

HFS Horizons

**customer
Experience Service
Providers, 2024**

Horizon 3 Market Leader

Driving growth through ecosystem
transformation

TECH
mahindra

Horizon 3 Market Leader

Driving growth through ecosystem transformation

HFS Horizons

Customer Experience Service Providers, 2024

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Digital-first with CX delivery prowess and a gig model to leverage

**HORIZON 3 –
Market Leader**

**TECH
mahindra**

**HORIZON 2 –
Enterprise Innovator**

HORIZON 1 – Disruptor

Access the report at www.hfsresearch.com

Value proposition: With a digital-first approach, TechM BPS, the BPO arm of Tech Mahindra, offers end-to-end CX service offerings, including CX redesign, consulting, process re-engineering, and other managed services. TechM provides clients with comprehensive 360-degree transformation services, leveraging domain expertise, tool experience, and expertise in strategy, incorporating an inverted service model, embedded analytics, and automation.

Key differentiators: Tech Mahindra is bringing together a holistic CX capability that can leverage its digital-first approach, CX delivery prowess, and a gig model.

Technology innovation: In partnership with leading technology players, Tech Mahindra developed the digital-first technology stack across chatbots, voice bots, webchat, omnichannel platforms, CRM, and WFH. TechM has invested in designing solutions-focused applications on GenAI to augment CX and EX. Via its Makers Lab, it invests in developing solutions that harness next-generation technologies.

Client and partner reference kudos: Clients and partners appreciate TechM's flexibility, creativity, domain knowledge, and execution speed.

HFS

HORIZONS REPORT

Customer Experience Service Providers, 2024

Analysis of the leading service providers in enterprise customer
experience innovation

Authors:

Melissa O'Brien, Executive Research Leader
Krupa KS, Senior Analyst

Excerpt for Tech Mahindra

“

As enterprises rush to innovate and create efficiencies simultaneously, the CX function has a massive impact on cost, brand, and growth. CX services provide a critical capability that enables companies to address both sides of the digital dichotomy: drive efficiencies and design and execute strategies that foster brand differentiation through experiences.

The offerings in this services marketplace have been slowly evolving over the last decade from pure labor-arbitrage-focused services for cost reduction to improved efficiency and productivity, then to the broader strategy and design of customer experiences. This evolution aligns well with our Horizon vision from functional optimization to ecosystem synergy. While many enterprise clients still primarily focus on the “better, faster, cheaper” ideals of Horizon 1, there is a growing demand for services that focus more on experience and value.

With the advent of generative AI, the CX services industry is on the brink of a crucial pivot point, where unprecedented disruptions and sources of value are on the horizon.

”



Melissa O'Brien

Executive Research Leader & CX
Services Leader, HFS

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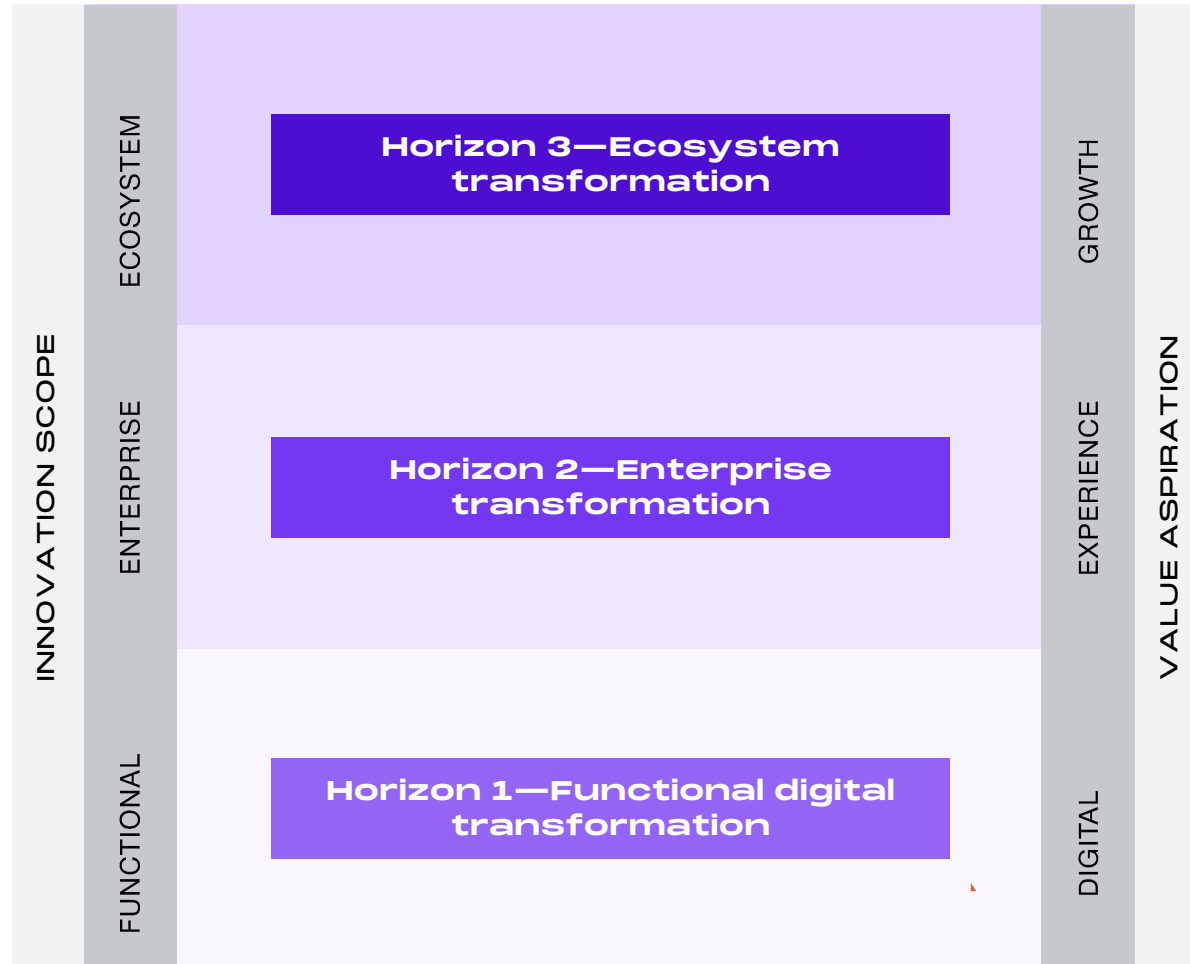
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Introduction and the HFS CX services value chain

Introduction

- Customer experience service providers have long played a critical role in helping organizations modernize their operations-focused CX functions. The offerings in this marketplace have been slowly evolving over the last decade from purely cost-cutting labor-arbitrage-focused services to improved efficiency and productivity, and then to the broader strategy and design of customer experiences. This has required service providers to invest more in data and analytics, talent, and partnerships with technology firms. The evolution aligns well with our Horizons vision, spanning functional optimization to ecosystem synergy. While many enterprise clients just seek cost reduction and efficiency, there is a growing demand for services that focus more on experience and value.
- *HFS Horizons: Customer Experience Service Providers, 2024* assesses how well service providers are helping their **clients embrace innovation through customer experience and realize value**. The study evaluates providers' capabilities across the HFS definition of the supply chain, based on a range of dimensions to understand the **Why, What, How, and So What** of their service offerings.
 - **Horizon 1:** Ability to drive functional optimization outcomes within the customer experience industry through cost reduction, speed, and efficiency.
 - **Horizon 2:** Horizon 1 + the enablement of the **OneOffice™ model** of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experience
 - **Horizon 3:** Horizon 2 + the ability to drive **OneEcosystem™ synergy** via collaboration across multiple organizations with common objectives around driving entirely new sources of value
- This research highlights the **value-based positioning** for each participant across the three distinct Horizons. It also includes **detailed profiles** of each service provider, outlining their **provider facts, strengths, and development opportunities**.
- **Inclusion criteria:** We invited diversified providers of business process services with established business lines focused on supporting enterprise needs for customer experience to participate in this study. Participation guidelines:
 - Annual customer experience services revenues (combined) of at least \$250 million or a 10% contribution to overall revenue
 - An existing portfolio of services spanning our customer experience services value chain

HFS Horizons for customer experience services



Horizon 3—Ecosystem transformation

Horizon 3 service providers demonstrate

- Horizon 2 + The ability to drive **OneEcosystem™** impact via collaboration across multiple organizations with common objectives around driving completely new sources of value
- Innovation scope at the ecosystem level with the resulting value delivered focused on growth through new business and collaboration models

Horizon 2—Enterprise transformation

Horizon 2 service providers demonstrate

- Horizon 1 + Enablement of the **OneOffice™** model of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experience
- Innovation scope at the end-to-end enterprise level with the resulting value delivered focused on enhanced stakeholder experience—inclusive of customers, advisors, and partners

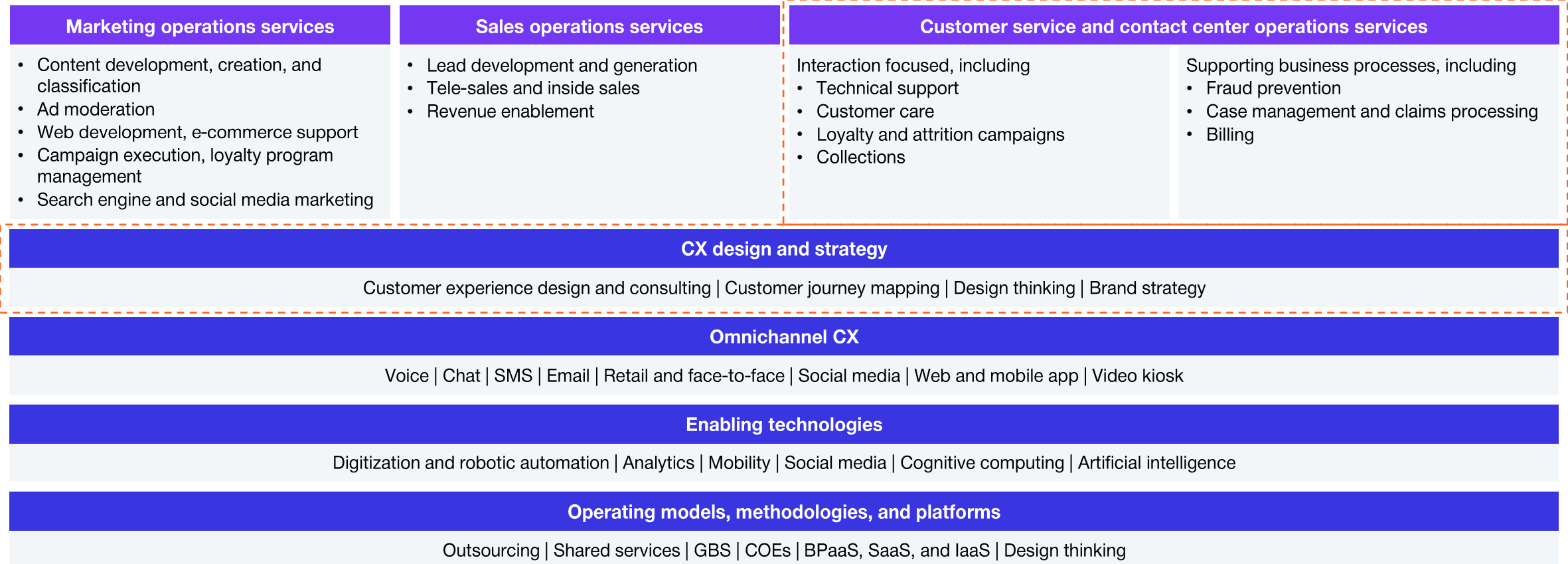
Horizon 1—Functional digital transformation

Horizon 1 service providers demonstrate

- The ability to drive digitized processes to improve business outcomes such as cost reduction, speed, and efficiency across elements of the value chain
- Innovation focus, generally at the function level, with the resulting value focused on the digitization of domain-specific processes

The HFS CX value chain: operations focused, bolstered by CX design and strategy

Customer service and contact center operations are the key foundational markets covered in this analysis



HFS value chain definition: Value chain refers to the business units that carry out value-creating activities to design, produce, market, deliver, and support a company's product or service. In this usage, we refer to the range of primary processes and support services that providers offer to their clients.

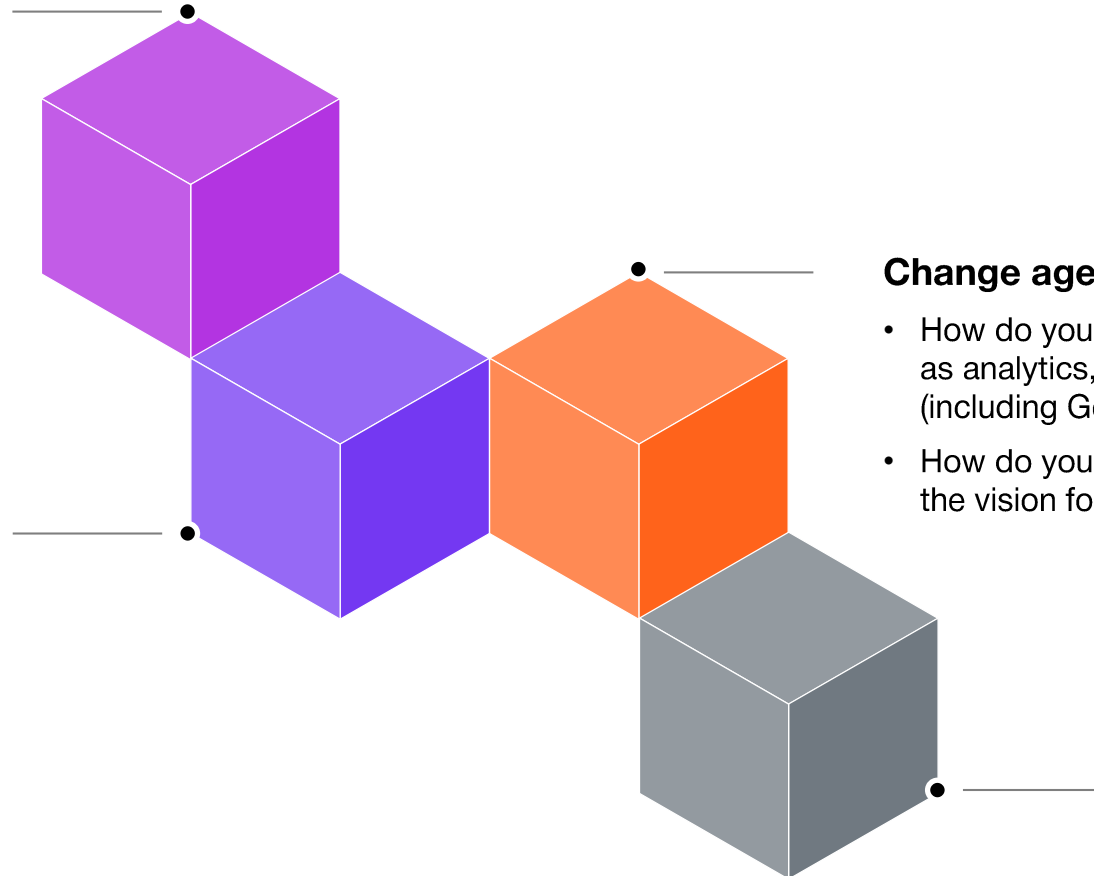
CX services Horizons study focus

Optimization of the contact center

- How do you help organizations capture value by modernizing their customer care and contact center operations?
- What are innovative transformation outcomes beyond efficiencies?

Omnichannel design

- How do you help clients create seamless experiences across channels?
- What kind of personalization is involved in the customer journey?



Change agents

- How do you use change agents such as analytics, automation and AI (including Gen AI)?
- How do you leverage these to shape the vision for future of experience?

Industry-led solutions

- What approach do you have to industry-led solutions?
- What are the differences in customer needs across industries?

2

Research methodology

Service providers covered in this report

alorica

arise 

ATENTO

 **cognizant**

 **CONCENTRIX™**

firstsource 

 **foundever™**

 **genpact**

 **hgs**

IGT 
SOLUTIONS

Infosys®
Navigate your next

 **movate™**

 **Mphasis**
The Next Applied

 **ResultsCX**

 **SUTHERLAND®**

 **TaskUs™**

TECH
mahindra

 **Teleperformance**

 **TELUS®** International

Transcom

ttec®

WNS

Note: All service providers are listed alphabetically

Sources of data

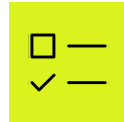
This Horizons research report relies on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on service capabilities of the participating organizations covered in our study. Sources are as follows:



Briefings and information gathering

HFS conducted detailed **briefings** with customer experience leadership from each vendor.

Each participant submitted a specific set of **supporting information** aligned to the assessment methodology.



Reference checks

We conducted reference checks with **51 active clients and 53 active partners** of the study participants via survey-based and telephonic interviews.



HFS Pulse

Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions. For this study, we leveraged our fresh from the field HFS Pulse study data featuring **30 service provider ratings from CX decision makers at enterprises.**



Other data sources

Public information such as press releases and websites.

Ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.

Horizons assessment methodology—customer experience services

This customer experience services research evaluates the capabilities of service providers across a range of dimensions to understand the **Why, What, How, and So What** of their service offerings supporting **customer experience engagements**. Our assessment will be based on inputs from clients and partners with analyst perspectives. The following illustrates how we assessed the capabilities.

← Distinguishing provider characteristics →

Assessment Dimension	Assessment subdimension	Horizon 1 service providers	Horizon 2 service providers	Horizon 3 service providers
Value proposition: The Why? (25%)	<ul style="list-style-type: none"> Strategy for the customer experience market and vision for the future of the industry Customer experience offerings aligned to top problem statements for the sector Differentiators—why clients want to work with you 	<ul style="list-style-type: none"> Ability to drive functional optimization outcomes through cost reduction, speed, and efficiency 	<ul style="list-style-type: none"> Horizon 1 + Enablement of the OneOffice™ model of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experience (EX, PX, CX) 	<ul style="list-style-type: none"> Horizon 2 + Ability to drive OneEcosystem™ synergy via collaboration across multiple organizations with common objectives around driving completely new sources of value
Execution and innovation capabilities: The What? (25%)	<ul style="list-style-type: none"> Breadth and depth of services across the customer experience value chain and associated delivery capabilities Strength of talent—hiring, training, and ongoing development. Approach to and strength of ecosystem partners Technology innovation 	<ul style="list-style-type: none"> Functional domain expertise for segments of the customer experience value chain Talent focused on key process domains or tech Focused partnerships and strong PX Limited IP 	<ul style="list-style-type: none"> Comprehensive coverage across the customer experience value chain Strong industry-specific talent pool across IT and operations domains Range of industry-specific partnerships and strong PX Strong IP 	<ul style="list-style-type: none"> Comprehensive coverage across the customer experience value chain and beyond Strong talent pool across consulting, IT, and operations domains Comprehensive industry-specific partnerships with strong PX Strong industry-specific IP + JVs
Go-to-market strategy: The How? (25%)	<ul style="list-style-type: none"> What are you actually selling? Nature of investments in your customer experience business (M&A, non-M&A, R&D) Co-innovation and collaboration approaches with customers and partners including creative commercial models Customer targeting approach 	<ul style="list-style-type: none"> Investments aligned to functional optimization outcomes Optimization and point solutions Target-focused personas and lines of business, majority Tier 2 and 3 firms, geo-specific 	<ul style="list-style-type: none"> Horizon 1 + investments aligned to enterprise experience Optimization and top-down transformation Target range of personas and lines of business, Tiers 1 and 2, broad geo coverage 	<ul style="list-style-type: none"> Investments aligned to Horizons 1, 2 and ecosystem enablement Horizon 1, 2 + co-creation with customers and partners Horizon 1, 2 + new value creation C-suite coverage across lines of business and geos for Tiers 1 and 2
Market impact: The So What? (25%)	<ul style="list-style-type: none"> Scale of customer experience business—revenue, clients, and headcount Growth of customer experience business—revenue, clients, and headcount Proven outcomes showcasing nature of value delivered to customer experience Voice of the customer 	<ul style="list-style-type: none"> Proven scale and growth driven by functional optimization focus Top marks as an optimization partner across key customer experience functions (CX) 	<ul style="list-style-type: none"> Proven scale and growth driven by Horizon 1 + stakeholder experience Top marks as an enterprise transformation partner emphasizing stakeholder experience (CX+EX) 	<ul style="list-style-type: none"> Proven scale and growth driven by H2 + ecosystem synergy Top marks as a global growth partner driving new business models (CX+EX+PX)

3

Executive summary and market dynamics

Executive summary

1 Horizon 3 service providers revealed

We assessed 22 service providers across their value propositions (the why), execution and innovation capabilities (the what), go-to-market strategy (the how), and market impact criteria (the so what). There are [six \(6\) Horizon 3 leaders](#). In alphabetical order, they are Cognizant, Genpact, Infosys, Sutherland, Tech Mahindra, and WNS. These service providers have demonstrated their ability to support the customer experience function of enterprises in their journey from functional digital transformation to EX=CX within the enterprise to create new value through ecosystems. These leaders' shared characteristics include a strong focus on digital-first CX, collaboration and co-innovation with clients and partners, and proven impact and outcomes with clients.

2 What CX needs from service providers

The HFS Horizons model aligns closely with enterprise maturity. We asked the CX leaders we interviewed as references for this study to comment on the primary value their IT and business service provider partners deliver today and are expected to deliver in two years. [The majority of respondents indicated that the primary value realized today is Horizon 1](#)—functional digital transformation focused on digital and optimization outcomes (67%). Two years from now, 53% will still primarily focus on digital optimization, with an increased focus on enterprise transformation (26%) and OneEcosystem (21%). We feel that while the primary focus remains on H1, the growth of focus on H2 and H3 indicates that CX is a differentiator and an area where growth and value are underplayed.

3 How CX service providers are meeting enterprise needs

H1, digital optimization, is a must-have for enterprises and still a huge challenge for many CX functions, hence the focus here in this market. However, CX services providers, particularly the pure-play traditional BPO firms, have long understood the mandate of CX=EX (employee experience) and have invested heavily in culture and talent to cultivate better employee experiences in pursuit of better customer experiences. [This is why we find Horizon 2—enterprise transformation—as the most crowded full of service providers in our Horizon assessment](#). H1 is implied as a value proposition for each of these providers, which has become table stakes for this market (and most operations-focused services). These firms have invested even more heavily in enabling capabilities such as analytics, consulting and strategy, design acumen, and talent development to cultivate a better experience across stakeholders. Building on that, our H3 service providers have the strongest ecosystems and tech capabilities, connecting clients through third-party partnerships and proving value beyond efficiency and experiences by uncovering new sources of value.

4 Voice of the customer

We did deep-dive interviews with 51 enterprise CX decision makers as part of our VOC research for this study. [Customer care and support are by far the most widely adopted services across the value chain, and quality of services delivery is the most important selection criterion and area of satisfaction](#). Relatively lower areas of satisfaction are the development of R&D and creative commercial models. Not surprisingly, IT infrastructure, application management and development, and emerging technologies are the lowest of the capabilities expected for this market. Yet, technology implementation and strategic transformation initiatives being in-scope for over 1/3 of the engagements we surveyed indicates that many providers are moving in the direction of H3. On the somewhat troublesome side, attraction and retention of talent was a relatively lower satisfaction rating, indicating that this market has yet to shake off its traditional attrition scourge and the significant inflation+cost pressure dichotomy of the past year!

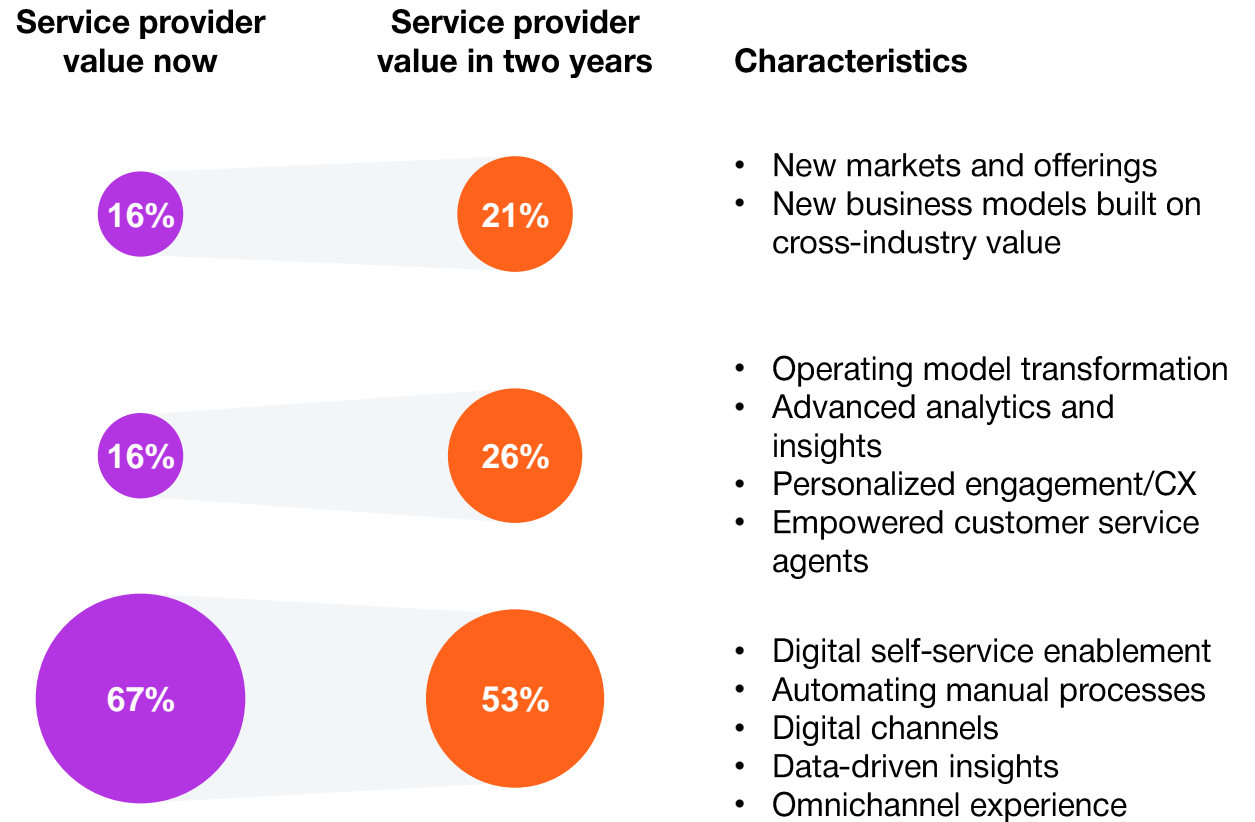
5 Voice of the partners

[We interviewed 53 services partners, which lean heavily on their service provider partners for industry and domain expertise](#). They rely on the providers knowing their clients inside and out and often being the face of the partnership to the client.

Clients plan to engage with service providers more strategically over the next two years to enhance their ecosystems and unlock new sources of value

Which of the following statements best represents the primary value delivered by your service provider today? And in the next two years?

(Percentage of respondents)



- Characteristics**
- New markets and offerings
 - New business models built on cross-industry value
 - Operating model transformation
 - Advanced analytics and insights
 - Personalized engagement/CX
 - Empowered customer service agents
 - Digital self-service enablement
 - Automating manual processes
 - Digital channels
 - Data-driven insights
 - Omnichannel experience

Sample: HFS Horizons study, customer experience services, 41 client references
Source: HFS Research, 2024

Customer experience services engagement landscape, by the numbers

Consolidated statistics of the 22 service providers in this study

\$2.6 billion

Total dedicated services revenue from customer experience business



\$4 million

Annual revenue generated per client



6,389 Total number of platform clients (with overlaps)



1,177,384 Total aligned headcount



8.7 CSAT

Average customer ratings of service providers



9.1 CSAT

Average partner ratings of service providers

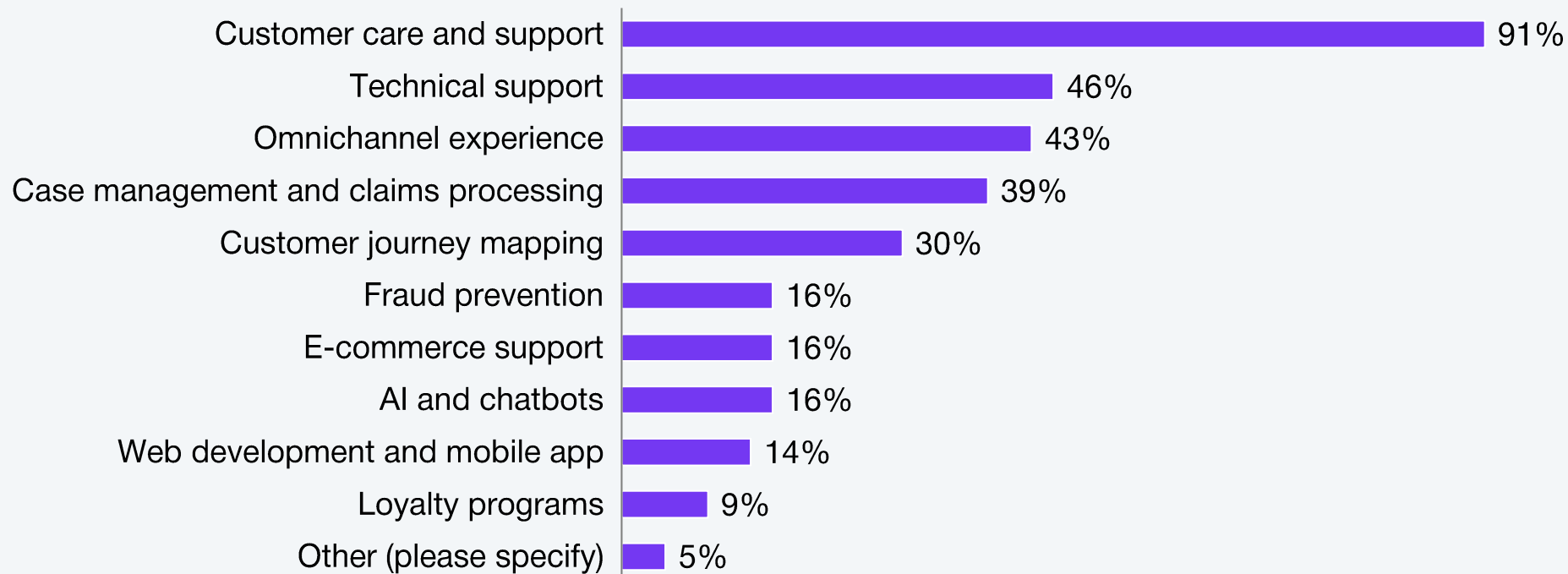


Sample: HFS Horizons study, customer experience services, 22 service providers, 53 partner references, 51 client references
Source: HFS Research, 2024

Customer care and support functions have the greatest adoption by far across the value chain

What is included in the scope of your customer experience engagement?

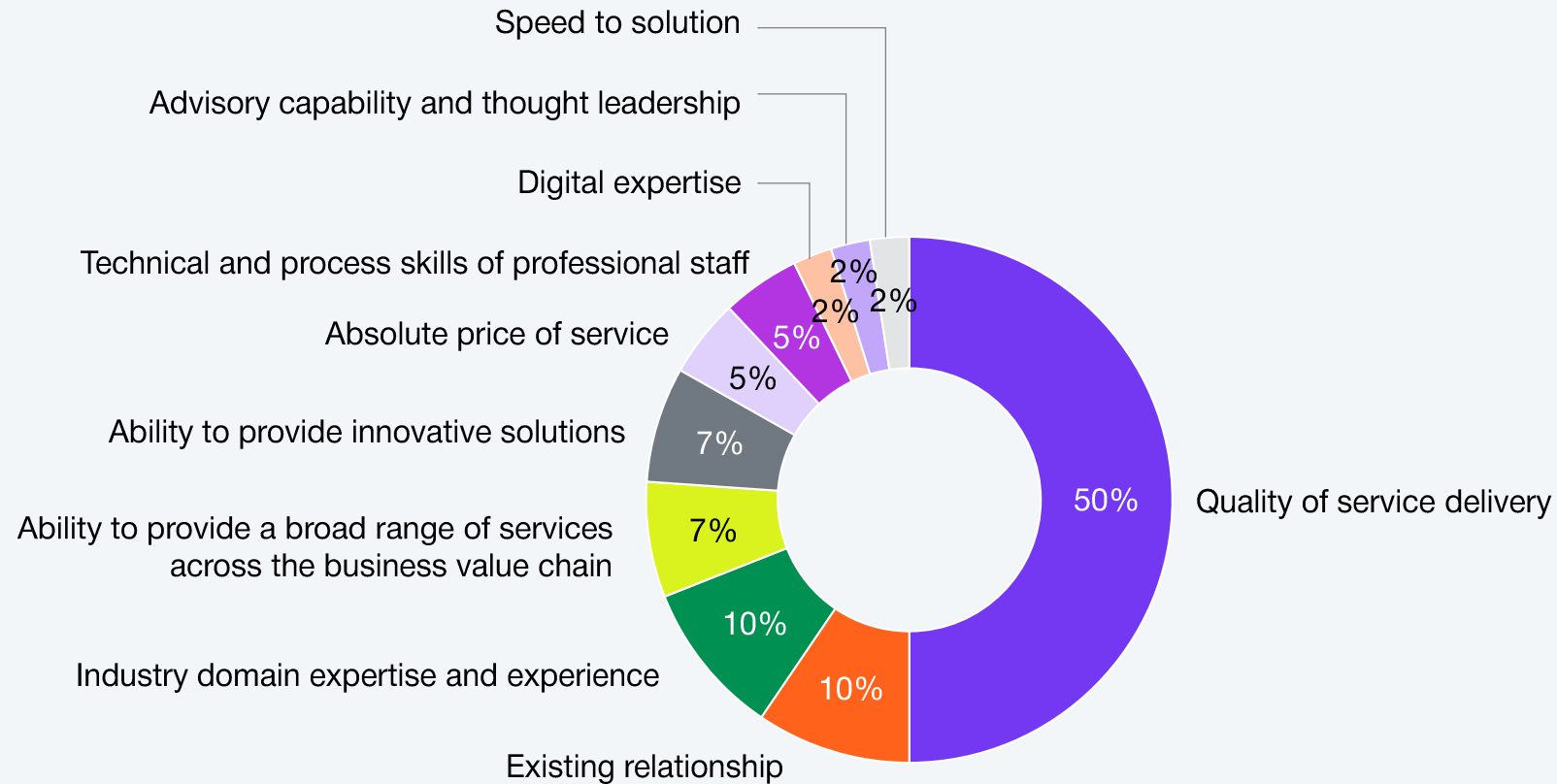
(Please select all that apply)



Sample: HFS Horizons study, customer experience services, 51 client references
Source: HFS Research, 2024

Clients commonly place a high priority on service delivery quality when selecting a service provider

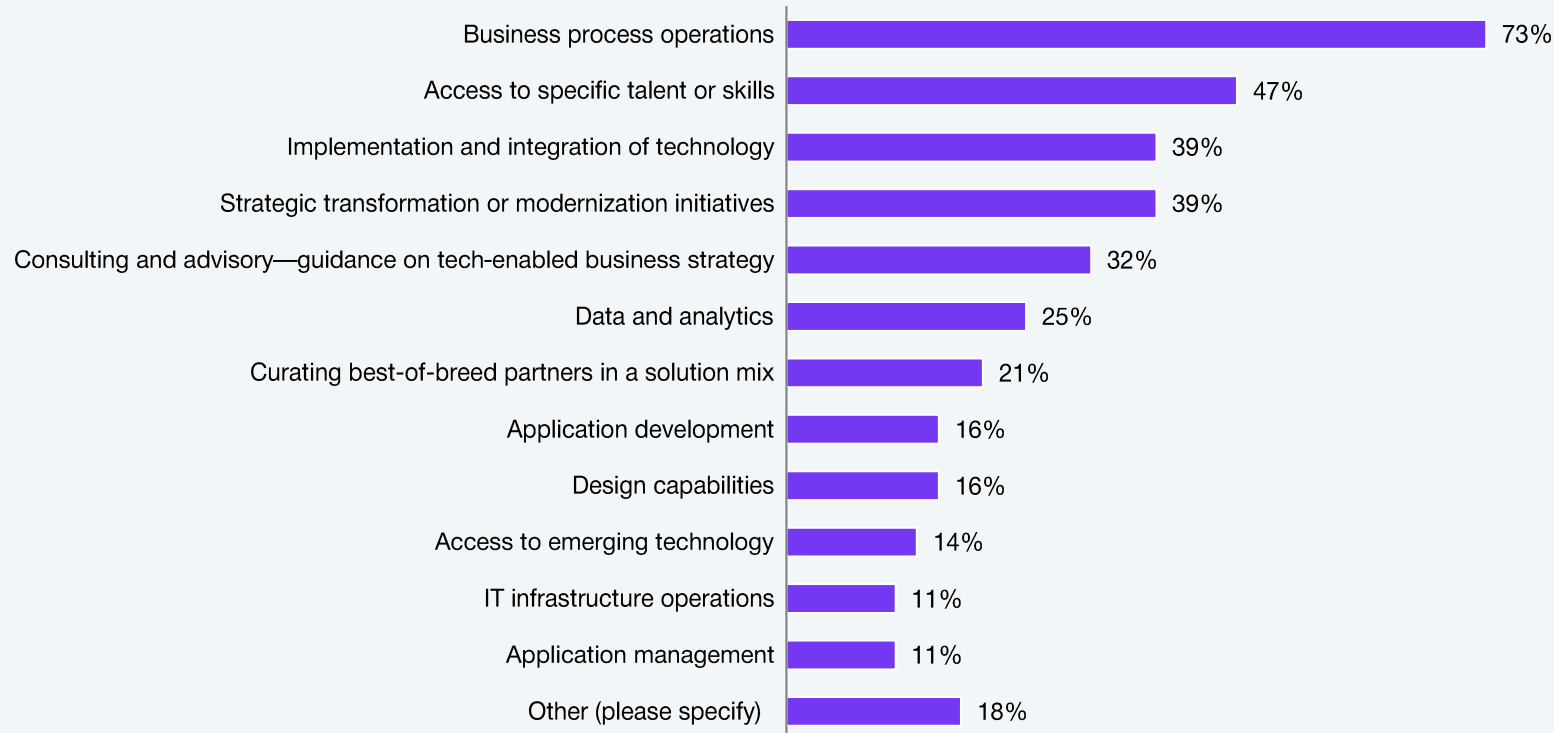
Which of the following options was the most important when selecting this provider?



Sample: HFS Horizons survey, customer experience services, 51 client references
Source: HFS Research, 2024

Business operations and talent dominate the value proposition for CX service providers

What capabilities do you rely this service provider for?
(Please select all that apply)



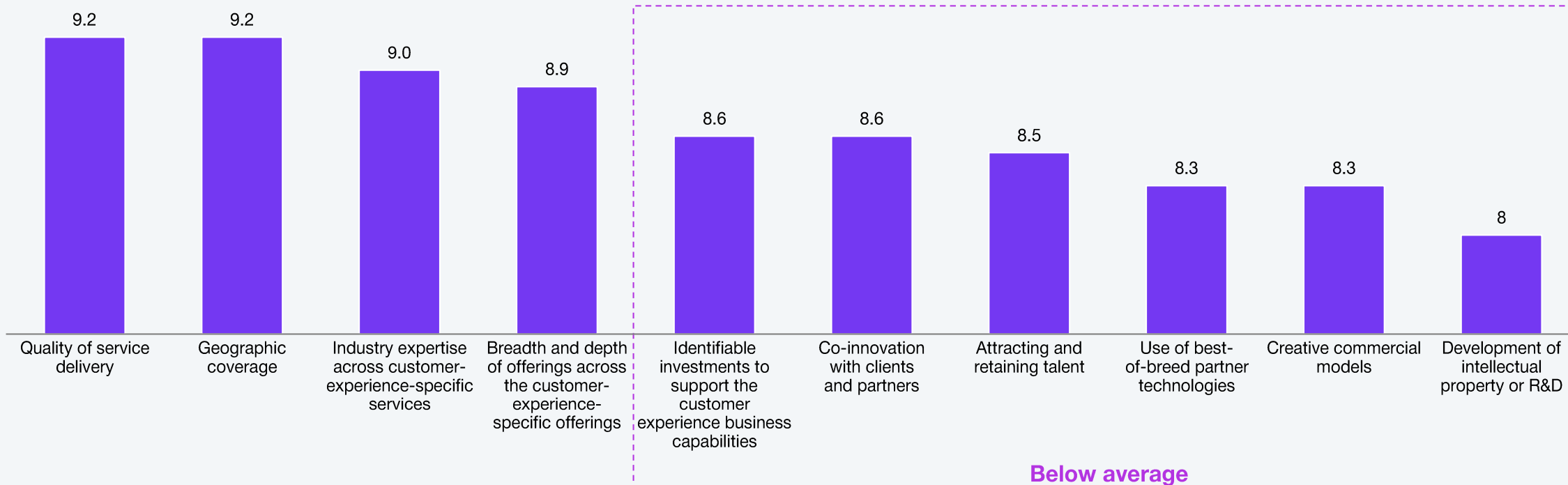
- Not surprisingly, business ops and talent dominate the value proposition in the CX services market. But as dynamics shift, we must take note of the demand for technology and consulting services in tandem with bread-and-butter operations functions.
- Close to 40% of clients we surveyed actively used their CX services providers for technology implementation and strategic transformation initiatives.

Sample: HFS Horizons survey, customer experience services, 51 client references
Other (Please specify): Combination of multiple engagements
Source: HFS Research, 2024

Clients' satisfaction with overall outcomes is decent, yet service providers prioritizing strategic investments and collaboration efforts is essential

Please rate the outcomes delivered by your service provider across the following parameters using a 1–10 scale, where 1 is poor and 10 is excellent. (Weighted average of respondents)

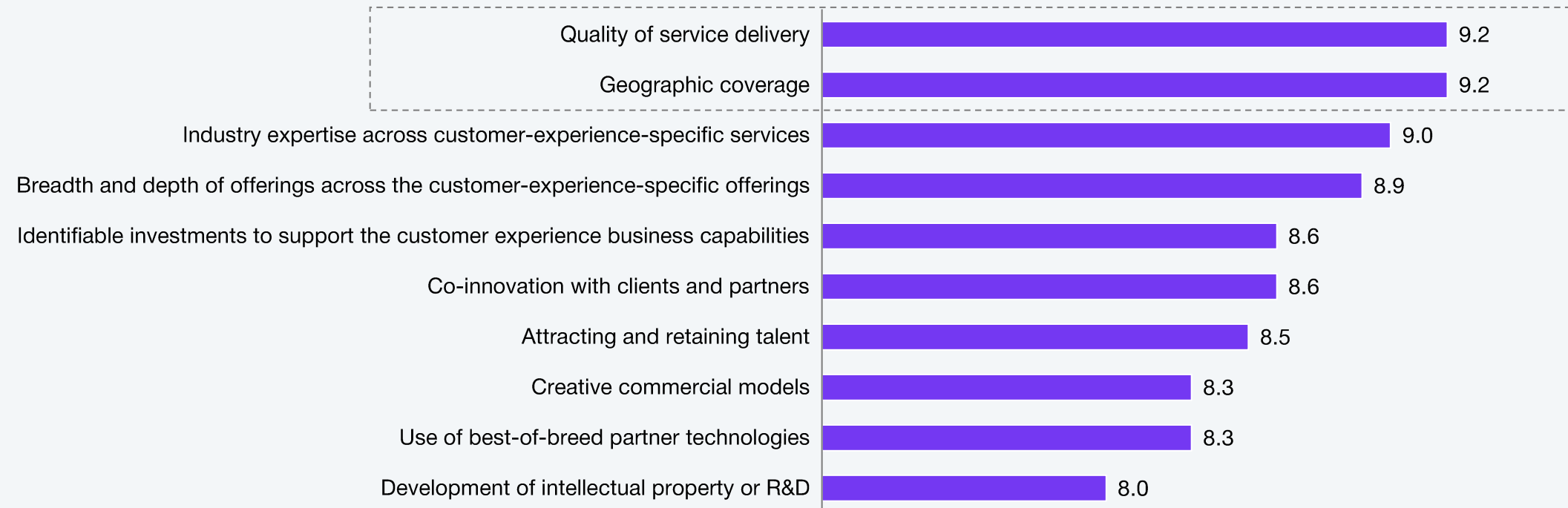
Average satisfaction 8.7



Sample: HFS Horizons survey, customer experience services, 51 client references
Source: HFS Research, 2024

Most clients acknowledge providers for their strong service delivery quality and expansive geographic coverage

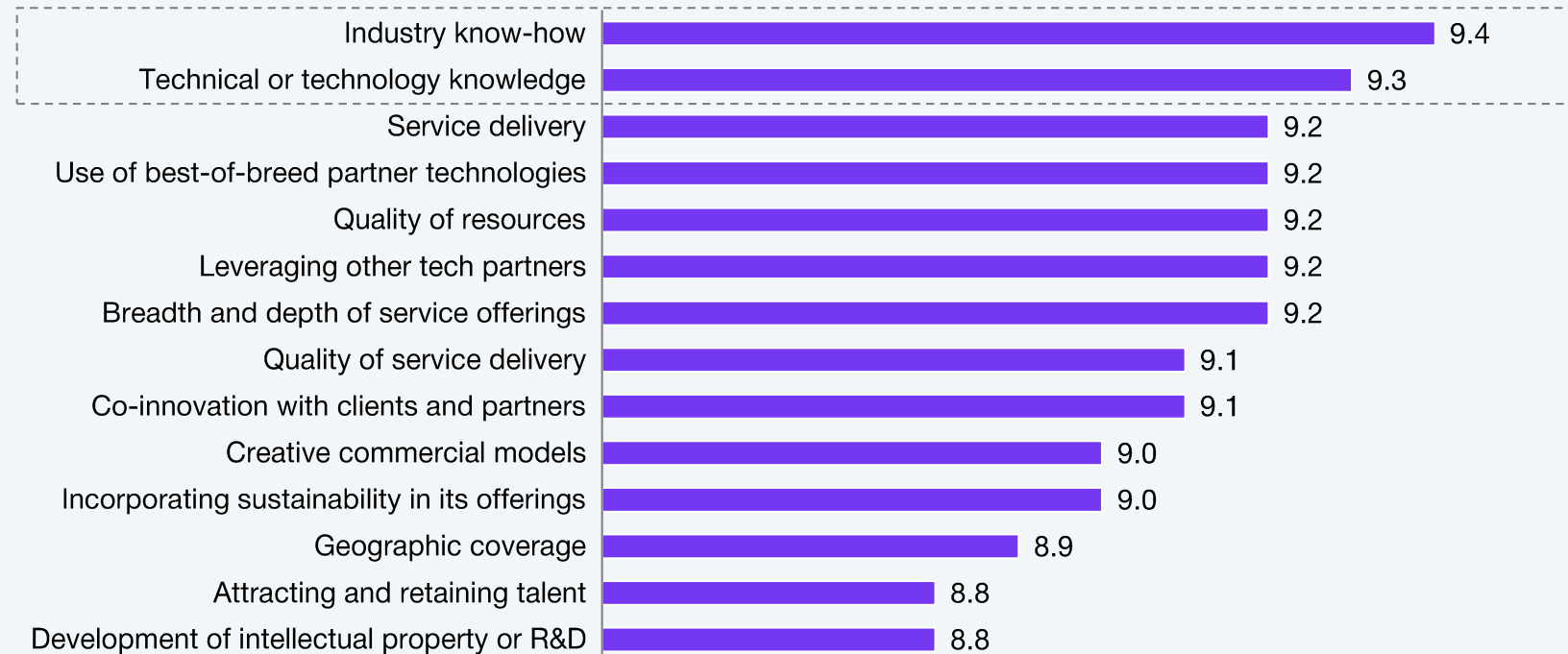
Based on your experience with this service provider partner, please rate it across the following parameters. Please use a scale of 1 to 10, where 1 is poor, and 10 is excellent.



Sample: HFS Horizons survey, customer experience services, 51 client references
Source: HFS Research, 2024

Service providers consistently earned high scores across industry and technical knowledge, indicating that partners perceive them to have a comprehensive understanding of both

Based on your experience with this service provider partner, please rate it across the following parameters. Please use a scale of 1 to 10, where 1 is poor, and 10 is excellent.




Sample: HFS Horizons survey, customer experience services, 53 partner references
Source: HFS Research, 2024

5

Tech Mahindra profile: Customer experience service providers, 2024

Tech Mahindra: Digital-first with CX delivery prowess and a gig model to leverage

HORIZON 3 – Market Leader	Strengths	Development opportunities
	<ul style="list-style-type: none"> • Value proposition: With a digital-first approach, TechM BPS, the BPO arm of Tech Mahindra, offers end-to-end CX service offerings, including CX redesign, consulting, process re-engineering, and other managed services. TechM provides clients with comprehensive 360-degree transformation services, leveraging domain expertise, tool experience, and expertise in strategy, incorporating an inverted service model, embedded analytics, and automation. • Key differentiators: Tech Mahindra is bringing together a holistic CX capability that can leverage its digital-first approach, CX delivery prowess, and a gig model. • Technology innovation: In partnership with leading technology players, Tech Mahindra developed the digital-first technology stack across chatbots, voice bots, webchat, omnichannel platforms, CRM, and WFH. TechM has invested in designing solutions-focused applications on GenAI to augment CX and EX. Via its Makers Lab, it invests in developing solutions that harness next-generation technologies. • Client and partner reference kudos: Clients and partners appreciate TechM’s flexibility, creativity, domain knowledge, and execution speed. 	<ul style="list-style-type: none"> • What we’d like to see more of: Tech Mahindra has doubled down on gig with its recent acquisitions, and we’d like to see the next evolution of value from this model. • Other next steps for development: Tech Mahindra can improve its mindshare as a value-based provider of CX. • Client and partner reference critiques: Clients think there is scope for improvement in automating CX operations, and they want the team to use the best breed of partner technologies. Partners and clients expect the team to invest in intellectual property development and R&D.
HORIZON 2 – Enterprise Innovator		
HORIZON 1 – Disruptor		

Key offerings	Mergers and acquisitions (2020–2023)
<p>Lead generation, customer education, website support, promotion campaigns, documentation support, account administration welcome calls, order status, general queries, complaint management, refund management, technical helpdesk, fraud and credit monitoring, service scheduling, warranty support, escalation desk, returns processing, cross-sell and up-sell, loyalty management, customer satisfaction surveys, retention concierge desk, renewals and cancellation</p>	<ul style="list-style-type: none"> • Activus Connect (2021): WFH CX BPO • Eventus(2021): Consulting capabilities • Allyis(2021): Digital experience solutions capabilities • Perigord (2021): End-to-end packaging supply chain solutions

Partnerships	Key clients	Global operations and resources	Flagship internal IP
<ul style="list-style-type: none"> • AWS Connect • Google Cloud • Azure • Yellow.ai • NICE • AAWAK • SOROCO • Celonis • LivePerson • Uniphore 	<p>Number of customer experience clients: 100+</p> <p>Key clients</p> <ul style="list-style-type: none"> • Leading British telecommunications and internet service provider • Sweden-based multinational apparel company • Leading fashion and cosmetic retailer in the UK • World's largest food and beverage company • American retail corporation • World’s leading e-commerce giant 	<p>Headcount: 44,439</p> <p>Delivery and innovation centers</p> <ul style="list-style-type: none"> • 5G innovation lab in Bellevue, Washington • Makers Lab is the R&D engine • Americas (1) • APAC (21) • Europe (1) • Africa (1) 	<ul style="list-style-type: none"> • SeeR: Holistic Analytics Solution • M.ai.a: An essential and evolving AI-powered solution offering in the space of Conversational AI (CAI) • Kornea: A plug-and-play solution to monitor employee login activity and applications aided with computer vision algorithms. • X-Perio: Proprietary simulation tool • WeLearnPlus • VIBES • Genie

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HFS Research authors

HFS Research authors



Melissa O'Brien

Executive Research Leader

melissa.obrien@hfsresearch.com

Melissa O'Brien is Research Leader, Customer Engagement, Retail, and Travel Strategies at HFS Research. Melissa leads HFS' research initiatives for digital front office services, including customer engagement operations, digital marketing, cognitive agents and CX design and consulting, focusing on the trends and change agents that are driving customer experience across the enterprise.

In addition, her industry research focuses on key dynamics within retail, CPG, travel, and hospitality, with regard to customer-centric strategies, intelligent operations, and service delivery.



Krupa K S

Senior Analyst

krupa.ks@hfsresearch.com

Krupa is a Senior Analyst at HFS Research, and she is part of data products. She is responsible for ITO-BPO outsourcing contracts, merger and acquisition data collection and analysis for different service lines. She also works with practice leads with the focus around Business process services and digital technologies

She has over four years of experience in business research and analysis in Excellence4U Research Services and Futurecorp Consulting. She was the part of the market research team, where her responsibilities were performing secondary research for company profiling, industry analysis and competitive analysis. At Excellence4U, she worked with technology mapping team that helped to know the clients, the products that were used which would help them to understand the need of customers.

About HFS

- **INNOVATIVE**
- **INTREPID**
- **BOLD**

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Our analysts and strategists have deep, real-world experience in the subjects they cover. They're respected for their independent, no-nonsense perspectives based on thorough research, demand-side data, and personal engagements with industry leaders.

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