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Shared Services Gaining Popularity, Traditional BPO Remains an Option by [Infinit Outsourcing](#)

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In most of the articles we have published, we have mentioned that the demand for business process outsourcing services has been stable. It is indeed stable, given the fact that companies are now the ones reaching out to solutions providers to seek assistance for different work processes such as customer service, finance and accounting, and software development. The business process outsourcing industry would definitely be difficult to topple as it has already worked its way through a variety of industries. Outsourcing solutions providers are now smart enough to provide solutions that allow them to cater different industries.

However, despite the strong position being maintained by the business process outsourcing sector, there were news published recently that points out shared services having outpaced the other kinds of outsourcing. Among the different areas within the global business service, shared services was able to move past the traditional kind of business process outsourcing. The report by KPMG claims that the traditional outsourcing will remain a core component of the global business services efforts but it also points out that it is likely for the traditional outsourcing sector to experience a decrease in the growth for the demand in the future.

What is shared services and why does it affect the traditional business process outsourcing sector?

According to the article from MarketWatch, shared services refers to “centralizing administrative functions that were once performed in separate divisions or locations.” It is known that large enterprises have already established shared services in different areas across the globe. As mentioned in an article from Businessweek which reports the same news, shared services has gained popularity because of the growth in the number of competent global sourcing destinations with resources that provide high quality services.

This affects the traditional outsourcing service providers because they do provide the same type of work but instead of using the traditional model, companies opt for shared services because rather than delegating just a part of the process, shared services already captures the entire work process.

Solution providers who offer the traditional outsourcing business model must not fret over this news because there are still companies who are not looking for a shared services model as the traditional one fits their requirements better. Also, there are instances wherein businesses are only looking to outsource for a short period of time and most often than not, shared services require a contract that would span for a long period of time.

The business models in the outsourcing industry do not necessarily cater to all types of businesses as each business’s requirements are unique. This is the reason why we always suggest that businesses must first know what they want to outsource before jumping into the outsourcing pool with both feet. Also, there are some companies who offer a trial period of, for example, a year, which is actually a better option because this way, you will be able to gauge the competency of the service provider and whether that particular business model is indeed right for you.

We would like to hear your thoughts on what is the outsourcing model that you use when engaging with an outsourcing provider so share them with us in the comments section below!

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