



Presentation

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Customer Digital Service Development and Channel Migration Foundational Framework

Introduction

Better aligning service delivery with customer expectations, digitising services and migrating customers to the online channel are central for organisations wishing to decrease service delivery costs, improve customer access to services and improve staff satisfaction and confidence in delivering services.

This pack provides a foundational approach, for organisations to follow, to develop customer-led digital services, that achieve both business and customer goals. It also provides an overview of the foundational methods to calculate cost to serve, channel migration targets and measure digitisation benefits and performance.

This foundational framework includes:

1. Customer Digital Service Design and Channel Migration Framework
2. Channel Migration Approaches
3. Channel Migration and Cost to Serve Measurements

1. Customer Digital Service Design and Channel Migration Framework



1. Customer Digital Service Design and Channel Migration Framework

1. Customer Insight and Research

Identify good candidates for digitisation:

Capture which services customers prefer to use online.

Understand customer adoption patterns:

Understand customer's likelihood to adopt online (low, medium or high).

Capture customer design needs:

Research customers' service design requirements (what will make it easiest for them to use the online service)?

Set appropriate channel migration targets

What will future channel mix look like (% online, % offline, based on adoption patterns)?

1. Customer Digital Service Design and Channel Migration Framework

2. Service Design and Development

Design inception and prototyping:

Service design (include customers and staff in end-to-end design).

Baseline current service delivery costs

Time taken to deliver offline x number of services provided.

Establish channel migration targets:

Establish measurement mechanisms (based on customer insight).

Improve business practices:

Improve/realign business processes supporting service delivery.

Validate service design:

Test and validate proposed customer experience and service design for staff and customers.

1. Customer Digital Service Design and Channel Migration Framework

3. Customer Engagement and Migration

Select appropriate customer engagement approach:

Based on the customer likelihood to adopt to drive customer uptake of new digital service.

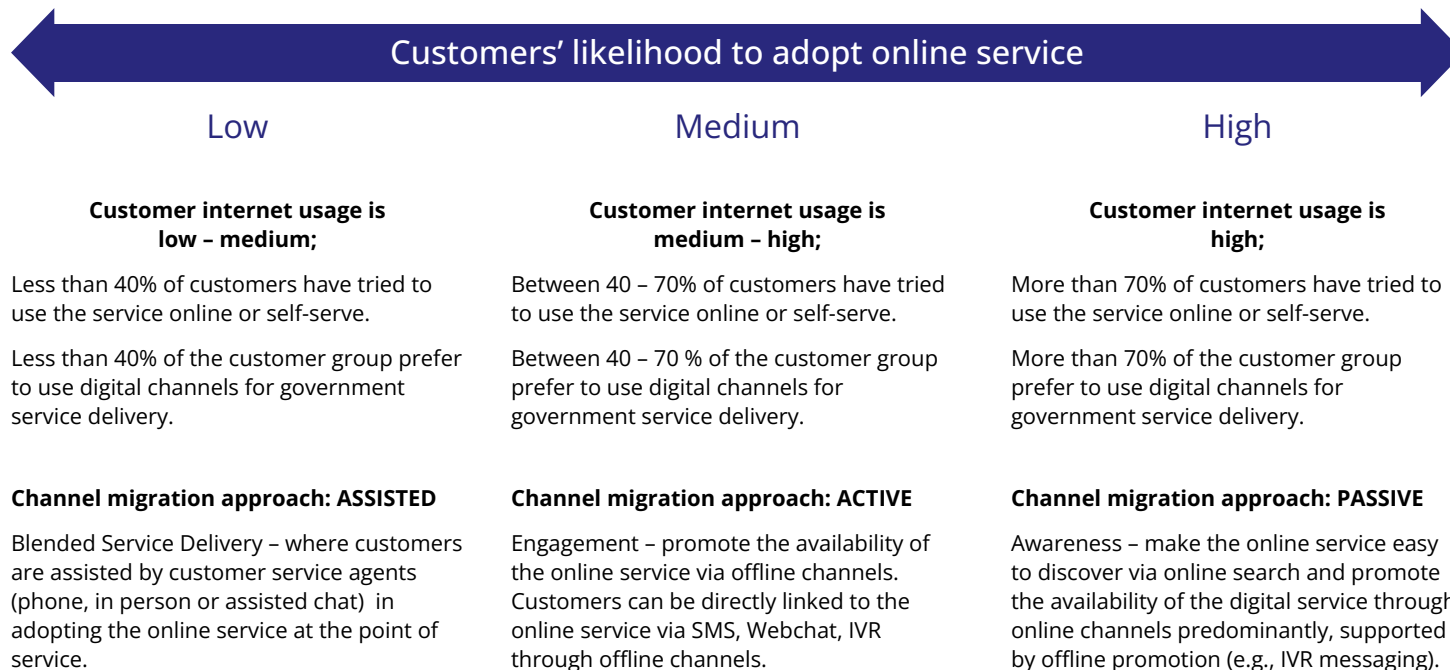
Calculate number of services delivered:

Measure the number of services delivered digitally x the cost to serve for offline to calculate cost avoidance.

Measure customer migration:

Measure customer uptake of the online service against channel migration target (engage contact centre and measure online).

2. Channel Migration Approach



3. Channel Migration and Cost to Serve Algorithms

Performance Measure	Calculation
Channel migration – customer adoption	<p>Initial target setting: The % of customers who are likely to use the online service to set the target (from customer insight and research) + Customer Channel Preference (% online; phone; face to face).</p> <p>Ongoing measurement: The % of customers who do use the online service once launched – this assists in tracking channel migration efforts, compared to the % of customers still using offline channels.</p>
Cost to serve (simplified for channel migration benefits)	Hourly staff rate (including on-costs) x time taken to deliver the service offline (e.g., \$50 per hour x 17 minutes to deliver the service via phone - \$14 per transaction).
Channel migration – business benefits	<p>For every online transaction completed – cost avoidance (e.g., \$14 per transaction for every completed online service that is not delivered via phone). This is cost avoidance because the other channels won't be shut down; the service is being delivered through the cheaper channel.</p> <p>For those transactions that remove additional costs (e.g., postage costs) – bankable savings (e.g., if the offline process requires 3 physical copies of documents to be mailed to the council and the council pays for postage at \$5 per transaction; online lodgement provides bankable savings of \$5).</p>

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