

Bpo – bane or boon essay



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BUSTER**

Several MNCS are increasingly unbundling or vertical disintegrating their activities. Put in simple language, they have begun outsourcing (also called business process outsourcing) activities formerly performed in-house and concentrating their energies on a few functions. Outsourcing involves withdrawing from certain stages/ activities and relaying on outside vendors to supply the needed products, support services, or functional activities. Take infosys, its 250 engineers develop IT applications for BO/FA (Bank of America).

Elsewhere, infosys staffers process home loans for green point mortgage of Novato, California. At Wipro, five radiologists interpret 30 CT scans a day for Massachusetts General Hospital. 2500 college educated men and women are buzzing at midnight at Wipro Spectra mind at Delhi. They are busy processing claims for a major US insurance company and providing help-desk support for a big US Internet service provider-all at a cost up to 60 percent lower than in the US. Seven Wipro Spectra mind staff with Ph. Ds in molecular biology sift through scientific research for western pharmaceutical companies.

Another activist in BPO is Evalueserve, headquartered in Bermuda and having main operations near Delhi. It also has a US subsidiary based in New York and a marketing office in Australia to cover the European market. As Alok Aggarwal (co-founder and chairman) says, his company supplies a range of value-added services to clients that include a dozen Fortune 500 companies and seven global consulting firms, besides market research and venture capital firms. Much of its work involves dealing capital firms. Much of

its work involves dealing with CEOs, CFOs, CTOs, CIOs, and other so-called C-level executives.

Evalueserve provides services like patent writing, evaluation and assessment of their commercialization potential for law firms and entrepreneurs. Its market research services are aimed at top-rung financial service firms, to which it provides analysis of investment opportunities and business plans. Another major offering is multilingual services. Evalueserve trains and qualifies employees to communicate in Chinese, Spanish, German, Japanese and Italian, among other languages. That skill set has opened market opportunities in Europe and elsewhere, especially with global corporations.

ICICI InfoTech Services in Edison, New Jersey, is another BPO services provider that is offering marketing software products and diversifying into markets outside the US. The firm has been promoted by \$2-billion ICICI Bank, a large financial institution in Mumbai that is listed on the New York Stock Exchange. In its first year after setting up shop in March 1999, ICICI InfoTech spent \$33 million acquiring two information technology services firms in New Jersey - Objects Experts and Ivory Consulting - and Command Systems in Connecticut.

These acquisitions were to help ICICI InfoTech hit the ground in the US with a ready book of contracts. But it soon found US companies increasingly outsourcing their requirements to offshore locations, instead of hiring foreign employees to work onsite at their offices. The company found other native modes for growth. It has started marketing its products in banking, insurance and enterprises resource planning among others. It has earmarked \$10

million for its next US market offensive, which would go towards R & D and back-end infrastructure support, and creating new versions of its products to comply with US market requirements.

It also has a joint venture-Semantik Solutions GmbH in Berlin, Germany with the Fraunhofer Institute for Software and Systems Engineering, which is based in Berlin and Dortmund, Germany. Fraunhofer is a leading with 200 experts in software engineering and evolutionary information. A relatively late entrant to the US market, ICICI InfoTech started out with plain vanilla IT services, including operating call centers. As the market for traditional IT services started weakening around mid-2000, ICICI InfoTech repositioned itself as a " Solutions" firm offering both products and services.

Today, it offers bundled packages of products and insurance, among other areas. The new offerings include data center and disaster recovery management and value chain management services. ICICI InfoTech's expansion into new overseas markets has paid off. Its \$50 million revenue for its latest financial year ending March 2003 has the US operations generating some \$9 million. It now boasts more than 700 customers in 30 countries, including Dow Jones, Glaxo-Smithkline, Panasonic and American Insurance Group. The outsourcing industry is indeed growing from strength.

Though technical support and financial services have dominated India's outsourcing industry, newer fields are emerging which are expected to boost the industry many times over. Outsourcing of human resource services or HR BPO is emerging as big opportunity for Indian BPOs with global market in this segment estimated at \$40-60 billion per annum. HR BPO comes to about 33

percent of the outsourcing revenue and India has immense potential as more than 80 percent of Fortune 1000 companies discuss offshore BPO as a way to cut costs and increase productivity.