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PRODUCT-MARKET PROFILE OF THE MAIN COMPETITORS IN THE OUTSOURCING SECTOR IN BULGARIA AS A KEY STRATEGIC INSTRUMENT

R. Radev*

The University of National and World Economy, Sofia, Bulgaria

ABSTRACT
The main goal of the current publication is to represent a product-market profile as an essential strategic instrument in the companies from the outsourcing sector in Bulgaria. In this article, we use the product-market profile to identify competitors' profiles and to define the intensity of competition in the outsourcing sector in Bulgaria. There is a specific methodological framework that helps to complete this goal. It consists of three main steps. *Firstly*, thirty-five competitors fell within the sample of research. *Secondly* - based on the preliminary study, different categories` and subcategories BPO and ITO services were defined. After that, we determine the competitors' portfolios and the depth of BPO and ITO services they provide in Bulgaria. Thirdly - we identify aggregate service profiles for the outsourcing sector as a whole, which helps determine the intensity of competition for each service category. The intensity is a result of the number of companies offering one or another outsourcing service.

Key words: Product – market profile, BPO, ITO, Human resources, sustainable capacity

INTRODUCTION

The author's concept for the product-market profile is the primary tool in his previous studies and publications. The importance of the product-market profile is determined by the fact that the characteristics that form it allow the assessment of the product-market combinations. The components that define it are the basis for achieving the company's goals both in the short term and in the medium and long term. In this article, we use the product-market profile to identify competitors' profiles and the intensity of competition in the outsourcing sector in Bulgaria.

This paper represents part of the results from the study for defining Human resource sustainability in Bulgaria. This study's main goal was to identify the business growth opportunities of the outsourcing companies in Bulgaria. There are three main groups of people taken into account as the main factors of human resources sustainability. The first group consists of people employed in outsourcing companies in Bulgaria and the companies from the IT sector. The second group includes a young workforce of the age of 15-39 years. The third group consists of two subgroups - students graduating from their high schools (basic and vocational) and students enrolled in the tertiary education system. The subject of interest in this paper is the product-market profile as a key strategic instrument for the international companies which provide outsourcing services in Bulgaria. The thesis advocated here is that the product-market profile is a vital instrument necessary to identify the intensity of competition in the outsourcing sector. The main goal is to summarize the methodology used and the results we achieved in the study. The results present the intensity of competition for every single category, for the two main service classes BPO and ITO, and totally for the sector.

***Correspondence to**: *Assos. Prof. Dr. Radko Radev, The University of National and World Economy, Sofia, Bulgaria, radko_radev@unwe.eu,*

METHODOLOGY

The methodology applied for the study of the product-market profile in Bulgaria's outsourcing sector is based on a sophisticated deductive approach. It includes a variety of popular methods: analysis and synthesis, induction and deduction, structural and comparative analysis, grouping, analogy, graphical methods, expert assessment, and statistical methods. **(Figure 1)**

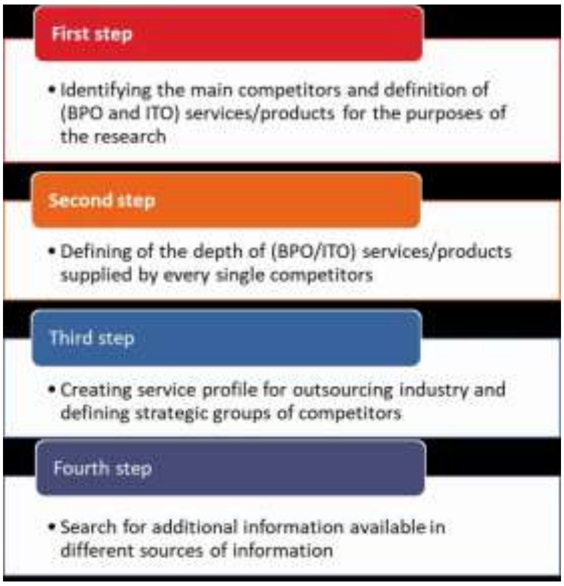

Figure 1. Methodological framework

For the study, mainly secondary information sources were used. The collection of primary information includes an analytical review of the companies' websites, interviews with managers, and owners. The methodological framework consists of four main steps. It enables the performing of a reliable analysis of the product-market profile and intensity of competition, even in situations of information deficit. *The first step aim is to identify the population of* the main competitors. The study's scope covers a sample of 35 international competitors operating in Bulgaria. Five managers from different companies approved the list with the outsourcing companies which fall in the survey sample. *The second step includes identifying the various categories of outsourcing* services that fall within the borders of ITO and BPO. After that, we determine the competitors' portfolios and the depth of BPO and ITO services they provide in Bulgaria. *Through the third step*, we create an aggregate service profile for the outsourcing sector as a whole, which helps determine the intensity of competition for each service category. The intensity is a result of the number of companies offering one or another outsourcing service. Identifying intensity helps define the specialization of exiting the workforce in ITO services (or other industries). Definition of (BPO and ITO) services which are of interest for research. *The last fourth step* is to search for specific information depending on the goal of the study. According to the research subject, this step aimed to find additional information about people employed in the companies from the current survey geographical coverage of the activities, existing offices, and the period of activity in Bulgaria. The current paper presents the results from the first three steps.

LITERATURE REVIEW

At the core of defining a product-market profile are the company's product policy and product portfolio (1-2). The product-market profile concept covers issues related to the business's geographical scope and the specifics of the sectors (target markets) in which companies offer their outsourcing services. (3) In general, four main characteristics are used to research and identify the product-market profile in a specific industry (4). With some adaptation, they can also be interpreted for the outsourcing sector. *Firstly*, the product-market profile expresses the specialization in terms of the offered outsourcing services. (3, 5). There are three main characteristics of the company's assortment: width, length, and depth. (5). They determine the outsourcing companies' product specialization. The issues related to the separate main categories of services in the two main classes BPO and ITO services are considered here (7-8). *Secondly*, along with the product ones, it is necessary to study the market characteristics and the outsourcing companies' market specialization. (9) The study of the market characteristics completes the picture of the product-market profile. (10-11) In this regard, the market specialization of companies in the outsourcing sector is revealed in terms of the classic concepts of market concentration, selective concentration, market/product specialization, full market coverage. Here we consider the specifics of outsourcing as a B2B model of business (12), client types, characteristics of target markets, and management system of the outsourcing companies. (13)

The goal is to examine the compliance of the outsourcing services offered by the companies with the characteristics of the target markets. No less important are the issues related to the provided services' geographical coverage, in connection with which national, regional, continental, and global outsourcing companies are differentiated. (3, 11) *Third*, the study of the product-market profile requires establishing the market and financial results that outsourcing companies achieve through the outsourcing services offered in the respective target markets: sales, revenue, profit, market share, market coverage, and penetration. Through the study of these indicators, outsourcing companies' positions on separate outsourcing services and markets are determined. In this sense, the role of the product-market profile for achieving the desired values of the primary market and economic indicators of the outsourcing companies is advocated. (14) *Fourth*, when studying the product-market profile for outsourcing companies, the influence of external and micro-environment factors at global, continental, and national levels should be analyzed (15). The need for their analysis is determined by the understanding that the conditions and prerequisites of the outsourcing sector determine competitors' strategies and their product-market specialization. (3) An essential part of this analysis is the volume and value of sales, the intensity of competition, geographical features of the markets, and others. (10) These features allow the product-market profile to be studied in terms of the characteristics of the outsourcing sector. Apart from defining and implementing the product-market business strategies of outsourcing companies, the product-market profile can also be used for human resources management. (10) Due to the nature of their activities, global outsourcing companies compete not only in attracting and retaining customers but also for human resources specific technical and linguistic knowledge and skills. (16-17) The competition for human resources is considered for the geographical destinations (in our case Bulgaria), from which the individual outsourcing companies provide outsourcing services to their clients. (18) In this case, the product-market profile should be performed for the different competitors, for the individual classes, and the categories of outsourcing services falling within their boundaries. They are the basis for determining the intensity of competition for particular outsourcing services and identifying strategic groups of competitors (direct and indirect) for human resources. In our study, this understanding was accepted. The perception of human resources as a management function (19-21) and the assessment of HR capacity sustainability is a crucial component in decision-making for business growth. (22, 23)

RESULTS

The current paper represents the results from the first two steps and part of the third one from the implemented methodology. **The first completed step** consists of identifying the population of the main competitors to be analyzed. The vital part of this step is the definition of BPO and ITO services which are of interest for research. This step finishes with the creation of outsourcing categories services – company matrix in the form of a table. **The second step completed** refers to the identification of the individual companies, supplying one or another BPO/ITO service. For a more detailed assessment, it is also essential to define the depth of BPO/ITO services provided by every competitor. The result of this profiling is identifying and grouping the companies. **The third step helped to identify** the service profile for the outsourcing industry in Bulgaria. It has been done for the country as a whole and for specific regions (cities), representing the interest in developing the business of ITO companies. In terms of the potential for recruiting human resources with experience, the aggregate service profile helps determine the intensity of competition for each service category. The intensity is a result of the number of companies offering one or another outsourcing service. Its identification helps to define the specialization of the existing workforce in ITO services.

1. Categories` and subcategories BPO and ITO services

Based on the preliminary research, different categories` and subcategories BPO and ITO services are defined. They are used to determine the service profile of each competitor and in this one for the country as a whole. On the other hand, the employees` profile in the industry can be defined as well as the level of competition in terms of attracting and retaining employees. The analysis examined ten (10) BPO and seven ITO services (approved by the managers from five of the companies from the survey).

The BPO service categories includes: Transportation/ logistics; Human resources; Sales & Marketing; Finance & Accounting; Customer care; Supply chain; Procurement/source to pay; Document management (printing and scanning of paper files) Innovations and others.

The ITO services categories include: Desktop and workplace management; IT helpdesk and support; Testing; Cloud outsourcing; Infrastructure and datacenter service; Application and development; other ITO services. In the first and the second IT categories (Desktop and workplace management and IT helpdesk and support), ten ITO services subcategories are analyzed, limiting the study and giving a more precise view. In the Desktop and Workplace category, the following two subcategories included are Line Technical Support Analysis and Line Support Analysis (non-IT). The IT help desk category from its side contains the following eight subcategories: IT operations, NET Web & Middleware, Backup & Storage, Batch & Scheduling, Database, Network, UNIX, and Windows.

2. BPO services portfolio for competitors and as the county as a whole

The BPO services portfolio is presented in summary in the table below. It synthesized the results of the methodology used for the survey. **(Table 1)**

- **10 BPO services** are listed below - Transportation/logistics to other BPO services - against each category horizontally is presented the number and the relative share of the competitor, offering it.
- **Thirty-five competitors** are presented horizontally - bellow each company (vertically) is shown the results of the research of the BPO services it offers. It helps to identify each service provided by the company and the depth of its BPO portfolio;

Table 1. *BPO service portfolio*

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35		
	60 к	Accedia	A-Data Pro	AIG Insurance	Atos	Bulpros	C3 I Solutions	Cargill	Coca-Cola	Concentrix	Convergys	DXC	Euroccor	First online Solutions	Hewlett Packard	HP Inc.	IBM Global Process	Ingram Micro	Logycall	Natek	Onprocess	Playtherh	Plusserver	PPD	ProcessFlows	Proxiad	Sitel	Soitron	Sutherland	Teletech	Telus	Tungsten	Unify	Vistra	Modis	TotalAverage	%
1. BPO																																					
1.1. TRANSPORTATION/ LOGISTICS	1			1				1			1	1			1			1										1	1							9	26%
1.2. Human resources	1			1		1	1	0			1	1	1	1	1	1	1		1		1	1			1		1	1		1	1					19	54%
1.3. Sales & marketing	1		1	1		1	1	1		1	1	1	1		1	1	1	1	1		1	1					1	1	1	1	1	1	1			24	69%
1.4. Finance & accounting	1		1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1		1	1					1	1	1	1	1	1	1	1		27	77%
1.5. CUSTOMER CARE	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1		1	1		1	1	1	1	1	1	1	1		30	86%
1.6. SUPPLY CHAIN	1					1	1	1	1	1	1	1	1		1	1	1	1	1		0	1		1	1		1	1	1	1	1	1	1			24	69%
1.7. Procurement/ source to pay	1				1	1		1	1	1	1	1			1	1	1	1	1		1	1			1			1	1		1	1	1	1		22	63%
1.8. Document management (printing and scanning of paper files)			1			1		1	1		1	1			1	1	1	1	1		1	1					1	1		1	1			1		18	51%
1.9. Innovations		1	1		1	1	1	1							1	1	1	1	1		1	1		1	1		1	1	1	1	1					20	57%
1.10. Other			1	1		1	1		1				1		1	1			1		1	1		1	1		1	1	1	1	1	1	1	1		21	60%
BPO services depth per company	7	1	6	6	4	9	7	8	6	5	8	8	6	2	10	9	8	8	9	1	8	9		4	6		8	10	8	8	9	6	6	5		7	61%

BPO services intensity

The review of each one category testifies to the fact that they are offered with varying intensity. The table can be seen horizontally at the end of the row against each BPO service category. The results are represented by table above.

- The most offered BPO service is Customer care - provided by 30 (or 86%).
- The second most offered BPO service is Finance and accounting – provided by 27 companies (or 77%).
- There are two services (Sale and marketing and Supply chain) offered by the same member of companies – 24 or 69%.
- The number of companies offering the next four categories BPO services varies between 18-21 companies (or from 51 to 60% of the total).
- Transportation and logistics take the last place. It is offered by nine companies or 9% of the total number of companies.

Competitors according to BPO services depth

The average depth identified as a result of all companies' research from the shortlist is seven offered categories of BPO services. The most significant recorded depth is 10 BPO services, and the lowest one is 1.

- *The depth between 7 and 10 BPO categories is observed in 19 of the companies* or 15% of all aggregate.
- Nine companies are supplying between 5-6 services, which equals to 26% relative share.

- The share of the companies which *offer at least one and a maximum of 4 BPO services is 14% or nine.*
- The number of companies without any BPO services from the list is 3 or 6%.

The average depth identified is seven offered in the categories of BPO services. The depth between 7 and 10 BPO categories is observed in 19 of the companies or 15% of all aggregate. Nine companies are supplying between 5-6 services, which equals to 26% relative share. The share of the companies which offer at least one and a maximum of 4 BPO services is 14% or nine. The number of companies without any BPO services from the list is 3 or 6%.

3. ITO service portfolio

The results of the ITO service portfolio analysis survey are summarized in the table form below. It is a result of the methodology used. **(Table 2)**

- **The ITO services are defined vertically into six main categories**. *The first one is Desktop and Workplace Management* (with two subcategories). *The second one is IT helpdesk and support* (with eight subcategories). *There are also three additional main ITO categories distinguished: Testing, Cloud services. Infrastructure a datacenter service* (They are not disaggregate into subcategories). Against each (sub) category of ITO service, the number and relative share of competitors which offer is calculated horizontally. This number forms its intensity.
- **The 35 competitors (including MODIS identified are sorted horizontally -** on the vertical are presented the various ITO services offered by the individual competitors and their ITO portfolio depth. Likewise, the average depth of all researched companies is shown.

Table 2. *ITO service portfolio*

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35		
	60-к	Accedia	A-Data Pro	AIG Insurance	Atos	Bulpros	C3 I Solutions	Cargill	Coca-Cola	Concentrix	Convergys	DXC	Euroccor	First online Solutions	Hewlett Packard	HP Inc.	IBM Global Process	Ingram Micro	Logycall	Natek	Onproces	Playthech	Plussever	PPD	ProcessFlows	Proxiad	Sitel	Soitron	Sutherland	Teletech	Telus	Tungsten	Unify	Vistra	Modis	TotalAverage	%
2. ITO																																					
2.1. Desktop and workplaceManagement	1		1		1	1	1			1	1		1	1	1		1	1	1		1	1	1		1	1	1		1	1	1		1		1	24	**69%**
2.1.1.First Line Technical Support Analysis	1		1		1	1	1			1	1		1	1	1	1	1		1	1	1	1			1		1	1	1	1	1	1	1		1	25	**71%**
2.1.2. Second Line Support Analysis (non-IT)	1		1		1	1	1			1	1		1	1	1	1	1			1	1				1		1	1	1	1	1	1	1		1	23	**66%**
ITO 2.1 services depth per company	**2**		**2**		**2**	**2**	**2**			**2**	**2**		**2**	**2**	**2**	**2**	**2**		**1**	**2**	**2**	**1**			**2**		**2**	**2**	**2**	**2**	**2**	**2**	**2**		**2**	**2**	**69%**
2.2. IT helpdesk and support	1		1		1	1	1			1	1	1			1	1	1	1		1	1	1		1	1	1	1	1	1	1	1		1		1	25	**71%**
2.2.1.IT Operations			1		1	1	1			1		1			1	1	1			1	1	1		1	1		1	1	1	1	1		1		1	21	**60%**
2.2.2. NET Web & Middleware	1		1		1	1				1		1			1	1	1	1		1		1			1		1	1	1		1		1		1	19	**54%**
2.2.3. Backup & Storage					1	1	1			1		1			1	1	1			1	1	1		1	1		1	1	1	1	1		1		1	20	**57%**
2.2.4. Batch & Scheduling			1		1	1	1			1		1			1	1	1			1					1		1	1	1		1		1		1	17	**49%**
2.2.5. Database	1		1		1	1	1			1	1	1			1	1	1			1	1			1	1	1	1	1	1	1	1		1		1	23	**66%**
2.2.6. Network	1		1		1	1	1			1	1	1			1	1	1	1		1	1	1		1	1	1	1	1	1	1	1		1		1	25	**71%**
2.2.7. Unix					1	1				1		1			1	1	1			1					1		1	1	1		1		1		1	15	**43%**
2.2.8. Windows					1	1				1		1			1	1	1			1	1			1	1		1	1	1	1	1		1		1	18	**51%**
ITO 2.33services depth per company	**3**		**5**		**8**	**8**	**5**			**8**	**2**	**8**			**8**	**8**	**8**	**2**		**8**	**5**	**4**		**5**	**8**	**2**	**8**	**8**	**8**	**5**	**8**		**8**		**8**	**6**	**58%**
2.3. Testing		1			1	1	1			1	1				1	1	1			1	1		1		1	1	1	1	1	1	1		1		1	**21**	**60%**
2.4. Cloud outsourcing IoT		1	1		1	1	1			1	1				1	1	1			1	1	1	1	1			1	1	1	1	1		1		1	**22**	**63%**
2.5. Other ITO services		1	1		1	1	1			1					1	1	1			1	1	1	1		1	1	1	1	1	1	1		1		1	**22**	**63%**
2.6. Infrastructure and datacenter service		1	1		1	1	1			1	1	1			1	1	1			1	1		1		1	1	1	1	1	1	1	1	1	1	1	**25**	**71%**
ITO 2.3-2.6 services depth per compony		**4**	**3**		**4**	**4**	**4**			**4**	**3**	**1**			**4**	**4**	**4**			**4**	**4**	**2**	**4**	**1**	**3**	**3**	**4**	**4**	**4**	**4**	**4**	**1**	**4**	**1**	**4**	**3**	**64%**
Total ITO	**5**	**4**	**10**		**14**	**14**	**11**			**14**	**7**	**9**	**2**	**2**	**14**	**14**	**14**	**2**	**1**	**14**	**11**	**7**	**4**	**6**	**13**	**5**	**14**	**14**	**14**	**11**	**14**	**3**	**14**	**1**	**14**	**9**	

ITO services intensity

The intensity of competition differs for the different categories of ITO services. It can be seen from the table.

- **The ITO service category with the highest intensity is Desktop and workplace management.** This category is offered by 25 of the companies or 71% of the whole aggregate. Its subcategories - Line Technical Support Analysis and Line Support Analysis (non-IT) are provided at almost the same intensity.
- **The next category from the point of intensity is IT helpdesk and support,** which is available to 25 companies or 71% of all surveyed. Network as one of all subcategories falling within its boundaries is offered by 25 companies or 71%. Other subcategories supplied by more than 20 competitors are Database - also provided by 23

companies(66% of the total); IT operations - 21 or 61% and Back-up & Storage – by 20 or 57%. Windows helpdesk and support is supplied by 18 companies(51%), followed by Net Web and Middleware -19(54%) and Batch and Scheduling with 17(49%).

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The last categories, which are in the scope of the research, are well represented. Twenty-five companies or 71% of the total provide Infrastructure and Datacenter Service; twenty-two or 63% of the total include in their portfolios Testing.

The intensity of competition differs for the different categories of ITO services. There are three main ITO categories with the intensity of 25 companies supplying them –Desktop and workplace management, IT helpdesk and support and Infrastructure, and datacenter services. Testing is offered by 21 of the companies or 71% of the whole aggregate.

The average depth of ITO services supplied by the companies from the surveyed is nine categories offered. The maximum depth is 14, and it is available in 13 companies. In one of the companies, the depth is 13. There are seven companies with ITO service depth between 7 and 11. In 5 of the companies, the depth portfolio is from 4 to 6. The fourth group includes five companies with a depth of less than 4 ITO services supplied. There are three companies without any ITO operations included in their service portfolio.

CONCLUSIONS

Usually, a product-market profile is used to determine the outsourcing companies' strategic market positions and formulating the product-market business strategies for their development. This article uses another application from the point of view through which the product-market profile is used to determine the intensity of competition between the classes and categories of outsourcing services offered by outsourcing companies on Bulgaria's territory. It identifies strategic groups of competitors that compete for human resources with an appropriate language profile and technical competencies that are of interest to individual companies. This approach can be applied at the national level, regionally, individually. It is also possible to use it globally.

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