Everest Group®

The Future of CX

November 2022

Everest Group is the leader in global and outsourced services analysis and advice

Founded in **1991**

Research analysts around the world with offices in North America, Europe, and India
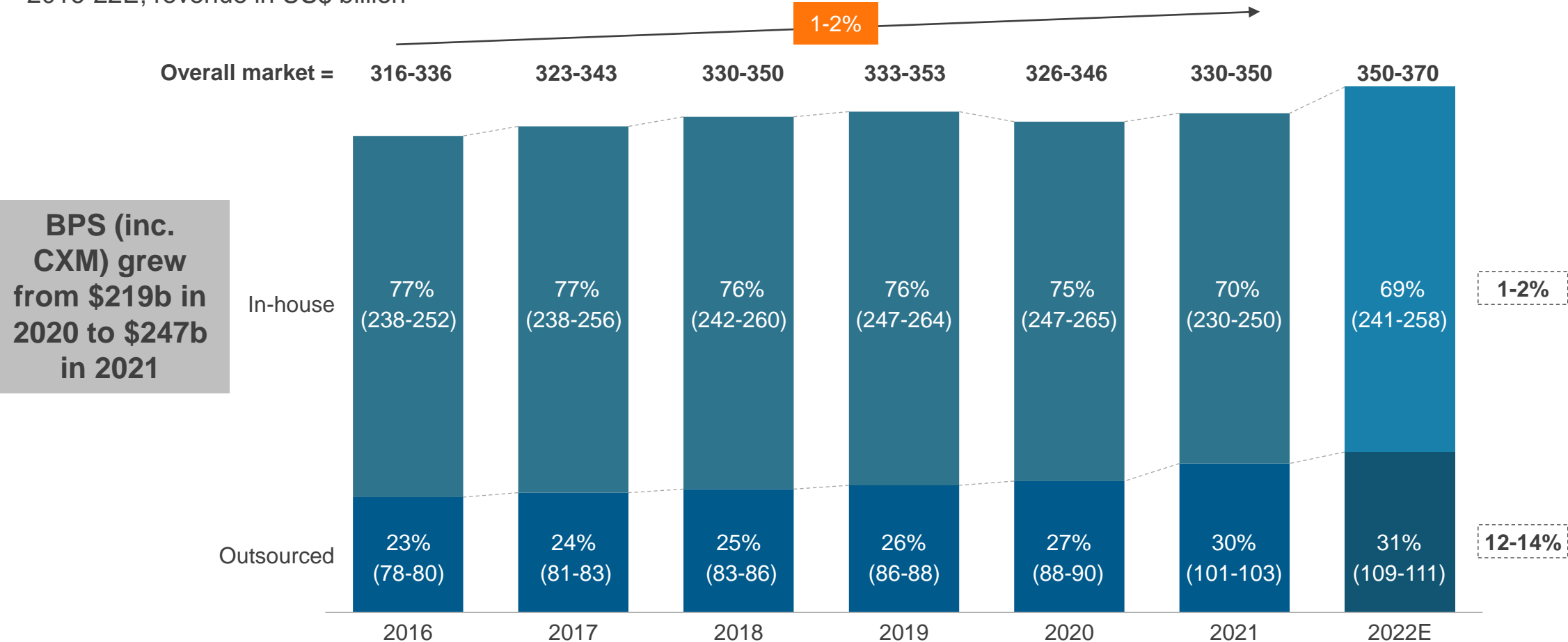
The leading research firm focused exclusively on **IT, business process, and engineering services**

Customer Experience Management is a huge industry, which continues to grow YoY

Global CXM market size
2016-22E; revenue in US$ billion

1-2%

Overall market =	316-336	323-343	330-350	333-353	326-346	330-350	350-370

BPS (inc. CXM) grew from $219b in 2020 to $247b in 2021

	2016	2017	2018	2019	2020	2021	2022E	
In-house	77% (238-252)	77% (238-256)	76% (242-260)	76% (247-264)	75% (247-265)	70% (230-250)	69% (241-258)	1-2%
Outsourced	23% (78-80)	24% (81-83)	25% (83-86)	26% (86-88)	27% (88-90)	30% (101-103)	31% (109-111)	12-14%

Source: Everest Group (2022)

CX leaders are facing a number of challenges right now

Securing customer data and using it to improve CX

Navigating the talent crisis and improving EX

Optimizing delivery models and location/ site strategies and mitigating risks

Increasing value delivered and reducing cost of support

Modernizing the CX infrastructure

Anticipating future customer, industry, and technology trends (external lens)

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We believe that CX leaders need to focus on five critical areas to address the challenges and deliver an exceptional CX

1 Embrace digital CX

2 Review delivery models, service providers, and locations

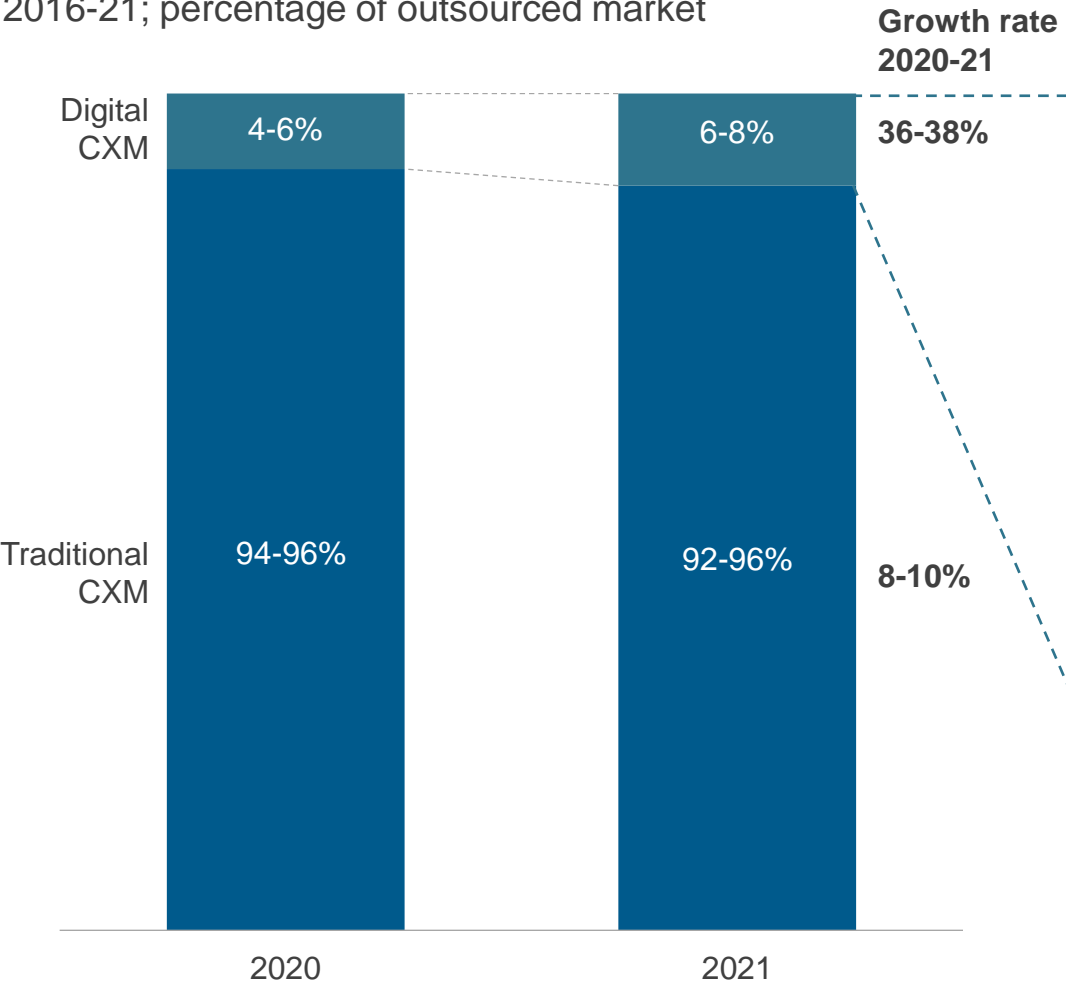**3** Accelerate automation efforts

4 Focus on your talent management strategies

5 Prepare for price increase demands by leveraging external sources to benchmark pricing

The digital CXM model is growing 3X faster than the traditional model

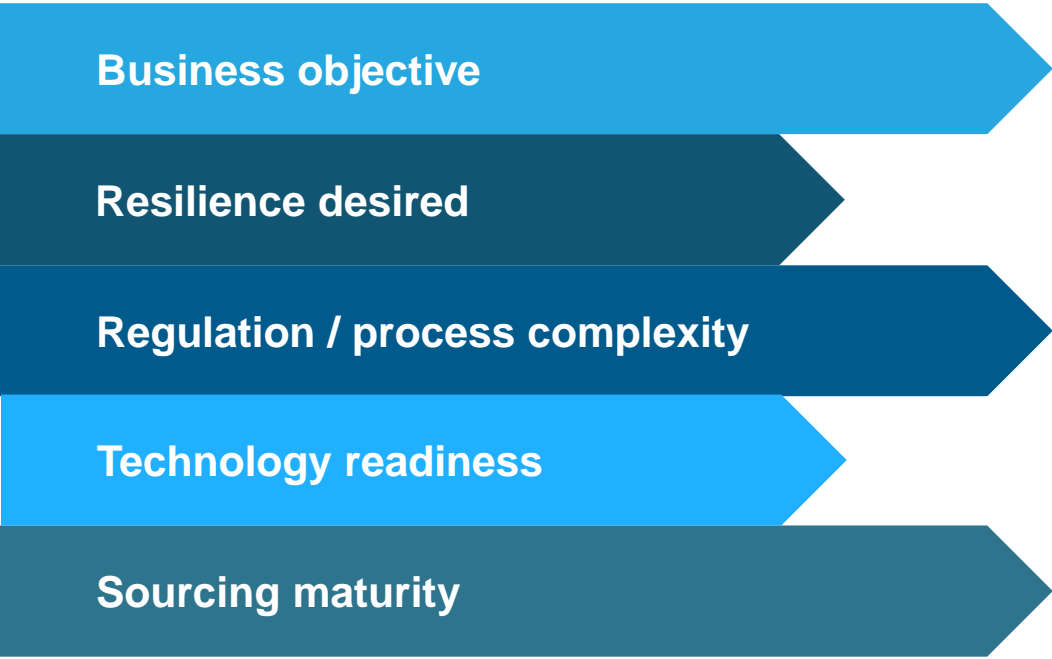## Global CXM market breakdown
2016-21; percentage of outsourced market

Growth rate 2020-21

	2020	2021	Growth rate 2020-21
Digital CXM	4-6%	6-8%	36-38%
Traditional CXM	94-96%	92-96%	8-10%

Prevalence of digital CXM components across CXM clients
2021; percentage of active CXM clients with deployments

CXM Components		Market prevalence	Growth in number of client
Analytics		30-35%	>30%
Automation		15-25%	15-20%
AI/chatbots		10-15%	20-25%
CX consulting / design thinking		20-30%	15-20%

The mix of locations and types of talent will need to change to accommodate changing demand and supply issues
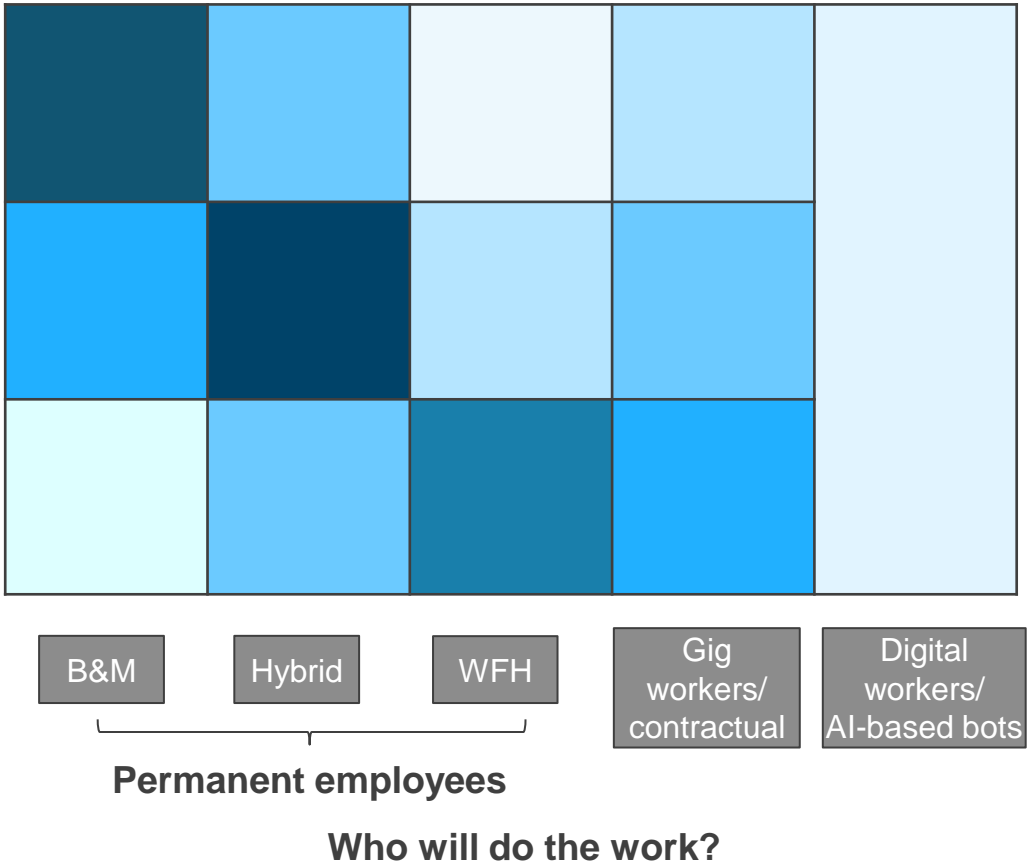
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Illustrative factors influencing the decision

ILLUSTRATIVE

Customized service delivery

Factors (arrows, top to bottom):
- **Business objective**
- **Resilience desired**
- **Regulation / process complexity**
- **Technology readiness**
- **Sourcing maturity**

Where will the work be done?
- Offshore
- Nearshore
- Onshore

Who will do the work?

Columns:
- B&M
- Hybrid
- WFH
- Gig workers/ contractual
- Digital workers/ AI-based bots

Permanent employees (B&M, Hybrid, WFH)

Level of expected prevalence

Low ———— High

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Automation has a wide applicability across all parts of the CXM value chain

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Customer experience	Customer experience + operational impact	Operational impact
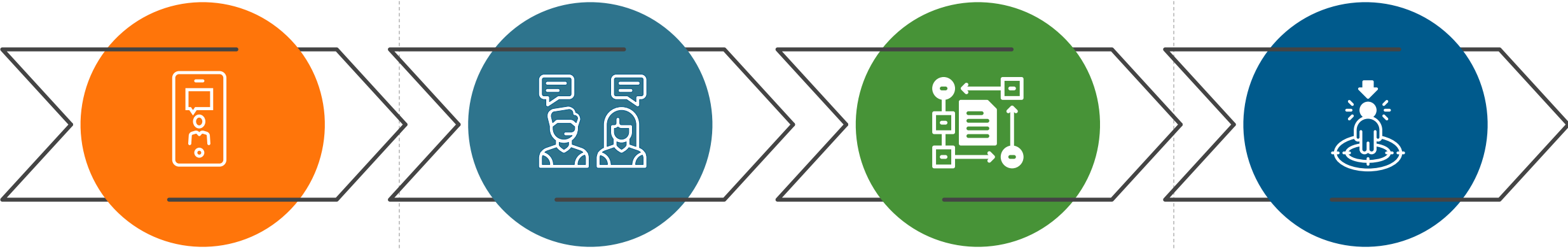
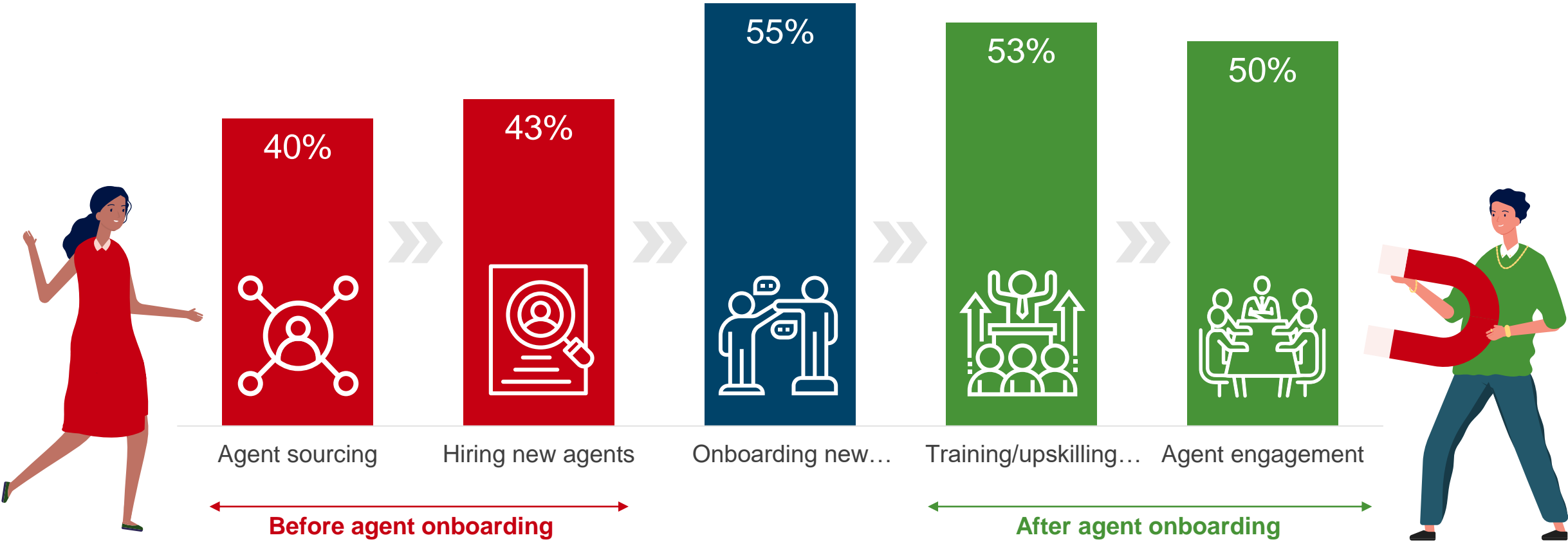| **Customer-facing**	**Agent assist**	**Workflow**	**Recruitment**
● Self-serve ● Smart IVR ● Conversational AI (CAI)	● Unified desktop solutions ● RPA for back-office automation ● Post-call automation ● Compliance check ● Next best action	● Forecasting ● Sending emails ● Raising invoices ● Scheduling ● Others	● Profile filtering ● Digital assessment ● Recruitment and interview tools ● Onboarding and registration

Organizations have embedded digital CXM in various stages of talent management to improve agent experience

Organizations leveraging digital CXM for talent management

XX-XX%: percentage of total surveyed organizations

Agent sourcing	Hiring new agents	Onboarding new…	Training/upskilling…	Agent engagement
40%	43%	55%	53%	50%

Before agent onboarding

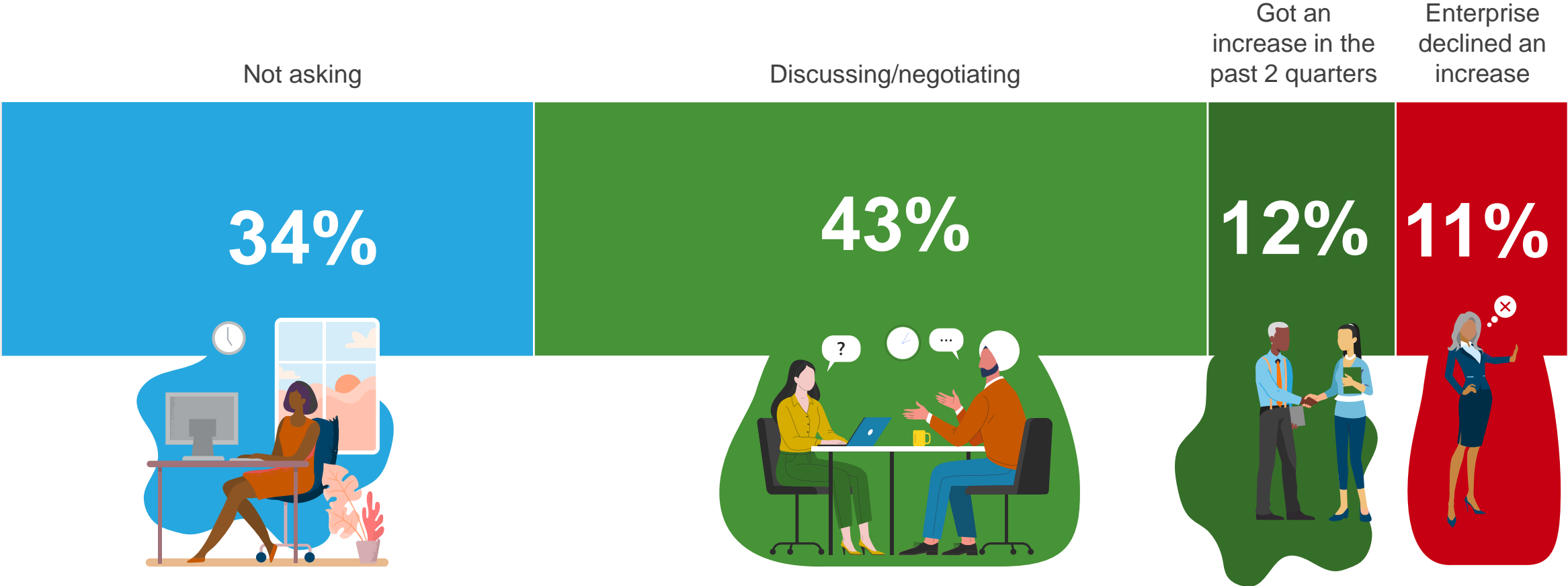**After agent onboarding**

Source: Everest Group (2022)

A large proportion of enterprises have already been approached by service providers and are conducting educated negotiations

% of respondents saying service providers are asking for an increase

Not asking	Discussing/negotiating	Got an increase in the past 2 quarters	Enterprise declined an increase
34%	**43%**	**12%**	**11%**

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