

# Unify, Connect, and Grow Your Customers

Featuring the Gartner Magic Quadrant

## Magic Quadrant for Customer Management Contact Center BPO

Gartner's Magic Quadrant for CM contact center business process outsourcing services evaluates a dynamic and transforming provider landscape. Sourcing managers need to know that providers are fast-evolving due to changing markets, technology and customer needs.

### Market Definition/Description

This document was revised on 5 January 2015. The document you are viewing is the corrected version. For more information, see the [Corrections page](#) on gartner.com.

Gartner's definition of business process outsourcing (BPO) is the delegation of one or more highly transactional IT-intensive business activities to an external party. BPO always includes the delegation of the business process administration to a third party and may also include the delegation of application maintenance and ownership.

Customer management (CM) contact center BPO, which are the processes linking an organization with its existing and potential customers, can be categorized in four subsegments:

- Customer selection
- Customer acquisition
- Customer retention
- Customer extension

The above four subsegments should also consistently be executed across the following four primary channels:

- Telephony, inclusive of voice and interactive voice response (IVR) self-service
- Email response management
- SMS, Web chat, mobile app services and social for CRM
- Knowledge management for Web-based self-service

### CM Contact Center BPO Defined

Customer selection:

Market segmentation and data analysis include the collection, management, augmentation, analysis and application of customer data in support of marketing and sales efforts.

Campaign design and communication planning include campaign planning, communication planning, design and printing/developing of marketing collateral.

Other customer selection includes testing, brand planning, account/territory planning, product introduction and other customer selection functions not included in the above categories.

Customer acquisition:

Lead management and opportunity management include administration of business-to-business team selling across field channels and inside sales channels, and guiding sales executives through lead generation, and qualification and quantification of the opportunity to close deals.

Telesales, telemarketing, Web sales and marketing include telephone calls made (outbound) or received (inbound) by agents either attempting to generate sales leads or complete immediate sales, as well as design, installation, operations and management of websites used to conduct marketing, sales and other commerce activities.

Other customer acquisition includes direct mail campaign management, channel management, proposal generation, solution design, negotiation, deal closing and other customer acquisition functions that are not included in the above categories.

Customer retention:

Self-service includes leveraging an organizational knowledge base to provide unassisted customer support. Self-service is a component of customer service and support.

Inquiry handling and problem resolution include managing customer concerns either through outbound or inbound communications, over the telephone or over the Internet.

Field service automation includes managing personnel resource allocation, communication of problem tickets, diagnostics, spares inventory and preventive maintenance in the field service and repair organization.

Other customer retention includes order management, repair and returns handling, attrition management and other customer retention functions that are not included in the above categories.

Customer extension:

Customer data analytics includes analysis of customer data with the purpose of extending services to current and new customers.

Upsell and cross-sell include identifying existing products and services purchased by a customer and using that information to influence the purchase of associated products and services.

Other customer extension includes needs reassessment, campaign management and other customer extension

functions that are not included in the above categories.

For the purpose of this Magic Quadrant research, Gartner assesses service providers with comprehensive CM contact center BPO service offerings (that is, customer-facing processes that providers offer from across all four subsegments that make up CM contact center BPO).

Excluded from this research are:

Accounts receivable management (collections).

HR or other enterprise services (for example, payroll, recruitment or benefits administration).

Field sales automation – This includes management and administration of face-to-face interactions between sales teams and clients. The four types of field sales models are: influencer (using industry experts); opportunity-driven (used for primarily large value products); project-driven (used for selling professional services); and iterative (based on ongoing relationships, such as consumer packaged goods).

**Magic Quadrant**

Figure 1  
**Magic Quadrant for Customer Management Contact Center BPO, Worldwide**



**Vendor Strengths and Cautions**

**Aegis**

Aegis has worldwide CM contact center BPO revenue of approximately \$500 million. Headquartered in India, the company has an estimated 40,000 employees based in 37 centers across nine countries. Aegis is wholly owned by Essar, a \$39 billion diversified-business conglomerate. Aegis' primary focus is on multichannel CM and vertical industry markets, including telecommunications, financial services, healthcare, travel and hospitality. Aegis' customer profile has changed dramatically in the past three years, and its concentration of clients has shifted from India to Asia/Pacific and the Far East, including Malaysia and Australia. Aegis completed its 19th acquisition in 2014 by acquiring the contact center and financial solutions operations of Symphony BPO Solutions in Malaysia. The company exited the North American market earlier this year with the sale of its North American, Philippines and Costa Rican business to Teleperformance. Aegis has sizable IT services capabilities, which can provide the necessary technology capabilities and assets needed across Asia/Pacific. The company has invested in digital and social media business engagement and solutions, through its product – Aegis LISAn.

**Strengths**

Aegis continues to have an aggressive organic and inorganic growth strategy focused on capability, capacity and geographical presence in EMEA, Latin America and Asia/Pacific. This strategy is complemented by the financial strength of Essar and its talent- and capacity-building unit.

Several clients cite the company as being responsive, having a consultative and partnership approach, and being flexible when dealing with client issues. Clients also cite as key strengths the company's deep domain and technology expertise.

The company has a good management team, with significant industry and merger and acquisition (M&A) experience. The company also has significant experience with emerging markets.

**Cautions**

Aegis continues to experience low levels of brand awareness in Western Europe and Australia, when compared with other established CM contact center BPO service brands. Although the company has made progress with its branding and marketing initiatives, more is needed to achieve a higher level of brand awareness and affinity.

The company also needs to invest more in IT systems and infrastructure integration to meet growing multichannel service demands – for example, the development of customer exchange hubs.

Some clients cite as key concerns the lack of quality of project management skills, poor knowledge management and analytics services, weak succession planning, and an inconsistent approach to training and governance.

## Alorica

Alorica, based in the U.S., has revenue of an estimated \$600 million, with more than 90% of its revenue generated from North America. It has an estimated 20,000 full-time equivalent (FTE) agents based out of 40 centers. The company continues to develop industry and market-specific offerings, such as AloriCares (corporate social responsibility [CSR] for veterans), Ascend (a B2B sales service) and Preempt (a predictive analytics service for the healthcare sector). Key industry sectors include communications, retail, financial services, technology, discrete manufacturing, process manufacturing and the education sector.

### Strengths

Alorica has a strong relationship with its clients and employee base. Its leadership team has good vision and execution capabilities. More than 70% of its hiring for management positions comes from within the organization. This has resulted in both enduring client relationships through long-term engagements and improving customer satisfaction through long-term staffing relationships.

Alorica continues to build its nonvoice multichannel, social CRM, and digital marketing capabilities and offerings to meet increasing client demands; the nonvoice multichannel segment currently contributes nearly 20% of total revenue, and it is growing.

Several clients cite as key strengths Alorica's highly trained staff, flexibility, industry knowledge, consistent service delivery across sites and openness to change.

### Cautions

Alorica has a limited geographical footprint beyond North America – more than 90% of its revenue comes from this region. A high number of clients and delivery personnel are concentrated in North America, with limited client concentration in Latin America and Asia/Pacific, and no presence in EMEA.

Alorica has a high level of client and vertical industry concentration, with nearly two-thirds of its total revenue contribution coming from its top five clients, and approximately 60% of the revenue contribution is concentrated in the communications sector. The loss of a key client could impact the company financially.

Some clients cite limited global presence (especially in Europe), agent attrition, and limited consulting capabilities (in terms of, for example, Six Sigma/lean and change management, technology integration and communications) as key challenges for Alorica to overcome.

## Atento

Atento is Latin America's largest CM contact center BPO service provider, with revenue of approximately \$2.4 billion. The company is also the largest CM contact center BPO company in Central and Latin America – by revenue and head count (FTE employees) – making it the largest Spanish- and Portuguese-language CM contact center BPO service provider in the world. The company employs more than 150,000 employees across 92 centers in 15 countries in Europe, Africa, and Central and Latin America. Atento has a large client base of more than 400 corporations and governments, most of which are based in emerging markets. Its focus is on industries such as communications, banking and financial services, utilities, government, retail, and travel and transportation.

### Strengths

Atento has a good and experienced leadership team, with new talent attracted from top-tier companies. It has a mandate to focus on growth, including in nontraditional markets, such as the U.S. nearshore market, and in new service and solution offerings, such as multichannel and analytics services. It continues to be a market leader in the industry sectors and geographies in which it operates.

Atento is a leading provider of CM contact center BPO services and solutions in the Spanish- and Portuguese-language segment across Mexico, Latin America and Spain. It has a large client base with deep client relationships.

Atento leverages its long-term relations with its clients, and the company adopts a consultative sales methodology when positioning value-added multichannel and analytics services. Atento shows initiative to adapt to business dynamics, increasingly providing self-service, automation and optimization of CRM processes. Atento understands the customer needs to offer multichannel integration in order to provide higher levels of customer experience.

Several clients cite as key strengths Atento's time to market, agility, flexibility, focus on results, project execution, market knowledge and scalability.

### Cautions

Atento continues to have a high concentration (more than 50%) in the communications sector due to its heritage. Gartner sees Atento's focus and commitment to address the need for more diversification in its business.

A significant portion of Atento's service delivery capacity and offerings are positioned for the Spanish- and Portuguese-speaking markets, with limited presence in the larger North American- and English-speaking markets.

Atento continues to maintain high levels of voice-based services. These services typically have limited scope to improve margins. However, Atento continues to invest in nonvoice multichannel services, such as Web chat, SMS, social CRM and analytics capabilities and offerings, leading to more balanced services and increased revenue.

Some clients cite as key cautions limited analytics capabilities, limited technology investments (including technology integration), process and service inconsistency across locations, inconsistent quality of training programs, and attrition.

## Concentrix

Concentrix, a wholly owned subsidiary of Synnex, has operations across 24 countries, with delivery centers in 19 countries. It has more than 54,000 employees servicing more than 300 clients in more than 40 languages. The company has a large delivery footprint in India, the Philippines, Europe, Asia/Pacific, and North and South America. Concentrix completed its acquisition of IBM's CRM and Industry Vertical Business in early 2014. Gartner estimates the company's revenue for CM contact center BPO in 2014 is at \$1.25 billion. Concentrix, with its enhanced capabilities in vertical/industry, advanced analytics, enabling technologies and nonvoice services, has the capacity to deliver services via voice, mobile, social and Web chat across multiple geographies.

The company operates against a holistic, single view of the customer that includes all customer touchpoints in an omnichannel approach. Concentrix focuses on the following industry verticals: banking and financial services; healthcare and pharmaceutical; insurance; technology; consumer electronics; retail and e-commerce; government and public sector; media and communications; automotive; and travel, transportation and tourism.

## Strengths

Concentrix has an aggressive investment plan. It is focused on growth opportunities in new vertical industries, geographical locations and key nonvoice service offerings, as the company looks to optimize its business strategy.

Concentrix already demonstrated the ability to deliver a good mix of voice and nonvoice services. Gartner estimates nearly 30% of the services are nonvoice.

As part of its go-to-market strategy, Concentrix is leveraging its strong and extensive vertical (industry) capabilities, knowledge, process skills and global reach to transform and optimize operations across the customer life cycle.

## Cautions

Concentrix has limited brand recognition and brand equity among CM contact center BPO clients, including the small or midsize business (SMB) market, as well as key geographies, such as North America, Western Europe and Asia/Pacific.

Concentrix's sales (account management) and marketing capabilities and capacity will have to be ramped up quickly due to the recent acquisition. The current delivery teams based in key geographies may be called on to step in to help with account management; however, client management skills will need to be developed across key locations.

Some clients cite as key cautions the lack of responsiveness, slow speed of integration of the two organizations, weak technology and software, poor workforce communications skills, weak service consistency, and the separation of the project or bid team after transition from the operational team – those that deliver the services.

## Convergys

Convergys completed in March 2014 a good complementary acquisition of Stream. With the consolidated companies, Convergys employs more than 125,000 employees and is one of the largest CM contact center BPO providers by revenue – estimated at more than \$3 billion – and it delivers services in 47 languages and in 31 countries. With the acquisition, Convergys strengthened its global presence and now shows an interesting footprint in Europe to service both local and global clients. The company generates the largest portion of its revenue from the following vertical industries: communications, technology, financial services, public sector, healthcare and retail. This year, Convergys shows strong growth in the healthcare industry. The company continues to invest in customer-experience-based consulting services, industry-based solutions, analytics (voice and nonvoice services), talent management, and end-user training solutions.

## Strengths

Convergys is increasingly handling complex client interactions, due primarily to the company making investments in agent development, back-end system integration and knowledge support. The ability to handle complex customer calls is expanding the client base across all verticals for both its B2B and business-to-consumer (B2C) businesses.

The company has good operational capabilities, as manifested in its skills, resources, methodologies and tools for CM contact center BPO services, utilizing technology and assets such as IVRs that are coupled with its real-time decisioning solutions, as well as good customer experience analytics.

Several clients cite as key strengths Convergys' flexibility, project management capabilities, industry expertise, thought leadership and customer analytics capabilities.

## Cautions

Convergys still has a limited but improving global brand presence; the company continues to grow its customer base and brand awareness outside North America – especially due to its recent Stream acquisition, which significantly expanded Convergys' presence in EMEA.

Although improving with added momentum to vertical diversification, Convergys still has a high level of concentration in the communications sector. Gartner estimates that the company's total CM contact center BPO revenue derived from the communications sector has fallen to roughly half.

Some clients cite as key cautions high attrition, poor succession planning at the middle-management level, sharing of best practices (process improvements and so forth) across all clients, and higher cost of service.

## EGS (APAC)

Expert Global Solutions (EGS), the combination of NCO Group and APAC Customer Services, has an estimated revenue of \$1.1 billion from CM contact center BPO services – EGS (APAC). The company employs approximately 31,000 FTE agents – including 1,000 work-at-home (WAH) agents – who are dedicated to CM contact center BPO services across more than 100 call centers in 11 countries. With the new CEO in place, EGS (APAC) is transforming the company, combining the people, process and technology to develop an unparalleled expert in the industry. EGS (APAC) focuses on five elements: have a strong client mix across multiple vertical markets; become a Tier 1 provider; become dominant globally in key markets (onshore, nearshore and offshore); have a strong financial position; and be recognized as a leader in the BPO market.

## Strengths

EGS (APAC) continues to excel in areas such as the use of best-in-class facilities, extensive agent induction and training programs, knowledge management programs tailored to clients' needs, and Six Sigma-based quality processes.

The company has a high level of retention and growth in client relationships; a strong onshore, nearshore and offshore presence in English- and Spanish-speaking markets; significant diversity and domain expertise across vertical industries; and a sizable healthcare practice – one of the largest in the CM contact center BPO market.

Several clients cite strong cost-effectiveness, good pricing models, high levels of commitment and timeliness of delivery as key strengths of EGS (APAC).

## Cautions

EGS (APAC) has limited but growing nonvoice multichannel and analytics service offerings; the company's primary focus is on voice-based CM contact center BPO services, limiting its otherwise strong service offering.

The company continues to have low but growing market visibility and brand awareness outside the U.S. and Australia. Sales and marketing execution is fairly low-key.

Some clients cite as key cautions management attrition (middle management, such as site management), IT infrastructure, lack of methodologies and experience in technology implementation, and agent attrition.

## FIS

FIS, with CM contact center BPO revenue of approximately \$550 million, employs more than 16,000 CM contact center BPO employees who support clients from locations across North and Latin America, Europe, India, and the Philippines. FIS offers CM contact center BPO services as a stand-alone service offering or as part of a bundled BPO and IT outsourcing (ITO) offering that gives the company the ability to provide end-to-end solutions. FIS has a range of proven and tested methodologies, such as E3, TEAM, PACE, SECCURE, Active Listening, Customer Data Analytics and SCOPE, specific to CM contact center BPO. The company generates a significant portion of its revenue from the following vertical industries: banking and financial services, communications, retail, and healthcare.

### Strengths

FIS has a strong financial and cash-flow position. The company has a good balance of clients, with only 5% of its total revenue derived from its top five clients.

FIS has the ability to leverage the technology service group within FIS Group to deliver system integration or complex multisystem implementation. FIS has developed centers of excellence via an Innovation Lab that helps clients experience the transformation journey in CM contact center BPO.

Some clients cite good agility, service flexibility, responsiveness, timeliness (including rapid deployment services) and industry expertise as key strengths.

### Cautions

Approximately 70% of FIS revenue originates from voice-based channels. While nonvoice channels, such as Web-based services, are moderate and growing, FIS currently has limited social CRM delivery options. Its nonvoice segment is expected to grow as the company better understands the market and takes steps to enhance multichannel service offerings.

FIS BPO exemplifies the rest of FIS Group and therefore has high brand recognition and a high client base in financial services – approximately 65% of its CM contact center revenue comes from the financial industry. The company also has a high level of geographic concentration in the Americas – more than 90% of its revenue is concentrated in this region, with limited presence in the EMEA and Asia/Pacific markets.

Some clients cite as key cautions agent attrition, lack of onshore delivery capacity (especially in Europe), price flexibility, change management and lack of middle management skills.

## HGS

HGS, a member of the Hinduja Group of companies, is a BPO service provider with approximate revenue of \$411 million. It delivers end-to-end multichannel customer services in 12 countries. In the 58 centers, the company employs more than 26,000 contact management workers. The company has a fast-growing footprint in North America and India. Nearly 60% of the business revenue originated from the U.S. HGS operates the services mainly in four sectors: healthcare and insurance; financials services; telecommunications; and consumer goods. HGS is investing heavily in the agent anywhere proposition and focuses strongly on providing excellent customer experience through its multichannel strategy – Unified Channel Strategy. The company has a keen interest in expanding to Latin America and the Middle East in the near term.

### Strengths

HGS is focused on delivering good customer experience in a fast-moving CM BPO domain. As part of the Hinduja Group of companies, HGS shows great financial stability and resources.

HGS's strong leadership team, coupled with its operating model of local empowered leadership, helps the company deliver services with customer centricity and deep client relationships.

Several clients cite responsiveness, flexibility, collaboration, relationship management and partnership, as well as its high degree of inclusiveness in the decision-making process and the sharing of best practices, as key strengths of HGS.

HGS is investing in providing cutting-edge revenue-generation models, such as end-user clients paying – via a cloud-based model – for customer services of voice, email, chat and video.

### Cautions

HGS shows an unbalanced vertical industry concentration, with more than two-thirds of its revenue derived from the communications and healthcare-related markets. The company also needs to invest further in nonvoice multichannel services and consultative selling capabilities.

HGS has limited brand awareness and brand affinity in its key markets, such as the U.S. and the U.K. The company must invest more in marketing in these key markets.

The company has limited offshore locations, mainly in India and the Philippines. Although HGS is actively looking to invest in other low-cost locations, such as Latin America (Colombia and Jamaica). The company needs to do more for a more balanced offshore strategy.

Some clients cite as key challenges the company's lack of proactiveness (including communications with stakeholders), limited internal IT capabilities and assets (including IT staff), high attrition, limited technology and process innovation, and poor middle management skills.

## HP Enterprise Services

HP Enterprise Services (HP ES) offers a wide portfolio of BPO solutions focused on business improvement to clients throughout the world. Gartner estimates HP ES's CM contact center BPO revenue at more than \$680 million, and the organization has more than 27,000 agents offering sales, marketing and customer care services across 34 countries serving 51 languages. The company targets CM contact center BPO deals that are large in scale and require support of highly complex CM business processes, such as attitudinal, behavioral and demographic segmentation services, and a multichannel integration platform for marketing, sales, fulfillment and customer-service-based processes. HP ES uses an end-to-end customer experience solution that encompasses advisory services, transformation services, advanced customer analytics (with core Autonomy/HAVEn intellectual property [IP]) and agent services, and the solution is delivered on-demand in the cloud. HP ES is currently migrating 20 clients on this platform. Supported by a strong global brand and the greater HP organization with deep technology capabilities, HP ES is well-positioned for complex process and technology integration in industries such as healthcare, retail, travel and transportation, financial services, consumer products, and communications.

HP ES's recently announced alliance with Avaya provides exclusivity in cloud customer experience delivery technology. HP also recently acquired approximately 1,100 employees from Avaya Private Cloud Services to provide solutions to the marketplace.

### Strengths

Investments in process-enhancement technologies and services (PETS) has provided HP ES the ability to integrate knowledge, search, workflow and intelligence into CM processes to help enhance the already strong operational capabilities.

The company has a large customer base, and it continues to expand its multichannel, analytics (including its rapid analytics prototyping capabilities) and social for CRM offerings for its existing and new client base. HP ES currently offers advisory and transformation services focusing on advanced customer analytics, with approximately 3,600 analytics professionals and 1,200 data scientists.

Several customers cite good responsiveness, skilled staff/agents and deep domain expertise as key strengths of HP ES. The company continues to address specific customer problems through focused use of technologies, vertical industry process expertise and best practices.

#### **Cautions**

The company has strong global brand recognition, but HP ES's CM contact center BPO brand recognition is still relatively low and is limited to its existing customer base. The CM contact center BPO services cross-sell and upsell opportunities across HP ES's business units are still relatively low.

The company is showing growth in nonvoice multichannel service offerings, which represent 24% of contact center volumes; however, this volume percentage in nonvoice multichannel offerings is still relatively lower than that of industry leaders.

Some clients cite as key cautions poor internal governance processes, slower time to market, high cost of services and limited price flexibility.

#### **Serco**

Serco's BPO business revenue is \$1.1 billion, and Serco has more than 60,000 employees serving clients from approximately 100 locations across North America, the U.K., Poland, Germany, Guatemala, Australia, India, United Arab Emirates (UAE), South Africa and the Philippines. Serco has grown into a credible CM contact center BPO provider in the U.K., with an expanding client portfolio particularly in the retail and financial services sectors. The company recently announced its intention to divest its private-sector BPO business in 2015, and its operations continue to actively market and offer its full range of services to existing and prospective customers.

The company focuses on the following vertical industries: government, healthcare, travel and transportation, communications, media, retail, and financial services. Serco continues to expand its client and geographical concentration, and it plans to expand significantly into nonvoice multichannel, analytics and marketing services.

#### **Strengths**

Serco has extensive service offerings and a proactive approach to change management. Serco also has a growing multichannel customer service business with a global footprint that enables a hybrid delivery model to leverage both labor arbitrage and best cultural fit – particularly relevant in voice, and Web chat service provision.

Expertise in customer journey mapping and analysis from Serco ExperienceLab provide a high degree of customer insights. These insights enable informed customer service design for new deals and ongoing customer experience management service improvement in existing clients.

The company has a strong presence in the government and public sector, with deep vertical industry and process knowledge capabilities. It has an extensive track record of delivering transformative customer management solutions and innovative commercial models into large contracts in the U.K. public sector and, most recently, in the retail and insurance sectors.

Several clients cite industry expertise (especially government-related), responsiveness, service pricing and quality, and process expertise as key strengths.

#### **Cautions**

Serco has limited geographical presence and brand awareness outside of the U.K., North America, South Africa, India (used primarily as a delivery location) and Australia.

The company has a high vertical industry concentration (revenue contribution) in the public sector in the U.K., transportation in the U.S. and communications in Asia/Pacific, as well as a high client concentration in the U.K. and North America.

Serco's offerings and capabilities are not yet fully unified across its regions, so the synergies that could be accessed are yet to be fully realized across the whole breadth of the business.

Some clients cite as key cautions internal bureaucracy, lack of proactiveness, challenges in managing and resolving complex issues, poor timeliness (meeting the project schedule), and lack of consistency in service quality.

#### **Sitel**

Nashville, Tennessee-based Sitel is a \$1.44 billion CM contact center BPO service provider that employs more than 58,000 FTE and WAH agents who support more than 250 clients in more than 40 languages from more than 110 centers across 23 countries. The company has an impressive multilingual strategy, whereby one in every four programs currently run is a multilingual program. Sitel continues to invest in WAH agents, analytics, cloud and mobile services across its key markets. Sitel's service offerings include inbound customer care, technical support services, and customer acquisition and marketing services. Sitel has a defined vertical industry focus, with clients across communications, healthcare, high-tech (Internet, wireless and technology providers), financial services, media and entertainment, retail, transportation, and utilities.

#### **Strengths**

Sitel has deep domain, process and industry expertise, especially in growth industries, such as technology, consumer electronics and communications. The company's leadership team has a very hands-on approach in areas such as account management and operational issues.

The company has strong geographical presence across North America, Latin America, Europe and key locations in Asia/Pacific. It has extensive CM contact center BPO service offerings, which include multichannel and analytics capability, across all key regions.

Several clients cite good flexibility, operational expertise, customer service skills, a strong senior management team, cultural alignment, recruitment process and analytic offerings as key strengths of Sitel.

#### **Cautions**

Sitel has limited consulting capability, thought leadership skills or technology assets. Hence, the company must

partner with consulting and technology vendors or acquire new technology to deliver innovative CM contact center BPO services. Inorganic growth may not be feasible in the near term due to existing debt exposure, which will prolong its shortcoming in this area.

Although Site1's client concentration levels in the high-tech and communications sectors are reasonable, the company needs to further improve its vertical industry concentration, especially in key markets, such as North America, Australia and New Zealand, and Western Europe.

Some clients cite as key cautions limited IT capabilities, poor middle and operational management staff, ability to manage complexity, poor response time, and service consistency across multigeography engagements.

### Sutherland Global Services

Sutherland Global Services, a Rochester, New York-based \$860 million company, has more than 42,000 FTE agents dedicated to CM contact center BPO services serving clients from 45 delivery locations across 15 countries. Sutherland markets itself as a technology- and analytics-enabled BPO provider, and the focus on analytics is a good value-add for the organization. Sutherland continues to make investments in analytics and digital services, such as nonvoice multichannel, automation (smart machines), social and business process as a service (BPaaS), as seen by its BPaaS offering called SmartLeap. Sutherland has clear vertical industry focus, with clients across communications, financial services, retail, technology (including Internet, wireless and technology providers), healthcare, transportation, and discrete manufacturing.

#### Strengths

Sutherland focuses on operational discipline, service delivery capability and a proven transition methodology. The company also has experience in revenue-sharing models – with risks and rewards shared with congruent business goals. There is a high trust among partners and clients and a high dependency on good analytical tools.

Sutherland is focused on delivering innovation to its clients. It leads new projects with consulting, which has contributed to multiple Robotic Process Automation (RPA) implementations. It is committed to, and continues to invest in, talent and technology for the Business Process Transformation practice, which includes RPA, Customer Experience Labs and PETS.

Sutherland has a sizable nonvoice multichannel, analytics and social CRM business that represents more than 30% of revenue. More than 70% of contracts include an analytics component, and more than 50% of contracts are multichannel.

Several clients cite a strong management team, project management skills, flexibility, responsiveness and good technical capabilities as key strengths of Sutherland.

#### Cautions

Sutherland has expanded its footprint in new geographies in the last 12 months, with greater focus on Latin America and Europe; however, the company remains highly concentrated in delivery to North America and Asia/Pacific. The company has a smaller presence in Europe.

Sutherland's global brand awareness has improved as it experiences growth in new markets; however, there is opportunity to do more brand building, especially in markets such as Australia and New Zealand, and EMEA. Also, there is a gap in Sutherland's marketing BPO service portfolio: Sutherland addresses fewer than 30% of the segment requirements for a full offering.

Some clients indicate relative higher pricing, limited geographical presence (EMEA), attrition, recruitment (time to hire) and longer turnaround time for contractual/legal changes as key cautions.

### Sykes

Sykes has more than 48,000 FTE agents serving clients from more than 70 centers in more than 20 countries. It has 7,500 virtual customer contact agents across 40 states in the U.S. and eight provinces in Canada. Sykes provides customer care, technical support and acquisition services in more than 30 languages. The company acquired Alpine Access in 2012, which helped enhance the company's technology assets and service capabilities to deliver WAH-based services. Sykes has strong geographical presence in North America, Latin America and Asia/Pacific, which translates into a good regional revenue mix. The company continues to focus on banking and financial services, communications, technology, consumer electronics, and healthcare.

#### Strengths

Sykes shows a well-balanced global presence. It has knowledge of multiple industries, and it has a deep understanding to deliver the customer experience with both assisted and unassisted channels.

Sykes' focus on strategic account management is favored by clients, and it demonstrates the company's commitment to client relationships. Sykes continues to demonstrate strong operational discipline and performance of CM contact center BPO services.

Sykes has extensive language capabilities and a focus on customer experience. The company continues to invest in new service offerings, including nonvoice multichannel services, WAH (Sykes Home – formerly known as Alpine Access) and vertical industry markets.

Several clients cite flexibility, collaboration, deep industry process knowledge, service quality and consistency, and analytic capabilities as key strengths of Sykes.

#### Cautions

Sykes' continued focus on operational discipline can sometimes take priority at the expense of driving innovation and process redesign within the organization. The sharing of best practices across some geographic locations should be improved.

Sykes should also consider investing in consulting capabilities in the areas of customer experience management and digital services, in addition to its thought leadership capabilities, specific to CM contact center BPO services.

Some clients cite attrition, some inconsistencies in operations reporting, longer time required to work with internal legal and financial processes, and delivery of unstructured client engagements as key cautions. In some cases, larger, more complex (multisystem) implementations can stretch resources.

### Tech Mahindra Business Services Group

Tech Mahindra Business Services Group (Tech Mahindra BSG) is a subsidiary of Mahindra Group, a \$16.7 billion India-based conglomerate. Tech Mahindra BSG has 25,000 employees serving clients from 26 delivery locations across 15 countries in more than 33 languages and dialects.

The company has a limited but growing onshore presence in the U.S. and the U.K., with more than 6,000 agents. In 2012, Tech Mahindra, Mahindra Satyam, vCustomer and Hutchison Global Services combined to make up Tech Mahindra BSG, providing CM contact center BPO services to various industry sectors.

Tech Mahindra BSG has a strong presence in the emerging markets, especially in the communications sector across the U.K., Asia/Pacific and Africa, and it is investing to grow in North America.

Tech Mahindra BSG also has a keen focus on the following vertical sectors: healthcare, pharmaceuticals, retail and consumer technology sectors, along with the banking, financial services and insurance (BFSI) segments.

### Strengths

The company has a solid management team with a focus on service delivery. It also has a strong sponsor – the Mahindra Group. The company continues to grow its brand awareness and brand affinity in key markets, such as the U.K., India, Australia and North America.

Tech Mahindra BSG has an extensive voice-based service offering for CM BPO services, and it continues to invest in multichannel and social CRM services. It has a unique offering of Socio and WeCare platforms in customer management service (CMS) transformation, and it is witnessing early success in CMS transformation by reducing voice volumes and allocating volumes (typically voice) to other channels: This gives the company a unique advantage.

Several clients cite good responsiveness, good cultural fit, good functional capabilities, fast turnaround time for issues and good program management capabilities as key strengths of Tech Mahindra BSG.

### Cautions

The company's primary focus is on Asia/Pacific, Africa, North America and the U.K. Besides local language support in India and Africa, the company's focus elsewhere is only on English-language-based services; it has limited scale in other languages. However, the company has made significant investments in Malaysia, China and Hungary, for multilingual language support, and it should be able to scale the multilingual support capabilities through 2015, once these multilingual centers become operational.

Tech Mahindra BSG has unbalanced levels of vertical industry concentration (in communications and retail), and disproportionately high levels of client concentration – the top five clients account for nearly 66% of total revenue. Losing only one of these clients could have a financial impact on the company; it is investing in sales to expand its client base.

Some clients cite as key cautions inconsistent service quality across centers, limited (but growing) onshore presence in the U.K. and the U.S., lack of performance consistency in midlevel management, and attrition and turnover of agent and middle management.

### Teleperformance

Teleperformance is the largest CM contact center BPO service provider in the world, by revenue (estimated at \$4 billion) and by geographical footprint. The company has more than 160,000 FTE agents who support 66 languages and dialects from more than 270 centers in 62 countries. Teleperformance has balanced revenue contributions from its key markets – namely, Europe, the English-speaking markets (North America, the U.K. and Asia/Pacific), and Ibero-Latin America. Teleperformance continues to focus on the following vertical industries: financial services, communications, travel and transportation, technology, discrete manufacturing, healthcare, and retail.

The company continues to plan its growth and expansion through both organic and inorganic (M&A) strategies, as seen by its acquisition (announced in August 2014) of Aegis' U.S. business. Teleperformance has an enviable CSR program that is sponsored globally but is led and delivered locally (that is, Citizen of the World and Citizen of the Planet).

### Strengths

Teleperformance continues to experience revenue growth and has a strong cash position. Teleperformance continues to invest in its R&D capabilities and capacity specific to CM contact center BPO services.

Teleperformance has strong local leadership, with extensive local knowledge and business acumen that are supported by an experienced global organization and leadership team. It provides multilingual services, and it has an extensive social CRM and concierge (premium) service offering.

Several clients continue to cite responsiveness, flexibility, geographical footprint, a partnership approach to issue resolution, cultural fit, project management skills, compliance – including TUPE (also known as Transfer of Undertakings [Protection of Employment] Regulations) – along with security capabilities and methodologies, multilingual capabilities, analytics, and operational excellence as key strengths of Teleperformance.

### Cautions

Less than 8% of the company's revenue comes from nonvoice multichannel services. However, considering its revenue of nearly \$4 billion, the revenue of more than \$280 million from nonvoice services is relatively strong. The company also needs to invest in customer experience consulting (including consultative selling) and thought leadership capabilities.

Due to its size and geographical footprint, Teleperformance, as is the case with most large multinational corporations, focuses on bundled or value-added midsize to large-scale service engagements. The company may not be a good fit for SMBs looking for commodity-based voice-only services or short-term programs or projects.

Some clients cite as key cautions attrition of agents and midlevel management, project management skills, lengthy contract negotiations, and consistency in talent management (such as agent recruitment, skills and training).

### TeleTech

Denver-based TeleTech is a global CM contact center BPO and technology service company with an annual revenue of more than \$1.2 billion. The company has more than 42,000 FTE and WAH agents across 58 centers in 24 countries, supporting 50 languages and dialects and clients across 80 countries. TeleTech continues to invest in and optimize consulting, voice, technology and multichannel services across the customer life cycle through acquisitions such as Sofica and rogenSi and the launch of new technology products, including Humanify and AQ360.

Through Peppers & Rogers Group (its wholly owned consulting group), and its newly acquired leadership and learning company (rogenSi), TeleTech is able to deliver thought leadership, strategy, culture change and management consulting services to its existing clients and prospective CM contact center BPO buyers. The company also provides marketing services and revenue-generation solutions, back-office solutions and human capital solutions, including learning services. TeleTech continues to develop technology-based solutions, delivered through the cloud, on-premises or via hybrid models. The company's vertical industry focus includes communications, healthcare, banking and financial services, retail, automotive, government, technology, and travel and transportation.

### Strengths

TeleTech has comprehensive nonvoice multichannel, analytics and automated service offerings. The company also provides strong Web and BPaaS offerings for marketing, loyalty, revenue generation and digital acquisition, as well as customer service – such as WebMetro, eLoyalty and Revana.

The company has strong network and technical capabilities, as well as cloud-based technology assets to support its CM contact center BPO business. The company continues to invest in technology and domain expertise.

Several clients cite cross-functional and organizational processes, consulting and thought leadership capabilities, analytics capability, system implementation, global presence, operational management capabilities, and revenue-generation services (Revana) as key strengths of TeleTech.

### **Cautions**

TeleTech has continued to invest in a disciplined marketing engine to drive key messaging and positioning for its solid consulting, analytics, technology and network capabilities that previously had been overshadowed by process offerings. However, the company now needs to invest the same level of marketing effort in vertical-industry-based process capabilities, such as establishing centers of excellence.

TeleTech is perceived to be more expensive than its competitors. This is because TeleTech customizes its offerings extensively for each client, making standard offerings and pricing difficult to maintain due to the higher cost to support its services. Gartner believes the company will be able to address this issue with further deployment of BPaaS and cloud-based services.

Some clients cite as key cautions attrition (in offshore locations), pricing, internal cost pressures, rigid corporate culture and consistency of CM contact center BPO capabilities/skills in some delivery centers.

### **Transcom**

Transcom, headquartered in Stockholm, Sweden, has developed a good reputation in the CM contact center BPO market and currently has 54 sites in 23 countries, with CM contact center BPO revenue estimated at more than \$700 million. Postrestructuring, initiated in 2011, the company embarked on a groupwide realignment program – closing numerous sites and adding new sites in new locations, and consolidating operations in other areas, such as France. The net result is a stronger, more resilient company led by a management team with deep CM contact center BPO and vertical industry experience. Most of Transcom's revenue is generated from supporting the communications vertical, followed by financial services and retail.

### **Strengths**

Inbound customer services account for the biggest portion of Transcom's revenue, but Transcom also offers collection services, as well as full customer life cycle services, such as winning business, growing business and securing revenue.

Transcom focuses extensively on profit sharing and risk; Transcom's revenue is driven typically by the amount of time that agents spend on the phone with clients' customers, in addition to commissions for any sales made, payment per call, per hour worked or commission for collection services.

Several clients cite responsiveness, project management capabilities, flexible and partnership approach to dealing with clients and customer intimacy as key strengths of Transcom.

### **Cautions**

Transcom continues to develop its nonvoice services; however, the company currently generates just over 20% of its revenue from nonvoice services. The company needs to further invest in nonvoice services to help improve its nonvoice offering options and financial margins.

Transcom continues to have high geographical concentration – an estimated 80% of the company's revenue comes from Europe. However, the company is growing its presence in the Asia/Pacific region.

Transcom, as with other providers, has high levels of client concentration. While a significant part of Transcom's revenue is generated from a limited number of key clients, the company's focus on acquiring new clients is showing results, as 50 new clients have been added, and win rates continue to show improvement.

### **transcosmos**

transcosmos is Asia/Pacific's largest CM contact center BPO service provider, with 2013 global revenue of \$1,870 million, of which an estimated \$1,447 million of this is for CM contact center BPO in Asia/Pacific. The company is based in Japan and has more than 35,000 CM contact center BPO employees across 18 Asia/Pacific countries in more than 120 centers. transcosmos has more than 48 years of outsourcing experience, and it is one of the oldest CM contact center BPO companies in Asia/Pacific. The company also has a good IT services capability to help deliver process solutions and automation. Key markets in Asia/Pacific include Japan, South Korea, China, the Philippines, Indonesia, Thailand and Vietnam. The company has developed deep vertical industry capabilities for the telecommunications, wholesale and retail, financial services, and manufacturing (process manufacturing) sectors.

### **Strengths**

transcosmos has deep expertise in CM and digital marketing processes and functions specific to the Japanese, South Korean and Chinese markets.

transcosmos has deep enduring client relationships and a large client base in South Korea (including local conglomerates) and Japan, with local Japanese companies looking to expand into the rest of Asia/Pacific. The company's focus in China and Southeast Asia is centered on Japanese clients operating across Asia/Pacific.

### **Cautions**

The company's focus is primarily on Asia/Pacific (specifically, Japan, South Korea, China and Southeast Asia), with high levels of geographic and language concentration in the Asia-based languages (limited English capabilities); it has a small presence in North America.

transcosmos has low brand presence outside of Japan. The company must look to improve brand awareness and brand affinity in key markets, such as North America and Southeast Asia.

### **West**

West manages more than 18,440 agents from 48 centers globally and an additional 5,250 WAH agents – managed under West at Home. All home agents are based in North America. It provides primarily traditional voiced-based services, with 10% of the estimated \$1.1 billion in West revenue generated from nonvoice channels. With its large virtual WAH program, West is able to maximize its value delivery to its clients. Alongside its agent-based solutions, West also has a wide range of automated customer interaction solutions, including both inbound and outbound, and

voice and nonvoice solutions. West has expanded its automated solution capabilities internationally, by establishing a hosted IVR platform presence in EMEA that can serve both the U.S. and internationally based clients. The company has a deep yet broad vertical focus, specializing in verticals such as communications, financial services, retail and healthcare.

### Strengths

West offers solid execution and technology implementation, and the company continues to have a strategic focus – to grow the nonvoice multichannel business and to further expand its offerings into social CRM and video-based services.

While West has a strong technology focus, the company is less likely to be promoting the use of "bleeding edge" technologies in contact centers. Rather, it is more focused on leveraging and integrating proven technologies that have a track record of benefiting West clients and the clients' customers.

Several clients cite flexibility, reliability, speed to market, operations and implementation capabilities, deep process knowledge, business acumen, technical expertise, and competitive pricing as strengths of West.

### Cautions

West's CM contact center BPO business is focused primarily on serving U.S.-based clients both domestically and internationally. While its ability to support foreign-domiciled companies "in country" is limited at this time, West is exploring strategic alternatives to expand its offering, by leveraging the global presence of its InterCall conferencing business and external partners.

West's strategy is to provide bundled, cross-channel, high-touch, high-value transactions to clients. Even though West can help a client whose sole priority is cost reduction through labor arbitrage, West is less likely to be attracted to this kind of opportunity.

Some clients cite consultative selling skills, inconsistent quality of service (specific to services delivered from multiple locations), turnover of agents, and frontline leadership skills as key challenges.

### Xerox

Xerox estimates it employs more than 53,000 FTE and WAH agents serving companies across multiple industries from 79 centers across 15 countries, with services in more than 30 languages. Xerox has more than 25 years of customer care experience and processes more than 2.5 million customer care interactions daily. Gartner estimates Xerox's revenue to be approximately \$1.9 billion, and more than 30% of Xerox's CM contact center BPO interactions are currently delivered through self-service and nonvoice channels – the industry average is at 25% of total revenue. In Asia/Pacific, Xerox's associate company – Fuji Xerox – is one of the largest BPO service providers in Australia. Xerox has an estimated 400 CM contact center BPO clients globally. Vertical industry focus includes technology, communications, banking and financial services, travel, retail, education, government, pharmaceuticals, and healthcare.

### Strengths

Xerox has a growing geographic presence across multiple regions. The company continues to expand in Europe and Asia/Pacific, as seen by its recent acquisitions in Western Europe. Xerox continues its M&A and organic growth activities to expand its global footprint in Asia/Pacific.

Xerox continues to leverage its culture of innovation, focusing its investments in four thought leadership areas: Usable Analytics; Agile Enterprise; Personalization and Scale; and Sustainable Enterprise and Society. The company is also implementing a new operating model focused on aligning its industry verticals and horizontal capabilities. Xerox will strengthen its operations through centralization of common functions and delivery platforms.

Several clients cite agility, responsiveness, flexibility, deep vertical industry knowledge and experience, technical capability, engaged leadership, and strong communication skills as key strengths of Xerox.

### Cautions

Xerox's new organizational structure may result in some disruption as realignment takes place. Accounts and investment areas may be affected initially, but Xerox has a transition plan to minimize disruption.

Xerox continues to demonstrate leadership for nonvoice multichannel services, and it has expanded its analytics capabilities through acquisitions, such as WDS; however, the company needs to further develop its service offerings by including more BPaaS and cloud-enabled services, multilingual capabilities and marketing services.

Some clients cite agent attrition, staffing model and recruitment process, cross-functional learning, and performance consistency as key cautions.

### Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

#### Added

HGS – Due to its recent acquisition activities, HGS has grown to be a key CM contact center BPO company in 2014. transcosmos – It is a key CM contact center BPO company in Japan, with expanding operations in Japan.

Concentrix – It completed its acquisition of IBM's CM contact center BPO business, through its parent – Synnex – in early 2014.

#### Dropped

Stream Global Services – The company was acquired by Convergys, a company listed in this Magic Quadrant.

IBM Global Process Services – The acquisition of the IBM CM contact center BPO business by Synnex was announced in late 2013. Synnex integrated the business into its existing business – Concentrix – which is listed in this Magic Quadrant, and completed the acquisition in early 2014.

### Inclusion and Exclusion Criteria

This research evaluates service providers on their CM contact center BPO capabilities, specific to the management of their own employees to deliver those services. Direct management of subcontractors does not apply to this research effort. Rather, this project aims to assess a CM contact center BPO service provider's ability to recruit, train, manage, deploy and retain agents to support CM contact center processes for enterprise or government clients. CM

contact center BPO initiatives require multiple skills and assets to be successful. CM contact center BPO service providers considered for this Magic Quadrant would have a blend of the following:

CM contact center BPO business expertise (for example, business process design and service delivery skills)

Organizational expertise (for example, change management and training)

Industry expertise (for example, communications, healthcare, utilities and financial services)

Multi-CM vendor/product expertise (for example, homegrown platform experience or experience with third-party technologies and services from vendors such as Amdocs, Microsoft, Oracle, Salesforce, SAP, Avaya, Genesys, Cisco and Interactive Intelligence), as well as technical expertise (for example, multiapplication integration and customer data repository strategy and design)

CM contact center BPO program and project management expertise (for example, project management skills to take on new clients, portfolio management and governance, and customer contract management)

Ability for innovation (for example, customer experience management design and management)

Capabilities to deliver CM contact center BPO services through onshore, nearshore or offshore (global delivery) service delivery models

Ability to not only provide service on the voice channel, but also provide services across Web self-service, email response, Web chat and IVR self-service

A broad group of providers offer CM contact center BPO services. Magic Quadrants do not include all service providers in a given sector. Many service providers focus only on parts of the overall solution. Companies considered for evaluation in this Magic Quadrant research are those that act as advisors and provide implementation and management services that encompass most or all levels of a solution, as outlined above. Furthermore, providers will also be evaluated in more detail using a combination of quantitative and qualitative criteria. Note that vendors cannot elect to be excluded from a Magic Quadrant assuming they meet the inclusion criteria.

### Quantitative Criteria

The following quantitative criteria or thresholds have been set based on existing market surveys and the Gartner business process market share data:

Service providers that demonstrate CM contact center BPO service revenue derived from clients with:

A minimum revenue of \$450 million (in U.S. dollars, for 2014) for worldwide CM contact center BPO services; or

A minimum of 25,000 CM contact center BPO FTE agents

### Qualitative Criteria

Ability to provide references from at least four existing CM contact center BPO service clients from the Americas and/or three each from EMEA and/or Asia/Pacific (minimum 10 references).

A global/multicountry company, with a commitment to CM contact center BPO services.

Market share and client base in at least two regions (that is, North America and Latin America, EMEA, or Asia/Pacific).

Capabilities to serve clients globally; must have global service delivery centers in at least two regions (that is, North American and Latin America, EMEA, or Asia/Pacific).

For the purpose of this Magic Quadrant research, Gartner assessed service providers with comprehensive CM contact center BPO service offerings (that is, customer-facing processes that providers offer from across the four subsegments that make up CM contact center BPO).

Excluded from this research are:

Accounts receivable management (collections).

IT help desk.

HR or other enterprise services, including back-office functions.

Field sales automation – This includes management and administration of face-to-face interactions between sales teams and clients. The four types of field sales models are: influencer (using industry experts); opportunity-driven (used primarily for large-value products); project-driven (used for selling professional services); and iterative (based on ongoing relationships, such as consumer packaged goods).

Gartner reviews and adjusts the inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

### Evaluation Criteria

#### Ability to Execute

Gartner analysts evaluate CM contact center BPO service providers on the quality and efficacy of the processes, systems, methods or procedures that enable BPO service provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation. Ultimately, BPO service providers are judged on their ability and success in capitalizing on their vision. The following criteria were used to evaluate service provider positions.

**Product or Service:** This criterion evaluates core CM contact center BPO services offered by the service provider that compete in or serve the worldwide market. This includes CM contact center BPO service capabilities, quality, feature sets, skills, and so forth, whether offered natively or through partnerships as defined in the Market Definition/Description section and detailed in the subcategories.

Subcategories include assessment of services in key CM contact center BPO business skills, such as selection, acquisition, retention and extension; assessment of technical knowledge and skills (that is, service delivery); and effectiveness in developing services to meet emerging market need and usage of all the channels identified above.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue investing in these services, to continue offering the services and to advance the state of the art within the organization's portfolio of services.

**Sales Execution/Pricing:** This criterion evaluates the service providers' capabilities in all CM contact center BPO presales activities and the structures that support them. This includes deal management, pricing and negotiation,

presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** This criterion evaluates the provider's ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the CM contact center BPO service provider's history of responsiveness and the ability to quickly scale up or down on the number of seats based on the customer's changing requirements.

**Marketing Execution:** This criterion considers the clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the CM contact center BPO market, promote the brand and business, increase awareness of the services, and establish a positive identification with the brand and organization in the minds of buyers. This mind share can be driven by a combination of publicity, promotional, thought leadership, word-of-mouth and sales activities.

**Customer Experience:** This criterion considers specific client feedback on clients' experience working with the CM contact center BPO provider and the provider's ability to deliver on key metrics that drive the overall client experience when working with the CM contact center BPO provider.

**Operations:** This criterion evaluates the ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis. Subcategories include applied use of proprietary methodologies and CM contact center BPO global delivery model footprint and capabilities.

Changes in the 2014 Ability to Execute evaluation criteria are as follows:

The Product or Service category's weighting decreased from high to medium; however, we have maintained the 2013 split for this category based on voice and nonvoice services, with a weighting of 60-to-40 voice to nonvoice services.

The Overall Viability category's weighting decreased from medium to low.

The Market Responsive/Record category's weighting increased from medium to high.

**Table 1. Ability to Execute Evaluation Criteria**

Evaluation Criteria	Weighting
Product or Service	Medium
Overall Viability	Low
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	Medium

Source: Gartner (December 2014)

### Completeness of Vision

Gartner analysts evaluate CM contact center BPO service providers on their ability to convincingly articulate logical statements about current and future market direction, innovation, customer needs, and competitive forces and how well they map to the Gartner position. Ultimately, service providers are rated on their understanding of how market forces can be exploited to create opportunity for the provider.

**Market Understanding:** This criterion evaluates the ability of the provider to understand buyers' needs and to translate these needs into products and services. It includes service providers that show the highest degree of vision, listen and understand buyers' wants and needs specific to CM contact center BPO, and can shape or enhance those wants with their added vision. Subcategories include the service provider's knowledge and articulation of key market direction and trends, and the analysis of the service provider's executive leadership (including caliber, thought leadership, continuity, operational capabilities and so forth).

**Marketing Strategy:** This criterion assesses the provider's CM contact center BPO marketing strategy and considers whether this strategy has a differentiated set of messages that is consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** This criterion evaluates the strategy for selling CM contact center BPO services and considers whether it uses the appropriate network of direct and indirect sales, marketing, and service and communications affiliates to extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** This criterion evaluates a service provider's approach to CM contact center BPO service development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements. Subcategories include service provider strategies for partnerships and alliances (where applicable), vision for creating new and/or additional CM contact center BPO offerings and business, and vision for exploitation of channels other than voice.

**Business Model:** This criterion considers the soundness and logic of the service provider's underlying CM contact center BPO business proposition.

**Vertical/Industry Strategy:** This criterion evaluates the service provider's strategy to direct CM contact center BPO resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets and industries.

**Innovation:** This criterion evaluates the provider's direct, related, complementary and synergistic layouts of CM contact center BPO resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes. This also includes the vendor's approach to customer experience design and development, as well as its sustainable investment in proactive tools, methods, platforms and/or locations for CM contact center BPO service delivery.

### Geographic Strategy:

This criterion evaluates the service provider's strategy to direct CM contact center BPO resources, skills and offerings to meet the specific needs of geographies in support of the "home" or native geography, directly or through partners, channels and subsidiaries, as appropriate for that geography and market.

Changes in the 2014 Completeness of Vision evaluation criteria are as follows:

The Market Understanding category's weighting increased from medium to high.

The Marketing Strategy and Sales Strategy categories' weightings both decreased from high to medium.

The Offering (Product) Strategy category's weighting increased from medium to high.

We decreased the weighting for the Business Model category to low from medium.

In terms of the Vertical/Industry Strategy and Geographic Strategy categories:

We maintained the 2013 refinement to the Geographic Strategy category based on regions (that is, the Americas, EMEA and Asia/Pacific with a 34-33-33 ratio, respectively). In this instance, the revenue by region or Gartner estimates will be split by the weighting. For example, a company may have the following score (based on revenue) for the region:

For example,  $(34/100) \times 9$  (for the North America) +  $(33/100) \times 5$  (for EMEA) +  $(33/100) \times 7$  (for Asia/Pacific) = 7.02 (the total score)

We maintained the 2013 refinement to the Vertical/Industry Strategy category based on spread of offerings across various vertical industries – 90% of revenue derived from less than three vertical industries, 90% of revenue derived from four to six vertical industries, and 90% of revenue derived from more than six vertical industries, with a 10-30-60 ratio, respectively, for the total score achieved. For example, if a provider has 90% of its revenue derived from four industry sectors, then the provider will receive a weighted score of 30:

That is,  $30/100$  (weighting)  $\times 10$  (score) = 3.0, while a provider with seven industry sectors will receive a weighted score of 60 – that is,  $60/100$  (weighting)  $\times 10$  (score) = 6.0 (total score for the Vertical/Industry Strategy category)

**Table 2. Completeness of Vision Evaluation Criteria**

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Medium
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	Medium

Source: Gartner (December 2014)

## Quadrant Descriptions

### Leaders

Leaders demonstrate market-defining vision and the Ability to Execute against that vision through CM contact center BPO services, a superior market share (among the top 10 providers in regions where they compete), and solid references for CM contact center BPO services worldwide, including a cross section of vertical industries. Leaders also have superior investments in innovative CM contact center BPO service offerings, business/pricing models and service delivery models. They have a superior understanding of client needs and of current market conditions, and they are actively building competencies to sustain their leadership position in the CM contact center BPO market across multiple regions. The CM contact center BPO service providers in this Leaders quadrant generally also have strong global and regional service delivery operations and deep technology to leverage, and they deliver above-average customer experience.

### Challengers

Challengers display sound vision and a strong Ability to Execute against the vision, but they have a less-defined view of market directions. The Challengers in this quadrant have a relatively good level of market understanding, a growing volume of sales and a sizable market share in key regions/markets for CM contact center BPO services, as well as a good understanding of their clients' evolving needs. They also have a strong operational execution but might lack geographical presence, depth in vertical industry, and technology capabilities and assets.

### Visionaries

Visionaries have strong vision and the Ability to Execute well against this vision. Visionaries are ahead of potential competitors in delivering innovative services, business/pricing models and/or delivery models. They anticipate emerging or changing market and customer needs, and they move into new opportunities quickly. They have a strong potential to influence the direction of the worldwide CM contact center BPO market, but they may struggle to meet the needs of all organizations because of some limitations – geographical coverage, technology, marketing and brand awareness, or vertical industry knowledge. Visionaries must also focus on sales and marketing execution and customer experience to help improve their overall position.

### Niche Players

Niche Players focus on a particular segment of the market – as defined by characteristics such as size, vertical industry market, geographical region and project complexity – or they provide only a select number of services among overall CM contact center BPO services. They may offer components of the complete service portfolio but demonstrate limitations in one or more important service areas. Among the worldwide CM contact center BPO service providers in this quadrant, strengths in market responsiveness/record, innovation, marketing and brand awareness are bigger considerations. The relative number of installed base contracts is also a factor.

### Context

The market for CM contact center BPO expanded in the past 12 months to become a \$42.3 billion business in 2014. While some aspects of these CM contact center BPO services are mature, it is important for buyers to evaluate service providers that closely match their requirements in terms of geographical positioning, expertise in their particular industry vertical, and high focus on fast-growing nonvoice services, such as Web chat and knowledge base self-service. The target audiences of this Magic Quadrant are buyers of CM contact center BPO services, those looking to expand or rightsize their providers and/or services, potential buyers of these services, and general market watchers, such as the investment community.

This Magic Quadrant evaluates leading players in the worldwide CM contact center BPO service provider landscape. It evaluates service providers on their CM contact center BPO capabilities in the Americas, EMEA and Asia/Pacific. The scope of services ranges from the management of service provider employees to the delivery of CM contact center BPO services to the management of customer experience. However, the direct management of subcontractors does not apply in this research. Rather, this project aims to assess a CM contact center BPO service provider's ability to recruit, train, manage, deploy and retain agents to support and deliver CM contact center processes and services for enterprise or government clients worldwide. CM contact center BPO initiatives require multiple skills and assets to be successful.

## Market Overview

The worldwide CM BPO revenue base for most service providers continues to be centered on agent-based voice services; the growth of these voice-based services, however, is starting to slow. Gartner estimates approximately 75% of the total market in 2014 was made up of voice-based services, while the other 25% was made up of nonvoice services. Gartner's research points to a higher rate of adoption of nonvoice services – defined as multichannel, automated, analytics and social for CRM services – albeit at a faster rate compared with 2011 and 2012. The focus on CRM customer engagement center or customer experience hubs are also increasing as clients look to consolidate various engagement channels and provide a single view of the customer journey and experience.

The adoption rate and growth momentum experienced in nonvoice multichannel and automated services (also known as intelligent process automation or robotics) – such as Web chat, email, SMS, mobile apps, Web self-service, virtual assistant and social CRM services, coupled with dynamic analytics and cloud services, such as BPaaS – are set to tilt the balance in favor of nonvoice services by 2017 at the earliest.

In fact, Gartner expects that seven of the top 10 providers will generate more than half their revenue from these rapidly growing nonvoice channels by 2017. Based on the recently published "Competitive Landscape: Customer Management BPO, 2014 – Making a Difference With Size and Scale in Multichannel, Analytics and Automation," two of the top 10 providers had 28% of their revenue contributions from nonvoice, automated, analytics and social for CRM services.

## Managing Client Expectations, and Balancing Metrics and Sustainable Growth

Most C-level executives in both provider and buyer organizations will privately agree that their (buyer) procurement processes for CM contact center BPO are still relatively immature. Because of this immaturity, these executives and their industries will focus more on tangible, short-term results, such as pricing and metrics, with clearly defined numerical outcomes (that is, "volume play," to use the rudimentary industry term). The industry is in a "death by metrics" situation today as a result, even though the initial intent is typically based on what value the engagement or service can or will deliver to the consumer of such services – typically measured by customer experience or value play. It is, therefore, imperative for service providers to remain focused on the "real client" – the executive sponsor and the sponsors' peers (influencers) – rather than the "accidental client" – the procurement people looking to gain favor and look good by showing 2% to 5% cost savings per year. Providers must invest in consultative selling if they are serious about having C-level discussions in which they will be able to demonstrate their capabilities and make a difference to the clients' business and managing clients' expectations – areas where CM contact center BPO will matter.

Better alignment of CM contact center BPO metrics to key business goals continues to be the mantra for buyers. That said, buyers who, during the past four to five years have systematically reduced head count and operating budgets at the expense of customer experience and retention, either have received new marching orders or have been told to grow their customer engagements – in effect, to complement internal sales and marketing functions. The key question is – "How can this be done?" – especially if an enterprise needs to deliver on this doctrinal shift with a smaller amount of resources. Buyers, therefore, continue to explore opportunities to outsource their customer management processes in order to optimize their investments by achieving the desired process rigor and technology infusion, while maintaining a flexible and scalable operational cost model.

Service providers continue to deal with myriad issues, such as sustainable growth, rising attrition, increasing labor costs resulting from inflation, a stronger/weaker currency, profitability, investments in technology and assets, and quality improvements. Added to these issues are increasing business complexities, both internally and in the buyer business environment. Buyers, especially during the past four years, may have mastered the art of shifting risk to service providers, a behavior triggered primarily by the global economic crisis of 2009 in the U.S. and the economic crisis of 2010 and 2011 in Europe. Providers must continue to be vigilant and pay more attention to sustainable growth.

Discussions across client boardrooms have shifted from just cost containment and labor arbitrage to the delivery of enhanced customer experience, automation, value-added services (such as multichannel and analytics services), scalability, quality of service, and more innovative ways of addressing the increasing levels of complexity in their business. Some enterprises have gone further to include topics such as increasing customer spend and profitability, portfolio optimization, effective marketing and sales campaigns, retention, and brand strategy. Providers are now treated more like "partners" or an extension of the buyer organization.

Three key trends have consistently appeared during the fact-finding and assessment process and are as follows:

**Growth of digital services** – Multichannel (including crowdsourcing), BPaaS, social CRM, mobile and analytics services are expected to further take the labor equation out of the sales, marketing and customer care processes. These services are further driving up the consumption of CM contact center BPO services. Increasing numbers of mobile devices, adoption of crowdsourcing (as a viable business model), and richer content and interaction on such devices drive demand for CM contact center BPO in the matured markets and more so in emerging markets.

**Rise of smart machines** – Automation technologies and services will further drive the adoption of PETS, including the new trend of using phantom RPA and intelligent process automation within CM contact center BPO services. With the costs of these technologies decreasing exponentially (based on transaction volumes/marginal cost of transaction) and increasing numbers of these automated devices (typically software-based with cross-channel integration capabilities) currently deployed or planned to be deployed during the next 18 months, Gartner sees smart machines as a key game-changer in the industry.

**Increasing demand for marketing services** – Marketing services, such as market segmentation, campaign design and management, and mobile and Web marketing, are growing.

There are many good vendors not found in this Magic Quadrant – either due to the size of their business (revenue) or due to their operations being centered in just one region – that we regularly recommend for consideration, including (but not limited to):

Accenture  
Arise Virtual Solutions  
Bellsystem24  
Capgemini  
Firstsource  
Grupo Konecta  
Infosys  
Moshi Moshi Hotline  
Optum  
Tata Business Support Services, wholly owned subsidiary of Tata Sons, the holding company of the Tata Group  
Unisono

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability:** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness/Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

Source: Gartner Research Note G00262224, TJ Singh, Brian Manusama, 23 December 2014

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