



Customer Experience Management (CXM)

Market Analysis

3 February 2022

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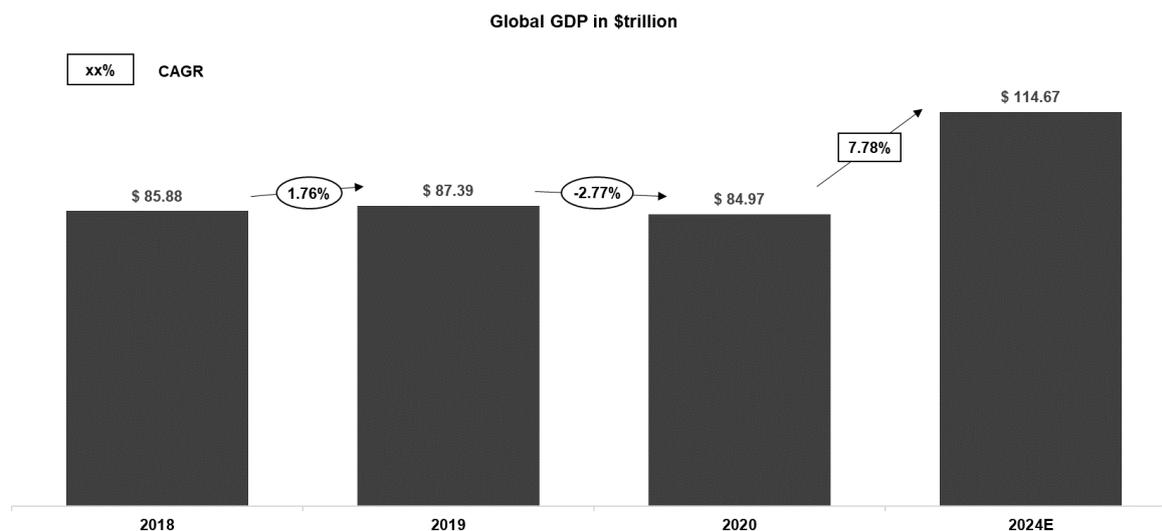
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Macroeconomic Scenario

Despite a minor setback in 2020, global GDP is expected to bounce back and exceed the pre-pandemic growth velocity

In 2020, COVID-19 affected the global economy beyond anything experienced in nearly a century. However, as vaccines were rolled out at an unprecedented pace towards the end of the year, the worst estimates did not come to fruition resulting in a 2.7% GDP decline from 2019. The global economy started recovering at a pace much faster than initially projected. According to the IMF World Economic Outlook released in October 2021, the global economy was set to expand by 5.9% in 2021 and 4.9% in 2022 – its strongest post-recession pace in nearly 80 years.

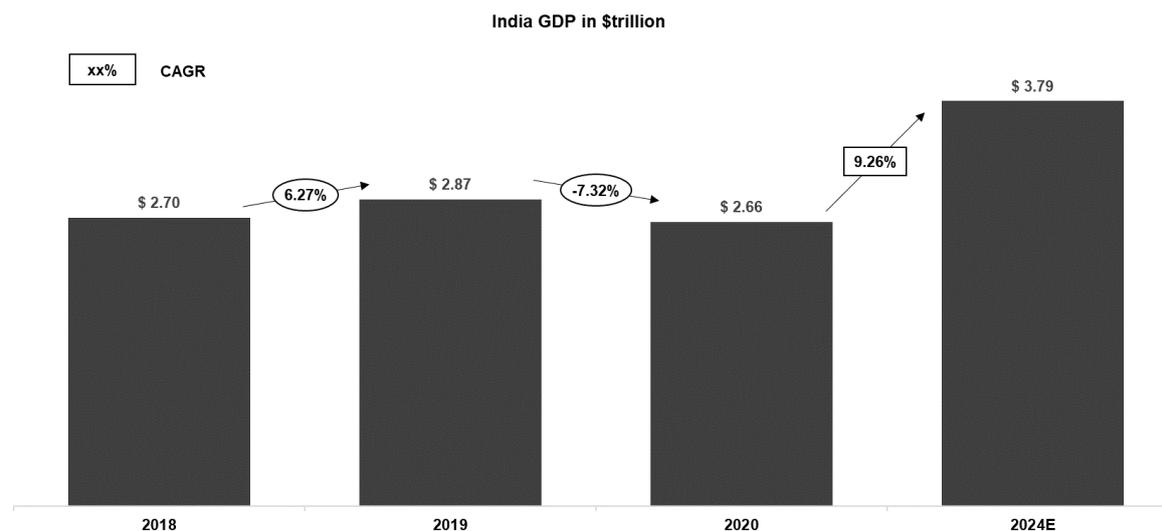


Source: IMF, Zinnov Analysis

APAC is expected to grow faster at ~8.1% in 2022, primarily driven by growth in countries such as China and India.

India followed a similar trajectory, where COVID-19 had a large impact on the GDP, but the recovery is expected to be swift and exceed the pre-pandemic growth

The unexpected onset of the COVID-19 pandemic adversely impacted services and domestic consumption, exacerbating the stress on the Indian economy and dragging it into the red zone. While economies worldwide have been hit hard, India has faced larger contractions – GDP contracted by ~7.3% in 2020, making it the biggest dip for India since its independence in 1947.



Source: IMF, Zinnov Analysis

Despite the severe COVID impact, India's GDP is forecasted to grow at 9.26% between 2020 to 2024. The immediate push in GDP is spearheaded by the accelerated vaccination campaign, the government's USD 36Bn stimulus package, better preparedness among the healthcare sector and enterprises, and increased infrastructure spending.

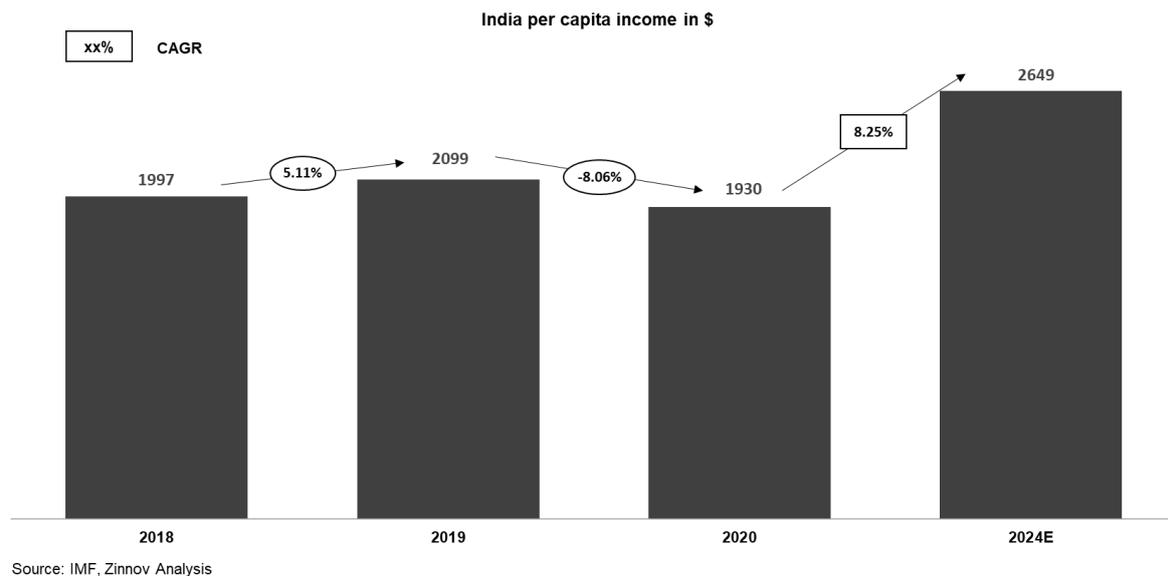
Here are some key factors that will drive India's growth forward over the next few years:

- Atmanirbhar Bharat Abhiyaan mission or self-reliant India Campaign launched in 2020, that has initiated major structural reforms is expected to drive the GDP forward
- Government's Production-linked Incentive (PLI) scheme that was launched to lower the country's dependence on imports, is expected to boost the manufacturing sectors. India aims to spur the domestic industry and become a global manufacturing hub by increasing jobs, boosting exports, and investing in skill development
- Low-Interest rates and liquidity in the market is expected to boost discretionary consumption
- Sustained increase in agriculture-related exports enabled by government initiatives is increasing farmer's income thereby accelerating rural GDP growth
- Private consumption is expected to pick up due to the resumption of the services sector and consumer confidence

Rising adoption of Digitization, well-equipped manufacturing, and high household consumption are set to fuel India's growth. Growth in the services sector, new age internet firms, and start-ups are expected to further drive India's economic growth.

An increase in India's per-capita income coupled with the increase in working population will lead to an increase in disposable income across consumer segments

The per capita income has been increasing over the years but saw a sharp reduction in 2020, majorly due to the COVID-19 pandemic. India's per capita income is estimated to grow at ~8.3% between 2020-2024.



Growth in per-capita income is expected to be driven by the following factors:

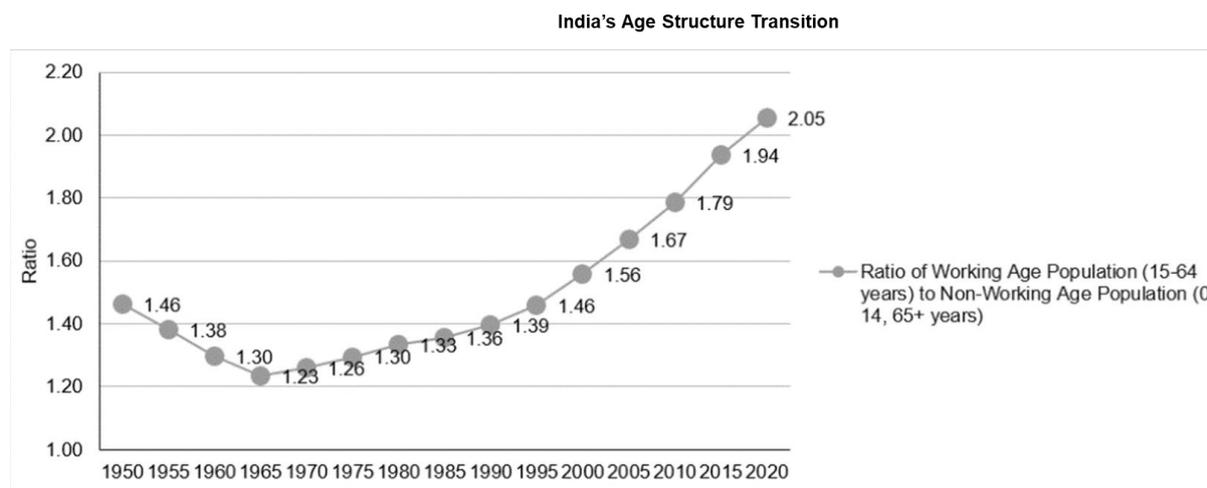
- A decrease in the average household size in India will contribute to the increase in per-capita income. According to the National Family Health survey¹, the average household size in India has declined from 5.4 in 1999 to 4.6 in 2016, resulting in a 15% decline during the period. This trend is expected to continue in the country
- India will witness a major rise in high-income households over the next few years. According to a recent World Economic forum Study, by 2030 India will have additional 20 million people in the high-income bracket who will spend 3-4x more on services.
- An increase in rural income was evident during 2020. Growth in 2020-21 was driven by the record 389 crore person-days² of employment created by the government under the MGNREGS scheme.
- A shift from farming to non-farming sectors such as post-harvest industrialization, agro-processing, packaging, cold-chains, etc. are expected to drive the rural income and employment opportunities further.

The share of the working-age population in India has been increasing, with ~12 million³ people being added to the mix each year as of 2021. The working-age population is expected to reach 65% by 2036. This rise in the working population coupled with the increased per-capita income will drive the spending across consumer segments.

¹ National Family Health Survey Report (NFHS 2 - 1998-99, NFHS 4 - 2015-16)

² Ministry of Rural Development, PIB Delhi (August 6, 2021)

³ Ministry of Health and Family Welfare, PIB Delhi (February 20, 2021)

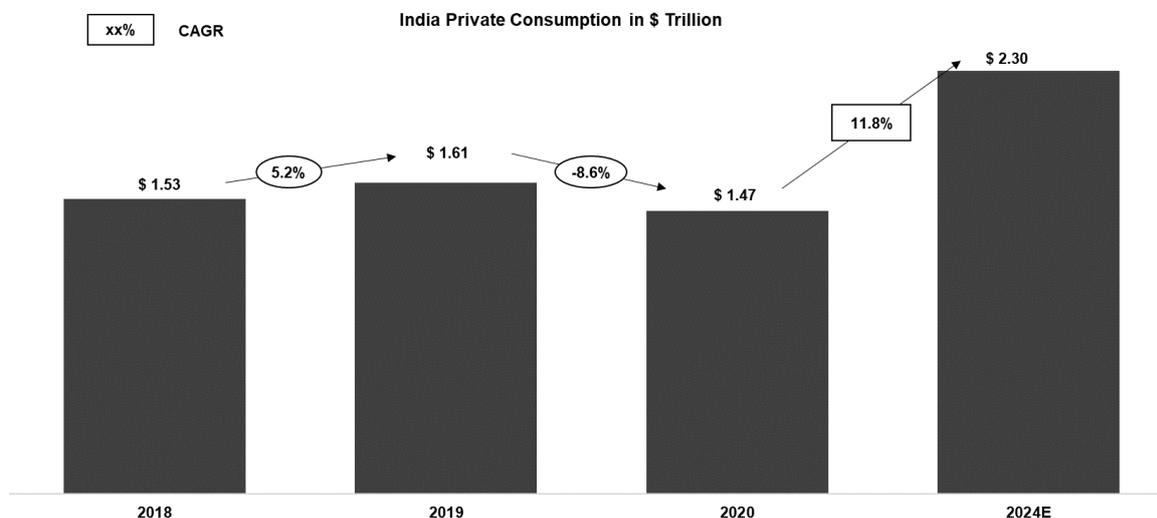


Source: United Nations, Zinnov Analysis

Increased income will enable Private consumption as a leading driver for India's growth story in the long run

Private consumption also known as Household Final Consumption expenditure denotes the sum of all goods and services purchased by domestic households. Private consumption grew from USD 0.89 Tn in 2010 to USD 1.61 Tn in 2019, growing at a ~6.9% CAGR during the period. This resulted in India becoming a domestic consumption-driven economy – nearly 58% of India's GDP was driven by private consumption in 2019, compared to 40% in China.

Private consumption took a hit due to the impact of lockdowns on the employment-intensive services sector; In FY 2020, Private consumption went nearly 9% down than its pre-pandemic levels.



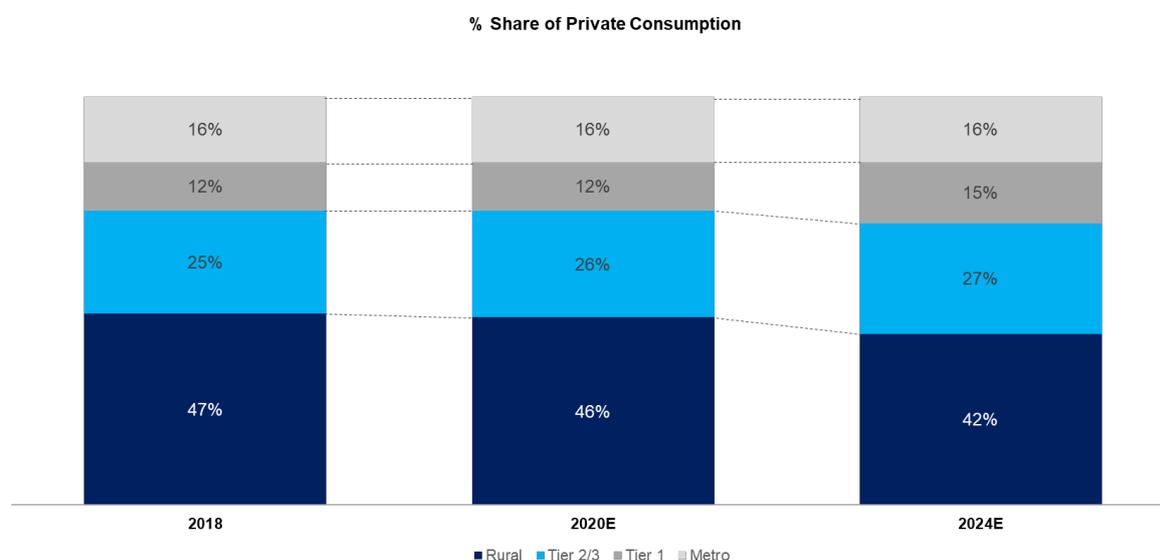
Source: World Bank, Zinnov Analysis

Despite the pandemic setback caused by the pandemic, Private consumption is going to be a long-term growth engine in the Indian economy. By market estimates, domestic consumer spending is expected to hit USD 4+ Tn in 2030, up from USD 1.47 Tn in 2020. Following factors are expected to drive private consumption:

- India’s median age is estimated to be 31 in 2030 vs 42 in China and 40 in the US. This will enable India to be one of the youngest nation, increasing the working age population, thereby boosting the consumption.

- New channels such as e-Commerce/ Online portals are expected to drive consumption in India by improving access across markets. Growth in e-Commerce is projected at 25% CAGR between 2020-2024 resulting in significant opportunities
- A higher proportion of senior citizens (age of 60+ years) are going online. Their consumption is expected to grow twice as fast as other segments of the population. Access through online channels is a major force behind the acceleration
- The high-touch services sector which includes Hospitality, Travel, etc. was impacted by COVID but is expected to rebound and provide short-term growth impetus.

The India growth story is expected to be amplified across Tier 2 and 3 cities



Source: Zinnov Analysis, Industry Reports
 Note: Town Class Basis population – Metro (>4Mn), Tier 1 (1-4 Mn), Tier 2/3 (<1-0.10 Mn), Rural (< 0.10 Mn)

Indian cities with less than 4 million population collectively are expected to contribute to more than 40% of the private consumption by 2024 across India while the Metros with more than 4 million population have reached saturation as of 2018.

India's Tier 2 and Tier 3 cities are witnessing growth driven by the Smart Cities mission where 100 Cities were selected in 2015 to accelerate development. In recent years, Tier 2 cities like Jaipur, Patna, Indore, and Surat have recorded an economic growth rate of over 40%, making them attractive options for larger firms. Furthermore, the pandemic has accelerated the movement of the working population to lower-tier cities that are closer to their native locations, making these locations increasingly attractive for new age organizations. The combination of all these indicators makes lower-tier cities a stronger growth driver for the Indian market in the future.

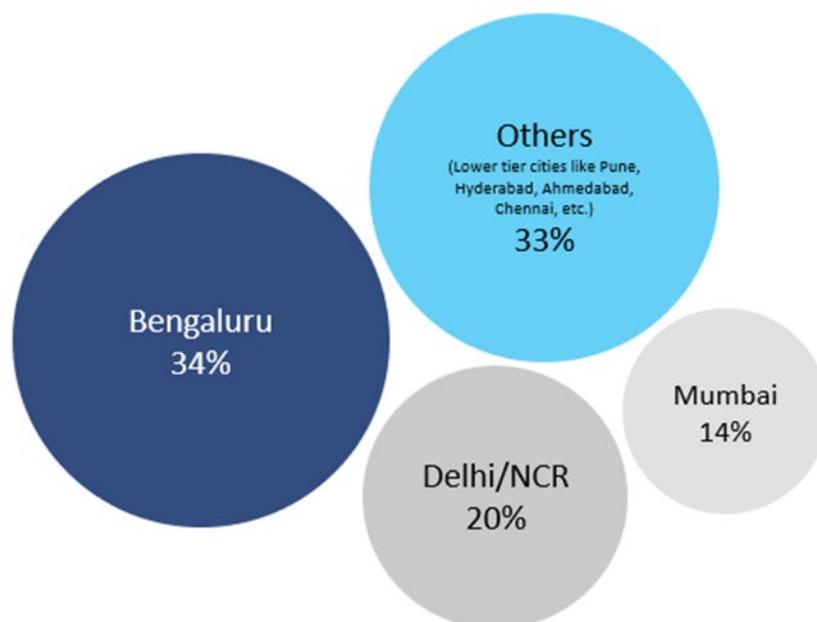
Growth in the start-up & SME ecosystem, and ongoing development in Tier 2 & Tier 3 cities has created a state of symbiosis

India is forging ahead as the world's fastest-growing economy, with start-ups and SMEs being significant contributors to this economic development. As of March 2021, small and medium enterprises represent 30% of the GDP, 48% of the exports, and employ ~ 110 million people⁴. On the other hand,

⁴ Ministry of Micro, Small and Medium Enterprises, Annual Report 2020-21

India hosts more than 60,000 start-ups out of which 81 are unicorns as of December 2021 valued at over a Bn dollars.

Potential future Indian unicorns by HQ



Source: Zinnov Analysis

Note: Analysis as on Dec 2021 based on firms valued over USD 200 Mn

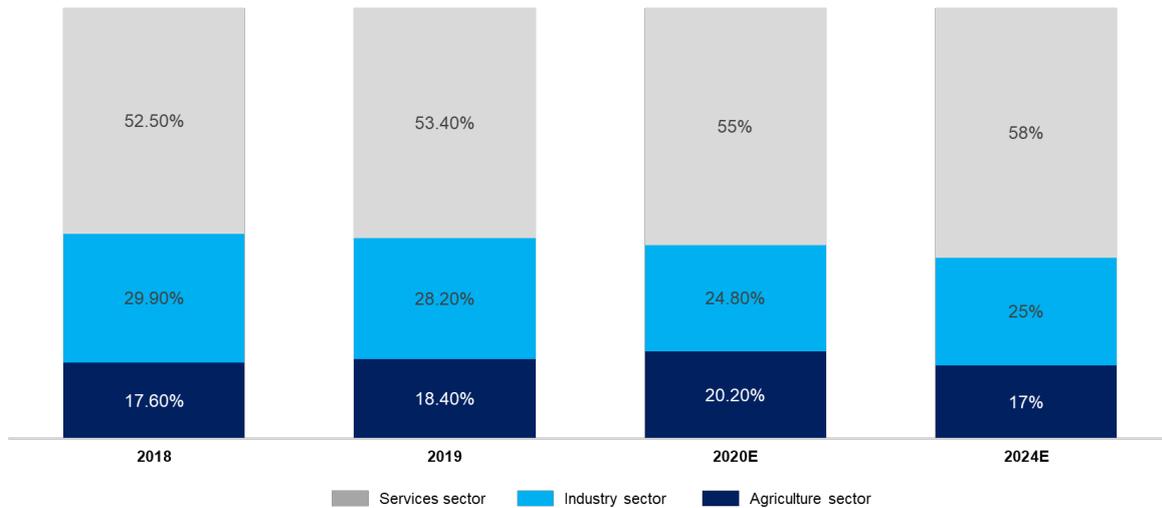
In addition to 81 unicorns, India is home to other newly founded firms valued at over USD 200 million as of December 2021, which are expected to cross USD 1 Bn Valuation within the next few years. More than 65% of these firms are based out of the top 3 cities in the country as of December 2021. But nearly 30+% of the group is leveraging the growth and cost-effectiveness offered by non-metros and other Tier-2 and Tier-3 cities. Many of these start-ups are setting up their offices in Tier 2 cities such as Ahmedabad, Coimbatore, Nashik, and Jaipur.

Although the growth and prevalence of start-ups and SMEs were recorded in Tier I cities in the past, Tier 2 and Tier 3 cities are increasingly emerging as `hubs for incubating new companies due to cost competitiveness, ease of employment and affordable rental rates. Over 55.3% of SMEs are based out of rural areas as of December 2021, which indicates the utilization of India's significant rural workforce in this sector.

India is experiencing higher growth in the services sector resulting in an accelerated shift towards becoming a service-led economy

The Services sector has witnessed continuous growth and accounted for ~ 55% of the GDP in 2020. Increasing urbanization and shift from farm to non-farm employment has further fuelled the growth. While the pandemic adversely affected various contact-sensitive sectors such as trade, hotels, transport, tourism and mining, the services sector is expected to show promising growth soon. Increased consumption and digital disruption to drive growth in the services sector.

India GDP composition by Sectors

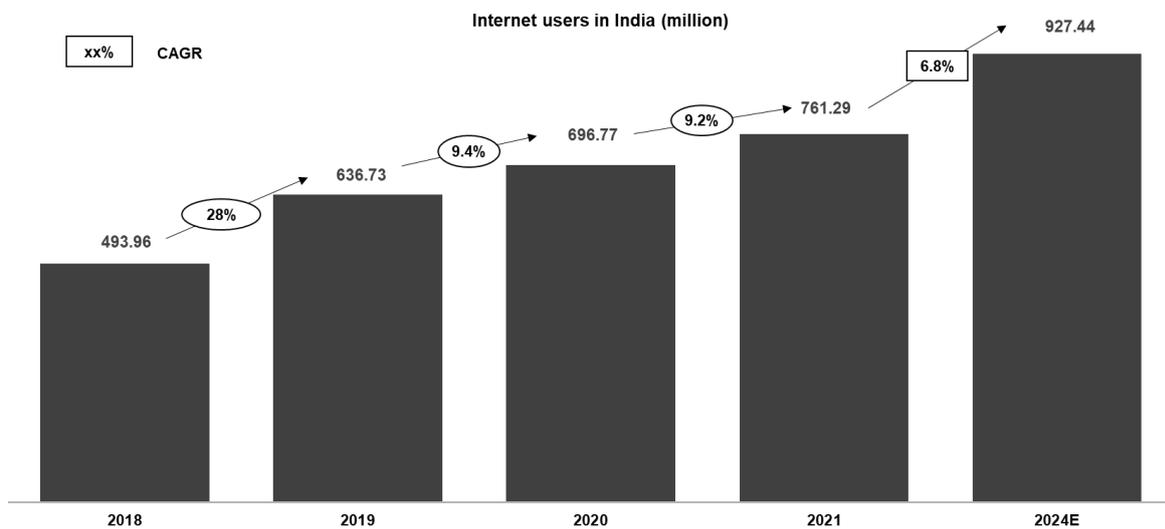


Source: Ministry of Statistics and Programme Implementation, Zinnov Analysis

By 2024, the IT-BPM services sector is expected to contribute USD 180-220 Bn to India's GDP. Sectors that are undergoing massive digital transformation such as Healthcare, BFSI and Retail have also been forecasted to create sizable economic value by 2024.

The internet-based economy is expected to drive a large part of the growth in the services sector

India has witnessed a significant increase in the number of active internet users, which is estimated to exceed the 900 Mn mark by 2024. This increase is largely driven by affordable internet connections and higher adoption in rural India



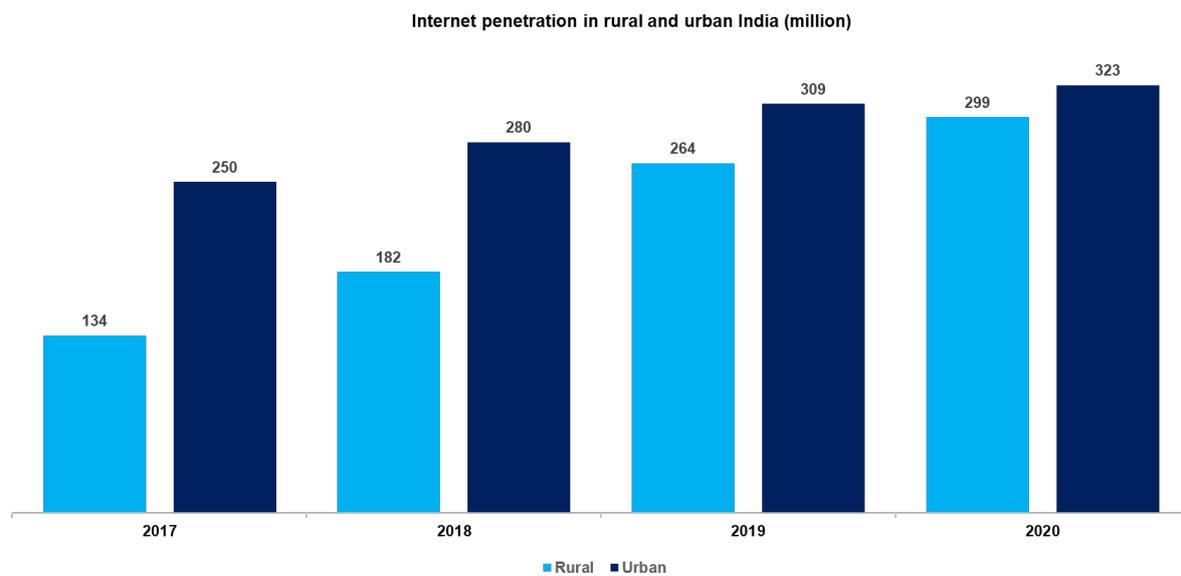
Source: World Bank, Zinnov Analysis

Over the past few years, internet adoption has accelerated the growth in emerging segments such as Ed-tech, Telemedicine, e-Commerce and OTT. Firms have increasingly leveraged digital technologies such as AI/ML, analytics and omnichannel strategy to enhance customer experience and have a competitive advantage over their peers

The growing rate and maturity of India's internet economy have also increased the investment opportunities for start-ups. The rising digital adoption, evolving consumption model and focused service solutions will drive the Indian internet economy in the coming years.

The rise of the internet economy is expected to create first-time consumers across semi-urban and rural areas

The rural internet base was ~ USD 300 Mn in 2020, and is forecasted to grow at a faster rate, outpacing the urban user base by 2025. The growth will be fuelled by affordable internet connections and increased mobile smartphone penetration.



As rural India continues to prosper, consumers in these cities are expected to spend a major chunk of this incremental purchasing power on consumer segments such as e-commerce, FMCG, consumer durables etc. Tier-2 cities account for ~66% of total online consumer demand in India as of 2020. For example, in 2020, a leading fashion e-retailer witnessed a 180% increase in new shoppers from the tier 3 cities, while a beauty e-retailer saw 65% of sales being driven from Tier 2 & Tier 3 cities. Even cab aggregators consider Tier 2 & Tier 3 cities to be profitable in the future and aim to capture the market potential.

Global Customer Experience Management (CXM) Market

Evolving customer requirements have shifted the enterprise investments towards Customer Experience Management

In the digital era where every individual is interconnected through social media, organizations face numerous challenges in satisfying evolving customer demands. Customer interactions can trigger a lingering effect on brand trust and loyalty. The onset of the pandemic has further catapulted the in-person experience to a digital space that is louder and wider in reach.

Companies need better Customer Experience (CX) services to increase their revenues by improving word-of-mouth and referrals. Better CX services also improve post-purchase behaviour such as brand loyalty and advocacy, enhancing retention and upselling.

Increasing recognition of CXM

*More than **80%** of buyers are willing to pay more for a better customer experience*

***60%** of consumers find positive experiences to be more influential than advertising*

*More than **75%** of companies compete on customer experience in 2021*

*Around **90%** of customers abandon a new company after two or more negative experiences*

Rolling out an effective CXM program results in a higher Customer Lifetime Value (CLTV) by leveraging rewards programs, improving customer communication, and conversations. The odds of making a sale on an existing customer often exceeds 60%-70%, whereas companies are only 5%-20% likely to sell to a new customer, making this an important benefit of CXM implementation.

Hosting regular touchpoints through voice and non-voice channels helps keep up the retention and reduces customer churn while creating a platform to build brand equity. An efficient CXM implementation also increases resilience to crises like product recalls and enhances the omnichannel customer experience.

Customer Experience Management (CXM) involves tracking and managing every interaction with a customer through their entire lifecycle

CXM is defined as a set of processes and strategies leveraged to track, oversee, and manage a customer across all their interactions with the enterprise. The focus of CXM is to meet or exceed customer expectations, in turn boosting the top line and profit of the company.

CXM market is divided into four segments based on the key services that impact customer experience:

Customer Experience Management Key Segments			
Customer Services	Tech Support Services	Operations Support	Revenue Acceleration
<p>Customer Care focused services:</p> <ul style="list-style-type: none"> Inbound Services – Helpdesk/ Support services, Complaint Handling, Escalations Outbound Services – Resolution/ Feedback Calls General Query Resolutions – Product/ Service related Queries 	<p>Technical Solution focused services:</p> <ul style="list-style-type: none"> Claim Resolution Services – Warranty/ Post warranty support Product/ Application Support – L1/ L2 Support, Query resolution, Setup support, life-cycle support (service & maintenance) Hardware Support – L1/ L2 Technical support, Mobile & Tablet Support Services, Desktop Support Services 	<p>Customer Order focused services:</p> <ul style="list-style-type: none"> Order Fulfillment–Order entry, Verification and processing Order Tracking/ Exceptions Returns Handling – Return & Claim processing Payment Collection Services 	<p>Sales & Marketing focused services:</p> <ul style="list-style-type: none"> Outbound Sales Services – Telemarketing, Telesales services Inbound Sales Services –Inbound sales, Cross/ Up-selling Marketing Services – SEO, SEM, Social Media Engagement, Retargeting Digital CX Services – Content Optimization, Syndication
Channels Leveraged			
Voice Chat SMS Email Web Mobile App Face-to-face Social media Chatbots IoT Based Kiosks			

Customer Services cover the spending on contact centre services. The emphasis is on providing primary customer care and enquiry handling for existing products and services, with minor value-add in terms of cross-selling or up-selling.

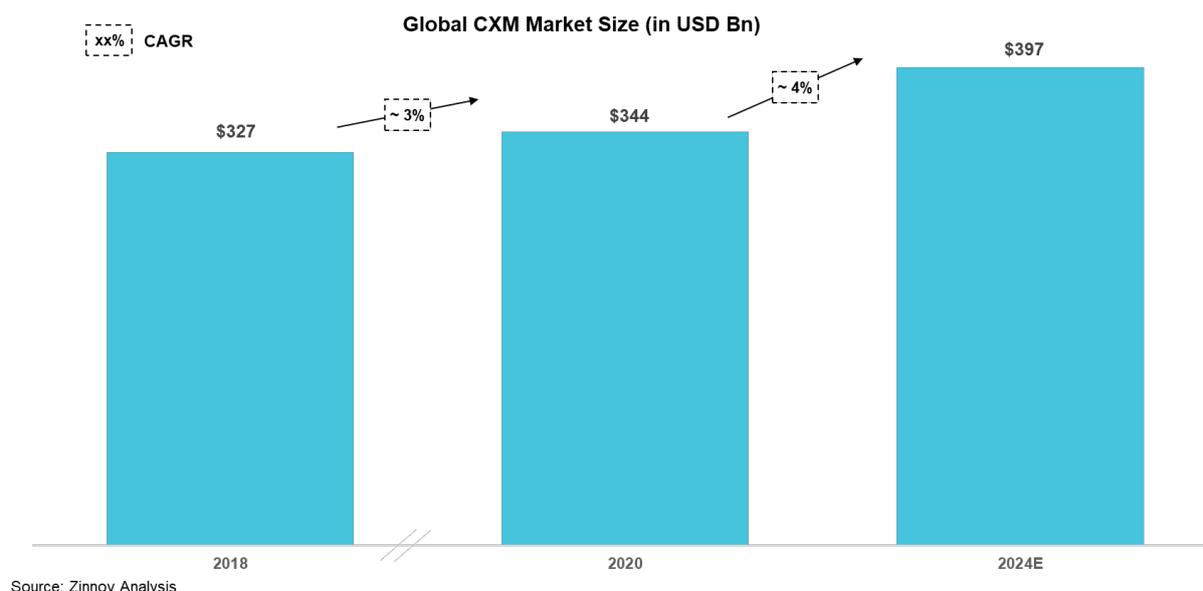
Tech Support Services cover spending on the first and second-level handling of technical queries and issue resolution, typically in support of high-tech equipment such as smartphones, laptops, routers, and other electrical and electronic devices utilizing social media analytics, RPA/AI-based automation and Interactive voice recordings.

Operations Support covers spending on services around customer orders for service fulfilment, such as scheduling deliveries and liaison with delivery and installation personnel

Revenue Acceleration covers customer handling services beyond traditional customer care or technical support. There is a significant emphasis on assisting the client in retaining customers and increasing revenues. This includes customer experience services, focusing on increasing the average revenue per customer through improved cross-selling or up-selling or support for online sales channels. Webchat used to reduce shopping cart abandonment is an example of sales-generating customer experience service.

Global CXM spend by enterprises stood at USD 340+ Bn in 2020 and is expected to hit USD 400 Bn by 2024

With the burgeoning rise of social media, businesses can see the benefits of being available for customer contact, which is focused on resolving stressful and negative experiences, but on genuinely interacting with their customers and driving more positive experiences.



Impact of COVID-19 on Global CXM spend: The global CXM market reached USD 344 Bn in 2020 in the backdrop of a worldwide pandemic. While the lockdowns and work-from-home scenario impacted the spending during the first half of 2020, the industry witnessed a quick rebound by adopting remote working and digital technologies.

North America, Continental Europe and the UK were able to weather the pandemic due to better infrastructure support, increased adoption of digital solutions such as Automation, Analytics and AI/ML-based solutions, and the ability of these regions to handle increased onshore work.

The pandemic severely impacted emerging economies such as Asia Pacific, Latin America, and the Middle East and Africa. Although some of these regions had growth momentum in the past, the market growth plunged in 2020 due to lack of remote work infrastructure, frequent lockdowns, and less digital adoption.

As countries implemented lockdown and social distancing measures, there was an urgent need to shift to a work from the home set-up. The shift led to initial hiccups, but the industry responded with agility and responded positively to the challenges.

The uncertainty led to increased call volumes: industries such as healthcare, travel and hospitality witnessed the highest call volumes. Companies that dealt with the Personally identifiable data (PII) of consumers faced added challenge of ensuring compliance, data security, and data privacy in an at-home environment.



Covid 19 Impact

Global CXM market contracted with the onset of COVID-19, however quickly followed an upward trend with a stable growth

CXM market has a huge opportunity as organizations look forward to undertake CX-led digital transformation projects

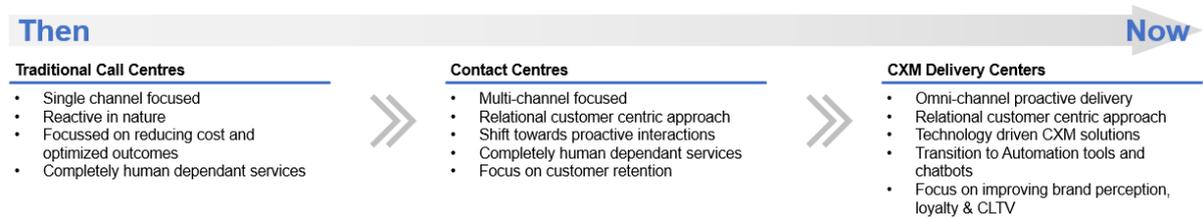
With the stabilization of pandemic situation, organizations are expected to invest more in next generation CXM technologies and leverage the learnings during the pandemic to enable long term growth

The following factors are expected to drive the growth of the CXM market over the next few years:

- Increased spending on flexible customer services offering omnichannel solutions.
- The shift towards personalization and curated experiences across industries
- End-to-end customer experience solutions covering technology and managed services

These factors, coupled with a global digital push, is set to bolster the adoption of Customer Experience Management (CXM) services during 2020-2024.

The global CXM market has evolved multi-fold to tackle the changing customer behaviour



Source- Zinnov Research

The journey of global CXM delivery started from call centres leveraging people to provide basic customer support and services using voice channels. These call centres were focused mainly on resolving customer queries while keeping the cost a minimum. With the internet boom, these call centres transformed into multi-channel support centres that now leveraged additional non-voice channels like e-mails and call forwarding. With organizations realizing the importance of customer retention, more proactive approaches started to reduce customer churn.

With the advancement in technology coupled with changing customer patterns, now CXM delivery involves omnichannel customer interactions over traditional voice and non-voice channels and new-age social media and internet channels. In addition to handling customer queries, CXM now involves proactive strategies to improve brand perception, loyalty, and CLTV. Internal technology augmentation is also visible in CXM organizations – for example, bots and automation to solve customer queries and advanced analytics to understand the customer.

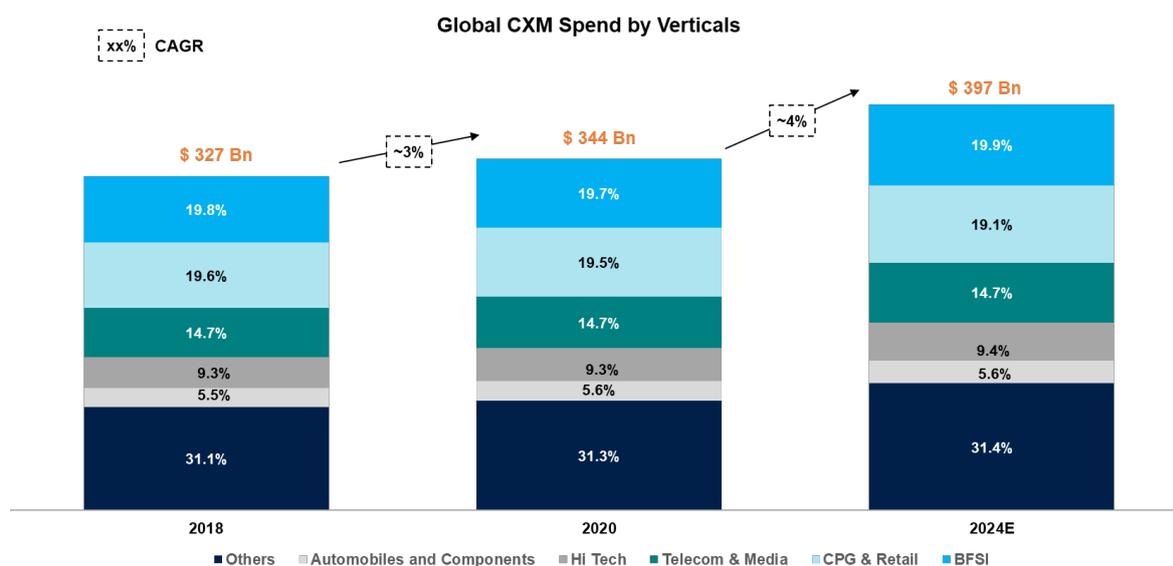
New-age technologies such as Analytics and Automation are expected to accelerate CXM growth

In addition to the changing customer preferences and market dynamics, technological advancements are set to drive CXM market growth: Enterprises and Service Providers are increasingly investing in capabilities in traditional areas like multi-channel solutions, automation, and emerging regions such as CX Analytics, AI-enabled solutions, and Cloud shoring.

Emerging Areas	Description
CX Analytics	<ul style="list-style-type: none"> Advanced analytics to track click through rate, sales trends, customer life time value, etc. to measure marketing success and generate new leads Advanced analytics and data exploration capability to identify customer white spaces for new opportunities and measure sales team performance
Automation & AI	<ul style="list-style-type: none"> AI & ML based algorithms to gather and analyse social, historical and behavioural data to understand customers better and position products accordingly AI to serve as a backbone for next generation communication platforms such as Chatbots, Conversational Assistants and other platforms that help in better customer engagements
Omnichannel Solutions	<ul style="list-style-type: none"> Real time integrated solutions enables increased customer interaction through multiple channels throughout the customer journey Ensures greater flexibility by seamless transition between different channels such as self service bots, voice resolutions and chat enabled feedbacks Omnichannel marketing solutions to interact with customers to curate and ensure convenient user experiences
Cloud Shoring	<ul style="list-style-type: none"> To be adopted as a operating model by new age organizations, and work remotely with cloud based technologies, but managed centrally Increased investment is expected in segments such as cloud contact centre platforms, virtualization technologies, and agent assist services

BFSI, CPG and Retail, Telecom and Media sectors drive more than half of the Global CXM spend

Consumer/ B2C focussed industries such as BFSI and Retail drive a significant portion of customer experience management. While some sectors such as Travel and Hospitality and manufacturing bore the brunt of the pandemic, other verticals such as Retail and Hi-tech (includes segments such as Software and Internet, Semiconductor and Consumer Electronics) have witnessed spikes in the increased need for customer interactions.



Source: Zinnov Analysis
 Others include Aviation, Energy & Utilities, Manufacturing & Real Estate

The market for BFSI contributes ~ 20% to global CXM spend as of 2020, with most of the spend coming from digital initiatives of the new age banking solutions. Traditional channels such as voice and e-mail services continue to dominate the spend. However, digital channels such as web, mobile chats, and AI-enabled chatbots are gaining ground.

Macro-economic tailwinds coupled with low-interest rates have led to a surge in spending in the Retail and CPG sectors. Notably, the CXM spend in the retail industry grew as businesses transitioned to online modes and adjusted to the new normal by interacting with customers on multiple channels. The market for CPG and Retail as of 2020 contributes ~19% to global CXM spend, with most of the spend focussed on re-imagining their omnichannel approaches to create distinctive CX.

The market for Telecom and Media as of 2020 is at 15% of the global CXM spend and is expected to stabilize by 2024. The key buy-side drivers for adopting CX services in Telecom and Media include improved cost optimization through offshoring, self-service portals, and interactive services to deliver public announcements through media.

Healthcare was another sector that saw increased spending in Customer Services driven by increased virtual interactions.

CX has become a valuable source of competitive differentiation among industries. Organizations have a growing consensus to create highly agile, resilient, and mobile environments.

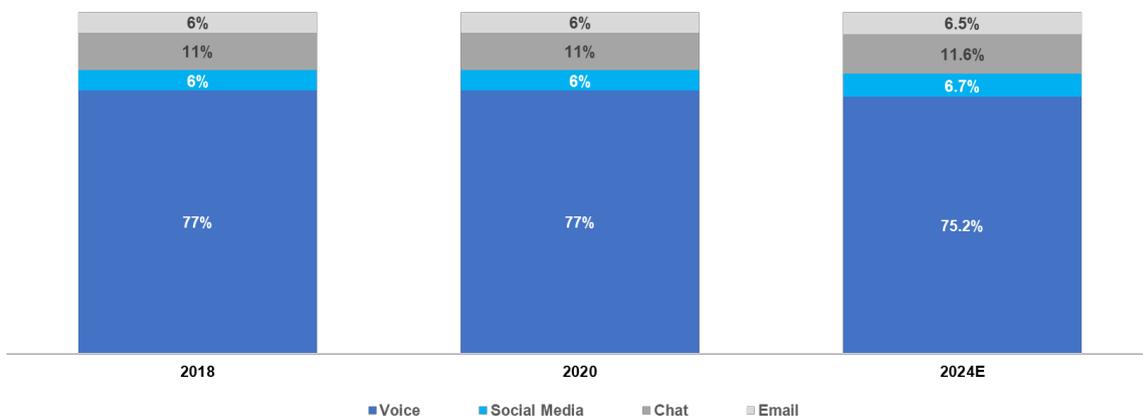
Voice channels dominate the CXM market, with more than 75% market share

By customer service touchpoints, the market can be segmented into two segments, i.e., the voice and the non-voice segment, with the voice segment dominating the market with ~ 77% share in 2020.

Omni-Channel Customer Touchpoints		
	Assisted	Un - Assisted
Voice	<ul style="list-style-type: none"> Contact Centers Speech IVR & Recognition Video Chat & Verification services 	<ul style="list-style-type: none"> Automated Email Response Management Virtual Assistants Smart Messaging Services Mobile Applications Social Media Smart Video
Non - Voice	<ul style="list-style-type: none"> Website Social Media Chats/ Chatbots Mobile Application Virtual Assistants 	

Voice services map the entire customer lifecycle from acquisition, verification, service, support, reminders, upsell/cross-sell, service recovery, collections, retention to capturing the voice of the customer. Industries such as Telecom, Media and BFSI have a large base of voice customers. Challenges in switching to non-voice channels have led to large scale adoption of voice channels for these industries. Healthcare and retail industry also witnessed higher interactions through voice channels due to the rise of teleconsultations and transition to e-tail due to the onset of COVID.

CXM Market Split by Channels



Source: Zinnov Analysis

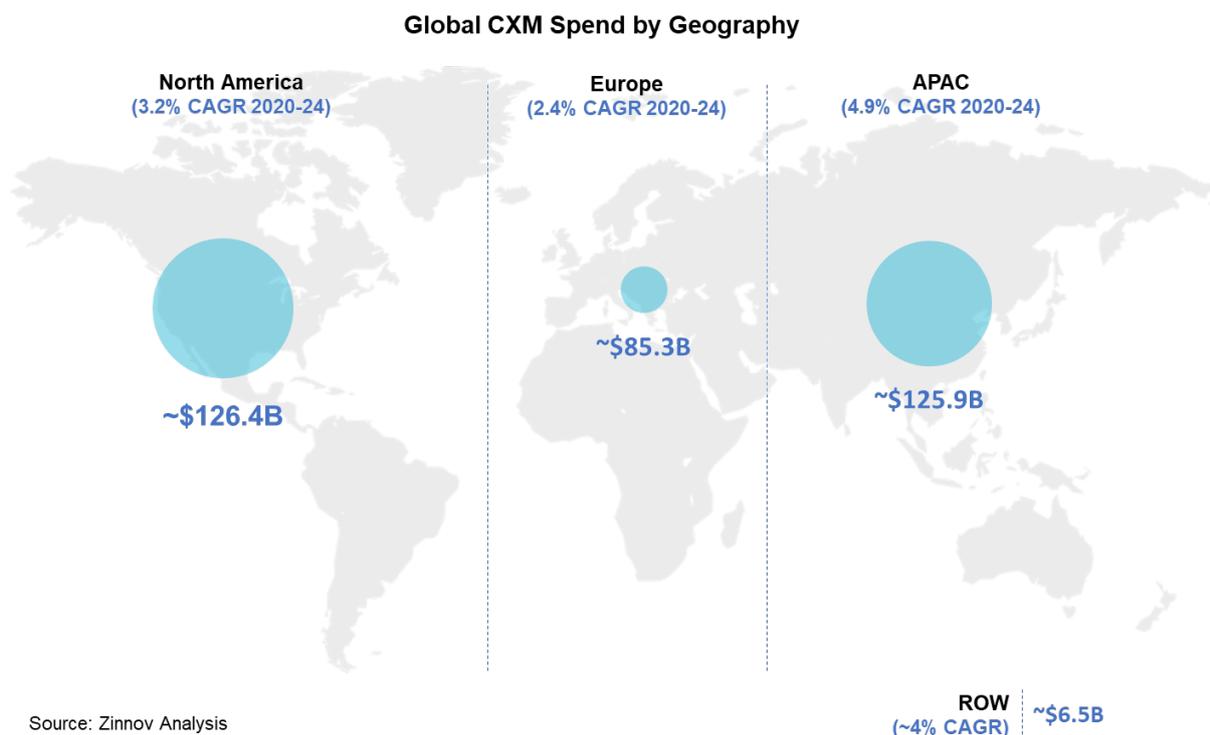
Non-voice channels in industry terms usually mean e-mails and chats primarily and, to some extent, SMS, and WhatsApp channels. Non-voice support also uses voice blending (both inbound and outbound) to serve customers efficiently. The non-voice segment is expected to be dominated by social media and chat segments.

The voice segment is expected to witness growth and transition to new-age technologies such as conversational AI, Virtual Agents, and self-service voice channels.

APAC region will drive the CXM market forward driven by strong economic growth

North America and APAC regions dominate the CXM market, contributing to more than 70% of the spending in 2020. While both these regions continue to be the top contributors to the spending, the APAC region is expected to grow faster between 2020 and 2024. Enterprises in the APAC region are increasingly investing in customer experience due to lack of product differentiation and inferior brand recall in the young digital-savvy population group.

The representation below indicates that the APAC region is expected to grow faster between 2020 and 2024 with a CAGR of ~4.9%, which is higher than the industry CAGR of 4%. The increased need for CXM services from South Asian countries is expected to drive future growth from this region. North American markets are expected to grow at a CAGR of 3.21 % between 2020 and 2024, which is lower than the industry average, and stabilize long-term.



In line with global tailwinds of GDP growth and industry adoption, there is an increased need for CXM services in emerging economies. As per IMF’s Asia-Pacific Regional Economic Outlook, October 2021 the APAC region was expected to grow by 6.5% in 2021, predominantly led by India (9.5%, 2021) and China (8%, 2021). In line with this growth, the CXM market in India is expected to register a CAGR of 5.5% during 2020-2024 and will play a vital role in the market dynamics.

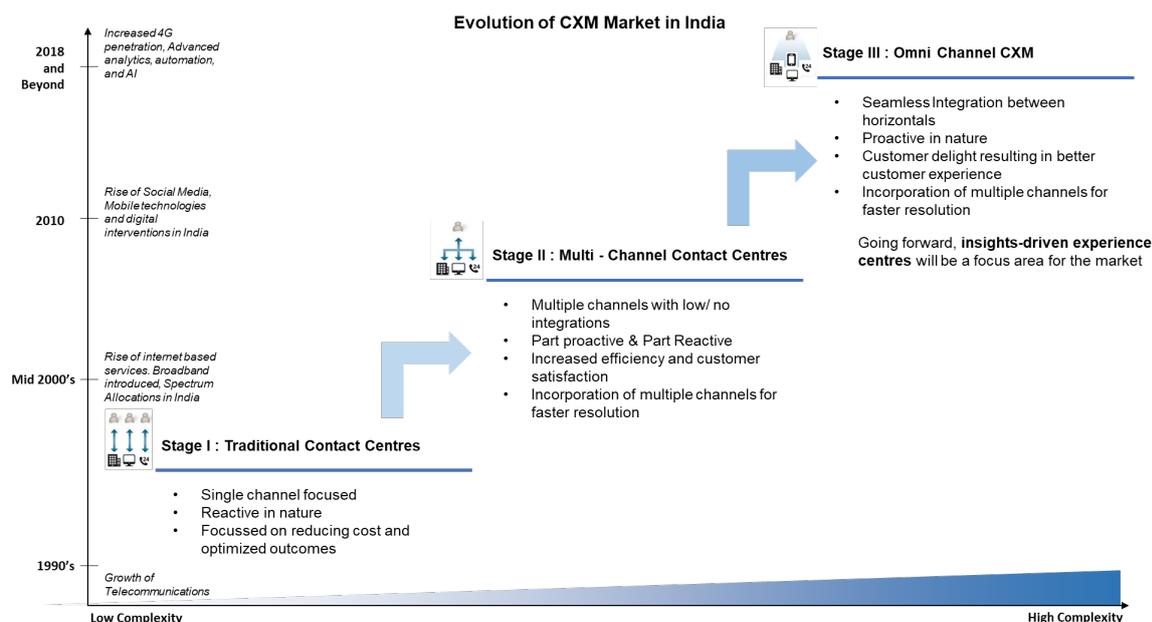
India CXM Market

The journey of the Indian CXM landscape has been driven by globalization, changing customer preferences, and technological advancements

Aided by increased globalization, the Indian enterprise landscape has seen an exponential increase in the number of firms competing to grab the world's third-largest customer base as of 2021. As international players entered the Indian market, product/service differentiation became the priority for enterprises. An effective customer centric CXM has become one of the levers for the organizations to provide this differentiation, gain customer share, reduce churn and increase the lifetime value

With increasing choices and information channels available to the consumers, the Indian populous has become more aware, quality conscious and is demanding more features. The new age, social media-conscious consumers are more inclined towards experience and delight, debunking the traditional "must be" features. This increases the demand for localized and targeted customer experience for this growing segment.

The Indian CXM landscape has come a long way during the last three decades shifting from a service-centric model to a customer experience-driven industry. Indian organizations have transitioned from traditional contact centres, which served as single-channel interaction centres, to omnichannel experience centres, which integrate various channels and give a holistic customer experience.



Increased Internet penetration and changing consumer behaviour in India is accelerating the shift towards Omnichannel CXM

India's internet penetration has accelerated during the last few years, growing from 70 million subscribers at the end of 2016 to 700 Mn+ subscribers by 2020. The rise in internet and smartphone penetration has enabled businesses to tap into potential customers through digital channels. This boom of the internet economy has offered immense potential to new-age brands which seek to invest heavily in customer experience strategies and deliver a differentiated customer experience. Specifically, Tier 2 and Tier 3 cities in India are acting as growth engines for new generation companies leveraging the

rising purchasing power and internet access. The growth of these cities has led to new customer bases that require investments to gear up the CX engine further.

COVID-19 further accelerated the need to re-imagine the CX strategy and build capabilities for a fast-changing environment. Digital technologies such as AI/ML, Analytics and Cloud disrupted the CX segment, driving most CX spend. One of the leading E-commerce giant has used artificial intelligence to resolve bottlenecks and improve its customer experience. Artificial intelligence helped the firm classify and identify addresses with 98% accuracy, reducing delivery time by three hrs per delivery hub.

Omnichannel CXM trends are expected to address customer demands and drive CXM to spend

Customer experience is based on every interaction of the customer with the business, navigating to the website, talking to the customer service representative, and receiving the product/service. From the Indian perspective, due to the growth of large homegrown brands and a higher social media footprint, there has been increased spending in the CX. In line with the increased spending, there is an increased demand for companies dominating omnichannel support.

Omnichannel support refers to offering experiences across multiple channels and enables customers to switch between them seamlessly. Channels can vary greatly and includes phone, e-mail, web self-service, chatbot, social media handles, and voice assistants. An integrated approach makes the experience seamless and allows customers to use their preferred communication channels.

With omnichannel support, customers can access assistance on the communication platform of their choice. Some of the new areas of omnichannel support, which are attracting spending are:

Support via Chatbot

Chatbots remain a crucial force multiplier for organizations. Chatbots can handle routine customer interaction and questions, freeing human agents for more complex issues. The latest chatbots offer a greater personalization level by learning from customers and are no longer bound by scripted responses. The onset of technological advancement and advanced logic trees means they can interact with the customers more naturally and offer 24/7 support.

Artificial intelligence for personalized experiences

Artificial intelligence will open new possibilities in customer care, from predicting needs and problems to personalizing service for both B2C and B2B customers. As with chatbots, AI adds real value when used to support and not replace humans.

30% of annual CX spend is expected to be in AI Bots for delivering personalized experiences as of 2021. Machine learning to fully harness existing data on customers, seasonality, and behaviour allows companies on an organizational and individual level to anticipate and fulfil customer needs and automatically incorporate those findings in future work.

Voice Assistants

Increasingly, households now have at least one voice-powered virtual assistant. Within 2020, One of the leading voice assistants registered a 67% increase in interactions with 85% pin codes purchasing a device. Those under 30 years are most engaged and have a higher adoption rate. More than 90% of organizations plan to deploy voice and other AI-powered technologies to provide an effortless experience to consumers by 2022.

Social Media for Services

With increased internet penetration, the number of social media users in India stood at 550 million in 2020, which is ~ 14% of the world's social media penetration. Therefore, customers have an increased

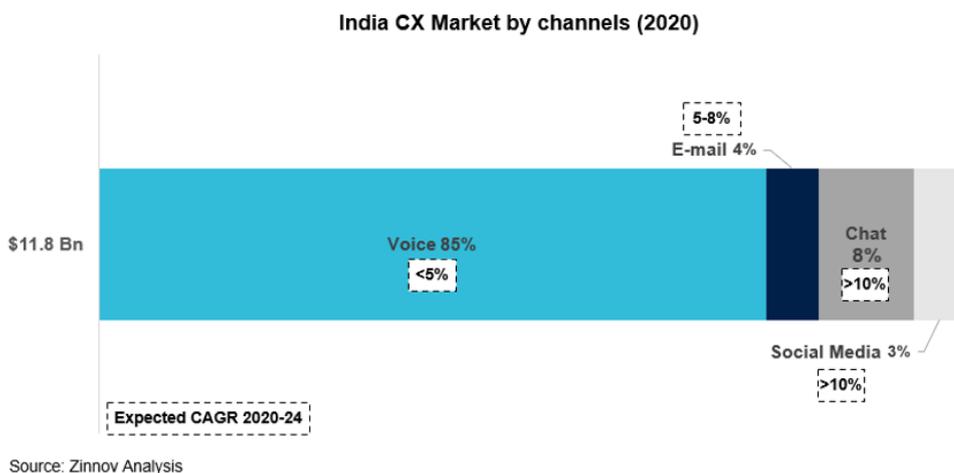
preference to interact with social media channels they already use, instead of being forced to use the company's website or phone number.

The new-age Customer Services would serve a variety of social media channels while also efficiently managing them in one place. The trends mentioned above are expected to be utilized across various horizontals and enhance customer engagement services across different sectors.

Enabling high growth in the India CXM market, with total addressable market expected to hit ~USD 14.5 Bn by 2024



India's CXM market, which includes in-house and outsourced⁵ spending of Enterprises was at USD 11.8 Bn in 2020, growing at ~3% CAGR over 2018. It represents ~10% of the APAC market, and ~3.4% of the Global CXM spend. The market is expected to grow at a CAGR of 5.5% and reach ~ USD 14.5 Bn by 2024. The high growth in this market will be driven by increased internet adoption and India's digital push.



⁵ Details on the outsourced spending is available in CXM India Addressed/Outsourced market section

Voice channels make more than 80% of the CXM market in India as of 2020. This figure is expected to grow at less than 5% CAGR by 2024. Non-voice channels such as e-mail, chat, and social media hold less than 15% of the market, Chat being the current leader with ~10% of the total USD 11.8 Bn market. In parity with the trends, social media and chat are expected to be the channels with the highest estimated growths for the foreseeable future.

Increasingly, Indian companies are investing in customer experience to grow their businesses compared to other countries; therefore, the expected growth rate is higher. The Customer Service function is transitioning from a cost centre to a revenue driver for high potential businesses. The underpenetrated Indian markets serve as a huge potential for the growth of CXM services. During the pandemic, the shift to digital and remote work triggered companies to accelerate their CX maturity journey.

% share of Indian populous by language



Note: Figures include first, second and third language considerations

Source: 2011 Census

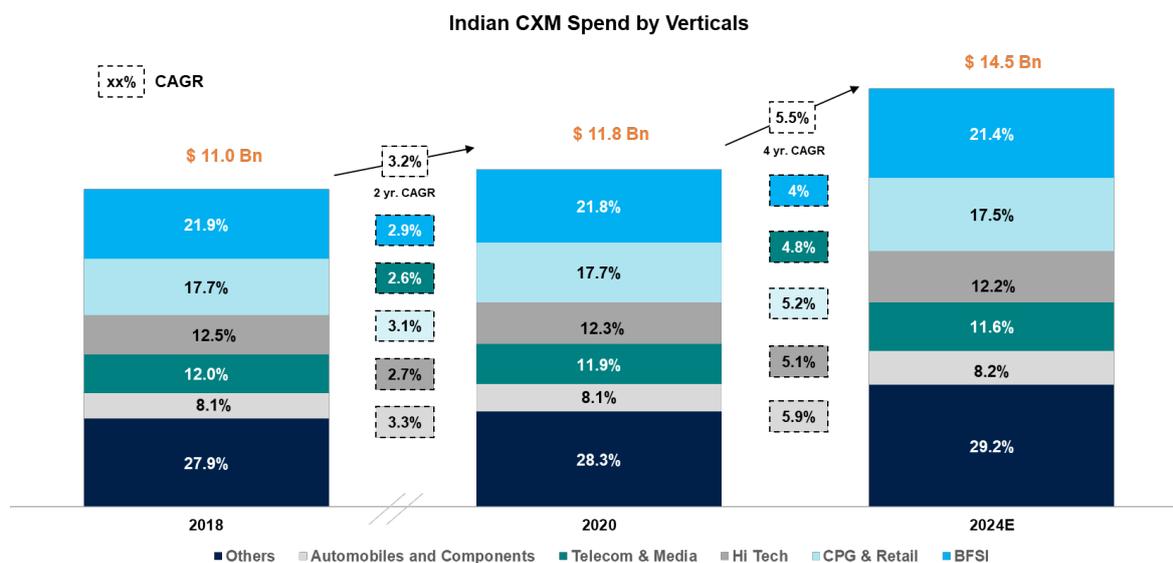
Others include: Bengali, Marathi, Telugu, Tamil, Urdu, Gujarati, Kannada & Odia

India hosts one of the world's most diverse populations in languages. ~50% of Indians recognize Hindi as their first, second or third language, ~10% English and a staggering >40% of the people recognize one of the other eight widely spoken languages in India as their first, second or third spoken language based on 2011 census. This creates a unique roadblock for Indian organizations, catering to a multi-lingual customer demographic while ensuring a seamless experience. To tackle this problem, CXM programs in India need to take the language profiles of customers into account and deploy an equally diverse vernacular skillset over both voice and non-voice channels.

The need for vernacular skills is further accentuated with the shifting Indian customer demographics. With the increase in the people's spending power out of tier 2 and tier 3 cities increases, the customer bases of Indian firms are also shifting. Many of these new profit centres do not speak English or Hindi, as seen in the metros. This has pushed Indian enterprises to expedite the inclusion of vernacular capabilities and lower-tier presence in their CXM implementations.

Many CXM implementations are equipped to handle seasonal changes in their incoming support volume. But the COVID-19 pandemic created much more significant changes in scale. Indian businesses such as Travel and Hospitality, Home Services, and Entertainment services witnessed a drop in the incoming traffic. Still, the significant increase in support volume from businesses like home improvement retail, remote work and education, and healthcare could more than offset the Indian CXM requirements. The resulting increase in hold times, escalations, and redirects has led to the adoption of new technologies and protocols in CXM. This has enabled more empathetic Customer Service with better anticipation of customer needs and resilience to future crises.

Among verticals, BFSI and Retail dominate the India market followed by Hi-Tech vertical together contributing more than 50% of spend as of 2020



Source: Zinnov Analysis
 Others include Aviation, Energy & Utilities, Manufacturing & Real Estate

The BFSI sector will continue to dominate the Indian ecosystem with the highest vertical spending. The spend is expected to reach USD 3.11 Bn by 2024, the highest among all the verticals during 2020-2024.

As India's banking landscape experiences significant changes and disruption, the spending on CXM is expected to be higher. New-age banks increasingly spend on digital technologies to catch up with leading competitors. There is an increased need for technical support services to support this transformation, driving phenomenal growth in this sector. As one of the fastest-growing economies, India is expected to emerge as one of the fastest-growing FinTech hotspots. Paperless lending, mobile banking, payment gateways, mobile wallets, and other concepts drive the spending in this sector. Moreover, with a rapidly expanding digital economy, banks in India that have not invested significantly in customer experiences now have a massive incentive to do so, along with increasing government expectations that they adequately serve the growing digital community.

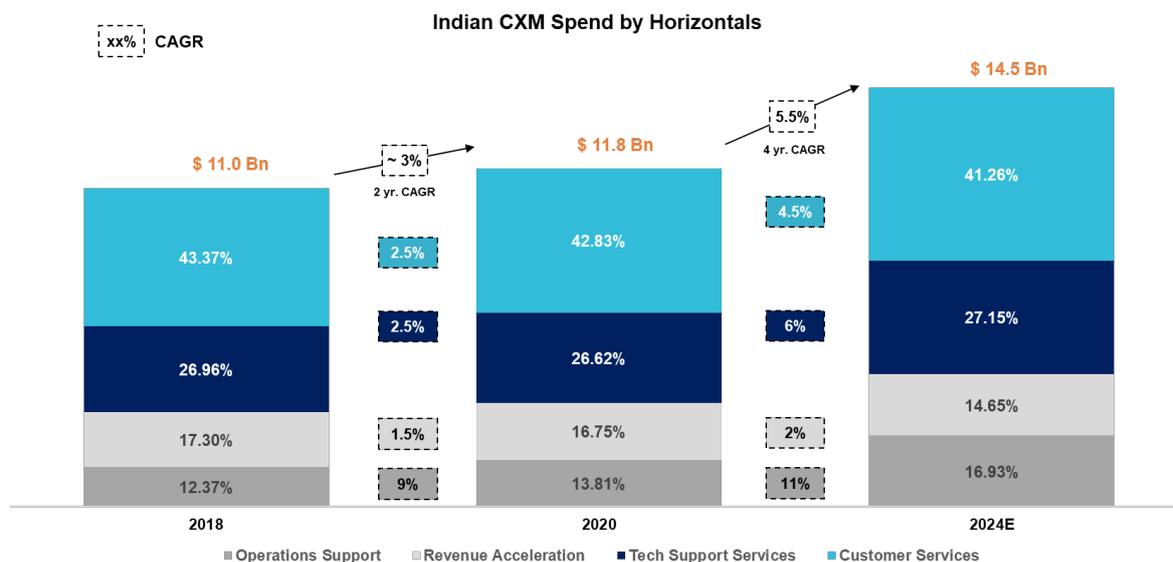
The Retail industry is expected to spend ~ USD 2.54 Bn by 2024 and capture over 17.5% of the total spend. Over the past few years, the industry has seen many changes, ensuring footfalls in on-ground physical stores in a competitive market. The challenge now extends to building online customer experience in a post-pandemic era. With advancements in technology and associated changing shoppers' purchase behaviour, retailers and eCommerce companies are increasingly transitioning to improved digital experiences to enhance customer services, increase lead generation and provide superior order fulfilment experiences to enhance brand recall and re-purchase rate.

Hi-tech, Telecom and Media and Automobiles are expected to be the growth drivers of CXM spending as the Indian economic growth engine revives.

The Customer Services segment continue to dominate the market with more than 45% market share

Customer Services have evolved over the years from traditional voice-based interaction to omnichannel experiences, enabling customers to interact using multiple channels and at their comfort. The rise of

social media has enabled faster interactions and led to lower communication lead times. Matured sectors like BFSI, Retail, Telecom, etc., are driving the majority of the spend in this horizontal.



Source: Zinnov Analysis

The investment in technical support services is expected to grow at a CAGR of 6% between 2020 and 2024. It will contribute to 36% of the spending in 2024, with most of the spending coming from increased internet penetration and the adoption of digital devices. Increased push for digital transformation among Indian organizations is expected to ensure a stable expenditure.

Revenue acceleration services are expected to grow at a CAGR of 2% between 2020 and 2024. Most of the spending is aimed at revenue-generating services such as lead generation, upsell and cross-sell activities, licensed sales, and customer retention services. The sector is expected to have the lowest growth rates due to increased in-house sales and marketing promotion activities. The rise of analytics is also expected to lower the growth rate of sale support activities as there is an increased reliance on analyzing touchpoints.

With the rise of e-Commerce, Operations Support is expected to grow at a CAGR of 11%

The Indian e-Commerce ecosystem has evolved over the last few years, and the market is expected to grow to USD 110 Bn by 2025 from USD 46 Bn as of 2020. The growth has primarily been triggered by internet and smartphone penetration. As e-commerce order volumes increase, there is increased demand for operations support, positioning it as a sunrise horizontal among the existing services and will grow at a CAGR of 11% between 2020 and 2024 to reach a spend of ~USD 2.46 Bn.

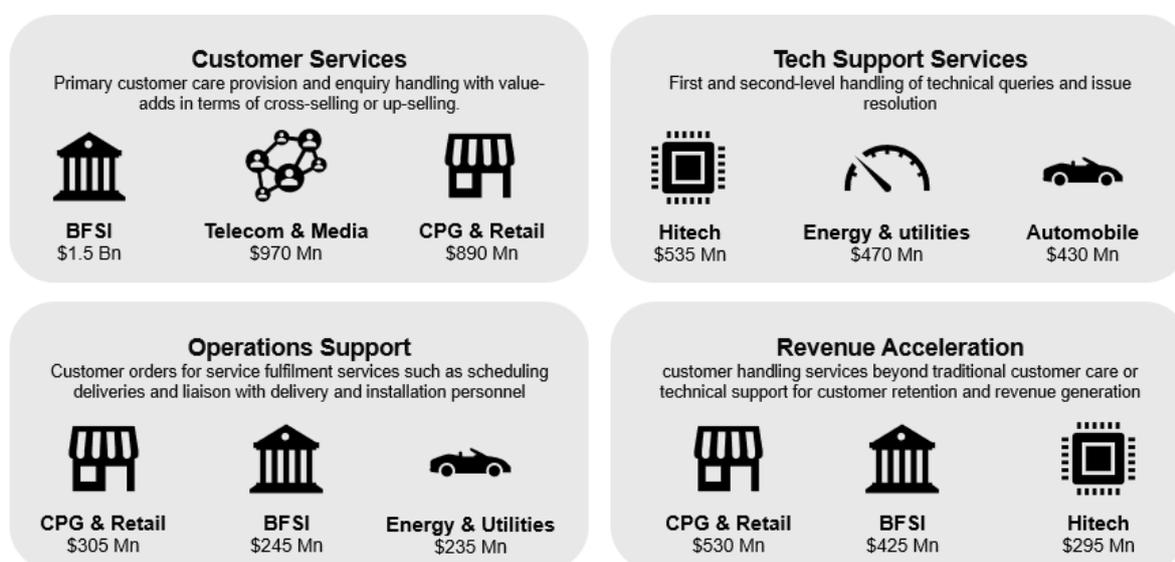
Horizontal Deep-Dives – India CXM Market

Similar to the global CXM market definition, the Indian CXM industry broadly includes activities spread across 4 Horizontals:

Customer Services entails the provision of primary customer touchpoints for customer care and query processing with a constant focus on cross-selling and up-selling products and services. Customer services currently represent more than 45% of the Indian CXM spend with BFSI, TandM and CPG and Retail topping the list of highest-spending verticals

Tech Support Services includes the provision of L1 and L2 level technical support and query resolution of technical queries related to products and offerings. Tech support represents 28% of the Indian CXM spend with Hitech, Energy & Utilities and automobile verticals leading the spend

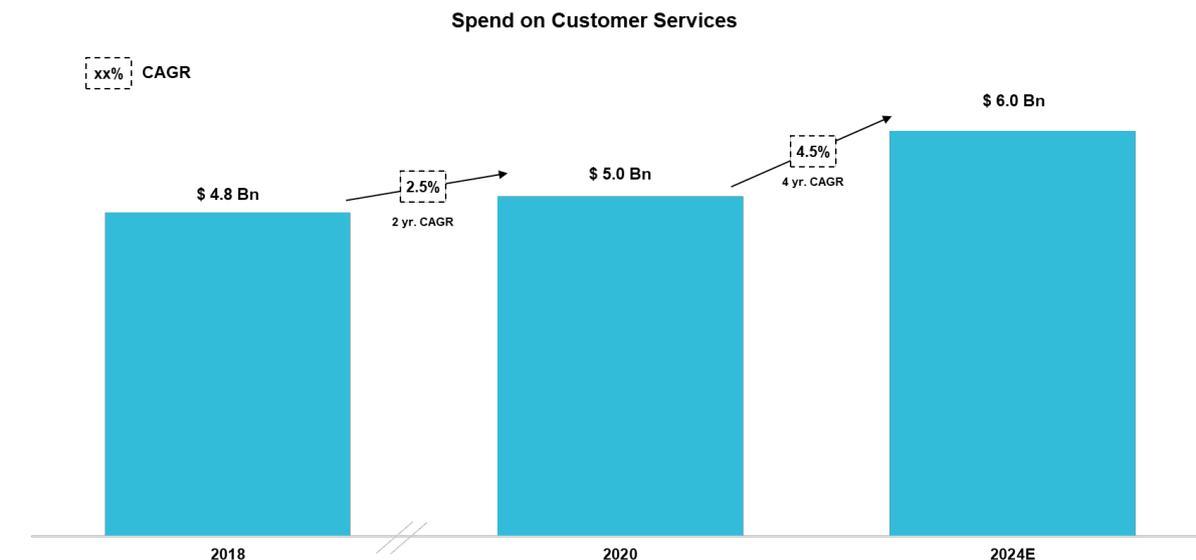
Top 3 spending verticals across CXM



Operations Support includes delivery of customer support related to fulfilment operations like scheduling deliveries or installations, managing order fulfilment queries, etc. Owing to the e-commerce boom in the country, this horizontal is expected to witness the highest growth (11%) in the Indian CXM spend. CPG and Retail, BFSI and Energy & Utilities vertical lead the Operation Support spend

Revenue Acceleration Services focus on enabling customer interactions that drive retention, generate revenue and improve customer lifetime value. Such services represent almost 20% of the Indian CXM spend with CPG and Retail, BFSI and Hitech vertical coming up as the top spenders

Customer Services



Source: Zinnov Analysis

The Indian **Customer Services** market grew at a CAGR of 2.5% till 2020, this growth is expected to double to a 4.5% CAGR, and the market is expected to cross the USD 6 Bn mark by 2024. Customer services mainly focus on primary customer care and enquiry handling for existing products and services, with nominal value in cross-selling or up-selling. With the rapid innovation and labile customers, customer experience has become one of the key differentiating factors among the competitors

Role of Customer Services across key verticals

Below are some case studies elaborating new-age Customer Service practices followed by the role of Customer Services across key verticals

India based BFSI company	Indian online retail giant	Leading Indian real estate company
Use of interactive voice response (IVR) system to automatically call back customers rather than customers waiting on the phone in a queue.	Use of live chat service and social media platform such as Facebook, Twitter, LinkedIn to address the customer queries	Use of robotic process automation to address the customer requests thereby improving time response and turnaround time

- **BFSI**

With the growth of the BFSI sector, the customer base has widened, which has driven the demand for contact centre solutions. The increase in fraudulent activities and online financial transactions further accelerated the need for quick responses to customer needs and concerns.

- **Retail and Travel**

Retail and travel continue to be one of the significant customer-centric verticals, which aim to generate loyalty-driven revenue by providing a seamless customer experience. Contact centres

play an essential role in achieving this and ensure customer retention and enrichment by addressing/resolving customer issues about online booking, reservations, and orders queries

- **Telecom**

Telecom is a fast-paced industry that aims to invest in new infrastructures/developments such as 5G, IoT etc., in order to cater to the ever-rising demands for data traffic and security. Firms focus on their core resources, generating profits while finding avenues to improve the service delivery and keeping customers satisfied. Contact centres help in addressing this demand and enhance customer service economically.

- **Healthcare**

Contact Centres in the healthcare industry play an essential role in enhancing patient engagement and patient satisfaction. It aims at providing accurate, reliable, and personalized customer service while addressing the urgent demands of appointments and reservations. Quality call centre acts as a differentiating factor and help retain patients

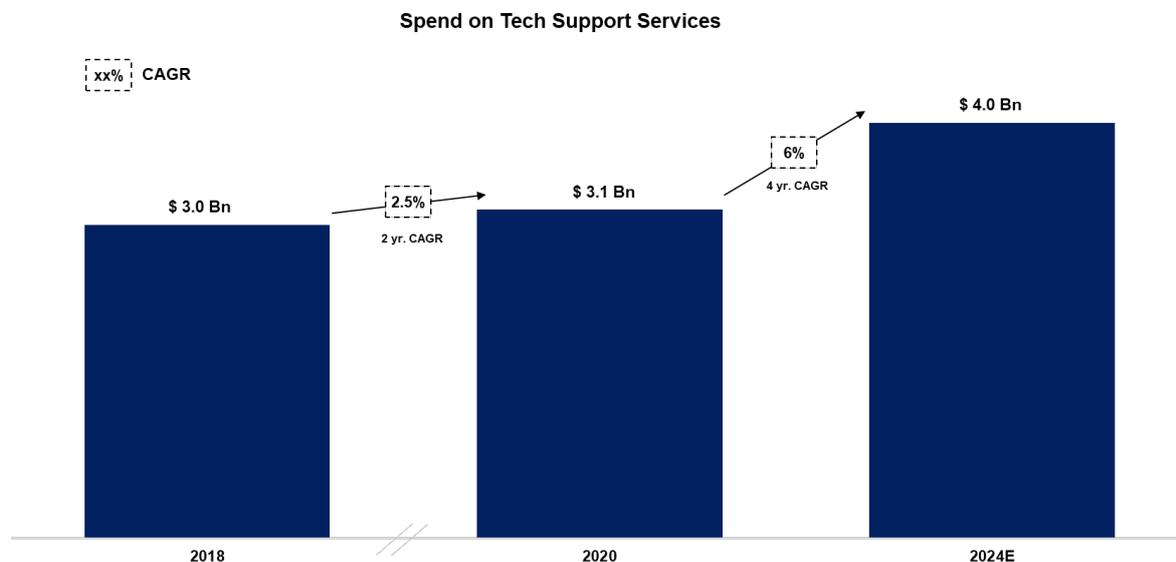
Some of the key trends gaining traction in Customer Services include:

- Surge in chat and video as customer interaction channels – chat-as-a-service gaining traction and is offering 24x7 chat coverage.
- Omnichannel support – With the increased presence of consumers across different digital channels, the use of an integrated omnichannel platform has become critical to provide a seamless customer experience
- Prioritize Digital-first – Use of AI and automated services to reduce contact centre costs and increase efficiency
- CXM self-service – Increased use of discussion boards and chatbots to speed up the customer service and streamline the business process
- Increased adoption of NLP technologies – to analyze customer feedback while deprioritizing typical voice channel
- Increased adoption of virtual and cloud-based contact centre solutions – to achieve better business continuity
- Query resolution on social media channels such as Facebook, Twitter, etc.
- Remote options and flexible staffing models to help contact centres scale
- Rising demand for personalized and streamlined customer interactions – to achieve high customer satisfaction.

Despite promising growth, the segment faces numerous challenges, providing an opportunity for Service Providers. Some of the challenges faced by the segment include:

- Data security and privacy - Contact centres are exposed to high-security threats as they store a huge amount of crucial customer data. Firms are now using sophisticated tools and online vulnerability management solutions to address these security threats. The use of reliable and privacy-compliant contact centre solution providers can further help overcome the security challenges
- High attrition rate leads to additional cost of recruiting, hiring, training, and developing new staff
- Integration of new-age digital contact centre solutions with existing legacy systems of organizations

Tech Support Services



Source: Zinnov Analysis

The Indian **Tech Support Services** market growth is forecasted to grow at a CAGR of ~6%, enabling the market to reach the USD 4 Bn mark by 2024. Technical support services entail providing support services to technology products and services users. Technical services involve services delivered over both voice and non-voice channels and include live support and troubleshooting using remote access software. Tools like customer discussion boards facilitated by expert responses also fall under the technical support umbrella.

Role of Tech support services across key verticals

Below are some case studies elaborating new-age Customer Service practices followed by the role of Customer Services across key verticals

Vertical	Case Study
Electric two-wheeler OEM	Uses AI for predictive maintenance enabling intelligent alerts
Indian Fintech start-up hosting credit-line cards	Uses chat-bot to diagnose and resolve minor/common queries
Leading new-age EdTech platform	Uses advance analytics to achieve >95% customer resolution score with <2 hr average response time

- **Technology**

Technical support is a crucial part of customer experience delivery for technology-driven companies. With the change in consumer patterns, new age technical support is expected to research, diagnose, troubleshoot, and resolve customer issues using remote access and diagnostics tools

- **BFSI**

The BFSI industry constantly fights disruption with traditional players competing with tech-savvy Fintech incumbents. This has led to an increase in online service delivery, making the availability of competent technical support a necessity across the industry

- **Consumer Electronics**

As smart connected technology is being infused into everyday consumer electronics, technical support has become the first line of defence for solving customer issues in the industry. With this, sensors and remote monitoring are rising to support technical support delivery.

- **Healthcare**

Healthcare is one of the industries going through the highest amount of change due to technology infusion. The use of smart wearables, home/self-care care systems has increased over the years. The pandemic further enhanced the adoption of telehealth services. The combination of these factors has made technical support delivery imperative for the healthcare industry

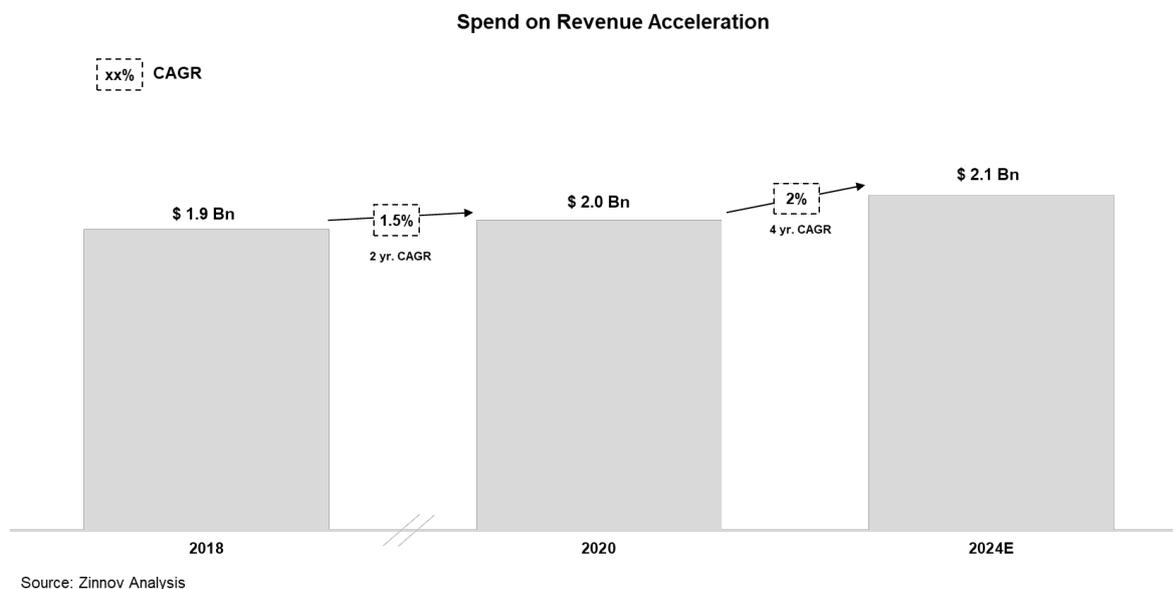
Some of the key trends gaining traction in technical support services include:

- Use of AI and Virtual Agents to power chatbots
- Infusion of AR/VR to enable guided troubleshooting
- Use of sensors and monitoring capabilities into products to support critical-event support
- Use of blockchain to deliver a decentralized ledger enabling collaboration throughout tech support processes

Despite promising growth, the segment faces numerous challenges, providing an opportunity for Service Providers. Some of the challenges faced by segment include:

- An increase in technology consumption coupled with high attrition rates in the technical support industry has increased to knowledge and skill gap
- Optimizing support processes to ensure the right balance between customer preference, effectiveness, and efficiency is a crucial challenge for technical support providers
- Further pressured demand on the service teams due to lack of efficient self-service portals which help resolve smaller tickets
- Bordered data protections hinder the globalization of technical support services for critical applications

Revenue Acceleration



The Indian **Revenue Acceleration** services market in CXM has been stagnant till 2020, and the predicted growth is expected to be sluggish compared to other horizontals. Revenue generation services include assisting the client in retaining customers and increasing revenues. This includes customer experience management services focusing on increasing the average revenue per customer through improved cross-selling or up-selling or support for online sales channels.

Role of revenue acceleration services across key verticals

Below are some case studies elaborating new-age Customer Service practices followed by the role of Revenue Acceleration across key verticals

Vertical	Key Practice
Leading Indian real estate company	Use of next-gen technologies such as AR/VR, Drones to give a virtual tour of the property to potential customers
Large Indian bank	Launched digital self-service-based onboarding service offering customers assisted onboarding capabilities across all the channels
Indian online grocery delivery firm	Use of social media platforms and influencer marketing to enhance customer engagement and brand awareness

- Retail**
 With the advent of online shopping, omnichannel presence, and stiff competition, robust digital strategies/tools are required to increase customer engagement, sales, and brand loyalty to outpace the peers
- Healthcare**
 As more consumers turn to the internet to check for health solutions, digital marketing with a focus on SEO-fuelled web content and targeted ads will be essential to address the queries and tap more consumers

- **Entertainment**

With the proliferation of the internet and social media channels, firms are increasingly leveraging e-mail campaigns and digital marketing tools to garner more users, increase brand awareness and ultimately more revenue.

- **Automotive**

The pandemic severely impacted the auto industry, disrupting consumer buying behaviour. Firms are undertaking marketing efforts such as social media ads, video marketing and SEO to remain at the forefront of customers' decision-making.

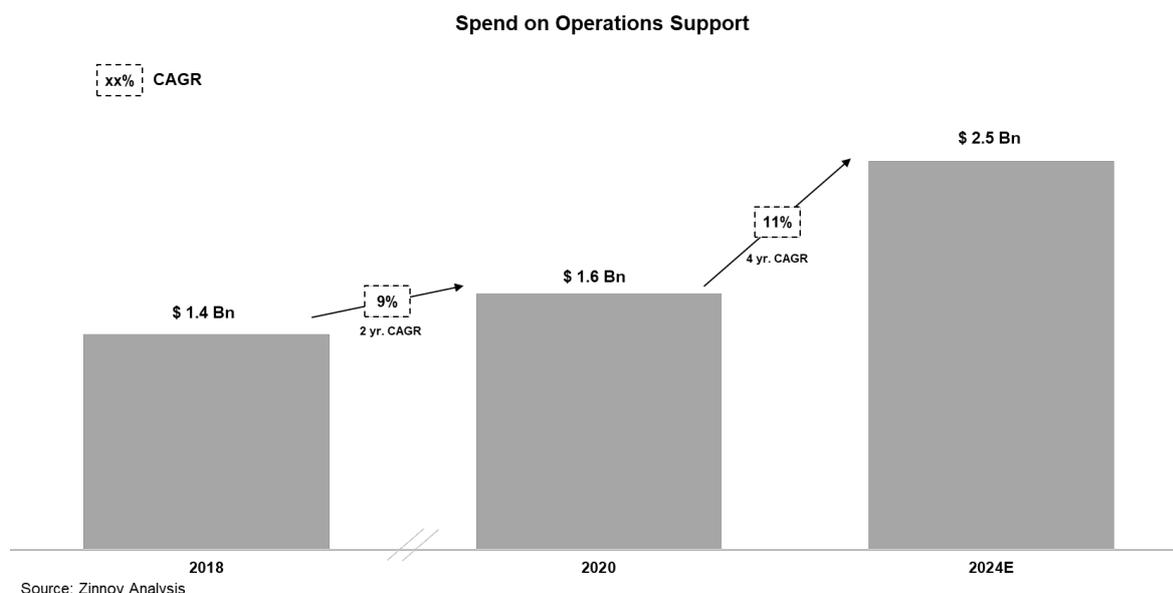
Some of the key trends gaining traction in revenue acceleration services include:

- Use of AI-powered tools and advanced analytics for targeted reach-outs
- Increase in use of visuals such as GIFs, AR, animations, and videos in the marketing, to garner users' attention
- Use of AI/ML for content marketing tasks such as analysis, optimization, and A/B testing
- A surge in the use of customer demographics to provide customized experience according to the geography or language
- Increased use of social media as an advertising channel

Despite promising growth, the segment faces numerous challenges, providing an opportunity for Service Providers. Some of the challenges faced by segment include:

- The increasing importance of optimized marketing budgets and ROI – Due to the presence of numerous digital channels and advanced analytical tools, it has become even more critical to optimize the marketing budget and select the right tool to address the business needs effectively
- Increased security risks – With the increase in online marketing, security has become one of the significant challenges
- Lack of digital skills/knowledge to operate the digital tools required

Operations Support



The Indian **Operations Support** has been the fastest growing (9% CAGR between 2018 and 2020) compared to the other horizontals. This growth is further predicted to accelerate, and the market is expected to touch the USD 2.5 Bn mark by 2024. Customer Order fulfilment support services include additional support services pertaining to order fulfilment, such as scheduling deliveries, liaison with delivery and installation personnel and resolution of order related queries/issues.

Role of operations support services across key verticals

Below are some case studies elaborating new-age Customer Service practices followed by the role of Customer Services across key verticals

<p>Indian Food delivery company</p> <p>Utilizes real-time location tracking to enable smooth order tracking</p>	<p>E-commerce delivery partner start-up</p> <p>Uses sensors to provide remote monitoring for perishable couriers</p>	<p>Indian retail giant with more than 200 stores</p> <p>Leverages online channels to facilitate self pick-up services and trackable home-delivery</p>
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- **Retail**

Retail is a fast-paced industry, disrupted by numerous players, technology advancements and high consumption. This has increased the need for seamless customer experience, making order fulfilment support services imperative across the industry vertical. The use of warehouse management systems and customer support for refund/return queries is rising to support the order fulfilment process.

- **Consumer electronics**

With constant product innovation and competition, order fulfilment for consumer electronics is crucial for customer experience delivery. Proper inventory management, efficient picking/packing procedures, return processing and same-day delivery continue to be a priority for brands

- **Healthcare**

Healthcare is a crucial industry vertical that provides critical products/equipment to patients and providers. This makes order fulfilment support necessary across the industry, ensuring order accuracy and timely delivery. Solutions such as robust inventory management are further helpful in improving data accuracy and demand forecasting

Some of the key trends gaining traction in operations support include:

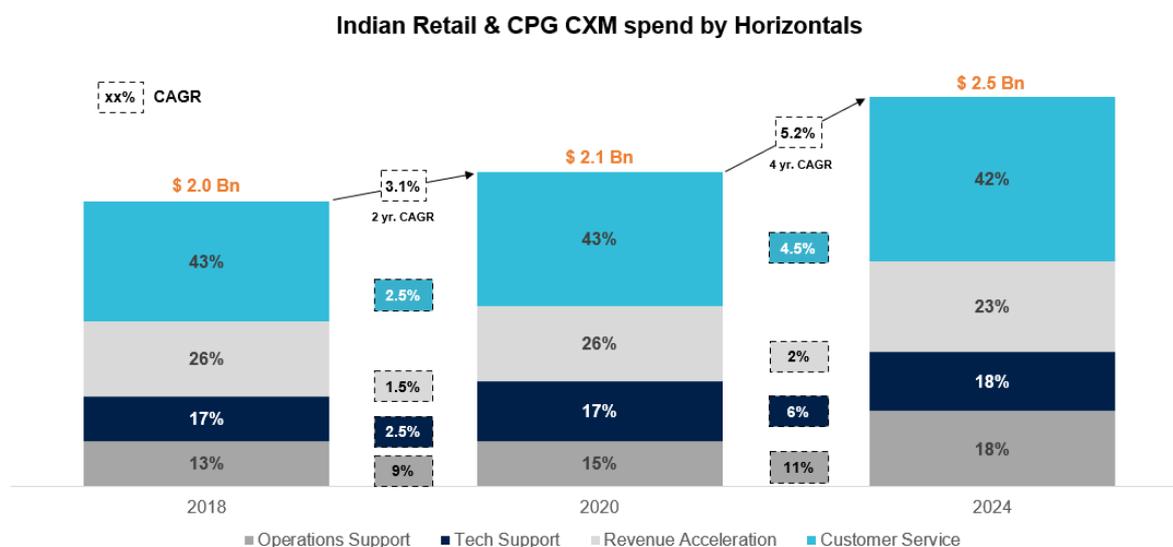
- Services such as buy-online-pick-up-in-store and In-house delivery, gaining traction, leading to an increase in sales and ease of shopping
- The pandemic has accelerated the need for scalable order management systems that can respond to increasing demands
- Increase in the number of multi-channel merchants, enabling companies to boost the sales
- Robotics and Automation – Use of robots to improve shipping time and optimize inventory process
- Real-time data plays a significant role in order fulfilment and shipping process; the use of analytics for real-time data can be helpful in decision-making in the warehouse and the marketplace.
- Use of technologies such as AI/ML to optimize warehouse management and enable more intelligent, productive decision-making
- Use of sensors and innovative technology to allow real-time tracking of temperature and humidity levels in packages

Despite promising growth, the segment faces numerous challenges, providing an opportunity for Service Providers. Some of the challenges faced by segment include:

- Inaccurate order fulfilment due to error in picking and packing or mistake in the recording of the order.
- Increased need for proper inventory management due to frequent stockouts on items with high turnover.
- Increased fuel costs and shortage of reliable courier services impact the order fulfilment delivery process.
- Lack of multiple fulfilment centres leads to slower delivery speed.

Industry Deep Dives – India CXM Market

Retail and CPG



The growth in the CXM spend from the Indian Retail and CPG industry is expected to double from 2020 values to reach USD 2.5 Bn by 2024. Operations support services are expected to grow the fastest due to the adoption of online retail channels. They are predicted to contribute to ~USD 450 Mn of the spend by 2024, overtaking the contribution by technical support services. Customer support services are still expected to dominate the CXM spend in the Retail and CPG industry and will continue to contribute to more than 40% of the spend.

Even before the pandemic, the adoption of digital sales channels and omnichannel business models was on the rise. The pandemic forced the industry to expedite this adoption further, which has opened new revenue streams that require CXM support.

Key Trends driving CXM to spend in the Retail and CPG industry

- Growth in the e-Commerce customers as the Indian internet and smartphone penetration increases
- Rise of new age internet retail start-ups, driving the consumption across different digital channels
- The surge in consumer demand and higher disposable income driving the growth of organized retailing
- Increased demand for omnichannel support to provide seamless customer experience
- Increased expectations for real-time updates and quick resolution of order refund/queries
- Increase in pre-purchase questions raised by customers regarding products and services
- Increased use of social media platforms for business
- Increased use of digital technologies to create an at-home shopping experience such as Augmented/Virtual trials

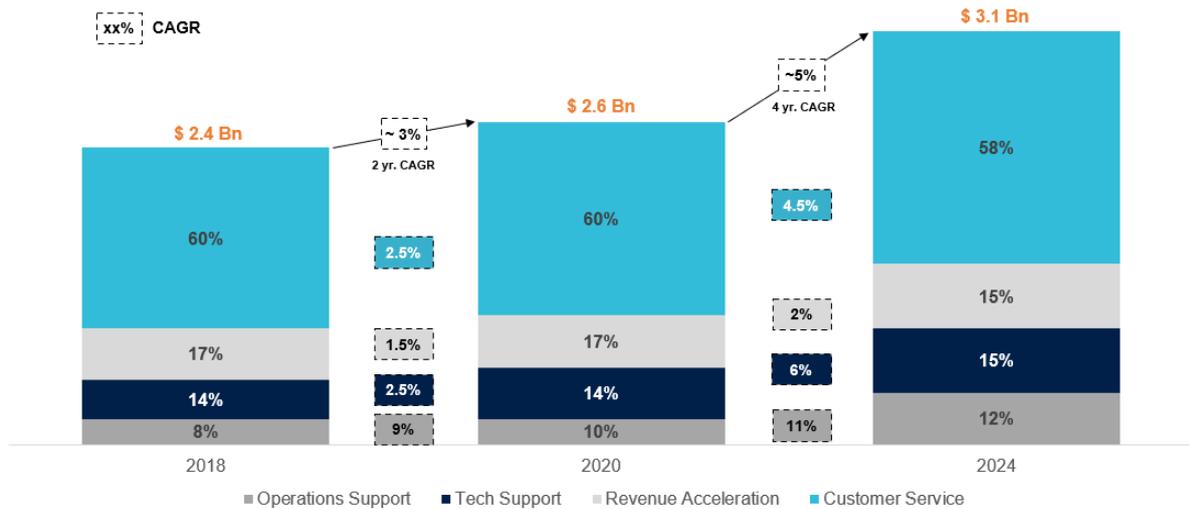
Retail and CPG CXM Use Case Universe

Customer Services	Tech Support Services
<ul style="list-style-type: none"> Catering customer queries by leveraging voice, non voice and new age channels like social media platforms Addressing product complaints and feedback by customers Leveraging chatbots, emails and telephonic services to address customer issues 	<ul style="list-style-type: none"> Providing query resolution and support for purchases made using digital sales channels like apps/ websites etc. Providing support related to in-store sell check-out POS systems
Operations Support	Revenue Acceleration
<ul style="list-style-type: none"> Handling queries for order fulfilment & returns/refunds Handling queries regarding omnichannel delivery models like in-store pickup, drop box delivery, etc. Provide real time support on order tracking 	<ul style="list-style-type: none"> Interacting with customers on social media channels to increase product awareness Hosting customer reach-outs throughout the sales funnel (Pre-Mid-Post sales) to improve customer experience

Source: Zinnov Analysis

BFSI

Indian BFSI CXM spend by Horizontals



Source: Zinnov Analysis

CXM spending by the Indian BFSI industry is expected to grow by 5% with the total market crossing the USD 3 Bn mark by 2024. Customer Services remains the key contributor to this spend with ~60% of the share. Operations Support services hold 10% of the current spending but are expected to grow the fastest and cross the USD 400 million mark by 2024. Regardless of the growth in other horizontals, Customer Services is predicted to maintain dominance in the BFSI CXM spend for the perceivable future.

BFSI industry has one of the highest impacts of technology disruption. New technology-driven entrants have forced digital adoption throughout the Indian BFSI industry. The banking space also faces a transition in new business models like retail investing, small finance, digital credit lines and online insurance channels. As a result, the BFSI industry is facing an increasing need for customer experience management solutions.

Key Trends driving CXM spend and growth in the BFSI industry

- The rise of Fintech players has driven the consumption of digital banking channels.
- Development of digital payment products providing complex financial solutions such as "Pay Later", increasing the need for CXM services in the industry.
- The number of bank account holders in India has increased from 35% (2011) to more than 80% (2017) of the population.
- Increased adoption of digital onboarding services like E-KYC by the financial sector to provide a seamless customer experience.
- Customer expectations for differentiated CXM services like live assistance with co-browsing and video chat have risen.
- Increased demand for omnichannel customer experience due to the shifting information consumption patterns.
- Expectations of 24/7 Quick query resolution and continuous customer support have increased.

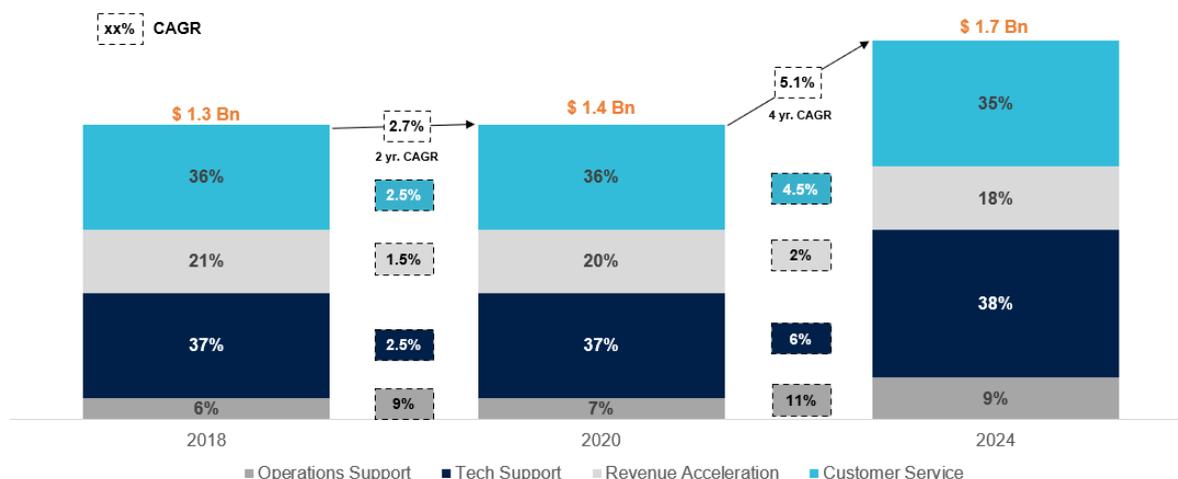
BFSI CXM Use Case Universe

Customer Services	Tech Support Services
<p>Aiding in document verification for omni-channel onboarding for banking services</p> <p>Addressing queries related to banking, payment, lending & transaction services</p> <p>Value added phone, e-mail banking services and chatbots for frequently raised queries</p>	<p>Resolutions of queries regarding digital banking channels such as netbanking, digital lending and retail investment apps, payment gateways, etc.</p> <p>Hosting discussion boards and chatbots to provide support for digital BFSI products</p>
Operations Support	Revenue Acceleration
<p>Handling queries regarding card/loan applications and delivery</p> <p>Providing support and updates on transactions and resolve frequently raise queries using chatbots</p> <p>Resolution of refund and redemption tracking queries</p>	<p>Improving lending, card & banking services enquiry reach-outs by using data-driven platforms</p> <p>Managing repayment and default related reach-outs to costumers and using RPA to initiate payment reminders</p> <p>Enhancing customer engagement and brand awareness by facilitating interactions on social media platforms</p>

Source: Zinnov Analysis

Hi-Tech (Software and Internet, Semicon and Consumer Electronics)

Indian CE & Technology CXM spend by Horizontals



The Growth in the CXM spend from the Indian Hi-Tech players is predicted to almost double to 5.1% CAGR and reach USD 1.7 Bn by 2024. Customer Services and Technical Support services collectively make up more than 70% of the CXM spend by the Indian Hi-Tech industry as of 2020 and are predicted to do for the near future.

In addition to hosting a proactive Customer Service support org, Hi-Tech players need a robust CXM backbone due to the technical nature of their products and offerings. The consumption of CE and technology products and services have been on the rise in India. This growth in the Hi-Tech customer base was expedited due to the pandemic, further increasing the need for CXM solutions by the industry players.

Key Trends driving spend and growth in Hi-Tech

- Increase in customer base fuelled by the pandemic and increasing wallet share.
- Adoption of online purchase channels with the shift in consumer buying behaviour.
- Increased use of social media for customer interactions, query resolutions and product reviews.
- The surge in digital payments driven by multiple payment channels and payment gateways.
- The expectation of real-time order tracking services and quick query resolution of returns/refunds.
- Increased demand for customer safety by moving to contactless checkout, payments, and delivery.
- Increase in pre-purchase queries raised by customers regarding products and services.
- The increasing complexity of consumer products, software and internet-based services leads to higher customer support requirements.
- Rising competitions forcing industry leaders to provide differentiation such as proactive appliance maintenance services, product/service feedback management, etc.

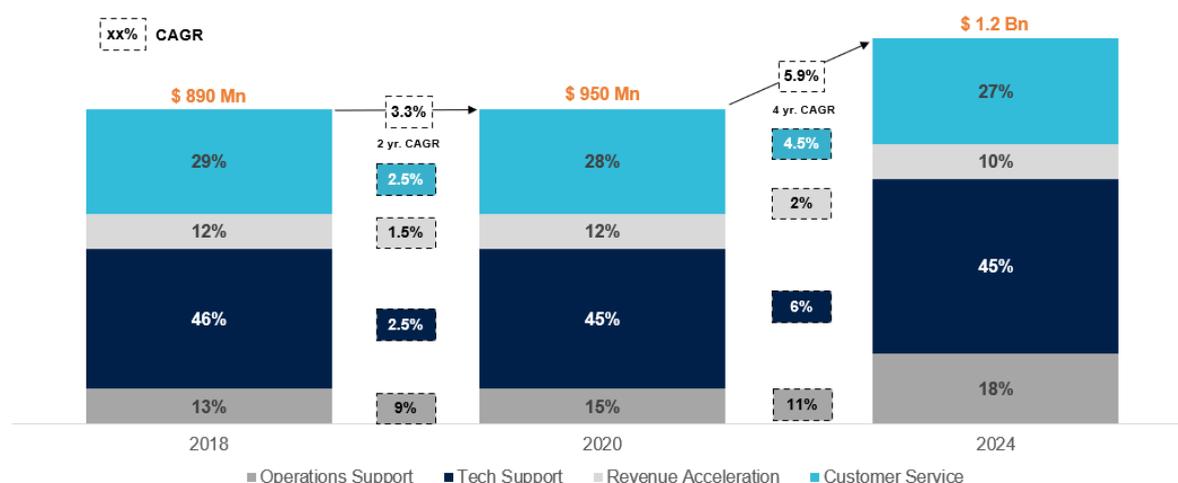
Hi-Tech CxM Use Case Universe

Customer Services	Tech Support Services
<ul style="list-style-type: none"> Non technical query resolutions using IVRs, chatbots, emails and other voice and non-voice channels Handling queries and bookings regarding appliance maintenance services 	<ul style="list-style-type: none"> Resolutions of queries pertaining to product warranty/post warranty Providing setup support for Consumer electronic and technology products Providing remote maintenance support for consumer products Hosting discussion boards and chatbots to help solve frequently raise queries
Operations Support	Revenue Acceleration
<ul style="list-style-type: none"> Handling queries regarding consumer order fulfillment and return/refund Resolution of order tracking queries, off-site maintenance & repair queries Handling queries regarding spare part availability and delivery 	<ul style="list-style-type: none"> Enhancing customer engagement and sales by facilitating interactions regarding the products and services on social media platforms Improving cross selling of electronics and software through personalized recommendation using AI/ML accelerators Hosting online tools using RPA, AR/VR and advance analytics to increase product awareness

Source: Zinnov Analysis

Automotive

Indian Automobile CxM spend by Horizontals



Source: Zinnov Analysis

The CxM spend by the Indian automotive industry has been majorly dominated by technical support spend, contributing to more the 45% of the total as of 2020. The scenario is predicted to continue for the foreseeable future due to the industry's nature. Customer support, contributing to more than 25% of the total as of 2020, comes out as the next focus area for the industry.

The automobile industry is currently focused on inducing connected tech, ADAS and electric power powertrains into their vehicles to provide differentiated offerings for their customers. All these focus areas involve and allow large scale digitization of their production, which is leading to new complex offerings and business models which require higher levels of CxM support capabilities

Key trends driving CxM spend in the Automotive industry

- The rise in adoption of new-age services like long-term car leasing leading to the need for proper CxM channels.

- Implementation of vertical integration strategies like vehicle insurance, driving the demand for claim resolution services.
- Growth of used car marketplaces to increasingly leverage helpdesk/support services.
- The recent adoption of online sales channels by the automotive firms and distributors to provide a contact-less experience.
- Increased adoption of connected cars enabling remote diagnostics and assisted repair services.
- Implementation of pan-India RSA services by leading automotive firms.

Automotive CXM Use Case Universe

Customer Services	Tech Support Services
<p>Pre-sale support of customer queries regarding products & services provided by the player</p> <p>Service delivery for RSA and other connected car features like car tracking, geo fencing, etc.</p> <p>Handling queries related to product maintenance and warranty</p>	<p>Remote diagnostic services using sensors based on connected car technology</p> <p>Assisted troubleshooting and maintenance services using remote presence tools</p> <p>Providing pre-sales advisory and support for technical specifications</p>
Operations Support	Revenue Acceleration
<p>Handling queries regarding new vehicle deliveries, pick-up & drop-off maintenance services</p> <p>Providing support regarding orders fulfilment of spare parts and accessories across all sales channels</p>	<p>Initiating sales reach-outs to prospective customer through voice and non-voice channels, chatbots and advance tools using social media tracking</p> <p>Hosting service maintenance reminders and up-sell reach-outs based on customer purchase data</p> <p>Handling social media interactions to increase product awareness</p>

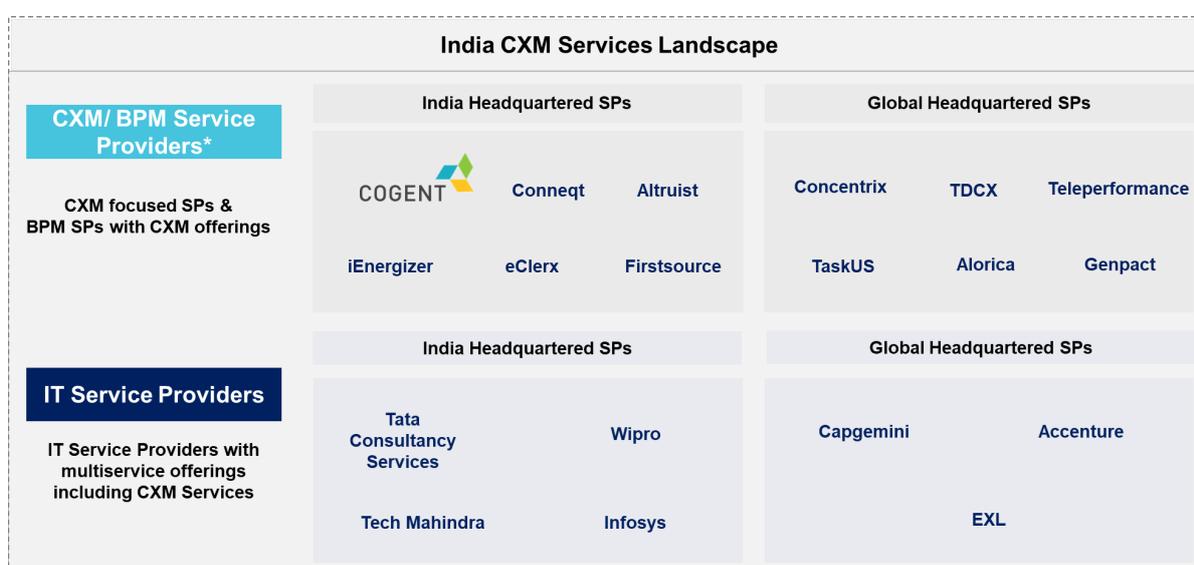
Source: Zinnov Analysis

CXM India Addressed/ Outsourced Market

Customer experience is no longer restricted to large conglomerates or B2C centric businesses. With the increased push for digital technologies and virtualization, organizations across the spectrum have started investing in improving their CX. With everchanging customer requirements and a lack of in-house expertise, companies are investing in outsourcing services to Service Providers.

Indian enterprises increasingly rely on outsourcing to CXM Service Providers to enhance their customer experience

The burgeoning demand for CXM coupled with the competition for talent is driving the need for outsourced CXM services. CXM Services in the Indian market is addressed broadly by two types of outsourced players:



Note:
1. The chart above covers select lists of companies across categories and is not meant to be exhaustive.

CXM/ BPM Service Providers offer services that cater to the CXM needs of their clients. These service providers do not have a focus on the IT outsourcing market. These SPs are classified further based on their headquarters as Indian vs Global players. There are players across both these categories which cater to the Indian market.

These SPs can be further classified based on their positioning into 2 categories:

- **CXM Focus** – CXM focused firms, like Concentrix & TDCX, offer specialized CXM offerings aimed at skillsets, horizontals, or industry-specific offerings. They offer a wide range of CXM services such as CX strategy consulting, CXM technologies and CXM support services. These SPs essentially manage end to end CX lifecycle for their clients.
- **Overall BPM Focus** – These Service providers focus on the entire spectrum of BPM offerings in addition to CXM services. They position themselves as BPO/ BPM focussed players in the market. They offer services around Finance, Payroll, HR, Supply chain in addition to CXM services.

CXM focussed firms offer some advantages overall BPM focussed SPs, which include:

- Able to manage customer experiences across customer touchpoints whereas BPM firms are more aligned towards managing business processes
- Focused CXM offerings with end-to-end service integration.
- Better domain expertise in specific horizontals or industry-specific offerings
- Higher focus on new age/ Digital technologies in CXM offerings

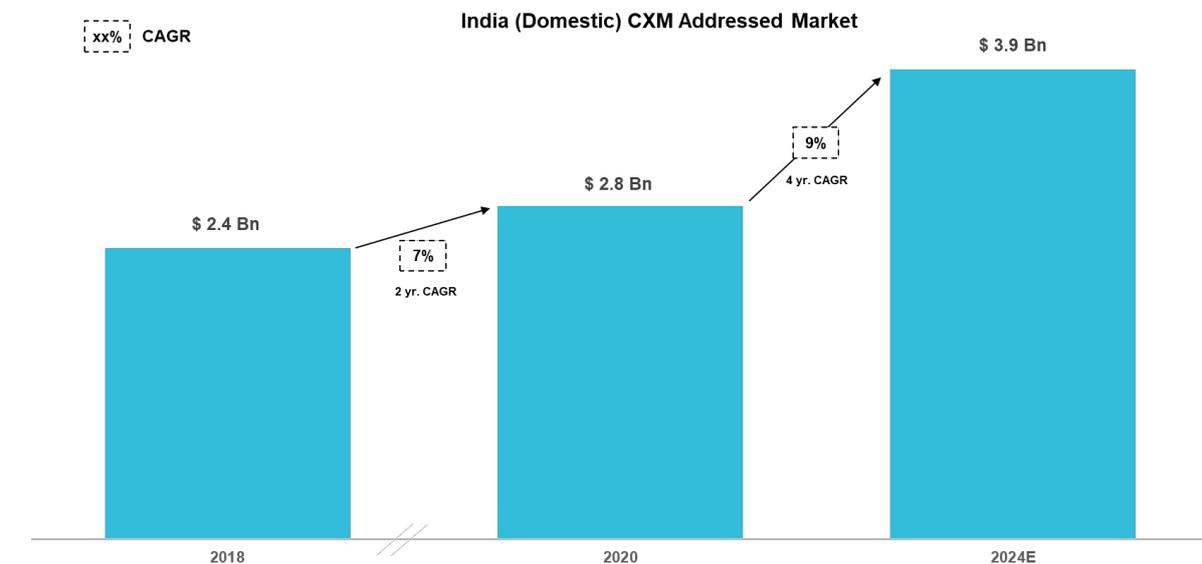
IT Service Providers offer CXM at scale, software services, and other IT offerings. These firms have portfolios aimed at digitally transforming businesses. Some of the advantages include:

- Large IT SPs have access to a large client base to cross-sell CXM offerings along with other IT service offerings
- It is easier for large IT SPs to provide enterprises with scale in terms of resources, skillset, and regional presence

India has one of the largest concentrations of CXM Service Providers, with over 2500 firms, both organized and unorganized as of 2020. The homegrown industry services around 37% of the global CXM addressed market as of 2020. Over the years, India has been one of the most sought-after locations for CXM outsourcing and has been continuously increasing its presence through the rise of India based CXM Service Providers.

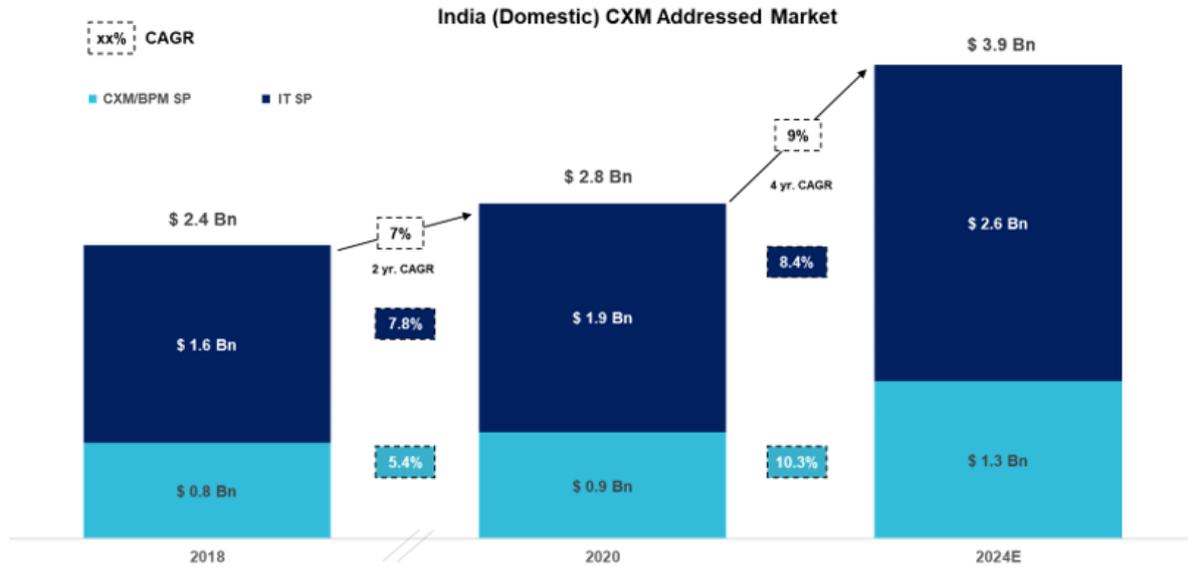
India CXM Addressed market is currently at USD 2.8 Bn and is expected to grow at a CAGR of 9% to reach ~ 4 Bn by 2024

Due to the pandemic, the Indian industry suffered a setback due to the imposition of work from home conditions. However, Indian Service Providers quickly adapted to change and resumed operations remotely.



Source: Zinnov Analysis

The domestic market is currently serviced by both IT Service Providers and CXM/BPM Service Providers, with the former addressing ~ 70% of the total market

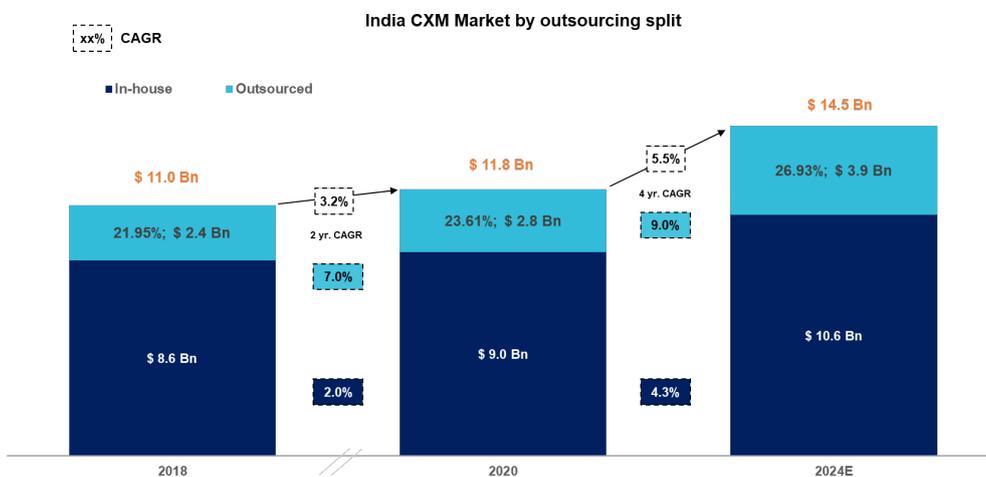


Source: Zinnov Analysis

IT Service Providers deliver integrated CXM offerings at scale, whereas CXM/BPM Service Providers offer specialized offerings targeted at certain horizontals or industry-specific offerings. Since these enterprises have specialized offerings, they can deliver faster turnaround times and are cost-competitive.

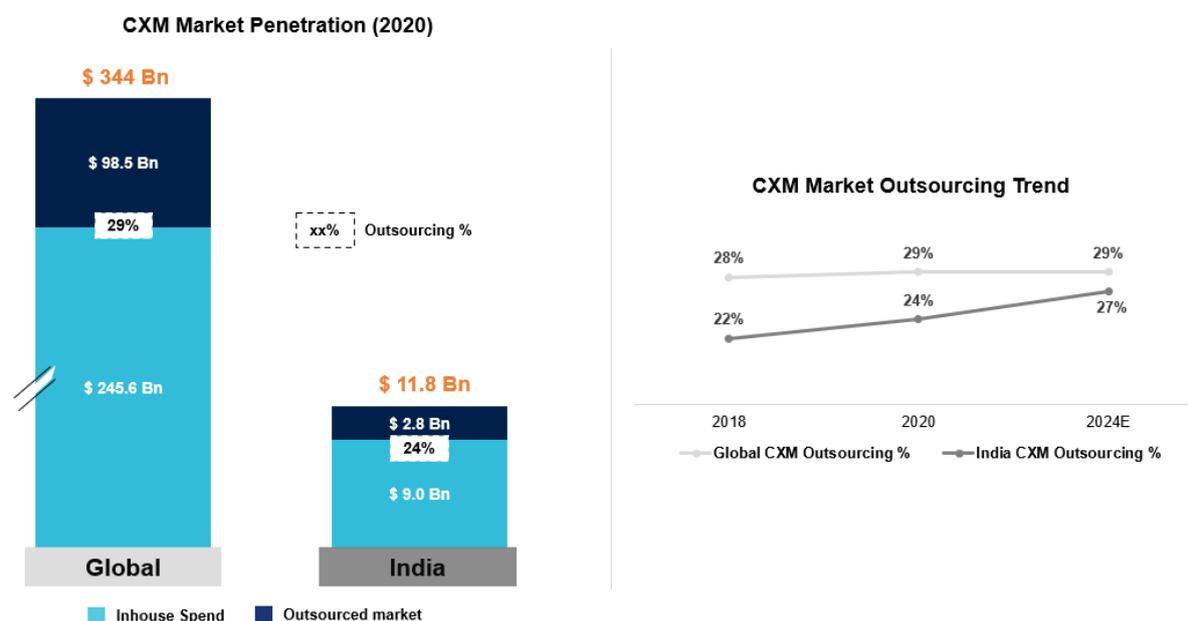
In terms of revenues, IT SPs could recover faster from the post-pandemic effects as they were better prepared to cater to the remote work scenario. On the other hand, CXM/BPM firms had to pivot their delivery mechanisms to the new working conditions. In the future, homegrown firms are expected to register a growth of ~ 10% between 2020 and 2024.

With an increased push for digital technologies, every enterprise acknowledges the need for a better CX, increasing CX investments. Some of the segments attracting maximum spend are Omnichannel CXM, analytics-driven CX, and AI-enabled interactions. The underpenetrated domestic market (23.6%) serves as a vast market opportunity for India headquartered CXM players, who see it as a USD 9 Bn market opportunity as of 2020.



Source: Zinnov Analysis

Indian CXM Addressed market is currently underpenetrated (24%) vis a vis Global Market with a vast untapped opportunity driven by Tier 2 and Tier 3 cities



The Global CXM outsourced market to Service Providers is ~ 29% of the overall market spend and as of 2020 stands at USD 98.5 Bn. In line with the global trends, the Indian CXM market is highly underpenetrated, and only 23.6% of the spending is outsourced as of 2020. While the growth in the global CXM addressed market seems to have stagnated, Indian CXM outsourcing is expected to reach 27% of the total spend by 2024.

Regardless of being a global powerhouse of outsourced CXM, India has a lower coverage of domestic markets. Further widening of spend vs outsourcing would increase the market opportunity for domestic CXM providers, who are expected to leverage this opportunity.

BFSI and Telecom industries are the most mature sectors on the industry front, implementing large-scale outsourcing. Relatively new E-commerce is expected to lead the next phase of growth.

On the other side, the domestic demand for CXM use cases is limited to larger enterprises in tier-1 cities but has eventually expanded to smaller towns housing a vast Indian population (~62% of population from Tier2, Tier 3 and rural towns as of 2020), with huge potential to buy goods and services through the retail and online channels. This potential is attributed to a gradual increase in literacy levels across Tier 2 and Tier 3 cities and increased disposable income. Due to these factors, the smaller towns have become a hotspot for untapped CXM opportunities.⁶

The difference in expectations and socioeconomic diversity across Tier 2 and Tier 3 cities distinguish their demands from Tier 1 cities. Global players with lower domestic expertise find it difficult to penetrate these markets and understand regional needs, leaving them untapped.

Some major observable trends driving demand in these cities are –

- **Rising demand for vernacular services:** India's digital penetration is 40.6% as of 2021 the second-largest digital population. Hindi and Indian regional language speaking Internet users will grow at

⁶ Classification of cities for the purposes of this report are based on population – Metro (>4Mn), Tier 1 (1-4 Mn), Tier 2/3 (<1-0.10 Mn), Rural (<0.10 Mn)

a CAGR of 18% compared to 3% growth for English content consumers between 2020 and 2024. Increasing internet penetration and digital literacy is accelerating the shift to a mobile-first consumer economy. To capitalize on this opportunity, enterprises and start-ups trying to capture market share must quickly address regional language demand to win customers.

Leading Indian bank, for instance, has outsourced the development of a multi-lingual voice bot, which can handle large volumes of customer queries and requests per day and can be enhanced to support over 10 Indian languages with over 160 dialects. This justifies the immense need to provide services in vernacular languages, which all enterprises cannot serve. Therefore, it needs to be outsourced to capture the market in Tier 2 and Tier 3 cities. India headquartered CXM SPs with vernacular capabilities would be the ones to benefit from this demand.

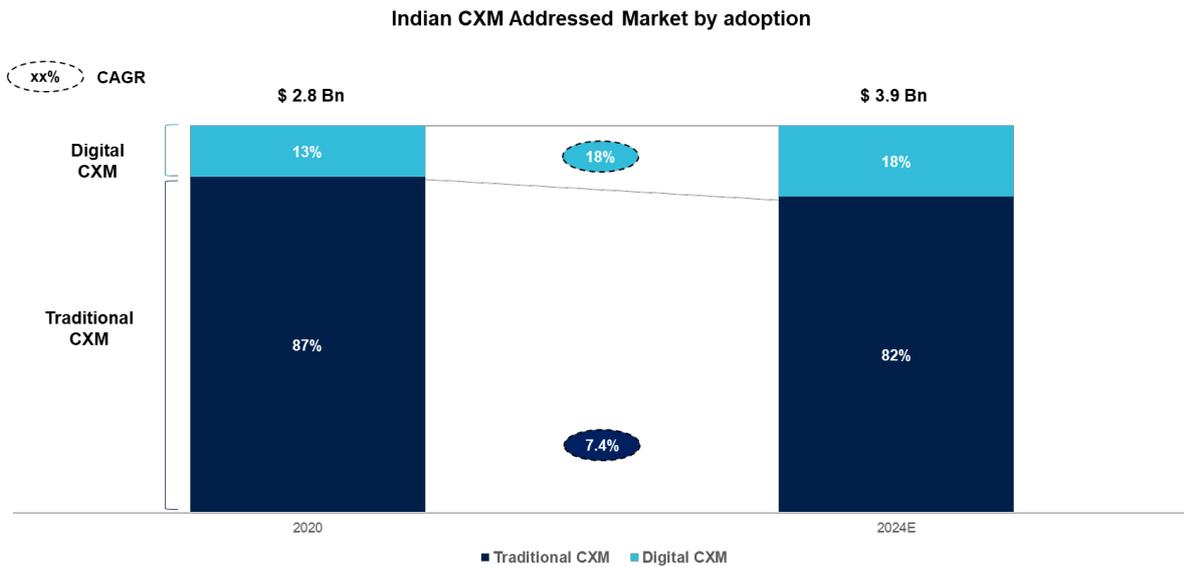
- **Booming outsourced market in Banking, NBFC and e-Commerce:** With favourable government policies and market expansion opportunities contributing positively to the last few years in the Banking, NBFC and e-Commerce sectors, they have witnessed immense growth to reach the remotest areas in India. The rapid growth has drastically created a gap in the CXM for enterprises that will multiply if not attended on account of an unmanageable scale of development at the cost of available human capital, thus, creating a need for technological intervention and outsourcing. This rapidly changing demand for serving the CXM market in these sectors has a vast growth opportunity that can be better served by deploying outsourcing models.
- **Missing solution plays for SMEs:** SMEs are crunched on limited resources to look for solutions catered to their personalized needs and not what is available in the market for more prominent players. Solutions (ex. Chatbots, lead generation or e-mail services) at practical price points are their preferred set of use-cases that will help them scale their business rather than a suite of solutions. Enterprises unfamiliar with the needs of SMBs based in tier-2 and tier-3 cities cannot fulfil the requirements of these SMEs at the required price point with the level of customization. Thus, this has left a considerable potential for domestic SPs to tap into the smaller cities in the Indian market.
- **Consulting play:** In 2021, larger Indian organizations have achieved greater cross-channel visibility, and many Indian organizations feel they made the right CX investments to increase their business resilience. Majority of the Indian organizations believe CX innovation is imperative to protect against the competition. As organizations realize the increasing need for CX transformation, demand for end-to-end CXM strategies outlining detailed customer experience journeys has increased. Enterprises now demand tailored CXM solutions detailing the technologies, tools and processes required to achieve best in class CX deliveries. CXM Service Providers have started developing the required expertise to address the clients' requirements on providing consulting services and strategies for their CX journey.
- **Technology Integration-** Increased adoption of cutting-edge technologies such as AI/ML, Automation etc has disrupted the CX market space. These technologies have become a critical part of successful CXM strategies across enterprises. India's MSMEs and start-ups host limited resources and technology capabilities to integrate these NextGen tools and technologies into their CXM processes. CXMSPs are playing a vital role in bridging the gap between these enterprises and the changing market dynamics by providing the required technology integration services to deliver seamless competitive CX journeys.

- Rise of New Economy Players-** New economy refers to high growth industries enabled by technology advancements and innovation. In India, leading e-tailers, food aggregators, cab aggregators and other new age internet-based start-ups have been driving economic growth in the market. These new economy players have a higher focus on CXM spend and are increasingly looking at outsourcing partners to provide CXM support for them as they witness unprecedented growth in the Indian market. This reliance on CXM service providers enable them to expand in developing markets such as India with new products and services. Also, CXM SPs are helping these companies to offer personalized services to customers due to the vernacular depth these SPs possess and cost efficiency they bring to these players.

The trends discussed above are expected to drive the addressed domestic market, enabling increased revenues for CXM Service Providers. CXM SPs are transitioning to digital and platform services to maximize revenues further and optimize margins. Increasingly, CXM players are diversifying their offerings to higher value-added digital segments.

Digital CXM technologies such as Consulting, CXaaS, Automation, etc. are accelerating India’s CXM addressed market

In line with global tailwinds of increased digital adoption, the domestic addressed digital CXM market is expected to grow at a CAGR of 18% during 2020-2024 against the traditional CX, which is expected to grow at a CAGR of ~ 7% by 2024.



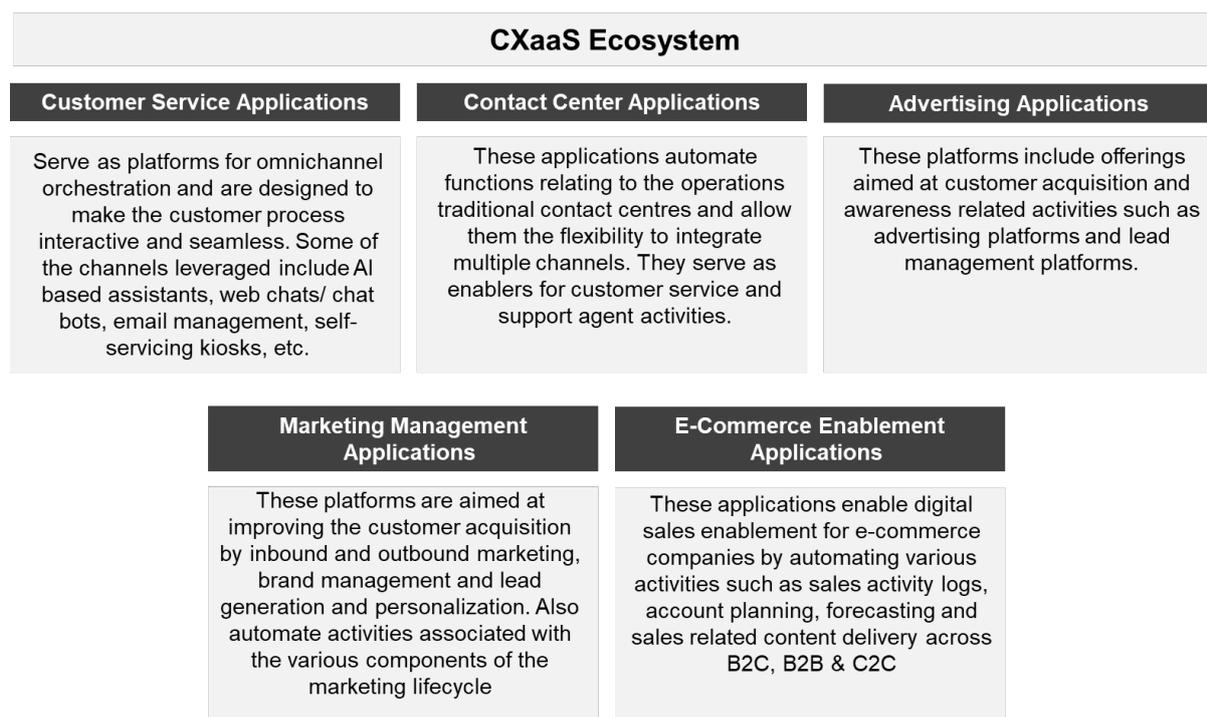
Critical digital CX interventions include CX consulting and CX Analytics, which help optimize and improve the overall experience. The interventions also have tools and solutions such as AI/ ML-based interactive platforms, RPA for automation and intelligent interactions.

Digital CX Interventions	Maturity	Applications
 Data & Analytics		 Analytics to track new age metrics such as click through rate, sales trends, customer life time value, etc. to measure marketing success and generate new leads
 Automation Capabilities		 RPA holds huge potential in F&A processes Procure to Pay – 40-60% Order to Cash – 50 – 60% Record to Report – 60 – 70%
 CXaaS Platforms		 Cloud based end to end CXaaS/ SaaS solution provides reduced need for technology investments. CXaaS combines CX strategy, data integration, automation capabilities, and employee expertise.
 CX Consulting		 Huge market is expected to be serviced in segments such as CX consulting as enterprises adapt to the new CX requirements. The CX consulting services cater to the entire spectrum of consumer interactions and help enterprises deliver results
 Intelligent Interactions		 AI/ML to serve as a backbone for next generation communication platforms such as Chatbots, Conversational Assistants and other platforms that help in better customer engagements
 Omnichannel Integration		 API Integration services for seamless connectivity for faster automations, Social Media Integration services for seamless interactions and higher sales conversions, End to end technology integrations across CRM modules for better CX

As managing CX becomes more complex, enterprises increasingly leverage personalized CX consulting services. Traditional firms invest in capabilities across various horizontals to pitch customers with better, agile, and cost-effective solutions to cater to this demand. Indian CXM, which is in a nascent stage compared to its global peers, is slowly transitioning to cloud-based platform solutions, which are flexible and are cost-competitive compared to traditional models.

Propelled by increased internet users and digital adoption, enterprises are increasingly adopting CXaaS platforms

Customer Experience (CX) as a service, better known as CXaaS, typically has CX strategy, data integration, automation capabilities, and employee expertise. CXaaS encompasses all enterprise systems from all areas of the customer experience - chat, social monitoring, application interaction, in-store technologies, data aggregation, gamification, and most importantly, cloud supported CXaaS platforms.



The table below highlights some advantages CXaaS platforms have over the traditional model.

	Traditional Model	CXaaS Model
Scalability	Scaling services is time intensive and difficult due to legacy infrastructure	Scaling is less difficult and affordable(i.e. expansion across channels, verticals, etc.)
Flexibility	Configuration of process is time consuming, difficult and complex	Faster process adoption as per business requirements
Technology	Technology adoption is slower and high risk of tech lock-ins	Lower switching costs associated and technology adoption is faster
Implementation	Existing solutions replaced/ upgraded to deliver new capabilities, negating previous investments	Transformation process designed to innovate and maximize existing investments
Financials	Combination of CapEx and OpEx, increased financial implications	Mostly OpEx spend and relies on lower support spend

Due to these advantages, new-age start-ups and SMEs are shifting towards these platforms to improve their CX. CXM SPs with knowledge and expertise on these platforms can leverage this opportunity as platform providers/ integrators.

CXM focused Service Providers are differentiating and competing with large firms

With the increase in demand for CXM services in India, the following are the key emerging trends across SPs addressing the market:

Focus on digital services over traditional service models

SPs are now investing in digital capabilities and moving from traditional to self-service channels. Consulting led CX engagements, usually with high margins, are rapidly increasing, forming 5-10% of 2020 addressed market.

Smarter Omnichannel – Convergence of next-gen capabilities with existing offerings

As omnichannel increasingly becomes digitally pervasive, the CXM ecosystem is witnessing more extensive convergence of next-gen capabilities such as intelligent automation, AI/ML-based interactions, Customer service chatbots using deep learning algorithms

SPs are building IP solutions for various sectors and horizontals by leveraging these capabilities. Some examples include:

- **Firstsource** – Deployed analytics for CSPs to analyse and gauge customer sentiments and behaviour across various channels.
- **Genesys** – Deployed cloud-based Genesys Cloud CX™ platform for better customer engagement, workforce engagement and full-stack AI-based capabilities for better visibility and customer journeys.
- **Infosys** – "Live enterprise" leverages AI/ML, analytics in addition to full-stack of next-gen capabilities across various horizontals for a holistic experience.
- **IBM** – "IBM Tealeaf" is an AI-powered, cloud-based CXM software that allows enterprises to track how users interact with mobile sites or applications. It also lets its users create dynamic content, improve collaboration and leverage analytics.

Increased consolidation through strategic acquisitions

The last few years have marked the evolution of CXM SPs, with large consolidations taking place across the entire spectrum. Global CXM SPs acquired firms to improve their digital capabilities and underwent significant consolidation in their contact centre business.

- Concentrix, a global CXM SP, acquired Convergys – a leading digital SP, to strengthen their digital capabilities and increase client penetration. It also announced the acquisition of ProKarma – a Leading Global CX Design Engineering Company, to scale up digital transformation capabilities and strengthen its presence across the digital services market.
- Teleperformance, a global CXM SP, acquired Intelenet to augment solution design and digital integration capabilities. Additionally, the acquisition is expected to strengthen its high-growth Asian markets.
- Aegis, a CXM SP, acquired Startek to gain presence into cloud offerings through Startek cloud
- EXL, acquired SCIO health analytics application, an omnichannel patient engagement platform to offer highly personalized care management programs

Cogent Competitive Benchmarking

About Cogent

Cogent E Services Limited (formerly Cogent E Services Pvt. Ltd.) is an Indian headquartered CXM focus Service Provider established in 2004; it has emerged as one of the most trusted and dependable service partners for its clients to redefine CXM in the digital age. It has a pan-India delivery presence, with more than 10000 employees spread across seven cities and 16 delivery centres as of December 2021. In a highly fragmented India CXM addressed market, Cogent is one of the few homegrown players with focused CXM offerings. The target segment for Cogent includes Indian enterprises, start-ups, MSMEs and Indian subsidiaries of MNCs.

Competition

The competition for Cogent in the Indian market is CXM focus Service Providers, BPM service providers and IT service providers with CXM offerings. For this report, we have analyzed CXM focus service providers which have a presence in India market and 6 such firms have been considered for our comparison set as highlighted below:

CXM focus Service Providers offer specialized CXM services spanning skillsets, horizontals, and industry-specific offerings. The study includes companies across various segments:

- **India Headquartered Service Providers** – These CXM provide specialized CXM offerings with a strong understanding of the Indian ecosystem. Conneqt and Altruist Customer Management have been included in the comparison set.
- **Global Headquartered Service Providers** – These CXM focus SPs have a multi-regional presence and offer a wide array of CX services. Teleperformance and Concentrix have been included in the comparison set to represent global CXM SPs who operate in the Indian market and are competitors to Cogent. TaskUS and TDCX offer next-generation CXM services such as CXaaS/SaaS-based platforms and have higher digital adoption. These 2 firms have been included in our comparison set.

Company Overview

Cogent is an India market focussed CXM focused service provider with delivery centres spread across both Metros/ Tier-1 cities as well as Tier 2/ Tier 3 cities and have regional language/ vernacular capabilities.

As seen earlier in the report, India's Tier 2 & Tier 3 cities are expected to account for nearly 30% of consumer spending by 2024, owing to increased disposable income and ongoing development, making it imperative for firms to have a pan India presence, catering to increased local needs. We also noticed that ~42% of the Indian population speak vernacular languages other than English and Hindi based on the 2011 census report. Hence, having delivery centres across Tier 2 and Tier 3 locations is expected to be a key differentiator for domestic CXM SPs to address the growing market needs.

	COGENT	Conneqt	Altruist CM	Teleperformance	Concentrix	TaskUS	TDCX
Founded	2004	2004	2005	1978	1983	2008	1995
HQ	Noida, India	Hyderabad, India	Panchkula, Haryana	Paris, France	Fremont, California	San Antonio, TX	Singapore
Total Employees	10,000+	34,000+	NA	380,000+	270,000+	23,000+	13,000+
Ratio of India presence (Metro/ Tier1) vs (Tier-2/3 Cities)	1:2.5	1:0.8	1:0.4	1:0	1:0.5	1:0.5	1:0
India Centers (Metro/ Tier-1)	<ul style="list-style-type: none"> Bangalore Noida 	<ul style="list-style-type: none"> Gurgaon Mumbai Bangalore Indore Kolkata Hyderabad Chennai Pune Noida 	<ul style="list-style-type: none"> Mumbai Bangalore Chennai Kolkata Pune Noida Hyderabad 	<ul style="list-style-type: none"> Mumbai Gurugram 	<ul style="list-style-type: none"> Gurgaon Bangalore Noida Kolkata Chandigarh Mumbai Chennai Pune 	<ul style="list-style-type: none"> Gurgaon Indore 	<ul style="list-style-type: none"> Hyderabad
India Centers (Tier-2/3)	<ul style="list-style-type: none"> Meerut Bareilly Vadodara Thane Mangalore 	<ul style="list-style-type: none"> Mohali Mithapur Chindwara Bellary Munnar Kakinada Jamshedpur 	<ul style="list-style-type: none"> Bhopal Raipur Shimla 	NA	<ul style="list-style-type: none"> Ranchi Thane Vizag Vadodara 	<ul style="list-style-type: none"> Mohali 	NA
Industry Exposure	<ul style="list-style-type: none"> BFSI Ecommerce & Retail Media Telecom FMCG Software & Internet Automotive Hospitality 	<ul style="list-style-type: none"> BFSI Automotive Retail Energy & Utility Telecom Media and Entertainment Healthcare Education 	<ul style="list-style-type: none"> BFSI Ecommerce & Retail Telecom and Media Healthcare Automotive Travel & hospitality Education technology 	<ul style="list-style-type: none"> BFSI Travel Logistics, and Hospitality Retail and E-commerce Healthcare Public Sector and Government Telecommunication Media & Technology 	<ul style="list-style-type: none"> Hi-Tech Telecom and Media Retail Travel, and ecommerce BFSI Healthcare 	<ul style="list-style-type: none"> Entertainment, Gaming Healthcare Hi-Tech Retail Travel/ Transportation 	<ul style="list-style-type: none"> Ecommerce Automotive BFSI Travel/ Hospitality Consumer Electronics Technology

Note:

- The above comparison includes an indicative list of CXM focus SPs who have a presence in the Indian CXM market and compete with similar offerings and portfolio
- The specific data on companies have been sourced from their respective annual reports and public sources.

Based on the publicly available data of the companies in our comparison set, Cogent has a high Ratio of delivery presence across Tier 2/3 cities compared to Metro/Tier 1 cities.

In India, verticals such as Retail, BFSI, Media, Software and consumer electronics are witnessing the increased need for customer interactions such as technical support, operations support and contact services driven by digital disruption and virtual interactions. These are amongst the top segments in the India CXM market, representing more than 60% of the market spend as of 2020. Cogent serves enterprises in these high growth verticals that contributes to ~80% of their FY21 revenue. (April 2020-March 2021)

Key Financial figures

While the India CXM addressed market grew by ~7% CAGR (2018-20) and is expected to grow at 9% CAGR (2020-24), Cogent has witnessed revenue growth of ~31% between FY19-21, beating the industry growth rate during this period. This is enabled by their regional presence and focus on high-growth verticals. Cogent demonstrates an EBITDA margin of ~18% as of FY21.

Financial Metrics of India Entities

(Latest Publicly reported financial data – FY21/ FY20)

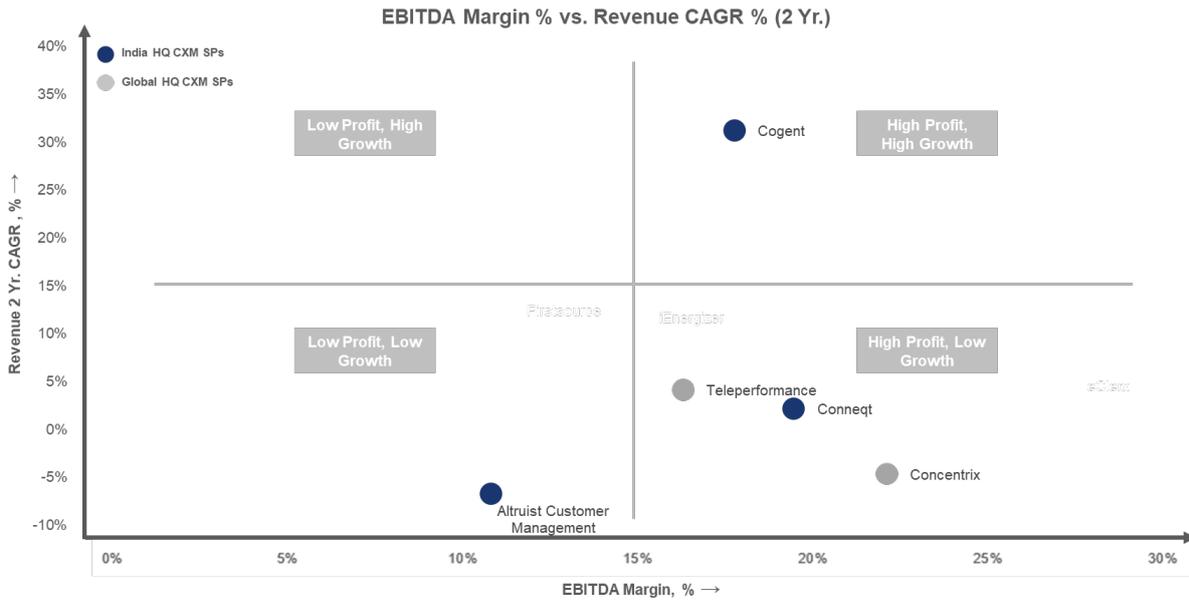
		Conneqt	Altruist CM	Teleperformance	Concentrix	TaskUS	TDCX	
Financial Year	Apr '20-Mar '21	Apr '20-Mar '21	Apr '19-Mar'20	Apr '20-Mar '21	Apr '19-Mar '20	Jan '19-Mar '20		
Financial Metrics	Total Revenue of India Entity	INR 2751 Mn	INR 8979 Mn	INR 1814 Mn	INR 26209 Mn	INR 4467 Mn	INR 254.4 Mn	NA
	Revenue (Within India)	INR 2751 Mn	INR 8402 Mn	NA	INR 9487 Mn	INR 2505 Mn	NA	
	Year-on-Year Growth	10.7%	(9%)	(11.5%)	(0.5%)	0.3%	NA	
	Revenue CAGR (2 Yr.)	31.2%	2.2%	(6.7%)	4.1%	(4.6%)	NA	
	Return on Equity (ROE)	37%	43%	10%	38%	12%	87%	
	Return on Capital Employed (ROCE)	31%	14%	15%	28%	16%	27%	
	EBITDA Margin, %	18.0%	19.6%	11.3%	16.6%	22.1%	25.6%	

Source: Zinnov Analysis, Ministry of Consumer Affairs, India

Sectional Note:

- The financial figures above have been derived from the latest available information based on public filings in India by the respective entities on the website of the Ministry of Corporate Affairs, and present different financial periods (April 2019 to March 2020 for certain entities and April 2020 to March 2021 for certain entities). Such has been presented only for illustrative purposes and are not comparable and should not be viewed as a comparative analysis of financial performance by entities.
- Return on Equity (ROE) is calculated as Net Income/ Average Shareholders' Equity
- Return on Capital Employed (ROCE) is calculated as EBIT / Capital Employed
- EBITDA Margin (other income adjusted) is calculated as (EBITDA-Other Income)/(Total Revenue- Other Income)
- Financial figures for Conneqt represent the data for the "Conneqt Business Solutions Limited" entity registered in India
- Financial figures for Altruist CM represent the data for the "Altruist Customer Management India Private Limited" entity registered in India
- Financial figures for Teleperformance represent the data for the "Teleperformance Global Services Private Limited" entity registered in India
- Financial figures for Concentrix represent the data for the "Concentrix Services India Private Limited" entity registered in India
- Financial figures for TaskUS represent the data for the "TaskUS India Private Limited" entity registered in India
- TDCX is registered in India as 'TDCX Digilab India Private Limited, however, they haven't reported any financial figures since their inception

Based on the publicly reported financials of the companies in our comparison set, Cogent is one of the few firms which registered positive revenue growth figures in FY21.

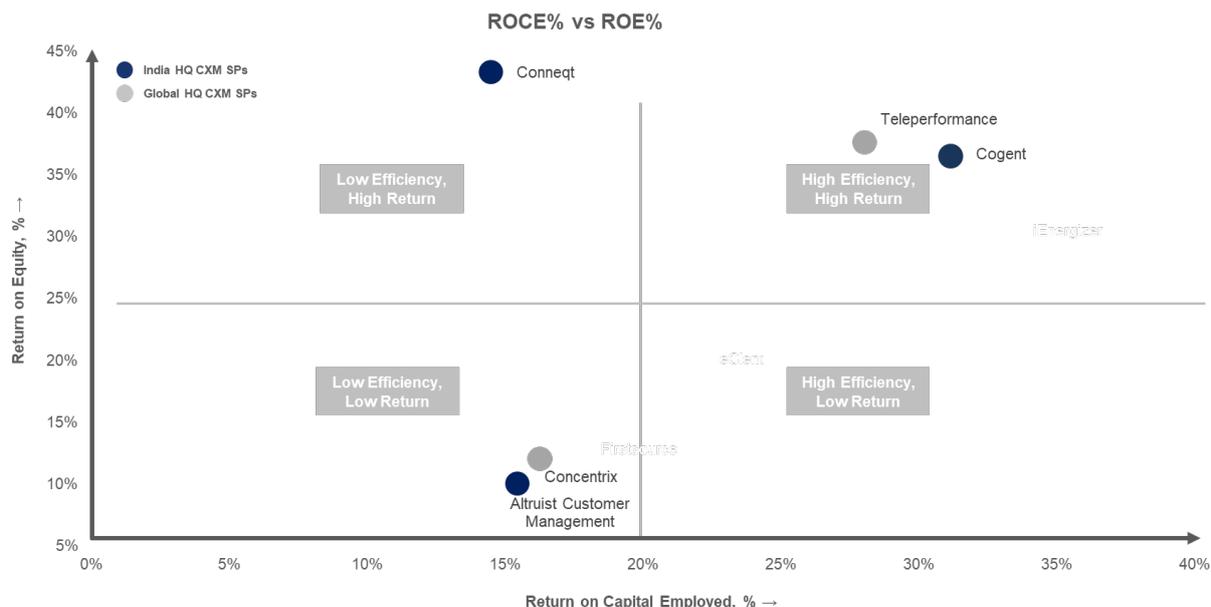


Source: Zinnov Analysis & Ministry of Consumer Affairs, India

Note:

1. Financial figures above have been derived from the latest available information based on public filings in India by the respective entities on the website of the Ministry of Corporate Affairs, and present different financial periods (FY19-21 for certain entities and FY18-20 for certain entities). Such have been presented only for illustrative purposes and are not comparable and should not be viewed as a comparative analysis of financial performance by entities.
2. EBITDA Margin (Other Income adjusted) is calculated as (EBITDA-Other Income) / (Total Revenue- Other Income)
3. Revenue CAGR (2 Yr.) taken on Total Revenues
4. FY 2018-20 financial data considered for "Concentrix", "Altruist Customer Management" due to unavailability of latest filings on MCA website
5. TDCX has not reported any filings from its Indian entity "TDCX Digilab India Private Limited"

Based on the publicly available data of the companies in our comparison set, Cogent is the only player showing both high EBITDA margins% and high cumulative growth at the same time.



Source: Zinnov Analysis & Ministry of Consumer Affairs, India

Note:

1. Financial figures above have been derived from the latest available information based on public filings in India by the respective entities on the website of the Ministry of Corporate Affairs, and present different financial periods (FY19-21 for certain entities and FY18-20 for certain entities). Such have been presented only for illustrative purposes and are not comparable and should not be viewed as a comparative analysis of financial performance by entities.
2. Return on Equity (ROE) is calculated as Net Income/ Average Shareholders' Equity
3. Return on Capital Employed (ROCE) is calculated as EBIT / Capital Employed
4. FY 20 financial data considered for "Concentrix", "Altruist Customer Management" due to unavailability of latest filings on MCA website
5. TDCX has not reported any filings from its Indian entity "TDCX Digiilab India Private Limited"

The segment's Return on Equity (ROE) has been consistent due to the rising demand for CXM services. In FY21, Cogent registered 37% Return on Equity (ROE) and 31% Return on Capital Employed (ROCE). Based on the publicly available data of the companies in our comparison set, Cogent is one of the leading players showing both high ROE and high ROCE.

Offerings

Traditional Voice and Non-voice services remain the backbone of offering from CXM Service Providers while they augment technology elements like advanced analytics, AI and automation to create differentiation. With the increased penetration of E-commerce, Banking, and NBFC into domestic Tier 2, Tier 3, and rural India, regional language capabilities would be most sought in voice services, which is expected to be the preferred communication channel in these demographics.

		COGENT	Conneqt	Altruist CM	Teleperformance	Concentrix	TaskUS	TDCX
Service & Solution Offerings	Traditional CXM Offerings	<ul style="list-style-type: none"> Contact center services Ecommerce services Multilingual Support Sales Generation Technical Support Customer Lifecycle Management Back Office Solutions 	<ul style="list-style-type: none"> Customer lifecycle management Employee lifecycle management Back office solutions 	<ul style="list-style-type: none"> Contact centre services Backoffice solutions Data management solution Application development IT service management 	<ul style="list-style-type: none"> Back-office processing Contact center services Multilingual support Translation and localization Visa and consular services 	<ul style="list-style-type: none"> Customer care sales support technical support creative design content production back-office services. 	<ul style="list-style-type: none"> General CX-Voice Sales Generation Billing Support Technical Support 	<ul style="list-style-type: none"> Customer Service Content Moderation Tech Support Revenue Generation Inside Sales
	Digital CXM Offerings	<ul style="list-style-type: none"> CX Consulting Digital marketing content moderation Advanced Analytics Digital Marketing Digital Self Service BOTs 	<ul style="list-style-type: none"> Digital engineering Data and analytics Digital automation Enterprise modernization 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> Digital CX & AI Advanced analytics Business process optimization Business transformation 	<ul style="list-style-type: none"> CX/UX strategy Digital transformation Voice of customer analytics digital marketing digital self service content moderation 	<ul style="list-style-type: none"> Digital CX Content security AI operations CX Consulting 	<ul style="list-style-type: none"> Sales and digital marketing Consulting & Analytics
	Solutions/ Accelerators	<ul style="list-style-type: none"> ML based Background Noise cancellation app Smart IVRs Proprietary Tech stack - Team Management (EMS) Cogent CX Lab – 360° CX Management Suite Proprietary Tech Stack – Quality Management (QMS) 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> NA 	<ul style="list-style-type: none"> Teleperformance TAP-platform provides omnichannel experience 	<ul style="list-style-type: none"> Concentrix XP- a cloud-based suite for contact center and self-service. Concentrix CX- Enterprise Feedback Management platform 	<ul style="list-style-type: none"> TaskUs 360™- providing consulting support for digital transformation and operations 	<ul style="list-style-type: none"> NA

Note:

- The information regarding the offerings/solutions of Service Providers has been sourced from their respective websites and non-exhaustive

In addition to customer service, other services such as revenue generation, partner network growth will drive voice requirements. Cogent leverages its voice capabilities and technology stack to improve the levels of productivity, conversion rates and customer retention. Some of the key offerings are as follows:

- QMS- In house developed Quality Management System for transaction monitoring, feedback sharing and TNI management
- ML Based noise cancellation technology- Use of technology to overcome jitters and packet loss thereby cutting down the background noise
- Team Management System (TMS) for managing employee life cycle, roster management and grievances
- Other Proprietary Tech capabilities include Smart IVRs voice integrations and Cogent CX lab, a 360° CX Data Management Suite.

Leading services providers invest in IPs and Solutions to cater to the changing customer dynamics and bolster their position in the CXM services market. Cogent has tech capabilities offering self-help systems, CTI integrations, Data Analytics, in-house tools to provide customer experience solutions across industry scenarios.

Offerings focused on digital channels like social media platforms, service portals, and chatbots that enable an omnichannel service space are also being leveraged to gain better customer share by Service Providers. Cogent has Digital marketing and e-Commerce services offerings, making it a provider of Digital Transformation (DX) and e-Com CX Management services to clients.

About Zinnov:

Since its inception in 2002, Zinnov has been operating as a management consulting, research, and strategy advisory company. Its core focus areas include IT/ITeS and Digital Engineering. With 300+ employees in 5 global offices across geographies such as the US (Santa Clara and Houston), India (Bangalore and NCR), and Europe (Paris), Zinnov works closely with key stakeholders in the ecosystem, including major corporates, global technology companies, Fortune 500 enterprises, and funds such as Private Equity firms, Venture Capital firms, etc. Zinnov provides regular industry insights and solves strategic client problems, which cut across multiple verticals and sub-verticals including Enterprise Software, BFSI, Healthcare, Medical Devices, Automotive, Aerospace, Retail, Telecom, Storage & Servers, etc.

Beyond serving customers as a research partner, Zinnov also frequently disseminates its findings and insights – primarily on the IT/ITeS and Digital space – through newsletters, industry reports, and press releases. Its audience base includes global CXOs, country managers, Private Equity partners, Venture Capitalists, and engineering heads.

Zinnov closely works with respected industry bodies such as NASSCOM (National Association of Software and Service Companies), TiE Delhi-NCR (The Indus Entrepreneurs), Aspire (Poland), IAOP (International Association of Outsourcing Professionals), IVCA (Indian Private Equity & Venture Capital Association), Invest India, JETRO (Japan External Trade Organization), German Cooperation, GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH), etc., and is a knowledge partner for many coveted awards like Emerge 50 Awards, Economic Times Start-up Awards, NASSCOM 10,000 Start-ups, and more. Zinnov also partners with some of these industry bodies to bring out thought leadership reports that are consumed by stakeholders across the ecosystem. A few of our recent flagship reports include [NASSCOM-Zinnov GCC Landscape report 2021](#), [Chiratae-Zinnov SaaS report 2021](#), [NASSCOM-Zinnov Indian Tech Start-up Report 2021](#), [Enterprise ER&D Strategy & Focus report 2021](#), [Venture Capital Investments in Enterprise Software](#), [Inclusion & Diversity Maturity Benchmark 2021](#).

Zinnov also frequently disseminates its finding and insights primarily through newsletters, industry reports, press releases and at its annual series of flagship technology conference series – Zinnov [Confluence](#). Besides Confluence, Zinnov also conducts 120+ events across the year, that are attended by global CXOs, enterprise decision-makers, engineering heads, senior leadership teams, PE players, and investors across verticals.