



The State of AI-powered CX in Australia

An AI maturity survey report



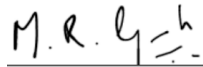


Foreward

Artificial Intelligence (AI) is taking the tech world by storm. While enterprises have enthusiastically adopted Digital 1.0 (social, mobile, cloud), the next frontier is Digital 2.0 with intelligent, contextual, and personalised engagement across the customer journey. We will see human-machine collaboration emerge as a way to deliver personalised experiences at scale. Businesses that embrace this model will emerge as masters of **Customer Experience (CX)**.

AI can be a powerful tool for organisations looking to innovate and create more personalised, customer-centric interactions. As this report underscores, Australian business leaders and CX decision-makers are looking to disrupt the status quo and leverage the opportunities that AI offers to deliver superior customer experiences and seamless omnichannel communications.

Enjoy the report!

A handwritten signature in black ink, reading "M. R. Mathrubootham". The signature is written in a cursive style and is underlined.

Girish Mathrubootham

Chief Executive Officer, Freshworks Inc.

About the Study

In July 2018, Freshworks commissioned market-leading survey firm Censuswide to conduct a survey to understand the current state of AI and the readiness of Australian businesses to adopt AI in their CX strategy.

500 decision-makers from a cross-section of small, medium and large businesses in Australia participated in the study. Participant profiles include senior executives (CEOs, CCOs, COOs, CTOs, CIOs, CMOs, VPs, Directors). These individuals own their company's CX, share CX responsibility with other leaders, or wield significant influence over CX teams.

They represent nine industry sectors:

- IT & Telecom
- Business Services
- Consumer Services
- Manufacturing
- Banking & Financial Services
- Healthcare
- Retail & E-commerce
- Education
- Travel

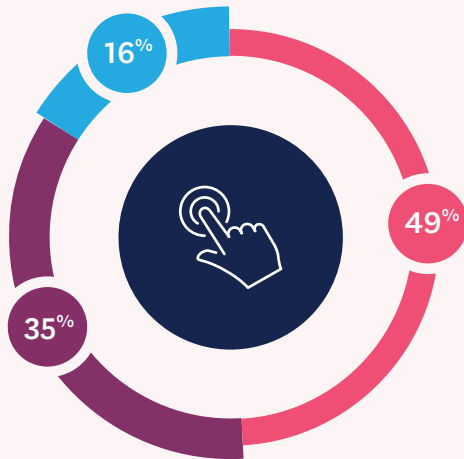
Customer Experience is the Center & Focus for all AI Initiatives

35% of surveyed executives view CX as the primary source of derived business value for AI initiatives.

The central tenet of AI aligns well with primary objectives of CX strategies — to apply data, context and intelligence across the customer journey to improve every interaction.

Which functional area of your organization is currently driving revenue from AI capabilities?





- Visionaries (16% of surveyed CXOs)
- Explorers (49% of surveyed CXOs)
- Passives (35% of surveyed CXOs)

The Freshworks AI Maturity Index

Our survey reveals that **two-thirds** of Australian businesses are piloting or have deployed AI to improve their CX. We drew on the findings of the survey to create the **Freshworks AI Maturity Index** with three key maturity groups, highlighting the stages in the journey towards usage of AI in CX.

1. VISIONARIES (16%)

- Leading the way with successful AI deployments in CX.
- AI at the core of their CX strategy.

2. EXPLORERS (49%)

- Actively probing and experimenting with AI in CX.
- AI is incremental, not at the core of CX strategy.

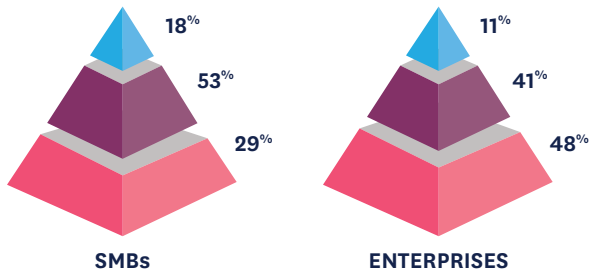
3. PASSIVES (35%)

- No AI initiatives underway at present.
- Skeptical about AI and its success in improving CX.

Small Businesses (SMBs) are at the Forefront of AI/CX in Australia

- SMBs (**71%**) are leading the AI/CX adoption drive over large enterprises (**52%**).
- Our survey results indicate that large enterprises face bigger hurdles in AI deployments like cultural change management (**10% higher**) and data security (**5% higher**).

AI Maturity Index - SMBs vs. Enterprise



AI adoption in customer service - SMBs vs. Enterprises

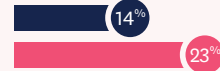
Deployed AI in customer service



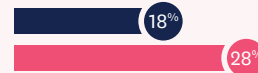
Experimenting with AI in customer service



Don't use AI in customer service

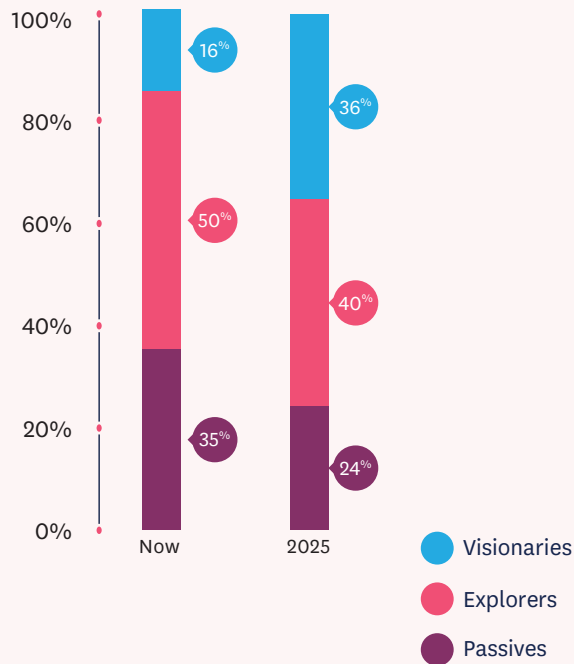


Don't use AI in any form



● SMBs ● Enterprises

AI Maturity Index - Now vs. 2025



Australian Businesses are Poised for Impactful AI Maturity by 2025

- **75%** of Australian businesses will be using AI in their CX strategy by 2025.
- Visionaries are the most promising, with an intent to improve their adoption from a 16% today to a **36%** in **2025**.
- With the right strategy and focused investments, the Australian customers will benefit from intelligent, context-driven, personalized engagement.

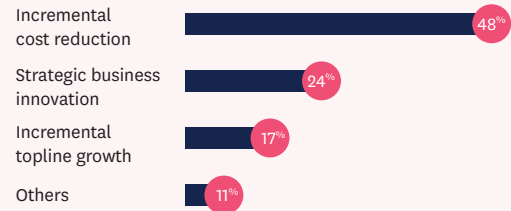
AI in CX is seen as an inflection point that will change the way customers interact with companies, not simply a new technology that will drive incremental benefits.

Leaders Prioritize Costs Over Customers for AI Investments

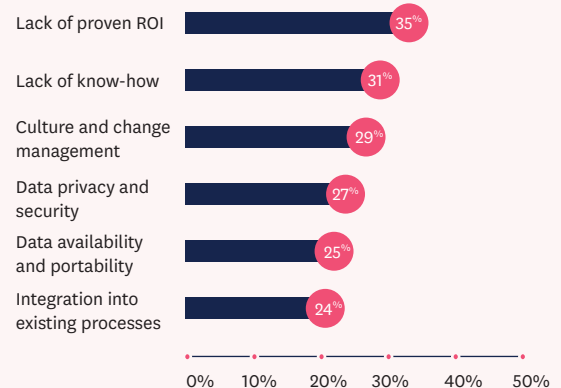
- Cost reduction is the biggest driver of AI investments for **48%** of surveyed executives.
- The biggest barriers to AI initiatives are a lack of measurable ROI (**35%**), lack of know-how (**31%**) and cultural change management (**29%**).

Businesses must stop treating AI/CX initiatives as a cost-optimization and start focusing on the basics - mapping the user journey, improving customer touchpoints and measuring customer satisfaction.

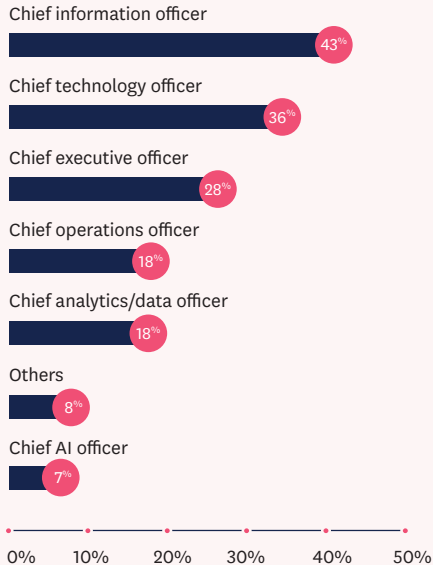
Chief drivers of AI investments



Barriers to enterprise-wide AI initiatives



Who is responsible for the AI strategy at the organisation?



The C-suite will Open Doors to an AI Leader

- Businesses currently align AI strategy under traditional C-suite roles, with CIOs (**43%**) and CTOs (**36%**) leading in prevalence.
- Only **7%** of businesses currently have a Chief AI Officer to drive their AI/CX strategy.
- A whopping **48%** of businesses plan to employ a Chief AI officer in the next 2 years.

Businesses must look to add an AI expert to their C-suite to marry the technical skills and business understanding required to champion AI/CX initiatives.

Changing Workforce Expectations in an AI-powered Future

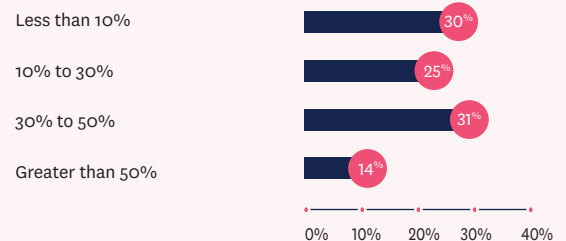
- Australian leaders believe AI has the biggest potential to automate areas of knowledge work (**38%**), automate repetitive tasks (**36%**) and create efficiencies (**36%**).
- With a **28%** mean workforce reduction expected due to AI, only **12%** of surveyed executives claim that AI will replace humans for most enterprise tasks in their organisation.

The AI revolution will automate the repetitive processes, moving people to knowledge work and interpersonal work.

How can AI revolutionise your business?



Expected workforce reduction due to AI



ARE YOU READY for an AI-powered Future of CX?

The benefits of AI for customer experience management are game changing. Expectations are high because this capability can then be used to create seamless and personalised customer experiences that are optimised to the device and channel of choice.

The key questions to ask yourself are:



How can you rethink your CX strategy around AI?



What steps do you need to take to address AI considerations - strategy, buy-in, investments?



Can you build in-house capabilities for AI deployments or do you need to partner with vendors?

We recommend a simple three-pronged approach to getting started with practical AI.

1



Position AI/CX as a strategic priority

- Identify your C-suite AI champion.
- Communicate the AI strategy and its impact on CX.

2



Establish an implementation program

- Identify tools/vendors that do the heavy-lifting for you.
- Create the right experiments and provide training data to build your AI models.
- Build a program to own cross-functional data, development and measurement.

3



Retrain and reskill people continuously

- Create a flexible workforce model for less structured, project-based work.
- Redeploy people from administrative tasks to judgment and interpersonal skilled work.
- Construct training programs to deliver reskilling at speed and scale.

ABOUT FRESHWORKS

Freshworks is an industry-leading customer engagement platform for businesses of all sizes. The company's suite of products (including Freshdesk, Freshservice, Freshsales, Freshcaller, Freshteam, Freshchat and Freshmarketer) is designed to work tightly together to increase collaboration and help teams better connect and communicate with their customers and co-workers. Freshworks' cloud-based suite is widely used by over 8,000 businesses in Australia including OfficeMax, Booktopia, Showpo, Salmat, Harvey Norman and Cabcharge.

Freshworks is working with businesses across each of the sectors highlighted in this report to help them adopt and leverage AI to elevate their customer engagement strategy and drive business value. If you are interested to find out about the untapped potential of AI within your business, please feel free to get in touch at anz@freshworks.com for a consultation.



Unlock the insights you are looking for and get the most value for your business.



Take advantage of our deep industry knowledge and know-how.



Sign up for a free consultation session with our in-house expert.





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