

Customer Experience Management

Improving the Consistency and Quality
of Customer Interactions

Sponsor Report
Prepared for



V E N T A N A
R E S E A R C H

Aligning Business and IT To Improve Performance

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Ventana Research performed this research for a fee to determine the needs and practices of organizations that attempt to manage their customers' experience. This document is based on our research and analysis of a quantitative survey administered via the Web to qualified respondents. Qualification was based upon involvement with customer experience management.

This research was designed to investigate the practices and needs of individuals and organizations that practice or have interest in customer experience management. This research is not intended for use outside of this context and does not imply that organizations are guaranteed success by using only these results to improve organizational productivity. Moreover, gaining the most benefit from customer experience management requires an assessment of your organization's unique needs.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of customer experience management, and that the analysis and conclusions are entirely our own.

A stylized, handwritten signature of 'Ventana Research' in black ink.

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Executive Summary

Customers are one of a company's key assets, and as well as the purchases they make, the way they behave will have a strong impact on the success or failure of the company. If they remain loyal and continue their purchasing, the company's prospects will be good, but if the costs to support them exceed the revenues they generate, prospects will look bad. The desire to influence relationships with customers led to the development of customer relationship management (CRM), which was supposed to produce better relationships and therefore more business. But CRM mostly managed internal marketing, sales and customer service functions and didn't address the company's actual interactions with customers. Customer experience management (CEM) targets those interactions and focuses on influencing customer behavior.

Our new benchmark research reveals that at a conceptual level companies understand the point of CEM. The majority of participants (56%) said that its purpose is to improve customer-related processes at every touch point, and 27 percent went one step further to say that it is about influencing customer behavior at those touch points to increase loyalty and the volume of new purchases. However, detailed analysis shows that the majority of companies have not yet acted on this understanding.

For example, because nearly all interactions occur through an agent in a call center or through the Web, we looked at what companies have done or plan to do with the desktop systems agents use during interactions and with Web-based self-service.

The agent's desktop is a primary source of frustration for both agents and customers. Agents don't like these systems because typically they are hard to use, don't provide all the right information needed to resolve customers' issues and don't follow the flow of interactions. While customers are not aware of these shortfalls, they suffer because agents cannot focus fully on them, ask them to repeat information and often don't resolve their issues. The research shows that in companies that measure customer satisfaction with the handling of calls (56% of all participating organizations), nearly half (49%) of participants said their customers are less than satisfied with the results of their calls, and only 40 percent said issues usually are resolved during the first call. Only about one-third (35%) of respondents said their desktop provides agents with information that is relevant to depending on the caller's profile and circumstances. Curiously, though, despite the lack of capabilities and the dissatisfaction, only slightly more than one-third of the organizations participating in the research (36%) said they intend to upgrade their desktop in the next 12 months, and nearly half (49%) of those intend to do this by building a system in-house rather than considering the many agent desktop products now available.

Several research findings confirm that companies rely heavily on their agents. Two-thirds (66%) of the organizations rated the skill level of their agents as better than average. The primary action companies have taken to improve the customer experience is to improve agent training (58%). And despite the availability of various technology features that have the potential to improve the customer experience, the largest number (23%) of respondents selected routing calls to the right agent as the one that would most improve it. Moreover, four of the top five factors impacting the customer's experience during a call relate to agent performance: the agent's attitude

(26%), understanding the customer's issue (23%), an ability to resolve issues the first time (20%) and general knowledge (8%). Since the main tool agents use to resolve issues is their desktop, it is surprising that companies haven't provided them with better ones.

As well as being a primary source of information, the Internet increasingly is becoming a popular channel through which people buy products and services. Most companies (81%) have a public-facing Web site, but many have not designed their sites to encourage commerce. Only about half (52%) of the participants in this research indicated that their site was designed specifically to provide customer service; the large majority (89%) use it mostly to provide information. Most participants chose the general-purpose features ease of navigation (53%) and look and feel (28%) as having the greatest impact on the customer's experience, while only a small number (11%) said that ease of purchase is most important.

The net result, according to participants who measure customers' satisfaction in using their Web site, is that only 44 percent of customers say they are satisfied most of the time, and almost one in five (17%) ends up talking to an agent. We believe the latter number is far lower than actual experience because 47 percent of companies don't know how many customers actually start on the Web but end up talking to an agent. What is more, only 38 percent of companies track how many customers who start out to buy something on their site actually complete the purchase. These results show that companies need to pay more attention to their sites if they are to make visiting them a satisfying experience for customers that delivers more business.

Most companies (82%) solicit feedback from customers in one form or another. The most popular method is through a quality-monitoring process (41%) in which supervisors listen to sample call recordings; the next most popular methods were, in order, surveys sent by email, delivered via outbound calls, and administered on the Web. Unfortunately, the majority (57%) send out surveys no more often than once a month; coupled with the small number of surveys that recipients normally complete, this means that most companies are basing their opinion of customer satisfaction on a very small volume of untimely data. For the few that don't solicit feedback at all, the main reason for not doing so is either that no sponsor pushes it (29%) or that they perceive no need to do it (26%). However, 55 percent of these participants said they expect to implement a feedback process in the next 12 months, with the most popular vehicles being email (74%) and the Web (58%).

Although it would be an alternative to manually listening to calls, participants reported little enthusiasm for technology that can automate analysis of recordings: With only 13 percent having implemented it, and only 11 percent considering it, it seems that vendors still must convince companies of the accuracy and cost-effectiveness of doing so.

A single comprehensive (or 360-degree) view of the customer is something that companies have talked about needing for many years. Yet it remains a dream for many, as only 38 percent of companies report that they currently have such a view. We see the lack of it contributing to the result that only 7 percent said their key customer performance indicators (KPIs) are totally adequate. Indeed, they reported that 68 percent of their KPIs are limited to a summary of interactions and basic customer data such as sales, demographics and products purchased. None of these measures is likely to yield information companies can use to increase customer

satisfaction levels, which for 50 percent of participants remains the number-one business driver.

Technologically, the main reason why companies don't have a useful, effective single view is the extensive use of spreadsheets, found in 68 percent of participating organizations. Spreadsheets require a lot of manual effort to enter, update and analyze data and cannot integrate all the sources and types of data normally found in a contact center. Some companies (27%) have tried to overcome this issue by developing a solution in-house using their enterprise business intelligence (BI) tool. An even more cost-effective approach would be to use one of the specialized contact center analysis products now on the market, but only one in five (20%) has done so. More than three-fifths (61%) of participants said they don't see the need for such a product, although we believe many are not aware of the capabilities that are available today.

As CRM vendors once did, CEM promoters now promise that it can produce better relationships with customers so they remain loyal and buy more. The findings of this benchmark research indicate that many companies are hearing the message, but few have implemented the processes and technology to make it a reality. The goal of CEM should be to improve every interaction each customer or prospect has with the company so each goes away happy, having found the information he or she wanted, having had the issue resolved or having made the planned purchase – and perhaps going on to recommend the company to others. Ventana Research believes that if companies don't consider carefully and fully what it means to manage the customer's experience, it is likely that CEM will disappoint them in the same way that CRM did and leave them no better equipped to prosper in today's intensely competitive global market.

About This Study

Methodology

Information collected for this study comes from a benchmark research survey Ventana Research conducted over the Web during February and March 2008. We solicited participation via e-mail blasts and Web site invitations. Both Ventana Research and this program's media sponsors (identified above) originated the e-mail blasts.

We presented this explanation of the topic to participants prior to their entry into the survey:

In the last few years, the need for businesses to increase the value of their customer relationships has intensified. Yet doing this is more difficult as organizations add new communication channels for customer interactions outside of the call center. Companies simultaneously must generate the highest possible levels of customer satisfaction in order to compete successfully while ensuring that this occurs through more and varied channels. As organizations try to manage this dual imperative, Ventana Research has seen the emergence of a new emphasis called customer experience management (CEM), which focuses on improving the effectiveness of people, processes, information and technology involved in the customer experience at every touch point within an organization.

We'd like to know your thoughts and opinions on the issues involved in customer experience management. Our benchmark research will explore the business drivers, technical requirements, barriers to adoption and timelines for implementation of this approach to satisfying customers. Your participation will provide valuable information about how companies can align these applications with their people and processes to achieve business goals and objectives.

The following promotion incited participants to complete the survey:

The first 50 qualified participants will receive a Starbucks Card loaded with US\$5; for participants in countries that do not accept incentives, we will provide an equivalent donation to a charity supporting orphaned children across the world. All qualified participants will receive a report on the research findings and a quarterly membership to the Ventana Research Performance Management Community valued at US \$125, and will be entered into a drawing to win a US\$100 American Express Gift Cheque. Thank you for your participation!

The survey included the following qualifications for participation:

The survey for this research study is designed for business and IT managers who have interest in, experience with or involvement in any aspect of interacting with customers, or managing any group involved in such activities as well as managing customer-related performance. Solution providers, software vendors, consultants, media and systems integrators may participate in the survey, but they are not eligible for incentives.

Demographics

We designed the survey used for this research to be answered by executives and managers in marketing, sales, customer service, call centers and operations who are responsible for or require oversight of customer management. It was also designed to be completed by senior IT executives and managers responsible for the systems used to support these functions. While we do not prevent anyone from participating in the research, the findings are based only on responses from the targeted organizations as determined in our qualification process. Qualification entails screening out responses from questionnaires that were not materially complete, that were submitted by inappropriate respondents or where we suspect the submission is bogus. Of 932 participants who entered into the survey, Ventana Research deemed 253 to be qualified to have their answers counted in this research. In this report, the term “participants” refers to this qualified group, and the charts in this section characterize various aspects of their demographics and qualifications.

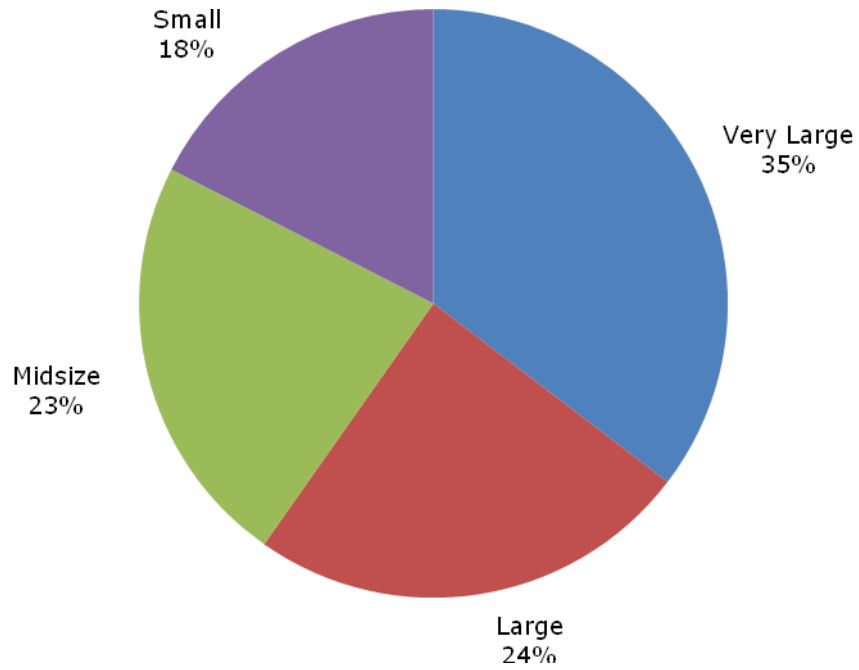
Company Size

Ventana Research categorizes company size using two measures, number of employees and annual revenue; in this research we assessed participating organizations by both criteria. In our definition, small companies have fewer than 100 employees; midsize have 100 to 999 employees; large have 1,000 to 9,999 employees; and very large have more than 10,000. By revenue, small companies earn less than US\$100 million annually; midsize bring in US\$100 million to US\$500 million; large have US\$500 million to US\$10 billion; and very large have revenue that exceeds US\$10 billion.

Our research repeatedly shows that size of organization is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure.

Sorted by number of employees, more than half of our sample (60%) consisted of participants from large and very large companies. Approximately one-quarter (23%) of companies were midsize, and the remainder (17%) were small. In our judgment, each category had enough participants to make comparisons meaningful.

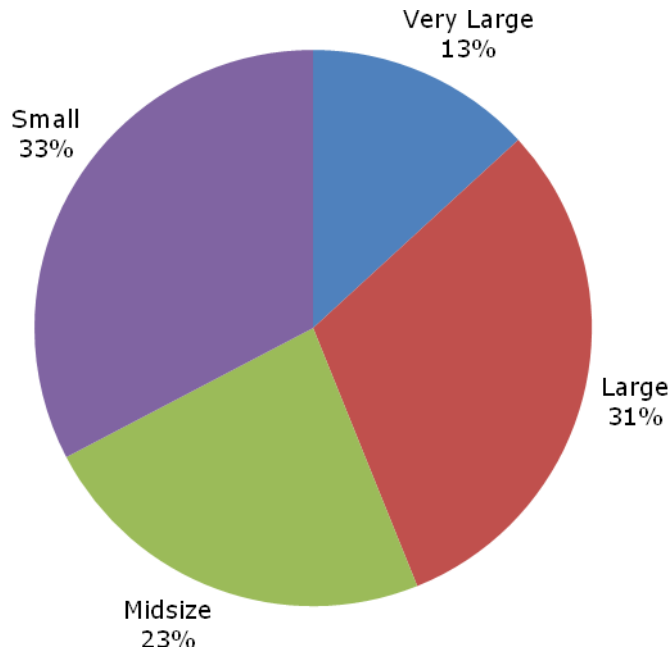
Figure 1
Company Size by Number of Employees



Source: Ventana Research

In comparison, when we assessed company size by annual revenue, there were fewer very large companies (13% as compared to 36%), slightly more large companies (31% compared to 24%), the same number of midsize companies (23%) and more small companies (33% compared to 17%).

Figure 2
Company Size by Revenue

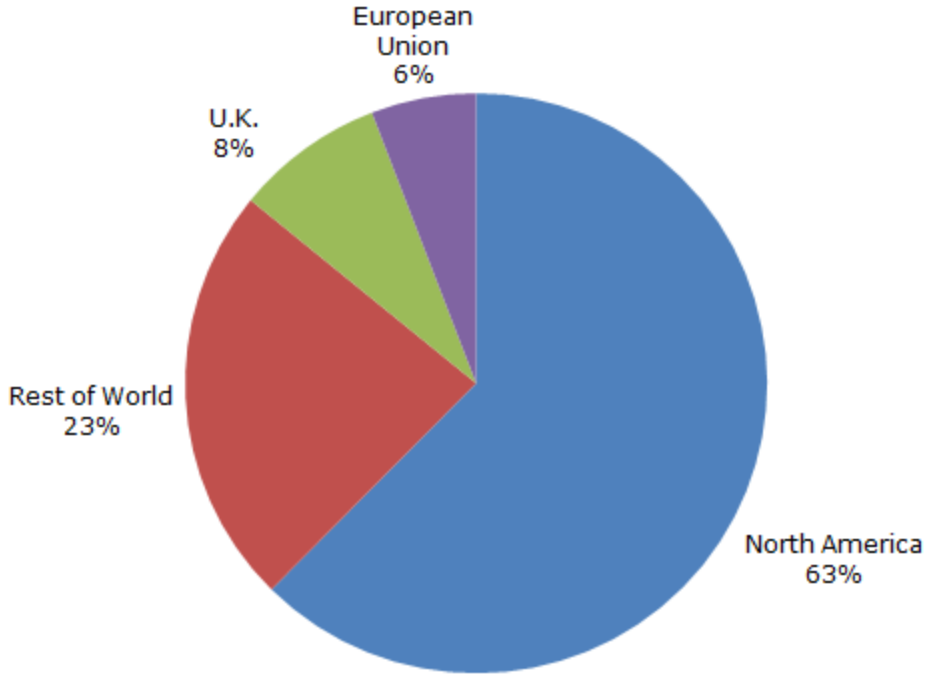


Source: Ventana Research

Geographic Distribution

For the purposes of this study, we divided the world into four regions. Nearly two-thirds (63%) of respondents were from North America (the United States and Canada), 8 percent were from the United Kingdom, 6 percent from other countries in the European Union and the remaining one-fourth (23%) from countries in the rest of the world.

Figure 3
Participants by Region

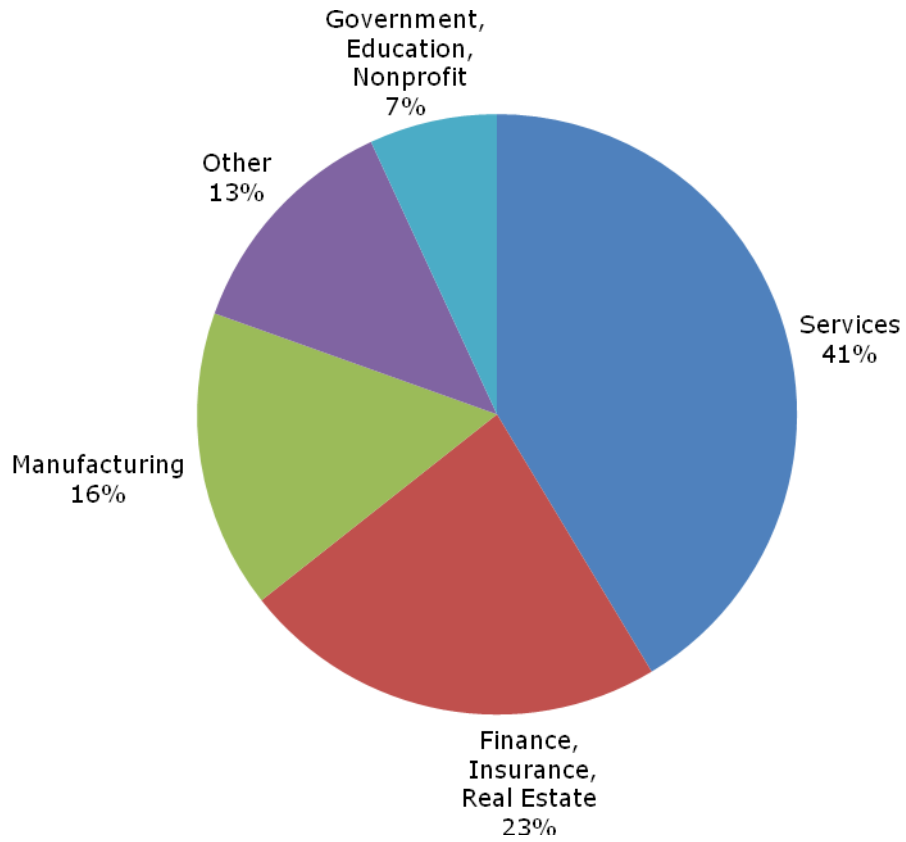


Source: Ventana Research

Industry Affiliation

The participants represented a range of industries, which for the purposes of this study we have summarized into five general categories and Other. Companies that provide services (36%) accounted for the largest share of participants, followed by finance, insurance and real estate (20%), manufacturing (14%), telecommunications service providers (12%), and government, education and nonprofits (6%); 11 percent were from undefined other industries.

Figure 4
Participants by Type of Industry

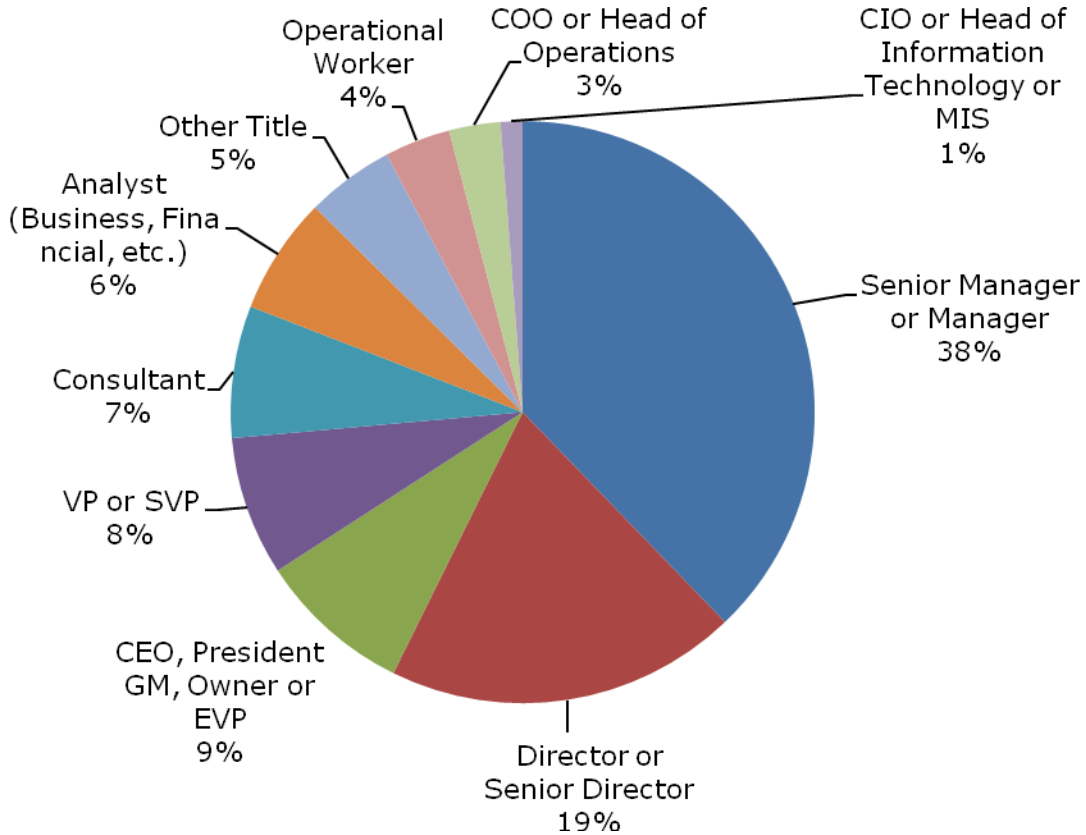


Source: Ventana Research

Job Title

We asked participants to choose from a list of 10 job titles plus Other the one that best describes theirs. Senior managers or managers (37%) were the largest group, followed by senior directors and directors (19%). There was a significant number of CEOs, general managers, owners and executive vice presidents (9%), but almost all were from small companies.

**Figure 5
Participants by Job Title**



Source: Ventana Research

For purposes of more detailed analysis, we aggregated the responses by title into four broader categories: executives (13%), management (27%), users (48%) and others (12%). The table below shows which titles comprise the broader categories.

Executives	CEO, President, GM, Owner or EVP COO or Head of Operations CIO or Head of IT or MIS CFO or Head of Finance
Management	Senior Vice President or Vice President Director or Senior Director

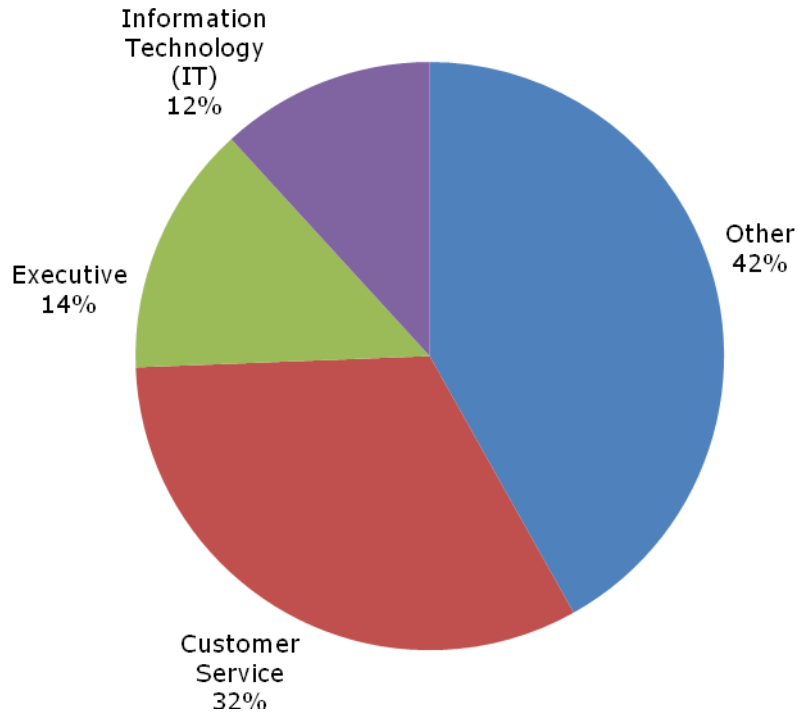
Users	Senior Manager or Manager Analyst (Business, Financial, etc.) Operational Worker
Other	Consultant Other Title

Department or Role

As well as their title, we asked participants to indicate their functional area of responsibility. We gave them a choice of 16 roles, and we aggregated the results into four broader categories: Executive (14%), Customer Service (33%), Information Technology (12%) and Other (41%). Within customer service we included contact center (21%) and customer service (12% functions because they play a front-line role in the customer's experience. We placed Marketing (9%), Sales (8%) and Operational Management (11%) in Other because although these roles also influence the customer's experience, they do so indirectly, via back-office functions.

We also split the responses into business (89%) and Information Technology (12%) to enable another dimension of analysis.

Figure 6
Participants by Functional Area

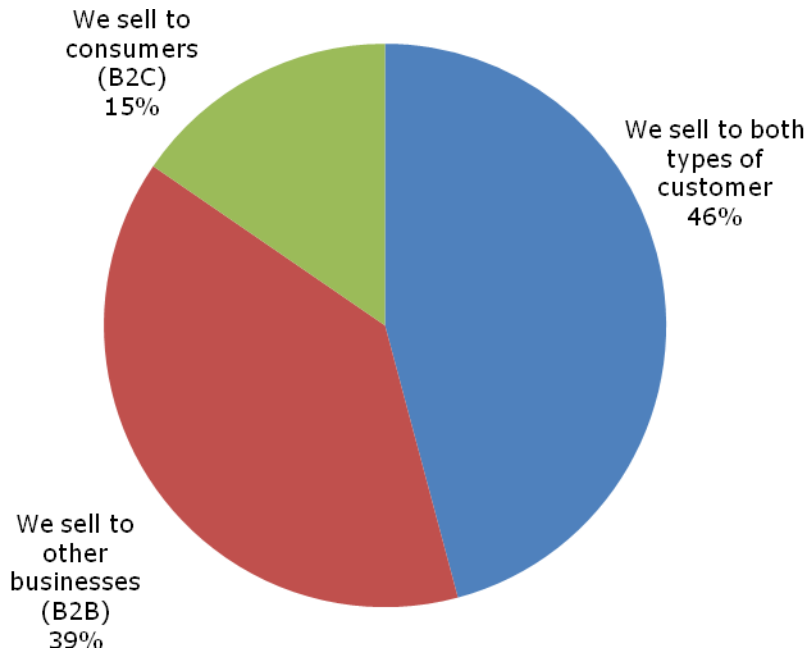


Source: Ventana Research

Business Model and Customer Base

We also wanted to be able to identify significant variations associated with the general business model of the respondent's company. We therefore asked them to categorize their business as business-to-business (B2B; 9%), business-to-consumer (B2C; 15%) or involving both (46%).

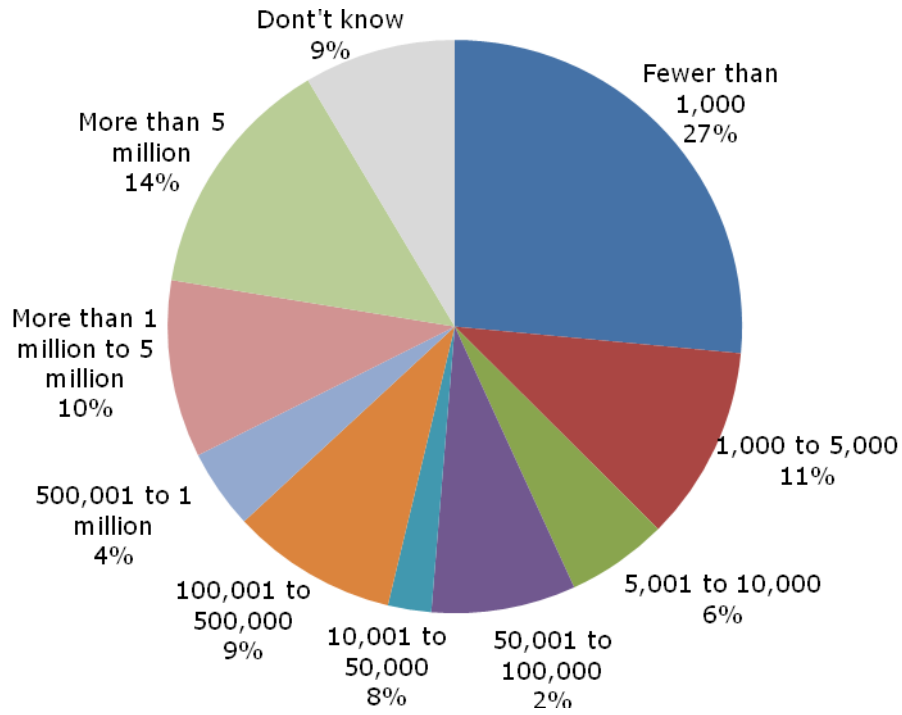
Figure 7
Participants by Business Model



Source: Ventana Research

We also wondered whether companies' attitudes toward customer experience management are linked to how many customers they have. We therefore asked respondents to indicate the size of their customer base.

Figure 8
Participants by Customer Base



Source: Ventana Research

Key Insights

In analyzing the findings of our benchmark research we have identified a number of significant trends and perceptions in customer experience management (CEM). (We discuss the question of CEM maturity in the Maturity Analysis section of the full research report. The actual questions asked in our survey can be found in the Appendix to the research report.)

Customer experience management is understood superficially.

CEM is concerned with managing customer interactions at all touch points to engender desirable behavior and satisfaction so customers remain loyal, spend more with the company and cost less to support. On the surface the research results show a high degree of understanding of the term as a serious business strategy: 56 percent of participants said CEM is the process of improving customer interactions, 27 percent said it is a strategy for influencing customer behavior, and the rest (only 17%) identified the term with less critical objectives.

However, the key enabling processes and technologies of CEM are the desktop systems used by agents to resolve customer interactions, Web-based self-service and management of customer feedback. Here participants showed less understanding: Only 8 percent said that a desktop that can change in real time would help agents improve the customer's experience, and the same small number (8%) said that personalizing the company's Web site would improve the experience. While most participants (82%) said they solicit customer feedback, the majority use subjective methods – such as listening to recorded calls or asking the agent what happened – or channels that are likely to result in only small volumes of responses – letters, e-mail or interactive voice response (IVR). This leads us to conclude that while the term largely is understood, adoption of the practice itself has yet to reach the same level.

Responsibility for customer strategy is evolving.

Somewhat less than half of participants said that a company executive (46%) or the CEO (41%) is responsible for setting the customer strategy, though this response was more common in smaller companies. Conversely, although 54 percent of all participants said that customer performance measures are part of the executive review agenda, that is more often true in very large companies. We conclude that the explanation of this dichotomy lies in the trend to create a title such as customer relationship manager or something similar. So while the responses indicate that smaller companies leave customer strategy to the CEO or other executives, in larger companies it is more likely that these executives set the general strategy but leave the details to a person or group from marketing, sales or customer service, led in about a third of companies by a senior vice president or director.

Companies don't collect and analyze feedback effectively enough.

The majority (83%) of participants in this benchmark research told us their company is not very effective at improving the customer experience. Most companies (65%) decide that they need to act based on the results of customer feedback surveys. The results also show, however, that most surveys are sent out monthly or less frequently (57%) (and that the most common channels are email and postal mail,

making it likely that only a small percentage is returned and that the memory of many recipients will have faded. Only about 10 percent of the participants have adopted analytic tools that could significantly increase the size of their samples and thus make the analysis more accurate and timely. An additional benefit of using such tools is that they enable companies to increase the granularity of segmentation and set more closely targeted strategies for different customer segments.

The use of customer feedback is increasing.

The results show that in one form or another, most (82%) companies solicit feedback from their customers about interactions. The two most popular methods (41% each) for doing so are to listen to recordings of calls and to send out surveys by e-mail. Both have similar constraints: Companies have limited resources and so listen to only a small sample of calls, and response rates to surveys typically are very low. Timeliness of response also is a problem because more than half (57%) of companies send out surveys monthly or less frequently, and only about one-quarter (23%) solicit feedback immediately after the interaction. We conclude that many companies aren't that committed to using surveys, but that could be changing: About half of participants said they plan to implement more formal methods of soliciting feedback in the next 12 months, and using e-mail surveys is the one they named most often.

Companies don't manage customer touch points actively.

The customer experience occurs at various touch points, and where a person is involved, the skill and attitude of that person are important. Yet our research shows that companies tend to rely on the quality of their products (39%) and their brand image (28%) to set customer expectations; only 22 percent of participants said that the way customers are handled on the phone has an impact on those expectations. It is therefore not surprising that most lack documented processes for handling different types of interaction; phone calls most often (57%) have such processes. More often, participants said they have approved processes that are not documented, which suggests that many "best practices" have evolved by word of mouth. And despite the prevalence of multichannel customer service, we found process gaps: Only 23 percent of organizations document handoffs between communication channels, and only about two-thirds (65%) can track interactions across channels.

In 40 percent of organizations, responsibility for defining these processes rests with the customer service team, and only about a quarter (28%) assign it to a dedicated team. In contrast to our previous benchmark studies, few leave it to IT (1%) or no one (6%) – this at least is a welcome improvement.

Companies need to understand customer behavior better.

Uppermost in companies' minds with respect to their customers are three concerns: how loyal they are (81%), whether they recommend the company to colleagues (81%) and whether they are satisfied (73%). To measure these important qualities, more than two-thirds (69%) of organizations rely on overall customer satisfaction scores. They pay less attention to outcome measures such as customer lifetime value (31%) or cost of service (27%) or to newer measures such as net promoter scores (25%). Further analysis of how companies produce their key performance indicators (KPIs) indicates that they rely heavily on spreadsheets and have not deployed

technologies that would allow them to integrate data from disparate sources to do these more innovative types of analysis.

Companies need to get more from their customer-related data.

Through calls, e-mail, surveys, blogs and other means, customers are telling companies what they do right and wrong, not just in the contact center but across the enterprise, commenting on failings such as poor quality of products, misleading sales messages or incorrect bills. As they do this, large volumes of data are created and captured in the center. Companies have begun to use this data to improve operational processes (72%) and call center processes (52%). Yet few have gone further to use such data as the basis for call-routing (35%), to set agent reward schemes to change behavior (33%) or to identify the best-performing agents as an indicator for new recruitment (29%).

Companies could also make better use of the customer information they do collect; 75 percent simply distribute it and in only about half of companies (54%) does the information make it onto the executive agenda.

Companies need more reliable views of their customers.

The foundation for a customer management strategy that enables decision-making at the point of contact with customers is an up-to-date, reliable and comprehensive view of the customer – sometimes called the single or 360-degree customer view. Our benchmark research shows that only 38 percent of companies have such a view and for those do, the information contained on it is of these types:

- Operational measures such as sales information, customer demographics, and product information, which occur in roughly the same frequency (about 60%)
- Information about interactions from the call center (68%) and other business units (49%)
- Outcome measures such as customer's lifetime value (45%), first-call resolution rates (42%) and cost of service (30%), and net promoter scores (11%)
- Automated analysis of call recordings (20%) and text-based interactions (12%).

This illustrates our finding that companies are more focused on operational efficiency than on the outcome of their actions. The prominence of operational measures is largely a consequence of the methods employed to derive key performance indicators, which either are manually derived using spreadsheets (68%) or are drawn from standard reports produced by infrastructure products (60%). Both of these sources limit the range of data that can be included in the analysis and thus its relevance. Some companies (27%) have gone to the trouble and expense of developing more comprehensive reports using their enterprise business intelligence tools. Only 20 percent have implemented a dedicated product that can deliver customer metrics. Thus it is little wonder that only 7 percent of companies are completely satisfied with their customer KPIs.

Agents and centers remain central to meeting customer expectations.

Despite the proliferation of new channels, companies still expect contact center agents to play the key role in satisfying customers. The most-often cited change of

technology that could improve the customer's experience is routing of calls to the right agent (23%), although improving Web service had a higher weighted average, indicating that this alternative is gaining strength. We found the same pattern when examining actions that companies have taken in trying to improve the customer's experience; participants cited improving agent training most often (58%), but improving the Web site also received a significant response (44%).

The results also confirm a trend that we have observed in the past: Companies don't rely solely on full-time call center agents; 29 percent of them are routing calls to employees outside the center.

Nevertheless, the traditional call center continues to handle most companies' interactions with customers. Nearly three-quarters (73%) of participating companies have a stand-alone center. These vary in size from less than 10 seats (3%) to more than 2,500 seats (10%); overall, the distribution is fairly even, with no segment representing more than 16 percent of the total. Within the centers, generally speaking, participants rated their agents' performance strongly positively: 57 percent rated it high, and 9 percent rated it excellent.

Agents' attitudes most influence the customer's experience.

Other Ventana Research benchmark research shows that calling the contact center is still the most popular way that customers interact with a company. It is therefore not surprising that three of the top four factors participants cited as influencing the customer's experience most strongly are related to agents:

1. The attitudes of agents (26%)
2. Their understanding of the customer's issue (23%)
3. Their ability to resolve the issue during the first call (20%).

Participants chose these factors far more often than the items traditionally measured in the call center, such as queue lengths, call lengths and number of times transferred. We conclude that companies should focus less on those operational measures and more on measures to determine how well the agents are performing from the customer's perspective. Given this disconnect, we were not surprised to find that only about half (51%) of participants from companies that measure customer satisfaction for call-handling said their customers are satisfied, and just 40 percent said that calls usually are resolved during the first call.

Agents need a smarter desktop.

The majority of customers' interactions are with an agent in the contact center or someone in an alternate business unit, and resolving interactions on the first call is a high priority. These and other factors make the agent's desktop an important tool. Good support from the desktop allows the agent to focus on the customer and proactively prompts the agent with information that can help resolve the issue. But our benchmark results show that only about one-third (35%) of companies provide such a "smart" desktop. Although one-third (36%) plan to upgrade their agents' desktops in the next 12 months, half of them (49%) plan to build a solution in-house and so won't be taking advantage of the available products on the market, which have functionality built in to address this issue and could save them money and risk.

Web self-service is important but not a priority.

For most businesses, having a public Web site is now mandatory, and 81 percent of participating companies have a site. Yet only about half (52%) use theirs for customer service to some extent. Asked to choose among qualities of a Web site that have the greatest impact on the customer experience, half (53%) chose ease of navigation, and one-fourth (25%) selected look and feel. Only 11 percent said it is important to make it easy for customers to purchase products or services, and almost none (1%) said that personalizing the site would improve the customer's experience. It is therefore not surprising that participants said that less than half (44%) of their customers are totally satisfied with their site.

We also found that companies are not focusing on use of their Web sites by customers. For example, nearly half (47%) don't even know how many people using their site end up speaking with an agent, and only 38 percent measure how many customers who start a purchase actually complete it. Without measures of this sort, they aren't likely to use the Web effectively.

The transition continues to multiple channels of customer service.

The research shows that companies already have implemented multiple channels through which their customers can communicate; the widely accepted means of telephone (97%), e-mail (92%), fax (80%) and postal mail (77%) are still the most popular. Alongside these, most companies (81%) have implemented Web sites and plan to continue investment in them, and another 10 percent will implement a site in the next 12 months. To keep up with changing customer preferences and technology investments, companies also have begun to adopt new channels such as instant messaging (IM; 21%) and text messaging (18%), which are the areas in which most investment will occur in the next 12 months (14% in IM and 11% in text messaging). Though less common, video is increasingly becoming available (10%) and is an area of planned investment (7%).

As these plans come to fruition, it will be even more important that companies establish and maintain consistency across channels; currently 65 percent can track interactions across multiple channels, and the rest will need to do so to keep up.

A company's business model influences how it manages the customer's experience.

As well as looking at the size of company judged by number of employees and revenue, we also analyzed results according to three general business models (business-to-consumer, business-to-business and mixed) to see whether that impacts a company's approach to CEM. The first obvious conclusion is that B2C organizations have larger customer bases than B2B, which is the major cause of differences in approach. Overall the results show that B2B companies are more intimate with their customers and take a more personal approach rather than making use of automation techniques. Items of particular difference include the following:

- Smaller companies more often designate a customer relationship manager and make it a relatively junior role.
- Many more B2B participants said they don't know what the term CEM means.
- The smaller the company, the more likely it is that the CEO or a named, dedicated individual takes responsibility for setting the customer management strategy.

- The smaller the company, the more likely it is that a dedicated team or individual defines the interaction-handling processes. In larger companies, this is more likely to be left to customer service.
- B2B companies are much more likely to use multiple techniques in deciding their customer strategy.
- People in B2B companies were not as aware of what KPIs the company uses to measure customer experience, but these organizations show a higher adoption rate of net promoter scores. In B2C companies, the most popular KPI is average call length.
- B2C companies more often use customer surveys.
- Both types of company rate call-routing as the technology that will influence CEM most, but this emphasis is stronger in B2C companies.
- B2C organizations have adopted automated analytics more widely.
- B2B companies place more importance on multichannel interactions and in particular Web self-service.

Maturity Model Analysis

Ventana Research has developed a methodology that we use to assess organizations' maturity in various business processes. The maturity analysis is based on participants' responses to the questions in our survey and applied to the consolidated results from this benchmark research. (For the actual questions, see the Appendix to the full report.) We urge individual organizations to use this analysis to evaluate their own maturity and compare it with that of companies represented here.

The Ventana Research Maturity Model™ evaluates maturity in four organizational categories – People, Process, Information and Technology – and ranks maturity in four levels: Tactical, Advanced, Strategic and Innovative. After applying the model to analyze maturity in customer experience management, we are able to characterize each level of maturity for the four categories, as described below.

A maturity level in one category does not necessarily imply similar maturity in another. For example, a company that is at the Strategic level of customer experience management in terms of its People may be Tactical in terms of Technology.

The Four Levels of CEM Maturity

Tactical

People – Tactical companies generally have little interest in the customer's experience and the outcome of their interactions with customers. They do not have a senior person whose focus is the customer and either have no specific customer strategy or one driven by processes embedded in their systems. They dismiss the term "customer experience management" as hype and often confuse it with customer relationship management (CRM). They don't reach out to their customers and instead rely on the quality of their marketing messages and their brand image to attract and retain them.

Process – Tactical companies' processes for handling customer interactions are vaguely defined and typically not well documented. Customer interactions are handled in isolated silos according to department or communication channel and lack consistency across customer touch points. These companies rely on agents to make subjective assessments of customer satisfaction, or they infrequently send customer surveys. Their customers report low levels of satisfaction.

Information – To assess performance tactical companies rely on short-term operational measures provided by their infrastructure systems. These measures are focused on efficiency, such as handling the expected number of calls each day. Since the information comes from disparate systems, these companies have a fragmented and rudimentary view of their customers, the interactions they have with them and the business they transact.

Technology – Tactical companies allow individuals to extract data from systems and analyze it in spreadsheets. Call center agents or others trying to resolve customer issues must struggle with desktop technology that forces them to log into several systems, find their way through them and entering data more than once. They have a Web site but use it primarily to provide information rather than to conduct business with customers. Their contact center supports the basic channels of communication:

voice, e-mail, fax and postal mail.

Advanced

People – Advanced companies have begun to take customer experience and interaction more seriously. They do not have an individual responsible for customers, but they do rely on the head of marketing, sales or customers to develop a customer strategy. They see the quality of their products as the main determinant of customer loyalty. They realize CEM goes beyond traditional CRM and that improving interactions will help them retain customers and sell them more. They have started to use competitor analysis and customer forums to understand customers' expectations.

Process – Advanced companies document some interaction-handling processes, typically for different types of calls, and have a process to ensure interaction-handling is approved across the enterprise. They still handle most interactions in silos, though they may allow the call center to handle e-mail, fax and letters. These companies have begun to formalize the assessment of customer satisfaction by including it in the quality monitoring process, but their customers still report low levels of satisfaction.

Information – Advanced companies rely on short-term measures to assess performance but have introduced some outcome measures, such as overall customer satisfaction levels and the costs of customer service. They have begun to widen their view of the customer and include more business information.

Technology – Advanced companies still run on spreadsheets. Agents or others trying to resolve issues have a single desktop that supports single sign-on, less duplicate data entry and easier access to information. Their Web site provides limited customer self-service and/or technical support. They support some remote channels of communication such as the Web, kiosks or PDAs.

Strategic

People – Strategic companies have a dedicated person – often the CEO in smaller companies – or a committee that sets their customer strategy. They are concerned with the quality of interaction with customers at every touch point. They make extensive use of customer feedback surveys and use research about what it takes to satisfy their customers.

Process – Strategic companies have documented and approved a significant portion of their interaction-handling processes. The call center supports multiple channels and experiments with communication with mobile devices. More than half of their customers say they are satisfied.

Information – Strategic companies are focused on outcomes and use measures that show the business impact of how they handle customer interactions.

Technology – Strategic companies have begun to use their enterprise business intelligence (BI) tool or a BI tool designed for use in the contact center to produce customer-related performance measures. They provide agents with a smart desktop that helps them navigate through defined types of interactions and automatically

provides customer-related information. Their Web site supports self-service transactions.

Innovative

People – Innovative companies have executives fully involved in setting the customer strategy. They are concerned not only with the quality of customer interactions but also with influencing customer behavior during and after those interactions. They proactively seek customer feedback at the point of contact and allow customers to determine how to supply it.

Process – In Innovative companies, the call center supports multiple channels, including the latest, such as instant messaging and video. A substantial majority of their customers say they are satisfied.

Information – Innovative companies are progressing toward having a single view of their customers. They can access information at the individual customer level and information broken down by channel of communication. They utilize all the customer data created during interactions – call recordings, IM scripts, Web scripts and blogs – to automatically assess customers' satisfaction and behavior. They use information gained during interactions to identify improvements to enterprise-wide processes.

Technology – Innovative companies have extended their view of customers by using speech, text and Web analytics technologies. Their agents' desktop not only guides them through interactions but automatically prompts them with next best actions and offers that are based on the customer's profile and the context of the interaction. Their Web site supports personalized e-commerce, and they monitor the success rates of attempted purchases and proactively modify prompts on the site to influence customer behavior.

Maturity Analysis

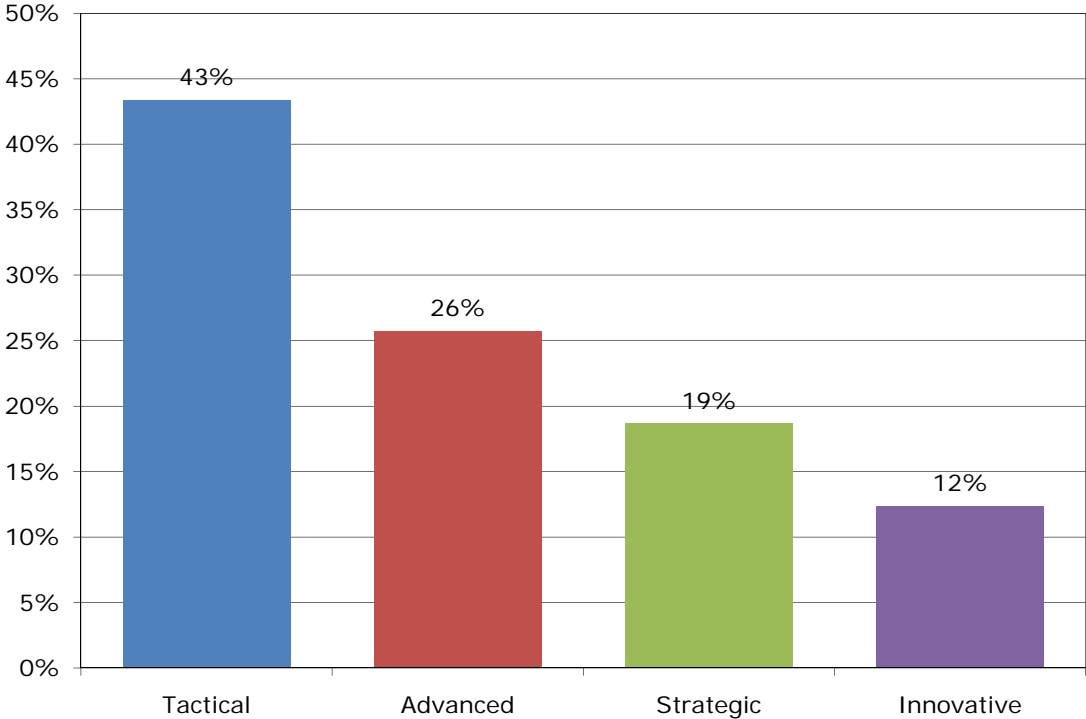
After evaluating maturity for the four core categories of People, Process, Information and Technology, we consolidate those findings to establish overall maturity. We also examine the maturity of companies in key industry groups – Finance, Manufacturing, Services and the Public Sector – and of organizations categorized by size as measured by their number of employees and annual revenue.

Overall Maturity

Overall maturity can be difficult to measure because a level of maturity in one category does not necessarily imply the same level in another. Nevertheless, we have developed a methodology to do so. Our assessment of an organization's overall maturity reflects how important an organization considers it to manage the customer experience, how extensively and effectively it does so and the business benefits it derives from doing so.

Overall, this research indicates that companies are not very mature in customer experience management. More than two-thirds (69%) of all participating companies are at one of the two lowest levels. The largest group (43%) is at the lowest Tactical level, and another one-fourth (26%) are at the Advanced level. The progression is like a descending staircase, with each more mature level attained by fewer companies than the previous. Only 12 percent have reached the Innovative level.

Figure 9
Company Maturity: Overall

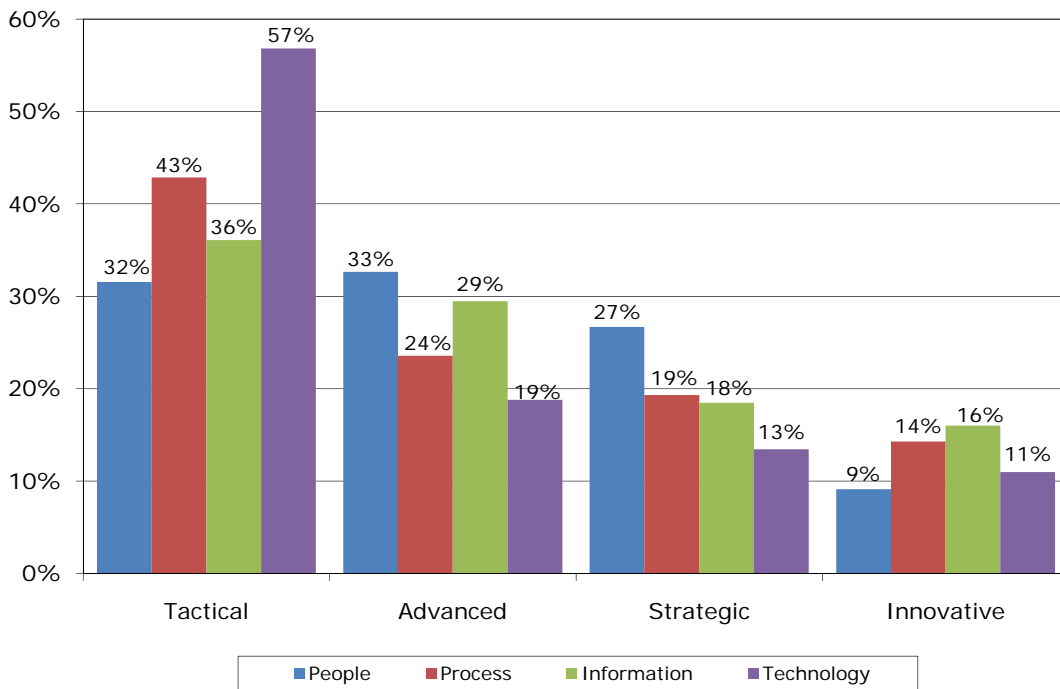


Source: Ventana Research

Maturity by Key Categories

Our CEM analysis shows that of the four categories that comprise the business – People, Process, Information and Technology – People stands out with a significantly different profile of responses than the others and in comparison to overall maturity. The pluralities are almost the same at the Tactical (32%) and Advanced levels (33%), and the Strategic level (27%) has only a few less companies. The pattern for the use of technology is the same overall, but the Tactical level is much higher (57%) than for the other categories. This result suggests that companies are more advanced in their perception of CEM than they are in deploying technologies that could deliver more advanced levels of information and in turn could identify both call center and enterprise processes that need improving.

Figure 10
Company Maturity by Categories



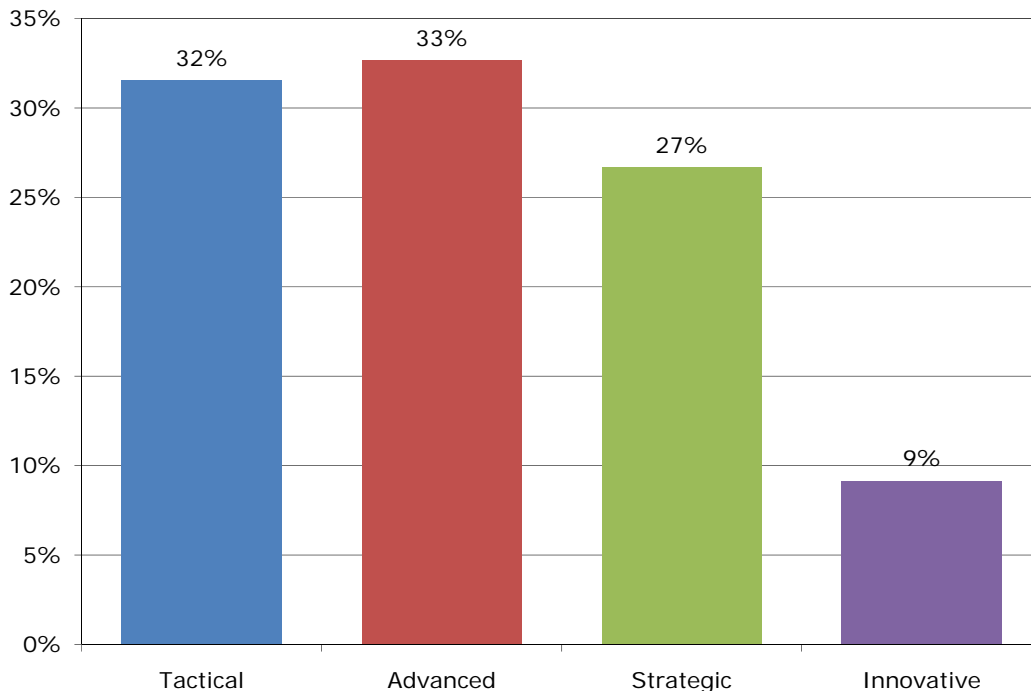
Source: Ventana Research

People Maturity

Of the four categories by which we analyze CEM maturity, People is where companies are the most mature; our analysis produced a distribution with almost the same number of organizations at each of the first three levels.

Two factors influenced this conclusion: Respondents in general showed a high degree of understanding of the concept of customer experience management, and a significant number of companies involve senior executives in the creation of their customer management strategy. Yet our analysis also indicates that only 9 percent of companies have reached the Innovative level for People, largely because they do not recognize that using the right KPIs would have a beneficial effect on how they interact with their customers.

Figure 11
Company Maturity: People



Source: Ventana Research

We based our assessment of People maturity on four main criteria:

- Who within the company is responsible for creating a customer management strategy
- How they go about creating it
- The importance placed on training and rewards for agents
- The use made of customer-related KPIs to motivate people who handle customer interactions.

Our analysis places 32 percent of companies at the Tactical level. At this level, companies typically don't have a customer management strategy or rely on a strategy developed by someone in the call center or farther from the customer in IT. This lack of strategic focus on customers is also reflected in our finding that the

employees responsible for the strategy are likely to be at the manager level or lower (41%) and that they rely for guidance more on employee feedback and customer focus groups than on more direct sources such as customer feedback.

Almost all companies view their agents as important or very important, but Tactical companies don't back this up by improving training, fine-tuning recruitment policies or establishing a reward system that encourages agents to focus on the quality of their customer interactions. They also make very limited use of their KPIs.

Our analysis places slightly more companies (33%) at the Advanced level. At this level, companies have a customer management strategy that is developed by the head of marketing, sales or customer service, or by a vice president or senior manager. They still rely on customer focus groups, but they supplement this information with customer feedback to shape the ongoing strategy.

At this level, companies back up their reliance on agents by improving their training programs (38%), and they use their customer-focused KPIs as input for those programs. As a result Advanced companies rate their agents' skill levels as at least average.

Our analysis places only slightly fewer companies (27%) at the Strategic level. At this level companies place high importance on their customers and have appointed an individual or group of people with specific responsibility for developing a customer management strategy. If it is an individual, he or she is likely to have the role of customer relationship manager and to be at the senior vice president or director level. In smaller companies, it is not unusual that this individual is the CEO.

At this level of maturity, companies use their customer-focused KPIs to tune their recruitment policy and their quality-monitoring process to understand what agents are doing well or badly. In turn they use this information to guide the routing of interactions to the agents who are most likely to achieve the best outcome.

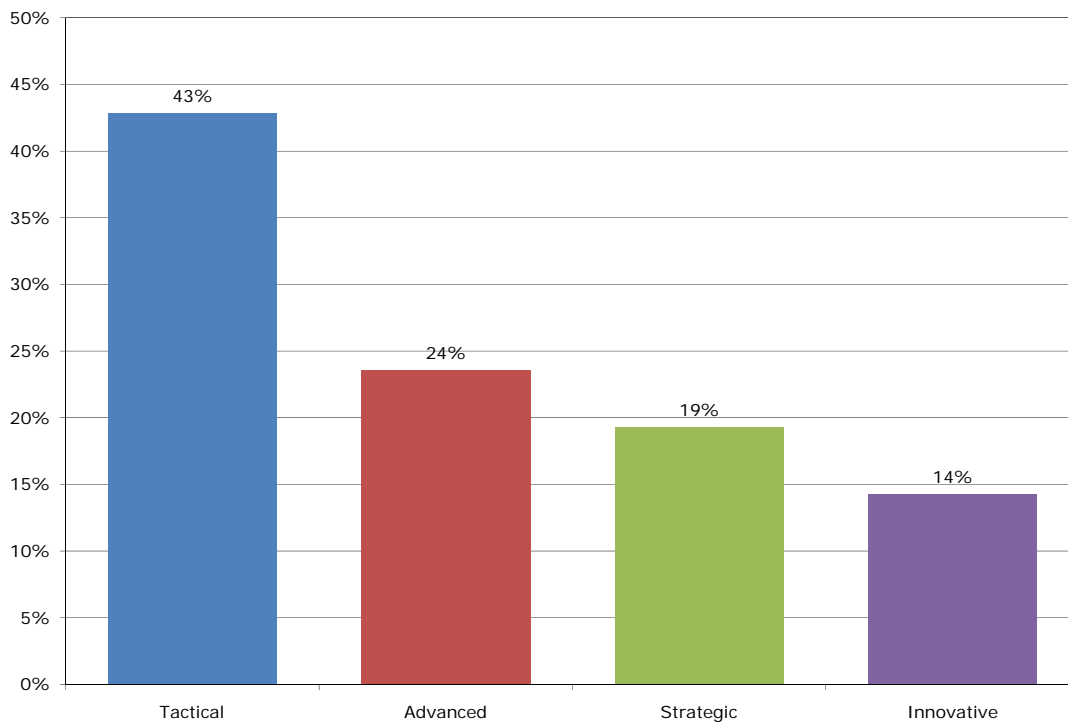
Of the four maturity levels for the People component, our analysis placed the fewest companies at the Innovative level (9%). At this level, companies are truly customer-focused, as shown by having the customer management strategy developed by the whole executive committee (21%). They appreciate that the customer experience is a major influence on customer behavior and the resulting business outcomes. For this reason, the customer experience manager is at the executive level and is focused on improving customer interactions at every touch point.

Companies at this level rate their agents' skill level as excellent (9%) and have achieved this by linking reward systems to their KPIs (10%).

Process Maturity

Our analysis of Process maturity follows a similar pattern to overall maturity with the majority of companies at the Tactical level (43%), a sharp drop off to the Advanced level (24%) and only 14 percent at the Innovative level. The main factors that influence this low level of maturity are companies lack of appreciation of the impact interactions have on customer expectations and satisfaction, the low use of formalized surveys to gauge customer feedback and the inability of most companies to personalize interactions.

Figure 12
Company Maturity: Process



Source: Ventana Research

We based our assessment of Process maturity on four criteria:

- What participants said impacts the customer experience
- The degree to which customer interaction-handling processes are documented and approved
- The current use of and future plans for customer feedback
- The ability to personalize information during call-handling and Web self-service.

Our analysis places 43 percent of companies at the Tactical level. At this level, companies typically rely on their brand image and marketing messages to set customer expectations (34%). They have low appreciation of customer experience management, regarding it as mainly media hype. As a consequence they seldom document or approve interaction-handling processes, and where they have, these are primarily concerned with phone calls. The majority cannot track interactions across communication channels.

At this level there is little use of formal customer feedback mechanisms, and those that have introduced feedback solicit it quarterly or less frequently (54%). They have few plans to implement feedback, most often because they lack resources for implementation or perceive no need to do it.

Companies at the Tactical level for Process cannot personalize information to help their agents and rely heavily on the agent's initiative to resolve calls and satisfy customers. They have few plans to change and mostly see no need to do so. A similar situation exists with regard to their Web sites, where they also can't personalize information and offers; Tactical companies regard basic ease of navigation as the most important factor for customers. Not surprisingly, participants from companies at this level said they are not very effective at improving the customer's experience.

Our analysis places significantly fewer companies (24%) at the Advanced level. These participants said that the quality of their products (40%) influences customers most, and few understand that their Web site also plays a role in setting expectations. Most said that CEM is the same as CRM or is an executive directive to improve sales. The number and type of interactions that are documented and approved has increased, but Advanced companies still cannot track interactions across channels.

They use customer feedback more often than Tactical companies and send out surveys more frequently, at least weekly (13%). They also are considering adopting more formal methods of soliciting feedback. These companies have realized that the information they collect about customer interactions can be used to improve call-handling processes (29%).

Advanced companies still rely heavily on agent initiative but route some calls to more targeted agents (23%) in an effort to increase customer satisfaction. They use the Web site (20%) for some customer service functions. They still can't personalize information but appreciate that customers who want to buy over the Web want that process to be simple.

Our analysis places only 5 percent fewer companies (19%) at the Strategic level. At this level companies appreciate that customer experience management is about improving customer interaction-handling processes at each touch point (55%), but they don't emphasize improving the actual experience during calls. They have shifted responsibility for interaction-handling processes from marketing, sales or customer service to a specialist team. They have more documented processes and can track interactions across multiple channels.

They commonly use customer feedback and send out surveys daily or less frequently. Strategic companies use the information they collect not only to improve the call center process but also to analyze how more general operational processes can be improved (40%).

At this level, companies still insist that their agents' skills have a major impact on the outcome of calls, but they provide agents with a desktop system that makes it easier to follow the flow of a call, retrieve the required information and get prompts on the next best action. They see the new desktop system as a way to improve their first-call-resolution rates (24%). Strategic companies are committed to e-commerce and enable customers to purchase goods and services through their Web site (17%).

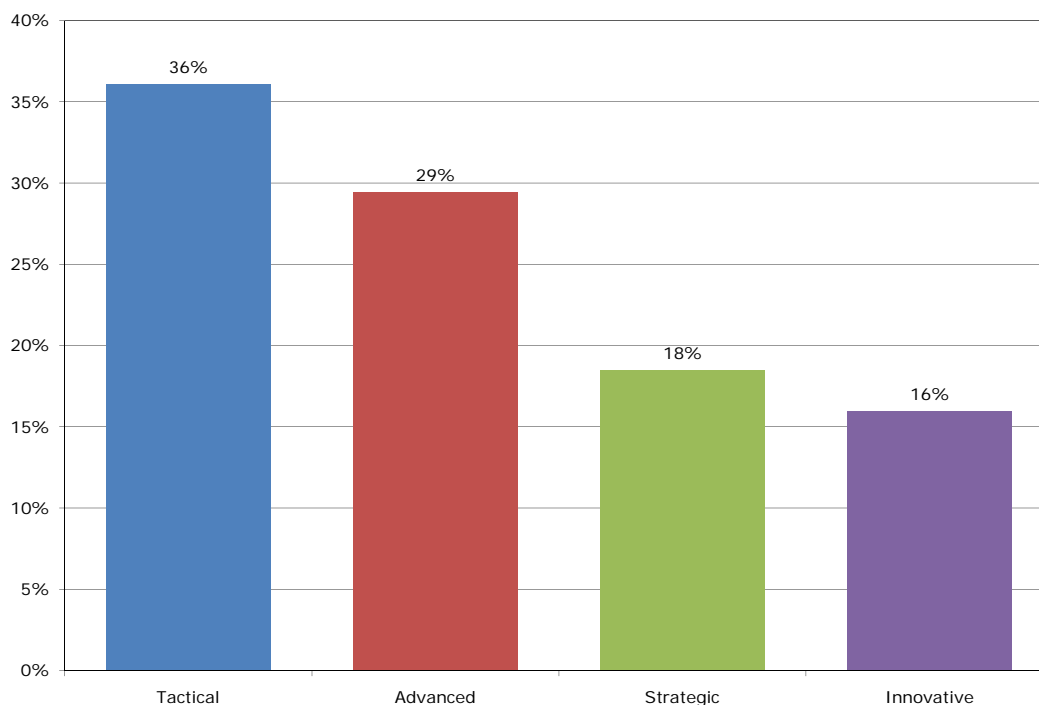
Of the four maturity levels for the Process component, our analysis places the fewest companies at the Innovative level (14%). At this level, companies see the purpose of customer experience management as being to influence customer behavior (27%) to remain loyal, buy more, recommend the company more often and call less often. To achieve this, they assign documentation of interaction processes to a dedicated team (29%). They use customer feedback often and conduct surveys as the interaction terminates.

At this level, companies are now able to personalize information at the agent's desktop (46%), which includes the ability to prompt the agent to present targeted offers to the customer. The web site can provide multiple services and can be personalized depending on the user's profile. Participants at the Innovative level said they are very effective at improving the customer experience (17%).

Information Maturity

Our analysis of Information maturity follows a pattern similar to overall maturity, the percentages decreasing at each higher level, but with a less dramatic fall-off between the levels. At the Innovative level are 16 percent of organizations, the most for any of the four categories. The main factors that influence this rating are the relatively large numbers of companies that set goals for managing the customer's experience at different touch points and that measure customer lifetime value. However, these positives are offset by the findings that only 38 percent of participants claimed to have a single view of the customer and that most of them only have operational measures in their single view of the customer.

Figure 13
Company Maturity: Information



Source: Ventana Research

We based our assessment of Information maturity on two criteria:

- The measures companies use to monitor and assess their performance in managing the customer's experience
- The information that companies include in their view of the customer.

Our analysis places 36 percent of companies at the Tactical level. These companies focus on efficiency and mostly use measures such as the number of times customers complain or how long they have been a customer (40%) to judge whether they are happy with their experiences. This orientation is reflected in their choice of customer-focused KPIs, which are dominated by overall customer satisfaction scores, average call times and the average time needed to answer calls. The content of their customer view is limited to basic customer demographic information, plus sales and product information (35%). Not surprisingly, these participants said their KPIs are only somewhat adequate. At the Tactical level companies make little use of this information, mostly to segment customers and to position marketing messages.

Our analysis placed only slightly fewer at the Advanced level (29%). Here companies show signs of being focused on outcomes, so as well as overall customer satisfaction they measure how much it costs to support customers. Their KPIs include response times for other types of interactions such as letters and e-mail. Their view of the customer has been enhanced with more marketing information, lifetime values and costs of providing service. Advanced companies regard their KPIs as adequate (46%) and use their current measures to evaluate how they should change going forward.

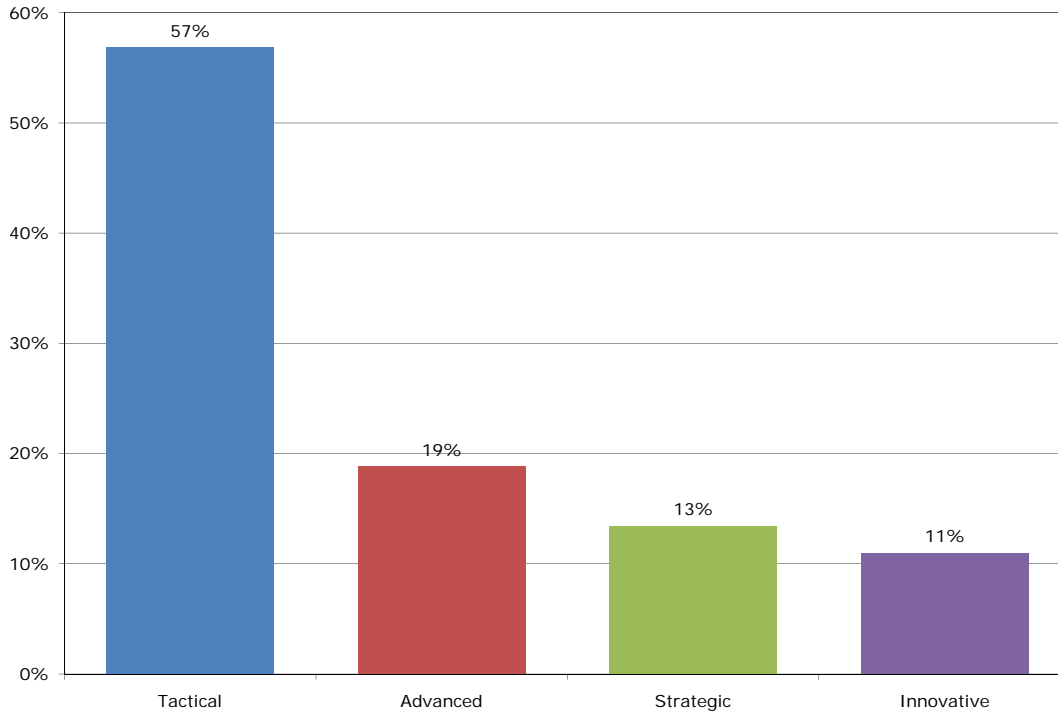
Our analysis places less than one-fifth (18%) of participants at the Strategic level. These companies are concerned with how customers behave during and after interactions and use net promoter scores to measure how many are happy and how many are passing on their bad experiences (10%). Net promoter scores and first-call-resolution rates have joined the list of KPIs. The view of the customer includes outcome measures such as net promoter scores, first-call-resolution rates and a summary of all interactions (22%). Strategic companies (16%) rate their KPIs as more than adequate.

Our analysis places more companies at the Innovative level (16%) than any other category. At this level, companies judge whether their customers are happy by how much money they spend with them and therefore focus on their lifetime value (12%). In support of this they not only compile overall customer satisfaction scores but look at them by channel in an effort to track customers' preferences. Although from other results in the survey we know companies at this level are carrying out more business via the Web, less than 1 percent actually measure how successful they are at getting customers who put something in their cart to complete the transaction. Their customer view includes interactions that occur outside the call center and some automated analysis of call recordings and written correspondence (14%), although this is limited to larger companies.

Technology Maturity

Our analysis of maturity by Technology places the largest number by far at the Tactical level (57%), with a correspondingly large drop-off to the other levels, all less than 20 percent. This disparity shows that companies are not yet adopting new technologies that could help them understand and address the customer's experience.

Figure 14
Company Maturity: Technology



Source: Ventana Research

We based our assessment of Technology maturity on five criteria:

- The technology that companies use to understand customer behavior
- The communication channels they support
- The technology that participants said would improve the customer's experience
- The technology that companies currently use and plan to adopt for customer surveys
- The technology they use or plan to adopt to produce key customer performance indicators.

Our analysis places more than half (57%) of companies at the Tactical level, which shows that the majority of companies are continuing to use established technologies and are either not aware of what new technologies can do or don't have the resources to implement them. At this level they are limited to using basic reporting from their equipment providers or manual methods. There is virtually no use of advanced analytics applications to understand customer interactions from the customer's or the agent's perspective.

Tactical companies support the traditional communication channels of telephone, e-mail, fax, postal mail and walk-in offices (71%). The most common customer-related actions companies have already taken are to update the Web site, upgrade their CRM system or deploy a system to carry out surveys (55%). In terms of what new approaches would impact the experience most, 29 percent said that they plan to deploy text-based IVR with a speech-based system, implement auto-response for e-mail or improve self-service.

The majority of Tactical companies solicit customer feedback, but many (43%) use the traditional methods of sending out surveys by post or e-mail, directing customers to an IVR-based survey or simply ask agents to give their views on the customer's level of satisfaction. For those that plan to change, they still intend to stick with these methods but emphasize e-mail more.

A large number of companies (39%) use spreadsheets to produce their KPIs. This technology limits what KPIs they can use, is error prone and consumes resources and time. And 36 percent of them have no plans to adopt new software within the next two years.

Our analysis places many fewer companies at the Advanced level (19%) for Technology. Advanced companies make more use of the Web, kiosks (for relevant industries) and PDAs (20%). This is reflected in actions they have taken to add channels of communication and deploy systems that can route calls to a specific person depending on specific criteria. They have added outbound calls as a way to solicit customer feedback (17%), and/or they use their quality-monitoring system (17%) to assess customers' reactions and agents' performance during calls.

For producing KPIs, these companies still use manual methods and reports supplied by the equipment suppliers, but 22 percent have plans to change within the next 12 months.

Our analysis places slightly fewer companies at the Strategic level (13%). These companies use analytic tools to automate their understanding of the outcome of customer interactions; 9 percent use their enterprise BI systems for this purpose, and 6 percent use a Web analysis tool.

Strategic companies make use of more types of communication; for example, 3 percent have introduced text messaging from cell phones. At this level companies do not rely on agents' initiative alone and deploy a more advanced desktop (16%) that can at least reduce the time it takes to retrieve and enter data into different systems. They have added Web-based surveys to their ways of soliciting feedback, although mostly for Web-based self service.

At this level companies have started to automate the production of KPIs by using their enterprise BI tool, even though they still have to address the issue of the large variety of sources and types of data produced in the contact center. And 21 percent have plans to change how they do this within six months.

Our analysis places only 11 percent of companies at the Innovative level for their use of technology. They use multiple channels to communicate with customers and have added new ones, such as instant messaging (4%) and video (2%). At this level companies have introduced systems that can automate the analysis of customer

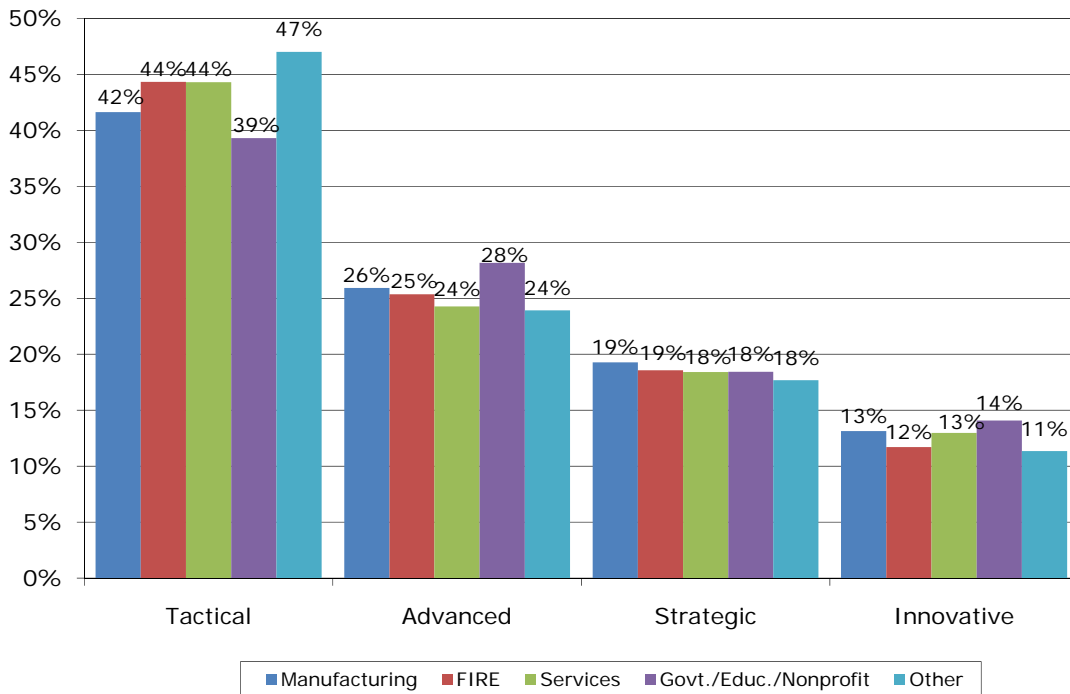
feedback and produce KPIs for the contact center and customers. They gain these capabilities through speech analytics tools that derive insights from recorded calls, text analytics to gain insight from any form of text interaction, and specialist contact center analytics tools that have built-in extractors to work with common contact center infrastructure equipment. The most innovative companies have also deployed predictive analytics (24%) in an attempt to forecast future customer behavior.

Maturity by Industry Sector

We also assessed the relative maturity of key industry sector. For the purposes of this analysis, we use five sectors: manufacturing, finance, insurance and real estate (FIRE), services (including telecommunications), and government, education and nonprofits, and an undifferentiated Other. Our maturity analysis shows that each of the industry sectors follows the same general pattern as the overall maturity model, with most (about 44%) at the Tactical level and a progressive drop-off to the Innovative level (about 13%).

In general, the variation by sector is too small to identify any statistically supportable variations, with one exception: We found a lower percentage of government, education and nonprofit organizations at the Tactical level (39% as opposed to the highest, Other, at 47%) and a higher number at the Advanced level (28% as opposed to the lowest, Other, at 24%). We believe three factors influence this. These public-sector organizations have been early adopters of multichannel centers and are able to track interactions across multiple channels. They also are early adopters of mobile text-based surveys that are sent after each interaction. And they are more satisfied with the efficacy of their key performance indicators. Each of these has likely come about because of central government’s drive to adopt electronic means of operating, in an effort to reduce costs and to be more target-driven.

Figure 15
Company Maturity by Industry Sector

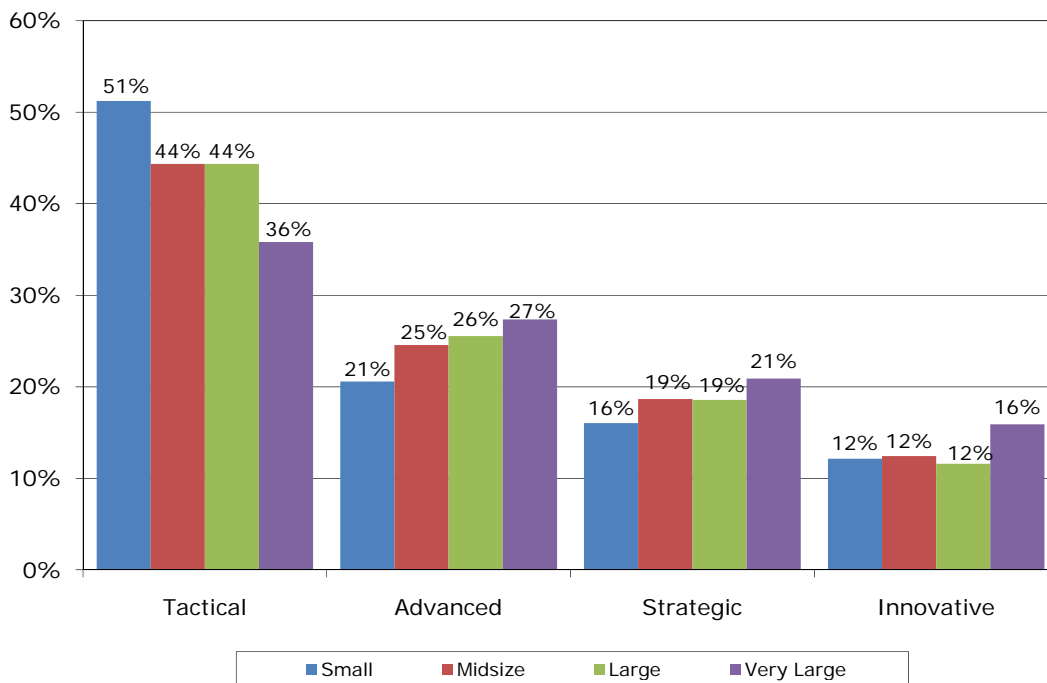


Source: Ventana Research

Maturity by Size of Company: Employees

We assessed the maturity of companies according to their size as determined by how many employees they have. Ventana Research defines small companies as having less than 100 employees; midsize have 100 to 999 employees; large have 1,000 to 9,999 employees; and very large have more than 10,000. The distribution by number of employees follows a similar pattern to the overall maturity levels, with the most organizations at the Tactical level. However, the results show variable patterns within each level. For example, results at the Tactical level descend from small companies (51%) to large and midsize (both 44%), and the fewest are very large (36%). Predictably, then, at the other levels the pattern is reversed: Small companies have the lowest percentages and very large companies the highest. The analysis by categories shows that small companies are more mature in People, Processes and Information than they are for Technology, whereas more of the very large companies have adopted Innovative technologies. We conclude in general that larger companies depend less on personal contact and use technology to automate more aspects of managing the customer experience.

Figure 16
Company Maturity by Number of Employees

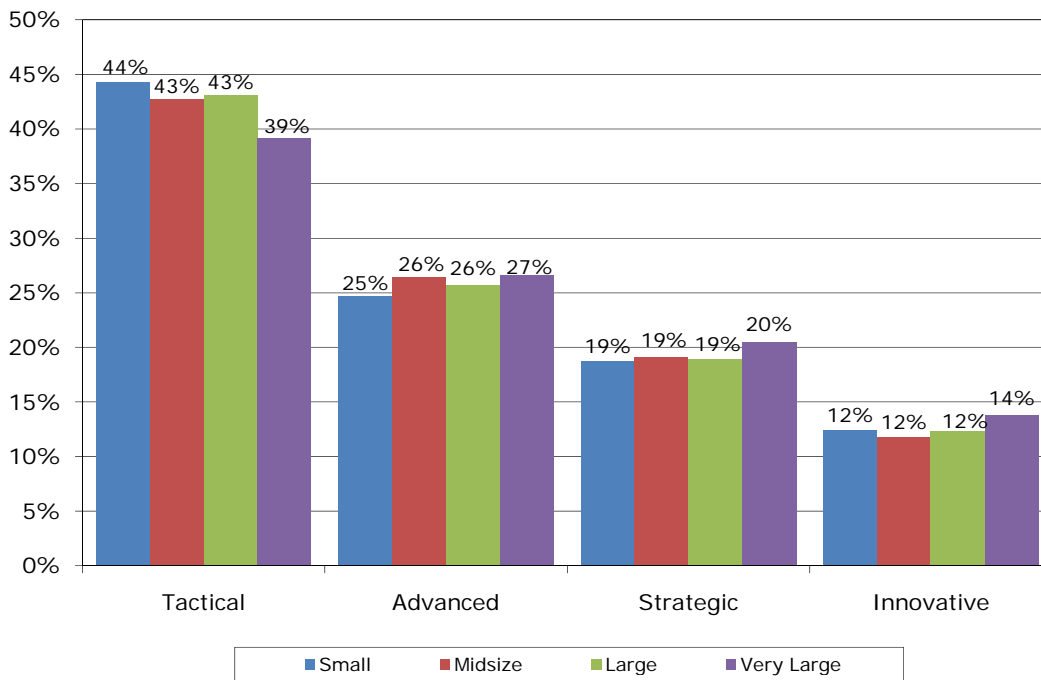


Source: Ventana Research

Maturity by Size of Company: Revenue

We also assessed the maturity of companies by their size as determined by annual revenue. We define small companies as earning less than US\$100 million annually; midsize at US\$100 million to US\$500 million; large at US\$500 million to US\$10 billion; and very large at more than US\$10 billion. The pattern here also follows that of the overall maturity model, and it is similar to but less dramatic than maturity by number of employees. The same reasoning holds, but company size figured by number of employees yields more automation among very large companies than it does by size figured by revenue.

**Figure 17
Company Maturity by Annual Revenue**



Source: Ventana Research

Ventana Research's Recommendations to ciboodle

This benchmark research was designed to reveal the levels of understanding and adoption of customer experience management in organizations and their plans for it. In terms of process and technology we focused on customer feedback management, the desktop systems employees use to resolve customer interactions, Web-based self-service, and reporting and analytics about customers. We make the following recommendations based on our analysis of the research, ongoing discussions with organizations and our knowledge of customer and call center management.

Help customers understand CEM and its role in their company.

Although customer experience management is now a hot topic in the industry, there is confusion as to exactly what it is and what companies should be doing about it. People often confuse it with customer relationship management (CRM), and it does have the same objectives: happy, loyal customers who spend more and cost less to support. Ventana Research defines CEM as using people, processes, information and technology effectively to manage customer interactions at all touch points to engender desired customer behavior. Even most companies that recognize this definition (27% of participants in this research) haven't adopted the processes and technology to implement CEM, and only 17 percent said they are effective at improving their customers' experience.

CEM extends beyond simply improving customer satisfaction scores. Mature companies use customer insights gleaned during interactions to improve their overall business processes. Therefore you will need to educate potential customers on this topic, differentiate it especially from CRM, show the overall business benefits and position your products as effective solutions.

Demonstrate the importance of customer-related operational performance management.

To position CEM as a key component of customer management, use this research to educate companies about why they should do more than pay lip service to the importance of customers. For example, the research shows that customer satisfaction continues to be the number-one driver (cited by 50% of participants, compared to the next-highest choice at 11%) in managing customers, but many companies base their customer satisfaction scores on small volumes of subjective inputs that aren't gathered at the time the interaction completes. Companies should treat customers as they do any other asset: carefully studied and "exploited" for maximum business benefit. The starting point is interaction with them. If these are handled well, customers will be happier and more likely to spend more; otherwise, customers will find it easy to defect.

CEM is fundamentally a process issue. Thus, companies should subject their interaction processes to a formal performance management approach that seeks to understand how customer interactions work, what goes right or wrong, why these things happen and what needs to be changed to achieve better results in the future. As always, this is likely to require changes in people, processes, information management and technology. You should show how your products and services support the customer-focused operational management performance cycle and how they can help create better customer experiences and thus more business.

Help customers understand what more is possible.

The Ventana Research Maturity Model profiles the characteristics of companies that innovate successfully in specific areas of business. In this case, our analysis reveals a large gap between the most mature Innovative companies (12%) and the large portion (43%) at the basic Tactical level. Seeing such a large gap, vendors need to recognize that companies are unlikely to be convinced by the promise of a sudden leap forward but will need to see a clear path that takes them incrementally from where they are today to applying the best practices innovative companies already use.

Therefore you should assess the maturity of prospects and then use case studies and best practices to educate them on what is possible and the potential business benefits. Although we advise against presenting this as a pure technology issue, the results show that many business users in particular are not aware of what technology capabilities exist to support improvement. The most obvious example of technology misuse is the over-reliance on spreadsheets (used in 68% of companies) to produce customer key performance indicators. We suspect that end users think they can produce useful analysis only by manually extracting data from reports generated by their infrastructure equipment and using spreadsheets to do their analysis.

Build on the best practices identified in this benchmark research.

The maturity models included in the research report reveal best practices that you can build on to make the case for your products. Here are the most prominent and suggestions for how to use them to approach potential customers.

People: Innovative companies include executives in the formalization of their customer management strategy, and since the majority of interactions are still done on the phone, they place a major emphasis on agents' skills, knowledge and approach. Therefore, make both a high-level case that appeals to executives and one that demonstrates enhanced support for agents.

Process: Innovative companies document their processes, especially ones that keep communication channels consistent and based on the same information. Show how your products can help streamline these processes and provide performance measures for their effectiveness.

Information: Innovative companies have built a single, comprehensive view of their customers that they use to define strategies, drive process improvements, guide training and coaching, and support real-time decision-making at the point of interaction. Show how your products enable integration of all pertinent data sources and support this single view.

Technology: Innovative companies have deployed customer feedback surveys in various media for every touch point, a desktop that supports more efficient and effective call-handling, extensive e-commerce that can be personalized, and business intelligence tools that handle any data sources (including unstructured data). Target among these areas those that play to your products' strengths.

Build a case for customer feedback management.

More than four-fifths of participating companies (82%) solicit feedback from their customers. However, few do this often enough or soon enough after interactions, nor do they receive enough responses to create meaningful samples. Vendors should seize the opportunity to help customers build truly useful systems for soliciting and managing customer feedback. They should be based on all information gained from surveys, not just customer satisfaction levels. Emphasize the need to seek feedback frequently and at the time when the customer still remembers the interaction clearly. Propose using alternate channels such as PDAs (for service visits) and text messages. This case likely will have to be made at the executive level or in large companies through the customer service team.

Build a case to improve self-service.

While 80 percent of participating companies have a public Web site, only 44 percent have implemented e-commerce on it. In line with this orientation, 53 percent of participants said that ease of navigation has the strongest impact on the customer's experience. In contrast, only 11 percent said ease of purchase impacts the customer experience strongly.

Vendors should help companies realize that their Web-based interactions should be consistent with those in their other channels; if they're not, customers will revert to the call center. Demonstrate also the advantages of personalizing Web-based commerce based on the customer's profile and circumstances. A particularly powerful argument is that companies should track how many intended purchases actually are completed; follow this by showing how improving the experience can drive up that number and the volumes of business.

Demonstrate how to manage performance through a single view of the customer and improved KPIs.

Only 38 percent of participants said their company has a single view of their customers, and only 23 percent said their key performance indicators are more than adequate. These results suggest a dual opportunity for vendors: to persuade companies that they need to update their KPIs and to show how they can do it. To produce effective customer KPIs, they will need comprehensive information brought together in easily accessible form.

New business- and customer-focused measures require data from multiple sources, including infrastructure equipment, business applications and products, data warehouses, call recordings and textual documents. Be prepared to show the extent of the data sources they can access, how the data can be integrated, what reports and analysis your product includes and how easily customized reports and analysis can be produced. Show customers that spreadsheets and reports from their infrastructure suppliers cannot integrate such sources or generate the analysis and reports they need. The research shows that 42 percent intend to initiate a project to improve their view of the customer in the next 12 months, so the opportunity already exists.

About Ventana Research

Ventana Research is the leading Performance Management research and advisory services firm. By providing expert insight and detailed guidance, Ventana Research helps clients operate their companies more efficiently and effectively. Ventana Research delivers these business improvements through a top-down approach that connects people, processes, information and technology. What makes Ventana Research different from other analyst firms is a focus on Performance Management for finance, operations and IT. This focus, plus research as a foundation and reach into a community of more than 2 million corporate executives through extensive media partnerships, allows Ventana Research to deliver a high-value, low-risk method for achieving optimal business performance. To learn how Ventana Research's Performance Management workshops, assessments and advisory services can impact your bottom line, visit www.ventanaresearch.com.

Appendix: Questions

1. Which of the following best describes your title or role in your company?

CEO, President, GM, Owner or EVP
COO or Head of Operations
CIO or Head of Information Technology or MIS
CFO or Head of Finance
VP or SVP
Director or Senior Director
Senior Manager or Manager
Operational Worker
Analyst (Business, Financial, etc.)
Consultant
Other Title

2. Which of the following best describes your functional area of responsibility?

Executive Management
Operations Management
Sales
Marketing
Finance
Human Resources
Operations
Supply Chain
Procurement
Distribution, Fulfillment or Logistics
Product Development or Engineering
Call Center
Customer Service or Order Management
Field Service
Information or Data Management
Information Technology (IT)
Other

3. How many people work in your entire company?

More than 10,000
5,000 to 9,999
2,500 to 4,999
1,000 to 2,499
100 to 999
Fewer than 100

4. If your organization has employees with any of the following titles or a similar title, please indicate the level of each appointment. (Please exclude the title call center manager.)

[matrix]

[left side] chief customer officer, customer advocacy manager, customer relationship manager, customer experience manager

[across top]

Executive (CxO)

SVP or Director

VP or Senior Manager

Manager

Other (Please specify below.)

5. For each position for which you specified Other above, please indicate the level of that position.

6. Which of the following is your primary business model?

We sell to other businesses (B2B).

We sell to consumers (B2C).

We sell to both types of customer.

7. How many discrete customers does your company have?

Fewer than 1,000

1,000 to 2,500

2,501 to 5,000

5,001 to 10,000

10,001 to 50,000

50,001 to 100,000

100,001 to 500,000

500,001 to 1 million

More than 1 million to 2.5 million

More than 2.5 million to 5 million

More than 5 million

Don't know

8. Which of the following best describes your understanding of the term customer experience management (CEM)? (Please select the closest choice.)

It's the same as customer relationship management (CRM).

It's just media hype.

It's just an acronym invented by consultants.

It's another term for raising customer satisfaction (CSAT) levels.

It's the process of improving customer interactions at every touch point.

It's a strategy to influence customer behavior toward loyalty and increased purchasing activity.

It's a strategy to improve sales figures.
I'm not familiar with the term.

9. Who is responsible for setting customer strategy in your organization? (Please select all that apply.)

CEO
Executive committee
Dedicated individual
Dedicated committee
Head of marketing
Head of sales
Head of customer service
Contact center manager
IT
No one
Don't know

10. Which of the following does your company do when defining its customer strategy? (Please select all that apply.)

We recognize different customer segments and treat each differently.
We conduct research on what makes customers satisfied.
We benchmark customer satisfaction against our competition.
We set goals for managing the customer experience at different touch points.
We use predictive analytics to understand potential customer behavior.
We use customer focus groups to understand their expectations.
We use the results from customer feedback surveys.
We don't have a defined strategy.

11. Which of the following tools do you use to understand behavior at the points of customer interaction with your company? (Please select all that apply.)

Voice analytics to understand how customers are responding to telephone-based interactions
Voice analytics to understand how agents are responding to telephone-based interactions
Text analytics to understand what customers are telling us in all forms of written interaction
Web analytics to understand how customers are using our Web site
Customer feedback surveys
Employee feedback after interactions
Analytics and business intelligence to understand data from customer interactions

12. Which of the following measures do you use to correlate analysis of customers' experiences with their behavior? (Please select all that apply.)

Customer satisfaction scores

Customer lifetime value
Customer loyalty (length of time as a customer)
Customer advocacy (net promoter scores)
Number of complaints
Cost of service
Other (Please specify)
Don't know

13. On which of the following behaviors does a customer's experience have an impact? (Please select all that apply.)

Remaining loyal to company
Spending more with company
Recommending company to others
Complaining less often
Calling contact center less often
Being generally more satisfied

14. How effectively do you believe you work at improving customers' experiences?

Very effectively
Effectively
Somewhat effectively
Not effectively

15. Which of the following actions have you already taken or are you planning to take to improve the customer experience? (Select all that apply.)

[[Already in place / Planned in 2008 / Planned in 2009 and beyond / Don't know]]

Improve agent training
Improve quality monitoring process
Update corporate Web site
Deploy new CRM system
Deploy customer feedback systems
Deploy technology to increase first-call-resolution rates
Introduce new customer satisfaction measures
Change the system for rewarding agents
Distribute customer interactions to employees outside the contact center
Provide agents with real-time dashboard of key customer metrics
Deploy speech analytics to understand customers' behavior during calls
Deploy text analytics to understand customers' written interactions

16. Which of the following have the strongest influence in setting customers' expectations? (Please rank the three most important factors, with 1 being the most important.)

Our brand image
Our marketing messages
The quality of our products
How we treat them during telephone conversations
The content of our Web site
The ease of use of our Web site
The number of channels of communication we support

17. Which of the following activities do you use customer experience analysis and measures to improve? (Please select all that apply.)

Operational processes
Recruitment policy
Agent training programs
Business key performance indicators (KPIs)
Agent compensation and reward schemes
Choosing who handles customer interactions
Contact center processes and call-handling scripts
CRM system requirements
Quality monitoring processes
Investment in new communication channels
Marketing messages
Other (Please specify)
Don't know

18. For which of the following situations do you have an approved and/or documented set of customer interaction-handling processes? (Please select all that apply.)

[matrix: Approved / Documented]

Telephone calls
Web-based self-service
IVR-based self-service
Escalating customer interactions
Transferring interactions from one channel to another
Handling a single interaction across multiple channels

19. Who is responsible for defining customer interaction-handling processes in your organization?

Dedicated team
Ad-hoc team
Marketing
Sales
Customer service team
IT
Web site development team
No one
Don't know

20. Which of the following technological changes would most improve the customer experience as regards interaction-handling? (Please rank the three most important factors, with 1 being the most important.)

Route calls to the right agent
Replace text-based IVR with speech-based system
Automatically send e-mail responses
Improve self-service functionality
Enable Web site to be personalized for each customer
Deploy a desktop that is easier for agents to use in handling calls
Offer real-time prompts for agents handling calls
Offer more choice of communication channels to customers
Don't know

**21. Which of the following channels of communication for customers do you support now or plan to support?
[Support now, Within 12 months, Within 24 months, Don't know]**

Telephone
E-mail
Fax
Postal mail
The Web
Web-based instant messaging
Video
Kiosks
Text messaging
Walk-in offices
PDAs

22. Do you track customer interactions across multiple communication channels?

Yes
No
Don't know

23. Do you solicit feedback from customers about their interactions?

Yes
No
Don't know

[If yes:]

24. How frequently do you solicit feedback?

After each interaction
Daily

Weekly
Monthly
Quarterly
Less frequently
No regular interval

25. If you solicit feedback, which of the following methods do you use? (Please select all that apply.)

Agent assesses satisfaction at end of call
Customer directed to IVR survey
Customer directed to Web-based survey
Survey sent by postal mail
Survey sent by e-mail
Survey sent by text message
Survey sent by outbound telephone
Manager listens to call recordings as part of quality monitoring
Call recordings analyzed automatically
Customer asked to choose method

[If no:]

26. Why not?

No perceived need
Lack of knowledge of suitable products
No budget
Lack of implementation resources
High cost of products
No sponsor

27. Do you intend to introduce more formal mechanisms for soliciting customer feedback?

Yes
No
Don't know

28. If yes, which methods do you intend use? (Please select all that apply.)

Agent assesses level of satisfaction at end of call
Customer directed to IVR survey
Survey sent by postal mail
Survey sent by e-mail
Survey sent by text message
Customer directed to Web-based survey
Outbound telephone survey initiated
Manager listens to call recordings as part of quality monitoring
Call recordings analyzed automatically

29. Do you have a single, integrated view of all information about your customers?

- Yes
- No
- Don't know

[If yes:]

30. Which of the following types of information are part of your view of your customers? (Please select all that apply.)

- Summary of all interactions regardless of channel
- Summary of all interactions regardless of which business units handle them
- Marketing information
- Sales information
- Product information
- Customer demographics
- Automated analysis of all calls
- Automated analysis of text-based interactions (including e-mail, postal letters, IM scripts and Web scripts)
- Customer lifetime values
- Cost-to-service values
- First-call-resolution percentages
- Net promoter score
- Overall customer satisfaction level
- Customer satisfaction levels by channel

31. Which of the following are your most important customer-focused key performance indicators? (Please rank the three most important factors, with 1 being the most important.)

- Overall customer satisfaction (CSAT) score
- CSAT scores by channel
- Average call-handling time
- Average time to answer a call
- Average time to respond to written correspondence (letters and e-mail)
- First-call-resolution rate
- Net promoter score
- Lifetime value
- Web sales conversion rates

32. How do you rate the effectiveness of your customer-focused KPIs?

- Completely adequate
- More than adequate
- Adequate
- Somewhat adequate

Inadequate

33. For which of the following purposes do you use customer-focused KPIs? (Please select all that apply.)

To communicate quality of customer experience throughout the organization
As part of executive review agenda
To reward agents based on customer satisfaction
To drive marketing messages

34. Do you have one or more stand-alone call centers?

Yes
No
Don't know

[If yes:]

35. What is the total number of seats in all your centers?

Fewer than 10
10-24
25-49
50-99
100-249
250-499
500-999
1,000-2,499
2,500 or more

36. What is the skill level of your agents as a whole?

Excellent
High
Average
Low

37. Which of the following factors has the strongest impact on the customer experience during a telephone conversation? (Please rank the three most important factors, with 1 being the most important.)

Time spent waiting for call to be answered
Attitude of agents
Ability of agents to understand customer's issues
Ability of agents to resolve issues at first call
Length of call
Form of call greeting
Number of times customer is transferred
Length of time waiting on hold

Consistency of information given
Knowledge of person handling call

38. Do you measure customer satisfaction specifically for call-handling?

Yes
No
Don't know

[If yes:]

39. What percentage of your customers say they are completely satisfied?

76 to 100 percent
51 to 75 percent
25 to 50 percent
Less than 25 percent
Don't know

40. What percentage of issues raised in calls are resolved during the first call?

76 to 100 percent
51 to 75 percent
25 to 50 percent
Less than 25 percent
Don't know

41. Do you personalize the information provided at the agent's desktop depending on the caller's profile?

Yes
No
Don't know

42. Do you intend to upgrade your agent desktop in the next 12 months?

Yes
No
Don't know

[If yes:]

43. Which of the following vendors are you considering?

Chordiant
Cincom
eglue

etalk (Autonomy)
Graham Technology
Inquiria
InStranet
Jacada
Pegasystems
Portrait Software
SmartPoint
Teradata
Other (Please specify)
None; in-house development

[If no:]

44. Why not?

No perceived need
Lack of knowledge about available products
No budget
Lack of implementation resources
High cost of products
No sponsor

45. Do you have an interactive voice response (IVR) system?

Yes
No
Don't know

[If yes:]

46. What percentage of customers who use the IVR system end up speaking to an agent in the contact center?

76 to 100 percent
51 to 75 percent
25 to 50 percent
Less than 25 percent
Don't know

47. Does your company have a public-facing Web site?

Yes
No
Don't know

[If yes:]

48. What is its purpose? (Please select all that apply.)

Present information
Offer technical support

Conduct transactions (sell products or services)
Offer customer service
Perform multiple services
Don't know

49. Which of the following qualities have the greatest impact on the customer experience of using a Web site? (Please rank the three most important factors, with 1 being the most important.)

Web site's "look and feel"
Ease of navigation
Simplicity of purchasing products or services
Speed of response to customer input
Consistency of information with other sources
Degree of personalization of content
Personalization of offers

50. Do you measure customers' satisfaction in using your Web site ?

Yes
No
Don't know

[If yes:]

51. What percentage of those customers say they are completely satisfied?

76 to 100 percent
51 to 75 percent
25 to 50 percent
Less than 25 percent
Don't know

52. Do you measure how many customers successfully complete purchases on your Web site?

Yes
No
Don't know

53. How many customers who use the Web site end up talking with an agent?

76 to 100 percent
51 to 75 percent
25 to 50 percent

Less than 25 percent
Don't know

54. Do you intend to upgrade your Web site in the next 12 months?

Yes
No
Don't know

[If no:]

55. Why not?

No perceived need for upgrade
Lack of knowledge about available products
No budget
Lack of implementation resources
High cost of products
No sponsor
Don't know

56. Do you use customer feedback surveys to gauge the customer experience and satisfaction?

Yes
No
Don't know

[If yes:]

57. Which of the following vendors' products do you use? (Select all that apply.)

CustomerSat
NICE Systems
ResponseTek
Satmetrix
Verint
Other (Please specify)

[If no:]

58. Why not?

No perceived need
Lack of knowledge about available products
No budget
Lack of implementation resources
High cost of products
No sponsor
Don't know

59. Which of the following tools do you use to derive customer-focused KPIs? (Please select all that apply.)

Spreadsheets
Reports from discrete systems
Enterprise business intelligence (BI) system
BI system tailored for contact center

60. Which of the following vendors' products do you use to produce customer-focused KPIs? (Please select all that apply.)

Actuate
AIM Technology
Autonomy (etalk)
Business Objects (SAP)
Cincom
Clickfox
Cognos (IBM)
Enkata
Graham Technology
HardMetrics
Informiam
Inova
Intelligent Results
Latigent (Cisco)
Merced Systems
Microsoft Office (Excel)
MicroStrategy
NICE Systems
Portrait Software
Oracle
Satmetrix
SPSS
Symmetrics
Teradata
ThinkAnalytics
Verint-Witness Actionable Solutions
Other (Please specify)

61. Do you plan to implement or are you considering implementing a specialized product for customer analytics or BI?

Yes
No
Don't know

[If yes:]

62. How soon would you consider deploying such a product?

Within the next 6 months
Within 6 to 12 months
Within 12 to 24 months
Not in the foreseeable future
Already have one in place
Don't know

[If no:]

63. What is preventing your company from doing so? (Please select all that apply.)

No perceived need
Lack of knowledge about available products
No budget
Lack of implementation resources
High cost of products
Lack of access to required data sources
No sponsor

64. What was your company's total revenue last year?

More than US\$10 billion
US\$1 billion to US\$10 billion
US\$500 million to US\$1 billion
US\$100 million to US\$500 million
Less than US\$100 million

65. Which of the following best describes the industry in which your company competes?

Aerospace or Defense
Agriculture
Apparel
Banking or Financial Services
Chemicals, Energy or Utilities
Computer Software
Construction
Education or Training
Government: Federal, State or Local
Healthcare Services
Insurance
Leisure, Travel or Hospitality
Manufacturing – Automotive
Manufacturing – Consumer Packaged Goods
Manufacturing – Computer Hardware
Manufacturing – Durable Goods
Manufacturing – Electronics
Manufacturing – Industrial Equipment
Manufacturing – Medical Devices

Manufacturing – Telecom Equipment
Media, Publishing or Entertainment
Military
Metals or Mining
Nonprofit or Charitable
Pharmaceuticals or Biotech
Professional Services or Consulting
Real Estate
Retail
Security Products and Services
Telecommunications Services
Transportation Services
Wholesale or Distribution
Other

66. In what country are you located?

United States of America
Afghanistan
Albania
Algeria
Andorra
Angola
Antigua and Barbuda
Argentina
Armenia
Australia
Austria
Azerbaijan
Bahamas
Bahrain
Bangladesh
Barbados
Belarus
Belgium
Belize
Benin
Bhutan
Bolivia
Bosnia and Herzegovina
Botswana
Brazil
Brunei Darussalam
Bulgaria
Burkina Faso
Burundi
Cote d'Ivoire
Cambodia
Cameroon
Canada
Cape Verde
Central African Republic

Chad
Chile
China
Colombia
Comoros
Congo
Costa Rica
Croatia
Cuba
Cyprus
Czech Republic
Democratic People's Republic of Korea
Democratic Republic of the Congo
Denmark
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Eritrea
Estonia
Ethiopia
Fiji
Finland
France
Gabon
Gambia
Georgia
Germany
Ghana
Greece
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
Hungary
Iceland
India
Indonesia
Iran, Islamic Republic of
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kazakhstan
Kenya

Kuwait
Kyrgyzstan
Lao People's Democratic Republic
Latvia
Lebanon
Lesotho
Liberia
Libya
Liechtenstein
Lithuania
Luxembourg
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Marshall Islands
Mauritania
Mauritius
Mexico
Micronesia, Federated States of
Monaco
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nepal
Netherlands
New Zealand
Nicaragua
Niger
Nigeria
Norway
Oman
Pakistan
Palau
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Republic of Moldova
Romania
Russian Federation
Rwanda
Saint Kitts and Nevis
Saint Lucia

Saint Vincent and the Grenadines
Samoa
San Marino
Sao Tome and Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Singapore
Slovakia
Slovenia
Solomon Islands
Somalia
South Africa
Spain
Sri Lanka
Sudan
Suriname
Swaziland
Sweden
Switzerland
Syrian Arab Republic
Taiwan
Tajikistan
Thailand
Togo
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Uganda
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
Uruguay
Uzbekistan
Vanuatu
Venezuela
Vietnam
Yemen
Yugoslavia
Zambia
Zimbabwe

67) Are you willing to take part in a brief, confidential interview on this topic with a Ventana Research analyst?

Yes
No

68) Our research sponsors provide solutions and guidance on this topic. Please indicate if you would like to discuss this topic with our sponsors. (Please indicate all you're interested in.)

Cincom Systems provides tactical enterprise software to improve business operations and customer communications, without forcing you to change how you run your business. Each of our solutions is designed for simplicity, ease of use and flexibility. Rapid, out-of-the-box implementation means you get value from our solutions faster, with less cost and less risk.

Graham Technology plc has helped large organizations make radical improvements to their customer service and sales operations. Our unique blend of innovative technology, process engineering expertise and project delivery has attracted a truly worldwide customer base and assured the successful retention of many customers beyond 10 years.

Conditional break: If Yes to any sponsor opt-in, go to these; else jump to name, etc. (last question)

69) Do you currently have an approved budget for an initiative in this area?

- Yes
- No
- Don't Know

70) When will you purchase information technology for this area?

- Immediately
- 3 to 6 months
- 7 to 12 months
- More than 12 months from now

71) If you would like to receive a Starbucks Card loaded with US\$5 and access to the results of this survey, please fill in the following:

First name:
Last name:
Job title:
Company:
E-mail address:
Phone:
Address 1:
Address 2:
City:
State or Province:
Postal code: