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BPO

Terminology
Development
Largest sectors
BPO and Operations

What works for others
Problems and issues

Terminology

- Outsourcing
- Offshoring
- Service outsourcing, BPO
- Captive, SSC
- Insourcing
- Staffing

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Service outsourcing

- Expanding to new service areas
- IT-enabled and cost driven
- Total outsourcing 2005
2000.000.000.000 SEK
- Offshoring approx 20% of total
- India largest offshore

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Service Offshoring

The Offshore Outsourcing Scene in 2005



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Some tasks with significant activity today

- Call centers
- Logistics
- Book-keeping and reporting
- Payment & billing
- Payroll and HR
- Data entry and conversion
- IT services and maintenance
- IT programming, production

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Callcenters

- Mature sector, low margins
- Small economies of scale
- Language dependent, local
- Large volumes, rapid growth
- Alien activity to core business
- Measurable, mass production

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Callcenters

- Customer service
- Help desk
- Receptionist
- Sales
- Support and technical service
- Experts

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Logistics

- Transport very large sector, 10-15 % of GDP
- 3 Part Logistics small but growing
- Entry from several sectors, IT, TRp, Suppliers
- Consolidation, economy of scale
- Strong trend towards global players

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Logistics

- Warehousing
- Material planning, purchasing and scheduling
- Unpacking and sorting, assembly
- Packaging and sending
- Billing and collecting payment

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Accounting

- Established service, mature
- Regulated and local
- Many small suppliers, very fragmented
- Still not industrialised
- Large companies – large suppliers and vice versa
- Expanding to new areas
 - Collecting
 - Billing
 - Payments

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HR

- Payslips common service
- Recruiting and staffing
- Training
- Strategic HR / new, being tested

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	Back office services
	<ul style="list-style-type: none"> ■ Data entry ■ Transcription ■ Scanning and processing ■ Files and archives ■ Data search and compilation
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	IT
	<ul style="list-style-type: none"> ■ Integrated in most activities ■ Outsourcing often driven by competence and technology ■ Heavy on new development and consulting ■ IT is production equipment and infrastructure for service companies
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	IT
	<ul style="list-style-type: none"> ■ Hardware and Infrastructure ■ Software and Applications ■ Support and maintenance ■ Design and development ■ Management consulting ■ Offshoring
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	BPO
	<p>Outsourcing decision: When What How</p>
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	Advantages
	<ul style="list-style-type: none"> ■ Cost ■ Focus ■ Expert knowledge ■ Quality of service ■ Access to latest technology ■ Service level
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	Risks
	<ul style="list-style-type: none"> ■ Transfer costs ■ Interfaces & Communication ■ Specification and service levels ■ Organisational changes internally ■ Culture clash ■ Maintenance costs > savings
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	Issues
	<ul style="list-style-type: none"> ■ Critical to company performance? <ul style="list-style-type: none"> – Risk to outsource? ■ Problem area today? <ul style="list-style-type: none"> – Best to solve before outsourcing? ■ Company routines <ul style="list-style-type: none"> – Formal or ad-hoc? Ad-hoc harder to outsource.

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	Issues
	<ul style="list-style-type: none"> ■ Scope <ul style="list-style-type: none"> – Single activity / Process - chain of activities / Functional unit ■ All or partly ? <ul style="list-style-type: none"> – What competence to keep in-house

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