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Eight Steps to Driving Customer Loyalty with

TAILOR-MADE COMMUNICATIONS

Ooma offers customized communications solutions that accelerate digital transformation and deliver smooth customer experiences

WHITE PAPER

Prepared by
Zeus Kerravala

ABOUT THE AUTHOR

Zeus Kerravala is the founder and principal analyst with ZK Research. Kerravala provides tactical advice and strategic guidance to help his clients in both the current business climate and the long term. He delivers research and insight to the following constituents: end-user IT and network managers; vendors of IT hardware, software and services; and members of the financial community looking to invest in the companies that he covers.

INTRODUCTION: VOICE COMMUNICATION IS CORE TO THE CX DIGITAL TRANSFORMATION

ZK Research defines digital transformation as the application of new technology to build new business models or processes by leveraging the convergence of people, technology and things. Digital advancements are creating new product and service opportunities as well as transforming business operations. As a result, companies can use digital initiatives for a wide range of use cases including improving employee productivity, lowering costs and achieving higher levels of efficiency. However, the digital initiative that has garnered the most attention from business and IT leaders is improving the customer experience (CX).

CX has become the single, top initiative for IT and business leaders, as it's now the top brand differentiator for companies, outweighing price, products and all other factors. In 2015, Walker and Gartner had both predicted CX would become the top brand differentiator by 2020, but that prediction was too conservative: CX became the top focus for consumers by 2018. Consequently, according to the ZK Research 2019 IT Priorities Study, 90% of companies now feel they compete on CX, up from 24% just five years ago. And interestingly, 67% of millennials have admitted to changing brand loyalties in the past 12 months following a single bad experience. Indeed, the stakes are high today, which is why there is such intense focus on CX.

Winning in the CX era requires more than just training people to be friendlier or redesigning the inside of a store; it requires applying digital technologies specifically to create a new customer experience. Underscoring this point is data from a 2019 Nemertes study that found 85% of organizations had implemented a digital CX strategy in 2018 or had planned to do so by the end of 2019 ([Exhibit 1](#)).

Exhibit 1: Digital Transformation–Led CX Is Now the Norm



Source: Nemertes, 2019

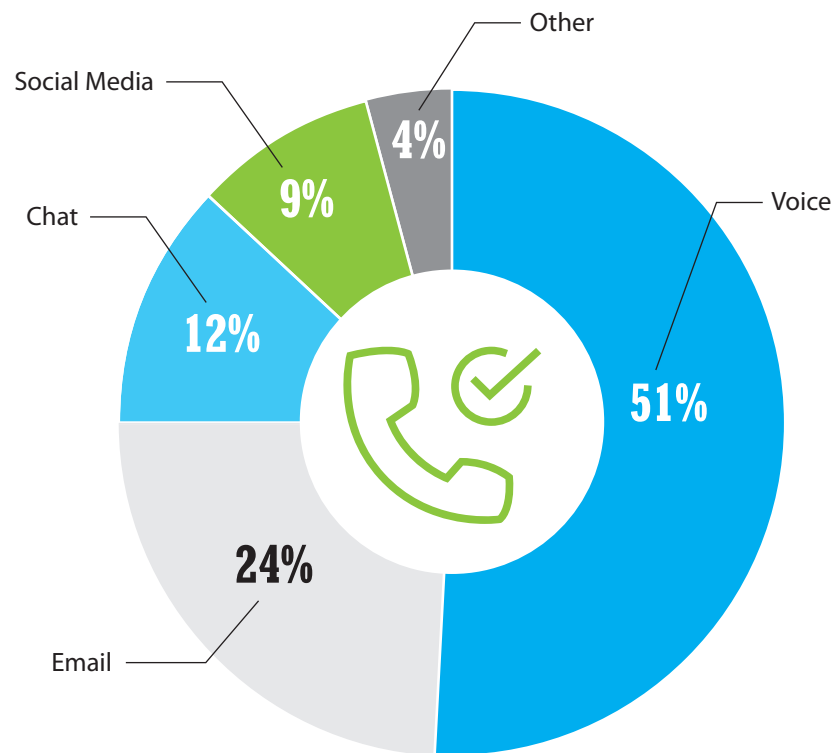
Business and IT leaders need to understand that CX encompasses every touchpoint that customers and prospects have with a brand. This includes everything from the emails they receive to the company’s mobile application, the website, customer service and interactions regarding support.

Historically, these touchpoints have led to data silos that make it difficult for companies to have a complete view of the customer. Breaking down the silos that exist among marketing, sales and service enables organizations to greatly improve the overall customer experience. This has caused a shift to omnichannel communications in which businesses are bringing in new digital channels, such as email and chat, to communicate with organizations. However, business leaders must avoid over-relying on digital channels and understand that voice is still extremely important.

A recent study by ZK Research found that despite the hype around alternative ways to communicate with organizations, voice is still the preferred mode of communication across all age groups ([Exhibit 2](#)).

Looking at the data at a more granular level, many of the younger age groups favor email or chat. However, voice is still one of the top two preferred channels across all age groups. This is an important lesson, and business leaders must understand that for many industries such as health-care, retail, hospitality and real estate, voice communication dominates. What’s important today

Exhibit 2: Consumers Still Prefer Voice Over All Other Channels



Source: ZK Research 2019 Customer Experience Study

is that voice is foundational to digital transformation. It can be customizable and embedded into applications that enable faster, more efficient and accurate customer-facing workflows.

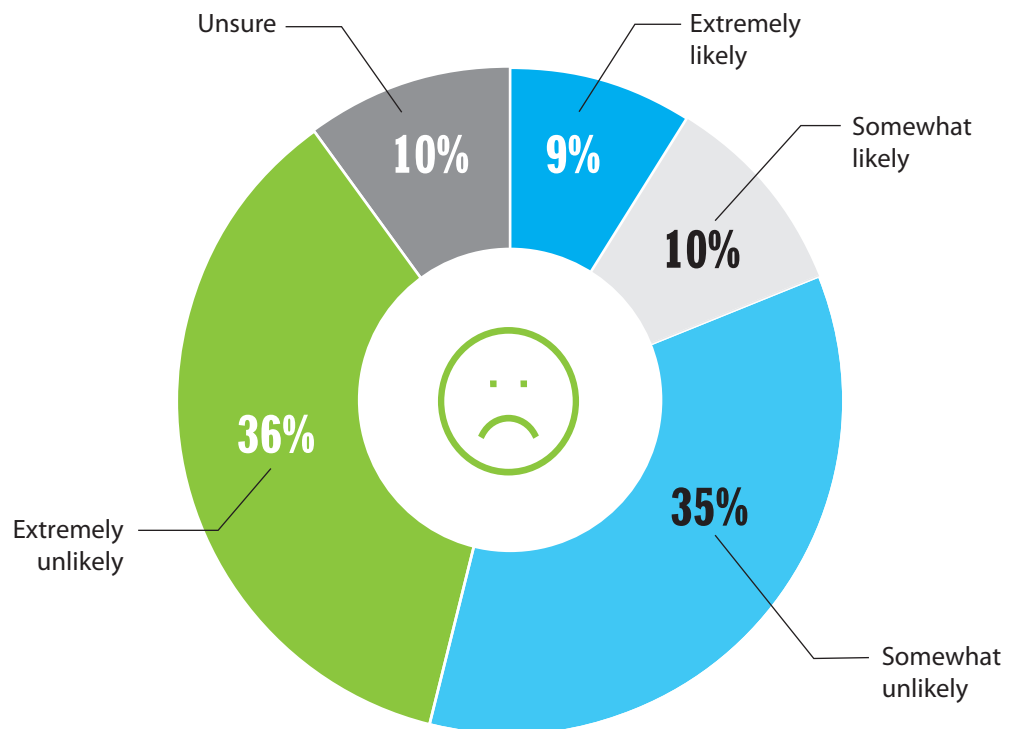
SECTION II: UNDERSTANDING THE CUSTOMER EXPERIENCE CHALLENGES OF THE DIGITAL ENTERPRISE

A great customer experience leads to loyalty and high lifetime value. Conversely, a poor experience can drive a customer away. Exhibit 3 shows that only 19% of customers are somewhat or extremely likely to continue using a business after encountering a poor customer experience. Given that voice is still the preferred communications channel, companies must focus on supporting agents or other individuals who directly interact with customers to ensure they have the right information all the time.

The problem for many organizations isn't untrained call center agents or personnel; rather, it is the siloed communications situations in which customers are repeatedly asked for (and forwarded

Exhibit 3: Bad Experiences Lead to Lost Customers

How likely are consumers willing to continue to do business with a company after a bad experience?



Source: ZK Research 2019 Customer Experience Study

Not all cloud communications providers are created equal.

to again provide) information that the company should already have and the company representative should be able to immediately access.

Also, B2C communications are often one way, where the customer is the one to initiate the conversation instead of the business being proactive to address any issues that arise. For example, with food delivery services, if an order is late or a driver is running behind, it's incumbent upon the customer to contact the company to get a status. In this case, there should be a way for the customer to use a mobile app to quickly check or be notified via text message or other method. This can only happen if communications are embedded into the website and integrated with communications systems and mobile applications.

Most older, legacy systems can't support having communications services delivered as application programming interfaces (APIs) for application integration. While it's true that computer-telephony integration (CTI) has been around for decades, the process is so difficult and time consuming that most companies haven't done it. The only way this is possible is through the use of a cloud-based communications service. However, not all cloud communications providers are created equal. Many of the older unified communications as a service (UCaaS) and contact center as a service (CCaaS) providers are built on vertically integrated, monolithic platforms that are akin to large PBX systems deployed in the cloud. These solutions provide all of the necessary web-based front-end communications capabilities but do not enable companies to easily integrate specific communications functions into applications on the back end.

What businesses need is a cloud communications provider that enables the following:

Graceful migration from old systems to new ones: Businesses need the new systems to streamline processes and provide insights into customer buying behavior, but many organizations want to retain their investments in older systems as long as possible.

Scaling calling up or down on demand: Organizations need the ability to buy what they require today but then scale up as the business evolves or scale down with seasonal changes.

Easy-to-integrate voice communications: The solution should allow for communications functions to be integrated into applications without having to do a significant amount of integration work.

Customizable solutions: Workers should not have to alter their process to fit the new communications system. Instead, the solution should be highly customizable to enable companies to maintain their current process.

Simplified deployments: Complexity can hold mid-sized businesses and large enterprises back, as the difficulty in deployments can lead to delays in new processes or applications.

Call center dashboards keep agents informed, which improves morale and leads to better performance.

The Importance of an Agent Performance Dashboard

The other capability the cloud communications provider should enable is customer service monitoring through a rich agent performance dashboard. Customer service agents are the heart of the contact center. They deal directly with customers and can increase loyalty or drive customers away depending on the interaction. It's critical that supervisors be able to monitor performance and ensure customers are receiving exceptional service. This requires consistent, actionable feedback for supervisors driven from a rich dashboard.

Real-time information in a dashboard is critical because the faster a problem is identified, the faster action can be taken to remedy a problem, improve agent performance and optimize the customer experience. In fact, real-time data and a common view with the agent enables customer interactions to be improved while the call is still in progress versus after the fact. An [ICMI article](#) found that leveraging actionable data enables companies to achieve service goals with 5% fewer staffed hours and reduce abandon rates by up to 60%.

Call center dashboards also keep agents informed, which improves morale and leads to better performance. The contact center vendor's dashboard should include key performance indicators, trend information and other data customized to the particular agent.

SECTION III: EIGHT STEPS TO DRIVING CUSTOMER LOYALTY

Choosing the best cloud communications provider is a critical step in redefining the customer experience. However, it is just one part of the journey. Below are eight critical steps to increasing customer loyalty when investing in CX:

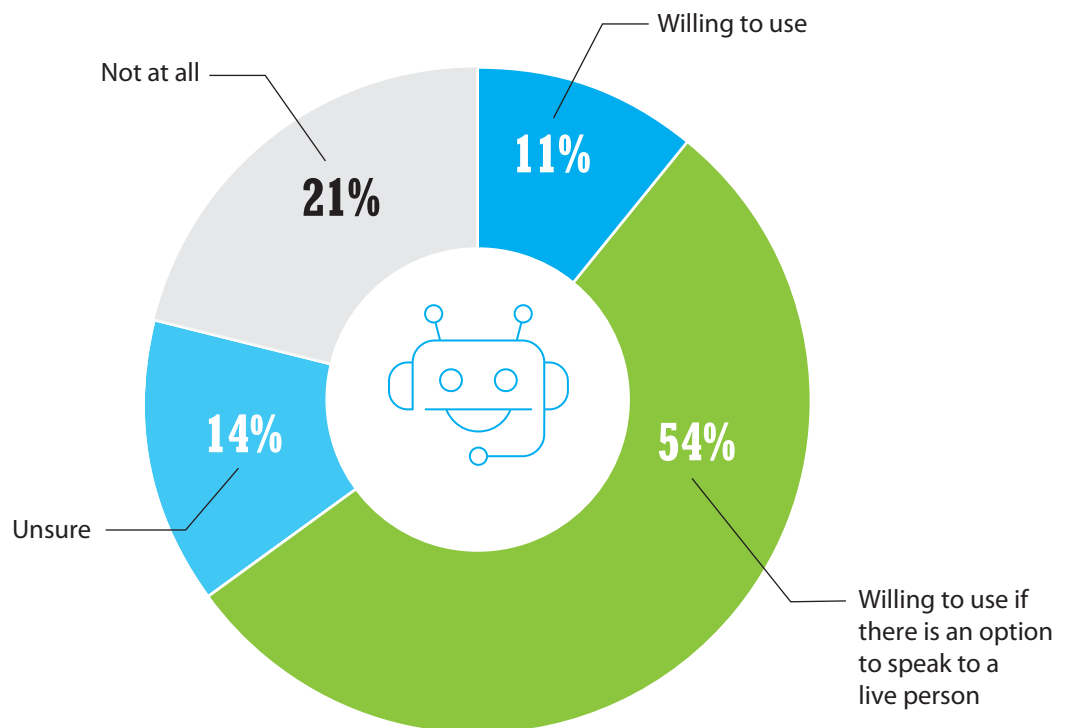
- 1. Shift communications to the cloud.** This step is important because it enables businesses to deploy any service anywhere and makes it easier to become a "mobile first" organization. The cloud also offers the necessary levels of agility, so companies can shift to a cloud solution as quickly or conservatively as the business requires.
- 2. Find points of "human latency" that are impacting the customer experience.** All processes involve some degree of human latency; the key is to identify where the human latency originates. It often happens when information is passed from one individual or team to another. An example of this might be when a bank hands mortgage information from the person who collects information to the person who approves it.
- 3. Reinvent the process with embedded voice in mind.** Once the actionable areas of each step of the process have been identified, it's time to think about how to improve the process using embedded communications. In the example above, once all the data from the mortgage information collector has been reviewed and approved, messaging systems can

alert all responsible parties to move on to the approval phase, shortening the amount of time the customer must wait.

4. Embed voice into applications/workflows. With this step, embedded communications can be used to remove the human labor that bogs down processes. Continuing with the mortgage approval example, the bank likely has an application that the mortgage team uses. When the mortgage is approved, a text message can be sent to the customer regarding the approval, and any simple questions can be addressed using a bot. The text can include a click-to-call feature so customers can tap the link to discuss more complicated issues. The use of bots can remove humans from the loop and speed up customer/business interactions, but the combination of calling and bots delivers the best possible customer experience. In fact, ZK Research found that the majority of customers are open to using a bot only if it's easy to opt to speak to a person, if needed ([Exhibit 4](#)).

Exhibit 4: Bots Have Their Place but Can't Replace People

How willing are you to interact with a bot for service?



Source: ZK Research 2019 Customer Experience Study

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Ooma Office is a business-class phone system designed to meet the needs of small companies.

- 5. Automate the steps causing the most customer friction.** In this step, voice communication is embedded across the process, and all or most areas related to human delay that cause customer friction would be automated. Workers could do their jobs, and when their tasks are completed, the application would automate the alerting and reporting.
- 6. Measure every step of the process.** It's important that from the outset, every step in the process be measured as to how long it takes and where the delays are. This will be used as the benchmark for later comparison.
- 7. Provide data and get actionable feedback to continue to streamline processes.** Collect and provide data to line-of-business managers, and then get feedback on how they feel the process has been improved. Use that feedback to further refine the process.
- 8. Re-measure and refine the process.** Once digital communications have been embedded into the process, it's important to go back and re-measure the process to understand the return on investment (ROI) and where lags may still occur. If there are still delays caused by communications, it's critical to investigate what's causing them and to further refine the process.

SECTION IV: OOMA ADDRESSES THE COMMUNICATIONS NEEDS OF THE DIGITAL ENTERPRISE, ENABLING COMPANIES TO DELIVER A GREAT CX

Silicon Valley–based Ooma was born in the cloud in 2004. Although it began as a consumer Voice over Internet Protocol (VoIP) company, over time it has developed a rich set of business services. Ooma has been steadily adding to its VoIP portfolio with a set of broadband infrastructure and cloud communications services that enable businesses to customize communications to meet their digital transformation challenges.

Although most UCaaS vendors can only serve the needs of small companies, Ooma can meet the communications needs of small to mid-sized businesses as well as large enterprises through the following offerings:

Ooma Office

Ooma Office is a business-class phone system designed to meet the needs of small companies. Its simple pricing model of \$19.95 per month, per user, with no contracts includes all UC features necessary for this audience. The service is easy to set up and use and highly reliable, and it offers the following differentiated features:

- Business features including a virtual receptionist and mobile application to make the small business very professional

Ooma Enterprise
enables companies
to accelerate
their time to
market, increase
productivity and
reduce costs by
providing custom
solutions for every
business.

- Five direct inward dialing numbers (DIDs), including main line, toll free, user DID, conference bridge and fax
- Three user DIDs including main line, fax and bridge line
- Self-service capable
- Fast turn-up, as the system can be set up in less than an hour
- 24/7 highly rated U.S.-based support
- Works with both IP and analog phones
- Pre-provisioned IP phones for fast, easy setup
- Rich web portal for easy administration

Ooma Enterprise

Ooma Enterprise is designed for mid-sized businesses as well as large enterprises and is unique in that it's the only enterprise solution tailored to the individual business. Ooma Enterprise is differentiated by its dedicated, knowledgeable solution architects and customer success people, who collaborate with each business and customize the solution to meet each organization's specific needs. Other differentiators of Ooma Enterprise include the following:

- Increased features over Ooma Office, including a desktop application, a call center and video conferencing
- Custom API integration
- International numbers in 90 countries, including local and toll-free numbers
- Flexible billing
- Reliability features such as the following:
 - Dedicated voice circuit
 - Intelligent voice routing
 - Optional end-to-end voice encryption
 - Easy-to-use, drag-and-drop call flow for greater customization

Ooma Enterprise enables companies to accelerate their time to market, increase productivity and reduce costs by providing custom solutions for every business. This will enable Ooma customers to increase loyalty by delivering an enhanced CX experience to their own customers.

SECTION V: NATIONAL PIZZA CHAIN USES OOMA TO DIGITIZE THE CUSTOMER EXPERIENCE

Like all food delivery services, pizza chains build their business on volume. The faster orders are taken, paid for and delivered, the more customers can be served and the more profitable the chain is. The process of ordering a pizza seems fairly straightforward and well baked, as people have been doing it for as long as there have been cars and pizza. However, there are several hidden inefficiencies in the workflows that can impact revenue.

The largest nationwide pizza chain decided to reinvent the customer order process and overall experience by leveraging Ooma's highly customizable solutions and its customer success team to build a tailor-made solution. The goals of the project were as follows:

- No missed calls or orders
- Faster processing of orders so customers don't go to a competitor
- Communications integration that enables real-time call tracking and reporting
- Store-by-store reports and dashboards for improved performance analysis and optimization

Answering calls is obviously critical to the success of serving and delivering pizzas. Missed calls likely mean that a customer hung up and went elsewhere.

A pizza chain leveraged Ooma's customization capabilities to design and deploy a call workflow that optimized the order-taking process. A unique phone number was created for each store so calls route directly to the correct location. If the calls are not answered within a designated call threshold, they are automatically routed to a third-party cloud call center. When this happens, the agents take the orders and submit them over a digital channel that prints each order in the desired store.

Improving the ordering process was the first step in improving the customer experience. The next step was customizing the communications products to provide each store manager with call center data and performance reports. The consultant working with the pizza chain and Ooma was able to leverage the solution's programmability and customization capabilities to build a management portal that displays a high level of business intelligence. This enabled store managers and franchise owners to make better business decisions about areas for improvement and growth.

Many pizza store owners operate multiple locations, and now the managers see summary data along with the following data for each store:

- Average number of rings
- Number of calls answered in store or via the call center
- Details regarding the performance of specific stores

Ooma developed the solution to be fast and easy to deploy. It pre-configured the standardized call routing system on each phone and shipped the phone to store managers to enable "plug and play" operations. As a result, the franchise owners and store managers have significantly better visibility and predictability in order to anticipate peak volume times, so they are staffed to meet demand. The company also has new insights to address underperforming stores using training and other tactics in order to improve service and sales. This makes it easy to see and prioritize where spending is critical versus spending time on what isn't important.

The integration of communications into workflows and customization enables the pizza stores to run more efficiently, as management has better visibility into all aspects of each store's operations. This has led to better store management, improved order processing time and an overall improvement in the customer experience.

SECTION VI: CONCLUSION AND RECOMMENDATIONS

In the digital transformation era as well as today's deeply competitive business environment, improving customer service and the customer experience must be top initiatives for companies of all sizes. Business and IT leaders must understand that customer experience improvement depends on communications. However, a complete rethink of communications is now necessary, as it's no longer sufficient to have UC and call center services in their own silos. Business communications must evolve to the point where they are customized and integrated into applications in order to eliminate human latency and human error as well as to optimize workflows. This will result in greater efficiencies and an overall improvement in customers' experience and satisfaction.

To get started on this journey toward CX improvement, ZK Research makes the following recommendations:

Leverage the power of the cloud. Historically, on-premises deployments for UC and CC dominated. This model no longer meets the needs of most organizations because on-premises solutions are not agile enough to keep up with dynamic businesses. The cloud offers massive reach and adaptability, easier application integration and interoperability, and limitless scale, which are keys to success in the digital era.

Choose your communications provider based on today's needs. When choosing a technology partner, it's often easiest to use the incumbent or a market share leader. However, during market transitions, this approach often leads businesses to select the wrong solutions, as the legacy vendors are slow to adopt disruptive solutions. Look for a cloud communications provider that is willing to customize its solution to meet the business's needs.

Start small and measure the results to prove the value. Starting with moonshot projects can often lead to complexity and expectations that can't be met. Start with a simple project or workflow where the value can be easily measured, and then use the ROI from that project to fund other customer experience projects.

CONTACT

zeus@zkresearch.com

Cell: 301-775-7447

Office: 978-252-5314

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