

Executive Summary

The objective of this business case is to demonstrate how incorporating a Central Interactive Voice Response (IVR) unit within a optimized Student Financial Assistance (SFA) Customer Interaction Center (CIC) environment will increase customer service and employee satisfaction, reduce costs, and support SFA's goal of transitioning to a Performance Based Organization (PBO). This document should be reviewed in conjunction with the Call Center Optimization and Common CRM Application business cases. The three business cases provide the foundation for the CIC environment.

Business Problem

SFA's current call center environment consists of 13 major call centers with over 16 contact numbers. Each of these call centers addresses a specific need to SFA stakeholders ranging from a simple account inquiry to a complex technical problem. The majority of these centers are using their own strategies, processes, and technologies to aid SFA's customers. Each center has its own number, contact channels, and system for storing customer data. Information provided to customers is inconsistent between call centers and access is not uniformly available 24/7.

Many of the top customer requests are simple account inquiries, changes, or material requests. Currently, not all of this information is available through automation or with 24/7 access. Multiple contact numbers result in incorrect calls. An incorrectly routed call can cost SFA twice the normal price. SFA incurs a fee for the first contact with the incorrect center and then a second fee to be transferred to the correct center.

Proposed Solution

Implement a central IVR with a main contact number for each customer base to gather and answer inquiries appropriately and efficiently. An IVR unit enables the delivery of simple business transactions via a series of automated voice prompts, to which the user can interact through either spoken utterances or touchtone dialing. This functionality would include welcome messages, informed queues with estimated wait time, customer identification, automated business inquiries, skill based contact routing, and access to general information.

"Originally introduced as a media for significantly reducing costs, these systems (IVR units) have been enhanced to offer more effective and timely interactions between the call center and customer. This delivery channel has become so widely available that most customers prefer to conduct simple transactions via an automated service, bypassing the desire to contact a customer service representative." – Gartner Group

This technology combined with a streamlined CIC structure and a common Customer Relationship Management (CRM) application can provide better, more efficient service to customers and help reduce operational costs.

SFA and Customer Benefits

Simplifying the amount of phone numbers in the call centers from over 16 to one to two (one for students and one for schools/financial partners) will increase customer satisfaction by enhancing their contact experience. It will also decrease costs by eliminating unnecessary duplications in transferring calls and transforming relatively simple inquiries into automated transactions.

Preliminary analysis indicates SFA spends between \$80 to \$120 million annually on customer service contracts. This business case analyzes the impact on costs, customer satisfaction, and employee satisfaction for three different implementation options. The options are as follows:

- Option #1: Leave As Is
- Option #2: Implement a Central IVR Over Existing Structure
- Option #3: Implement a Central IVR Over Optimized Call Center Structure

The estimated cost to implement a central IVR is based upon a calculation of the number of Customer Service Representatives (CSR) and takes into account the complexity of the organization. The Conceptual Design phase would be fixed price according to the complexity of the option selected and would range from \$750 thousand to \$1 million. The Detailed Design & Build and Implementation phases could range between \$2.4 and \$6 million depending upon the number of CSRs. This price would reflect the hardware and implementation team costs.

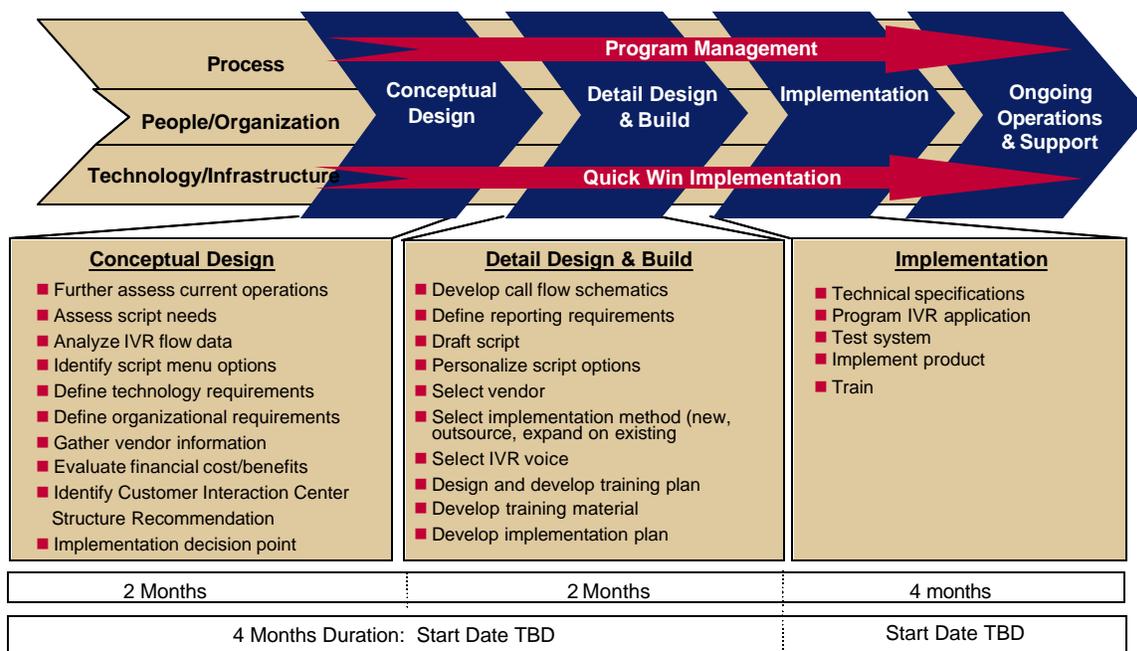
Optimal savings will be incurred if a central IVR is implemented with a consolidated Customer Interaction Center. Since savings could range between \$8 and \$13 million annually (post implementation) due to increased automation and reduced transferred call volumes, a Shared in Savings deal could be worked out to cover initial implementation costs. This scenario would contribute to reaching the desired goals in the Modernization Blueprint for both customer and employee satisfaction.

The differences in the implementation options reflect the evolution of the “One Call Does It All” mandate by the Customer Service Task Force. In order to truly realize the full potential of a “One Call Does It All” implementation, this business case recommends that Option #3 is the best way to achieve this improved customer service vision.

Implementation Approach

The Central IVR will be implemented in a three-phased approach. The details compiled during conceptual design will allow for the necessary information to make a properly information decision on vendors and implementation.

Figure 1: Phased Implementation Approach



Customer Service Background at SFA

In 1980, the Public Inquiry Contract established a call center to answer general questions about Student Financial Assistance. Since that time, numerous other call centers have been established. Ten of these call centers have primary responsibility for addressing inquiries regarding a specific system in the financial aid process. Thirteen major call centers are in existence today.

Approximately 16.5 million calls are received by SFA call centers annually making this the most common contact point between SFA and its customers (86% of total contact received). The service provided is the primary source that drives the level of customer satisfaction achieved by SFA. Therefore, customer relationship management improvements at the call centers should become an integral part of achieving SFA's high customer satisfaction goal.

CRM Call Center IPT

The CRM Call Center Integrated Product Team (IPT) was established as an SFA-wide effort to cultivate better relationships with all SFA customers and partners. This came from a 1999 report from the Customer Service Task Force that compiled information from Student Focus Groups. The actions mandated by the task force are as follows:

"To equal the best industry standards, OFSA should establish one toll-free number for student customer service that is staffed with phone operators who have the latest technology and access to the information students may need in whatever format they may need. Like bank-by-phone service, this number will provide automated account access (and transactions) 24 hours a day, 7 days a week..."

OFSA should institute a best in business approach to customer complaints, systematically collecting and using them to good advantage." --Reinventing Service (A Report from the Customer Service Task Force)

This IPT was tasked to examine the current state of SFA Call Center operations, compare against industry best practices, and recommend improvements for the future. Through the analysis of the SFA Call Centers and the CRM industry practices, the IPT was able to define the existing improvement opportunities and potential solutions for improving customer relationships.

One of the main findings of the IPT is the true impact of the "One Call Does It All" vision. Whereas, the Customer Service Task Force examines the possibility of one toll-free number with the latest technology and automated access, it does not address the technological complexity of the issue. To accurately realize the technical implications of the gaps in customer service, the IPT has uncovered that further actions need to be in place including streamlining processes, accessing one data record, and eliminating duplicative efforts to fulfill the mandate. This is why the optimal solution for SFA to implement is a central IVR over the optimized Customer Interaction Center environment.

Business Problem

A CRM best practice is to allow a customer to use multiple methods of interaction (ex: phone, web, fax) to access an organization. Each one of these methods should be channeled to the organization in a similar and consistent manner. Currently, there are multiple methods of access occurring in more than one place and they are inconsistently handled through each of the call centers. The breakdown is as follows:

- 13 major call centers
- 16+ public access phone numbers
- 12 web sites
- 11 email addresses
- 10 fax numbers
- 3 TTY phone numbers

There are multiple technologies, interfaces, and processes currently in place at the different call centers. Customer information is stored in numerous places among nine different legacy systems. This creates a complicated customer service environment with each of the operating partners utilizing their own business rules and processes to serve SFA's customer base.

Figure 2: Existing Call Center Technologies

Technology	Call Centers/Systems
IVR	<ul style="list-style-type: none"> • Central Processing System (CPS) Customer Service Center • Debt Collection Service Information Center (DCSIC) • Direct Loan Consolidation Center • Direct Loan Origination Center • Direct Loan Servicing Center • FAFSA on the Web (FOTW) Customer Service Center • Federal Student Aid Information Center (FSAIC) • National Student Loan Data System (NSLDS) Customer Service Center • Title IV WAN (TIV WAN) Customer Service Center
Legacy Systems	<ul style="list-style-type: none"> • SAIG • TIV WAN • CPS • NSLDS • FFEL • LOS • RFMS • DLSS • CBS • PEPS
Public Branch Exchange (PBX)	<ul style="list-style-type: none"> • Central Processing System (CPS) Customer Service Center • Customer Support Call Center • Debt Collection Service Information Center (DCSIC) • Default Management Division • Direct Loan Consolidation Center • Direct Loan Origination Center • Direct Loan Servicing Center • FAFSA on the Web (FOTW) Customer Service Center • Federal Student Aid Information Center (FSAIC) • National Student Loan Data System (NSLDS) Customer Service Center • Pell Grant Hotline • Title IV WAN (TIV WAN) Customer Service Center
Automatic Call Distributor (ACD)	<ul style="list-style-type: none"> • Lawrence, KS • Iowa City, IA • Louisville, KY • Montgomery, AL • Bakersfield, CA • Utica, NY • McKinney, TX

Adding another layer on top of this architecture would only increase the overabundance of duplicative processes and information. In order to truly resolve the current situation, some of the call centers, technologies, and processes need to be streamlined first to realize the maximum potential in increased customer and employee satisfaction and decreased unit costs.

Proposed Solutions

SFA should focus on providing a central mechanism to gather and distribute customer inquiries appropriately to help reduce cost and increase customer satisfaction. This functionality can be handled by a central IVR along with a universal queue, which can be customized to provide any combination of the following services to a customer:

- Welcome messages and waiting music/announcements
- Informed queues including estimated wait times
- Customer identification
- Contact routing
- Automation of simple business transactions
- General SFA or Customer Interaction Center information

The following diagram illustrates the top 20 current reasons that customers call today. This represents over 80% of the total calls received in the SFA Call Centers.

Figure 3: Top 20 Customer Inquiries

Reason	Call Center	Total Calls Answered at Call Center	Total Volume of Calls for Reason	Percentage of Total	Best Practice Recommendations ¹
Status Check (Loan Account Inquiry)	Loan Servicing	7,054,638	2,024,681	12.74%	Automate
Perform a change on Defer/Forbearance	Loan Servicing	7,054,638	1,940,025	12.21%	Automate
Questions regarding SAR corrections	FSAIC	5,497,253	1,374,313	8.65%	
Questions regarding Payment	Loan Servicing	7,054,638	1,361,545	8.57%	Possible
Questions regarding FAFSA Application	FSAIC	5,497,253	824,588	5.19%	Possible
Perform a change of Institution	FSAIC	5,497,253	824,588	5.19%	Automate
Status Check (FAFSA)	FSAIC	5,497,253	714,643	4.50%	Automate
Questions regarding an NSLDS Check	FSAIC	5,497,253	659,670	4.15%	Possible
Questions regarding Interest	Loan Servicing	7,054,638	373,896	2.35%	Automate
Perform a change to Borrower Info	Loan Servicing	7,054,638	366,841	2.31%	
Transfer to Loan Origination	Loan Servicing	7,054,638	359,787	2.26%	Eliminate
Transfer to FAA	FSAIC	5,497,253	329,835	2.08%	Reduce
Status Check (Certification Application)	Loan Consolidation	1,307,750	300,783	1.89%	Automate
Request Materials	FSAIC	5,497,253	274,863	1.73%	Automate
Request SAR Duplicate	FSAIC	5,497,253	274,863	1.73%	Automate
Questions regarding General Program Consolidation	Loan Consolidation	1,307,750	248,473	1.56%	Possible
Status Check (Promissory Notes Application)	Loan Consolidation	1,307,750	248,473	1.56%	Automate
Status Check (Loan Pay-off Application)	Loan Consolidation	1,307,750	235,395	1.48%	Automate
Questions regarding Electronic Debit Account (EDA)	Loan Servicing	7,054,638	211,639	1.33%	Possible
Questions regarding Repayment Options	Loan Servicing	7,054,638	204,585	1.29%	Possible

Total Calls Answered

15,892,086

¹ Some of these processes are currently automated

Many of these services can be potentially automated, reduced, or eliminated by implementing a central IVR. This business case examines and evaluates three possible implementation options against the three PBO goals of increasing customer satisfaction, increasing employee satisfaction, and reducing unit costs. The options are as follows:

- Option #1: Leave As Is
- Option #2: Implement a Central IVR Over Existing Structure
- Option #3: Implement a Central IVR Over Optimized Call Center Structure

The business case validates the third option as the most appropriate for SFA to investigate through a detailed design phase and then follow with the implementation of a central IVR unit on top of a optimized and consolidated CIC structure.

Option 1: Leave As Is

Under the current environment, SFA has over 16 main points for telephone access alone resulting in call transfers and duplicative work efforts. This current state is a direct contradiction of the Customer Service Task Force mandate. No additional costs would be incurred by SFA by leaving the current structure in place, however there are several negative impacts to customer and employee satisfaction. Even though additional costs are not directly incurred, great deals of savings are not realized.

Option 2: Implement a Central IVR Over Existing Structure

This option includes developing an IVR over the current call center structure and technical architecture and designating the toll-free 800 number mandated by the Customer Service Task Force. This number will serve as the overarching telephone contact point for SFA call centers. There is still a high possibility a call will be transferred incorrectly since the IVR cannot differentiate between the duplicative efforts. Customers would be routed to a call center by choosing an option from the menu and then would be put into any applicable automated answering system. The existing automated functions would remain with a slight increase in automated processes.

This option would not maximize benefits in cost reduction nor would it realize optimal increases in employee and customer satisfaction because of the following:

- Compounds the existing difficulties in the current architecture by adding another layer over the multiple existing systems
- Increases the confusion in current duplicative efforts causing minimal decrease in call transfers and automation
- Involves the implementation effort to utilize more time, money, and resources to deploy the system and technologies

Option 3: Implement a Central IVR Over Optimized Call Center Structure

A central IVR with a universal queue would be placed over a functionally aligned and consolidated Customer Interaction Center (CIC) environment. In this structure the IVR would be able to serve a multifunctional role for both customers and employees. A school, financial partner, or student would call their designated 800 number. The caller would be able to electronically access and change account information, acquire general information, or obtain technical support. A central IVR would reduce costs by eliminating incorrectly transferred calls and increasing automation of simple inquiries.

In order to evaluate the best solution for both SFA and its customers, the recommendation needs to increase customer and employee satisfaction as well as provide a cost benefit to SFA. The table (Figure 6) in the SFA and Customer Benefits section outlines the options and the associated impacts.

Target Environment

The proposed environment of implementing a central IVR over an optimized CIC structure (Option #3) is shown in the two diagrams below. Figure 4 demonstrates the benefits that customer may gain from the new CIC environment through fictionalizing a real life situation for a new graduate.

Figure 4: Central IVR Vignette

Providing a Central Point of Access



Jennifer is very happy to have just completed her MBA with a great full time job starting in the fall. She does not remember when her in-school student loan deferment will end and her payments will begin. Jennifer calls "1-800-SFA-HELP" to check her deferment status and bill date. She is informed about the payment grace period. While on the phone, Jennifer noticed an option for Loan Consolidation. After a CSR answered her questions, Jennifer decided consolidation was a good option to manage her multiple Direct and FFELP loans. Jennifer is glad she has six months before her first bill and is off to enjoy the rest of the summer.

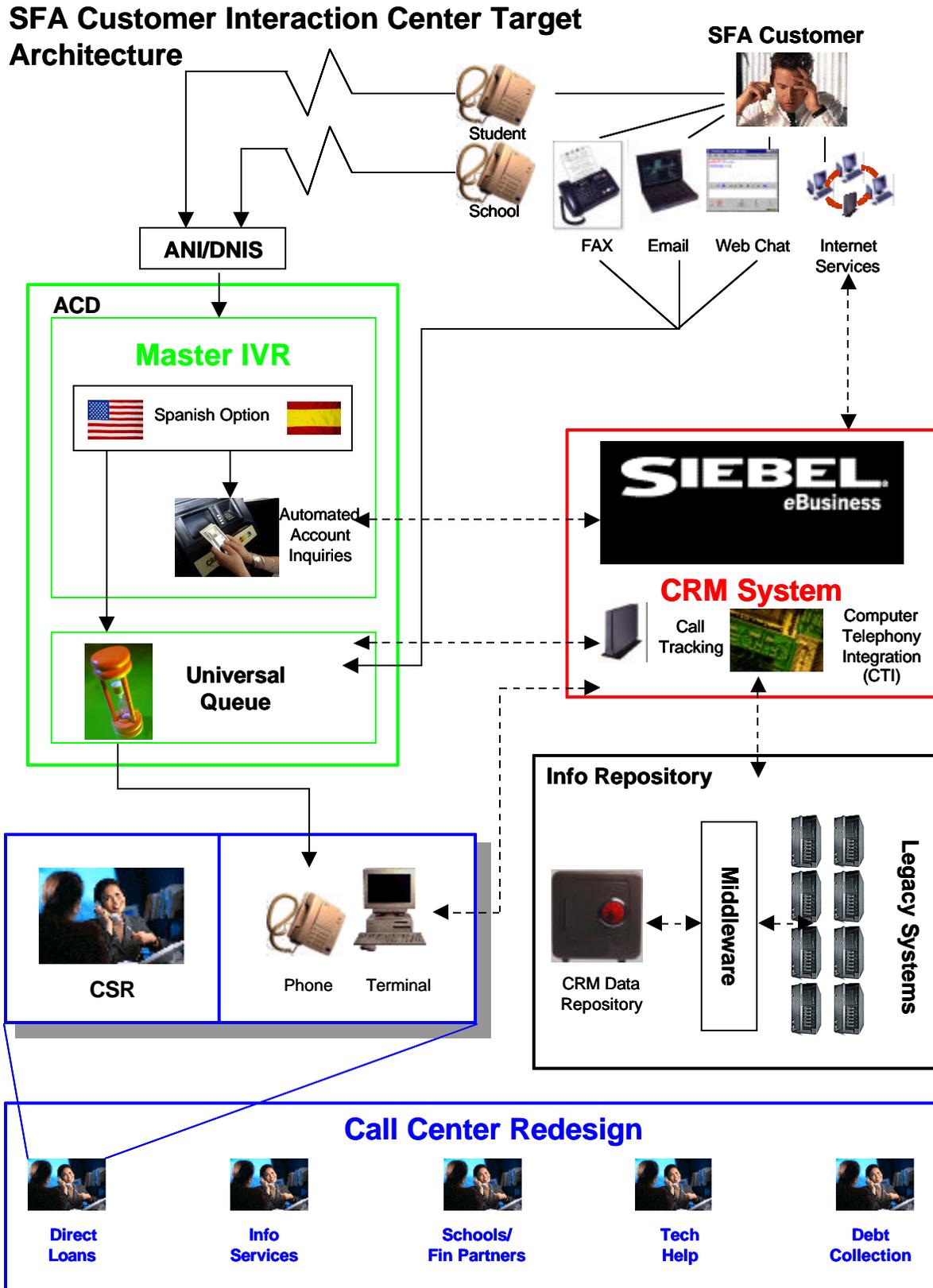
One central contact number customer base

Increased percentage of centrally available automated information

Call routing to the correct CSR

The following page shows in Figure 5 the proposed architecture of the new Customer Interaction Center environment by showing how all three recommended solutions would interact.

Figure 5: CIC Target Architecture



SFA and Customer Benefits

Figure 6: Option Evaluation Matrix

Option	Leave 'As Is' (Option 1)		Implement Central Contact Point over existing structure (Option 2)		Implement a Central IVR over a Optimized CIC structure (Option 3)	
	High End Cost to SFA	Low End Cost to SFA	High End Cost to SFA ^a	Low End Cost to SFA ^b	High End Cost to SFA ^c	Low End Cost to SFA ^d
Detailed Design Phase	\$0	\$0	\$(1,000,000)	\$(1,000,000)	\$(750,000)	\$(750,000)
IVR Implementation ¹	\$0	\$0	\$(6,000,000)	\$(5,100,000)	\$(3,000,000)	\$(2,400,000)
Yearly Savings	Low End	High End	Low End	High End	Low End	High End
Reduced Transferred Calls ²	\$0	\$0	\$370,000	\$370,000	\$1,100,000	\$1,100,000
Increased Automation ³	\$0	\$0	\$2,200,000	\$3,400,000	\$8,900,000	\$13,700,000
Total Saved in Year 1	\$0	\$0	\$(4,430,000)	\$(2,330,000)	\$6,250,000	\$11,650,000
EVALUATION	No additional costs. However, excess costs would still exist: <ul style="list-style-type: none"> Multiple contracts with the same functionality Unnecessary call transfers continue Automation will not be maximized 		Cost Increase: <ul style="list-style-type: none"> Implementing technologies without streamlining Unnecessary transfers would be reduced, but not to its most efficient state Automation would not be maximized 		Optimal Cost Decrease: <ul style="list-style-type: none"> Initial implementation costs would be recovered over a short time Unnecessary call transfers would almost be eliminated Automation would be maximized 	
GRADE						
Customer Satisfaction						
EVALUATION	Satisfaction Decrease: <ul style="list-style-type: none"> Customers have increasing expectations for customer service Fragmentation would continue to exist in obtaining consistent and accurate information 		Satisfaction Increase: <ul style="list-style-type: none"> Single access point for customers Fragmentation would still exist in transfers and obtaining consistent information 		Optimal Satisfaction Increase: <ul style="list-style-type: none"> Simple business transactions and inquiries would be efficiently automated First contact resolution rate would increase Calls abandoned rate would decrease 	
GRADE						
Employee Satisfaction						
EVALUATION	Satisfaction Decrease: <ul style="list-style-type: none"> Tools to increase employee satisfaction will not be in place Employees would still have to transfer calls 		Satisfaction Increase: <ul style="list-style-type: none"> All simplistic inquiries will not be automated Call transfers will still be frequent 		Optimal Satisfaction Increase: <ul style="list-style-type: none"> Automation will allow for more time to be dedicated to complex Employees would be more empowered to help customers 	
GRADE						
OVERALL GRADE						

NEGATIVE NEUTRAL POSITIVE

NOTE: Footnotes are supplied in calculation section of the Appendix (Figure A-1)

Automate Simple Inquiries and Changes

Many of the top transactions requested by a customer are simple account inquiries, changes, or material requests. The majority of these initiatives could be sufficiently automated and resolved without routing to a Customer Service Representative (CSR). The savings to SFA are significant with industry averages of IVR costs (\$.10 – \$1 per call) vs CSR costs (\$4.01 - \$4.25 per call) according to Gartner Group. Calculations based upon SFA cost information project the savings could range between \$8 – 13 million annually for Option 3. In Option 2 automation ranges from \$2 – 4 million since there will need to be process redesigns, consolidation, and elimination of duplicative efforts to automate some the functionality.

Reduce Incorrectly Referred Calls

An incorrectly referred call can cost SFA double the normal call price. SFA will incur a cost for the first contact with the wrong center, and then a second cost to be transferred to the correct center. Limiting the number of access points will help reduce and eliminate these kinds of calls.

Option 3 will eliminate a significant amount of transfers since there will be only one place where each process resides. On the other hand, Option 2 will not have the defined clarity of process reengineering and in turn will not realize the maximum amount of savings.

Baseline

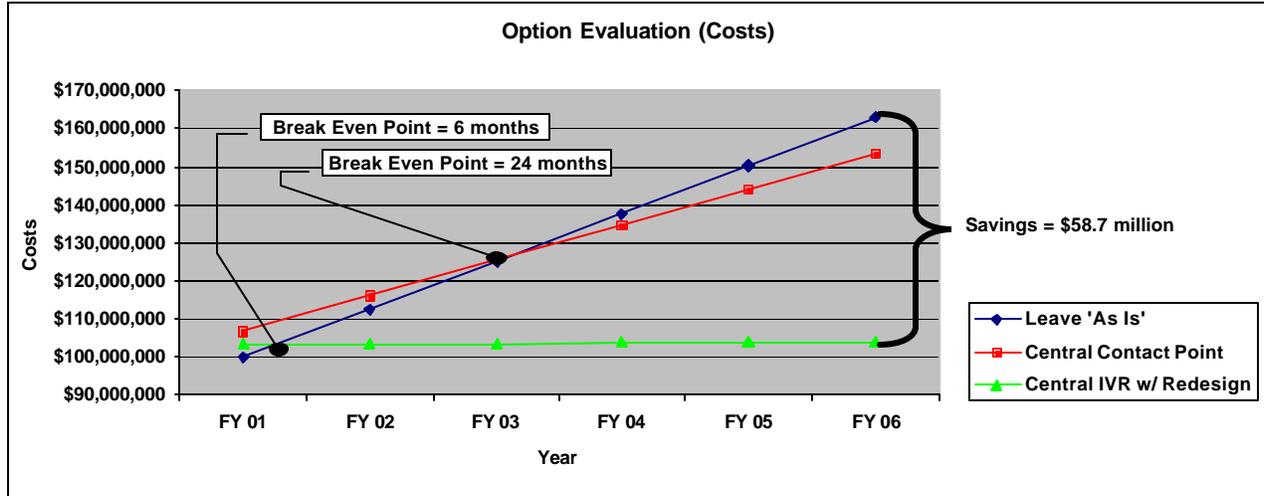
The cost of implementing a central IVR is based upon a per seat calculation of \$3000 utilized by the Gartner Group, other Accenture Projects, and vendor costs for purchasing and implementing new technologies. The Conceptual Design and Detailed Design phases will examine the different types of technical implementations. These include evaluating the best technical solution for the proposed architecture such as a new ACD with IVR unit, an outsourced Network Carrier provided IVR (NIVR), or enhancing an existing IVR.

Baseline costs included the cost information collected from SFA's operating partners. Additional information will be needed to appropriately analyze the Conceptual and Detailed Design phase. Call volumes and transfers were projected from the Current Environment Assessment documentation.

Current vs. Future Costs

The future costs to SFA have been outlined in the graph below to illustrate the impact of the three solutions on SFA's current state costs.

Figure 7: Option Evaluation of Savings



Illustrated is the potential for savings by implementing the Central IVR with call center optimization (Option 3) compared to the other two options. As shown, the initial costs of the IVR can be recovered within the first year since it saves money by eliminating the majority of transferred calls as well as increasing the current automation volumes. Out of the three possible IVR implementations, only this option provides a most favorable result.

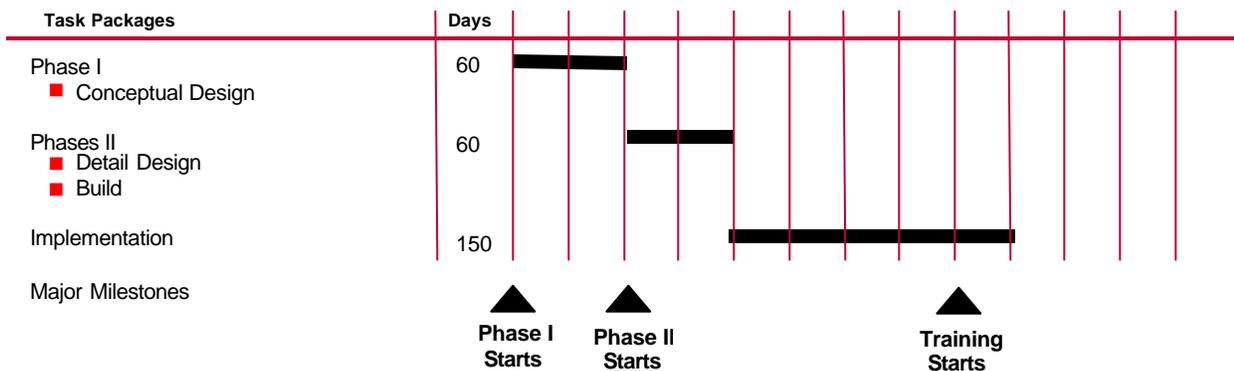
Implementation Approach

The central IVR project will be implemented in a phased approach. This implementation will allow for a migration to the target environment that coincides with current contract structure and Modernization Partner efforts. The following phases and timelines in Figure 9 will be used as a guideline to complete the central IVR implementation.

Industry standards suggest an implementation of an IVR will take approximately 8-12 months depending upon the complexity of the organization. The following tasks need to be completed in order to deploy a successful IVR.

- Identify and allocate resources for project
- Assess the script needs by defining the product set, analyzing IVR flow data, gathering competitive information, identifying script menu options, and personalizing script options
- Prepare the script by developing call flow schematics, defining reporting requirements, drafting the script, and selecting an IVR voice
- Support the technology and system efforts by proposing for funds, drafting technical specifications, programming the IVR application, testing the system, and implementing the product
- Promote and re-evaluate the system by marketing the new IVR to users and constantly testing for quality assurance making the changes where appropriate

Figure 8: Option 3 Phased Implementation Approach



Assumptions and Risks

The following are assumptions for the business case:

- Common CRM Application is adopted
- Call Center Optimization is adopted
- A central record will be kept for each customer that will be accessed by all systems
- A single identifier will be utilized for each customer
- EAI CIO initiative is functional

The following are impacts for the business case:

- Concurrent CRM initiatives and funding requests
- Sponsoring support from SFA and Modernization Partner
- Must have ability to overcome privacy and information confidentiality concerns. This will impact the overall success of the CRM implementation. It is critical that SFA, vendors, and Modernization Partner work together and share information to ensure that data confidentiality concerns are effectively addressed.

Appendix

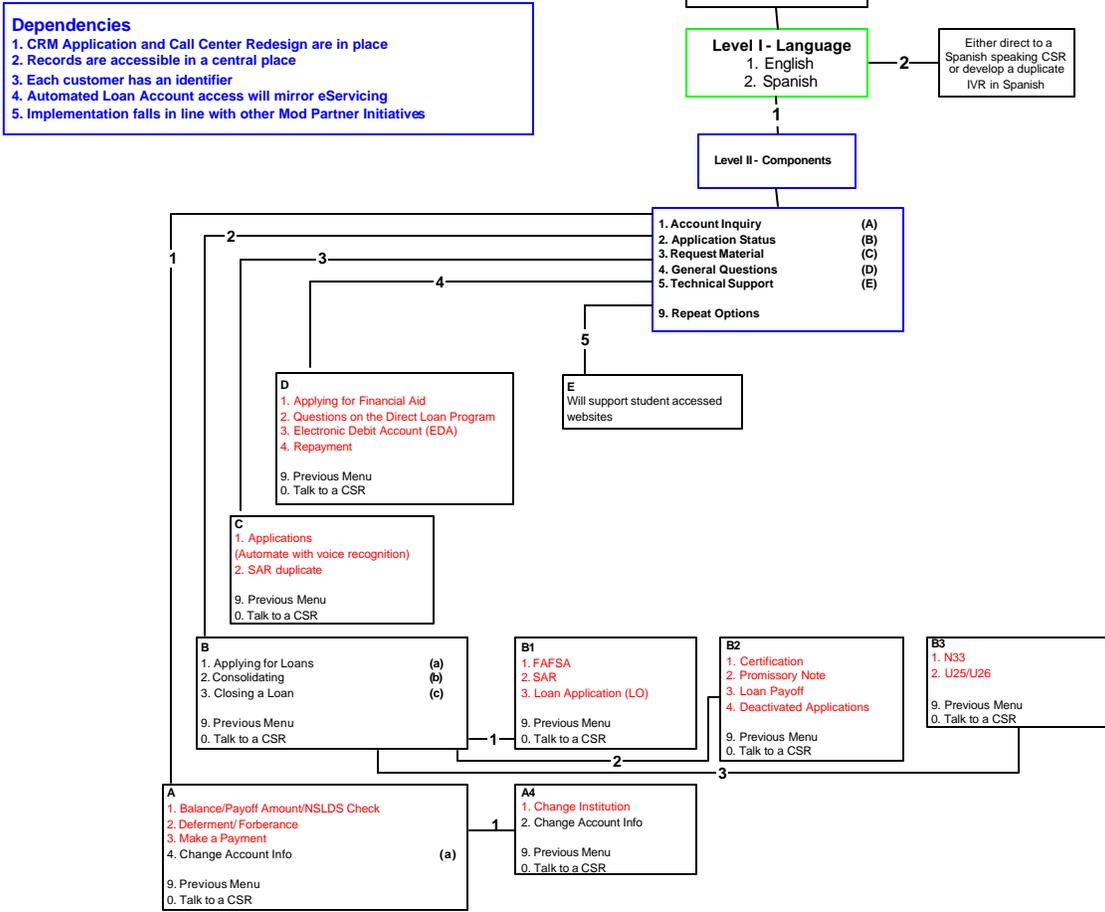
Calculations

Figure A-1: Footnotes from Option Evaluation Matrix

1	IVR implementation costs are based upon an average cost for an IVR of \$3000/ seat including implementation costs from Gartner Group, Accenture projects, and vendor costs	a	Based upon a range of current CSRs This is the high end of 2200
2	Transferred calls are based on the data collected in the Current State Assessment	b	Based upon a range of current CSRs This is the low end of 1700
3	Automation is derived from a analysis of the reasons for calling and the current and projected automated volumes. The difference in the projected and current volumes is applied to industry averages of 30-60% utilization rates depending upon the type of transaction and SFA current costs to obtain savings.	c	Based upon a range of projected CSRs under redesign This is the high end of 1000
4	Data is collected from Target State Vision	d	Based upon a range of projected CSRs under optimization This is the low end of 800

Drafts of Calling Trees

STUDENTS IVR CALLING TREE



SCHOOLS IVR CALLING TREE

