



Building a Bridge:

The Value of Experience in a Digital World

A Cisco and KPMG Nunwood White Paper

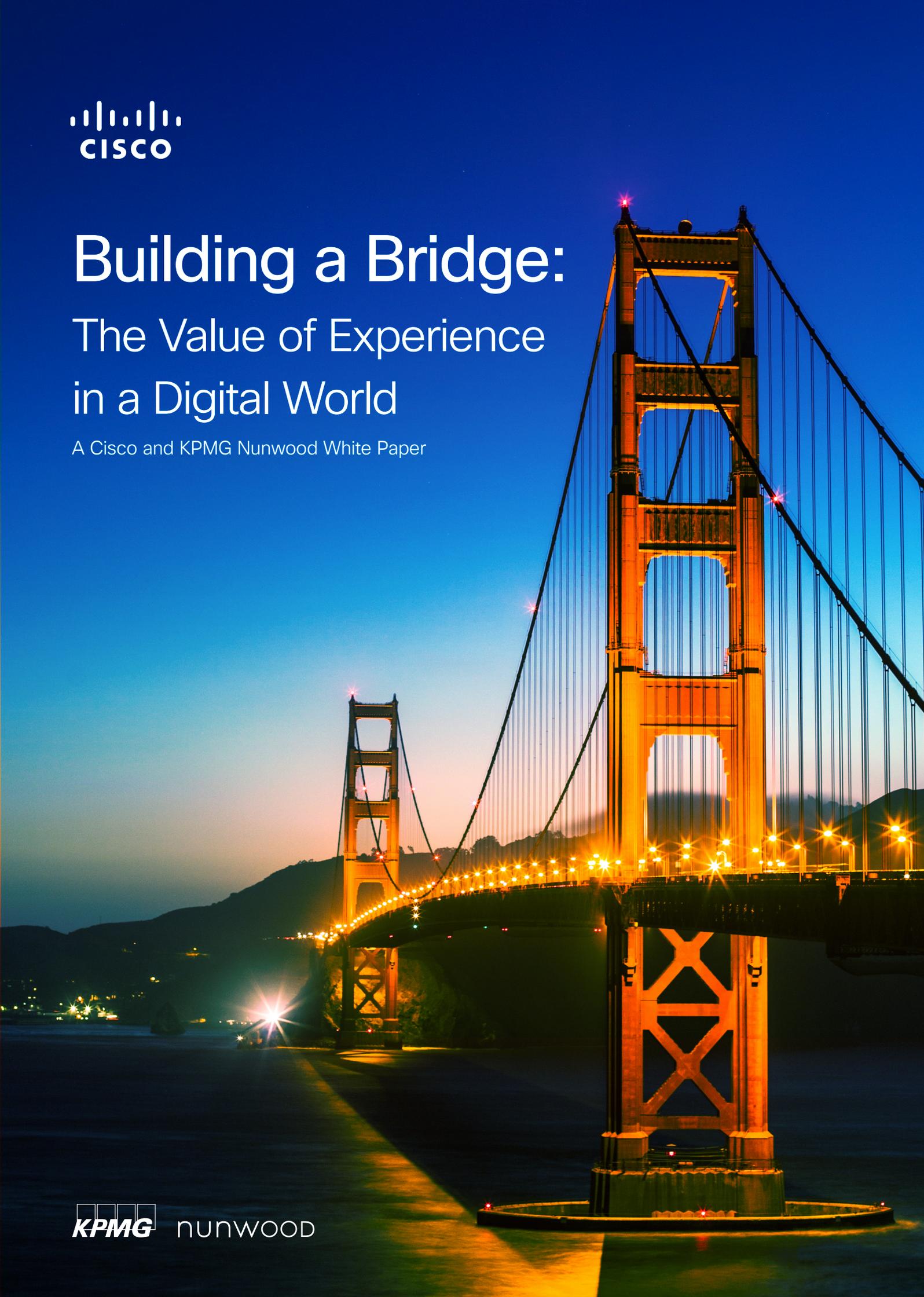




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Why Experience Matters

In April 2012, Instagram was acquired by Facebook for \$1bn. In August, Kodak announced its intention to sell its photographic business after filing for Chapter 11 protection earlier that year. Despite having invented the core technology used in digital cameras, Kodak continued to sell product. Instagram offered a photographic experience and responded to people's desire to share images online, providing a friction free, and emotionally engaging solution that consumers valued. Experience matters. This is not simply a story about the digital economy¹ and the power of innovation. It is about understanding the needs and wants of customers and putting them at the centre of everything we do.

Concepts such as 'customer centricity', 'voice of the customer' and other business tools are often used to create insight, and guide operations towards delivering more compelling propositions. Yet how many organisations fundamentally build and operate their business models around the need to engage, excite and equip their customers with the ability to make a better decision, improve their access to or share information, adapt to a change in lifestyle/stage or a myriad of other outcomes that underpin consumer choices?

Building compelling experiences is easy to articulate, but hard to execute in a complex digital economy. It requires an understanding that customer experience is principally about leveraging an emotional connection and the will to ensure that the information which enables us to build that connection is focused on and around the customer. This is an essential point. Today's digital world in which a networked infrastructure supports increasingly diverse business models, applications and social media is being stretched. The information systems that support it are ubiquitous, absorb major investments to ensure they are secure, performant and future proof, yet few are architected with the customer as the point of integration around which everything revolves?

This challenge is not simply about contact centre operations or any other single channel, but about extending the organisation's digital reach across every touchpoint to optimise your customers' experience. This extends into store and branch operations, providing trust through securing customer data, equipping and empowering employees with the information and technology to delight consumers and underpin a culture of customer excellence. This is essential if enterprises are to break free from the information and systems silos which frustrate and inhibit customer experience excellence.

This is the focus and purpose of this Cisco/KPMG Nunwood white paper - to show how a holistic technology set expertly applied, can deliver compelling customer experiences. It discusses the opportunities organisations have to drive revenue, reduce cost or minimise risk by increasing customer efficiency and loyalty through differentiated experiences. It illustrates how to build the essential bridge between you and your customers.

Understanding Customer Experience

Commentators and analysts frequently publish data that illustrate the inconsistent delivery of experience excellence. Market leaders and champions exist, but the general tone of research points either to a gulf in standards or to failures that create lasting or negative impressions amongst consumers.

“On a broad basis customer satisfaction levels continue declining and its clear whatever enterprises are doing, something is missing.”

J Arnold & Associates “The Omni-Channel Experience” 2015

There are several reasons. Firstly, the explosion of digital technology has rebalanced the access we have to information. Today’s consumers have price and product transparency. They have the means to express their views (through review sites and social media) and regulatory support from a host of initiatives.

Customers are armed with the information to make better choices and the ammunition to target brands they see as failing to meet their needs. In the battle for information, they are empowered and equipped and their expectations are rising.

It is not surprising that the delivery of excellence in customer experience is catching up with this new business order – but there may be another reason experience lags expectations. Customer experience is fundamentally an emotional concept. Readers familiar with the work of Nobel Prize winning economist Daniel Kahneman² will understand the complexity of consumer decision making. Kahneman argues we operate two sets of thinking processes:

- System 1 is intuitive, effortless and unconscious
- System 2 is conscious, deductive and reasoning.

Whilst we think we are reasoning and rational beings, System 1 is the origin of the majority of our buying decisions – as consumers we feel before we think. Kahneman argues that System 1 “is the origin of much that we do wrong” but (and this is crucial) it is also “the origin of most of what we do right – which is most of what we do.”

More and more leading brands are cracking the emotional code of customer behaviour. Uber’s experiential business model for example is based entirely on its ability to deliver outcomes and not product. Using real time proactive communications and driver tracking, Uber puts data in the hands of the customer. Ratings and reviews are used to generate confidence and display integrity. Having reached a market capitalisation of over \$62bn in six years, Uber is increasingly seen as an alternative to driving and not simply a taxi service.

Yet in many business cultures, the more qualitative drivers behind consumer decisions implied by Kahneman’s lifetime of research and that underpin an experiential model such as Uber’s can become marginalised. The need to understand how engaging with a brand makes us feel is at the heart of customer experience measurement, but measuring what can be measured is not the same as measuring what is important.

This is why Cisco has adopted the KPMG Nunwood Six Pillars^{TM3} of customer experience excellence to help design and develop technologies, that deliver experiences to engage your customers.

Six years of research from KPMG Nunwood’s *Customer Experience Excellence Centre* (CEEC) shows that every outstanding customer relationship has a universal set of qualities. These Six Pillars reflect the elements that influence 10,000 consumers surveyed annually in the UK, USA and Australia, and a total database of over one million consumer responses collated since the CEEC analysis began.

The Six Pillars of Customer Experience Excellence



According to KPMG Nunwood, those brands that ranked in the top ten of their 2015 analysis grew sales year on year an average of £43m more compared with those ranked between 11-100. KPMG Nunwood also contrasts the top 100 brands delivering customer experience in their 2015 analysis with the FTSE top 100 and conclude that on average they have:

- Doubled the revenue growth of the FTSE top 100, (an average of 11% growth compared with 5.5%) over a five year period.

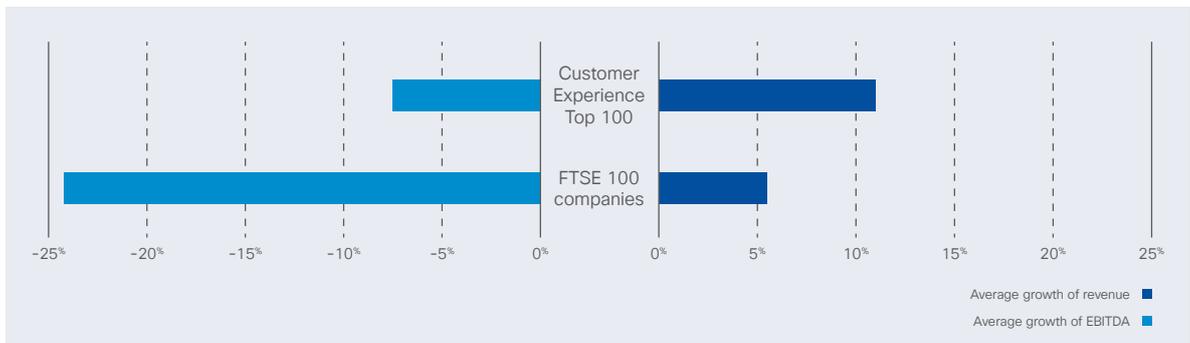


Figure 1: Annual growth of revenue and EBITDA - last five years

Yet there is another dimension that dictates the ability of the digital enterprise to adapt and deliver experience excellence in the new economy. That is the importance of information.

Understanding the Value of Information

The World Economic Forum⁴ sees information as the “new oil”. And like oil, information needs to be sourced, analysed, refined, stored and transported securely if it is to work for us and not compromise our environment. It is a complex commodity to produce, and extract value from.

At each stage in the production cycle value can be added and the range of uses can be expanded if we have the technology and expertise to manage information effectively.

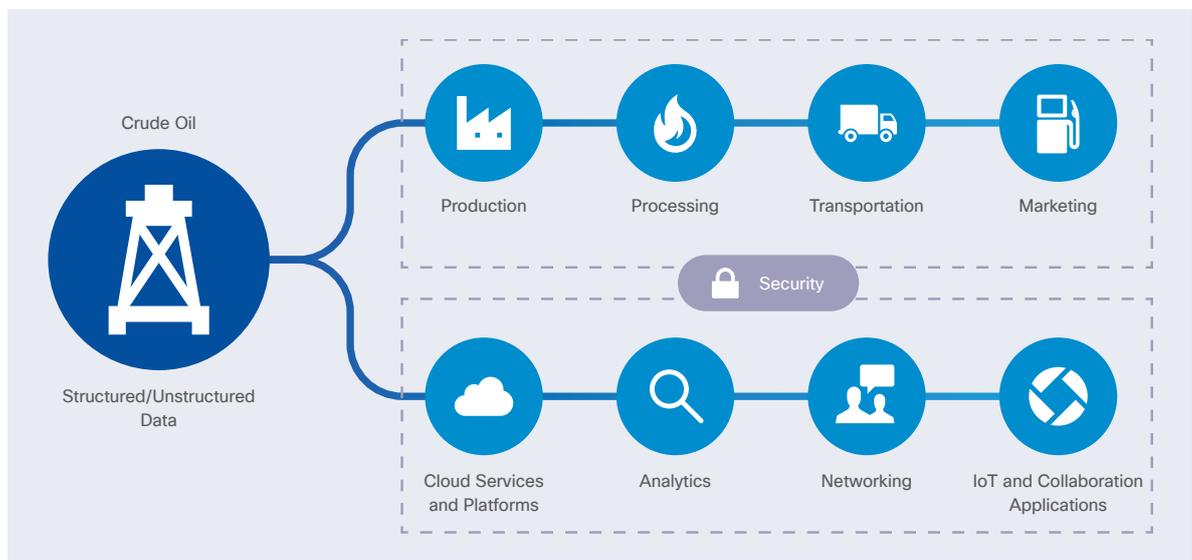


Figure 2: “Oil” Information Supply Chain

Many consumer facing enterprises have had to weld, forge or smash numerous legacy information systems and processes together to create integrated solutions that support a coherent customer view. The impact can often be all too apparent. For example, a recent customer service report revealed that being passed around different functions/people with little continuity as being amongst the top three dislikes of UK consumers.

To overcome this gap requires a bridge – a business and IT strategy that connects your customers to you using analytics and data to inform and deliver the right experience.

Many organisations are awash with data but lack the ability to analyse and interject the right information into the customer experience at the right time. In short, the bridge may often be incomplete.



IoT and Collaboration Applications Case Study

Stanford Hospital’s Dermatology Clinic in California uses integrated high definition video, audio, medical devices and collaboration tools to deliver an enhanced patient experience remotely. This patient-centered outreach programme enhances convenience, decreases no-show rates and reduces waiting times by avoiding long commutes, adding another innovative technology to Stanford’s reputation for excellence.

Building the Bridge

The construction of any reliable bridge relies on three components.

- Firm foundations to anchor it
- A superstructure to support it
- A deck to carry the traffic.

When designed expertly, these structures can be amongst the most iconic, transformative creations of human engineering. The Golden Gate Bridge inspires admiration and awe in equal measure and people travel across the globe to experience it. Using the same design principles, can we inspire customer loyalty and admiration too?

To do so means knowing what the key components of our bridge are. An experience strategy built around the constants that we know matter to our customers (the KPMG Six Pillar framework) forms our foundations. An information architecture that enables the organisation to source and serve the right data at the right interaction is our superstructure. Understanding and delivering compelling employee customer journeys is the third and forms our deck.

Cisco has developed a framework for supporting digital journeys and overcoming the legacy and integration challenges that typically inhibit change. This framework calls on the unique position Cisco occupies in relation to your customer's experience and the products and solutions only it has the capacity to draw information from. These include:

- **Unified Connectivity**
Cisco's Networking solutions replace traditional data silos with a single unified network. A portfolio of purpose-built products for business environments enables customers to source information and data needs from a single efficient network, reducing time and effort.
- **End-to-End Security**
With the increasing demands placed on organisations to service expanding channels and support them with personalised information, the network can no longer be just a conduit. It needs to 'sense and respond' and have the intelligence to enforce security in ways which ensure the integrity of the experience.
- **Analytics Capabilities**
Actionable insight relies on the ability to extract value from information and in a digital world automate the actions that result. Cisco's analytics can be deployed across the network to pull and pass data intelligently to and from applications or to a branch, store or contact centre increasing the ability to personalise the experience and manage customer expectations.
- **Customer Outcomes**
What matters to most business leaders is the focus they can exert on customer outcomes, as opposed to the components of the solution. By integrating the elements needed to deliver specific digital solutions aligned to industries Cisco is helping, optimise the experience across digital journeys.



Networking Case Study

The University of New South Wales in Australia, enables students to connect multiple devices through any one of 4,000 wireless access points providing an unrivalled level of mobile connectivity. The solution senses the location of mobile devices to generate anonymous location information that the University's planners use to improve physical security, manage events, plan attendance, routes and facilities based on the data this solution generates, keeping staff and students secure and providing a market leading learning environment.

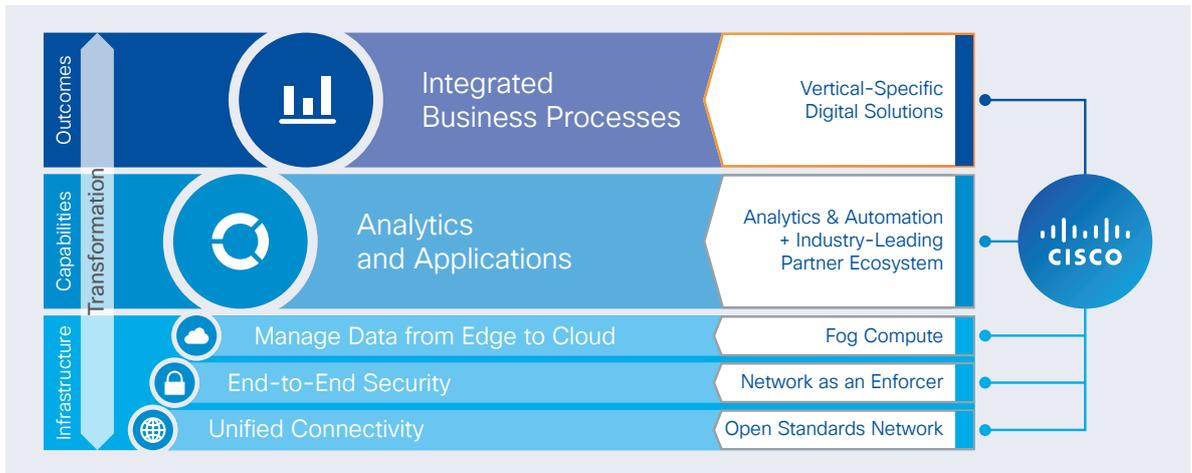


Figure 3: Cisco Solution Framework

Cisco occupies a unique and privileged position within its customers' infrastructure. Its Cloud Services and Platforms provide the underlying IT capacity, its Networking Solutions carry the information, its Internet of Things and Collaborations Applications bring the customer closer to the organisation, and its Security Services ensure the safe operation of the business and integrate with the other three. Married with a powerful analytics capability that transforms data into actionable strategies, the combined effect is an information architecture built around the customer.

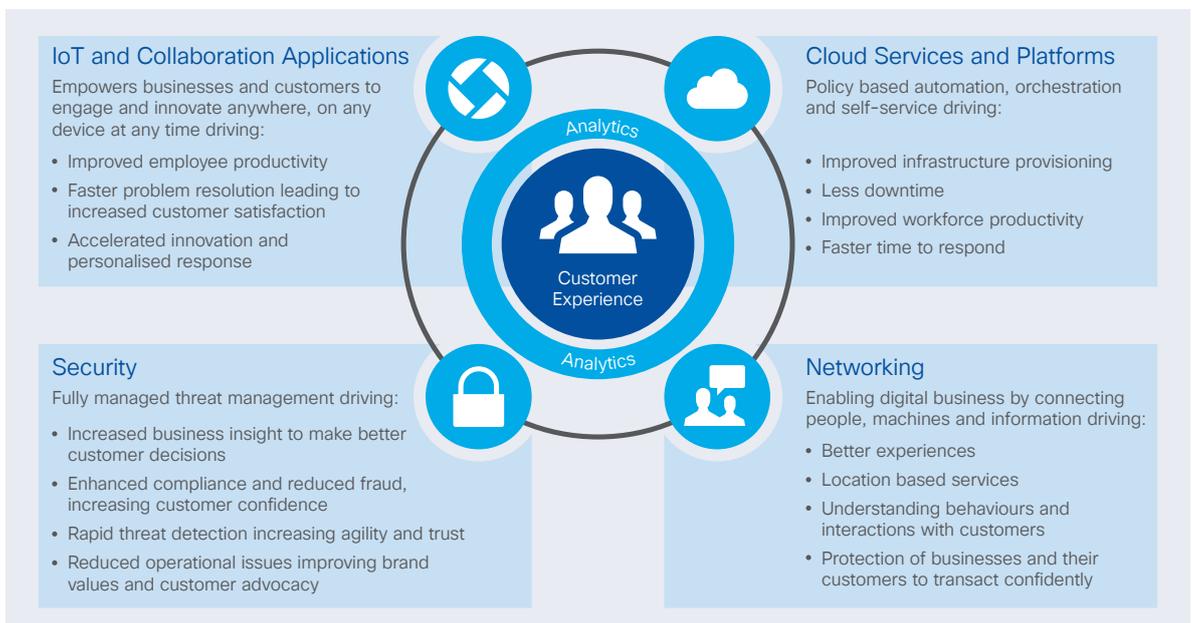


Figure 4: Cisco's Unique Portfolio

This enables a more customer centric operation based on access to relevant, timely insight and information, reducing time and effort, increasing personalisation and projecting integrity and empathy to the consumer. In short, aligning the operation with the customer's needs not just the organisation's.

Building Alignment with the Customer

Aligning the organisation around the customer can be hard to visualise let alone operationalise. Three key elements need to come together:

- The Six Pillars of customer experience excellence that we know generate the right emotional responses consistently
- Secure, reliable and efficient access to information across the organisation
- The journeys and touchpoints that dictate how your customers interact with channels, products and services throughout their life time.

Figure 5 explains how an enterprise can align its information around the customer, as well as measure and manage customer experience operationally. It works as follows:

1. Most organisations start with a set of top down drivers, typically including cost reduction, revenue generation and the management of risk. These, in turn, reflect operational drivers which capture the specific focus of the business – some examples are illustrated in figure 5 but these can vary. The essential point is to have clarity around the drivers that the organisation is designing experiences to meet and how they are measured in terms of metrics or KPI's. They can be both issue (e.g. churn) or opportunity (e.g. acquisition) led.
2. In isolation from the customer these drivers may mean comparatively little. The Six Pillars represent the lens or filter through which we can interpret how customers respond. We know they have universal appeal, but they also serve to guide what needs to change in improving journeys and touchpoints. For example, web self-service may be productive at an on-boarding stage, but less effective where the customer is looking for expert product knowledge.
3. To understand how to respond accurately, the experience should be designed with the end-to-end customer journey holistically. This should include the internal customer as well as the external customer, across every interaction or touchpoint possible:
 - Inside Out: considering how the technology impacts the internal customer and culture.
 - Outside In: interacting with the external customer digitally via phone, online, mobile or at a physical location store/branch.

An integrated technology platform that impacts customer experience across all journeys, drives operational efficiencies and services both the internal customer and external at the same time is crucial. It enables delivery of the experience across the range of emotional levers represented by KPMG Nunwood's Six Pillars.



Cloud Services and Platforms Case Study

Data#3, Australia's leading systems integrator has been anticipating customer technology needs for more than 30 years. Its technology consumption model analyses customer trends and maps solutions to meet changing customer needs. Cisco's Unified Computing System has helped Data#3 quadruple managed services workloads without having to add to the administration team, reduce the provisioning time required for VLANs from weeks to seconds, allowing customers to provision their own servers in minutes through self-service portals.

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4. Finally understanding how the technology interacts with each touchpoint to create and analyse information assets that allow us to pinpoint actions is essential. For example, access to the right channel, (SME) agent, order history, product information etc. This allows pin point accuracy on root causes, whether in analysis or design.

By linking drivers, experience metrics, The Six Pillars, information and technology in this way, customer journeys can be analysed and improved in a single value chain. This approach contrasts markedly with the complexities of trying to bolt together pieces of information from point solutions and legacy systems that may have been conceived for reasons largely divorced from the customer's experience. It illustrates how we can understand our customers better and create the intimacy with them that improves their overall response to service delivery. It makes insight actionable.



Security Case Study

Sitel, one of the world's largest providers of customer care outsourcing services connects customers over voice, chat, email, social media and other pathways to assist its clients' customers with technical issues, account updates, sales and marketing engagements. This requires extreme security and Sitel must wall off the internet and vendor connections, as well as segment agents at each of its 110 plus locations. Balancing bandwidth, connectivity and data security is mission critical and with almost 33% of traffic being voice, any delayed response can result in lost opportunities as customers hang up. Cisco's "active-active" capability means that any device failover is recovered with no delay so that agent availability and customer response is maintained.

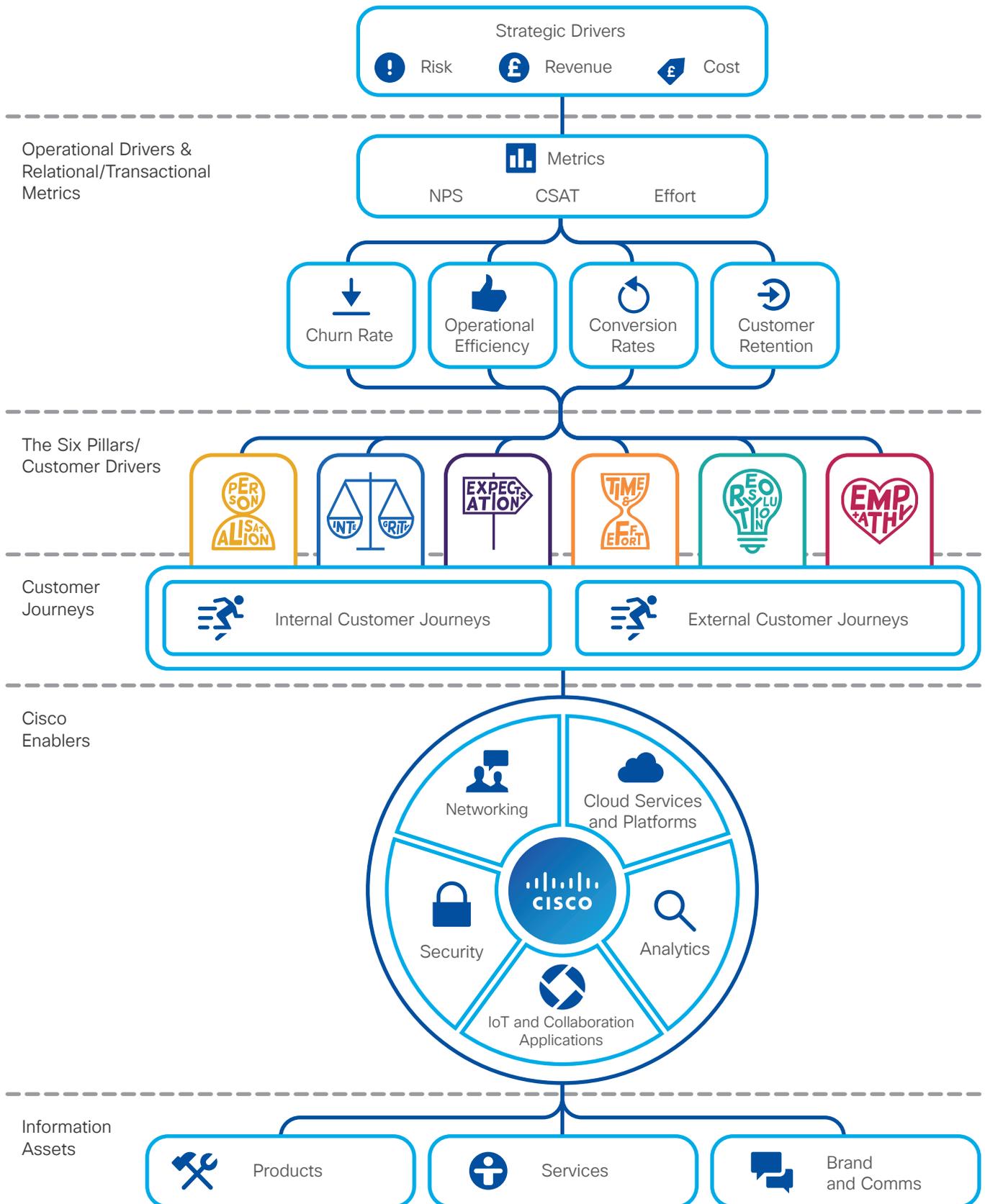


Figure 5: Customer Experience Framework

Connecting the Dots

“Technology is not only transforming banking, it is re-shaping customer expectations at an unprecedented rate. The successful banks of the future will need to match the pace and breadth of change and stay relevant to their customers’ needs as they evolve.”

Neil Cuthbertson, Head of Partner Innovation, RBS

None of the analysis discussed in this paper is taking place in a static market – innovations in technology and the use of data are disrupting existing business models markedly. With the increased use of data comes the obligation to use it in the customer’s interest or risk being marginalised as a brand that acts without integrity.

The Six Pillars provide essential principles and the KPMG Nunwood/Cisco framework helps us to generate the insight that allows us to execute change on an evidential basis – yet a key challenge remains – how can we connect the digital dots around the customer? Here are our recommendations:

- **Virtualise and Leverage Information**
Make full use of the technology to source and serve the right information. Customer engagement is not reliant on each individual channel or the contact centre alone, but rather a holistic infrastructure where Cloud Services and Platforms, Internet of Things and Collaboration Applications, Networking and Security systems combine. This is exactly how Cisco platforms are integrated and built with customer experience as a principle of design.
- **Build the Bridge**
Make sure your operation links experiences, information and journeys using the right infrastructure. The responsiveness of your mobile application may be an essential enabler but this will, in turn, rely on the data centre solution that runs it. The ability of the business to operate with both agility and security and to deploy market leading propositions relies on leveraging more than applications – it demands an infrastructure capable of supporting an overall experience framework.
- **Align with your (Internal and External) Customers**
This means not only managing channels appropriately, but making experiences contextual and complete across all touchpoints. Understanding journeys and how technology impacts the touchpoints within them is key. This integrated perspective enables the right action to be taken using the right information at the right interaction.

Finally, remember that customer experience is a more complex concept than focusing on one metric such as NPS or one pillar such as Personalisation. The desire to use and wield increasing amounts of data about the customer occupies many marketing and operations meetings. But this may miss a simple and compelling truth. The most valuable information may be information that only the customer has. By creating experiences that help them share that information they become closer and more engaged.

So if the challenge is essentially about smarter ways to use information, consider this: seeing the customer as the single point of integration around which information needs to flow may be more attainable than you think. Delivering the right information at the right time, across the lifetime of interactions the customer has with you, is at the heart of experience excellence. And the right piece of information could be information you may already have. It simply needs a partner who can help you leverage it!

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Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte, Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV Amsterdam.
The Netherlands

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