

ISG Star of Excellence™ – 3rd Quarter 2023 CX Insights

A quarterly report on enterprise
CX trends across regions



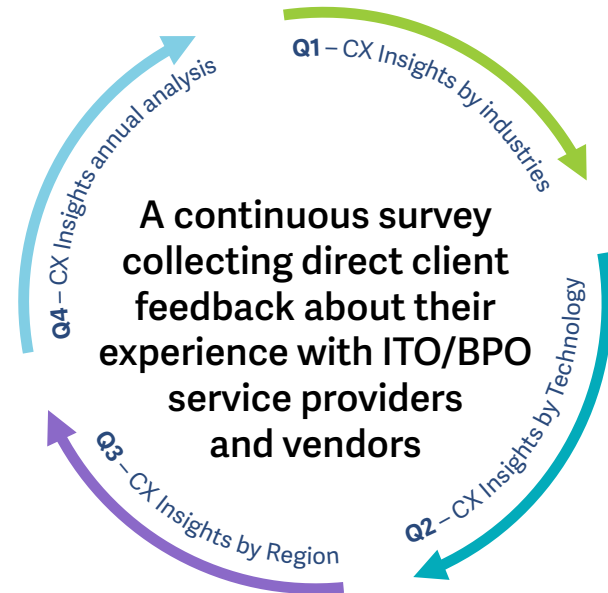
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ISG Star of Excellence™ CX Insights

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.



[Q2 2023 CX Insights by Technology](#)

[Q4 2022 CX Insights Annual Analysis](#)

[Q1 2023 CX Insights by Industries](#)

[Q3 2022 CX Insights by Region](#)



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:

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

- 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

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



Key Enterprise CX highlights

- Providers have increasingly focused on improving client proximity, resulting in Collaboration and Transparency capabilities witnessing the highest growth in satisfaction scores compared to Q3 2022. In Q3 2023, this category received the second-highest satisfaction score in terms of importance. Providers’ receptivity to constructive feedback received the highest CX score of over 80. Their ability to efficiently define milestones and handoffs between teams was one of the primary attributes for such high CX scores.
- Providers received the highest satisfaction scores for Governance and Compliance capabilities across regions. They also witnessed substantial growth in overall CX in Q3 2023 compared to Q3 2022. Customers were particularly impressed with providers’ ability to comply with regional governance and regulation requirements.
- Execution and Delivery capabilities experienced the least growth in satisfaction scores, possibly attributed to a decline in its importance score compared to Q3 2022. Providers should prioritize maintaining high-quality work and executing projects on time. Given AI and automation’s immense potential, providers must showcase their ability to build and deliver ethical AI and data governance models. Business Continuity and Flexibility and People and Cultural Fit are expected to continue on their growth trajectory owing to providers’ ability to adapt to external factors and their in-depth understanding of business and industry nuances.
- Innovation and Thought Leadership observed the highest growth. Although it recorded a marginal growth in CX, its importance has surged by nearly 15 percent.

Average enterprise CX score

75

Highest enterprise CX: **84**

Lowest enterprise CX: **64**

Enterprise CX score =

Weighted average of satisfaction scores and importance scores for six CX pillars

The arrows indicate the Y/Y change from Q3 2022

Six Pillars	Q3 2023 Satisfaction Score	Q3 2023 Importance Score
Business Continuity and Flexibility	74 ↑ 4%	77 ↑ 2%
Collaboration and Transparency	75 ↑ 6%	76 ↑ 1%
Execution and Delivery	75 ↑ 2%	79 ↓ -4%
Governance and Compliance	77 ↑ 5%	77 ↑ 6%
Innovation and Thought Leadership	74 ↑ 4%	75 ↑ 13%
People and Cultural Fit	75 ↑ 4%	74 ↑ 7%

Source: ISG user research in Q3 2023: n=1894





Major Findings & Customer Insights

Quarter Major Findings & Client Insights

ISG continues to observe a trend where clients in mature outsourcing markets are more demanding, leading to slightly lower satisfaction scores compared to emerging ones. Such marginal differences in regional attributes have led providers to focus on standardizing their services and global delivery approach to offer the same service quality regardless of clients' location.

- Americas observes increasing outsourcing deals being signed, with rising digital transformation initiatives

propelling an increase in average contract value (ACV) deals. Clients have rated service providers with higher satisfaction scores for their robust data privacy and proactive cybersecurity practices. Providers in this region must focus on offering more innovative tools and solutions.

- European clients are already mature with outsourcing dynamics. However, they still exhibit low satisfaction regarding providers' ability to integrate new work

methods, tools and techniques, followed by frictionless transition capabilities. They have also expressed high satisfaction with providers' collaborative approach.

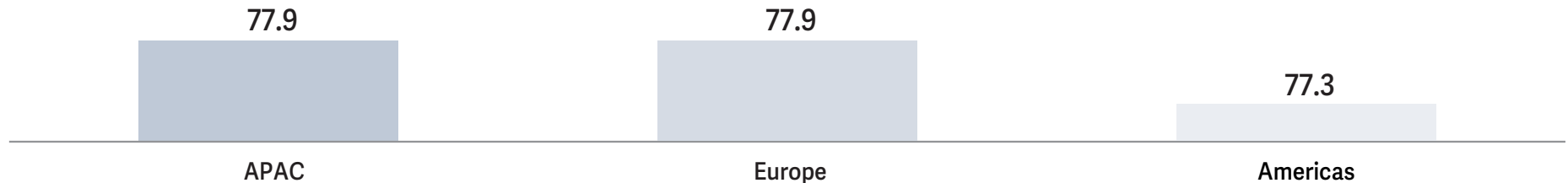
- In APAC, clients have expressed high satisfaction regarding providers' ability to be receptive to suggestions and quickly adapt to changes.
- Across regions, clients have given high importance to Execution and Delivery, followed by Collaboration and Transparency. Providers have

noted a higher importance from clients for People and Cultural Fit, showcasing superior business and industry understanding.

- Clients expressed dissatisfaction with providers for their conventional methods. They observed a lack of end-to-end support for process monitoring in relation to ESG initiatives and fewer instances of new use cases of modern technologies aimed at achieving superior process optimization.

Average CX Scores by Regions

Source: ISG user research in Q3 2023: n=1894



CX Pillar Importance Across Different Regions

According to ISG analysis, the overall importance score for providers' services and capabilities on average has improved by nearly 10 percent in Q3 2023 compared to Q3 2022. The importance score for clients in Asia Pacific has improved due to the rising digital transformation initiatives in the region. Execution and Delivery capabilities continue to be the most critical influencing pillar, followed by Collaboration and Transparency. European clients expect providers to play a more critical role when delivering enhanced consistency in service quality and ensuring timely project execution.

Collaboration and Transparency observes increased importance across regions and has the second-highest importance score. Clients in the Americas expect service providers to be highly diligent in fostering effective communication for sharing information about data, workloads and timelines while remaining receptive to suggestions.

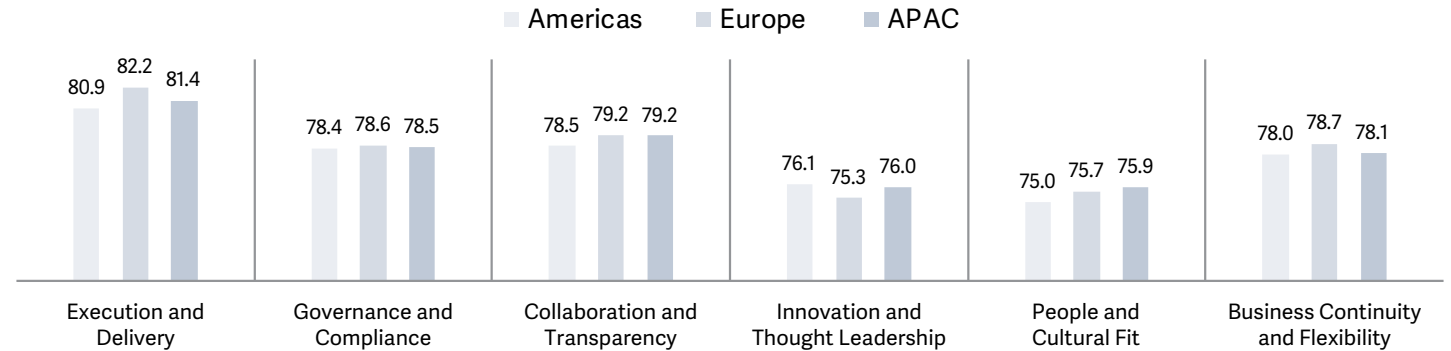
Clients across regions have scored Governance and Compliance and Business Continuity and Flexibility with medium importance. For European clients, regulations, data privacy and compliance are top priorities; thus, Governance and Compliance becomes the most crucial CX pillar. Providers' ability to adapt to

changes and ensure limited downtime is highly significant for clients in Asia Pacific.

Although the level of importance for Innovation and Thought Leadership has increased significantly, its importance level compared to other pillars remains the lowest due to its inability to deliver

on profound vertical challenges. People and Cultural Fit capabilities have received the lowest importance score, implying that clients across regions need providers to be well-prepared to demonstrate new innovative tools and methodologies, along with strong industry and business nuances.

Average Star of Excellence Pillars CX scores by Regions



Source: ISG user research in Q3 2023: n=1894



Regional CX Insights by Technologies – ITO

Global enterprises transitioning from **Doing Digital** to **Being Digital** have now realized the significance of integrating modern technologies into processes to deliver superior CX to end users. According to analysis, clients have rated providers in the Americas with high satisfaction scores for cybersecurity and proactive risk management. Clients also value ADM and cloud-native technologies as essential for achieving improved digital outcomes. CX scores in the Americas declined by 4 percent compared to Q3 2022.

In Europe, satisfaction scores compared to Q3 2022 witnessed marginal improvement, with clients highly satisfied with providers supporting their business line and digital operations. ESM service providers received the highest CX scores for offering a consolidated enterprise view. CX scores for most of the Infrastructure services in Europe have declined as compared to Q3 2022.

Although Asia Pacific clients have rated their service providers with the highest satisfaction scores across most ITO services, CX scores have dropped by 2 percent compared to Q3 2022. ADM and cybersecurity service providers received the highest ratings. Such high scores are attributed to digital transformation projects, intensifying the need for robust and proactive cyber practices, becoming the most critical part of enterprises' IT strategy in the Asia Pacific.

Infrastructure services such as digital workplace for the Americas, mainframes for Europe and IIoT for Asia Pacific received low CX scores. These regions have matured outsourcing experts, and clients demand improved infra services, covering the current market dynamics. Overall, CX scores for infra services in Q3 2023 have improved marginally compared to Q3 2022.

ITO Technologies - 2023 Q3

	Americas	Europe	APAC
Application Development and Maintenance	78	80	80
Cloud Native (Containers/Serverless Architecture)	78	79	76
Cybersecurity/GRC	79	77	80
Digital Workplace	74	77	78
Enterprise/IT Service Management	76	79	77
(Industrial) Internet of Things	75	77	75
Mainframes	77	76	78
Networking-Software Defined	76	78	79
Private/Hybrid Data Center and Public Cloud	75	76	78

 High Performing Service Lines

Source: ISG user research in Q3 2023: n=1894



Regional CX Insights by Technologies – BPO

The market for managed services BPO is robust and expanding, with digital technologies shaping BPO services across regions. Consequently, BPO service providers have garnered high satisfaction scores globally.

In the Americas, providers' ability to offer location-independent contact center CX services powered with AI and automation has helped clients modernize and redefine business agility, leading to the highest CX scores.

For finance and accounting services, clients have shown satisfaction regarding providers' ability to utilize digital technologies to drive transformation. Services such as supply chain and organizational change management have observed positive traction.

In Europe, clients have rated service providers high in contact center and digital engineering for their ability to provide personalized experiences

supported by advanced AI, reality services and digital transformation tools, accelerating enterprise-wide digital technology adoption. Clients in this region have rated supply chain and payroll administration service providers with the lowest CX score due to their inability to deliver services that meet expectations and provide an innovation roadmap to handle complex outcomes.

BPO service providers have demonstrated a customer-centric approach in Asia, resulting in the highest satisfaction scores. Clients express contentment with contact center, digital engineering and supply chain service providers, mainly due to their innovative capabilities and expertise in integrating digital technologies to optimize processes and add business value. For the same region, clients have given the lowest CX score to providers for their inability to match customers' expectations in terms of speed, quality, consistency and customer support.

BPO Technologies - 2023 Q3	Americas	Europe	APAC
Contact Center - Customer Experience	77	79	79
Digital Engineering	75	78	78
Finance and Accounting	77	78	79
HR Outsourcing	74	78	77
Intelligent Automation and Data Analytics	75	77	77
Organizational Change Management	74	74	76
Payroll/Benefits Administration	72	72	70
Procurement BPO and Transformation	76	77	77
Supply Chain Services	74	73	78

 High Performing Service Lines

Source: ISG user research in Q3 2023: n=1894



For two successive years, the public sector achieved the highest CX scores, whereas the energy sector lagged across all regions.

Clients across the Americas and Europe's public sector have rated service providers with high CX scores for their governance and compliance capabilities, primarily for maintaining proactive cybersecurity measures to mitigate cyberattacks. In the Asia Pacific public sector, clients have expressed high satisfaction with providers' execution and delivery capabilities and have rated them as high as 83 percent.

Pharmaceuticals and life sciences, insurance and manufacturing sector clients in the Americas have been highly satisfied with their service providers and have given them high scores for their collaborative approach and ability to support business continuity with limited downtime. Telecom and media and retail clients appear unsatisfied with their

providers' inability to offer innovative tools, approaches and thought leadership.

In Europe, clients across industries are highly dissatisfied with their providers' innovation and thought leadership attributes. Providers are, therefore, encouraged to develop new and innovative tools and techniques for better outcomes. Governance and compliance received the highest satisfaction scores from clients in financial services, manufacturing and the public sector, primarily due to providers' ability to comply with regulatory requirements.

In the Asia Pacific, service providers have received high CX scores from clients in the pharmaceuticals and life sciences, consumer packaged goods, and travel, transportation and leisure industries for parameters associated with strong execution and delivery capabilities and highly collaborative services.

Industries - 2023 Q3	Americas	Europe	APAC
Business Services	74.6	77.8	77.7
Consumer Packaged Goods	77.6	76.0	79.1
Energy	69.8	65.1	69.3
Financial Services	75.3	78.3	76.9
Healthcare	73.9	76.7	77.1
Insurance	79.1	77.2	72.2
Manufacturing	79.1	79.9	78.8
Pharmaceuticals and Life Sciences	81.5	75.0	80.6
Public Sector	83.2	81.4	83.3
Retail	73.4	75.0	73.0
Telecom and Media	72.5	74.4	76.8
Travel, Transportation and Leisure	74.9	76.0	78.9

Source: ISG user research in Q3 2023: n=1894



Regional CX Insights by Business Roles

Governance and compliance are recognized by business functions other than IT organizations as the demand for meeting complex regulatory standards grows. Non-IT business functions rate providers with a proactive approach toward cybersecurity the highest. Line of business (LoBs) need providers to advise on their approach to mitigate potential cyber threats.

Across regions, non-IT horizontal business function leaders were the most satisfied with provider solutions. Services supporting non-IT functions — BPO services — have registered high CX scores. Clients giving importance to People and Cultural Fit seek service providers with a more adaptive delivery approach to meet business objectives. Non-IT horizontal business function leaders account for 27 percent of the total respondents. They offered high CX scores to providers that implemented changes beyond technology enablement.

Vendor management and procurement leaders across regions have shown dissatisfaction with service providers. In the Americas, they rated providers with low CX scores for their business continuity capabilities and adaptability to external changes.

The line of business (LoBs) community emphasizes innovation, thought leadership, business continuity and flexibility capabilities. Providers received low CX scores from these respondents due to a lack of specific work references delivered for their function. LoBs and vendor management leaders account for 33 percent of the total respondents.

IT and shared service respondents account for 40 percent of the total respondents. These professionals across regions express contentment with their service providers, if not too satisfied. Providers received high scores for their competencies in business

Technology*	Key Tech Roles			
	Non-IT horizontal business function	IT, shared services	Vendor management, Procurement	Line of business (industry vertical business function)
Across All Regions	★★★★	★★★	★★	★

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

*- only selected technologies

Source: ISG user research in Q3 2023: n=1894

continuity, flexibility and strong people and cultural abilities. Compared to the Q3 2022 analysis, providers lagged in being more innovative and offering more collaborative and transparent services.

All respondents across roles, have shown less satisfaction with providers in the Americas region. Providers in this region must focus on offering

more intelligent automation and AI tools for better business value and higher process optimization. Lastly, the need to be more adaptive to clients' working culture will help providers have better satisfaction scores.



2022 Enterprise CX Award Winners by Regions

In 2022, ISG awarded the service providers that achieved the highest enterprise CX score for each region and globally.

ISG Star of Excellence™ 2022 Universal (Global) Region Award

Criteria:

- Minimum 20 responses
- Above average CX scores across regions
- Top three providers with highest CX scores win the award

Universal (Global) Region Award Winners

Atos

Hexaware

HPE



ISG Star of Excellence™ 2022 Regional Awards

Criteria:

- Received above average CX score for respective region
- Provider with highest CX score wins the award

Regional Awards	Highest Enterprise CX Regional Award Winners
Americas	Atos
APAC	TCS
Europe	Computacenter



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



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





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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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