

A Forrester Consulting
Thought Leadership Paper
Commissioned By LogMeIn
February 2019

Build Competitive Advantage Through Customer Engagement and AI

Assess The State Of Your Business And Drive
Measurable Improvements

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Companies that pilot and employ increasingly sophisticated AI use cases have a significant competitive advantage.

Executive Summary

Customer engagement is the key to success — and survival — in the age of the customer. Yet many companies struggle to know where they stand in terms of engagement maturity and where to go next.

In November 2017, LogMeIn commissioned Forrester Consulting to create a Customer Engagement Maturity (CEM) model to help decision makers evaluate their current state, identify gaps, define a strategy for optimization, and understand benefits over time. This model analyzed engagement across four pillars: process, organization, strategy, and technology.

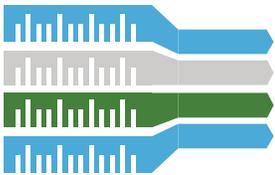
LogMeIn commissioned a follow-up study in 2018 using a revised CEM model to account for the rising importance of artificial intelligence (AI), which became the fifth pillar. Forrester conducted an online survey with 479 global decision makers involved in customer engagement strategy and vendor selection, then weighted and tallied each response and placed respondents into one of four maturity segments: Experimenters (least mature), Evolutionists, Enthusiasts, and Experts (most mature).

KEY FINDINGS

- › **The maturity gap is widening.** The 2018 CEM assessment showed growing disparities across maturity segments compared to 2017 results. For certain pillars, the difference in maturity score between the most mature (Expert) to least mature (Experimenter) organizations increased by as much as 33%. If Experimenters do not take immediate steps to improve, they may find it is too late to catch up.
- › **Increasing maturity has measurable benefits.** Regardless of where an organization lies on our maturity scale, there is a quantifiable business benefit to increasing its maturity. Such benefits include increases in revenue gain, average order size, conversion rates, and Net Promoter Score (NPS).¹ Experts see average revenue and conversion increases that are more than double what Experimenters report: CEM maturity translates directly to top- and bottom-line growth.
- › **Getting started with AI is critical to accelerate maturity.** Automation and AI are transformative technologies that greatly impact customer engagement work. Companies that pilot and employ increasingly sophisticated AI use cases have a significant competitive advantage. Those that don't will fall irreparably behind, with little hope of catching up.

The 2018 Customer Engagement Maturity Model

Today’s consumers are empowered with a profusion of information and options, and businesses must do more than ever to win, serve, and retain their customers. To succeed in the age of the customer, companies must prioritize exceptional customer experiences as a way to keep customers satisfied and loyal to a brand. However, as new channels and technologies emerge and expectations continue to rise, achieving these differentiated customer experiences is becoming increasingly difficult.



To help companies navigate this complexity, we created a Customer Engagement Maturity assessment for companies to gauge their maturity and identify next steps that map to quantifiable business outcomes (see Figure 1). Our 2018 assessment was updated to include a new pillar in the maturity matrix: artificial intelligence, defined as a set of discrete intelligence capabilities that positively impact operational outcomes.

Figure 1: 2018 Customer Engagement Maturity Model

Process		Strategy	
1	Channel orchestration	7	Metrics
2	Agent processes	8	Mobile strategy
3	AI processes	9	AI strategy
Organization		Technology	
4	Channels deployed	10	Agent workspace
5	Executive involvement	11	Routing
6	AI organization	12	Data used for personalization
		13	Self-service content and automated conversations
		14	Intelligence
		15	AI technology

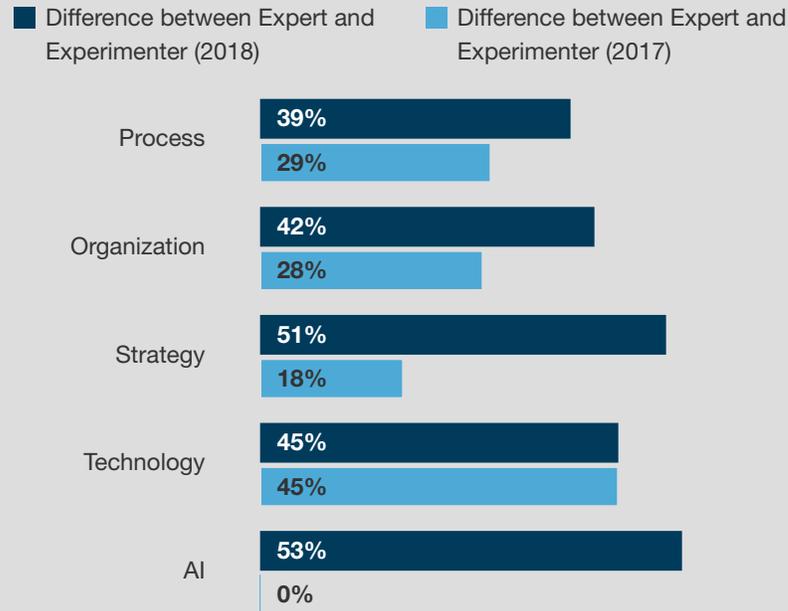
Each capability is assigned 4 descriptions based on increasing maturity and scored on a scale of 1 to 4 (don't know = 0).

In comparing results across maturity groups and over time, we found that:

- › **The maturity gap is widening.** Assessment results from 2018 showed a growing chasm between maturity groups (see Figure 2). The difference in maturity score between the most mature (Expert) to least mature (Experimenter) organizations increased by at least 10 percentage points within process maturity and organizational maturity and a staggering 33% within strategy. Experimenters risk falling further behind as new technologies and innovation drive wedges between maturity groups.
- › **New technologies like AI accelerate this divide.** Without a strong foundation of engagement tools and strategies, Experimenters stand to fall further behind as new technologies and innovations knock them off course. Technologies like AI are accelerating obsolescence and separating future leaders from soon-to-be-fossils. As more powerful use cases emerge, firms that have begun adapting their strategy and processes to incorporate AI will accelerate forward, rapidly leaving other companies in the dust. AI-maturity scores were lower than any other pillar of CEM. Most telling was the dampening effect that AI had on maturity across all maturity groups. Experimenters bore the brunt of this dampening across the model, dropping 10% in process maturity, 14% in organization, and an astonishing 22% in strategy (see Figure 3). The more mature a company is, the more resilient or “future-proofed” it is in the face of new technologies like artificial intelligence. Thus, for more mature firms, the advent of new technologies presents an opportunity to quickly extract value while less mature firms see new tech as an obstacle to overcome.
- › **Strategy maturity in particular plummeted.** The introduction of AI had a profound effect on strategy maturity, which factors in metrics, mobile strategy, and embedded AI strategy. Less mature companies took a myopic approach to metrics with nearly a third (29%) focusing exclusively on internal operations metrics, while over half (51%) of most mature respondents incorporated more holistic key performance indicators (KPIs), such as User Experience Index, to track overall customer engagement. Experimenters took a similarly narrow approach to AI strategy: 36% admit to using AI only in proofs of concept. Meanwhile, 58% of Experts have already implemented a holistic AI strategy and road map, showing a more long-term approach that actually leads to year-over-year gains in maturity. The setbacks caused by a short-term strategy will only compound over time: Companies must add intelligence to operations and make operations omnichannel — or risk irrelevance.

The difference in maturity score between the most mature (Expert) to least mature (Experimenter) organizations increased a staggering 33% within strategy. Experimenters risk falling further behind as new technologies and innovation drives wedges between maturity groups.

Figure 2: Gaps In Maturity Between Experimenters And Experts Widen



Base: 479 global decision makers involved in customer engagement strategy and vendor selection
 Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018

Figure 3: 2018 Average Scores By Maturity (Significant YoY changes in parentheses)

	Experimenters (Level 1)	Evolutionists (Level 2)	Enthusiasts (Level 3)	Experts (Level 4)
Process	44% (-10) ↓	54% (-10) ↓	64% (-6) ↓	83%
Organization	41% (-14) ↓	64%	72%	83%
Strategy	32% (-22) ↓	61%	72% (+6) ↑	83% (+11) ↑
Technology	43%	62%	72%	88%
AI	25%	52%	63%	78%

Base: 479 global decision makers involved in customer engagement strategy and vendor selection
 Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018

Challenges By Customer Engagement Maturity

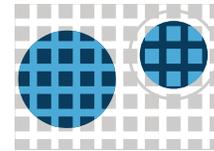
While Experts may have a lead in the age of the customer, each maturity segment faces roadblocks. Certain challenges are felt regardless of maturity. For instance:

- › **The pernicious effects of silos impact all maturity groups.** Siloed organizations pose a major threat to CEM. Two of the top three organizational challenges are symptoms of siloed approaches: 1) modernization efforts led by IT without input from lines of business and 2) channels run by separate departments. Back-end disfunctions and misalignments result in a fragmented customer experience.
- › **Processes lack consistency across channels.** As consumer experiences are increasingly multichannel, organizations must adapt by keeping back-end channel management equally as fluid. However, establishing consistency across channels is a major challenge for organizations today: Overall, 42% of customer engagement decision makers have canned answers and knowledge that conflicts across different channels. Nearly as many respondents (41%) have different measures of success for each channel. Inconsistent channel experience leads to a fractured customer experience.

PROCESS AND ORGANIZATION CHALLENGES

Other challenges are maturity-specific. At the lowest end, Experimenters strain to set a cohesive foundation for customer engagement. Experts are not out of the woods; they struggle to refine and optimize operations:

- › **Experimenters are bogged down by the basics.** Forty-two percent of Experimenters believe that a lack of consistent processes held them back. A meager 16% of Experts had difficulty collecting customer feedback across channels while twice as many Experimenters (34%) found this to be a major hurdle.

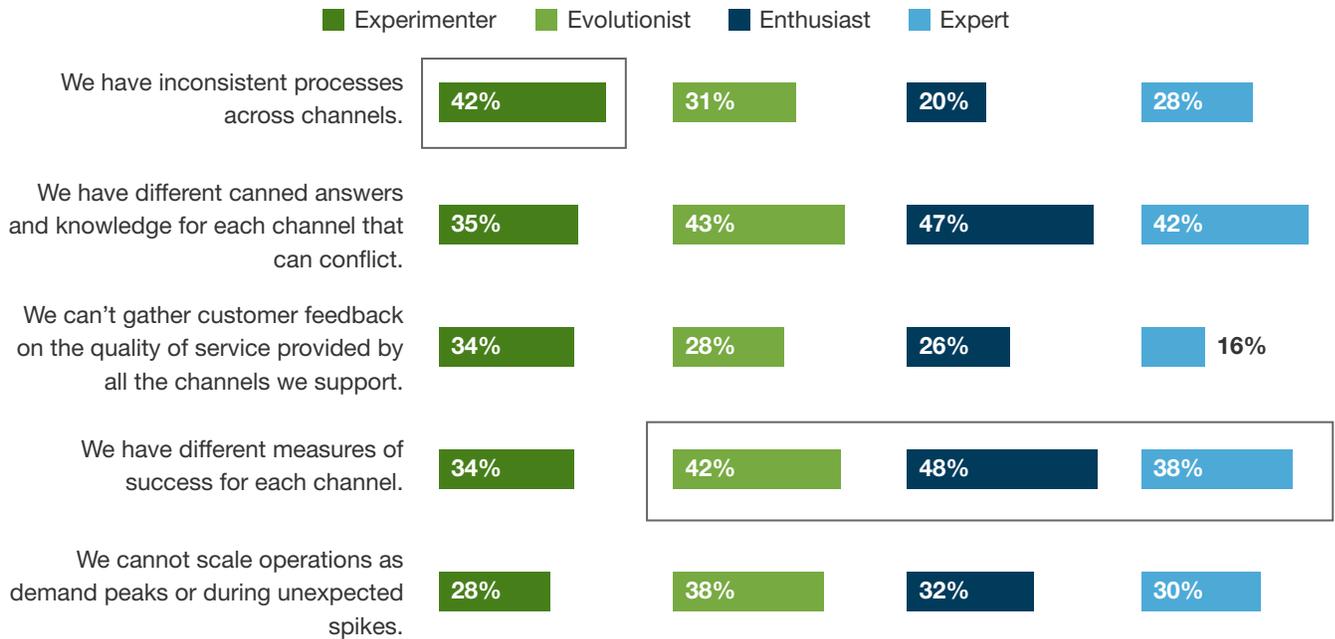


Experimenters strain to set a cohesive foundation for customer engagement.

Experts are not out of the woods; they struggle to refine and optimize operations engagement.

› **Mature groups struggle to make sense of their data.** The top three maturity groups share similar struggles but to diminishing degrees. Unlike Experimenters, the higher-maturity segments (Evolutionists, Enthusiasts, and Experts) have no trouble gathering feedback across channels and unifying processes. The struggle for them is at the next level: aligning their success metrics and knowledge across disparate channels (see Figure 4). For process improvements, once you master the basics, it's a matter of continuous refinement.

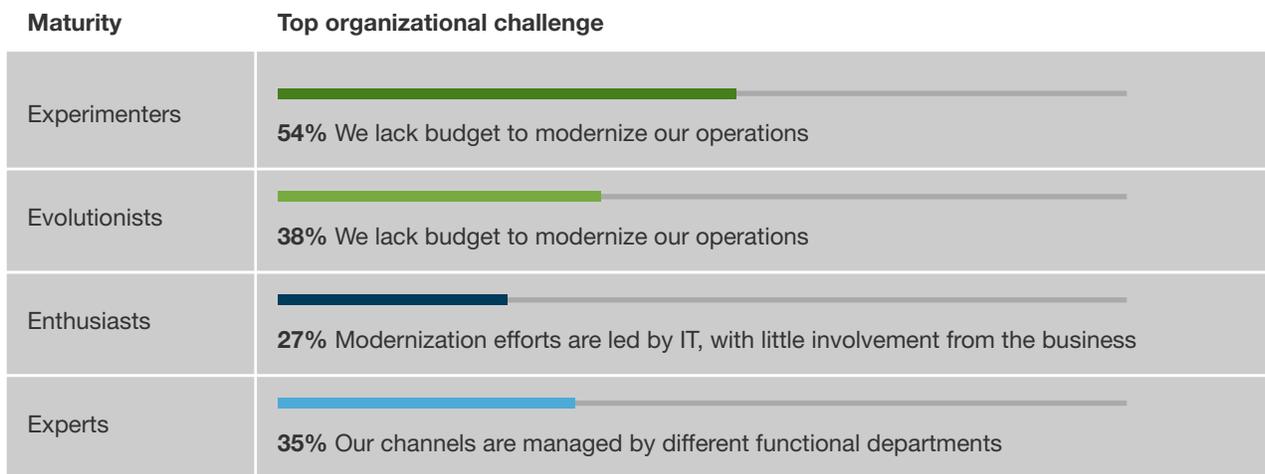
Figure 4: Experimenters Struggle With Basic Processes



Base: 479 global decision makers involved in customer engagement strategy and vendor selection
 Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018

- › **Basic funding and training are major hurdles for less mature firms.** Fifty-four percent of Experimenters and 38% of Evolutionists are hindered by a lack of budget, revealing a more fundamental issue: Perhaps these companies have yet to understand the value of investing in modernized operations (see Figure 5). For Enthusiasts and Experts, funding does not even rank as a top five concern. This shows a fundamental discrepancy in how customer engagement is viewed — as an expense or a revenue-generating opportunity.
- › **Mature firms struggle to operationalize their CX funds.** More mature firms have pivoted to a CX-led organization and have leadership/ CXOs in place. Though they've allocated dollars to improve customer experience, they now struggle to operationalize CX processes such as automating customer engagement, sharing information across departments, and measuring customer-focused metrics.

Figure 5: Top Organizational Challenges By Maturity Group



Base: 479 global decision makers involved in customer engagement strategy and vendor selection
 Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018

TECHNOLOGY CHALLENGES

The technology challenges that firms encounter at each maturity level lay out a set of roadblocks that must be overcome on the path to customer engagement mastery (see Figure 6 on the following page):

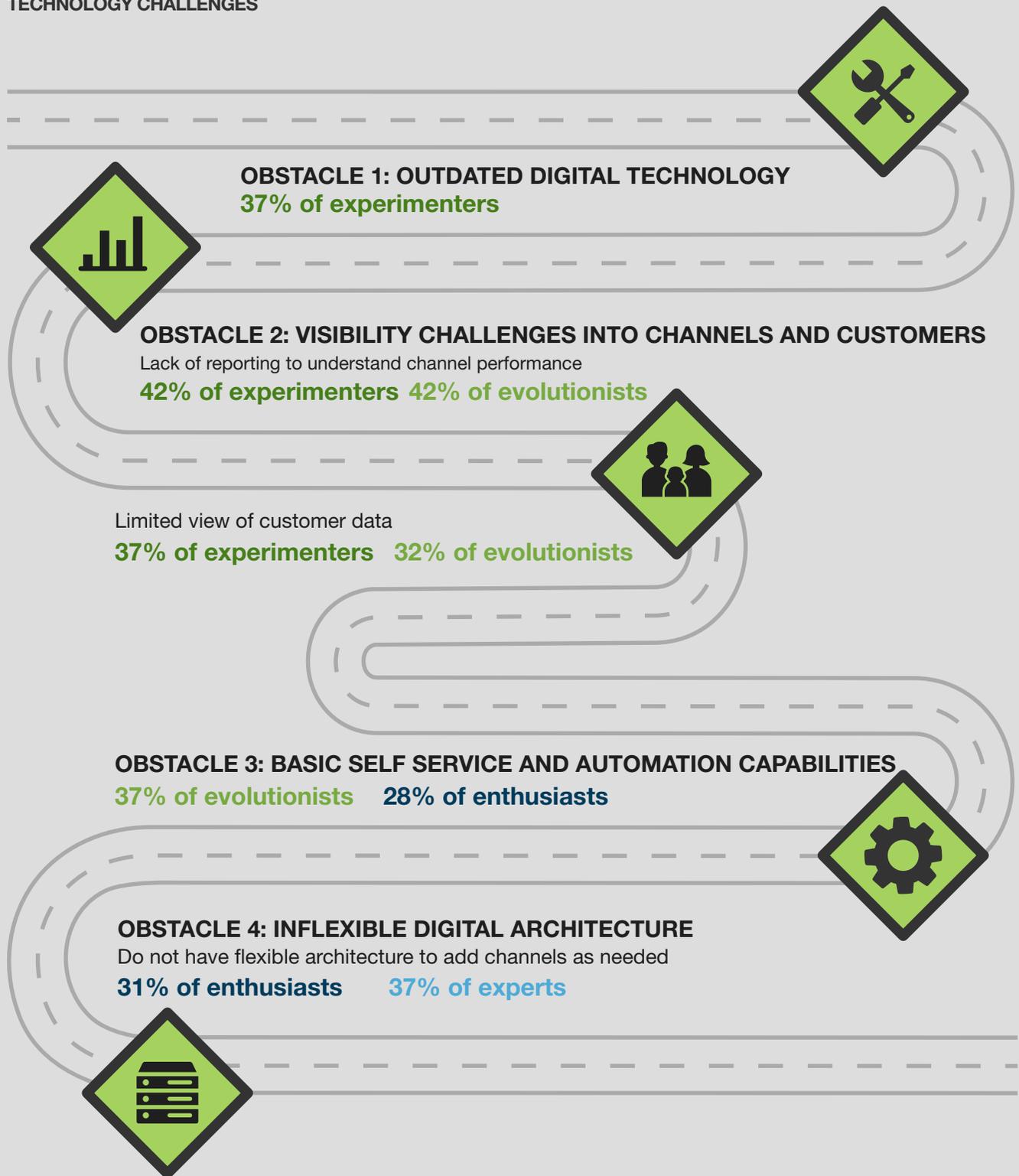
- › **Experimenters suffer from relying on obsolete technology.** A top challenge that plagues the least mature customer engagement organizations is using outdated technologies for digital channel support. Over one-third of Experimenters surveyed (37%) report this as a challenge. This is the first technology hurdle that must be cleared to reap the rewards that new technologies like AI can offer an organization; the problem steadily declines as organizations increase in maturity.
- › **Lower-maturity organizations lack visibility into channel performance and customer data.** The No. 1 technology challenge for Experimenters and Evolutionists is a lack of reporting capabilities to understand how channels are performing. Forty-two percent of lower-maturity respondents cite this as a challenge versus just 25% of Experts. Limited visibility into customer data is another challenge that decreases with maturity: 37% of Experimenters and 32% of Evolutionists report this as a challenge versus 24% of Enthusiasts and 19% of Experts. Limited views of customer data limit agents' ability to effectively understand and serve customers; these limited views create poor customer experiences when agents need to repeat information in an interaction. In total, these visibility challenges hamper an organization's ability to address its weaknesses and are crucial obstacles for maturing organizations to tackle.
- › **Automation roadblocks await on the path to maturity.** Most organizations just starting out on their customer engagement journeys do not have sufficient automation capabilities in place, and automation quickly becomes a challenge for organizations as they mature. Thirty-seven percent of Evolutionists and 28% percent of Enthusiasts have challenges brought on by basic self-service and automation capabilities. Poor self-service and automation capabilities lead to customer frustration and increased call volume (because customers are not able to solve issues themselves). The problem can be compounded if customer data is not shared across channels. Only 18% of Experts have challenges with basic self-service and automation capabilities — showing most Experts have successfully implemented automation into their customer engagement practices.
- › **Higher-maturity organizations require greater flexibility.** The top technology challenge for both Enthusiasts (31%) and Experts (37%) is the inability to easily add digital channels due to inflexible digital architecture. This challenge is really an opportunity — increasing the number of interaction channels can drive revenue and elevate customer satisfaction, but also creates additional organizational and process complexity that must be dealt with swiftly and smoothly to avoid customer blowback.



Roughly one-third of Enthusiasts and Experts struggle to add digital channels due to inflexible digital architecture.

Figure 6: Technology Roadblocks On The Path To Customer Engagement Maturity

TECHNOLOGY CHALLENGES



Base: 479 global decision makers involved in customer engagement strategy and vendor selection
Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018

The Benefits Of Customer Engagement Maturity

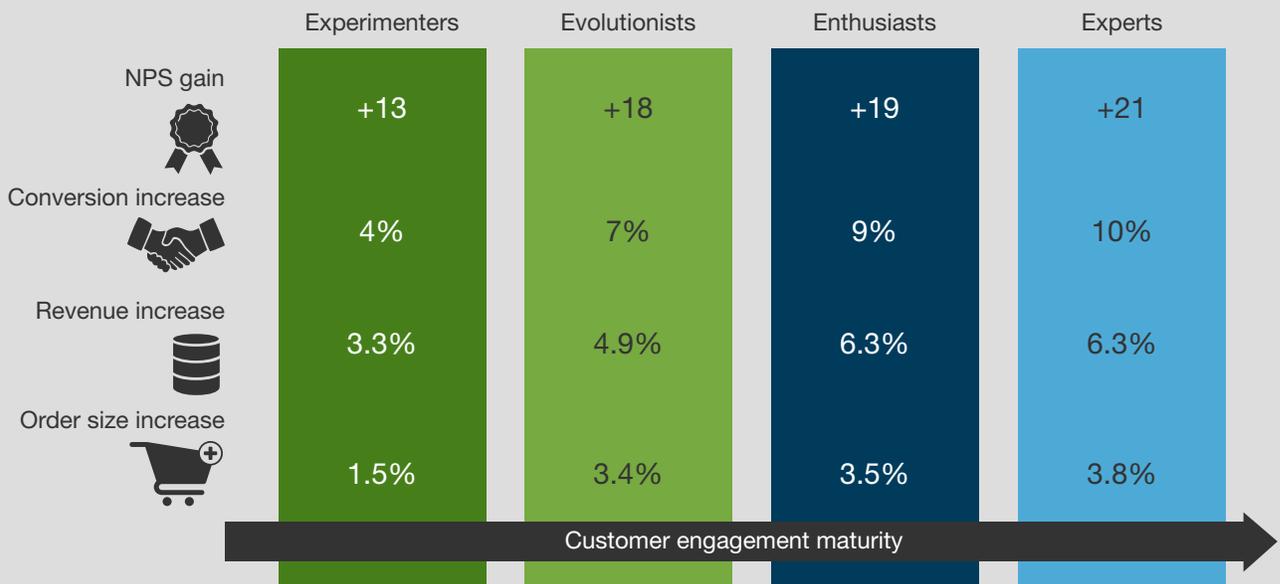
Exceptional customer experience is a cornerstone of business success. Better customer engagement leads not only to higher customer satisfaction, but also to greater top-line revenue growth and more satisfied customer-facing employees. Organizations with greater engagement maturity reap benefits, not only more often, but of greater value, than less mature companies.

To prove this, we tracked four key business success metrics — customer satisfaction/NPS, sales conversion rates, revenue, and average order size — to see how increasing customer engagement maturity affects each metric. We found that, across the board, improving customer engagement maturity increased not only how often, but how much of a benefit, organizations realized. More importantly, these benefits are incremental — they increase with organizations’ engagement maturity (see Figure 7). This means that no matter where an organization is on our maturity scale, there is a quantifiable business benefit to increasing its maturity.

No matter where an organization is on our maturity scale, there is a **quantifiable business benefit** to increasing its customer engagement maturity.

Figure 7: Increasing Customer Engagement Maturity Drives Customer Satisfaction And Revenue Increases

BENEFITS BY MATURITY GROUP (AVERAGE)



Base: Variable global decision makers involved in customer engagement strategy and vendor selection reporting an increase in the benefit category

Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018

Highlights from our survey include:

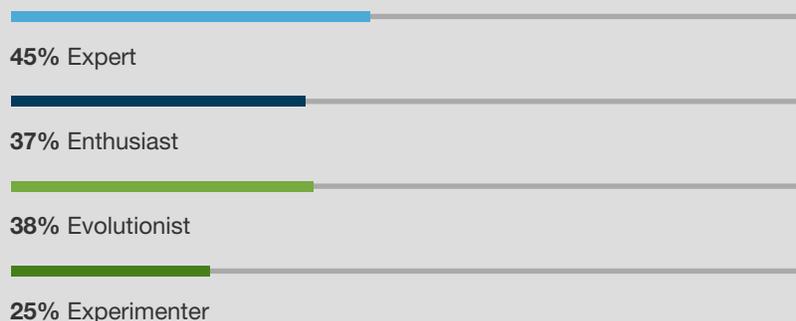
- › **Customer satisfaction/NPS:** Sixty-three percent of Experts see an increase in NPS as a result of their current customer engagement strategies vs. just 42% of Experimenters. Experts also report NPS gains on average of 21 points, 8 points higher than Experimenters' average.
- › **Conversion:** Half of Experts see an increase in conversion rate as a result of their current customer engagement strategies vs. 40% of Experimenters. Experts see more than double the average percent improvement than Experimenters (10% vs. 4%).
- › **Revenue:** Over half of Experts see increases in revenue (56%) as a result of their current customer engagement strategies vs. 43% of Experimenters. Experts see an average increase of 6.3%, nearly double that of Experimenters (3.3%).
- › **Order size:** Forty percent of Experts see an increase in order size as a result of their current customer engagement strategies vs. just 14% of Experimenters, an over 25-percentage-point gap. Experts average a 3.8% increase in order size vs. 1.5% for Experimenters.
- › **Customer service agent satisfaction:** A final metric that we surveyed respondents on, but that is more difficult to quantify, is customer service agent satisfaction. Even still, we found that more mature organizations see greater improvement in agent satisfaction as a result of their current customer engagement strategy (see Figure 8). Nearly half of Experts report an increase in agent satisfaction, compared to just a quarter of Experimenters. Experts see higher increases in agent promotions, decreases in onboarding time, and decreases in agent tardiness.

Experts see an average revenue increase of 6.3% as a result of their current customer engagement strategies, **nearly double** that of Experimenters (3.3%).

Figure 8

“Which of the following benefits has your organization seen today as a result of your current customer engagement strategy?”

INCREASED AGENT SATISFACTION



Base: 479 global decision makers involved in customer engagement strategy and vendor selection reporting an increase in the benefit category
Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018



Experts see greater increases in **agent promotions** than less mature groups.

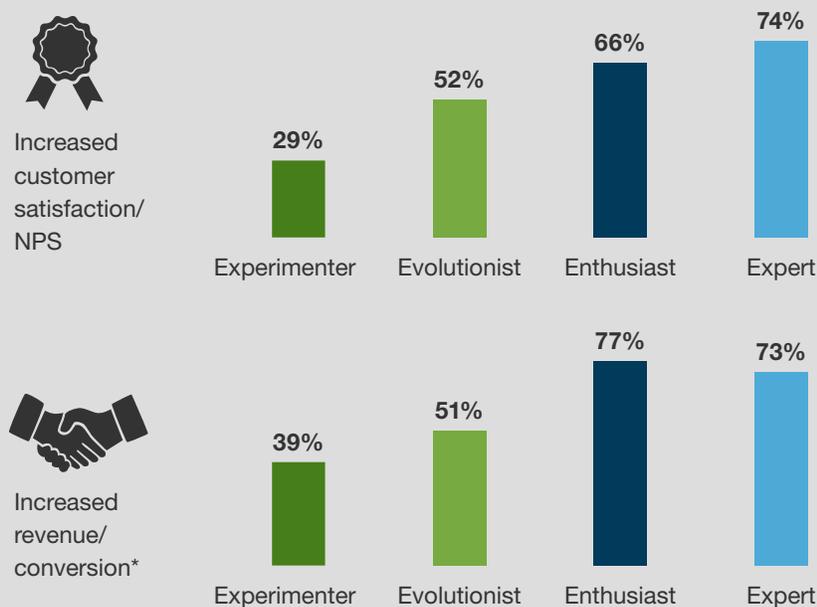
Agent onboarding time decreases as maturity grows.

ROAD MAP: AI PLAYS A CRITICAL ROLE IN CUSTOMER ENGAGEMENT SUCCESS

Better customer engagement leads to higher customer satisfaction, loyalty, and ultimately revenue. This means that all organizations should be continually striving to improve their engagement strategies, operations, processes, and technologies. Organizations can lean on the expertise of CX leaders to find proven tactics for improving their customer engagement maturity.

A major difference between customer engagement Experts and less mature organizations is the role AI plays in customer engagement. AI is changing the nature of work today. Every facet of customer engagement will be affected by the rise of AI. Experts are ready for and embrace this change. For more mature customer engagement firms, AI is an enabler rather than a challenge. AI helps more mature organizations increase customer satisfaction and drive revenue to a much greater extent than their less mature peers (see Figure 9).

Figure 9: Firms That Leverage New Technologies Like AI To Achieve Specific Benefits, By Maturity Level



Base: 241 global decision makers involved in customer engagement strategy and vendor selection reporting an increase in their customer satisfaction/NPS

*Base: 343 global decision makers involved in customer engagement strategy and vendor selection reporting an increase in their revenue and/or conversion rates

Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018

AI helps more mature organizations both **drive revenue** and **improve customer experience** to a much greater extent than their less mature peers.

While AI plays a critical role in the success of customer engagement Experts, there are other tactics that more mature companies use to drive customer satisfaction and revenue:

- › **To improve CX**, Experts rely on primary customer research (62%) and external expertise (57%) more often than their Experimenter counterparts (just 31% and 44%, respectively). They are also far more likely to leverage journey mapping to better understand the customer experience in order to improve it (43% for Experts vs. 19% for Experimenters).
- › **To improve revenue/conversion**, Experts rely on proactive customer engagement (68%) and reorganizing their sales staff (43%) more than their Experimenter counterparts (47% and 18%, respectively). Experimenters are more likely to change pricing to drive revenue, something that more mature organizations do not have to do. To improve order size, Experts use loyalty programs (71%) rather than rely on tactics like product bundling.
- › **To improve agent experience**, more mature firms give their agents the opportunity and technology to succeed, and they empower their agents to make decisions. Seventy percent of Experts say they provide access to technology that supports job requirements, compared to just 34% of Experimenters. Sixty-five percent empower agents to make decisions (vs. 38%). Further, Experts are roughly twice as likely to offer adequate job training (52% vs. 24%), professional development opportunities (61% vs. 34%), and career path advancement (50% vs. 24%) in the name of improving agent experience. An investment in human capital is one that pays off with business results.



Twice as many Experts rely on primary customer research to improve CX when compared to to Experimenters.

Key Recommendations

Today's customers have more choices of products, communication channels, and touchpoints. What they don't have is more time. Customers simply want accurate, relevant, and complete answers to their questions or resolutions to their problems upon first contact. They also want engagement delivered in a highly personal way, with a full understanding of who they are and in context of where they are on their journeys.

Companies must meet these customer expectations to garner their satisfaction, which drives engagement, conversion, loyalty, and ultimately revenue. Yet, with the explosion of communication channels, touchpoints, and the introduction of transformative technologies like AI, companies struggle even more to deliver upon these expectations.

The gap between companies that view customer engagement operations and AI as strategic and have invested in these operations and companies that have not is widening — and so is their performance. Experimenters and Evolutionists risk irrelevance if they do not quickly close the gap. Forrester recommends that you:



Reaffirm the value of the customer. The only competitive strategy is one that obsesses with understanding, connecting with, serving, and delighting customers. Customer experience must be a core company strategy, and its operations must be staffed and funded accordingly. You must also measure, report on, and improve customer experience outcomes.



Assess your level of customer engagement maturity. You must benchmark your customer engagement maturity over the four dimensions of strategy, process, technology, and operations to understand your current capabilities. Irrespective of where you are in your maturity, you must have a strategy to evolve operations to drive customer success — or risk being forced into irrelevancy. To find out where you are on your customer engagement journey, take our assessment (www.bold360.com/assessment).



Solidify the foundations of omnichannel engagement. You can only be nimble and react to changing customer expectations when you have adopted a modern foundation of omnichannel engagement technologies and processes. Replace — don't patch — technologies and processes that prevent agility.

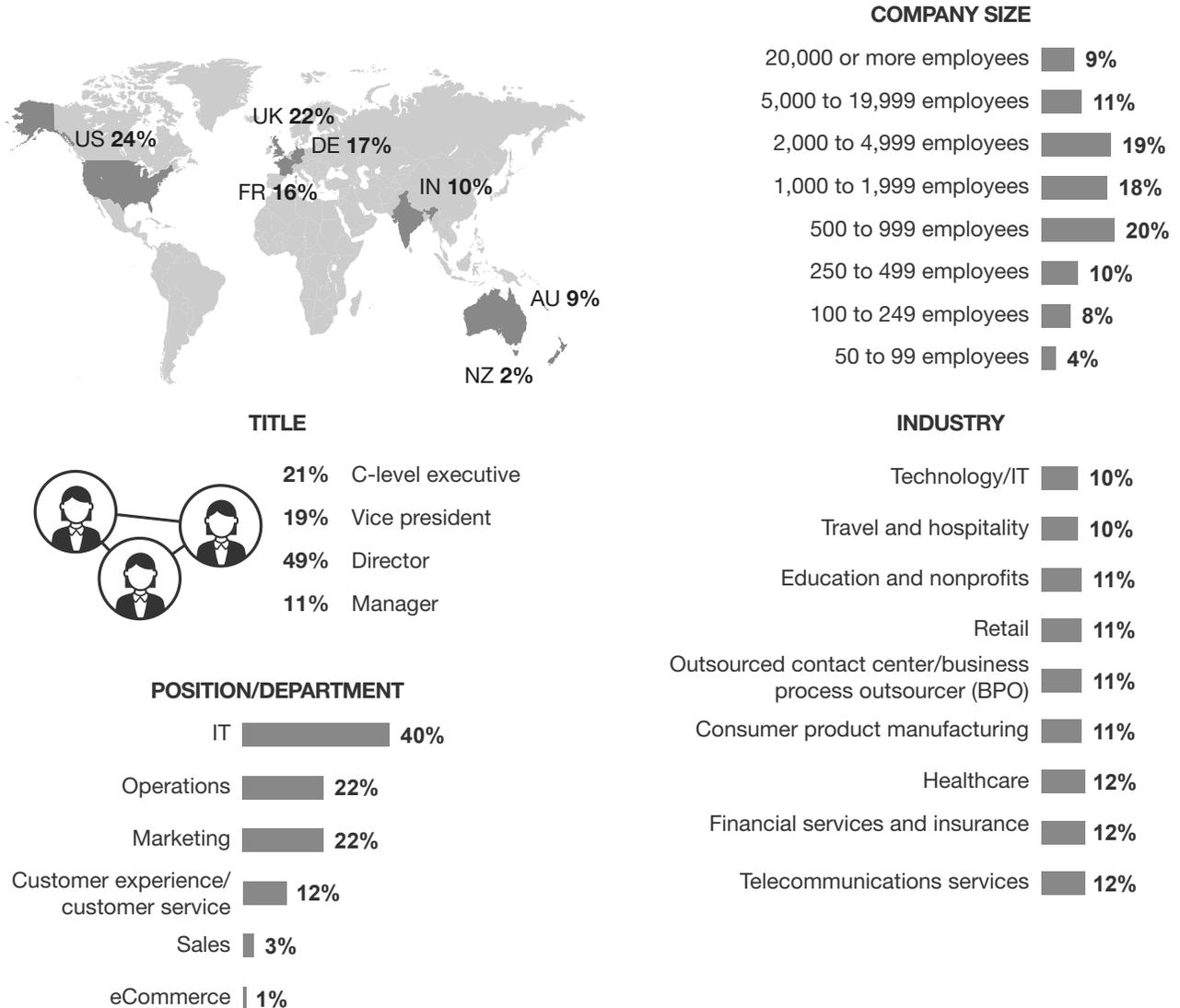


Embrace automation and AI. Automation and AI are the most transformative technologies to impact the nature of work — including customer engagement work. Automation and AI will handle reproducible work, allowing your agents to focus on more complex interactions and nurturing customer relationships. This means that the overall complexity of customer engagement work will change. Start planning on how your workforce will evolve, including the training needed to up-level agents and new roles that may emerge such as those to supervise automation and AI technologies or to craft dialogs and content used by AI technologies. You must strategically adopt a fully rationalized set of AI and automation technologies and processes to drive better customer and agent outcomes.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 479 business and IT decision makers involved with their organizations' customer engagement strategies and vendor selection. Respondents were asked to evaluate their current customer engagement maturity, challenges, and benefits, as well as tactics to improve customer engagement practices. Respondents represented consumer product goods, education and nonprofit, financial services and insurance, healthcare, outsourced contact center, retail, travel and hospitality, technology, and telecommunications organizations in the US, the UK, France, Germany, India, Australia, and New Zealand. The study was completed in December 2018.

Appendix B: Demographics/Data



Base: 479 global decision makers involved in customer engagement strategy and vendor selection.
 Note: Percentages may not total 100 because of rounding.
 Source: A commissioned study conducted by Forrester Consulting on behalf of LogMeIn, December 2018

Appendix C: Endnotes

¹ 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.