anypresence

STATE OF MOBILE CUSTOMER SELF-SERVICE IN UTILITIES

How HTML5 and Cloud-Based Mobile Apps Can Enhance Customer Service and Reduce Service Costs For Utilities.

anypresence

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JANUARY 2012 *(updated 5/12)*

Executive Summary

Significant technology advancements coupled with the adoption of wireless internet-connected devices is rapidly influencing consumer behavior in their personal and professional lives. Just as laptops overtook desktops as a primary means of accessing information, smaller networked devices such as tablets and smartphones are becoming the preferred Internet access point of consumers around the globe.

Driving the smart device movement are the Generation X and Millennial groups that have grown up with social media, text messaging, smartphones, and ubiquitous Internet access as the norm. Combined with Generation Z, those born in the 1990s, these groups are projected to comprise roughly two-thirds of the U.S. population by the year 2015. Selling to and servicing this "always-on" and "always-connected" populous will require a significant investment in the mobile web along with a shift in how new content, applications, and services are consumed.

GENERATIONS X, Y & Z WILL COMPRISE ROUGHLY TWO-THIRDS OF THE U.S. POPULATION BY THE YEAR 2015.

While some industries (i.e., banking and travel) have already shifted customer service efforts to the mobile arena, either through native application development or the creation of mobile optimized websites, there are a number of industries that have been slower to adapt to these shifts in consumer behavior. Among the slow-movers are utilities, an industry that is partially regulated by the Federal Energy Regulatory Commission (FERC), and thus, can ill afford to miss the opportunity to embrace a new customer satisfaction channel. As utilities continue to see generational shifts amongst its customer base, having a mobile strategy in place will be critical for long-term success.

This white paper will explore the top trends in mobility through the lens of today's leading market research firms and will explore ways that utilities can increase customer satisfaction and significantly reduce service costs by implementing a comprehensive mobile strategy.

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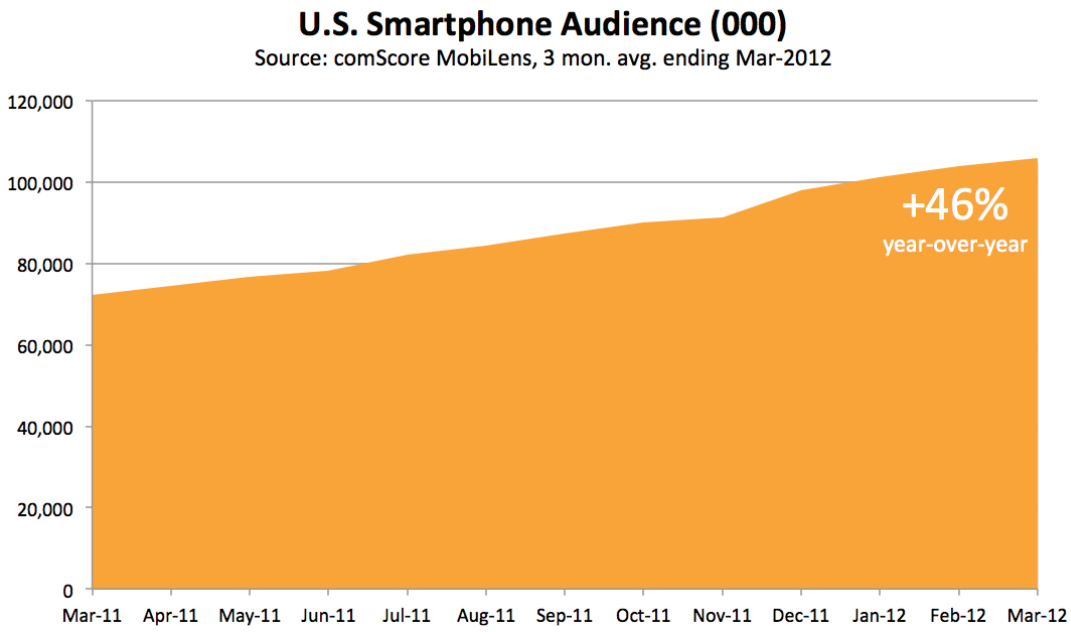
Mobile Trends & Background

Smartphones and the Mobile Web

A smartphone, as CNET defines it, has a third-party operating system (i.e., Android, iOS, etc) and includes standard features like E-mail, calendar syncing and document editing.[1] However, it is their ability to provide users with continuous access to the mobile web and applications (or "Apps") that has smartphones playing a vital role in the consumption of mobile content.

According to recent data from comScore, smartphone adoption continues to climb in the U.S., growing to 106 million subscribers in March of 2012. [2]



"THE U.S. SMARTPHONE AUDIENCE GREW TO 106 MILLION SUBSCRIBERS IN MARCH OF 2012, UP 46% YOY"

- COMSCORE MOBILENS

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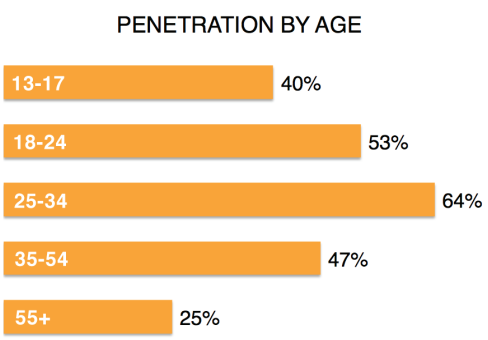
Perhaps more important than the overall growth of smartphones are the individuals that are driving that growth. Research published by Nielsen in December 2011 reveals that the majority of 25–34 and 18–24 year olds now own smartphones (64% and 53% respectively). [3] Not surprisingly, these age groups comprise a large portion of Gen Xers and Millennials – groups that have led in smartphone penetration compared to other age groups since 2009.

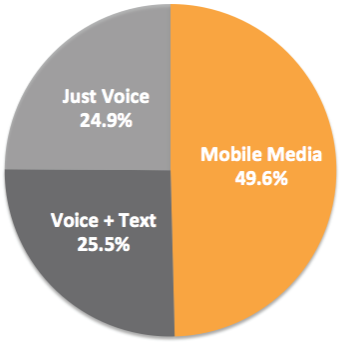
Smartphone penetration 2011
Aug - Oct, 2011, Nielsen U.S. Mobile Insights, National



The growing adoption of smartphones, especially by younger audiences, is a clear signal that mobile self-service will be a necessity for utilities wanting to service and engage an increasingly younger customer base.

Complementing Nielsen's findings was a recent comScore MobiLens report showing that half of the total U.S. mobile population is now using mobile media (i.e., browsing the mobile web, accessing applications, or downloading content). The other half of the mobile subscriber population not utilizing mobile media is evenly divided among those that solely use their phone to make calls (24.9 percent) and those that utilize their phone to make calls and text (25.5 percent). [4]

U.S. Mobile Usage Overview
Source: comScore MobiLens, U.S., 3 mon. avg. ending Aug 2011



Given these mobile usage patterns, utilities should look to deploy mobile self-service solutions that not only appeal to smartphone owners who are heavy users of the mobile web, but also to feature phone owners who rely primarily on voice and SMS (text) features. A comprehensive self-service solution will allow all customers (regardless of device capabilities) to leverage multiple channels, including mobile web, text messaging, and interactive voice response (IVR) for common tasks like bill payment and outage reporting.

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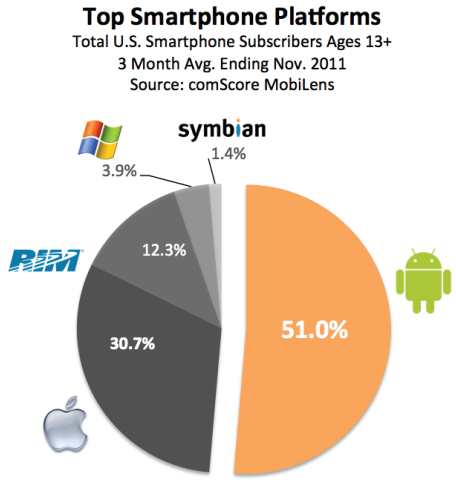
Smartphone Platforms

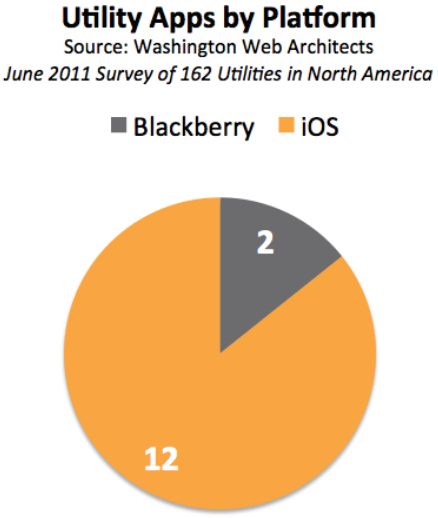
When it comes to the top smartphone platforms, Google's Android accounts for the highest share of the smartphone market (51.0 percent in March 2012), according to comScore. Apple's iOS platform ranked second at 30.7%, followed by RIM at 12.3%. [2]

Android's popularity amongst consumers is a point that seems to have been missed by utilities today. In fact, a June 2011 survey of 162 utilities in North America performed by Washington Web Architects showed that a small number of utilities were investing primarily in Apple's iOS platform, with 12 of the 14 native applications built for the iPhone and its brethren (iPad, iPod touch, etc). [5]

While Apple maintains a large share of the smartphone market, and is actually the market leader when you include other connected device form factors like tablets, it's clear that any mobile self-service solution should be cross-platform compatible. Native application development for the multiple mobile platforms can be expensive and difficult to maintain as consumer needs evolve.

Utilities looking to deploy cost-effective mobile self-service solutions for their customers will need to leverage newer technologies that can both connect to existing IT systems and deploy mobile apps that work across multiple mobile devices.





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Mobile Web Versus Apps

When it comes to consumption of web-based content, mobile users have two options. The more conventional option requires users to launch a browser on their device to surf the web (aka, the mobile web). This can lead to usability issues for consumers with devices like smartphones, where smaller screen sizes combined with websites that are not optimized for mobile makes browsing the web a frustrating experience.

A survey conducted in late 2009 by Equation Research (on behalf of Gomez, Inc.) revealed just how negatively an unsatisfactory mobile web experience can shape a consumer's opinion of an organization. The survey also discovered that mobile web users do not have much patience for retrying a mobile website that is slow or not optimized for mobile web browsing. [6]

The Equation Research survey findings included:

- Two out of three respondents encountered problems when accessing websites on their mobile phones in the previous 12 months — with slow load time being the number one issue
- More than half were unlikely to return to a Website that they had trouble accessing from their phone, and
- 40 percent said they'd likely visit a competitor's mobile website instead

The second option for consumption of web-based content comes in the form of native apps, which are typically designed for a specific mobile operating system (i.e., Android). Because native apps are installed on the device, they tend to be faster than the mobile web, as the interface is more direct.

"MORE THAN 50% OF CONSUMERS ARE UNLIKELY TO RETURN TO A WEBSITE THAT THEY HAD TROUBLE ACCESSING FROM THEIR PHONE"

- EQUATION RESEARCH

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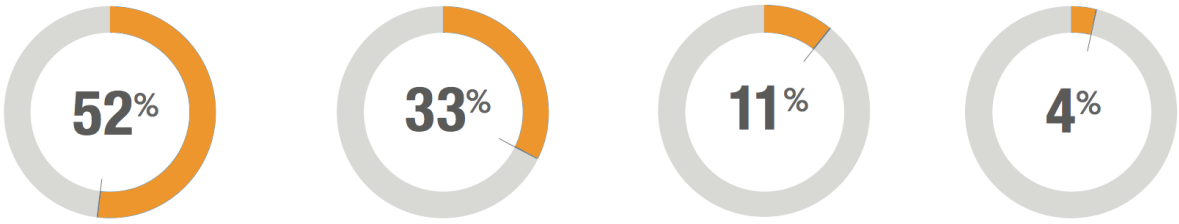
However, native apps can be very expensive to develop and maintain. This challenge was highlighted in a mobile experience survey conducted by Keynote Services in October of 2010 (on behalf of Adobe). The survey consisted of 1200 U.S. consumers across a wide range of age groups and mobile device ownership. Among its many findings was that two-thirds of survey respondents said they preferred the mobile web over downloadable mobile apps. The survey also suggested that most consumers have a limited appetite for the number of applications they are willing to download and maintain on their devices. [7]

Complicating the case for native mobile apps is the strong correlation between a poorly designed app and the predictable drop in app loyalty that can be expected. As the famous saying goes, "you never get a second chance to make a first impression." A December 2011 survey performed by ClickFox Inc found that consumers will show no loyalty once an app fails, with more than half (51.6%) of respondents indicating they would delete and forget a broken app. 33% would visit the web site instead, underscoring the importance of having a comprehensive mobile strategy that includes apps and a mobile optimized site. [8]

"66% OF CONSUMERS PREFER THE MOBILE WEB OVER NATIVE APPS"

- KEYNOTE SERVICES

When you experience issues with an app, what do you typically do?



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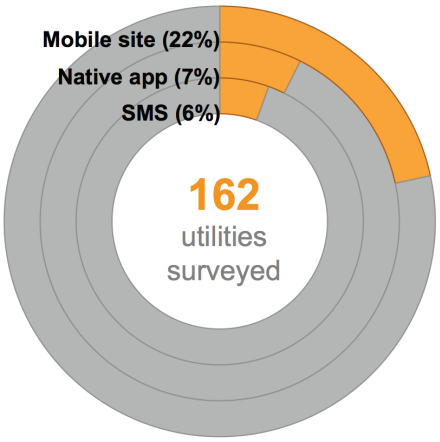
A Golden Opportunity for Utilities

Despite the compelling research that has been circulating in the industry, and the increasing adoption of mobile technologies by peers in other sectors, most utilities seem to have taken a "wait-and-see" approach when it comes to mobile self-service.

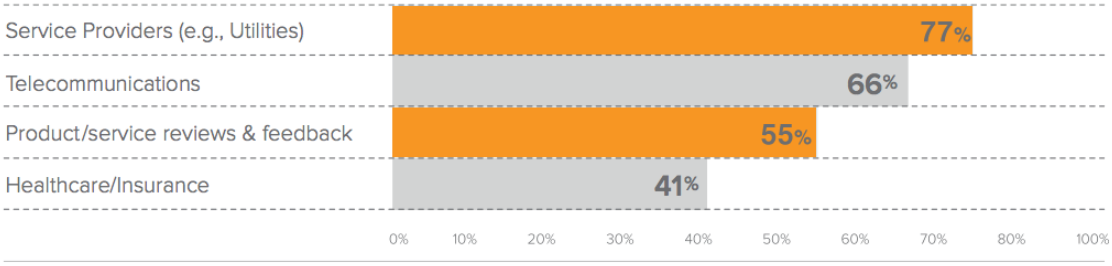


In fact, the aforementioned Washington Web Architects survey showed that just 22% of utilities have a mobile website, and even fewer (7%) have a native app. Those that do have a mobile app seem to be investing in a single platform, a strategy that will certainly alienate a large percentage of their customer base and could negatively impact customer satisfaction scores.

Experience analytics provider ClickFox performed possibly the most compelling study to date when it comes to customer service and the mobile arena. The study, published in December of 2011 revealed consumer perceptions about mobile apps, including the likelihood of consumers to use mobile apps for customer service purposes. Interestingly, 78% of consumers surveyed claimed to have used mobile apps for customer service purposes such as billing, account status/updates, and interactive chat. [8]

Given the lack of apps available, it's not surprising that 60% of respondents claimed to have never used a mobile app for their utilities, but 77% said they would find a customer service mobile app from their utility to be useful. [8] These findings reveal an obvious need in the market, and a golden opportunity for utilities.

What types of customer service mobile apps in the following industries would you find most useful? Select all that apply.



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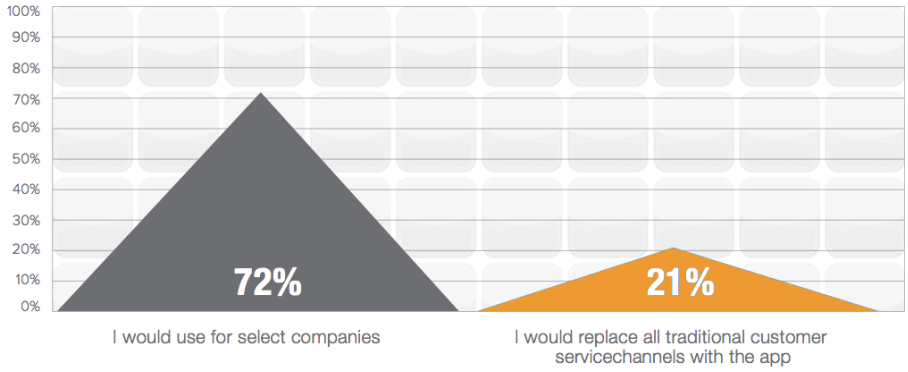
Perhaps the most interesting finding was that over 90% of respondents claimed they would replace some or all traditional customer service channels if a mobile app were available.

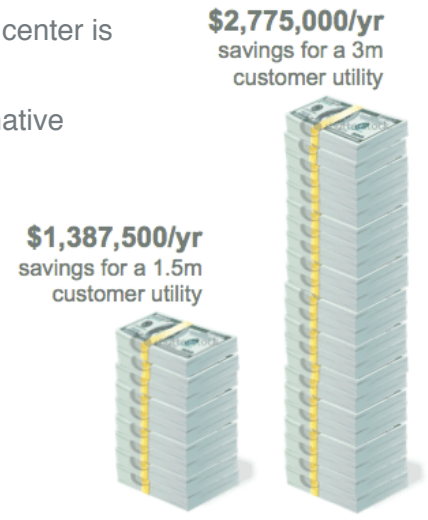
Would you use mobile apps in place of traditional customer service channels (e.g. calling customer care) if the same services and assistance were available?



> "OVER 90% OF CONSUMERS WOULD REPLACE SOME OR ALL TRADITIONAL CUSTOMER SERVICE CHANNELS IF A MOBILE APP WERE AVAILABLE"
>
> - CLICKFOX

That finding has important implications for utilities of all sizes, as they would realize significant cost savings by diverting customers to a mobile self-service site instead of a call center.

For example, Forrester Research estimates that the cost of a call into a call center is around $5.50, compared to $0.10 for online self-service. [9] By conservative estimates, utilities can save $20 to $35 per customer annually with an alternative self-service channel for billing and payments alone.



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Conclusion

As the adoption of mobile devices continues to grow exponentially, driven in a large part by generational shifts and lower costs, there will be a correspondingly significant growth in the consumption of mobile optimized web content on these devices. The importance of adopting an effective mobile strategy to better service the emerging needs of utility customers is more critical than ever, especially when customer satisfaction and cost savings is considered.

For an industry that is partially regulated, customer satisfaction is a key driver for utilities to implement a mobile self-service solution. To date, it is estimated that only a handful of native applications have been developed by utilities for their customers. Furthermore, most, if not all, of those apps were designed for just one platform. This limited mobile approach almost certainly alienates a large portion of a utility's customer base. Should that trend continue, customer satisfaction scores could suffer in the future, as utilities without a comprehensive mobile strategy will find themselves unable to cost-effectively serve and engage their customer base through the increasingly important mobile channel.

"ONCE A NEW TECHNOLOGY ROLLS OVER YOU, IF YOU'RE NOT PART OF THE STEAMROLLER, YOU'RE PART OF THE ROAD"

- STEWART BRAND

In addition to customer satisfaction, utilities must consider the significant cost savings that would be realized by diverting typical call-center inquiries to a mobile self-service solution. Conservative estimates put these savings between $20-$35 per customer, per year, potentially amounting to millions of dollars.

The news isn't all bad: utilities were not the first to adopt a mobile strategy. While that seems like a contradiction, the reality is that the mobile space is still rapidly evolving, and there are lessons to be learned from early adopters. Companies in other industries who moved quickly to embrace mobile channels invested heavily in experimenting with sub-optimal strategies, such as custom-building native mobile apps. Creating an application for each mobile platform is not only costly, but it's complicated, requiring specialized developers to write code and navigate the disparate development rules set forth by each mobile platform.

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With the rise of newer technologies like HTML5 and mobile development tools, companies in nearly all industries now have the ability to create mobile-optimized websites and mobile apps that are cross-platform compatible – meaning they can create an app "code base" that will work on Android, iOS, Windows Mobile, and other devices. An ideal technology solution for Utilities, therefore, is to use a single platform that could support both web-based HTML5 and native mobile apps, without incurring the cost-prohibitive overhead of having to build and maintain multiple code bases.

Clearly, there has never been a better time for utilities to begin leveraging the mobile space for customer self-service, and realize the significant potential for both cost savings and increased customer satisfaction.

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About AnyPresence

AnyPresence is a leading enterprise cloud-based mobile platform that dramatically decreases the cost and complexity of multi-device application development and deployment. It is the only solution that offers non-technical users the ability to assemble and deploy HTML5 mobile and desktop apps, and true native iOS and Android apps without having to write code or install any software.

AnyPresence also provides pre-built industry mobile "app templates" that further help to accelerate the development and deployment of mobile projects. These templates can be configured or extended to meet customer-specific requirements, and deployed in scalable, secure cloud infrastructure, or as a virtual appliance within a customer's data center. The underlying platform also offers multiple methods of connecting to legacy applications, software-as-a-service, and databases, so your existing IT systems can be easily mobile-enabled.

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