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FROST & SULLIVAN BEST PRACTICES AWARD

AI-ENHANCED CUSTOMER SELF-SERVICE - EUROPEAN

Product Leadership 2019

creativevirtual
The science of conversation™

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2019

BEST PRACTICES AWARD

Contents

Background and Company Performance

Industry Challenges

As a recent Frost & Sullivan report on conversational AI articulates, by 2020, customer experience will overtake product and price as the number one means by which companies will differentiate themselves. US companies are now losing more than $83 billion annually due to poor customer experiences, an effect compounded by the reality that it costs six to seven times more to attract a new customer than to retain an existing one.

Yet, while consumers punish companies for poor experiences by taking their business elsewhere, they also reward companies that get the customer experience right: 74% have spent more with a business due to a history of good service. Frost & Sullivan believes that these statistics emphasize the importance of synergizing customer experience with marketing and sales, to enhance both retention and revenue generation.

Most organizations also understand the direct correlation between customer experience and business performance. The question is how to make those experiences pay off even more through higher revenue per interaction. Smart companies are achieving just these types of results through artificial intelligence (AI) and other technologies, to serve and effectively engage with their customers.

Machine-accelerated productivity automates repetitive consumer and business processes so businesses can scale. The quantum leap here, however, is in applying technology as the tip of the spear for a whole new strategy - where user self-help is a catalyst for stronger customer engagements, revenue generation, and share of wallet.

Today, consumers who may have eschewed the use of virtual assistants (such as Siri) as incapable of complex or specialized tasks are beginning to use a new wave of intelligent virtual assistants (IVAs), or chatbots, which provide conversational interfaces delivered via conversation as a platform (CAAP).

Frost & Sullivan notes that this powerful implementation of conversational AI transcends mere understanding of user input to actually respond to what a user says, creating the experience of a conversation; it provides the full-service experience to customers in a self-service fashion, while companies reap the benefits of lower cost, scalability, and consistency in delivery. Today, IVAs are helping consumers shop, order services, book travel, schedule meetings, and more.

Product Family Attributes and Business Impact

Creative Virtual is a provider of conversational self-service solutions focused on what it terms the "science of conversation." The company's conversational platform brings together humans and artificial intelligence (AI) to enable "anywhere, anytime customer and employee engagement." Its virtual agent, chatbot, and live chat solutions aim to empower enterprises to deliver personalized, consistent, accurate, and seamless

omnichannel engagement. In turn, those solutions are backed by a knowledge management and business intelligence platform known as **"V-Portal."** As the company states, "V-Portal helps enterprises build brand loyalty and increase customer engagement with an easier, more efficient way to manage customer conversations across communication channels."

Positioning

In a recent briefing with Frost & Sullivan, Creative Virtual focused on a process it has been refining for years – bringing together large amounts of information, and through a mechanism of central control, generating a more consistent, convenient, and efficient customer experience (CX). The company points out that what makes its contact center solution quite unique is its ability to bring all relevant aspects of a conversation together on a single orchestration platform, with the system continually learning throughout.

In essence, the orchestration layer of Creative Virtual's offering pulls information from a knowledge management control center, which undergirds everything. Frost & Sullivan notes that many other competitors are also using machine learning (ML), but Creative Virtual can scale large amounts of relevant information from that very control center, dispensing data across channels in an especially intelligent and impactful manner. As the company points out, the best proof is demonstrated when the solution is deployed in large enterprises, when the system determines intent across an array of incoming questions, and then learns about what's going on in a systemic and actionable way.

Match to Needs

V-Person is a "nimble, flexible, and highly scalable" conversational technology platform built to help clients across industries such as financial services, travel, and telecom deliver, "the best customer experience on any communication channel" by customizing the customer experience to align with each client's brand and business objectives.

The technology enables client companies to do all of the following:

- Create interactive virtual agents and chatbots for web, mobile, and social channels

- Build sophisticated business logic and escalation paths with easy to use drag-and-drop tools

- Manage and deliver personalized content to customers

- Get insights into customer behavior not available with traditional analytics

- Answer client customers' questions 24/7, and improve overall satisfaction

Operational Efficiency

The company's technology can be deployed across contact channels – web, mobile, social, messaging platforms, SMS, contact center, service desk, live chat, IVR and voice assistants – to deliver information more quickly and efficiently. Consider the chat application "Ask Lisa," which offers a conversation layer on top of information silos (and has already been in operation for eleven years). She has access to real-time information (a live XML feed) and is, for example, embedded as an app on Facebook.

Meanwhile, the combination of AI and human input makes for a vital combination that produces an "update cycle" of notable efficiency. First, the system "learns" potential new customer behavior; second, a human "editor" approves AI suggestions; third, an updated knowledgebase is published with improved understanding.

And any truly efficient system needs a workable knowledgebase. Above all, as Creative Virtual emphasizes, "There are huge benefits to using conversational platforms within the contact center and for customer self-service, but this requires a solid foundation in knowledge management. Chatbots and virtual agents can only give accurate responses if they are backed by a knowledgebase with accurate content. Using a single knowledge control center for both your customer-facing and contact center chatbots creates consistency across channels and allows organizations to more easily keep content up-to-date. It helps bridge the gap between previously siloed engagement channels by aligning the contact center directly with the digital function."

Product/Service Value

Creative Virtual states that its V-Person technology:

- Delivers seamless, fully-integrated, end-to-end customer engagement

- Features an Orchestration Platform that enables custom tuning of human curation and machine learning

- Provides 24/7 access to personalized, smart self-help

- Enables seamless handover from virtual to real agent

- Creates consistency across contact channels and devices

- Drives engagement in any language

- Provides unique and powerful customer insights

- Fosters more engaged, skilled, and happier agents - resulting in reduced staff turnover

- Results in lower support costs, improved efficiency, and increased sales

- Offers average contact deflection rates of 20-30%

- Catalyzes reductions of up to 80% in live chat sessions

- Provides average handling time reductions of up to 40% within the contact center

- Promises ROI in less than 12 months

Reliability and Quality

Beginning in 2004, Creative Virtual has been building advanced technologies in knowledge management, natural language processing, virtual agents, and live chat with the aim of helping businesses deliver intelligent, personalized engagement across communication channels. As the company notes, its system continually learns in a way that allows clients to maintain control over reliability. Indeed, Creative Virtual's strong track record of providing successful solutions is reflected in the fact that its very first client remains a customer today.

Design

Creative Virtual's clients are able to choose which set of solutions they want, along with what combination of human curation and machine learning suits them best. The platform is designed to help clients meet their business needs with clear specificity by offering the following capabilities:

- Deployed on-premise or in the cloud

- Proven scalability above 10M conversations per line of business per year

- Open platform to integrate external data into answers

- A hybrid approach to machine learning and human curation for improved results

- Single knowledgebase for consistency across channels

Yet Frost & Sullivan appreciates the way that Creative Virtual also reminds enterprises that the guidance of an experienced strategic partner is essential. For instance, while most organizations realize the need to apply artificial intelligence and machine learning techniques to their customer experience initiatives, Creative Virtual stresses the need to be smart about the choices clients make. There has been much progress with Machine Learning as applied to Big Data and Analytics, but less so in the conversational realm. In fact, some processes can be automated that don't need machine learning at all. Creative Virtual advises clients that there is still considerable progress to be made in the conversational realm and helps those customers chart a more thoughtful course through the confusing set of options often presented in front of them.

Conclusion

With its strong overall performance, and for the effective way in which it has helped clients gain a realistic view of AI and its possibilities in the contact center ("When it comes to customer engagement, service and support, chatbots need a combination of self-learning and human curation of content"), Creative Virtual has earned the 2019 Frost & Sullivan Product Leadership Award.

Significance of Product Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. A comprehensive product line, filled with high-quality, value-driven options, is the key to building an engaged customer base. To achieve and maintain product excellence, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Product Leadership

Demand forecasting, branding, and differentiating all play a critical role in finding growth opportunities for a superior product line. This three-fold focus, however, must be complemented by an equally rigorous focus on pursuing those opportunities to a best-in-class standard. Customer communications, customer feedback, pricing, and competitor actions must all be managed and monitored for ongoing success. If an organization can successfully parlay product excellence into positive business impact, increased market share will inevitably follow over time.

Key Benchmarking Criteria

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Product Family Attributes and Business Impact—according to the criteria identified below.

Product Family Attributes

      Criterion 1: Match to Needs
      Criterion 2: Reliability and Quality
      Criterion 3: Product/Service Value
      Criterion 4: Positioning
      Criterion 5: Design

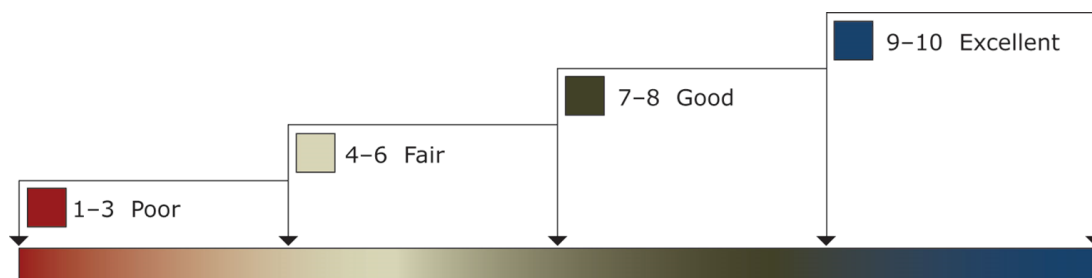### Business Impact

      Criterion 1: Financial Performance
      Criterion 2: Customer Acquisition
      Criterion 3: Operational Efficiency
      Criterion 4: Growth Potential
      Criterion 5: Human Capital

Best Practices Award Analysis for Creative Virtual

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES

9–10 Excellent
7–8 Good
4–6 Fair
1–3 Poor

The Decision Support Scorecard is organized by Product Family Attributes and Business Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

Measurement of 1–10 (1 = poor; 10 = excellent)			
Product Leadership	Product Family Attributes	Business Impact	**Average Rating**
Creative Virtual	**9.0**	**9.0**	**9.00**
Competitor 2	8.5	8.5	8.50
Competitor 3	8.5	8.0	8.25

Product Family Attributes

Criterion 1: Match to Needs
Requirement: Customer needs directly influence and inspire the design and positioning of the product family.

Criterion 2: Reliability and Quality
Requirement: Products consistently meet or exceed customer expectations for performance and length of service.

Criterion 3: Product/Service Value
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 4: Positioning
Requirement: Products or services address unique, unmet need that competitors cannot easily replicate or replace.

Criterion 5: Design
Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

Business Impact

Criterion 1: Financial Performance
Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition
Requirement: Product strength enables acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency
Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

Criterion 4: Growth Potential

Requirements: Product quality strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to product quality and customer impact, which in turn enhances employee morale and retention.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.
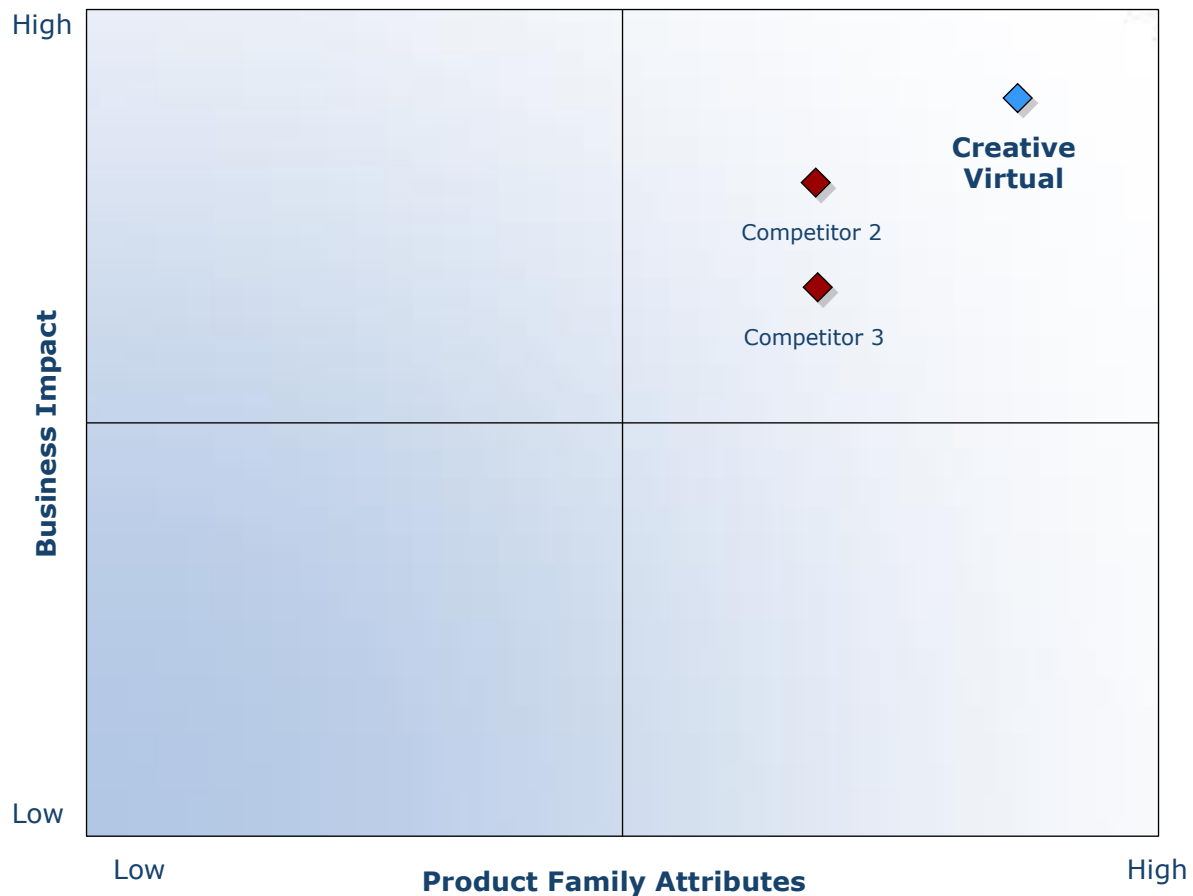
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP		OBJECTIVE	KEY ACTIVITIES	OUTPUT
1	**Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2	**Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3	**Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4	**Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5	**Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized Award candidates
6	**Conduct global industry review**	Build consensus on Award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible Award candidates, representing success stories worldwide
7	**Perform quality check**	Develop official Award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8	**Reconnect with panel of industry experts**	Finalize the selection of the best-practice Award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best-practice criteria
9	**Communicate recognition**	Inform Award recipient of Award recognition	• Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10	**Take strategic action**	Upon licensing, company is able to share Award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.