Microsoft Dynamics 365

Service Reimagined

A Blueprint for
Customer Service Leaders

01 Introduction

The strategic role of customer service

Contact centers can no longer be viewed as merely another cost center within the organization. They've evolved into powerful engines for business growth, presenting an opportunity for companies to build and maintain stronger relationships with their customers.

Exceptional customer service doesn't just solve problems—it creates advocates, drives loyalty, and differentiates businesses in increasingly competitive markets.

The contact center has become a new front line for enhancing brand perception.

This shift toward transforming customer service comes at a pivotal moment of technological advancement.

Organizations are using AI as a lens to rethink their approach to customer interactions, creating new ways to automate routine tasks and deliver a key differentiator for today's leading customer service systems: exceptional customer experiences at a lower cost.

While keeping costs down is a perennial business imperative, the impact of AI in the contact center goes far beyond that. Businesses can now resolve issues faster, provide more consistent service across channels, and free their service representatives to focus on complex, high-value interactions and growth drivers, such as up- and cross-selling opportunities.

For business leaders, the potential is clear: AI solutions are transforming customer service from a reactive cost center into a proactive value creator that drives growth, enhances customer satisfaction, and builds a lasting competitive advantage.

AI isn't just changing how contact centers operate—it's fundamentally reimagining what's possible in customer service.

02

Now is the time for AI in the contact center

"**Leaders must prioritize staying on top of generative AI developments, as it's no longer a 'nice to have' but a critical necessity in the modern contact center.**"[1]

The modern contact center is tasked with achieving a shifting goal: It must consistently enhance customer experience in an environment where customer expectations continue to rise. Keeping up requires modernization—new systems that can match the fluidity of the evolving service landscape.

The intelligent automation delivered by AI-powered solutions is key to this transformation.

Infusing AI throughout the contact center can alleviate challenges for all three stakeholders in the service equation: customers, service reps, and business leaders.

Contextual awareness and advanced self-service options streamline resolutions, mitigating long queues and hold times; automation fulfills repetitive tasks that drain resources and service rep energy; contact center investment can be directed away from basic processing and toward growth opportunities.

With these pressures alleviated, an organization's culture shifts. Reps feel more capable and fulfilled. Customers receive more effective service, or are empowered to resolve their own concerns. Businesses can focus on expansion, knowing that their customer service is helping them to thrive.

[1] "A Recipe For Resilience In The Contact Center," Forrester Research, Inc., and Microsoft, Inc., November 2024

Case Study

Lenovo **delivered AI-fueled experiences** to customers and support reps, **reaching record-high customer satisfaction.**

❝

Average handling time has fallen by 20% and [service rep] productivity is up 15%."

Chen Lu

Director, Services IT Delivery, Lenovo

Read the full story →

03

Omnichannel engagement: Personalization, AI, and customer-centric strategies

The first principle of customer service today is to show up where and when your customer chooses. But the reality of always-on/anywhere customer service adds another layer of complexity for businesses.

No matter which channel they're using—chat, voice, email, social channels—customers expect the interaction to be both personalized and efficient.

If your competitors deliver on these expectations more effectively, they will win your customers' business. Poor customer service experiences lead to more than half of customers spending less or deciding to take their business elsewhere.[2]

What, then, can organizations do to ensure that they stay at the leading edge of customer service?

Deliver a personalized and connected customer experience across channels.

A single platform for voice, chat, email, SMS, and social engagement enables a 360-degree view of customers for seamless transitions among channels and informed service rep interactions.

AI-powered solutions are revolutionizing omnichannel personalization, empowering representatives with real-time context transfer and predictive insights, gained by intelligently synthesizing customer data across touchpoints.

[2] "What Happens After a Bad Experience, 2024," Qualtrics XM Institute, January 2024

Provide faster and seamless service to customers on their channel of choice.

Tools such as callback management and asynchronous messaging give customers increased control and reduce the time they spend getting their problems solved.

Using AI-enhanced automation allows organizations to predict customer intent, dynamically prioritize interactions, and seamlessly guide customers to the most appropriate resolution path, dramatically reducing wait times and improving overall service efficiency across all communication channels.

Route the case to the right representative, every time, and understand the customer's emotions and needs.

Intelligent routing delivers cases to service reps based on skillsets and analysis of past performance, while live sentiment analysis and advanced AI provide a pulse on customer emotions and needs across channels.

Many companies scrambled to deploy new channels during the pandemic-driven digital wave. In other cases, organizations have simply accumulated disparate technologies and channels over time, and feel pressure to maintain them. Both face the same challenge: delivering a unified experience.
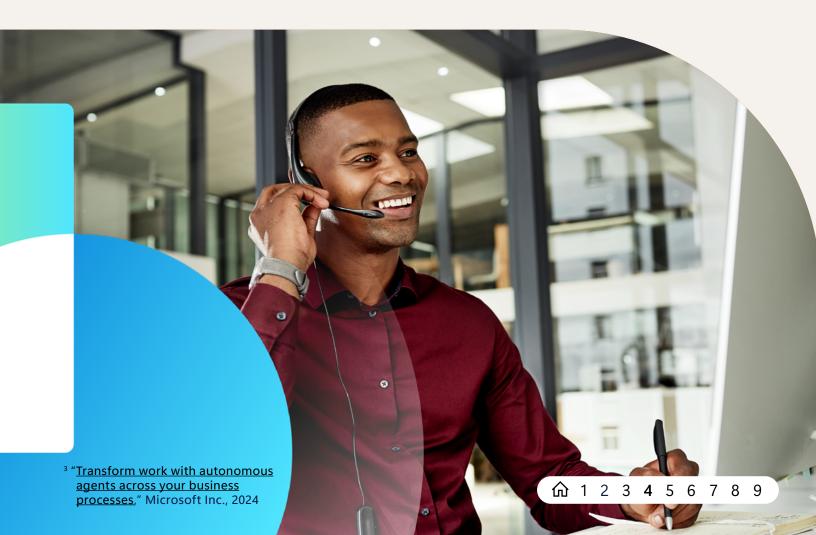
Implementing contact center solutions with AI-powered capabilities gives organizations a new way to integrate their various contact channels and centralize their CX operations data, delivering the unified, personalized customer experience that provides a baseline for customer loyalty today.

04

Intelligent self-service: Enhancing customer experience

Customer service leaders will always be relied on to solve business challenges and build rapport with customers.

However, customers are increasingly seeking resolutions that are faster, easier, and more convenient. Self-service channels can answer this call for new levels of speed and efficiency, while helping organizations manage high call volumes and agent workloads.

Yesterday's self-service tools rely on inflexible, hard-coded dialogue with embedded knowledge that must be predefined for potential customer issues.[3]

[3] "Transform work with autonomous agents across your business processes," Microsoft Inc., 2024

Modern self-service channels, like interactive voice response (IVR) and chatbots, serve as the first line of engagement for many customer interactions, making their effectiveness crucial to overall service success.

When powered by AI, these tools move beyond simple decision trees to deliver experiences capable of handling complex inquiries and seamlessly escalating to human agents when needed, including:

- **Conversational and contextual interactions.** AI-powered chatbots and voice assistants can understand intent, sentiment, and context to provide relevant, personalized responses.

- **Seamless human escalation.** Instead of dead-end bot loops, AI solutions ensure smooth, intelligent transitions to human agents when needed— passing along conversation history for a frictionless experience.

- **Continuous learning and optimization.** Machine learning allows self-service options to improve over time, refining responses based on real customer interactions.

- **Omnichannel consistency.** Whether customers engage via web, mobile, IVR, or messaging apps, AI-enhanced self-service maintains a unified, high-quality experience.

A robust self-service strategy isn't just about reducing costs—it's about delivering faster, better service at scale.

05

Automating business processes with autonomous agents

Autonomous agents are helping to solve some of the interconnected, compounding challenges facing today's contact centers.

These AI-driven capabilities extend beyond simple customer interactions—they optimize backend workflows, streamline decision-making, and unlock new levels of efficiency.

As an example, updating vital knowledge base articles typically relies on manual processes. Valuable insights from seasoned customer service representatives are often locked away in chat logs, call recordings, case notes, and other data silos.

Autonomous agents help to ensure that knowledge articles are kept perpetually up to date by analyzing case notes, transcripts, summaries, and other artifacts from human-assisted cases to uncover insights.[4]

Also, by rapidly synthesizing insights from past interactions, autonomous agents not only optimize backend processes but directly accelerate case resolution. AI-powered solutions can quickly surface relevant knowledge, suggest precise solutions, and guide service representatives to faster, more accurate responses, reducing average handle times and improving first-contact resolution rates.

These actions—that once required expensive human resources and time—can now be completed in a fraction of the time, and a fraction of the cost.

[4] "Transform work with autonomous agents across your business processes," Microsoft Inc., 2024

06

Accelerating resolutions with intelligent automation

Speed wins in customer service. Every second saved in resolution time translates directly to customer satisfaction, operational efficiency, and competitive advantage.

Today's AI solutions, particularly their advanced ability to understand and process natural language, enable real-time analysis of conversations and the ability to instantly surface insights and knowledge.

These intelligent systems can harness interaction data to create case records during conversations, instantly populating critical details and providing service reps with immediate context, cutting down the traditional time-consuming case management process.

From automatically drafting initial and follow-up responses, to monitoring ongoing interactions, AI solutions eliminate manual steps that typically slow down customer service. Systems can autonomously track cases, suggest resolution paths, and even draft wrap-up notes, allowing agents to resolve issues faster and more efficiently.

The impact is immediate and measurable, through key performance indicators that matter to service operations: reduced average handle times, improved first contact resolution rates, and decreased case backlogs.

AI in the contact center: Improving the KPIs that matter

For some organizations, harnessing the AI capabilities of Dynamics 365 in their contact centers helped them to realize:

- 20% reduction in misroutes[5]

- 12–15% reduction in average handle time for chat cases[5]

- 15% decrease in misrouted cases[6]

[5] "Microsoft empowers support engineers to shine brighter with Dynamics 365 Customer Service," Microsoft, Inc., September 2023
[6] "Forrester TEI study shows 315% ROI when modernizing customer service with Microsoft Dynamics 365 Customer Service," Microsoft, Inc., March 2024
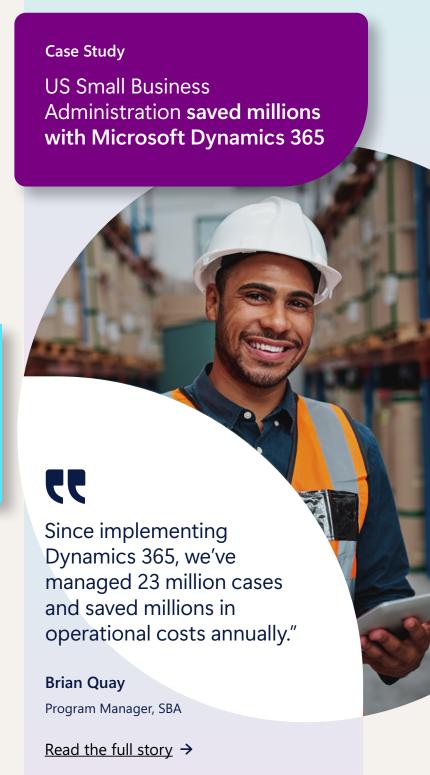
Using AI through this systematic approach doesn't just save time—it fundamentally improves the quality of service delivery by ensuring consistent, data-driven decision-making at every step.

Rather than simply automating individual tasks, advanced contact center solutions create an intelligent workflow that anticipates needs, suggests next best actions, and continuously optimizes the path to resolution. In short: AI solutions enable leaps forward in personalized service.

Synthesizing insights across channels using AI also creates a compounding effect: Each interaction enriches the system's understanding, automatically refining knowledge bases and self-service capabilities.

This creates a dynamic service environment that becomes progressively more efficient, turning every customer engagement into an opportunity to strengthen the organization's service capabilities.

The result is a more agile, responsive service organization that can scale efficiently while delivering the sophisticated personalized support that today's customers demand.

Case Study

US Small Business Administration **saved millions with Microsoft Dynamics 365**

"

Since implementing Dynamics 365, we've managed 23 million cases and saved millions in operational costs annually."

Brian Quay

Program Manager, SBA

Read the full story →

07

Structured data for optimized service

"83% of respondents report [that] knowledge management represents the primary agent-facing AI initiative for 2024."[7]

Harnessing AI in contact center environments relies on data—to analyze customer interactions, predict needs, and deliver personalized experiences.

This includes raw inputs like call transcripts and chat logs, customer profiles, interaction data, behavioral data, feedback data, and knowledge base content like FAQs, product documentation, and internal guides.

While raw data forms the basis for generating insights, it must be organized, analyzed, and contextualized to be truly valuable.

"Around a third (34%) of those moving forward with Gen AI in the contact center say issues with the quality of their data or knowledge sources are proving a challenge. This is a barrier preventing adoption for nearly a quarter (23%) of the nonadopters, too."[8]

The power of AI lies in its ability to make data useful. Collecting contact center data has never been a challenge. Unlocking its context and utility has.

New AI tools present an opportunity for organizations to better organize their data estates and get the most out of the information they have at their disposal.

Unifying tools onto a single cloud-based platform reduces redundancy and enables cost flexibility to meet changing business conditions. If that platform has an open architecture and no-code/low-code development capabilities, the time and cost of development can be dramatically reduced, putting innovation within reach across the organization.

Cloud-based, composable solutions bridge the gap between data collection and actionable insights by transforming data into knowledge at scale, allowing organizations to leverage it for customer service innovation.

[7] "Generative AI Success in the Contact Center Starts with Knowledge Management," Harvard Business Review and Microsoft, Inc., 2024
[8] "Perception and Reality: Moving Beyond AI Anxiety to AI Action in the Contact Center," Harvard Business Review and Microsoft, Inc., 2024

08

Protecting your contact center: Security, privacy, compliance, and transparency

As digital interactions become increasingly complex, traditional protection models are no longer sufficient in managing the intricate landscape of customer communication channels.

Your platform should have clearly defined boundaries around the security responsibilities of both the service provider and the organization, with robust protections for physical infrastructure, network controls, and application frameworks.

Core security capabilities to evaluate:

- Comprehensive security development lifecycle

- Strong data encryption

- Secure identity management

- Robust authorization controls

- Continuous auditing and monitoring capabilities

The most trustworthy contact center solutions put data ownership and privacy first. A strong data governance framework gives organizations full control over their customer data through carefully managed access controls and secure data storage. Clear, transparent policies govern how data is handled and used, ensuring customer information stays protected and under proper oversight.

Microsoft's Responsible AI program is a comprehensive approach to developing AI technologies that are ethical, transparent, and accountable. The program is built on six key principles:

- Fairness

- Reliability and safety

- Privacy and security

- Inclusiveness

- Transparency

- Accountability

Microsoft has established an AI ethics board and developed detailed guidelines to ensure AI systems are designed to avoid bias, protect user privacy, and maintain human agency.

In contact center environments, Microsoft's Responsible AI principles translate to creating AI solutions that provide unbiased, accurate, and empathetic customer interactions. This means developing AI systems that can understand and respond to customer needs without inadvertently causing harm, protecting customer data privacy, and maintaining transparency about when customers are interacting with an AI system or a human representative.

Security, compliance, and responsible AI usage should never be an afterthought. The most effective approach is to integrate these considerations from the initial project design, understanding that strong protection impacts scalability, performance, and overall business risk management.

Case Study

Microsoft **transformed support by becoming "Customer Zero"** for their own generative AI customer service solutions.

"

AI has the potential to drive operational excellence, nurture customer loyalty, and grow value through the entire customer journey— making it one of the most valuable tools for enterprises."

Mala Anand

Corporate Vice President, Customer Experience and Success, Microsoft

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09 Conclusion

Transform the way you serve customers with trusted AI

"Tomorrow's top-performing contact centers will blend careful action with the right vendor solutions to make the most of the CCaaS opportunity…. Doing so will enable them to keep pace with constant changes in customer demands and fuel business growth."[9]

For organizations seeking innovative solutions to the persistent challenges of customer experience, Microsoft Dynamics 365 offers a cloud-native, AI-first experience that brings advanced intelligence, automation, and efficiency to every engagement channel.

Infuse generative AI across autonomous agents, intelligent routing, assisted service, post-call wrap-up, and analytics—and connect customer service responses to the data that produces effective resolutions.

Specifically designed to help deliver frictionless service experiences across channels, Dynamics 365 provides effortless self-service, supercharges representative productivity, and reduces operational costs.

[9] "A Recipe For Resilience In The Contact Center," Forrester Research, Inc., and Microsoft, Inc., November 2024

Organizations can harness Dynamics 365 to:

- **Personalize the service experience at every touchpoint.** Deliver personalized, connected experiences while empowering customers with enhanced self-service through AI and automation.

- **Help service teams work smarter.** Fuel collaboration and productivity across agents, technicians, and frontline workers with built-in generative AI tools that lead to faster resolution, time savings, and better outcomes.

- **Drive efficiency and scale service operations.** Drive operational efficiency from self-service to assisted or field service with proactive insights and automation that help save costs for businesses and increase value for customers.

Provide modern service experiences that satisfy your customers, empower your teams, streamline service touchpoints, and create maximum value for your business. Dynamics 365 delivers AI-powered service solutions that enhance customer experience, improve efficiency, and drive business growth.

Learn more at AI-Powered Service Solutions | Microsoft Dynamics 365

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Explore Dynamics 365 Contact Center and try it for free