

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.



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Customer Digital Service Development and Channel Migration Foundational Framework

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

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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)?



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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.



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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).



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2. Channel Migration Approach

Customers' likelihood to adopt online service

Low Medium High

Customer internet usage is low - medium;

Less than 40% of customers have tried to use the service online or self-serve.

Less than 40% of the customer group prefer to use digital channels for government service delivery.

Channel migration approach: ASSISTED

Blended Service Delivery – where customers are assisted by customer service agents (phone, in person or assisted chat) in adopting the online service at the point of service.

Customer internet usage is medium – high;

Between 40 – 70% of customers have tried to use the service online or self-serve.

Between 40 – 70 % of the customer group prefer to use digital channels for government service delivery.

Channel migration approach: ACTIVE

Engagement – promote the availability of the online service via offline channels. Customers can be directly linked to the online service via SMS, Webchat, IVR through offline channels.

Customer internet usage is high;

More than 70% of customers have tried to use the service online or self-serve.

More than 70% of the customer group prefer to use digital channels for government service delivery.

Channel migration approach: PASSIVE

Awareness – make the online service easy to discover via online search and promote the availability of the digital service through online channels predominantly, supported by offline promotion (e.g., IVR messaging).



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3. Channel Migration and Cost to Serve Algorithms

Performance Measure	Calculation
Channel migration – customer adoption	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). 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.
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	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. 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).



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