



Prodapt Chase
Extraordinary

Accelerating the shift to digital channels
Migrate your customers to digital payments using AI/ML

Credits

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Most service providers are challenged in shifting their customers to digital channels which in turn impacts their digital transformation programs



Major challenges

faced by the service providers in improving digital adoption



Lack of mechanisms to target the right set of customers

Manual identification of the appropriate customers who are likely to move to digital channels is inefficient and tedious



Lack of strategy to move the unwilling customers to digital channels

Analyzing the customers who are comfortable with traditional channels and shifting them to digital channels is cumbersome



Complex ecosystem and outdated processes

Migrating and adapting to the digital channels is difficult for the customers due to complex and outdated processes



No end-to-end visibility of digital adoption

Lack of visibility into customers who use traditional channels, customers targeted each day vs customers migrated to digital channels

“Only 16% of enterprises see their digital transformation succeeding, and a major reason for that failure can be attributed to the poor digital adoption rate.”
- McKinsey

Key use cases that service providers should focus, to improve digital adoption

 **Payments**  **Trouble tickets**  **Service requests**  **Billing inquiries**

Customers interact with the service providers for various use cases like payments, trouble tickets, service requests and billing enquiries. A larger percentage of these interactions are still happening through traditional channels. Service providers should leverage an intelligent approach to migrate these transactions to digital channels and enhance the digital adoption rate

[McKinsey's](#) consumer survey responses indicate that interest in digital payments continues to grow. This insight elaborates on how service providers could shift their customers to digital payments and improve their customer experience.

Move to an AI/ML-based approach to shift your customers to digital payments



Statistical approach

It is a rule-based approach which requires manual interventions and calculations to identify customers who make payments through traditional channels such as stores, IVR, and lockbox.

Complexity

- With the increasing customer base, manually screening customers' payment history and checking for 45+ parameters is tedious
- Setting a threshold manually for each traditional channel is cumbersome
- Analyzing multiple attributes and capturing the customer behavior/payment patterns manually is cumbersome
- Managing customers from numerous traditional channels like IVR and lockbox is difficult

AI/ML-based approach to improve digital adoption rate

The **AI/ML-based approach** enables service providers to

- Manage a large customer base who use a variety of traditional channels
- Predict the right set of **non-digital customers** who are more likely to move to digital- all in **scientific and automated way**
- Handle huge data set and analyze multiple attributes such as customer profile, payment history and history of other digital interactions with the service provider

Advantages

- Ability to handle different traditional channels
- Captures all customer patterns efficiently, which enables the service providers to target the right set of customers
- Easier to adapt to new and increasing customer data

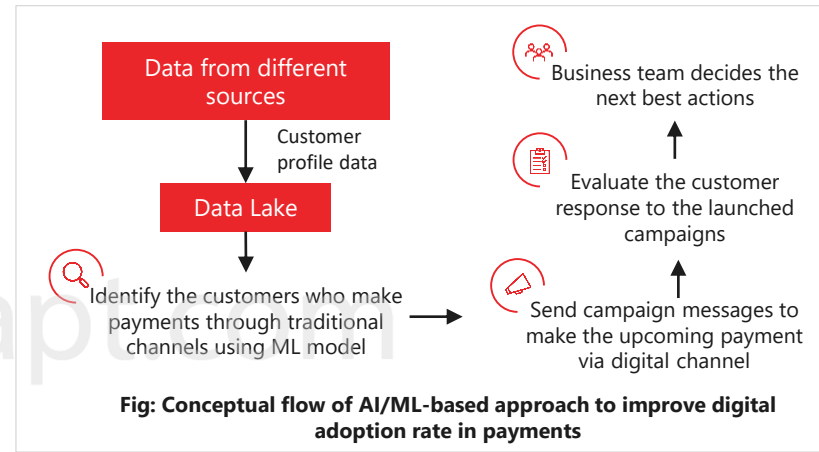


Fig: Conceptual flow of AI/ML-based approach to improve digital adoption rate in payments

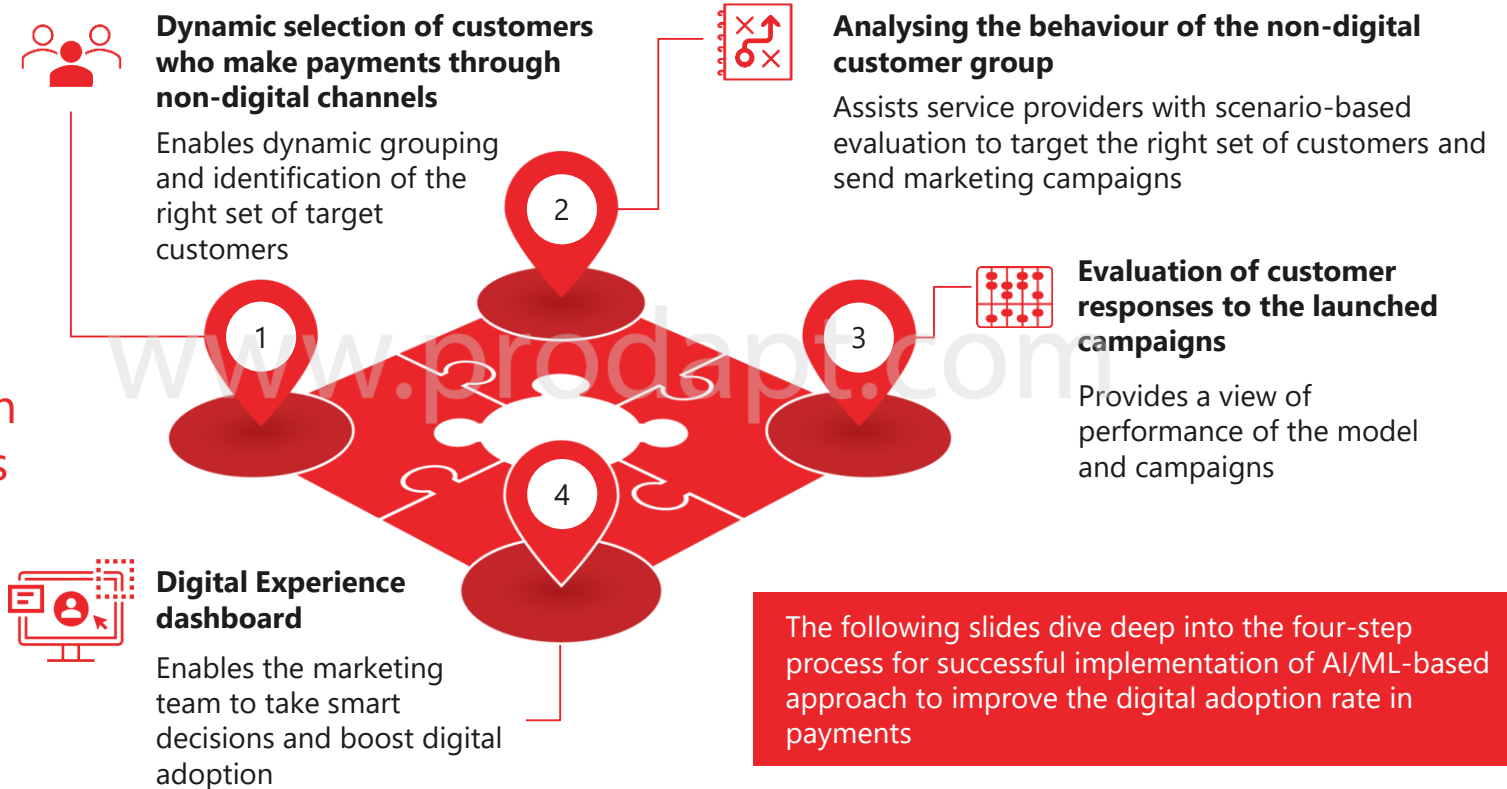
Complexity

Though some amount of effort is needed during the initial stage of data preparation and model building, it will require only minimal effort with growing customer base and changing payment patterns

The AI/ML-based approach to digital adoption promises to deliver long-term sustainable business benefits to the service providers. It helps the service providers in the connectedness industry **to achieve a successful transition of customers to the digital channels**, thereby improving the digital adoption rate and customer experience.

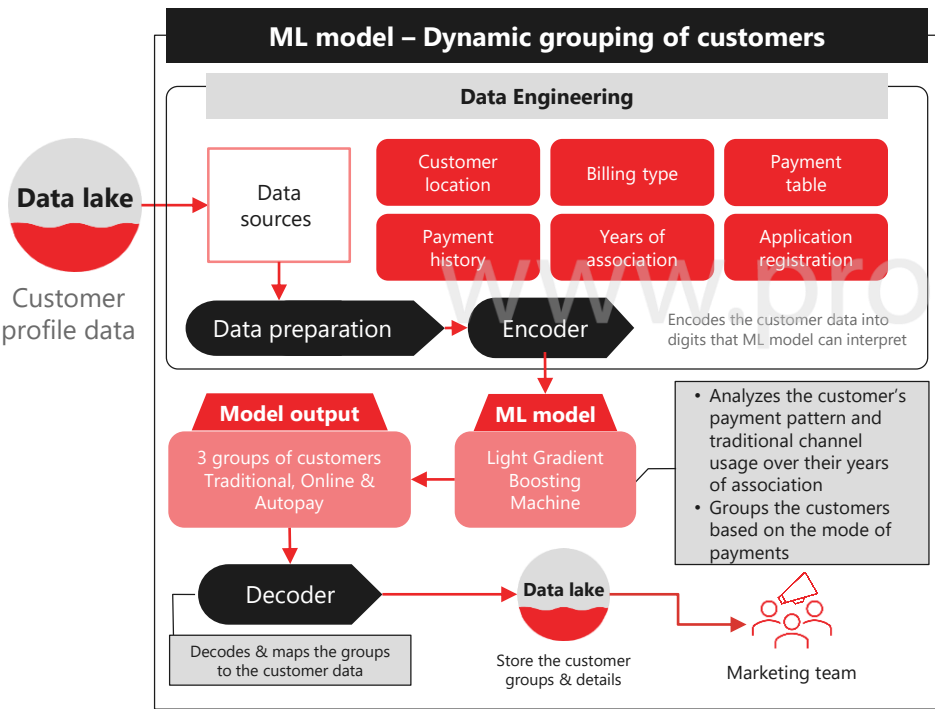
Strategy to accelerate the transition of customers to digital payments

4-step
strategy to
accelerate
the transition
of customers
to digital
payments

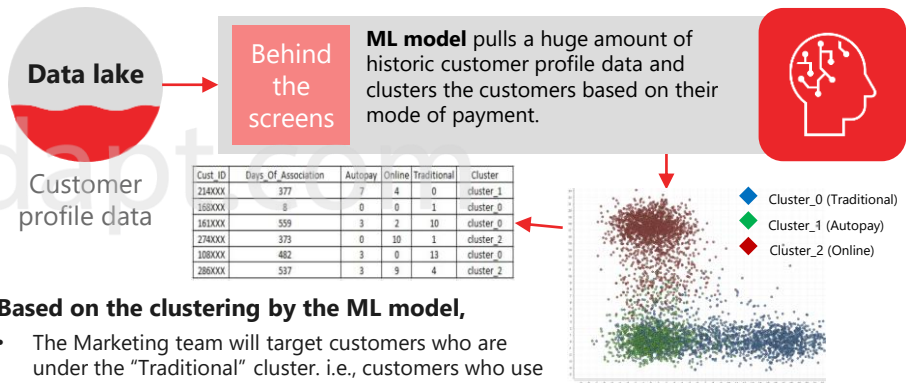


Dynamic selection of customers who make payments through non-digital channels

As service providers are striving to improve digital adoption in the payments space, it is vital for them to understand and analyze payment patterns and payment modes of customers over years of association.



Sample use case: Grouping of customers by ML model based on the payment patterns over their years of association



Based on the clustering by the ML model,

- The Marketing team will target customers who are under the "Traditional" cluster. i.e., customers who use traditional channels
- Further analysis of these targeted customers will take place to achieve better customer responses

Key recommendations,

- Implement clustering algorithms like K-means and DBScan to capture better payment patterns and improve the accuracy of the model
- Feed the model with customer activity related data such as payment calls and responses to the campaign messages to improve accuracy

Analysing the behaviour of the non-digital customer group

Identify the best time slot and launch campaigns to the targeted customers for improved responses

1 2 3 4

Once the ML model predicts the non-digital customers, the service providers need to identify the best time slot to send the campaign messages. Further, analyzing the response from different customer groups helps target the right set of customers, thus, enabling cost savings for the service providers.

Recommendations

Determine the best slot to approach non-digital customers

Choose the non-digital (traditional) cluster predicted by the ML model and divide them into two groups based on the payment cycle. This helps in identifying a time slot to send notifications to the customers

- **Approach A:** On the day of the customer's payment
- **Approach B:** Five days before the customer's billing cycle

Refine the identified groups further based on digital channel registration and incentive provision

Approach A: Notifications to be sent on the day of the payment

- A1: Customers who are not registered with the digital channel, receive an incentive of \$10
- A2: Customers who are not registered with the digital channel, do not receive any incentive
- A3: Customers who are registered with the digital channel, but are still using traditional channels for payments

Approach B: Notifications to be sent on the last five days of billing cycle

- B1: Customers who are not registered with the digital channel, receive an incentive of \$10
- B2: Customers who are not registered with the digital channel, do not receive any incentive
- B3: Customers who are registered with the digital channel, but are still using the traditional channel for payments

Perform statistical testing to identify which approach yields a better customer response

- Implement **chi-square** testing to verify if responses from Approach A and Approach B customers are the same or significantly different from each other. It helps in selecting the best-performing approach in a mathematical way
- Finalize the approach that performs better. The marketing team can use this approach to send campaign messages to the non-digital customer group identified by the ML model

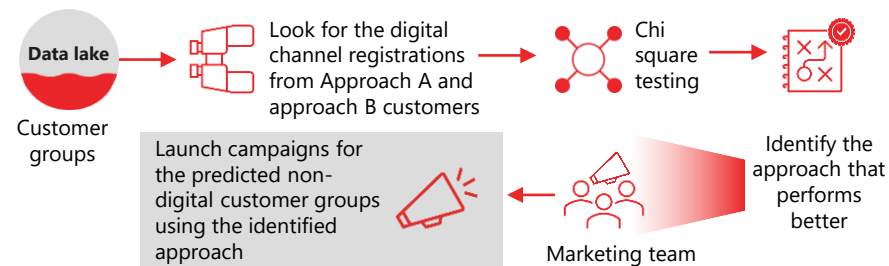


Fig: Sample flow to identify the better performing approach to launch campaigns

Evaluation of the customer responses to the launched campaigns

Provides performance visibility of the ML model and campaigns

1 2 3 4

Continuous monitoring of the customers who register and make payments through digital channel is vital to keep track of the digital adoption rate. It provides the service providers with a complete view of how the ML model and campaign messaging are performing.

Recommendations

- 1 Leverage tools such as **RapidMiner** and **KNIME** to create pipelines and evaluate the responses from the non-digital customers effectively. Check of the following parameters.
 - Registered customers and their date of registration on digital channel
 - Check the activities of the customer on the digital channel (e.g., login to the application by the customers)
- 2 When the registered customer data is not synced in the database, leverage click view analytic applications like **Pendo** to double-check whether the customer is available on the digital application.
- 3 Based on the customer responses, plan to target them once in every quarter so that the customers are not overloaded with the campaign messages.

Sample report: Number of non-digital customers who have registered to digital channel, as a response to the campaign

NOTIFICATION_DATE	CUST_ID	CUSTOMER_ACCOUNT_TYPE	REGISTERED_FOR_DIGITAL	REGISTRATION_DATE
07-04-2022	108XXX	Consumer	YES	10-05-2022
07-04-2022	168XXX	Consumer	YES	10-05-2022
07-04-2022	161XXX	Consumer	YES	09-05-2022
07-04-2022	214XXX	Consumer	YES	08-05-2022
07-04-2022	274XXX	Consumer	YES	10-05-2022
07-04-2022	286XXX	Consumer	NO	NULL

An effective evaluation of customer responses provides the service providers with a view of customers who can be targeted for the next cycle and take smart decisions on the upcoming campaigns, thus resulting in cost savings.

Digital experience dashboard- Enabling business teams to make smart decisions and boost digital adoption



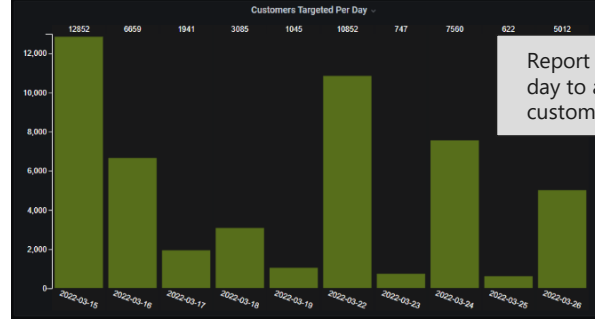
Provides the ability to track all targeted customers in a one-page view



Unique graphs developed to monitor the non-digital customers from different accounts

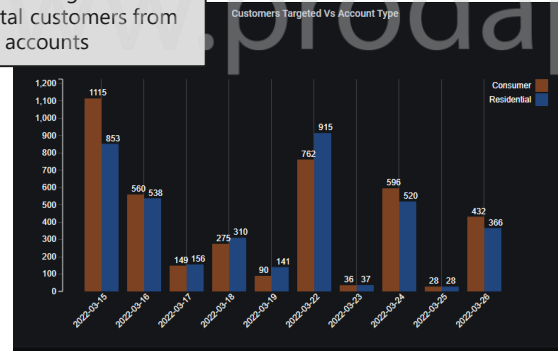


Continuous tracking of the non-digital customers and their shift to digital channels, thus boosting the digital adoption rate



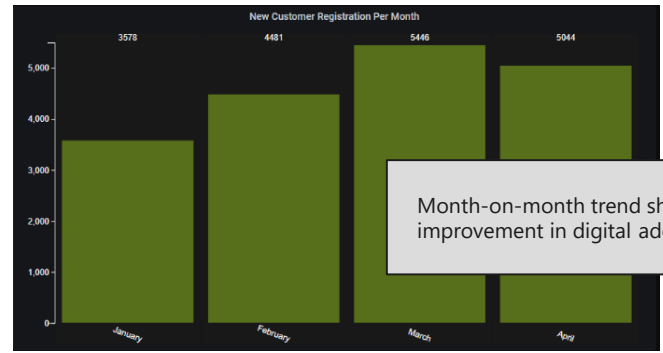
Report showing the non-digital customers targeted each day to analyze the number of customers targeted and customers who moved to digital channels

Report providing a view of non-digital customers from different accounts



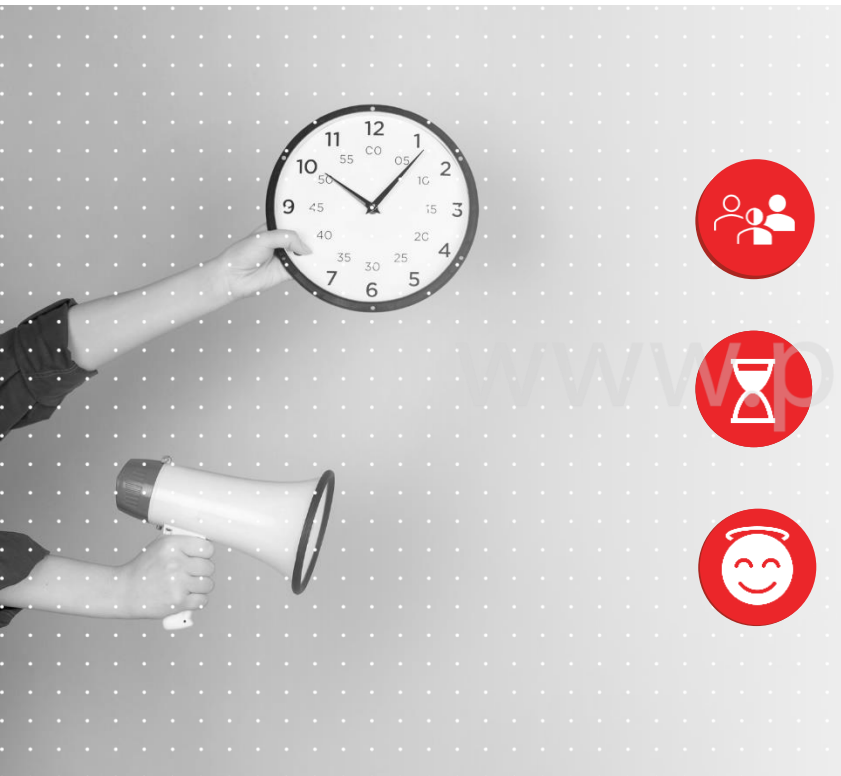
Provides a view of customers registering for the digital channel on a daily basis which helps in identifying the digital adoption rate

Month-on-month trend showing the improvement in digital adoption rate



With the digital experience dashboard, the business team can have end-to-end visibility of all non-digital customers and their transition to digital channels. This helps in better planning and enhanced digital adoption.

Business benefits achieved by a leading service provider in North America after implementing the digital adoption strategy discussed in this insight



Transitioned 11% of targeted customers from traditional to digital channel in <1 month



Reduced inbound payment-related calls to the contact center by 15%



Improvement in customer experience

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THANK YOU!

