
Analysis of Dynamic Development Initiative frame work for Knowledge Processing Outsourcing

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Abstract Indian economy growth changed due Indian business operational approach with convergent technologies. The current economy growth supported by Information Technology Development and Information Technology Enabled Service. As part of the Information technology enabled upcoming Knowledge processing outsourcing provide huge opportunities to develop Indian business with our human resources. The KPO business sector basis and frame work can be achieve through Development Dynamic initiatives. This paper discuss about the basis of KPO and Dynamic Development Initiative frame work strategic compact components and its characters.

• Key Words : Knowledge Process Outsourcing, Dynamic Development Initiatives

1. Introduction

ICT can be a powerful enabler of development goals because its unique characteristics dramatically improve communication and the exchange of information to strengthen and create new economic and social networks. ICT can be applied to the full range of human activity from personal use to business and government. ICT fosters the dissemination of information and knowledge by separating content from its physical location. This flow of information is largely impervious to geographic boundaries—allowing remote communities to become integrated into global networks and making information, knowledge and culture accessible, in theory, to anyone. ICT's power to store, retrieve, sort, filter, distribute and share information seamlessly can lead to substantial efficiency gains in production, distribution and markets.

The increase in efficiency and subsequent reduction of costs brought about by ICT is leading to the creation of new products, services and distribution channels within traditional industries, as well as innovative

business models and whole new industries. Intangible assets like intellectual capital are increasingly becoming the key source of value. With the required initial investment being just a fraction of what was required in the more physical-asset intensive industrial economy, barriers to entry are significantly lowered, and competition increased. ICT is global. Through the creation and expansion of networks, ICT can transcend cultural and linguistic barriers by providing individuals and groups the ability to live and work anywhere, allowing local communities to become part of the global network economy without regard to nationality, and challenging current policy, legal and regulatory structures within and between nations. These ICT features creates major transformation in the business processing system India providing IT solution Development and IT enabled Services. This paper discussed more on Knowledge processing outsourcing basis and strategic components of its business implementation for its best service.

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2. Background study

Outsourcing to India appears to be the biggest trend during the recent past. It has several reasons why more and more companies are looking forward to Outsourcing to India. If we put other reasons apart the strongest reason for Outsourcing to India is the human talent this country has and that too at very low costs. Twelve months ago, anybody suggesting that India's economic growth will exceed 8 per cent in the coming fiscal year (ending March 2006), that its equity market would be up and touch 12000 marks and its foreign exchange reserves will cross US\$100 billion, would have met with skepticism, if not utmost disbelief.

3. BPO Vs KPO

It is being claimed that KPO is one-step extension of Business Processing Outsourcing (BPO) because BPO Industry is shaping into Knowledge Process Outsourcing because of its favourable advantageous and future scope. But, let us not treat it only a 'B' replaced by a 'K'. In fact, Knowledge process can be defined as high added value processes chain where the achievement of objectives is highly dependent on the skills, domain knowledge and experience of the people carrying out the activity. And when this activity gets outsourced a new business activity emerges, which is generally known as Knowledge Process Outsourcing.

Knowledge Processing Outsourcing (popularly known as a KPO), calls for the application of specialized domain pertinent knowledge of a high level. The KPO typically involves a component of Business Processing Outsourcing (BPO), Research Process Outsourcing (RPO) and Analysis Proves Outsourcing (APO). KPO business entities provide typical domain-based processes, advanced analytical skills and business expertise, rather than just process expertise. KPO Industry is handling more amount of high skilled work other than the BPO Industry. While KPO derives

its strength from the depth of knowledge, experience and judgment factor; BPO in contrast is more about size, volume and efficiency.

The success achieved by many overseas companies in outsourcing business process operations to India has encouraged many of the said companies to start outsourcing their high-end knowledge work as well. Cost savings, operational efficiencies, availability of and access to a highly skilled and talented workforce and improved quality are all underlying expectations in outsourcing high-end processes to India

4. Future of KPO

The future of KPO has a high potential as it is not restricted to only Information Technology (IT) or Information Technology Enabled Services (ITES) sectors and includes other sectors like Legal Processes, Intellectual Property and Patent related services, Engineering Services, Web Development application, CAD/CAM Applications, Business Research and Analytics, Legal Research, Clinical Research, Publishing, Market Research (Market research KPO) etc.

In today's competitive environment, focus is to concentrate on core specialization and core-competency areas and outsource the rest of the activities. Many companies and organizations have come to realize that by outsourcing non core activities, not only cost are minimized and efficiencies improved but the total business improves because the focus shifts to the key growth areas of the business activity.

According to a report of National Association of Software and Services Companies (NASSCOM), the Indian chamber of commerce that serves as an interface to the Indian Software industry, Knowledge Process Outsourcing industry (KPO) is expected to reach USD 17 billion by 2010, of which USD 12 billion

would be outsourced to India. Another report predicts that India will capture more than 70 percent of the KPO sector by 2010. Apart from India, countries such as Russia, China, the Czech Republic, Ireland, and Israel are also expected to join the KPO industry.

In the future, it is envisaged that KPO has a high potential as it is not restricted only to Information Technology (IT) or Information Technology Enabled Services (ITES) sectors, and includes other sectors like Intellectual Property related services, Business Research and Analytics, Legal Research, Clinical Research, Publishing, Market Research (Market research KPO), etc.

"Over the past year or two, the outsourcing industry has been throwing up jobs for Doctors, Engineers, CAs, Architects," says Jacob William of the Bangalore-based Outsource2India, which employs 500 people and offers services in the big-buzz, big-bucks area of knowledge process outsourcing. "Unlike the first wave which was more about entering data and answering phone calls, these jobs involve skill and expertise."

In the Indian context, KPO salaries could be 25-50 per cent higher than those offered to the same domain experts such as Engineer, Doctor, CA, Lawyer, Architect, Biotechnologist, Economist, Statistician and MBAs, it said. In its annual publication Strategic Review 2005, Nasscom has said the high-end activity of the BPO industry—the KPO or knowledge process outsourcing could be worth \$15.5 billion by 2010.

A study on Knowledge Process Outsourcing (KPO) sector shows a huge supply gap that threatens to cripple its growth. Rocsearch, a UK-based research services company, has gathered evidence suggesting that the KPO market may just about reach a size of \$5 billion by 2010, manned by 100,000 people instead of projections of a \$12 billion market supported by 250,000 employees.

Associated areas of KPO

Many new business concerns are coming day by day in Knowledge Processing Outsourcing Industry and KPO is emerging as a new sector that promises to provide long-term jobs for intellectual, analytical and knowledgeable people with a pay scales much higher than the BPO sector. The following are the few areas which are being associated with the KPO sector.

- Research & Development
- Financial Consultancy and Services
- Advanced Web Applications
- Business and Technical Analysis
- Learning Solutions
- Animation & Design
- Business & Market Research
- Pharmaceuticals and Biotechnology
- Medical Services
- Writing & Content Development
- Legal Services
- Intellectual Property (IP) Research
- Data Analytics

Network Management

- Training & Consultancy

5. Expectation

Any company involved as service provider in the KPO industry works in close coordination and association with the client and provides services that are predefined in terms of quality and standard of work. While working with a KPO firm, the outsourcing company can expect to get the following:

- Good quality work.
- Lower costs.
- On time delivery of services.
- Uninterrupted services.
- Adaptability to changes in required quality.

6. Development Dynamic for KPO

To achieve the above the services the service providers suggest to follow the Digital opportunities initiative strategies in Indian context. The main components that are important for a KPO strategy to address—with some variation in range and scope depending upon the focus of the strategy are:

Human capacity—specifically the creation of knowledge or technical workers—is important for both the production and use of KPO.

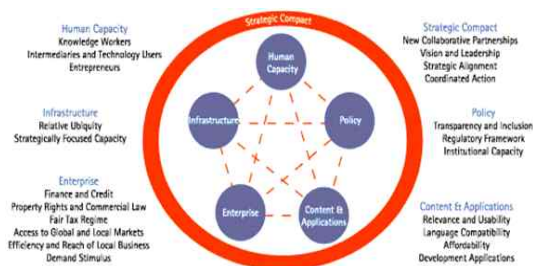
Creating a favourable environment for enterprise such as through IT and trade policies is instrumental in stimulating foreign and local Business processing.

Infrastructure development, particularly global connectivity, is a prerequisite to leveraging the benefits of the global economy, improving domestic productivity, and attracting foreign investment.

A transparent, inclusive and open stance on policy, especially in communications system, is associated with increased enterprise activity, additional foreign direct investment, and improved infrastructure deployment.

Content and applications that specifically address the development needs of the associative business collaborators.

The following diagram shows the Compact relationship one with another



[Fig. 1] Compact relationship one with another

7. Components of the Development Dynamic

The following section addresses, in more detail, each of the five dynamic components, or areas for KPO action.

7.1 Infrastructure

Addressing infrastructure in the context of a KPO to enhance the achievement of business objective would involve the adoption of the following broad principles, adapted for the particular business processing context:

- Strategically Focused Capacity.
- Relative Ubiquity

7.2 Human Capacity

It is important for countries to develop a critical mass of knowledge workers, technology users, and motivated entrepreneurs to make success in KPO.

7.2.1 Knowledge Workers.

Countries should focus on educating and retaining a core of professionals with the technical capabilities to provide and maintain ICT infrastructure and related ICT services, and to adapt new technologies for local requirements. Both tertiary education and corporate training are important components of ICT skill development.” Progress in these areas requires an increase in the number of tertiary institutions, the promotion of relevant educational curricula, and the creation of new educational facilities with specific emphasis on ICT skill development for KPO. Skill development and retraining of the existing workforce is key. Policies encouraging businesses to allocate resources to employee development and training can be an important mechanism for achieving this outcome.

7.2.2 Intermediaries and Technology Users

Also important for achieving KPO success factors

and sustainable growth are the institutions to link the technology to those who would benefit from its use. A number of different actors, including the national and global private sector, as well as community networks have been involved in skill development and the creation of KPO awareness.

7.2.3 Motivated Entrepreneurs

The development dynamic is also accelerated by the creation of a critical mass of motivated entrepreneurs, people with business expertise to leverage new opportunities.

7.3 Policy

The overall policy, the degree of transparency and inclusion, and, more specifically, the regulatory environment, can all have a major impact on the development dynamic. In addition, key policies in each of the areas of strategic action—human capacity, infrastructure, enterprise—as well as policies supportive of fair competition and intellectual property rights, are important to harnessing the potential of KPO.

7.3.1 Transparency and Inclusion

Transparent and inclusive government processes are useful for both the expansion of KPO, and also an area that the use of KPO can facilitate.

7.3.2 Regulatory Framework

If the regulatory framework is not sufficiently adaptable, it can slow the development of competition in the sector and expansion of KPO use and enterprise growth.

7.3.3 Institutional Capacity

For a KPO as enabler strategy and synergies among the components to be achieved, a basic level of institutional capacity is required.

7.4 Enterprise

Given the important role played by the private sector in developing KPO infrastructure, creating jobs, and fueling growth supportive conditions and prospects for endogenous and sustainable wealth creation are central to the working of the dynamic. The following appear to be critical factors for enterprise development:

- Finance and Credit.
- Property Rights and Commercial Law.
- Fair Tax Regime.
- Access to Relevant Global and Local Markets.
- Increasing Efficiency and Reach of Local Business.
- Demand Stimulus.

7.5 Content and Applications

7.5.1 Relevance and Usability

KPO's capability to achieve business efficiency will not be effectively leveraged without content that is responsive to user needs and local conditions, in a language that is commonly understood, and with technical specifications that are sensitive to the actual use and working environment of users. Partnerships between international community networks and the private sector are key in this area, as are consultation mechanisms that facilitate bottom-up approaches and inclusiveness.

- Language Compatibility.
- Affordability.
- Development Applications.

8. characteristics

The required characteristics of these KPO strategic compacts are:

8.1 Vision and Leadership

This includes grasping the potential for KPO to link national economies to the new global network to accelerate the achievement of broad development goals, as well as the leadership to promote broad partnerships at the global, national and local levels to support bottom-up initiatives. Heads of government should provide the necessary leadership to confront existing barriers and promote innovative solutions. National and international private industry should work closely together to adopt, adapt and develop technologies to meet the unique needs and challenges of the less fortunate.

8.2 Strategic Alignment

A strategic compact can provide the space and pressure to address resistance, create ownership and devise incentives for change. A multi-stakeholder taskforce can thus work to align the goals, incentives, roles and responsibilities of diverse stakeholders and provide win-win opportunities. Without this sort of alignment, partnerships will not be sustainable and results will fall short of expectations for all involved.

8.3 Coordinated Action

Close coordination serves not only to prevent duplication of efforts, but also to achieve positive synergies. Cross-fertilization of ideas, multiple uses of KPO infrastructure and facilities, and a redirection of available resources to crucial and other business areas.

8.4 New Collaborative Partnerships

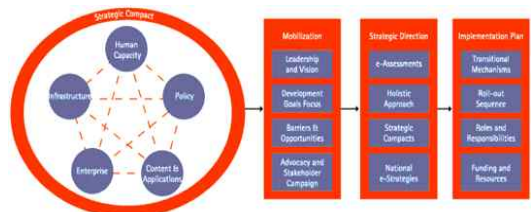
The successful design and implementation of a strategy focused on KPO as an enabler of development requires the formation of national compacts involving all stakeholders.

The framework creates the foundation for diagnosing what needs to be addressed by national strategies, policies and partnerships, based on an assessment of the level of preparedness (readiness)

relative to the KPO Business. It provides a tool to devise the strategies necessary for the creation of an enabling environment to achieve KPO Business and to outline measures for the type and levels of investment required to address gaps in infrastructure, policy, enterprise, human capacity and content and applications. the following diagram shows the relationship of translating framework of KPO and its linkages.



[Fig. 2] Translating Framework into Action



[Fig. 3] Global, National and Local Linkages

9. Benefits of KPO services

Standardized technical education is widely available to all in the developing countries especially in India. This skilled and trained manpower is accessible at very low cost as well. It, therefore, is always a wise decision and makes sense to utilize such services. Outsourcing of activities to KPO companies can provide the following benefits:

- Valuable cost savings that can be utilized elsewhere.
- Trained professionals at work.

- Standard operational efficiency.
- Increase in profits.
- Savings in time and management energy for maintaining in-house services.
- Option to recruit a larger workforce without raising costs.

10. Conclusion

The global KPO industry is still in a nascent stage. However, it is growing at a rapid pace. The sectors that are expected to 'shine' within the KPO industry include data search, integration and management services, financial services, research and analytics, technology research, computer aided simulation and engineering design and professional services, such as business research and legal services.

Developed economies, such as the US, the UK, and countries in Western Europe are increasingly facing a shortage of highly trained and specialized professionals in various knowledge-intensive high skill sectors, such as R&D in VLSI, engineering design, IT, financial risk management, etc. High-quality specialized vendors and successful captives have emerged as role models and created awareness for KPO, both in the West as well as in India. The Development Dynamic Initiatives will create a major impact in the KPO implementation style in India and develop the knowledge society.

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