

SMBs Excel at Customer Service (And They Can Charge For It!)

Thanks In Part to Unified Communications Tools

June 2011

Overview

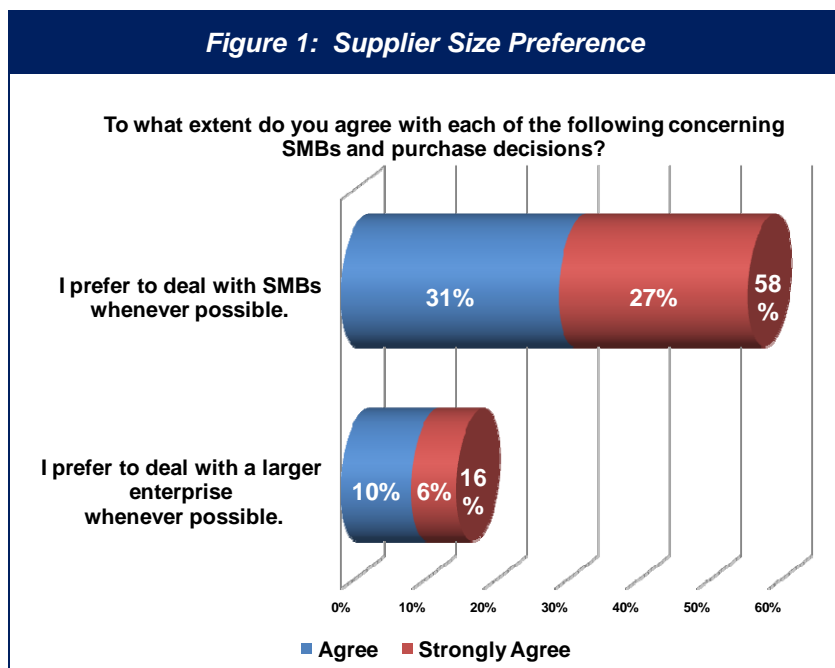
An “anything goes” approach to conducting business has come about in today’s digital age. Businesses large and small have the Internet, social networking sites, mobile channels and many other flexible electronic tools at their disposal. Such tools allow them to engage with their customers in ways that best match the unique needs of their particular industry and their clientele’s preferences.

The tools also help beef up business responsiveness and often create the favorable impression that smaller businesses have more resources than they actually do. Automation helps scale the business and support capabilities beyond what once required exponential increases in human resources and capital outlay.

In other words, interactive Web sites and a worldwide digital reach make it possible for small businesses to offer a level of customer service and fulfillment that only the largest companies once enjoyed. In a digital marketplace, unified communications (UC) plays a fundamental role in automating processes and allows smaller businesses to scale their expertise with far fewer resources.

These advances lead to productivity increases and commensurate cost savings. A hypothetical company with 50 knowledge workers, for example, conservatively could recover a time value of close to \$1 million (\$942,500), as calculated in a companion Webtorials report, “[2011 Report on UC and Cloud-Based Services for SMBs.](#)”

Figure 1: Supplier Size Preference



In fact, recent research conducted by Webtorials of more than 300 small and medium-sized businesses (SMBs)¹ in the spring of 2011 indicates that, generally, consumers prefer working with smaller businesses than with large enterprises (Figure 1).

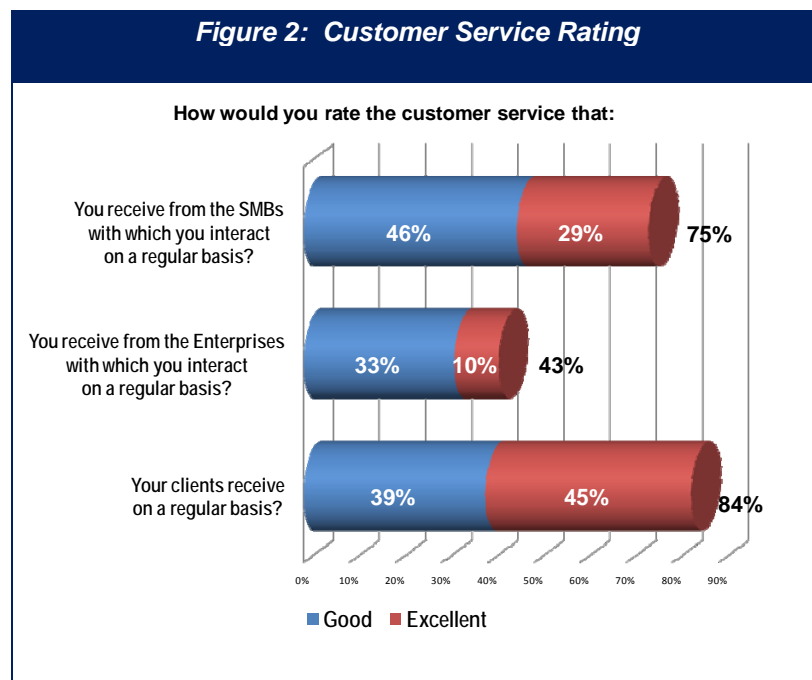
Respondents to a survey about trends in business-customer relationships and communications indicated a significantly greater preference to deal with SMBs (58%) than with the larger organizations (16%). The percentages reflect the portion of respondents who “strongly agreed” or “agreed” with a preference to use suppliers of the respective sizes “whenever possible.”

Whether the preference for SMBs is due to perceptions of these organizations as less bureaucratic and more nimble than their enterprise counterparts can't be specifically determined from the study. But what is clear is that respondents consider customer service from SMBs to be better than the service they receive from enterprises. Seventy-five percent (75%) of respondents gave positive customer service rankings to the SMBs they do business with regularly; 46% ranked service as “excellent” and 29% ranked it as “good.”

Compared to SMBs' overall 75% positive ranking, just 43% gave enterprise customer service the same “excellent” or “good” rankings.

Also, respondents generally described the customer service provided by their own SMB employers favorably. Interestingly, they ranked themselves as providing a greater level of excellence than the SMBs with which they do business; 84% ranked their own companies as having excellent or good customer service, compared to the 75% who ranked other SMBs the same way (Figure 2).

Figure 2: Customer Service Rating



¹ Survey base comprised individuals working in SMBs that are customers or prospective customers of report sponsor Fonality Inc. For purposes of this research, SMBs were defined as companies of 11 to 500 employees; large enterprises were companies with more than 500 employees. About 90% of respondents worked for companies employing fewer than 100 employees, so responses have been weighted to reflect that. Respondents answered questions both as customers of other businesses and about their perceptions of their own companies' customer service levels.

Positive perceptions are often tied to the sophistication of an organization's ability to communicate with customers, the degree of personal or custom attention that the supplier is able to provide and the delivery of consistently smooth customer experiences.

UC assists in all these areas by integrating voice and text communications, messaging, mobility, location information and other capabilities. The result is an ability to tap relevant customer information and then quickly assist customers, communicate with them and close a transaction with simply a click or two – or to enable customer self-service when appropriate and desired.

Like many technologies today, UC can be implemented on-premises, in the cloud as a hosted service or in a hybrid manner, using both models.

Key Findings

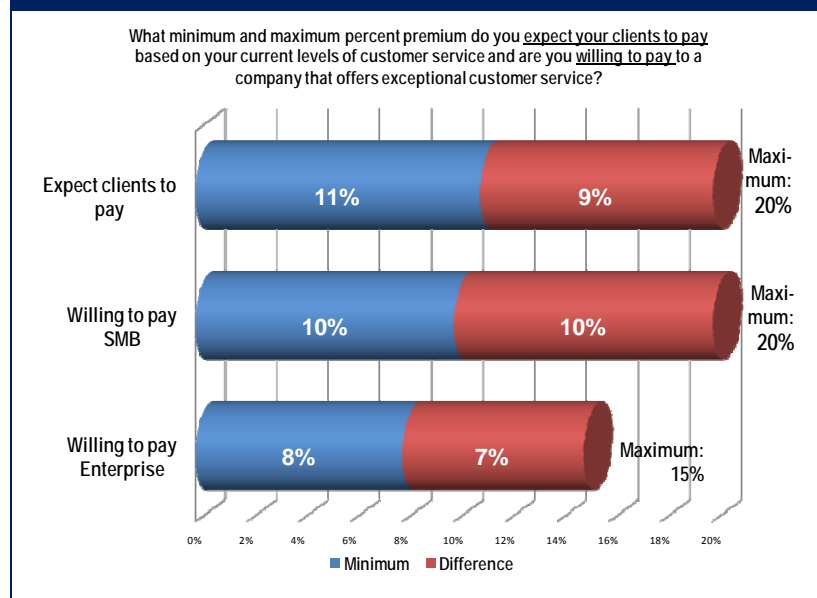
Specifically, the survey findings revealed the following customer service trends in SMBs as they relate to UC:

- Consumers will pay a premium for good service from SMBs (Figure 3). UC is a fundamental path to delivering responsive and well-informed service.

- There is a significant trend among the companies surveyed to use voice over IP (VoIP) and UC to save money and electronically expand skills sets across locations for improved customer service.
- Respondent companies are using a mix of premises-based UC equipment and cloud-based UC services, and their organizations' strategies often depend on company size.

Let's take a closer look at each finding and what it means for small businesses and their ability and willingness to leverage UC to their business advantage.

Figure 3: Customer Willingness to Pay a Premium for Exceptional Service



Putting a Price on Service

There are some things you can't put a price tag on, but apparently good customer service isn't one of them. Respondents indicated a surprising willingness to pay a significant premium for exceptional customer service, particularly when doing business with SMBs. On average, respondents said they would pay a maximum premium of 20% for exceptional service from SMBs.

They also indicated a willingness to pay a premium to larger enterprises. However, the average cap they were willing to pay to the bigger companies was less by a fourth: an average maximum of just 15%.

Investing in a "pay as you go" UC cloud service or in UC software, if implemented properly, could thus pay big dividends for smaller businesses. In return for a relatively small monthly regular fee for which they can easily budget, smaller businesses gain the tools that will allow them to not only service customers in a more personal, granular way but also to charge a hearty premium for that service.

Figure 4 Percentage Cost Reductions Realized using UC Services in Contact Centers²

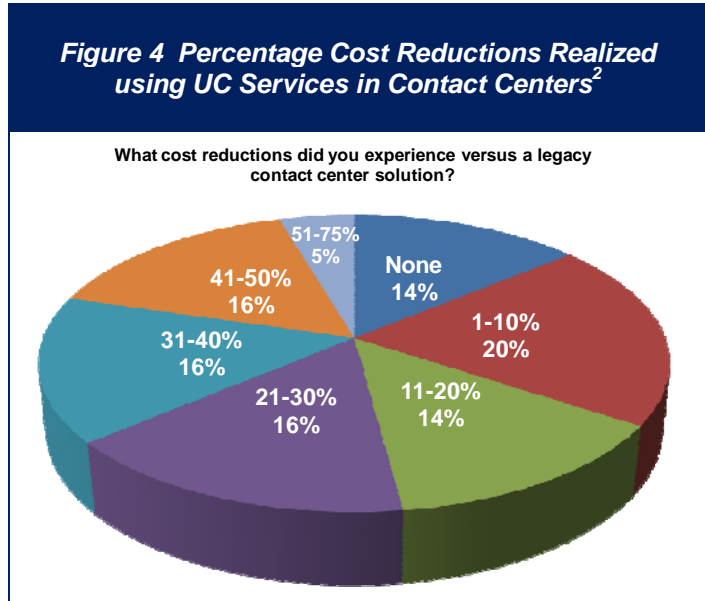
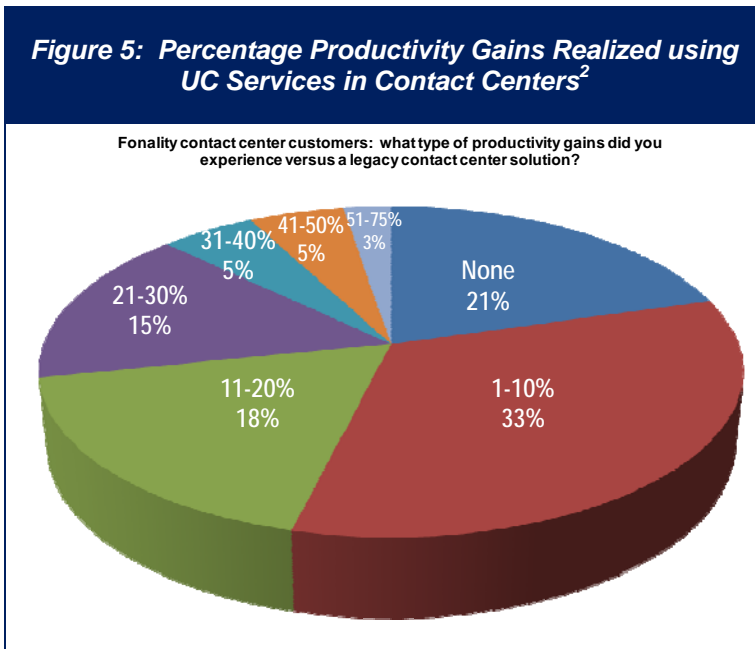


Figure 5: Percentage Productivity Gains Realized using UC Services in Contact Centers²



The SMBs surveyed are turning in large numbers to VoIP and UC to save money and electronically expand skills sets across locations for improved customer service. For example, 80% of respondents were either already leveraging VoIP to reduce operating costs and enhance their contact centers or anticipated doing so within the next 12 months.

Sixty-four percent (64%) were using or planning to use UC to integrate voice, email and chat communications. And using skills-based routing to stretch existing expertise in contact

centers was already in use in 57% of SMBs. Another 21% said they plan to extend skills in this manner.

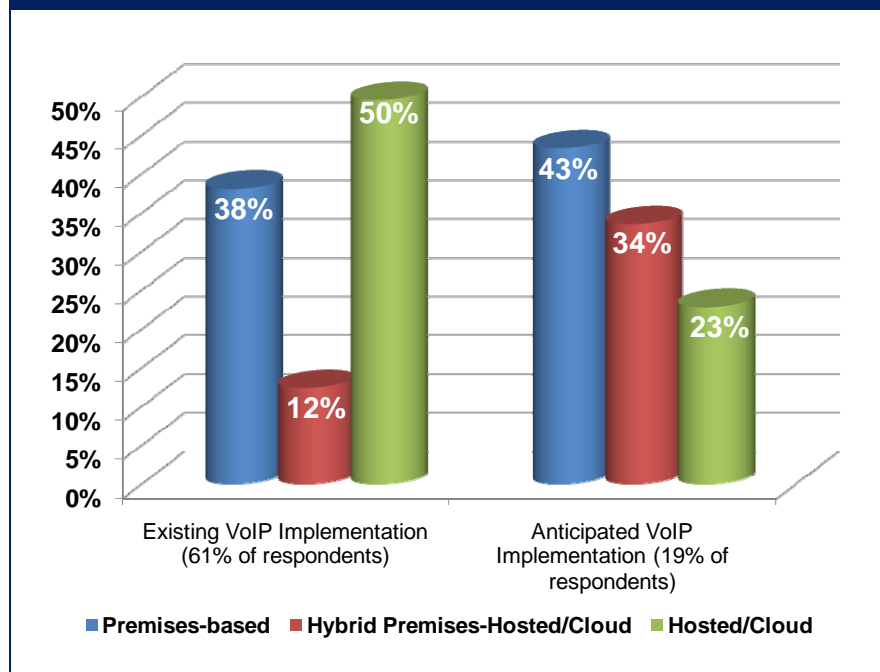
The payoff? Those SMBs that ran contact centers ranked their cost reductions and productivity gains with UC services.² Over half of the respondents (52%) cited savings of 20% or more, and almost half (46%) reported productivity gains of more than 10% (Figures 4 and 5).

The Cloud vs. the Premise

Because of typically smaller budgets, limited skill sets and a smaller return on investment (ROI) with large capital expenses, SMBs are prime candidates for using hosted and cloud services, rather than purchasing, installing and maintaining complex IT solutions themselves.

Those with existing VoIP implementations, interestingly, showed a far higher percentage of using the buy-it-rather-than-build-it services approach compared with those who anticipated VoIP implementations but hadn't deployed them yet (Figure 6).

Figure 6: Where Does / Will your VoIP Implementation Reside?



Perhaps one reason is that while “rolling your own” sounds good in a strategic plan, smaller businesses are finding it in practice to be too much of a financial and operational burden for limited IT staffs and end up turning to services instead.

² Respondents who identified themselves as contact center UC customers of survey sponsor Fonality, Inc.

Conclusion

Smaller businesses are catching up with larger enterprises in being able to reap greater economies of scale that put them on a level playing field with their bigger counterparts. What's driving their competitive abilities is an increasing abundance of pay-as-you-go hosted and cloud services that let them ramp up with the latest technologies quickly and with no or little capital outlay.

The emergence of UC-in-the-cloud services is a prime example. UC on its own has catapulted 21st century business to a whole new level of quick-turnaround and superior customer service.

Having customer information integrated with a number of communications methods and contact center features allows today's businesses to meet what have evolved into quite lofty customer expectations for expediency and thoroughness from their suppliers. Meeting these expectations has grown both more challenging and more important as users now interact with their suppliers far more often and in any number of ways, from traditional phone calls to mobile smartphones and tablet computers.

The various UC deployment models – cloud/hosted, premises-based and hybrid – will all find their places in organizations of varying sizes and corporate cultures and philosophies. Increasingly, as the trend toward cloud services increases in general, SMBs will be among the top candidates for hosted/cloud UC services, given that they glean a near-immediate payback in the form of heightened customer service levels for which they can charge a premium – all without having to make burdensome investments in capital, people and operations.

About the Sponsor – Fonality

This report is made possible in part due to the generous support of [Fonality](#). Fonality is North America's fastest growing business communications company and a leading provider of cloud-based VoIP and Unified Communications solutions for small and mid-size businesses. With a unique software model approach, Fonality provides all the features of legacy providers without the cost or complexity. Founded in 2004, Fonality has delivered more than two billion phone calls across the cloud while enabling more than one million users of open-standard based communications software. Investors include [Intel Capital](#), [Draper Fisher Jurvetson](#) and [Azure Capital Partners](#). Visit www.fonality.com for more information or call 877-FONALITY.

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