

All you need to know about Outsourcing

Complete guide on the meaning of
Outsourcing



What does Outsourcing mean?

The main purpose of outsourcing is to assist companies in addressing certain categories of tasks for which they have internal limitations, using external resources.

But what exactly is outsourcing?



The concept of outsourcing is defined as the process of externalizing internal processes of a company. The term is a synthesis of the expression 'outside-resource-using.' It is an efficient and cost-effective process when used effectively.

By utilizing outsourcing, businesses can focus on key elements in their development without allocating effort to managing repetitive processes. However, it all begins with identifying those processes that can be outsourced.

Initially, companies turned to outsourcing due to the cost reductions it can achieve. Besides the economic aspect, outsourcing brings access to technology without investing in additional equipment. However, outsourcing continues to demonstrate its superiority by offering quality services.

For this reason, many companies have chosen outsourcing as a strategic solution to fill operational gaps, such as specialized skills, technology, service delivery, and data security.

What is an outsourcing company?

A Business Process Outsourcing (BPO) company provides the services and resources that a business needs for certain processes. It can also play a consulting role, offering information and advice on improving efficiency and effectiveness in a particular process.

Types of outsourcing



Onshore Outsourcing

Onshore outsourcing refers to the contracting of services to companies located in the same geographic location.



Near shore & Offshore Outsourcing

Offshore outsourcing refers to contracting a provider located in another country (whether nearby or further away).



Single Sourcing

Single Sourcing occurs when a set of services is outsourced to a single provider throughout a period. This configuration makes it easier to build and maintain a close relationship with the supplier.



Multi Sourcing

Multi-Sourcing occurs when different services are outsourced to multiple contractors. The main advantage of this model is that specialized companies can be chosen.



Front Office BPO

This type of BPO refers to outsourcing processes that involve direct interactions with customers, such as customer service, sales, marketing etc. Typically, businesses outsource these customer-centric services due to the capabilities and technological resources offered by a BPO service.



Back Office BPO

Outsourcing back-office processes involves outsourcing operations that do not directly address customers - IT services, payroll, administration, human resources etc. Companies often outsource these functions for specialized knowledge and technical skills.



When you outsource, what happens?

Once collaboration with an agreed-upon BPO company has begun, it is important to partially or even entirely relinquish the outsourced functions. Instead of overseeing the details of the work, only the external teams and their progress can be monitored.

If a larger external team is needed, the outsourcing provider will handle all aspects to meet the requirement - recruitment, payroll, human resources, IT, accounting etc.

How do you choose the right BPO provider?



Outsource the right service to the right company



Find out what other clients think



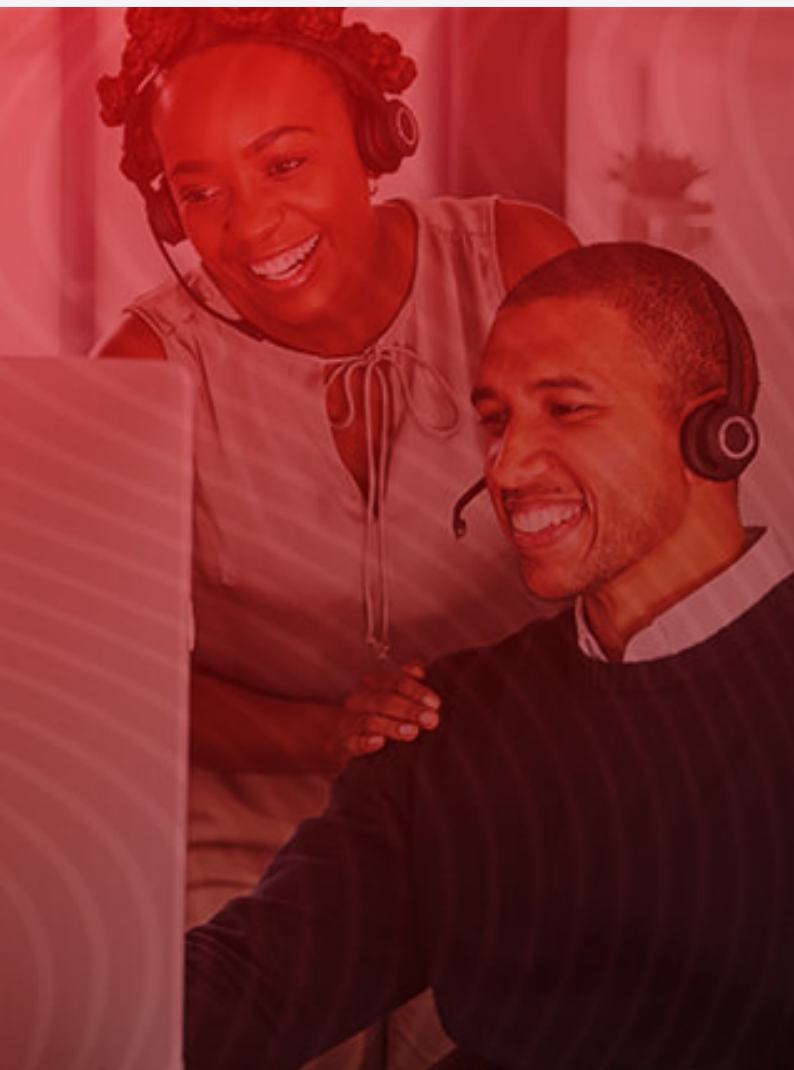
Ask the right questions before choosing a provider



Learn more about the organizational culture and the employee model



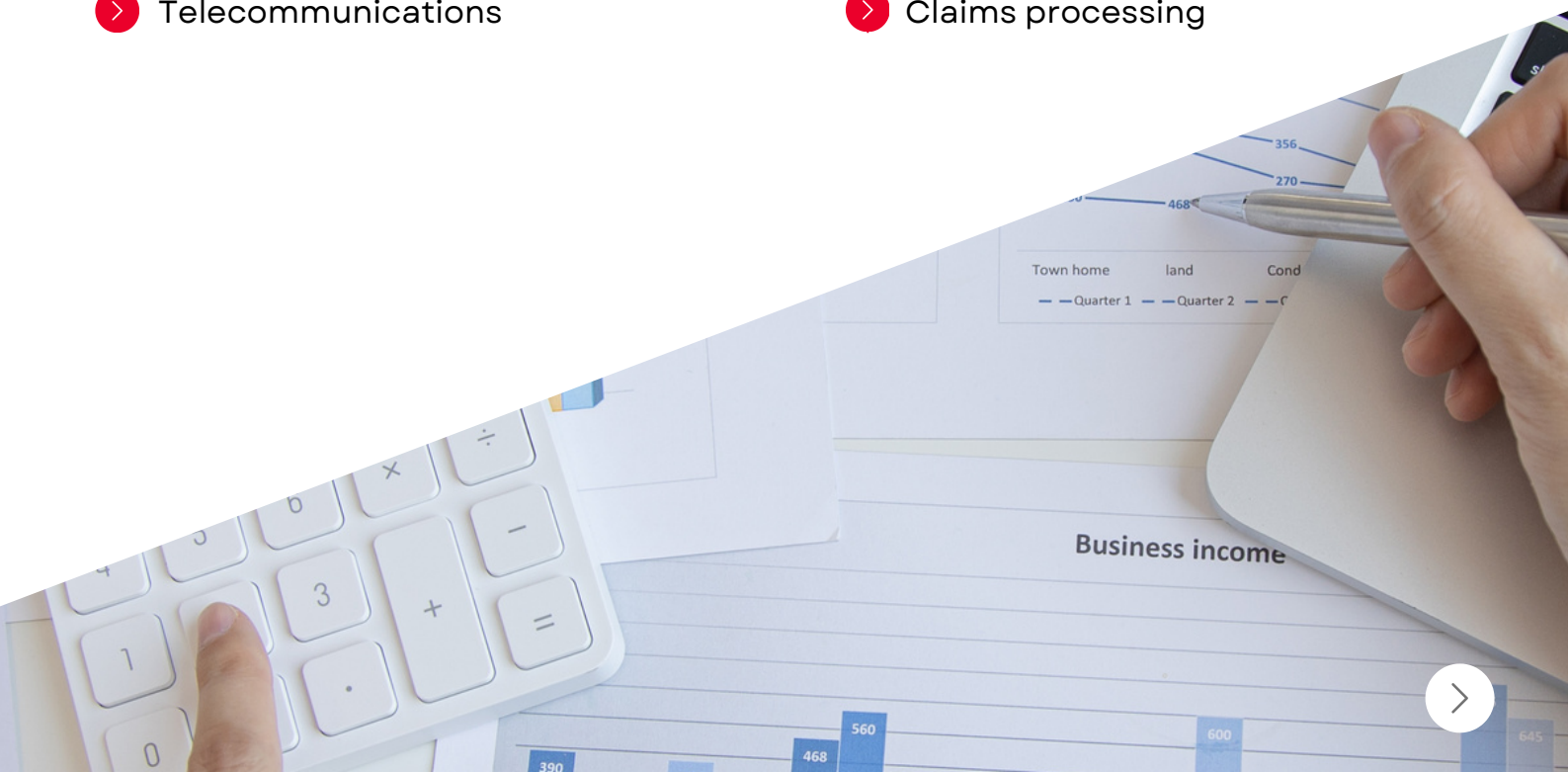
Filter out those bidders with prices significantly below the market range



Types of outsourced services

The types of outsourced services can be divided into two main categories - Information Technology Outsourcing (ITO) and Business Process Outsourcing (BPO). Here are a few examples:

- > Technical and Desktop Support
- > Help desk
- > Programming
- > Application Development
- > Network configuration and management
- > Software as a Service (SaaS)
- > Telecommunications
- > Customer service
- > Data entry
- > Lead generation
- > Telesales
- > Accounting
- > Payroll
- > Human resources management
- > Claims processing



What are the main benefits of outsourcing?

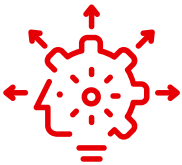
The benefits of outsourcing depend on a case-by-case basis. That's why it's essential to identify needs, purposes, and objectives during the initial planning. By doing so, you can establish key performance indicators (KPIs) that you can use to measure the results you aim to achieve.

Cost reduction



One of the main reasons companies choose to outsource functions are the financial benefits. BPO service providers can perform the same tasks at a lower cost, which is why 52% of executives outsource business functions. Instead of investing in new technologies and resources, it may be more cost-effective for your business to seek the services of an outsourcing company and save on overhead expenses.

Improving capabilities



Running processes efficiently at the highest level is the core of BPO service providers. In a constantly changing digital world, where companies need to adapt to new technologies and remain agile, businesses seek outsourcing services to adapt to market changes. BPO providers invest in technology and resources to offer companies high-quality and high-performance services.

Increasing competitive advantage



The transfer of non-core business processes allows the business to focus efforts and resources on core activities. This increased focus can provide a competitive advantage to the business.

Business increase

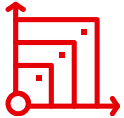


Partnering with an offshore BPO can provide businesses with insight into global markets. A BPO operating from a different country than the client's business is familiar with the regulations and consumer requirements of that country and speaks the language fluently, making the transition more efficient.



Easy access to specialized expertise

Outsourcing addresses the lack of skills and employees. The service provider takes care of the entire process of recruitment, hiring, training, and talent management.



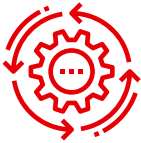
Scalable Solutions

Outsourcing can support rapid business growth, enabling quick scalability to prevent unnecessary delays. Similarly, a service provider can help reduce overhead costs during challenging economic periods.



Data security and confidentiality

BPO companies enforce strict data protocols to ensure that the company's information is protected and secured against any threats.



Business Continuity

Outsourcing companies have business continuity plans (BCP) to ensure that the team remains operational even in the midst of disruptive events.



Focus on development

Outsourcing non-core functions gives companies more time and energy to focus on key company initiatives.





The global BPO industry at a glance



245.9 mld. USD
market value in 2022



92.5 mld USD
market value in 2019, before
the COVID-19 pandemic



300,000 jobs
from the USA are outsourced
annually



0.47 trillion USD
market value estimation for
2027



37% of companies
outsources accounting
services



Africa, the Middle East, and
Europe represent the highest
revenues in the global BPO
market



+30%
the increase in the number of
employees in BPO from 2019 to
2022



84% of Romanian BPO employees
lives in Bucharest (~66%), Iași,
Cluj-Napoca, Brașov & Sibiu



IT&C
the sector with the highest
percentage of outsourcing in
the local market



57% of companies
Consider outsourcing helps
them focus on important
business aspects



57% of companies
outsources to reduce costs



Romania
ranks among the top 10 preferred
outsourcing destinations globally
and top 3 in Europe

<https://www.myshortlister.com/insights/bpo-statistics>

<https://www.absl.ro/the-number-of-employees-in-the-business-services-industry-has-increased-by-almost-30-in-the-last-three-years/>



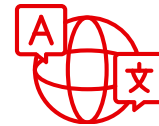


The advantages of Romania in the BPO market



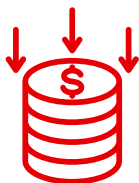
Large pool of professionals

Access to employees with higher education, holding valuable knowledge and the ability to quickly adapt to new tasks.



Linguistic diversity

BPO employees speak multiple foreign languages. Young professionals already speak English at an advanced level, and students are learning to speak fluently in languages such as Spanish, Italian, German, and French.



Cost reduction

Even though salaries in this region may be slightly higher than in Asia, the cultural similarities between Western companies and those in Eastern Europe are a significant advantage. At the same time, the costs in this region are significantly lower than in Northern or Western Europe.



Quality vs. Quantity

Local employees have the capability to deliver complex, high-quality services compared to those in Asian countries, with the local culture contributing to this aspect.



The challenges in outsourcing



Clients expectations

Technological advancements and the increasing number of BPO providers create a competitive landscape. BPO service providers need to exceed client expectations and provide complete satisfaction to gain an edge over the competition.



Budget constraints

While outsourcing can reduce operating costs, companies sometimes expect providers to achieve impressive results with a limited budget. Your company needs to have a set budget from the start so that you can find a provider within financial constraints.



Difficult communication

When the BPO service provider is located outside the client's country, it may be necessary to work with people in different time zones. This time difference can lead to communication delays and can make urgent communication challenging.



Access to employees

Forward-thinking BPOs are increasingly relying on digital and social recruiting. They will need to invest more in employee communication and facilities.



Future trends in BPO



Artificial Intelligence

Not only in the BPO sector, but AI will continue to have an impact on every business sector.

As AI capabilities continue to expand, these services will become ubiquitous.

Automation

Another rapidly expanding field, the very nature of automation, continues to add services as science advances. There is much concern about these ramifications. The fundamental impact particularly concerns the job market.

Adding value for the customer

The customer is always right" has been a long-standing mantra throughout history. Those who do not understand that key will ultimately fail.

BPO Increase

The ongoing need for cost reduction in nearly all sectors, by almost all businesses - due to the ongoing uncertainty about inflation and the future recession - has increased interest in outsourcing.

Blockchain technology

Blockchain technology is expected to play a crucial role in the BPO industry in 2023. Blockchain-based solutions can improve security, reduce fraud, and improve the efficiency of BPO services. For example, Blockchain can be used to automate contract management and secure data storage, streamlining business processes and reducing the risk of data leakage.

Remote work

The COVID-19 pandemic has accelerated the remote work trend and is expected to continue into 2023. BPO companies are now taking advantage of this trend by building remote teams that can work from anywhere in the world. This enables BPOs to access a greater pool of talent, reduce costs and increase flexibility. Remote working also allows BPOs to provide 24/7 service to their clients, improving customer satisfaction.



A career in outsourcing

The outsourcing market is particularly recognized for the massive recruitment it does, especially among young people at the beginning of their careers. Although they are often reluctant about a job in the BPO industry, assimilating the concept of a contact center, it is worth noting that outsourcing is increasingly becoming an integral part of every company. And those who work in such a field are important pillars in the development of the business, representing the interface with any client.

Benefits of an outsourcing career

Diversity of opportunities

Outsourcing careers offer a variety of work opportunities in different fields and industries. Employees can work in departments such as financial services, customer relationship management, software development, data analysis, digital marketing or human resources. This diversity allows for the exploration of interests and the building of a career in the targeted field.

Developing skills and competencies

An outsourcing career offers the employee the chance to develop their skills and competencies at an accelerated pace. Working on different projects and collaborating with clients and teammates from diverse backgrounds, they will quickly learn new technologies, work methods and professional approaches. This continuous learning process will help increase expertise in a relatively short time.

International and multicultural experience

Outsourcing companies often have global operations and work with clients from different countries and cultures. This exposure to an international environment provides the opportunity to learn about business practices specific to other countries, interact with people from various cultures and develop cross-cultural communication skills.



Stability and career growth

Outsourcing companies in many situations have long-term clients and extended-term contracts. This can provide career stability as there is a constant demand for the services offered. As the employee gains experience and develops their skills, they have a good chance of moving up the organizational hierarchy or taking on leadership roles in important projects. They can also benefit from mentoring and coaching programs to increase their chances of career growth.

Flexibility and work-life balance

Depending on company policy and culture, some outsourcing companies offer flexibility in working hours. Employees may have the opportunity to work from home or set their working hours in a more flexible way. This flexibility allows them to more effectively manage their personal life and take on professional responsibilities in a balanced way.

Developing an extensive network of contacts

Working in an outsourcing environment, young people have the chance to interact with clients, colleagues and professionals from different organizations and industries. This will allow them to develop an extensive network of contacts, which can be valuable in the future for professional collaborations, referrals and career opportunities.

Finally, an outsourcing career can be beneficial through the diversity of work opportunities, skill development, international and multicultural experience, career stability, work flexibility and the development of an extensive network of contacts.

Outsourcing employee profile

The profile of the outsourcing employee may vary depending on the field and type of services offered by the outsourcing company. However, there are some common characteristics and skills that are sought in employees in this field.



Technical skills

Since many outsourcing companies operate in the field of IT and technology, it is essential that employees have strong technical skills. This may include: knowledge of programming, software development, network administration, data analysis, software testing or technical support. Employees must be able to use and adapt quickly to technologies and tools specific to their field.

Communication and collaboration skills

Because outsourcing employees interact with clients, colleagues, and other teams in various organizations, communication and collaboration skills are essential. These skills include: the ability to communicate clearly and effectively, listen carefully, solve problems and work in a team. Employees must be able to collaborate effectively with people from different cultural and organizational backgrounds.



Analytical and problem solving skills

In many outsourcing roles employees must be able to analyze complex situations, identify problems and find effective solutions. Analytical skills, critical thinking and problem-solving skills are essential to be able to respond quickly and effectively to project requirements and challenges.





Flexibility and adaptability

The outsourcing industry is constantly changing, and employees need to be flexible and adaptable to these changes. Changes may occur in project requirements, technologies used, or the work environment, and employees must be able to adapt and learn new skills and concepts quickly. Flexibility in handling different tasks and projects is essential in a successful outsourcing career.

Customer orientation and quality

Outsourcing companies focus on customer satisfaction and delivering superior quality services. Employees must be customer-oriented, understand their needs and expectations, and provide appropriate solutions. The ability to provide quality service and maintain strong customer relationships is extremely valuable in an outsourcing environment.



The desire for continuous development

The outsourcing industry is constantly evolving, and employees must be willing to learn and develop continuously. The ability to adapt to technological changes and new work techniques, namely their openness to constantly improve their skills, embracing trends in the field, are crucial for success in the outsourcing career.



These are just a few key characteristics of the outsourcing employee profile. It is important to note that depending on the specific role and field, there may be other specific skills and knowledge required.





CGS Romania



Part of the international CGS group, based in the USA, since 2006



Over 4.000 employees



7 contact centers - Bucharest, Braşov, Sibiu, Târgu-Jiu, Miercurea-Ciuc, Galaţi şi Constanţa



Services offered in over 22 foreign languages



The company's employees interact daily with customers from Romania, Germany, Great Britain, Spain and other European countries, as well as from the United States or Canada.



The main services offered are customer care, technical support, helpdesk, telesales and other outsourced services.

