

REPORT: BIG IDEA

The Future of Customer Experience (CX) is Orchestrated Engagement

Learn How to Overcome Functional Fiefdoms and Legacy Technologies in One Fell Swoop

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EXECUTIVE SUMMARY

Customer Experience (CX) software suites from technology providers aim to provide businesses with a seamless experience across marketing, sales and service, offering a single view of the customer. On the other hand, customers must deal with a fragmented CX technology stack that can contain upwards of 29 disparate point solutions.

The gap between what suite software can deliver and what customers already experience creates a new opportunity – orchestrating customer engagement. This entails balancing new and legacy technologies to enable agility and collaboration in customer journeys, deliver actionable insights, predict future outcomes and create continuous innovation. Constellation believes the future of CX is in orchestrating engagement.

This report examines the reasons why existing CX solutions struggle to meet customer expectations and shows how orchestrated engagement overcomes today's challenges. It highlights use cases in healthcare and life science and provides recommendations on how to get started on orchestrating customer engagement.

Business Themes



Digital Marketing &
Sales Effectiveness



Next-Generation
Customer Experience

FAILURES IN CUSTOMER EXPERIENCE START WITH FRAGMENTATION AND TECHNICAL DEBT

The growing prominence of CX platforms shows that technology providers are trying to deliver the next generation of customer experience (CX). Next-generation CX platforms promise to provide a single view of the customer while unifying sales, marketing and service. Unfortunately, technology providers are falling short of this promise as a variety of self-inflicted wounds caused by corporate mergers and acquisitions and poor leadership often leave their customers with an increasingly fragmented experience in their CX technology stack. Moreover, customers grow increasingly frustrated over the technical expertise gap created by the plethora of solutions they must manage.

Constellation's research shows that an organization uses an average of 27 to 29 CX software solutions from as many as 23 to 25 vendors. These solutions include salesforce automation (SFA), marketing automation,

advertising platforms, data augmentation, services engagement, social media management, community management and more. Despite employing so many solutions, organizations only use a fraction of the functionality in each solution. Furthermore, the related human capital required to maintain and expand usage of the customer experience software creates not only a high barrier to efficient operation but an institutional inertia toward failure.

Consequently, companies must ask themselves: How does a business make all of these point solutions work together? How does a business both optimize existing investments and innovate for the future?

WHY EXISTING CUSTOMER EXPERIENCE TECHNOLOGIES STRUGGLE TO MEET CUSTOMER NEEDS

CX technologies have been around for two decades, but still have not addressed the core needs of companies. The shortcoming is due to six reasons:

1. Outdated systems and expertise hamper business strategy. Organizations have under-invested in digital transformation and continue to operate legacy systems on dated technology. The next generation of workers lacks the domain expertise to operate and maintain these legacy technologies, leading to organizations paying high consulting fees for retired employees to perform system maintenance. Leaders must view digital transformation as a strategic, business-growth objective and not treat it as a cost.

2. Functional fiefdoms hinder collaboration.

Traditionally, departments, divisions or product lines dictated the alignment of people, processes, technology, and business models. Unfortunately, these structures create fiefdoms. The traditional rivalries between sales and marketing, IT and finance, IT and business, and commerce and supply chain often result in perverse incentives. For example, optimizing product availability to meet customer orders may result in supply chain inefficiencies, while optimizing supply chain efficiencies may result in being out of stock on certain items, hurting overall CX.

3. Integration addresses data deficiencies but not process gaps. After spending millions of dollars cobbling together disparate systems, companies find that customer journeys remain disjointed and inflexible. The agility required to meet the needs of today's customer journeys means companies must focus on CX processes and orchestration. In fact, many of these processes and sub-processes are reused to create new customer experiences. Though required as a first step, software integration alone fails to address the full customer journey.

4. Short-term mentality inhibits long-term foundation. Leaders compensated for short-term gain often bet on the latest trend or fad instead of fixing foundational issues. Software investments in a customer model, interaction history and analytics often take a back seat to projects of the moment. Often, organizations find that after millions of dollars have been spent on short-term projects, they still need to fix core infrastructure and key processes.

5. Technology providers are unprepared for disruptions from non-traditional competitors. Competition from non-traditional industries often catches CX technology providers off guard. Non-traditional competitors bring a customer-centric and design-thinking approach to new offerings. The result is a disruption at the customer adoption level, which shakes up existing business models. An example is Amazon Web Services entering the cloud contact center space, disrupting the established telecom industry.

6. Mergers and acquisitions often create uncertainty. The abundance of mergers and acquisitions in the CX technology market creates uncertainty with a vendor's future. Customers question if integration levels or future product development will suffer. Organizations often find themselves defending their products from the acquiring vendors' desire to rationalize product roadmaps and investment in new capabilities. Instead, CX technology organizations could have their acquirers

lead efforts in building out orchestrated ecosystems.

COMMON AREAS OF MISALIGNMENT IN CUSTOMER EXPERIENCE

The need to balance customer expectations while maintaining profitability and service levels is greater than ever as customers can jump to a competitor with ease. More importantly, organizations have no choice but to deliver on customer expectations – otherwise, they face failure in the market. Organizations fail to meet customer expectations when customer experience and customer expectations are misaligned. While many examples exist, Constellation identifies five areas where alignment must occur:

1. Schizophrenic loyalty. Customers expect organizations/brands to be loyal, but at the same time want expect organizations/brands to give them the best deal. Reducing transactional friction and improving convenience minimizes loyalty risk.

2. **Ambient personalization.** Customers expect organizations/brands to know what customers are thinking about, but also want to protect their privacy. Too much mass personalization at scale comes across as creepy. Organizations must provide graduated levels of personalization based on interaction history to deliver an engaging and relevant experience.
3. **Contextual relevancy.** Customers expect tons of choices from organizations and brands, but want low prices and instant availability. Context attributes such as time, location, weather, preferences and sentiment improve relevancy. Improved relevancy provides a greater number of choices for the right value exchange.
4. **Ease of use.** Customers expect products to work out of the box, but often underestimate the level of technical sophistication they need to use the products successfully. Organizations must design experiences that address multiple levels of user skill while adjusting for growing levels

of usage sophistication.

5. **Hassle-free compliance.** Customers expect organizations and brands to keep up to date with new rules and policies, but want the updates only when they need it. Through subscription services, organizations can keep customers up to date and allow them to update products based on compliance requirements and personal preferences.

ORCHESTRATED ENGAGEMENT WILL TRANSFORM CUSTOMER EXPERIENCE

In order to have one's cake and eat it too, leaders must orchestrate customer engagement, which means protecting existing investments while strategically building new capabilities. Constellation's clients report better return on investment when they integrate new and legacy systems.

Orchestrated engagement allows companies to balance the need for innovation while

Figure 1. Elements of Orchestrated Engagement



Source: Constellation Research

addressing the burdens of existing legacy technologies and processes. Orchestrated engagement (see Figure 1) includes many key components such as:

What to Watch When Evaluating Vendor-Led Orchestrated Engagement Providers

Orchestrated engagement can be led by clients, systems integrators and technology vendors. Both systems integrator-led and customer-led orchestration require strong

governance, enterprise architecture skills and close vendor management for success. Vendor-led orchestration calls for procurement and demands fewer internal technical requirements.

In fact, most companies will see a reduction in development resources when they let a vendor lead their orchestrated engagement strategy. However, vendor-led orchestrated engagement is not without challenges and it does require strong governance and good vendor management. Constellation identifies

four areas companies should watch when working with a vendor-led orchestrated engagement provider:

- 1. Advanced warning of changes in the stack.** Customers should get advanced warning when technology changes occur. Orchestration requires strong partner management, so the vendor leading the orchestration must provide the client and all relevant partners advanced warning of changes, including upgrades, technical integrations, addressing of conflicting partner compatibilities and identification of new technologies to add to the portfolio.
- 2. Managed testing of orchestration portfolio.** Good vendors will manage the performance of the orchestration portfolio. This includes ensuring new upgrades are tested, integrations are carried out, performance metrics are kept and performance requirements are met. As the portfolio evolves, customers should make sure that service-level agreements are met throughout the lifespan of the contract.

- 3. Providing a single point of contact for customer support.** Make sure the orchestration provider supplies your organization a single point of contact for support. This request often requires vendors to establish unified support models for suite customers or provide intelligent routing in the workflow to ensure the service request reaches the correct support personnel quickly.
- 4. Maintaining regulatory requirements.** Make sure the vendor-led orchestration provider can support an increasing volume of regulatory requirements. A major benefit of using a vendor-led orchestration solution is that the orchestration provider takes the responsibility for meeting and exceeding deadlines for regulatory requirements. Vendor-led orchestration ensures consistent application of compliance regulations and spreads the overall cost among all the customers.

Seven Categories of Orchestrated Engagement Drive Improved Customer Experience

Orchestrated engagement improves CX across the business in seven areas (see Figure 2):

- 1. Sales-directed marketing.** Sellers want to engage prospects and customers with relevant information at the right time. Marketers can assist sellers by providing views into the level of prospect engagement, including the volume, score and products/solutions of interest to start. Orchestration exposes relevant insights such as the velocity of prospect activity or if the prospect engages with a competitor. At the advanced level, orchestration provides sellers with the ability to move prospects in and out of marketing journeys or move customers in and out of cross-sell and up-sell campaigns.
- 2. Marketing-directed sales and service.** The handoff points between marketing and sales are blurring. Increasingly, marketing leaders are expected to deliver revenue

and, Constellation's research reveals, a growing number of inside sales teams are being absorbed into marketing. Marketers need to be able to assist sellers in nurturing mid-funnel opportunities if the level of seller engagement dips, provide salespeople with recommendations for content and develop sales plays with recommendations on next best action. With more influence and insight into the entire deal journey as delivered by orchestrated engagement, marketing leaders can function as the "voice of the customer" and oversee the transition from sales to service.

- 3. AI-ready analytics.** The shift from gut-driven to data-driven decisions leads to embedded analytics across customer journeys, channels and business processes. Technology systems orchestrate operations to capture data from every interaction with customers, with a goal to deliver not only recommendations, but to predict outcomes and prevent risks. The ultimate goal: AI-driven capabilities built on a self-learning neural net.

Figure 2. Orchestrated Engagement Requires Marketing, Sales and Service Alignment

	Immediate	Mid-Term	Long-Term
Sales-Directed Marketing	Salespeople can see relevant marketing activity	Salespeople can enroll customers and make adjustments in marketing journeys	Salespeople can recommend marketing journeys
Marketing-Directed Sales and Service	Marketing can send salespeople customer data points to capture	Marketing can perform mid-opportunity nurturing and recommend sales plays	Marketing can prioritize customers and calculate customer value
AI-Ready Analytics	Best practice recommendations	Next best recommendations	Best outcome recommendations
Journey-Centric Delivery	Connect users in existing silos	Bring silos closer together	Move to horizontal organizational design
Master Data Management	Golden record of customer	Golden record of channels and preferences	Golden record of influence map
Human-Centered Design	Consistent consumer-grade UI/UX	Carries context across form factors	Anticipatory interfaces
Micro-Services-Driven Agility	Connector ecosystem	Common vocabulary and API economy	iPaaS

Source: Constellation Research

4. Journey-centric delivery. Companies seek the flexibility to personalize their customers' journeys, craft new offerings and customize offerings with ease across the plethora of systems. Orchestration enables organizations to reorganize to accommodate a journey-based approach that breaks functional fiefdoms and existing silos. The long-term goals are to bring silos together, align horizontal organizations and deliver a customer-centric approach.

5. Master data management. In the past, CX-focused master data management (MDM) centered on identifying the master customer or account record. With global organizational structures, the master record has inherent complexity, featuring things such as in-region subsidiaries and changes driven by mergers, acquisitions and divestitures. Data is now accessed, not owned. Orchestration of data management systems ensures the integrity of data across

systems in real-time and right-time. Data quality is paramount to the goal of a single view of the customer to accurately measure the customer's level of engagement. The need for improved MDM extends to the customer's broader ecosystem of channels, partners and influencers.

6. **Human-centered design.** Customers expect a consistent user experience despite disparate technology systems, multiple channels and differentiated roles. Orchestration can help organizations carry context across systems, form factors and interfaces. With relevant context, user interfaces can deliver customized and consistent user experiences based on customer preference.
7. **Micro-services-driven agility.** Rapid change often requires a micro-services approach. As modern technology systems reshape to deliver reusable services, customers expect the company to be able to address new business models, create new offerings and react to competitive threats without ripping and replacing existing technology

investments. Micro-services lessen a company's risk by improving the ability to build on existing code to innovate faster.

START WITH THREE CASES FOR HEALTHCARE AND LIFE SCIENCES

Patients, doctors, care givers, staff and administrators represent different types of "customers" in orchestrated CX environments. In addition, healthcare and life sciences organizations operate within highly controlled and tightly regulated business climates. Constellation suggests three ways to get started on the orchestrated engagement approach:

1. Coordinate Real-Time and Right-Time Sales and Marketing.

Most organizations use a marketing automation tool to send email-based campaigns and measure the amount of customer engagement. Evidence of email open rates and campaign responses often are sent back to customer relationship management

(CRM) systems in batches, even in CRM “suites”. While most of the data to facilitate orchestration is captured in these batch feeds, non-integrated and poorly-integrated batch solutions often fail to orchestrate sales and marketing efforts. In some systems, the delay can be up to 24 hours.

In orchestrated CX, evidence of email status can be sent immediately from the marketing automation system to the CRM database. Context attributes from that email can be shared with the sales representative. For instance, the sales rep can learn that the doctor is in and responding, so this can lead to automated actions which place that doctor in the call plan for the sales rep as well as in the notification set in mobile devices. The sales rep can then choose the frequency of notifications. The marketing team can improve attribution and fine-tune their campaigns.

2. Deliver on Customer Experience Context and Precision.

Orchestrated CX can transport context across systems and silos so all parties have the

information necessary to improve customer experience. In a non-orchestrated scenario, one department or person (such as a sales rep, market access specialist, medical affairs or maybe even call center) may learn that a doctor is going on vacation for 14 days. However, instead of recording the doctor’s leave, the individual keeps this fact in mind but never records it in the system. Meanwhile, the marketing systems, samples systems and events and speaker recruitment systems continue trying to “engage” with the doctor digitally while he is on vacation. The physician becomes annoyed. The marketing teams have wasted an interaction and the campaign returns poor results. Due to functional fiefdoms, human channels often deliver high context, but low precision. Meanwhile, digital channels without context deliver high precision, low context.

In orchestrated CX, incentivization models reward sales reps to record high context moments, such as overheard birthdays and product launch dates, to help improve recommendation engines. These reps will then also need to be incentivized to deliver

high precision as well. So when the sales rep enters the doctor's vacation time into the CRM system, the marketing automation systems receive an update and the customer service and support systems reduce the workload of agents. The doctor will no longer receive annoying emails during vacation and contact centers can anticipate workloads. Conversely, a marketing automation system may precisely capture open rates and campaign response times across sales, marketing, and finance. In one common healthcare and life sciences example, a bounced email in a digital marketing system may trigger a notice to a medical science liaison to verify or reaffirm a doctor's email address.

3. Avoid Multi-Message Marketing Campaign Conflicts.

Depending on the practice area, the average doctor receives up to 50 sales rep visits a year from multiple pharmaceutical companies. Each sales rep may see a doctor two to four times a year, depending on the doctor, the brand and the launch date of a drug in a particular state. In addition, a doctor in the European

Union may receive over 50 digital contacts a year from drug companies, consisting of emails, samples reminders or new indication education. On average, a doctor could have 100 to 300 digital and analog touch points a year from the whole drug industry. This is two to six times a week. Often, the campaign messaging of these touch points is out of sequence or conflict with each other.

In orchestrated engagement, messages from sales and marketing are all put in a multi-prong, contextually-dependent journey. For example, a digital marketing journey may notify a doctor of a new indication before sales reps are trained to speak about it, and as a result, some rep visits are awkward because the doctor knows far more about the new indication than the sales rep. However, if the sales rep had been already trained before meeting with the doctor, he would have had precise and timely coordination of messaging campaigns. Messaging takes into account cadence and dependencies. The result is that sequences are coordinated and conflicts avoided.

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