



Digital customer care in the age of AI

Energy service providers must adapt to rising customer expectations

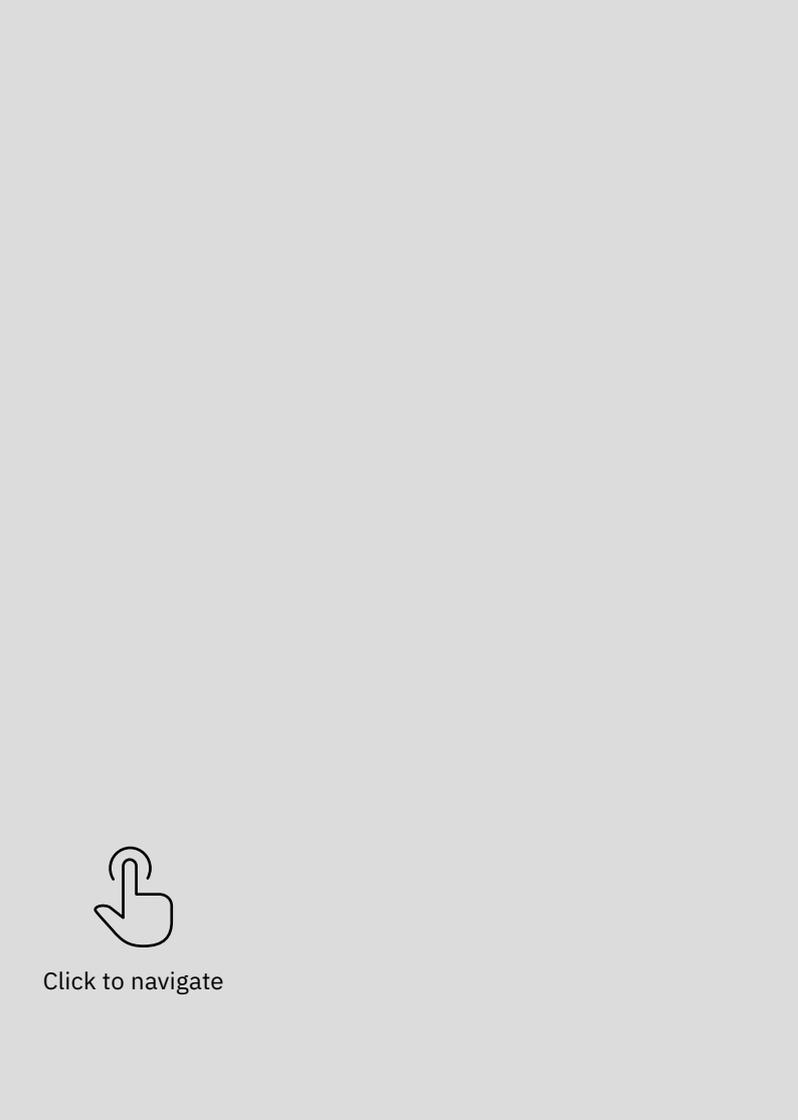
“The last best experience that anyone has anywhere, becomes the minimum expectation for the experience they want everywhere.”

Paul Papas

IBM Global Leader for Interactive Experience



Content



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Boosting customer care

Customer care is becoming a differentiator across all industries—and the energy and utility industry is no exception. They are being challenged to revitalize and personalize their customer interactions while controlling costs.

To compete, companies need to build client centricity throughout their organization, know their customers as individuals, and provide personalized and proactive care across many channels, when and where customers want.

But providing this level of customer care is challenging. According to a recent IDC Futurescape study, only **1 in 5** utilities will raise customer satisfaction scores by more than **10%** or reach a positive net promoter score in **2018**.

When paired together, customer engagement analytics and AI-infused virtual assistants (chatbots) can help provide a superior level of personalized customer service when and where your customers want to communicate. AI will help cut costs, automate rote queries, and free customer care reps to focus on higher value interactions, making for happier customers, employees, and businesses.



“Our vision is that customers will be able to interact with us the way that they want to interact with us.”

Gregory Knight

Chief Customer Officer and Senior VP,
CenterPoint Energy

Your customers have embraced everything digital—have you?

Customers today are highly demanding, increasingly connected, and have heightened expectations for engagement. They expect to get answers quickly, at any time, on any channel they choose, so they can move on quickly with their lives.

How fast? Among people who contact a brand, product, or company through social media for customer support, **32%** expect a response within 30 minutes. Nearly half expect a response in an hour.¹ Facebook recommends **15-minute** response times from brands in its Messenger app.²

And energy service providers are not immune to these expectations. People openly compare their energy service providers with companies in other industries like retail, travel, and media.³ In other words, that customer who just bought a pair of shoes on Amazon in one click or ordered a car service via a smartphone app is going to demand the same level of engagement from their energy service provider.





50% of customer calls go unresolved or require escalation.



52% of customers hang up on a customer service call before their issue is resolved.

As digital, social, and mobile technologies become increasingly important, companies are challenged with showing they are more than just commodity energy providers. They're battling it out for consumers' hearts and minds.

While the demands are high, the rewards can be even bigger.

Satisfied customers are more engaged and drive down the overall cost-to-serve. In competitive energy markets, loyal customers help build a profitable business because they are more likely to stay with a utility that treats them well, more likely to recommend it to others, and are more likely to buy additional services, further boosting their lifetime value.

Providing poor customer service—the kind that immediately sends customers to social media to complain—is not an option.





Energy and utilities globally spend **USD 30 billion a year** on customer operations, with a large portion going to billing and call centers.



The customer care struggles of energy service providers today

Energy service providers have unique demands. They must both handle mundane queries and respond promptly when people ask about technical failures, extreme weather events, or grid imbalances.⁴

With customers spending just an average of **10 minutes a year** communicating with utility providers, smart companies will customize a short, efficient and well-targeted journey to make those 10 minutes as painless as possible.⁵

Most customer care solutions, however, are slow to respond due to aging technology and rely solely on interactive response systems and human agents.

Navigating **Interactive Voice Response (IVR)** trees is more often than not cumbersome and, compared to normal digital interactions, can lead to more frustration. Customer service is still fragmented, and multichannel conversations can quickly become broken.⁶

Hiring more people isn't a solution that can scale. It costs around **USD 8,400** to recruit and onboard a new hire.⁷ And these costs add up as agents spend an average of only one year on the job due to stress and frustrations.⁸

Studies show that the average cost per customer service interaction over the phone ranges from **USD 5 to USD 12**. Virtual agents bring this cost down **80%** to **USD 1.55** per interaction.⁹

Virtual agents not only lower costs but also lead to improved customer and agent satisfaction. As reported by Aberdeen CEM Executive's Agenda 2017 study, companies that have adopted messaging as a customer service channel achieve a **2.9 times greater** annual increase in NPS¹⁰ compared to "all others".

Additionally, research has found that employee engagement rates also increase as virtual agents make service agents jobs easier.

What does AI have to do with customer care?

Companies need to take the strain off of human agents and tap into clients' individual contexts—adapt to them—and gain instant access to customer preferences, past queries, and other relevant data. That's where digital agents (such as chat bots) infused with artificial intelligence come in.

These solutions use machine learning to intervene and act as the first step toward completely personalized interactions between companies and their customers.

AI infused virtual agents can cut labor costs by reducing the reliance on human intervention—leading to as much as **30%** decline in customer support service fees. Chatbots can also handle **80%** of routine tasks and customer questions.

Unlike people, chatbots are not constrained by working hours, time zones, public holidays, or illness. They're always on—even during weather disasters—and this gives companies the ability to deliver truly always-on service that further increases satisfaction and loyalty.



Did you know:

- **80%** of routine customer questions can be handled by chatbots.
- **USD 8 billion** could be saved by using chatbots.
- **90%** success rate of bot interactions by **2022**.



The future of customer care is conversational: **mobile messaging** and **chatbots** are preferred by customers and are up to four times more efficient than legacy voice channels.



Focus on your client: AI-enabled customer care

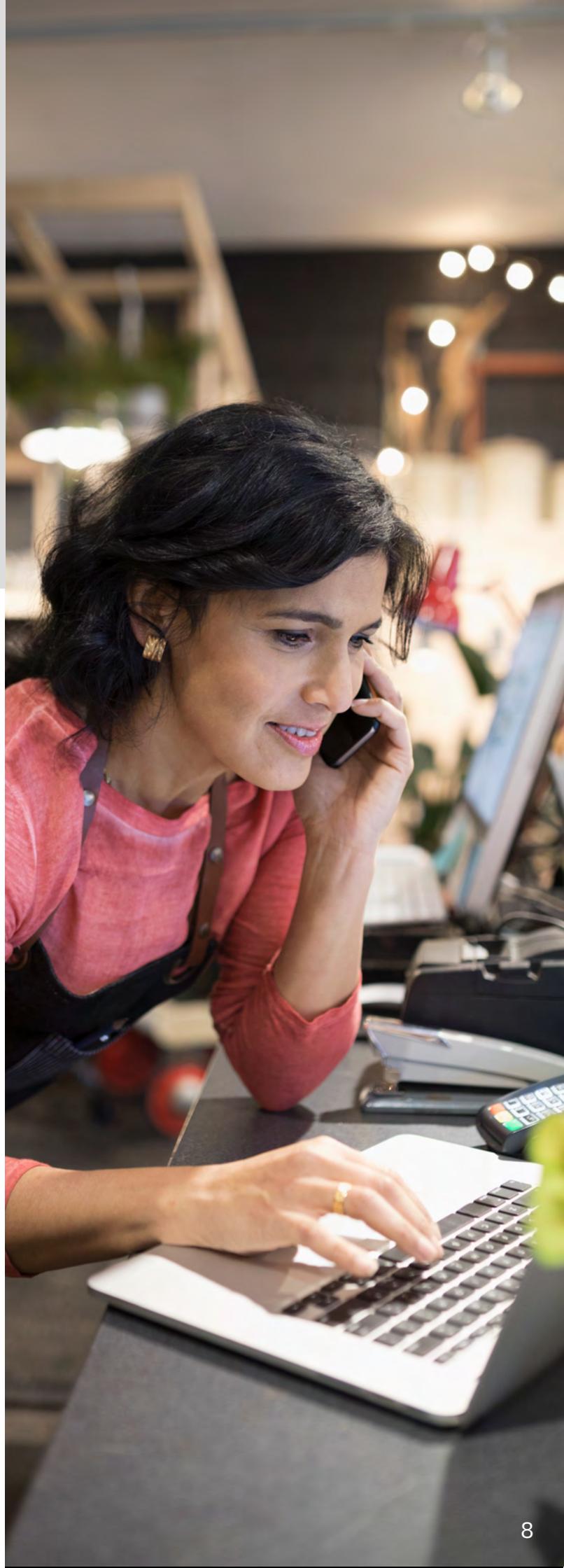
In most cases, digital assistants infused with AI drive three key imperatives:

- Improving UX
- Lowering OPEX
- Generating new revenue streams

Estimates show that natural language processing integration in chatbots will save companies **USD 8 billion per year** in supporting costs by 2020, as opposed to just **USD 20 million** in 2017.¹¹

AI-infused chatbots can predict why a person is reaching out and can offer resolutions even before a complaint is filed. This is useful for procedures as simple as payments and billing disputes resolution, account set up, or discount claims. And these interactions can be utility specific, such as power outages alerts, weather notifications, cataclysm alarms, or blue-sky equipment failure notices.

AI-infused chatbots recognize and adapt to context and intent; they come equipped with a degree of emotional intelligence that allows them to differentiate sentiments and tone, can infer personality traits and deliver a thoroughly customized experience, all while escalating to human agents when necessary.



AI augments human agents

The big bet with AI-powered conversational agents and self-service solutions is that they may eliminate the hassle of calling support for every little issue, thus making large call-centers unnecessary while increasing customer satisfaction and engagement or still lowering churn rates by augmenting the work of current care agents.¹² This means happier clients and 30% in savings in your customer care budget.¹³

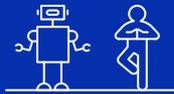
A digital agent also offloads some of the more stressful and tedious activities that result in agent attrition. Not only are these agents on the front line of dealing with often irate and impatient customers, much of their time can be spent answering trivial or mundane questions, and often the same ones over and over.

Shuffle these routine questions off to AI-powered conversational agent, and the human agent is under less pressure, and gets to tackle the more intellectually challenging questions—the kind that make their job feel more valuable and sparks exceptional customer care.

- **85%** of all customer interactions will be handled without a human agent by **2020**.
- For every second companies shorten call center handling times, over **USD 1 million** is saved in annual service costs.
- Chatbots reduce per-query costs from **USD 5–12** with human agents to just **USD 1** with virtual agents.



IBM Voice Gateway enables Watson to listen to what a customer and agent are discussing and uses the IBM Watson Discovery Service to find appropriate internal documents, web pages, processes and forms to answer the customer's queries. This alleviates the agent's burden to search through large volumes of data and information. By connecting to Watson, a call center is also able to do a sentiment analysis, improving the quality of calls.



Named **the leader** in Forrester's New Wave report on Conversational Computing—**IBM Watson Assistant** is the AI for your business.

[Download report](#)

Use data to understand your customers

Integrating digital agents with multiple data sources inside and outside an organization provides a holistic customer view. And when they integrate with CRM and other critical systems, they can seamlessly coordinate workflows, handling multiple complex tasks across several systems.

And paired with the ability to learn from each interaction, digital agents can engage in contextual discussions and offer targeted resolutions faster than call center agents could ever do on their own.

With AI, companies can understand who their customers are and what they want before they dial their support number. Social listening, call logs, and audio files are just part of the vast data pool that can be harvested to help them understand what types of services customers want to purchase, what kinds of problems they may be having, or learn how to build a trusting relationship with them. It's like adding the voice of their customers into their back-end systems.

One key area where energy service providers can leverage the full potential of a multi-channel customer engagement platform is improving enrollment for programs that are designed to help customers save energy and lower bills.

Internal subject matter experts are also adding their own database of knowledge to the mix, as well as supervising the continuing training of the algorithm to continue to fine-tune the solution's familiarity with customer vocabularies and continue to get smarter and faster over time.

So how do you train AI to help companies?

Properly training virtual agents enables them to be fluent in several international languages in a matter of days. The most efficient chatbots are equipped with a holistic understanding of brand-specific and industry-specific knowledge and are pre-configured to handle the most common requests.

All bots need to be trained on data sets specific to what they do. Truly functional bots will be integrated with other systems to improve their capabilities. For energy service providers, these could be the customer, marketing, and outage systems where the chatbot could personalize interactions by accessing a customer's billing data and completing their payment.



“We think the conversational agent will have the most value when it can delve into what’s behind the question you asked. It’s the idea of incorporating a discovery process into the conversational system.”

Rob High
IBM Watson CTO

The AI-powered conversational agents can address up to **80%** of commonly asked **Tier 1** support questions.

What can AI do for companies today?

Intelligence put to work with Watson®

Customer service powered by AI technology provides a level of reliability that cannot be matched by human agents alone.

“Not all bots are created equal. Simple bots are basically rules based. AI can help make chatbot conversations more human-like and understand the complexities of language and learn how to engage in more natural conversations that identify and resolve problems.”

Vickie Dorris

IBM solutions leader in global digital customer care



Less human interference

Watson uses technologies such as natural language processing, deep learning and machine learning to make sense of user questions and to imitate human speech and reactions to the point that actual human intervention is required only for the most complex of tasks. When a human touch is required, the solution can easily escalate and transfer the chat conversation via third-party services (such as LivePerson, Salesforce, Genesys, Avaya, or Zendesk).

Dialogue tracing

IBM solutions can easily trace dialogues and allow for a more natural conversation. When users digress from the conversation, the discussion can be easily resumed from where it stopped, so none of the previous dialogue is lost.

Decision-making assistance

Using improved metrics and analytics, IBM solutions can understand the interaction between users and virtual assistants and can assist with a myriad of decisions. This is facilitated by a set of core skills, categorized by reasoning technology: conversation, discovery, classification, and more.

Quick resolution

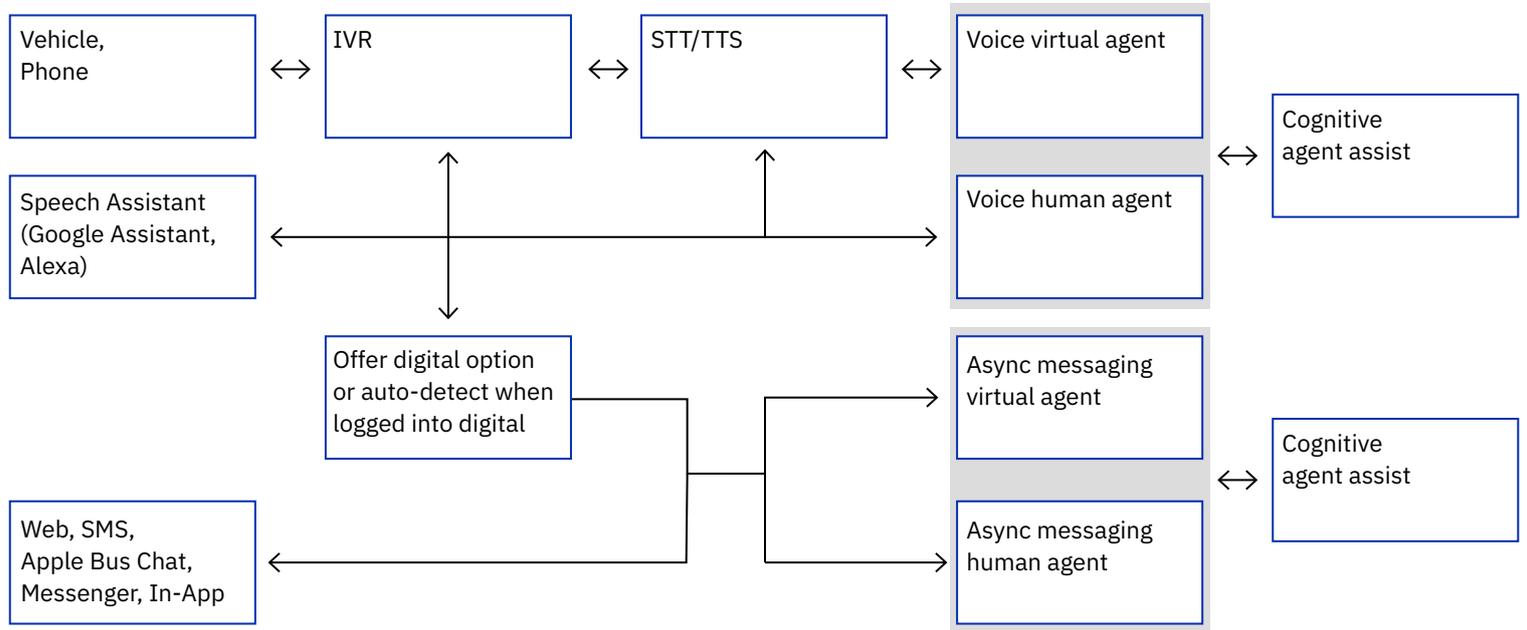
The technology that powers AI-infused virtual agents enables the fast recognition of more than **60** use cases and, by understanding and processing intent, context and meaning behind queries, customer response is sped up by **99%** and resolution time is diminished from **10** minutes to seconds for most inquiries.¹⁴

With Bradesco, one of Brazil's largest banks, Watson is trained on **62** products and answers **283,000** questions a month with a **95%** accuracy rate, with just **5%** requiring calls for further assistance. "It's a real wow factor", exclaimed one Bradesco manager.

Multi-channel efficiencies

Since **42%** of B2B customers purchase more after a positive customer experience,¹⁵ IBM products focus on creating customer self-service and agent assist solutions to support both proactive and responsive customer interactions across multiple channels. Our solutions expand to mobile chat, apps, cognitive kiosks, and other channels as desired.

We can augment all channels with AI (including voice), and Cognitive Async Messaging to yield the most results



 Actively deflect calls to messaging when customers prefer to be served in digital, where CSAT and efficiency are the highest.

 Use real-time sentiment analytics for optimal customer experience (Bot—Human tango, personalization).

 Identify top intents driving your volume and develop a cognitive roadmap to enable them with AI, with seamless agent handoffs as needed.

 Add Cognitive Agent Assist to help agents speed up knowledge search for complex inquiries.

 Leverage Asynchronous Messaging to move beyond “the session” to enable services on customers’ time table, with up to 2X efficiency over voice.

The customer care evolution starts here

To meet customer expectations and provide the personalized “every, anytime” services they crave, companies need to engage them as individuals with fast, proactive, and reliable information.

While such an approach might prove challenging, energy service providers are opening up to the fact that adapting to the new environment is the only way to go forward.¹⁶

Ultimately, as customers and technology become more sophisticated, energy service providers will need a base level of consumer and industrial marketing capabilities that include greater expertise in customer intelligence, product, and service marketing, channel management, and core customer service delivery models.¹⁷

Developing a broader, multi-channel platform for customer communications is one of the smartest investments that can be made today.¹⁸



61% of failed customer support calls can be solved with better access to data.



USD 8 billion could be saved by investing in AI chatbots.



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