Paper Code: COC 112

Module Name: Business Process Outsourcing

Module No: 06

BUSINESS PROCESSING OUTSOURCING (BPO)

- BPO is a process in which a company delegates some of its in-house operations or processes to a third party.
- It is a transaction through which one company acquires services from another while maintaining ownership and ultimate responsibility for the process.
- BPO is the latest craze in India.
- It saves precious time and resources of the management and builds core competencies.
- It is expected to generate at least 2 million jobs in India.
- The services offered by BPOs range from voice based processes to non-voice based processes.
- If process that is outsourced involves use of information technology, it is called ITES (IT Enabled Services).

NEED FOR OUTSOURCING

1. To free management form day-to-day operations.
2. To have accessibility to world-class capabilities.
3. To enjoy lower costs due to economies of scale.
4. To minimize business risks and acquire innovative ideas.
5. To have less dependency on internal resources.

6. To improve creditability and image by associating with superior providers.

7. To focus on broader business issues while having details taken over by outside experts.

8. To exercise greater control on delivery dates via penalty clauses.

9. To increase flexibility to meet changing business conditions.

10. To redirect resources from non-core activities towards activities that has greater return in serving the customers.

HR OUTSOURCING OPPORTUNITIES IN INDIA

- BPO industry is drawing significant attention in India by virtue of its utility as an upcoming business.

- Since India's economy has shifted towards the service sector, India will continue to be a major player in the BPO industry.

- India has a vast pool of skilled human resources to work at lower wages.

- In India, the manpower cost is $1/10^{th}$ of what it is overseas and India has 8-12 hour time zone difference with respect to US and other Western countries.

- India can offer 24*7 services.

- Companies like Infosys, Wipro, and TCS have created a name for themselves in the business of outsourcing.

The following points highlight that the future of BPO in India is bright:

- India has the largest speaking population after USA.
- A vast workforce of educated and tech-savvy personnel.
- Cost effective manpower.
- Incentives available for IT enabled services.
- A booming IT industry with IT strengths recognized all over the world.