

# Conversational AI – State of the Market Report 2021

October 2021: Complimentary Abstract / Table of Contents



# Our research offerings

This report is included in the following research program(s):  
**Customer Experience Management and Service Optimization Technologies**

- ▶ Application Services
- ▶ Banking & Financial Services BPS
- ▶ Banking & Financial Services ITS
- ▶ Catalyst™
- ▶ Clinical Development Technology
- ▶ Cloud & Infrastructure
- ▶ Contingent Workforce Management
- ▶ Conversational AI
- ▶ Cost Excellence
- ▶ Customer Experience Management Services
- ▶ Cybersecurity
- ▶ Data & Analytics
- ▶ Digital Adoption Platforms (DAP)
- ▶ Digital Services
- ▶ Engineering Services
- ▶ Enterprise Platform Services
- ▶ Finance & Accounting
- ▶ Financial Services Technology (FinTech)
- ▶ Global Business Services
- ▶ Healthcare BPS
- ▶ Healthcare ITS
- ▶ Human Resources
- ▶ Insurance BPS
- ▶ Insurance ITS
- ▶ Insurance Technology (InsurTech)
- ▶ Insurance Third-Party Administration (TPA) Services
- ▶ Intelligent Document Processing (IDP)
- ▶ Interactive Experience (IX) Services
- ▶ IT Services Executive Insights™
- ▶ Life Sciences BPS
- ▶ Life Sciences ITS
- ▶ Locations Insider™
- ▶ Marketing Services
- ▶ Market Vista™
- ▶ Mortgage Operations
- ▶ Multi-country Payroll
- ▶ Network Services & 5G
- ▶ Outsourcing Excellence
- ▶ Pricing-as-a-Service
- ▶ Process Mining
- ▶ Procurement
- ▶ Recruitment Process Outsourcing
- ▶ Retirements Technologies
- ▶ Rewards & Recognition
- ▶ Service Optimization Technologies
- ▶ Supply Chain Management (SCM) Services
- ▶ Talent Excellence GBS
- ▶ Talent Excellence ITS
- ▶ Technology Skills & Talent
- ▶ Trust and Safety
- ▶ Work at Home Agent (WAHA) Customer Experience Management (CXM)
- ▶ Workplace 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](mailto:info@everestgrp.com)

Learn more about our  
**custom research capabilities**

Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: service providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

# Contents

<b>1. Introduction and overview</b>	<b>06</b>
• Research methodology	07
• Key information on the report	08
• Background and/or introduction	09
<b>2. Summary of key messages</b>	<b>11</b>
<b>3. Conversational AI synopsis</b>	<b>15</b>
• Conversational AI journey	16
• Conversational AI ecosystem in contact centers	17
• Chatbots vs. conversational AI	19
• Benefits of conversational AI	20
• Paths to adopt a conversational AI solution	21
• Key differentiating features of a conversational AI solution	22
<b>4. Conversational AI market overview</b>	<b>23</b>
• Market size and growth	24
• Top priorities of contact centers	25
• Conversational AI interactions type	26
• Multi-language support for enterprise users	27
• Impact of COVID-19 on enterprises	28
• Conversational AI and COVID-19	29

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

**Anil Vijayan**, Partner

**Sharang Sharma**, Practice Director

**Akash Munjal**, Senior Analyst

**Anubhav Das**, Senior Analyst

# Contents

<b>5. Conversational AI adoption trends</b>	<b>30</b>
• Adoption trends by industry	31
• Adoption trends by geography	32
• Adoption trends across process areas	33
• Adoption trends by buyer size	34
<b>6. Buyer satisfaction</b>	<b>35</b>
• Performance across adoption drivers	36
• Overall buyer satisfaction	37
• Performance across capability dimensions	38
• Key strengths and areas of improvement	39
<b>7. Conversational AI solution characteristics</b>	<b>40</b>
• Go-to-market strategy	42
• Product training	45
• Partner ecosystem	46
• Omnichannel support	49
• Commercial model	51
• Technology trends	52
<b>8. Conversational AI Vendor Landscape</b>	<b>55</b>
• Vendors with the largest share in top industry verticals	56
• Vendors with the largest share in top business processes	57
• Vendors with the largest share in major geographies	58

# Contents

• Vendors with the largest share in major geographies	58
• Major investment themes	59
• Vendors' FTE distribution	60
<b>9. Barriers and best practices</b>	<b>61</b>
• Barriers in adopting conversational AI solutions	62
• Best practices	63
<b>10. Outlook for 2021-22</b>	<b>64</b>
<b>11. Appendix</b>	<b>67</b>
• Glossary of key terms used in this report	68
• Research calendars	69

## Background and scope of the research

“Conversational AI” is one of the key enablers of front-office automation. Businesses across the globe are realizing the importance of conversational AI solutions to serve customers across different channels and meet enterprise expectations, especially during peak demand, as well as support internal processes such as HR support, IT helpdesk, sales, F&A, and marketing. As we are slowly emerging into a post-pandemic world, the demand for self-service solutions such as conversational AI is expected to gather greater momentum. Increasing sophistication of technology, along with successful pilots in the past, are driving the popularity of these solutions in the market.

“Conversational AI” is an ecosystem of advanced technologies and solutions that work in an integrated fashion by interacting with each other and sharing information across systems in a contact center environment. Conversational AI improves overall contact center efficiency, customer experience, and agent experience by leveraging technologies such as Intelligent Virtual Agents (IVA), agent-assist solutions, analytics & insights, and other automation solutions such as RPA. At the heart of any conversational AI offering are powerful Artificial Intelligence (AI) and Machine Learning (ML) capabilities. For the scope of this study, we are covering leading global technology vendors that offer these solutions on an independent licensing basis.

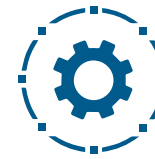
### Scope of this report:



**Geography**  
Global



**Industry**  
Global



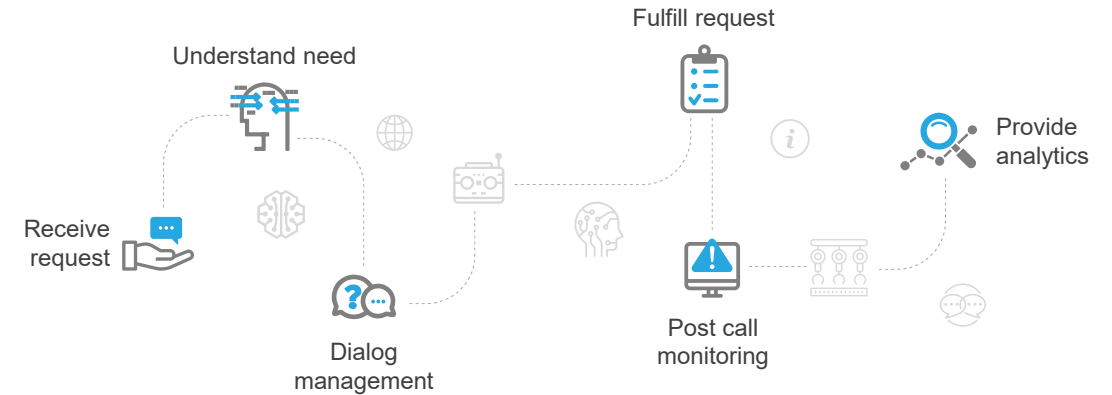
**Services**  
Customer experience management  
services and service optimization  
technologies



## Summary of key messages (page 1 of 3)

### Conversational AI synopsis

- Conversational AI is a technology suite that enables natural interactions driven by conversational intelligence between human and computers and is often used in conjunction with Intelligent Virtual Agents (IVA). It combines Natural Language Processing (NLP) capabilities with traditional software such as chatbots, voice assistants, or an Interactive Voice Response (IVR) to communicate with customers through either a spoken or typed interface
- Conversational AI offers advanced capabilities such as understanding human dialog, iteratively improving itself from previous conversations, performing complex tasks, and providing a personalized experience to customers
- The use cases of conversational AI go beyond customer service, into areas such as HR support, IT helpdesk, sales, marketing, and supply chain / procurement

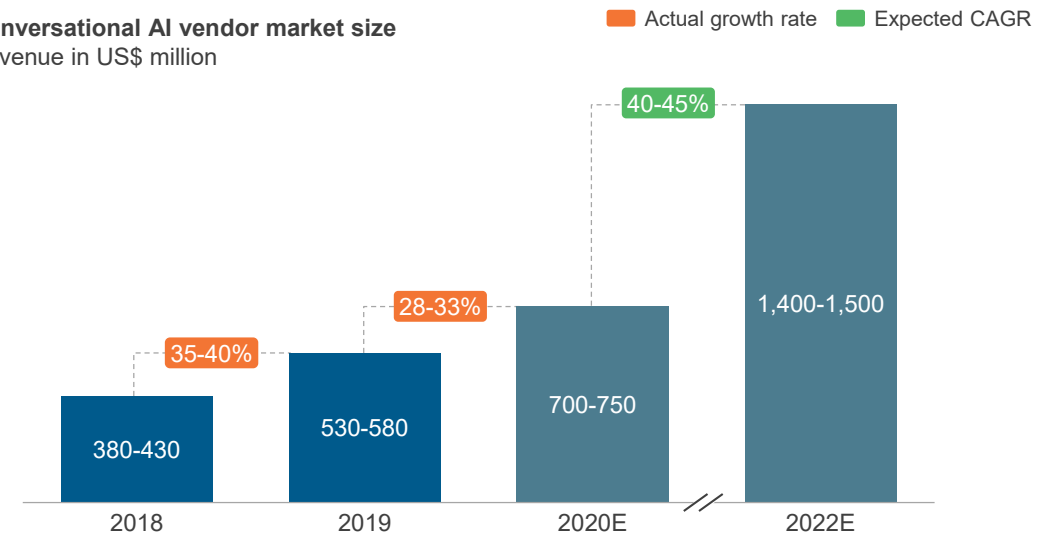


### Conversational AI market overview and adoption trends

- The conversational AI market was estimated to be around US\$700-\$750 million in 2020. Its adoption slowed down slightly in H1 but subsequently picked up in the second half of the year and will continue to grow in the next 12-18 months
- BFSI and telecom are the leading adopters with more than 50% share of the market, and they continue to exhibit strong growth. Technology, government, and healthcare observed the highest growth in the last 12 months
- North America leads the overall adoption of conversational AI solutions, given the high maturity of the contact center market in the region; however, other major geographies, such as the United Kingdom, Asia Pacific, and Latin America, are experiencing stronger growth
- Chat continues to be an established medium of communication for conversational AIs; however, the voice channel is growing at a much faster rate
- Although large buyers account for the bulk of conversational AI adoption, small and mid-sized buyers are rapidly picking up their pace of adoption

### Conversational AI vendor market size

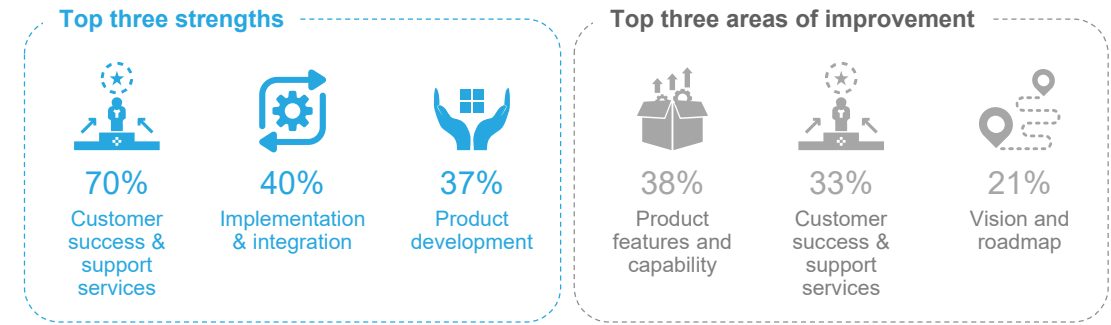
Revenue in US\$ million



## Summary of key messages (page 2 of 3)

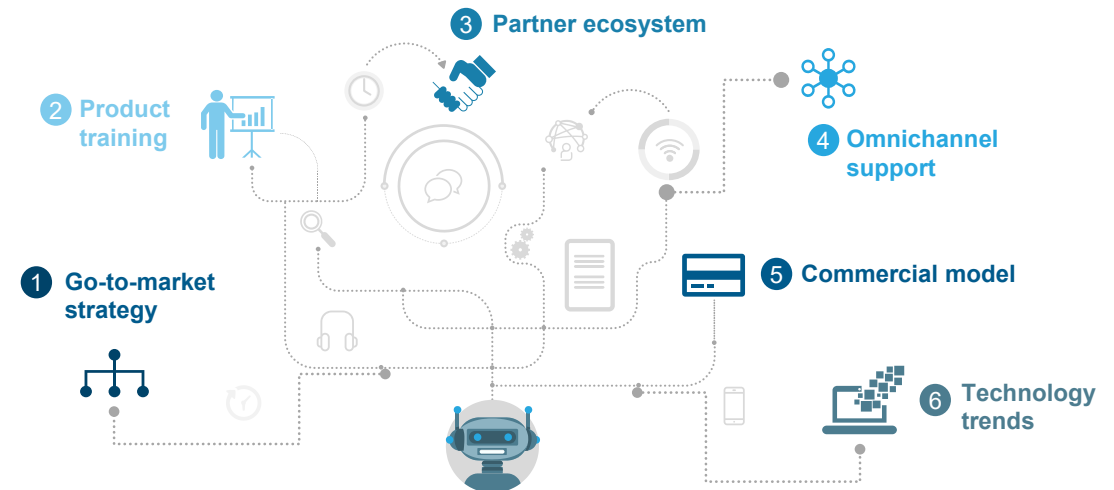
### Buyer expectations

- Buyers have shown high satisfaction with their conversational AI vendors on overall performance; however, there is scope for them to improve on certain subdimensions such as achieving faster RoI and enhancing revenue
- Conversational AI vendors need to focus on pre-built domain-specific intent libraries, as well as on the platform’s ability to provide better insights on operational, customer, and agent analytics
- Vendors can also improve on their vision & product roadmap as there seems to be a large variance in the performance in this criteria between the top players and the rest of the market
- Most buyers called out product features and capabilities as an area of improvement for vendors, depicting the gap between buyer expectations and the current state of solutions in the market
- Customer success & support is an important dimension for buyers, and has been highlighted as both a strength and an area of improvement for technology vendors



### Conversational AI solution characteristics

- Enterprises can opt for off-the-shelf, platform-based, or customized solutions, depending on their requirements
- The majority of vendors have processes as well as industry-specific pretrained intents to enable faster deployments. BFSI, retail, and telecom are the most common industries for which vendors have already pre-built intents in place
- Hybrid cloud deployments, which provide seamless data exchange between the cloud platform and on-premise applications, have grown considerably in demand
- Vendors have invested in building a partner ecosystem, which not only helps vendors in extending the capabilities/integrations of their product, but also ensures that their focus is more on building their core product and less on providing professional services
- Conversational AI vendors mostly leverage a usage-based pricing model, wherein clients are charged based on the number of interactions; the outcome-based model is gradually gaining prominence

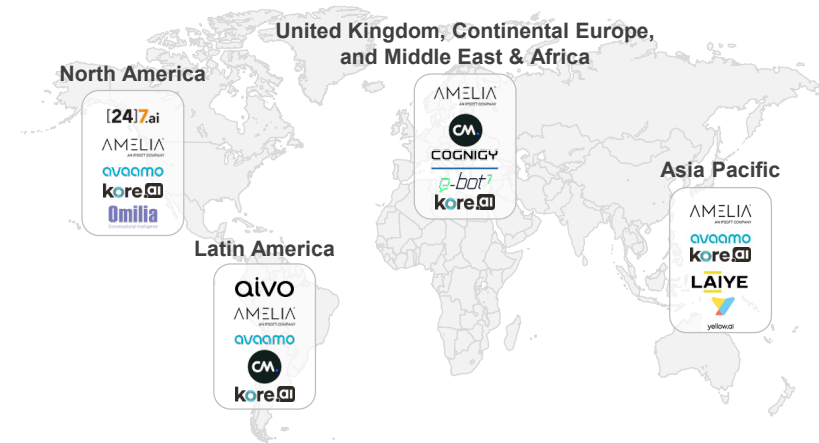




## Summary of key messages (page 3 of 3)

### Conversational AI vendor landscape

- Amelia and [24]7.ai are amongst the largest players across most of the leading industries; Avaamo and Kore.ai are the other leading players across many industries
- Amelia and Laiye are the leading players across major processes including customer support and IT helpdesk, which account for most of the market revenue
- Amelia and Kore.ai are among the leading players across all geographies, while Avaamo is among the leading players in three geographies
- Conversational AI vendors are investing to improve their technology capabilities, increase geographical footprint, and expand their partner ecosystem
- Vendors invest most of their talent in product development, followed by support services and sales reinstating the growing importance of pre and post sales support to help clients realize maximum benefits



### Barriers, best practices, and future outlook

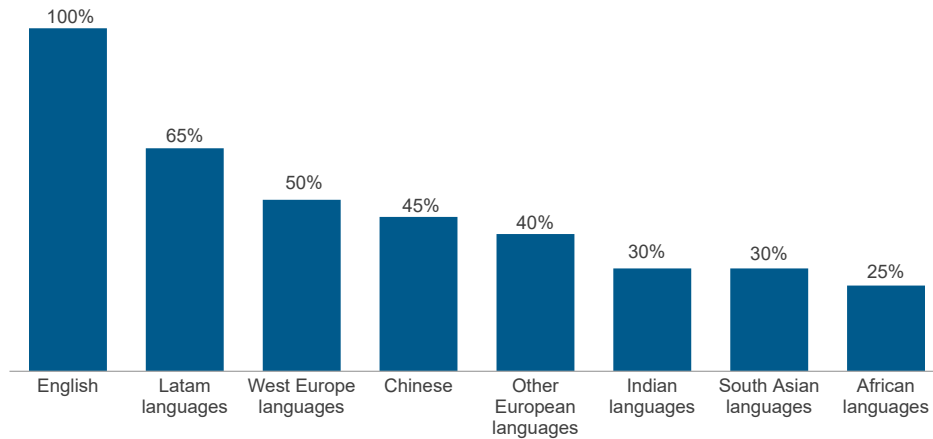
- **Barriers:** legacy system friction, scarce training data, security & privacy, expectations mismatch, and cost of implementation and time to RoI
- **Best practices:** identifying the right use cases, change management, iterative conversational flow development, experience in creating the right user experience in specific industries/use cases, and availability of data and APIs
- **Future outlook:**
  - The market experienced some acquisitions in last 12-18 months. Going forward, more such acquisitions are expected to take place by service providers and technology vendors to expand their capability and offerings
  - Agent-assist solutions are increasingly being adopted by contact centers and are expected to become mainstream as more agents continue to work remotely
  - With the help of advanced analytics, conversational AI will be able to profile customers based on interactions data to predict their behavior



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

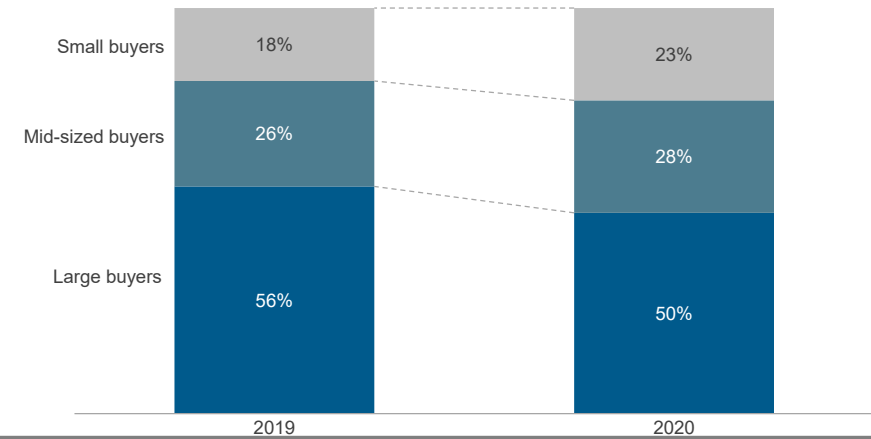
## Market Overview

Language groups supported by vendors  
Percentage of vendors



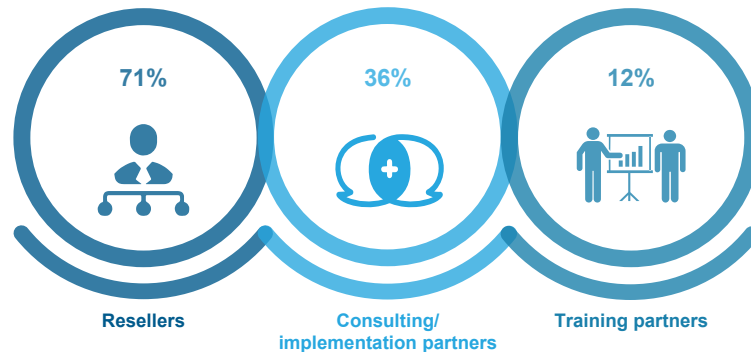
## Market size and adoption trends

Adoption of conversational AI by buyer size  
Percentage split of revenue; US\$ million



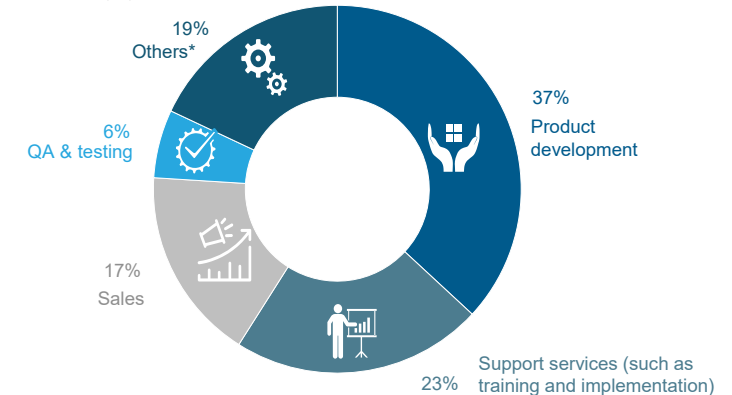
## Solution characteristics

Distribution of services partners by scope of partnership  
Percentage of partners



## Technology vendor landscape

Distribution of conversational AI vendor FTEs by type of work  
Percentage of FTEs



# Research calendar

## Customer Experience Management (CXM) Services

Published Planned Current release

### Flagship CXM reports

### Release date

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
Customer Experience Management (CXM) State of the Market Report 2021	October 2021
Conversational AI Technology Vendor Compendium 2021	October 2021
<b>Conversational AI – State of the Market Report 2021</b>	<b>October 2021</b>
Customer Experience Management (CXM) in EMEA – Service Provider Compendium 2021	Q4 2021
Customer Experience Management (CXM) – Service Provider Landscape in APAC with PEAK Matrix® Assessment 2021	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
Contact Center as a Service (CCaaS) Market Report	September 2021

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

# Research calendar

## Service Optimization Technologies (SOT)

Published Planned Current release

### Flagship SOT reports

	Release date
Intelligent Process Automation (IPA) – Solution Provider Landscape with Solutions PEAK Matrix® Assessment 2021	March 2021
Intelligent Document Processing (IDP) – Technology Vendor Landscape with Products PEAK Matrix® Assessment 2021	April 2021
Process Mining – Technology Vendor Landscape with Products PEAK® Matrix Assessment 2021	May 2021
Intelligent Document Processing (IDP) State of the Market Report 2021 – Key to unlocking value in documents	June 2021
Intelligent Process Automation (IPA) – State of the Market Report 2021	June 2021
Conversational AI – Technology Vendor Landscape with Products PEAK Matrix® Assessment 2021	August 2021
Conversational AI – Technology Vendor Compendium 2021	October 2021
<b>Conversational AI – State of the Market Report 2021</b>	<b>October 2021</b>

### Thematic SOT reports

	Release date
Accelerated Intelligent Automation (AIA) in Enterprises	May 2020
The 360-degree Enterprise Automation Playbook	May 2020
AI Start-ups Redefining Business Processes: Top 30 Trailblazers	December 2020
Understanding Cloud-native RPA	January 2021
Mine Your Journey to Digital Excellence	March 2021
Intelligent Document Processing (IDP) Playbook 2021	June 2021
Process Mining Playbook 2021	June 2021

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



Everest Group is a research firm focused on strategic IT, business services, engineering services, and sourcing. Our clients include leading global companies, service providers, and investors. Clients use our services to guide their journeys to achieve heightened operational and financial performance, accelerated value delivery, and high-impact business outcomes. Details and in-depth content are available at [www.everestgrp.com](http://www.everestgrp.com).

## Stay connected

### Website

[everestgrp.com](http://everestgrp.com)

### Social Media

 [@EverestGroup](https://twitter.com/EverestGroup)

 [@Everest Group](https://www.linkedin.com/company/everestgrp)

 [@Everest Group](https://www.facebook.com/EverestGroup)

 [@Everest Group](https://www.youtube.com/EverestGroup)

### Blog

[everestgrp.com/blog](http://everestgrp.com/blog)

### Dallas (Headquarters)

[info@everestgrp.com](mailto:info@everestgrp.com)

+1-214-451-3000

### Bangalore

[india@everestgrp.com](mailto:india@everestgrp.com)

+91-80-61463500

### Delhi

[india@everestgrp.com](mailto:india@everestgrp.com)

+91-124-496-1000

### London

[unitedkingdom@everestgrp.com](mailto:unitedkingdom@everestgrp.com)

+44-207-129-1318

### Toronto

[canada@everestgrp.com](mailto:canada@everestgrp.com)

+1-647-557-3475

*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.*