



metrigy

2022 State of Customer Experience Technology

Q2 2022

Robin Gareiss
CEO and Principal Analyst
Metrigy

Table of Contents

Executive Summary	3
CX Priorities	4
Customer Satisfaction Trumps Agent Productivity	5
Quantifying CX Success	5
Digital Channels Up; Omnichannel is Key	6
Analytics Takes Center Stage	8
AI Spending is Increasing; Greater Potential Ahead	9
BYOC Demonstrates CX Success	10
WFO Suite Adoption Still Low, But Opportunity Abounds	10
Conclusion	11
Research Methodology	12
Customer Experience MetriCast 2022	12
Customer Experience Transformation 2022-23	13

Executive Summary

Business and technology leaders at companies large and small, across multiple industries, have identified customer satisfaction as a top business priority. In the contact center, they're significantly more focused on ensuring customer satisfaction than they are about achieving agent productivity. In order to achieve solid success metrics, they need a well-defined customer experience (CX) strategy backed by an innovative technology partner.

In Metrigy's latest CX research studies, we have found some key technologies that are important to have on the priority list. They include:

- Digital channels and omnichannel integration
- Analytics, for both customers and employees
- AI-enabled applications to improve customer service
- Bring-Your-Own-Carrier strategy to maintain control over WAN circuits
- Workforce Optimization suites to help manage and optimize agent performance

In general, small companies with fewer than 400 employees are behind in technology adoption when compared to their larger counterparts with 400 or more employees. Given the fact that technology can level the playing field, it's imperative for small companies to increase their CX technology investment so they can most effectively compete against larger ones.

Companies with 400 or more employees are adopting CX technologies at a healthy pace, however it's important for them to avoid trying to "boil the ocean." Because of the time and complexity involved with budget approvals, large companies are more apt to make large-volume technology buys—but they take too long to show success with those rollouts. So they need to focus on business problems and opportunities, and address one at a time using advanced technologies, such as AI and analytics.

This report will discuss details around the aforementioned technology trends, backed by data from Metrigy research studies.



Defining Success

In our study, we asked companies how their revenue, customer ratings, operational costs, and agent efficiency changed by adding new CX technologies, including conversational AI, visual engagement, workforce engagement management, and self-service.

Companies in the top half percentage change of at least two of the metrics and two of the technologies were flagged as "successful" because they showed the best, measurable business success.

CX Priorities

When one viral social media post can either make or break a company, leaders take notice. The power of customers has never been so strong; consequently, keeping them happy has been the top business priority for three straight years, according to Metrigy’s *Customer Experience Transformation 2022-23* research study of 724 organizations globally, conducted in April 2022.

When asked to select the top three business priorities, 29.2% (the highest percentage on the list) selected “customer satisfaction,” up from 23.7% in 2020 and ahead of key priorities such as product/service quality, revenue, security, and employee retention, among others. Three-quarters of companies placed customer satisfaction in their top three.

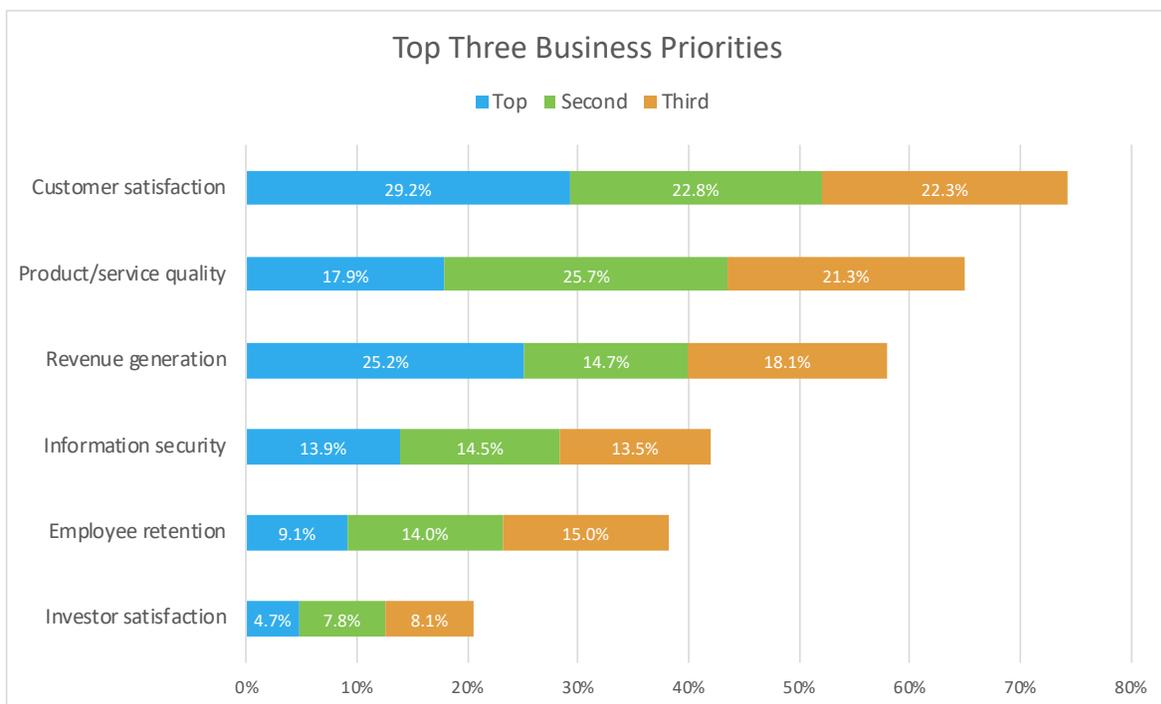


Figure 1: Top Three Business Priorities

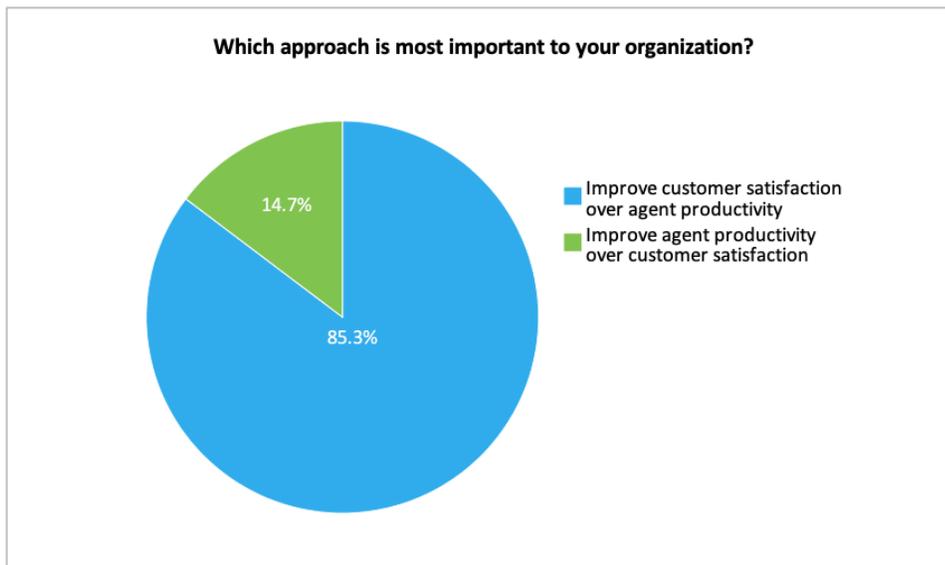
Not only is customer satisfaction crucial, but it’s driving spending on CX technologies. In fact, successful companies are investing 92.2% more than non-successful companies. They also recognize the importance of transforming their customer experience, through the adoption of new technology and more efficient operational processes. How is success defined? In our study, we asked companies how their revenue, customer ratings, operational costs, and agent efficiency changed by adding new CX technologies, including conversational AI, visual engagement, workforce engagement management, and self-service. We flagged those in the top half of at least two of the metrics and two of the technologies as “successful” because they showed the best, measurable business success.

Customer Satisfaction Trumps Agent Productivity

For many years, companies viewed their contact center as nothing more than a cost center—a necessary evil they needed to run in a low-cost manner just to deliver basic customer service. Those days are gone.

That’s not to suggest agent efficiency is unimportant. It’s still quite vital. It just isn’t as important as making sure customers are satisfied—even if that means Call Handle Time as a Key Performance Indicator (KPI) is either no longer measured or not as highly valued. KPIs such as First Call/Interaction Resolution, calls in queue, or simply CSAT or Net Promoter Scores are

becoming the most highly regarded KPIs.



When asked which approach is most important, research participants overwhelmingly selected improving customer satisfaction over agent productivity (85.3%) rather than improving agent productivity over customer satisfaction (14.7%),

Figure 2: Which approach is most important to your organization?

according to Metrigy’s *Customer Experience MetriCast 2022* research study of 1,846 organizations globally. Small companies with fewer than 400 employees are slightly more likely to favor customer satisfaction (85.7%) compared to their larger counterparts with 400 or more employees (84.9%).

Quantifying CX Success

Organizations measure ongoing success through customer ratings, as well as agent KPIs. It’s vital, however, to measure before-and-after success whenever companies deploy new applications, platforms, or services—or when they switch providers. For example, our research shows that successful companies saw an 18% improvement in revenue, a 10.7% reduction in operational costs, a 16.8% improvement in customer ratings, and a 17.6% boost in agent productivity with the addition of a contact center platform or when they changed to a different provider.

Digital Channels Up; Omnichannel is Key

More than half of companies have or plan to have a “digital-first” strategy by the end of 2022; the research success group is 33% more likely to have such a strategy, according to the Customer Experience Transformation study. A digital-first strategy allows customers to use various digital channels, including webchat, social media, business messaging, virtual assistants, mobile SMS, self-service knowledge base, and co-browsing/screen-sharing, to interact with a business.

The strategy embraces customer choice in how to communicate, while also encouraging them to start in digital channels. Though most companies haven’t achieved full omnichannel integration, ideally, their digital-first strategy also includes integration of interactions across all channels. When customers shift to live agents, the agent has both real-time and historical context.

Large companies are more apt to have a digital-first strategy: 44.9% of them have one today, while only 26.4% of small companies now have a digital-first strategy. Across all company sizes, roughly the same percentage plans to implement a digital-first strategy by the end of 2022. Looking further out, 38.8% of small companies are either evaluating or planning on making digital-first a strategy for 2023 or beyond. This compares to 27.7% of larger companies doing the same.

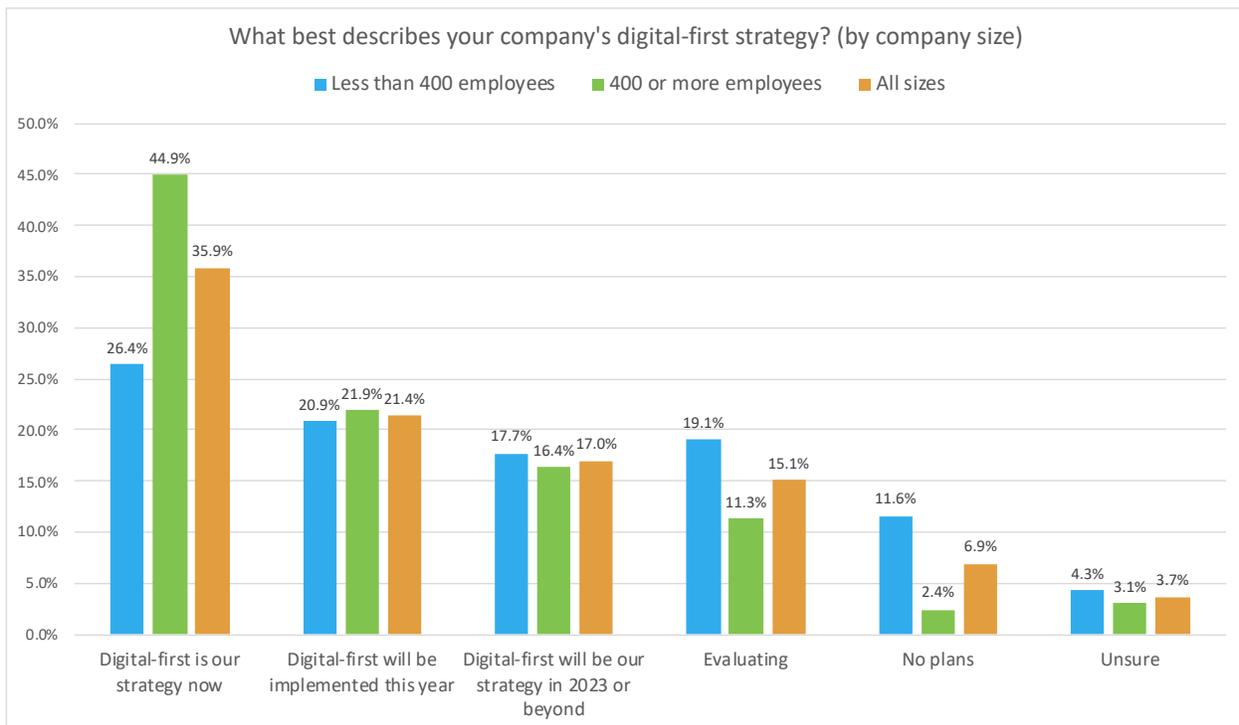


Figure 3: What best describes your company's digital-first strategy?

Nearly 35% of transactions start in a channel other than voice; the figures are slightly lower for small companies compared to large companies (31.5% vs. 37.4%, respectively). Of those

transactions, 24% must be escalated to a voice or video live agent interaction to achieve resolution. This further shows the importance of voice communications for CX.

Successful CX strategies give customers choice and meet them where they would like to launch an interaction session. Where that success can turn into failure is in the absence of an integration between those channels. Without the integration, customers can't easily shift from one channel to the next, and agents don't have insight into their journey.

Omnichannel integration had been steadily climbing from 2016 to 2020. In fact, the projected adoption by 2020 was 48%. But as the pandemic started, omnichannel plans dropped down the priority list—way down. The adoption was even lower in 2020 than 2019, as some companies disabled omnichannel as they ran into performance issues when they moved agents to home offices, sometimes needing to bring on an additional Contact Center as a Service (CCaaS) provider to support the work-from-home environment.

Adoption rose in 2021 to 34%, and 2022 adoption is projected to be 49%, based on existing and planned usage. Even 49% is too low; CX leaders must prioritize omnichannel adoption. Small companies are 25% less likely to use omnichannel, so it's even more crucial for them to prioritize adoption.

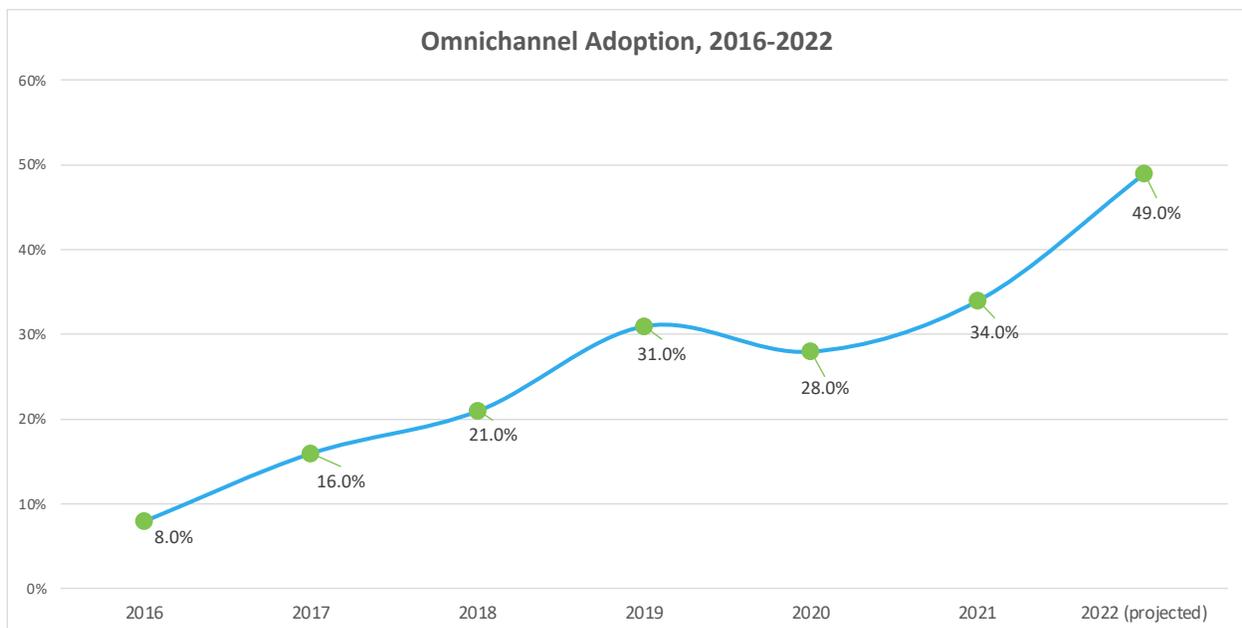


Figure 4: Omnichannel Adoption, 2016-2022

As organizations add channels, many of them are cloud-based, including business messaging services (Facebook Messenger, WhatsApp, Google Business Chat, etc.), co-browsing, or SMS. Cloud-based ecosystems make integrations easier. More than half of organizations (54.3%) use CCaaS today as their contact center architecture.

Analytics Takes Center Stage

Customer interactions continue to become more complex, with different channels, devices, and applications. That’s why data has become so critical. Organizations of all sizes must use analytics to determine whether their CX strategy is producing the desired results. Analytics platforms have been adopted by 44.1% of organizations already, with another 24.1% planning to do so by the end of 2022. Small companies also are lagging with analytics: 37.2% have adopted an analytics platform, vs. 49.8% of large companies. There’s a huge opportunity for small businesses to get ahead of the curve and take advantage of reporting and analytics to improve the customer experience.

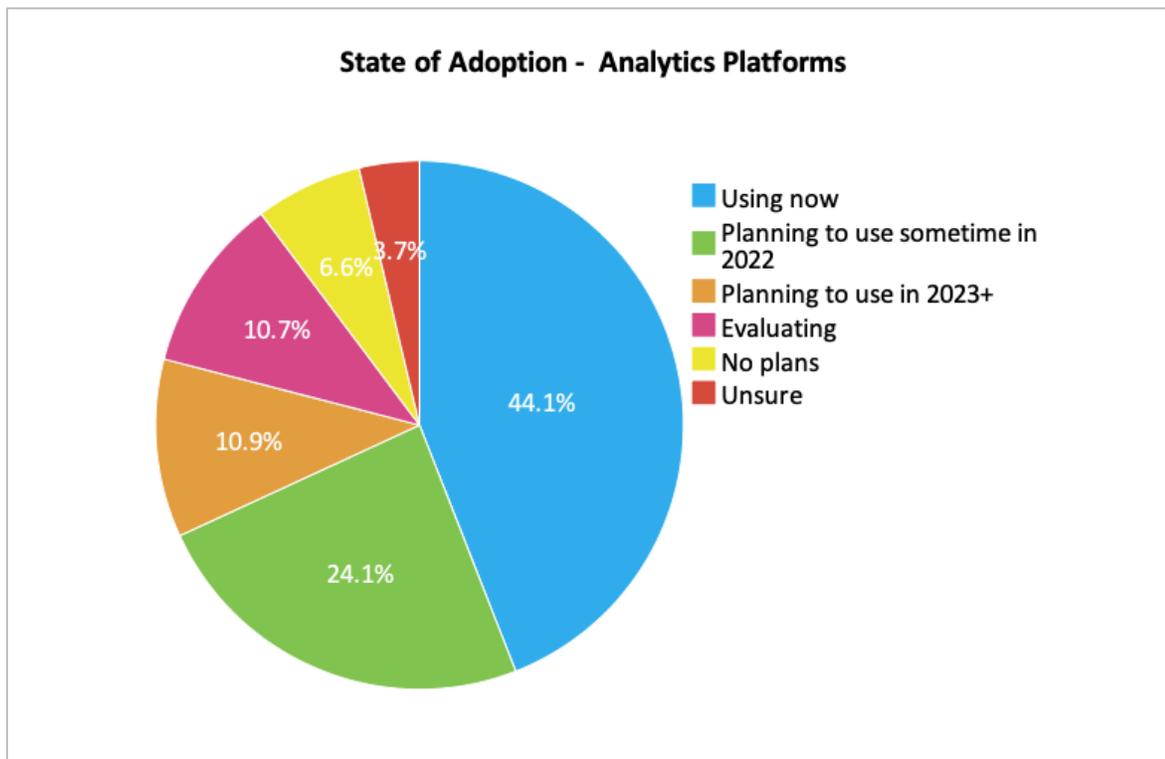


Figure 5: State of Adoption - Analytics Platforms

The type of analytics varies. For example:

- 32.5% use agent analytics to evaluate and improve performance
- 29.5% use predictive analytics to anticipate customer needs or behaviors
- 30.4% correlate results from customer feedback surveys with employee performance

As organizations gather customer feedback and agent performance data, they not only must analyze it, *but also act* upon it. Unfortunately, only 26.2% actually do the latter. By pairing advanced analytics with a contact center platform, organizations of all sizes can increase revenue, improve customer service, and boost agent productivity.

AI Spending is Increasing; Greater Potential Ahead

Organizations are deploying AI-based applications, such as conversational AI, transcription, call routing, Natural Language Processing, and more. They're even increasing spending on AI: AI development platform spending is increasing by 15% annually, and conversational AI spending is increasing by 14% annually. Large companies commonly use AI: 39% have AI development platforms and 35.2% are using conversational AI).

But when compared to other attributes research participants measured for their CCaaS platforms, AI capabilities ranks lowest, according to the CX MetriCast study. Contact center providers have significant opportunity to bolster their AI capabilities, as the technology continues to mature and as more customer success stories emerge.

Though providers can improve the usability and sophistication of AI-based applications, customers also hold some responsibility for AI success. Part of the problem is that many companies (particularly large ones) have tried to boil the ocean, adding too many AI-based applications at once, resulting in failed implementations. We recommend organizations adopt AI carefully and methodically, addressing a specific problem or opportunity. After each deployment, measure success, learn from the implementation, and move to the next project.

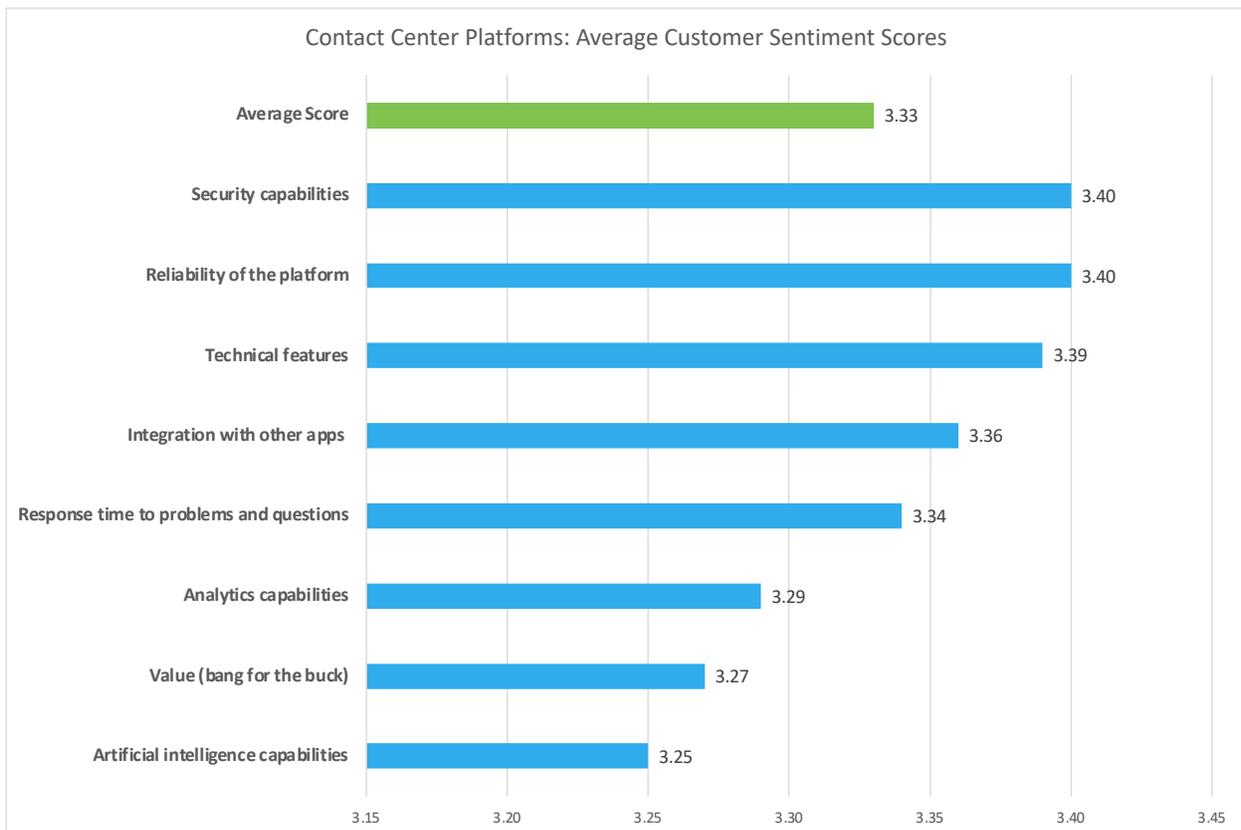


Figure 6: Contact Center Platforms: Average Customer Sentiment Scores

BYOC Demonstrates CX Success

As companies consider migrating from an on-premises contact center to a cloud-based platform, a consideration—and potentially an inhibitor—is the carrier services supporting the platform. When CCaaS providers can support a “Bring-Your-Own-Carrier” (BYOC) model, it’s easier for companies to move to the cloud.

Today, 42% of companies leverage BYOC for their CCaaS solutions, with another 33% saying they plan to do this in 2022. Interestingly, when companies use BYOC, they invest three times more into their CCaaS solution. In some cases, this is because they have saved money by consolidating their WAN services with a lower-cost global provider. In other cases, they are seeing more value in their contact center platform than they did when it was on-premises, so they are investing in new cloud-based applications or in new licenses as they expand the platform.

WFO Suite Adoption Still Low, But Opportunity Abounds

Workforce Optimization (WFO) application suites, also referred to as Workforce Engagement Management (WEM), help both agents and supervisors to improve overall agent experience and success. Today, only 34.5% of organizations are using the suites, though 79% use one of the WFO applications—Workforce Management (WFM), which provides the framework for agent scheduling, shift trading, and schedule forecasting, according to the CX MetriCast study.

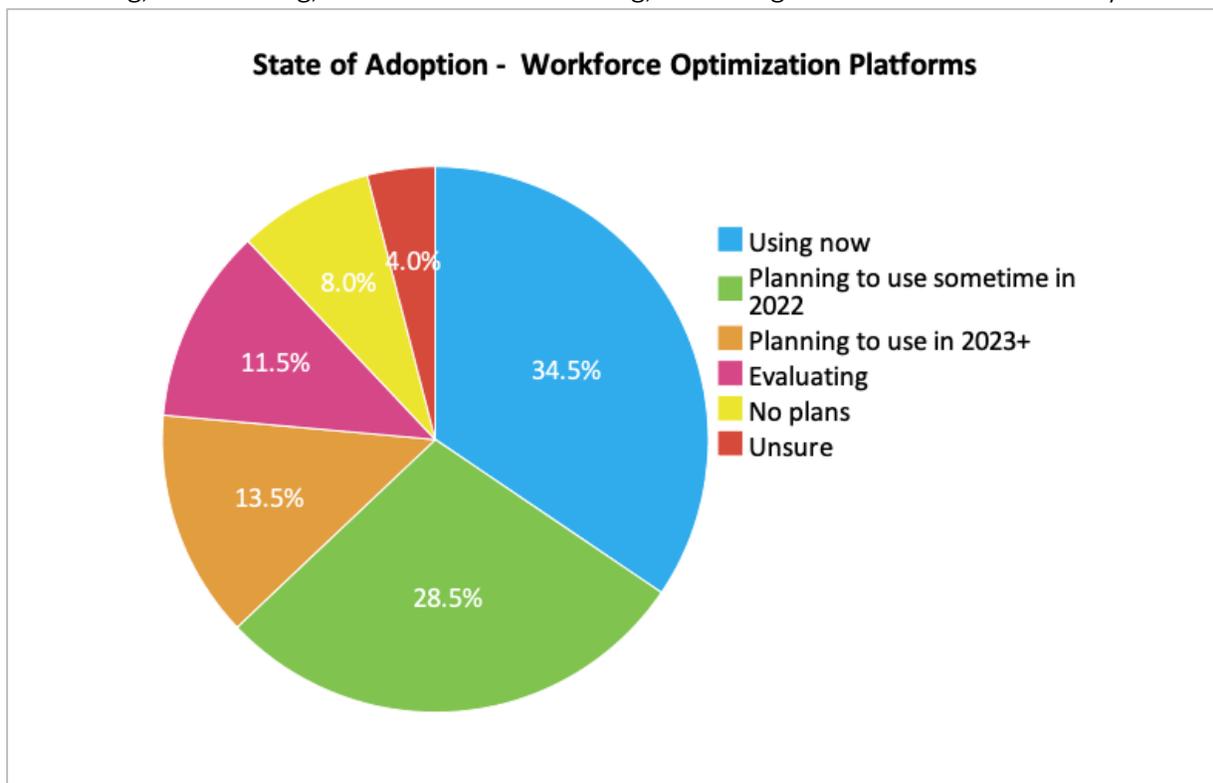


Figure 7: State of Adoption - Workforce Optimization Platforms

During research interviews, nearly all participants said they use WFO and WEM interchangeably, adding that the different names of the technology categories are mere semantics. Metrigy defines them as follows: WFO platforms provide the applications, data, and analytics to continuously improve the efficiency of the contact center staff and overall operations. WEM focuses more on the applications, rewards, and training programs to improve the individual agent experience and increase their loyalty to the company.

The platforms include quality management, call/screen recording, analytics (agent, desktop, predictive, and sentiment), performance management, WFM, gamification, employee and customer surveys, agent training, and task management. In many cases, organizations don't need the wide breadth of applications, so they do not buy the full WFO suite and instead opt for an individual application. Other organizations simply don't see a need or demand for WFO platforms, while others say they are cost-prohibitive.

Conclusion

Delivering industry-leading customer experience is vital for any company in any industry. Doing so requires a savvy CX leader, solid operational processes, and an innovative CX technology provider to deliver the necessary platforms, applications, services, and support. Keep in mind that 75% of companies placed customer satisfaction as one of their top three business priorities, and successful companies are investing 92.2% more in CX technologies than non-successful companies.

To assure success, CX leaders must follow these best practices:

- Increase investments and prioritize the customer experience, particularly for small companies that are lagging on CX technology adoption compared to their larger counterparts. Technology levels the playing field.
- Evaluate providers with a focus on their technology offerings and roadmaps. Select a provider that has high-performing core platform with key applications, a strong partnership ecosystem, and responsive customer service.
- Add digital channels to give customers interaction options, but make sure to adopt omnichannel integration so agents have context and customers don't have to repeat themselves when switching from, say, webchat to a video call.
- Start slowly with AI and analytics to ensure successful rollouts—and to learn from each project. Consider working with a vendor that has a strong customer support team that can assure success and help you get the most out of your investment.
- Leverage reporting and measure success, whether it's a new technology deployment, agent performance, or customer satisfaction.

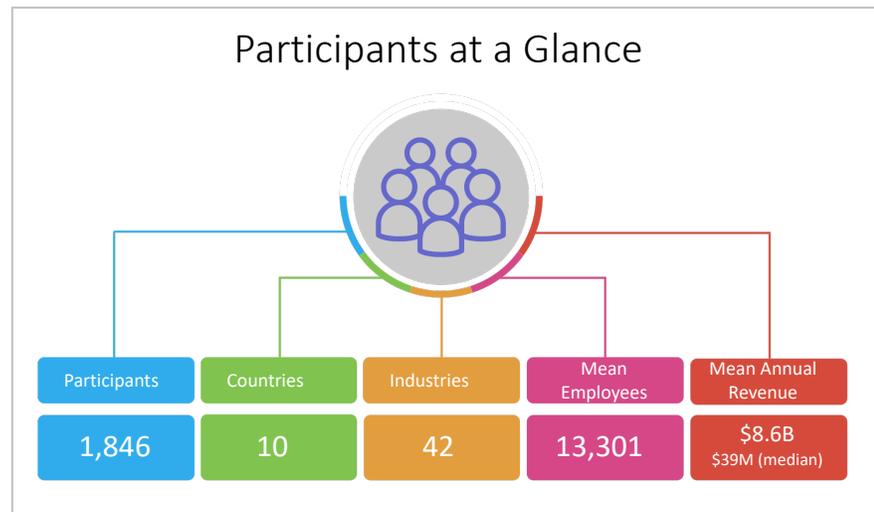
Research Methodology

This paper relied on two studies Metrigy recently conducted. Metrigy reached out to its own database of IT, CX, and business leaders to conduct interviews. We then reached out to a broader and random statistical sampling of IT, CX, and business leaders to complete a survey. Research participants in both studies had to then pre-qualify based on their role in their organizations.

Customer Experience MetriCast 2022

Metrigy published our global *Customer Experience MetriCast 2022* in March 2022; data was gathered in December 2021. We interviewed or surveyed 1,846 IT, CX, and business leaders who make decisions, influence decisions, and/or operate and support customer engagement technologies. The study included a wide range of companies, in terms of size, geography, and industry. Company or organization size

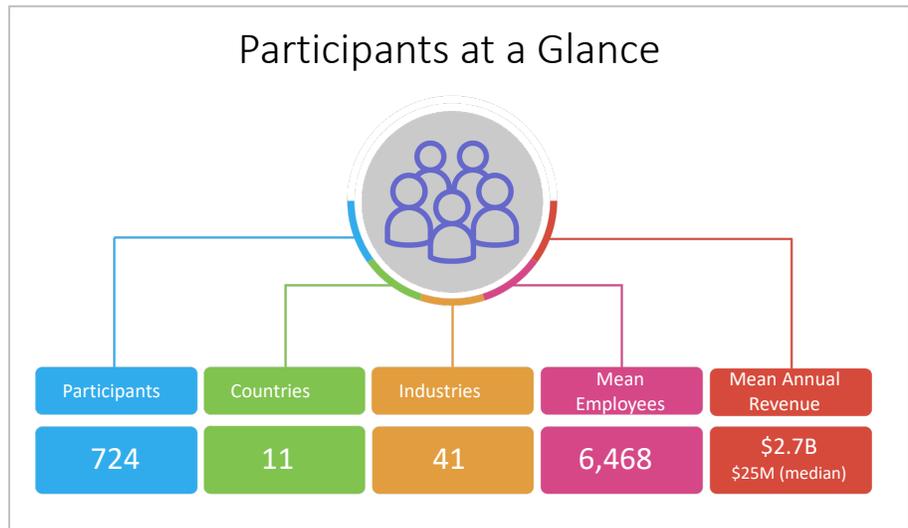
ranged from 10 employees up to 1 million employees. Participants worked for organizations headquartered in 10 countries in North America, Europe, or Asia-Pacific. We gathered and analyzed detailed data on companies' use of 21



CX-related technologies, with deep focus on contact center, Communications Platform as a Service (CPaaS), Workforce Optimization (WFO), conversational AI, AI development platforms, self-service knowledge bases, visual engagement, voice biometrics, contact center management, and voice of the customer.

Customer Experience Transformation 2022-23

Metrigy published our global *Customer Experience Transformation: 2022-23* research study in May 2022; data was gathered in March and April 2022. We interviewed or surveyed 724 IT, CX, and business leaders who make decisions, influence decisions, and/or operate and support customer engagement technologies. The study included a wide range of companies, in terms of size, geography, and industry. Company or organization size ranged from 10 to 500,000 employees. Research participants worked for organizations headquartered in 11 countries in North America, Europe, and Asia-Pacific.



ABOUT METRIGY: Metrigy is an innovative research firm focusing on the rapidly changing areas of Unified Communications & Collaboration (UCC), digital workplace, digital transformation, and Customer Experience (CX)/contact center—along with several related technologies. Metrigy delivers strategic guidance and informative content, backed by primary research metrics and analysis, for technology providers and enterprise organizations.