

On the Radar: SmartAction IVA transforms interactive voice response into intelligent voice automation

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Summary

Catalyst

Technological innovation and success in managing the customer journey and interactions through the customer service and support process will be seen as a major competitive differentiator in the new digital, multichannel world. Therefore, enterprises are continually seeking to implement technologies that will position them as thought leaders in their given marketplaces. Artificial intelligence-based voice self-service solutions show great potential as a technology that will divert customers from the relatively expensive live-agent solution to lower-cost alternatives without reducing customer satisfaction levels. SmartAction has created a practical cloud-based Intelligent Voice Automation (IVA) application, utilizing speech recognition, natural language technology, and AI focused on the management of inbound and outbound calls with the potential to enhance self-service and boost upsell and cross-sell opportunities.

Key messages

- The traditional interactive voice response (IVR) solution is designed to accept customer calls and make simple routing decisions and searches in self-service mode.
- Most speech-enabled IVRs have limited conversational abilities, which frustrates customers when spoken words and phrases are misunderstood or not recognized.
- SmartAction IVA adds the power of artificial intelligence to the IVR, delivering reasoning and perceptive abilities in serving customers. This is a natural evolution of the IVR and makes for a powerful combination of technologies.
- The fact that IVA is a cloud-based offering with a pay-as-you-go approach to billing and a long-term assurance of service improvement enables an easy path to transition for most enterprises.

Ovum view

Ovum believes the traditional IVR has run its course as the front end of customer care solutions. While IVRs have served the single-channel voice marketplace well in displacing many live-agent interactions, the next-generation customer interface must handle the omnichannel challenge with a level of AI found in SmartAction IVA.

Recommendations for enterprises

Why put SmartAction IVA on your radar?

As IVRs and contact centers evolve to accommodate the transition to the digital, multichannel state of the customer service marketplace, enterprises will be faced with a major decision regarding the proper technology to adopt to meet this challenge. As always, containing expenses and maximizing revenues will be a common theme and tantamount to success. SmartAction IVA paves the way for a powerful set of tools able to divert calls from the relatively expensive handling of calls by live agents to

a technology-leading self-service approach with the ability to drive additional upsell and cross-sell opportunities.

Highlights

Live, well-trained agents can shine during complex, value-add calls with upsell and cross-sell potential that require a personal touch. Because of that, it is common for companies to prefer live agents on revenue-producing, key, or high-value customer calls, or those involving very complex issues such as financial services might. Even though most people would agree that live agents are the most valuable resource in the contact center, issues such as training costs, center scalability, high agent churn rates, and recurring peaks and valleys in contact center call volumes cause many companies to divert some of the more routine, less complex calls off the plates of live agents in order to provide more affordable customer service. IVRs have been relied upon to handle the simpler, more routine calls, such as questions about hours of operation, closest retail store, or the customer's savings account balance.

SmartAction IVA was designed to handle call volumes for midsize companies to large enterprises by merging speech recognition with natural language technology to enable free-flowing conversations with customers. IVA leverages the powers of AI and delivers far more intelligent reasoning and cognitive ability than an IVR in serving customer needs. Unlike a traditional IVR, SmartAction IVA has the ability to more accurately recognize speech, largely understand the caller's meaning and intent, remember the context of each customer conversation, and respond with personalized, accurate, and contextually relevant answers. IVA also continually evolves and improves performance as more calls are handled. This puts IVA a level above the IVR, at a potentially lower cost per call, with the ability to provide cross-sell and upsell opportunities, which can significantly increase revenue per call.

Additionally, IVA supports a broad set of enterprise applications, including scheduling and rescheduling, surveys, tech support, customer verification, payments, order entry, FAQs, account status, and a wide array of complex outbound notifications and verification calls – all that with more efficiency and effectiveness than an IVR and at a cost significantly lower than that of a live agent.

SmartAction is led by a proven and experienced management team. The executive team is a seasoned group of software and customer service executives. CEO Tom Lewis has more than 25 years of experience, focused primarily on customer experience and contact center operations and technology. Senior vice president of operations is Michael Vanca, who has more than 30 years of experience in operations, information technology, and corporate governance. Senior vice president of sales is Steve Prodger, who has more than 14 years of sales management experience in enterprise software-as-a-service technology.

Background

Entrepreneur Peter Voss had been developing the Smart Action IVA concept since 2002 at the R&D start-up Adaptive A.I., the parent company of SmartAction. Voss founded Adaptive A.I. to develop a prototype AI system based on his unique theory of intelligence. In 2009, Voss founded Smart Action Company LLC to commercialize the new IVA technology. Based on Voss's AI research, SmartAction created its first practical prototype of the next-generation IVR technology, which was focused on the management of self-service inbound and outbound calls for contact centers. Since 2009, SmartAction has continued to develop the technology into a highly specialized AI engine, which resulted in the IVA solution. SmartAction began the commercialization of the artificial intelligence-based cloud solution

Voss envisioned and sold IVA to enterprises seeking a leading-edge contact center self-service solution.

Current position

After six-plus years in existence, SmartAction finds itself at the crossover point from start-up to successful competitor. The company has had three to five implementation launches per month, and revenues have been growing at a rate of 4% per month. In 2015, company revenues grew 42%, albeit from a small base. During the fourth quarter of 2015, the company reached profitability, and calendar 2016 is projected to be its first profitable full year. SmartAction is debt free and has enjoyed a customer retention rate of 97% since May 2013. An impressive list of customer logos includes Hyundai, Royal Caribbean, Office Depot, Automobile Association of America, MGM Resorts, and Allstate.

However, in this increasingly competitive customer service marketplace, success is in no way guaranteed, and competition in the automated self-service business is growing in intensity. Soon SmartAction will have an increasing number of competitors introducing AI into their automated customer interaction self-service solutions. In order to retain a leadership position in the marketplace and be successful over the long term, SmartAction will need to maintain and enhance its leading-edge technology and keep customer satisfaction and retention at high levels. In addition, long-term survival may require expanding its solution beyond the IVR/IVA domain to the broader contact center suite solution through new product development and/or deep partnerships with others, to remain competitive as customers seek single-provider solutions to handle their customer service requirements.

Data sheet

Key facts

Table 1: Data sheet: SmartAction

Product name	Intelligent Voice Automation (IVA)	Product classification	Voice self-service
Version number	Brain 3.0	Release date	First release June 2009, weekly since then
Industries covered	Financial services, government, healthcare, insurance, media & entertainment, retail, services, shipping & logistics, technology, telecom, travel, utilities	Geographies covered	North America
Relevant company sizes	Enterprise & SMB	Licensing options	SaaS
URL	www.smartaction.com	Routes to market	Direct, partner
Company headquarters	El Segundo, California, US	Number of employees	50

Source: Ovum

Appendix

On the Radar

On the Radar is a series of research notes about vendors bringing innovative ideas, products, or business models to their markets. Although On the Radar vendors may not be ready for prime time, they bear watching for their potential impact on markets and could be suitable for certain enterprise and public sector IT organizations.

Further reading

The Evolution of Interactive Voice Response Solutions, IT0020-000204 (May 2016)

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