KPO Vs BPO: The Difference between K and B

The gin of BPO (Business Process Outsourcing) has evolved and given birth to a child named KPO (Knowledge Process Outsourcing). But, is the child a mirror image of its mother or has it come with the some differences remains a subject of hot argument. Many experts believe the term KPO is just an acquisition of new name of the term BPO with letter K replacing B. While some view KPO as a refined extension of the term BPO that provides value to its clients through domain or subject expertise rather than just process expertise. So, what the real difference is needs to be evaluated.

Even though KPO owes its existence to BPO, it is a completely different entity. To begin with, BPO industry usually attracts low end work. This includes employee payroll, data entry, technical support, voice calling, and other back end support. Mostly, BPO requires firms to acquire simpler operational model as workers are only required to gain process expertise perform their tasks. In comparison, KPO industry involves outsourcing of high end knowledge work. This includes research work on intellectual property, legal support, equity research, market research, business research data analysis, and financial analysis. To perform these duties, workers are required to have expertise like analytical skills, business or domain knowledge, legal skill set, drafting, and technical know-how along with knowledge of processes. These services are usually provided by comparatively higher-skilled workforce like MBAs, Doctors, Lawyers, Engineers, and other professionals having expertise in specific domain. Further, KPO presents unique operational challenges in comparison to BPO. KPO firms require stricter systems to secure information, maintain confidentiality, and provide desirable output on time.

Over the last two decades, many leading multinational companies particularly from the US, UK, and other European countries have been offshoring low end work to India to achieve cost reductions, increase operational efficiencies, and gain quality. Companies that have already witnessed success in BPO services are also starting to offshore high end activities like market research, business research, legal research, documentation, financial analytics, and advisory services. According to NASSCOM, KPO industry is expected to expand up to US $ 17 billion by 2010, of which India is expected to have a share of US $ 12 billion. Further, the outsourcing market for knowledge services is estimated to grow at a greater rate with an increase of 46% CAGR (Cumulative Annual Growth Rate) from 2003 to 2010, in comparison to BPO industry which is estimated to grow at 26% CAGR in the same period. The KPO industry is not just limited to growth in the IT/ITES industry as BPO is, and also includes other industries including Business Research and Analytics, Clinical Research, Legal Research, and Market Research. Clearly, KPO industry is envisaged with great potential may be even greater than BPO.

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