



Articles

Preferred Outsourcing Destination - India or Philippines

Asia has been the most sought after outsourcing destinations for over a couple of years, owing to its cost-effectiveness, skilled workforce, and grasp over the English language. The BPO sector in Asia is predominantly a battle between India and Philippines, which are often the top picks of global outsourcing firms. India has been the outsourcing favorite, but has lost 10 percent share of its outsourced voice-related jobs globally, while BPO sector in Philippines is fast catching up.

Said that, India still leads the race, and it's hard to put it down easily as it has 484 million employable population between the age of 25 and 54, as compared to 38 million in Philippines, in the same age group. Thus it can offer better cost-effectiveness.

India vs Philippines - Who Leads the Outsourcing Race

Let's have a look at 6 most popular services being outsourced, and the factors that concern outsourcing firms when they decide to pick India or Philippines.

1. Technology Integrated Outsourcing Services

Over the years outsourcing has grown beyond elementary back office work that comprised of knowledge processing and call center operations. Current day and future requirements are for more technology-oriented services. So, what should be your choice, outsourcing to India or Philippines, let's see.

Philippines: Philippines have predominantly been a destination for voice-based services as it boasts of a larger population with an acquired American English accent. It also houses lots of business and knowledge processing centers and surely is likely to establish its dominance in these areas as well.

However, with technological integration into these services, processing has become more technology oriented and Philippines have some catching up to do here.

India: 'Outsourcing India', though a dominant notion, has off late suffered because of many voice-based jobs moving to Philippines.

However, India which is extremely dominant in software technology jobs is slowly getting back the technology integrated BPO contracts as it boasts of a larger technology aware manpower.

2. Sales Integrated Services

Customer care or call centers which were traditional white elephants, are now looked at as profit centers. Let's see the neck to neck comparison between India and Philippines, when it comes to outsourcing sales integrated services.

Philippines: Philippines has definitely emerged as a preferred destination for outsourcing services; however, with businesses looking to turn their customer service centers into profit centers they are looking for more sales based services than just plain support. Philippines, which primarily focused on providing a superior voice based service over India, is now

starting to add the 'sales' element to its support services.

India: India on the other hand is better equipped with integrating sales into support. As per a report by The Economic Times, Best Buy and Telstra are two companies which have relocated their service centers to India because of the sales factor. Similarly Aegis BPO, part of the Essar Group, relocated around 600 jobs to India from the Philippines for the same reason (ZDNet).

3. e-commerce and Outsourcing Services

Booming e-commerce has a drastic impact on outsourcing as it includes not just customer support but also other related aspects like software expertise, bandwidth, logistics, etc. Let's see how e-commerce business owners view these respective countries with respect to e-commerce outsourcing.

Philippines: Philippines, which primarily focuses on BPO and other voice based services, is yet to emerge as a primary destination for providing complete e-commerce business solutions.

India: Amazon the big daddy of e-tailing is about to set its biggest software center outside US in Hyderabad, India and this talks a lot about how India is perceived as a primary destination for e-commerce based companies. These companies integrate software services, customer support, storage and logistics and India is more suited to deliver all these.

4. Voice-based Outsourcing Services

Following comparison shows how voice-based outsourcing providers weigh India and Philippines as an outsourcing destination for voice-based services.

Philippines: Philippines has sure exceeded in delivering voice based services. It is estimated that around 70% of incremental Call center and voice business in India will also be lost to foreign competitors especially Philippines as per ASSOCHAM (The Associated Chambers of Commerce of India).

India: Looking at the current day support trend, outsourcing is no longer limited to voice based support, and other channels like chat, social media, technical support, etc., has grown immensely. This gives India a huge advantage to bounce back in the game.

5. Cloud-based Business Process as a Service (BPaaS)

With BPO services now sourced from the cloud, automation is overtaking human processes. Here's an apple to apple comparison of the BPaaS expertise Philippines and India has.

Philippines: Philippines, with a fast developing infrastructure, is surely playing a key role as a service provider of BPaaS.

India: As BPaaS is delivered through the Internet, India with dedicated undersea cables has a lot of scope and expertise in delivering BPaaS.

6. Delivery Destinations

This refers to the destinations that a country has in servicing this growing outsourcing industry. Let's have a look at the differentiators, both nations have.

Philippines: A real positive for Philippines outsourcing companies is that they pushed Mumbai into third place, taking the second place in a report by Tholons on the best outsourcing destinations in the world. Philippines also has a second entry in the top 10 places with 'Cebu' making the cut. But notably these are the only two places which are at the moment ready for the garnering the huge outsourcing market.

India: India on the other hand has 6 destinations in the top 10 chart, with Bangalore (still at no. 1), Mumbai, Delhi, Chennai, Hyderabad and Pune. This number adds up even more with seven more destinations in the top 70 ranked as ideal for BPO. This makes 'outsourcing to India' a more desirable option with more choices for the companies.

Conclusion - India Leads the Outsourcing game

Another way to look at preferred outsourcing destination, India or Philippines is not to have a comparison between them, rather look at both the destinations as possible places to outsource. However, India's offshoring business at about USD 118 billion is considerably larger than Philippines which is just around USD 15 billion (Source: Hexagon consulting), which clearly shows that global clients consider offshoring to India a better alternative.

In 'India vs Philippines BPO' scenario, India still has the edge with Philippines a definite second. Outsource2india is a leading technology services outsourcing provider headquartered in the silicon valley of India, Bangalore.

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