Everest Group®

Everest Group Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2023 – North America

Focus on Merkle

December 2023

Everest Group PEAK MATRIX®

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Introduction

In North America, the growing importance of experience design within enterprises is tightly interwoven with investments in emerging technologies such as gen AI, the metaverse, and blockchain. This dynamic landscape profoundly impacts business success and sustainability. For customers, a captivating and well-tailored experience is no longer a mere luxury – it is an imperative. North American consumers demand not only top-notch products and services but also crave seamless, personalized, and ethically conscious interactions with companies. In parallel, businesses recognize that in the quest to attract and retain top talent, creating thoughtfully designed work environments and fostering a positive corporate culture is increasingly critical. Moreover, experience design extends its influence to partners, as efficient and user-friendly interfaces become the linchpin for successful collaboration and mutual growth. As the narrative evolves, North American society itself has placed a premium on sustainability and ethical business practices. Companies that wisely allocate resources to both experience design and emerging technologies such as gen AI, the metaverse, and blockchain not only enhance their own prospects but also become integral contributors to the betterment of society. In summary, experience design, bolstered by investments in cutting-edge technologies, is not just a trend but a fundamental driver for growth and social responsibility in North America. It profoundly shapes the future and impact of enterprises in the region, aligning their operations with the values and aspirations of a rapidly changing market.

In this research, we present an assessment of 26 service providers featured on the Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2023 – North America, a comprehensive matrix that evaluates and categorizes service providers in terms of their capabilities in the space.

The assessment is based on Everest Group's annual Request for Information (RFI) process for calendar year 2023, interactions with leading IX service providers, client reference checks, and an ongoing analysis of the IX services market.

Scope of this report

Geography
North America

Providers
26

Services
Digital Interactive Experience (IX) services

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Digital IX Services PEAK Matrix® – North America | characteristics

Leaders

Accenture Song, Deloitte Digital, IBM iX, Merkle, Publicis Sapient, and TCS Interactive

- Leaders display strong ability to deliver end-to-end experience transformation engagements with robust offerings and market proof points across design, strategy, and technology services in the North America region
- Have made strong investments in carving out a well-defined internal strategy which is also reflected in external branding to enhance “permission to play” in the experience ecosystem
- Strong narrative around stakeholder experience that includes customers, employees, partners, and society
- Strong value proposition messaging centered around designing sustainable, responsible, and ethical experiences
- Have a mature play in high-growth segments of IX that include commerce services, data-driven marketing, campaign and emerging segment of media services
- Strong focus on next-gen technologies such as AI, edge computing, blockchain, IoT, computer vision, and AR/VR to deliver enhanced experience services
- Strong client-orientation with innovative pricing models, outcome-based approach, and a strong ability to measure impact and ROI
- Strong global delivery footprint supplemented by a well-distributed network of design studios

Major Contenders

Brillio, Capgemini, Cognizant Digital Experience, EPAM, HCLTech, Infogain, Infosys, IPG, LTIMindtree, Mphasis, Omnicom Group, Rightpoint (Genpact), Tech Mahindra, Wipro, Wunderman Thompson, and Zensar

- Major contenders have a strong narrative around the underlying role of technology and platforms to orchestrate scalable experiences across the segments of CX and EX in the IX value chain in the North America region
- Strong investments in frameworks and solutions to enable faster value realization for their clients
- Strong partnership ecosystem with leading DXP players such as Adobe, Salesforce, Oracle, and SAP
- Well-defined narrative on the role of data in powering end customer experiences including a mature play with respect to CDPs and orchestration of first party data
- Focus on investment in innovation hubs and design studios to enhance delivery footprint
- High focus on investments in the next-gen technologies such as AI, edge computing, blockchain, IoT, computer vision, and AR/VR to deliver enhanced experience services

Aspirants

Marlabs, Mastek, Orion Innovation, and RRD GO Creative

- Aspirants are focused on specific industries, service areas, or markets and are primarily focused on providing CX services in the North America region
- Have technical capabilities and talent to serve as a technology enabler in the experience transformation journey of enterprises

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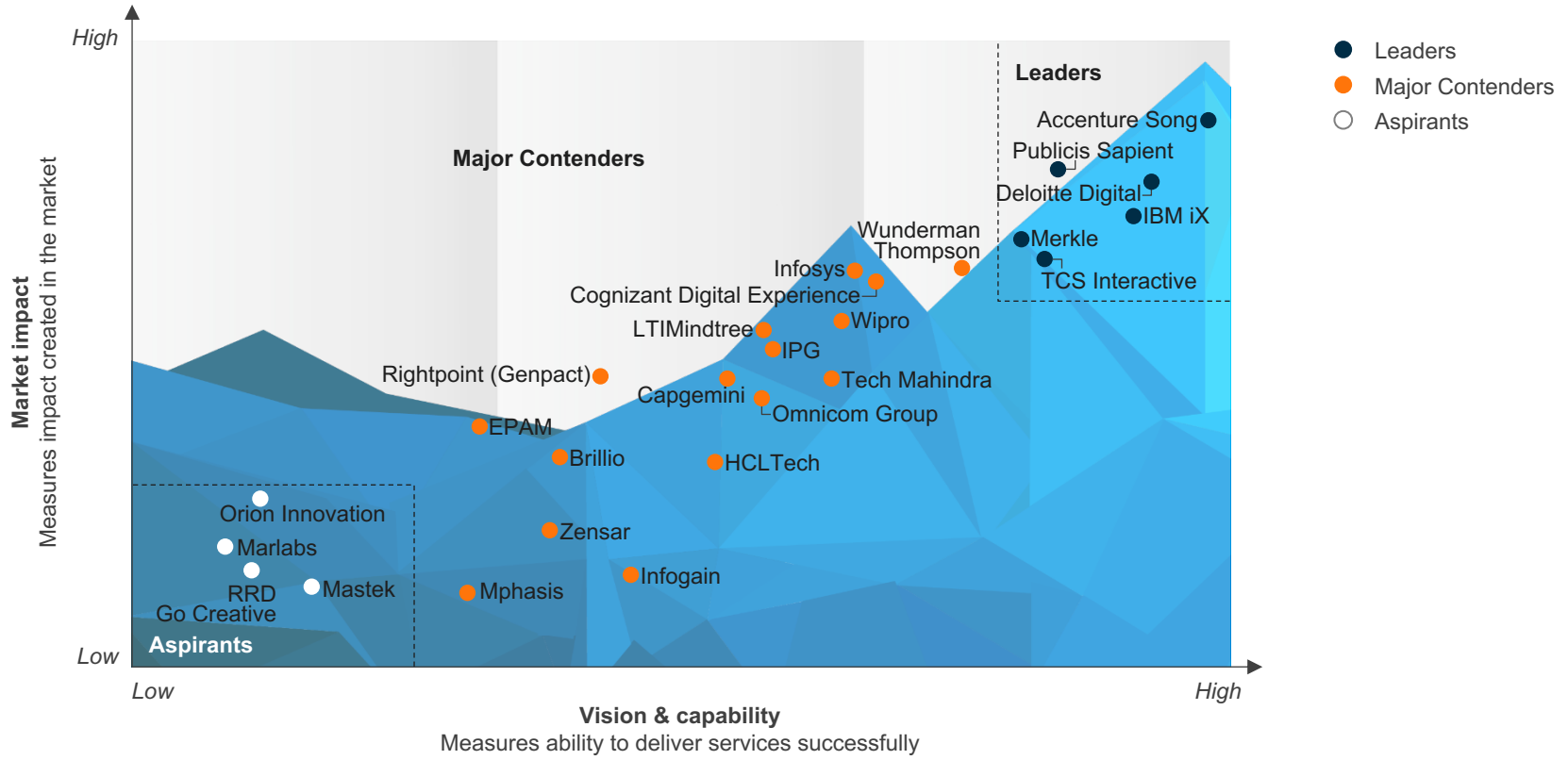
Everest Group PEAK Matrix®

Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2023 – North America | Merkle is positioned as a Leader

Everest Group Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2023 – North America[1,2]



1 Assessments for Wunderman Thompson, IPG, Publicis Sapient, Accenture Song, Deloitte Digital, Tech Mahindra, Capgemini, HCLTech, IBM iX, EPAM, and Omnicom Group exclude service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with IX services buyers

2 Assessment of Infogain includes partial inputs from the service provider and is based on Everest Group's estimates that leverage Everest Group's proprietary data assets, service providers' public disclosure, and interaction with buyers

Source: Everest Group (2023)

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Merkle profile (page 1 of 5)
Overview

Vision for DIX services

Merkle's vision is to support companies in developing personal and transformative customer experiences by connecting, creating, and curating intelligent experiences.

Percentage of projects in the North American region

Low (<15%) | Medium (15-30%) | High (>30%)

US	High (>30%)	Canada	Low (<15%)	Mexico	Low (<15%)

Delivery footprint

Very Low (<10%) | Low (10-30%) | Medium (30-50%) | High (>50%)

Onshore[1]	Medium (30-50%)	Offshore[2]	High (>50%)

Proportion of DIX services revenue by business function

Low (<15%) | Medium (15-30%) | High (>30%)

Consulting	Implementation	Maintenance and support
Medium (15-30%)	High (>30%)	Medium (15-30%)

Adoption by industry

Low (<10%) | Medium (10-15%) | High (>15%)

Banking and financial services and insurance	Electronics, hi-tech, and technology	Healthcare and life sciences
Medium (10-15%)	Low (<10%)	High (>15%)
Retail, distribution, and CPG	Telecom, media, and entertainment	Travel and transport
High (>15%)	Low (<10%)	Low (<10%)
Energy and utilities	Manufacturing	Public sector
Low (<10%)	Low (<10%)	High (>15%)
Others		
Low (<10%)		

Percentage of projects by buyer size (annual revenue)

Low (<10%) | Medium (10-25%) | High (>25%)

<US$1 billion	US$1-5 billion	US$5-10 billion
High (>25%)	Medium (10-25%)	Medium (10-25%)
US$10-20 billion	>US$20 billion	
Low (<10%)	Medium (10-25%)	

1 Onshore – Mexico and LATAM
2 Offshore – India, Poland, Romania, and the Philippines

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Merkle profile (page 2 of 5)
Case studies

NOT EXHAUSTIVE

Case study 1 | **Improved marketing spend effectiveness for a retail company**

Business challenge

The client wanted to gain an understanding of merchandising, determine marketing spend allocation, and enhance consumer engagement.

Solution

Merkle measured and optimized the client's brand and multi-channel merchandising presence, improved the effectiveness of marketing spend, and expanded its reach and relevance with consumers.

Impact

- Covered 20 countries by implementing an intelligence solution
- Tracked 57 global retailers across 12 languages

Case study 2 | **Implemented an enterprise solution for an entertainment company**

Business challenge

The client wanted to deliver personalized guest experiences.

Solution

Merkle leveraged customer insights, predictive analytics, cross-channel measurement, and audience management to enhance personalized guest experiences. It developed a three-year marketing technology roadmap and implemented an enterprise data solution with identity capabilities to empower marketing teams.

Impact

- Achieved a 42% site visitor match rate to known profiles
- Optimized US$58 million in media spend

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Merkle profile (page 3 of 5)
Solutions

NOT EXHAUSTIVE

Proprietary solutions (representative list)	
Product	**Details**
Archie	This solution is a campaign analytics platform that supports marketers in gaining cross-channel media and marketing insights.
LoyaltyPlus	This solution is a cloud-based life cycle marketing suite that enables clients to design, deploy, and optimize omnichannel loyalty solutions.
Focus – Merkle Global Design System	This solution accelerates client projects and integrates composable accelerators with platforms such as Salesforce, Adobe, Contentful, Amplience, Magnolia, Umbraco, and Builder.io.
JARVIS	This solution facilitates businesses to implement advanced AI for personalization through a custom-built Graphical User Interface (GUI) and enables delivery teams to automate personalization and business processes with low-code/no-code capabilities.
Merkury	This solution enables marketers, media owners, and publishers to create a cookie-less private identity graph using first-party CRM data and interactions such as logins, media reach, and outbound email campaigns for cross-channel targeting, personalization, and measurement.
Merkury for Commerce	This solution combines identity resolution and consumer data to update commerce strategy, planning, and activation.

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Merkle profile (page 4 of 5)
Investments

NOT EXHAUSTIVE

Key investment (representative list)	
Investment theme	**Details**
Acquisition	• Acquired Shift7 Digital, a B2B experience and commerce agency in March 2023, to strengthen its experience and commerce practice capabilities • Acquired Aware Services, a Salesforce, MuleSoft, and Tableau consultancy in December 2022, to enhance its capabilities in Salesforce and data analytics • Acquired Extentia, a global technology and services company in August 2022, to bolster its Salesforce capabilities and expand its presence in India
Innovations	• Launched the Marketplaces CoE, a specialized unit to support clients in delivering customer-centric business and operating model transformations through talent, expertise, and partnerships • Established Web3 CoE to accelerate Web3 understanding and expertise across its global network of agencies
Service offerings	• Launched Apricot to help brands in designing, developing, and hosting digital experiences as a JAMstack, a modern approach for delivering digital touchpoints using the MACH architecture • Launched the New Stream Media service to offer sell-side media network development for retailers, travel, financial services, and automotive brands
Partnership	• Partnered with Salesforce to offer AI expertise for businesses by leveraging Salesforce Einstein GPT, a generative AI solution to enhance customer experiences • Partnered with Google Cloud to utilize Vertex AI, a cloud-based ML platform, and Duet AI, a Google Workspace Enterprise add-on to enhance customer experiences through generative AI • Partnered with Clinch, an omnichannel campaign activation platform to enhance personalization and operational efficiencies by leveraging Clinch's Flight Control, a SaaS platform, and Dynamic Creative Optimization (DCO), an advertising technology • Partnered with Microsoft to provide enterprise-wide Azure OpenAI access to enhance customer experiences, drive growth, and improve efficiency

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Merkle profile (page 5 of 5)
Everest Group assessment – Leader

Measure of capability: Low High

Market impact				Vision & capability				
Market adoption	Portfolio mix	Value delivered	Overall	Vision and strategy	Scope of services offered	Innovation and investments	Delivery footprint	Overall

Strengths

- It has a strong play in the North American market with its narrative around personalization and identity resolution, supported by investments into building a range of product offerings in these categories
- It has nurtured strong partnerships with Adobe and Microsoft while continuing to strengthen its technology partnership ecosystem and is actively expanding its network of partnerships with emerging tech providers in the experience platforms, CDP, and commerce domains
- It carried out strategic acquisitions to drive growth in its Customer Transformation and Technology (CT&T) segment, bolster creative production capabilities, and further deepen expertise across the MarTech product suite leveraging a US$2 billion fund
- It has a sharp focus on constructs such as metaverse and gaming through partnerships, productization, and establishment of Center of Excellences (CoE)
- It continues to enhance play in the commerce space through acquisitions such as Shift7 Digital, a B2B experience and commerce agency

Limitations

- There is a notable lack of synchronization and unfinished consolidation within the parent group, Dentsu, as its multiple daughter agencies possess similar tools, solutions, products, and Intellectual properties (IP)
- Its offshoring and nearshoring capabilities relatively have room for improvement as compared to its peers
- It can further penetrate into the North American market by expanding its client portfolio in Canada and Mexico

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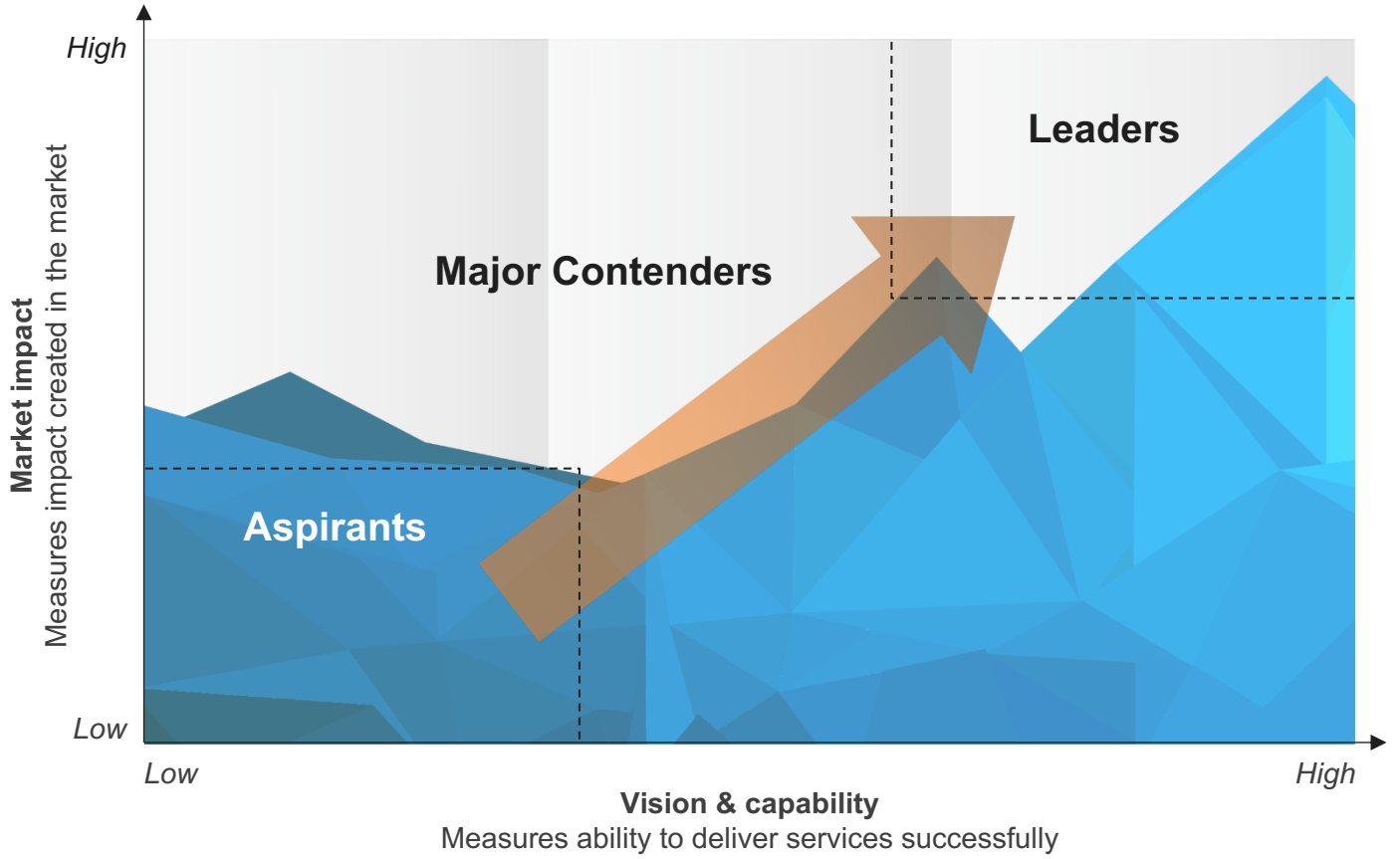
Appendix

Everest Group PEAK Matrix® is a proprietary framework for assessment of market impact and vision & capability

Everest Group PEAK Matrix



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Services PEAK Matrix® evaluation dimensions

Measures impact created in the market – captured through three subdimensions

Market adoption

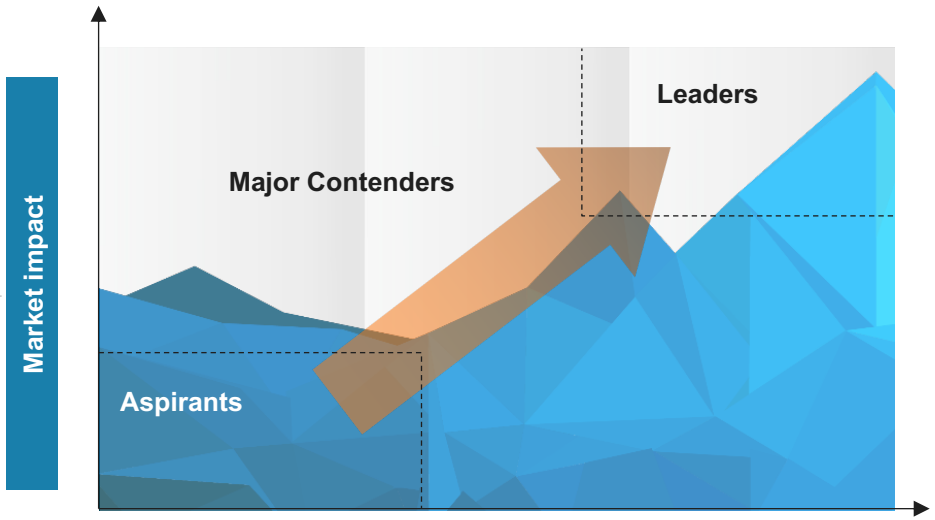
Number of clients, revenue base, YoY growth, and deal value/volume

Portfolio mix

Diversity of client/revenue base across geographies and type of engagements

Value delivered

Value delivered to the client based on customer feedback and transformational impact



Measures ability to deliver services successfully. This is captured through four subdimensions

Vision and strategy

Vision for the client and itself; future roadmap and strategy

Scope of services offered

Depth and breadth of services portfolio across service subsegments/processes

Innovation and investments

Innovation and investment in the enabling areas, e.g., technology IP, industry/domain knowledge, innovative commercial constructs, alliances, M&A, etc.

Delivery footprint

Delivery footprint and global sourcing mix

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FAQs

Does the PEAK Matrix® assessment incorporate any subjective criteria?
Everest Group's PEAK Matrix assessment takes an unbiased and fact-based approach that leverages provider / technology vendor RFIs and Everest Group's proprietary databases containing providers' deals and operational capability information. In addition, we validate/fine-tune these results based on our market experience, buyer interaction, and provider/vendor briefings.

Is being a Major Contender or Aspirant on the PEAK Matrix, an unfavorable outcome?
No. The PEAK Matrix highlights and positions only the best-in-class providers / technology vendors in a particular space. There are a number of providers from the broader universe that are assessed and do not make it to the PEAK Matrix at all. Therefore, being represented on the PEAK Matrix is itself a favorable recognition.

What other aspects of the PEAK Matrix assessment are relevant to buyers and providers other than the PEAK Matrix positioning?
A PEAK Matrix positioning is only one aspect of Everest Group's overall assessment. In addition to assigning a Leader, Major Contender, or Aspirant label, Everest Group highlights the distinctive capabilities and unique attributes of all the providers assessed on the PEAK Matrix. The detailed metric-level assessment and associated commentary are helpful for buyers in selecting providers/vendors for their specific requirements. They also help providers/vendors demonstrate their strengths in specific areas.

What are the incentives for buyers and providers to participate/provide input to PEAK Matrix research?
- Enterprise participants receive summary of key findings from the PEAK Matrix assessment
- For providers
  - The RFI process is a vital way to help us keep current on capabilities; it forms the basis for our database – without participation, it is difficult to effectively match capabilities to buyer inquiries
  - In addition, it helps the provider/vendor organization gain brand visibility through being in included in our research reports

What is the process for a provider / technology vendor to leverage its PEAK Matrix positioning?
- Providers/vendors can use their PEAK Matrix positioning or Star Performer rating in multiple ways including:
  - Issue a press release declaring positioning; see our citation policies
  - Purchase a customized PEAK Matrix profile for circulation with clients, prospects, etc. The package includes the profile as well as quotes from Everest Group analysts, which can be used in PR
  - Use PEAK Matrix badges for branding across communications (e-mail signatures, marketing brochures, credential packs, client presentations, etc.)
- The provider must obtain the requisite licensing and distribution rights for the above activities through an agreement with Everest Group; please contact your CD or contact us

Does the PEAK Matrix evaluation criteria change over a period of time?
PEAK Matrix assessments are designed to serve enterprises' current and future needs. Given the dynamic nature of the global services market and rampant disruption, the assessment criteria are realigned as and when needed to reflect the current market reality and to serve enterprises' future expectations.

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