

NEAT EVALUATION FOR TECH MAHINDRA:

CX Services Transformation

Market Segment: Overall

Introduction

This is a custom report for Tech Mahindra presenting the findings of the NelsonHall NEAT vendor evaluation for *CX Services Transformation* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Tech Mahindra, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering Customer Experience (CX) transformation services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall and with specific capability in CX improvement, cost optimization, and revenue generation.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Alorica, Arvato, Atento, Concentrix, Conduent, Firstsource, Foundever, HGS, Infosys, IntouchCX, Movate, ResultsCX, TaskUs, Tech Mahindra, Teleperformance, Transcom, and WNS Global Services.

Further explanation of the NEAT methodology is included at the end of the report.



Vendor Analysis Summary for Tech Mahindra

Overview

Tech Mahindra is a public BPS and ITS provider headquartered in Mumbai, India. It had ~\$6.6bn in revenues for FY23 (the year ending March 31, 2023) and ~150k employees. CX services sit within the Tech Mahindra Business Process Services (BPS) division. Tech Mahindra BPS has ~61k employees in 30 centers in 15 countries and supports ~170 clients. Tech Mahindra BPS has ~\$800m annual revenues for 2023 (NelsonHall estimate).

In December 2023, Tech Mahindra launched a CX consulting business unit, Navixus, within the BPS division. Navixus offers consulting, experience design, CCaaS, automation, AI, and analytics services. It includes the captive Eventus Solutions Group consulting company.

Tech Mahindra also has the following in-house units:

- Allyis, which provides trust and safety and content moderation services, including egregious content moderation. It also delivers learning and development, instructional design, and marketing services, including sales and campaign management. It also offers software development, HR application, and marketing application services
- The BORN Group, BIO, and Mad*Pow agencies for brand design, experience design, marketing, and ecommerce strategy and creative services
- Activus Connect, a WAH CX services provider, which offers multilingual voice and non-voice customer care, sales, retention, social media moderation, and technical support. It also has a proprietary WAH platform, SmartVirtual
- We Make Websites, a digital agency headquartered in London, provides e-commerce services, including Shopify, SEO, and accessibility services.

Tech Mahindra's CX services cover customer care, technical support, new customer acquisition, IB/OB sales, loyalty management, retention, order processing, activations, document management, debt collections, social media care, social listening and analytics, content moderation, trust and safety, fraud prevention, and industry-specific services such as truck dispatch in telecom, IoT support for high-tech, and lending and mortgage services in BFS.

It provides consulting, UX/UI, customer journey mapping, capability assessment, process redesign and improvement, operational blueprints, digital channel activation and omnichannel program implementation, unified agent desktop, WAH enablement, self-service transformation, interaction analytics, speech and text analytics, conversational AI, knowledge management services, RPA and intelligent automation, virtual assistants, and GenAI. It also provides digital process automation as a service, field service transformation, metadata services, a digital patient contact center, and a CX command center.

Tech Mahindra has ~45k CX services employees in 15 countries in the U.S. and Canada, Europe, Africa, APAC, and LATAM. Separately, Tech Mahindra also has a dedicated crowdsourced platform, Populii.

It has ~150 CX services clients in telecom and media, entertainment, high tech, consumer electronics, manufacturing, financial services, banking and insurance, retail and ecommerce, CPG, healthcare and life sciences, pharmaceuticals, medical devices, government and public sector, travel and hospitality.

The company has a suite of proprietary applications for CX automation, bots, social media support and analytics, talent management, and GenAI.



Financials

NelsonHall estimates Tech Mahindra's CX services revenues for CY 2023 at ~\$455m.

Strengths

- Strong CX consulting and technology enablement practice with a mature client portfolio
- Investments in the creation of a CX technology ecosystem with a marketplace for client access
- Well-developed conversational AI practice with IP, strategic partnerships, conversation design resources, and live implementations
- Strong automation practice for both contact center back-office and customer-facing bots
- Continued investment in gig platform and work model to support client flex requirements.

Challenges

- Could accelerate the cross-sell and upsell opportunities of the various brand and experience design capabilities with CX services
- Could strengthen its employee lifecycle management technology stack across the different stages
- Could explore building a bottom-up innovation approach by engaging the frontline staff.

Strategic Direction

After a series of acquisitions in the BPS division, Tech Mahindra organized a series of learning and best practice sharing workshops between the different units, reorganized the structure, including relocating key leadership to the U.S., and finally unified the CX consulting practice under the Navixus business unit. Navixus prioritizes four transformation tracks around digital-first service, automation, embedded analytics, and empowering employees. Its main foundation is the proprietary consulting framework CARE.NXT used to better understand and address customers' pain points and needs, leading to a 360-degree transformation. Tech Mahindra is also infusing different technologies in the consulting offerings with partner platforms, such as Celonis for process mining and Soroco for task mining. Another partnership is with EY for North America, India, and APAC.

A key target to streamline and reorganize the different CX offerings is creating a CX marketplace for easier access and discovery by clients of the full range of services and in-house and third-party tech stack in the Tech Mahindra ecosystem. The marketplace allows clients to 'slice and dice' the different capabilities for their industry, stage of the customer journey, or target business objectives, such as new customer onboarding in retail. In parallel, Tech Mahindra is upskilling business development and account managers in consultative selling of the broader front-office BPS portfolio. One tactic is organizing innovation days to showcase the possibilities of automation and GenAI using the client data.

Tech Mahindra's internal technology development tracks include conversational AI, where it partners with AWS, GCP, and Microsoft Azure, and niche partners to enable contact center infrastructure to support next-gen technology deployments. Example technology interventions include technical support and leveraging visual assist where the customer uses



their phone camera to get a first-hand view of troubleshooting issues. Another application is in the contact center back-office to leverage automation, ML, and insights. It will enhance its SeeR platform with additional predictive and prescriptive algorithms, GenAI-based dynamic dashboards. It also integrates GenAI in the virtual assistant m.ai.a 2.0 to extract contextual information regardless of the customer channel shift. Tech Mahindra is leveraging its BORN and Mad*Pow agencies to conduct customer segmentation to build customer personas for the contextual information extract. It also works with clients' internal security team to define the parameters of custom GenAI solutions and limitation of outgoing data, for example, on Azure OpenAI.

In GenAI, Tech Mahindra has identified CX use cases in customer and agent conversation; content creation and curation; integration with enterprise data; assurance, governance, and risk compliance; enterprise business processes; and process excellence. For example, in content creation, it is working to generate personalized content based on mining CRM data to enable the sales function to improve customer insights and accelerate sales. This work largely focused on B2B and was piloted first internally at Tech Mahindra. In one implementation in enterprise data for a U.S. telecom, Tech Mahindra is creating a common source of information and using GenAI to extract key sources of information and deploy it in a common database for the agent conversations and interactions on the client website and other channels, which Tech Mahindra does not manage. The GenAI will track and synthesize information to automatically update the platforms, digital properties, and internal systems in a dynamic way to improve volume management, efficiency, and customer experience.

Another focus area for GenAI development is the Tech Mahindra RFP process, which extracts the maximum knowledge from the existing database. Tech Mahindra is also working on creating an RFX factory using GenAI to complete 80% of the straight-out-of-the-box information, leaving the remaining 20% to the solution architects. It also looks to employ GenAI for input gathering from large contract reading.

To support CX transformation, Tech Mahindra is exploring account-based digital first commercial models, where the client commits to per-user/subscriber payment. The company is piloting these advanced commercial terms with telecom clients for which it has in-depth customer information and domain experience for transformation. The benefits for the client include reduced risk, while Tech Mahindra has the freedom to enable transformation levers to protect its own investments. Another example of engagement in this model is with a U.K. water utility.

Tech Mahindra continues to expand its Genie agent training platform with GenAI and looks to apply it in HR to support the employee experience.

Tech Mahindra continues to strengthen its global presence, adding capacity, most recently in Egypt and Japan. It also looks to leverage its crowdsourced work platform, Populii, with a more extensive set of clients.

Outlook

Tech Mahindra's vision across the front office for customer support, trust and safety, digital marketing, and sales aligns with the evolving market needs where enterprises want to apply transformation across organizational silos and customer journeys. A key element here is the technology ecosystem, and Tech Mahindra's investment in a modular marketplace for digital assets and integrated services is a particular strength. Still, the company could accelerate the integration and GTM of the offerings of its CX adjacent capabilities in brand and experience design and marketing back-office services.

Tech Mahindra has a clear development roadmap for its GenAI investments with a broad range of target use cases, including internal optimization and advocacy before key client



stakeholders such as security. Look for roll-outs of Tech Mahindra’s GenAI developments in agent augmentation, data management and analytics with the proprietary platform, operational insights, and knowledge management.

Expect the enhancement of m.ai.a with GenAI for contextual information to deliver multimodal conversational AI based on the customer persona.

Expect Tech Mahindra to increase efforts to adopt advanced commercial terms in the telecom and utilities sectors.



CX Services Transformation Market Summary

Overview

During 2023-24, CX services organizations are challenged by softer client volumes in core industries (telecom, high tech, and retail and ecommerce), market volatility, and increased pressure from external factors such as weaker macroeconomic performance, decreasing but high labor cost inflation, talent shortage, supply chain disruptions, regulatory changes, political, environmental, and cybersecurity threats.

From a sector perspective, banking, financial services, fintech, and healthcare insurance have above-market growth rates, while public services are returning to their traditional moderate levels. Despite the softer short-term performance, retail and ecommerce are still the fastest growing sectors (6.0% CAAGR). Ecommerce has a positive medium-term outlook due to underlying growth engines, such as a shift to online shopping, expansion of digital-first buying generations, and direct-to-consumer business models. Transportation (including hospitality, passenger services, travel, and logistics) has a promising growth path, and will reach 5.7% of the total market by 2028.

The impact of AI and automation as a replacement for live agent support is the most significant medium-term disruptive factor for CX services, but the 2024-2025 effects will be relatively low, with vendors actively investing in conversational AI, GenAI, AI translation, and agent augmentation platforms to reduce costs, optimize operational performance, improve CX KPIs, upskill and retain talent. At the same time, the industry is actively shifting work volumes to nearshore and offshore destinations to access suitable digitally-skilled employees under labor cost arbitrage.

In the medium to long-term period between 2025 and 2028, the new generation of consumers will drive greater adoption of AI-based support, require multimodal support across voice and digital channels, and evolve the relationship with brands.

Buy-Side Dynamics

The application of customer-facing bots and intelligent IVRs is at the top of clients' minds, and they are most satisfied with the available cloud-enabled CX infrastructure and platforms.

The key buy-side drivers for the adoption of CX services transformation include requirements for:

- Application of customer-facing automation (e.g., chatbots, IVR, virtual assistants)
- Application of intelligent automation
- Cloud-enabled platforms and tools
- Application of analytics
- Consulting and process re-engineering
- Flexible pricing and commercial terms
- Use of lower-cost locations
- Use of work-at-home and gig work models.



The key target benefits for organizations for the adoption of outsourced CX services remain:

- Improved customer satisfaction (NPS/CSAT)
- Improved accuracy and compliance
- Effective talent sourcing and retention
- Increase in retention
- Deflection to digital channels
- Level of cost savings
- Increase in sales
- Resource scalability and geo diversification.

Additional buy-side factors in the adoption of CX services include:

- Specialized services, such as content moderation, trust and safety, user and platform safety, community management, integrated support for online marketplaces, L2 and L3 technical support, fraud prevention, KYC/AML
- End-to-end employee lifecycle management, including learning content design and optimization; virtual recruitment and onboarding using advanced selection algorithms, immersive environments, and virtual assistants; distributed workforce engagement and management; access to gig and flexible workers; and employee wellness and well-being frameworks and tools
- Additional operations insights for streamlined reporting and analytics such as visualization and dashboarding; competitor and market benchmarking; market and customer segmentation; speech and text analytics; VOC and customer feedback management; fraud analytics; analytics automation using GenAI; and capabilities to build and implement predictive analytics models, particularly in revenue generation services
- Improved efficiency and customer satisfaction with augmented agent levers such as knowledge base optimization, virtual assistants, recommendation engines, conversation guides, next-best-action and offer tools, and co-pilots
- Access to as-a-service offerings in knowledge management, WFM, QA automation, performance management, L&D management
- Cloud migration and cloud-based CX infrastructure to lower operational CAPEX
- Assistance with customer and employee experience and brand design, UX/UI, CX strategy, and business model transformation from a CX perspective through co-creation environments (e.g., labs and studios), innovation frameworks, and bottom-up democratized innovation ideation; technology partner ecosystems for lower cost and accelerated CX technology deployment; and flexible commercial models to support technology funding.



Outlook

Over the next four years:

- The global CX services market (expected to reach ~\$122.5bn in 2028) will include embedded consulting, operational transformation, contact center technology services, cloud migration, automation, and analytics as an integral part of CXS delivery
- The fastest expanding client sectors will be ecommerce and retail, BFSI, healthcare payer, media, gaming, and entertainment
- The market structure is evolving to a consolidated top 10 vendors and forming a leadership pack of six or seven global players with diversified front office services and BPS portfolio. M&A activity will drive vendor consolidation to achieve scale and client market share, build specialized domain and sector capabilities and acquire consulting and technology resources
- Major success factors will be CXS vendors' ability to reimagine the customer journey, deliver and govern CX service transformation, create an ecosystem of in-house and partnership CX technology, offer sub-process domain specialization, and show expertise in talent management, upskilling, and retention
- CX services clients will rebalance their delivery portfolio, emphasizing nearshore and offshore with a growing use of gig and freelance workers. Approximately 44% of the global CX services workforce will work remotely or in a hybrid environment
- By 2028, most new CX programs will have outcome-based pricing tied to gainsharing or cost reduction.



NEAT Methodology for CX Services Transformation

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet future client requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet future client requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offerings	<ul style="list-style-type: none"> Range of CX transformation offerings CX consulting and design capability CX analytics, automation, AI, and cloud enablement capability CX omnichannel, agent augmentation, and conversational AI capability Operations transformation capability
Delivery	<ul style="list-style-type: none"> Scale of managed services resources Suitability of delivery North America Suitability of delivery EMEA Suitability of delivery APAC Suitability of delivery Latin America Scale and maturity of transformation resources Application of analytics and insights Application of RPA and intelligent automation Application of GenAI Enablement of digital channels, bots, and conversational AI Application of cloud-enablement Conversation design and AI voice Application of end-to-end talent management models Application of technology to enhance talent management Application of agent augmentation technology CX operations re-engineering models and frameworks CX innovation infrastructure Development of an ecosystem for CX transformation
Market Presence	<ul style="list-style-type: none"> Scale of CX transformation projects Scale of client presence in CX transformation Market momentum
Benefits Achieved	<ul style="list-style-type: none"> Level of customer experience improvement achieved Level of revenue enhancement achieved Level of cost savings achieved Level of operations transformation achieved



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Investment in CX Ops Transformation	<ul style="list-style-type: none"> Investment in development of customer satisfaction Investment in development of revenue generation capability Investment in development of cost optimization capability Investment in development of analytics, GenAI, and cloud Investment in development of digital channels, conversational AI, and bots Investment in development of agent augmentation technology Investment in development of talent management Investment in development of end-to-end digital transformation Investment in support of CX co-innovation and reimagination
Perceived Suitability by CXS Clients	<ul style="list-style-type: none"> Perceived effectiveness in CX transformation services Perceived effectiveness in the application of customer experience improvement Perceived effectiveness in the application of revenue generation Perceived effectiveness in the application of cost optimization Mechanisms in place to deliver client innovation through CX consulting & design Mechanisms in place to deliver client innovation through analytics, automation, cloud Mechanisms in place to deliver client innovation through delivery models Extent to which client perceives that innovation has been delivered Suitability of vendor to meet future needs of client Perceived suitability as key partner

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



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