Perspectives on the Global Service Industry

Sydney Support Showcase
March 27th, 2007

John Hamilton, President
Who is Service Strategies Corporation?

We are a Global Service Improvement Company

- Provide consulting, training, and standards programs specifically for technology service organizations

- Business Improvement Service Capability & Performance Standards for:
  - Support Center
  - Field Services
  - Professional Services

- Develop industry benchmarks and facilitate best practice sharing
Agenda

- Global Challenges for Service Delivery
- Trends in Offshore Outsourcing
- Mergers & Acquisitions
- Enterprise Support
- Self Service - eServices
- Industry Standard – Service Improvement
Today’s Global Support Challenges

Reduce Support Costs
- Utilization
- Consolidation
- Support Automation

Increase Support Revenues
- More Value-Added Services

Increased Complexity
- Minutes=Millions
- Supporting Customer's Business – Not just your Product

Expanded Partner Relationships
- Sales and Support Channels external from organization

Compliance
- >16,000 regulations worldwide
Trends in Offshore Outsourcing

What are the tradeoffs
Did you know?
Support Infrastructure for the Flattened Global Economy
Offshore Outsourcing

- Offshoring and Outsourcing have become key business strategies
- Driven primarily by the need to reduce cost
- Major concerns about:
  - Service quality – customer satisfaction
  - Job losses (America and EMEA)
  - Technical and customer service skills
Today... Outsourced Locations
Offshore Outsourcing

- India has gained the leading outsourced market share for English language support outside of America and EMEA
  - Provide high tech, call center support and help desk
  - Agent wages 30-40% less than U.S. and Europe
  - Skilled workforce of over 25 million graduates – 2 million new graduates/year

- Issues
  - Voice and data bandwidth issue impacting growth
  - Communication cultural issues with “English accent”
  - High staff turnover
Asian Outsourcing

China is rapidly becoming the new location for Asian language support - Chinese, Korean, Japanese

- Call Center (non tech) growing rapidly
- Technical Support, IT and BPO evolving
- Software engineering high growth

- Similar to India, China produces over 2m graduates annually with advanced degrees in Computer Science, Engineering, Business, etc…
Status of Offshore Outsourcing

Successes

- Consumer support – high volume, low complexity
- eSupport – email & web service – non voice interactions

Failures

- Enterprise level support – mission critical/complex
  - Dell, NCR, NetApp, and a number of other companies withdrew from India due to customer dissatisfaction issues
OffShore, Outsourcing Conclusions

- Offshoring or Outsourcing support should not be primarily a cost reduction measure IT WILL FAIL.
- Need to have a global support strategy that includes how Off Shoring or Outsourcing fits within your service delivery model.
  - Plan for a minimum of 5 years.
  - Will require significant investment in infrastructure, resources and management – Outsourcing could be an option.
Mergers & Acquisitions

Service organizational impacts
Mergers and Acquisitions – Trend continues

Recent M&A activity in IT sector:

- Oracle, Symantec, CA, IBM, and many more…

Big fish swallowing the not so little fish

- Disruption of service
  - Clash of cultures
  - Business systems
  - Service delivery processes
  - Support personal
  - Customer fear
Organizational Change – ongoing trend

Service organization reporting structure

- Chief Service Officer – CSO, Board level reporting
- Engineering/R&D
- Sales
- COO

Re-organizations typically happen on a two year cycle

Customers don’t care and still expect quality service
M&A – Lessons for the future

Case studies from:

- Oracle and Peoplesoft
- Symantec and Veritas
Enterprise Support

Premium Support Programs
Why Enterprise Support?

- Customers demand it!
- C-level executives want strategic value, business continuity, and no excuses from their IT operations or vendors
- Customers want “one throat to choke”
- Improve customer satisfaction and loyalty
- Protect and increase support revenue from largest customers
Market Background

- Vendors are Struggling
  - Customer’s expectations growing
  - Enterprise Services becoming table stakes
  - Most vendor services organizations are reactive at their core
    - “Let sleeping dogs lie”
    - Concentrates on solving cases, not avoiding them
Driving Support Tenets

- Present a single image of service to the customer
- Have clear ownership (accountability and authority)
- Provide consistent quality of service
- Provide clear value to the customer and corporation
- Be scaleable to support large enterprises
- Be measurable (SLA level)
- Be leverage-able through partners
Enterprise Support Model

Preventive Support
- Architecture
- Configuration
- Best Practices
- Go Live Support
- Multi Vendor Design
- Quality RAS

Pro-Active Support
- Problem Alerts
- Patch and Release Planning
- Knowledge Base
- Auto Support
- Best Practices
- TAM / SPOC

Reactive Support
- Availability
- 24x7
- Follow the Sun
- Fast Answers
- Fast Escalation
- Experts
- Patches
- Multi-Vendor Support

Lower TCO
- EOS Extended Lifecycle Support
- Enhancements
- Flexible Service Plans
- Managed Services
- Easy Upgrades and Installs

Relationship / Partnership / Account Management
Dedicated Team that knows the customers business, configuration, procedures, risk tolerance, technical environment – etc.

This is a Cross-Organizational, Corporate-Wide Effort
Common Enterprise Themes

- Mission-critical
  - Reliability, Availability, Serviceability
  - Fast Resolution when problems occur
- Global Availability
- Relationship
- Pro-Active and Pre-Emptive
  - Stop problems before they happen
  - Same problem never occurs twice
  - Address pre-production and post-production environments
Services & Support Marketing

Whole Product Solution

- Consulting Services
- Systems Implementation
- Training Classes
- On-site Education
- Virtual Labs
- E-Learning

- Product & Application Support
- Technical Account Management

Global Learning Services
Professional Services
Customer Service & Support

Services & support marketing synchronized with industry and product marketing

Integrated marketing of "enterprise" services and support
Long-term Plan

- Unified Services & Support Marketing
- Virtual Organization (Playbook)
- Consistent Processes Customer-Centric Behavior
- “Best Practices” Certification

Response Center

Field Technical Consultants

Professional Services
Summary

- Enterprise Support is all about transitioning customer experience from “vendor” to “strategic partner”
- Providing C-level executives with confidence in your solution as a mission-critical enterprise-capable platform
- Working to maintain support revenue and profitability, while improving customer loyalty
- Expanded support offerings will make your solution more competitive in the enterprise space
Self Services

eServices
Support and Service Evolution

We are here

Source: Aberdeen Group,
Superior Self-service is Now a Crucial

Customer service is one of the few differentiators that a company possesses. Well-executed superior self-service is now a crucial strategic component of the overall customer-centric business strategy.

To derive maximum value from self-service, companies must optimize the value of their customer interactions and not focus solely on self-service as a cost-saving mechanism.
Web Self-Service Interactions Are Increasing

Exhibit 1.
Customer Interactions by Channel

- **Web self service**
  - Today: 7.7%
  - 2 years in the future: 14.3%

- **Speech recognition**
  - Today: 2.3%
  - 2 years in the future: 3.6%

- **Web chat or instant messaging**
  - Today: 4.5%
  - 2 years in the future: 6.2%

- **E-mail**
  - Today: 24.3%
  - 2 years in the future: 25.2%

- **IVR (touch tone)**
  - Today: 6.4%
  - 2 years in the future: 5.7%

- **Phone - Live Agent**
  - Today: 44.9%
  - 2 years in the future: 54.7%

Average Percent of Customer Contacts

Source: Yankee Group 2005 North American Contact Center VoIP Adoption Survey
Self-Service is a Key Part of Customer Management

An estimated 60 percent of interactions between customers and an organization are cross channel and inter-related.
Knowledge Foundation Powers Support and Customer Experience

Unified Interaction Experience
- IVR/Speech
- Email Resolution
- Dynamic FAQ’s
- Natural Language Search
- Forums
- Personalized Portals

Customer Self Service Applications

Unified Support Desktop
- Case Management
- Co-browse/Chat
- Scripting
- Next Best Action
- Recommended Solutions

Assisted Service Applications

Customer Inquiries, Problems, Orders, Feedback

Knowledge Foundation

Analytics and Workflow
Phases of Self Service

1. One-way
   - Informational
   - Flat content such as FAQ's, policies, product information

2. Two-way
   - Reactive Interactions
   - Informational and transactional data

3. Pro-active
   - Pushed and timely service
   - Cross Channel

4. Dynamic
   - In-context informational, transactional and pro-active self-service

Profitable Self Service

Un-Profitable Self Service
eService Initiative

- eService standards content
  - Definition of eService practices
  - Expected performance levels
  - Method for measuring Success / Deflection

- Opportunities for delivering the standards
  - Incorporate portions into Support Center content
  - Enable standalone certification of eServices
  - Offer as an eService framework without certification
High Level eService Criteria

Seven eService Criteria Sections

- Usability and Design
- Self Help Services
- Interactive Services
- Tools and Technologies
- Planning & Processes
- Security / Privacy
- Measures of Success

Over 50 business elements measured and scored
### Criteria >>> Elements >>> Attributes

#### Usability and Design

<table>
<thead>
<tr>
<th>User Entitlement Functions</th>
<th>Content Localization</th>
<th>Personalization Features</th>
<th>Accessibility of Services</th>
<th>Ease of Navigation</th>
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</thead>
<tbody>
<tr>
<td>Moved to Security / Privacy Section</td>
<td>Localization strategy</td>
<td>Personalized content</td>
<td>Uptime</td>
<td>Single Login</td>
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<td>Implementation methods</td>
<td>Scope / depth of localization</td>
<td>Role based content</td>
<td>Redundancy</td>
<td>Intuitive / Simplicity</td>
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<td>Maintenance</td>
<td>Cultural issues</td>
<td>Profile management</td>
<td>Site performance / optimization</td>
<td>Plug-in requirements</td>
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<tr>
<td>Cultural issues</td>
<td>Compliance issues</td>
<td>Personalized layouts</td>
<td>Platform support</td>
<td>Pop-ups…</td>
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<td>Device Support / awareness</td>
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<td>Conforming to accessibility standards</td>
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<td>Plug-in requirements</td>
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<td>Pop-ups…</td>
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#### Self Help Services

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<thead>
<tr>
<th>Online Training Services</th>
<th>Search Capabilities</th>
<th>Tools</th>
<th>Content</th>
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<tbody>
<tr>
<td>course registration</td>
<td>Filtering</td>
<td>Self Diagnostics</td>
<td>Administrative Content</td>
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<tr>
<td>course objectives and curriculum</td>
<td>methodologies</td>
<td>Contract Management / Admin tools</td>
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<td>notifications</td>
<td>content sources / formats</td>
<td>Configuration tools</td>
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<td>delivery methods</td>
<td>content optimization</td>
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<td>users tracking / management</td>
<td>relevancy</td>
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<td>course schedules</td>
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#### Interactive Services

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<tr>
<th>Notification / Alert Services</th>
<th>Case Management Services</th>
<th>Live Support Services (chat etc.)</th>
<th>User Forums</th>
<th>Assisted Diagnostics</th>
<th>Online Meetings / Seminars</th>
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<td>Technical Topics / Upgrades Etc.</td>
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<td>Sessions on Use of eService Offerings</td>
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<td>Tour or Web site / KB etc</td>
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### Service Strategies

Advancing Service Excellence
Recommendations

- Use the service channel as a differentiator to create memorable experiences.
- Integrate self-service with assisted service support channels.
- Infuse proactive contextual guidance and knowledge throughout the customer interaction for improved effectiveness.
- Segment and proactively anticipate customer needs with preemptive recommendations for both marketing and service interactions.
- Use analytics to continually optimize the service experience.
Service Capability & Performance Standards

Program overview
What’s the Program All About?

- Industry driven Service Capability & Performance (SCP) Standard
- Analysis & improvement of business practices
- Comprehensive on-site audits to verify results
- Feedback on best practices from auditors
- Defines over 100 service business factors
- Customer focused factors have the greatest impact
- Measured results are the basis for certification
- Annual recertification ensures consistency
Service Capability & Performance (SCP) Model

Certification Framework
Auditing Practices >> Scoring System >> Program Structure

Foundation Criteria
(Customer Feedback, Employee Development etc.)

Function Criteria

Support Center Practices
- Delivery Requirements
- Performance Measures
- Electronic Services etc

Field Service Practices
- Delivery Requirements
- Performance Measures
- Logistics etc

Professional Service Practices
- Delivery Requirements
- Performance Measures
- Project Management etc

Career Certification
- Manager Level
- Delivery Staff
- TAM & Others
Service Capability & Performance (SCP) Model

Certification Framework
- Auditing Practices
- Scoring System
- Program Structure

Foundation Criteria
- Customer Feedback
- Employee Development
- People Programs
- Corporate Commitment & Strategy
- Total Quality Management
- Financial Management

Comments
- Align criteria / elements across disciplines
- Future changes affect all disciplines
- Input from all interested parties
- Weighting consistency across disciplines
Service Capability & Performance (SCP) Model

Certification Framework
Auditing Practices >> Scoring System >> Program Structure

Foundation Criteria

Functional Criteria

Support Standard
- Service Delivery Processes
- Performance Metrics
- Productivity Tools
- Electronic Service Delivery
- Development Interface
- Sales & Services Interface

Field Service Standard
- Service Delivery Processes
- Performance Metrics
- Productivity Tools
- Support & Development Interface
- Sales Interface
- Logistics & Inventory Effectiveness
- Partner Management

Professional Service Standard
- Service Delivery Processes
- Performance Metrics
- Productivity Tools
- Support & Development Interface
- Sales Interface
- Project Management
- Resource Management
- Partner Management
Globally Accepted Standard
Any Questions

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