RESEARCH

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Customer engagement: worldwide forecast 2018–2022

Atul Arora

About this report

This report provides forecasts for communications service provider (CSP) spending on customer engagement software systems and related services for 2018–2022. It provides details on spending by delivery type, service type, sub-segment and region. The report also provides recommendations for how vendors and CSPs can make use of SaaS-based systems and automation to deliver a rich digital customer experience.

The report is based on several sources, including:

- Analysys Mason's research from the past year
- interviews with CSPs and vendors worldwide.

GEOGRAPHICAL COVERAGE

- Worldwide
- Central and Eastern Europe
- Developed Asia–Pacific
- Emerging Asia–Pacific
- Latin America
- Middle East and North Africa
- North America
- Sub-Saharan Africa
- Western Europe

SUB-SEGMENT COVERAGE

- Engagement platforms
- Sales
- Marketing
- Customer service

KEY QUESTIONS ANSWERED IN THIS REPORT

- What are the key trends and factors that will affect the customer engagement market during 2018–2022?
- What are the growth rates in each of the sub-segments?
- What are the regional factors that will drive growth?
- What should vendors do to exploit new business opportunities?
- How will professional services for customer engagement perform during the forecast period?
- What are the major drivers and inhibitors that will influence CSP spending on customer engagement?

WHO SHOULD READ THIS REPORT

- Vendor strategy teams that need to understand how spending is shifting from systems-driven use cases to engagement-driven use cases.
- Product management teams responsible for feature functionality and geographical focus, and product marketing teams responsible for growth.
- CSPs that are planning digital experience development, customer journey management and digital transformation journeys, and want to ensure that they remain up to date.
- Professional services vendors that want to understand the growth opportunities over the next 5 years.

Three key trends expected during 2018–2022

1

Operators will invest in virtual assistants to support both external and internal engagements.

Telecoms operators are using virtual assistants as a way to engage with their customers. We expect that this trend will continue and that its focus will expand beyond customer service to include sales and marketing. We predict that virtual assistants will enter the mainstream market and become a channel of choice for customers, thereby delivering the dual benefit of increasing customer satisfaction and reducing costs as customers self-serve.

2

SaaS-based systems will account for almost half of the annual product-related spend by 2022.

To meet changing customer demands and rising expectations, operators need to introduce agility into their business. To achieve this, we expect them to increasingly adopt SaaS-based systems. The adoption of these systems will be supported by the development of platform-based architecture that will allow operators to make use of previous investments, forgoing the need to undertake capital intensive large transformation initiatives.

3

Automation and cost-reduction initiatives will severely affect spending on outsourced operations.

Investment in capabilities such as proactive care and virtual assistants will provide greater flexibility for operators to deliver improved self-service functionality to their customers. This is already reducing the volume of calls received in call centres and this trend is expected to grow during the forecast period.

Recommendations for CSPs

1

In the short term, CSPs should prioritise delivering an omni-engagement experience on their smartphone apps.

For customers that channel hop, a lack of consistency and the disconnected nature of customer touchpoints is resulting in customer dissatisfaction. To address this, operators need to manage customer journeys by delivering an omni-engagement experience through their smartphone app, focusing on delivering all primary engagement functions through the app. This will enable customers to serve their needs through a single touchpoint.

2

An omni-engagement approach should be part of CSPs' long-term strategy to deliver a digital customer experience.

Operators need to address multiple channels and deliver a consistent experience across all of them. To do this, they should focus on enabling omni-engagement on their smartphone apps. For this, operators should adopt a platform-based architecture that will allow them to make use of previous investments, as well as gain much needed agility.

3

CSPs should adopt SaaS-based or cloud-native architecture for agility, and experiment with automated technology such as virtual assistants to reduce costs.

Operators should adopt SaaS-based architecture to bring agility and flexibility to their businesses. Moreover, they should deploy machine learning and AI to improve engagement effectiveness, for example by using automated campaign performance analysis. Operators should also adopt virtual assistants for direct customer engagements as the solutions are maturing quickly and will deliver returns on investment during the forecast period.

Recommendations for vendors

1

Software vendors need to develop cloud-native customer engagement solutions that are modular in nature and support engagement-driven use cases.

Software vendors should focus on cloud-native architecture and using microservices when defining their product roadmaps now and in the near future. These are expected to be some of CSPs' must-have requirements. In addition, vendors should align their solutions to CSPs' business needs, which now tend to be driven by the type of engagement (such as marketing and sales) within customer operations.

2

Solution providers must work together to develop partner ecosystems to reduce the time to market for new technologies and to fend off competition from custom software developers.

As CSPs transform and strive to differentiate themselves from their own competition, vendors are likely to face increasing competition from either systems integrators or in-house software development teams at CSPs. Vendors that are operating in a partner ecosystem (or are open to the idea) will be in a better position to deliver best-of-breed solutions with faster times to market and with newer, leading-edge capabilities.

3

Solution providers with call centre outsourcing portfolios should introduce automation and next-best-action guidance frameworks to improve the performance and efficiency of their offerings to operators.

CSPs are increasingly offering greater self-service functionality to customers, including on digital channels, leading to reduced volumes of calls to call centres. To ensure continued business viability and to improve the capabilities for CSPs, solution providers should make use of automation functionality and next-best-action frameworks in order to enhance agent performance in call centres and to deliver greater value to operators and their own businesses.

Contents

About the author

Atul Arora (Senior Analyst) is the lead analyst for the *Digital Experience* and *Customer Engagement* programmes. He is focused on helping his clients to achieve their customer experience objectives by narrowing down their business problems associated with customer engagement across the customer lifecycle. His areas of interest include the digital transformation of operators' customer engagement functions (marketing, sales and customer service), customer journey enablement and digital-first enablement. Atul also works on custom projects for telecoms operators and vendors, which include delivering workshops, providing strategic advisory and undertaking market assessment work. He holds an MSc in Neuroscience from University College London and a bachelor's degree from Jaypee University (India).

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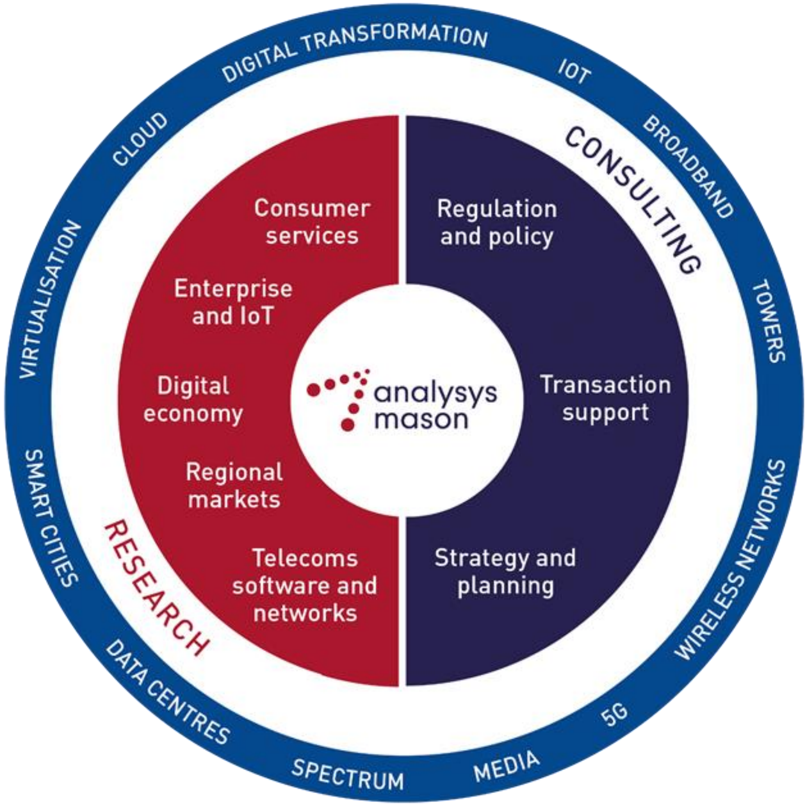

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