

Outsourcing

Introduction:-

Offsourcing or Offshoring refers to outsourcing both goods and services i.e. materials and manpower to another country i.e. offshore. Offsourcing or Offshoring is a relatively new term as compared to outsourcing, which may be domestic or international. Thus Outsourcing is a larger field encompassing the sub-field of Offsourcing or Offshoring.

Offsourcing may involve Offshoring just the non-core processes or tasks to a service provider in another country, say India, or also Offshoring certain jobs or both. Offsourcing may also involve transfer of certain employees to the payroll of the service provider. This not only saves time and costs but also enables better communication and coordination between the client and the service provider.

Type of Outsourcing:-

Offshore outsourcing services can be mainly divided into Technology services outsourcing and business

Technology Services Outsourcing

Companies that utilize technology require sophisticated, quick-responding computer systems and software that are flexible enough to respond to the increasing capabilities of technology and the rapid changes in business models. Selecting the right technology partner is an integral part of many successful ventures. Following are the specific types of technology services.

- Electronic Commerce ("ecommerce")
- Infrastructure ("Networks")
- Software ("Applications")
- Telecommunications
- Website Development & Hosting

Business Process Outsourcing

With globalization, enterprises have been challenged to find the niches where they add the greatest economic value to the world's economy. As a result, enterprises have looked for ways to avoid making investments in employees and infrastructures that do not have a high yield. As service providers witnessed this development, they began to create whole enterprises based on narrow business processes. The term "BPO" (Business Process Outsourcing") was coined in about 1995 and became popular a few years later, accelerated by the explosion of Internet business.

- Customer Contact (Customer Relations Management)
- Equipment
- Finance / Accounting
- Human Resources
- Logistics
- Procurement / Supply Chain Management
- Security Services offered

Type of Outsource from India:-

- Business Process Outsourcing (BPO) Outsourcing
- Programming, Software & Database Outsourcing –
- Website Design, Development & Marketing Outsourcing –
- Engineering, CAD & Architecture Outsourcing –
- Graphic Design, Presentations & Multimedia Outsourcing –
- Sales & Marketing Outsourcing –
- Business Consulting Outsourcing –
- Writing, Editing & Translation Outsourcing –
- Finance & Accounting Outsourcing
- Legal / Law Outsourcing –

Benefits:-

Why Paragyte	Outsourcing benefits
Lower cost	Access to Specialized Skills
Better Quality	Focus on the core:
Vast Manpower	Quicker Project Completion
Faster productivity.	Huge Cost Savings
Attractive Tax and non-tax Incentives for IT Companies	customer satisfaction



Outsourcing - The Price

Pricing	
Pay-per-Unit	In this method the vendor offers a unit-based set rate and the client company pays depending on the amount of usage. An example would be maintenance services, where the client pays for the number of units that avail the maintenance service
Fixed-Charges	As the name suggests, the client company pays a fixed rate under all circumstances.
Variable-Charges	Here the customer pays a fixed basic rate, but there is also the provision for extra payment for-higher/additional services.
Cost-plus-Profit	In this case the client company pays the service provider the actual costs and a fixed percentage enabling the service provider to make a profit. This scheme has little flexibility to accommodate changing technologies or business objectives. Moreover, the service provider/supplier has little incentive to enhance their performance
Performance-based-Pay	The client gives incentives to the vendor for optimal performance. However the vendor often has to pay a penalty when the service levels are unsatisfactory to the client. A tricky proposition indeed, yet this is gaining popularity among outsourcing clients who have experienced poor levels of services previously.
Profit-Risk-Sharing	The customer and vendor act like partners here. Both have their money at risk. Each of them also have the opportunity to make profits if the vendor performs well and meets the objectives of the business

Indian Government Policies:-

- IT is regarded as one of the top 5 priority industries in India. IT is a part of the national agenda, and policies are framed so as to obtain maximum benefit out of IT outsourcing to India.
- The liberalization and deregulation initiatives taken by the government are aimed at supporting growth & integration with the global economy. These reforms have enabled the entry of foreign companies to the Indian market. FDI investment from NRI's including Overseas Corporate Bodies (OCB's); owned by the NRI's are warmly welcomed in India.
- The new National Telecom Policy has invited private participants to the Indian telecom sector.
- The IT bill passed in 2000, gives a legal framework for the recognition of electronic contracts, prevention of computer crime and electronic filing of documents. NASSCOM along with the government is playing a notable role in protecting the interests of the IT sector. Thus with all these help, IT outsourcing to India has reached a point of no turning back.

Outsourcing Growth rate in India:-

