Enterprise Pulse for Technology Services 2024: Client Satisfaction Remains a Challenge

April 2024: Complimentary Abstract / Table of Contents

Market Report

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

Yugal Joshi, Partner

Arpita Dwivedi, Practice Director

Vyom Nagaich, Senior Analyst

Introduction

IT services and technology providers have been struggling to align well with enterprises expectations amid slow business growth and have been unable to improve client satisfaction in 2023, apart from major global service providers. We have seen a slight decrease in the overall satisfaction scores in 2023 vis-à-vis 2022

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 890 unique interviews with key stakeholders from multiple enterprises nominated as reference clients by 146 technology service providers globally, across Everest Groups' multiple proprietary PEAK Matrix® assessments done under 15 different research programs in 2023, to understand their satisfaction levels 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

Industry: 890 interviews

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

Technology service provider: 146 global technology service providers

Overview and abbreviated summary of key messages

This report examines 890 unique interviews of key stakeholders from multiple enterprises nominated as reference clients by 146 service providers globally. It provides an in-depth evaluation of the feedback across different satisfaction dimensions, based on various parameters such as geography, revenue, and industry. Maintaining client satisfaction is a vital aspect of the global technology services market as it creates value for both clients and providers, deepens their relationship, and ensures healthy revenue streams.

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

Percentage of overall satisfied customers declined to 67.5% from 69%

- Mid-tier enterprises experienced a notable drop in satisfaction
- Mega enterprises' satisfaction with service providers improved significantly

Service providers improved on two out of the six critical satisfaction dimensions

- Service providers have improved in delivering strategic value as well as in their talent-management practices
- Large service providers delivered better satisfaction to their clients; this will help them endure vendor consolidation initiatives by enterprises
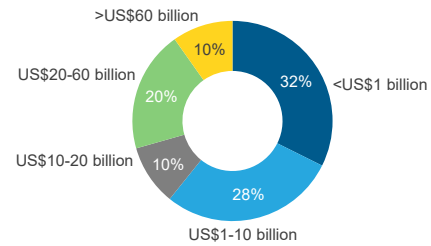
The economic landscape is prompting service providers to focus on recession-resistant industries

- Energy, retail, and public sector enterprise seem to be a safer bet for service providers in 2024
- Enterprises from the HLS, CME, BFSI, and electronics, hi-tech, and technology sectors were most satisfied
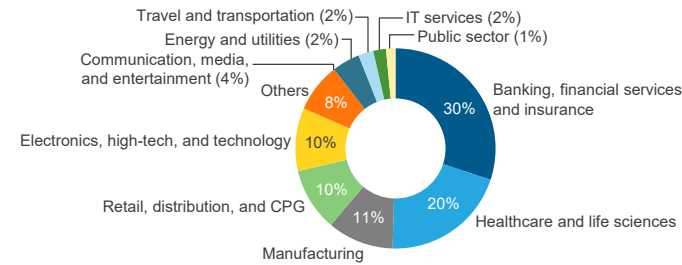
This study offers a deep dive into enterprises' satisfaction level and states service providers strengths and limitations; the snapshots below represent the research's depth
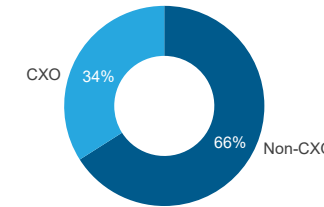
Demographics of the research

Breakdown by enterprise size
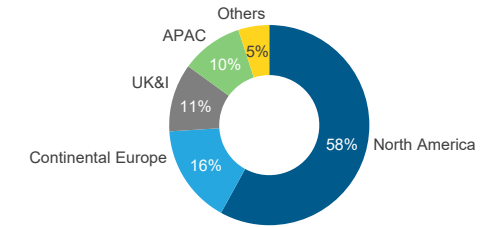2023; percentage of enterprises
100% = 890

- >US$60 billion
- US$20-60 billion — 20%
- US$10-20 billion — 10%
- US$1-10 billion — 28%
- <US$1 billion — 32%
- 10%

Breakdown by industry vertical
2023; percentage of enterprises
100% = 879

- Travel and transportation (2%)
- IT services (2%)
- Energy and utilities (2%)
- Public sector (1%)
- Communication, media, and entertainment (4%)
- Others — 8%
- Electronics, high-tech, and technology — 10%
- Retail, distribution, and CPG — 10%
- Manufacturing — 11%
- Banking, financial services, and insurance — 30%
- Healthcare and life sciences — 20%

Breakdown by buyer designation
2023; percentage of total discussions
100% = 851

- CXO — 34%
- Non-CXO — 66%

Breakdown by geography
2023; percentage of enterprises
100% = 890

- Others — 5%
- APAC — 10%
- UK&I — 11%
- Continental Europe — 16%
- North America — 58%

Enterprise satisfaction improved significantly for large providers

● Satisfaction increased ● No change ● Satisfaction decreased

68%
> US$20 billion

Many clients believe that very large service providers (>US$10 billion) add value with their vast experience to shape the vision through project roadmaps. Enterprises also appreciate the flexibility in commercials and scope provisioned by such service providers, resulting in a 7% increase in satisfaction levels

70%
US$10-20 billion

68%
US$1-10 billion

Small and midsized service providers delivered the lowest enterprise satisfaction, primarily highlighted by lower client ratings on value addition through innovation and domain knowledge. Clients also highlighted knowledge instability arising due to attrition in such enterprises

66%
< US$1 billion

Small and midsized service providers could not capitalize on the anticipated increase in business arising from the vendor rebalancing trend, which may potentially help small and midsized service providers

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

Research calendar
Information Technology Services

Reports title	Release date
Digital Interactive Experience (IX) Services in North America – Provider Compendium 2023	November 2023
Operational Technology (OT) Security Products PEAK Matrix® Assessment 2023	November 2023
Shifting Gears: Embracing Experience Level Agreements (XLAs) for Experience Excellence	December 2023
FinOps for Enabling Value in Cloud: Unveiling the Top 10 Multi-cloud FinOps Visibility Tool Providers	December 2023
Generative AI for the Future of Application Services – Propelling Productivity and Reshaping Cost Paradigms	January 2024
Accelerating Clients' Cloud Journeys: IT Services and Cloud Provider Partnerships to Drive Ecosystem Value	January 2024
Driving Sustainability in Retail and CPG industry: A Business Model Transformation Approach	January 2024
Enterprise Pulse – Top Five Emerging Application Service Providers	February 2024
Customer Data Platform (CDP) State of the Market 2024	February 2024
IT Services CXO Insights: Key Issues Study 2024	March 2023
Enterprise Pulse for Technology Services 2024: Client Satisfaction Remains a Challenge	April 2024
Cybersecurity Services State of the Market	Q2 2024
Application Automation Services PEAK Matrix® Assessment 2024	Q2 2024
State of the Market-Enterprise Blockchain Services	Q2 2024
Medical Device Digital Services PEAK Matrix® Assessment 2024	Q2 2024
Navigating Enterprise Modernization with a Holistic Cloud Modernization Approach	Q2 2024

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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
+1-214-451-3000

Website
everestgrp.com

Blog
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