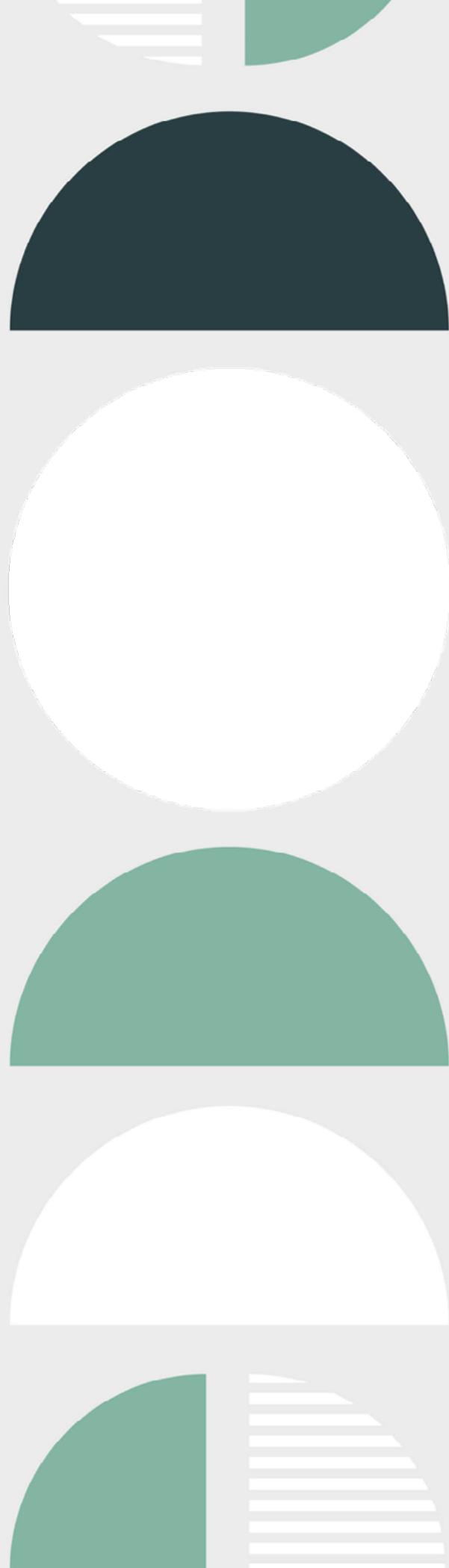# Total economic impact of ServiceNow Customer Service Management at a communication service provider

Presenters

Sean Owens, Principal Consultant, TEI, from Forrester Consulting
Eric Ehlers, Industry Marketing Director at ServiceNow

servicenow.

Overview

A recently commissioned Forrester Consulting Total Economic Impact™ (TEI) study* explores the potential Return on Investment (ROI) experienced for customer service efforts at an enterprise company in the communication sector. In the supporting webinar, presenters discussed the framework for evaluation to identify benefits, costs, flexibility, and risk factors affecting the communication service provider's investment decision. By improving NPS and other customer satisfaction metrics, reducing costs, moving beyond SLA objectives to better support performance measurement, and uncovering new opportunities, the communication service provider (from now on referred to as CSP) yielded over three years an ROI of 176%, a present value (PV) of benefits of $23.7 million, and a net present value (NPV) of $15.1 million.

## Forrester has determined the following three-year impact from the ServiceNow investment

ROI	NPS*	NPV
176%	26	$15.1M
Return on investment	Point increase	Net present value

*"The Total Economic Impact™ Of ServiceNow Customer Service Management: Cost Savings and Business Benefits Enabled By ServiceNow Customer Service Management For A Communication Service Provider," was a March 2019 commissioned study conducted by Forrester Consulting on behalf of ServiceNow.

*Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc, Satmetrix Systems, Inc, and Fred Reichheld.

What is the TEI Study Framework?

Over 90% of IT decision-makers find value in a business case

Not at all important 3%

Somewhat unimportant 4%

Somewhat important 33%

Very important, 60%
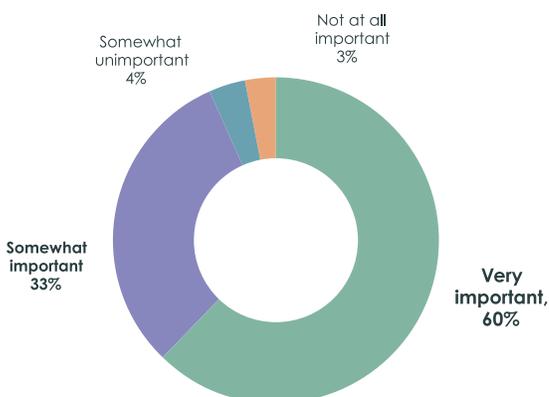
TEI is Forrester's business case analysis which goes farther than most. In addition to the baseline costs and benefits, each datapoint is given a risk adjustment based on variability, confidence in the data, and other factors. This "next-level" business case offers justifications that are increasingly important for technology investments.

The structure of this TEI project is focused on input from the customer interview, which is used to develop a financial model now and over the three years since implementation.

 A focus on the benefits...For this webinar, there was a focus on the overall benefits of the ServiceNow solution. For more information on risk and flexibility, as well as more details on data, read the full Forrester TEI Study available **here**.

Base: 825 IT decision-makers at North American enterprises

What was this customer's journey?

"We interviewed a large communication service provider (CSP) that migrated from several legacy platform platforms that didn't talk to each other very well," said Sean Owens. "It has 20,000 employees, hundreds of thousands of business customers, and millions more consumer customers." The CSP has been using the ServiceNow Customer Service Management solution for several few years, and they were able to share their experience before and after implementation.

Forrester interviewed one ServiceNow Customer Service Management customer

COMMUNICATION SERVICES
Delivers telecommunication products and services that include a large service implementation

TWO YEARS USING PRODUCT
Two years with ServiceNow Customer Service Management

20,000 EMPLOYEES
And more than $10 billion in revenue

BUSINESS CUSTOMERS
400,000 business customers plus many more individual consumers

Before the ServiceNow Solution

Some of their challenges before the new solution was implemented were:

- Agents were spending too much time entering questions and looking up information
- Too many of the contact streams were unnecessarily by phone and very expensive and inefficient
- Legacy systems were fractured and made information sharing difficult

The customer shared experiences before and after using ServiceNow Customer Service Management

The Customer Journey

CHALLENGES	SOLUTION REQUIREMENTS	KEY RESULTS
• SLAs were difficult to track.	• Reduce SLA payments.	• Improved SLA compliance.
• Agents spent too much time answering routine questions on the phone.	• Drive customers toward more efficient and self-service channels.	• Phone support requests have declined in favor of more convenient options.
• Multiple platforms led to complexity.	• Consolidate solutions and phase out legacy platforms.	• Removing legacy systems has lowered maintenance costs.
• Customers were passed between multiple agents.	• Improve case management.	• The availability of customer data and case history has enabled upsell opportunities.

After the ServiceNow Solution

The CSP notably improved contact center efficiency by being able to direct phone inquiries to more efficient channels such as their Support Portal. This improved operational costs per inquiry while also providing more convenience and self-help options for customers. SLA delivery costs were lowered as auditable data was collected f or every action taken to assist a customer.

Does this information and ROI apply to companies not in the communications industry?

"The answer is yes," assures Owens. "Because everyone deals with customer support." The number of contacts, the context, and the complexity of problem resolution, and escalation triggers may differ, but all organizations should strive to perform better; providing more efficient, and useful support for the customers.

"We all want to make customers are happier, or at least less likely to be angry or frustrated and maybe more likely to purchase again," Owens adds. "Or at least less likely to leave for a competitor."

It doesn't matter if the customer service function is in the retail industry or in another commercial business or even in the public sector, the themes addressed in this study resonate.

Owens adds that for non-communications industry organizations, variables to consider are adjusting cost per contacts, average number of inquiries, and cost of each sale. "For example," Owens says, "There may not be as many upsell opportunities in public sector, but there's opportunities to complete more service contract requests and be able to avoid other costs."

> "
> We had a large variety of supporting systems depending on both customer segment and product, making it hard to keep track of SLAs.
>
> – Implementation project manager, CSP

Back to the CSP's benefits and ROI

Overall, the CSP experienced more effective and efficient services, improved agent productivity, and resolved customer issues more quickly, leading to the healthy return on investment and three-year net present value.

The customer quantified key benefits from the ServiceNow Customer Service Management investment

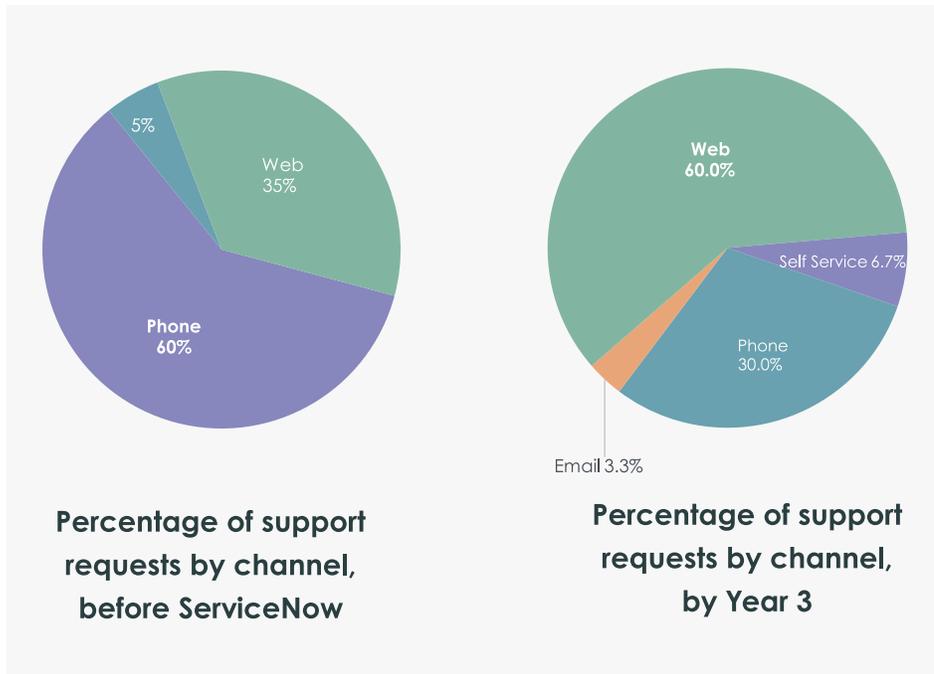| BENEFIT 1	BENEFIT 2	BENEFIT 3	BENEFIT 4
Service-level agreement payment cost avoidance	Cost savings from more efficient support channels	Platform complexity cost savings	Upsell opportunities

Benefit 1: Service-level agreement payment avoidance - $3.6M (over 3 years)

Before ServiceNow, there were too many issues or complaints related to SLA compliance. Every customer service organization experiences delays from time to time, but even though support issues were being resolved within the expected schedule, there was still an issue of proof. If the customer complained, the old systems of record were so disconnected, the company could not prove their response times, and they would end up paying the SLA fee. With ServiceNow, even if there is a complaint, the CSP can quickly pull the audit information and demonstrate compliance.

2. Cost savings from more efficient support - $15.6M (over 3 years)

The CSP was able to improve service efficiency by replacing expensive phone calls for less costly—and often customer preferred—Web and self-service options. The cost per phone-based customer issue resolution was estimated to be $30, while web-based care was only $23 per inquiry. With ServiceNow, the share of phone contacts decreased from 60% to 30% and the web portal saw a 60% increase in access. This saved the company $7 per service contact.

Percentage of support requests by channel, before ServiceNow

Percentage of support requests by channel, by Year 3

3. Platform complexity cost savings - $2.3M (over 3 years)

The CSP estimated it cost $200,000 per year to manage each legacy platform. With ServiceNow, they were able to decommission three legacy systems in the first year and seven by year three. "There was also cost savings around the volume license agreements," adds Owens. "These wound down over years two and three."

4. Increased upsell opportunities - $2.1M (over 3 years)

The new solution empowered agents to provide greater service and value to customers. Agent dashboards automatically highlighted new and interesting products and services the customer might be interested in, plus customer information and history was displayed. Agents can review past purchases and service usage and help customers identify a better service plan or mention a product they're likely interested in. Owens adds, "The communication service provider estimated that 25% of service calls have some opportunity like this and, on average, there's a 10% increase in revenue from upselling for each of these opportunities."

Business customer revenue	Support requests with upsell opportunities	Estimated upsell opportunity
$2.4 billion	2.5%	10%

Additional benefits...

Improved customer retention.

Customers are served on the channels they prefer and in a way that they most value.

26 point NPS improvement - of which service was a key impact.

Most customers don't want to be on the phone waiting on hold and they want to be able to track their progress. The solution empowers the customer to have more control over their experience.

Improved agent satisfaction - less repetitive tasks and more access to vital information.

Agents can see customer communications from across separate channels and even review requests from different people, plus identify trends and find answers to issues that have already been resolved.

The Three-Year Model Summary Results

ROI 176%

PV Benefits $23.7 million

NPV $15.1 million
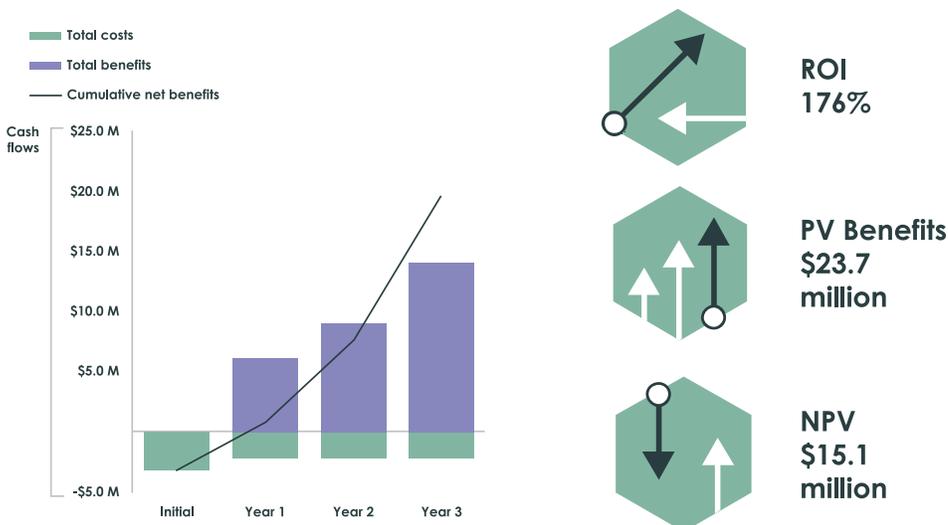
And now some information from ServiceNow

Eric Ehlers, Industry Marketing Director at ServiceNow, concluded the webinar with some important industry trends.

There are some real changes within the service provider industry and how they support customers, especially as new technologies are brought online such as 5G Networks. Here are the top industry trends we've seen:

Technology Disruption and Challenges

Devices are becoming smarter as they all leverage the internet of things (IoT). Data coming in from devices can actually drive proactive customer service before an issue arises, while also making it easier to solve an issue. Additionally, networks are becoming increasingly complex (think Software Defined networks and network virtualization) as they support more and more architectures. Companies will need to be able to fully manage these environments and deliver the best service to customers.

Fluid Competitive Dynamics

There are new players quickly entering into the market, but oftentimes instead of seizing on these growth opportunities service providers are on defense and trying to protect their portfolio. They need to be able to be proactive on how they deliver more complex services while maintaining SLAs. Does that require more people? More tech? A combination of the two?

Socio-Economic Challenges

There is a constant drive to lower operating costs to stay competitive. That requires constant improvement of business operations and getting the most out of every asset, innovating faster, and reducing the risk.

Industry care-abouts

| Modern, Agile Networks	Seamless Customer Experiences	Reliable & Predictable Service Assurance	Drive New Sources of Revenue

Deliver New Services	Increase CSAT	Lower Operational Costs

In conclusion

It is possible to connect all your operations and eliminate silos and improve the customer experience with a platform approach that connects the entire business. Really, the goal is to optimize that service delivery SLA management and maximize that availability.

Intuitive and intelligent cloud platform
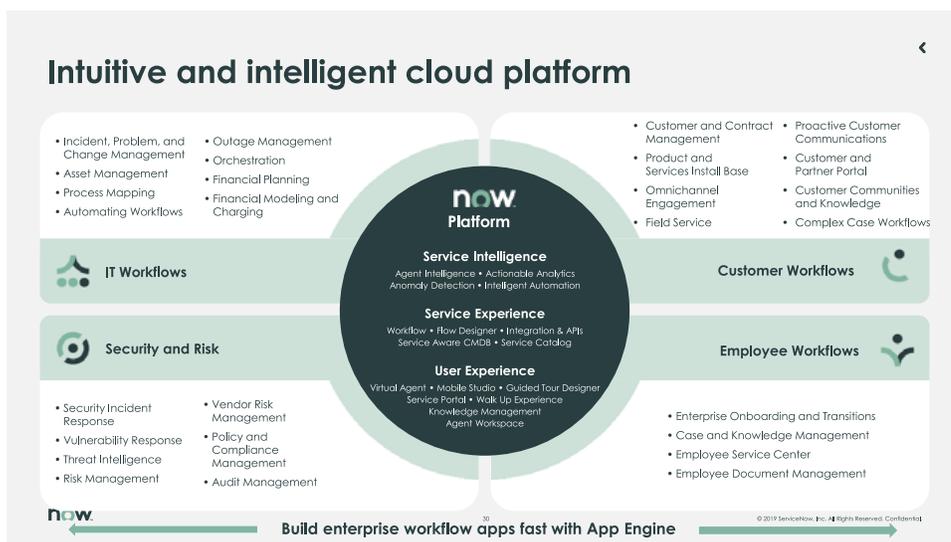
SerivceNow has been helping service buyers build technology business operations. And through that process of driving that strategy to help reduce that customer churn, and also unlocking those really key business opportunities. And this in turn is creating new sorts of values for service providers and their customers today.

Watch the On-Demand Webinar

> WATCH NOW **https://www.servicenow.com/lpwbr/total-economic-impact-of-servicenow-customer-service-management-at-a-communication-service-provider. html?partnerref=WEBINARRECAP**

Read the entire Forrester TEI Study

> READ NOW **https://www.servicenow.com/lpayr/forrester-tei-telco-report.html**

Sean Owens Principal Consultant, TEI, from Forrester Consulting
Sean has spent nearly two decades helping technology vendors measure and communicate the business impact of their technologies for customers. IT strategy and planning executives, sales representatives, and product marketing professionals can use these materials to help understand a solution more completely and better estimate the costs and business impact for their organization. Sean has been with the Forrester TEI™ team for more than five years.

Eric Ehlers Industry Marketing Director at ServiceNow
Eric is an executive marketing professional with 15+ years of experience leading global outreach, strategic marketing, optimization, and creative development strategies. He has extensive experience in the communications and telco industries.

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