

NEAT EVALUATION FOR HGS:

CMS in High Tech

Market Segment: **Cost Reduction Focus**

This document presents HGS with the NelsonHall NEAT vendor evaluation for Customer Management Services (CMS) in the High Tech sector (Cost Reduction Focus market segment). It contains the NEAT graph of vendor performance, a summary vendor analysis of HGS for CMS in High Tech, and the latest market analysis summary for CMS in High Tech. An explanation of the NEAT methodology is included at the end of the document.

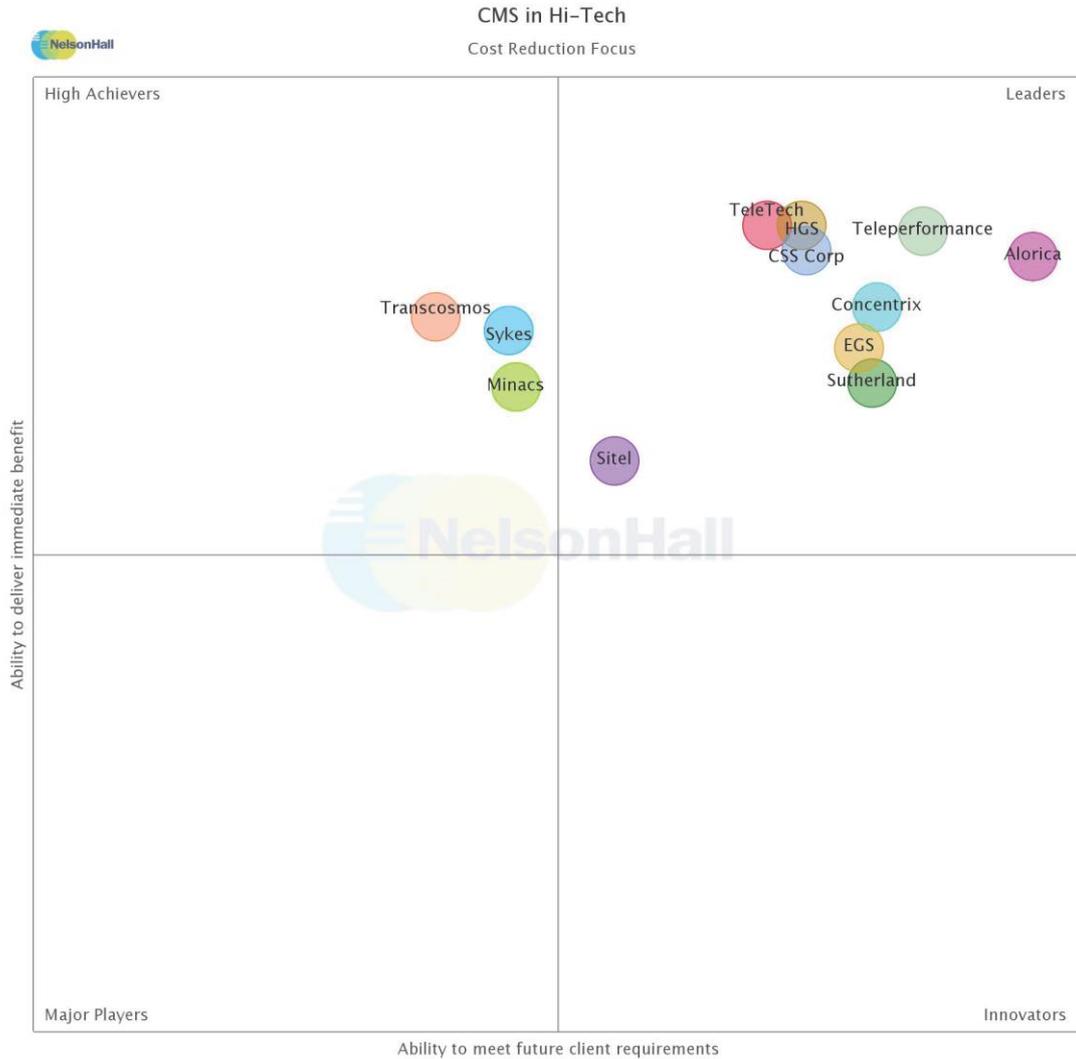
The vendors researched are: Alorica, Concentrix, CSS Corp, Expert Global Solutions (EGS), HGS, Minacs, Sitel, Sutherland, Sykes, Teleperformance, TeleTech, and Transcosmos.

Introduction

NelsonHall has assessed and evaluated HGS' proposition against demand for CMS in High Tech, and has identified HGS as a Leader in the Cost Reduction Focus market segment, as shown in the NEAT graph on page 2.

The Cost Reduction Focus market segment reflects HGS' ability to meet future client requirements as well as delivering immediate benefits to CMS clients in the High Tech sector with a specific focus on delivering cost reduction.

NEAT Evaluation: CMS in High Tech (Cost Reduction)



Buy-side organizations can access the CMS in High Tech NEAT tool (Cost Reduction Focus) [here](#).

Vendor Analysis Summary for HGS

Overview

HGS provides BPO services including contact center services, back-office transaction processing, domain analytics, process consulting solutions, and payroll processing.

HGS is headquartered in Bangalore, India. Currently, it operates 65 delivery centers in 12 countries, with ~37k employees.

HGS initially supported the high tech sector through a contract with a large television OEM, initially providing remote control program codes for TV set-up. Now, for this client, it is supporting smart TVs, connect to internet services, and support for other devices in the household.

NelsonHall estimates that HGS has ~20-25 high tech sector CMS clients. Approximately 40% of its clients are based in Japan, 30% in China, and 30% in the U.S. While HGS has clients headquartered in Japan and China, it is working with subsidiaries of these companies that are based in the U.S. and the Philippines.

HGS is targeting high tech companies in the U.S., Canada, and Europe as it plans to grow its business in this sector. From a priority perspective, it is mainly focused on the U.S. for growth, followed by Canada and Europe, and has sales teams focused on high tech in all three locations.

HGS is keen on providing a unified customer experience across channels, in an effort to support high tech devices in the entire home.

Due to volume fluctuation, HGS has ~1k to 2.2k agents supporting its CMS high tech clients from its contact centers in the U.S, Philippines, India, and the U.K. It also provides work at home agents (WAHA) based in the U.S., supporting its high tech clients. It has found that its high tech clients have large volume spikes during new product releases.

HGS has the ability to support its high tech organizations through 27 languages. Its current high tech clients require support in the following languages: English, French, German, Spanish, and Tagalog.

Financials

NelsonHall estimates HGS' CY 2015 CMS revenues as ~\$400m.

NelsonHall estimates HGS' high tech industry sector revenues to be in the range of ~\$60m.

Strengths

- Proprietary platform for multi-channel sales and support
- Ability to integrate and manage portions of company websites within multi-channel customer service and sales
- High levels of experience in supporting warranty registrations.

Challenges

- Limited amount of sales support provided to high tech clients
- HGS appears to have a low usage of WAHA as it supports the high tech sector.

Strategic Direction

HGS primarily plans to grow its CMS in high tech industry sector business by:

- Conducting channel preference research in an effort to provide increased CSAT and cost savings for its clients
- Considering its clients' websites as a channel not only for self-service but also to drive revenue and increase CSAT. HGS is managing a high tech client's website as a channel, and is in discussions with other high tech clients
- Its digital marketing team has created high quality videos to place on a client's website, to provide assistance with installation and self-technical support/troubleshooting. It plans to increase usage of these videos among its other clients.

Outlook

HGS is investing in its support of the digital household as part of its support of the high tech sector. In addition to supporting traditional high tech sector companies such as manufacturers of computer, TVs, cameras, and tablets, it has built relationships with non-traditional high tech manufacturers of products such as Wi-Fi-connected crockpots and high tech beds. It has increased its reach in supporting the expanding market.

From a channel perspective, HGS is not currently providing video chat support for high tech clients, but it is utilizing video in an innovative way by creating high quality videos to place on a client's website, to provide assistance with installation and self-technical support. It will continue to invest in channel preference research, and aims to grow its business of managing high tech company websites as a channel.

While HGS already has a strong portfolio of offerings for high tech companies, it has the opportunity to provide additional sales support to this sector. Look for HGS to increase its high tech clients' usage of its DNA solution, consulting clients on digital platform usage, and combining data and analytics to offer the right products through the best channel, at the right time.

CMS in High Tech: Market Summary

Overview

Voice interactions are increasingly being deflected to non-voice channels, primarily webchat, by high tech organizations. Complex interactions tend to remain in the voice channel, though some high tech organizations have moved entirely to a digital, non-voice, customer care and technical support framework.

Outsourced CMS in the high tech sector has delivered an average CSAT increase of 9% and double-figure cost reduction. High tech organizations are also experiencing reductions in product returns and revenue generation.

At present, approximately half of CMS delivery on behalf of the high tech sector is delivered from onshore with ~40% from offshore. WAHA is relatively widely used by CMS vendors in support of the high tech sector, though the numbers of WAHA agents are currently modest.

Market Size & Growth

The global outsourced CMS high tech market is currently estimated by NelsonHall to be ~\$5,850m and is expected to grow at 4.5% CAAGR to \$7bn by 2019.

Buy-Side Dynamics

The key drivers of use of CMS in the high tech sector are:

- Need for increased customer service quality and increased CSAT
- Cost reduction; typically driven by ensuring that complex calls are routed to the most specialized agents, a focus on truck roll reductions, and offshore/nearshore delivery options
- Increased revenue through subscription sales and renewals, as well as through paid technical support
- Expanded delivery footprint, typically includes increased language support
- Need to reduce level of product returns, typically achieved through strong installation and technical.

The areas of activity in the high tech sector have moved beyond customer care and retention, technical support, and collections/credit management, with increased emphasis now on revenue generation through paid-for technical support, operating integrated customer service, and sales across both OEMs and their channel partners, analyzing end to end processes to reduce product returns and truck rolls, and enhanced installation support.

Use of both video chat and online videos is increasing, particularly in support of pre-sales and product installation.

Success Factors

The key success factors for outsourced CMS in high tech include:

- Development of full end to end service capability from sales support, through installation support, customer care, technical support, paid technical support, to credit management
- Strong multishore delivery capability, including WAHA
- Expertise in end to end process improvement, specifically in reducing product returns and truck rolls
- Development of strong subscription sales and renewals support
- Ability to support out of scope and out of warranty customers through paid technical support. This offering supports customers as well as serving as a revenue generator for the client
- Strong multi-channel customer service capability including webchat and video chat
- Application of analytics in support of both identification of call drivers and in supporting cross-sell and up-sell opportunities.

Outlook

The key challenges and future direction for outsourcers in CMS in high tech include:

- Using analytics in support of process improvement. In particular, CMS vendors need to continue to enhance end to end processes to minimize product returns and truck rolls
- Developing customer experience enhancement and customer service across the wider value chain to provide integrated/end to end support and CMS services across both OEMs and their resellers/partners
- Application of video chat for customer care, initially using video chat to assist field technicians and gain expertise in the use of this channel, and subsequently using it for direct customer care. Video chat has a great deal to offer the high tech sector, as agents will be able more directly identify opportunities to reduce handle time and cost and increase CSAT
- Increasing the usage of home agents: the high tech sector still has much to overcome in the area of security to increase adoption of home agents. When the delivery model becomes more widely adopted, it will greatly aid in the recruitment of highly skilled technical support agents, as well as providing needed coverage for seasonal and promotional increases in call volumes.

NEAT Evaluations for CMS in High Tech

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
Sector Offering	<ul style="list-style-type: none"> Customer retention Installation support Revenue generation Analytics Technical support Range of channels Webchat Social media Video chat
Delivery Capability in Support of Regions	<ul style="list-style-type: none"> N. America Europe Rest of World
Customer Presence	<ul style="list-style-type: none"> Scale of operations: Overall Scale of operations: N. America Scale of Delivery: Europe Scale of Operations: RoW
Benefits Achieved	<ul style="list-style-type: none"> CSAT increase Cost reduction Pricing Perception of T&C value

Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Risk Factors	<ul style="list-style-type: none"> Financial rating Commitment to sector
Suitability as Strategic Partner	<ul style="list-style-type: none"> Mechanisms for helping clients achieve innovation Perceived suitability as key partner Future CSAT benefit Future cost reduction Future increased quality Future technical support

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



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

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