?

Due to their scale and operational expertise, large print outsourcers are often the best option for the most cost-effective print production. On the digital side, however, these outsourcers have not always evolved their business model and may charge significantly higher costs than the true market value of digital communications.

In addition, digital communications lead to additional interactions, which impacts expense predictability if it is charged based on consumption. From that perspective, it may make more sense to bring digital communications in-house or work with your outsourcer to explore new pricing models that are a better reflection of today's market realities.

RICOH

CCM OFFERING

Ricoh offers end-to-end CCM solutions that are based on its own and partner technology which can be deployed in the cloud, on premise, or through hybrid models. Ricoh is vendor agnostic – its strategy is based on providing a solution that best meets its customers' requirements, whether this means using technology from Quadient, OpenText Exstream, Transformations, or Ricoh's own MarcomCentral technology. Ricoh's approach is based on taking a strategic look at the existing systems and processes in place to evaluate where efficiencies can be gained and improvements made to help organizations achieve business goals while achieving better ROI in the process.

In addition, Ricoh provides managed electronic payment services such as eBilling services, which helps organizations transform from paper-based processes to digital processes, which are more cost-effective and less prone to errors. Ricoh also recently launched Ricoh Communications Manager, a new cloud-based solution that enables organizations to process and control customer communications across the entire CCM supply chain.

Ricoh's flexibility, underpinned by people that have earned their reputation in the CCM industry, makes it a good fit for businesses that want to work with industry experts and have their communications produced using best-in-class software.

ABOUT RICOH

Ricoh is a large, multi-national technology and services conglomerate in the print and communications space with more than 97,000 employees in over 200 countries around the world. The company, known for its integrity, ethics, security, and efforts in striving for excellence, has won several awards in this area.

ABOUT ASPIRE CUSTOMER COMMUNICATIONS SERVICES

Aspire Customer Communications Services is a boutique consulting firm specializing in the Customer Communications Management (CCM) and Digital Customer Experience (DCX) industries. Through deep market expertise and global insights, Aspire works with technology providers, service providers, enterprises and investors to help them achieve their CCM goals. Find more information about how Aspire is helping organizations navigate the complexities of the customer communications world at http://www.aspireccs.com.