HFS Horizons Report

Generative Enterprise™ Services, 2023

October 2023

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Excerpt for Publicis Sapient

People are excited by the potential impact of GenAI on their lives—both their work and their personal experiences. They want to know how they can be better than they are and how to make others around them better. They want to know how to keep enriching their experiences because of the promise of GenAI.



Phil Fersht
CEO and Chief Analyst, HFS Research

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1

Introduction, the HFS value chain, and market dynamics

Introduction

- This ***HFS Horizons: Generative Enterprise™ Services, 2023*** report is the industry's first competitive analysis of professional services firms and the value they create with enterprise clients adopting and experimenting with generative AI (GenAI) technologies.
- HFS' Generative Enterprise™ articulates the pursuit of AI technologies based on large language models (LLMs) like ChatGPT and GPT-4 to reap huge business benefits for organizations in terms of continuously generating new ideas, redefining how work gets done, and disrupting business models steeped in decades of antiquated process and technology.
- The report examines and assesses 35 service providers. Our research evaluates the providers' capabilities to understand the ***Why, What, How, and So What*** of their Generative Enterprise services offerings.
- This report also includes detailed profiles of each service provider, outlining their provider facts, strengths, and development opportunities.
- We based this Horizons research on briefings from each of the participants along with publicly available announcements, datapoints, and case studies. We began with an open call for participation, resulting in unprecedented participation levels. We requested each participant to provide customer and partner references, and we have used their responses and supplementary customer reference data to ensure the voice of the customer impacts the outcomes. Where a service provider chose not to brief us, we created profiles and scores from publicly available announcements, case studies, data, and our regular conversations with leaders across functions and industries.

Executive summary

1	**The generative AI gold rush is on in pursuit of a $7 trillion prize**	We've never seen a technology adopted so quickly. Generative AI's (GenAI) poster child, ChatGPT, reached 100 million users in two months. RPA took more than a decade to reach 15 million. Every boardroom is asking every CEO, "What are you doing with GenAI?" This bottom-up and top-down demand and the promise of a $7 trillion prize has prompted a gold rush among service providers as they hurry to organize and claim a piece of the action. In a matter of months, leading systems integrators and consultancies have conjured up new practices, divisions, platforms, and partnerships. They are scaling up, investing billions, training thousands of people, and recruiting thousands more—and this journey is only just beginning.
2	**Point solutions dominate, but this is not where we will end up**	Already, we are witnessing a rapid diversion of AI budgets to GenAI projects. On average, this stands at 41% across the enterprises surveyed for this report, but we expect that to grow as enterprises move beyond their initial point solutions in POCs and pilots. Most are solving specific tasks. And as the next cycle of budget-making begins, we expect budgets to scale up to take GenAI deeper into end-to-end processes, shaping new ways of working. The next step will be harder but more rewarding, and if it doesn't happen, there are going to be a lot of red faces among service provider leaders, many of whom have gone all-in on GenAI.
3	**The disruption is coming first and fastest to CX, EX, and sales and marketing**	As part of our research for this report, we asked enterprise leaders the functions they are prioritizing for the application of GenAI. Customer experience (CX), employee experience (EX), and sales and marketing lead the way. This chimes with the case studies shared by service providers. Transforming code has been touted as a leading use case by many service providers, and it features prominently in their own internal use and in services they offer. But, in our own research, it has only appeared in around 10% of the cases studies we've seen. A key thing to note regarding case studies to date is that many are proofs of concept and pilots, and few are coming with an ROI. At this stage in development, most enterprises are happy to see softer measures such as time-to-serve, CSAT, or time-to-market.
4	**Knowing the tech is one thing; helping to transform with it is quite another**	Customers see a gap between how well their service providers deliver on tech implementation compared with their ability to transform business. It's an important gap as enterprises seek help on their journey to the Generative Enterprise beyond the initial point solutions. Knowing the tech is one thing; helping transform ways of working because of the tech is another altogether. We think this gap will close as many service providers are going all-in on GenAI, focusing on proving the effectiveness of applying GenAI to their own ways of working first. The lessons they learn through self-transformation will give them the credentials to help enterprises shape their journeys.
5	**This revolution is personal, and you need to get down and dirty with it**	Using GenAI tools is where your personal experience and understanding begin. This is your due diligence. The journey to the HFS Research Generative Enterprise is not easy, but it starts with your understanding. Leaders need to develop their GenAI muscle memory to begin seeing the future through today's technology rather than persisting with a view constructed on their experience and knowledge of the technology of the past.

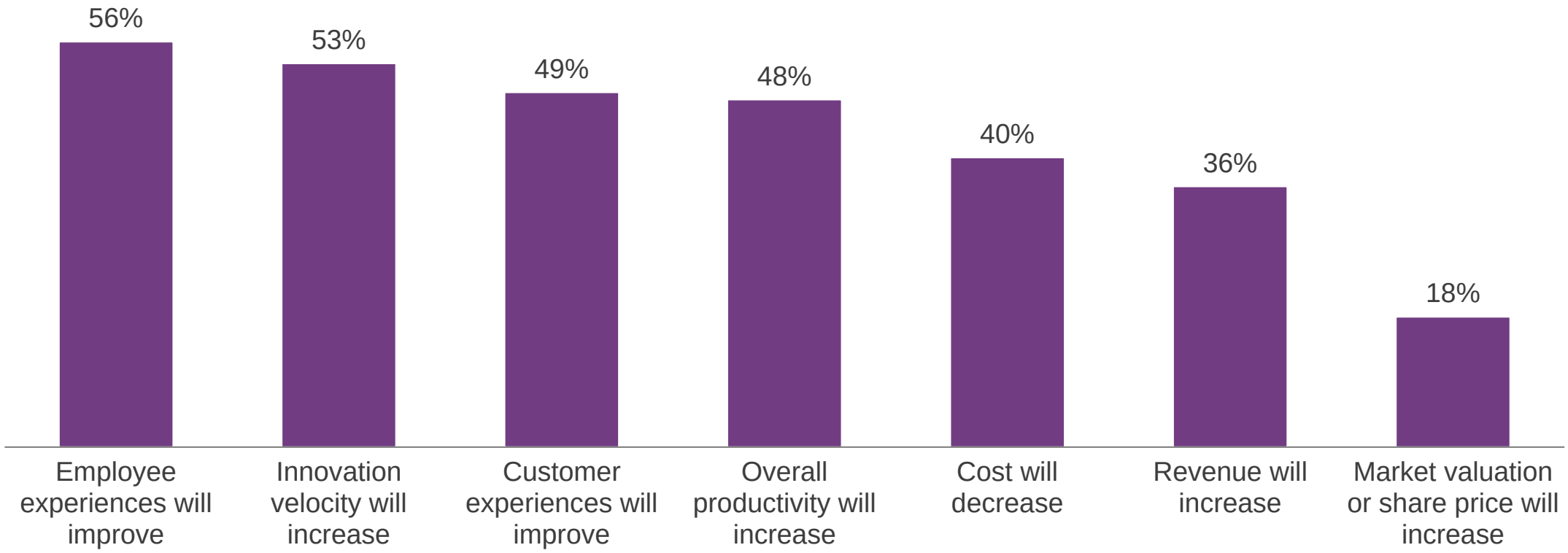
The new S-curve

An inflection point for the IT and business services industry

- The Generative Enterprise inspires a new S-curve of value creation for the IT and business services industry. Traditional outsourced service areas are likely to lose momentum in favor of AI-led, data-driven services focused on driving growth and sustaining trust. Successful relationships cannot be effort-driven; they must be performance- and purpose-driven. Hybrid pricing with baked-in innovation funds will be critical to prove value. (see page 9)
- The GenAI gold rush is on: Leading IT and business services firms made 50+ GenAI-related announcements in just two months early in 2023. The primary focus of these was on expanding hyperscaler partnerships. (see page 10)
- The Generative Enterprise and its widespread application of GenAI and other forms of AI can successfully manage the Digital Dichotomy, balancing the macroeconomic Slowdown with the Big Hurry to innovate. (see page 15)
- Data and AI are like the stars of two galaxies colliding—the impact will destroy and create at an alarming rate. Without quality data, the benefits of AI will not scale, and to scale to the ecosystem, the data accessed will need to be increasingly private in nature. (see page 16)
- Stages of GenAI value creation for enterprises will be based on the nature of their data and the maturity of their technology. The impact of GenAI goes beyond productivity. (see pages 17-18)
- Roles GenAI will impact go beyond rote tasks, disrupting creativity and ideation.
- The road ahead is not easy. Page 20 lists 10 challenges every enterprise must consider.

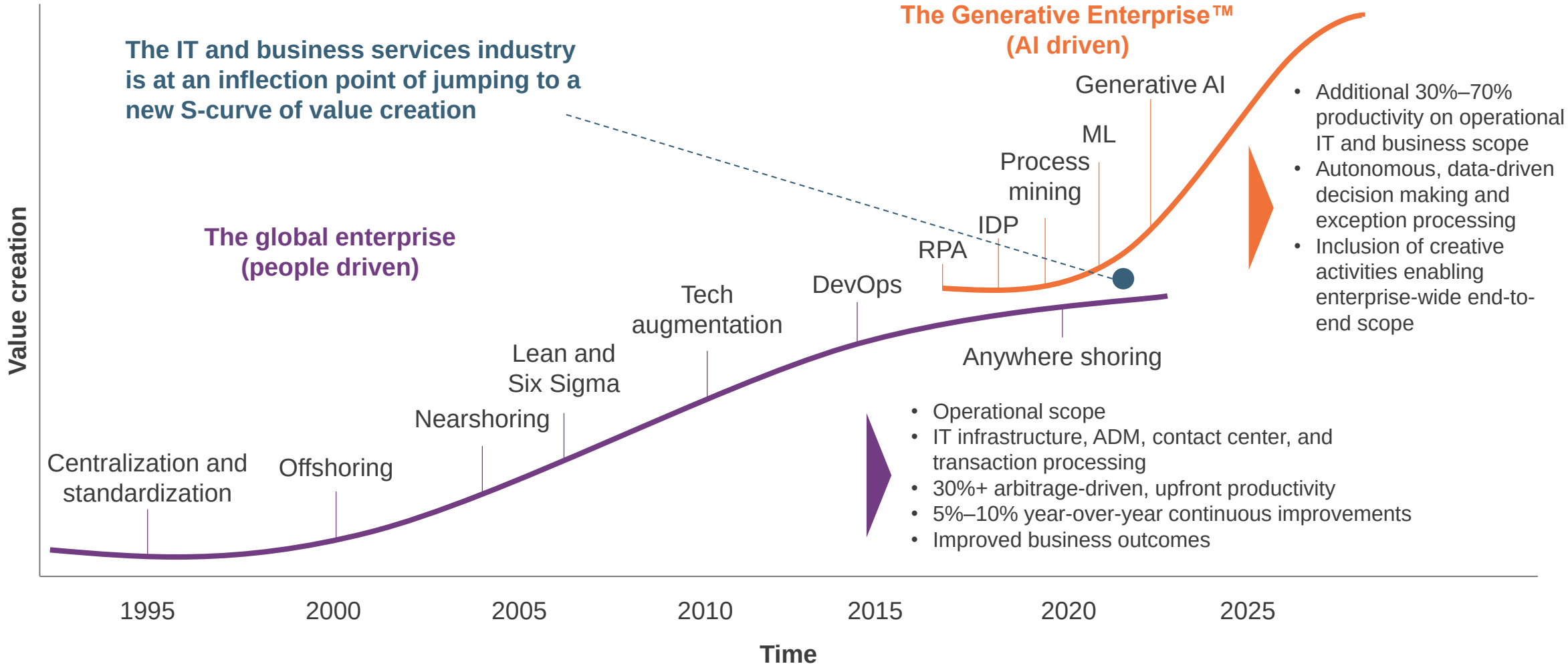
Enterprises expect EX, CX, innovation, and productivity wins

Q: How do you expect GenAI to impact company business economics over the next 12-18 months?



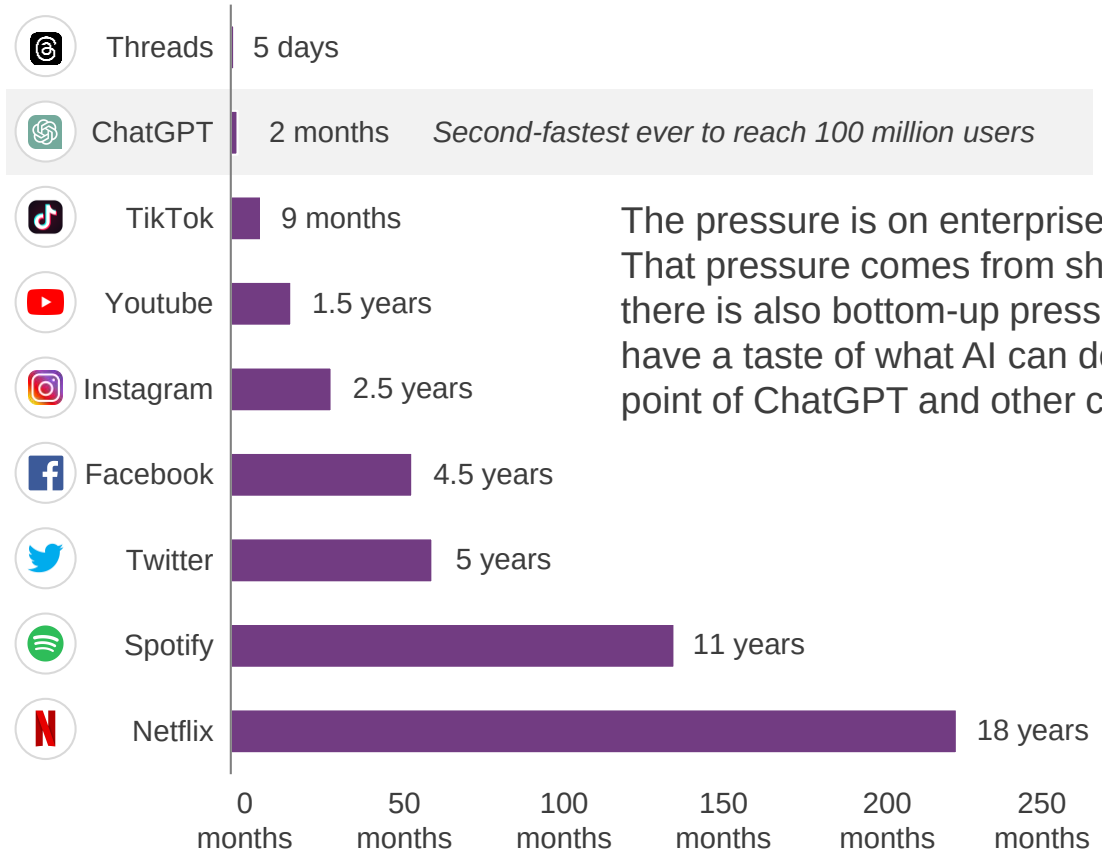
Sample: October 2023, 104 enterprises actively exploring and deploying GenAI across the Global 2000
Source: HFS Research, 2023

The Generative Enterprise inspires a new S-curve of value creation



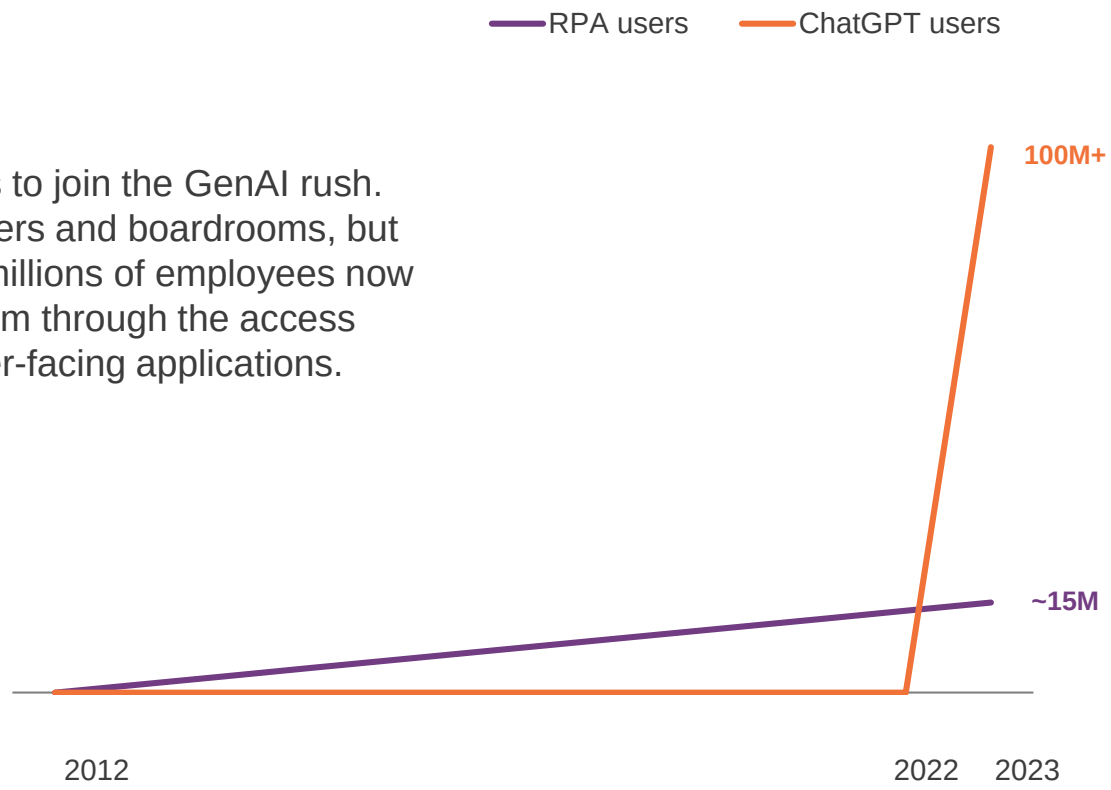
End consumers' ultra-rapid adoption of GenAI technologies drives business-to-business adoption

Road to 100 million users for various platforms



The pressure is on enterprise leaders to join the GenAI rush. That pressure comes from shareholders and boardrooms, but there is also bottom-up pressure as millions of employees now have a taste of what AI can do for them through the access point of ChatGPT and other consumer-facing applications.

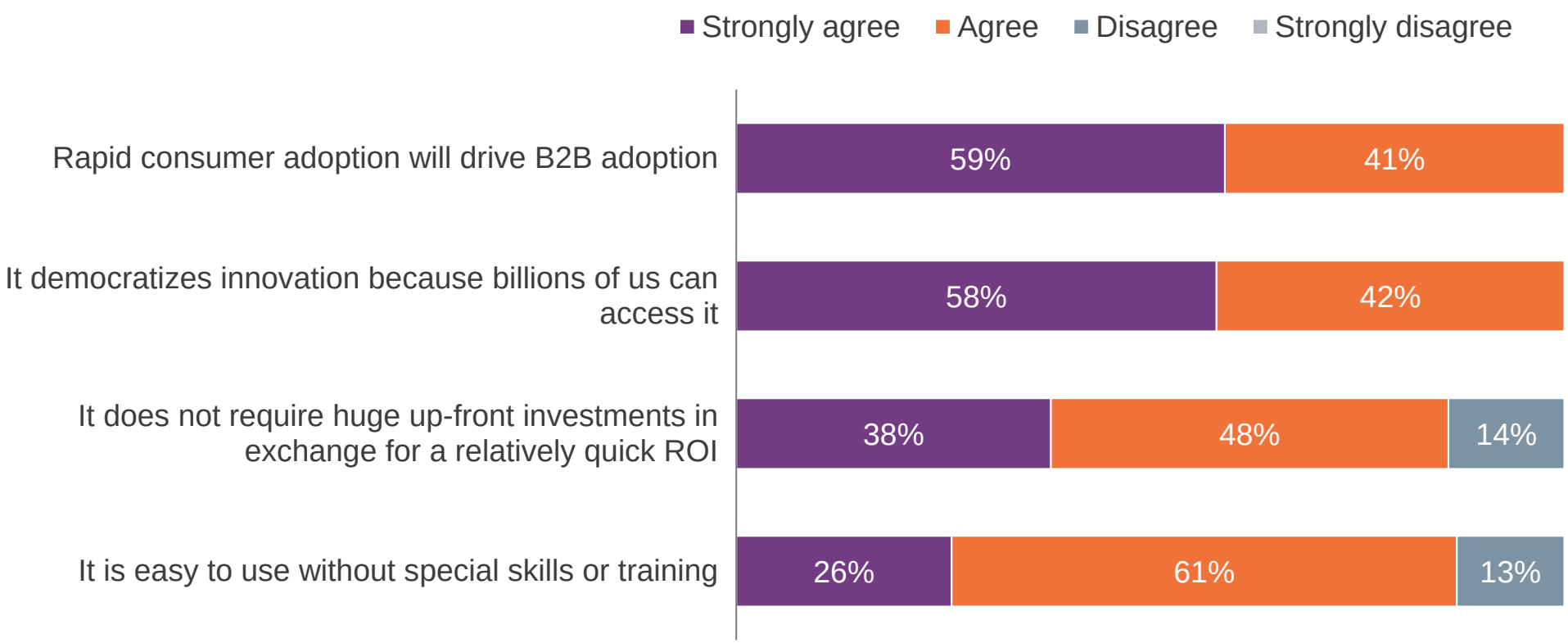
Number of users over time (RPA versus ChatGPT)



Source: Publicly available information, HFS estimates

Rapid consumer adoption makes GenAI a different disruption

Q: GenAI is drastically different from other recent technological disruptions (e.g., RPA, blockchain, metaverse, NFTs) because…



Sample: October 2023, 104 enterprises actively exploring and deploying GenAI across the Global 2000
Source: HFS Research, 2023

Enterprise-grade and governed GenAI can transform the services that IT and business services can provide in this healthcare example

Near term Longer term

Health insurance value chain

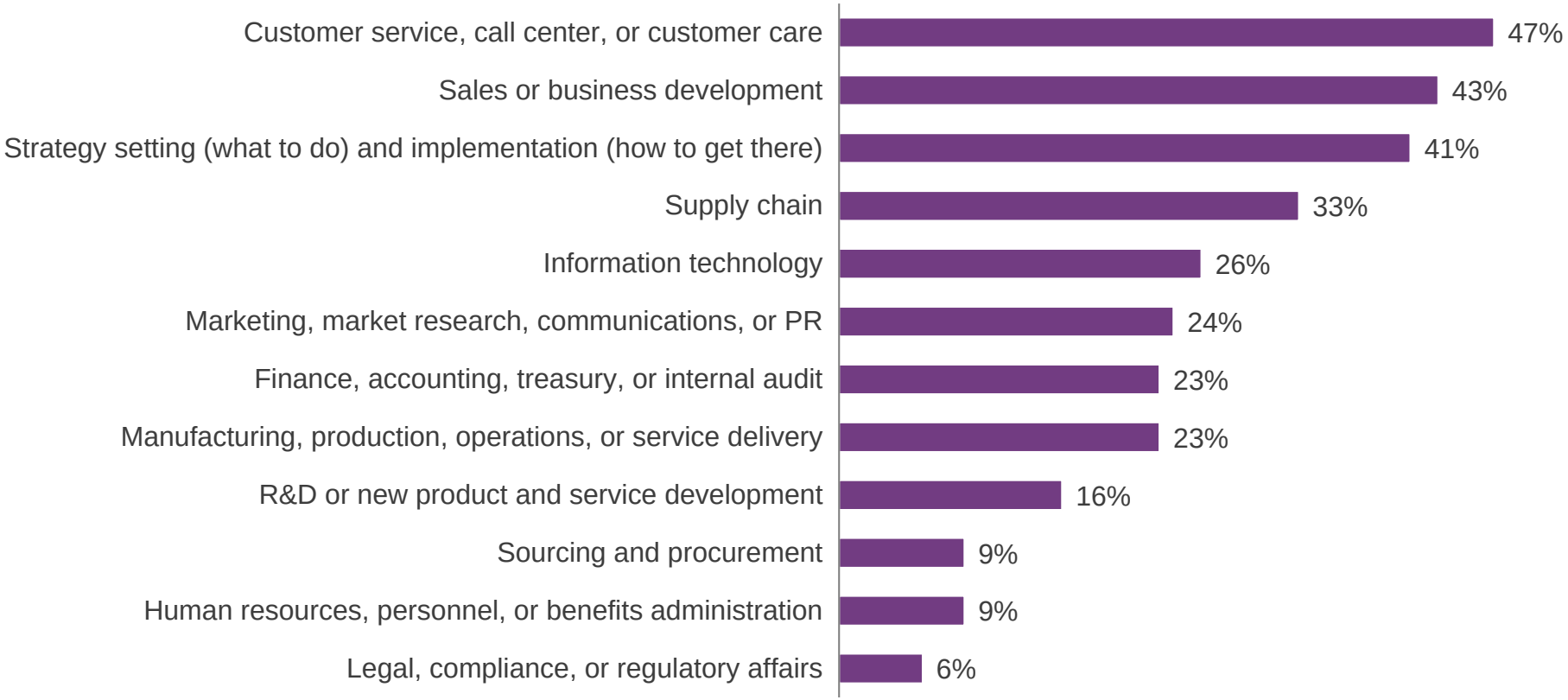
Underwriting and product	Sales and marketing and member management	Provide data and network management	Care and medical management	Claims and member services	Compliance and billing
• Optimized benefits design • Dynamic, real-world, data-driven actuaries		• Personalized provider management	• Chronic disease management • Care based on acuity and resource availability • Targeted service for under-served communities	• Multi-modal services for members and providers • Provider appeals management	• Intuitive compliance planning and adherence

Healthcare provider value chain

Referrals and consultations	Pre-authorizations and admissions	Ambulatory and acute care	Post-acute care and rehabilitation	Patient services and claims management	Compliance and network management
• Enhanced diagnosis accuracy		• Customized medical report • Personalized treatment plans • Enhanced surgical planning and practice	• Personalized post-acute-care support • Care based on acuity and resource availability	• Multi-modal services for patients • Utilization reviews and appeals interactions with health plans	• Intuitive compliance planning and adherence

Leaders expect customer ops to create very high value in next 18 months

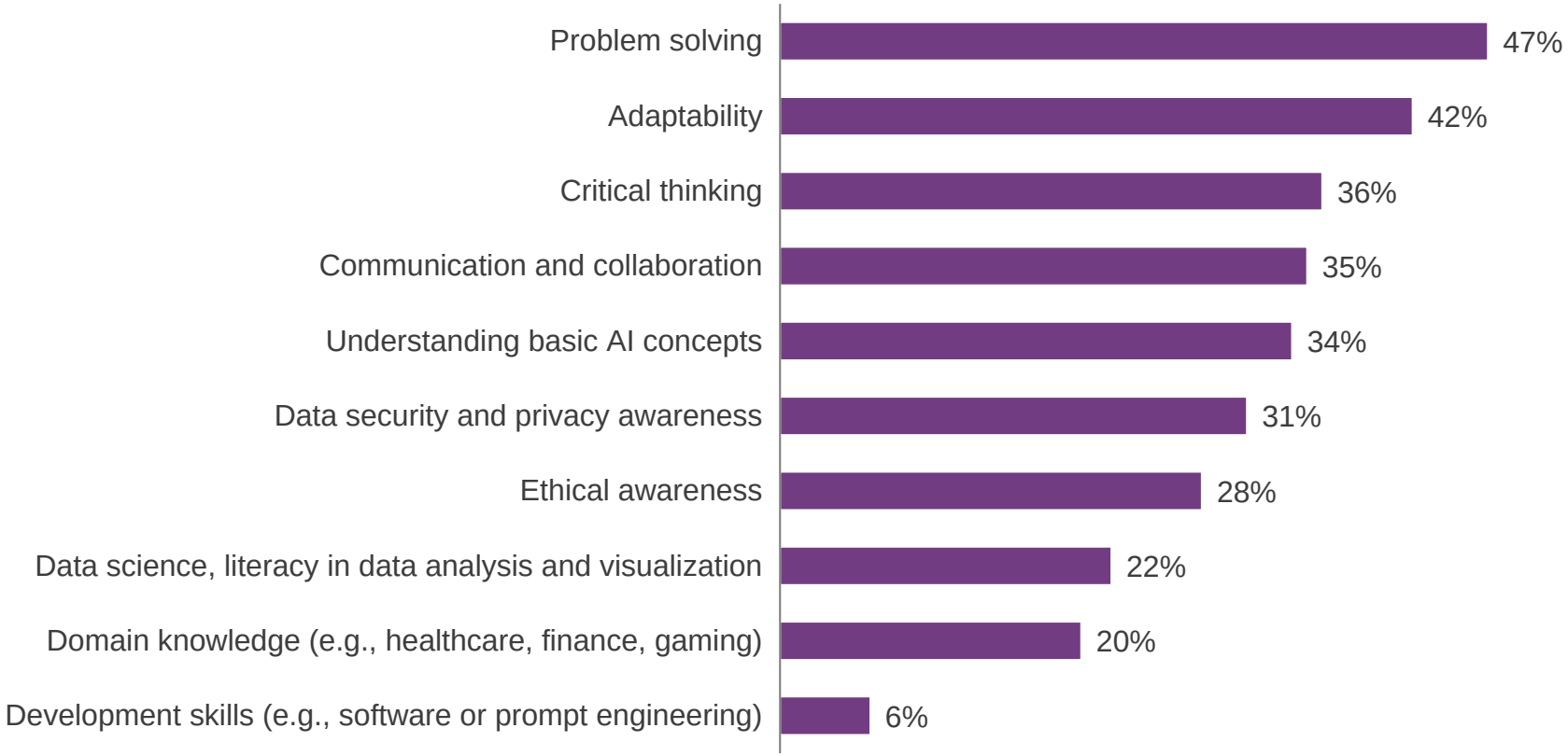
Q: Select the top three business functions where GenAI will create very high value over the next 12-18 months.



Sample: October 2023, 104 enterprises actively exploring and deploying GenAI across the Global 2000
Source: HFS Research, 2023

Top three essential—yet lacking—skills for success in GenAI

Q: Select the top three skills workers need to succeed, but lack, when using GenAI in the next 12-18 months.



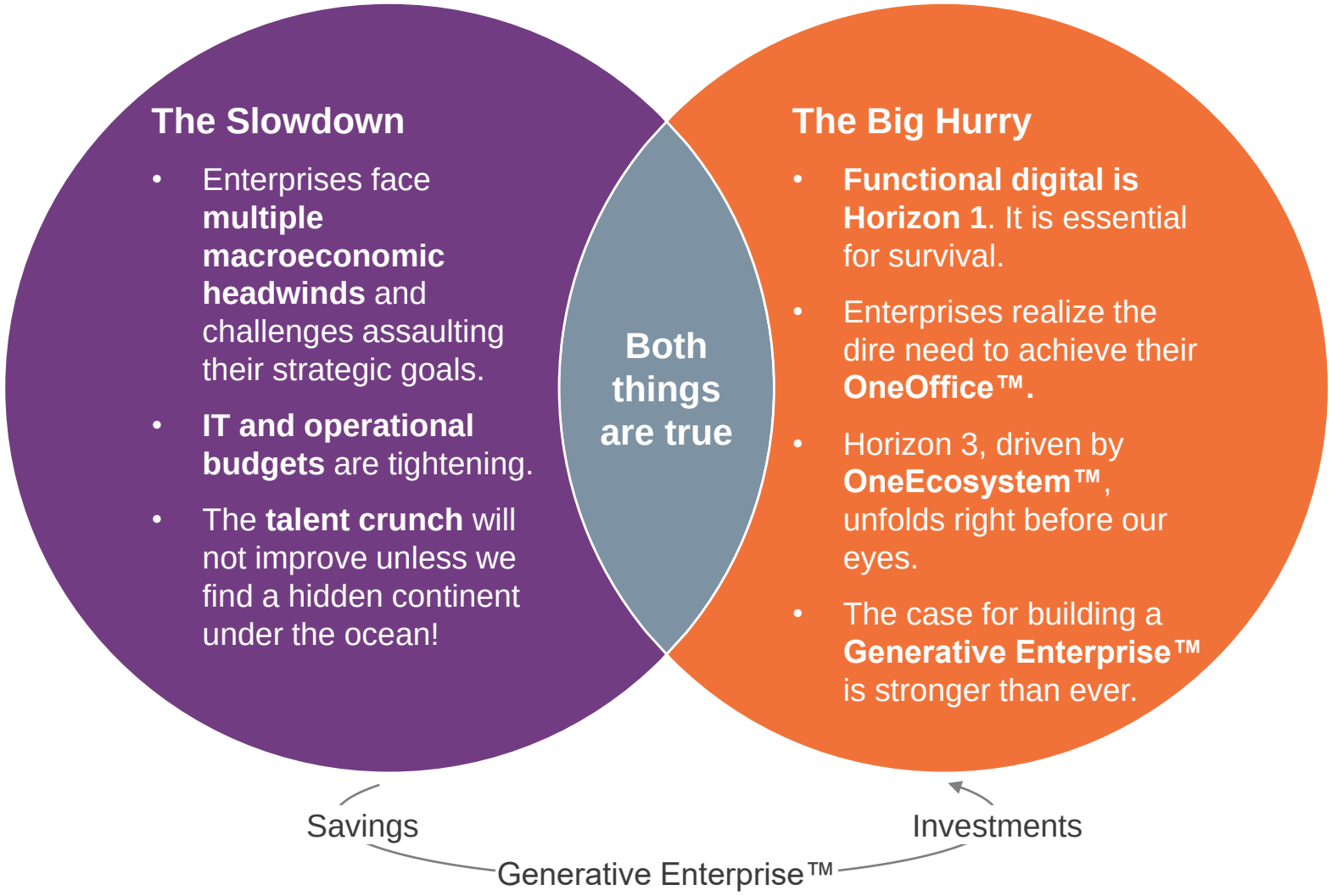
Sample: October 2023, 104 enterprises actively exploring and deploying GenAI across the Global 2000
Source: HFS Research, 2023

The Generative Enterprise can successfully manage the Digital Dichotomy, balancing the macroeconomic Slowdown with the Big Hurry to innovate

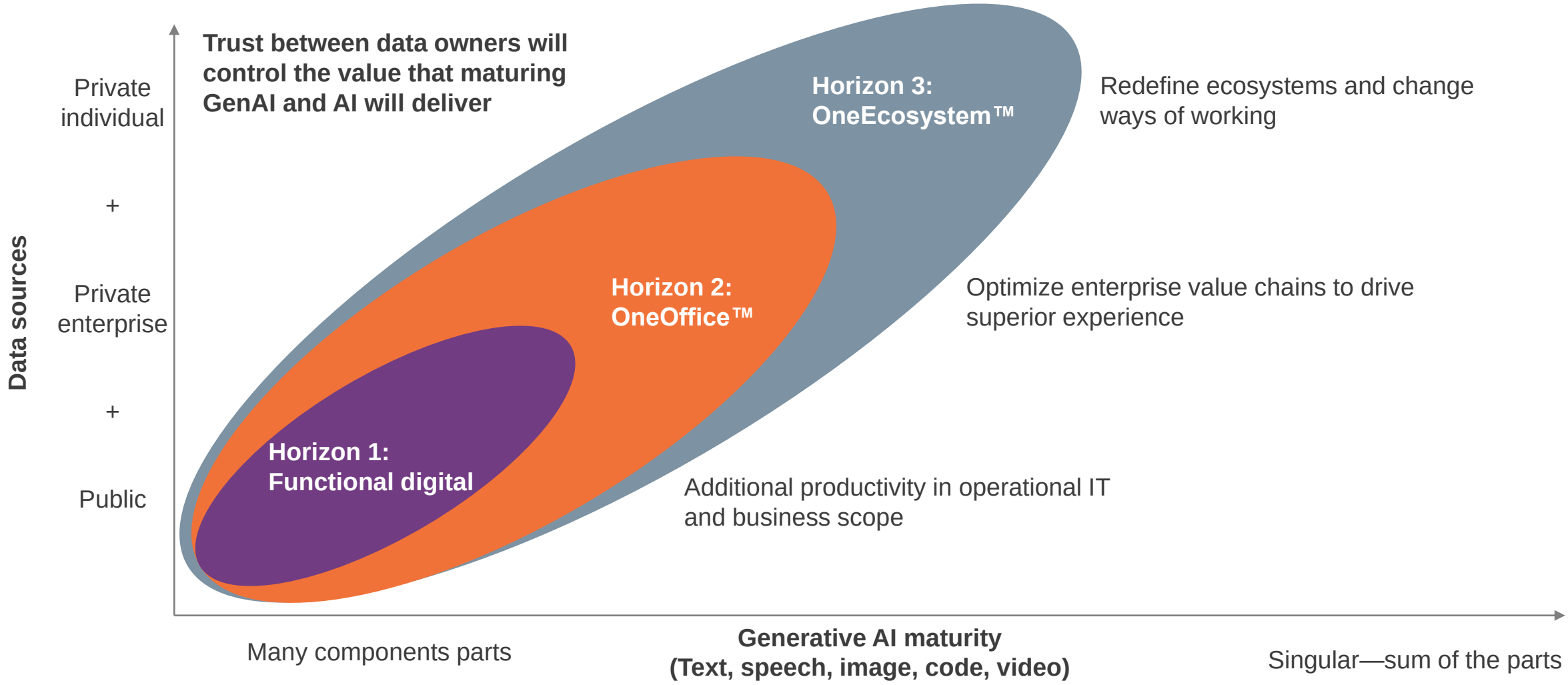
Cost savings are important but no longer sufficient to keep most leaders in their jobs.

Minimizing costs to a desired level is one ceiling of achievement, but ambitious enterprise C-suites must keep striving for new sources of value to stay competitive.

Investment in Generative Enterprise opportunities offers the chance to bridge the gap.

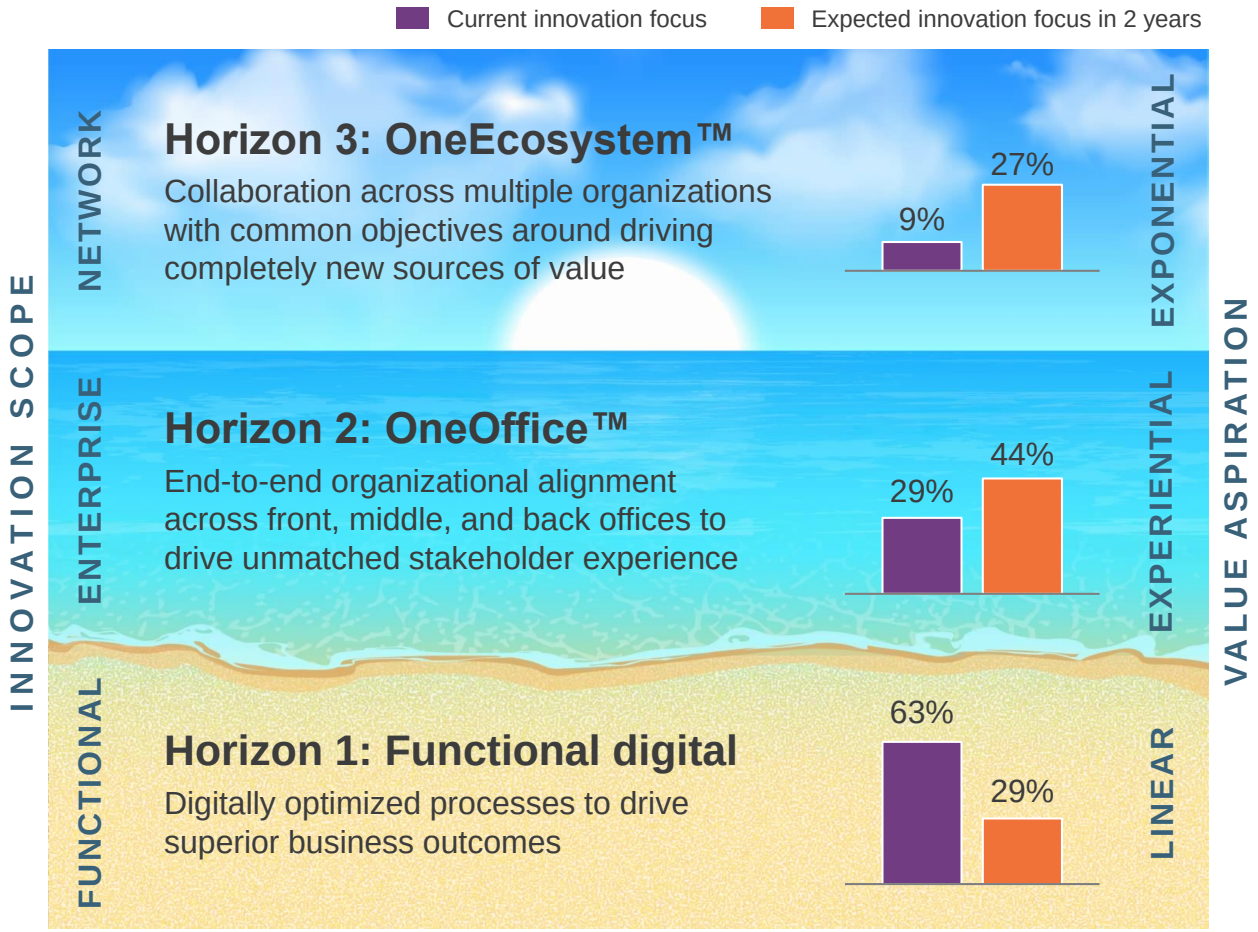


Access to increasingly private data sets holds the key to redefining ecosystems, ways of working, and the value delivered



GenAI could impact more than just productivity

HFS Enterprise Innovation Framework



Sample: 602 executives across Global 2000 enterprises
Source: HFS Research, 2022

Impact of GenAI across the three Horizons of enterprise innovation

Horizon 3: OneEcosystem

Redefine ecosystems and change ways of working

- Exploit generative AI for competitive advantages and to potentially open new revenue streams
- GenAI is embedded into daily lives of consumers to influence and drive the way we live, work, and interact

Horizon 2: OneOffice

Optimize enterprise value chains to drive superior experience

- Integration of generative AI with traditional analytical AI and its application across the value chain
- Autonomous data-driven decision making and exception processing
- Inclusion of creative activities enabling enterprise-wide end-to-end scope

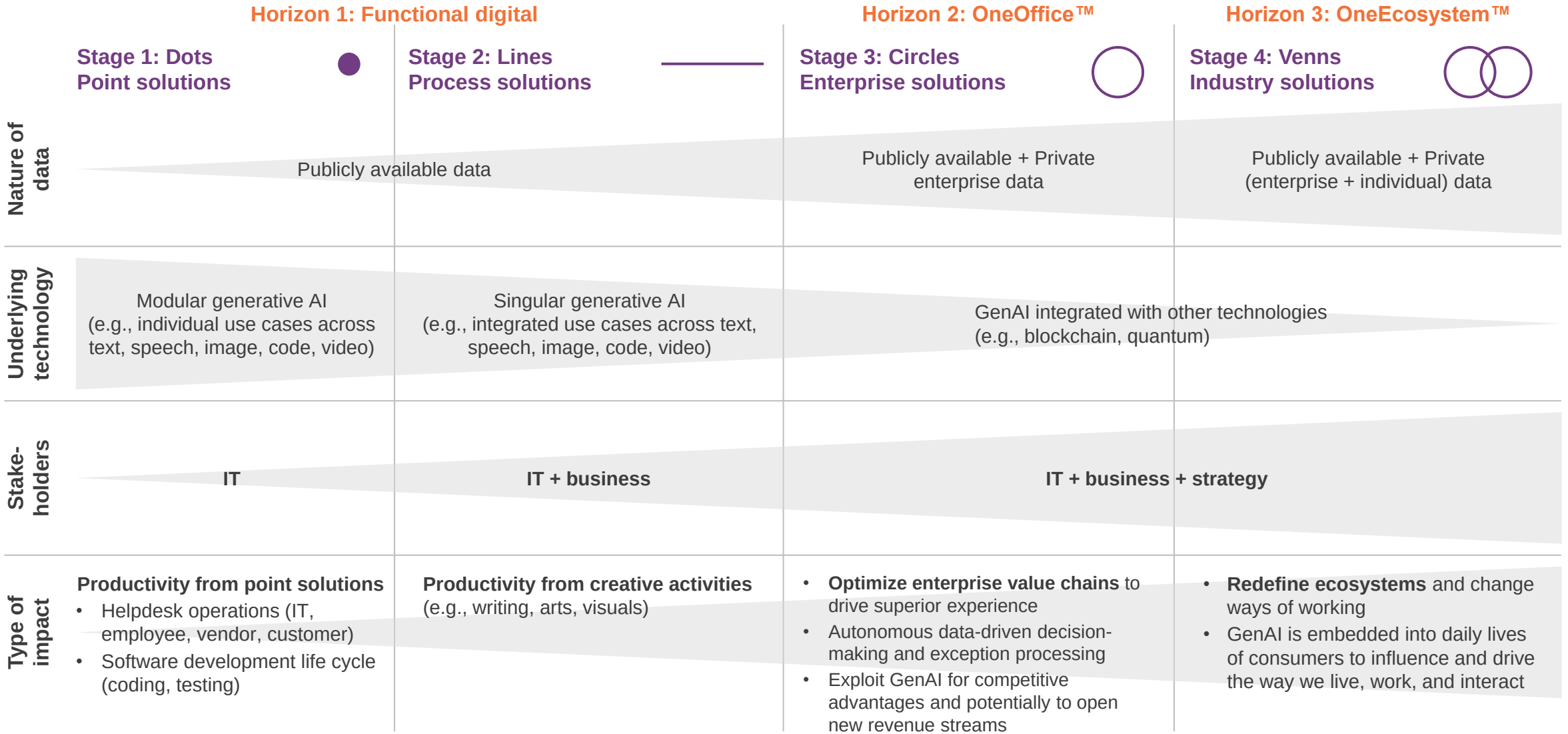
Horizon 1: Functional digital

Additional 30%–70% productivity in operational IT and business scope

- Helpdesk operations (IT, employee, vendor, customer)
- Software development life cycle (coding, testing)
- Cybersecurity (threat hunting)

New offerings to build, deploy, and manage large language models

The role of data, OneOffice, and OneEcosystem in how GenAI will impact the enterprise beyond productivity



An entire ecosystem around GenAI is unfolding right before our eyes

Apps

Consumer uses

Entertainment	character.ai, Midjourney
Productivity	OpenAI, ChatGPT, neeva
Other	trigo, Waabi

Enterprise stack

General productivity	ADEPT, glean, tome, AlphaSense
General and administrative	Ironclad, synthesia, eightfold.ai
Sales and customer support	GONG, RevComm, Clari, PolyAI
Marketing	Jasper, WRITER
EPD, IT, security	Moveworks, Abnormal, VECTRA, GitHub Copilot

Industry verticals

Law firms	Harvey.
Creative	runway, Midjourney, imagen, descript
Health	iz.ai, BAYESIAN HEALTH, insitro, PathAI, UNLEARN
Defense	ANDURIL, Shield AI, SLINGSHOT AEROSPACE, VANNEVAR Labs
Agriculture and climate	Pachama, FarmWise
Construction	CANVAS

Enterprise applications

Adobe, PEGA, salesforce, SAP, servicenow, workday.

Infrastructure

Deploy and monitor

Hugging Face, arize

Train and fine-tune models

Weights & Biases, mosaicML, PyTorch

Use open-source models and frameworks

Hugging Face, LLAMA, Stanford Alpaca

Full-stack large language models

OpenAI, ANTHROPIC, cohere, character.ai, Inflection

Store and compute

Label and process data

Snorkel, scale, surge, COACTIVE

Data warehouses or lakehouses

snowflake, databricks

Cloud service providers

Google Cloud, aws, Azure

Hardware

NVIDIA, AMD, intel, (etc.)

Source: HFS Research, Sequoia, 2023

The enterprise journey may be uncomfortable—10 reasons why

> While the promise of GenAI for enterprises is immense, it is too early to celebrate. I think this is not a slam dunk, and it will be an uncomfortable journey. Doing nothing is not the answer, but we need to embrace it with our eyes wide open!



Saurabh Gupta

President, Research and advisory

1. Most GenAI examples are not enterprise-centric, and only a handful of projects have reached production.
2. There is an arms race to build our foundational models with the crazy influx of capital. If the bubble bursts, the technology will be blamed.
3. More power is getting concentrated with hyperscalers. Enterprises are already frustrated with the oligopoly.
4. A brand-new ecosystem including Nvidia, Databricks, and start-ups is emerging. Enterprises don't know how to navigate this.
5. Governance and integration will be key. Most data privacy laws are trying to block a black-box approach. Major legislation is looming, including the US AI Bill of Rights and the EU AI liability directive. Litigation is kicking in.
6. The FTC has opened an investigation into ChatGPT-maker OpenAI over potential harm it could cause and the company's security practices.
7. Most GenAI use cases use public data. Getting enterprises to share private data will be challenging.
8. The singular focus on productivity is misleading.
9. Technology is continuing to evolve very rapidly, but enterprises are still struggling to adopt cloud!
10. The debate around AI's carbon footprint is just getting started.

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2 Research methodology

Service providers covered in this report



Note: All service providers are listed alphabetically

Generative Enterprise services value chain (scope of services)

Training and education	Innovation	Consulting	Engineering	Technology management	Organizational change
• C-suite education • Employee education • Employee training • Workshops • Hackathons • Introduction to technology and interfaces • Prompt training • Centers of excellence • Labs	• Use case generation • Build pilots, proofs of concept • Build production environments • Rapid iterative design • Build and test large language models • Identify ecosystem partners • Drive co-creation with ecosystem partners	• Policies and procedures • Privacy and security • Use case validation • Process redesign • Technology choices • Vendor relationship management • Technology selection and validation • Governance • Compliance	• Data strategy • Data engineering • Data analytics • Large language model build • Prompt engineering • Retrieval augmented generation (RAG) • Fine-tuning	• Ongoing technology innovations • Platform implementation • Platform management • Ecosystem management	• Change management • Function redesign • Help enterprises understand the data, processes, and interactions to drive functional optimization • Help enterprises break down the silos of data across the enterprise, continuously find patterns, and maintain robust governance across all decision points • Enable the OneOffice to significantly improve decision making and stakeholder experience • Ability to completely redefine how work is done (e.g., 30%-70% additional productivity, autonomous data-driven decision making, and the inclusion of creative activities, enabling enterprise-wide end-to-end scope)

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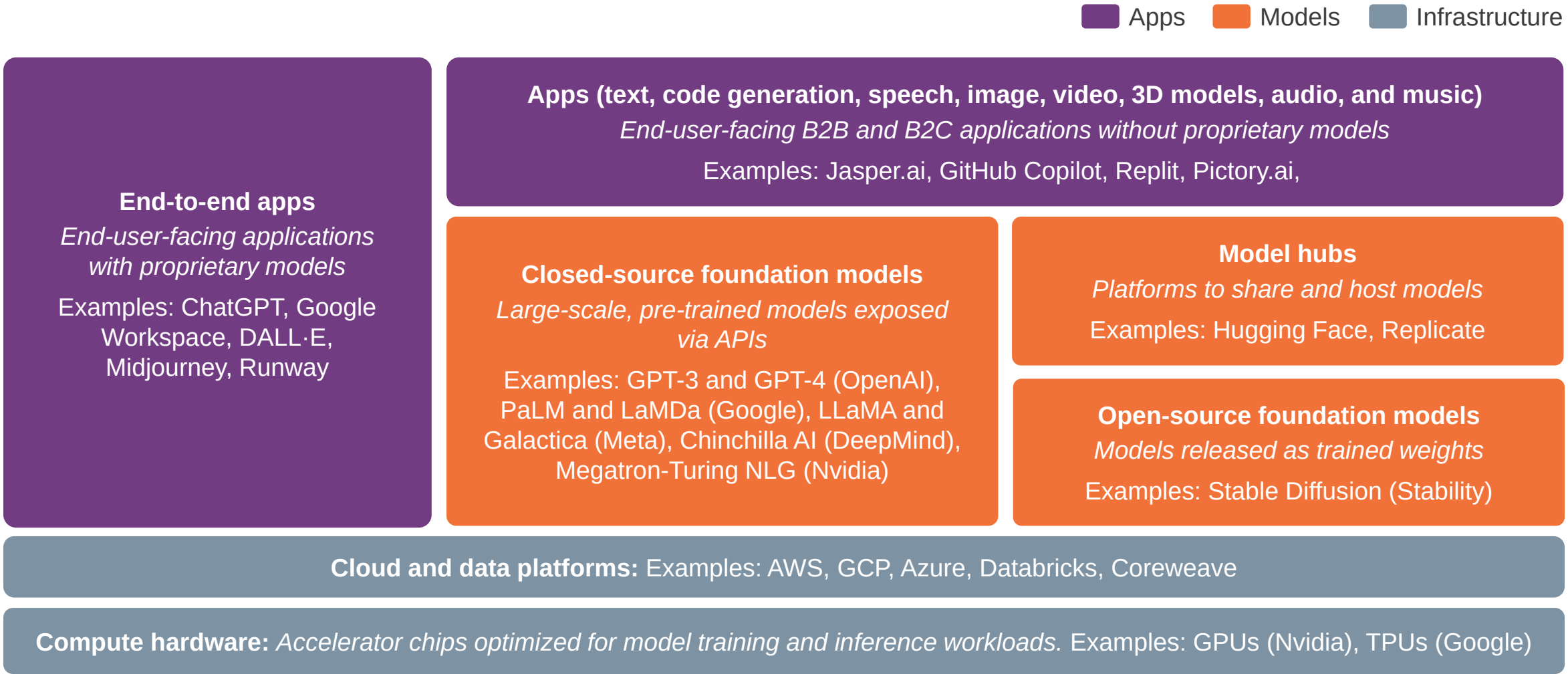
The emerging Generative Enterprise technology ecosystem consists of many suppliers unknown to the enterprise a year ago



Source: Andreessen Horowitz (known as "a16z") and HFS Research

Sources of data

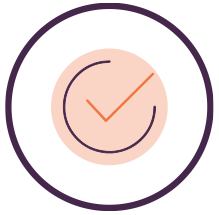
This report relied on a myriad of data sources to support our methodology and help us obtain a well-rounded perspective on Generative Enterprise service providers in our study. Sources are as follows:



RFIs and briefings

Each participating vendor completed a detailed **RFI**.

HFS conducted **briefings** with executives from most vendors.



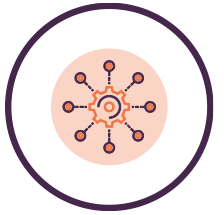
Reference checks

We conducted reference checks with 30+ active clients of the study participants and 40+ active partners via phone-based interviews and detailed surveys.



HFS vendor ratings

Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions.



Other data sources

Public information such as press releases, websites, etc.

Ongoing interactions, briefings, virtual events, etc., with in-scope vendors and their clients and partners.

Assessment methodology

The ***HFS Horizons: Generative Enterprise Services, 2023*** report evaluates the capabilities of providers to understand the ***Why, What, How, and So What*** of their Generative Enterprise services offering. Our assessment is based on inputs from clients and partners and augmented with analyst perspectives.

Distinguishing supplier characteristics

Assessment dimension	Assessment sub-dimensions (Briefing questions)	Horizon 1 service providers	Horizon 2 service providers	Horizon 3 service providers
Value proposition: The Why? **(25%)**	How does your firm define the value of AI for your clients?	• Help enterprises understand the data, processes, and interactions needed to drive functional optimization	• Horizon 1+ • Ability to help enterprises break down data silos across the enterprise, continuously find patterns, and maintain robust governance across all decision points • Enabling the OneOffice to significantly improve decision making, driving unmatched stakeholder experience	• Horizon 2+ • Ability to completely redefine how work gets done (e.g., 30%-70% additional productivity, autonomous data-driven decision making, inclusion of creative activities enabling enterprise-wide end-to-end scope)
	What is your firm's point of view on GenAI in terms of value creation potential? What will be the impact of GenAI for 1) clients and 2) your own firm?			
	Why should enterprises choose you for their Generative Enterprise journey as described by HFS? What makes you different or stand out?			
Execution and innovation capabilities: The What? **(25%)**	Please describe your AI-driven offering(s)? What industries and use cases are you targeting? Which of these are in production versus pilots?	• Strong machine learning capabilities • Typically offshore- ocused with strong technical skills	• Horizon 1+ • Strong machine learning, deep learning, natural language processing, and computer vision capabilities • Offshore and nearshore capabilities with both technical and consulting skills • Alliances with AI technology leaders • Market ready AI-driven proprietary tools, assets, and frameworks	• Horizon 2+ • Strong GenAI, LLMs, use cases, and capabilities • Deep partnerships, including joint IP creation with AI technology leaders • Strong frameworks for responsible and ethical AI • Well-rounded capabilities across all value creation levers: talent, domain, technology, data, and change management.
	What is your technology roadmap for GenAI? Describe any proprietary IP, frameworks, tools, solutions, and accelerators that you have. Please share your current client experiences with GenAI.			
	What other technologies (e.g., cloud, Web3, automation, metaverse) are important to deliver on the promise of AI?			
	Please describe the current strength of your trained resources on AI technologies? How is this expected to change in the next two years?			
Go-to-market strategy: The How? **(25%)**	How are you organized internally to develop your AI offerings and capabilities?	• Primarily effort-based relationships	• Horizon 1+ • Increasing number of performance-based relationships in the portfolio	• Horizon 2+ • Driving co-creation with ecosystem partners • Strong investments in GenAI • Evidence of purpose-based (co-creation) partnerships with clients in addition to increasing number of performance-based relationships in the portfolio
	Where are your main AI-related investments? (e.g., IP, partnerships, training, M&A)			
	How are you making sure the use of AI is responsible and ethical?			
	Please describe your commercial model for AI offerings. Include the approximate percentage of effort-based (e.g., FTE-based, T&M), performance-based (e.g., gain-sharing, innovation funds), and purpose-based (e.g., co-creation with clients) in your portfolio. How do you expect it to change in the next two years?			
	Please describe your AI ecosystem of partners. How do you plan to augment it for GenAI?			
Market impact: The So What? **(25%)**	How are you organized to develop your Generative Enterprise offerings and capabilities—centralized, regional, or by vertical?	• Recognized as strong implementation vendors • Referenceable and satisfied clients for ability to execute	• Horizon 1+ • Recognized as strategic partners by clients • Referenceable and satisfied clients for ability to execute and innovate	• Horizon 2 + • Recognized as thought leaders by clients • Referenceable and satisfied clients driving new business models with partnerships
	Please share client experiences with Generative Enterprise.			
	Voice of the customer			

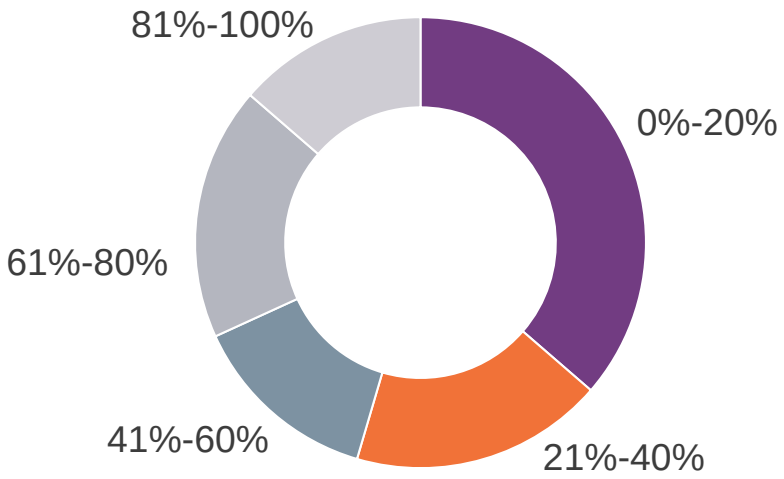
3

Demographics and customer and partner data

The average shift in spending from AI to GenAI is already 41%

- We surveyed customer references provided by service providers to understand their current investments. GenAI budgets have primarily been carved out of AI budgets in 2023, and project scale remains small.
- Among enterprises surveyed, the average number of people involved in AI projects was just less than 20.
- The average amount of money spent on third parties to get projects done was about $560,000.

Proportion of AI spending shifted to GenAI since 2023



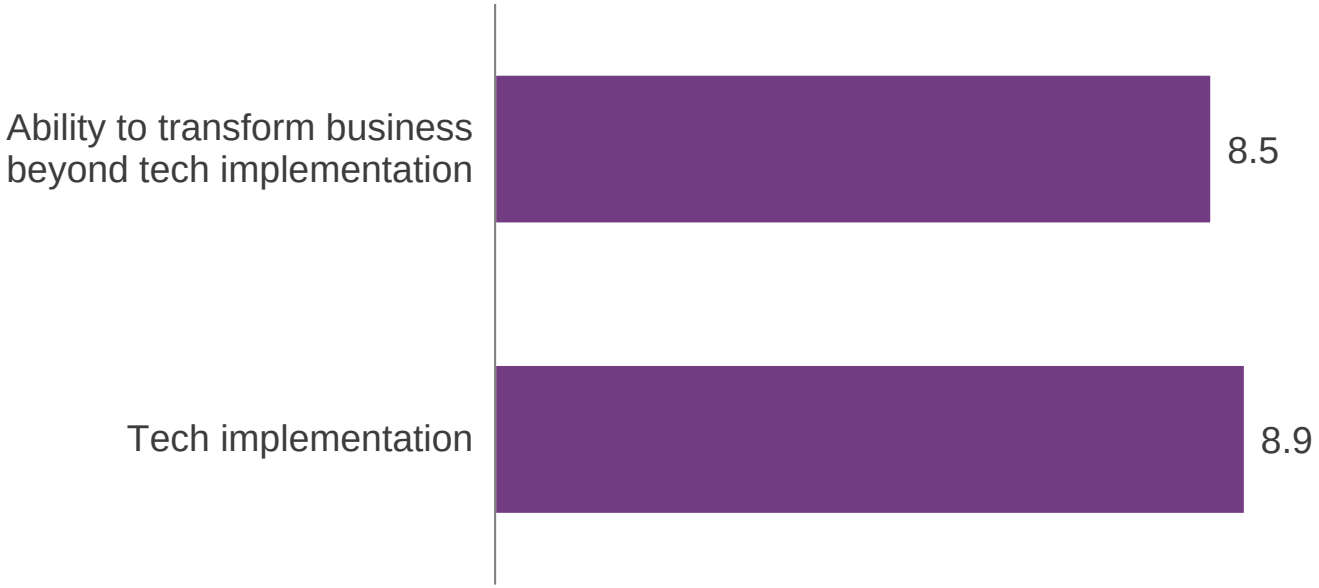
Weighted average of spending that switched from AI to GenAI

41%

Sample: 31 customer references provided as part of the survey for this report
Source: HFS Research, 2023

Service providers deliver on tech—less so on business change

Customer view: Gap between tech and transformation capabilities
Provider capabilities
Customer ratings of service providers—average out of 10



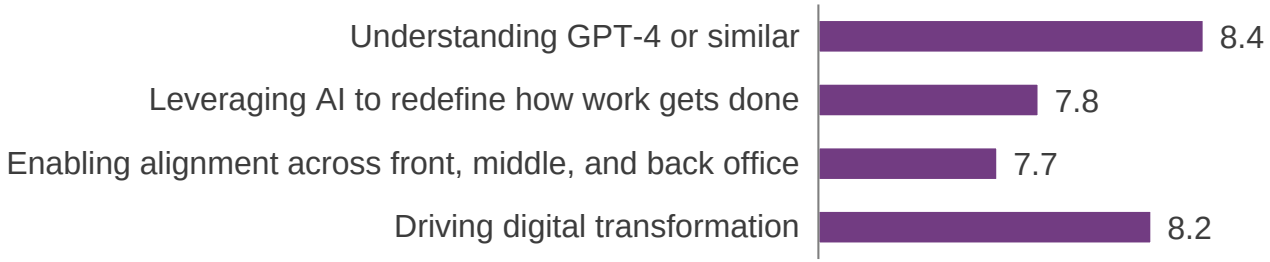
We asked 31 customer references to score their Generative Enterprise service providers on a scale of 1 to 10.

- Customers see a gap between how well their service providers deliver on tech implementation and their ability to transform business.
- Enterprises want this gap filled as they seek help on their journey to the Generative Enterprise. Knowing the tech is one thing; helping transform ways of working because of the tech is another altogether.

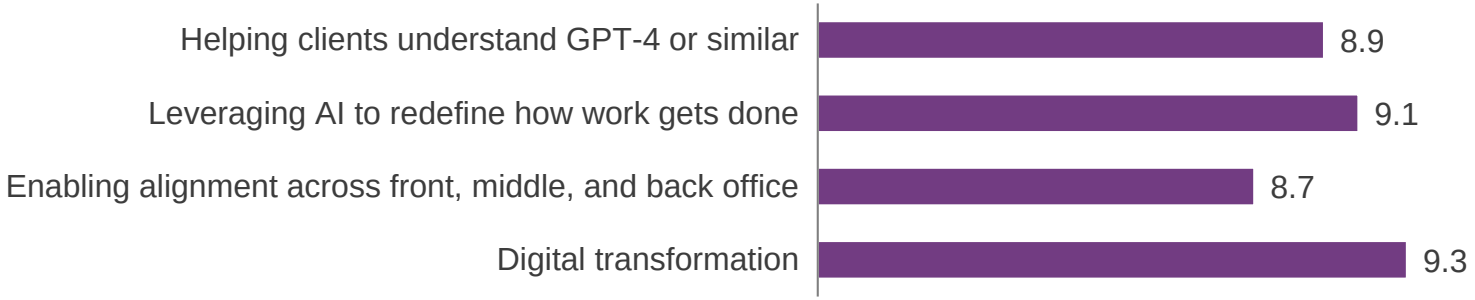
Sample: 31 customer references provided as part of the survey for this report
Source: HFS Research, 2023

Partners see service providers through rose-tinted glasses

Customer view of what service providers best deliver
Provider capabilities
Customer ratings of service providers—average out of 10



Partner view of what service providers best deliver
Provider capabilities
Partner ratings of service providers—average out of 10

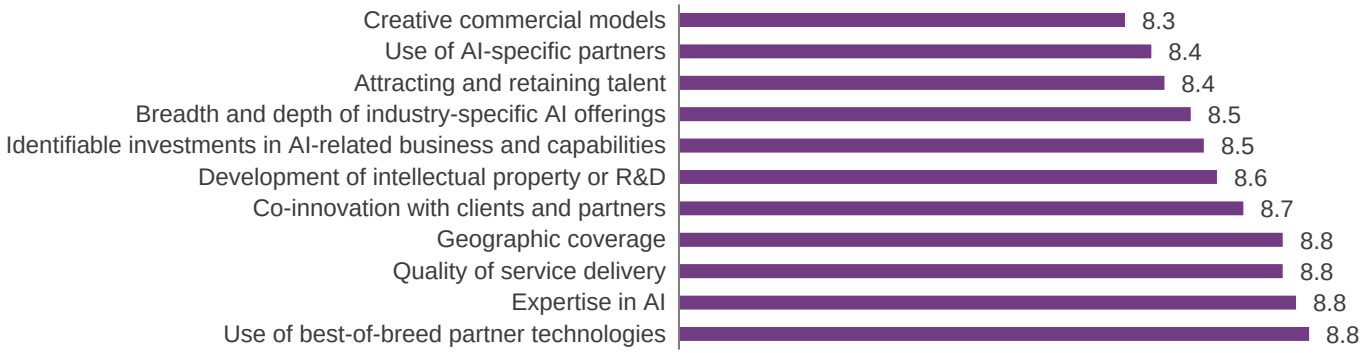


Sample: 47 GenAI partners and 31 customer references provided as part of the survey for this report
Source: HFS Research, 2023

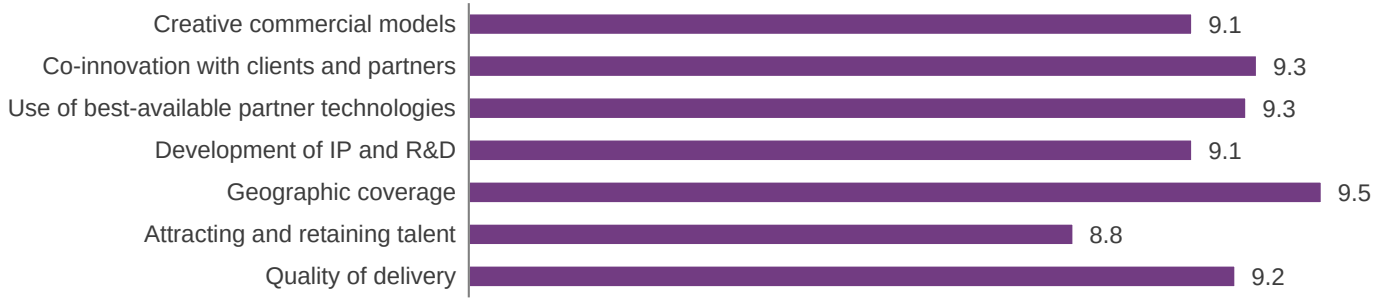
- Partners think the service providers they work with are doing a much better job than customers give them credit for.
- For example, customers score service providers an average of 8.4/10 for their capabilities in helping them understand GPT-4 (and similar next iterations) of GenAI. Partners score them close to 9/10.
- There's a gap across the four parameters we asked partners and customers to rate, indicating the need for service providers to question how well they are doing from the customers' point of view.
- The starkest example is the gap between views on how well service providers are helping clients leverage AI to redefine how work gets done. This gap reiterates the gap customers identify between capabilities in tech implementation and the ability to drive change (shown on the previous slide).

Partners and customers call out service provider talent issue

Customer ratings of service providers for delivery capabilities
Provider capabilities
Customer ratings of service providers—average out of 10



Partner ratings of their service provider partners
Provider capabilities
Partner ratings of service providers—average out of 10

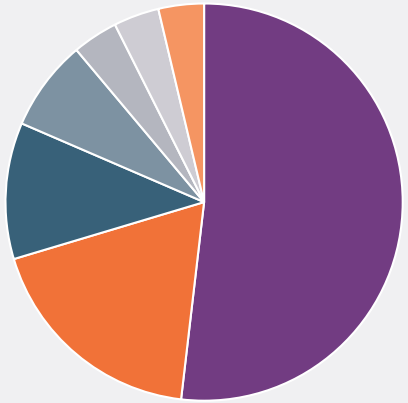


- Again, partners are happier to slap the backs of their service provider colleagues than service provider customers are.
- Partners and customers score service providers relatively low on attracting and retaining talent. It's a talent war out there!
- Partners and customers want more creativity when it comes to commercial models. GenAI lends itself to outcome models, but we aren't seeing the data reflect that yet.

Sample: 47 GenAI partners and 31 customer references provided as part of the survey for this report
Source: HFS Research, 2023

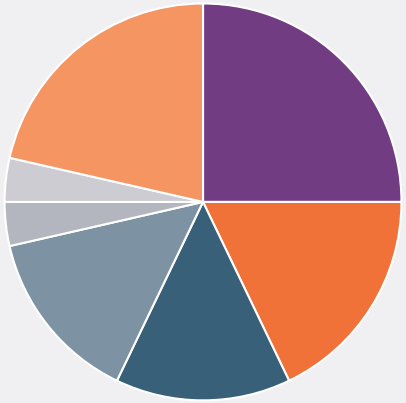
Survey demographics (enterprise customer respondents)

Customer geographic split



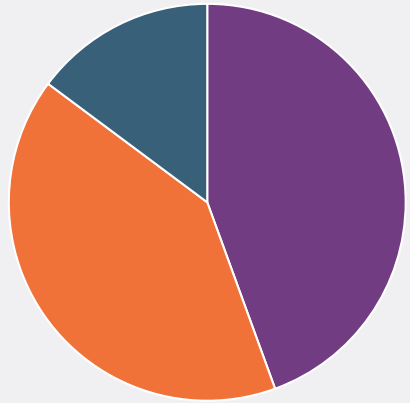
- North America
- Europe
- Asia Pacific
- United Kingdom
- Latin America
- India
- Australia or New Zealand

Primary focus of current role



- Digital
- Software engineering
- Architecture
- Data
- Infrastructure
- Cybersecurity
- Other

Business or IT focus



- IT
- Business
- Other

Sample: 31 customer references provided as part of the survey for this report
Source: HFS Research, 2023

4

Horizons results: Generative Enterprise™ services, 2023

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HFS Horizons—summary of Generative Enterprise service providers assessed in this report (1/2)

Providers (alphabetical order)	HFS point of view
Accenture	$3 billion investment to apply GenAI and AI to industry's toughest challenges
Akkodis	A data and ROI governance focus to drive innovation
Amdocs	Taking GenAI deep into telco
Ascendion	Becoming a Generative Enterprise to help clients become Generative Enterprises
Bain	Helping enterprise leaders understand GenAI disruption to augment with it
Brillio	Quick start with vertical solutions and outcome-based pricing
Capgemini	Converting GenAI delivery experience into services for CX, strategy, software, and data privacy
Cigniti	Pushing back against the hype of GenAI with an expectation-setting reality stick
Ciklum	Agile engineering chops to get GenAI out of the blocks fast
Cognizant	Enabling human-machine creative collaboration

Providers (alphabetical order)	HFS point of view
Deloitte	Value-led approach to integrating GenAI into AI strategy
Eviden	Accelerating the GenAI journey with AI and cloud
EXL	Data, AI, and domain chops for a vertical GenAI approach
EY	Re-thinking how the enterprise works through AI and GenAI
Genpact	Targeting the shift to outcome-driven processes
HCLTech	Data-focused, experienced early adopter of all things AI
Hitachi Vantara	Relatively slow starters must now prove considered approach will pay off with rapid market traction
IBM	Serious AI chops show the way to the Generative Enterprise
Infosys	Navigating from digital to an AI-first core infused with GenAI
KPMG	Balancing and managing the GenAI risks and rewards

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HFS Horizons—summary of Generative Enterprise service providers assessed in this report (2/2)

Providers (alphabetical order)	**HFS point of view**
LTIMindtree	Platform approach with prompts, ethics, and other controls to de-risk GenAI
Movate	Helping customers learn the value of GenAI in CX
Mphasis	Listening and responding to clients' needs in customer service, developer productivity, and service desk transformation
NTT Data	Embedded GenAI—beyond innovation for transformation
Persistent	Data-led GenAI engineering expertise prepares the way ahead
Publicis Sapient	GenAI walks hand in hand with digital business transformation for CX and EX
PwC	Regulatory know-how to de-risk GenAI investments
Sonata	Responsible-first approach focused on governance

Providers (alphabetical order)	**HFS point of view**
Sutherland	GenAI is just a tool to deliver better customer outcomes
TaskUs	Deep LLM know-how focused on multiple CX cases
TCS	Applying GenAI to level-up employees across the enterprise
Tech Mahindra	Use-case-focused guidance for experimentation
UST	Credible GenAI solutions built to keep bias out
Wipro	Building digital-era AI-first intelligent enterprises
WNS	Reduced-risk domain-focused GenAI through co-creation and outcome pricing

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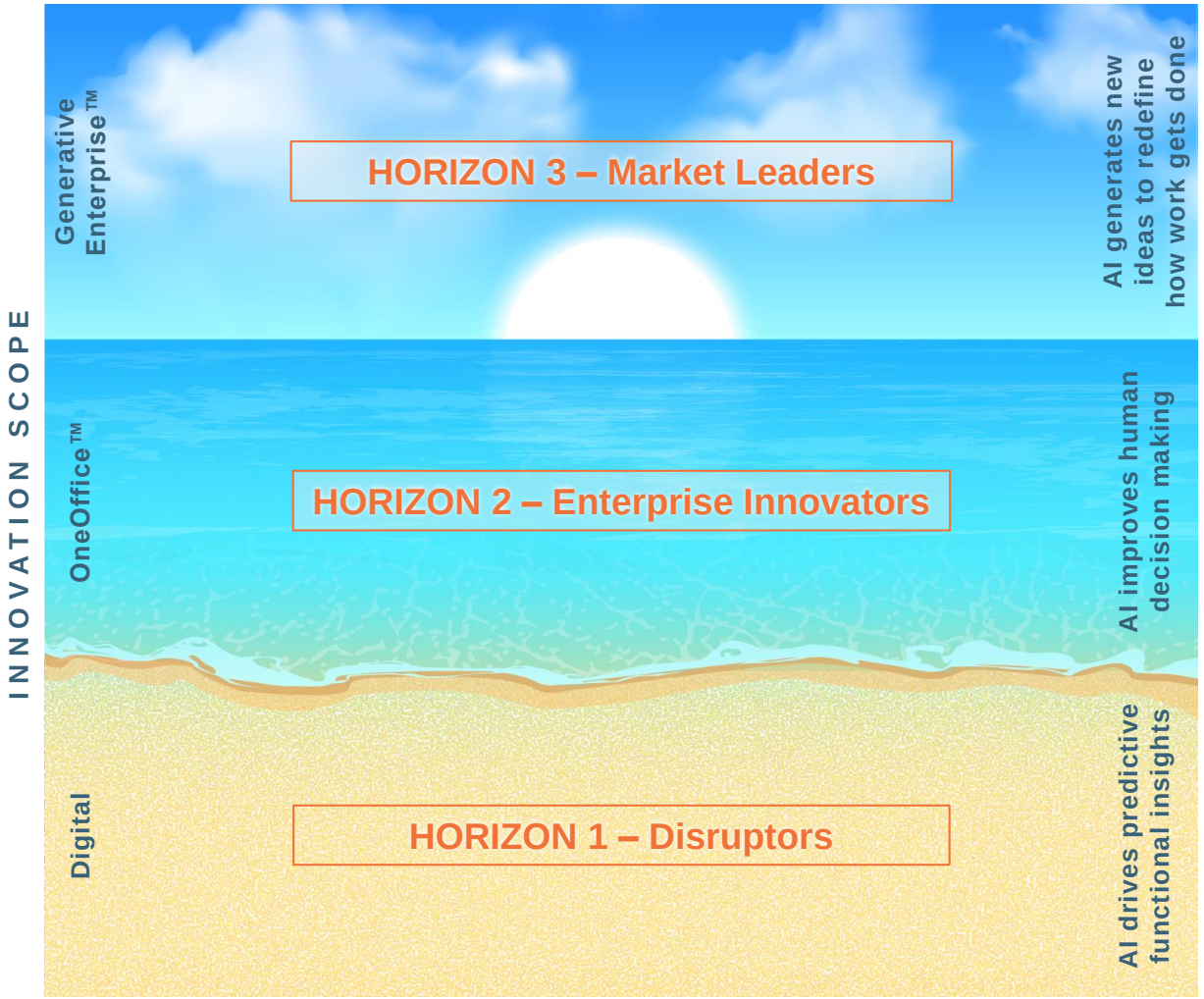
HFS Horizons for Generative Enterprise Services, 2023



Horizon 3 market leaders enable the Generative Enterprise by leveraging AI to generate new ideas to redefine how work gets done

Horizon 3 service providers demonstrate

- Horizon 2 +
- Strong GenAI and LLM models, use cases, and capabilities
- Ability to completely redefine how works done (e.g., 30%-70% additional productivity, autonomous data-driven decision making, inclusion of creative activities enabling enterprise-wide end-to-end scope)
- Strong frameworks for responsible and ethical AI
- Driving co-creation with ecosystem partners
- Well-rounded capabilities across all value creation levers: talent, domain, technology, data, and change management
- Deep partnerships including joint IP creation with AI technology leaders
- Strong investments in Generative AI
- Evidence of purpose-based (co-creation) partnerships with clients in addition to increasing number of performance-based relationships in the portfolio
- Recognized as thought leaders by clients
- Referenceable and satisfied clients driving new business models with partnerships

Horizon 2 enterprise innovators enable the OneOffice by leveraging AI to improve decision making and driving unmatched stakeholder experience

Horizon 2 service providers demonstrate

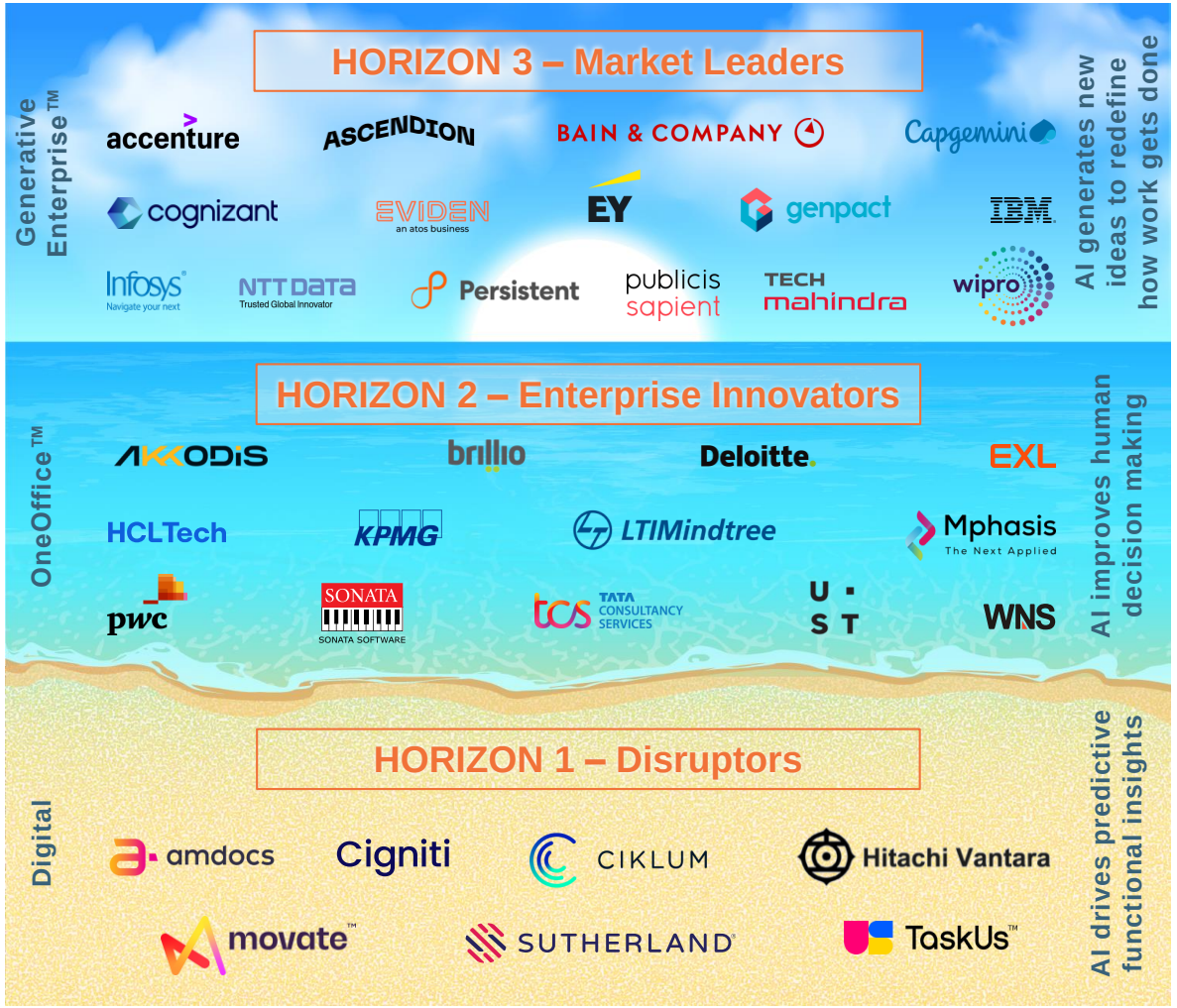
- Horizon 1 +
- Strong ML, deep learning, natural language processing, and computer vision capabilities
- Ability to help enterprises break down the silos of data across the enterprise, continuously find patterns, and maintain robust governance across all decision points
- Enabling the OneOffice to significantly improve decision making driving unmatched stakeholder experience
- Increasing number of performance-based relationships in the portfolio
- Market ready AI-driven proprietary tools, assets, and frameworks
- Offshore and nearshore capabilities with both technical and consulting skills
- Alliances with AI technology leaders
- Recognized as strategic partners by clients
- Referenceable and satisfied clients for ability to execute and innovate

Horizon 1 Disruptors drive digital transformation by leveraging AI to drive predictive functional insights

Horizon 1 service providers demonstrate

- Strong ML capabilities
- Help enterprises understand the data, processes, and interactions needed to drive functional optimization
- Primarily effort-based relationships
- Recognized as strong implementation vendors
- Typically offshore-focused with strong technical skills
- Referenceable and satisfied clients for ability to execute

HFS Horizons for Generative Enterprise Services, 2023



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Note: All service providers within a “Horizon” are listed alphabetically

5

Publicis Sapient profile: Generative Enterprise™ services, 2023

Publicis Sapient: GenAI walks hand in hand with digital business transformation to amplify value for CX and EX



Strengths	Development opportunities
• **Value proposition:** Publicis Sapient applies GenAI to amplify digital business transformation for enhanced growth in business model innovation, CX, EX, and enterprise enablement. • **Growth proof points:** The company has a comprehensive use case library. Publicis Sapient also leads Publicis Groupe's GenAI transformation. The Bodhi platform has used LLMs since 2020. • **Key differentiators:** Publicis Sapient's integrated SPEED (Strategy, Product, Experience, Engineering, Data and AI) capabilities cut time to market. GenAI value realization is integrated into Publicis Sapient's Digital Business Transformation model. It focuses on enterprise enablers: skills, data quality, tooling standardization, ethics, governance, and partner strategy. • **Outcomes:** It applied GPT-4 to improve substitutions for an online grocery retailer, enabled GenAI-customer support for a gardening society, and leveraged GenAI to reimagine the travel planning experience for a hospitality company. • **Customer kudos:** Clients appreciate its customer-centricity, innovation, and pace. • **Partner kudos:** Hyperscalers find its creatively innovative bent of mind in CX impressive. It is appreciated for its knowledge, consulting, and repeat revenue from big logos.	• **What we'd like to see more of:** We like Publicis Sapient's detailed, value-based approach to internal training. • **What we'd like to see less of:** Much of how Publicis Sapient pitches its differentiators is echoed by many of its rivals. It needs to identify and amplify its differentiators to cut through in a noisy market. • **Customer critiques:** Clients are mostly happy with the service but want Publicis Sapient to keep its quality consistent while maintaining growth. • **Partner critiques:** Partners would like Publicis Sapient to continue expanding in growth markets (LATAM and Middle East), allowing partners to scale (geographies, customers, and maturity in GCP services.)

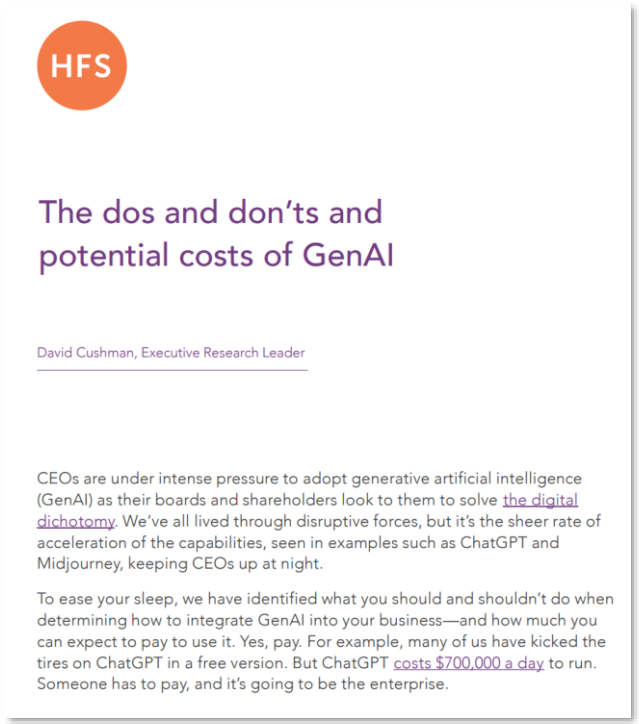
Key offerings	Mergers and acquisitions (2019 – 2023)
• Quick starts: GenAI Ignite workshop, GenAI hackathon, demos, and proofs-of-concept • GenAI strategy: Business case prioritization, operating model, ethics, governance, and risk • Industry-specific GenAI use cases: Blueprinting and implantation • Cross-industry use cases: For example, GenAI product engineering, commerce, and content creation • Enterprise GenAI implementation: Scaling with enterprise-grade solutions and platform accelerators	• PS AI Labs: Launched 2020, now wholly owned by Publicis Sapient (2023) • Yieldify: Personalization platform for global brands (2023) • Growth OS: AI and ML for media decisioning (2022) • Bodhi: Enterprise AI platform (2022) • Retargetly: Data and technology company (2022) • CitrusAd: CDP and data monetization platform for global brands (2021)

Partnerships	Key clients	Relevant global operations and resources	Flagship internal IP
• Microsoft, Amazon, Salesforce, Adobe, Google, Meta, Nvidia • OpenAI, VertexAI, Anthropic, Humanloop • Replicate, Hugging Face • Databricks, Anyscale, Snowflake	**Number of clients:** Not disclosed **Key clients** • Global bank • International insurance company • International travel and hospitality business • UK retailer • UK gardening society • Global entertainment brand	• **Headcount growth locations:** North America, LATAM, EMEA, APAC • **Targeted industries:** Consumer products, energy and commodities, financial services, health, public sector, retail, telco, media and tech, transportation and mobility, and travel and hospitality • **AI labs:** Dedicated data and AI center of excellence	• Bodhi: Award-winning enterprise AI platform delivering LLM use cases with integrated industry accelerators since 2020 • PS Chat: Secure, scalable enterprise chat and LLM developer environment hosted on Azure, offering enterprise/tenant data boundaries, audit, custom policies, collaboration, data-masking, etc.

6 Further reading

Primers, advice, and guidance for the new world of GenAI

GenAI is very new to most enterprise leaders. In this report, you may read references to terms such as large language models (LLM), fine-tuning, prompt engineering, and other language that has only recently broken out of the AI lab. The HFS Points of View articles below provide primers and additional advice and guidance. Click each to read in full.

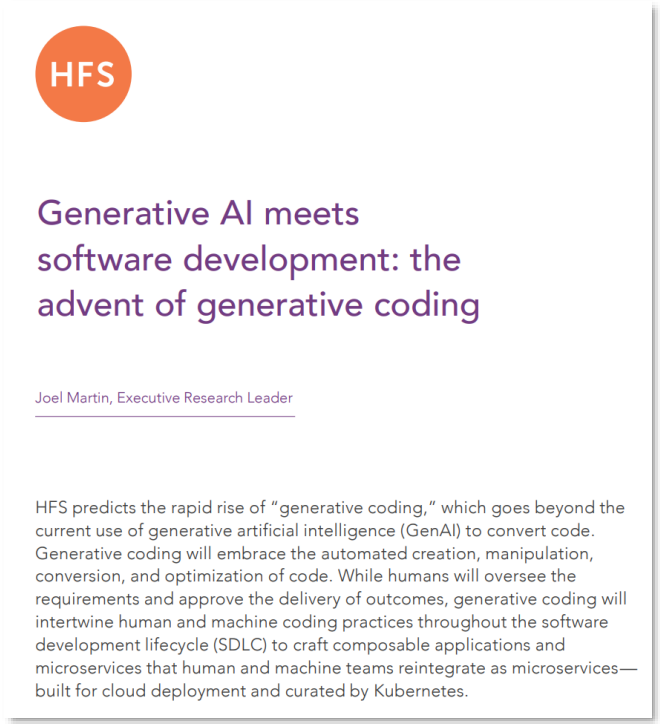

HFS

The dos and don'ts and potential costs of GenAI

David Cushman, Executive Research Leader

CEOs are under intense pressure to adopt generative artificial intelligence (GenAI) as their boards and shareholders look to them to solve the digital dichotomy. We've all lived through disruptive forces, but it's the sheer rate of acceleration of the capabilities, seen in examples such as ChatGPT and Midjourney, keeping CEOs up at night.

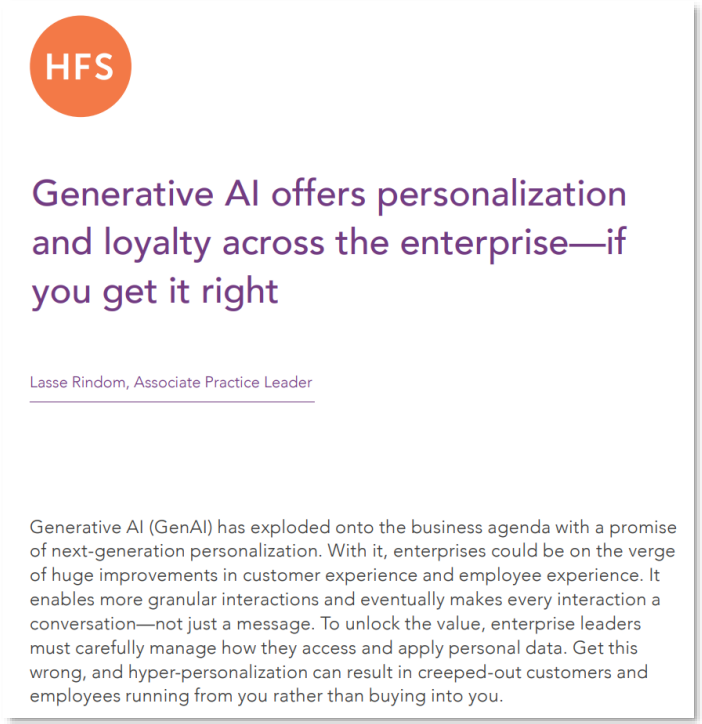
To ease your sleep, we have identified what you should and shouldn't do when determining how to integrate GenAI into your business—and how much you can expect to pay to use it. Yes, pay. For example, many of us have kicked the tires on ChatGPT in a free version. But ChatGPT costs $700,000 a day to run. Someone has to pay, and it's going to be the enterprise.


HFS

Generative AI meets software development: the advent of generative coding

Joel Martin, Executive Research Leader

HFS predicts the rapid rise of "generative coding," which goes beyond the current use of generative artificial intelligence (GenAI) to convert code. Generative coding will embrace the automated creation, manipulation, conversion, and optimization of code. While humans will oversee the requirements and approve the delivery of outcomes, generative coding will intertwine human and machine coding practices throughout the software development lifecycle (SDLC) to craft composable applications and microservices that human and machine teams reintegrate as microservices—built for cloud deployment and curated by Kubernetes.


HFS

Generative AI offers personalization and loyalty across the enterprise—if you get it right

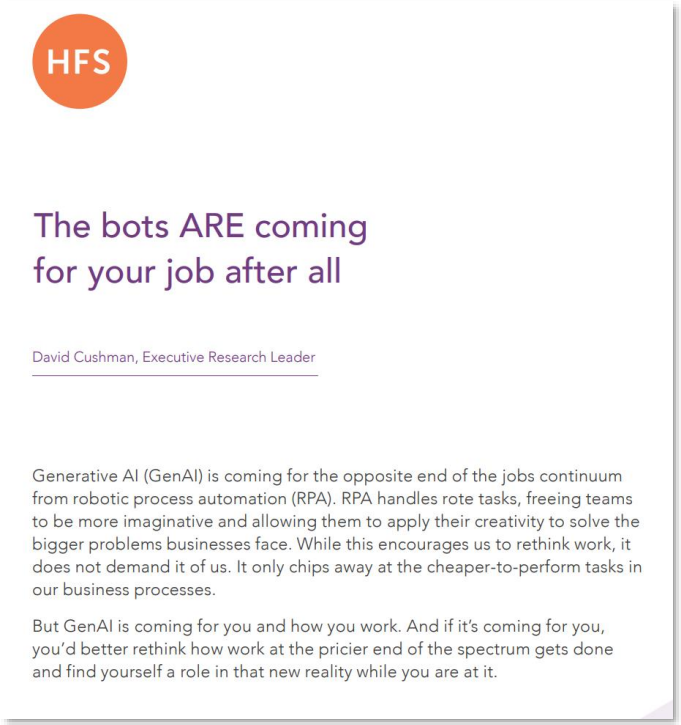
Lasse Rindom, Associate Practice Leader

Generative AI (GenAI) has exploded onto the business agenda with a promise of next-generation personalization. With it, enterprises could be on the verge of huge improvements in customer experience and employee experience. It enables more granular interactions and eventually makes every interaction a conversation—not just a message. To unlock the value, enterprise leaders must carefully manage how they access and apply personal data. Get this wrong, and hyper-personalization can result in creeped-out customers and employees running from you rather than buying into you.

More to read

Primers, advice, and guidance for new world of GenAI

Click each image below to read in full.



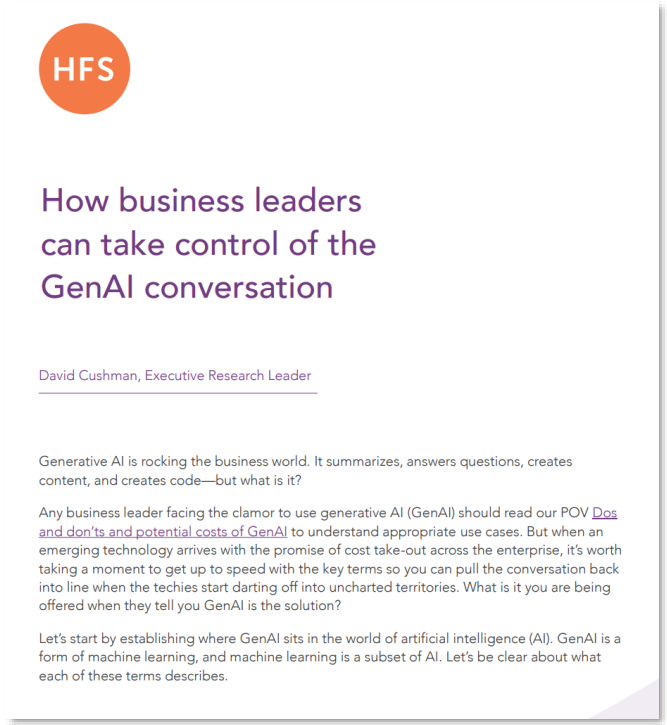
HFS

The bots ARE coming for your job after all

David Cushman, Executive Research Leader

Generative AI (GenAI) is coming for the opposite end of the jobs continuum from robotic process automation (RPA). RPA handles rote tasks, freeing teams to be more imaginative and allowing them to apply their creativity to solve the bigger problems businesses face. While this encourages us to rethink work, it does not demand it of us. It only chips away at the cheaper-to-perform tasks in our business processes.

But GenAI is coming for you and how you work. And if it's coming for you, you'd better rethink how work at the pricier end of the spectrum gets done and find yourself a role in that new reality while you are at it.



HFS

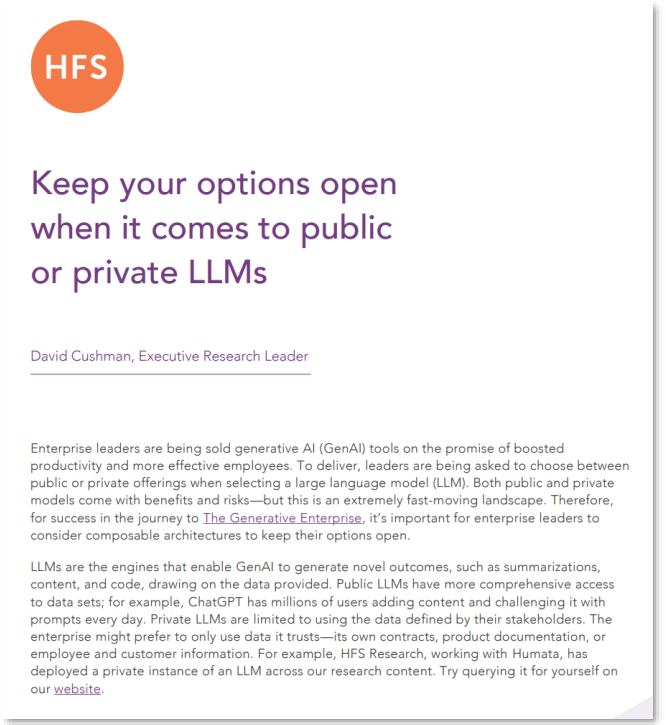
How business leaders can take control of the GenAI conversation

David Cushman, Executive Research Leader

Generative AI is rocking the business world. It summarizes, answers questions, creates content, and creates code—but what is it?

Any business leader facing the clamor to use generative AI (GenAI) should read our POV Dos and don'ts and potential costs of GenAI to understand appropriate use cases. But when an emerging technology arrives with the promise of cost take-out across the enterprise, it's worth taking a moment to get up to speed with the key terms so you can pull the conversation back into line when the techies start darting off into uncharted territories. What is it you are being offered when they tell you GenAI is the solution?

Let's start by establishing where GenAI sits in the world of artificial intelligence (AI). GenAI is a form of machine learning, and machine learning is a subset of AI. Let's be clear about what each of these terms describes.



HFS

Keep your options open when it comes to public or private LLMs

David Cushman, Executive Research Leader

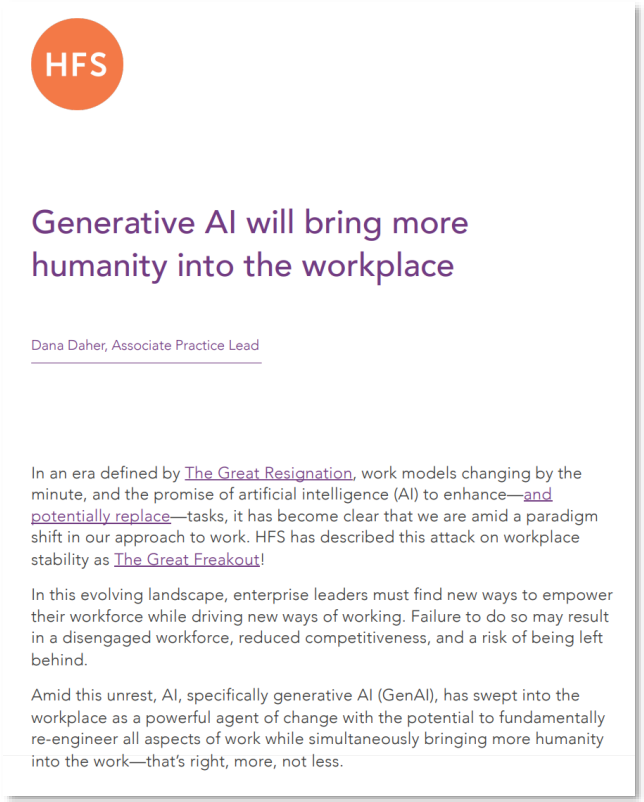
Enterprise leaders are being sold generative AI (GenAI) tools on the promise of boosted productivity and more effective employees. To deliver, leaders are being asked to choose between public or private offerings when selecting a large language model (LLM). Both public and private models come with benefits and risks—but this is an extremely fast-moving landscape. Therefore, for success in the journey to The Generative Enterprise, it's important for enterprise leaders to consider composable architectures to keep their options open.

LLMs are the engines that enable GenAI to generate novel outcomes, such as summarizations, content, and code, drawing on the data provided. Public LLMs have more comprehensive access to data sets; for example, ChatGPT has millions of users adding content and challenging it with prompts every day. Private LLMs are limited to using the data defined by their stakeholders. The enterprise might prefer to only use data it trusts—its own contracts, product documentation, or employee and customer information. For example, HFS Research, working with Humata, has deployed a private instance of an LLM across our research content. Try querying it for yourself on our website.

More to read

You and your teams should be using GenAI daily

Click each image below to read in full. Click the image on the far right to try HFS' LLM.



HFS

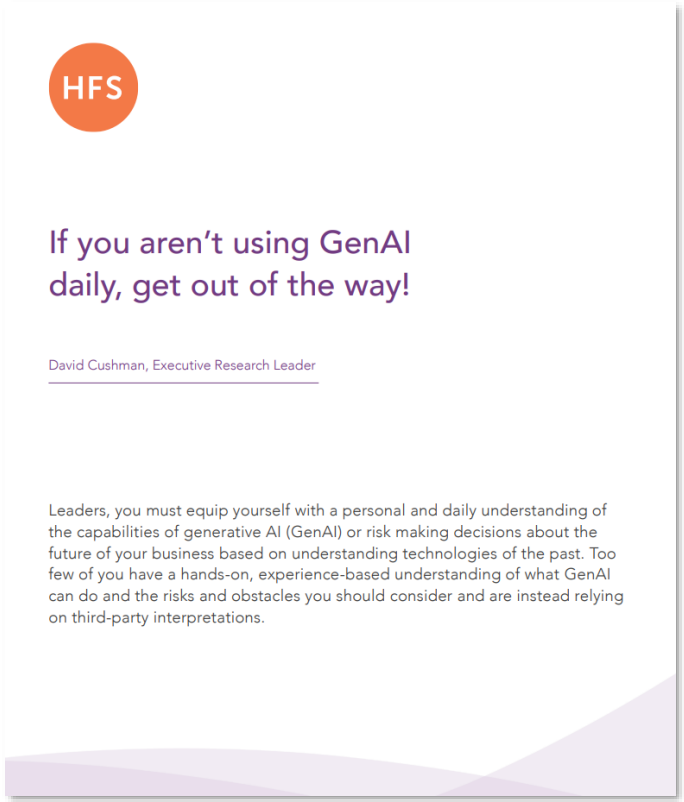
Generative AI will bring more humanity into the workplace

Dana Daher, Associate Practice Lead

In an era defined by The Great Resignation, work models changing by the minute, and the promise of artificial intelligence (AI) to enhance—and potentially replace—tasks, it has become clear that we are amid a paradigm shift in our approach to work. HFS has described this attack on workplace stability as The Great Freakout!

In this evolving landscape, enterprise leaders must find new ways to empower their workforce while driving new ways of working. Failure to do so may result in a disengaged workforce, reduced competitiveness, and a risk of being left behind.

Amid this unrest, AI, specifically generative AI (GenAI), has swept into the workplace as a powerful agent of change with the potential to fundamentally re-engineer all aspects of work while simultaneously bringing more humanity into the work—that's right, more, not less.

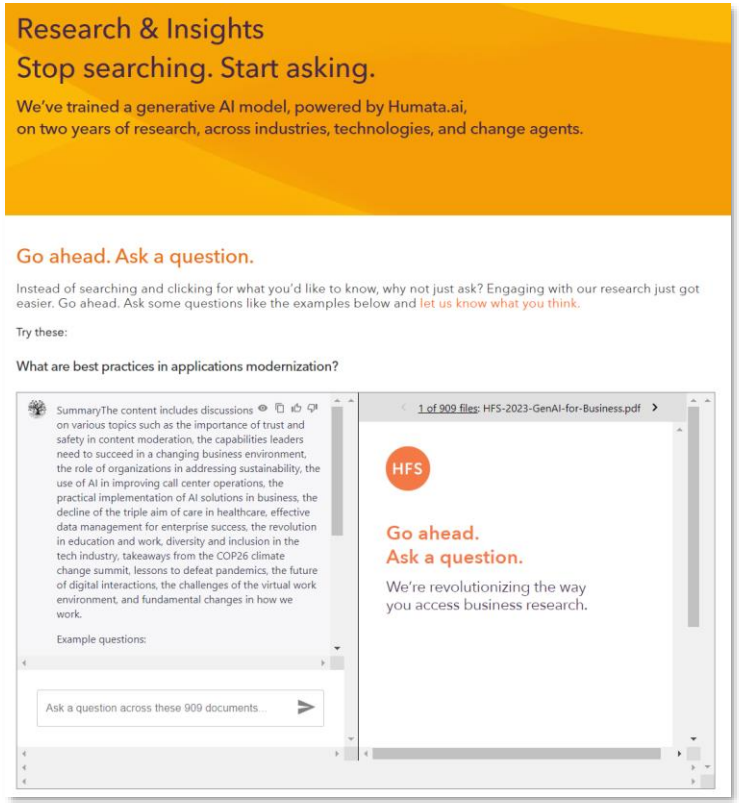


HFS

If you aren't using GenAI daily, get out of the way!

David Cushman, Executive Research Leader

Leaders, you must equip yourself with a personal and daily understanding of the capabilities of generative AI (GenAI) or risk making decisions about the future of your business based on understanding technologies of the past. Too few of you have a hands-on, experience-based understanding of what GenAI can do and the risks and obstacles you should consider and are instead relying on third-party interpretations.



Research & Insights

Stop searching. Start asking.

We've trained a generative AI model, powered by Humata.ai, on two years of research, across industries, technologies, and change agents.

Go ahead. Ask a question.

Instead of searching and clicking for what you'd like to know, why not just ask? Engaging with our research just got easier. Go ahead. Ask some questions like the examples below and let us know what you think.

Try these:

What are best practices in applications modernization?

SummaryThe content includes discussions on various topics such as the importance of trust and safety in content moderation, the capabilities leaders need to succeed in a changing business environment, the role of organizations in addressing sustainability, the use of AI in improving call center operations, the practical implementation of AI solutions in business, the decline of the triple aim of care in healthcare, effective data management for enterprise success, the revolution in education and work, diversity and inclusion in the tech industry, takeaways from the COP26 climate change summit, lessons to defeat pandemics, the future of digital interactions, the challenges of the virtual work environment, and fundamental changes in how we work.

Example questions:

Ask a question across these 909 documents...

1 of 909 files: HFS-2023-GenAI-for-Business.pdf

HFS

Go ahead.
Ask a question.

We're revolutionizing the way you access business research.

7 HFS Research authors

Phil Fersht, CEO and Chief Analyst, HFS

Phil Fersht is widely recognized as the world's leading industry analyst focused on the reinvention of business operations to exploit technological innovations and the globalization of talent.



He identifies change agents that enable organizations to streamline digital operations, access rapid and critical data to base decisions, and exploit the increasingly available global base of talent. He coined the term “Generative Enterprise™” in 2023 to articulate the pursuit of AI technologies based on large language models (LLMs) and ChatGPT to reap huge business benefits to organizations in terms of continuously generating new ideas, redefining how work gets done, and disrupting business models steeped in decades of antiquated processes and technology.

He has a global reputation spanning more than two decades for calling out the big trends, being unafraid to share his honest views, and driving a narrative on the technology and business services industries that shape many leadership decisions. His reputation drove him to establish HFS Research in 2010, which has today grown into one of the leading industry analyst and advisory firms and the undisputed leader in IT business services and process technologies research.

In 2012, he authored the first analyst report on robotic process automation (RPA), introducing this topic to the industry. He is widely recognized as the pioneering analyst voice that created and inspired today's RPA and process AI industry. Fersht coined the term "OneOffice™" in 2016 to describe HFS Research's vision for future business operations amidst the impact of cloud, automation, AI, and disruptive digital business models. OneOffice is the foundation of the hybrid (virtual-physical) workforce, where automation and AI tools augment the employees’ digital capabilities and the workplace becomes a plug-and-play, work-from-anywhere scenario. Silos between the front, middle, and back offices are collapsed into a single office, where all employees are empowered and motivated by common outcomes and common values.

Prior to founding HFS in 2010, Phil has held various analyst roles for Gartner (AMR) and IDC and was BPO Marketplace leader for Deloitte Consulting across the United States. Over the past 20 years, Fersht has lived and worked in Europe, North America, and Asia, where he has advised on hundreds of operations strategy, outsourcing, and global business services engagements.

David Cushman, Exec Research Leader, HFS



David leads our Emerging Technology Practice, tracking OneOffice™ and OneEcosystem™ enablers from automation and AI, data and design thinking, process orchestration, workflow, and intelligence, metaverse, and Web3. He also engages in the impact of technology on how we work and on our employee experience.

David leads our HFS Hot Vendors program, too. Experienced in start-up, scale-up, and large-scale digital transformation programs, he has led digital development at the UK's fastest-growing media company, founded and grown digital consultancies across Europe and worked with world-class companies as a director in digital strategy advisory at a tier-1 services provider.

He is the author of *The 10 Principles of Open Business* (Palgrave Macmillan, 2014), and he holds a joint honors degree in Philosophy and Sociology from the University of Essex.

David lives in Cambridgeshire, UK, with his wife and daughter, and he enjoys reading, writing, traveling, and thinking (exploration of all kinds). He embraces change and always seeks the learning opportunity. But, for all that, he has supported Leeds United Football Club since he was seven years old. Some things just can't be unlearned.

HFS Research authors



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President, Research and advisory

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Saurabh Gupta is President, Research and Advisory Services at HFS. He sets the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research. He oversees HFS' global research function managing the global team of analysts and operations across US, Europe, and Asia.



Niti Jhunjhunwala

Senior Analyst

niti@hfsresearch.com

Niti is a senior analyst at HFS Research. She works on competitive intelligence across IT and business process services. She joined us with more than six years of experience in market research. She holds an MBA degree specializing in Finance and Marketing and B.Tech in Information Technology. She is based out of Kolkata. In her spare time, she loves reading, travelling, and going for walks. On weekends she enjoys painting, spending time with her nephew and binge-watching series on Netflix.

About HFS

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