



*Atento Recognized for*

**2021**

**Product Leadership**

Latin American Customer Experience

Outsourcing Services Industry

*Excellence in Best Practices*

## Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the customer experience industry: innovative business models, disruptive technologies, and internal challenges. Every company competing in the customer experience space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan’s recognition of Atento reflects how well it is performing against the backdrop of these imperatives.

## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Atento excels in many of the requirements needed to succeed in the Latin American Customer Experience Outsourcing Services market.

AWARD CRITERIA	
<i>Product Portfolio Attributes</i>	<i>Business Impact</i>
Match to Needs	Financial Performance
Reliability and Quality	Customer Acquisition
Product/Service Value	Operational Efficiency
Positioning	Growth Potential
Design	Human Capital

### **Match to Needs**

Leading companies recognize that improved customer care gives them a real opportunity to stand out from their competitors. In fact, according to Frost & Sullivan research, two-thirds of companies say that customer experience (CX) is a leading indicator of performance among board-level executives. The shift from traditional voice to digital channels has accelerated, boosted by innovative solutions, applications, and tech-savvy young consumers, amidst the COVID-19 Pandemic. In this challenging context, improving CX and creating brand loyalty are critical success factors.

Atento provides next-generation services (NGS) to clients and prospects worldwide that want to be leaders in delivering the next generation of customer experiences. NGS is well-positioned to generate higher value for companies across the customer lifecycle. It also yields better experiences for its consumers under three pillars (or specialized services): *High Value Voice (HVV)*, *Integrated Multichannel (IM)*, and *Automated Back Office (ABO)*.

Through *High Value Voice (HVV)* services, Atento provides highly skilled and trained agents, assisted by technologies (such as artificial intelligence (AI), robotic process automation (RPA), and analytics), the ability to improve and optimize the decision-making process. These services help solve complex problems to create an enhanced experience for the end user. The HVV portfolio is composed of three solutions:

- Business to Business (B2B) Sales/Inside Sales - combines digital and non-digital strategies with analytics to increase sales conversion coupled with qualified agents who have sales experience
- Retention- skilled anti-attrition agents focus on reversing services and/or products cancellation requests, as well as monitoring complaints to predict possible cancellations
- B2B Collections - a cost-effective collection process managed by trained negotiators to reduce bad debt for businesses.



The *Integrated Multichannel (IM)* services offer a full range of orchestrated and integrated digital channels (automated and agent-led) that deliver a consistent and seamless CX by preserving the interaction's context, regardless of the number of contacts or channels used by the client. Within this category, there are seven solutions available to the market:

- Digital Sales - combines digital and traditional sales with data science for more efficient sales and maximized conversion
- Cross & Up-Selling - offers outbound and inbound digital campaigns backed by CX consulting and data science

- Digital Customer Care - focuses on management and execution of the digital customer journey, leverages semantics technology and data for predicting the best course of action, and improves the engagement and troubleshooting with end users
- Shielding - looks to avoid customer churn and is driven by predictive analytics that triggers proactive interactions with clients to forge long-standing relationships
- Social Media Engagement - an automated social media engagement solution that offers monitoring, moderation, and management, supported by semantic technology
- Digital Early Collections - an end-to-end collections solution integrated with CRM, virtual agents, chatbots, and self-service portals to offer a better collection strategy
- Late Collections - that manages the late-stage collection process through an analytics layer

Finally, the *Automated Back office (ABO)* services go beyond front-end customer processes to automate the back office, helping clients boost efficiency and ensure a complete and proficient CX. Atento positions six products as part of this offering, including:

- Legal Confidentiality Automation - a legal documents analysis solution that identifies and automatically classifies relevant information delivering useful data faster and under quality control
- Legal BPO - an end-to-end lawsuit management suite that includes automated case capture, report drafting, evidence analysis, and deadline control, monitored via an online dashboard
- Banking Accounts - allows clients to registers new customers, suppliers, and resellers, through self-service, integration, and process automation
- Credit Origination - a self-service and automation tool for loans, payroll, credit cards, and mortgage applications
- Back-office automation (a solution for automating manual entry processes and increased speed and accuracy through optical character recognition (OCR), facial recognition, and RPA technologies)
- RPA Factory (a solution that provides consultants, development and managed services, leveraging Atento's highly qualified team in technical skills, process vision, and CX).

In summary, decision-makers must understand that CX is more than just a differentiator; it's a crucial part of doing business in a world where switching brands is easier than ever before. Atento's NGS provides value through skilled human resources and best-of-breed technologies, allowing a continual flow of integrated and orchestrated digital channels for a seamless CX, while automating the back office to ensure an optimized and hassle-free customer journey. Through this portfolio, Atento is in a favorable position to lead the next generation of CX services in Latin America.

### ***Reliability and Quality***

Atento NGS suite is backed by the development of next-generation technology and capabilities. The company continues to invest in AI, Speech Analysis, Natural Language Processing (NPL), Automatic Learning, and Virtual Assistants to create a leading self-service ecosystem available to clients and prospects.

Frost & Sullivan research shows that proactive, personalized, and predictive are the overarching targets of CX today as a way of improving what did not work yesterday. A CX-focused strategy must push for implementing tools that enable great customer and employee experience (EX).

While several leading companies in the CX arena are already intensive users of transformative technologies, Atento is differentiating itself by:

- deploying AI and other cognitive tools to offer sentiment analysis and provide context to customer interactions
- applying data science to improve business outcomes and employee productivity by generating value through data
- automating redundant back and front-office work to improve agent efficiency and CX
- providing a highly skilled CX consulting team that focuses on optimizing the customer journey and several business processes to achieve a distinguished CX

For example, through the use of analytics and the creation of a statistical model that leverages machine learning to analyze customer demographic and behavioral data, Atento was able to improve sales for a Banking customer by properly identifying high-value customers and pushing the appropriate offers for each client profile. Furthermore, by employing algorithms the company was able to define the targeting base and assigned it to the best available agent. The result was a 15% increase in sales and greater performance by reaching the same sales target with half of the agents.

Another distinctive quality of Atento is its approach towards innovation. The company was awarded the ISO 56002 certification for innovation management in July of 2020. To achieve this certification, Atento went through an evaluation process that considered the initiatives already taken in the innovation and those that would still be necessary to meet the standard guidelines, which proved to be an efficient innovation management system. This is the first time a company in the customer relationship sector has received this seal of approval. The organization is also the fourth in Brazil to achieve this certification. Only 100 companies have been certified with this ISO certification worldwide.

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**- Juan Manuel González, Research Director**

the forefront of renovating the customer experience market. The key strategic initiatives that comprise the company's plan include:

- operational improvements to accelerate the transformation of core operations and optimizing costs

### **Positioning**

Atento's purpose is to shape the future of CX. While this is a broad statement, the company has unveiled a very detailed transformation plan and playbook, including people, processes, and technology.

In November of 2019, Atento's senior management team presented a three-year strategic plan to be at

- the build-out of the next generation services portfolio and digital capabilities to expand Atento's value offering, combined with the implementation of new methodologies for product development and go-to-market processes
- the creation of new growth avenues by penetrating higher-growth and higher-margin verticals and expanding in the US market.
- improved processes to identify talent (both internally and externally), individualized development plans, and designed incentive programs that, together with permanent motivation initiatives, foster a work environment that aligns professional development with clients' objectives and business goals.

Every Atento program and campaign focuses on two main objectives to enhance the NGS portfolio's positioning: branding and generation of new business from current and potential clients. These activities are aligned with the company's latest motto: "Sell more, sell better, and sell next-generation services."

The outreach to clients to expand and disseminate the NGS footprint is achieved in several ways.

- Webinars that are available to all customers in all regions to maximize scope - existing clients share successful cases of Atento's solutions, which can be replicated by others attending to create opportunities.
- Events and conferences, where the company introduces its solutions to potential customers.
- High-value content, such as the "Atento Magazine" and personalized newsletters.
- Membership and close contact with crucial CX industry associations and organizations in every country where the company operates to advance its positioning.
- Recently upgraded website, which supports the brand's positioning as a leader in customer experience while boosting its NGS solutions.

### **Financial Performance**

Atento is the largest provider of CX Outsourcing services in Latin America. According to Frost & Sullivan's latest research<sup>1</sup>, Atento maintained its position as the clear regional leader during 2019, with 15.2% of market share, 4.5 percentage points (p.p.) ahead of the second-largest provider. When considering the domestic-only segment of the region's CX outsourcing market (the aggregated domestic demand, which excludes offshore services), Atento's market share is even higher, at 22.1%, nearly three times the share of its closest competitor.

On an individual country basis, Atento led in Brazil, Argentina, and Chile, and in the domestic-only segments in Mexico, Peru, and Central America and the Caribbean. In Brazil, the region's largest CX outsourcing market, Atento's share reached 27.9%, achieving a 19.4 p.p. ahead of the country's number two player.

Overall, during 2019, Atento's revenue grew 2.1% worldwide, which was within the guidance provided to the investors' community. However, performance in the Americas region (not including Brazil) was slightly better, growing 2.8% year over year. In Brazil, the company also grew by 2.1%.

### **Customer Acquisition**

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<sup>1</sup> Frost & Sullivan. "Automation and Work-at-Home Transforming the Customer Experience Outsourcing Services Market in Latin America and the Caribbean, Forecast to 2025."

As mentioned, Atento is strongly focused on promoting NGS within each of their clients and prospects due to the added value NGS can provide by improving the CX and the overall business. Frost & Sullivan analytics shows that improving CX is the number one corporate objective over the next two years. Enhancing digital presence and sales and marketing effectiveness are top of mind as well. All of these are related to delivering excellent CX.

In 2020, Atento NGS services achieved a solid performance in every country where the company operates. From a vertical perspective, Born-Digital companies have attained 190% growth during H1 of the year, while the technology segment has grown 245% year on year in the same period. A more significant proportion of the sales to Telefónica (Atento's major client) during the third quarter already comprised NGS. Atento was able to increase its share of wallet with this client.

Overall, by Q3 2020, NGS services were growing at a 23% rate year over year. However, the most remarkable achievement is the profitability improvement these services are bringing. In Q3, NGS services have improved their contribution margin to the whole organization by more than 2 points compared to 2019.

It has become clear that NGS services performance has a direct impact on the growth of the company. In fact, by Q3 2020, 52% of Atento's new sales were NGS-related.

### ***Growth Potential***

Atento is focusing on enlarging its current market share penetration within high growth margin verticals such as retail, e-commerce, high-tech, and healthcare companies. It is also improving the way it employs strategic partnerships (such as the ones with Google for AI, Microsoft for Cloud and Digital workplace solutions, and UiPath for RPA) to accelerate its growth. Nonetheless, the company has established targets and growth strategies for each relevant industry segment, while it is continuously mapping the adoption of new technologies and services within each of those.

The company is paying particular attention to driving growth in the Born-Digital companies' space. Atento argues that these firms are not just a crucial immediate target; they will also lead to future growth.

Atento is working on designing new offerings and expanding the solutions available within each NGS category in the short term. This includes the upcoming launch of E2E (end-to-end) Claim Management, Digital Tech Support, E2E Healthcare and Insurance Customer Services, E2E Credit Management, and Automated Services for the Education industry.

More importantly, several current solutions will leverage Atento's next-generation capabilities, such as new fraud prevention models, virtual digital assistants (VDA), cognitive chatbots, facial recognition, brand conversational persona, and new predictive propensity models based on AI and Data Ocean.

In the medium to long term, Atento plans to continue to innovate in key strategic areas such as providing products and services powered by customer analytics and data, self-service solutions, and improved service tools for mobile customer service. They will encourage customers to adopt AI to harness personalization and empower agents and blend new technologies (like Blockchain and IoT) into the customer journey.

In summary, Atento is well-positioned to deliver exceptional CX capabilities to its clients to enable them to differentiate and strengthen their brands with its powerful combination of best-of-breed technology and highly skilled and trained human talent.

## Conclusion

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Atento Next Generation Services (NGS) allows clients and prospects worldwide to create a new era of customer experiences. Atento's NGS provides value through skilled human resources and best-of-breed technologies, allowing a continual flow of integrated and orchestrated digital channels for a seamless CX while automating the back office to ensure an optimized and hassle-free customer journey. Through this distinctive portfolio, Atento is in a favorable position to shape the next generation of CX services in Latin America.

With its strong overall performance, Atento has earned Frost & Sullivan's 2021 Product Leadership Award.



## What You Need to Know about the Product Leadership Recognition

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Frost & Sullivan's Product Leadership Award recognizes the company that offers a product or solution with attributes that deliver the best quality, reliability, and performance in the industry.

### Best Practices Award Analysis

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### *Product Portfolio Attributes*

**Match to Needs:** Customer needs directly influence and inspire the product portfolio's design and positioning

**Reliability and Quality:** Products consistently meet or exceed customer expectations for performance and length of service

**Product/Service Value:** Products or services offer the best value for the price compared to similar market offerings

**Positioning:** Products serve a unique, unmet need that competitors cannot easily replicate

**Design:** Products feature innovative designs, enhancing both visual appeal and ease of use

#### *Business Impact*

**Financial Performance:** Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

**Customer Acquisition:** Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

**Operational Efficiency:** Company staff performs assigned tasks productively, quickly, and to a high-quality standard

**Growth Potential:** Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

**Human Capital:** Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

## About Frost & Sullivan

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Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

## The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create on-going growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

### Key Impacts:

- **Growth Pipeline:** Continuous flow of Growth opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



## The Innovation Generator™

Our six analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

### Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

