



Articles

Offshore outsourcing to India

India is highly sought after in the field of offshore outsourcing, which has become a strategic necessity for organizations that are growing or trying to reduce their overhead expenses. It is looked upon by many companies as a way to create a base in a foreign land, where they wish to expand their operations, and the outsourcing arrangement as a means of testing the grounds.

Offshore Outsourcing is not about cost

Cost is definitely one of the main reasons for offshore outsourcing, but it is not the only reason. When a company decides to outsource work, it needs to factor in the initial investment needed in terms of infrastructure, recruitment, training etc. while the cost advantage is seen much later. Along with value addition, there are savings in offshore outsourcing, but outsourcers will realize the quality and value addition only after the outsourcing begins. Offshore outsourcing also leads to immense time savings, while maintaining quality and higher productivity. As reported by NASSCOM, 'India's great attraction as the outsourcing destination is its unbeatable value proposition and the PQR (Productivity, Quality and Rate) factor. Key drivers of global offshore outsourcing, along with India's strengths, are continuing to stoke the Indian ITES-BPO growth engine. India is at an advantageous position due to its active government support and stable political climate. According to a leading advocate of cyber laws, 'India is the 12th nation in the world that has cyber legislation apart from countries like the US, Singapore, France, Malaysia and Japan.'

The increase in offshore outsourcing is driven by a combination of following factors:

- Its visibility has encouraged more conservative companies to experiment with offshore outsourcing for competitive reasons.
- Broadening of the IT services offered by offshore companies like Wipro and Infosys.
- The establishment of captive offshore centers by user companies for their business processes.
- Onshore IT technology and service vendors setting up shops in countries like India and China.

Why consider offshore outsourcing to India?

Just as the Persian Gulf has great natural reserves of crude oil and South Africa has the world's most productive diamond mines, India has an abundance of technically skilled manpower. It is the world's second largest exporter of software after the US, and has more software companies with ISO 2000 certification than any other country in the world. According to the National Association of Software & Service Companies (NASSCOM), almost half the Fortune 500 companies now use Indian software services. A growing number of firms are expanding their offshore initiatives in India and several large M&A deals are being scripted in the industry. A World Bank-funded study confirmed that vendors rated India as their number one choice for offshore outsourcing.

Offshore outsourcing can be broken up into four categories: Information Technology, BPO, Research & Development, and KPO. As service providers strive to offer end to end services, we see offshore outsourcing falling into different segments. At one end is the traditional rule-based transactional outsourcing, while at the other end there is judgment-based transaction processing. As reported by NASSCOM, 'India offers many advantages that make it the

favorite of 82% of US software export market.'

The future of offshore outsourcing looks bright and it will only grow with time. Even small businesses are using offshore outsourcing to make themselves more competitive, especially in markets which are currently dominated by large corporations. According to a study, more than 1.3 million additional Western jobs will vanish by 2014 due to the accelerated movement of work to India and other offshore locations.

Below are the benefits that firms get when they outsource to India:

- A large pool of computer-literate and English-speaking professionals
- The largest number of annually-graduating students compared to any other country
- Expertise in Information Technology
- Cost factor
- Quality standards that meet the world's approval
- Work practices largely comply with ISO and SEI CMM standards
- Difference in time zone for flexibility in working hours
- Advanced communications facilities and good connectivity with the rest of the world
- A stable political environment

Looking for an offshore outsourcing firm? Outsource2india (O2I) offers call center services, data entry services, engineering services, finance and accounting services, creative design, web analytics services, healthcare BPO, photo editing services, software development, Research and Analysis services and a host of other additional services at a cost-effective price.

Offshore Outsourcing to India—A shift in motivation

India has won its spurs as the world's outsourcing destination of choice. Indian outsourcing firms strive to ensure smoother functioning of client services, reducing risks and increasing the effectiveness of their services, making India the most preferred offshore destination. Nandan Nilekani, CEO of Infosys, points out that the way business is being conducted is changing with time: The perfect formula two years ago is no longer the way to do business today. Now the mindset is changing from a company that simply provides services, to one that provides solutions. Google's decision to set up an R&D center in Bangalore speaks volumes about India's appeal, since it is known for hiring graduates only from the very best schools, and this move was surely motivated by the vast technical talent pool that India offers.

As reported by Computerworld, 'The number of H-1B visas that can be issued annually is capped at 65,000....but while the total available visas remains constant, the number issued to the major offshoring vendors is rising. The four largest H-1B recipients last year are all based in India, Infosys, Wipro, Satyam and Tata.' As forecasted by some analysts, more than 80% of the world's business process outsourcing services will be served by Indian companies by 2020.