

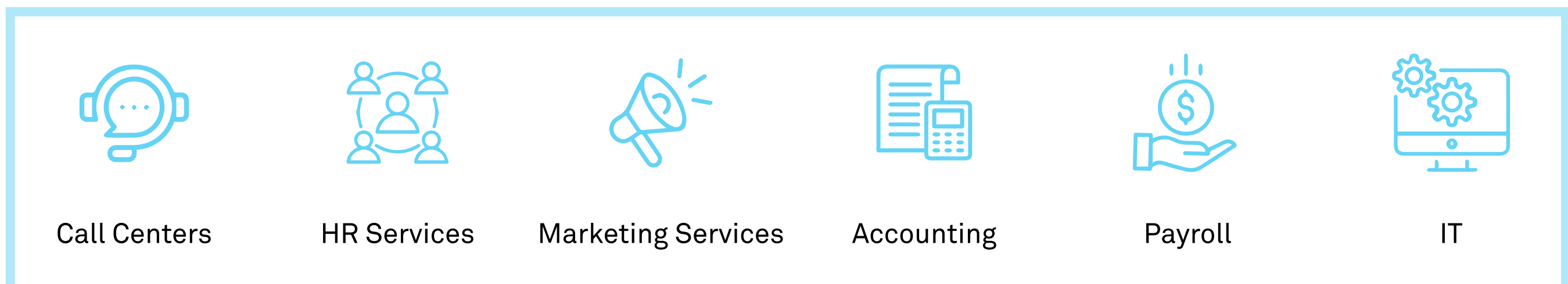
THINK TANK
BY LAB45

Business Process Services in the Era of **Generative Artificial Intelligence**

Business Process Services In The Era Of Generative Artificial Intelligence

Business Process Services (BPS) has revolutionized the global economy through its provision of cost-effective and efficient solutions for organizations across various industries. For those that are unfamiliar with BPS, it can be described as thus— outsourcing of various business operations that are not part of a firm's core business to those that are specialized in a given task.

Examples of BPS providers include:



Call Centers

HR Services

Marketing Services

Accounting

Payroll

IT

In an era defined by rapid technological advancements, the BPS industry is poised to transform, leveraging cutting-edge technologies.

GenAI refers to AI models and algorithms that have the ability to generate new content, such as text, images, and even speech, based on patterns that they have deciphered after analyzing large amounts of training data.

This report assesses the potential impact of GenAI on the BPS industry. It describes both upside and risk aspects of GenAI adoption in BPS, and strategies to mitigate risk.

GenAI is positioned to reshape the BPS industry landscape. The technology will create different service offerings, evolve the nature of daily tasks, and change customer and end-user behavior.

Simultaneously, this report sheds light on the coming emergence of new careers due to GenAI and helps dispel fears of mass unemployment. We explain the estimated monetary and productivity impact of GenAI on BPS.

Our central point of view is that while low-complexity tasks in BPS may be fully automated by GenAI, the consequent vacuum created will be filled. Higher-complexity roles will take their place, reshaping the industry's services offerings and creating more value for customers and end-users.

Key Facts

\$370 B

According to Statista¹, the revenue of the global BPS market will reach \$370 billion in 2024.

In 2028, it's projected to reach an astounding

\$440 B

4.4%

CAGR from 2024 to 2028

Estimates of repetitive and rule-based BPS tasks that will be automated:

25% by the end of 2024

80% by the end of 2028

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Understanding the Current State of BPS

The broader BPS universe includes various types of services that can be grouped into multiple distinct categories.

The impact of GenAI on BPS varies significantly with respect to each category. Hence, when seeking to adopt or leverage a GenAI solution within the context of BPS, it's important to understand both the nature of each category and how GenAI can make a particular difference.

Categorization of BPS to assess the impact of GenAI

The BPS industry offers an extensive range of services that encompass various functions.

They can be classified into 4 different categories: **operations-focused, specialized, knowledge-driven, and industry-specific.**

While all 4 categories do not cover every BPS business, they do encompass the broad majority.

These categories cover the common types of BPS, there can be more categories depending on specific industry requirements.

They differ in the complexity of the services provided and operations.

Below they are described and arranged in descending order, based on the complexity of their operations:



*Both Knowledge-driven BPS and Industry-specific BPS handle the most complex operations

It is also important to consider that the level of automation through GenAI can vary with task complexity, availability of quality training data, regulatory requirements, and ethical considerations.

Complexity is context-dependent and varies case by case. Some engagements in knowledge-driven BPS may be more complex than specialized BPS and vice versa. It should also be noted that it would not be appropriate to claim that one type of BPS is universally more complex than the other. The ordering provided earlier is a general indication based on the potential for automation and the suitability of GenAI technologies in each type of BPS. Hence, it is essential to assess the specific requirements of each BPS engagement to determine its complexity accurately.

Below, we further assess the varying levels of complexity across different areas of BPS, across several different parameters.

Comparison of different BPS categories on the parameters of complexity of operations

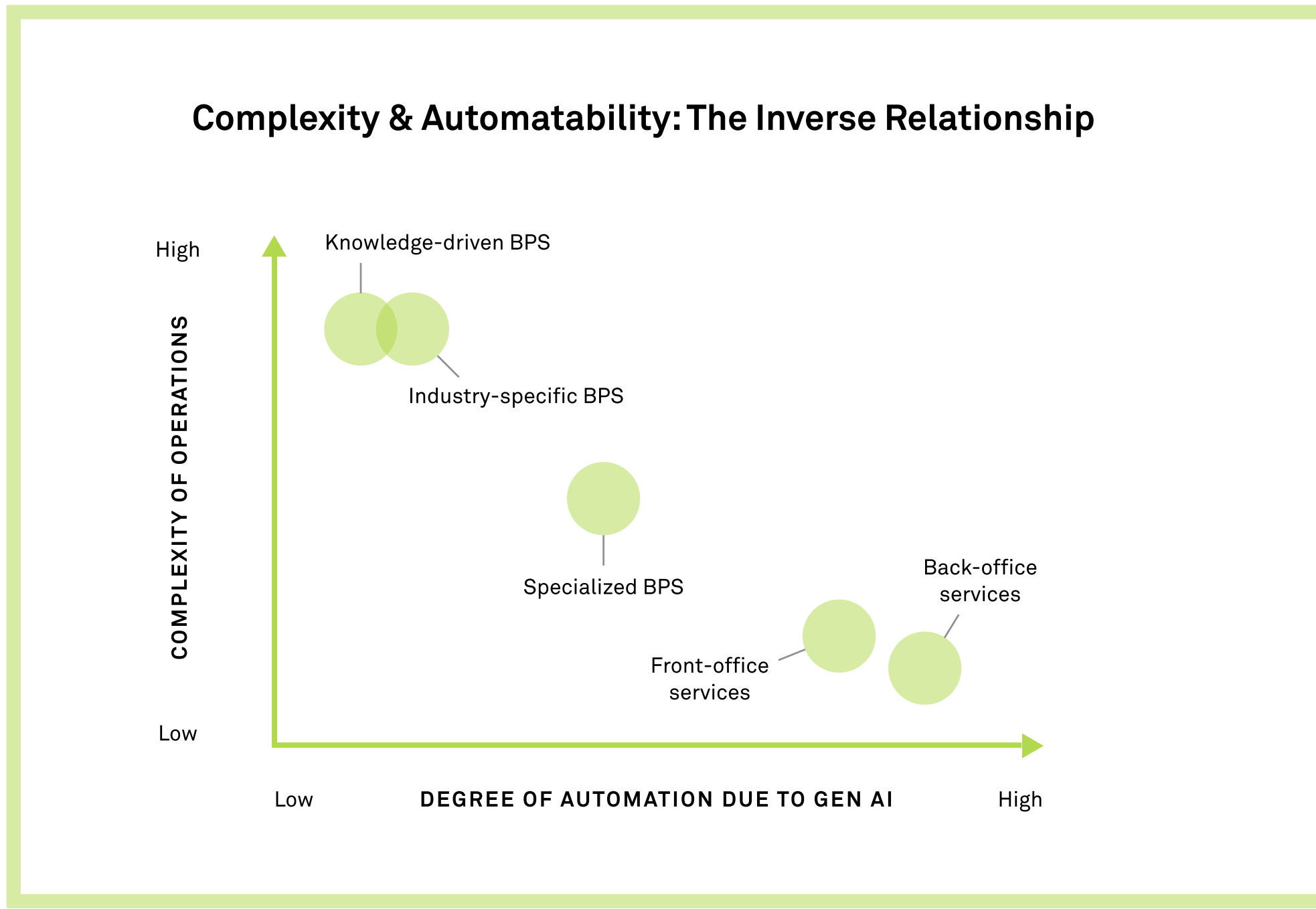
BPS Category	PARAMETERS DETERMINING COMPLEXITY						
	Overall Complexity	Standardization and repetitiveness	Specialized Expertise	Domain Knowledge and Analysis	Industry-Specific Regulations	Customization	Data Complexity
Operations-focused BPS	○	●	○	○	○	○	○
Specialized BPS	◐	◐	○	◑	◑	◐	◐
Knowledge-driven BPS	●	○	◐	●	◑	◐	●
Industry Specific BPS	●	◑	◐	◑	●	◐	◑

LEGEND	○ Low	◐ Low to Medium	◑ Medium	◒ Medium to High	● High
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Complexity of tasks vs Automation by GenAI

As a general rule, the degree of GenAI-achieved automation across various BPS categories will exhibit an inverse relationship with the complexity of their operations.

BPS categories characterized by higher complexity will witness lower levels of automation and vice-versa.



How GenAI Can Solve Current BPS Challenges

BPS services are highly diverse. We've identified several categories of services and common challenges they face, including back-office services, front-office services, specialized services, knowledge-driven BPS services, and industry-specific BPS services.

Within each category, diversity multiplies further. Each category of services faces a number of challenges — many of which can be ameliorated by GenAI.

GenAI's influence on each service category may vary significantly. Therefore, it's essential to further explore each category of BPS, and briefly address how GenAI can help solve their differentiated challenges

01

Back-office services

This refers to the delegation of non-customer-facing administrative tasks and support functions to external service providers. Such tasks are mostly repetitive, transactional, and data-intensive back-office operations. Examples include data entry and data processing, finance and accounting, HR administration, IT infrastructure and support, compliance and regulatory support, and so on.

GenAI can solve a variety of challenges, and optimize both costs and efficiency. Examples are indicated in the table below:

BACK-OFFICE SERVICE CHALLENGES	HOW GEN AI CAN HELP
<p>Data Security and Privacy Safeguard sensitive client data from breaches and ensure compliance with data protection regulations</p>	<ul style="list-style-type: none"> ▪ Anomaly Detection: Find and report unusual activities to stop data breaches. ▪ Data Access Controls: Give employees access based on their roles. ▪ Data Masking and Tokenization: Keep data secret by disguising it. ▪ Predictive Security Analytics: Use past data to predict and prevent security issues.
<p>Cost Management To strike a balance between cost efficiency and maintaining service excellence</p>	<ul style="list-style-type: none"> ▪ Process Automation: Use AI to do routine tasks to work more efficiently and cut costs. ▪ Intelligent Resource Allocation: AI suggests the best way to use resources to save money. ▪ Error Reduction and Quality Improvement: AI examines data to find and fix mistakes or inefficiencies. ▪ Continuous Process Improvement: AI constantly checks how processes are working to make them better.
<p>Quality Control and Performance Monitoring Implement robust quality control measures and closely monitor performance to meet service level expectations</p>	<ul style="list-style-type: none"> ▪ Automated Quality Assurance: AI checks data to ensure work meets quality standards. ▪ Insights for Decision Making: AI looks at data from many sources to help managers make better decisions. ▪ Quality Metrics and Reporting: AI creates detailed quality reports regularly.
<p>Communication and Coordination Establish effective channels of communication and seamless coordination between the client and outsourcing team</p>	<ul style="list-style-type: none"> ▪ Multilingual Support: AI chatbots that understand multiple languages can help with customer questions. ▪ Email Management: AI organizes emails and makes sure important ones are dealt with quickly. ▪ Sentiment Analysis for Customer Feedback: AI evaluates customer comments to improve client relationships.

02

Front-office services

Front-office services involve delegating customer-facing processes and activities to enhance customer experience, improve efficiency, and maintain organizational focus on core business objectives. Examples of front-office activities include customer service and support, sales and lead generation, help desk and technical support, live chat and online support, order processing and fulfilment, reservation and booking services, social media management and engagement, etc.

As with back-office services, GenAI can ameliorate or entirely solve for many front-office issues. Examples are indicated in the table below:

FRONT-OFFICE SERVICE CHALLENGES	HOW GEN AI CAN HELP
<p>Language and Cultural Barriers Overcoming language barriers and understanding cultural nuances is crucial to deliver effective customer support.</p>	<ul style="list-style-type: none"> ▪ Multilingual Virtual Assistants: AI chatbots and virtual assistants can talk to customers in their preferred languages. ▪ Enhanced Cultural Understanding: AI can learn and adapt to different cultural details. ▪ Real-Time Language Translation: AI can translate languages on the spot during customer conversations.
<p>Handling High Call Volumes Managing call queues, reducing waiting times, and maintaining service quality during high call volumes are key challenges.</p>	<ul style="list-style-type: none"> ▪ Automated Call Routing: AI can direct calls to the appropriate customer service agent quickly. ▪ Self-Service Portals: AI tools can answer basic questions without human help. ▪ Automated Communications: AI can send out messages like updates and reminders to customers.
<p>Adherence to Service-Level Agreements (SLAs) Meeting client SLAs and KPIs is essential. It includes optimal performance and timely issue resolution.</p>	<ul style="list-style-type: none"> ▪ Real-Time SLA Monitoring: AI can watch customer service quality and alert managers if there's a problem. ▪ Automated Ticket Prioritization: AI can decide which customer issues should be handled first based on urgency. ▪ Automated Escalation Procedures: AI can handle the process of escalating complex issues.
<p>Customer Feedback Management Gathering feedback and implementing improvements based on insights are crucial for continuous enhancement of customer satisfaction.</p>	<ul style="list-style-type: none"> ▪ Feedback Prioritization and Escalation: AI can identify and escalate the most important customer feedback. ▪ Customer Feedback Closure: AI can make sure customer feedback is addressed completely. ▪ Sentiment Analysis and Modeling: AI can analyze customer feedback to understand common themes and feelings.

03

Specialized services

Specialized services encompasses delegating niche or specific services. It leverages specialized skills, resources, and knowledge to meet specific business needs and objectives. Examples include delegating services for engineering design, creative design, research and development, human resources, and specialized financial services.

Common specialized services challenges and GenAI-enabled solutions are listed in the table below:

SPECIALIZED BPS CHALLENGES	HOW GEN AI CAN HELP
<p>Customized Solutions Providing tailored services demand flexibility and agility to accommodate varying client requirements.</p>	<ul style="list-style-type: none"> ▪ Personalized Recommendation Systems: Create suggestions for clients using past data and their preferences. ▪ Rapid Prototyping and Iteration: Quickly make and improve custom solutions. ▪ Real-Time Adaptation to Client Feedback: Rapidly adapt solutions to client feedback, improving satisfaction.
<p>Rapid Skill Development Specialized BPS must invest in continuous training and ups killing to meet evolving client demands.</p>	<ul style="list-style-type: none"> ▪ Personalized Education: Make custom training plans to fill skills gaps for employees. ▪ Simulation and Role-Playing: Create virtual scenarios to give employees practice and feedback for better learning. ▪ Multi-Disciplinary Training: Teach employees a variety of skills to help them adapt to new tasks.
<p>Business Continuity and Redundancy Specialized BPS need robust business continuity plans and redundancies to mitigate disruptions from client requirements or market dynamics.</p>	<ul style="list-style-type: none"> ▪ Optimized Resource Allocation: Use data to assign work and manage staff efficiently to avoid bottlenecks. ▪ Proactive Incident Management: Spot problems before they worsen. ▪ Scenario-Based Business Continuity Planning: Test different emergency plans to prepare for various potential problems.
<p>Client Retention and Relationship Management Client retention is crucial for specialized BPS in niche markets, requiring strong, long-lasting client relationships for repeat business referrals.</p>	<ul style="list-style-type: none"> ▪ Predictive Client Behavior Analysis: Use past client data to guess their future needs and improve service. ▪ Sentiment Analysis and Client Feedback Processing: Assess client opinions to find areas to improve. ▪ Personalized Client Engagement: Talk to clients in a personalized way to make them feel valued and keep them engaged.

04

Knowledge-driven BPS challenges

This category of service/challenge pertains to the delegation of high-level knowledge-based tasks that require specialized expertise and domain-specific knowledge. Challenges involve complex activities such as research, analytics, legal services, intellectual property management, and consultancy services. Some of the services which are delegated to a knowledge-driven BPS are research and analytics, data analytics and business intelligence, intellectual property (IP) services, etc.

Key challenges faced by knowledge-driven BPS and several ways that GenAI can address them are listed in the following table:

KNOWLEDGE-DRIVEN BPS CHALLENGES	HOW GEN AI CAN HELP
<p>Ineffective Knowledge Management Systems Implementing efficient knowledge management systems is crucial to organize, store, and retrieve knowledge effectively.</p>	<ul style="list-style-type: none"> ▪ Automated Knowledge Curation: AI can sort and file a lot of data and information. ▪ Knowledge Extraction and Summarization: AI can summarize long documents and research into short summaries. ▪ Parsing Unstructured Data: AI can analyze unstructured data like audio or videos to find useful information.
<p>Knowledge Gap Identification and Resolution Must promptly address knowledge gaps by assessing expertise deficiencies and take corrective actions.</p>	<ul style="list-style-type: none"> ▪ Automated Skill Profiling: AI evaluates employee skills to identify where they need to improve. ▪ Knowledge-Sharing Recommendations: AI suggests ways employees can learn from each other. ▪ Performance Analytics: AI measures how well employees are learning and filling in knowledge gaps.
<p>Domain-Specific Compliance and Regulations Must navigate complex industry-specific compliance and regulatory requirements and ensure compliance.</p>	<ul style="list-style-type: none"> ▪ Intelligent Risk Assessment: AI uses data to predict risks of not following rules. ▪ Automated Compliance Monitoring: AI keeps track of changes in laws and rules. ▪ Compliance Reporting and Documentation: AI can create reports and documents that regulators need.
<p>Knowledge Integration Across Multiple Domains Challenges in integrating cross-domain knowledge. Building expertise and promoting knowledge sharing are essential to meet client requirements.</p>	<ul style="list-style-type: none"> ▪ Cross-Domain Analysis: AI looks for patterns and trends across different types of data. ▪ Knowledge Graphs for Interconnected Information: AI builds diagrams showing how different topics are related. ▪ Cross-Domain Recommendations: AI gives advice that uses information from one area to help with another.

05

Industry-specific BPS

This category involves the delegation of specialized processes and services tailored to specific industries, such as software development, healthcare services, and retail operations, finance, etc. to leverage industry expertise and optimize business outcomes.

Key challenges faced by industry-specific BPS and prospective GenAI solutions are documented in the following table:

BACK-OFFICE SERVICE CHALLENGES	HOW GEN AI CAN HELP
<p>Integration with Client Systems Seamless integration with client systems demands compatibility with diverse proprietary and industry-specific software and platforms.</p>	<ul style="list-style-type: none"> ▪ Data Validation and Cleansing: AI can check and clean data from different systems to keep it accurate. ▪ Automated Error Management: AI identifies and fixes errors during system integration. ▪ Automated Data Conversion: AI can convert data between the BPS's and clients' formats, saving manual effort time.
<p>Industry-Specific Training and Certification Ensuring that employees possess industry-specific certifications and training is essential for maintaining credibility and expertise in the domain.</p>	<ul style="list-style-type: none"> ▪ Gen AI-Generated Courses with Personalized Learning: AI-created custom training materials, tailored to specific industry needs. ▪ Gen AI-Powered Tutoring: AI acts as a virtual tutor to help employees understand industry topics.
<p>Industry-Specific Metrics and KPIs Industry-specific BPSs must align their metrics with client-specific performance metrics and KPIs to demonstrate value and success.</p>	<ul style="list-style-type: none"> ▪ KPI Optimization: AI helps managers pick and tailor performance indicators for their business. ▪ Industry Comparisons: AI compares a company's performance to others in the industry. ▪ Recommendations for Optimization: AI gives advice on improving industry-specific processes.
<p>Handling Niche Markets Addressing the specific needs of such niche markets demands a deep understanding of their dynamics and customer preferences.</p>	<ul style="list-style-type: none"> ▪ Dynamic Market Segmentation: AI segments markets based on customer details to tailor marketing. ▪ Niche Content Creation: AI can write specialized content for particular market segments. ▪ Proactive Market Adaptation: AI tracks market changes to suggest new strategies for niche markets.

Is GenAI The Ultimate BPS Provider for BPS Companies?

Now, we have explored the many ways in which GenAI can address various challenges facing the BPS industry.

Benefits of GenAI for the BPS industry do include better efficiency, enriched customer experiences, and streamlined operations.

However, it should be noted that, despite the numerous advantages, the integration of GenAI in the BPS sector may come with several challenges.

In section 5, we will delve into these potential challenges and strategies that BPS leaders can adopt to successfully mitigate and address them.

First, however, let's further explore the possible financial impact of GenAI integration into BPS.



Quantifying the Financial Impact of GenAI on BPS

As the adoption of GenAI continues within the BPS industry, the automation of repetitive, rule-based, and routine tasks will grow at an exponential rate. This will cause BPS companies to focus more on knowledge-based tasks.

The integration of GenAI technology is anticipated to lead to significant automation within the BPS sector.

By the end of 2024, it's expected that GenAI will automate around 25% of repetitive, rule-based tasks. This figure is projected to rise to 60% by 2026 and 80% by 2028. However, tasks involving unpredictable scenarios or sensitive data will remain outside the scope of GenAI automation.

As BPS companies adapt, they're expected to shift focus towards more complex, knowledge-based tasks that demand human creativity, critical thinking, and problem-solving skills. These areas are projected to grow faster than those involving repetitive tasks, potentially enlarging the BPS market size substantially beyond previous predictions.

The impact of GenAI on knowledge-based tasks will be less pronounced. By 2026, GenAI is estimated to influence 10% of these tasks in the BPS industry, increasing to 20% by 2028. Tasks like data analysis, information retrieval, compliance assessment, and risk analysis are expected to be affected by GenAI. Conversely, areas involving creative content creation, complex strategic decision-making, and intricate legal or policy decisions are likely to see minimal impact from GenAI automation.

Additionally, the emergence of new job categories and the evolution of the BPS industry's services due to GenAI are expected to drive a faster increase in the industry's market size than previously estimated.

Key Facts

~60%

of BPS activities consist of rule-based repetitive tasks currently

40%

involves knowledge based tasks

Estimates of repetitive and rule-based BPS tasks that will be automated:

25% by the end of 2024

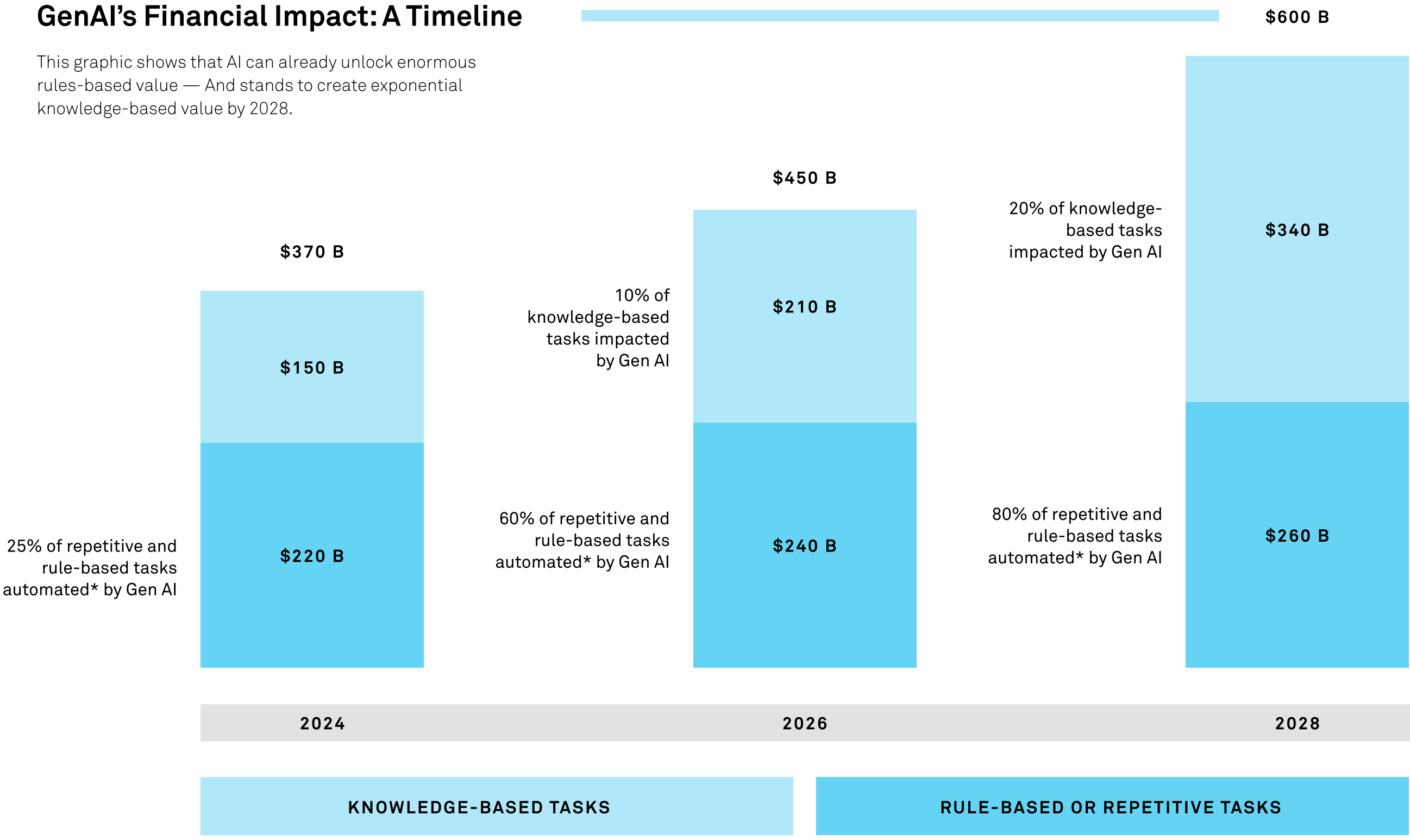
60% by the end of 2026

80% by the end of 2028

Tasks involving unpredictable scenarios or sensitive data will remain outside the scope of GenAI automation.

GenAI's Financial Impact: A Timeline

This graphic shows that AI can already unlock enormous rules-based value — And stands to create exponential knowledge-based value by 2028.



*Estimation is based on the penetration rate and advancement of Gen AI market in various industries

How GenAI can Transform BPS

Evolution of Customer Behavior with GenAI Integration in the BPS Industry

The widespread adoption of GenAI in the BPS industry promises to enhance service efficiency, speed, quality, and personalization. This evolution is poised to significantly influence customer behavior, preferences, and expectations. For BPS companies integrating GenAI, understanding these shifts in customer behavior is crucial for maintaining competitive advantage and achieving long-term success.

Changes in Consumer Behavior Due to GenAI Adoption:

01.

Increased Expectations for Personalized Experiences

GenAI's ability to generate hyper-personalized content and recommendations may lead to heightened consumer expectations for tailored services, product suggestions, and marketing messages.

02.

Growing Comfort with Chatbots

As chatbots become more adept at mimicking human-like conversations, customers are likely to become increasingly receptive to assistance from these virtual agents.

03.

Heightened Content Awareness

Consumers will become more aware of GenAI-generated content, particularly regarding critical decisions requiring authenticity and impartiality. They will likely demand transparency about whether content is human or GenAI-created, posing a challenge for BPS companies to maintain trust.

04.

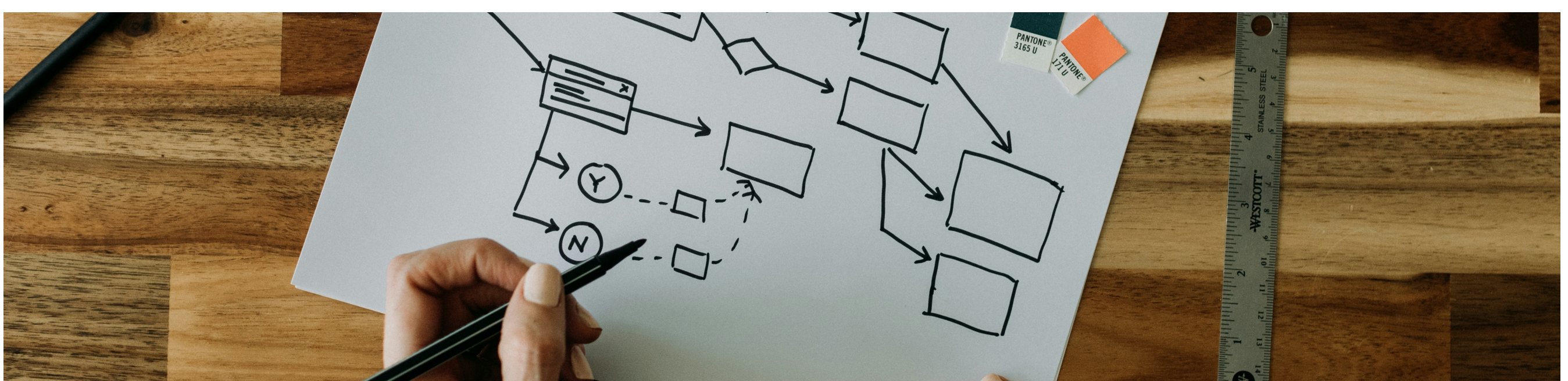
Redefinition of Customer-Brand Interactions

GenAI is set to transform how customers interact with brands. Virtual influencers and GenAI-generated content could blur the lines between human and AI-driven interactions, reshaping consumer engagement with brands.

05.

Ethical Concerns and Consumer Activism

The ethical implications of AI-generated content, like deepfakes, could lead to consumer activism demanding transparency, accountability, and responsible GenAI usage. Brands prioritizing ethical AI practices might gain more consumer support.



Impact on the Job Landscape in the BPS Industry with GenAI Adoption

The introduction of GenAI into the BPS industry is expected to lead to the emergence of new job roles, including—

01

GenAI Development and Implementation

- **AI Trainer:** Training and refining GenAI models.
- **AI Content Reviewer:** Ensuring content meets quality and ethical standards.
- **AI Process Consultant:** Identifying GenAI integration opportunities in BPS operations.
- **AI Solution Architect:** Designing customized AI solutions for BPS needs.
- **Change Management Specialist:** Facilitating the adoption of GenAI, addressing employee concerns, and ensuring a smooth transition.

02

GenAI Strategy and Consulting

- **AI Strategy Consultant:** Developing strategies for GenAI integration in BPS operations.
- **AI Project Manager:** Overseeing GenAI initiatives.
- **AI Vendor Manager:** Managing relationships with GenAI vendors.
- **AI Business Analyst:** Translating business needs into GenAI solutions.

03

GenAI Quality Assurance and Support

- **AI Compliance Officer:** Ensuring ethical GenAI use and regulatory compliance.
- **AI Quality Assurance Analyst:** Testing GenAI models for performance and accuracy.
- **AI Security Analyst:** Protecting data and intellectual property.
- **AI Data Privacy Officer:** Safeguarding data privacy in GenAI usage.

These emerging roles, along with others like AI Customer Experience Specialist, AI Ethicist, and AI UX Designer, will help mitigate job displacement and skill obsolescence, providing a buffer for the workforce in the evolving landscape.

Addressing GenAI Implementation Challenges

As BPS organizations embrace GenAI, it is crucial to understand its potential drawbacks. Addressing any challenges or drawbacks enables BPS companies to make the most of GenAI while delivering exceptional services and favourable outcomes for clients and their workforce.

Here are a few potential negative effects that can come with the widespread adoption of GenAI by the BPS industry:

01.

Job displacement and skills obsolescence

GenAI has the potential to automate certain tasks that were previously performed by human workers in the BPS industry. As GenAI technology improves and increases its capabilities, there is a risk that certain skills traditionally associated with the BPS industry may become less relevant or obsolete.

This may lead to a reduced demand for workers, potentially resulting in unemployment or the need for workers to acquire new skills to remain competitive.

Examples of automated tasks may include data entry, content creation, basic customer support, transcriptions, language interpretation, invoice processing, and others. These can all be automated using GenAI. This may lead to job losses or reduced demand for human workers.

Addressing job displacement and skills obsolescence

Addressing the job displacement and skills obsolescence risks posed by GenAI in the BPS industry requires a proactive approach that prioritizes the well-being of the workforce.

Here are some strategies to mitigate these risks:

Focus on Complex Problem-Solving

Develop skills in critical thinking, problem-solving, and decision-making. These skills are less susceptible to complete GenAI automation and remain highly valuable in the BPS industry.

Enhance Communication and Emotional Intelligence

GenAI may lack the ability to fully understand nuanced communication or empathize with customers. BPS professionals can focus on honing their communication and emotional intelligence skills to provide personalized and empathetic customer experiences.

Redefining Job Roles through collaborative AI-Human Workflows and skills obsolescence

Instead of going for complete job elimination, organizations can explore redefining of existing job roles to leverage the strengths of GenAI. GenAI can assist human workers by automating repetitive and time-consuming tasks, allowing them to focus on more value-added activities.

Human workers can focus on tasks that require more complex decision-making, creativity, critical thinking, and emotional intelligence. This collaborative approach can lead to improved outcomes, better customer experiences, and increased job satisfaction.

With the adoption of GenAI in BPS, the nature of work is likely to transform. While certain tasks will be automated, new roles and responsibilities will emerge. It is important to approach job displacement risks with a long-term perspective — focusing on the human aspects of work and creating a supportive environment for employees to adapt to changing circumstances. By proactively addressing these risks, organizations can foster a smooth transition to a future where GenAI and human workers coexist in the BPS industry.

Ethical Concerns

GenAI models require extensive training on large datasets which can raise several ethical concerns. BPS companies often handle sensitive customer data. If not handled properly, there is a risk of unauthorized access or misuse of that data. Maintaining data privacy and unbiasedness, and ensuring ethical use of GenAI can be challenging. Here are some key ethical concerns:

- **Data Privacy and Security:** GenAI systems often require access to large amounts of data to train and operate effectively. Ensuring the privacy and security of sensitive customer or business data is paramount.
- **Bias and Fairness:** GenAI models can inadvertently perpetuate biases present in the training data. This can lead to discriminatory outcomes, particularly in areas such as customer support, hiring processes, or other decision-making tasks.
- **Transparency and Explainability:** GenAI models can be complex and this makes it challenging to understand their decision-making processes. Transparency and explainability around the decision-making process are essential for building trust with customers and ensuring accountability.

Addressing ethical concerns

Organizations need to adopt robust data protection measures to comply with regulations, and establish clear guidelines on data usage, storage, and access. Transparent communication with customers regarding data usage and obtaining informed consent is also crucial.

They must carefully monitor and address biases in GenAI by regularly evaluating their performance, and implementing measures to ensure fairness and inclusivity. Focus should also be to develop GenAI systems that are explainable and provide insights into how decisions are made.

In addition to above, organizations can take other steps:

Establish Ethical Guidelines and Conduct Regular Ethical Audits

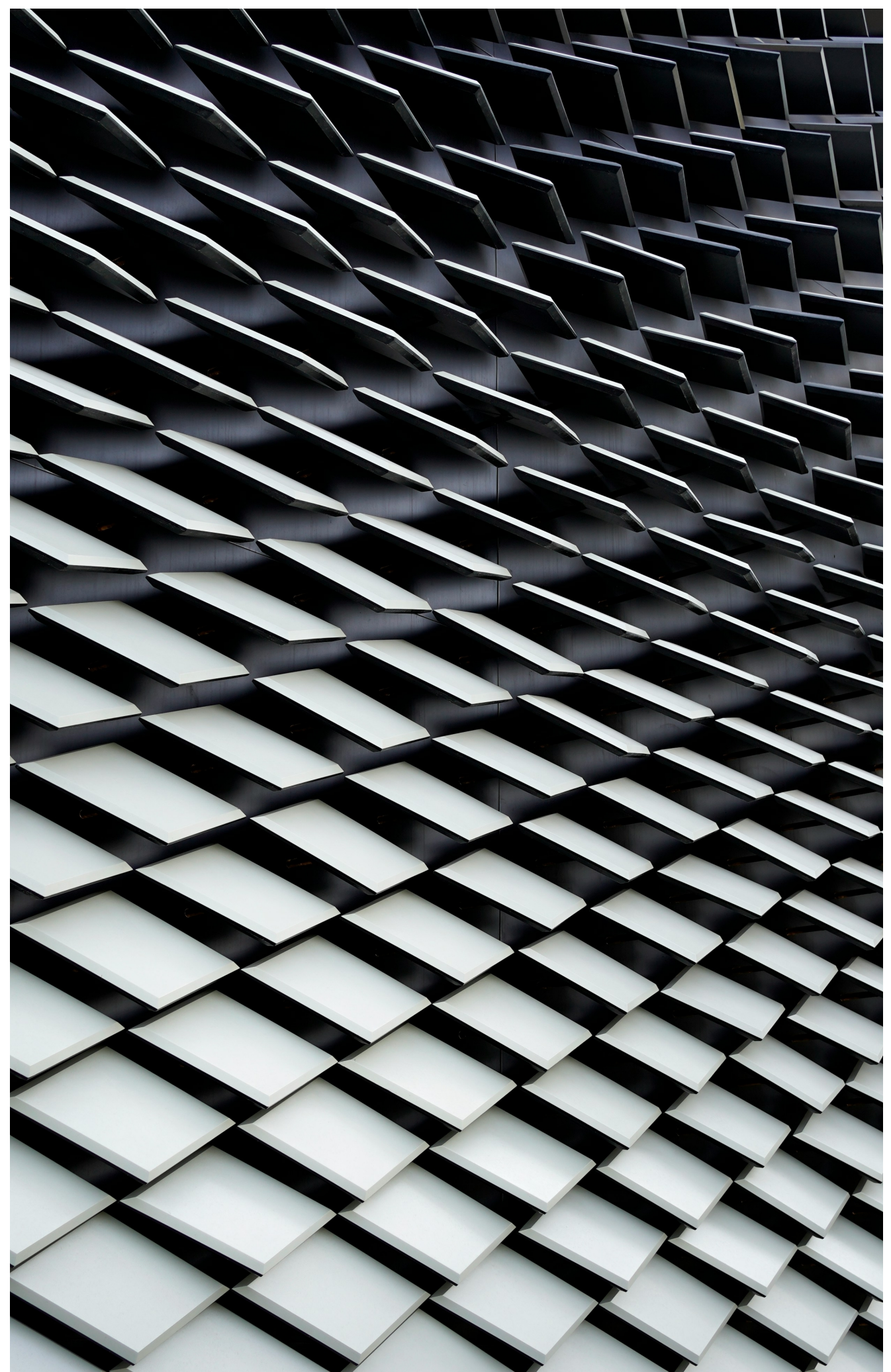
Establish Ethical Guidelines and Conduct Regular Ethical Audits: Develop and follow comprehensive ethical guidelines covering privacy, fairness, transparency, and accountability with the use of GenAI. Regularly audit GenAI models to address biases, security, and other ethical concerns. Involve multidisciplinary teams for continuous monitoring and holistic assessments.

Education and Awareness

Promote awareness and education about the ethical implications of GenAI among employees, customers, and stakeholders.

Independent Auditing and Certification

Consider third-party auditing or certification mechanisms to ensure adherence to ethical standards. Independent audits can provide assurance to customers and stakeholders regarding the responsible use of GenAI.



Quality and trust issues

GenAI models can generate text that is coherent and contextually relevant. However, there is still a risk of generating inaccurate or misleading information. This can have significant consequences in BPS tasks that require high accuracy, such as legal or financial document processing. Ensuring the reliability and trustworthiness of GenAI generated outputs is an ongoing challenge.

A few key considerations around quality and trust issues are:

- **Output Accuracy and Reliability:** Ensuring the accuracy and reliability of the outputs generated by GenAI is crucial. Errors or inaccuracies can negatively impact customer satisfaction and trust.
- **User Experience and Naturalness:** GenAI aims to produce outputs that mimic human-like behavior or content. A positive user experience and naturalness in the generated content is vital for building trust.
- **Data Integrity:** Prioritizing data integrity not only ensures reliable outcomes but also bolsters stakeholder trust. This can fortify the foundation for successful and responsible implementation of GenAI in BPS.



Addressing quality and trust issues

BPS service providers can train GenAI models on diverse and representative datasets. They can regularly fine-tune them based on user feedback, and incorporate user preferences and context. This can help identify areas for improvement and enhance the naturalness and usability of the outputs.

BPS service providers can work on the following areas to address the potential quality and trust issues faced with the adoption of GenAI.

Rigorous Testing and Validation

Implement comprehensive testing and validation processes to ensure the quality, accuracy, reliability, and naturalness of GenAI outputs. Continuous monitoring and feedback loops can be established to refine and enhance the output.

User Feedback and Iterative Improvement

Actively collect and incorporate user feedback to address any quality or trust concerns.

Compliance and Ethical Considerations

Comply with ethical guidelines and relevant regulations to address data integrity, security, and privacy concerns. Establish clear data governance policies and security protocols to maintain trust.

Reduced human touch

BPS services often involve interacting with customers and providing personalized assistance. GenAI based outputs can sometimes lack the empathy, emotional intelligence, and nuanced perspective and understanding that humans possess. The absence of human touch in customer interactions can lead to an inferior customer experience and satisfaction.

Addressing challenge of reduced human touch

Some measures which BPS companies can take to ensure that the human touch element is not completely amiss in the services they provide are:

Implement a hybrid model

Combine GenAI chatbots with human agents. The AI systems can handle routine queries, while human agents can step in for more complex or emotional situations.

Emphasize human contribution in certain areas

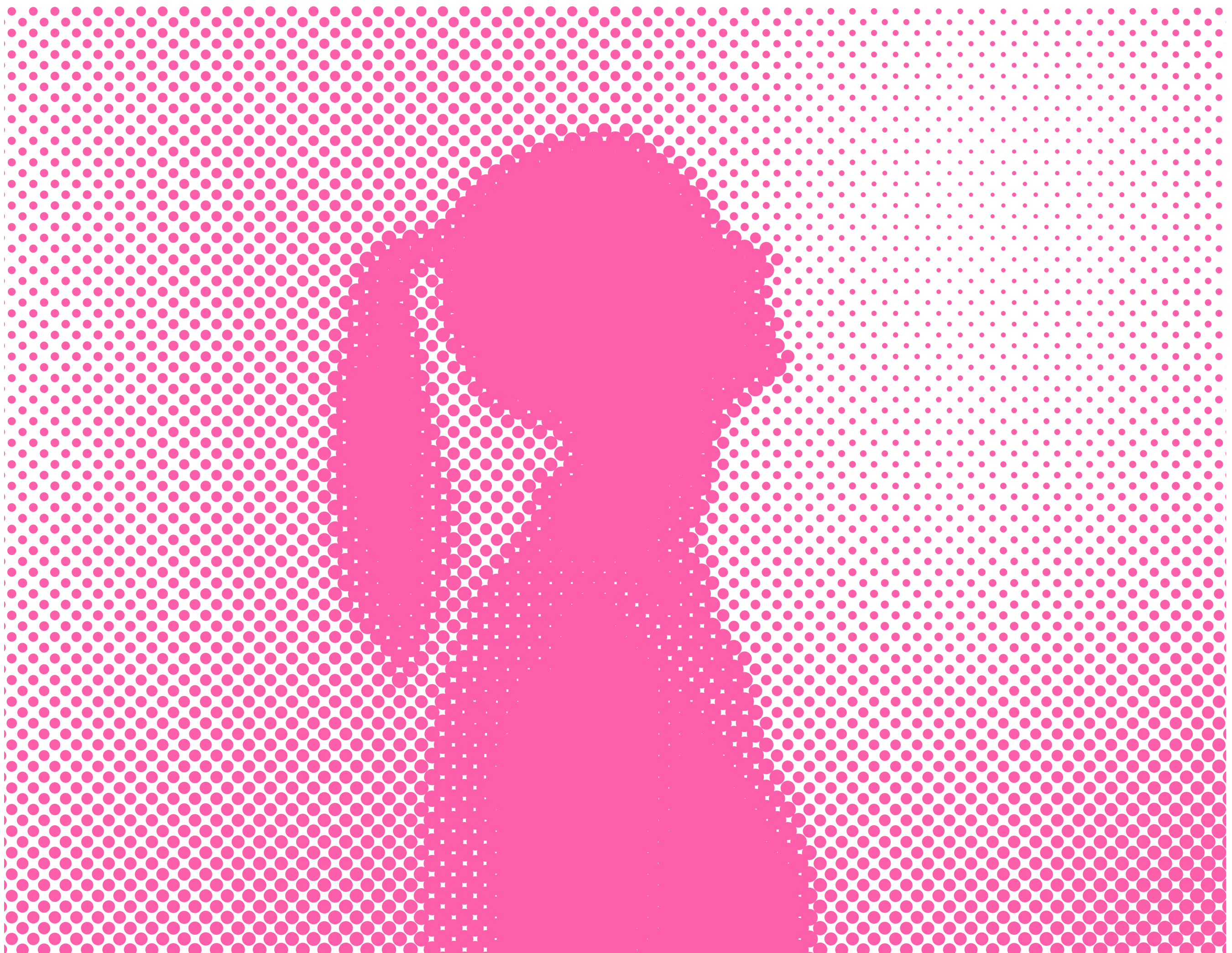
Certain content, such as thought leadership pieces or creative marketing campaigns, can be primarily supervised and refined by humans.

Quality control

Implement robust quality control processes to review and edit GenAI-generated content, ensuring that it meets the desired standards of creativity, accuracy, and tone.

Encourage human involvement in decision-making

Promote active involvement of human decision-makers in the decision-making process, valuing GenAI-generated insights as one of many inputs.



How to Measure the Financial Impact of GenAI

As GenAI is adopted throughout BPS, industry leaders must assess its financial impact to justify their decisions. This involves evaluating cost savings, revenue growth, and efficiency gains from integrating GenAI. By identifying areas for improvement, leaders can allocate resources strategically and estimate ROI. Understanding the financial impact can help companies embrace GenAI opportunities while managing risks and resources for long-term success in an AI-driven landscape.

Measuring the financial impact of GenAI adoption on the BPS business can be a complex task, but with a structured approach, it becomes more manageable. Here's a step-by-step approach to help industry leaders get started:

01.

Define Key Performance Indicators (KPIs)

Identify the specific metrics that will be used to measure the financial impact of GenAI adoption. Some potential KPIs could include:

Cost Savings

Measure the reduction in operational costs achieved through AI automation compared to traditional BPS processes.

Efficiency Improvement

Assess the increase in efficiency and productivity of BPS tasks after implementing GenAI.

Revenue Growth

Analyze the impact of AI-driven improvements on customer satisfaction and potential revenue growth.

Customer Retention

Monitor customer retention rates as AI may positively influence customer experiences.

Time-to-Completion

Measure how AI accelerates process completion times.

02.

Baseline Assessment

Before implementing GenAI, establish a baseline by analyzing the existing financial performance and operational metrics of the BPS business. This will serve as a point of comparison to measure the AI-driven changes.

03.

Identify AI Integration Opportunities

Determine the specific areas of BPS operations where GenAI can be implemented effectively. Common use cases include natural language processing for customer support, chatbots, document processing, and data analysis.

04.

Pilot Implementation

Start with a pilot implementation in one or a few specific areas to evaluate the initial impact of GenAI adoption. This will provide insights into the feasibility, challenges, and potential benefits.

05.

Data Collection and Analysis

Collect data on the KPIs defined earlier, both before and after the GenAI adoption. Analyze the data to understand the changes and quantify the financial impact.

06.

Cost-Benefit Analysis

Conduct a cost-benefit analysis to compare the expenses related to implementing GenAI with the financial gains achieved through the identified KPIs. This will help in determining the return on investment (ROI) of the AI adoption.

07.

Customer Feedback and Satisfaction

Seek feedback from customers to gauge their satisfaction with the AI-driven improvements. Happy customers are more likely to lead to increased revenue and retention.

08.

Scalability and Long-Term Impact

Consider the scalability of the GenAI solutions and assess how the financial impact might evolve in the long term as AI becomes more integrated into the BPS operations.

09.

Compare with Competitors and Industry Benchmarks

Benchmark your BPS's financial performance against competitors and industry standards to understand the relative impact of GenAI adoption.

10.

Continuous Monitoring and Improvement

GenAI technologies are continually evolving, so it is crucial to keep monitoring the financial impact and continuously seek opportunities for improvement.



It should be noted that measuring the financial impact of GenAI adoption may require collaboration between various departments, including finance, operations, and technology teams. The complexity of the analysis will depend on the scope and scale of the AI adoption within the BPS company.

Current State of AI Adoption

The BPS industry has begun incorporating AI-based tools and applications to boost efficiency, accuracy, and customer satisfaction. The introduction of GenAI stands to significantly enhance these tools. With its capacity to learn from extensive datasets and produce contextually pertinent content, GenAI can greatly improve existing AI-driven products and applications.

Here's a look at how GenAI can augment these current AI solutions:

The GenAI Upgrade: Enhancing Value, Across the Chain

This table demonstrates how GenAI can dramatically enhance the value of already-existing AI solutions, across a variety of contexts.

BPS APPLICATIONS/ PRODUCTS / SOLUTIONS	STATE WITH CURRENT LEVEL OF AI	GEN AI IMPROVEMENT
Chatbots And Virtual Assistants	Rule-based or based on pre-defined responses. Limited ability to handle complex queries and adapt to new scenarios effectively. Human intervention needed frequently.	Generate contextually relevant and human-like responses, making interactions more natural and capable of handling a wider range of customer queries. This can enhance the customer experience and reduce the need for human intervention.
Speech Recognition and NLP	Current AI models have made impressive progress in speech recognition and NLP. However, they can still struggle with accurately understanding context and nuance in language.	Improve the accuracy of speech recognition and NLP by learning from vast amounts of text data and generating more contextually relevant transcriptions. This will result in better communication between customers and agents and help avoid misunderstandings.
Data Analytics and Business Intelligence	Data analytics and Business Intelligence models heavily rely on historical data, potentially missing out on capturing complex patterns and dynamic trends.	Augment existing datasets with synthetic data, leading to more diverse and robust models. This can reveal more comprehensive insights for better informed business decisions.
CRM Systems	AI- powered CRM systems help manage customer data, track interactions, and provide insights for better customer engagement.	Gen AI can generate more personalized responses and recommendations for customer interactions, making CRM interactions more natural and tailored to individual customers.

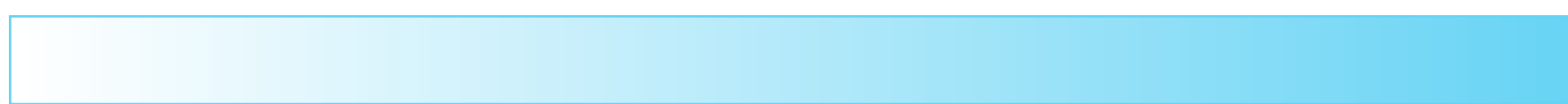
How GenAI may Reshape the BPS Industry

The BPS Job Description, Revolutionized.

This graphic shows the evolution of BPS jobs and careers — before, during, and after GenAI implementation.



Tasks accomplished primarily by AI



Tasks accomplished primarily by Humans

As GenAI becomes more integrated into the BPS industry, it is expected to lead to the replacement of Level 1 jobs, which typically involve repetitive and rule-based tasks, with AI systems that are adept at handling such functions. This advancement will drive the labor market towards more advanced service categories.

GenAI's ability to analyze data, make informed decisions, and even generate creative solutions positions it to proficiently undertake Level 2 tasks as well. This shift will allow human professionals to concentrate on higher-skilled roles (Level 3), where their expertise is crucial for addressing complex challenges and enhancing process efficiencies.



In the wake of this transformation powered by GenAI, Level 4 jobs are set to emerge. These strategic positions require a unique combination of creative thinking, critical analysis, and innovative problem-solving skills – areas where human intuition and creativity still surpass AI capabilities.

As the industry progresses, professionals in these Level 4 roles will become instrumental in guiding the future of BPS. They will be responsible for creating innovative strategies and maximizing the insights provided by GenAI to achieve optimal results.

The Future: The GenAI-Enhanced Evolution of BPS

The integration of GenAI into the BPS industry is set to introduce significant, disruptive changes, highlighting a range of promising future trends. For industry leaders, staying ahead of these trends and understanding their implications is key to maintaining a competitive edge and making informed decisions about GenAI adoption and its strategic implementation.

Utilizing GenAI to address the BPS industry's challenges offers opportunities for service expansion and transformative industry growth. By allocating routine, rule-based, and repetitive tasks to GenAI, BPS companies can refocus human skills on areas requiring creativity, critical thinking, emotional intelligence, and problem-solving expertise. This strategic shift promises to enhance BPS offerings, fostering deeper client engagement and strategic partnerships in consulting domains.

Equally important is the proactive management of potential drawbacks associated with GenAI adoption in the BPS sector. The responsible deployment of GenAI, guided by ethical standards, is essential to fully leverage its benefits while minimizing any negative impacts.

Effective change management is crucial for successful GenAI integration in BPS operations. The way companies handle the challenges of this transition will significantly influence the outcome. Skillful navigation through this process can yield considerable advantages, whereas neglecting change management can create obstacles to GenAI adoption, limiting its potential and leaving companies lagging in the evolving BPS market.

The incorporation of GenAI in the BPS industry brings a mix of vast opportunities and challenges. By remaining alert to emerging trends and thoughtfully overseeing GenAI implementation, BPS leaders can adapt to this dynamic environment, boosting operational efficiency and fostering innovation. This approach paves the way for a future-ready BPS industry that delivers outstanding value to its clients and stakeholders.

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