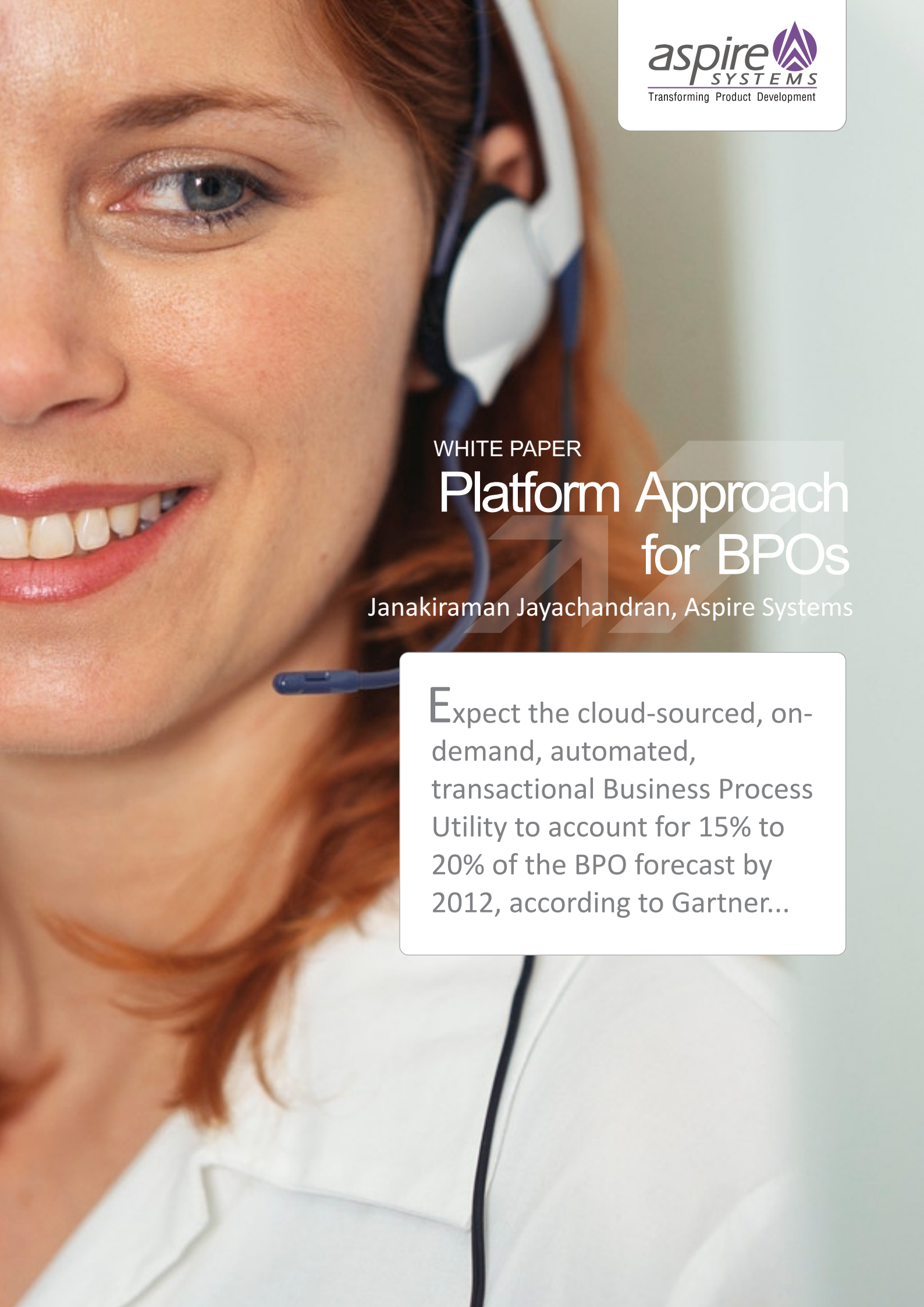

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Transforming Product Development

WHITE PAPER

Platform Approach for BPOs

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Expect the cloud-sourced, on-demand, automated, transactional Business Process Utility to account for 15% to 20% of the BPO forecast by 2012, according to Gartner...

Index

Table Of Content

Platform Approach for BPOs

As per PwC-CII survey, about 34% of IT users are planning to avail platform BPO services and they intend to avail them for benefits like operational efficiency and process standardization – thereby better quality.

1. Introduction

BPO market has been growing consistently over the last few years. Along with the growth there is also heavy competition that is building across geographies particularly from the developing nations like China, Philippines and Mexico. This has created a scenario where the BPOs have to be cost effective at the same time be able to provide value additions to retain their customers.

In this paper we will look at how technology can help BPOs to stay competitive at the same time be cost effective.

2. BPO Industry Growth and Predictions

The worldwide Business Process Outsourcing (BPO) market is forecast to grow 6.3 percent in 2011 and 5 percent in 2012, according to Gartner, Inc.

The outlook for Asia/Pacific's BPO market remains positive, with end-growth in 2011 expected to be 17.9 percent in terms of U.S. dollars.

ITES-analysts across the world estimate that Western Europe's BPO market will grow 8.9 percent in 2011.

The Indian software and BPO segment will grow at a rate of more than 16 per cent to become a 132 billion-dollar industry by 2012, Global Infotech analyst IDC.

IDC sees a predicted compound annual growth rate of 11.2% in the BPO market, amounting to $29 billion by 2013. Platform BPO, it explained, will lead this growth, as it similarly positions itself as an ideal outsourcing model for SMBs for a nominal opex.

The BPU (Business platform) delivery model ultimately unleashes demand in the long term, yet increased process automation has led to a renewed focus on the technology platform by BPO vendors, particularly for IT-intensive transaction processing vendors. Expect this style of cloud-sourced, on-demand, automated, transactional BPU to account for 15% to 20% of the BPO forecast by 2012, according to Gartner.

3. Evolution of BPO Industry

BPO Industry has gone through several transformations since its start. Let’s look at some of the major changes that helped BPO move up the value chain.

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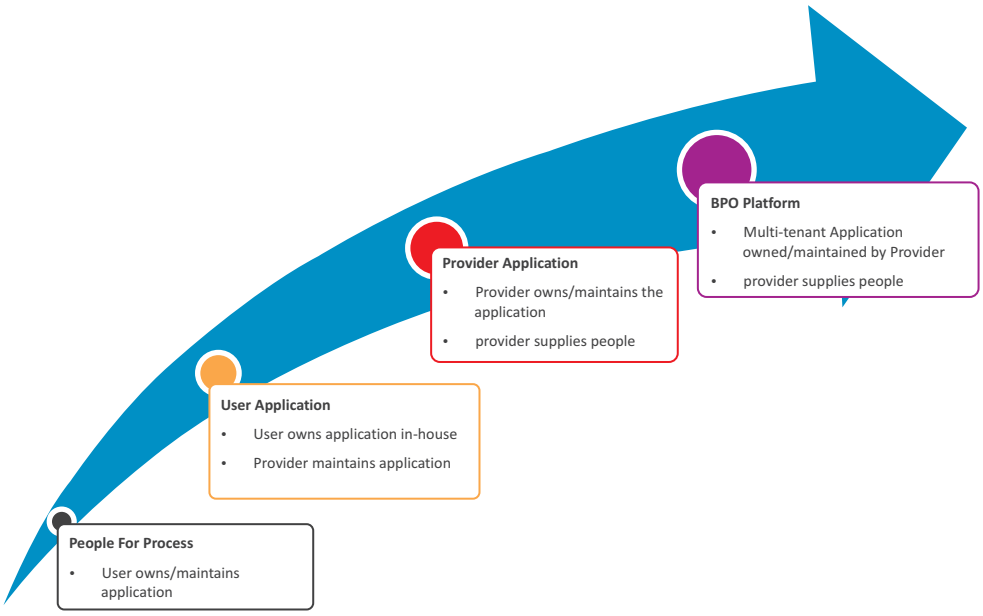
With the increasing number of customers, BPOs end up with multiple applications for each enterprise, which leads to multiple technologies but same set of people.



3.1 People for Process

Initial days of BPO was more focused on providing people who are trained to use the applications that are owned and maintained by Enterprises. In this scenario, each enterprise own their home grown solution or an off-the-shelf software application. The challenge for BPOs is to have resource/people that are cross trained across multiple domains/applications/enterprises.

3.2 User Application

Once the enterprises got comfortable with the BPOs, they started offloading the maintenance of applications to BPOs. This is when the BPOs start needing technical skill set to work on the applications. This time the challenge is to have a technology team that can work on diversified technology/tools. However, enterprises continue to have ownership on the applications.

3.3 Provider Application

With the BPO industry starting to show maturity, some large and mid-sized enterprises start looking at BPOs as solution providers. This creates a scenario where enterprises simply offload the problem/requirement to BPOs. BPOs develop the necessary tools and applications to solve the problem, and retain ownership at their end. This definitely is a great boon for enterprises as it almost removes the entire overhead from their end. BPOs are also happy as they are able to progress upwards in the value chain. However, the challenges start once the BPOs are required to scale up. With the increasing number of customers, BPOs end up with multiple applications for each

In the absence of a standard development architecture and environment, developers would always be duplicating the efforts of writing separate caching mechanisms, different loggers, etc.

enterprise, which leads to a similar problem as in the earlier phase – multiple applications, multiple technologies but same set of people.

3.4 Platform BPO (PBPO)

BPOs realize that the earlier models will not only hinder them to scale but also create a lot of overhead on the operations end. Building new applications every time, cross training people on technology and applications, maintaining/enhancing the applications in line with business changes – all of these have a huge impact on the cost. Hence, this leads to aiming for a scenario where a single application platform is built to service multiple enterprises, resulting in standardization of processes across customers as well as achieving economies of scale.

4. Why Platform BPO?

The estimated cost of software failures is estimated to be around 50 to 80 billion dollars per year. Reports also say that 3 out of 5 IT projects do not do what they were supposed to for the expected costs. While there are several factors that could contribute to this scenario, one of the major contributors is the lack of undivided focus on application engineering quality. In many BPOs, IT teams are tasked with building and maintaining the entire solution without proper support on architecture/design front. Following are some of the reasons why this will not work,

- **Developers have problems in getting started** – Developers have the tendency to tackle problems at the code level instead of addressing it at a design level. Developers only look at the functionality to be achieved and build the solution starting with UI. They end up having the business functionality spread across all the layers – UI, DAL, Business Layer, Queries, Stored procedures, etc.

- **Developers have difficulty with the steps needed to successfully build an application** - Even if a development team has been sufficiently trained in the basic technology, they're still left a blank slate when development begins. This opens up questions like "Where do I start?" "How does all of this technology help me with what I'm building?" "How do I glue it all together to get to my end application?" Technology often leaves the developer with more options than answers.

- **Developers are always under time pressure** – Developers are always under constant pressure to deliver the customer requests, and they don't get too much time to step back and think about the right way of doing things in the form of refactoring, redesign or re-architecting. This leads to a scenario where the developers only aim to complete a given ticket/issue rather than doing a holistic thinking of the situation.

- **Many developers are solving the same technical problems again and again**- You would typically see the developers solving similar issues again and again. For example, every developer would write separate caching mechanisms, different loggers, etc. In the absence of a standard development architecture and environment, developers would be duplicating the efforts.

Platform Approach for BPOs

It is typical to see BPOs having multiple versions of their applications based on multiple technologies and architectures. This results in huge inefficiency, cost over-run on application management and slower response to business/customer needs.

- **The application is hard to maintain and extend** - Applications that are not following the right architecture/design are extremely difficult to update, extend, and modify for basic bug fixes and modifications, as well as for more robust overhauls, to meet changing business requirements.

- Long implementation cycles to on board new customers
- Uncontrolled breeding of applications
- High cost in managing multiple applications
- Service enhancements are not uniformly taken to all customers
- Lack of consistency in standards across applications
- Diversified technology stacks
- Challenges in scaling the solution to meet future needs
- Heavy dependency on IT team

The bottom line is that the architectural issues behind developing and maintaining BPO applications are significant. Without a proper platform in place, developers are left with undocumented procedures or a verbal design philosophy to guide their development. Therefore, PBPO plays a strategic role in drastically improving success rates of projects and as well improve the productivity of developers.

5. Platform BPO (PBPO)

Platform BPO refers to a suite of technology that can help BPOs in designing, developing and deploying their applications, which in turn can be used to service their customers.

In the absence of a platform, BPOs end up using multiple technologies, architectures and engineering structures thus leading to issues in application maintenance and operational bottle necks. It is typical to see BPOs having multiple versions of their applications based on multiple technologies and architectures. This results in huge inefficiency, cost over-run on application management and slower response to business/customer needs.

Good choice of Platform brings in the agility and ability to respond fast to changing business requirements in the IT world. Now, BPOs have started realizing the need to migrate to unified and strong ADP which can act as their technology backbone and engineering foundation for all existing and future applications.

5.1 Typical Requirements of a PBPO

Following are some of the typical requirements/expectations of a BPO from a Platform,

Platform Approach for BPOs

Unlike the traditional model where the initial study and resource training phases take a lot of time, Platform BPOs facilitate launching of services in a short span of time.

- Predefined architectural style for building applications better and faster.
- Global support for technologies used in PBPO
- Flexibility in designing technical solutions
- Availability of skill sets and resources to work on the PBPO
- Uniformity in the way applications are built and managed
- Ease of maintenance
- Support for web technologies
- Support for On-premise as well as Private and Public Cloud Deployment
- Support for building scalable, flexible and configurable applications easily
- Support for Multi-tenancy
- Tools that can facilitate or ease development effort

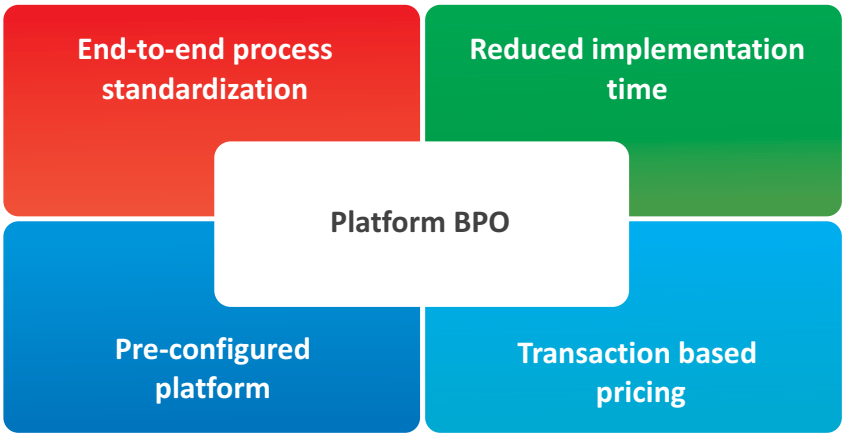
6. Benefits of PBPO

Following are some of the key benefits of PBPO:

- Standardizing of processes – Platform brings uniformity in the engineering process. No more ad-hoc technical decisions. The platform/framework creates a layer of abstraction, which is consumed by all the applications.
- Economies of scale – Platform has inherent support for scaling up. Unlike manual processes like hiring and training, which have their own restrictions for scale, the platform model comes with various options for dynamic scaling.
- Greater control and transparency over end-to-end processes – Platform takes a holistic approach in building the end to end solution, which in turn provides complete control and transparency on the business process.
- Value-add to End-users; not just staff augmentation – Allows the BPO to go up the value chain by providing more than just resources. Projects the maturity of BPO companies allowing them to gain edge over their competitors.
- Transaction-based pricing and pay-as-you-go models – BPOs can define flexible and innovative pricing models to meet the exact needs of customers.
- Higher speed of deployment – BPOs can rollout services in quicker timeframe. Unlike the traditional model where the initial study and resource training phases take a lot of time, Platform BPOs facilitate launching of services in a short span of time.

The platform should be designed to accommodate customization through configuration.

- Low implementation cost - Replace rising salaries with Technology.



7. Building Blocks of Platform BPO

Following are some of the major building blocks for a BPO Platform,

7.1 Multi-Tenancy

Platform should be able to differentiate one customer (Tenant) from another. All the features and functionalities should be able to exhibit multi-tenant capabilities. Each tenant may have a set of parameters that are configured for them. These configuration settings determine the functionality/feature behavior for the respective customer (tenant). Since the same system is used to serve all the customers enough security measures should be implemented to ensure customer views/operates only on the data that belongs to them.

7.2 Customization

While most of the functionalities are common between the customers, there will always be subtle requirements for customization. Therefore, the platform should be designed to accommodate customizations through configuration.

7.3 Security

Access Level Controls play a crucial role in determining “Who sees what?” and “Who does what?”. Privilege based access controls are common way to address this security requirement, where the privileges are consolidated based on the Roles assigned to an user. Data stratification in another concept that helps in filtering the data that are relevant to the current user and they have the necessary action privileges to Read/Modify/Delete the data.

7.4 Operations

This contains functionalities that can help in the administration of the platform. Tenant

Platform should provide an extensive framework that can address the entire cross cutting features like security, login, exception handling, caching, etc.

management is one such functionality that can help in adding new tenants (customers) to the system, set/modify the licensing/access level controls of tenants and drop tenants. This module can also handle features like metering and billing which is used to meter the consumption of the system based on customer or internal classifications (leading to internal charge back model).

7.5 Hosting

Platform should support a wide variety of deployment options. It should also have support for hosting in third party cloud providers (public and private clouds).

7.6 Application Framework

Platform should provide an extensive framework that can address the entire cross cutting features like security, login, exception handling, caching, etc. This will allow the developers/applications to focus only on the business functionality.

7.7 Components

This block contains reusable components that can be consumed by various applications. It can have both generic components like scheduler, outlook integration, export utility, etc. and domain specific components like CRM, Ticketing system, etc.

7.8 Adhoc Reporting

Platform should provide a flexible reporting framework that can be used to generate adhoc reports. Users should be provided with intuitive user interfaces that can be used to build the query and associate it with a report.

Platform Approach for BPOs

Conclusion

Fortune 500 companies have already adopted ERP platforms followed by BPO initiatives to gain competitive advantage. However, SMB players cannot afford such huge initiatives. Platform based BPO services come as a boon to the SMB segment, which can leverage the services in a flexible way resulting in a win-win situation. Therefore, Platform based BPO service could very well be the next wave of advancement in the BPO industry.

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