It's Go Time

AI-Enabled Customer Experience Is Now Foundational Corporate Strategy

Commissioned by

Executive Summary

The AI in CX Survey, given to nearly 40 customer experience leaders around the United States, decisively reveals a turning point in enterprise adoption of artificial intelligence.

Increasingly driven by competitive pressure arising from customer expectations, along with executive mandates arising from shareholder expectations, modern organizations are no longer just experimenting with AI–they are operationalizing it.

However, this shift in enterprise mindset around AI is occurring despite continued gaps in testing, governance, and operational maturity.

The result is a current marketplace defined by equal parts urgency and uncertainty.

This white paper identifies three defining insights:

1	2	3
Strategic Imperative	**Hybrid CX Model**	**Testing & Trust**
AI investment is now a strategic imperative.	The hybrid CX model is the dominant reality.	Testing, validation, and trust represent primary barriers to adoption.

From Constraints to Paradigm Shift

Historically, customer experience in the enterprise has been defined by constraints: constraints of human resource capacity, along with constraints of systems.

Contact center systems, service teams, and customer support infrastructure were created to be bound by finite resource allocation. Contact center systems were built upon a finite amount of human resources (e.g., a limited number of agents), finite hours of operation, and predetermined workflow processes. Even when contact center operations reached maximum optimization, they still had to grow in a linear fashion – i.e., add additional customers, additional people, additional training, and additional operational costs.

Although technologies like IVR trees and rules-based chatbots increased efficiency, they did so only within very narrow parameters. These technologies allowed for routing and resolving basic customer inquiries, but lacked the ability to respond to nuances, ambiguities, or emotional aspects of customer inquiry.

Generative AI and large language models represent the first time that organizations have experienced a complete paradigmatic shift away from being bounded by the traditional trade-off between scale and quality. For the first time, organizations now have access to artificial intelligence systems that can engage with thousands of simultaneous interactions, understand the context of a customer's natural language query and generate conversational responses versus scripted responses. This represents a fundamental structural shift in terms of how customer experience can be provided.

New Dimensions of AI-Powered CX

Scalable Personalization

Personalization in customer experience has typically represented either shallow personalization or extremely high-cost personalization. Companies have historically been able to include a customer's name in an email message or direct high-value customers to specialized agents providing higher levels of personalized support. However, delivering personalized customer experiences at scale has generally been economically prohibitive. Human agents could provide personalized support but could only interact with a customer one-at-a-time.

Artificial Intelligence dramatically alters this dynamic. Large Language Models can be trained on a customer's entire historical record including customer history, customer preference, prior interactions, and contextual signals in real-time. Additionally, these models can generate responses that are tailored to each individual customer. Thus, organizations can move beyond segmentation towards one-to-one engagements at scale.

Real-Time Responsiveness

Traditional definitions of customer experience are defined by latency -- the time a customer spends waiting in a queue, responding to emails from organizations, or navigating through multiple layers of complexity to get an answer to a question. Although many organizations have made tremendous strides in eliminating these types of latency-related problems, there remains some residual delay associated with these problems.

Real-time responsiveness is one area where AI is experiencing a dramatic advantage -- customers can expect to receive immediate answers, guidance, and resolutions regardless of the complexity of their questions or whether the request is received during business hours or after hours. The rapidity with which organizations can respond to customer requests is having a profound effect on changing customer expectations. What was once viewed as exceptional service -- instant support -- is rapidly evolving into a standard expectation.

Continuous Availability

Continuous availability represents another dimension where AI is dramatically altering the customer experience. Organizations' legacy customer experience architectures have traditionally been subject to operating hour restrictions, staff limitations, and geographical location. Global organizations have tried to address some of these limitations by creating distributed teams across geographies. However, true 24/7 availability has remained an expensive proposition and has proven difficult to achieve.

> AI eliminates many of these constraints. Unlike humans who require breaks, sleep and need to handoff work to others, intelligent systems can continuously provide consistent service to customers at any time using any channel without degrading their performance.

Continuous availability provides customers with a seamless experience that aligns with today's standards for always-on digital services.

Trade-Offs Associated with Using AI Systems

AI does not come without trade-offs. Many of the characteristics that enable AI systems to be powerful -- e.g., flexibility, adaptability, and generative capability -- create new forms of risk that organizations need to manage.

Unpredictability

Unpredictability represents the primary form of risk associated with the use of AI systems. Deterministic systems behave in predictable and repeatable ways. When given the same input, they will generate the same output. The predictability associated with deterministic systems allows for relatively straightforward testing and validation. In addition, since deterministic systems follow known patterns of behavior, it is easier for organizations to establish controls over them.

AI systems behave in a probabilistic manner. Instead of retrieving a pre-defined list of possible responses to customer inquiries, AI systems generate responses dynamically based on patterns learned from large datasets. While this provides for greater nuance and adaptability than deterministic systems, it also generates variability in responses to similar inputs and can result in unpredictable or unacceptable responses to "edge cases." Since AI systems generate variability in their responses, organizations face greater challenges in ensuring that they meet quality assurance standards.

Compliance Exposure & Loss of Control

Compliance Exposure

Another risk that organizations need to consider is compliance exposure. Many organizations' customer interactions expose sensitive information about individuals, impose regulatory requirements on their communications and/or place them under specific legal obligations. Organizations operating in regulated markets such as financial services, telecommunication services and healthcare are especially vulnerable to reputational damage if an AI system communicates incorrectly or fails to comply with relevant regulations regarding data protection.

Furthermore, although AI systems are capable of processing vast amounts of data and communicating with customers at incredible speeds, they are only as good as the data used to train them. If an organization trains its AI system on incomplete or inaccurate data sets, it is highly likely that it will produce suboptimal results. Therefore, ensuring that AI systems communicate accurately and compliantly places a premium on organizational policy-making and enforcement related to data collection practices and communication protocols.

Loss of Control

Finally, organizations should view the loss of control as potentially the most strategic risk associated with implementing AI systems into their customer-facing architecture. Traditionally, organizations' customer facing systems have been structured as tight-control environments. Scripts defining how conversations would occur with customers have been developed and communicated throughout organizations. Escalation procedures have similarly been established to ensure that customers receive timely assistance when encountering problems with products/services.

Implementing AI systems introduces an element of autonomy into these environments that challenges the traditional model. As AI systems evolve to perform increasingly complex tasks -- e.g., answering complex customer questions; making decisions; etc. -- organizations must determine how much control they want to relinquish relative to their use of these systems. Relinquishing too much control reduces the benefits derived from these systems -- essentially rendering them simply more advanced versions of existing technology. On the other hand, relinquishing too little control introduces significant risks including error; brand misalignment; etc.

This tension between capability and control currently characterizes the transition occurring within customer experience today. Organizational decision-makers are grappling with opportunities that present enormous upside in terms of transforming customer experience but are lacking clear methodologies for realizing these opportunities.

- Success in leveraging generative AI and large language models requires more than merely acquiring new technology; it requires rethinking organizational models; establishing new governance structures; and building new competencies.

Rethinking Organizational Models for AI

Two major areas that require rethinking include moving from static design towards managing dynamic systems. Traditionally, customer experience design involves designing a user interface and then executing it consistently across channels and touchpoints. In contrast, generative AI requires managing dynamic systems whose user interfaces are constantly being generated in real-time. Managing these dynamic systems will require new tools; new processes; and new organizational roles dedicated specifically to monitoring; evaluating; and refining AI-generated behaviors as opposed to statically-designed behaviors.

From Static Design to Dynamic Systems

Managing dynamic systems will require new tools; new processes; and new organizational roles dedicated specifically to monitoring; evaluating; and refining AI-generated behaviors as opposed to statically-designed behaviors.

Elevating Trust as a Primary Metric

Customer experience strategies will continue to measure metrics such as time-to-resolution; Net Promoter Score (NPS); Cost Per Interaction (CPI) etc.; however these metrics alone will no longer suffice. Trust will become paramount because customers will expect that any technology used to facilitate their engagement with an organization will provide trustworthy answers; protect their confidential information; and act in their best interests.

Establishing trust will require organizations to demonstrate transparency; accountability; and sustained performance over time.

Key Insight: AI Investment Is Now a Strategic Imperative

Organizations today are facing pressure like never before to implement AI. That pressure is not coming from a single force – it's the result of multiple forces occurring at the same time. Over the past few years, there have been tremendous changes in what customers expect, influenced by their digital first experiences, consumer grade technology, and their ability to get instantaneous answers to questions. Customers who once viewed things as unique (such as rapid response times, personalized service, and smooth interactions) now view those things as the norm. As a result, if organizations don't meet those expectations, they face the risk of losing not only dissatisfied customers, but abandoned ones.

At the same time, the economic climate is putting additional pressure on organizations to operate efficiently. Labor costs continue to rise, service volumes are going up, and margins are shrinking. All of these factors have forced organizations to look for innovative ways to provide customer experience at scale. The traditional methods used in the past (i.e., adding more employees, building more contact centers or outsourcing) are no longer viable over the long term. They scale linearly while the demand is scaling exponentially. AI represents a fundamentally different model: Service delivery can scale without an exponential increase in costs. Therefore, this shift is not only appealing – it is becoming necessary to maintain competitiveness.

> The convergence of these two pressures – customer expectation on one hand and cost constraint on the other – create a very thin line of options. Organizations must achieve a simultaneous improvement in customer experience while improving the cost to deliver that experience.

AI provides a new paradigm that allows organizations to achieve both objectives simultaneously: delivering high-quality, personalized service at-scale at significantly lower incremental costs.

As executive leadership recognizes this shift, AI adoption is increasingly being directed from the top down. Unlike previous waves of technology adoption (which started in specific teams/functions and then spread), AI adoption is being dictated by executive leadership. Senior executives/CEOs/Boards are establishing clear expectations regarding when AI must be deployed into core operating processes – and usually with defined timeframes. This indicates a growing awareness among senior executives that AI is a strategic lever that will define long-term competitiveness.

This top-down pressure is transforming how organizations make decisions relative to AI adoption. Rather than asking if they should invest in AI, organizations are asking: How quickly can we deploy AI? Where should we prioritize our investments? And how do we mitigate the risks associated with adopting AI? The discussion has moved from "Should I?" to "How quickly can I?"

Many organizations are accelerating their timelines – moving from pilot projects to production environments much quicker than they did with prior technologies. These accelerated timelines are motivated not only by internal goals but also by external indicators – announcements from competitor organizations regarding AI initiatives, benchmarking in industries evolving, and investors expecting to see continued investment in AI initiatives.

Strategic Imperative: Risks of Acceleration & The Evolving Role of AI

While this acceleration presents opportunities, it also brings several new challenges. When organizations accelerate AI deployment, they can end up with disparate implementations – separate departments implementing separate AI applications independently of each other without a shared vision or strategy. This can result in inconsistent customer experiences, duplicate efforts, and increased complexity. If organizations treat AI as simply a collection of independent tools instead of an integrated application – they will likely reduce its overall value. As such, the imperative is not only to invest in AI – but to do so strategically with a clear vision for how AI will ultimately impact the entire organization.

Another aspect of this evolution is the evolving role of AI within the organization. Initially, AI was generally seen as a support tool – something that could help human agents, automate simple tasks or provide insights. While these types of applications will still exist – they represent only a small portion of the total potential of AI. More recently, AI is starting to be seen as a primary interface for interacting with customers – capable of addressing complex customer inquiries, providing guidance on making decisions and taking action across various system interfaces. Positioning AI from a secondary function (support) to a primary function further emphasizes its strategic significance.

Beyond customer experience – AI is beginning to influence how organizations think about all aspects of their business including workforce planning, technology architecture and competitive advantage. For instance – as AI begins to assume a larger percentage of customer interactions – the role of the human agent shifts. Agents are transitioning from focusing on transactional inquiries to focus on transactions that are more complex and/or high-value – requiring emotional intelligence, critical thinking and domain-specific knowledge. This transition requires new skill sets, new training models and new performance measures.

From a technology standpoint – the implementation of AI is creating a need for more open and agile architecture models. The systems implemented must be capable of sharing data in real-time, supporting real-time processing and adapting to evolving needs. Legacy systems that were developed using static workflow designs and siloed operation models are poorly suited for these demands. As such – organizations are being compelled to modernize their technological infrastructure – not only to support AI – but to maximize the value derived from AI.

Most importantly – AI is developing as a key driver of competitive positioning for organizations that develop successful implementations of AI into their customer experience. Organizations that successfully incorporate AI into their customer experience can offer faster, more personalized and more consistent service than their competitors. This creates a positive feedback loop: Better experiences lead to increased customer satisfaction which leads to increased customer loyalty and revenue growth -- which subsequently enables further investment in AI and innovations. On the other hand – organizations that fall behind in terms of implementing AI run the risk of creating a gap that cannot be easily closed.

Additionally, the need to invest in AI is not exclusive to large organizations. Small organizations and early-stage companies are also investing in AI as a means to gain parity with larger organizations. In some cases – AI helps level the playing field for smaller organizations by allowing them to develop capabilities that were previously available only to larger organizations with significant financial resources. This democratization of capability is contributing to an acceleration of AI adoption across markets.

While there is clearly momentum toward widespread adoption of AI – it's also important to note that investing in AI carries inherent risks. Organizations must address concerns surrounding data quality, model performance, governance and ethics. Accelerating timelines can often drive shortcuts that can ultimately diminish long-term success. Deploying AI without proper testing and oversight can negatively affect customer experience, lead to non-compliance and/or harm an organization's reputation. Thus – the strategic imperative is not only to invest in AI but to do so responsibly and sustainably.

Ultimately, recognizing that AI is currently necessary versus future capability represents a fundamental change in mind-set. It signifies that organizations are no longer seeing AI as an optional innovation or speculative investment option. Instead – organizations are treating AI as another key element of their businesses along-side other essential elements such as operations, finance and technology.

This change has immense implications for how organizations assign priorities, how organizations allocate resources and how organizations evaluate their success. AI is moving from the outer fringes of strategic planning into the mainstream of strategic planning. Decisions regarding AI are no longer being made solely by technical teams – they are being made at the highest levels of executive management with significant implications for an organization's direction and performance.

- The question is no longer whether to invest in AI -- but how best to invest in AI while maximizing value and minimizing risk. Organizations that thoughtfully approach this challenge (by balancing speed with discipline, innovation with governance) will be best-positioned for success.

Key Insight: The Hybrid CX Reality

Although many companies currently utilize a hybrid model of customer experience (CX) delivery–using both human agents and AI/technology-based solutions–the hybrid model is far from being a temporary situation. Rather, this is an ongoing reality of today's CX landscape. Companies do not need to completely transition all of their legacy systems into AI-based solutions. Many companies are choosing to implement new capabilities onto their current infrastructure, thus creating a multi-layered structure of interacting models that coexist and sometimes compete with one another.

Layering is a logical approach. By utilizing layering, companies can allow themselves to gradually adopt new technologies like AI, thereby reducing the risks associated with adopting new technologies. The human element continues to exist for dealing with those customers who are involved in either sensitive or complex interactions. Scripted automation is still viable for managing predictable workflow processes. However, AI can address the variability of more conversational use-cases by providing a solution for the "gaps" created by other forms of interaction. Layered CX models provide a degree of flexibility and resilience, allowing companies to respond to a variety of customer needs.

Human Agents

Judgment, empathy and contextual awareness for complex and emotionally-sensitive cases.

Scripted Automation

Predefined intents and decision tree methods focused primarily on efficiency and predictability for structured workflows.

AI Systems

Flexibility and adaptability to accept unstructured input and generate responses dynamically for high-volume variable interactions.

There are several downsides to the layered model. Although layered models are beneficial due to their flexibility and resiliency, they introduce an additional form of operational complexity to CX models. Unlike traditional CX models, companies must now manage multiple systems that have varying levels of capabilities, limitations and operating behaviors. Due to the fact that each layer of the CX model (human, scripted and AI) operates based upon its own logic, there are challenges associated with consistency, integration and control.

When viewed through the lens of customer perceptions, the complexities inherent within hybrid models often result in inconsistencies experienced by customers. Customers may initiate contact with an AI powered chatbot, which provides a smooth and conversational interaction. They may then be routed to a scripted model that results in a somewhat limited and rigid experience. Conversely, they may interact with a human agent who exhibits empathy and nuance. Upon completion of their initial interaction with the human agent, customers may then receive an automated follow-up communication that does not take into account their previous conversation(s). Such inconsistent experiences can lead to decreased customer trust and frustration regardless of whether each individual component was functioning properly.

While such inconsistencies may seem solely related to user experience issues, inconsistencies are ultimately a product of hybrid designs. Each layer of the system was developed for a particular function. Often these functions were performed at various stages in time and utilized different technological approaches. Typically, scripted automation systems are designed based upon predefined intents and decision tree methods focused primarily on efficiency and predictability. AI systems were designed for flexibility and adaptability to accept unstructured input and generate responses dynamically. Human agents incorporate elements of judgment, empathy and contextual awareness that no system can duplicate. To provide customers with a consistent experience through the various layers of the CX model requires more than technical coordination. Providing customers with a cohesive experience requires a strategic plan for orchestration.

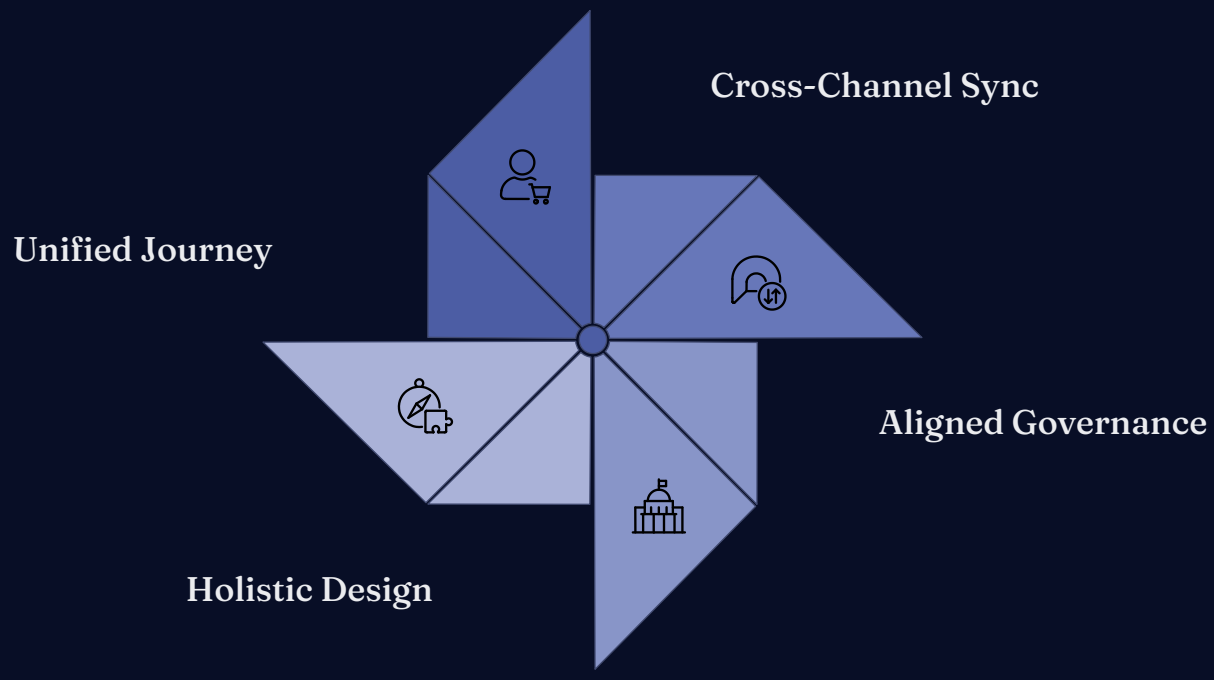
Operational management of hybrid models also present numerous challenges to companies. Companies must develop and manage multiple platforms each having their own configurations, data requirements and performance metrics. An adjustment made to one platform can have unforeseen effects on other platforms. One example is the possibility that an update to an AI model's response behavior may alter how and when interactions are transferred to human agents which would have an effect on staffing, training and performance metrics. Without a complete picture of the customer journey it is difficult for organizations to identify problems, improve performance or establish alignment among systems.

Data fragmentation further complicates hybrid CX environments. Each layer in the hybrid CX model produces data in addition to storing data in separate systems with little interoperability. Developing a comprehensive view of customer interactions throughout all channels and touchpoints is complicated by fragmented data. Opportunities for insights that could inform improvements–such as common problem areas, escalation patterns or trend analysis related to customer sentiment–may be lost or not utilized. Since AI relies heavily on data, missing opportunities for gaining insight into customer interactions is especially disappointing.

Even though hybrid models present challenges, hybrid models persist –and for good reason. Replacing legacy systems entirely with AI is neither economically feasible nor desirable for most companies. Significant investments have already been made into legacy systems that are integral components of existing operational workflows. Furthermore, human agents will always be necessary for handling complex and high-risk customer interactions that require empathy, judgment and accountability. Therefore, rather than eliminating hybrid models altogether, companies should strive to better manage them.

Orchestration: The Key to Hybrid CX Success

Orchestration is crucial in managing hybrid CX environments. Whether companies choose to use human agents, scripted automation or AI channels, success in delivering a seamless CX depends on how well they work together as a whole system. Orchestration refers to developing ways to coordinate interactions across layers of human, scripted and AI channels so as to produce seamless and coherent customer experiences. Orchestrating interactions among layers requires established protocols for routing, escalating and handing-off interactions along with methods for maintaining context across interactions.



A fundamental step toward effective orchestration is developing a unified view of the customer journey. Rather than focusing on channel-specific views of the customer journey, companies must consider how customer interactions flow through multiple systems over time. Developing end-to-end maps of customer journeys, identifying friction points in the journey and designing transitions between interactions that preserve context and reduce disruptions are all part of developing a unified view. When an interaction is escalated from an AI system to a human agent, for example, the human agent should have access to information about the prior conversation(s), including intent, sentiment and any action(s) taken during prior conversations. Not only does this enhance efficiency but also helps to maintain continuity in the customer's experience and reinforces the perception of care and concern for the customer.

While technology plays a critical role in supporting orchestration efforts, it alone is insufficient. Companies must also align their internal processes, metrics and governance practices to accommodate hybrid CX models. This includes establishing definitions for measuring success that include cross-channel measurements, establishing clear lines of responsibility regarding different components and promoting cooperation among previously isolated groups – i.e., IT teams, customer experience teams, operations teams and data teams – to ensure that systems are coordinated, data is shared and decisions are aligned.

Designing hybrid CX models is also important. Rather than approaching each layer of the CX model independently as separate systems, organizations must pursue holistic design strategies that consider how each component contributes to producing a cohesive customer experience. This involves establishing defined roles for human agents, scripted automation and AI and ensuring each is used in applications where they add the greatest amount of value. For example, AI is likely best-suited for managing high-volume variable interactions; scripted automation can manage structured workflow processes; human agents will likely focus on complex or emotionally-sensitive cases.

Recognizing that hybrid models reflect structural realities rather than transitional states has significant strategic implications for organizations. As such organizations recognize that hybrid models are structural realities rather than transitional states; they cannot rely on waiting until AI matures enough to replace legacy systems. Rather than waiting for AI to mature sufficiently to replace legacy systems, organizations will need to develop the capabilities required to successfully operate within hybrid CX environments today – including not only technology development but also process development, skill development and governance development.

Ultimately, recognizing hybrid CX as an evolving customer experience paradigm has significant implications for organizations moving forward. With new technologies emerging continuously, these new technologies do not immediately replace existing systems but instead become added layers to the existing systems – adding new layers of complexity and opportunity. Organizations that recognize this reality and focus on orchestrating hybrid CX models will be better positioned to develop seamless, high-quality experiences for their customers. Organizations that perceive hybrid environments as mere transitional inconveniences may struggle with managing the complexities created within their organizations.

Therefore, while hybrid models will undoubtedly continue as a normative model for CX delivery going forward, the primary question facing organizations is how to successfully enable orchestration in hybrid CX environments – not how to eliminate hybrid environments. Achieving success will depend on how effectively organizations can coordinate interactions among layers; achieve alignment among systems and processes; and sustain a relentless focus on delivering quality customer experiences within hybrid environments.

Insight 3: Testing and Trust

Technology is only part of the problem. The larger challenge to scalability of AI is trust. This is a paradigmatic shift in thinking about adoption. Historically, the biggest hurdle to adopting new technologies in enterprises has been whether the technology performed as intended. Today, because of advancements in generative AI and large language models (LLMs), we know AI can certainly deliver customer interactions. But there's a big difference between "can" and "will." We now have to ask ourselves if organizations can trust these systems to function reliably, consistently, and safely at scale.

This distinction is important. AI systems currently are very capable of delivering excellent, natural language interactions, answering complex questions, and connecting to back-end systems to carry out tasks. However, having the capability to accomplish tasks does not translate to being ready for enterprise-scale deployment. To deploy these systems at scale, organizations need to believe they will behave as desired across a variety of circumstances – including edge cases, ambiguous input, and high-risk interactions. If organizations don't have confidence in the behavior of the systems they are deploying at scale, then AI becomes a risk rather than an opportunity.

Trust gaps exist today primarily due to the absence of robust testing frameworks created specifically for AI systems. Testing methods used in the past for deterministic systems (i.e., systems whose behaviors are predictable and reproducible) focus on confirming that predetermined sets of inputs generate predetermined outputs. Once those outputs are validated, the system is deemed reliable within its designated parameters.

AI systems, especially LLMs, operate differently. Because their output is produced dynamically using patterns found in training data, their behaviors are probabilistic. Therefore, the variability introduced by dynamic generation of output complicates traditional testing techniques. Thus, simply testing a few predetermined scenarios are insufficient to validate the reliability of AI systems. Instead, organizations need to consider a potentially infinite number of interactions.

Manual QA Processes

Consequently, many organizations still employ manual Quality Assurance (QA) processes. These involve human testers simulating customer interactions and assessing the responses provided by AI systems. While manual QA processes offer a form of control, they suffer from limitations related to the ability of human testers to adequately represent all possible interactions. Further, the assessments made by human testers can be subjective or inconsistent. Additionally, manually testing an AI system does not scale well with deployments across multiple channels and applications.

Reactive Monitoring

Another common approach to addressing the challenges associated with evaluating AI systems is reactive monitoring. Reactive monitoring occurs when an organization monitors AI behavior once it is deployed into production and addresses issues as they occur. Reactive monitoring helps identify problems but typically does so post facto – i.e., after customers have experienced adverse outcomes. Consequently, reactive monitoring is equivalent to detecting defects after products have been released instead of avoiding them prior to release. With customer experience – where interactions happen immediately and are visible – reactive monitoring can negatively affect perceptions of brands and levels of customer trust.

Therefore, organizations must fundamentally change their perspectives regarding testing and validation for AI systems to build trust at scale. Organizations cannot assume trust – it must be built through engineering efforts. Engineering trust requires a transition from static, scenario-based testing to dynamic, continuous evaluation frameworks – ones that reflect the nature of AI.

The Three Pillars of Trust at Scale

Testing

Testing is the first pillar in developing trust at scale. Testing for AI differs significantly from testing deterministic systems. Rather than focusing on validating specific outcomes, testing for AI must evaluate behavior across a broad array of characteristics – including accuracy, tone, consistency, relevance, and conformance to organizational policies. Organizations need to develop testing strategies that simulate various types of inputs from customers – including edge cases and adversarial scenarios – to determine how the system will behave under varying conditions. Typically this involves generating synthetic data and automated scenario generation. Evaluation metrics will extend far beyond simple pass/fail criteria.

Real-Time Monitoring

Real-time monitoring is the second critical element. Although even the most comprehensive testing may not anticipate all possible interactions that may occur once an AI system enters production – monitoring enables organizations to see how the system performs continuously; detect anomalies; and react rapidly to emerging issues. Organizations require more sophisticated monitoring tools than merely logging and analytics capabilities. They require advanced monitoring tools that enable tracking of KPIs (e.g., response quality; customer satisfaction; escalation rate; compliance); trigger alerts when threshold values are reached; and facilitate timely interventions. Monitoring real-time also facilitates ongoing improvements in AI performance.

Governance

The final element – governance – provides the structure for making decisions and holding people accountable for responsible management of AI systems – encompassing policies; procedures; and responsibilities for governing development; deployment; operation; and maintenance of AI systems. Governance includes articulation of expectations regarding acceptable behavior; establishment of procedures for protecting sensitive data; and adherence to regulations applicable to the industry/region. Governance also includes assignment of responsibility for various components of the system – e.g., model performance; customer outcomes.

Together – testing; monitoring; and governance – create an integrated environment that facilitates building trust at scale. Each component reinforces the others – creating a complete methodology for controlling the behavior of AI.

Moreover, achieving trust is not a one-time event – it is an iterative activity. As AI systems evolve – so too will the methodologies employed for managing these systems. New use cases; new data; and new regulatory requirements will continually alter the ecosystem for employing AI. Organizations must be capable of adapting – investing in tools that enable continued trust throughout the life cycle of an AI system.

The costs are high. In customer experience – trust is an integral aspect of the customer relationship. Customers entrust organizations with their personal information; expect truthful representation from organizations; expect protection from harm resulting from unauthorized uses of their data; etc. Failure in any one area can damage trust – while successful performance can enhance trust.

> Ultimately – the pathway to expanding AI in customer experience runs directly through building trust. Organizations who recognize this – and make corresponding investments – will be able to realize full potential value from their investments in AI – enabling delivery of customer experiences that are equally consistent and reliable.

Organizational Implications

AI and CX will fundamentally alter the way your organization operates. Wherever you used to separate technologies by functional area (e.g., customer service vs. marketing) and departments, AI now affects every part of the business -- from how your customer interacts with your company to how data is processed, whether or not the company adheres to all applicable laws and regulations, and how operations happen.

Ultimately, the ability to create successful experiences using AI will depend on the ability of your organization to bring together multiple groups of people who work in different parts of the business toward one mission/strategy. In order to make this transformation, cross-functional collaboration must occur.

IT Group

Will be able to handle the infrastructure, integration and performance issues.

Customer Experience Group

Will determine the journey, tone and outcome expectations of each interaction.

Legal/Compliance Group

Will ensure that your AI systems comply with laws and organizational policies.

Security Group

Will provide protection for your data and prevent potential vulnerabilities.

Historically, many of these groups have operated independently of each other with their own goals/priorities and little if no overlap. The introduction of AI changes that paradigm. There are numerous decisions made when creating an AI-powered customer experience including how the AI system responds to customer inquiries, what data does the AI system have access to, and how the AI system responds to sensitive situations that must be made collectively by all of these groups. For instance, a CX group might develop a conversational flow that prioritizes speed/convenience; whereas, a legal group may identify risks regarding disclosure/liability. An IT group will prioritize system performance, whereas, a security group will prioritize data protection. The collective views of all of these groups must be balanced in some sort of structured manner through collaborative decision-making.

Your current governance structure(s) must be revised to accommodate this new paradigm. Governance structures that were developed based upon determinism (i.e., governed by pre-defined rules and controls), will not suffice for the dynamic environment created by AI systems. In the past, governance was relatively easy because behavior was predictable in deterministic environments. However, behavior is unpredictable in real-time, dynamic environments such as those created by AI systems. Therefore, governance structures must be more adaptable to allow for variability, uncertainty and continued change.

As such, organizations need governance structures that are both comprehensive and flexible. Organizations must develop clearly defined policies that outline acceptable behavior/data usage/escalation procedures for employees, however, organizations must also establish mechanisms for ongoing oversight and adjustments. Such mechanisms may include cross-functional governance committees; regularly scheduled review processes; and individuals responsible for overseeing AI. Most importantly, governance should not hinder innovation - rather, it should enable companies to scale responsibly. When properly implemented, governance will instill confidence necessary to further deploy AI in your organization.

Rethinking Competencies & Change Management

New Organizational Competencies

Additionally, AI necessitates a significant rethinking of organizational competencies. Skills required for AI do not fit into established positions. Organizations require professionals with skills related to designing prompts/model evaluation/data curation/AI ethics. Simultaneously, organizations must evolve established positions. Customer service agents will likely be working alongside AI systems reviewing outputs/resolving escalations/providing feedback for improvements. Managers must learn to interpret new metrics and oversee/hybrid teams consisting of humans/AI.

Training & Change Management

Therefore, training/change management becomes essential in supporting this transformation. Employees must not only know how to utilize AI-enabled tools – they must also learn to trust/interact collaboratively with these tools. Many employees resist AI due to uncertainty – i.e., fear of losing their jobs/directly controlling aspects of their job/lack of transparency. These fears must be directly addressed through employee education/opportunities to interact with AI-enabled solutions.

Future Outlook

Over the course of the next year, the future direction of artificial intelligence (AI) in customer service is clear – faster. Those organizations which have experimented with AI will begin to adopt it more broadly. Organizations that currently utilize AI will look to scale and optimize its use. It's expected that the rate of change will accelerate due to increased competition and maturation of the technology.

An organization's ability to deploy and expand its AI solutions will be one of the major focuses for the remainder of this year. This entails moving past pilot programs and narrowly defined use cases. Instead, organizations will attempt to leverage AI across all customer interaction channels and touchpoints. Organizations will want to see an increase in the percentage of total customer interactions managed by AI; however, organizations will also want to ensure that these interactions are consistent and of high quality. To achieve this, organizations will need to demonstrate both technological scalability along with organizational readiness in terms of processes, employee training, and governance structure(s) necessary to manage expanded volumes and complexities.

Another emerging trend is that early AI implementations tend to be narrow and well-defined (e.g., answering frequent questions, routing inquiries). However, as confidence grows, organizations will begin exploring more complex uses of AI, such as proactive engagement, providing personal recommendations, and automating end-to-end tasks. In doing so, organizations will extend the capabilities of AI in customer experience; however, they will also create additional testability requirements (e.g., how does the system behave when a certain question is asked?), monitor-ability requirements (e.g., How much traffic is flowing through the system? Is it behaving correctly?) and control requirements (e.g., What happens if an error occurs?).

In addition to focusing on increasing the capabilities of AI, organizations will continue to invest heavily in reliability and governance. As AI becomes increasingly responsible for managing customer interactions, the potential consequences of failing become significantly higher. Therefore, organizations must ensure that their systems are capable of delivering consistently reliable performance. Investment in testing and validation infrastructure, monitoring tools and governance framework(s), will help organizations ensure that their systems are dependable and provide them with a competitive advantage as customers increasingly turn to organizations that consistently deliver high-quality experiences.

However, in parallel to increasing the reliance on AI for customer service interactions, organizations will need to develop a more deliberate strategic plan for using AI. The first stage of AI implementation is typically marked by rapid deployment and experimentation. As the second stage emerges, organizations will need to be more focused and disciplined. Organizations will need to prioritize AI use cases based upon their projected impacts on business operations. Organizations will also need to link their AI-related expenditures with specific business goals. Furthermore, organizations will need to track and evaluate their results much more clearly than during the experimentation/rapid deployment phases.

Recommendations

1 Invest strategically in AI

Organizations should move beyond opportunistic adoption and develop a clear strategy for AI investment. This involves identifying high-impact use cases, aligning initiatives with business objectives, and ensuring that resources are allocated effectively.

2 Build testing infrastructure

Robust testing capabilities are essential for ensuring the reliability and safety of AI systems. Organizations should invest in tools and processes that enable comprehensive evaluation of AI behavior, including automated scenario testing, performance metrics, and continuous validation.

3 Design hybrid orchestration systems

Given the persistence of hybrid CX environments, organizations must focus on orchestration rather than replacement. This involves creating systems and processes that coordinate interactions across human agents, scripted automation, and AI.

4 Establish governance early

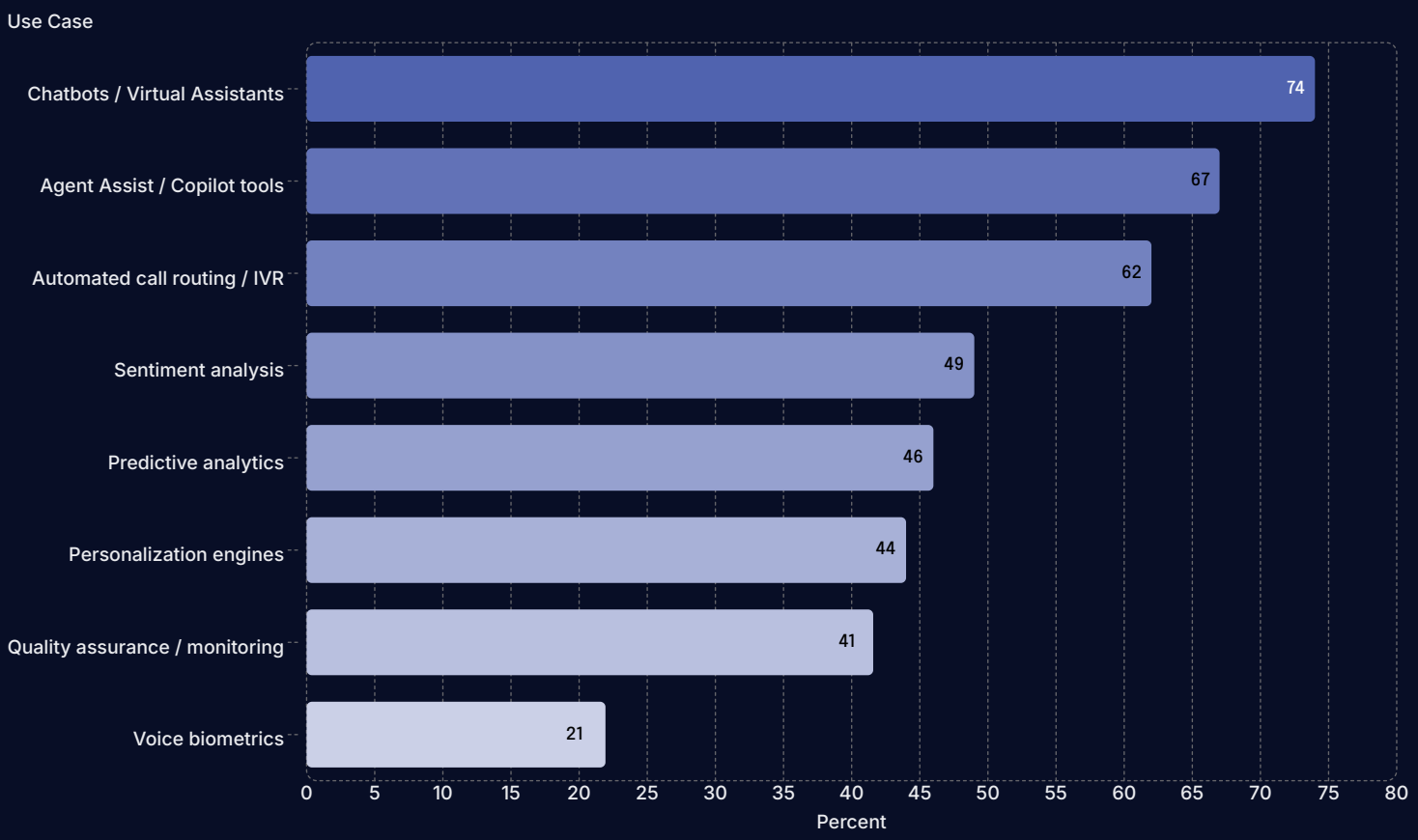
Governance should be embedded from the outset of AI initiatives. Organizations need clear policies, defined roles, and structured oversight to manage the risks.

5 Prioritize trust

Trust should be a central objective in AI-driven customer experience. Organizations should focus on transparency, reliability, and accountability, ensuring that AI systems behave in ways that align with expectations and values.

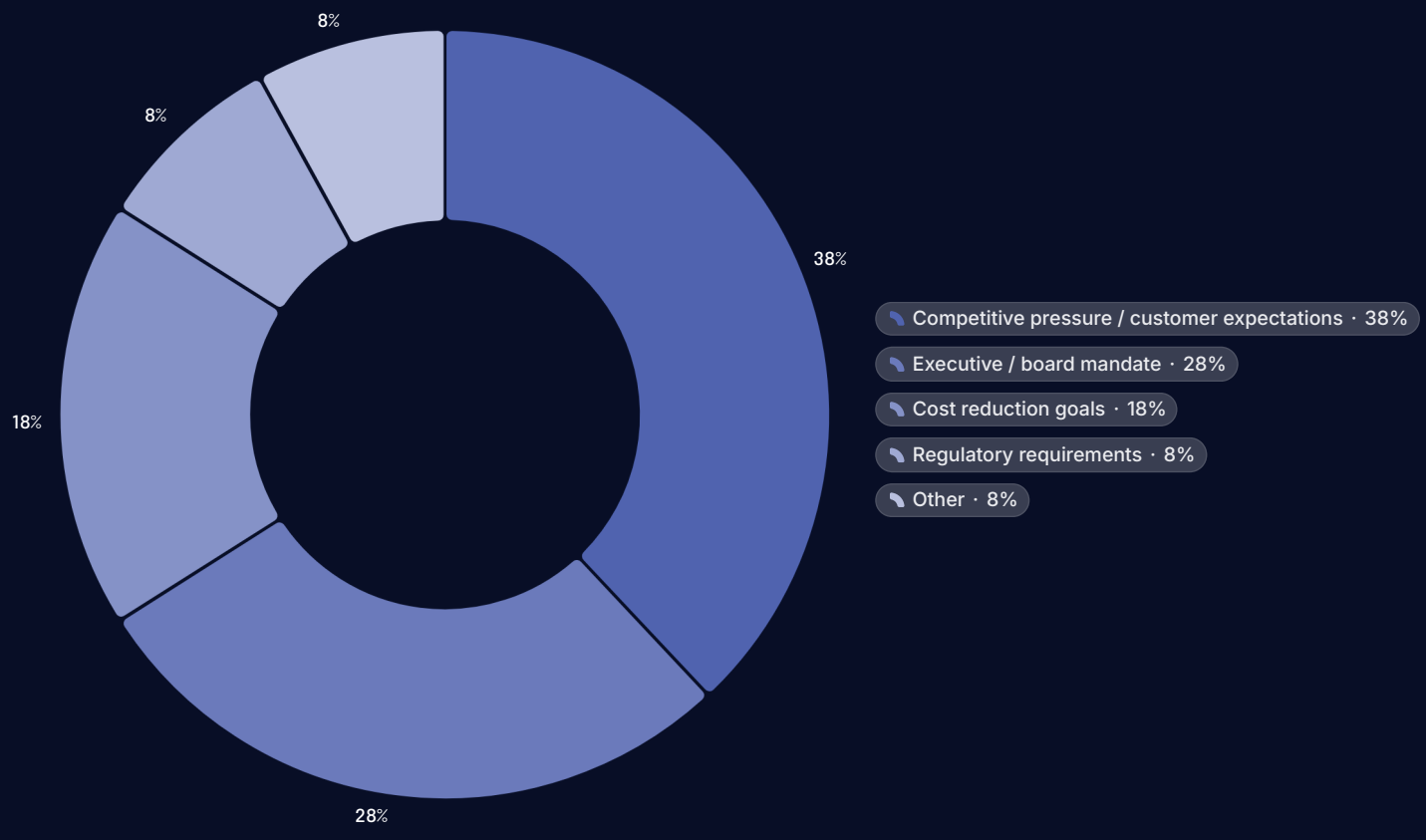
Survey Data & Visuals

How is AI currently being used in your organization's customer experience?

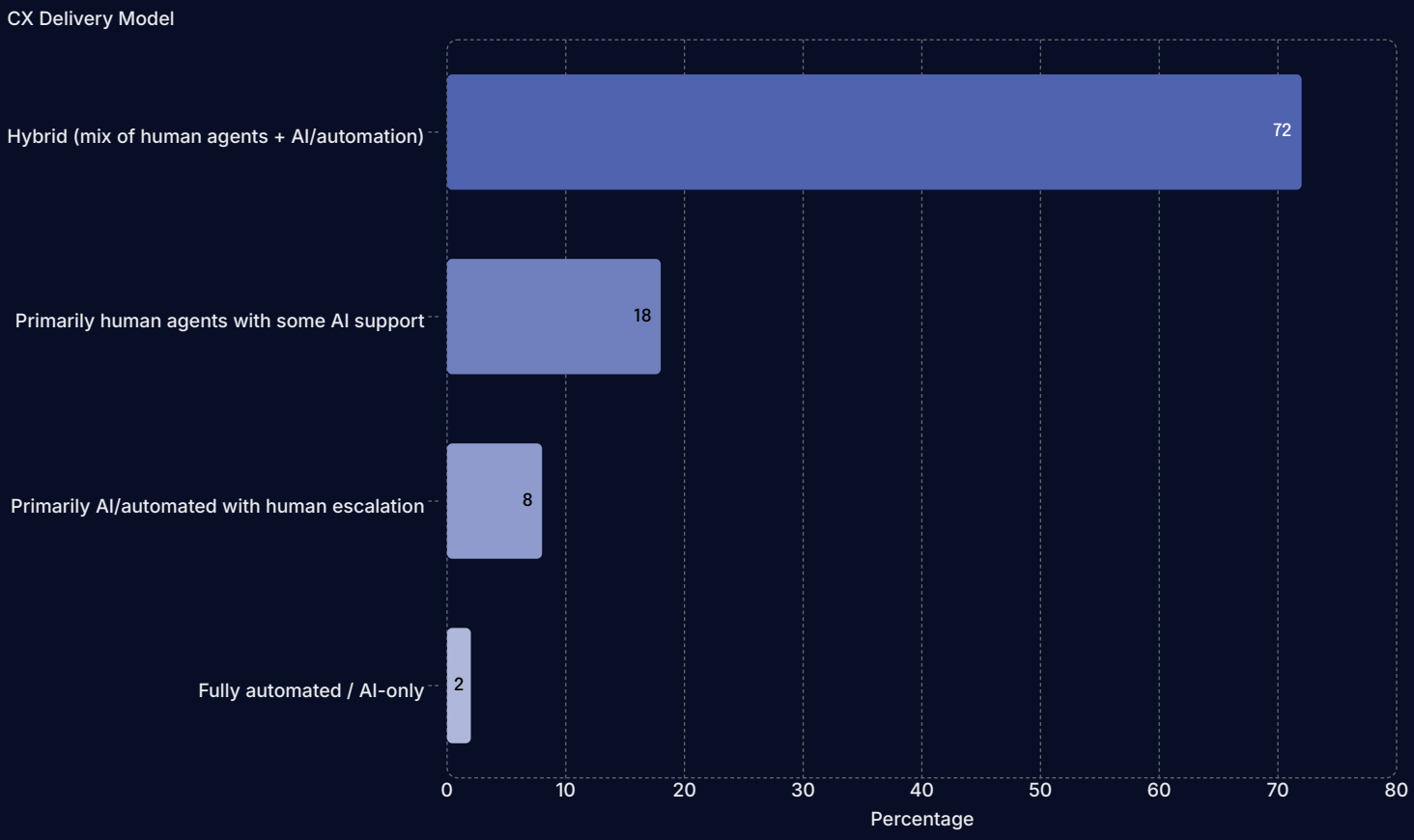


Note: Respondents could select multiple options.

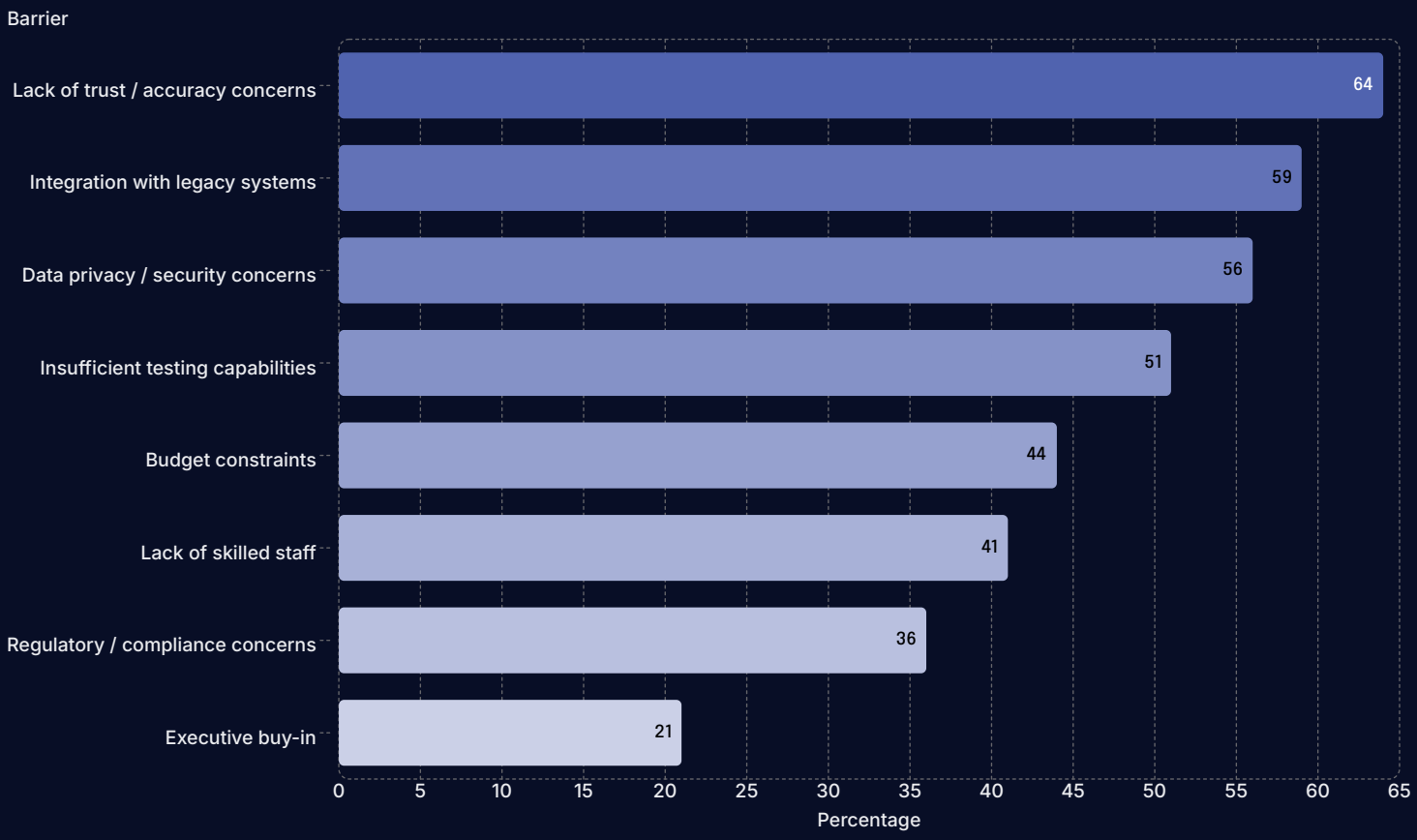
What is the primary driver of AI adoption in your organization's CX strategy?



How would you describe your organization's current CX delivery model?

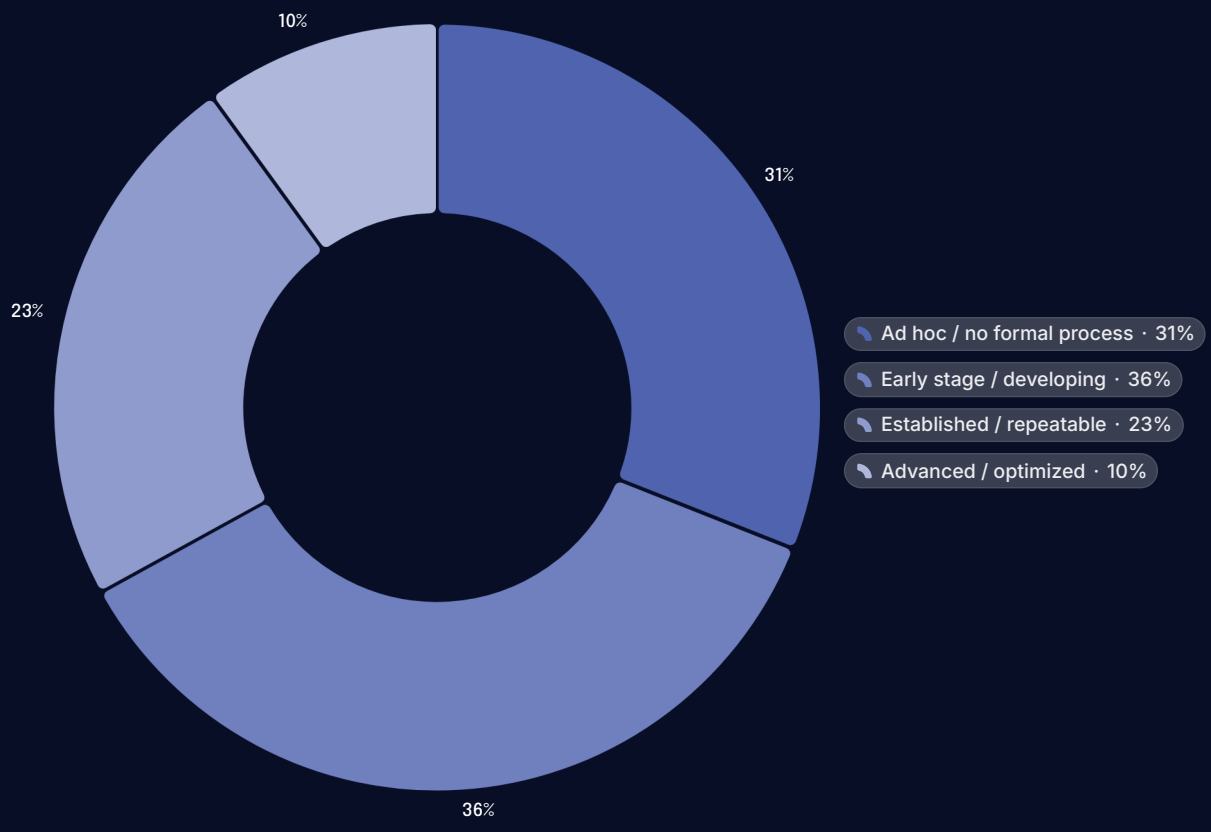


What are the biggest barriers to scaling AI in your CX operations?

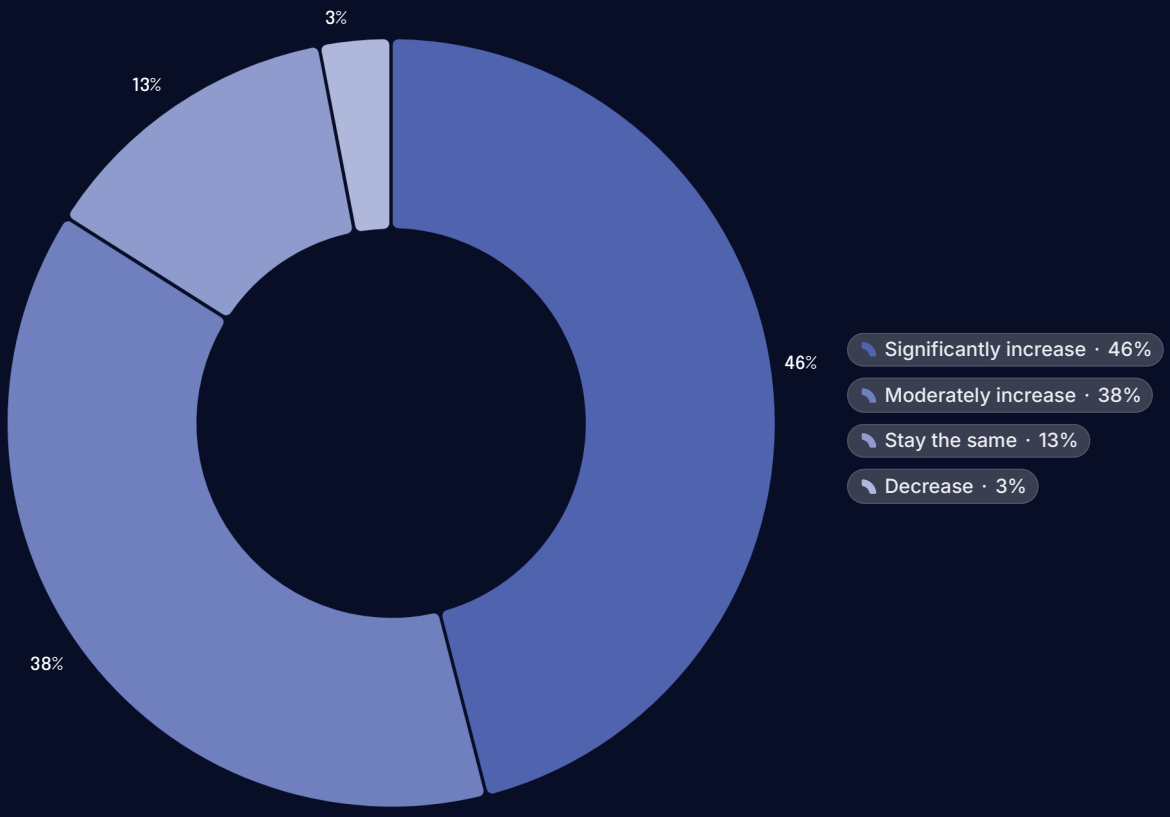


Note: Respondents could select multiple options.

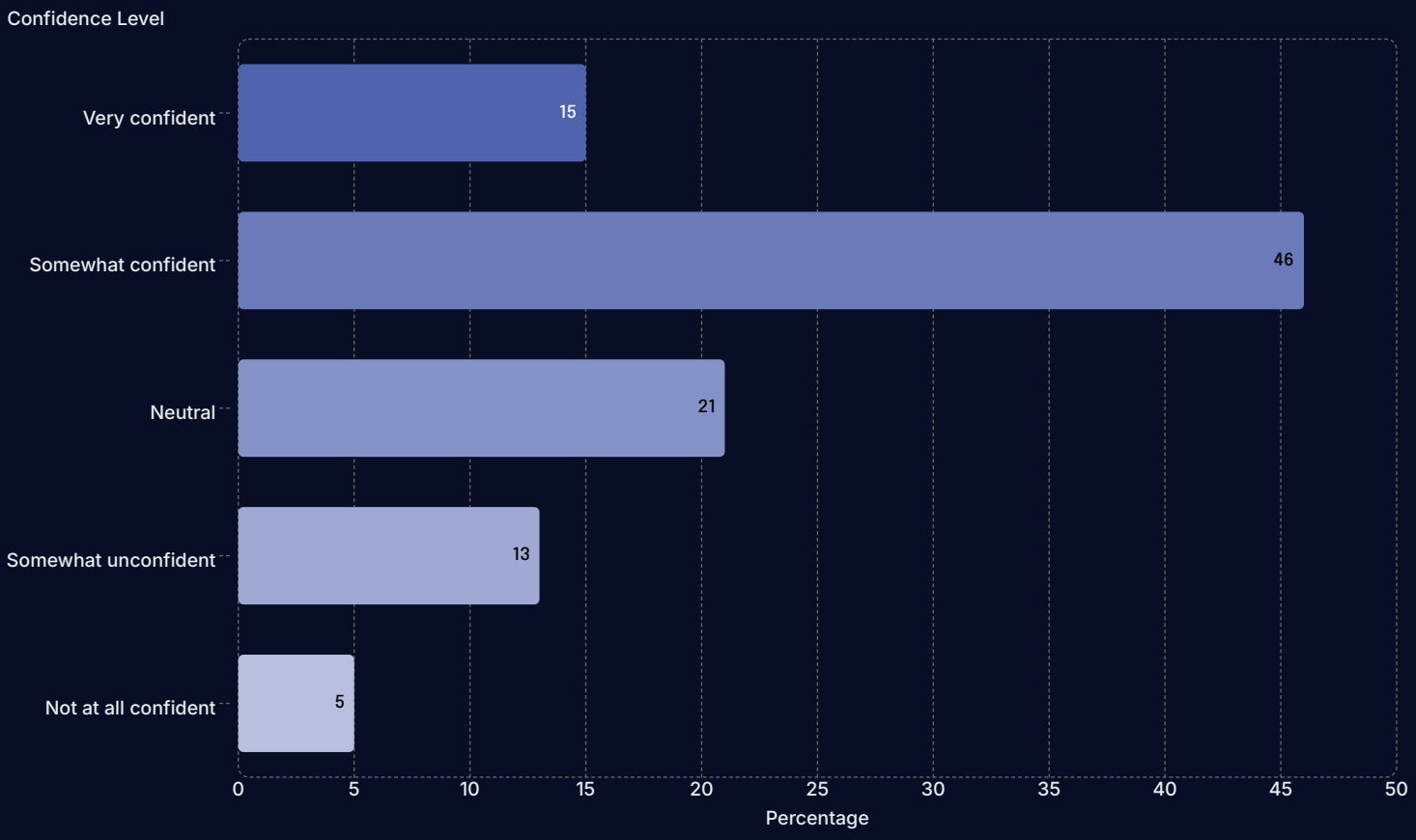
How mature is your organization's AI testing and validation process?



Over the next 12 months, how do you expect your organization's AI investment in CX to change?



How confident are you that your AI-powered CX systems are performing as intended?



Open-Ended Responses (9)

"The right AI matters sometimes it is the best answer for the customer experience. Sometimes it's a solution in search of a problem and deployment from that perch makes managing costs, quality and expectations extraordinarily difficult."

"End user adoption producing ROI"

"Plans vary by Customer"

"Unfortunately I don't believe we need anything concrete to move forward – we've been told to roll this out regardless of risk, support, or outcomes."

"Customers are starting to deploy agentic AI across multiple use cases. They're buying longer roadmaps and expanding quicker after initial lands. I expect this to increase across the market."

"The idea is to go full on production use cases to solve for healthcare use cases proactively to solve for customer experience"

"We are already there, and we do it with Google, MSFT, AWS, Genesys, NICE, Verint and every large CRM, CCaaS, WFM and QM"

"It's essential the current client deploys in the DTC businesses for the customer interaction and QA"

"Faster the Better"

This white paper is authored by Bradley Metrock, Project Voice Capital Partners, and commissioned by Cyara.

Survey data included thirty-eight customer experience and contact center executives from across the United States, recorded in March 2026.

For more information on Cyara, a leading global provider of AI-powered assurance solutions for customer experience, visit **www.Cyara.com**.