Enterprise Pulse for Technology Services 2023: Sharp Decline in Customer Satisfaction

April 2023: Complimentary Abstract / Table of Contents

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

Yugal Joshi, Partner

Arun Prateek, Senior Analyst

Introduction

- IT services and technology providers have not fared well in terms of managing the implications of the post-pandemic world and have been unable to sustain client satisfaction in 2022. We have seen a decrease in the overall satisfaction scores in 2022 vis-à-vis 2021

- Client satisfaction is a critical aspect of the global technology services market. It helps in creating value for clients and service providers, deepening their relationship, maintaining healthy revenue streams, etc.

- Everest Group conducted 718 unique interviews of key stakeholders from multiple enterprises nominated as reference clients by 107 technology service providers globally, across Everest Groups' multiple proprietary PEAK Matrix® assessments done under 13 different research programs in 2022, to understand the satisfaction level with their service providers

- As part of this study, key stakeholders from enterprises were asked to rate their service partners on a variety of client satisfaction dimensions.

Scope of this report

Geography
Global

Interviews
718 interviews

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

Technology service provider
107 global technology service providers

Research methodology | enterprise pulse study

We conducted interviews[1] with enterprises that the following technology service providers nominated as reference checks for our various PEAK Matrix® assessment projects.

Each enterprise was asked multiple questions regarding their experience of working with specific technology service providers and their investment priorities.

4i Apps Solutions	Cask	Datamatics	Fractal Analytics	IBM	League	Mu Sigma	Quality Kiosk	Tata Communication	ValueMomentum
Accenture	CGI	DISYS	Ganit	IKOR	LTI	NTT DATA	Quantiphi	Tata Elxsi	Virtusa
Affine Analytics	Citius Tech	Duck Creek	GAVS Technologies	Indegene	LTTS	NXT Level	Quantori	TCS	Volteo Digital
Appian	CloudGo	DXC Technology	Genpact	Infinite	Majesco	OBS Studio	Reply	Tech Mahindra	Vuram
Applexus Technologies	Coforge	EdgeVerve	GFT	Infocepts	Mastek	Omega Healthcare	SG Analytics	Tenzing	Wipro
Aspire Systems	Cognizant	Emids Enable	Globant	Infogain	Maveric Systems	Optum	Sigmoid	TheMathCompany	WNS
Atos	Compucom	Enable Professional Services	Happiest Minds	Infosys	Medallia	Pactera EDGE	Silverline	Thirdera	Xebia
Avaloq	Course5i	EPAM	HARMAN DTS	Innover Digital	Microland	Persistent Systems	Sofftek	Tiger Analytics	Zensar
Birlasoft	Cybage Software	Factspan Analytics	HCLTech	ITC Secure	Milestone Systems	Plat4mation	SoftServe	To the new	
Brillio	Cyient	FinThrive	Hitachi Vantara	ITS	Mindtree	PwC	Sonata Software	Tredence	
Capgemini	Damco Solutions	FIS	HTC	Jade Global	Mphasis	Qualitest	Stefanini	Unisys	

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

Research methodology

We asked enterprises the following sample questions regarding their respective service partners:

- How would you rate your experience working with your provider on the following dimensions? (1 – lowest, 10 – highest)
  - Domain expertise
  - Technical expertise
  - Innovation / value addition
  - Pricing/commercials
  - Strategic partnership
  - Client management
  - Talent management
- What is your level of satisfaction with your technology service provider(s)?
- What differentiates your technology service provider from others offering similar services?
- What are the limitations of your technology service provider? In which specific areas would you like to see increased investment from your provider?
- What are your top three investment priorities for the next 12-18 months?

Key considerations we made during the analysis:

- Everest Group conducted 718 unique interviews of key stakeholders from multiple enterprises nominated as reference clients by 107 technology service providers globally, across many Everest Groups' proprietary PEAK Matrix® assessments done under 13 different research programs in 2022, to understand the satisfaction level with their service providers
- We aggregated the dimensional rating asked above to arrive at an overall client satisfaction. In earlier versions, clients were asked to provide an overall satisfaction rating on top of the dimensional ratings that were then used for analysis
- For client interviews where dimensional scores were absent, average of satisfaction scores calculated for other clients was used
- For providers' strengths and limitations, we considered service providers with at least three client interviews
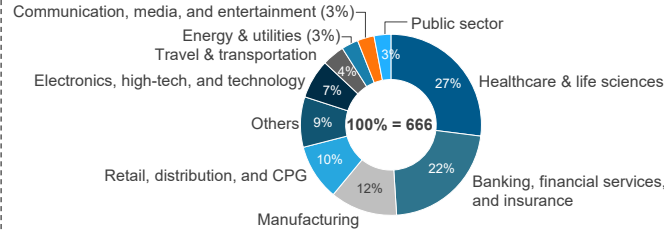
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This study offers a deep dive into enterprises' satisfaction level in key areas and states strengths and limitations of service providers; the four snapshots below from the report represent the depth of the research

Demographics of the research

Breakdown by enterprise size
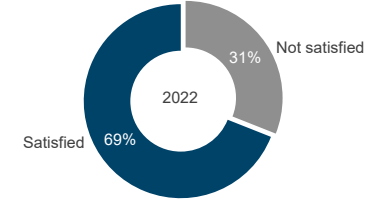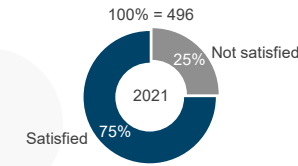2022; percentage of enterprises

- >US$60 billion: 10%
- <US$1 billion: 35%
- US$1-10 billion: 28%
- US$10-20 billion: 12%
- US$20-60 billion: 15%

100% = 666
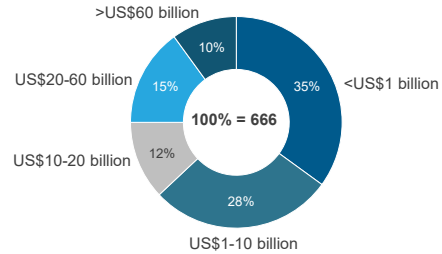
Breakdown by industry vertical
2022; percentage of enterprises

- Communication, media, and entertainment (3%)
- Energy & utilities (3%)
- Travel & transportation (4%)
- Electronics, high-tech, and technology (7%)
- Public sector (3%)
- Healthcare & life sciences: 27%
- Others: 9%
- Retail, distribution, and CPG: 10%
- Manufacturing: 12%
- Banking, financial services, and insurance: 22%

100% = 666

Enterprise satisfaction dipped sharply in 2022

Enterprises' overall satisfaction with technology service providers[1]
Percentage

2021: 100% = 496
- Satisfied: 75%
- Not satisfied: 25%

2022: 100% = 718
- Satisfied: 69%
- Not satisfied: 31%

- Unlike the year of the pandemic overhang, where even a little effort from the service provider created outsized enterprise satisfaction, the last year was all about tangible value add and innovations, which the service provider struggled to provide
- A sharp dip in enterprise satisfaction does not bode well for service providers. In 2023, poor enterprise satisfaction can result in a lower volume share for service providers that are not able to deliver the expected value

1 Satisfied: a satisfaction rating of 8 or above; Not satisfied: a satisfaction rating below 8 (out of 10)
Note: The methodology for overall satisfaction score is different. Please refer appendix for more details

Enterprises are not satisfied with large and mega providers, whereas small and midsized providers are creating better experiences

Percentage of enterprises satisfied with providers across different service provider revenue sizes[1,2]
2022; percentages

- XX% <US$1 billion
- XX% US$1-10 billion
- XX% US$10-20 billion
- XX% >US$20 billion

Small and midsized service providers are delivering higher levels of enterprise satisfaction due to their agility, client-centricity, and focus

Many clients believe XYZ are working in an autopilot mode. These clients believe such service providers are comfortable knowing switching costs are high and therefore, do not invest enough to drive higher client satisfaction

We expect XX% of enterprises to rebalance their service provider portfolios in 2023. This, unlike most rebalancing efforts, may potentially help small and midsized service providers

1   Service providers are classified based on their revenue; small <US$1 billion, mid US$1-10 billion, large US$10-20 billion, and mega >US$20 billion
2   Satisfied: a satisfaction rating of 8 or above; Not satisfied: a satisfaction rating below 8 (out of 10)
Note: The methodology for overall satisfaction score is different. Please refer appendix for more details
Source: Everest Group Key Issues Survey, Everest Group (2023)

What enterprises think of individual technology service providers

Service providers	Strengths	Limitations
Service Provider 1	• Account management and commercials flexibility • Insurance domain expertise and customer service	• Talent management • Internal and external communication
Service Provider 2	• Client management and strategic partnership • Manufacturing domain expertise and delivery speed	• Commercial flexibility • Talent availability
Service Provider 3	• Client management • Flexibility	• Next-generation capabilities and thought leadership • Agility and legacy internal processes
Service Provider 4	• Client management • Healthcare domain expertise	• Commercial flexibility • Bench strength and meeting deadlines
Service Provider 5	• Technical expertise and consulting capabilities • Talent management and thought leadership	• Commercial flexibility • Domain expertise

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Research calendar
Information Technology Services

Published   Planned   Current release

Reports title	Release date
Guidewire Services – Provider Compendium 2023	Jan 2023
Healthcare Customer Experience Platforms PEAK Matrix® Assessment 2023	Jan 2023
Industry Insights – Retail and CPG	Jan 2023
Insurance Solutions Specialist Trailblazers 2023	Feb 2023
Advanced Analytics and Insights (AA&I) Services PEAK Matrix® Assessment 2023	Feb 2023
An Enterprise Guide to Building Scalable Digital Product Experiences	Feb 2023
Digital Transformation Consulting Services PEAK Matrix® Assessment 2023	Mar 2023
Metaverse: the New Gateway to Enhance Stakeholder Experience	Mar 2023
Life Sciences Decentralized Clinical Trial Platforms State of the Market 2023	Mar 2023
Enterprise Pulse for Technology Services 2023: Sharp Decline in Customer Satisfaction	**April 2023**
Cybersecurity Services State of the Market	Q2 2023
Application Automation Services PEAK Matrix® Assessment 2023	Q2 2023
State of the Market-Enterprise Blockchain Services	Q2 2023
Medical Device Digital Services PEAK Matrix® Assessment 2023	Q2 2023
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Stay connected

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

Toronto
canada@everestgrp.com
+1-647-557-3475

Website
everestgrp.com

Social Media
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