Rethinking digital transformation.

A survival guide for customer experience leaders.

NUANCE

Thriving in a digital-first future

Digital transformation (DTX) involves the digitalization of all areas of a business—a complete change of company culture, operations and value delivery to customers. But as more customer-facing organizations start their DTX journeys, those that want to thrive in the digital-first future need to rise above the status quo.

90% In fact, it's predicted that by 2023 **over 90% of all enterprises[1] will build 'digital native' IT environments** in order to succeed in the digital economy.

A guide to surviving the digital revolution
Enterprises are going through a decade of disruption, and customer engagement is advancing fast—those that aren't quick to adapt will be left behind.

But it's not too late. We've written this guide to help organizations like yours navigate their digital transformation journeys. With the right strategy, you can not only survive the digital revolution of ever-evolving customer experiences—you can thrive.

In this guide, you will learn:
– Why digital transformation is vital to your organization's survival in the digital revolution
– Why customer experience is your key differentiator in a digital-first world
– The role of AI in a successful digital transformation
– What a digitally-transformed customer journey can look like
– The important elements of a digital transformation journey, including:
  - The buy-in   - The assessment   - The agility
  - The culture   - The plan
– How to find the right partner to guide and support you in your digital transformation

1 IDC/Analyze the Future. Blog: The Future of Intelligent Technology. (2019, March 4).

An effective customer experience strategy can be the difference between success and irrelevance.

Digital transformation for customer experience

**Fast, effortless and effective customer engagement**
Creating stand-out customer experience is a goal of every transformation initiative. But to create an experience that makes engagement simple, effortless and fast for customers, you need to understand their needs and expectations.

Changes in customer expectations are difficult to predict, but there are some factors you can be sure they will always expect: choice, reliability, availability, speed, security and relevancy. Using these as a foundation, you can leverage digital technologies to anticipate and meet customer needs before they arise—and start to create a frictionless customer experience.
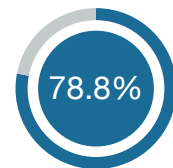
And when it's done right, DTX can have a huge effect on customer experience and drive changes across the organization.

91.6%

84.4%

78.8%
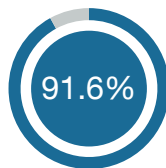
91.6% saw an increase
in customer loyalty[2]
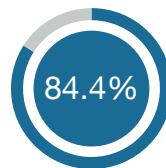
84.4% experienced
increased revenue[2]

78.8% achieved
lower costs[2]

This is made possible through an efficiently-run contact center. And since the agents have more time to spend on unique customer cases and provide personalized experiences, the ROI of digital transformation can be seen in the relationships built with customers.

The results? Greater customer retention and lifetime value. Stand-out experiences place you at top-of-mind with your customers and give you an edge over your competitors.

2 Dimension Data. Ebook: The Evolution of Customer Experience: A Look Ahead to 2020. (2018, September).

Why digital transformation?

Digital transformation can make a huge difference in customer engagement. In fact, 81.4% of organizations[3] are taking on DTX because they recognize customer experience as their competitive differentiator. It's their strategy to meet customer demand, impede disruption, improve operational efficiencies and drive growth and revenue.

And those that focus on DTX are even outpacing established market leaders when it comes to customer experience scores and customer perception. They're creating experiences that go beyond the status-quo, leaving those that don't adapt trailing behind—with studies showing that brands have lost $75 billion in sales due to poor customer service.[4]

Surprisingly, even some of the organizations who say they are undergoing digital transformation are still not meeting evolving expectations.

Rapidly changing customer expectations

Today, customers have a huge range of channels to choose from when engaging with businesses. They can switch between devices, from self-service to human interaction, and from web or mobile channels to voice channels—all while continuing the same conversation.

Technology and consumer trends work together to drive digital transformation.

Social
Cusomers participate, share and co-create their future

Data and analytics
Customers expect you to know them, fueling AI, fed by IoT

Artifical intelligence
Automation across conversation, knowledge, optimization, prediction

Security and privacy
New security options coincide with consumer demand for privacy and enterprise need for cybersecurity

Mobile
Customers are online, even when they're "offline"

Self-service
Customers expect access to everything everywhere, all the time

Cloud
Core enabler of service model, diminishing value of ownership

It's an omni-channel experience. And ever-rising consumer demands for intelligent engagement have challenged companies to deliver personalized, consistent experiences across all their channels, while at the same time reducing their cost to serve.

Customers don't view their interactions with a business as multiple experiences—they view them as one experience. And this revelation should cause a company to realize they need more than just a simple fix. They need a fully invested, continual digital transformation that puts their customers' engagement preferences first.

56%

56% of firms are behind due to lack of current DTX investment

22%
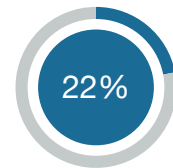
22% are investing, but not actually transforming

21%
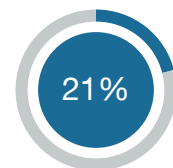
21% think their digital transformation is already completed[5]

3 Dimension Data. Ebook: The Evolution of Customer Experience: A Look Ahead to 2020. (2018, September).
4 Leggett, Kate; Hong, Daniel; Dawson, Sarah; Harrison, Peter. (2019, January 17). Forrester Research. The Three Customer Service Megatrends In 2019: As AI Eats Jobs, Agents Are More Valued.
5 Schadler, Ted. (2018, April 24). Forrester Research. The Sorry State Of Digital Transformation In 2018.

Artificial intelligence unlocks digital transformation

At the highest level, digital transformation is about leveraging technology to radically improve performance or market reach in pursuit of new revenue streams or new business models. And this technology is continuously accelerated by the driving force of artificial intelligence.

Business challenges are being addressed across all industries, thanks to technology advancements made possible by AI, including:

– Exponential growth in computing processing power
– Oceans of data from customer interactions across an ever-growing number of internet-connected devices
– An abundance of low-cost cloud storage and services
– Advanced algorithms for processing data through machine learning and deep learning

As the pace of technology innovation quickens, so too does the proliferation of advanced consumer technology. The widespread adoption of smartphones and tablets, and the growing number of new devices in the IoT world, has fueled organizations' interest in leveraging artificial intelligence in their digital transformations.

Consumers' preference to self-serve using speech through conversational interfaces like home assistants has led to more advancements in voice technology infused with AI. The push to meet this demand has led to innovations in speech recognition, including Natural Language Understanding (NLU), text-to-speech (TTS), biometrics and conversational dialog.

These innovations have contributed to the development and evolution of intelligent virtual assistants (VAs)—resulting in the reboot of voice interactions, and more advanced IVR.

Embrace AI for success

Companies who've embraced AI at their core are the ones who tend to be digital pioneers and transformation leaders. They're pushing forward, leaving late-comers behind.

88% In a recent study, 88% of early adopters were found to be deepening their commitment to their AI strategies, compared to only 62% of non-pioneers – widening the gap.[6]

The moment you stop innovating is the moment your customers are no longer yours.
The further technology advances, the more the customer expects – which means enterprises need to be vigilant in their digital strategies. The need for more advanced solutions powered by AI will only continue to grow.

6 Ransbotham, Sam; Gerbert, Philipp; Reeves, Martin; Kiron, David; Spira, Michael. (2018, September 17). MITSloan Management Review. Artificial Intelligence in Business Gets Real.

All touchpoints covered

Modern enterprises have a huge range of touchpoints where they can communicate with their customers. But no matter how many touchpoints you have, it's critical you engage with your customers in their channel of choice, and that any of these channels are interchangeable. And the key to making this happen is leveraging AI.

AI transforms the customer experience by predicting, conversing and analyzing, using a balance of cognitive engines and human assistance in a variety of ways.

It can be used to drive customer loyalty, enable personalized and contextual engagements, and make predictions about individuals and those similar to them.

These AI capabilities can come into play throughout the customer service lifecycle, and can be used:

– **Before contact**—to make predictions of customers' needs using data
– **At contact**—to deliver a personalized and contextual engagement
– **During interaction**—to validate the user and collect even more information
– **During transfer**—to ensure all the information is transferred to the new channel
– **During agent interaction**—to provide the agent with relevant information and next best action suggestions
– **Post contact**—to leverage insights that help continuously optimize and to predict future customer intent
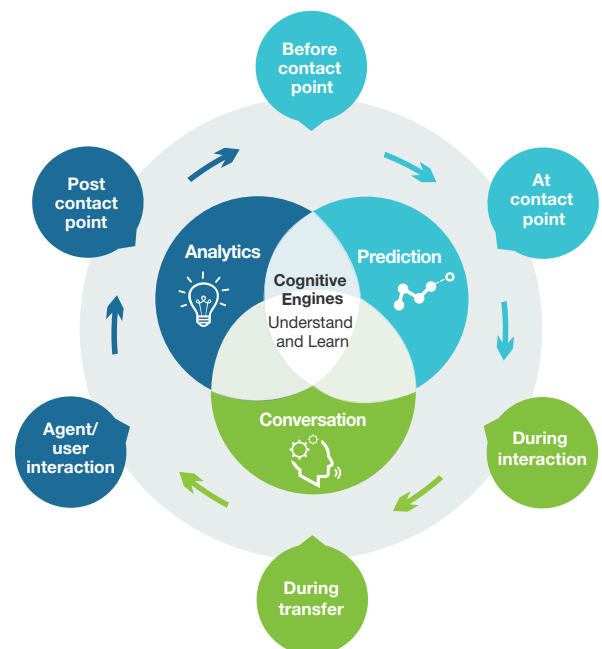
Effective consumer engagement leveraging AI

Customer engagement is a journey AND a destination

Let's look at an example of how this customer journey might look.

Meet Mark. While watching his favorite show, he sees an offer that gets his attention. Best Brands will enable many channels and devices for digital engagement to target, convert, onboard, collect, support and retain Mark as a happy, satisfied and loyal customer.

Start here ⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯⋯➤

① Target

TV
Mark sees an offer from Best Brands on TV and sends a text to get more information.

② Convert

Messaging
When Mark sends the text, a virtual assistant (VA) provides a targeted offer based on keywords used or customer intent. The VA offers additional information on their website.
Intent prediction

Social
Mark asks his friends and family about BestBrands products and services.

Website
The next day, Mark reviews the offer on the BestBrands website. A proactive VA engagement launches. Mark is ready to purchase and is transferred to a live agent. The chat agent provides a form to enable Mark to sign up quickly. The order is placed.
Personalized offers, intelligent escalation

Retain ⑥

IoT
Mark asks Alexa to check how much data he has left for the month. Alexa provides options for upgrades.
Upsell / cross-sell

Support ⑤

Messaging
BestBrands sends Mark a text confirming his payment and offers a link to set up auto-payments. He taps the link and sets it up.
Outbound confirmations

Collect ④

Mobile app
Mark gets an in-app reminder that his payment is due. He authenticates using facial recognition and makes the payment with the help of the virtual assistant.
Proactive alerts, authentication by facial recognition

Mobile app
Mark downloads the BestBrands app, sets up his account, activates notifications and is provided 'always on' access to personalized assistance through VA or live agents.
Personalized assistance

③ Onboard

IVR
Mark calls BestBrands to activate his account alerts. Mark's identity is verified using his voice. NLU powers conversation interaction and speeds the process through self-service.
Authentication by voice

Chart your success

The roadmap to DT success is rarely straight-forward, but it often involves five key factors:

1. **The buy-in**
2. **The culture**
3. **The assessment**
4. **The plan**
5. **The agility**

1 The buy-in

Successful digital transformation requires senior leadership support that has a commitment to innovation, rewarding risk, and evolving the workforce.

And when considering a DTX strategy for your company, you need to determine if there is a corporate endorsement of a digital-first approach to customer interactions.

For a successful DTX pitch, you need to make your leadership team understand that it isn't just a short-term investment, but a long-term mindset.[7] It's easier when you think of the change as a product, and brand it. Develop a campaign mentality, using crisp, clear messages tailored to that specific audience. And let them see the vision of what DTX will mean for their bottom line.

If these key people can see your vision for transformation, they will be instrumental in championing the movement throughout their own teams and across operations—and generate buy-in organization-wide.

When you've gained executive support, it's important to determine who in your organization will be the owner of the transformation. While the CEO can certainly lead the charge, providing vision and direction, they cannot own the initiative.

Instead, the CEO needs to select a group of leaders from across the organization who:

– Have a deep knowledge of the business and its digital culture
– Can embrace customer centricity[8]
– Have a collaborative mindset[8]
– Aren't afraid to take risks[8]

Your competitive landscape doesn't matter; customers are measuring you against companies like Uber and Amazon. That heightens the urgency for change.

7 Dahlstrom, Peter; Desmet, Driek; Singer, Marc. (2017, February). McKinsey Digital. The seven decisions that matter in a digital transformation: A CEO's guide to reinvention.
8 Dahlstrom, Peter; Desmet, Driek; Singer, Marc. (2017, February). McKinsey Digital. The seven decisions that matter in a digital transformation: A CEO's guide to reinvention.

2 The culture

Instead of waiting until the final leg of the initiative to evaluate what the impact will be on your operations, digital transformation requires you to look at how it will affect your people at the beginning. If they don't have the right mindset for change, or if there are organizational flaws, your DTX strategy could be at risk.[9]

But if you can get people in your organization to embrace DTX, you can generate the necessary cultural shift in the approach to solving business problems—and drive a digital-first mindset throughout. This shift is essential, as DTX will demand that your team will no longer work in silos, but instead will work collaboratively.

Once you've achieved the buy-in, you need to prepare your organization for the technology that needs to be implemented. The necessary level of understanding will be much deeper for a transformation than it is for simple IT projects, so training programs will need to be put into place for people to learn how AI works.

> **!** Look at how DTX will affect your people at the beginning of the process. Get them onboard and drive a digital-first mindset.

3 The assessment

With your organization on-board, how do you get started on the journey?

A transformation only works if you know what you're transforming and what you have to work with. Therefore, a current-state assessment of your customer experience program is in order, including customer needs, the journeys they take, and the business' corresponding capabilities to resolve them.

Completing a current-state assessment of your customer experience environment requires you to first investigate and document many important factors, including:

– The reasons why end-users contact your organization and their expectations for service
– What customer journeys look like in your organization
– How the customer experience flows between different channels
– The data available to each channel and the extent to which it is shared across channels
– How your current customer engagement capabilities align to end-user needs
– Performance, KPI results and service costs for each channel

With your assessment complete, you can start to work out the gaps in your customer experience, and identify where your opportunities to innovate and transform exist. As part of this process, be sure to engage leadership to gain their continued buy-in and support as a pre-cursor to more detailed planning activities.

> **!** You can keep customers at the heart of your DTX strategy by leveraging data gathered from the current-state assessment, and use this data to continuously optimize the transformation throughout.

9 Tabrizi, Behnam; Lam, Ed; Girard, Kirk; Irvin, Vernon. (2019, March 13). Harvard Business Review. Digital Transformation Is Not About Technology.

4 The plan

With your DTX opportunities identified and executive support behind you, you'll now be ready to translate those opportunities into an actionable implementation plan.

But before creating that plan, you'll first need to answer some important questions related to each of the recommendations you've identified. These answers will provide the clarity and justification needed to prioritize when to deploy each recommendation, giving you a roadmap to follow that maximizes expected benefits and outcomes for your customers and for your organization.

To create your plan, review each opportunity and answer questions such as:

– What customer journeys and identified gaps does it support?
– What customer expectations does it meet and how does it benefit them?
– What benefits does it bring to your organization?
– Is it a priority recommendation that must be deployed first?
– Is it dependent on other recommendations to be deployed first?
– How complex is it to implement, and what's the expected cost?
– Are the right staff resources and funding available to support its deployment?
– What is the organization's release schedule, and will it fit into it?

With these questions answered, you can begin to prioritize opportunities into implementation buckets—deciding whether they are quick, short-term, medium or long-term wins. And if you include your justification for each, you will end up with a prioritized roadmap you can validate with your leadership team before finalizing and beginning the implementation process.

! Short-term wins will not only keep the momentum going, but also deliver a good impact in removing costs and simplifying processes. These are a cohesive part of your strategy, and make it more feasible to budget funds for longer-term customer experience improvements such as channel expansion.

5 The agility

Successful DTX requires a culture of rapid innovation, testing and optimization supported by fast, flexible processes. This means that planning for transformation involves moving out of a typical waterfall 18-month view and taking it to three months—because the digital-native companies are already there.

With the rapid rate of the digital revolution, each phase of your plan must be faster, and you must be willing to work quickly – and accurately – as elements of the game plan may change.

A quick turn-around is imperative, but keep in mind that it doesn't end there.

! A radical abandoning of traditional models that hinder progress— and combining technology and operations—will create customer-centric strategies that can sustain new levels of agility, efficiency, and precision.[10]

10 Ehrlich, Oliver; Fanderl, Harald; Habrich, Christian. (2017, May). McKinsey & Company. Mastering the digital advantage in transforming customer experience.

The journey is never "over"

To ensure your digital transformation strategy is long-lasting, you will need to leverage data and utilize AI and machine learning analysis techniques to gain a continuous understanding of solution performance and user behavior changes over time.

With this understanding, you will be able to drive a constant stream of improvement recommendations tailored just for your brand, and ensure you achieve the full potential and maximum value of the digital transformation.

But it's important to remember, when thinking about continuous optimization it's essential you consider the analysis that's needed to identify which recommendations to prioritize.

Because your products and services constantly evolve, and customer expectations are always changing, DTX is never-ending—and it demands continuous optimization.

Transformation really is happening

Many enterprises have been undergoing continuous journeys in transformation for a while now. For example, one of the largest retailers in the US has been pursuing digital transformation for more than five years.

It began by developing a digital-first vision and strategy, and within five years its live chat conversations grew considerably. Since automation is a fraction of the cost of other channels, the company's digital-first focus shifted to self-service—which worked well with a mobile-dominant customer base.

By focusing on self-service, the company shifted its goal from growing customer conversations to improving its self-service channel using conversation data—ultimately reducing the live agent engagement rate.

Further elements of the company's DTX included:

– Senior leadership that oversaw and communicated the digital-first initiative
– Goals that were aligned all the way from the executive team to the front line
– Training and targeted hiring, focused on employee education and career investment
– A Chief Digital Officer to ensure the right perspective across all operations
– A centralized, flexible data warehouse for advanced reporting and analytics across channels
– An omni-channel steering committee to ensure governance, progress and best practice awareness enterprise-wide
– A scaled agile framework that included a flexible funding model—enabling near real-time re-prioritization of efforts based on ROI, feasibility, time-to-market and benefits realization.
– A reimagination of digital properties to streamline customer experience
– Personalization and live online support to improve task accomplishment and drive digital containment
– Dedicated online messaging and offers to customers, driving digital awareness, adoption and utilization

This kind of vast and complex digital transformation requires a never-ending routine of optimization, continuously improving as data provides further insights. It calls for a third party whose expertise is in digital-first and mobile-first initiatives—with professional services that are customized for enterprise clients.

Choosing the right partner

This is a huge step for your organization to take. DTX completely changes the way you run your business—but with the right partner to support you through the process, you can thrive in the digital future.

The vendor you choose should become your trusted advisor. They should be able to provide strategic guidance and actionable roadmaps as you embark on your transformation, while keeping aligned with your company's key business goals.

And with a partner that can work with your team in a collaborative way, you will be able to effectively conceptualize how digital technology can impact your business. Whether it's designing extraordinary experiences visually, textually or vocally, your partner should be able to help you leverage technologies to reach your transformation goals.

They should offer a wide array of digital customer engagement solutions that are connected from one powerful platform and make for a seamless and contextually-relevant experience for customers—no matter how many devices they choose to engage with.

And it's important to remember that DTX is a never-ending process, which means you need to make sure you choose a partner that's prepared to stay by your side throughout the entire journey.

> Many companies don't see the disruption headed their way—but those that do are getting a head start on preparing for the digital revolution.

Netting it out

Nuance wants to be there for your organization as you undergo your transformation. We provide an extensive array of consulting and professional services to truly transform the digital experience you offer your customers. From the planning phase to the launching of solutions and optimization, Nuance expertly takes you through your entire transformation journey.

And although technology is the main ingredient, digital transformation is really about people: meeting customers' needs and expectations and having your people embrace DTX on all levels.

With Nuance as a dedicated partner by your side, you can ensure your DTX strategy keeps your customers at heart. We'll work closely with you to design and personalize your customers' journeys based on the insights you've gathered along the way.

And as DTX is a continuous journey that evolves with changing customer behaviors, we'll be there to support you wherever your transformation journey takes you.
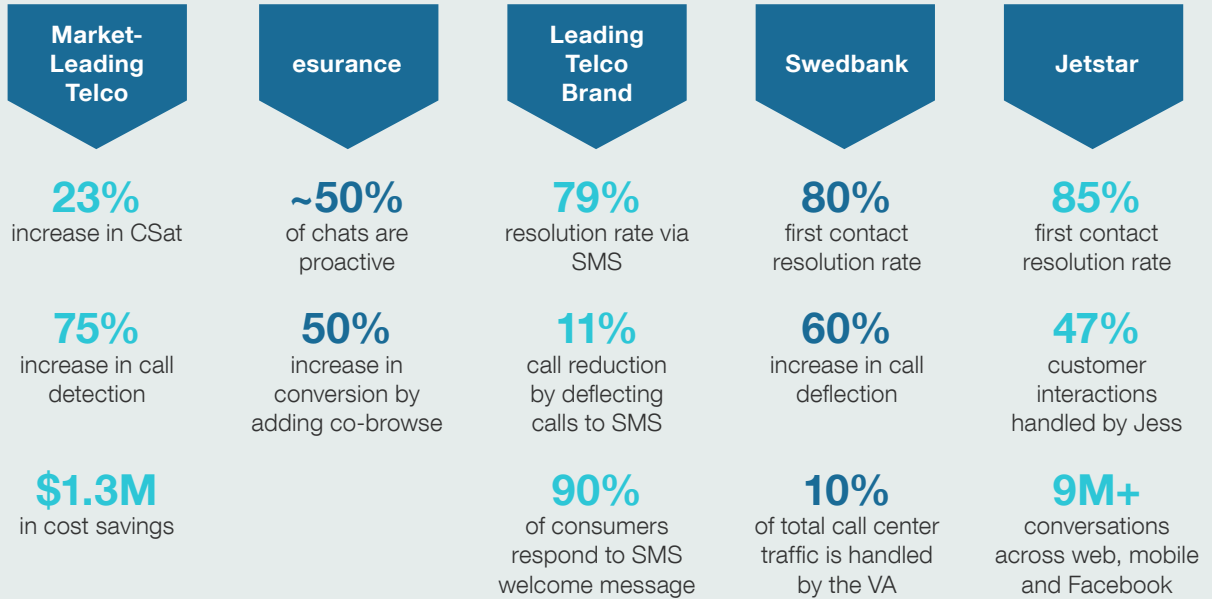
Proven results for your **digital transformation**

– Improved contact center efficiency
– Reduced costs

– Increased customer satisfaction
– Delivered high first contact resolution

Market-Leading Telco	esurance	Leading Telco Brand	Swedbank	Jetstar
23% increase in CSat	**~50%** of chats are proactive	**79%** resolution rate via SMS	**80%** first contact resolution rate	**85%** first contact resolution rate
75% increase in call detection	**50%** increase in conversion by adding co-browse	**11%** call reduction by deflecting calls to SMS	**60%** increase in call deflection	**47%** customer interactions handled by Jess
$1.3M in cost savings		**90%** of consumers respond to SMS welcome message	**10%** of total call center traffic is handled by the VA	**9M+** conversations across web, mobile and Facebook

To learn about Nuance intelligent engagement solutions and how our team of experts can help you in your digital transformation journey, contact us at cxexperts@nuance.com.

About Nuance Communications, Inc.
Nuance Enterprise is reinventing the relationship between enterprises and consumers through customer engagement solutions powered by artificial intelligence. We aim to be the market leading provider of intelligent self- and assisted-service solutions delivered to large enterprises around the world. These solutions are differentiated by speech, voice biometrics, virtual assistant, web chat and cognitive technologies; enabling cross-channel customer service for IVR, mobile and web, Inbound and Outbound; and magnified by the design and development skill of a global professional services team. We serve Fortune 2500 companies across the globe with a mix of direct and channel partner selling models.

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