twilio

State of Customer Engagement Report

2021

In 2020, digital engagement kept us all connected. In 2021, it will be crucial to every businesses' success and survival.

Twilio, the leading cloud communications and customer engagement platform, combined our unique perspective on the landscape of digital communications with new insight from over 2,500 global enterprise decision-makers to understand what trends are permanent.

Read on to explore what we found, and the themes shaping the future of digital engagement.

Contents

# How did we get here? The lasting impact of COVID-19

2020 was the year of digital engagement that no one expected. The COVID-19 pandemic hit and instantly changed the way we connect with friends, family, businesses, customers and colleagues. Digital transformation, the macrotrend that defined the past decade, accelerated at a remarkable rate. Creative new solutions were built out of necessity to keep us all connected in spite of physical distance. Boundaries between our online and offline lives dissolved.

These trends are here to stay.

Businesses agree: Digital communications are critical to survival
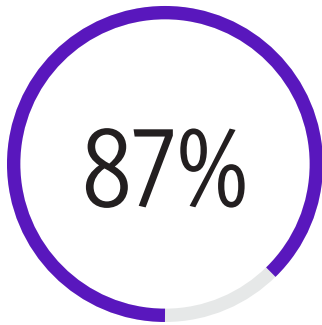
87% report digital communications are critically or very important to their survival during the pandemic
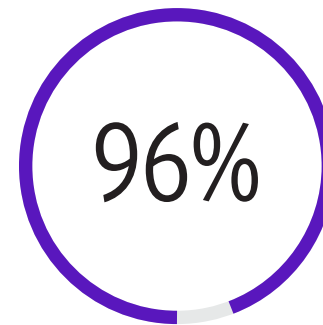
96% report that NOT digitizing customer engagement would have negatively impacted their business

43% report they would have been less competitive

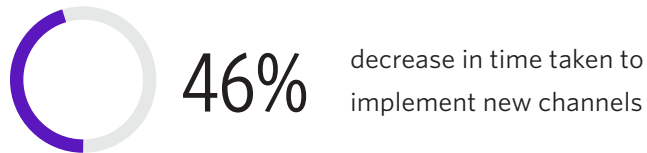**43%** report they would have been unable to meet customer expectations

43% report they would have lost revenue

Change was swift. Most companies sped up their digital strategies **2 to 4 weeks** after the initial pandemic lockdown in their countries.

Businesses built more ways to engage, faster.

46% decrease in time taken to implement new channels

28 fewer days to build new channels to connect with customers

And we aren't going back.
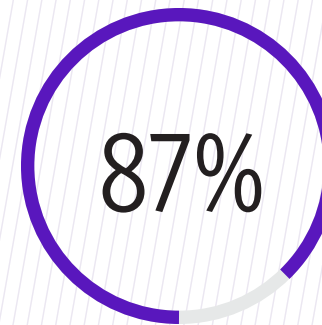
87% report digital customer engagement will be critically or very important to their success going forward

95% expect to increase or maintain their organization's investment in customer engagement after the pandemic

The Twilio Engagement Builder Spotlight recognizes what innovative organizations have built to stay connected to their customers and communities.

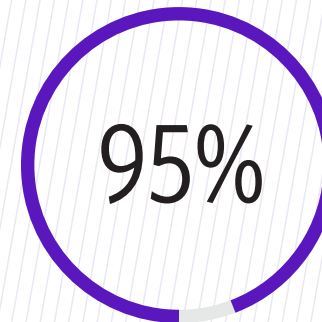During an economic downturn, managing your finances and ensuring the safety of your home and assets is top of mind. Leading distributor of insurance and household financial services, BGL Group, built a new, virtual contact center in just 8 days, enabling 1,200 agents to work remotely and safely while continuing to provide its three million customers with the best possible customer service.

Read the full story:
http://twil.io/soce/bgl
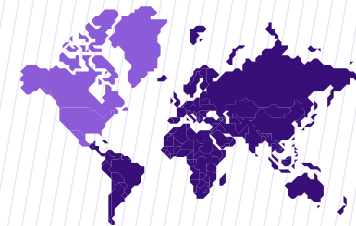
Trend

01

Digital soars, personalization is within reach

Soaring digital engagement drives new insights, but businesses face a tidal wave of data

In person interactions moved online at light speed in response to the COVID-19 pandemic. Every organization raced to build new ways to engage customers, communities and constituents. Digital engagement didn't just keep organizations afloat — more digital touchpoints are giving organizations better insight into their customers and leading to higher customer satisfaction. Businesses have no intention of going back.
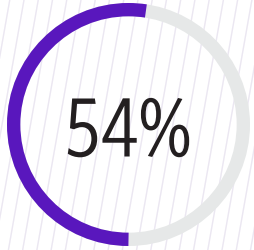
54% report their digital interactions increased 50% or more during the pandemic
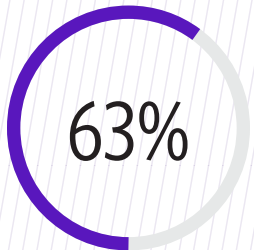
63% average increase in number of digital touchpoints with customers during the pandemic

90% report increased customer insights as a result of greater customer engagement during the pandemic

Twilio data

More than 1 trillion digital interactions took place on Twilio in 2020
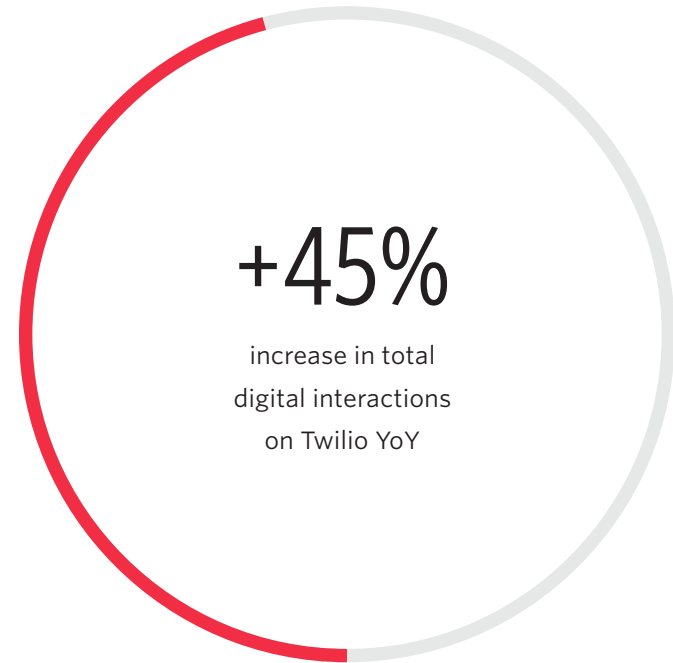
+45% increase in total digital interactions on Twilio YoY

Digitizing customer engagement means better customer experience and higher customer satisfaction

"Every company is immersed in Digital Transformation, reimagining and rebuilding the way they operate for the future. The pandemic accelerated the call to build in every industry, and that builder mindset will shape the next decade of innovation."
Jeff Lawson CEO, Twilio

The challenge — and opportunity — is that more interactions across more channels generate a flood of customer data that organizations struggle to make actionable for the customer. Why? The process of collecting and making sense of multiple digital touchpoints has always required specialized machine learning engineers and expensive data expertise.

What's next

Businesses arrive at the holy grail: **personalization at consumer scale.** Before, only a handful of the largest brands had the resources to offer truly personalized customer experiences. The combination of soaring digital engagement and customer data platforms that abstract away complexity will allow all businesses to build a richer and more holistic view of their customers, and tailor the experience they deliver for millions.

"Companies will reorganize to ensure customer experience (CX) and customer insights (CI) collaboration."

Forrester Predictions 2021: Customer Experience

TWILIO ENGAGEMENT BUILDER

The Twilio Engagement Builder Spotlight recognizes what innovative organizations have built to stay connected to their customers and communities.

It's not easy to keep an airline running during a global pandemic. Delta's top priority was passenger safety — and the key to that was digital communications. The airline used multiple digital channels to inform travelers about new rules and updated safety standards at every step of their journey, and customer satisfaction scores are the highest they've ever been. "Twilio enabled us to communicate updates to our 200 million customers, 24 hours a day, seven days a week," Delta Air Lines CEO Ed Bastian says.

Watch the full story:
http://twil.io/soce/delta

Trend

02

Digital drives the agile workforce

Digital connection reshaped the working world. The future is agile and distributed.

2020 irrevocably changed what modern work looks like. At one point in the year, more than half of the global workforce was working remotely[1] enabled by digital communication tools that replace in-person interaction. Many office workers will never go back full-time. Every day more businesses announce flexible remote work policies. These changes open up employers to increasingly distributed teams and new talent markets. Accelerated migration to the cloud and adoption of remote contact centers are enabling a growing, agile workforce.

[1]Read more: How Will the Pandemic Change the Way We Work
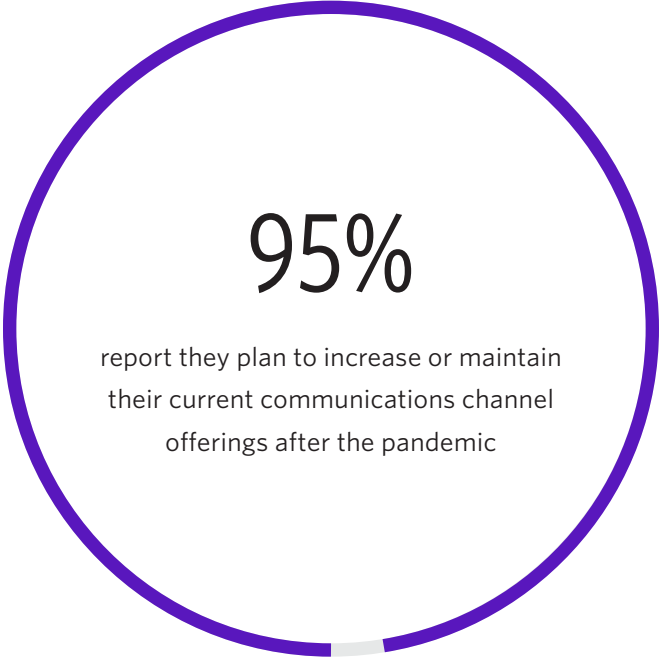
Cloud migration accelerated across every company, from 500-25,000+ employees

Businesses plan to expand where and how they engage customers.

92%

report COVID-19 accelerated their move to the cloud

95%

report they plan to increase or maintain their current communications channel offerings after the pandemic

4

average number of new channels businesses plan to add this year, with roughly one third planning to add live chat, chatbots, IVR and video

"In the Omdia Future of Work Survey conducted in August 2020, 2 out of 3 respondents plan to encourage certain teams or business functions to work remotely post-COVID-19." **Omdia**

Employees dividing time between home and office is not the only way the workplace is transforming. **Companies are using digital communications to reimagine their front-line engagement so that employees can serve customers from anywhere, under any circumstances.** Sales associates are using text and video to deliver personalized recommendations to clients from the sales floor. Cable technicians can field problem reports and troubleshoot remotely. Food delivery workers let customers know when their orders will arrive from the road for contactless drop-offs.

What's next

The working world will no longer be constrained by shared physical locations or physical hardware. The average knowledge worker will spend close to half their time in the office and half remote, while service workers day-to-day will be enhanced with digital communications. Businesses will maintain the new workflows they've created to drive additional customer loyalty and create new revenue streams.

"We're never going back to fully analog. Every in-person experience in the future will have a digital element. Businesses that don't adopt this model will take a hit on customer loyalty and relevance."

Glenn Weinstein Chief Customer Officer, Twilio

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Nike hit the ground running when the pandemic struck, shifting to an online-only model while still delivering the great one-on-one service customers experience in stores. From their homes retail employees (aka "store athletes") help digital consumers shop for the perfect pair of running shoes using Nike's app messaging system based on the Twilio platform. Engagement was so strong that even after stores reopened store athletes have kept using the platform to support digital consumers. And online sales are still growing.
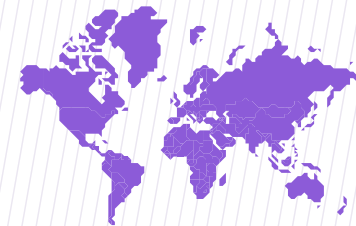
Trend

03

Healthcare, financial services, and public sector embrace digital

Highly regulated industries (HRIs) became first-adopters, and lead with a consumer-centric approach

Healthcare providers embraced multichannel tools to deliver care virtually. Banks leaned into customer-facing digital services, using mobile apps, messaging and chatbots as the primary interaction with customers. Governments used communications software to build contact tracing solutions and keep residents safe. Even courts held hearings via videoconference. These highly regulated industries are embracing digital at a rapid pace, cracking open new opportunities that normalize more consumer-centered experiences.
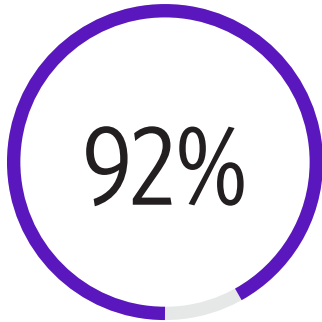
92% report COVID-19 spurred their company to explore new strategies to serve customers
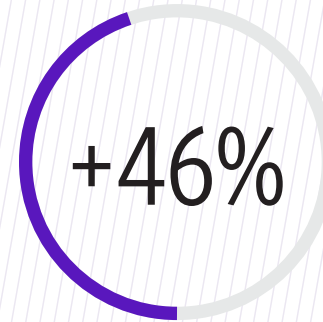
+46% increase in digital customer engagement in HRIs due to COVID-19
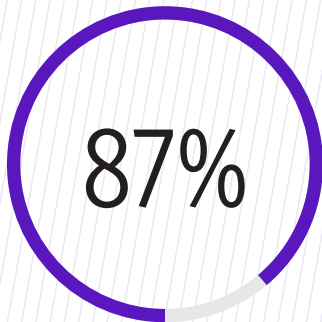
87% report digital engagement will be critically or very important to their success going forward
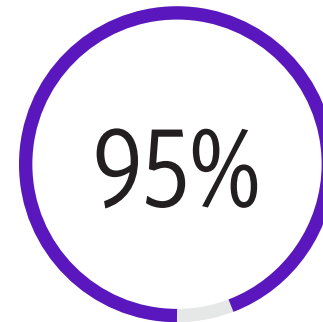
95% businesses in HRIs plan to maintain or increase their current investment in customer engagement

Highly regulated industries increased their digital engagement* on Twilio more than 2x (104%) YoY.

Twilio data   Volume messaging/voice minutes/video

FinServ

PubSec

Healthcare

Political

2019 - 01   2019 - 07   2020 - 01   2020 - 07   2021 - 01
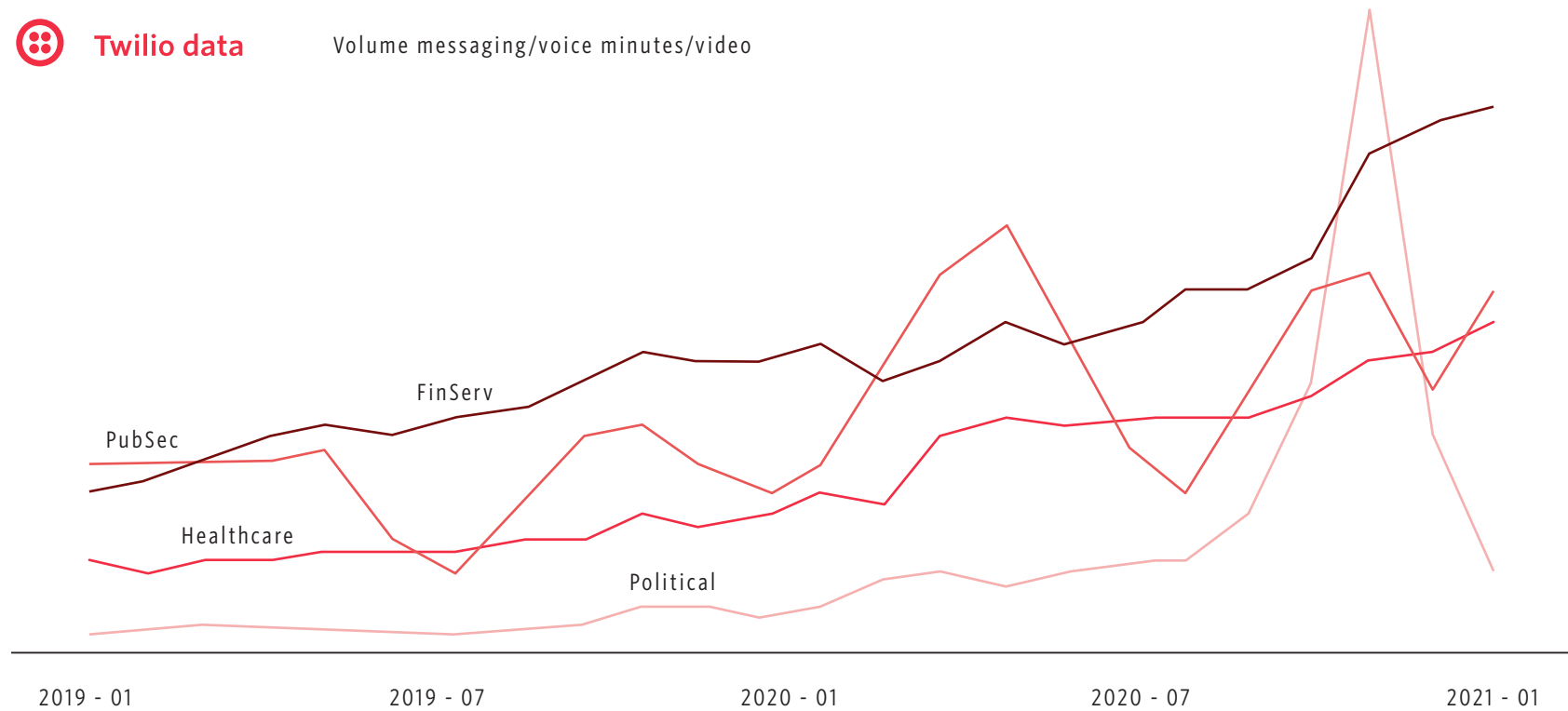
*Digital engagement defined as messages, voice minutes, video by public sector, healthcare, financial services, and political organizations

"Healthcare, finance, education, and government will be at the forefront of adoption in CY20/CY21 because of growing pressure to deliver services to their remote customers, users, and employees under the COVID-19 constraints."

Omdia Collaborative Meeting Services
Market Tracker 2H20 Analysis

What's next

Leading healthcare providers will differentiate themselves by leveraging technology to connect and support patients as they go about their daily lives, a critical step in improving population health and lowering costs. Banks no longer view online banking as a secondary channel. Great online experiences being built will attract new generations of customers and create opportunities to serve the unbanked and underbanked. In the public sector, digital communications will connect government agencies with more constituents more directly, enabling new avenues for dialogue.

"We expect as much as 35% of healthcare will be delivered virtually post pandemic. This represents a huge opportunity to shift away from the traditional transactional model — "sick care" — to a proactive and consumer-centric approach, true "healthcare."

Susan Collins Global Head of Healthcare, Twilio

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When Japan faced an influx of travelers returning to Japan due to the global pandemic, the Ministry of Health, Labor and Welfare quickly realized that they would need a better way to monitor people's health and help prevent the spread of new COVID-19 cases. They turned to LINE AiCall for support. Utilizing Twilio, LINE built an AI-powered, dedicated line in just 10 days for telephone consultations, health status confirmations of returnees, and emergency responses. "The number of daily returnees from designated countries shot up, and 60% of them were covered by LINE AiCall and the dedicated line prepared by Twilio." LINE Corporation Kenji Kanehiro says. The Ministry plans to continue using the solution to engage residents going forward.

Read the full story:
http://twil.io/soce/LINE
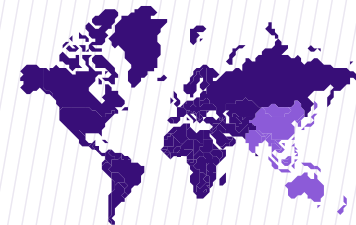
04

Video enhances our virtual connections

Next-generation video blends in-person and digital

Of all digital channels, video saw the biggest boost in 2020 and became the default replacement for every kind of in-person communication. People spent so much time videoconferencing that many invested in better cameras and special lighting. Even television was transformed, with late-night TV hosts like Stephen Colbert doing shows from home, and news outlets like the BBC interviewing guests from their living rooms.

This year of unprecedented video adoption showed us that video is not a one-for-one replacement for in-person interaction. Just because it can be used that way, doesn't mean it should be. The best video experiences are created when video is treated as a way to enhance in-person interactions, not replace them, and to do things better on video than in person.
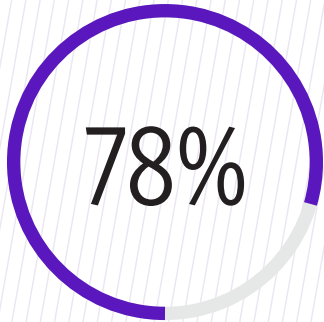
78% report they now use video communication with their customers
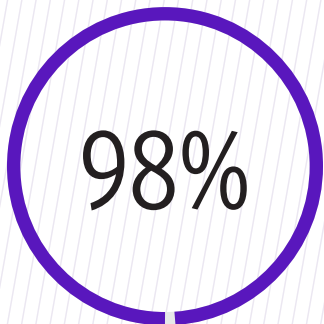
98% report use of video communication with customers accelerated more than other channels during the pandemic

Stronger relationships, increased access to products, and quicker resolution of issues are the top benefits of video use with customers.

Twilio data Video usage on Twilio increased more than 350% in 2020

3B

2B

1B

Q1 2020   Q2 2020   Q3 2020   Q4 2020
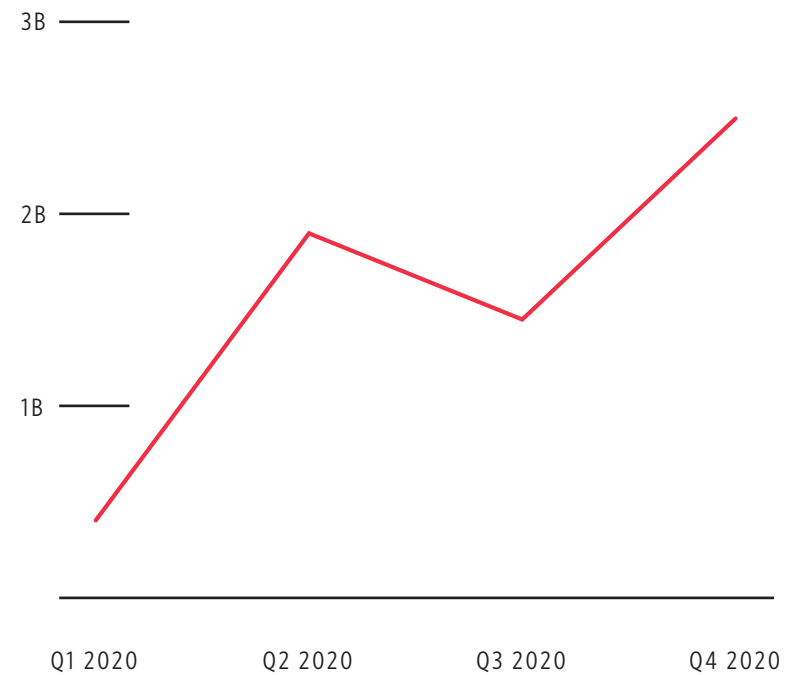
"Fifty-four percent of B2B buyers we surveyed say they are likely to engage with short-form videos when making purchase decisions."

Forrester Research, Inc., The Forrester Tech Tide™: Video Technologies For Customer And Employee Experience, Q4 2020

What's next

The next generation of video will be defined by solutions that fully embrace video as a unique channel to create better than in-person experiences. More seamless integration of in-person and video and entirely new use cases will surge. Innovative video experiences will be built, not bought. Already companies like AirTutors are building dynamic features like whiteboarding into their online learning platform to keep students engaged, and Yembo.ai combines video with artificial intelligence so moving companies can survey belongings and quickly provide accurate quotes.

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In just 30 days, media and telecom leader Comcast developed and rolled out a Twilio-based virtual tech support system so that customers can connect with a remote technician via their smartphone camera to troubleshoot issues safely and virtually -- a sanity saver when our work and personal lives depended on being online. Customers love the convenience and safety and give the experience 4+ out of 5 stars.

Read the full story:
http://twil.io/soce/comcast

Trend

05

It's time to build

Great digital experience doesn't come in a box

The pandemic clarified the advantages of building solutions internally and iterating quickly as needs change, especially for enterprises that may have been hesitant to build in the past. Faced with a crisis, organizations of every size turned to their developers to create digital solutions fast. Leaders at every level recognized how crucial developer teams are to their business success, and this mindset is changing how organizations large and small approach digital adoption.
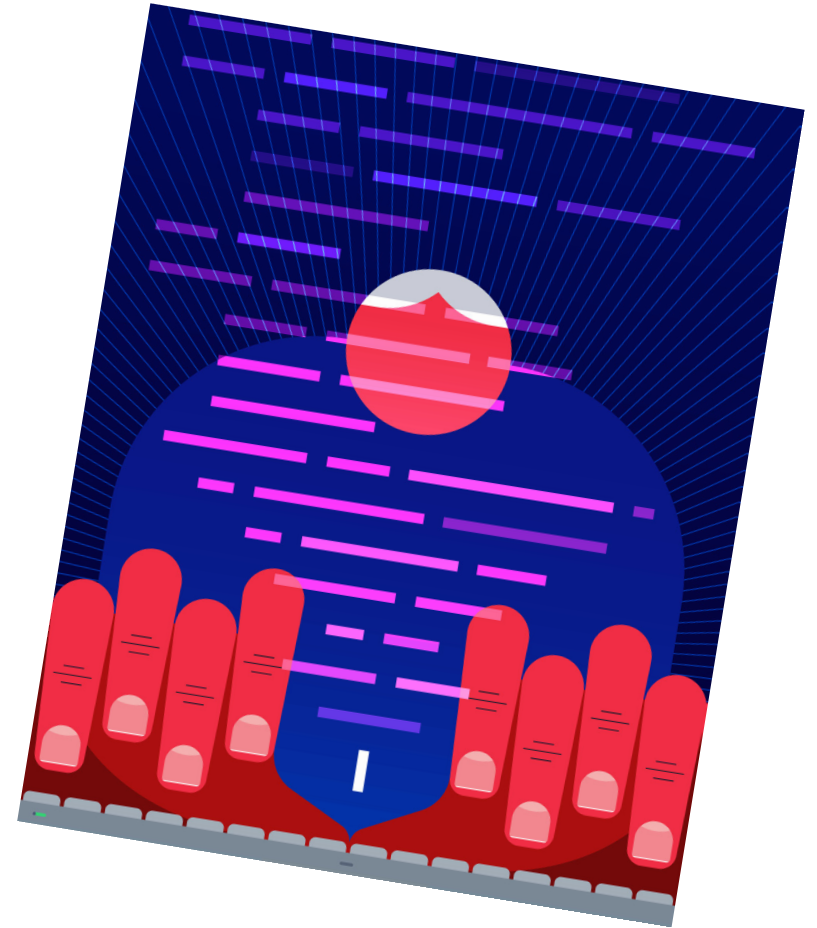
Developers were unleashed
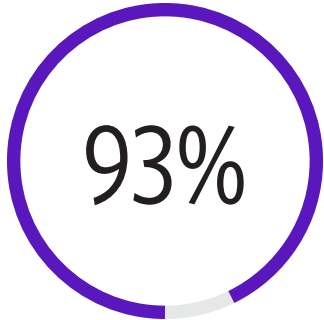
93% report software developers were crucial to solving business challenges that arose from the pandemic
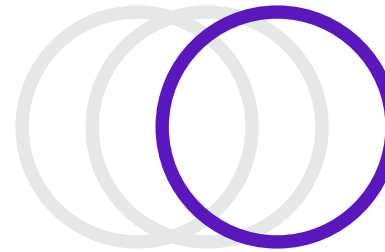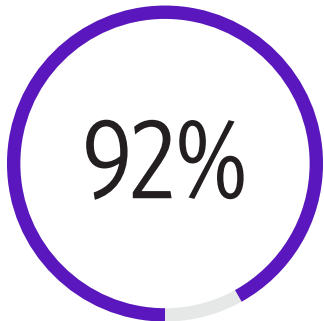
92% of C-level executives report developers were crucial to solving business challenges brought on by COVID

1/3 companies are choosing to build with programmable solutions
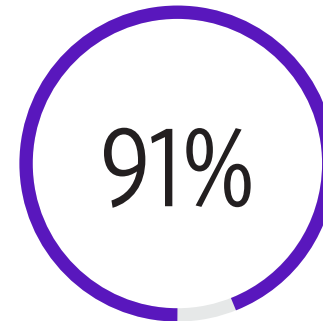
91% report they are more likely to build communications solutions to meet customer demands in the future

The majority of companies will increase use of programmable solutions in 2021

Twilio data

215,000 companies are building digital communications on Twilio

*Defined as active Twilio customer accounts
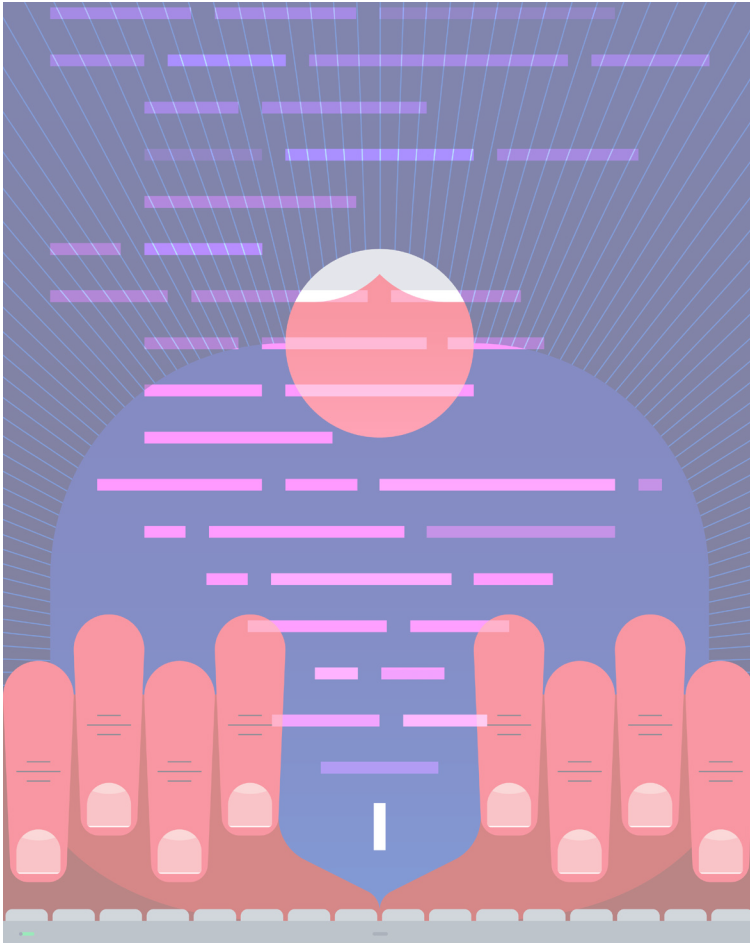
"CPaaS is driving the adoption of APIs beyond the cloud-native segment and use for internal operations. This will continue to revolutionize enterprise customer engagement strategies over the next few years."

IDC Worldwide Communications Platform-as-a-Service Forecast, 2020-2024

Doc # US46287520

What's next

As digital transformation reaches the last mile — front-end customer engagement — it's becoming clear that the way you make a customer feel is as important as your core product or service. Great online experience can't be bought, it must be built. Forward-looking organizations are now focused on building the best customer experiences around their product, using flexible software building blocks (APIs) to set themselves apart. Businesses that are able to listen to customers and adapt to what they hear at the pace of software will win.
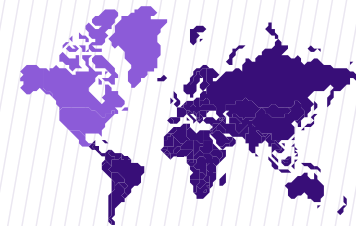
TWILIO ENGAGEMENT BUILDER

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Norwegian Refugee Council, an independent humanitarian organization delivering education, legal and financial support ordinarily helps people face-to-face. But in 2020, NRC built a custom, omni-channel community engagement solution on Twilio to provide two-way communications, social services and support to people across 25 countries, in areas where access to aid is often restricted due to ongoing violent conflict or limited cellular connectivity. "NRC is taking advantage of digital communications to reach more people faster and with greater efficiency," said Paul Cornu, emergency response adviser at Norwegian Refugee Council.

Read the full story:
http://twil.io/soce/norwegian-refugee-council

NRC

NORWEGIAN
REFUGEE COUNCIL
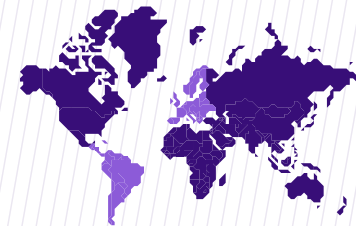
Methodology & Data Sources

This report draws from two distinct data sources 1) Twilio platform data, which represents engagement trends that took place on the Twilio platform in 2020. 2) The second source is original survey data from over 2,500 enterprise decision-makers across the United States, the United Kingdom, Germany, Australia, France, Spain, Italy, Japan, and Singapore to understand their views on digital engagement. Respondents are full-time employees of companies with 500+ employees, from the director to executive level.

This report contains statistical data, estimates and expectations that are based on third-party industry publications and other publicly available information, as well as other information based on our internal sources or collected through our commercial relationships. These do not represent, and should not be construed as indicators of Twilio's historical or future financial performance and are solely presented as context for broader market trends.

EMEA: 2021 State of Customer Engagement Data

We surveyed 1,439 enterprise decision makers in France, Germany, Italy, Spain and the UK to understand how they're using digital communications to engage their customers. Here's a deeper dive on what we found.

EMEA: The lasting impact of COVID-19

A closer look at how COVID-19 impacted digital engagement going forward.

2020 showed us just how critical digital communications are to business survival.

How important are digital communications (e.g., via text, video, chat, email, voice) to your organization's survival during the pandemic?

	Critically important	Very important	Moderately important	Slightly important	Not at all important
	36%	49%	13%	1%	0%

85%
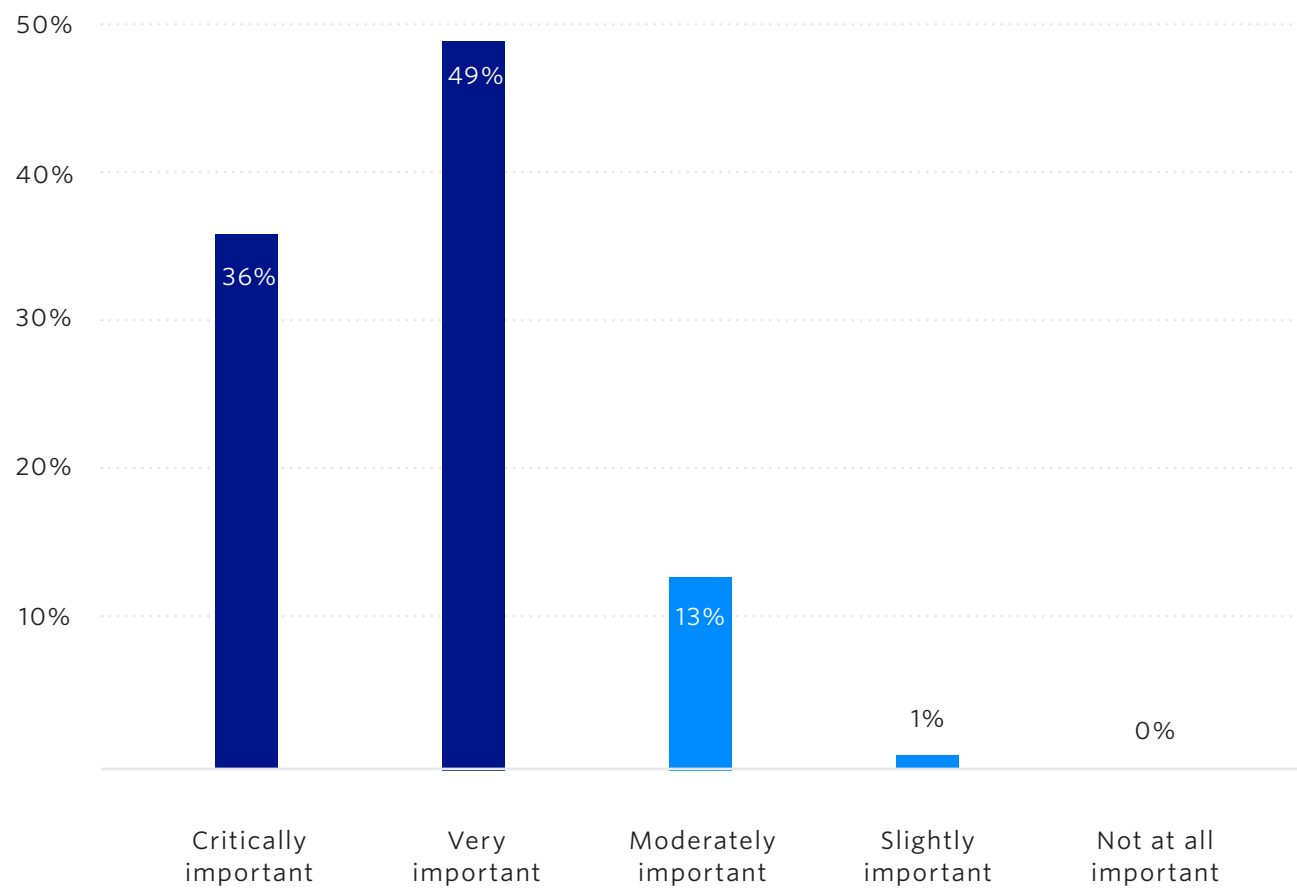
Say digital communications are critically or very important to their current survival during the pandemic

95% of organizations say NOT digitizing customer engagement would have negatively impacted their business.

What would have been the effects of not digitizing your customer engagement during the pandemic?

Effect	Percentage
Less competitive	41%
Loss of revenue	41%
Unable to meet customer expectation	40%
Loss of customers	40%
Unable to reach new customers	40%
Unable to serve customers	38%
Higher debt level	26%
Bankruptcy/ out of business	17%
None of the above	5%

EMEA - Base: 1,439 EMEA companies
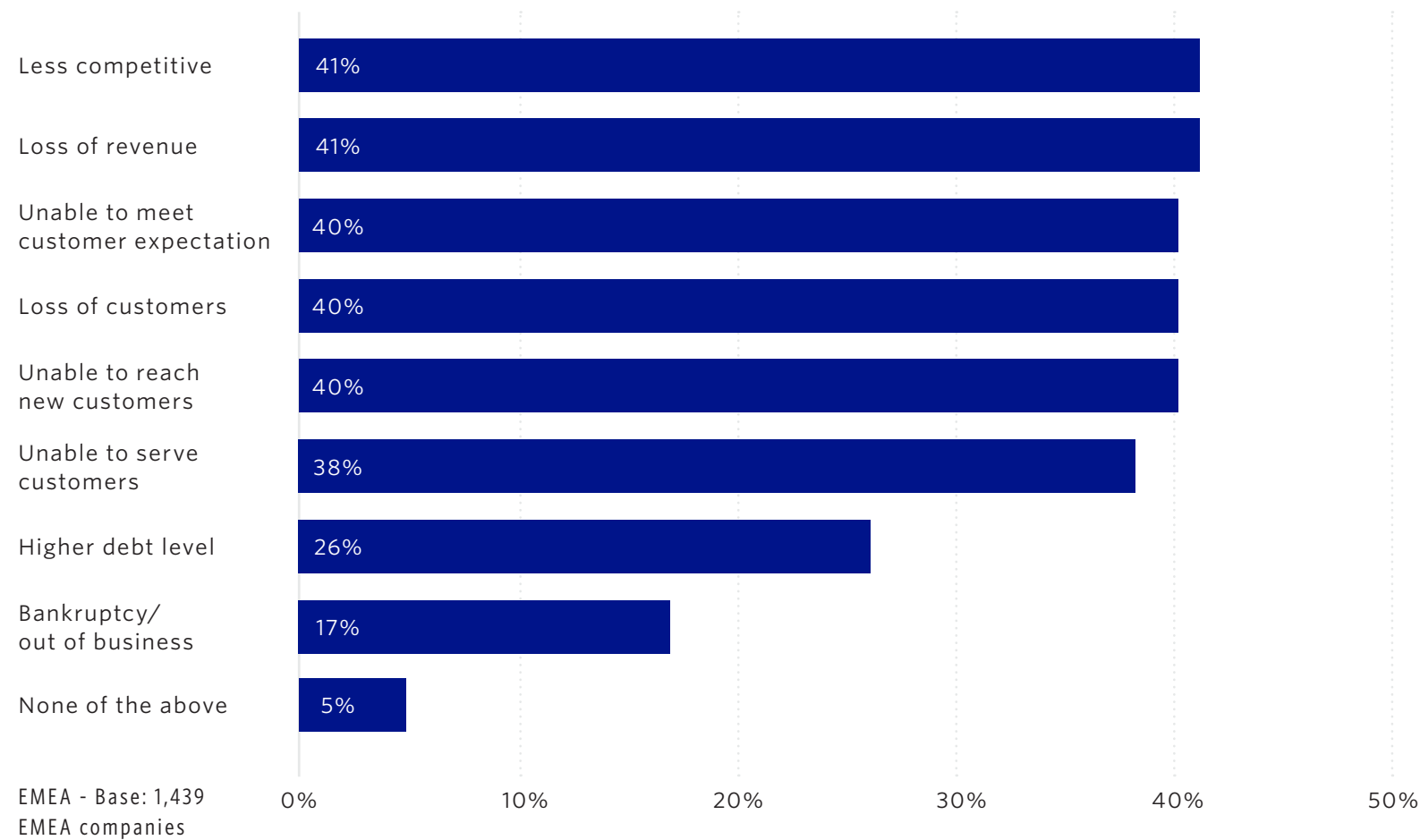
Effects of not digitizing customer engagement:
41% Less competitive
41% Loss of revenue
40% Unable to meet customer expectations

France
44% Loss of revenue
41% Unable to meet customer expectations
40% Less competitive

Germany
43% Unable to meet customer expectations
41% Unable to reach new customers
40% Loss of customers

Italy
46% Less competitive
45% Loss of revenue
44% Unable to reach new customers

Spain
38% Less competitive
33% Loss of revenue
32% Unable to serve customers

UK
47% Loss of customers
46% Unable to reach new customers
44% Unable to meet customer expectations

Change was swift. EMEA businesses sped up their digital transformation within 2 to 4 weeks after the initial pandemic lockdown in their countries.

How long after the initial COVID-19 lockdown in your country did your organization begin accelerating its digital transformation strategy?

EMEA
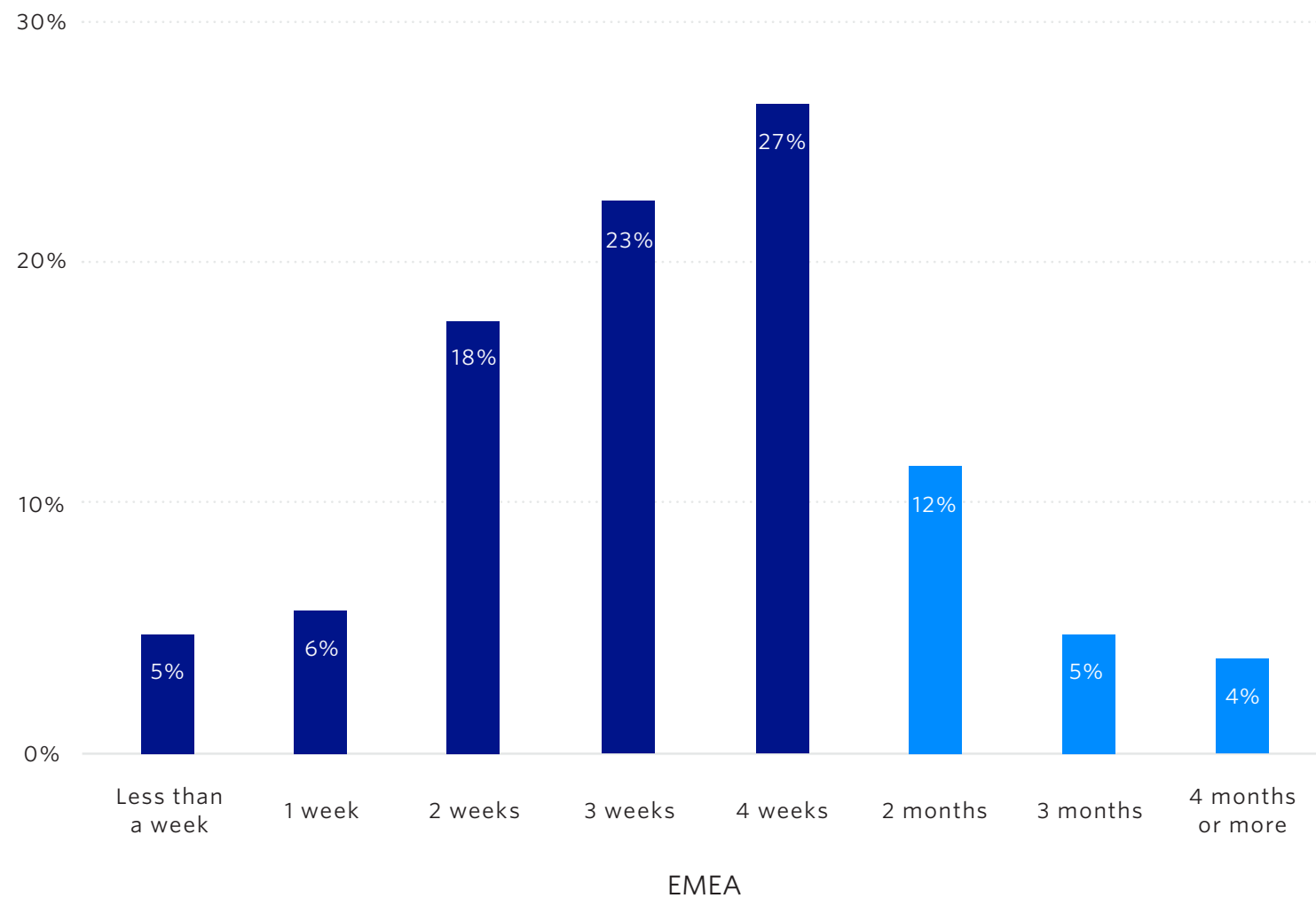
34.3 Days*

Average # of days it took companies to begin accelerating digital transformation after initial COVID lockdown

Italy	30.4 days
Germany	31.7 days
Spain	32.4 days
France	34.0 days
UK	43.0 days

Base: 1396; "Don't knows" removed
*Midpoint average of 1396 companies with "Don't knows" excluded

Businesses built more, faster. Due to the pandemic, organizations were spurred to implement new channels 47% faster.

Average number of days to implement new communication channels: prior to COVID-19 vs during.

About how long would it have taken your organization to implement new digital communication channels had it not been for the pandemic?

About how long did it take your organization to implement new digital channels during COVID-19?
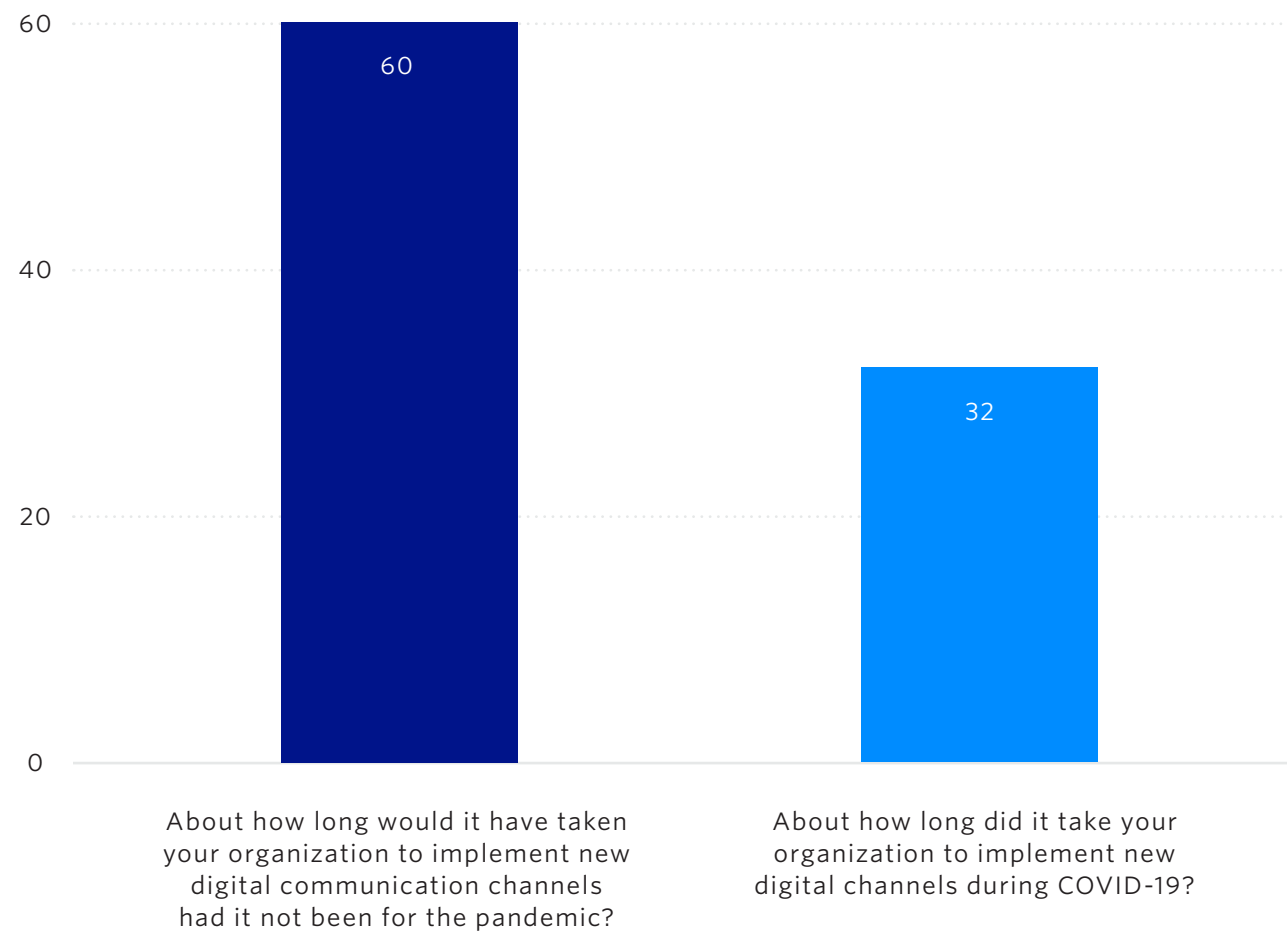
EMEA

It took organizations 28 fewer days to implement new communication channels during the pandemic - a 47% decrease in number of days

	Prior	During COVID
Italy	63 days	25 days
Spain	84 days	28 days
EMEA	60 days	32 days
Global	**61 days**	**33 days**
France	53 days	35 days
Germany	48 days	35 days
UK	61 days	35 days

Base: 1386 companies during COVID-19 and 1370 prior to COVID-19; "Don't knows" excluded

And we aren't going back. 89% report digital communications will be critically or very important to their success going forward.

How important will digital communications be to your organization's success after the pandemic ends?

⬤ Moderately to not at all important   ⬤ Critically to very important

	Italy	France	Spain	Germany	UK	EMEA	Global
Moderately to not at all important	4%	7%	11%	14%	18%	11%	13%
Critically to very important	96%	93%	90%	86%	82%	89%	87%
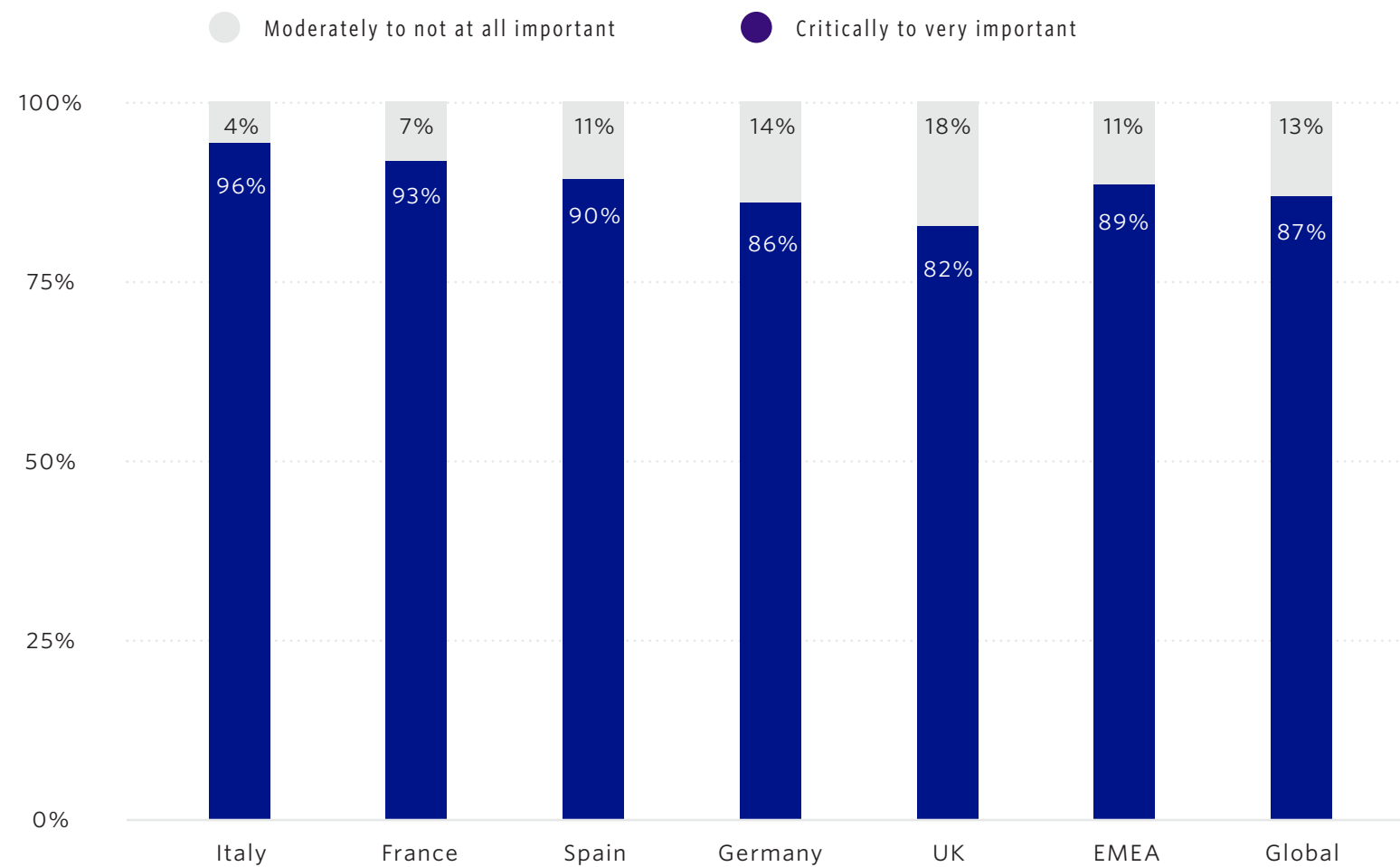
More companies in Italy and France say digital communications will be critically or very important (96% and 93%).

Base: 1439 EMEA companies; 2564 Global companies

In fact, 94% of EMEA companies expect to increase or maintain their organization's investment in customer engagement after the pandemic.

When the pandemic is over, will your organization increase, maintain or decrease its current level of investment in customer engagement?

● Decrease   ● Maintain   ● Increase

	Spain	UK	Italy	France	Germany	EMEA	Global
Decrease	7%	8%	6%	3%	7%	6%	6%
Maintain	40%	44%	52%	55%	54%	50%	47%
Increase	53%	48%	42%	42%	39%	44%	48%
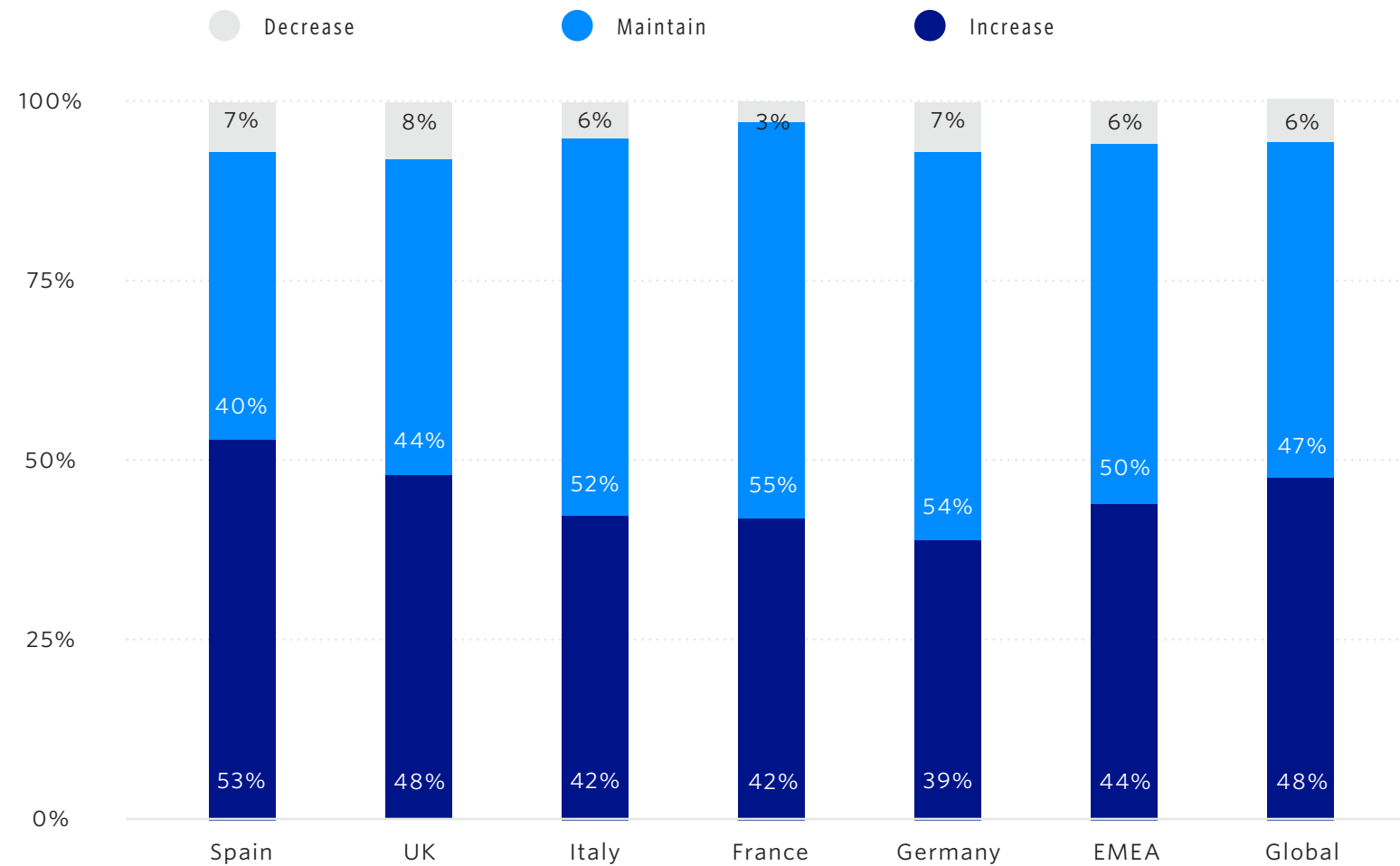
Over half of Spanish companies (53%) plan to increase their investment in customer engagement after the pandemic is over

Base: 1433 companies; 2545 Global companies "Don't knows" removed

Digital Engagement in EMEA

94% of EMEA-based organizations plan to increase or maintain their current customer communication channels after the pandemic.

When the pandemic is over, will your organization increase, maintain or decrease the number of communication channels used?

60%

53%

40%

41%

20%

6%

0%

Increase   Maintain   Decrease

EMEA
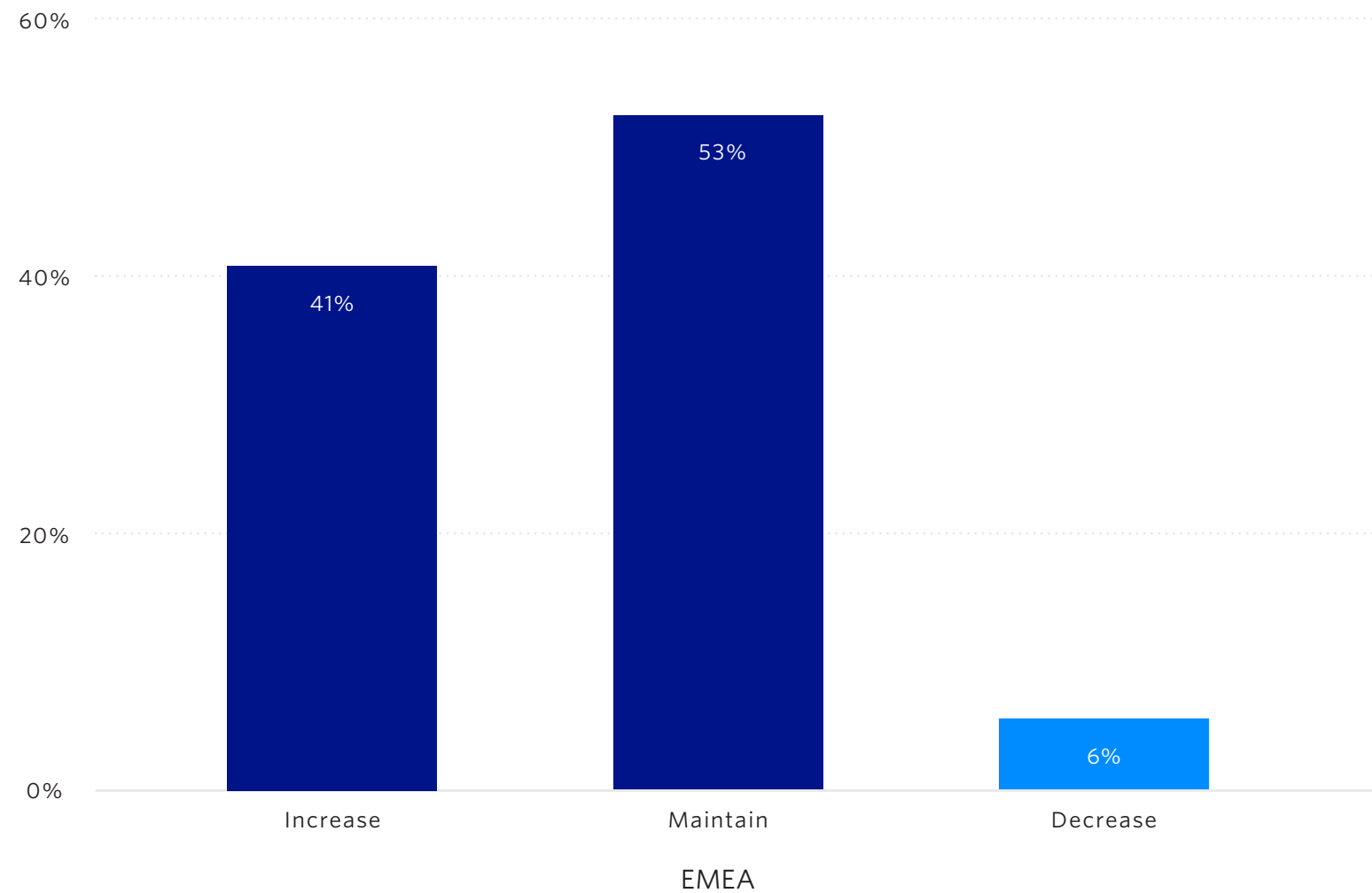
Base: 1433 companies; 2545 Global companies
"Don't knows" removed

Businesses plan to add 3 new channels in the next 12 months, with a third planning to implement live chat.

What digital communication channels does your organization plan to add in the next 12 months?

Channel	EMEA
Live chat	34%
Video	30%
In-app chat	28%
Interactive voice response (IVR)	27%
Web-based chatbot	26%
In-app calling	26%
Voice-based chatbot	22%
SMS-based chatbot	21%
Remote contact center	21%
Social media	20%
SMS	20%
Voice	19%
Email	18%
Website	18%
Messaging app	16%
None of these	5%

EMEA

3.4
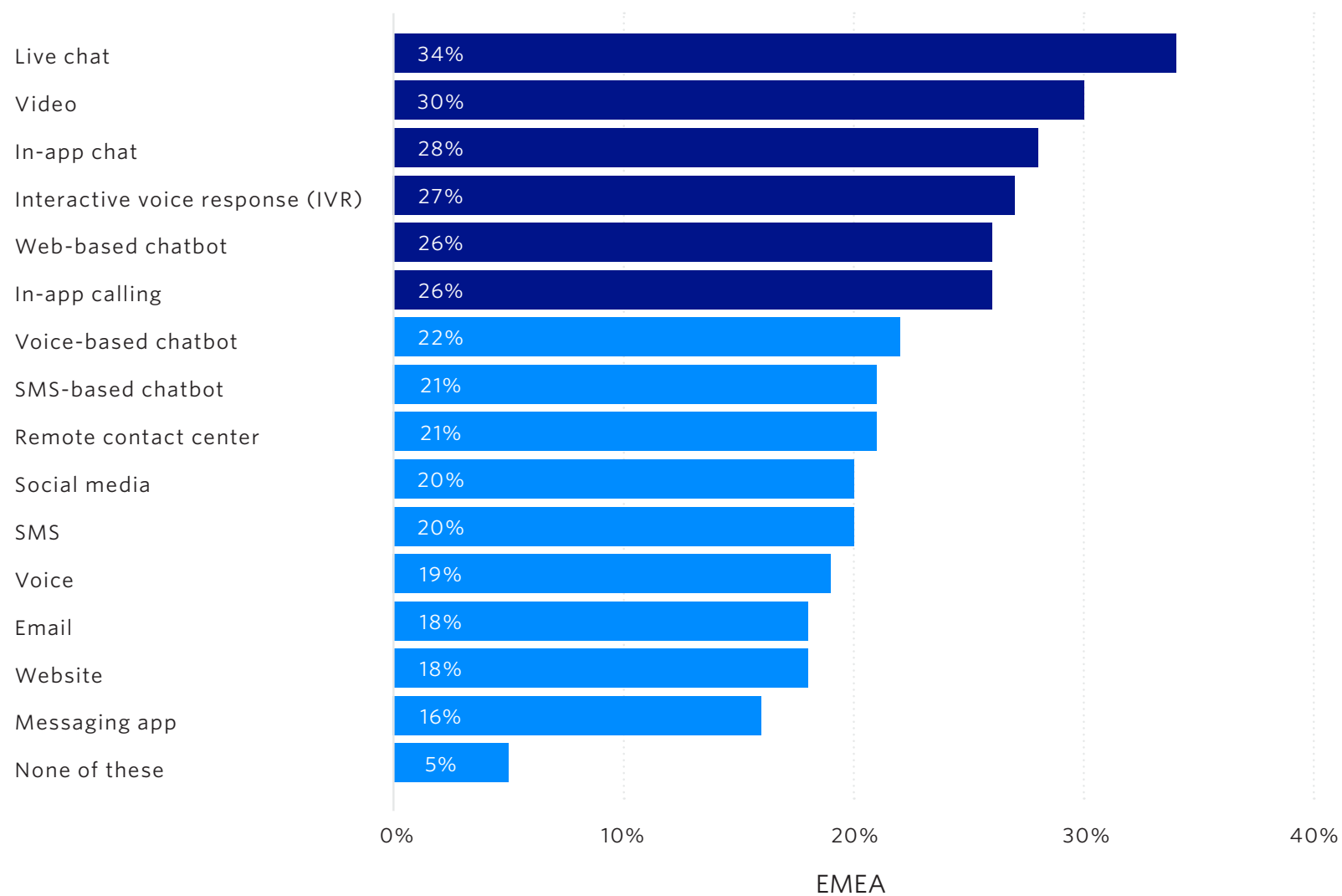
Average number of channels organizations plan to add in the next 12 months

Adding in 2021

34% Live chat	27% IVR
30% Video	26% Web-based chatbot
28% In-app chat	26% In-app calling

Average Number

Germany	3.5
Italy	3.5
UK	3.5
Global Average	**3.5**
France	3.4
Spain	3.3

Base: 1433 companies

Live chat is the #1 channel businesses plan to add in the next 12 months for all EMEA countries except Spain.

Top 3 channels organizations plan to add in the next 12 months

	France	Germany	Italy	Spain	UK
#1	Live chat (34%)	Live chat (35%)	Live chat (39%)	IVR (32%)	Live chat (32%)
#2	Video (33%)	Video (32%)	In-app chat (31%)	In-app chat (28%)	In-app chat (30%)
#3	IVR (29%)	In-app chat (29%)	Video (31%)	In-app calling (26%)	IVR (30%)

#1 channel to add in the next 12 months

France	Live chat (34%)
Germany	Live chat (35%)
Italy	Live chat (39%)
Spain	IVR (32%)
UK	Live chat (32%)

Base: 1439 companies

Over half of organizations report the number of digital interactions with customers increased 50% or more during the pandemic.

About how much did the number of digital interactions with your customers increase or decrease during COVID-19?
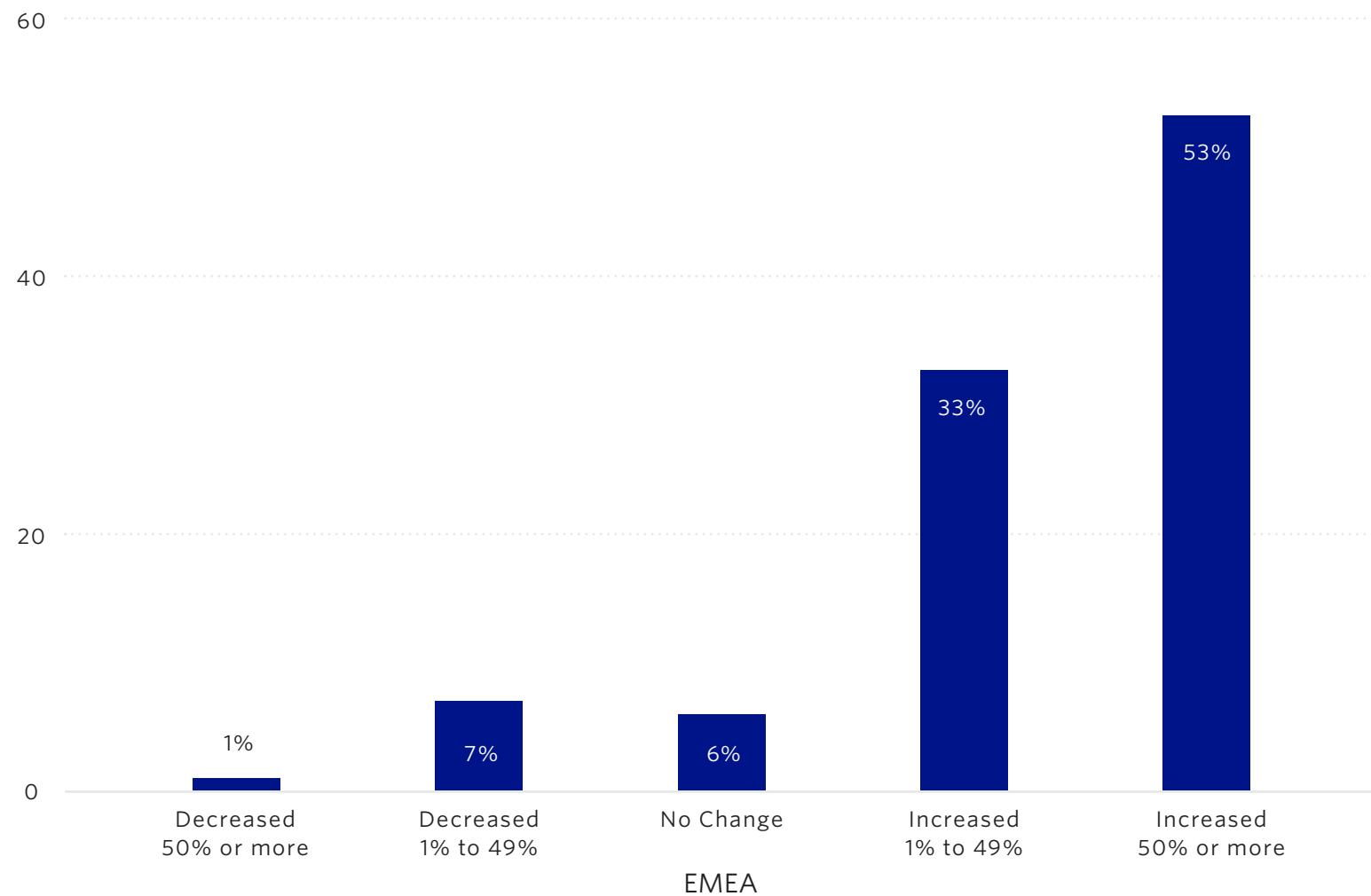
60	
40	
20	
0	

Decreased 50% or more — 1%
Decreased 1% to 49% — 7%
No Change — 6%
Increased 1% to 49% — 33%
Increased 50% or more — 53%

EMEA

61%

Average increase in number of digital touchpoints with customers during COVID-19

Average Increase in Digital Interactions
77% Spain
68% Italy
63% Global Average
63% UK
53% France
49% Germany

Base: 1435 companies; "Don't knows" removed

Overall, companies' digital customer engagement increased 37% since the pandemic.

60		
		59%
40	43%	
20		
0		
	About what percentage of your organization's customer engagement was digital prior to COVID-19?	About what percentage of your organization's customer engagement is currently digital?
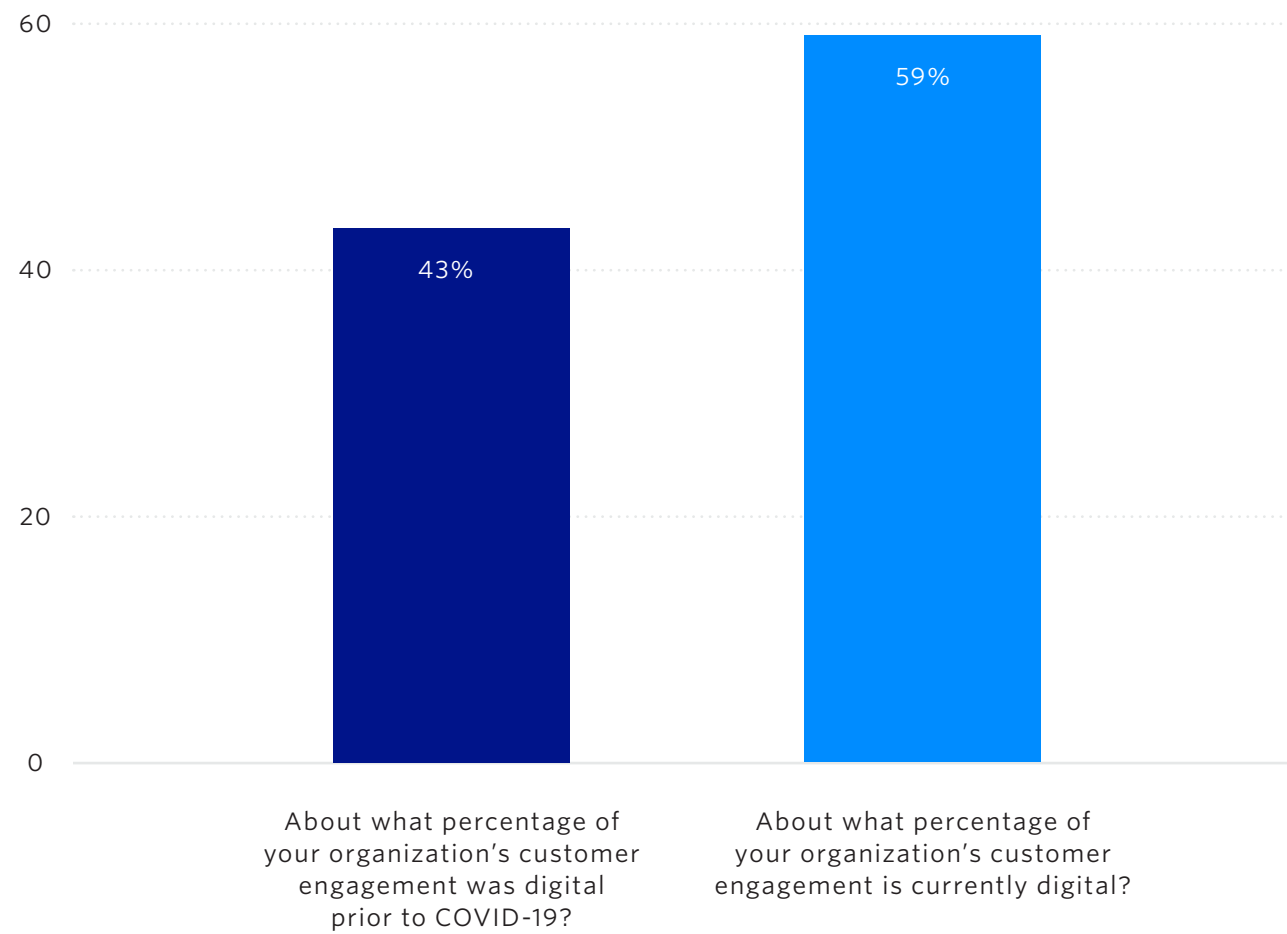
The share of customer engagement that is digital increased 16 percentage points from 43% pre-COVID-19 to 59% in December 2020, which represents a 37% increase.

	Prior	During COVID
Spain	41%	67%
Italy	41%	63%
UK	48%	62%
Global Average	**43%**	**58%**
France	43%	55%
Germany	41%	52%

*((59%-43%)/43%)*100
Base: 1437 pre-COVID and 1438 during COVID; "Don't knows" excluded

Majority of companies in Spain and Italy report better customer engagement as a result of digitizing.

Top 3 benefits of digitizing customer engagement: EMEA

● Spain   ● Italy   ● UK   ● France   ● Germany   ● Global
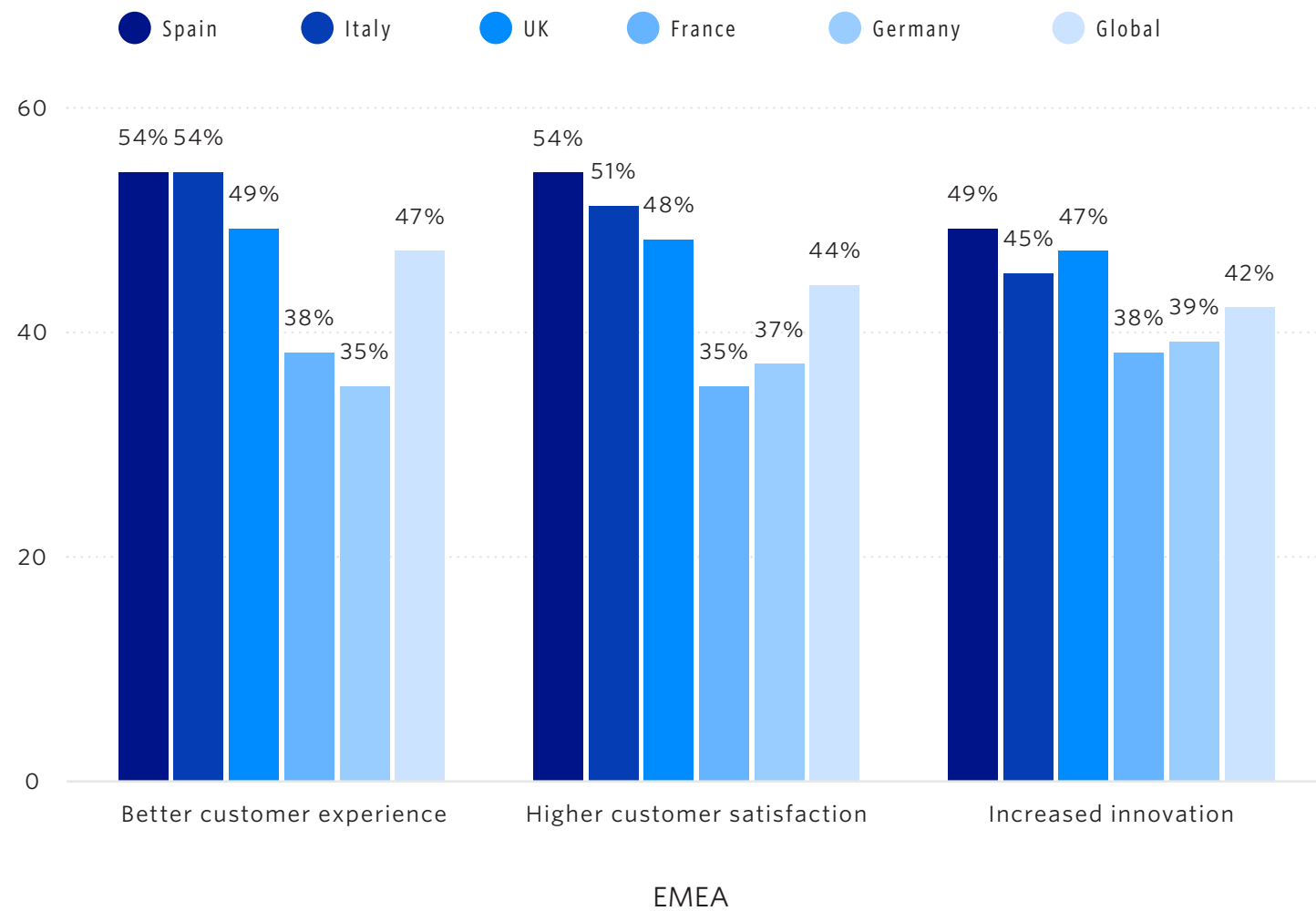
EMEA

Better customer experience

Spain	54%
Italy	54%
UK	49%
France	38%
Germany	35%

Base: 1439 EMEA companies; DK/NA removed

91% report increased customer insights as a result of greater customer engagement during the pandemic.

As a result of increased customer engagement during COVID-19, did your organization gain new insights into your customers?

Legend: No (grey), Yes (dark blue)

	Italy	France	Spain	Germany	UK	Emea	Global
No	10%	10%	6%	10%	10%	9%	10%
Yes	90%	90%	94%	90%	90%	91%	90%
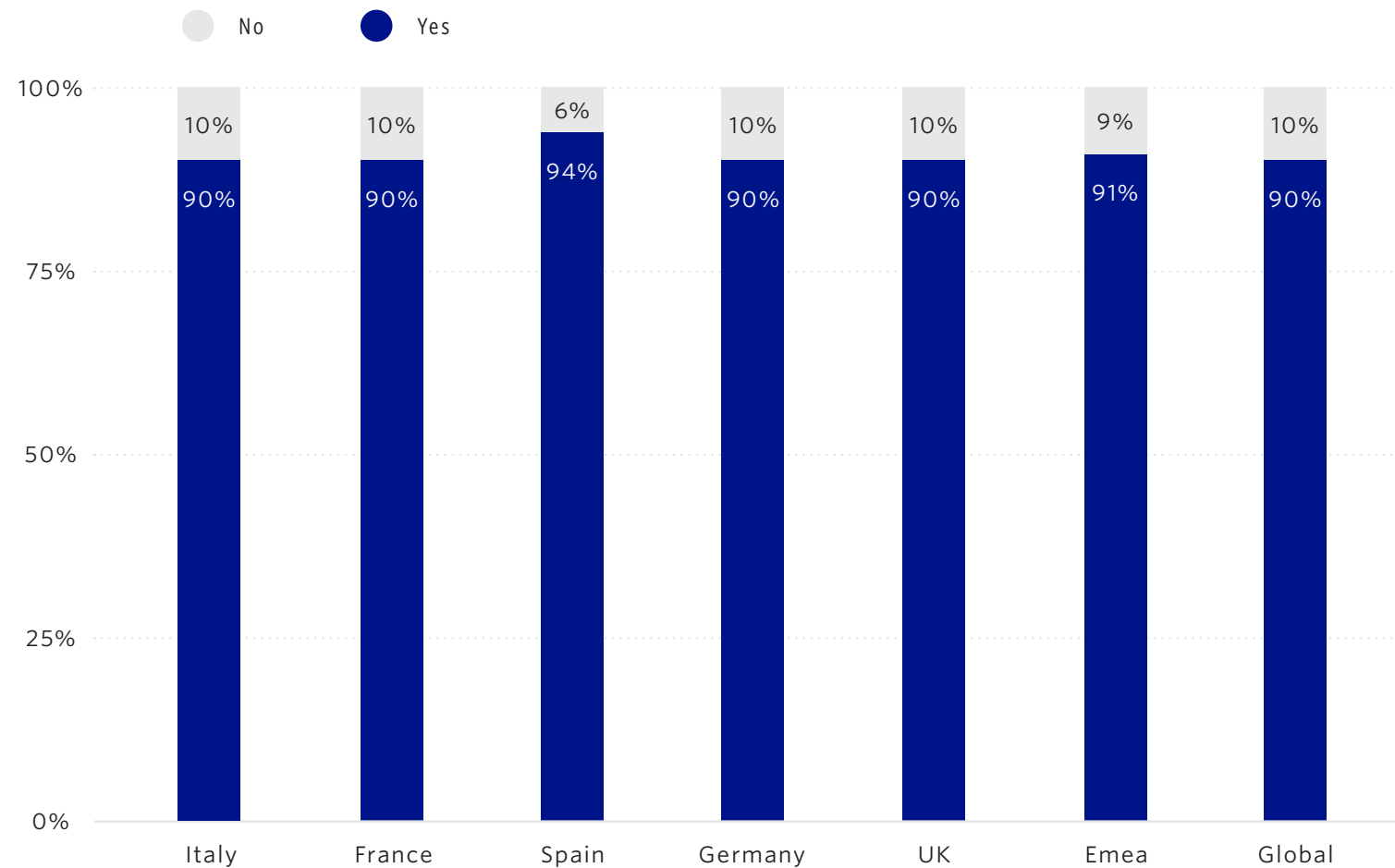
Base: 1412 EMEA companies; 2467 Global companies; DK/NA removed

Countries in EMEA agree that COVID-19 accelerated their move to the cloud.

COVID-19 accelerated my organization's move to the cloud.

95%	94%	94%	93%	89%	93%	92%
Spain	Italy	France	Germany	UK	EMEA	Global
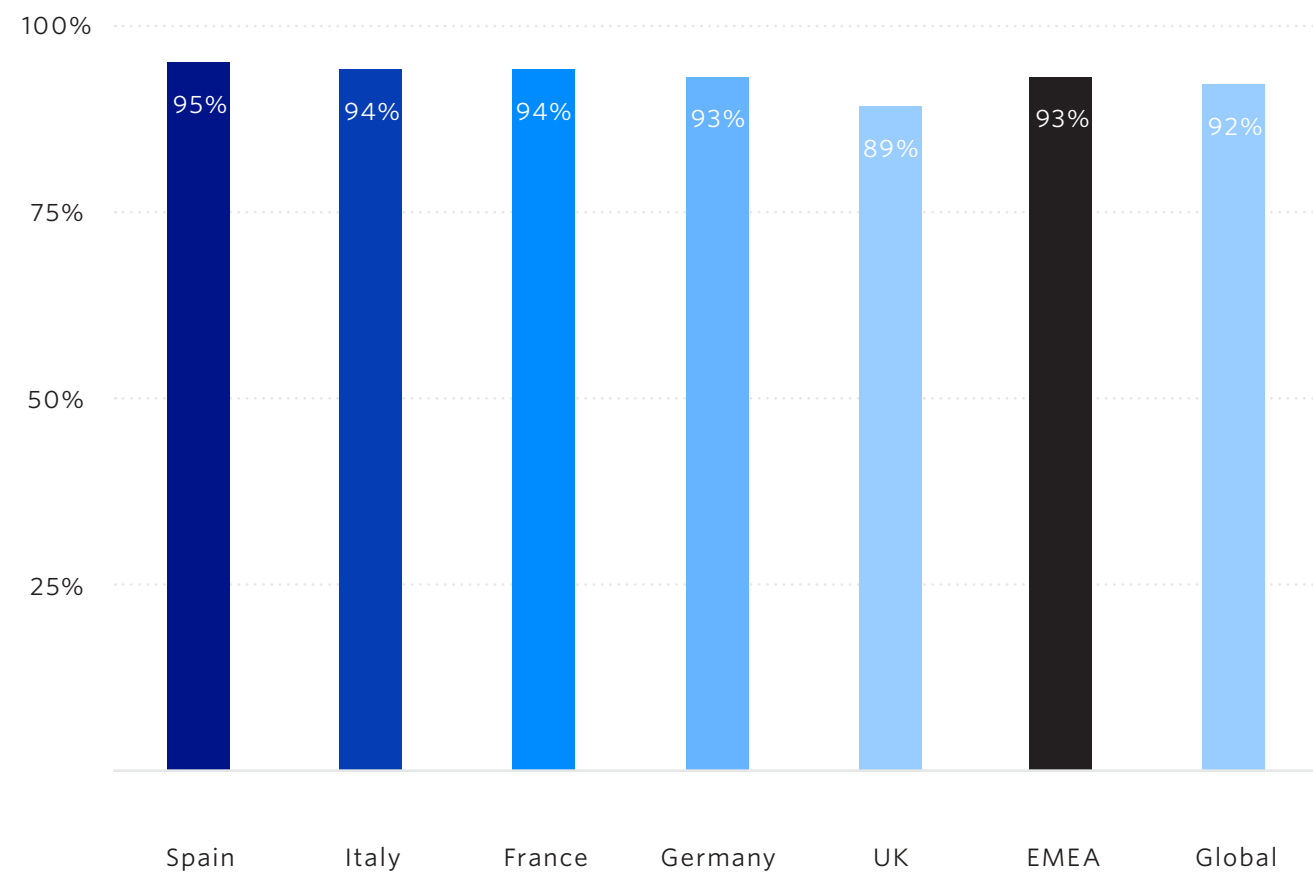
EMEA

93%

Of companies in EMEA say that COVID-19 accelerated their move to the cloud

Base: 1435 EMEA companies;
2551 Global companies; "Don't knows" removed

Digital engagement within regulated industries

97% of companies in highly regulated industries plan to maintain or increase their current level of investment in customer engagement.

When the pandemic is over, will your organization increase, maintain or decrease
its current level of investment in customer engagement?
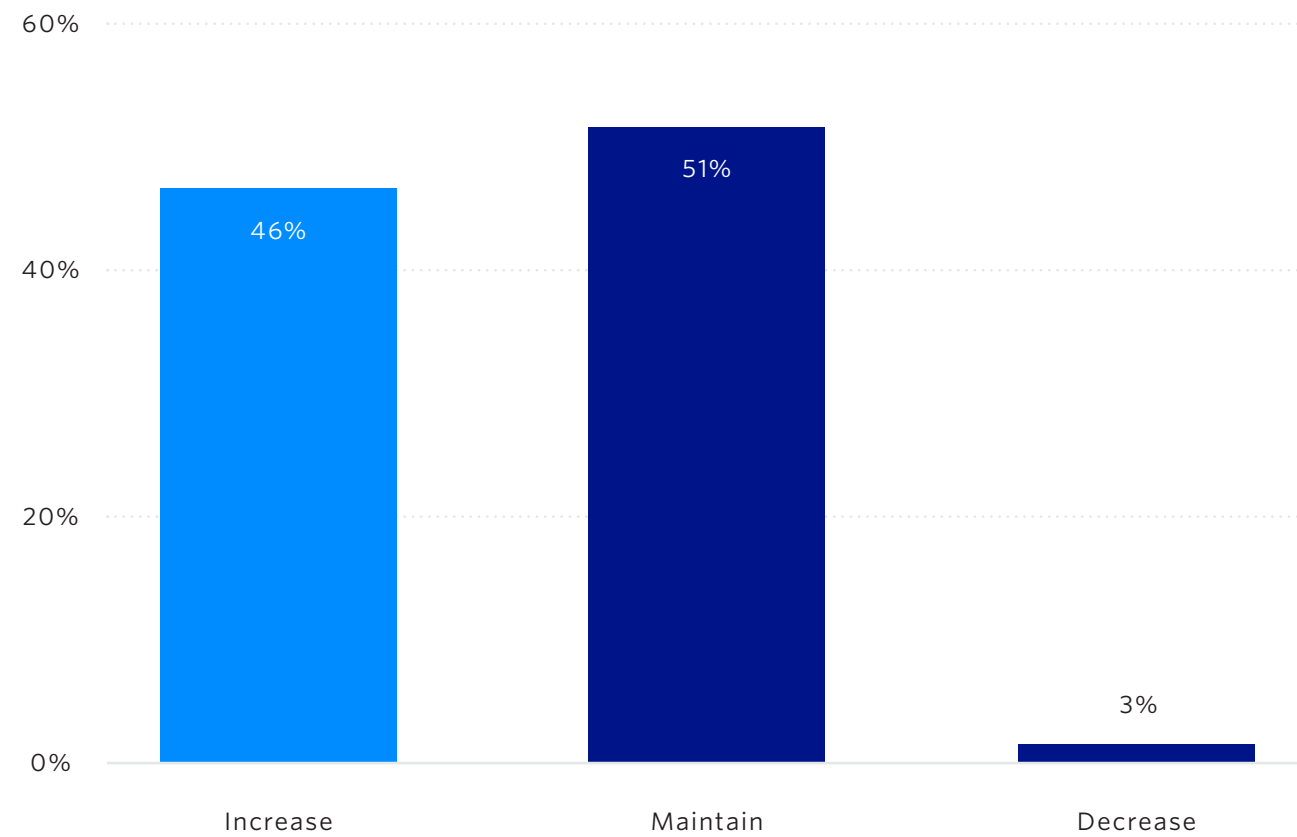
EMEA Highly regulated industries (Finance, Government and Healthcare)

Base: 200 EMEA companies in highly regulated industries
(Finance, Government and Healthcare); "Don't knows" excluded

And 93% of EMEA companies in highly regulated industries report it will be critically or very important to their success going forward.

How important will digital communications be to your organization's success after the pandemic ends?

7%

● Critically to Very Important

○ Moderately to Not at all Important

93%

EMEA Highly regulated industries (Finance, Government and Healthcare)
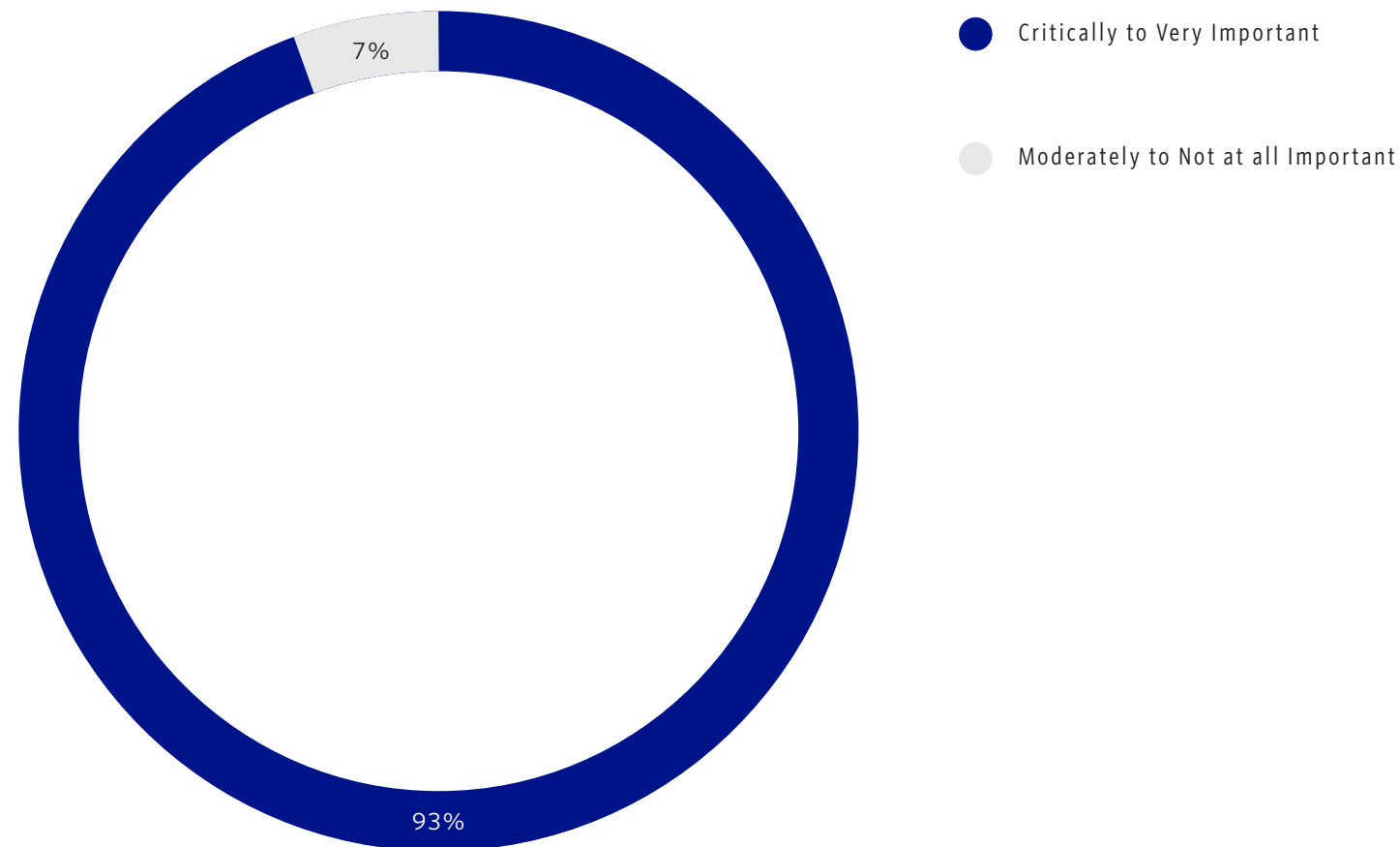
93%

Of companies in highly regulated industries expect digital communications to be critically or very important to their success going forward

Base: 200 EMEA companies in highly regulated industries (Finance, Government and Healthcare)

96% report COVID-19 spurred their highly regulated organization to explore new strategies to serve customers.

COVID-19 stimulated our organization to explore new and untested strategies to serve our customers.

4%

● Agree

○ Disagree

96%
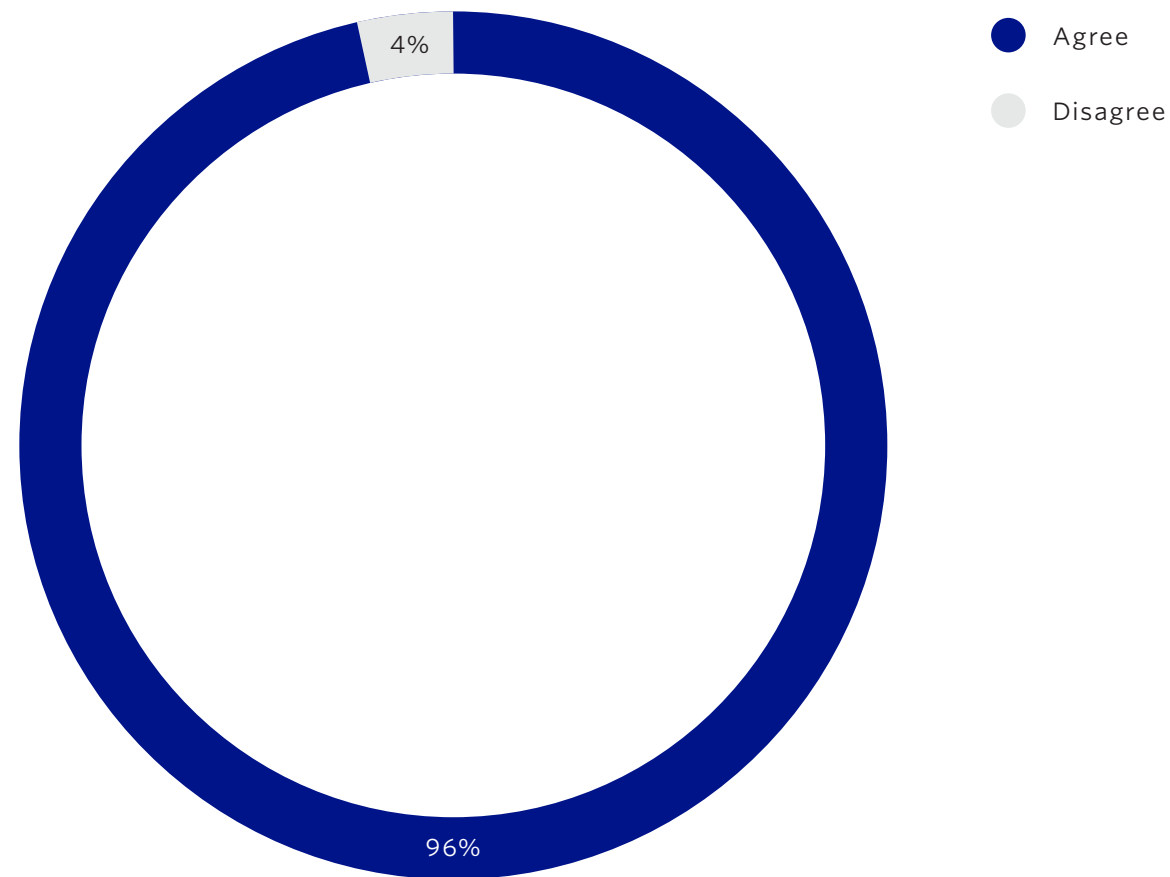
EMEA Highly regulated industries

96%

Say the pandemic caused their organization to try new strategies to serve customers

Base: 199 EMEA companies in highly regulated industries (healthcare, financial services, government); "Don't knows" excluded

Digital customer engagement in highly regulated industries increased 54% due to COVID-19.

Highly-regulated industries in EMEA

60%

40%

39%

60%

20%

0%

About what percentage of your organization's customer engagement was digital prior to COVID-19?

About what percentage of your organization's customer engagement is currently digital?
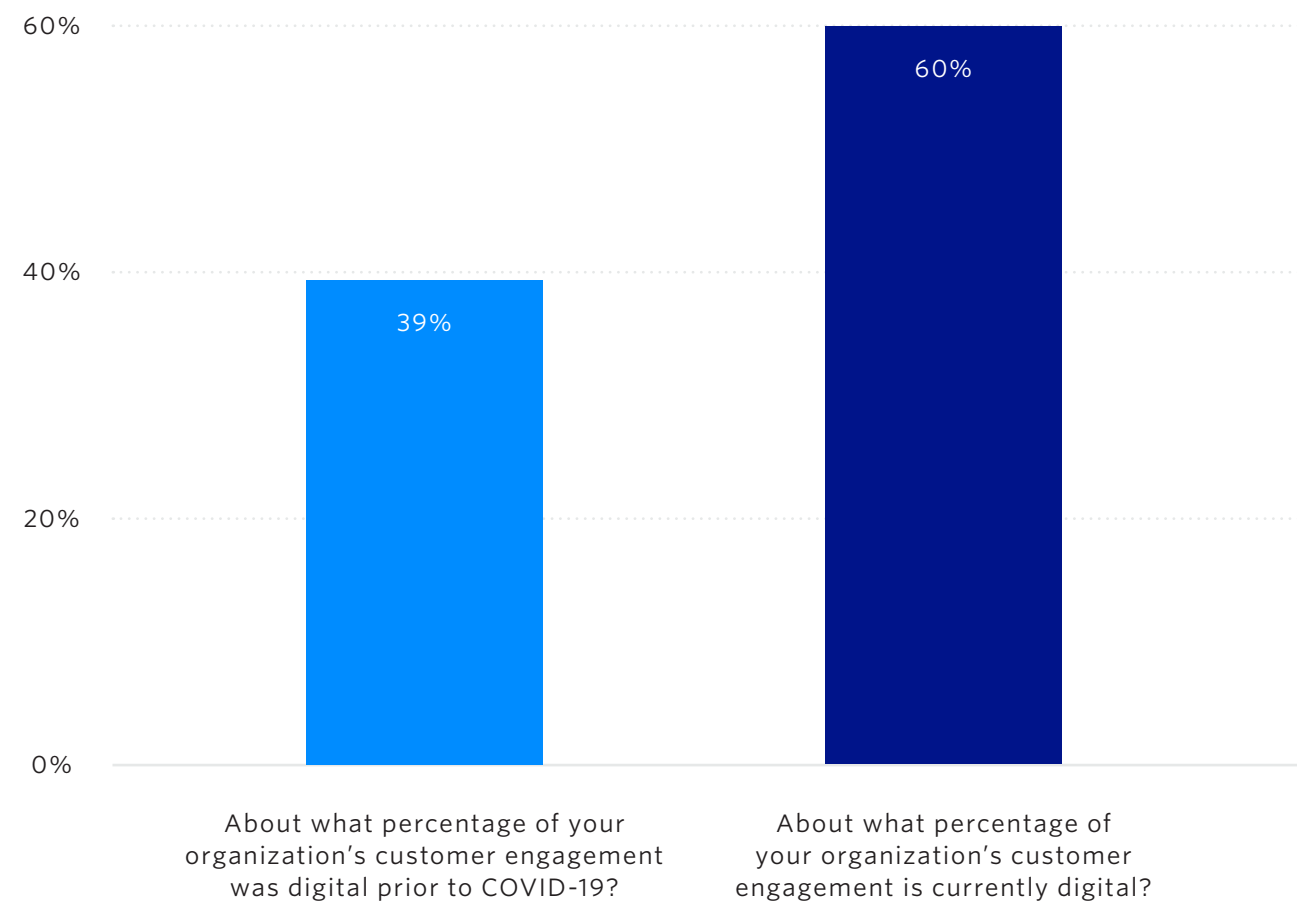
The share of customer engagement that is digital increased 21 percentage points from 39% pre-COVID-19 to 60% in December 2020, which represents a 54% increase.

Base: 199 highly regulated companies in EMEA; "Don't knows" excluded

Video enhances our virtual connections

98% say their use of video communications with customers accelerated more than other channels during the pandemic.

During COVID-19, did your organization's use of video communications with customers accelerate more than other channels?
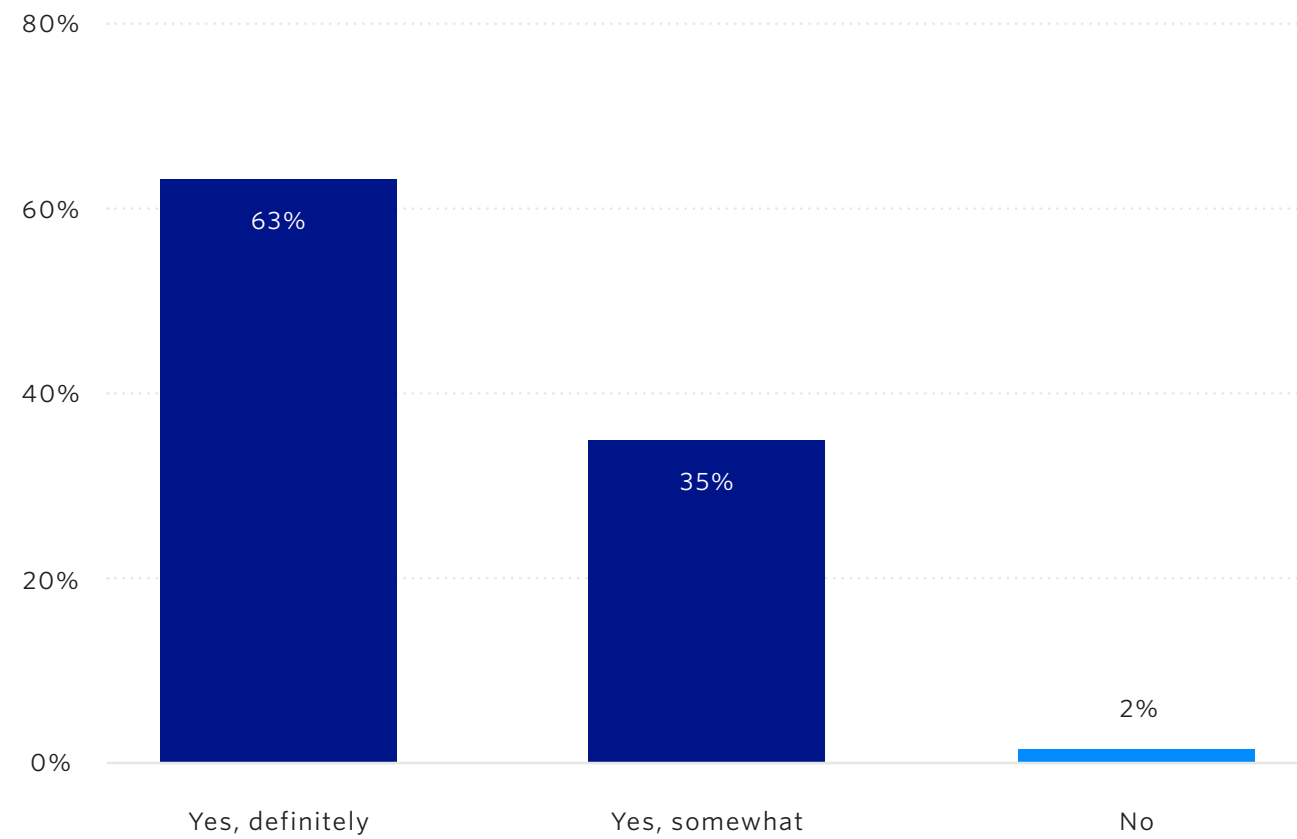
63%

Say they their video communications with customers **definitely** accelerated more than other communications channels

Base: 1131 companies that used video in 2020; "Don't knows" removed

Almost 8 in 10 EMEA businesses are using video communications with their customers.

Does your organization currently use video communications with its customers?

100%

75%

50%

25%

| France | Germany | Spain | Italy | UK | EMEA | Global |

87% 83% 76% 75% 72% 79% 79%
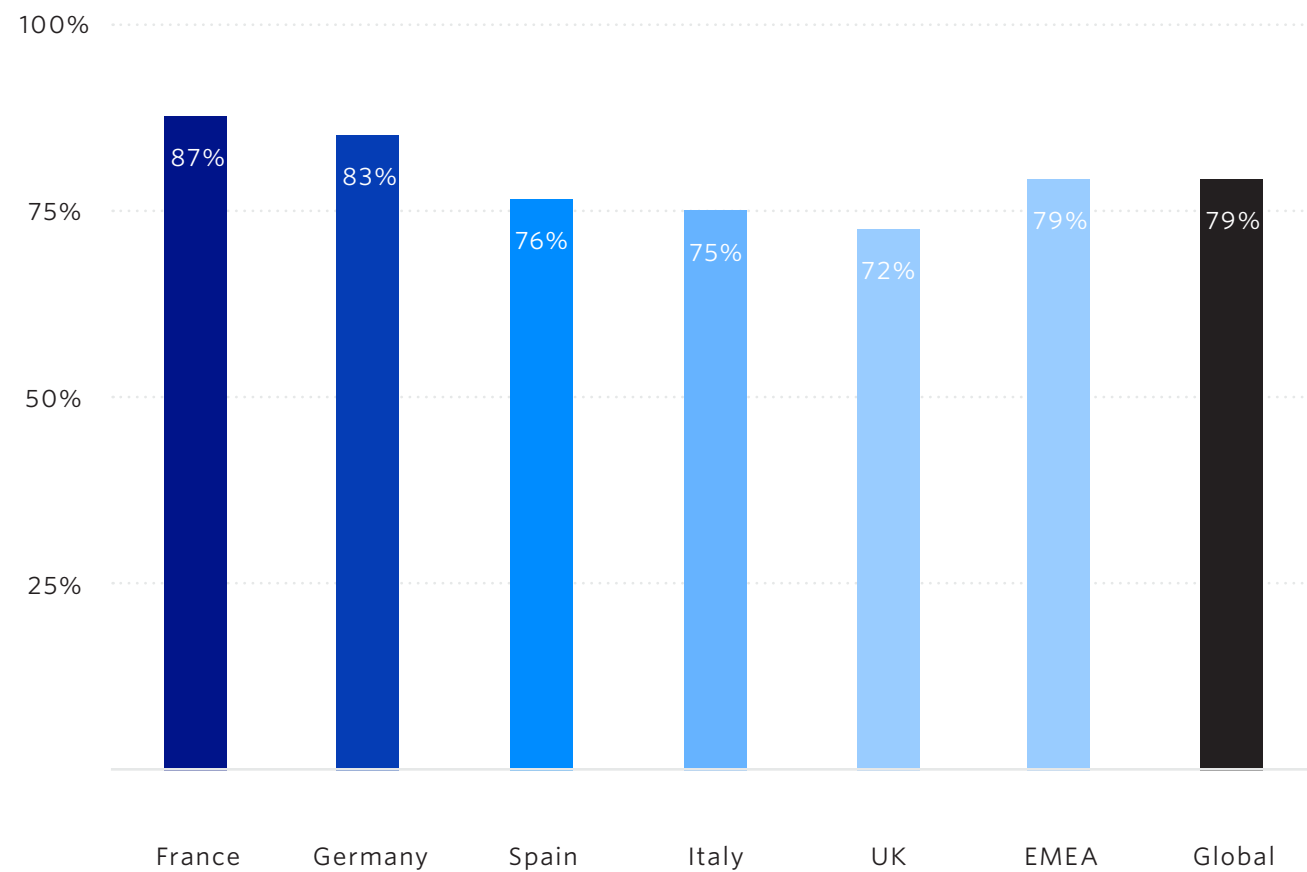
EMEA

87%

Of French companies say they currently use video communications with their customers

Base: 1437 EMEA companies;
2557 Global companies; "Don't knows" removed

Stronger relationships and increased customer access to products are top benefits of video channel use with customers.

What benefits of using video communications with your customers has your company experienced?

Stronger relationships with customers	57%
Increased customer access to our products and services	55%
Reduced time to resolve customer problems	54%
More efficient use of company resources	50%
None of the above	0%

0%   10%   20%   30%   40%   50%   60%
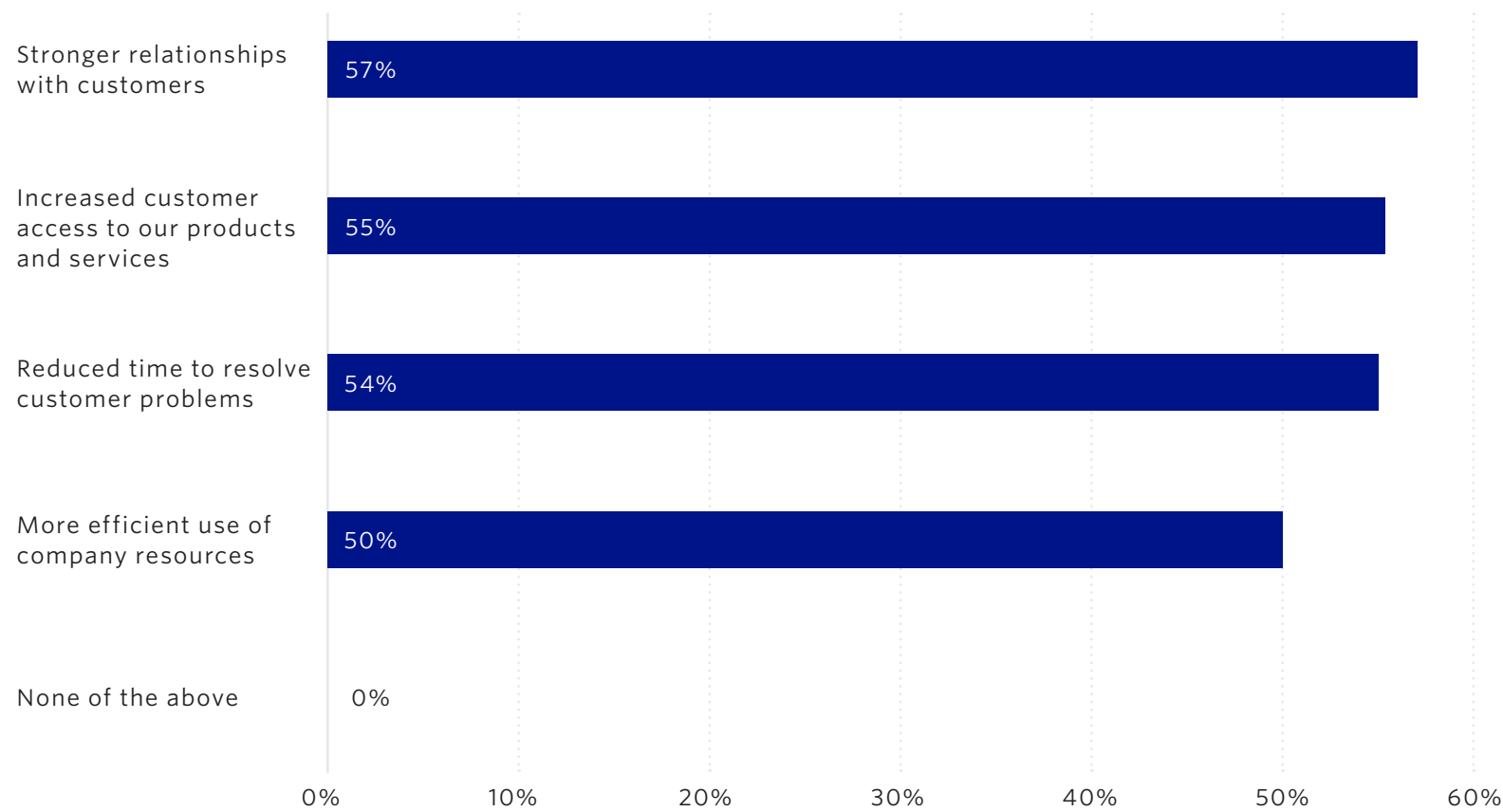
EMEA

Majority experience the following benefits from using video communications with their customers:

- Stronger relationships
- Greater customer access to products/services
- More efficient use of company resources
- Quicker resolution of customer problems

Base: 1132 EMEA companies using video for customer communications; "Don't knows" removed

Building great digital experiences
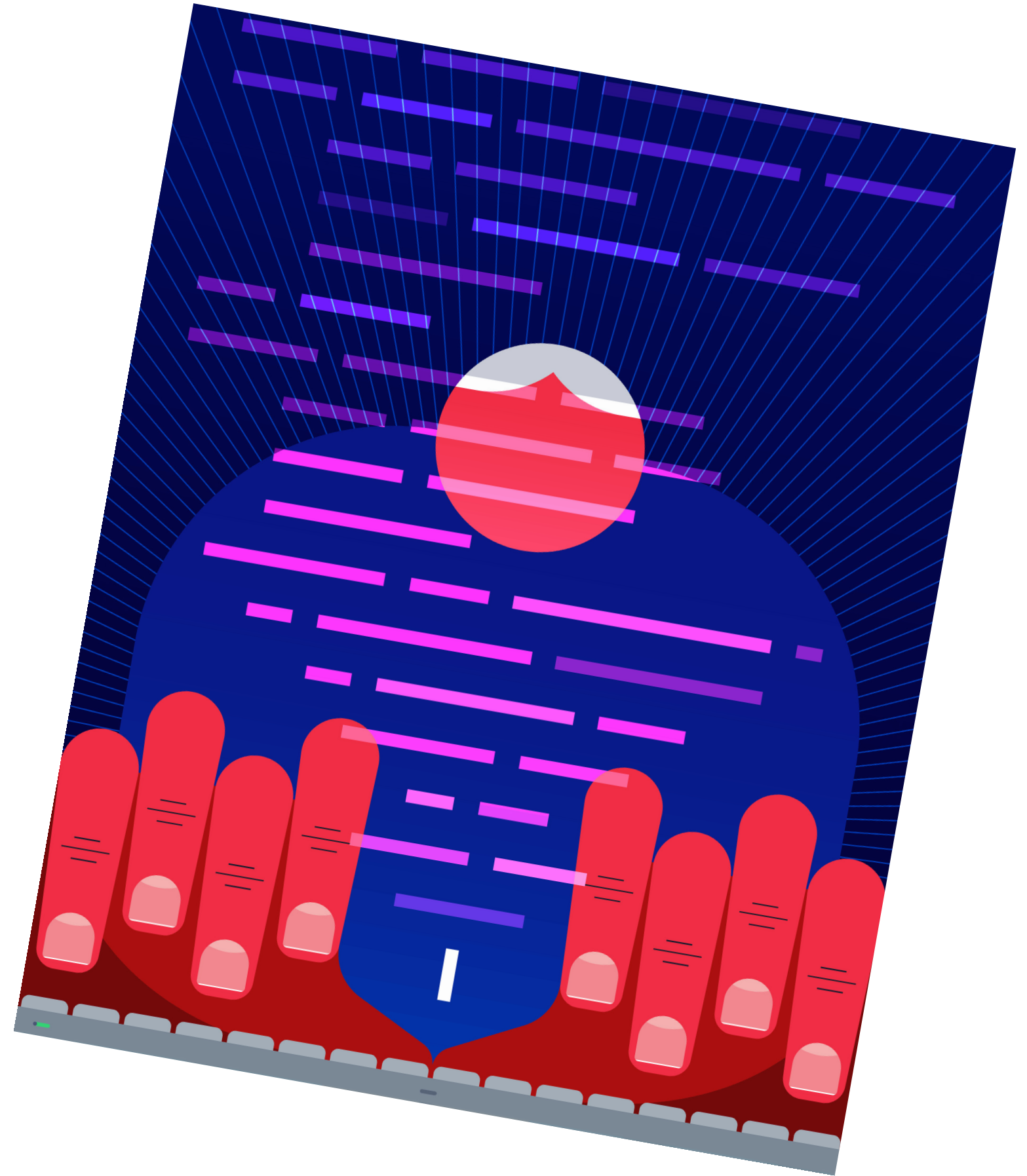
Developers were heroes. Business leaders say that software developers were crucial to solving business challenges due to COVID-19.

Our organization's software developers were crucial to solving the business challenges caused by COVID-19.

Agree

Italy 97% · Spain 96% · Germany 93% · France 92% · UK 89% · EMEA 93% · Global 93%
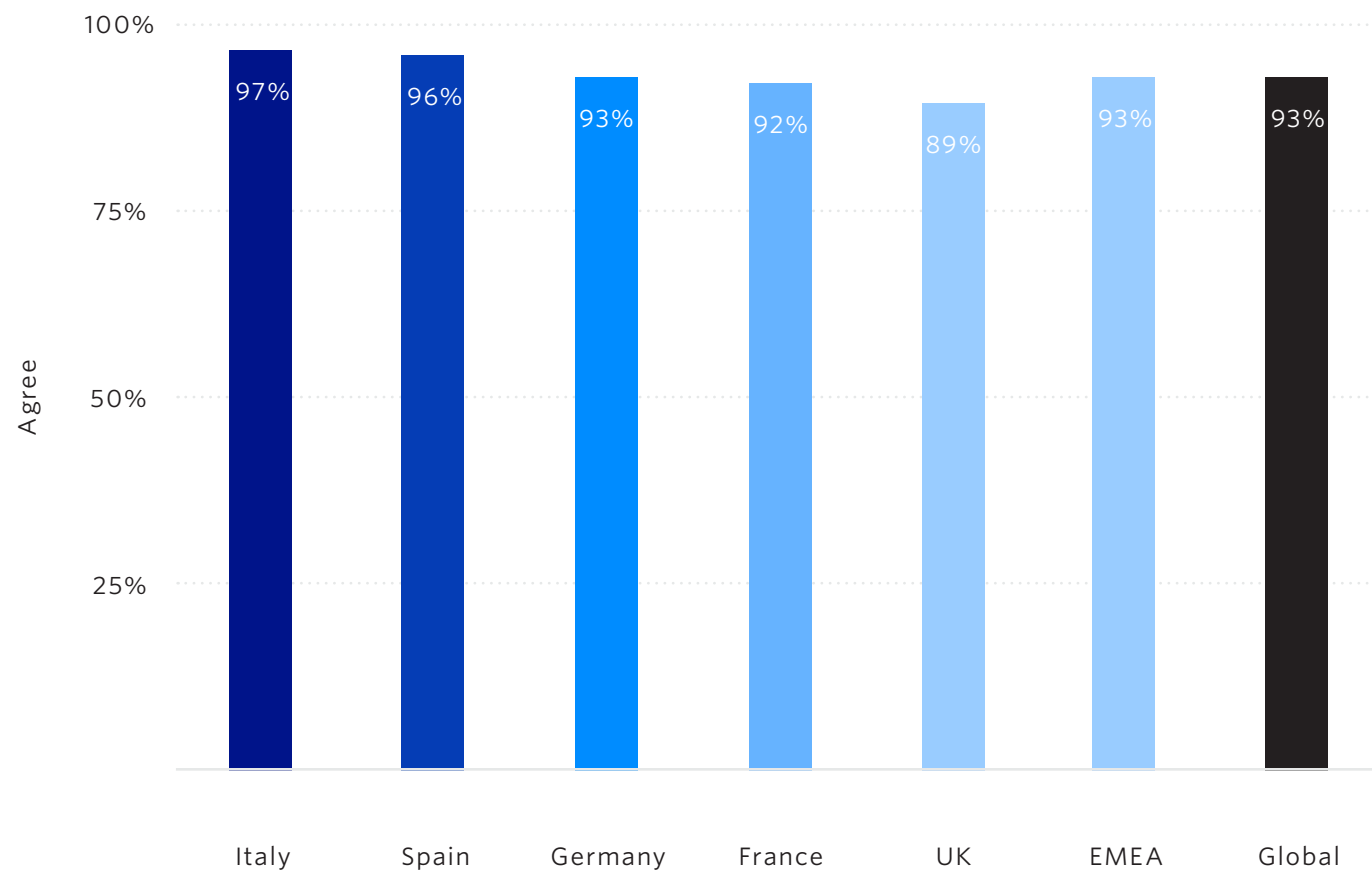
EMEA

97%

Of Italian companies say developers were crucial to solving business challenges during the pandemic

93%

Global average

Base: 1435 EMEA companies; 2549 Global companies; "Don't knows" removed

Businesses agree their company is more likely to build communications solutions to meet customer demands in the future.

My company is more likely to build communications solutions (rather than buy a pre-configured solution) to meet customer demands going forward.

100%

93%

75%

50%

25%

0%

93%

7%

Agree
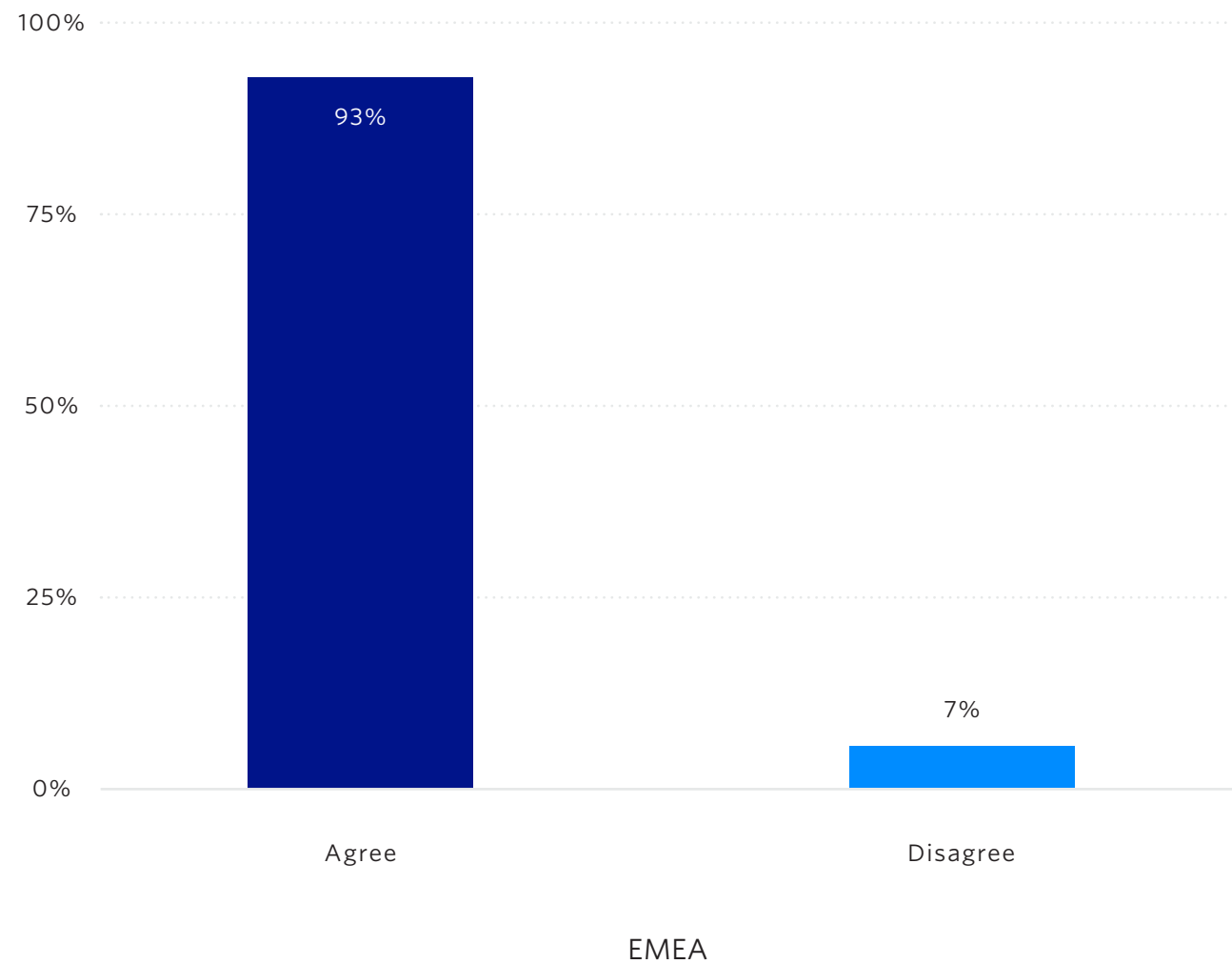
Disagree

EMEA

93%

Of companies agree that their company is likely to build its own communications solutions going forward

Base: 1429 EMEA companies; "Don't knows" removed

Almost 1 in 3 companies are choosing to build with programmable solutions.

What approach does your organization most often use when adding digital communications capabilities?
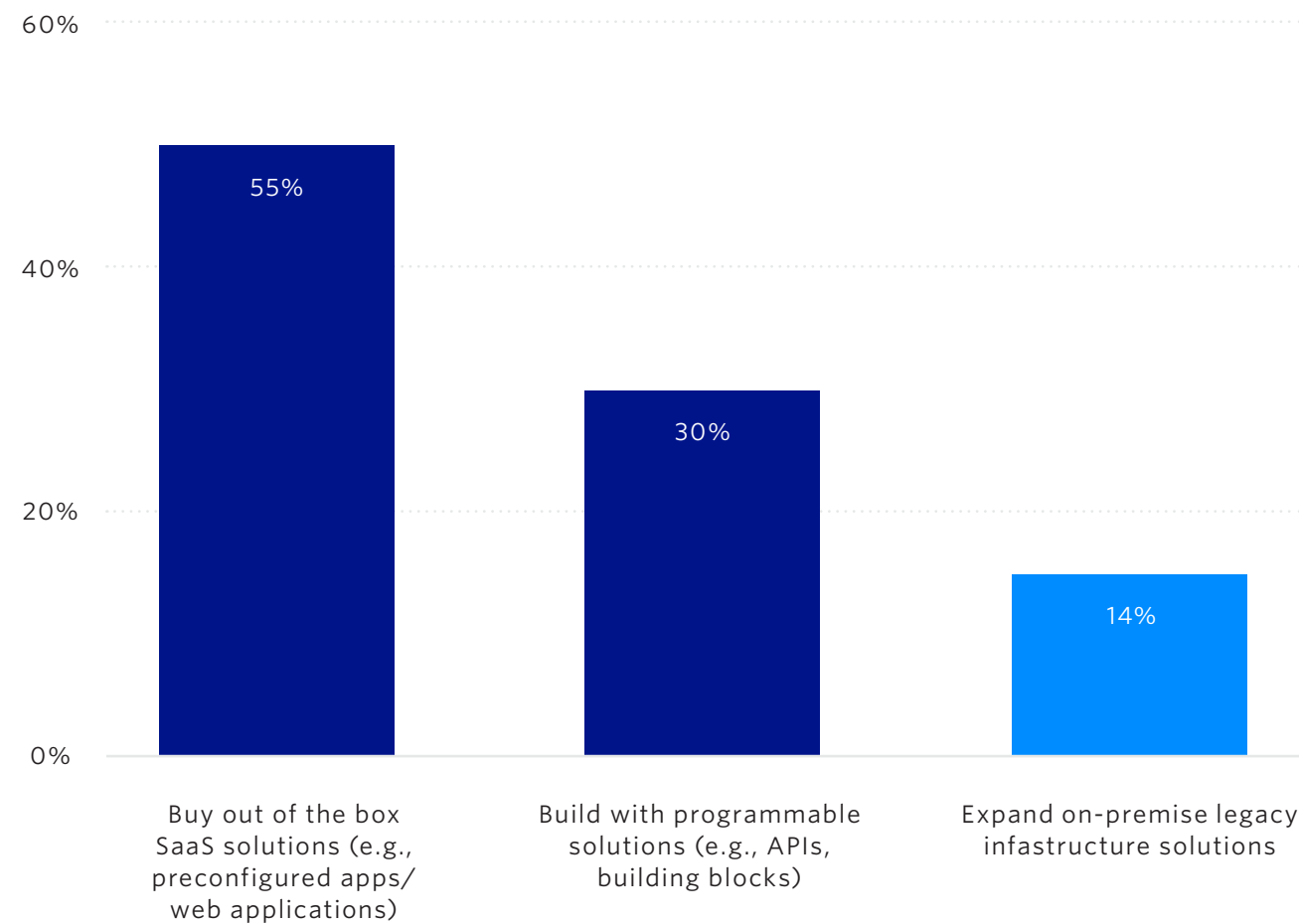
30%

Most often build with programmable solutions

- UK less likely to buy out of the box SaaS solutions: 47%

Base: 1427 EMEA companies; "Don't knows" removed

And the majority of companies will increase use of programmable solutions in 2021.

What approaches did your organization increase its use of in 2020 and
what approaches will it increase in the next 12 months?

● Increased use in 2020   ● Will increase use in 2021

Out of box SaaS solutions (e.g., preconfigured apps/ web applications)	68% / 64%
Programmable solutions (e.g., APIs, building blocks)	52% / 51%
On-premise legacy infrastructure solutions	37% / 39%
None of these	1% / 2%

0%   20%   40%   60%   80%
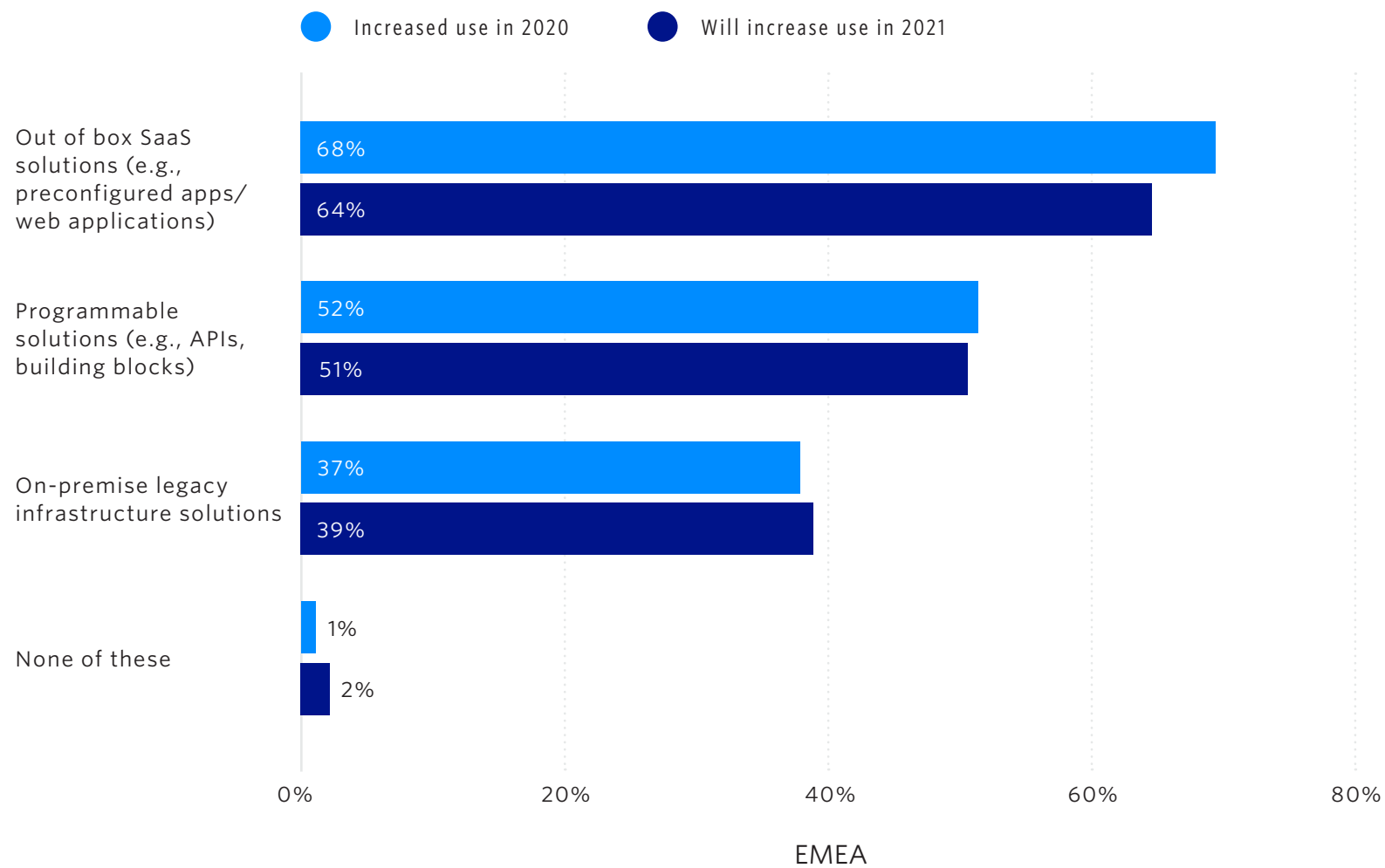
EMEA

Use of programmable solutions:

- Will increase in 51% of companies in 2021
- Increased in 52% of companies in 2020

Base: 1439 EMEA companies

EMEA countries are aligned on speed, reliability and flexibility as most important factors when choosing digital communications solutions.

What factors are most important to your organization when choosing
solutions to meet your digital communications strategy?

	Italy	Spain	Germany	France	UK	EMEA	Global
Speed - ability to implement and deploy quickly	55%	58%	50%	52%	58%	54%	56%
Reliability - consistent performance	56%	47%	49%	49%	57%	52%	54%
Flexibility - ability to customize based on business needs	57%	52%	51%	44%	59%	52%	53%
Agility - ability to adapt to solve emerging/unforeseen problems	49%	54%	43%	46%	46%	47%	47%
Simplicity - ease of development/deployment	39%	49%	45%	45%	50%	45%	45%
Scalability - ability to scale up or down	32%	31%	41%	38%	43%	37%	40%
Cost	28%	35%	24%	24%	32%	28%	30%

Digital engagement in Australia, Japan & Singapore

We surveyed 825 enterprise decision makers in Australia, Japan and Singapore to understand how they're using digital communications to engage their customers. Here's a closer look at what we found.

APAC: The lasting impact of COVID-19

A closer look at how COVID-19 impacted digital communications strategies going forward.

COVID-19 helped break down barriers to digital transformation.

What barriers to digital transformation has COVID-19 broken down within your organization?

	Singapore	Australia	Japan	APAC	Global
Lack of a clear transformation strategy	48%	47%	30%	41%	36%
Lack of time	41%	36%	18%	31%	33%
Lack of skills and know-how	40%	39%	25%	34%	32%
Getting executive approval or buy-in	36%	38%	35%	36%	34%
Insufficient budget	34%	34%	37%	35%	32%
Reluctance to replace legacy software	34%	31%	31%	32%	33%
Lack of engineering support	34%	37%	24%	31%	28%
Bureaucracy	22%	17%	30%	23%	27%
Not applicable, we had no barriers	3%	1%	9%	5%	5%
None of these	0%	1%	3%	2%	2%
Average # of barriers broken down due to COVID-19	2.9	2.8	2.3	2.6	2.6

Base: 825 APAC companies; 2,562 Global companies

COVID-19 stimulated increases in digital transformation budgets.

How much did your company's 2020 spend on digital transformation increase or decrease compared to your company's 2019 spend on digital transformation?

Increased 200% or more (tripled)	2%
Increased 100% to 199% (doubled)	9%
Increased 50% to 99%	28%
Increased 1% to 49%	40%
No change	7%
Decreased 1% to 49%	9%
Decreased 50% to 99%	2%
Decreased 100% (no spend in 2020)	0%
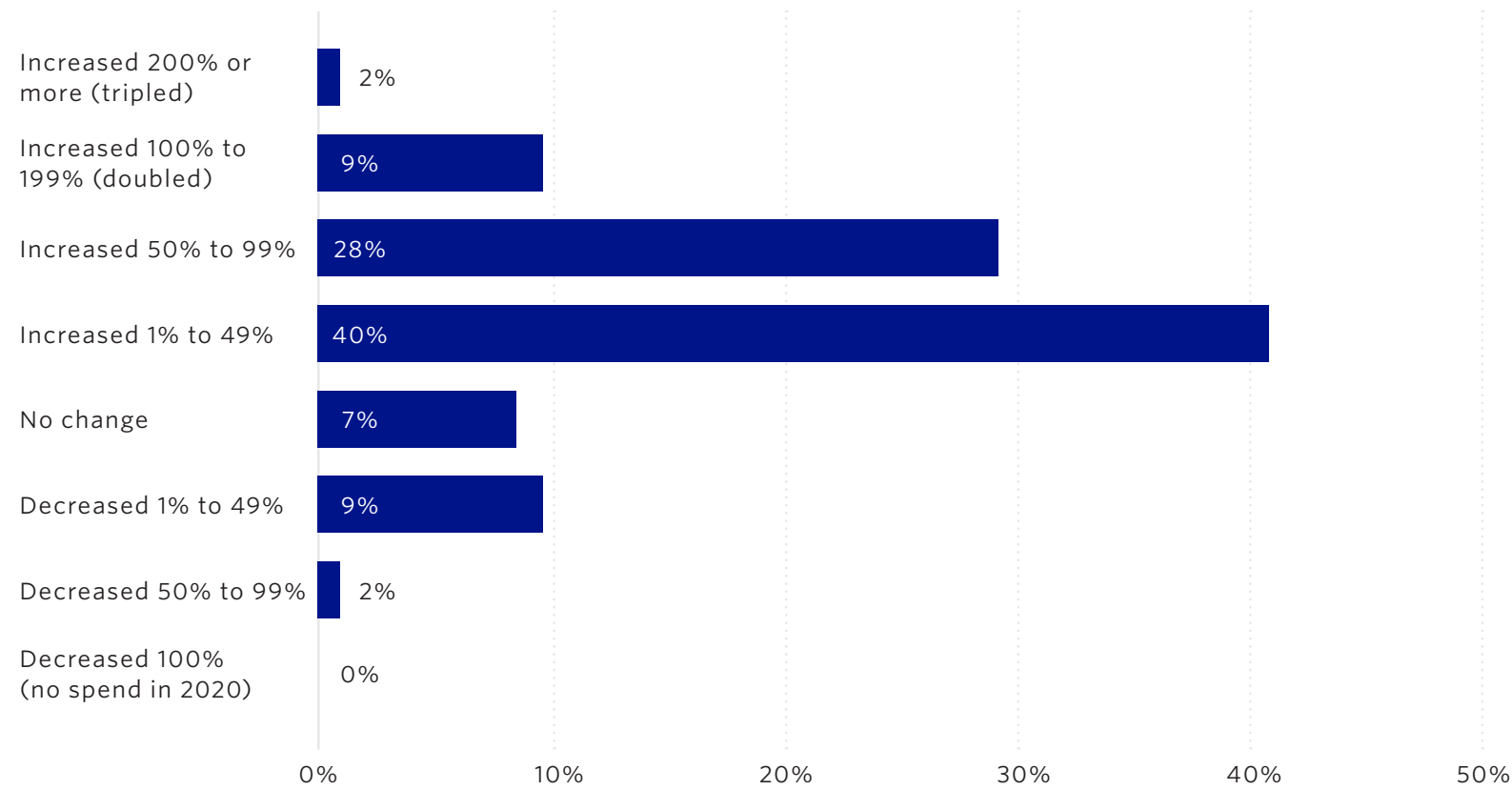
46%

Global average percent increase in digital transformation budgets from last year

In Japan, digital transformation budgets increased an average of 59%

Base: 2,545 companies; "Don't knows" and Not applicable excluded

Singapore accelerated its digital transformation by over 6 years as a result of the pandemic.

About how many years has COVID-19 accelerated the schedule for your digital transformation strategy?
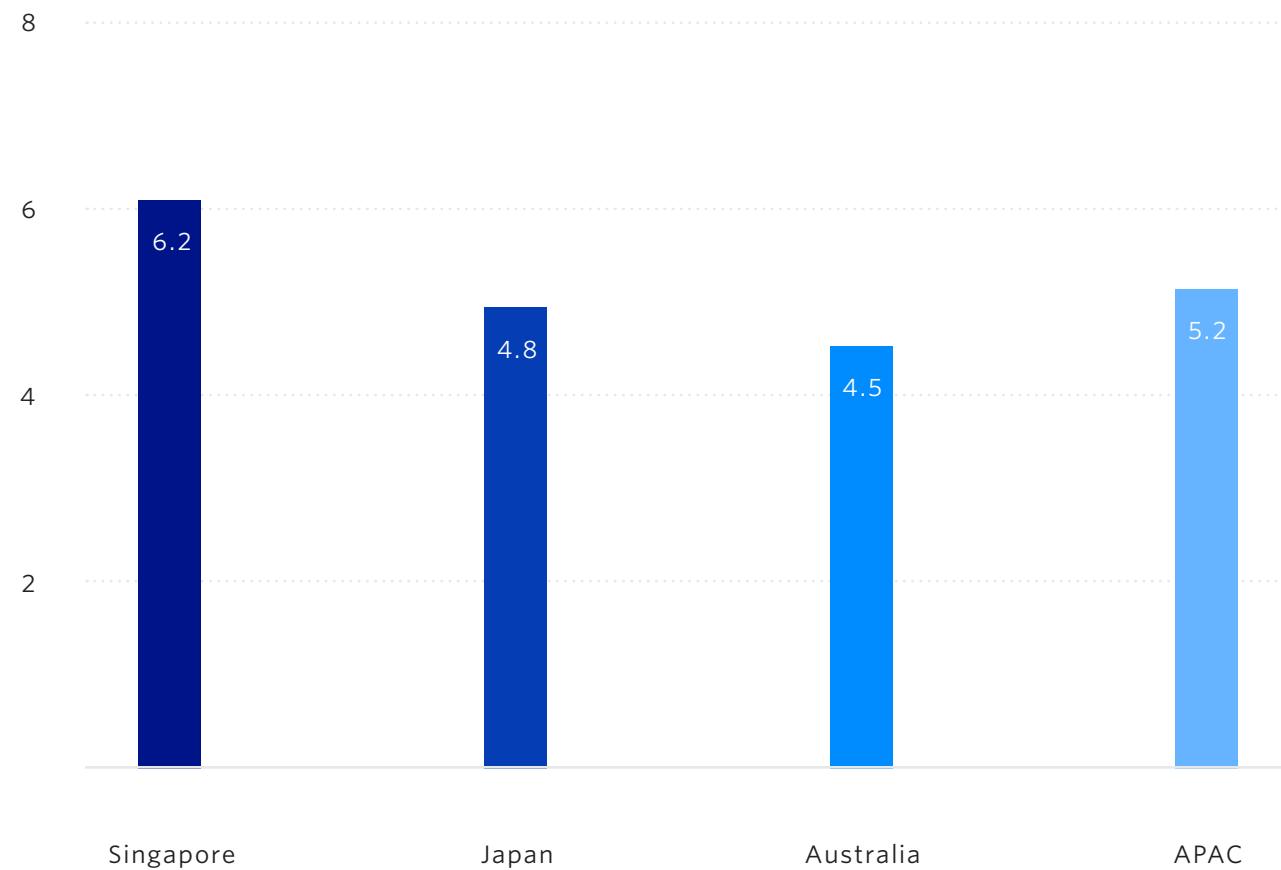
Average # of years digital transformation has been accelerated

Average # of years digital transformation accelerated due to the pandemic:

Most Acceleration:
Singapore   6.2 years

Least Acceleration:
Australia   4.5 years

Base: Midpoint averages of 260 to 297 companies per country that accelerated their digital transformation strategy due to COVID-19; "Don't knows" excluded

COVID-19 showed just how critical digital communications are to business survival.

How important are digital communications (e.g., via text, video, chat, email, voice) to your organization's survival during the pandemic?

60%

51%

40%

34%

20%

12%

3%

1%

Critically important

Very important

Moderately important

Slightly important

Not at all important
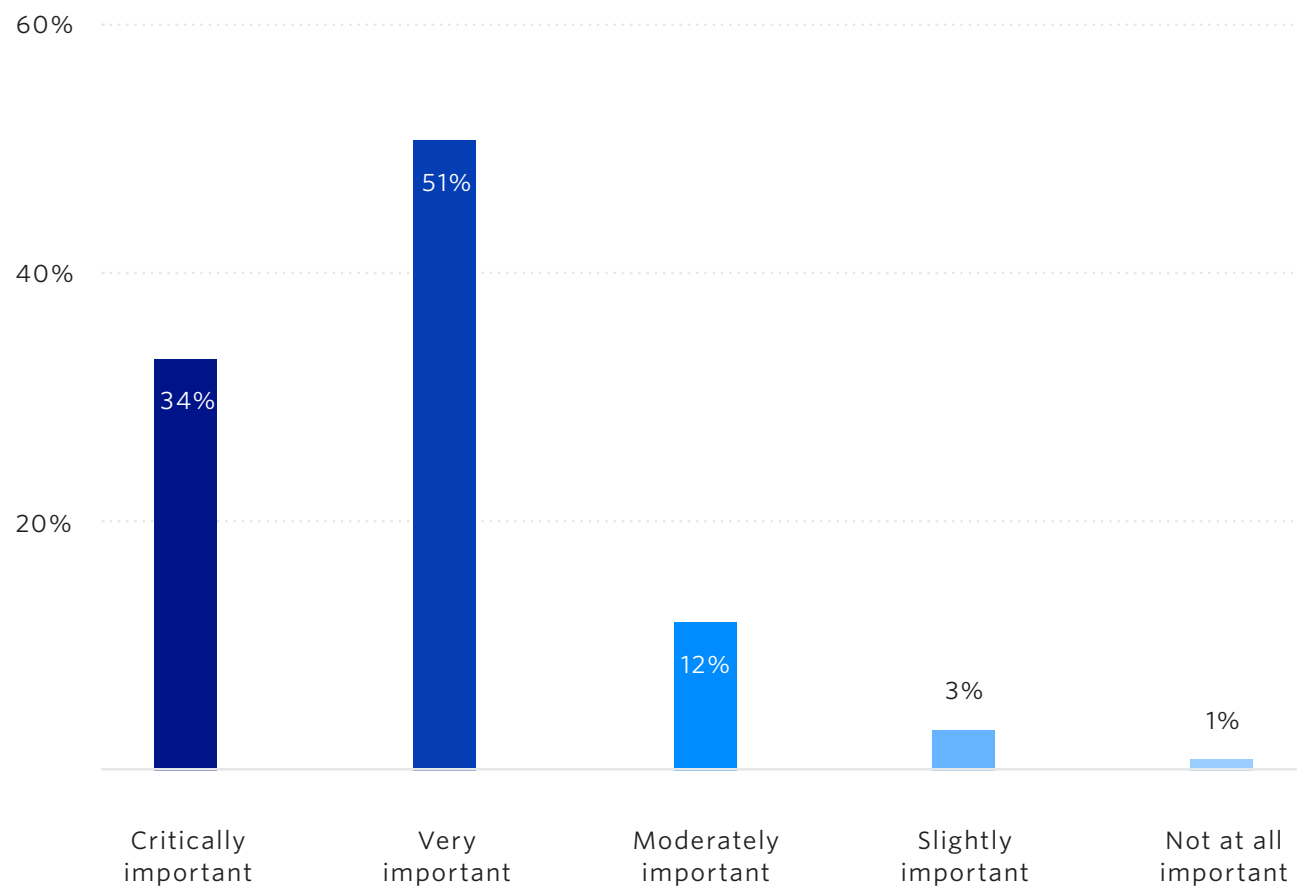
APAC
Base: 825 APAC companies (Australia, Japan, Singapore)

85%

Say digital communications are critically or very important to their current survival during the pandemic

And we aren't going back. 83% report it will be critically or very important to their success going forward.

How important will digital communications be to your organization's success after the pandemic ends?

50%

40%

30%

20%

10%

| 37% | 46% | 14% | 2% | 0% |
| Critically important | Very important | Moderately important | Slightly important | Not at all important |

APAC
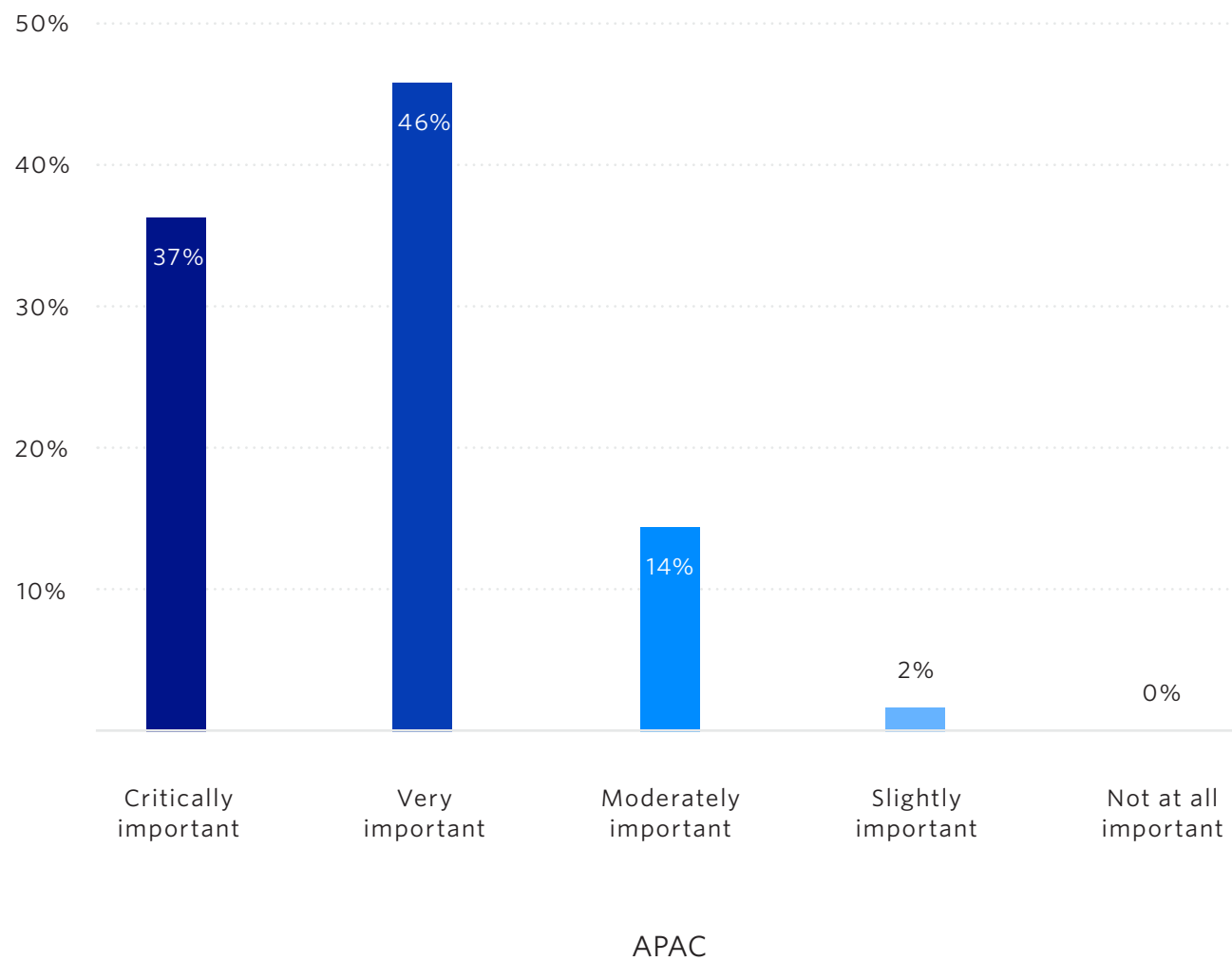
83%

Expect digital communications to be critically or very important to their success going forward.

More companies in Japan say digital communications will be critically important (45% vs. 33% in Australia and 33% in Singapore).

Base: 825 companies

93% of companies expect to increase or maintain their organization's investment in customer engagement after the pandemic.

When the pandemic is over, will your organization increase, maintain or decrease its current level of investment in customer engagement?
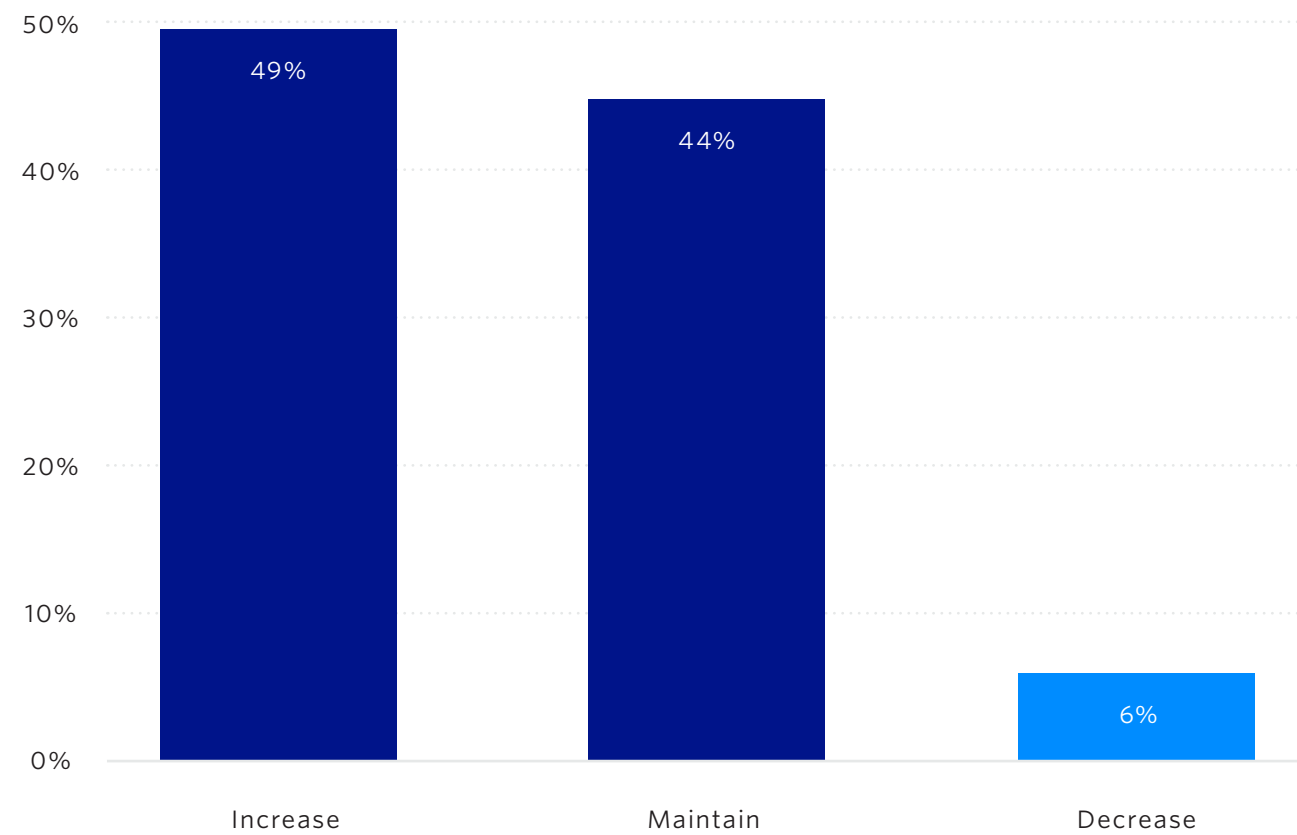
APAC

% of companies that will increase investment in customer engagement:

Singapore   56%
Japan   52%
Global   **48%**
Australia   41%

Base: 813 companies; 2545 Global companies; "Don't knows" removed

98% of organizations say NOT digitizing customer engagement would have negatively impacted their business.

What would have been the effects of not digitizing your customer engagement during the pandemic?

Category	Value
Unable to meet customer expectations	46%
Less competitive	45%
Loss of revenue	44%
Loss of customers	44%
Unable to serve customers	41%
Unable to reach new customers	41%
Higher debt level	27%
Bankruptcy/ out of business	21%
None of the above	2%

Base: 825
APAC companies

0%   10%   20%   30%   40%   50%
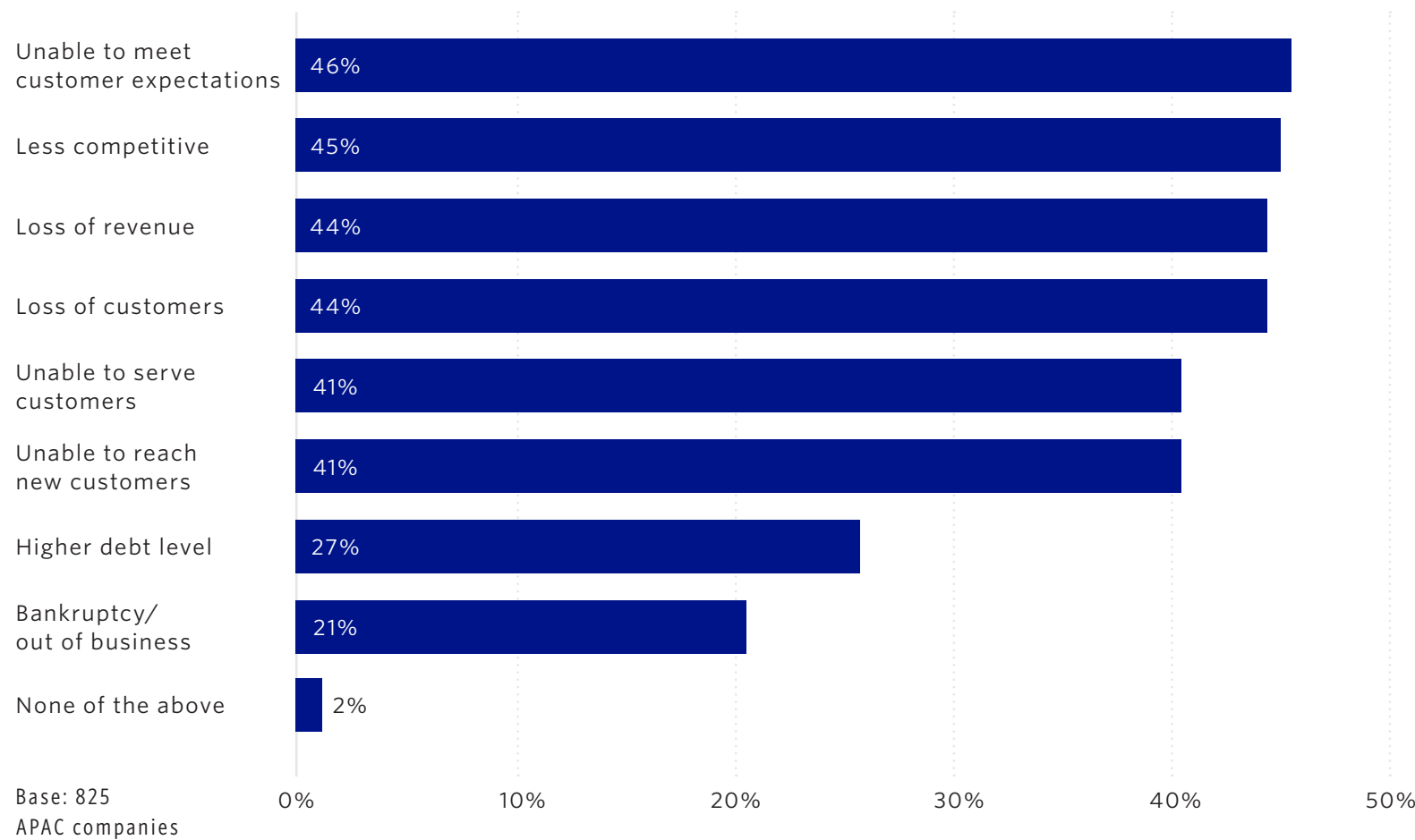
Effects of not digitizing customer engagement:
46% Unable to meet customer expectations
45% Less competitive
44% Loss of revenue
44% Loss of customers

Australia
46% Loss of revenue
41% Loss of customers
39% Unable to meet customer expectations
39% Unable to serve customers
39% Unable to reach new customers

Japan
48% Unable to meet customer expectations
44% Less competitive
39% Loss of customers

Singapore
55% Less competitive
52% Unable to reach new customers
52% Loss of customers

Change was swift. Most companies sped up their digital transformation within just weeks after the initial pandemic lockdown in their countries.

How long after the initial COVID-19 lockdown in your country did your organization begin accelerating its digital transformation strategy?
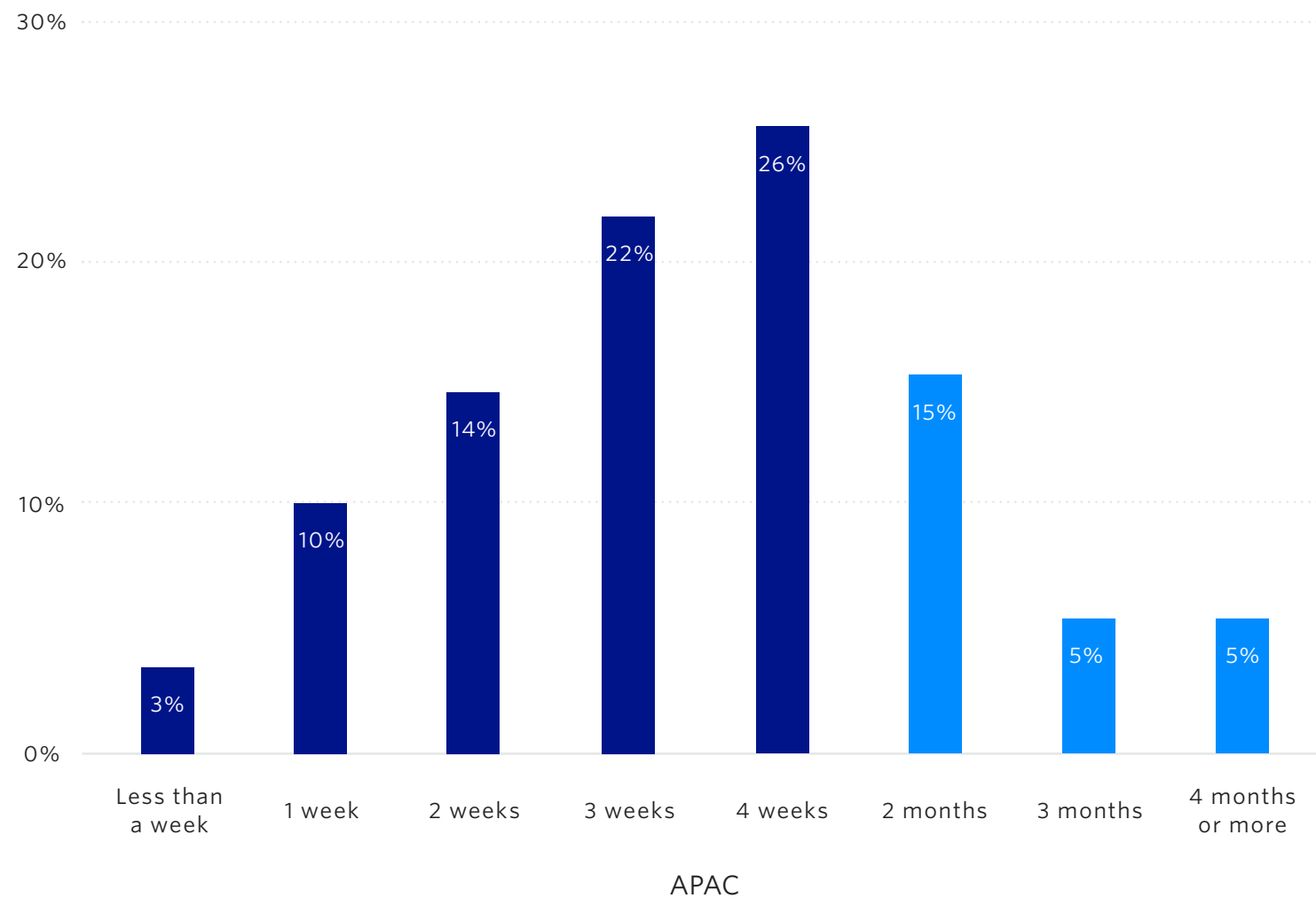
APAC

35.7 Days*

Average # of days it took APAC companies to begin accelerating digital transformation after initial COVID lockdown

Australia   32.6 days
Global   **34.5 days**
Singapore   34.7 days
Japan   39.4 days

Base: 738 APAC companies ; "Don't knows" removed
*Midpoint average of 738 companies with "Don't knows" excluded

Businesses built more, faster. Due to the pandemic, organizations were spurred to implement new channels 44% faster.

Average # of days to implement new communication channels: prior to COVID-19 vs during

About how long would it have taken your organization to implement new digital communication channels had it not been for the pandemic? — 62

About how long did it take your organization to implement new digital communication channels during COVID-19? — 35
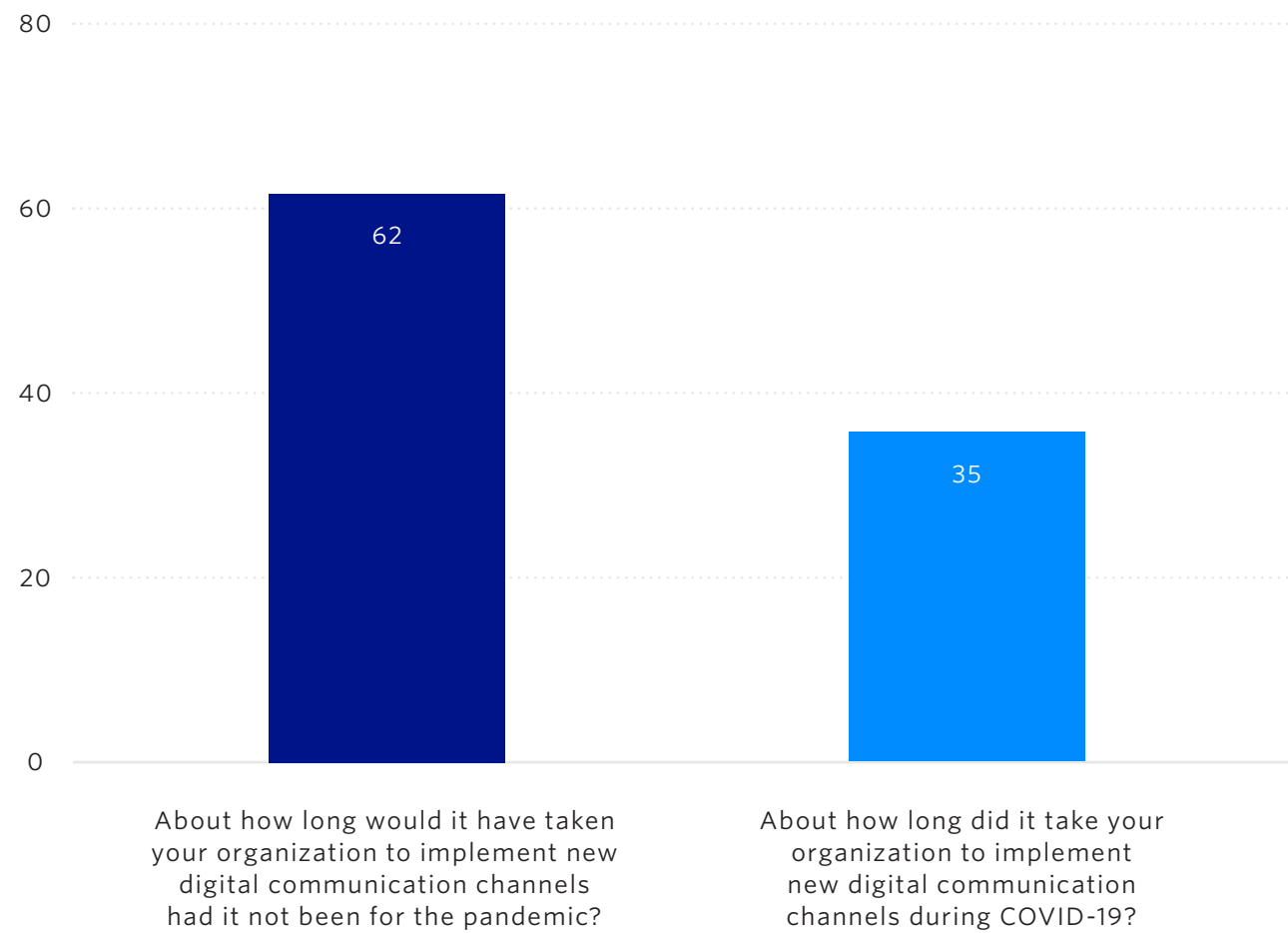
APAC

It took organizations **27** fewer days to implement new communication channels during the pandemic - a 44% decrease in number of days

	Prior	During Covid
Australia	45 days	30 days
Global	**61 days**	**33 days**
Japan	72 days	36 days
Singapore	69 days	39 days

Base: 761 companies during COVID-19 and 749 prior to COVID-19; "Don't knows" excluded

Digital Engagement in Australia, Japan & Singapore

91% report COVID-19 accelerated their move to the cloud.

COVID-19 accelerated my organization's move to the cloud.

9%

● Agree

○ Disagree

91%
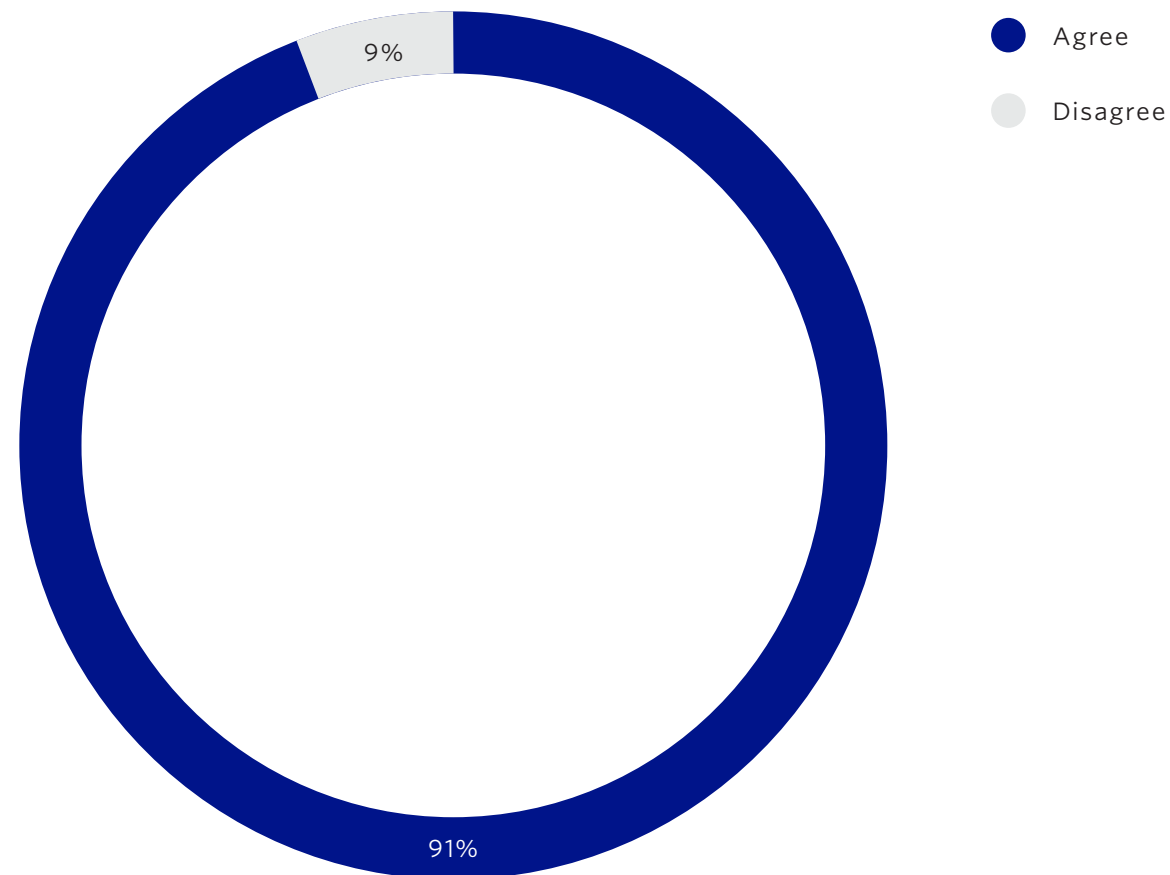
APAC

91%

Say the pandemic sped up their organization's move to the cloud

This is true no matter the size of the company

Base: 818 APAC companies: "Don't knows" removed

95% of organizations plan to increase or maintain their current communication channel offerings after the pandemic.

When the pandemic is over, will your organization increase, maintain or decrease the number of communication channels used?
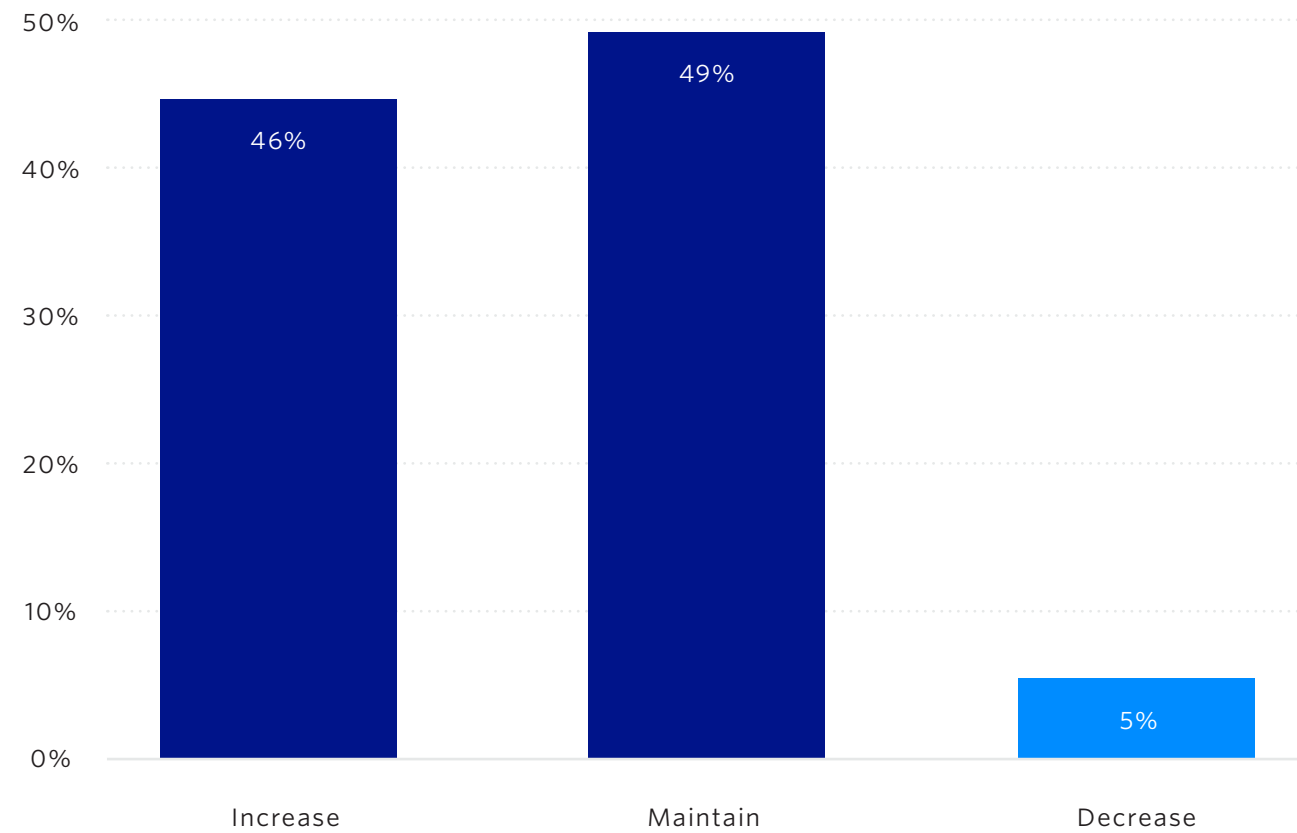
APAC

97% of Japanese companies plan to increase or maintain the number of communication channels used

Australian companies less likely to increase their number of communication channels: 35% (vs. 53% in Singapore and 50% in Japan)

Base: 813 companies; "Don't knows" removed

And businesses plan on adding 3 new channels in the next 12 months, with a third planning to implement live chat.

What digital communication channels does your organization plan to add in the next 12 months?

Channel	Percentage
Live chat	34%
Web-based chatbot	30%
Interactive voice response (IVR)	28%
In-app chat	28%
In-app calling	28%
Video	25%
Voice-based chatbot	24%
SMS-based chatbot	23%
Remote contact center	22%
Voice	20%
Social media	20%
Email	17%
SMS	17%
Website	15%
Messaging app	14%
None of these	7%

APAC

3.4
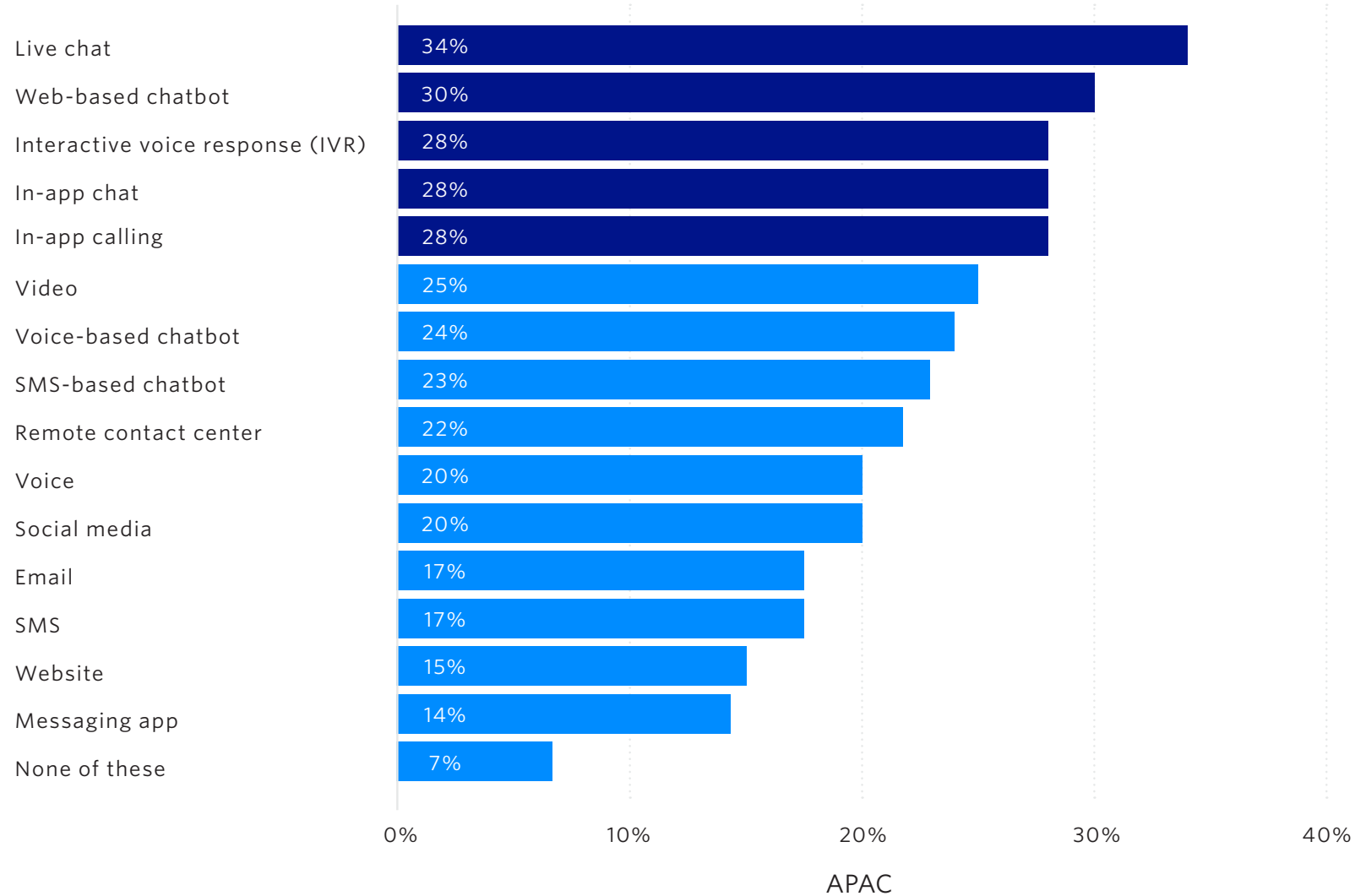
Average number of channels
APAC organizations plan to add
in the next 12 months

Adding in 2021	Average Number	
34% Live chat	Singapore	3.9
30% Web-based chatbot	Australia	3.7
28% IVR	**Global**	**3.5**
28% In-app chat	Japan	2.8
28% In-app calling		

Base: 825 APAC companies; 2,545 companies; "Don't knows" and Not applicable excluded

89% report increased customer insights as a result of greater customer engagement during the pandemic; top benefits of digitizing engagement are better customer experience and higher customer satisfaction.

As a result of increased customer engagement during COVID-19, did your organization gain new insights into your customer?

What benefits has your organization experienced as a result of digitizing its customer engagement?

- ● Agree
- ○ Disagree

11%

89%

Benefit	%
Better customer experience	45%
Higher customer satisfaction	40%
New data-driven insights into customers	38%
Increased innovation	38%
Higher customer retention	38%
Reached new customer segments	33%
Higher conversion rates	33%
Increased sales	32%
Positive return on investment (ROI)	31%
Increase in customer lifetime value	31%
None of these	2%

APAC

0%   10%   20%   30%   40%   50%

Organizations experience an average of 4 benefits as a result of digitizing their customer engagement

Base: 764 APAC companies; DK/NA removed

Base: 825 APAC companies

Other benefits experienced as a result of increased digital engagement.

What benefits has your organization experienced as a result of digitizing its customer engagement?

Column %	Singapore	Australia	Japan	Global
Better customer experience	54%	43%	40%	47%
Higher customer satisfaction	48%	34%	37%	44%
Increased innovation	42%	38%	35%	42%
New data-driven insights into customers	47%	36%	32%	37%
Higher customer retention	46%	39%	29%	40%
Reached new customer segments	41%	33%	26%	37%
Higher conversion rates	40%	39%	21%	32%
Increased sales	41%	34%	21%	36%
Increase in customer Lifetime Value (LTV)	36%	34%	25%	30%
Positive Return on Investment (ROI)	32%	36%	25%	32%
None of these	0%	1%	5%	1%

Singapore more likely than Australia and Japan to experience: Better customer experience, Higher customer satisfaction, Obtaining new data-driven insights into customers, Higher customer retention, Ability to reach new customer segments, and Increased sales.

Base: 825 APAC companies

Over half of organizations report their digital interactions increased 50% or more during the pandemic.

About how much did the number of digital interactions with customers increase or decrease during COVID-19?

60%	
40%	
20%	

0% — Decreased 50% or more
4% — Decreased 1% to 49%
6% — No change
36% — Increased 1% to 49%
53% — Increased 50% or more
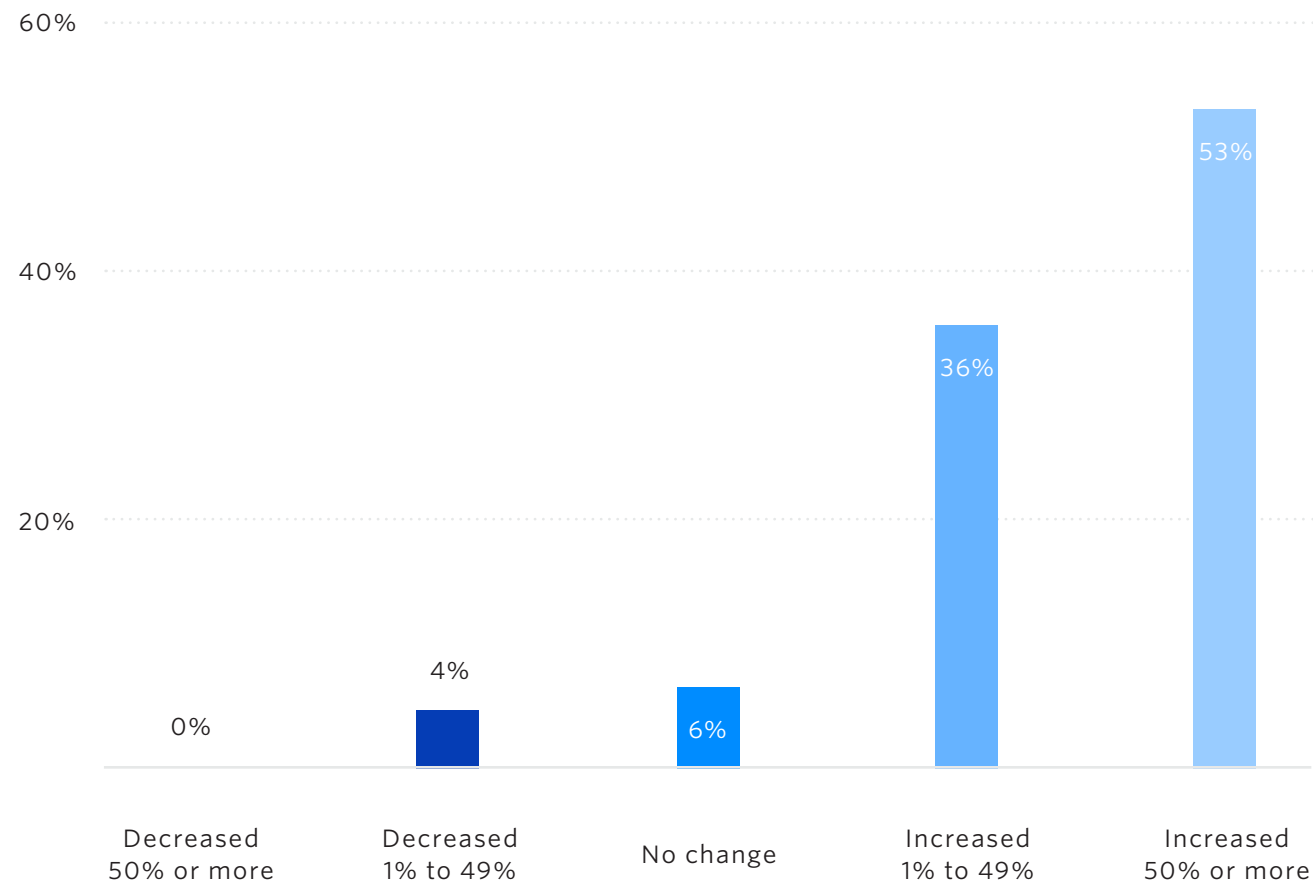
APAC

53%

Saw an increase in digital interactions of 50% or more

61%

Average increase in number of digital touchpoints with customers during COVID-19

Average Increase in Digital Interactions

67% Singapore

63% Global Average

62% Japan

52% Australia

Base 816 APAC companies; 2550 Global companies; "Don't knows" removed

Overall, companies' digital customer engagement increased 29% since the pandemic.

	About what percentage of your organization's customer engagement was digital prior to COVID-19?	About what percentage of your organization's customer engagement is currently digital?
	41%	53%

APAC
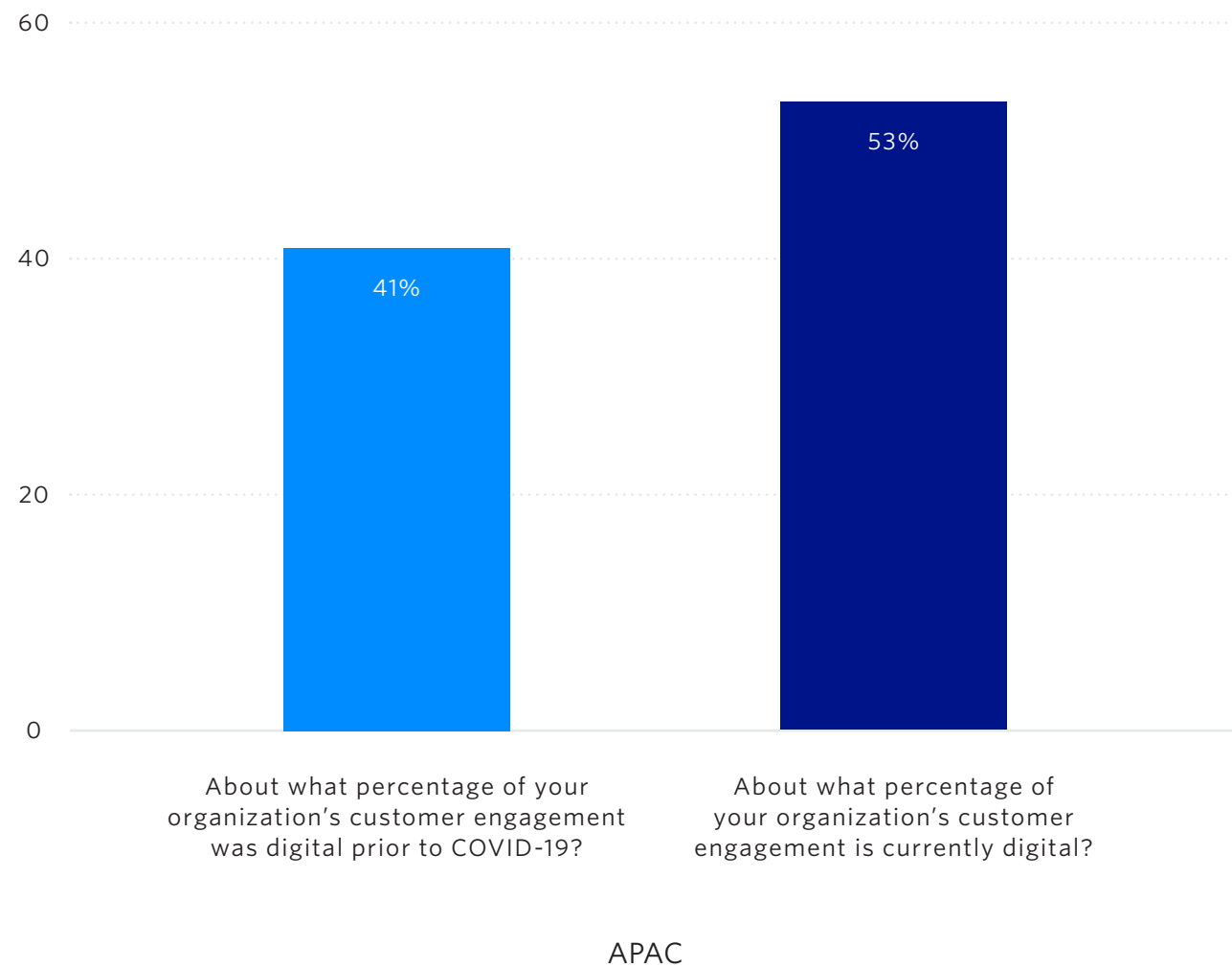
The share of customer engagement that is digital increased 12 percentage points from 41% pre-COVID-19 to 53% in December 2020, which represents a 29% increase.

	Prior	During COVID
Global Average	**43%**	**58%**
Singapore	41%	56%
Japan	42%	54%
Australia	40%	50%

Base: 814 companies pre-COVID and 825 during COVID; "Don't knows" excluded

Due to the pandemic, 32% of organizations implemented new channels within 2 weeks.

Time to implement new digital communication channels during COVID-19 vs prior to the pandemic

● Prior to COVID-19   ● During COVID-19

APAC
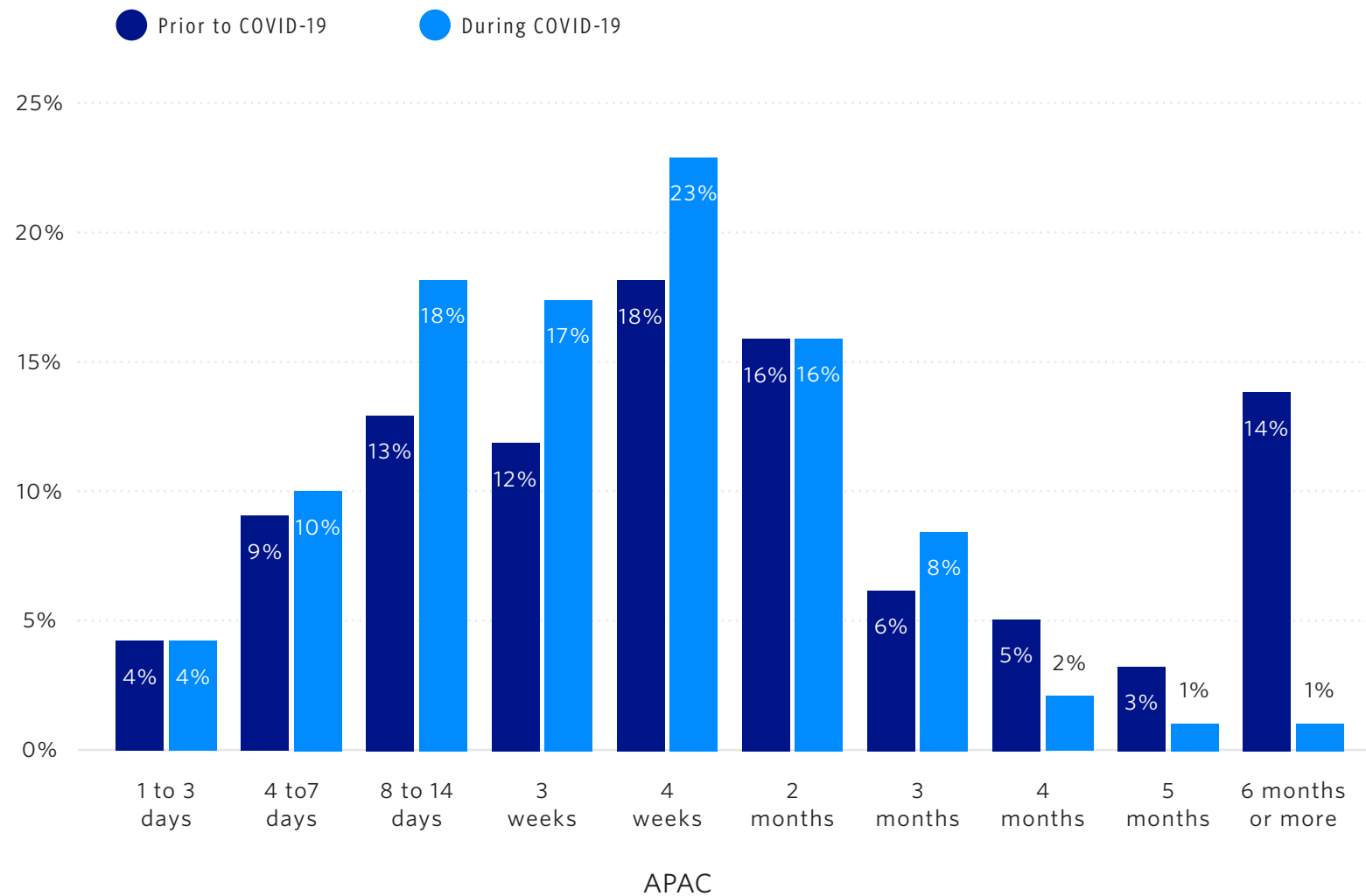
The pandemic spurred a rapid response for implementing new digital communication channels:

- 32% within 2 weeks during COVID-19 vs. 26% prior to the pandemic
- Prior to COVID, 21% of Japanese companies took 6 months or more

Average Number of Days to Implement new Channels

	Prior	During Covid
Australia	45	30
Global Average	**61**	**33**
Japan	72	36
Singapore	69	39

Base: 1439 EMEA companies; DK/NA removed

Digital engagement within regulated industries

92% of companies in highly regulated industries plan to maintain or increase their current level of investment in customer engagement.

When the pandemic is over, will your organization increase, maintain or decrease
its current level of investment in customer engagement?

Legend: ⬤ Decrease ⬤ Maintain ⬤ Increase

	Global	APAC	Australia	Japan	Singapore
Decrease	5%	8%	21%	3%	3%
Maintain	44%	34%	39%	38%	29%
Increase	51%	58%	39%	59%	68%

Highly regulated industries
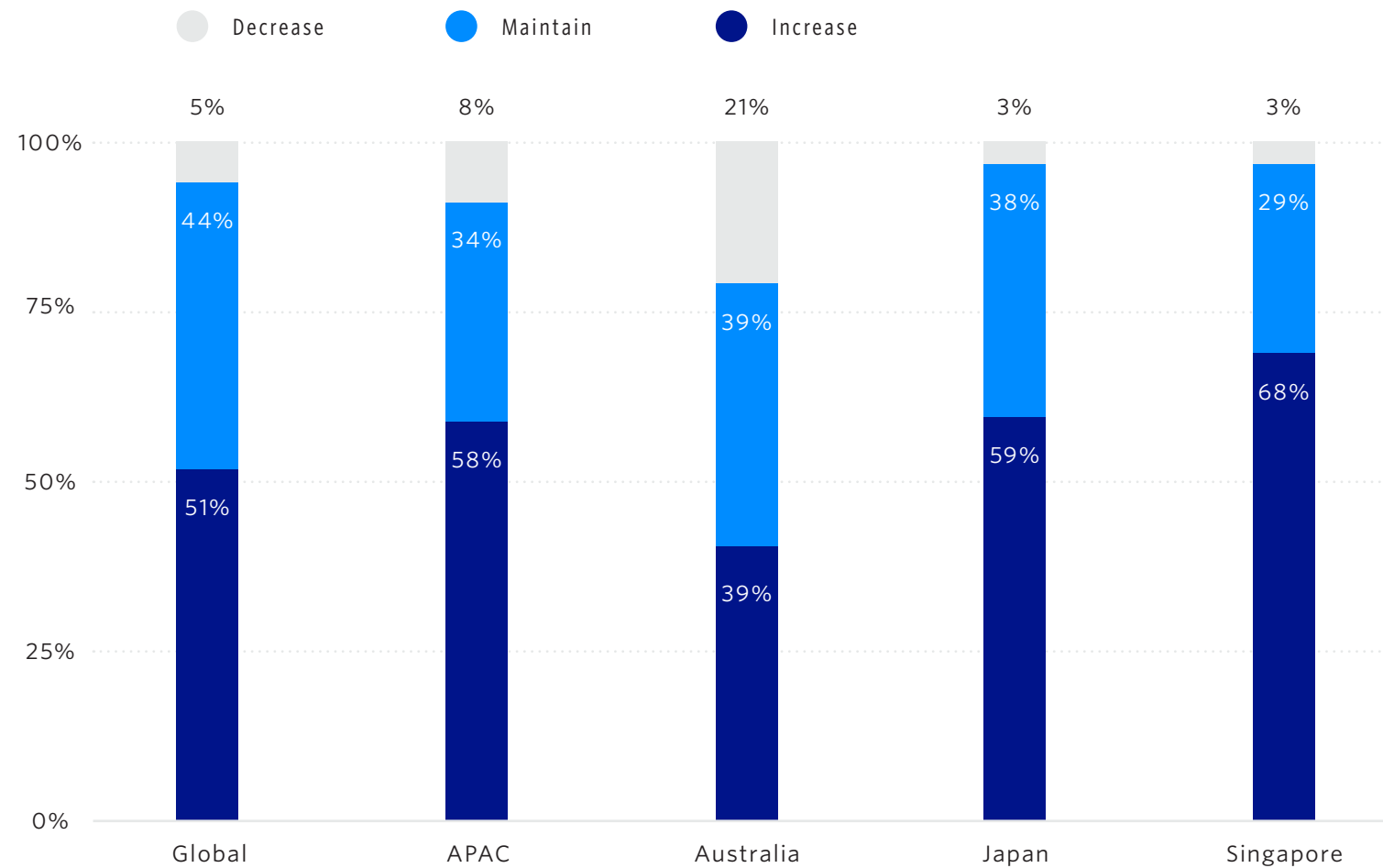
Base: 127 APAC companies in highly regulated
industries (Finance, Government and Healthcare);
375 Global companies in highly regulated
industries; "Don't knows" excluded

And 78% of APAC companies in highly regulated industries report it will be critically or very important to their success going forward.

How important will digital communications be to your
organization's success after the pandemic ends?

● Critically to very important

○ Moderately to not at all important

22%

78%

APAC Highly regulated industies (Finance, Government and Healthcare)
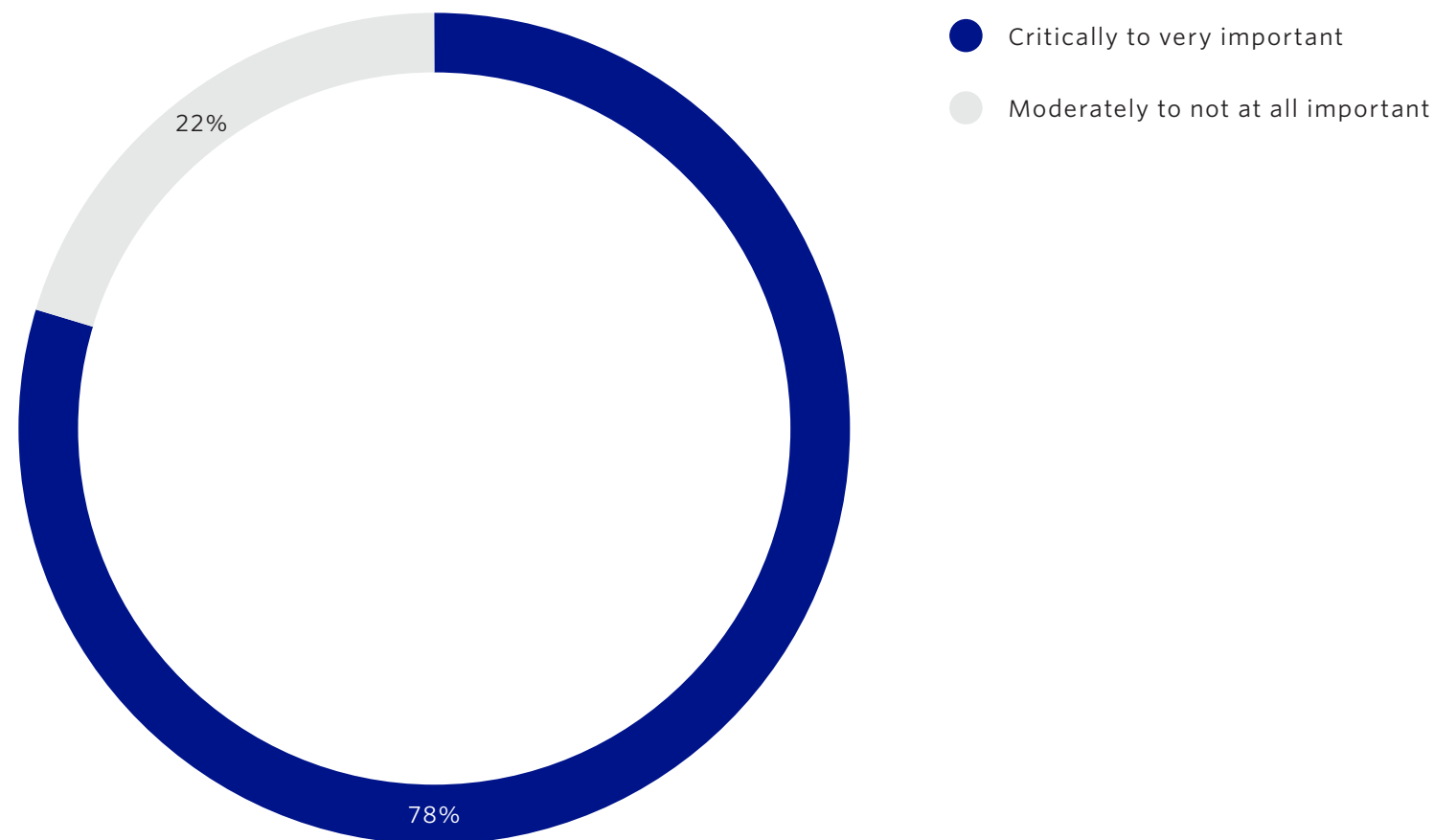
78%

Of companies in highly
regulated industries expect
digital communications to be
critically or very important to
their success going forward

Base: 129 APAC companies in highly regulated industries
(Finance, Government and Healthcare)

APAC industries are aligned in their view that digital communications will be critical to their success after the pandemic.

How important will digital communications be to your organization's success after the pandemic ends?

Moderately to not at all important ● Critically to very important

13%	14%	15%	16%	17%	23%	24%	27%	13%
87%	86%	85%	84%	83%	77%	76%	73%	87%
Technology	Manufacturing and Automotive	Retail and eCommerce	Finance	Delivery, Transportation and Logistics	Healthcare	Construction	Business Services	Global
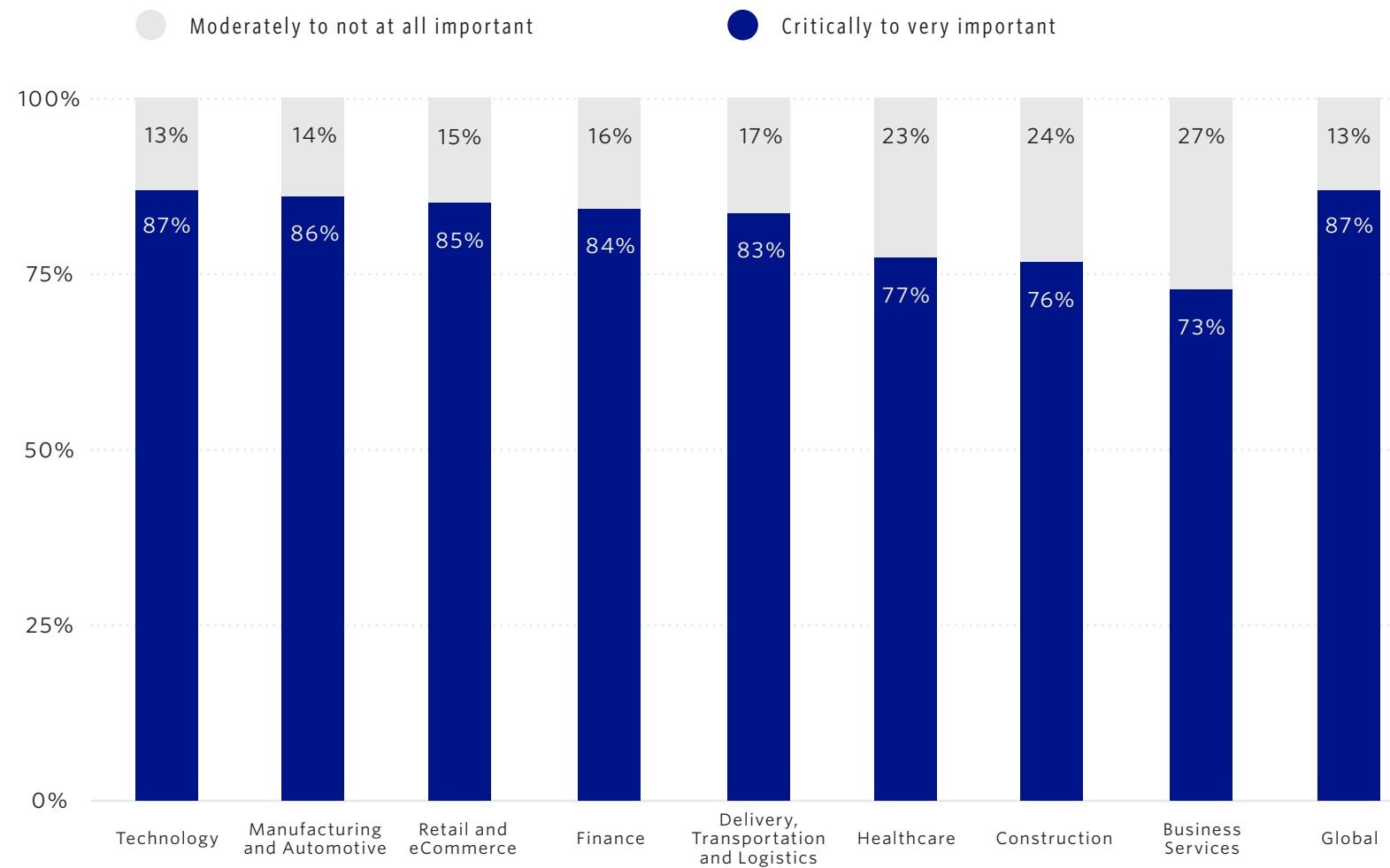
No significant differences by industry

Base: 30 to 171 APAC companies per industry; "Don't knows" removed

86% report COVID-19 spurred their highly regulated organization to explore new strategies to serve customers.

COVID-19 stimulated our organization to explore new and untested strategies to serve our customers.

● Agree

● Disagree

14%

86%

APAC Highly Regulated Industries
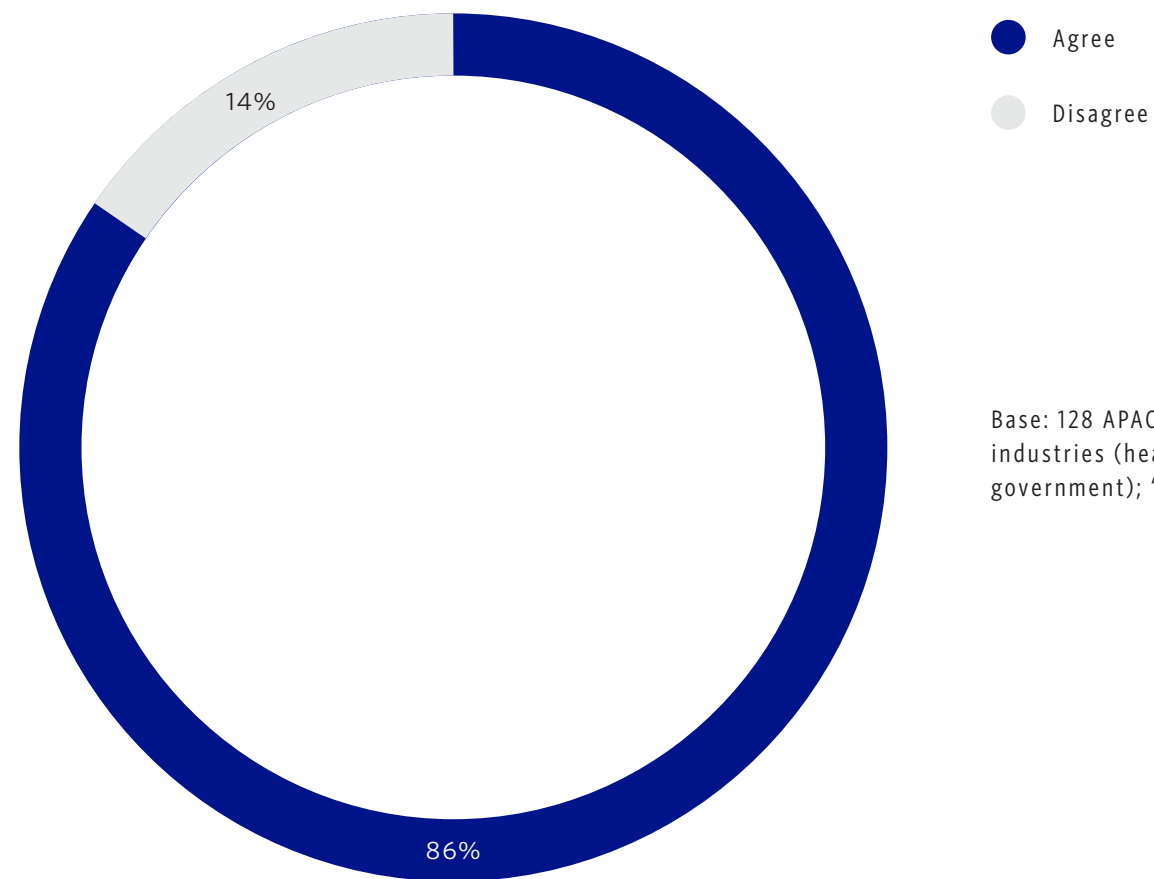
Base: 128 APAC companies in highly regulated industries (healthcare, financial services, government); "Don't knows" excluded

Digital customer engagement in highly regulated industries increased 33% due to COVID-19.

Highly regulated industries APAC vs. global

● APAC   ● Global

60%

43%   41%   57%   60%

40%

20%

0%

About what percentage of your organization's customer engagement was digital prior to COVID-19?
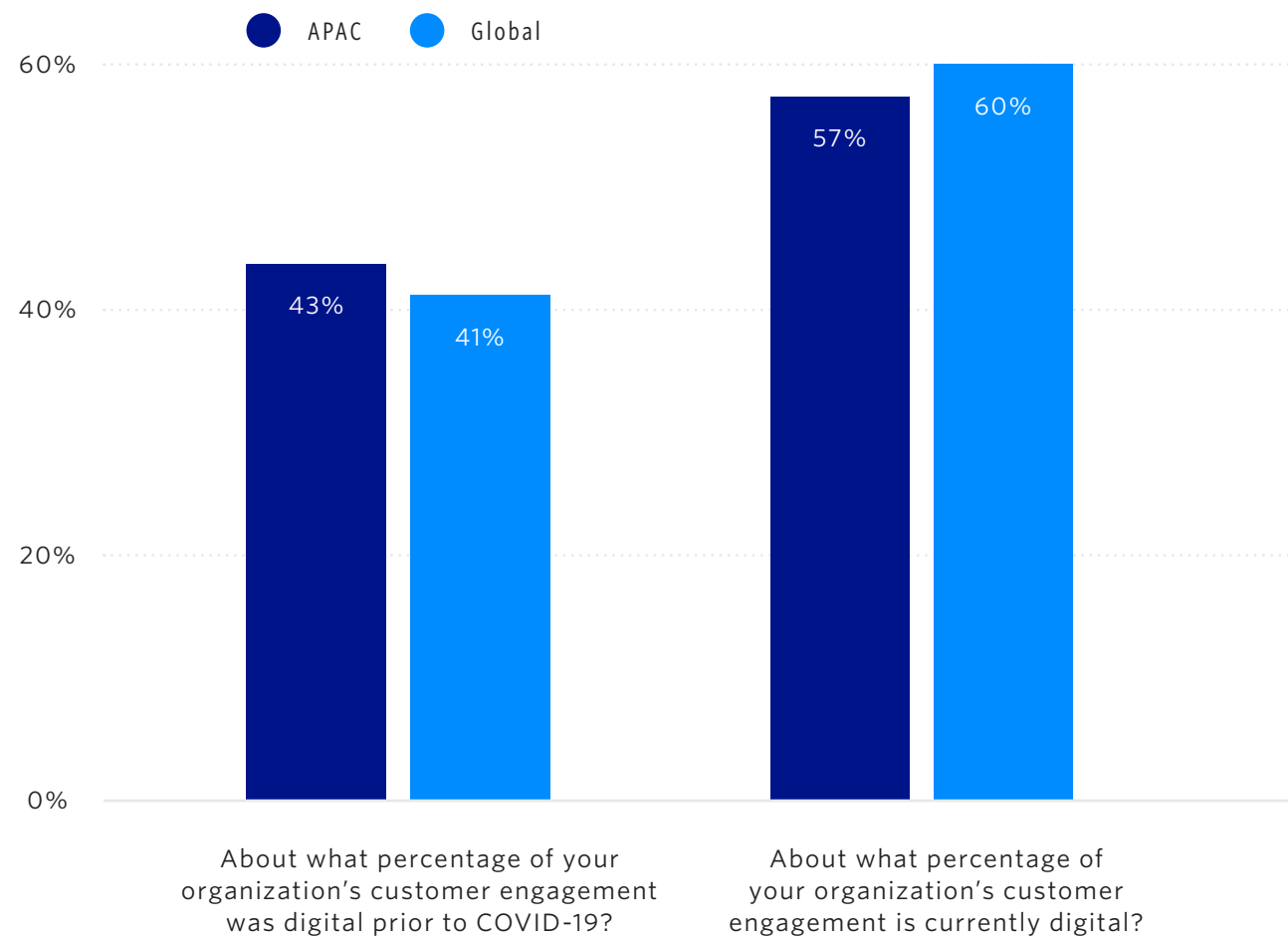
About what percentage of your organization's customer engagement is currently digital?

Highly regulated/APAC vs global

The share of customer engagement that is digital increased 14 percentage points from 43% pre-COVID-19 to 57% in December 2020, which represents a 33% increase (vs. a 46% increase in highly regulated industries globally).

In Australia 67% of customer engagement was digital during COVID (vs. 52% in Japan and 55% in Singapore)

Base: 128 highly regulated companies in APAC pre-COVID and 128 during COVID; "Don't knows" excluded

Video enhances our virtual connections

99% report their use of video communications with customers accelerated more than other channels during the pandemic.

During COVID-19, did your organization's use of video communications with customers accelerate more than other channels?
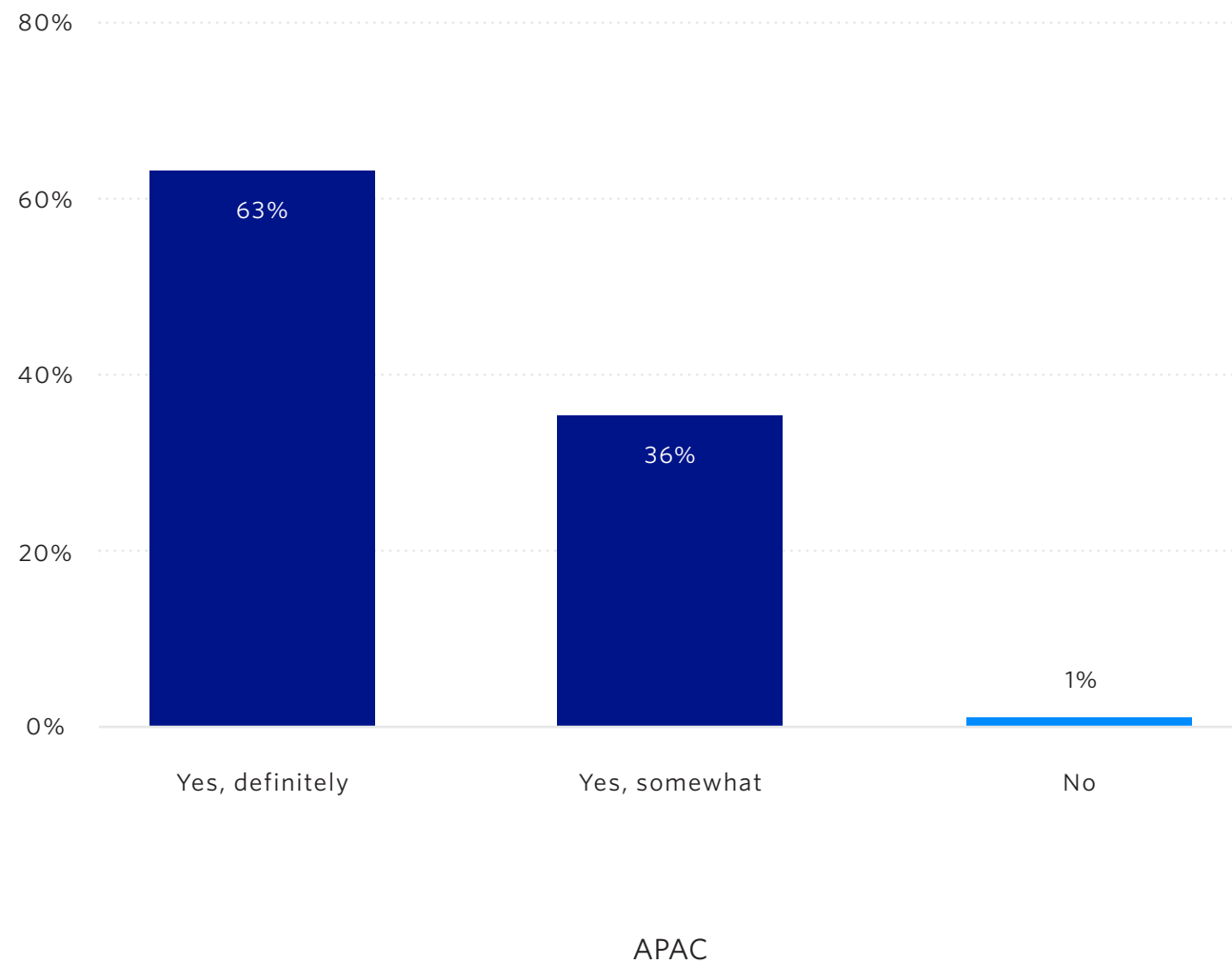
APAC

63%

Say their video communications with customers definitely accelerated more than other communications channels

Base: 647 APAC companies that used video in 2020; "Don't knows" removed

More than 3 in 4 organizations now use video communications with their customers.

Does your organization currently use video communications with its customers?

No ⚪   **Yes** 🔵

	Singapore	Australia	Japan	APAC	Global
No	14%	24%	25%	21%	21%
Yes	86%	76%	75%	79%	79%
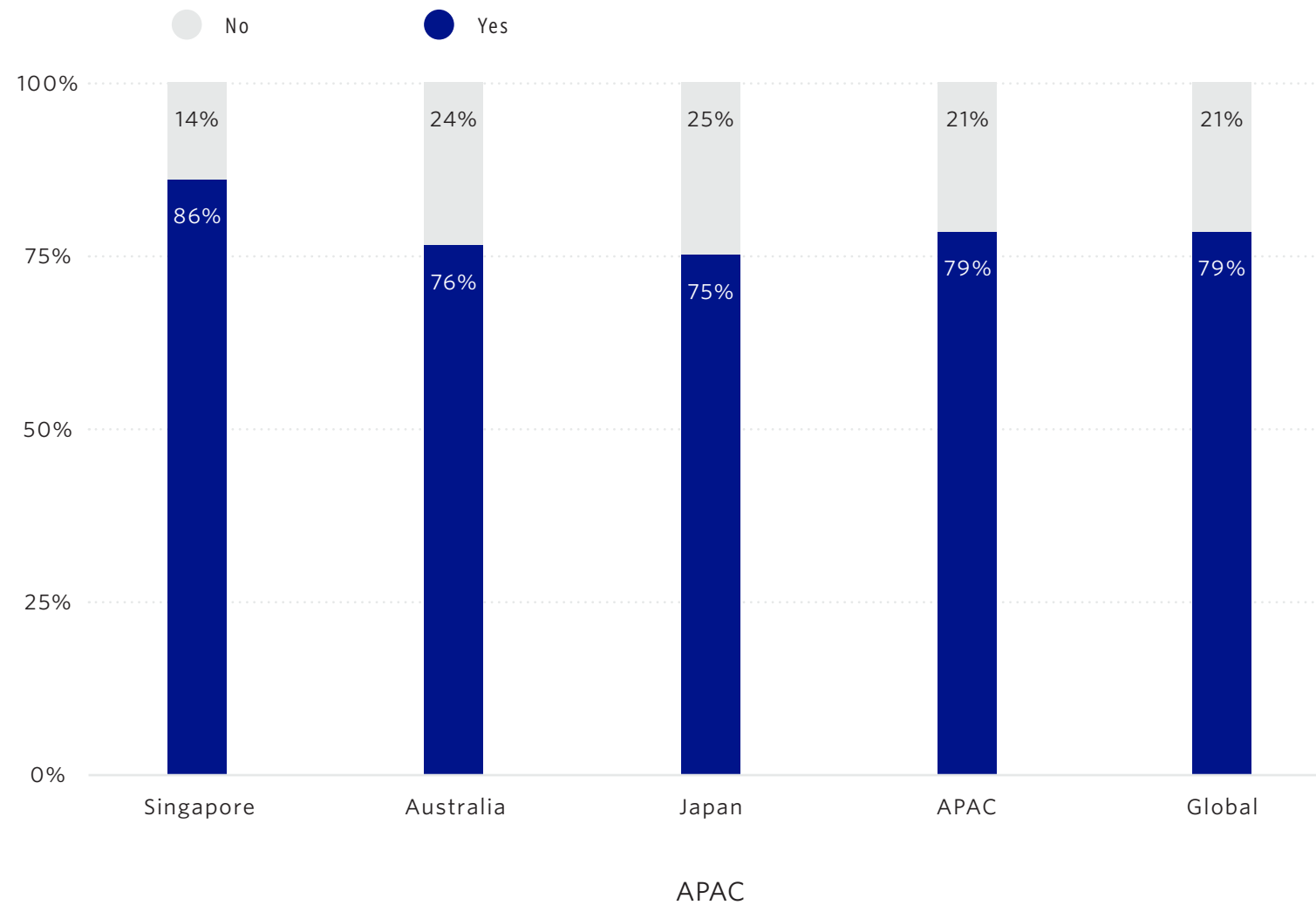
APAC

79%

Say they currently use video communications with their customers

Singapore more likely to use video than Australia and Japan

Base: 821 APAC companies; 2557 Global companies "Don't knows" removed

Stronger relationships and more efficient use of company resources are top benefits of video channel use with customers.

What benefits of using video communications with your customers has your company experienced?
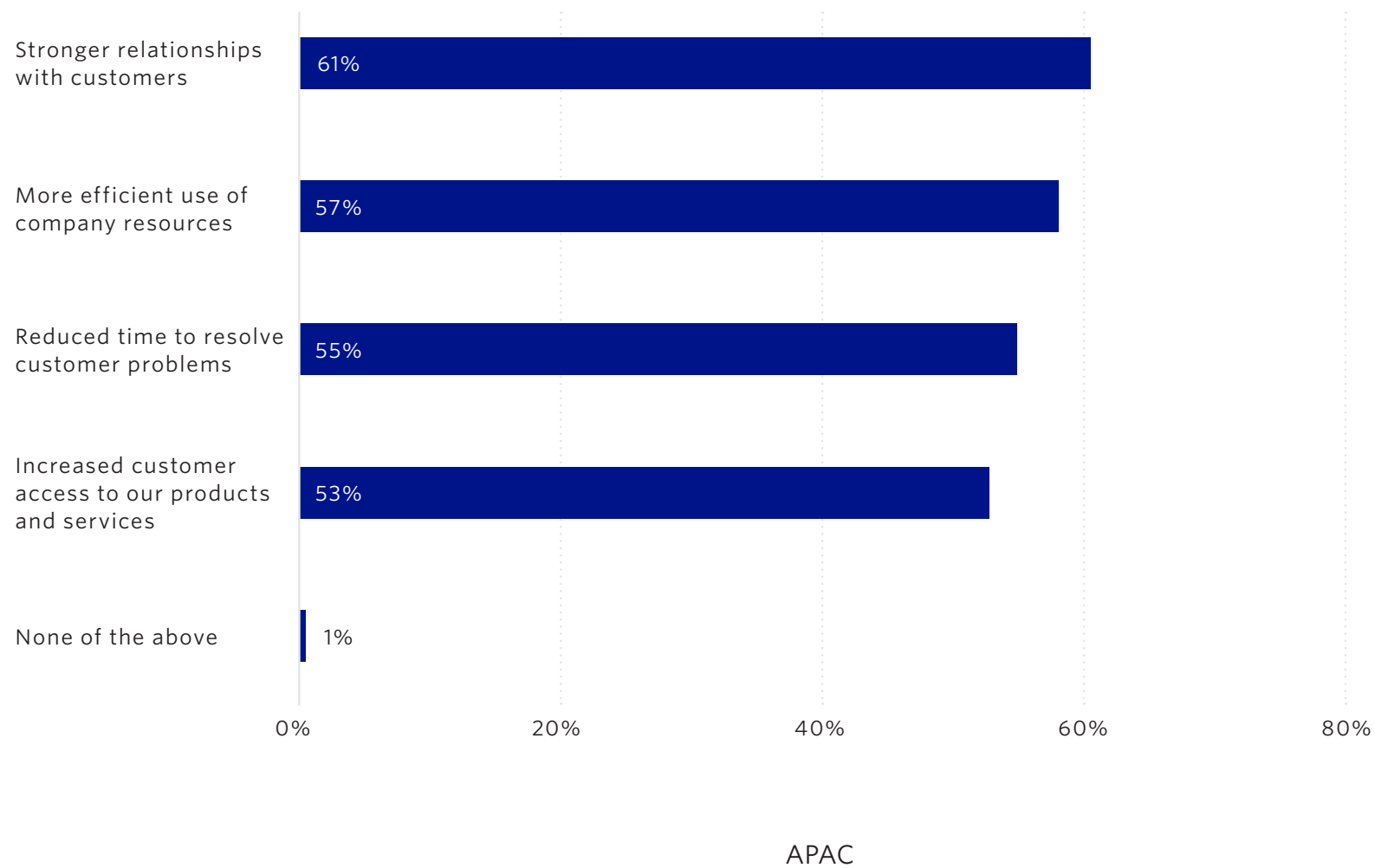

Benefit	Value
Stronger relationships with customers	61%
More efficient use of company resources	57%
Reduced time to resolve customer problems	55%
Increased customer access to our products and services	53%
None of the above	1%

APAC

Majority experience the following benefits from using video communications with their customers:

- Stronger relationships
- More efficient use of company resources
- Quicker resolution of customer problems
- Greater customer access to products and services

Base: 649 APAC companies using video for customer communications; "Don't knows" removed

Singapore more likely than Australia and Japan to experience benefits of using video communication.

What benefits of using video communications with your customers has your company experienced?

| Column %	Singapore	Australia	Japan	APAC	Global
Stronger relationships with customers	68%	58%	57%	61%	59%
More efficient use of company resources	64%	53%	53%	57%	54%
Reduced time to resolve customer problems	62%	48%	54%	55%	54%
Increased customer access to our products and services	59%	58%	42%	53%	56%
None of the above	0%	0%	2%	1%	0%

Base: 649 APAC companies that used video in 2020; "Don't knows" removed

68%

Of companies in Singapore say their video communications with customers resulted in stronger customer relationships

Building great customer experience
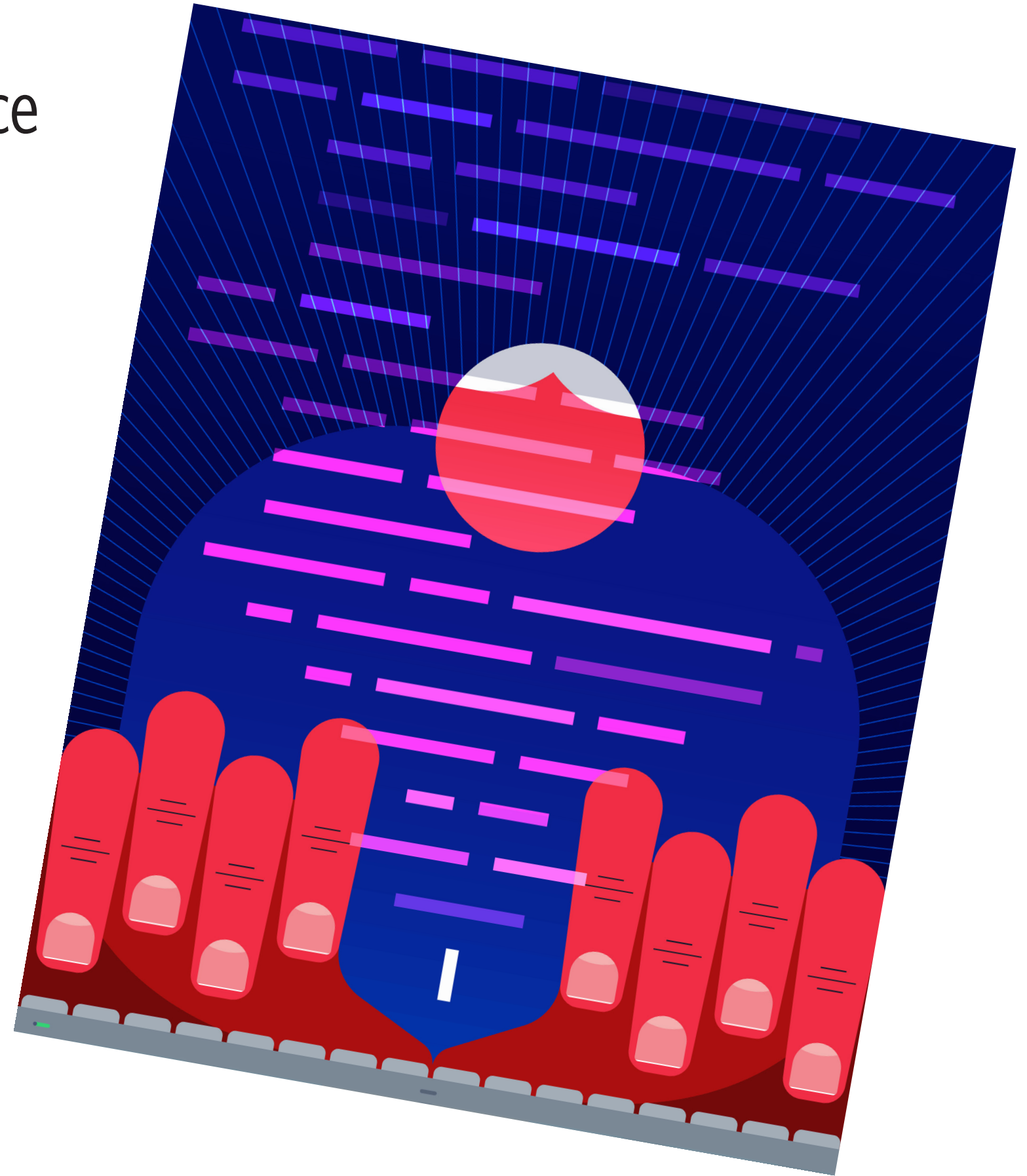
Developers were heroes. Organization leaders say that software developers were crucial to solving business challenges due to COVID-19.

Our organization's software developers were crucial to solving the business challenges caused by COVID-19.

10%

● Agree

○ Disagree

90%
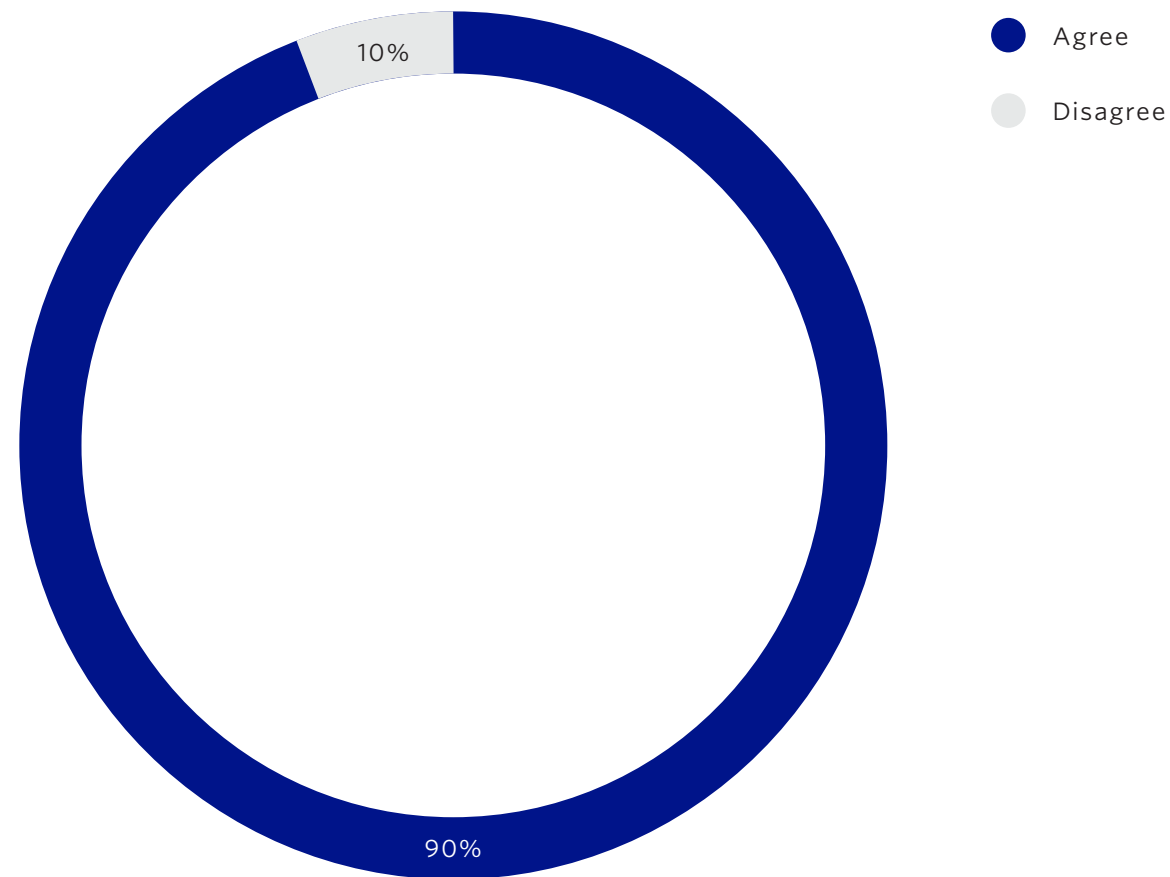
APAC

90%

Say the software developers were crucial to solving business challenges that arose from the pandemic

Base 815 APAC companies: "Don't knows" excluded

92% say their company is more likely to build communications solutions to meet customer demands in the future.

My company is more likely to build communications solutions (rather than buy a pre-configured solution) to meet customer demands going forward.

Disagree ● Agree

	9%	8%	8%	6%	11%

100%

91%	92%	92%	94%	89%

75%

50%

25%

0%

Global	APAC	Australia	Japan	Singapore
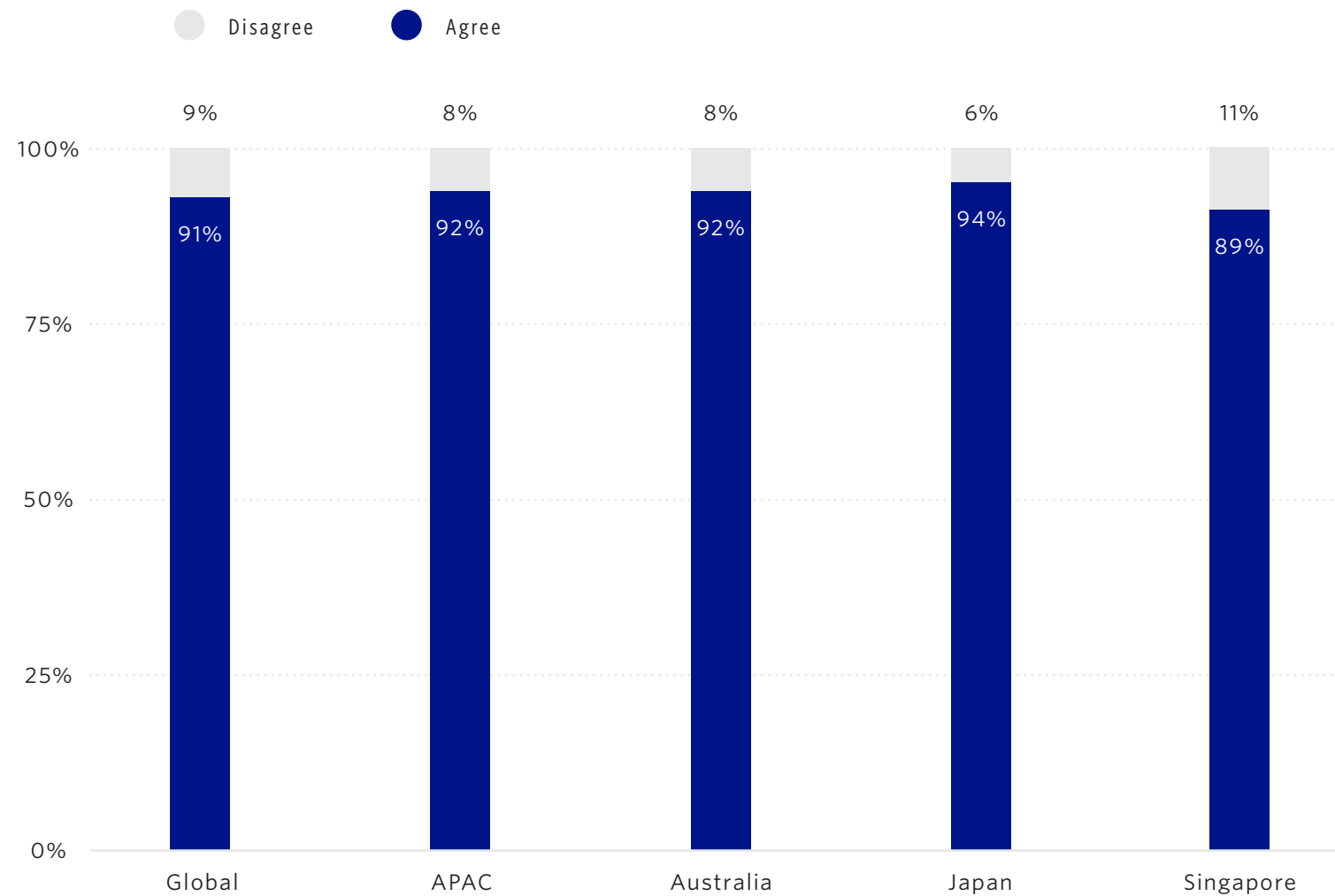
92%

Of APAC companies agree that their company is likely to build its own communications solutions going forward

Base: 817 APAC companies; 2545 Global companies "Don't knows" removed

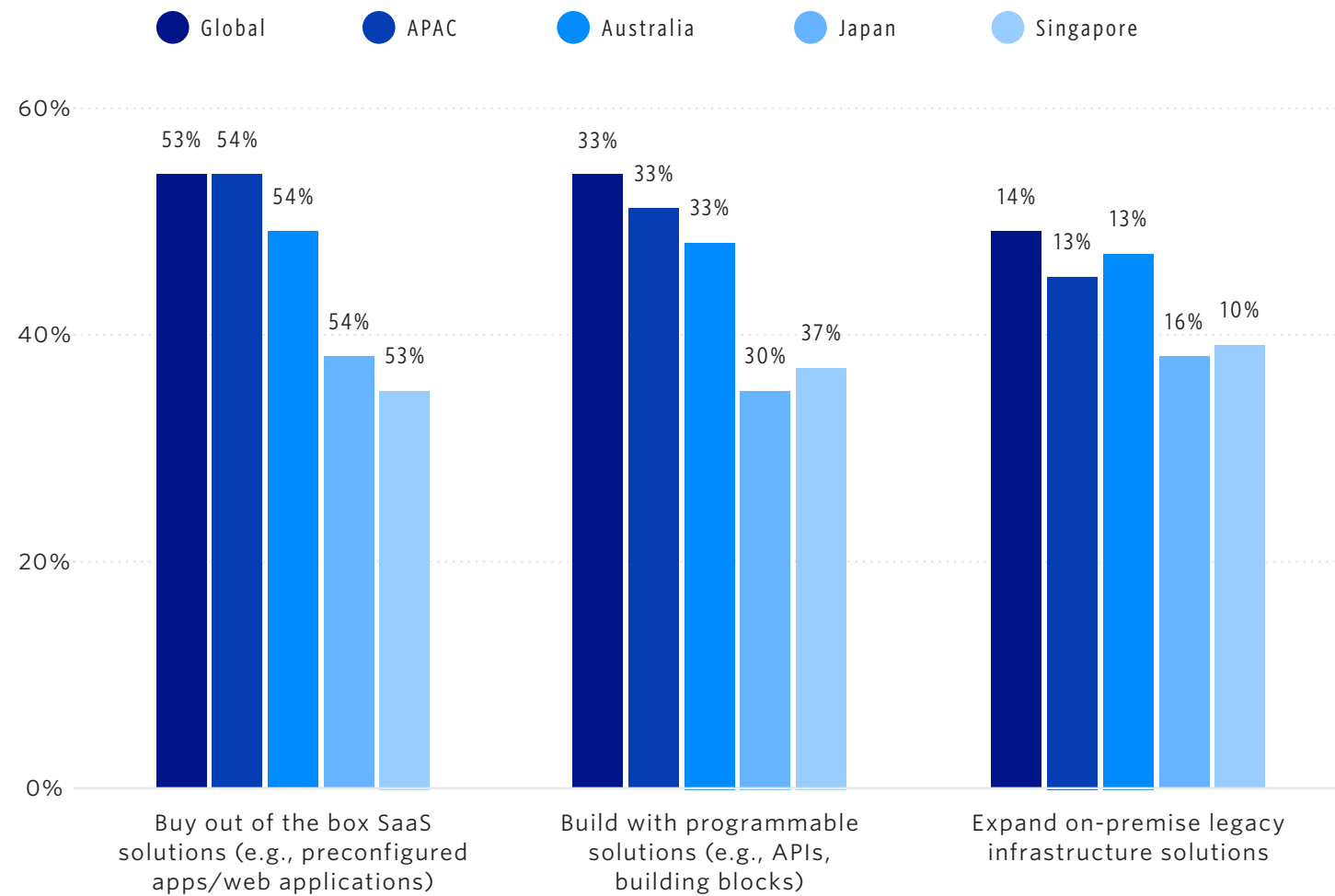# 1 in 3 APAC companies are choosing to build with programmable solutions.

What approach does your organization most often use when
adding digital communications capabilities?

● Global   ● APAC   ● Australia   ● Japan   ● Singapore

Buy out of the box SaaS solutions (e.g., preconfigured apps/web applications): Global 53%, APAC 54%, Australia 54%, Japan 54%, Singapore 53%

Build with programmable solutions (e.g., APIs, building blocks): Global 33%, APAC 33%, Australia 33%, Japan 30%, Singapore 37%

Expand on-premise legacy infrastructure solutions: Global 14%, APAC 13%, Australia 13%, Japan 16%, Singapore 10%
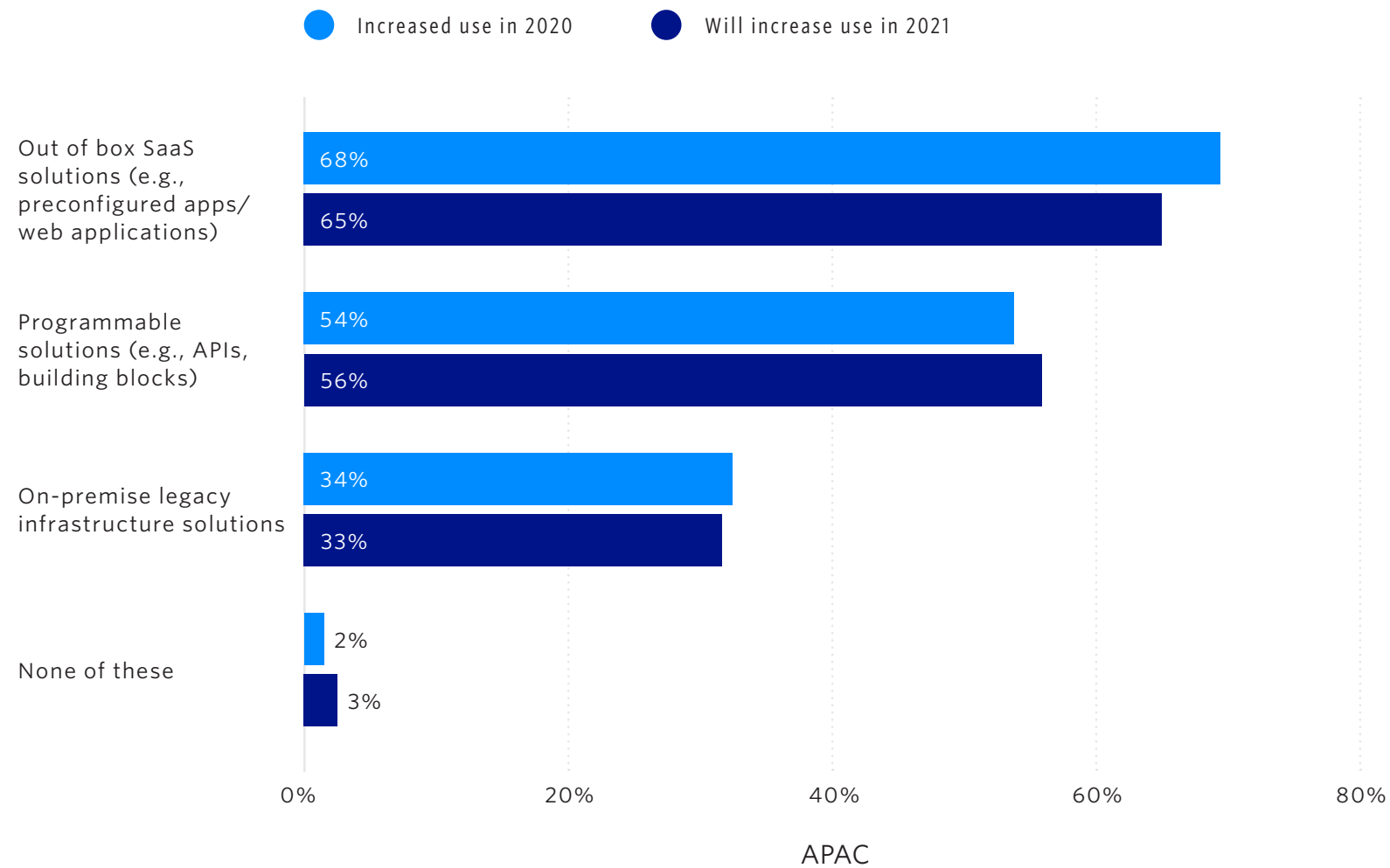
33%

Build with programmable solutions

Base: 796 APAC companies; 2515 Global companies; "Don't knows" removed

And the majority of companies will increase use of programmable solutions in 2021.

What approaches did your organization increase its use of in 2020 and what approaches will it increase in the next 12 months?

● Increased use in 2020   ● Will increase use in 2021

Out of box SaaS solutions (e.g., preconfigured apps/ web applications)
- 68%
- 65%

Programmable solutions (e.g., APIs, building blocks)
- 54%
- 56%

On-premise legacy infrastructure solutions
- 34%
- 33%

None of these
- 2%
- 3%

0%   20%   40%   60%   80%
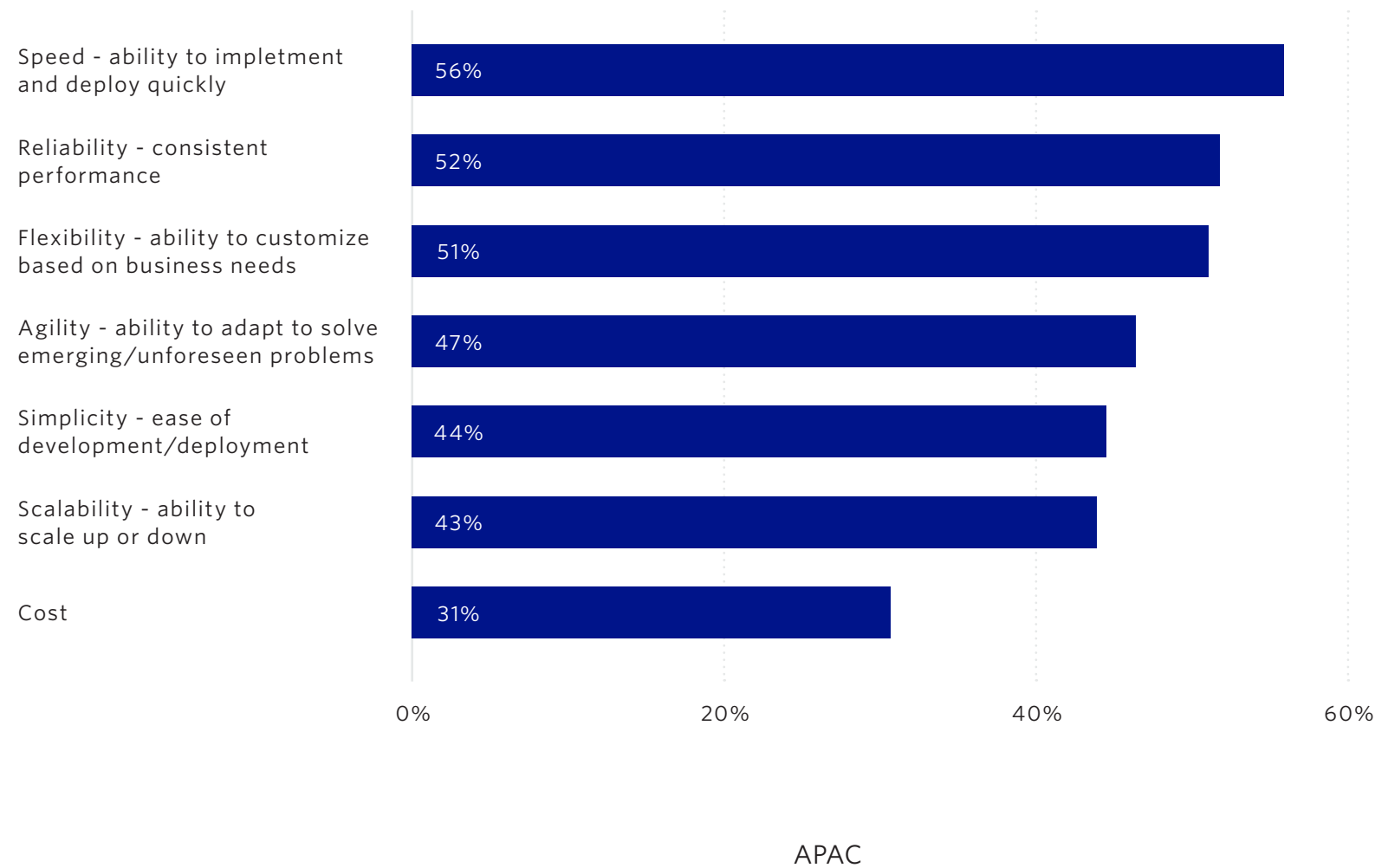
APAC

Use of programmable solutions:

- Increased in 54% of companies in 2020
- Will increase in 56% of companies in 2021

Base: 825 APAC companies

Speed, reliability, and flexibility are the most important factors when choosing digital communications solutions.

What factors are most important to your organization when choosing solutions to meet your digital communications strategy?

Factor	%
Speed - ability to impletment and deploy quickly	56%
Reliability - consistent performance	52%
Flexibility - ability to customize based on business needs	51%
Agility - ability to adapt to solve emerging/unforeseen problems	47%
Simplicity - ease of development/deployment	44%
Scalability - ability to scale up or down	43%
Cost	31%

APAC

Top Factors When Choosing Digital Communications Solutions:

- Speed   56%
- Reliability   52%
- Flexibility   51%

Base: 825 APAC companies; "Don't knows" removed

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