



New realities drive new models for contact center transformation.

Our latest research shows recent talent and technology shifts are changing the future of contact center operations.



Serving a new world.

Since 2020, global events and trends have literally transformed the landscape for contact centers. Work-from-home programs, initially implemented by many organizations as an emergency measure during the COVID-19 pandemic, have shifted the definition of *where* agents work. Advances in artificial intelligence (AI) and predictive analytics have changed *how* agents work. And the so-called “great resignation” altered *why*—and even *if*—agents work.

Customer behaviors and preferences have also changed the contact center landscape. Shifts in channel preferences—the growing use of SMS text messaging and social media for service inquiries, for example—impact *where* organizations must be willing and able to engage. A desire for always-on, instant-access self-service options is shifting *how* customers want to engage. And the ever-rising expectation for connected service experiences impacts *why*—and even *if*—customers choose to become loyal to your brand.

Where, how, why and if: In today's evolving environment, it is critical that leaders understand the dynamics and trends shaping service expectations and best practices—and respond in ways that improve customer and employee experiences and drive operational efficiency.

Over the past 12 years, Deloitte Digital has conducted a biennial survey of contact center leaders to better understand their priorities, challenges and opportunities. Our latest survey, conducted between November 2022 and February 2023, received in-depth responses from contact center and customer experience executives who are

responsible for service organizations around the globe (for more details on the survey, see Methodology, page 11).

Some priorities and challenges have remained consistent over time. Improving customer experiences was identified as the top priority for leaders in each survey, with cost control coming second. The top three investment priorities have also been remarkably consistent, with a focus on deploying new self-service capabilities, modernizing contact center infrastructure and deploying agent-enabling technologies.

But plenty has changed—and especially since the beginning of the pandemic. These changes are converging in ways that challenge some long-held “truths” about the talent strategies, operating models, channel capabilities and technologies needed for efficient, effective service.

In this report, we look at *how* leading service organizations are moving with the times and forging new pathways to better service quality, scalability and cost.

Top contact center
strategic priorities:

#1 – **Customer experience**

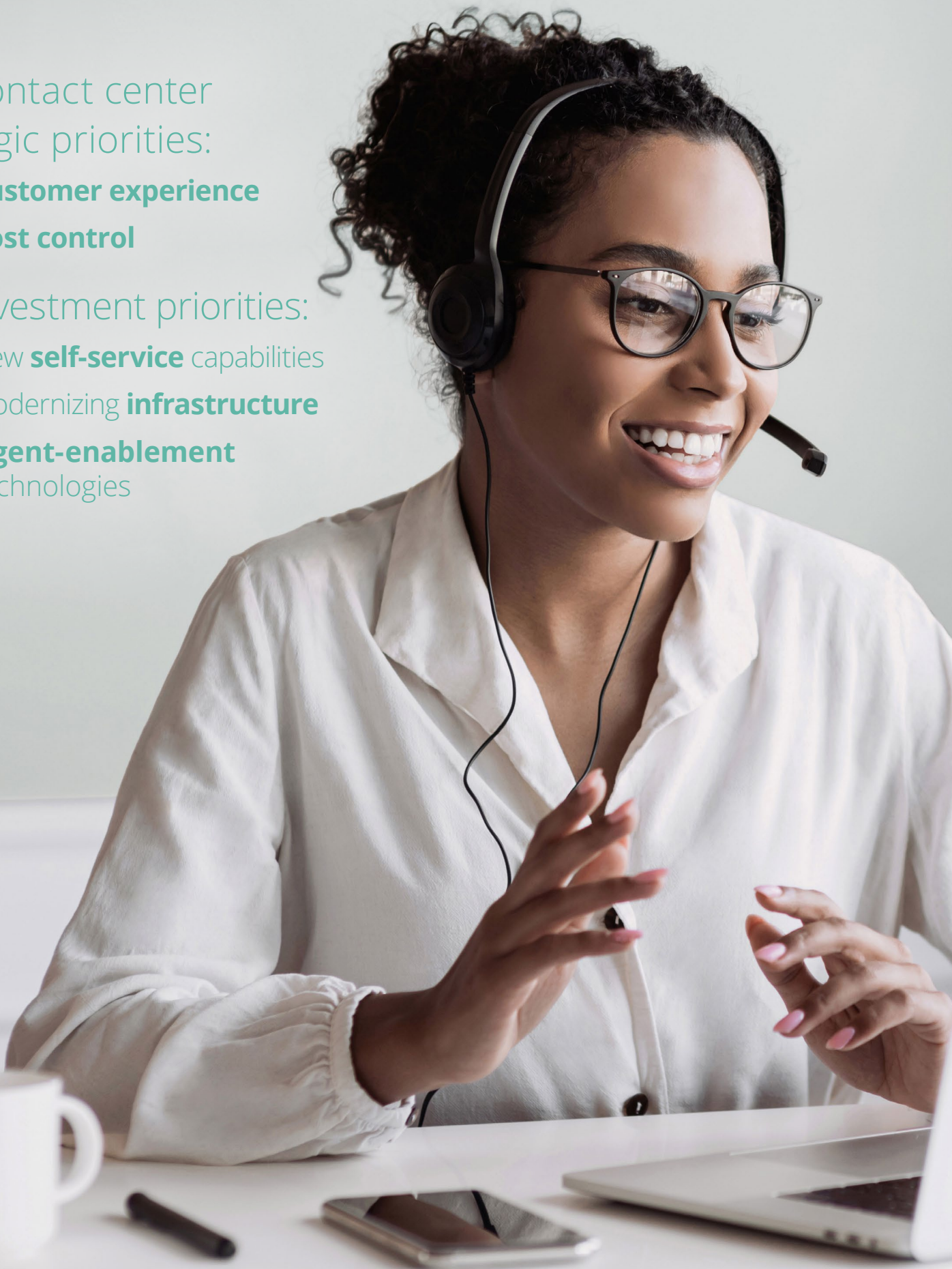
#2 – **Cost control**

Top investment priorities:

#1 – New **self-service** capabilities

#2 – Modernizing **infrastructure**

#3 – **Agent-enablement**
technologies



Contact centers embrace a dynamic talent model.

In early 2020, the pandemic—and the stay-at-home orders that it spawned across the globe—forced contact centers to shift rapidly to work-from-home models. Though stressful and challenging for leaders at the time, this shift soon began to reveal benefits that surprised many. Instead of hiring within a close geographic radius, contact centers could suddenly hire anyone, anywhere. Potential agents simply needed a workspace, a reliable home internet connection, and the skills and time needed. This increased both the breadth and diversity of contact center hiring pools.

Some companies were able to effectively expand their footprints without the need for large facility-related investments. Contact centers could hire workers located in rural areas who previously were unavailable for hire due to the impractical commute time. Those with operations in large metro areas benefited by eliminating the need to be located to near mass transit stops. And both companies and employees benefited from the elimination of commute time and costs.

An additional, powerful benefit for both workers and contact centers came in the form of more flexible work schedules. Organizations could manage spikes in contact volume by implementing options such as part-time schedules, on-demand overtime and/or split shifts. This change further expanded the pool of available workers—for example, by providing opportunities for stay-at-home parents who need more flexibility—while improving the employee experience by moving beyond one-size-fits-all work arrangements.

But as the talent pool widened, it also became shallower. Long-tenured agents who previously had few or no other local options for employment found they could work for almost anyone, anywhere. When better pay, better benefits or other perks rang up, many agents took the call.

This challenge was exacerbated when the great resignation emerged as a trend in 2021. Across entire countries, fewer people sought work in contact centers (or anywhere, for that matter), while plenty left the workforce. In our newest survey of contact center leaders, 63% said they face staffing shortages.

A smaller pool of prospective employees, combined with new competition for those employees, have forced contact center leaders to be more creative and proactive in finding and hiring agents—and, especially, to retain those they already have. (See page 5.)

For most organizations that means, first, that work-from-home is here to stay.

Even now that the stay-at-home mandates of the early pandemic have faded into memory, 69% of surveyed organizations still have a work-from-home program in place, with 73% expecting to have a work-from-home program in place within two years. This trend is directly related to the increasingly competitive talent market. Many that instituted work-from-home programs during the pandemic are also concerned about creating an attrition event by forcing agents back into contact centers. Among organizations facing a staffing shortage, one in five said they are actively expanding their work-from-home strategies to address recruitment and retention needs.

Organizations are also raising wages in an effort to sweeten the pot for current and prospective employees. Eighty-six percent of leaders said they expect to raise starting wages in the next two years. This approach has proved successful in filling open positions with remote employees.

To further address capacity needs, many leaders are turning to outsourcing. Fifty-eight percent of service organizations are currently outsourcing at least some portion of their needed agent capacity; that percentage will grow to 64% in two years, according to survey respondents. Among organizations that outsource some or all of their service agents, 83% said they do so to provide flexible capacity to manage volume spikes. Outsourcing helps companies maintain service levels and provide a consistent customer experience across all channels and hours of operation.

These approaches have helped companies navigate one of the most tumultuous chapters in modern history. In the process, they've enabled more scalable operations and improved the work-life balance of agents. Going forward, the organizations that benefit the most will be those that marry new talent models with cloud-based technologies that help preserve and improve agent training and access to knowledge, along with capabilities that connect and enhance experiences across channels.

2018:

34% of contact centers had a work-from-home program in place.

TODAY:

69% have a work-from-home program in place.

Agent retention and engagement help unlock better customer experiences.

In our latest survey, contact center leaders told us that customer experience remains their top strategic priority. Great customer experiences depend, in large part, on skilled, experienced and satisfied workers who are well-versed in common customer needs—and in how to serve those needs while remaining consistent with brand voice and company values.

Retaining experienced employees and fostering longer tenures also play a role in the No. 2 strategic priority, cost reduction. Hiring and training is expensive. New employees are typically less efficient due to lack of product knowledge and limited real-world experience managing service inquiries—all of which drives up costs.

For these reasons, **employee retention has become a growing priority—and challenge—for contact center leaders in recent years.** This focus has grown more urgent in the era of remote work.

Most contact center organizations are implementing multiple initiatives to address these concerns—the top three being salary adjustments, career path development and job share / enrichment activities.

It's not just about keeping agents, however. Across industries, we see a growing focus on maintaining company culture when agents work remotely. That's why most organizations with a work-from-home program now provide programs to bring employees together. Three in four organizations that offer work-from-home programs regularly host some type of in-person events or activities to maintain company culture and create and strengthen bonds between employees, teams and managers. Among those with a work-from-home program, 53% provide new-hire training in person, and 40% host company culture events in person.



Seizing the opportunity to transform operations through cloud.

The shift to more distributed operations and the need for connected, efficient customer experiences are driving many of the key technology priorities and investments in contact centers today. Even in the face of economic uncertainty, half of companies said that modernizing infrastructure is a top investment priority, and one in three said that deploying agent-enabling technology is a top priority.

The needs for remote access, agility and instant scalability are accelerating

the move of essential contact center technologies to cloud. In the past two years alone, the number of organizations that have moved analytics, customer relationship management (CRM), knowledge management, interaction recording and workforce management systems to cloud has increased by approximately 50%. Among those that haven't made those moves, a greater percentage now report plans to do so soon. By retiring legacy tech debt, these organizations can enable more

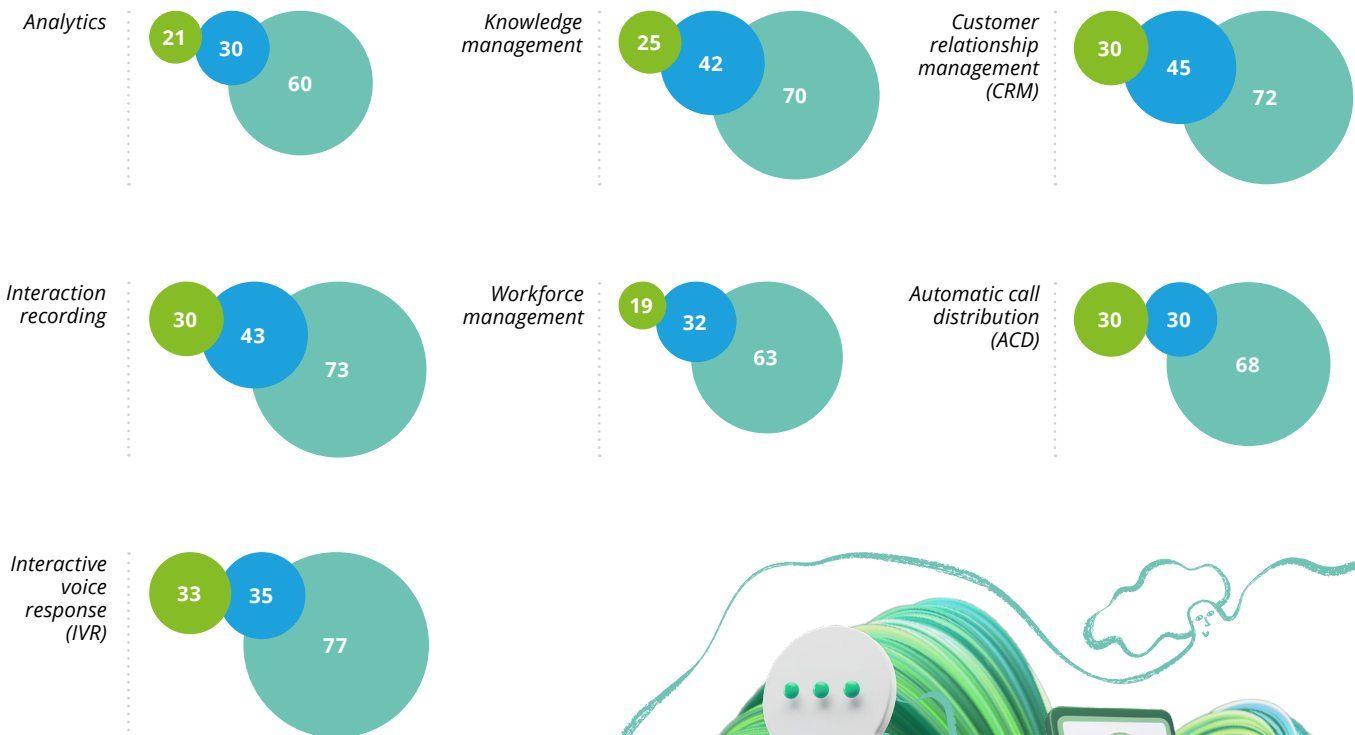
advanced capabilities, greater scalability and superior customer experiences at a reduced cost.

Altogether, three in four companies will have cloud-based interactive voice response (IVR), interaction recording and CRM systems within two years. Two in three will have cloud-based automatic call distribution (ACD). (See *graphic.*)

Cloud migration gains momentum.

For every core contact center technology, a majority of surveyed leaders reported they either have already adopted or plan to adopt cloud-based solutions by 2025, as shown by the percentages below.

● 2021 ● 2023 ● 2025, projected



The use of voice / text analytics to improve service has also significantly increased in the past two years—from 62% of organizations in 2020 to 81% today. This is a key enabling capability for remote work in particular, given that managers can no longer monitor agent calls or chats in person. Among the contact centers that use voice / text analytics, 65% use the capability for customer insights / retention, quality risk identification and call / contact driver analysis; 40% use it for call quality assessment.

To help automate both customer interactions and agent support, contact center leaders are increasingly prioritizing AI capabilities. Customer-facing chatbots are leading the way, with 74% of organizations currently at some stage of testing or deployment. That's followed by virtual voice assistants (64%) and agent-facing chatbots (60%).

The shift to AI-powered service has been slow to pay off for many organizations. (See sidebar.) And some leaders complain

that other technology investments have been slow to prove their value as well. When asked about the value they've realized through bot, CRM, telephony and IVR systems, one in five leaders said they've achieved value from *none of them*.

Often, these challenges are rooted in organizational and technology silos. A lack of shared strategic vision and collaboration among teams, coupled with fragmented customer data, insights and capabilities across channels, often result in customer experiences that feel “canned,” inconsistent and simply unsatisfying. The result? Customers do everything they can to circumvent technology altogether and reach a human. So much for digital transformation.

At the same time, economic headwinds and inflationary pressures are putting contact center leaders under greater pressure to examine and justify every expense. Prior investments are now being examined with a focus on extracting as much value

as possible out of the existing tech stack. Consumer expectations have never been higher and a continuous cycle of use case expansion as well as tuning and optimization is required to ensure tech investments meet changing customer needs. Beyond saving and deflecting costs, companies are improving revenue lift through cross-selling and engaging customers with the right recommendation at the right time. And by helping to build trust through reduced friction and personalized, instant service on the consumer's channel of choice, these tech-based efforts help drive consumer satisfaction and Net Promoter Score (NPS) improvements.

To close the value gap, organizations are increasingly turning to third-party managed services providers for support. Two in three companies said they expect to use an external partner for conversational AI and/or CRM management within the next two years, and more than half expect to work with a Contact Center as a Service (CCaaS) provider.

Driving value from AI investments.

Even as investment in AI capabilities continues to ramp up, many leaders said value has been hard to achieve. For example, among the companies that have fully deployed a customer-facing chatbot, only one in three say they've achieved anticipated value. That gap is even wider for other AI capabilities when fully deployed: Less than one in four say they've achieved anticipated value from internal-facing chatbots or virtual voice assistants.

This challenge isn't unique to customer service organizations. Proving business value is the top challenge faced by leaders across business functions, according to the recent fifth edition of Deloitte's “State of AI in the Enterprise” survey.¹

For customer service organizations, the lack of clear value realization is often rooted in disconnects between AI and channel strategies and capabilities. Many organizations have been quick to expand into new service channels that offered limited chatbot or other AI-enhanced capabilities. But their rush to keep pace with competitors, coupled with a lack of post-launch performance review and impact analysis, resulted in a lack of customer trust in their AI-powered tools.

If customers don't trust your chatbot on one channel, they often assume that your automated capabilities on *all* channels are similarly untrustworthy. As a result, many organizations found that adding new channel capabilities simply increased their volume of service requests overall, due to customers making multiple inquiries on different channels for a single service need.

To solve these challenges, it is important to focus not only on the right tools but also the right timing so that capabilities are fully deployed and integrated before being launched. Where AI capabilities remain limited, consider a right-channeling approach to circumvent limitations and drive customers to the most effective and efficient solution. Using analytics and insights to tune and optimize these channels will help drive adoption and enhance experiences.

Most of all, it's important to make sure that AI-powered experiences feel both human and consistent with your brand's purpose and voice. When customers can't tell whether they're interacting with a human or a bot—and especially when AI-powered tools make it easier and faster for them to get the solutions they need—those investments will rapidly begin to pay off.

Connected channels, elevated experiences.

When we surveyed leaders in 2020, 60% said they planned to invest in new channels for service. Since then, the percentage of organizations serving in just one channel has dropped by half. Additional channel investment remains a high priority now, with 69% now saying they plan to expand (or keep expanding) their service channels in the coming two years.

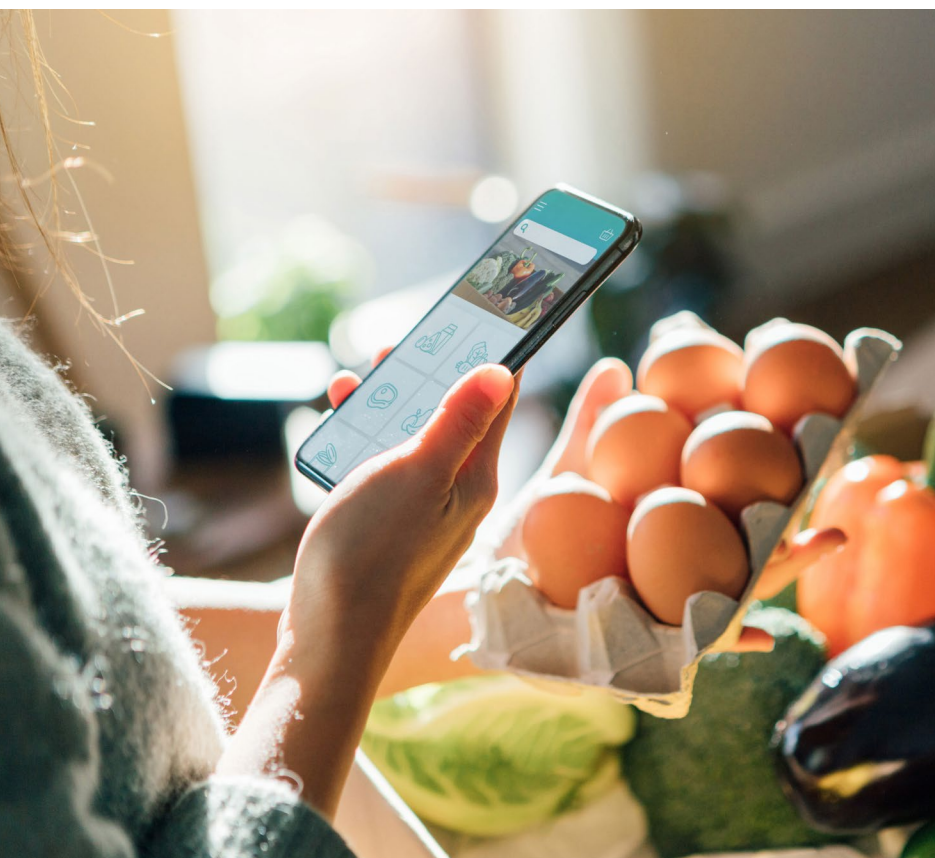
But our latest data shows that as channels proliferate, challenges often pile up. Forty percent of organizations that serve in multiple channels say their channels are isolated, with little or no visibility to prior interactions across channels. Only 7% of the contact centers that offer multiple service channels are able to transition customers between channels seamlessly by providing data, history and context to the next agent or system.

Connected, consistent experiences are critical for building trust, according to customers. (See page 9.) In the past, many organizations attempted to provide consistency by supporting any service interaction in any channel. That approach proved neither cost-effective nor practical.

That's why a growing number of organizations have pivoted to a *right-channeling strategy*—guiding customers to the most efficient channel for a specific need while connecting the overall service journey across touch points. In our latest survey, 55% of leaders said their organizations have implemented some form of right-channeling. Of those organizations, three in four use right-channeling to proactively steer customers to the channel best suited to support their interaction intent, with the remainder of organizations focused on shifting customers to the channel with the shortest wait time or lowest cost.

Ultimately, most contact center leaders hope to steer customers toward effective self-service solutions. Nine in 10 leaders will invest in additional self-service capabilities in the next two years, with a goal of driving customers to conversational IVRs, interactive FAQs, virtual agents and/or chatbots. Despite the previously mentioned challenges in achieving value from technology investments, leaders recognize that self-service and agent enablement are key to supporting faster solutions and better experiences for customers—and to managing costs as channels proliferate.

Plenty are already seeing value from their channel investments. Among respondents whose organizations provide service in more than one contact channel, 39% said they've already been able to successfully replace phone calls with engagement in less-expensive and/or more convenient channels.



55%
of contact centers
have implemented
some form of
right-channeling.

Building trust through service.

Every leader intuitively knows that customer trust has an impact on business results. But it turns out, not many understand how trust is built.

In 2022, Deloitte Digital conducted research with Twilio about the business value of trust and the pathways to achieve it. We found that when companies make it easy to do business with them, 96% of consumers trust the brand more—and they reward that trust with more frequent and higher value purchases, greater advocacy and more.

How do companies make it easy to do business with them? Consumers said the most important factors are:

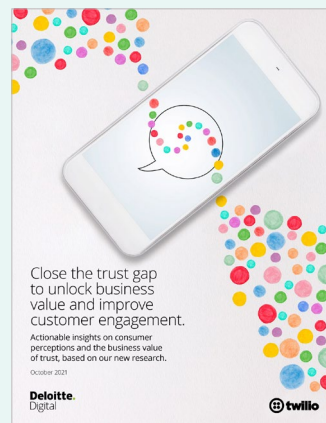
- #1.** Issues resolved quickly
- #2.** Can easily reach a live person
- #3.** (tied) Not being bounced from person to person to solve a problem
- #3.** (tied) Simple to find / get the information needed

Contact center leaders will recognize that these factors all relate to the interactions they facilitate with customers. However, when we asked the same questions of B2C executives, many of them correctly identified just one out of the top four factors that matter most to consumers—and underestimated the importance of all four of the top factors by an average gap of 21 percentage points.

Speedy, simple and seamless: These consumer priorities should guide decision-making for contact center leaders—especially in tough economic times, when every customer matters to the bottom line.

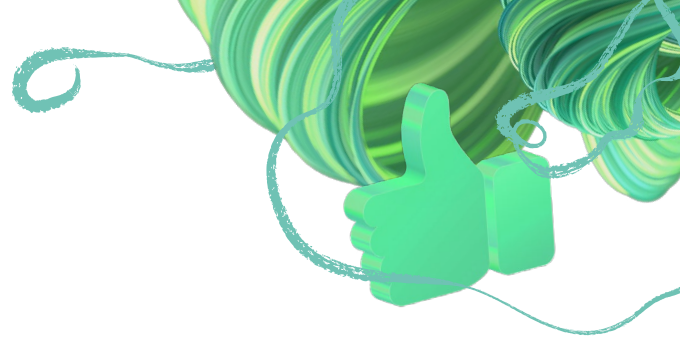
As they focus on those priorities, leaders need to find ways to address the common customer preference to speak to an actual live person (#2 on the list). Given the high cost of live phone service, contact center leaders should work on identifying high-value “moments that matter” for providing live support, while building out and connecting solutions that provide fast and frictionless customer support through a combination of right-channeling, intelligent automation and self-service capabilities. Over time, those connected solutions will help customers trust that the brand knows best when it comes to the fastest and most effective means to resolve their issues.

Download our report on building trust.



www.deloittedigital.com/us/trustgap





Finding your path in a dynamic environment.

The opportunities and challenges facing customer service organizations have never been more complex—and they continue to evolve rapidly. Global conditions—the pandemic, the great resignation, geopolitical conflict, persistent inflation—continue to impact contact center operating models, talent availability and labor costs. And fast-improving AI capabilities are rewriting what's possible for service automation.

In this environment, leaders need to find and execute effective strategies for talent recruitment and retention, channel expansion and technology adoption—all with a primary focus on delivering a seamless customer experience. The most (and least) effective use cases for each channel should be factored into a right-channeling strategy in which data and intent follow the interaction through resolution. The shift toward remote and/or outsourced talent models means that organizations should accelerate the move to cloud-based tools and platforms that can rapidly adapt and scale to fit needs.

It's a lot to consider on the path to sustainable, effective, efficient customer service. Leaders talk about effective tech-with-talent models ... but the dynamics in both technology and talent markets mean that processes for constant improvement, flexibility and change management need to be baked into every aspect of contact center operations. The right balance of channel, technology and human solutions will depend on the customers you serve, industry norms and other considerations.



In order to identify the best path forward for your organization, **here are some questions to ask yourself.**

1. How do I balance investments in improving the customer experience while meeting cost-reduction objectives?
2. How do I prioritize and promote self-service capabilities to customers in order to gain their confidence in solutions that could be trusted to solve their needs quickly and completely?
3. How can I leverage AI to monitor and improve on a larger volume of customer interactions through self-service and agent enablement?
4. What approaches to job enrichment, compensation and/or career path development can be most effective to reduce attrition and improve performance among my remote agents?
5. What technologies, processes and/or other resources should I leverage—internally and externally—to improve scalability and agility in my contact center?





Methodology.

Between November 2022 and February 2023 Deloitte surveyed global customer contact center executives regarding the current state of their businesses and what they perceive their business will be doing in the next two years. Respondents represented contact center and customer experience executives in service and sales organizations across industries and around the globe, covering B2B, B2C and internal customers such as IT and HR help centers. This is the sixth publication of Deloitte Digital's Global Contact Center survey, which has been published biennially since 2013.

Sources.

1. Nitin Mittal, Irfan Saif and Beena Ammanath, *State of AI in the enterprise, 5th edition*, October 2022, p. 8, <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/deloitte-analytics/us-ai-institute-state-of-ai-fifth-edition.pdf>, accessed December 7, 2022.

Get in touch.

Dounia Senawi

Principal | Deloitte Consulting LLP
dsenawi@deloitte.com

Tim McDougal

Managing Director | Deloitte Consulting LLP
tmcDougal@deloitte.com

Jaden Herrin

Managing Director | Deloitte Consulting LLP
jherrin@deloitte.com

Leah Yousif

Senior Manager | Deloitte Consulting LLP
lyousif@deloitte.com

Michael Kottwitz

Specialist Leader | Deloitte Consulting LLP
mkottwitz@deloitte.com

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