Telstra

SERVICING MICRO
BUSINESSES

What Financial Institutions Need to Know

WHITE PAPER
JULY 2010

FOREWORD

Telstra is pleased to present **Servicing Micro Businesses: What Financial Institutions Need to Know.** This comprehensive piece of Australian research is the second in our series of white papers into technology enabled improvements to customer service in the financial services industry.

Since the release of **ICT as a driver to improve customer service to financial institutions for Generation Y** in 2009, improving customer service has become one of the most important strategic priorities for enterprise and government organisations in Australia.

Highlighting the importance of Micro Business to the Australian economy, this white paper identifies the key trends towards increased workplace mobility and information and communication technology (ICT) intensity. It reveals that access to finance and investing in new technologies are the two most important issues to improve Micro Businesses performance over the coming year. It also provides financial institutions with rich and practical insights into the importance of improving customer service to this vital sector.

Strategic investments in network-based capabilities will enable the financial services industry to leverage technologies such as remote working, unified communications and collaboration and contact centre analytics solutions to deliver increased levels of customer satisfaction and capture market opportunities in the Micro Businesses sector.

Telstra is committed to improving the way people and organisations work by identifying and delivering solutions that improve customer service for its customers and within Telstra. I am certain that the research insights contained in this white paper will make a major contribution to the level of customer satisfaction financial institutions can deliver to Micro Businesses.

Nerida Caesar

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OVERVIEW

Balancing cost to serve channel economics with delivering valued customer service is an ongoing challenge for institutions servicing Micro Businesses (one to five employees). Whilst the Online channel has provided a new economic frontier by reducing the cost to service (and delivering a highly valued service experience), history now demonstrates that it has not been at the expense of other channels; namely Branch, Contact Centre or Mobile Specialist. The challenge, therefore, is to identify new servicing experiences that create new economic frontiers for those channels, whilst increasing the perceived customer experience.

This paper demonstrates how the Micro Business workplace and workforce has become, and will increasingly become, more multi-location based and ICT intensive. The two major trends driving this are: firstly, workplace mobility - the decentralisation of the workplace from a centralised point to a more remote, digital and flexible multi-site environment; and secondly, workforce ICT Intensity – the increased ICT intensity associated with, amongst others, the intergenerational technology adoption differences between Pre Boomers, Baby Boomers and Generations X and Y.

Improving service to Micro Business should, therefore, firstly incorporate mobility as a predictor of need as relative to other workers (they are the most mobile and least location dependent business types) and secondly, incorporate the degree to which they also use ICT as a predictor of need, as today, over half have intermediate to advanced technology requirements. This paper provides three socio technology concepts ("experts anywhere", "my branch anywhere" and The Personalised Contact Centre) that demonstrate how communications technology can deliver new experiences to improve customer service delivered to Micro Businesses.

Micro Businesses are critical to financial institutions today, and will become even more so for improving service to because:

Overall customer satisfaction is declining, degree of divergence amongst major players is widening: Roy Morgan Research data[1] indicates that since its height in March 2008, total satisfaction of Micro Business owners amongst the major banks has declined by 2.3% to December 2009 and is now on a downward trajectory, particularly among the highest value customers. However, this overall declining trend for banks masks a degree of divergence between satisfaction levels amongst the major banks, with the difference in at least one case as great as 10.7% [1] . Generation X (the next major owners of Micro Businesses) are the least satisfied across all relationship values. As such, financial services institutions will need to better identify customer needs and improve ways to fulfil them.

> The performance gap amongst majors widening. Generation X, the next major owners are the least satisfied

Improving service remains a key strategic priority for the finance and insurance industry: Based on research as part of a report on business attitudes in February 2010 by Telstra, 82% of organisations in the Finance and Insurance industry are pursuing three top strategic priorities simultaneously: improving customer service, improving productivity and increasing revenue[2]. It could be argued that these are all inextricably linked.

The Micro Business segment is a major profit contributor, and is undergoing major workplace and workforce change: According to the Australian Bureau of Statistics (ABS) and Telstra analysis, in June 2007, this group makes up 31% (607,000 one to five employees) of small businesses and 15% (1.6 million) of total workers[3]. Importantly, according to Merrill Lynch, the SME segment (Turnover <$40 million) accounts for an estimated 30% of sector earnings in FY08. Critically, they note that aggregate bank balances are concentrated amongst small businesses with turnover <$5 million per annum. This group represents 57% of lending and 56% of total deposits for customers with turnover below $100 million[4].

Better access to finance and investing in new technology are the major performance drivers: According to research undertaken by Telstra and the Council of Small Business of Australia (COSBOA) in February 2010, confidence in the economy among Australia's Small Business Enterprises (SMEs) is on the increase. Approximately 42% of SMEs think the condition in the Australian economy is now better than six months ago and 46% expect the economy to be better in 6 months time. However, 75% are concerned about access to finance. Critically, the research found that 49% intend to improve their performance through better access to finance and 57% through investing in new technology[5].

Micro Businesses as we know them today are about to be eclipsed by a tidal wave of workforces that operate in multiple locations and with much greater ICT intensity. Enabled with ubiquitous broadband access, secure network access and laptop/ smartphone mobile computing, the current 66% of Micro Businesses that operate out of multiple sites is expected to increase to 73% (additional 92,296 workers) by 2012[6].

Today, 60% of Micro Business owners are Pre Boomers (20%) and Baby Boomers (40%). Critically, they hold the highest average total relationship value (excluding Direct Investments) to a bank (>$316,000 and >$269,000 respectively)[7]. As Mark McCrindle, Social Analyst, writes: 'Succession planning is already a key issue (for SMEs); yet by 2020, 40% (145,786) of today's managers in family and small businesses will have reached retirement age. We are heading towards the biggest leadership succession ever'. More specifically, McCrindle highlights that currently Baby Boomers make up 25% of the population, yet own 55% of the nations private wealth – 'and in 2020, when the oldest Boomers hit their mid 70s, we will witness the biggest intergenerational wealth transfer in history' [8] (to Generation X, the least satisfied age group).

The key issue to be addressed by this paper: what new service experiences can communications technology create to assist financial services institutions improve service to Micro Businesses? As the industry's leading network services provider, Telstra's response has been to collaborate with some of Australia's leading researchers in small business, customer service and technology research to create a white paper. This paper examines the role that ICT plays, in assisting financial institutions improve service to Micro Businesses. Its purpose is to provide guidance to the financial services industry on how communications technology could create new service experiences to improve customer service to Micro Businesses.

Scope of the white paper: Whilst there are many drivers of customer satisfaction, the scope and emphasis of this white paper will be on the role that communications technology plays in customer satisfaction for business banking in the financial services industry with a focus on Micro Businesses. This white paper is structured in chapters which consider the following key questions:

- **What is the customer satisfaction issue?** Research on satisfaction, advocacy, drivers of service and attitudes is presented to understand what their expectations are and what aspects of financial services they are more likely to respond to positively in relation to customer satisfaction that is technology influenced
- **What indicators can be used to better predict needs?** A new segmentation methodology is applied (Worker Type Segmentation) and a model developed, to describe and predict their characteristics for workplace and workforce needs
- **How can communications technology help a financial services institution to improve service?** Technology research, case studies and scenarios are presented to outline a technology response in the form of which technologies are likely to deliver an improved service outcome. Further, roadmaps are provided to describe the evolution from existing to emerging technologies.

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CHARTS, TABLES & FIGURES

1. EXECUTIVE SUMMARY

Micro Businesses are the largest employing small business segment

For this white paper, we define a Micro Business as those with one to five employees. As of 2007, of 2,012,832 registered Australian businesses, 1,779,277 had five or fewer employees: however, 1,171,832 of these had no employees, leaving 607,445 businesses meeting our definition of a Micro Business. Micro Businesses are a significant component of the Australian economy, employing 1,553,814 people (approximately 15% of the total workforce)[9].

What is the customer satisfaction issue?

Dissatisfaction is greatest amongst 30–54 year old age group and not from the Retail, Construction, Transport & Storage industries

When it comes to satisfaction with financial institutions, Micro Businesses tend to have a lower satisfaction rating than the total population. Critically, dissatisfaction is greatest for the highest value customers and for the 30–54 year age group (the next generation of Micro Business owners). At an industry level, Agriculture, Manufacturing, Finance, Property and Business Services, Community Services & Recreational and Personalised Services show declining satisfaction in the 12 months to December 2009. This possibly reflects those sectors most impacted by the Global Financial Crisis (GFC); unlike Retail, Construction and Transport and Storage (that increased satisfaction), that benefited from government stimulus policies. However, like the rest of the population, Micro Businesses that are more satisfied with their Main Financial Institution (MFI) are more likely to advocate than customers who are dissatisfied. The most important drivers of satisfaction, advocacy and perception of service delivery are:

Micro Businesses place more emphasis on Problem Resolution and Relationship

- **Problem Resolution** (resolves problems on the spot, quickly and efficiently)
- **Relationship** (interested in relationship long term)

In terms of channel preferences, all channels are critical. Whilst a greater proportion of Micro Businesses use the Internet to conduct banking over time, there is no consistent long term trend to reduce branch usage. Satisfaction for Micro Businesses varies marginally according to the bank channels used, with (in order of decreasing satisfaction) Advisers, Branch, Internet and Phone Banking reaching the highest satisfaction ratings. Whilst the use of Advisers is relatively uncommon as a channel, Micro Businesses use this channel much more frequently than the total population (particularly so for women) which is consistent with Micro Business's need for advice based services. Propensity to try new technology products and belief that computers and technology give more control are both strongest with Generations X and Y and least with Baby Boomers indicating that Generations X and Y are more likely to be satisfied with ICT-mediated channels (see Section 2 for detailed research).

How can we better predict their needs?

There are two important characteristics of Micro Businesses today which indicate that the way Micro Businesses interact with financial services providers are beginning to change in quite fundamental ways:

- Micro Businesses are increasingly mobile. Today, 66% (1,025,517) of Micro Business workers operate from multiple locations and by 2012, this is forecast to reach 73% (additional 92,296 workers)[10].
- A generational change is occurring in Micro Business ownership. Currently, 40% of Micro Business owners are Baby Boomers (45-59 years) and 20% are Pre-Boomers (aged 60+ years). By 2020, it is forecast that 40% (145,786 owners) will reach retirement age, creating a major succession planning challenge[11]. As Generations X and Y assume greater degrees of Micro Business ownership, it can be expected that their workplaces and workforces will fundamentally change, incorporating greater degrees of ICT intensity.

In order to explore the impact of these changes, we applied a methodology called Worker Type Segmentation (WTS), developed by Telstra as part of a major study of Australian workers. This approach identified six worker type segments[12] (differentiated by current ICT usage and by the number of locations at which work is conducted) that are likely to interact with their financial services providers in different ways (see Chart 1).

Chart 1: Micro Business Worker Type Segments

Trend 2: Workforce ICT Intensity (145,786 Owners)		
Basic ICT Requirements	**Intermediate ICT Requirements**	**Advanced ICT Requirements**
Mobile workers — 25% (387,711)	**Roaming professionals** — 26% (400,034)	**Decision makers** — 15% (231,427)
• 77% Male • 84% Turnover < $500,000 • 52% Baby Boomers; 25% Gen X & Y • Outside – plant, workshop • Very low ICT use, basic voice • Construction, Manufacturing, Agriculture etc; Technicians, Trades, Goods Delivery	• 62% Male • 41% Turnover > $500,000; 5% > $2.1m • 63% Baby Boomers; 35% Gen X • Range of Locations • Basic phone/PC use, though access high • Professional/Technical/Other Services, Construction, some Retail; Technical/Professional	• 59% Male • 71% Turnover > $500,000; 17% > $2.1m • 47% Baby Boomer; 39% Gen X • Home/Office • Intense Phone/PC use, messaging, some PDA, conferencing. Need timely info • Real Estate, Prof/Info Services, Wholesale, some Retail Manager/Professional/Sales
Trade workers & service providers — 20% (320,296)	**Information processors** — 7% (113,161)	**Office knowledge workers** — 6% (101,185)
• 63% Male • 88% Turnover < $500,000 • 55% Baby Boomers; 31% Gen X • Range of Locations • Very low ICT use, basic voice • Construction, Transport, Hospitality, Manufacturing, Agriculture etc some Retail; Work on own/serve customers	• 92% Female • 51% Turnover <$500,000; 42% up to $1m • 57% Baby Boomers; 40% Gen X • Office/Home based • Intense PC use, data focus • Construction, Transport, Hospitality, Manufacturing, Agriculture etc some retail; Clerical/Admin, documents	• 72% Female • 50% Turnover > $500,000; 17% >$2.1m • 47% Gen X; 27% Gen Y • Office/Home based • Intense PC use, network/internet, messaging. Need timely info • Wholesale, Professional/Technical Services, Finance/Insurance, Clerical/Admin documents

Trend 1: Workplace Mobility (92,296 Workers) — Multiple Locations / Single Location

Source: Telstra Research 2010

Mobility and technology are critical to Micro Businesses needs

Overall, Micro Businesses are ICT Intensive (55% of workers have intermediate and advanced ICT requirements) and mobile (66% of total workers spend the majority of time in two or more locations). Relative to other enterprises, Micro Businesses have a substantially higher proportion of mobile workers with basic to intermediate ICT intensity (51% of the workforce) and substantially fewer workers in a fixed location with intermediate to advanced ICT intensity requirements (13% of the workforce). In the longer term, Micro Business mobility and ICT intensity are both likely to increase. Increased mobility will be driven by an increased shift to remote forms of working. Greater ICT intensity will result from both greater technology availability and the intergenerational shift, identified above, from Pre-Boomers and Baby Boomers to Generations X and Y. Location and ICT Intensity are therefore reliable predictors of need and when incorporated within a customer needs analysis process, can enable a more accurately targeted and aligned service interaction. (See Section 3 for detailed research.)

Workplace mobility and workforce ICT intensity will increase

How could communications technology help improve service?

Micro Businesses increasingly have sophisticated Internet-connected devices used to access Online Services

The trend of Micro Business owners to become more mobile will continue to be matched by an increasing use of mobile technologies, particularly among the Mobile Worker, Roaming Professional and Decision Maker worker types. Those groups typically viewed as the most ICT averse (including the Trade Workers & Service Provider and Mobile Workers) will get access to sophisticated communication and application platforms 'under the radar' through a new generation of connected consumer devices as part of the evolving digital home. Social platforms will continue to grow in importance for all worker types, potentially becoming mainstream contact channels as a result of customer demand. Those Micro Business owners most likely to engage financial services providers via more sophisticated technologies (Information Processors, Roaming Professionals, Office Knowledge Workers and Decision Makers) will expect a richer, more engaging experience when they do so.

In servicing Micro Businesses, financial services providers face rapidly growing customer contact channel complexity including:

• New channels reaching mainstream adoption more rapidly than ever before
• Channels which are no longer distinct and have increasingly complex properties
• A burgeoning array of customer devices through which those channels will be accessed.

In the context of these trends and the key satisfaction issues being Problem Resolution and Relationship, three customer experience concepts have been developed to explore how the key Branch, Contact Centre and Adviser channels might be evolved to deliver an improved service experience:

1. "Experts anywhere"** – Enables the organisation to expose a broader array of expertise to the customer in more places, whilst managing the cost and complexity of doing so
2. "My branch anywhere" – Allows customers in many places to experience the personal services and relationships they expect from their local branch by using their preferred channel (be it Internet, Phone or even Facebook) to access their branch team (if available) rather than the contact centre
3. The Personalised Contact Centre – seeks to make the customers contact centre experience a personalised, efficient and effective one, while at the same time ensuring that the organisation gets the best possible performance from its contact centre investments.

(See Section 4 for detailed research.)

* "Experts anywhere" and "my branch anywhere" are not products or solutions sold by Telstra. They are banking customer experience concepts used to describe a banking customer accessing a banking expert and a banking customer accessing a banking branch.

Conclusion

Major Australian financial services institutions can already begin to implement aspects of the customer contact vision depicted in these three concepts by leveraging the key technology infrastructure they've already deployed. In particular, exploiting their existing investments in:

Existing investments in core technology infrastructure can be used to evolve the customer experience

- Telstra Next IP™ network and Next G™ network core IP networks
- Enterprise Unified Communications and Collaboration (UC&C) platforms
- IP-based customer contact platforms
- Predictive and behavioural analytics
- Contact quality management systems.

By incorporating customer knowledge of their Location and ICT Intensity within a comprehensive needs analysis can provide for a more reliable fit to service expectation. Technologies such as remote working, unified communications, conferencing and collaboration, and contact centre analytics, can create new experiences and economic frontiers with existing distribution assets to improve service to Micro Businessesservice to Micro Businesses.

2. MICRO BUSINESSES –
THE CUSTOMER SATISFACTION ISSUE

This section examines the customer service expectations of Micro Businesses and their attitudes towards technologies. It identifies the key drivers of satisfaction, advocacy and service delivery and their relationship to business objectives in relation to financial services.

2.1 Why Customer Satisfaction is Important

Customer satisfaction has a key role in achieving three key business goals for financial institutions:

1. Increasing share of customer wallet
2. Decreasing defection (or switching of financial institutions)
3. Increasing acquisition of new customers.

Let us now examine current satisfaction performance against each of these business goals.

As can be seen from Chart 2, from a historical perspective, major banks in general enjoyed increased customer satisfaction through to 2007, at which point the trend switched to decreasing satisfaction. However, this overall trend masks a degree of divergence between satisfaction levels for Micro Business owners among the Big Four banks – a divergence which indicates an increasing opportunity to differentiate based on satisfaction oriented drivers.

Improved customer satisfaction can increase share of wallet, decrease defections and increase acquisition of new customers

Chart 2: Customer Satisfaction

Data Source: Roy Morgan Research, March 2010

If we examine how satisfaction of Micro Business owners varies according to the value of their financial products held (allocating them to quintiles [20% breakdowns] based on overall customer value levels)[13], Chart 3 shows that satisfaction to December 2009 has been in decline for the two highest value Micro Businesses quintiles – customers with product holdings exceeding $132,000.

This possibly reflects more stringent financial conditions following the GFC, but none-the-less indicating substantial scope to differentiate based on customer satisfaction.

Substantial scope for service based differentiation, particularly to high value customers

Chart 3: Satisfaction by Financial Services Quintiles (Value to the Banks)
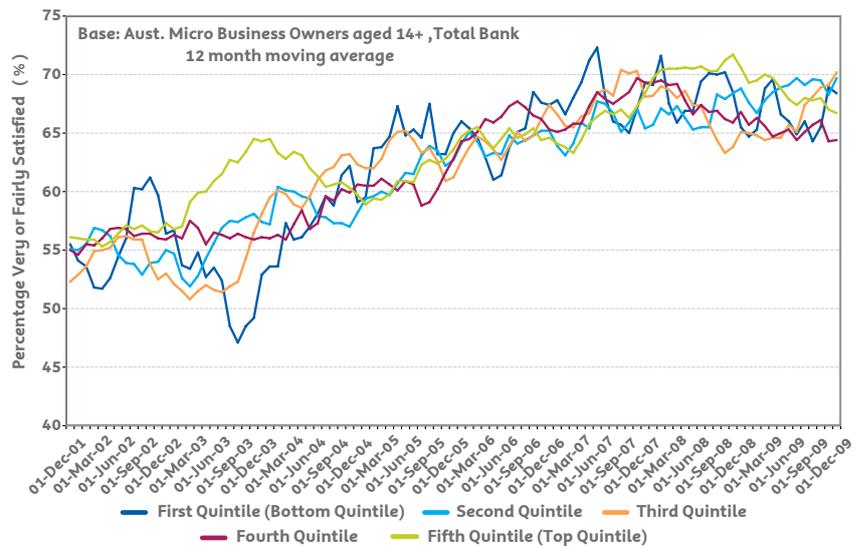
Data Source: Roy Morgan Research, March 2010

30 – 54 year olds are the least satisfied of all age groups across all values

As outlined in Section 3 of this paper, there is a major shift occuring in the demographics of Micro Business owners away from the Pre Boomers and Baby Boomers and toward Generations X and Y. Therefore, we need to consider how customer satisfaction varies by both age group and relationship value. Chart 4 below highlights a major issue - 30 to 54 year olds (the next major demographic Micro Business Owners) are the least satisfied of all age groups for all customer value quintiles.

Chart 4: Satisfaction by Financial Services Quintiles and by Age

Base: Aust. Micro Business Owners aged 14+ ,Total Bank
January 2009 - December 2009

	Total Population 18+	18-29	30-54	55+
1st Quintile –Bottom	68.4%	72.7%	64.4%	72.5%
2nd Quintile	69.7%	74.0%	66.7%	72.2%
3rd Quintile	70.2%	75.2%	68.4%	71.3%
4th Quintile	64.4%	78.2%	63.3%	64.5%
5th Quintile –Top	66.7%	84.6%	63.9%	69.7%
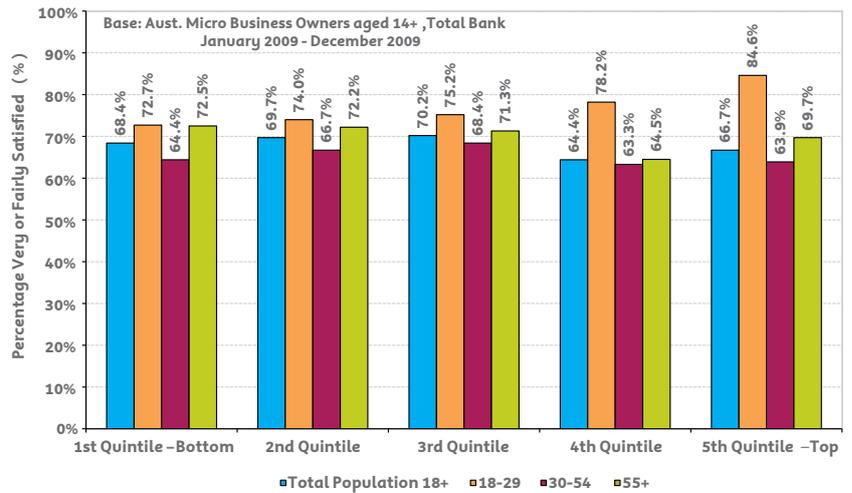
Data Source: Roy Morgan Research, March 2010

GFC and stimulus policies may have influenced satisfaction at an industry level

Whilst total satisfaction declined in the year to December 2009, at an industry level, Bank satisfaction levels for Micro Business owners in the Retail, Construction and Transport and Storage industries appear to have resisted the generally downward trend in Micro Business bank satisfaction over 2009 (see Chart 5). This possibly reflects relatively benign business conditions for these industries, given economic stimulus policies enacted over the same period and the sector impact of the general tightening of access to finance. However, these industries represent only 47.2% of Micro Businesses indicating that satisfaction has declined for over half of all Micro Businesses during the year ending December 2009.

Chart 5: Satisfaction by Industry

Base: Aust Micro Business Owners aged 18+, Total Bank   12 month moving average

	% Satisfied Dec 09	% Satisfied Dec 08
Agriculture	70.2	70.7
Manufacturing	67.3	70.9
Construction	69.5	67.6
Retail	67.3	64.9
Transport & Storage	70.6	67.9
Finance, Property Business Services	64.8	68.1
Community Services	66.5	72.5
Recreational & Personal Services	60.4	63.6
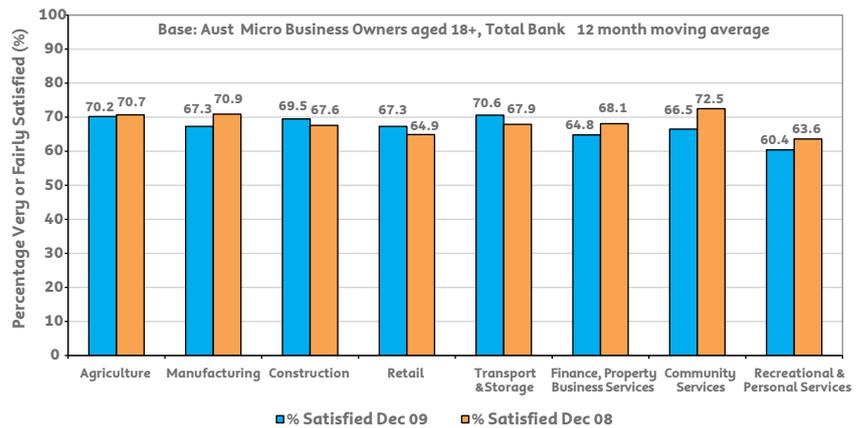
Data Source: Roy Morgan Research, March 2010

Major Banks that have dominant market share have least satisfaction

Having now established that dissatisfaction varies according to value quintile, age and industry, let us briefly examine the relationship between customer satisfaction and customer churn or defection. In general, as Chart 7 shows, Micro Business owners are less satisfied with financial institutions than the population overall (although

Chart 6 shows the difference is much smaller for regional banks) and that their satisfaction has fallen for the last two years. This situation increases the likelihood of customer churn and inhibits the likelihood of cross selling or up-selling to existing customers. .

Chart 6: Comparison of Customer Satisfaction between Total Population and Micro Business Owners
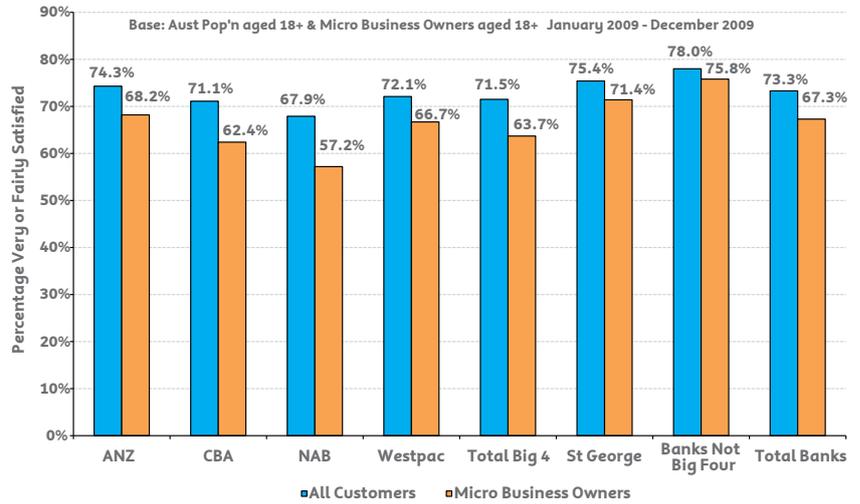
Data Source: Roy Morgan Research, March 2010

Chart 7: Trended Comparison of Customer Satisfaction between Total Population and Micro Business Owners
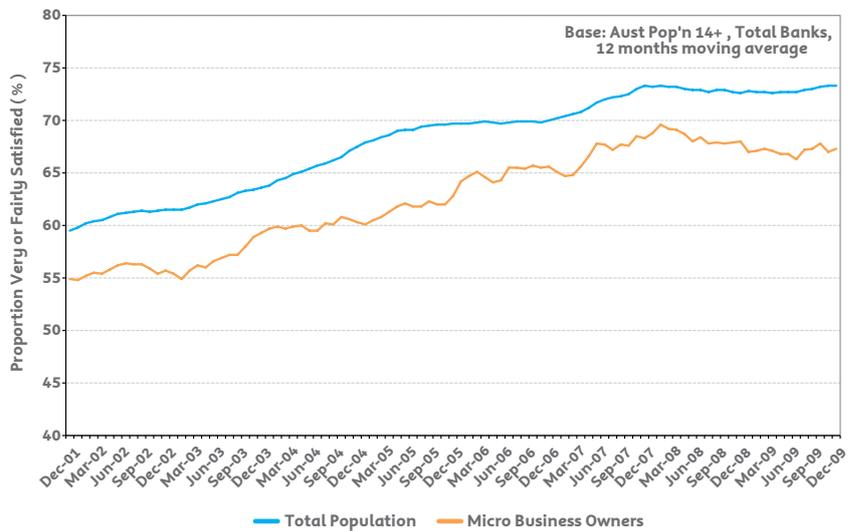
Data Source: Roy Morgan Research, March 2010

Finally, let us consider the role that customer satisfaction plays in the acquisition of new customers. Advocacy (the likelihood of an MFI's customer being willing to advocate that institution to others) is logically strongest for the most satisfied customers for both Micro Business owners and for total population in general. Customers who are satisfied are 94% more likely to advocate than dissatisfied customers and 48% more likely to advocate than neutral customers (see Chart 8). Customer satisfaction plays an important role in creating advocacy and thus attracting new customers.

Chart 8: MFI Satisfaction and Advocacy

Base: Aust Pop'n 18+ , Total MFI Banks, 12 months to December 2009
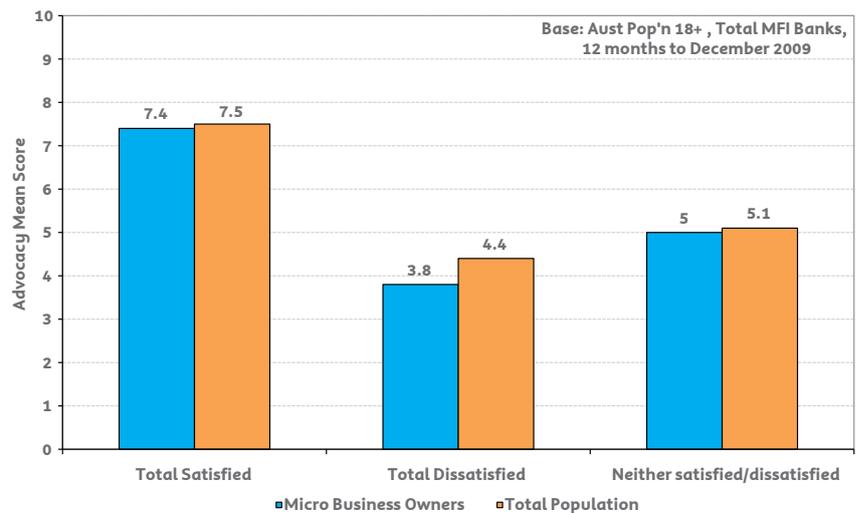
Data Source: Roy Morgan Research, March 2010

2.2 Drivers of Customer Satisfaction, Advocacy and Service Delivery

Having now examined the question of where satisfaction/dissatisfaction is occurring and established its connection to business objectives, we now examine what is driving satisfaction. Roy Morgan Research has developed a model consisting of a number of key factors which influence the satisfaction of customers and their perception of customer service. This model is used to study the degree to which each of these factors influences the customer's satisfaction or perception of customer service quality. Driving factors include:

• Price (fair fees and charges)
• Product (products that meet your needs)
• Process efficiency (efficient, error free service)
• Flexibility (willing to bend to meet customer needs)
• Problem resolution (resolve problems on the spot, quickly and efficiently)
• Partnership (appreciate and take your perspective)
• Relationship (interested in relationship long term)
• Staff (friendly, courteous, knowledgeable staff)
• Branch (comfortable, secure, friendly branch atmosphere).

Chart 9 and Table 1 illustrate the influence of the range of drivers on customer satisfaction with MFI. They also rank these drivers in order of the importance of their contribution to satisfaction scores for both the overall Australian population to the population and for Micro Business owners. The strongest drivers of satisfaction with MFI for the overall population are Price, followed by Problem Resolution; while the strongest factors for Micro Business are Problem Resolution followed by Relationship.

Problem Resolution and Relationship are the strongest drivers of satisfaction

Chart 9: Drivers of MFI Satisfaction
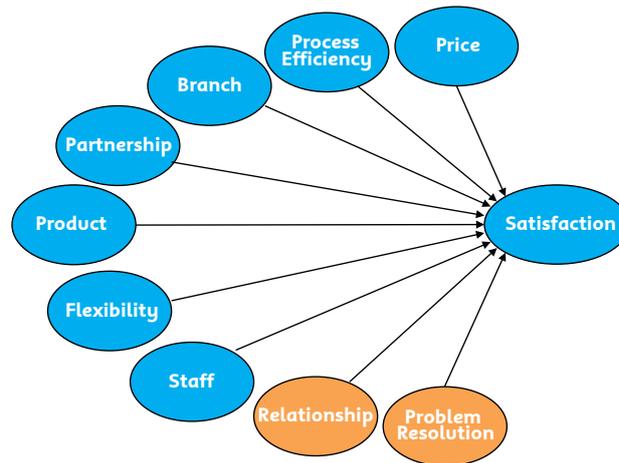
Table 1: Ranking of Drivers for MFI Satisfaction for Micro Business Owners and the Total Population

Base: Aust MFI Pop'n 14+	Micro Business Owners	Total Population
Products	6	3
Process Efficiency	4	4
Staff	8	5
Branch	7	9
Price	3	1
Flexibility	5	6
Partnership	8	8
Problem Resolution	1	2
Relationship	2	7

Data Source: Roy Morgan Research, March 2010

Similarly, Chart 10 and Table 2 map the relationship between these drivers and Advocacy of MFI, showing that while the strongest drivers of MFI Advocacy for the overall population are Product followed by Price, the strongest factors for Micro Business owners are, again Problem Resolution followed by Relationship.

Chart 10: Drivers of Advocacy
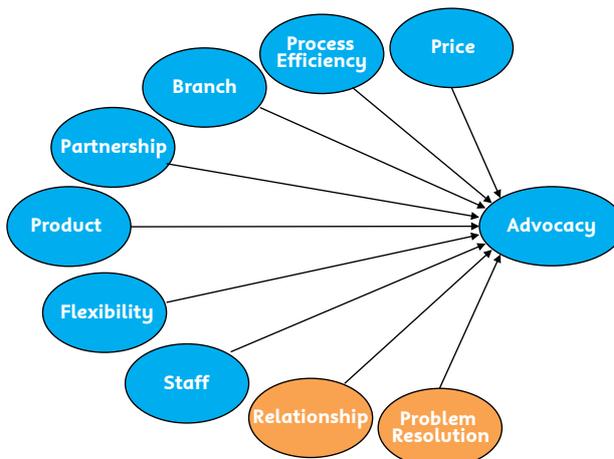
Table 2: Ranking for Drivers of Advocacy for Micro Business Owners and the Total Population

Base: Aust MFI Pop'n 14+	Micro Business Owners	Total Population
Products	3	1
Process Efficiency	9	6
Staff	8	9
Branch	7	7
Price	4	2
Flexibility	5	5
Partnership	6	8
Problem Resolution	1	3
Relationship	2	4

Data Source: Roy Morgan Research, March 2010

Finally, if we map the relationship between these drivers and the customers perception that the MFI provides Overall Good Service (as shown in Chart 11 and Table 3), we see that the strongest driver of Service Delivery is Problem Resolution for both Micro Businesses and the total population overall.

Problem Resolution is the strongest
driver of service delivery

**Chart 11: Drivers of Service Delivery**
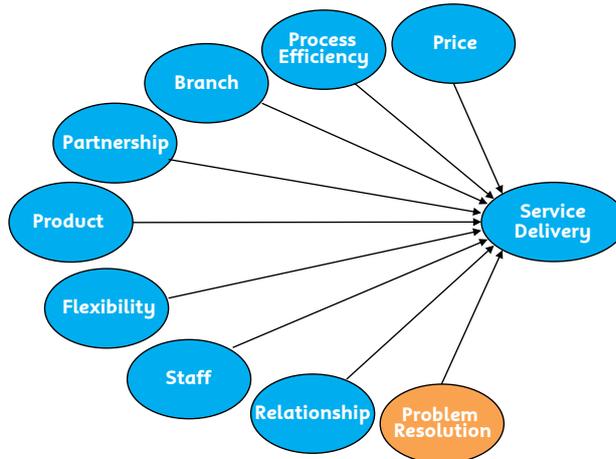
Table 3: Ranking for Drivers of Service Delivery for Micro Business Owners and the Total Population

Base: Aust MFI Pop'n 14+	Micro Business Owners	Total Population
Products	2	2
Process Efficiency	3	5
Staff	4	4
Branch	6	7
Price	9	9
Flexibility	5	6
Partnership	8	3
Problem Resolution	1	1
Relationship	7	8

Data Source: Roy Morgan Research, March 2010

2.3 Channel Preferences

Now that we understand where and why satisfaction/dissatisfaction is occurring, we will now consider the role that channels play. Chart 12 shows, as might be expected, that use of online banking services has been increasing for Micro Business owners in recent years. However, there is no consistent long term trend to lower branch usage, and the increase associated with the Online channel usage does not offset the marginal decline in the Phone banking channel usage.

No consistent long term trend to reduce branch usage

Chart 12: Channel Usage by Micro Business Owners
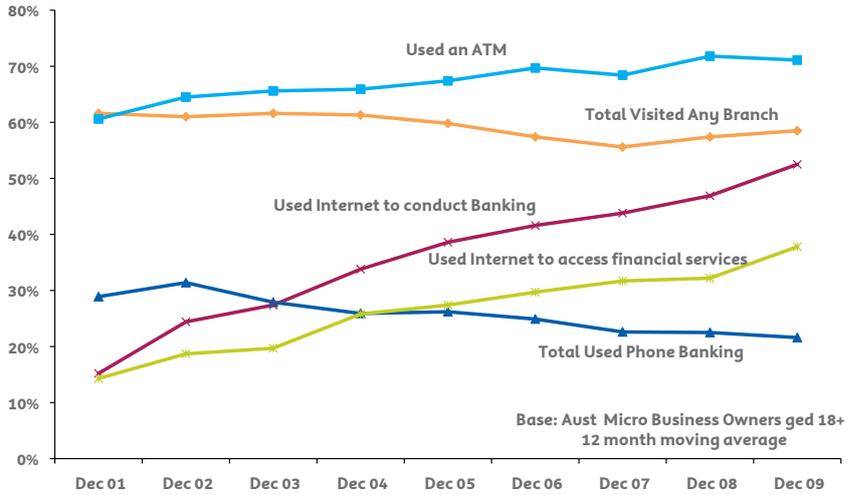
Data Source: Roy Morgan Research, March 2010

Bank satisfaction for Micro Business owners varies somewhat according to the banking channels they have used in the last four weeks. Those who use Branches, in particular, are most satisfied with their banking relationships, although the difference between channels is not large, indicating the importance of all channels when considering service (see Chart 13).

Branches drive highest satisfaction

Chart 13: Satisfaction by Channel Usage
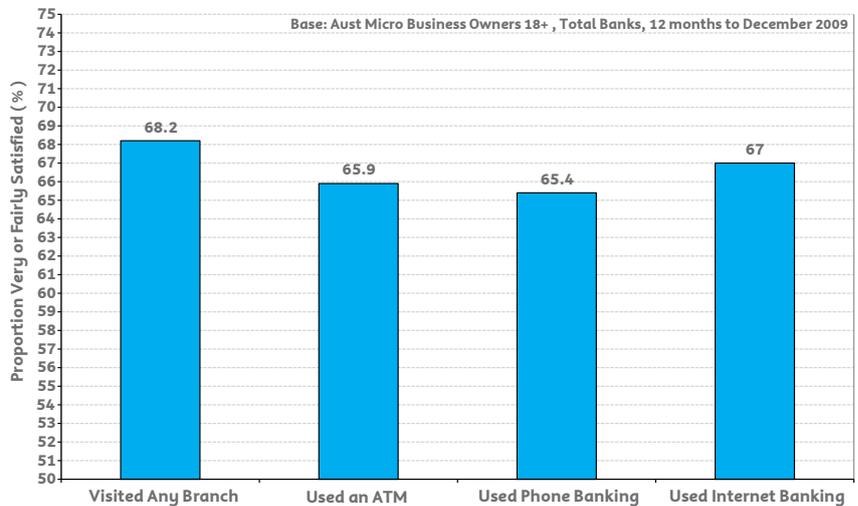
Data Source: Roy Morgan Research, March 2010

Use of Advisers at banks or other financial institutions is relatively uncommon as a banking channel; however Micro Business owners (and women particularly) seem to use this channel much more commonly than the overall population. This is particularly the case for women (see Chart 14). This is consistent with the importance with which Micro Business owners hold the ability to access advice.

Advisers are more commonly used by Micro Businesses, particularly women

Chart 14: Proportion Met Adviser in Last 4 weeks

Base: Aust Micro Business Owners 18+ , Met Adviser in last 4 weeks,
24 months to December 2009

	Men	Women
Total	7.2%	10.3%
Full Time	7.2%	9.9%
Part Time	7.1%	10.7%

Y-axis: Met Adviser in last 4 weeks (%)
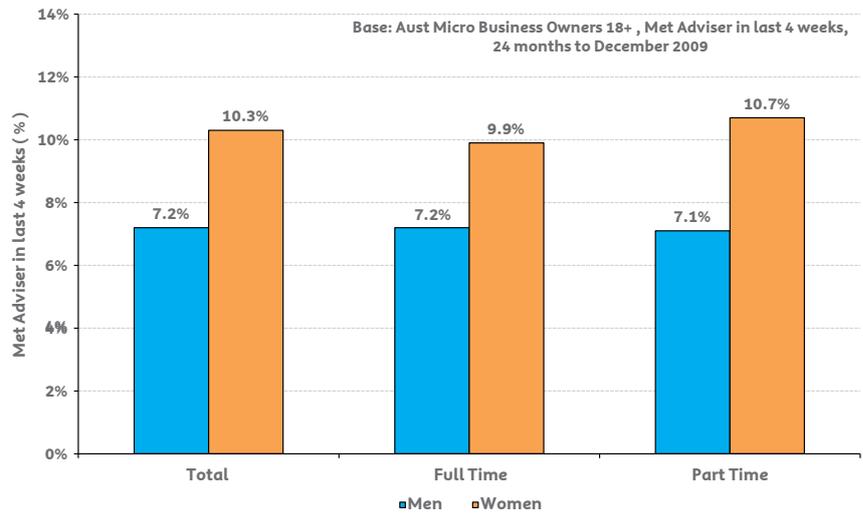
Data Source: Roy Morgan Research, March 2010

For those using Advisers, the bank satisfaction levels are higher than for other channels and appear consistently higher for women than for men. However, this improvement in satisfaction is substantially smaller for those working part time (see Chart 15).

Chart 15: Satisfaction by People that Met Adviser in Last 4 weeks

Base: Aust Micro Business Owners 18+ , Met Adviser in last 4 weeks, Total Banks,
24 months to December 2009

	Men	Women
Total Employed	68.8%	72.7%
Full time	68.4%	73.5%
Part time	70.3%	72.1%

Y-axis: Proportion Very or Fairly Satisfied (%)
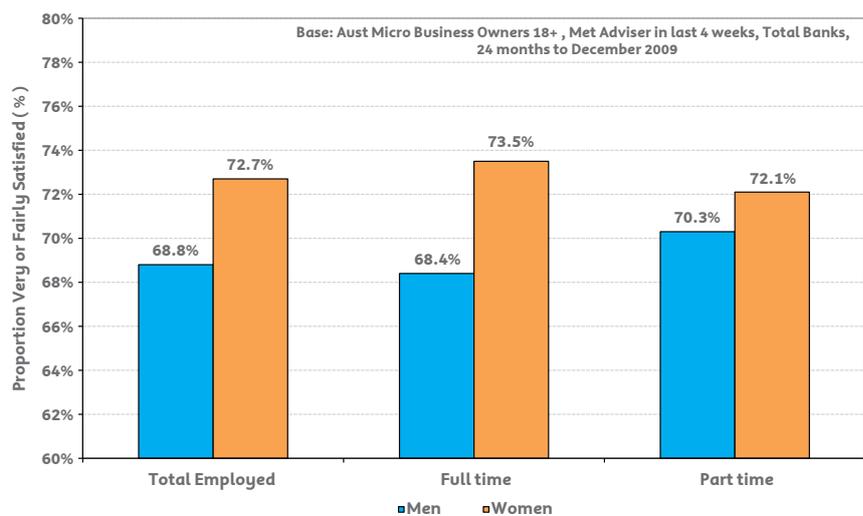
Data Source: Roy Morgan Research, March 2010

2.4 Attitudes Toward Technology

For Micro Business owners in general, attitude statements towards technology have remained relatively constant over the last decade (see Chart 16). However, since 2007, willingness to try new technology products has fallen substantially. Whilst this most likely reflects increased financial strain on Micro Business owners during 2009, as highlighted in the Overview, Telstra research indicates that 57% of Micro Businesses expect to improve their performance in 2010 by investing in new technology[14]. It is important to consider whether there are any intergenerational influences here, given the demographic skew to Pre Boomer and Baby Boomer ownership of Micro Businesses.

Chart 16: Attitudes - Micro Business Owners

Base: Aust Micro Business Owners ged 18+,
12 month moving average

Legend:
- Computers and technology give me more control over my life
- There are not enough hours in the day
- I'm worried about invasion of my privacy through new technology
- I am always ready to try new and different products
- I look for new experiences every day
- I go out of my way to learn everything I can about new technology
- I find technology is changing so fast, it's difficult to keep up with it
- I would like to buy a home computer

Data Source: Roy Morgan Research, March 2010

Willingness to try new technology products, strongest for younger age groups

As might be expected, willingness to try new and different technology products is clearly strongest for young age groups and much weaker for older (55+) age groups among Micro Business owners (see Chart 17).

Chart 17: Proportion agree with statement 'I am always ready to try new and different technology products'
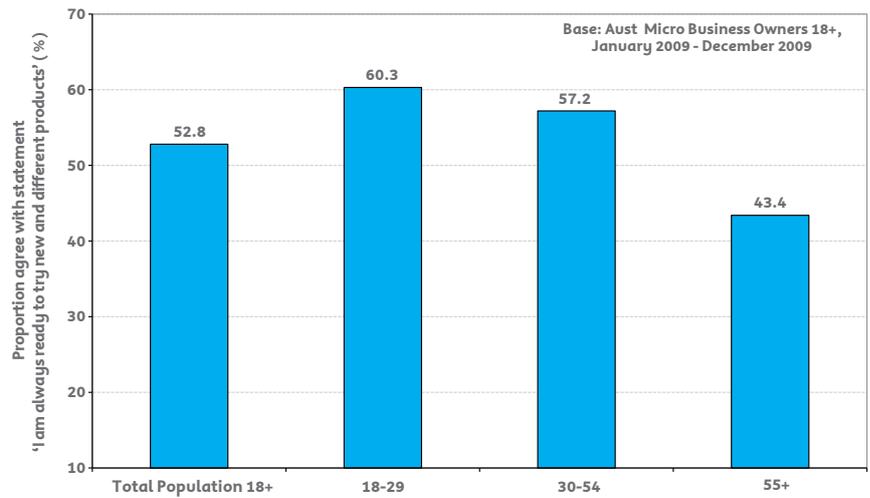
Data Source: Roy Morgan Research, March 2010

Belief that technology provides greater control, strongest for younger age groups

This influence of the age of Micro Business owners on their perception of whether technology gives them more control over their life is even more pronounced with those in the 18-29 year old age group, which is 30% more likely to agree, and those in the 30–54 years old age group (15% more likely to agree), than those aged 55 or over (see Chart 18). This confirms, as outlined in Section 3 that as Generations X and Y assume greater ownership of Micro Businesses we can expect a shift to greater ICT Intensity.

Chart 18: Proportion agree with statement 'Computers and technology give me more control over my life'
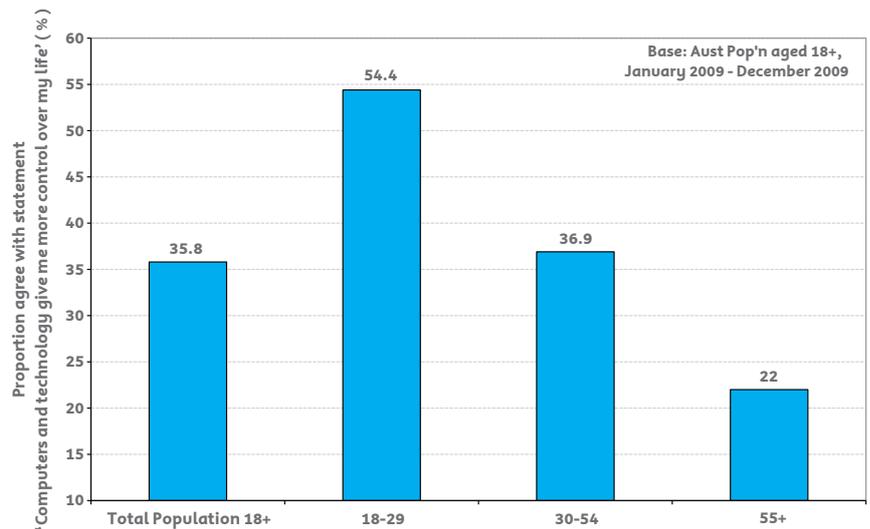
Data Source: Roy Morgan Research, March 2010

Summary

- Overall satisfaction with major banks increased through to 2007, but has decreased since

- Customer satisfaction levels among the major banks are diverging indicating opportunity to differentiate based on service

- Micro Business owners tend to have lower satisfaction levels with financial institutions, particularly the major banks, than the Australian population in general

- The two highest customer value quintiles have the lowest satisfaction compared with others, indicating that as needs become more complex, satisfaction declines

- Importantly, dissatisfaction is greatest amongst 30–54 years

- At an industry level, Agriculture, Manufacturing, Construction, Finance & Property & Business Services, Community Services, Recreational and Personal Services have shown declining satisfaction in the 12 months to December 2009

- Customers who are satisfied are 94% more likely to advocate than dissatisfied customers and 48% more likely to advocate than neutral customers

- The strongest drivers of satisfaction, advocacy and service delivery are Problem Resolutions and Relationship

- Use of online banking services has been increasing for Micro Business owners but not at the expense of branches

- Micro Business satisfaction varies slightly according to the banking channels used with, in decreasing order of satisfaction - Advisers, Branches, Internet and Phone banking.

- Micro Business owners seem to use Advisers much more commonly than the overall population (reflecting a general need for advice by SMEs); however, this is particularly the case for women. For those using Advisers, the bank satisfaction levels seem to be consistently higher for women than for men

- Willingness to try new and different technology products is clearly strongest for 18–54 year old Micro Business owners and much weaker for those aged 55 or over

- Micro business owners aged 18–54 are much more likely to agree that computers and technology give them control over their life than those aged 55 or over

- Intergenerational differences in attitudes towards technology confirm the increasing workforce ICT Intensity trend.

3. MICRO BUSINESSES – PROFILE

Section 2 provided insights on where customer satisfaction presents itself as an issue and, importantly, identifies Problem Resolution and Relationship as the key drivers of satisfaction, advocacy and overall good service. This next section will explore how we can better predict their needs and, importantly, identify key characteristics that shape their workplace/workforce practices.

Micro Business is a label commonly used to describe a subset of small businesses employing between one and four or five employees. The ABS reports that approximately 61% (1,171,832) of small businesses are non-employing businesses and by applying Telstra analysis, it is estimated that 31% (607,445) employ between one and five people (June 2007). In total, Micro Businesses constitute approximately 72% of all small businesses in Australia. Importantly, they employ approximately 15% of the total work force. This section of this paper has applied one to five employees to define and analyse Micro Businesses[15].

Micro Businesses are about 71% of all small businesses and employ 15% of the workforce

3.1 Methodology

For the purposes of analysing the ICT influences on behaviour of Micro Business workers, the Worker Type Segmentation (WTS) methodology developed by Telstra as part of a major study of Australian workers was applied[16].

There were two major steps to this process; (1) the **research** phase and (2) the **profiling** phase;

Step 1 – Research Phase
The segmentation variables used to build the profiles were selected on the basis of being 'demand creating conditions', i.e. that reflect ICT need, as opposed to pure descriptive variables like occupation and industry, which may or may not reflect need.

a) Location: For example - Number of work sites used in a week; Proportion of time away from main work site; Proportion of time mobile; Proportion of week on campus; Work-related travel destinations (e.g. Work at home, Work location [metropolitan... remote]); and so on.

b) ICT-Related Behaviours: For example - The number of emails sent/received per week; the hours spent on fixed Phone; hours using computers applications (entering data, network, Internet, Intranet); largest file size; security levels; and so on.

Using these variables, a six segment model was deemed to be the most balanced in terms of statistical power, manageability, segment size and relevance.

Step 2 – Predicting and Profiling

Predictor variables used to predict segments in market were Industry (4 Digit ANZSIC), Occupation (6 Digit ANZSCO), Work-related tasks performed, and device usage, amongst others.

3.2 Segmentation Descriptions

The following segments reflect a particular worker profile based on selected needs and circumstances. The names/labels assigned to segments must not drive classification of a Micro Business's workers into segments. Traditionally, workplaces are segmented according to organisational hierarchy position or occupation. This segmentation does not necessarily translate into worker type segments. It is possible that two people with the same job title or occupational type could fit into two different worker type segments, e.g. an Executive could be in the Decision Maker or Roaming Professional segment. The study contends that an 'Executive' (for example) in one organisation can have different ICT needs than a worker in the same role in another, and thus for the purposes at hand, location and ICT intensity behaviour are better predictors of need.

The six segments in Chart 1 should be regarded as a framework for understanding workers and worker needs, as opposed to a classification system. Segment names/labels can be modified/simplified at the user's discretion.

3.2.1 Mobile Workers Segment
(Multi- Location – Basic ICT Requirements)

This segment represents a significant 25% of the entire Micro Business segment (396,711 workers). They typically earn 19% below the average income across all Micro Business workers. They work 44 hours per week on average, exceeding the Micro Business average of 39 hours. Typical roles include Technical, Trades, or Goods Delivery. There is a strong male skew within the segment (77%). Turnover for this segment is concentrated, with 84% generating <$500,000 per annum. The dominant age group in this worker type is Baby Boomers (52%) followed by Generation X (25%) and Generation Y (21%).

Narrowly focused ICT usage, Mobile Phone is main form of communication

Industries highly represented in this segment are Agriculture, Forestry and Fishing, Construction and Manufacturing. Members typically work in commercial businesses. They spend little time at a central place of work and are out-and-about most of the time. They probably would respond proudly to the title of 'working class'.

When it comes to ICT usage today, segment members have very basic and narrowly focused usage. Mobile telephony is a main form of communication, however fixed phones, computers generally, and email specifically do not seem to be at all part of their working lives.

3.2.2 Roaming Professionals Segment
(Multi-Location – Intermediate ICT Requirements)

This is the largest segment, representing 26% of the entire Micro Business segment (400,034 workers). Their earnings are basically average for Micro Business workers

and they generally undertake the work normally attributed to middle to well educated people. They work 39 hours per week (about average for Micro Business workers). As the segment title suggests, they are people who are out-and-about most of the time but may not be constantly mobile. Job descriptions cover technical and professional specialisations. There is a strong client interface focus. The segment is dominated by males (62%). Turnover for this segment is concentrated with 41% generating >$500,000 per annum, including 5% that generate >$2.1m. Baby Boomers dominate this segment (63%), followed by Generation X (35%).

ICT focused on Mobility (Phone, lap top). Applications vertically based

Industries with a high penetration of this segment are Professional Services and Construction (licensed builders). Roaming Professionals typically work in commercial businesses and would frequently find themselves heading 'back to base', potentially a home office. They probably would respond to the title of 'educated professionals'.

Today, their ICT requirements centre on basic mobility products and services (Mobile Phone, Laptop). They are relatively ICT literate but seldom in a position to use a Fixed Phone or a Fixed Computer. They are users of email and applications relevant to their vertical line of business. Given the nature of their work they seek sturdier, more reliable equipment, and more reliable mobile access.

3.2.3 Decision Makers Segment
(Multi-Location – Advanced ICT Requirements)

This segment represents 15% of the entire Micro Business workforce (231,427 workers). They are a smaller but very influential segment with respect to ICT. They earn nearly double the average income of Micro Business workers and generally undertake the work normally attributed to highly educated people or entrepreneurs. They work 48 hours per week (9 more than the Micro Business average and the highest of all Micro Business worker segments). Descriptors like Manager, Professional, or Sales executive would well describe people in this segment. They have multi-disciplinary skills (management, planning, finance, etc). Gender is mixed, with 59% male and 41% female. Turnover for this segment is concentrated, with 71% generating >$500,000 per annum including 17% that generate >$2.1 million. This segment is dominated by Baby Boomers (47%), followed by Generation X (39%).

Industries with a high penetration of this segment are Professional, Scientific and Professional Services, Real Estate, Wholesale and Retail Trade. They can be found operating equally from home or from a range commercial premises, and could be described as making 'sorties' from their central place of work. They would respond proudly to the title of 'professionals' or 'entrepreneur'.

Deep ICT usage. Positive attitude to the role of technology

In terms of ICT they have broad, deep requirements using significantly more ICT products and using them more intensely, than the average worker. They are generally quite ICT sophisticated and have a very positive attitude to the role of technology. For them, the Internet is a key business tool both as an information source and as a communication channel with their customers. Email plays a very important part in their working lives. Mobile telephony, and increasingly PDA type devices, are their lifeblood as they could be conducting their business on the road. They constantly seek better ways of contacting people and accessing information in a more timely way.

3.2.4 Trade Workers and Service Providers Segment
(Single Location – Basic ICT Requirements)

This segment represents 20% of the entire Micro Business workforce (320,296 workers). Their earnings average 25% below the Micro Business average and they work 33 hours per week (compared with the 39 hours Micro Business average). As the segment title suggests they usually provide trade level services to others. Job descriptions like Technical or Trade Workers, Sales Assistants, Labourers, and Machinery Operators would well describe people in this segment. There is a strong male skew within the segment (63%). Turnover for this segment is concentrated, with 88% generating <$500,000 per annum. This segment is dominated by Baby Boomers (55%) followed by Generation X (31%).

Industries with a high penetration of this segment in Micro Businesses are Construction, Transport, Hospitality, Manufacturing, Agriculture and Retail. Members usually work in commercial businesses, typically a single worksite such as a factory, plant, refinery, and workshop or retail shop. They probably will wear a company supplied uniform and would respond proudly to the title of 'working class'.

Basic ICT requirements. Not strong communicators via ICT

Today, the ICT requirements of this segment are very basic – they use significantly fewer ICT products than the average Micro Business average and spend less time using them when they do. There appears to be little demand for new technologies from within this segment. These people are not strong communicators via ICT - email does not seem to be at all part of their working lives. Many of these people do have their own mobile device and some have their bill subsidised by the employing organisation.

3.2.5 Information Processors Segment
(Single Location – Intermediate ICT Requirements)

This segment represents 7% of the Micro Business segment (113,161 workers). Their average earnings are comparatively low – just 46% of the Micro Business average. They undertake work that is often repetitive and typically work 26 hours per week - the lowest of all Micro Business segments (suggesting a higher proportion of part-time workers). As the segment title suggests they often provide clerical or administrative assistance and most likely work with some kind of data. Job descriptions like, Data Processors, Record Keepers, Forms Processors, Sales Order Entry Clerks, or Sales Assistants would well describe people in this segment. There is a strong female skew within the segment (92%). Turnover for this segment is spread, with 51% generating <$500,000 per annum and 42% generating between $500,000 - $1 million. This segment is dominated by Baby Boomers (57%) followed by Generation X (40%).

Industries well represented in this segment are Health Care (Doctor Surgeries), Financial and Insurance Services, Retail Trade, and Administrative and Support Services. Information Processors typically work in commercial businesses at a single office area or shop floor – frequently a typical work station. They probably would respond strongly to working in 'administration and support'.

Selective ICT usage. Mobility not part of work practice

From an ICT perspective, members of this segment have intermediate requirements using only a select few ICT products – particularly fixed phones and computers rather than mobile phones (which are kept predominantly for personal use rather than work).

3.2.6 Office Knowledge Workers Segment (Single Location – Advanced ICT Requirements)

This is the small segment that represents 6% of the Micro Business workers (101,185 workers). They earn just below the Micro Business average and work about the average number of hours for Micro Business workers (39 hours per week). They can be influencers or decision makers and are often classed as managers in a clerical or administrative sense. They can often be found dealing with clients, preparing documents or reports, or involved with financial activities. There is a strong female skew within this segment (72%). Turnover for this segment is well spread, with 50% generating >$500,000 per annum, including 17% that generate >$2.1 million. Interestingly, this is the only segment to be dominated not by Baby Boomers, but rather Generation X (47%) followed by Generation Y (27%).

Extremely high ICT usage

Industries where Office Knowledge Workers are well represented include Financial and Insurance Services, Wholesale Trade, and Professional Services. They usually work from a single office type area, but this can be in the home in many cases. They probably would respond proudly to the title of 'business professionals'.

The ICT requirements of members of this segment today are quite sophisticated across a spectrum of office based tools. They use ICT at least as intensively as Micro Business workers overall and, in particular, are extremely heavy users of computers and ICT applications (extending to handheld/EFTPOS applications). They demand good network access and timely information using those networks

3.3 Micro Business Worker Type Mix by Enterprise Size

Micro Businesses have a substantially higher proportion of mobile workers (41%) with Intermediate to Advanced ICT intensity compared to other enterprise sizes and have substantially fewer workers at fixed locations with intermediate to advanced ICT intensity (13%) (see Chart 19). This reflects the fact that Mobile workers and Roaming Professionals Micro Businesses are predominantly owned by Baby Boomers and Pre Boomers and that ICT intensive support type Micro Businesses are dominated by the relatively small Information Processors and Office Knowledge Workers segments.

Micro Businesses are the most
mobile and least fixed location based
enterprises

Chart 19: Worker Type Mix by Enterprise Size

Decision Makers
Mobile Professionals
Mobile Workers
Office Information Workers
Information Processors
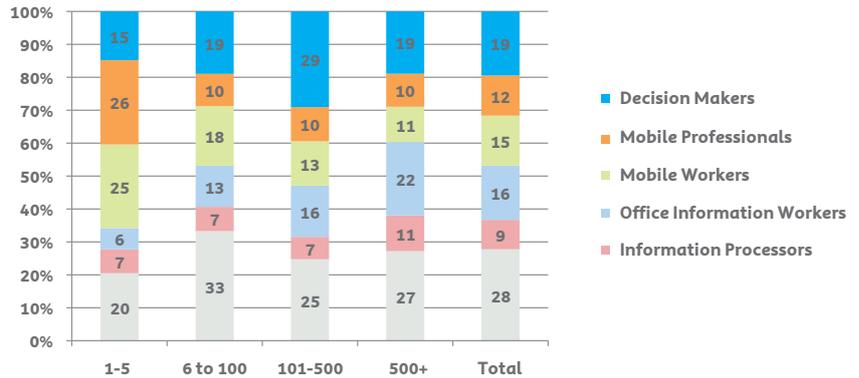
Data Source: Telstra Research 2010

3.4 Micro Business Worker Type Mix by Industry

Strong differences exist by industry (See Chart 20):

- Decision Makers dominate the Rental, Hiring, Real Estate Services, Information Media and Telco
- Roaming Professionals dominate the Mining, Professional, Scientific and Technical Services, Retail Trade, Arts and Recreation Services, Electricity, Gas, Water and Waste Services

- Mobile Workers dominate the Administrative and Support Services, Manufacturing, Agriculture, Forestry and Fishing and Construction
- Office Knowledge Workers don't dominate any specific industry
- Information Processors dominate the Public Administration and Safety
- Trade and Services dominate Accommodation and Food Services, Transport, Postal and Warehousing.

Chart 20: Worker Type Mix by Industry

Decision Makers
Mobile Professionals
Mobile Workers
Office Information Workers
Information Processors
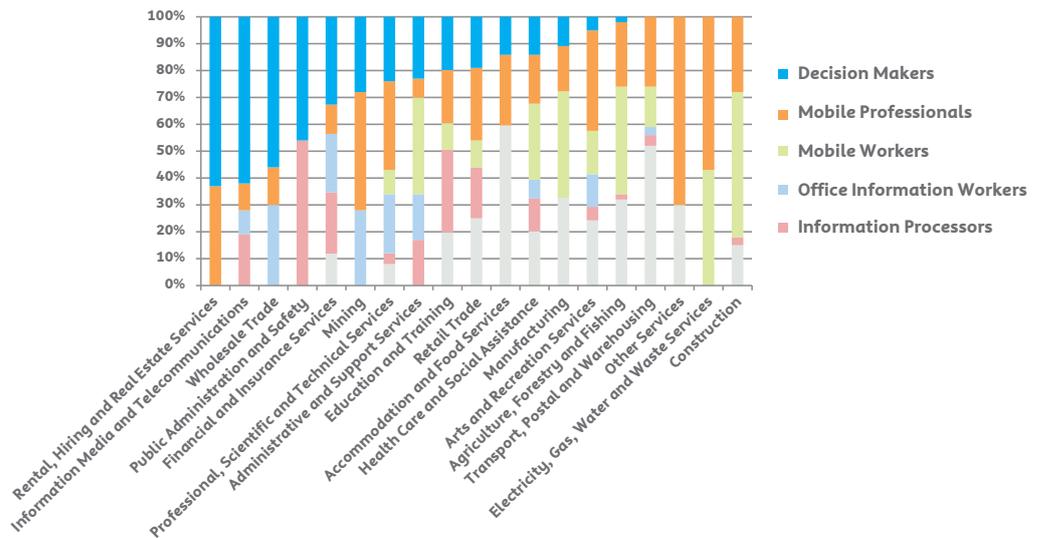
Data Source: Telstra Research 2010

3.5 Workplace/Workforce Trends

BeforeBefore we deal with the application of our worker type segmentation model today, we need to consider the future impact of two important trends (see Chart 1). The first is workplace mobility, more commonly termed Remote Working, which is the shift from a centralised workplace environment into a decentralised environment. The key technological enablers of Remote Working are:

- High speed wireless broadband networks such as the Telstra Next G™ network
- Secure access to networks
- Capable mobile devices, such as laptop computers or smartphones.

By the end of 2009, 51% of mobile handset sales were smartphones[17] and sales of laptops are expected to consistently outstrip sales of desktop PCs by about 90% over the next two years[18]. Forrester analysis indicates that mobile users comprise 44% of the workplace today and forecast to grow to 73% by 2012[19]. That same report identified that almost 60% of enterprises of all sizes are prioritising the provisioning of greater mobility to employees. This trend will see workers currently in the Trade and Service Providers, Information Processors and Office Knowledge Workers segments becoming increasingly mobile. Professions that are not directly involved in the production of physical goods or focusing on physical points of presence for distribution will become increasingly multi-location oriented. As highlighted in the Overview, 57% of small businesses intend to improve their performance through investing in new technology[20] and, as analysed in Section 2.4, this will more likely come from Micro Business owners <54 years of age who are more willing to experiment with technology and are more positive that technology gives them greater control.

As examined in Section 2.4, the second trend is increased workforce ICT Intensity which is driven by, amongst others, the intergenerational shift from Pre Boomers and Baby Boomers to Generations X and Y that are more predisposed toward technology. The impact of this trend will see the five segments dominated by Baby Boomers (all except Office Knowledge Workers) shift to be dominated by Generations X and Y with their greater ICT requirements. The top four industries for Generations X and Y are Construction, Recreation and Personal Services, Community Services, and Finance, Property and Business Services.

3.6 Worker Type Segmentation Model

We now know that understanding which worker type segment a Micro Business customer belongs to can potentially help guide how we can best service them and target them. In order to practically estimate the appropriate worker during customer operations, a model has been developed based on a hierarchy of three targeted questions that could be incorporated into a customer needs analysis during an interaction (see Table 4).

Table 4: Worker Type Segmentation Model

Location		Single Location		Multiple Location	
1. What proportion of the work force spend the large majority of their time in one location, versus travelling around or working multiple locations?					

ICT Enablement					
2. What proportion of workers (in both cases - fixed and multi-location) use a computer in their job role, in a typical week?	Trade & Service	Computer Users	Mobile Worker	Computer Users	
3. What proportion of computer users (in both cases) are intensive users of the network, email, the internet etc as opposed to more basic computer users?	Trade & Service	Basic / Intensive	Mobile Worker	Basic / Intensive	

Result							
Allocation to Six Workers Segments	Trade & Service	Info Process	Office Knowl Wrkrs	Mobile Worker	Roaming Prof	Decision Makers	

Data Source: Telstra Research 2010

Summary

- Location and ICT Intensity variables can be used to better predict Micro Businesses needs
- Micro Businesses are ICT Intensive, with 55% having intermediate and advanced ICT requirements
- Mobility is key for Micro Businesses: 66% of workers spend the majority of time in two or more locations
- Decision Makers are a critical segment (15% or 231,427 workers):
  - Influential, technology savy, sophisticated usage, high income/ICT usage
  - Busy, hard working, typically managers/owners
  - High ICT usage and clearly lead technology adoption. Postitively disposed to ICT, buy into solutions that deliver competitive advantages
  - Highest proportion of businesses with turnover >$500,000 and >$2.1 million
  - Market share of this group would be highly desirable
- Roaming Professionals are the largest segment, with 26% or 400,000 workers
  - Have access to basic technology (Phone, PC)
- Strong female skew in Fixed Location/ICT related roles (versus Mobile Workers)
- Baby Boomers dominate all segments other than Office Knowledge Workers, which is dominated by Generation X
- Two key longer term trends to note. Firstly, workplace mobility is driven by workplace decentralisation that will shift workforces to operate out of multiple locations and, secondly, workforce ICT Intensity is driven by, amongst others, intergenerational changes that will shift workforces to greater ICT intensity
- Strong differences exits between industry and turnover
- The rapid adoption of enabling technologies, such as broadband, secure access to networks and laptops/smartphones, confirm the trend to workplaces becoming increasing mobile
- Incorporating a model based on location and ICT enablement as part of a needs analysis could improve the probability and efficiency of alignment between the offering and worker type need, resulting in a better service experience.

4. MICRO BUSINESSES AND COMMUNICATION TECHNOLOGIES

The preceding sections have given a clear picture of Micro Businesses, their relationship to their financial service providers and the factors that influence their perceptions of service from those providers. In order to understand how financial services organisations can best use communication technology to help service the Micro Business segment we need to understand what technologies Micro Businesses themselves have available and how they use and interact with those technologies. The remainder of this section examines these issues.

4.1 Evolving Mobile Technology

*Micro Businesses increasingly have Internet-connected mobiles and use them to access Internet services*

From the research reported in Section 3, we know that the Micro Business workforce is becoming increasingly mobile. Charts 21 and 22 show this trend to mobility is reflected in the technology ownership of small businesses (including Micro Businesses). Whilst already enthusiastic users of mobile phones, small business is rapidly switching to Internet-enabled third generation, 3G, mobile phones, with the penetration of Internet-enabled handsets tripling over the last three years. In addition, small businesses are adopting the services these Internet-connected handsets enable, for example, the proportion of small businesses using mobile email has also tripled between 2006 and 2009.

Chart 21: Penetration of Mobile Phones into Small Business

Proportion of Businesses (1-19 Employees) With Mobiles (%)

- Internet-Enabled 3G Mobile
- Non-Internet-Enabled Mobile
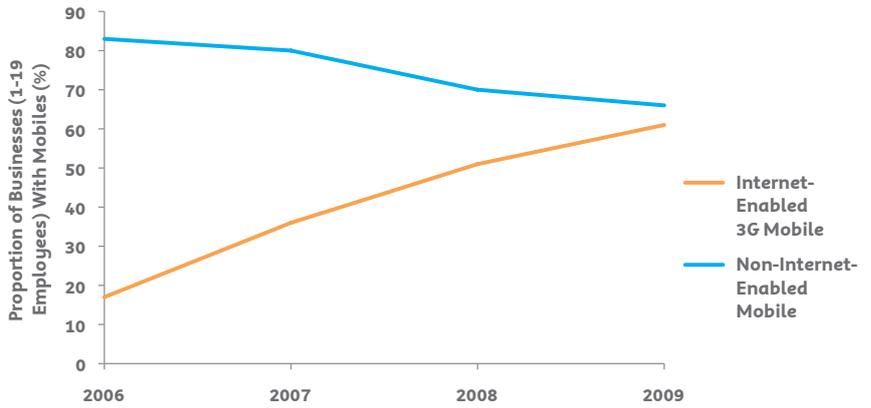
Data Sources: Sensis e-Business Reports, 2006-2009

Chart 22: Penetration of Mobile Email into Small Business

Proportion of Businesses (1-19 Employees) Using Mobile Email (%)
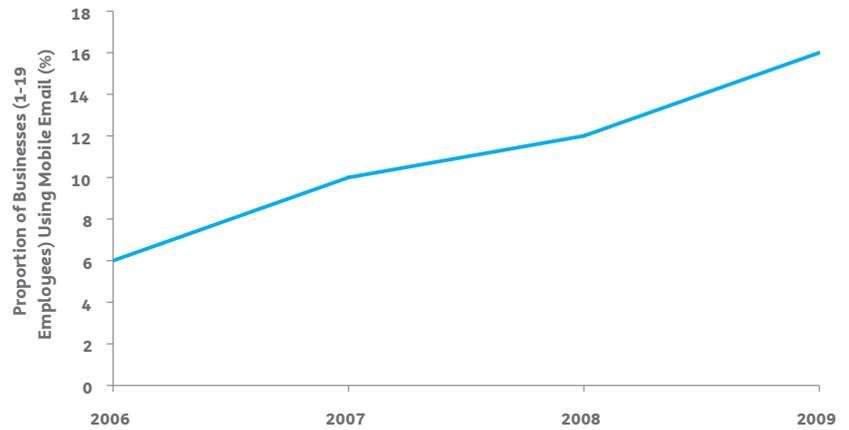
Data Sources: Sensis e-Business Reports, 2006-2009

Chart 23: Sales of Traditional Mobile Handsets versus "Converged Devices" (or Smartphones)

Australian Shipments of Converged Devices and Traditional Mobile Phones

Millions

- Converged
- Traditional
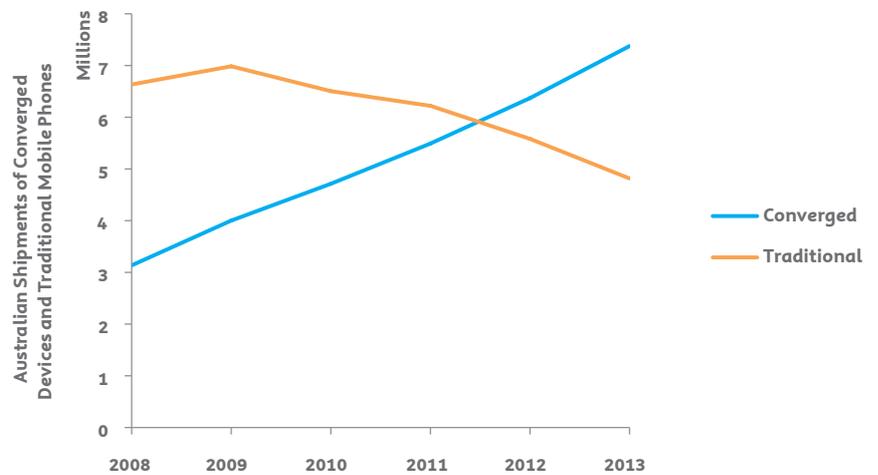
Data Source: "IDC Asia/Pacific Mobile Device Tracker, Q4 2009 Tracker and Forecast", IDC Inc., 2009

Converged mobile devices are replacing traditional mobiles

Not only are mobile handsets connected to next generation services, but they now combine hardware including large screens, high definition cameras, powerful processors and an array of sensors, such as global positioning, accelerometers, proximity sensors and compasses. The result is a 'converged device' capable of combining the roles of mobile phone, mobile Internet device, personal application platform, media player and more. Chart 23 shows that these converged devices or smartphones are rapidly supplanting more traditional mobile handsets in the market.

Laptop PCs are supplanting desktop PCs

Of course, the mobile handset is only one part of the mobile workers toolset; the PC is the other. Overall, the Australian market is following a global trend away from desktop computers towards the laptop form factor. As Chart 24 demonstrates, in Australia cumulative laptop sales are expected to exceed those of desktops by about 70%. This trend is reflected in Micro Business PC ownership as shown in Chart 2

Chart 24: Forecast of Australian PC Shipments
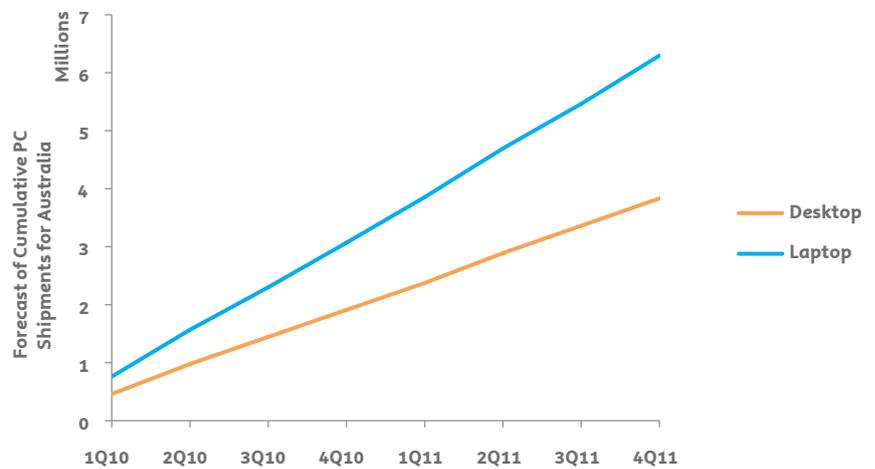
Data Sources: "Australian Quarterly PC Market Update, 4Q09", IDC Inc. February 2010

Chart 25: Australian Micro Business PC Ownership
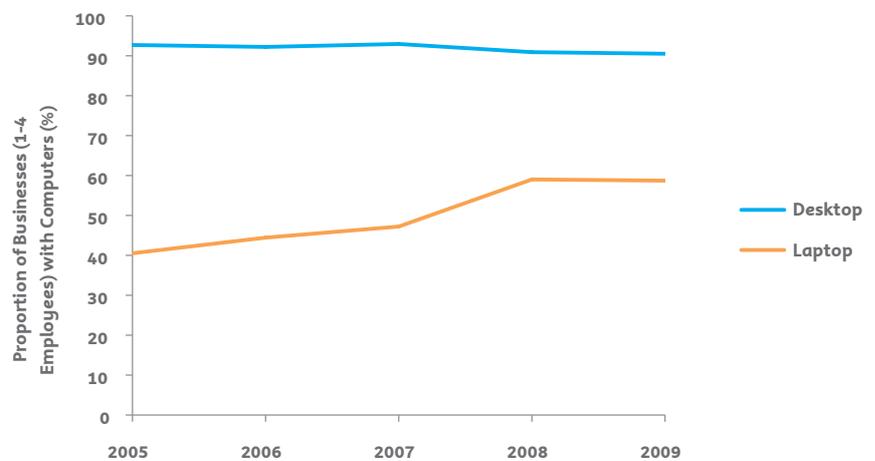
Data Sources: "Sensis e-Business Reports 2005-2009", Sensis

4.2 Rise of the Digital Home

The home is a major workplace for many Micro Businesses whether based entirely in the home, or as a location where much 'back office' work for the business is completed. As the research in Section 3 highlighted, the PC is not a device that Micro Business worker types with basic ICT Intensity prefer. However, we should not lose sight of devices that they do use. The nature of ICT within the home is beginning to change rapidly. Existing home devices increasingly feature sophisticated networked communication capabilities and a new class of networked devices targeted largely at home use is emerging.

An important example of this evolution is the television, to date, largely a device for passively consuming content rather than a potential contact channel[21]. The next generation of televisions, however, features direct Internet connectivity, the ability to directly run sophisticated applications and services and, in some cases, even cameras. According to Steven Koenig, director of industry analysis for the U.S. based Consumer Electronics Association, 55% of TVs will be Internet connected by 2013[22]. These next generation televisions are, in many ways, well suited to becoming in-home customer video contact devices.

In many homes, existing televisions are already part of a rich, connected, intuitive application platform – current generation gaming consoles. As with the television, gaming consoles have not traditionally been seen as a candidate contact channel (possibly due to the limited capabilities of previous generation consoles). However, current generation consoles now enjoy significant market penetration. Australian gaming community site Kotaku estimates that 1.7 million Nintendo Wii consoles, 800,000 Microsoft Xbox 360 consoles and 646,000 Sony PS3 consoles have been sold in Australia[23] by the end of 2009.

Mobile handsets aren't the only convergent devices that may be used for customer contact

We mentioned in Section 4.1 that mobile handsets are evolving into converged devices, but, as the preceding paragraphs show, handsets are only one example of devices where functionality is converging. New classes of converged devices are emerging rapidly. Other examples of converged devices likely to gain traction in the digital home include media-centric slate devices (such as the Apple iPad and the Telstra T-Hub[24]) and network-connected e-book readers (such as the Amazon Kindle).

Consumer electronics march towards the digital home has two significant implications for financial service providers seeking to support Micro Business customers. Firstly, many customers not normally considered heavy ICT users, particularly in the 'Mobile Worker' and 'Trade Worker/Service Provider' worker types, regularly use home devices which can provide them with access to highly sophisticated communications services. These emerging devices may well be the entry point for these worker types onto the Online channel.

The second implication is that financial service providers will be faced with a diversity of highly capable converged communication devices, many of which may act as contact channels to their customers. A development which may help mitigate the complexity of providing customer contact functions through an ecosystem of heterogeneous converged home devices is the emergence of home network gateways. These can potentially provide a single abstraction layer through which organisations such as financial service providers can access or expose a set of consistent well-defined home and network services instead of trying to manage a wide range of disparate devices.

4.3 The Social Internet

One of the most widely reported trends in the application of technology has been the spectacular growth in the use of social platforms along with social networks and the social media implemented on them. Nielsen Online report that the time Australians spent using social media sites increased from 800 million minutes per month in August 2008 to 1600 minutes per month in June 2009; doubling in under 12 months[25]. Nielsen also report that over nine million Australians are active participants in at least one of the major social networking sites (with 83% of social network users indicating that Facebook is their main social networking site)[26].

It is commonly perceived that these social platforms are largely the domain of Generation Y (currently only 9% of Micro Business owners). However, research suggests social media and social platforms are increasingly important for the Generation X (31% of Micro Business owners) and Baby Boomers (40% of Micro Business owners). Over the 12 months ending June 2009, Forrester reports that the proportion of Australians aged 35-44 who use social media grew from 35% to 46% and that for those aged 45-54, social media growth was even stronger, from 24% to

39%[27]. A 2010 study by Internet monitoring company Pingdom analysed records for U.S. visitors to major social platforms[28] to determine the age distribution of visitors (shown in Chart 26). Using figures from that study and excluding visitors under 18 and over 65, the average visitor age to these social platform sites is actually about 40 years old[29].

Chart 26: Age Distribution of U.S. Visitors to a Selection of Major Social Platforms
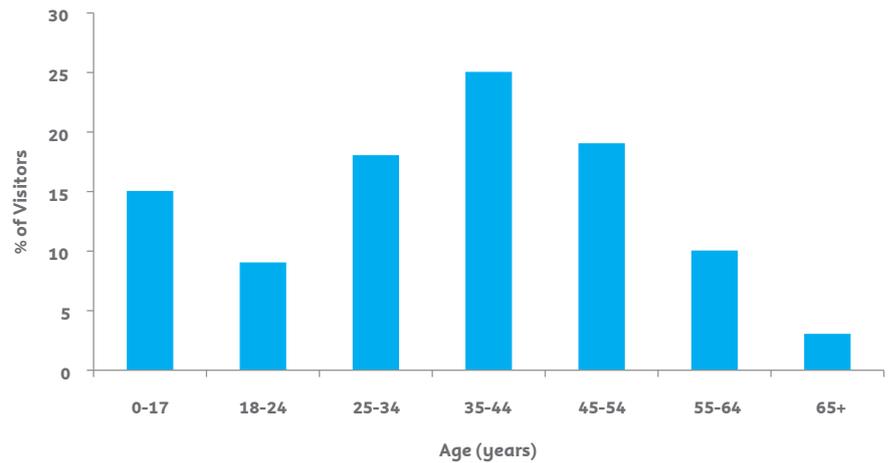
Data Source: Google Ad Planner

The The growth of social platforms amongst the population from which Micro Business owners emerge is important for two key reasons. Firstly, for its implications regarding channel mix and, secondly, for the way it potentially influences how Micro Businesses get advice about financial services and financial service providers.

Social platforms are very "sticky" channels

From a channel perspective, Australians find social platforms very sticky. The Nielsen Company reports that in December 2009, online Australians spent six hours 52 minutes per month engaged with social platforms (the highest of any nationality measured) and globally time spent on social platforms more than doubled from December 2007 to December 2009[30]. Teresa Sperti, the head of Marketing and Technology at realestateview.com.au reports that in 2010 the average Australian Facebook visitor spends over eight hours per month on the site[31].

Social platforms are particularly important for high income Australians

From an influence perspective, high income Australians tend to be regular users of these new channels[32]. According to Forrester, high-income earners are active social platform member who are over-represented as both 'critics' (who are likely to contribute product reviews and opinions to social platforms) and 'collectors' (who are likely to gather and analyse such opinion). Social platforms are growing in importance as both a contact channel preference and a source of information and advice.

Case Study 1: American Express Creates OPEN Forum[33]

Case Study: American Express Creates OPEN Forum

The combination of the change in the nature of advice shown above with the growth in engagement with and reliance on social media offers the potential for financial institutions to not only build relationships with individuals, but to actively participate in the conversations which Micro Business customers hold regarding their financial services providers. Emergent examples of this can already be seen.

To help engage with American small businesses, American Express has created a social platform called "OPEN Forum", http://www.openforum.com, where small businesses can share conversations and ideas (American Express OPEN is their small business brand in the United States).

American Express regularly contributes content targeted specifically at small business from both internal and syndicated sources. Content is often syndicated from authors with significant social networking profiles (for example the entrepreneur and blogger Guy Kawasaki) in order to leverage their existing networks to acquire new visitors and potential members to the OPEN Forum. Additionally, American Express actively participates in many of the discussions occurring within the forum.

4.4 The Media-Centric Internet

Australians spend as much time engaged with new media as they do traditional media

The Internet has certainly become a mainstream media engagement and consumption channel. In fact, midlife Australians now spend roughly the same time engaged with new media (Internet and gaming) as they do with traditional media (television, radio and print)[34]. One of the axioms of media technologies is that content tends to become richer over time and the Internet is no exception. The dominant media forms on the Internet have progressed from predominantly textual at its instigation to audio. Now video and interactive gaming are the dominant traffic forms on the consumer Internet.

Globally, Internet video now represents one third of all consumer traffic on the Internet and is predicted to grow to 91% by 2013[35]. This trend is being replicated on mobile networks, with video predicted to account for two thirds of all online data traffic by 2014 – amounting to some 2.4 terabytes of traffic per month[36].

The dominant media on the Internet has progressed from text to audio and now video.

Initial uses of Internet video have been as distribution channel for mainstream media (for example Hulu in the U.S., the BBC iPlayer in the U.K. and ABC iView & FOXTEL's On My PC' initiatives in Australia) and, famously, for social media (for example YouTube). Many Internet communication services such as Skype have also offered video calling capabilities for some time with some level of acceptance. We are now also seeing the emergence of some new applications including predominantly video-based social networking tools (such as ChatRoulette[37]).

Case Study 2: Bankinter's Video Contact Centre[38]

> **Case Study: Bankinter's Video Contact Centre**
>
> Spanish bank Bankinter has aggressively pursued a multichannel customer contact strategy and in 2007 launched a rich multichannel customer contact system, including video calling (including a campaign supplying many customers with webcams and audio headsets)
>
> Customers can either launch a video call from the Bankinter website or use their video-capable 3G mobile phone. About 200 of Bankinter's agents are equipped to handle video calls, handling over 1000 video calls per day. The service delivered higher sales conversion rates of (25% for video versus 18% average for other channels) and a greater customer satisfaction (score of around 85% satisfaction versus 75% average for other channels).

4.5 The Result: Channel Complexity

Figure 1 depicts a typical range of channels that may be used today to deliver service through to customers. High level trends identified so far in this section are:

• Evolving mobile technology, including device convergence
• The evolution of the digital home
• The rise of the social Internet
• The Internet becoming more media-centric

Combined, these trends all point to the fact that financial services providers are facing something of a 'triple challenge', resulting in rapidly increasing customer contact channel complexity (see Figure 2). Firstly, customers have a greater range of highly capable devices from which they might access financial services (and, in many cases, will expect to be able to do so) at home, in the workplace and on the road. Secondly, new channels accessed through these devices move into the mainstream very quickly, resulting in an expectation from customers that they should be able to access companies and their services using them. Lastly, the services they access on these devices are increasingly sophisticated, often blending aspects of simpler, more traditional contact channels. A single social platform might, for example, blend voice chat, text chat, document sharing and video.

Figure 1: Channel Complexity Today
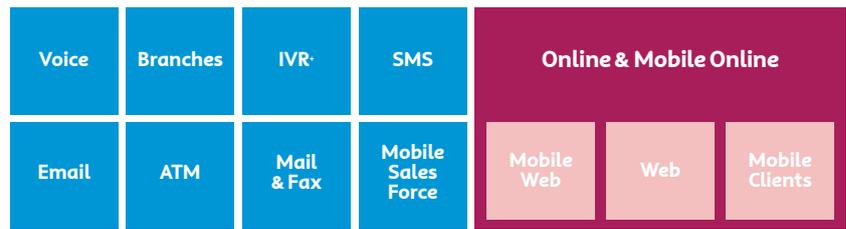
Figure 2: Channel Complexity Tomorrow
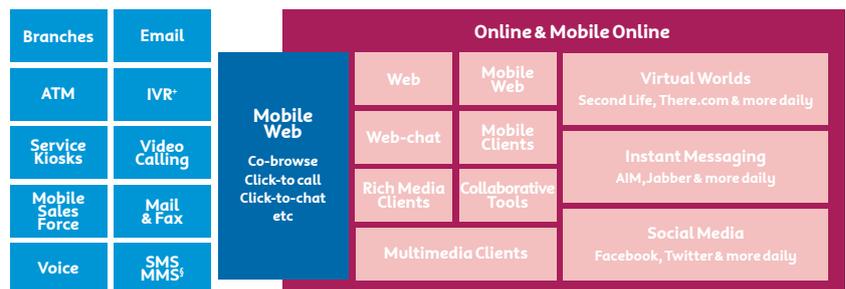
Financial services providers need to position themselves to a more complex an rapidly changing contact channel mix

Financial services providers need to prepare themselves for this 'triple challenge' by building capability to integrate new and more complex contact channels into their customer contact infrastructure more quickly and cheaply than they have to date.

4.6 Three Customer Experience Concepts

From Section 2 we understood that Relationship and Problem Resolution and are critical drivers of satisfaction. We also note that all channels are critical to Micro Businesses for satisfaction. Section 3 highlighted that when it comes to understanding their needs, location and ICT intensity can provide greater alignment of service offering to expectation. So far in this section, we have examined how the communication technology environments of Micro Business owners will evolve. For the remainder of this section we will explore how a providers ICT infrastructure can be used to evolve, to build and deepen the relationship between providers and their Micro Business customers.

We know that for Micro Businesses, Relationship and Problem Resolution drive customer satisfaction. A large body of research already exists around customer expectations of the customer contact experience and much of this research can be summarised as a set of imperatives for design of the customer contact experience that align strongly with Relationship and Problem Resolution.

Drivers of satisfaction, advocacy and service delivery	Customer Design Imperatives
Relationship	• Know who I am • Know and respect my preferences • Let me know that I matter to you
Problem Resolution	• Know why I'm contacting you • Use the information you hold about me to resolve my issue effectively and efficiently

In addition, the organisation supporting Micro Business customers has requirements from its customer contacts which can be summarised into the following additional design imperatives:

- Provide a designed customer contact experience
- Measure and manage the quality and consistency of that experience
- Manage the cost of customer contact operations
- Optimise the performance of our investment in people and infrastructure
- Use every contact as an irreplaceable opportunity to learn more about the customer (and ourselves).

With the above design imperatives in mind, three customer experience technology concepts have been developed to show how the branch, contact centre and mobile specialist channels might evolve into the future. The three concepts are:

- **"Experts Anywhere"**
  Effectively expose expertise and advice from your organisation to customers in more places
- **"My Branch Anywhere"**
  Extend the relationship between important customers and the staff in their preferred branch beyond the walls of the branch to the customer,
- **The Personalised Contact Centre**
  Make the contact centre a personalised, efficient and effective touch-point.

Financial services providers have already begun investing in the necessary communications technology infrastructure

Each of these concepts is enabled by an ecosystem of customer contact technologies. It is quite important to note that Australia's major financial service providers have already heavily invested in many of the required enabling technologies. This means that some aspects of these customer experience concepts can be delivered today, and will grow and evolve as more of the enabling technologies mature. The remainder of this section describes and explores each of these three customer experience concepts and shows which aspects can be implemented today and what will be possible tomorrow.

4.6.1 "Experts Anywhere"

We've seen in Section 2 that access to expertise from their financial service providers is important to Micro Business owners. Providing access to this expertise remotely is a key way of managing the cost, productivity and complexity of exposing this expertise to customers.

Many organisations have implemented mechanisms to let customers in a branch access experts and advisers located at other Branches, contact centres or centres of expertise[39]. These approaches have largely been based around stand-alone video conferencing solutions which connect dedicated in-branch video conferencing units or video phones to a limited set of endpoints in the organisation (as depicted in Figure 3). This limits the breadth and depth of resources that can reasonably be made available.

Figure 3: Accessing Expertise Remotely Today
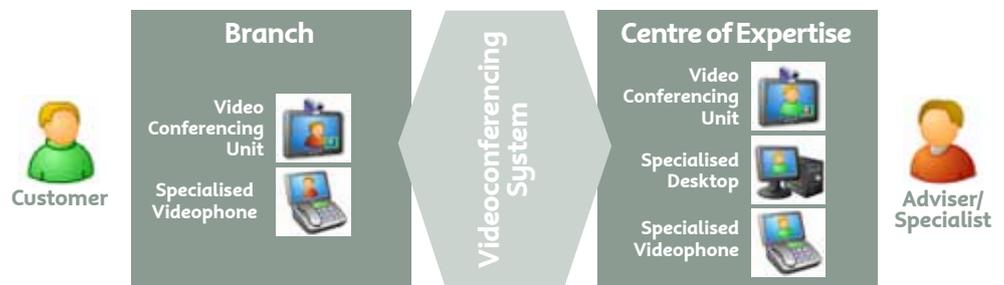
The "experts anywhere" concept starts with the premise that:

* Full-service financial service providers seek to expand the breadth and quality of advice/expertise they can expose to customers as an important sustainable differentiator. Ideally, they'd like to expose expertise, whether its located in a branch, centre of expertise, a back-of-house role or in the mobile workforce

* When they provide advice remotely, they want to move towards a more engaging experience to help build the relationship between the customer and the institution

* Our research shows that Micro Business owners are increasingly mobile, so they want to provide expertise to their customers on the go

* They want their customer and experts not just to converse, but to collaborate effectively to get the job done and problem solved.

Figure 4 depicts the "experts anywhere" vision, which allows experts in the organisation to connect directly to Micro Business customers whether they have come to a branch, are located at home, another workplace or even on the road. Leveraging the power of increasingly sophisticated Unified Communications and Collaboration (UC&C) platforms means that, rather than simply holding a video conversation, the customer and the Adviser can collaborate effectively, sharing data and applications, as well as sharing and jointly working on documents.

Basing "experts anywhere" on an open UC&C platform means that it can be integrated with other customer contact platforms, for example:

- Contact routing systems to allow greater flexibility in the scheduling of advice sessions
- Contact quality management systems so we can measure and manage the quality of experience the customer receives
- Decision support tools such as 'next best action' recommendations provide support to experts
- Contact analytics systems to mine advice sessions for potential future up-sell or cross-sell opportunities.

Figure 4: The "Experts Anywhere" Vision
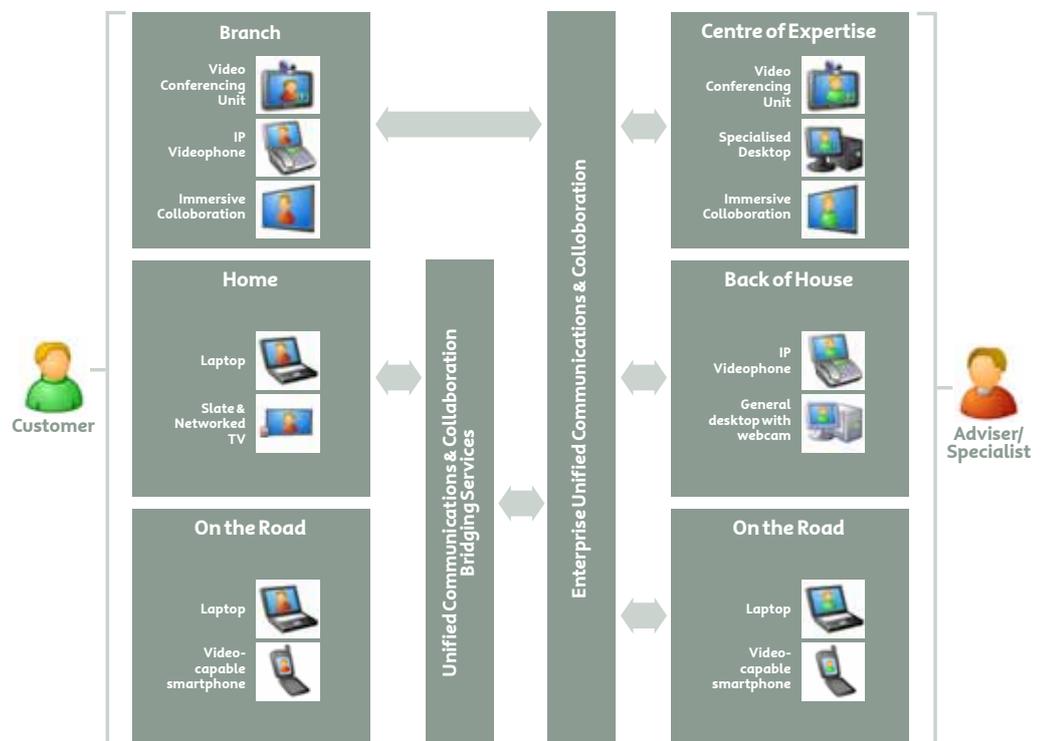
To get a picture of the customer experience that "experts anywhere" might deliver, consider the following example of the experience a rural customer might receive:

Scenario 1: "Expert Anywhere" in Action

"Experts Anywhere" in Action

Vince, a farmer (and Mobile Worker) in Mildura happens to be in town and drops into his branch to discuss financing for some new machinery he is considering. All the branch experts are currently out seeing clients on site. The customer service consultant in the branch that knows Vince, uses presence via the banks Unified Communications to identify and locate an available remotely located expert and facilitates a video banking communication in a private room within the bank.

The expert uses video and collaboration tools on a PC in the video conference facility to present Vince with the necessary information regarding his financing request. The expert is able to pre populate and complete the documentation and print out locally so that Vince can execute the documentation at the local branch.

With pre-approvals now in place, whilst in town, Vince can commence discussions with his machinery supplier.

"Experts Anywhere" Today and Tomorrow

A substantial part of the "experts anywhere" vision can be delivered today. Large Australian financial organisations have already invested in the core technologies needed to start bringing "experts anywhere" to life:

- Integrated high speed corporate wide area networks, such as the Telstra Next IP™ network and Next G™ network, connected with edge devices capable of managing and prioritising multimedia traffic
- An IP-based enterprise UC&C platform
- Secure remote network access for specialists or experts on the road.

By utilising these existing key components, it is possible for experts at any fixed location, or mobile locations in the organisation with mobile coverage, to be connected with customers seeking advice in any Branch, from the home or on-the-road.

Figure 5: "Experts Anywhere" Today
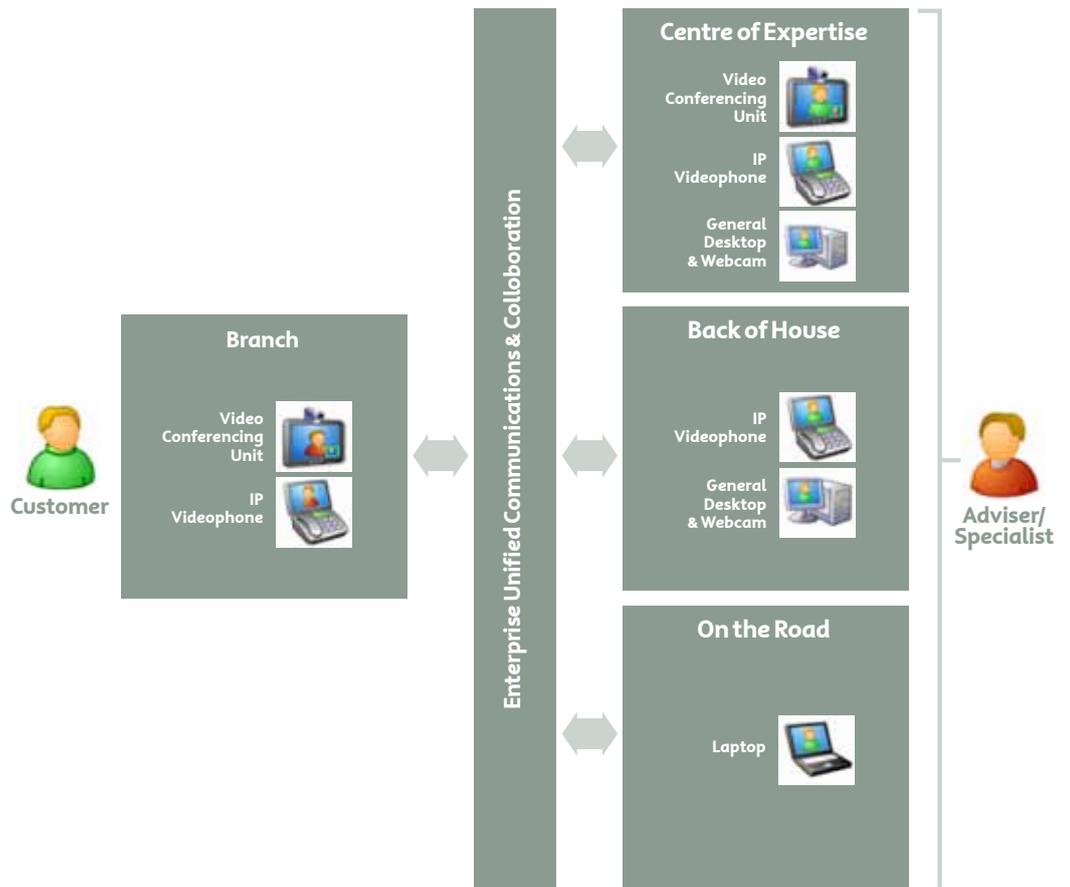
Evolution towards the full "experts anywhere" vision will require a number of technology capabilities to mature. In particular:

- Integrating staff on smartphones into "experts anywhere" requires bridging between enterprise UC&C and video calling on 3G telephony networks. This capability is just beginning to emerge with a small number of early adopters trialling or implementing this capability

In time, mobility integration will extend the reach of the "experts anywhere"

- Staff on the road using laptops equipped with high speed wireless broadband (such as Telstra Next G™ wireless broadband) can already be integrated with "experts anywhere" but connections will lack end-to-end quality management. Standards bodies are just considering extensions to mobile networking protocols which will enable such quality of service management
- The path to extend "experts anywhere" out to customers varies depending on the equipment they use. The functionality required to integrate with customer's on-the-road is a similar set to that needed to integrate mobile staff. Accessing "experts anywhere" from 'digital home' devices such as networked televisions, game consoles and media tablets without unmanageable complexity will become feasible with a coming generation of home network gateways. These will provide a consistent service integration layer across the massively diverse range of digital home devices.

4.6.2 "My Branch Anywhere"

As the research in Section 2 indicates, the Branch is at the centre of a deeper relationship between a Micro Business owner and his or her financial services provider. However, sections 2 and 3 also show us that Micro Business owners (particularly high turnover Micro Businesses) are increasingly mobile, often making it more difficult for them to get to their home branch. When they can't access the Branch, these high value customers all too often end up talking to a contact centre agent who may or may not be aware of the nature and history of their relationship with the organisations or the context of their call.

The "my branch anywhere" concept starts with the premise that

- For many Micro Business owners, the Branch and the team in it is at the heart of the relationship with their financial services provider
- Branch-centric Micro Business customers would like to be able access their relationships with Branch staff from more places, particularly as Micro Businesses owners continue to become more mobile
- In order to help deepen the relationship with high value customers, financial service providers are willing to extend accessibility of Branch staff, providing it can be done without impacting Branch productivity
- Enablement using the customer's preferred channel
- "My branch anywhere" (depicted in Figure 6) seeks to extend the customer-Branch team relationship beyond the bricks and mortar of the Branch.

> The branch team are critical to the customers' relationship and access to them in an increasingly mobile segment is an important consideration

Figure 6: The My Branch Anywhere Concept
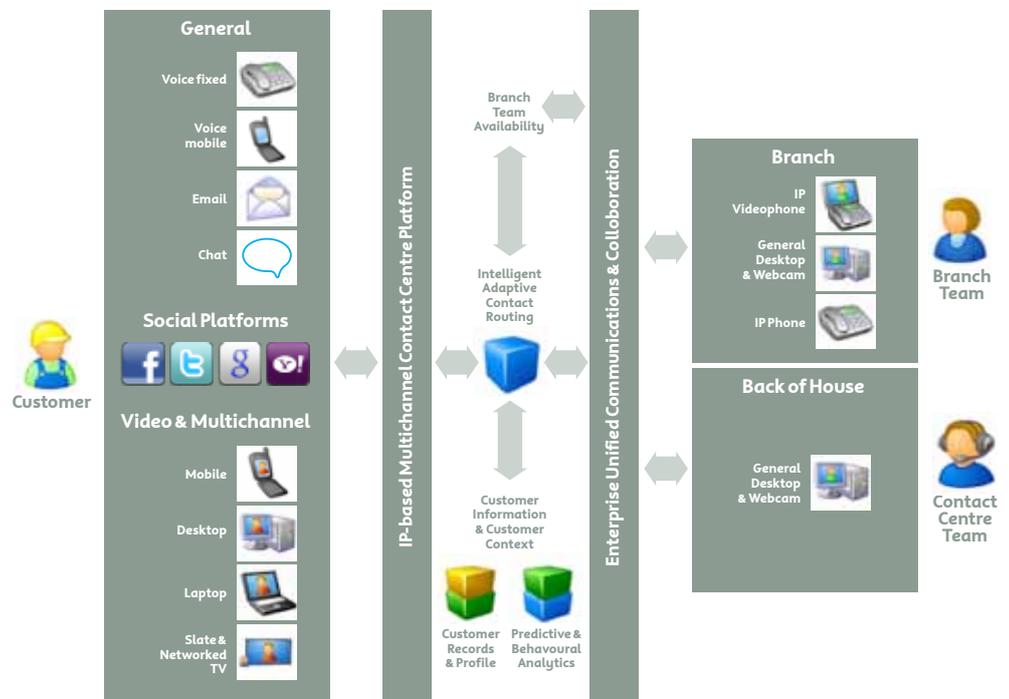
Once again, because the core of "my branch anywhere" is an open enterprise UC&C system, we can integrate "my branch anywhere" with contact quality management

systems to ensure a consistent customer contact experience and with contact analytics systems to mine contacts for customer intelligence.

To get a picture of the customer experience that "my branch anywhere" might deliver, consider the following example of the experience a high value customer might receive:

Scenario 2: : "My Branch Anywhere" in Action

"My Branch Anywhere" in Action

David (a Decision Maker) owns a lucrative renovation Micro Business and has been dealing with Rebecca at the Armadale Branch to begin organising investment loans on another two properties that he'll renovate and resell. David calls the bank's 1-300 business number and is immediately identified.

"My branch anywhere" knows David is a high value customer who regularly deals with either Rebecca or Sam at the Armadale Branch. It also knows that David is calling from his video-capable mobile and that he is currently travelling. Using presence information from the enterprise UC system, "my branch anywhere" knows that Rebecca is in a meeting but Sam is free and at his desk.

David hears a message "Hi David, Rebecca, who you've been dealing with, is not available at the moment. If you'd like, I can connect you to Sam at the Armadale Branch immediately or connect you to one of our other investment loan Advisers". David says he'll speak to Sam. A pop-up on Sam's PC screen shows him that David is calling and gives him a hot-link to all of David's information.

"Hi David, its Sam, how are you doing today..."

"My Branch Anywhere" Today and Tomorrow

Major financial service providers have already implemented most of the functional components required to begin the journey to "my branch anywhere" vision including:

- Integrated high speed corporate wide area networks with edge devices capable of managing and prioritising multimedia traffic such as the Telstra Next IP™ network and Next G™ network
- An IP-based enterprise unified communication and collaboration (UC&C) platform, including IP telephony
- Customer Relationship (CRM) systems which can expose a range of static customer profile information
- IP-based contact management platforms that can be integrated with customer information systems and team member availability to route contacts based on simple business rules and static customer profile information.

Figure 7: The "My Branch Anywhere" Today
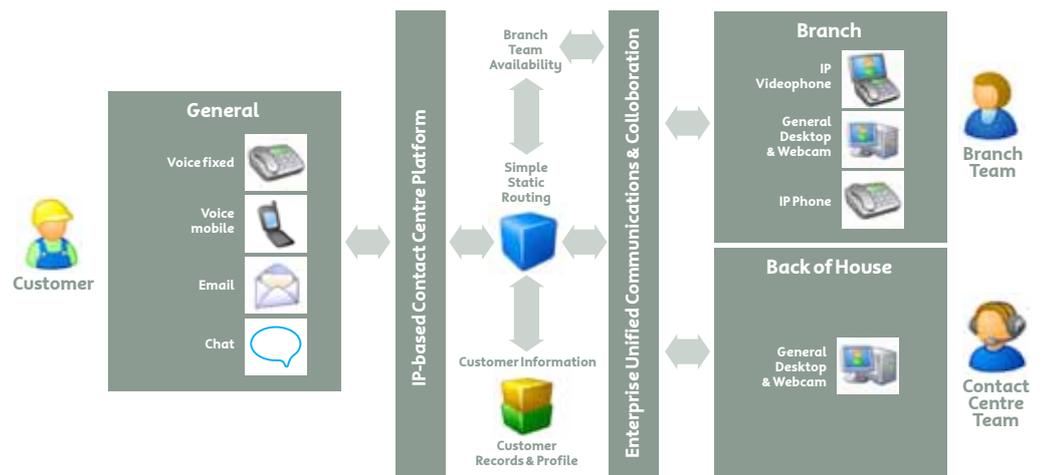
Leveraging existing technology investment, financial service providers can, for example route contacts on a limited number of channels (most likely voice, email and potentially chat) from high value customers to the Branch team (if available) based on relatively static customer characteristics, like customer footings.

The next generation of IP-based contact platforms will enhance the provider's ability to integrate new channels (including video and social platforms) and customer devices (potentially including devices from the digital home).

The branch becomes integrated and integral to the contact management mix

A new generation of routing engines are in early stage development which can utilise much more dynamic information (for example from predictive behavioural analytics) combined with complex algorithms to route **this contact** from **this customer** in **this context** to **the best available individual** in the organisation.

4.6.3 The Personalised Contact Centre

We know that relationship is a key driver of a Micro Business customer's perception of good service from their financial service providers. However, often the contact centre experience of today does not leave customers with the impression that the organisation:

1. Values them enough to treat them as an individual or;
2. Is making best use of the information they hold about the customer to help service them more effectively and efficiently.

Importantly for both the customer and organisation, the experience the customer receives is also often highly variable.

The Personalised Contact Centre concept depicted in Figure 8, seeks to provide a contact experience uniquely tailored to the individual customer, their needs and their current context and is based on the following premises:

Using prediction, knowledge and data to deliver a uniquely tailored contact experience

• Using knowledge of customers and their behaviours, we can often predict why

they are contacting the bank and optimise the contact to address that purpose

- Customers should be able to contact the bank on their preferred channel
- If the bank contacts them, it should use its customer knowledge to contact them on the best channel and at the best time (and if it is making an offer it should be the right offer for them)
- 'What is measured gets managed', so if a consistent customer experience is sought, measuring important aspects of the customer experience rather than poor proxies is critical
- By measuring customer experience and operational performance in a timely way, the bank can continuously adjust operational levers like scheduling, routing, agent skills and training in an evidence-based way, to optimise the performance of their agents, teams and contact centres.

Figure 8: The Personalised Contact Centre Vision
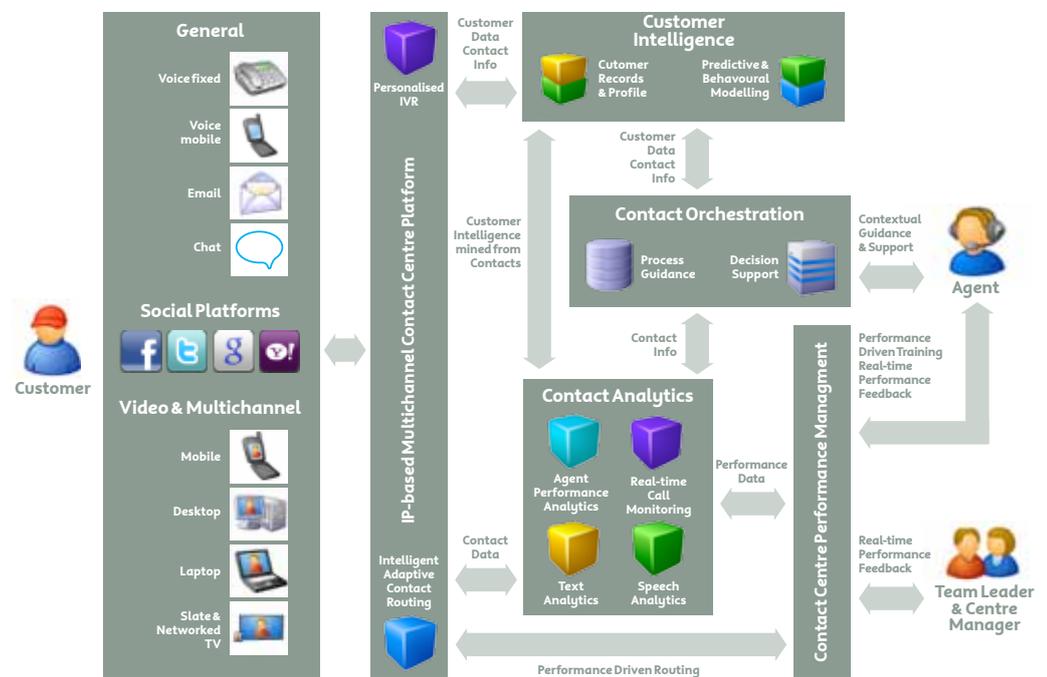
So how is the customer experience enabled by the Personalised Contact Centre different from experience of today? The following is an example of what an interaction might feel like.

Scenario 3: The Personalised Contact Centre in Action

The Personalised Contact Centre in Action

Marika (a Decision Maker) manages a web production Micro Business and often calls to organise payment gateway access for her various clients. She says her personal voice password and is immediately identified by her voice print. The personalised IVR asks:

> "Hi Marika do you want to speak to the payment gateway team or are you calling for another reason?"
> "Gateways"

She is immediately connected to Chris in the payment gateway support centre – we know Marika has had good experiences with Chris in the past, so we've routed the contact to him. As she's organising access, Marika mentions how busy she is with new clients popping up. A fraction of a second later Chris's "personalised and predicted actions" window suggests extending Marika's line of credit to cope with her growing business. Chris mentions the option to Marika and suggests conferencing in a lending advisor:

> "Actually, my accountant already suggested extending our credit line, but I haven't had time. Who do I need to speak to Chris?"
> "We can do an application now if you want..."

The Personalised Contact Centre knows that Chris rarely deals with lines of credit and gives him step by step guidance on who to call in and what to fill out.

Five minutes later, Marika's extension is approved. Chris also sees he's been scheduled for an e-learning course on the line of credit extension process. On their performance dashboards, both Chris and his team leader see straight away that the unexpected sale has already pushed him over his target for the day – and it's not even lunchtime.

From a customer experience perspective, Marika gets a personalised and efficient experience that lets her know we believe that both she and her business are and important relationship. From an agent's perspective, Chris gets support and guidance in handling each contact in the best way and he understands how he is performing against targets now (rather than three days ago). Chris's team lead knows how her team is performing right now, who is starring, who is struggling and what she needs to work on, and with whom. And finally, the organisation gets to control the quality of the experience it offers its customer and it gets optimal performance from its contact centre investments.

The Personalised Contact Centre Today and Tomorrow

As with the previous customer experience concepts, financial services institutions are already well placed to implement aspects of the Personalised Contact Centre through their existing investments in IP-based contact platforms, contact quality management systems, 'next best action' decision support tools and customer intelligence tools, including predictive and behavioural analytics.

Figure 9 shows how these existing contact infrastructure assets can potentially be combined to form a starting point on the Personalised Contact Centre journey. Using this approach today, financial service organisations can provide their customers with a mass customised contact centre experience rather than a truly personalised one. This approach also provides customer experience data to inform contact operations configuration decisions, but without the tightly integrated evidence-based decision feedback loop of the full Personalised Contact Centre concept.

Figure 9: The Personalised Contact Centre Today
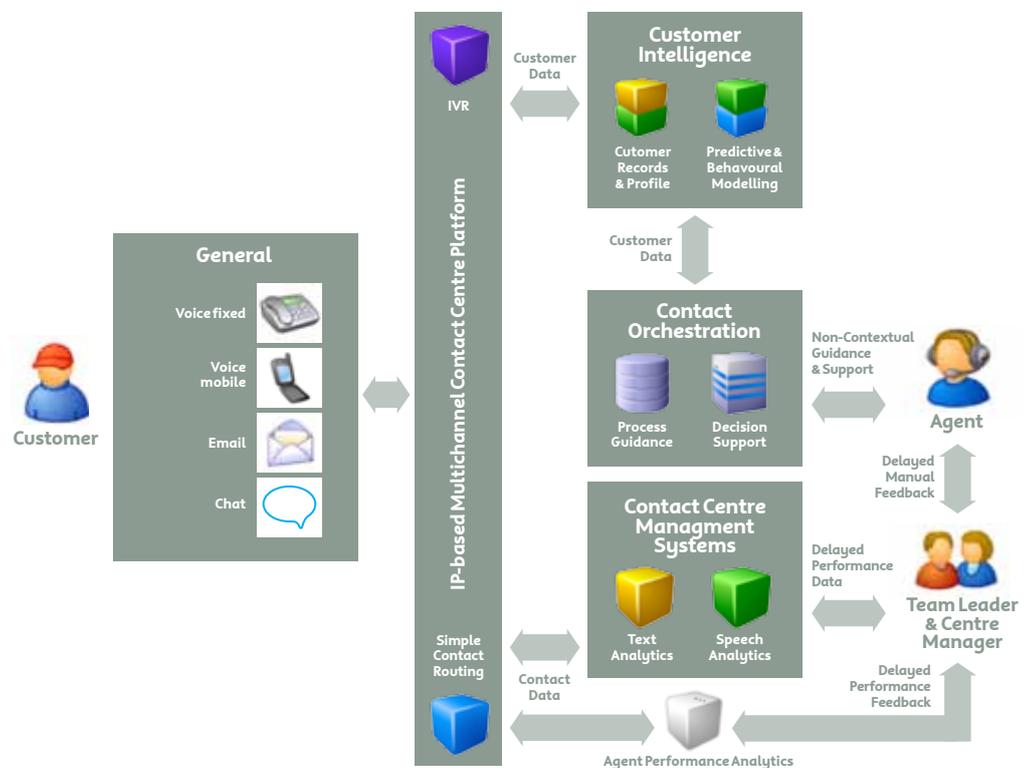
The current generation of IP-based contact platforms are not truly multichannel, but do permit organisations to integrate voice, email, chat and perhaps online video (although usually handled with varying levels of capability). The next generation of contact platforms are multichannel from the ground up and will allow better and easier integration of new channels including social platforms as they reach maturity.

Truly personalised IVRs with the capability to adapt the interaction in response to contextual information and individual preferences are about two years away from mainstream deployment. However, using existing IVR technology, a financial services provider can effectively tailor the experience to some extent for broad customer groups differentiated by relatively simple and static customer data.

As to understanding the actual customer experience, the current generation of contact quality management tools have and continue to make rapid progress in measuring important aspects, including emotional responses, sentiment, intent and compliance to process. Early stage solutions even exist which can monitor the agent's cognitive load as a predictor of their performance. Today these tools are vertically integrated solutions largely focused on post hoc analysis which is reported to team leads and centre management for further analysis and actioning at a later time. Two upcoming trends in contact analytics will be:

- The modularisation of the speech and text analytics enablers from these suites, allowing their reuse for other applications such as contact opportunity mining; and
- Contact quality management tools, will increasingly merge with other centre operations systems including scheduling, reporting, workforce management and e-learning systems resulting in a new class of tools called 'Contact Centre Performance Management' suites, which tightly couple operational performance and customer experience measurement to the centre's operational configuration.

Another exciting development is the recent emergence of 'real-time call monitoring' technology which continuously monitors the conversation between a customer and agent, identifying phrases of interest (such as 'so any new customers' in the example of Marika and Chris above), potentially triggering recommendation and decision support tools in real time, following the focus of the conversation.

Summary

- Micro Businesses increasingly have Internet-connected mobiles and use them to access Internet services
- Whilst the PC is not the preferred device by some worker types with basic ICT requirements, we should not lose site of devices within the home that they do use. With the advent of the digital home, these devices maybe the entry point for these types of workers into the online channel. Nor should we ignore these devices by those worker types who today are intermediate or advanced ICT users
- Social platforms usage is now mainstream at a generational level and in particular, with high net income Australians
- Australians spend as much time engaged with new media as they do with traditional media
- The dominant media on the Internet has progressed from text to audio and now video
- Channels used to deliver service are now becoming more complex and carrying rich media. The boundaries between channels is blurring
- Three customer experience concepts exploring how the key branch, contact centre and Adviser channels can be evolved have been developed:
    - "experts anywhere"
    - "my branch anywhere"
    - The Personalised Contact Centre.

- For each of these concepts, major Australian financial service providers can already implement aspects of the customer contact vision they depict using key technology infrastructure they've already deployed. Most critically, exploiting their existing investments in:
  - Integrated IP networks
  - Enterprise Unified Communications and Collaboration (UC&C) platforms
  - IP-based customer contact platforms
  - Predictive and behavioural analytics
  - Contact quality management systems.

5. CONCLUSION

This paper has demonstrated how Australian financial services institutions can create new service experiences to improve customer service to Micro Businesses by leveraging and enhancing the vast investments already made in core IP communications technologies. The evidence suggests that to this segment, mobile technology currently plays, and will increasingly play a critical role in their expectations of how problems become resolved and shape the very nature of their relationship with their financial institution.

What do we know?

- Customer satisfaction is an issue for the **highest value** Micro Businesses, for current or prospective Micro Business owners **aged 30–54 years** and for the **Agricultural, Manufacturing, Finance, Property & Business Services, Community Services, Recreational and Personal Services industries**
- **Problem Resolution** and **Relationship** are the most important drivers of Satisfaction, Advocacy and Overall Good Service
- Despite the rise of online channel usage, the **Branch, Phone Banking and Advisers** remain critical channels for satisfaction
- Channels are no longer distinct and are becoming increasingly complex, integrated and multichannel
- Positive attitudes toward technology, are held strongest by those Micro Business owners **aged <54 years, the next major owners of Micro Business.**

What do we need to think about?

- Micro Businesses as we know them today will fundamentally change through time, as we see workplaces and workforces that will shift to operate in **multiple locations** and with much **greater ICT intensity**
- Technologies that deliver **personalisation, multichannel/modal access, collaboration and prediction** are critical to improving service to Micro Businesses via the Branch, Contact Centre and Delivery Channels
- Relative to all other enterprise sizes, Micro Businesses today are the most mobile, least fixed location based businesses
- **Location and ICT Intensity** variables are reliable predictors of need when incorporated within a comprehensive needs analysis.

What do we need to do to improve service?

Improving service to Micro Businesses can be achieved through enhancing existing investments in IP communications with solutions that:

- Provide much greater access to expertise within the organisation irrespective of channel or device preferred by the customer
- Enable the branch team to become an integral part of the contact management process
- Make the contact centre experience personalised through predictive and behavioural analytics.

By incorporating customer knowledge of mobility and their ICT intensity within a comprehensive needs analysis, together with technologies to enable remote working, unified communications, conferencing and collaboration, contact centre analytics – provides new economic frontiers to optimise distribution assets and design new service experiences valued by customers.

6. ABOUT THE AUTHOR

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Rocky Scopelliti is the General Manager - Banking, Finance & Insurance, Industry Development at Telstra Enterprise & Government. In this role, Rocky is responsible for accelerating the awareness of and adoption of Telstra's technology solutions in the Financial Services sector.

Rocky has extensive experience in both the Information Technology and Financial Services sectors, where he has held senior management responsibilities covering Product Development, Strategy & Planning, Business Development and Strategic Marketing.

Educated in Australia and the United States at Sydney University and Stanford University, Rocky has a Graduate Diploma in Corporate Management and a Masters in Business Administration.

7. ACKNOWLEDGEMENTS

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Warren has decades of experience helping large enterprises determine how technology can help them take full advantage of their knowledge and information resources to improve performance.

Warren has honours degrees in science and engineering from Monash University and a Masters degree in Electronic Commerce from Deakin University

Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States, United Kingdom, New Zealand and Indonesia. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has more than 65 year's experience in collecting objective, independent information on consumers.

In Australia, Roy Morgan Research is considered to be the authoritative source of information on print media measurement, financial behaviour, voting intention and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

8. GLOSSARY

Assisted GPS (A-GPS)

Locating devices using GPS alone is prone to inaccuracy or delay in certain circumstances (particularly in highly built up areas). A-GPS uses mobile network information to improve both the accuracy and speed of GPS location.

Broadband

Broadband in telecommunications refers to a signaling method that includes or handles a relatively wide range of frequencies, which may be divided into channels or frequency bins. Broadband is always a relative term, understood according to its context. The wider the bandwidth, the greater the information-carrying capacity.

Co-browsing

Co-browsing is short for collaborative browsing. It refers to the process of two people, on different end devices (usually PCs or mobile devices) being able to simultaneously and collaboratively view, navigate and otherwise interact with a web site or web-based application.

Collaboration

Collaboration technology refers to software designed to help people (often located remotely from each other) work effectively together to complete a shared task. Typical collaboration features include voice conferencing, video conferencing, instant messaging, document storage, file sharing shared, document creation and mark up.

Communications-Enabled Business Processes (CEBP)

CEBP refers to the integration of unified communications and collaboration with core business applications, allowing the organisation to substantially redesign core business processes (rather than simply improving the efficiency of existing processes).

Customer Relationship Management (CRM)

The system(s) and processes used by organisations to manage and track contacts with its various individual customers and the information it holds regarding them. CRM systems are typically used by customer-facing staff to help support and guide customer contacts.

Enterprise Collaboration

Enterprise collaboration technology refers to the subset of collaboration technology focused on enabling people within an organisation to collaborate effectively.

Enterprise Mobility

Enterprise mobility is an umbrella term for a variety of approaches aimed at enabling access to enterprise tools, systems and resources from mobile devices.

Facebook

Facebook is a free-access, privately-owned social networking website. Users can join networks organised by city, workplace, school, region, etc. to connect and interact with other people. People can post status, profile and interest information, photos, etc. and comment on the postings of others. Users explicitly define their social network via a 'friendlier' process.

Fourth Generation Network (4G)

A class of very-high-speed data-centric mobile networks which will be deployed in the near future offering substantially higher bandwidth than current mobile networks.

Instant Messaging (IM)

Instant messaging is a collective term for a set of technologies that allow a real-time text-based communication between two or more participants (who are typically remote from each other) via a network. Many instant messaging services are popular among Internet users including AIM, Jabber, Windows Live Messenger and Yahoo! Messenger. Many social networking applications include instant messaging as a component.

Interactive Voice Response (IVR)

Interactive Voice Response is a technology or system allowing a user to provide input via voice or using a touch on keypad and provides responses via either recorded or synthesised speech.

Interactive Voice and Video Response (IVVR)

Interactive Voice and Video Response complements IVR technology by allowing output from the system to include either recorded or streaming video as well as recorded or synthesised speech.

Global Positioning System (GPS)

A global navigation system based around a network of satellites deployed by the United States government. Devices equipped with GPS receivers can locate their position quite accurately by measuring and comparing the time taken for signals to reach the receiver from various satellites in the network.

Information and Communication Technology (ICT)

ICT is an umbrella term which includes information technology, communication technology and the integration between them.

Location

In this content, location refers to the systematic determination, recording and publishing of information indicating the current or historical geographic location of a user of a location service.

Location-Based Service (LBS)

A service or application which utilises the user's location information (see Location) to help deliver or customise the service or application.

Main Financial Institution (MFI)

The main or predominant financial service provider used by a given set of customers.

Multichannel

Multichannel contact usually refers to interactions which transition between one or more channels (e.g. voice, instant messaging or video) during the course of the interaction.

Multimedia Message Service (MMS)

An extension of the Short Message Services (SMS) paradigm which allows mobile users to send and receive video messages and still images from their mobile phone.

Multimodal

Multimodal contact usually refers to interactions, components of which take place on multiple channels (e.g. voice, instant messaging or web) simultaneously. An example of a multimodal interaction is where an agent talks to a customer on a telephone while showing them information using co-browsing (see Co-browsing) on a PC.

MySpace

MySpace is a social networking website with an interactive, user-submitted network of friends, personal profiles, blogs, groups, photos, music, and videos to be shared with others. Although not restrictive, the audience for MySpace is predominantly teenagers and young adults.

Presence

In this context, presence refers to the systematic determination, recording and publishing of information indicating the current or historical status and availability of a user of a presence service. Presence is frequently combined with location (see Location) to infer context information regarding an individual.

Second Generation Networks (2G/2.5G)

Terms often applied to lower speed voice-centric mobile networks. Some networks augment the voice calling capabilities of 2G networks with relatively low speed data transfer capabilities. These are sometimes referred to as 2.5G networks.

Short Message Service (SMS)

A messaging communications service provided on mobiles Phones and mobile networks which allow users to send and receive text messages of up to 160 characters from their mobile Phone. SMS text messaging is the most widely used data application on the planet, with 2.4 billion active users, or 74% of all mobile Phone subscribers sending and receiving text messages on their Phones.

Social Network Service or Social Network Application

Social network services refer to a class of predominantly web-based service allowing people who share some form of relationship to share status, profile and interest information as well as various forms of media including files, photos, videos, music and applications. Some of the most widely known social network services are Facebook, MySpace, Bebo and Twitter.

Third Generation Networks

(3G/3.5G) Terms often applied to high-speed data-centric mobile networks such as the Telstra Next G™ network. 3G networks typically include capabilities such as video calling and faster data transfer speeds. Faster 3G networks are often referred to as 3.5G networks.

Twitter

Twitter is a free social networking and micro-blogging service that enables its users to send updates (known as tweets) and read other users updates. Tweets are text-based posts of up to 140 characters which are displayed on the users profile page and are delivered to other users who 'follow' or subscribe to that users profile.

Unified Communications (UC)

A unifying approach for integrating various real-time communications channels (e.g. voice calling, video calling, and instant messaging) and non-real-time communication channels (e.g. mail, voicemail, email and video-mail) into a consistent framework. In UC systems, communications and their characteristics can generally be transferred seamlessly from one channel to another and can be made available for integration with other business applications.

Unified Communications and Collaboration (UC&C)

The integration of various collaboration features and functions into a unified communications framework.

Unified Messaging (UM)

The subset of unified communications (see Unified Communications) which deals exclusively with the integration of non-real-time channels such as mail, email, voicemail and video-mail.

Worker Type Segmentation (WTS)

A segmentation methodology developed by Telstra that applies Location and ICT Intensity as variables to predict needs.

YouTube

YouTube is a video sharing service allowing users to upload, view, share and comment on video clips.

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Telstra is a leading provider of network-based solutions and services to large organisations in Australia and New Zealand.

Telstra is a leading provider of network-centric communication and managed services to large enterprise and government organisations in Australia and around the globe. Telstra serves more than half of the world's top 500 companies through its international operations that facilitate access to over 240 countries and territories.

Telstra offers superior value for money through its range of award-winning world-class products and services that are underpinned by the next generation Telstra Next IP™ network and Next G™ network – fully owned and managed based on the stringent quality standards of Australia's largest network manager. Telstra's solutions are developed and tested in close co-operation with partners such as Cisco, Microsoft, Ericsson and Alcatel and designed and deployed for customers by Australia's largest and most qualified Professional Network Services organisation. Telstra's service to enterprise and government customers is internationally recognised for its high quality, including full International Customer Service Standard (ICSS) certification, backed by Telstra's Customer Service Commitments and delivered by one of Australia's largest and highly qualified field and technical workforce with a culture of continuous improvement.

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