Digital Transformation:
Insight Into Getting It Right!

An IDC InfoBrief, *Sponsored by Avaya* | **June 2018**

In This InfoBrief

Leveraging digital transformation opportunities and initiatives to transform customer and employee experiences.

Today's business has more options for technology communication channels than ever before. Communications technology has the opportunity to delight customers and greatly improve employee productivity and should, therefore, be a key element of companies' digital transformation journeys.

For many companies, the digital transformation of their enterprise communications is just beginning. However, recent research indicates that they are prioritizing employee productivity as the main driver of their Digital Transformation initiatives, followed closely by customer experience.

To make communications a foundation of their digital transformation and a key driver of their business results, organizations should focus on the following key areas:

1. Improve adoption of communications tools among employees

2. Embed communications into applications and workflows for improved employee productivity and better customer experience

3. Keep the human touch central to customer interactions

4. Integrate back-end service delivery into customer communications to maximize satisfaction

5. Seek continual improvement of the customer experience, using technology toward this goal wherever it fits into customers' preferred ways of doing business

Digital Transformation Journeys Are Just Beginning

Digital technologies and business models have the potential to help companies drive true innovation and disrupt markets.

But only

19%

of companies are taking advantage of Digital Transformation in this way.

And

69%

of companies have Digital Transformation initiatives that are less than "*extremely successful.*"
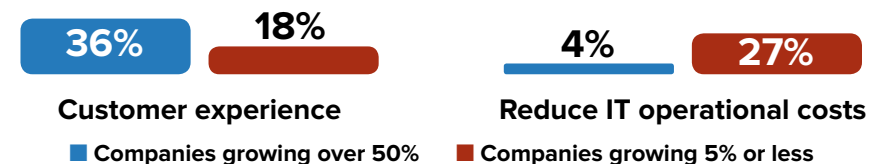
Companies prioritize employee efficiency over customer experience as a driver of Digital Transformation initiatives.

Primary Drivers Behind Digital Transformation Initiatives (Overall Sample)*

62%

Employee efficiency

54%

Customer experience

However, the companies with the **GREATEST** revenue growth view customer experience as the chief driver of Digital Transformation initiatives. The companies with the **LEAST** revenue growth focus on Digital Transformation for cost control.

Primary Drivers Behind Digital Transformation Initiatives (By Revenue Growth)*

36% **18%**

Customer experience

4% **27%**

Reduce IT operational costs

■ **Companies growing over 50%** ■ **Companies growing 5% or less**

Ownership of Success to Date Not Aligned Yet Between IT and LOB

IT and **LOB** *agree* that Digital Transformation has had the greatest impact on **faster product and service introduction.**

92%

of IT professionals say in their companies that **IT** is driving Digital Transformation.

HOWEVER...

54%

of LOB professionals say that **LOB** is driving Digital Transformation.

37%
IT

25%
LOB

More than 1/3 of IT professionals think Digital Transformation initiatives have been extremely successful, but LOB managers are less convinced.
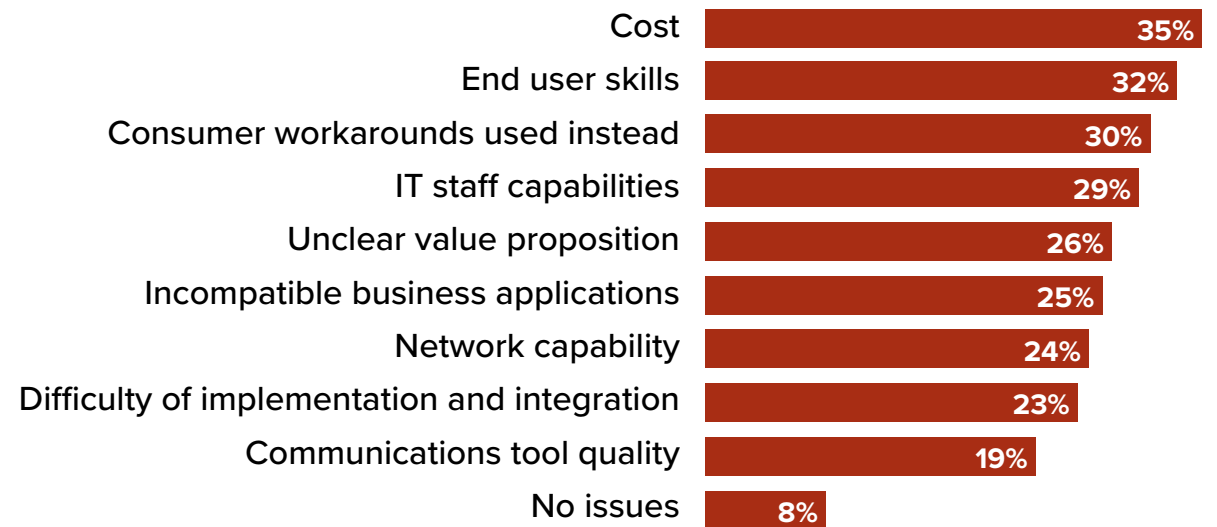
Improving Unified Communication Experiences is Critical to the Success of Digital Transformation, But Poor Adoption of Communications Tools Negatively Impacts Enterprises

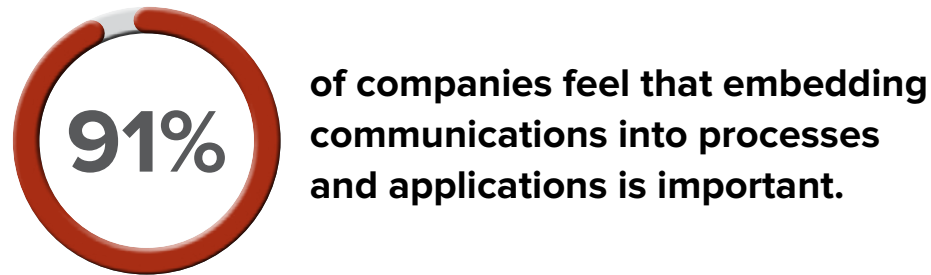## Biggest Impacts of Poor Adoption of Communications Tools

IT...

Increased cost

LOB...

Reduced organizational agility
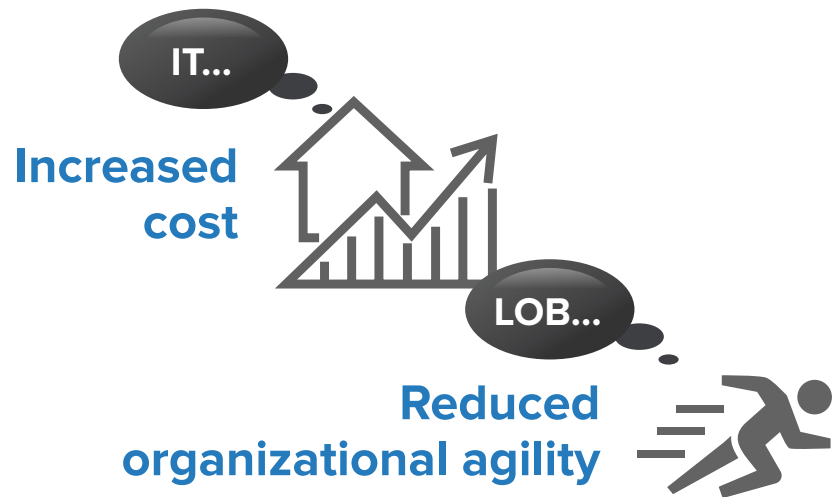
Top 3 Barriers to Adopting Unified Communications:

Cost, inadequate end-user skills, and pre-existing use of consumer alternatives such as Skype*

| Barrier	Percentage
Cost	35%
End user skills	32%
Consumer workarounds used instead	30%
IT staff capabilities	29%
Unclear value proposition	26%
Incompatible business applications	25%
Network capability	24%
Difficulty of implementation and integration	23%
Communications tool quality	19%
No issues	8%

Digital Transformation Means Not Just Unifying Communications, But Embedding Them Into Business Processes

91% of companies feel that embedding communications into processes and applications is important.

Top Reasons to Embed Communications Into Business Processes*

83% Employee productivity and collaboration

80% Better control of business

72% Higher quality customer experience

Communications are more often embedded into productivity applications than customer service applications.
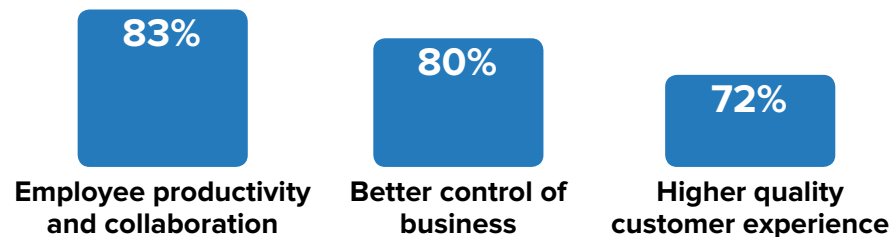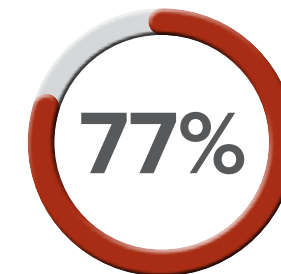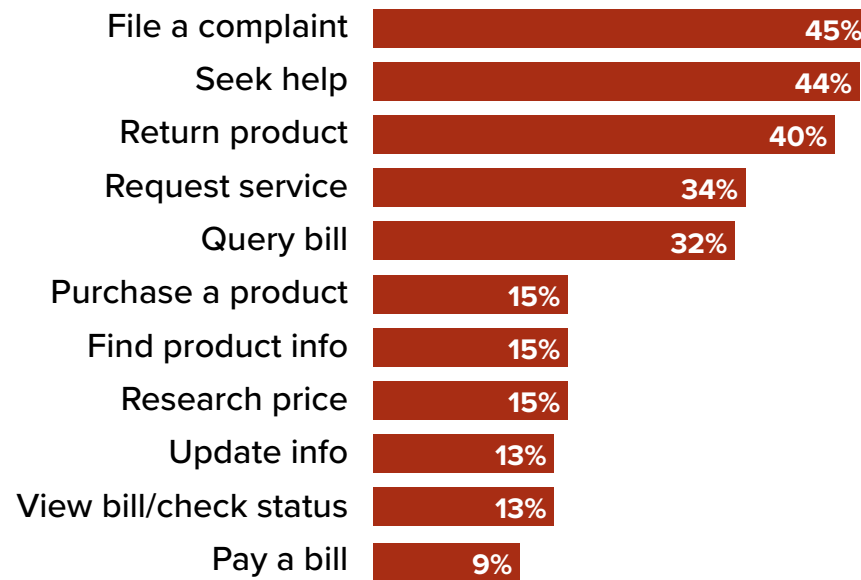
PRODUCTIVITY

85% of the time

CUSTOMER SERVICE

77% of the time

This fact is not surprising given that employee productivity is the **#1 driver** for digital transformation!

* % of enterprise respondents

Digital Capabilities Are Important, But Companies Must Not Forget the Human Touch
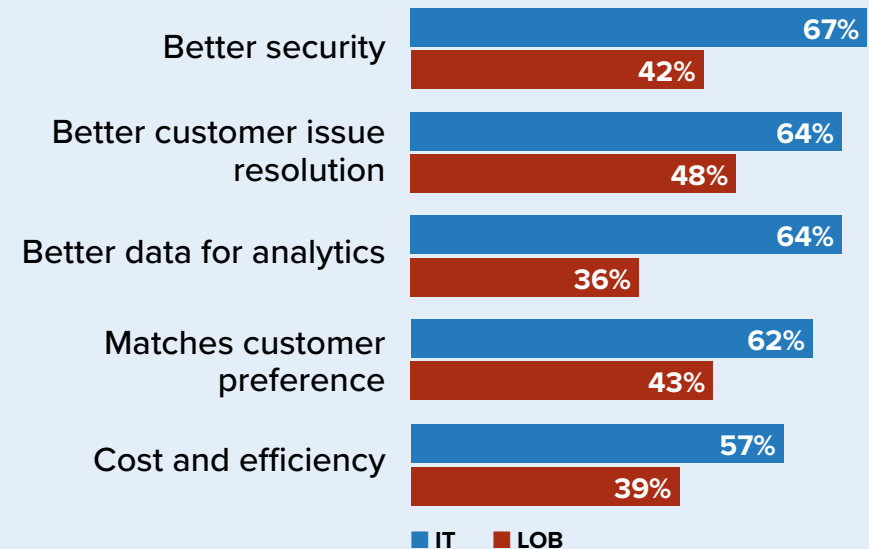
Though consumers like options for automated service, they prefer a human touch for critical, complex, or emotion-laden transactions.

Enterprises cite better resolution of customer issues as the single greatest advantage to bots and automation in customer service. However, **IT** has much greater belief in the positive effect of customer service automation than **LOB** does.

Consumers Prefer Human Assistance to...*

File a complaint	45%
Seek help	44%
Return product	40%
Request service	34%
Query bill	32%
Purchase a product	15%
Find product info	15%
Research price	15%
Update info	13%
View bill/check status	13%
Pay a bill	9%

Impact of Automation*

	IT	LOB
Better security	67%	42%
Better customer issue resolution	64%	48%
Better data for analytics	64%	36%
Matches customer preference	62%	43%
Cost and efficiency	57%	39%

■ IT ■ LOB

56% of consumers prefer to work with a subject matter expert over a general service rep.

However, Lack of Skills and a Resistant Business Culture Can Make It Difficult to Blend Human and Digital Interactions

MORE THAN

1/3

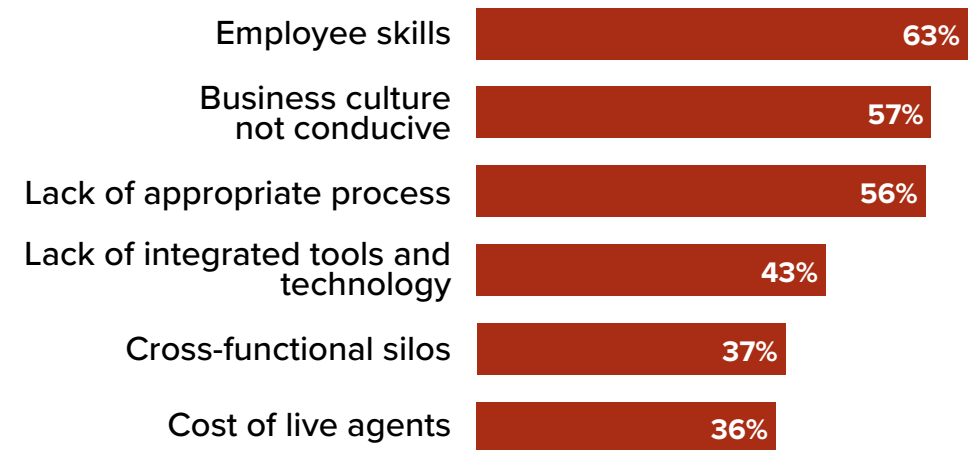**of companies don't find it easy to blend human and digital interactions.**

43%
IT

26%
LOB

The trouble is *not* availability of tools or cost. The biggest problems facing this effort are employee skills and business culture.

Barriers to Blending Human Touch with Digital Technology*

Barrier	%
Employee skills	63%
Business culture not conducive	57%
Lack of appropriate process	56%
Lack of integrated tools and technology	43%
Cross-functional silos	37%
Cost of live agents	36%

WHAT'S THE UPSHOT?   **MORE THAN**   **1/4**   **of consumers feel that it still takes too long to get to the right person.**

IDC ANALYZE THE FUTURE   * % of enterprise respondents

Digital Transformation Initiatives Need to Integrate Customer-Facing Processes with Back Office Functions

Optimizing the customer experience and service delivery is critical to winning and keeping business.

Top Decision Drivers When Selecting a Company to Do Business with*

Ease of finding the products or services I need	**81%**
High quality customer service	**79%**
Timely service delivery	**77%**

Timely service delivery is the **#3** most-considered factor when choosing a company to do business with.

After price, customer service is consumers' **#2** most important driver of a good overall experience with a company.

But only **28%** of companies believe they integrate customer communications with fulfillment and delivery extremely well.

* % of enterprise respondents

Excellent Customer Experience Starts with Getting the Basics Right

Customers in need of service demand quick and easy access to subject matter experts with the knowledge to help them.

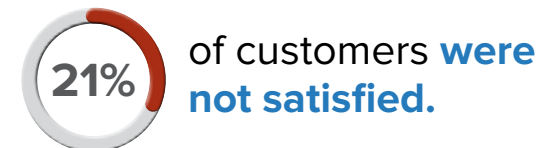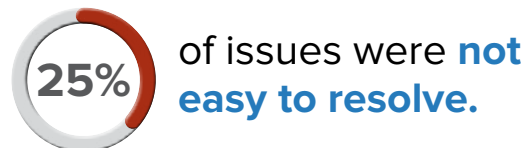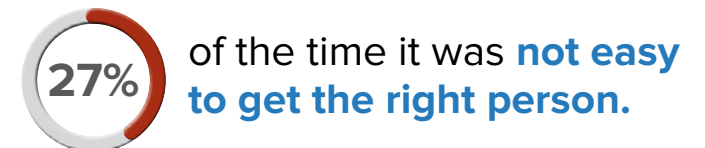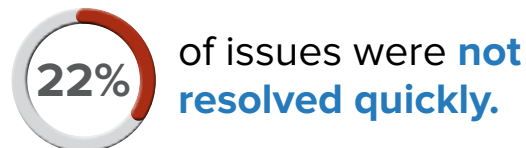**Top contributors to positive customer experience**

#1 Quick resolution of issues
#2 Dealing with a real person

Top staff qualities contributing to positive customer experience

#1 Knowledgeable
#2 Polite

UNFORTUNATELY, A FULL **42%** **of issues and transactions remain unresolved after the first interaction.**

When asked about their last interaction with a company to resolve an issue or concern, consumers reported mixed results.
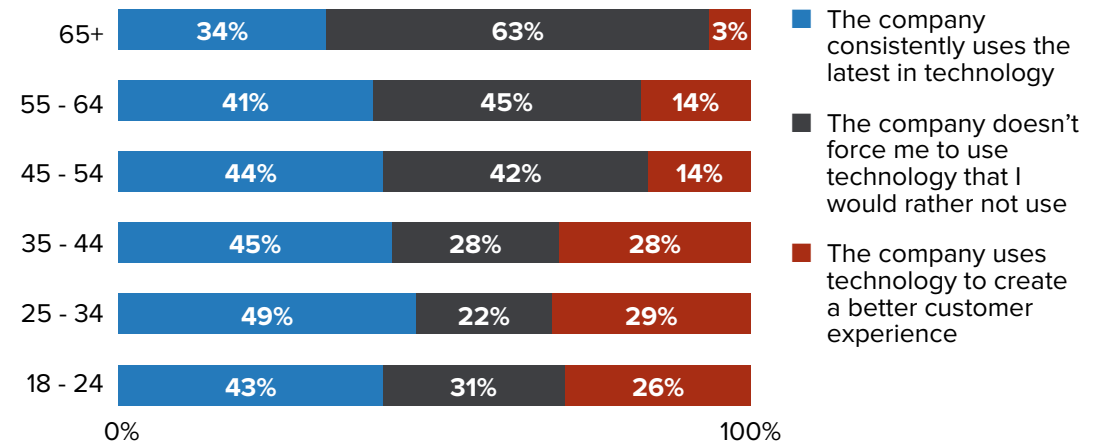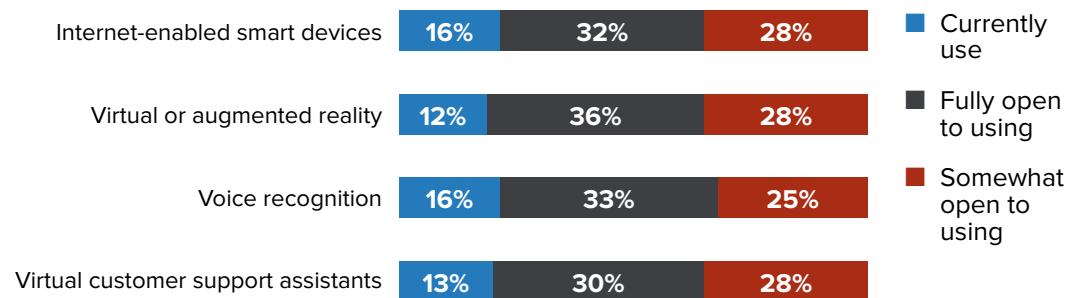
22% of issues were **not resolved quickly.**

27% of the time it was **not easy to get the right person.**

25% of issues were **not easy to resolve.**

21% of customers **were not satisfied.**

Select Technology to Match Consumers' Desires—and Help Them Achieve Their Goals

The communications technologies that most contribute to a positive customer experience are those that:

- Directly aid customers in achieving their objectives.

- Are available for adoption to the degree and at the pace that makes customers feel comfortable.

Age	The company consistently uses the latest in technology	The company doesn't force me to use technology that I would rather not use	The company uses technology to create a better customer experience
65+	34%	63%	3%
55 - 64	41%	45%	14%
45 - 54	44%	42%	14%
35 - 44	45%	28%	28%
25 - 34	49%	22%	29%
18 - 24	43%	31%	26%

0%   100%

■ The company consistently uses the latest in technology
■ The company doesn't force me to use technology that I would rather not use
■ The company uses technology to create a better customer experience

40% **or more** of consumers presently use or are **fully** open to advanced technologies for customer service.

	Currently use	Fully open to using	Somewhat open to using
Internet-enabled smart devices	16%	32%	28%
Virtual or augmented reality	12%	36%	28%
Voice recognition	16%	33%	25%
Virtual customer support assistants	13%	30%	28%

■ Currently use
■ Fully open to using
■ Somewhat open to using

Those **under** **45** years of age prefer companies to use technology to improve customer service.

Those **over** **45** years of age prefer to use only the technology they choose and not to have it forced on them.

IDC Guidance for Digital Transformation

1

Focus on both employee productivity and customer experience.
By optimizing use of communications technologies, enterprises stand to improve employee productivity and efficiency. Companies should build on this early success by expanding their digital communications alternatives for customers as well. Getting employees trained on and using these tools internally is a great way to lay the groundwork for providing a better customer experience.

2

Help employees use unified communications tools effectively.
Putting the right unified communications tools in place is just the start. The real benefits come when employees begin using these tools consistently and effectively. Digital Transformation initiatives need to include plans for training employees and securing their adoption. Look into embedding communications directly into business processes for improving both employee efficiency and customer experience.

3

Keep the human touch.
Consumers are open-minded about automation's involvement in their customer service experience, but only so long as this technology is an enabler and not an obstacle to connecting with a live specialist when warranted. Be sure to design technology-enhanced customer experience with these criteria in mind.

4

Integrate the back office with the front office.
Ultimately, customer experience is only as good as the back office. Companies should seek to transform how they interact with customers by connecting internal and external processes, and eliminating service silos.

5

Don't forget about the basics when transforming the customer experience.
Very few companies are achieving the level of customer experience they require for a truly satisfied and loyal customer base. Leverage technology to help deliver on fundamental satisfaction drivers such as quick issue resolution and connection to knowledgeable, empowered service personnel. And keep on top of the latest technologies to further facilitate an exceptional customer experience.

Learn more: www.avaya.com/solutions

Report Methodology

The findings in this Infobrief derive directly from IDC's January 2018 study of:

- the current state of communications technology in the enterprise,

- key challenges to successful use of this technology,

- differences in impressions between IT and Line-of-Business (LOB) professionals, and

- the impact of communications technology, usage, and policies on customers and their satisfaction levels.

For this study, IDC surveyed 751 enterprise executive and 600 consumers across 15 countries to understand their usage and attitudes toward communications technology for business.

Qualifying business executives worked at Director level or above, and were decision makers or influencers for communications technology. These executives were evenly split between IT and LOB roles. Respondents came from a mix of industries.

Surveyed consumers ranged in age from 18 to 85. Qualifying respondents used the Internet at least twice per week, and had had one or more online or phone interactions with companies in the past month.