The Dissatisfaction Conundrum: What Clients Are Not Telling Service Providers

An Enterprise Pulse Study on Digital and IT Services
Market Report – January 2019: Complimentary Abstract / Table of Content

EGR-2019-0-CA-3041

Our research offerings for global services

- **Market Vista™**
  Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

- **Application Services**
- **BPS | Banking & Financial Services**
- **BPS | Healthcare & Life Sciences**
- **BPS | Insurance**
- **Catalyst™**
- **Cloud & Infrastructure**
- **Customer Experience Management Services**
- **Data & Analytics**
- **Digital Services**
- **Engineering Services**
- **Finance & Accounting**
- **Human Resources**
- **ITS | Banking & Financial Services**
- **ITS | Healthcare & Life Sciences**
- **ITS | Insurance**
- **IT Services Executive Insights™**
- **Locations Insider™**
- **PricePoint™**
- **Procurement**
- **Recruitment & Talent Acquisition**
- **Service Optimization Technologies**

Membership information

- This report is included in the following research program(s)
  - **AS, CIS, DS, ITS | Banking & Financial Services, ITS | Insurance, ITS | Healthcare & Life Sciences**
- **If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com, unitedkingdom@everestgrp.com, or india@everestgrp.com**

More about membership

In addition to a suite of published research, a membership may include

- Price book
- Accelerators™
- Data cuts
- Analyst access
- Virtual Roundtables
- Workshops

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

Background of the research

Background of the research

- Technology is taking over all businesses and is becoming the fulcrum of all growth 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 2019
- The assessment is based on 272 interviews (not a survey), conducted in 2018, 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
272 interviews

Services
IT applications, digital, cloud, and infrastructure services

Geography
Global

Service providers
39 global service providers

Research methodology

An overview[1]

Conducted 272 enterprise interviews in 2018 as part of PEAK Matrix assessments across IT services spanning multiple industries and geographies

The references were shared by the service providers assessed in this report

Structured interview (~15 questions) with each enterprise capturing quantitative and qualitative insights across their technology priorities, digital agenda, outsourcing strategies, and perception about service providers

Assessed performance themes, conducted gap analysis, and analyzed the future market potential for service providers across different IT services functions (e.g., digital, testing, ADM, infrastructure, and cloud)

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

Source: Everest Group (2018)

Research methodology | Assessed service providers[1]

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.

accenture
aspire SYSTEMS attention. always.
Atos
Capgemini
CGI
Cognizant
CSS CORP
DXC.technology
emids experience partnership.
<epam>
GAVS
genpact
happiest minds The Mindful IT Company
HCL
HEXAWARE
IBM
Infosys
Innominds
LTI
MICROLAND
NIIT technologies
NNIT
NTT Data
OPTUM
SASKEN
Softtek
SYNTEL Consider IT Done
TATA CONSULTANCY SERVICES
Tech Mahindra
virtusa Accelerating Business Outcomes
wipro
YASH Technologies More than what you think.
ZenSar

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

Source: Everest Group (2018)

Overview and abbreviated summary of key messages (page 1 of 2)

Discussion with enterprises on expectations and experience with service providers reveal intriguing trends. While service providers have made huge investments in enhancing their capabilities, the proportion of dissatisfied enterprises has not reduced significantly in the last two years. The report explores this dissatisfaction conundrum through interviews with 229 enterprises.

The report provides deep-dive insights into the key investment priorities of enterprises. It sheds light on the key dimensions that influence overall enterprise satisfaction. This report also focuses on the future of the service delivery model given enterprises' evolving expectations. 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:

Dissatisfaction conundrum

- The proportion of satisfied customers has only marginally increased from 52% to 54% over the last two years
- Despite capability enhancements, service providers have performed poorly on key metrics that drive customer satisfaction – innovation, talent, and partnership

Enterprise priorities

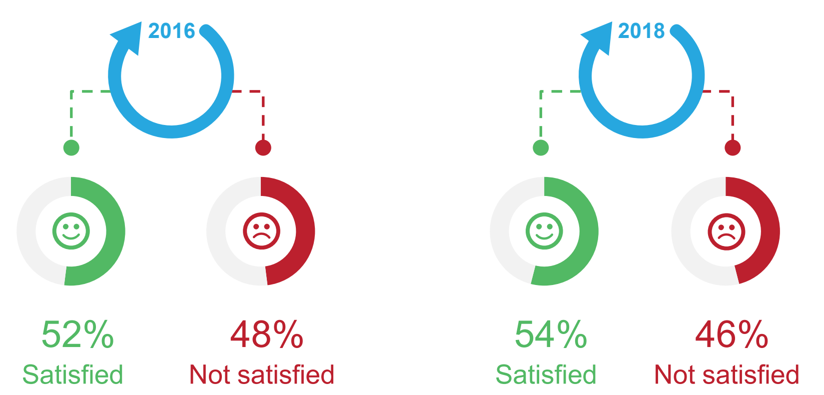
- Enterprises expect service providers to help with strategy formulation and take more ownership of outcomes
- Over two-thirds of the enterprises covered in the analysis have a digital-first mandate for 2019; cloud, automation, and AI constitute the top priorities

Overview and abbreviated summary of key messages (page 2 of 2)

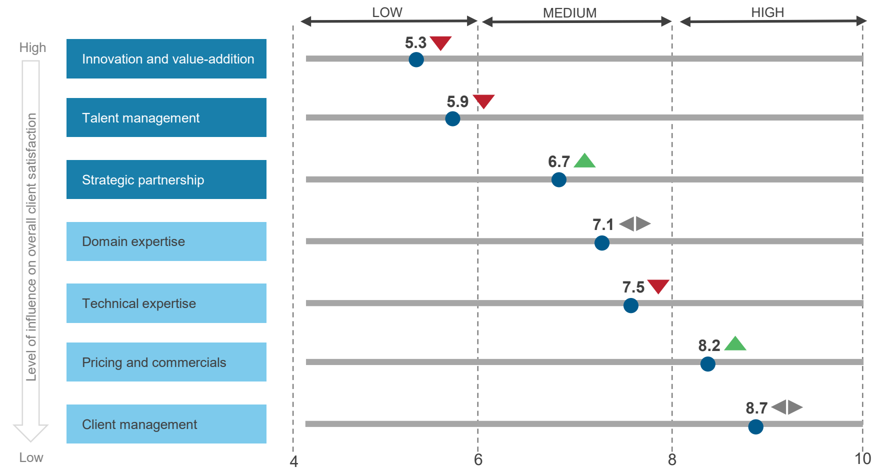
Service provider performance	- Accenture, Cognizant, HCL, Infosys, and TCS managed to create the best overall experience for clients in 2018 - Most service providers have performed well in the areas of client management and pricing/commercials
Winning service delivery model	- As customer expectations evolve and digital moves from pilot-to-program, the buying center dynamics is also changing - The winning model for IT services requires changes across five dimensions for service providers – talent, financial, operating model, ecosystem, and client journey

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

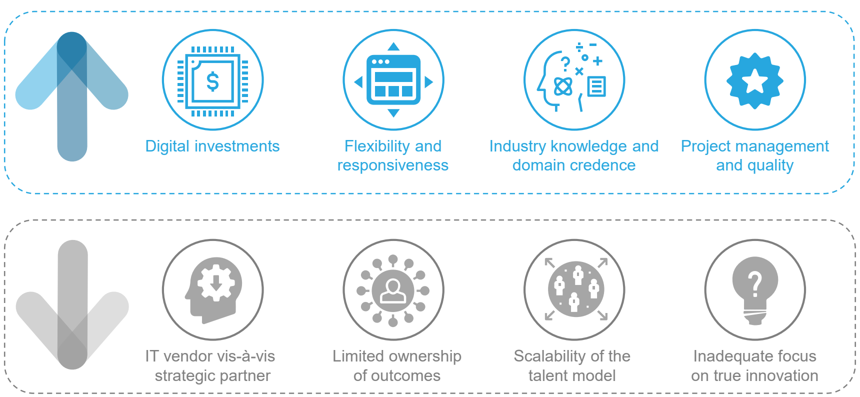
No improvement in satisfaction in the last two years



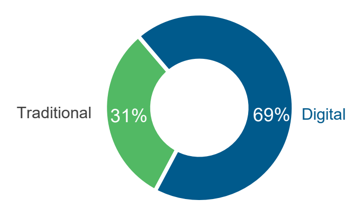
Poor performance on critical dimensions of customer satisfaction

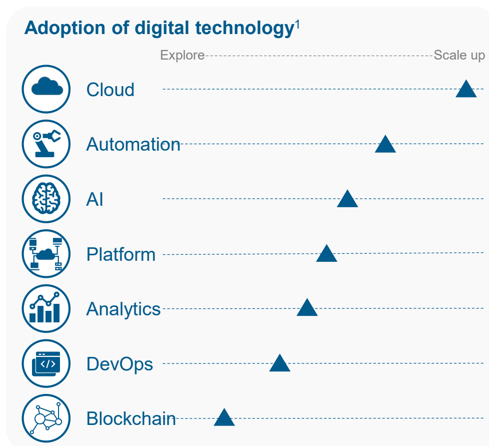


Service providers' strengths and areas of improvement



Enterprises' technology priorities





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 or complementary content which may be of interest

1. **Enterprise Digital Adoption in Manufacturing | Pinnacle Model Analysis 2018** (EGR-2018-42-R-2618) The Digital Pinnacle Enterprises™ in the manufacturing sector are leading the market in the successful adoption of Industry 4.0. Over 80% Digital Pinnacle Enterprises™ in the manufacturing sector have invested in digital technologies to evolve their business processes and drive their digital strategy. Through this report, we deep dive into these organizations and analyze the factors that set them apart from other manufacturers and what the industry can do to keep up

2. **The Great Digital Divide: Is Customer Dissatisfaction the New Normal? A Blueprint to Rethink Your Digital Services Portfolio** (EGR-2018-0-R-2563) Our recent digital services research reveals a sizable mismatch between digital demand and supply dynamics. The research also details enterprises' technology investment priorities and opportunity areas for service providers across legacy modernization, security, cognitive systems, automation, cloud, IoT, blockchain, and other similar themes

3. **Customer (Dis)Satisfaction: Why Are Enterprises Unhappy with Their Service Providers?** (EGR-2017-4-R-2077a) Insights from our research reveal that almost 50% of the enterprises are dissatisfied with their service providers, whose average performance score as strategic partners is merely 5 on 10. One of the objectives of the report is to aid service providers in developing strategies to evolve their engagement approaches and prioritize investments to align with mounting customer expectations

For more information on this and other research published by Everest Group, please contact us:

Yugal Joshi, Vice President: yugal.joshi@everestgrp.com

Nitish Mittal, Practice Director: nitish.mittal@everestgrp.com

Mayank Thakur, Senior Analyst: mayank.thakur@everestgrp.com

Ankit Gupta, Senior Analyst: ankit.gupta@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com

Everest Group®

From **insight** to ***action***.

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.

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91 806-781-9999

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

New York
info@everestgrp.com
+1-646-805-4000

Toronto
canada@everestgrp.com
+1-416-388-6765

Stay connected

Website
www.everestgrp.com

Social Media
@EverestGroup
@Everest Group

Blog
Sherpas In Blue Shirts
www.sherpasinblueshirts.com