

F R O S T & S U L L I V A N

2024 COMPANY OF THE YEAR

*IN THE MEXICAN CX
OUTSOURCING SERVICES
INDUSTRY*



F R O S T & S U L L I V A N

BEST
2024 PRACTICES
AWARD

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 in Mexico excels in many of the criteria in the CX outsourcing services space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

A Market Snapshot

The customer experience (CX) landscape is rapidly changing as organizations realize the importance of delivering excellent customer service and experiences as a competitive differentiator. Hence, this domain is gaining more attention and greater investment priority, increasing the CX outsourcing services market’s momentum. More specifically, the market in the Latin American (LATAM) region is quickly expanding due to its linguistic advantages, cultural alignment, cost competitiveness, government support, improved technology infrastructure and skilled workforce. These factors collectively position LATAM as a prominent and growing region in the global CX outsourcing landscape, with Mexico delineating this expansion and benefits.

Mexico’s burgeoning significance in the CX outsourcing space is underscored by a combination of strategic advantages and evolving industry dynamics. The country strikes a balance between affordability and quality, with a skilled and educated workforce that is increasingly proficient in customer service and technical support roles. Moreover, investments in technology infrastructure ensure that outsourcing providers in the region deliver cutting-edge CX. As a result, Mexico has emerged as a pivotal location in the CX outsourcing landscape, attracting businesses seeking a reliable, cost-effective, and culturally aligned destination for their customer support operations.

However, the region's CX outsourcing vendors are also experiencing significant challenges such as security concerns, occasional language skill variability, and a fragmented market that drives up competition. Additionally, there is an ongoing need to optimize infrastructure, navigate cultural nuances, and keep talented folds from jumping ship. Staying on top of ever-changing regulations, dealing with economic uncertainties, and overcoming outdated stereotypes about outsourcing in Mexico increase pressure on CX vendors. While it remains a dynamic market, Mexico's vibrant, skilled, and culturally aligned workforce continues to demonstrate its viability in the market.

Frost & Sullivan research finds that the Mexico CX outsourcing services market will reach \$1, 818.7 million by 2028, with a compound annual growth rate of 3.5% between 2021 and 2028.¹

Best Practices Excellence: Teleperformance

Founded in 1996 and headquartered in Monterrey, Mexico, Teleperformance in Mexico is a leader in the US nearshore, Mexican and LATAM CX outsourcing services market and a part of the global Teleperformance Group. Teleperformance in Mexico provides services to more than 30 countries and serves over 80 clients across several verticals, including retail, telecommunications (telecom), banking, financial services, and insurance (BFSI), among others. While many competitors struggle to serve United States (US)-based customers from Mexico, Teleperformance in Mexico maintains a strong foothold while providing best-in-class service. Capitalizing on Teleperformance's commitment to innovation, Teleperformance in Mexico elevates customer interactions and satisfaction by leveraging advanced technologies such as artificial intelligence and machine learning. Thus, according to Frost & Sullivan's independent research, Teleperformance not only leads the nearshore market² with 23.2% of the revenues generated in 2022, but also maintains a substantial lead of over 11 percentage points compared to the competitor holding the second position. Moreover, during the same period, Teleperformance in Mexico has notably solidified its presence in the Mexican market.

Frost & Sullivan has recognized Teleperformance and its many regional divisions with over 70 Best Practices Awards since 2006 and remains impressed with the group's innovation, customer-centricity, and impressive growth.

A Leader's Path

As the largest territory in the nearshore market, Mexico is a vital part of Teleperformance's LATAM strategy. Teleperformance in Mexico is a people-centric arm of the company with more than 21,000 employees, 14 contact centers, and a strong commitment to delivering value-added services for its customers by making every interaction unique. The company's first business offices in Mexico began in Monterrey and has, since then, expanded its operations in Guadalajara, Mexico City, Chihuahua, Puebla, Pachuca, and Durango, establishing itself as a significant player in the LATAM CX outsourcing services market.

¹ *Customer Experience Outsourcing Services Market in Latin America and the Caribbean, Forecast to 2028.* (Frost & Sullivan November 2022)

² Nearshore revenue is generated by serving US and Canadian consumers from delivery centers located in Latin America and the Caribbean.

Teleperformance operations in Mexico align with Teleperformance Group’s vision by creating opportunities and value for employees, clients, consumers, communities, and shareholders, with the stated purpose of delivering outstanding CX every time. The company connects deep-seated domain and operational knowledge with advanced technology, leveraging Teleperformance’s Cloud Campus platform and Cloud Campus Hubs to enhance its CX performance. The platform globally supports around 40% of

“Based on proprietary and third-party digital solutions, the Cloud Campus connects disparate employees regardless of location, aligning well with WFH modalities and overcoming geographical barriers. Moreover, Teleperformance in Mexico recently integrated “MXtended”, helping over 170 communities in the country to access formal job opportunities in places with higher unemployment rates.”

- Sebastian Menutti
Industry Principal, Information and

Teleperformance’s workforce working from home, serving more than 170 countries in over 300 languages. Presently, remote work constitutes over 50% of Teleperformance agent operations in Mexico. Meanwhile, the hubs are physical locations that maintain employee connectivity and engagement while furnishing essential support tools, coaching, and opportunities for career advancement. The first brick-and-mortar hub in Mexico launched in 2020 in Guadalajara, Jalisco; since then, the company expanded with locations across Mexico, El Salvador, and Guatemala.

Based on proprietary and third-party digital solutions, Cloud Campus connects remote employees regardless of location, aligning well with WFH modalities and overcoming geographical barriers. Moreover, Teleperformance in Mexico recently integrated “MXtended,” helping over 170 communities in the country to access formal job opportunities in places with higher unemployment rates. The company’s high-tech, high-touch approach combines technology and human empathy, unifying its best practices powered by analytics, automation, and platform expertise. These tools include TP Sentinel, TP Simulation, Agent Assist, and Remote Quality Assistance.

- **TP Sentinel:** An advanced tool designed to guarantee optimal agent connectivity, TP Sentinel adeptly identifies and addresses performance challenges. This includes issues related to connectivity or device deficiencies, contributing to an enhancement in overall operational efficiency. The solution plays a pivotal role in improving the efficiency and cost-effectiveness of bring-your-own-device (BYOD) practices, ensuring a seamless experience, and boosting productivity and user satisfaction.
- **TP Simulation:** This comprehensive suite of training simulation solutions enhances the effectiveness of learning experiences. It offers engaging and interactive training modules that leverage simulation techniques and gamified elements. Through the integration of these solutions, TP Simulation facilitates efficient learning, reduces the learning curve, minimizes employee turnover, and improves knowledge retention. Empowering learners with real-world scenarios and interactive challenges in an immersive and practical manner, contributes to creating a more enriching and stress-free training environment.
- **Agent Assist:** This feature is a cutting-edge solution that functions as a digital and automated floor walker, serving as an assist driver to consistently guarantee that agents remain connected to and supported by their supervisors and managers. The innovative tool goes beyond traditional support systems by automating assistance processes and providing a digital presence to guide and

enhance agent performance. With real-time measurement capabilities, Agent Assist ensures a seamless connection between agents and management, fostering continuous support and optimizing overall operational efficiency within the work environment.

- **Remote Quality Assurance:** This strategic approach enhances customer service by remotely listening to calls, meticulously identifying areas of improvement, and proactively maintaining high standards. Through this method, organizations effectively advance the overall quality of customer interactions by implementing targeted improvements and ensuring consistency across all customer touchpoints.

With a legacy of market leadership, Teleperformance in Mexico offers a compelling value proposition that underpins its sustained success. The region is also home to the company's BFSI Center of Excellence. Finally, Teleperformance in Mexico leverages Teleperformance Group's holistic approach to compliance, security, and privacy, investing in security operations centers to protect its business ecosystem and stakeholders.

Roadmap to Success: Customer-centric, Continuous, Proactive

With its customer-centric corporate philosophy, Teleperformance in Mexico operates on the central tenet that its success depends on customer satisfaction. This philosophy permeates the company's daily practices. Many clients approach the company to fill critical pain points such as inexperienced applications and agent attrition during long training classes. To address these challenges, Teleperformance in Mexico enables its clients to share its workers' portfolios, presenting a comprehensive overview of individual abilities to the organization the client will serve. Additionally, Teleperformance in Mexico lowers worker attrition by transforming the learning process with various methodologies, including gamification. The company also supports its customers in digitally transforming their operations.

Case Study: World's largest food and beverage company

Amidst the 2020 COVID-19 pandemic, a multinational conglomerate and the world's largest food and beverage company enlisted the help of Teleperformance in Mexico to digitally transform its in-house sales operations. This company aimed for a modern, geographically expansive sales channel with increased efficiency, focusing on boosting sales, reducing costs, and enhancing factors like repurchase, average ticket, and customer loyalty. Teleperformance in Mexico deployed 400 agents utilizing automated dialing, segmenting customers into five clusters based on purchase patterns, and conducting four monthly calls per customer. The agents handled various sales and support functions covering over 100,000 customers in key Mexico regions. The company's integrated model included diverse communication channels, data analytics, and market analyses. Post-implementation, all agents operated remotely through Cloud Campus. The outcomes were significant, such as a 28% increase in drops, a 25% reduction in calls, a 70% accuracy boost in customer churn predictions, \$200 million in revenue from September 2020 to August 2023, a 41% rise in Net Promoter Score, and an increase in successful order delivering from 95% to 98%.

Teleperformance in Mexico serves clients across various industry verticals. Moreover, the company provides exceptional customer service through its dedicated team of client success experts who support customers with any service need. Furthermore, the company meets with clients to assess their needs and

develop tailored solutions with roadmaps for seamless execution. This foundational approach establishes ongoing trust with customers for long-lasting relationships extending throughout the service lifecycle.

A Promising Outlook for 2023 and Beyond

Teleperformance in Mexico is at the forefront of the fiercely competitive Mexican CX outsourcing services market. With a deep-rooted history of purpose-fit innovation, the company shapes the industry's trends, impacting its role in the market. For example, in 2022, Teleperformance's LATAM divisions (including Mexico) amounted to €1,653 million, a year-over-year 15.4% increase like-for-like.³ Over the entire year, momentum was strong in most countries in the region. Business growth was particularly robust in Mexico. Moreover, Teleperformance in Mexico uses 100% renewable energy sources (RES), earning recognition from Iberdrola Mexico (as one of the first 50 companies to change its electricity supply to RES) and recently ranked #24 in the 100 Most Sustainable Companies in Mexico by the Greentology magazine.⁴

The company also focuses on its expansion strategy, which it demonstrated in 2023 by acquiring Majorel,

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- Samantha Fisher
Best Practices Research Analyst

a CX management services entity. This strategic move resulted in the forming of a digital business services organization boasting €10 billion in revenue and a robust global presence spanning all major economies, employing nearly 500,000 team members across more than 95 countries. The acquisition not only unlocks novel prospects but also enhances the company's proficiency across various verticals, augmenting its client portfolio diversity. Aligned in values and capabilities, both companies enable clients to access a unified, high-caliber team operating globally, including the LATAM region. With the integration of Majorel, Teleperformance in Mexico gains the capacity to

provide more flexible and resilient solutions, yielding significant benefits for clients, employees, and shareholders alike.

Teleperformance Group offers one of the industry's most extensive and diverse geographical footprints, pioneering multilingual hub development and delivering services from best-in-class facilities in strategic locations. The group's "Cube Strategy" comprises the service range, client vertical, and geographical dimensions necessary to help it develop business with existing clients and attract new customers. More importantly, the company takes pride in its cybersecurity practice and invests heavily in this program. Its stringent compliance and security practices enable Teleperformance Group to win projects that handle sensitive data. Loyal to its "Security by Design" promise, the company also complies with international standards, such as the International Organization of Standardization (ISO [27701, 27001]), the General Data Protection Regulation, and the Payment Card Industry Data Security Standard. Teleperformance in

³ "2022 Annual Results." *Teleperformance*. Press release. 16 February 2023. Accessed 21 November 2023.

<https://www.teleperformance.com/media/0epl2omw/teleperformance-press-release-2022-annual-results-ev-def.pdf>

⁴ "TP Open Doors: Welcome to Mexico!" *Teleperformance Mexico*. Press release. 1 November 2023. Accessed 21 November 2023.

<https://www.marketscreener.com/quote/stock/TELEPERFORMANCE-SE-4709/news/TP-Open-Doors-Welcome-to-Mexico-45351115/>

Mexico is also working to achieve Environmental, Social, and Governance certification, which includes completing and acquiring ISO 5001 certification, which will alter the mindset of the company end-to-end.

Teleperformance in Mexico maintains its growth trajectory by continuing to serve clients from a wide range of industry verticals, including telecom, automotive, business and financial services, and the digital economy. Frost & Sullivan believes the company is well-positioned to drive the CX outsourcing services space into its next growth phase, capturing market share and sustaining leadership in the coming years.

Conclusion

The Latin America customer experience (CX) outsourcing services market is gaining momentum, specifically in Mexico. The country offers businesses a strategy advantage by providing multilingual capabilities, a culturally aligned workforce, and cost-effective solutions, enhancing CX for international clients. However, challenges, such as security concerns, occasional language skill variability, and a fragmented market, inhibit adoption from outside regions, such as the United States. Overall, Teleperformance in Mexico addresses these unmet needs with a strong leadership focus that incorporates customer-centric strategies and exemplifies best practice implementation. The company leverages its Cloud Campus solution to connect its work-from-home agents regardless of location, which overcomes geographical barriers. A high-tech, high-touch approach unifies the company's best practices powered by analytics, automation, and platform expertise. The company remains a trusted partner, earning a reputation for offering the overall best in the industry.

With its strong overall performance, Teleperformance in Mexico earns Frost & Sullivan's 2024 Mexican Company of the Year Award in the CX outsourcing services industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

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 proudly 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 high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

