



INDIA AN OUTSOURCERS PARADISE

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The No. 1 Outsourcing Destination

India is fast emerging as the world's back office in the same manner China has carved a niche as the workshop. Just as it stole the thunder in the IT revolution, India is now at the forefront of the Business Process Outsourcing (BPO) phenomenon. Find out how India is ahead of the BPO curve and why it makes eminent sense to outsource here.

Today, India is on the radar of Fortune 500 companies for its unique benefit of outsourcing operations. The country has established itself as the outsourcing hub for several majors in insurance, banking, finance, utilities, airlines, pharmaceuticals, telecom and auto industries.

An A.T Kearney study which assessed offshore business processing destinations, ranked India as the most popular choice among companies. India was followed by China, Brazil, Mexico, Philippines, Hungary, Ireland, Czech Republic, Australia, Russia and China. The ranking was based on Criteria such as the presence of MNCs, the availability of skilled labor, the degree of IT and cost.

India's role in the IT revolution keeps evolving. At first, Indian IT professionals in Fortune 500 companies demonstrated in ample measure how IT boosts productivity. Thereafter, the baton was passed on to the I T Professionals based in India, who developed applications and deployed solutions in an offshore capacity. The momentum is sustained with the outsourcing of business processes to India.

If application-outsourcing companies in India are making capital use of a skilled workforce, domain expertise and low operating costs, to manage processes of international majors. India is now the BPO destination of choice for customer contact services, pay roll services, claim processing and billing services.

The pioneers in India who first began to host outsourced services in the country were American Express and British Airways. The big break came when GE began to set up large call centers thus demonstrating the scalability of the operations high visibility.

India has jumped off the starting block in the BPO race and is leading competition by a considerable mile. India has shrugged competition from Philippines and Ireland, the nearest rivals.



A National Association of Software and Service Companies (NASSCOM)-McKinsey study in 2002 reported that India is home to 336 BPO enterprises as compared to 150 of Ireland and 70 of Philippines. It added that India employs over 106,000 BPO professionals while Ireland has 18,000 and Philippines 10,000 professionals on the pay roll of BPO companies.



In 2002, the BPO industry in India registered revenues of \$1.47 billion, recording a 71% growth rate and making it the fastest growing industry sector. McKinsey projects revenues of \$24 billion in 2008 if the market grows at 27% annually.

Typically, corporations outsource business processes to achieve economies of scale and also gain the competitive edge. India goes a step further by adding value in terms of quality of services and productivity. A McKinsey study revealed that a call center operation that takes 20 seconds to process in a UK facility is completed in just 8 seconds in India. Significantly, India registers a higher rate of error-free transactions.

In addition, the Indian environment facilitates a scalable BPO model. Today, GE manages services of 270 processes of 30 major GE businesses around the world. It is estimated that GE saves \$275 million annually by outsourcing to India. Also, the wide range of services the country offers for business processes outsourcing is testimony to India's versatility.

Currently, Customer Contact Services of Call Center, Helpdesk, Sales Support and Remote Maintenance constitute the bulk of outsourcing. India has also garnered a large share of the outsourcing pie in Payment Services such as Pay Roll, Credit Card Services and Cheque Processing.

The multi-faceted character of India now dons a BPO persona. Destination India beckons for its BPO opportunities. Over half of the Fortune 500 companies have outsourced their business processes to India. Now it's your turn.

Former GE CEO Jack Welch devised a 70:70:70 outsourcing formula: - 70% of GE's work will be outsourced. Out of this, 70% will be done from offshore centers with about 70% done in India.

Advantage India

1. 2 million English-speaking graduates and up to 2 million IT/Engineering graduates enter the job market every year.
2. More Indian Companies have CMM-SEI 5 rating than any other country including the US.
3. 24x7 service and reduction in turnaround times leverages time zone differences.
4. On an average, an onshore establishment costs roughly \$60,000 annually. On the other hand, outsourcing to India costs in the region of \$12,000.