
White paper

CXM Transformation:

Finding the Right Partner to Navigate the Customer Communications Evolution

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INTRODUCTION

Customer communications management (CCM) is defined as the creation, management, and fulfillment of data-driven, omni-channel customer communications at scale. This market is currently undergoing a radical metamorphosis. Driven by the need to accommodate consumer demand for instant access to personally relevant information and the desire to efficiently communicate with their providers, enterprises are working to craft coordinated communications strategies that transform their consumer messages into one cohesive, interactive experience.

In this white paper, we will first examine the forces behind the CCM market evolution and look ahead to the emerging ecosystem before moving on to highlight the strategic investments and best practices that will drive its future. Finally, we will discuss the importance of securing a trusted transformation partner and examine the wide-ranging offerings and best-of-both-worlds mindset that have allowed Hyland, the sponsor of this paper, to create customizable CCM solutions on top of its successful content services strategy.

ABSTRACT

Consumer expectations of instant access to relevant information have made customer experience (CX) an increasingly important metric in customer communications. This has resulted in a shift in enterprise priorities from reducing cost and risk to increasing business value through improved CX. The overall market effect has been to transform CCM into Customer Experience Management (CXM), or the practice of managing all interactions that a business conducts with its customers with a goal of improving the perception that end customers have about that business. Enterprises are sure to encounter myriad strategic and logistic obstacles along the path from CCM communications to CXM interactive experiences. They need a partner to come alongside, one with the knowledge to fashion solutions fit to address unique challenges and with the software offerings to make these tailored solutions a reality.



KEY RECOMMENDATIONS

- Enterprises should evaluate their digital maturity and assess how they can use communications more strategically to build better customer experiences that drive more loyalty and profitability.
- In order to benefit most from today's advancing CCM technology, enterprises should enable the business and CX teams to own customer communications themselves.
- In today's CCM market, the shift to true omni-channel communications requires choosing solutions partners that offer a wide range of capabilities on technology platforms that are open, easily scalable, and simple to integrate.

WHAT'S BEHIND CCM'S EVOLUTION?

Seismic shifts, both tactical and strategic, are currently reshaping the B2C communications landscape. New technology (such as Artificial Intelligence), changing consumer preferences (concerning digitalization and personalization), and escalating competitive pressures (often driven by digital disruptors like fintech or insurtech start-ups) have left enterprises with no choice but to adapt. In recent years, some enterprises have adjusted to these new market realities by transferring ownership of CCM away from IT to the line-of-business (LOB) user, thereby shifting investment priorities from reducing cost and risk toward increasing business value through a faster time-to-market, lower cost to serve, and increased customer satisfaction.

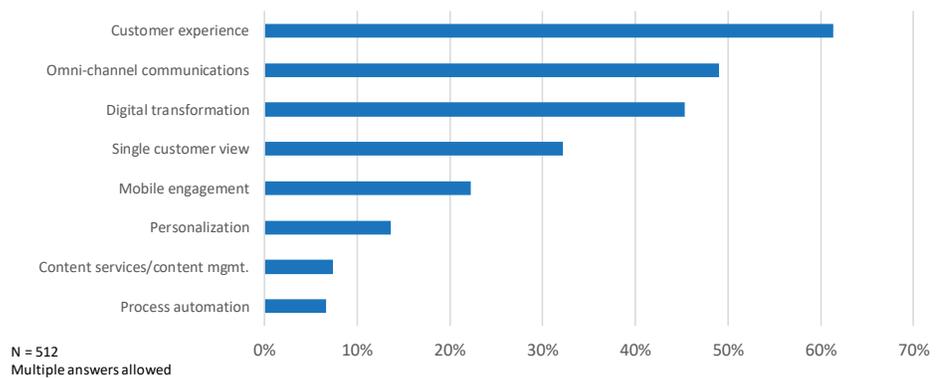
CCM vendors are also adjusting their approach by taking advantage of new technologies that offer their clients the best chance for success. One of the most fundamental and transformative changes in market technology is the shift from on-premise CCM installation to cloud-based distribution. This offers a range of benefits, including the ability to integrate CCM with a wider set of digital (marketing) technologies that aim to optimize customer experience by putting consumers front and center. Instant access to relevant information



(based on their online interactions), personalized experiences on a preferred channel, and consistent communications in terms of style, branding, and tone-of-voice are all crucial elements of superior CX. Aspire’s global survey of over 500 businesses found that CX was the top priority for nearly two-thirds of respondents, outpacing all other perennial customer communications concerns.

Figure 1: Corporate Priorities

Which of the following initiatives are the highest priority for your organization?



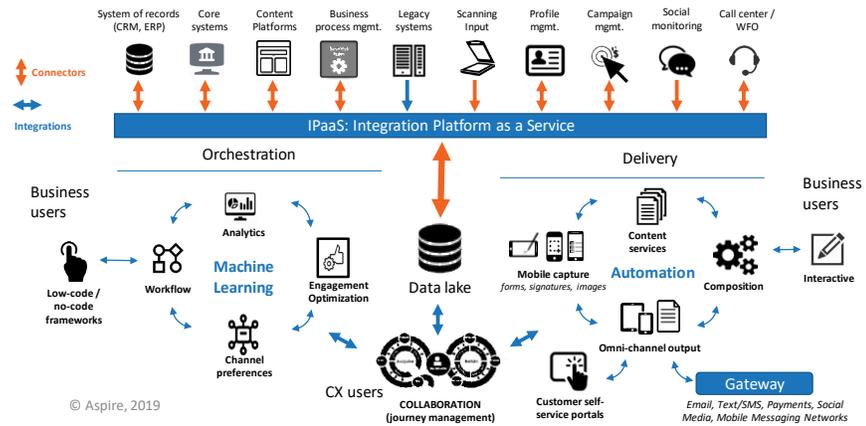
Source: Aspire, *The State of CCM-to-CXM Transformation, 2019*

Adjustments in CCM focus and investments have been designed to enable business users to improve CX for the end consumer. In this way, CCM has effectively become Customer Experience Management (CXM). From research we know that CX leaders are able to retain existing customers better, have lower service cost, and are generally more profitable than companies that are CX laggards.

As Figure 2 illustrates below, the market evolution to CXM is creating an ecosystem in which any number of business solutions, including Customer Relationship Management (CRM), Enterprise Content Management (ECM), process automation, and many more, are extended with a communications or customer experience technology layer, and connected through an integration platform.



Figure 2: Evolution of CCM to CXM



Source: Aspire, *The State of CCM-to-CXM Transformation, 2019*

Metadata about communications, interactions, and responses are tracked in a data lake, which is used by AI-supported software to understand meaning and context to help business users with orchestration, content optimization for better or more consistent communications, or better engagement. Journey mapping, business intelligence (BI), or dashboards provide the link between CX professionals and the empowered business user. Aspire believes that this ecosystem will be increasingly provisioned through cloud-based, micro-services architectures. Ultimately, the goal within this new market paradigm is to continuously optimize and advance customer experience.

EMBRACING THE CXM TRANSFORMATION

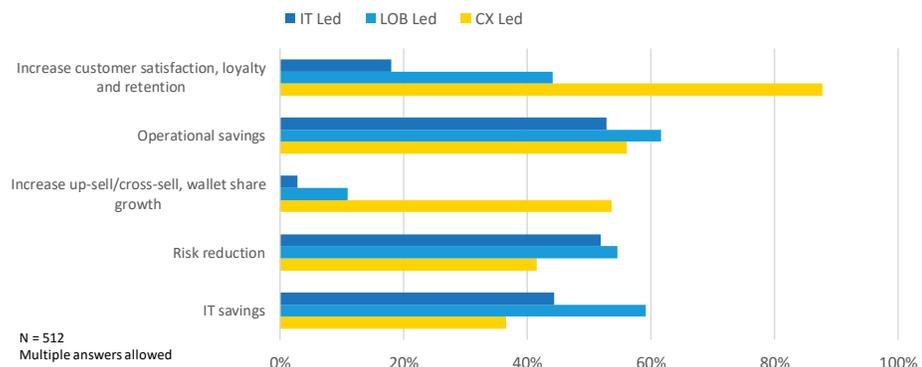
Successfully transforming from CCM to CXM often means not only evolving technology to better understand customer behavior and gain the ability to interact in a channel and device-agnostic way, it also may require organizational changes to overcome a disconnect between internal siloes, thereby improving coordination and collaboration by developing more agile, automated workflows and business processes. True CXM strategy is centered on customers. It uses data and insights to determine their needs, grasp their communication preferences, and predict their behavior. It also demands a holistic view of the customer lifecycle so CX teams can examine an individual customer’s journey,



across all touchpoints and channels, to determine where the experience is broken and where it can be improved. Those businesses that embrace this transformative strategy centered around customer interactions were much more likely to report that their CCM investments had increased customer satisfaction and up-sell/cross-sell opportunities in addition to delivering operational savings.

Figure 3: Primary benefits of investing in CCM

What are the primary benefits that your organization aims to obtain from investing in CCM software?



Source: Aspire, *The State of CCM-to-CXM Transformation, 2019*

Figure 3 shows that an organization’s CCM investments are guided by its perception of customer communications and their place along the path toward CXM transformation. Aspire breaks this evolution down into three stages, each determined by which business unit makes CCM decisions.

In the least advanced CCM systems, IT retains its hold on leadership. They usually only invest in CCM software when they are forced to respond to changing regulations. These investments are, by their very nature, reactionary and their success is defined in terms of cost and risk reduction. A document-centric perspective persists, and any advancements in CCM at this lowest maturity level tend to be tactical rather than strategic. For example, IT led organizations might expend energy and capital in a push toward digital migration, but those efforts will be short-sighted, designed to minimize print



and postage expense, or to meet an evolving regulatory requirement, rather than improve CX. It is vital that these enterprises evolve. If they don't, they run the risk of losing customers to competitors focused on true advancement.

Businesses in the middle of their transformation have adopted a customer-centric point of view by handing over customer communications ownership to line-of-business (LOB) users. As businesses advance along their evolutionary journey, the importance of cost savings as a primary factor for investments gives way to the needs of the business. Driven by a desire to own communications themselves and rapidly respond to changes in the market, maturing organizations resolve to focus their investments not only on support for emerging channels, but also on the data infrastructure and analysis they need to provide more relevant communications to their customers. Their investments are focused on agility and adaptability with the aim of achieving a faster time to market on the customer's preferred channel.

Empowering the LOB user helps organizations to increase business value, but organizational siloes often remain in place and restrict organizations from becoming fully customer centric. Going even further, true converts to CXM prioritize the needs of the customer over those of the business, improving CX through the development of meaningful customer and journey insights, data analytics, and customer experience economics. To ensure that every communication is relevant, consistent with the consumer's place on their customer journey, and calibrated to deliver maximum lifetime value, the entire process is managed and continuously monitored across all touchpoints by a centralized CX team or steering committee.

By prioritizing CX, organizations ultimately aim to improve the perception that customers have of their business, thereby promoting customer loyalty, increasing up-sell/cross-sell opportunity, and ultimately enhancing overall profitability. CCM investments that shape better CX share four common characteristics:

- CXM converts improve CX by making content their key focus. Relevant messaging that is consistent with a consumer's position along the



customer journey is the essential core of quality CX in B2C communications.

- CXM investment is focused on securing the tools, add-ons, and plug-ins necessary for an organization to establish a workflow ecosystem that manages CX through communications in a cost-effective and efficient manner.
- These workflows must be made consistent across all channels. CXM businesses process digital communications in a similar way to high-integrity print so they can maintain regulatory compliance while still catering to customer preference.
- CXM investments are focused on the cloud. Not only does this make deployment faster and easier, it also offers significant savings by allowing scalability without the cost of hardware installation or IT equipment. Aspire's research found that companies with high CXM maturity are nearly seven times more likely to migrate CCM to the cloud than CXM laggards.

IMPORTANCE OF THE CLOUD IN CXM TRANSFORMATION

Aspire's research indicates that today, the majority of companies with IT in charge of CCM believe that all their customer communications applications are best kept on-premise, running behind their firewall on a private cloud. But they know consumer demand for better CX will change their approach to communication in the cloud. Half of the surveyed businesses who have CCM software installations on-site reported that they do plan to shift to cloud/subscription workflows within 12-24 months.

In the same way that digitization of communications for these organizations is motivated by a search for cost savings rather than more strategic efforts to improve CX, when IT-led organizations begin to migrate CCM to the cloud, they do it in order to reduce operational cost, increase security, comply with



regulations, and manage risks. In practice, this means moving their IT infrastructure to a (virtual) private cloud and running their CCM applications from it. On the other hand, enterprises that have transitioned control of CCM from IT to LOB users leverage the cloud to circumvent not only high costs, but also long cycle times and bureaucratic red tape. They may also benefit from the cloud's instant scalability and faster integration, as there is no need to buy expensive equipment. Cloud integration tends to work better with emerging channels such as mobile or chatbot / speech recognition. Nevertheless, security concerns have influenced most businesses in this category to continue processing personally identifiable information (PII) onsite while working with metadata in the cloud.

The most mature CXM businesses take full advantage of the cloud's superior operational efficiency, ease of deployment and scalability, and its always-updated functionality to become much more agile than businesses using large on-premise installs. They also can create uniquely superior value by easily integrating other CX solutions with their customized workflows. There are approximately 5,000 software vendors active in the digital marketing space. CXM companies working with cloud-based architecture have the freedom to experiment and find just the right solution to fit their needs. With the cost of cloud-based archiving coming down, and CSPs now offering robust end-to-end data encryption, some businesses are even growing confident enough to begin process PII in the cloud.

The majority of IT respondents to Aspire's survey, independent of the CCM maturity of their organization, agreed that "cloud-optimized architectures such as containerized, micro-services are important or critically important" because micro-services enable them to quickly and easily build and integrate solutions. Even though they may not use cloud services today, they expect their vendors to lead the way in the direction the market is heading.



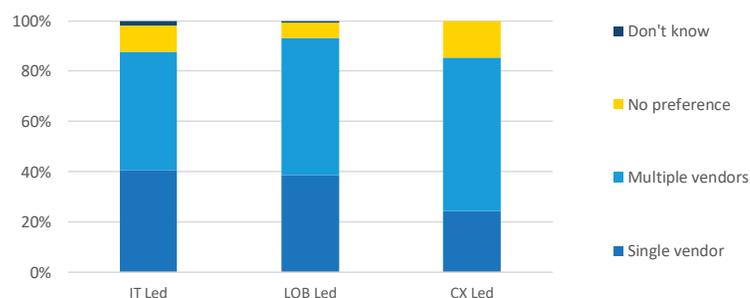
FINDING THE RIGHT PARTNER FOR YOUR TRANSFORMATION

As the enterprise IT industry is evolving their software solutions from monolithic on-premise applications to multi-tenant SaaS solutions based on cloud-optimized and containerized architectures, the way these businesses purchase, configure, manage, and deploy software technology will change as well. Aspire’s research found that nearly 40 percent of business prefer to buy all of their CCM capabilities from a single vendor.

Figure 4 shows that organizations at the beginning of their CCM to CXM transformation are nearly twice as likely to buy from a single vendor. Aspire expects the share of CX-led businesses buying from a single vendor will also increase over time since CXM is an emerging facet of the market and leading vendors are still building out their portfolios. Open integration will also be important moving forward, allowing enterprises the freedom to easily plug in outside solutions that can fill any gaps in their single vendor platform.

Figure 4: Vendor preference by CCM-to-CXM maturity level

Would your organization typically prefer to buy from a single vendor or best-of-breed solutions from multiple vendors?



Source: Aspire, *The State of CCM-to-CXM Transformation, 2019*

There is a similar division by business size, with 42% of small and mid-sized enterprises preferring to buy from a single vendor versus only 29% of large enterprises. While mature CXM organizations and big businesses may be able to afford to take a chance on individual boutique solutions for single applications



and count on their well-funded IT teams to integrate dozens of third-party products, smaller organizations and those only beginning or in the process of their CCM to CXM journey should be looking for a strategic partner who can offer all the CXM capabilities they need on a cloud platform that:

- Features easy integration and a consistent experience (both to the user and their end customer, regardless of communications channel)
- Offers the freedom to experiment and the flexibility to find what mix of applications serves them best
- Deploys app-based workflows into production directly from the vendor's cloud

Instead of having to start from scratch, hiring high-priced talent and buying high-end solutions, a best of suite CXM solution gives businesses the tools they need to compete, allowing them to work toward improving CX through superior B2C communications without breaking the bank or taking their focus away from critical core competencies.

HOW HYLAND CAN HELP

Hyland is a best-of-suite vendor offering a range of capabilities in the cloud, on-premise, and through hybrid deployments that clients can choose from when crafting their custom solutions. With more than 3,000 employees around the globe, Hyland enables thousands of organizations to digitally transform so that they can forge more meaningful connections and deliver better experiences to the people they serve. Their wide-range of technologies—from capture and process automation to collaboration and case management functionality—are brought together through a content service platform which also integrates with Content Composer, Hyland's CCM solution. By combining CCM with content services, Hyland provides a complete view of relevant data to the right people, where and when they need it, and intelligently automates the workplace by improving the way organizations manage vital information and business processes.



Hyland's expertise in Business Automation can help organizations take the important first steps toward CXM transformation by transitioning from structured correspondence to bi-directional digital messaging, particularly in contracts and on-boarding, which Aspire's survey found were among the fastest growing digital-only communications types. Hyland's managed service capabilities make life easier for businesses that don't have the bandwidth to handle the hassle of CCM hosting, management, upgrading and integration, and prefer buying CCM as a service for maximum business processing speed and agility.

CLOSING THOUGHTS

The nature of customer communications is undergoing radical changes. Heightened consumer expectations, proliferating digital channels, and complicated regulatory requirements are creating a new market landscape that many businesses will understandably have difficulty navigating. Becoming a company that can meet consumer demand for multi-channel interactions that transcend communications will require strategic thinking and savvy investment. Fortunately, technology vendors like Hyland are evolving their products to meet those evolving needs and become a strategic partner, helping enterprises transform so they can compete in a B2C communications market that increasingly values superior customer experience.



ABOUT HYLAND

Hyland is a leader in providing software solutions for managing content, processes and cases for organizations across the globe. For over 25 years, Hyland has enabled more than 19,000 organizations to digitalize their workplaces and fundamentally transform their operations. Named one of Fortune’s Best Companies to Work For® since 2014, Hyland is widely known as both a great company to work for and a great company to do business with. For more information, please visit Hyland.com.

ABOUT ASPIRE CUSTOMER COMMUNICATIONS SERVICES

Aspire Customer Communications Services (Aspire), is a London-based CCM/CX strategy firm that works with enterprise C-suites across the globe to realize high-impact customer communications transformation.