

A Closer Look at Business Process Outsourcing and the US



A Whitepaper by
Lenard de Guzman
Founder, Delegreat.me

What exactly is BPO?

BPO stands for [Business Process Outsourcing](#). This is the term most commonly associated to call center agents as they work in the BPO industry.

To define BPO, it is a form of subcontracting which entails the designation of particular business functions to 3rd party service providers. It is the process of outsourcing another firm to manage certain business tasks and so to attain great savings, elevated efficiency and a higher ROI. BPO services are far different from IT (Information Technology) outsourcing, which outsource a 3rd party service provider to handle IT-related tasks like data center operations and application management.

Two Main Categories of BPO:

1. [Front Office Outsourcing](#). This is all about managing customer-related services such as tech support and marketing.
2. [Back Office Outsourcing](#). This involves handling internal business activities like purchasing or billing.

The BPO industry did well over the past years and even up to year 2015. It has improved the overall economy of the world and has raised the revenue in finance and accounting, human resource, insurance and customer relations administration sectors using the service. In the years ahead, the BPO industry is expected to grow even better. The rising wages and elevated operating costs connected with the approval of PPACA (Patient Protection and Affordable Care Act) helped draw employees to the industry. Consequently, in the next 5 years through 2015, the industry's revenue is anticipated to rise at 4.1% per year which is equal to \$136.7 billion.

BPO Explained Further

The BPO industry is one of the thriving industries in this modern age. It shows no sign of deflation yet. In fact, it is expected to grow and even more flourish in the coming years. It is such a great help in uplifting the world's economy as it gives employment to many unemployed and new graduates of any course. At the same time, it offers many beneficial services to several business sectors.

Insurance, banking and finance companies have the highest demands for BPO services. Firms in such industries are responsible for huge amounts of susceptible proprietary and client data. Thus, a lot of employees are needed to carry out important back-office tasks related to regulatory compliance, settlements and record maintenance. Companies in the technical, scientific and professional services sector also contract BPO operators to look for manpower that will handle their communication oversight documents and other managerial functions.

What lures people to enter the BPO industry is the high salary and benefits it offers to its employees. In fact, in the next 5 years, wages in the industry will continue to rise. The federal minimum wage is said to rise to more than \$10.00 per hour. Additionally, based on the National Conference of State Legislators, as of January 2015, average wages will climb in the 9 states of US. With this statement, sure-fire this will further draw people to enter the industry.

What Are the Benefits of BPO?

Previously, BPO involves only outsourcing of processes such as handling payroll. Slowly, companies started to realize the benefits it gives and further requested processing of other business tasks. Today, many companies are engaged in the outsourcing of HR functions, accounting, customer service, payroll, financial and administration activities. BPO transforms present processes to make them faster, smarter and leaner while reducing costs all the while.

Related Read: [How to Weigh in Time vs Money in Outsourcing](#)

Some of the top benefits of BPO include:

Efficiency and cost savings

This is one of the top benefits of BPO. When you outsource services such as call center or medical billing to a low-cost country, you are acquiring access to quality services which are provided at a much lower cost.

Staffing flexibility

Outsourcing allows operations which have cyclical or seasonal demands to bring in more resources if necessary and release them after.

Access to skilled people

One of the foremost reasons why companies may like to outsource a task is when it necessitates the skills of an expert. While you focus on other core activities, your business remains competitive because of BPO.

Gain competitive edge within the market

BPO helps organizations achieve a competitive edge over the market and to outdo competitors who haven't realized yet the benefits of BPO. By strategic outsourcing, an organization is able to provide the best service to its customers.

Below is an infographic showing *the top reasons why startups outsource their back office*



Reasons to Have a BACK OFFICE

SUPPORT TEAM

1



44% Savings:
Operational and Labor Costs
Cost of 1 in-house staff = 10 offshore people in your back office team!

2



15% Increase:
Productivity

3

31% Less:
Stress on your In-house Employees
Give'm a break! Outsource the mundane and labor-intensive work abroad!
Employee vacation time = Higher Productivity + Work Satisfaction



4



15% Availability:
of Top Talents
No more worrying where to find the best people with the right managerial and technical experience!

5



34% Access:
to Resources you don't have!
Your specialized back office team has the facilities, knowledge, equipment, and other resources you did not invest in.

6



28% More Focus:
on your Core Competencies
Finally, you can now re-channel all your energies to improving what you do best!

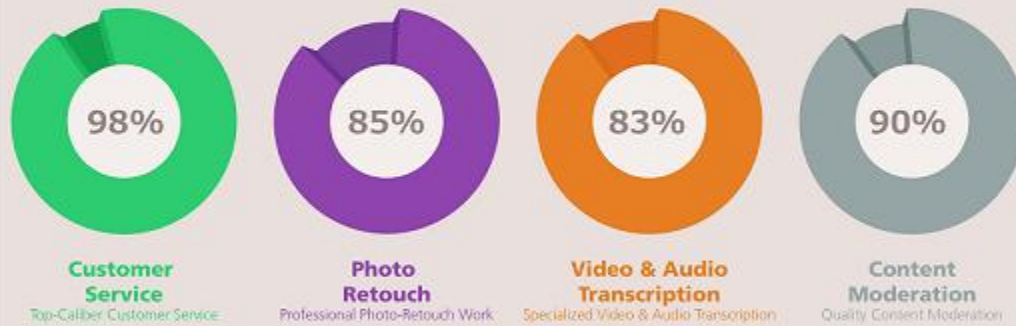
7



30% Happier:
Customers!
More trained people handling customer support means more satisfied customers.

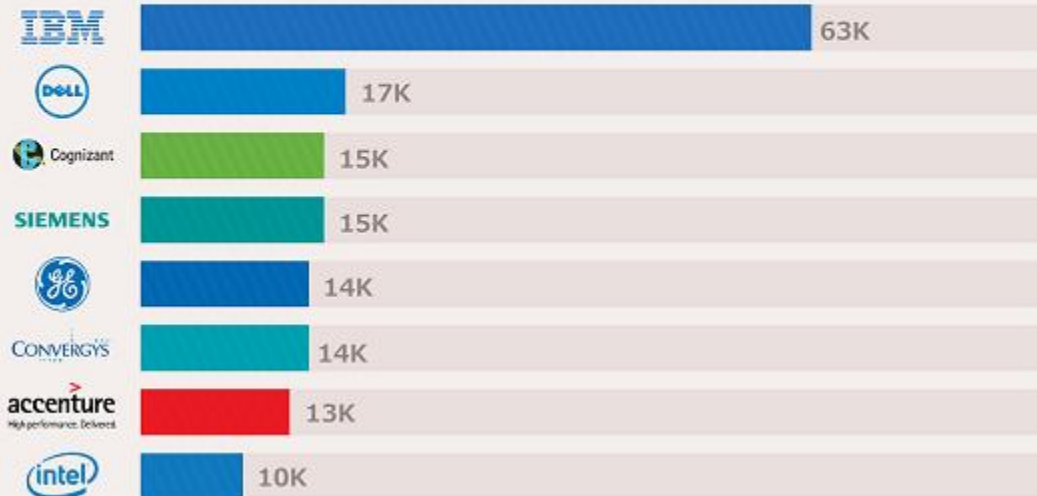
What's Inside a Back Office?

Our Expertise



Is it Safe? Well, even the best companies outsource their back office!

Number of Jobs Outsourced



What the Global Figures Say:



Bottom-line: Why Outsource Back Office Support?



Because it'll **save** you time, money, resources!



Because everyone is doing it - with **success**!



Because it **unlocks** your company's growth!



So give us a call and let's build your back office!

(310) 749-5218 | info@delegreat.me | www.delegreat.me



Sources:

http://jobs.lovetoknow.com/Facts_and_Figures_on_Outsourcing | http://huffingtonpost.com/melinda-emerson/small-business-outsourcing_b_3874954.html
<http://researchandmarkets.com/info/faq.asp> | <http://buzzle.com/articles/outsourcing-statistics.html>

BPO in the US

As one of the richest countries all over the world, USA is prosperous when speaking of business. Many notable brands and multimillion companies can only be sighted in the country. Almost every state in the country has a thriving business economy which overall helps in retaining the country's spot to being one of the richest countries ever known in the world.

The BPO industry contributes great in retaining this spot. One of the reasons for the continuous improvement in the US economy is due to the rising revenue in the finance and accounting sectors, insurance and human resource industries that are supported by BPO services.

Employees in such industries and sectors experience escalating organizational costs because of wage increases and elevating health insurance expenditures that is why they contract BPO service providers as a way to control such costs.

Where Do US Companies Prefer to Outsource Manpower?

US companies most commonly prefer Filipinos to do business-related tasks for them. They like outsourcing manpower in the Philippines because of the familiarity of the Filipinos with the English language and also their accent which comes close to that of Americans. Also, Filipinos are very patient, a trait that comes extremely handy in managing complaints and inquiries from customers. *Related Read: [15 Expert Tips on Outsourcing for Startups](#)*

Who Uses BPO?

Industries which are primary sources of BPO revenue include insurance, human resource, credit card, finance and accounting service providers. In the last 5 years, these industries were very much in the demand and are expected to go up even more in the next 5 years. For instance, the demand from insurance and finance service providers, which is a combination of investment and commercial banking, insurance, brokerage and credit card issuing industries, is anticipated to increase at a 2.9% per year in the next five years through 2015. These industries need to manage expanding workload that is why they need to continue contracting BPO services.

The healthcare industry is another emerging user of BPO. Healthcare administrative companies have seen to have a dramatic need of back office services since the implementation of PPACA (Patient Protection and Affordable Care Act) which requires the healthcare industry to alter policies regarding insertion, reductions in the care outlays, efficiency, transparency and accountability for care outcomes. This act also essentially improved the number of people obtaining health insurance. Components of healthcare delivery which include providers, payers, managed care companies have necessitated considerable reorganization and thus, sought outsourcing as a way of administering costs.

What's the Future for BPO?

The BPO service industry is projected to continue growing and flourishing in the next five years up to 2020, with the revenue that is anticipated to climb up at a standard yearly rate of 2.9 percent to reach \$157.9 billion. This revenue will continually be supported by rising wage pressure and prospering employer health care expenditures as companies with a huge sum of employees work hard to conform to the sweeping shifts in healthcare legislation.

On the other hand, the industry may somewhat suffer since an increasing digit of business processes turn automated in order to save work at the same time costs. For instance, computers are being substantially utilized to manage calls while in accounting firms, more standardized processes like accounts payable and receivable are carried out by computer programs. Some believes that the BPO services may no longer be needed in the near future because of these automations.

Even so, automation is not perceived as a serious menace in the BPO industry in the future. In fact, BPO companies see this automation as an opportunity to even do better in their service. They could include some level of automation in their standard offerings for the benefit of their service that will then make their clients satisfied with their smooth and excellent performance.

If you want a free consultation on how an outsourced customer support or back office team can work for your startup, you may reach us through the following contact information:

Delegreat.me

Address: 816 South Broadway, Los Angeles, Ca 90014

Phone: (310) 749- 5218

Email: info@delegreat.me

Web: <http://www.delegreat.me/>