iSG Provider Lens™

Retail & CPG Services

Research guide for Retail & CPG companies evaluating service providers' strengths, challenges and differentiators

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The COVID-19 pandemic massively broadened and accelerated the need for the digital transformation of consumer-facing businesses, including that of traditional and online retailers and CPG firms seeking to extend and expand direct-to-consumer (D2C) capabilities and revenues.

The sudden onslaught of billions of consumers shopping extensively through digital channels, combined with equally sudden disruptions in supply chains and resource management, highlighted retail and CPG firms' need for adaptation of business strategies and models, focus on organizational and operating efficiencies, enhanced consumer interaction, improved core systems for payment and fulfillment and more.

This study assesses business and IT service providers that enable retail and CPG firms to re-engineer, advance and sustain a broad range and scale of digital business improvements to facilitate survival and competitiveness in today's digital consumer reality.

The service types and providers examined in this study are detailed under the following quadrants:

Retail/CPG Business Transformation Services for clients seeking to transform their business organizations, operations and management to be considered as digital-first enterprises.

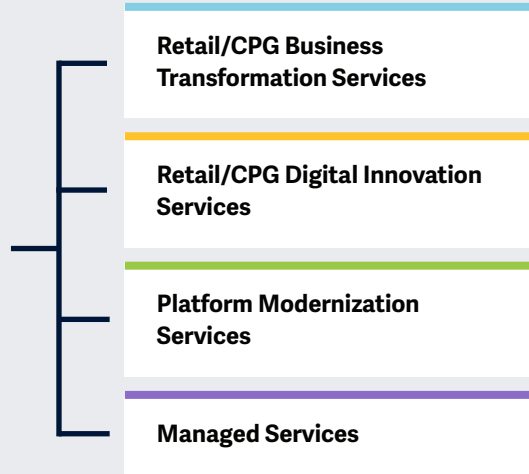**Retail/CPG Digital Innovation Services** for clients seeking new tools and methods that enable advanced business capabilities, including new ways to create business value.

Platform Modernization Services for clients seeking to modernize key components or all their core business management software landscapes.

Managed Services for clients seeking to outsource some or all their IT infrastructure, operations, solutions development, user support and associated development and management.

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

Simplified Illustration Source: ISG 2023

Retail/CPG Business Transformation Services

Retail/CPG Digital Innovation Services

Platform Modernization Services

Managed Services

The ISG Provider Lens™ Retail & CPG Services 2023 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. and Europe

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.

Retail/CPG Business Transformation Services

Definition

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

Firms competing in the retail and CPG space recognize the need for business transformation and improve the way things get done. However, even companies with excellent resources, including the largest brands, lack the expertise and capability to perceive, develop, implement and manage the transformation. They need insights, skills and competencies in developing strategies, guidance in implementing and managing the necessary changes, and assistance in implementing and sustaining those changes to undergo a digital transformation.

Clients undergoing such transformation are typically seeking to become a more digital-first and cloud-first business, requiring significant investment in cloud-based digital technologies

and applications. However, technology is not and 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 this transformation and in which aspects of business, and how providers enable sustainable and continuous operational improvement over time.

Eligibility Criteria

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

1. Digital optimization **in sales and operations**

2. **Sustainability/ESG strategy and positioning**

3. **Intelligent supply chain** and logistics management

4. **Integrated order and inventory** operations and management

5. **Multichannel and omnicommerce enablement** of buying/returning and cross-channel shopping with multichannel support

6. **Micro-fulfilment/quick commerce**/on-demand/dark store enablement to allow impulse buying with rapid-response delivery options

7. **Consumer payment optimization** with digital and non-digital options, including integrating commerce systems with the finance and payment systems of stores and third parties to allow facilities such as buy now/pay later

Retail/CPG Digital Innovation Services

Definition

This quadrant assesses providers for their ability to offer technological innovations within retail and CPG businesses. Clients seeking services in this space are on the lookout for providers offering new tools and methods to enhance business capabilities, including new ways to create customer value.

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

- What technologies and services should they use to innovatively develop and deliver more customer value?
- How should they use these technologies and services?

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

- New types of customers and market interaction
- New and better revenue streams from customers

- New business models with increased revenue and profit margins

Clients in this space have experienced a certain level of strategic digital transformation and are looking at ways to enhance these capabilities into significant business benefits, including setting up new businesses, finding advanced ways of doing business and entering new business markets. Their success in these undertakings depends on their ability to combine established, emerging, leading-edge and potentially disruptive technologies such as AR/VR, blockchain and AI. To these clients, providers' value will depend on their ability to translate the use of innovative technologies into business innovations for clients.

Eligibility Criteria

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

1. **Customer experience and hyperpersonalized marketing,** using CRM and social media to optimize customer service and micro-target messaging and improve loyalty programs

2. **Blockchain technologies** to make complex supply chains and logistics more transparent

3. **Metaverse/AR/VR environments and applications** to enhance customer experience

4. **Camera-vision and robotics** that enable checkout-free stores, automatic inventory replenishment and warehouse automation

5. **AI-enabled data and analytics,** including competency in platforms, tools and applications, for customer insights, demand forecasting and predictive pricing

6. **Warehouse automation**

7. **Retail media/point of purchase marketing,** including stored, streaming, and interactive media targeted at potential purchasers

8. **AI-generated content**

Platform Modernization Services

Definition

This quadrant assesses service providers' ability to modernize the software environments of retail and CPG clients. This includes fostering digital-first environments that enable and sustain clients' ability to transform 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 landscape. A key aspect of this support is the providers' ability to migrate client workloads into secure and flexible cloud environments. It often includes the migration of core business management software platforms (for example, Microsoft, Oracle and SAP) and business data to secure public, private or hybrid cloud environments that give greater flexibility, scalabilty and economies and facilitate digital business capabilities.

Critical provider capabilities include an overall digital vision for retail and CPG businesses and demonstrated expertise in aligning that vision with client-specific business strategies, goals and operations. Leaders in this quadrant deliver better software and service architectures and advanced ways to access and utilize these more effectively in changing/emerging digital-first environments (for example, enabling mobile-optimized interactions).

Eligibility Criteria

In addition to having a **presence and an active client base in the retail and CPG space**, providers assessed in this quadrant must demonstrate 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. **Applications migration and modernization**, including software lift-shift and complete landscape migration

4. **Cybersecurity services** to protect data, prevent data breach 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, customer experience, scalability and flexibility

Managed Services

Definition

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

Clients seeking service providers in this space wish to outsource some or all their IT infrastructure, operations, solutions development, user support, and associated development and management. Leading providers are agile and effectively manage evolving software, networking, infrastructure and support requirements. Applications of multiple forms of AI improve the agility of managed services providers.

The most effective providers leverage AI for large-scale, adaptive automation, which, in turn, enables the use of predictive analytics, system diagnoses and assisted decision-making to increase the efficiency of business operations. Clients increasingly seek providers that ensure compliance with data privacy regulations (for example, the GDPR).

Managed service providers should develop and provide services that address clients' strategic business needs, using disruptive, emerging and market-optimized technologies. In short, managed services providers are a critical resource in enabling retail and CPG clients' grow and succeed as digital-first and innovative enterprises.

Eligibility Criteria

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

1. **Application management** of core finance/ERP/HCM/CRM, sourcing/procurement/purchasing and SCM, 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

Quadrants by Region

As a part of this ISG Provider Lens™ quadrant study, we are introducing the following four quadrants in Retail & CPG Services 2023:

Quadrant	U.S.	Europe
Retail/CPG Business Transformation Services	✔	✔
Retail/CPG Digital Innovation Services	✔	✔
Platform Modernization Services	✔	✔
Managed Services	✔	✔

Schedule

The research phase falls in the period between February and April, during which survey, evaluation, analysis and validation will take place. The results will be presented to the media in July 2023.

Milestones	Beginning	End
Survey Launch	February 22, 2023	
Survey Phase	February 22, 2023	March 22, 2023
Sneak Previews	June 2023	July 2023
Press Release & Publication	July 2023	

Please refer to the link to view/download the ISG Provider Lens™ 2023 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 crea ting 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 rec eived 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.

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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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

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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	Coforge	IBM	PMC Retail
Arvato	Deloitte	Infosys	PwC
Aspire Systems	DXC Technology	Infovision	SMF
Atos	Emizentech	KFP	SoftServe
Avanade	EPAM	KPMG	Softtek
Avaus	EY	Kyndryl	Sopra Steria
BearingPoint	Fujitsu	Logic Info	Stefanini
Capita	Genpact	LTIMindtree	Sutherland
Capgemini	GEP	Mastek	Synoptek
Centric	Happiest Minds Technologies	Movate	TCS
CGI	HCLTech	Minsait	Tech Mahindra
CI&T	Hexaware	N-IX	Tekki Web Solutions
Cigniti	Hitachi	NNIT	ThoughtWorks
Cognizant	Hitachi Solutions	OSF Digital	
Conduent	HTC Global Services	Pitney Bowes	

Tietoevry

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UST

Valtech

Vantara

Virtusa

Visionet

Wipro

WNS

Zensar

About Our Company & Research

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.

ISG Research™

ISG Research™ provides subscription research, advisory consulting and executive event services focused on market trends and disruptive technologies driving change in business computing. ISG Research delivers guidance that helps businesses accelerate growth and create more value.

ISG offers research specifically about providers to state and local governments (including counties, cities) as well as higher education institutions. Visit: Public Sector.

For more information about ISG Research subscriptions, please email contact@isg-one.com, call +1.203.454.3900, or visit research.isg-one.com.

ISG

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 800 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 1,300 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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FEBRUARY, 2023

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