

WHITE PAPER: Business case for moving services online

Introduction

Online access has had a significant impact on those of us who have been able to take advantage of it. These benefits include the improvement in our ability to communicate, learn, economise, research and apply for those things that we need to enrich our lives. Enormous social value can therefore be gained by helping and encouraging customers to use the Internet.

The Government has recently released a revised 18-point strategy for the delivery of online government services¹. This states that 80% of Universal Credit (UC) applications will be completed online by 2017. There are early indications that the DWP has recognised that much of the information needed to apply for UC is held by registered social landlords that applications via their online services, utilising already 'verified' data, could make the process quicker and easier for all concerned.

In the face of significant cuts to rental income and funding, there is also enormous pressure for landlords to work more efficiently, transforming the way they operate, reducing the cost of service delivery, whilst improving quality. The use of digital services is seen as the answer².

It has been reported that the level of contact per individual customer is increasing and when this was specifically tested on one of 3C's customers, it was found that there had been an increase of around 50% over the last 5 years. Cutting the cost of this communication is therefore an essential objective. If landlords can make services easier to use and accessible anywhere, at any time, it provides the opportunity not only to reduce the costs of service delivery, but improve the customer experience.

Whichever way you look at it, doing business over the Internet is here to stay. Ensuring your customers have online access to your services has to be a priority.

¹ Digital by Default Service Standard, <https://www.gov.uk/service-manual/digital-by-default>

² <http://pwc.blogs.com/publicsectormatters/2015/07/distinctive-by-design-what-does-the-future-hold-for-housing-associations.html>

The business case for online services

When it comes to the cost of online communication, this table provides evidence of the average cost per transaction by channel and demonstrate how communication carried out online can be done at a fraction of the cost.

Source	Face to Face	Telephone	Post	IVR	Online
PWC Report	£10.53p	£3.39p	£12.10p	N/A	£0.08p
SOCITM	£14.00p	£5.00p	N/A	£0.20p	£0.17p

PWC figures are averages from 19 Local Authorities in London and the South East. SOCITM figures gathered from a group of Local Authorities in the North West. Both are now widely used as evidence of the savings that can be achieved

Taking a real example of potential savings based on the PWC figures and the experience of a housing association with 4,500 homes has been:

- Between 2009 and 2014 the number of inbound phone calls to customer services increased from 4,853 to 10,033 (2014 cost: £34,012)
- Reception visits increased from 2,075 to 3,680 (2014 cost: £38,750)
- In 2009, 2,600 customers were in contact with the association at least once. In 2014 this had increased to over 4,000

Based upon the PWC figures, which were the lower of the two, the combined cost of phone and reception based communication was £72,762 in 2014. The table below shows that if 50% of this communication could be moved online to become self-service, as has been achieved in many business sectors, a 50% saving could be achieved. If the government's target of 80% is achieved, the saving increases to 79%.

Channel Shift Achieved	Online Cost	Total Cost	Saving
50%	£548	£36,929	£36470 (50%)
80%	£878	£15,430	£57,332 (79%)

These savings in communication costs are just the beginning. Landlords that are shifting service delivery online are also benefiting from increased revenue from commercial activities associated with sales and letting; reduced void times; better customer interaction and savings associated with going paper-free (e.g. the electronic circulation of newsletters).

There will always be a need for there to be somebody a customer can talk to, however not only is there the compelling investment case for enabling customers to communicate online, a large and increasing number of customers are demanding it.

What does successful digital transformation look like?

Those within the social housing sector that are already successfully moving services online are allowing customers the ability to:

- Check their rent account, make and manage payments including requesting direct debit or standing order payments
- Book and track repairs, choosing and if necessary moving appointment times
- Send in letters, photos, feedback, comments and complaints, and check the status of their enquiries
- Access all their tenancy letters/documents and view and update their family details
- View properties and carry out the end-to-end sales application process online
- Swiftly identify newly void properties
- Make and update applications for accommodation or other services
- Get involved with tenant involvement groups
- Utilise web chat or click a 'Help' button to chat to an operative or leave a message
- Go paper-free and get a faster, greener service
- Receive newsletters, rent statements and other communications so removing printing and distribution costs.
- Check calendar for regular dates (e.g. bin collections and stair cleaning days)
- Access details about their home (e.g. heating instructions, turning the water off)
- Request a Priority Payment (PP) to be set up (like a direct debit but the payment is only taken on receipt of the benefit payment and after critical outgoings).

This is 24hrs a day, 7 days a week, 365 days a year. In the vast majority of cases, these online services completely remove the need for staff to re-enter data, so liberating resources.

Achieving digital transformation

In preparation for the production of an online portal, there are some important first steps. These are, in order of priority:

- 1. To reduce avoidable contact.** The most important objective is to allow customer issues to be resolved on the first contact. Providing easy access to the information needed to achieve this is key and a necessary part of then moving services online.
- 2. To promote existing digital options.** If there are existing digital services, customers must be encouraged to use them. Promoting them will increase use.
- 3. To target new digital services.** Where can the greatest savings be made by taking processes online? Target those where the greatest advantage can be achieved. Focus tends to be on those processes where there is a high volume of transactions (for example responsive repairs), potential for financial losses (for example service charges and voids) or where there are known service delivery failures.
- 4. To transform the business to be digital by default.** Business processes must be re-engineered to ensure they work efficiently and effectively when delivered digitally. If not, they will be less efficient to deliver and less convenient for customers to use. Customers ideally need to want to communicate 'digitally by choice'.

A few points for consideration

- Too many initiatives fail to achieve their ultimate goals. Once the plan is rolled out, support must be provided to ensure objectives are achieved in the long term, identifying teething problems and introducing further innovation where appropriate.
- Incentives, which are often financial, are commonly offered to encourage customers to sign up to use digital services.
- The introduction of digital services are often accompanied by the provision of customer assistance and training, 'Assisted Digital', ensuring appropriate help is given to any tenant unable to use their digital account. This would for example include help with a UC application.

In summary

Providing customers with the option to self-serve over the Internet, at any time and from anywhere, should now be a mandatory part of ICT strategy. Such strategies should be self-funding through the corporate cost savings associated with transacting with customers online.

The recipe for achieving success is not new and is already being achieved by a great many. They are already proving that those organisations that can successfully deliver such a strategy are those that are likely to flourish.

To summarise many of the benefits that can be achieved from the provision of online services:

- **Improved customer service, available 24/7**
- **Significant reduction in communication costs**
- **Liberation of office space, allowing staff more flexible working**
- **More effective delivery of services off-site and in the customer's home**
- **Significant reduction in the operational cost of providing repairs**
- **Reduction in paper and postage costs**
- **Improved, real-time business intelligence**
- **Increased customer engagement and participation**
- **The ability to reach and attract a wider range of customers**
- **Reduce void times**
- **Manage online the entire end-to-end sales/application process**
- **Automate the lettings process and increase private rentals**
- **Demonstrate improved security and create a full audit trail**
- **Improve ability to collect service charges and to sell additional services**