

IT Outsourcing: A Personal Reflection

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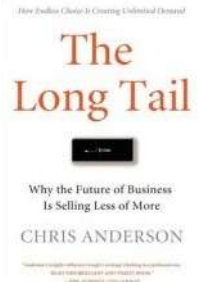
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Broad IT Challenges



- **IT governance** – how to manage the increasingly complex set of relationships and vendors who provide IT products and services – domestic, near-shore and offshore vendors; rural sourcing; contractors (short and long term); consultants; research firms (Gartner, Forrester); interim management; SBU IT units; corporate IT units; and customer desires microsourcing/crowdsourcing... the long tail (e.g. vWorker, Elance, Guru, mTurk)
- **Process outsourcing** – which processes to outsource; which to keep in-house? Commodity vs. strategic processes. Which process to automate (RPA)? Where to source innovation?
- **IT succession** – where does the next generation of IT leaders come from when most IT is outsourced?



IT Outsourcing Timeline



The early days

FIRST WAVE

Best of Breed
“Pinnacle Alliance” -
JP Morgan

Creativity in deal
Making, cf. South
of Australia

Web and eBusiness
helping to drive outsourcing...
especially ASP

SECOND WAVE

“Virtualization of business
process outsourcing assets”

THIRD WAVE

1966	EDS wins Blue Shield of Texas account
1969	EDS wins Blue Shield of Penn account facilities mgmt, contract programming, systems integration, service bureau, time sharing
1984	GM outsources to EDS
1986-1988	EDS involved in financial outsourcing deals -Continental Airlines -First City Bank -Enron
	IBM announces ISSC
1989	Kodak..outsourcing is legitimized (The era of the megadeal begins)
1993	BP, KF Group (Sweden), Canada Post (Outsourcing becomes international) Alliances, partnerships grow Cosourcing – EDS Outsourcing moves beyond simple cost savings...value -based sourcing/equity-based outsourcing, business process outsourcing
Mid 90s	Other functions look to be outsourced, IT is seen as the “leader” Lots of renegotiating of contracts
Mid/late 90s	BPO
Late 90s	70+% of companies outsource some piece of IT... selective sourcing is totally accepted as sound business practice
1999	The emergence of ASPs and net sourcing
2001	Offshoring
2003	BPO (offshoring): HR & payroll, F&A, KPO, R&D, Legal, Engineering services, Customer contact
2005	Rural sourcing
2007-10	OM/G tools, multisourcing, New titles: Chief Sourcing Officer, Head of Resourcing, Head of Transformation
2011	Microsourcing/Crowdsourcing
2015	Robotic Process Automation (RPA)

IT Outsourcing Research Timeline



The early days

FIRST WAVE



1989 — **Kodak....outsourcing is legitimized**

1991 — Applegate, L. and Montealegre, R. "Eastman Kodak Organization: Managing Information Systems Through Strategic Alliances," Harvard Business School Case 9-192-030, Boston, Massachusetts, 1991.

1992 — Loh, L. and Venkatraman, N. "Diffusion of Information Technology Outsourcing: Influence Sources and the Kodak Effect," *Information Systems Research*, 3(4), 1992, 334-358.

Loh, L. and Venkatraman, N. "Determinants of Information Technology Outsourcing: A Cross-Sectional Analysis," *Journal of Management Information Systems*, 9(1), 1992, 7-24.

Lacity, M.C. and Hirschheim, R. "The Information Systems Outsourcing Bandwagon," *Sloan Management Review*, 35(1), 1993, 73-86.

Lacity, M. and Hirschheim, R. *Information Systems Outsourcing: Myths, Metaphors, and Reality*, John Wiley and Sons, New York, NY, 1993.

1993 — Heinzl, A. "Outsourcing the Information Systems Function Within the Company: An Empirical Survey," *Proceedings of the International Conference on Outsourcing of Information Services (OUT'93)*, University of Twente, The Netherlands, 1993.

Huber, R.L. "How Continental Bank Outsourced Its 'Crown Jewels,'" *Harvard Business Review* (January-February), 1993, 121-129.

Willcocks, L. and Fitzgerald, G. *A Business Guide to Outsourcing Information Technology*, Business Intelligence, London, 1994.

1994 — Fitzgerald, G. and Willcocks, L.P. "Contracts and Partnerships in the Outsourcing of IT," *Proceedings of the International Conference on Information Systems*, Vancouver, Canada, 1994, 91-98.

Grover, V., Cheon, M.J. and Teng, J.T.C. "A Descriptive Study on the Outsourcing of the Information Systems Functions," *Information & Management*, 27(1), 1994, 33-44.

Millar, V. "Outsourcing Trends," *Proceedings of the Outsourcing, Cosourcing and Insourcing Conference*, University of California - Berkeley, 1994.

Quinn, J.B. and Hilmer, F.G. "Strategic Outsourcing," *Sloan Management Review*, 35(4), 1994, 43-55.

1995 — Cross, J., 1995, 'IT Outsourcing: British Petroleum's Competitive Approach', *Harvard Business Review*, 73(3), May - June 1995, 94-103.

McFarlan, F.W. and Nolan, R.L. "How to Manage an IT Outsourcing Alliance," *Sloan Management Review*, 36(2), 1995, 9-23.

Klepper, R. "The Management of Partnering Development in I/S Outsourcing," *Journal of Information Technology* (10), 1995, 249-258.

Gurbaxani, V. "The new world of information technology outsourcing," *Communications of the ACM*, 39(7), 1996, 45-46.

1999 — Quinn, J.B. "Strategic Outsourcing: Leveraging Knowledge Capabilities," *Sloan Management Review*, 40(4), 1999, 9-21.

OUT'93 (first international conference on Outsourcing research) (1993)

Conference on Outsourcing at UC-Berkeley (1994)

AI SIGOUT

IT Outsourcing Research Timeline



SECOND WAVE

Outsourcing tracks at AMCIS, HICSS...also at ECIS, ICIS, ACIS, PACIS

ICOIS'2001, ICOIS'2007, ICOIS'2013 and ICOIS'2019

Global Sourcing Workshop (first one in Val d'Isere 2007)

Strategic Outsourcing: An International Journal (2008)



AIS SIGSourcing (2018)

Outsourcing Literature Survey papers

- 2004 — Dibbern, J., T. Goles, R. Hirschheim, and B. Jayatilaka, "Information Systems Outsourcing: A Survey and Analysis of the Literature", *Database*, 35(4), Fall 2004, 6-102.
- 2008 — Lacity, M., Willcocks, L., and Rottman, J., Global outsourcing of back office services: lessons, trends and enduring challenges. *Strategic Outsourcing: An International Journal* 1(1), 2008, 13-34
- 2009 — Lacity, M., Khan, S. and Willcocks, L., "A Review of the IT Outsourcing Literature: Insights for Practice", *Journal of Strategic Information Systems*, 18(3), 2009, 130-146.

Outsourcing Literature Survey books

- 2002 — Hirschheim, R., Heinzl, A. and Dibbern, J. (eds.), *Information Systems Outsourcing in the New Economy: Enduring Themes, Emergent Patterns and Future Directions*, Springer-Verlag, Berlin, 2002. (2nd edition 2006; 3rd edition 2009; 4th edition 2014)
- 2005 — Carmel, E., and Tjia, P., *Offshoring Information Technology: Sourcing and Outsourcing to a Global Workforce*. Cambridge University Press, Cambridge, UK. 2005
- 2009 — Oshri, I., Kotlarsky, J. and Willcocks, L., *The Handbook of Global Outsourcing and Offshoring*, 2009. (2nd edition, 3rd edition)
- Willcocks, L. and Lacity, M. (eds.), *Outsourcing Information Systems*, Sage, 2009:
- 2012 — Kotlarsky, J, Oshri, I. and Willcocks, L., *The Dynamics of Global Sourcing: Perspectives and Practices*, Springer, 2012.

Sourcing has become a mainstream research topic (not only in IS)

Growth of papers on governance issues; rural sourcing; robotic process automation; crowdsourcing; 'as a service' sourcing; etc. etc.

Outsourcing papers appear in all the mainstream journals, with several special issues devoted to the topic (cf. *Journal of Information Technology*, 2008)



OUT'93, Twente University, Enschede, Netherlands, 1993



ICOIS 2001, Castle of Thurnau, Thurnau, Germany, 2001



ICOIS 2013, Mannheim Palace, Mannheim, Germany, 2013



ICOIS 2007, Villa Bosch, Heidelberg, Germany, 2007



First Global Sourcing Workshop, Val d'Iser, France, 2007



Ninth Global Sourcing Workshop, La Thuile, Italy, 2015