

# Indian outsourcers seek revenues from 'smart work'

7 September 2011, by Penny MacRae



Indian staff working at a call centre in Gurgaon on the outskirts of New Delhi in 2008. India, known as the world's largest back office with its cheaper, educated English-speaking workforce, is expanding its "knowledge processing outsourcing", offering market research, statistical analysis, legal, health and a host of other services.

For advertising executive Govind Nair, working in India's outsourcing industry for a California telecoms firm means burning the candle at both ends for his customers.

"They try to be considerate. They know there's a 12-and-a-half-hour time difference between India and San Francisco but we still end up getting up early and going to bed late," Nair, 30, says.

Such hours are becoming increasingly routine for many young Indian professionals as they liaise with counterparts in the [United States](#) and other [Western countries](#) on high-end "smart work" projects.

India, known as the world's largest back office with its cheaper, educated English-speaking workforce, is expanding its "knowledge processing outsourcing", offering market research, statistical analysis, legal, health and a host of other services.

The sector -- familiarly known as KPO -- "is the next wave of global sourcing for India", Som Mittal, head of the National Association of Software and Services Companies (Nasscom) told an industry conference last week.

Performing "value-added tasks" such as writing equity reports and legal work can mean 40 to 50 percent higher billing rates than for lower-value jobs in call centres fielding inquiries about bank accounts, industry officials say.

KPO revenues have been growing at 26 percent annually according to research house Crisil, outpacing the overall expansion of the flagship [outsourcing industry](#) that has helped make India an [emerging market](#) powerhouse.

The country now has 70 percent, or \$2 billion, of the \$2.9 billion global KPO industry, Crisil says. North America provides 65 percent of the sector's revenues, Britain 20 percent and [continental Europe](#) 10 percent.

Nasscom believes the fresh economic troubles in Europe and the United States may accelerate KPO sector growth as Western firms seek to harness the technical and financial expertise of India's supply of university graduates, lawyers, accountants and MBAs.

"India has a tremendous advantage in its technical, analytic and managerial skills," Matthew Vallance, chief executive of one of India's biggest back office companies, Firstsource Solutions, told AFP.

The \$2 billion is still a fraction of India's overall outsourcing revenues, expected to total \$68 to \$70 billion this year. But Crisil forecasts in a new report that revenues from outsourcing knowledge-intensive skills will nearly triple to \$5.5 billion by the end of 2015.

"India is moving up the value chain," said Crisil

chief executive Roopa Kudva, noting Indian lawyers now research case law and put together arguments to be presented in court in the United States, Britain and elsewhere.

Bankers prepare papers for acquisitions, while nurses monitor the condition of housebound patients in the West.

Doing value-added work has become increasingly important for India as it seeks to preserve its overall global outsourcing dominance, especially after ceding its crown as the world's leading call centre hub to the Philippines.

Last December, the Philippines, which also has a trained, English-speaking workforce with a strong service culture, edged past India to become the largest call centre operator in the world, logging \$5.5 billion in annual revenues compared with India's \$5.3 billion.

"India is still ahead (in total offshoring), although other offshoring sites like the Philippines and Indonesia are emerging," said Tervinderjit Singh, a research director at global consultancy Gartner.

"But these countries are still not mature enough in high-level professional work which India can provide," he said.

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