

12 Digital Transformation Trends in Business Process Outsourcing



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The business process outsourcing industry is adapting to disruptive and transformational pressures across value chains and ecosystems. The current wave of digital transformation initiatives organizations are going through is putting increasing pressure on business process outsourcers (BPOs) to pick up the pace and transform themselves.

It's hard to predict exactly what the future for business process outsourcing will be, but we have identified 12 emerging trends worth paying attention to.

TREND 1

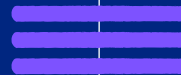
Consolidation of back- and front-office outsourcing

Traditionally, a distinction has been made between back-office outsourcing and front office outsourcing. This is no longer the case.

Back-office outsourcing deals with internal processes such as the digitization of paper-based documentation or human resource outsourcing. Front-end process outsourcing is customer-facing, such as contact center operations, or marketing and sales operations such as telesales.

Digital transformation is pushing organizations to eliminate silos, connect various processes, automate them, and leverage data and IT resources to serve a common goal. The back-office processes and front-end processes are becoming ever more intertwined.

An example: digitizing paper documents used to be a back-office process. However, as data is essential for several core front-end processes, digitizing paper documents is becoming a part of a broader goal - providing a better customer experience, and ultimately impacting the bottom line of the business.



TREND 2

Emergence of the "federation" model

The pressure on business process outsourcing firms is increasing. They need to reduce costs and enhance efficiency and add more value to allow their customers to focus on the core of their business. The business process outsourcing industry has historically been based on three different models:



Strategic alliances
(or partnerships)



Vertical integrations
(or enterprise)



Stand-alone
service providers

However, in the near future, technology innovation and digitalization will drive these three models to merge deeply together into a "federation" model, where a sole service provider offers integrated end-to-end business process outsourcing services while closely integrating with their customers' enterprise systems.

We will still see some specialization in vertical areas (for example, a BPO focusing on one industry domain) such as insurance claims processing or in horizontal situations cutting across industries) such as Accounts Payable or Payroll processing. We will also see growing demand for services around compliance and security as regulatory requirements catch up with the digital age.

TREND 3

The importance of customization

Digital technologies have created new opportunities to drive profitability. With the global move towards digitization, operations and business processes are being reinvented through more intelligent workflows utilizing automation, artificial intelligence, the Internet of Things (IoT), cloud, and other emerging technologies.

To remain relevant and grow, businesses must constantly evolve to embrace more intelligent, fully orchestrated processes that take into account customers, employees, suppliers, and business partners alike.

Business process outsourcing will become more and more customized according to specific requirements of customers, which in turn calls for the development of the business process outsourcing industry beyond pure service providers into suppliers with a broader range of capabilities, and will need a flexible platform to do it efficiently and quickly.

TREND 4

Hiring trends are shifting

The majority of current employees in the BPO industry come from low-income backgrounds, and their education is usually high school or equivalent. During this period of digital transformation, some emerging opportunities such as AI technology application & products, engineering services provided by outsourced companies, or SaaS products require higher education levels and expertise skills.

These newly added areas mean fierce competition for talent within the industry. To overcome this gap, BPO firms need intuitive technological solutions, that can be used by relatively lower-skilled employees.



Outsourcing and Smart City transformation are closely linked

As cities become "smarter," digital technologies will have a big impact on the everyday lives of city dwellers, especially in areas such as transportation and education.

For example, by using sensor data, the traffic flow efficiency rate can be improved to avoid the occurrence of congestion and accidents; or by using data analysis technology to predict population behavior trends, it is possible to lower the costs for operating prisons.

These developments will give rise to many opportunities for growth in the BPO industry that will provide services for municipalities which include handling record-keeping for administrative processes, processing information provided by mobility devices monitoring commuters' habits, and many more. This is a huge market, and the BPO industry is very well placed to grow in this area.

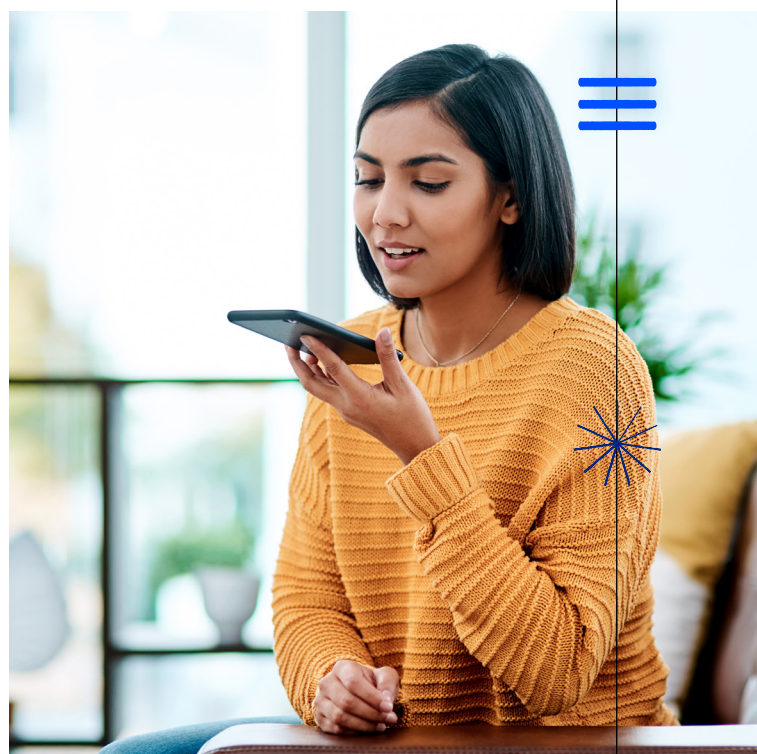


TREND 6

AI will be applied across the whole chain of business process outsourcing

AI technology has helped the development of digital industries make great strides, especially in areas such as speech recognition (better algorithms), machine learning (big data to smart data), and natural language processing (empowering computers with human-like intelligence).

The BPO industry is also not spared from being changed by AI applications: it's expected that more and more intelligent solutions like chatbots replace the traditional FAQs or helpdesk; automated workflows based on machine learning technologies support tasks such as staff scheduling etc.



AI technology has helped the development of digital industries make great strides, especially in areas such as speech recognition, machine learning, and natural language processing.

BPO industry's role is becoming more important than ever: it can help companies ensure that digital channels mean improved efficiency for customers so they can enjoy better experiences; AI technology is also widely used to develop chatbots so customers don't have to wait hours on end for an agent who will only respond with pre-set answers anyway.

4.6

Billion Internet users

4.3

Billion smartphone users

The use of AI algorithms also helps more accurate data collection, meaning fewer things get missed out (or overlooked) by agents during chats - providing faster responses to customers and more accurate solutions to their queries.

There are more than 4.6 billion Internet users worldwide, and the number of smartphone users in January 2021 was estimated at 4.3 billion people, both of which will continue to grow steadily, generating new opportunities for BPO companies serving the customer service market.

TREND 7

BPO companies will embrace an omnichannel approach

Omnichannel experience refers to a single seamless interface for the customer, no matter what channel or device they are using at that time (e.g., chat with live agents on social media).

In many instances, customers are three times as likely to abandon an online shopping cart if they have had less-than-satisfactory customer service experiences; unless it is truly exceptional service with zero wait times and immediate response from expert staff, there may be better alternatives out there that can satisfy the needs of potential customers and win them over within seconds – another example of how vital the BPO industry's role is in ensuring businesses remain competitive.

There are currently several companies offering omnichannel services to customers, so this trend will likely continue with more and more businesses making sure their branding, website design, and customer service channels match exactly how they want them to be perceived – from a single point of view.



TREND 8

Predictive analytics will power workflow automation & process optimization

Predictive analytics refers to analyzing historical data from structured or unstructured sources to predict patterns, trends, or risks. For example, retail industries can use predictive analysis to understand customer behavior after identifying every touchpoint (the time when an individual enters into a purchase cycle), which helps improve processes efficiency during all stages of the customer experience.

Proactively automating workflows and processes will be more important than ever, especially as demand for BPO services increases; organizations that can understand and analyze their own data better than any other competitors in the industry are likely to lead the trend of predictive analytics. This new approach is a win-win situation: it helps companies cut costs by optimizing their operations while at the same time improving customer experience through proactive suggestions or taking action before an issue arises (who wouldn't want that?).

TREND 9

Digitalization of paperwork & faster processes

Digitalization of documents used to mean transferring data from paper to digital format. However, today it means paperwork doesn't need to be printed in the first place. Digital data collection in the form of user-friendly digital journeys will increasingly take the place of inefficient, paper-based processes. Paper-based workflows are being replaced by digital journeys and CSR automation: it has been reported that no less than 58% of BPO companies now use chatbots to handle customer service requests; this trend will likely continue as even smaller businesses reduce their reliance on paper and start using technology to automate back-office activities.



58%

of BPO companies now use chatbots to handle customer service requests



TREND 10

Rise of no-code solutions to boost efficiency

The importance of digital journeys highlights the need for agile development. No-code platforms are a user-friendly and easy way to scale operations and increase IT automation.

No-code tools have a learning curve, but they ensure better business process management: using drag and drop features makes it possible to create almost anything imaginable in a very short amount of time (if this wasn't the case, imagine how many businesses would be left using spreadsheets).

Rapid growth in mobile app development like social media integration, outsourcing has also become much more deeply embedded in the creation process; via outsourced teams and offshored operations, companies are able to cut down on costs while simultaneously saving time. Since companies are looking to expand their digital channels anyway, it makes sense that they would look towards BPO firms who can develop mobile apps for them.

BPO companies will increasingly utilize no-code solutions to deliver agile digital transformation for their customers.

The increasing demand for data quality services & big data management solutions

Transforming raw data into tangible information is an extremely time-consuming process, which is why many companies choose to outsource this task to BPO companies that specialize in data processing.

The common belief among outsourcing decision-makers is that it makes more sense from a business point of view to hire a third party for this purpose rather than wasting resources by hiring additional people.

Data quality services are not just about making sure your database is clean; businesses also need to make sure their databases can store large volumes of different types of (structured or unstructured) data - especially now that social media tools have made it easier than ever to collect data and analyze it.



It makes more sense from a business point of view to hire a third party that specialize in data processing rather than wasting resources by hiring additional people.

Emerging trend – data security is paramount

More than ever before, businesses are beginning to realize just how important keeping their data safe actually is; and increasingly, this has made them think twice about outsourcing this service to third parties. Most companies have already invested in secure hardware systems (such as firewalls), which means they're now looking at BPO companies with a fresh pair of eyes: now they want to make sure their data is protected in addition to outsourced IT support services.

We will see more demand for services regarding compliance and security as digitalization continues and regulatory requirements change.





Conclusion

Digital transformation in the BPO industry is picking up pace. As BPO operations become more complex and integrated with the wider business environment, technology will play a greater role in ensuring that they can scale.

However, it's not just about offering the latest IT solutions - we're talking about holistic integration here! Delivering value and supporting broad business goals by Including cloud computing, mobile apps, social media, unified communications, and so on are crucial for firms who want to find success in this sector.

Digital customer journeys that combine back- and front-office systems will be the ultimate aim of many BPO companies in the coming years. To achieve this, it's not just about adopting new technology but also developing a mindset that acknowledges and embraces change.

No-code platforms and APIs will allow BPO companies to build scalable solutions that are easily integrated with the core systems of their clients. This allows for rapid onboarding and gets processes up and running fast.

EasySend is a no-code platform that empowers BPOs to build user-friendly digital journeys for their clients across any use-case or vertical.