



Five questions to help manage and maximise BPO services

Daniel Trentacosta of MUFG Investor Services provides his perspective on getting the most of BPO services.

Business process outsourcing, which has been on a decades-long growth trajectory, faced its hardest test this year with the global spread of the novel coronavirus. Many providers and businesses that rely on outsourcing found that the model worked well. Others didn't fare as well.

Whether the BPO experience was positive, negative or mixed, the pandemic surfaced some critical issues. As the industry is poised for further growth – global market research firm Technavio projects that it will grow by \$5.5 billion during 2020-2024 – it's essential that the industry serve its clients at the highest level.

As BPO providers and clients assess their programmes and look to the future, it may be helpful to consider these five questions:

How did the business continuity plan (BCP) perform and where can it be improved?

While many companies had a business continuity plan in place when the novel coronavirus hit, some of those plans proved less effective than hoped. Shortcomings may have stemmed from a lack of detailed, ground-level knowledge, such as the response of local, state and national governments, and the disruption to vital infrastructure. Other shortcomings may have been the result of assumptions that most people could continue to work from centralised office locations rather than being forced to work from home.

As companies take a fresh look at their BCP, they may want to look for areas where outsourcing can strengthen their

response for a future crisis, including the type of worldwide, long-lasting disruption we're currently experiencing.

How resilient is the BPO provider?

Companies are reviewing how reliable and resilient their BPO provider was during the initial phase of the pandemic. Having a dependable partner is essentially a built-in BCP, particularly for smaller firms, and a breakdown in the model can have serious repercussions. If it functions as needed, however, a strong BPO provider can ensure that essential services continue without interruption and clients can focus on their core mission. For asset managers, for example, having a dependable provider of middle and back-office services freed them up to focus on their investors during this difficult time.

Whether they currently have or are considering a BPO partner, companies should look first at a provider's stability, longevity and agility. It's important to gauge how well the provider will weather the next crisis. With strong competition and increasing consolidation in the industry, the provider should be strong and capable now and for the foreseeable future.

How robust was the communications strategy?

An effective communications strategy between BPO providers and their clients went a long way toward minimising confusion and downtime. Providers who were on top of the situation communicated early and often about how they were maintaining continuity of service and whether they had further contingency plans in place if needed.



Some businesses also discovered that their BPO provider could be an unexpected and critical resource. As their in-house business operations hit a snag, their BPO providers were able to step in and offer the additional outsourced services they needed.

Fluid communication among BPO providers was also critical. Since many businesses contract with multiple BPO providers, those providers had to work together to ensure their shared client was receiving necessary services. While some of that contact may have been ad hoc, BPO providers and their clients may want to consider formalising those communication channels for the future.

Is there room for improvement in my current BPO programme?

Many companies have taken a piecemeal approach to BPO over the years. They added services as their business expanded, their geographic footprint changed or they sought further cost-savings. Particularly in larger companies, those decisions may have been made in different departments, offices or countries.

Even if the arrangements held up under the stress of the pandemic, this is still a good time to review the overall strategy and use of BPO. Companies can approach the evaluation function by function, starting with the most critical and making changes as needed rather than starting from scratch with a whole new system.

In addition to prioritising by how essential a function is, they can also consider other factors, such as: is there a way

to achieve greater scale? Does it make sense to consolidate some operations and separate others? Are providers in locations that are likely to be more or less resilient in the event of economic, social or health disruptions, or natural disasters? In general, companies should be looking at their exposures and finding ways to minimise the risk.

Is there a good cultural fit between the BPO provider and the client?

To have a truly productive relationship in good times and bad, the BPO provider and client need cultural alignment. When the relationship works as it should, the provider should be a seamless extension of the clients' team. Some companies' teams may have needed to adjust their working practices as the pandemic bore down. There may have been differences in communication or work styles, or a disconnect in the ability to solve problems or use resources creatively.

As they look ahead, companies may want to consider how culture fit either enhanced or hampered their work and whether those issues are fixable or indicate a need for new partners.

Positioning for the future

The unprecedented upheaval of the past several months has tested companies in a way that was previously unimaginable. As they look to a future that is still uncertain, companies and BPO providers are reconsidering what models make sense and how they can become stronger and more resilient. More and more, companies and BPO providers are finding that they can work together to be better prepared for what comes next.