



Digital transformation in the COVID-19 era

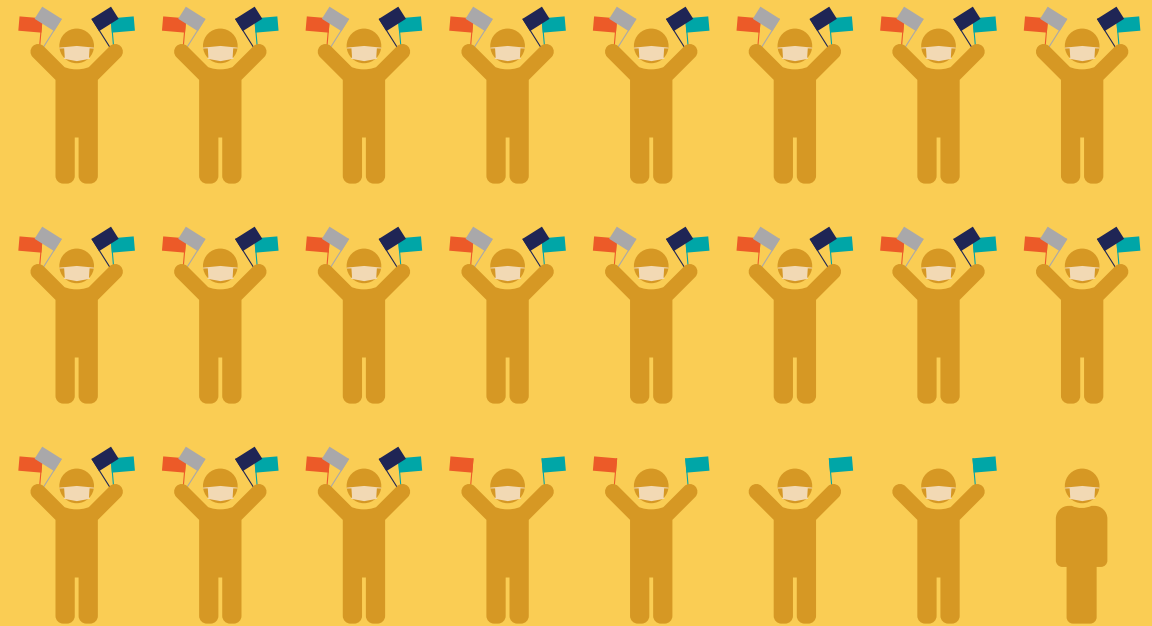
Driving customer-centric business change in Australia



A false sense of security

It's been often said that "no one person or entity could have prepared for COVID-19", while somewhat true, it's not all about knowing what's coming, and in this case, preparing for the pandemic. Being prepared is about agility, flexibility and resilience; it's the ability to make decisions and adjustments based on the current market and challenges.

Going into the global pandemic, Australian organisations believed they were on track with their own digital transformation (DX) journeys and were well prepared to manage their business under any type of business or economic condition. The pandemic revealed an overconfidence in digital transformation progress, subsequently exposing substantial gaps in organisations' customer engagement.



96%

felt well prepared to handle the coronavirus pandemic, the highest out of all countries

78%

felt their level of digital transformation put them in a strong position to respond to the crisis, the highest out of all countries

85%

said COVID-19 exposed more gaps than anticipated, the highest out of all countries

79%

said COVID-19 taught them to be more empathetic with customers, the highest out of all countries

Australian organisations were the most confident in their preparedness to deal with the crisis, however that **confidence was unfounded** and revealed a **false sense of security**, leading Australian businesses to **identify more gaps** and **increase digital transformation initiatives** than any other country.



Australian organisations got it wrong

As a result of being overconfident and having a false sense of security, many Australian organisations were left chasing their tails and played catch-up as the pandemic continued; ultimately, they got it wrong. This in itself, presented a number of challenges for businesses, especially for those that were just trying to address current problems to fix a gap but were not planning for the future.

The main challenges organisations faced were:



Deployment of the wrong types of digital transformation projects, with a lack of focus on back office and interoperability



Ability to display empathy toward customers



Investment in siloed technologies and processes, in addition to slow deployment



Fear of engaging customers via different channels, coupled with an increase of volume



68%

experienced volume increase in email interactions with customers

46%

said they failed to communicate with customers due to fear of saying something wrong

64%

felt they should have done more to help their customers

50%

lost customers due to bad or inconsistent communication with customers



Preparing for the future





As organisations make technology investments, they should not only look at investments that will help them through the rest of the COVID-19 pandemic, but in the post-pandemic era as well. Technology investments should future-proof operations.

Too often organisations make investments focusing on the benefits a specific tool or technology will bring, yet don't look at the overall outcomes. Instead, organisations should look at the bigger picture and focus on building a business architecture that structures technology around the desired outcomes for both the business and customers.

 **62%**

agreed the need to engage with customers digitally has caused operational problems, the highest of all countries

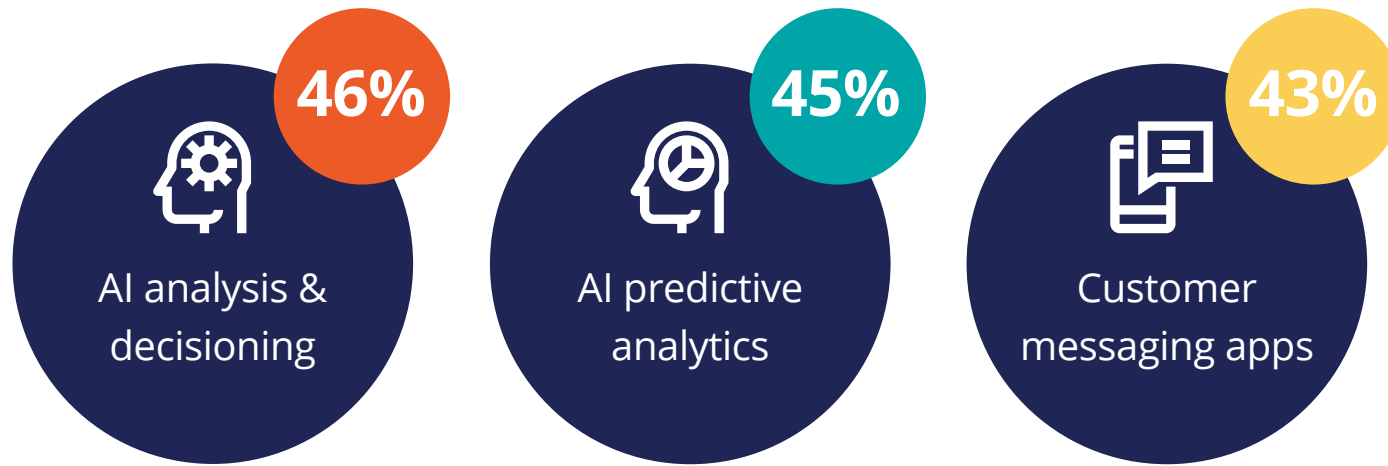
 **56%**

said at least one message communicated to customers was received badly and damaged brand reputation, the highest of all countries

As DX plans evolve, Australian businesses are focusing on introducing more Artificial Intelligence (AI). Whether analytics and decision-making or predictive analytics, AI comes top of the list of technologies businesses believe they need to get in place to be prepared for potential future pandemic crises.



Top 3 DX projects needed by businesses



 **72%**
increased priority level
of DX

 **64%**
increased speed of DX
projects

 **62%**
increased DX investment



New investments in DX require looking through a different lens with the aim of adopting a more unified approach for organisations. Here are some considerations:



(1) Use the centre-out approach

The top-down mistake

When developing a business architecture, many organisations get it wrong from the start, by focusing on the channel (e.g. website, mobile application, etc.), which inherently develops silos that are not easily broken down or removed. More to the point, it creates customer frustrations as they're having to repeat themselves via multiple channels.

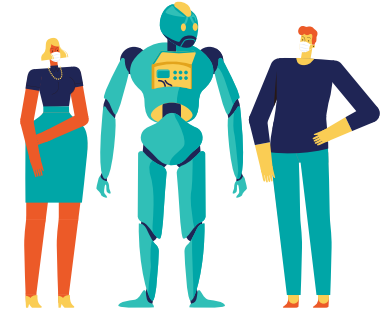
The bottom-up mistake

Databases, mainframes, ERP systems and so on are all effectively built around siloed products, not the end-to-end customer journey. They're extremely complex meaning it's time-consuming and expensive to get them to reflect what the customer journey needs to be.

Many organisations claim to be "customer-centric", however these organisations often make either a top-down or bottom-up mistake. A true customer-centric organisation develops its business architecture from the centre, or, the customer and the customer's desired outcomes.



(2) Greater use of robotics and automation of mundane processes



Today's technology allows organisations to automate tasks that employees typically don't want to do. While this includes menial admin tasks such as data entry, it goes much further. Robotic process automation (RPA) for example, can also enable organisations to accept and understand customer queries and triage them appropriately; or in some instances, find a resolution for the customer. National Australia Bank (NAB) was one of the first adopters in the world to use Pega's Intelligent Virtual Assistant (IVA) to read, route and respond to emails. NAB has "email listeners" automatically triaging tens of thousands of emails in a bid to improve the speed and quality of its customer service.

Overall, it ensures a more enjoyable employee experience, which gives them more time to focus on customers who need their help most. Defining and creating experiences that matter for the employee in both the good and the bad times is a crucial part of an organisation's DX journey. By enabling productivity with the right systems, tools and processes, employees can deliver the best outcome and experience for the customer.

Customers and employees have a greater expectation on engagement – they crave stability, clear communication and empathetic conversations. Predictive analytics is key to preparedness ensuring organisations get the right message to the right customer, at the right time through the right channel. Sounds simple enough, but many still get it wrong.



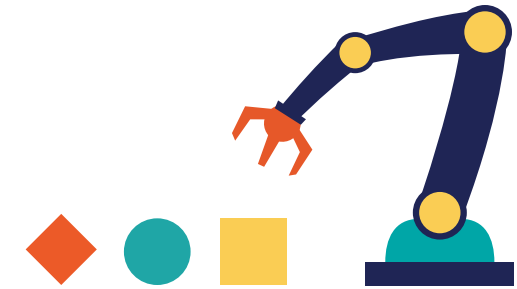
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Having been forced to temporarily shut our contact centre operations overseas as a result of the COVID-19 outbreak, Telstra was able to stand up new applications on Pega within 48 hours to look after our priority customers with diagnosed life-threatening medical conditions. Pega also enabled two-way SMS communications that gave us an effective tool to both contact and receive communications from our customers. This was especially beneficial when call centres were overwhelmed with incoming calls.

The agile nature of the technology not only enabled a quick turnaround to implement new processes but also provided flexibility for Telstra to quickly adjust communications with appropriate COVID messaging and supported a dynamic environment to cater for specific scenarios that arose during the disruption.

Rio Marten, Technology Product Owner, Telstra





(3) The ability to scale up and down

Many organisations fall into the trap of investing in the present, without considering the future. Technology investments should future-proof operations.

This highlights the importance of investing in technologies that enable a business to scale based on its current needs. Cloud-based applications, email bots, and AI allows customer facing staff to find streamlined solutions to previously complex problems.

These investments will go a long way in enabling organisations to remove silos, which is increasingly important in a world where face-to-face interaction is less common than yesteryear—having said that, customers still expect the same level of service (or even better/faster). In order to deliver excellent service, brands must deliver a consistent experience across all channels that is contextual, proactive and ethical; to do this effectively, organisations should:

- Use AI and predictive analytics to determine the next-best-action for customers
- Ensure data is centralised so decisions can be made across channels and all frictions that come with a siloed approach are removed



Getting customer engagement right

When a customer reaches out to an organisation with an inquiry, it has already made a mistake. Organisations with the best customer service proactively and pre-emptively reach out to customers quickly based on the effective use of data. This could be for a number of reasons, for example the customer is showing signs of purchasing a home and so is in need of a loan, or has been making late payments and is in need of financial support, or wants to change a data plan.

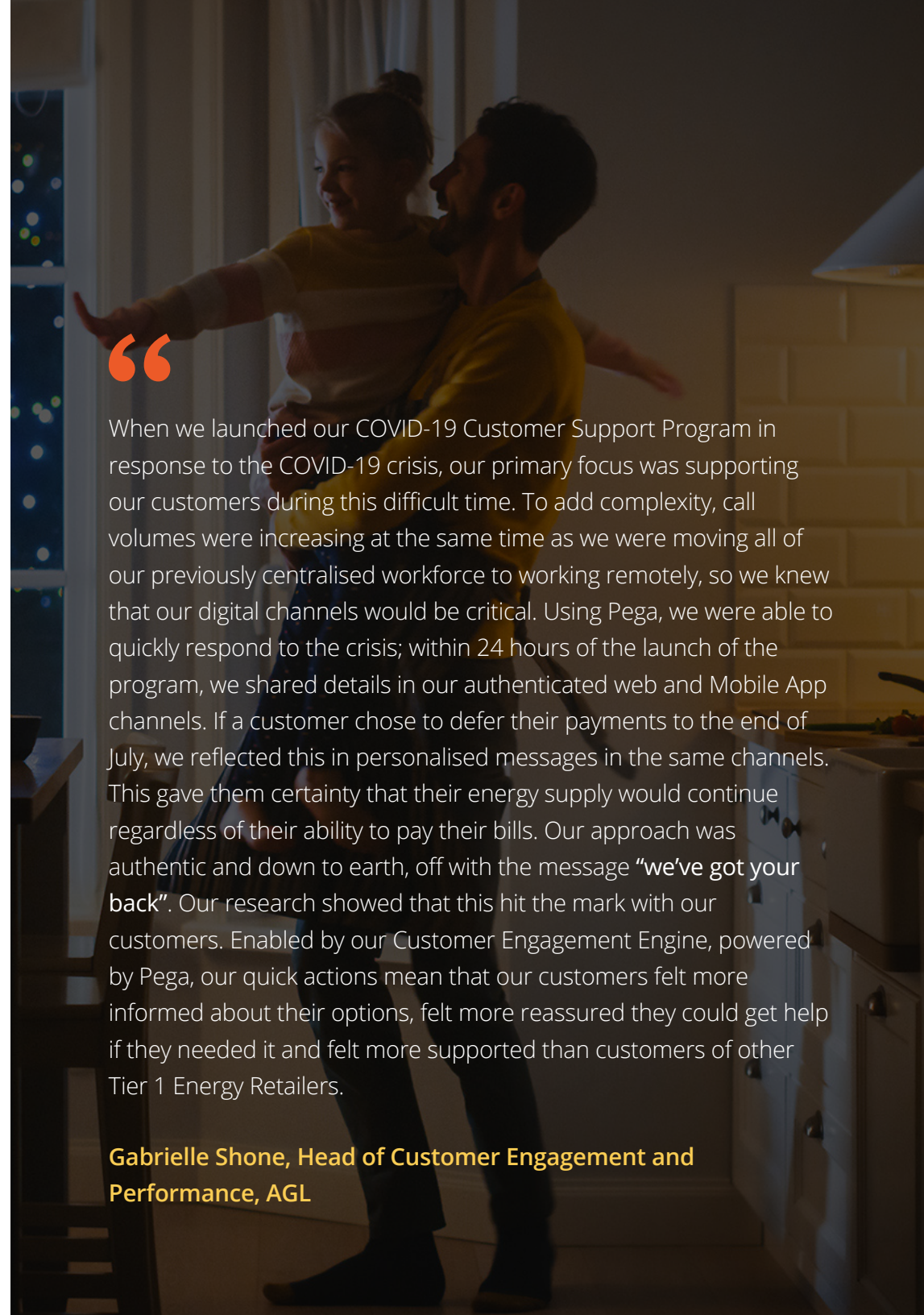
Regardless of the inquiry or need, one thing holds true - organisations must analyse the data and proactively or pre-emptively reach out to the customer with recommendations, before they ask the question. In doing so, it's important the business is empathetic and genuine in their approach.



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When we launched our COVID-19 Customer Support Program in response to the COVID-19 crisis, our primary focus was supporting our customers during this difficult time. To add complexity, call volumes were increasing at the same time as we were moving all of our previously centralised workforce to working remotely, so we knew that our digital channels would be critical. Using Pega, we were able to quickly respond to the crisis; within 24 hours of the launch of the program, we shared details in our authenticated web and Mobile App channels. If a customer chose to defer their payments to the end of July, we reflected this in personalised messages in the same channels. This gave them certainty that their energy supply would continue regardless of their ability to pay their bills. Our approach was authentic and down to earth, off with the message “**we’ve got your back**”. Our research showed that this hit the mark with our customers. Enabled by our Customer Engagement Engine, powered by Pega, our quick actions mean that our customers felt more informed about their options, felt more reassured they could get help if they needed it and felt more supported than customers of other Tier 1 Energy Retailers.

Gabrielle Shone, Head of Customer Engagement and Performance, AGL





79%

say COVID-19 has taught them how to be more empathetic with customers, the highest of all countries

97%

feel changes are needed to survive and thrive in the post-crisis world, the highest out of all countries

The bottom line

The work from anywhere trend is the new norm. It's likely that while some things will go back to the way they were, many things will never be the same. Regardless of working from home or the office, Australian organisations must take the learnings from the pandemic and apply them with the aim of future-proofing their business for the better.

In today's high-pressure climate, customer experience is more important than it has ever been. The battle is on for organisations to deliver a better customer experience, with a workforce that has changed forever.



ABOUT PEGASYSTEMS

Pega is the leader in cloud software for customer engagement and operational excellence. The world's most recognized and successful brands rely on Pega's AI-powered software to optimize every customer interaction on any channel while ensuring their brand promises are kept. Pega's low-code application development platform allows enterprises to quickly build and evolve apps to meet their customer and employee needs and drive digital transformation on a global scale. For more than 35 years, Pega has enabled higher customer satisfaction, lower costs, and increased customer lifetime value.

For more information, please visit us at [pega.com](https://www.pega.com)

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METHODOLOGY

This ebook is based on a global online survey of 1,212 business of which 206 were from Australia. The survey was conducted for Pegasystems by Savanta. Fieldwork was conducted in May 2020 amongst financial services, healthcare, insurance, manufacturing, communications and public sector organisations of at least 100 employees; half of the sample worked at organisations with 1000+ employees.