

The CX/UX Consulting Race: New Players, New Models, and Tech Mahindra's Example

NelsonHall has recently published a [report](#) on Digital Customer Experience Services, and one of the trends explored is the evolving competition in customer experience (CX/UX) consulting. The traditional ecosystem includes distinct players with clear-cut roles:

- Big five management consulting firms such as Deloitte or PwC, providing strategy-level advisory which covers CX/UX
- Niche UX design studios, analytics houses, and consultancies focused on certain aspects such as website user experience or a specific function such as customer journey mapping
- Pure-play BPOs specialized in outsourced contact centers, who have expert knowledge in transforming customer-facing operations and the managed resources to deliver it
- IT services companies who bring their knowledge in application development and implementation to front office processes.

Now, with C-level focus on CX/UX and companies embarking on digital transformation journeys, the providers' roles are changing and the new CX/UX consulting model looks more like a unified framework. This model typically includes:

- In-house management consulting practice with CX/UX labs and access to (own) market research
- Design and analytics units with IP such as methodologies and innovation labs
- Technology development and implementation resources, often with own platform stack, with sandbox environments
- Contact center operational expertise integrated with client programs, from WFM to digital channel activation, to domain and/or service line optimization.

From customer management services vendors to CX/UX transformation providers

Moving towards this delivery model, the traditional customer management services companies began creating their digital units to combine different transformation functions (e.g. Comdata Digital, Konecta Digital, Sutherland Digital). They acquired (e.g. HGS and Element Solutions); placed consulting capabilities upfront in their GTM strategy (e.g. Sitel's TSC); spun out a separate consultancy business (e.g. Teleperformance's Praxidia); or partnered with a management consultant (e.g. Atento and FALCONI).

For the multi-tower BPS players, which already have digital transformation capabilities, it means increased focus on CX/UX by their consulting units (e.g. TCS Interactive, Wipro Digital); the acquisition of CX/UX and UX design firms (e.g. TandemSeven by Genpact; Brilliant Basics by Infosys; The BIO Agency by Tech Mahindra); and beefing up delivery presence in the local market, including through setting up CX/UX innovation centers in core markets.

The example of Tech Mahindra Consulting

Tech Mahindra's consulting practice is part of the company's Business Transformation Services and represents ~5% of the annual BPS revenues (FY17). The practice started in early 2015 and currently has 110 consultants working on ~50 engagements in CX/UX, next-gen operations, risk and compliance, and digital technology transformation across Tech Mahindra's target verticals in front-office, F&A, supply

chain and procurement, and service desk. The team consists of management consultants, BPS practitioners, domain and function consultants, and analysts with industry background. They are spread across India, U.K., Continental Europe, Singapore, Australia, New Zealand, the U.S., South Africa, and a smaller number in the Philippines. It also utilizes external resources, including the company's own - The BIO Agency in the U.K. and the wider Tech Mahindra analytics and application development capabilities.

Its clients include both managed services and standalone consulting projects such as a South African banking client, where Tech Mahindra BPS provides the automation CoE with 15 resources or a leading Telco on New Zealand, where Tech Mahindra BPS provides the automation CoE with eight resources. In fact, the majority of the current work is made up of standalone engagements. There are instances when the initial assignment started as a standalone engagement and then moved on to become a managed services one. The advantage for Tech Mahindra BPS is that such projects build credibility with the client and open the door in organizations reluctant to outsource their front-office immediately.

In CX/UX, the scope includes some internal optimization activities, but the main services are customer journey mapping, customer-centric design thinking, customer behavior studies, and digital assessments for clients. The practitioners employ techniques such as touchpoint analysis, speech and text analytics, predictive analytics, customer journey re-imagining, process mapping and reengineering, performance management and improvement, client workshops, and observations to develop recommendations, create a transformation roadmap, and write assessment reports, and implement it with operations. For example, for an African telecom with high call volumes and increasing calls per subscriber, Tech Mahindra BPS created and deployed a repeat call measurement and management approach, incident tracking, and controls, and established a SLA productivity framework for the social media team. As a result, within a year, the call volumes dropped by 13% (~142k calls) per month, bringing \$1.02m annual savings. Other projects include RPA CoE and implementations of chatbots for telecom and retail organizations.

In next-gen operation services, in addition to performance management and optimization with methodologies such as Lean Six Sigma, the practice also provides benchmarking and comparative studies such as channel evaluations to map the associated benefits and risks with the adoption of a new digital channel for support. Its more recent focus is on lifting the entire operating model of the client. For example, for a European telecom, the company delivered a 15-month project where it evaluated ~2k processes, identified improvement opportunities, harmonized them in line with the service architecture, and supported the automation activities.

An evolving practice

Tech Mahindra BPS consulting is growing with new areas of delivery such as GDPR, knowledge management transformation, digital supply chain, and change management consulting. In the latter, in large-scale operating model transformations, it embeds a change manager to coordinate between the organization's stakeholders and manage the transition stage. Similarly, knowledge management transformation enables digital way of working and knowledge assimilation inculcating future way of working.

It aims to maintain its revenue share as the BPS business expands, providing support for ~40 clients in FY18. It also plans to organize its consultants more closely by geography; for example, it already employs a consulting partner for the Americas and another one for EMEA.

A key target area is automation, with each consultant required to assess RPA and intelligent automation opportunities. The objective here is to create a data-based impact model to predict expected business outcomes. At the moment, the company sees significant traction for this automation drive in service desk processes.

An evolving market

The effects of market evolution are:

- Increased competition for CX/UX consulting projects, serving as an entry point to a larger BPS deal
- Widening gap between tier 1 CX/UX services providers and the rest of the contact center vendors
- Integration of contact center outsourcing in a deeper product or service redesign.

As BPS providers (both multi-tower or CX/UX services pure-plays) look to offer a broader range of consulting services, their main differentiator from consulting firms is their effectiveness in applying the transformation levers of automation, analytics, people management, and eventually, cognitive services to enable their clients to prepare for the future.