

## Examining the Business Case for Remote Advisers

By Richard Medcalf, Cisco IBSG Research & Economics Practice

The idea of allowing customers to consult with specialized remote experts over a high-quality video connection is gaining momentum, but many enterprises remain unsure as to the financial rationale. The Cisco IBSG Research & Economics Practice has developed a comprehensive framework and flexible financial model to examine the opportunity in detail.

Benefits can be categorized into three principal areas, the importance of which will vary by industry and company situation. Successful companies will use the unique characteristics of remote advisers to drive both top-line growth (improved sales and value per sale) and operating efficiency (adviser cost per sale).

### An Attractive Idea—But What Is the Business Model?

The remote adviser model—where consumers consult with specialized experts over a high-quality video connection—is gaining momentum. The reasons are numerous and explained in detail in a previous *IBSG Research & Economics Viewpoint*,<sup>1</sup> but can be summarized as:

- The vast amount of online information has reduced the relevance of generalist local expertise; differentiation now comes from access to specialized knowledge.
- Consumers are increasingly comfortable with video communication, and a high-quality video experience is now a cost-effective proposition for businesses.

Players in the retail, financial services, healthcare, and education sectors are starting to make remote advisers available in traditional customer environments (referred to here as “branches” for simplicity, though this also encompasses stores, campuses, and so forth). However, although the idea is attractive, many enterprises are still unsure whether it makes financial sense, and are asking:

- What is the business model for remote advisers?
- Given my business context, can I financially benefit from remote advisers?



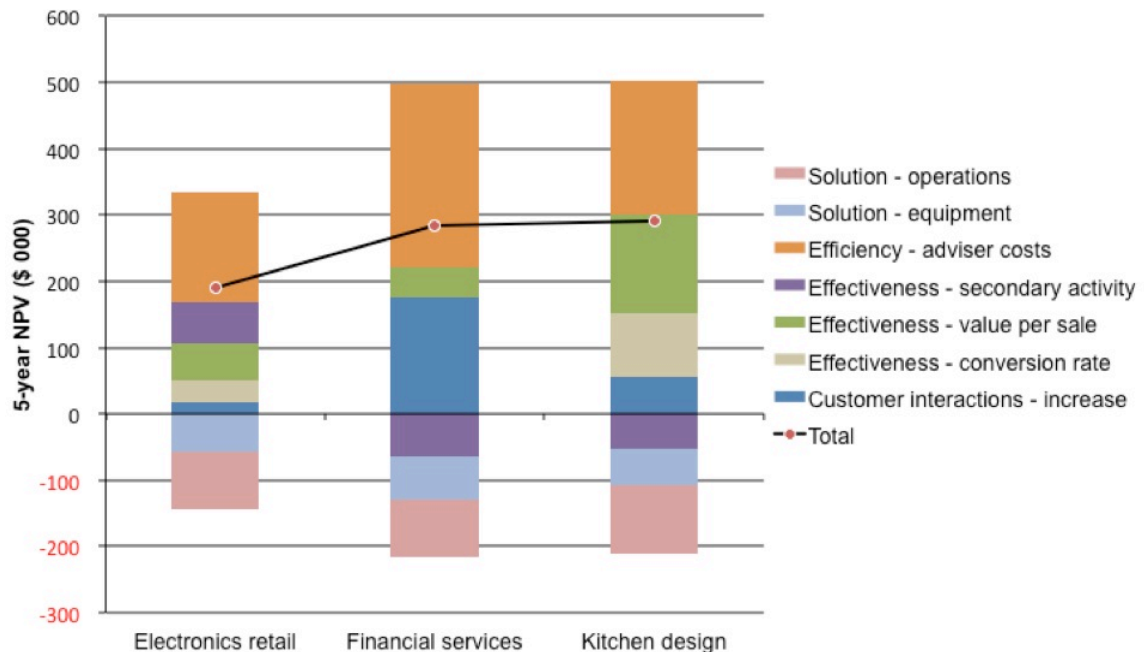
Cisco Internet Business Solutions Group (IBSG)

## Three Major Benefit Areas

Having studied the remote adviser business case for customers in different sectors and market contexts, the Cisco IBSG Research & Economics Practice has developed a comprehensive framework and flexible financial model<sup>2</sup> for understanding remote adviser value. We find that remote advisers generate value by addressing three major challenges of the physical meeting model for branches or stores:

1. **Number of customer interactions.** Meetings with remote advisers tend to be more focused than physical meetings, allowing advisers to deal with more customers. Furthermore, the impact associated with absenteeism or illness of an in-branch adviser is eliminated since any adviser can deliver expertise to any branch under the new model. Recruitment challenges are similarly mitigated in this approach.
2. **Sales effectiveness.** Branch customers can now access multiple specialists with different areas of expertise rather than just one generalist. Customers can also be matched with advisers reflecting their own demographics to facilitate the relationship. Recording and reviewing customer interactions can help drive sales performance. Finally, relevant customer information, sales prompts, suggested complementary products, and so forth can be made available onscreen to the adviser during the conversation, enabling higher conversion and cross-sell rates.
3. **Adviser efficiency.** The cost to provide expertise to a branch often can be significantly reduced. One driver is that experts can be located in areas where labor costs are attractive, and the second is that each adviser can respond to demand across multiple branches, enabling higher utilization levels and reducing unproductive downtime between consultations.

Figure 1. Remote Adviser—Value per Branch/Store.



Source: Cisco IBSG Research & Economics Practice, 2011

Figure 1 shows the results of our remote adviser financial model applied to three different contexts: an electronics retailer, a financial services firm, and a home improvement and design specialist. The balance between the different benefit areas is different in each case, although headcount savings, improved ability to serve demand, and improved cross-sales are recurring key benefits.<sup>3</sup>

## Conclusion

The remote adviser business case will vary according to factors such as overall business model, value and margin of the product being sold, and the utilization and sales effectiveness of existing local advisers. Cisco IBSG offers the following advice to companies looking at applying the remote adviser concept to their own situation:

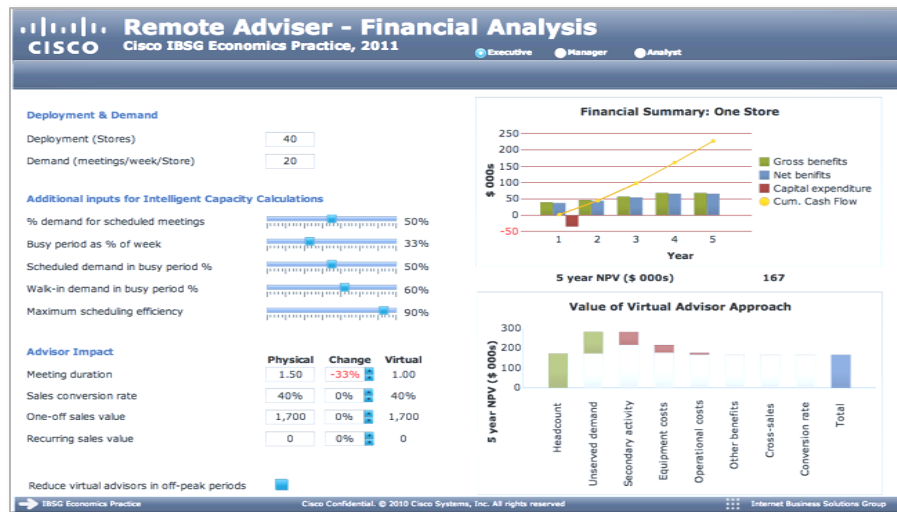
- Undertake a comprehensive financial analysis to understand the areas of value that represent the greatest opportunity in your context.
- Examine headcount savings in detail, as this is often a major benefit that requires some effort (and mathematics!) to quantify.
- Consider how the unique features of remote advisers (centralization, recording of interactions, multiple experts available per store, improved information availability, and so on) can be harnessed to drive sales effectiveness, and ensure the operational model will achieve these benefits.
- Carefully consider how to secure internal buy-in: more than one pilot has failed due to unaddressed concerns of local branch managers, local advisers, or unions.
- Analyze and experiment with a number of different remote adviser models—for example, different use cases/applications, different technology types, deployment in major branches versus minor branches, cost-reduction-focused versus sales-effectiveness-focused—to understand the optimum model.

The Cisco IBSG Research & Economics Practice may be able to support you in these activities by applying our existing framework and financial model.

## Endnotes

1. "Using Video Collaboration Capabilities To Optimize the Value of Remote Advisers," J. Barbier, D. Handler, Cisco IBSG Research & Economics Practice, 2011.
2. *Remote Adviser Analysis*, Cisco IBSG Research & Economics Practice, 2011 (see Figure 2).
3. For a look at the impact of video-based remote advisers in the retail banking and wealth management industries, please visit [http://www.cisco.com/web/about/ac79/docs/fs/Video-in-Retail-Banking\\_IBSG\\_0418FINAL.pdf](http://www.cisco.com/web/about/ac79/docs/fs/Video-in-Retail-Banking_IBSG_0418FINAL.pdf)

Figure 2. "Remote Adviser—Financial Analysis" Interactive Modeling Tool.



Source: Cisco IBSG Research & Economics Practice, 2011

## More Information

Cisco Internet Business Solutions Group (IBSG), the company's global consultancy, helps CXOs from the world's largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>.

## Cisco IBSG Research & Economics Practice

The Cisco IBSG Research & Economics (R&E) Practice uniquely combines ongoing original research with in-depth financial analysis to produce high-impact insights and thought leadership for the world's largest public and private organizations. With resources on four continents, the R&E Practice each year surveys tens of thousands of consumers and businesses around the world to explore cutting-edge trends and emerging opportunities, and develops more than 100 executive-ready financial models on the business benefits of technology innovation. The team's custom research and financial analysis enable Cisco IBSG's vertical consultants to deliver transformative business solutions across a broad range of industries. For further information about the Cisco IBSG Research & Economics Practice, visit <http://www.cisco.com/web/about/ac79/re/index.html>



**Americas Headquarters**  
Cisco Systems, Inc.  
San Jose, CA

**Asia Pacific Headquarters**  
Cisco Systems (USA) Pte. Ltd.  
Singapore

**Europe Headquarters**  
Cisco Systems International BV Amsterdam,  
The Netherlands

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at [www.cisco.com/go/offices](http://www.cisco.com/go/offices).

Cisco and the Cisco Logo are trademarks of Cisco Systems, Inc. and/or its affiliates in the U.S. and other countries. A listing of Cisco's trademarks can be found at [www.cisco.com/go/trademarks](http://www.cisco.com/go/trademarks). Third party trademarks mentioned are the property of their respective owners. The use of the word partner does not imply a partnership relationship between Cisco and any other company. (1005R)