

Using IT to Redefine the Customer Experience

By Heather A. Smith and James D. McKeen

CIO Brief

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THIS WHITE PAPER IS BASED ON THE PROCEEDINGS of the CIO Brief group focusing on how IT can help redefine the customer experience.

In this paper, Rob Lanoue, partner in charge of Deloitte's Customer Experience Practice, provides an overview of how business understands "the customer experience." Kathy Haley, CEO of UP Express, and Robert Power, director of IT&T for Metrolinx, discuss the guest experience at UP Express.

"We are just coming into the Age of the Customer in business," said Rob Lanoue. Today's empowered buyers are demanding companies focus on the customer experience. "It's almost frightening how much information our customers have now through many different touch points," he said. "So it's important to think about and manage these touch points, and in turn redefine the customer experience."

Customer experience (CE) starts with the sum of all interactions customers have throughout their "journey" with a company, with such items as: name and logo; products; price; promotions; sales staff; customer service; call centre; employee contacts; and referrals. "The sum of these interactions create a CE perception that can either help or harm a company's brand value," Rob said. Experiences can be both positive and negative. Positive experiences contribute to higher customer loyalty, while negative ones damage or destroy customer value. "Because IT is now involved in almost every customer touch point, it is extremely important in the CE conversation in organizations," he said.

Rob recommended mapping a customer's journey with a company as a way to identify and communicate both the benefits and the requirements of a great customer experience. "For example, if you look at how people get a mortgage these days, they move through many more channels than in the past – from friends' recommendations to online research to personal connection to online application completion to tracking the progress of their application."

Studies show that 90 percent of companies feel that CE plays a critical or very important role in their business strategy and 80 percent believe it is a strong source of differentiation. As a result, leaders are making it a top priority, assigning resources, designing CE metrics, and creating new accountabilities for CE. "This is a very real phenomenon," Rob concluded.

About the authors

Heather A. Smith is a Senior Research Associate at Smith School of Business. A former senior IT manager, Heather is author of five IT management books. She is also a Senior Research Associate with the American Society for Information Management's Advanced Practices Council.

James D. Mckeen is Emeritus Professor at Smith School of Business. Jim has been working in the IT field for many years as a practitioner, researcher, consultant, and speaker. Jim has taught at universities in the U.K., France, Germany, and the U.S. His research is widely published and he is co-author (with Heather Smith) of four books on IT management.

“There are substantial lessons we can learn from those who have mastered using customer experience as a differentiator. The retail and hospitality industries in particular are ahead of others in this area.”

He identified four trends in how leading companies are engaging with their customers across a broad range of channels:

- Shifting away from traditional sales and service touch points to online channels.
- Engaging consumers with new and emerging devices such as smart phones and tablets.
- Providing a consistent multi-channel experience, although this is stronger in vision than in practice.
- Extending the use of web and social networks. Not only are more customers using these channels, companies are also using them to improve internal communications.

Rob suggested that companies need to develop several new capabilities to improve their CE, including:

- A CE vision and strategy that accurately reflects your brand promise, differentiates you in the marketplace, and inspires consumers and employees from the top down.
- Customer insights based on data to drive the strategic and operational decisions that enable improved front-line interactions.
- Customer value propositions to incorporate the lifetime value of customer segments and the cost to serve them.
- CE operations that incorporate CE improvement objectives and ensure that delivery is consistent and connected across all channel and product organizations.
- A CE organization to drive customer experience both across the organization and from top to bottom.
- CE technology to ensure that CE principles guide technology investments and development roadmaps.
- CE measurement to assess the success of these initiatives and track the profits generated.

Planning a World-Class Guest Experience at UP Express

UP Express is the air rail link that connects Canada's two largest transportation hubs – Union Station and Toronto Pearson International Airport. Much anticipated for several decades, funding was finally secured after the announcement of the PanAm/Parapan Am Games in summer 2015. The GTHA's regional transportation authority, Metrolinx, took responsibility for the project in 2010, and construction began in early 2011. It is anticipated that over 5,000 people a day will use this service when it is fully operational.

At UP Express, deliberate attention was paid to the intersection of design and technology. "Design gives you a sense of place that is unique"

Kathy Haley was named UP Express's inaugural CEO in 2011. She has a passion for improving customer experience and a track record in customer experience transformation, both nationally with companies such as RBC, Canada Post, and Imperial Oil, and internationally for Allianz Group AG. From the outset of UP Express, she has sought to create from the ground up a great customer experience for its riders.

"Our goal is to transform how people move between Pearson Airport and downtown Toronto and elevate the way they experience our city," she said. "It must be efficient, economical, environmental, and elevated, that is, provide a differentiating guest experience." In addition, "we want to provide a great welcome to Toronto that offers amenities and information to the traveller and removes the stress of figuring out how long it will take to get to the airport. Our objective is to impress and delight our customers and this is reflected in all our technical and strategic plans."

The project began by understanding global benchmarks and best practices. UP Express will be a dedicated rail line like those in many larger cities around the world, with premium fares, and will be fast, convenient, and comfortable. In contrast, commuter services have lower fares, are slower and less comfortable, and lack amenities. "We also wanted the service to be beautiful and feature great design and architecture that is reflective of our region," she said. "Design gives you a sense of place that is unique."

At UP Express, design was inspired by Ontario forests, seasons, and landscape. Materials make the most of Ontario's natural assets – wood, copper, and tin. In addition, deliberate attention was paid to the intersection of design and IT. Vehicles embed IT, and look and feel swift and sleek. Stations are welcoming, connecting processes are well designed, and the entire end-to-end guest experience has been carefully orchestrated to create a positive, consistent customer experience.

Technology and the guest experience have been addressed each step of the customer journey:

- Information and planning tools will accommodate the preferences of guests (e.g., social media, mobile, online) and make trip planning easy and stress free.
- Ticketing will be available through many options including emailed tickets, service counter purchase, vending machines, and Presto passes.
- Stations will be warm and welcoming with clear signage, unique retailers, schedule information, and many amenities, such as flight check-in, baggage tag printing, and information on security wait times.
- Trains will be outfitted with comfortable and practical amenities to ensure guests are comfortable, connected and informed such as, flight information, Wi-Fi, charging outlets, luggage racks, infotainment, security wait times, and platform-level doors.

In the future, new technology and strategic partnerships will be used to further enhance the overall guest experience and create brand value,

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At Metrolinx, IT has traditionally been a service provider. On the UP Express project, however, IT was engaged in all concept meetings from the start

differentiating the service in the global marketplace, and creating revenue opportunities and cost efficiencies. “Our partners are very receptive to offering additional services with which we hope to surprise and delight our customers,” said Kathy.

IT’s Role in the Guest Experience

Robert Power, director of IT&T for Metrolinx, has many years’ experience in leading complex IT projects in the public transit sector. He described how IT has been involved from the beginning in designing the guest experience.

“Initially, I wasn’t expecting to play any different role than I had traditionally,” he said. “But when I was invited to a meeting to discuss the color palettes, I realized that this was going to be a different relationship with Kathy and her team than I’ve ever had before.” He noted that, at Metrolinx, IT has traditionally been a service provider. On the UP Express project, however, IT was engaged in all concept meetings right from the beginning. Technology and business worked collaboratively to brainstorm good ideas and then winnow them down to the 30 key technology components that would be available from Day One.

These were then combined into 12 work streams:

1. Website/mobile app to enable guests to access train and flight schedules, purchase fares, and submit feedback.
2. Customer Wi-Fi to provide seamless, uninterrupted Internet service both at the stations and on board.
3. Fare systems to enable purchases at stations, onboard, or online through mobile channels and partners.
4. CAD/AVL to provide core dispatch and vehicle location functionality for the trains.
5. Customer communication to create, aggregate, distribute, and display information to guests.
6. Contact management to provide a multi-brand, multi-channel, integrated solution to help frontline staff manage customer interactions.
7. GTAA Airline check-in kiosks to enable flight check-in for guests.
8. Passenger Emergency Intercom to enable two-way communications tools in stations that allow guests to call for assistance.
9. Security infrastructure to provide PA systems and CCTV at all guest access points.
10. Unified communications to create a public, self-service voice response system to access automated information and service representatives over the phone.
11. End-user devices to provide desktops, printers, scanners, and tablets for Guest Service Representatives.
12. Google Trip Planner to offer an online tool to assist guests to plan trips and access travel information.

“We took three different approaches to these work streams, depending on our knowledge and experience,” said Robert. About one-half of them will leverage or enhance existing systems at Metrolinx, two will leverage systems

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Dedicated program management is needed to deliver large-scale programs, and engagement across the enterprise is essential

already in development for the entire enterprise, and six will be new technology for the enterprise but will have the potential to be leveraged by it in the future.

His group has faced several challenges. “We really stretched our current IT&T capabilities with this vision and the tight timelines involved,” he said. Evolving business requirements and long procurement cycles added to their difficulties. These have led to some key lessons learned that have helped improve IT&T performance, including:

- **Dedicated program management is needed to deliver large-scale programs.** “We brought in a program management team that is very effective. It has enabled us to interact with the business at a new level and created much better work and execution plans.”
- **Engagement across the enterprise is essential.** “We were dependent on many other Metrolinx departments to cooperate with us. We found that painting the vision for them and getting lots of communication from Kathy really inspired them and engaged these partner groups at a visceral level.”
- **Requirement prioritization must separate Day One needs from future needs.** “In the past, we’d change our scope but, with UP Express we couldn’t do this. Instead we’re better managing our quality and testing cycles to get our sprints in and we’ve pushed our staff to deliver what we promised. We also have a detailed change process that addresses the additional costs involved. The business hasn’t liked it but it gives us better control over changes.”

To address the demands of this project, more staff was needed, along with organizational restructuring and change management. Developing and leveraging staff skills has been significant to its success, including:

- **Customer-focused business analysis.** IT&T adapted its analysis capabilities, which had been focused on its internal customers, to incorporate the needs of its external customers.
- **Existing relationships.** IT&T leveraged its relationships with several other functions (e.g., Customer Care) to deliver the UP Program.
- **Skills upgrading.** IT&T upgraded the required skills of the support team.
- **Organizational experience.** IT&T leveraged the GO experience in improving customer service and built on it while developing UP Express.

Discussion

Did you use contract staff?

“Yes, but since we wanted to retain knowledge, we had them work with our people. We are still working out how to transition to a steady state,” said Robert Power.

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Measuring everyone on the same end-customer metrics aligns all parts of the business, breaks down silos, changes mindsets, and gives IT a seat at all types of discussions

Are you using analytics?

Not at first, but the UP program has upgraded the contact management system and customer information is being kept for future business intelligence efforts.

Are you operating as a business or a government entity?

“UP Express is a profit centre,” said Kathy Haley. “We operate as a business and expect to recover our costs in three-five years. It’s a very compelling value proposition.”

How have you created good business partnering?

“At Metrolinx, as at other organizations, some groups are good to work with and others are terrible,” said Robert. “With Kathy, it was a positive experience. She gave us no choice but to get involved and it was infectious and easy to do. This has been very satisfying and it has been easy to get issues resolved. No one is trying to protect their turf.” Kathy added, “I made sure that Robert had the staff he needed to do the job and that his team were educated in the art of the possible. I stressed relationship building and understanding the value of the project.”

How do you change from being a service provider to a partner?

IT has had to make many changes in order to transform itself. “First, we had a great deal of diverse organizational knowledge in IT that we needed to share in order to become the ‘people with the answers’ so egos had to be checked at the door,” said Robert. “Second, we had to develop stronger business analysts and business relationship people. Doing this helped tremendously. Third, we had to break down internal business barriers in such functions as procurement and legal to ensure that they would focus on taking care of the business. Finally, we showcased IT to the board and to our partners and this enhanced our credibility all around.”

How do you make it easy for others to take advantage of the systems and expertise you have developed for UP Express?

Robert stated that business extensibility was explicitly considered in all systems design. As well, vehicles were considered part of the network and all physical elements – trains, tracks, stations, and building management – were considered to be a living Internet of things. “Some of what we’ve done in this project won’t be needed in Metrolinx but other things, such as Wi-Fi, will be,” he said.

Who did you align with in the business?

Power’s partners were Customer Service, Rail Operations, and Safety and Security, but his overarching goal was to align all services with the end user, by making services more interactive and customer-friendly. CIO Brief members added that measuring everyone on the same end-customer metrics supports this goal as it aligns all parts of the business, breaks down silos, changes mindsets, and gives IT a seat at all types of discussions. “For some companies, compensation based on customer satisfaction can work, but this is not possible at Metrolinx,” said Kathy. “However, we take our scorecards very seriously and believe they are a key driver of mindset change.”

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“To transform into a customer-centric organization, you must put a lens on the customer to know what they want. You’re not doing your job unless you’re creating a different experience”

How can you keep the excitement going after Day 1?

“After a successful launch, there’s bound to be an anticlimactic feeling,” said Kathy. “But our people are passionate about transportation and we’re already planning for Day 2 activities, improvement, and innovation with our partners. We also hope to share our learning with the larger Metrolinx organization and around the world.”

Which is more important for a CEO: knowledge of the business or knowledge of customer experience?

“I’m industry-agnostic,” said Kathy. “I’m grounded in understanding what the customer wants. To transform into a customer-centric organization, you must put a deliberate lens on the customer to know what they want. You’re not doing your job unless you’re creating a different experience. However, doing this successfully requires all parts of a company to come together. It’s a huge group effort and success is attributable to the work of everyone combined.”

Lessons Learned

Kathy Haley and Robert Power offer five lessons they’ve learned about creating world-class customer experience:

1. Relationships matter and good ones can take you a long way.
2. Strong project management and governance are keys to ensuring that both business and IT deliver.
3. Insist on high-quality requirements.
4. Focus on the customer at all times and connect this with individual and group performance.
5. Understand and map your customer journey. This is an essential new tool and is very helpful in enhancing IT’s understanding of the customer experience.