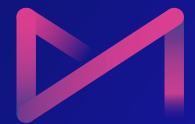# Operational efficiency and customer experience: insights and intelligence for your IT strategy

Insights from IT leaders on processes and technology, with a focus on customer experience, operational efficiency and digital transformation

MaxContact

Contents

Introduction: Efficiency is the main focus as IT leaders look ahead

In a flatlining economy, IT leaders are focused on improving efficiency and performance across their organisations. This is the key message from MaxContact's IT leader report, based on a poll of 100 UK IT leaders carried out in August 2023.

Nearly everyone - 99% of those polled - is planning to invest in some form of digital transformation over the next 12 months. IT leaders are all too aware that the best digital tools and apps can help businesses improve efficiency while improving customer experiences, despite an initial outlay.

But in tough times, what should they spend their IT investment money on? It depends on the maturity of their digital transformation plans (for help with measuring digital maturity, see this article), the barriers they face to new technology adoptions, and their own priorities. We'll explore all these areas in the rest of this report.

Highlights include:

Streamlining IT operations and improving customer support is the top priority for IT leaders, with improving customer experience close behind.

Nearly half of respondents say they've largely transitioned to digital ways of working, though a significant minority are some way from that goal.

Effort and cost are stopping IT leaders from implementing the best software for their needs. At the same time, they are optimistic about the promise of AI.

Nobody said IT leadership was easy: respondents see both challenges and opportunities in their roles in the months ahead.
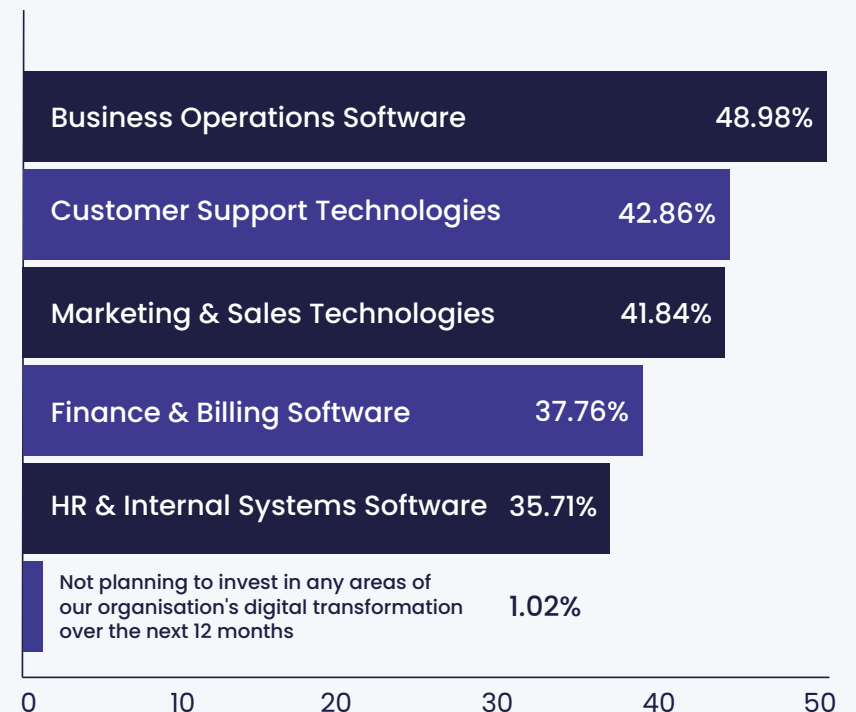
Operational efficiency, customer service, or both?

Nearly half of our respondents say their organisations intend to invest in business operations software over the next 12 months.

That finding ties in with other recent research. For example, in CIO.com's most recent State of the CIO report, 45% of respondents listed "increasing operational efficiency" as a business need driving their IT agenda, making it the most chosen option.

Why is this important? It signals a clear shift in priority for IT leaders, from focusing on digital transformation and innovation to prioritising streamlining operations and saving money. Given the weak state of national and global economies, that is perhaps a predictable development.

Areas IT Leaders plan to invest in over the next 12 months:

Business Operations Software	48.98%
Customer Support Technologies	42.86%
Marketing & Sales Technologies	41.84%
Finance & Billing Software	37.76%
HR & Internal Systems Software	35.71%
Not planning to invest in any areas of our organisation's digital transformation over the next 12 months	1.02%

The central importance of customer service

Operational efficiency doesn't happen in a vacuum. It's supported by other functions and other investments, and perhaps the most important is customer service and support.

In our survey, nearly 43% of respondents said they would be investing in customer support technologies over the next 12 months and nearly as many, 42%, said they would invest in new marketing and sales technology, which also feeds into customer experience.

Operational efficiency is the result of a number of complementary factors, and efficient customer service is clearly one. In fact, you are unlikely to achieve one without the other.

Lauren Villeneuve, a senior director in Gartner's Customer Service and Support practice, puts it like this:

"Today, the most impactful technologies in service are ones that [support reps]() to deliver low-effort, value-enhanced experiences in the live channel. These technologies are critical to continue to shift customers' transactional issues to self-service so reps can focus on more complex issues."

Self-serve and automation frees up rep (or agent) time to help streamline other areas of your sales, after service and support functions. Technology investment in one area leads to efficiency gains across the organisation.

Momentum for digital transformation needs to be maintained

The CIO report cited earlier suggests that operational efficiency is more important at the moment than what might be seen as a vague, hard-to-measure concept like digital transformation.

But again, the two aren't mutually exclusive. A well-delivered digital transformation plan is a path to operational efficiency. It might not be a quick win, but it is a sustainable one.

With that in mind, the good news from our research is that nearly 50% of respondents say they have largely transitioned to digital ways of working. A further 35% say their organisations have a digital-first philosophy and are technologically mature.

So what is digital transformation?

It is not a new piece of equipment or software, though they are part of it.

It is the integration of digital technology into every area of the business.

By embedding technology deeply into the organisations, you fundamentally change how you operate and how you deliver value to customers. Digital maturity is when organisations adopt a digital-first mindset.

Digital maturity models help guide digital transformation. According to Deloitte, a mature model enhances digital capability across five business dimensions: customer, strategy, technology, operations, organisation and culture. These core dimensions are divided into sub-dimensions - see the report for more.

But our research also finds that a significant number or organisations - 16% - have some way to travel on their digital transformation journey. Some are still undertaking the work, while others are yet to get past the planning stage. A few have yet to seriously consider their digital transformation strategy at all.

Where IT Leaders are at in their digital transformation journeys:

We're still planning/ initiating our digital transformation journey

We're still undertaking the bulk of our digital transformation

We've become a digital-first and technologically mature organisation

5%

2%

9%

49%

35%

We've yet to seriously consider our digital transformation strategy

We've largely transitioned to digital ways of working
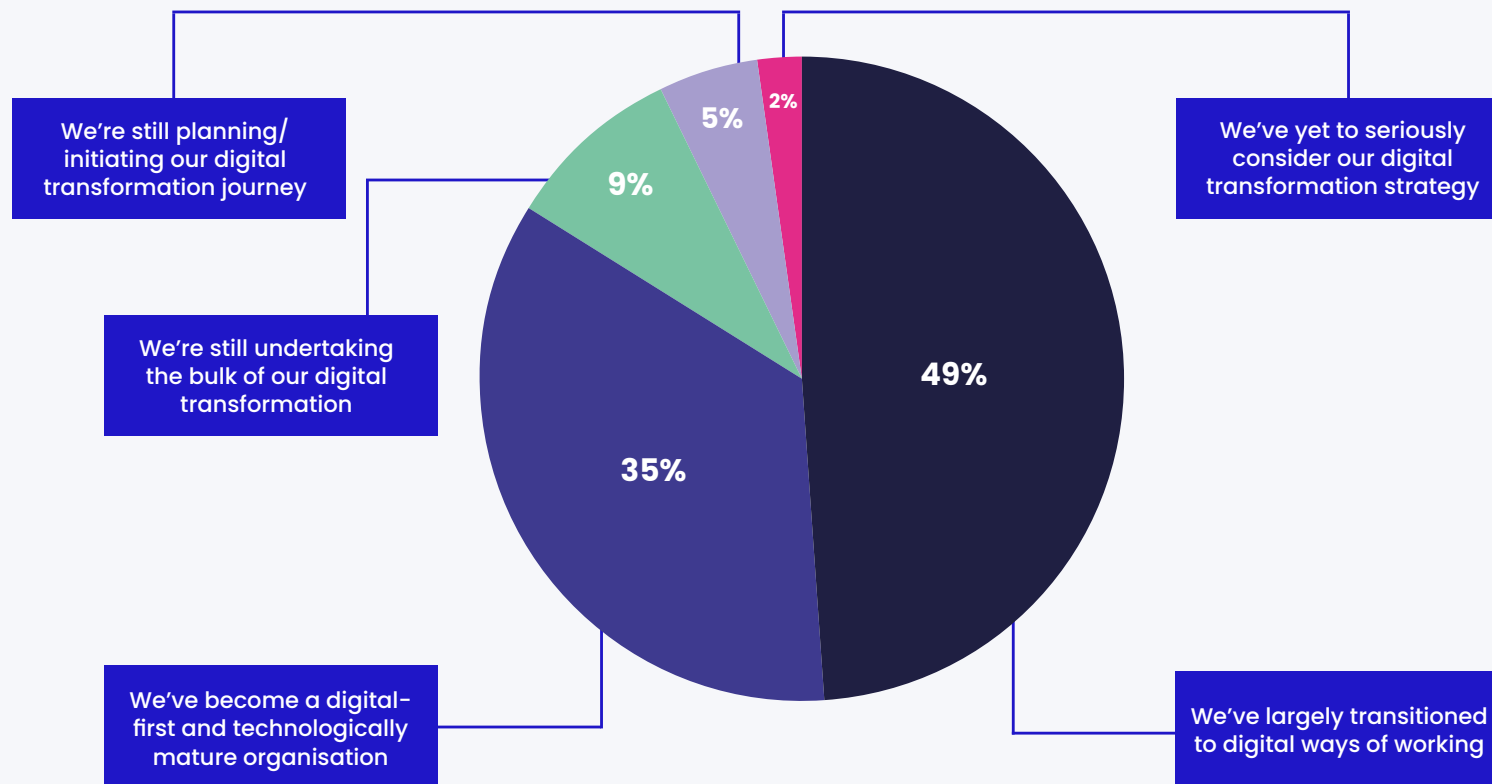
The challenge of software implementation

When they do consider it, it is likely to include the wider implementation of better software. Flexible cloud-based applications are on the frontline of most organisations' digital transformation strategy. Software systems that integrate across departments and link with each other to make the best use of data are at the heart of business-wide modernisation projects.
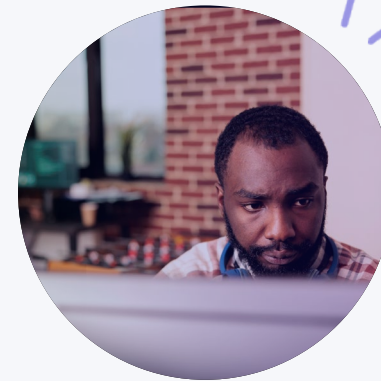
But our research found that many IT leaders hold back on switching out software for a number of reasons.

Over a quarter **(26%)** cited the high effort of implementation and associated resources.
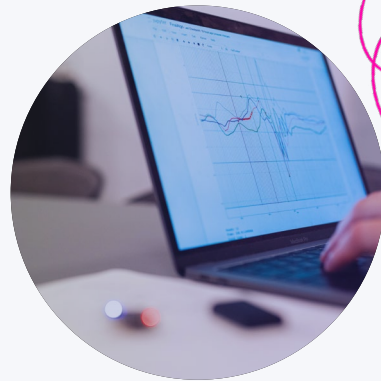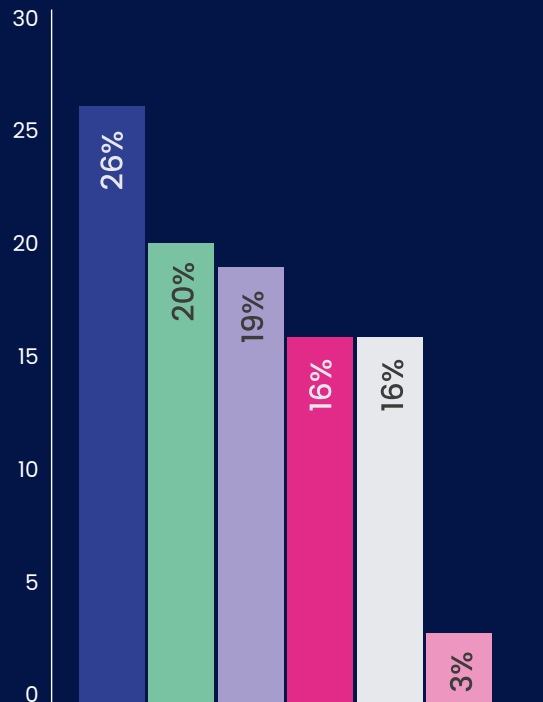
A fifth **(20%)** cited a fear of change and its impact on processes and workflows.

Nearly as many **(19%)** cited concerns about transition costs.

Primary reasons that prevent IT Leaders from switching out or implementing new software in their organisations:

Bar chart values (left to right):
- 26%
- 20%
- 19%
- 16%
- 16%
- 3%

Y-axis: 0, 5, 10, 15, 20, 25, 30

Legend:

High implementation effort and associated resources	Fear of change and its impact on existing processes and workflows	Concerns about potential increased costs during the transition
Apprehension regarding the impact of change on existing processes and workflows	Lack of compatibility with existing systems or software	There is no primary reason

4 roadblocks on the path to digital transformation

1.

Resistance to change.

Digital transformation takes time and commitment. In some organisations, a cultural resistance to change ("if it ain't broke, don't fix it") is the chief impediment.

2.

Comfort zones.

Connected to the above, staff may push back if new software or systems push them out of their comfort zones. Leading a digital transformation project is as much a challenge of communication and persuasion as technology. Training is essential.

3.

Security concerns.

In regulated sectors, CEOs may be reluctant to replace systems that are currently compliant with ones that only say they are. Many transformation projects involve the cloud, which has been unfairly characterised as less secure than on-premise alternatives. Again, good communication is key.

4.

Over-complication.

Or "everything all at once" syndrome. Digital transformation is not easy or quick, but it is necessary. Start with small projects, prove their benefits and move on. Doing too much too soon is a recipe for confusion and disruption.

4 ways to accelerate your digital transformation

Explain everything.

Bring the organisation along by communicating the benefits of every step on the transformation pathway. Make it real to the people you're talking to: this process will save you time, this application will make customer interactions easier.

Go omnichannel.

A relatively easy win in any digital transformation journey is omnichannel customer communications. Implementing omnichannel should see an immediate uptick in customer satisfaction rates, and probably staff satisfaction too. Use it as an example of what digital transformation can do.

Measure change.

Gather data on the performance of your legacy system. Gather the same data on the system that replaces it. If you've sourced the right technology, the difference should be stark. Use it to prove the case for the next stage of the journey.

Nurture partnerships.

Don't go it alone with digital transformation. Good technology providers should be partners as much as vendors, providing advice, support and training. They should scan the innovation horizon and update you on relevant developments. Their input can help you sell transformation to the wider organisation and accelerate modernisation projects.
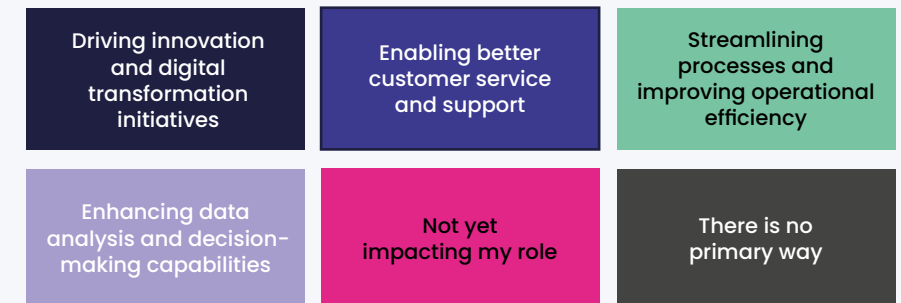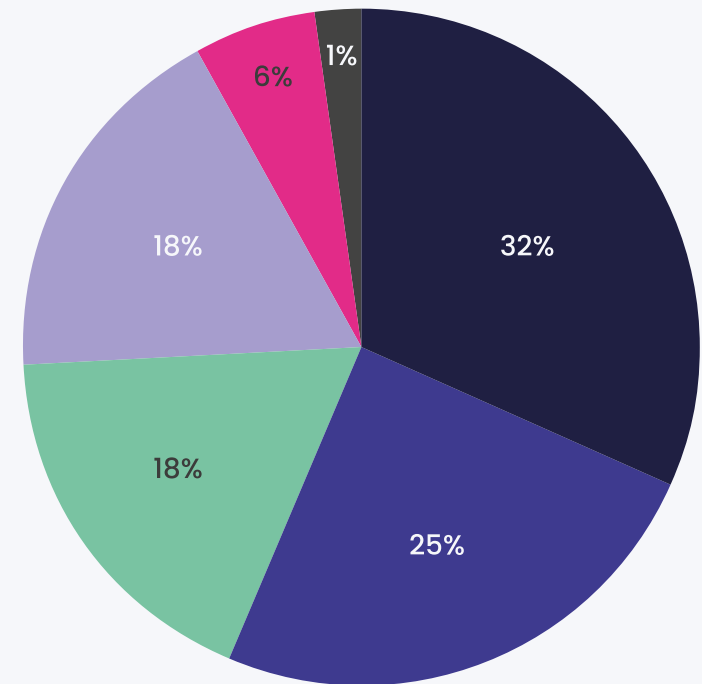
Is AI the key to digital transformation?

From nowhere, AI is suddenly everywhere. It's personalising customer service, streamlining operations and creating leaner supply chains across sectors and industries. It's analysing mountains of data at speed to create real business insight. It is, in short, a game-changer.

How is it impacting IT leaders? AI clearly offers ways to drive efficiency, in offices, workshops, warehouses, contact centres and anywhere else.

One recent study found that three in four IT leaders in a range of countries (including the UK) were optimistic about the impact of the technology, and more than two in three said they were increasing their investment in AI technologies.

This mirrors our own research, which found a range of ways AI is currently impacting IT leaders.

How AI is currently impacting IT Leader's roles:

- 32% Driving innovation and digital transformation initiatives
- 25% Enabling better customer service and support
- 18% Streamlining processes and improving operational efficiency
- 18% Enhancing data analysis and decision-making capabilities
- 6% Not yet impacting my role
- 1% There is no primary way

Exploring how AI is impacting IT Leaders:

Driving innovation and digital transformation initiatives
(32% of respondents chose this option)

AI's ability to create insight from huge amounts of disparate data is a potential game-changer for IT leaders in many industries. The sourcing, verification and analysis of data is crucial to any number of digital transformation initiatives, and AI can automate and accelerate much of this effort. For example, scanning documents, like bank statements, invoices and contracts - and even handwritten notes - for nuggets of important information is a mundane and time-consuming task for human operatives, but can be done in moments by an AI-driven document reader. In financial services, AI is being used to identify occasional high risk transactions among millions of innocuous ones.

Enabling better customer service and support
(25% of respondents chose this option)

Using AI in customer service and support was the second most popular use, according to our survey. AI is already driving better, more productive and more human chatbot conversations. AI-driven chatbots can do more of the mundane work of customer service and support, giving human employees the time to focus on more complex or sensitive cases. Speech analytics, meanwhile, uses AI to glean accurate customer sentiment from contact centre conversations. While speech analytics can give you a view of performance at a micro level, the real value for businesses is measuring performance and sentiment over time for complete business units, departments, divisions and the organisation as a whole.

Exploring how AI is impacting IT Leaders:

Streamlining processes and improving operational efficiency

(18% of respondents chose this option)

As we've seen, AI streamlines processes across organisations, by taking seconds to complete tasks that might take human employees a number of hours. At the moment, AI is excellent at automating routine and mundane tasks, and seeing trends and patterns in mountains of data. Analytics creates insight, and AI tools give humans time to turn insight into operational efficiency.

The challenges of AI implementation

Only 6% of our respondents said that AI had not affected their role at all. The vast majority of IT leaders are looking to the technology to streamline operations or create better customer experiences, but they face challenges in doing so.
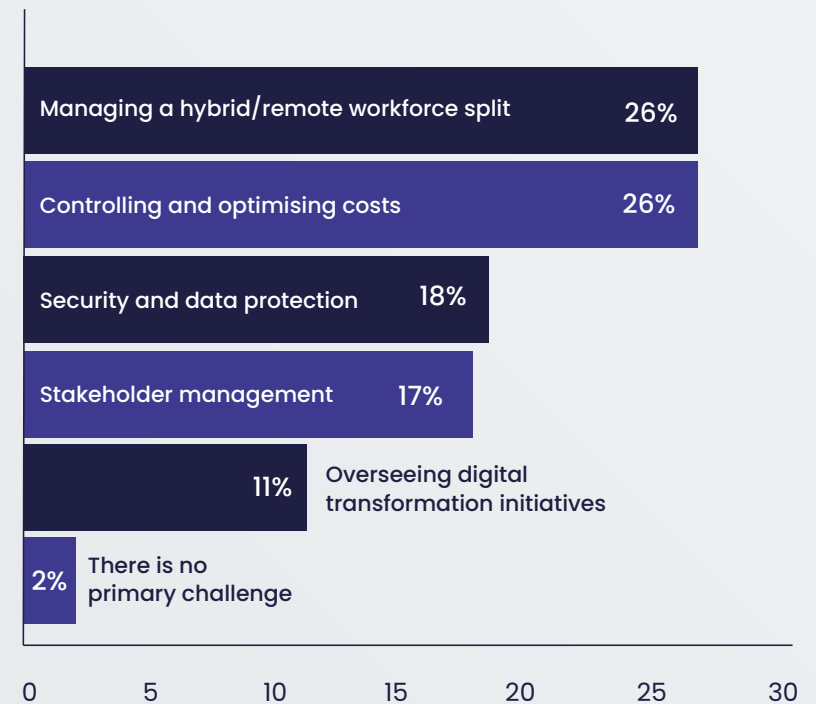
The study cited above found that IT leaders had concerns around when to adopt AI, their implementation roadmaps and the readiness of their current technology stacks. In many cases, organisations might be looking to vendors to incorporate AI in their solutions in intuitive and easy-to-implement ways, rather than adopting the technology from scratch. IT leaders may need help as they seek to keep up with the pace of technological change while making sure day-to-day operations remain unaffected.

Challenges and opportunities for IT leaders

Taken together, what does all this mean for IT leaders? There are certainly choppy waters ahead. They face economic uncertainty, a tough market for talent and the perpetual need to create a future-proof technology stack at cost. Prices are rising, and so are complexities, like managing a remote or hybrid workforce. At the same time, workers - and especially those in customer facing roles - are facing burnout. Security threats are, of course, a never ending, always evolving challenge.

Challenges IT Leaders are currently facing in their roles:

Challenge	Percentage
Managing a hybrid/remote workforce split	26%
Controlling and optimising costs	26%
Security and data protection	18%
Stakeholder management	17%
Overseeing digital transformation initiatives	11%
There is no primary challenge	2%

Our own survey results broadly mirror these common concerns.

26%

Managing a hybrid / remote workforce split

Employees need to be able to work as efficiently and collaboratively at home as they can in the office. That's a challenge of organisation, education, connectivity, security and software. The pandemic-induced shift to home and hybrid working was sudden, creating a continuing headache for IT leaders.

26%

Controlling and optimising costs

As we've seen, the current economic climate makes it imperative that IT leaders use technology to control costs. At the same time, they're expected to investigate AI and scale technology stacks to meet the needs of the business. It's a tough ask.

18%

Security and data protection

Data security is always an issue for IT teams. As organisations collect more data, and use it more effectively, the need to store, move and deploy it securely becomes even more important. The fact that this is only the third in a list of primary challenges is testament to the seriousness of other issues.

Our own survey results broadly mirror these common concerns.
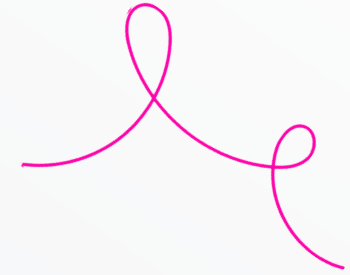
17%

Stakeholder management

As businesses transition to digital-first strategies and come to rely on technology in every aspect of their operations, the need to keep internal stakeholders informed and supportive of the IT journey becomes ever more important.

11%

Overseeing digital transformation initiatives

Digital transformation is not an easy fix. It takes a long-term commitment, buy-in across the organisation and extensive research and planning. It's no wonder hard-pressed IT leaders consider it a challenge.

Focus areas for IT Leaders in the next 6 months

While the previous statistics show significant challenges, current organisational priorities also offer opportunities for improvement. The right technology can solve problems and create benefits for operations, customer experience and employee job satisfaction.

With that in mind, what are IT leaders focusing on for the rest of 2023 and into 2024?

Focus areas for IT Leaders in the next 6 months (importance ranking (1 highest – 6 lowest):

1. Implementing new technologies & tools to improve efficiencies

2. Improving data security & compliance

3. Optimising IT budget & cost management

4. Improving customer experience

5. Enhancing IT infrastructure & performance

6. Improving employee experience

Focus areas for IT Leaders in the next 6 months:

Implementing new technologies and tools to improve efficiencies

After everything we've discussed, it's no surprise that the highest ranked priority was implementing technologies to improve efficiency. This might include more scalable and flexible software solutions, and the latest AI, machine learning and data analytics.

Improving data security and compliance

IT leaders know that data security is always a priority, and regulators are cracking down hard on non-compliance. In addition, the reputational damage that follows a data breach can be worse than any financial penalty. As digital transformations continue, data security becomes even more crucial.

Optimising IT budget and cost management

New technologies offer the opportunity to create efficiencies and reduce cost. More modern systems can reduce man hours, maintenance costs and downtime. Cloud-based systems free you from the expense associated with housing and securing valuable equipment. Software as a Service (SaaS) solutions let you scale your requirements up and down at will, and often replace upfront CapEx with pay-as-you-use OpEx models.

Improving customer experience

Customer experience is improved by the productive interplay of human and technological resources. For example, in a contact centre environment, giving customers omnichannel and self-service functions, combined with knowledgeable and experienced agents, hits the sweet spot for customer engagement.

Enhancing IT infrastructure and performance

New systems and software may necessitate an infrastructure upgrade. For example, faster, more reliable connectivity and denser, more energy efficient data storage solutions may be required if you intend to operate a more sophisticated technology stack. A good software vendor should be able to advise you on the infrastructure you need.

Conclusion

Optimism in an age of anxiety

Times are tough. Organisations face challenges on many fronts. IT leaders are having to make tough choices on their priorities and what progress looks like.

The good news is that they have a realistic and well-informed view. They understand that operational efficiency and cost management are crucial to the prosperity of their organisations. They also know that efficiency, customer experience and judicious IT investment are mutually supportive strategies. It's possible to spend, save and impress customers at the same time. Automating customer service channels and adding self-serve options is one obvious example.

Of course, IT leaders recognise the challenges ahead, from keeping up momentum on digital transformation to making sure their ever-more valuable and abundant data streams are securely managed and used to best effect.

But our survey results suggest that IT leaders see opportunity in the challenges they face. This is perhaps the key takeaway. Good technology can help organisations in good times and bad. Greater efficiency and better performance are both achievable with the right IT investment.

MaxContact is a contact centre software provider with a difference. It was founded in 2015 by a group of contact centre professionals who had become frustrated with providers that over promised and under delivered on features, support and resilience. It's now one of the fastest growing contact centre software specialists in the UK.

- Named in Gartner's Speech Analytics Market Guide - 2023

- Featured in CX Today's CCaaS Top Vendor Market Guide - 2023

- Featured in Call Centre Helper's Top CCaaS Vendors - 2023/2024

- IT Vendor of the Year Award from BCS, The Chartered Institute for IT, and Computing Magazine - 2022

- Excellent rating on Trustpilot - 4.6 Stars

- 96% Customer Satisfaction rating

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