

IDC CUSTOMER SPOTLIGHT

Sony Ericsson Customer Interaction Centre: Getting the Right Cultural Fit

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Project Summary

Sony Ericsson's search for an outsourced customer interaction centre, with the capability of achieving specific SLAs as well as matching their culture and drive for customer service, ultimately led them across the Tasman to Telnet. The highly scalable and dynamic customer interaction centre from Telnet is dedicated to providing quality customer support service through skilled, motivated, and knowledgeable customer service representatives (CSR) and handling first call resolution. This case study illustrates the customer service vision set by Sony Ericsson and the steps it has taken so far, in reaching its goals through a strong partnership with Telnet.

Introduction

Sony Ericsson Mobile Communications Australia is part of a global provider of mobile multimedia devices, including feature-rich phones and accessories. Its ongoing end-to-end customer service improvements through better, faster, more accessible customer service by a single point of contact, is a vital component of its business. Outsourcing the customer interaction centre is part of the Sony Ericsson global strategy, with the principal drivers being access to technology/infrastructure and resource, exploitation of expertise and speed, and cost improvement. Sony Ericsson also prefers to home-shore their customer interaction centres in order to maintain high levels of customer service.

Sony Ericsson has a long history of utilising a customer interaction centre to handle all of its customer service requirements. However its previous service provider appeared to be more focused on improving its own cost per interaction (CPI) for financial gains rather than improving the overall service delivery to its customers. Whilst CPI is an important criteria for Sony Ericsson, once this is met, the value add delivered during customer calls rather than just call termination becomes the main focus. Consequently Sony Ericsson decided to go to market in search of an alternative solution.

Situation Snapshot

Sony Ericsson's previous service provider appeared to be more focused on improving its own cost per interaction (CPI) rather than improving the overall customer experience. With call volumes exceeding 11,000 per month, the call response KPI of 80% calls answered within 20 sec. only being met 33% of the time, and staff attrition rates around 20%, Sony Ericsson found an alternative solution with Telnet.

The Results

Call volumes were reduced and maintained (20% in the first year) while still improving other linked metrics such as call response, abandonment rate and talk time.

A slightly higher cost per minute was more than offset by the reduction in talk time with a resultant lower cost per interaction.

A flow on benefit to Sony Ericsson for better management and quality of calls is that less time was spent on centre management and issue resolution (reduction from 30-40% of 1 FTE's time each day to 10%).

Based on Sony Ericsson's global benchmarking, the Telnet customer interaction centre is placed in the Top 5 for the Asia Pacific region.

"Since we brought Telnet on board they have gone from strength to strength, over performing KPIs and becoming an invaluable and completely integrated part of our team." Steve Wilson, General Manager, Sony Ericsson Australia"

Challenges

The drive to seek a new service provider for its customer interaction centre, was a result of the following challenges:

- SLAs set by Sony Ericsson globally were not being met
- Sony Ericsson was spending a significant amount of time on centre management and escalation issues (equivalent to 30-40% of one employees time each day)
- The provider was focused internally with just meeting the minimum KPIs, rather than looking holistically at the business and jointly developing improvements to benefit both the provider and Sony Ericsson
- Escalations were getting out of hand and becoming unmanageable
- Ultimately the customer experience was losing out

Sony Ericsson's business model is built to order (BTO); it has four manufacturing hubs around the world. With new products being launched at regular intervals, customer support is expected to be offered and maintained from launch of a product until 24 months after the last date of production. The support information will continue to be accessible (but not maintained) on the Web for another 15 months (in total 39 months after production has terminated).

Sony Ericsson in Australia sought a partner that could provide the dual advantages of improving the customer experience through highly skilled, motivated and knowledgeable customer service representatives (CSRs), while reducing the high costs of escalations and callbacks. It wanted the appropriate partner to act as a strategic customer service, pre-sales and support centre, handling calls, correspondence and e-mail from Sony Ericsson customers (end-users, retail stores, operators, small service centres, main service centre, and couriers). Furthermore, it expected the partner to actively monitor the latest trends in customer satisfaction, relationship management and CRM technology developments, and recommend service improvements where possible.

Telnet Value Proposition for a Successful Bid

Despite Sony Ericsson's decision not to off-shore its customer interaction centre, it felt that New Zealand had a close enough cultural fit to Australia, whereby the quality level of customer service would not be impacted.

During the initial tendering process four vendors placed a bid, of which included Telnet Services Limited. While Telnet was highly rated by Sony Ericsson in New Zealand, having provided services for its own customers, they did not initially meet the CPI metric for Australia, based on the expected talk time. However, after carefully reviewing the calculations based on call efficiency, Telnet became a strong contender for the Sony Ericsson in Australia, despite being offshore. Through its customer service vision, Sony Ericsson chose Telnet based upon the following criteria:

- The ability to reduce average handling time (AHT) to <240 seconds, resulted in meeting the CPI
- Professional customer interaction centre including single point of contact, handling the full range of customer support communications, through phone, email, and fax
- Process improvement through efficient management of workloads and call handling
- Management style that was flexible and empathetic to the needs of Sony Ericsson
- Ability to provide highly skilled personnel with a cultural fit in terms of how CSRs would manage certain situations with customers, enabling better quality of calls

- Willingness and ability to drive continuous improvement in customer support

The Solution

While Telnet had some familiarity with Sony Ericsson's business, through its dealings with Sony Ericsson in New Zealand, providing a customer interaction solution for Sony Ericsson in Australia meant taking on a workload eight to nine times that of Sony Ericsson in New Zealand, as well as accommodating a backlog of 300 escalation calls. However, Telnet's solution enabled them to minimise the transitional teething problems expected by Sony Ericsson, as well as achieve the KPIs within the first two months. Telnet's performance has been well recognised by Sony Ericsson and was driven by three underlying areas – process over technology, tapping into the customer knowledge base, and Telnet's investment in people.

Process over Technology

The customer interaction centre relies on carefully controlled processes to ensure call quality provides an underlying framework for ongoing service delivery. Prior to any engagement Telnet goes through a staged implementation that includes taking on a certain percentage of calls and understanding the challenges, before moving forward. While helping to shorten training time and substantially reduce risk this also enabled Telnet to develop processes that better categorised calls and eliminated the back log of escalations.

To be successful, the centre has also recognised that technology needs to be appropriately aligned with these processes. The technology implemented in the centre is standard across any best practice customer interaction centre. It comprises an agent desktop environment, a computer telephony integration (CTI) provided by Zeacom, skills based routing, workforce management, call recording and Sony Ericsson's global CRM system called QueWeb, which is a global reporting and benchmarking tool utilised for voice, letter and email based interactions. Telnet combines this technology with processes to enable quicker access to customer information and provide CSRs with better visibility on the types of issues that need to be addressed. CSRs also use email to facilitate the speed to handling, for example sending through additional documentation regarding handsets or step by step instructions on solutions to callers.

Tapping into the Customer Knowledge Base

Sony Ericsson has an extensive knowledge base of all the Sony Ericsson products, and this knowledge-sharing is an integral part of the process. However, finding this information became a challenge for the CSRs. Sony Ericsson recognises that IT is an enabler that can provide the right information to the right person at the right time, but it is the access to knowledge which is the key driver of value in this customer interaction centre.

Telnet skilfully created links into Sony Ericsson's knowledge base enabling the CSRs to find the relevant information for the customer queries. Through the use of emails, CSRs are able to quickly and effectively resolve customer queries, and as a result the AHT has been significantly reduced whilst ensuring the customer experience remains of a high quality. The Sony Ericsson knowledge-based customer interaction centre has the following benefits:

- Achieving faster call resolution and better first call resolution rates, while ensuring a high quality customer experience
- Reducing the number of escalations through 'wiki style' processes
- Developing learning systems that channel customer feedback into quality metrics and customer intelligence
- Providing "smart" routing of incidents to the appropriate channel or person

- Developing processes to feed into the Sony Ericsson's global CRM system Q-web, whilst minimising talk time.

Telnet's Investment in People – Cultural Best Fit

Optimising the CSR is one of the most powerful competitive differentiators for an organisation. Telnet prides itself on ensuring it employs the right CSR's by selecting personnel that have an affinity towards the products/services they will support. In the case of Sony Ericsson, the CSR's are treated as part of the Sony Ericsson family, they wear the gear and play with the phones, creating a cultural best fit environment. Through its investment in its CSR's, the quality level of calls and the ability to manage and resolve customer issues more effectively and efficiently has led to an overall improvement in customer service. In an ideal situation the CSR's role is to provide:

- A single point of contact for the customer, regardless of the reason for contact
- Resolution of contact on the first call
- No 'wrong entry point', all channels get the same level of service
- Better management of customer calls through soft skills of CSR's

The core team of CSR employees is currently eight, and each has comprehensive knowledge of Sony Ericsson products and accessories. There is one team leader assigned to provide ongoing support on a daily/weekly basis. There has been a lot of resources put into online tools that allow customer issues to be effectively resolved online. This allows CSR's to gain training around soft skills (managing the customer on the call). Training takes place using global online training packages provided for every handset. The team leader evaluates the level of absorption of information from the CSR's and provides additional bolt on support wherever necessary. Handsets are also provided to the CSR's prior to any product launch. The CSR's are trained to handle all channels and switch dynamically according to customer demand.

The Results

To date, the overall experience of the customer interaction centre has been very positive for Sony Ericsson. Table 1 highlights a selection of SLA improvements of the customer interaction centre.

Table 1

SLA Improvements of the Telnet Customer Interaction Centre

Key Indicators	Telnet Achievement	% Improved over previous solution
Improvement in achieving monthly KPI's of:		
<i>1st call resolution = 90%</i>	9/12 months	127%
<i>>80% calls answered within 20 seconds</i>	9/12 months	127%
<i>Average handling time (AHT), <240 seconds</i>	12/12 months	138%
Other key improvements		
<i>Call volume per month</i>	9,300	15%
<i>Percentage of calls that had to be escalated to Sony Ericsson (SE)</i>	0.5%	>50%
<i>Percentage of time (1 FTE) spent by SE on centre management and resolution issues</i>	10%	71%
<i>Staff attrition rate (monthly)</i>	2.62%	87%

Source, IDC and Sony Ericsson 2009

Some of the more intangible benefits include the following:

- Through Sony Ericsson's global benchmarking, Telnet's customer interaction centre is placed in the Top 5 for the Asia Pacific region.
- Better management and quality of calls without paying a premium - the centre's proposition is value for money rather than aiming for absolute lowest CPI, this has a direct impact on the quality of service or customer satisfaction
- Less regular follow-up required with the centre due to high quality output
- Level of authority given has been increasing over time, through improved resolution management
- Proven call handling capabilities leading to more responsibility, including dealing with government bodies like the Department of Fair Trading
- The customer interaction centre is more than just a call centre for Australia and New Zealand customers , it has become an additional resource for customer information
- The quality of CSR's are significantly different from the previous provider. Its strategy included the hire of transient staff who wanted to be in the job for short periods of time and hence it had a high turnover of staff, whereas Telnet see the CSR role as more of a career path. The CSR's have embedded themselves into the culture of Sony Ericsson – wear the gear, and play with the phones – real cultural best fit
- The customer interaction centre offers a high level of flexibility as it is managed by a small number of staff, ready to take on new activities, such as using the CSR's to test and advise on new systems and process
- Better balance of CSR staff through improved work time allocation – customer interaction centre open for calls 8am – 8pm (EST)

Quality of Service Enables Extra Authority

Sony Ericsson consider resolution management a key indicator of the handling capabilities of a provider, and the replacement of handsets is part of escalation management. The CSR's have the responsibility to manage the total customer relationship up to the point where a financial transaction needs to take place. For example, if a customer had a service history of problems with a product, the CSR could decide if the customer qualified for free service. However, a refund or product swap would require the CSR to send a message with a chronology of events to Sony Ericsson a recommendation for final approval. This has been an important evolution of the partnership as this was never done by the previous provider. Mainly because the real danger lies when a vendor reverts to continuously providing more product swaps or giveaways, rather than seeking the best and most efficient way to solve the customers issue. Hence, this extra authority is a true reflection of the quality provided by Telnet and expresses the level of trust, commitment and responsibility given.

Extension to Up-selling During Inbound Calls

As part of the customer care service delivery roadmap, Sony Ericsson utilises its customer interaction centre to deliver inbound calls primarily, that cater for technical support to customers. These may include but are not limited to, repair and logistics, phone and PC applications and connectivity and data transfer. Increasingly, the customer interaction centre provides a combination of both technical support and the selling of Sony Ericsson accessories. The selling of accessories is applicable for positive or neutral calls – the customer gains more of an intangible benefit because the customer has a more positive view on the product it purchased. The customer knows there are accessories available even though they may not be inclined to purchase them immediately.

Critical Milestones and Learning

During the course of setting up the customer interaction centre, both Sony Ericsson and Telnet recognised a number of key issues that needed to be addressed, and regarded many of them as good learning criteria for future initiatives. These are as follows:

- Taking control of scheduling as early as possible to allow the planning of staffing requirements
- Ensuring that Sony Ericsson devoted resources to being on site, especially during the transition phase
- Identify any gaps in management or team leader roles and cascaded training wherever necessary
- Ensuring processes were documented and put in place pre and post transition
- Making every effort to obtain the key volume metrics that drive the business goals
- Ensuring right systems were in place, and were up and running
- Recognising that using New Zealand as a base for its customer interaction centre was not considered a challenge. There is no resistance from Australians to speak with a New Zealand CSR

Future Plans

Sony Ericsson has enjoyed the benefits of its customer interaction centre, resulting in improved end-to-end customer service experience, while at the same time reducing the high cost of escalations and call-backs. The customer interaction centre has clearly established the information and functionality requirements for rapidly resolving customer issues from a single point of contact as well as reducing AHT whilst improving the quality of the calls. It has leveraged available technologies to deploy this information and functionality in a simplified, high-performance environment. This has been a strength of Telnet's ability to create linkages with other operational elements of Sony Ericsson, such as the global CRM system, QueWeb.

As a next step, Sony Ericsson would like to increase the sales of its accessories through the customer interaction centre. The ongoing and trusted relationship with Telnet means that as the product mix becomes more complex, Sony Ericsson see an opportunity to work with Telnet in new areas such as how to integrate with web based services including social networking and support for more niche areas like the Play Station "remote play" interface on selected Sony Ericsson handsets.

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