
White paper

From Software to Services Part II:

CCM 2025 — Where are We Heading?

April 2021

Sponsored by

quadient
Because connections matter.



INTRODUCTION

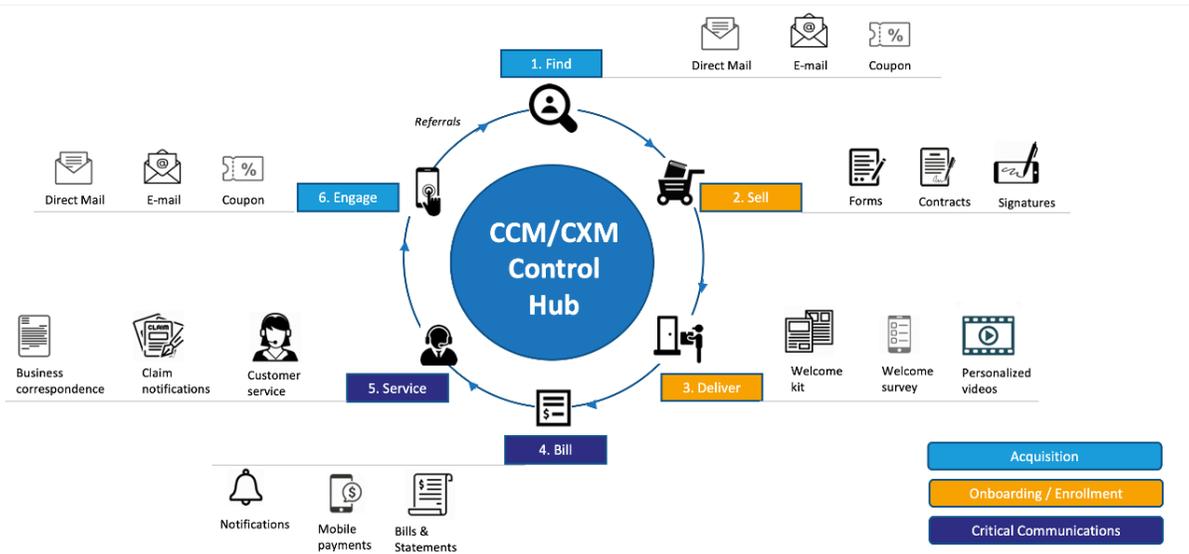
In Part I of this two-part series, we examined the drivers behind CCM cloud adoption and the importance of containerization, explored the new frontier of Communications-as-a-Service (CaaS), and discussed the shift to managed services and business control of communications. Now in Part II, we will show how all of these dynamics are leading to the integration of CCM and digital experience platforms and the creation of consolidated, end-to-end solutions within a market that is transforming along a number of evolutionary tracks. We will also detail some of the specific services and benefits of CaaS before diving into Quadient's contribution to this emerging market.

MARKET EVOLUTION #1: FROM PRODUCTS TO SERVICES

With the shift to cloud, CX, and business user enablement, it is becoming increasingly clear that traditional software *products* are going to be offered more and more as software *services*. This also means that the competitive landscape will further consolidate in the years ahead as traditional service providers become more technologically-driven while software vendors face the need to expand deeper into managed services. Traditional service providers, on the other hand, will either need to build a cloud platform themselves, or source one from a trusted provider and build value-added services on top.

MARKET EVOLUTION #2: FROM STAND-ALONE TO OMNI-CHANNEL COMMUNICATION

Figure 1: Aspire’s Omni-channel Lifecycle Model



Source: Aspire 2020

As we pointed out earlier, organizations with higher CX maturity are increasingly seeing omni-channel communications as a primary vehicle to increase customer engagement and lifecycle value. True omni-channel communications are personalized and channel-agnostic, allowing customers to carry on a single interaction across a number of different mediums or applications. They are closely associated with a drive to improve the quality of the communications themselves. This would include any effort to make messages more personalized and relevant, increase their visual attractiveness, reduce jargon and improve readability as well as comprehension, or to align the look-and-feel and tone-of-voice with other communications on every channel across the lifecycle. This shift to better customer engagement through superior communication

experience can pay large dividends, particularly in highly regulated B2C industries in which product and prices are relatively fixed.¹

From an organizational perspective, the shift to customer engagement means that communications can better be managed centrally, underpinned by detailed tracking, coordinated content management, data analytics, and journey insights. For most organizations, a one-time "rip and replace" strategy is not feasible. For them, shifting components to the cloud while working toward a centralized vision is much more realistic. Cloud-based technology is very helpful from this perspective - to an even greater degree in the wake of the COVID-19 pandemic.

MARKET EVOLUTION #3: FROM PROFESSIONAL SERVICES TO HOSTED MANAGED SERVICES

An up-and-coming term in the CCM industry is the notion of "hosted managed services". HMS is often used by technology-oriented service providers to differentiate their CCM platform offering from CCM composition technology by highlighting the integrated end-to-end processing capabilities (including portals, dashboards, workflow, archiving, and payments, among others) and from less tech-savvy service providers by highlighting the cloud-native nature of their own unique platform. HMS providers tend to sell based on business outcomes (because they sell a service) instead of on the feature/function argument that is more important for in-house deployments. Be aware that HMS often includes both the platform and the design and management of communications, or even IT applications such as mobile/web apps, portals, and the like. While professional services will remain important for enterprises building their own omni-channel CCM solutions, for those organizations that cannot change fast enough or who lack the expertise, hosted managed services may be a better fit.

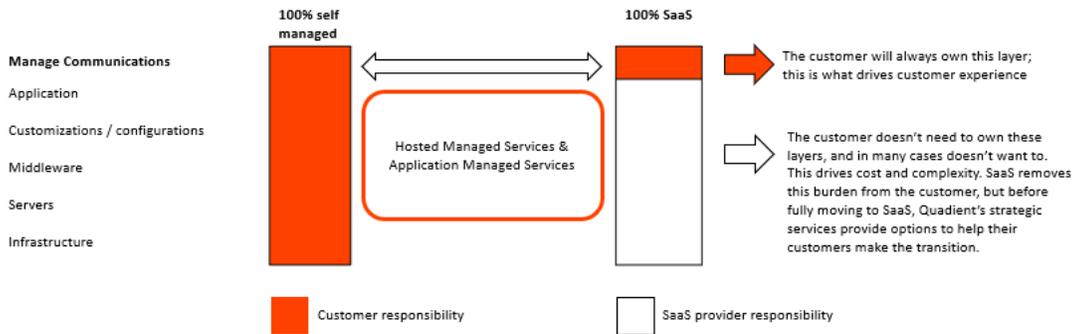
"Nearly two thirds of U.S. enterprises are planning CCM investments as result of market changes brought on by COVID-19"

Source: "Understanding the New Digital Reality", Aspire, July 2020

¹ Several studies show that higher CX strongly correlates with better business performance such as lower churn, higher retention, and more upsell/cross-sell. In fact, Aspire's 2019 survey of 512 enterprises worldwide, entitled "Understanding the CCM-to-CXM Transformation", showed that business with a high omni-channel maturity grow revenues 41% faster than omni-channel laggards.

Figure 2: Quadient Offers a Range of Strategic Services

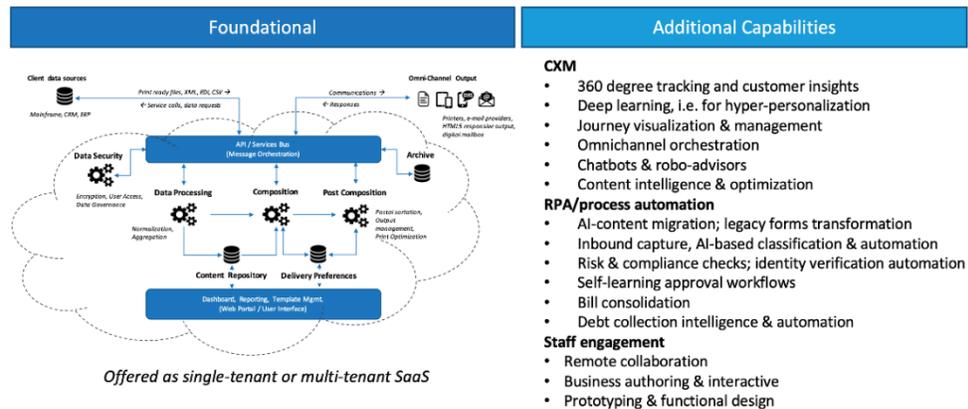
Deployment Options



Source: Quadient, 2021

MARKET EVOLUTION #4: FROM SEPARATE CCM AND DXP TO CODE-P

Figure 3: Customer Omni-channel Digital Experience Platform (CODE-P)



Source: Aspire, 2020



Fundamentally, what we are witnessing is a rise in cloud technology that help clients manage omni-channel communications across the entire customer lifecycle as depicted in Figure 1. Until now, a lot of digital marketing technology (or even digital experience technology) has been created for separate use-cases, typically managing the top half of the lifecycle (Stages 1, 2, and 6) to minimize time-to-sell, and maximize retention, up-sell and cross-sell. However, the key challenge has been that those systems cannot be easily used for back-office communications. They may, for example, not be secure enough, or they do not support certain regulatory requirements. They may lack the in-depth testing required for mission-critical communications or lack deployment flexibility for processing sensitive customer data in private clouds.

However, digital experience platforms that are developed with customer omni-channel communications in mind, as shown in Figure 3, overcome these challenges by integrating capabilities from both worlds into a single solution. They combine foundational capabilities in dashboarding, portals, user management, and security with the necessary tracking, journey management, and centralized content management to deal with communications independent from the lifecycle stage. To make the platform more relevant for specific industries or use-cases, providers can enhance it with additional cloud services related to CXM, process automation, or business user authoring/enablement. As the industry moves toward these kinds of solutions, it becomes easier to see why a componentized approach to CCM is so beneficial.

COMMUNICATIONS-AS-A-SERVICE

SERVICES

A range of new Communications-as-a-Service offerings will emerge over the coming years. Here is a list of the most common services:

- **Composition-as-a-Service** solutions deal with on-demand document generation or ad-hoc communications, creating personalized

communications in near/real-time with instant scalability. These solutions can be linked to **Batch (or Production)-as-a-Service** ones to produce batch communications using a cloud-based service, including omni-channel distribution and tracking.

- **Content Author-as-Service** solutions enable omni-channel CX platforms to be extended with template design and template authoring capabilities for the creation of policies, business correspondence, and other type of customer service communications.
- **Interactive (or front office)-as-a-Service** solutions allow call center agents or other types of front office workers to access instances of communications to make one-off changes, centrally track them, and distribute communications in omni-channel fashion using composition-as-a-service.
- **Communications Archiving-as-a-Service** is the ability to archive and track omni-channel communications in the cloud.
- **Digital distribution-as-a-Service** allows users to send digital communications such as e-mail, SMS text messages, Whatsapp or Facebook Messenger messages, or other type of digital communications (like faxes) using a web service.
- Many other services related to AI-based template migration, content intelligence, dashboarding, journey mapping, mobile app development, authentication, identify services, electronic payments, intelligent forms, digital signatures have cropped up. The list of available solutions can be very long depending on use-cases, vertical focus, and the expertise of the service provider.

BENEFITS

There are a range of benefits associated with the shift to a more hosted managed services approach. Key ones include:

-
- **Faster time-to-value.** Shifting to an HMS model enables the vendor to move to a more continuous development model, allowing the buyer to empower business users to gain more control by leveraging the latest browser-based and cloud technology.
 - **Increase innovation.** Omnichannel CX (CODE-P) platforms enable organizations to embed omni-channel communications within their CX developments. This helps them to become more innovative, and if their proof-of-concept works, to scale up rapidly using OPEX pricing models.
 - **Deployment flexibility and scalability.** At this time of disruptive change, enterprises are looking for future-proof technology that allows them to easily change deployment if the need arises.
 - **Increase agility by shifting to outsourcing.** Many large enterprises have been hesitant to move to the cloud because of security and data concerns. The latest developments in containerization are alleviating many of those concerns while making it more viable for organizations that cannot adapt fast enough to work with cloud-based providers.
 - **Meet evolving client needs.** The shift to cloud-based managed services helps organizations to modernize their IT infrastructure and benefit from the latest developments in digital communications. There is a growing need among younger consumers to receive more conversational, truly interactive communications which are difficult to produce within a legacy infrastructure.
 - **Meeting security, compliance or accessibility regulations.** The regulatory landscape continues to evolve, and working with best-in-class platform providers enables enterprises to remain compliant and secure, reducing the risk of litigation.

QUADIENT'S NEWLY DEVELOPED COMMUNICATIONS- AS-A-SERVICE PLATFORM EXPLAINED

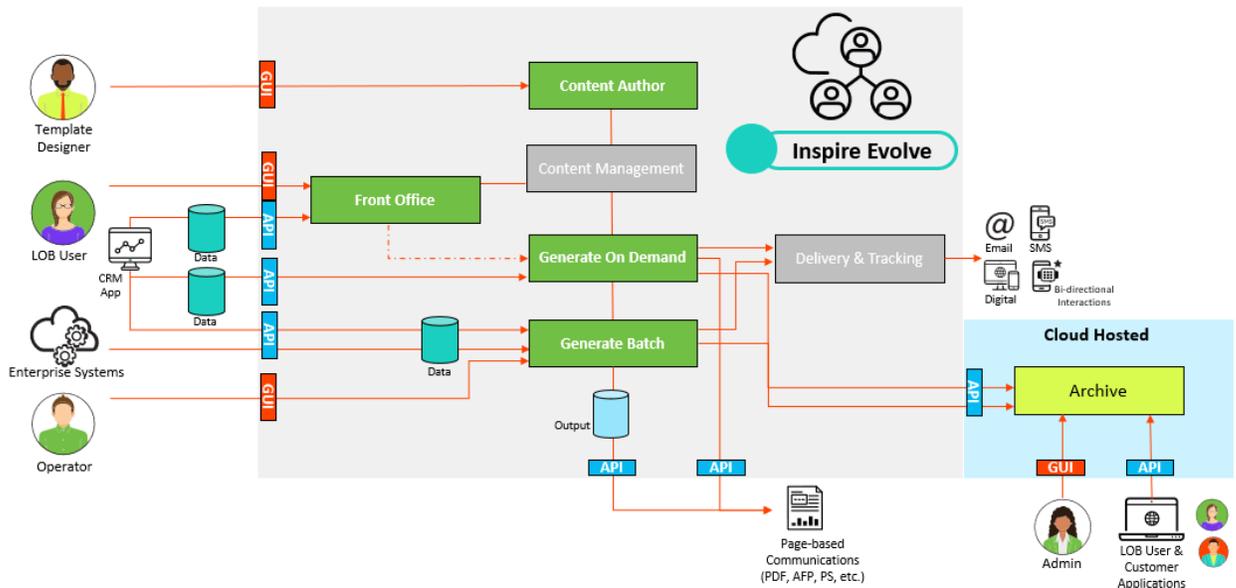
Quadient is positioned as a leading provider of CCM technology with a strong focus in financial services, insurance, healthcare, telecoms, utilities, and the public sector. Beyond its well-established strengths in composition, business authoring, and process automation, it differentiates itself from the competition through both journey orchestration and mobile technology. Quadient has also developed AI-based migration automation to accelerate the evolution from legacy or competitive solutions. The company sells to enterprises and to a wide range of service providers, particularly in North America, Europe, Latin America, and the Far East.

QUADIENT'S CAAS VISION

Quadient is evolving its cloud strategy by making foundational improvements in its core architecture and deployment modes to move toward containerization and any-prem deployment. Quadient's evolution of its cloud strategy goes further by introducing a new SaaS cloud-based offering, Inspire Evolve, to the market that will be hosted and managed by Quadient. So far in 2021, the following services are available in early access:

- Content Author: born from Inspire's content author component as a cloud service to provide knowledge workers with browser-based access to content creation (copywriting), approval and (basic) template design capabilities.
- Front Office: gives case workers, call center agents or customer service representatives the ability to change an individual communication (instance of a template). This service is ideal for integration with host systems such as Salesforce (CRM), Guidewire (Insurance core systems for policy management), Avaloq (core banking platform) and others.
- Generate On Demand: run in on-demand mode for scalable processing of one-off jobs.

Figure 4: Inspire Evolve Architecture



Source: Quadient, 2021

In 2021-2022, these services will be expanded with:

- Generate Batch: run high-volume batch in cloud containers, benefiting from elastic and instant scaling.
- Archive & Retrieval: an enterprise-class archival, classification and retrieval solution.

As Quadient executes on its CaaS strategy, it is working towards building a full end-to-end, omni-channel digital experience platform (as illustrated in Figure 3) to market enabling organizations to produce omni-channel customer communications at scale across every lifecycle stage. The platform will consist of Quadient's core services, including its archiving and full production offerings, as well as integration with its digital delivery, omni-channel orchestration, customer experience management, and digital advantage (mobile) capabilities.

WHO'S IN THE TARGET AUDIENCE?

- Enterprises that want to accelerate digital transformation and are looking for cloud technology that can help them increase omni-channel maturity.
- Service providers that have their own platforms but are looking for best-in-class, cloud-based components (such as composition or interactive capabilities) to expand their platform.
- Business consultancies or global solution integrators who want to leverage available cloud-based platforms without building their own.
- Organizations that want to fully outsource their customer communications to a specialized software vendor.
- Lines of Business (LOB) looking for "embedded CCM" (design or front-office capabilities that can easily integrate within core business systems such as Guidewire, or core banking systems) to extend their functionality into omni-channel processing.

CONCLUSIONS

The market is in the midst of a series of monumental changes. CCM is shifting to the CXM model. Enterprises are moving from on-prem installations to cloud deployments. Communications ownership is migrating from IT and Operations toward LOB executives, including product owners, marketing managers, and CX professionals. Finally, product sales are giving way to managed services offerings. All this disruption is leading to the rise of end-to-end, hosted managed Communications-as-a-Service (CaaS) platforms. Those platforms offer enterprises and service providers faster ways to create new communications and interactions based on a secure and compliant infrastructure that offers high scalability, greater flexibility, and a faster time-to-market. These are exciting developments heralding a new era in the CCM industry, and they will be the foundation on which a range of new and improved solutions will be built for years to come.

ABOUT QUADIENT

Quadient, formerly Neopost, is the driving force behind the world's most meaningful customer experiences. By focusing on four key solution areas including Customer Experience Management, Business Process Automation, Mail-Related Solutions, and Parcel Locker Solutions, Quadient helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadient is listed in compartment B of Euronext Paris (QDT) and is part of the CAC® Mid & Small index. For more information about Quadient, visit our website quadient.com/experience.

ABOUT ASPIRE

Aspire Customer Communications Services is a technology strategy firm, specializing in customer communications management (CCM) and digital customer experience (DCX). The company offers strategic, industry-leading advice to enterprise end-users, technology vendors and service providers. Visit aspireleaderboard.com for our CCM industry portal or aspireccs.com for our consultancy website.

AUTHORS



Kaspar Roos

Founder & CEO

Location: United Kingdom / Netherlands

Email: kaspar.roos@aspireccs.com

Tel: +44 1923 605 526 / +31 35 220 3000



Will Morgan

Senior Research Analyst

Location: United States

Email: will.morgan@aspireccs.com

Tel: +1 800 969 8244