

GLOBALISED BUSINESS PROCESS OUTSOURCING INDUSTRY**Mr.S.PRAKASH**

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Abstract

Technology transforms all services into outsourcing with skilled people throughout the world. There is no need of taking much risk to maintain or database business information. Business process outsourcing is the contracting of a business task to a third party service provider. Back office outsourcing refers to internal business functions like billing or purchasing, while front-office outsourcing includes customer-related services such as technical support, marketing and customer service. The focus in BPO is on reducing transaction costs, optimizing process efficiency and providing size and scale to handle a large volume of transaction processing engagements. This paper made an attempt to discuss a bird's eye view on BPO industry in the world.

Key Words: BPO industry, Information technology, Dual-shore Model, Offshore Multi-sourcing, front-office outsourcing, transaction processing

Introduction

Information technology is the use of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data. Normally, information technology is used in the context of enterprise operations as opposed to personal or entertainment technologies. The commercial use of information technology encompasses both computer technology and telephony. Information technology sector altered into software industries, BPO industries and information technology enabled industries. BPO is one of the most dominant parts of the information technology sector.

Business process outsourcing has become extremely popular with companies ranging from Fortune 500s to start-ups over the last two decades. Businesses in every industry can now outsource non-core processes while applying more resources to mainstay business functions. As the BPO industry continues to develop, we should expect numerous interesting trends to face this year. As of 2012, around 2.8 million people work in outsourcing sector.

Annual revenues are around \$11 billion, around one per cent of GDP. Around 2.5 million people graduate in India every year. Wages are rising by 10–15 percent as a result of expertise deficiency. Business process outsourcing is the contracting of a business task to a third party service provider. Back office outsourcing refers to internal business functions like billing or purchasing, while front-office outsourcing includes customer-related services such as technical support, marketing and customer service. The focus in BPO is on reducing transaction costs, optimizing process efficiency and providing size and scale to handle a large volume of transaction processing engagements.

BPO BUSINESS MODELS

The term information technology was coined by the *Harvard Business Review*, in order to make a distinction between purpose-built machines designed to perform a limited scope of functions and general-purpose computing machines that could be programmed for various tasks. As the IT industry evolved from the mid-20th century, computing capability advanced while device cost and energy consumption fell lower, a cycle that continues today when new technologies emerge. The future of BPO holds a stable growth by creating over a million job opportunities in the sector and giving solutions for domestic and international business. Though, other countries are also moving in front in this sector and are now offering services at a very affordable rate. For India to stay ahead in the competition, it needs to up its game. The number of educated people is increasing in this developing country and skilled employees are now demanding better rates. The following are the major BPO business models.

The Global Delivery Model

It is also called Blended outsourcing; it combines onsite, offsite, onshore, and offshore resources. Large multinational outsourcing service providers offer this model where work can be "bestshored" or "multishored" to the location where optimal cost and labour efficiencies are met to predetermined performance standards. In case of a disaster in a particular region, work can be immediately transferred to another region to ensure on-going, interruption-free business processes.

The Hybrid Model or Dual-shore Model

Leverages onsite-offshore efficiencies to delivers results to clients at reduced costs. Clients are involved in the process as the Global team of the offshore vendor works onsite alongside the client's team to perform around 20% of the work while the Local team executes

80 per cent of the work offshore to leverage the cost, labor and time-zone advantages of outsourcing.

The Offshore Multi-sourcing Model or Hub-and-spoke Model

Uses multiple offshore suppliers to offset the risk of a single monopoly supplier. Users of this model typically have their own offshore operations, plus three or more partner outsourcing vendors with whom they collaborate. The partners get first-hand training on how the outsourcing company operates its hub center, and then apply their learning at the spoke centers.

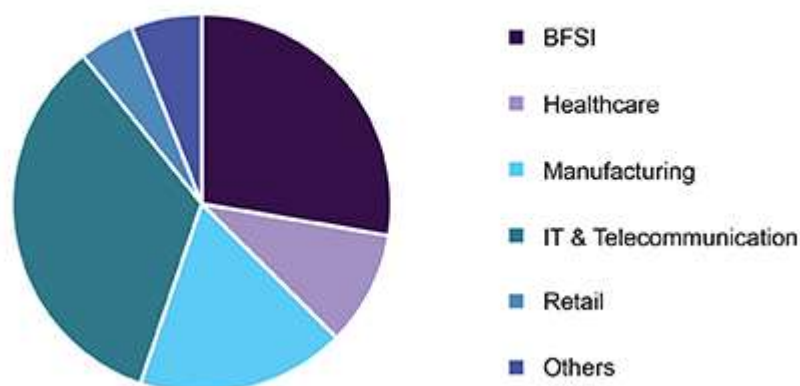
The Build-operate-transfer or BOT Model

The client partners with an offshore company to set up and operate a foreign outsourcing subsidiary with the option to transfer ownership back to the client company after a specified time period. The risks of setting up an outsourcing subsidiary in a foreign country are completely borne by the partner company which takes care of the costs and ownership of the new venture until such time as the client chooses to take it over.

The Global Shared Services Model

Global shared services centers, also called offshore insourcing or captive centers create huge service enters from the company's internal service operations resources. They also have assured markets for their services. These centers can be run as independent businesses and have the advantages of a similar corporate culture, with less of the control issues that third-party BPOs face.

Global business process outsourcing market share, by end use, 2019 (%)



Source: www.grandviewresearch.com

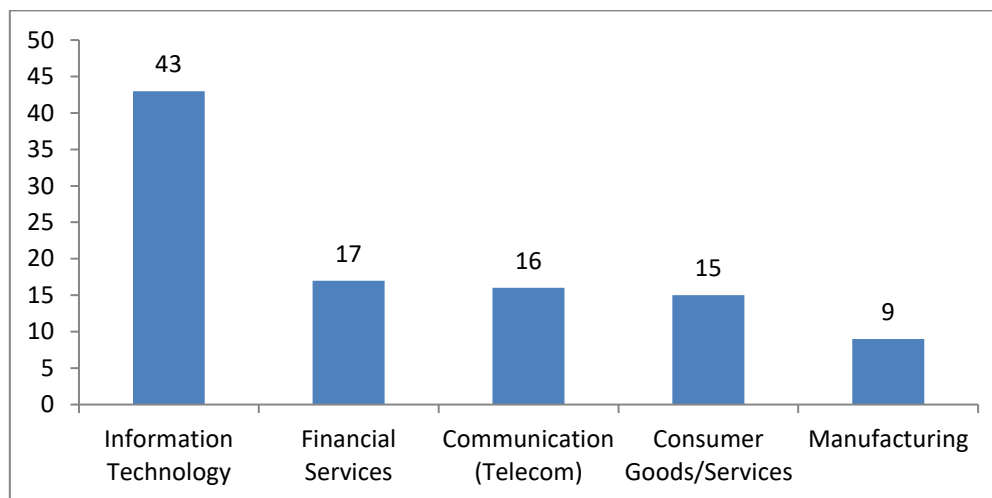
Table 1
Global BPO Market by Industry

S. No.	Global BPO Market	Percent
1	Information Technology	43
2	Financial Services	17
3	Communication (Telecom)	16
4	Consumer Goods/Services	15
5	Manufacturing	09
	Total	100

Source: NASCOMM Report. 2018

Table 1 indicates that global BPO market by industry report in the year of 2018. Information technologies constitute 43 percent of market share in the global BPO followed by financial service (17 %), communication (16 %), consumer goods and services (15 %) and manufacturing (9 %).

Chart 1
Global BPO Market by Industry



The European market for business process outsourcing accounted for more than 26.0% of the global market share in 2019. The regional market growth is accredited to the provision of flexibility and customization of the service offerings in order to better meet individual needs coupled with rising demand for cloud computing technology. Additionally, availability of skilled workforce coupled with quality of service and operational efficiency

are the major factors that are driving the companies to outsource their business processes to the European countries.

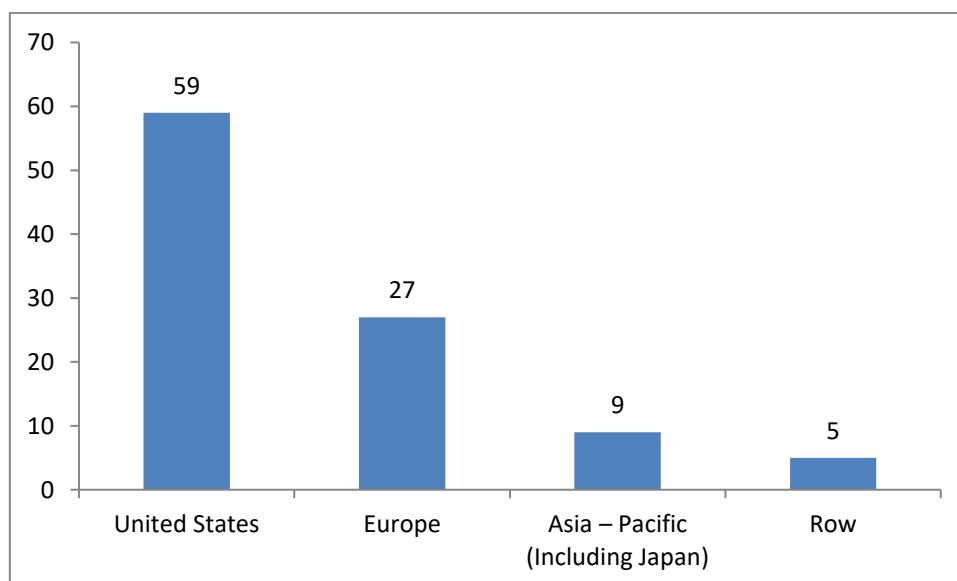
Table 2
Global BPO Market by Geography

S. No.	Global BPO Market	Percent
1	United States	59
2	Europe	27
3	Asia – Pacific (Including Japan)	09
4	Row	05
	Total	100

Source: NASCOMM Report. 2018

Table 2 indicates global BPO market by geography report in the year of 2018. United State plays a key role in global BPO market with 59 percent followed by Europe (27 %), Asia- Pacific including Japan (9 %) and Rest of the world (05 %).

Chart 2
Global BPO Market by Geography



The Latin America market for business process outsourcing is projected to witness a CAGR exceeding six per cent over the forecast period. The regional market growth is ascribable to rising growth of the manufacturing and Consumer Packaged Goods industries in this region. Additionally, increasing support from the Latin America government towards promotion of English language learning programs in order to gain attraction from global service providers in several Latin American countries is also anticipated to propel market

growth. The cost-effective pricing structure and Spanish and Portuguese language skills are further generating avenues in the market for business process outsourcing in Latin America.

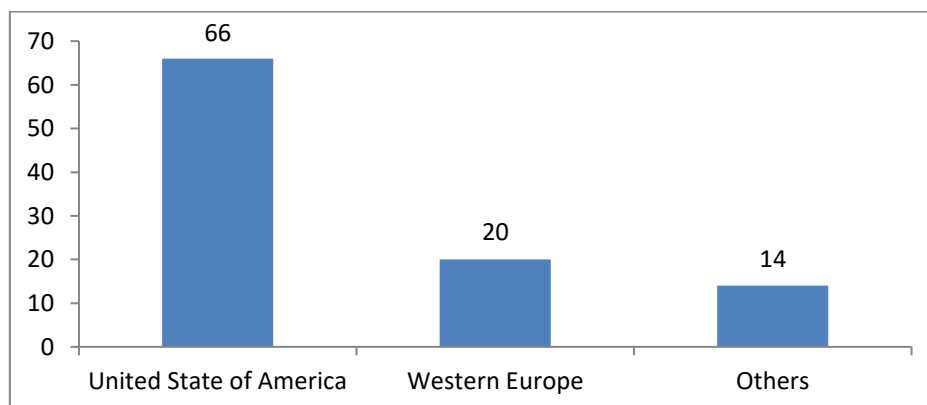
Table 3
Export Revenue by Geography

S. No.	Export Revenue	Percent
1	United State of America	66
2	Western Europe	20
3	Others	14
	Total	100

Source: NASCOMM Report. 2018

Table 3 shows that export revenue by geography report in the year of 2018. United State of America more export revenue through BPO industry which amounted to 66 percent followed by Western Europe (20 %) and others (14 %).

Chart 3
Export Revenue by Geography



The competition in the market for business process outsourcing results from the presence of major global players such as Accenture, Infosys Limited, HCL, Wipro, Capgemini, and Amdocs. A diverse range of services allows companies to gain a competitive edge in the market for business process outsourcing. For instance, Capgemini, one of the pioneers in the BPO industry is engaged in offering multiple BPO services such as financial services, supply chain and procurement, and business analytics.

Conclusion

These market players particularly focus on entering into mergers and acquisitions and joint ventures/collaborations in order to enhance their market presence. For Instance, in July

2018, Wipro Limited announced the acquisition of Alight HR Services in India for a total deal value of USD 1.5 billion. The company offers human resource outsourcing, IT outsourcing, and finance process outsourcing. Companies are focusing on setting up new BPO centers across the globe to expand their market presence and augment their existing customer base. For instance, in September 2017, Infosys Limited announced the establishment of a new service center in Netherlands. This office will be engaged in providing finance and accounting and other end-to-end outsourcing services.