

Enterprise Pulse 2022: Solving the Talent Conundrum Around Availability, Attrition, and Reskilling of the Workforce

June 2022: Complimentary Abstract / Table of Contents



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Tracking: providers, locations, risk, technologies

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Introduction

- IT services and technology providers have fared well in terms of managing the implications of the post-pandemic world and have been successfully sustaining client satisfaction in 2021. We have seen an increase in overall satisfaction scores in 2021 vis-à-vis 2020
- Technology providers have also fared well in terms of adapting to the sudden shift in enterprise demands, and their investments in cloud, digital, and data have served as the perfect combination in plugging the IT services industry's supply-demand gap. More importantly, service providers and product vendors have demonstrated flexibility and responsiveness in handling client situations. However, issues around talent and attrition have hampered the overall service delivery
- Everest Group believes that it is imperative to understand the true picture around enterprises' technology investment priorities and their experience in working with technology and services vendors
- In this research, we present:
 - A summary of various enterprises' views on the capabilities of services providers they engage with across applications, digital, cloud and infrastructure, and platform services
 - Enterprises' views about their key investment priorities in technology and digital services in 2022
- The assessment is based on **496** unique interviews (not a survey), conducted in 2021, with enterprises globally across service lines such as application services, digital services, platform services, and cloud and infrastructure services across industries with 90 technology service providers in focus. These enterprises were nominated as reference clients by different service providers and product vendors studied across Everest Group's multiple PEAK Matrix® evaluations

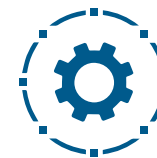
Scope of this report



Geography
Global



Interviews
496 interviews



Services
IT application services,
digital services, cloud and infrastructure,
and enterprise platform services



Technology service provider
90 global technology
service providers

Overview and abbreviated summary of key messages

This report examines enterprise views on the capabilities of their technology service providers across information technology services and the reasons for their satisfaction and dissatisfaction. It also looks at enterprises' future technology mandates and priorities.

Some of the findings of this report are:

Reasons for satisfaction and dissatisfaction

- Technology service providers' focus on more flexible and transparent commercials and client management increased enterprise satisfaction in 2021
- The major pain points for enterprises were talent attrition and challenges related to value-add, innovation, and domain expertise

Regional insights

- Enterprises in North America were more satisfied than those in the UK, Europe, and Asia Pacific, mainly because service providers in the region delivered better talent management, pricing models, and superior client management
- Additionally, enterprises in the UK and Europe expressed dissatisfaction with their technology service providers' pricing models and concerns around their lack of innovation. Enterprises in APAC were not satisfied with their technology service providers' knowledge management and also faced communication-related challenges

Service provider performance

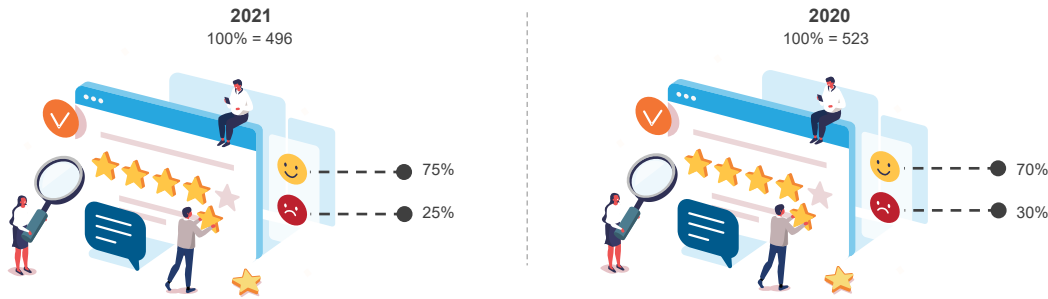
- Overall, technology service providers rose to the challenge and emerged as true enterprise partners, helping enterprises maintain business continuity during the pandemic, and enterprises have lauded them for their client management capabilities and commercials
- Technology service providers have realized the importance of talent management and have undertaken some initiatives to improve in this area; however, a lot more needs to be done

Talent management

- Enterprises are not satisfied with technology service providers in terms of ensuring talent availability based on their requirements, investing in L&D, and handling attrition
- Attrition has become a major problem for technology service providers and is impacting project timelines, costs, and quality. Enterprises are finding it hard to replace talent, and frequent replacements are hampering knowledge management

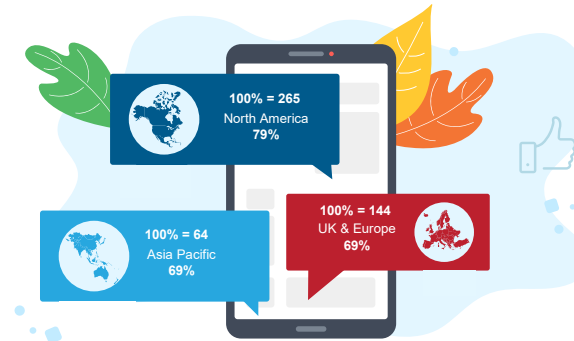
This study analyzes enterprises' expectations from service providers and provides a deep dive into their reasons for satisfaction and dissatisfaction from service providers; below are four charts to illustrate the depth of the report

Improvement in satisfaction level over the last year



- The proportion of satisfied customers increased by 5% in 2021 over the last one year, and 26% over the last two years
- Technology service provider's focus on better commercials and client management in 2021 increased the satisfaction of enterprises, as technology service providers became more customer-centric and offered flexible and transparent commercials
- The major pain points for enterprises are talent attrition, value-add and innovation, and domain expertise

Regional insights



- Enterprises in North America experienced higher satisfaction as compared with ones in the UK, Europe, and Asia Pacific, mainly because of better talent management, pricing model, and superior client management skills delivered by technology service providers in the region
- Also, enterprises in the UK and Europe have expressed dissatisfaction with their technology service provider's pricing models and their lack of innovation. Enterprises in APAC are not satisfied with their technology service provider's knowledge management and are also facing challenges in terms of interaction and communication

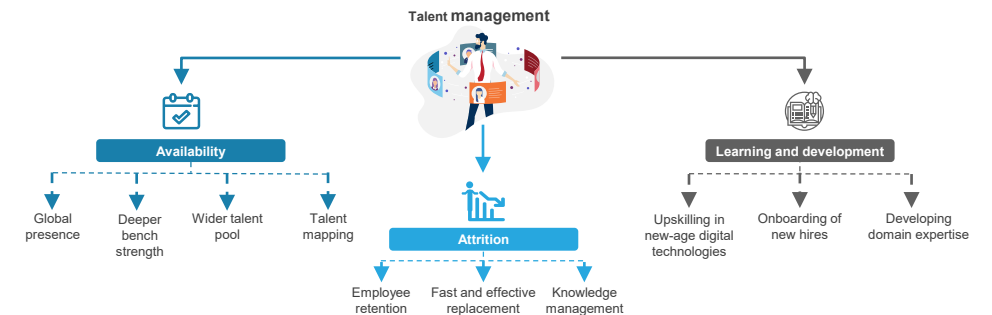
Performance by industry vertical

Satisfaction score in 2021 vs 2020 ↓ < -0.1 ↔ ≥ -0.1 & ≤ 0.1 ↑ > 0.1

Industry Vertical	Technical expertise	Domain expertise	Talent management	Commercials	Client management	Strategic partnership	Value add and innovation
BFSI	↑	↓	↑	↑	↑	↔	↑
Communication, media, and entertainment	↓	↓	↑	↑	↑	↑	↑
Electronics, high-tech, and technology	↓	↓	↑	↓	↑	↓	↑
Energy & utilities	↑	↑	↑	↑	↑	↑	↑
Healthcare & life sciences	↔	↑	↓	↔	↑	↓	↓
Manufacturing	↓	↔	↓	↑	↓	↓	↓
Retail, distribution, and CPG	↑	↑	↑	↓	↑	↑	↑
Travel & transportation	↓	↑	↓	↑	↔	↑	↓

- Technology service providers rose to the challenge and emerged as true enterprise partners, helping enterprises maintain business continuity during the pandemic and have been lauded for their client management capabilities and commercials
- A major area of dissatisfaction across verticals is technology service provider talent management and overall quality of talent

Talent management as the biggest reason for dissatisfaction



- In this era of remote working, talent management has become even more important for organizations to ensure their survival and growth. Enterprises are not satisfied with technology service providers in ensuring the availability of talent as per their requirements, investing in learning and development, and handling attrition
- Attrition has become a major problem for technology service providers and is impacting project timelines, cost, and quality due to the lack of skilled resources. Enterprises are finding it hard to replace the talent, and frequent replacements are hampering knowledge management

Research calendar

Information Technology

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
IT Managed Security Services (MSS) Provider Compendium 2021	July 2021
Cloud Services PEAK Matrix® Assessment 2022 – North America	December 2021
Cloud Services PEAK Matrix® Assessment 2022 – Europe	December 2021
Digital Workplace Services PEAK Matrix® Assessment 2022	December 2021
Cloud Services Provider Compendium 2022 – North America	January 2022
Data and Analytics (D&A) Services State of the Market Report 2022	January 2022
Contract Renewal – Information Technology (IT) Services 2022	March 2022
Integration Platform Trailblazers: Top 10 Start-ups Unifying Enterprise Applications	March 2022
Payments Systems Modernization for Products and Experience Innovation at Speed and Scale	April 2022
Enterprise Pulse 2022: Solving the Talent Conundrum Around Availability, Attrition, and Reskilling of the Workforce	June 2022
Connected Medical Device Services PEAK Matrix® Assessment 2021	Q2 2022
State of the Market – Interactive Experience (IX) Services 2022	Q2 2022
ServiceNow Service Provider Compendium 2022	Q2 2022
Unleashing the Power of AI for Business Transformation	Q2 2022
Digital Workplace - State of the Market Report	Q2 2022

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