



Improving BPO Performance Leveraging Technology to provide the edge in BPO Delivery BeyondCore-A Case In Point

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While outsourcing firms have grown rapidly, the way forward may bring new challenges. Many of the traditional drivers for growth need to be reconsidered. In the past, simply increasing the head-count of a low-cost work force was the solution to driving profits and growth. Today, however, investors want to see strong, healthy, and predictable margins and a business model which is based on “non-linear” revenue growth. As such, with cross-border employment becoming a reality and rising wages in the developing world, labor arbitrage is falling off the map of long-term business strategies. Instead, many companies are trying to drive value and scale through leveraging appropriate technologies instead of relying on manual processes alone. In essence, outsourcing firms can no longer afford to simply work harder. They also need to work smarter.

Can technology be a differentiator?

One of the levers for outsourcing firms that can provide them with an impetus to re-engineer their business from “linear” to a “non-linear” growth model, is technology. Innovation in outsourcing is the new mantra. Outsourcing market leaders are turning to technology as a key differentiator. Several outsourcing firms have started announcing product offerings of their own. Recent acquisitions by Xerox, IBM, Dell and Accenture also highlight this trend towards tighter integration between technology and delivery of BPO services.

How exactly can technology help us do more with less? There are two main arenas where gains can be made. On the one hand is a shift towards Business Process as a Service (BPaaS). By utilizing technology to deliver business process outcomes (e.g. an actual processed invoice), rather than delivering the means (e.g. people, software, and systems to enable the processing of invoices), providers have great opportunity to create value for their clients. This new but rapidly growing industry has the potential to revolutionize the world of outsourcing, but also risks falling by the roadside as yet another abandoned buzzword if it is seen merely as a marketing overlay on top of BPO service.

On the other hand, while BPaaS may change the future, there are still many ways the current BPO offerings can be improved through the elimination of waste or manual activities. Due to the relatively high occurrence and cost of human errors, some companies have focused on improving quality as a means of improving profitability. Many studies in the past have effectively demonstrated how not focusing on quality issues in their outsourcing practices have led to increased operational costs downstream. The cost of rectifying errors later on is much higher and cumbersome than the cost to reduce errors during the course of back office processing. In many cases, the value created due to outsourcing has been completely eroded due to an inability to reduce errors. For instance, a BPO vendor that halves the error rate but reduces direct costs by only 15 percent actually creates almost three times the net benefits compared to a BPO vendor that delivers 30 percent reduction in direct costs, but reduces the error rate by just 0.1 percentage points. Moreover, the net benefits created by the BPO vendor that halves the error rate can be more than 10 times greater than the difference in direct costs.

Many other firms focus on reengineering processes by eliminating unnecessary steps. Another growing trend is the elimination of manual processing through sophisticated automation or technology-enabled self-service. Not surprisingly, many pure play software firms have popped up to serve the outsourcing ecosystem by either improving BPO through better process design or by enabling BPaaS. The need is to achieve Transformational BPO instead of just a “lift & shift” strategy.

Innovation impact

Worldwide, many firms have been framing solutions and approaches to address the Transformational needs, which results in quality of service. One such firm we analyzed, which is making an impact in the



domain, is BeyondCore. This paper analyzes the approach and strategies adopted by BeyondCore to make an impact in the field.

BeyondCore made a name for themselves by improving BPO. They have recently started focusing on enabling BPaaS as well. Their premise for improving BPO is simple: Humans make errors. Why then, do traditional error-reduction methods rely on humans to catch those errors?

BeyondCore created an automated solution that solves both the problem of inaccurate error detection through manual quality control as well as the ineffectiveness of manual quality improvement methodologies. Niraj Patel, the former CIO of GMAC Commercial Mortgage reported that “In a matter of days, BeyondCore's unique solution identified easy-to-implement opportunities for improving our quality by 30%.” Clearly BeyondCore is doing something really different because traditional methods can't hope to deliver such aggressive quality impact in just days. Traditionally the first step of mapping a client process can itself take weeks, if not months.

In an interview, BeyondCore's CEO Arijit Sengupta described a recent project where certain agents were confusing the gender while filling out insurance policy forms. The true root cause turned out to be that in Spanish forms 'Female' is written as 'Mujer' and could be abbreviated as 'M.' A specific subset of agents were not considering the language of the form while processing the policies and were thus marking females as males. For over four years of running this process, the highly experienced process owners had not become aware of this underlying pattern by using manual quality improvement methods. While quality inspectors might have caught most of these mistakes, eliminating the root cause of the error was a far more cost effective solution. Arijit explained that the key benefit of BeyondCore's solution is actionable insights that help outsourcing firms quickly fix the root cause of the problem and prevent errors in the future.

One Fortune 100 client of BeyondCore's agreed to confidentially share the results of a BeyondCore analysis of a business critical process. The results were surprising to say the least. The true error rate of the client's business process was 13 times higher than their quality auditors had previously reported. The client's team had been so surprised by the results of the automated BeyondCore analysis that they manually confirmed every error reported by the software. It turned out the manual audits had been inaccurate both because out of necessity the auditors had focused on a small subset of critical fields, and because they only caught a fraction of the errors. BeyondCore analysis also revealed that certain operators were systematically leaving an apparently 'non-critical' field blank 23% of the time. While the operating team for the business process had marked this field as non-critical, it turned out that this information was absolutely critical for a downstream business process and was also critical for the analysis carried out by the risk organization. Due to the specificity of the error pattern, it was very easy for the client and the provider to address the issue once it was highlighted by the BeyondCore analysis.

The benefits that such solutions deliver easily translate into multi-million dollar savings per process. “For example, at a leading US airline we caught a single error pattern that was causing 9% of invoices to be paid 20 days early on average. This was almost a two day impact to the cash conversion cycle of this airline, which easily cost them millions.” After eliminating human error patterns like these, firms can also save resources by reducing 'double-entry,' rework or quality control expenses.


Most such technology solutions in the market are protected through patents and trade secrets. Our investigation revealed that BeyondCore is also tightlipped about how their technology actually works beyond explaining that it uses three different algorithms to automatically figure out the 'norm' for a process and detect operator-specific deviations from the norm. Their closest competitor is manual quality improvement methodologies like Six Sigma and TPS, but BeyondCore's patented algorithms reveals accurate actionable results in minutes while these manual methods can require weeks and months to produce results. BeyondCore holds four patents on its quality related technologies and has several patents pending. The company recently won an award for Most Innovative Cloud Provider beating out more than 150 firms including industry stalwarts such as Amazon, Salesforce.com and VMware.



BeyondCore claims that 10% of the Fortune 100 and six of the ten largest outsourcing providers use their software. Due to the sensitivity of quality related data, BeyondCore has a strict confidentiality policy regarding their client list. We could not independently confirm their market share, but the tangible business benefits delivered by their software, as well as recent presentations from Accenture, Genpact and Infosys containing intriguing references to BeyondCore lend credibility to their claims.

Industry impact

“From a technology perspective this is interesting, but the truly important question is what impact will such companies have on the outsourcing ecosystem? For example, what happens if a leading outsourcer manages to sign an exclusive deal with such a solution firm like BeyondCore, for a domain such as F&A Outsourcing? Given the importance clients place on quality, such a relationship could be a real game-changer for that market.” said Kevin Parikh, Avasant CEO. Most such solution firms, including BeyondCore, try and avoid signing exclusive deals and boxing themselves in. However, given the competitive dynamics among the BPO providers, the pressure will be mounting in the future to have such exclusive deals. We should watch closely how organizations like BeyondCore are impacted by such moves and what value they can add to the future of BPaaS. It will be interesting to see what impact a firm known for improving the quality of processes can have on improving the quality of an entire industry.



About BeyondCore

With seven relevant patents approved or allowed in just the last year, and many more pending, BeyondCore is well poised to shape this growing BPaaS space. These patents focus on quality, security, process scalability, and regulatory compliance as it relates to BPaaS. Due to its strategy of partnering with leading firms, BeyondCore has had an outsized impact on the industry.

Their quality related solutions target to reduce by up to 30% in weeks the operating expense of manual transactions such as insurance claims processing, applications processing, invoice processing, General Ledger, HR records processing, etc. They deliver this cost reduction by rapidly identifying and eliminating the root causes of human and system errors in the business processes. BeyondCore automates 80% of the quality improvement activities to deliver the benefits of Six Sigma up to ten times faster.

BeyondCore Insight Advantages

Traditional Quality Improvement Initiatives	BeyondCore Software
Manual	Automatic
Humans can only identify 25 to 80% of errors	Automatic system identifies up to 95% of errors
Manual processes can't record fine-grained error details & patterns	Automatically identify per employee & per document-field error details & patterns
Quality improvement methodologies require months of training or expensive analysts	30 minutes of training for supervisors; no impact on operators
Error pattern reports lack detailed error context	Dashboard provides in-context error details
Expensive experts spend 80% of their time on low-value-added activities such as data collation and graph generation	Automates data collation and graph generation; experts can focus all of their time on value-added pattern interpretation
Initiatives require months to produce results	Raw data to finished report in minutes; quantifiable cost reduction results in days



3601 N Aviation Boulevard, Suite
3000, Manhattan Beach, CA, 90266,
USA

Tel: 310-643-3030
Fax: 310-643-3033
www.avasant.com

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Our team of sourcing experts has extensive experience in helping both commercial and governmental organizations keep pace with rapidly changing requirements through the strategic use of outsourcing. At the heart of our process is aligning a sourcing strategy with enterprise needs and then executing transactions and managing relationships to meet those needs.

Avasant has built speed of response and flexibility into the process to differentiate ourselves from other sourcing advisers whose standard solutions may not be as tailor-made to your needs.