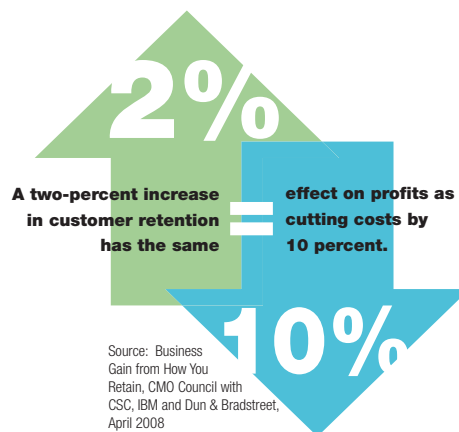


customer care solutions from Nuance



an executive briefing paper :: It's Your Call

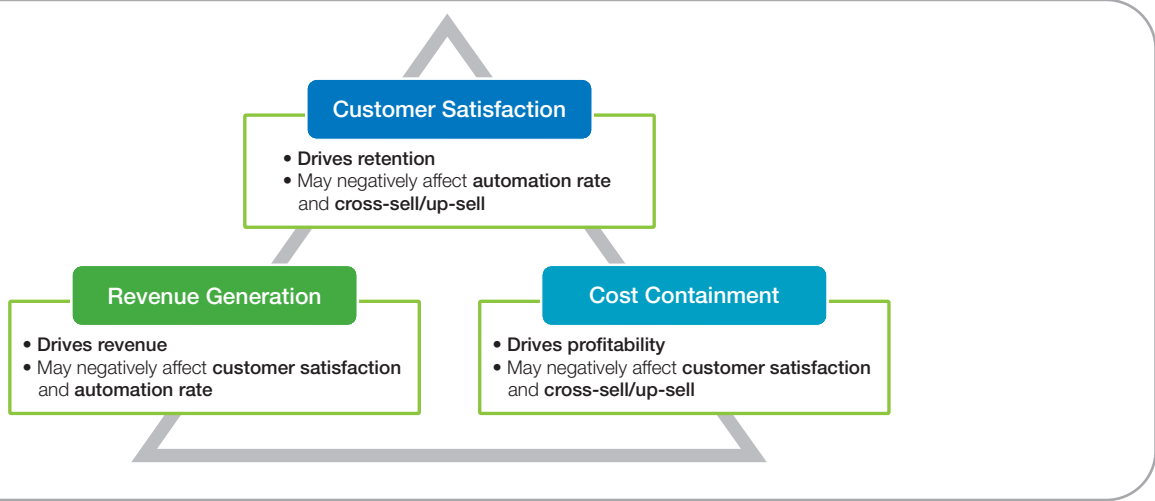
Many companies don't think of their contact center as a channel for growth, but with customer acquisition costs on the rise, leading companies are finding a hidden source of revenue already in their organisation – existing customers. The contact center is the hub of ongoing customer activity. It is central to creating customer life time value, which drives increased growth and profit. The fact is that best-in-class contact center service is able to drive up to 34% more revenue per customer.* How you manage those calls with customers, whether incoming or outgoing, has a meaningful impact on business performance. It's time to make each call in the contact center count and Nuance can help. **It's your call...make the most of it.**



*Source: Aberdeen 2008 Transforming Contact Center into a Profit Center Report

The Customer Care Priority Challenge

Customer care organisations have the challenge of balancing three competing priorities: customer satisfaction, cost containment and revenue generation. What makes this particularly challenging is focusing too strongly on any one can have a negative impact on either or both of the other two. As odd as this may sound, focusing too much on increasing customer satisfaction could have a negative impact on business performance by decreasing automation rates, driving up call times, and limiting cross-sell/up-sell opportunities. Focusing on cost containment on the other hand could negatively impact customer satisfaction as well as that goal of revenue generation by over automating or limiting agent contact with the customer. And should revenue generation become the primary objective, both customer satisfaction and cost containment could suffer. In short, companies need to strike a balance between these three competing priorities, which means finding the right combination of automated and agent assisted interactions.



The Case for Automation

The phone channel remains the primary way that customers interact with customer care. While email and the web have seen increased use, they simply can't and won't replace phone-based interactions. In fact the customer care industry has seen an increase in calls into the contact center as a result of customers not being able to reach a suitable resolution to their issue via email or the web. According to Yankee Group, a leading industry analyst, call volumes are growing 4% every year, and this is only anticipated to grow with increased use of the mobile phone for customer care.

This means companies must find a way to manage the volume, and there are only two potential answers: hire more agents or successfully automate calls. The reality is that customers would say they prefer the former, and the research bears this out time and time again. In a recent study by Harris Interactive, 76% of UK consumers said their most frequent method of interacting with customer care was by speaking with a customer service representative. That might lead one to think that hiring more agents is the best answer, but there are three issues at hand.

- The first is cost. Most companies simply can't afford to map an agent to every incoming and/or outgoing call.
- The second is agent staffing and management. Not only is it difficult to find enough qualified talent, but staff attrition rates in the UK have crept up from the mid-teens to well over 30%, according to research by ContactBabel.

- And thirdly, while consumers say their preference is to interact with an agent, agents are also the first thing they complain about. Coming back to the recent research by Harris Interactive, the largest complaint for UK respondents was that agents are difficult to understand. Other factors of agent dissatisfaction included agents not being knowledgeable, inaccuracy of information given, and general unfriendliness.

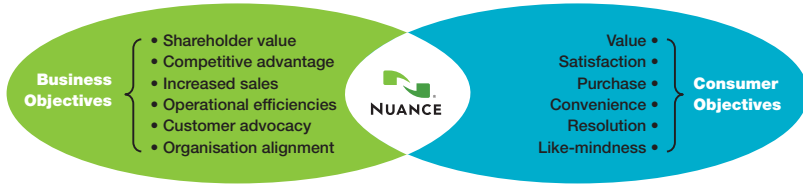
What we do know is that customers are willing to use automated systems. This has been born out by the likes of ATM's and airline kiosks. They are convenient and fast, and the customer is in control. When asked, consumers offered consistent views relative to automated phone systems in the Harris Interactive research. Consumers' top reasons for using automated phone systems included availability, immediacy of service, and speed.

Reasons for Using an Automated System Multiple Responses



Source: Harris Interactive, 2008

Automated Solutions for the Phone Channel



*Source: Homefield Communications, Nuance, Various Analysts

Nuance is in the business of helping companies better support, communicate with and understand their customers through automated solutions for the phone channel. Our approach is to assist companies in balancing their business objectives with the objectives of the consumers they serve. We do this with a complete and integrated view to

customer phone interactions, which means addressing automation from both the reactive or inbound perspective as well as the proactive or outbound perspective.

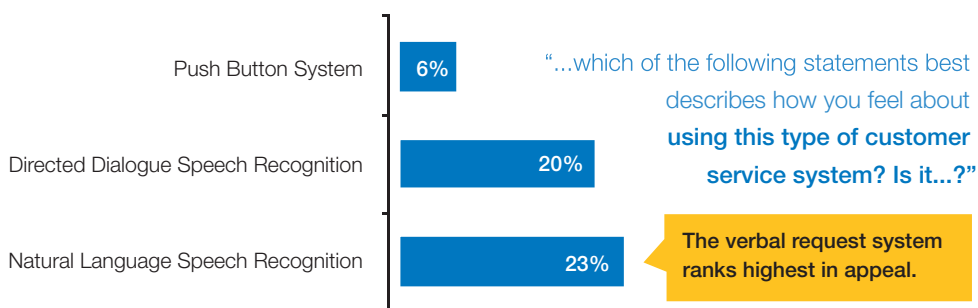
Inbound Call Automation and the Value of Speech Technology

Approximately 79 billion inbound calls will be received this year by contact centers worldwide.* To successfully automate calls companies need to be cognizant of where automation will be most widely accepted and used by the customer. Generally speaking customers are comfortable with using an automated system for gathering general information and simpler transactions. Customers in the UK were no different, according to the recent Harris Interactive research, where they indicated their highest comfort with automated systems “in calls in which I need general information”, “calls concerning my account or service with the company”, “calls in which I have to disclose personal information,” and “calls in which I need an immediate response”.

So why leverage speech recognition technology when automating inbound calls? The answer rests in balancing those three competing customer care priorities: customer satisfaction, cost containment and revenue generation.

Starting with customer satisfaction, customers prefer speech when interacting with an automated phone system. In the UK, the Harris Interactive research indicated a preference for speech-based systems 4:1 over push button or touch tone. Customers noted that the speech-based systems were “easy to use”, “convenient” and “faster”.

UK Rating Overview: Appeal Top 2 Box



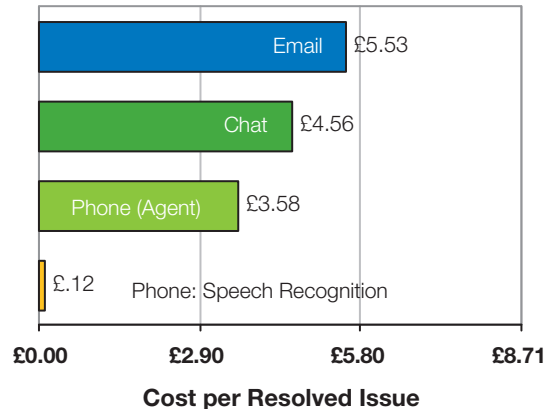
Source: Harris Interactive, 2008

Customer satisfaction goes beyond simply being a contact center metric, however. There is an emerging realization company-wide, that satisfaction is at the core of retention and loyalty, and in most companies, the contact center is the primary, ongoing point of contact with existing customers. Companies also recognize that customer care experiences are a contributor to brand reputation and differentiation. In research done by the Society of New Communications Research, it was learned that “84% of consumers take into consideration, research, or investigate customer care reputation when making decisions about purchasing products and services.”

The preference for speech noted earlier also has direct implications relative to system use and automation rates, which in turn has a direct impact on cost containment, another of the competing priorities. According to Forrester Research, “As customers have become more sophisticated in their navigation of speech applications, more are willing to fully complete transactions without speaking to an agent.”*

Cost containment has been a primary driver for automation using speech and with good reason. In comparing means of managing interactions with customers, speech-based automation of incoming calls is the least expensive means relative to resolving the customer issue.

Costs of Resolving an Issue via Communication Channels



Note: Exchange rate October 8, 2008: \$1.00 US = £.58

Sources: Forrester, Giga, Nuance Customers

This is also why companies worldwide have enjoyed significant self service rates and cost savings. And self-service rates like these are a testament to the fact that "speech works." Both the underlying technology and design capabilities that enable an application have evolved greatly since the first speech-based solutions were deployed. In fact, Nuance customers have reported equal or higher Net Promoter Scores for their automated phone channel than their retail or assisted service call center operations.

Self-Service Rates Per Type and Cost Savings

Company	Self-Service Rate with DTMF	Self-Service Rate with Speech Recognition	Annual Cost Savings
North American Airline	50%	88%	\$1,000,000
Investment Bank	45%	63%	\$1,000,000
Global Financial Services Firm	82%	90%	\$6,300,000

*Source: 2008 Contact Center Technology Trends, Forrester Research, August 2008.

customer case studies

Lloyds TSB

Background

- < One of the UK's largest banks, and one of the largest financial services groups in the world
- < Wanted to lead the way in offering superior customer service while also maximising productivity and reducing costs in its existing call centers

Solution

- < Developed 6 major speech applications since IVR was first introduced into the organisation more than 10 years ago
- < Applications include: PhoneBank, PhoneBank Express, PhoneBank Express for Business, AVA Membership Services, C&G Savings and Card Services

Results

- < Net benefit associated with the introduction of the PhoneBank IVR service is £4.2M per annum
- < Improved customer service: a single number gateway has made it easier for customers to contact Lloyds TSB
- < Reduced operational costs: system automates high-volume transactions and eliminates the 40-45 seconds previously required for agents to answer calls, identify and verify customers

T Mobile

Background

- < World leader in mobile communications with more than 31 million customers in Germany alone
- < T-Mobile Germany sought to differentiate its brand and gain competitive advantage through superior service

Solution

- < New DTMF system with customer care speech system that balanced usability with automation, ensuring a rewarding customer experience
- < System automates over 400 business processes by allowing callers to use natural, conversational language

Results

- < Reduced cost per call by 81% with a 75+% increase in automation
- < During peak call times the application handles the workload of up to 1,600 live agents simultaneously
- < Successful automation of more than 36 million calls/year (100,000 calls/day)
- < €10 million savings per year

customer case studies

Premier Inn

Background

- < Part of Whitbread PLC, the UK's leading Hospitality Company, Premier Inn is the UK's biggest hotel network providing rooms to 13 million customers annually
- < Looking to ease pressure on agents and eliminate the need for extra agents during peak times

Solution

- < Speech-based room booking management system enables customers to check room availability and make/confirm bookings in 460 hotels in the UK
- < Mobile customers can ask for a confirmation text message; system can cross-sell callers to different locations if desired destination is fully booked

Results

- < Almost 3 out of 4 customers said they'd rather use the automated system than have to wait in a queue to speak to an agent
- < 89% of those who stayed with the automated booking system completed their reservation

Vodafone Spain

Background

- < Part of the Vodafone Group, the worldwide leader in mobile communications that provides a complete range of mobile telecommunication services
- < Vodafone Spain saw speech technology as a way to bolster the quality of its customer service while reducing call centre agent operating expenses

Solution

- < The speech-enabled IVR allows customers to get quality service without the wait and resolve their most frequent queries on their own
- < Pre-paid and post-paid customers can use natural speech to set voice mail settings, check pricing options, monitor and redeem reward points and activate special promotions

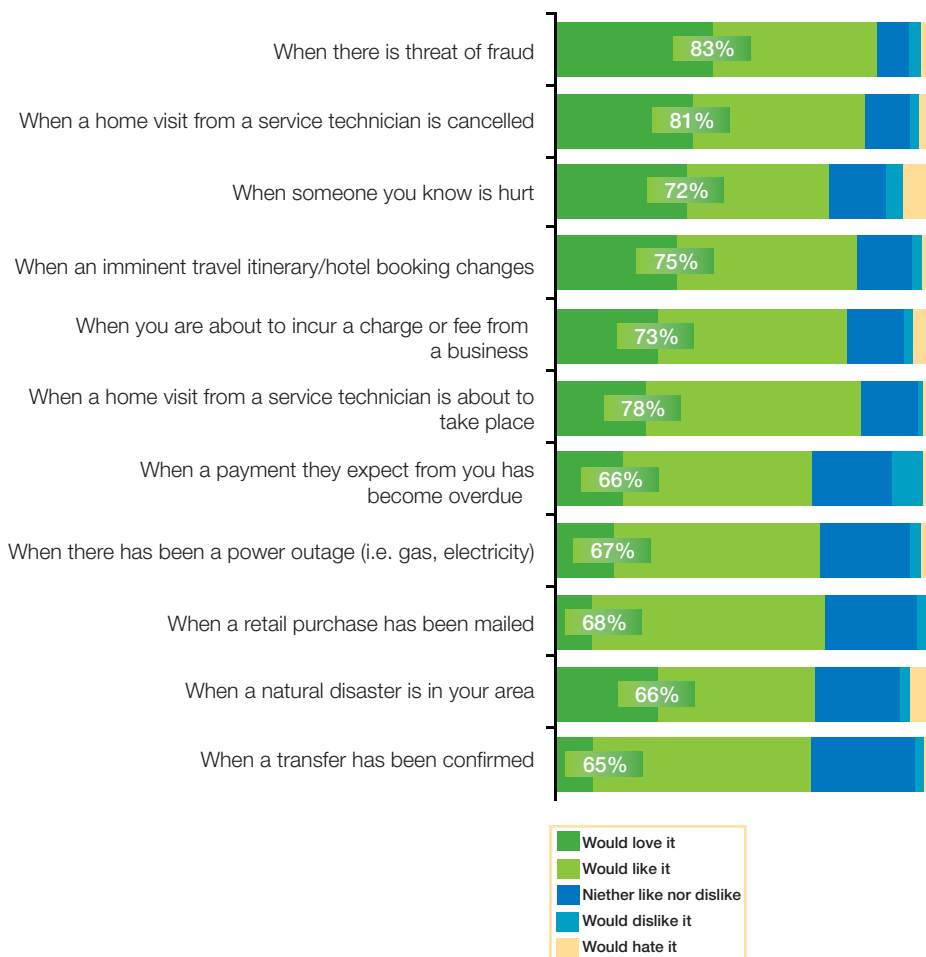
Results

- < Customer satisfaction rates have jumped 14% with the speech system compared to touch-tone technology
- < Customer satisfaction rates are 8% higher with the automated system than with live agents
- < The system handles over 8 million calls per month, or an average of 250,000 calls per day

The New World of Proactive Notifications

Outbound notifications have advanced from telemarketing calls, emergency notifications and collection messages. They now extend to provide new customer care services, based on a customer's account and information that is relevant to them personally. The benefits of proactive notifications again ties back to those competing contact center priorities. Customer satisfaction is increased as customers receive information of interest e.g. transaction confirmations, fraud alerts, account reminders, status notices etc. Taking a lesson from the web, allowing customers to opt-in for such notifications insures that proactive interactions don't become an annoyance. According to Forrester Research, "Traditional customer care models wait for customers to initiate contact. Rather than simply reacting to problems as they occur, firms should create a better experience by proactively addressing customers."

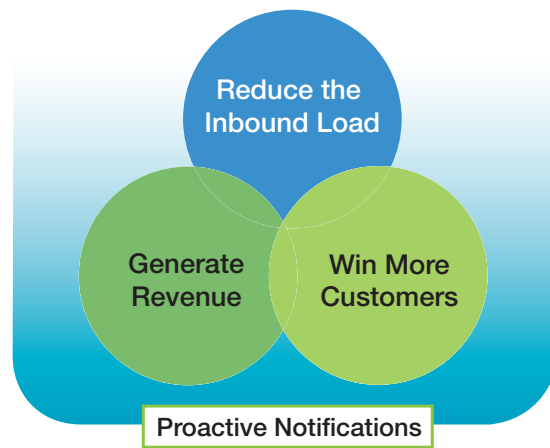
UK Attitudes to Proactive Communication Under Specified Situations



Source: Harris Interactive, 2008

Cost containment is realised as calls are avoided, many of which could only have been managed in an agent assisted fashion. According to the Harris Interactive research recently conducted, callers cited their number one reason for asking for an agent was to confirm the system and or human resolved their issue. This is only logical when one considers that the phone channel is the only interaction channel whereby a receipt is not received. In addition to confirmations, proactive notifications can be used to provide account information, reminders on payments due and appointments, order status information, booking reminders etc. And the coupling of proactive notifications with the opportunity to access already established inbound call automation solutions can even further cost containment by automating the complete customer interaction.

The Benefit of Proactive Notifications



Finally, the objective of revenue generation can also be addressed with proactive notifications. Customers can be proactively offered information on products and services that are relevant to their relationship with the company.

As noted in ASR News, “The outbound calling market continues to show strong growth...The reason this segment is doing so well appears to be that they are providing products and services that make solid sense to both the enterprises and consumers. The enterprises are experiencing a strong ROI and the consumers are being better serviced.”

Key Application Areas for Proactive Notifications

Application	Uses	Sample Applications
Business Continuity/ Crisis Communications	Quick/efficient communications prior, during, after incidence	Notify staff, first responders re: emergency notifications
Collections	Recovers more debt than agents	<ul style="list-style-type: none"> • Non-pay courtesy calls • Payment reminders • Account suspension • Cancellation notices • Shut-off and curtailment notifications
Corporate Communications (internal/external)	Engaging, personalised, branded messages for promotions, test marketing, reminders, news, etc.	<ul style="list-style-type: none"> • Alert crews • Corporate announcements • Field crew scheduling • Product/service offers, updates • Surveys
Customer Care	Pre-empt inbound calls (status, inquiries, changes, etc.) and up-sell/cross-sell	<ul style="list-style-type: none"> • Order status • Account status • Overdraft alerts • Renewal notices • Appointment reminders
Fraud Prevention	Near real-time notifications/verifications of transactions	<ul style="list-style-type: none"> • Suspicious activity • Fraud alerts • Skip tracing

customer case studies

Scotiabank

Background

- < Leading financial institution with 2,100 offices in 50 countries and 15 contact centers around the world
- < ONETEAMONEGOAL: "We are committed to providing excellence in customer experience."

Solution

- < Initiated a Universal Proactive Notification Platform with global interaction and notification topology to improve domestic and international efficiencies and staffing – while retaining centralised management and economies of scale
- < Solution integrates into Scotiabank's unique business rules and leverages existing investments in software, hardware and legacy dialer technology
- < Proactive Notification provides multi-media message delivery tailored to business unit and individual customer needs

Results

- < Reduction in fraud, improved customer service, increased agent productivity, superior management reporting and enhanced IT infrastructure availability
- < Compromised Card Notification application has enabled Scotiabank's card security staff to be able to handle more fraud alerts and assist customers in a timely manner. For every card security specialist that is freed up from manual outbound call activity, Scotiabank saves \$200,000 a year in fraud losses.

AES-EPCOR

Background

- < One of Canada's top providers of energy and energy-related services and products for over 100 years
- < Had previously used costly outside agencies to remind customers of late payments

Solution

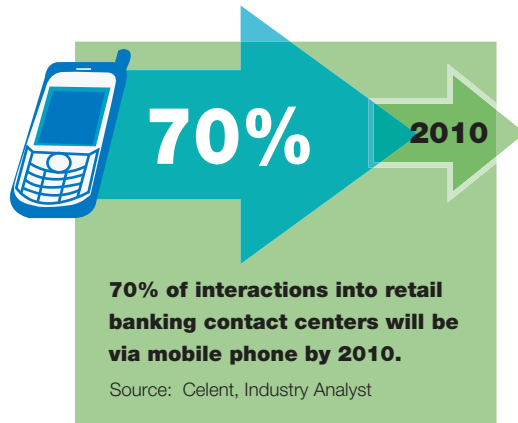
- < Instituted new automated outbound notification solution which includes outbound payment reminders and automated inbound bill payment using two campaigns for new and existing customers
- < Used automated outbound technology to enhance their usage of existing inbound payment applications

Result

- < The automated outbound notification solution consistently reaches over 82% of the energy company's customer database either by live customer contact or answering machine message left at customer household
- < All Proactive Notifications promote a redirection to an automated bill payment application
- < Usage on the inbound application was increased to 25% of the contacted outbound customers who received a personalised automated message

Automation Goes Even Further In The Future of Customer Care

As noted earlier, the phone channel is not going away relative to customer care, especially with the increasing use of mobile phones. According to Celent, an industry analyst, “70% of interactions into the call center will be via mobile phone by 2010.” While this statistic specifically references the financial services market, it is a leading indicator of what all customer care operations can expect. With increased usage of mobile phones for customer care, will come new opportunities to increase satisfaction, reduce costs and drive revenue. Automation leveraging the voice channel will be augmented by automation via the data channel. Consumers will be able to elect how they can best be served based on the given scenario in which they find themselves. There will be times when consumers find voice interaction the most convenient form of interaction and others where leveraging the “third screen” or visual display of a mobile device and visually interacting with customer care will be preferred.



Nuance: A Strategic Partner for Managing Customer Interactions

Nuance has been helping companies with automation solutions for the voice channel for well over 10 years. We offer a comprehensive portfolio of interaction solutions and services including: Call Steering to naturally automate the routing of callers to the right destination; voice biometrics- based authentication to insure secure interactions; destination solutions for automating the dissemination of business information and managing business transactions; the Nuance Notification Hub, a comprehensive platform for proactive, outbound interactions; customer care analytics engagements to optimise customer interactions; and full business consulting, solution deployment and solution management services.

Our customers include business leaders around the world such as:

- Aetna
- AIG
- Air France
- Amtrak
- AOL
- AT&T
- AXA Equitable
- Bank of America
- Citigroup
- Delta Airlines
- Dell
- Deutsche Bank
- DHL
- eircom
- GE
- Hertz
- Horizon BCBS
- Lloyds TSB
- Marriott
- Medco
- National Grid
- Northeast Utilities
- Premier Inn
- Prudential
- Southwest Airlines
- T-Mobile
- TD Waterhouse
- Telefónica España
- TeliaSonera
- UPS
- Verizon
- VISA
- Vodafone
- Vonage
- Wal-Mart
- Wells Fargo
- XM Radio

More Information

To request more information about customer care over the voice channel, please email ukmarketing@nuance.com

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