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The Future of BPO:
How Human Cloud and Infrastructure Cloud are changing the Game

The Human Cloud and the Cloud infrastructure are defining a new alternative to the traditional BPO services in various key segments of work. It is fast changing the dynamics of how the BPO industry has been operating. Service providers, in order to differentiate and avoid the commoditization penalty, will need to invest in this transformative model to stay competitive. Buyers would need to think differently and re-organize their service strategies to be able to benefit from this new paradigm. The Human cloud services are only going to grow more sophisticated and will take up a significant portion of the BPO pie in the years to come.

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Introduction

The Cloud is fast evolving and empowering small enterprises with remote workforces to compete on par with larger businesses. Global collaboration and resource pooling is overcoming traditional constraints of geography and infrastructure. The cloud has created a level playing field for all businesses irrespective of size and location. Entrepreneurs are finding ways to collaborate and significantly reduce the time to develop and deploy products. An easy access to state-of-the-art development tools and infrastructure is boosting innovation. Adequate bandwidth is diminishing latency to near real-time. Adding the human element to the Cloud has created the Human Cloud. The Human Cloud can be loosely defined as a self-organizing ecosystem that engages a pool of digital workers for a wide variety of on demand and ad hoc services. Human Cloud is providing a definitive answer to the challenge of analyzing large swathes of data by harnessing the power of distributed computing and the problem solving capacity of an array of human brains. This is providing hitherto unattainable flexibility, cost saving, speed of execution and transparency, all instrumental in an age of ubiquitous business where immediacy is the first and most important metric and expediency trumps accuracy. The Human Cloud in conjunction with Cloud Infra-structure is making Location irrelevant and Virtualization of Work a reality.

What is the Human Cloud?

Business process as a Service (BPaaS) is delivered via a cloud based platform using a combination of process automation and dedicated labor for a client. The pricing models are usually consumption or subscription based. Crowdsourcing is the practice of obtaining business process services, creative services, content or data management services by soliciting contributions from a large and distributed group of independent workers, rather than from traditional employees or suppliers. The pricing model is usually task oriented and output based. Combining the two creates a potent combination of a largely scalable and partially automated alternative service model that is throwing up new opportunities as well as challenges – the Human Cloud. The Human Cloud is essentially an augmented intelligence ecosystem, almost a symbiotic form of self-correcting and persisting service delivery fabric.

Traditional BPO firms are process-oriented companies and specialize in understanding client processes, transition them to their own centers, optimize them and deliver services on an ongoing basis with predictable costs, quality and reliability. The processes typically suited for such a delivery model are Finance and accounting, HR, procurement, supply chain management etc. BPaaS has largely embraced these same service areas and offered additional efficiencies and cost savings.

With ever growing digital content, a new service line has emerged which requires a new breed of services providers that can leverage Technology, BPaaS and the Human Cloud. All of this sounds very exciting but is the Future of BPO the Human Cloud? Our answer would be a yes and a no. The Human cloud, backed by the Infrastructure cloud, will at best be an alternative to outsourcing certain task oriented activities that are very repeatable and easily dis-aggregated. This is well suited to services where there is a fluctuating and cyclical demand (ie unpredictable and asynchronous work load), is project and output based or require diverse skill sets such as multilingual capabilities etc. Traditional outsourcing of business functions such as finance and accounting, HR etc. will still require a traditional

or BPaaS based delivery model with structured processes, adequate data security and a stable or dedicated workforce.

Some of the biggest advantages of the Human Cloud are standardized processes, labor on demand, diverse skill sets and low investment from clients. This growing wave of outsourcing is creating waves in the outsourcing world and opening new vistas of oppportunities for buyers as well as suppliers. The Human Cloud has the potential to change the global labor market.

Advantage Human Cloud	
Low Cost	The cost saving is attributed to low wages, lack of benefits, absence of facilities or support costs, and low administrative and overhead costs, no training, supervision or turnover costs.
Scalability and On-demand labor	The human cloud is typically not constrained by capacity, location or time zone as a traditional BPO would. Labor is virtually on demand.
Managed Crowd Sourcing	Intermediaries and third parties acting as brokers to service can provide a governance layer and ensure quality and data security
Standardized processes	The cost of optimizing processes is hugely reduced as the model follows standardized processes which are already optimized
Higher Social Impact	The concept of micro work and engaging human capital from the socially vulnerable sections of the society is one of the spillover benefits of the Human Cloud

Operating Models and the impact

The evolving nature of the Human Cloud has seen various operating models with each having its own risks and rewards. **The Facilitator model** has been able to reduce the risk of anonymity by providing information on their staff. This model pioneered by online freelancing services such as Elance, Guru and oDesk were the first generation Crowdsourcing plays. However this was largely a freelance staffing model with limited process capabilities, moderate scalability and no project management. This approach has been successful for jobs requiring flexible resources with repeatable tasks such editorial, data cleansing projects etc. **The Arbitrator** model provides buyers with on-demand access to a specialized community of skilled suppliers who can be engaged on a project via a competition or contest. The buyer can choose from multiple units and pay only for the one it finds most valuable. CrowdSpring and CrowdFlower are examples of this model. **The Aggregator** model is one of the most commonly followed models in the Human Cloud. This model is suitable for large repetitive work. This model provides a platform and infrastructure to run the project. Amazon Mechanical Turk, Clickworker, Microtask are good examples. They have also started providing governance and quality control as part of the offering. **The Governor** model combines human skills with process frameworks and a technology platform to deliver, monitor and evaluate modular tasks. They provide a layer of project management, Business Analyst

roles and work towards breaking up and distributing work followed by quality checks. Some of the firms using this model are TopCoder and Samasource.

While the Human Cloud based services is gathering momentum and redefining the global labor markets, it has its own set of challenges. It still is an evolving model and has inherent risks as providers are tweaking their technologies, processes and management capabilities. The "human" part of the cloud is still not as predictable and efficient as a structured BPO worker typically would be. The evolving nature of this industry and its dynamic behavior are both its strength and weakness. In a human cloud environment, each task or activity needs to be defined each time they need to get it processed. The managed Crowdsourcing model is trying to address this issue. The Human Cloud has yet to take off and become a mainstream play. Similarly BPaaS in its early years required a strong change in mindset to gain adoption. BPaaS required both a high level of process maturity and readiness to adopt standard processes.

Some of the most commonly outsourced work in the human cloud sphere are task or project based and include content generation, digitization, map tagging, social media monitoring, sales and marketing support, research and development, document translation services, business analytics and data management. Some of the recent highlights in this area have been Nokia's Ideasproject focused on consumer-derived collaboration across 210 nations to improve the viability of their products in all markets by drawing on consumer-experiences of participant-innovators to generate new ideas. Facebook has used the human cloud to create different language versions of its site, which are more compatible with local cultures. It is common knowledge that Google and Yahoo use this to tag their maps and provide location based content. Ancestry.com uses it extensively for digitization and indexing of genealogical records.

Adding to this mix is a new wave of innovation driven through **Robotic Process Automation (RPA)**. RPA refers to automation of functions where computer software drives, follows and completes operating processes in the same way that a human user would. RPA is a tool or platform that operates and controls other application software through the existing application's user interface as a human agent would do. It has been estimated that building a virtual back office with robotic "agents" to complete rules based processes would cost almost a third of an offshore agent. Of course, it's a given that RPA would maximize productivity (robots can work 24/7!) and always perform with 100% accuracy. Understandably, not all processes can be automated but RPA is definitely gathering attention of service providers that are keen to differentiate and offer more innovative solutions to their clients. A common and simple example of RPA is the intelligent IVR that is being deployed to manage inbound calls and replacing human CSRs. One of the emerging RPA companies is Blue Prism which currently has some 1,000 virtual robots performing about 150 processes for a roster of 30 clients.

Conclusion

The Human Cloud and the Cloud infrastructure are defining a new alternative to the traditional BPO services in various key segments of work. It is fast changing the dynamics of how the BPO industry has been operating. Mature functions such as FAO, HRO etc. that require deeper understanding of the institution-

al knowledge, relatively stable workforce and governance from a service provider will continue to re-main in the realm of traditional BPO or BPaaS. However, new and emerging service offerings in the realm of Digital and Content management will shift to the Human Cloud. Traditional service providers, in order to differentiate, compete with smaller, nimbler players and avoid the commoditization penalty, will need to invest in this transformative model. Buyers would need to think differently and re-organize their service strategies to be able to benefit from this new paradigm. The Human cloud services are only going to grow more sophisticated and will become a significant subset of the BPO industry and change the way the current industry operates.

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