

The Aftermath of COVID-19: Customer Experience Management (CXM) State of the Market Report 2022

October 2021: Complimentary Abstract / Table of Contents



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Tracking: service providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

Contents

1. Introduction and overview	06
• Research methodology	07
• Key information on the report	09
• Background of the research	10
• Summary of key messages	12
2. Ramifications of the pandemic on contact centers	13
• Service provider perspective	14
• Buyer perspective	15
• Performance of the contact center market	16
• Paradigm shifts in the CXM market	17
3. CXM adoption trends	18
• Global CXM market	19
• Market size and growth of outsourced CXM market	20
• Comparison of GDP growth and outsourced CXM market	21
• Outsourced CXM adoption trends by region	22
• Outsourced CXM adoption trends by industry	23
– Industry adoption trends by region	24
• Outsourced CXM adoption trends by channel	25
– Channel adoption trends by industry	26
• Outsourced CXM adoption trends by processes	27
– Process adoption trends by industry	28

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Contents

• Outsourced CXM adoption trends by buyer size	29
• CXM adoption trends by pricing model	30
4. Demand for Digital CXM	31
• Split of traditional and digital CXM	32
• Outcome of service provider's focus on digital CXM	33
• Adoption trends of digital solutions	34
• Adoption trends by region	35
• Adoption trends by industry	36
• Industry adoption trends by region	37
5. CXM service delivery	38
• Presence of CXM FTEs around the world	39
• CXM delivery focus	40
– American region	40
– EMEA region	41
– APAC region	42
• Revenue vs FTE change of CXM service providers	43
• Observed changes in shoring mix	44
• WAHA delivery	45
– Buyer feedback about future of WAHA	46
• Language support	47
• Top service providers by FTE across the world	48

Contents

6. Competitive landscape	49
• Everest Group CXM PEAK Matrix®	50
• Market share of CXM service providers	51
• Market share of fast growing CXM service providers	52
• Mergers and acquisitions in CXM industry	53
• Investment routes taken by CXM service providers	54
7. Deal trends	55
• Type of deals and tenure in CXM industry	56
• ACV and FTE trends in CXM contracts	57
• Publicly announced deals in CXM industry	58
8. Future outlook	59
9. Appendix	63
• Glossary of key terms used in the report	64
• Research calendar	65

Background of the research

Background of the research

As we are slowly emerging out of the pandemic that has unequivocally altered customer habits and the way we work and live, enterprises of all sizes have continued to invest in improving customer experience. While some enterprises bore the brunt of the pandemic-induced measures, others discovered innovative ways to serve their customer base. We begin this report by looking back at the impact of the pandemic on the overall CXM market and how it evolved in 2020. The report then studies facets steering market growth, such as digital CXM, changes in service delivery model, and the outlook of the WAHA-based service delivery model. We further study the factors that are differentiating service providers, key investment themes, strategic partnerships that are being forged, and the major acquisitions that have happened and their impact on the CXM market. We conclude by examining the evolving nature of CXM deals and presenting key takeaways for readers.

In this research study, we focus on:

- A retrospective outlook on the impact of the pandemic on CXM outsourcing
- Adoption trends in the CXM market that emerged in 2020
- Growth of digital CXM and its growing importance for both service providers and enterprise buyers
- Changes in the service delivery model including evolving delivery locations and the future of the WAHA-based service delivery model
- Changes in the competitive landscape in the aftermath of the pandemic
- Deal trends in the CXM market and key takeaways

Scope of this report:



Geography
Global



Industry
All



Services
Customer Experience
Management (CXM)
services

Summary of key messages

Impact of the pandemic

- The global contact center market has rebounded quickly and followed an upward trajectory with the fastest growth in recent history
- The market grew by 3-5% in 2019-20 and the total spend stood at US\$89-91 billion in 2020
- The outsourced CXM market has a huge opportunity for growth as more enterprises are looking to strategically partner with service providers, and undertake digital CXM-led transformation projects
- With pandemic-related situations stabilizing, organizations expect to leverage the learnings gathered during the pandemic to make a sustainable and long-term strategy for CXM

Emerging trends in CXM post the crisis

- Digital CXM has now become the key differentiator in the outsourced CXM market. Service providers with a greater share of revenue coming from digital offerings grew at a considerably faster rate than those who still have not prioritized it, underscoring the appetite for these solutions in the market
- A segment of service providers in this market are growing at a faster rate than the rest of the market; they are powering this growth through inorganic capability expansion, strategic partnerships, profitable operating models, and by offering end-to-end CXM solutions. We envisage further market consolidation in 2021
- As confidence and trust in service providers grows, average CXM deals are getting longer, and contract extensions/renewals are becoming more common. We observe the share of digital CXM in deals is getting bigger, and consequently, there is a decline in the number of FTEs involved in a contract

CXM industry in the future

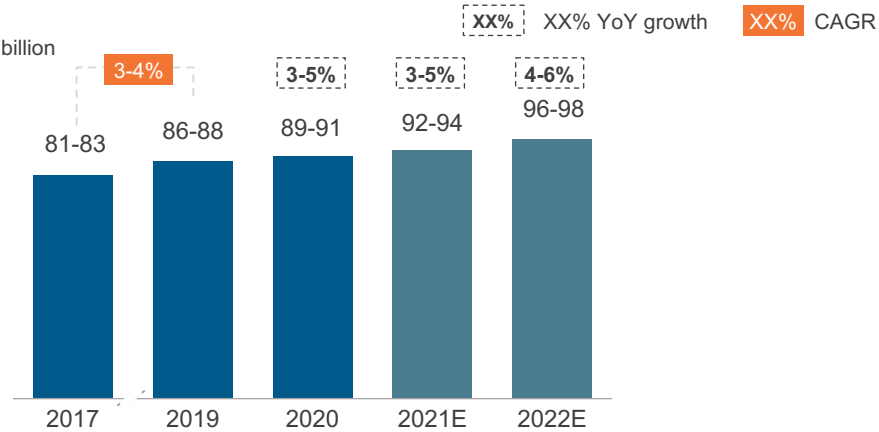
- CXM service providers are reimagining their workspaces for a hybrid delivery model, which improves agents' work life balance, enables better well-being and job satisfaction along with collaboration, skill-sharing, and team engagement
- Cloud shoring, an outsourcing model in which all service agents work remotely using cloud-based technologies, but are managed centrally, to deliver optimal business flexibility for clients, is gaining traction from both clients and service providers due to the cost and flexibility benefits that it offers
- More emphasis on agent assist solutions by embedding conversational AI solutions into contact centers is gaining traction in the industry
- With focus on improving time-to-hire and speed-to-proficiency, CXM service providers will continue to invest more in virtual recruitment solutions, remote employee onboarding as well as simulated training sessions and gamification techniques, which enable agents to get up to speed and stay engaged
- While homes, personal devices, factories, and automobiles all around the world are becoming increasingly connected, IoT as a channel will ensure that customers are always connected, their devices are set up securely, and they receive accurate resolutions seamlessly
- As enterprises embrace digital CXM and they strive to deliver superior customer experience using digital solutions, improved contact center technology, optimized processes, and better talent demand for an end-to-end managed services approach is expected to increase



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

CXM market overview

CXM market size and growth
2017-2022E; Revenue in US\$ billion



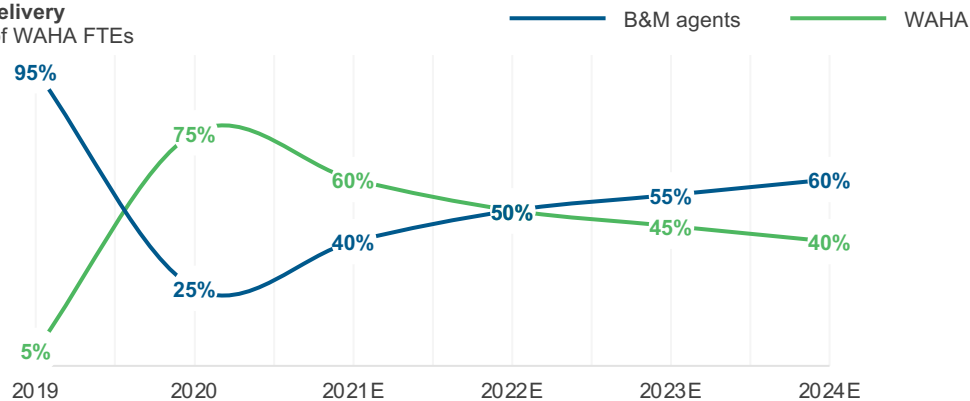
Demand for digital CXM

Market prevalence of digital CXM components across CXM clients
2020; percentage of active CXM clients with deployments

CXM Components	Analytics	Automation	Intelligent virtual agents / chatbots	CX consulting / design thinking
Market prevalence	25-30%	20-25%	10-15%	20-25%
Growth in number of client	>150%	90-100%	110-120%	40-50%

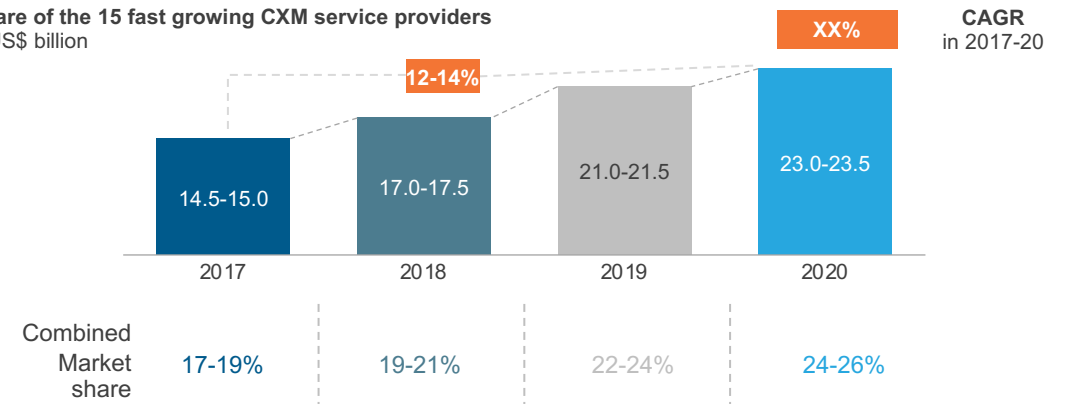
CXM service delivery

CXM WAHA delivery
2019-24E; % of WAHA FTEs



Competitive landscape

Market share of the 15 fast growing CXM service providers
2017-20; US\$ billion



Research calendar

Customer Experience Management (CXM) Services

Published Planned Current release

Flagship reports

Release date

Work at Home Agent (WAHA) CXM – Service Provider Landscape with PEAK Matrix® Assessment 2021	January 2021
Work at Home Agent (WAHA) CXM – Service Provider Compendium 2021	March 2021
Customer Experience Management (CXM) – Service Provider Landscape with Services PEAK Matrix® Assessment 2021	July 2021
Conversational AI Technology Vendor Landscape with Products PEAK Matrix® Assessment 2021	August 2021
Customer Experience Management (CXM) – Service Provider Landscape in EMEA with PEAK Matrix® Assessment 2021	September 2021
Customer Experience Management (CXM) – Service Provider Compendium 2021	September 2021
Conversational AI Technology Vendor Compendium 2021	October 2021
The Aftermath of COVID-19: Customer Experience Management (CXM) State of the Market Report 2022	October 2021
Customer Experience Management (CXM) in EMEA – Service Provider Compendium 2022	Q4 2021
Customer Experience Management (CXM) – Service Provider Landscape in APAC with PEAK Matrix® Assessment 2022	Q4 2021

Thematic CXM reports

Release date

Business Process Services (BPS) 4.0: Heralding the Start of a New Era	February 2021
Building a Conversationally Intelligent and Automated Contact Center of the Future	April 2021
Is Your Remote Working Strategy Built to Last?	April 2021
Customer Experience as a Service (CXaaS): Winning in the Experience Economy	June 2021
Demystifying Contact Center-as-a-Service (CCaaS): Customer Experience Management (CXM) Market Report 2021	August 2021

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



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