ISG Provider Lens™

Retail & CPG Services

A research guide for retail and CPG companies evaluating service providers' strengths, challenges and differentiators

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Introduction

The enduring effects of the pandemic continue to affect retail and CPG firms. Digital transformation has become not only customary but also increasingly critical as personalized online experiences and growing expectations become the norm. Customers seek greater value and more information, while sustainability permeates business plans, creating new opportunities.

Supply chains have shown signs of recovery, yet disruptions persist, affecting inventory management, sourcing and fulfillment. This, coupled with evolving customer expectations, drives the need for better and more complex data gathering, analysis and reporting, which must comply with changing regulations across various locations. Moreover, labor challenges propel the demand for and application of AI, including nascent GenAI. Meanwhile, profit margins continue to shrink.

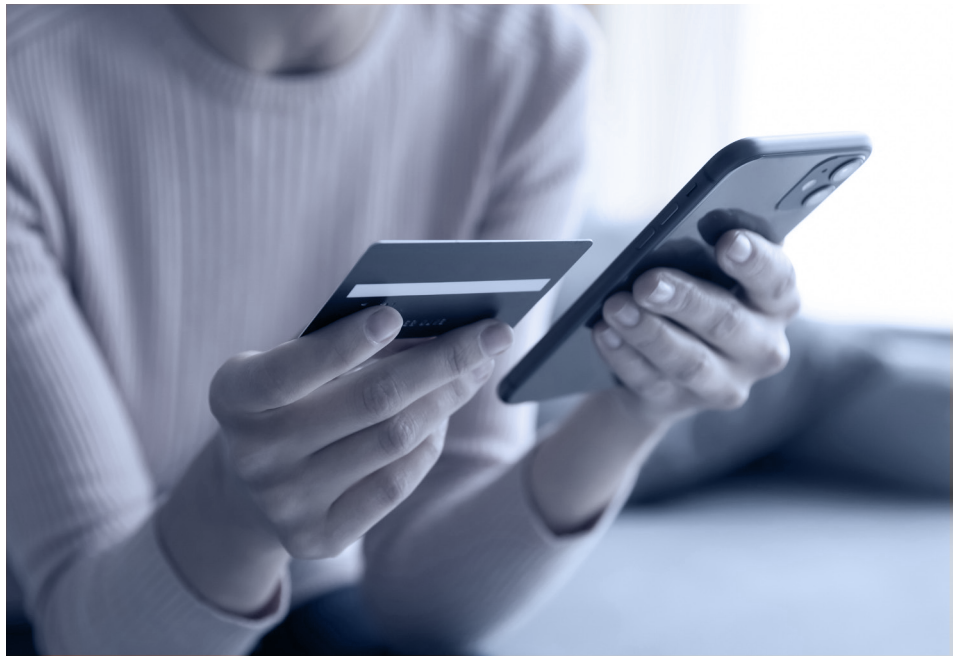
This study assesses business and IT service providers that enable retail and CPG firms to reengineer, advance and sustain digital business improvements to ensure survival and competitiveness in today's digital consumer landscape. These improvements are facilitated by different services, such as:

Retail & CPG Business Transformation Services to transform enterprises' operations and management to make them digital-first enterprises

Retail & CPG Digital Innovation Services to equip enterprises with tools and methods that enable advanced business capabilities, including ways to create business value

Platform Modernization Services to modernize key components or all core business management software landscapes

Managed Services to outsource some or all of enterprises' IT infrastructure management, operations, solutions development, user support, and associated development and management



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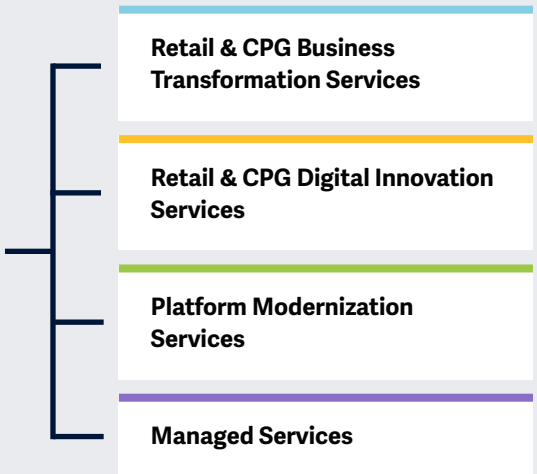
This report assesses **retail and CPG services** that enable clients to **improve, transform, innovate and manage regardless** of market changes.



Simplified Illustration Source: ISG 2024

Scope of the report

The ISG Provider Lens™ Retail & CPG Services 2024 study offers the following to business and IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments on their competitive strengths and portfolio attractiveness
- Focus on different markets, including the U.S.

Our study serves as an important decision-making basis for positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential engagements.

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Definition

This quadrant assesses providers' portfolios and their ability to deliver digital business transformation services to retail and CPG clients. Clients seeking these services aim to transform their business organizations, operations and management to be considered digital-first enterprises.

Enterprises competing in the retail & CPG industry recognize the need for business transformation to improve their operational efficiency. However, even enterprises with substantial resources, including the largest brands, may lack the expertise and capability to envision, develop, implement and manage such transformations. They need insights, skills and competencies in developing strategies; guidance in implementing and managing the necessary changes; and assistance in sustaining those changes to successfully undergo digital transformation.

Clients undergoing such transformations typically aspire to become more digital-first and cloud-first businesses, requiring significant investments in cloud-based digital technologies and applications. However, it is important to understand that technology should not be the sole parameter of value. Assessment of services and providers in this quadrant includes the scope of transformation provided, how providers enable transformation across various business aspects, and their ability to enable sustainable and continuous operational improvement over time.

Eligibility Criteria

In addition to having a presence and an active client base in the retail & CPG industry, providers must have expertise in some or all of the following:

1. Digital optimization **in sales and operations**
2. **Sustainability/ESG strategy,** including support for pre-owned economy aspects
3. **Intelligent supply chain** and logistics management
4. **Integrated order and inventory** operations and management
5. **Multichannel and omnicommerce enablement** for buying, returning and cross-channel shopping with support
6. **Enablement of micro-fulfilment, quick commerce,** on-demand and dark store capabilities to facilitate impulse buying with rapid-response delivery
7. **Consumer payment optimization** with digital and non-digital options, including the integration of commerce systems with the finance and payment systems of stores and third parties to facilitate features such as buy now, pay later

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Definition

This quadrant assesses providers based on their ability to offer technological innovations that transform retail and CPG enterprises. Clients in this realm seek providers offering new tools and methods to enhance or create business capabilities, including innovative approaches to creating customer value, conducting business, and possibly even establishing entirely new ventures.

Clients seeking services offered by providers assessed in this quadrant typically look for answers to the following questions:

- Which technologies and services should be employed to innovatively develop and deliver enhanced customer value?
- How should these technologies and services be utilized?

Providers in this quadrant help clients undergoing digital transformation create business innovations that enable:

- Novel forms of customer and market interaction
- Improved revenue streams from customers
- New business models with increased revenue and profit margins

Clients in this domain undergo strategic digital transformations and seek ways to enhance their capabilities to achieve significant business benefits, including establishing new ventures, finding advanced business methods and entering new markets. The success of these endeavors depends on their ability to combine established, emerging, leading-edge and potentially disruptive technologies such as AR/VR, blockchain and AI. For these clients, providers' value depends on their ability to translate the use of innovative technologies into tangible business innovations.

Eligibility Criteria

In addition to having a presence and an active client base in the retail & CPG industry, providers must have expertise in some or all of the following:

1. **AI and GenAI capabilities** for data management; analytics; and adaptive, intelligent and efficient business opportunities and transformations
2. **Hyper-personalized experiences and marketing** using AI, CRM and multiple media, optimizing interactions, micro-targeting messaging and improving customer loyalty
3. **Blockchain technologies** to make complex supply chains and logistics transparent
4. **AR/VR environments and applications** to enhance CX
5. **Camera vision and robotics** for checkout-free stores, automatic inventory replenishment and warehouse automation
6. **Retail media/point-of-purchase marketing,** including stored, streaming and interactive media tailored to potential purchasers
7. **AI-generated content**

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Definition

This quadrant assesses service providers' ability to modernize the core software landscape of retail and CPG firms. This includes fostering digital-first environments that enable and sustain clients' ability to evolve into competitive digital business leaders.

Clients seeking services in this space typically look for providers that can support them in modernizing key components or their complete core business management software landscapes. A key aspect of this support is providers' ability to migrate client workloads into secure and flexible cloud environments. It often includes the migration of core business management software platforms, such as Microsoft, Oracle and SAP, and business data to secure public, private or hybrid cloud environments that ensure greater flexibility, scalability, and cost-efficiency and facilitate digital business capabilities.

Critical provider capabilities include an overall digital vision for retail and CPG businesses and expertise in aligning that vision with client-specific business strategies, goals and operations. Leaders in this quadrant deliver enhanced software and service architectures and advanced ways to access and utilize them effectively in evolving digital-first environments, for example, by enabling mobile-optimized interactions. Additionally, many providers are in the process of developing or refining GenAI capabilities in this context.

Eligibility Criteria

In addition to having a presence and an active client base in the retail & CPG industry, providers must have expertise in some or all of the following:

1. **Software workload/data migration** and management capabilities, including migration and harmonization of business data
2. **Cloud vision** and as-a-service offerings that deliver scalability and operational cost advantages using public, private or hybrid clouds
3. **Application migration and modernization,** including software lift and shift and complete landscape migration
4. **Cybersecurity offerings** to protect data, prevent data breaches and ensure operational viability
5. **Mobile-first enablement** to improve the ability of consumers and staff to interact with retail and CPG firms and their systems
6. **Headless commerce architectures** for better control over branding, CX, scalability and flexibility

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Definition

This quadrant assesses providers of managed IT services tailored for retail and CPG clients. These services typically include infrastructure, networking, applications development and management, and IT security delivered and managed as a service.

Clients seeking service providers in this space aim to outsource some or all of their IT infrastructure, operations, solutions development, user support, and associated development and management. Leading providers exhibit agility and effectively manage evolving software, networking, infrastructure and support requirements. The integration of multiple forms of AI improves the agility of MSPs.

The most efficient providers harness AI for large-scale, adaptable automation, enabling the use of predictive analytics, system diagnostics and assisted decision-making to increase the efficiency of business operations. Most Leaders have already initiated the development or expansion of GenAI capabilities in this regard. Clients prefer providers that ensure compliance with data privacy regulations, such as GDPR.

MSPs should develop and provide services that address clients' strategic business needs, using disruptive, emerging and market-optimized technologies. These providers are critical resources in enabling the growth and success of retail and CPG clients as digital-first and innovative enterprises.

Eligibility Criteria

In addition to having a proven presence and an active client base in the retail & CPG industry, providers assessed in this quadrant must demonstrate expertise in some or all of the following capabilities:

1. **Management** of core finance, ERP, HCM, CRM, sourcing, procurement, purchasing and SCM applications; POS and payment software; and mobile apps
2. **Agile development,** QA and testing, including DevOps and AIOps
3. **Privacy/GDPR compliance** management
4. **IT security management,** including security as a service
5. **Network/infrastructure management,** including core infrastructure management and VPN/SDN management

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ISG's Retail & CPG Framework

- Encapsulates what enterprises are doing across the Retail & CPG markets and helps connect them to the digital solutions
- Represents the entire value chain of supply and demand within the market
- Inner tiles represent themes of enterprise objectives
- Outer tiles represent initiatives
- Behind each outer tile is a specific set of capabilities, with unique market leading providers and solutions

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Quadrants by Region

As part of this ISG Provider Lens™ quadrant study, we are introducing the following four quadrants on Retail & CPG Services 2024:

Quadrant	U.S.
Retail & CPG Business Transformation Services	✓
Retail & CPG Digital Innovation Services	✓
Platform Modernization Services	✓
Managed Services	✓

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Schedule

The research phase falls in the period between February and April 2024, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in July 2024.

Milestones	Beginning	End
Survey Launch	Feb 28, 2024	
Survey Phase	Feb 28, 2024	April 04, 2024
Sneak Previews	June 2024	
Press Release & Publication	Aug 2024	

Please refer to the link to view/download the ISG Provider Lens™ 2024 research agenda

Access to Online Portal

You can view/download the questionnaire from here using the credentials you have already created or refer to instructions provided in the invitation email to generate a new password. We look forward to your participation!

Research Production Disclaimer:

ISG collects data for the purposes of writing research and creating provider/vendor profiles. The profiles and supporting data are used by ISG advisors to make recommendations and inform their clients of the experience and qualifications of any applicable provider/vendor for outsourcing the work identified by clients. This data is collected as part of the ISG FutureSource™ process and the Candidate Provider Qualification (CPQ) process. ISG may choose to only utilize this collected data pertaining to certain countries or regions for the education and purposes of its advisors and not produce ISG Provider Lens™ reports. These decisions will be made based on the level and completeness of the information received directly from providers/vendors and the availability of experienced analysts for those countries or regions. Submitted information may also be used for individual research projects or for briefing notes that will be written by the lead analysts.

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ISG Star of Excellence™ – Call for nominations

The Star of Excellence™ is an independent recognition of excellent service delivery based on the concept of "Voice of the Customer." The Star of Excellence™ is a program, designed by ISG, to collect client feedback about service providers' success in demonstrating the highest standards of client service excellence and customer centricity.

The global survey is all about services that are associated with IPL studies. In consequence, all ISG Analysts will be continuously provided with information on the customer experience of all relevant service providers. This information comes on top of existing first-hand advisor feedback that IPL leverages in context of its practitioner-led consulting approach.

Providers are invited to nominate their clients to participate. Once the nomination has been submitted, ISG sends out a mail confirmation to both sides. It is self-evident that ISG anonymizes all customer data and does not share it with third parties.

It is our vision that the Star of Excellence™ will be recognized as the leading industry recognition for client service excellence and serve as the benchmark for measuring client sentiments.

To ensure your selected clients complete the feedback for your nominated engagement please use the Client nomination section on the Star of Excellence™ website.

We have set up an email where you can direct any questions or provide comments. This email will be checked daily, please allow up to 24 hours for a reply.

Here is the email address:
ISG.star@isg-one.com

ISG Star of Excellence

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Contacts For This Study

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ISG Provider Lens Advisors Involvement Program

ISG Provider Lens offers market assessments incorporating practitioner insights, reflecting regional focus and independent research. ISG ensures advisor involvement in each study to cover the appropriate market details aligned to the respective service lines/technology trends, service provider presence and enterprise context.

In each region, ISG has expert thought leaders and respected advisors who know the provider portfolios and offerings as well as enterprise requirements and market trends. On average, three advisors participate as part of each study's quality and consistency review team (QCRT). The QCRT ensures each study reflects ISG advisors' experience in the field, which complements the primary and secondary research the analysts conduct. ISG advisors participate in each study as part of the QCRT group and contribute at different levels depending on their availability and expertise.

The QCRT advisors:

- Help define and validate quadrants and questionnaires,
- Advise on service provider inclusion, participate in briefing calls,
- Give their perspectives on service provider ratings and review report drafts.

ISG Advisors to this study

Sunder Pillai

Director and Practice Leader Retail, CPG and Enterprise

Pratibha Salwan

Director and Practice Leader TTHL

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Invited Companies

If your company is listed on this page or you feel your company should be listed, please contact ISG to ensure we have the correct contact person(s) to actively participate in this research.

Accenture
Aspire Systems
Atos
Capgemini
CGI
Cigniti
Coforge
Cognizant
Deloitte
DXC Technology
EPAM Systems
Eviden
Fujitsu
Genpact
HCLTech
Hexaware
HGS
Hitachi Vantara
HTC Global Services
IBM
Infosys
Kyndryl
LTIMindtree
Manhattan Associates
Mastek
Movate
NTT DATA
Persistent Systems
Publicis Sapient
PMC
PwC
Rackspace
Slalom
Softtek
Sonata Software
Sutherland
TCS
Tech Mahindra
Thoughtworks
UST
Virtusa
Wipro
Zensar Technologies

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ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens™ research, please visit this webpage.

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ISG

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 900 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis.

Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,600 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.

For more information, visit isg-one.com.

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ISG Provider Lens™

FEBRUARY, 2024

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