

FROST & SULLIVAN

KM² Solutions

**2022
COMPANY
OF THE
YEAR**

*CENTRAL AMERICAN AND CARIBBEAN
CUSTOMER EXPERIENCE OUTSOURCING
SERVICES INDUSTRY*

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. KM² Solutions excels in many of the criteria in the customer experience outsourcing services space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Fast Growth Anticipated Due to Post-pandemic Market Disruption and Nearshoring Demand

Frost & Sullivan’s independent research reveals that the entire customer experience (CX) landscape is rapidly changing in Central America and the Caribbean, with companies realizing the importance of delivering excellent customer service as a competitive differentiator.¹ Therefore, the domain is gaining more attention and greater investment priority. The market is also becoming more tech-intensive as emerging tools can create a seamless, effortless CX while significantly reducing costs across the front- and back-office. The adoption of artificial intelligence (AI), advanced analytics, omnichannel capabilities, natural language processing, and streamlined security tools plays a vital role in this competitive and dynamic market. Organizations expect continuous process enhancement and innovation. As companies must adapt to changing market conditions, they seek to partner with nimble outsourcers to speed up the time to market. The right mix of people, processes, and technology is paramount to success, helping providers bring reliable and agile transformation capabilities to their clients.

¹ *Customer Experience Outsourcing Services Market in Mexico and Central America and the Caribbean: CX Digitalization and Customer-centric Initiatives are Driving Outsourcing Demand* (Frost & Sullivan, November 2021)

The pandemic has highlighted the importance of a solid business continuity plan. It has also pushed most customer experience service providers (CXSPs) to migrate the majority of agents to a remote work environment. As both providers and clients realize the benefits of the work-at-home-agent (WAHA) model, such as reduced costs and increased flexibility, they are likely to maintain a significant portion of their workforce in the remote work format in the post-pandemic scenario. Consequently, well-organized

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- Sebastian Menutti, Industry Principal

WAHA programs will play an escalating role in the competitive environment of the future.

During the pandemic, the CX outsourcing services landscape gained a prominent role in supporting the interactions among brands and consumers. Two factors are crucial to understanding this positive trend. Firstly, as social distancing measures limited physical encounters, relationships between brands and consumers became remote, driving demand for contact centers and remote CX services. Secondly, the pandemic brought about new in-house challenges, including managing major remote operations, arranging several technologies to facilitate

the WAHA model, and mobilizing investments needed to provide a high-quality CX. Therefore, a growing number of companies have started outsourcing the bulk of their CX practices, stimulating significant growth opportunities for business process outsourcers (BPOs). On the strength of nearshoring demand from the United States (US), contact center service providers in the Central America and Caribbean region, in particular, are experiencing high growth rates. Frost & Sullivan expects this market to achieve an estimated \$3.8 billion in revenues by the end of 2023.²

Visionary Innovation and Customer Impact of KM²

KM² Solutions (KM²), founded by David Kreiss (K) and the Myers brothers (M²) in 2004, is a leader in nearshore outsourcing. Based on the footing of the original facility in St. Lucia that provided high-quality, cost-effective, outsourcing services to US-based companies, KM² built a diversified and dynamic presence. Headquartered in the US, the organization operates contact and business centers throughout the Caribbean and Latin America, including Barbados, Colombia, the Dominican Republic, Grenada, and Honduras. Its robust technology infrastructure, coupled with a well-educated employee base, offers easy access to clients in the financial services, healthcare, insurance, travel & hospitality, eCommerce, technology & telecommunications, home services, and other sectors. Previously recognized by Frost & Sullivan as a customer value leader (2015) and acknowledged for competitive strategy innovation (2019), KM² combines a distinctive customer-centric approach with its deeply-rooted commitment to innovation. As a result, the company reports double-digit growth figures in recent years, demonstrating how its professionalism and attention to detail positively impact the outcome of client engagements.

² Customer Experience Outsourcing Services Market in Latin America and the Caribbean (Frost & Sullivan, December 2021)

As a company that upholds core values (such as respect, understanding, service, and accountability), KM² prioritizes long-term relationships in its strategic planning and always strives to exceed client expectations. Moreover, KM² continues to invest in its countries of operation through employee development programs and improved technology infrastructure. As a strategic partner, the organization leverages its nearshore facilities and technical expertise to drive operational efficiencies while providing business continuity for its clients.

Financing Growth: Increasing Scale and Scope

KM² recently partnered with a private equity firm, H.I.G. Capital, to fuel its growth and expansion. This financial injection brings stability in post-pandemic circumstances, allowing KM² to reinvest in its

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- Riana Barnard, Best Practice Research Analyst

employees by providing more benefits through office upgrades and embrace new technologies to take up new lines of business and add major US companies across multiple verticals to its client base. During the past year, KM² increased capacity within existing countries of operation, specifically in Colombia, the Dominican Republic, Honduras, and St. Lucia. KM²'s agents have a strong affinity to the US culture and its consumers, and they are equally skilled in English and Spanish. Moreover, the talent pool consists of

articulate, highly-educated individuals with diverse skillsets and neutral accents. However, the work-from-home model created challenges in terms of security and uptime. Many of the employees did not have broadband connectivity in their homes. Remote management was also an obstacle that KM² had to overcome. Investments in new technology enabled the organization to address these issues, also helping to gain insights into employees' performance and incorporating a gamification layer into the metrics. Frost & Sullivan commends KM² for taking these initiatives, resulting in outstanding growth (i.e., above 20%) in 2021. As such, the company positions itself to further capitalize on the massive nearshore potential.

Exceptionally Nimble and Always with a Personal Touch

Although KM² recognizes the potential in niche verticals and markets, it focuses on a diversified customer base and works with fast-scaling companies, medium-sized enterprises, and new growth areas. The entire organization acts as a cohesive unit, prioritizing not simply winning business but building true partnerships to create better products, processes, and outcomes. By way of illustration, site directors engage three times a week (i.e., Tuesdays, Wednesdays, and Fridays) to assess each key performance indicator from every client. Even though it is a time-consuming process, KM² analyzes the specifics of every metric. For instance, why is the handling time in Barbados a few seconds higher than in Honduras? Clients and KM² management know the individuals assigned to which accounts, providing a personal touch that makes dialogue and course change straightforwardly. Furthermore, the company complements this hands-on approach with an array of automation and AI-based tools. KM² understands that organizations want to leverage self-service and automation in simple transactions to decrease costs, reduce errors, and save agent time and frustration by avoiding repetitive tasks.

The CXSP addresses this need by incorporating key technologies (interactive voice response, omnichannel routing, cloud technology, and AI) to deliver reliable and practical solutions to streamline business processes and enhance the overall CX. Notably, clients trust KM² to handle their business and deliver the desired outcomes. The company upholds accountability within a performance-driven culture in all its operations and activities. As a result, the attrition of its client rate is around zero, which is a testimony to the success of KM²'s productivity and quality performance. Typically, the company prefers to enter locations early in the BPO lifecycle and collaborate closely with clients, developers, and governments, thereby earning a reputation as a stable, trustworthy, and generous employer. Lastly, KM² always pays above the minimum wage. The company has recently started to build cost-of-living adjustments into client contracts, which helps the organization keep pace with the wage growth within a particular industry.

Conclusion

Frost & Sullivan's independent research reveals that companies increasingly realize the importance of delivering excellent customer service as a competitive differentiator; therefore, the domain is gaining more attention and greater investment priority. Previously recognized by Frost & Sullivan as a customer value leader (2015) and acknowledged for competitive strategy innovation (2019), KM² Solutions (KM²) combines a distinctive customer-centric approach with its deeply-rooted commitment to innovation. Partnering with a private equity firm to fuel its growth and expansion, KM² reinvested in its employees and created more capacity to take up new lines of business and add major United States companies across multiple verticals to its client base. As a result, KM² achieved an astounding 20%+ revenue increase in 2021. Furthermore, the company positions itself to further capitalize on the massive nearshore potential by acting as a cohesive unit and prioritizing not simply winning business but building true partnerships to create better products, processes, and outcomes for its clients.

With its strategic choice to invest in trustworthy and sustainable relationships, promoted by nimble-footed initiatives that result in exceptional growth and financial performance, KM² Solutions earns Frost & Sullivan's 2022 Central America and the Caribbean Company of the Year Award in the customer experience outsourcing services industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

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

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

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 ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

[Learn more.](#)

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 6 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)**

