



Conversing with AI – Intelligent Virtual Agents (IVA) State of the Market Report 2020

Service Optimization Technologies (SOT)

Customer Experience Management (CXM) Services

State of the Market Report – June 2020: Complimentary Abstract/Table of Contents

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

More about membership

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

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model® reports
- PriceBook
- 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

Membership information

- This report is included in the following research program(s)
 - [Service Optimization Technologies \(SOT\)](#)
 - [Customer Experience Management \(CXM\) Services](#)
- 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

Table of contents (page 1 of 2)

Topic	Page no.
Introduction and overview	5
Summary of key messages	9
Section I: Evolution of the IVA market	13
• Key changes observed in the IVA market in the last 12-18 months	14
• Maturity of technology solutions	15
• Improvement in CX through advances in IVA technology	16
• Conversational AI ecosystem in contact centers	17
Section II: Impact of COVID-19 on enterprises	20
• Challenges faced by enterprises	21
• IVA as a solution to COVID-19 woes	22
• Use cases of IVA in leading industries during the crisis	23
Section III: Market size and adoption trends	24
• IVA technology market size and projected growth by revenue	25
• Adoption by buyer industry	26
• Adoption by buyer geography	27
• Adoption by buyer size	28
• Adoption by buyer process/function	29
Section IV: IVA solution characteristics	30
• Elements of solution characteristics	31
– Deployment	32
– Product training	34

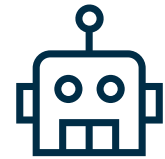
Table of contents (page 2 of 2)

Topic	Page no.
– Partner ecosystem	35
– Omnichannel experience	38
– Commercial model	40
– Technology trends	41
Section V: IVA vendor landscape	43
• Vendor diversity	44
• Vendors classified as per interactions handled	45
• Vendors with the largest share of IVA revenue in the top eight industry verticals	46
• Vendors with the largest share of IVA revenue in the top six business functions	47
• Vendors' share of IVA revenue in major geographies	48
• Key investment themes of IVA vendors	49
• IVA vendors' FTE distribution	50
Section VI: Barriers to IVA adoption and best practices	51
• Barriers to IVA adoption	52
• Best practices for IVA adoption	53
Section VII: Outlook for 2020-21	54
Appendix	57
• Glossary of terms	58
• Research calendar	59
• References	61

Background and scope of the research

Intelligent Virtual Agent (IVA) solutions are one of the key enablers of automation in front office. Increasing sophistication of technology along with successful pilots in the past are driving popularity of these solutions in the market. Enterprises across industries and geographies are leveraging or plan to leverage IVA solutions around different use cases with an objective to bring down human involvement in the process, as well as to improve customer experience. Additionally, these solutions are also being leveraged to assist human agents, thus enhancing the overall efficiency in contact centers. As the benefits of IVA solutions become evident, enterprises are also looking at this technology with a broader automation lens and considering integrating IVA into their wider automation initiatives to further enhance its impact. However, despite these developments, the overall IVA adoption in the market is still nascent, thus, presenting a huge opportunity to upscale and grow.

In this study, we investigate the state of the IVA technology vendor market. We focus on:



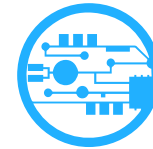
Evolution of IVA technology



Market size and growth



Buyer adoption by geography, size, industry, and business function / process



IVA solution characteristics and technology trends



Vendor landscape



Barriers to adoption, best practices, and future outlook

Scope of this report IVA solutions that are available for independent licensing were considered for this report. They are offered as either products that allow enterprises to deploy as off-the-shelf solutions using pre-built modules, or platforms that can be used to build custom solutions.

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

This report is meant to provide IVA buyers, software vendors, and third-party enablers (service providers, system integrators, etc.) a detailed view of the current state of the market. As part of this, the current report provides insights regarding evolution of the market, market size and growth, role of IVA technology in managing COVID-19 induced disruption, buyer adoption trends, solution characteristics, best practices for adoption, and future outlook. This report also focuses on product features and technologies that are powering IVA solutions.

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

Evolution of the IVA market along with impact of COVID-19

- The IVA market is witnessing a significant shift from rule-based solutions to AI-driven IVA solutions propelled and/or aided by factors such as increase in consumer demand for self-service, and innovation in voice capabilities
- Conversational AI ecosystem in contact centers will enable seamless collaboration between front and back office and empower faster, reliable, and lower-cost operations
- Enterprises are facing high, unpredicted demand, coupled with shortage of staff during the COVID-19 pandemic which can be addressed by IVA

Market size and adoption trends

- The IVA market stood at ~US\$300-US\$350 million in 2019, exhibiting a healthy CAGR of 40-43%
- BFSI and telecom are the leading adopters with more than 50% share of the market, and they continue to exhibit strong growth. Healthcare and retail observed the highest growth in the last 12 months
- Large buyers account for the bulk of IVA adoption, while small and mid-sized buyers have also started expressing interest and picking up pace of adoption in recent years

Solution characteristics

- Enterprises can choose from various hosting models and solution types offered by vendors:
 - Public cloud is the most prevalent hosting model, followed by private cloud and on-premise
 - Customers can choose from off-the-shelf, platform-based, and customized solutions available in the market
- Preliminary, continuous, and autonomous learning are the three modes for training IVA solutions
- IVA vendors leverage technology partners and services partners primarily for complementary capabilities, reselling, and implementation of their products

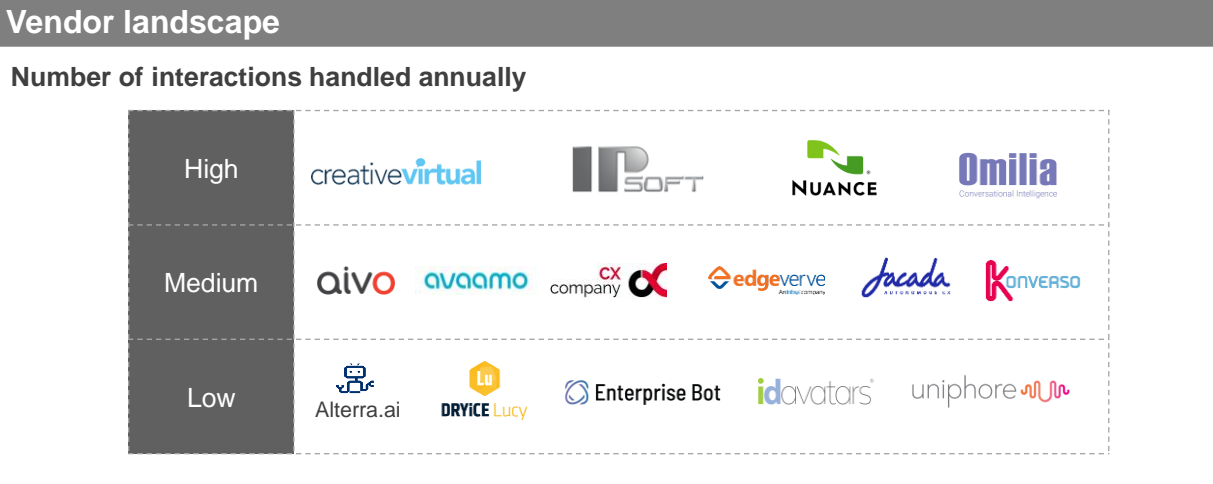
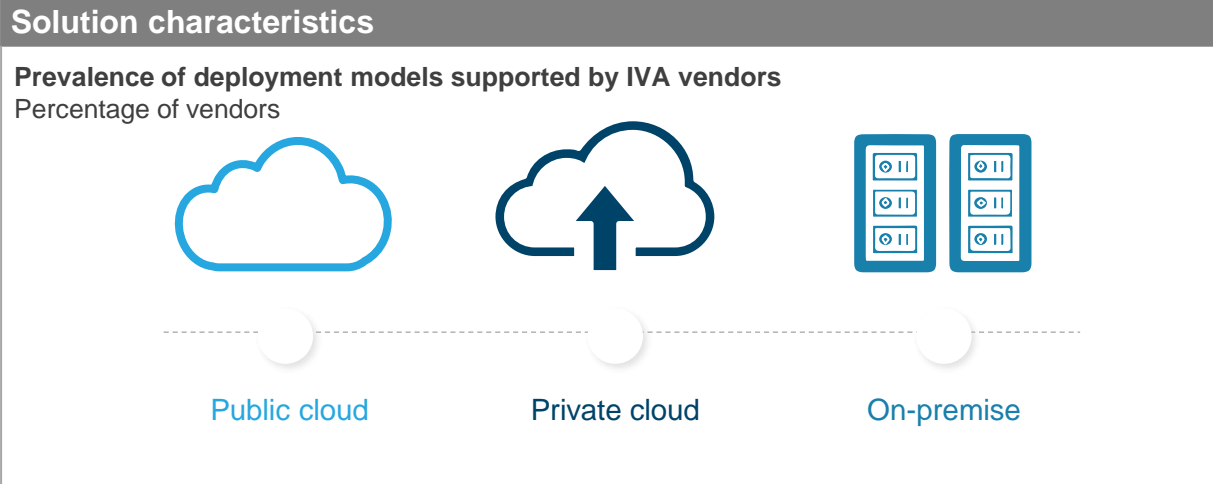
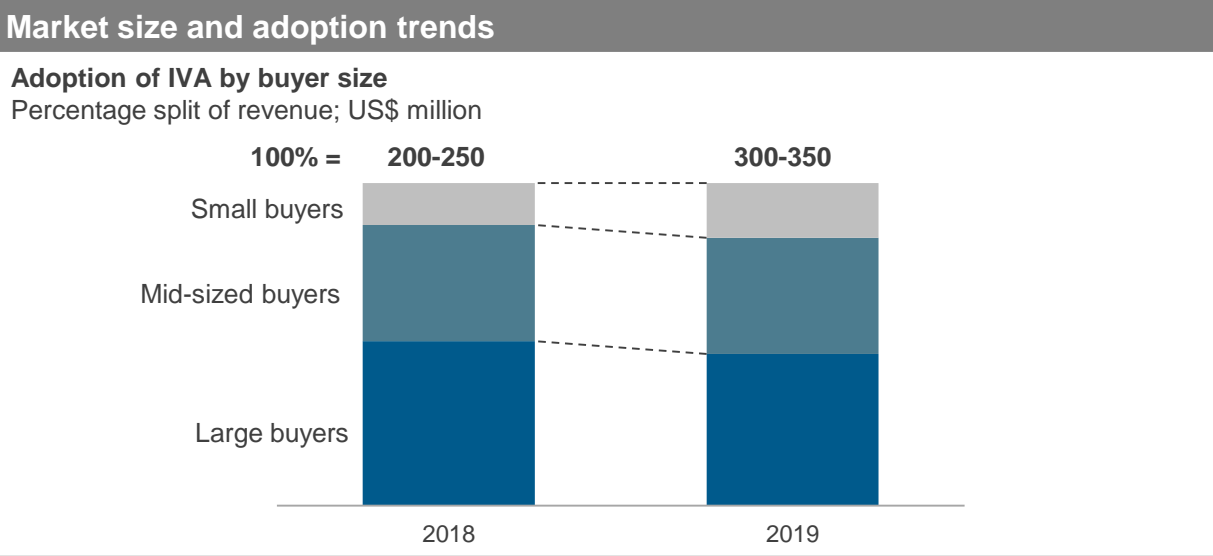
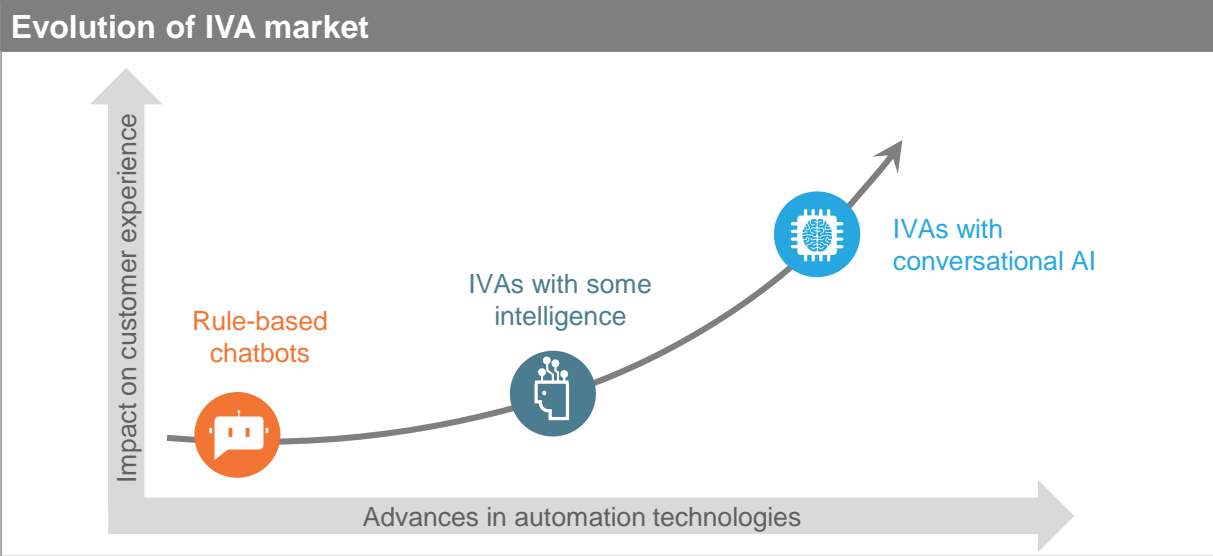
Vendor landscape

- Creative Virtual, IPsoft, Nuance, and Omilia are the leading IVA vendors in terms of interactions handled annually
- IPsoft and Avaamo are amongst the largest players across most of the leading industries; Nuance and Kore.ai are other leading vendors across many industries
- Creative Virtual and IPsoft are the leading players across major processes including customer support and IT & helpdesk, which account for most of the market revenue

Barriers to IVA adoption and future outlook

- Expectation mismatch, cost of investment, lack of APIs for integration, internal resistance, low-quality training data, lack of dialog management capabilities, time to ROI, and security & privacy concerns are the major barriers to adoption of IVA solutions
- Despite the dip in 2020 due to COVID-19, the IVA market is expected to post strong growth in coming years, driven by enterprises' need to improve customer experience and reduce cost
- Advanced analytics will compliment IVA thus helping in customer profiling which will lead to better cross-sell and upsell

This study offers seven distinct chapters providing a deep dive into key aspects of IVA market; below are four charts to illustrate the depth of the report



Research calendar – Service Optimization Technologies (SOT)

Published
 Planned
 Current release

Flagship SOT reports

Release date

Robotic Process Automation (RPA) Market Report 2019 – Laying the Foundation for a Light-touch Organization.....	September 2019
Enterprise Intelligent Automation Adoption – Pinnacle Model® Assessment 2019.....	December 2019
Process Mining – Technology Vendor Landscape with Products PEAK Matrix® Assessment 2020.....	February 2020
Intelligent Automation in Business Processes (IABP) Solution Provider Landscape with PEAK Matrix® Assessment 2020.....	March 2020
Intelligent Document Processing (IDP) – Technology Vendor Landscape with Products PEAK Matrix® Assessment 2020.....	March 2020
Intelligent Virtual Agents (IVA) – Technology Vendor Landscape with Products PEAK Matrix® Assessment 2020.....	March 2020
Intelligent Virtual Agents (IVA) State of the Market Report 2020 – Conversing with AI.....	June 2020
Intelligent Automation in Business Processes (IABP) – State of the Market Report 2020.....	Q2 2020

Thematic SOT reports

Advanced Content Intelligence – Pivotal Technology to Empower the New-age Organization.....	May 2019
Who Takes on the RPA Mantle?.....	June 2019
Intelligent Document Processing (IDP) Playbook.....	September 2019
Accelerated Intelligent Automation (AIA) in Enterprises.....	May 2020
360-degree Enterprise Automation Playbook.....	May 2020
Practitioner Perspectives - Mastering Efficiency and Innovation with Intelligent Automation.....	May 2020
IA Orchestration.....	Q3 2020

Note: For a list of all our published SOT reports, please refer to our [website page](#)

Research calendar – Customer Experience Management (CXM) Services

Published
 Planned
 Current release

Flagship CXM reports

Release date

Contact Center Outsourcing (CCO) – Service Provider Landscape with Services PEAK Matrix® Assessment 2019	June 2019
Contact Center Outsourcing (CCO) – Service Provider Profile Compendium 2019	August 2019
Customer Experience Management (CXM) Annual Report 2019: Delivering Next-generation Contact Center Services	September 2019
Intelligent Automation in BPS PEAK Matrix® Assessment with Service Provider Landscape 2020	February 2020
Intelligent Virtual Agents (IVA) – Technology Vendor Landscape with Products PEAK Matrix® Assessment 2020	March 2020
Intelligent Virtual Agents (IVA) – Technology Vendor Compendium 2020	May 2020
Intelligent Virtual Agents (IVA) State of the Market Report 2020 – Conversing with AI	June 2020
Customer Experience Management (CXM) – Service Provider Landscape with Services PEAK Matrix® Assessment 2020	Q2 2020
Customer Experience Management (CXM) – Service Provider Profile Compendium 2020	Q3 2020

Thematic CXM reports

Achieving High Value through a Total Cost of Operations (TCO) Pricing Model	November 2019
Orchestrating Successful WAHA-based Delivery	January 2020
Impact of Recession on the Business Process Services (BPS) Industry	March 2020
Buyer satisfaction with Intelligent Virtual Agents (IVA)	Q3 2020
WAHA adoption trends – Impact of COVID-19	Q3 2020
Real-time Listening, AI, and Automation in CXM	Q3 2020

Note: For a list of all our published CXM reports, please refer to our [website page](#)

Additional CXM and SOT research references

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

- 1. Robotic Process Automation (RPA) – Technology Vendor Landscape with Products PEAK Matrix® Assessment 2019** ([EGR-2019-38-R-3217](#)); 2019. Robotic Process Automation (RPA) is a key enabler of enterprise automation. This report uses Everest Group's proprietary PEAK Matrix® to assess and evaluate RPA capabilities of independent software vendors across two key dimensions, market impact and vision & capability. It also includes competitive landscape & market share analysis, Everest Group's remarks on technology vendors highlighting their key strengths & areas of improvement, assessment of vendors' attended RPA/RDA capabilities, and insights into advances in RPA technologies
- 2. Intelligent Virtual Agents (IVA) – Technology Vendor Landscape with Products PEAK Matrix® Assessment 2020** ([EGR-2020-21-R-3624](#)); 2020. This report uses Everest Group's proprietary PEAK Matrix® to assess and evaluate IVA software products of 16 technology vendors across two key dimensions – market impact as well as vision and capability. It also includes IVA competitive landscape, Everest Group's remarks on IVA technology vendors highlighting their key strengths and areas of improvement, and IVA technology trends
- 3. Customer Experience Management (CXM) Annual Report 2019: Delivering Next-generation Contact Center Services** ([EGR-2019-21-R-3349](#)); 2019. This report provides insights into the evolving customer needs and the components of a next-generation operating model, emerging solution trends in CXM services to meet the evolving CX needs, CCO market overview and adoption trends, and the outlook for 2019-20.

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

Anil Vijayan , Vice President:	anil.vijayan@everestgrp.com
Skand Bhargava , Practice Director:	skand.bhargava@everestgrp.com
Sharang Sharma , Practice Director:	sharang.sharma@everestgrp.com
Akash Munjal , Senior Analyst:	akash.munjal@everestgrp.com
Anish Nath , Senior Analyst:	anish.nath@everestgrp.com

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



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
+91-80-61463500

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



www.everestgrp.com/blog/

This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.