



Enterprise Technical Support

Emerging Trends and Provider Landscape

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Introduction

The global economy has been digitalizing quickly over the past few years, driving the use of technology at every step of organizations' value chains. Enterprise buyers of technology solutions – also known as Business to Business (B2B) technology buyers – are seeking more strategic partnerships with providers of enterprise technology solutions. A mature Customer Experience Management (CXM) program will form the core of a successful relationship between buyers and sellers of enterprise technology solutions.

Accelerated cloud adoption, increasing use of as-a-service business models, and rapid digitalization have put the spotlight on a vital CXM component – technical support. The concept of an enterprise technical support engineer acting as a troubleshooter has phased out from leading enterprises, and they are actively looking at technical support services as an extension of their product experience and value realization agendas.

Both buyers and providers of enterprise technology solutions are continuously assessing their technical-support framework maturity, especially for business-critical technologies. Buyers are keen to identify the key levers they need to focus on, while providers want to assess ways to enhance the client experience and journey to value realization, driving higher Customer Lifetime Value (CLV). Third-party/outsourced technical support providers play a key role in this ecosystem by bridging the capability gap in a cost-optimized way.

This viewpoint explores the outsourced enterprise technical support landscape and answers the following key questions:

- Why does B2B or enterprise technical support require a different approach from Business to Consumer (B2C) technical support?
- What is the key value proposition of third-party providers?
- What are the key demand and supply trends, including emerging delivery locations, impacting the outsourced technical support market?
- How does the market's competitive landscape look?

The viewpoint will enable buyers and providers, including third-party providers, of enterprise technology solutions to determine their technical support strategies.

Decoding enterprise technical support

Why is enterprise technical support a complex and niche field?

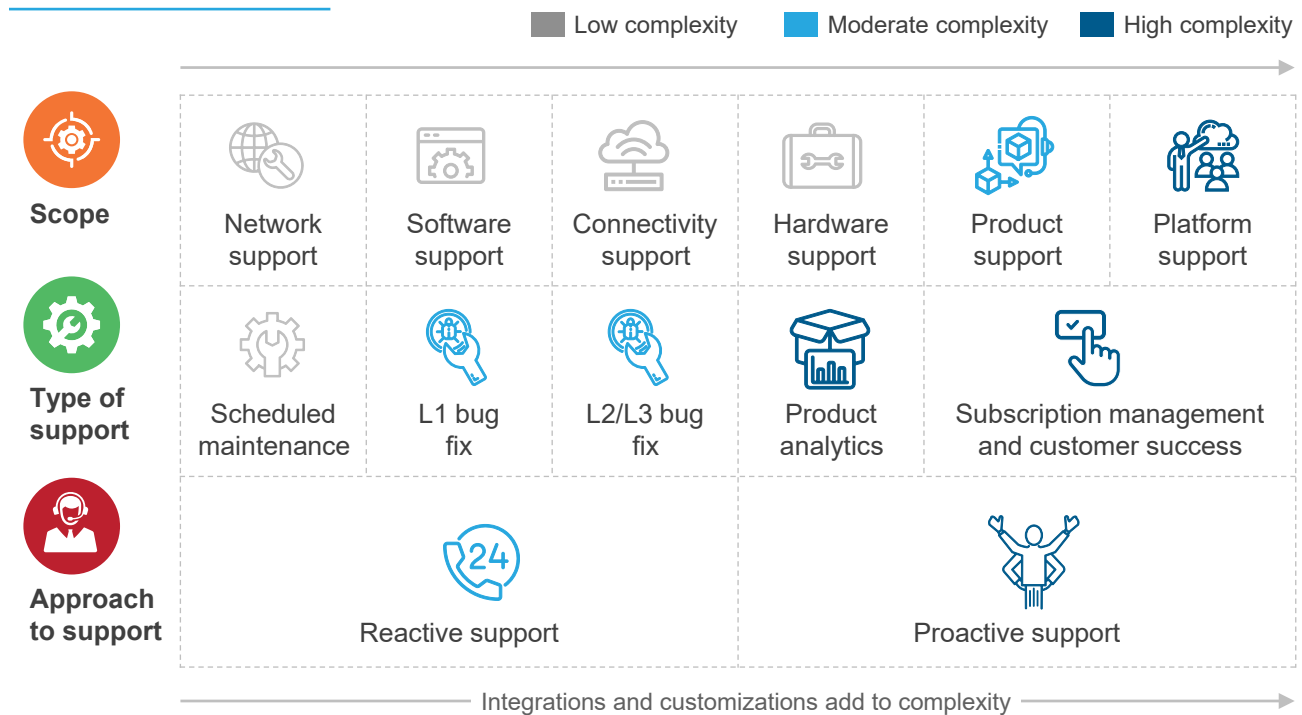
Technical support for B2B and B2C environments is vastly different: B2C technical support volumes are high, but the complexity is much lower than a B2B setup. In an enterprise setup, providers offer support to the enterprise’s technical team, which has a better skill set and understanding of the problem. Further, enterprise technical support includes a range of activities, for example, low complexity queries such as account activation and troubleshooting of known bugs, as well as complex platform support activities and analytics support for product enhancement.

The exhibit below summarizes the varying complexity levels across the technical support landscape.

EXHIBIT 1

Complexity of the enterprise technical support landscape

Source: Everest Group (2022)



Additionally, an enterprise client’s customer acquisition cost and CLV are much higher than a B2C client, and a poor experience can have a big impact on the technology solution providers’ profits. Accordingly, expectations from enterprise support services have evolved over the years, elevating their role to brand ambassadors. For example, most traditional technical support models focus on “break-fix” hardware and software support elements, including network, connectivity, and availability. But, of late, enterprises have started expecting technical support teams to act as customer success champions. Thus, modern technical support models often include metrics on driving brand loyalty, increasing product/service consumption, and providing analytics-driven product enhancement insights. They offer proactive support capabilities and a differentiated client experience that maximize the end client’s value realization.

A well-designed and well-implemented technical support model can help achieve desired objectives and increase revenue through differentiated technical support or even indirect lead generation by uncovering opportunities to cross-sell or upsell. However, not all providers have kept up with these shifts, resulting in a huge gap in their customer success strategies.

The role of third-party providers in delivering enterprise technical support

Enterprise technology providers use both in-house and outsourced teams to offer technical support. Both the setups have their advantages and disadvantages, but, if done right, a strategic third-party partner can bring technical domain skills, innovation, and customer success expertise to deliver an outstanding end-user experience and improved value realization for clients.

Technical support enterprises typically use a hybrid model that includes both an in-house team and outsourced support. Such a model helps drive cost savings by driving high volumes of low-to-moderate complexity or transactional queries to a low-cost third-party provider and leveraging in-house teams for high complexity queries. A hybrid model also allows in-house employees to acquire and retain key knowledge, which is difficult when technical support is fully outsourced.

It must be noted that, for an enterprise client, both in-house and outsourced technical support are regarded as equal, as they represent the brand of the technology provider. Thus, the technical support team, in-house or outsourced, should act as the face of the brand when engaging with the end client and reflect the technology solution providers' values and brand promise.

The following exhibit summarizes the key factors that distinguish enterprise technical support.

EXHIBIT 2

Key features of enterprise technical support

Source: Everest Group (2022)



Demand-side overview

The overall CX outsourcing demand among technology and fast-growing companies is expected to increase by more than 20% over 2020-26. This growth is fueling a commensurate increase in demand among technology sector buyers for enterprise technical support capabilities. In fact, technology and fast-growing companies have one of the highest shares (40%) of technical support in their outsourcing mix, a significant proportion of which is attributable to enterprise technical support. The telecom industry, with enterprise offerings around connectivity solutions (both software and hardware) extensively utilizes outsourced technical support services but at a much smaller scale than technology and fast-growing companies.

Many internal and external factors are influencing demand-side behavior in the technical support outsourcing market and driving the adoption of third-party outsourcing among B2B technology solution providers.

Trends and innovations on the demand side

Demand trends for technical support services are similar to the trends for digital adoption and evolving operating models. Below are some of the key factors influencing the demand environment:

- **Cloud adoption and rapid digitalization:** Enterprises are digitalizing and leveraging cloud platforms for both products and the operating infrastructure. This shift has dramatically changed customer expectations, with customers demanding more proactive, preventative, personalized, and faster resolution when availing technical support.
- **Enterprise focus on Software-as-a-Service (SaaS) operating models:** Enterprises are increasingly adopting SaaS-based operating models to consume technology-based solutions. With increased adoption of interoperability standards and heightened competition, the cost of switching from one SaaS provider to another has drastically reduced, thereby reducing client stickiness. In fact, clients often try out multiple SaaS providers at the same time at different parts of their value chains. However, value realization is relatively slow when an enterprise switches from an on-premise model to a cloud-based SaaS model, as most risk-averse enterprises run parallel operations until things stabilize. In such cases, technical support acts as the brand's face, ensuring that customers quickly realize value and have a differentiated experience, which is vital to driving renewals and sales growth in a SaaS model
- **Rising product complexity:** Enterprises leverage multiple platforms and technologies that are interconnected and interdependent, which has driven the need for technical expertise and overarching knowledge of the company's technology landscape
- **Millennial users:** Millennial employees are the largest segment of the global workforce, including internal IT and technology support teams in the client ecosystem, who reach out for support. This demographic prefers omni-channel support and self-service for low complexity queries
- **Evolving data governance regulations:** While data privacy has always been on top of regulator agendas globally, a wider set of regulations around data governance and ownership has come into play in recent times. Many countries have already released regulatory guidelines around data localization and data sovereignty. This trend is expected to continue and will have a direct bearing on enterprise operating models that use cloud computing and storage. Such regulations are also influencing the shoring strategy and the overall data governance standards that technical support providers follow

- **Focus on experience and culture:** Buyers of technical support services are looking for strategic partners that can act as an extension of their culture and value systems. This is especially true for technology sector buyers, which seek to partner with providers that are flexible and willing to co-innovate, thereby mirroring their own cultures when supporting and representing their products

Key challenges and considerations accelerating the adoption of outsourced technical support models

While technical support is integral to the overall product experience and many factors are driving it, not all enterprises are able to deliver superlative technical support when doing it on their own. Some of the key challenges that enterprises face are:

- **Unpredictable volumes:** While technology companies can predict the need for technical support for a new product or feature launch, there are many unknowns in customized solution deployments in client setups. Additionally, the adoption rate of cloud products is hard to predict, as the potential for accelerated adoption or slowdown depends on multiple factors, including value realization. Additionally, improvements in assisted support models and self-service adoption is creating unpredictability, as support volumes are continually shifting to the self-service model. Thus, both volumes and corresponding FTE requirements are difficult to predict
- **Inability to scale with product growth:** Successful technology companies scale at an exponential pace but their infrastructure and technical support teams continue to play catch-up with the rapid expansion
- **Shortage of relevant in-house skills:** Today, clients prefer to resolve low complexity queries through self-serve options, and the queries that technical support teams address tend to be more complex, requiring deep domain knowledge. However, attracting and retaining such talent is difficult considering the ongoing talent shortage
- **Failure to implement a truly omnichannel experience:** Mobility and flexibility are at the heart of evolving enterprise operating models. Most organizations are enabling the availability of critical enterprise applications on employees' mobile devices and through dedicated applications. Technical support users in such companies also prefer to use a mix of voice and non-voice platforms across operating systems. However, designing and implementing omnichannel technical support requires CX domain expertise, which is typically not available in-house with technology companies
- **Lack of accelerators to drive efficiency:** Query volumes typically go down as products gain market adoption and stability in client environments. The use of proactive support tools in areas identified by predictive analytics can further accelerate such efficiencies. Enterprises often find it challenging to develop and implement such accelerators that do not fall within their core competencies

Due to these complexities, most technology companies seek third-party support to deliver technical support to their enterprise clients. The extent of outsourcing may vary from company to company, depending on the product portfolio and internal strategy. Below are some of the key drivers influencing enterprises' decision-making as they select a third-party technical support provider:

- **Global support capabilities:** Enterprise technology solution providers, especially those with SaaS offerings, serve clients globally. They typically look for third-party technical support providers that can offer 24/7 multilingual support leveraging a follow-the-sun model, which allows consistent support

across geographies. They leverage support sites across time zones to ensure that support engineers do not work in unfeasible shift hours. This also means that such companies require efficient handover from one site to another, robust case management practices, and defined rigor to ensure quality and consistency

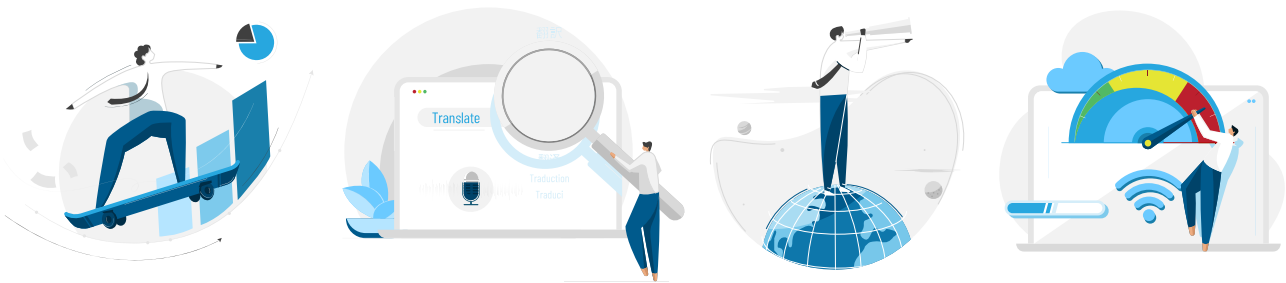
- **Access to skilled talent:** Third-party providers enable access to a skilled talent pool from wider sourcing destinations, which is extremely relevant at a time when the global sourcing landscape is facing acute talent shortage. This access also offers the flexibility to easily ramp up or down depending on changes in volume or scope
- **Efficiencies:** Buyers seek cost and process efficiencies when selecting technical support providers. These efficiencies can be generated via multiple levers, such as cost-savings through a balanced shoring mix. Additionally, buyers are seeking efficiencies by applying analytics and self-serve options
- **Operational resilience and sustainability:** When evaluating providers, buyers are increasingly seeking assurance about the maturity of the providers’ business continuity frameworks and the robustness of their data security measures. They are increasingly scrutinizing providers’ risk management frameworks as part of RFPs and seeking ongoing assurance via independent third-party reviewers/auditors. One of the emerging themes in all buyer considerations is Environmental, Social, and Governance (ESG) maturity, which encompasses areas beyond traditional risk management to include governance, environmental and social commitment, and brand value

The exhibit below summarizes these drivers for buyers:

EXHIBIT 3

Key drivers influencing buyer decision-making for third-party enterprise technical support providers

Source: Everest Group (2022)



Access to skilled talent

- Access to high-skilled technical support engineers
- Access to a low-cost talent base for quick ramp up/down

Global support capabilities

- Multi-lingual support
- Follow-the-sun support
- Field support for hardware

Resilience

- Robust business continuity planning
- Adherence to data privacy norms
- ESG maturity

Efficiencies

- Balanced shoring mix for cost optimization
- Consulting and analytics
- Powerful technology stack

Supply-side overview

The enterprise technical support outsourcing market is expanding on the back of the technology industry's growth. In 2020, the outsourced technical support market, including B2B and B2C, was valued at US\$10-12 billion. The global SaaS market is expected to grow at more than 100% CAGR through 2026, reaching a market size of US\$300-400 billion. This explosive growth has given rise to a number of providers in the market.

Provider landscape

The technical support service provider landscape can be classified into three categories:

Traditional global Contact Center (CC) providers

These providers offer multi-lingual support globally by leveraging their mixed shore presence. Through their offshore presence in low-cost geographies, they can offer competitive costs along with the ability to rapidly ramp up and down. Additionally, they may offer consulting capabilities to support customer journey mapping and transformation in low-to-moderate complexity areas, especially in high-volume transactions.

However, their approach to people and skill development is based on hiring resources from generalist backgrounds and upskilling them per job requirements instead of hiring skilled resources from the technology industry itself. This makes these players a good fit for B2C technical support, in which the level of complexity and expected depth of expertise are relatively low and volumes are high, reducing the cost per transaction. Enterprise buyers leverage these players to typically manage low complexity L1 queries.

System Integrators (SIs)

Some buyers partner with SIs to get support with implementing and integrating technology products in client ecosystems. These providers also provide technical support after completing their SI responsibilities. Most SIs offer a mixed shore presence, the ability to ramp up and down, and technical expertise to handle L2 and L3 queries. However, these providers have limited experience and ability to run large-scale 24/7 technical support operations. Additionally, while SI providers have extensive capabilities and experience in providing consulting services, these are restricted to IT, application, and related areas. Buyers in the technology sector primarily seek analytics-led consulting support – an area where these SI providers may prove to be lacking.

Specialist technical support providers

These are specialist providers with focused offerings for enterprise technical support. While there are few large players in this segment, certain players have carved a niche for themselves in an otherwise competitive landscape. These players have a focused resourcing plan with a healthy blend of technology industry expertise and customer experience skills. Furthermore, they have extensive experience in delivering consulting-led transformation in the technical support domain and off-the-shelf accelerators to drive efficiencies and client satisfaction.


However, as they follow a focused resourcing strategy, these players typically deliver from onshore or nearshore locations, making them costlier than CC providers and unable to ramp up or down at short notice. However, with increased acceptance of cloud shoring and impact sourcing practices, some companies have built capabilities to address these challenges.

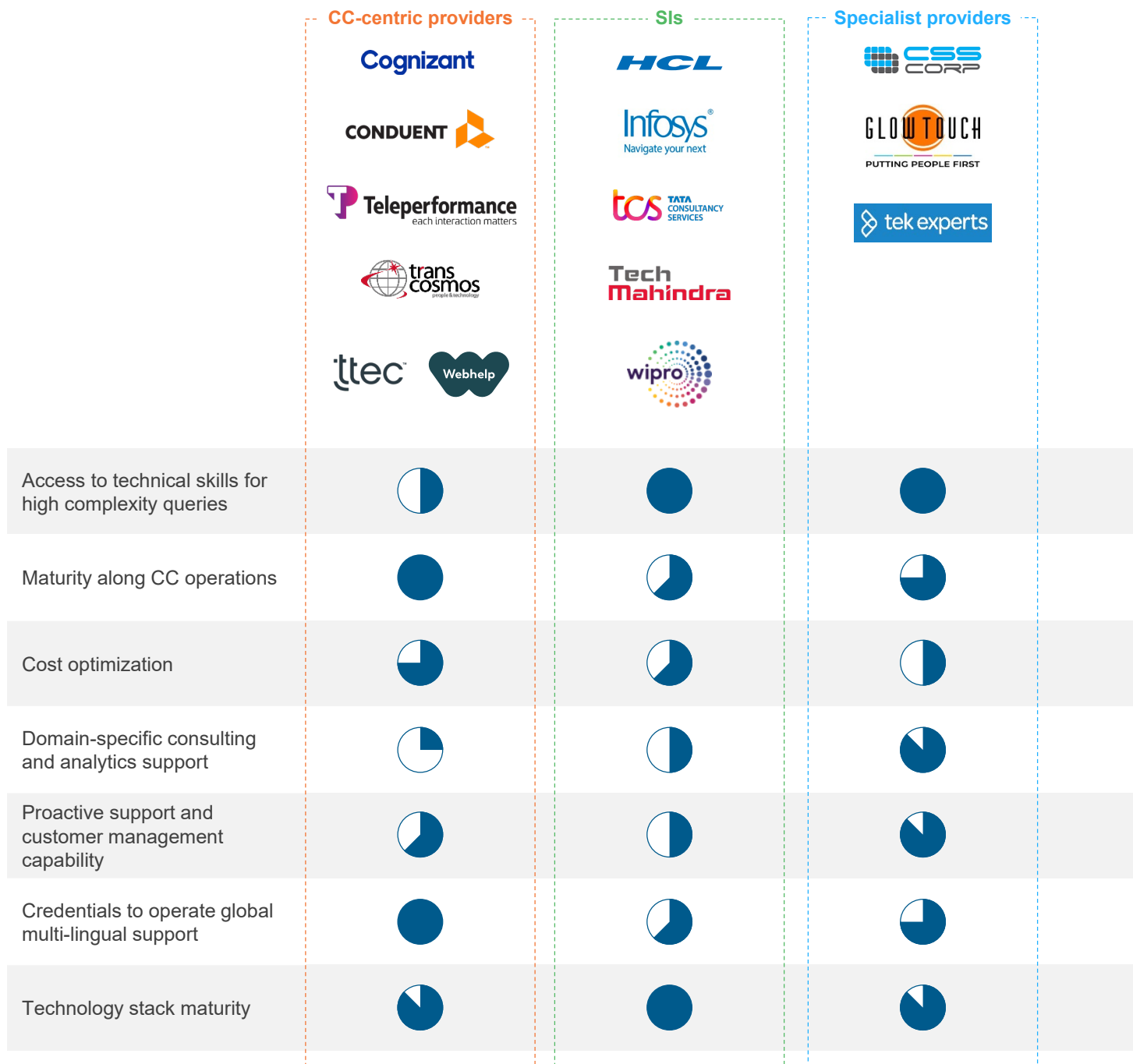
The exhibit below shows a comparative assessment of the enterprise technical support service provider landscape.

EXHIBIT 4

Comparative assessment of the enterprise technical support service provider landscape

Source: Everest Group (2022)

Measure of capability:  Low  High



Trends and innovations on the supply side

The Work From Home (WFH) delivery model has necessitated certain innovations in services delivery and operating models, as described below:

- **Evolving operating models:** Providers are investing in flexible operating models to attract talent from across the globe while reducing their operating costs. Cloud shoring, an outsourcing model in which support engineers work remotely using cloud-based technologies but are managed centrally to deliver optimal flexibility for clients, is gaining traction among both clients and providers due to the associated cost benefits and flexibility. To enable cloud shoring, certain technical support providers are increasing their investments in WFH solutions, including the Bring Your Own Device (BYOD) model, cloud contact center platforms, virtualization technologies, and security features, via strategic partnerships and in-house investments
- **Strategic investments in agent-assist solutions:** In mature automation setups, human intervention is restricted to high complexity queries, while self-serve options address less complex issues. As agents are expected to continue to work in a remote model, agent-assist solutions have become a key tool to help deliver real-time suggestions in a hybrid operating model, based on past interactions, customer profile, and analytics-based insights on the next-best course of action
- **Impact sourcing to attract talent:** While talent shortage is a global challenge, it is even more acute in the technical support domain, which competes for talent with technology firms. Many technical support providers are increasingly leveraging impact sourcing to attract and retain talent. Providers are exploring talent sourcing options from socio-economically disadvantaged societies and offshore locations, beyond established outsourcing hubs such as India and the Philippines. Africa is emerging as an attractive destination, with proactive government support and infrastructure investment to attract global providers
- **Evolving use cases in Augmented Reality (AR) / Virtual Reality (VR):** While AR/VR use cases have been around for quite some time, mainstream adoption has been limited due to the prohibitive cost of deploying hardware as compared to the incremental value realized. However, many B2C companies have experimented with these concepts, leveraging basic tools such as users' smartphone cameras, smart glasses, and AR platforms. In the coming years, AR/VR adoption is expected to gain traction with the emerging Metaverse revolution, paving the way for AR-/VR-based remote technical support
- **Increased adoption of the gig operating model:** Traditionally, the use of gig or freelance workers has been restricted to the B2C marketplace. In the B2B technical support environment, the adoption has been limited. However, with technology companies seeking greater access to scarce talent, leveraging flexible support models, and offering rapid scale-up capabilities, interest is growing in the gig workforce, which can bring the necessary technical skills and brand affinity to the support model. Though gig workers can handle only a few types of interactions and systems, technical support providers are evaluating them as part of their future support models due to increasing talent shortage

Additionally, providers are increasingly appointing a dedicated account manager after a product goes live to help clients maximize the product's value and proactively prevent any issues. Such a focused engagement helps drive stickiness, renewal, and overall sales.

Today, buyers are leveraging different models to optimize their technical support capabilities. Some are leveraging a hybrid model, in which low-cost, offshore-based CC-centric providers service low complexity requests, and specialist technical support providers or the in-house support team services

high complexity requests. Some buyers leverage an SI provider-specialist provider combination, in which queries are directed to the relevant provider. This arrangement facilitates cost efficiencies and access to technical knowledge but poses difficulties in tracing accountability for complex queries that require collaborative root-cause analysis and redressal.

Conclusion

The role of technical support is rapidly evolving from offering traditional break-fix solutions to providing differentiated value to end clients. Buyers of outsourcing services in the enterprise technical support space are seeking third-party support to access differentiated talent to offer 24/7 multi-lingual support across their global footprints. They would do well to decide their overall CX strategies and scrutinize providers' offerings and capabilities for their ecosystems, end-user demographics, product complexities, and evolving operating models before deciding on their technical support roadmaps.



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