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Criteria for a Third-Generation Chat Solution



LIVEPERSON

Criteria for a Third-Generation Chat Solution

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Criteria for a Third-Generation Chat Solution

Executive Summary

Take Control of Your Ecommerce Site

Now that the Internet has evolved into a mainstream channel for doing business, ecommerce executives are seeking to apply to the online medium the best practices long relied upon by their brick-and-mortar counterparts.

Topping the list of best practices is visitor segmentation and targeting. Of all visitors who come to the online channel, who should be engaged? Are there behavior patterns that indicate certain visitors could be encouraged to make a purchase or increase their order size if engaged by a product specialist? If so, how can those visitors be identified and proactively targeted at the right time with the right message?

The same level of segmentation is required by the contact center. As customers flock to the Web in search of support for their products and services, enterprises need an automated way to assess who – of thousands of visitors on their site at any given time – will need personalized assistance in order to drive first contact resolution and ensure retention.

Today, the enterprise can assess how potential and current customers are responding to its Web channel in real time, and take steps to positively affect the outcome of online visitor sessions.

The LivePerson online engagement approach enables sites to target the right visitor at the right moment in order to encourage desired outcomes. Hot leads are matched with available agents who have the appropriate skill set to address visitor interests. When agent resources are limited, invitations are controlled, ensuring that productivity is maximized and visitors who are invited to chat are always served promptly.

These attributes may also be applied by the contact center to segment visitors who require personalized assistance from those who will successfully self-serve using a self-help tool. By providing targeted assistance to visitors who can't self-serve, the contact center can concentrate its resources on the one-off problem resolution that makes or breaks the loyalty of customers.

Criteria for a Third-Generation Chat Solution

The Role of a Third-Generation Engagement Platform

Online engagement requires a third-generation platform to deliver the results enterprises need to ensure success of their Web channel. Enterprises using the LivePerson third-generation engagement platform consistently realize:

- A 20 percent increase in online sales
- A 25 percent decrease in contact center operational costs
- Customer satisfaction scores above any other human-assisted channel
- Maximized agent productivity, far above the industry standard
- Improved first contact resolution
- Lowest cost of chat channel ownership in the industry

Chat Buyers Beware

Online chat continues to grow at record rates, with increasingly more businesses and consumers embracing the channel. While this is good news for ecommerce managers looking for fuel to justify the necessary expenditures to implement the channel on their sites, it should also serve as a warning to proceed with caution. The exploding market opportunity will encourage a great many technology players to add chat to their portfolio. But simply adding a chat channel to an existing platform won't adequately tap in to the true potential of chat, which must be measured by incremental increases in revenue, orders and customer satisfaction. Any chat solution that doesn't provide a strategy for delivering incremental contribution should be approached with concern.

Moreover, sales and service deployments require significantly different approaches. For instance, a service solution requires secure data integration with the enterprise CRM, inventory, billing and other supporting systems. Such systems contain data variables that enable the enterprise to identify and proactively target visitors in need of personalized assistance in real time. And because service deployments seek to assist at-risk customers and to eliminate frustration, it is essential that the targeting of visitors be tied to the availability of agents who have the right skill sets to address the visitors' concerns.

From assessment of specific behaviors that typically result in a poor customer experience, to the development of a rules-based methodology that assures important customers receive the assistance they need, service deployments are distinct from sales engagements. For this reason, contact centers must ensure that their online engagement provider has extensive domain expertise, earned through multiple implementations in service deployments, as well as a proven strategy for driving incremental cost savings, first contact resolution (FCR), customer satisfaction (CSAT) and retention.

Criteria for a Third-Generation Chat Solution

Focus on Incremental Contribution

Customer Aquisition

Why the focus on incremental contribution? As every ecommerce executive knows, online sales happen with the average conversion rate ranging between two and five percent. Self-servers are visitors who arrive on site with the intent to make a purchase.

It is all too easy for first and second-generation chat implementations to inadvertently interfere with self-servers. This occurs because most chat implementations use business rules to identify hot leads. Self-servers clearly have similar attributes as hot leads, which results in their being targeted for an engagement by first and second generation platforms. Targeting self-servers is a costly mistake, as agent resources are applied to visitors who will purchase on their own, thereby driving up the cost of sales unnecessarily.

Clearly, using business rules to identify hot leads is not enough to deliver on the true potential of chat. Rather, the engagement platform needs a comprehensive rules engine that can distinguish between self-servers and visitors who require the assistance of an agent, and direct agent resources exclusively on the latter. It also needs to recognize the behavior patterns that indicate a customer is about to abandon a shopping cart and present an engagement opportunity best suited for the individual visitor experience.

Such interactions will deliver incremental lifts in orders and revenue above what occurs organically on sites.

Customer Service

While incremental contribution for sales is measured by what happens on the site, service contribution is measured by what doesn't happen in the call center. A third-generation engagement deployment for service is focused on deflecting costly calls and emails to the contact center, and should be considered successful only if it demonstrates a significant decrease in contact volumes by problem type.

To achieve success, sophisticated business rules are deployed to target behavior that typically results in calls or emails to the contact center, and proactively invites the visitor to chat or speak with a customer care representative. For instance, business rules may be leveraged to proactively invite visitors to chat if they're unable to log in to an account, e.g., passcode reset call type. Likewise, visitors who search on 'cancel service' can be targeted for a chat or voice engagement with a customer care specialist, who can answer questions, explain products or offer alternatives to the visitor.

This paper reviews the three generations of chat, and explores the criteria essential for achieving sizeable and sustainable incremental lift while optimizing agent productivity and ongoing costs.

Criteria for a Third-Generation Chat Solution

Three Generations of Chat Technology

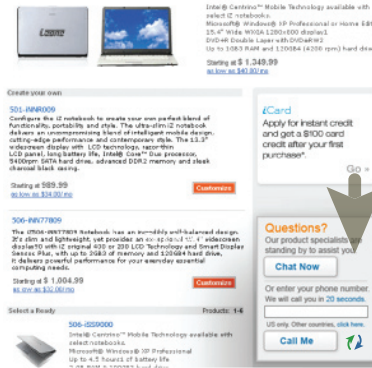
There are three generations of chat technology, each of which enables sites to engage visitors online in real time. The commonalities, however, stop there. This section examines the technology behind each generation, along with their benefits, opportunities and limitations.

Static



Button is always visible and can indicate agent online or off-line status.

Dynamic



Button is only visible when agents are available and for specific visitors.

Proactive



Triggered by an intelligent, user-friendly rules engine, enables agents to proactively engage with visitors at critical moments.

1st Generation

2nd Generation

3rd Generation

- Active Rules
- Comprehensive Predictive Dialer
- Rules Engine Controls Multi-Channel
- Active Analytics (Real-time Data Mining)
- Advanced Reporting on Incremental Contribution
- Domain Expertise for Program Optimization

Each generation of chat provides a progressive level of benefits for the enterprise. On the lower levels, emphasis is on reactive service engagements. Higher levels support sales-oriented deployments, with proactive engagement and effective targeting offering the best opportunities for incremental contribution.

Criteria for a Third-Generation Chat Solution

First-Generation Chat Platform

First-generation chat is essentially a static, reactive channel: Retailers place a click-to-chat button on their Contact Us and Customer Service pages and wait for visitors to initiate a dialogue.

Sites that use first-generation platforms successfully are likely to have less than five hundred unique visitors per day, and engage somewhere between .03 and .05 percent of their online visitors. Chats are often handled by the business owner.

First-generation platforms are unable to tie the availability of its click-to-chat button with the availability of agent resources. In short, the chat channel is always on. For higher volume sites, an 'always-on' chat button will flood a company with inquiries and require over-staffing to support desired service levels. Failure to increase staff levels runs the risk of frustrating visitors with unacceptably long wait times to begin a chat.

Inbound-only implementations predominantly attract any customer who sees the button, which increases the risk of driving incremental contact volume for no strategic reason. Without the ability to leverage rules to target the right kind of sales or service opportunity, the chat operator spends very little time discussing product options, converting visitors into customers, or solving the problems of a customer truly in need.

Even if customer care is the primary goal for chat implementation, an inbound-only approach can be problematic. Inbound-only deployments do not allow site owners to reserve their chat resources for high-priority visitors (those for whom an engagement is essential to ensure customer retention). Chat agents simply respond to the visitors who initiate the engagement.

That said, visitors who chat are highly satisfied with the experience, and chat is certainly a cost-effective alternative to providing support via toll free numbers.

For enterprises with goals of increasing sales, average order value, first contact resolution and driving cost efficiencies, a first-generation chat platform will not provide the required functionality to meet their needs.

Overview of First-Generation Chat

Engagement Strategy

- Service: Inbound on Contact Us pages or click-to-chat buttons
- Sales: Passively supports visitors in selection and conversion

Engagement Approach

- Outbound: 0% of interactions
- Inbound: 100% of interactions
- Total Contact Volume: 0.3%-0.7% of site traffic

Program Success Criteria

- Sales: Customer Satisfaction
- Service: Customer Satisfaction, Service Level Adherence

Criteria for a Third-Generation Chat Solution

Second-Generation Chat Platform

Second-generation chat platforms allow sites to break out of an inbound-only channel and focus efforts on targeting specific visitors.

Second-generation solutions offer a few options for visitor engagement, including:

- Click-to-chat buttons on high-priority pages
- Simple rules to invite visitors to chat proactively, e.g., send invitations to visitors who linger on a specified page for more than a minute.

Consequently, second-generation chat platforms will increase the percentage of visitors engaged to .05 to 1.0 percent of sites daily visitors.

For sites that receive high volumes of traffic, second-generation engagement platforms are not without drawbacks. To begin, the simplicity of the rules used to target visitors means that many self-servers in a sales deployment will inevitably be targeted, increasing the cost per interaction as well as limiting the enterprise's ability to reserve chat resources for those visitors who will benefit from them most.

Moreover, second-generation platforms use static rules, where logic downloads to the visitor's browser upon page load, rather than pinging the server at regular intervals to test for agent availability. This hinders the ability to control invitations based on agent availability – essential to assuring a positive customer experience. For high-traffic sites, the result can be long wait times for visitors who have accepted an invitation to chat, as well as poor agent productivity as measured by chats-per-hour and orders-per-hour.

Second-generation solutions still have a place in the market. Such solutions are perfectly suited for sites that receive small to moderate traffic. In fact, LivePerson provides several second-generation solutions to small and mid-size businesses. However, for sites that receive 10,000 visitors a day or more, second-generation solutions will not deliver desired results.

Overview of Second-Generation Chat

Engagement Strategy

- Sales: Actively support visitors in selection and conversion
- Service: Inbound channel dynamically controlled

Engagement Approach

- Outbound: 25% of chats
- Inbound: 75% of chats
- Total Contact Volume: 0.5%-1% of site visitors

Program Success Criteria

- Service: Customer Sat, Service Level Adherence
- Sales: Increases in Conversion Rates, Average Order Value, Customer Delight

Criteria for a Third-Generation Chat Solution

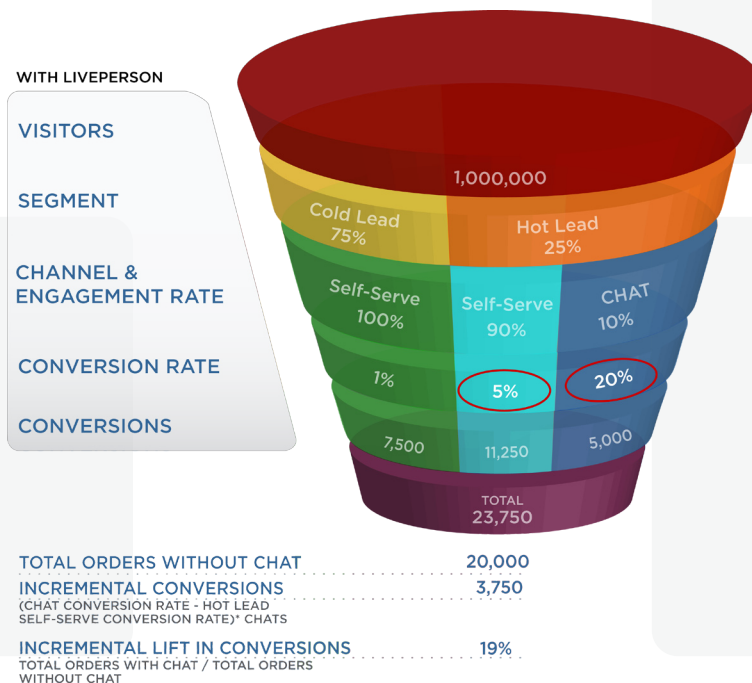
Third-Generation Chat Platform

A third generation of engagement, led by LivePerson, has emerged. This generation is distinguished by its emphasis on incremental contribution, as measured by:

- Provable increases in total orders, revenue, FCR, CSAT, customer retention, and lower cost per contact
- Targeting of higher volumes of qualified leads, opportunities and at-risk customers
- High agent productivity, as measured by chats and orders per-hour-worked
- High service levels, as measured by wait time and abandonment rates
- Proactive deflection of costly phone and email contacts to the economical chat channel to lower the total cost of acquisition and support.

These results stem from the very design of the third-generation chat platform, and the unique manner in which it:

- Identifies and segments visitors into cold lead, hot lead and self-serve categories in sales deployments
- Targets contact types, e.g., passcode reset calls, in service deployments
- Maximizes agent productivity by targeting only those visitors most likely to benefit from an engagement, i.e., hot leads who are not self-servers, or visitors exhibiting frustrated behavior with a self-help tool
- Measures outcome and reports on results in order to adapt to changing market conditions and optimize the initiative



LivePerson segments visitors based on their propensity to make a purchase, i.e., "hot-lead." The engagement platform further segments visitors who will self-serve from those who will not, and focuses agent resources on visitors most likely to benefit from an engagement. In this example, a LivePerson telecommunications customer achieved an incremental 19 percent lift in conversions.

Criteria for a Third-Generation Chat Solution

Determining Whom To Engage for Incremental Lift

Customer Acquisition

In order to target incremental opportunities, it is essential to segment visitors into cold leads, hot leads and self-servers. To accomplish this, LivePerson tracks conversion rates of all visitors who exhibit similar behavior patterns, regardless of whether or not they're invited to chat and are engaged by an agent. Doing so allows LivePerson to determine the visitor profiles that will have higher conversion rates if engaged by an agent. LivePerson then applies active rules to monitor and target visitors who fit those profiles.

It's important to note that high-potential visitors may not exhibit hot-lead behavior patterns initially. Knowing if and when to segment visitors into the hot-lead category requires continuous monitoring throughout the visitor session. LivePerson's active, server-based rules track visitors through their entire session, not just at the start, as second-generation platforms do, which greatly increases the number of qualified leads delivered to the agent pool.

With Active Analytics, LivePerson delivers the online experience most likely to satisfy each unique visitor, thereby driving incremental orders, revenue and customer satisfaction. How? With each action or inaction, website visitors provide clues about their true goals. Active Analytics tracks these clues, and applies a score to each behavior based on observed historical patterns.

By paying close attention to those clues and tallying the scores of visitors on a continuous basis, Active Analytics is able to rank order available visitors based on the propensity of an engagement to result in a desired outcome.

In technical terms, Active Analytics uses predictive modeling of historic data to generate a model and applies it to score visitors in real time. The significance lies in the self-learning modeling process, and hence, requires no manual supervision. As visitor trends evolve, so do the models that target visitors for an engagement.

By inviting the visitors with the highest score first, the enterprise can maximize the number of conversions with the lowest human resource investment.

Customer Service

As stated earlier, success in a service deployment is measured by the number of telephone calls and emails to the contact center that are deflected. Cost per interaction is a key metric in service deployments.

A third-generation platform measures total cost savings by comparing key contact center metrics 'before deployment' and 'after deployment.' For instance, it compares the phone and email volumes that are targeted in proactive chat to measure how much of that volume is deflected to the chat program. At the same time, it compares costs by contact type in all channels, and defines savings as the difference between costs by contact times the number of customers deflected to chat.

By reviewing both costs and contact channel volumes before and after program launch, LivePerson is able to validate a more economically efficient contact channel.

- Provable increases in total orders and revenue at a lower cost per contact
- Targeting higher volumes of qualified leads and opportunities
- Decreases the number of calls and emails to the Contact Center

Criteria for a Third-Generation Chat Solution

Comprehensive Agent Availability Engine

While the goal of all online engagement initiatives is to target as many hot leads and contact types as possible, the number of engagements offered must be tied to the number of qualified agents available to assist those visitors.

To achieve this goal, LivePerson's third-generation platform provides an engine that evaluates agent availability and sends invitations to hot leads only when agents are immediately available to engage with them. In the event that there are more hot leads or priority contact types than there are agents, the predictive dialer limits invitations. As more agents become available, more invitations are sent. This approach enables sites to enhance visitor experience by eliminating unacceptable long wait times. Equally important, it maximizes agent utilization (which represents the bulk of the ongoing costs of the chat channel).

Such maximization is a significant differentiator between the generations of chat platforms. Only the third-generation platform enables site owners to keep agents fully utilized and manage the visitor experience simultaneously. These attributes increase agent productivity and lower the cost of acquisition.

Multi-Channel Engagement

Offering multiple channels for communication enables enterprises to engage with visitors using the channel most appropriate for the issue at hand. For example, visitors whose online behavior indicates their intent to cancel service are best handled by voice interactions, and should be presented with a click-to-talk invitation. Visitors who search an FAQ knowledgebase are clearly comfortable with the Web channel, and should be presented with a click-to-chat invitation if their behavior indicates they're not finding the answers they need. LivePerson's rules engine ensures that each visitor receives an invitation to engage with an agent using the appropriate channel.

LivePerson's third-generation platform delivers all visitor interaction details to the agent prior to the start of the chat or call, giving the agent instant insight into the visitor's issues. As a result, the agent is positioned to address the visitor scenario immediately, and visitors are spared the burden of 'starting over from the beginning.'

- High agent productivity, as measured by chats and orders per hour worked
- High service levels as measured by wait time and abandonment rates

Criteria for a Third-Generation Chat Solution

Sophisticated Rules Engine

A centerpiece of the LivePerson third-generation platform is its sophisticated rules engine, which uses “if-then-else” logic and infinite variables to target complex visitor behaviors. Business rules are essential for delivering the incremental sales and service contribution, as they enable the solution to differentiate hot leads from self-servers, as well as track visitors who convert to hot leads during their session.

The rules engine enables contact centers to optimize resources by deflecting a greater number of email and phone contacts. Rules can be used to identify and target customers who are likely to abandon a self-help tool or bypass it altogether.

The screenshot shows the configuration for a campaign rule. The rule is named "Upsell Current Customers" and is currently "Enabled". The description is "Offer credit card account to checking account customer". The rule type is "while visitor is logged in". The campaign/initiative is "Upsell Credit Card" and the segment is "consumer".

Conditions:

If All of the following conditions are true:	
Visitor's current page is /view-accounts/	Edit Delete
Visitor clicks on /personal/cards	Edit Delete
Add Condition	

Actions:

Then perform these actions:	
Set visitor as hot lead	Edit Delete
Send proactive chat invitation	Edit Delete
Add Action	

Stop processing after this rule

Buttons: Update All, Cancel, Reorder Actions

Business rules focus on delivering incremental orders and revenue. For instance, this rule demonstrates how a financial institution leverages proactive invitations to target visitors who log in to their checking accounts to pay bills, and then click on a credit card page.

Using LivePerson Enterprise, EarthLink identifies and engages visitors most likely to abandon self-help or call for assistance and proactively offers an immediate, text-based live chat with a customer support expert.

The screenshot shows the EarthLink website with an "EARTHLINK ONLINE CHAT" window overlaid. The chat window contains the message: "Hi, this is EarthLink Customer Support. If you would like to receive live help from a support agent, click 'Chat Now'." The website background shows navigation links, a search bar, and various service options like "Dial Up Internet Access" and "Consumer Accounts".

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Measure Outcomes and Report on Results

To ensure ongoing success, every event that occurs within the engagement initiative must be planned, tested, executed, measured and assessed on a continuous basis in order to achieve desired performance levels.

LivePerson Professional Services is responsible for tracking and maximizing customer performance, leveraging a value-based methodology that includes:

- Scorecards to measure performance trends, incremental value, and operational cost savings
- Rules analysis to ensure each active rule is driving incremental value
- Domain expertise to execute all changes required to optimize performance
- A hands-on account management approach, coupled with an extensive array of programs to optimize the enterprise's implementation.

METRICS	WEEK 1	WEEK 2	WEEK 3	WEEK 4	MONTHLY
SITE METRICS					
Site Visitors	2,834,978	2,698,441	2,645,671	2,444,038	10,623,128
SELF-SERVE METRICS					
Conversion	38,740	37,097	41,768	40,275	157,880
Conversion Value	676,777.49	632,138.06	709,997.53	756,988.18	\$2,775,901
Average Conversion Value	\$17	\$17	\$17	\$19	
Site Conversion Rate (CR)	1.4%	1.4%	1.6%	1.6%	1.5%

LIVECHAT METRICS (Sales Funnel In Chat)					
Hot Leads	677,588	641,901	628,171	585,515	2,533,175
Hot Lead Rate (HL)	24%	24%	24%	24%	24%
Invitations	498,097	498,575	483,192	455,138	1,935,002
Invitation Rate (IR)	74%	78%	77%	78%	76%
Proactive Accepted Invitations	40,656	40,766	40,867	39,252	161,541
Proactive Acceptance Rate (AR)	8.2%	8.2%	8.5%	8.6%	8%
Total Interactive Chats	35,241	36,666	36,898	35,662	144,467
Chats as % of visitors	1.2%	1.4%	1.4%	1.5%	1.4%

LIVECHAT METRICS (Revenue Generation Metrics)					
Total Chat-Assisted Conversions					
Converted Orders	5,466	5,611	6,165	6,144	23,386
Total Chat-Assisted Conversion Rate (CR)	15.5%	15.3%	16.7%	17.2%	16.2%
Hot Lead Self-Service					
Converted Orders	40,580	38,738	43,492	41,155	163,965
Sessions	642,791	605,745	591,791	550,393	2,390,720
Hot Lead Self-Service Conversion Rate	6.3%	6.4%	7.3%	7.5%	6.9%
Incremental Lift					
Incremental Conversions	3,180	3,158	3,345	3,385	13,069
Incremental Conversion Rate	9.0%	8.6%	9.1%	9.5%	9.3%

LivePerson Professional Services continuously monitors the performance of the online engagement initiative by tracking key performance indicators and metrics. This intelligence is used to optimize the program, ensuring incremental contribution goals are achieved.

Criteria for a Third-Generation Chat Solution

Third-Generation Platform Total Cost of Ownership

LivePerson's third-generation platform offers a significantly lower total cost of ownership when compared to its predecessors:

Customer Acquisition

- Four to five times more incremental orders and incremental revenue
- Factoring the total investment of the sales program (including agent headcount, technology and the cost of ongoing optimization programs), LivePerson is two to four times less expensive when comparing cost per incremental acquisition and incremental revenue per dollar invested

Customer Service

- 20 percent improvement in agent utilization
- 25 percent decrease in customer support costs for the specific contact types in scope

TELECOMMUNICATIONS INDUSTRY EXAMPLE

METRIC	2ND-GENERATION SOLUTION	3RD-GENERATION SOLUTION
Chat Wait Time	90 Seconds	19 Seconds
Sales Conversion	11.4%	14.9%
Customer Sat	70.25%	78%

A leading telecommunications provider upgraded from a second to a third-generation solution and now enjoys incremental conversions and customer satisfaction. The predictive dialer of LivePerson's third-generation solution has reduced customer wait time by more than two-thirds.

METRIC	2ND-GENERATION SOLUTION	3RD-GENERATION SOLUTION
Agent Utilization	78%	90%
Agent Concurrency	1.7%	2.2%
Cost/Chat	\$2.55	\$1.95
Customer Satisfaction	80%	89%

A telecommunications provider replaced a second generation platform with a third-generation solution in order to improve its customer service efforts. Satisfaction rates rose significantly, while the cost per interaction is less than half of what it was using the second-generation platform.

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HIGHER EDUCATION INDUSTRY EXAMPLE

METRIC	2ND-GENERATION SOLUTION	3RD-GENERATION SOLUTION
Enrollments via Web	83	150
Incremental Revenue Resulting from Chat	\$373,500	\$675,000
Number of FTE Required to Support Channel	6.2	4.08

A higher education institution replaced its second-generation chat with LivePerson's third-generation solution, which generates a greater volume of high quality online visitor interactions. As a result, overall enrollment has increased, yet the cost per enrollment declined by a factor of four.

Customer Spotlight

Retail

An online retailer receives two million visitors each month. Sophisticated business rules target visitors in both sales and service scenarios.

Upon upgrading from a first-generation to LivePerson's third-generation solution, this retailer has realized the following results:

- Chat channel contributes 14 percent of the retailers gross revenues per month; three-quarters of that revenue is incremental
- Incremental lift in chat-ssisted conversions: 3x
- Chat-assisted incremental orders convert with 60 percent higher AOV than self-serve
- Agent utilization increased by 35 percent, and increased to 1.7 concurrent chats

Financial Services

A financial services provider replaced its second-generation platform with LivePerson's third-generation solution to offer customer service to its clients proactively. The financial services company has realized the following results:

- 50% year-over-year reduction in phone based password reset transactions handled
- 68% of customers chatting completed a customer exit survey
- 95% 'Top Two Box' CSAT (exit survey measured)
- 90% first contact resolution (as measured by customer exit survey question)
- 78% deflection rate from phone channel (70% phone / 8% email) as measured by customer exit survey question asking customers "Before today, how would you have contacted us for support?"
- Chat agents handling 18 contacts per labor hour, versus 9.5 contacts handled via phone channel (90% increase in productivity per labor hour)
- Cost/chat interactions are roughly half the cost of similar phone interactions

Criteria for a Third-Generation Chat Solution

Criteria for Comparing and Selecting Providers

Below is a starting point for ecommerce and contact center executives to ask of all the providers they're considering. The goal is to ensure the vendor is capable of meeting third-generation criteria, and thereby deliver on the true value proposition of chat: Incremental lift with optimal agent productivity. A complete list of criteria is available from LivePerson. To request a copy, please send an email to info@liveperson.com.

ROI

How is return on investment measured? In sales scenarios, ROI cannot be clearly identified without:

- Measuring incremental orders and revenue
- Accounting for total investment

Individual components of the investment, e.g., technology, support, may vary by vendor, so it is important to review overall cost factors against the incremental results achieved.

ROI measurement criteria should include total and incremental orders and revenue, as well as incremental gross profit. Investment criteria should include agent headcount, the cost of the technology, as well as ongoing optimization programs.

In a service scenario, ROI cannot be clearly identified without measuring:

- Agent labor hour efficiency
- Reduction in waiting costs
- Total investments

Measurement criteria for service scenarios should include reduction in total contacts, lower costs per contact, increases in both labor hour efficiency and customer satisfaction, and a reduction in total call center labor costs.

Domain Expertise

What kind of resources and programs will the vendor provide to ensure solution performance?

New online channels for use in sales and service scenarios require experienced resources to ensure critical mass is achieved (technology deployment and user training are not enough). Established and proven services programs are often a reflection of experience and maturity in the market.

Agent Productivity

Does the solution offer an availability engine that ties invitations to agent availability? If not, how does the solution manage the visitor experience to avoid sending invitations when agents are not available to engage targeted visitors? If yes, how does it assess agent availability?

An availability engine should use algorithms to compare agent availability, queue length, concurrent chat capability and average handling time. The goal is to maximize the number of visitors engaged while minimizing abandonment due to long wait times.

As well, does the solution provide the ability to route contacts based on specific skills? Can the skills-based routing functionality perform with both rules-based and pre-chat survey inputs?

Criteria for a Third-Generation Chat Solution

Comprehensive vs. Basic Rules

Describe and show how business rules work, including how they target visitors using multi-variable rules. How are rules used to ensure agent efficiency?

Targeted rules that use “if-then-else” logic and infinite variables are able to target complex visitor behaviors — an essential criterion for eliminating self-servers from the engagement funnel. Comprehensive capability is also an indication of deep domain expertise and an understanding of the cause/effect relationship of online behavior.

Rules Deployed on Secure Server vs. Visitor Brower

Do business rules reside on the company’s secure server or are they downloaded to the visitor’s browser?

With browser-based rules, the logic sits on the visitor’s browser, not on the server of the company or vendor. Rules residing on the visitor’s browser appear to offer a lower cost of ownership; however, their inherent limitations will curb the potential for incremental lift. Server-based rules track visitors throughout the site and compare visitor behavior to business rules for hot-lead triggers throughout the entire session.

Active vs. Static Rules

How often do business rules “ping” servers to assess agent availability?

Visitors don’t necessarily exhibit hot-lead behavior right away. An active rules engine that continuously monitors visitor behavior is required to target visitors based on certain actions on specific pages, or across multiple pages or custom variables.

Risk Sharing

Does the vendor offer a strategy for sharing risk if the enterprise is new to the chat channel? How is the fee structured?

In a pay-for-performance model, the vendor shares in the risks and upfront costs by managing it as a turnkey sales and customer acquisition channel. The vendor also assumes ongoing responsibility for providing qualified and highly trained sales agents, and ensuring program goals are being met. Fees should be commensurate with the program’s overall performance, as measured by incremental contribution goals established by the client.

Real-Time Data Mining

For sites with high traffic, can the outcomes of previous visitors be used to score and compare current site visitors? Can the solution prioritize invitations based on “score?”

Real-time data mining engines offer a regression-based scoring algorithm to rank hot leads and prioritize them in the order in which they receive invitations. Well defined invitation strategies and technologies will further develop incremental business results by increasing overall uplift, upsell and cross-sell opportunities, as well as average order value.

Performance Trending

Does the vendor employ a methodology to identify trending and determine net contribution of the program?

Weekly revenue reporting is a standard approach to address macroeconomics, seasonality and marketing programs that may affect sales. Weekly cost savings reporting enables operations to measure areas of performance optimization to drive increased efficiencies and additional benefits. Vendors should offer a standard and consistent report card to measure business contribution over time.



Criteria for a Third-Generation Chat Solution

Conclusion

The online channel continues to experience impressive growth, both as a sales engine and as a method for delivering customer care. Forrester Research reports that, within the United States alone, the channel brought in over \$175 billion in revenue, and is expected to add roughly \$30 billion in revenue every year over the next five years. At the same time, the Web is quickly becoming the consumer's channel of choice for receiving customer care. Whether they need to check bank balances, manage phone service, upgrade a cable package or inquire about frequent flyer miles accumulation, people expect to find the information they need upon visiting their provider's website.

While live chat technologies clearly help enterprises increase sales and deliver superior customer service, it is equally apparent that a vast number of sales and self-help events will happen as a result of the channel's rising popularity. When implementing an online engagement solution, therefore, enterprises must ensure that the initiative steers clear of visitors who are self-servers. In short, the conversion solution must focus entirely on incremental sales, average order value, first contact resolution and customer satisfaction.

Ensuring incremental contribution requires a solution that is able to leverage sophisticated rules to identify the right visitor to engage at the right time in order to drive the desired outcome. Equally important, it must deliver the tools to ensure agent time, effort and resources are fully maximized. If these objectives are met, the organization will lower its total cost of ownership for the online engagement solution.

LivePerson has built its third-generation solution from the ground up with these principles in mind, and as a result, delivers four to five times more incremental orders and incremental revenue over any first or second-generation solution. When factoring in the total investment of the program, including agent headcount, the technology, and ongoing optimization, LivePerson is two to four times less expensive than any of these solutions when comparing cost per incremental acquisition and incremental revenue per dollar invested. In service scenarios, a third-generation platform offers a 20 percent improvement in agent utilization, along with a 25 percent decrease in customer support costs for the specific contact types targeted by the deployment.

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