HFS

HORIZONS REPORT

Retail and CPG Service Providers, 2023

Covering the leading service providers in enterprise retail and CPG innovation

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Excerpt for TCS

“Retailers and consumer package goods (RCPG) companies are embracing unified commerce to break down the barriers between channels, creating a seamless and integrated shopping experience. By combining the power of technology, data, and customer-centric strategies, service providers are helping RCPG companies forge new paths toward a future where convenience, personalization, and connectivity converge.”

Ashish Chaturvedi
Practice Leader, HFS Research

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1 Introduction and the HFS view of the retail and CPG services market

Introduction

Retail and consumer packaged goods (RCPG) firms have shared and unique goals. Both categories of firms are aiming for digital transformation initiatives that involve re-designing operations, cloud migration, and change management. On the one hand, retailers are trying to sharpen their unified commerce proposition by getting a 360-degree view of customers and providing them with a similar and consistent experience across channels (e.g., physical stores, e-commerce, social commerce). On the other hand, CPG firms are striving for intelligent manufacturing operations and a modernized (connected and autonomous) supply chain.

HFS Horizons Report: Retail and CPG Service Providers, 2023 assesses how well service providers are helping their **Retail and CPG clients embrace innovation** and **realize value**.

- **Horizon 1:** Providers can drive functional digital transformation by reducing costs and improving speed and efficiency, for example, modernizing corporate functions such as F&A, sourcing and procurement, IT, HR, and customer service.
- **Horizon 2:** Providers have Horizon 1 characteristics and the ability to transform end-to-end retail and CPG services, creating unmatched stakeholder experience with a OneOffice™ mindset, for example, creating modern, value-based supply networks.
- **Horizon 3:** Providers have Horizon 2 characteristics and are driving entirely new sources of value with a OneEcosystem™ approach, for example, CPG firms adopting direct-to-consumer (DTC) sales models or retailers espousing social commerce to boost their top line.

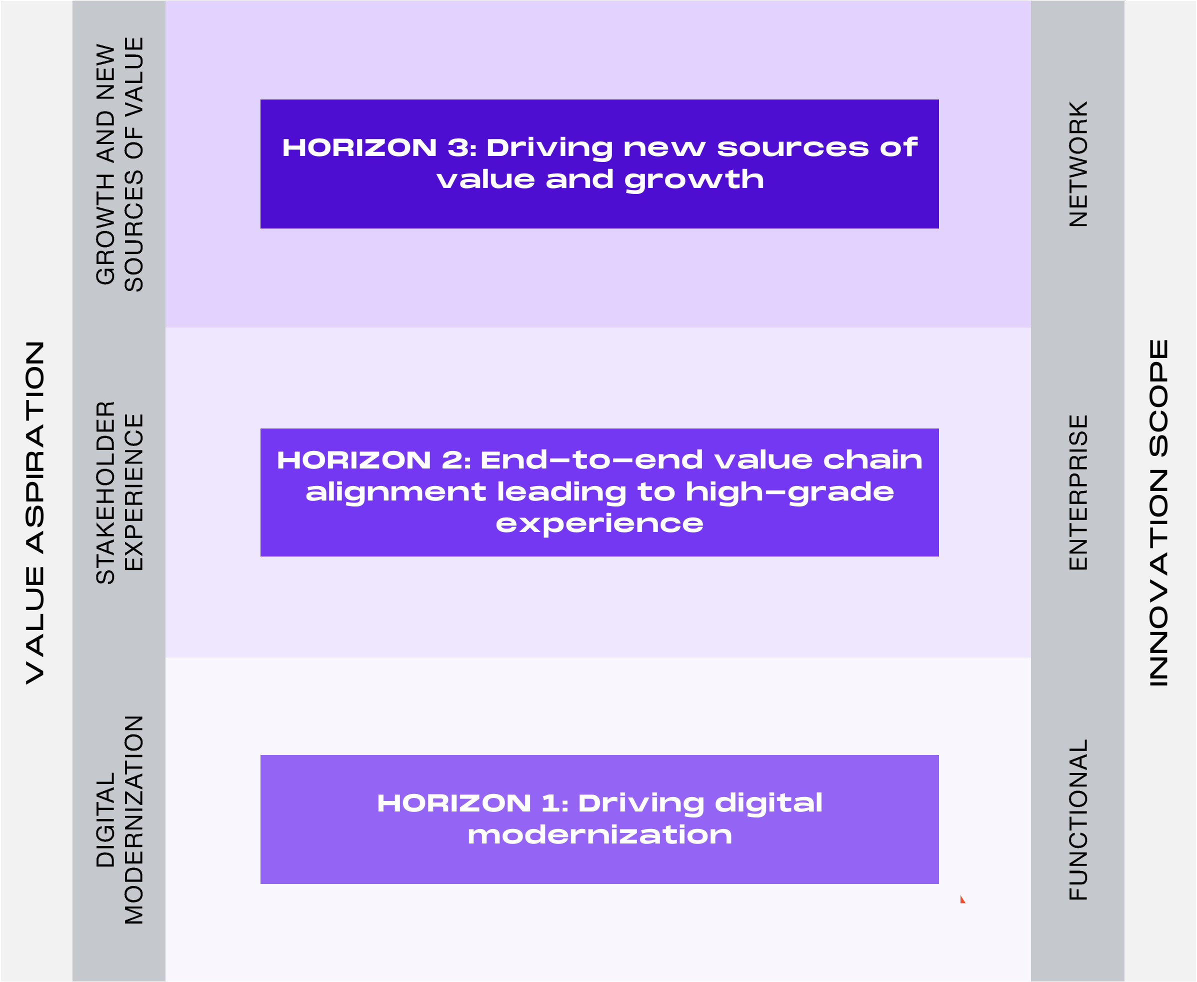
This study evaluates the capabilities of **24** providers across the HFS definition of the retail and CPG value chain based on a range of dimensions to understand the ***Why, What, How, and So What*** of their service offerings.

The report highlights the **value-based positioning** for each participant across the three distinct Horizons. It also includes **detailed service provider profiles**, outlining **provider facts, strengths, and development opportunities.**

Inclusion criteria. We've invited diversified IT and business process service providers with established business lines focused on supporting the industry-specific needs of **the RCPG industry** to participate in this study. Participation guidelines include:

1. Annual **RCPG** revenues (combined) of **at least a $250 million** or **10% contribution to overall revenues**
2. An existing portfolio of **industry-specific services that coincide (wholly or partially) with** our retail and CPG services value chain

HFS Horizons for retail and CPG service providers



Horizon 3—Synergy

- Horizon 2 +
- Driving completely new sources of value with a OneEcosystem™ approach, for example, CPG firms adopting a **direct-to-consumer (DTC) sales model or retailers espousing social commerce to boost the top line**
- **Generative Enterprise™** vision of retail and CPG services
- The ability to influence **systemic change** across the global sustainability context
- A robust ecosystem of partners and capabilities integrated into the offerings
- Market-leading investments with **differentiated IP, frameworks, and technology assets**
- Driving **co-creation and co-innovation** with clients and the partner ecosystem
- Referenceable and satisfied clients striving for **new sources of value**
- Perceived as a thought leader with **purpose-led relationships** driving growth and innovation for clients

Horizon 2—Experience

- Horizon 1 +
- The ability to transform end-to-end retail and CPG services, creating unmatched stakeholder experience with a OneOffice™ mindset, for example, **creating modern, value-based supply networks**
- The ability to support clients on their end-to-end retail and CPG transformation journey by bringing together all capabilities of the organization
- Well-rounded capabilities across **global delivery, talent, domain, technology, data, sustainability, and change management**
- Referenceable and satisfied clients attesting to their **ability to innovate and execute**
- Strategic partner to clients with **performance-driven** client relationships

Horizon 1—Leveraging enabling technologies to drive digital modernization

- Ability to drive functional digital transformation by driving cost reduction, speed, and efficiency, for example, **modernizing corporate functions** such as F&A, sourcing and procurement, IT, HR, and customer service
- Established retail and CPG industry service practice with a **clearly defined go-to-market strategy**
- Strong areas of excellence within the retail and CPG industry services, primarily focused on **consulting, IT, or business services**
- Emerging **sustainability narrative and ecosystem of partners**
- Referenceable and satisfied clients with **strong execution credentials**
- Primarily a vendor-client relationship with mainly **project-based** relationships

This study's core focus

1

How are you contributing to the unified commerce narrative?

2

How are you helping clients with data and personalization?

3

How are you enabling, enhancing, and measuring CX?

4

How are you building resilient supply chains and embedding sustainability?

Retail and CPG services value chain

Retail and CPG

Report focus

Industry specific

Online and mobile operations

- Omnichannel customer management
- Content creation and management
- Digital channel management
- Order management and fulfillment
- User experience and interaction
- Billing and payments
- Personalization
- Customer journey mapping

Brick and mortar operations

- Omnichannel customer management
- Order management and fulfillment
- Payments—authorization and processing
- Category and inventory management
- Space management
- Digital optimization
- Customer journey mapping

Merchandising and replenishment

- Vendor data management
- Forecasting and demand planning
- Inventory and count management
- Spend management and analytics
- Chargebacks and returns
- Pricing support
- Data reconciliation
- Assortment planning and management

Supply chain

- Planning and forecasting
- Sourcing and procurement
- Fulfillment
- Distribution and logistics management
- Distributor management
- Visibility and tracking
- Asset and inventory management
- Master data management
- After-sales support
- Supply chain analytics
- Transportation optimization
- Supplier performance analytics

Sales and marketing

- Campaign management
- Loyalty program management
- Content design, execution, and management
- Trade promotion and deductions management
- Brand management
- Advertising
- Customer segmentation and propensity modeling
- Media management
- Proximity marketing
- Subscription management

Horizontal

Horizontal business processes

Customer engagement | Human resources | Procurement | Finance and accounting | Payroll | Legal and compliance

Horizontal IT processes

Planning, design, and implementation | Application development and maintenance | Infrastructure management | Security

Enabling technologies

RPA | Smart analytics | Blockchain | IoT | Cloud | Mobility | COTS | Quantum computing | 5G | Metaverse | Generative AI

The retail and CPG operations value chain defined (page 1 of 2)

HFS developed the industry value chain concept to graphically depict our understanding of the processes and functions that specific industries engage in to operate their businesses.

HFS' industry value chain for retail and CPG operations provides a comprehensive overview of services for the retail and CPG industries. **Industry-specific processes** include the following specific value chain functions:

- **Online and mobile operations—**Services focused on the set-up, operations, and optimization of online and mobile retail sales
- **Brick and mortar operations—**Services focused on the set-up, operations, and optimization of physical retail store locations
- **Merchandising and replenishment—**Processes focused on the planning and management of inventory
- **Supply chain—**Various services designed to manage the supply of products or services to be sold through retail channels
- **Sales and marketing—**Processes focused on enabling the promotion and sale of products and services through retail channels

The retail and CPG operations value chain defined (page 2 of 2)

Enabling technologies—So much of the change that is taking place in retail and CPG is driven by enabling technologies, which include elements such as RPA, generative AI, and blockchain. We view them as horizontal as they can be used across retail and CPG enterprises and leveraged for horizontal and industry-specific processes. Our research on these topics will focus on how they are utilized within the retail and CPG value chain, which service providers are bringing them to the table, and what real business impact is being realized.

Horizontal IT and business processes—Enterprises in all sectors have a range of consistent business and IT processes essential to running their companies, but they are executed similarly regardless of industry. We refer to these as horizontal processes and have segmented them by IT and business functions, as outlined in Slide 8. These are not part of the direct scope but would be considered as and when they are leveraged across activities spanning the value chain. Horizontal business processes include elements such as customer engagement and HR. IT processes include functions such as application development and infrastructure management. Our industry-specific coverage of these areas will focus on instances where something unique has been developed for the industry, such as cloud-based trade promotion services or personalized offers enabled by IoT beacons (proximity marketing). In addition to industry coverage of these horizontal topics, they will be well covered as part of our functional research dimension.

2 Executive summary and market dynamics

Executive summary (page 1 of 2)

1 What's happening?

- Retailers and CPG firms are grappling with input costs and rising interest rates. This has created a digital dichotomy where enterprises need to innovate but don't have the budget to do so. Therefore, retail and CPG firms require providers to engage in frugal innovation to combat the digital dichotomy. In these challenging times, CPG firms are focusing on areas such as holistic supply chain tower solutions, digital engagement platforms, and direct-to-consumer channels as an extension to the existing retail channels and optimizing supply chain performance to reach customers at never-seen-before speeds. In comparison, retailers are looking to create a seamless and similar CX across all engagement channels, working on customer loyalty, collaboration with their vendor partners to combat any future supply chain disruptions, devising community-driven brand strategy underpinned by purpose and ethics, and formulating multi-channel hyper-personalized experiences throughout the customer lifecycle.

2 Key observations

- **Building a data-driven technology spine:** Retail and CPG firms are leveraging first-party data and analytics enhanced with GenAI. There are new avenues of digitization in the form of IoT (smart manufacturing), blockchain (tracking, tracing, and loyalty), cloud-native enterprise architecture (resilient and adaptable organization), and AR/VR (to improve the physical and digital storefront experience).
- **Evolving consumer habits defining the future interaction modalities:** Increasing socio-cultural diversity, the rise of the eco-conscious consumer, and the technology-savvy Gen-Z are redefining expectations around personal interactions, product ethnicity, and experience design.
- **Generative AI is the season's flavor, but it lacks commitment:** Although GenAI is the technology clients most want to invest in, the innovation and transformation budgets for most firms are frozen or severely cut down owing to the economic slowdown, rising inflation, and an increase in input costs. Moreover, current GenAI projects are experimental with a minimal committed dollar value attached.
- **Retail 2.0 is "in the works":** There's a rise in private labels, the store format is changing along with greater adoption of in-store tech, there's stress on unified commerce, subscription and membership models are increasing to drive loyalty, circular economy initiatives are coming into the fray, and there's an effort to discover data monetization avenues.
- **CPG 2.0 is about value generation:** There are innovations in product formulations and packaging striving for greater sustainability benefits. Localization and cultural relevance play a significant role in new product introductions. Technology integration has become a de-facto element of all transformation engagements. The spending on social media and influencer marketing is greater than ever.

Executive summary (page 2 of 2)

3 Retail and CPG services providers—the winners revealed

- **HFS assessed 24 leading service providers providing services to retail and CPG firms.** Of these 24 providers, 11 are positioned in Horizon 3 as leaders, six in Horizon 2 as innovators, and seven in Horizon 1 as disruptors. The service firms that lead the market and ecosystem-level change in Horizon 3 are **Accenture, Capgemini, Cognizant, Deloitte, Genpact, HCLTech, Infosys, Publicis Sapient, Tech Mahindra, TCS, and Wipro.** The service providers creating unmatched stakeholder experience with a OneOffice mindset in Horizon 2 are **EPAM, LTIMindtree, Sutherland, Teleperformance, UST, and WNS**. The service firms driving cost reduction, speed, and efficiency are **Aspire Systems, HGS, Hitachi Digital Services, ITC Infotech, Sonata Software, Virtusa, and Zensar.**

4 Voice of the customer (VOC)

- Customers appreciate that service providers are transparent, flexible, reliable, adaptable, innovative, and offer strong consulting.
- FTE-based pricing remains the preferred pricing model in the retail and CPG industry. However, there is a gradual shift toward outcome-based models. Customers expect service providers to offer innovative commercial models that can enhance their value for money.
- Talent retention and upskilling are the most common problem areas customers highlight for service providers to focus on.
- While talking to HFS analysts, customers pointed out that GenAI will likely change their future provider engagements. Leveraging GenAI, they want to reduce their dependency on providers providing run-of-the-mill services by cutting down resources. In contrast, they want to explore higher-value projects with providers that are more strategic to their business.

5 Voice of the partner (VOP)

- Service providers are expected to invest more in developing business relationships, be open to more creative commercial models engaging in proactive joint marketing and co-selling, and focus on technology platform up-skilling based on advancements in partner technologies.
- Partners told HFS analysts that they prioritize and advocate providers with a global presence, enough certified FTEs, an inclination to build standalone provider solutions on top of their platforms, and subsegment (for example, fashion vs. beauty) domain knowledge.

RCPG in deliberation mode—combat rising input costs, changing customer expectations, unlocking new value streams

Rising input costs

The rising price inflation has led to an increase in raw material, sourcing, and logistics costs. The pandemic, followed by the ongoing economic slowdown, has given rise to unique challenges like overstocked inventory, yet-to-recover supply chains, and reduced tech expenditure.

Shoppers are evolving

The new-age shoppers have evolved. They are now tech driven, environmentally conscious, convenience oriented, heterogenous with personalized tastes, CX trumps pricing, and engaging via new channels (e.g., social commerce).

CPG—Supply chain modernization and new channels

On one hand, CPG firms are looking to make their supply chains more autonomous and connected to improve speed-to-market and make them more resilient. On the other hand, CPG firms are building direct-to-consumer business models to increase sales, drive customer loyalty, and increase profitability.

Retailers—Unified commerce experience

Retailers are in an arms race to create multi-channel hyper-personalized experiences throughout the customer lifecycle. Most of the work revolves around loyalty solutions, hyper-personalization (at an individual level), tracking and tracing, modernizing the core for omnichannel integration, and in-store tech.

Popular tech in play

Cloud: Building cloud-native architecture to scale operations up or down based on anticipated and real-time demand; integration of various channels such as social, ecommerce, and physical

Blockchain: For tracking and tracing, logistics, and loyalty solutions

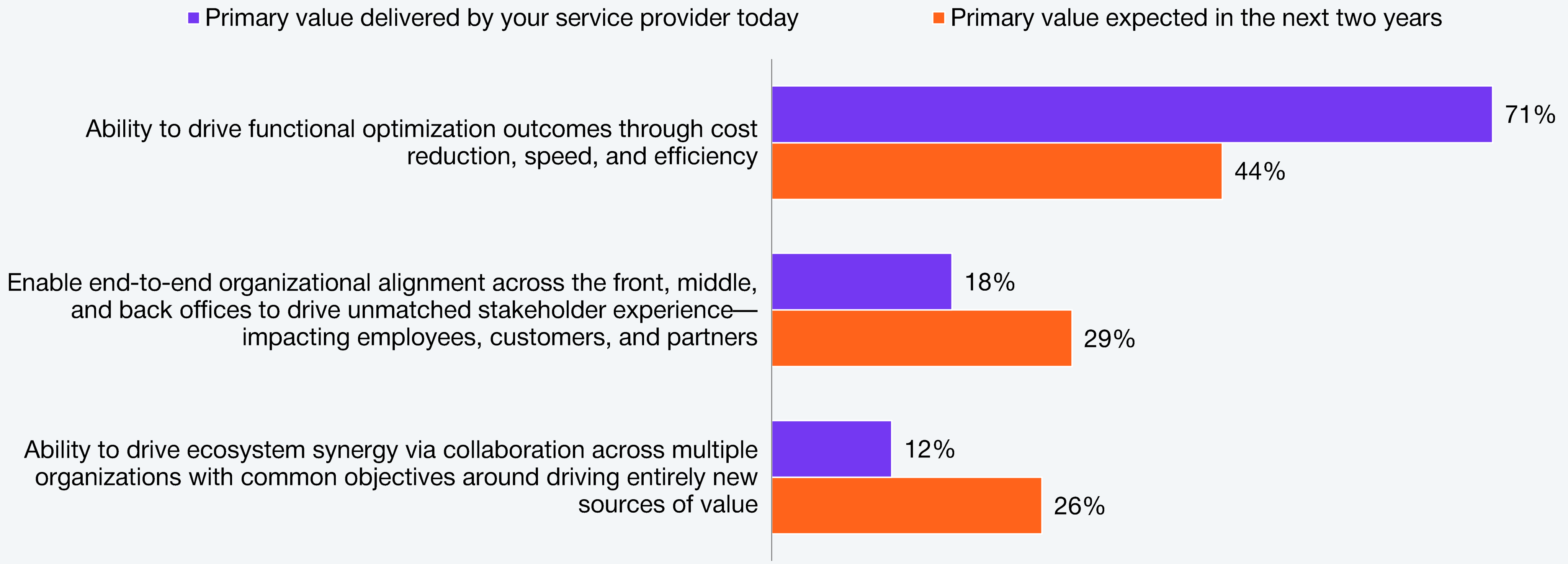
IoT: Collect customer data to make real-time decisions, for example, dynamic pricing

GenAI: Mostly at the proof-of-concept stage but exploring synergy with existing technology like conversation AI + GenAI, adding up to a 24/7 digital contact center agent

Packaged technology: ERP suites to modernize the core, specialized software such as Vue.ai for AI-based activities like AI tagging

A quarter of retail and CPG firms expect their provider partners to unlock new sources of value in the next two years

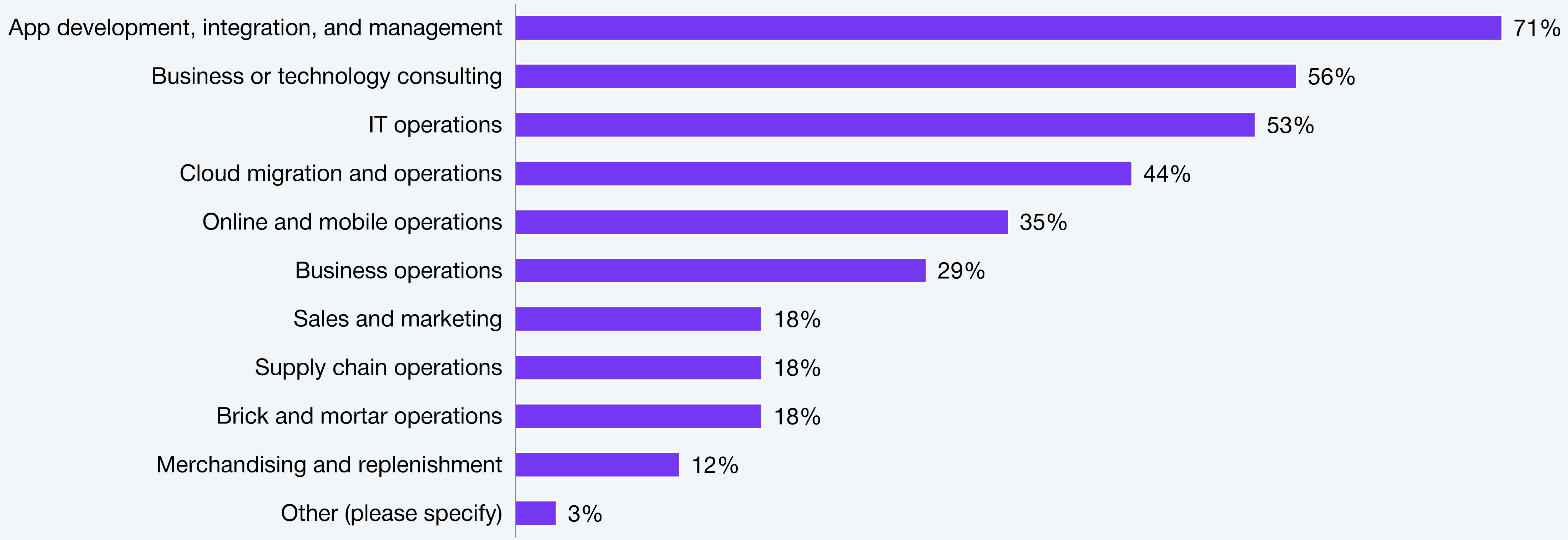
Which of the following statements best represents the primary value delivered by your service provider today vs. in the next two years?



Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 34 client references
Source: HFS Research, 2023

While most contracts pivot around application development and support activities, consulting services needs are continuously increasing

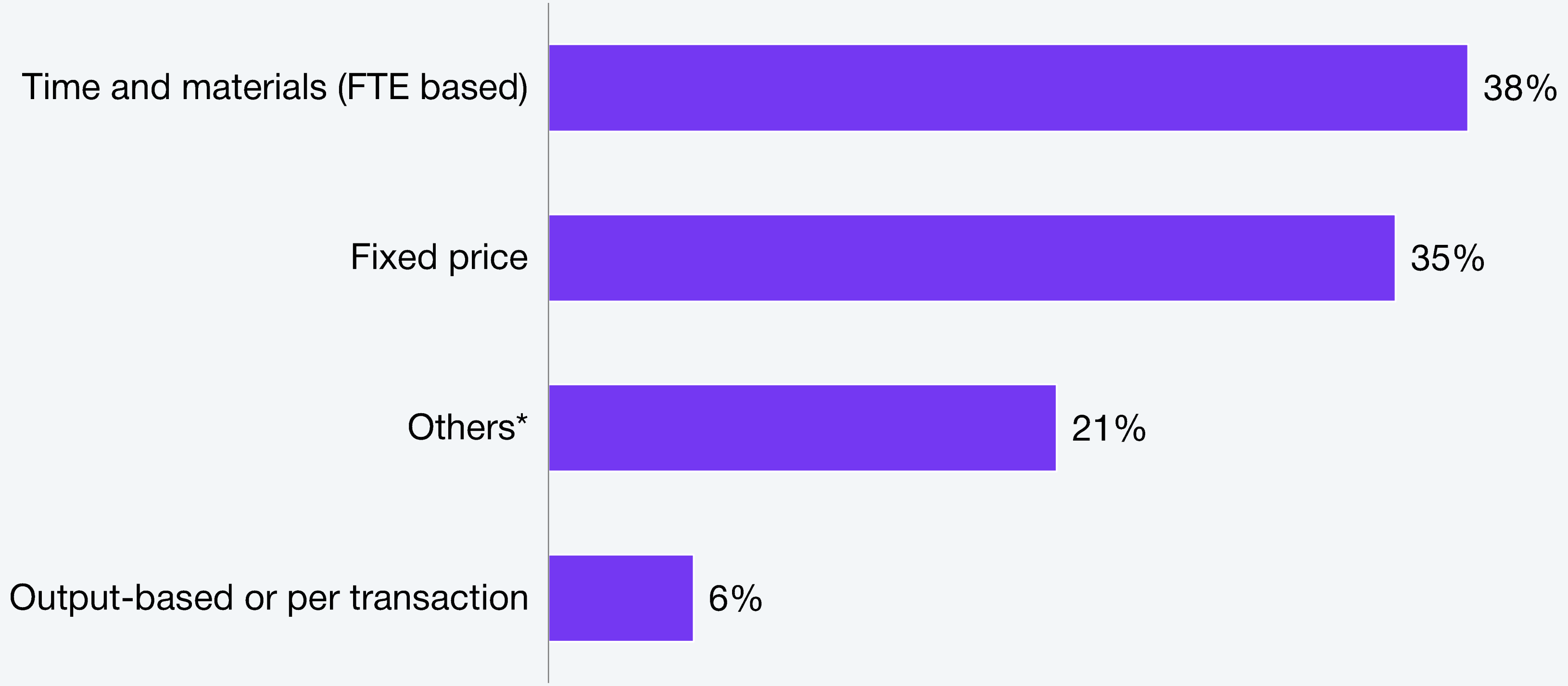
What is included in the scope of your engagement? Please select all that apply.
(Percentage of respondents selecting item)



Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 34 client references
Source: HFS Research, 2023

Although clients and providers expressed their willingness to move to business-linked models, the on-ground approach remains conservative

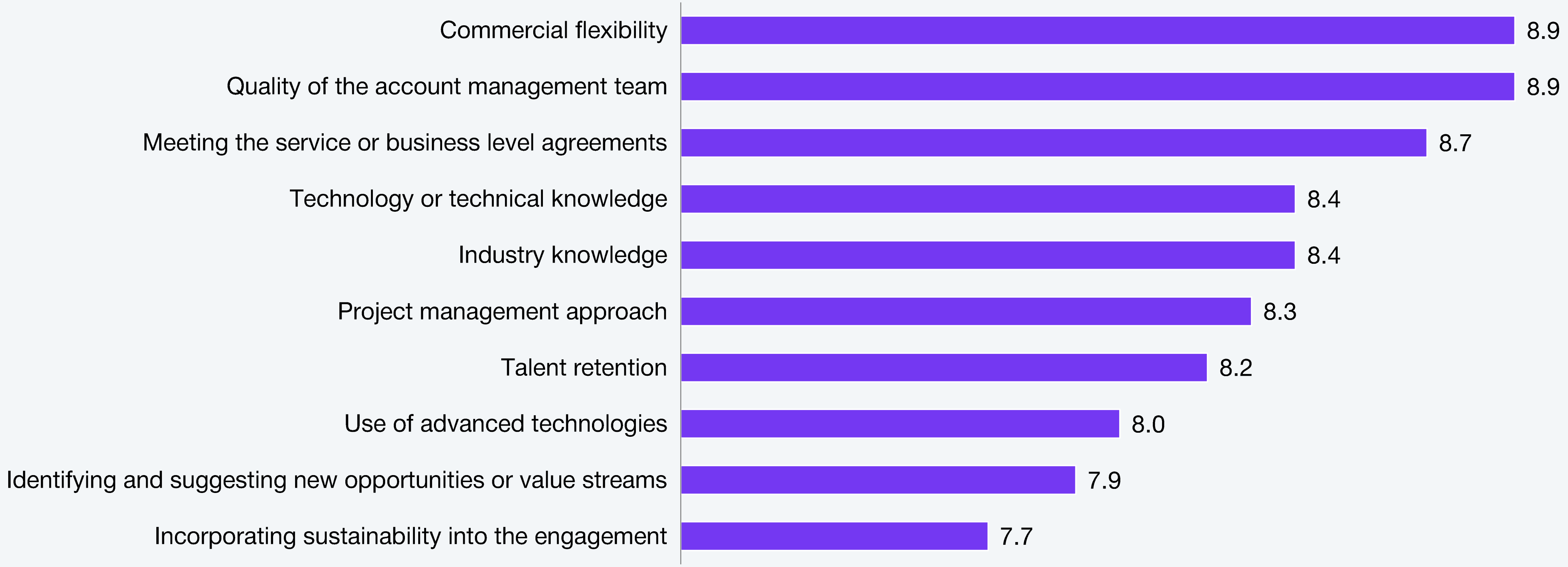
What is the pricing construct of this engagement?
(Percentage of respondents selecting item)



Others* include revenue-driven, mixed pricing construct for multiple engagements
Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 34 client references
Source: HFS Research, 2023

Embedding sustainability into engagements remains the top challenge for service providers

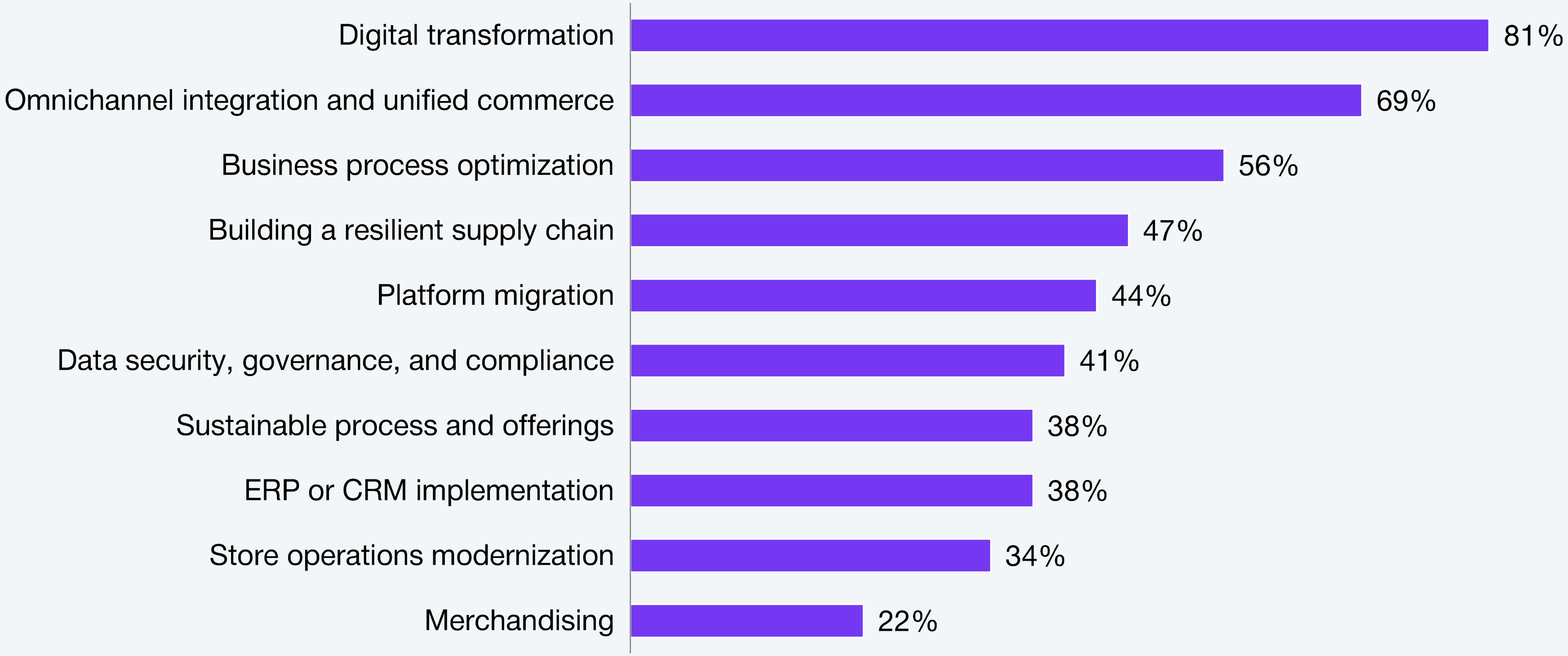
Based on your experience with the service provider, rate the following on a 1-10 scale, where 1 is the lowest and 10 is the highest.
(Average score)



Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 34 client references
Source: HFS Research, 2023

Enterprises are investing the most in digital transformation and unified commerce initiatives

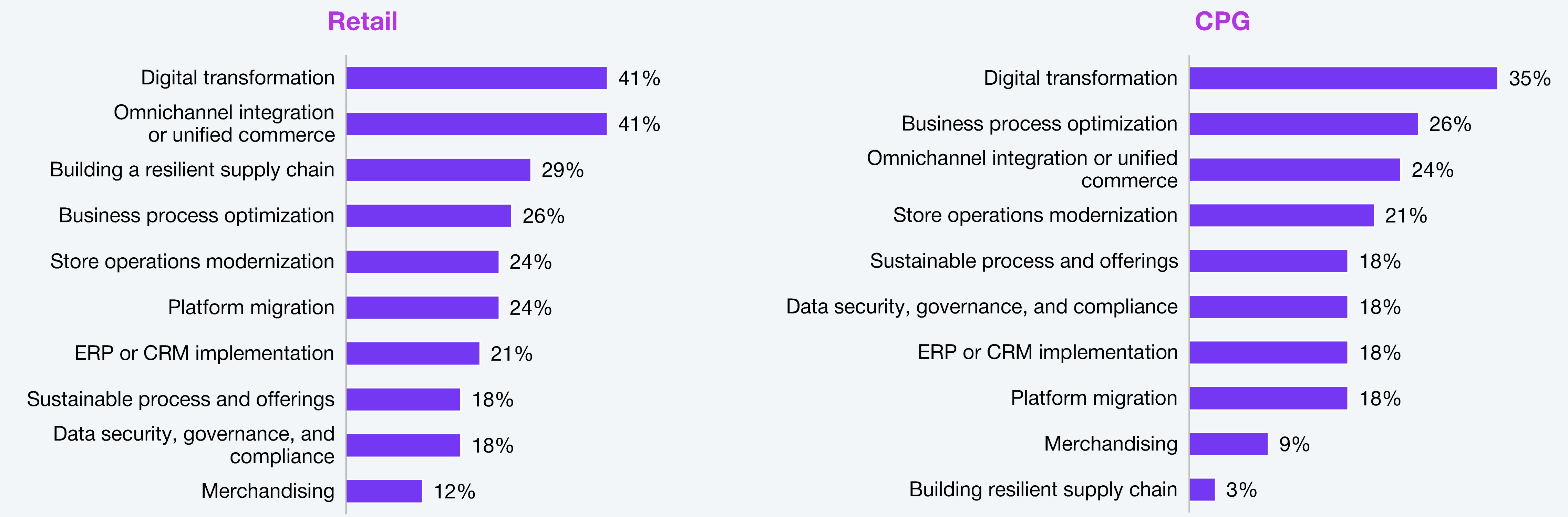
What are your top areas of investment for your business? Please select all that apply.
(Percentage of respondents selecting item)



Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 34 client references
Source: HFS Research, 2023

Besides digital transformation, retailers focus on unified commerce, and CPG firms aim for business process optimization

What are your top areas of investment for your business? Please select all that apply.
(Percentage of respondents selecting item)

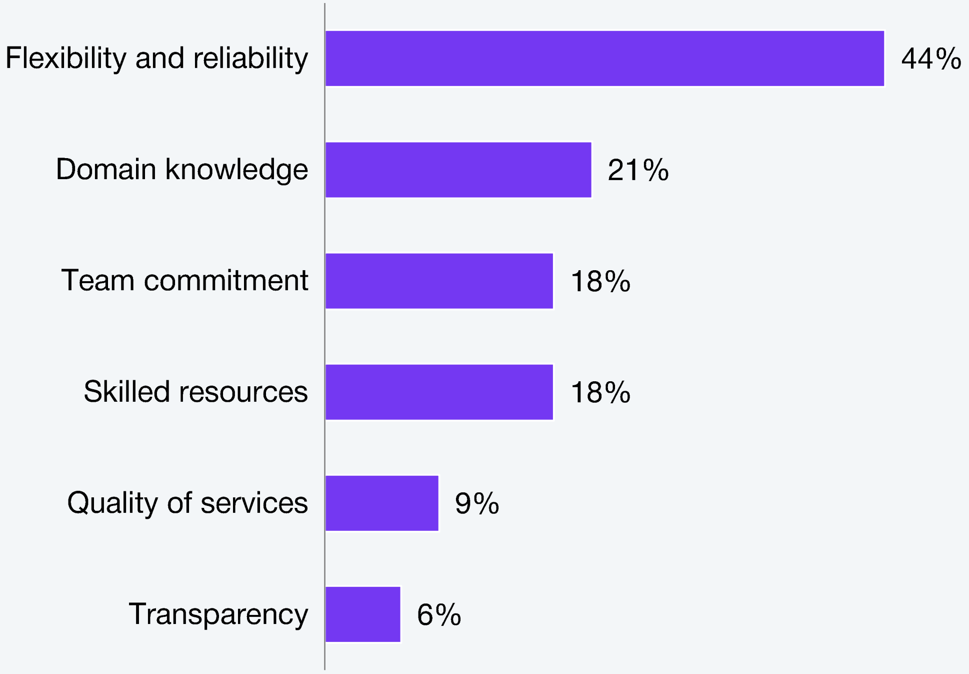


Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 34 client references
Source: HFS Research, 2023

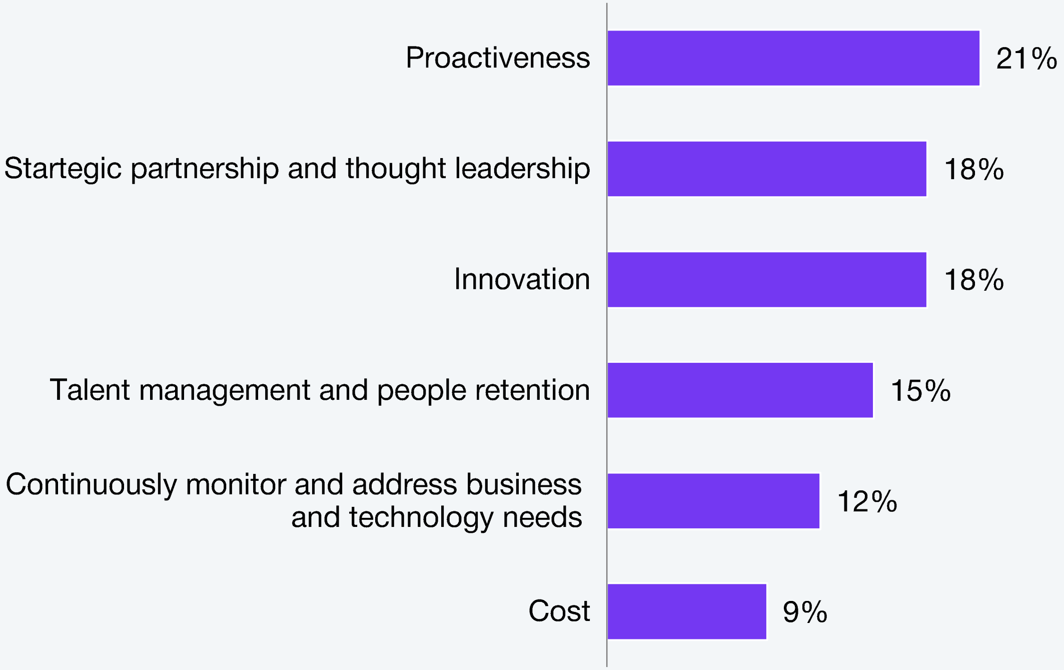
Flexibility and reliability were identified as the most significant strengths for providers; proactiveness was the top improvement area voted by clients

In your opinion, what are the key strengths and opportunities of your service provider?
(Percentage of respondents selecting item)

Provider strengths



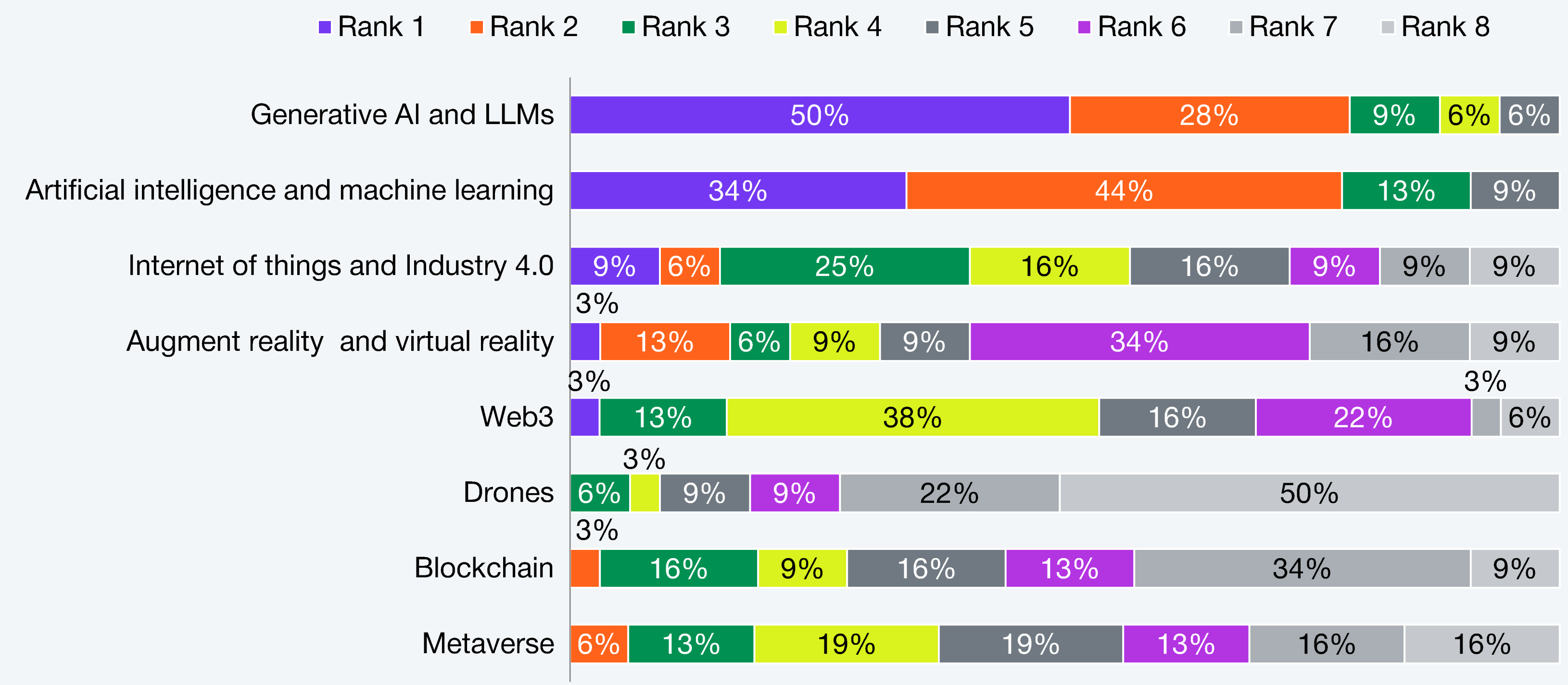
Room for improvement



Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 34 client references
Source: HFS Research, 2023

87% of clients rated GenAI among their top three investment areas for the next two years

Which emerging technologies are you planning to invest in in the next two years?
Rank 1-8, with 1 being the highest priority
(Percentage of respondents selecting item)

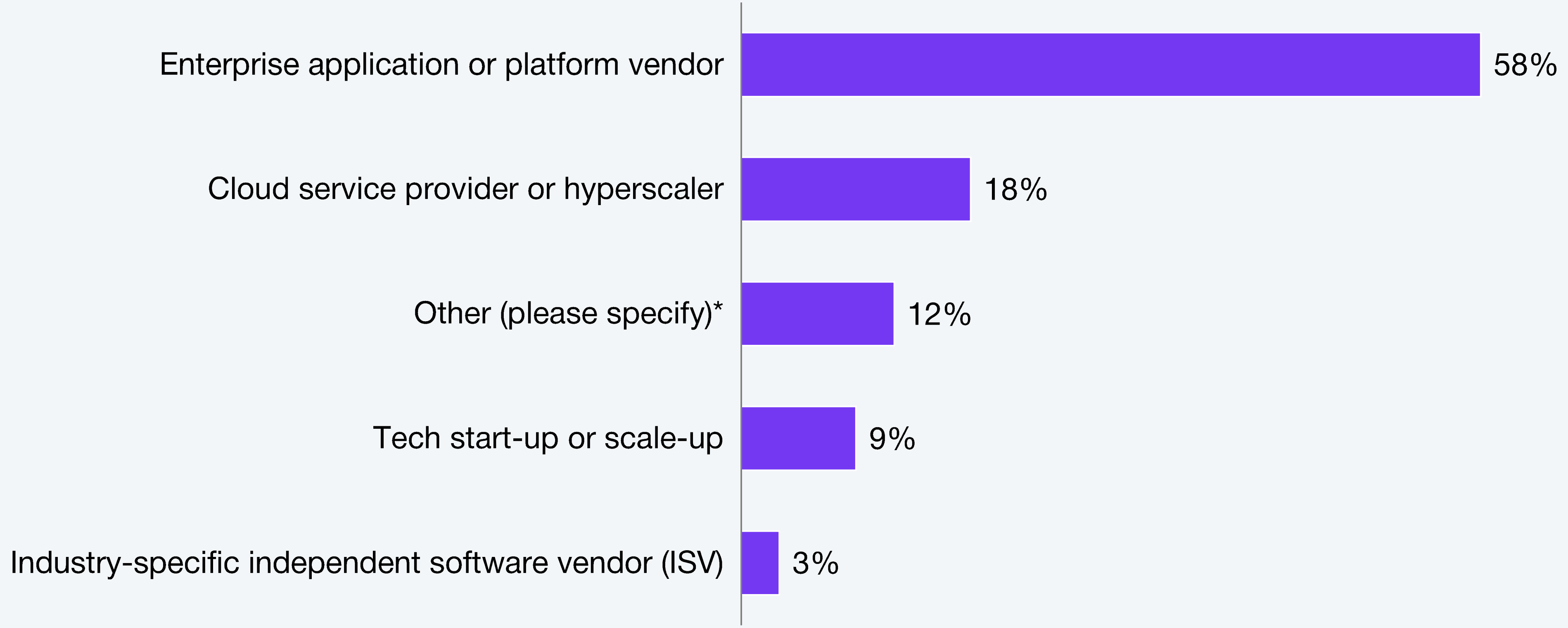


- Although there's keenness to invest in GenAI technology, during telephone conversations with HFS analysts, most clients admitted that there are no budget allocations. Moreover, most clients have not chalked out any roadmap.
- Although IoT is ranked third, most ongoing investments leverage this technology.

Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 34 client references
Source: HFS Research, 2023

Most service providers resort to enterprise platform partnerships to address their retail and CPG clients' needs

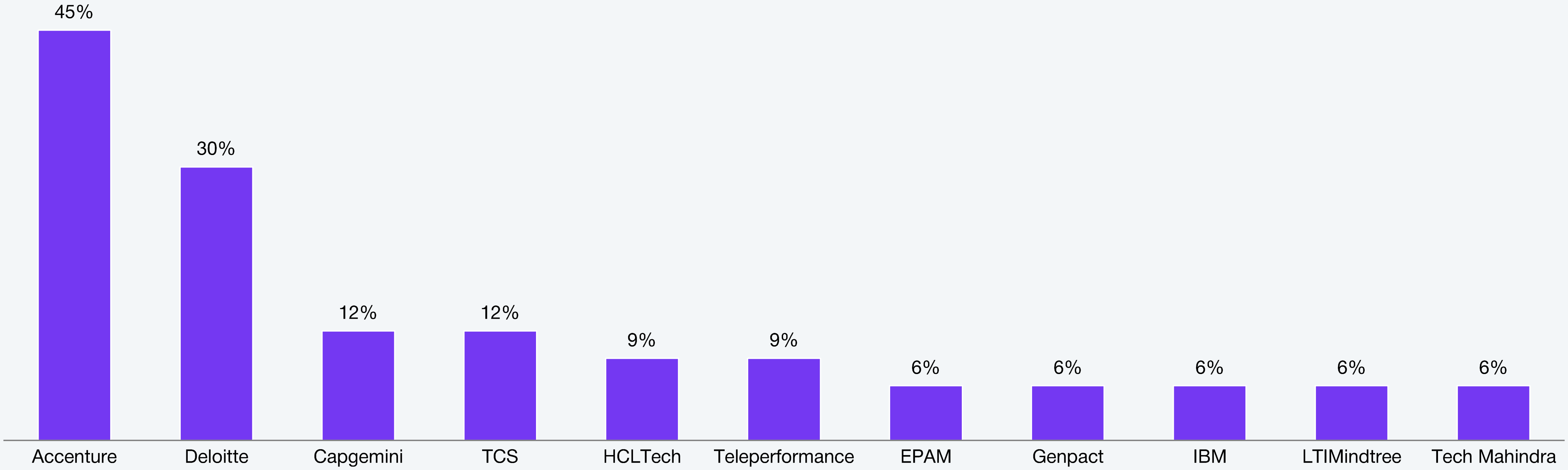
Which of the following statements best describes your firm?
(Percentage of respondents selecting item)



Other (please specify): Global system integrator, consulting and technology vendor, payment gateway/ middleware orchestration platform, AI MI chat and voice bots
Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 33 partner references
Source: HFS Research, 2023

Accenture and Deloitte surfaced as the most-preferred provider-partners for technology vendors and cloud providers in the RCPG industry

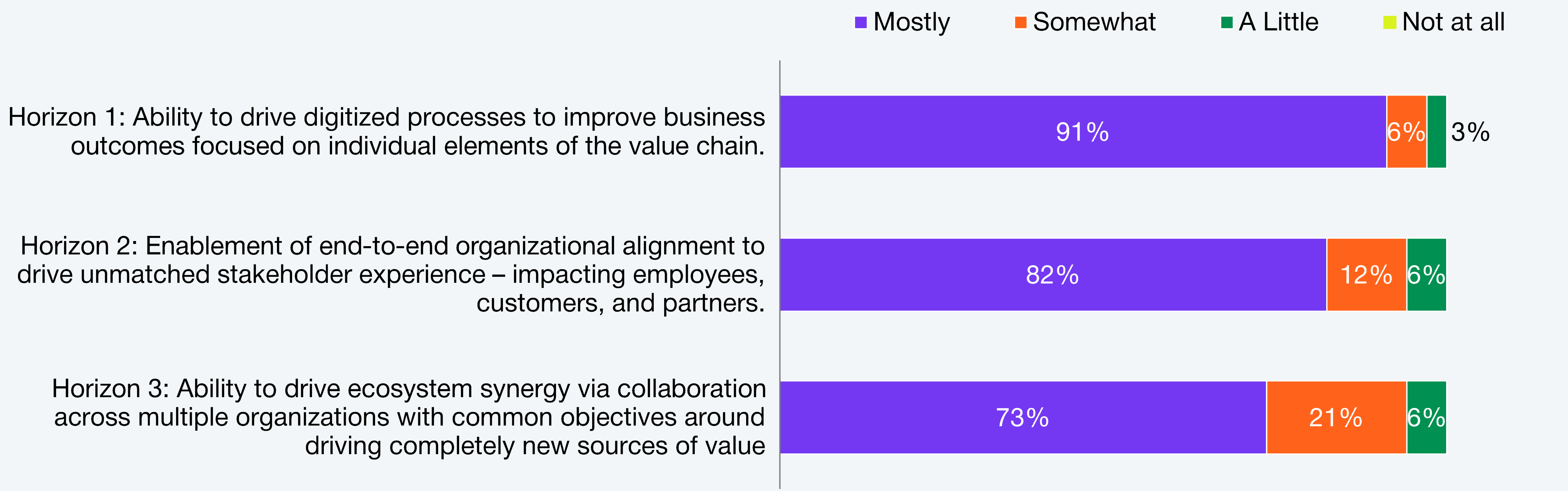
Please name your top three provider partners.
(Percentage of respondents selecting partner-provider)



Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 33 partner references
Source: HFS Research, 2023

Most partners believe that providers are delivering value across Horizons; however, Horizon 3 has the most room for growth

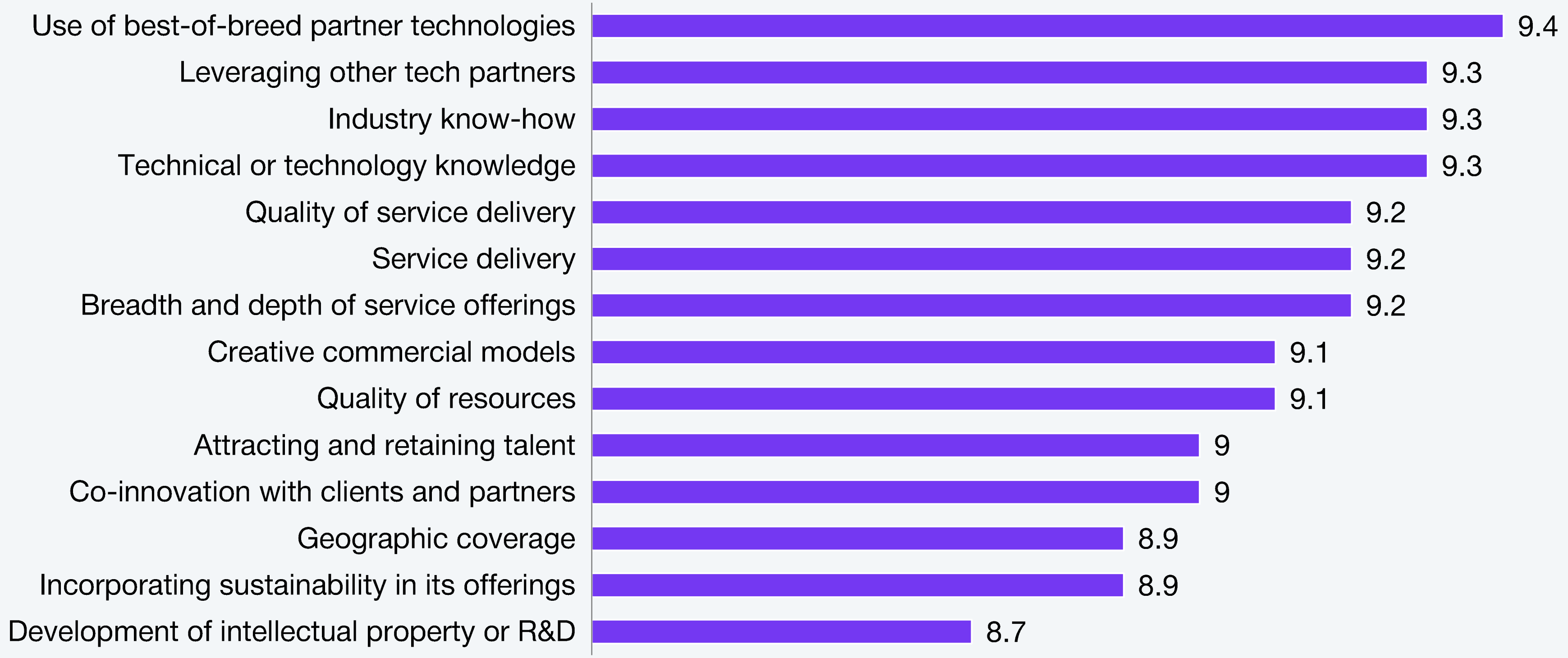
How well do the following statements represent the value you and your service provider partner are providing to your mutual clients?
Please indicate not at all, a little, somewhat, mostly.



Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 33 partner references
Source: HFS Research, 2023

Most partners feel that providers have a fair understanding of their technologies; providers scored well across dimensions

Based on your experience with this service provider partner, please rate it across the following parameters.
Please use a scale of 1 to 10, where 1 is poor and 10 is excellent.
(Average rating)



Sample: HFS Horizons: Retail and CPG Service Providers Study, 2023; 33 partner references
Source: HFS Research, 2023

3 Research methodology

Service providers covered in this study

accenture

aspire SYSTEMS attention. always.

Capgemini

cognizant

Deloitte.

<epam>

genpact

HCLTech

hgs

Hitachi Digital Services

Infosys® Navigate your next

ITC INFOTECH Business-friendly Solutions

LTIMindtree

publicis sapient

SONATA SONATA SOFTWARE

SUTHERLAND®

tcs TATA CONSULTANCY SERVICES

TECH mahindra

Teleperformance

UST

virtusa

wipro

WNS

zensar™

Sources of data

This report relied on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on retail and CPG chain services providers in our study. Sources are as follows:

Briefings and information gathering

HFS conducted detailed **briefings** with customer experience leadership from each vendor.

Each participant submitted a specific set of **supporting information** aligned to the assessment methodology.

Reference checks

We conducted reference checks with **51 active clients and 53 active partners** of the study participants via survey-based and telephonic interviews.

HFS Pulse

Each year, HFS fields multiple demand-side surveys in which we include detailed vendor rating questions. For this study, we leveraged our fresh from the field HFS Pulse study data featuring **30 service provider ratings from CX decision makers at enterprises.**

Other data sources

Public information such as press releases and websites.

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

Horizons assessment methodology | Retail and CPG services

The *HFS Horizons Report: Retail and CPG Service Providers, 2023* research evaluates the capabilities of service providers across a range of dimensions to understand the *Why, What, How, and So What* of their service offerings supporting Retail and CPG industry. We base our assessment on inputs from clients and partners, augmented with analyst perspectives. The following illustrates how we assessed capabilities:

Distinguishing supplier characteristics

Assessment dimension	Description	Horizon 1 service providers	Horizon 2 service providers	Horizon 3 service providers
Value proposition: The Why? **(25%)**	Strategy for retail and CPG market and vision for the future of the industry Retail and CPG offerings aligned to top problem statements for the sector Differentiators: Why retail and CPG firms work with you	• Ability to drive **functional digital** transformation by driving cost reduction, speed, and efficiency	• Horizon 1 + Enablement of the **OneOffice™ model** of end-to-end organizational alignment across the front, middle, and back offices to drive unmatched stakeholder experience (EX, PX, CX)	• Horizon 2 + Ability to drive **OneEcosystem™ synergy** via collaboration across multiple organizations with common objectives around driving completely new sources of value
Execution and innovation capabilities: The What? **(25%)**	Breadth and depth of services across the retail and CPG value chain and associated delivery capabilities Strength of industry-specific talent: hiring, training, and ongoing development. Approach to and strength of ecosystem partners Industry-specific technology innovation	• Functional domain expertise for segments of the retail and CPG value chain • Industry-specific talent focused on key process domains or technology • Focused partnerships and strong partner experience (PX) • Limited industry-specific intellectual property (IP)	• Comprehensive coverage across the retail and CPG value chain • Strong industry-specific talent pool across IT and operations domains • Range of industry-specific partnerships and strong PX • Strong industry-specific IP	• Comprehensive coverage across the retail and CPG value chain and beyond • Strong industry-specific talent pool across consulting, IT, and operations domains • Comprehensive industry-specific partnerships with strong PX • Strong industry-specific IP and joint ventures
Go-to-market strategy: The How? **(25%)**	What are you actually selling to retail and CPG? Nature of investments in your retail and CPG business (M&A, non-M&A, R&D) Co-innovation and collaboration approaches with customers and partners, including creative commercial models Customer targeting approach	• Investments aligned to functional optimization outcomes • Optimization and point solutions • Target focused personas and lines of business, Tier 2 and 3 firms, geo-specific	• Horizon 1 + investments aligned to enterprise experience • Optimization and top-down transformation • Target range of personas and lines of business, Tiers 1 and 2, broad geo coverage	• Investments aligned to Horizons 1, 2, and ecosystem enablement • Horizon 1, 2, + co-creation with customers and partners • Horizon 1, 2, + new-value creation • C-suite coverage across lines of business and geos for Tier 1 and 2
Market impact: The So What? **(25%)**	Scale of retail and CPG business: revenue, clients, and headcount Growth of retail and CPG business: revenue, clients, and headcount Proven outcomes showcasing nature of value delivered to retail and CPG Voice of the customer	• Proven scale and growth are driven by functional optimization focus • Top marks as an optimization partner across key retail and CPG functions, customer experience (CX)	• Proven scale and growth driven by Horizon 1 + stakeholder experience • Top marks as an enterprise transformation partner emphasizing stakeholder experience, CX and employee experience (EX)	• Proven scale and growth driven by H2 + ecosystem synergy • Top marks as a global growth partner driving new business models (CX+EX+PX)

4 Horizons results: Retail and CPG Service Providers, 2023

There's significant overlap among client accounts pointing toward a multi-provider environment preferred by retail and CPG clients

Consolidated statistics of the 24 service providers in this study

~$31 billion Total dedicated services revenue from retail and CPG business	**$6.7 million** Annual revenue generated per client	**4,595** Total number of platform clients (with overlaps)
382,358 Total aligned headcount	**8.3 CSAT** Average customer ratings of service providers	**8.8 CSAT** Average partner ratings of service providers

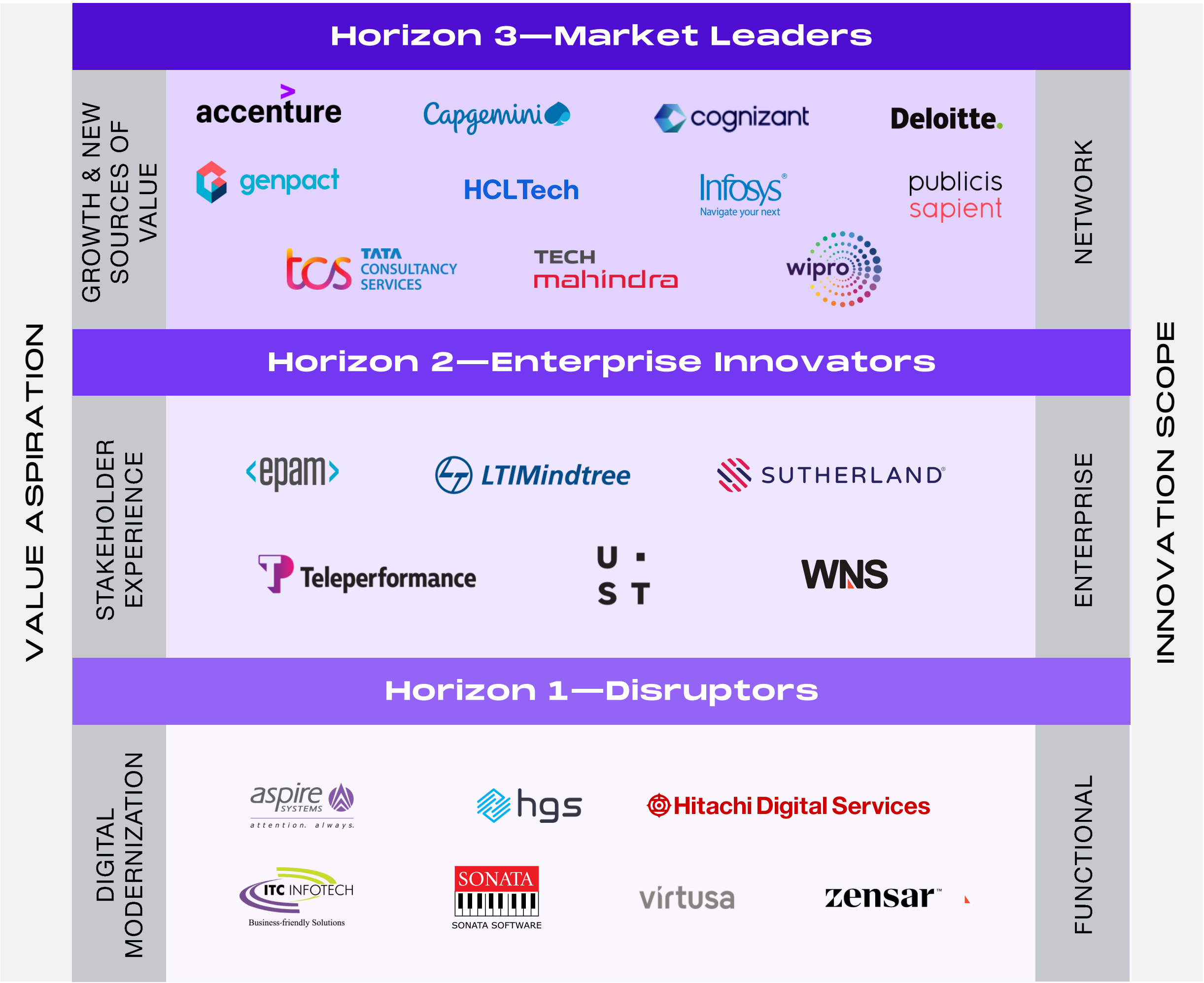
Sample: 24 service providers, 33 partner references, 34 client references
Source: HFS Horizons: Retail and CPG Study 2023

HFS Horizons—Summary of retail and CPG service providers assessed in this report

Providers (alphabetical order)	HFS point of view
Accenture	Consulting-led global provider with a change-management value proposition for RCPG clients, boosted by inorganic growth
Aspire Systems	A digital engineering firm specializing in functional digitization, especially the online sales channel
Capgemini	An end-to-end provider with sub-industry domain knowledge and an impressive sustainability proposition
Cognizant	Riding on technology + platform play laced with inorganic growth to expand its RCPG portfolio breadth and footprint
Deloitte	Consulting-led change management provider helping RCPG firms espouse forward-looking tech and business models
EPAM	An integrated digital engineering company that serves all major RCPG industry segments
Genpact	A digital-driven player with thoughtfully formulated, forward-looking services across the RCPG value chain
HCLTech	Engineering DNA with horizontal focus, competing via talent, hub-based innovation model, and prebuilt domain solutions
HGS	A business services provider covering the customer lifecycle with offerings around customer engagement, operations, and analytics
Hitachi Digital Services	A data-driven focus on horizontal digital solutions and infrastructure offerings
Infosys	Mature full-stack IT provider with digital capabilities via acquisitions
ITC Infotech	A mid-size provider with a well-distributed global presence rendering productivity-focused IT-modernization services

Providers (alphabetical order)	HFS point of view
LTIMindtree	Focuses on building an end-to-end ecosystem of digital solutions to target large accounts
Publicis Sapient	A value-led firm focusing on differentiated offerings, deep technology knowledge, shared outcomes, and business impact
Sonata Software	A niche provider in the retail and CPG space helping unlock functional value at a sub-process level
Sutherland	A business services provider helping RCPG firms maximize customer lifetime value through bespoke solutioning
TCS	A global leader in large-scale transformation projects with strong delivery capability and industry-focused IP portfolio
Tech Mahindra	An end-to-end transformation partner with a strong digital focus and a forward-looking suite of services
Teleperformance	A leading provider of business (and digital) solutions to integrate various functions of the RCPG value chain
UST	Strong portfolio of next-gen RCPG services backed by internal IP and varied sub-industry client experience
Virtusa	Engineering DNA with an impressive track record in data analytics and application modernization work
Wipro	A business-oriented portfolio (such as intelligent stores) that manifests a unified retail commerce vision
WNS	A BPO provider with analytics-driven, digital-focused transformation approach across the RCPG value chain
Zensar	A digital engineering provider offering cloud modernization, digital commerce, and supply chain capabilities

HFS Horizons—Retail and CPG Service Providers, 2023



Horizon 3—Synergy

- Horizon 2 +
- Driving completely new sources of value with a OneEcosystem™ approach, for example, CPG firms adopting a **direct-to-consumer (DTC) sales model or retailers espousing social commerce to boost the top line**
- **Generative Enterprise™** vision of retail and CPG services
- The ability to influence **systemic change** across the global sustainability context
- A robust ecosystem of partners and capabilities integrated into the offerings
- Market-leading investments with **differentiated IP, frameworks, and technology assets**
- Driving **co-creation and co-innovation** with clients and the partner ecosystem
- Referenceable and satisfied clients striving for **new sources of value**
- Perceived as a thought leader with **purpose-led relationships** driving growth and innovation for clients

Horizon 2—Experience

- Horizon 1 +
- The ability to transform end-to-end retail and CPG services, creating unmatched stakeholder experience with a OneOffice™ mindset, for example, **creating modern, value-based supply networks**
- The ability to support clients on their end-to-end retail and CPG transformation journey by bringing together all capabilities of the organization
- Well-rounded capabilities across **global delivery, talent, domain, technology, data, sustainability, and change management**
- Referenceable and satisfied clients attesting to their **ability to innovate and execute**
- Strategic partner to clients with **performance-driven** client relationships

Horizon 1—Leveraging enabling technologies to drive digital modernization

- Ability to drive functional digital transformation by driving cost reduction, speed, and efficiency, for example, **modernizing corporate functions** such as F&A, sourcing and procurement, IT, HR, and customer service
- Established retail and CPG industry service practice with a **clearly defined go-to-market strategy**
- Strong areas of excellence within the retail and CPG industry services, primarily focused on **consulting, IT, or business services**
- Emerging **sustainability narrative and ecosystem of partners**
- Referenceable and satisfied clients with **strong execution credentials**
- Primarily a vendor-client relationship with mainly **project-based** relationships

Note: All service providers within a "Horizon" are listed alphabetically.
Source: HFS Research, 2023

5 TCS profile: Retail and CPG Service Providers, 2023

TCS: A global leader in large-scale transformation projects with solid delivery capability and industry-focused IP portfolio

HORIZON 3 — Market Leader

TATA CONSULTANCY SERVICES

HORIZON 2 — Enterprise Innovator

HORIZON 1 — Disruptor

Strengths	Development opportunities
• **Value proposition:** TCS banks upon its products in AlgoRetail and its suite of next-gen CPG platforms to fill whitespaces, in conjunction with industry alliances, academic partnerships, innovation labs, and pre-built cognitive solutions to win large contracts with E2E scope. • **Growth proof points:** TCS' recent wins in areas like purpose-driven retail, cloud-first and digital-first strategy, data and sustainability are a testament to its focus on being an innovation-driven provider. TCS has the highest number of employees dedicated to retail and CPG, with an annual revenue of over $4.4 billion, placing it among the top two providers by revenue. • **Key differentiators:** Full-stack service provider with IP like Algo Retail to encash the promise of emerging technologies such as IoT, blockchain, and AI; and Envirozone to have a prebuilt solution suite of sustainability offerings. It has a presence across retail and CPG sub-verticals and focuses on CXO offerings. • **Client and partner kudos:** Clients value the availability of expertise, the culture of commitment, flexibility, and responsibility. Partners appreciate the ability to address client and merchant requirements with flexibility and agility, commitment to delivery excellence, and innovation.	• **What we'd like to see more of:** TCS has been regularly winning RCPG mega contracts (>$ 500 million). This has allowed TCS to invest deep and grow in all directions. It should continue to maintain this lead and solidify its position. • **Focus for the next 12 months:** TCS should explore synergies between new-age technologies and pre-built solutions, for example, integrating Conversational AI and GenAI to provision a 24/7 digital agent and pitching it to its key accounts. • **Client and partner critiques:** Clients expect TCS to bring more thought leadership and strategic thinking, develop a robust talent pipeline, and enhance lower-level managers' engagement. Partners expect TCS to better define the relationship roadmap.

Key offerings	Mergers and acquisitions (2020–2023)
• Unified commerce, intelligent merchandising, cognitive supply chains, CX, Digital commerce, future store and fashion, smart manufacturing, sales and marketing, analytics and business insights, sustainability, end-to-end transformation, cloud-first approach-led offerings, end-to-end ecosystem transformation, customer experience	No recent M&A activity

Partnerships	Key clients	Global operations and resources	Flagship internal IP
• Google, AWS, Microsoft, M&S, SAP, Salesforce • Industry-specific partners: Blue Yonder, Kinaxis, Adobe, Drupal • Retail and CPG COIN partners: Creatable, Sensacre, yellow.ai, Aqilliz, Nvidia, Rainus, SmartWithFood, Avataar	**Number of retail and CPG clients:** 370 **Key clients** • Sainsburys • M&S • Walgreens • Kingfisher • Versuni • Hasbro • Pepsico	**Retail and CPG headcount:** 80,000+ **Delivery and innovation locations:** • Working with leading global retailers and CPG enterprises across the US, UK, Europe, LATAM, APAC, EMEA, ANZ, Japan • 40+ research and innovation centers	• **TCS OmniStore:** AI-powered, unified, composable commerce platform • **TCS Optumera:** AI-powered retail strategic intelligence platform enables retailers to make value-chain optimized merchandising and supply-chain decisions • **TCS Experiential Digital Commerce Platform:** Modern, microservices-powered, end-to-end omnichannel, composable commerce solution • **TCS ENVIROZONE:** Cloud-based, one-stop suite of solutions for organizations to track and mitigate supplier-sourcing risks and improve procurement decisions for a sustainable supply chain • **TCS RevenuePrime™**: with innovation at scale and 'as-a-service' models, drives non-linear revenue growth with leadership in strategic revenue management."

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Ashish Chaturvedi is a Practice Leader at HFS covering supply chain, retail & CPG, and disruptive technologies. Ashish is an accomplished IT industry analyst and RetailWire BrainTrust and CIO.com member. With over 14 years of technology research experience, Ashish has authored more than 80 research reports spanning retail technologies, enterprise modernization, low-code/no-code development, digital benchmarking, platform economy, and IT sourcing.

Over the years, Ashish has advised several senior executives on digital strategy, product/service planning, next-gen technologies, and IT procurement. He has delivered several multidisciplinary research engagements, including provider and market intelligence reports, go-to-market workshops, white papers, podcasts, and research-based advisory.

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