

## ***Project Report***

***(Submitted for the Degree of B. com. Honours in  
Accounting & Finance under the university of Calcutta)***

### **Business Process Outsource (BPO) Industry in India**



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**Month and Year of Submission : September 2020**

# Annexure-1

## Supervisor's Certificate

This is to certify that **MS. ANKITA GUPTA** student of B.com (Honours) in Accounting & Finance of Rammohan College under the University of Calcutta has worked under my supervision and guidance for her project work and prepared a Project Report with the title "**Business Process Outsource (BPO)**".

The Project which she is submitting is her genuine and original work to the best of my knowledge.

**Place:** Kolkata

**Date:**

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**Designation:**

# Annexure-2

## Student's Declaration

I hereby declare that the project work with the title "Business Process Outsource (BPO)" submitted by me for partial fulfillment of the degree of B.com (Honours) in Accountancy & Finance under the University of Calcutta is my original work and has not been submitted earlier to any other university for the fulfillment of the requirement for any course of study.

I also declare that no chapter of this manuscript in whole or in part has been incorporated in this report from my earlier work done by others or by me. However, extracts of any literature which has been used for this report has been duly acknowledged providing details of such literature in the references.

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## ➤ **Acknowledgement**

This is my proud privilege to express my deepest sense of gratitude to our principal of "Raja Rammohan College", Kolkata-700009 for her cordial support as she gave me permission to use all required equipments and necessary materials to complete the project.

I also take this opportunity to express the profound gratitude and regard to my supervisor "professor Tapas Narayan Ray", word would perhaps fail to express the gratitude I owe to him .it would have been impossible for me to complete the project work without his exemplary guidance, monitoring and constant encouragement throughout the course of the project .The blessing, guidance and help given by his time shall carry me a long way in the future journey of life on which I am about to embark.

Lastly I would like to thank my parents and friends for their help and inspiration for helping me to complete the project.

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## ➤ **INTRODUCTION TO BPO**

### ❖ **DEFINITION OF BPO:**

Business process outsourcing (BPO) is the practice of contracting a specific work process or processes to an external service provider. The services can include payroll, accounting, telemarketing, data recording, social media marketing, customer support, and more. BPO usually fills supplementary — as opposed to core — business functions, with services that could be either technical or nontechnical.

From fledgling startups to massive Fortune 500 companies, businesses of all sizes outsource processes, and the demand continues to grow, as new and innovative services are introduced and businesses seek advantages to get ahead of the competition. BPO can be an alternative to labor migration, allowing the labor force to remain in their home country while contributing their skills abroad.

BPO is often divided into two main types of services: back office and front office. Back-office services include internal business processes, such as billing or purchasing. Front-office services pertain to the contracting company's customers, such as marketing and tech support. BPOs can combine these services so that they work together, not independently.

The BPO industry is divided into three categories, based on the location of the vendor. A business can achieve total process optimization by combining the three categories:

**1. Offshore** : vendors are located outside of the company's own country. For example, a U.S. company may use an offshore BPO vendor in the Philippines

**2. Nearshore** : vendors are located in countries that neighbor the contracting company's country. For example, in the United States, a BPO in Mexico is considered a nearshore vendor.

**3. Onshore** : vendors operate within the same country as the contractor, although they may be located in a different city or state. For example, a company in Seattle, Washington, could use an onshore outsourcing vendor located in Seattle, Washington, or in Huntsville, Alabama.

## ❖ .EVOLUTION OF GLOBAL BUSINESS PROCESS OUTSOURCING

Out sourcing is not a new phenomenon. Adam Smith wrote about it 200 years ago! The theory of 'Cost Advantage' and Michael Porter's 'Value Chain Concept' actually paved the way for BPO. It has been in use since the beginning of the 20<sup>th</sup> century, when Henry Ford decided that instead of owning rubber plantations to produce its own tires it could simply outsource them. The concept of outsourcing started with Ross Perot when he founded Electronic Data Systems in 1962 (Nakkiran S John; Franklin D, 2005).

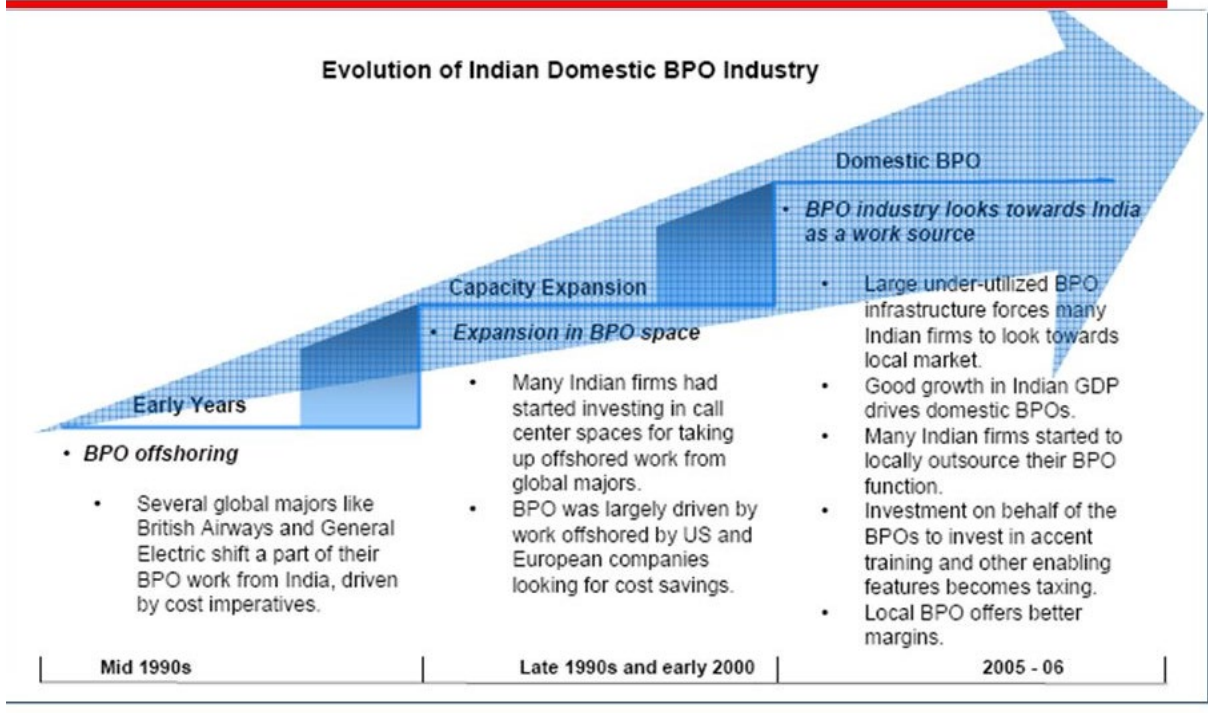
### Evolution of BPO in India can further be explain under two heads:-

#### 1. HISTORY OF BPO IN INDIA.

#### 2. VALUE CHAIN OF BPO IN INDIA.

**1. HISTORY OF BPO IN INDIA:** In India BPO started with British airways setting their back-office operations in Delhi in early 1980's. Starting with captive units India BPO moves to the third party BPO's. thereafter the entry of IT-majors brightens the Indian BPO industry in global BPO landscape.

## History of BPO in India



## **2. VALUE CHAIN OF BPO IN INDIA:**

Value chain is a chain describing the value of business processes being outsourced to India. Value can be explained as the importance of business processes to the firm outsourcing its business operations. India is moving up in the value-chain. At the beginning only low end data entry processes were outsourced to India. With the passage of time trend goes on changing. From low value data entry processes chain moves up to core processes being outsourced now-a-days. It started with:

**MID-1990's- DATA ENTRY PROCESSES:** Data entry simply includes entry of data from papers, books or any hard copy format to computer aided soft copy.

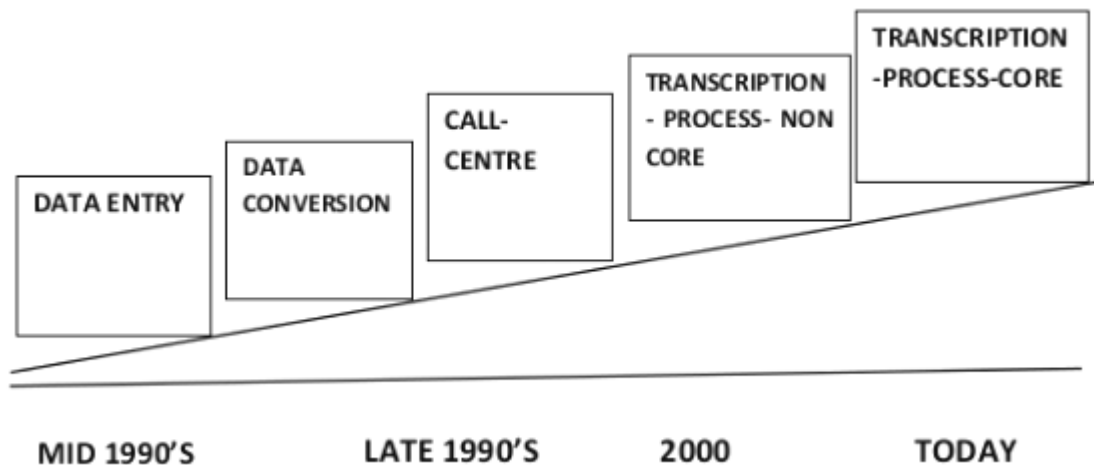
**DATA CONVERSION PROCESSES:** Conversion of data across various databases on different platforms.

**LATE 1990's- CALL CENTRE SERVICES:**

Call centers are outlets that exist mainly to answer inbound or place outbound telephone calls and can exist for the purpose of sales, marketing, telemarketing, customer service, technical/non technical support or any other specific business activity.

**2000- TRANSCRIPTION PROCESSES:** Transcription process implies transcribing the audio or visual information into electronic document form.

Up till 2000 only non-core activities were outsourced. Then the trend changed and today the core activities also occupy a significant proportion in total Indian BPO pie.



**Fig 3: VALUE CHAIN OF BPO IN INDIA**



## ❖ Advantages of the BPO Industry



- i. **Cost Reduction:** Outsourcing helps organizations cut costs and save money, and is one of the most important reasons for people opting to outsource their business process. BPO has given rise to a talented pool of employees available at low wages results in huge cost reductions, which in turn results in better revenues for the company.
- ii. **Availability of Experienced Professionals:** Recruiting new employees and training them involves a lot of hassle and is a huge cost to the company. When the tasks are outsourced to an already established company with all the resources, the troubles of hiring and training is conveniently avoided.
- iii. **Ability to Focus on Core Business:** Since a considerable chunk of the business is outsourced to a service provider, the top management of the company can focus their attention on core operational areas. This also leads to better employee productivity and helps them make better and more informed business decisions.
- iv. **Excellent Source of Customer Feedback:** Most BPO employees are in direct contact with the customers, as a result of which they are able to receive a first-hand feedback about products and services. This valuable feedback, in turn, helps the company to improve upon the services provided.

- v. **Access to the Latest Updated Technologies:** Buying a licensed version of the latest software and other technologies is very expensive. This proposition is also risky, especially for small to medium-sized businesses who cannot afford to dedicate a steady budget to buying the latest technologies. Therefore, it becomes difficult for a company to stay updated with the latest developments. Outsourcing to companies that already have access to the technology and have the relevant expertise therefore proves to be more advantageous for global organizations.
  
- vi. **Excellent Employment Opportunity:** The BPO industry is one of the highest job providers in most countries. In fact, it is the ranked second in terms of the number of jobs created in some of the Asian countries. The remuneration provided to the employees is also one of the best in the industry, which is one of the major reasons for youngsters to work in BPO. The BPO industry has provided employment to a lot of talented youngsters and has single-handedly changed the GDP of various small countries.

## **❖ LIMITATIONS OF BPO**

Outsourcing has given the global IT and ITES Industry numerous valuable advantages which allowed the sector to maintain their leadership even in the situations like recent economic recession. Chapter-II 76 Despite the huge benefits of outsourcing, there are inhibitors or limitations for outsourcing. They are listed and explained as follows:

- i. **Service quality** The offshore BPO industry is not as matured as IT services. This may affect the service quality in some cases. The company should bear in mind the maturity of vendors before outsourcing. It would be better to set up captive operations if the vendors lack expertise in executing the process to be outsourced. The outsourcer should take into account implications of vendor's failure to provide to perform on his business.
  
- ii. **Data Security** The most obvious risks in BPO revolve around the access, storage and transfer of data. Compliance with regulations and US privacy laws – that require financial-services companies to protect the privacy of customer data and prohibits them from sharing it with other entities without permission are driving organizational efforts to secure their data. Countries like India do not have robust data security laws. This may be a matter of concern to

outsourcing companies, as the vendor may have access to some sensitive information. To mitigate this problem, outsourcers tend to prefer top BPO vendors, like Infosys, Wipro, etc.

- iii. **Geopolitical Risks** Before venturing offshore, the company should examine border unrest, religious fabric of the country, government policies, terrorism, etc. With terrorist activity on the rise, the company should assess such risks before entering into an agreement with the vendor.
- iv. **Cultural Differences** Cultural differences need to be effectively managed through exchange programs and by training the initial workforce at domestic facilities. However, some companies may prefer outsourcing to locations having cultural proximity to its home country.
- v. **Financial problems** with the Vendor The company that outsourcers can get into serious trouble if the service provider refuses to provide business due to bankruptcy, lack of funds, labor etc.
- vi. **Loss of Control** Outsourcing requires the control of the process being outsourced transferred to the service provider. Thus the company may lose control over its process (Alpesh B Patel; Hemendra Aran, 2005).

## ❖ *FUNCTIONS OF BPO*

- Compliance and Risk Management
- IT Support Services
- Remote Support Services
- Knowledge Process Services
- Online Payroll Services
- Human Resource Management Service

## ❖ **SCOPE OF OUTSOURCING:**

The bpo functions that are outsourced can be divided into horizontal services and vertical services. Horizontal services and vertical services have been explained under separate titles as given below:

- a) **Horizontal Services:** These cover a wide range of services like Human Resource (HR), Finance and Accounting and CRM, which are common to all industries. Outsourcing is more common in these processes as they are typically back-office processes and do not offer much competitive advantages to the outsourcer.

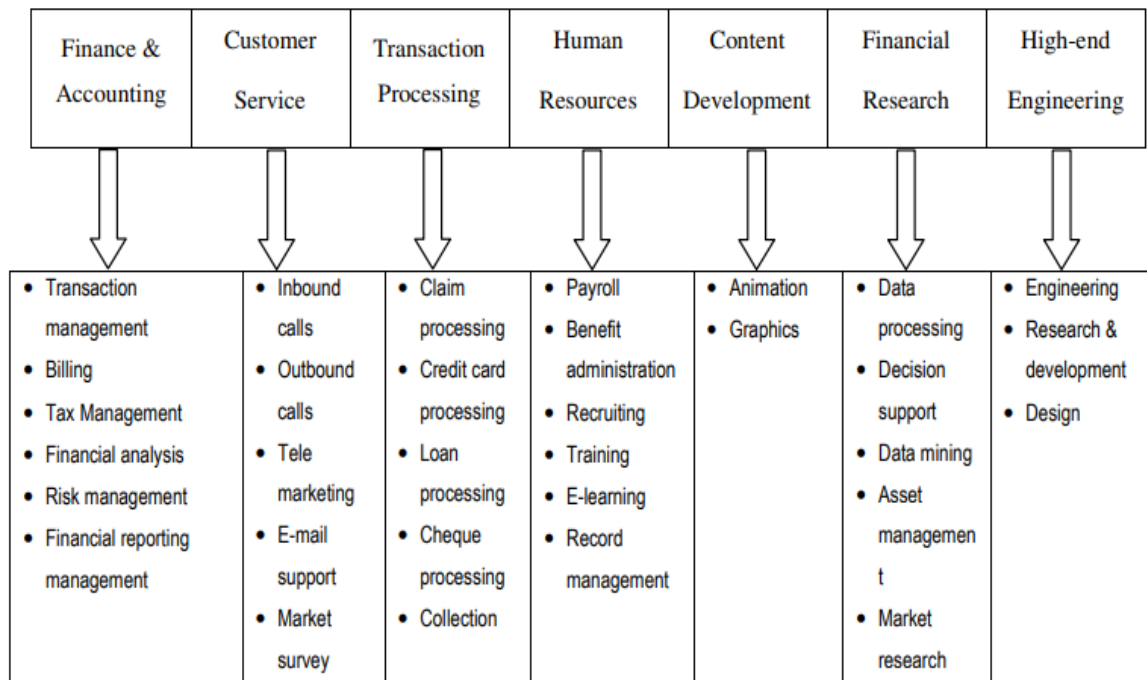
The services under horizontal services group can be described as follows:

- i. **Finance and Accounting:** Typical activities in this area include management of accounts payable/receivable, bank reconciliation, fixed asset management, cash management, financial reporting, and risk management. The finance and accounting outsourcing market is worth \$15 billion and is expected to register a growth rate of 13% annually.
- ii. **Customer Services:** This involves providing support for marketing, technical help, advice or disbursing information. Contact centers are generally equipped with hightech telecom infrastructure, trained consultants, and access to required databases, internet and other online information resources. These centers provide customer service on a continuous basis, often 24 hours a day, 7 days a week. In many cases, the vendor deals directly with the client's customer, calling for a greater level of maturity of the vendor and personnel.
- iii. **Transaction Processing:** Transaction processing activities that are normally outsourced include processing of sales order entry, claims, loans, cheque, applications, credit card and reconciliation.
- iv. **Human Resources:** Human resource outsourcing encompasses activities relating to payroll, benefits administration, training, recruitment, expense management, and travel and employee records management. Payroll services encompass looking after payroll statements, bonuses, commissions, tax payments, etc. Employee records management includes personnel forms, policies, procedures, and performance management records. The vendor is also in charge of complying with state and federal laws. Globally, HR is one of the most widely outsourced business processes.
- v. **Content Development:** Content development activities that are usually being outsourced are animation, design services, multimedia CD and DVD

authoring, web development services, development and maintenance of e-learning technologies, such as learning management systems (LMSs), content management systems (CMSs) and authoring platforms, etc.

- vi. **Financial Research:** This is a new area in the field of outsourcing and includes activities such as data maintenance, basic financial analysis, research, financial modeling etc. This enables senior analyst at the home location to focus on client interactions and other value-added activities. Examples of companies that have adopted this include JP Morgan, Citigroup and Morgan Stanley which have set up operations in India for this very purpose.
- vii. **High-end Engineering:** This includes activities such as design, research and development and high end engineering. These are, in most cases, central to the company's business and require personnel with high skill levels. Majority of these functions are typically out sourced/off shored to captive setups.

- **Horizontal Services -Diagrammatic presentation:** The following Figure gives a clear schematic representation of the scope of business process outsourcing activities -Horizontal services.



**Scope of outsourcing activities-Horizontal services**

**b ) Vertical Services** These services are specific to certain industries, for example, claims processing is specific to the Insurance sector. Industries that have taken the lead in outsourcing and dominate vertical focused services are financial services, insurance, healthcare, and securities. The vertical services mentioned above are explained as follows:

- i. **Healthcare**: Healthcare industry is expected to be one of the biggest beneficiaries of outsourcing. Timely execution of processes and reduced costs help the healthcare providers improve their service levels and contain their rising costs. Some of the processes commonly outsourced in healthcare services are medical billing, claims adjudication, cashless hospitalization services, medical transcription and IT.
  
- ii. **Financial Services**: Financial institutions and banks have been leaders in outsourcing business processes. Customer care and transaction processing are the most commonly outsourced functions. Some of the other functions that are outsourced are tax processing, asset management, human resource, loan and mortgage processing. However, there is now a shifting to outsourcing core activities like treasury and investment banking activities like research support etc.
  
- iii. **Insurance**: Insurance has been a late entrant to the world of outsourcing. Increased competition and volatile economic and political landscape has prompted insurance companies to look at outsourcing to improve efficiency and reduce cost. Outsourcing in insurance companies is expected to show a double-digit growth. Insurance companies have outsourced processes like application processing, underwriting, claims adjudication and customer care.  
2.8.3.4 Airlines: Airlines have been forerunners in the field of outsourcing, customer care, data services, loyalty programs, revenue accounting, cargo support and revenue recovery processes have been typically outsourced in this area.
  
- iv. **Airlines**: Airlines have been forerunners in the field of outsourcing, customer care, data services, loyalty programs, revenue accounting, cargo support and revenue recovery processes have been typically outsourced in this area.

## ❖ **OBJECTIVES OF BPO**

- 1) To study the Profile of Women Employees in BPO.
- 2) To identify Psycho-Social Concerns of Women Employees in BPO Sector.
- 3) To identify the Job Related Factors that causes Job Satisfaction in Women Employees.
- 4) To analyse the effect of the Work Stress on Women Employees in BPO.
- 5) To assess the existing Coping Mechanisms of Women in BPO.
- 6) To examine the Role of Employers and Government in Safety Concerns of Women in BPO.

## ❖ **METHODOLOGY**

### **THE PROCESS OF WORKING OF BPO**

The service provider starts by working with the client to determine what information the client needs to manage the business and make informed decisions. The client's specific requirement in the needed area is clearly identified and the vendor starts working on that process. Also an assessment of the client's processes

**up-to-date has been done and the BPO provider uses best practices to design business processes that will capture the necessary information.**

**In any industry, perhaps as much as 80% of the business process can be considered standard. That means a BPO provider can come to clients with a proven blueprint for the majority of their process. Expertise of that sort enables the BPO provider to offer not only superior insight and speed of implementation, but also its proven process methodology and software expertise enables it to design processes quickly and cost effectively, and at the same time, to be best in class. For example, this may include technologies like imaging and workflow in high volume transaction processing environment or special project accounting functionality provided to clients with many consultants in the field.**

**In partnership with a systems integrator, the BPO provider works with its client to design the accounting systems and the software to make the process work. By working this way, the BPO provider can serve as the client contact while the integrator stays behind the scenes. This involves a combination of enterprise software integration as well as the customization necessary for the client to meet their reporting needs. A full-service outsourcing company provides the processors who handle accounts payable, accounts receivable, payroll, general ledger accounting, fixed assets, preparation of financial statements, and other processes.**

**These individuals usually work at a shared services center, located wherever prices for real estate and skilled labor dictate. They don't have to be near the client. Some may be former employees of the client who have moved over the BPO provider's payroll. All are experienced financial and accounting professionals, attracted to the BPO provider in part because its core competency is in their area of expertise, The draw here is that outsourcing can lead to better opportunities for financial professionals because they can move from the company's back-office to the BPO's front office and they get all the associated benefits of being a contributor to their company's back-office to the BPO's front office and they get all the associated benefits of being a contributor to their company's core.**



## ❖ **CHAPTERISATION**

**Chapter 1** discusses the subject, background of study focusing on Psychosocial issues of women working in BPOs. The introduction includes information related to women, Bpos, job related, health and stress issues and job satisfaction.

**Chapter 2** reviews the literature relevant to the present study. Review highlights the outcome of previous research in the area of women employees, stress and problems faced by them in BPOs . The exercise of review of literature has helped researcher in identifying trends in studies both in Western and Indian literature.

**Chapter 3** provides the blueprint of the study. It portrays the problem, the scope and the objectives of the study. This chapter discusses the hypotheses to be tested, details about data collection, research instruments used, pretest, compilation of the data and statistical analysis that are to be used.

**Chapter 4** contains the statistical outcomes. The detailed analysis of the data has been presented here. This chapter being the most important part of the study enlightens the techniques used to understand the data gathered through the schedules. The results are discussed relating to the hypotheses and the objectives of the study.

**Chapter 5** Summarises the complete study in a nutshell by presenting the findings obtained through the analysis. The hypotheses is tested and discussed in this chapter.

**Chapter 6** includes the conclusions, suggestions and recommendations. Further it discusses the implications of the study and suggestions for interventions and future research.

## ➤ **CONCEPTUAL FRAMEWORK**

### ❖ **BPO A FAST GROWING SECTOR IN INDIA**

BPO or business process outsourcing is a part of the umbrella term outsourcing, which simply stands for a system where the responsibilities of a particular business process can be contracted to a third party service provider. This system was originally associated with manufacturing firms, but over the years that scenario has changed.

Now, BPO is amongst one of the fastest growing industries and has become an integral part of the ITES industry. Amongst the different South Asian countries, where the BPO industry is making its mark, India is quite a prominent one. Certain factors such as cost advantage, time factor, large number of English speakers, competency, the economy of scale and help from the government have helped the BPO industry to grow in India and best BPO companies to come into existence.

**An in-depth explanation of these points will help to understand the topic better.**

- 1) The cost advantage is pretty big in each and every sector of life and business is no exception. If an American company outsources its business process to a company in India, not only they are getting Best BPO Services, but will be saving thousands of dollars every year, adding more to their profit. Outsourcing a non-core process reduces the expenses without affecting the profit. Indeed that is quite beneficial from a company's perspective.
- 2) Time is always a crucial factor in business and as time wise India and the USA are about half a day apart, it becomes easier for a company to remain functional 24×7 if it has an active base in both countries.
- 3) It may come as a surprise, but Indians are pretty skilled in English communication. A large part of the population is fluent in English.

This has helped English speaking countries to outsource their work to India leading to the boom in BPO industry in India.

- 4) Mostly, people join the BPO sector after completing their senior high school education. Hence, they are competent, capable, driven, eager to learn and goal-oriented. This has helped the BPO industry to grow phenomenally.
  
- 5) Over the years, the government of India has encouraged and cooperated with various multinational companies and contributed to the growth of the BPO industry in India.

It is quite true that at the very beginning, companies were looking for their benefits and came to India, but over the years, India, especially the younger generation has enjoyed the benefits as well. This is a mutual process of giving and receiving which will continue for years in the future, adding to the economy of both the parties.

## ❖ **BANKING BPO SERVICES**

**“Banking business process outsourcing or banking BPO”** is a highly specialized sourcing strategy used by banks and lending institutions to support the business acquisition and account servicing activities associated with the customer lending lifecycle. These specific BPO services are usually offered through multi-year service-level agreements for all or portions of the credit card lending, consumer lending or commercial lending segments of the financial services market. Some larger financial services organizations choose to extend their sourcing strategy to include other outsourced services such as ITO systems and software, human resources outsourcing and benefits services, finance and accounting outsourcing (FAO) services, procurement or training outsourcing.

Banking BPO services are typically defined by industry analysts, advisors and leaders in the sourcing industry, such as the set of discrete processes or transactional activities that support the lending lifecycle as follows:

1) **New customer acquisition**

**services** include telemarketing activities, application processing, underwriting, customer or merchant credit evaluation and verification, credit approval, document processing, account opening and customer care and on-boarding.

2) **Account servicing processes** for credit cards or consumer loans.

These most commonly include payment processing systems and services, customer service or call center support operations (voice, digital, email and mail services), product renewals, and loan disbursement; document management services such as printing and mailing of statements, networked printing and storage solutions; collections, recoveries processing, default management, risk management and foreclosure.

3) **Consumer and commercial lending** post origination transaction processing services, such as check processing, clearance and settlement services, remittance, and records management.

4) **Back office transaction process management** for loans or credit card portfolios, including custody services, fraud mitigation and detection, regulatory and program compliance, portfolio analytics, reporting, conversions, management of technology platforms, interface for customer data and custom development.

## ❖ **STRATEGIC ASPECTS OF BPO**

There are some areas in which there is always scope of improvement when it comes to BPO sector.

When considering Business Process Outsourcing, technology and employee management are on the top of this list.

So, it becomes mandatory to apply multiple techniques in various departments for thriving in the market.

Let's have a look at the major strategies which BPOs should follow to enhance efficiency:

### **i. Hire the best talent**

Employers in BPO services sector generally give more emphasis focus on quantity rather than quality during hiring process. That is, the companies hire a large of bunch of employees due to piling of work from multiple projects.

But are they doing it right?

The question is actually debatable!

It's true that a big number of employees is necessary for the handling the heavy chunks of work. But making sure that each employee is equally proficient is also necessary to get the best results.

So, make sure that experts from respective department participate in hiring of the new ones. The final shortlisted individuals then should be screened by top management before hiring.

Also, questions of technical round should be prepared by inclusion of some real life examples.

### **ii. Make sure to Retain the best ones**

Your work as an employer does not end after hiring the proficient workforce. Retaining the best employees is equally vital to score more in terms of efficiency related to BPO services.

**Some major strategies to retain the talent pool in BPO sector include:**

- 1) Regular training for executives to gain excellence
- 2) Flexible work shifts to decrease burden
- 3) Work from home facilities (if applicable for a job type)
- 4) Surprise bonus for the top performers
- 5) Cool culture – Pool tables, gym and reading room
- 6) And, Of Course! Hike in remuneration which satisfies them

The retention not only helps in providing work effectiveness but it helps you most when you are planning to expand the business.

### **iii) Use Business analytics**

Business intelligence (BI) which is in trend among various industries has also a huge scope in Business Process Outsourcing

This technology which uses multiple techniques for deriving useful information from raw data is full of benefits for BPO services sector.

Through this technology, business process outsourcing related operations especially call centers can get detailed insights about their work processes.

A firm can identify number of cycles and contacts used for resolving the concern of a customer using BI. It can be also be implemented to examine the average time taken by an executive to handle the issue.

Measuring lost calls and those in queue is also essential information that one can derive through BI.

That's not all!

One can also study the satisfaction level of customers which is the most vital information a call center can utilize.

So, utilizing the most effective BI solution for generating detailed insights can be the wisest investment by a BPO firm.

### **iv) Implement Cloud computing**

Cloud technology is slowly becoming a necessity for various industries like

This technology is in initial stages when it comes to BPO sector. Still, its implementation in your BPO can help you in solving various storage related challenges.

First of all, you can scale up your BPO services without major impact on existing resources.

Also, you have the flexibility to access it from anywhere in the world. So, you can easily implement 'bring your own device (BYOD)' policy in your firm.

Last but not the least, expenditure related to servers and maintenance will be decreased through cloud substantially. This will help in controlling overall budget of your BPO.

Various industry gurus believe that cloud may be a threat to the security of the data. But choosing a renowned cloud vendor for your BPO services solves this issue.

### **v) Exploit the potential of Social media**

Yes! BPO sector is also not untouched with the charm of social media

Now, the million dollar question is: How to use social media for your BPO?

You can strategically use social media platforms to investigate the behavior of customers. This can be further utilized to create strategies to get the desired results.

Channels like Twitter and Facebook are the most effective tools which BPOs can use for maintaining decent relations with the customers.

BPO firms can also effectively analyze the reputation of their clients through social media.

### **Vi) Take Support from Psychologists**

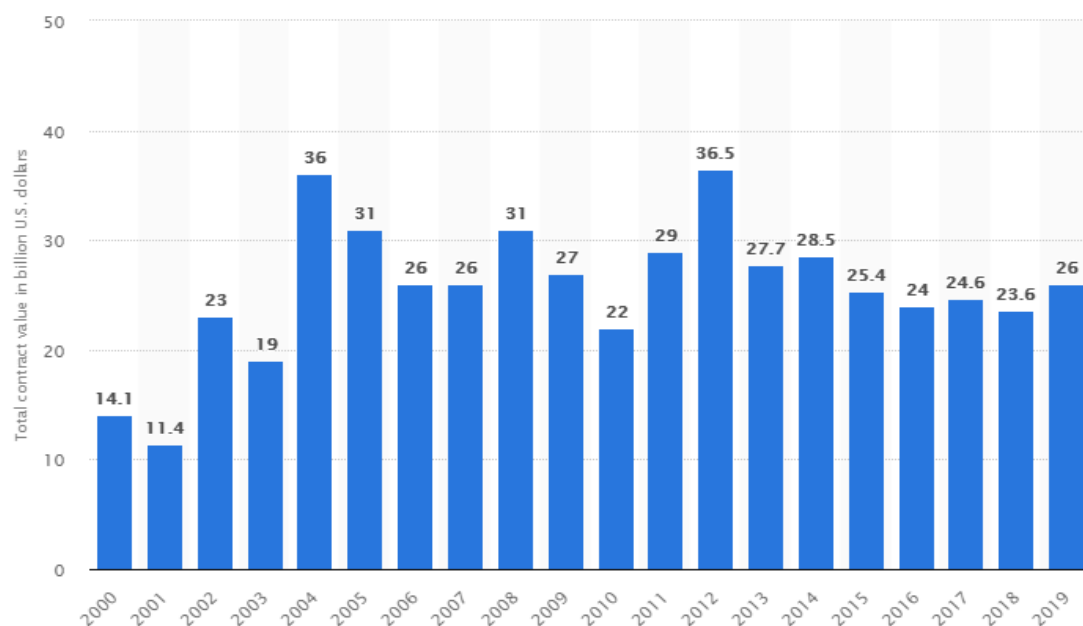
This may sound a bit weird and totally opposite to the regular strategies of BPO management. But actually, hiring a psychologist can help your contact center with two major benefits.

**First:** A psychologist can impart skills active listening and improved speaking skills to the executives. This can give a big boost to the overall efficiency of your employees.

**Second:** This one is bit indirect but equally effective. The psychologist can provide multiple exercises and techniques which can help the employees to curb the anxiety and stress. This will ultimately boost their yield.

These were the some major strategies which BPOs should follow

## **❖ GLOBAL BPO MARKET SHARE**



Outsourcing entails the contracting out of business processes to external parties, either domestically or offshore. In 2017, the global market size of outsourced services was valued at 88.9 billion U.S. dollars, increasing with 12 billion dollars from the previous year. A subcategory of outsourcing, business process outsourcing (BPO) is the contracting out of specific business processes, usually either internal business functions (back office), such as human resources, or customer-related functions (front office) like customer care operations in call centers. Business process outsourcing is also often related to IT functions. The revenue of the global BPO industry was 24.6 billion U.S. dollars in 2017.

The largest share of global outsourcing revenue was generated in Europe, the Middle East and Africa (EMEA) in 2017 at 55.6 billion U.S. dollars. Outsourcing often involves offshoring in which processes are outsourced to a different country to where the business is located. India was among the leading countries for offshore business services in 2017 in terms of its financial attractiveness, the skills and availability of its people and the appropriateness of its business environment for business process outsourcing.

- **Service Insights**

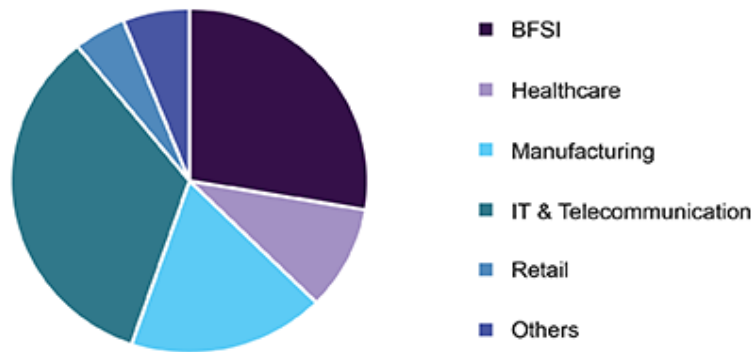
The service segment has been further segmented into finance and accounting, human resources, knowledge process outsourcing, procurement and supply chain, customer services, and others. The others segment includes legal and tax, logistics, and training. The customer services segment held the largest market share over 30.0% in 2019 and is predicted to register highest growth rate over the forecast period. The customer service BPOs are specialized in handling customer queries that are generated through chat, email, social media, phones, and other channels.

- **End-use Insights**

The BPO industry offers its service across various end use industries such as BFSI, healthcare, manufacturing, IT and telecommunications, retail, and others. The others segment includes travel and transportation, government, education, construction, and utilities. The BFSI segment secured a market share exceeding 30.0% of the global business process outsourcing market in 2019 and is anticipated to grow at the highest rate from 2019 to 2027. Owing to customers focusing on services such as service expediency, real-time interactions, and faster complaint resolution have resulted in BFSI companies to outsource customer service activities.



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



Meanwhile, following the BFSI segment, the IT and telecommunications segment is expected to exhibit the second highest CAGR exceeding 8.0% owing to the growth of IT companies and rapid industrialization across the globe. Additionally, support from government to improve the global economy by encouraging other sectors such as Banking and Healthcare to boost their investments in technology is expected to fuel market growth. For instance, according to National Association of Software and Services Companies (NASSCOM), a trade association for the information technology industry in the Indian BPO market stated that the IT-BPO industry was valued at USD 12.0 billion and is expected to reach USD 118.0 billion by the end of 2018.

- **Regional Insights**

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.

- **Business Process Outsourcing Market Share Insights**

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 pioneer in the BPO industry is engaged in offering multiple BPO services such as financial services, supply chain and procurement, and business analytics.

## **Report Scope**

<b>Attribute</b>	<b>Details</b>
Base year for estimation	2019
Actual estimates/Historical data	2016 - 2018
Forecast period	2020 - 2027
Market representation	Revenue in USD Billion and CAGR from 2020 to 2027
Regional scope	North America, Europe, Asia Pacific, Latin America, Middle East & Africa
Country scope	U.S., Canada, U.K., Germany, France, China, India, Japan, Singapore, Malaysia, Brazil, & Mexico
Report coverage	Revenue forecast, company share, competitive landscape, growth factors, and trends

**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.**

## ➤ **PRESENTATION ANALYSIS & FINDINGS**

### ❖ **GROWTH OF INDIAN BPO INDUSTRY**

With the economic reforms instituted since 1991, India has emerged as the preferred destination for Information Technology enabled Services in the global offshore Business Process Outsourcing market. Looking at the hit side of the fabulous growth of the BPO industry, a number of leading software service companies also made a foray into the BPO domain, either directly, or through the mergers and acquisitions route. Most Indian IT leaders today such as Wipro, Patni, Satyam, HCL, among others, have presence in this market. The segments like customer care and administration showed a promising growth of over 75% which was the highest among all.

The radical changes in the Indian economy over the last two decades have acted as catalyst in the growth of the information technology sector, following the BPO sector. The liberal reforms implemented by the government set the stage for India to emerge as a superpower in the BPO industry in the early twenty-first century. The growth of the BPO sector was made possible by the already established information technology sector and the availability of a large number of technically literate English speaking people in India. An analysis of the available information from secondary sources indicates that BPO is now the swiftest growing industry in India, and India is considered the “electronic housekeeper” of the world.

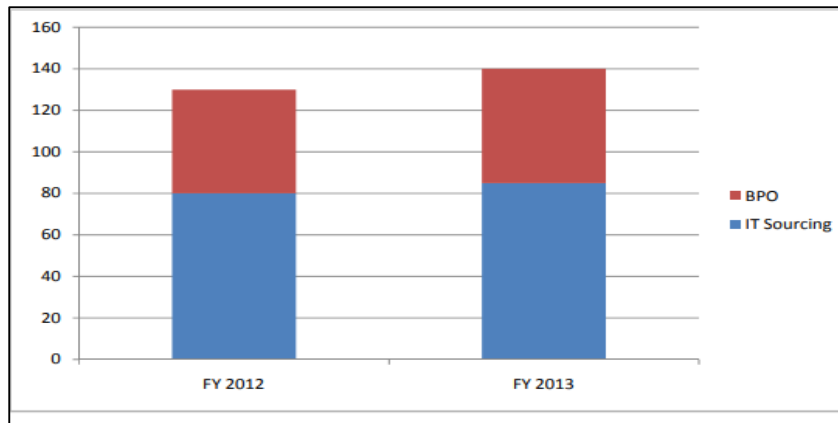
As per the report of NASSCOM-crisil, Indian KPO’s industry is expected to touch USD 5.6 billion mark by 2015. Legal Process Outsourcing is also expected to record a growth of USD 1.3 billion by FY'2015

#### **TABLE SHOWING GLOBAL SOURCING MARKET**

**(USD billion)**

<b>Year</b>	<b>IT Sourcing</b>	<b>BPO</b>
2012	76-80	48-50
2013	81-85	53-55

Source: NASSCOM reports 2014



**The following is the information showing global sourcing of BPO market.**

From the above table and graph it is clear that India's share in total global sourcing. It was 50% in the year 2011, which increased to 55% by the year 2014.

NASSCOM reports also stated that the industry added 160,000 employees in 2013, and provided direct employment to 3.1 million people and indirect employment to 10 million people. TCS recently hired 20,000 fresh graduates from all over India in 2013 and other organizations like Wipro, Infosys, IBM and Dell among others also add highly to the employment rate.

### ❖ **Interesting facts about the Indian BPO industry**

Here are some facts about the Indian business process outsourcing (BPO) industry, which includes call centers.

- About four-fifths of the world's 500 largest companies already farm out some work to India, where every year 1 million English speakers and 1.5 million university graduates join its low-cost workforce.
- Outsourcing to India can typically generate cost savings of between 40 and 50 percent for foreign companies.
- Overseas companies are expected to spend some \$7.3 billion this year on back-office and call center services in India, besides the domestic firms, which plan to spend an additional \$600 million.
- The United States accounts for more than two-thirds of the outsourcing market, followed by Europe, mainly Britain, with 20 percent.
- According to a 2004 survey of 182 U.S. companies by Chicago-based management consulting firm DiamondCluster International DTPI.O, 74 percent of customers were satisfied with their outsourcing efforts in India.

- An average Indian graduate earns 8,000 to 10,000 rupees (\$175 to \$220) a month, a tenth of their U.S. counterparts, but a decent sum in a country where the average annual income is about \$500.
- The BPO sector in India is estimated to have reached a 54 per cent growth in revenue
- The demand for Indian BPO services has been growing at an annual growth rate of 50%
- The BPO industry in India has provided jobs for over 74,400 Indians. This number is continuing to grow on a yearly basis. The Indian BPO sector is soon to employ over 1.1 million Indians
- 70% of India's BPO industry's revenue is from contact centers, 20% from data entry work and the remaining 10% from information technology related work.
- Indian BPOs handle 56% of the world's business process outsourcing
- NASSCOM has recently launched the National Skills Registry (NSR), a database of all industry employees, to prevent any recruitment fraud. The industry was rocked last year after a call center employee sold information on hundreds of bank accounts.

### ❖ TOP BPO COMPANIES IN INDIA

There is huge growth for BPO sector in India. There are many BPO companies in India who are also serving the client internationally. Check the list of Top BPO companies in India.

- 1) **Genpact India Pvt Ltd**
- 2) **WNS Global Pvt Ltd**
- 3) **Infosys BPM Limited**
- 4) **Accenture Solutions Pvt Ltd (BPO)**
- 5) **Aegis Customer Support Services Ltd**
- 6) **Firstsource Solutions Limited**
- 7) **EXL Service**
- 8) **Wipro BPO**
- 9) **TCS BPO**
- 10) **Hinduja Global Solutions Ltd**

## ❖ IT -BPO

The Indian technology and business services industry has had a phenomenal run over the last 10 years, contributing massively to the country's growth. The industry has grown from \$4 billion in revenues in 1998 to a \$59.6 billion giant today, employing over 2.3 million people, and has had an unparalleled impact on the Indian economy. As we look ahead, the industry recognises that the next 10-15 years will be fundamentally different from the past and driving the next wave of growth will require all the stakeholders to create an ambitious vision and focus on achieving that.

The beginning of the new decade heralds the slow, but steady end of the worst recession in the past 60 years. The advent of 2010 has signalled the revival of outsourcing within core markets, along with the emerging markets increasingly adopting outsourcing for enhanced competitiveness. Improving economic conditions signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward. With increased GDP growth of emerging markets, and shrinking working age populations, there are a new set of hitherto untapped opportunities that will include emergence of new verticals, service lines, geographic and customer segments. On the back of these trends, the addressable market opportunity for the IT-BPO sector is likely to expand from the current \$500 billion to \$1.5 trillion by 2020.

India is fundamentally advantaged and uniquely positioned to sustain its global leadership position, grow its offshore IT-BPO industries at an annual rate of 13-14 per cent, sustain nearly 10 million direct jobs, and generate export revenues of about \$175 billion by 2020 and domestic revenues of \$50 billion by 2020. Additionally, this growth can be further accelerated to \$310 billion through deep and enduring innovation by industry participants, and focused initiatives by all stakeholders.

The sector can transform India through economic development and ICT-enabled solutions in healthcare, education, financial services and public services, which can drive the socio-economic inclusion of 30 million citizens each year.

### **Global Offshore IT-BPO Market Potential.**

While India holds a dominant share of the global offshore IT-BPO sector, yet, at \$46.3 billion in 2008-09, Indian IT-BPO exports accounted for less than 2.8 per cent of the global spend on IT-BPO. Over the next decade, the industry will be influenced by several global macroeconomic, demographics, social, business and technological trends that will shape the face of global business. These trends include:

### **Macroeconomic and demographic trends**

- Shifting centres of economic activity-GDP of Asia and Europe will converge
- Working age population shrinking in key developed countries (e.g., Japan, Italy, US)

## Social and environmental trends

- Increased Internet and mobile connectivity transforming the way people live and interact
- Rapidly increasing consumption and associated supply gap in key natural resources (e.g., oil, water) creating need for resource efficiency and climate change solutions

## Business and technology trends

- Global economic crisis leading to major shift in industry structures and higher regulatory control
- Corporate boundaries being redefined (e.g., open innovation, extended supply chains, web of partnerships)
- Technology radically transforming the way traditional corporations and governments function

## ❖ EXPORT BPO MARKET

IT-ITeS exports are estimated as US\$ 126.0 billion in FY2017-18, growing by 7.7% over FY2016-17. A combination of solutions around disruptive technologies such as SMAC (Social media, mobility, analytics and cloud), artificial intelligence, embedded systems etc. have become the life-force of the industry.

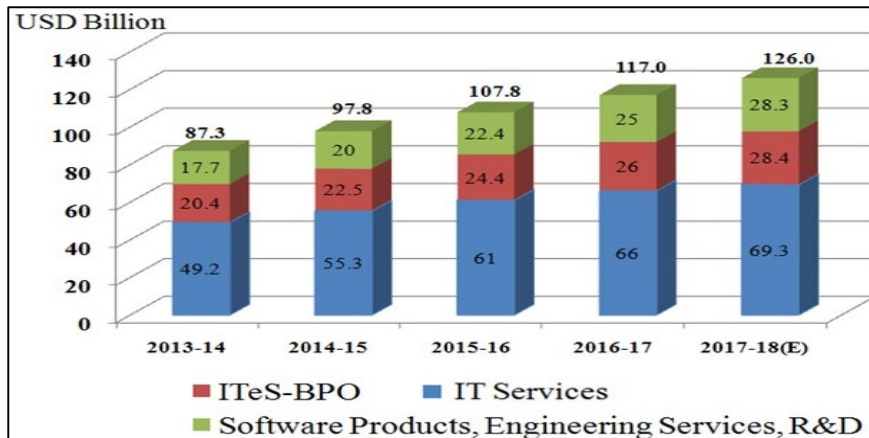
**IT Services** is the fastest growing segment within the Indian IT-ITeS sector. This segment is estimated to generate exports revenues of the order of US\$ 69.3 billion in year 2017-18 as compared to US\$ 66.0 billion in year 2016-17.

**ITeS/BPO segment** has been reinventing itself in the past few years and is expected to generate export revenue of the order of ~US\$ 28.4 billion in year 2017-18 as compared to US\$ 26 billion in year 2016-17.

**Engineering R&D and Product Development** has registered a growth of about 12% in the exports, which is estimated to reach US\$ 28.3 billion in year 2017-18 from the level of US\$ 25.0 billion in year 2016-17.

Year/ Segment	2013- 14	2014-15	2015-16	2016 -17	2017- 18 (E)	CAGR %(2013-18)
IT Service	49.2	55.3	61.0	66.0	69.3	10.07
ITeS-BPO	20.4	22.5	24.4	26.0	28.4	9.19
Software Products, Engineering Services, R&D	17.7	20.0	22.4	25.0	28.3	13.09
Total IT-ITeS	87.3	97.8	107.8	117.0	126.0	10.32

**Source:** NASSCOM SR-2018, E: Estimated



**Figure 1: Export of various segments in IT/ITeS Sector**

### ❖ Domestic BPO Market

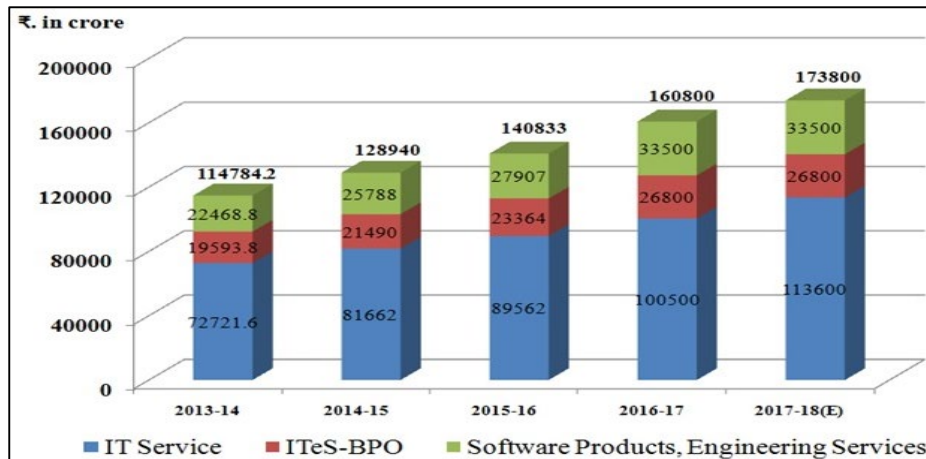
The Size of the domestic market is become significant now in the IT/ITeS Sector, though it largely remains export driven. As shown in figure 4, Domestic IT-ITeS revenue (excluding hardware) is estimated to reach INR 1738 billion in FY2017-18, as compared to INR 1608 billion in FY2016-17, a y-o-y growth of ~8.7%. In FY 2018, India's domestic IT-BPM market is likely to grow 7.9% Y-o-Y to reach US\$ 41 billion (~₹ 273750 crore), excluding e-Commerce as compared to US\$ 38 billion in 2016-17. Rapid digitization is expected to further catalyse growth. Domestic IT-BPM industry is also seeing continued growth as various government initiatives encourage technology usage (push factor) and Indian enterprises across industries are rapidly implementing digital technologies to adapt to a changing competitive landscape and the ever-demanding customer. Domestic IT Services sector is the largest segment with close to 40.5% share, expected to reach ₹. 113600 crores in year 2017-18 as compared to ₹ 100500 crores in year 2016-17 with a estimated growth of about 13.1% in INR terms.

**The IT-ITeS industry domestic revenue growth trend over the past 5 years is as under:**

Year/ Segment	2013- 14	2014- 15	2015- 16	2016- 17	2017-18(E)	CAGR %(2013-18)
IT Service	72721.6	81662	89562	100500	113600	11.37
ITeS-BPO	19593.8	21490	23364	26800	26800	8.90
Software Products Engineering Services	22468.8	25788	27907	33500	33500	10.32
Total IT-ITeS	114784.2	128940	140833	160800	173800	10.75

**Source:** NASSCOM SR-2018, E: Estimated



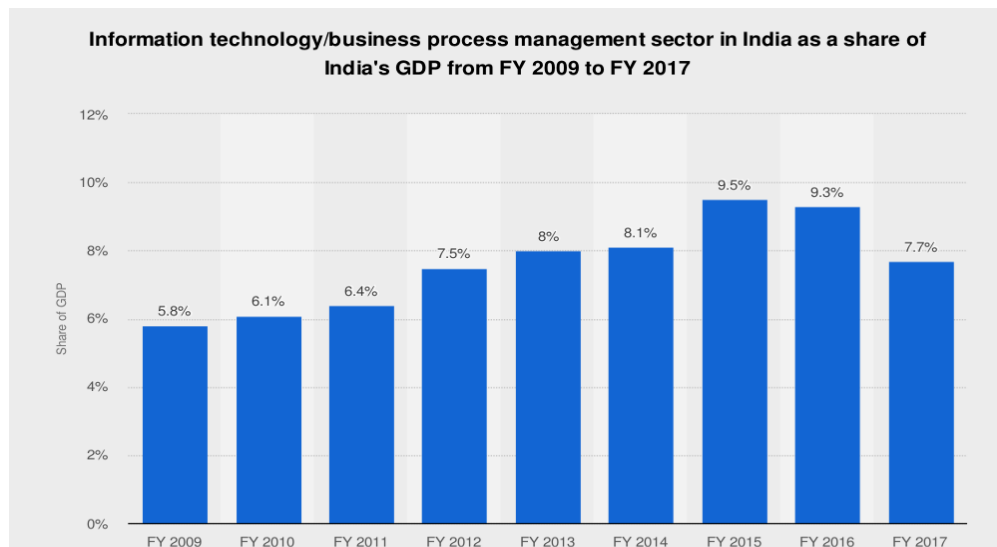


Source: NASSCOM SR-2018, E: Estimated

**Figure2: Domestic Revenue of various segments in IT/ITeS Sector**

### ❖ GDP

Further, in 2017, the BPO sector contributed 7.7 percent to India's GDP. According to the Hindu Business Line, NASSCOM has projected a growth rate of 7-9 percent for 2018-2019 and further expects exports to rise to \$137 billion from 2017's \$126 billion during the period.



Source: NASSCOM SR-2018, E: Estimated

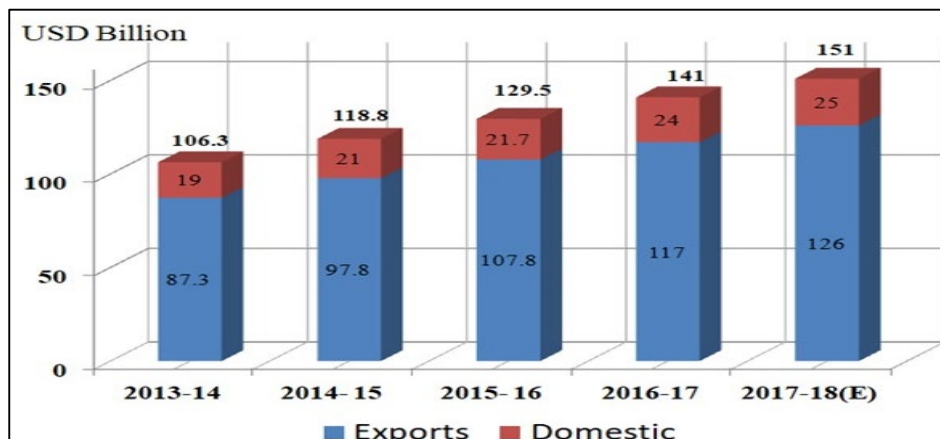
**Figure3: GDP of various segments in IT/ITeS Sector**

## ❖ Revenue OF IT-BPO(USD Billion)

As shown in figure 1, Indian IT-ITeS industry revenue is estimated at USD 151.0 billion in FY2017-18 as compared to USD 141.0 billion in FY2016-17, registering an increase of around 7.0%. The overall industry's growth of this sector over the last five years is given in the table below.

Year/ Description	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18(E)	CAGR %(2013-18)
Exports	87.3	97.8	107.8	117.0	126.0	10.49
Domestic	19.0	21.0	21.7	24.0	25.0	5.42
Total	106.3	118.8	129.5	141.0	151.0	9.55

Source:NASSCOM SR-2018, E: Estimate



**Figure4: Indian IT-ITeS industry revenue**

As per figure 4, the IT Services exports accounts for the largest share of 57% of about US\$ 86.0 Billion; ER&D and software products has emerged as the second largest segment with 21.8% share followed by BPO exports contributing 21.2%.

## ❖ GROWTH PERCENTAGES

Notwithstanding global headwinds and uncertainties, the National Association of Software and Solutions Companies (Nasscom) has projected a growth rate of 7-9 per cent for the IT and BPO industry in 2018-19 in the country as against 7.8 per cent in 2017-18.

The exports would be at \$137 billion dollars in 2018-19 as against \$126 billion dollars in 2017-18. The industry is expecting to add one lakh jobs in 2018-19. The overall IT-BPO industry size would be adding \$14-16 billion.

Nasscom President R Chandrasekhar said 2017-18 saw a growth of 7.8 per cent. "Despite multiple headwinds, industry continues to grow," he said.

It had projected a growth forecast for 2017-18 at 7-8 per cent. The size of the IT-BPM industry in the financial year 2017 was put at \$154 billion, which includes \$125 billion in exports.

**NASSCOM has projected a growth rate of 7-9 percent for 2018-2019 and further expects exports to rise to \$137 billion from 2017's \$126 billion during the period.**

### ❖ **EFFECT OF GDP ON IT-BPO**

BPO Role in India's Economic Growth has been tremendous, especially in the last few years, when the demand for outsourcing work to India has been significant among western companies.

The role played by BPOs in boosting India's economy shows that the IT and ITeS sector have been contributing largely to the economic growth of India. The growth in the contribution of BPOs to Gross Domestic Product has shown a steady rise from 1.2% to 5.4%. It is hence evident that the BPO industry is making an impact on the Indian economies GDP

### ❖ **POSSIBILITIES OF BPO IN INDIAN ECONOMY**

In India, the BPO or more precisely, the software industry has boosted the Indian economy largely. This sector is creating jobs for millions of people worldwide. As per the latest data, the BPO sector provides direct employment to about 2 million people and has created indirect employment opportunities to 8 million people. A reputed BPO service provider in India has a huge impact on the economic growth of the company.

The BPO companies are narrowing down the Geographical barriers. It is seen that through the BPO sector, the social stature of India has improved to a greater extent. The domestic call centers have put the name of India on top of the global Map. This sector has largely contributed to the nation's growth and it is transforming within a short time. This sector is just 30 years old and has been the major driving force to a large section of employment. Met Technologies is one such reputed BPO service provider in India that has employed a large section of people throughout the country.

### **Higher Employment Opportunities**

As the ITES or BPO sector is booming, more and more employment opportunities are coming in front. This is reducing the problem of unemployment in India to a greater extent. Even the person who has just completed the college life can join in the BPO sector and earn money.

### **Major Outsourcing Location**

BPO sector has positioned itself as the major outsourcing location that is selling the high quality and affordable services to the clients. The call centers are not regarded as the unsophisticated back-end process anymore. The BPO service provider as like Met Technologies provides services that include software development, processing, application development, and technical support services and data entry.

### **Why India Is a Booming Market for BPO?**

India is considered as the booming market for ITES or BPO sector. Here are some of the reasons why India is referred to as the leading BPO destination-

- i. **High Quality of Services**- The quality of services offered by the Indian BPO companies is never compromised. The targets are reached timely. The functions are monitored timely. The latest technologies and applications are used.
- ii. **Highly Skilled Manpower**- the Indian BPO companies have a huge team of skilled employees who have traits of courtesy and empathy. The team is passionate and dedicated to performing the best tasks.
- iii. **Cost-Effectiveness**- The Indian BPOs work on the one-third price of the company will spend on setting the entire set-up invoice.

Hence, it is proved that the BPO sector is booming and is giving huge employment opportunities to people globally. Met Technologies is one of the leading BPO companies that provide services like Telecom, financial services, and customer suppo

## ➤ **Conclusion**

Business Process Outsourcing industry is growing rapidly since its inception .Indian BPO'S are going through existing times. Starting with captive units and low –end activities BPO's are now moving to high –end activities. Indian BPO'S are operating in both front –office and back- office operations.

BPO industry in India is growing at the rate of 28% and is expected to reach around usd14.8 BN in 2009. Exports are accounting major proportion, which are in journey to touch USD 12.8 BN by the end of 2009 .these are growing at the fluctuating rate of around 20%-30% a year. Domestic BPO market is also in growth and has accounted usd1.6 BN in 2008.

Inspite of this BPO'S are helping in the development of economy by decreasing the evil of unemployment. Since the evolution of BPO it is serving the country by providing the employment to talented and able youth of the country. Up till 2009 it has generated around 730,000 employments in the country.

Shift in BPO services has also been experienced with moving from low-end to BFSI (Banking, Financial services and insurance) and hi-tech sector. we hope that this survey provides service providers with a deeper understanding of the Industry they operate their processes to India.

## ➤ **RECOMMENDATIONS**

The industry is expected to achieve USD 60 BN by the end of 2012 and USD 225 BN by the end of 2020.

Various trends have been experienced in BPO industry in 2009, drawing significant attention and India by virtue of its dominance in this sector is at the center of this attention .The shift of the Indian economy towards more service orientation suggests that in the long term ,India will continue to be a major player in the global BPO industry .

It requires effects from NASSCOM, government and industry itself.

NASSCOM (National Association of Software and Service Companies) should work for developing an agenda for growth in BPO industry. Government should also look for better infrastructure, educational facilities and incentive in fiscal policies to attract more MNC'S towards Indian BPO industry; this will help in retaining the tip of BPO Iceberg , and will ensure sustainable growth.

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