

SES'S L.S.RAHEJA COLLEGE OF ARTS AND COMMERCE

Course: FYBcom COMMERCE II- Unit: III Introduction to service sector
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Introduction to ITES sector-IT ENABLED SECTOR**BPO-BUSINESS PROCESS OUTSOURCING**

It is a contract whereby a firm (outsourcer) transfers its processes along with the associated operational activities and responsibilities to a third party(BP operator).

Contracting out of a particular business function to an outsider.

Types-Back office-billing, purchasing

Front office-marketing and ,tech support

Off-shore outsourcing

Near-shore outsourcing

Explain the advantages of BPO.

- ✓ Focus on core activities
- ✓ Reduction in operating cost
- ✓ Lower investment
- ✓ Facilitates quick delivery
- ✓ Specialised services
- ✓ Growth of entrepreneurs
- ✓ Competitive advantages
- ✓ Corporate image
- ✓ Improved process quality
- ✓ Expansion of business

Explain the disadvantages of BPO.

- ✓ Poor quality of services may affect the reputation
- ✓ Problem of sharing sensitive information
- ✓ Lack of client focus
- ✓ Hidden cost
- ✓ Cultural problems
- ✓ Lack of management control
- ✓ Problems of employees

Write a note on KPO

Knowledge Process Outsourcing

It is one step ahead of BPO.

KPO involves off-shoring of knowledge intensive business processes that requires specialised domain expertise.

It deals with application of specialised knowledge of high level.

Scope-

Pharmacy, medicine, law, biotechnology, education and training, engineering, design and animation, R&D, consultancy, marketing research, intelligent services, data analysis, advanced web applications

Advantages-

- ✓ Benefit of specialised services
- ✓ Lower operation cost
- ✓ Growth of entrepreneurs
- ✓ Competitive advantages
- ✓ Corporate image
- ✓ Focus on core activities
- ✓ Lower investments
- ✓ High quality professional services
- ✓ Timely delivery of services

Write a note on LPO.

Legal Process Outsourcing

One of the value added BPO

It refers to outsourcing legal work to economical off-shore destinations

It involves documentation review and proof reading legal documents, legal research and writing, drafting of pleadings and providing patent services.

What are the reasons for outsourcing of legal services?

- ✓ Availability of skilled professionals
- ✓ Lower fees

- ✓ Universal application of Indian legal system
- ✓ Quick services
- ✓ Direct contact with clients
- ✓ Multiple services
- ✓

ERP-Enterprise Resource Planning

-t is business management software that the company can use to collect, store, manage and interpret data from various business activities.

Objective-To facilitate flow of information within /outside the organisation

Scope/functional areas

- ✓ Financial Accounting
- ✓ Management Accounting
- ✓ HRM
- ✓ Manufacturing
- ✓ Marketing
- ✓ Order processing
- ✓ Supply chain management-Logistics
- ✓ Project management

Explain advantages of ERP

- ✓ COMPETITIVE ADVANTAGE
- ✓ CORPORATE IMAGE
- ✓ SAVING TIME
- ✓ EFFICIENCY AND ACCURACY
- ✓ STANDARDISATION OF PROCEDURES
- ✓ EXPANSION OF BUSINESS
- ✓ INTEGRATION AND COORDINATION OF ALL BUSINESS ACTIVITIES
- ✓ HELPS IN DECISION MAKING-USING DATA BASE

Recent trends in Banking

ATM

DEBIT CARD

CREDIT CARD

E-BANKING

Write a note on ATM card.

ATM-Automated Teller Machine

It is a computerised machine which enables bank customers to access their account for withdrawing cash and other transactions like account balance information, transfer of funds and mini statement of bank transaction without visiting bank.

Explain advantages of ATM card.

- 24X7 BANKING SERVICES
- Convenience to customers
- Travel without cash
- Good quality currency notes
- More facilities
- Can use multi-bank ATMs
- Lower cost to bank
- Availability everywhere

Write a note on Debit card.

Debit card is a plastic card issued by the bank to the customers which can be used to make payment for goods and services. As good as withdrawals

Explain advantages of debit card.

- ✓ Issued to all bank customers
- ✓ Convenience in payment
- ✓ No charges
- ✓ Substitute to withdrawal
- ✓ Less restrictions
- ✓ No overspending
- ✓ Less risk

Write a note on credit card.

A CREDIT CARD IS A PAYMENT CARD ISSUED TO USERS AS A SYSTEM OF PAYMENT. IT IS A CREDIT GIVEN BY BANK TO THE CARDHOLDER WHICH IS USED FOR PURCHASING GOODS AND SERVICES.

Explain advantages of credit card.

- ✓ Convenience
- ✓ Reward points
- ✓ Secured payment for businessmen

- ✓ Protection for purchase
- ✓ Acceptable for online payment
- ✓ Universal acceptance
- ✓ No need of balance in the account

Explain the disadvantages of credit card.

- ✓ Can lead to overspending
- ✓ High interest rate
- ✓ Increased debt burden
- ✓ Subject to fraud
- ✓ Paperwork
- ✓ Creditworthiness is checked before issuing credit card
- ✓ Hidden cost

Internet Banking

Also called as online banking or e-banking

It refers to conducting bank transactions through electronic media and website operated by bank.

Discuss the advantages of internet banking.

- 24x7 banking
- Convenience to customers
- Monitoring the account
- Bill payment
- Fast and efficient services
- Facilitates no of transactions

Discuss the disadvantages of internet banking

- Technology related problem
- Initial difficulty to operate
- Need for internet connection
- Hacking
- Password security
- Lack of trust

Explain the reasons for privatisation of insurance sector in India.

- ✓ To increase penetration (market coverage) of insurance in India
- ✓ To attract FDI
- ✓ To generate competition and break monopoly of public sector
- ✓ To improve customer services
- ✓ To facilitate expansion
- ✓ To generate employment
- ✓ To improve efficiency
- ✓ To bring professionalism

LOGISTICS-

Distribution of goods from production center to consumption center.

Physical flow of raw materials and finished goods from the place of origin to the place of ultimate consumption

Explain various elements of Logistics.

- ✓ Facility location and network design-manufacturing, warehouse, retail and wholesale outlets
- ✓ IT-Tracking, communicating, efficient services to consumers
- ✓ Customer order processing-delivery ,payment
- ✓ Inventory management-optimum-no overstocking, no under-stocking
- ✓ Warehousing-private, public, location, design, layout
- ✓ Transportation
- ✓ Material handling
- ✓ Packaging
- ✓ Customer services

Explain importance of logistics.

- ✓ Delivery of goods at the right time and right place
- ✓ Customer satisfaction
- ✓ Achievement of marketing objectives
- ✓ Important element of marketing mix-place mix
- ✓ Effective distribution
- ✓ Expansion of business
- ✓ Specialised services
- ✓ Competitive advantage
- ✓ Employment

OBJECTIVES

Fill in the blanks.

- 1 . ----- involves outsourcing of legal work.(BPO, KPO ,LPO)
2. ----- is issued to customer who has bank balance. (Debit card, credit card, ID card)
3. ----- card encourages overspending. (Debit card, credit card, ATM)
4. -----outsourcing relates to internal business functions such as billing and purchasing.(back office, front office, middle office)
5. Inventory management is concerned with maintaining ----- level of inventory.(higher, lower, optimum)
6. The ----- party to whom the services are outsourced is called BPO operator. (first, second, third)
7. Outsourcing enables business firm to concentrate on ----- activities.(routine, core, security)
8. ATM stands for-----.(Any time money, Automated teller machine, Automated tailor machine)
9. IRDA bill was introduced in----.(1991, 1993,1999)
10. Logistics includes--.(production, advertising, inventory management)

State whether following statements are true or false.

1. Internet banking offers banking services for fixed hours.
2. At present FDI is allowed up to 49% in insurance.
3. Information technology does not play a significant role in logistics.
4. ERP includes high cost.
5. BPO may create a problem of sensitive information.
6. KPO is not related with specialised domain knowledge.
7. Trade mark and copyright registration is low skilled LPO.
8. Credit card is issued only to bank customers.
9. Privatisation of insurance sector has facilitated expansion of business.
10. Infrastructure bottlenecks are the challenges in logistics.