

Services

Examining the Evolving
Offshore Business
Process Outsourcing
Model: A Practitioner's
Perspective of BPO
Generation 2.0

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Table of Contents

Executive Summary.....3

Ahead of the BPO Curve: Dell.....3

Evolution of the BPO Services Model.....3

Transforming Customer’s Processes With BPO.....4

Transformational Outsourcing Solutions: Generation 2.0 BPO in Action...5

What’s Next for BPO?.....5

About the Author.....5

A Practitioner's Perspective of BPO Generation 2.0

Leadership Perspective from Dell

The BPO Generation 2.0 model defines a more complex, integrated solution that expands the definition of traditional Business Process Outsourcing (BPO) to include the capability to help customers attain a competitive edge.

Executive Summary

Initially viewed skeptically by nonbelievers, business process outsourcing (BPO) has surprised even its detractors, delivering impressive transformational results for hundreds of corporations across the globe. Acceptance of BPO continues to accelerate. The succeeding generation of BPO transcends process improvements and is making a fundamental impact on the customer's business. It is now possible to achieve integrated BPO solutions capabilities spanning applications development, consulting, infrastructure management, and process management, while incorporating industry-specific expertise and leveraging a global delivery model that represents a truly holistic approach.

Anurag Jain, Dell's thought leader in the business process solutions space, and founder of two highly successful, visionary BPO organizations in India, shares his perspective in this article, which examines BPO's evolution to Generation 2.0, and provides insights into the current state of offshore business process outsourcing.

Ahead of the BPO Curve: Dell

In 2001, BPO entrepreneurs grappled with a fundamental question: "What is going to drive value for the customer in the next generation of business process outsourcing?" My belief then was that the only way to deliver higher value to the customer was to move away from the myopic view of BPO as a separate silo. I saw then that only the integration of infrastructure management, consulting, and applications development with business process outsourcing could achieve a holistic, successful business transformation strategy.

It was this conviction that prompted the sale of my company, Vision Healthsource, to Perot Systems Corporation (subsequently acquired by Dell), which shared my belief and offered the means to make my vision a reality. The key driver behind the transaction was the opportunity to not only strengthen competencies but also create integrated, holistic solutions. At that time, Vision Healthsource was a leader in healthcare BPO, offering best-of-breed tools and processes. By marrying Vision's capabilities with those of Perot Systems, we leveraged the robust, holistic competencies in technology, infrastructure management, and consulting of both companies and manifested our vision for the industry, adding onshore centers and onsite work to broaden the resulting BPO capabilities even further.

Perot Systems' acquisition of Vision Healthsource was a landmark transaction that created a unique, end-to-end healthcare business process services model. Since then, several other organizations have gone on to apply the same thought process and create global, integrated solutions delivery capabilities.

Evolution of the BPO Services Model

In less than a decade, the BPO industry has already seen three generations of change.

Generation 0.8 BPO. In its early days, BPO struggled for acceptance. This initial phase, referred to as Generation 0.8 (or the "prove it to me" phase) was, without question, the most challenging. This was a time when the concept of BPO was still new, and the technology infrastructure was still evolving. The most significant hurdle, of course, was that customers were not yet comfortable with the concept of offshoring a business process. However, as a result of the relentlessly competitive global market and a few early successes, decision makers and buyers began to adapt and adopt this new offshoring capability.

Generation 1.0 BPO. The liberalization of the telecom sector in countries like India was not only propelling the industry forward but was also driving a complete socio-cultural transformation. This remarkable and relatively inexpensive, enhanced ability to communicate and transmit data ubiquitously enabled new participants, such as India, to enter the competitive global market.



A Practitioner's Perspective of BPO Generation 2.0

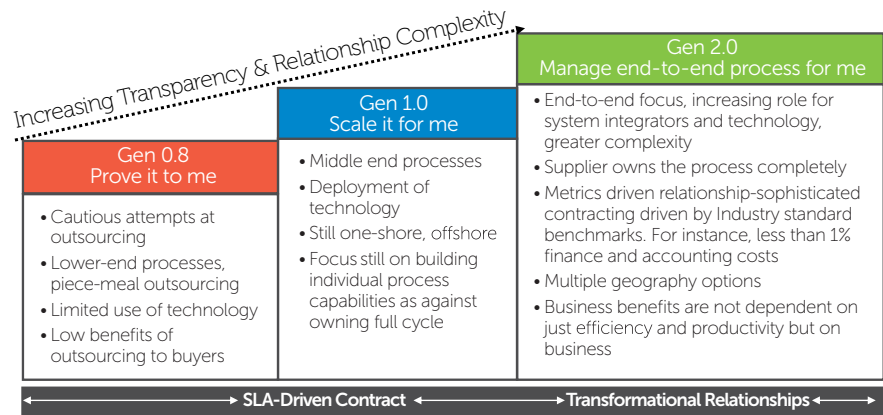


For customers pondering a BPO initiative, the crucial question has become: "Does the service provider I am considering have all of the capabilities that will help me exceed industry benchmarks in terms of quality, cost, and performance?"

With a stronger technology infrastructure in place, we began to move into Generation 1.0, which I distinguish as the "scale it for me" phase. In this next phase, in which customers were quicker to accept BPO, providers struggled to scale services to conform to each customer's individual needs. During this time, at Vision, we focused on building stronger industry specific competencies and started delivering higher value, knowledge-intensive processes such as medical coding for our healthcare revenue cycle customers. Another service line that we initiated was a voice based accounts receivable (A/R) follow-up cycle, which reduced the number of days outstanding in A/R for our customers. As these processes delivered significant value for our customers, the impact of offshore processing really began to be felt, and because these services were in great demand, we grew very rapidly.

Generation 2.0 BPO. At this point, entrepreneurs like me began to anticipate future trends in the evolution of BPO. While I saw that scale and global delivery could undoubtedly unleash incremental value for customers, I knew that it was important for service providers to be able to catch the next wave of change: that of harnessing BPO's potential to actually make a positive impact on the customer's business. I pondered ways to leverage BPO for the creation of competitive advantage for my customers, and it became abundantly evident that the way to accomplish this goal was to holistically integrate BPO with all other aspects of the customer's business, including technology, applications and ultimately business process transformation.

Clearly, Generation 2.0 BPO is a quantum leap beyond Generations 1.0 and 0.8 because BPO has now made the transition from a fragmented services and SLA-focused solution to an entirely new level of service, in which the service provider manages the customer's entire business process or function holistically.



Transforming Customers' Processes with BPO

A successful BPO service provider understands the widely varying complexities of business process transformation, which include clearly defining scope, service-level expectations, baseline metrics, a governance process, and organizational change management, among others. Merging consulting and BPO capabilities amps up the level of complexity by an order of magnitude, yielding the power to re-engineer, connect seemingly divergent processes, and streamline workflow and knowledge. However, to realize the full potential of these integrated capabilities, one requires strong applications development capabilities as well. This evolutionary "next step" has combined process expertise with applications development, creating a paradigm shift with enormous potential to unlock value for the customer. It has also enabled the focus to shift from transaction-oriented service level agreements (SLAs) to contracts that hold the service provider accountable for meeting or exceeding clearly defined, standardized industry process benchmarks.

A Practitioner's Perspective of BPO Generation 2.0

Dell's Transformational Outsourcing Solutions: Generation 2.0 BPO in Action

As a Generation 2.0 BPO service provider, Dell is ahead of the curve, serving numerous health insurance customers with the integrated, comprehensive capabilities described in this article. These customers benefit from the significant cost reductions and efficiency enhancement made possible by the integration of the following:

- Consulting services for care redesign, plan development, and healthcare information management
- BPO services for claims cycle management, customer care, and workspace infrastructure management
- Flexible service delivery capabilities from multiple centers across the globe

What's Next for BPO?

As an industry leader in providing Generation 2.0 business process outsourcing initiatives, particularly with customers in the healthcare industry, Dell has proven BPO's potential to not only transform business processes and align them with business strategy but also to foster an environment that sets the stage for helping the customer achieve competitive advantage.

About the Author

Anurag Jain leads the Services Delivery Group at Dell, where he is responsible for strategy, management, sales, operations, and service delivery. With more than 10 years of experience in building and managing diverse global business process service delivery models, Mr. Jain is focused on building Dell Services' capabilities across various industry groups.

Mr. Jain founded Vision Healthsource, an early provider of business process outsourcing services to healthcare providers and payers. He built that company into an organization of more than 800 team members with more than 35 customers worldwide. In 2003, Mr. Jain architected Perot Systems' acquisition of Vision Healthsource—a landmark agreement that established an end-to-end, global healthcare business process service delivery model within the company.

Mr. Jain also co-founded and served as head of operations for Brigade Corporation, a customer support company with 1,300 customer support employees across centers in the United States, Europe, and India. Prior to leading Brigade Corporation, he was a management consultant with Gemini Consulting, where he launched wireless operations for telecom carriers worldwide. He holds an M.B.A. from the University of Michigan and a B.S. degree in electronics and electrical engineering from the Birla Institute of Technology and Sciences, Pilani, India.

Mr. Jain's current role as the leader of the Services Delivery Group at Dell, as well as his prior experience as founder and leader of two of India's leading BPO services companies, have earned him recognition as a thought leader and popular speaker at numerous BPO industry events.

For more information about any of our service offerings, please contact your Dell representative or visit dell.com/services.

As BPO continues to evolve, smart companies searching for ways to advance the state described in Generation 2.0 BPO will find it in Dell's end-to-end, global IT services delivery model.

