

FROST & SULLIVAN

TELEPERFORMANCE

2022
MARKET
LEADER

EUROPEAN CUSTOMER EXPERIENCE
OUTSOURCING SERVICES INDUSTRY

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each Award category before determining the final Award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Teleperformance excels in many of the criteria in the customer experience outsourcing services space.

AWARD CRITERIA	
Growth Strategy Excellence	Technology Leverage
Implementation Excellence	Price/Performance Value
Brand Strength	Customer Purchase Experience
Product Quality	Customer Ownership Experience
Product Differentiation	Customer Service Experience

Outsourcers Move beyond Cost and Labor Arbitrage to Differentiate and Enhance Services

Characterized by varied market sizes, diverse demographics and cultures, along with unique work-at-home-agents delivery models, customer experience (CX) outsourcing service providers strategize to meet Europe’s specific requirements. For example, differences in regulatory and compliance requirements across various countries require subtle changes in services and solutions. With insights a critical component to enhance CX, outsourcers are developing native analytical solutions or signing partnerships with business intelligence firms and artificial intelligence (AI)-supported analytics companies. As such, the outsourcing service providers are moving beyond cost and labor arbitrage in the quest for accurate and detailed data (also gathered from other areas such as human resources and customer relationship management) to transform operations with CX solutions at the core. Outsourcers are increasingly embedding themselves in client processes and businesses to widen the scope of the customer journey they are getting involved in as it helps them differentiate and enhance their services. Even though retail, healthcare, and the banking, financial services, and insurance sectors are more open to technology (tech) adoption, legacy infrastructure is slowing down the uptake of automation and the integration of tech-based solutions to enhance the customer experience.

Addressing challenges, such as cost pressure and the rising complexity faced by front line advisors, outsourcers embrace a machine-first and self-service approach, integrating front- and back offices to turn cost centers into revenue-generating sites. With connected devices increasing the volume of digital interactions, companies require automation and data analytics to gain relevant insights. Automation

“The company demonstrated its commitment to employee safety, business continuity and innovation by migrating 80% of its global production workforce to a work-at-home model in less than 90 days, which serves as a benchmark in the industry. In addition, the organization created Teleperformance Cloud Campus, i.e., centralized command centers that comply with the highest technological security levels.”

- Riana Barnard, Best Practice

reduces delays by deflecting voice to self-service channels, leading to faster inbound call resolution. Also, intelligence augments the capability of advisors and drives the customization of outbound calls to avoid irrelevance. Hence, automation, omnichannel capabilities, and predictive analytics enable outsourcing service providers to quickly and efficiently assist the end-user, anywhere and anytime, enhance responsiveness, and, most importantly, improve agent engagement and empathy (which boosts all other metrics). European customers are particularly concerned about their privacy. Therefore, Frost & Sullivan expects cybersecurity to become a focus area for innovation strategies as outsourcers expand their ecosystem through partnerships to manage customer

sentiments better. Also, outsourcers need to adopt different value propositions to match clients’ digital maturity. For instance, cloud-native start-ups are agile and flexible, requiring outsourcers to provide solution designs that are nimble to evolve and retain relevance. Frost & Sullivan analysts anticipate that forward-looking outsourcers who can balance technology disruption with value will take the lead in a rapidly commoditizing market if they succeed in differentiating products and developing services and pricing models in collaboration with clients. Assuming that businesses will start operating as usual after the COVID-19 pandemic, Frost & Sullivan estimates the European CX outsourcing service market in 2025 at €25.65 billion.¹

Growth Strategy Excellence and Technology Leverage of Teleperformance

Since 1978, Teleperformance (TP) has provided Customer Experience and digitally integrated business services for leading brands across the globe. Today, the company has the industry's most prominent geographic footprint and serves more than 170 markets in 83 countries. This leader in omnichannel CX offers a comprehensive portfolio of digital transformation solutions, leveraging its proprietary deep-learning technology and a diverse workforce to engage with customers in over 265 languages across various verticals. TP's high-tech/high-touch approach brings together the experience and best practices of its entire employee base (including a team of 250,000 work-at-home agents), using analytics, automation, platforms, and consulting to drive innovation and enable CX disruption. Notably, TP takes a rigorous and holistic approach to compliance, security, and privacy, facilitated through its Global Security Operation Center. In addition, the organization received Binding Corporate Rules approval, the first company in the business process outsourcing (BPO) industry to attain this critical data protection

¹ *European Customer Experience Outsourcing Growth Opportunities: AI and Digital Technologies Drive Transformational Growth* (Frost & Sullivan, October 2021)

compliance status in the European Union.

Gaining Ground through Its Cybersecurity Strategy Leadership

During the past three years, TP invested heavily in a comprehensive cybersecurity program to protect its entire business ecosystem, including clients, customers, and employees. A robust framework provides tools and procedures (including a C-level Security Council bolstered by Global Essential Security Policies) to identify, assess and manage cybersecurity risks while combatting fraud. Along with enhancing its detection capabilities, TP established a Global and Regional Security Operation Centers to transition from a regional information security strategy to a structure that operates autonomously from the IT division. Extensive cybersecurity training across the organization at all levels further promotes a cyber-smart culture. All employees and new hires must annually complete an online security certification

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- Federico Teveles, Industry Analyst

process (i.e., achieving a passing score) annually. Unlike other providers in the industry, Frost & Sullivan recognizes that TP never had any data loss or experienced a ransomware attempt, most likely because of its highly-efficient security practice that employs a large contingent of certified security personnel.

Furthermore, TP identified the need for sophisticated solutions that cover more than content moderation within its Trust and Safety practice. Thus, the company added anti-money laundering features to its portfolio, addressing the ever-evolving requirements of participants in the fintech space. To meet the

specific demands of logistic companies, TP developed enhanced real-time monitoring capabilities, where permitted, to support liability avoidance strategies. It also augmented its portfolio to include member validation and background protection for dating services sites. Owing to these strategic investments, characterized by service differentiation and exceptional delivery standards, TP expanded its Trust and Safety capacity from 100 to 12,700+ agents at 33 sites across 28 countries. Managing difficult work (i.e., acting as the bulwark between kids and deleterious images posted on the user-generated content side of the ledger) gives rise to specialized requirements. Frost & Sullivan lauds TP for its commitment to employees’ wellbeing by, for example, providing emotional resolution testing to create long-term value and drive sustainable growth in this challenging environment.

Commitment to Innovation: Leveraging Cloud Technology to Enhance Customer Experience

During the COVID-19 pandemic, TP rapidly deployed home-based agents in service areas worldwide. The company demonstrated its commitment to innovation by migrating 80% of its global production workforce to a work-at-home model in less than 90 days, which serves as a benchmark in the industry. In addition, the organization created Teleperformance Cloud Campus, i.e., centralized command centers that comply with the highest technological security levels. It allows clients to interact with a distributed workforce while BPO remote agents engage with the TP performance team. Through this hybrid

business model, TP accelerates digitization by offering the most efficient hiring, training, and management capabilities while ensuring an exceptional and consistent customer experience. As TP Cloud Campus is now in 52 countries (when compared to 32 at the end of 2020) and accommodates 250,000 employees working from home, it is a clear differentiator in the market.

Moreover, the COVID-crisis altered the labor market, thereby creating an opportunity for TP to mandate livable agent wages. By taking the initiative to pay higher wages, the company actively improves its workforce's circumstances. In addition, the organization supports its staff by providing aspirational employment (i.e., ongoing training and development) through consistently launching new technologies. For instance, AI-based digital tools (such as chatbots) help eliminate simple questions, allowing individuals to handle more complex interactions that create a challenging, engaging, and rewarding environment while improving profitability. However, automation and proprietary tools do not reduce the potential of human interaction; it prompts TP to find new ways of working together within its strategic high-tech/high-touch framework to enhance the customer experience.

TAP™ Methodology: A Key Success Driver

Utilizing analytics and research-driven insights to improve CX, TP's Transformation TAP™ team leverages high potential sector expertise, digital and omnichannel integration. The company approaches every customer engagement within the TAP (i.e., Technology, Analytics, and Process Excellence) framework to understand the client's needs and desired state. TP collaborates closely with the client during an in-depth design thinking session to map a digital transformation journey and agree on progress calibration and measurement. As such, TP instills innovation and transformation in every step of client engagement while simultaneously embracing a long-term perspective. Additionally, TP pivoted to a virtual environment; the company delivers the same service through its Teleperformance Innovation Experience Center (which has become its global hub of virtual interactions).

TP sets itself apart through its strategy execution, i.e., the marriage between technology innovation and human touch. It is the 380,000 employees that bring the company's vision to life. Frost & Sullivan lauds TP for launching a botathon and a datathon in 2021, encouraging employees to share their innovative data science ideas. The company recognizes the value of tapping into its global network's deep level of expertise; brilliant ideas came from the frontline. Within this context, TP improved by \$50 million to its bottom line in the last fiscal year by automating its internal processes. The efficiency gain amplifies as the company continues to streamline its operational business through more advancements. For this reason, TP succeeds in outgrowing its competition, while 183,000 employees confirmed in a recent independent survey (i.e., third-party audited and validated) that TP is one of the world's best workplaces.

Also, with more than 100 digital platforms and over 8,000 chatbots deployed, the company collaborates with several technology partners. Most importantly, TP reports record growth in the first half of 2021: 36.8% growth in revenue, a 14% profit margin (above pre-COVID-19 levels) to quadruple its net profit, topped by a 73.4% rise in free cash flow. Because of its outstanding financial performance, bolstered by the potential value in existing client relationships, wallet share growth, and cross-pollination opportunities, Frost & Sullivan undoubtedly recognizes TP as a market leader in the CX outsourcing services industry.

Conclusion

The customer experience outsourcing industry is highly fragmented, with a multitude of participants. Technology has lowered entry barriers and is changing the industry structure, as partnerships and collaboration are more the norm than the exception. Frost & Sullivan believes that forward-looking outsourcers should think beyond products and services to identify other vital parameters, allowing them to differentiate in a rapidly commoditizing market. However, it will require a flexible and innovative strategy.

Teleperformance invested heavily in a comprehensive cybersecurity program to protect its entire business ecosystem, including clients, customers, and employees. The company also identified the need for sophisticated solutions that cover more than content moderation within its Trust and Safety practice, such as anti-money laundering features, enhanced real-time monitoring capabilities, and member validation and background protection services. Additionally, its dedicated Transformation TAP™ (Technology, Analytics and Process Excellence) team focuses on high potential sector expertise, digital and omnichannel integration, and data analytics to improve customer experience. Aiming to find the balance between technology innovation and human touch, the company collaborates closely with clients to map a digital transformation journey and agree on progress calibration and measurement. Teleperformance also streamlined its internal processes and operational business to gain efficiencies and reduce costs. As a result, the company outperformed its competitors and reported record revenue and earnings growth during the past fiscal year.

Anchored in its stellar financial performance, superb growth strategy execution, and bolstered by the potential value in existing client relationships, wallet share growth, and cross-pollination opportunities, Teleperformance earns Frost & Sullivan's 2022 European Market Leadership Award in the customer experience outsourcing services industry.

What You Need to Know about the Market Leadership Recognition

Frost & Sullivan's Market Leadership Award recognizes the company that achieved the greatest market share resulting from outstanding performance, products, and services.

Best Practices Award Analysis

For the Market Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Growth Strategy Excellence: Company demonstrates an ability to consistently identify, prioritize, and pursue emerging growth opportunities

Implementation Excellence: Company processes support efficient and consistent implementation of tactics designed to support the strategy

Brand Strength: Company is respected, recognized, and remembered

Product Quality: Products or services receive high marks for performance, functionality, and reliability at every stage of the life cycle

Product Differentiation: Products or services carve out a market niche based on price, quality, or uniqueness (or some combination of the three) that other companies cannot easily replicate

Technology Leverage: Company is committed to incorporating leading-edge technologies into product offerings to enhance product performance and value

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers are proud to own the company's product or service, and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and of high quality

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

