



ISG Star of Excellence™

Q1 CX Insights





The ISG Star of Excellence™ **CX Insights** offers a periodic, high-level analysis of the key trends shaping enterprise customer experience (CX) with technology and managed service providers. Based on responses from over 300 enterprises, this report provides a data-driven view of customer satisfaction across six core pillars that define the CX journey. This edition highlights key patterns in enterprise satisfaction with their service providers, offering a comprehensive perspective on how organizations perceive the value and performance of their ITO and BPO partners.

Execution &
Delivery



Governance &
Compliance



Collaboration &
Transparency



Innovation &
Thought
Leadership



People &
Cultural Fit



Business
Continuity





Overall

CX Insights



Execution & Delivery



Only **half** of the enterprises are extremely satisfied with the execution and delivery from their vendors. While vendors specialize in providing staffing, providers must also focus on maintaining consistency of high-quality work – which is one of the primary reasons enterprises change their incumbent providers.

Governance & Compliance



More than 90% of the organizations are satisfied or extremely satisfied with the Governance & Compliance managed by their vendors. However, enterprises expect vendors to enhance their efforts regarding cybersecurity.

Collaboration & Transparency



About 70% of enterprises are extremely satisfied with their vendors' openness to feedback. However, to maintain collaboration and transparency, nearly 50% of enterprises expect better communication regarding the progress of projects.

Innovation & Thought Leadership



While most service providers have maintained their delivery engine, innovation is not meeting the satisfaction levels of enterprises. Nearly 3/4th of the enterprises are moderately to not so happy with their providers' ability to demonstrating new tools, technologies and adaptation to new ways of working.

People & Cultural Fit



Skilled staffing is one of the biggest strengths for service providers, and GCCs rely on them for skilled talent. However, upskilling employees and encouraging them to adapt to align with business objectives is a key imperative. Approximately 40% of enterprises state that providers must focus on this to improve delivery.

Business Continuity



Providers bring specialized skills and necessary technology to help the enterprises keep their operations running. However, the key focus of service providers must be on help enterprises build resilience against changing external macroeconomic factors. Only a **half** of the enterprises are comfortable that their incumbents are prepared to advise them on adaptation techniques.

Provider Highlights



Providers have a long way to go in becoming strategic partners to enterprises. More than 80% of the enterprises believe their incumbents have done a highly satisfactory job in enhancing CX and EX while optimizing costs. However, less than half of the enterprises believe that providers have played a pivotal role as strategic partners in helping companies with expansion strategies, such as new market or generating additional revenue.

AI Highlights



As enterprises embark on their AI journey, less than a half of them are satisfied with the AI services provided by their vendors. Although AI is viewed as a tool to reduce costs, the cost of services paradox remains unsolved. Enterprises show moderate to low satisfaction scores regarding the creativity and innovation that providers are exhibiting.



ITO

CX Insights



Execution & Delivery



More than half of enterprises are extremely satisfied with providers' ability to staff agreed-upon resources for ITO contracts. However, timely project execution remains a challenge despite strong hiring practices. Most contracts are moving toward business-driven outcome-based contract models. Therefore, service providers must adhere to timelines while deploying skilled resources according to client's requirements to minimize the impact on business operations.

Governance & Compliance



Approximately 70% of enterprises are satisfied with their service provider's compliance with policy and regulations. Irrespective changing trade regulations worldwide, providers have effectively adhered to regional regulations. As a result, service providers are expected to act as trusted advisors to their clients in navigating governance and compliance across regions.

Collaboration & Transparency



Approximately 98% enterprises are satisfied or extremely satisfied with the collaboration and transparency of service providers across the ITO contract lifecycle. By improving communication and being transparent with clients, providers can ensure a seamless handoff process between enterprise and provider staff. Service providers should set clear expectations for the knowledge transfer process to facilitate a smooth handover to the client.

Innovation & Thought Leadership



Innovation has taken a back seat as enterprises focus on cost optimization initiatives, and service providers have successfully delivered on these requirements while ensuring business continuity. Enterprises expect their providers to identify processes for implementing innovative services. However, nearly 65% of enterprises are moderately satisfied or dissatisfied with their provider's ability to identify opportunities for innovation in ITO services.

People & Cultural Fit



Providers deliver agreed-upon resources for clients across ITO contracts, with these resources effectively understanding business requirements and adapting to clients' work cultures. Almost 60% of enterprises are extremely satisfied with the staff's understanding their business/industry and adapting to their culture. Service providers should continue to invest in training and upskilling resources to meet industry-specific requirements.

Business Continuity



Around 47% of enterprises are moderately satisfied or dissatisfied with their service providers' ability to manage changes due to external and global factors. Rapid shifts that impact global economies have made it challenging for providers to remain top business partners during these turbulent times. To address this, providers should focus on leveraging AI and related technologies to enable agility and ensure business continuity.



BPO

CX Insights



Execution & Delivery



Approximately 60% of enterprises are extremely satisfied with the timely execution of the BPO contracts. However, around 40% are dissatisfied with the quality of work delivered by BPO providers. Enterprises expect providers to deliver high-quality work while meeting project deadlines. Service providers should focus on maintaining high standards of delivery while leveraging AI to fast-track delivery and reduce time to market for clients.

Governance & Compliance



About 97% of enterprises are satisfied or extremely satisfied with their provider's ability to comply with policies and regulations worldwide. However, enterprises expect better measures to uphold cybersecurity requirements across delivered projects. Given that security threats continue to jeopardize a firm's progress, service providers should act as trusted advisors for cybersecurity investments.

Collaboration & Transparency



Approximately 45% of enterprises are moderately satisfied or dissatisfied with their service provider's ability to communicate project requirements and timelines. The same sentiment applies to the provider's capability in defining handoffs and milestones between themselves and the enterprises. To enhance collaboration between client and provider teams, service providers must improve their communication with clients.

Innovation & Thought Leadership



Almost 50% of enterprises are moderately satisfied with the innovation and thought leadership delivered by the service providers. Given dynamic market conditions and uncertain forecasts, it is essential for service providers to showcase new methods or techniques that yield tangible benefits for clients.

People & Cultural Fit



Almost 60% of the enterprises are extremely satisfied with the provider's capability to deliver based on the client's business requirements. With changing market dynamics and widespread adoption of AI across BPO industry, it has become imperative for providers to align with the enterprises' business needs to enable synergies between the firms.

Business Continuity



About 65% of the enterprises are extremely satisfied with their provider's ability to maintain business continuity. However, they expect providers to be flexible in adapting to changes driven by macroeconomic and geopolitical factors. Service providers should help enterprises build operational resilience leveraging AI and emerging technologies.



AI and Analytics

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Execution & Delivery



More than half of the enterprises are dissatisfied with service providers' ability to hire resources to deliver AI and analytics services. With GCCs and providers competing for the same talent pool, there is a shortage of available resources. Service must invest in training and upskilling to support market requirements effectively.

Governance & Compliance



Approximately 95% of enterprises are satisfied or extremely satisfied with the governance and compliance adherence delivered by their service providers, with about 70% extremely satisfied with adherence to policies and regulations. Enterprises expect proactive incident resolutions while delivering strong compliance globally. Service providers should continue to support clients in governance and compliance while proactively resolving incidents.

Collaboration & Transparency



While 70% of the enterprises are extremely satisfied with their service provider's openness to suggestions for improvement, almost 47% are moderately satisfied or dissatisfied with the provider's ability to communicate information about workloads and timelines throughout the project lifecycle. Service providers are expected to openly discuss project challenges and resolutions, while being receptive of feedback.

Innovation & Thought Leadership



Almost 90% of enterprises are either extremely satisfied or satisfied with the provider's ability to identify operational processes to apply AI and analytics services. For most transactional processes, AI has automated processes and realized substantial benefits for clients. Service providers continue to drive innovation using AI and analytics for their clients.

People & Cultural Fit



Despite a dearth of AI-skilled resources in the industry, service providers have successfully aligned with clients' business requirements for AI and analytics services. Almost 97% of enterprises are either extremely satisfied or satisfied with the business-oriented services provided using existing resources.

Business Continuity



Approximately 72% of enterprises are extremely satisfied with their service provider's ability to manage minimal downtime. AI has enabled autonomous operations, leading to more effective management of infrastructure and applications. Service providers continue to invest in AI-enabled and agentic tools to ensure optimal tangible benefits to clients.

Appendix and Terminology



ISG Industry classification

- Business Services
- Chemicals
- Retail and CPG
- Banking and Financial Services
- Healthcare
- Insurance
- Manufacturing
- Oil and Gas
- Pharmaceuticals and Life Sciences
- Power and Utilities
- Public Sector
- Telecom and Media
- Travel, transportation and hospitality

Technology coverage in ISG Star of Excellence™



ITO Services

- Application Development and Maintenance
- Cloud Computing: Private Hybrid Cloud
- Cloud Computing: Public Cloud
- (Industrial) Internet of Things
- Mainframes
- Digital Workplace
- Enterprise/IT Service Management
- Network: Managed network services
- Network: Software Defined network services
- Cyber Security Services

Engineering

- Digital Engineering Services

BPO Services

- Contact Center – Customer Experience
- Finance and Accounting (BPO)
- HR Outsourcing (BPO)
- Payroll/Benefits Administration (BPO)
- Procurement BPO and Transformation
- Supply Chain Services

AI and Analytics

- Agentic AI
- GenAI
- Intelligent Automation
- Data Engineering
- Data Sciences

Ecosystem Services

- AWS
- Microsoft
- Google
- Duck Creek
- Guidewire
- Oracle
- Salesforce
- SAP
- ServiceNow
- Snowflake
- VMware by Broadcom
- Workday

Others

- ESG
- OCM
- Global Capability Center

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-of view 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. She has authored many thought leadership papers, digital insight studies, devised go-to-market strategies across products/ industries/ regions, built frameworks and maturity models across industries for both enterprises, vendors and service providers.

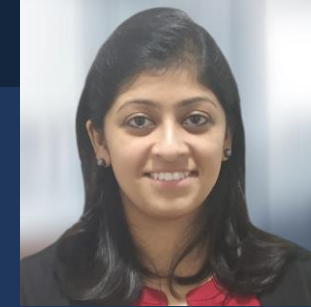


Data Analyst

Kiran B

Senior Data Analyst

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.



Sponsor

**Namratha
Dharshan**

Chief Business Leader

As a Chief Business Leader at ISG, Namratha Dharshan spearheads the BPO, AI and Analytics arm of the ISG Provider Lens™ program, contributing to more than 20 reports. Under the aegis of this program, where she heads a team of analysts, Namratha manages the delivery of research findings on service provider intelligence. As a part of her role in the Senior Leadership Council, Namratha is the designated representative of the ISG India Research team, comprising more than 100 dynamic research professionals. In addition, Namratha is a speaker in ISG's flagship quarterly call, ISG Index™.

As a principal industry analyst and thought leader, Namratha is well recognized for her contributions to service provider intelligence and her understanding of the customer experience landscape, particularly the area of contact center services. She has also authored reports on other horizontal service lines such as finance and accounting and penned vertical focused reports for insurance.

About Our Company & Research



Provider Lens™

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 indepth 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.

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.

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