iSG Provider Lens™

ISG Star of Excellence™ — 3rd Quarter 2024 CX Insights

A quarterly report on enterprise CX trends across regions
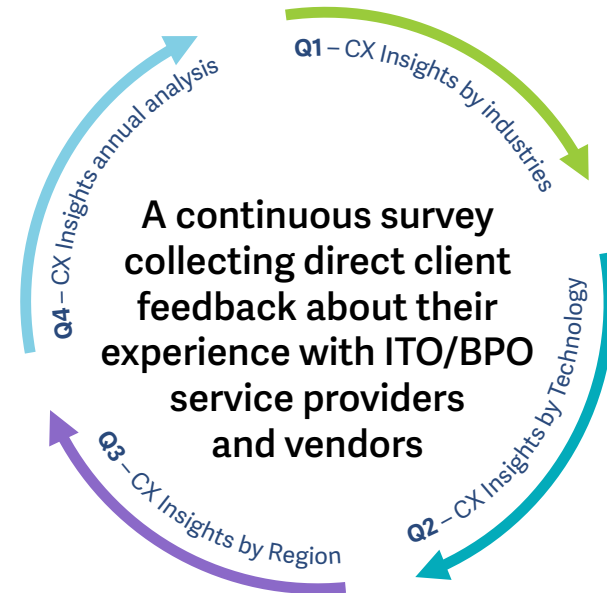
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ISG Star of Excellence™ CX Insights

The ISG Star of Excellence CX Insights reports provide a periodic analysis of trends defining the enterprise customer experience with their technology and managed service providers. These reports quantify enterprise customer satisfaction for key pillars defining the experience with technology and managed service providers. The CX Insights reports highlight the variations in this experience from different regions and industries' perspectives. The quarterly reports also provide a year-over-year change analysis in enterprise CX along with the factors influencing it.

This report focuses on trends in enterprise CX for different services provided by information technology outsourcing (ITO) and business process outsourcing (BPO) providers.

We hope you find the observations in this report interesting and valuable. We welcome your feedback.

A continuous survey collecting direct client feedback about their experience with ITO/BPO service providers and vendors

Q1 – CX Insights by industries

Q2 – CX Insights by Technology

Q3 – CX Insights by Region

Q4 – CX Insights annual analysis

Q2 2024 CX Insights by Technologies

Q3 2024 CX Insights by Regions

Q1 2024 CX Insights by Industries

2023 Annual CX Insights

What defines Enterprise CX?

ISG has identified six pillars that define enterprise CX in the ITO/BPO services and technology industry.

Six categories of customer experience:

- Clients are asked to rate the importance of each of the six categories and then rate their service provider/vendor on each, on a scale of 1-100

- CX scores are generated across industries, regions and technology domains and for each service provider/vendor

1. Business Continuity and Flexibility
   - Ensuring limited downtime in systems or services provided
   - Avoiding friction while transitioning
   - Adapting to changes in demand due to macroeconomic and global factors

2. Execution and Delivery
   - Executing plans and projects on time
   - Providing the agreed resources to deliver services
   - Maintaining high-quality work consistently

3. Governance and Compliance
   - Ensuring compliance with policies and regulations
   - Engaging proactively in issue resolution
   - Taking effective measures for cybersecurity

4. Collaboration and Transparency
   - Defining the handoffs/milestones between provider and client staff
   - Communicating information around projects, workload and timelines
   - Accepting constructive criticism or suggestions for improvement

5. People and Cultural Fit
   - Adapting to a client's working culture
   - Understanding a client's business and industry
   - Adapting delivery to meet a client's business objectives

6. Innovation and Thought Leadership
   - Supporting end-to-end processes, supplier monitoring and ESG reporting
   - Demonstrating new methods of work, techniques and tools
   - Adopting emerging technologies and fostering their widespread use

The CX Insights 2024 report — Q3 edition reveals critical regional insights on how global outsourcing providers are performing across the six pillars of CX assessed by the ISG Star of Excellence survey. Compared to last year, **Execution and Delivery** and **People and Cultural Fit** have shown positive gains in satisfaction scores (0.7% and 0.6%, respectively), followed by **Business Continuity and Flexibility** (0.4%). Compared to last year, **Governance and Compliance** continue to receive high scores (76.2). However, **Innovation and Thought Leadership** continue to remain a weak point, with satisfaction and importance scores (-0.4% and -3.8%, respectively) declining significantly.

Across the regions, the six pillar scores highlight the variation in enterprise expectations and service provider performance. **Governance and**

Compliance have continued to score high across regions, indicating providers' capability to adhere to regional policies and regulations. Among all regions, **APAC** scored the highest CX score, followed by the Americas and **EMEA**. In **APAC**, service providers excel in **Governance and Compliance** (79.4) and **Execution and Delivery** (78.5), driven by their ability to resolve issues proactively, deliver on time and maintain high-quality work. The **Americas** ranks second, with a strong performance in **Governance and Compliance** (78.9) and a notable focus on **Collaboration and Transparency** (78.3) and **People and Cultural Fit** (78.3). **EMEA** holds the last position and has strong performance indications for **Governance and Compliance** (78.6) and **Execution and Delivery** (77.8). However, **Innovation and Thought Leadership** struggle globally, especially in EMEA, which records the

Average **Enterprise CX**
75.1

Highest enterprise CX: **96.5**
Lowest enterprise CX: **46.4**

Six Pillars	Q3 2024 Satisfaction Score		Q3 2024 Importance Score	
Execution and Delivery	75.5	0.7%	78.6	-0.7%
Governance and Compliance	76.2	-0.8%	76.4	-0.7%
Collaboration and Transparency	75.1	-0.1%	74.3	-2.5%
Innovation and Thought Leadership	73.7	-0.4%	72.3	-3.8%
People and Cultural fit	75.5	0.6%	72.5	-2.4%
Business Continuity and Flexibility	74.6	0.4%	75.8	-1.0%

N = 2308; Highest CX Score – 96.5; Lowest CX Score – 46.4; Average CX – 75.1

lowest score of 74.8, reflecting reduced investments in new initiatives amid budget constraints. Across regions, generative AI (GenAI) continues to score lower than other emerging technologies. This report further focuses on the Americas, EMEA and APAC, offering an in-depth analysis of technologies, industries and business roles.

Regions	AMERICAS	EMEA	APAC
Execution and Delivery	78.1	77.8	78.5
Governance and Compliance	78.9	78.6	79.4
Collaboration and Transparency	78.3	77.7	78.4
Innovation and Thought Leadership	75.4	74.8	75.7
People and Cultural Fit	78.3	77.9	78.4
Business Continuity and Flexibility	77.7	77.2	78.0

Major Findings and Customer Insights

Key Regional CX Highlights

Across regions, APAC (78.0) has registered the highest CX score, followed by the Americas (77.7) and EMEA (77.3). Governance and Compliance received the highest CX scores across regions.

Enterprises in APAC have recognized providers for proactively resolving issues and timely executing projects. Although deal sizes in APAC are relatively smaller compared to other regions, the demand for better services in terms of adapting to changes in the external environment and improving communication across projects, workloads and timelines is escalating. The APAC region is expected to grow over the next 12 months, with providers capturing opportunities, offering improvised services to gain client trust and delivering enhanced experiences.

Across the Americas, the demand for large deals is growing, and the ISG Star of Excellence survey indicates higher

CX scores for Central/South America as compared to North America. Regional service providers have an in-depth understanding of customer needs, and providers focusing globally need to align with the regional nuances, including cultural requirements, to achieve high customer satisfaction levels. Across the Americas, Innovation and Thought Leadership remain the least satisfied category, which can be attributed to budget constraints and the least prioritized segment for enterprises.

Although EMEA registers the lowest CX score, it is not significantly distant from the CX score of the Americas. Enterprises in EMEA have recognized providers that are receptive to constructive criticism and execute plans in a timely manner. ISG data indicates increased deal activity in EMEA, with high CX scores in Western Europe. Across EMEA, CX

CX Scores by Regions

Region	Score
APAC	78.0
Americas	77.7
EMEA	77.3
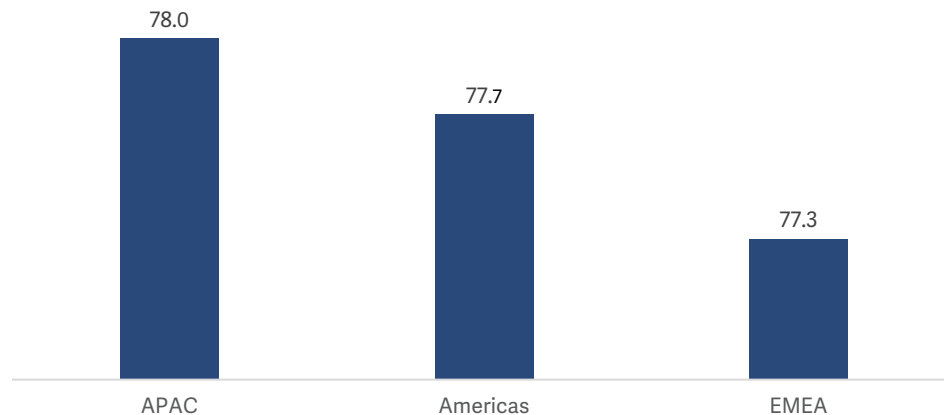
scores for Innovation and Thought leadership remain low. Enterprises remain unsatisfied with providers' ability to identify processes/operations that innovative services can optimize.

Regional CX Insights by Technologies

Few ITO technologies have received higher scores than BPO technologies. In the ITO segment, ADM has registered the highest score across regions. ISG Index Q3 2024 confirms the continued growth of ADM bundled infrastructure deals across regions. In the BPO segment, Digital Engineering has witnessed an increase in deals. The ISG Star of Excellence survey records relatively high scores for the Digital Engineering segment. Among the emerging technologies, GenAI has recorded the lowest CX score. With GenAI being the latest technology, APAC has scored higher (70.2) than EMEA (69.3) and Americas (69.2).

For the ITO segment in the Americas, while ADM has registered the highest score (80.1), Private Cloud Data Centers and Mainframes have recorded the lowest CX scores, 72.7 and 72.4, respectively. In the EMEA and APAC regions, Private Cloud Data Centers (71.5 for EMEA and 73.9 for APAC) and Networking – Software-defined Services (72.6 for EMEA and 73.6 for APAC) have scored the lowest.

ITO Technologies	AMERICAS	EMEA	APAC
Application Development and Maintenance	80.1	79.7	80.9
Private Cloud - Data Center	72.7	71.5	73.9
Public Cloud	75.8	73.9	75.6
Cybersecurity and/or Governance, Risk & Compliance	77.7	76.4	77.7
Digital Workplace	76.7	76.9	78.0
Enterprise/ IT Service Management	78.2	77.5	78.6
Mainframes	72.4	73.5	75.3
Networking - Software Defined Services	73.0	72.6	73.6
Networking - Managed Services (Full Outsourcing)	74.5	74.8	74.8

Regional CX Insights by Technologies

In the BPO segment in the Americas and EMEA, Digital Engineering accounted for the highest CX score (81.0 in Americas and 80.7 in EMEA), while in APAC, Contact Center - Customer Experience has the highest CX score (82.4). Across regions, Organizational Change Management and Supply Chain Services have recorded the lowest CX score.

BPO Technologies	AMERICAS	EMEA	APAC
Contact Center - Customer Experience	80.2	80.0	82.4
Digital Engineering	81.0	80.7	80.7
Finance and Accounting	79.9	78.8	78.3
HR Outsourcing	76.3	75.1	79.5
Analytics Services	76.5	75.3	77.7
Intelligent Automation	76.4	75.1	77.8
Marketing Technology	76.3	78.7	77.6
Organizational Change Management	72.3	72.7	73.9
Payroll/ Benefits Administration	74.8	73.3	76.3
Procurement BPO and Transformation	77.1	77.6	80.4
Supply Chain Services	72.9	72.8	73.9

Regional CX Insights by Technologies

In the Emerging Technologies segment, Cloud Native (Containers/Serverless Architecture) has registered the highest CX score (81.5 in Americas, 80.5 in EMEA and 79.7 in APAC), while GenAI has recorded the lowest across all regions. Despite the general dissatisfaction with innovation and thought leadership, providers have managed to deliver improved experiences, if not high scores, for various emerging technologies. Constrained budgets and stalled large-scale initiatives have impacted the CX scores of emerging technologies.

Emerging Technologies	AMERICAS	EMEA	APAC
Blockchain	74.5	75.2	76.4
Cloud Native (Containers/Serverless Architecture)	81.5	80.5	79.7
Distributed Cloud Edge	74.4	74.7	74.4
eMobility	73.8	73.2	74.2
Environment Social Governance (ESG)	73.5	75.7	77.6
Generative AI	69.2	69.3	70.2
Mixed Reality/AR&VR	69.8	70.2	70.6

Business Services recorded the highest CX score (81.7 in Americas; 82.0 in EMEA; 81.5 in APAC) despite a decline in contracts across the industry. Although overall deals have decreased for the healthcare and pharmaceuticals and life sciences industries, CX scores recorded are higher than the average (76.6 in Americas; 76.4 in EMEA; 76.8 in APAC). Retail recorded lower than the industry average score, while CPG has registered better CX scores than the retail industry. In the Americas and APAC, Public Sector recorded the lowest CX score (68.9 in Americas; 72.5 in APAC), while in EMEA, Oil & Gas registered the lowest CX score (71.7).

In the Americas, Business Services, Healthcare, Manufacturing, Power and Utilities, and Pharmaceuticals and Life Sciences have better CX scores as compared to other industries. In EMEA, along with Business Services, Chemicals, Manufacturing, and Power and Utilities

have recorded high CX scores. In APAC, Business Services and Manufacturing have the highest CX scores. Varying deal contracts across industries, coupled with CX scores, reveal dissimilar trends and expectations within each industry.

Service providers must be conscious of stakeholders' expectations across each industry and the motivators for a superior CX. In the Americas and APAC, Public Sector recorded the lowest CX score, while in EMEA, Oil & Gas accounted for the lowest CX score. Across regions, Financial Services still fall below the threshold, showcasing dissatisfied customers. ISG Index also indicates a decline in managed services outsourcing activity for the Financial Services segment. Despite a high record of deals for the Travel, Transportation and Leisure industry, the CX score recorded in the ISG Star of Excellence survey indicates that enterprises are dissatisfied with provider services.

Industries	AMERICAS	EMEA	APAC
Business Services	81.7	82.0	81.5
Chemicals	78.3	79.7	77.5
Consumer Packaged Goods (CPG)	77.1	78.4	77.0
Financial Services	75.4	74.3	76.1
Healthcare	79.2	77.6	77.4
Insurance	76.0	73.6	74.0
Manufacturing	79.7	79.7	81.4
Oil & Gas	73.0	71.7	75.9
Pharmaceuticals and Life Sciences	79.2	78.5	77.7
Power and Utilities	79.6	79.4	77.8
Public Sector	68.9	72.2	72.5
Retail	73.2	73.5	74.3
Telecom and Media	73.8	72.4	75.7
Travel, Transportation and Leisure	77.6	77.1	76.3

Regional CX Insights by Business Roles

Across regions, the Line of Business personnel are most satisfied (78.1 in Americas; 76.9 in EMEA; 77.7 in APAC) with services offered by providers and have received higher CX scores as compared to other business roles. The Procurement and Vendor Management segment has recorded the lowest CX score (72.9 in Americas; 73.6 in EMEA; 74.5 in APAC) among other business roles. The CX scores for IT, Shared Services and Non-IT Horizontal Business Functions vary by region.

The Non-IT Horizontal Business segment secured low scores in the Americas and slightly higher scores in the EMEA and APAC regions. This segment includes personnel from business units such as finance, legal and compliance. Though most respondents are from this segment, they are not completely satisfied with the services offered by providers.
The providers should focus on aligning with the requirements of horizontal business functions and improving the services delivered.

The IT, Shared Services segment includes the enterprises' IT department, production development and maintenance team, and shared services team. Personnel in this segment from the APAC region are the most satisfied with provider services compared to the Americas and EMEA. Resource availability, offshoring capabilities and time zone alignment are vital in supporting these business roles. Providers should focus on exploring new working methods to enable services across the Americas and EMEA.

Procurement and Vendor Management personnel are a part of the supply chain and manage organizations' demand-supply situation. This segment in the APAC scored the highest, followed by

Business Roles	AMERICAS	EMEA	APAC
Non-IT Horizontal Business Function	74.5	75.2	75.7
IT, Shared Services	74.9	75.7	77.6
Procurement and Vendor Management	72.9	73.6	74.5
Line of Business (Industry Vertical Business Function)	78.1	76.9	77.7

EMEA and the Americas. Supply chain struggles persist globally, and the consistently high expectations for this segment contribute to the lower CX scores across regions.

Line of Business personnel include product development and business process-specific roles. This segment recorded a high CX score across regions, with the Americas leading, followed by APAC and EMEA. These business roles have been a pillar of enterprises'

functions, collaborating closely with stakeholders to ensure technology enablement for effective services delivery to end consumers.

CX Star Performer – A global winner for each IPL Study

Providers with the highest CX scores for each service line at the end of each ISG Provider Lens™ report research cycle will be recognized as CX Star Performers. The announcement will take place as part of the sneak previews of all IPL studies.

Note: Responses submitted for each service line will remain valid for one year until the next ISG Provider Lens™ report refresh cycle.

Criteria:
- **Minimum five responses for the respective service line**
- **The highest CX scorer wins the award for the respective IPL Study**

CX Star Performers

IPL Study 2024	CX Star Performer
Finance and Accounting Outsourcing Services	Accenture
Retail and CPG Services	HCLTech
Payroll Services and Solutions	EY
Future of Workplace Services	HCLTech
Future of Workplace Solutions	Google
Contact Center — Customer Experience Services	HCLTech
Next-Gen ADM Services	Persistent Systems
Supply Chain Services	Genpact
Workday Ecosystem Partners	Invisors
AWS Ecosystem Partners	Persistent Systems

ISG Industry classification

- Business services (includes business services and supplies, software and services)
- Energy (chemicals, oil and gas operations and utilities)
- Financial services (banking, diversified financials)
- Insurance
- Healthcare (healthcare equipment and services)
- Pharmaceuticals and life sciences
- Retail (food markets)
- Telecom and media

- Consumer packaged goods (food and beverage and tobacco, household and personal products)
- Travel, transportation, and leisure (hotels and restaurants)
- Public sector
- Manufacturing (aerospace and defense, consumer durables, which includes automotive, capital goods, conglomerates, construction, materials, semiconductors, hardware, and trading companies)

Technology coverage in ISG Star of Excellence™

ITO Services

- Application Development and Maintenance Services
- Digital Workplace
- Cybersecurity and Governance, Risk & Compliance
- Enterprise/IT Service Management
- Industrial IoT (IIoT)
- Mainframes
- Networking - Software Defined
- Private Cloud - Data Center
- Public Cloud services

BPO Services

- Contact Center - Customer Experience
- Digital Engineering
- Finance and Accounting
- Procurement BPO and Transformation
- Supply Chain Services
- HR Outsourcing
- Payroll/ Benefits Administration
- Organizational Change Management
- Analytics Services
- Intelligent Automation

Technology Provider Ecosystem Services

- AWS
- Google
- Microsoft
- Oracle
- Salesforce
- SAP
- ServiceNow
- Workday

Author & Editor Biographies

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Akhila Harinarayan is Manager and Principal Analyst and the lead author for ISG Provider Lens studies with a focus on ADM and SAP Services. She has more than 15 years of experience across research and consulting including provider strategy, enterprise strategy, industry roadmaps, point-ofview papers, service provider assessment across regions. She has strong expertise on strategy and transformation, digital insights, thought leadership, benchmarking, market assessments and go-to-market strategies.

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Kiran B
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Kiran works as a Data Analyst and has a professional experience of 7+ years. He has pursued master's in Computer Vision and has worked in multiple fields such as IT and Hospitality. He has worked on market segmentation, customer segmentation and derived insights from customer data and had used it to generate additional revenue. He is passionate about research and interested in advanced exploratory data analysis using ML algorithms. He has also worked on data science projects such as 'Time Series Forecasting' and 'Natural Language Processing' using Neural Networks.

He is currently responsible for data insights derivation and task automation using Python.

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Product Owner, Editor

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Managing Director, Provider Lens™

Heiko Henkes is a Director and Principal Analyst at ISG; in his role as Global ISG Provider Lens™ (IPL) Content Lead and Program Manager, he is responsible for strategic business management and acts as thought leader for IPL Lead Analysts. In his role as ISG Star of Excellence™ Product Owner, he leads the program design and IPL integration. His core competencies are in the areas of defining derivations for all types of companies within their IT-based business model transformation.

Within this context, Mr. Henkes supports companies to undergo continuous transformation, combining IT competencies with sustainable business strategies and change management. He acts as Keynote speaker in the context of digital innovation.

About Our Company & Research

ISG Provider Lens™ — Star of Excellence
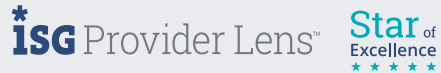
The ISG Star of Excellence™, part of the ISG Provider Lens™, is the premier industry recognition program for the technology and services industry. The program solicits client experience information through an ongoing survey. The independent survey seeks an in-depth analysis of clients' satisfaction and experience with IT/BPO service and technology providers. Providers are ranked on the quality of their services based on direct feedback from enterprise clients. Clients rate the provider's performance across six CX pillars: Business Continuity and Flexibility, Collaboration and Transparency, Execution and Delivery, Governance and Compliance, Innovation and Thought Leadership, and People and Cultural fit.

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