iSG Provider Lens™

ISG Star of Excellence™ – 1st Quarter 2022 CX Index

A quarterly report on technology CX trends across **industries**
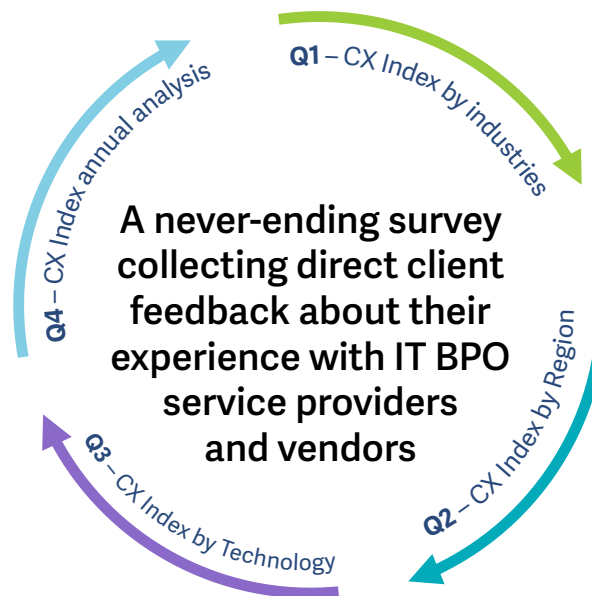
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ISG Star of Excellence™ CX Index

Welcome to the inaugural edition of the ISG Star of Excellence™ CX Index, the first in a series of quarterly reports that will shed light on what enterprise buyers really think about their IT and business services providers.

The ISG CX Index is the only research series of its kind based on continuous feedback from enterprise customers, gathered through ISG's ongoing Voice of the Customer survey.

This first ISG CX Index report focuses on customer experiences across industries. Subsequent reports will examine customer experience by geographic region and by technology stack. A final report each year will summarize customer experience across the entire provider landscape, viewed within the context of broader industry trends and technology developments.

We hope you find the insights contained in this report interesting and valuable. We welcome your feedback.

A never-ending survey collecting direct client feedback about their experience with IT BPO service providers and vendors

Q1 – CX Index by industries

Q2 – CX Index by Region

Q3 – CX Index by Technology

Q4 – CX Index annual analysis

What defines Tech industry CX?

ISG identifies six categories that define customer experience in the IT BPO services and technology industry

Six categories of customer experience

1. Business Continuity

2. Service Delivery

3. Governance and Compliance

4. Collaboration and Transparency

5. Innovation and Thought Leadership

6. People and Culture Fit

- Clients are asked to rate the importance of each of the six categories and then rate their service provider/vendor on each, on a scale of 1-100

- CX scores can be generated across industries, regions and technology domains, and for each service provider/vendor

Overall CX score =

**Sum of
(customer experience score out of
100 * relative category importance)
for each category**

weighted averaged method

Major Findings &
Customer Insights

Q1 2022 Highlights

- ISG received a majority of responses (61%) from enterprise customers in the Financial Services, Manufacturing, Business Services and Healthcare industries. Yet customers in Financial Services and Healthcare were the least satisfied with providers' overall services.

- Customers in the **Public Sector** were the most satisfied with their provider's services, followed by customers in from Business Services, with CX scores of 77.33 and 77.05, respectively.

- **Healthcare customers** were the least satisfied, with a CX score below 70. Regionally, **customers from EMEA** rated their IT service providers the lowest in terms of CX scores.

- **Execution and Delivery,** followed by **Governance and Compliance,** were the dimensions that received the highest CX scores across industries.

- The **Collaboration and Transparency** dimension received the lowest CX score, 71.63. This indicates providers need to maintain better communication on workloads and timeliness and be more open to suggestions.

- While **Execution and Delivery** were of prime importance for the majority of the providers, customers rated their providers with less CX scores for their ability to execute projects on time and consistency in high-quality work.

Industry-specific nuances drive respective CX scores

1. Business Services received a very high CX score. This industry is close to technology services and often the first to implement new concepts and achieve desired business results.

2. Customers in the Energy industry gave their providers very high marks for CX. Providers rated by these customers have a dedicated Energy / Utilities practice with decades of industry experience and association with their customers.

3. Customers in the Public Sector gave high CX scores to their providers for adherence to governance and security requirements and for having the necessary certifications.

4. Customers in Retail and CPG rated their providers with a low CX score. With greater awareness of changing consumer needs, providers are expected to identify features, processes and functions that lead to forward-thinking improvements, and providers are falling short in delivering on these expectations.

5. The Great Resignation has had a significant impact particularly on the Healthcare industry, where customers have been highly dissatisfied with their providers for their inability to hire agreed-upon resources.
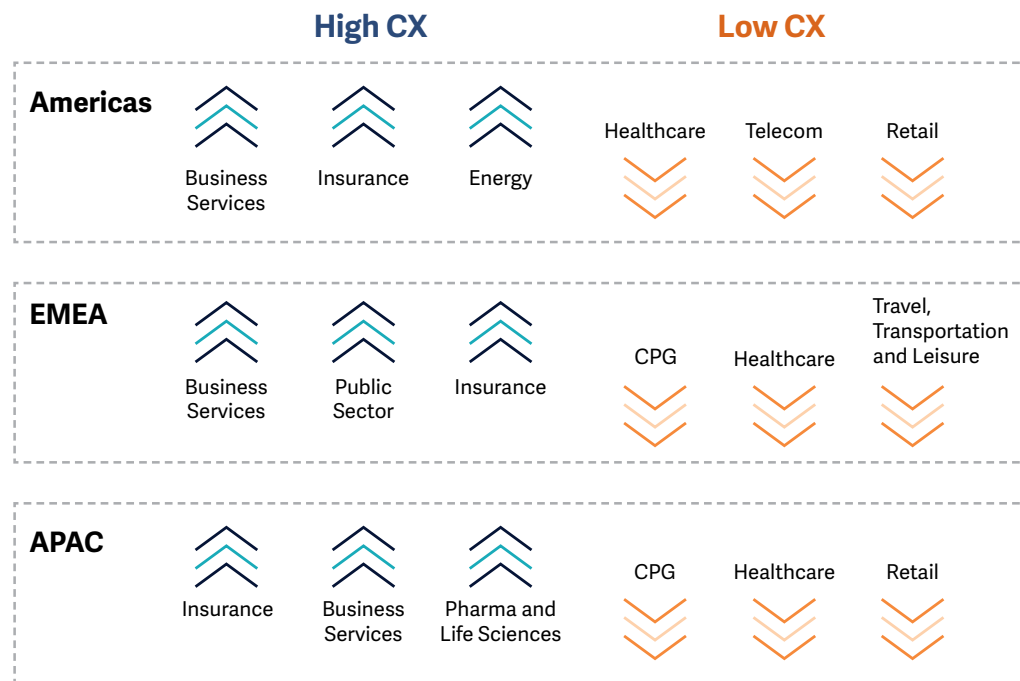
Industry	CX Score
Public Sector	76.00
Energy	74.82
Business Services	73.29
Manufacturing	72.40
Telecom and Media	71.77
Insurance	71.73
Pharmaceuticals and Life Sciences	71.72
Retail	70.90
Travel, Transportation and Leisure	70.88
Financial Services	70.84
Consumer Packaged Goods	69.64
Healthcare	69.29

Source: ISG Voice of the Customer Survey

Industry verticals with high and low CX are common across regions

1. Business Services and Insurance clients across regions rated providers with high CX for execution, policy compliance and high-quality work. Business services clients were satisfied with service transition and Insurance clients with providers' understanding of their business and industry.

2. Energy clients in the Americas are highly satisfied with service delivery and with providers demonstrating new techniques and tools.

3. Public Sector clients in EMEA and Pharmaceuticals and Life Sciences clients in APAC gave high CX scores to their providers for compliance with regulations and proactive engagements.

4. Healthcare clients were the least satisfied with their providers across regions, rating them low for lack of process improvements and communication.

5. Retail clients in APAC and the Americas were dissatisfied with their providers for not being open to constructive criticism. CPG clients in APAC and EMEA believed their providers do not support n continuous improvement.

6. Telecom clients in the Americas were dissatisfied with their providers for their inability to identify process improvement needs.

7. Travel, Transportation and Leisure industry clients in EMEA were not happy with their providers' lack of communication.

High CX   **Low CX**

Americas

High CX: Business Services, Insurance, Energy
Low CX: Healthcare, Telecom, Retail

EMEA

High CX: Business Services, Public Sector, Insurance
Low CX: CPG, Healthcare, Travel, Transportation and Leisure

APAC

High CX: Insurance, Business Services, Pharma and Life Sciences
Low CX: CPG, Healthcare, Retail

Source: ISG Star of Excellence Enterprise Survey

CX Scores by Business Functions

VMO and procurement generates highest and business operations lowest CX

- **Providers receiving highest CX from vendor management and procurement office** across industries highlight their efforts in building and maintaining client relationships.

- **Providers received the lowest CX scores from operations' business leaders across industries.** This highlights a huge gap in providing visible benefits at business operations level.

- For vendor management and procurement functions in Pharmaceuticals and Public Sector, clients gave the lowest CX scores to providers, while IT and digital leaders were most satisfied with the providers in these industries. This highlights **changing roles that front-face, choose and evaluate providers beyond relationship building** in the Pharmaceuticals industry and complicated provider selection and contract management by Public Sector clients.

- **Digital operations** leaders were most satisfied with their providers in industries **witnessing changing client and end-customer focus on digital technologies** in the post-pandemic world, such as in the Travel Transportation and Public Sector

Industry/Role	Vendor Management & Procurement	Information Technology	Digital Leaders	Operations
Business Services	★★★★	★★	★★★	★
Consumer Packaged Goods	★★★★	★★★	★★	★
Financial Services	★★★★	★★★	★★	★
Healthcare	★★★★	★★★	★★	★
Insurance	★★★★	★★★	★★	★
Manufacturing	★★★★	★★★	★★	★
Telecom and Media	★★★★	★★★	★★	★
Retail	★★★	★★★★	★★	★
Energy	★★	★★★★	★★★	★
Pharmaceuticals and Life Sciences	★	★★★★	★★★	★★
Public Sector	★	★★★	★★★★	★★
Travel, transportation and leisure	★★	★★★	★★★★	★

★★★★ Highest CX   ★★★ High CX   ★★ Low CX   ★ Lowest CX

Source: ISG Star of Excellence Enterprise Survey

Pandemic impacts technology areas with highest or lowest CX

- **Intelligent Automation making extensive inroads:**
  Four industry verticals rated intelligent automation services with the highest CX scores. This demonstrates providers' improved capabilities to deeply understand client business processes in these industries.

- **Container technology delivers promises:**
  Services related to cloud container technology received highest CX for three industries that need faster and scalable cloud–based applications.

- **Marketing Technologies as an area of improvement for providers:**
  The industry that rated services related to marketing technologies with the lowest CX scores is Travel Transportation and Leisure that was majorly hit because of the pandemic. Providers have a huge opportunity to develop and provide services to these industries.

- **Digital Business Transformation fails to meet expectations:**
  Telecom and Media and Insurance industries witnessed a massive upheaval in the post pandemic world with digital technologies and services not matching expectations.

Industry/Technology	Highest CX scores	Lowest CX scores
Consumer Packaged Goods	Intelligent Automation services	SaaS Solutions (HCM, CRM and ERP)
Public Sector	Intelligent Automation services	SaaS Solutions (HCM, CRM and ERP)
Pharmaceuticals and Life Sciences	Intelligent Automation services	Marketing Technologies services
Travel, transportation and leisure	Intelligent Automation services	Marketing Technologies services
Financial Services	Cloud Native Container services	Marketing Technologies services
Insurance	Cloud Native Container services	Digital Business Transformation services
Telecom and Media	Cloud Native Container services	Digital Business Transformation services
Business Services	Industry-Specific technology services	Internet-of-Things services
Energy	Software Defined Network services	Enterprise Service Management
Healthcare	Internet-of-Things services	Software Defined Network services
Manufacturing	Analytics services	Industry-Specific technology services
Retail	Internet-of-Things services	Analytics services

■ Highest CX   ■ Lowest CX

Source: ISG Star of Excellence Enterprise Survey

Author & Editor Biographies

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Mrinal Rai is the Principal analyst for Digital Workplace and enterprise collaboration. His area of expertise is digital workplace services and enterprise social collaboration both from a technology and business point of view. He covers key areas around the Workplace and End User computing domain viz., modernizing workplace, Enterprise mobility, BYOD, VDI, managed workplace services, service desk and modernizing IT architecture. In Social business collaboration, he focuses on enterprise social software, content collaboration, team collaboration, social media management and chatbot platforms. He has been with ISG for close to 10 years and has more than 15 years of industry experience. Mrinal works with ISG advisors and clients in engagements related to workplace modernization, social intranet, collaborative workplace, cloud-based VDI, end user computing and service desk. He is also the ISG official media spokesperson in India.

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Tarun Vaid is the Senior Lead Analyst covering service line such as Digital Business and SAP Ecosystem. Tarun brings in more than decade of research experience across covering areas such as enterprise application, data management, digital transformation, and SAP Services. Some of the ley research work delivered by Tarun covers tracking IT spending across enterprise application software, drafting though leadership, consulting clients on latest trend and business use cases. Additionally, he has been responsible for delivering end-to-end research projects, working along with internal stakeholders in delivering various consulting projects.

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Heiko Henkes is a Director and Principal Analyst at ISG; in his role as Global ISG Provider Lens™ (IPL) Content Lead and Program Manager, he is responsible for strategic business management and acts as thought leader for IPL Lead Analysts. In his role as ISG Star of Excellence™ (SOE) Product Owner, he leads the program design and IPL integration. His core competencies are in the areas of defining derivations for all types of companies within their IT-based business model transformation. Within this context, Mr. Henkes supports companies to undergo continuous transformation, combining IT competencies with sustainable business strategies and change management. He acts as Keynote speaker in the context of digital innovation.

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ISG

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