Case

Convergys: A Strategic Approach to Customer Value

By Arvind Rangaswamy



1. Before beginning any case, students should familiarize themselves with the model being used. Marketing Engineering for Excel comes with tutorials that demonstrate the capability of each model. The tutorial can be found under each model within the ME►XL menu after starting Excel. These tutorials are designed to work with our OfficeStar examples which are located in the My Marketing Engineering directory, usually installed in My Documents during software installation.
2. The data required for this case is located in the **My Marketing Engineering** directory (usually located within My Documents):

   Convergys Data (GE).xls

Overview

Headquartered in Cincinnati, OH, Convergys is one of the world's leading providers of contract-based business process outsourcing services such as customer care (both inbound and outbound call handling for sales, marketing, and tech support), information management (e.g., billing and processing), and HR administration (employee care services such as benefits and payroll operations, staffing, and training). Some of its major clients include AT&T Mobility (formerly Cingular), DirecTV, and the US Postal Service. Convergys competes with a different set of players in different service areas, and major competitors include ACS, Accenture, EDS, and IBM Global Services. In 2006, customer care accounted for about 64% of total revenue, information management for 28% and employee care for 8%. The employee care business is the fastest growing of the three with about a 30% annual growth rate. For more details about the company, visit www.convergys.com.

Shareholders and top management of the company were increasingly concerned about the declining operating margins (see Exhibit 1), which has declined about 20% over the past five years. Senior executives believed that this decline was partly a result of a persistent and significant decline in the productivity of the company's client retention and acquisition approaches. In early 2006, Bob Lento joined Convergys as Sr. Vice President of Sales and Marketing and was charged with growing the company's top line and

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improving its sales acquisition approach. Based on his initial assessments, Mr. Lento believed that growing the revenue from its current customer base would be strategically much more important for Convergys in today's environment than in the past. He felt that with at least some of the best current customers, Convergys should be able to increase annual revenue by 30-40%. At the same time, given sales cycles of 12 to 18 months for customer acquisition (especially for large contracts with clients), he also believed that in the long run, the company would have to acquire new customers and become more of a "services company" that offers a range of outsourcing services to its customers. Thus, he believed that long run revenue growth would come both from customer retention and expansion of services to existing customers, and from acquisition of new customers, particularly in international markets.

Background About Convergys Clients

Convergys has clients in seven major industries – communications, technology, financial services, retail, direct response marketing, healthcare, and government. Each industry was looking for slightly different types of services from Convergys. Appendix 1 summarizes the services it offers to clients in many different industries. Typically, a client signs a 3-year to 5-year contract with Convergys to provide certain services, and based on the quality of the services delivered and their impact on the client's performance, the contracts are renewed for additional periods.

Customer Value

Client acquisition and development strategies were labor intensive and expensive. Without a well-defined system for customer prioritization (based on a customer's current and future value to Convergys), the company would be flying blind and wasting its business development resources

Based on his prior work experiences at leading computer companies, Lento believed that the "secret" to successful client acquisition and management strategies were:

1. First, you must recognize those clients who offer the greatest potential for revenue growth, and
2. Dedicate the appropriate sales management resources to nurture such clients over a long time horizon.

In recent years, several companies operating in B2B markets have been exploring the concept of customer lifetime value (CLV) as a basis for determining the potential value of a customer or prospect. The CLV metric denotes how much each customer or prospect is worth to the company, and consequently, provides some indication of how much sales and marketing effort the company should spend in acquiring or retaining customers based on their actual or potential value to the company. At present, Convergys uses an A, B, C classification to denote the value of a customer, with "A" customers being considered to be the highest-valued customers, followed by "B" and "C" customers. This classification was based on subjective designations of customers based primarily on the revenue realized from that customer in the immediate previous years, and secondarily based on the size of the customer. Other things equal, a Fortune 500 company was considered more valuable than a mid-size or smaller company. "A" customers were handled using a key account management system in which several senior executives from Convergys participated, and one senior executive was assigned primary responsibility for that account. Each "B" account was assigned to one or more mid-level managers to cultivate the customer, in addition to assigned contacts from the Convergys sales force. Typically, a sales rep had responsibility for about two to six "B" clients. About 80% of the accounts were categorized as

"C" accounts, and the sales force pretty much handled all relationships with those accounts. It was not uncommon for a sales rep to handle 25 or more "C" clients. From studying internal sales reports, it was clear to Lento that "B" clients typically had the most upside potential if they are migrated into an "A" client, but they were also the ones that were, on average, the least productive for the sales force.

Implementing even the simple A-B-C system turned out to be quite a challenge because Convergys was organized around two "product groups," each with several units of its own, and each product group originally had a sales force of its own. The Customer Management Group (CMG) offered such services as lead generation and dealer referral programs, employee care services, customer service management, database management services, and customer relationship management services. The Information Management Group (IMG) offered services such as real-time billing solutions, bill stream consolidation, credit assessment and collections, customer targeting and acquisition, interactive billing, and usage processing. Consider, for example a "B" client that used the employee care services provided by CMG, but later there was an opportunity to provide that client a customer targeting and acquisition service. Now the IMG sales force would have to be involved in the sale, which meant the client had to deal with a new group of people from Convergys. To overcome these types of problems, a few years ago, Convergys had merged the two sales forces, and also had consolidated the marketing departments in each unit into one corporate marketing department. The company also revised the sales compensation scheme to reward teamwork and winning large deals. The revised compensation scheme was structured around a base salary plus several different bonus components. One bonus component was based on the company meeting its earnings goals, and was paid out annually. Other bonus components were structured around the rep meeting individual sales quotas, the performance of the teams to which the rep is assigned, and also a special component for large deals based on the annual value of the contract times the number of years of contract.

Lento was concerned that the current A-B-C system focused almost exclusively on the economic value of a client, and thereby was becoming a barrier to realizing all the growth opportunities potentially available to Convergys. He wondered whether the client rankings should also incorporate "softer" metrics such as the "prestige" value of clients, or their ability to serve as "reference accounts," or their value in providing learning opportunities for Convergys in new market segments. Without such soft measures he was worried that Convergys would miss out on game-changing opportunities in the marketplace. In his previous job, Lento had helped develop a CLV metric and an associated growth strategy that also incorporated several "soft" measures in determining CLV.

As he explored the feasibility of implementing a new CLV metric within Convergys, Lento encountered two very different sets of views on what the appropriate metric might be. Several senior executives felt that the actual revenue realized from a customer was the only true measure of customer value. According to one senior executive, "… it is simple to use, and is well understood by the company, particularly by salespeople, who are rewarded on the basis of the CLV of their customers." At the same time, many newer executives in the company felt that it would be helpful to broaden the current CLV metric. They felt metrics like "likelihood of switching to another supplier," "willingness to serve as a reference account," or "technology leadership," were potentially more important than just revenue in determining a client's true long-term value to Convergys. These executives also felt that a revenue-based customer value metric is one-sided, and ignores the true value of a customer to Convergys. A metric that recognizes the intangible value of customers offers both tactical and strategic benefits for Convergys and allows

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sales people to cultivate potentially valuable long-term customers by providing short-term incentives for those customers.

Lento was surprised to find out that Convergys CFO Earl Shanks was skeptical about introducing a new customer value metric and vigorously expressed the view that implementing a new metric would involve considerable risks. In particular, Shanks was worried about the possibility that managers could "fudge" a softer CLV metric. For example, if softer metrics are used for determining which customers to target for growth, then the salespeople would promote customers they like, rather than customers who are truly valuable to Convergys. "We should not be giving too much away for free to customers that salespeople think are valuable. Getting a return from each customer that is commensurate with the value we deliver to that customer is the most defensible way I know of building shareholder value for today and tomorrow. Why should we judge a customer's value based on anything that is not related directly to actual or potential revenues and profits?"

CEO's Perspective and Next Steps for Lento

Based on a careful consideration of all points of view, James Orr, the CEO, felt that Convergys should first develop several potential CLV metrics based on the types of information they already have, or could obtain, from their customers. Following this, it would be useful to do some "simulated tests" to assess the potential consequences of implementing a specific metric. The company had a reasonably good database of its customers that could be used for this purpose. Mr. Orr asked Mr. Lento to provide him within a month a report summarizing a few alternative CLV metrics and how each one might help the company grow its business.

Apart from the fact that there could potentially be several alternative CLV metrics that might be appropriate, there were a number of questions that Lento and his team would have to explore regarding how a CLV metric could be used within Convergys. If a customer is ranked low on a new CLV metric, does that mean that such a customer should essentially be ignored, or relegated to low-touch channel options? How would the marketing department convince the rest of the company that its calculations are reliable and trustworthy enough to be used for making business judgments? Salespeople were concerned about the need to cultivate some customers who could one day become valuable. For example, Convergys had recently concluded a small two-year contract for a total of $1.5 million to provide backup online customer support for an insurance company that was exploring a radical new insurance product. It is likely that this customer would score low on pretty much any measure of CLV. However, it may be possible to use this customer as a launch pad for Convergys to make stronger inroads into the insurance industry. How would the new CLV measures treat such customers? Would the new measures provide sufficient incentives for the salesperson to continue to build the relationship with such customers?

As a starting point, Mr. Lento and his staff compiled a dataset (Convergys.xls) with the following information for most of the current customers of Convergys.

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(a) Primary NAICS code
(b) Current Categorization of Customer (Account Type)
(c) Total sales of customer in 2006 ('000)
(d) Spending with Convergys in 2006 (million USD)
(e) Spending with Convergys in 2005 (million USD)
(f) Average Spend in the two years
(g) Current Contract length (years)
(h) Probability of Switching at Contract Expiration Date (0-1 scale) based on judgments of Lento's internal team
(i) Would Refer Convergys (Y/N) – Categorization provided by sales managers
(j) Referral Index (RI) – Numerical representation of column i
(k) Number of years as customer (NY)
(l) Normalized Fortune reputation index of client – derived by Convergys Marketing Research Department based on Fortune magazine annual reputation scores for companies)

Lento arranged a meeting of several executives from the marketing and sales groups to discuss whether the company should pursue development of a new CLV metric, and whether the data already available to the company would be useful for this purpose. The divergence of views expressed at the meeting was both exciting and disconcerting. Here is a summary of that meeting:

- Although the marketing executives seemed to be enthusiastic about developing a new approach, the sales group seemed unconvinced. One of the marketing managers, Matt Silverton, remarked, "Although there is no perfect customer valuation system, anything reasonable that we come up with would be better than the current method. Perfect is the enemy of the good -- let us not get side-tracked by arguments about what would be the best way to calculate customer value." At the same time, according to one of the sales managers, "I don't want to foist on my team yet another untested corporate approach to sales. To this day, no one from marketing has bothered to test whether our simple A-B-C method actually works, or what benefits we have achieved. Unless I see some evidence that the new method works, count me out."
- Another sales executive attending the meeting took exception to the possible use of reputation index in determining customer value. "All that a reputation score tells us is that the company is probably run by very smart people – you know top people like to work for companies that have good reputation. That means our sales teams will be going up against very smart people when they try to sell our products and services to those companies. On the other hand, our services are most valuable for poorly managed companies that don't have a clue about how to manage customer or employee facing services."

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Jay Halsted, a Senior Director of Business Development heads a team of ten sales and support people assigned to the AT&T account. He remarked, "We have been trying to win business at TCI for several years, but our attempts to convince them to outsource customer care services got nowhere. However, when TCI was acquired by AT&T, we saw our chance. We spent several months trying to understand everything we could about AT&T Broadband's (the new name for TCI) needs. We had delivered for AT&T in the past, and that helped build trust. Our deep and multi-faceted relationship with AT&T meant we had a lot of friends within AT&T and that helped seal the deal." He concluded by noting that, in the case of AT&T deal, "relationship met opportunity, and we were able to create a win-win for everyone."

- A recent MBA hired by the company, Brent Carlson, suggested a middle ground. "In one of the courses I had taken in my MBA program, we had examined some ways to include both the economic and relationship value of customers in determining their customer lifetime value. I think we can assess economic value simply as the total revenue per year times the number of contract years, and we can assess the relationship value based on customers' probability of switching and their Fortune reputation scores. We can then plot the economic and relationship value on a portfolio grid to get a better sense of who our most valuable customers are, and those that are the least valuable. I can do some preliminary analysis and see what we can learn from such an approach."

Year ending	2006	2005	2004	2003	2002	2001	2000
Revenue							
Net sales	2,790	2,582	2,488	2,289	2,286	2,321	2,197
Cost of sales	(1,755)	(1,583)	(1,542)	(1,321)	(1,265)	(1,271)	(1,237)
Gross profit	1,035	999	946	968	1,021	1,049	959
Gross margin (%)	37.10	38.69	38.02	42.29	44.67	45.21	43.67
Operating costs and expenses							
Selling, general, administrative	(542)	(530)	(511)	(458)	(410)	(391)	(375)
Research, development, engineering	(85)	(77)	(78)	(94)	(114)	(116)	(102)
Special chages	(155)	(169)	(172)	(123)	(238)	(266)	(162)
Total operating expenses	(782)	(776)	(760)	(676)	(761)	(773)	(639)
Operating income (loss)	253	224	186	292	260	277	321
Investment/other income (loss)	(8)	(10)	3	183	(9)	(22)	(10)
Net Pre-tax income (loss)	245	213	189	475	251	255	310
Operating income (%)	9.07	8.66	7.46	12.78	11.39	11.92	14.60
Current Assets							
Cash equivalents	236	196	58	37	12	41	28
Short-term investments	149	132	87.1	84	91	68	1,365
Accounts receivable	546	521	447	298	315	414	386
Total assets	2,540	2,411	2,208	1,810	1,620	1,743	1,780
Total current liabilities	596	618	577	543	462	492	359
Long-term debt	259.6	297.5	302.2	59	5	4	291
Total liabilities	1,085	1,056	923	667	493	516	1,780
All information derived from company annual reports and SEC filings (Convergys restated its financial statements for 2005, 2004, and 2003 and restated figures may be different from those reported here). All figures in millions.							

Exhibit 1: Consolidated statement of operations

EXERCISES

1. Characterize the business model of Convergys. Is its approach to growth focused on customer acquisition and expansion across different industry verticals effective?
2. Are the Economic Value (EV) and Relationship Value (RV) measures proposed by Carlson appropriate for determining Customer Value? If not, identify and justify alternative metrics based just on the information in the database, supplemented with any additional judgmental data that you think are appropriate. Describe the scoring rule that you prefer the most and compute the scores for each customer in the database according to that scoring rule. (When combining different items to develop a composite score, it is important to ensure that the scales of measurement for different variables do not influence the final score. Scale-neutral metrics can be developed by standardizing the variables where necessary).
3. Lento and his team are exploring alternative ways to identify the best customers for growing the business. Here are the alternative selection rules under consideration (ignore "A" customers from any analysis you do because those customers are managed through a separate process involving senior executives of Convergys):
    a. Focus on the top 25% of "B" customers and the top 10% of the "C" customers according to their computed scores. (This will result in the selection of 14 "B" and 28 "C" customers for a total of 42 customers).
    b. Rank-order the entire database according to the scoring rule and select the top 42 customers.
    c. Identify distinct segments of customers based on their EV and RV scores and select one or more segments of customers that you think Convergys should target. The segmentation tool in MEXL can be used for this purpose. (To maintain comparability with the other methods, restrict to 42 customers by selecting only those customers within selected segments that have the highest scores).
    d. Select 42 customers who have the highest customer scores, and also have higher than average scores on both EV and RV.

    Which one(s), if any, of the above selection rules would be most effective in identifying the appropriate set of customers for growing the business? Why?
4. Based on your analyses in (3), identify the top 10 to 15 customers that you would recommend for the primary marketing efforts. Explain your rationale for selecting these customers. Within this select set of top customers, how would you further prioritize these customers based on their strategic value to Convergys (The GE Portfolio model within MEXL could be of help in this prioritization process)?
5. Recommend an action plan for Convergys to help it increase revenue from the customers you identified in questions (3) and (4).

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Note: This case write up is based on publicly available information as of June 2007, including www.convergys.com, Hoovers Online, and other public data sources. The description of the problem situation is adapted from Chapter 5 of Peppers and Rogers (2001), One to One B2B. The purpose of this case is to illustrate a business situation of customer value assessment based on real events, but it does not purport to represent the actual situation facing Convergys or the decisions made by company. This case was developed by Professor Arvind Rangaswamy with assistance from Megan Ruth De Stefano and Sasi Amarlapudi.

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Appendix 1

Industry	NAICS Code
Communications	517 - 519
Technology	5112
Financial Services	521-523, 5251, 5259
Retail	44-45
Direct Response Marketing	454, 541
Healthcare	621-623
Government-Public administration	92
Insurance	524, 5251

Communications industry

Wireless

Convergys is the #1 provider of U.S. wireless billing services (billing more than one-third of all wireless calls). In the wireless arena clients are looking to maximize average revenue per unit (ARPU). Convergys offers services to wireless clients that maximize ARPU by helping them roll out innovative wireless data services to gain market share quickly and by partnering with third-parties to deliver content and services. Convergys' service allows clients to concentrate on more strategic projects while Convergys improves their clients billing and customer service.

One client of Convergys is Verizon Wireless, the nation's leading provider of wireless communications. Verizon has the largest nationwide wireless voice and data network and 37.5 million customers. Convergys struck an initial five-year deal for providing billing and customer care systems to Verizon Wireless. In May 2005, the relationship with Verizon was further strengthened when Verizon licensed Convergys' rating and billing software, which was implemented jointly by Convergys and Verizon Wireless and integrated within Verizon's systems portfolio. These systems are used to support the rapidly growing new wireless data offerings from Verizon Wireless. With these capabilities, Verizon Wireless continues is able to stay at the forefront of its industry with first-to-market services like BroadbandAccess, the fastest wide-area wireless Internet access service available in the nation, and V CAST, the consumer 3G multimedia service.

Cable, Broadband, and Satellite

Convergys is also the #1 provider of worldwide cable bills. Cable, broadband, and satellite companies are competing with phone companies as more phone companies offer faster Internet connections, and traditional cable and satellite companies offer more flexible phone services. Traditionally cable, broadband, and satellite companies have high turnover in their inbound call centers which can prove costly and detrimental to customer service levels. Customers using Convergys contact centers reduce costs and increase customer satisfaction through improved automation, web-based training, work force management, knowledge management, and customer analytics.

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An example client relationship in this industry is the three-year contract that Convergys signed in August 2002 with Cox Communications to provide integrated billing, employee care, and customer care services. Cox Communications, the fifth-largest cable and broadband communications company in the United States, serves approximately 6.3 million cable subscribers in 20 states. The company provides a wide array of communication services to business and residential customers, including voice, video, and high-speed Internet access. As part of this contract, Convergys provided technical support services via voice, e-mail, and live chat to Cox Communications' high-speed Internet subscribers. Cox Communications has been a Convergys billing services client since 1996. By using Convergys products and services, another client, a satellite TV provider, was able to reduce its costs by more than 70%, without sacrificing quality of the services.

Technology services

In the technology industry competition is intense and it takes excellent customer service to stand out from the pack. Convergys offers technical support services for products ranging from desktop and server software to firewalls, routers, and video services. Like for cable, broadband, and satellite service clients, technology clients using Convergys reduce costs and increase customer satisfaction by offering improved automation, web-based training, work force management, knowledge management, and customer analytics.

One client is FedEx Corp. a premier global provider of transportation, e-commerce, and supply-chain management services. With annual revenues of over $ 20 billion, the company offers integrated business solutions through a network of subsidiaries operating independently, including FedEx Express, the world's largest express transportation company; FedEx Ground, North America's second largest provider of small-package ground delivery service; FedEx Freight, a leading provider of regional less-than-truckload freight services; FedEx Custom Critical, the world's largest provider of expedited, time-critical shipments; and FedEx Trade Networks, a provider of customs brokerage, consulting, information technology and trade facilitation solutions.

In 2001, FedEx Corporate Services signed a 3-year contract renewal with Convergys to provide technical support services. FedEx provides systems to help its customers send and track shipments as they move across the U.S. or around the world. Convergys provided direct customer support for FedEx platform PCs, software, and printers through the FedEx Customer Technical Support organization. By integrating the latest web-based customer service technologies with traditional channels such as phone, fax, mail, and integrated voice response to ensure responsive customer service, Convergys enhances customer experience and helps FedEX increase its customer satisfaction and loyalty.

Financial Services industry

Financial services firms are focusing on reducing costs while building their customer bases. It is becoming harder to differentiate products, and with technological advances, it is getting easier and easier for customers to switch financial services firms. These competitive factors make it imperative that firms offer their customers innovative, personalized experiences that are tailored to each customer segment. Convergys provides customer care services for six of the top 10 financial services firms.

One client is Ameriprise Financial Services (American Express.com). Convergys reduces costs of customer care while increasing customer satisfaction via tools and services that increase automation, web-based agent training, work force management, knowledge management, and customer

analytics. As the geographies and customer segments served by Ameriprise Financial Services increases, it fragments its HR functions and makes it less efficient. The centralized systems and standardized processes facilitated by Convergys help in global management of human resources. For example, customer care agents must be trained to go beyond transaction assistance, into a more consultative role. Through the Convergys employee learning programs, agents are trained to assist with financial planning and to sell the full range of financial products that diversified institutions can offer. Convergys' Agent Performance Learning Solutions offer curriculum and performance-based learning delivery to enable more agents to replicate the performance of top-performing agents. This results in better and more qualified agents

Retail industry

The retail environment is characterized by growth of web sales, market consolidation and profit squeeze. Retailers are responding by expanding their sales channels, and there is growing need for integration of web, contact center, catalog, and brick-and-mortar stores to ensure consistency in brand messaging and product and customer information. Retailers also want to maximize their revenue potential at each point of contact which they can do through sharpened brand image, tailored offerings, and scaled customer support to match seasonal demand. Services offered by Convergys enable retailers to improve multi-channel customer experience and also the ability to influence customer behavior during various customer care transactions (e.g., technologies that enable agents to personalize the conversation to help up-sell customers).

Many retailers, particularly direct response retailers, need reliable inbound telesales representatives that will correctly and successfully answer, route, and convert calls. Convergys provides a state-of-the-art global network of shared live-agent contact centers operating around the clock that can accommodate changing call volumes. Technologies utilized include Voice Over IP (VOIP), Interactive Voice Response (IVR), Advanced Speech Recognition (ASR), and intelligent call routing, online scheduling tools, desktop agent scorecards, and flexible contact management tools.

One retail client is Ann Taylor, a premier American women's specialty retailer which operates 850 stores and sells through two Web sites (AnnTaylor.com and anntaylorLOFT.com) and 1-800-DIAL-ANN. In December 2000, Convergys entered into a contact with Ann Taylor to provide customer sales and service support, and the contract has been extended several times since then, including most recently in December 2006. Partly as a result of this relationship with Convergys, Ann Taylor achieved a 9.5 rating on Bizrate.com surveys (based on a maximum scale value of 10) versus a 7.68 average for the industry.

Another client is Starbucks, the largest coffeehouse company in the world, with 7,521 self-operated and 5,647 licensed stores in 40 countries. Starbucks serves drip brewed coffee, espresso-based hot drinks, other hot and cold drinks, snacks and items such as mugs and coffee beans. Through its Starbucks Entertainment division and Hear Music brand, the company has ventured beyond refreshments into books, music, and film. Many of these products are seasonal or specific to the locality of the store. Starbucks is one of a growing number of Fortune 500 companies that outsource their HR processes. An important reason for such outsourcing is that Starbucks wants to focus on growing its businesses with planned opening of 10,000 stores over the next four years, rather than trying to manage and fix the accompanying HR issues and problems. Increasingly, reducing the costs of HR is not the main objective. Rather the HR objective must be to support growth strategies.

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Under its contract with Starbucks, Convergys oversees payroll and HR administration for Starbucks in the U.S. and Canada as well as take over benefits administration for Starbucks' employees in Canada. Starbucks has 145,000 employees globally, "the majority of whom are in the U.S. Convergys will initially take on only a few of the HR processes, and Starbucks can add other processes as the relationship between the two companies becomes stronger.

Healthcare industry

Healthcare is becoming more and more information driven, while at the same time, protecting the privacy of the information through compliance with a host of regulations. The industry is transforming from a laggard to a leader in information technology in an effort to improve quality while also controlling costs. Convergys optimizes contact centers to reduce administrative costs while also increasing customer satisfaction. The contact centers are optimized for insurance payer companies, pharmaceutical manufacturers, pharmacies and medical diagnostic companies. Convergys offers a variety of services such as pharmaceutical sales training services, claims management and processing, and back office and accounts receivable management. Agent training is also customized to the healthcare industry (e.g., training agents to respond positively to special needs of seniors). For example, CIGNA Dental and Vision Care handles more than 18 million claims and receives about 12 million customer calls per year. Convergys implemented 10 different customer feedback surveys, customer satisfaction scorecards, and other interactions to satisfy customers and understand their changing needs. Customers were asked a variety of questions about the success of the call and the agent's ability to help them. The resulting scores were used for assessing agent performance and company management is offered incentives based on its ability to deliver on customer metrics.

In June 2007, Convergys signed a 10-year one-billion dollar contract with Johnson & Johnson to provide a full range of HR services to manage J&J's global work force. The processes handled by Convergys would include payroll administration and processing, benefits administration, compensation management, recruiting and training. There are roughly about 1,000 different HR processes in large global companies, although the top 300-400 would encompass most of the transactions.

Government

Governments at all levels in the US are facing voter pressures to improve their performance while lowering costs via greater use of information technologies. Services offered by Convergys allows federal, state, and local government agencies to implement improved employee care and "citizen care" programs, including making its services more accessible to citizens. Additionally, Convergys' expertise in order entry management can be deployed by state and federal agencies to improve many associated resource utilization, such as provisioning of telecom resources and centralizing payment for local resources like utilities. For example, utilities can rely on the Convergys customer information system for providing billing and customer care using such mechanisms as advanced switch management, flexible document presentation, and bill image retrieval.

One client is the United States Postal Service (USPS), which is responsible for providing postal service in the U.S. The USPS serves over seven million customers a day at more than 37,000 outlets, and delivers 202 billion pieces of mail a year. Recently, USPS renewed its contract with Convergys to manage the entire postal customer contact experience across all channels through live agents, automated speech services, e-mail, and Web support. As

part of this contract, Convergys will continue to provide consulting and analytics for customer intelligence programs, based on measuring and tracking customer satisfaction. To obtain performance feedback, Convergys uses its Point-of-Service Evaluation customer satisfaction feedback system. Information from these evaluations is available online, giving managers the data needed to help them ensure that customer satisfaction levels are maintained and improved throughout the USPS system. The analytics system allows USPS to draw on customer intelligence and multi-industry databases provided by Convergys to benchmark its centers against "all centers" and the "best-in-class centers" for added insight into customer expectations and perceptions.

Another client is the State of Florida. In August 2002, Convergys signed a seven-year, $280 million outsourced employee care services contract with the state to support its 189,000 employees and elected officials with such services as recruiting, training, and benefits and payroll administration.

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