



The Great Digital Divide: Is Customer Dissatisfaction the New Normal? A Blueprint to Rethink Your Digital Services Portfolio

An Enterprise Pulse Study

Market Report – March 2018: Complimentary Abstract / Table of Contents

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* Banking, financial services, and insurance

Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment



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Background of the research

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- Technology is taking over all businesses and is becoming the fulcrum for enterprises. IT applications, digital technologies, and cloud services are driving unprecedented value across different industries
- The fortunes of the global services industry are tightly linked to this technology disruption. Enterprises rely significantly on service providers to assist them in navigating the technology landscape and be a trusted partner
- Everest Group believes that it is imperative to understand the true picture around enterprises' IT investment priorities and their experience in working with service providers
- In this research we present:
 - A summary of the views of various enterprises regarding the capabilities of services providers they engage across applications, digital, cloud, and infrastructure services
 - Enterprise views around their key investment priorities in technology and digital services for 2018
- The assessment is based on over 290 interviews (not a survey) conducted in 2017 with enterprises globally across applications, digital, cloud, and infrastructure services. These enterprises include Everest Group clients as well as companies nominated as reference clients by different service providers across multiple PEAK Matrix™ evaluations of Everest Group

Scope of this report



INTERVIEWS
290+ interviews



SERVICES
IT applications, digital, cloud,
and infrastructure services

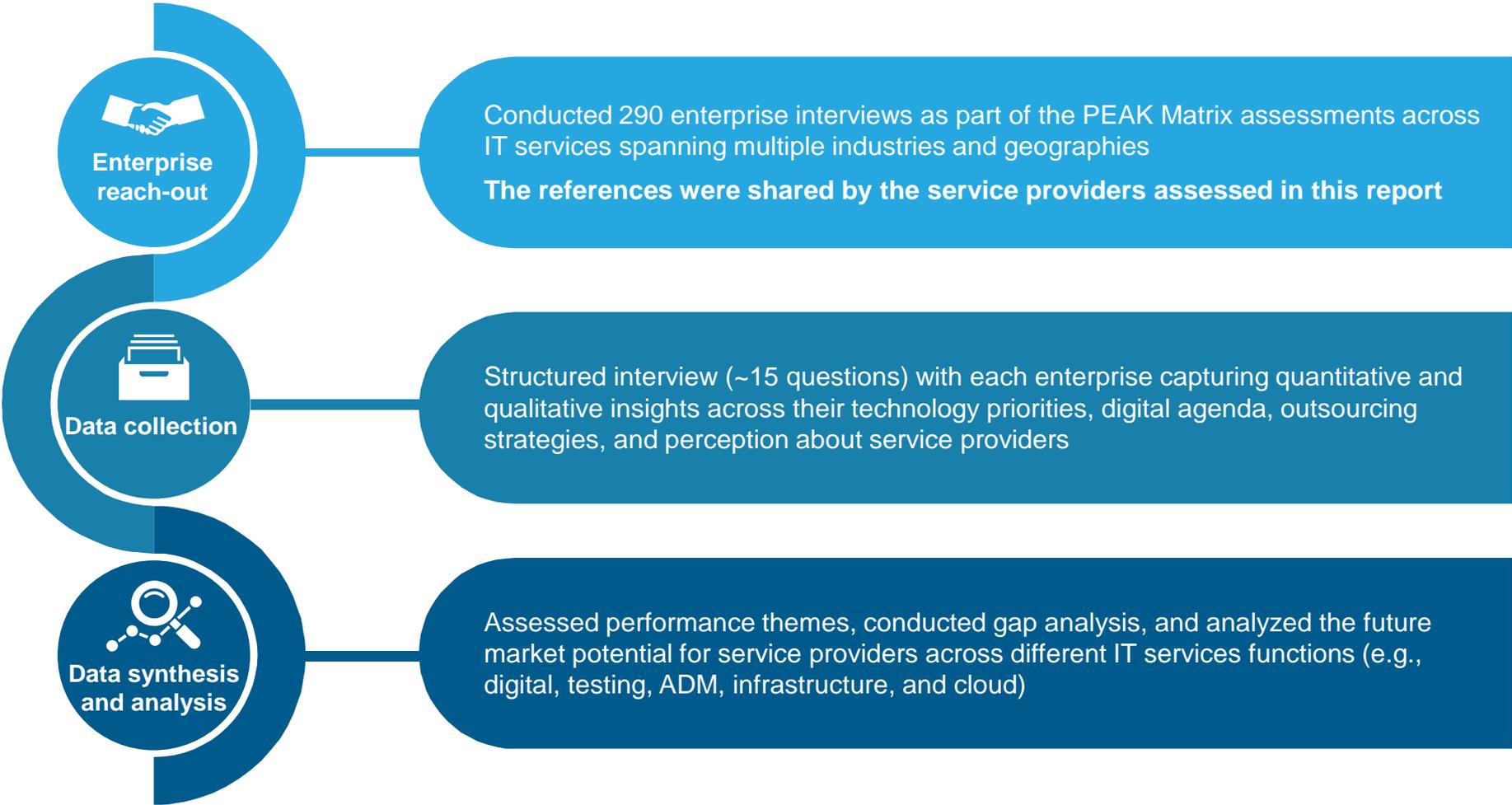


GEOGRAPHY
Global



SERVICE PROVIDERS
25 global service
providers

Research methodology | Overview¹



¹ Please refer to the Appendix for more details related to the questionnaire discussed with enterprises

Source: Everest Group (2018)

Research methodology | Assessed service providers¹

We conducted interviews with enterprises that were nominated by service providers as a “reference check” for our various PEAK Matrix assessment research projects. Each enterprise was asked multiple questions including their experience of working with the specific service provider and their investment priorities.



¹ Please refer to the Appendix for more details around enterprise information for each service provider
Source: Everest Group (2018)

Overview and abbreviated summary of key messages

Discussion with enterprises on expectations and experience with service providers reveal intriguing trends. While service providers have made huge investments in building digital capabilities, enterprises with digital-first mandate are largely dissatisfied. The report explores this digital disconnect between the service providers and enterprises through interviews with over 230 enterprises.

The report also provides deep-dive insights into the key investment priorities of enterprises. From next-generation cognitive systems to modernizing legacy environment, the report provides enterprise priorities across all type of investment initiatives. Enterprises will find the research useful to understand the broader IT service market and where service providers are leading/lagging. Service providers will find the research useful to assess the key investment priorities of enterprises and the major reasons for enterprise dissatisfaction.

Some of the findings in this report, among others, are:

Digital mismatch

- 57% of the enterprise demand is digital-first in nature, but from a strategy perspective, 53% of enterprises choose to embark on the digital transformation journey alone (DIY) vs. external partners
- 61% of enterprises of enterprises with a digital-first mandate not satisfied with their service providers, while traditional IT deals have a higher share of satisfaction (55%)
- Overall dissatisfaction levels increased to 54% in 2017 from 48% in 2016

Lack of strategic support

- In general, service providers have not been able to support enterprises during the strategy phase of their digital transformation journey
- Among the different capability metrics that service providers were evaluated upon, they were perceived to be the weakest (rating of 5.5 on a scale of 10) in terms of strategic partnership

Enterprises also share the blame

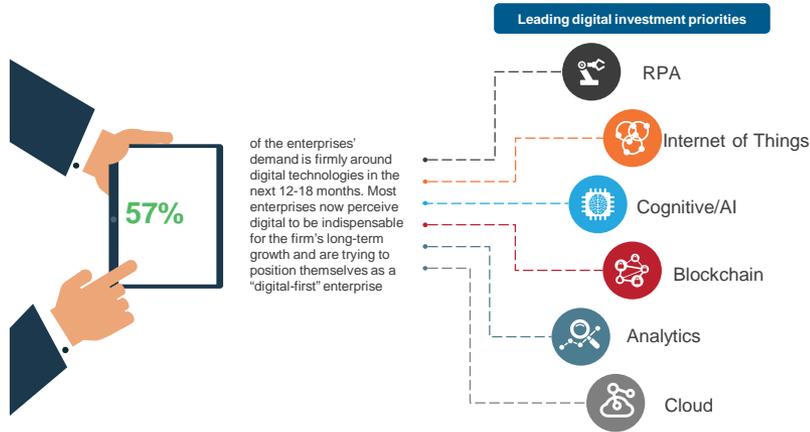
- Enterprises' ill-preparedness is also to blame for lack of meaningful headway with service providers, given organizational challenges and legacy constraints
- Organizational silos, lack of CXO buy-in, fragmented business processes, and burden of legacy systems are hindering digital engagements with service providers

Enterprise priorities

- Enterprises across industries value service providers' proactiveness, next-generation / digital technology expertise, and strategic partnership-driven approach
- Analytics, cloud, and IoT are popular buyer technology priorities, indicating increase in demand of next-generation technologies over the next 12-18 months

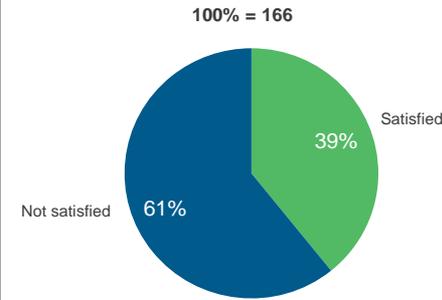
This study analyzes enterprise expectations from service providers and their future investment priorities and objectives

Digital investment priorities for enterprises

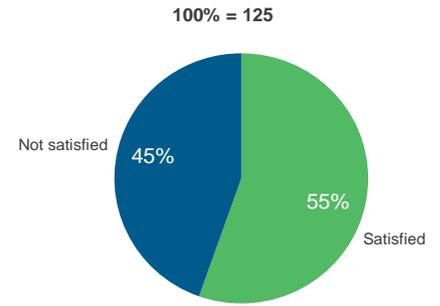


Higher dissatisfaction for digital-first enterprises

Satisfaction with service providers on digital-first programs
2017; Percentage of total discussions

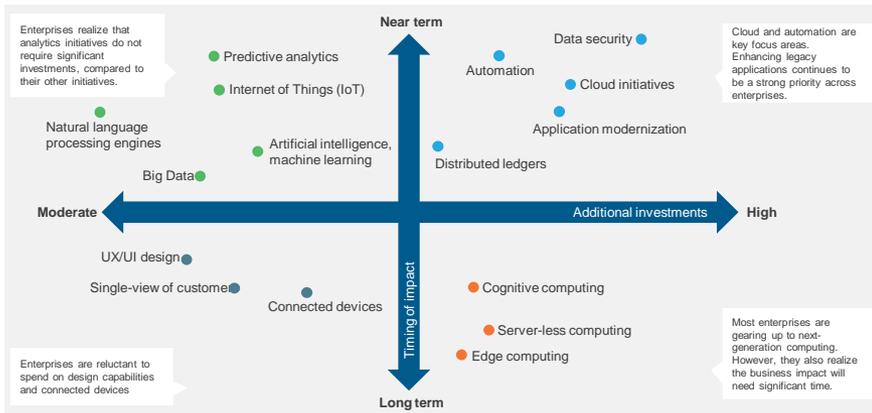


Satisfaction with service providers on traditional programs
2017; Percentage of total discussions



54% Of all discussions expressed dissatisfaction with service providers

Enterprises' technology priorities



Strength and weakness by PEAK Matrix™ position



Additional research references

The following documents are recommended for additional insight into the topic covered in this research. The recommended documents either provide additional details on the topic, or complementary content which may be of interest

1. **Digital Services – PEAK Matrix™ Assessment and Market Trends: Redefining Customer Experiences with Digital** ([EGR-2017-4-R-2351](#)); 2017. Digital adoption has moved from being an IT agenda to an organization-wide agenda, and enterprises are increasingly investing in digital technologies to achieve organizational goals. This research presents an assessment and detailed profiles of 22 IT service providers featured on Everest Group's PEAK Matrix for digital services for 2017
2. **Digital Effectiveness in Retail Banking | Pinnacle Model™ Assessment 2018: Journey of North American Banks to Build SUPER Experiences** ([EGR-2017-11-R-2478](#)); 2017. Digital transformation is a top priority for enterprises. In this research, we analyze the customer-facing digital investments for 30 large North American retail banks and map these banks on Everest Group's Pinnacle Model™, which is a composite index of a range of distinct metrics related to bank's capability maturity and the resultant business outcomes
3. **IoT Services PEAK Matrix™ Assessment and Market Trends 2017: Have You Taken the Plunge in IoT Yet?** ([EGR-2017-4-R-2435](#)); 2017. IoT is fast becoming a strategic priority for large enterprises, and is being viewed as a lever to achieve the desired digital transformation and business growth. In this research, we present an assessment and detailed profiles of 18 IoT service providers offering IoT services

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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