TELEGENISYS
Service Excellence

BPO 2.0 – REFINING THE VERY BASICS OF BUSINESS PROCESS OUTSOURCING

WHITE PAPER

CONTENTS

INTRODUCTION

A decade ago, the concept of business process outsourcing took off in a big way, supported by the promise that it will result in substantial cost savings and increased efficiency. The fact that the bpo concept has been largely successful in living up to its promises becomes quite evident when you look at the large number of multinational companies that have turned to business process outsourcing and are deriving the benefits associated with it. Using the bpo concept, businesses were able to make the best possible use of available resources, something that is necessary for achieving competencies in the marketplace. By outsourcing their noncore business processes to outsourcing companies, businesses were able to concentrate more on their core areas, which eventually resulted in better business competence.

From humble beginnings, business process outsourcing has now evolved into a completely new industry. The bpo industry today provides a wide range of outsourcing services that include everything from back-office operations to complex middle-office functions such as billing & invoicing, sales & purchase, human resource management, payroll processing, tax management, legal services, accounting services, content management, and many others. Considering the phenomenal growth that the bpo industry has witnessed in recent years, it is quite natural to think that it will continue to deliver the same performance in the coming years as well. However, this will not be as easy as it sounds because just like any other industry, the bpo industry also cannot remain untouched by cyclical ups and downs brought about by market forces.

However, it would be still too early to sound the death knell for the bpo industry because facing up to the challenges is not something new for business process outsourcing companies. Over the years, bpo companies have successfully overcome many challenges such as high attrition rates, confidentiality and privacy issues, and competition. This time too, they have no plans to call it quits under any circumstances. Concerned about the increasing customer backlash and falling profit margins, the bpo industry is seeking new systems and technologies that would help retain its competitive edge.

Consistent efforts on this front seem to be paying off for outsourcing companies. This is evident with the conception of a completely new system named BPO 2.0. It is anticipated that BPO 2.0 will change the fortunes of the bpo industry by optimizing existing processes through the use of the most advanced Information technology and Telecommunication systems. BPO 2.0 is more about quality rather than just cost savings and this is why experts predict that it will help maximize customer satisfaction, which is the need of the hour for the bpo industry. This white paper will discuss the compatibility of BPO 2.0 with the existing market conditions, especially related to the outsourcing domain. It will also shed light on some of the basic

concepts and methodologies used in BPO 2.0 and show how exactly they will benefit the bpo industry.

FACTORS THAT HAVE NECESSITATED THE CONCEPTION OF BPO 2.0

INCREASING STRESS ON EFFICIENCY AND COST REDUCTION:

Faced with the fear of a recession precipitated by the subprime crisis, businesses in the United States and UK have started demanding even more efficiency and cost reductions from outsourcing companies. Earlier, just the wage differential that which was around 1/5 of the cost of labor in the western world, was more than enough to achieve the required cost efficiencies. However, things have changed a lot over the years such as the diminishing wage differential benefits and depreciation of dollar against other currencies, all of which have forced outsourcing companies to employ newer, more efficient, and cost effective systems such as BPO 2.0.

INCREASED COMPETITION IN THE OUTSOURCING INDUSTRY:

With businesses trying even harder to focus on their core competencies, an increasingly large number of noncore processes are being outsourced. The increasing demand for outsourcing has led to the mushrooming of outsourcing companies, all vying for their share of the outsourcing pie. This has increased competition in the bpo industry and is forcing outsourcing companies to embrace the best that might be available such as BPO 2.0.

INCREASED ATTRITION RATES:

With the supply of talent falling short of demand, the outsourcing industry has now become a job hunters market, where only the highest bidders get to keep the talent. This has increased attrition rates, as both junior and senior level bpo professionals are always on the lookout for a job that might pay them more. This too has forced bpo companies to embrace BPO 2.0, which helps streamline operations and reduces the need for additional staff. By deploying BPO 2.0, outsourcing companies can thus reduce their total human resource count, something that will help in reducing costs. More benefits and higher pay packets can then be provided to the existing staff, something that will help a lot in reducing the high attrition rates.

HOW PRECISELY IS BPO 2.0 HELPING THE OUTSOURCING INDUSTRY?

INCREASING FOCUS ON QUALITY AND CUSTOMER NEEDS:

BPO 2.0 lays stress on quality of deliverables and customer satisfaction through the use of multichannel communication systems and fully automated customer interaction hubs. These advanced systems are connected directly to an online database, something that allows customer care and support executives to access background information about customers, their tastes and preferences. This helps in reducing turnaround time since customers do not have to provide all the details every time they dial a customer support number. Providing the best quality services to customers then becomes a lot easier for outsourcing companies.

LAYING STRESS ON AUTOMATION FOR OPTIMIZING WORK PROCESSES:

Earlier, incoming calls were simply rerouted to the next available interaction hub. This often-created problems because different customers had different needs and not all personnel manning the hubs had the same skills and talents. With BPO 2.0, services have become a lot better since automated systems have been put in place that use inbuilt logic to reroute incoming calls to the most appropriate customer care and support hub. This way, customers get the desired service the very first time and do not have to wait for annoying call transfers.

COMPLYING TO SLAS AND OTHER MANDATORY REQUIREMENTS:

BPO 2.0 has made it easier for outsourcing companies to comply with stringent Customer Service Level Agreements through the use of advanced technological systems that monitor each and every interaction. Based on the recorded data, bpo companies can then easily carry out quality and time efficiency audits to ensure that SLAs and other mandatory requirements are being met in the desired manner.

ENABLING CROSSSELLING AND UPSELLING CAPABILITIES

Using BPO 2.0, outsourcing companies can now provide value added services such as cross selling and upselling to existing customers without compromising the quality of customer care and support services. Bpo companies can thus become the next profit centers of multinational companies who regularly outsource their noncore jobs. The primary objectives will still remain the same, i.e. helping resolve problems and complaints, but what is also true is that there will be no let-up in efforts to cross sell and upsell, especially if opportunities exist for doing so. BPO 2.0 will make this possible by reducing customer support turnaround time. The time saved can then be used for creating opportunities for cross selling and upselling. There won't be any problems from the customer's end because it's highly unlikely that a satisfied customer will mind spending some time listening to special deals offered by the same company. This

will definitely help because it a proven fact that a support oriented selling & marketing initiative almost always fares better than a standalone selling & marketing initiative. A support oriented selling drive helps build trust, something that's necessary for converting marketing calls into actual sales.

ENABLING AND PROMOTING SELFSERVICE PRACTICES:

The concept of self-services practices is not new, but since the required technological infrastructure was not as developed as it is now, it was not used on a wide scale. However, things are changing with BPO 2.0 as can be seen from the widespread use of systems promoting self-help practices such as Interactive Voice Response (IVR) and Interactive Online Databases. These systems are based on the premise that the majority of customer queries and complaints relate to simple problems and issues that can easily be resolved without the assistance of an expert. These systems help by reducing the load on customer interaction hubs, thereby saving precious time and effort, which can then be used for resolving the more complex of problems and issues of customers. Repetitive tasks also get easily eliminated through self-service systems, something that reduces the generalized monotony experienced by most professionals working for outsourcing companies. This ultimately boosts the morale and motivation levels of employees, necessary for having the right attitude while resolving customer queries and complaints.

CONCEPTUALIZING AND DEVELOPING PROACTIVE SYSTEMS:

BPO 2.0 aims at achieving a utilization capacity of 100 percent by eliminating potential disruptions before they actually occur. This is done through proactive systems that have the ability to detect potential disruptions in services and make this information available to the management. Since there will be no let-up in services, it will become easier for outsourcing companies to maximize customer satisfaction and foster customer loyalty.

OPTIMIZING BUSINESS PROCESS MANAGEMENT:

BPO 2.0 lays stress on optimizing Business Process Management (BPM), considering the growing realization that productivity and customer experience can be enhanced only when critical processes are standardized. In BPO 2.0 companies, processes are standardized by implementing and codifying industry best practices across all the service hubs functioning within the organization. This helps in identifying activities that are critical to a given business process and those that can be eliminated without affecting quality and without causing a disruption in services.

THE FUTURE OF BPO 2.0

Predicting the future is always difficult, but considering the fact that outsourcing companies that have embraced BPO 2.0 have already begun to derive the promised benefits, it would not be wrong to say that BPO 2.0 will eventually develop into a completely new industry in the coming years. This is on the assumption that major world economies will not deteriorate any further and that there will not be any anti-outsourcing legislations in the near future. The relevancy and success of BPO 2.0 in the near future will also depend on how well outsourcing companies are able to utilize the prescribed BPO 2.0 concepts and methodologies. Ideas may have potential, but until and unless they are actually given shape in the real world, not much can be said about their relevancy or success.

As of now, BPO 2.0 is making headlines the world over by helping transform the troubled outsourcing industry. For achieving economies of scale, cost reductions, quality enhancements, and maximum customer satisfaction, many outsourcing companies have already introduced BPO 2.0 whereas others are in the process of doing so. Competition in the outsourcing industry is set to increase even more in the near future and this is why outsourcing companies have become more open to the idea of BPO 2.0. With preferences of both clients as well as customers going in favor of BPO 2.0-based outsourcing practices, it seems all but certain that the future truly belongs to BPO 2.0.