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## **Business Process Outsourcing (BPO)**

Business process outsourcing (BPO) is a business practice in which an organization contracts with an external service provider to perform an essential business task.

## What is BPO used for?

Organizations engage in business process outsourcing for two main areas of work: back-office functions and front-office functions.

Back-office functions, sometimes called *internal business functions*, include:

- Accounting
- > Information technology (IT) services
- Human Resources (HR)
- Quality Assurance
- > Payment processing









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## Front-office functions include:

- Customer relation services
- Marketing
- > Sales

BPO contracts can involve outsourcing an entire functional area, such as the HR department, to a single vendor. Organizations also often outsource specific processes within a functional area.

For example, an organization may outsource its payroll process but perform all other HR processes itself.



