



Lifecycle Stage Assessment: A Framework for Improving Adoption of Web Self-Service

Executive Summary

For a utility company (electricity, gas or water), the channels of interaction with customers include direct mail, IVR/CTI, call centers and the Web. These channels serve two purposes: direct communication with customers and operation of business functions such as connect/disconnect, billing and payment that are core to a utility's business.

Web self-service channels are immensely powerful in their ability to reach the masses and reduce costs (e.g., an e-mail bill costs a fraction of a paper bill). While some self-service functions such as bill payment have traditionally enjoyed high adoption because of their recurring nature (bills come every month) and convenience, the same cannot be said of some other functions, such as connect/disconnect or outage communications. A low adoption rate of these forms of self-service has a direct cost impact and also adds to operational issues, such as resource planning at the call center. Increasing customer adoption of self-service functions is also important for improving customer retention. For these reasons, self-service is always a key focus area for Web strategists, customer care process owners and IT and usability experts.

The Web channel assumes increased significance with Advanced Metering Infrastructure (AMI), since there is more data to disseminate and more customer education and involvement needed. This presents both a problem and a solution. The problem is that too many process changes and too much data can turn customers away. But an intelligent inter-

pretation of data (e.g., consumption and weather correlation) can work to the customer's advantage and significantly aid in customer retention. Thus, the old-school needs relative to attracting and retaining customers remain constant, but now they must be attended to within the context of AMI and reengineered/new processes.

Building this new ecosystem means adopting the latest in usability engineering, social networking, Web 2.0, etc. This paper introduces the idea that online programs have lifecycle stages, as well, and slowly lose their ability to provide incremental value to customers. An understanding of these lifecycle stages is important for improving customer adoption of online programs. Hence, there is a need to continuously evaluate and invigorate online programs. This paper also reveals how customer adoption of outage communications and connect/disconnects through Web self-service can be improved using a lifecycle stage assessment.

Web Self-Service: An Overview

Not long ago, Web self-service was touted as the savior of customer service operations. With the emergence of e-commerce and increasing pervasiveness of the Internet, pundits posited that automation of key processes would enable "customer self-help" and, hence, reduce reliance on call center agents, thus improving efficiencies and lowering costs.

Though Web self-service has established itself in many industries, it is now clear that it is has not been a panacea, at least to the extent anticipat-

ed. But as the level of sophistication, access and familiarity with the Internet has grown, Web-based self-service has become a more promising and productive channel for self-directed service applications. Today, there is ample evidence to suggest that many enterprises are investing significantly in getting self-service right, especially Web self-service, to boost intended customer experience. But numerous questions abound regarding how self-directed customer interaction truly improves the way a company interacts with its customers.

Web Self-Service in Utilities

Self-service has seen a higher level of investment in sectors such as banking and retail. The reasons for this are fairly obvious; these sectors serve more customers on a regular day than any other sector. This has led to more innovation and better penetration within these sectors.

Utilities have been slow to latch onto the Web self-service trend; in fact, the industry traditionally lagged behind most in adopting Web-delivered services that enable interaction with customers. But the rapid adoption of Web self-service in other industries has benefited utilities by making consumers more familiar with and educated about such services.

The emergence of AMI enables two-way communications between the meter and the utility and, among other things, helps customers monitor and manage the way they use energy. Distribution automation and allied technologies have opened up the possibility and the need for introducing more self-help features to customers.

Web self-service features offered by utilities have primarily been around billing and payment. Other core business processes like outage reporting, trouble calls, high bill inquiries, connect/disconnect, demand-side management programs, etc. have not been promoted on a self-help channel (Web or IVR) because of persistent technology inadequacies. But the landscape is changing now from a technology and customer expectation point of view, as well as from a customer service cost standpoint.

AMI is a true game changer. Near real-time access to customer consumption data, network data and developments such as home-area networks promise to raise customer service capabilities a few notches higher. Customers will be able to pick from different tariff plans and perform various what-if analyses to make more intelligent and informed decisions about consumption. Web self-service will play an important role in this.

Web Self-Service Adoption

Beyond online bill payment, other activities that employ Web self-service do not enjoy a similar high rate of adoption. But before discussing the issues that plague online self-service adoption, it is important to talk about how it is measured.

Web self-service programs in the utilities industry can be classified in two buckets: Programs that require registration and are used on a regular basis (i.e., bill payment) and those that are used infrequently (outage reporting, connect/disconnect, etc.). Thus, Web self-service success must be measured on two fronts:

- **Enrollment/registration and usage:** How many customers sign up for programs? How many of the registered customers actually use the programs they sign up for?
- **Transaction completion/conversion rate:** How many customers actually complete the transaction?

Challenges to self-service adoption include:

- **A clear self-service strategy:** As revealed earlier, a large number of organizations lack a clear service strategy. While there is no denying the fact that developing and maintaining a strategy that truly unifies IVR, contact centers and Web self-help into a seamlessly integrated customer experience is difficult to do, the lack of a strategy can leave customers confused and ultimately cause Web self-service offerings to fall short of desired outcomes.
- **Metrics definitions to measure success of Web self-service programs:** Perhaps this is because Web self-service has traditionally been seen as a second or third option for customer interaction and, thus, not seen as essential to close measurement. However, with the increasing trend¹ seen in self-directed interactions and demand for Web self-service, it's clear that enterprises will need to start putting more effort into developing measurements and setting targets for Web self-service interaction.
- **Program upgrades, ongoing support and maintenance:**² Most companies do a poor job of quality assurance on their Web programs. Many Web self-service sites are launched to great fanfare but are not supported consistently thereafter. It is extremely unlikely to get all self-service programs right the first time. Any program would need a beta launch, where the organization can learn from its customers. In reality, this must be an ongoing activity, since customers will always want more from these

offerings – more features, more convenience, etc. It is not wrong to say that the day customers stop giving feedback is the day the program may have failed. Without meaningful feedback, the ongoing incremental value that a program provides to customers also diminishes.

- **Promotions and incentives:** Greater adoption of Web self-service tools often comes down to how much you remind your target audience about the site's existence and the benefits it can bring. Furthermore, this needs to be promoted based on how well the program performs.
- **Balancing functionality with usability:**³ Functionality and usability need to be balanced to widen the appeal and increase the prospect of greater self-service adoption. Most users won't persevere through a complicated user interface (i.e., multiple steps that need a variety of inputs from the user, processes that span multiple screens, etc.), however advantageous the functionality may be. This is also one of the reasons energy efficiency programs are often not well-executed on a self-service platform.

Program Lifecycle Stage Assessment: A Framework For Self-Service Adoption

To successfully deploy a Web self-service program, utilities need a framework that provides sufficient insights and best practices to guide the entire company through the process, from marketing

and process teams, through the IT organization. Consider the following:

- **Online programs are analogous to products in more ways than one.** Customer satisfaction, user experience and cost efficiencies achieved are equivalent to revenue derived from the product.
- **Self-service programs have measurable success rates.** The success rate can be measured in terms of convenience provided to customers; adoption rate (the percentage of the intended customer set adopting it); conversion rate (the percentage of those who use it who succeed); retention (the percentage of those who enroll that stay enrolled); and usage rate (the percentage of enrolled users who actively use it). Each of these parameters is used similarly to measure product success.
- **Self-service programs have a lifecycle. Programs are launched to address unique customer needs, but they face competition, may lose their uniqueness and may need to be enhanced to stay relevant (e.g., smartphone-based alternatives of Web-based programs).** They may also go through growth stages (see Figure 1), stages of maturity and stages of decline, as well. Examples include losing out to a newer technology alternative or a similar service provided by an alternative source, such

The Stages of Web Self-Service

Stage	Characteristics
1. Market Introduction	<ol style="list-style-type: none"> 1. Initial costs are high. 2. Slow adoption and conversion. 3. More effort needed for customer education and information dissemination. 4. Return on investment could be low.
2. Growth	<ol style="list-style-type: none"> 1. Costs significantly lowered (fixed costs and program enhancement costs). 2. Rapid customer adoption. 3. Increased customer awareness. 4. Potential alternatives emerge in the market or customers demand better solutions.
3. Maturity	<ol style="list-style-type: none"> 1. Minimal running expenses. 2. Customer adoption possibly near peak levels. 3. Increase in competitive pressures (e.g., a Google Power Meter can compete with an in-house offering). 4. Increased need to focus on customer satisfaction. 5. Return on investment near peak.
4. Saturation and Decline	<ol style="list-style-type: none"> 1. The service may become irrelevant to customer needs. 2. Customers may need to be rolled up into a different service offering. 3. With no strategic benefits, the service could cost more than it saves.

Figure 1

as a bank that provides a bill pay service vs. a bill pay service provided by a utility.

From this, it can be inferred that a product lifecycle management approach to managing online self-service programs can deliver significant benefits. We call this a Web Self-Service Program Lifecycle Stage Assessment.

Improving Self-Service Success Rates

A quick recap of the discussion so far:

- Many organizations do not strongly link customer service strategy with Web self-service programs.
- Many do not have a clear thought process for managing a self-service program over its lifecycle.

- Metrics programs for Web self-service programs are not aligned with program lifecycle, leading to a less than accurate interpretation of success.

Unlike other products and programs, understanding and mapping an online program to a specific lifecycle stage is a little tricky. It requires a detailed understanding of customers, the program, market needs and external influencing factors for properly mapping a program to a particular lifecycle stage and then acting accordingly. This makes metrics reporting and interpretation very important.

Figure 2 illustrates how a self-service strategy can be aligned with lifecycle stages of a program. The focus areas highlighted below are essentially what an organization should focus on as action items.

Market Introduction Stage



Figure 2

Issues to consider include:

- Defining a self-service strategy during the market introduction stage requires a deep understanding of the program and target customers. A bill payment program tends to have a high adoption rate purely because of its nature (paying a bill is an activity customers have to do every month), while a connect/disconnect feature would not have a high adoption rate, because this is not an activity that customers need to perform very often.
- Decision makers also need to have a target customer segment in mind and understand their propensity to sign up for new programs. Existing online customers are more likely to sign up for new programs than customers who do not prefer online channels. This customer base can provide a solid indication of how many customers may sign up for the new program.

- Vital stats can be gathered from promotions/incentives and customer response to other promotional activities.⁴

Together, these three action items should arm a utility with enough insight on customer perception of the intended program, as well as the potential effectiveness of promotion and customer awareness about the program, etc. This should also tell decision makers if continued promotions are needed or if a change in customer communication strategy should be adopted.

If it is estimated, based on the above, that enough awareness and customer attention has been gathered, and initial targets for customer enrollment have been reached, a decision can be made to focus on activities that are related to a growth stage.

The only difference between the growth and maturity phases for a utility is the amount of

Growth and Maturity Stage

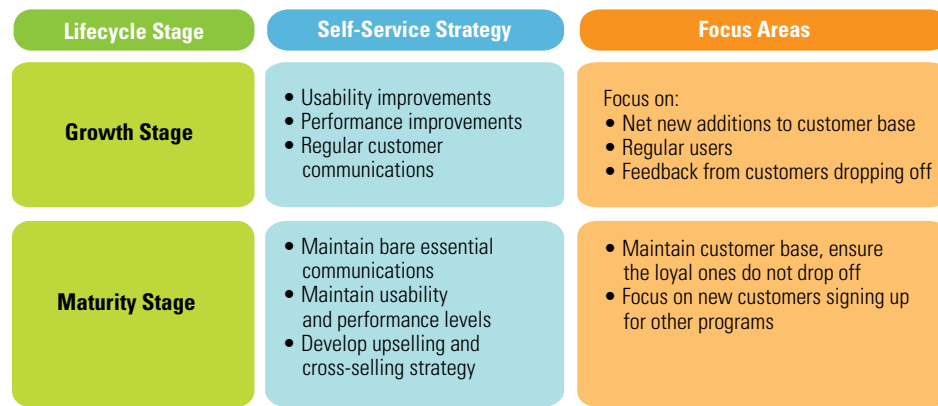


Figure 3

time and effort spent on customer education and customer communication.

As detailed below, a vast majority of the utility industry's self-service programs can continue to be in a slow-growth or maturity phase.

Utilities are different from other industries relative to their products and services. The differences are revealed the following ways:

- Many are regulated, meaning they have a monopoly over their service territories.

Saturation and Decline Stage



Figure 4

- The services they provide do not drastically change over time, nor does their customer base. Hence, a self-service program entering a decline phase is possible only in a few scenarios.
 - Customers defecting to an online service provided by a different service provider (e.g., bill pay services provided by a bank or a service provider such as Checkfree).
 - A known and planned decline, such as the utility retiring a service (e.g., an incentivized solar energy program) that is supported by the government, and the government withdraws the incentives.

- A program becomes irrelevant because of changes in the market. For example, an energy assessment program can become less efficient in the face of a more competitive alternative like Google Power Meter.

Based on any one of the developments above, a utility must make a decision on whether a declining service is something that it wants to maintain. If the answer is yes, it then calls for a radical rethink of the Web self-service strategy or a plan to complete a gradual phase-out of the service.

Working Across the Value Chain

The Program Lifecycle Stage Assessment methodology essentially segments a program into stages and, at each stage, provides actions to be taken and areas to be focused on. This helps in the following:

- Segmentation into lifecycle stages helps to generate accurate comparisons.
- Interpretation of feedback according to the nature of the program and customer need it addresses. For example, a connect/disconnect program is inherently different from a bill payment program, and feedback on one should not be compared to the other.
- Adoption of self-services programs that traditionally lag can be improved by correctly defining strategy based on the lifecycle stage.

References

"North American IVR and Web-Based Self-Service Markets," Frost & Sullivan, 2006.

Footnotes

- ¹ "Amdocs Customer Experience Research: What's Really Happening With Self-Service," Amdocs, 2008.
- ² A 2003 survey commissioned by *Networkworld* found that 72.6% of performance problems are alerted via end-user calls, not by the network monitoring tools put in place to detect such errors.
- ³ Jupiter Research noted that 91% of high-value customers surveyed (those who had spent more than \$500 online in the previous six months) could be turned off by a bad experience, never to return.
- ⁴ "Amdocs Customer Experience Research: What's Really Happening With Self-Service," Amdocs, 2008.

About the Author

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