NEAT EVALUATION FOR CSS CORP:

CX Operations Transformation

Market Segment: Cost Optimization Capability

Introduction

This is a custom report for CSS Corp presenting the findings of the NelsonHall NEAT vendor evaluation for *CX Operations Transformation* in the *Cost Optimization Capability* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of CSS Corp for CX operations transformation, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering CX operations transformation services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall and with specific capability in cost optimization, revenue generation, and CX improvement.

Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Atento, Cognizant, Comdata, Concentrix, Conduent, CSS Corp, HGS, Sitel, Sutherland, Tech Mahindra, Teleperformance, TELUS International, Webhelp, and WNS.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: CX Operations Transformation (Cost Optimization Capability)

CX Operations Transformation 2022
Cost Optimization Capability
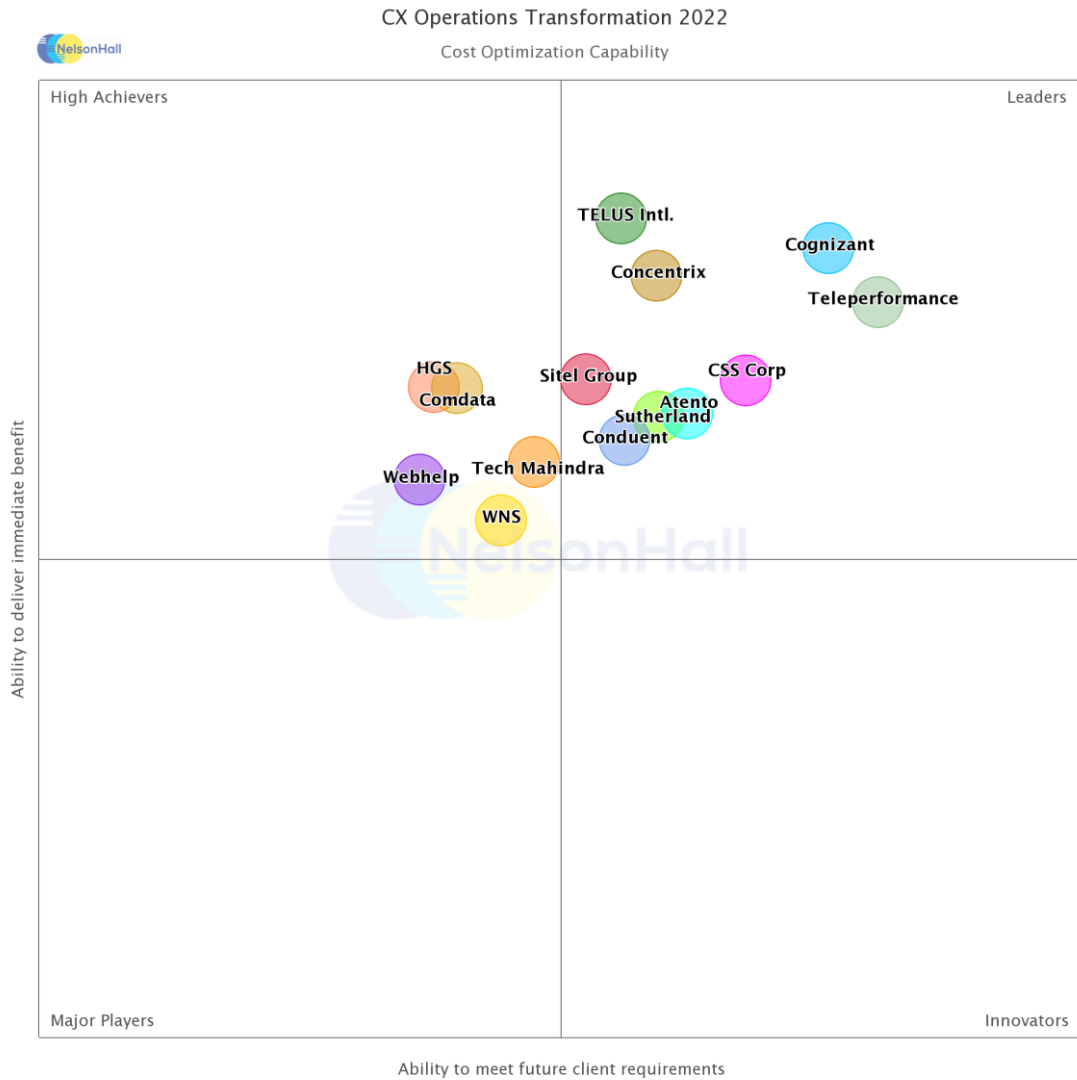
NelsonHall has identified CSS Corp as a Leader in the *Cost Optimization Capability* market segment, as shown in the NEAT graph. This market segment reflects CSS Corp's ability to meet future client requirements as well as delivering immediate benefits to its CX services clients with specific capability around optimizing costs.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *CX Operations Transformation* NEAT tool (*Cost Optimization Capability*) here.

Vendor Analysis Summary for CSS Corp

Overview

Headquartered in Milpitas, CA, CSS Corp is a private ITO and BPS provider specializing in CX services. It provides enterprise support, infrastructure, network, cloud, security services, engineering and testing, smart mobility services, geospatial services, CX services, and digital transformation. In 2021, the company had ~11k employees in 11 countries.

CSS Corp's CX services include customer care, technical support, customer acquisition, pre-sales, lead generation, upsell and cross-sell, marketing campaigns, order processing, social media service, care and content moderation, collections, and credit management. Its CX operations transformation services include CX consulting, UX/UI design, operations optimization, process re-engineering, customer journey mapping, omnichannel activation, self-service enablement, cloud migration, contact center infrastructure, app and microservices, and systems development. It also delivers RPA, intelligent automation, designs and implements customer-facing bots, virtual assistants, and conversational interfaces. In CX analytics, it provides operational analytics, predictive models, NLP, sentiment analytics, ML and AI, IoT analytics, reporting, BI, insights, and analytics as a service.

CSS Corp's ~11k employees includes ~6k CX services staff in the U.S., India, Europe, LATAM, Philippines, and China. It is close to 100% WAH.

The company has ~40 CX services clients in enterprise and consumer telecommunications, networking, software OEMs and services, hardware manufacturing and consumer electronics, automotive, retail and ecommerce, media and games, fintech, and home security.

CSS Corp has a proprietary customer engagement suite, CSS Edison, with a virtual assistant, self-assistant, visual and mobile assistance, messaging, and IVR automation. CSS Edison has agent augmentation modules and unified desktop, routing, and QA functionalities.

Financials

NelsonHall estimates CSS Corp's revenues for CY 2021 at ~$240m. Approximately 60% (or ~$144m) of its revenues are from CX services. Year-over-year in 2021, CSS Corp grew 26%.

Strengths

- Proprietary advanced smart routing capability with implementations and ongoing investment
- Centralized client account monitoring and insights platform with a breadth of deployment
- Strong proactive and pre-emptive analytics capability with CX applications in core sectors
- Investments in AR with IP and use cases
- Growth in expanding segments such as security, mobility, and hyperscalers.

Challenges

- Expanding labs into co-innovation centers for clients and prospects

- Utilizing its predictive analytics capabilities across wider revenue generation LOBs in lead generation, new customer acquisition, and collections

- Exploring gig and flexible work models as part of the CX delivery network.

Strategic Direction

CSS Corp's transformation approach combines digital interventions with optimized human interactions to achieve unified CX. It employs the COEUS unified account dashboard for account transparency to drive operational decision-making and process optimization. Another lever for CSS Corp is analytics to identify transformation opportunities in the wider CX. The company aims to sell into multiple LOBs with a focus on CX revenue generation processes while prioritizing long-term contracts to support transformation initiatives. During the pandemic, it launched new delivery countries as a blueprint for direct CX transformation with cloud operations, new CRM and contact center infrastructure, chatbots, and WAH agents. It now looks to globalize this approach for new wins.

In 2020 and 2021, CSS Corp built its mobility and automotive practice, SMART Mobility (Secure, Micromobility, Autonomous, Ride Sharing, and Telematics), adding new logos in the premium vehicle segment and specializing in white-glove service and complex support queries often requiring days or weeks for resolution. CSS Corp also brought in its geospatial services such as spatial analytics and insights, data services such as collation and modeling in support of autonomous driving, mapping and content development, enrichment, and maintenance for navigation and 3D maps. It is now looking to address sector needs for CX infrastructure modernization, such as assisting OEMs in moving from their legacy and homegrown CRM systems to cloud-enabled platforms and its Agent 360 unified desktop.

Another fast-growing segment for the company is cyber-security, with the largest account in the space. It is looking at acquisition targets, not to add revenue or margins, but diversifying in other sectors such as healthcare and e-commerce and scale capabilities in ServiceNow or cloud. Part of the mid-term strategy is an IPO.

On the development map, CSS Corp is further enhancing its smart routing algorithms in CSS Edison (for example, for a U.S. telecom firm, refining the customer and agent personas with additional data). For the COEUS enterprise dashboard, it is focusing on predictive analytics and identifying trends. The company is currently at the Beta stage of the predictive module.

It is also continuing investment in asynchronous messaging, as well as in AR support with KYRA, adding new deployments. Other opportunities for KYRA that CSS Corp actively explores are enabling field engineers with virtual technical assistance in a live environment for remote installations, deployments, repair, and maintenance.

CSS Corp continues its expansion for the North American markets, adding capacity in its Costa Rica locations and opening a new center in Barranquilla, Colombia. In Europe, it added a center in Cluj, Romania, for multilingual support.

One of the pillars of CSS Corp's growth plans is prioritizing talent acquisition and development. It has initiatives such as increased campus recruitment in India and the Philippines, giving employees the option for post-graduate degrees, and gender equality with a target of 50% female employees in two years.

Outlook

After a period of slower growth, CSS Corp is expanding, breaking the milestone of 10k employees in 2020, and 11k employees in 2021. The company's CX transformation capabilities rely on a suite of proprietary tools with highlights in smart routing and predictive models. As organizations move to the next level of personalization and customization of CX, advanced routing becomes a vital delivery element. Historically, CSS Corp has utilized predictive and pre-emptive analytics in its premium technical support and network monitoring services and is now focusing on revenue generation activities. The company is building examples in the space in retention and churn prediction, but can evolve the application to additional processes such as new sales in its target sectors. These investments in predictive analytics also have potential in talent management in areas such as attrition prediction and improved employee satisfaction.

The addition of a new CEO in 2021 (ex-COO Sunil Mittal), entry into new verticals, and its active expansion plans, including an IPO, are required for CSS Corp to compete in the increasingly segmented CX services market with fewer, larger, and more specialized players. Also, expect M&A activity by the company.

Also, look for additional geographic expansion by CSS Corp in support of North America.

CX Operations Transformation Market Summary

Overview

During 2021, organizations refocused their CX operations on growth and the ability to service customers predominantly remotely and address their new demands and expectations. Economic instability such as record inflation, lower unemployment and lack of skilled talent, and business disruptions contributed to highly volatile contract volumes and changing traffic patterns.

Evolving customer usage and consumption behaviors formed by new work models, travel restrictions, and health and safety risks decreased customers' tolerance towards CX process gaps and inefficiencies. At the same time, the next generation of consumers are more flexible with their adoption of automated support and migrate to new digital channels such as asynchronous messaging, video chat, and Augmented Reality. The most immediate and biggest external factors for CX services are related to government-enforced minimum wage increases across countries.

Buy-Side Dynamics

The key buy-side drivers for the adoption of CX operations transformation include requirements for:

- Improved customer satisfaction

- Deflection to digital channels

- Improved self-service level

- Improved efficiency

- Level of cost savings

- Increase in retention

- Increased resource scalability and geography diversification

- Increase in sales

- Organizational optimization

- Other benefits including enabling specialized service and technology assistance for sales staff/account managers.

Additional buy-side factors in the adoption of CX services include:

- Delivery optimization (right-shoring) for improved cultural alignment to target customer base

- Development of specialized services such as content moderation, merchant/seller support, premium technical support, fraud analytics, and B2B support (e.g., ad management)

- Enhanced employee lifecycle management, including training design and optimization, recruitment optimization (e.g., hiring bots), and remote employee engagement and management

- Additional operations insights for streamlined reporting and analytics such as visualization and dashboarding

- Competitor and market benchmarking

- Analytics automation

- Improved efficiency and customer satisfaction with augmented agent levers such as knowledge base optimization, virtual assistants, recommendation engines, script guides, and next-best-action tools

- Assistance with knowledge article creation (also used in self-service channels)

- Increased efficiency via WFM and QA automation

- Evolution to a universal agent model with unified sales and support for next-level CX operations

- Deployment of real-time interaction analytics to maintain compliance and operations improvement

- Deployment of real-time sentiment analytics to CSAT improvement and insights

- Co-creation environments (e.g., labs and studios) to lower the cost of conceptualization and testing of CX innovation

- Acceleration of CX technology deployment: faster time to market for CX operations changes.

Market Size & Growth

The overall global CX services market, excluding collections and content moderation, is ~$82.3bn, posting a stable growth of around 5% CAAGR, including in major developed geographies such as the U.S. (4.8% CAAGR), Canada (4.5%), Germany (5.1%), France (3.7%), AN&Z (5.6%), and Japan (5.4%). Markets such as the U.K. and Italy have a slower expansion, typically driven by external macro-economic and political factors.

Emerging CX services markets offer significant capacity for growth, which is expected to increase pace in the 2023-2025 timeframe. China (8.5% CAAGR), India (7.2%), the Middle East and Africa (7.0%), and the still-recovering Brazil (5.1%) all offer sizable opportunities in their domestic markets.

Challenges & Success Factors

The main challenges to CX operations transformation are applying innovation across the entire CX estate and change management for consistent results. Other challenges include:

- The sizable cost, barriers to change management, legacy operating models and technology stack, and lack of a solid data environment

- Often the legacy CX infrastructure limits the ability to make technology interventions, for example, demanding layering interfaces on top of existing platforms

- A specific industry challenge is that some organizations are reluctant to have their CX services and transformation provided by the same vendor.

Key success factors include:

- Due to the various stakeholders and conflicting functional priorities, CX transformation requires managed transition and post-implementation governance, including line management training

- Clients have investments in CX technology, for example, sentiment analytics, but have not achieved the full ROI from these investments and need effective integration in contact center ops

- Quicker CX innovation iteration – fast-changing competitive landscapes raise the bar for customer expectations (e.g., matching new economy brands' best practices)

- Identifying the target decision-maker in the company is a prerequisite for CX transformation when the proposed changes impact the wider organization and sometimes external providers (e.g., third-party logistics).

Outlook

Over the next four years:

- The global CX services market (excluding collections and content moderation) is expected to reach ~$100bn in 2025 and will include embedded consulting, operational transformation, contact center technology services, cloud migration, automation, and analytics as an integral part of CXS delivery. Separately, these services as standalone offerings will expand at double the average market rate of 9.8%

- The fastest expanding client sectors will be BFSI, healthcare, ecommerce, and media and entertainment

- The market structure is evolving to a consolidated top 10 vendors and forming a leadership pack of six or seven global players. Strong M&A activity supports this evolution to achieve scale, internationalization, add specialized domain and sector capability, and acquire consulting or technology assets

- Major success factors will become CXS vendors' ability to redesign the customer journey, deliver and govern CX operations transformation, create an ecosystem of in-house and partnership CX technology, offer domain specialization, and show expertise in employee lifecycle management

- CX services clients will rebalance their delivery portfolio, emphasizing nearshore and heavy use of WAH and hybrid work models, including gig workers. Conservatively, at least 30% of the global CX services workforce to be permanently on remote work

- By 2025, most new CX programs will have at least 25% of variable elements tied to performance, including customers and market share.

NEAT Methodology for CX Operations Transformation

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 capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements

- **High Achievers**: vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements

- **Innovators**: vendors that exhibit a high capability relative to their peers to meet future client 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.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offerings	Range of CX transformation offerings
	CX consulting capability
	CX analytics, automation, and cloud enablement capability
	CX omnichannel, agent augmentation, and self-service capability
	Operations transformation capability
Delivery	Scale of managed services resources
	Suitability of delivery North America
	Suitability of delivery EMEA
	Suitability of delivery APAC
	Suitability of delivery Latin America
	Scale and maturity of transformation resources
	Application of analytics and insights
	Application of RPA and intelligent automation
	Enablement of digital channels, self-service, and customer facing bots
	CX operations re-engineering models and frameworks
	CX innovation infrastructure
	Application of technology and models for employee lifecycle management
	Application of agent augmentation
	Application of cloud-enablement
	Conversation design and AI capability
	Development of an ecosystem for CX transformation
Market Presence	Scale of CX transformation projects
	Scale of client presence in CX transformation
	Market momentum
Benefits Achieved	Level of customer experience improvement achieved
	Level of revenue enhancement achieved
	Level of cost savings achieved
	Level of operations transformation achieved

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
CX Ops Transformation	Investment in development of customer satisfaction
	Investment in development of revenue generation capability
	Investment in development of analytics, automation, and cloud
	Investment in development of digital channels, self-service, and customer facing bots
	Investment in development of agent augmentation
	Investment in development of end-to-end digital transformation
	Investment in support of CX co-innovation and reimagination
Perceived Suitability by CXS Clients	Perceived effectiveness in CX transformation services
	Perceived effectiveness in the application of customer experience improvement
	Perceived effectiveness in the application of revenue generation
	Perceived effectiveness in the application of cost optimization
	Mechanisms in place to deliver client innovation through CX consulting & design
	Mechanisms in place to deliver client innovation through analytics, automation, cloud
	Extent to which client perceives that innovation has been delivered
	Suitability of vendor to meet future needs of client
	Perceived suitability as key partner

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