

Vendor Profile

Startek's Customer Experience Services and Digital Solutions

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IDC OPINION

In the past year, consumers, customers, enterprises, and service providers have experienced a systemic shift – a shift in behaviors, demands, relationships, and working environments driven by COVID-19. Prior to the pandemic, we observed consumers' increased expectations of personalized, timely, seamless interactions with their favorite brands across channels, and with COVID-19, these interactions either skyrocketed or declined, depending on the industry, pushing organizations and agents to respond faster and more intelligently. Buyers of third-party customer experience services looked to their providers during this time to prepare agents in work from environments quickly while maintaining service delivery levels without interruption. This in turn forced more collaborative partnerships and opened some eyes to the role of digital in increasing efficiencies, reducing costs, and improving customer experiences and agent productivity. Beyond the ongoing evolution of customer behavior, technology, market, and macroeconomic trends are impacting both service providers and customers:

- **Rise of direct to consumer.** This has yet again altered what a customer experience should be. Many direct to consumer brands rely on influencers, emotional connections, heavy personalization, and strong social media presences to drive engagement.
- **Volatility of volumes.** Depending on the industry, support volumes have likely experienced sharp declines (e.g., travel, logistics) or spikes (e.g., ecommerce).
- **Redefined workforce.** The agent workforce has gotten younger, but churn is high as customer service does not lend itself to making work "fun" as the younger generations may expect. The workforce is also more digital now, using combinations of man + machine.
- **Knowledge management.** As the complexity of interactions increases, powering agents with relevant and quality data and information is critical in improving customer experiences and reducing costs. This also means powering customers with the means to resolve their inquiries themselves with self-service and artificial intelligence (AI)-based solutions.
- **Digital transformation.** Cognitive automation and embedded prescriptive analytics are leading to superior customer experiences.
- **Service provider consolidation.** IDC research indicates across key business process outsourcing (BPO) horizontals in general, organizations are looking more for one service provider to manage end-to-end services.

IN THIS VENDOR PROFILE

This IDC Vendor Profile highlights Startek's (NYSE: SRT) customer experience and digital solutions. This document includes an overview of the company, financials, service offerings, key partnerships, value proposition/key differentiators, and investments to support the operational and end-user needs of their customers.

SITUATION OVERVIEW

Company Overview

Startek, headquartered in Denver, Colorado, is a global provider of tech-enabled business process management solutions. The company provides omni-channel customer experience, digital transformation, and technology services to global brands. Startek is supported by over 40,000 employees and a global delivery network of 46 campuses spanning across 13 countries, servicing a diverse set of global customers across 13 verticals.

In 2017, Essar Global sold its business process outsourcing (BPO) company Aegis to the private equity firm Capital Square Partners for \$300 million. This was an important deal both from a perspective of building and operating a world-class business and being open to monetizing them at a premium value. The added capabilities and domain expertise of the new shareholder presented a compelling value proposition to the marketplace.

In 2018, Capital Square Partners merged Aegis with Startek to create a combined customer experience services firm. Leveraging Startek's expertise and valued long-term client relationships, including the strategic opportunities in ecommerce, has allowed the new company to accelerate its growth and value creation for its customers, employees, and shareholders. One of the key propositions of this merger has been the access to global markets. From an Aegis perspective, it got the company to relaunch its BPM operations in North America and the Philippines but also provided Startek an access to major growth markets of Asia/Pacific and the Middle East and Africa. Consequently, there was no overlap in terms of geographical presence but strong synergies capabilities. Essentially, both the entities were two halves of a company searching for a partner to make it whole. A key differentiator for them was driving technology-led innovations around digital and omni-channel, AI-enabled CX and an integrated technology solution to help deliver personalized, seamless, and effortless customer experiences.

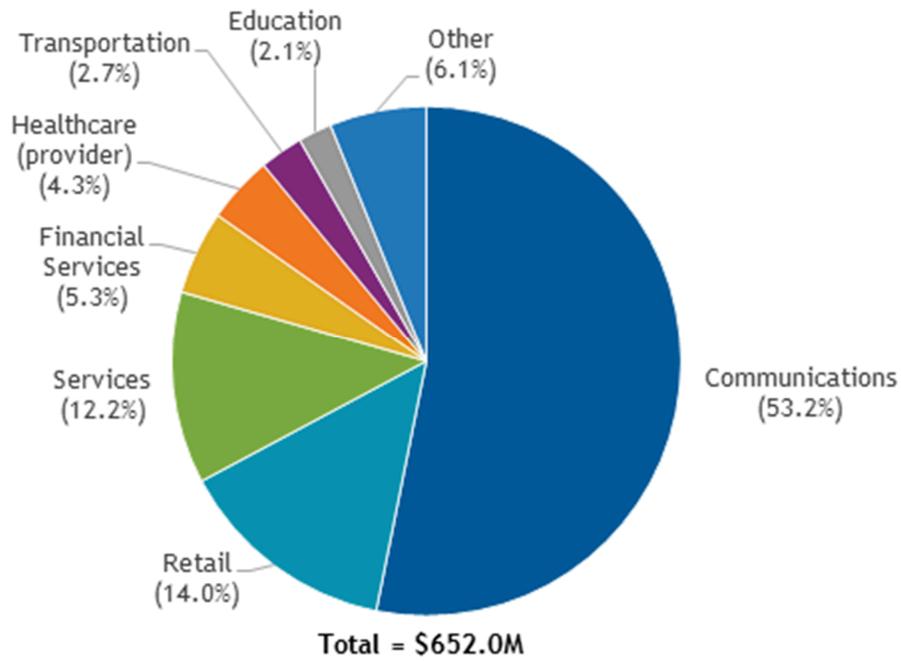
Financial Performance

Startek is a \$652 million company (as of FY19) that grew 1.4% year over year. The majority of Startek's revenue is generated from the communications, retail, and services sectors, while almost 50% of Startek's revenue is generated from North America. The other half roughly stems from Asia/Pacific and the Middle East and Africa (see Figures 1 and 2).

In February 2021, Startek announced a strategic investment comprising of \$30 million (USD) in CSS Corp. Apart from acquiring approximately 26% in CSS, it continues to retain an option to acquire a controlling stake. The option to acquire a majority stake in CSS is at the sole discretion of Startek, and the company has no obligation to do so. This transaction represents one such accretive opportunity that will also advance Startek ramping digital, IOT, and tech support initiatives.

FIGURE 1

Revenue Share by Industry

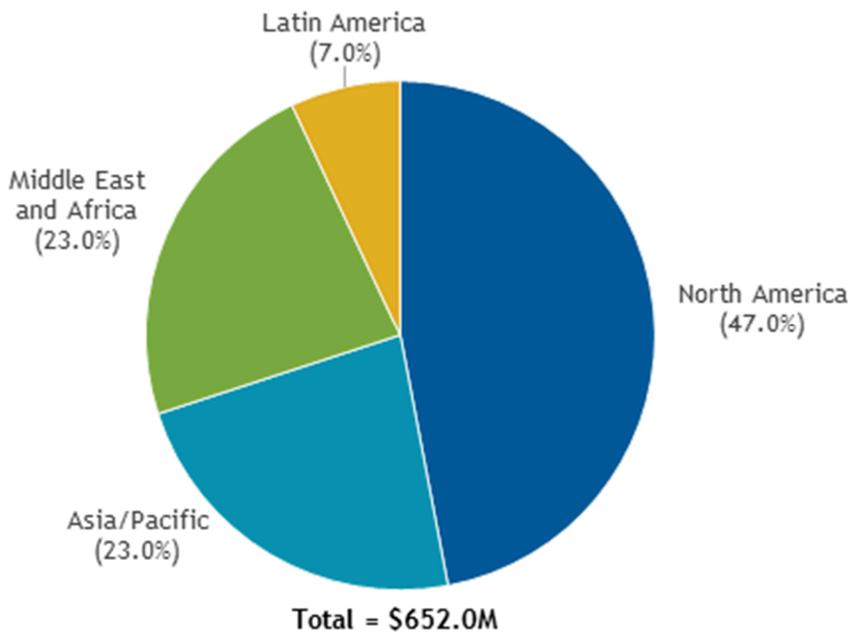


Note: The "other" category consists of discrete manufacturing, utilities, public sector, process manufacturing, not for profit, and wholesale.

Source: Startek, 2020

FIGURE 2

Revenue Share by Region



Source: Startek, 2020

Customers

Startek has over 280 clients and targets Fortune 2000 companies across banking and financial services, insurance, technology, telecom, healthcare, travel and hospitality, consumer goods, retail, ecommerce, and energy and utilities.

Response to COVID-19

To maximize operations and efficiency in response to the COVID-19 pandemic, Startek's global crisis management task force was led by a business continuity management and country leadership team chaired by the president, Rajiv Ahuja. Under his supervision, the Business Continuity Planning Taskforce was assessing and monitoring the situation closely and taking all possible measures to ensure continued and timely support to the customers and ultimately their end customers. To ensure service delivery, the team worked to identify core services, required volumes, and staffing requirements to maintain seamless service delivery.

Startek hyper-adopted work-from-home (WFH) environments for over 55% of its global workforce largely enabled by its own in-house unified cloud platform StarCloud. Startek has been rapidly activating more and more WAHA delivery models across most of its customer experience programs spanning all 13 countries. Startek ensures immediate migration to a cloud-enabled virtual desktop for engagement specialists through Microsoft Azure, AWS, and its own proprietary BPM platform. With virtual desktop, there was centralized control and dual/multifactor authenticity to ensure information security and compliance.

Using predictive and behavioral analytics based on AI, Startek successfully devised a mechanism to monitor remote operations and employee performance. This solution also builds maximum controls and demonstrates system and business resilience such as blocking of files and downloads onto the desktops; disabling print screen options, gesture and posture detection, and facial recognition; and disabling the usage of USB ports for the devices as we now centrally control most of these activities. Startek is making investments in deploying conversational AI bots that monitor employee productivity and generate an automated report of the entire workday.

Company Strategy

Product/Service Offerings

Startek manages business and customer experiences through its end-to-end digitally enabled customer experience solutions. This suite of services offers flexibility and scalability to maximize customer lifetime value (CLTV) and returns. Startek's global delivery and capacity enable multishore expansion with minimum capital requirements.

Startek delivers smart digital engagement, supported by advanced analytics, intelligent automation, and omni-channel CX platforms across channels. In addition, it delivers insights-driven customer engagement by including the science of human communication, research, and process innovation to optimize voice of customers.

Proprietary Platforms

Startek's suite of proprietary cloud platforms and key ecosystem partnerships (see Table 1) support customers in becoming more agile and resilient and driving innovation at scale:

- **Startek Cloud – Campus on Cloud.** This proprietary platform is a unified, secured, and scalable solution for collaboration, task reporting, detection, monitoring, and accountability for WFH. Startek Cloud increases the value of teleworking further by integrating applications, services, and digital platforms using a common software framework or stack. This enables a work-from-anywhere model that helps companies maximize performance and productivity, which is especially critical for BPO companies and their clients. Apart from AI-based predictive and behavioral analytics, it includes features such as gamification and cognitive capabilities; effective collaboration; productivity monitoring; data privacy; facial, gesture, and object detection; and intuition dashboards.
- **LISA.** Startek's digital cloud-based platform, which integrates with CRM and chatbot platforms, analyzes data across channels (social media, inbound email, web chat, messenger platforms) to enable analysts to monitor, respond, analyze, and offer insights and responses in real time. It also enables intelligent agent routing with a focus on transferring messages to specialists based on individual skill sets.

Ecosystem Partners

Table 1 shows the details of the technology and strategic partnerships of Startek.

TABLE 1**Technology and Strategic Partnerships**

Partner	Offering
AWS Consulting Partner	Chatbots, MS, Amazon Connect
AWS Marketplace (Channel Reseller)	Data labeling, Content
Rezo.ai, Humonics, and Freshdesk	Chatbot, Voicebot, Conversational AI
UiPath	RPA
Zones	24/7 NOC, Service Desk
Automation Anywhere	RPA
Nice inContact	ACD Platform
Onica	Chatbots (Ideal Bot)
Avaya	ACD platform
Zendesk	Platform/Suite
Zevas	POP, EU languages
Ventrica	POP, EU languages
SAP	Risk/Financial Modules

Source: Startek, 2020

Omni-Channel CX

Startek has the expertise to orchestrate omni-channel technology that is integrated across brand channels to improve the CX quotient. This includes contact center as a service, social care, self-service technologies, mobility, and conversation AI. Startek created an engagement strategy encompassing consulting services, omni-channel engagement, and customer intelligence analytics for one of the largest automobile companies to be able to deliver consistent superior brand experiences that would positively influence customer propensity to purchase. The deployment of Startek's unified omni-channel solution ensured that each and every customer gets the best possible experience, whether that's in the company's retail locations or not. In the three-year partnership, the company achieved 70% ROI. There was a 72% decrease in cost per engagement, from \$12.54 to \$3.54, while the number of engagements continued to grow. The company also achieved \$10 million annual engagement-influenced revenue and \$4.5 million annual post-engagement revenue from retained customers.

Social Media

Being social media channel agnostic, Startek monitors and responds on an extensive array of social media channels, combining both its deep expertise in utilizing an array of social media marketing and its support tools that engage across platforms and its LISA proprietary platform.

Startek deployed LISA for a banking client, which was looking to digitize its banking services in order to leverage digital channels for customized customer connections, intelligence, and service to ensure high-quality customer experiences. The cloud-based social platform was key in maximizing reach via consumer opinion analysis, real-time reactions and responses, and by creating rightly researched campaigns. This resulted in the bank's digital and social presence improving organically to a follower base of ~30,000 in one year, a conclusive increment in business leads, and improved customer resolutions to over 90%.

Startek worked to set up a single-tier customer care system to bring in all customer engagement touch points, including those related to marketing, digital, and ecommerce. The utilization of this solution allowed for all social media and digital customer engagements to be centralized in a digital support system that resided separately from all of the different frontline systems or web-based tools being utilized across the client marketing and digital organizations (Hootsuite, Spredfast, Sprinklr, Bazaarvoice, PowerReviews, etc.). This provided their client partner a 360-degree view of all direct customer engagement regardless of the digital channel where it occurred and regardless of the digital toolset used to engage with that customer. This also allowed for actionable analytics to be compiled so that strategic decisions could be evaluated with appropriate insights. This strategic partnership with Startek helped the client reduce the cost per engagement from \$13.20 to \$3.50 in four years. Also, customers are now engaging in their channels of choice which has resulted in realized economies of scale, an enhanced customer experience and increased revenue generation for their client partner.

Analytics and Insights

Startek embeds robust analytics capabilities into all business process services engagements to proactively unearth deeper operational insights, business intelligence insights, and the voice of the customer. Core to its capabilities is an Analytics Center of Excellence, digital-first framework, and Experience Management Global Command Center, which drives innovation, best practices, and a unified view of customer interactions across all touch points. Through AI-powered analytics, Startek enhances customer conversations and conversions by personalizing customer journeys and identifying key customer behavior patterns to detect risk, control churn, and make intuitive decisions for top-line growth. It also integrates and automates data with speech-to-text analytics to look at customer tonality, customer empathy, and the richness of voice to find out the true voice of the customer to help clients reshape the customer journey.

Automation

Startek has leveraged intelligent automation as an enabler within its digital marketing and engagement management platform for activities such as intelligent agent routing, data tracking and reporting, and listening and categorization. Startek strategically strengthens its industry/functional capability for digital and automation through strategic partnerships with OEMs regionally for knowledge sharing and bringing in new capabilities across skills and technology.

Startek implemented a semi-RPA construct along with AI-enabled omni-channel engagement platform to automate the complete inventory management life cycle for an ecommerce client that was looking to streamline its supply chain management by converting manual processes and avoiding delays. The

tool generated emails of pending inventory and conducted auto follow ups to avoid missed cases during high-volume periods. This resulted in a surge in savings by 80%, achieved through the optimization of inventory management, and reduced the median turnaround time by approximately 70%.

Market Positioning

Key Differentiators

- **Proprietary cloud platforms.** Startek's StarCloud in-house unified cloud and LISA platforms are at the core of the company's approach to customer engagement, helping integrate multichannel customer engagement, reduce overhead costs, and increase employee and customer satisfaction.
- **Global delivery model.** With a presence in 13 countries across 46 locations, Startek is a global organization that designs a unique blend of global delivery models from onshore, offshore, nearshore, and hybrid models. Startek has a variety of competency centers and a customized mix of linguistic, cultural, and geographic proximity centers.
- **Investments in digital and innovation.** Startek continues to invest in technology (quality automation, omni-channel capabilities, smart IVR, virtual agents [RPA], and artificial intelligence) in order to offer the best customer experience to consumers, as well as having new professional skills and greater abilities to administer them.
- **Customer experience design through the science of communication.** Startek's communication training program called "The Essential Habits of Dialogue" trains specialist in six essential habits composed of 18 individual functions pertaining to the science of communication. These include establishing credibility, asking insightful questions, optimism, and building rapport. This empowers frontline specialists to identify the highly complex set of emotions and moods, combined with task-related needs to craft a unique and positive experience for each customer.

Areas of Investments

Startek continues to invest in new age technologies to drive sustainable long-term growth. Over the next two years, its future road map for products and services will be in the areas of channel services and assisted channel services focusing on the following areas:

- **Intelligent automation.** Startek will enhance its current portfolio of intelligent automation capabilities to support customer experience services by expanding partnerships for smart IVR and enhancing mobile chatbot capabilities and messenger and chat integrations and continue to leverage RPA and workflow automation improvements (guided assistance expansion, customer self-help, etc.).
- **Omni-channel.** Omni-channel investments center around continued identification of new technology/tools, CRM, and CMS partners to support global geographies and client needs for omni-channel implementations. Startek will also look to build a new sandbox of integrated toolsets and solutions to drive more full-scale implementations.
- **Analytics and insights.** Data and analytics investments involve further expansion of unstructured text analytics, speech analytics, recommendation engine improvements with machine learning and real-time decision support, and interactive dashboards combing client CRM data, Startek system data, and third-party data.
- **Chatbots.** Expand web/mobile, native website chatbot integrations, speech analytics integrations, engagement-level agent and customer insights/suggestions, and recruitment enhancements.

- **Customer engagement solutions.** Design contact center strategies that help enterprises maximize multichannel benefits, reduce customer effort, and increase ease of use and integrate all legacy and digital customer engagement channels such as SMS, voice, chat, video, mobile, self-service, and email.
- **Startek Cloud platform.** Continue to leverage the Startek Cloud platform to help teams work seamlessly and securely across locations and geographies while optimizing talent and shifting from capex to opex.
- **Social media.** Optimize service delivery with social media solutions including listening and triage, risk and reputation management, campaign activation, integration with AI and chatbots, and social analytics and insights.
- **After Call Work (ACW) Automation.** Startek has partnered with Uniphore to invest in POCs and deployments for After Call Work Automation and agent assist with their Real-Intent capability. This solution deployment processes the call recordings for speech recognition and text transcription, optimizes AI models to understand customer intent and NLP engine to generate ACW summaries, and creates business triggers for alert and notifications.

FUTURE OUTLOOK

Key Buyer Trends

Changes in market needs, dynamics, and technologies are placing increasing pressure on enterprises to more rapidly adjust their business models to better serve their customers. Key factors that will shape how enterprises utilize business process services providers for customer care and contact center services moving forward include the following:

- **Advanced analytics.** IDC research has shown customer service and support and customer acquisition and retention are the top 2 factors/functions that drive their company's analytics initiatives. Customer care analytics must transcend operational processes to truly become a strategic service. Analytics services that have the capability to provide insight that impacts business strategies and outcomes will be of most value to customers and will help BPO providers move up the value chain to become strategic partners.
- **Migrating to the cloud.** Organizational focus on customer experience, the need for reaching end customers on their channels of preference, and a desire to have greater monitoring and measuring of customer interactions are all driving the adoption of hosted and cloud contact center services. The rise of digital communications, particularly the consumer's desire to interact via social and mobile, is also driving hosted and cloud contact center services.
- **Intelligent automation.** According to IDC's September 2020 *COVID-19 Impact on IT Spending Survey* (conducted August 26-September 6, 2020), enterprises indicate the business processes that their organization has or plans to convert to no-contact/contactless processes were customer service (39%), consumer engagement with products/services (35%), and customer communication (33%). In regard to areas in which contact center agents use or plan to use artificial intelligence or cognitive computing, IDC's February 2020 *Contact Center Metrics Survey* indicates 44% of buyers use/plan to use it for contact routing optimization/skills-based routing (routing interactions to agents for optional resolution) and 39% indicate it would be for augmenting agent with AI-driven knowledge access.

ESSENTIAL GUIDANCE

Advice for Startek

Success for service providers of customer experience/customer care business process services will require that they investment and implement the following:

- **Differentiate with value-added services like analytics and social media management.** The traditional customer care BPO market is highly competitive and mature and has seen significant M&A activity in recent years. Core to service providers' value propositions and go-to-market strategies should be deep industry knowledge and value-added services supported by a data-first and intelligent operations strategy.
- **Provide new delivery and consumption options (BPaaS).** Invest in contact center as a service to help clients shift to newer capabilities that enables improved productivity and resource utilization, access to new functionality more quickly, and the ability to localize to specific business unit needs.
- **Bundle customer experience services with back-office services.** During COVID-19, IDC observed an increased appetite to bundle customer care services with finance and accounting, procurement, or marketing and even IT or analytics with BPO. Customers may be more willing now to revisit new deal structures and integrate these functions to get that 360-degree, "one office" view of the organization.
- **Build capabilities and competencies with own IP and partnerships.** Shift traditional automation and self-service to the next level by adopting robotics and cognitive and artificial intelligence technologies to automate repeatable and standardized tasks. Providers should build omni-channel contact center tools, automation tools, and analytics/AI tools to manage unstructured data, sentiment analysis, interactive analytics, and industry-specific solutions.

LEARN MORE

Related Research

- *Market Analysis Perspective: Worldwide Digital Business Operations and Analytics Services, 2020* (IDC #US45924620, September 2020)
- *2020 Contact Center Interactions by Function and Source* (IDC #US46860120, September 2020)
- *Impact of COVID-19 on Managed Services: Accelerating Vendor Strategies in Moving to a Platform World* (IDC #US46662420, July 2020)
- *Worldwide and U.S. Finance and Accounting and Procurement Business Process Outsourcing Services Forecast, 2020-2024* (IDC #US45108920, May 2020)

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