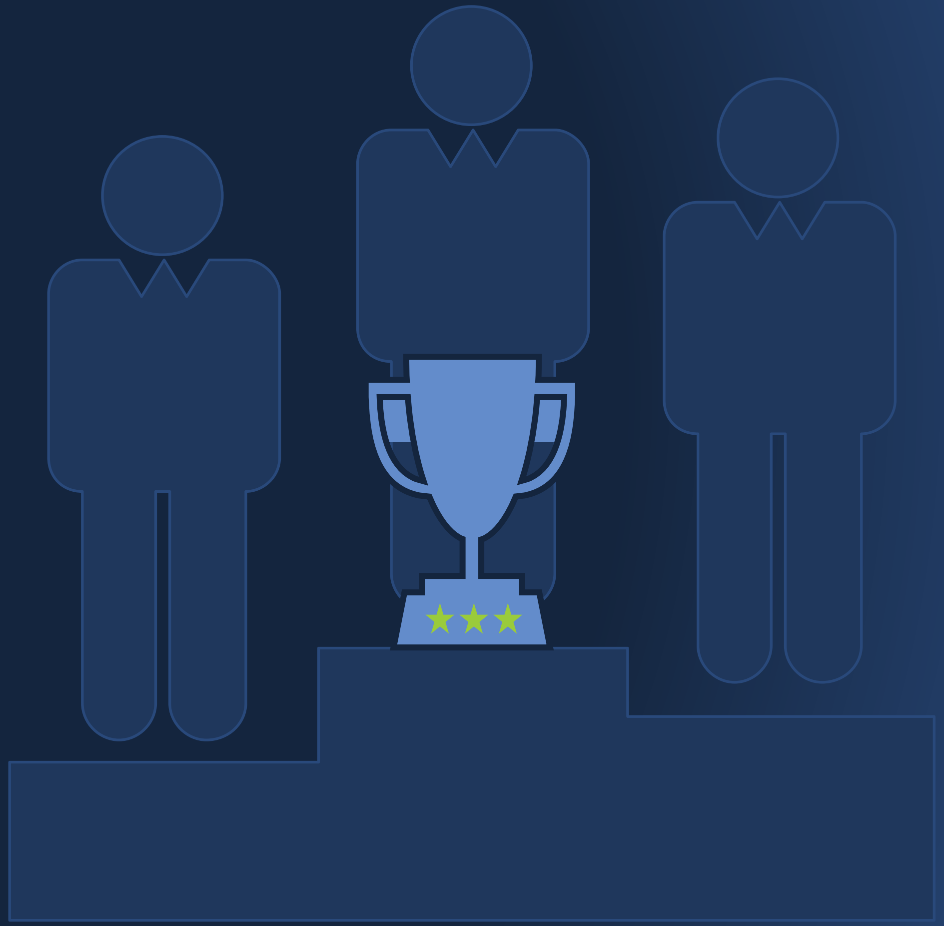
ISG Star of Excellence™

Q2 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 500 enterprises, this report provides a data-driven view of CSAT 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 assess 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

Enterprises remain divided on execution and delivery, with only about **half** indicating high satisfaction in how providers manage projects, allocate resources and maintain consistent quality.

Governance & Compliance

Compliance with policies and regulations has declined from 90% to 70% this quarter, indicating a growing concern among enterprises that is prompting providers to intensify their focus on cybersecurity measures and adopt a proactive approach to governance and compliance.

Collaboration & Transparency

Smooth transitions and handoffs between enterprises and service providers are critical to project success. While a little over 50% of enterprises report high satisfaction with these handoffs, the moderate to low satisfaction reported by the remaining half of enterprises indicates a significant gap in collaboration.

Innovation & Thought Leadership

Only 35% of enterprises are satisfied with the innovation delivered by their providers; a significant gap persists, prompting many to retain innovation efforts in-house or within their GCCs.

People & Cultural Fit

Cultural adaptability remains a strong pillar in enterprise–provider relationships, with over 60% of enterprises expressing high satisfaction with how well providers align with their cultural expectations.

Business Continuity

While enterprises are generally satisfied with providers' ability to maintain business continuity, nearly half express concern over providers' ability to adapt to global uncertainties and offer the required consulting.

Provider Highlights

Execution has become a core strength for service providers, with over 85% of enterprises satisfied with their returns on investment and the enhancement of CX.

On the other hand, enterprises expect more support for their go-to-market strategies and expansion into newer markets.

AI Highlights

As AI adoption accelerates, cost dissatisfaction remains evident, as nearly 70% of enterprises are only moderately satisfied or not satisfied at all with AI service pricing, indicating a pressing need for providers to offer greater transparency alongside the promised efficiency and speed.

ITO

CX Insights

Execution & Delivery

Providers are consistent in staffing agreed-upon resources. However, timely execution is declining, with nearly half of enterprises rating delivery as only moderate. These trends signal growing concerns that strong staffing alone is not translating into faster project completion and maintaining consistent quality of services.

Governance & Compliance

Though providers continue to perform well in compliance, with over 70% satisfied with adherence to policies and regulations, concerns around proactive issue resolution have become more prominent compared to Q1. Nearly a third of enterprises report only moderate satisfaction, suggesting a need for providers to offer specialized industry and region-specific risk advisory.

Collaboration & Transparency

Collaboration remains the strongest pillar in Q2, with nearly 90% of enterprises either satisfied or highly satisfied. However, while handoffs and milestone clarity remain strengths, client concerns around providers' ability to have a strong communication approach on the projects, workload and timelines continue to pose a major hurdle.

Innovation & Thought Leadership

Innovation scores show persistent stagnation, with almost two-thirds of enterprises only moderately satisfied. Unlike other areas, progress here remains limited as providers prioritize efficiency over innovative ideas. Enterprises are increasingly expecting providers to focus more on process optimization and standardization rather than merely cost optimization.

People & Cultural Fit

Providers continue to integrate resources effectively, with nearly 60% rating cultural alignment highly. Yet, compared to Q1, the data suggests a widening gap between high and moderate scores, highlighting uneven success across industries. Providers must deepen domain expertise and invest more in targeted training.

Business Continuity

Resilience remains a key challenge in Q2, with almost half of enterprises reporting moderate satisfaction or dissatisfaction. The data suggest a decline in providers' ability to adapt to changing demand compared to Q1, as global disruptions continue to test continuity strategies. Providers need to enhance their AI-driven resilience and contingency planning to restore confidence.

BPO

CX Insights

Execution & Delivery

Over half of enterprises are highly satisfied with providers' ability to execute projects on time, provide resources and maintain quality. However, about 40% remain only moderately satisfied, signaling that while delivery is reliable, improvements in timeliness and efficiency are still needed.

Governance & Compliance

Compliance is a relative strength, with more than 70% of enterprises satisfied with providers' adherence to regulations and cybersecurity. Yet proactive engagement for issue resolution lags, as over one-third of enterprises report only moderate satisfaction, indicating providers need to act more as risk partners rather than merely compliance managers.

Collaboration & Transparency

Collaboration stands out as a clear stronghold. More than 60% of enterprises rate providers highly, especially in milestone clarity and communication. However, openness to feedback, though strong, still has room for improvement to enhance trust and joint ownership in engagements.

Innovation & Thought Leadership

Innovation remains a concern in BPO, with the majority of enterprises reporting moderate satisfaction. While providers meet efficiency needs, their ability to demonstrate thought leadership and identify process improvements is limited. Clients increasingly expect innovation that goes beyond cost savings and focuses more on process transformation.

People & Cultural Fit

Providers perform reasonably well in aligning with client culture and business requirements; however, nearly 40% of enterprises rate them as only moderate. This rating reflects gaps in domain knowledge and adaptability across industries. Upskilling and industry-specific training remain key focus areas, suggesting that providers must look beyond cost transformation.

Business Continuity

Enterprises remain cautious about providers' ability to handle disruptions. Close to half of enterprises report moderate or low satisfaction, highlighting challenges in ensuring continuity during global uncertainties. Providers must invest in automation, AI and resiliency planning to strengthen confidence.

AI and Analytics

CX Insights

Execution & Delivery

Over half of enterprises are satisfied with providers' ability to execute projects on time and maintain quality delivery. However, close to 40% rate them as only moderate, indicating that execution excellence is inconsistent and still needs improvement in providing the agreed-upon experienced professionals.

Governance & Compliance

Governance scores are high, with nearly 75% of enterprises highly satisfied with compliance and cybersecurity efforts. However, proactive issue resolution trails behind, with more than one-third of enterprises reporting only moderate satisfaction. Providers must strengthen their advisory capabilities in data governance to build trust in risk management.

Collaboration & Transparency

Collaboration is a standout, with over 60% of enterprises rating providers highly, especially in milestone clarity and communication. Providers are also recognized for openness, though enterprises expect even more transparency in feedback loops to drive continuous improvement.

Innovation & Thought Leadership

Innovation remains underwhelming, with most enterprises expressing moderate satisfaction. Providers are seen as focusing more on delivery and cost efficiency than on driving effectiveness or identifying innovative analytics use cases. Enterprises want fresh, forward-looking solutions to complement their execution and delivery strength.

People & Cultural Fit

Cultural alignment is an area of mixed performance. While many enterprises value providers' industry understanding, nearly 40% remain only moderately satisfied, indicating the need for deeper contextual expertise and stronger upskilling of analytics talent.

Business Continuity

Business continuity continues to be a concern, with almost half of enterprises either moderately satisfied or dissatisfied. Providers need to build greater resilience through automation and AI-driven continuity planning, particularly as analytics workloads become mission-critical.

Appendix and Terminology

ISG Industry Classification

- Business Services
- Chemicals
- Retail & CPG
- Banking & Financial Services
- Healthcare
- Insurance
- Manufacturing
- Oil & Gas
- Pharmaceuticals and Life Sciences
- Power & 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
- Cybersecurity 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 Centre

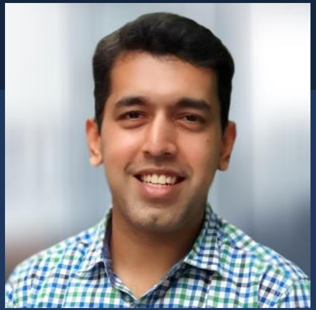
Author & Editor Biographies

Author

Tarun Vaid

Lead Analyst

Tarun has over 12 years of extensive research experience across the ICT domain, including report writing, drafting thought leadership, analyzing IT spending, consulting clients on latest trends and business use cases. Additionally, he has been responsible for delivering end-to-end research projects, working with internal stakeholders in delivering various consulting projects on digital transformation, supply chain transformation, understanding customer feedback and interviewing 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.

Study 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

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 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.

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.

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ISG (Nasdaq: III) is a global AI-centered technology research and advisory firm. A trusted partner to more than 900 clients, including 75 of the world's top 100 enterprises, ISG is a long-time leader in technology and business services sourcing that is now at the forefront of leveraging AI to help organizations achieve operational excellence and faster growth. The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments. For more information, visit isg-one.com.

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