

## IDC MarketScape

# IDC MarketScape: Worldwide Customer Experience Improvement Services 2020 Vendor Assessment

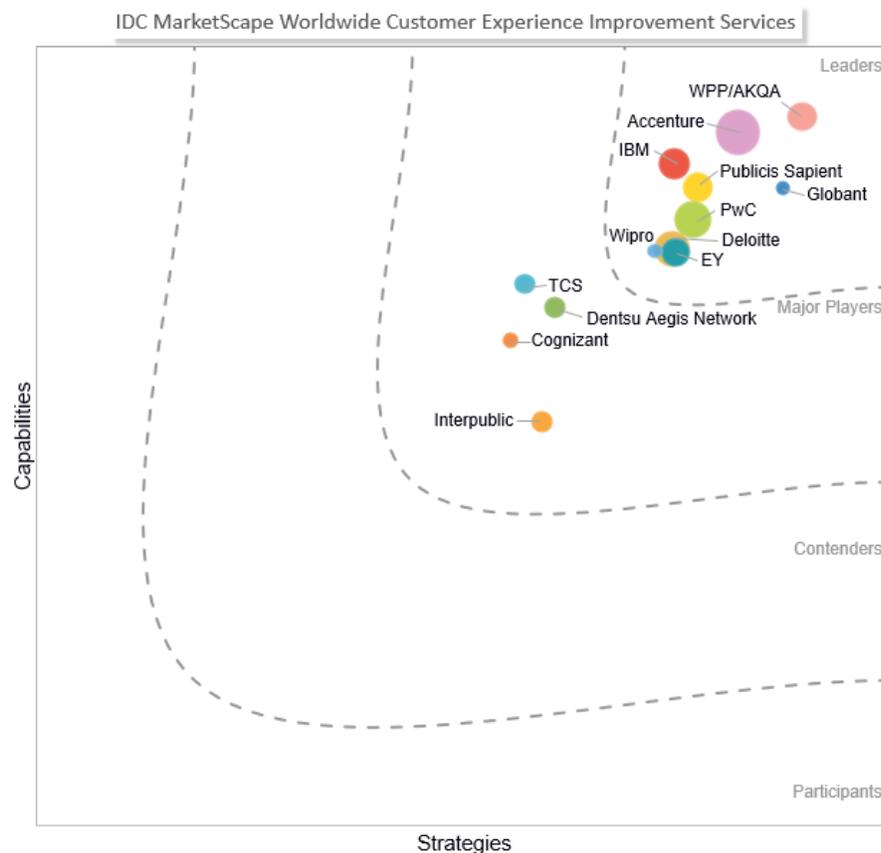
Douglas Hayward

THIS IDC MARKETSCAPE EXCERPT FEATURES IBM

### IDC MARKETSCAPE FIGURE

FIGURE 1

## IDC MarketScape Worldwide Customer Experience Improvement Services Vendor Assessment



Source: IDC, 2020

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: Worldwide Customer Experience Improvement Services 2020 Vendor Assessment (Doc # US45658220). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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This study represents the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's current and future success in the customer experience (CX) improvement services marketplace. This study assesses the capabilities and business strategies of 13 prominent CX improvement services vendors. This evaluation is based on a comprehensive framework and a set of parameters expected to be most conducive to success in providing CX improvement services during both the short term and the long term. A significant component of this evaluation is the inclusion of CX improvement services buyers' perception of both the key characteristics and the capabilities of these providers, both directly from the vendors' clients and through a survey. Key findings include:

- Overall, clients that IDC talked to were most impressed by the level of empathy and commitment shown by their CX improvement services partner, by the level of understanding and insight that their vendor had into their organization and its needs, and by the quality of the vendor's people. This is good to see, as it indicates that the leading vendors in this market are focusing strongly on understanding and supporting their clients.
- The areas where CX improvement services vendors on average were weakest in the perception of clients that IDC talked to were in organizational transformation, in differentiation from other vendors and, most of all, in challenging the client. Even clients that said their vendor regularly challenged them to accept new ideas or technologies often reported that they wanted to be challenged more strongly. This may seem surprising, but it probably reflects a feeling at a time of immense business and social change that enterprises and public bodies need to rethink their whole approach to customers and citizens.
- Above all, organizations want a mix of vision and action from suppliers. Creating and sustaining a great customer or citizen experience is more important than ever for enterprises and public bodies in 2020. They are faced with new and potentially existential challenges in the post-COVID-19 world where consumer and business behavior (and spend) has been radically disrupted. One of the vendor characteristics most appreciated by clients that IDC talked to was the ability to take an evidence-based and forward-looking view of the client's needs and translate its actionable vision into end-to-end CX transformation services that deliver measurable results for the client.

## IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

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This research includes analysis of offerings from services providers with customer experience improvement offerings worldwide, including those with broad portfolios and specialty services spanning IDC's research coverage.

This assessment is designed to evaluate the characteristics and buyer perceptions of each vendor, as opposed to its size or the breadth of its services:

- The first entry criterion for inclusion in this assessment was that a vendor appeared in at least one of four supplier categories laid out in *IDC Market Glance: Digital Agency Services, 3Q19* (IDC #US44954519, July 2019). Specifically, these four categories are ICT services providers, business consultancies, holding companies, and network agencies.
- The scope of this assessment is global and end-to-end services. Two of the vendor categories in the Market Glance, design houses and independent digital agencies, were not used because the scope of this assessment goes beyond the range of services typically provided by design houses and independent agencies.
- Within the remaining four categories listed previously, the vendors selected for inclusion in this assessment were those that IDC considered to supply a broad and deep range of CX improvement services globally. Those vendors finally selected had what in IDC's view were robust end-to-end global capabilities in key areas including technology change, product, facility and service design (SD), content creation and management, end-customer engagement, and organizational and business transformation services.

Other vendors in the market with less comprehensive services portfolios and/or with narrower geographic reach may be capable of providing the breadth and the quality of CX improvement services required by clients, depending on the scope of the engagement. In addition, an organization's specific objectives and requirements will play a significant role in determining which firm should be considered as potential candidates for any engagement. As such, this evaluation should therefore not be considered a "final judgment" on the vendors to consider for an engagement.

## ADVICE FOR TECHNOLOGY BUYERS

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2020 will be remembered as the year of the COVID-19 pandemic, which brought deep and possibly long-lived changes to consumer and business behavior and created both challenges and opportunities for buyers of CX improvement services.

IDC has the following overall advice to buyers of CX improvement services in late 2020:

- **Look to differentiate your organization with better experience.** After the initial economic and cultural shock of the pandemic, including "lockdowns" and the accelerated shift to home working and ecommerce, you will need to create differentiated and compelling online experiences – through virtualized products, services, and events – in order to survive and grow in the near future. Merely reproducing traditional offerings online with little or no changes will lead to a degraded experience that will hurt your brand. Look for a CX improvement services vendors that can help you to rethink the experience you want for existing and prospective customers and to imagine and design new products and services.
- **Keep demanding fast payback times and high measurable return on investment.** Many organizations will likely continue to be challenged with cashflow, and even more will understandably be hesitant to spend significant sums on investments seen as discretionary, including marketing and branding-related projects. Ensure that your CX improvement services providers focus on your operational agility and resiliency and on offering you measurably fast payback, high return on investment, and low execution risk. This financial pragmatism was a big focus for many organizations when the pandemic first struck in early 2020, but it should remain important for the foreseeable future.

- **Stay optimistic and ambitious – and push your vendors for their vision of the future.** While cost and efficiency are important drivers, you should not focus only on the "cost agenda." You should also draw up evidence-based plans for investment in growth. Ask your CX improvement vendor for practical ideas for going beyond successful firefighting: How can it help you take market share while doing the right thing? Where will the demand of the future be? What will customer behavior look like in the so-called "new normal"?
- **Remember that business transformation is first about your people and only second about technology, design, and customer engagement.** People are your most important assets: to make your organization more customer centric, your employees may need to change their work patterns and maybe even their behavior – for example, becoming much more proactive and agile and/or thinking more from the perspective of the customer. Successful transformation almost always involves a strong focus on shaping and channeling people's behaviors and ideas. But remember that for this to work at ground level, it needs to be done sympathetically and respectfully, in alignment with your organization's purpose and with genuine agreement and buy-in from all your employees.

Specifically, IDC has the following advice for enterprises and public bodies when they are selecting CX improvement services vendors:

- **Look for evidence of strong client empathy.** One of the characteristics most associated with vendors that perform strongly in the eyes of their clients is their personal and organizational commitment to the client. By "personal" commitment, we mean a client-first mindset where the vendor's people constantly strive to help you in all ways possible, often going the extra mile in their support, and sometimes even keeping in touch with you even after the engagement has formally ended. By "organizational" commitment, we mean vendors aligning their commercial interest with yours (e.g., by sharing upside and downside risk and being paid partly or only by business outcomes).
- **Look for vendors that will challenge you and tell you the truth – even when it's painful.** Enterprises and public bodies don't want to be patronized, but they do want to have their eyes opened to new ideas and best practices, and they want to be told when they are going wrong, even when the news can be difficult to receive. One of the vendor characteristics most appreciated by reference clients is the willingness to diplomatically but firmly challenge the client. This willingness to continually push the client is actually the area in which reference clients IDC talked to were least satisfied with vendors, indicating an appetite for more assertive challenging. Even where they were being successfully challenged, many clients said they wanted to take the level up a notch or two.
- **Look for vendors that can help you transform your culture as well as transform your technology and your business processes.** As mentioned previously, people change is often as important as – or more important than – technology and business process change. With economic conditions likely to remain difficult in the near future, and with consumer and citizen behaviors and needs in a state of change, you need to be ever more agile and customer centric if you are to survive and succeed. CX improvement services vendors can play an important role in helping you to evolve your behaviors and ways of thinking, notably in helping you adopt agile and collaborative work patterns and to embrace customer-centric behaviors and attitudes through techniques such as design thinking.
- **For larger engagements and for longer-term relationships, look for vendors with broad expertise that can be deployed quickly to help you.** Bigger is not necessarily better, and specialist boutiques have an important role to play for enterprises and public bodies looking to provide better experiences to their customers and citizens. But one of the vendor characteristics most appreciated by reference clients was the ability to quickly connect the

client to a highly specialized expert or thought leader for advice, particularly for niche and "hot" technologies. Clients particularly liked vendors that provided initial access to specialist advice quickly and for reasonable rates (or of course for free), rather than "nickel-and-diming" them. And clients naturally also like vendors to quickly deploy follow-through implementation and management services linked to their specialist advice. When talking to a potential vendor's references, you should them ask about how fast, easy, and cheap it will be to get advice and subsequent support across a broad range of areas.

## VENDOR SUMMARY PROFILES

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This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

### IBM

According to IDC analysis and buyer perception, IBM is positioned in the Leaders category in the worldwide 2020 IDC MarketScape for customer experience improvement services.

IBM goes to market across four main regions: Americas, EMEA, APAC, and Japan. Overall, IBM operates in 100+ countries.

IBM serves 13 industries aligned within 5 key sectors: communications (telco, media and entertainment, and energy and utilities), distribution (consumer/retail and travel and transportation), financial services (banking/financial markets and insurance), industrial (electronics, industrial products, chemicals and petroleum, and auto, aerospace, and defense), and the public sector (government and healthcare/life sciences).

IBM's key capabilities in the CX Improvement space include:

- **Service design:** IBM iX has service design capabilities spread across its organization, notably within its Customer Engagement and Design practice, which has 3,000+ personnel globally. Practitioners work with clients to research areas of opportunity in their enterprise experience journeys and design new services and products using design thinking methods. This work is often done in multiday workshops or in IBM Garages that combine Design Thinking, Agile, and DevOps to rapidly design and scale MVPs as part of a broader digital transformation engagement.
- **Product and facility design:** IBM iX has a global offering called Placemaking that focuses on designing consumer and employee experiences in the physical world such as stadiums, airports, banks, malls, offices, campuses, districts, buildings, entertainment parks, transit hubs, museums, and corporate experience centers. The company uses its IBM Garage model for product design engagements, applying industry best practices and using methodologies such as IBM Enterprise Design Thinking, Agile, and DevOps and leveraging proprietary assets, accelerators, and cognitive tools.
- **Personalization:** IBM's personalization process consists of three interactive steps: "Listen" (collect and store), which involves capturing data directly from customers and third-party sources with their permission; "Understand" (analyze and interpret), which involves analyzing data to more fully understand customer needs and intent; and "Augment" (design and experiment), a combination of strategic design and technology services to design the experience to fit the needs of individual customers.
- **Data/analytics:** IBM has a dedicated organization focused on data and AI services called Cognitive Business Decision Support (CBDS). Its value proposition is centered on four key

entry points: data strategy and monetization, advanced analytics/machine learning, enterprise-ready AI, and data platform services. IBM offers managed services in the data/analytics space, via IBM Services for Data Platforms offering. Rather than building generic cross-industry solutions, IBM has focused on mission-critical workloads in the customer experience, operations, finance, HR, procurement, and supply chain solution domains as its launchpad for enterprise-driven innovation. Globally, IBM has more than 22,000 employees dedicated to data/analytics services.

- **End-customer engagement:** IBM offers both customer care business process outsourcing and consulting and implementation services around CX improvement. IBM has a strong focus on the design and management of intelligent workflows that use AI to empower human agents and on creating proactive contact strategies using predictive analytics. The company also focuses on taking integrating individual processes – such as campaign management, sales and commerce, and voice of the customer programs – across enterprise business functions, from front office to back office.

IBM has a network of 57 IBM iX studios around the world. These are facilities that are dedicated to collaboration, ideation, and development and are staffed with designers, researchers, and developers working closely with the Digital Strategy team to solve client's strategic issues.

Key IBM clients in the CX space include AmerisourceBergen, Frito-Lay, Volkswagen, Vodafone, Atlanta Falcons, Hertz, Lufthansa, Heineken, Doka Group, Henkel, and USAA.

IBM has a wide range of global tier 1 relationships with key CX technology vendors including Adobe, Salesforce, and SAP. It also has global tier 1 relationships with smaller specialist CX technology platforms such as Sitecore and with newer emerging platforms such as Acquia and Optimizely.

IBM has several key accelerators in the CX improvement space. IBM's official design system, Carbon, is used by designers and developers within IBM, as well as across the industry, to improve UI and UX consistency and quality and to make design and development more efficient and productive. The design system in conjunction with the IBM iX Experience Orchestrator gives developers a library of smart components that connect to multiple back-end technologies.

IBM says that its mission in the CX improvement space is: "Faced with digital disruption, clients often begin the transformation journey with CX. IBM iX partners with clients to design businesses. Our holistic view – from strategy and ideation through design, prototype, implementation, change management, and solution management – delivers greater outcomes and enhanced customer engagement, satisfaction, and loyalty."

## **Strengths**

On average, IBM customers commended the firm for client understanding and insight, client empathy, and customer journey innovation. Comments from IBM clients included:

- "IBM have demonstrated that they have a long-term interest in a partnering relationship with us, and they understand us. They bring ideas to the table and they appreciate the challenges that we face."
- "Even though the project is over, we still meet them professionally and socially, and they are always presenting new ideas – even if they aren't IBM technologies. We trust them."
- "They have done a really good job of getting to the depth of our customer needs and coming up with solutions, they really understand the customer we're going after."

## Challenges

IBM has the opportunity to improve its perception among clients in differentiating itself further from its peers and in organizational transformation.

## Consider IBM When

IBM is a good fit for organizations looking for a partner to drive both technology and business change – particularly where this involves enterprise-grade product or service design and software development. As one IBM client said, " They have really helped us with strategy, product development, and running full DevOps. The best part of IBM is their positive attitude: how they throw away the badge, they stop operating as consultants, and they become part of my team."

## APPENDIX

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### Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

### IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

### Market Definition

Customer experience (CX) improvement services are a subset of digital agency services, which use new technologies, design services, and content services to drive improvements in a client organization's marketing, advertising, sales, customer support, loyalty, and design capabilities. CX improvement services draw on the seven segments of IDC's definition of digital agency services:

- **Digital engagement project services:** These aim to transform the "journey" that the organization's customers/clients take, from initial contact with the brand through buying and post-transaction services. They take an end-to-end approach to the customer journey, comprising both advisory and implementation services.
- **Experience design services:** These are consulting and implementation services to help the client to design and create services and products, with a focus on improving the experience of the users of products or services. This can include external users (such as customers, partners, and suppliers) and internal users (employees).
- **Brand strategy services:** These are consulting and implementation services that help the client to position and develop its brand.
- **Marketing consulting services:** These are consulting and implementation services that transform a client's marketing function and/or transform its marketing and advertising strategies. They also include running short-term marketing and advertising campaigns on behalf of the client.
- **Commerce platform management:** These are services to manage and continually optimize a client's commerce platform. This may involve hosting of websites, updating of pricing, and management and optimization (and/or provision) of the platform technology.
- **Marketing management services:** These are services help the client acquire customers for a brand and keep them loyal to that brand. They include marketing campaign management services.
- **Advertising managed services:** These are services to improve the client's capabilities in its advertising activities, notably by running all or part of the client's advertising activities as a managed service. It includes media planning, media buying, ad placement services, and research conducted to inform media buying and placement.

For more on the definition of digital agency services and on demand trends and market sizes, see *Worldwide and U.S. Digital Agency Services Forecast, 2020-2024* (IDC #US45198220, July 2020).

### **Types of CX Improvement Services Providers**

With regard to the types of CX improvement services providers, the market is served by five main vendor types. These vendor types are nonexclusive, and some larger and more diversified services vendors, including most of the vendors assessed in this IDC MarketScape, appear in more than one category:

- **ICT services providers:** These supply services around telecom and technology advice, implementation, integration, management, and support. They usually have a heritage in application development and management and systems integration.
- **Business consultancies:** These vendors have a strong business consulting capability, which is usually their largest service line. They usually also provide some IT services, such as IT consulting around new technologies.
- **Design houses:** These are consulting firms whose primary business is providing service design, product design, or physical facility design services on a project basis. Services they offer can include service design and creation, product design and creation, user experience (UX) and user interface (UI) design, and design thinking consultancy.
- **Holding companies and their network agencies:** Holding companies are large, global companies that own and/or control a wide and diverse range of network agencies, including advertising, marketing, design, and business transformation agencies. The most important holding companies include Dentsu, Interpublic, Omnicom, Publicis, and WPP. A network

agency is an agency owned by one of the holding companies. For example, AKQA is owned by WPP, while Publicis Sapient is owned by Publicis.

- **Independent digital agencies:** These vendors are digital-focused agencies that are owned neither by an IT services provider nor by a business consultancy nor by a holding company. They are often multidisciplinary and can provide a wide range of digital agency services.

For more detail on these categories of vendor, see *IDC Market Glance: Digital Agency Services, 2Q20* (IDC #US46363620, June 2020).

## LEARN MORE

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### Related Research

- *Worldwide and U.S. Digital Agency Services Forecast, 2020-2024* (IDC #US45198220, July 2020)
- *IDC Market Glance: Digital Agency Services, 2Q20* (IDC #US46363620, June 2020)
- *The Reality of Digital Transformation* (IDC #US44445419, March 2020)
- *Creating Empathy at Scale: Driving CX Culture Across the Organization* (IDC #DR2020\_T3\_DH, March 2020)

### Synopsis

This IDC study represents a vendor assessment of the customer experience (CX) improvement services market through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in this market. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and to one another and highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

"Customer engagement is one of the two top strategic business objectives for organizations worldwide, and its importance can only get greater as enterprises and public bodies adapt to the challenges of COVID-19 and the arrival of a yet-to-be-defined 'new normal' era," said Douglas Hayward, research director for Digital Strategy and Agency Services at IDC. "To drive great customer experience, and to keep making it greater, organizations need trusted advisors and implementers that can transform not just their technology and business processes and offerings, but often their work culture too.

"Clients today are looking for strategic partners that empathize strongly with them, that challenge them and push them forward, that drive agility and customer centricity across their organization, and that give them fast access to a broad and deep range of expertise," added Hayward. "The strongest vendors are the ones that will do all this while leading the client into the future with a strong and differentiated vision of CX."

## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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