



INTERNATIONAL  
DECISION SYSTEMS

**BIT Group White Paper**

**Web Self-Service Lowers Call Center  
Costs and Improves Customer Service**

Updated June 09, 2003

# Web Self-Service Lowers Call Center Costs and Improves Customer Service

## Executive Summary

The future of customer service is being shaped by two powerful trends: Firstly, advances in web integration technologies provide real-time access to data that resides on mainframes and servers; secondly, customers increasingly expect fast, convenient access to their information 24/7. In response, International Decision Systems (IDS) and BiT Group have joined forces to help financial organizations offer fast, convenient, real-time web self-service to their customers.

IDS recently introduced two new products designed to provide real-time access to InfoLease and web self-service for dealers and lessees. Using Integration Manager and Customer Care, InfoLease can now be linked with software and databases throughout your organization and can be accessed via the web. BiT Group can provide a complete array of web development and web applications to extend Customer Care and Integration Manager to meet the unique needs of your business.

In the past, customer service meant tough choices: higher service levels or lower costs, longer waits or larger staff. With web self-service, you don't have to choose, customers get the service they need while companies are able to reduce costs by migrating transactions to self-service channels. For many industries, in particular financial services, web self-service has already become the preferred channel for customer service, customer communication and transactions. Gartner Group, a leading technology analyst firm, has found that companies can save an average of \$5.00 per transaction by handling a customer inquiry on the web vs. in the call center. The resulting reduction in phone traffic not only saves money on the redirected calls, but also frees call center agents to handle the remaining calls faster and more effectively. This kind of multi-level contact handling is just the beginning of a whole new approach to e-service using the web, interactive voice response, email, online chat, and voice over IP.

In a market in which the web provides fast and convenient access to information, web self-service can assist you to strengthen your customer relationships and lower operational costs. With the introduction of Customer Care and Integration Manager, IDS and BiT Group now offer a complete array of software and services to implement web self-service.

## 📌 Self-Service – Background and History

In 1968, Don Wetzel was waiting in line at a bank in Dallas when he thought of the idea of an automatic teller machine (“ATM”). At the time, Mr. Wetzel was an executive at Docutel, the company that invented the automated baggage handling machines used at most airports today. Mr. Wetzel’s ATM concept rapidly developed into the “total teller” (created in 1971) able to automate an entire range of routine transactions which until that time was handled in-person by bank tellers. The ATM provided an immediate benefit to both the banking industry and the general public. Employing a machine to automate the repetitive tasks of a human teller 24-hours per day, 7-days per week, enabled banks to cut costs and improved the quality of customer service. Customers were able to complete their banking without waiting in long lines, and conduct banking at their convenience.

Today, self-service is all around us and we enjoy the benefits of self-service every time we use an ATM to get cash, the telephone to check on an airplane’s arrival time, or pay a parking ticket online. Innovative and practical technologies like the ATM and IVRs (interactive voice

response) radically changed the face of customer service. Web self-service will bring with it the next major shift in the cost (lowering costs!) and quality (improving quality!) of customer service.

### Web Self-Service Overview

Web Self-Service enables customers to communicate and transact online without the need for human intervention. The Web has become both an accepted media for conducting business, and a channel through which customers expect to be able to find answers. As more customers use the web to conduct business, Web Self-Service has become a vital component of a competitive customer service strategy. Just as the ATM allowed banks to reduce reliance on tellers, Web Self-Service enables companies to reduce their reliance on call center personnel. Figure 1 illustrates several examples of high volume transactions that can be automated through Web self-service.

| Examples of Web Self-Service Transactions |   |
|---|---|
| Industry:                                 | Example:  |
| ▪ Travel                                  | ▪ Look up a travel reservation in order to change a flight or confirm an arrival time |
| ▪ Credit                                  | ▪ Read account statement online and verify payment receipt and payment due date       |
| ▪ Banking                                 | ▪ Transfer funds from savings to checking   |

Figure 1

Two recent trends have proven extremely important to enable companies to use Web self-service effectively. Firstly, recent technology advances have made real time web-integration with corporate data residing on mainframe and back-office servers possible. Bringing this data to the web allows companies to expose information in a secure and reliable way to customers, providing them with a unified view of their data. The second trend is the vast number of customers who are familiar with web technologies. Web savvy customers demand real time access to their accounts and expect higher levels of service. For many industries, in particular financial services, web self-service has already become an accepted channel (in some instances, the preferred channel) for customer service, customer communication and transactions.

### Benefits of Web Self-Service

#### Lower cost per transaction (“CPT”) through Web Self-Service

One of the primary benefits of web self-service is that it offers one of the lowest cost means of providing customer service. The cost per transaction (CPT) for a typical web transaction is about 24¢ as compared to a live phone interaction with a customer service representative that averages about \$5.50 per call. Once a web application has been developed and installed to provide web self-service the marginal cost of an additional transaction is close to zero. In other words, unless a company needs a larger computer or more hard drive space, there is virtually no incremental cost for an additional web transaction. The ability of web self-service to scale substantially enables companies to achieve a sizable return on investment (“ROI”).

CPTs for other channels such as IVR, e-mail and text chat are generally higher than web self-service, although IVR comes closest to the very low CPT available through the web. IVR has already proven itself to be a highly successful self-service channel, but there is a limited amount of communication or transaction information that can be conveyed orally as compared to the web. The cost of text chat can also vary substantially depending on the complexity of the inquiry. In addition, text chat can be expensive unless each agent can simultaneously handle multiple chat sessions. It is worth noting that “live

phone interaction” and text chat are not “self” service channels as they both involve human interaction. Generally, aside from e-mail auto-responders, e-mail communication also involves human interaction. It is easy to see, therefore, that IVR and web self-service are true “self” service channels providing complete automation for routine transactions and a lower CPT.

The chart below shows the typical costs savings that can be achieved by migrating future call center volume to the web. Based on a fully burdened cost of \$50,000 per CSR, a 100-person call center can expect to reduce its growth and achieve \$400,000 in annual savings if 10% of its customers begin using its web channel.

| Business Value of Web Self-Service |                           |   |
|------------------------------------|---------------------------|---|
| Channel:                           | Average Service Costs:    | Range:  |
| ▪ Web Self-Service Transaction     | ▪ 24¢                     | ▪ 5¢ to 50¢, depending on complexity of transaction                               |
| ▪ IVR Transaction                  | ▪ 45¢ per call or session | ▪ 10¢ to \$1.00 per call  |
| ▪ Email Transaction                | ▪ \$3                     | ▪ \$2.50 to more than \$4.00, depending on a number of company-specific variables |
| ▪ Text Chat                        | ▪ \$7                     | ▪ Can be much lower if agents handle many chats at once                           |
| ▪ Live Phone Interaction           | ▪ \$5.50 per call         | ▪ \$2 to \$12, depending on duration  |

Figure 2

| Typical Web Self-Service Savings Annually                        |           |             |             |             |             |
|--|-----------|-------------|-------------|-------------|-------------|
| % of Customer Service Transaction Volume Handled Through the Web |           |             |             |             |             |
| # of Customer Service Reps (CSRs)                                | 5%        | 10%         | 20%         | 33%         | 50%         |
| ▪ 25   | \$50,000  | \$100,000   | \$200,000   | \$330,000   | \$500,000   |
| ▪ 50   | \$100,000 | \$200,000   | \$400,000   | \$660,000   | \$1,000,000 |
| ▪ 100  | \$200,000 | \$400,000   | \$800,000   | \$1,320,000 | \$2,000,000 |
| ▪ 250  | \$500,000 | \$1,000,000 | \$2,000,000 | \$3,300,000 | \$5,000,000 |

Figure 3

### Web Self-Service offers Improved Customer Service

Web self-service enables customers to communicate and transact with companies 24x7, at home, at work (or on the go) online. By providing greater freedom to choose when and where to interact with a company, customers have greater access to any corporation that offers web

self-service. Web self-service also has the benefit of providing immediate results. When compared to more traditional means of customer service communication—in-store or in-person interaction and U.S. mail—the web is far more convenient. Generally, even well-managed call centers will require customers to wait in call queues prior to speaking with a customer service representative (“CSR”). In addition, many call centers do not provide a full array of services 24x7. Improved speed-of-service and 24x7 availability have been shown to greatly increase customer satisfaction.

Routine transactions make up a large portion of call center volumes. These transactions, although simple to complete, take up valuable call center time. This is time that can be better spent on issues that require more individual attention. By reducing call center queues and freeing call center representatives to deal with more complicated issues, Web self-service enables an organization to improve the overall quality of the customer service it provides.

### Web Self-Service Case Study – Dell Financial Services

Dell Financial Services (“DFS”), a \$1.5 billion company jointly owned by Dell Computer Corporation and The CIT Group) decided to offer web self-service to reduce the growth of call center operating costs while continuing to provide high-level customer service to DFS customers. DFS integrated web self-service software with key back-end systems and data to enable Dell customers who have financed their purchases through DFS to manage their accounts online. As a result of the web self-service initiative, DFS has been able to migrate 16% of customer service transactions from the call center to the web resulting in over 70,000 web transactions per month. (See figure 4)



Figure 4

Customers are able to log into the customer service web site and view their account statements, determine when their last payment was credited, and find out when their next payment is due. In addition, customers can conduct a series of self-service transactions such as updating their addresses if they move or obtain a buyout quote for a lease.

Dell Financial Services saves \$1.41 for every web transaction completed online. By offering web self-service to 1m DFS customers, the company anticipates well over \$1m in savings within the first 12 months of operation.

### Future Trends in Web Self-Service

#### Evolution from Call Center to Contact Center

During the next 18 months, many call center managers and managers of customer service will take the next step in customer service and create multi-channel contact centers. A contact center integrates agents and automated self-service systems to interact with customers through a variety of channels including web, IVR, email, synchronous online chat, and VoIP technologies. These contact centers will include consolidated customer data systems providing a single view of the customer including the interaction history, real-time analytical evaluation of

the appropriate level of service resources suited to the customer, and access to all information pertinent to the customer service request. The evolution from call center to contact center will require customer service managers to expand available channels to include web technologies and diversify the skills sets of their CSRs in order to embrace the multi-channel future.

## **Summary and Conclusion**

Web self-service provides a clear opportunity for managers of customer service to lower call center costs and improve customer service. A call center with 100 CSRs can reasonably expect to achieve \$400,000 to \$800,000 in cost savings through the web. A step toward expanding customer service by offering web self-service is a step toward embracing the changing multi-channel world in which customers are busier, more web savvy, and demand (and expect) a higher level of service.

## **About BiT Group**

BiT Group is a recognized leader in developing solutions for companies that recognize the strategic impact of the web on their customer relationships. BiT Group provides customer self-service software and web business solutions to Fortune 500 and middle market companies across North America. BiT Group was recognized by Inc. Magazine as one of America's fastest growing companies earning a ranking of #155 on the Magazine's prestigious Inc. 500 list.

## **About International Decision Systems**

International Decision Systems (IDS) is the global leader in developing lease/loan accounting and portfolio management software and services. With offices in the United Kingdom; Minneapolis, MN; Sydney, Australia and Singapore, IDS offers the largest and most experienced global consulting, implementation and technical support teams in the leasing industry. InfoLease, the world's premier lease/loan portfolio and asset management system, comprises the foundation of IDS' product line. With a web-enabled front-end and more than 70 custom add-on solutions, InfoLease is the most adaptable and scalable lease/loan technology available in today's marketplace.

IDS' parent company, IDS Group plc, is publicly traded on the London Stock Exchange (IDGL). For additional information about International Decision Systems and IDS Group plc, visit. IDS and InfoLease are registered trademarks of International Decision Systems.