

OPTIMIZING THE CUSTOMER RELATIONSHIP

Customer SupportTM

MANAGEMENT

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ASPs: feeding the new business focus

Dean & DeLuca's Brian Bodell:
Enticing attention-hungry customers
with four-star 'hosted' eService

Speech Recognition Hits the Big Time

What Contact Center Managers Really Want

Special! 2000 Enterprise-Wide CRM Guide

MIND YOUR — OWN — BUSINESS

By Jane E. Zarem

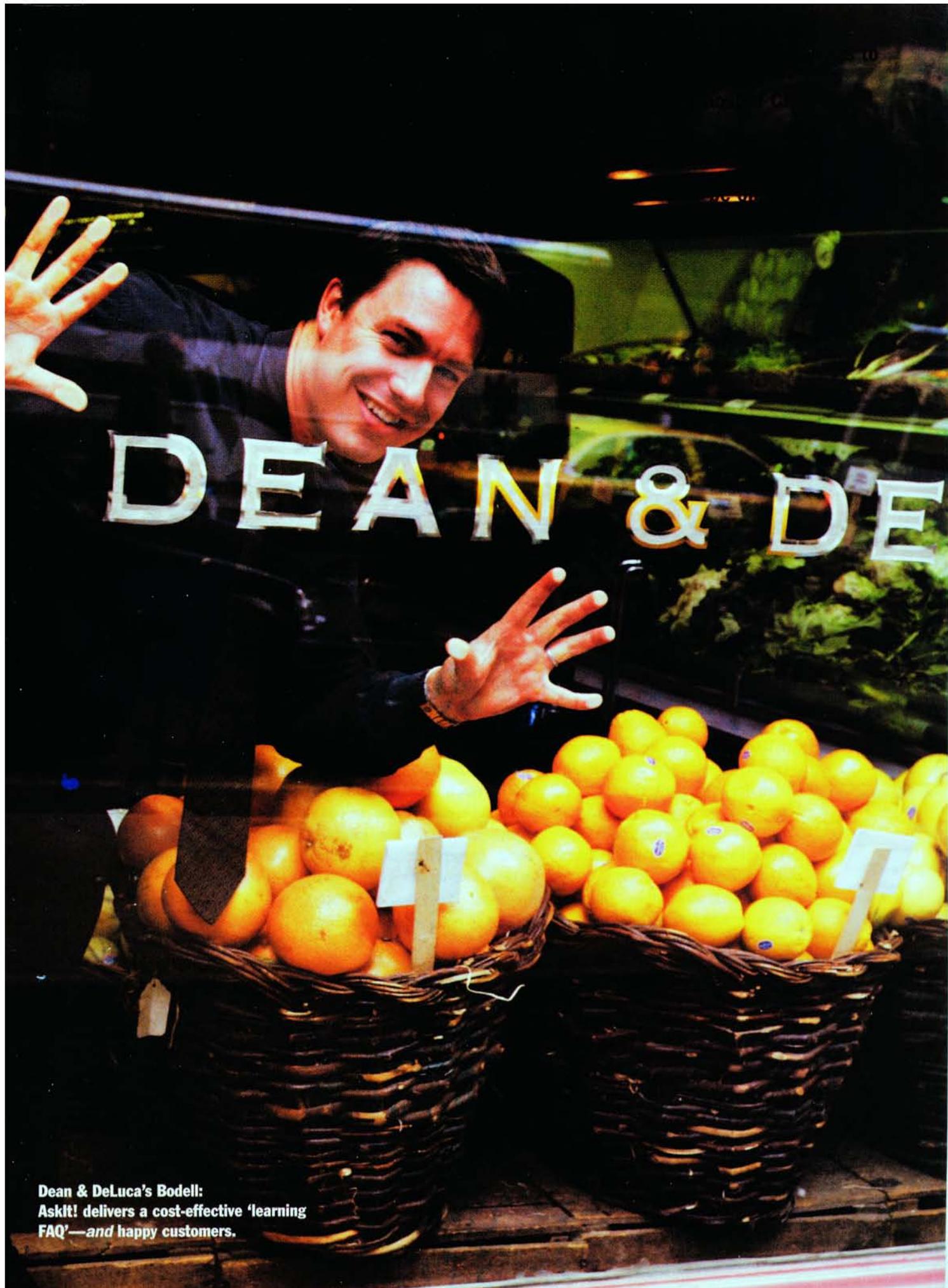
What's not to love about application service providers (ASPs)? Via "hosted" applications, companies can access best-of-breed technologies without having to buy, integrate, install, maintain, or upgrade them. And that's because the ASP *manages and distributes* software-based services to customers across a wide-area network, from a central data center. But aside from greater convenience and the reduced cost of implementation, etc., why is the "hosted" model so compelling to today's companies (many of which are eStartups, or immersed in eCommerce initiatives)? It's compelling because it leverages technology as a way for companies to outsource large segments of their businesses (such as customer service and technical support), or smaller components of those segments. With those elements outsourced to a firm that can provide the technological service expertise, companies can concentrate on their *core* competencies.

No wonder the trend toward ASPs is exploding. Moreover, ASPs are accessible at almost every price level. Fees range from several thousand dollars per month for large companies with multichannel needs and heavy customer volume, to a few cents per transaction for a "just enough" solution for a small business or startup. And at least one ASP offers a *free* self-serve solution!

(cont'd.)

Photograph by Jean-Christian Bourcart/Liaison Agency





DEAN & DE

Dean & DeLuca's Bodell:
AskIt! delivers a cost-effective 'learning
FAQ'—and happy customers.

Triscend.com: Virtual Headcount

"Building tech support headcount here in the Silicon Valley is a real challenge," says Steve Knapp, director of online support and applications design at Triscend.com (Mountain View, CA). "It's a real problem finding people with complex technical skills who are also good at customer inter-

phone can be confusing. But the Learning Center set up by SafeHarbor is "very graphical," says Knapp. Along with text, visual images mimic the problem the customer is experiencing. "Does your screen look like this?" (the system might ask a user, then lead him to the remedy via illustrated, step-by-step instructions.

"In-house software would cost hundreds of thousands, and take months to set up."

—Steve Knapp, Triscend.com

facing." Triscend is a startup selling configurable system-on-chip devices used primarily by the telecommunications industry. Because they are programmed by the end user, "support is critical to our operation," explains Knapp. "If our customers can't get the device working, we don't make money."

To solve its tech support dilemma, Triscend turned to Seattle-based ASP, SafeHarbor.com. Now customers access first-tier support via a self-help knowledgebase that sits on the SafeHarbor server but appears on Triscend's site, www.triscend.com. "SafeHarbor set it up, made it reliable, and maintains it," says Knapp, "all of which is what attracted us. The software we would have had to bring in-house costs many hundreds of thousands of dollars, and takes months to set up." Through SafeHarbor, though, Triscend's "Learning Center" took only about six weeks to implement; it went live in November 1999.

Customers supported by Triscend are design engineers in the embedded systems market. "They're comfortable using the web," Knapp points out, "and they like its convenience and 24/7 availability." They generally have very complex questions, however, and technical explanations over the tele-

"We know two things from research," says Sue Cummings, director of Marketing Communications at SafeHarbor.com. "One: Customers are increasingly more interested in finding answers for themselves on a company's website, because it's much quicker than holding on the phone, waiting for help. Two: 70 to 80 percent of all customer support questions are repetitive." Although SafeHarbor offers its clients a multichannel service approach (one that includes e-mail and phone response, in addition to the knowledgebase capability), "about 85 percent of the solutions we're delivering are via the knowledgebase," Cummings says, "simply because so many of the questions are repetitive."

Building that knowledgebase is actually a two-part operation. Explains Cummings: "First, in terms of known issues with the product, we learn everything we can from the client and the product developers. Then, we add our own proprietary knowledge: for example, browser-related issues that we've learned about from our other customers. That creates the core database." This phase usually takes four to eight weeks, Cummings estimates. Once the system goes live, a continu-

al-update process kicks in. Because SafeHarbor handles all Triscend's first-tier support, whenever a SafeHarbor support analyst resolves a new problem by phone, e-mail, or chat, a SafeHarbor knowledge engineer turns the response into a graphical, easy-to-understand solution that's added—within hours—to the knowledgebase. "It's an automatic process, though not automated," says Cummings.

SafeHarbor.com charges its clients a flat monthly fee, indexed to volume, that averages from \$15,000 to \$20,000 per month. The monthly fee includes 1) all the knowledge engineering that goes into creating and continually updating the knowledgebase; 2) the software and hosting (including access to the contact center); 3) continual addition of new, best-of-breed technologies; 4) staffing the contact center with support analysts and providing ongoing training; 5) access via e-mail, chat, or phone; and 6) provision of the technical infrastructure to ensure that the system is working (by itself, about a \$10-million investment in power and telco systems, according to Cummings). "On an ongoing basis, we also report to our customers the actual ratio of incidents resolved via self-help, compared to all other channels," she adds.

Questions that are too customer-specific or complex for the knowledgebase are escalated to Triscend's own internal support engineers. "But if we had to do it *all* internally," Knapp notes, "it would require a couple of additional engineers to handle the calls that come in, and perhaps another person to manage the network software side. Our ASP has positively affected our bottom line."

555-NEED: Live Chat and More

Need a plumber? Just log onto www.555-NEED.com, enter your zip code, and make a request. Or call

1-800-555-NEED, and “we’ll hook you up with a plumber in your area,” says Ryan Rowe, director of Internet solutions at Nexus Communications in Hanover, MD. “We can directly connect you to the business, or give you a phone number.” Category-based

correct, up-to-date information.

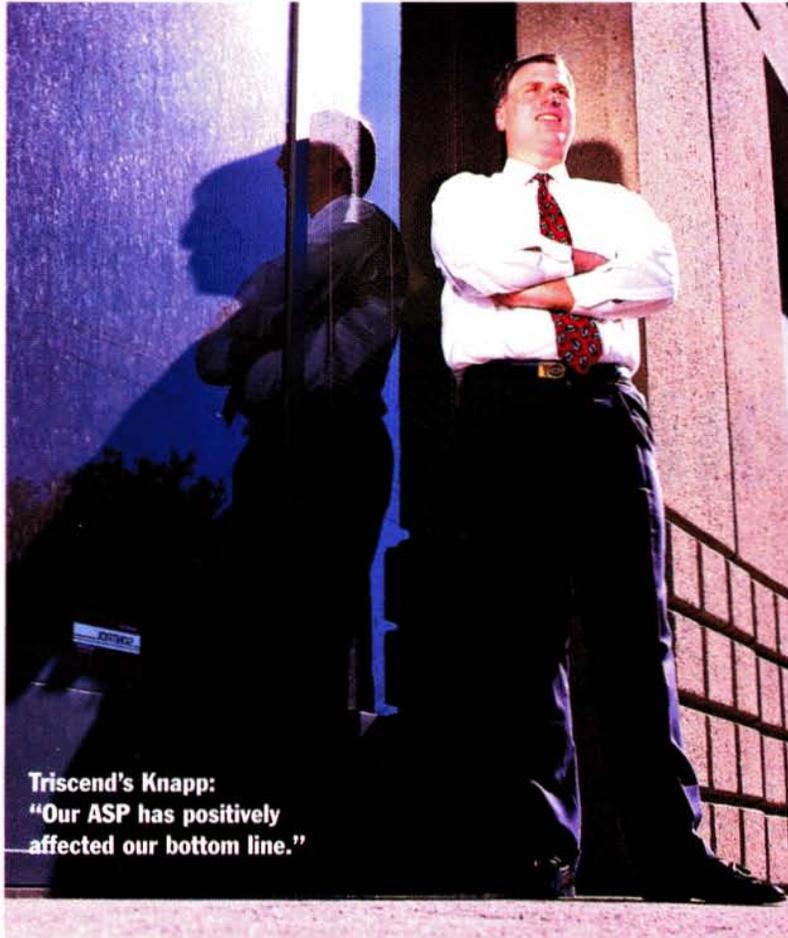
Nexus Communications operates its own call center, staffed with internet CSRs. But in September 1999, for its “Instant Messaging” chat function, the company decided to outsource technology infrastructure to

sage and queues it up to the appropriate agent. So, we provide intelligent routing capability, as well as the application that’s in front of the agent. And that application allows the agent to provide canned or live chat responses, and to push URLs (move the customer to the right place on the site) during a dialog. It also allows the reps to view the history of other sessions and conversations that have taken place with that customer. And it allows them to tag the conversation by category, so that later, using FaceTime’s web-based reporting tool, the client can search, view, and analyze the data for business information. How many call sessions, for example, were related to specific customer service problems? How many calls were from people who wanted to buy white teddy bears?”

Several factors influenced the ASP decision for Nexus. “We wanted to attract and support tech-savvy users and felt this channel was a critical addition to support our product line. But speed to market was also a big factor for us,” says Rowe, who claims that FaceTime set up the system in four days. Zero capital investment was also a deciding factor. “In the short term, the cost would have been much higher to do it ourselves. This way, however, we didn’t incur any capital expenditures, nor any interim staffing costs to deliver the service. And since the implementation, only minimal time is required of us to administer the solution. We just pay a monthly charge based on our volume of usage.” Long-term costs (which could actually outweigh the short-term outlay) were not closely considered and are still not an issue, according to Rowe. “They’re hard to project, because we don’t know how quickly that channel to our customers will grow.” Yet with an ASP, he points out, the company can reassess as it moves forward.

Selden says FaceTime will ensure the online communications are work-

Continued on page 104



Triscend's Knapp:
**“Our ASP has positively
 affected our bottom line.”**

Photo by Clay McLachlan/Liaison Agency

business location is the focus of 555-NEED, Nexus Communications’ free-to-the-consumer directory service. For listed businesses, 555-NEED can bring customers right to the door. Nexus also houses very rich content for the client companies: business descriptions, tag lines, business hours, digital coupons—all kinds of dynamic content. And, unlike most yellow-page directories, which have a 12-month turnaround for content, 555-NEED’s system can be updated in real time, Rowe stresses. Businesses can constantly refresh their listings, and customers receive

FaceTime Communications (Foster City, CA). “The servers, the connectivity, the network—everything outside our scope—is outsourced to FaceTime,” says Rowe. “They provide the platform, and we connect to it.”

When a customer clicks on the “Live Help” icon on the 555-NEED website, a window is generated that directly connects (via FaceTime’s server) to 555-NEED’s call center. According to Robin Selden, VP of marketing at FaceTime, “Our server provides an application management layer that, based on rules predetermined by the client, routes the mes-

ing continually; that data is maintained and warehoused; that it can be mined; and that uptime is guaranteed. For all of that, the provider charges a standard one-time set-up fee of \$2,000, which includes installation, training, and basic customization—and the fee is the same whether two or several hundred agents are involved, because much of the training can be accomplished remotely via the internet or telephone. (FaceTime can also train an on-site “trainer” at the client location.) Standard monthly subscription is \$250 per agent seat for the chat functionality only. A la carte features (such as e-mail or voice functions) cost an additional \$100 per agent, per month. “The monthly fee is based on the number of agent seats, because that really indicates the amount of usage,” Selden explains. “For instance, a client could pay \$25,000 per month for a 100-person call center. Another—such as a dot-com company with only two agents—could have this same service for as little as \$500 a month.”

New technologies are emerging that will allow 555-NEED to offer even better service to its customers. “We’re talking about features like co-browsing, where the agent can actually browse the directory listings with the customer, and fill out online requests for service or help,” says Rowe. “We’re certainly going to consider implementing those features,” he adds, “but we don’t plan to host them ourselves. Clearly, that would be far more expensive than getting them from an ASP.”

TechnoBrands.com: E-mail Relief

Direct marketer TechnoBrands.com (Colonial Heights, VA) has its own contact center, but since December 1999, has employed ROI CustomResponse, an ASP product of ROI Direct.com (San Francisco), to manage and route its inbound e-mail. “We wanted to respond quickly to an increasing number of e-mails,” says Chuck Anton, president and CEO. “Now we’re turning around at least 95 percent of our e-mail within a couple of hours—and the vast majority of those are answered within a couple of *minutes*.”

TechnoBrands (formerly Comtrad), runs product ads in magazines, on a remnant-space program. Because many of the customer questions directed to the contact center are repetitive (e.g., order status inquiries), the rules-based system designed by ROI Direct funnels into an automated response queue about 80 percent of the e-mail that is received by TechnoBrands. Those questions that cannot be answered automatically are escalated and queued to a live agent for a personalized response. E-mail volume is currently about a couple hundred per day, but traffic on www.technobrand.com, TechnoBrands’ website, has been doubling every month, according to Anton. Logically, the volume of customer queries received via e-mail will also increase substantially.

With such a huge call center operation, and such a large—and growing—volume of e-mail, why go the ASP route for e-mail management? “Our expertise is not software design,” says Anton. “We needed an experienced partner who could customize a solution for us, and do it in a cost-effective way. ROI Direct had a solution that met our objectives, and they got it up and running in 30 days.”

ROI CustomResponse is ROI Direct’s hosted, customized e-mail management application. By clicking “Contact Us” on the client’s website, a customer generates a pop-up window with a webform inquiry to fill in. The customer also selects a topic category from a drop-down list. The CustomResponse server then routes the submitted inquiry into the appropriate queue, and an immediate auto-acknowledgment is fired back from a knowledge-base of modifiable, pre-scripted responses. The customer who needs more information simply acknowledges the automated response, which is then rerouted to a message board where a CSR views the inquiry, takes action, and responds. And because the solution is web-based, CSRs in various locations (including those who work from home) can access the functionality by keying in an appropriate URL and password.

Typically, the CustomResponse service costs client companies \$2,000 to \$5,000 per month, which includes a flat

hosting fee and a per-message charge. “The message charge is per ‘thread,’ not per call,” clarifies Todd Kelley, ROI Direct’s product manager. (A thread occurs when a customer has further questions regarding the same inquiry.) One-time fixed fees are charged for customizations or enhancements (e.g., additional drop-down lists, forms with special fields). Mid-tier retailers, catalogers, and dot-coms are ROI Direct’s target market. “These companies don’t want 100 percent of solution functionality,” says Kelley. “They want 80 percent of the functionality at 20 percent of the price. And that’s our goal.” Opting for an ASP model can result in huge cost savings for companies, he claims. He estimates his customers see a return on investment in an average of nine months, depending on the volume of e-mail. Anton says his company realized a return on investment within four months. “We’re letting the computer do what the computer does really well,” he says, “and our people now have the time to talk with customers about the things that are important to discuss. We’re building relationships with our customers, and increasing lifetime value.”

Dean & DeLuca: Ask Them Anything

“To a luxury brand, customer service is everything,” says Brian Bodell, vice president of eCommerce at Dean & DeLuca. “It’s very important for us to answer our customers’ questions as soon as possible. The beauty of self-help is that customers *do* get their questions answered right away. At the same time, self-help is relatively cost-effective for us.”

Dean & DeLuca is a privately held specialty food, wine, and kitchenware merchant, based in New York City. The firm opened its first retail store in 1977; today, the enterprise includes 12 retail facilities, along with a catalog program and website (www.deandeluca.com). Since the catalog program launched in 1996, the company has had its own customer service and fulfillment facility in Wichita, KS: a traditional warehouse/pick & pack operation, with customer service reps providing 24/7 telephone and e-mail support.

To replace a static list of about 30

FAQs that resided on its website, in December 1999 Dean & DeLuca subscribed to AskIt!, a product of New York-based Askit.com. Askit.com is an ASP providing a dynamically generated FAQ facility for small- to midsize companies, organizations, or associations that need an online customer service solution. "The benefit of AskIt! is that you can dump into its system database as much information as you like," says Bodell. "It's more extensive than anything we had in the past."

According to Askit.com president Ken Shapiro, pricing is flexible. "You get more options, the more you pay," he explains. Three pricing levels are offered, ranging from free, to \$500 per month: **Free service** is cobranded with AskIt! and is advertising-supported. Customer page views are limited to 500 per month, the maximum number of custom question categories is six, and there's no reporting feature. **"Plus" service** costs \$50 per month and offers the optional customized interface, but responses are AskIt!-branded. Advertising may appear in the administrative interface. The maximum number of page views per month is 1,500, and up to 12 custom question categories are allowed. Companies can also access online reports. **"Premium" service**, which costs \$500 per month, includes a customized interface and no advertising. Responses are custom-branded and can be offered in text, graphics, or links. The number of custom question categories is unlimited, and customized reports are included in the monthly fee.

The AskIt! service takes only about 15 minutes to implement, according to Shapiro. Via a wizard on the company's website (www.askit.com), setup involves answering a few general questions. Then, categories are created for the FAQs; individuals allowed to access the backend data are designated; and the basic look and feel of the page is designed to match the client company's own website (except for the free service, which operates only as a pop-up window). The page design, which takes about a half-hour, says Shapiro, can be accomplished in-house by the user company, or AskIt! will handle it. "Plus" subscribers pay a one-time fee of \$200 for the optional design service; it's complimenta-

ry for "Premium" subscribers.

Bodell describes AskIt! as a "learning FAQ." In the Help area of the Dean & DeLuca website, using natural language, customers enter questions in an open text box and click a Submit button. That triggers a search of the database (which resides on the AskIt! system server), and an appropriate answer is pulled up.

For AskIt!'s paid-service levels (such as Dean & DeLuca employs), questions that aren't in the knowledgebase are routed automatically, via e-mail, to the client company's designated expert. (For Dean & DeLuca, that's a CSR in Wichita.) And when a solution is sent to a customer, it's simultaneously dropped into the system database, to be available the next time a customer asks the same or a similar question. ("We never answer a question a second time," Shapiro says proudly.) By analyzing the reports generated by the system (which ranks the questions by the number of hits), companies can learn about holes in their website content, consider new product ideas, improve product descriptions, etc.

Bodell, a strong supporter of the ASP model, cites several benefits: **Speed to market is greatly enhanced.** "When we implemented in December '99—right in the middle of our busiest selling season—we couldn't have diverted our technical team to install and test software. We would have had to wait until April to implement a solution, missing our busiest season altogether. The ASP model enabled us to get the website customer service solution launched quickly." **Reduced investment risk.** "Over time, you may pay more," Bodell admits, "but you don't take the investment risk up front. You sign up for a specified length of time; and if it's not working out, you move on." **No upgrade and obsolescence worries.** "A tremendous benefit," says Bodell. **Reduced customer service costs,** "because CSRs are not picking up the phone or answering e-mail." Bodell estimates a CSR's average phone time for a call, at about four minutes. At that rate, every 1,000 questions that pass through the AskIt! system represent a \$670 savings in CSR salary pay-out alone.

"The beauty of this system is that it gets smarter and smarter," he adds. "Our CSRs are piling information into the system and accessing it themselves, during live calls. It's an easy-to-use tool for them."

Imperial Bank: The personal walk-through

Fulfilling basic banking needs for startup technology companies, is the specialty of LA-based Imperial Bank's Emerging Growth Division, which is headquartered in Menlo Park, CA. When the division's Boston branch signed up Brainshark.com, a brand-new communications ASP based in Waltham, MA, VP and operations manager Donna Connolly was part of the bank's sales team. She is also the bank's customer relations point person. "When clients have questions about their accounts, investments, wires, letters of credit, etc., most of them call me," Connolly says. "They want the personal touch, and we want them to have it."

Ironically, when the sales team visited Brainshark.com to sell the bank's capabilities to the potential client, they were treated to a demonstration of Brainshark's product: an automated, web-based, self-service, presentation-authoring application. Connolly's initial reaction: "I could use that myself!" She then sought the bank's approval of it for her customer service operation. "It didn't take much convincing. *Everyone* wanted it!" she says.

Brainshark.com emerged in September '99 with a product that couldn't be simpler to implement and use. Microsoft PowerPoint, a telephone, and an internet browser are all that are needed to create rich, multimedia presentations that can be used for customer support and service, as well as for sales. The presentations are immediately available online, and on repeat demand—so customers can access the information over and over again, if necessary. By logging on to www.brainshark.com and using a wizard, a company can simply fill out forms to establish its own secure support presentation site, design the folder structure, enter credit-card information (or call to set up a purchase order), press a button, and create content immediately. "It's self-service from start to finish," says Brainshark

CEO Joe Gustafson. "It's immediate, and you can cancel at anytime."

Imperial Bank's support presentation site went live in June. "It's a timesaver," Connolly says. "It now takes me 15 to 20 minutes, per new account, to explain the bank's services. As startups, our customers are often changing their company names and are frequently moving their offices within the first year; each time, they need to redo forms. They may forget how, or someone else becomes responsible. For explaining and re-explaining, Brainshark is a lifesaver," says Connolly. And according to Gustafson, his team was determined to find a way to get critical information to customers, transferring it directly from the source (the expert) to the need (the customer) as fast as possible, and at low cost—without anyone touching it in between. Setting up a customer tutorial is easy, he says: First, an individual in the client company uploads a PowerPoint presentation and/or slides onto Brainshark's server, then adds a little cataloging information. Finally, he simply picks up the telephone, dials in, and starts talking. Using the telephone keypad he can record, replay, and save the dialog, slide by slide. When the user is satisfied, he then presses a button to automatically index the presentation in a database. The audio is synchronized to the slide, and the content is published on the internet. It's instantly available to existing customers, who are given a user ID and password access.

Companies can use Brainshark for proactive support, explains Gustafson, by establishing a portal with a knowledgebase of presentations that customers can access on a self-serve basis. Or, support personnel can respond to customer inquiries with an e-mail message that links to a pop-up tutorial, which then walks the customer through a solution. "Customer support content changes all the time," Gustafson explains. "You can make a change, republish, and it's out there again."

Pricing is also straightforward, with no setup costs involved. For "ID'd" users the fee is \$25 per ID/per month, for unlimited views. For guest users, the

client company purchases a block of views, at 80 cents per session. Both rates decrease with volume.

Says Connolly: "Our customers are technically savvy, innovative new businesses, so using this rather jazzy support service also makes a very good first impression for the bank. It's something from the technology world that really 'wows' them, and gives us a competitive edge. To new customers, I can personally say, 'Hi, welcome to the bank, please follow the directions,' and the presentation kicks in and explains everything."

Comparing costs: ASP vs. In-house

The cost of building a support infrastructure varies tremendously; but, according to SafeHarbor's Cummings, companies generally spend up to \$2 million buying and integrating software, staffing and training support reps, etc. Building the power and telephone infrastructure at the level an ASP such as SafeHarbor can offer—including fail-safe redundant systems—would cost millions more. So when

comparing a self-help knowledgebase solution available via an ASP, to a one-to-one in-house support model, it's important to check out the research, she says. "Help Desk Institute research shows that an average call center incident costs about \$25. It also reveals that a self-service incident handled over the web costs approximately \$1 to \$2. Our own experience indicates that 70 to 90 percent of customer incidents are successfully resolved via the knowledgebase, so the long-term savings can be significant." How does that translate, call by call? Try this example: Six agents handling 60 calls a day = 126,000 calls per year. Only *half* of those calls (63,000), resolved via a self-service knowledgebase at a savings of \$23 per incident = \$1,449,000 saved in one year. And that doesn't even include saving other costs of operating a call center, such as costs related to the telecommunications infrastructure, employee turnover and retraining, etc. Convinced? ■

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