

FORRESTER®

The Total Economic Impact™ Of ServiceNow Customer Service Management

Cost Savings And Business Benefits
Enabled By Customer Service Management

SEPTEMBER 2022

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Executive Summary

ServiceNow Customer Service Management offers a modern, scalable platform with the capabilities to enhance efficiency to drive metrics at the center of service businesses. From deflection to first contact resolution, to improved routing and optimizing contact channels, to knowledge repositories that support service informed by experience, the solution has the power to lift both employee and customer satisfaction and help companies retain business and realize new opportunities.

ServiceNow Customer Service Management (CSM) is built on the Now Platform and connects the business — people, process, data, and systems — to orchestrate tasks involved in management of and response to customer service issues and questions throughout the customer journey lifecycle. The platform allows companies to resolve customer service inquiries by breaking down silos between departments and is equipped with key capabilities, such as cloud connectivity, proactive monitoring, and web portals, that allow for seamless management across channels for complex workflows to deliver efficient, coordinated service.

ServiceNow commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Customer Service Management.¹ The purpose of this study is to provide readers with a framework to evaluate the

Phone contact case reduction

Before
20%

After
12%

KEY STATISTICS



Return on investment (ROI)

170%



Net present value (NPV)

\$9.03M

potential financial impact of Customer Service Management on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four representatives with experience using Customer Service Management. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#) that is a global provider of sales, support contracts, and virtual service in the technology sector with an annual revenue of \$2 billion.

Prior to using the ServiceNow CSM, these interviewees noted how their organizations' patchwork of legacy homegrown, on-premises solutions could not handle the complex workflows needed to route customer service issues to the relevant department. Agents lacked a single source of truth, which led to slower and lower-quality customer service. Customer satisfaction metrics reflected frustration with agents who spent too much

time hunting for information and inconsistent resolution of issues.

After the investment in ServiceNow Customer Service Management, the interviewees automated workflows and deflected contacts from less efficient channels to more effective ones, delivering an improved customer experience and higher customer loyalty.

The interviewees found that ServiceNow CSM's differentiated features like playbooks and process optimization helped their organizations leverage digital workflows, streamlining work and processes. With ServiceNow CSM, the companies provided their customers proactive service when and where they needed it, reducing customer effort and driving long-term loyalty.

KEY FINDINGS


Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Increased routing efficacy that leads to 18% more case deflection and 20% greater efficiency.** ServiceNow Customer Service Management empowers the composite organization's customers to self-serve requests and provides the visibility agents need to direct and resolve cases consistently and correctly the first time without escalating or routing between multiple departments as often. Over three years, the efficiencies shifting cases between departments and escalation tiers is worth more than \$4.9 million to the composite organization.

- **Improved contact center efficiency, providing gains of \$3.3 million through optimizing channel mix.** ServiceNow Customer Service Management equips the composite organization to move contacts from inefficient channels with longer resolution times and expensive channels involving more labor costs, such as phone and email, to efficient, cost-effective channels, such as web. Over the course of the three-year analysis, the composite organization realizes a risk-adjusted present value of \$3.3 million related to this benefit.

Case deflection gains up to


18%



- **Improved customer satisfaction and retention.** Improvements to the composite organization's customer service spells greater customer satisfaction, which drives greater customer retention and higher revenue retention. Over the course of the three-year analysis, this benefit has a risk-adjusted present value of \$4.2 million for the composite organization.
- **Improved employee training and retention.** Customer Service Management provides agent FTEs with new tools to access learning and best practices and removes friction that previously made resolving customer issues more difficult and time-consuming. Increased employee satisfaction translated into greater employee retention and lower turnover and hiring costs at the composite organization. Over the course of the three-year analysis, the risk-adjusted present value totals \$1.2 million.

Efficiency gains up to

20%



- **Legacy platform operating expenditure (opex) cost avoidance.** By replacing a patchwork of legacy systems, Customer Service Management makes it possible to fully depreciate and cease costly maintenance of legacy systems. Over the course of the three-year analysis, the composite organization realizes a risk-adjusted present value of \$772,000 related to this benefit.

Unquantified benefits. Benefits that are not quantified in this study include journey mapping based on historical experience. Customer Service Management provides a centralized repository of successful approaches to solving customer issues. These internal best practices are based on past cases and enable agents to share knowledge and improve case-handling outcomes.

Costs. Three-year, risk-adjusted PV costs for the composite organization include investment costs. The composite organization experiences investment costs, such as license fees, and implementation costs, including training and third-party services. The three-year, risk-adjusted present value of investment costs totals \$5.3 million.

The representative interviews and financial analysis found that a composite organization experiences benefits of \$14.34 million over three years versus costs of \$5.31 million, adding up to a net present value (NPV) of \$9.03 million and an ROI of 170%.

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