

NEAT EVALUATION FOR INTELENET GLOBAL SERVICES:

CMS Analytics

Market Segments: Overall & Increased Revenue Capability

This report presents Intelenet Global Services (Intelenet) with the NelsonHall NEAT vendor evaluation for Customer Management Services Analytics, for the Overall and Increased Revenue Capability market segments. It contains the NEAT graphs of vendor performance, a summary vendor analysis of Intelenet in CMS Analytics, and the latest market analysis summary for CMS Analytics. An explanation of the NEAT methodology is included at the end of the report.

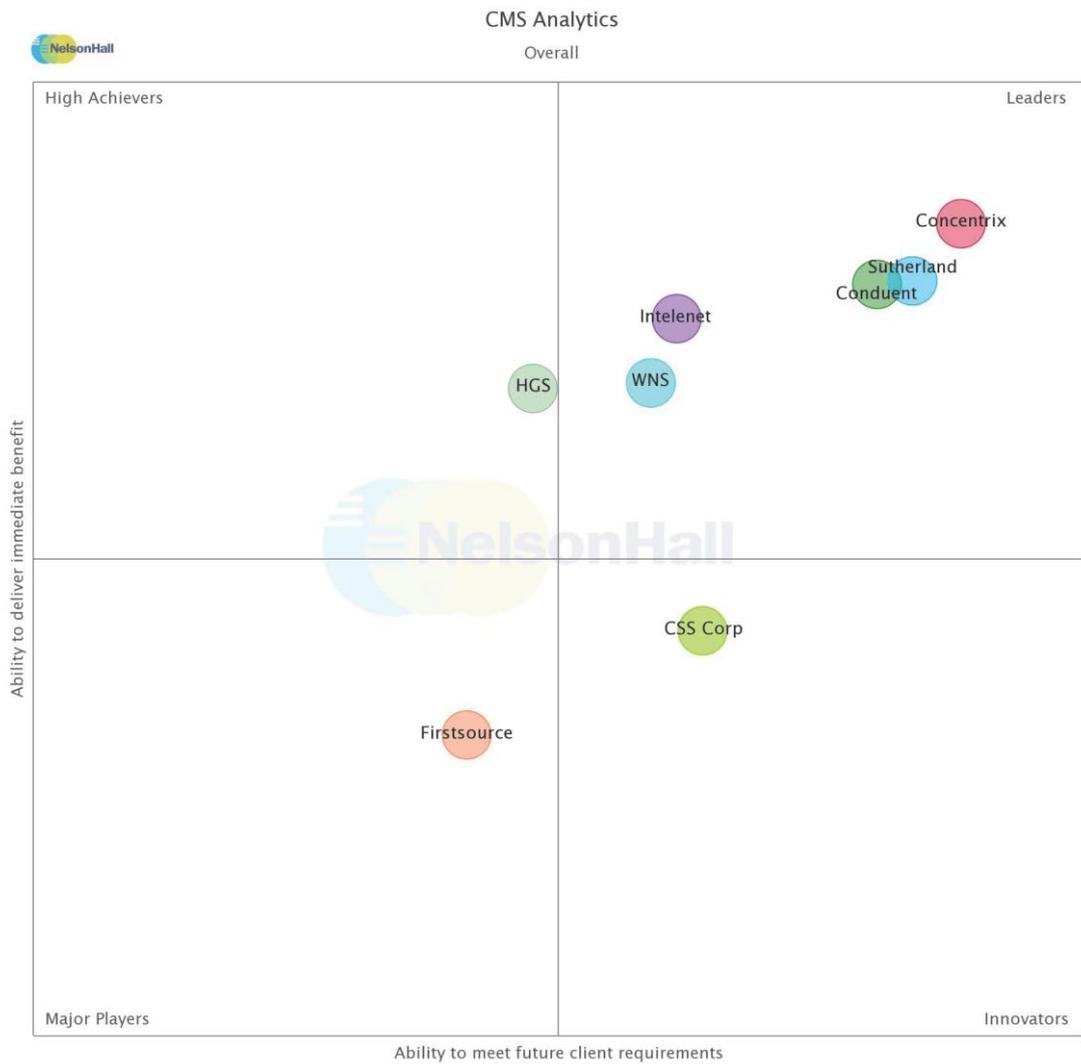
The vendors evaluated are: Concentrix, Conduent, CSS Corp, Firstsource, HGS, Intelenet, Sutherland Global Services, and WNS.

Introduction

NelsonHall has assessed and evaluated Intelenet's proposition against demand for CMS Analytics services, and has identified Intelenet as a Leader in the *Overall* and *Increased Revenue Capability* market segments, as shown in the NEAT graphs on pages 2 and 3.



NEAT Evaluation: CMS Analytics (Overall)



Source: NelsonHall 2017

The *Overall* market segment reflects Intelenet’s overall ability to meet future client requirements as well as delivering immediate benefits to CMS Analytics clients.

Buy-side organizations can access the CMS Analytics NEAT tool (Overall) [here](#).



NEAT Evaluation: CMS Analytics (Increased Revenue Capability)



The *Increased Revenue Capability* market segment reflects Intelenet’s ability to meet future client requirements as well as delivering immediate benefits to CMS Analytics clients with a specific focus on delivering increased revenues.

Buy-side organizations can access the CMS Analytics NEAT tool (Increased Revenue Capability) [here](#).



Vendor Analysis Summary for Intelenet

Overview

In December 2015, the U.K. public service company Serco finalized the sale of Intelenet to private equity Blackstone for ~£250m.

Intelenet provides customer management services consulting and analytics through its knowledge management arm, Intelenet Knowledge Services. It was founded in 2010 and has ~150 employees globally, comprised of finance professionals, researchers, project managers, graphic designers, software developers, transformation experts, and statisticians. The business unit offers market assessment, project management, analytics and operational efficiency optimization, business transformation consulting, resource optimization and investment analysis.

Intelenet's analytics services in CMS cover workforce optimization, data management, reporting, and predictive and prescriptive analytics, with a focus on sales conversion and retention.

Through Intelenet Knowledge Services, it also provides consulting services such as program management and business transformation. When onboarding new CMS clients, the Knowledge Services' contract transition and mobilization team assists in implementing established business practices including analytics and reporting. Similarly, its centralized Six Sigma and Lean team works on all internal CMS accounts undergoing optimization, as well as external, non-BPO clients.

Intelenet offers CMS analytics as both add-ons to its clients and as a standalone service.

Intelenet provides CMS analytics to eight external non-BPO clients, primarily in visualization and reporting. Client examples include a bank in the Middle East, a U.S. credit bureau, and a bank in South Africa.

Financials

NelsonHall estimates Intelenet's overall international BPO revenues at \$404m for the 2015 calendar year (CY); of these CMS accounts for ~60% or \$240m. NelsonHall estimates Intelenet's annual CMS analytics revenues at ~\$8m.

Strengths

- Sizable and dedicated resource in advanced CMS analytics
- Analytics-as-a-Service offering in CMS, with an established client base
- Proprietary set of CMS analytics tools including predictive and prescriptive
- Strong visualization and reporting capability, with examples across verticals and service lines
- Knowledge management and market intelligence practice to complement CMS analytics
- Capability in customer personalization and proactive sales offer customization
- Strong social sentiment analytics experience with customer profiling examples



- Own IP for CMS back-office workflow and monitoring tools, for capacity planning and productivity tracking
- Proprietary next best action engine
- Developing automated messenger based machine learning technology.

Challenges

- Lack of significant onshore analytics resources in North America and Europe
- Limited portfolio of CMS analytics projects in debt collection
- No experience in rich media analytics.

Strategic Direction

Intelenet is currently focusing on its big data capabilities. It has deployed its own Hadoop clusters on private clouds in India, linked to the world wide web with global access through secured firewalls. Through its big data capabilities, Intelenet aims to provide centralized advanced analytics with a focus on visualization and predictive analytics.

The company is targeting the demand for front-office automation and self-service by offering technology solutions in text analytics. It is currently developing robotics engines over chat, i.e. virtual agents able to solve an average of 25%-30% of enquiries coming over the channel; it already has a beta version and aims to perform its first pilots by the end of 2016.

The AI based tool will be fed all customer interactions over a one year period, and through machine learning of the answers, it will automatically map questions and resolutions. The company envisions the remaining unanswered queries being routed to a live agent. The initial targeted verticals for the virtual agent will be telecom and retail customer care, where the data patterns are more structured.

Intelenet aims to use its knowledge management capability at a wider level in CMS analytics, by collecting and analyzing data across platforms, for example incorporating market intelligence, socio-economic and demographic trends to complement data collected within the contact center. Specific tactics include a focus on social media sentiment analysis, to segment targeted customers and prioritize response rates targeting the retail sector, where the company relies on the RFM model. For example, quantifying the size of the Twitter following, for the customer to decide on a prioritization level.

The company is looking to expand the adoption rate of its iRecommend prescriptive tool, maintaining its focus on the verticals of hospitality, retail, and telecom.

Outlook

Intelenet is looking to leverage its experience in visualization and text analytics in CMS to a greater client pool and new verticals. For example in February 2016, its dynamic visualization of text analytics has been rolled out to a U.S. healthcare provider, for which Intelenet assists in the categorization and trend analysis of contact patterns. The next target vertical is banking.

Intelenet is investing actively in its Insight platform, most recently adding client mobility access to the BI and integrating its back-office and text analytics tools.



Intelenet Knowledge Services resources have been steadily growing at almost 30% y/y since its inception, and its analytics talent has expanded in scope, covering social media and speech analytics in 2015. It is now aiming to expand its subject matter expertise with skills in fraud prevention and security analytics.

To address a greater client demand for automation in the customer-facing processes, Intelenet is developing its automated messenger based on machine learning technology, by the end of 2016. In AI and NLP, it has developed a next-best-action engine for the agents (called EDT) with a use case in the travel industry and is now looking to roll out to a larger set of clients.

CMS Analytics: Market Summary

Buy-Side Dynamics

The key buy-side drivers for the adoption of CMS analytics include:

- Requirements for customer experience improvement including increase of NPS, CSAT, FCR, and decrease of customer effort
- Requirements for process optimization through the identification of pain points in the customer journey
- Requirements for revenue generation and cost optimization through increased sales, churn reduction, collections optimizations, addressing volume fluctuations, and revenue leakage control.

Market Size & Growth

The global customer management services analytics market is currently estimated by NelsonHall at \$1.56bn (2016), representing less than 2.5% of the global CMS market, but is growing faster than the overall CMS outsourcing market, with analytics set to have CAAGR of 15.7% through 2020 reaching \$2.79bn.

Success Factors & Challenges

Key success factors for organizations looking to outsource customer management services analytics are:

- Capability to discover, where in the short term the CMS vendor has the technical and talent assets to collate data from structured and unstructured sources, inside and outside the contact center; in the longer term, the vendor delivers real-time info from structured and unstructured data including external sources to company such as socio-economic and demographic info
- Domain expertise provider by a CMS vendor who has the domain knowledge and dedicated resources to understand context and quickly generate insights and prescribe actions based on findings
- Customer experience improvement with the means to analyze the customer journey across touchpoint and identify gaps in the customer experience and predict expected improvements in customer satisfaction metrics. In the future, this requirement will evolve to a need to utilize situational context info to prescribe next-best-action to the human and automated agent
- Revenue generation capability for the vendor who has the analytical tools to deliver up-sell, cross-sell, and retention targets. But also has the predictive analytics capability to segment and classify the customer base to personalize the sales process. This requirement will expand to a demand for neuromarketing capabilities
- Cost optimization capability of the vendor to run front-office operations cost effectively, eventually developing to deep learning and AI capability to automate contact center and customer facing processes.



Key challenges for organizations looking to outsource customer management services analytics are:

- Security and data protection risks associated with third party/remote access and management of customer data
- Lack of structured data sources and limited operability of data residing in legacy systems
- Internal silo ownership of customer data within the client organization
- Lack of middle management commitment to use of analytics as a strategic initiative
- Low awareness of the value of customer experience analytics
- Significant prior investments in analytics tools and applications limiting new fund allocation
- Multivendor outsourcing model limiting access to data
- Desire to maintain full control over customer relationship management.

Outlook

Over the next four years, the growth of the CMS analytics market will be led by the increased demand for revenue generation analytics in sales, loyalty campaign management, and collections. This growth will mirror both the increased share of revenue generation services from the whole market (28% CAAGR by 2020) and the increased need for analytics in this area.

For CMS vendors, the revenue from analytics will remain a small part of their overall revenues, at ~3.5%, but as an embedded service and value add its importance will increase substantially.

Predictive analytics will grow to 24% of the CMS analytics market (2020), fueled by demand to understand customer preferences, usage patterns, and the likelihood to purchase, add services, churn, and pay. Prescriptive analytics will double its share to 16%, supported by the greater integration of customer experience analytics in the product, in service development, and in transformational efforts in support. Cognitive analytics, starting from <1% today, will emerge as a separate revenue stream to take 5% revenue share in CMS analytics by 2020, with the greater adoption of virtual assistants and machine learning processes in the contact center.

Other developments:

- Key client needs will be predicting customer behavior, personalization of services, and micro-segmentation
- Vendors will provide a unified analytics offering covering data collection and research, through data management and visualization, to advanced analytics tailored to specific verticals and client sizes
- Use of data residing outside the contact center, rich media analytics, and fraud prevention will become standard offerings in CMS
- Vendors will remain platform agnostic, combining internal and external analytic infrastructures



- Demand for analytics capabilities, both horizontal and vertical, will lead to greater acquisition activity for analytics firms. Demand for analytics skills will be in Python, R programming, NLP, and machine learning
- Data protection and security will be key investment areas for CMS vendors
- Vendors will combine big data with small data sources to achieve required levels of personalization
- Analytics technology will substantially improve its classification, adaptive learning, and AI capability to make use of cognitive analytics standard in high-volume transactional front-office services.



NEAT Evaluation for CMS Analytics

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

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

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

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

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

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



Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offering	<ul style="list-style-type: none"> Range of CMS analytics capability Revenue generation analytics capability Customer care analytics capability Order and fulfilment support analytics capability Resource management and contact center process optimization analytics capability
Delivery	<ul style="list-style-type: none"> Scale of CMS analytics capability Multilingual analytics capability Ability to apply big data analytics Ability to apply text and speech analytics Ability to apply VOC analytics Ability to apply descriptive analytics Ability to apply predictive analytics Ability to apply prescriptive analytics Ability to apply cognitive analytics
Benefits Achieved	<ul style="list-style-type: none"> Level of revenue generation achieved Level of customer experience improvement achieved Level of cost savings achieved Improved fulfilment and back office processes Improvement in contact center internal processes and WFM



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
CMS Analytics Investment	<ul style="list-style-type: none"> Investment in development of data management and big data analytics Investment in development of text and speech analytics Investment in development of VOC analytics Investment in development of predictive analytics Investment in development of prescriptive analytics Investment in development of cognitive analytics
Perceived Suitability by CMS Clients	<ul style="list-style-type: none"> Perceived suitability for Overall CMS analytics Perceived suitability for Revenue generation analytics Perceived suitability for Customer care analytics Perceived suitability for Technical support analytics Perceived suitability for Order and fulfilment support analytics Perceived suitability for resource management and process optimization analytics Perceived vendor service culture Value for money Perception of ability to deliver business benefit through analytics Mechanisms in place to deliver client innovation through analytics Perception of ability to improve processes through analytics

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



Sales Enquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:
 Guy Saunders at guy.saunders@nelson-hall.com

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