

customer care solutions

from Nuance



white paper ::

The ROI of Hosted IVR

Why Organizations are Investing in Customers, Not Equipment

Hosted speech IVR is rapidly overtaking on-premise as the model of choice for businesses, government agencies and other organizations worldwide. In North America, for example, spending on hosted speech services was 60 percent of all IVR spending in 2012, according to Ovum, an independent research firm. Ovum expects this percentage to continue to grow through at least 2016.

What is driving this growth? Savings, competitive advantages and reduced complexity are three major reasons. The cloud allows companies to keep up with rapidly evolving speech technologies but without the capital investment and operational headaches that come with on-premise platforms. Hosted solutions free IT organizations from the operational burden, so they can focus on their organization's most strategic and impactful business objectives. The hosting provider also can contribute beyond the day-to-day operations, arming the IT organization with the tools, technologies and the market and deployment expertise to keep up

with consumer demand for self-service sophistication. And probably most critically, the hosted model offers the potential to generate substantial immediate and long-term savings.

Hosting offers a port in any storm. During the week before hurricane Sandy, one Enterprise experienced an 800 percent increase in call volume, yet it answered every single call without a single delay. Try building that level of capacity and redundancy with your on-premises IVR!

As technologies advance, most hosted IVR solutions offer basic cost-savings around capital and operational expenditures. To choose the solution that provides that most competitive and bottom-line benefits, organizations should consider several factors, including the vendor's track record for providing IVR solutions for companies with similar call volumes and business priorities, the hosted platform's historical reliability, scalability

and long-term viability, and compliance with government regulations and industry-specific best practices.

Enterprises Are Investing in Customers – Not Equipment

Today, hosted IVR services are supremely scalable and operationally robust, providing enterprises with access to required features, services, and technologies while substantially reducing the cost of delivery. Most leading vendors include:

- No upfront capital investments
- Geographically distributed data centers
- Redundant hardware and software
- System upgrades and maintenance
- IT administration
- 24/7 network operations
- PCI, HIPAA and other security certification and compliance
- Peak capacity capabilities
- Advanced tools, reporting and technologies

With little or no capital investment, monthly operating expenses based on actual usage rather than potential peak, and guaranteed uptime, it's no wonder more and more companies are switching to a hosted model for IVR.

It's Not Just About Operational Savings – Hosting Offers Higher Automation Rate

Hosted IVR clearly adds value for most customer care organizations, but for companies focused on meeting consumer demand and delivering the most easy-to-use conversational IVR service, it's a virtual necessity. Unlike touch-tone or basic voice command IVR, conversational IVR technology is dynamic and rapidly evolving. And, as applications become more sophisticated and personalized, consumers expect more, creating an endless innovation cycle. The innovation cycle can best be fulfilled by a platform provider with specific focus and expertise around delivering the most effective, sophisticated, and natural self-service service to save cost and delight callers.

For example, after switching from other hosted or on-premise IVRs to Nuance OnDemand, organizations typically report an average 20-30% automation improvement. This significant increase in self-service rates translates into millions of dollars in annual savings per enterprise. And, when millions more callers successfully get what they need, the customer satisfaction increase can produce top-line savings, as well.

Only a cloud-based solution delivers the agility, scalability and efficiency to keep pace with the ever-accelerating wheels of innovation. However, eliminating the capital and maintenance expenses associated with hardware and software is just the beginning. Organizations also should look for a hosted solution that is specifically designed to leverage the hosting model to continually enhance and refine natural language self-service automation.

The ideal hosted solution also enables organizations to lower costs while raising expectations, including making their customers confident that their conversational self-service interactions will always be fast and successful. Organizations also should look for a solution that will let them:

- Leverage the provider's real-world benefit from the speech tuning and caller behavior data from billions of annual self-service calls, as well as the expertise of speech self-service leaders providing proactive guidance about how to gain from industry advancements and meaningful performance improvements.
- Get access to the newest best practices and conversational technologies.
- Spend smarter by providing a platform that unites and extends their conversational self-service from the phone to other channels, such as mobile and web. In the process, organizations will maximize their IVR investments with shared technologies, training data and application assets that deliver a unified caller experience regardless of whether a customer dialed the 800 number or tapped the mobile app.

Modern Technologies, Such As Natural Language Understanding, Are Key To Better IVR Performance

When it comes to Natural Language Understanding, better performance contributes to higher self-service containment rates. Understanding a caller's true intent quickly and accurately is critical. In fact, Nuance's studies show that with each additional prompt, systems lose nearly 3% of callers. Consider a natural IVR that allows the caller to speak multiple pieces of information in a single shot, such as the following dialogue:

System: "Welcome back Dena. How can I help you today?"

Dena : "I'd like to [make a payment] of [twenty-five dollars] on my [Visa bill] from my [checking account] [next Friday]"

Hosting offers savings beyond on-premises IVR. In a three-year total cost of ownership (TCO) study, the Yankee Group compared an in-house contact center solution with the costs of a hosted offering and found that a small-medium call center can save 25 percent using hosted IVR, and larger call centers can realize even more significant savings.

In addition to the benefit of allowing the caller to speak their request naturally, this example also shows the ability to understand what the caller is requesting. Many IVRs today collect the caller's requested action (make a payment), amount (\$25), bill (Visa), account (checking) and date (Friday) using five or more individual prompts and responses. But with Nuance OnDemand, for example, it can be collected in a single interaction, providing the potential to automate 3% more calls with each eliminated prompt.

Natural language provides a faster and more direct way for callers to express their intent. Not only are callers directed to the right self-service or agent group fast, the caller's spoken words are converted to data, providing critical insights that can be used to improve self-service and even business practices.

A Rising Tide Lifts All Boats... And All IVR Performance

One of the benefits of a hosted solution is that the customer benefits from the network effect. The classic example of the network effect comes from the adoption of the telephone. The more people who owned telephones, the more valuable the telephone became to each owner. A telephone user may purchase a telephone without intending to create value for other users, but does so in any case. Online social networks work in the same way, with sites such as Twitter, Facebook, and Google+ being more useful the more users join. With more users and usage data, network providers are able to add more features and fine-tune services that users want.

Hosted IVR customers can collectively benefit in much the same way. The success of a natural language IVR application depends upon the continuous “training” of the technology models to maximize accuracy. Nuance Recognizer, for example, is constantly being taught to better understand what is being said and to compensate for variations such as mobile network latency or background noise.

On the flipside of recognition is voice synthesis. Based on the same network data, Nuance OnDemand, for example, pushes the boundaries of what is possible with pronunciation and natural phrasing, making Voice Fonts one of the most exciting advances in conversational self-service automation. Realistic, high-quality audio increases customer confidence and engagement, leading to higher self-service rates.

“Just as Google continuously refines its approach in response to billions of Web queries, Nuance refines its approach based on data from the billions of phone-based interactions it has automated.”

- Dan Miller,
Senior Analyst at Opus Research

The Value of Delivering the Self-Service That Your Callers Expect

Arguably the most important benefit of conversational IVR can also be the hardest to quantify: increased customer satisfaction and loyalty. It's hard to know exactly what customers value most in the self-service customer experience, but when it comes to what they don't like, their responses are loud and clear. People don't like to repeat themselves or be misunderstood, and they don't want the runaround. Organizations should design self-service applications with a focus on maximizing callers' ability to get what they need- fast. Doing that means leveraging the expertise of a vendor that has helped hundreds or even thousands of organizations achieve success. More than ever, speech and natural language technologies play key role in helping callers get the immediate outcomes they seek.

The core technology of Nuance OnDemand reaches its full potential in the cloud by allowing companies to deliver a consistent, conversational and highly personalized experience across channels—using the same assets. Nuance OnDemand features include:

The Leading Voice Biometrics Engine

Nuance VocalPassword™, the world's most deployed voice biometric solution, delivers easy and secure authentication by having users speak a simple passphrase, such as “my voice is my password”, eliminating the need for passwords or PINs when authenticating to a mobile device, call center or web portal.

The Top Natural Language Understanding (NLU) Engine

In any automated customer interaction, voice recognition is a crucial starting point, but real understanding is the essence of meaningful, natural interaction. Nuance OnDemand is built on Nuance Recognizer, the most widely deployed enterprise speech recognition technology in the world. Beyond just matching the words you say against a predefined list, Natural Language Understanding (NLU) allows your apps to understand what your customers mean.

Conversational Dialog: Understands Meaning, Context and Intent

Nuance OnDemand applications put the user in control of the conversation by offering a personalized experience informed by prior conversational cues, like when speaking with another human being. It can handle information provided in any sequence and has the smarts to understand what information is needed and prompt accordingly to complete an interaction.

Advanced Audio and Voice Synthesis

Nuance Vocalizer, the leading text-to-speech engine, offers spoken responses to text inputs, enabling a conversation with a mobile or IVR app. Using a simple TTS API mean that you never have to write code to combine synthesized audio with pre-recorded. And, with Voice Fonts, you also have access to highly tuned TTS Font and tens of thousands of high quality pre-recorded audio sets including first and last names, street addresses, cities, airports, stocks and financial data, and business names. Choose from one of our professionally selected voices or build your own custom voice that best suits your brand.

Actionable Insight for Making Your App Even Better

Nuance OnDemand Insight (ODI) Reports provide actionable insights to help you optimize performance and make smarter business decisions across self-service channels. With ODI, you can see a snapshot of application metrics in a dashboard, run summary reports, drill down to a sample list of sessions that exhibit certain characteristics, or see the detailed information for a particular session, all providing you insight into key trends in user behavior.

Outbound Calling, Callback, SMS, and Email

Nuance Proactive provides integrated, intelligent reminders and alerts across your customer service channels. Customers can opt in while using the inbound IVR or can use a reminder to immediately take action. For example, a payment reminder can provide the recipient with the option to make a payment right then and there without clunky call transfers, re-authentication, or a series of disjointed menu mazes.

Intelligent Callback

With Nuance Callback Manager, callers never have to wait on hold. Callers can be given the option to get a callback when the next available agent becomes available- saving your customers time and you the cost of queuing infrastructure and usage.

Nina: The Mobile Virtual Assistants

The proliferation of voice-enabled assistants is making consumers comfortable asking a device, rather than a person, for information in a very intelligent, conversational way. Nuance Interactive Natural Assistant – Nina – delivers an unprecedented mobile customer service experience by turning smartphones into voice-enabled customer service assistants. Nina is the first virtual assistant to understand what is said and who is saying it.

Nina extends your Nuance OnDemand IVR solution, transforming iPhone and Android mobile apps into powerful engagement tools that allow customers to serve themselves and get immediate outcomes—whether that’s paying a bill, changing or adding service or simply getting a question answered.

From the IVR to the smartphone, the conversational assets developed and refined on the Nuance OnDemand platform can be leveraged to create a consistent, highly interactive experience.

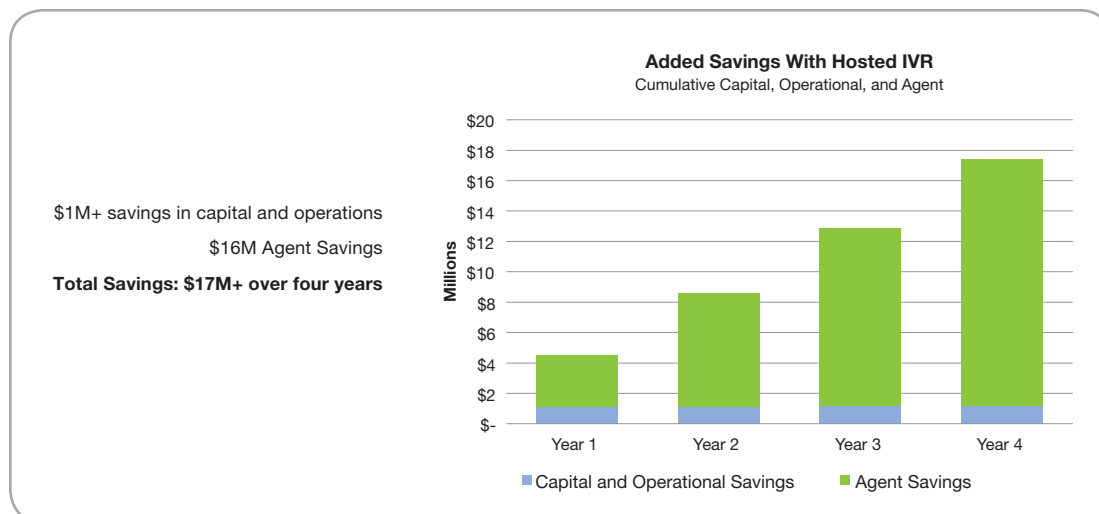
It’s Not Just the Technology, It’s What You Do With It (And When)

Nuance is credited with developing and deploying the Natural Language Understanding, TTS, and IVR technologies that have laid the groundwork for a new era of highly quality, cost-efficient, user-friendly customer care.

Nuance OnDemand customers are the first – and sometimes only – organizations to realize the benefits of these powerful innovations. With up to a year’s head start using new tools and functionality, these companies enjoy the cost-savings and competitive advantages of delivering a differentiating customer experience through automation.

US Airways, for instance, was the first to realize the incredible power of Voice Fonts, the revolutionary audio technology currently only available to Nuance OnDemand customers. With the help of Nuance voice automation experts, US Airways introduced their new persona, “Wally” to customers, resulting in a dramatic boost in customer goodwill as well as self-service rates. They were also the first in their industry to deploy a personalized, natural language phone system, and as a result from the “best run project they’ve had in 20 years”, they’re savings from 5% fewer agent calls.

In addition to dramatically improving the customer experience with the best performing speech and audio technologies, the Nuance OnDemand savings for an organization handling two million incoming calls per month would be \$17M or more over four years.



Nuance OnDemand – The Right Choice

Choosing Nuance OnDemand pays dividends today and into the future through a hosted service that provides the leading conversational technologies first, leverages the expertise and data from billions of calls, thousands of customers, and hundreds of experts to constantly improve, helps you deliver a branded experience that consumers expect, and provides the ability to extend IVR advancements to your smartphone apps.

about Nuance Communications, Inc.

Nuance Communications (NASDAQ: NUAN) is a leading provider of voice and language solutions for businesses and consumers around the world. Its technologies, applications and services make the user experience more compelling by transforming the way people interact with information and how they create, share and use documents. Every day, millions of users and thousands of businesses experience Nuance's proven applications and professional services. For more information, please visit www.nuance.com.

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