RingCentral®

How does AI transform customer service and experience?

An introduction to AI in customer service

Artificial intelligence (AI) adoption has risen dramatically in the customer service industry over the last few years.

McKinsey[1] recently reported that top users of AI within the service sector facilitate 95% or more of their service interactions via AI or digital channels. In its report on The State of AI in 2022,[2] McKinsey conducted a global survey of business leaders to determine AI's most common use cases. The most prevalent response was "Service Operations Optimisation," with 24% of companies identifying the use of AI for this purpose. Of the 10 total use cases cited, half directly related to customer insights or service optimisation.

Top companies already invest heavily in AI tools and training, and businesses that are afraid to integrate AI into the customer experience face a major competitive disadvantage in terms of the efficiency and effectiveness of customer service experience.

This eBook explores AI's impact within the customer service industry and examines challenges to AI adoption. It also uncovers the tremendous growth potential for organisations that implement AI solutions and outlines key steps to integrating AI into CX.

[1] Das, Avinash, et al. "The Next Frontier of Customer Engagement: AI-enabled Customer Service," McKinsey& Company, March 2023.

[2] "The State of AI in 2022–And a Decade in Review," McKinsey & Company, December 2022.

The benefits of AI

69 percent of customers first try to settle their problem unaided.

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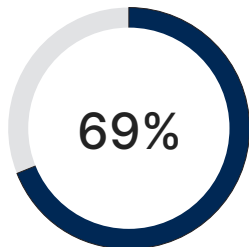
AI can completely transform the nature of service interactions with your customers, whether used for self-service or as an agent-supporting technology. The following are just some of the key ways in which AI can benefit customer service operations.

Speed and operational capacity

Firstly, AI increases your ability to serve customers via self-service. That's significant, as 69% of customers first try to settle their problem unaided. One popular way of providing self-service is through AI chatbots. Even the UK Government is now planning to launch an AI chatbot to help people access public services such as taxes and pensions.

Unlike first-generation chatbots that had a limited set of predefined inputs and responses, the advances in Natural Language Processing (NLP) and conversational AI make today's chatbots and virtual assistants much more capable of understanding customer queries and sentiment, and providing human-like interactions. They can quickly answer frequently asked questions, resolve common issues, and guide customers through self-service options 24/7, reducing the need for human intervention and alleviating wait times. It also means that agents have greater bandwidth to service more customers with higher-level concerns.

Secondly, when a customer does need to speak to an agent, AI can enhance your agents' interactions and speed up resolution times. For instance, AI can intelligently route customers to the best human agent for the task the first time around. It then continues to help by mining the conversation for keywords and phrases a customer speaks or types, so it can serve the agent relevant knowledge base articles and resources, to help find the best solution as quickly as possible. This not only improves CX; it improves the agent experience too.

Personalisation

When integrated with your CRM or other business applications, AI can analyse vast amounts of customer data and offer personalised recommendations and

experiences with remarkable speed. In a 2023 UK business survey, 27% of the businesses who said they were using, or planning to use AI, noted it would be used to provide a personalised service to customers.[3]

At its most basic level, AI can recognise the customer and eliminate the need for tedious information collection like names and account numbers. At a more advanced level, AI can be used to understand customer preferences, purchase history, and behaviour, so that your company can tailor its offerings and interactions, leading to more satisfied and loyal customers.

The goal for great businesses is to optimise customer service. Without AI support, dedicated live agents may struggle to serve the needs of every customer in a high-volume operation efficiently. Because AI can learn the individual needs of each customer quickly and serve up that information to live agents when needed, agents are better able to deliver efficient, hyper-personalised support.[4]

Data-driven insights

Such personalised service is possible because of AI's ability to parse huge volumes of data from multiple sources with ease. This helps you achieve a deeper, more nuanced understanding of your customers.

Until recently, AI wasn't very good at identifying sentiment within customer interactions because it couldn't really comprehend "tone of voice." That meant it could misunderstand customers who used sarcasm or similar when upset, for instance. However, now AI can analyse customer interactions such as voice calls, chat logs, emails, and social media comments to gauge sentiment and emotions – at scale. This insight helps companies understand customer satisfaction levels, identify potential issues, and take proactive measures to improve their products or services.

[3] Business Insights and Conditions Survey, ONS, April 2023

[4] Clark, Scott. "AI Customer Experience Ushers in a New Era of Engagement," CMSWire, June 2023.

Of course, the Holy Grail for business owners is to accurately predict customer behaviour, rather than just monitor it. AI can now do this through predictive analytics, which anticipates needs based on historical data and patterns. By identifying potential issues before they occur, businesses can offer proactive support before it's too late to take action, thereby enhancing the overall customer experience and retaining more customers.

The benefits of AI-driven customer service centres are compelling. Investment in AI technology fits with the broader push toward increased automation by companies trying to do more with less. Customers expect high-quality service now, just as they always have and will continue to expect in the future. However, the perception of "quality service" has shifted to include more focus on speed, convenience, flexibility, and personalisation.

Clear data supports the success companies achieve with AI adoption in customer support. According to HubSpot's 2022 report on the State of AI in Service,[5] US agents save an average of 2 hours 11 minutes when using generative AI for written responses and 2 hours 20 minutes when using chatbots. These time savings enhance the quality of support given to interactions that require professional, human expertise.

A recent RingCentral Customer Success Survey revealed that RingCentral customers, on average, see the following outcomes from their use of RingCentral's AI-enabled technology:

- 48% increase in CSAT scores
- 43% increase in first contact resolution
- 38% decrease in hold times
- 30% decrease in cost to serve
- 38% increase in average speed to answer
- 25% increase in average revenue per agent.

You can read more specific RingCentral success stories here.

AI-enabled technology:48 percent increase in CSAT scores

48%
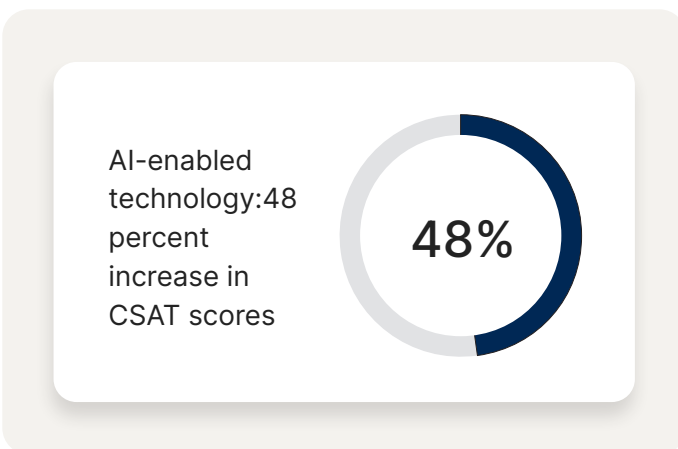
[5] Needle, Flori. "The State of AI in Customer Service," Hubspot, June 2023..

The challenges of AI adoption

Even with a clear understanding of the critical need for AI integration, business leaders still have to deal with significant real world challenges of AI adoption. Here are a few of the common hurdles businesses face.

Addressing common misconceptions and fears

AI is too impersonal to provide great support

In some cases, managers and employees in organisations still hold to historical sentiment that technology impedes personalised customer service. Nothing could be further from the truth. Rather than acting in opposition to great customer service, AI actually works to enhance the very human work of satisfying customers at every interaction.

AI is faster and more accurate at analysing individual customer histories and interactions to optimise speed and effectiveness of service delivery. By using AI tools wisely, live agents can quickly get up to speed on what is happening with a customer and make valuable contributions toward solving a customer's issue at first contact. AI acts as the plucky sidekick to your superhero agents.

AI is going to steal my job

Organisations may also face backlash from agents who fear that technology is going to uproot jobs. In a 2022 UK survey, 34% of adults believed the impact of AI on job opportunities had been negative (though, interestingly, almost as many – 33% – felt it had been positive.)[6]

Here's the reality: good AI strategy centres on empowering agents to optimise the quality and efficiency of interactions with customers. Burnout is a major factor in contact centre attrition. In its 2022 AI report, McKinsey[7] stated that 49% of businesses surveyed experienced higher employee turnover in the most recent 12-month period.

[6] Public attitudes to data and AI: Tracker survey (Wave 2), UK Government's Centre for Data Ethics and Innovation, November 2022

[7] Berg, Jeff, et al. "The state of customer care in 2022," McKinsey & Company, July 2022.

The real issue isn't preserving agent jobs; it is applying AI support and self-service functionality to reduce burnout, increase employee satisfaction, lower turnover, and improve service.

AI is too expensive and takes too much time to implement

The time and cost involved in integrating AI into CX is another common fear among business leaders. However, advanced AI platforms increasingly rely on machine learning capabilities to rapidly learn the language and context of documents and interactions that take place within your business. There are costs to technology and training, but the dramatic impact to productivity, efficiency, and service often more than make up for the investment. For example, effective conversational AI can increase first contact resolution by 20% – reducing the need for multiple interactions to solve an issue.

Overcoming resistance from employees and customers

It's natural for employees and customers to resist change, even when they recognise the potential benefits. In his July 2023 Forbes article [8],CX and customer service expert, Shep Hyken, identified two critical areas for agent training:

1. Creating prompts to get the best answers
2. Effectively communicating key information to customers to strengthen relationships.

Employees: Communicate honestly and proactively about AI integration plans. Make it clear from the beginning that the objective is to improve the agent experience while also optimising customer support.

Invite employees to share examples of challenges and frustrations they experience when carrying out their support roles – or identify common ones. Then, give specific insights on how AI will eliminate or reduce those challenges. Offer upfront and reinforcement training to agents to ensure they understand the

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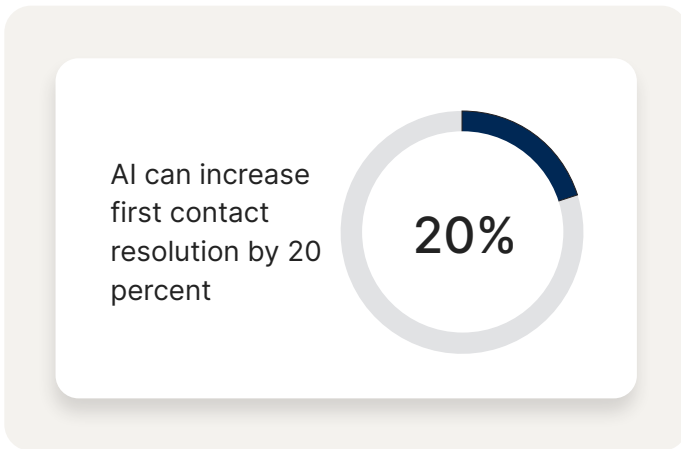
[8] Hyken, Shep. "ChatGPT: Concerns, Fears, and Opportunities," Forbes, July 2023.
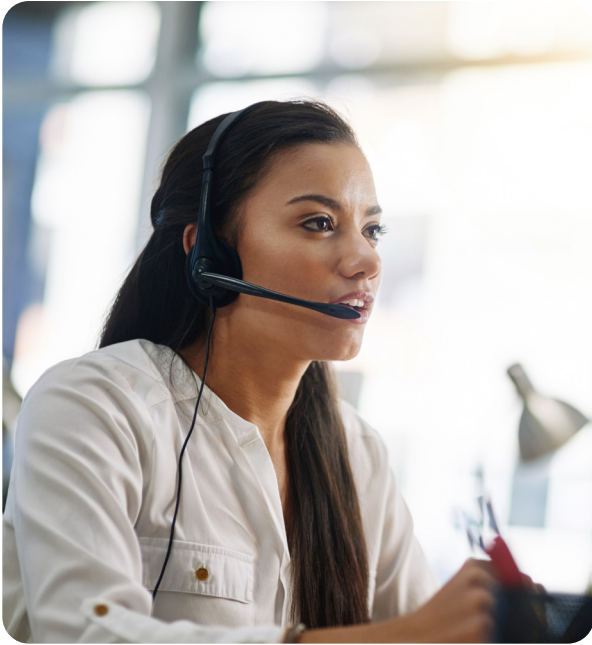
technology tools and features and can optimise their usage.

Customers: The same value of clear and upfront information comes into play. Send communication in multiple formats to customers that alerts them to anything about the CX that will change. Explain the benefits, timeline, and any other key details they need to know.

It is also helpful to phase in changes or integration activities to give customers time to adjust. For instance, you might offer customers access to "old" ways of doing things for a certain period of time.

The real power of AI service is the flexibility it provides. Customers can access service or support in whichever digital or interpersonal method they choose in a particular situation. Allowing customers to discover the ease with which they can use AI-enabled tools will go far toward helping them to embrace a new mindset about the value of AI.

Strategies to manage potential risks and pitfalls

As with any type of systemic change, there are risks and potential pitfalls to AI adoption. These risks primarily centre on your investment in technology infrastructure, training and support for employees, and customer acceptance of AI-driven service.

The first step to minimise these risks is a proper understanding of what you want AI to accomplish. AI is not something you can simply purchase and have success out of the box. List out the use cases where you believe AI can help. Define what a successful implementation looks like – increased first contact resolution, reduced handle times, etc.

Choosing the right partners and tools for your technology infrastructure is a key component of strategic planning. Work with a vendor that focuses on implementing the most current and impactful AI technology to meet the needs of customers across all industries.

Recognising the opportunity for growth and improvement

AI technology represents an opportunity for growth and improvement in your CX operations. To understand the true potential of AI, you must start by identifying the pain points in your current customer service operations.

The pain is real

Those pain points will vary from company to company, but here are some common ones that most businesses experience in their CX operations.

- **Inconsistent customer support:** In the absence of 24/7 support options through the channel of their choice, customers may encounter delayed response times that lead to poor CX.

- **Data overload:** Companies may have a great deal of customer data, but CX agents may struggle to access and analyse that data in time to provide personalised, highly relevant customer interactions.

- **High labor costs and high turnover rates:** Businesses in growth mode often experience the pain of trying to grow their CX capabilities without growing outsized costs. Because the turnover rate for customer service agents is high, training costs continue to increase.

- **Repetitive tasks that lead to burnout and agent inefficiencies:** Agents often spend much of their time on repetitive tasks that limit their ability to focus on solving complex customer issues.

AI: the cure for CX operations pain points

Each of these pain points (and many more) can be addressed effectively with the right AI solutions. Here's how:

- **24/7 support:** AI-enabled chatbots and virtual assistants can provide responses and support around the clock, ensuring customers have an open line of communication with your business no matter when or where they try to contact you.

- **Hyperpersonalisation at scale:** AI can sort through high volumes of customer data to understand past customer interactions through

all communication channels and even predict future behaviours. By serving up customer insights with unprecedented breadth and depth in a fraction of the time it would take humans to access that information, AI can be a powerful time-saver for real-time customer support.

- **Improved agent experience:** By providing agents with actionable insights at their fingertips and automating repetitive tasks, AI frees agents to work on value-added activities that promote agent engagement and satisfaction, which, in turn, increases agent retention.

Potential cost savings and operational efficiencies with AI

How does AI integration with CX stack up in terms of greater efficiency and cost savings? Here are a few ways AI ticks these boxes:

- **Reduced labor costs:** For businesses with constrained budgets, AI-powered CX automation reduces the need for a large customer support team. AI helps organisations make the best use of the agents they already have, helping them to increase their productivity and efficiency – all while helping the organisation to reduce hiring and training costs.

- **Affordable scalability:** AI-enabled CX solutions can easily scale to handle increased demand during peak times without triggering a need to hire more staff. This type of agility helps to ensure customer service quality, no matter what season or time of year it may be.

- **Data-driven insights that lead to smarter decisions:** AI also enables real-time data analysis, which helps companies identify and resolve issues quickly. By providing a holistic, in-depth look at customer data, AI enables agents to achieve first call resolution with confidence.

- **Proactive problem-solving:** Because AI can detect patterns in customer enquiries and behaviours, it can often accurately predict future customer behaviours and identify problems before they escalate. By enabling a proactive approach to CX, AI minimises the risk of customer dissatisfaction and churn.

Creating and implementing an AI-powered CX strategy

Integrating AI into your CX operations need not be difficult. At its essence, it's really a matter of following a few steps for success:

- **Align with business goals:** As is the case when you are integrating any new technology, your integration strategy should take into account your overarching business goals. Consider how you will use AI to move your business forward. Specifically, how will you use AI to enhance customer experience for your business?

- **Ensure organisational readiness:** Are all stakeholders aware of the benefits and potential challenges of integrating AI? Ensure you have strong stakeholder buy-in from the start. Identify any areas of resistance and develop strategies to address any concerns you anticipate encountering. Identify "cheerleaders'' among your staff who will champion the use of AI and work together to ensure a smooth implementation process and ongoing collaboration.

- **Define your roadmap:** Once you know where you're headed and who will make the CX transformation journey with you, it's time to look at the roadmap. Break the integration process down into manageable phases for complex integrations. In some cases, you may find that your AI technology vendor can easily handle the integration with minimal help from your team. Even if your integration requires a more hands-on approach, working with the right technology partner will smooth the road.

- **Start small:** To minimise risk and build confidence in your AI initiative, choose low-risk areas of your customer service operations in the beginning. For instance, deploy AI chatbots to handle routine enquiries. This is a low-risk application of AI, but it can yield rich results that encourage your team to move forward with more ambitious AI projects.

Measuring success and continuous improvement

You cannot improve what you cannot measure. So, put some thought into how you will determine if your AI project is successful. Here are some tips:

- **Choose your KPIs:** Metrics such as customer satisfaction (CSAT) scores, response times, first contact resolution rates and more, provide insights into AI's impact on customer interactions. Be sure to include operational metrics as well, such as cost savings and agent efficiency gains.

- **Gather feedback and iterate:** Once you have integrated AI into your CX operations, query customers and agents about their experiences with AI. Identify areas for improvement and iterate the technology based on real insights and learning from your pilot programme. Optimise the performance of your AI solution over time by continuing to monitor and adjust your strategies based on insights.

Gain a competitive advantage with AI in customer service

8 percent of businesses saw 20+ percent cost decreases from AI adoption in service

20%
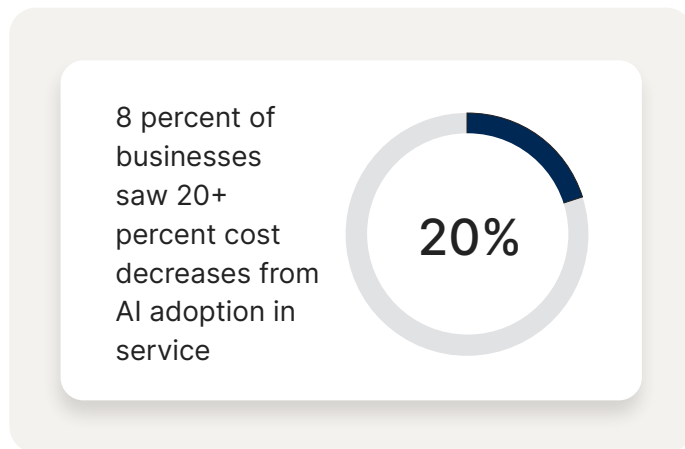
AI transforms customer service from reactive to proactive. At a time when 88% of customers say the experience a company provides is as important as its products or services, 62% expect companies to anticipate their needs, and 56% of customers expect all offers to be personalised to them[9], AI is no longer a nice-to-have. It is now a prerequisite for the kind of customer experience your customers require.

There's compelling evidence that, over the long term, AI adoption results in multiple benefits, including positive ROI. McKinsey's 2023 Global Survey[10] on AI revealed that 8% of businesses saw 20%+ cost decreases from AI adoption in service operations, and an additional 12% saw a 10-19% decrease in operational costs. The same study found that 10% of companies adopting AI in service operations experienced a 10%+ increase in revenue, and an additional 14% experienced a 6-10% revenue increase.

[9] "State of the Connected Customer, 5th edition," Salesforce, 2022.

[10] "The State of AI in 2023: Generative AI's Breakout Year," McKinsey & Company, August 2023.

The time to adopt AI-enabled customer service is now. RingCentral combines omnichannel customer engagement, business communications, and AI in a seamless solution for customers and employees. [Learn how to provide intelligent, connected, and personalised experiences](#) at scale today with RingCentral.

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