Frost Radar™: Voice of Customer Analytics, 2024

A Benchmarking System to Spark Companies to Action - Innovation That Fuels New Deal Flow and Growth Pipelines

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Strategic Imperative and Growth Environment

Strategic Imperative

- Businesses need artificial intelligence (AI) to consolidate the voice of customers (VoC) obtained from various channels and convey reliable, actionable insights for overall customer experience (CX) improvement.

- Gathering structured and unstructured customer data is only part of the process. Businesses need segmentation of this data to cut through the noise and focus on the VoC to solve problems. VoC tools allow them to listen to, analyze, and combine this information with financial and operational business data to garner meaningful and actionable insights that support business strategic objectives and growth goals.

- Advancements in AI and the Internet of Things (IoT), as well as the large amounts of digital data, catalyze new automation processes so that businesses can make better, more informed decisions. Tracking end-to-end digital customer journeys and creating innovative digital sales and marketing strategies are crucial for businesses to remain competitive.

- A new generation of natural language processing (NLP) models unlocks new sentiment analysis use cases.

- End customers expect hyperpersonalization which can only happen if their feedback is solicited via the right channel at the right time and is customized. AI-enabled VoC tools help businesses achieve this objective and stay ahead of the curve.

- Over the past few years, sentiment analysis has been integrated into contact center solution stacks. Global CX solution vendors have expanded capabilities through acquisitions and partnerships with VoC analysis providers.

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Strategic Imperative (continued)

- VoC tools help businesses democratize data and break down silos that prevent all departments from accessing the insights obtained from VoC data, limiting its impact on business operations and performance. The integration of workforce engagement and VoC solutions means that VoC tools are now being used to manage data quality and agent performance for better CX.

- Businesses investing in new technology are gravitating toward low-code and no-code platforms that are easy to use and minimize the cost of training and change management.
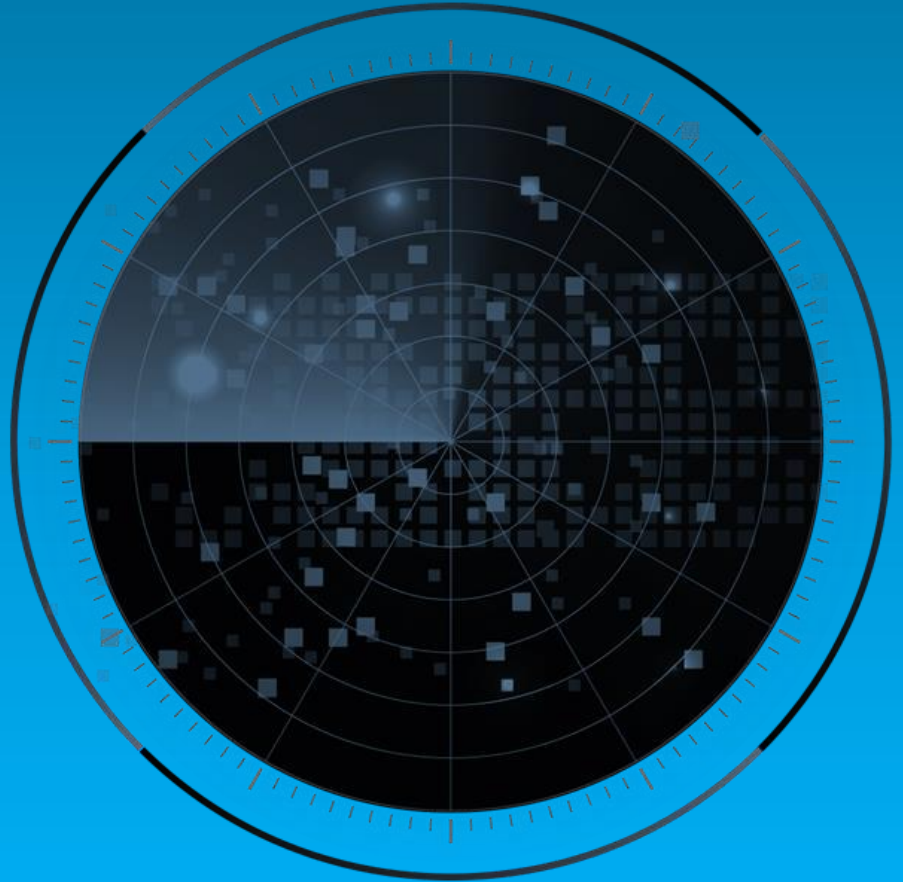
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Growth Environment

- VoC providers must focus on providing enhanced AI-backed visualizations of insights, a decisioning engine, predictive and prescriptive analytics, real-time analytics, a single interface for all insights, self-service capabilities, multilingual support, and bi-directional integration with third-party analytics and systems.

- Many businesses concerned about economic volatility are cutting costs. IT decision-makers are skeptical about spending on costly upgrades of VoC tools. As such, VoC vendors must offer inexpensive upgrades and entry-level products with demos for small and medium-sized businesses (SMBs).

- VoC analytics buyers are increasingly seeking advisory services and other forms of expertise from their providers. This demand presents a significant growth opportunity for VoC vendors, as providing guidance on VoC strategy can be a key differentiator and value-add for vendors.

- Some sentiments cannot be placed on a plain two-axis barometer. Advancements in NLP, machine learning (ML), and deep learning (DL) will enable the development of tools offering in-depth analysis that go beyond the one-dimensional positive-neutral-negative scale to evaluate words based on a sophisticated multi-dimensional scale. Only a few cutting-edge tools now have these capabilities.

- Sentiment analysis will provide bots with more human-like competencies to offer an enhanced CX. Vendors will increasingly target the integration of AI-powered sentiment analysis with voice bots and chatbots.

- Buyers prefer tools with strong visualization capabilities, which can provide contextual, interpretable, and actionable information that facilitates CX decisions. Frost & Sullivan expects vendors to focus on enhancing their visualization and interpretation capabilities in the next two years.
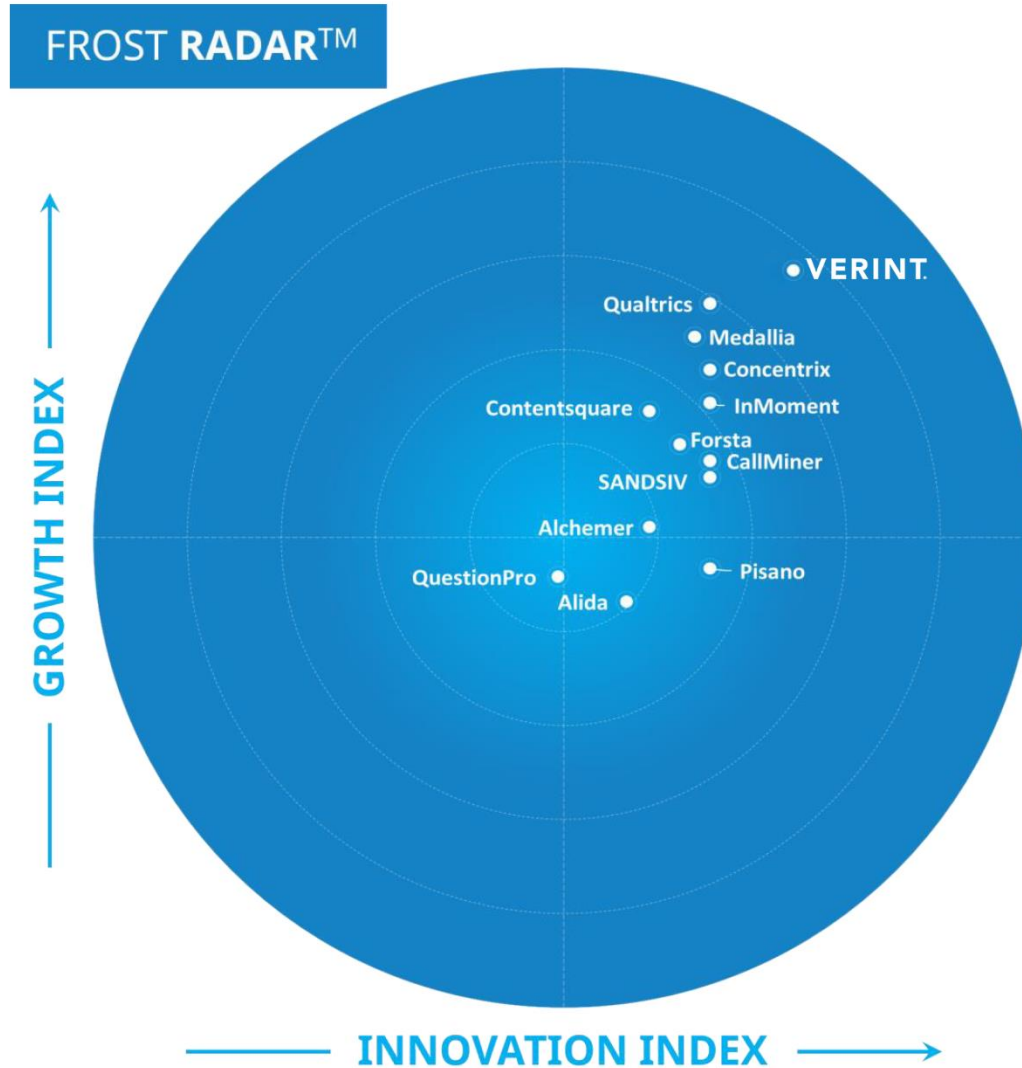
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Growth Environment (continued)

- VoC analytics customers are now questioning the accuracy of sentiment analysis owing to the fact that different languages have different nuances. It is difficult for AI to capture the subtleties of humor, sarcasm, and slang in different languages. This has led vendors to combine human intelligence and sentiment analysis to parse through data sets to achieve a higher level of accuracy.

- Although businesses are looking to cut costs, VoC tools will continue to witness exponential growth because enhancing CX remains a priority for businesses. Sentiment analysis platforms are gaining popularity, with innovative contact center solution vendors starting to integrate them into their stacks. As other vendors follow suit, sentiment analysis will become a native feature of CX solutions.

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FROST **RADAR**™

GROWTH INDEX

INNOVATION INDEX

VERINT
Qualtrics
Medallia
Concentrix
InMoment
Contentsquare
Forsta
CallMiner
SANDSIV
Alchemer
QuestionPro
Pisano
Alida

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Frost Radar™ Competitive Environment

- Frost & Sullivan independently plotted the top 13 companies from a pool of more than 50 global market players in this Frost Radar™ analysis: Alida, Alchemer, CallMiner, Contentsquare, Concentrix, Forsta, QuestionPro, Qualtrics, Medallia, InMoment, Pisano, SANDSIV, and Verint. The Frost Radar™ measures growth rates in addition to absolute revenues and combines them with several other factors to measure companies' performance along the Growth Index.

- The global VoC market features an influx of service providers that offer only analytics solutions and vendors that primarily have contact center suites but are expanding and diversifying their portfolios into the VoC space.

- Globally, Verint, Qualtrics, Medallia, and Concentrix have demonstrated robust growth and substantial investments in innovation, dominating the VoC market.

- InMoment was a high performer on the Growth and Innovation axis of the Frost Radar™ because of its targeted vertical and regional solutions, closely followed by Contentsquare.

- CallMiner performed well in this year's Radar owing to its focused AI-backed innovation for contact center improvements. This was followed closely by SANDSIV, which improved its positioning and scored favorably on the Radar due to its consistent foresight backed by innovation investments.

- Forsta's performance on the Growth and Innovation indexes highlights its potential for growth in the near future.

- Pisano is a promising player, actively challenging legacy participants by offering AI-backed solutions and delivering customer value and success through swift execution and implementation. Alchemer, Alida, and QuestionPro must catch up and accelerate their geographical expansion and AI innovation to stay relevant and boost revenue streams.

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Frost Radar™:
Companies to Action
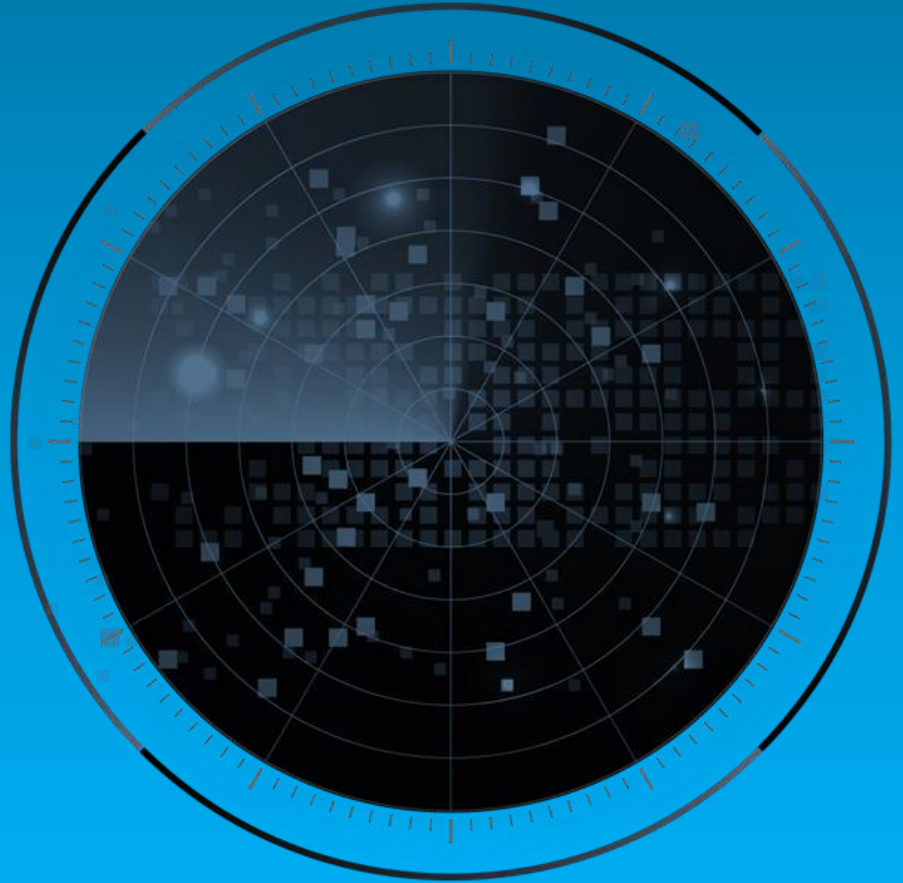
Verint

INNOVATION

- Verint is a leading CX automation provider that delivers AI-driven business outcomes through capabilities, including digital behavior analytics, predictive modeling, survey management, VoC analytics, VoE analytics, and AI-powered routing.

- Verint's vision and roadmap focus on leveraging the latest AI and generative AI (GenAI) innovations to help customers navigate opportunities and challenges transformative technologies can pose, including managing the large language model (LLM) arms race, AI regulatory compliance, multimodal workflows, AI talent, and LLM alignment. Verint has 1,500+ R&D professionals, including its dedicated Da Vinci AI and Analytics team. In the past year, Verint has invested heavily across applications and its Open Platform, mainly AI-powered bots and application-specific initiatives, including enhanced capabilities in data insights bots.

- Over the past three years, Verint has channeled investments toward delivering the Verint Open Platform, an open, AI-powered solution for increasing CX automation across every customer touchpoint, such as digital (web/mobile), contact centers, and retail branches. The platform, launched in June 2023, is flexible and can be deployed in the cloud or on-premises. Customers can choose parts of the platform to deploy first and see AI business outcomes instead of the traditional rip-and-replace approach. Customers can also incorporate new AI models from any source to ensure the platform does not become outdated.

Verint (continued)

INNOVATION

- Verint's Engagement Data Hub enables users to ask any VoC question. It ingests and aggregates relevant input and utilizes GenAI and LLM to process unique data subsets to generate a response. The Verint platform provides the required response to users and can automate CX actions most relevant to that response. With this solution, users can expect immediate and continuous ROI with higher CX at lower cost.

- Verint's product roadmap includes investments in proprietary and open-source LLMs to accelerate CX automation—a primary reason behind the company's commercial success. Some of its bots released in 2023 are dedicated to VoC analytics, including bots for digital containment, online struggle detection, knowledge suggestion and creation, interaction wrap-up, real-time coaching, PII redaction, sentiment scoring, GenAI data insight, and GenAI quality.

Verint (continued)

GROWTH

- Verint has more than 4,000 employees and serves over 10,000 customers across 175 countries and industries, including healthcare, retail, banking, financial services, telecommunications, travel, government, and automotive. The company caters to large organizations, serving more than 80% of the Fortune 100 companies and SMBs.

- The company recorded a revenue of $902 million in FY23 and $910 million in FY24. About 71% of its FY24 revenue came from the Americas, followed by EMEA (19%) and Asia-Pacific (10%). Verint's reported revenue for the three months ended January 31, 2024, was $265 million, representing 12% year-over-year growth. The total recurring revenue reported for FY24 was $699.2 million, and the total non-recurring revenue reported was $211.1 million.

- Verint's AI-based innovations position it as the strongest contender in the VoC analytics market. The company's recent wins also demonstrate that its investments are proving profitable. In April 2024, Verint announced an eight-digit order from one of the world's largest retailers to increase CX automation in their contact center. The win came through because of Verint's ability to deliver AI business outcomes leveraging its open cloud platform and AI-powered bots. In May 2024, Verint won a $7 million contract to deliver AI business outcomes for a Fortune 500 company. The win, as part of Verint's fiscal first quarter roadmap, included bundled SaaS and unbundled SaaS deployments over a three-year term. The company also secured a $7 million contract with a Fortune 100 insurance company for AI business outcome expansion and multi-year renewal. The three-year contract, signed in April 2024, was on Verint's fiscal first quarter roadmap and includes bundled and unbundled SaaS deployments. In June 2024, Verint won a $13 million, multi-year contract with a Fortune 25 brand to deploy the AI-powered Verint Knowledge Creation and Knowledge Suggestion Bots embedded in the Knowledge Management application running on the Verint Open Platform.

Verint (continued)

FROST PERSPECTIVE

- Verint maintains a robust partner network through enhanced partner programs that empower its partners to offer white-glove services. Verint should continue these efforts to retain and strengthen its market leadership.

- Compared to other companies, Verint's platform might seem daunting to use initially. The company should consider promoting its platform's ease of use as central to its marketing narrative.

- Verint's open and modular infrastructure is a boon for companies seeking the platform's VoC capabilities as a standalone solution. The company must create more awareness around this functionality to widen its reach among non-contact center customers.

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Best Practices & Growth Opportunities
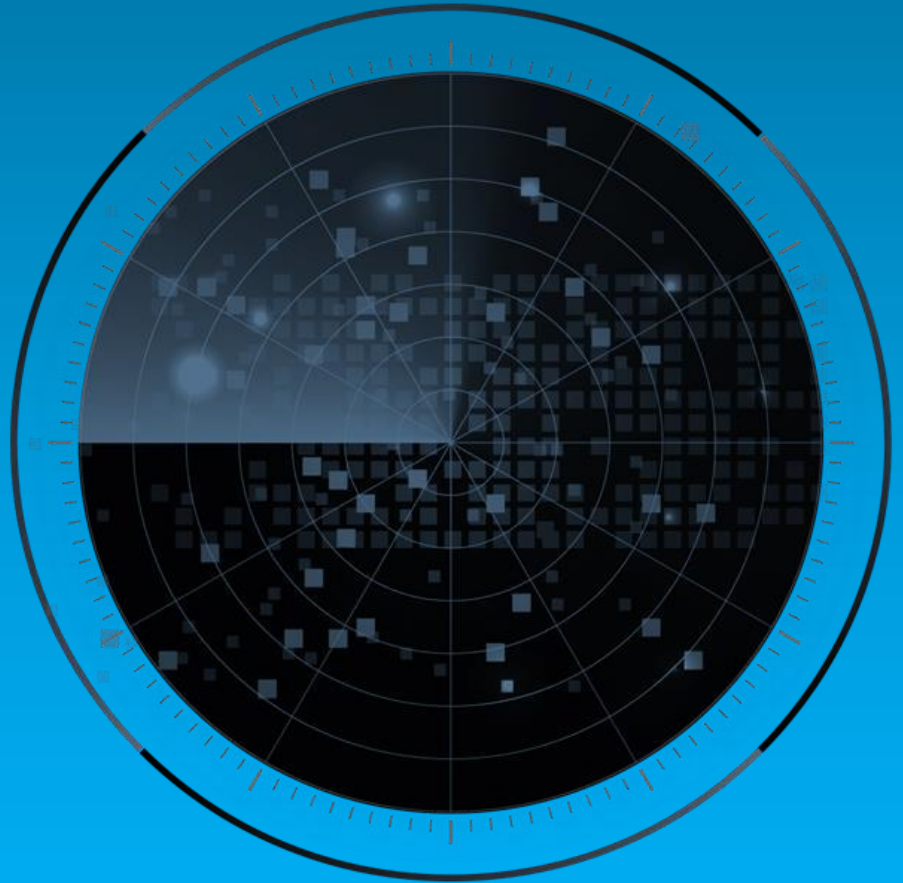
Best Practices

1 Customers seek flexible pricing options. Successful VoC vendors offer pricing models that allow business customers to start small with an option to extend and scale their contracts and deployments. The capabilities and data access are adjusted based on the pricing models to suit customer needs.

2 A VoC tool offering analytics is as good as the actionable insights that it provides to its users. Successful and sought-after VoC vendors offer sentiment analysis tools as decision-making systems rather than data-generation tools. This means they are constantly optimizing AI-enabled insight engines and their solutions' visualization and reporting capabilities to offer maximum value to their business customers.

3 VoC customers prefer single-vendor solutions encompassing technology, support, and expertise. Therefore, the providers are focused on offering advisory support and technology as a bundled offering to help customers craft and implement their VoC strategies successfully.

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Growth Opportunities

1 VoC vendors should look for opportunities to acquire and integrate with solution providers, system integrators, and execution partners that allow the vendors to expand their technological and advisory capabilities, boosting ROI for their clients. Large enterprise customers will prefer VoC vendors with a solid partner network that can support the implementation and execution of complex VoC programs.

2 Customers seek hyperpersonalization, not one-size-fits-all solutions. VoC vendors should provide industry-specific features such as taxonomy management to offer customers more value and differentiation than competitors. VoC analytics help improve business processes, HR efficiency, contact center agent performance, and overall business management. VoC vendors must reinvent their offerings to support various use cases and applications. Contact center use cases will be much sought-after among VoC analytics customers.

3 Data security is a mission-critical requirement for businesses, especially since the uptake of AI and GenAI. VoC solution providers need to include cutting-edge security and data compliance features. Securing VoC solutions is a complicated, multi-faceted, and difficult-to-manage process as it covers multiple sites, countries, and regions. Therefore, VoC solution providers should work with cybersecurity vendors to stay ahead of customer demands.

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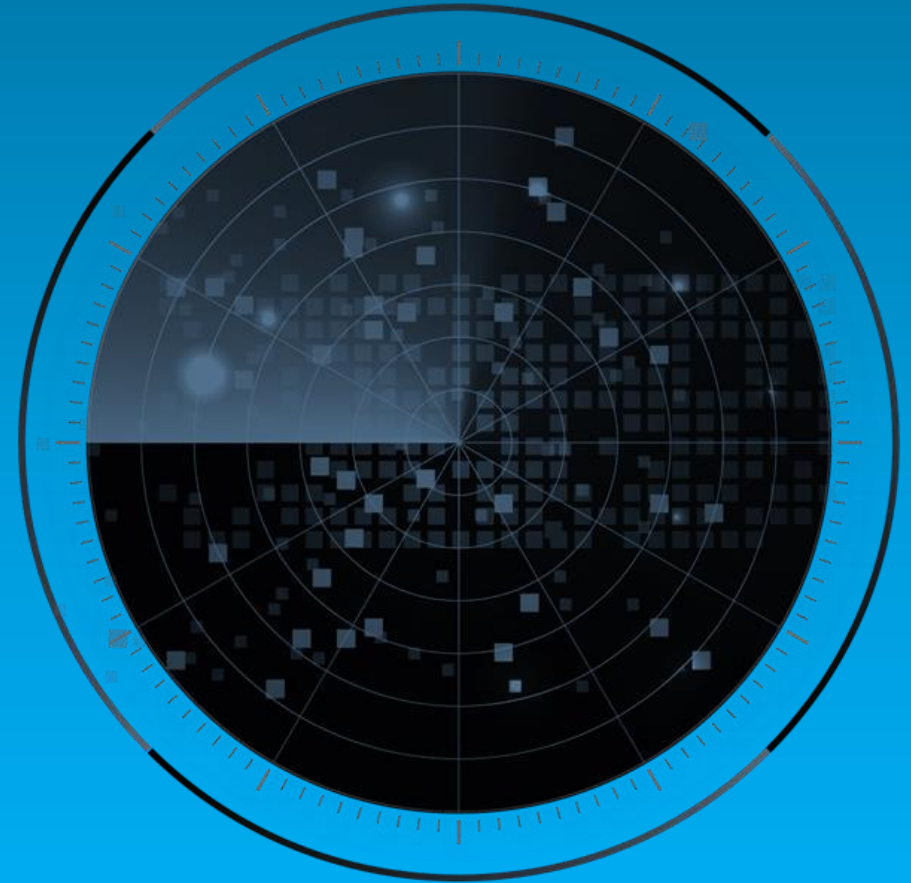
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Frost Radar™ Analytics

Frost Radar™: Benchmarking Future Growth Potential
2 Major Indices, 10 Analytical Ingredients, 1 Platform

Growth Index

Growth Index (GI) is a measure of a company's growth performance and track record, along with its ability to develop and execute a fully aligned growth strategy and vision; a robust growth pipeline system; and effective market, competitor, and end-user focused sales and marketing strategies.

GI1

MARKET SHARE (PREVIOUS 3 YEARS)
This is a comparison of a company's market share relative to its competitors in a given market space for the previous 3 years.

GI2

REVENUE GROWTH (PREVIOUS 3 YEARS)
This is a look at a company's revenue growth rate for the previous 3 years in the market/industry/category that forms the context for the given Frost Radar™.

GI3

GROWTH PIPELINE
This is an evaluation of the strength and leverage of a company's growth pipeline system to continuously capture, analyze, and prioritize its universe of growth opportunities.

GI4

VISION AND STRATEGY
This is an assessment of how well a company's growth strategy is aligned with its vision. Are the investments that a company is making in new products and markets consistent with the stated vision?

GI5

SALES AND MARKETING
This is a measure of the effectiveness of a company's sales and marketing efforts in helping it drive demand and achieve its growth objectives.

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Frost Radar™: Benchmarking Future Growth Potential
2 Major Indices, 10 Analytical Ingredients, 1 Platform (continued)

Innovation Index

Innovation Index (II) is a measure of a company's ability to develop products/ services/ solutions (with a clear understanding of disruptive Mega Trends) that are globally applicable, are able to evolve and expand to serve multiple markets and are aligned to customers' changing needs.

II1

INNOVATION SCALABILITY
This determines whether an organization's innovations are globally scalable and applicable in both developing and mature markets, and also in adjacent and non-adjacent industry verticals.

II2

RESEARCH AND DEVELOPMENT
This is a measure of the efficacy of a company's R&D strategy, as determined by the size of its R&D investment and how it feeds the innovation pipeline.

II3

PRODUCT PORTFOLIO
This is a measure of a company's product portfolio, focusing on the relative contribution of new products to its annual revenue.

**II4**

MEGA TRENDS LEVERAGE
This is an assessment of a company's proactive leverage of evolving, long-term opportunities and new business models, as the foundation of its innovation pipeline. An explanation of Mega Trends can be found here.

II5

CUSTOMER ALIGNMENT
This evaluates the applicability of a company's products/services/solutions to current and potential customers, as well as how its innovation strategy is influenced by evolving customer needs.

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Next Steps: Leveraging the Frost Radar™ to Empower Key Stakeholders
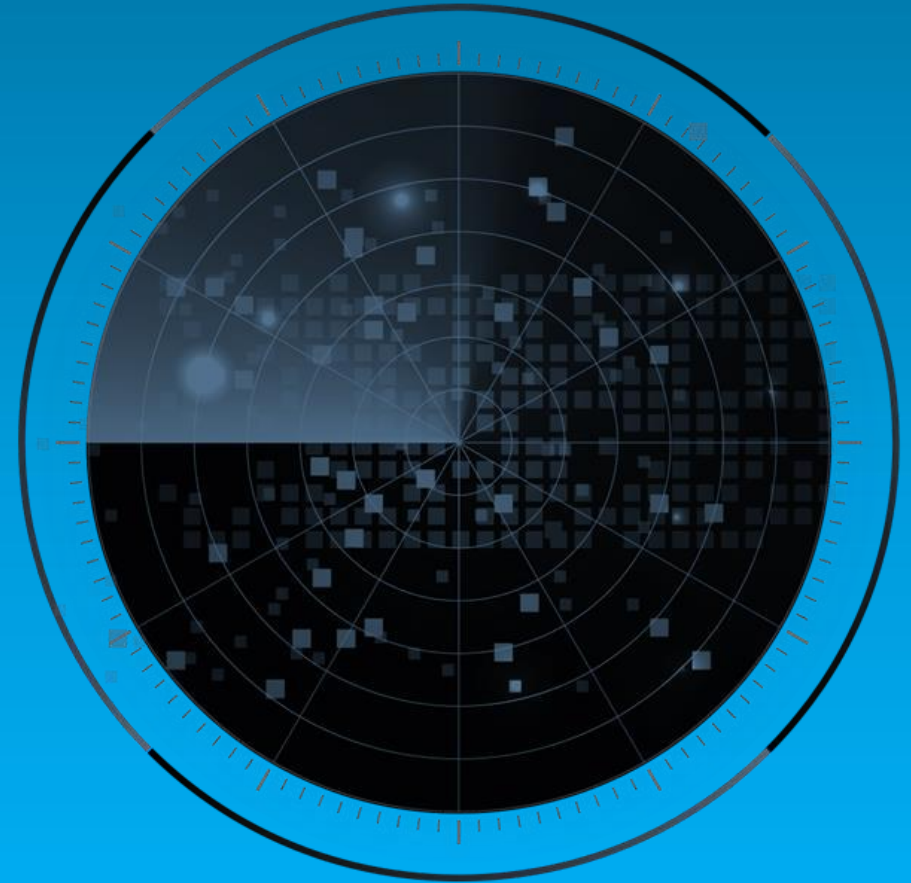
Significance of Being on the Frost Radar™

Companies plotted on the Frost Radar™ are the leaders in the industry for growth, innovation, or both. They are instrumental in advancing the industry into the future.

GROWTH POTENTIAL

Your organization has significant future growth potential, which makes it a Company to Action.

BEST PRACTICES

Your organization is well positioned to shape Growth Pipeline ™ best practices in your industry.

COMPETITIVE INTENSITY

Your organization is one of the key drivers of competitive intensity in the growth environment.

CUSTOMER VALUE

Your organization has demonstrated the ability to significantly enhance its customer value proposition.

PARTNER POTENTIAL

Your organization is top of mind for customers, investors, value chain partners, and future talent as a significant value provider.

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STRATEGIC IMPERATIVE	LEVERAGING THE FROST RADAR™	NEXT STEPS

STRATEGIC IMPERATIVE

- Growth is increasingly difficult to achieve.
- Competitive intensity is high.
- More collaboration, teamwork, and focus are needed.
- The growth environment is complex.

LEVERAGING THE FROST RADAR™

- The Growth Team has the tools needed to foster a collaborative environment among the entire management team to drive best practices.
- The Growth Team has a measurement platform to assess future growth potential.
- The Growth Team has the ability to support the CEO with a powerful Growth Pipeline™.

NEXT STEPS

- **Growth Pipeline Audit™**

- **Growth Pipeline as a Service™**

- **Growth Pipeline™ Dialogue with Team Frost**

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Frost Radar™ Empowers Investors

| STRATEGIC IMPERATIVE | LEVERAGING THE FROST RADAR™ | NEXT STEPS |

STRATEGIC IMPERATIVE

- Deal flow is low and competition is high.

- Due diligence is hampered by industry complexity.

- Portfolio management is not effective.

LEVERAGING THE FROST RADAR™

- Investors can focus on future growth potential by creating a powerful pipeline of Companies to Action for high-potential investments.

- Investors can perform due diligence that improves accuracy and accelerates the deal process.

- Investors can realize the maximum internal rate of return and ensure long-term success for shareholders.

- Investors can continually benchmark performance with best practices for optimal portfolio management.

NEXT STEPS

- **Growth Pipeline™ Dialogue**

- **Opportunity Universe Workshop**

- **Growth Pipeline Audit™ as Mandated Due Diligence**

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Frost Radar™ Empowers Customers

STRATEGIC IMPERATIVE

- Solutions are increasingly complex and have long-term implications.

- Vendor solutions can be confusing.

- Vendor volatility adds to the uncertainty.

LEVERAGING THE FROST RADAR™

- Customers have an analytical framework to benchmark potential vendors and identify partners that will provide powerful, long-term solutions.

- Customers can evaluate the most innovative solutions and understand how different solutions would meet their needs.

- Customers gain a long-term perspective on vendor partnerships.

NEXT STEPS

- **Growth Pipeline™ Dialogue**

- **Growth Pipeline™ Diagnostic**

- **Frost Radar Benchmarking System**

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Frost Radar™ Empowers the Board of Directors

STRATEGIC IMPERATIVE

LEVERAGING THE FROST RADAR™

NEXT STEPS

- Growth is increasingly difficult; CEOs require guidance.

- The Growth Environment requires complex navigational skills.

- The customer value chain is changing.

- The Board of Directors has a unique measurement system to ensure oversight of the company's long-term success.

- The Board of Directors has a discussion platform that centers on the driving issues, benchmarks, and best practices that will protect shareholder investment.

- The Board of Directors can ensure skillful mentoring, support, and governance of the CEO to maximize future growth potential.

- **Growth Pipeline Audit™**

- **Growth Pipeline as a Service™**

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Next Steps

| Transformation | Ecosystem | Growth Generator | Growth Opportunities | Frost Radar™ | Best Practices | Companies to Action |

Engage:

Growth Dialog

Join:

Growth Council

Participate:

Growth Council Think Tanks

Apply:

Companies to Action

Does your current system support rapid adaptation to emerging opportunities?

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