Measuring BPO Success: What Impact to Expect and How to Track It

By Bruce Haghighat

Once a business process has been handed to an outside provider, a new question takes over: is it working? It sounds simple, yet many organizations struggle to answer it. Some track only the invoice. Others track dozens of service-level metrics that are all green while their own staff and customers complain. Surprisingly many track very little at all.

The honest answer is that no single number tells you whether business process outsourcing (BPO) is succeeding. Cost savings matter, but so do service quality, customer experience, the effect on the business, and the health of the relationship itself. An engagement that saves 20 percent while driving customers away is not a success; neither is one that delights users but costs more than doing the work in-house.

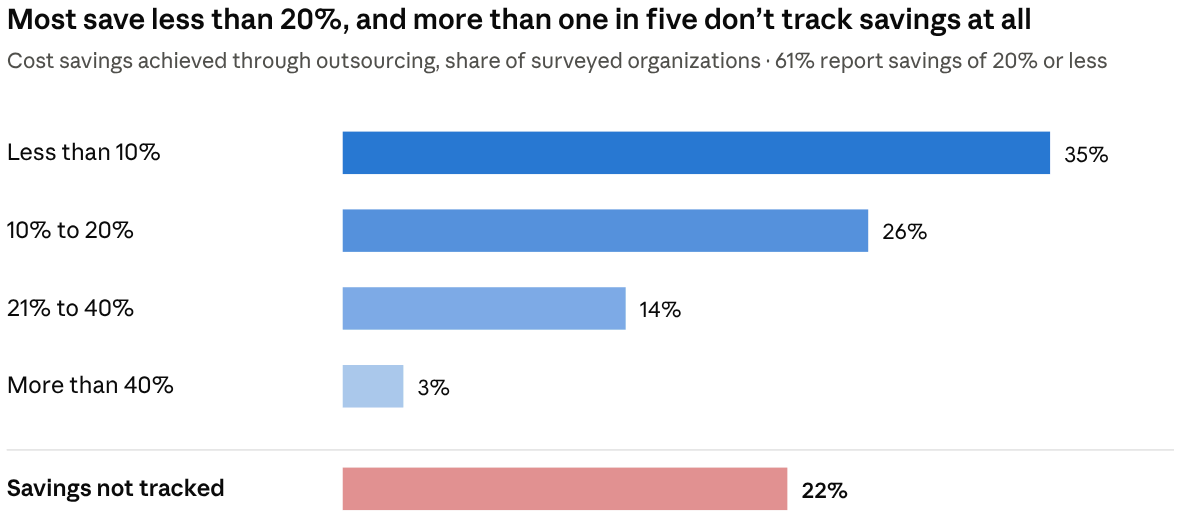
This article covers what impact organizations can realistically expect from BPO, why measuring cost alone is misleading, and how to build a balanced set of measures that shows whether an outsourced process is truly delivering.

What impact to expect

The first step in measuring success is knowing what success realistically looks like. Outsourcing marketing often promises dramatic savings, but the research tells a more modest story.

Advisory firm TPI examined outsourcing contracts signed between 2003 and 2005 and found that, once professional fees, severance, and the cost of governing the contract were included, expected savings ranged from 10 to 39 percent, averaging 15 percent, far below the 60 percent sometimes claimed (Supply & Demand Chain Executive). Deloitte's 2016 Global Outsourcing Survey found a similar pattern in results achieved, along with a telling gap: a large share of organizations could not say what they had saved.

Copyright 2026, Optimio Solutions. All Rights Reserved.



Deloitte, 2016 Global Outsourcing Survey · share of respondents by savings achieved

Cost is also only part of the picture. TPI found the share of companies outsourcing mainly to improve quality nearly doubled in two years, from 11 to 21 percent. Deloitte's 2024 survey points the same way: organizations increasingly want outcome-based relationships, yet fewer than half report productivity gains, and only a quarter report lower costs for vendor services (Deloitte).

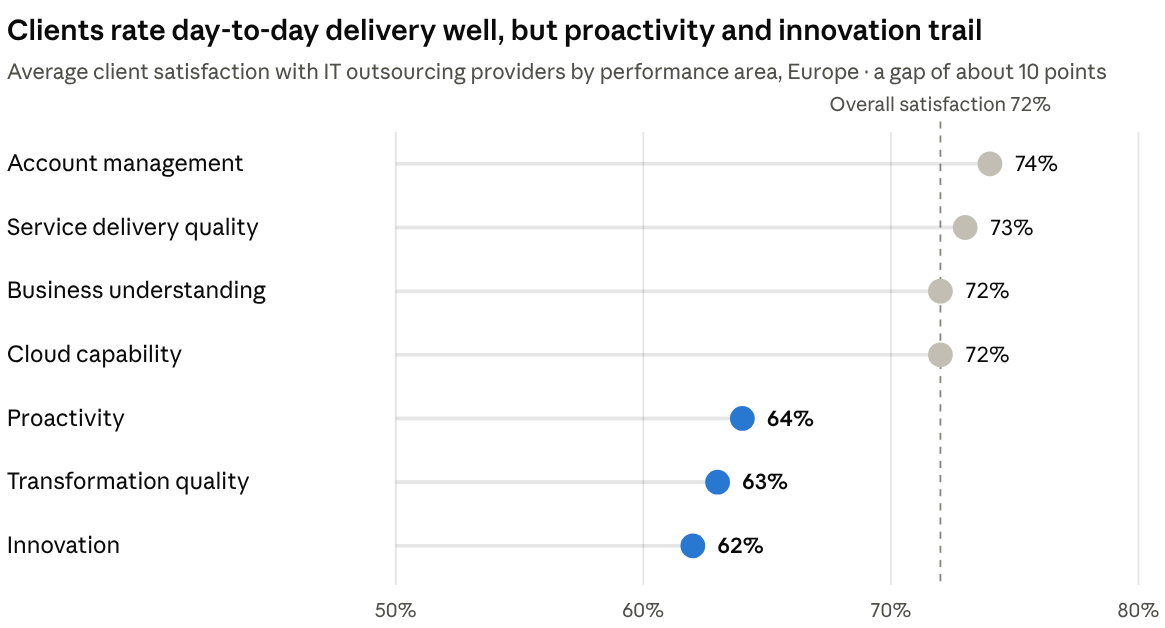
The realistic expectation, then, is a solid but not spectacular cost reduction, plus potential gains in quality, speed, scalability, and access to skills. Those gains are real, but they only count if someone measures them.

Why cost alone misleads

Cost is the easiest thing to measure, which is exactly why it gets overweighted. A provider can meet its price commitments while the service slowly deteriorates in ways the invoice never shows: more errors to correct internally, slower responses to customers, frustrated employees building their own workarounds.

Client satisfaction research shows where these gaps tend to appear. In Whitelane Research's 2020 European study of more than 1,700 participants, clients gave providers solid marks for the basics of service delivery and account management, but noticeably lower scores for proactivity, transformation, and innovation (NTT DATA).

Copyright 2026, Optimio Solutions. All Rights Reserved.



Whitelane Research, IT Sourcing Study Europe 2020 (1,700+ participants), market averages as reported by NTT DATA

Broader research is less forgiving still. Everest Group has reported that 48 percent of enterprises it surveyed were not satisfied with their service provider's performance (Everest Group).

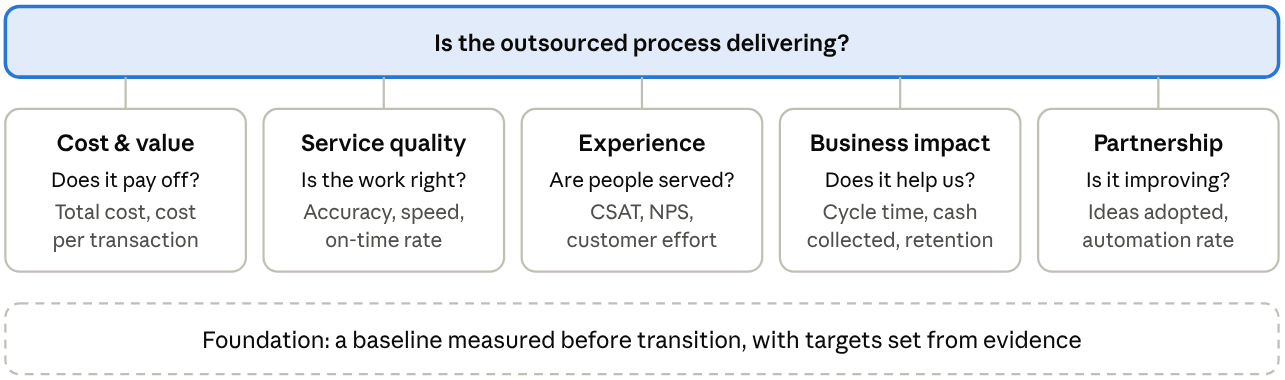
There is also a trap in how performance is reported. Analysts call it the "watermelon effect": service-level reports are green on the outside, yet the experience of customers and employees is red on the inside (Avasant). It happens when contracts measure how quickly work moves rather than whether it achieves its purpose, for instance a help desk that closes tickets fast but leaves the underlying problems unsolved. The cure is to measure outcomes and experience alongside speed and cost.

The five dimensions of BPO success

A balanced view of outsourcing performance rests on five dimensions. Each answers a different question, and together they show whether the arrangement is genuinely working.

Copyright 2026, Optimio Solutions. All Rights Reserved.

Judge BPO success on five dimensions, not one



BPO success scorecard · 5 dimensions on a measured baseline

Cost and value asks whether the arrangement pays off once every cost is counted, including the internal team that manages the provider. **Service quality** asks whether the work is accurate, complete, and on time. **Customer and user experience** asks how the service feels to the customers and employees who depend on it. **Business impact** asks whether the outsourced process actually helps the organization perform, for example by collecting cash faster or filling positions sooner. **Partnership** asks whether the provider is improving the process over time or simply keeping it running.

The foundation matters as much as the pillars. Without a measured starting point, none of the five can be judged, because "better" and "cheaper" only have meaning relative to where the process began.

Metrics that matter

Each dimension needs a small number of well-chosen measures. Three to five per dimension is usually enough; more than that and the important signals get lost. The table shows typical choices.

Dimension	Example metrics	What it tells you	Review
Cost and value	Total cost of ownership vs. baseline; cost per transaction; savings net of governance and transition costs	Whether the deal is paying off financially	Monthly and annually

Copyright 2026, Optimio Solutions. All Rights Reserved.

Dimension	Example metrics	What it tells you	Review
Service quality	Accuracy or error rate; on-time completion; turnaround time; first-time-right rate; backlog	Whether the work is done correctly and on time	Weekly and monthly
Customer and user experience	Customer satisfaction (CSAT); Net Promoter Score; customer effort; complaint volume; internal user satisfaction	How the service feels to the people who receive it	Monthly and quarterly
Business impact	Days sales outstanding; revenue retained; time to hire; cycle time of the end-to-end process	Whether the outsourced process helps the business perform	Quarterly
Relationship and innovation	Improvement ideas proposed and implemented; automation rate; joint satisfaction scores; staff turnover on the account	Whether the provider is a partner or just a vendor	Quarterly and annually

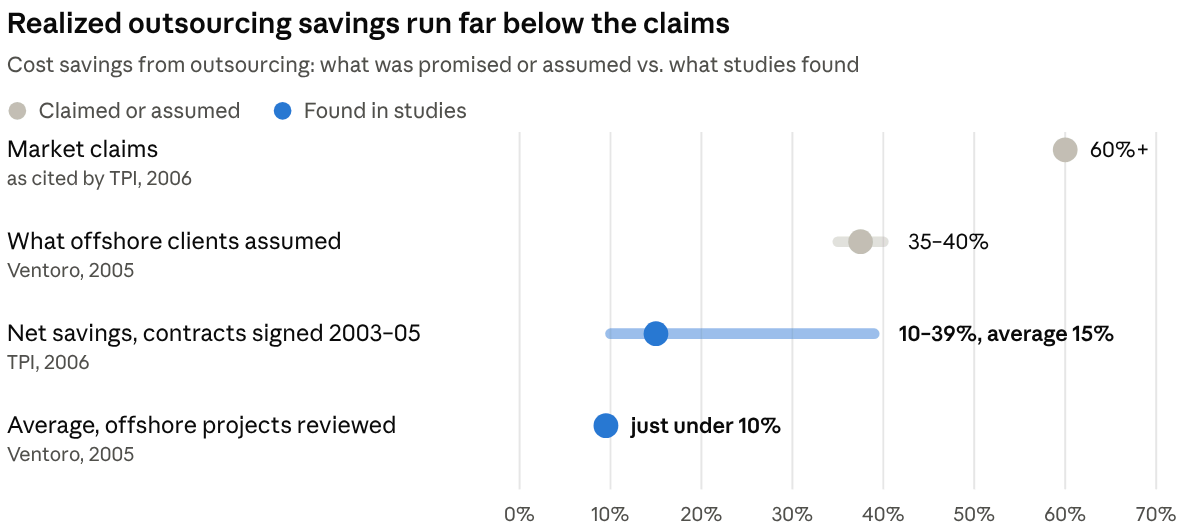
Two principles help when choosing. First, favor outcomes over activity: "invoices paid accurately and on time" says more than "invoices processed per hour." Second, pair every efficiency measure with a quality or experience measure, so that the provider cannot hit one target by sacrificing another, such as closing support tickets quickly without actually solving the problem.

Baselines, targets, and outcome-based contracts

Measure before you move. Every dimension depends on a baseline captured before the work transfers: the full cost of the process, its volumes, error rates, cycle times, and the satisfaction of the people it serves. Once the work moves, that information becomes much harder to reconstruct, and without it any claim of improvement is guesswork.

Set targets from evidence, not promises. Expectations shape how results are judged. A 15 percent saving looks like failure to a team that was promised 40. The research shows how wide that gap can be.

Copyright 2026, Optimio Solutions. All Rights Reserved.



TPI Index via Supply & Demand Chain Executive (April 2006); Ventoro 2005 Offshore Outsourcing Research Report via eWeek

The Ventoro study also found that 28 percent of the offshore projects it reviewed actually increased costs, and another 25 percent produced no significant savings (eWeek). Setting realistic targets, and phasing them in over the life of the contract, protects both sides from disappointment.

Write outcomes into the contract. Traditional service-level agreements reward activity: calls answered within a set time, invoices processed per day. Outcome-based agreements tie the provider's rewards to results the business cares about, such as accuracy, customer satisfaction, or cash collected. Deloitte's 2024 survey found that 67 percent of organizations are adopting outcome-based outsourcing relationships (Deloitte). Some go further, adding experience-level agreements that measure how users actually feel about the service, a direct remedy for the watermelon effect.

A measurement rhythm

Measures only create value when someone reviews them and acts. The most effective outsourcing relationships set a layered review rhythm, with each level looking at different measures and involving different people.

Review	Who attends	Focus
Weekly operations check	Process owners from both sides	Volumes, backlogs, errors, escalations; fix problems before they spread

Copyright 2026, Optimio Solutions. All Rights Reserved.

Review	Who attends	Focus
Monthly service review	Relationship managers	Service levels, quality trends, user feedback, corrective actions
Quarterly business review	Senior sponsors from both sides	Cost and value, customer experience, business impact, improvement pipeline
Annual strategic review	Executives	Is the arrangement still the right one? Renew, expand, renegotiate, or exit

Procter & Gamble offers a good example. When it outsourced its IT operations to HP in 2003, it established a quarterly balanced scorecard covering HP's performance against service levels and the satisfaction of P&G's own users, reviewed all the way up to senior executives at both companies (eWeek).

The annual review deserves particular weight. It is the point at which measurement turns back into process review: the same questions about relevance, efficiency, and effectiveness that should be asked of any internal process apply equally to an outsourced one.

Common measurement mistakes

Even organizations that take measurement seriously fall into a few predictable traps:

- **Tracking only what the provider reports.** Provider dashboards are useful, but they measure what the provider controls. Supplement them with your own data, especially customer feedback and the downstream effects on your teams.
- **Measuring too much.** A scorecard with 60 metrics hides the five that matter. Every measure should have an owner and a decision it informs; if no one would act on it, drop it.
- **Ignoring retained costs.** Savings calculated from the provider's invoice alone overlook the internal team managing the contract, the rework your staff still does, and the cost of escalations. Total cost of ownership is the honest figure.
- **Freezing the targets.** Service levels set at signing often become too easy within a year or two. Build in planned improvement, such as targets that tighten annually or a share of productivity gains passed back to you.

Copyright 2026, Optimio Solutions. All Rights Reserved.

- **Reviewing without acting.** A quarterly review that ends with no decisions is a reporting ritual, not governance. Each review should produce a short list of actions, owners, and dates.

Avoiding these traps turns measurement from a contractual formality into a tool for steadily improving the outsourced process.

Conclusion

So is BPO success about satisfaction, cost savings, or customer improvement? The answer is all of them, weighed together. Cost savings show whether the arrangement pays. Service quality shows whether the work is done right. Customer and user experience show whether people are better served. Business impact shows whether the organization performs better, and the relationship measures show whether the provider will keep improving over time.

Organizations that measure only one of these dimensions risk being misled, either by a cheap service that quietly damages customer relationships or by green service-level reports that hide real frustration. Those that set a clear baseline, choose a balanced set of outcome-based measures, and review them on a steady rhythm are far better placed to know, and to prove, that their outsourcing is working.

Sources

- Deloitte: 2016 Global Outsourcing Survey
- TPI: TPI Index, as reported by Supply & Demand Chain Executive (April 2006)
- Ventoro: 2005 Offshore Outsourcing Research Report, as reported by eWeek and CIO Insight (July 2005)
- Whitelane Research: IT Sourcing Study Europe 2020, as reported by NTT DATA (February 2021)
- Everest Group: research on enterprise satisfaction with service providers
- Avasant: Avoid the Watermelon Effect, Focus on Customer Experience (April 2022)
- Deloitte: Global Outsourcing Survey 2024
- eWeek: HP, P&G Deem Transition Smooth (August 2004)

Copyright 2026, Optimio Solutions. All Rights Reserved.