



OUTSOURCING

INTRODUCTION



Outsourcing denotes the continuous procurement of services from a third party, making use of highly integrated processes, organization models and information systems.

What is Outsourcing?

Outsourcing -

“the strategic use of outside resources to perform activities traditionally handled by internal staff and resources” Dave Griffiths

Why Outsource?

Provide services that are scalable, secure, and efficient, while improving overall service and reducing costs

Key areas of outsourcing ?

- Information Technology/IT solutions
- Call Centers
- Finance & Accounting Outsourcing
- Procurement Outsourcing
- Textiles
- Manufacturing
- Human resource Management

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Advantages of outsourcing

**Cost
Effective**

**Skilled
Expertise**

**Time zone
difference**

**Focus on core
competencies**

**Increased
productivity
and Efficiency**

**Distribution of
risk**

**Improving
customer
service**

**Better
people
management**

**Access to
world-class
solutions**

Disadvantages of outsourcing

**Loss Of
Managerial
Control**

**Hidden
Costs**

**Threat to
Security and
Confidentiality**

**Quality
Problems**

**Tied to the
Financial Well-
Being of Another
Company**

**Bad Publicity
and Ill-Will**

**Lack of
customer
focus**

**lose talent
inside within
your
company**

**Linguistic
barriers**

Problems with outsourcing

- Loss of Control
- Increased cash outflow
- Confidentiality and security
- Selection of supplier
- Too dependent on service provider
- Loss of staff or moral problems
- Time consuming
- Provider may not understand business environment
- Provider slow to react to changes in strategy

Types of outsourcing

- Business process outsourcing (BPO)

BPO is a subset of outsourcing that involves the contracting of the operations and responsibilities of specific business functions or processes to a third-party service provider.

Types of outsourcing

- Knowledge process outsourcing (KPO)

KPO describes the outsourcing of core business activities, which often are competitively important or form an integral part of a company's value chain. Therefore KPO requires advanced analytical and technical skills as well as a high degree of proprietary domain expertise

Types of outsourcing

- Legal process outsourcing (LPO)

LPO refers to the practice of a law firm or corporation obtaining legal support services from an outside law firm or legal support services company. This process has been marked by the practice of outsourcing any activity except those where personal presence or contact is required.

Types of outsourcing

- 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.

Types of outsourcing

- Engineering process outsourcing(EPO)

EPO offers global consulting and outsourcing services providing end-to-end services in the areas of Engineering and Technical Process Outsourcing.

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