Pure-play BPOs charted steady growth in Q1 2023

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Introduction

The BPO industry is currently grappling with the impact of economic headwinds, leading to a deceleration in its growth momentum. Notably, the average year-over-year growth rate for the top 7 BPOs has declined from 15% in Q1 2022 to 5% in Q1 2023.

Exhibit 1
Revenue from Q1 2022 – Q1 2023
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BPOs	Revenue in USD, millions		Year-over-Year growth (%)
	Q1 2022 Revenue	Q1 2023 Revenue	
Concentrix	1,536	1,636	7
Genpact	1,068	1,089	2
Majorel	533	589	11
TaskUs	240	235	-2
Teleperformance	2,138	2,186	2
TELUS International	599	686	15
TTEC	589	633	7
Total	**6,703**	**7,054**	**5**

Market highlights

a. AI-powered innovation
- Majorel launches MAIA Cognitive
- Genpact partners with Dataiku
- TTEC introduces integrations

b. Major acquisitions reshaping the CX landscape
- Concentrix partners with Webhelp
- Teleperformance to acquire Majorel at USD 3.3 billion

c. Breaking new grounds with geographical expansion
- TaskUs launches its first technology and innovation centre in India

- TDCX sets up a new campus in Vietnam
- TELUS International expands to South Africa and Morroco

d. Major announcements
- Teleperformance commits to comprehensive content moderation services

#1 AI-powered innovation

BPOs continue to embrace cutting-edge technologies such as AI, machine learning (ML) and analytics to stay ahead of the industry and meet customer needs.

a. Majorel launches MAIA Cognitive, the next-generation virtual assistant

- Full access to all customer interactions for greater understanding
- Interacts with customers in a natural and dynamic way to solve queries
- Identifies 98% of customer intentions with its AI-powered engine
- Improves customer satisfaction by >10% and reduces costs by 25%

b. TTEC expands its suite of AI offerings to incorporate generative AI elements into its solutions

- Private Large Language Model

This AI offering utilises AI-powered engagement to manage services and private large language models, tailoring them to individual needs.

- Voice-enabled AI Engagement and Digital Channel Accelerator

This AI offering integrates voice-based AI engagement, conversational messaging and intelligent routing to help create seamless customer journeys across various digital channels.

- Generative AI Empowered Associate

This AI offering enhances associate performance through conversational knowledge bases, automated contact summaries, and AI-driven coaching for improved customer interactions.

c. TTEC introduces integrations to help partners orchestrate seamless contact centre experiences

- Interaction Sync

Interaction Sync help agents gain a unified view of Amazon Connect's voice interactions within Microsoft Dynamics 365. With it, agents gain access to intelligent screen pops and the automatic creation of Dynamics 365 activities, enabling faster navigation through customer interactions.

- Optics for Google CCAI platform

Introduced on the Google Marketplace, this integration is designed exclusively for cloud-native contact centre platforms. It contains a comprehensive data and analytics solution that automates data extraction from the Google CCAI platform and seamlessly transfers it into Google BigQuery.

Moreover, Optics can integrate with modern business intelligence tools like Looker, enabling organisations to leverage the extracted data. This can lead to quicker facilitation of advanced data analysis and insights.

d. Genpact partners with Dataiku to help organisations accelerate AI and ML adoption at scale

- Power AI/ML experiences with faster time to market by combining Dataiku's AI platform with Genpact's technology-agnostic MLOps and Responsible AI framework
- Addresses challenges in AI implementation like data governance, model management and regulatory compliance.
- Offers differentiated solutions for greater performance, enabling companies to develop automated pipelines, and build cutting-edge MLOps processes.

#2 Major acquisitions reshaping the CX landscape

In Q1 2023, two significant consolidations reshaped the global CX landscape.

a. Concentrix acquired Webhelp at USD 4.8 billion, resulting in a combined revenue of USD 9.8 billion.

b. Teleperformance acquired Majorel at USD 3.3 billion, resulting in the largest BPO company with an annual revenue of around €12 billion (USD) and 502,000 employees. This merger also helped Teleperformance regain the #1 position, achieving its 2025 revenue goal of €10 billion two years earlier.

These acquisitions between Concentrix and Teleperformance have resulted in great benefits for the two entities, such as:

- Complementary geographical positions

Concentrix – Webhelp complements it with a strong presence in Europe, Latin America and Africa, adding 25 countries to the entity.

Teleperformance – Its acquisition of Majorel enabled it to capture a larger audience, with Teleperformance performing strongly in the Americas, while Majorel in Europe.

- Highly diversified client portfolios across various industries

- Scaled-up capabilities and enhanced digital transformation

- Cost / Material synergies

Concentrix – Webhelp's consolidation will achieve cost synergy benefits of USD 75 million in the first full year.

Teleperformance – Majorel's consolidation enabled the BPO to achieve material synergies of around €100 - 150 million.

Overall, these acquisitions led to higher efficiencies, increased scale, enhanced potential for new products, and sharing of best practices.

#3 Breaking new grounds with geographical expansion

Geographical expansions are vital for BPOs. It provides them access to new markets, diverse talent, cost advantages, and improved customer service. As a result, BPOs can stay competitive, meet client needs, and seize new business opportunities.

a. TaskUs launched its first technology and innovation centre in Chennai, India

- Focus on next-generation technologies, such as Generative AI and ML

b. TDCX set up its new campus in Ho Chi Minh City, Vietnam

- Support clients, facilitate network expansion and service portfolio growth with robust IT infrastructure and wide talent pools

c. TELUS International expands its global delivery model in South Africa and Morocco

- Tap into highly skilled and multilingual talent pools to enhance its global team
- Generate diversified, client-tailored and high-quality support from key outsourcing destinations

#4 Major announcements

Teleperformance has announced that it will commit to comprehensive content moderation services. Despite contemplating an exit from the "highly egregious" trust and safety business, careful consideration and a lengthy evaluation with its shareholders, clients, and employees made Teleperformance reconsider its decision.

The future for BPOs

The BPO industry has seen significant progress in Q1 2023, with acquisitions and expansions. For many BPOs, AI and analytics will be a key focus area moving forward, positioning them for a stronger presence in the global business landscape.