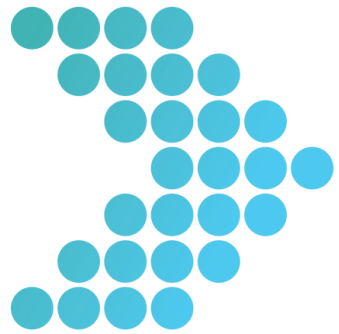


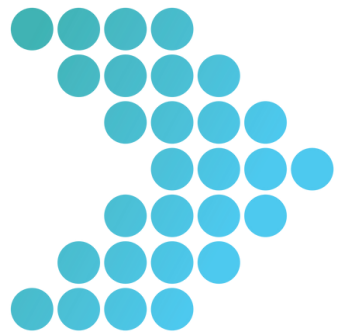
The Vital Evolution of Customer Service Agents in a GenerativeAI Automated Age

icmiTM



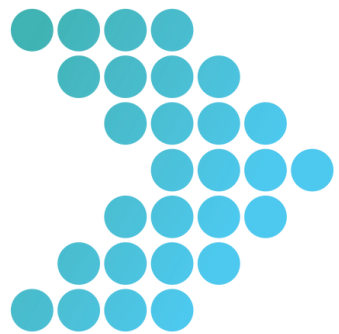
Chapter 1:

A Question. How Much Has Changed for Agents in 6 Months? The Answer. A Ton!
An Overview and 4 Key Market Strengths



Chapter 2:

The Real Issues and Risks are Growing: 4 Key GenAI Weaknesses Tied Directly to
Your Agents and these 'Solves It All' Solutions



Chapter 3:

Get It Right for Your Agents: 5 Recommended Steps to Success Regardless of How
Quickly the GenAI Market Evolves and Just Where It Goes

Chapter 1

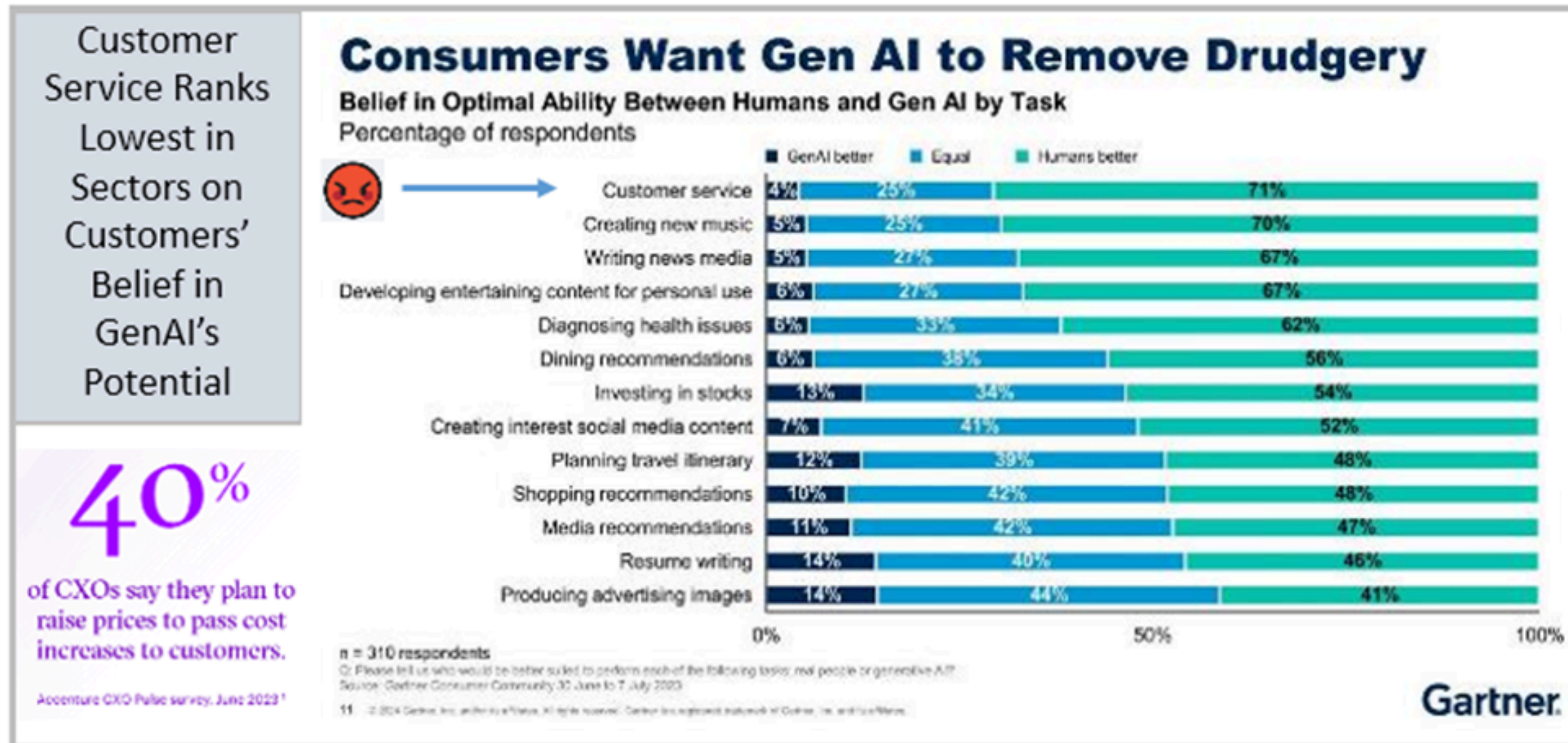
Overview: “The Times They Are A-Changin’”. Bob Dylan Saw It. What is Happening?

Just how much things change in 6 months! GenAI and Conversational AI for customer service was a hot trend and was the plan of the future in Q1. Times change, and this market now duplicates EV's. Some companies are all-in, some are all-out, and most are in between (like hybrids) on a spectrum that runs the gamut. Most importantly, opinions on where we will be in 3 years are all over the map. Thanks much to Forrester senior analyst Christina McAllister, who knows this sector very well and shares multiple insights with us here on how and why this is morphing. Forbes, saying ‘let the confusion begin’ in July, showed Forrester’s US CX Index plunging and ASCI’s CSAT Index rocketing up. Knowing that dichotomy, smart, cost-effective leaders who make the shrewd moves will triumph. Those that generate ROI in this market without risking NPS, CSAT, loyalty and agent retention, which is so critical, will be the winners regardless.

How can opinions differ so much? We’ve learned immensely in 6 months and see compelling next-gen AI tools. Potential cost-savings seem huge. Agent tools now abound, which change the role of agents in theory to focus on the serious issues.

However, we are also hearing real customer complaints, CSAT in CustServ is plunging and there’s recently a real TV ad touting live agent support. RAG execution, LLM issues and hallucination problems remain, and 2 companies that utilize agents just got VC funding.

Chapter 1



The net effect is that the upside and downside are both larger, and what role the agent will play remains a critical question. Multiple market, technology and user trends are driving this dichotomy. Analyzing both sides of that coin help shape the smart strategy. CustServ SW, CCTRs, CCaaS and BPO's remain hyper-competitive. We analyze the multiple pros and cons, then recommend 5 actions to triumph and drive agent success and agent retention regardless of how quickly the market evolves or reinvents.

Chapter 1

Four Strengths: How Generative AI Helps Service and Your Agents

- 1 Automation can reduce operating costs if executed properly.** The simplest issues get resolved automatically and faster, leaving the thorny issues for agent resolution. According to McKinsey, “Gen AI is the latest and potentially most transformative of these advancements, and it can have an unprecedented positive impact on customer assistance.” GenAI can analyze previous call transcripts in real time and present agents with options, reducing the traditional agent response of ‘just give me a minute to look over the situation.’ Agents can spend much less time researching and more time resolving.
- 2 Generations X, Y and Z are much more comfortable with automated solutions than baby boomers and millennials.** The latter groups are more concerned with personal service and more likely to get exhausted and switch to a competitor after a bad experience. Growing gens X, Y and Z prefer self-service options and are willing to try multiple self-service options to reach a resolution.

FORRESTER Senior Analyst
Christina McAllister

“We are still in the very early stages of generative AI adoption in the contact center (and broader enterprise). Many leaders are developing a strategy for GenAI, but the prerequisites for success here will take some time to implement ...like developing a strong knowledge management practice so that GenAI solutions pull from a single source of truth.”

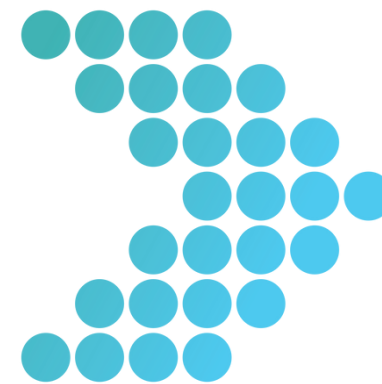
Chapter 1

3

GenAI agent assistance tools can empower them with more options automatically generated, allowing them to choose, thus leading to faster service and boosting FCR. GenAI as a live copilot can create the best of both worlds where the customer interacts with an agent and the agent is served up viable answers in real-time, elevating both CSAT and agent retention over time.

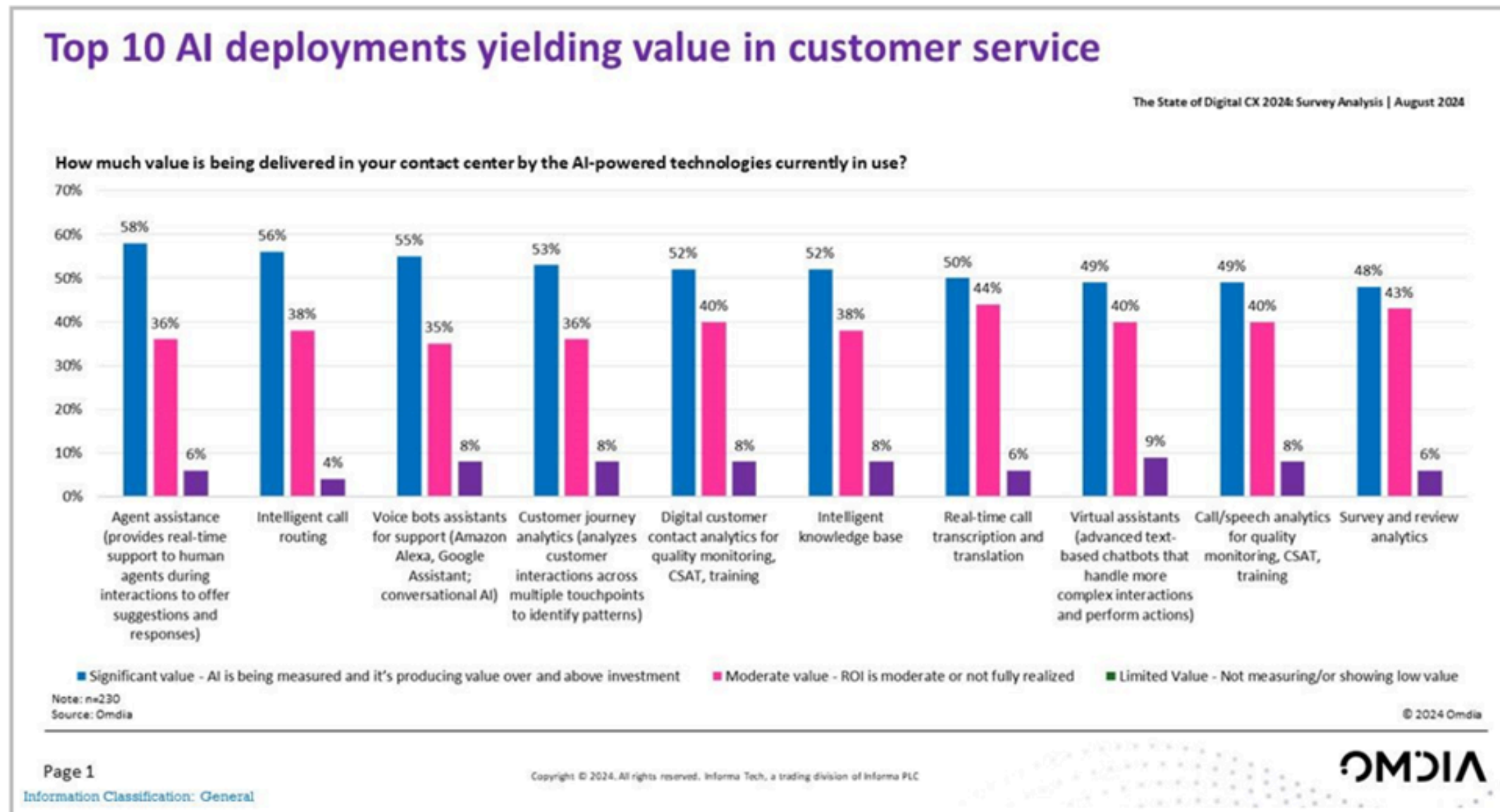
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Resolving the ‘low hanging fruit’ issues automatically empowers agents to focus on the complex service issues that genuinely need agent intervention. One low-risk efficiency is customer authentication, a time consuming process that can now be 100% automated. Retrieving contact history in real-time with automated summaries on screen reduces AHT. Examples abound. ‘Wrap time’ can become the Oldsmobile or Buick here, antiquated due to GenAI translating recorded calls or chat transcripts into a brief, usable summary.



Chapter 1

Omdia's report on AI implementations yielding the most value here shows that 'lateral tasks' and RPA's are the low hanging fruit. Their survey of 230 insiders (August 2024) ranks feedback on perceived ROI.



The upside for GenAI in customer service seems endless, with automation driving huge cost-savings at a critical time. It's a win-win, right? Not so fast. In fact, recent multiple market signals show just the opposite. There is proof as a few companies now highlight human resolutions to growing, nagging customer service issues as their selling points. Is this a market adjustment or a long-term change? We address that in chapter 2 on ICMI with 4 key weaknesses, then 5 recommendations in chapter 3 for success regardless of this morphing market's journey.

Chapter 2

Chapter 1 captured multiple, rapidly progressing changes and residual market potential. As the sector morphs quickly, it is critical to recognize the risks as well.

Four Weaknesses: The Risks and Possible Issues That Require Pre-emptive Planning Abound

1 **Increasing Costs vs. ROI:** From Forbes in January 2024, “The cost of implementing AI in enterprise business processes may be more costly than we initially thought.” Gartner predicts “by 2025, growth in 90% of enterprise deployments of GenAI will slow as costs exceed value.” There are multiple reasons for costs increasing. New versions of GenAI and custom LLMs for business verticals are two. Another is that studies now show that GenAI is using more power and data centers are expanding exponentially. In July 2024, CNBC covered the massive needs for power and water, concluding “the aging U.S. grid can’t handle the load.”

FORRESTER

Senior Analyst
Christina McAllister

“The mistake I see customer service leaders making is the same one that has plagued them for decades: pursuing cost savings above all else. GenAI does offer enterprises avenues for significant efficiency gains, but unless they redirect those gains towards initiatives that improve CX, the contact center it unlikely to shake of its cost center reputation.”

Chapter 2

2

Customers Are Losing Faith: Total automation eliminates the human agent option and lowers customer loyalty, NPS and CSAT. This is slowly but consistently progressing as GenAI dreams collide with CX reality. Customer retention is much less expensive than acquisition, and with no human agents available, loss of that key 'human touch' as an option can create a negative impression.

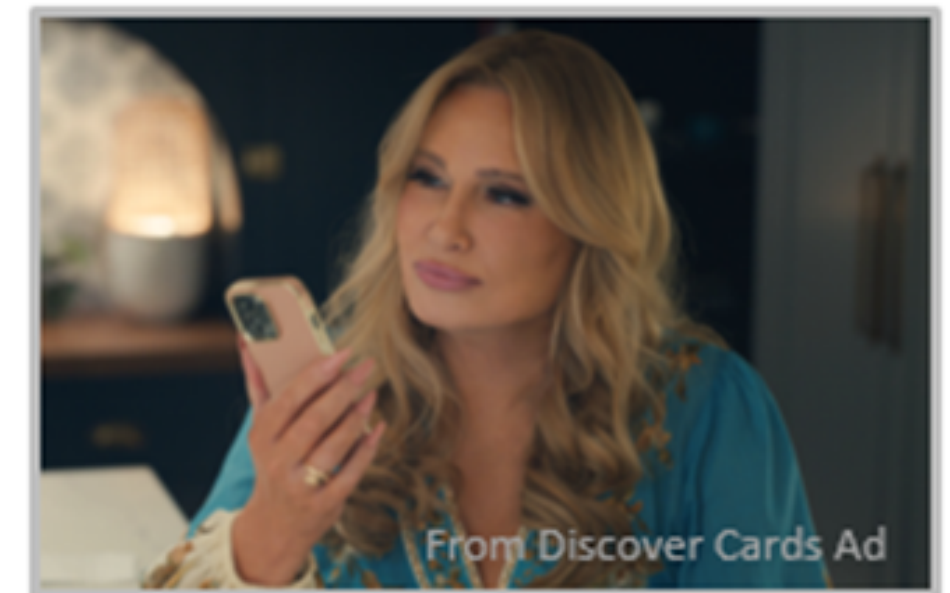


Chapter 2

3

Agents Must Remain in the Mix: Options with no live agents potentially place customers in a never-ending automation loop that is quickly frustrating, generating a lasting negative CX that is very memorable. As a customer, I can say first-hand that rare but recent customer issues with eBay, UPS, Hertz and others ended in extreme frustration as they had virtually or literally no choices for human agents. Getting caught in the endless automation loop with 5-10 options to choose from and no agent options left a serious negative impression. Now, multiply that 6-8 times with repeated attempts to reach an agent that all failed. My personal plummet in CSAT, NPS and loyalty to those brands is notable. It's burnt in and will last. On the flip side, Amazon and Apple are so, so big now that I want a reason not to like them, but their ongoing live agent support keeps me trusting them.

Errors happen. It's simply reality and always will be. Agents can fix those tricky ones while basic IVA's alone cannot. Discover Cards (NYSE: DFS) now highlights that as its key selling point, running advertising touting live agent support! Just the right touch of humor reminds customers of the pain of 'no agents ever'.



4

Agent Training Needs: Think upskilling or reskilling. Agent training programs must be well designed on the new systems or even just for agent-assist GenAI tools. Agent turnover has leveled, but remains a challenge as the global economy hovers and live agents aren't as hot as they once were. Agent-learning systems must be comprehensive yet cost-effective, simple and not too time consuming. This area, where I repeatedly see contact centers already markedly weak on user-friendly training, now needs even more effort and simplicity if they expect agent usage. They are simply crucial or the agents will just not use the GenAI tools. Just adding another boring chapter to already long training manuals means agents will instead just use traditional tactics. Agent retention, a long-standing challenge, emphasizes this glaring need. Agent usage impacts investment ROI.

GenAI customer service presents additional challenges beyond the agents, including consistency and accuracy, NLU/NLG (natural language generation) quality, bias and fairness, CRM integration, data privacy and security... let's just say there's more! Any of these present notable risks when not well managed, but as they are outside of the agent's world, I will leave those for another day. Adding all of these challenges makes it understandable that some are very hesitant after analyzing risk/reward. Customer service BPO's are a good example, where several have announced plans for the future, but what will actually happen in reality there remains in question.

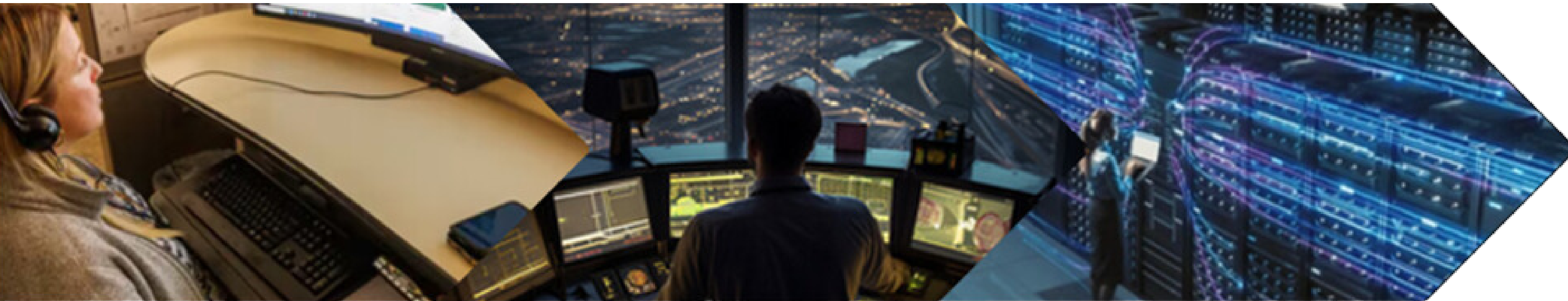
Next up will be chapter 3 and what is really needed here – how to succeed regardless of which customer service sector you are in, how quickly the GenAI market evolves and just what direction it takes.

Chapter 3

Chapter 2 captured 4 agent-specific risks and touched on others outside that scope. With diametric pros and cons, companies need a strategically sound yet risk-averse action plan.

Recommended Next Steps: Be Smart and Start Moving Forward at the Right Pace

Integrating new GenAI systems or agent tools in a sector strapped for time and resources seems like an insurmountable challenge to some that can simply wait a week. It cannot, so the question is how to proceed at the right timing and level that fit your model and can be justified to management, who will ask for verification. Quoting McKinsey, “Major disruptions are always painful, and the transition from a care paradigm dominated by human agents to one steered by AI technologies may be the biggest disruption in the history of customer service.” So take a deep breath! Then what?



Chapter 3

1

Proceed Forward (Get Going!). Initiate GenAI integration at the right level as this is an irreversible trend that just cannot be ignored. Implementation steps can be initiated and corrected, but a bigger mistake is ignoring the over-arching market trend that will continue to reshape customer service for years. Simply waiting to see how the market morphs brings back memories of Blockbuster and Radio Shack. Strategies and plans will vary dramatically for very valid reasons, but doing nothing is like endlessly circling the tower in a holding pattern. The outcome is just not good.

2

Analyze Risk/Reward Scenarios First: Before diving into GenAI customer service options, run a detailed analysis that examines the impact on agents, customers, resources, finances, ROI... everything. Determine which are the least risky and present the best possible ROI, then consider regional testing first before adopting nationwide or globally. Finally, study data analytics, agent feedback and customer feedback while in progress. All are key elements in determining what worked well, what simply needs improvement or what options are not worth full-scale adoption. This requires a system setup for a feedback input loop before starting trials.

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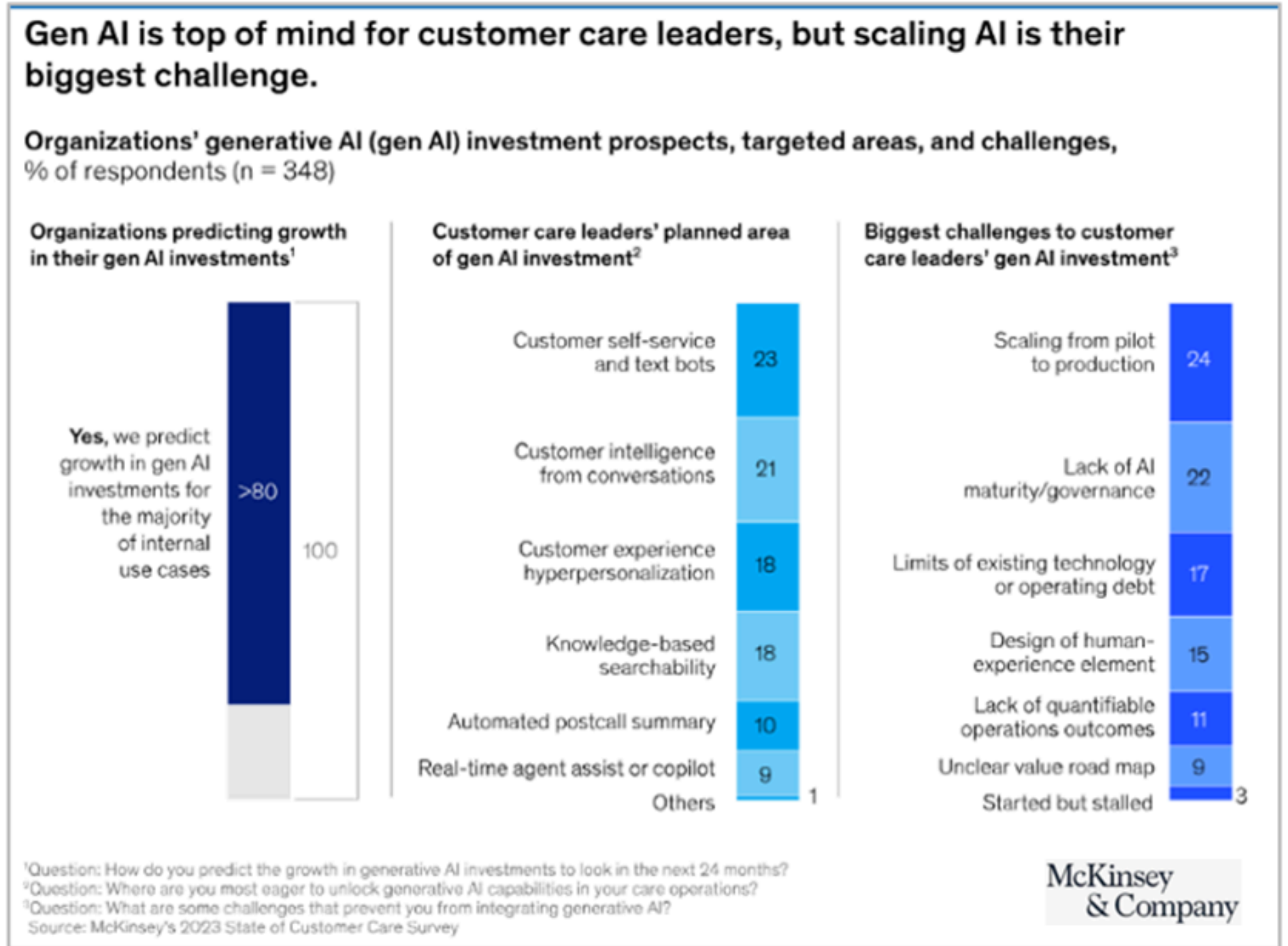
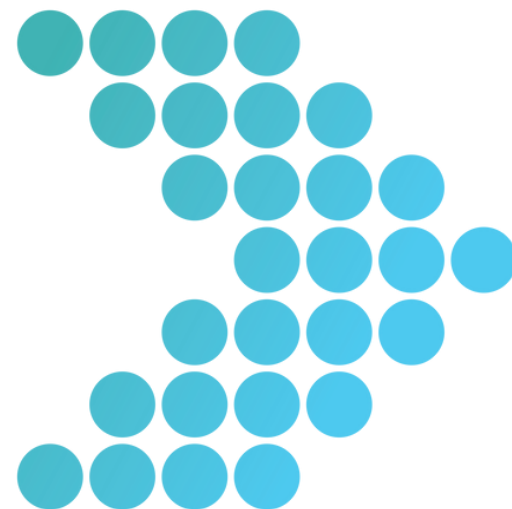
Senior Analyst
Christina McAllister

“We have barely scratched the surface of GenAI’s potential in the contact center. Most companies have not deployed GenAI at all, let alone in a customer-facing capacity. As more deploy GenAI led solutions, we will see higher levels of automation leading to fewer contacts with human agents. The conversations that do reach human agents will be the more complex, nuanced and valuable interactions. Companies that wish to invest in delivering higher quality CX will develop strategies that maintain a human connection with their customers.”

Chapter 3

3

Lather, Rinse and Repeat. In other words, test, measure, and adjust to focus on what works, then continue with your next step. And so on, and so on. The chart below by McKinsey & Co. (March 2024) shows that many are still in the test mode, which is not necessarily a bad thing. I would say ‘smart’ if they are moving. As the economy is in question, customer retention is simply critical.



Chapter 3

4

Anticipate Possible LLM Issues: Seek solutions that mitigate large language model (LLM) issues with Retrieval Augmented Generation (RAG). General LLMs are useful but can suffer from a lack of specific domain knowledge, up-to-date information or even occasional hallucinations. General aging and outdateding over time are also an issue. Rather than just using general LLMs, well-executed RAG, which takes time and effort, leverages specific vertical or business knowledge key to your customers and/or solution and integrates it. Building that custom knowledge into the output increases accuracy and FCR, resolving issues before they occur. Yes, it is easier said than done and takes time. However, well tested (several times as general LLMs just extrapolate when the facts aren't there!) and well-executed RAG using knowledge bases and APIs boosts your chances to eventually shine.

5

Respect the Value of Your Agents: They are not a commodity for multiple reasons.

- The additional training time and GenAI usage is a challenge if your retention rate is already low. Internally analyze all that's needed from agent training to the reality of agent usage of GenAI in whatever form you adopt. Map possible outcomes and implications just like customer journeys.
- Stepping back, if you transition to fewer agents, proceed in small increments. If the system self-destructs, the time and money to acquire and train new ones or recall recent ones will hurt.
- Plan ahead by leveraging the input of some agents you trust on what is needed initially to maximize a positive outcome. Start with smaller trials to fix any issues first before scaling.
- Some functions (e.g. outbound calls) can adopt to GenAI integration more smoothly than inbound customer contacts.

Chapter 3

Several companies and service providers have taken that 'no agent' or 'virtually no agent' path. In my opinion, which the industry is reinforcing more and more, it's very risky. In June 2024, Forrester VP and Research Director Rick Parrish said "US consumers are having, on average, the worst experiences in a decade...". For an example of 'smart balancing', a Forbes May 2024 article focusing on successful automation still used 4-5 points of 15 on just how and why to manage agents to maximize customer retention. One was "swiftly connect user chats to live agents when FAQ's fail". Another was "use dynamic learning to gauge user sentiment", with the action of quickly injecting a live agent when the 'anger measure' runs too high. There were more because once customers cross a certain line, and I'm speaking first-hand as well, the damage is irreversible.

Certain mainstream businesses with limited service needs can consider this option, but many cannot afford the downside. Note that SF-based CustServ growth firm UJET, who's CMO I quoted in my last article, just received \$76M from multiple investors and uses a 'blended' solution to lower cost-per-contact while maintaining CX. Generative AI and strong agent service can co-exist, creating synergies.



Chapter 3

That's a Wrap: During the GenAI Morph, Value Your Agents Like They Are Your Customers.

We'll see a GenAI and Conversational AI maturation progress, albeit likely 2 steps forward, 1 back and so on. Intelligently map out the gradual progression that fits your solution, business, management expectations ... and particularly your agents! Mistakes and learning will occur. A system designed in advance for absorbing input quickly and shifting direction as needed can excel regardless of the hurdles. You will reach that pinnacle of automation, cost savings, NPS & CX, customer loyalty and happier agents, which will reverberate in so many ways.

Biography



Andrew Neff enjoys years of empowering better CX and customer service leveraging AI to boost both user and ICMI T50 logo employee experience. When not focused on raising his twins and playing tennis, Andrew is known as a collaborator and problem solver. After 10 years at 4 large sector companies, an ICMI Thought Leader and featured speaker in many webinars, he consults for clients from Luminali.com and @AndrewinContact.



About ICMI

We are all striving to be better. Whether being better people, better leaders, or better organizations, improvement and advancement are at the heart of our daily intentions.

For the contact center, this mission of constant improvement is fundamental to every interaction. We need to meet our customers' expectations in ways that improve their satisfaction and brand loyalty. We need to improve employee engagement as we build their skills, knowledge, and experience in ways that grow their loyalty and improve retention. We need to improve our organization's operational efficiencies in ways that drive revenue and improve the bottom line.

No one understands the contact center's focus on improvement like ICMI does. We champion contact centers and their people, and our mission is to make both better every day. Through training, consulting, content, and events, we unite the community and empower contact centers to serve their customers better, engage their employees more, and improve the customer experience.

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