

## **RECENT TRENDS IN SERVICE SECTOR**

**ITeS SECTOR: CONCEPT & SCOPE OF BPO, KPO, LPO & ERP**

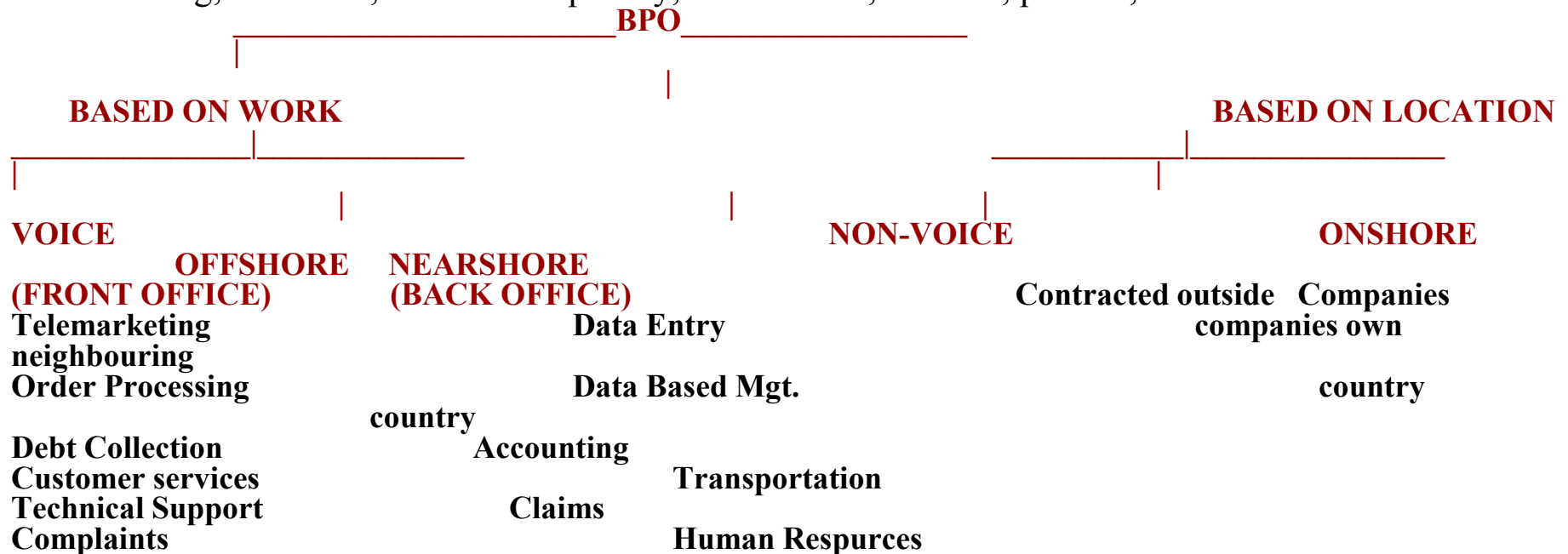
**BANKING AND INSURANCE SECTOR: ATM, DEBIT & CREDIT CARDS, INTERNET BANKING, OPENING OF INSURANCE SECTOR TO PRIVATE PLAYERS, FDI AND ITS IMPACT ON BANKING & INSURANCE SECTOR IN INDIA**

**LOGISTICS: NET WORKING, IMPORTANCE AND CHALLENGES**

# ITeS SECTOR

## BPO (BUSINESS PROCESS OUTSOURCING)

BPO is a contract whereby a firm (outsourcer) transfers its processes along with the associated operational activities and responsibilities to a third party (BPO operator). BPO services utilised include retail banking, insurance, travel & hospitality, automobiles, telecom, pharma, finance HR etc.



- 1 Some of key competitors are - China, Mexico, Canada**
- 2 Large pool of people, but do not have enough english speaking people - China**
- 3 Good for law and Jobs - Mexico**
- 4 Canada, South Africa - costlier than India**

**BPO has a bright future in India**

- 1 Largest english speaking population after USA**
- 2 Vast pool of educated and techno-savvy personnels**
- 3 Booming IT sector**
- 4 Cost effective management**
- 5 Presence pf international technology**
- 6 More inflow of multinationals and transnationals**

# **ADVANTAGES & DISADVANTAGES OF BPO**

- 1. FOCUS ON CORE ACTIVITIES**
- 2. REDUCTION IN OPERATIONAL COST**

- 1. LOWER INVESTMENT**
- 2. FACILITATES QUICK DELIVERY**

- 1. SPECIALISED SERVICES**
- 2. GROWTH OF ENTREPRENEURS**
- 3. COMPETITIVE ADVANTAGE**
- 4. CORPORATE IMAGE**
- 5. CUSTOMER SATISFACTION**

- 1. POOR SERVICES**
- 2. EXPLOITATION OF EMPLOYEES**
- 3. EMPLOYEE TURNOVER**
- 4 PROBLEM OF SENSITIVE INFORMATION**
- 5. LACK OF CLIENT FOCUS**
- 6. HIDDEN COST**
- 7 CULTURAL PROBLEMS**
- 8 LOSS OF MGT. CONTROL**

## **KPO (KNOWLEDGE PROCESS OUTSOURCING)**

**KPO involves off-shoring of knowledge intensive business processes that required specialised domain expertise. It is a form of outsourcing in which knowledge related and information related work is carried out by workers in a different companies or a subsidiary of the same company, which may be in the same country or different country.**

**India has a large pool of knowledge workers in various sectors such as Law, Medicine, Pharmacy, Biotechnology, Education, Engineering, R & D etc.**

**KPO deals with executing standardised processes, advanced analytical and technical skills, patent document writing, global filing, trademark search and registration , legal advice etc.**

**Citi Groups, GE Capital, American Express have established their KPO companies in India.**

**MOtorola, Philips, Nokia, Intel, IBM have stablshed offshore design centres in India.**

## **BENEFITS OF KPO**

- 1. SPECIALISED SERVICES**
- 2. LOWER OPERATIONAL COSTS**
- 3. GROWTH OF ENTERPRISE**
- 4. COMPETITIVE ADVANTAGE**
- 5. CORPORATE IMAGE**
- 6. FOCUS ON CORE ACTIVITIES**
- 7. LOWER INVESTMENTS**

### **SCOPE OF KPO:**

**ANIMATION & DESIGN  
SERVICES**

**ADVANCED WEB APPLICATIONS**

**BUSINESS & MARKET RESEARCH**

**CONTENT DEVELOPMENT & WRITING**

**DATA ANALYSIS**

**NETWORK MANAGEMENT**

**EXPERIMENTS IN R & D**

**PROPERTY**

**FINANCIAL CONSULTANCY SERVICES**

**PHARMACEUTICALS & BIOTECHNOLOGY**

**LEGAL**

**LEARNING SOLUTIONS**

**MEDICAL SERVICES**

**MARKETING RESEARCH**

**INTELLECTUAL**

**RESEARCH**

**TRAINING & CONSULTANCY**

## **LPO (LEGAL PROCESS OUTSOURCING)**

**LPO is one of the value added BPO services, which involves legal work that the companies outsource in economical offshore destinations. LPO firms from India have gained success by providing services such as document review and proofreading legal documents, legal research and writing, drafting of pleadings and providing patent services**

### **REASONS FOR OUTSOURCING LEGAL SERVICES IN INDIA:**

- 1. SKILLED PROFESSIONALS**
- 2. LOWER FEES**
- 3. UNIVERSAL APPLICATION OF INDIAN LEGAL SYSTEM**
- 4. QUICK SERVICE**

### **CHALLENGES FOR OUTSOURCING LEGAL SERVICES IN INDIA:**

- 1. REDUCTION IN LEGAL JOBS IN THE COUNTRY OF ORIGIN**
- 2. PROBLEM OF CLIENT CONFIDENTIALITY**
- 3. CONFLICTS OF INTEREST & ETHICAL CONSIDERATIONS**
- 4. HIGH COST OF TRAINING THE INDIAN LAWYERS**
- 5. MALPRACTICES OF INDIAN LAWYERS**
- 6. DISPUTES RELATING TO FEES & OTHER MATTERS**

# **ERP (ENTERPRISE RESOURCE PLANNING)**

## **ORIGIN OF ERP**

In 1990, Gartner Group first used the acronym ERP as an extension to MRP (materials requirement planning). ERP system experienced rapid growth in 90s because the year 2000 (Y2K) problem and introduction of Euro disrupted legacy system. Many companies took this opportunity to replace such systems with ERP. The system initially focused on automating back office functions which did not directly affects the customers and the general public. Front office functions like CSR dealt directly with customers. When internet simplified communication with external parties, e-commerce, e-government, e-finance become integrated later.

## **CHARACTERISTICS OF ERP:**

**1 INTEGRATED SYSTEM THAT OPERATED IN REAL TIME WITHOUT RELYING ON PERIODIC UPDATES**

**2 A COMMON DATABASE, WHICH SUPPORTS ALL APPLICATIONS**

**3 INSTALLATION OF THE SYSTEM WITHOUT ELABORATE APPLICATION/DATA INTEGRATION BY IT DEPARTMENT**

## **ERP (ENTERPRISE RESOURCE PLANNING)**

**In order to enjoy competitive advantage organisations must learn to manage their resources efficiently and effectively. This requires integration of organisation with external stakeholders mainly suppliers and customers. In this age of information explosion, organisations are prepared to share information and link customers & suppliers to create reliable supply chain. ERP incorporates main value points and consolidates them into solutions of problem facing the business.**

**ERP is business management software that allows an organisation to use a system of integrated applications to manage the business.it integrates all areas such as production & marketing, finance, HR management. The basic goal of ERP is to provide one central repository for all information that is shared by all the various ERP facets in order to ensure smooth flow of data across the organisation. The purpose of ERP is to facilitate the flow of information among all functional areas within the organisation and between the organisations and external parties.**

# **ADVANTAGES & DISADVANTAGES OF ERP**

## **1 COMPETITIVE ADVANTAGE**

**2 CORPORATE IMAGE**

**3 DECISION MAKING  
TRAINING**

**4 EFFICIENCY  
REENGINEERING**

**5 EXPANSION OF BUSINESS  
INTERDEPARTMENTAL**

**6 ECONOMIES OF SCALE**

**7 FLEXIBILITY**

## **1 PROBLEMS RELATED TO CUSTOMISATION OF ERP**

**2 HIGH COST**

**3 EXTENSIVE**

**4 PROBLEM OF**

**5 SHARING**

**INFORMATION**

# **ERP VENDORS**

**Depending on the size and needs of the organisation, there are number of ERP software vendors which an organisation can choose.**

## **LARGE ENTERPRISE ERP (ERP TIER 1)**

**The ERP market for large enterprise is dominated by three companies - SAP, ORACLE & MICROSOFT**

## **MID-MARKET ENTERPRISE (ERP TIER 2)**

**The ERP software for the mid market enterprises is provided by vendors - Infor, QAD, Lawson, Epicor, Sage & IPS**

## **SMALL BUSINESS ERP (ERO TIER 3)**

**Exact Globe, Syspro, NetSuite, Visibility, Consona, CDC Software and activant solutions comprise the ERP vendors for small business**

# **BANKING AND INSURANCE SECTOR**

## **ATM (AUTOMATED TELLER MACHINE):**

**ATM is a computerised machine that enables bank's customers to access their account for withdrawing cash and to carry out other financial and non-financial transactions.**

## **FEATURES OF ATM:**

### **ADVANTAGES OF ATM**

#### **1 FACILITIES**

##### **1 24X7 BANKING SERVICES**

#### **2 PROCEDURE OF ATM TRANSACTIONS**

#### **2 CONVENIENCE TO CUSTOMERS**

#### **3 TYPE OF CARDS**

**3**

#### **TRAVEL WITHOUT CASH**

#### **4 WITHDRAWAL AT MULTIPLE BANKS ATMs**

#### **4 GOOD QUALITY CURRENCY NOTES**

#### **5 CASH WITHDRAWAL LIMITS**

#### **5 CUSTOMER SERVICE**

#### **6 CUSTOMER COMPLAINTS THE BANKS**

#### **6 LOWER COSTS TO**

## **DEBIT CARD**

**It is plastic card issued by a bank to its customers. With the help of debit card, a customer can make payment for goods & services, and amount gets deducted from the bank balance of the bank customers.**

### **FEATURES:**

**1 EASIER TO OBTAIN DEBIT CARD**

**2 PERSONAL IDENTIFICATION NOT REQUIRED**

**3 CASHLESS TRANSACTIONS**

**4 EASILY ACCEPTED BY MERCHANTS**

**5 THRESHOLD LIMIT**

**6 UNIVERSAL USAGE**

# **ADVANTAGES & DISADVANTAGES OF DEBIT CARD**

## **ADVANTAGES**

## **DISADVANTAGES**

**1 CONVENIENCE IN PAYMENTS**

**2 NO INTEREST/SERVICE CHARGE**

**3 SUITS TO THE INDIAN PSYCHE**

**OF LIMITED EXPENDITURE**

**4 INSTANT WITHDRAWAL OF CASH**

**5 LESS IDENTIFICATION &**

**BALANCE**

**SCRUTINY BY MERCHANTS**

**6 HONOURING OF PAYMENT**

**1 CHANCES OF OVER WITHDRAWALS**

**2 PROBLEM OF NON-ACCEPTANCE**

**3 HIDDEN COSTS**

**4 FRAUDS**

**5 PROBLEM OF LIMITED**

# **CREDIT CARD**

**A credit card is a payment card issued to users as a system of payment. It allows the cardholder to pay for good and services. The issuer of card creates a revolving account and grants a line of credit to the customers. The line of credit enables the user to make payment to a merchant.**

## **ADVANTAGES**

- 1 CONVENIENCE**
- 2 REWARDS**
  - 2 HIGH INTEREST RATES**
- 3 BENEFITS TO MERCHANTS**
- 4 PROTECTION OF PURCHASES**
- 5 EMERGENCIES**
- 6 UNIVERSAL ACCEPTANCE**

## **DISADVANTAGES**

- 1 OVERSPENDING**
- 3 CREDIT CARD FRAUD**
- 4 PAPERWORK**
- 5 HIDDEN COSTS**

## **INTERNET BANKING/ONLINE BANKING/E-BANKING**

Internet banking allows customers to conduct banking transactions through website operated by bank.

Internet banking services are - Transactional and Non transactional services

Transactional services: Fund transfer, payment of bills, investment relaying to purchase/sale, loan application etc.

Non transactional services: Stop payment of cheques, obtaining online statements of banking transactions, ordering cheque books, viewing account balance etc.

### **ADVANTAGES**

### **DISADVANTAGES**

**1 CONVENIENCE TO CUSTOMERS**

**1 TECHNOLOGY RELATED**

### **PROBLEMS**

**2 24X7 SERVICES**

**2 INITIAL**

**DIFFICULTIES**

**3 MAINTAINING ACCOUNTS**

**3**

**NEED FOR**

**INTERNET**

### **CONNECTION**

**4 BILL PAYMENT**

**4 HACKING**

**( FRAUDS)**

**5 FAST & EFFICIENT SERVICES**

**5 PASSWORD SECURITY**

**6 ENDORSEMENT OF BANKS PRODUCTS**

**6 LACK OF TRUST**

## **OPENING OF INSURANCE SECTOR FOR PVT.PLAYERS**

**Post liberalisation (1991) in 1993, Malhotra Committee recommended the liberalisation of Indian insurance sector. In 1999, private insurance companies were allowed into the business of insurance, with a maximum of 26% FDI, it may raised to 49%. In 1999, the IRA bill was renamed the Insurance Regulatory and Development Authority Bill. in 2000 Bill became an Act. with assent of President of india.**

### **PRIVATE FIRMS IN INSURANCE SECTOR**

**HDFC STANDARD LIFE**

**SUNDARAM ROYAL ALLIANCE INSURANCE COMPANY**

**MAX NEWYORK LIFE**

**ICICI PRUDENTIAL LIFE INSURANCE COMPANY**

**TATA AIG GENERAL**

**BIRLA-SUN LIFE**

**ICICI LOMBARD**

## **REASONS FOR PRIVATISATION OF INSURANCE SECTOR**

**1 TO INCREASE PENETRATION OF INSURANCE IN INDIA**

**2 TO ATTRACT FDI**

**3 TO GENERATE COMPETITION**

**4 TO IMPROVE CUSTOMER SERVICE**

**5 TO FACILITATE EXPANSION**

**6 TO GENERATE EMPLOYMENT**

**7 TO BRING PROFESSIONALISM**

### **IMPACT OF FDI ON BANKING & INSURANCE SECTOR IN INDIA**

**1 INFLOW OF FOREIGN CAPITAL**

**2 TRANSFER OF TECHNOLOGY**

**3 PROFESSIONAL SKILLS**

**SERVICES**

**4 ECONOMIC DEVELOPMENT**

**5 EMPLOYMENT**

**IMPROVEMENT IN EFFICIENCY**

**6 CORPORATE IMAGE**

**7 REVENUE TO GOVERNMENT**

**8 CUSTOMER**

**9 ENTRY IN OVERSEAS MARKET**

**10**

# **LOGISTICS NETWORK**

**LOGISTIC NETWORK IS A VAST SYSTEM OF ORGANISATIONS, PEOPLE, TECHNOLOGY, ACTIVITIES, INFORMATION AND RESOURCES INVOLVED IN MOVING PRODUCT OR SERVICE FROM SUPPLIER TO CUSTOMER.**

**PHILIP KOTLER defines logistics as, ‘ Planning, implementing and controlling the physical flow of materials and finished goods from the place of origin to the point of use to meet the customer needs at a profit’**

## **ELEMENTS OF LOGISTICS:**

- 1 Facility location and Network design: size and number of logistic facilities, manufacturing plants, warehouses, wholesale and retail outlets etc.**
- 2 Information: it is information based activity of inventory management across a supply chain.**
- 3 Customer - order processing: Delivery schedule, location of delivery, Specifications of product, Payment terms & conditions including credit period etc.**
- 4 Inventory Management**
- 5 Warehousing**
- 6 Transportation**
- 7 Material Handling**
- 8 Logistical Packaging**

## **IMPORTANCE OF LOGISTICS/ CHALLENGES OF LOGISTICS SECTOR**

### **IMPORTANCE OF LOGISTICS SECTOR**

- 1 DELIVERY ON TIME**
- 2 CUSTOMER SATISFACTION**
- 3 MARKETING OBJECTIVES**
- 4 PROTECTION TO GOODS**
- 5 EXPANSION OF BUSINESS**
- 6 EMPLOYMENT GENERATION**
- 7 ECONOMIC GROWTH**
- 8 IMPROVE STANDARD OF LIVING**
- 9 FACILITATES INTERNATIONAL TRADE**
- 10 REVENUE TO GOVERNMENT**

### **CHALLENGES OF LOGISTICS**

- 1 THE INFRASTRUCTURE  
BOTTLENECKS**
- 2 DELAYS & SPOILAGE**
- 3 INTERSTATE CHECK POSTS**
- 4 PROBLEMS OF WAREHOUSING**
- 5 UNORGANISED  
TRANSPORTATION SECTOR**