

Beyond service level agreements

Having become the most talked about service of the last decade, outsourcing is embarking on a new phase of development.

TRRS Imaging, Inc

Maintaining or growing shareholder value is the biggest challenge that every CEO faces. Success in this area is particularly important today, with the economic climate remaining worryingly unpredictable. In direct consequence, outsourcing has evolved to become an essential business tool – the world is shopping for cost benefits across the globe.

As more and more back-office functions are taken over by third-party organisations, the rules of engagement change. Outsourcing companies are beginning to realise that their customers are no longer the be all and end all of a partner relationship, but rather it is their customers' customers who should be their focus. So outsourcing is no longer about service level agreements, it is all about the customer experience.

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New directions, new challenges

Cost is, and always has been, the primary factor driving outsourcing decisions. Estimates suggest that the net saving to the US economy from offshoring will be more than \$390bn by the year 2008. The simple fact is that companies now have the means to leverage resources across the globe, bringing to the fore a distributed model where operations are streamlined and costs are kept low. Thus the challenges for any outsourcing company are to continue to keep costs low and to alter their deliverable dynamically.

As the market progresses, another challenge will emerge: the need for collaboration. Process re-engineering will be required at all stages and outsourcing partners will manage multiple business threads to form a unified enterprise, rather than a single process.

All good outsourcing companies have to invest in technology, processes and people. Although technology will be the primary driver, people alone constitute the backbone of any successful delivery. The task, therefore, that outsourcing companies now face is investing in training and in people so as to expand their in-house knowledge base.

The growth of strategic outsourcing is aimed at economies of skill rather than economies of scale. Where companies once used cost as a means of deciding which of their processes should be outsourced, they are now adopting a business perspective.

Outsourcing contracts today are complex. They are based on strategic initiatives focused on collaboration, exploit relationship types and models, and come in a variety of contracting modes and structures.

Next step, transformation

Transformation outsourcing is based on enterprise-wide improvement, rather than the improvement of an individual business process. Already, outsourcing companies are beginning to offer their customers a collaborative partnership to help them drive strategic business transformation. Unfortunately, outsourcing companies share the same risk as their customers. Consequently, if the latter register little change, neither will reap much economic reward.

As outsourcing evolves from traditional to collaborative to transformational, outsourcing companies will have to overcome larger hurdles. While keeping costs low, they will be called upon to deliver greater value to their customers and, of course, to the shareholders.

Author and Company Profile

Prakash Viswanathan is the founder and CEO of TRRS Imaging. A leading figure in the fields of global imaging and BPO, Viswanathan has 20 years' experience in large-volume capture. TRRS is an India-based, fast-growing, technology and domain-knowledge focused BPO company with offices in the USA, India and Singapore. Its operation facilities for BPO and technology are based out of Bangalore, India.

