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FROST & SULLIVAN BEST PRACTICES AWARD

ARTIFICIAL INTELLIGENCE (AI)-POWERED CUSTOMER ROUTING SOLUTIONS FOR THE CONTACT CENTER - GLOBAL

Visionary Innovation Leadership 2019

afiniti

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2019 BEST PRACTICES AWARD

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Background and Company Performance

Industry Challenges

While the contact center industry—featuring systems for customer engagement with a strategic mandate to improve the customer experience (CX)—is mature, it is in the midst of digital transformation at many levels. For too long, contact centers were referred to as "call centers," and perceived as cost centers that housed technologies with limited capabilities— such as imperfect interactive voice response (IVR) systems. More recently, however, a growing number of technology applications have developed that are improving workforce management, and agent performance. These emerging technologies are helping businesses increase revenue through improved customer acquisition, up-selling and cross-selling, and customer retention. Meantime, as the cloud services market has gained momentum during the past decade, new companies have been entering the market offering specialized adjunct applications in areas such as virtual assistants and bots, artificial intelligence (AI), and varied analytics solutions. Although cost reduction remains critical, there is now an intense focus on improving the tools agents have at their disposal to offer high-quality CX.

Recent research by Frost & Sullivan shows that 20% of all market participants will soon be adopting AI-powered solutions to address the following long-standing CX-related challenges that have impacted this highly-competitive industry:[1]

- **Limited automation.** IVR systems that lack the required advanced speech recognition and cognitive abilities that mimic live agents often leads to dependence on live agents to handle even the most rudimentary call types, chats, and data gathering processes.

- **Inability to meet high customer expectations.** Contact centers that continue to feature lengthy, clumsy phone tree menus and minimal capabilities in natural language self-service fail to deliver the level of conversational experience provided by virtual personal assistants such as Siri, Alexa, and Google Assistant.

- **Agent attrition.** Monotonous and repetitive work often translates to stress, apathy, and boredom. Hence, contact centers are often caught in a never-ending loop of recruiting and training that strains resources as well as the customer experience.

- **Legacy systems.** Too many contact center leaders are resistant to cloud-based AI augmentation for existing systems, fearing that such new technologies could be too challenging to implement and deploy. The assumption is that expensive rip-and-replace models or costly and disruptive upgrades are the only options.

Despite the growing number of technology applications emerging, many automated workforce management tools that provide capabilities such as scheduling flexibility often fall short when it comes to addressing the changing emotional state and behavior of agents

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[1] *The AI-Powered Virtual Agent: Practical Realities & Actionable Strategies for Contact Center Leaders* (Frost & Sullivan, October 2018).

during shifts and the impact on business outcomes. Although post-call surveys or emotion detection solicit the voice of the customer (VoC), the information gleaned is rarely used to understand or leverage an agent's behavior and approach in real-time. While some analytics capabilities have the potential to improve contact center productivity, they also can disappoint when it comes to the subtler nuances of human interaction. There is little input about agents' distinct and valuable patterns of behavior and customers' perception of service during calls. Thus, the deeper levels of agent-customer communication and engagement represent an untapped market—offering a unique opportunity for infusing intelligence into workforce optimization tools through the pairing of individuals on the basis of behavior and potential for higher quality interaction.

To be a forward-looking leader in this market is a complex undertaking—necessitating a solution that can scale; is flexible and easy to use; and available through adjustable pricing models; yet, covers a plethora of changing business needs. Furthermore, by enabling companies to calculate and quantify the value of customer engagement accurately, a superior offering will, ultimately, shed light on the optimal mix of strategy, people, processes, culture, and technology required to deliver best-in-class results. Frost & Sullivan, therefore, commends business solutions that provide practical AI applications that help overcome these specific CX-related challenges through actionable insights and accurate performance improvement metrics.

Focus on the Future and Best Practices Implementation of Afiniti

Afiniti, Ltd. (Afiniti), a multinational data and software company—founded in 2006 and based in Washington DC, United States—develops artificial intelligence (AI) solutions using machine learning to match customers with service agents in contact centers more strategically; thereby, measurably increasing enterprise profitability. The company services a comprehensive range of sectors such as airlines, financial services, hospitality, insurance, retail, satellite, TV, telecommunications, and utilities. With more than 150 installations completed in 21 countries, the company impacted more than 1 billion interactions of approximately 450,000 optimized agents working in various verticals.

Improve Quality of Customer Interaction through Behavioral Pairing

Traditionally, first-in, first out (FIFO) call distribution assigns an incoming call to the next available agent. However, Afiniti's platform enables real-time optimized pairing of individual contact center agents with individual customers by identifying subtle patterns of human interaction. When an agent becomes free, before making an automatic assignment of the caller in the queue, the solution evaluates the behavior of the customer service representative. How are they likely to react as a human being? By discovering, predicting, and affecting sales performance through analyzing the nuance of agent behavior and call history, the enterprise can more successfully pair employees to the most compatible customers.

The same process ensues on the caller's side. The AI layer also examines the traits of callers in the queue before they get assigned to an agent, mostly out of sequence. Hence, the pairing takes place, uniquely, by behavior—leading to an enhancement in customer and agent satisfaction. Conventional performance-based routing (PBR) strategies, however, are skewed toward higher-performing agent groups, having significant adverse long-term consequences for a contact center environment. Those effects, such as rising attrition levels, lower overall contact center performance, and inefficient use of higher- and lower-performing agents, require increased recruiting, training and investment to maintain needed workforce levels.

Performance-driven Pioneers: A Pricing Model Based on Accountability

Afiniti integrates with a client's customer relationship management (CRM), sales, and telephony systems at the back end—allowing it to route calls together with tracing when calls result in sales. Proving its value, Afiniti perpetually turns its system on and off, typically on for 20 minutes and then off for 5 minutes. At the end of the month, it examines the metrics when the system was running, and compares it to when the system was off. Calculating the difference between the values, Afiniti earns a share of the improved income. This compensation model relies on the incremental revenue Afiniti brings, and on the percentage of cost savings. Typically it allocates no fixed costs to the client and charges no per-seat or per-month pricing. Most of its clients do not pay for the hardware, software, or even a service fee: Afiniti offers a complete "zero-cost-to-try" model. By tracking and driving the telesales conversion rate, retention improvements, cross-sell and up-sell opportunities, average handling time, fast-moving call resolution rates, truck roll reduction, handset returns, and collection optimization, Afiniti reports that it typically delivers between 4% and 6% performance increases across revenue, cost, and customer experience metrics.

A Pilar of Success: Strategic Alliances

Despite a highly competitive environment characterized by economic and political challenges as well as a host of mergers and acquisitions in the supplier community, Afiniti continues to find success with its behavioral pairing technology. Its technology-agnostic solution is known for fast deployment speed (the company reports decreasing deployment time from an average of eighty to as little as two days in deployments where Afiniti is natively installed within their clients' infrastructure), ease-of-use, scalability, and business agility for its clients—proved through integrations with the likes of Genesys, Cisco, Aspect, Avaya, and Altitude. Facilitating quality customer care experiences can be challenging, particularly for large scale operations, but Frost & Sullivan finds that Afiniti's machine learning algorithms help clients achieve contact center optimization.

Conclusion

Although digitization and automation can help drive seamless customer care, consumers still value human interaction in an increasingly complex business environment. Afiniti cultivates empathetic and personalized interactions by utilizing machine learning algorithms to identify subtle patterns of human behavior and pair customers with contact agents in unique ways. Afiniti enhances both operational effectiveness and the overall customer experience (CX) by improving metrics such as rates of retention and up-sell and cross-sell opportunities while optimizing service-to-sales. Hence, it delivers measurable improvement in enterprise profitability and customer service. With its sophisticated technology and impressive array of strategic alliances, Afiniti earns Frost & Sullivan's 2019 Visionary Innovation Leadership Award for artificial intelligence (AI)-powered customer routing solutions in the global contact center industry.

Significance of Visionary Innovation Leadership

A Visionary Innovation Leadership position enables a market participant to deliver highly competitive products and solutions that transform the way individuals and businesses perform their daily activities. Such products and solutions set new, long-lasting trends in how technologies are deployed and consumed by businesses and end users. Most important, they deliver unique and differentiated benefits that can greatly improve business performance as well as individuals' work and personal lives. These improvements are measured by customer demand, brand strength, and competitive positioning.

Understanding Visionary Innovation Leadership

Visionary Innovation is the ability to innovate today in the light of perceived changes and opportunities that will arise from Mega Trends in the future. It is the ability to scout and detect unmet (and as yet undefined) needs and proactively address them with disruptive solutions that cater to new and unique customers, lifestyles, technologies, and markets. At the heart of visionary innovation is a deep understanding of the implications and global ramifications of Mega Trends, leading to correct identification and ultimate capture of niche and white-space market opportunities in the future.

Key Benchmarking Criteria

For the Visionary Innovation Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Focus on the Future and Best Practices Implementation—according to the criteria identified below.

Focus on the Future

Criterion 1: Focus on Unmet Needs
Requirement: Implementing a robust process to continuously unearth customers' unmet or under-served needs, and creating the products or solutions to address them effectively

Criterion 2: Visionary Scenarios through Mega Trends
Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling "first-to-market" growth opportunity solutions

Criterion 3: Growth Pipeline
Requirement: Best-in-class process to continuously identify and prioritize future growth opportunities leveraging both internal and external sources

Criterion 4: Blue Ocean Strategy
Requirement: Strategic focus on creating a leadership position in a potentially "uncontested" market space, manifested by stiff barriers to entry for competitors

Criterion 5: Growth Performance
Requirement: Growth success linked tangibly to new growth opportunities identified though visionary innovation

Best Practices Implementation

Criterion 1: Vision Alignment
Requirement: The executive team is aligned along the organization's mission, vision, strategy, and execution.

Criterion 2: Process Design
Requirement: Processes support the efficient and consistent implementation of tactics designed to implement the strategy.

Criterion 3: Operational Efficiency
Requirement: Staff performs assigned tactics seamlessly, quickly, and to a high-quality standard.

Criterion 4: Technological Sophistication
Requirements: Systems enable companywide transparency, communication, and efficiency.

Criterion 5: Company Culture
Requirement: The executive team sets the standard for commitment to customers, quality, and staff, which translates directly into front-line performance excellence.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 **Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2 **Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3 **Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4 **Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 **Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized Award candidates
6 **Conduct global industry review**	Build consensus on Award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible Award candidates, representing success stories worldwide
7 **Perform quality check**	Develop official Award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8 **Reconnect with panel of industry experts**	Finalize the selection of the best-practice Award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best-practice criteria
9 **Communicate recognition**	Inform Award recipient of Award recognition	• Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 **Take strategic action**	Upon licensing, company is able to share Award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.