

No let-up in BPO boom as IT finds the going tough

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The economic downturn may have tempered growth in the IT sector, but the business process outsourcing, or BPO, units are thriving as companies looking to beat the slowdown are outsourcing more to them.

The main reason for the bright outlook is BPO clients are looking for one-stop shops to outsource their end-to-end services, unlike the IT sector where large deals are being broken into smaller ones, reducing the pies for vendors.

And India, which offers the largest labour pool in the world with diverse skill-sets, is

best poised to exploit the situation and is seen leading the BPO growth, experts said.

No wonder the IT research firm Gartner sees the Asia/Pacific (excluding Japan) BPO market reaching \$9.5 billion in 2016 from \$5.9 billion in 2011.

"Buyers in Asia/Pacific are still grappling with issues such as revenue growth, market-share gains, scalability, quality of service and better cost management. Incidentally, these factors also happen to be the key growth drivers from the APAC market," Gartner said.

In 2012, BPO in Asia/Pacific is on course to touch \$6.45 billion.

Also, giving a fillip is outsourcing by domestic companies, emerging verticals and business from the government.

Satish Varanasi - chief operating officer, Serco Global Services, Domestic BPO, said, "Earlier the buzz was about low pricing, but increasingly the trend is moving towards international quality at Indian price points. For Serco, while Africa, Asia, Middle East and Australia market makes up 16-20% of revenues, India business is driving growth."

In September, software body Nasscom estimated the BPO segment to grow by 17% this fiscal to ₹14,900 crore.

Experts said while traditional verticals such as inbound and outbound call centre services will continue to make up most of the revenues, emerging verticals are set to see robust growth after 12-18 months.

Sid Pai, partner, global resourcing & India operations, Information Services Group (ISG), said, "While traditional services will continue to rake in a lion's share of BPO revenues, emerging verticals such as mobility and analytics would see robust growth. Though the Philippines overtook us on the voice front a long time ago, we will continue to remain a primary market because of the unmatched scale and diverse skill-sets we offer."

ISG sees the domestic BPO sector growing at 10-11% this fiscal.

According to Nasscom estimates, the Indian BPO sector currently employs 8.76 lakh across 500 companies.

Indian domestic BPO revenue

In \$ billion

Source: Gartner estimates

