The Intelligent CX Revolution:
How AI is Changing the Game

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Executive Summary

In today's rapidly evolving business landscape, technology continues to be the cornerstone for driving business growth, with customer and digital experience transformation taking center stage. Customer experience (CX) continues to evolve from what was once a peripheral marketing or contact center initiative into a strategic enterprise imperative. Further, the acceleration of artificial intelligence (AI) and generative AI (GenAI) is reshaping the value exchange between customers and brands, which is increasingly predicated on data and insights. When wielded effectively, these technologies offer significant market differentiation through enhanced customer experiences. The question, however, arises, are enterprises doing enough to harness value from AI to drive impactful and meaningful customer and business outcomes? IDC found that investments in AI and GenAI have only contributed to surface-level improvements, with many organizations focused on low-hanging fruit such as efficiency-based use cases versus generating top-line value. This shortfall is due to three primary reasons: first, is the workforce challenge — areas such as employee skills gaps around the implementation and use of advanced AI technologies and applications (e.g., while AI can churn through massive data sets, if the marketing team is not skilled at accurately iterating the scope of inquiries based on desired output, it would be a wasted effort); second, are the implementation costs, especially as GenAI adoption and use grows; third, are the integration challenges and the risk to customer trust and security due to the growing volume of customer and operational data in use.

To prepare for the era of AI Everywhere, enterprises must make customer and operational data AI ready, address data quality issues to ensure accurate and authentic customer outcomes, develop a unified customer insights fabric, and establish CX-specific AI governance. Delivering cost-effective intelligent experiences and overcoming proof-of-concept (POC) purgatory are critical for realizing the full potential of AI/GenAI. Finally, organizations must invest in overhauling the workforce, both customer facing and those in the mid and back office, and partner with vendors that offer comprehensive support and enablement programs to succeed.

This study explores future goals and priorities for contact center and marketing leaders and examines how they are planning to address these priorities through AI-led CX transformation. It highlights the barriers these companies face in successfully adopting and scaling intelligent experience delivery and provides guidance on selecting the right technology partner to succeed in implementing AI-led customer experience transformation for each of their business functions.
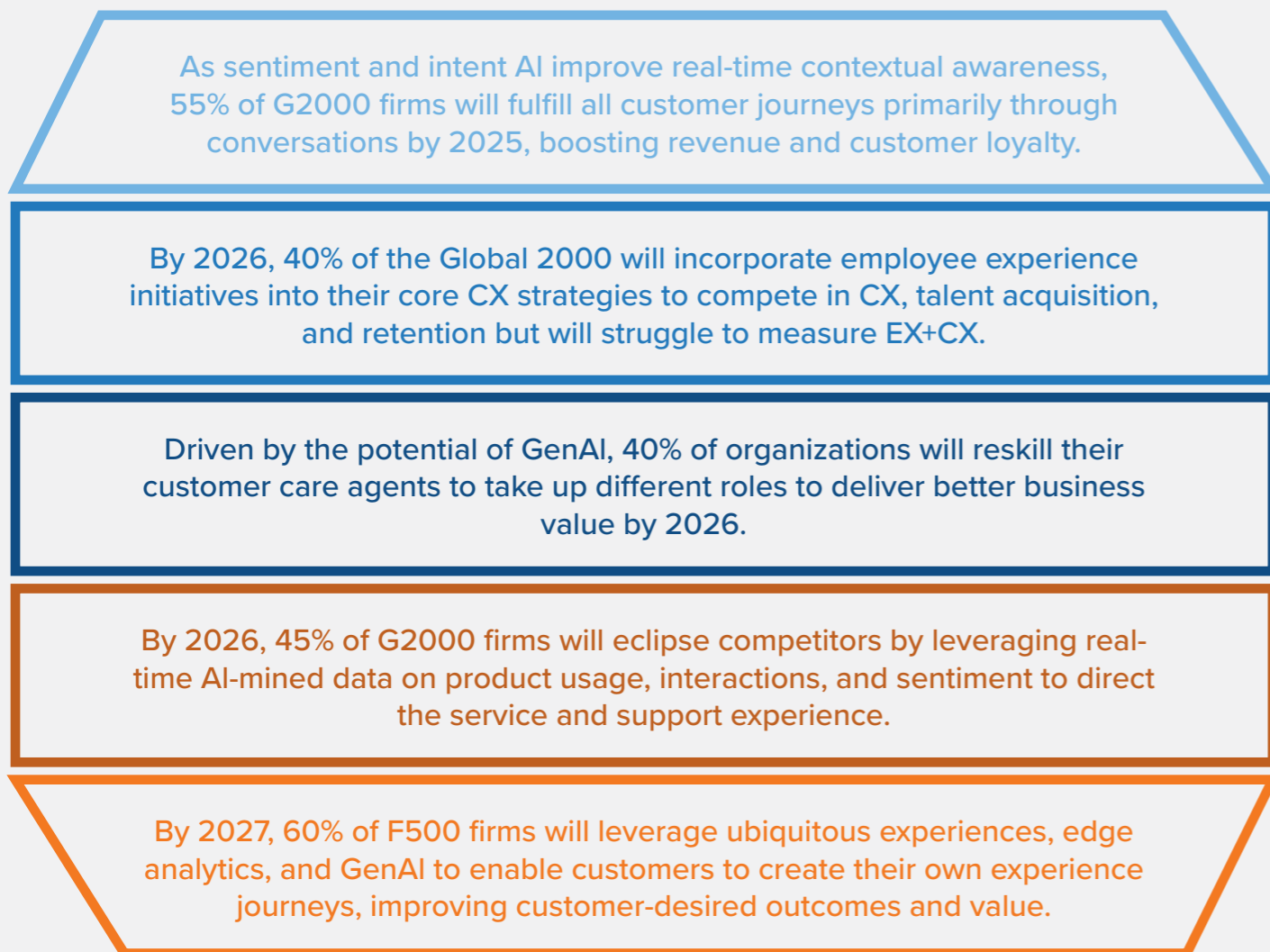
Introduction and Market Overview

The Customer Experience Market Signals a Strategic Shift

Companies have always looked to technology to enable them to drive better business growth and resiliency. Over the past few years, companies have accelerated their digital transformation efforts, with CX initiatives leading the way. This was also a period where organizations evolved CX from a nice-to-have marketing or contact center initiative to a full-scale strategic enterprise initiative. As we look forward, more than half of all organizations recently surveyed ranked revenue growth as their number 1 business priority, with customer experience/satisfaction coming in second. However, C-suite leaders are challenged by a backdrop of macroeconomic headwinds. As such, cost savings, profitability, and efficiencies fill up the remaining spots among the top 5 business priorities.

Meanwhile, companies are no strangers to the acceleration of AI, spurred by GenAI and the impact these technologies are having on businesses worldwide. AI and GenAI, in particular, are beginning to shift the value exchange between customers and brands. In the digital business economy, value exchange between customers and brands will be predicated on data and insights, and when wielded in a disciplined manner, offer enterprises significant experience-based market differentiation.

Technology shifts combined with the current market pressures and competition raise the stakes for what experiences get designed and how they get delivered. IDC's predictions (Figure 1) offer a directional guidepost on the impact that AI and GenAI will have on the future of intelligent experiences.

Figure 1: The Future of Intelligent Experiences

As sentiment and intent AI improve real-time contextual awareness, 55% of G2000 firms will fulfill all customer journeys primarily through conversations by 2025, boosting revenue and customer loyalty.

By 2026, 40% of the Global 2000 will incorporate employee experience initiatives into their core CX strategies to compete in CX, talent acquisition, and retention but will struggle to measure EX+CX.

Driven by the potential of GenAI, 40% of organizations will reskill their customer care agents to take up different roles to deliver better business value by 2026.

By 2026, 45% of G2000 firms will eclipse competitors by leveraging real-time AI-mined data on product usage, interactions, and sentiment to direct the service and support experience.

By 2027, 60% of F500 firms will leverage ubiquitous experiences, edge analytics, and GenAI to enable customers to create their own experience journeys, improving customer-desired outcomes and value.
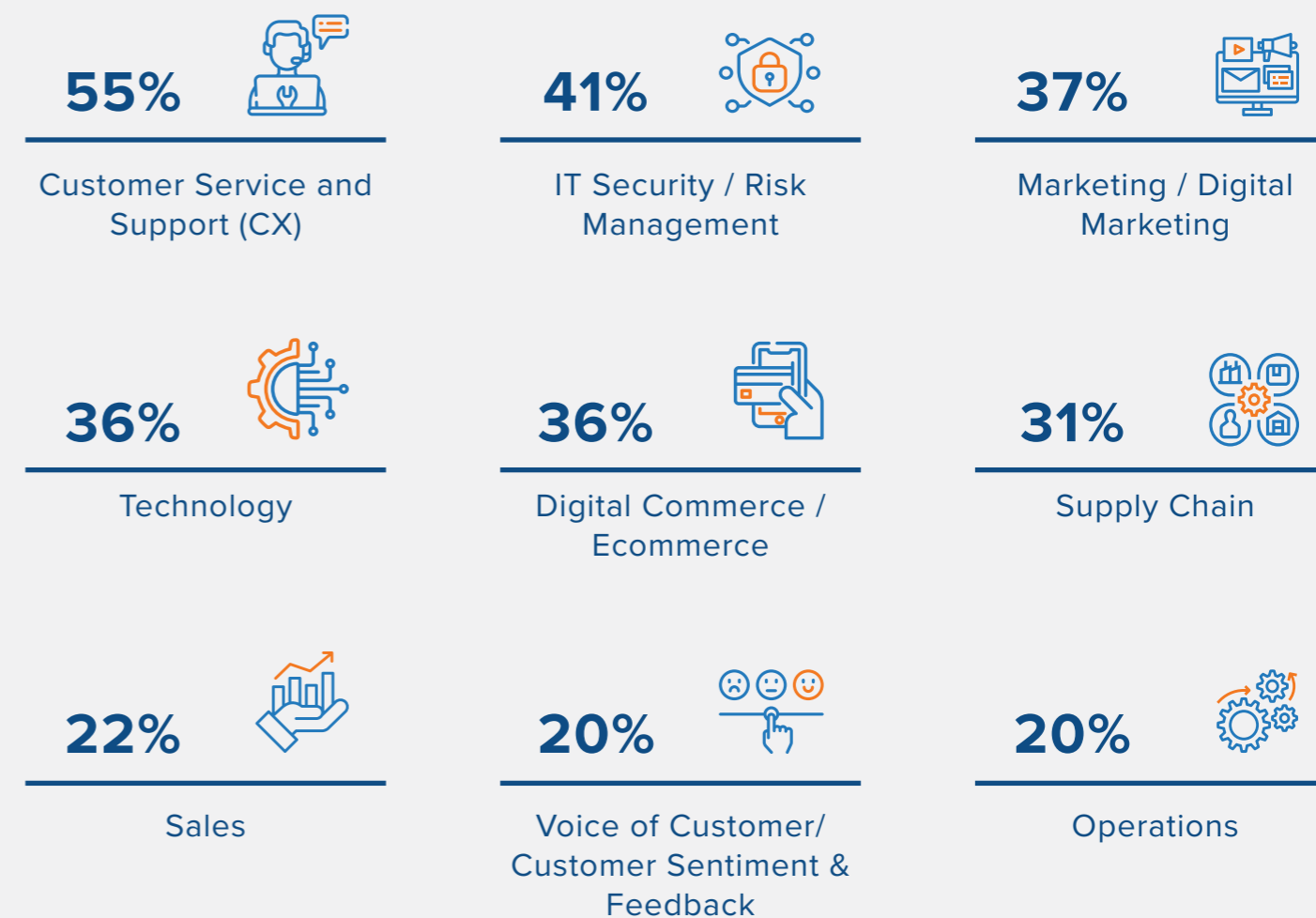
Source: IDC, 2024

Enterprises realize that we are firmly in the era of intelligent experiences — data from IDC's 2023 Future of Customer Experience Survey found that "the sea of digital sameness," where apps, product features, and offerings all deliver essentially the same mundane experiences, is a concern for over a quarter of enterprises globally. IDC expects that the greater prevalence of digital business models will create shorter customer decision cycles, raise customer expectations, and thus force enterprises to differentiate or be rendered obsolete. Further, mitigating customer churn will come down squarely to an enterprise's ability to excel in the relational aspects of the experience life cycle, such as delivering empathetic customer outcomes and proving experience value for the customer.

Intelligence Will Anchor the Next Generation of Contact Center and Marketing Experiences

Future marketing and customer support experiences will be fueled by two fundamental areas analogous to technology — data and intelligence. Customer data and insights are the lifeblood of the future digital enterprise. Using this data and the associated insights will create an intelligent customer context that will become the primary foundation for value creation for both customers and businesses. Building on this foundation, experience analytics, AI/ML, automation, and security allow organizations to capture, understand, act, and measure a customer's perception of an experience in context to the situation. As a result, CX leaders can achieve cognitive empathy at scale across CX ecosystems more than ever before.

Figure 2: Priority Areas for New GenAI Initiatives
Q. Which of these functional areas have the highest priority for new GenAI initiatives in the next 12 months?

55% Customer Service and Support (CX)

41% IT Security / Risk Management

37% Marketing / Digital Marketing

36% Technology

36% Digital Commerce / Ecommerce

31% Supply Chain

22% Sales

20% Voice of Customer/ Customer Sentiment & Feedback

20% Operations

Note: Data weighted by IT spending

Source: IDC's Global Marketing Survey, August 2024; Base (All): 506

IDC's Global Marketing Survey explored the way that enterprises see the role of GenAI in different functional areas across their organizations. The results show that the top priority areas for new GenAI initiatives are customer service and support, IT security and risk management, marketing, technology, and digital commerce (see Figure 2).

AI-Led Transformation is the Need of the Hour for Contact Center and Marketing Functions

While CX and IT executives are excited about the potential customer experience enhancements that AI and GenAI will offer, there is a measured sense of caution. Much of it stems from AI implementations playing a large part in uncovering adjacent and dependent risk factors. In a deeper analysis of contact center and marketing leaders, IDC found that workforce challenges and employee skill sets top the rank of risk factors that will most impact their CX strategies over the next year or so (see Figure 3). Ensuring workforce agility (either through upskilling or hiring) not only helps with business growth, but also has a positive impact on employee experience — and in turn, customer experience. In addition, the expanding global regulatory environment, especially regulations such as the European Union's AI Act and the United States' Executive Order on Safe Secure and Trustworthy AI, will play a central role in how companies design and deliver CX.

Figure 3: Risk Factors Impacting Organizations' Future CX Strategies
Q. Which of the following risk factors related to your organization's customer experience strategies and spending concerns you the most over the next 12–18 months?

41%
Employee/workforce challenges (e.g., staffing, lack of relevant skills)

38%
Continually changing expertise/skillsets to deliver innovative digital experiences

32%
Customer data privacy and security risk and regulations

20%
Increasing costs for customer-facing services

16%
Acceleration of digital innovation (e.g., Gen AI, NFTS, Web3 etc.)

14%
Inflation driving up vendor pricing beyond budget expectations

11%
Growing customer mistrust

11%
Commoditization/similarity of products and services due to increased digital offerings from competitors

10%
New digital business models from competitors

Note: Data weighted by IT spending
Source: IDC's Global CX and Marketing Surveys, August 2024; Base (All): 1,010

Business Priorities and Goals for Contact Centers and Marketing Leaders

Contact Centers Aim to Strengthen Their Digital Foothold

Customer support functions have traditionally relied on an agent-led operating model with contact center improvements mostly focusing on front-end engagement. This may include telephony/interactive voice response (IVR) implementations or improvements in agent capacity task/process automation, agent portals, and so forth. However, the need for customer data and insights to fuel intelligent experiences is shifting the focus toward mid- and back-end integrations. Almost everyone who has engaged with customer service/support is painfully aware of the gamut of issues leading to disconnected and disjointed experiences. In addition to customers on the self-service channel, employees/customer service agents routinely struggle with limited knowledge of what may have transpired previously and/or a lack of information about product inventory, pricing, or fulfilment issues, among others.

Customer authentication and reconciling contact information with a single source of truth for customer identity is the number 1 critical integration for contact center effectiveness, followed by tight coupling with back-end systems and information. Among the top-ranked areas for
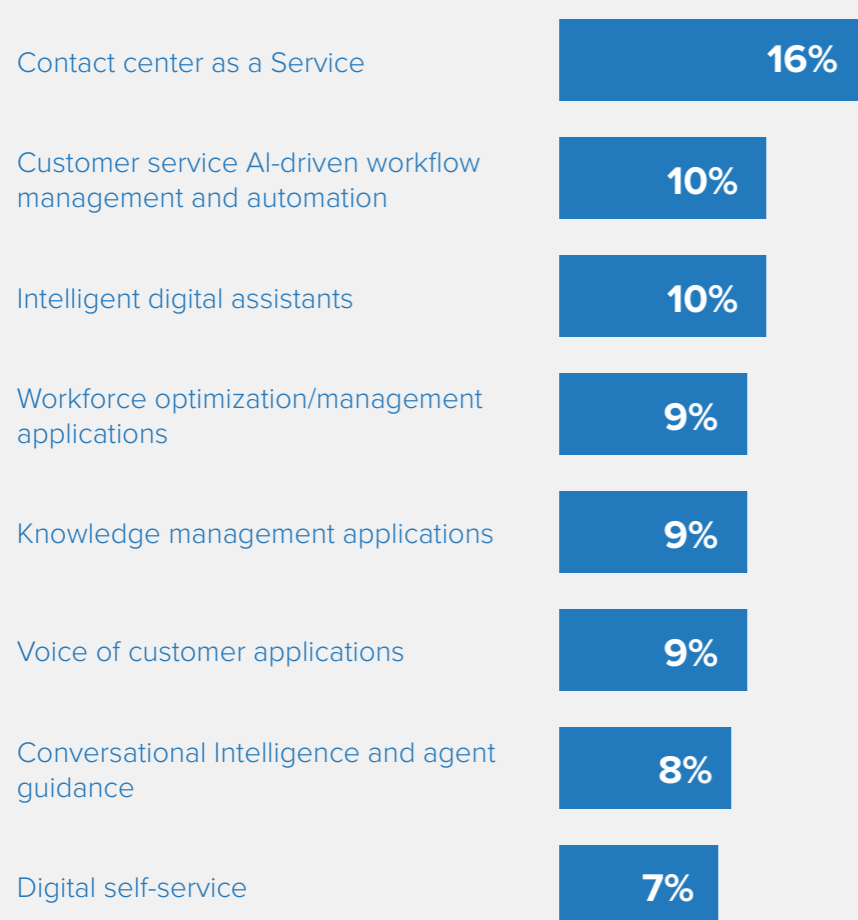
integration are unified customer data, content and communications management, fully complete self-service capabilities, and supply chain/personal information management (PIM) systems — all supported by a secure, consent-managed core of customer analytics to feed insights to these systems.

Contact center executives have charted out an ambitious plan to get a better digital foothold as they prepare for the coming age of AI Everywhere. Companies want to continue the digital business transformation they started years ago, integrating new technologies like AI and digital assistants and making greater use of intelligent automation to improve the execution of support journeys (see Figure 4).

Figure 4: Contact Centers Aim to Strengthen Their Digital Foothold
Q. Thinking about the strategic priorities of your contact center/customer service functions in the next 12 months, please rank the top 5 technology initiatives in order of importance.
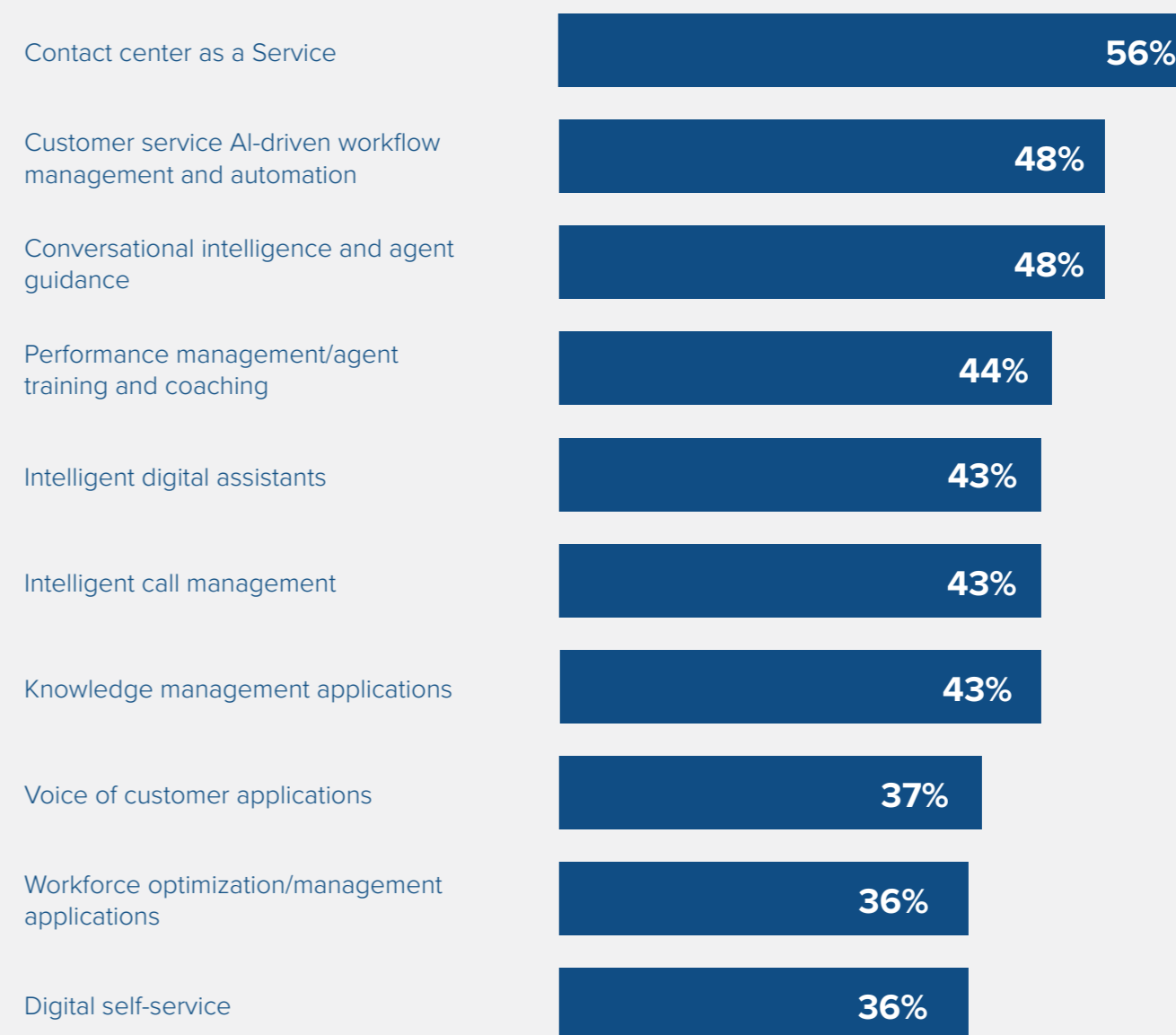
Top Rank

Contact center as a Service	16%
Customer service AI-driven workflow management and automation	10%
Intelligent digital assistants	10%
Workforce optimization/management applications	9%
Knowledge management applications	9%
Voice of customer applications	9%
Conversational Intelligence and agent guidance	8%
Digital self-service	7%

Note: Data weighted by IT spending
Source: IDC's Global Customer Experience Survey, August 2024, Base (All): 504

Top 5 Ranks

Contact center as a Service	56%
Customer service AI-driven workflow management and automation	48%
Conversational intelligence and agent guidance	48%
Performance management/agent training and coaching	44%
Intelligent digital assistants	43%
Intelligent call management	43%
Knowledge management applications	43%
Voice of customer applications	37%
Workforce optimization/management applications	36%
Digital self-service	36%

Note: Data weighted by IT spending
Source: IDC's Global Customer Experience Survey, August 2024, Base (All): 504

As IDC's Global Customer Experience Survey found, these technology initiatives span the full gamut from modernizing the customer service tech stack to improving organizational customer centricity. After all, modernization in the computer industry is an ongoing process and for customer experiences, modernization is preparedness. The evolution of customer expectations will naturally demand organizations to innovate and improve experiences, and technology infrastructure will need to be enabled for change.

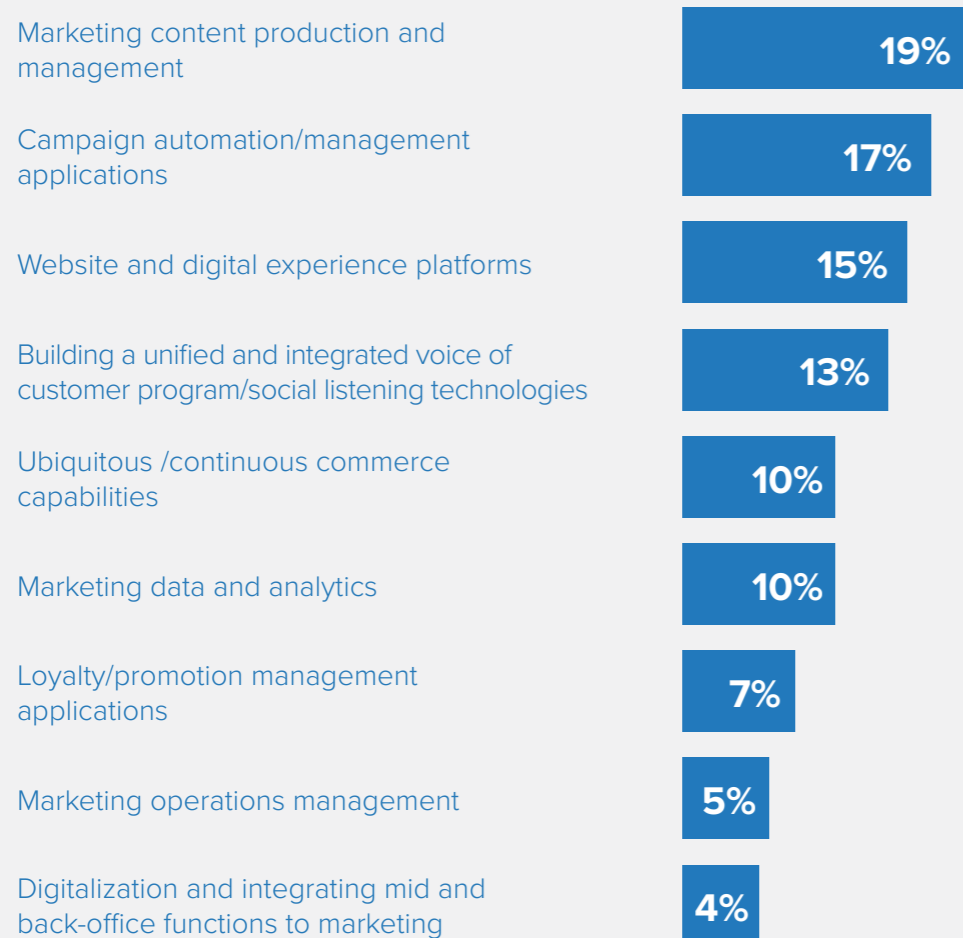## Marketing Sets Their Target on Running a Lean Operation

The marketing function is no stranger to digital transformation and has been a hotbed of digital-first makeovers for more than a decade. Further, AI and ML have been embedded into the underlying architecture of marketing automation systems for many years; however, the use cases have been limited to decisioning based on available data. With technology constantly shifting how customers interact and purchase, not least with the recent emergence of GenAI, the most profound changes may lie ahead. In fact, close to 80% of marketing executives responding to IDC's Global Marketing Survey in August 2024 reported that they will have a strong need for technology-driven transformation in the next 12 months.

Marketing's strategic focus is on improving digital-first experiences, enhancing automation, and investing in emerging technology (see Figure 5). The changes in customers' desire for digital, interactive, and immersive content, coupled with the overnight disruptive force of GenAI, is changing content marketing. As such, content production and management is the number 1 area of strategic focus for technology investments. In an era where customers demand speed and precision in engagement, managing content flow and delivery needs to be powered by intelligent automation that is fueled by a complete and single source of customer insights. Business buyers and end consumers alike appreciate experiences that transcend channel boundaries and business model silos while delivering value in every interaction. This has bumped up the priority for areas such as marketing analytics, campaign automation, and fully orchestrating a continuous and consistent end-to-end commerce experience.

Figure 5: Marketing's Strategic Technology Priorities

Q. Thinking about your organization's marketing function's strategic priorities in the next 12 months, please rank the top 5 technology initiatives in order of importance.
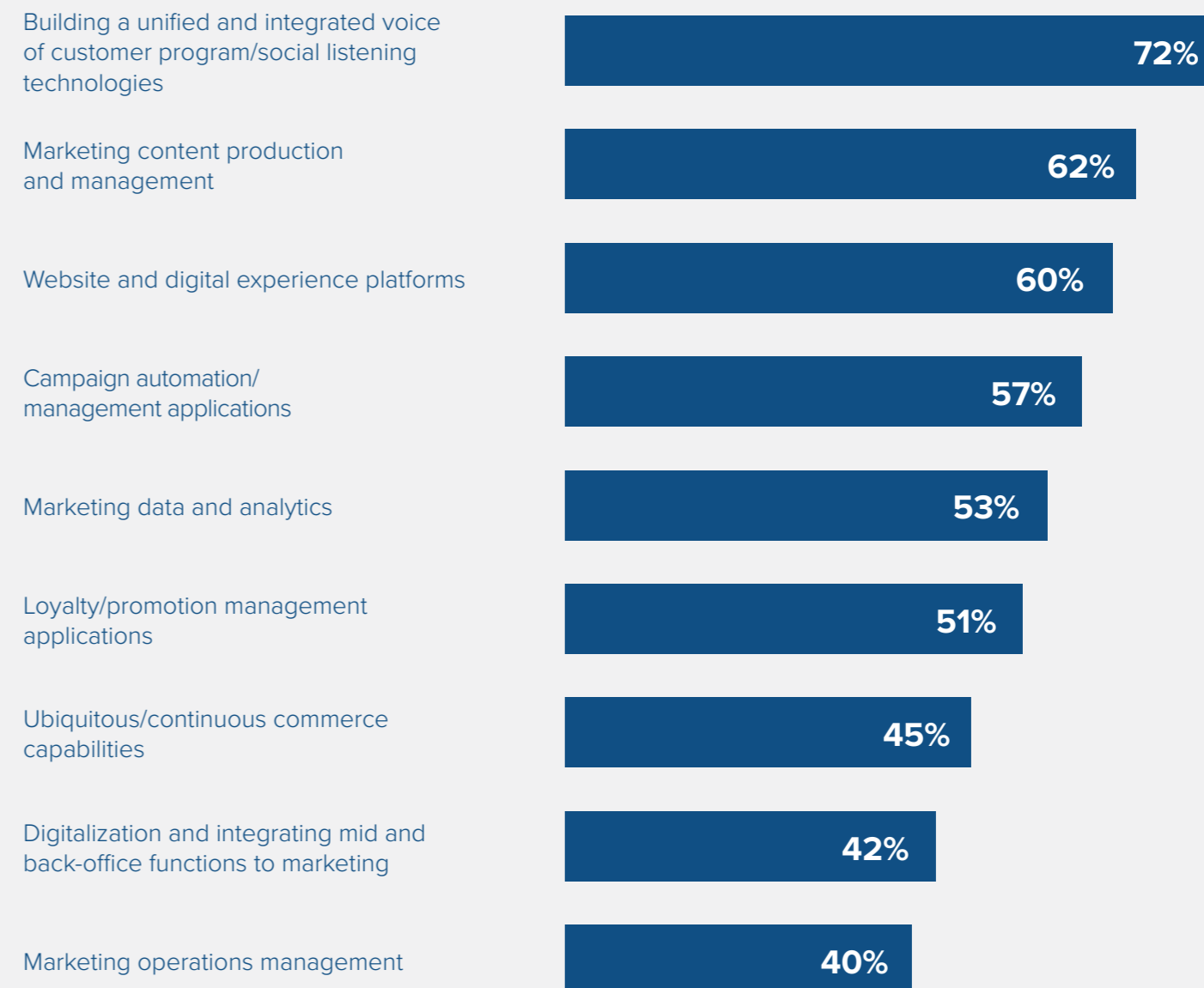
Top Rank

Priority	%
Marketing content production and management	19%
Campaign automation/management applications	17%
Website and digital experience platforms	15%
Building a unified and integrated voice of customer program/social listening technologies	13%
Ubiquitous /continuous commerce capabilities	10%
Marketing data and analytics	10%
Loyalty/promotion management applications	7%
Marketing operations management	5%
Digitalization and integrating mid and back-office functions to marketing	4%

Note: Data weighted by IT spending
Source: IDC's Global Marketing Survey, August 2024, Base (All): 506

Top 5 Ranks

Priority	%
Building a unified and integrated voice of customer program/social listening technologies	72%
Marketing content production and management	62%
Website and digital experience platforms	60%
Campaign automation/management applications	57%
Marketing data and analytics	53%
Loyalty/promotion management applications	51%
Ubiquitous/continuous commerce capabilities	45%
Digitalization and integrating mid and back-office functions to marketing	42%
Marketing operations management	40%

Note: Data weighted by IT spending
Source: IDC's Global Marketing Survey, August 2024; Base (All): 506

Marketing leaders echo a similar story as the contact center, although from the other side of the same lens. For marketing executives, CX areas such as digital commerce, customer service/support, and customer analytics/insights rank among the top areas that critically (and negatively) impact the effectiveness of their functions. Such integration-related issues signal the importance of companies resolving silos and bolstering the connectedness of mid-and back-office functions to deliver value in the form of marketing-focused outcomes across the whole customer journey.

Contact Centers Desire Experience-Led Business Outcomes

Contact center executives are keen on improving the consistency and continuity of customer service journeys regardless of channels or touch points, with 94% of those surveyed reporting this as their top strategic outcome. The very nature of a customer support touch point makes it a critical cog in the wheel of cementing customer sentiment. The ability to not only prevent negative sentiment, but successfully switch a negative to a positive goes a long way in ensuring customer loyalty, retention, and potentially higher lifetime customer value. Contact center operations leaders are acutely aware of this and want to improve these experiential and relational outcomes in a cost-effective manner. IDC also found that improving the employee experience (agents and supervisors) through improved CX capabilities is important. This includes outcomes such as better access to customer data, operational information, and insights so employees can more effectively make decisions and improve productivity.

## Marketing Aims for Improved Operational Performance

Marketing leaders hope to achieve more transactional and operational business outcomes with a drive toward cost reduction, streamlined marketing operations, and improved product conversions. Better access to customer insights resonates strongly for marketing as well, with a keen desire to empower marketing teams and apply an insights-driven approach to improving customer stickiness and loyalty.
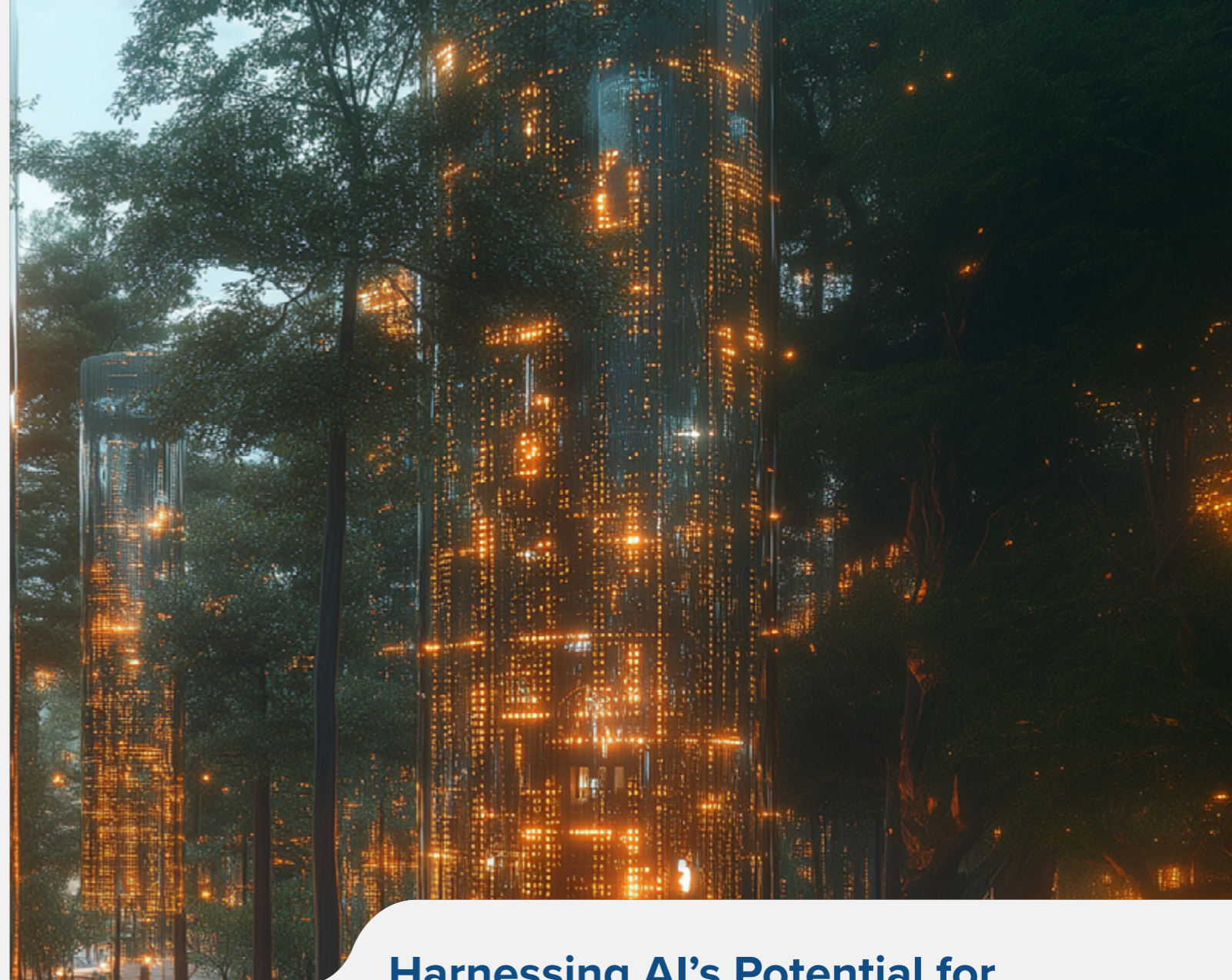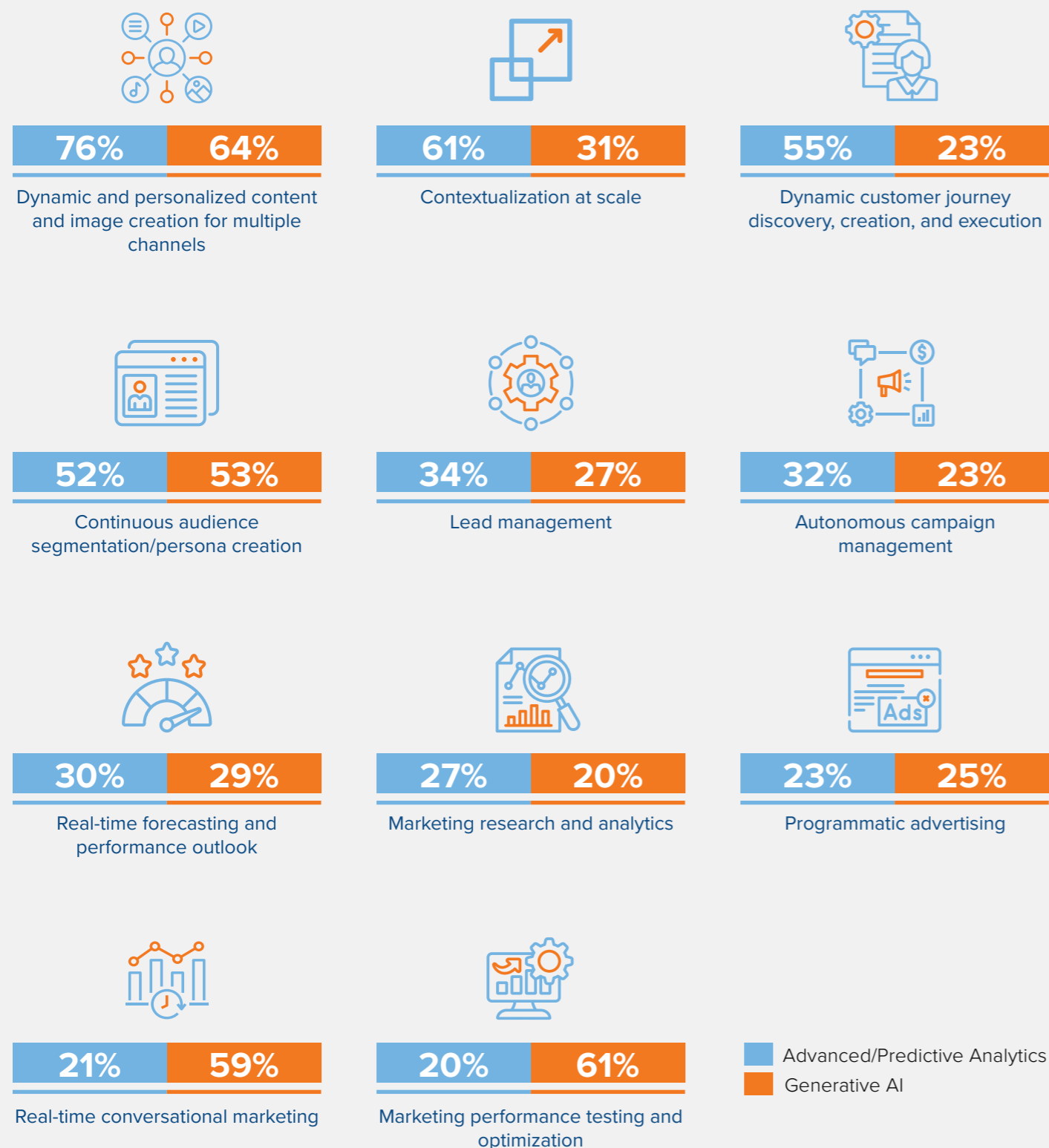
Harnessing AI's Potential for Intelligent Experiences

Intelligent Customer Context Unlocks Marketing's Efficiency Potential

The same survey also asked marketing leaders to rate the most impactful use cases they expect from AI and GenAI capabilities. Organizations are anchoring predictive AI capabilities toward achieving greater personalization of content, exploiting conversations as a modality, and enabling deeper analytics that facilitate campaign journey discovery and improved marketing performance (see Figure 6).
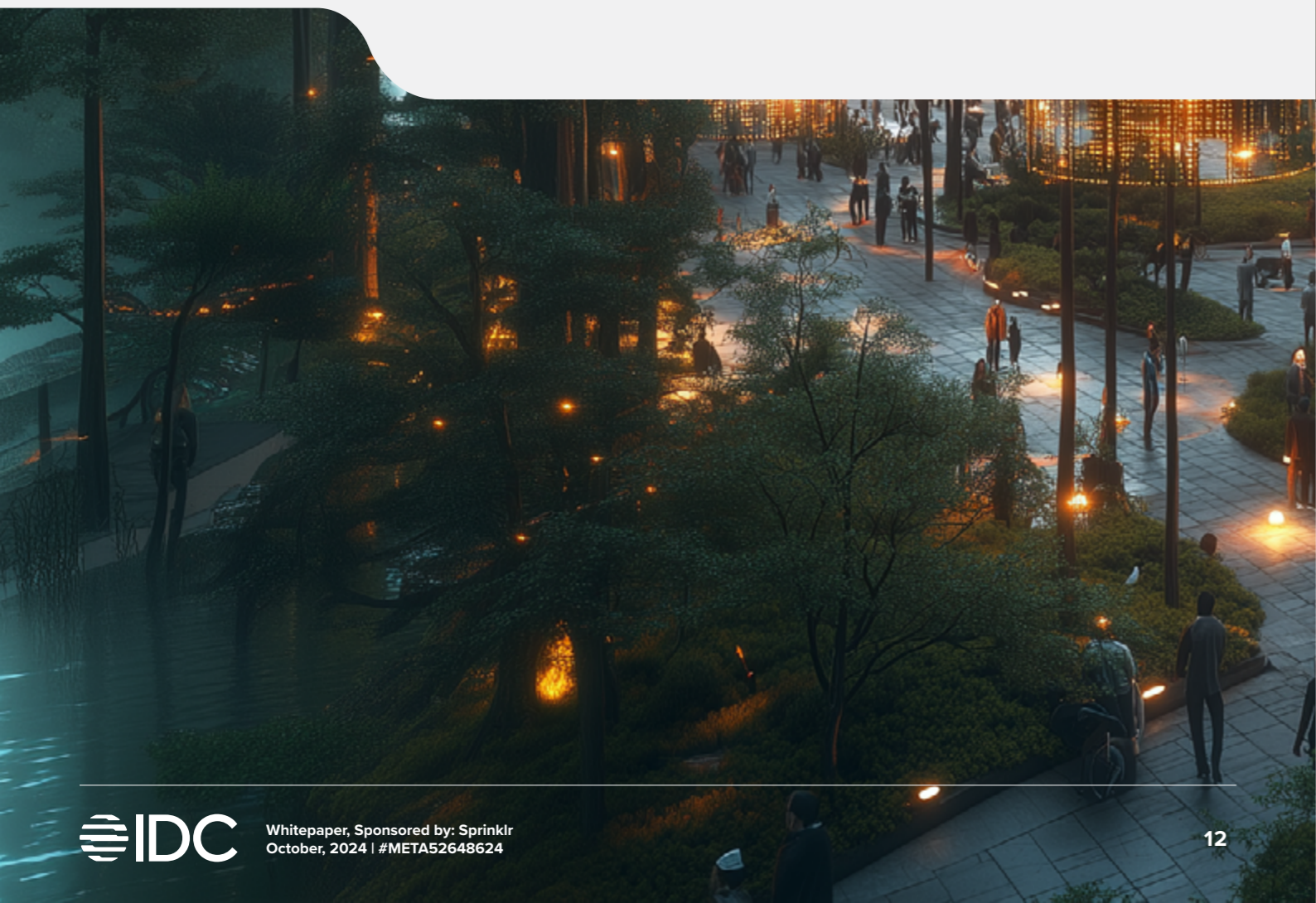
Figure 6: Most Impactful AI Use Cases for Marketing

Q. Which of the following advanced/predictive analytics or GenAI use cases will deliver the most impactful business outcomes for your marketing efforts by 2025?

76%	64%

Dynamic and personalized content and image creation for multiple channels

61%	31%

Contextualization at scale

55%	23%

Dynamic customer journey discovery, creation, and execution

52%	53%

Continuous audience segmentation/persona creation

34%	27%

Lead management

32%	23%

Autonomous campaign management

30%	29%

Real-time forecasting and performance outlook

27%	20%

Marketing research and analytics

23%	25%

Programmatic advertising

21%	59%

Real-time conversational marketing

20%	61%

Marketing performance testing and optimization

■ Advanced/Predictive Analytics
■ Generative AI

Note: Data weighted by IT spending
Source: IDC's Global Marketing Survey, August 2024; Base (All): 506

Autonomous conversational capabilities will give a huge boost to organizations' efforts to amplify experiential marketing. The fundamental construct of human-centric experiences remains conversations. For marketers, a real-time, two-way, and dialogue-driven approach can elevate their ability to benefit from a clear exchange of information and knowledge and an understanding between the customer and the organization built on context. The use of AI and GenAI within marketing applications will result in conversational interactions maturing from being just systems of engagement to becoming systems of action.

Furthermore, organizations must look beyond foundational, efficiency-based use cases to generate top-line value from their GenAI investments. As the survey results show, this is an area that both vendors and buyer organizations have a huge opportunity to improve upon. With its large language models (LLMs), GenAI is much more capable of analyzing very large data sets comprising both unstructured and structured data. With guardrails in place, such as rigorously structuring data so that it provides proper context, this capability can then be leveraged to train highly refined LLMs. For marketing, and CX more broadly, this capability translates into a deeper and richer contextual understanding of customers and their outcomes based on their intent. It also provides organizations with the opportunity to expand interaction complexity across a wider set of channels (e.g., conversations, zero UIs), enabling truly real-time, dynamic customer journeys that are driven off a continuous and updated stream of customer intelligence.

However, achieving these objectives requires a seamless flow of data across the various internal organization functions and with the customer. Organizations have tech stacks that are data rich, but insight poor. This vast estate of data and insight sources needs to be shared permissibly and be integrated or threaded together to build and apply an active portfolio of customer intelligence to deliver contextualized journey outcomes. In addition to addressing some of the tech debt issues, companies must also heed the call to refine marketing operations and organizational models to support intelligent marketing experiences. This includes areas such as the operating model, governance, KPI/outcome refinement, and being able to tie back marketing metrics to organization metrics.

Driving Self-Service and Employee Experience Excellence in Customer Support

Organizations are hoping to maximize AI benefits for their support workforce whilst shifting much of the transactional support requests to fully autonomous self-service channels. Modernization of the contact center and support experiences have led to digital and voice technologies becoming more intertwined than before. Digital and self-service options play an important role in servicing the customer, but agent-assisted options remain the channel of last resort. The contact center has always had a dual priority to balance the agent/employee experience with the customer experience. Agents and customer service employees work in stressful environments, where time-saving features can not only accelerate resolution, but potentially improve understanding of customer intent and/or mitigate the risk of misinterpretation. Contact center agents must perform a balancing act of being able to access and assimilate the right data to service the customer while managing the conversation in a calm and empathetic manner.

Within the self-service channel, organizations want to drive impact from predictive analytics through more autonomous customer support, intelligent journey orchestration, and improvements in how they understand and apply more accurate customer context during self-service support journeys to support customer desired outcomes. Generally, contact center leaders are more cautious in exposing GenAI capabilities directly (and without a human in the loop) to customers. Agent-augmented customer support journeys are a steppingstone toward further maturity and the ultimate implementation of fully autonomous service journeys. Enabling intelligent journey orchestration, ensuring compliance and quality assurance (QA), and empowering employees to self-manage schedules are areas where organizations anticipate GenAI will remain impactful.

In addition, contact centers expect AI to improve the range and extent of self-service journeys, particularly taking advantage of conversations as an engagement construct (see Figure 7).
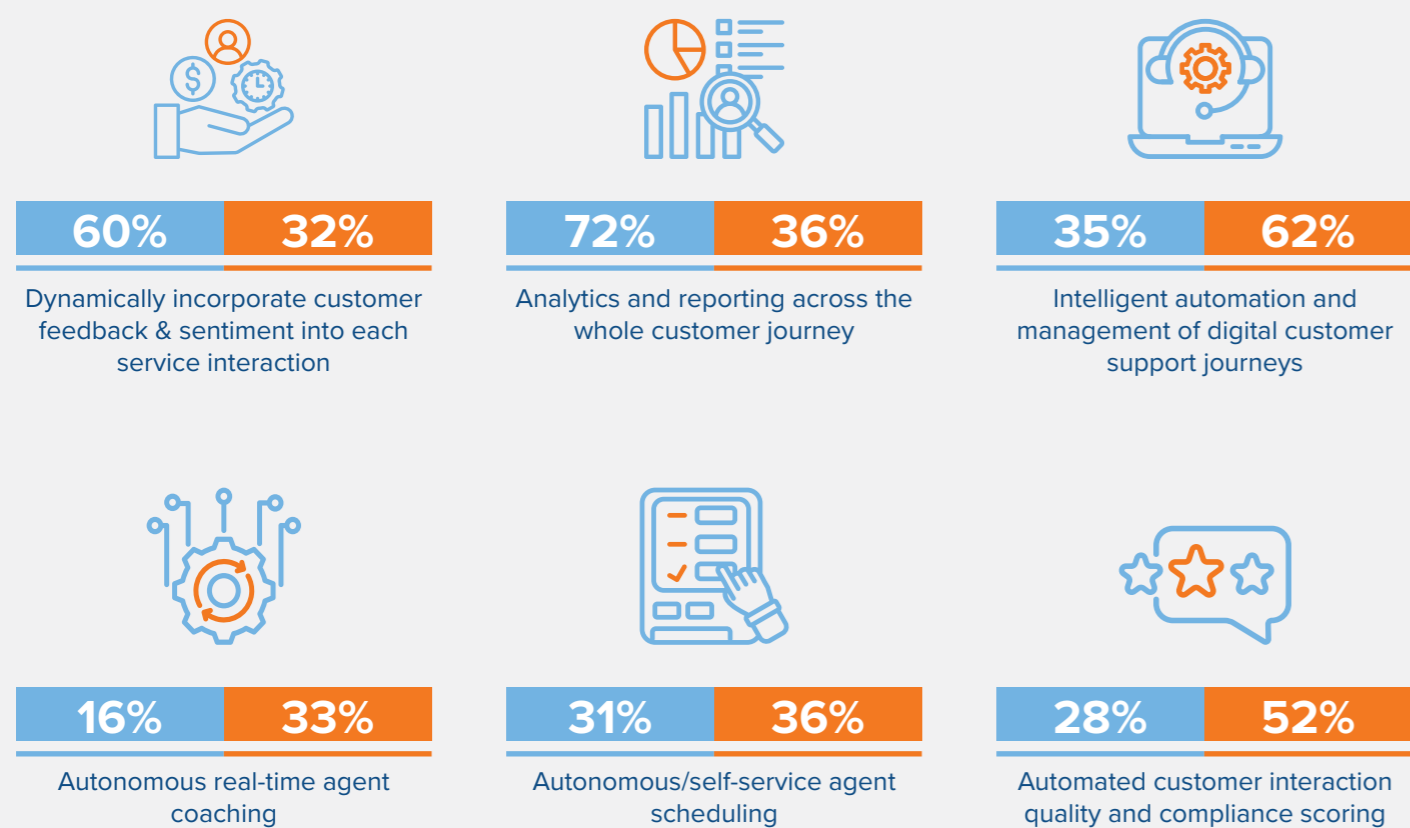
OpenAI created viral interest in conversational interfaces based on the GPT-3 LLM. Since that time, customers, developers, and many organizations have experimented with conversational interfaces to answer questions, offer dialog, create code, and even perform automation. Conversations offer enterprises a clear exchange of information and knowledge between the customer and the organization built on context. IDC predicts that, as sentiment and intent AI improve real-time contextual awareness, 55% of G2000 firms will fulfill all customer journeys primarily through conversations by 2025, boosting revenue and customer loyalty.

Figure 7: AI Use Cases that Contact Centers Believe Will Most Significantly Contribute to Business Outcomes

Q. Which of the following advanced/predictive analytics or GenAI use cases will deliver the most impactful business outcomes for your quality management and workforce management efforts by 2025?
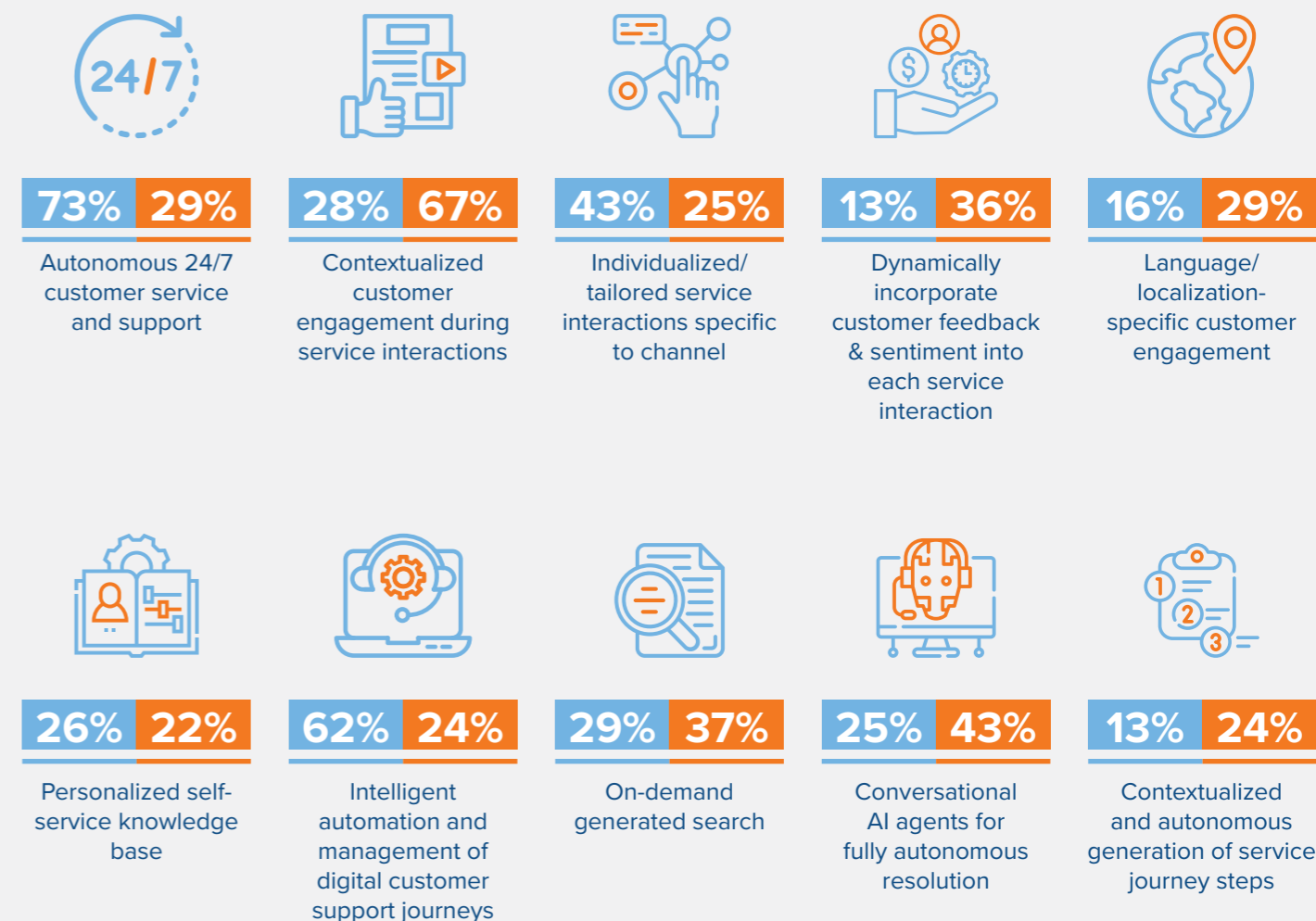
Quality Management and Work Force Management

60%	32%	72%	36%	35%	62%
Dynamically incorporate customer feedback & sentiment into each service interaction		Analytics and reporting across the whole customer journey		Intelligent automation and management of digital customer support journeys	

16%	33%	31%	36%	28%	52%
Autonomous real-time agent coaching		Autonomous/self-service agent scheduling		Automated customer interaction quality and compliance scoring	

■ Advanced/Predictive Analytics
■ Generative AI

Source: IDC's Global Customer Experience Survey, August 2024, Base: 137

Q. Which of the following advanced/predictive analytics or GenAI use cases will deliver the most impactful business outcomes for your conversational AI and digital self-service efforts by 2025?

Conversational AI and Digital Self-service

73%	29%	28%	67%	43%	25%	13%	36%	16%	29%
Autonomous 24/7 customer service and support		Contextualized customer engagement during service interactions		Individualized/ tailored service interactions specific to channel		Dynamically incorporate customer feedback & sentiment into each service interaction		Language/ localization-specific customer engagement	

26%	22%	62%	24%	29%	37%	25%	43%	13%	24%
Personalized self-service knowledge base		Intelligent automation and management of digital customer support journeys		On-demand generated search		Conversational AI agents for fully autonomous resolution		Contextualized and autonomous generation of service journey steps	

■ Advanced/Predictive Analytics
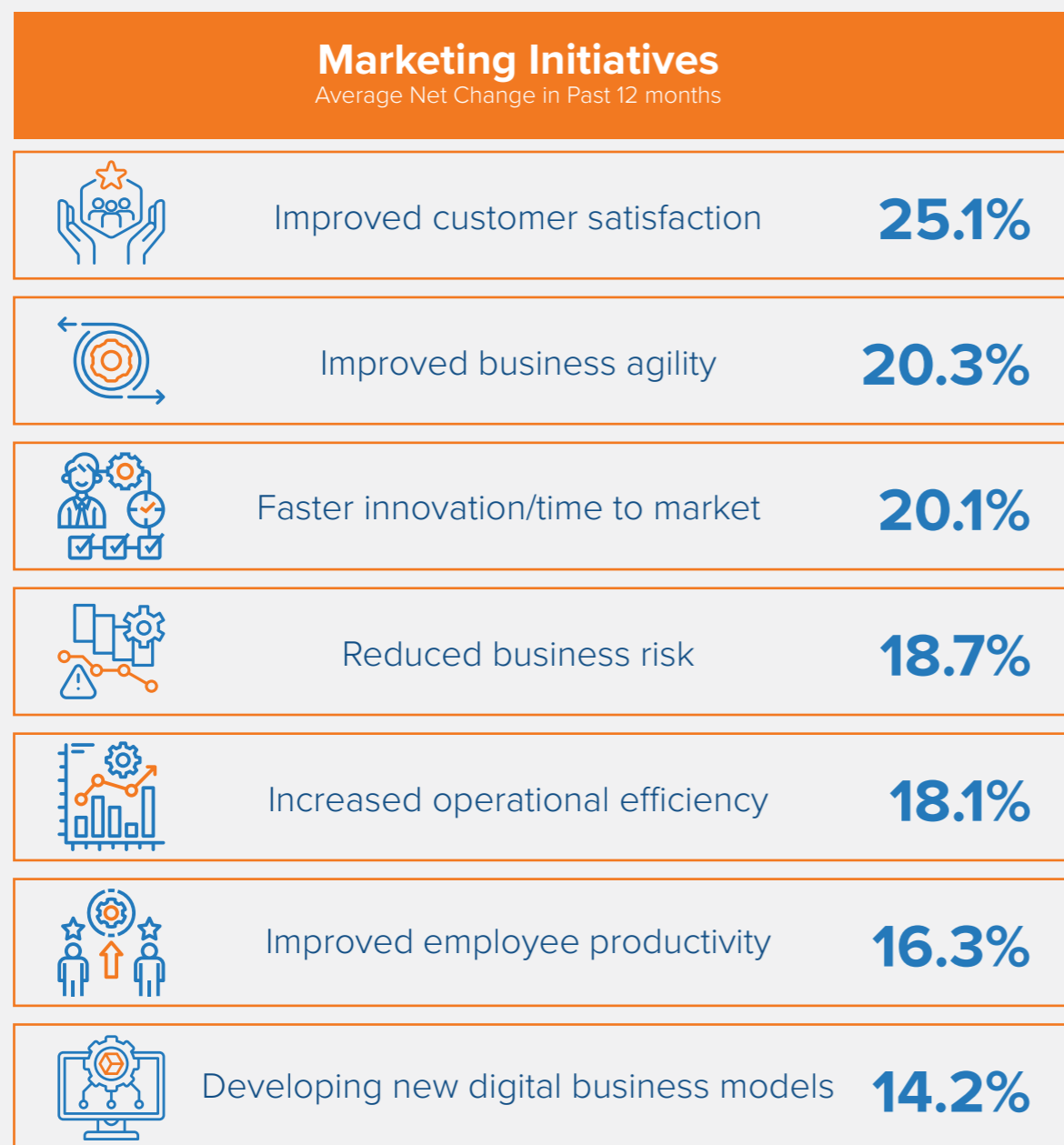■ Generative AI

Source: IDC's Global Customer Experience Survey, August 2024, Base: 155

Early CX Benefits from AI and GenAI Appear Cautiously Promising

The prevalence of AI capabilities in customer experience design and delivery is not new; however, organizations are keen to capitalize on the novelty of GenAI, especially the scale and depth of intelligence capabilities the technology offers. The initial "exploration" phase for GenAI, including continued expansion of AI capabilities is already delivering benefits. The top areas of improvement for contact centers are anchored toward efficiency and productivity (see Figure 8). This comes as no surprise, as companies hack off the low hanging fruit (i.e., scaling decisions and automation to quickly prove out initial successes). Marketing, already a hotbed for AI, is seeing a paradigm shift as a result of increasing AI adoption. Benefits include faster time to market and improved customer satisfaction (CSAT) scores, spurred by enhancements such as the introduction of automated and more effective campaign design and execution, efficiencies in the marketing content supply chain, and greater agility in operations.
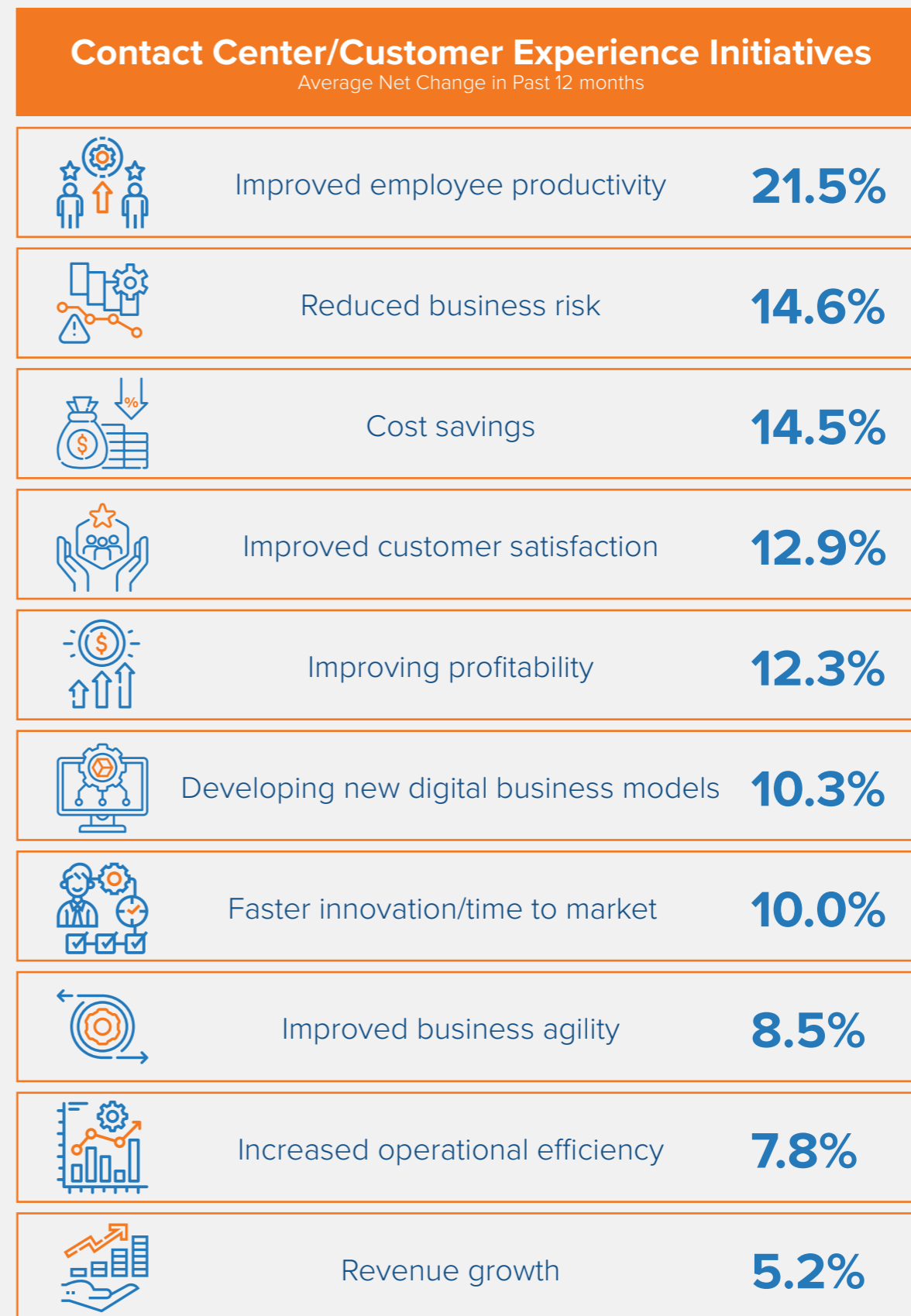
Figure 8: Claimed Benefits from AI
Q. For marketing initiatives where you incorporated AI/GenAI, what annual percentage change in the past 12 months did your organization experience in each of the following as a result?

Marketing Initiatives Average Net Change in Past 12 months	
Improved customer satisfaction	**25.1%**
Improved business agility	**20.3%**
Faster innovation/time to market	**20.1%**
Reduced business risk	**18.7%**
Increased operational efficiency	**18.1%**
Improved employee productivity	**16.3%**
Developing new digital business models	**14.2%**

Source: IDC's Global Marketing Survey, August 2024; Base (All): 506 (Those who selected the business priorities)

Q. For contact center/customer service initiatives where you incorporated AI/GenAI, what annual percentage change in the past 12 months did your organization experience in each of the following as a result?

Contact Center/Customer Experience Initiatives Average Net Change in Past 12 months	
Improved employee productivity	**21.5%**
Reduced business risk	**14.6%**
Cost savings	**14.5%**
Improved customer satisfaction	**12.9%**
Improving profitability	**12.3%**
Developing new digital business models	**10.3%**
Faster innovation/time to market	**10.0%**
Improved business agility	**8.5%**
Increased operational efficiency	**7.8%**
Revenue growth	**5.2%**

Source: IDC's Global Customer Experience Survey, August 2024; Base (All): 504 (Those who selected the business priorities)

However, companies are still in the very early stages of adoption. Most organizations (75%) plan to implement GenAI into their marketing initiatives over the course of the next 12 months, with only about 5% having already put GenAI-enabled marketing solutions into production. Contact centers are slightly ahead with an average of about 20% of organizations having put GenAI-enabled customer service solutions into production and about 62% planning to implement them over the next 12 months.

As organizations move beyond the POC stage, seeing continued benefits will come down to applying AI capabilities to CX initiatives that directly improve experiential value for the customer. On the marketing side, this could translate into generating more valuable audience segments; on the service side, it could be curated customer journeys that more accurately deliver intended customer outcomes. Such use cases can begin to plug the current gap in limited top-line growth from AI. For example, IDC found that revenue growth came in last on the list of benefits, with just 5% of organizations globally seeing benefit against this business priority, despite revenue growth being the number 1 business priority for organizations globally.

Challenges Around Skills, Costs, and Data Risks Must Be Addressed Before AI Can Deliver Real Value for CX

Marketing and contact center leaders report that factors relating to employee skills, data management and governance, and the cost of implementing advanced AI solutions are preventing them from seeing more pervasive adoption of AI capabilities within their businesses (see Figure 9). While AI and ML have been embedded into the underlying architecture of CX applications and systems for many years, the use cases have been limited to pre-defined rules-decisioning based on available data. GenAI changes the equation — it can learn and generate. GenAI makes decisions based on vector models that represent concepts, meaning, and even feelings, and it communicates in natural language (including consumption of information and production/generation). GenAI models can create summaries, fire off a social media or email campaign, produce contextualized help articles from ingesting a service resolution flow, or answer complex queries in a fluid and interactive fashion. With the possibilities of delegating complete tasks to a virtual agent, work models, organizational structures, and employee roles in designing and delivering customer experiences will undergo a paradigm shift. Further, with GenAI continually consuming customer and operational data and insights, enterprises' success will heavily hinge on them addressing the related challenges. It will be crucial to establish guardrails for customer data and insights usage; unify data, process, and application stacks and silos; and overhaul traditional workforce management models for the contact center and marketing functions.

Figure 9: Barriers to Adopting AI at Scale
Q. Which of the following will most hinder your organization's ability to leverage AI and GenAI technologies for the contact center/customer service function?

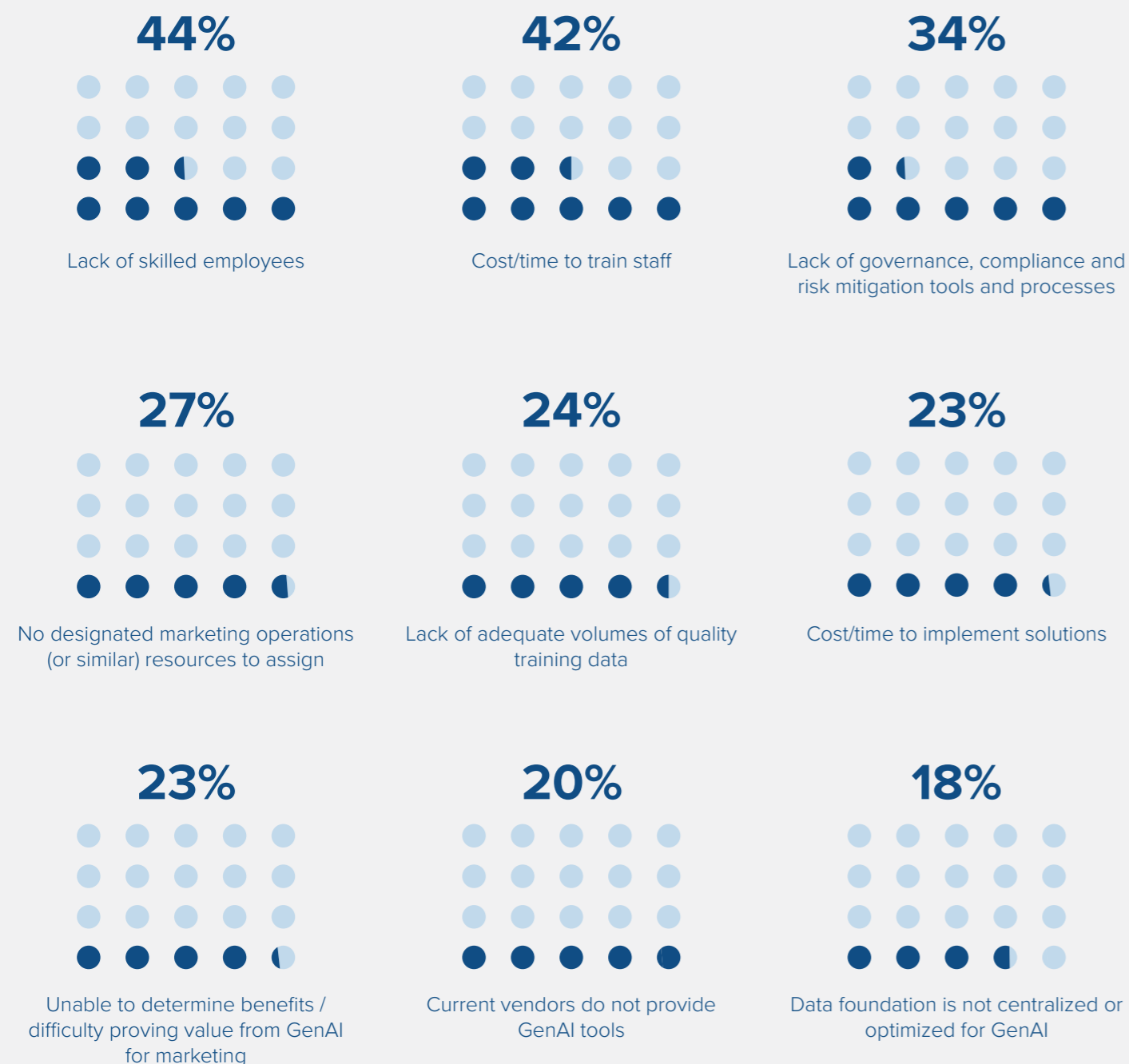## Barriers to Leveraging AI for Contact Center/Customer Experience

42%
Lack of skilled employees

35%
Cost/time to implement solutions

30%
Cost/time to train staff

29%
Lack of adequate volumes of quality training data

24%
Current vendors do not provide GenAI tools

22%
Data foundation is not centralized or optimized for GenAI

22%
Unable to determine benefits / difficulty proving value from AI & GenAI for the contact center

21%
Vendor solutions don't meet our needs adequately

21%
New functionality doesn't integrate across the rest of our tech stack that supports Contact Center apps

Source: IDC's Global Customer Experience Survey, August 2024; Base (All): 504

Barriers to Leveraging AI for Marketing

44%

Lack of skilled employees

42%

Cost/time to train staff

34%

Lack of governance, compliance and risk mitigation tools and processes

27%

No designated marketing operations (or similar) resources to assign

24%

Lack of adequate volumes of quality training data

23%

Cost/time to implement solutions

23%

Unable to determine benefits / difficulty proving value from GenAI for marketing

20%

Current vendors do not provide GenAI tools

18%

Data foundation is not centralized or optimized for GenAI

Source: IDC's Global Marketing Survey, August 2024; Base (All): 506

The AI Talent Gap and Need for Workforce Overhaul

As seen in Figure 9, the top challenge for both contact centers and marketing is the lack of employee skills required to implement and use advanced AI technologies and applications. Unlike earlier technology transformations that created a step change requirement in employee skills, GenAI is causing a sea change. With its advanced capabilities, GenAI targets what may have previously been considered "human" tasks. For example, creative and engagement-based skill sets like having a two-way conversational dialogue to access diverse knowledge resources, discovering new audience segments, self-optimizing campaign journeys based on a declared outcome, or fully executing a service request end to end. Marketers can benefit from AI capabilities like natural language processing (NLP), sentiment analysis, and subject-linked queries paired with GenAI to automatically aggregate data across large, unrelated, and disparately attributed data sets. In these cases, as they engage with their GenAI agent counterpart, marketers without a data science bent will fall behind. While AI can churn through massive data sets, if the marketing team is not skilled at accurately iterating the scope of inquiries based on the desired output, it would be a wasted effort. Consequently, the value of human judgement toward outcomes grows more important.

GenAI also has the potential to upend existing contact center work models. In a world where both human service agents and AI agents are working side by side, traditional workforce optimization/workforce management solutions will become less relevant. Consider entry-level customer service roles — with the majority of level 1 transactional service resolution flows being automated, such roles will need to be reconsidered in favor of broader, more adaptable, AI-ready skills. In addition, tasks such as forecasting and scheduling agents to ensure contact centers are operating with optimal manpower will be driven by AI, using data to determine the right staffing levels. In this instance, organizations will need to rethink the role of contact center operations leaders and the value-added, advisory-level tasks that they can be transitioned into instead of focusing on capacity management and scheduling.

Data Management Drives Quality Intelligent Experiences

Organizations are critically aware of the importance of data to power intelligent experiences. IDC's 2023 Future of Customer Experience Survey found that customer data and intelligence initiatives (which include journey analysis, integrated customer information, voice of the customer, social influence, and sentiment analysis) rank among the top 3 areas where organizations plan to prioritize their CX investments. With increasing data consumption and generation from GenAI-driven applications, organizations must contend with an increasing volume, velocity, and variety of customer and operational data. The possibility of tapping into a greater variety and volume of data is a double-edged sword: on one hand, organizations can make better decisions to improve experience outcomes; on the other hand, the increased volume impacts their ability to harness precise value from data and generate contextualized, actionable customer insights.

A lack of quality data (among the top 5 challenges in Figure 9) can impede decision-making. For example, if customer data and insights do not reflect the most recent updates (e.g., customer interactions/events, business events, product/pricing exceptions, service issues), all that the GenAI model ends up with is an inaccurate or incorrect customer outcome. It is no longer sufficient for there to be lengthy delays in propagating changes, such as a cancelled order, to customer portals (self-service), front-end employees (contact center, marketing), or other organizational systems. Data must be synchronized across the systems that are part of the experience delivery chain.

Further, GenAI also starts to introduce "new" data into enterprises in which internal data is used with external models to augment model outputs. As data volume, velocity, and variety grows, the AI model is susceptible to data drift or model drift. IDC defines drift as the degradation of a model's prediction power due to changes in the environment (data or the model). The accuracy of AI models degrades as the production data is different than the training data, or if the task the model was designed to perform changes over time. Either of these lead to model outputs being more likely to be incorrect, resulting in sub-optimal experience outcomes for the customer and a loss of value for both the customer and the organization.

Managing Implementation Costs for GenAI-Enabled CX Initiatives

For many organizations, the initial hype from AI/GenAI has not quite paid off — either in terms of the limited CX gains or the less-than-ideal ROI. In an environment where CX and IT leaders have to manage investments against tight enterprise cost control mechanisms, the challenge is amplified. Further, CX teams face the challenge of having to manage costs with AI/GenAI implementations. Many organizations are stuck in GenAI proof-of-concept purgatory. IDC's April 2024 Future Enterprise Resiliency and Spending (FERS) Survey found that globally, on average, companies conducted 34 POCs with only 4 of these materializing into production launches (internal and external combined).

Much of this has to do with the challenges associated with cost, data infrastructure, model/AI governance, and accuracy, among others. In addition, organizations are grappling with spiraling costs due to resource consumption for model training and inference, fine-tuning and model optimization, prompt engineering, data storage expenses, and other operational costs, along with infrastructure costs, data security, and risk management.

In parallel, employee skills gaps are a significant concern, as noted previously. Organizations are feverishly working to upskill their employees to perform higher-value tasks or finding opportunities for them to be transferred to other functions and roles, which again may require investments in reskilling. In addition, organization concerns around customer trust — driven by the changing regulatory landscape and privacy/compliance risks associated with GenAI — are driving up retraining costs. Organizations recognize the need to increase investments in employee training and ethical GenAI practices, especially for customer-facing front-office employees.

Achieve Speed to Market with the Right Technology Partner
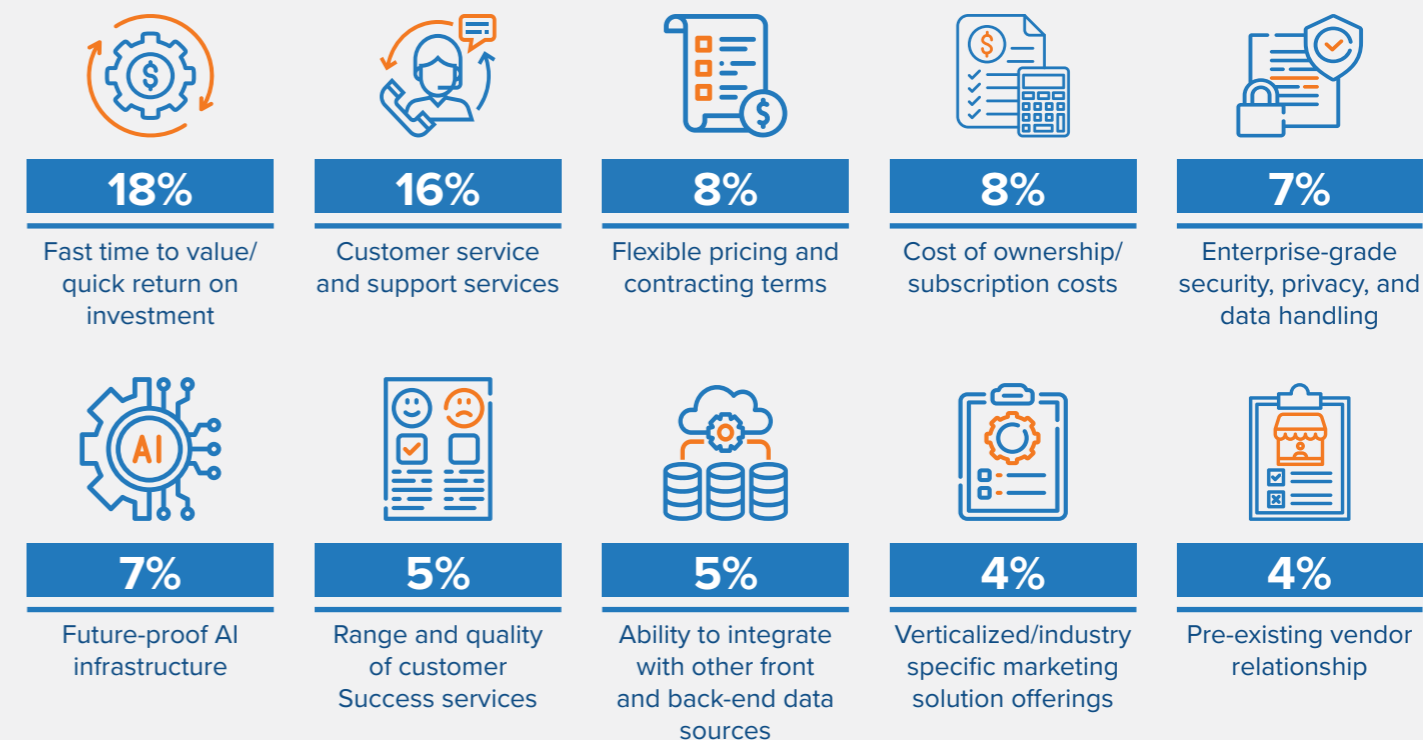
One of the challenges in prioritizing and focusing on relevant CX initiatives with the right skills in place is that the ground is always shifting, and technology investments are long-term investments. In addition, the technical debt at organizations continues to grow, with integrations (across data, systems, and applications) being a significant cause of the gap. With GenAI, the new kid on the block, CX leaders are going to need all the help they can get, especially, when close to a quarter of all companies report that the lack of effective use of AI/ML impedes their contact center and marketing solutions implementations. In their effort to successfully roll out AI-powered contact center and marketing solutions, organizations are keen to seek a strategic partner. Technology partners that are most successful provide CX and IT leaders with access to a wide breadth of deep CX and analytics skills.

To understand what enterprises are looking for from their CX technology partner, IDC asked enterprises about their decision criteria to partner with a marketing solutions/services provider. Figure 10 shows how marketing leaders globally responded in terms of their purchase decision criteria for a marketing solutions vendor.
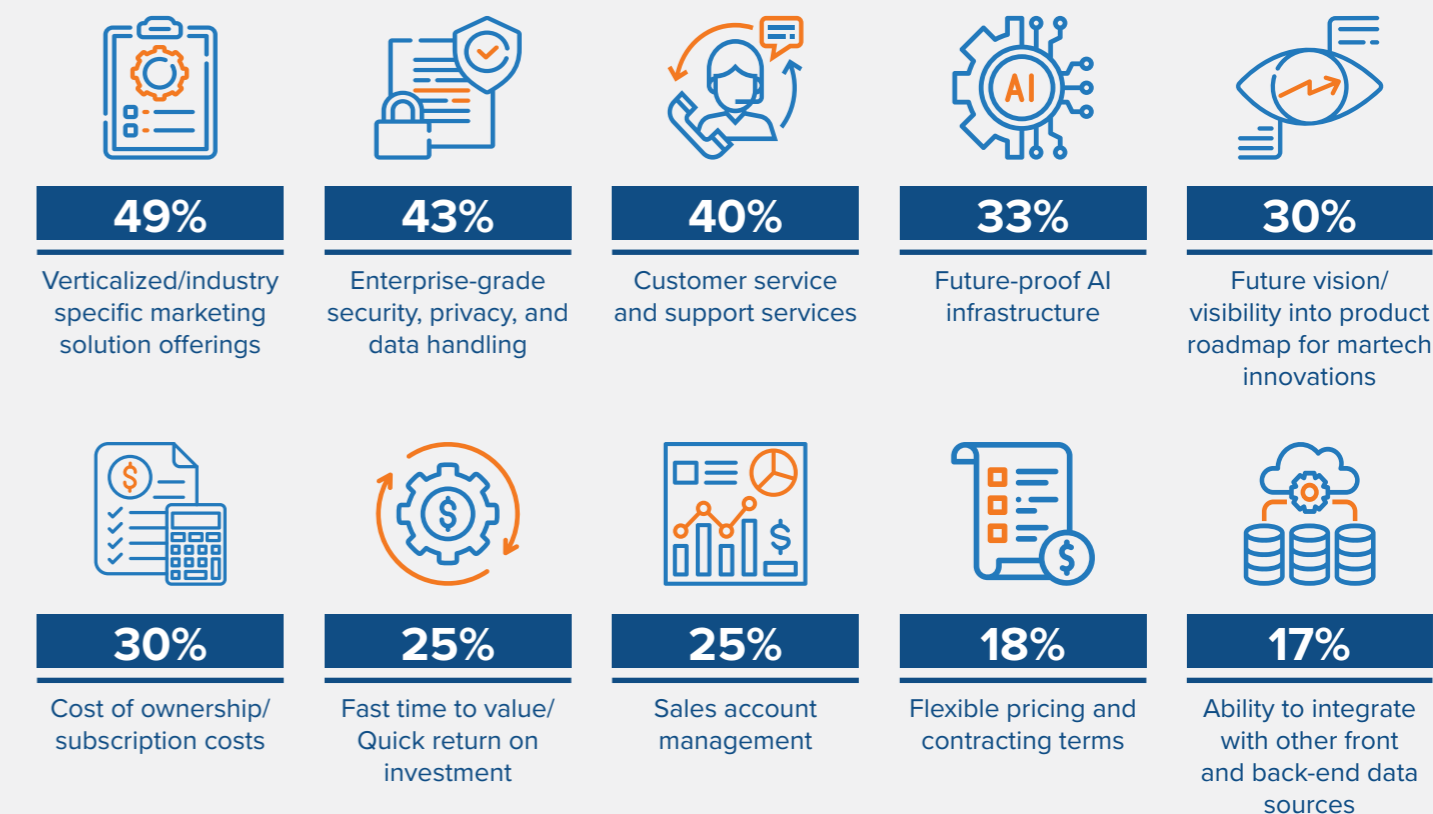
Figure 10: Vendor Selection Criteria for Marketing Solutions
Q. What are your top 5 vendor decision criteria when considering a new marketing solutions/services provider?

Top Rank

18%	16%	8%	8%	7%
Fast time to value/ quick return on investment	Customer service and support services	Flexible pricing and contracting terms	Cost of ownership/ subscription costs	Enterprise-grade security, privacy, and data handling

7%	5%	5%	4%	4%
Future-proof AI infrastructure	Range and quality of customer Success services	Ability to integrate with other front and back-end data sources	Verticalized/industry specific marketing solution offerings	Pre-existing vendor relationship

Top 5 Ranks

49%	43%	40%	33%	30%
Verticalized/industry specific marketing solution offerings	Enterprise-grade security, privacy, and data handling	Customer service and support services	Future-proof AI infrastructure	Future vision/ visibility into product roadmap for martech innovations

30%	25%	25%	18%	17%
Cost of ownership/ subscription costs	Fast time to value/ Quick return on investment	Sales account management	Flexible pricing and contracting terms	Ability to integrate with other front and back-end data sources

Note: Data weighted by IT spending)

Source: IDC's Global Marketing Survey, August 2024, Base (All): 506

Vendors that can help manage implementation costs and deliver value are considered most favorably. As noted earlier, with GenAI, the initial hype and excitement is giving way to value capture from these technologies, with the challenging business environment creating added pressure. Organizations are looking for partners and vendors that can help them realize value in a quicker amount of time. Factors such as industry-specific verticalized solutions or targeted offerings that enable better adoption and scale for the respective solution are important. In addition, vendors that ease the skills gap challenge will be heavily favored. Implementing advanced AI-based solutions, especially for capabilities in the contact center, is a complex undertaking that requires implications around unified data management, AI/data governance, integration complexity, and operating model changes to be addressed. Vendors must develop/upscale offerings and provide targeted advisory and implementation services through their own professional services or customer success teams or have a mature partner-led offering on how their solution can connect across the CX technology ecosystem will ease implementation pains. A balance of high-touch support and enablement combined with low-friction, but high-quality customer support services is what will win the hearts and minds of — and deals from — CX leaders.

As their understanding of AI and automation matures, organizations at the forefront of experience transformation have shifted from a technology focus to an outcome-focused mindset. Flexible pricing models such as outcome-based pricing for use of AI capabilities creates parity in the value exchange between a vendor and its customers by tying customer value to the vendor's monetization levers; for example, tying model outputs to specific KPIs for customer service or marketing. Consider, for instance, a structure where enterprise customers may only be charged when the AI model solves the end customer request completely and satisfactorily, or if the model outputs (both predictive and generative) only result in a certain threshold conversion rate. Such metrics will need to be jointly agreed upon by both the vendor and the organization. Finally, another critical, but table-stakes element is customer data security and compliance. Organizations are prioritizing vendors that can demonstrate how they protect and secure customer data; for example, capabilities such as encrypting customer data, limiting/customizing access by roles, or easily managing access permissions across multiple departments. Organizations also are more trusting of vendors that can demonstrate better accuracy of model outputs against specific CX and business outcomes, offer transparency and explainability of model outputs, and partner with them to develop private versions of AI models that are tailored to meet the specific needs of contact center and marketing functions.

Next Steps/Actions

Next-generation technologies such as GenAI will usher in a new era of computing that IDC refers to as the "Era of AI Everywhere." This new era will completely change our relationship with data and how we extract value to offer differentiated customer experiences. Enterprises must be prepared for the technology acceleration that will happen and which will have a significant impact on influencing contextual customer engagement.

Enterprises can set forth on four key priorities to prepare for this coming era of AI Everywhere:

Get Your Customer and Operational Data AI Ready

Organizations should shore up their customer data infrastructure for trusted data sharing with capabilities such as data clean rooms. IDC's FERS Survey from February 2024 found that data quality is among the top 3 concerns for organizations when it comes to implementing/adopting AI. This highlights the need for data governance that is tailored for more pervasive AI and GenAI capabilities in contact center and marketing solutions. While thresholds to balance accuracy, quality, and cost vary between marketing and contact center solutions, organizations must establish disciplined processes to govern the foundational customer and operational data used to deliver CX. This spans data security, provenance, reliability, currency, and compliance. Model training requires a sufficient volume of high-quality data to generate accurate and authentic customer desired outcomes.

Develop a Unified Customer Insights Fabric

Organizations continue to battle the challenge to become insights rich. They maintain a vast estate of data and insights sources across the organization that need to be shared permissibly and integrated or threaded together to build and apply an active portfolio of customer intelligence to deliver contextualized journey outcomes. Organizations must marry operational and organizational insights (finance, supply chain, product inventory, product engineering, employee actions, etc.) with customer intelligence to arrive at a deeper experiential understanding of their customers. Capabilities such as identity management and governance around customer insights (e.g., ownership, sharing policies) will need to be established for securely and permissibly sharing insights across functions (e.g., sharing service issues or customer complaints to potentially suppress a targeted marketing campaign for a particular customer).

Establish CX-Specific AI Governance

AI Governance and MLOps are essential to ensuring that customer experiences remain authentic and that the intelligence powering the models continues to deliver value-based empathetic outcomes. Organizations must strive to eliminate negative biases from training data sets during model training and development, as such biases can damage customer perceptions and brand reputation. They must also establish governance processes to ensure that customer consent (i.e., for GDPR compliance) is captured and updated for data that will be used in ML-based recommendation engines. They should tag consent and privacy metadata within analyzed customer insights to recognize the data relationship (i.e., zero, first, second, and third party) for customer attributes that are used to offer contextualized customer journeys. And they should set up clear governance processes to appropriately evolve ethical guidelines, guardrails, and policies that ensure AI capabilities are appropriately incorporated and applied into contact center and marketing use cases.

Cost-Effective Intelligent Experience Delivery

Organizations should focus on customer and business outcomes when investing in and implementing AI-enabled contact center and marketing solutions. They need to understand what factors drive value for the customer (e.g., enterprises can leverage GenAI to discover unmet customer needs that may not be evident from existing voice-of-customer [VOC] analytics), interpreting dimensions such as customer emotion to more accurately recognize sentiment. Organizations should tie back experiential outcomes to quantitative and qualitative CX and business metrics to track and measure realized value, and they should prioritize relevant use cases through an incremental "crawl-walk-run" approach, beginning with use cases that show demonstrable value quickly and then expanding to more complex implementations. In parallel, organizations are advised to invest in employee skills training programs to enable internal employees to own a greater portion of high-value (and therefore high-cost) work. They should also look to work with vendors and partners that have a good enablement program, provide curated offerings for digital self-service, offer end-to-end support, and are capable of scaling adoption. Finally, AI capabilities should be implemented from the data layer up, not from the task automation layer down. While there are many GenAI apps out there, every instance of GenAI in an enterprise should share common services for data, governance, security, and so forth.

About Sprinklr

Sprinklr was founded in 2009 to solve a big problem: enterprise-size complexity dividing brands from the customers they serve. The idea was to unify silos, technology, and teams across large, complex companies. What started in social expanded into a single AI platform to reach, engage, and listen to customers on more than 30 digital channels.

Today, Sprinklr has infused AI across four product suites: Sprinklr Service, Sprinklr Social, Sprinklr Marketing, Sprinklr Insights, and self-serve offerings. Customers who value exceptional customer experiences have what they need on one unified platform built with an operating system approach on a single codebase. That means that everything — and everyone — can work together to service, respond, sell, and market to customers on the channels they prefer.

And as customer-facing teams, markets, and geographies work together, brands benefit from a unified digital edge. That is powerful, considering that the digital edge is where every touch point happens with customers today. It is where customers experience a brand, ask questions, and give feedback. It is also where all the risk is, along with the greatest sales and growth opportunity.

To learn more
www.sprinklr.com

About IDC

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