

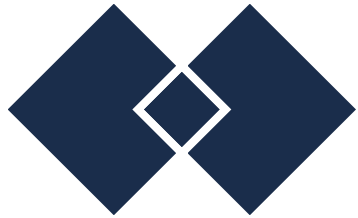


Allied Advisers Sector Update on Customer Experience Software

2025



- 1 Customer Experience (CX) Industry Overview and Adoption
- 2 CX Technology Innovations
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- 4 Pricing Strategies and Monetization Challenges
- 5 Key Emerging Companies
- 6 M&A and Financing Update

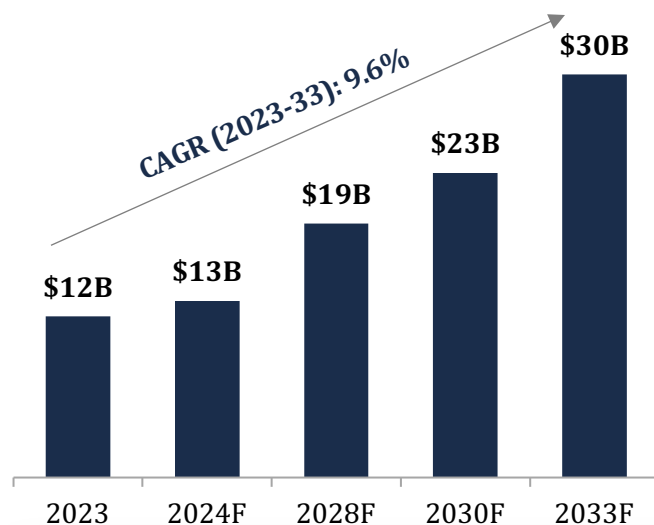


Customer Experience (CX) Industry Overview and Adoption

Customer Experience (CX) Software— AI Empowering CX Growth ALLIED ADVISERS

The demand for CX software is rapidly growing, driven by advancements in AI technologies, the adoption of omnichannel strategies, and a heightened emphasis on personalization

Global Customer Experience Software Market Size, 2023- 33F (\$B)¹



Growth Drivers

Increasing customer expectations

Customer experience has become a key differentiator for businesses:

~74%

of customers will make a purchase based solely on their experience with a company which will boost the demand of CX software²

Rise in omnichannel strategy adoption³

Omnichannel drives growth of CX software by delivering seamless experiences across customer touchpoints:

- **83%** of shoppers research online before visiting a physical store
- **72%** of shoppers use their smartphones in-store to compare prices or read reviews

Driving growth with personalization

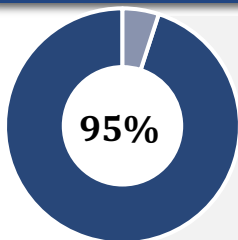
Personalization drives CX software growth by enhancing engagement and loyalty through tailored experiences:

80%

of consumers are more likely to purchase from brands offering personalized experiences⁴

Customer Experience Software – Current Trends

Emergence of AI⁵



95% of all customer interactions would be powered by AI by 2025

By 2025, **80%** of **e-commerce businesses** are expected to adopt chatbots

Emotion AI Adoption⁶



Adoption of Emotion AI is assisting businesses in improving customer satisfaction rate by **20%**

Speech Analytics growth⁷



Companies that implement a voice of customer (VOC)* strategy generate a **10x greater** y-o-y increase in annual revenue

1. Verified Industry Insights
2. Invoca
3. Uniform market
4. Ecommerce bonsai

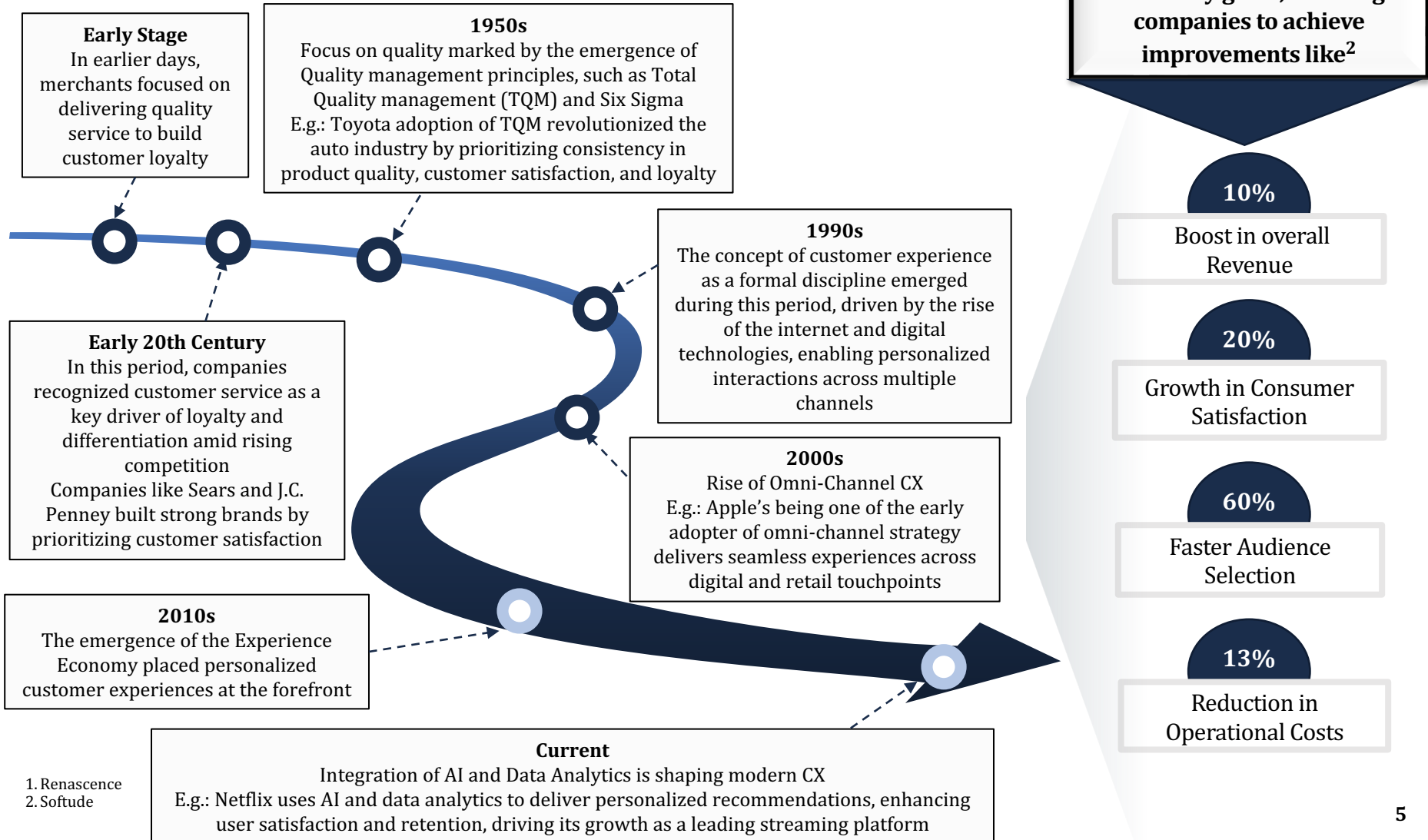
5. Appinventiv
6. New metrics
7. Nice

*Note: Voice of the Customer is the practice of listening to and interpreting the needs, wants, and expectations of customers.
Emotion AI: It enables businesses to analyze customer emotions in real time and respond accordingly

Shaping CX Progress Over the Years

CX Software has evolved from quality focus to AI-driven excellence, revolutionizing customer journeys through personalization and innovation

CX Software Timeline: Evolution of Customer Experience



Adoption of CX Software Across Industries (1/2)

AI and emerging technologies like ML and AR are transforming customer experience, fostering innovation and driving growth in the retail and finance sectors.

Current Adoption of CX Software across industries

Future Outlook



Retail

Retail experiences are evolving with AR improving in-store interactions and AI enabling personalized shopping, driving greater customer engagement and satisfaction

- **63%** of retail organizations use AI to enhance customer interactions, with **40%** dedicating teams and budgets to the technology¹

IKEA's AR app lets customers visualize furniture at home, boosting purchase confidence²



By 2025, **80%** of retailers will use AR in their CX strategies³

Emerging technologies enhancing Retail CX include

- Buy Now, Pay Later (BNPL)
- Text-to-Pay
- Self-service kiosks
- Biometric payments
- QR-based scan-and-go solutions



Finance

Customer experience in financial services is undergoing a profound transformation, driven by FinTech innovations and AI advancements

- Banks prioritizing customer experience: **10-15%** revenue growth, and **20%** rise in customer satisfaction rates⁴
- **5.4x** growth in self-service adoption in financial services customers⁵
- **29%** of digital CX investments by banking executives focus on ML and AI⁶

Morgan Stanley's AI tool, **Debrief**, generates meeting notes and action items, saving **30 minutes** per Zoom call. With 1 million calls annually, it could save **500,000** labor hours yearly⁷

Morgan Stanley

By 2025, **95%** of banks will utilize **chatbots** to alert clients about potential fraud⁸

Gartner predicts that by 2028, Generative AI, digital customer service, and CUIs* will significantly enhance customer experiences⁹

1. CMSWire
2. Travancore Analytics
3. Renaissance

4. Yellow.ai
5. Zendesk
6. Ciklum

7. HR Grapevine
8. Springs
9. Gartner

Conversational User Interfaces (CUIs) *

Adoption of CX Software Across Industries (2/2)

CX is being redefined with personalized, efficient, and innovative solutions in the healthcare and telecom industries

Current Adoption of CX Software across industries

Future Outlook



Healthcare

The adoption of AI in healthcare CX software is significantly enhancing patient interactions and operational efficiency

- **70%** of patients prefer to self-schedule, with over **40%** searching for healthcare services after hours¹

CERTIFY Health uses **facial recognition** to enhance patient ID accuracy, reduce errors, and streamline EHR integration for improved efficiency²



By 2030,

30% of healthcare providers will integrate **IVAs** into their operations³

Telehealth, AI, personalized care, and NLP* will shape the future of healthcare customer experience⁴



IT & Telecom

Telecom companies prioritizing CX strategies achieve higher loyalty, reduced churn, and increased profitability through personalized interactions and proactive support

- **~24%** of biometric technologies are utilized by the IT and telecommunications sector⁵

Telkomsel's chat-based **virtual assistant**, Veronika helped achieve a **15%** decrease in customer escalations, leading to NPS** that surpasses the industry average by **27%**⁶



By 2027,

90% of telecom providers will use Gen AI to enhance CX scenarios, offering personalized support, optimizing operations, and modernizing networks⁷

The future of telecom CX focuses on hyper-personalization, 5G services, self-service platforms, ML, AI assisted network optimization, and stronger cybersecurity⁸

1. Intelisis
2. Certify Health
3. Coherent Solutions

4. InMoment
5. Coolest gadgets
6. Microsoft

7. Microsoft Community Hub
8. ResultsCX

Natural Language Processing (NLP) *
Net Promoter Score (NPS) **

Enhancing Customer Service with AI: Chatbots, Analytics, and Personalized Recommendations

AI-powered solutions excel at enhancing all aspects of customer operations, from customer experience to agent productivity

AI technology enhances customer service with chatbots, analytics, and personalized recommendations, boosting experience and satisfaction

Chatbots

AI chatbots use NLP to handle FAQs to complex queries 24/7, easing human agent workloads

Younger, tech-savvy customers overwhelmingly favor digital interactions, with 62% preferring chatbots for their quicker responses¹

Personalized Recommendations

AI systems enhance customer service by using past interactions to offer personalized recommendations, like product suggestions and targeted marketing, improving the overall customer experience

AI-driven Analytics

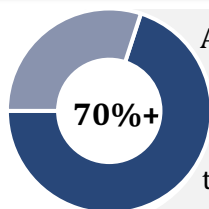
AI-driven analytics uses ML to analyze interaction data, revealing customer behavior patterns and improving service strategies

AI-driven predictive analytics in CRM achieve a 20% reduction in customer churn²

Around 50-60% of companies use AI to transform operations and provide next-product-to-buy recommendations, enhancing forecasting and optimizing logistics²

Future of the Call Center Industry

The integration of AI is not just transforming customer interactions but is also reshaping the workforce within the call center industry



AI tools are expected to handle up to 70%+ of routine queries, potentially reducing the need for traditional call center roles³

Impact on Workforce

This shift suggests a need for a tech-savvy workforce to manage and enhance AI operations, indicating job transformation rather than replacement

Cost Savings

AI chatbots cut contact center costs dramatically, charging just 10 cents per interaction compared to \$8 for human agents³

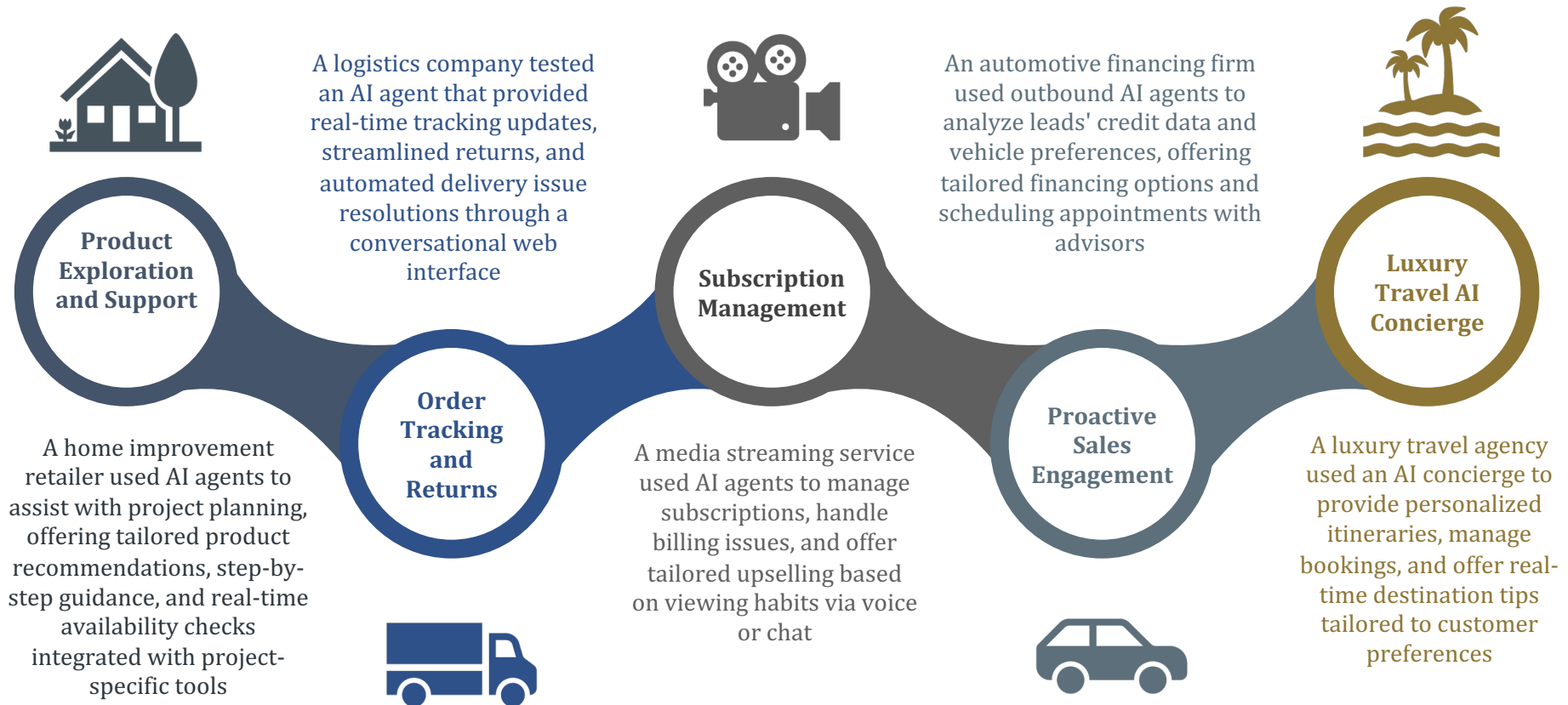
1. Webutens
2. Vention
3. Zowie

AI Agents Revolutionizing CX Frameworks

AI agents are reshaping customer experience by automating tasks, personalizing interactions, and delivering seamless support across industries

AI agents are software systems capable of reasoning and taking independent action. They integrate tools, workflows, and large language models (LLMs) to perform specific or complex tasks in CX settings

Revolutionizing CX with AI Agents



Transforming Customer Experience with AI agents: Case Studies

With AI technology, HotelPlanner, Klarna, and H&M are enhancing customer experience and achieving significant cost savings

HotelPlanner.com implemented AI travel agents capable of handling customer inquiries in multiple languages¹

- In their first month, these AI agents managed **40,000** inquiries and facilitated **£150,000** in room reservations
- They assist customers by recommending hotels, checking availability, providing prices, and processing payments, often without customers realizing they are interacting with AI



Klarna, a leading global payments provider, introduced a GenAI agent to enhance its customer service²

- This agent handles inquiries about refunds, returns, payments & cancellations in **35 languages**, typically responding within 2 minutes
- Klarna's Generative AI agent handles **75%** of customer service interactions, managing approximately **2.3 million** conversations
- The AI agent's efficiency is projected to increase Klarna's profits by **\$40 million** annually



H&M introduced the H&M Virtual Assistant, a GenAI chatbot that provides round-the-clock support for customers²

- H&M's GenAI agent serves as a personal shopping assistant, offering advice on sizing, personalized outfit suggestions, and answering questions about returns and store locations
- This AI agent significantly reduced response times by **70%** compared to human agents
- It also offers voice search feature in the mobile app



"Gen AI is going to change every customer experience, and it's going to make it much more accessible for everyday developers, and even business users, to use. So I think there's going to be a lot of societal good."

- Andy Jassy, CEO of Amazon³

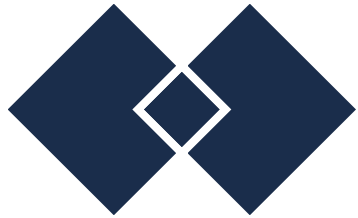


"AI and automation are revolutionizing customer interactions, making them more personalized and efficient."

- Barak Eilam, CEO of NICE⁴



1. The Times
2. Calls9
3. CX today
4. Digtize solutions



CX Technology Innovations

Enhancing Customer Experience Through Self-Service and Authentication Technologies

AI-powered innovations like biometric authentication, IVA & IVR are redefining customer experience software by enhancing self-service, security, and tailored customer interactions

Interactive Voice Response (IVR) & Voice Self-Service



IVR enable customers to quickly access information and perform tasks without human assistance, reducing wait times and improving satisfaction¹

- In the US, **149.8M** people use voice assistants, and **1 in 4** rely on mobile voice search²
 - For instance, **Swisscom's Voice IVR** achieved an **80%** self-service rate, resolving issues without live agents³
- Moreover, CX leaders recognize that IVA can resolve simple issues faster, while freeing up contact center agents to manage more complex customer interactions⁴

Key Development

A US travel company improved CX with **Verint IVA**, achieving 50% self-service containment, saving \$10M annually, and boosting efficiency through advanced intent recognition¹⁰

1. Vocalcom
2. Yaguara
3. Teneo.ai
4. CX Today

5. Jumio
6. Identity.com
7. NY Times
8. Tidio

Biometrics & Authentication



Biometric enhances CX by streamlining payment processes, allowing users to make secure transactions using facial or palm recognition, thereby increasing convenience and satisfaction

- **81%** of consumers consider biometrics more secure method of identity verification compared to traditional methods⁵
- **72%** of consumers globally prefer facial biometrics over passwords for secure online processes⁶
 - In the US, **Delta Digital ID** allows PreCheck travelers to use their faces instead of IDs and boarding passes, reducing interaction times significantly⁷

Key Development

NEC's new biometric system enhances CX by streamlining access, reducing wait times, and enabling secure gate-free authentication for up to **100 people per minute** in crowded areas¹¹

9. Market.us Scoop.
10. Businesswire
11. NEC Global
12. Amazon

Intelligent Virtual Assistant (IVA)



IVA improves CX by providing 24/7 support, automating routine inquiries, and offering tailored recommendations, resulting in seamless customer interactions⁸

- North America holds a substantial **42.5%** share of the global IVA market⁹
- The integration of IVAs into smart home systems and personal devices is making them more accessible to consumer

AI Assistants



Key Development

Amazon has introduced AI-powered Alexa, Echo Hub, and Map View, revolutionizing CX through smarter and more intuitive home automation solutions¹²



Revolutionizing Customer Engagement with Interaction Management Tools

Auto dialer and live chat tools have been improving efficiency, personalization, and real-time communication in customer service

Increasing Use of Auto Dialers

Auto dialers significantly enhance the customer experience by minimizing long wait times, enabling faster connections to service representatives, and ensuring customers receive timely follow-ups¹

Employers utilizing predictive dialing have reported:

- agents making **three times** as many daily calls, and
- up to **50%** increase in conversion rates

These enhancements collectively result in a **90%** decrease in agent downtime²

Natural Language Processing and Chatbot Interaction with Customers

LUSH

By automating responses to common inquiries, businesses have been lowering operational costs

For instance, **Lush**, a global cosmetics retailer, implemented AI-driven Zendesk chatbots, achieving a **369% ROI** and **saving over \$434K annually** by **increasing agent productivity by 17%** and **manager productivity by 30%**, improving resolution times and scaling operations



- Bank of America reported that proactive and personalized interactions account for **60%** of the engagement **Erica** (Bank of America's virtual financial assistant) renders every day
- By the first half of 2023, Erica had completed over 330 million requests, at a rate of 56 million engagements every month⁴

Live Chat & Online Support



The Live chat has the highest satisfaction levels among all customer service channels, with a **73%** satisfaction rate⁵



In fact, users engaging via live chat spend **60%** more per purchase, driven by personalized support and increased confidence in decisions⁶



In 2023, the average live chat wait time decreased by **23%**, now averaging just 23 seconds, reflecting ever-improving customer service efficiency⁷

1. Knowlarity
2. Klozer.io
3. Zendesk

4. Bank of America
5. Alibaba
6. Zoho

7. Velaro

Enhancing Customer Experience Through Workflow Automation and Collaboration Tools

Workflow automation and collaboration tools enhance customer experience efficiency, streamline operations, and improve responsiveness, ultimately driving better business outcomes

Customer Service & Case Management



Customer Service & Case Management systems often automate routine tasks, case routing, and resolution processes

40%

of retailers already use AI for customer service. Small businesses that adopt these technologies can enhance customer satisfaction and loyalty¹

50%

of customer service tickets or support requests involve tasks that can be easily automated using a customer service platform such as Zendesk and no-code platforms²

Customer experience automation utilizes AI, NLP, and automated workflows to enable organizations to engage with customers in a timely, relevant, and personalized manner with minimal manual effort

92%

of customer relationship management (CRM) leaders say AI and automation have improved customer service response times⁵

Collaboration Tools in CX



- Collaboration tools significantly enhance CX by improving communication, efficiency, and overall service quality
- Research indicates that employees can be up to 15% more efficient when using social collaboration tools compared to traditional methods³

NORDSTROM

3 hours/Week⁴

For instance, Nordstrom saved **three hours** of administrative work per week for the creative ops team with Adobe's collaborative work management

NICE

In December 2023, NICE launched the **CXone Fall Release** with Enlighten AI, enhancing customer experiences through real-time interaction analysis and actionable insights for proactive service⁶

"Adobe's Workfront enabled us to drive better project flow and bring previously siloed people and tools together in one central place. It's super impressive. And now we can manage that flow in a way that allows us the ability to target and talk directly to the customer."

- Peter DeLuca,
Chief Creative Officer, T-Mobile⁴



1. CustomCPT.ai
2. Next Matter
3. Tradeway

4. Adobe
5. InMoment
6. Nice

Analytics tools optimize operations, improve efficiency, and elevate customer experience through actionable insights

Quality Monitoring/Quality Assurance (QM/QA)

- Automated quality assurance processes can achieve over 90% accuracy in evaluating agent performance, compared to 70-80% with manual methods
- This high level of precision reduces errors and ensures consistent service quality across all customer interactions¹

However, traditional methods typically review only **1%–2%** of customer interactions, as most customer service departments employ just one QA staff member for every 50 to 100 representatives²

Cost Saving through Quality Monitoring

A financial services company using GenAI in QA achieved over **90%** accuracy, identified ways to boost customer experience by **5%**, and cut contact center costs by **25-30%** through improved agent performance and efficiency³



Conversational Intelligence (CI)

- CI tools improve customer experience by analyzing interactions to extract insights, enabling personalized communication⁶
 - **49%** of organizations report that using CI solutions has helped them support customer satisfaction⁴

Moreover, CI tools analyze up to **100%** of recorded business calls, compared to just **1–3%** with manual methods, and can identify signs of customer dissatisfaction, potentially reducing client churn by **28%**⁵

Use Case of Conversation Intelligence (CI)

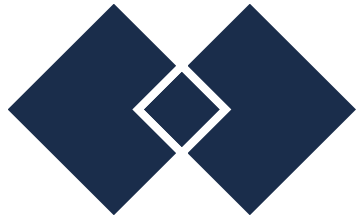


A SaaS company used conversation intelligence to analyze sales interactions, refining their process and reducing customer acquisition costs by **18%**⁶

“Through the integration of conversational intelligence, businesses can also enhance agent training programs, refine reward & recognition strategies, and ultimately elevate the CX by fostering consistently high-quality interactions



-Tatiana Polyakova
COO of MiaRec⁴



Industry Trends

Role of Gen AI and Chatbots in Shaping Consumer Journeys

Generative AI and chatbots are enhancing personalization and efficiency, with AI driving tailored solutions and chatbots resolving most queries, boosting adoption across industries

Personalized Experiences Using Data and Generative AI

Generative AI is revolutionizing CX software by driving personalization, improving engagement, and optimizing efficiency across customer interactions

48%¹

Consumers trust that **Gen AI** can improve consumer journeys by personalizing interactions

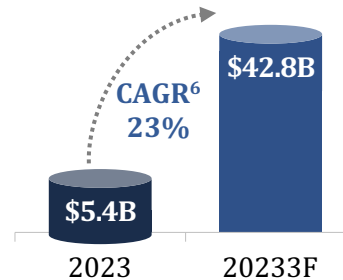
By 2026, **30%** of new applications will leverage AI for **personalized, adaptive user interfaces**, compared to under **5%** in 2023²

- Gen AI enables **hyper-customized solutions** in education, travel, and marketing, adapting to user feedback in real time
- Businesses leverage Gen AI for scalable, bespoke **content creation**, transforming industries
- Gen AI optimizes **personalized marketing campaigns**, fostering more engaging customer interactions

Future perspective

Increasing Adoption of Chatbots

Chatbot Market Size and Growth (2023-2033F)



- Chatbots efficiently resolve up to **90%** of customer inquiries in under 11 exchanges**, providing quick and effective solutions
- Smart customer care* bot can handle **70%** of FAQs or **guide customers** to relevant resources on company's website³

Adoption of Chatbot Across Industries

Marketing

- **17%**⁴ share in chatbots market in 2023
- Personalized product suggestions

Healthcare

- Streamlined appointment bookings
- Feedback collection

Talent Management

- **75%** of HR queries handled via bots (2023)⁵
- **95%** more leads from jobseeker engagement⁵

BFSI

- Fraud Prevention, detecting suspicious activities and providing alerts

1. Master of Code
2. Gartner

3. Revechat
4. Create and Grow

5. Tidio
6. Spherical Insight

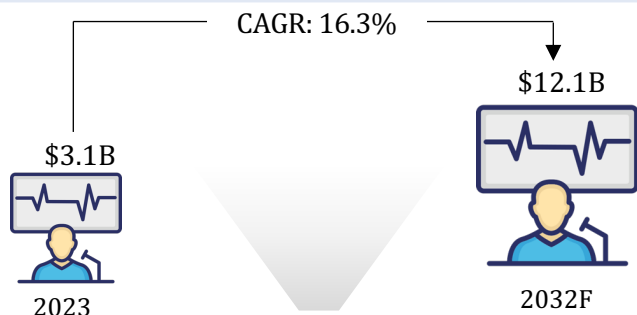
Note: A smart customer care bot is an AI-driven system that automates responses to customer inquiries, handles FAQs, and directs users to relevant resources, improving support efficiency
**"11 exchanges" refers to the number of interactions or messages exchanged between the chatbot and the customer during a conversation

Accelerating Growth and Efficiency with Speech Analytics

Speech analytics, driven by AI advancements and integrated into CX software, enhances growth and efficiency by improving customer experience and optimizing performance across industries

Transforming Business with Speech Analytics

Speech Analytics Market Size and Growth¹ (\$B)

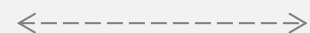


The global speech analytics market is growing rapidly, driven by AI investments and government-backed digital transformation initiatives, boosting CX software by **enhancing customer insights and experiences**

The US Department of Commerce reports a **21%** global increase in the adoption of AI-supported analytics, including speech analytics, by 2023²

In 2023, the US, accounted for **30%**² of global AI and speech analytics investments, driven by federal initiatives like the AI in Government Act, boosting CX software **with automation and real-time insights**

Within the BFSI sector, FinTech companies saw a **12%**³ global sales increase from speech analytics

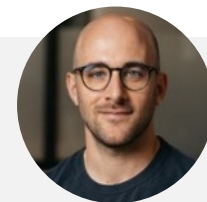


~70%² of financial institutions in North America have adopted voice-based speech analysis

Speech analytics reduces **overhead costs** by **40%** and **boosts QA** efficiency by **50%**

It automates the review of **100%** of customer interactions, improving both operational efficiency and customer experience⁴

"90% of contact centers handle calls more efficiently after implementing a Conversation AI tool. If companies aren't prioritizing building with Speech AI and generative AI now, they're going to rapidly lose market share to those that do"



- Dylan Fox, Founder and CEO, AssemblyAI, Oct'23⁵

1. Globe Newswire
2. SNS Insider
3. MiHup

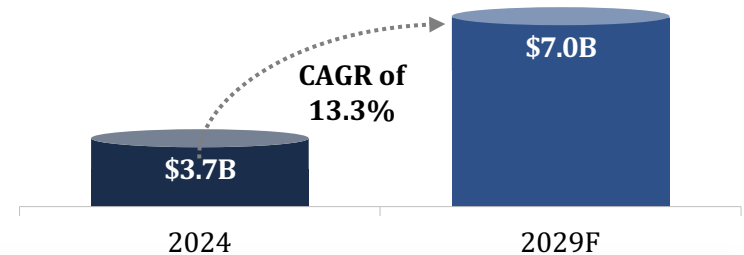
4. LinkedIn
5. CxToday

Power of Emotional AI in Enhancing Customer Experience

Emotional AI enhances customer satisfaction, increases conversion rates, and reduces churn by accurately identifying and addressing emotions during real-time interactions

Emotional AI Market Size and Growth¹

- Emotional AI detects and responds to human emotions using tone, expressions, and language, improving customer service and strengthening client relationship
- The market is growing rapidly, driven by rising mental health concerns, the use of emotion-enabled chatbots, and AI advancements in healthcare and customer service



Emotional AI can greatly improve CX:

Boost Conversion Rates²

Emotion AI in online and in-store interactions boosted conversion rates by

12%

Proactive Issue Resolution²

By detecting negative emotions early, companies can address issues proactively, reducing churn by

10%

Increases Efficiency with Empathy³



30% in **customer satisfaction**



25% in **customer complaints**

Use Cases of Emotional AI

Humana

Humana leveraged IBM's AI to detect emotions and delivered tailored call center responses, resulting in a

73%

reduction in customer complaints⁴

AMERICAN EXPRESS

Amex implemented AI chatbots to detect emotions and tailor responses, achieving a

35%

increase in customer satisfaction, and a

20%

reduction in negative feedback³

1. Knowledge Source

2. NewsMetric

3. Renascence

4. DialZara

Transforming Customer Experience Amid Tech Advances and Privacy Evolution

AR, VR, and data privacy laws are reshaping customer engagement, driving customization, transparency & trust



Immersive Technologies Redefining Customer Experience

AR and VR are transforming customer engagement by delivering **tailored, interactive experiences**, driving higher **satisfaction and loyalty**

Immersive Shopping Experiences: VR-powered virtual showrooms, like those offered by **North Face**, enable lifelike product exploration, enhancing purchase decisions and enhancing customer satisfaction

Enhanced Real-World Interactions: AR overlays, used by brands like **Nike** for virtual try-ons, boost customer confidence, reduce returns, and improve convenience

Mobile AR* users worldwide are projected to grow from ~**1.0 billion** in 2024 to ~**1.1 billion** in 2025, reaching ~**1.2 billion** by 2028²



Evolving Customer Expectations and Strengthening Global Data Privacy Regulations

Customer expectations are shifting towards greater transparency, customized experiences, and robust privacy protection. Stricter global data privacy regulations, such as GDPR and CCPA, are driving businesses to adopt stronger data protection measures

In 2023, over **8 billion** records were breached, including personal data, financial details, health records, and business information, across **2,800** reported incidents³



As of Jan 2024, **fourteen** US states have enacted comprehensive state-level privacy laws⁴

"Customers are demanding greater control over personal data, while stricter data privacy laws in regions like the U.K., U.S., Canada, and Europe compel global companies to prioritize compliance and improve trust"

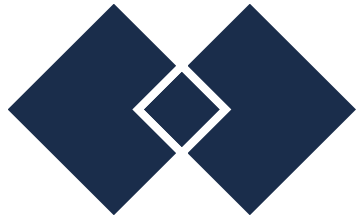
- **David McNerney, Commercial Manager,**
Cassie Apr'24⁵



1. Precedence Research
2. Statista
3. Cxscoop

4. Brooks Pierce
5. CX Drive

*Note: Mobile Augmented Reality (AR) refers to the integration of digital content with the real world through mobile devices like smartphones and tablets



Pricing Strategies and Monetization Challenges

Pricing Strategies and Monetization Challenges in CX Software



AI advancements are driving a shift in CX software pricing from traditional models to value-driven approaches, focusing on outcomes-based model

CX Software Pricing Strategies

Tiered Pricing*

Zoho Desk offers tiered pricing model (Express, Standard, Professional, Enterprise) with features like multi-channel support, automation, and AI capabilities¹



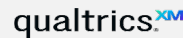
Hybrid Pricing*

Intercom offers hybrid pricing, combines tiered subscriptions (Essential, Advanced, Expert) with usage-based and per-seat charges²



Pay-as-you-go pricing*

Qualtrics offers a pay-as-you-go pricing model, charging per interaction, such as survey responses and video minutes³



Key Shift in Pricing model

Outcome Driven Model

Companies have adopted a new pricing model by charging based on resolved queries instead of platform access, focusing on delivering measurable business outcomes

Zendesk introduced an **outcome-based pricing** model, marking a first in the CX industry, and charging solely for AI-resolved queries⁴



Challenges Faced While Monetizing CX Software⁵

Understanding Customer Preferences and Behaviors: CX software depends on grasping customer needs, interactions, and pain points. Lacking these insights, it becomes difficult to create value and demonstrate ROI, diminishing its attractiveness to buyers

Quantifying the Impact of CX Investments: Companies frequently find it challenging to link intangible benefits, like improved user experiences, to specific financial metrics, complicating the determination of clear ROI for CX software monetization

"Outcome-based pricing solution is more than just a pricing model – it's a reflection of company's dedication to driving real, measurable success for customers."

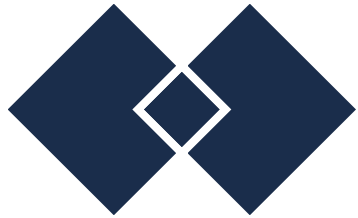


- Nikhil Sane,
SVP & GTM of Strategy
and Pricing at Zendesk⁴

1. Zoho
2. The Bottleneck
3. CallHippo

4. CX Today
5. Content Square

Note* Tiered Pricing: Services are offered at different price levels, each with increasing features or benefits
Hybrid Pricing: It combines multiple pricing strategies, such as fixed fees with variable costs, to offer more flexible payment options.
Pay as you go pricing: In this pricing model, customers pay only for the usage of a product or service



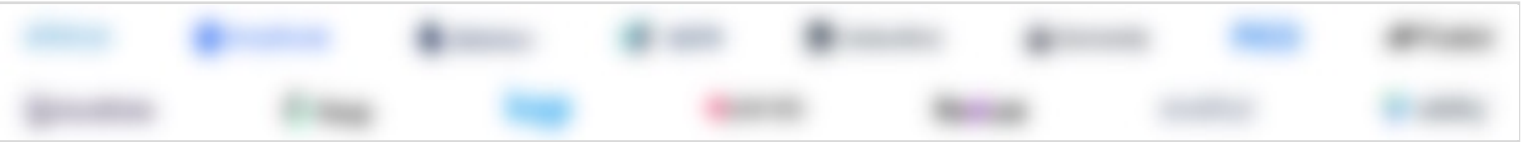
Key Emerging Companies

Customer Competitive Landscape

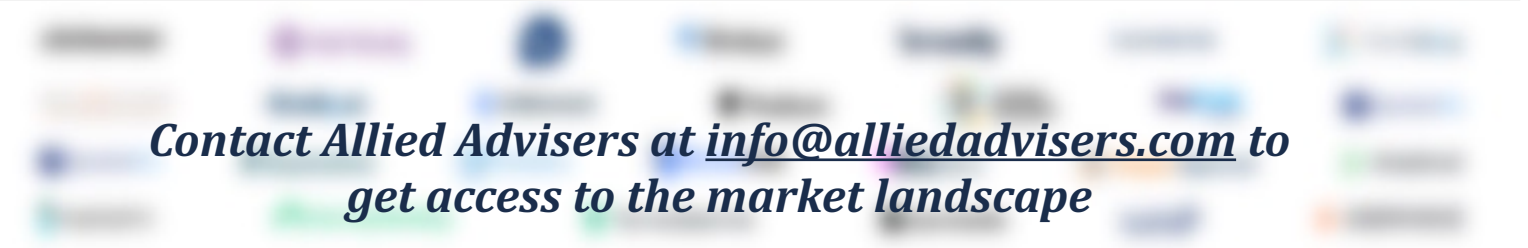
Marketing Automation



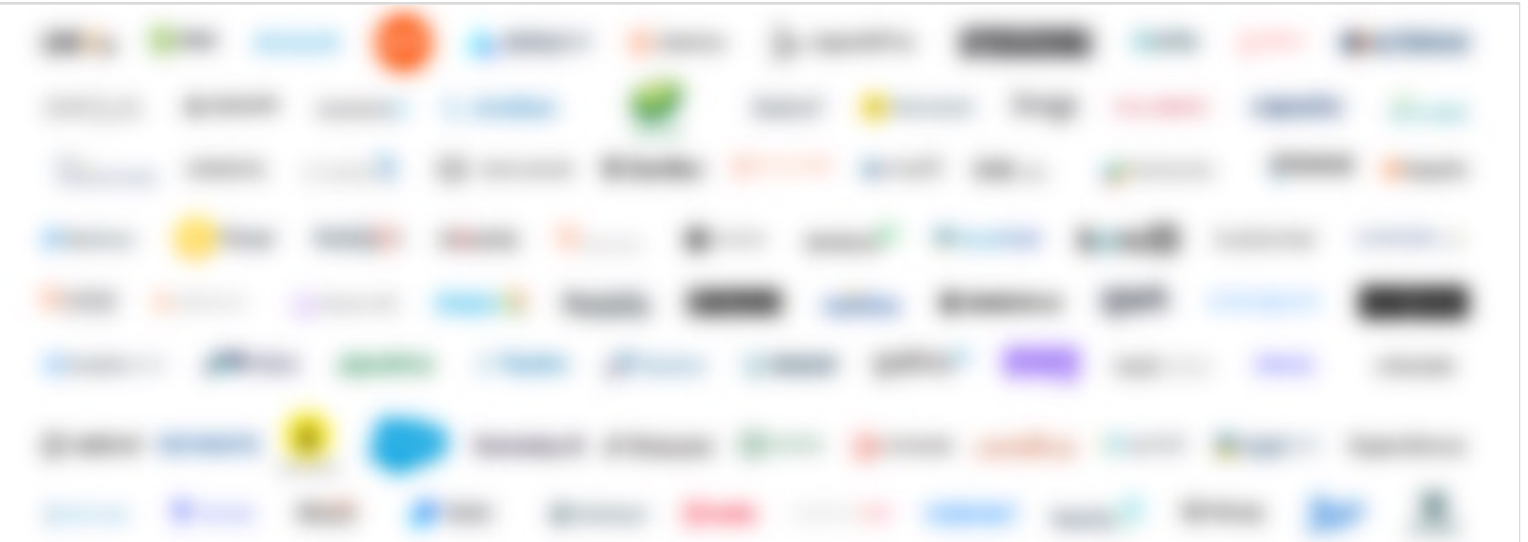
Customer Data Analytics



Customer Feedback, Review and Reputation Management



Customer Support














Key Public Players in Customer Landscape

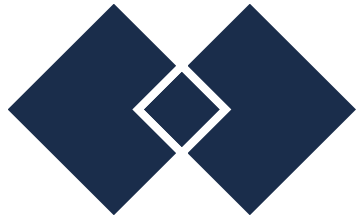
Company	HQ	Business Description	Capabilities	EV	EV/ Revenue	Recent Deals
		Provider of AI-driven customer platform to streamline marketing, sales, and customer service	AI-powered Customer Service, Marketing Automation, AI-powered CRM	\$26.3B	10.5x	 M&A – Undisclosed
		Provider of an AI platform for personalized CX across email, SMS, and mobile push using real-time data	Marketing Automation, Customer Feedback & Analytics	\$8.7B	10.0x	 M&A - Undisclosed
		Provider of AI-based software for customer service, CRM and IT service operations	AI-powered CRM, AI Chatbots, Marketing Automation, Sales Automation	\$2.5B	3.6x	 M&A - \$238.0M
		Provider of AI-driven customer engagement solutions to optimize business processes	CX automation, AI-powered bots, Customer self service, Customer Feedback & Analytics	\$1.9B	2.2x	 M&A – Undisclosed
		Provider of an AI-powered unified platform for CX solutions to enhance productivity	Omnichannel Contact Center, Customer Self-service, Workforce Engagement Management	\$1.5B	1.9x	 M&A – Undisclosed
		Offers digital customer conversation solutions for personalized CX and contact center transformation	AI agents and chatbots, Conversational Cloud and Customer Insights	\$0.4B	1.3x	 M&A – \$126.0M

Key Private Players in Customer Landscape

Company	HQ	Business Description	Capabilities	Deal Details	Lead Investors
		Developer of a conversational artificial intelligence platform	Conversational AI	Deal Date: Nov-24 Deal Amount: \$175M Post-Money Valuation: \$4.5B	  
		Developer of an AI-powered automation platform designed to transform the modern workplace	Customer Self-service, Agent assist, Campaigns & workflows	Deal Date: Oct-24 Funding Amount: \$26M Post-Money Valuation: NA	  
		Provider of AI platform for customer and employee experience management	Customer Self-service, AI-backed Contact Center, Customer Feedback & Insights	Deal Date: Jun-23 Deal Amount: \$12.5B Post-Money Valuation: NA	 
		Offers a platform for creating surveys, forms, and analyzing responses	Customer Feedback & Insights, API Integrations	Deal Date: May-23 Deal Amount: \$1.6B Post-Money Valuation: NA	
		Provider of AI-powered customer service software	AI Agents, Customer Self-service, AI-based personalized support	Deal Date: Nov-22 Deal Amount: \$10.2B Post-Money Valuation: NA	 Hellman & Friedman

Key Private Players in Customer Landscape

Company	HQ	Business Description	Capabilities	Deal Details	Lead Investors
 Birdeye		Developer of an enterprise platform designed to improve customer experience	Listings AI, Reviews AI, Referrals, Pages, Google Seller Ratings, Social Media Management	Deal Date: Feb-22 Funding Amount: \$60M Post-Money Valuation: \$525M	
 Medallia		Provider of software platform to improve CX, Contact center and digital experience	Customer Experience Management, AI-backed Contact Center, Customer Feedback & Insights	Deal Date: Oct-21 Deal Amount: \$7.1B Post-Money Valuation: NA	
 Gainsight		Developer of a customer success platform designed to drive revenue and increase retention	Staircase AI, Digital Customer Success, Product Experience, Customer Education	Deal Date: Nov-20 Deal Amount: \$1.1B Post-Money Valuation: NA	
 ZOHO		Developer of an online business, network, and IT infrastructure management application	Collaboration and Business Productivity suite, CRM, Enterprise IT Management	Deal Date: NA Deal Amount: NA Post-Money Valuation: NA	NA



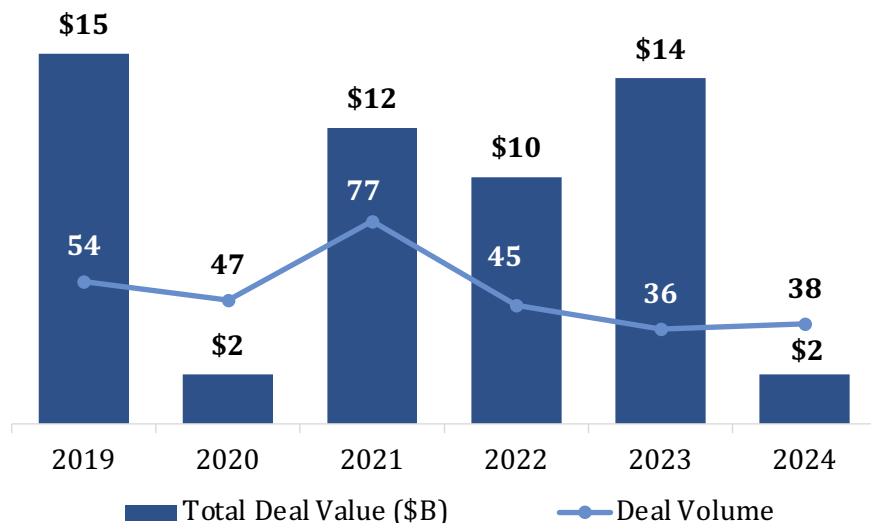
M&A and Financing Update

Overview of M&A Activity in Customer Experience Space in the US

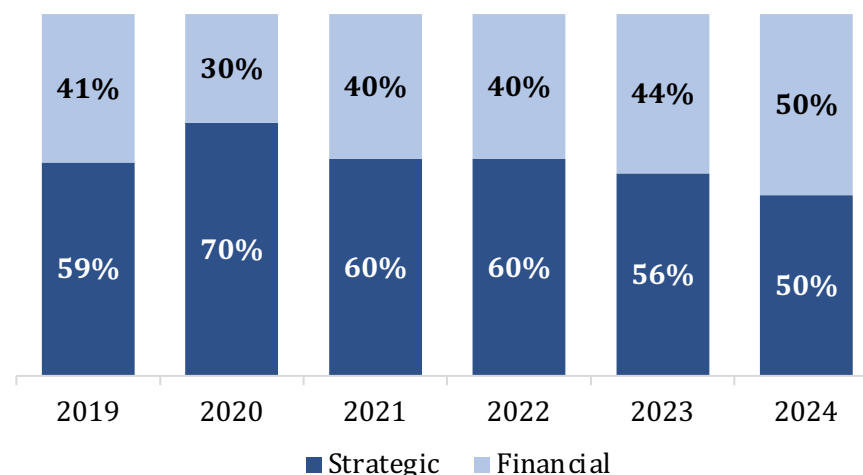
Overview

- In 2023, CX deal values soared with AI and ML advancements, while 2024 saw a notable shift towards acquiring smaller, specialized firms rather than pursuing large-scale mergers, reflecting a strategic focus on niche innovations that can enhance specific aspects of customer experience
- The integration of AI/ML tools allows companies to analyze customer data more effectively, leading to actionable insights that can refine customer journeys. This trend is evident in acquisitions aimed at bolstering analytics capabilities, enabling businesses to predict consumer behavior and tailor services accordingly
- CX M&A activity, fueled by evolving consumer demands, is increasingly targeting firms specializing in AI-driven loyalty, customer retention, and personalized rewards, positioning the industry for sustained growth and innovation in the digital marketplace















Transaction Volume & Value (\$B)



Deal Activity by Buyer Type



Recent M&A Deals

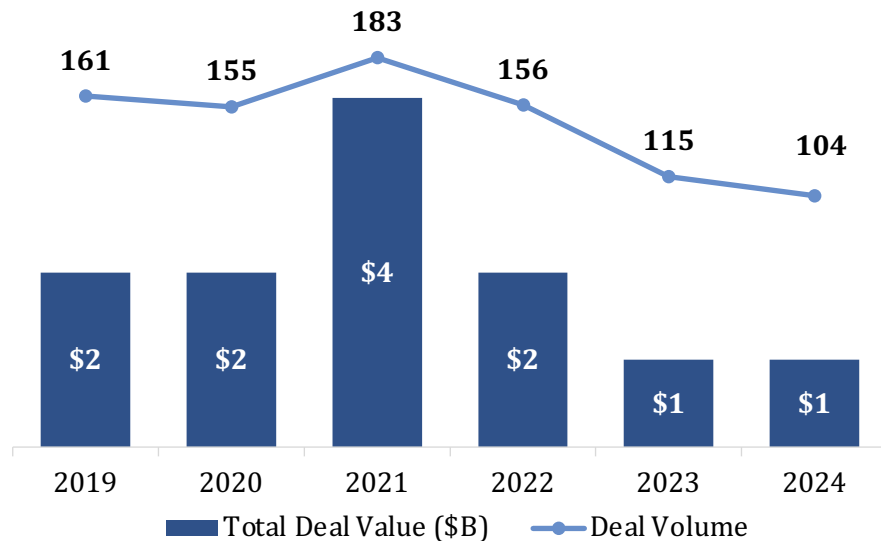
Deal Date	Target	Acquiror	Deal Value	Rationale
Oct 29, 2024			\$80.0M	The acquisition enhances Thryv's CRM and marketing automation capabilities, providing a more comprehensive platform
Aug 6, 2024	AMELIA	SoundHound	\$80.0M	The acquisition of Amelia is a strategic initiative aimed at enhancing its capabilities in conversational and voice AI, particularly in the customer service sector
Aug 1, 2024			\$220.0M	The acquisition combines the company's digital presence platform with compliant engagement solutions across social media, websites, text and voice
Jul 9, 2024			\$100.0M	The acquisition establishes the auto industry's first end-to-end AI sales and marketing automation platform
Jun 14, 2024		SHIFT 	\$250.0M	The acquisition will enhance its POS capabilities and expand its reach in the hospitality and retail sectors
Jan 18, 2024			NA	The acquisition will allow Nextiva to democratize customer experience technology for businesses of all sizes
Jan 3, 2024			\$260.0M	The acquisition enables to bolster product innovation, increase investment in sales and support resources and deliver enhanced value to its customers
Jan 2, 2024			\$845.0M	The acquisition will significantly expand their reach and influence in the fast-growing digital commerce and retail media sectors

VC Funding Activity in Customer Experience Space in the US

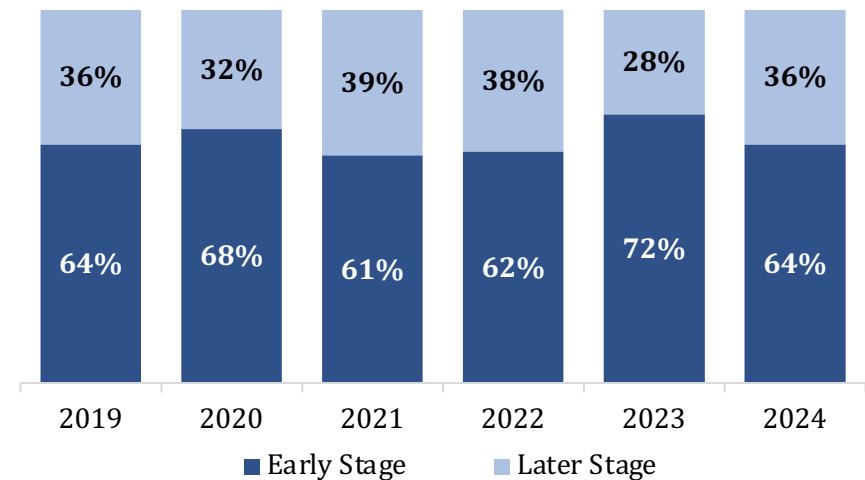
Overview

- The decline in CX deal activity is driven by economic headwinds, including interest rates and inflation, prompting investors to prioritize startups with solid business models, roadmap to profitability and resilience in delivering customer value
- Advances in AI, automation, and omnichannel technologies are reshaping the CX landscape, enabling hyper-personalization, predictive insights and seamless interactions, while driving strong investor interest in innovation-focused startups
- As macroeconomic conditions stabilize with interest rate cuts, optimism for a rebound in CX VC funding is growing. Investors are expected to reassess opportunities, driving deal flow and focusing on technology-driven startups that innovate in delivering exceptional customer experiences


















Transaction Volume & Transaction Value (\$B)



Early Vs. Later Stage: Deal Volume by %



Recent VC Investments

Deal Date	Target	Investor	Amount Raised	Rationale
Oct 30, 2024			\$40.0M	The funds will be used to accelerate the rollout of its AI Phone Agents for contact centers tailored for healthcare, education, insurance and local/home services
Sep 18, 2024			\$251.0M	The funds will be used to accelerate Uniphore's growth and technological innovation in conversational AI, expand its market reach
Jul 25, 2024		  	\$100.8M	The funds will enhance its innovative capabilities, strengthen its market presence and drive growth in the evolving landscape of AI-driven customer engagement solutions
Jul 15, 2024		 	\$32.0M	The funds will be used to expand its AI engineering team, accelerate product development and continue to power the AI-native dealership and revolutionize the retail dealership experience
Jun 26, 2024			\$39.4M	The funds will be used to expand the company's platform to new customer segments
Jun 12, 2024			\$45.0M	The funds will enhance its growth and development in the conversational AI space, particularly for financial services
Jan 12, 2024			\$34.0M	The funds will be used by the company to expand operations and its business reach

About Allied Advisers



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