

White paper

Best practices for delivering a superior customer experience

Most successful organizations realize that improving customer communications can dramatically boost customer loyalty, help ensure brand and regulatory compliance and rein in rising costs, including postage and IT maintenance. Unfortunately, many organizations have fragmented, incomplete, outdated and redundant Customer Communications Management (CCM) technologies. This white paper discusses the benefits of implementing a CCM platform on-premises or in hybrid cloud environments and identifies the necessary capabilities of such a platform.

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Executive summary

The Customer Communications Management (CCM) systems in many organizations have evolved in a largely haphazard manner, created to meet the needs of individual projects and departments. This has led to the deployment of numerous incompatible and expensive systems. For many large organizations, this situation has been exacerbated by a wave of mergers and acquisitions. As a result, the total cost of ownership (TCO) for such systems has been maximized. Even worse, these disparate and costly systems do not meet the needs of organizations and the customers they serve.

Such systems are unable to deliver communications that are optimized for electronic channels to meet customer expectations for richer presentation, interactive engagement and mobility. For example, organizations may simply convert print-oriented communications for web distribution and not leverage richer content and interactive capabilities.

A challenging economic climate, with increasing regulations, is forcing organizations to rethink their approach to communicating with customers. Organizations are realizing that adopting a comprehensive CCM platform, both on-premises and in a hybrid cloud environment, will not only reduce costs but also improve customer loyalty, time-to-market and competitive differentiation, all of which drive bottom-line profitability.

Introduction

This white paper begins with an overview of customer communications and then discusses the impact that poor customer communications can have on a business. It then explores how the right CCM platform can improve the customer experience, lower costs and promote brand and regulatory compliance, as well as the essential CCM platform capabilities and best practices for approaching CCM.

Overview

Virtually all organizations engage in proactive and reactive customer communications. Well planned and executed customer communications can reap great rewards, while poor quality communications can create negative consequences.

Unfortunately, many organizations rely on systems and processes that have been acquired incrementally throughout the years. Relying on such a patchwork of systems for a mission-critical communications function deprives organizations and their customers of a range of significant benefits.

Forrester Research has developed a comprehensive model for enterprise customer communications that segments use cases into three major categories of output: structured high-volume batch, on-demand and interactive. Structured high-volume batch output includes scheduled high-volume types, such as financial statements and billing. On-demand output includes dynamically generated, event-driven communications, such as quotes and proposals, as well as online offers and promotions. Interactive output requires human intervention and is oriented toward dynamically-generated communications, such as negotiated contracts or claims and lending correspondence.

Each of these use-case categories represents a different set of technology and performance challenges. Existing systems—accumulated over the past few decades and largely based on outdated non-service-oriented architectures—are rarely able to cope with these new technology requirements. And when organizations attempt to address these challenges by extending current systems, these investments rarely meet their needs.

Impact of poor customer communications systems

Customer communications systems typically found in today's businesses include some or all of the following characteristics:

- **Piecemeal:** Using many technologies and solutions to address each use case (for example, acquisition versus up-sell, marketing versus reporting, batch versus on-demand and print versus web), creates unnecessary technical complexity and results in a high TCO.
- **Incomplete:** Relying on one or more solutions to address one or more, but not all, use cases may create unnecessary complexity and a high TCO. In addition, it may leave customers under-served and lead to missing business opportunities.
- **Redundant:** Addressing the same communications use cases with multiple solutions also causes unnecessary complexity and a high TCO. This is more common as organizations grow, particularly as a result of mergers and acquisitions.
- **Outdated:** Working with old, poor-performing systems provides limited design capabilities, an inability to integrate with other enterprise systems (see below) and an inability to effectively scale and perform at high volumes.
- **Disparate:** Operating without a central repository of approved content and/or existing enterprise applications, such as Enterprise Content Management, Customer Relationship Management and Enterprise Resource Planning (ERP), creates numerous challenges. Without this, organizations can't produce interactive or on-demand communications (which require real-time data access); manage, approve and repurpose existing communications; maintain enterprise-wide brand consistency; or ensure regulatory compliance.

An inadequate customer communications platform leads to diminished customer experience, higher operating costs and brand and regulatory non-compliance.

Diminished customer experience

Customers and prospects expect communications to be highly-relevant, personalized and delivered in the manner and via the channel they prefer. An organization that communicates poorly has reduced its chances to acquire a customer or to retain and up-sell an existing one.

Higher operating costs

When the majority of an organization's customer communications are paper-based, the costs of postage and manual handling are usually quite significant—as are the IT resources required to integrate and maintain printing, finishing and mail handling systems. Such costs can run into several millions of dollars and tap already over-burdened resources.

Brand and regulatory non-compliance

Inconsistent, inaccurate and ad hoc messaging practically ensures brand dilution and can expose the organization to financial or litigation risk, such as from communicating the wrong offer, the improper contractual language or incorrect information to a valued customer.



CCM: Enhance loyalty, cut costs, promote compliance

Only with a CCM platform can organizations generate content discretely, in various business units, as well as pull it from enterprise systems, then uniformly leverage it in a virtually unlimited variety of forms and across all customer touch points to achieve “intimacy at scale.”

In brief, a CCM platform automatically pulls data, graphics and text from multiple sources into customizable design templates that present the assembled content in a consistent, compliant and visually compelling manner. Built on a service-oriented architecture (SOA) with XML data integration capabilities, the CCM platform can simultaneously support electronic and print formats. It assembles content according to rules that specify the selection of the right content version and enables its personalization based on customer data and business logic. It formats the personalized communications for distribution via one or more output channels, depending on customer preference and channel effectiveness for each communication type. Channel formats include those for web and email, such as HTML and Adobe® PDF, and high-volume print formats, including PostScript® and AFP.

The right CCM platform enables organizations to improve the customer experience, lower costs and maintain consistent brand and regulatory compliance. What makes this possible? Dynamic content publishing, which features the creation, assembly and multichannel delivery—in batch, on-demand and interactive modes—of highly-personalized and customized communications. Some of the benefits are detailed below.

Reduced technical complexity and lower TCO

A single CCM platform can be used for batch, on-demand and interactive communications. Replacing multiple systems with one platform means there is less for IT to support and maintain, especially in an off-premises or hybrid cloud environment. A CCM platform frees business users from programming and scripting, enabling the formation of a dedicated service group that works with guidance from the various business units to develop multichannel customer communications templates that define approved layouts and content assembly rules.

Organizations can generate high-volume batch communications for both paper and email with queuing that prioritizes processing and distribution. Real-time emails, such as confirmations or follow-up service-related correspondences, can be created and delivered almost instantly. Finally, interactive capabilities allow customer service representatives to tailor communications as needed, subject to management approval workflows.

Combined print and electronic delivery

One of the surest and quickest ways to ensure consistency across communications and cut costs is to use a single system to generate and distribute print and electronic communications.

Organizations still need to provide print communications, as some customers still prefer to hold a hard copy in their hands and, for a variety of reasons, some communications are most effective when printed. But non-traditional channels offer many benefits print cannot match. First, is the ability to satisfy diverse customer preferences. In addition, some communication types are not possible in paper format, such as real-time alerts or reminders. Email links can automatically drive customers to website landing pages, which can reduce customer service costs and present additional communications opportunities. Electronic delivery also costs substantially less with reduced shipping and handling.

Improved presentation

The right CCM platform enables the design and deployment of far more engaging paper documents, as well as visually rich email and web landing pages that include more graphics and dynamic content (such as targeted marketing messages). The platform can also ensure a common look and feel across different types of customer communications—particularly those originating from different business units.

Greater customer intimacy

The more refined the customer data is, the greater the potential for personalization. Organizations that move from one-way, print-based push communications models to more interactive, web-based communications also gain the ability to capture and listen to customer feedback, which drives more meaningful customer relationships. Customers can provide valuable data whenever they make on-screen choices and companies can use that feedback to continually tailor and optimize the customer experience.

Essential CCM platform capabilities

Organizations may wish to generate a range of documents including:

- Contracts and highly regulated textual documents.
- Insurance policies, ID cards, forms and certificates.
- Complex negotiated financial agreements.
- Statements, financial reports, and consolidated investment reports.
- Trade confirmations and other trading correspondence.
- Personalized printed and rich HTML email correspondence.
- Invoices, bills and notices.
- Welcome kits and explanation of benefits.
- 1:1 personalized marketing collateral and newsletters.
- Personalized, customized catalogs.
- Personalized landing pages for secure communications on the web.

Generating these communications requires a comprehensive CCM platform. Consider the following capabilities when evaluating a CCM platform:

- **Template-based correspondence creation:** The ability to develop dynamic document templates. These contain customization rules and personalization variables that can be merged with data from a variety of sources, in batch mode or in real time, to produce a wide range of personalized customer communications in various formats for distribution via a customer's preferred channel.
- **Enterprise Content Management repository:** A single repository of approved content for all customer communications.
- **Modern architecture:** An SOA with Web services, XML and AJAX offers eDelivery, interactive web-based solutions and extensibility. This enables an organization to build business applications by extending and customizing an out-of-the-box solution, speeding time to market and cutting implementation costs.

- **Comprehensive document generation:** A server and tool set that can produce the entire range of highly-personalized and customized customer-facing documents needed using variable data and rules for multichannel distribution. This enables users to standardize on a single platform, eliminating the need for multiple document generation products and reducing application maintenance costs and total cost of ownership.
- **Ease of use:** The ability for document designers and content authors to use familiar industry-standard tools—such as Microsoft® Word, Adobe® InDesign® and Adobe® Dreamweaver®—to create all dynamic document applications. Leveraging an existing, rich feature set familiar to most knowledge workers means there is no need to learn a proprietary interface, eliminating design translation fidelity problems and costs.
- **Enterprise scalability:** A Java EE server architecture that runs natively within application servers offers automatic scalability, failover and load balancing to support enterprise-wide adoption for thousands of concurrent users. Additional business units can reuse component services with minimal customization. This technology can be rapidly deployed into existing environments, leveraging previous investments.
- **High performance:** The server may need to create literally millions of highly-personalized pages per hour in batch and on-demand mode. Superior performance provides large enterprises with the horsepower they need for their document infrastructure.
- **Tight enterprise integration:** Open standards means a system that easily integrates with both structured and unstructured enterprise data and content sources. The result is a scalable infrastructure that can meet the future needs of the growing business.
- **Digital Asset Management:** With the increase of video communications, Digital Asset Management capabilities enable videos to achieve greater prevalence in standard business and customer communications.
- **Moving to the cloud:** Deployment options may include a wide variety of on-site, virtualized server and distributed infrastructures, including completely managed delivery from the cloud. Such options will allow organizations to realize the value of new CCM infrastructures as quickly as possible.

Best practices: A modern frame of reference

When considering the best approach to CCM, organizations must decide how to manage the customer lifecycle so that both sides of the relationship can grow profitably. By continuously enhancing the customer experience, organizations drive customer loyalty. Loyal customers won't leave, which reduces the pressure to acquire new ones at greater cost, and are more likely to be receptive to up-selling and cross-marketing offers. With that in mind, consider the following CCM best practices.

Rebalance acquisition and loyalty-centric communications

Organizations thrive when they retain the right customers—and customer communications plays a major role in achieving that goal. Put another way: Profitable revenues are tied directly to the quality of a company's customer communications across the entire customer lifecycle, from acquisition through retention.

It costs five to 10 times more to acquire a customer than to retain existing customers. And the cost to win back former customers is even higher. Yet organizations have traditionally emphasized customer acquisition over retention. For example, they may concentrate a lot of resources on costly advertising or mass mailings of slick collateral. But once they convert a prospect into a customer, the customer communication quality and personalization often drop. Just the opposite should happen.

Case study: Diversified Fortune 100 Financial Services firm

This financial services firm, one of the world's largest with operations in more than 100 countries, was using several in-house systems to generate up to 40,000 letters per month based on about 5,000 letter templates. The systems ate up computing and IT resources and limited the company to generating simple, graphics-free correspondence, which could be delivered in batch mode only.

After implementing a comprehensive CCM platform solution, the firm reduced per-correspondence cost by more than 95 percent—saving more than \$20 million annually—and increased monthly volume from 40,000 pieces to 11 million. Retiring just one redundant correspondence system saved \$16 million in the first year and the company estimates it has saved another \$15 million by avoiding re-engineering costs that would have gone toward developing or sourcing other technologies.

Of course, most organizations need to produce both acquisition-centric and loyalty-centric communications. Even a company with a huge installed base is interested in gaining market share. But once it acquires the right customers, an organization will benefit most from satisfying the customers it already has. Loyalty-centric communications make customers less likely to respond to competitive overtures and more likely to respond to their existing product and service provider, which can significantly increase revenue.

Deconstruct the customer lifecycle

Organizations must evaluate their current mix of customer communications materials to rebalance communications across the entire customer lifecycle. Which components are weak, adequate, strong? What is missing?

Customer lifecycle communications include pre-sales, contractual or onboarding, billing and statements and renewal or termination. Once an organization has chosen the relevant customer communications for each phase, it should be possible to blend various components for optimal cross-selling or relationship-building. For example, a periodic bill can include new service announcements or well-targeted offers.

Go easy on the prospects

Marketing campaigns have often meant targeting prospects and then bombarding them with various solicitations, resulting in junk mail and email spam. Unfortunately, a one or two percent "hit" or "capture" rate also means a 98 or 99 percent "turnoff" rate. Many people contacted this way do not become customers and some may develop a negative impression of the organization's brand. The antidote is to provide relevant information to each prospect with fewer but more sophisticated offers—the kind of information organizations get from assessing their industry's best practices and canvassing their own customers for approaches that work.

Conclusion

Today's customer-first approach and the advancement of web-based, interactive experiences, including video and social media, have brought about significant changes in customer communications. Yet, many companies still have fragmented, incomplete, outdated and redundant CCM platforms. To succeed today, organizations need a comprehensive CCM platform, both on-premises and in a hybrid cloud environment, to reduce costs and improve customer loyalty, time-to-market and competitive differentiation.

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