

Insights-Based Services Will Future-Proof BPO

Four Lessons From The Forrester Wave™: Insights-Driven Business Process Outsourcing, Q4 2020

by Vasupradha Srinivasan

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Why Read This Report

Insights-driven business process outsourcing (BPO) firms are an evolving breed of vendors that are moving away from traditional time-and-effort engagements to newer outcome-oriented engagements powered by insights. The Forrester Wave™: Insights-Driven Business Process Outsourcing, Q4 2020 evaluated 13 vendors against 21 criteria. This report examines the four lessons that emerged from our assessment of insights-driven BPO vendor offerings and the reference customers and Forrester clients we spoke with.

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Insights-Driven BPO Firms Are Changing The Outsourcing Services Landscape

As with other services, the BPO landscape is aligning itself to [value orchestration](#). Providers' ability to apply insights to continuously optimize and reengineer their core service offerings is a key enabler of future-fit, value-based services. The Forrester Wave evaluation of insights-driven business process outsourcers revealed four key lessons that are changing the BPO services landscape (see Figure 1).

FIGURE 1 Four Lessons For Building Your Insights-Driven Business Process Outsourcing Strategy

	Lesson 1	Insights as a service is emerging as a distinct BPO line of business
	Lesson 2	Cohesive insights-driven offerings are productized
	Lesson 3	Vertical-specific insights-driven services offer specialization and scale
	Lesson 4	Monetizing insights-driven BPO services secures credibility

Insights As A Service Is Emerging As A Distinct BPO Line Of Business

Insights-driven BPO firms are the next evolution of business process outsourcers that are redefining their core service offerings to be more contextual and impactful by pivoting to insights-driven services and operations. [BPOs vary in how they leverage insights](#) and are changing how they engage with their

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customers. Almost all of the vendors we evaluated had a roadmap for creating insights-based services to deliver proactive and prescriptive insights, streamline AI and automation initiatives, and improve operational performance. Specifically:

- **Digital channel management is the stepping-stone for insights-based services.** Advanced omnichannel BPO vendors use channel and journey analytics as the starting point for insights-based services. Vendors like Teletec and Concentrix have strong in-house frameworks to help customers transition to and increase adoption of digital channels like chat, chatbots, and asynchronous messaging. Their investments in analytics, AI, and automation combine in-house intellectual property (IP) and partner solutions to track, report, and manage digital channel adoption and deliver recommendations to clients. These insights-based services are a logical extension of the scope of work they already deliver to clients and create incremental value.
- **Insights-driven BPO use cases range from simple and structured to complex and edgy.** Much like the vendors themselves, use cases for insights-based services vary in maturity and range from curated customer, channel, and experience insights to domain-specific use cases like claims analytics, supply chain analytics, marketing and campaign analytics, AI modeling for document processing, and content curation. Vendors like Genpact and Accenture help clients automate manual processes like legal document processing and SKU management that handle large volumes of unstructured and often nondigital data. Genpact's insights-driven "Ops Cockpit," powered by its Cora enterprise AI platform, spots trends, anomalies, and delivers insights on what needs action for predictive supply chain management.
- **Mature insights-driven BPO firms operate as an extension of client insights teams.** Investing in skills and talent for insights-driven services is no longer optional for any BPO firm. All of the vendors evaluated in the Wave had dedicated analytics and insights delivery teams of data scientists, data engineers, and visualization experts and had allocated investments to grow these practices over the next two years. But the Leaders stood out with custom frameworks for acquiring, skilling, retaining, and building these practices with clear billable revenues linked to the teams. Those vendors inspire enough confidence among customers that they now operate as an extension of the client's internal insights teams and drive insights-led transformation initiatives as a service.

Cohesive Insights-Driven Offerings Are Productized

Today, insights-driven BPO services are mostly siloed in-house analytics for voice-of-the-customer improvement, channel deflection, and service and process automation. To deliver these services, many vendors partner with third-party solution providers for speech and text analytics, chatbots, virtual assistants, and visualization platforms. This has limited value and does not fully establish the vendor's ability to deliver insights-driven BPO. BPO firms struggle to differentiate their capabilities and value from those of the technology vendor, which also hinders their ability to independently bill clients for insights-driven services. A well thought-out, cohesive framework for insights-driven services should:

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- **Get away from siloed projects and ambiguous solution names.** Packaged solutions that include some custom analytics but are largely tool-dependent have diminishing value. Tracking the impact of point solutions and ad hoc analytics projects is challenging and, in most cases, does not establish tangible benefits. Ambiguous internal monikers for these solutions don't help; they're not memorable and don't help clients decode the vendor's IP. Very few reference clients that we spoke with could name the vendor solution they used. Clients mentioned that, although vendors show them things in quarterly business reviews and review meetings, they still don't completely understand which solution does what.
- **Focus insights-driven services on simplifying end-to-end journeys.** Some vendors devote their insights-based services to improving journeys and entire processes. They create logical end-to-end flows of analytics that enable insights and actions to improve an entire journey or process rather than analytics that focus on one use case. This gives them better ownership and control of outcomes, boosting client confidence. EXL worked with HSBC to reengineer its know-your-customer (KYC) process across multiple markets. The EXL platform combines banking and compliance domain expertise, advanced automation for data aggregation, and AI/machine learning models to simplify information gathering at scale. EXL's KYC as a service improved turnaround times by more than **75% for HSBC** and paved the way for public testimonials, which is still rare for many BPO firms.
- **Adopt a platform approach to insights-driven services.** A key differentiator among vendors that did well in the Wave evaluation was their ability to collate insights-based services into one cohesive platform. Vendor platforms deliver services from process discovery to implementation and reporting across a domain or horizontal process. Vendors like Accenture, Genesys, and NTT have seen deployments where the platform was adopted in client-owned and even other vendor environments as a licensed platform for insights-driven operations. Reference clients were more likely to adopt and recall "platformized," as-a-service insights-driven offerings.

Vertical-Specific Insights-Driven Services Create Specialization And Scale

Some vendors use vertical specialization as a strategy to deliver value to clients. Vendors with strong vertical business process solution (BPS) footprints tie insights-based service offerings to improving customer journeys in their core verticals. Industries like healthcare, insurance, banking, financial services, and utilities see the most advanced and mature domain-specific insights-based BPS services. This strategy allows for some differentiation and a more comprehensive vertical offering but limits market attractiveness. In particular:

- **Domain-enriched insight services have a stronger value proposition.** Vertical BPS vendors leverage their extensive domain expertise to provide tailored, highly contextual insights-based services. For example, DXC Technology's focus on verticals like healthcare and utilities allows it to

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create comprehensive analytics for predictive maintenance, fraud and abuse detection, predictive cost control, and automated medical coding. BPO vendors with vertical focus create insights-based automation, analytics, and AI-based services that address pain points specific to these industries, making for a more valuable partnership.

- **Fungible vertical templates scale from the get-go.** A distinct advantage of vertical specialization is that vendors can templatize services to leverage across clients. They can apply vertical-specific insights-driven offerings for KYC, complaints management, billing and invoice automation, and customer service automation with conversational AI in multiple client environments with minimal customization. This allows vendors to deploy insights-based services across their vertical footprint and scale rapidly. It also enables an efficient channel to share best practices to continuously optimize the accuracy of AI and automation interventions.
- **Vertical specialists are niche providers with limited market appeal.** Despite advantages of scale and value, building vertical- and industry-specific insights capabilities makes vendors specialized providers for those industries. Reference customer and market feedback called out vertical strength as a strategic differentiator but also indicated that these vendors did not surface as leaders for broad-based partnerships for insights services. Comprehensive, vertical-specific insights-driven services and public proof points to support vertical expertise are mandatory to establish differentiation and discoverability.

Monetizing Insights-Driven BPO Services Secures Credibility

Vendors named as Leaders in the Wave evaluation all had one thing in common: the ability to design and deliver insights-driven BPO services as a distinct line of business with tangible business benefits and revenue. This was a combination of dedicated billable headcount and software or product licensing that was independent of the core BPO services they provided to clients. BPO vendors that inspire client confidence in their insights-driven services understand that:

- **KPIs and SLAs make way for owned-outcome engagements.** The insights-based service delivery journey starts with a vendor's ability to significantly improve performance for client KPIs and service-level agreements (SLAs). Vendors that commit to and own improvements in KPIs for productivity and customer experience (CX) and drive these across multiple client-owned environments establish irrefutable value for clients. Customer references repeatedly cited ownership of outcomes, not just insights and recommendations, as the key driver of repeat business in a vendor relationship.
- **Insights-driven services have transitioned from value to ROI.** Vendors that progressively influence business outcomes like cost optimization, incremental revenue, and improved CX that lower the total cost of operations often win a seat at the transformation table. BPO firms that deliver a dollar impact are also more successful at building and monetizing insights-based services.

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This enables them to not only win credibility with clients, but also secure continued funding internally. Billable insights-driven services and flexible commercial engagement models like gain-share, pay for performance, and outcomes-based pricing establish tangible ROI.

- **Licensed insights-driven BPO platforms and services are very attractive to clients.** A critical component of monetizing insights-driven BPO services is enterprise IP, which is different from market solutions. Most vendors are aware of this and have made headway in building such solutions. Their Achilles' heel is their inability to create clear, protected IP that allows them to productize and license these platforms outside their delivery centers, significantly decreasing the value of these platforms. Clients had better feedback about platforms like Genpact's Cora and NTT DATA's Nucleus because they were built with extensibility in mind and could be used as platforms coupled with services. This is the Holy Grail for BPO service providers transitioning into insights-driven business process outsourcers.

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