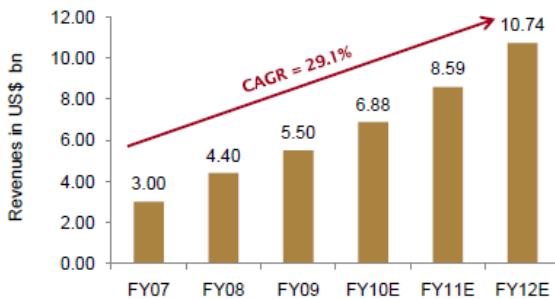
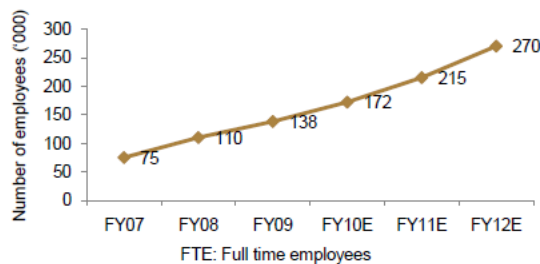


The meteoric growth of the Indian BPO sector has led to the next wave in global outsourcing, this time in the KPO or Knowledge Process Outsourcing space. The benefits of outsourcing business processes to India has encouraged firms to look at hiring outsourcing partners for high-end knowledge oriented work as well. Increased cost savings, operational efficiencies, world-class talent pool and ever-increasingly quality of work has led to a large exodus of “core” processes to third-party outsourcing partners.

The Global Knowledge Process Outsourcing industry (KPO) will grow to USD 16 billion by FY12, of which more than 70% will be outsourced to India.



In addition, the Indian KPO sector is also expected to employ more than 270,000 KPO professionals by FY12, nearly doubling from employment figures in the sector in FY09.



Apart from India, countries that are emerging as competitors in the KPO sector include Russia, China, the Czech Republic, Ireland, and Israel.

Outsourcing of knowledge processes face more challenges than outsourcing of routine typical BPO activity. Some of the challenges involved in KPO will

revolve around maintaining quality standards, higher level of control due to sensitivity of work outsourced, lack of deployable domain-centric talent pool, investment in KPO infrastructure, confidentiality and enhanced risk management.

However, India has been reasonably successful in emerging as the most preferred KPO outsourcing destination owing to pro-industry government policies, arbitrage associated with lower labour costs, quality of IT training provided and a large English speaking talent pool.

KPO is considered to have higher potential than ITO or BPO work due to the high level of domain expertise required in specific areas like Business Research and Analytics, Legal Research, Clinical Research, Publishing, Pharma – IP related services, Human Resource Outsourcing etc.

Future trends for KPO include acquiring domain knowledge and new clients, dual sourcing and the growth driven in the future through outsourcing by SMEs.

These macro trends will fuel transactions in the KPO sector as companies look to acquire niche capabilities, develop front-end & near shore capabilities, gain access to new clients and provide end-to-end service.

For a detailed report, please mail sidharth.nair@o3capital.com