

## NEAT EVALUATION FOR HGS:

# Marketing BPS

### Market Segment: **Digital Marketing Execution**

*This document presents HGS with the NelsonHall NEAT vendor evaluation for Marketing BPS (Digital Marketing Execution market segment). It contains the NEAT graph of vendor performance, a summary vendor analysis of HGS in Marketing BPS, and the latest market analysis summary for Marketing BPS. An explanation of the NEAT methodology is included at the end of the document.*

*The vendors researched are: Cognizant Technology Solutions, Concentrix, Genpact, HCL Technologies, HGS, Infosys, Minacs Worldwide Inc., Tech Mahindra, WNS Global Services, Wipro, Xerox Services, and transcosmos.*

## Introduction

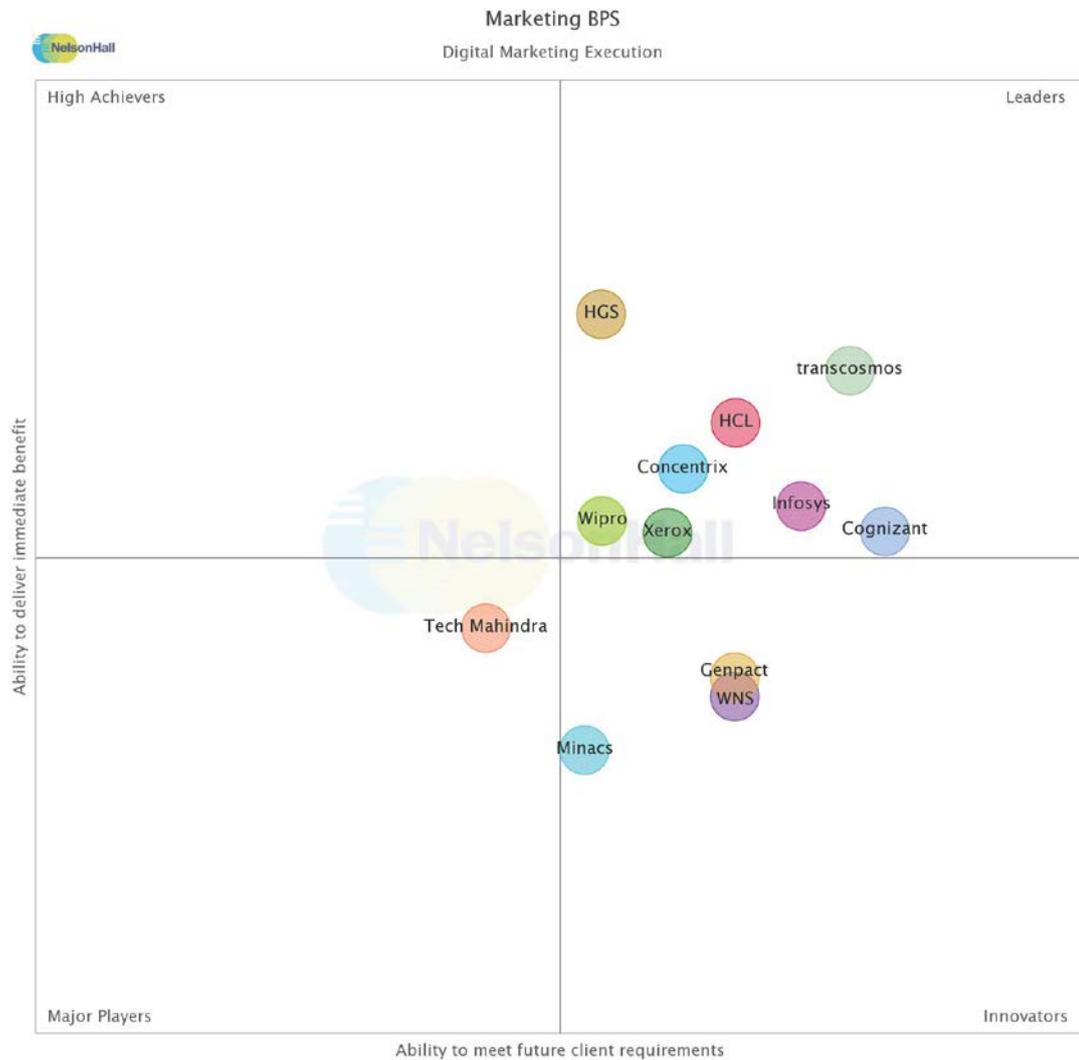
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NelsonHall has assessed and evaluated HGS' proposition against demand for Marketing Business Process Services, and has identified HGS as a Leader in the Digital Marketing Execution market segment, as shown in the NEAT graph on page 2.

The Digital Marketing Execution market segment reflects HGS' ability to meet future client requirements as well as delivering immediate benefits to Marketing BPS clients with a specific focus on digital marketing.

Mike Cook, principal CMS analyst with NelsonHall, said "HGS has developed advanced capabilities to manage and execute digital marketing content, social media marketing and creative content management on behalf of clients in the U.S., U.K. and APAC."

## NEAT Evaluation: Marketing BPS (Digital Marketing Execution)



Source: NelsonHall 2015

Buy-side organizations can access the Marketing BPS NEAT tool (Digital Marketing Execution) [here](#).

## Vendor Analysis Summary for HGS

### Overview

In 2003 Hinduja TMT entered the Philippines through the acquisition of Manila based contact center vendor C-Cubed Solutions. The same year it acquired Source One Communications in New Jersey, marking its first move into the U.S.

In 2006 Hinduja TMT restructured its business and broke off its BPS business into a new company called Hinduja Global Services (HGS). HGS was listed on the Mumbai stock exchange in June 2007; at this time the company also expanded its U.S. capability through the acquisition of Affina, an Illinois based contact center vendor.

In 2010 HGS acquired a digital marketing agency in Bombay, marking its first move into the marketing BPS market. Following this, HGS has expanded into the U.S. and U.K., driven by client demand.

In 2012 HGS began partnering with Nice and Verint in order to develop its analytics offerings in support of both its marketing and CMS BPS services.

At present, Nelson Hall estimates that HGS has 48 marketing BPS clients, supported by ~9k agents.

HGS is beginning to see an increased scope of marketing BPS offering take up from its Asian client base. An Indian paint manufacturer and an online fashion retailer are using HGS' digital content, campaign and media, social media marketing and loyalty program management services.

In support of a global paint manufacturer, HGS initially re-engineered the client's website, including a mobile version, and set up a Facebook and Twitter presence to tie in with a popular color festival in India. HGS also 'SEO'd' these pages across different categories, and took over the running of the company's social presence, including running all aspects of the color festival campaign and building traffic flow around this. HGS worked within guidelines set out by the client and was authorized to respond to first level complaints. A game was also launched in support of the color festival to help build brand awareness.

### Financials

NelsonHall estimates HGS' marketing BPS revenues for CY 2014 (ending 31 December 2014) at ~\$170m, representing ~40% of overall revenues.

## Strengths

- Proven ability to provide end to end marketing BPS support
- Ability to fully run and manage social media marketing campaigns
- Strong delivery presence in APAC and the U.S.
- Repeat business from marquee clients
- Proven e-commerce management
- Ability to provide creative support.

## Challenges

- Limited EMEA delivery presence could prove a hindrance in winning further business with U.S. multinationals in this region
- Limited evidence of large scale email campaign management contracts.

## Strategic Direction

Moving forward, HGS is looking to further entrench itself within its current client portfolio and to establish relationships, primarily with U.S. companies in the CPG, telecoms, BFSI and healthcare industries. It will look to leverage its content and campaign management experience in support of BFSI and healthcare clients, and its ecommerce and customer journey analysis in support of CPG and telecoms clients.

In terms of its current client base, HGS is looking to begin targeting U.S. clients for end to end marketing BPS support, as it has done for two Asian based clients to date.

## Outlook

HGS has completed two extensive marketing BPS contracts, offering end to end marketing BPS engagement, moving from initial website design and optimization through to social media, ecommerce and campaign management. Both of these contracts were in support of Asian clients.

With the company's focus on the U.S. market, the real challenge will be to cross-sell these full, end to end marketing BPS contracts into its U.S. portfolio. At present there is limited appetite among U.S. organizations to outsource this extent of marketing BPS services.

HGS' lack of European delivery, and therefore relatively limited European marketing language capability, could prove a hindrance when looking to deliver marketing BPS support to U.S. multinationals.

## Marketing BPS: Market Summary

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### Success Factors

The critical success factors for marketing BPS are:

- With 70% of contracts supporting multiple business needs, vendors need to be able deliver on these multiple outcomes through a combination of shoring, service line provision and accuracy of support
- With digital content management the largest service line in the marketing BPS market (at 47%), vendors need to be able to provide micro website design, SEO, multi-channel content, and localization and translation support
- Offshore support for digital content management and analytics support are critical, with cost take-out a predominant driver in the marketing BPS market
- The ability to offer multi-channel marketing content management is critical when targeting marketing BPS contracts, regardless of geography or vertical
- Vendors aiming to provide localization and translation support need specialized language hubs, most often in a nearshore location for the geography being supported
- Vendors need to be able to provide creative collateral design and support when targeting North American, U.K. and APAC clients. This has proven to be an effective entry point to further marketing BPS contracts, particularly in the U.S. and the U.K.
- Vendors providing creation content design and support need to have onshore delivery capability or have the ability to move operations into client sites.

### Future

Over the next few years:

- Traditional BPO vendors will look to capitalize on global footprints to build digital content management and campaign management capabilities. These vendors will also look to either acquire or develop in-house creative design and support departments in order to win further business from design agencies
- By 2018 traditional BPO vendors will have ~20% market share of the marketing BPS market, through high market growth rates
- Campaign and social media management marketing BPS service lines will grow significantly over the next four years, although digital content management will still be the largest marketing BPS service line
- The fastest growing marketing BPS services line will be creative design and support; much of this growth will be inorganic as traditional BPO vendors will look externally to grow capability in this service line

- The retail industry will be the fastest growing marketing BPS vertical through to 2018, although it will still be exceeded in overall size by the telecoms & media and BFSI verticals
- The driver for the adoption of outsourced marketing BPS support from traditional BPO vendors will shift further towards cost take out through to 2018. User organizations are looking to capitalize on the offshore capabilities of these vendors, rather than the largely onshore delivery models of digital agencies
- Pricing for marketing BPS will largely stay the same over the next year, although from 2017 onwards we will see an increased use of gainshare and quality based pricing models.

## NEAT Evaluations for Marketing BPS

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NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high ability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet client future requirements
- **High Achievers:** vendors that exhibit a high ability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet client future requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet client future requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

*Exhibit 1*

**‘Ability to deliver immediate benefit’: Assessment criteria**

| Assessment Category           | Assessment Criteria   |
|-------------------------------|---|
| Marketing Service Capability  | <ul style="list-style-type: none"> <li>Range of marketing services</li> <li>Digital content management</li> <li>Social media marketing management</li> <li>Campaign management</li> <li>Physical marketing support</li> <li>Loyalty program management</li> <li>Creative management</li> <li>Campaign management analytics</li> <li>Digital content management analytics</li> </ul> |
| Marketing Delivery Capability | <ul style="list-style-type: none"> <li>Global scale of operations</li> <li>Ability to support N. America</li> <li>Ability to support U.K.</li> <li>Ability to support Continental Europe</li> <li>Ability to support APAC</li> <li>Extent of vertical markets supported</li> <li>Marketing pricing mechanisms</li> <li>Marketing platforms</li> </ul>                               |
| Marketing Client Presence     | <ul style="list-style-type: none"> <li>Scope of client geographic presence</li> <li>Client presence, N. America</li> <li>Client presence, U.K.</li> <li>Client presence, Continental Europe</li> <li>Client presence, APAC</li> </ul>   |

*Exhibit 2*

**‘Ability to meet client future requirements’: Assessment criteria**

| Assessment Category | Assessment Criteria  |
|---------------------|--|
| Future Change Agent | <ul style="list-style-type: none"> <li>Suitability for future marketing operations</li> <li>Capability to expand marketing service provision</li> <li>Marketing BPS service innovation commitment</li> <li>Planned delivery expansion</li> <li>Organizational commitment to marketing BPS</li> </ul> |
| Financial Security  | <ul style="list-style-type: none"> <li>Financial rating</li> </ul>   |

For more information on other NEAT evaluations, please contact the NelsonHall relationship manager listed below.



[research.nelson-hall.com](http://research.nelson-hall.com)

#### Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

Guy Saunders at [guy.saunders@nelson-hall.com](mailto:guy.saunders@nelson-hall.com)

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