

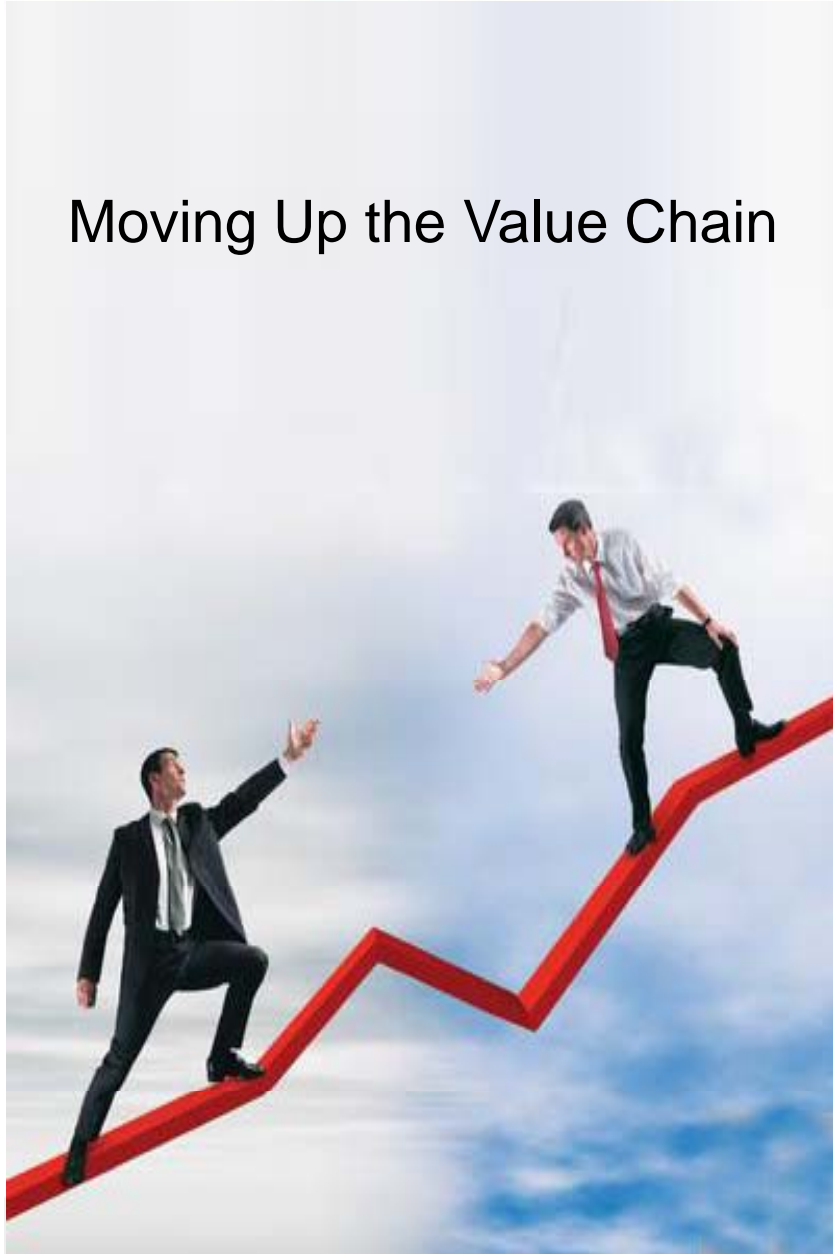


Moving Up the Value Chain

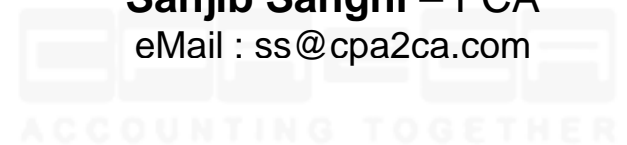
**KPO: “Opportunities for CA”**

**Date: 29<sup>th</sup> May 2006**

**Venue : R.Singhi Hall, ICAI**

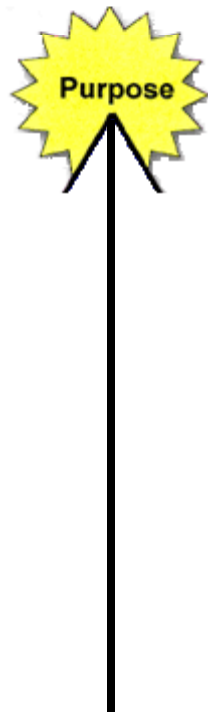


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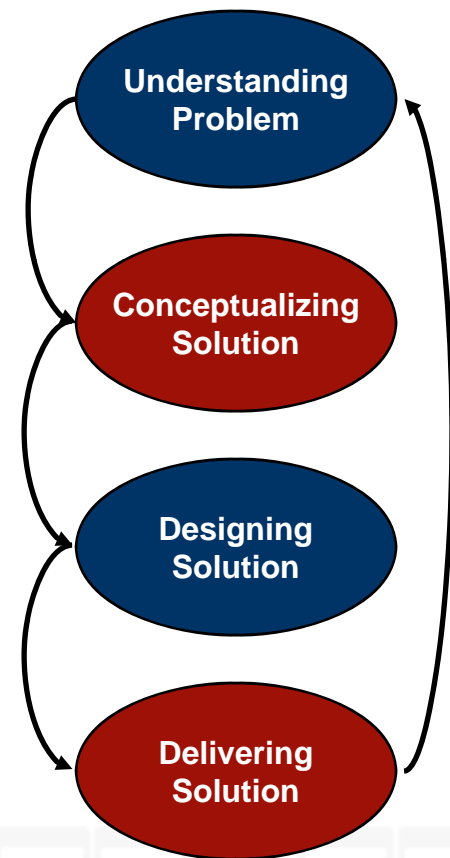
## KPO – The Next Big Opportunity

### KPO – A Brief Explanation

**KPO** or **Knowledge Process Outsourcing** is the high- end activity of BPO and involves processes that demands:

- ❖ Advanced Information Search,
- ❖ Analytical, Interpretation and Technical Skills as well as
- ❖ Some Judgment and Decision Making.

In simple words KPO can be defined as an off shoring of knowledge intensive business processes that require **Specialized Domain- Based Expertise.**



## KPO Vs BPO

The dividing line between KPO and BPO is still very faded. Broadly, KPO is a subset of BPO. It just occupies the higher end of the BPO spectrum.

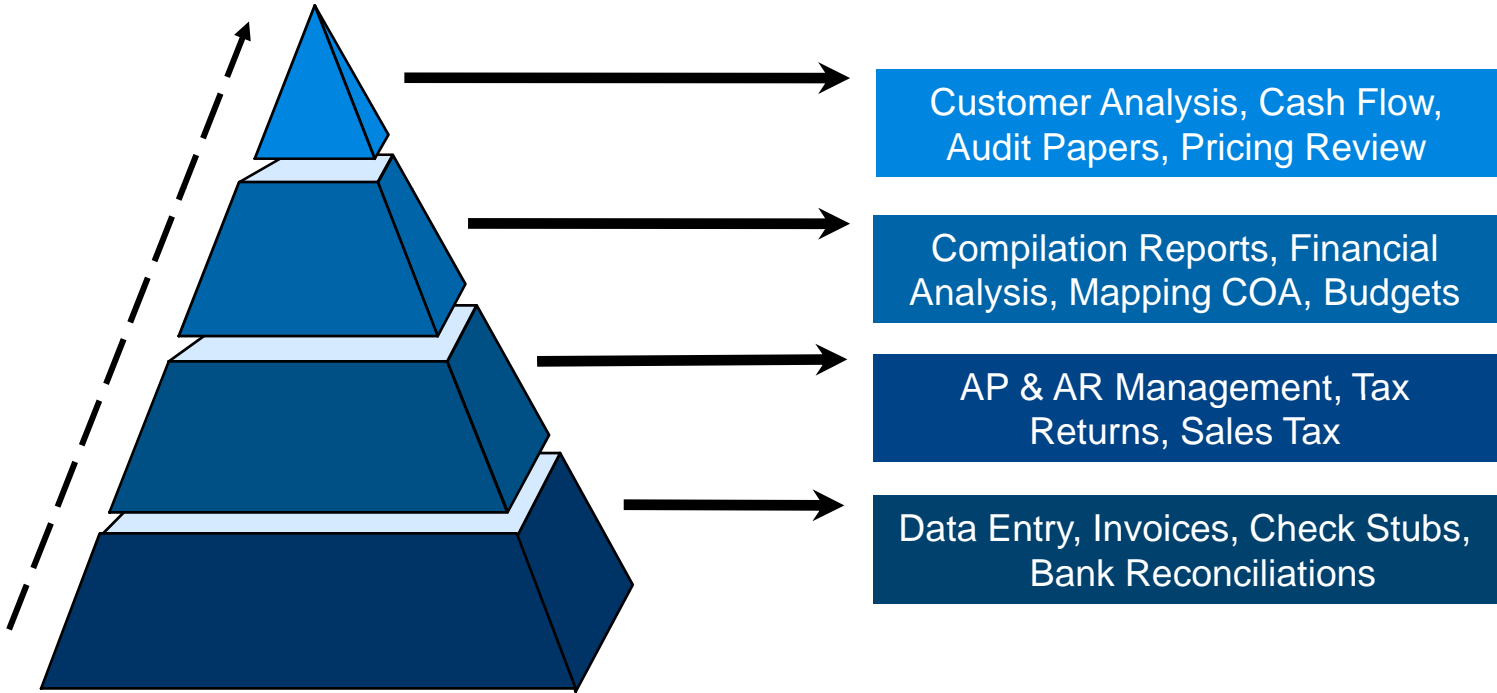
### In KPO :

- ✓ Knowledge And Skill Levels required is higher than BPO
- ✓ Billing Rates are 50-100% higher than in BPO
- ✓ Attrition Rates are less than 20% as compared to over 40% in BPO's
- ✓ Focus is on Knowledge expertise unlike conventional BPO – where the focus is on process expertise





### KPO is the next step in the Outsourcing Pyramid

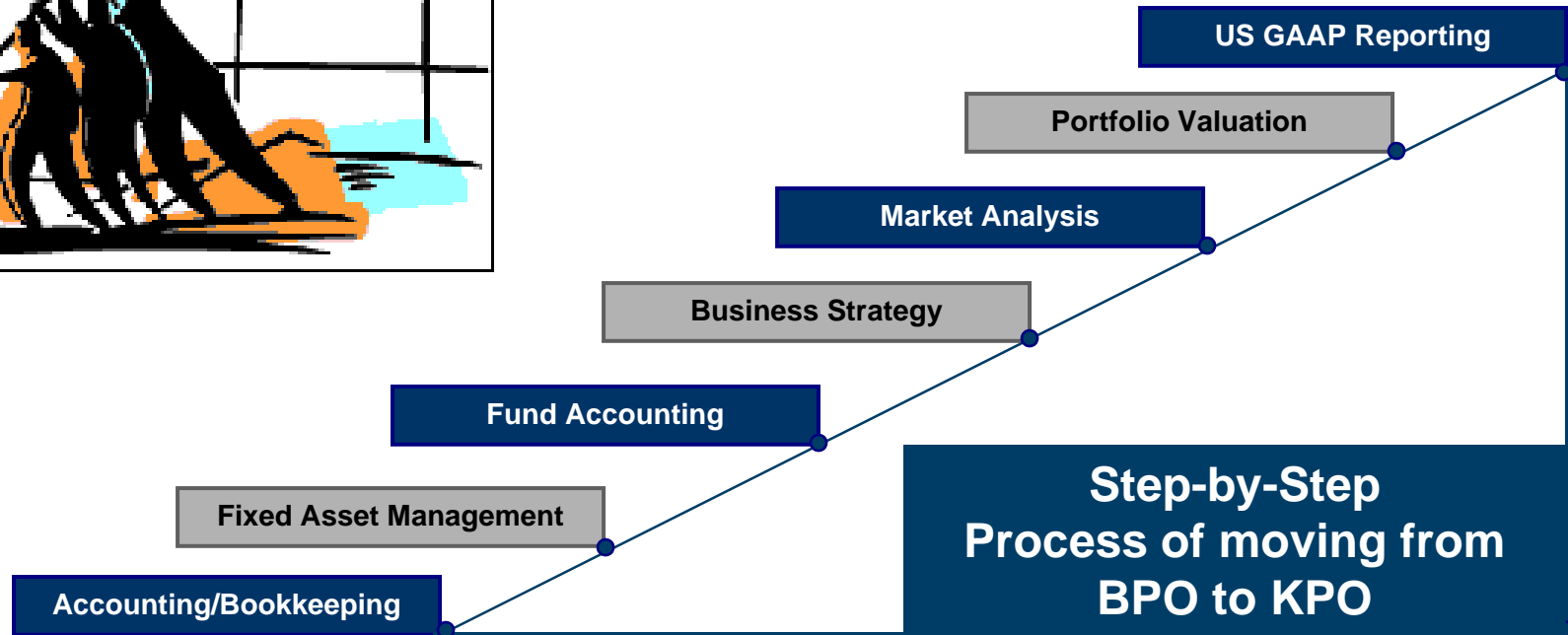
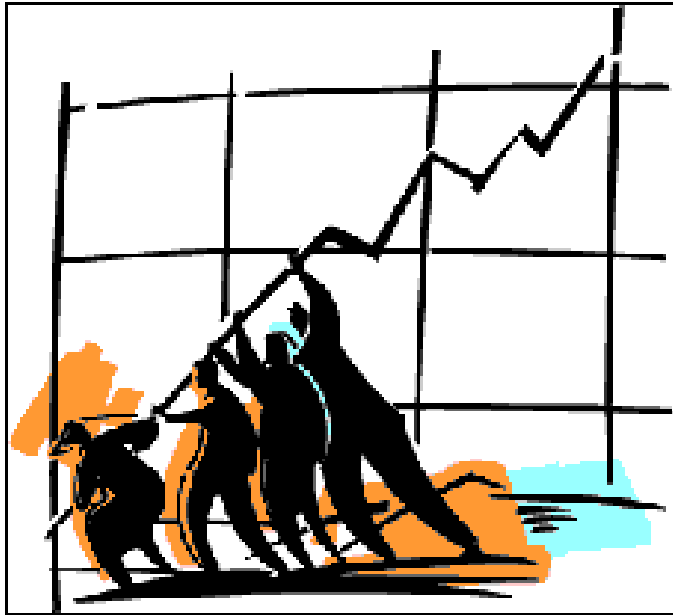


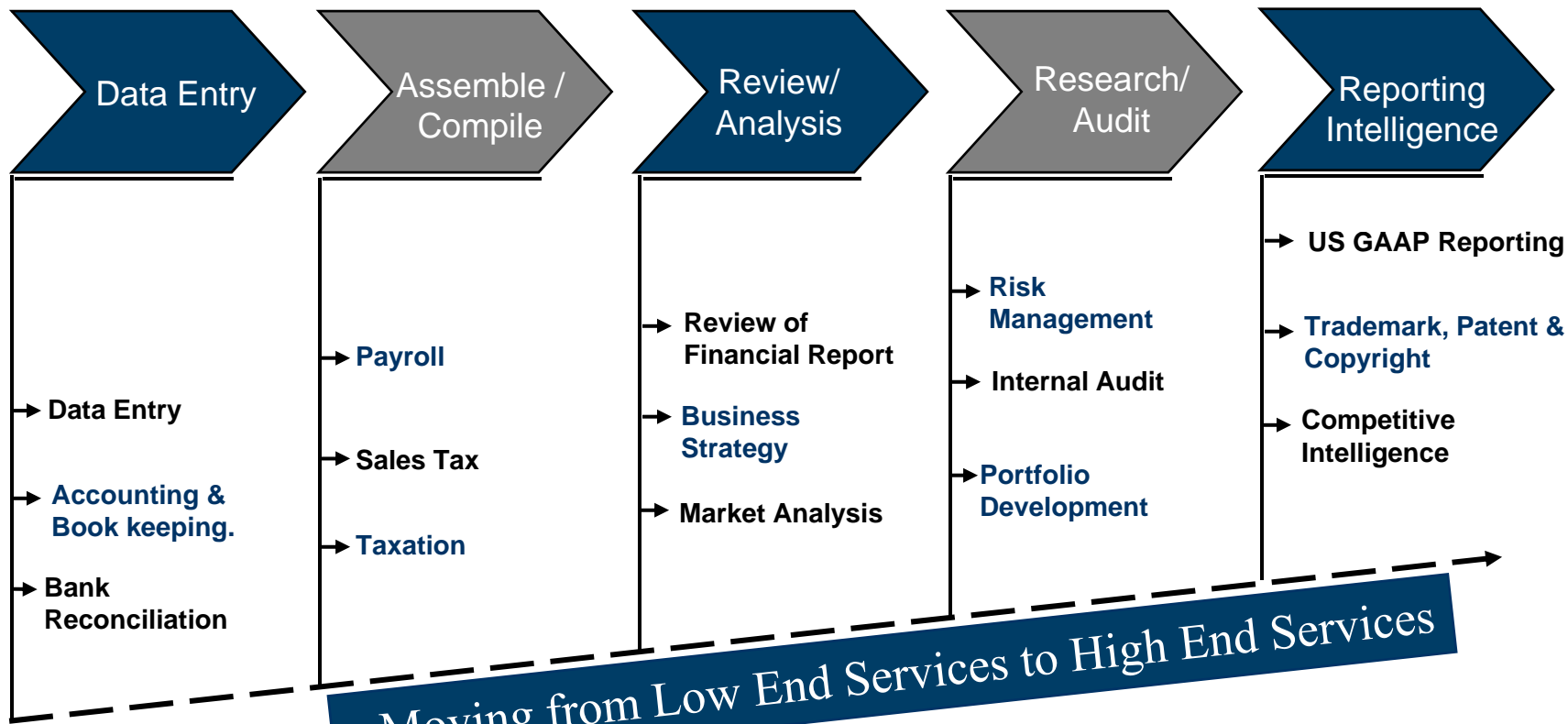
Financial KPO





## BPO to KPO



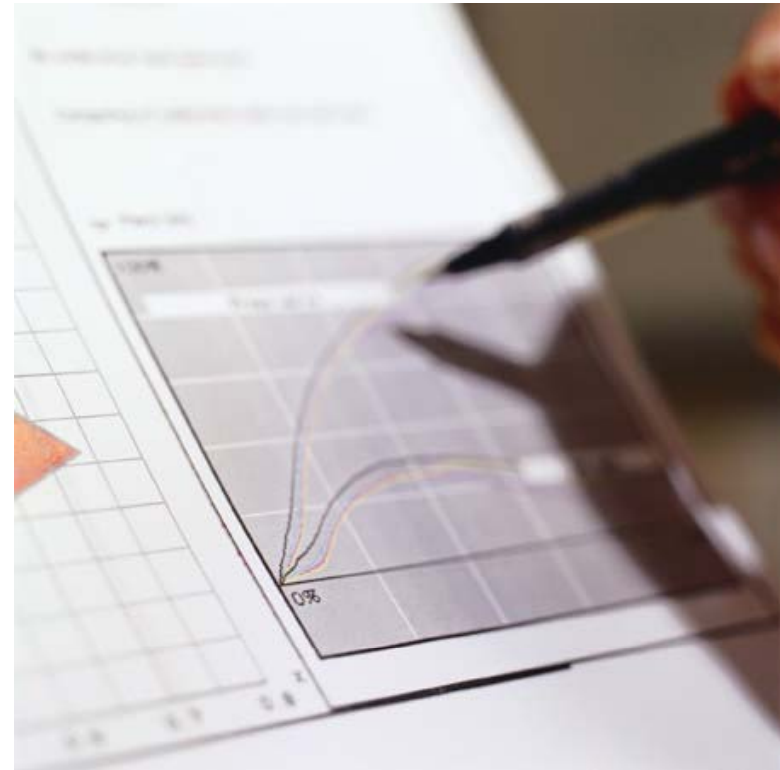




## Services in KPO

### Emerging KPO opportunities in following sectors

- ✓ e-Marketing
- ✓ Learning Solutions
- ✓ Animation & Design
- ✓ Business & Market Research
- ✓ Pharmaceuticals and Biotechnology
- ✓ Medical Services
- ✓ Writing & Content Development
- ✓ Data Analytics
- ✓ Network Management
- ✓ Training & Consultancy
- ✓ Financial Modeling, US Tax Services
- ✓ Legal Services
- ✓ Intellectual Property (IP) Research





## KPO – Professionals in Demand

- ✓ MBAs
- ✓ Engineering / MBA combinations
- ✓ Chartered Accountant / Financial Analyst
- ✓ Lawyers, Doctors
- ✓ Economists
- ✓ Architects/ Civil engineers
- ✓ Educationists, PhDs
- ✓ Biotechnologists
- ✓ Statisticians





## Business Potential

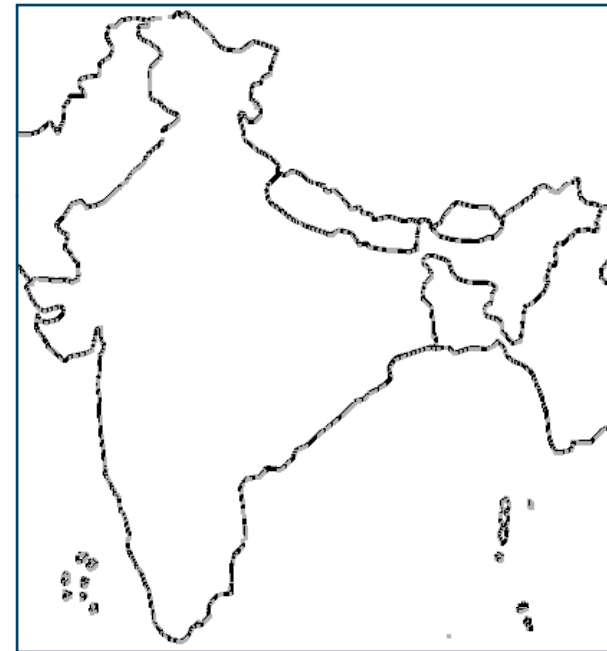
- ✓ KPO expected to grow faster over the next five years than IT Business outsourcing, or BPO.
- ✓ KPO revenues will grow 46% to \$17 bn by 2010 from current level of 1.2 bn as compared to BPO which will grow just 26 % to \$40bn by 2010 -- NASSCOM.
- ✓ The total global IT Market in 2010 is likely to be \$ 2.7 Trillion (including software development, maintenance, in - house work, outsourced, animated, web design, tech write, etc.)
- ✓ USA has 10.3 million It professionals. Overall, high wage countries have 21.2 million, & growing at 2.5% annually, by 2010 will have 25.2 million.
- ✓ Low wage countries have 4.2 million IT professionals, growing at 15% a year & this figure will reach 11.2 million by 2010. Approx. 1.29 million of these will provide services to high wage countries with 775,000 providing to the USA.



## What will drive KPO in India

### What makes India a preferred destination for KPO?

- ✓ Education
- ✓ Ability to deliver High quality Lateral Knowledge / Decisions
- ✓ Confidence building with Customers
- ✓ Flourishing offshore IT Services and BPO sectors
- ✓ Good Project Management Skills
- ✓ Large High quality academic labor pool, proficient in English
- ✓ Favorable government policies
- ✓ Large driving demand





## KPO – India's Advantage

### The Next Global Melting Pot

- ▶ Turn Around Time
- ▶ Intellectual Capital Rich
- ▶ Talented Workers
- ▶ Low Costs of Operation
- ▶ Lower Attrition Rate
- ▶ Telecom & Infrastructure
- ▶ Geographic Location

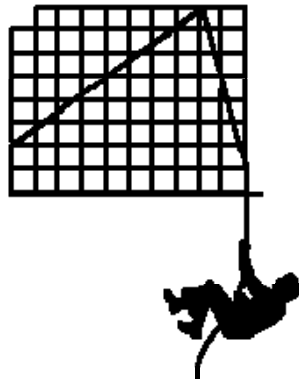


## Service Providers Challenges & Advantages

Out of the \$16 billion, which the KPO industry is likely to earn around \$12 billion, would be outsourced from India. The ideal KPO employee should possess domain specialization, computer skills & English proficiency.

### Advantages

- ✓ Inherent cost advantage
- ✓ Large pool of skilled manpower
- ✓ Domain expertise due to large and developed domestic financial services industry
- ✓ Language advantage
- ✓ Internationally accepted quality standards and processes
- ✓ First mover advantage
- ✓ Well established vendor base



### Challenges

- ✓ Brand & quality image of low cost destinations
- ✓ Apprehensions about political climate
- ✓ Professional work environment an absolute necessity
- ✓ Mandatory high quality standards
- ✓ High end Computing / Communication Infrastructure
- ✓ Good Search engine software for unstructured info source
- ✓ Good Documentation Software and collaboration tool



## Areas of Finance KPO

<i>Industry</i>	Corporates	Investment banks	Insurance	Credit institutions
<i>Purpose</i>	<ul style="list-style-type: none"> <li>Budgeting and forecasting</li> <li>Control and variance analysis</li> <li>Investment appraisal</li> <li>Valuation</li> </ul>	<ul style="list-style-type: none"> <li>Equity research</li> <li>Valuation</li> <li>Debt pricing</li> <li>Project appraisal</li> <li>Structured finance</li> <li>Derivative pricing</li> </ul>	<ul style="list-style-type: none"> <li>Actuarial service</li> <li>Risk modeling and analysis</li> <li>Claim analysis</li> <li>Investment valuation and appraisal</li> </ul>	<ul style="list-style-type: none"> <li>Risk modeling and management</li> <li>Credit rating</li> <li>Credit and investment appraisal</li> <li>Debt pricing</li> </ul>
<i>Skill set</i>	<ul style="list-style-type: none"> <li><i>Business understanding</i></li> <li><i>Modeling and software knowledge</i></li> <li><i>Accounting and tax aspects</i></li> <li><i>Appraisal techniques</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Business &amp; industry understanding</i></li> <li><i>Modeling and software knowledge</i></li> <li><i>Accounting and tax aspects</i></li> <li><i>Financial engineering</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Modeling and Software knowledge</i></li> <li><i>Actuarial techniques</i></li> <li><i>Risk management</i></li> <li><i>Appraisal techniques</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Credit risk management</i></li> <li><i>Business &amp; industry understanding</i></li> <li><i>Modeling and software knowledge</i></li> <li><i>Financial engineering</i></li> </ul>



*Thank You*