

Knowledge Process Outsourcing

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What is Knowledge Process Outsourcing?

According to [Wikipedia](#), "Knowledge Process Outsourcing (KPO) is a form of outsourcing, in which knowledge-related and information-related work is carried out by workers in a different company or by a subsidiary of the same organization, which may be in the same country or in an offshore location to save cost. Unlike the outsourcing of manufacturing, this typically involves high-value work carried out by highly skilled staff."

The success in outsourcing business process operations has encouraged many firms to start outsourcing their high-end knowledge work as well. Cost savings, operational efficiencies, access to a highly talented workforce and improved quality are all underlying expectations in offshoring high-end processes.

The Knowledge Process Outsourcing is becoming the high valuable interests of companies for their business strategies and protection of intellectual property rights. Many experts see that, within the next 10 years, Knowledge Process Outsourcing will be the big trend in the outsourcing marketplace. Knowledge Process Outsourcing involves outsourcing for high-end knowledge work. This includes research and work on intellectual property, equity and finance, analytics, market research and data management, etc. Knowledge Process Outsourcing is highly value added process in which the achievement of goals is highly dependent on the skills, knowledge and experience of the people carrying them out.

As of 2007, most US organizations were hiring foreign professionals under H-1 visas to do jobs in the USA for several years, after which they would return to their home countries as managers to train and supervise others, continuing to report to their former business units. According to a report by GlobalSourcingNow, the Global Knowledge Process Outsourcing industry is expected to reach USD 17 billion by 2010. A report by Evalueserve predicts that India will capture more than 70 percent of the Knowledge Process Outsourcing sector by 2010. Apart from India, countries such as Russia, China, the Czech Republic, Ireland, and Israel are also expected to join the Knowledge Process Outsourcing industry.

Knowledge Process Outsourcing deals with executing standardized processes, involves higher-end services which require advanced analytical and technical skills, knowledge process outsourcing involves legal works carried out at law firms like patent document writing, global filing, search, trademark search, trademark registration, prior art searches, legal advise on infringements, invalidation search, freedom of use search, etc.

Knowledge process outsourcing has proved to be one of the most phenomenal concepts of the recent times. Instead of hiring of simple business processing help, KPO goes a level higher and provides businesses with knowledge based solutions for their business support as well as administrative tasks. There are some common challenges faced by the KPO industry. In addition to the challenges faced by clients, KPO companies themselves have challenges:

- High staff turnover, especially where work is not challenging to the employee's skills.
- High cost of training and tendency to lose the most experienced employees to the clients.
- Ensuring the security and confidentiality of information, especially when privacy laws vary from one country to another.

Some Key Challenges

1. Scale Challenges

When businesses seek to create and utilize knowledge for a specific purpose i.e. in a department-to-department fashion, it becomes terribly difficult to achieve effective scale. This is because the analytical capabilities are very closely linked to certain geographies, departments and processes. And quite obviously resources would stay loyal to their respective managers as a result of which their capabilities remain latent. This further results in limiting the capabilities of the enterprise as a whole. Moreover, companies that rely on individual contributions instead of team work to generate knowledge often find it more difficult to do so.

2. Organizational Challenges

Knowledge processes generally require collaboration across the various departments and work processes in order to achieve better results. However, the status of different departments are at different levels i.e. their research stages may be at different levels or their analytics capabilities might be different. In addition, the various departments may have different leaders and thus adopt conflicting aspirations and objectives. All these differences make it quite challenging for the company as a whole to function seamlessly.

3. Cultural Challenges

This is perhaps the most complacent of changes in the offshore outsourcing industry. Knowledge processes are fully integrated in all the functions of a company and all decisions of the business. However, the shift from traditional processes to knowledge driven decision making might not go well with some executives and this might create cultural issues in the project.

4. Standardization Challenges

knowledge processes are developed gradually and used in pockets by transient resources that have high specialties. This camouflages the fact that the processes may themselves lack standardization across product divisions, geographies or business units. Dues to this, the analytic processes with the same objective are run with inconsistent data definitions.

Solution

An effective knowledge process outsourcing strategy ensures that all these challenges are overcome and the with effective communication, there is not only clarity within the organization but also between the client and the service provider. This way both the parties can benefit from the knowledge process outsourcing industry and enhance their work processes as well as revenue.