HFS Horizons Report

Digital Marketing and Sales Service Providers, 2023

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Excerpt for Cognizant

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As enterprises continue to redefine their strategies, refine their value proposition for target customers, and determine how to best engage customers to deliver value, there's a deep need for more customer-centricity and differentiated CX to profitably deliver growth.

Sales and marketing professionals are in dire need of support, especially to navigate the growing martech landscape, augment and supplement talent pools, and scale growing areas like ecommerce. They rely on their service providers to support and co-innovate for growth and data-driven strategies in an increasingly uncertain and disruptive competitive landscape.

Melissa O'Brien, Executive Research Leader

Contents

1

Introduction and key findings

Introduction

- Initial attempts to improve customer value chain processes—from marketing to customer service—have allowed business operations to run somewhat faster, cheaper, and even a bit better, but is the digital front office truly connected?

- The value proposition for digital marketing and sales services has matured well beyond cost reduction and productivity gains. HFS describes the value across three horizons:

  - **Horizon 1:** Driving business outcomes, cost reduction, and productivity improvements

  - **Horizon 2:** Horizon 1 + improving customer experience (CX) and employee experience (EX)

  - **Horizon 3:** Horizon 2 + unearthing new sources of value to drive growth and manage risks

- This HFS Horizons report for digital marketing and sales services examines the capabilities of 9 service providers and paints the supplier landscape across the three HFS Horizons. Inclusion was based upon digital marketing and sales revenue of at least a $250M or 10% contribution to overall revenues, and an existing portfolio of services in line with our digital marketing and sales value chain.

- We assessed the service providers across a defined series of criteria

  - The Why: Value proposition

  - The What: Execution and innovation capabilities

  - The How: Go-to-market strategy

  - The So What: Market and client impact

- This report also includes detailed profiles of each service provider, outlining their placement, provider facts, and detailed strengths and opportunities.

Executive summary

1 Experience is the key differentiator for today's enterprises' competitive distinction. Customers and employees expect to be treated as individuals with unique needs and preferences. Service providers are building frameworks where they help their clients with detailed analytics and reporting to track their customers' engagement, enabling them to make the right decisions and optimize their marketing strategies.

2 The impact of changing consumer expectations and hyped-up channels like the metaverse means that digital marketing and sales professionals' need to support is significantly increasing because it revolutionizes how businesses approach these areas. These changing dynamics create fresh opportunities for businesses to provide customers with immersive and personalized experiences, acquire valuable data, and establish new revenue streams. As this technology continues to develop, companies that adopt it will gain a competitive edge in the digital market, but they rely on partners to scale, access talent, and innovate.

3 Service providers assert that an average of 81% of their digital marketing and sales services engagements successfully achieve digital transformation in line with the HFS OneOffice model. As business leaders strive to manage their customers' increasing demands and complexity, it is crucial to align the entire organizational mindset with digitalization, including developing relationships with internal (IT, in particular) and ecosystem partners (providers and technology providers).

4 Greater EX creates greater CX; for customer-centric services, it is important to provide customers with personalized experiences. Companies are empowering their employees with the right technology and data-driven insights to understand and anticipate customer needs and preferences. Marketing and sales strategies must address both employee and customer journeys and experiences to succeed.
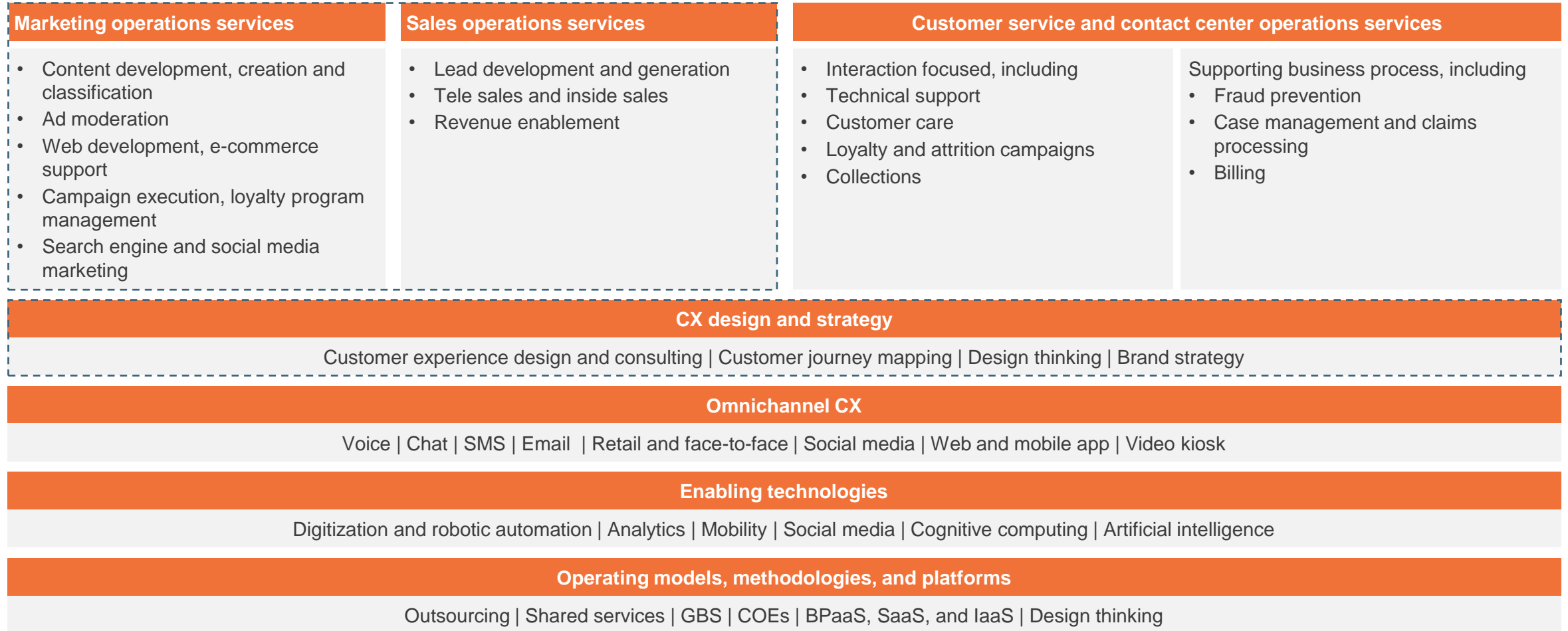
5 Input and output pricing models continue to be the most chosen pricing strategies. While cost is an increasingly important consideration for operations, a value proposition solely focused on cost may not be enough to attract and retain customers. We see that enterprises that co-innovate with providers achieve more business outcomes for greater value.

6 Data strategy and governance are keys to finding hidden value. Enterprise leaders seek ways to maximize the value of their data and use it as an asset to find new sources of value and create insights for decision making. As a result, there is a growing demand for the data service providers produce for use as data-as-an-asset to find new sources of value and create insights for decision making.

Our CX value chain aligns to CX design and strategy, bolstered by operations services
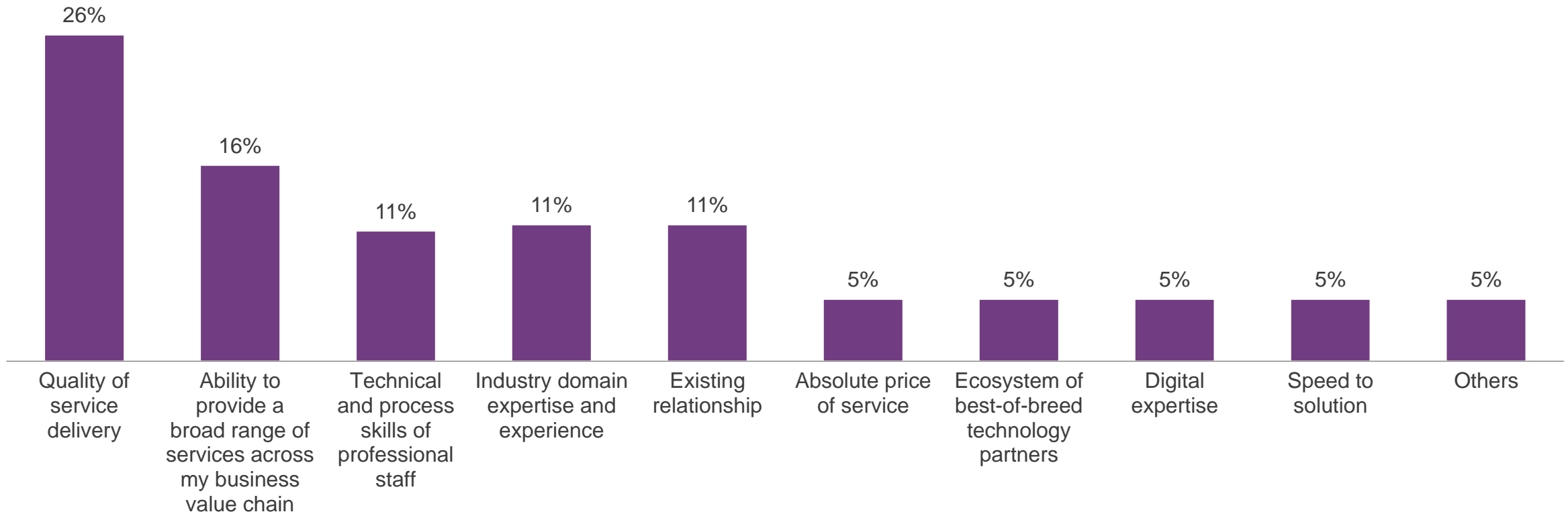
Digital Marketing, Sales and CX Design and Strategy are a key foundational market we cover at HFS

Marketing operations services	Sales operations services	Customer service and contact center operations services	
• Content development, creation and classification • Ad moderation • Web development, e-commerce support • Campaign execution, loyalty program management • Search engine and social media marketing	• Lead development and generation • Tele sales and inside sales • Revenue enablement	• Interaction focused, including • Technical support • Customer care • Loyalty and attrition campaigns • Collections	• Supporting business process, including • Fraud prevention • Case management and claims processing • Billing

CX design and strategy

Customer experience design and consulting | Customer journey mapping | Design thinking | Brand strategy

Omnichannel CX

Voice | Chat | SMS | Email | Retail and face-to-face | Social media | Web and mobile app | Video kiosk

Enabling technologies

Digitization and robotic automation | Analytics | Mobility | Social media | Cognitive computing | Artificial intelligence

Operating models, methodologies, and platforms

Outsourcing | Shared services | GBS | COEs | BPaaS, SaaS, and IaaS | Design thinking

HFS value chain definition: Value chain refers to the business units that carry out value-creating activities to design, produce, market, deliver, and support a company's product or service. In this usage, we refer to the range of primary processes and support services that providers offer to their clients.

Enterprises seek quality and a broad range of digital marketing and sales service offerings from service providers
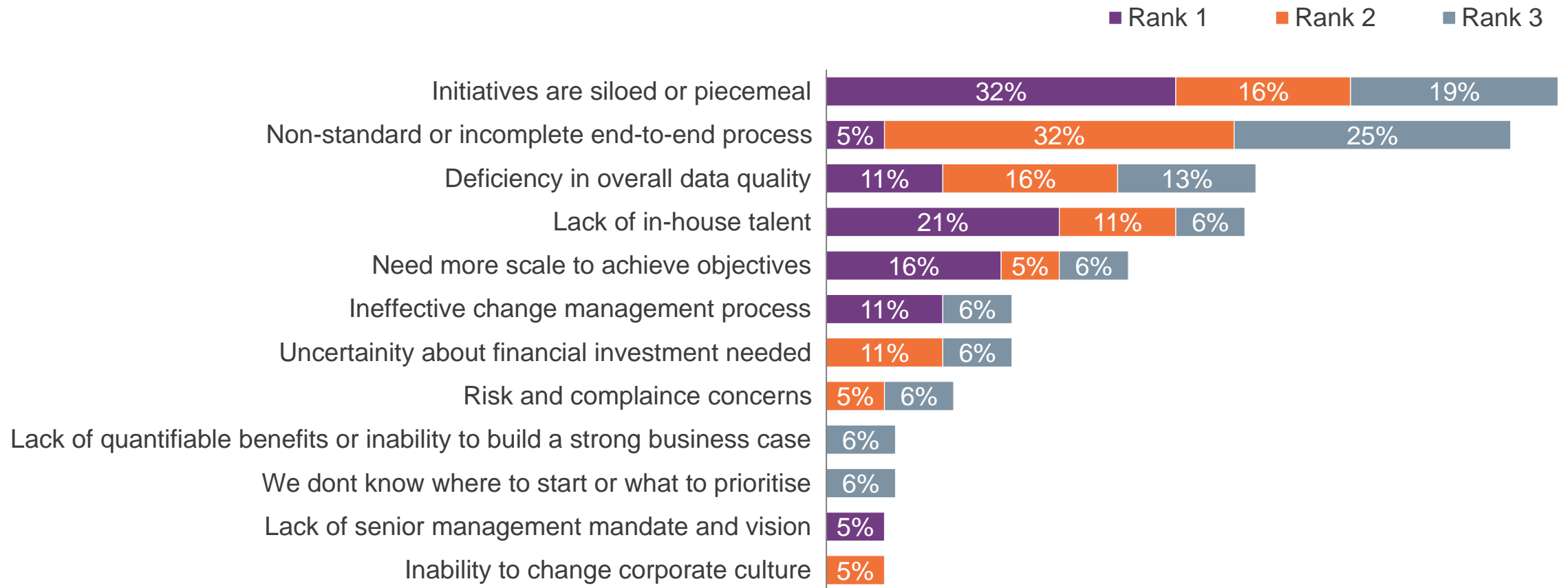
Which of the following options was the single most important when selecting this provider?
Percentage of responses

Quality of service delivery	26%
Ability to provide a broad range of services across my business value chain	16%
Technical and process skills of professional staff	11%
Industry domain expertise and experience	11%
Existing relationship	11%
Absolute price of service	5%
Ecosystem of best-of-breed technology partners	5%
Digital expertise	5%
Speed to solution	5%
Others	5%

Sample: 19 enterprise leaders, Horizons reference survey
Source: HFS Research, 2023

Clearer roadmaps, standardized processes, and building in-house talent will help enterprises plan and execute their successful CX transformation

What are the top three inhibitors holding you back from achieving your CX transformation objectives?
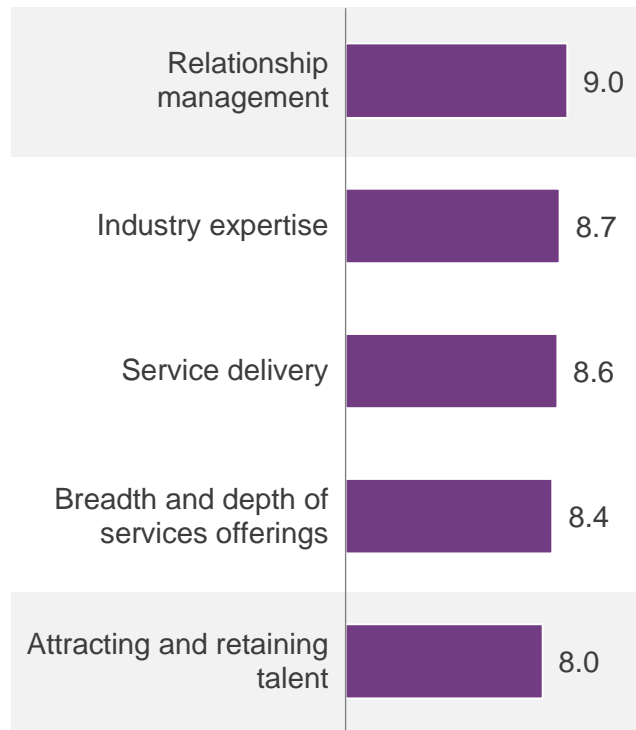
Rank 1 ■ Rank 2 ■ Rank 3 ■

Inhibitor	Rank 1	Rank 2	Rank 3
Initiatives are siloed or piecemeal	32%	16%	19%
Non-standard or incomplete end-to-end process	5%	32%	25%
Deficiency in overall data quality	11%	16%	13%
Lack of in-house talent	21%	11%	6%
Need more scale to achieve objectives	16%	5%	6%
Ineffective change management process	11%		6%
Uncertainity about financial investment needed		11%	6%
Risk and complaince concerns		5%	6%
Lack of quantifiable benefits or inability to build a strong business case			6%
We dont know where to start or what to prioritise			6%
Lack of senior management mandate and vision	5%		
Inability to change corporate culture		5%	

Enterprises expect service providers to be more pro active, provide innovative ideas, drive digital fluency, and help handle change management

Based on your experience, please rate the provider across the following parameters, where 1 is poor and 10 is excellent.
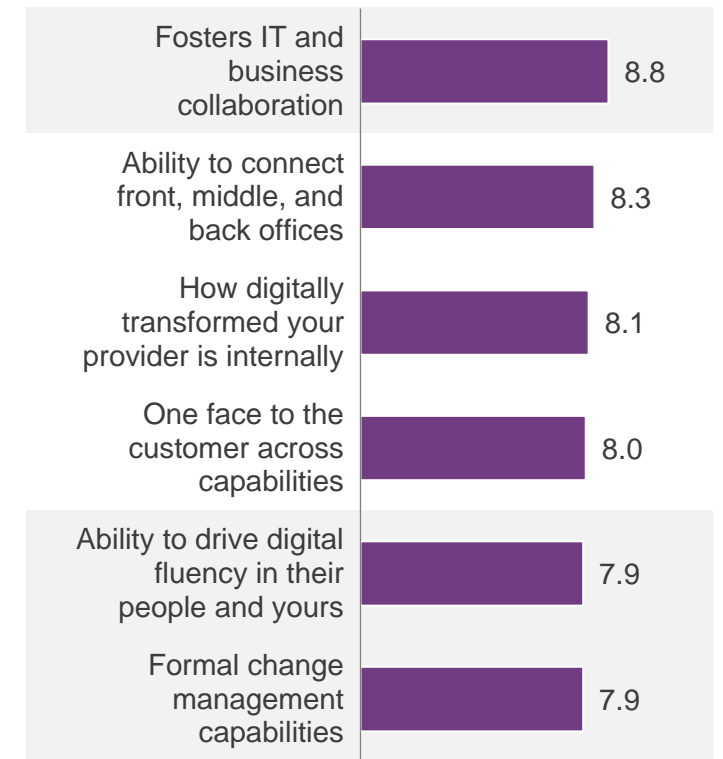
Average execution score
### 8.5

Parameter	Score
Relationship management	9.0
Industry expertise	8.7
Service delivery	8.6
Breadth and depth of services offerings	8.4
Attracting and retaining talent	8.0

Average innovation score
7.7

Parameter	Score
Clear value proposition	8.2
Use of best-of-breed partner technologies	8.1
Identifiable investments in CX design, marketing, and sales capabilities	8.1
Strategy and vision for CX, marketing, and sales	8.0
Co-innovation with clients and partners	8.0
Creative commercial models	7.6
Development of intellectual property and R&D	7.6

Average digital transformation score
8.7

Parameter	Score
Fosters IT and business collaboration	8.8
Ability to connect front, middle, and back offices	8.3
How digitally transformed your provider is internally	8.1
One face to the customer across capabilities	8.0
Ability to drive digital fluency in their people and yours	7.9
Formal change management capabilities	7.9

Sample: 19 enterprise leaders, Horizons reference survey
Source: HFS Research, 2023

Service providers partner with market leaders to bring customized and personalized CX experiences to their clients

Of your key digital marketing and sales services partners, please specify the three most critical third-party partners.
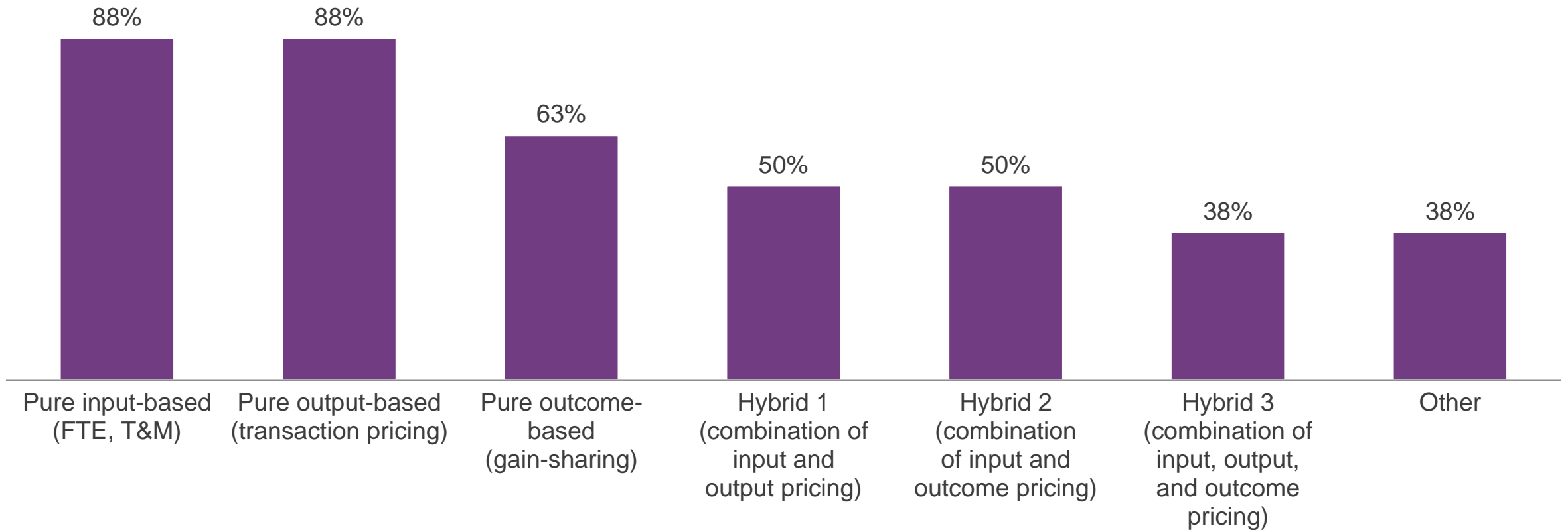Percentage of responses

26%	26%	7%	7%	7%	26%
Adobe	salesforce	Google	Microsoft	sprinklr	Others
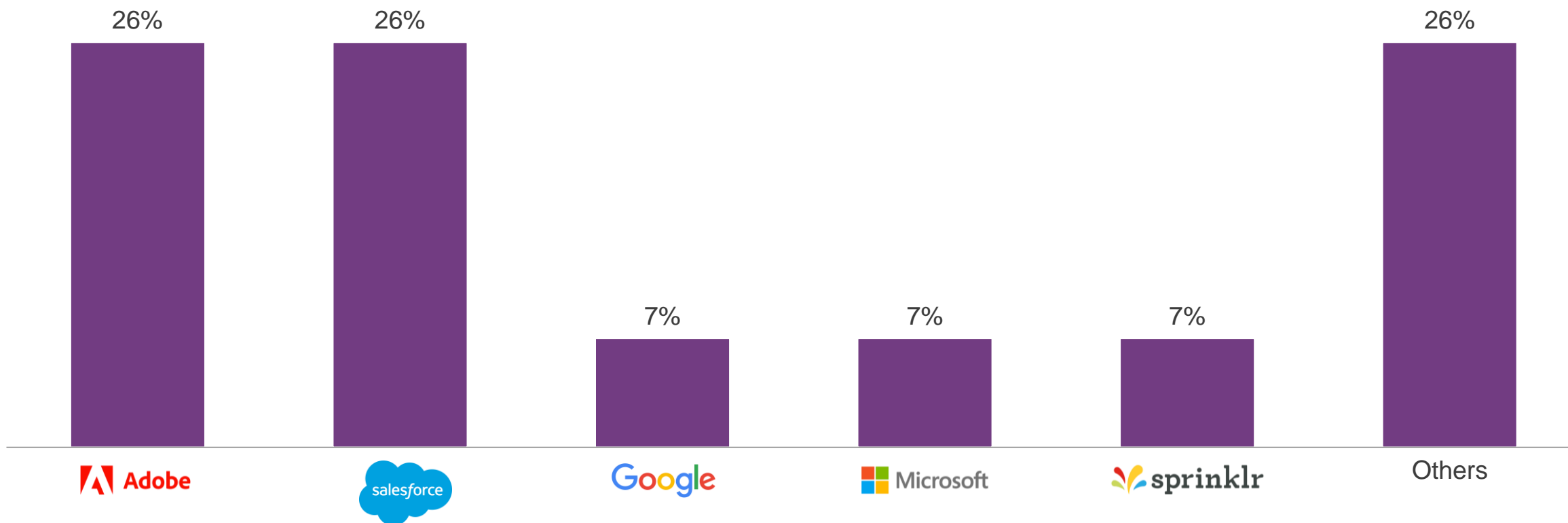
Sample: 9 service providers, 2023 Horizon RFIs
Source: HFS Research, 2023

Input-based and output-based pricing remain the favored pricing models, even after the pandemic

What pricing models do you use for digital marketing and sales services contracts?
Percentage of responses

Pure input-based (FTE, T&M)	88%
Pure output-based (transaction pricing)	88%
Pure outcome-based (gain-sharing)	63%
Hybrid 1 (combination of input and output pricing)	50%
Hybrid 2 (combination of input and outcome pricing)	50%
Hybrid 3 (combination of input, output, and outcome pricing)	38%
Other	38%

Sample: 9 service providers, 2023 Horizon RFIs
Source: HFS Research, 2023

E-commerce and design thinking are the most mature and growing aspects of the value chain

Please rate the maturity of your digital front office services, where 1 is not a focus, 2 is emerging, 3 is mature and growing, and 4 is mature and declining.

Legend: ■ Not a focus ■ Emerging ■ Mature and growing ■ Mature and declining

Category	Not a focus	Emerging	Mature and growing	Mature and declining
Content development, creation and classification		13%	75%	13%
Web development and e-commerce support			100%	
Search engine and social media marketing		13%	88%	
Lead development and generation		38%	63%	
Telesales and inside sales	13%	38%	50%	
Revenue enablement and intelligence		50%	50%	
Brand strategy		38%	63%	
Design thinking and journey mapping			100%	
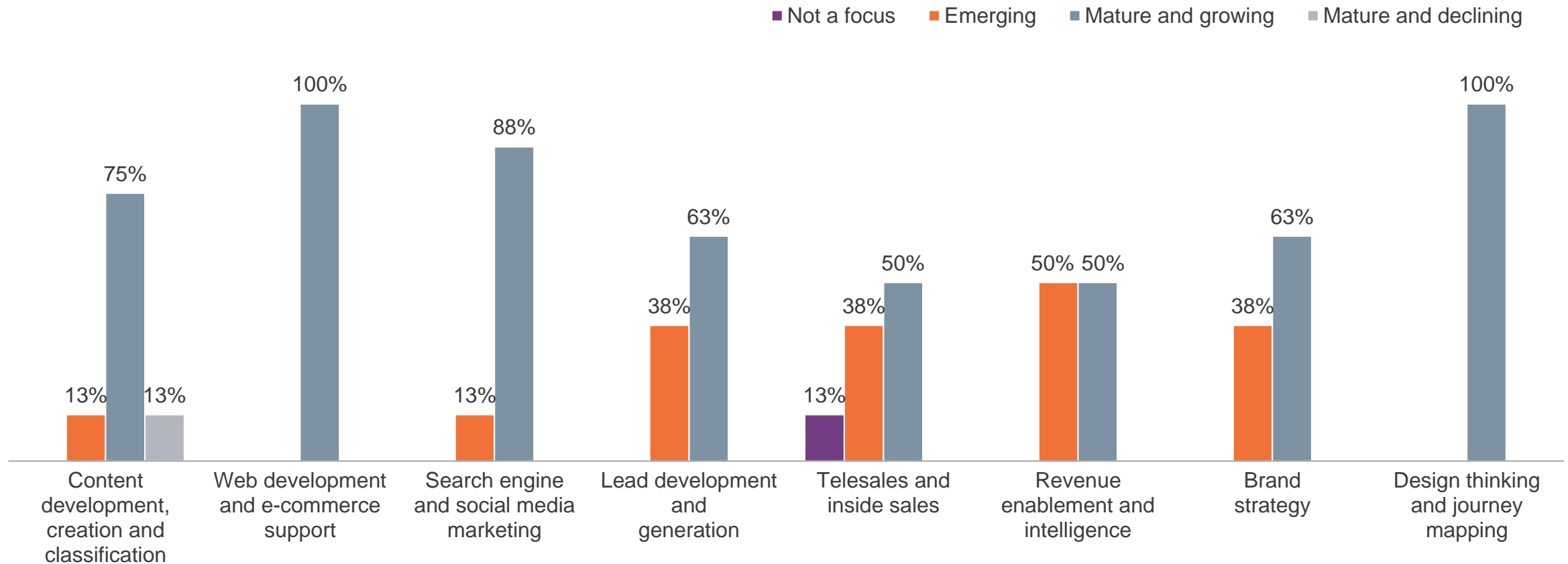
2 | Research methodology

Service providers covered in this report

Sources of data

This report relied on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on the digital marketing and sales service capabilities of the providers covered in our study. Sources are as follows:

RFIs and briefings

Each participating vendor completed a detailed **RFI**.

HFS conducted **briefings** with executives from each vendor
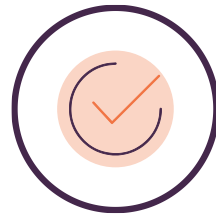
Reference checks

We conducted reference checks with 23 active clients of the study participants via phone-based interviews and/or detailed surveys.

HFS vendor ratings

Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions. For this study, we leveraged our fresh from the field HFS Pulse Study data featuring **600+ inputs** across Global 2000 enterprises.
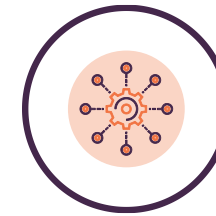
Other data sources

Public information such as press releases and web sites.

Ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.

Horizons assessment methodology for digital marketing and sales services

The HFS Horizons **Digital Marketing and Sales Service Providers, 2023** report evaluates the capabilities of service providers across a range of dimensions to understand the **Why, What, How, and So What** of their service offerings. The following illustrates how we assessed capabilities:
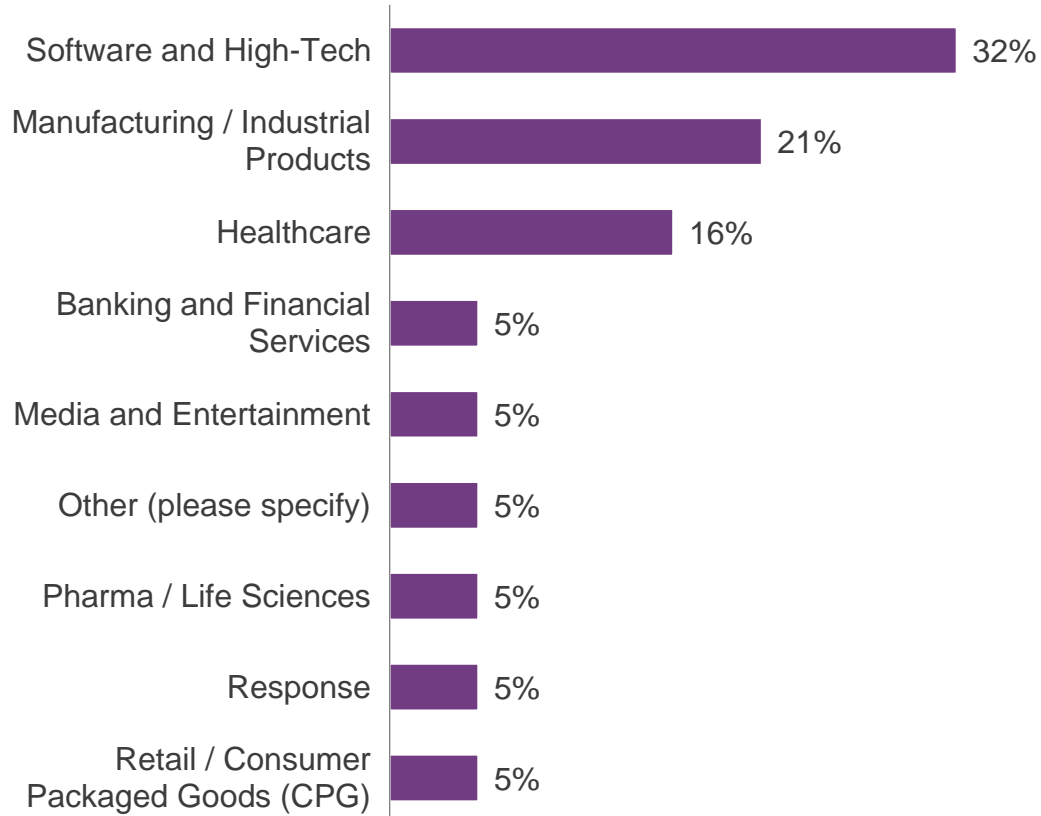
Distinguishing supplier characteristics

Assessment dimension	Assessment sub-dimension	Horizon 1 service providers	Horizon 2 service providers	Horizon 3 service providers
Value proposition: The Why? (25%)	Market vision and strategy Competitive differentiators Technology capabilities Offering maturity	• Ability to drive **functional optimization outcomes** through cost reduction, speed, and efficiency	• Horizon 1 + • Enablement of the **OneOffice** model of digital m**arketing and sales services** • Driving unmatched **stakeholder experience**	• Horizon 2 + • Ability to drive **OneEcosystem synergy** via collaboration across multiple organizations • Driving completely **new sources of value**
Execution and innovation capabilities: The What? (25%)	Breadth and depth of marketing and sales services Strength of talent pool Services specific proprietary tools and solution accelerators Services specific patents and intellectual property Strength of ecosystem	• Strong **implementation** capabilities • **Technology—specific talent** focused on key process domains • Focused **partnerships and strong PX** • Limited industry-specific IP	• Horizon 1 + • **Consulting and advisory capabilities** in addition to implementation services • Investments in **internal employee training** and development • Ability to drive **business transformation** • Strong **services-specific IP** • **Broader and deeper partnerships** with technology vendors	• Horizon 2 + • Comprehensive coverage across the digital marketing and sales value chain and beyond • Ability to drive IT + business transformation • **Differentiated IP** and market-leading proprietary solutions • Strong employee investments complemented with access to **alternative talent pools** • **Well-rounded ecosystem** of technology vendors, start-ups, and technology vendors
Go-to-market strategy: The How? (25%)	Relevant acquisitions and other investments Co-innovation and collaboration approaches Industry and geographic client portfolio Creative commercial models Thought leadership and market education	• **Modest scale and size** of digital marketing and sales investments • **Targeted industry and geography** go-to-market	• Horizon 1 + • Digital marketing and sales **organic investments** • Ability to offer **outcome-driven** commercial models • Ongoing investments in **market education**	• Horizon 2 + • Front office-focused **organic and inorganic investments** • Formalized approach to **co-creation** with clients and partners • Ability to target broad industry and geographical coverage with **specific solutions** • **Purpose-driven** client and partner relationships
Market impact: The So What? (25%)	Size and growth marketing and sales practice Proven outcomes showcasing nature of value delivered Voice of the customer	• **Modest growth on a low base** • Strong client feedback on **driving functional optimization** • Perceived as a credible **vendor**	• Strong growth on a **sizeable book of business** • Strong client feedback on **driving CX and EX** • Ability to target **broad industry and geographical coverage** • Perceived as a **strategic partner**	• **Market leading** size and growth • Strong client feedback on **driving new sources of value** • Perceived as a **market thought leader**

3

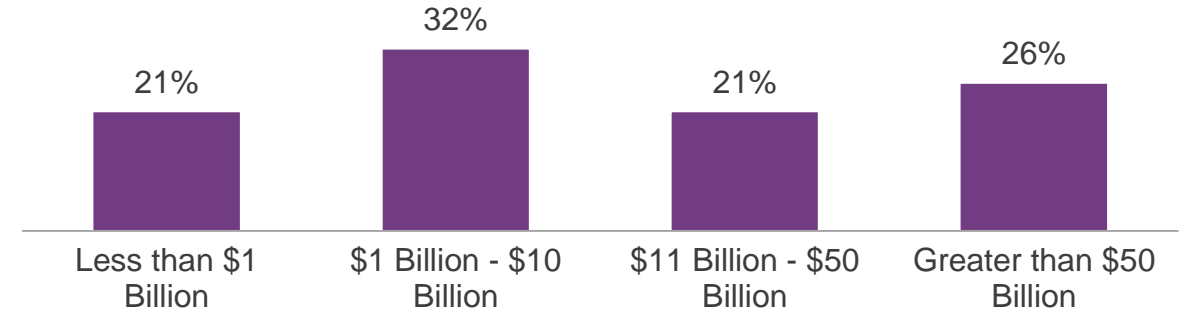## Client reference demographics and market dynamics

Client reference demographics

Client references by industry sector

Industry	%
Software and High-Tech	32%
Manufacturing / Industrial Products	21%
Healthcare	16%
Banking and Financial Services	5%
Media and Entertainment	5%
Other (please specify)	5%
Pharma / Life Sciences	5%
Response	5%
Retail / Consumer Packaged Goods (CPG)	5%

Client references by revenue size

Revenue size	%
Less than $1 Billion	21%
$1 Billion - $10 Billion	32%
$11 Billion - $50 Billion	21%
Greater than $50 Billion	26%

Organizational alignment of client references

- Business — 79%
- IT — 11%
- Hybrid — 11%
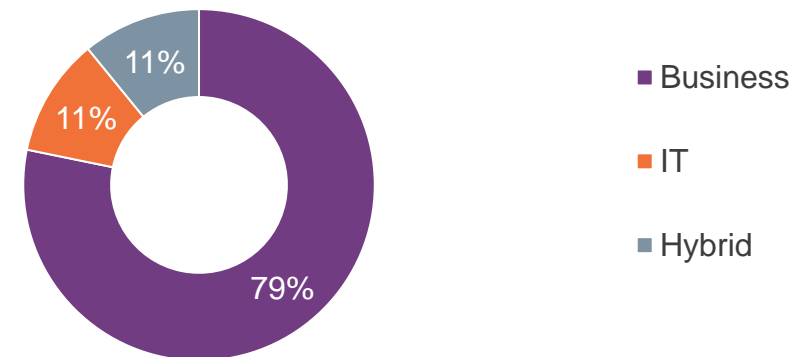
Others*: Professional services
Sample: 19 client references
Source: HFS Research, 2023

Emerging themes and dynamics in digital marketing and sales services

Re-invention of the way sales works in a hybrid reality: remote selling requires new technology and techniques

Increased demand for design and consulting capabilities to outline the strategy: design thinking is mature and growing

Data-driven marketing is creating demand for new and upskilled talent, including data science and analytics

The technology partner ecosystem continues to grow and expand, from traditional CRM and Martech vendors to niche industry and AI providers

Brand responsibility across DEI and sustainability is top of mind for marketers, and they are leveraging partners to help improve customer trust

4

Horizons landscape: Digital marketing and sales services, 2023

HFS Horizons Digital Marketing and Sales Services - Summary of providers assessed in this report

Providers (alphabetical order)	HFS point of view
Accenture	Technology and design excellence provides a comprehensive approach to 'growth services'
Cognizant	Continued investment in CX bolsters robust operations capabilities
Concentrix	A CX leader with growing portfolio of capabilities
Genpact	A data-driven operators' lens for ecosystem innovation
HGS	A refreshed digital brand signals promise for full front-end services
Infosys	Driving Omnichannel strategies with Human centric approach
Mphasis	User experience expertise to drive personalized experiences
TCS	Scale and depth of tech expertise are the foundation for digital experiences
Tech Mahindra	Pushing the envelope with cutting edge services

HFS Horizons—Digital marketing and sales service providers

HORIZON 3 – Market Leaders

accenture · cognizant · genpact · Infosys Navigate your next

HORIZON 2 – Enterprise Innovators

hgs · Mphasis The Next Applied · TECH mahindra

HORIZON 1 – Disruptors

CONCENTRIX · tcs TATA CONSULTANCY SERVICES

INNOVATION SCOPE — NETWORK / ENTERPRISE / FUNCTIONAL

VALUE ASPIRATION — SYNERGY / EXPERIENCE / OUTCOMES
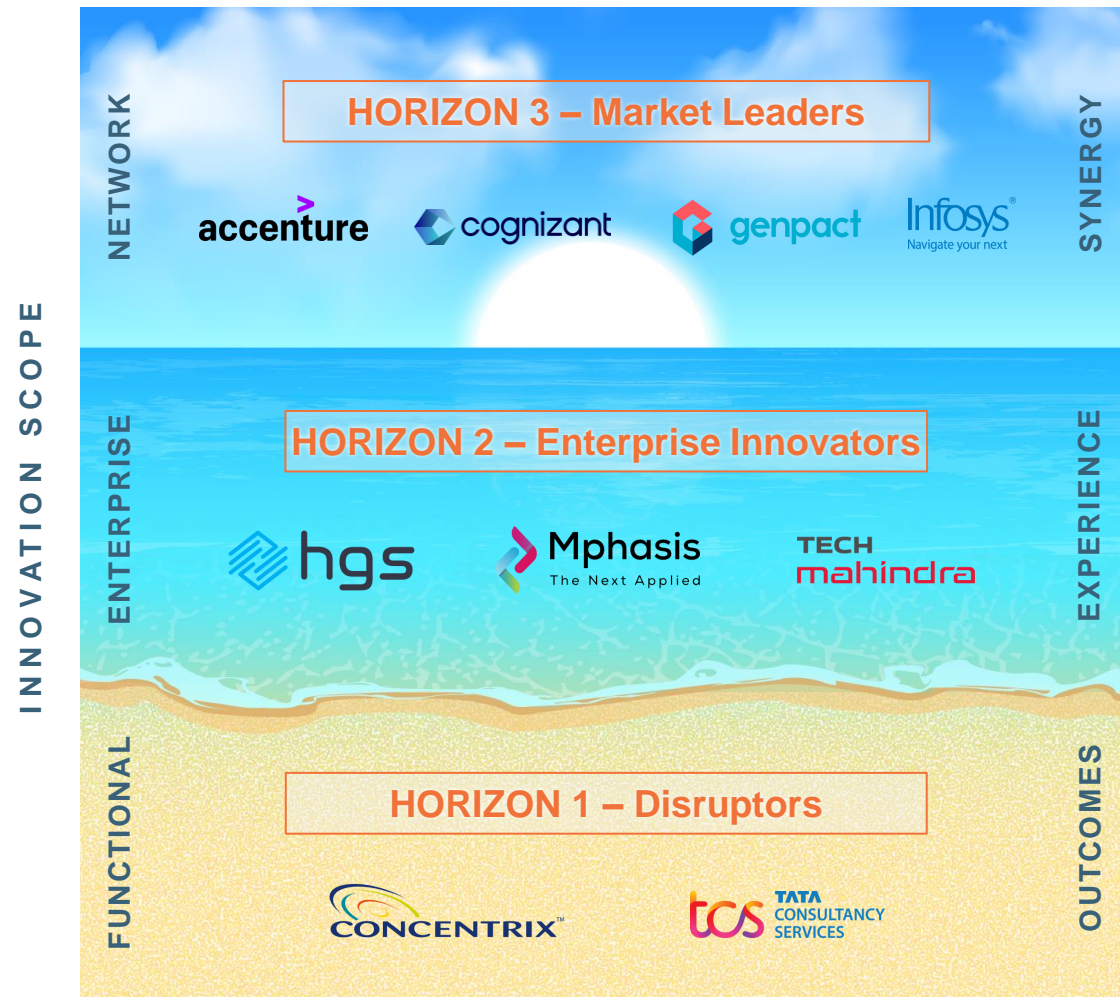
Horizon 3–New sources of value

Horizon 2 +

Ability to drive **OneEcosystem** synergy driving completely **new sources of value**
- Martech and sales technologies **integrated with other emerging technologies**
- Ability to **drive IT + business transformation** with differentiated IP and proprietary solutions
- Strong **employee investments** complemented with access to alternative talent pools
- **Well-rounded ecosystem** of technology vendors, start-ups, and technology vendors
- Formalized approach to **co-creation** with clients and partners
- **Purpose-driven** client and partner relationships
- Perceived as a market **thought leader**

Horizon 2—Improving stakeholder experience

Horizon 1 +

Enablement of the **OneOffice** model of enterprise-wide connected front office driving unmatched **stakeholder experience**
- **Consulting and advisory capabilities** in addition to implementation services
- Strong expertise across **all marketing and sales technologies**
- Ability to drive **business transformation** leveraging robust IP
- Investments in **internal employee training** and development
- Broader and **deeper partnerships** with technology vendors
- Ability to offer **outcome-driven** commercial models
- Strong client feedback on driving CX and EX and perceived as a **strategic partner**

Horizon 1—Driving business outcomes
- Ability to drive **functional optimization outcomes** through cost reduction, speed, and efficiency
- Strong **implementation** capabilities
- Strong expertise across some **martech and sales technologies**
- Partnerships with leading **technology vendors**
- **Modest scale and size** of digital and marketing services
- **Focused industry and geography** go-to-market
- Perceived as a **credible vendor**

Note: All service providers within a "Horizon" are listed alphabetically

5 | Cognizant profile: Digital marketing and sales services, 2023

Cognizant: Continued investment in CX bolsters robust operations capabilities

HORIZON 3 – Market Leader

cognizant

HORIZON 2 – Enterprise Innovator

HORIZON 1 – Disruptor

Strengths

- **Approach to digital marketing and sales services:** Cognizant's approach to the digital marketing and sales combines human-centered insights, data intelligence, core technologies, and business processes experience to address client challenges. Its vision for experiences that combine EX + CX are well aligned to HFS' OneOffice.
- **Key differentiators:** Varied acquisitions across the areas of expertise listed above are building a unique capability for Cognizant. IdeaCouture brings digital, strategy, behavioral science, and heuristic expertise. A more recent acquisition is Lev, a full-service digital marketing agency. Cognizant's creative capabilities have been a well-kept secret and complement its business operations and technology capabilities well.
- **Technology innovation:** Cognizant has a solid foundation of tech capabilities and proprietary IP to leverage for its marketing and sales clients, some of which are tailored to industry-focused solutions. Outside of services-agnostic IP such as Cognizant Neuro, tools like Content Builder are tailored to marketing, with this content automation tool creating multi-channel marketing content.
- **Customer kudos:** Clients praise Cognizant's scale of operations, innovation, and service excellence. Clients are impressed with its techniques and tools, which it defines professionally and clearly. Cognizant nicely presents as "one face to the customer."

Development opportunities

- **What to continue:** Cognizant's significant investments in its design and CX capabilities have bolstered its ability to execute on an end-to-end CX and omnichannel vision.
- **Other next steps for development:** The flip side of its creative expertise being a hidden gem is that many current clients leveraging other services are not aware of these capabilities. Cognizant should develop thought leadership and more aggressively market its agency and heuristic capabilities to drive mind share.
- **Customer critiques:** Cognizant can do a better job of setting expectations with clients when dealing with complex projects to avoid surprises in the process of iterating.

Relevant M&A and partnerships	Key digital marketing and sales clients	Global operations and resources	Flagship internal IP related to digital marketing and sales
Acquisitions (2019–2022) • IdeaCouture, Lev, Magenic, Linium, Servian **Partnerships** • Cognizant has 300+ partners across the partner ecosystem. Global strategic partners such as Adobe, Microsoft, Salesforce, Google and AWS are market makers with high growth potential, aligned to Cognizant's digital experience strategy and capabilities. • Additional technology partners include Sitecore, Acquia, Aprimo, OpenText, Quadient, Pega, Marketo, Oracle, Veeva, Unica, Optimizely, Tableau, Tealium, Braze, Bloomreach, Contentful, Seismic, Workfront, Episerver, IBM, Hubspot, Hyland	**Number of digital marketing and sales clients** • Marketing: 75+ • Sales: 100+ **Key clients** • International luxury hotel and resort company, American fast-food restaurant chain, multinational home appliance manufacturer	**Digital marketing and sales headcount** • Not disclosed **Locations** • Cognizant has more than 100 global studios and delivery centers supporting more than 30 languages linked to the sales and marketing services offerings. • For sales and marketing support, there are about 25 significant locations globally.	• Experience Blueprint: Connecting an omnichannel experience to the enabling operational levers • xperience Accelerator: Rapidly exploring, prototyping, and testing new experience concepts • PixelPerfect: UI validation automation tool that programmatically detects any visual deviations of a marketing collateral with the original creative comp, resulting in significant effort and cost savings for both QA team members on testing and remediation as well as creative design team members on review • Content Builder: Suite of content automation tool that programmatically builds and authors multi-channel marketing content across web CMS content, email campaigns, landing pages, and eDetails • UX Maturity Assessment Framework: Measures UX maturity across customer experience portfolios, bringing a methodical and consistent approach in the heuristic analysis of clients' customer experiences • Martech Optimization Framework: A ready-to-deploy framework that rationalizes an organization's marketing technology stack through consolidation, standardization, and modernization while supporting the brand's business objective and customer experience delivery expectations across the enterprise

6

HFS Research authors

HFS Research authors

Melissa O'Brien

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Melissa O'Brien is Research Leader, Customer Engagement, Retail, and Travel Strategies at HFS Research. Melissa leads HFS' research initiatives for digital front office services, including customer engagement operations, digital marketing, cognitive agents and CX design and consulting, focusing on the trends and change agents that are driving customer experience across the enterprise.

In addition, her industry research focuses on key dynamics within retail, CPG, travel, and hospitality, with regard to customer-centric strategies, intelligent operations, and service delivery.

Krupa K S

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Krupa is a Senior Analyst at HFS Research, and she is part of data products. She is responsible for ITO-BPO outsourcing contracts, merger and acquisition data collection and analysis for different service lines. She also works with practice leads with the focus around Business process services and digital technologies

She has over four years of experience in business research and analysis in Excellence4U Research Services and Futurecorp Consulting. She was the part of the market research team, where her responsibilities were performing secondary research for company profiling, industry analysis and competitive analysis. At Excellence4U, she worked with technology mapping team that helped to know the clients, the products that were used which would help them to understand the need of customers.

About HFS

Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand-side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries. Its analysts are respected for their no-nonsense insights based on demand-side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, Digital OneOffice™ and OneEcosystem™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation and Process Intelligence, Blockchain, the Metaverse and Web3. HFS has deep business practices across all key industries, IT and business services, sustainability and engineering.

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