ISG Provider Lens™

ISG Star of Excellence™ – 2nd Quarter 2022 CX Index

A quarterly report on technology CX trends across **technology**

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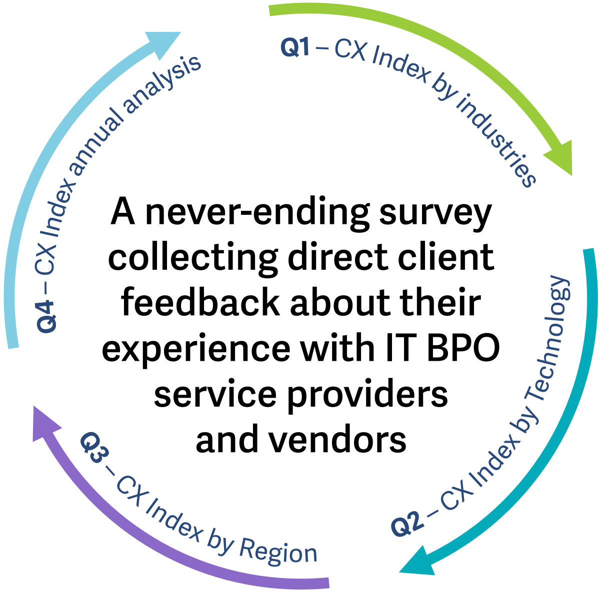
ISG Star of Excellence™ CX Index

Welcome to the second edition of the ISG Star of Excellence™ CX Index, the first in a series of quarterly reports that will shed light on what enterprise buyers really think about their IT and business services providers.

The ISG CX Index is the only research series of its kind based on continuous feedback from enterprise customers, gathered through ISG's ongoing Voice of the Customer survey.

This second ISG CX Index report focuses on customer experiences across technologies. Subsequent reports will examine customer experience by geographic region and by technology stack. A final report each year will summarize customer experience across the entire provider landscape, viewed within the context of broader industry trends and technology developments.

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



What defines Tech industry CX?

ISG identifies six categories that define customer experience in the IT BPO services and technology industry

Six categories of customer experience

1. Business Continuity
2. Service Delivery
3. Governance and Compliance
4. Collaboration and Transparency
5. Innovation and Thought Leadership
6. People and Culture Fit

- 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 can be generated across industries, regions and technology domains, and for each service provider/vendor

Overall CX score =

Sum of (customer experience score out of 100 * relative category importance) for each category

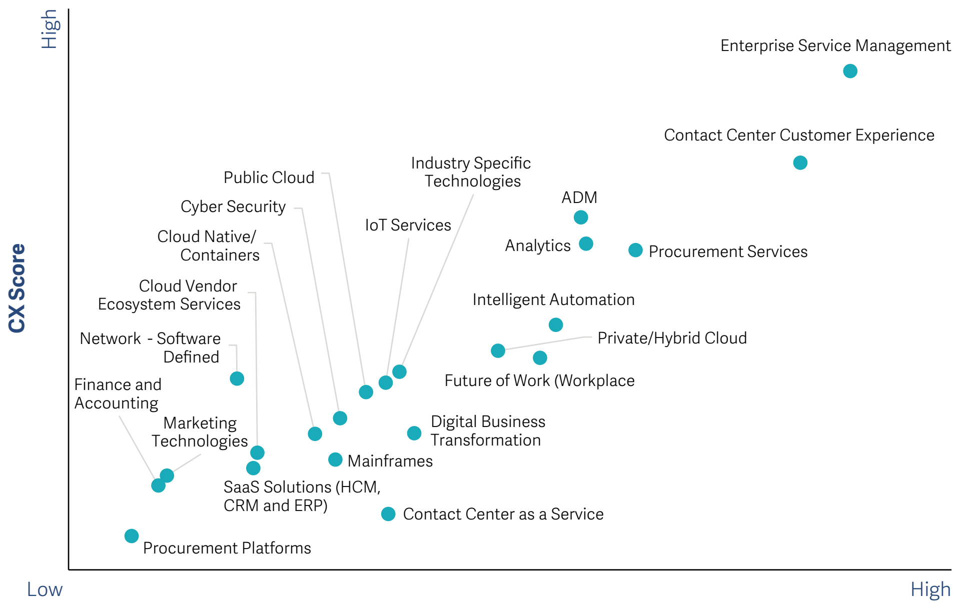
**weighted averaged method*

Major Findings & Customer Insights

- Higher CX scores for ESM and **Contact Center Customer Experience** demonstrates providers' improved expertise in managing both internal IT and business operations, and in managing external customers.
- ISG observed that **ADM and Analytics** received the highest responses and improved CX scores. Clients also rated them highly for having better operational efficiency and for moving ahead on the digital maturity curve.
- **Intelligent Automation and Future of Work** were rated as high on importance by clients, but the overall services delivered by providers were rated as below average largely due to providers' failure to deliver better business continuity and collaboration capabilities.
- **Digital Business Transformation** requires providers to demonstrate a strong expertise in offering innovative services and in ascertaining industry nuances, together with a strong understanding of the regulatory requirements and being open to client feedback for improved CX scores.
- Enterprises clients are utilizing **ADM** services to migrate applications to the cloud and analytics services to offer personalized experience as a part of their digital transformation initiatives. Service providers are delivering ADM and analytics services with innovative solutions, while complying with regulations and policies.
- For almost every technology, providers received lowest CX scores from the **vendor management and procurement leaders.** This shows the **disconnect** between scope of work for VMO office and business expectations with technology services.

- **Enterprise Service Management (ESM) services received the highest CX score across regions.** ESM is becoming critically important in converging people, processes, platforms and products to refine the idea of a new-age enterprise, and providers continue to innovate by adopting a product-centric approachfor every domain.
- **Analytics, ADM and Cybersecurity** are the other service lines that **received the highest number of responses and higher CX scores** across regions. Providers have demonstrated innovation and thought leadership and business continuity capabilities in these technologies.
- Globally Contact Center as a Service and Procurement Platforms received the **lowest CX scores from clients.**
- Number of response received for Digital Business Transformation, Cybersecurity, IoT Services, Intelligent Services, Cloud native/Containers and Software Defined Networking (SDN) from clients have **increased, compared with 2021.** This growth is attributed to an increase in number of digital projects and, most importantly, providers' enhanced capabilities and expertise in emerging technologies such as intelligent automation and cybersecurity.
- Execution and delivery, followed by business continuity and flexibility of providers continue to be the capabilities considered **most important by clients globally.**

Linear growth shows improved CX scores in Q2, where providers have improved their capabilities across technologies



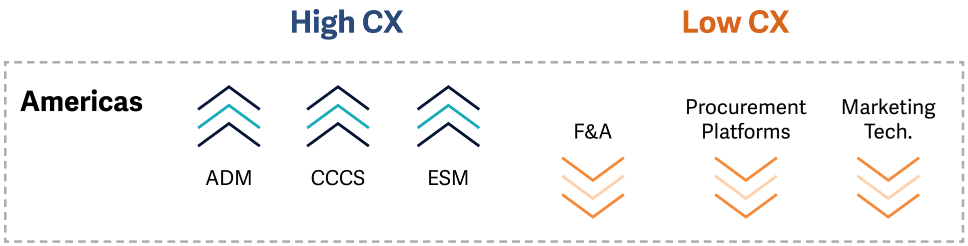
Technology CX Insights – Americas

Three technology service lines Analytics, Application Development and Maintenance (ADM) and ESM received CX scores above the industry benchmark CX scores across regions and received the highest responses.

Analytics and ADM technology dominated clients' priority agenda, and these service lines also received higher CX scores. **Analytics initiatives and investments are high as they can bring immediate benefits for clients and accelerate their digital journey, largely due to providers' proven expertise in data- driven insights.** Transformation exercises are encompassing every aspect of an application that can enhance clients' ability to address business challenges and harness opportunities through meaningful digital solutions, leading to higher CX for ADM.

In the Americas, clients are generally highly satisfied with their service providers' ability to execute projects on time and with high quality. Clients also rated their providers above industry benchmark CX score for prioritizing cybersecurity and enhancing industry focused offerings and expertise.

Providers in **Procurement platforms and Contact Center as a Service** received the lowest CX scores from clients. As per the feedback received, collaboration and business continuity capabilities received the least satisfaction scores. Clients want providers to be more open to feedbacks and suggestions, ensure limited downtime and provide more innovative solutions.



In Q2-2022, ISG received more than **35 percent** of overall responses from European clients. These clients were less satisfied, compared with clients from the Americas, and the average CX score stood at 70.83 —providers were not able to deliver as per clients' expectations across all major capabilities, including service delivery and execution and business continuity and flexibility

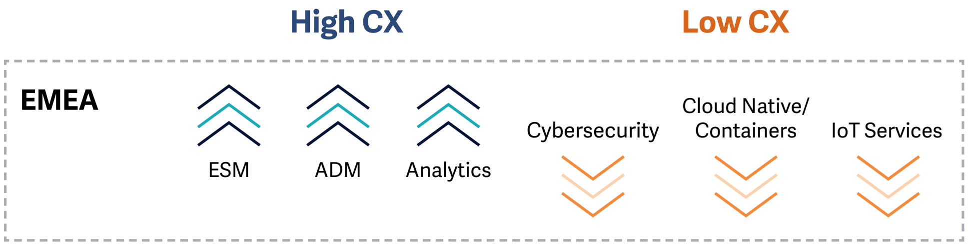
Analytics, ADM, Public Cloud, SaaS and Cybersecurity services received **higher responses.** These responses indicate how focused clients are on having a strong digital foundation and on achieving higher business agility, and their willingness to highlight their providers' capabilities in these areas.

The ESM capabilities of service providers received the highest CX score from clients in Europe. This high CX score is largely attributed to providers' increased efforts at crafting an ESM roadmap for every aspect such as consulting, implementation and managed services by adopting a forward strategy.

Digital transformation services have seen strong responses. This strong feedback is largely attributed to enhanced capabilities and experience of providers in offering innovative technology services and their continuous efforts to support clients to rework their services delivery strategies for the benefits to reach the end consumers.

Intelligent automation technology capabilities of providers received the highest overall satisfaction score. Providers have demonstrated strong capabilities in offering innovative solutions and experience in delivering unique use cases, and continue to build on their delivery capabilities.

As per ISG analysis, in EMEA, providers offering Mainframes, Contact Center as a Service (CCaaS) and Procurement Platforms received the least CX scores from clients. The low CX scores are largely attributed to providers' inability to offer strong service delivery and execution capabilities, which was most important for clients in Europe. This was followed by low satisfaction for other crucial capabilities, covering governance and compliance.



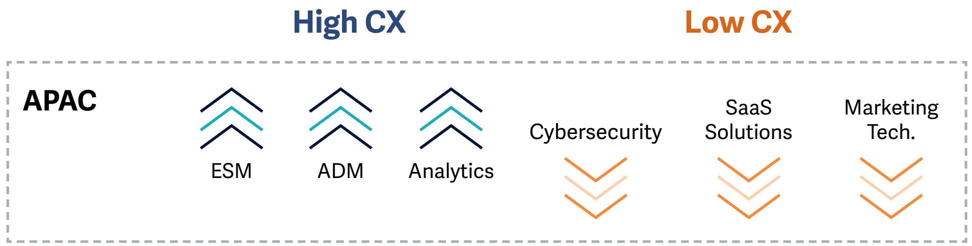
As per the feedback received, APAC clients demand that providers hone their expertise in **collaboration and transparency, and innovation and thought leadership** across all service lines. But, primarily in offering innovative solutions alongside being more open to feedback and suggestions.

Providers' attribute of **people and cultural fit** was highly commended by clients in Asia, where providers were able to deliver beyond clients' expectations. Added to this, providers demonstrated a strong understanding of industry nuances and strategically adapted their delivery methods to meet clients' business objectives.

Analytics and ADM providers delivered the most comprehensive and customer centric services, for which these service lines received high CX scores. ESM, Private/Hybrid Cloud and Public Cloud were the other service lines for which providers received good CX scores from their clients.

On the other hand, **collaboration and transparency, business continuity and flexibility, and innovation capabilities** of providers are not as per expectations. Showcasing more experience in using emerging technologies, being more adaptable to changes, ensuring limited downtime, and establishing proper communication for projects are attributes that led to a better overall service experience.

Marketing Technologies (MarTech) and Cloud Vendor Ecosystem Services received the lowest CX scores. In terms of responses, similar trends were observed, with ADM, Analytics and Public Cloud receiving majority of the responses.



Public Sector, Travel, Transportation and Leisure, and Insurance are the three verticals with high CX scores, with below than average number of responses in terms of service delivery, and governance and compliance. On other hand, Healthcare, Consumer Packaged Goods (CPG) and Financial Services saw low CX scores, globally, due to lack of innovation, need for continual service improvement and poor service transitioning.

Service providers offering services to clients in the Manufacturing, Retail and Financial Services industries (saw the maximum number of responses with lower CX score than average Industry CX score) struggled to adapt to the changes in demand due to the pandemic and communication with client teams, leading to challenges in service transitioning and systems downtime.

ADM, industry specific technologies, Analytics, Network-Software Defined, and Public Cloud garnered higher CX scores with high response rate, compared with ESM and Intelligent Automation technologies that had the highest CX scores, with responses below average.

Insurance industry clients witnessed the highest CX scores by investing in ADM, Analytics, Cybersecurity, MarTech, and Public Cloud technologies. It helped enterprises realize benefits such as consistent high quality of work, comply with regulations and limited downtime for the services provided. On other hand, service providers need to emphasize more on continued service improvement to drive innovation for enterprises in insurance sector.

Timely project execution (based on industry specific expertise), compliance with regulations and maintaining a security posture toward cyber threats were some of the areas where Business Services industry customers saw the benefits of leveraging ESM, ADM, Analytics, industry specific technologies and intelligent automation, though smooth service transitioning with limited downtime has been an area of concern that requires service providers' attention.

The pandemic led to a surge in technology investment among global **Pharmaceutical and Life Sciences** enterprises to b ring about digital transformation with the help of emerging technologies. By investing in industry specific technologies, ADM, and analytics, Pharmaceutical and Life Sciences organizations saw benefits in the areas of timely project delivery, availability of new methods of work or tools, and providers' ability to adapt delivery to clients' business objectives. Identifying the new features for processes improvements and offering more innovative tools are some capabilities for providers to improvise upon.

Manufacturing enterprises invested in ESM, Analytics, IoT Services, ADM and Cloud Native/ Containers to consistently deliver high quality of work and comply with global and local regulations. Innovation capabilities of service providers are of high importance for enterprises in the manufacturing industry, where focus is on emerging technologies and guidance on latest market trends.

	Top 3 CX Scores – Verticals		
Analytics	Business Services	Travel, transportation and leisure	Insurance
Application Development and Maintenance (ADM)	Insurance	Business Services	Financial Services
Cloud Native/ Containers	Insurance	Telecom and Media	Energy
Cloud Vendor Ecosystem Services	Business Services	Manufacturing	Telecom and Media
Contact Center as a Service (CCaaS)	Insurance	Telecom and Media	Pharmaceuticals and Life Sciences
Contact Center Customer Experience (CCCX)	Travel, transportation and leisure	Telecom and Media	Energy
Cybersecurity	Energy	Insurance	Travel, transportation and leisure
Digital Business Transformation	Insurance	Travel, transportation and leisure	Retail
Enterprise Service Management (ESM)	Business Services	Financial Services	Insurance
Finance and Accounting	Travel, transportation and leisure	Telecom and Media	Insurance
Future of Work (Workplace)	Travel, transportation and leisure	Manufacturing	Financial Services

Source: ISG Star of Excellence Enterprise Survey

	Top 3 CX Scores – Verticals		
Industry Specific Technologies	Pharmaceuticals and Life Sciences	Business Services	Energy
Intelligent Automation	Travel, transportation and leisure	Pharmaceuticals and Life Sciences	Insurance
IoT Services	Insurance	Retail	Manufacturing
Mainframes	Insurance	Energy	Travel, transportation and leisure
Marketing Technologies (MarTech)	Insurance	Business Services	Manufacturing
Network - Software Defined	Energy	Travel, transportation and leisure	Business Services
Private/Hybrid Cloud	Travel, transportation and leisure	Insurance	Retail
Procurement Platforms	Energy	Business Services	Travel, transportation and leisure
Procurement Services	Pharmaceuticals and Life Sciences	Travel, transportation and leisure	Consumer Packaged Goods
Public Cloud	Insurance	Energy	Business Services
SaaS Solutions (HCM, CRM and ERP)	Business Services	Manufacturing	Telecom and Media

Source: ISG Star of Excellence Enterprise Survey

	Lowest 3 CX Scores – Verticals		
Analytics	Financial Services	Consumer Packaged Goods	Retail
Application Development and Maintenance (ADM)	Travel, transportation and leisure	Retail	Consumer Packaged Goods
Cloud Native/ Containers	Consumer Packaged Goods	Retail	Healthcare
Cloud Vendor Ecosystem Services	Pharmaceuticals and Life Sciences	Consumer Packaged Goods	Healthcare
Contact Center as a Service (CCaaS)	Business Services	Healthcare	Travel, transportation and leisure
Contact Center Customer Experience (CCCX)	Consumer Packaged Goods	Pharmaceuticals and Life Sciences	Healthcare
Cybersecurity	Financial Services	Consumer Packaged Goods	Healthcare
Digital Business Transformation	Pharmaceuticals and Life Sciences	Telecom and Media	Financial Services
Enterprise Service Management (ESM)	Energy	Retail	Consumer Packaged Goods
Finance and Accounting	Consumer Packaged Goods	Business Services	Manufacturing
Future of Work (Workplace)	Telecom and Media	Energy	Business Services

Source: ISG Star of Excellence Enterprise Survey

	Lowest 3 CX Scores – Verticals		
Industry Specific Technologies	Financial Services	Healthcare	Consumer Packaged Goods
Intelligent Automation	Telecom and Media	Consumer Packaged Goods	Retail
IoT Services	Consumer Packaged Goods	Financial Services	Energy
Mainframes	Pharmaceuticals and Life Sciences	Retail	Consumer Packaged Goods
Marketing Technologies (MarTech)	Healthcare	Financial Services	Consumer Packaged Goods
Network - Software Defined	Consumer Packaged Goods	Healthcare	Telecom and Media
Private/Hybrid Cloud	Energy	Consumer Packaged Goods	Telecom and Media
Procurement Platforms	Telecom and Media	Healthcare	Consumer Packaged Goods
Procurement Services	Financial Services	Healthcare	Telecom and Media
Public Cloud	Retail	Healthcare	Consumer Packaged Goods
SaaS Solutions (HCM, CRM and ERP)	Financial Services	Healthcare	Consumer Packaged Goods

Source: ISG Star of Excellence Enterprise Survey

Providers received highest CX scores from IT and digital leaders

For almost every technology, providers received lowest CX scores from the vendor management and procurement leaders. This shows the disconnect between scope of work for VMO office and business expectations with technology services.

Providers are receiving high CX from digital leaders for business focused services and are mostly satisfied with their industry specific solutions. They also gave high scores for managed services for SaaS solution and cloud vendor ecosystem (Microsoft, Oracle, ServiceNow etc. ecosystems). These leaders are also more satisfied than IT leaders for public cloud managed services.

Digital leaders also gave high CX scores to marketing technologies services and digital business transformation. These highlights that providers are well-executing these business critical services.

Although providers are transforming their traditional IT infrastructure focused services with business-level differentiation, IT leaders are more satisfied with these services than digital leaders. This is particularly true for ESM, private/hybrid cloud, software defined network and future of work (workplace) services.

Some new and emerging technologies that are often considered as part of extended IT infrastructure services are generating more CX scores from digital leaders than IT leaders. This includes cybersecurity, IoT, cloud native/ containers services. It indicates these services are impacting the digital outlook of enterprise customers.

	Key Tech Roles			
Key Technologies	IT	Digital Leaders	Operations	Vendor Management and Procurement
Enterprise Service Management	★★★★	★★	★★★	★
ADM	★★★	★★★★	★★	★
Analytics	★★★	★★★★	★★	★
Cyber Security	★★★	★★★★	★★	★
Public Cloud	★★★	★★★★	★★	★
IoT Services	★★★	★★★★	★★	★
Cloud Native/ Containers	★★★	★★★★	★★	★
Cloud Vendor Ecosystem Services	★★★	★★★★	★★	★
SaaS Solutions (HCM, CRM and ERP)	★★★	★★★★	★	★★
Marketing Technologies	★★★	★★★★	★★	★
Digital Business Transformation	★★★	★★★★	★★	★
Industry Specific Technologies	★★★	★★★★	★	★★
Network - Software Defined	★★★★	★★★	★★	★
Private/Hybrid Cloud	★★★★	★★★	★★	★
Future of Work (Workplace)	★★★★	★★★	★★	★

★★★★ Highest CX ★★★ High CX ★★ Low CX ★ Lowest CX

Source: ISG Star of Excellence Enterprise Survey

Author

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Tarun Vaid is the Senior Lead Analyst covering service line such as Digital Business and SAP Ecosystem. Tarun brings in more than decade of research experience across covering areas such as enterprise application, data management, digital transformation, and SAP Services. Some of the key research work delivered by Tarun covers tracking IT spending across enterprise application software, drafting though leadership, consulting clients on latest trend and business use cases.

Additionally, he has been responsible for delivering end-to-end research projects, working along with internal stakeholders in delivering various consulting projects.

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Arun is Principal Analyst and Sr. Research manager at ISG Research. He has more than 16 years of experience as a technology analyst and advisor with strong product strategy, industry research and consulting skills.
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Mrinal Rai is the Principal analyst for Digital Workplace and enterprise collaboration. His area of expertise is digital workplace services and enterprise social collaboration both from a technology and business point of view. He covers key areas around the Workplace and End User computing domain viz., modernizing workplace, Enterprise mobility, BYOD, VDI, managed workplace services, service desk and modernizing IT architecture. In Social business collaboration, he focuses on enterprise social software, content collaboration, team collaboration, social media management and chatbot platforms. He has been with ISG for close to 10 years and has more than 15 years of industry experience. Mrinal works with ISG advisors and clients in engagements related to workplace modernization, social intranet, collaborative workplace, cloud-based VDI, end user computing and service desk. He is also the ISG official media spokesperson in India.

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Rohan Thomas has nearly a decade's worth of knowledge expertise in the realms of ICT, which include telecommunications, data centers, and networks and application performance management. At ISG, Rohan is the lead analyst for ISG Provider Lens™, leading research activities and benchmarking exercises pertaining to the regional adoption of digital infrastructure such as private/hybrid cloud. He has a Bachelor's degree in Mechanical Engineering from Visveswaraya Technological University and a Master's degree in Computer Aided Design and Manufacturing from Vellore Institute of Technology.

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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 analysis and has done advanced exploratory data analysis.

He has also worked on data science projects such as 'Time Series Forecasting' and 'Natural Language Processing' using Neural Networks, in the past. He is currently responsible for insights derivation and automating several tasks using Python.

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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™ (SOE) 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.

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