



Stay on the line

The role of telephone self service
in achieving the objectives of the
Varney report

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The recently published Varney report makes heavy demands on public sector contact centres. Services must be available 24 hours a day, 7 days a week and resolve 80% of all queries on first contact. And, if that isn't challenging enough, operating costs must reduce by 25% before year end.

Introduction

Varney urges the public sector to move towards self service to achieve these targets, recommending increased adoption of the internet in order to improve service availability for citizens and reduce the burden on contact centre operations. That may sound like good advice, but it misses two vital points. First, even today only 62% of UK households have access to the internet, while the telephone remains the preferred means of communication with government for 76% of citizens.

In its obsession with the internet Varney may be pointing its audience in the wrong direction, says Chris Bergman, Public Sector Sales Specialist with contact centre automation provider, Eckoh. By overlooking the telephone as a key means of self service delivery, Varney is limiting the public sector's horizons and holding back progress towards better service for citizens. What's needed, says Chris, is a re-evaluation of the telephone's potential and a redefinition of its role as a self service channel. Here he considers the relevance of telephone self service in the public sector; how it can be introduced both to benefit the citizen and achieve Varney's operational targets.

In 1999 the 'Modernising Government' white paper effectively coined the phrase 'e-government', urging the public sector to make all services available to citizens electronically by 2005. Whether that target has been achieved or not is debatable, but the report certainly triggered a sea change in the way public services are delivered. Since 2001 the number of public sector call centres has grown from 133 to more than 730. Today they represent an annual operating cost of £1.6 billion, handle more than 400 million

calls a year and employ 10% of the UK's contact centre workforce. At the same time government web sites have proliferated. But their use has been slow to catch on. Eight years into the e-government agenda, the telephone continues to account for 90% of all contacts between government and citizens.

Inadequacy of the web?

This isn't because the services provided by government web sites are poor in quality or difficult to access. On the contrary, there are some notable successes; NHS Direct Online recorded a 74% increase in usage in 2006, while 3.7 million of us have now renewed our car tax online. Nevertheless, across the board take up of online government services has been modest. In his report Varney urges the public sector towards ever more enthusiastic adoption of the web, urging that it be made "the primary access point for all simple information and advice requests," and praising its ability to "deliver high quality public services at a relatively low cost."

In doing so he urges us forward on a journey whose final destination, if not uncertain, is still some way off. Internet access in the UK, though growing steadily, is far from ubiquitous. It is still the case that only 62% of the UK population have access to it. Even this figure is misleading. According to MORI, internet adoption is relatively strong among higher social groups, (just under 80% among AB citizens) but drops below 45% among lower C2s and Ds. Given that the preponderance of calls to government departments - particularly for access to benefits and advice - are made by citizens within this lower classification group, it is clear that the internet can only do so much to provide universal access to government services

The Varney report calls not only for greater focus on the web, but for a rationalisation of government-based web sites to foster centralised access to all government services. By 2011, the report recommends, almost all citizen and business e-services should migrate to Directgov or Businesslink.gov respectively, so that all internet based services will be accessible from these two points. In the meantime, it says, the establishment of standalone web services should be halted or radically curtailed.

The urge towards centralisation and rationalisation is a laudable one. It supports the government's objective to provide 'joined up' services that are easy to access, navigate and understand. But the central difficulty remains the same; citizens who don't have access to the internet, or - particularly among the older demographic - lack the confidence to embrace new channels, will find themselves increasingly excluded.

It is surely counter to the spirit of the age and the government's long term service objectives if Varney's 25% cost reduction target is to be met only by compromising service access and limiting channel choice. It would appear that, by focusing almost exclusively on the internet and seeking to divert traffic to it from the telephone, Varney is encouraging the public sector to limit citizens' channel choices at the very moment when all of the evidence from private sector experience suggests that today's citizens view channel choice as a vital component of good service.

The ubiquity of the phone

So, while internet access remains limited, the telephone is, without question, the nation's most ubiquitous communication medium and the channel of preference for around three quarters of the population. This presents Varney and his adherents with a challenge. The increased accessibility of government contact centres since 1999 - with better signposting and sensible co-ordination of contact - has driven call volumes up by as much as 300% in some cases. Unsurprisingly then, the cost of serving the public by telephone has risen and continues to rise in real terms. While Varney urges the public sector's contact centre operators to seek cost efficiencies through consolidation and the introduction of shared services this can only go so far towards reducing or - more realistically - containing costs. Arguably, it may even make the situation

worse, with better, easier to access services driving call volumes to spiral higher still.

All of this means that public sector managers responsible for citizen service delivery find themselves on the horns of a dilemma: The telephone remains the citizen's key choice of communication, but the very actions they are taking to improve service via this channel are driving volumes and, therefore, cost up. Meanwhile, they are being encouraged to focus on an alternative channel - the web which, at best, can provide only a partial answer.

The six million dollar question is this; can the telephone be made cost effective and provide better customer service? Is it possible to achieve the cost benefits Varney attaches to the internet while still catering to the public's appetite for the telephone channel? The simple answer - the answer that Varney appears to have overlooked - is yes.

Redefining the phone

The cost of the telephone channel lies not in the channel itself - telephony costs in the UK are low even for the provision of free-to-call numbers - but in the human resource needed to support it. Staffing accounts for at least 45% of all contact centre costs across the board. In the largely unionised public sector environment, where average salaries are typically higher (£16,700 in the public sector against £14,000 elsewhere) and labour flexibility less great, this percentage is likely to be even higher.

If the telephone could shed its human cost burden and be redefined as a self service channel, Varney's 25% operating cost reduction could be achieved with ease.

And there's strong evidence from the private sector - where adoption of telephone self service is accelerating - that it can. In these environments the average cost of a live agent telephone call is around £1 per minute; the average cost of self service, by contrast, is only 10p per minute.

And in the public sector, too, there's clear evidence of efficiency gains. A telephone based automated fine payments service introduced in 2004 for West Yorkshire Magistrates' Courts Services has reduced the

cost of fine collection from 20p in the pound (using traditional telephone) to just 1p in the pound. And, because the service is available 24 hours a day, there's been an overall increase of 35% in fines collected, with 30% of all fines being paid outside of traditional contact centre hours.

Automated fines payment for West Yorkshire

An automated fine payment service introduced in 2004 for West Yorkshire Magistrates' Courts Services allows citizens to pay fines quickly and easily by phone using their debit or credit cards on a 24 hour basis. Fine payments have risen by 35% while the cost of collection has fallen by 95%. Because the service is hosted on a third party technology platform, nominal upfront technology investment was required and live agents are more productively engaged in the more challenging work of pro-active payment enforcement.

Since 2004 the fine payment service has been extended to 13 magistrates' courts across England and Wales - around one third of the total.

Varney's neglect of automated telephone self service in his report is symptomatic of low awareness levels across the public sector regarding new developments in this area. Once considered an experimental, even high risk technology, automated speech recognition is now robustly allowing organisations to launch complex services which, because of their ability to accommodate large and fluctuating call volumes, are ripe for the mass market.

42% of businesses have deployed or are deploying their first speech recognition application. 62% who have say customer satisfaction has increased and 89% that ROI has been achieved within 12 months of implementation.

Cost-per-contact reductions of up to 95% are common, with no deterioration in service quality. On the contrary, because automated services are available 24 hours a day, without the need to queue for an agent's attention, caller satisfaction is likely to increase. Recent research has indicated that 62% of companies that have introduced speech recognition services have seen customer satisfaction measures improve as a result. One of the public's most strongly held gripes with public sector contact centres is the difficulty they experience getting through. Some help lines, Varney reports, fail to answer at least 50% of the calls they receive. Without automation it's difficult to see how this challenge can be overcome without a huge injection of funds to increase staffing levels.

On the other hand, it is reasonable to ask, is there not an equally significant upfront cost associated with the acquisition of a technology and telephony infrastructure that will accommodate large call volumes on a self service basis? In the past this has certainly been the case. Because the technology platforms on which automated services depend must be robust and the number of phone lines linked to them big enough to accommodate the maximum number of callers ever likely to contact the service at a single time, the cost of buying and maintaining them has been, quite simply, cost prohibitive.

However, newly emerging hosted services, in which the telephony and technology infrastructure is centrally owned and managed by a third party, provide a cost effective alternative. The infrastructure that supports the fines payment service for Her Majesty's Courts Service has the capacity to handle more than 8,000 speech enabled calls simultaneously and up to 650,000 calls per hour.

The self service decision

With telephone self service promising to manage even the largest and most volatile of call peaks without compromising either service quality or operating budgets, it seems that a redefined role for the telephone within the public service arena is eminently achievable. The next question organisations must wrestle with is this; what and when to automate.

There's an assumption among many - erroneous, as it turns out - that the role of telephone automation is limited to IVR based call routing. While this is

certainly one very valuable application, it is far from being the whole story. Forward thinking organisations are using combinations of IVR and speech recognition to deliver total services - from information and fulfilment requests to financial transactions via the phone.

According to Varney, 88% of all calls to public sector contact centres fall into these two categories

- Accessing information
- Completing a transaction - a financial payment, benefit application or appointment fixing

For the most part calls in both of these categories are routine, repetitive and, for the contact centre staff that must handle them, frequently monotonous. When they are automated, agents are freed up to focus on more complex interactions which have greater value and significance both for the citizen and the organisation.

Nor is it accurate to assume that only straightforward information or fulfilment requests can be managed via telephone self service. The private sector presents us with a growing number of examples where it is used to provide complex, real time information, personalised to the individual. Northern Ireland Electricity, for example, is using speech automation to provide service restoration information to customers during power outages. Using caller line identification technologies alongside automated speech, the service tailors the information it gives according to the caller's actual location, determined by their telephone number.

On a nationwide basis, National Rail Enquiries' TrainTracker™ service - perhaps the UK's most ambitious information-based mass market speech application - provides up-to-the-minute information for direct train services across the UK and allows callers to plan complex journeys up to three months in advance, irrespective of the number of changes required or transfers between train operators.

While organisations like National Rail Enquiries focus on providing information based services, others - including cinema chains and finance companies - use automated services to provide transaction-based services that allow callers to complete a task or make a payment. I've already referenced the success of Her Majesty's Courts' automated fine payment service and

there are several examples worthy of note within the private sector.

Winning hearts and minds

Customer satisfaction with existing telephone self service applications provides strong evidence of positive consumer acceptance. But complacency is dangerous. This is still an area that should be

The general rule of thumb when introducing telephone self service is to begin with the most straightforward processes and calls, moving up the food chain in terms of complexity as confidence and caller acceptance grow.

approached with caution. Like poorly designed IVR routing trees, automated speech services, when badly applied, have an almost limitless capacity to frustrate and alienate callers. If they aren't intuitive to use and easy to navigate, callers will conclude that the technology has been put in place to act as a buffer rather than a conduit between themselves and the organisation they need to contact.

If they are to be embraced with enthusiasm, telephone self service solutions must not only allow callers to do what they need to do, they must do so in a 'human' fashion. Designing such services is a specialist skill that few organisations are likely to possess. In the best cases conversation specialists, script writers and psychologists are used to develop scripts and interactions that complement rather than suppress natural human speech patterns and decision making behaviours.

These experts begin by assessing the process they are trying to automate and how successfully it is working at present. If the process is currently managed by live agents they will listen to their calls and create a detailed map of the way callers behave; what questions do they typically ask, how and in what order? Even more importantly, they assess the motivation for the call - what does the caller really want to know and what's the difference between what they say and what they actually mean?

Having developed working scenarios, dialogue

designers will test them in focus groups and small scale pilots before rolling them out in industrial strength deployments. And once a solution is deployed the learning doesn't stop. Careful monitoring, especially in the early weeks, is essential and, once again, the focus must be on the caller, rather than the technology. A word recognition success rate of 98% will offer scant comfort if 80% of callers are failing to complete their transactions.

The way forward

If Varney's objective is to reduce the cost of providing services to citizens while improving their quality then the telephone must be central, rather than peripheral to its achievement. Telephone self service has been proven to deliver dramatic cost reductions while boosting caller satisfaction and enhancing organisations' ability to introduce new services and extend the 'open for business' hours of those that already exist. When implemented through the hosted model it supports another of Varney's admonishments; to drive towards rationalisation via shared services across and between public sector bodies. The fine payment service that now supports 13 courts is hosted on a single technology platform

using the same solution design and service protocols for each - though tailored to respect local idiosyncrasies. Consolidation of this service on a nationwide basis is currently under consideration.

At the same time, hosting allows services to be developed and implemented within very short timeframes (typically measured in weeks rather than months) and, thanks to the absence of an upfront technology investment requirement, to deliver ROI virtually immediately. This makes it an attractive proposition for organisations seeking either a high speed tactical solution for a short term but pressing requirement, or a strategic approach to the long term challenge of ongoing service provision.

It would appear then, that there are still several good reasons to stay on the phone.

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Seven steps

If you're planning to introduce telephone self service, here's a seven step guide to preparing your approach:

- 1.** Know what you're trying to achieve. Examine how your processes work today and how they'll need to change when automated. Map how callers behave; what they ask and how, then build your solution to accommodate that.
- 2.** Determine success measures at the outset that balance cost reduction and improved customer satisfaction. And don't be blinded by technological success. High recognition accuracy has little value if callers don't get what they want.
- 3.** Take a human approach. If a service works people will use it, if it doesn't they'll find ways of circumventing it.
- 4.** Think twice before going it alone. Designing a good speech service demands a rare combination of technological capability, advanced dialogue design skills and linguistics expertise that your organisation is unlikely to possess.
- 5.** Don't get stuck with a short term solution. Speech technologies and the standards that govern them aren't standing still. A hosted solution that removes technology upgrade and capacity expansion headaches may be the best way forward.
- 6.** Take a holistic approach. Your speech solution and the language it uses must harmonise with other communication media.
- 7.** Test, learn and refine. All self service applications need constant review if they're to evolve in line with changing caller behaviour and expectations.