Outsourcing: One tree Many Branches

Outsourcing industry is not new phenomenon. Driven by the competition and cheap labor outsourcing of manufacturing jobs took place in 1980. Over the period of 3 decades outsourcing history in India, outsourcing has not just remained as an outsourcing; it has led to many inventions, many new areas, and many branches. Outsourcing industry was a sapling when it was started India. Global business leaders planted this sapling in the past and now it has grown as a big tree. This tree has led to many branches. These branches have led to many sub branches.

Black book of outsourcing identifies outsourcing industry by Business process outsourcing (BPO), Finance & Accounting Outsourcing (FAO), Knowledge process outsourcing (KPO), Information Technology Outsourcing (ITO), Human Resources Outsourcing (HRO), Legal process outsourcing (LPO), Document Process Outsourcing (DPO), and Educational Services Outsourcing (ESO).

In general, outsourcing service providers uses many acronyms in relations to the services they offer.

Manufacture Process Outsourcing: MPO In the beginning outsourcing industry started with the outsourcing of manufacturing processes to India. Today there are thousands of companies in India offering contract manufacturing (CM) services to abroad. For example, VF Corporation, US major in manufacturing of Jeans- manufacturer of jeans is in JV with Arvind Mills to manufacture, design, market and distribute VF's branded lifestyle apparels. Nike, a major publicly traded sportswear and equipment supplier based in the United States, is in contract with many companies in India to produce its Nike branded products and export it to them.

Similarly there are thousands of companies in India offering contract manufacturing services to companies abroad. Indian companies manufactures variety of products, right from pens, mobile phones, PDAs, TVs, servers, laptops and other computer equipments, electronic products to ships and aircrafts.

Although the MPO is quite different compared to BPO, KPO and LPO industry, it is the part of the outsourcing and one of the branch of outsourcing. If the cheap labor has made the MPO possible, advancement in the telecommunication, internet and technology, and lower cost have made the BPO, KPO and other outsourcing industries roots in the Indian soil very strong. MPO has also made the way for medical product outsourcing (MPO), where the medical products are manufactured and supplied abroad. MPO is also the acronym for medical process outsourcing.

Business Process Outsourcing: BPO

BPO process can be defined as the outsourcing of the business process from the country where it is costlier to perform to the area or the country where it can be performed in a decreased cost.

In other words, it is the foreign company or the firm setting up their office (also called as captive BPO's) and hiring the local staff to carry out the business process or the functions of the firm. It can also outsource the process to third party BPO providers. Given the proximity of BPO to the information technology industry, it is also categorized as an information technology enabled service or ITES.

It is not clear as to which was the first BPO in India. As per the information given in wikipedia, In the early 1980s several European airlines started using Delhi as a base for back office operations, British Airways being one among them.

In the second half of the 1980s, American Express consolidated its JAPAC (Japan and Asia Pacific) back office operations into New Delhi.

In 1990 GE (general Electric) started to outsource. Later the IT majors like Wipro, Infosys (Progeon), Inforlinx, HCL, Satyam (Nipuna) and Patni entered the BPO market in 2002 . Today there are many captive and third party BPO providers in India. According to a recent India BPO study by NASSCOM (National Association of Software and Service Companies (India) and Everest Research, the BPO business is expected to touch USD 15-20 billion by 2012.   .
The type of business services the BPO industry offers includes Customer Support Services, Technical Support Services, Telemarketing Services, Employee IT Help-desk Services, Insurance Processing, Data Entry Services / Data Processing Services, Data Conversion Services, Book Keeping and Accounting Services, Internet / Online / Web Research etc. Most of the BPO's today operate as the back office operations for their US and UK Clients. BPO is the continuous process. For example, purchase of the products and customers transactions in the bank takes place regularly and BPO industry will be having a regular work on customer support services and technical support services. Whereas as in the LPO industry, continue process of the work depends on the number of factors including changes in the legislation and court procedures. LPO work/project is outsourced on the needs of Law Firms and in-house legal departments of the corporations.

BPO industry has led to the several sub branches/sub segments like Financial Process. Outsourcing (FPO), Accounting Process Outsourcing (APO).

Knowledge process Outsourcing: KPO

KPO process can be defined as the outsourcing of the knowledge process (knowledge/information related) from the country where it is costlier to perform to the area or country where it can be performed in a decreased cost.

KPO is an offshoot of BPO. It is one of the branches of outsourcing and sub segment of BPO industry.

As to the origin of the term 'KPO' a report by Evalueserve "Origins of Knowledge Process Outsourcing (KPO)'' states that "Although a few companies began providing higher-end, knowledge-based services as early as 1997, this trend did not gain much momentum until 2003, and it was Evalueserve's Chief Operating Officer, Ashish Gupta, who coined the term Knowledge Process Outsourcing (KPO) in September 2003, in an effort to differentiate between his firm's services and those of the established BPO firms.''

According to a report of National Association of Software and Services Companies (NASSCOM), the Indian chamber of commerce that serves as an interface to the Indian Software industry, Knowledge Process Outsourcing industry (KPO) is expected to reach USD 17 billion by 2010, of which USD 12 billion would be outsourced to India.

The type of services the KPO industry offers s include: Investment research services (equity, fixed income and credit, and quantitative research), Market research services, Legal research services (also known as Legal Process Outsourcing), Patent research services, Engineering Designing, Drafting and Rendering, Mechanical, Structural, Architectural and Civil- Technical Writing & Communications, Remote IT infrastructure Management, Helpdesk, OS, Applications, Database Administration, Maintenance & support, Animation, 2D, 3D modeling etc.

KPO has made the way for many other sub branches like Research Process Outsourcing (RPO) and Legal Process Outsourcing (LPO).

Legal Process Outsourcing: LPO

Legal Process Outsourcing involves in-house legal departments, corporations, law firms or organizations outsourcing legal work from areas where it is costly to perform, such as the United States or Europe to areas where it can be performed at a significantly decreased cost, primarily India.

Legal Process Outsourcing is an offshoot of KPO.

Outsourcing Legal work to India began in 1995, when the US based Bickel and Brewer opened its office, Imaging & Abstract International (captive LPO and Subsidiary of Bickel and Brewer LLC) in Hyderabad. I & A International dealt with digitalization of the legal documents and creating searchable databases such as to scan, abstract and index documents. Later on, the firm hired lawyers to review documents produced in lawsuits. In 2001, GE was the first company to offshore its in-house legal work in India. Since then a lot of companies have entered the arena in one form or other.

Although outsourcing legal work to India began in 1995, the process was not known as LPO until 2005. The term, "LPO" or "legal process outsourcing" is the media invention. It was first appeared in 2005 in the media.

Legal process outsourcing (LPO) is also considered as one of the sub-segments of business process outsourcing/KPO industry.

Today a number of BPO players in the country have started their LPO divisions as part of BPO Divisions.
Several reports on the LPO industry states that LPO is expected to reach USD 4 billion and generate over 79,000 jobs in India by 2015.

Most of the LPO's in India categorizes the LPO work/Projects as high–end work and low skilled work. Low end work/Low skilled work does not require more application of mind or the law to the low skilled work. Whereas, the high end work requires the application of mind and more knowledge and expertise in the field what the work is about. Lower end work sometimes could be monotonous work. This monotonous work made LPO employees not to stay in an organization for long time and they are tend to work in different LPO organizations. LPO industries today classify paralegal services, legal coding, legal transcription, document management services as lower end tasks jobs. And the legal research, drafting of pleadings, patent drafting, are considered as high end tasks.

Most of the LPO's in India receive lower end task jobs the same work which can be carried out by paralegals in US. LPO's in India charge the client on per hour/per line or per page basis. However outsourcing legal works helps client to save upto 70% of the cost. The type of services LPO's in India offers includes personal injury, bankruptcy and foreclosure, contract review and management, legal transcription, electronic discovery etc. LPO has led to the many other sub branches including Patent Process Outsourcing (PPO). Since the many LPO's specialized in providing service on particular area of law, it can also lead the way for sub segments/sub branches like E-discovery Process outsourcing (EPO/EDO), Legal Research Outsourcing (LRO), Personal Injury process outsourcing (PIO).

Information Technology Outsourcing: ITO

ITO refers to the outsourcing of the Information technology related work to the country where it can be carried out in the decreased cost. Such as programming, Software Development, Web Designing & Development, Animation & Multimedia, Search Engine Optimization. Even ITO has led to the sub branches like Software Development Outsourcing (SDO).

Human Resources Outsourcing: HRO

It is also called as Recruitment process outsourcing (RPO). Recruitment Process outsourcing is a form of business process outsourcing (BPO) where an employer outsources or transfers all or

part of its recruitment activities to an external service provider. The typical service includes Payroll Processing, Workforce Management, Employee Services, Compensation and Benefits, Resourcing Services, and Talent Management Services etc.

Engineering process outsourcing: EPO

EPO process can be defined as the outsourcing of the engineering process from the country where it is costlier to perform to the area or country where it can be performed in a decreased cost. The services includes CAD, Building Information Modeling, Project Management, Construction management, Structural design, Shop drawing, document management system, Detail engineering, conceptual scheme, Discrepancy report services, quantity estimate services, reverse engineering, reliability engineering, area charts services, code compliance analysis, material specification services, construction documentation, accessibility compliance, records management, energy audits, energy modeling services, landscape designing, site services, topography etc.

The EPO market in India is expected to exceed US $ 40 billion by 2020. EPO is also the acronym for the Employee Process Outsourcing and Educational Process Outsourcing.

Document Process Outsourcing: DPO

DPO is a specialized area of Business Process Outsourcing involving the outsourcing of Document Processing, to a third-party service provider that is a specialist in that area. Document Processing involves the conversion of typed and handwritten text on paper-based & electronic documents (eg. scanned image of a document) into electronic information utilizing one of, or a combination of, Intelligent Character Recognition (ICR), Optical Character Recognition (OCR) and experienced Data Entry Clerks.

Medical Process Outsourcing: MPO

MPO can be defined as the outsourcing of the medical process from the country where it is costlier to perform to the area or country where it can be performed in a decreased cost. The type of services the MPO provides includes Medical Transcription, Medical Billing, Medical Coding, Medical Insurance Collections, Healthcare Website Designing, Healthcare Staffing, Medical forms processing, Designing of SEO compatible healthcare websites etc.

Web Development Outsourcing: WDO

WDO can be defined as the outsourcing of the website development process from the country where it is costlier to perform to the area or country where it can be performed in a decreased cost.

Finally outsourcing industry in India is on growth and it is leading to several branches and sub branches. In the future, it may possible through outsourcing and liberalization of industry that a lawyer in India represent/ argue clients before US and UK Courts, an Indian doctor can provide treatment to patients abroad, a Civil Engineer can oversee the construction work abroad, a Teacher can take classes regularly and conduct exams to students abroad.