

ZENARATE RECEIVES THE 2023 CUSTOMER VALUE LEADERSHIP AWARD

*Identified as best in class in the North
American performance management for
contact centers industry*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each Award category before determining the final Award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Zenarate excels in many of the criteria in performance management in the contact center space.

| AWARD CRITERIA | |
|------------------------|-------------------------------|
| <i>Business Impact</i> | <i>Customer Impact</i> |
| Financial Performance | Price/Performance Value |
| Customer Acquisition | Customer Purchase Experience |
| Operational Efficiency | Customer Ownership Experience |
| Growth Potential | Customer Service Experience |
| Human Capital | Brand Equity |

Customer Purchase Experience

The bedrock challenge in the contact center industry has always been balancing the need for cost reduction with improving the customer experience (CX). For decades, this goal has spurred development across key segments of customer care - from measuring and managing how agents perform (performance management) and ensuring proper staffing levels (workforce management) to monitoring and analyzing customer interactions (analytics).

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Senior Industry Director**

One of the highest costs in the contact center is recruiting, onboarding, and training agents. Not only is the competition for experienced talent quite fierce when contact centers lose experienced agents, but Frost & Sullivan points out that new hire training needs also increase, costs go up, and CX can suffer. These issues have plagued the contact center industry for decades, prompting the advent of the term ‘agent churn,’ which refers to the continual loss, hiring, and replacement of agents. It was not until recently that the industry began to realize and respond to the fact that the agent/employee

experience (EX) is deeply entwined with CX - and that anything that could be done to improve one impacts the other. If agents are satisfied and empowered to do their jobs, churn rates drop, experience levels of

the entire contact center rise, and customer satisfaction (CSAT) levels go up.

Frost & Sullivan monitors how numerous factors have accelerated the need to improve EX. For instance, the nature of the agent's job has changed due to the shift to digital customer engagement. As consumers have rapidly adopted digital self-service, agents are increasingly saddled with the more complex inquiries that self-service has not handled. Work-from-home models driven by the COVID-19 pandemic also made agent engagement even more difficult, as there is less personal interaction between agents and agents and their supervisors. The complexities of maintaining ever-changing compliance regulations during customer interactions are also burdening agents.

Headquartered in Silicon Valley, Zenarate was founded to tackle the oft-overlooked portion of performance management, which, if properly addressed, rapidly reduces the downstream costs of agent churn due to poor agent fit, pre-hire screening, inadequate onboarding, training, and agent engagement. With years of experience leading teams of thousands of agents at MBNA and Bank of America Credit Card, cofounder and CEO, Brian Tuite, saw a gap in agent training and wanted a tool that would act as a flight simulator, giving agents a more real-time experience before hitting the front line of customer care. He collaborated with cofounder and Chairman of the Board, Rav Govil, whose extensive background in AI gave him the foundation to act upon a shared vision of what AI could do to jumpstart agent success, and Zenarate was born.

The company refers to the Zenarate AI Coach as the 'flight simulator for customer engagement'. Using AI and ML, Zenarate AI Coach streamlines new agents on their path to success by offering a learning management system (LMS) that provides videos, presentations, and tests and quizzes, but then goes far beyond traditional LMS with an agent-facing AI coach that utilizes natural language processing and natural language understanding to provide conversational simulations of customer interactions that test and train agents before they engage with their first live customer. It is not just the agents that benefit; AI Coach lifts much of the burden off of human resources for candidate screening to find the right fit and greatly assists trainers whose responsibility it is to onboard and train new hires by recruiting agents that are the right fit for the job.

Customer Ownership Experience

Training agents on a company's products and services is only one-half of the success equation; agent-customer interaction is just as important, and training the best agents often requires changes in behavior that are difficult to learn from written materials. Just as learning a new language without someone to talk to is difficult, changing employee behavior is hard without practice. Frost & Sullivan notes that this is where the Zenarate platform truly shines; it allows agents to practice and role-play without requiring expensive resources to assist them.

The Zenarate AI Coach is designed for ease of use, and new hires, tenured agents, as well as supervisors can use it. This simple and flexible platform allows companies to incorporate best practices into every step of agent new hire selection, coaching, and training. As it is a cloud-based system, prospects and new hires require only a chrome web browser to access it and start sessions with a few clicks. Based on the concept of stories, the Zenarate AI Coach comprises an agent story library that encompasses all the key scenarios that an agent may encounter or are required to perform - from the simplest to the most challenging

customer interactions. For example, it can walk agents through various components of a call, such as authenticating the customer and establishing rapport, delving into product and service benefits, upselling, closing a sale, and recapping what just happened, before ending a chat or call.

It is this interactive coaching and practice that Frost & Sullivan believes sets Zenarate apart from the competition. In the case of new hire training, for instance, AI Coach assesses agent readiness using a

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simulation scorecard and immersive call listening. AI Coach starts by giving the agent the option to first listen to an example of a best practice call so that the agent can hear what a great example sounds like in the area being trained on. The system then trains and tests by walking the agent through a simulated interaction geared to the story topic chosen. If the agent falls short on criteria related to the story type, AI Coach offers best practice suggestions and additional attempts until the agent gets it, which solidifies training and reduces poor habits.

In addition, AI Coach coaches on more finite components that can happen during interactions; these go beyond an agent’s product and service knowledge and include their soft skills, such as showing empathy or speaking more slowly and clearly. For example, in a debt collection call, instead of letting the agent jump right into the call to discuss the issue of nonpayment with the caller, the system listens for signs of empathy and trains the agent to better connect to the client, also teaching the agent to solicit further information from the customer to frame a better response. Agents can practice as many times as they want, keeping the results private (unless they want to share, at which point they can send a best-call practice to their supervisor for further evaluation).

By tackling core challenges where they begin, Zenarate’s customers achieve quick return on investment (ROI). For instance, it typically takes 2-4 weeks of training to onboard entry-level agents and even longer for more skilled positions. Reducing the manual component and the live coaching in the mix greatly decreases costs; moreover, additional benefits come from how the system was designed to engage agents. As the coaching sessions are simulated, new hires feel less pressure or judgment; coaching gives direct real-time feedback, reinforcing the best way to handle a subject or scenario, thereby boosting employees’ confidence.

It is not just new hires that benefit. The Zenarate AI Coach platform is also geared toward the ongoing support of tenured agents, greatly impacting employee satisfaction and decreasing churn. It is used in agent upskilling to improve performance in specific types of calls or chats. The automated system prescribes targeted coaching to improve specific agent skill gaps. It also provides comprehensive reporting and dashboards for coaches and trainers and allows them to clearly see and hear agent proficiency.

Customer Service Experience

With Zenarate, customer service starts on day one. Starting with a short week of discovery of the client's key performance indicators (KPIs) and topics that are important to the customer, the Zenarate team typically has AI Coach up, running, and producing results in 4-6 weeks, building the AI Coach story library and training trainers on how to use the system. The Zenarate team then utterance proofs the system (using supervised ML to improve results), deploys and tests it, measures results, expands further with additional stories for the library, and fine-tunes with the client.

From there, Zenarate has weekly meetings with every line of business user to build additional stories and understand where further improvements can be made. Client engagement is highly customizable, with some of Zenarate's customers doing it themselves and others opting for more ongoing hands-on engagement.

The company demonstrates clear customer service value by fueling R&D based on customer input. For instance, the development of tone analysis was recently added in direct response to customer requests. This functionality adds significant value in terms of assessing and training agents on soft skills for client engagement.

Price/Performance Value

Contact center workforce and performance management is a complex issue with a plethora of features and functions aimed at increasing performance, ensuring proper staffing levels, and elevating agent engagement. While employee coaching and training are core to this, the development of applications that address issues that impact performance and EX at the source, before prospects become new hires, has not garnered industry attention; rather, the bulk of R&D spend on coaching and training is typically done after the hiring process.

Providing a solution with returns that start in an unaddressed area is one of the key reasons Zenarate generates value for its clients. The company has attracted and assisted solid brand names with great success, running more than 10 million agent simulations to date. Companies, including Bank of America, American Express, Western Union, Optum, United Airlines, Genpact, and Startek have employed the platform and realized benefits that include, on average, 56% faster speed to agent efficiency, 33% higher CSAT scores, and -32% lower agent attrition rates.

By reducing churn, lowering average handling time, implementing call flow best practices, and increasing first-call resolution, Zenarate's clients have decreased operating costs by 20-50%. The company also helps customers address the knottier issues of compliance, which, if left unaddressed, expose customers to expensive litigation. AI Coach trains agents to ask the right questions and provide accurate information, improving quality and compliance scores by 20-40%.

Customer Acquisition

Zenarate's customer base has been growing rapidly over the past several years. Founded in 2016, the company is a relative newcomer to the market and at first attracted significant brand names to the fold. Initially, use-cases and word of mouth helped the company to steadily grow its customer base; now, it has kicked into a higher gear with targeted marketing campaigns and a strong presence at industry trade

shows and conferences, which are also accelerating its growth. The company is also achieving strong impressions from review sites. For example, it received high customer review ratings in 2021-2022 on the G2 review site for a breadth of aspects - including best support, easiest to do business with, easiest setup, and high performance.

Sallie Mae provides a good example that nicely demonstrates the Zenarate platform's value for customers. A leader in private student lending, Sallie Mae has 1,600 employees and found its training program inefficient and not scalable, particularly in agent-to-agent role-playing and classroom training time. The whole process of testing and then scoring tests for board certification was also cumbersome, taking about 2.5 days per agent using a paper test and manually testing and scoring. By deploying Zenarate's AI Coach, Sallie Mae saw improvements across its education and training program, bringing the 2.5 days down to 2 hours, decreasing classroom time, and better engaging trainers and agents. This has also played particularly well with the growing cadre of digitally savvy supervisors and agents.

Growth Potential

Coaching and training are critical areas of performance management being addressed by companies providing LMS and auto-coaching applications. Frost & Sullivan believes that Zenarate is poised for significant growth, as the AI Coach elegantly solves a persistent challenge in the contact center industry by training across the spectrum of knowledge and behavior to make real positive changes with agents; this contributes to their confidence and empowerment and positively impacts customer interactions. It also can be used to train non-contact center employees, as is the case as is the case with several banks, using it to train their banking center agents.

The need for solid coaching and training tools is rising as companies engage with customers across a growing number of channels. This is another growth area for Zenarate. Most recently, the company added concurrent chat simulation as an option. Frost & Sullivan notes that this is a critical training area, as handling chats takes a different skill set than voice and handling multiple chats at the same time requires agility on the part of the agent. The Zenarate AI Coach fills the training gap by training agents to effectively engage with concurrent customer service scenarios (of different types) while using proper grammar, spelling, and soft skills. The coach trains them just as if they were on live chat, so they have the same options, such as clicking on canned responses to interject into the chat conversation, and they also receive spelling and grammar feedback on their responses.

The platform also enables training managers to determine how many concurrent chats to train on, or when to interrupt an agent with a chat pop-up and get feedback on the number of concurrent chats an agent can handle before their performance degrades. It provides comprehensive voice and chat reporting on all aspects of agent readiness, including hard KPIs - chat response time, spelling and grammar, and the soft skills required to better connect with customers.

An important component also driving platform adoption is that expensive IT resources are not required for implementation; agents require only a chrome browser and a headset to get started.

Conclusion

Frost & Sullivan believes that Zenarate stands out for completeness of vision on the human side of agent coaching and training. The Zenarate AI Coach fills a huge gap in assessing candidate fit, new hire onboarding, training and readiness, and ongoing agent upskilling and assessment. The product also handles the challenge of reducing costs by automating processes, decreasing churn, and improving employee engagement with negligible IT costs.

With its strong overall performance, Zenarate earns the 2023 North American Customer Value Leadership Award for its performance management in the contact center industry.

What You Need to Know about the Customer Value Leadership Recognition

Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

