

eSourcing Capability Model for Client Organizations (eSCM-CL) Annotated Bibliography

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Introduction

The eSourcing Capability Model for Client Organizations (eSCM-CL) [Hefley 2006a, 2006b] is a “best practices” capability model with two purposes: (1) to give client organizations guidance that will help them improve their capability across the sourcing life-cycle, and (2) to provide client organizations with an objective means of evaluating their sourcing capability. eSourcing relies on information and communication technologies as an integral part of the service delivery of a sourced service. Embedded within any service delivery is the client – service provider relationship. Client organizations serve as “informed customers” of these sourcing relationships, ensuring that the organization’s sourcing activities are directed to meet end-user needs, provide value for money, and achieve the most beneficial outcomes.

The ultimate success of the eSCM-CL model will be demonstrated when model adopters see fewer sourcing relationships that end due to deficiencies in service providers’ performance, more effective and efficient management of service providers, better relationships between client organizations and their service providers, and increased business value arising from client organization’s sourcing activities.

The eSCM-CL was developed by a consortium led by Carnegie Mellon University’s Information Technology Services Qualification Center (ITSqc). This work began in March 2003, with the eSCM-CL being released in September 2006. Data collection activities during the model development included an extensive review of the published literature; interviews with clients, service providers, and advisors; and multiple workshops with global participation.

The literature review used to support the design of this model is represented in this Annotated Bibliography and is organized into two sections. The first section provides annotated entries that are ordered alphabetically by author’s last name. In the second section, the entries are arranged in a topical bibliography. This topical bibliography is organized into sections addressing existing frameworks and each of the Capability Areas (CA) of the eSourcing Capability Model for Client Organizations (eSCM-CL).

References

- [Hefley 2006a] Hefley, William E. and Ethel A. Loesche. 2006. *The eSourcing Capability Model for Client Organizations (eSCM-CL), Part 1: Model Overview*. CMU-ITSQC-06-002. Pittsburgh, PA: IT Services Qualification Center, Carnegie Mellon University.
- [Hefley 2006b] Hefley, William E. and Ethel A. Loesche. 2006. *The eSourcing Capability Model for Client Organizations (eSCM-CL), Part 2: Practice Details*. CMU-ITSQC-06-003. Pittsburgh, PA: IT Services Qualification Center, Carnegie Mellon University.

Alphabetical List of References

This section provides a set of annotated references that are ordered alphabetically by authors' last name(s) with newest references provided first.

[Aalders 2001]

Aalders, R. (2001). *The IT outsourcing guide*. New York, NY: John Wiley & Sons.

The book gives a roadmap to outsourcing and is targeted at both the clients and the service providers. The contents of the book are about 'how' to outsource and it does not get into the strategic analysis issues (whether to outsource). The book starts with a chapter on outlining motives for outsourcing. The next chapter deals with developing the critical success factors and service provider selection criteria. Next chapter then deals with evaluating the baseline environment so that the company is better prepared when negotiating. The book next suggests having a set of management principles in place for service provider governance. This can help avoid a number of routine issues once the project starts. Subsequent few chapters deal with vendor selection and evaluation. The book advises starting with pre-selecting the service providers by issuing a Request for Information (RFI) and then preparing the RFP. The book devotes one chapter to evaluating the RFPs. Before entering into the contract, the book advises, doing a due diligence in a joint team, which should cover all aspects of future contract including staffing, organization, skills, documentation and environment. The last few chapters of the book deal with other phases of outsourcing lifecycle like contract formulation, transition management, and relationship management and finally taking decisions about termination or renewal of the contract. Each chapter has a checklist, which is useful.

[Aberdeen 2001]

Aberdeen Group. (2001). *Offshore Software Development: Localization, Globalization and Best Practices in an Evolving Industry*. Boston, MA: Aberdeen Group.

The report discusses offshore software development, profiles the major countries that provide bulk of offshore services and discusses some challenges with offshoring. Two basic offshoring models have been defined in the report- the direct offshore development and outsourced development, which is a mix of on-site/offshore delivery. The report then discusses the strengths and weaknesses of India, Russia, China and Israel.

[Aberdeen 2002]

Aberdeen Group. (2002). *Offshore software outsourcing best practices (Abridged)*. Boston, MA: Aberdeen Group.

This report is based on reviews of case studies and interviews especially with individuals on the client side of the offshore service delivery model. The report includes an examination of offshore software outsourcing market trends, a summary of best practices and

6 best practices case studies. According to the report, there are two types of fundamental best practices that apply to offshore software outsourcing- those that are common to all development initiatives regardless of location and those that address the challenges associated with managing that cross time zones and business cultures. According to the report, some of the common characteristics of successful offshore software outsourcing are: Start with a test project using measurable goals and objectives; Ensure internal buy-in and involvement; Review and document internal processes; Assign a dedicated project manager; Pay attention to organizational fit and so on. The report indicates that the IT decision makers typically use a common set of weighted evaluations criteria when selecting an IT service provider. The top five criteria include: Technical expertise; Vertical industry expertise; Supplier viability; Price; and Previous successful service relationship. The case studies try to profile the best practices in a variety of offshore initiatives including architecture consulting, application development, legacy software migration, etc.

[Abraham 1998]

Abraham, T., Ahlawat, S., & Ahlawat, S. (1998). The India option: Perceptions of Indian software solutions. *International Journal of Technology Management*, 15(6,7), 605-621.

[Accenture 2004]

Accenture. (2004). *Driving High-Performance: Outsourcing: Best Practices from the Masters. Executive Survey Results*. Chicago, IL: Accenture.

This paper discusses the result of a survey of 565 executives from various industries. One of the findings from the survey is the longer a company engages in outsourcing, the better it becomes at the actual managing of outsourcing. The survey also highlights some best practices for outsourcing such as: Build in broad business outcomes early and often; Hire a partner, not just a provider; Consider the relationship more than just a contract- a business relationship; Leverage gain-sharing; Use active governance; Assign a dedicated executive and focus on primary objectives.

[Accenture 2003a]

Accenture. (2003). *Control: Getting It and Keeping It in Business Process Outsourcing. Achieving High Performance through Business Process Outsourcing*. Chicago, IL: Accenture.

According to this article, many challenges in BPO, for executives, are not operational but managerial. Executives struggle to maintain control through their outsourcing provider in order to get the outcomes they want. This article, based on 30 interviews with senior executives makes three recommendations for how executives get and keep control in BPO. These recommendations are: 1) Cultivate a broad view of control. The most successful executives go beyond direct, supervisory control mechanisms to help them achieve BPO objectives. 2) launch broad controls early in the BPO initiative. Leaders resist the temptation to wait until the transition phase of a BPO relationship is complete before setting the groundwork for indirect

and enabling controls and 3) Use controls dynamically to maintain ongoing BPO momentum. Every ongoing BPO relationship needs traditional, steady state controls like service level agreements. However, the article suggest managers be ready to give up static controls when needed.

[Accenture 2003b]

Accenture. (2003). *Outsourcing in Government: Pathways to value: An Accenture Report*. New York, NY: Accenture.

The research focuses on the current state of outsourcing in government. It categorizes the best practices in six areas in which it states that effective management is essential. These are: Shaping the relationship to the situation; Negotiating and contracting effectively; Managing workforce issues; Managing the ongoing relationship; Ensuring strong performance. Some of the best practices it mentions are: Provide central guidance, but leave accountability with agency executives; Drive outsourcing decisions through strategy; and set a prudent pace for dealing with workforce transitions.

[Agrawal 2003]

Agrawal, V. & Farrell, D. (2003). *Who wins in offshoring. The McKinsey Quarterly, 2003(4)*.

The article citing research from McKinsey Global Institute mentions that offshoring is beneficial to the US economy and companies in the long run. If jobs are moved to countries with lower labor costs, US firms can focus on creating higher-value jobs. The study compares offshored work that is now been done in India and was previously handled in the US and claims that for every dollar of work going to India, India earns a net benefit of at least 33 cents, in the form of government taxes, wages paid by US firms and revenue earned by Indian vendors. For the US, the article claims that it captures directly 67 cents of savings and indirectly might capture an additional 45 to 47 cents, producing a net gain of 12 to 14 cents for every dollar of costs moved offshored. The article also mentions that offshoring creates value for the US economy in the following four ways: Cost savings, new revenues for the US firms in form of sales of equipment and other services; Repatriated earnings from US firms based in India; Redeployed labor-capital savings can be invested to create new jobs in the US for which labor will be available.

[Ahmad 2004]

Ahmad, A., & Copra, O. P. (2004). *Passion to Win*. New Delhi, India: All India Management Association.

This book is based on research done on Indian firms and it identifies the factors and characteristics used by successful companies for a sustainable competitive advantage. Some of the key characteristics of successful companies, identified in the book are: Inspiring leadership; Innovation strategy; a distinct identity; Process driven execution and the ability to satisfy all stakeholders. The book has separate chapters devoted to each of the above key characteristics and 19 organizations, which include both Indian and subsidiaries of multinational firms, are the basis of study in this book.

[Akomode 1997]

Akomode, J. (1997). Risk assessment and information synthesis for quality improvement in an enterprise. *Computing and Information Systems*, 4(1), 28-39.

The paper deals with the potential risks in business information technology (IT) systems in enterprises. It proposes a model for risk evaluation while selecting a vendor for outsourcing the IT systems. The model considers multiple factors for making the decision and is based on the analytical hierarchy process (AHP) for: (i) effective structuring, measurement and evaluation of key elements of risk/suppliers in relation to business IT systems; and (ii) effective information provision for managers concerned with the quality improvement of IT systems in an enterprise.

[Akomode 1998]

Akomode, O. J., Lees, B., & Irgens, C. (1998). Constructing customised models and providing information to support IT outsourcing decisions. *Logistics Information Management*, 11(2), 114-127.

The paper proposed a model based on analytical hierarchy process for risk management in IT outsourcing. The risk factors in IT outsourcing are identified as: performance, technical expertise, commitment, adequate time to volume, quality and adequate forecasting of total cost. The computer simulation presented in the model seeks to help managers in the provision and prediction of useful outsourcing risks information.

[Alberta 1999]

Government of Alberta, Office of the CIO. (1999). *A Contract Management Framework for Information Technology Project*. Calgary, Alberta, Canada: Govt. of Alberta.

The framework deals with assessing the effectiveness of IT services, selecting an appropriate IT delivery model and contracting and managing for IT services with a focus on government departments. The framework first suggest carrying out a comprehensive review of It services to check how effectively the IT assets are being managed. While reviewing, both the strategic and operational perspectives should be considered, and the perspectives of all the shareholders should also be taken into account. In the next phase the framework represents making the decision to outsource IT services. The key elements are: linking the IT strategy to business strategy, analyzing the IT services to determine the gap between capabilities and expectations, identifying alternatives, including outsourcing and assessing the costs and benefits of each. The next phase is implementing the outsourcing decision, which includes all activities from selecting the in-house team, to vendor evaluation and selection. The next phase discusses contract management of the outsourced services and suggests providing adequate resources, establishing clear responsibilities, monitoring performance and dealing with issues proactively. The final phase deals with performance review and suggests certain areas like service delivery, client contract management, supplier service management for which the review should be carried out.

[Alison 2002]

Alison, R. (2002). *Outside upside: Finding focus through finance outsourcing: An Accenture White Paper*. New York, NY: Accenture.

This report deals with outsourcing finance and accounting functions. It is divided in four sections. The first section discusses the benefits of outsourcing e.g. how some firms use outsourcing as a vehicle to promote change, for instance as part of a transformation designed to shift corporate structure from a more traditional organization divided along geographic lines to one organized globally along business lines. The second section talks about the risks in outsourcing. The third section discusses the various Finance and Accounting functions that can be outsourced. Finally the last section provides guidance on how to make outsourcing work. The report concludes that outsourcing can help in cutting costs and is fast becoming a vital complement to strategy.

[Altinkemer 1994]

Altinkemer, K., Chaturvedi, A., & Gulati, R. (1994). Information systems outsourcing: Issues and evidence. *International Journal of Information Management*, 14(4), 252-255.

The paper deals with risks and benefits of outsourcing and discusses if outsourcing increases productivity. The paper lists several advantages of outsourcing- personnel (increased knowledge and expertise), economic (cost saving), control (risk sharing), data/segment (focus on core) and organizational (outsource the weakness of organizational department). Similarly it lists the various disadvantages of outsourcing in all these above-mentioned areas, like in personnel (loss of in-house expertise). The paper details certain vendor related contractual issues in outsourcing like vendor experience, planning, personnel, and communication. The paper also does an analysis of annual reports of the companies and finds that cost reduction is the most important reason to outsource. Being on the forefront of technology is specified as the second most important reason.

[Alvesson 2004]

Alvesson, M. (2004). *Knowledge Work and Knowledge-Intensive Firms*. New York, NY: Oxford University Press

The book deals with the concept of knowledge management in organizations. The book defines some characteristics of Knowledge Intensive Firms (KIFs) and the distinction between the KIFs and non-KIFs. The book also deals with the ambiguous nature of knowledge in the various business processes and how to counter those. The issues of trust, relationships and social networks, all of which are important in knowledge transmission, especially in service firms, are also dealt with.

[Amega 2001]

Amega Group. (2001). *Managing successful outsourcing implementation [Web Page]*. 2001; Accessed 2003 Dec 17. Available at: <http://www.amegagroup.com/reference/outsourcing-implementation.html>.

According to the article, outsourcing relationships fail when they are viewed as short-term or tactical solutions, rather than part of

long-term strategic plans. A multi-step approach, including Planning, Analysis, Design, Implementation, and Operations phases, along with a contingency exit strategy, is required to achieve a successful outsourcing implementation. The article describes each of the phases with Strategy being part of the Planning phase. Before outsourcing a business function, a Strategy and Goals document should be drawn up, detailing the organization's outsourcing intentions, the strategic rationale for outsourcing. The focus of the strategy document should be on core and non-core processes. The Strategy and Goals document then creates a value proposition that outlines the expected benefits customers (internal and external) will realize because of the outsourcing arrangement. The Analysis phase deals with preparing and delivering a request for proposal (RFP), examining proposals, evaluating outsourcing providers, and determining required service levels. Design phase deals with the contracting issues and SLAs. During the next phase- Implementation phase, the transition from in-house provision of services to outsourcing is made. Finally the last phase, Operations, deals with managing the service provider, measuring results, which are objective, quantifiable and comparable, and decisions about when to terminate the relationship.

[APQC 1997a]

American Productivity and Quality Center. (1997). *Outsourcing: A Strategic Framework*. Houston, TX: APQC.

This report discusses a study conducted by APQC to examine best practices, and key trends in outsourcing. This was done with the help of 9 companies, 5 of which sponsored the study. The report divides the findings in three areas- decision model, managing the process, and measures of success. Under the decision model, the research finds that corporate strategy, reengineering and annual budget process drives outsourcing. Similarly one of the findings is that Cross-functional teams, senior management sponsorship, and input from key functional areas are critical for decision making about outsourcing. Clients also examine non-core functions for service quality, cost savings, essential skill sets while making the decision. Request for information (RFI) and Request for Proposal (RFP) are important for service provider evaluation. In order to have a win-win situation, the clients should develop clear, measurable expectations with emphasis on incentives rather than penalties. Use of experts for contract negotiations gives the clients flexibility and leverage. In the area of managing the process, the key finding is that developing plans, involving key company personnel, and communication helps in a smooth and successful transition. It also finds that assigning specific responsibilities and training helps in managing relationships. For the third area of measures of success, the report finds that performance measures are important for providing incentives and improving relationships. Customer driven measures for performance measurement, like balanced business scorecards should be used.

[APQC 1997b]

American Productivity and Quality Center. (1997). *Reshaping the Corporation: Emerging Best Practices in Shared Services- Executive Summary*. Houston, TX: APQC.

This document is the executive summary of the study conducted by APQC's International Benchmarking Clearinghouse, in conjunction with Ernst & Young, LLP, and 13 sponsoring organizations, on strategies for delivering corporate shared services. The key best practices outlined in the document are 1. Making appropriate "upfront" decisions to focus and manage the change—determining the scope of the effort, the location of the shared service center, how to roll out the change, how to staff, and the governance structure. 2. Organizational change management/focusing on employees during the change—communicating with and motivating employees during the change, involving employees in the change process, and educating and training employees to prepare them for their new roles within the shared services organization. 3. Developing a customer-focused mind-set—developing two-way communication with customers, educating employees regarding the shared service role, and tying compensation to performance. 4. Developing service-level agreements—working with customers to design and develop appropriate agreements and reaching consensus on cost and quality issues. 5. Developing performance measures—determining what to measure and what not to measure. The study also lists additional critical success factors necessary to support and implement these best practices. These are: a corporate culture supportive of change, and executive sponsorship.

[Anderton 1999]

Anderton, B., & Brenton, P. (1999). *Outsourcing and Low-skilled Workers in the UK*. *Bulletin of Economic Research*, 51(4), 267-286.

The paper states that imports and outsourcing from lower wage countries have contributed to the decline in the wage-bill share and the relative unemployment of the less skilled workers in UK. The study limits itself to UK's manufacturing industry. The source of imports also is important while measuring the impact of outsourcing. The article concludes that low skill sectors are more likely to be influenced by outsourcing than the higher skill sectors.

[Ang 1993]

Ang, S. (1993). *The Etiology of Information Systems Outsourcing* [Ph. D. Thesis]. Minneapolis, MN: University of Minnesota.

This thesis proposes that both the economic and non-economic factors must be understood before deciding on outsourcing information systems. A study was carried out by the author in banking industry. According to the author, in large banks outsourcing is influenced by production economies and the internal institutional pressures to unbundle support services. On the other hand, outsourcing in small banks is influenced by production economies, transaction economies, and the external institutional pressures from peer banks, professional IT associations, and federal bank examiners. While

- deciding about outsourcing, an organization must integrate both economic and institutional considerations to make the final decision.
- [Ang 1997] **Ang, S., & Cummings, L. L. (1997). Strategic response to institutional influences on information systems outsourcing. *Organization Science*, 8(3), 235-276.**
- This paper deals with factors that can influence a bank's decision to outsource its IT services. The paper uses data from 226 banks and states that the decisions depend on the nature of institutional pressures, perceived gain in production economies, financial capacity to resist institutional influences, and transaction cost considerations.
- [Anonymous 2004] **Anonymous. (2004). Strategies for Information Technology Governance. *Information Technology Newsletter*, 15(2), 30-31.**
- This article is based on an interview with the author of the book *Strategies for Information Technology Governance*. The author defines IT Governance as the organizational capacity exercised by the Board, executive management and IT management to control the formulation and implementation of IT strategy and in this way ensure the fusion of business and IT. The author states that the book defines the concept of IT governance and its relationship with corporate governance, the Board, and IT management. It also records and interprets important theories, models and practices in the IT governance domain and aims to contribute to the understanding of IT governance and its structures, processes and relational mechanisms.
- [Anonymous 2001a] **Anonymous. (2001). Choosing the right off-shore outsourcing company. *Computer Economics Report (International Edition)*, 23(2), 3-5.**
- This article deals with the advantages of offshoring IT projects. Analyzing the trends in offshoring, it states that IT offshoring has the potential of up to 50% cost savings for the firms. Some of the ways in which this cost is eliminated include reduction in recruitment and associated infrastructure costs. Other benefits include service providers' ability to start a project quickly and produce high quality results.
- [Anonymous 2001b] **Anonymous. (2001). *Collective Knowledge and Collective Cognition in a Software Development Team: A Case Study*. London: London School of Economics and Political Science.**
- [Anonymous 2000] **Anonymous. (2000). Applying benchmarks to IT outsourcing agreements. *Networking Strategies*, 8(8), 1-3.**
- The article analyzes the role of benchmarking in outsourcing negotiations and governance. It states that cost is a fundamental driver of outsourcing negotiations and, for many clients could be a priority. Therefore detailed measures of IT costs and service levels are essential in forming a cost-effective arrangement. Measurement and comparative analysis are needed to communicate success, to understand the state of the market in an rapidly changing environment.

[Anonymous 1998]

Anonymous. (1998). Due-diligence checklist. *Journal of Accountancy* 185(6), 30.

This article focuses on the needs of CPAs evaluating vendors for their clients. The article gives a list of questions to determine if the vendor has the resources and experience, which an outsourcing client is looking for. Some of the questions CPAs need to answer while evaluating the vendors are about vendor reputation, financial security, experience of the vendor to implement new systems, potential partners which the vendor typically uses and vendor organization.

[Anonymous 1997]

Anonymous. (1997). *Business process outsourcing market directions, 1998 & beyond*. Mt. View, CA: G2R Inc.

[Antonucci 1998]

Antonucci, Y. L., & Tucker, J. J. (1998). Responding to earnings-related pressure to reduce IT operating and capital expenditures. *Information Strategy: The Executive's Journal*, 14(3), 6-14.

According to the paper, a company's earnings performance is often responsible for radical changes in the structure and destiny of the company. Earnings performance is often used to gauge the amount of resources that top management can afford to invest in IT infrastructure and operations. Management may consider many IT expenditures as discretionary. Among the IT expenditures, the discretionary capital expenditures like upgradation of IT infrastructure, development or upgrade the network infrastructure, R&D, and applications development are resisted by the management. Under the operating budget, upper management tends to achieve reductions in costs include layoffs of IT personnel and the reduction or elimination of IT training. Management may also consider outsourcing of the IT operations to access outside provider's lower cost structure. To negotiate effectively with upper management regarding the acquisition of IT resources, IT managers must be able to accurately evaluate the earnings performance of core operations. IT managers should first challenge the perception of poor or inadequate earnings performance. In addition, IT managers should 1) identify the IT activities or projects that are most likely to be reduced or eliminated and 2) estimate the short-run and long-run impacts of such actions on revenue and other costs. Specifically, IT must attempt to determine if the cost savings from reduced IT expenditures would be more than offset by 1) increased costs incurred by line personnel because of poor or inadequate IT support, and/or 2) lost revenues owing to inadequate IT support of sales and marketing.

[Appel 2003]

Appel, A. M., Dhadwal, A., & Pietraszek, W. E. (2003). More bang for the IT buck. *McKinsey Quarterly*, 2, 12 p.

The article suggests that companies can reduce the cost of IT procurement by building integrated capabilities for IT procurement. It mentions that companies are overspending on their IT procurement by more than 20%. Some of the suggestions for streamlining the pro-

curement costs are paying close attention to costly terms and conditions in vendor contracts, by limiting purchases and coordinating them across divisions, and by negotiating aggressively with vendors.

[Applegate 2002]

Applegate, L. M. and Austin, R. D. (2002). *Corporate Information Strategy and Management. Sixth ed.* New York, NY: McGraw Hill.

The book examines how information technology enables organizations to conduct business. It is organized into 4 modules. The first is aimed at understanding impact of IT on industries and market, the second shifts focus from the external to internal environment. The third module deals with operational issues at the interface of business and technology and the fourth concentrates on the leadership and management of IT activities. Two chapters of the book are devoted to IT outsourcing. They identify the characteristics of situations where outsourcing major portions of firm's IT activities makes sense and discusses how to structure and manage the alliance. It also provides a framework for managing large IT outsourcing programs. Another chapter explores incremental outsourcing and the shift towards multiple, selective, collaborative service delivery partners.

[Apte 1997]

Apte, U. M., Sobol, M. G., Hanaoka, S., Shimada, T., Saarinen, T., Salmeia, T., & Vepsalainen, A. P. J. (1997). IS outsourcing practices in the USA, Japan and Finland: a comparative study. *Journal of Information Technology, 12(4)*, 289-304.

This paper compares IS outsourcing practices in USA, Japan and Finland. About 60.3% of the Finnish respondents outsource some of the IS functions domestically, while the figure for Japan and US is 73% and 77% respectively. Global outsourcing (offshoring) is highest in the US firms- 16.7% and least in the Finnish firms (11.3%). The authors observe some differences, though. In Japan for example, companies tend to outsource to their subsidiaries. The authors also conclude that software development and maintenance and data centre operations are outsourced in Japan and Finland at much higher rates than in the USA. On the other hand, training and education and disaster recovery functions are frequently outsourced in the USA while these functions are mostly insourced in Japan. Firms in Finland also expect higher savings from outsourcing as compared to those in Japan and the US and more often outsource high-risk functions such as software development and maintenance. The US firms tend to outsource low-risk functions such as training and data entry functions. Companies in all three countries considered the significant potential for cost reduction and the opportunity to focus on the strategic use of IS as the most important advantages of domestic outsourcing. The most important disadvantages are the difficulties in monitoring the performance and in explaining the business needs and specifications to an outsourcing vendor. The authors also observe that IS executives play a dominant role as initiators and decision makers. They are responsible for more than 80% of outsourcing decisions in both the USA and Japan.

[Arnum 2004]

Arnum, P. V. (2004). Information Technology Insights: Cyber Security Ushers IT Into Corporate Governance Practices. *Chemical Market Reporter*, 256(17), 17-18.

This article discusses a framework to help integrate information security governance into corporate governance processes. The framework was released by the Corporate Governance Task Force of the National Cyber Security Partnership (NCSP). The NCSP's Corporate Governance Task Force has used the IDEAL (Initiate, Diagnose, Establish, Act, Learn) model, an organizational improvement model that serves as a roadmap for initiating, planning, and implementing improvement actions. The framework identifies cyber security roles and responsibilities within corporate management structures, establishes risk management and quality assurance benchmarks and outlines best practices and industry metrics. The ISG framework also provides tool sets to bring accountability to three key elements of corporate governance programs and information security systems: people, process and technology. The tool is based on four major areas: 1. Business dependency-measuring an organization's reliance on information technology for business continuity as well as the degree of sector interdependency and regulation 2. Risk management-evaluating the risk management process as it relates to creating an information security strategy and program 3. People-evaluating the organizational aspects of a company's information security program and 4. Processes-identifying the processes that should be part of an information security program.

[Arora 2001]

Arora, A., Arunachalam, V. S., Asundhi, J., & Fernandes, R. (2001). The Indian Software Services Industry: Structure and Prospects. *Research Policy*, 30(8), 1267-1288.

The paper discusses the structure and prospects of the software sector in India. The success of the firms is attributed to resources, encouragement by government and timing. The paper states that maintaining the current rate of growth will pose a number of challenges, but these challenges can be overcome. The leading Indian firms are making strong efforts to move up the value chain by acquiring better software project management capability and deeper knowledge of business domains, and reducing costs and improving quality by developing superior methodologies and tools.

[Arora 2004]

Arora, A., & Gambardella, A. (2004). *The Globalization Of The Software Industry: Perspectives And Opportunities For Developed And Developing Countries (NBER Working Paper No. W10538)*. Cambridge, MA: NBER.

This paper addresses the growth of the global software industry by examining reasons for this growth, how this growth impacts economic development and the long term implications of offshoring of software.

[Arora 2004]

Arora, H. K., & Arora, S. (2004). A Primer on Offshore Outsourcing. *Indian Journal of Economics and Business, Special issue of offshore outsourcing, 2004, 17-27.*

The paper discusses the growth of outsourcing, its benefits and costs. The paper cites reduction in operating costs, a focus on core operations, and improvement in profit margins as the main reasons for outsourcing. The paper also mentions that benefits of outsourcing may come in the long run, however the cost has to be borne in the short run in the form of unemployment of certain skilled and unskilled workers. Other costs include personal issues, national security issues and cultural barriers. The paper concludes that many offshore service providers are setting up operations in North America to provide better services and to avoid the backlash.

[Arora 2004]

Arora, S. S., & Chakrabarti, A. (2004). Importing jobs? The impact of global outsourcing on wages in Indian manufacturing. *Indian Journal of Economics and Business, Special issue of offshore outsourcing, 2004, 137-152.*

The paper discusses the wage differential in Indian manufacturing sector. It builds a two-country model of US outsourcing to India. The paper finds that outsourcing has resulted in widening the wage difference between the wages of skilled and unskilled workers in Indian manufacturing industries. However the gap has shown some tendencies to decline, but it does not mean that outsourcing has contributed to this decline. Infact, the paper states that the gap will shrink further, if the US firms decide to insource.

[Aubert 2005]

Aubert, B., Currie, W. L., & Rivard, S. (2005). Introduction to the Outsourcing of Information Systems Minitrack. *Proceedings of the 38th Annual Hawaii International Conference on System Sciences – 2005.* Los Alamitos, CA: IEEE Computer Society.

The paper gives an overview of the papers presented in the Information systems Minitrack, 2005. The papers fall in two categories. One category of papers seeks to understand and explain the outsourcing decision, while the second group focuses on the management of the outsourcing relationship.

[Aubert 1998]

Aubert, B. A., Dussault, S., Patry, M., & Rivard, S. (1998). Managing the risk of IT outsourcing. *Proceedings of the 32nd Annual Hawaii International Conference on System Sciences (HICSS-34).* Los Alamitos, CA, USA: IEEE Computer Society.

This paper builds the case for evaluating and managing the risk associated with IT outsourcing for the clients. The paper proposes a framework for the management of IT outsourcing risk, and assesses the usefulness of the framework using data gathered in two cases of system development outsourcing. After providing a conceptual definition of risk and of risk exposure, the paper presents the proposed risk management framework. The two cases are then described along with the evaluation of the level of risk exposure of each, and

the risk management mechanisms that were included in the contracts. The paper concludes that by charting the various items that contribute to risk exposure, and by specifically applying the appropriate mechanisms that can target the elements with the higher levels of risk exposure, outsourcing risk can be adequately managed.

[Aubert 2003]

Aubert, B., Houde, J. F., Patry, M., & Rivard, S. (2003). Characteristics of IT Outsourcing Contracts. *Proceedings of the 36th Annual Hawaii International Conference on System Sciences - 2003; Maui, HI. Los Alamitos, CA: IEEE Computer Society.*

The paper uses transaction cost theory to discuss contracting issues in IT outsourcing. It tests the proposition that complexity and volume uncertainty will make contract clauses more difficult to write, because activities will be more complex to describe and predict. Another proposition tested is that the more unique the supply situation, there is a higher probability of negative consequences. The paper concludes that a contract for which activities would be hard to predict or difficult to measure would incite the firms to choose a form of contract that is more incomplete, since the cost of writing a complete agreement is too high. Another finding is that when a contractual relation is permanent, firms need more complete contracts.

[Aubert 1998]

Aubert, B. A., Patry, M., & Rivard, S. (1998). Assessing the risk of IT outsourcing. *Proceedings of the Thirty-First Hawaii International Conference on System Sciences; Kohala Coast, HI, USA, 685-92, vol.6. Los Alamitos, CA, USA: IEEE Computer Society.*

This paper deals with risks in IT outsourcing and with assessing those risks. It uses transaction cost and agency theory as a primary theoretical basis, and proposes a framework for categorizing risk factors, which have been identified in the literature. It outlines a risk assessment procedure and focuses on the three activities of risk assessment in context of IT outsourcing: identifying the potential undesirable consequences of IT outsourcing, identifying the risk factors, and linking risk factors to undesirable outcomes. Among the undesirable consequences of IT outsourcing, the paper identifies hidden costs, contractual difficulties, service debasement and loss of organizational competencies. It then outlines the risk factors according to the three key concepts of agent, principal, and transaction. Finally it provides relationships between risk factors and undesirable outcomes.

[Aubert 2001]

Aubert, B. A., Patry, M., Rivard, S., & Smith, H. (2001). IT outsourcing risk management at British Petroleum. In R. H. Sprague (Ed.), *Proceedings of the 34th Annual Hawaii International Conference on System Sciences (HICSS-34); Maui, HI. Los Alamitos, CA, USA: IEEE Computer Society.*

This article discusses the risk exposures associated with three IT outsourcing contracts at British Petroleum and examines the management response to these risks. The paper first defines the no-

tions of IT outsourcing risk and risk management and describes the methodology adopted to conduct the study. It then describes each of the three BP IT outsourcing contracts, along with an assessment of respective risk level and an analysis of how risk was managed in each case. Finally, a transversal analysis of the three contracts is conducted in order to contrast and compare them. The paper concludes that the sources of risk and their prevalence are context dependent. This diversity should help managers to adopt different risk management strategies, depending on the context. In some situations, the strategy followed by management aimed at reducing the probability of occurrence of undesirable consequences, in others, it focused on lowering the impact of the potential undesirable consequences. Finally some choices could be seen as compromises. A given risk management mechanism could lower one type of risk while increasing another one.

[Aubert 1999]

Aubert, B. A., & Rivard, S. (1999). Introduction to the Trends in Outsourcing of Information Systems Minitrack. *Proceedings of the Thirty-second Annual Hawaii International Conference on System Sciences; Maui, Hawaii*. Los Alamitos, CA: IEEE Computer Society.

The paper gives a summary of various papers presented at Trends in Outsourcing Information Systems Minitrack and states that the papers represent the increased sophistication of IT management in outsourcing. Three papers are mentioned, "Analyzing IT Outsourcing Relationships as Alliances Among Multiple Clients and Vendors", "Information Technology Outsourcing: conceptualizing practice in the public and private sector" and "Managing the Risk of IT Outsourcing".

[Aubert 2000]

Aubert, B. A., & Rivard, S. (2000). Introduction to the trends in outsourcing of information systems minitrack. *Proceedings of the 33rd Annual Hawaii International Conference on System Sciences, 2000*. Los Alamitos, CA: IEEE Computer Society; 2000 Jan 4-2000 Jan 7.

The paper mentions the articles in the mini-track. It states that outsourcing has undergone radical changes over the years. The service providers now offer new types of arrangement, there are new fields that have embraced outsourcing, like human resources, and that outsourcing will continue to grow uninterrupted for the next three years.

[Aubert 1996]

Aubert, B. A., Rivard, S., & Patry, M. (1996). Deciphering software development outsourcing through transaction cost theory. *Proceedings of the 4th European Conference on Information Systems; Lisbon, Portugal*. Lisbon.

The paper discusses software outsourcing using three case studies. The three cases had different perspectives on software outsourcing. One of the companies had outsourced all its software development, the other company had insourced everything, while the third firm had initially outsourced software development but later insourced it. The paper uses transaction cost theory to analyze the three situa-

tions. The paper finds that the three variables in the transaction cost theory: the asset specificity, uncertainty and measurement problems and frequency of transaction, have different explanatory powers in specific situations.

[Aubert 1999]

Aubert, B. A., & Roy, V. (1999). *A Resource Based View on The Information Systems Sourcing Mode* (CIRANO Working Paper 99s-34). Montreal: CIRANO - Center for Interuniversity Research and Analysis on Organizations.

This paper studies the relationships between the choice of a sourcing mode for information systems, the value of the resources used in systems development activities and the presence of those resources at sufficient level within the firm. The objective is to better understand the factors underlying the decision to keep the development of an information system inside the firm or to entrust it to an outside partner. A sourcing model is proposed using the resource-based theory. Two case studies are used to illustrate the concepts used in the research model. Data from these two projects illustrate how the model could be used to predict the sourcing mode retained by the managers for each project, given the availability of the necessary resources and the strategic value of the future system.

[Avery 2000]

Avery, G. (2000). *Outsourcing public health laboratory services: A blueprint for determining whether to privatize and how*. *Public Administration Review*, 60(4), 300-337.

This article suggests a process for the evaluation of an option to outsource laboratory services. First the concerned agency should evaluate the impact on agency's core mission. The focus of a private sector laboratory is quite different from the core task of a public agency, and this can affect the ability of the public health agency to implement policy. For example, when private sector clinical laboratories are involved in the diagnosis of communicable disease, the focus is on the management of the disease in individual patients, while a public health agency concentrates on management and control in populations. The other evaluations that the agency must carry out involve- evaluating the availability, stability, and reliability of private sector service providers, evaluating the relative costs of internal and external service providers, evaluating the potential impact on regulatory enforcement, the ability to monitor the performance of external providers, and finally evaluating potential conflicts of interest.

[Avison 2001]

Avison, D., Fitzgerald, G., & Powell, P. (2001). *Reflections on information systems practice, education and research: 10 years of the Information Systems Journal*. *Information Systems Journal*, 11(1), 3-22.

The paper discusses the 10 years of Information Systems Journal and examines the issues of practice, education and research, which were raised in the first paper of ISJ. The paper states that in the field of practice, the computer applications have changed, and the rise of the ERP systems and the Business Process Reengineering (BPR). It

also discusses the IT movement from centralization and mainframes to client-server technologies. The paper also discusses the growth of information systems education and research.

Reference List

[Ayad 2002]

Ayad, N., & Sol, H. G. (2002). Development of New Geographically Distributed Business Models for Global Transactions. *Proceedings of the 35th Hawaii International Conference on System Sciences - 2002; Maui, HI*. Los Alamitos, CA: IEEE Computer Society.

The paper deals with globalization of operations in financial institutions. It develops a framework for developing a new geographically distributed business model. The paper does not discuss any form of IT sourcing.

[Bagby 2003]

Bagby, R. (2003). Protecting Data: Navigating the Rough Waters of Offshore Data Security [Web Page]. 2003; Accessed 2003 Nov. Available at: <http://www.outsourcing-offshore.com/protecting.html>.

The article discusses data privacy issues in IT outsourcing. It suggests that to ensure safety of data when outsourcing clients should intelligently assess points of risk and structure the outsourcing agreement to mitigate them. It also suggests selecting a known vendor. Other suggestions include: Buyers must control their supply chain when they outsource. That includes knowing about and having veto rights over all the subcontractors the service provider uses; if you are going offshore, use an established company with an American presence.

[Bahli 2004]

Bahli, B., & Rivard, S. (2004). Validating Measures of Information Technology Outsourcing Risk Factors. *Omega*, 33(2), 175-187.

This paper attempts to validate measures of the risk factors associated with outsourcing IT operations and states that organizations need to pay attention to these risk factors as source of risk in IT outsourcing. The paper uses transaction cost theory to suggest that there are three major sources of risk factors for IT outsourcing: the transaction, the client and the supplier.

[Bahli 2003]

Bahli, B., & Rivard, S. (2003). A validation of measures associated with the risk factors in technology outsourcing. *Proceedings of the 36th Annual Hawaii International Conference on System Sciences - 2003; Maui, HI*. Los Alamitos, CA: IEEE Computer Society.

The paper deals with validating risk factors in IT outsourcing, using a survey of over 130 IT executives. Based on transaction cost theory, it analyzes 3 kinds of risks, risk in transaction, the supplier and the client. In transaction risk the risk factors are asset specificity, small number of suppliers, uncertainty, relatedness, and measurement problems. For client as the source of risk, the risk factors are expertise with IT operations and expertise with outsourcing. Likewise in supplier the risk factors are expertise with IT operation and expertise with outsourcing.

[Bai 2003]

Bai, R. J., & Lee, G. G. (2003). Organizational factors influencing the quality of the IS/IT strategic planning process. *Industrial Management & Data Systems*, 103(8), 622-632.

This article deals with the need for effective IS/IT strategic planning (ISSP). It seeks to investigate the effects of the organizational factors on the quality of the ISSP process using a field survey of Taiwan's large firms. The article claims that CEO/CIO relationship significantly affects the quality of the ISSP process also that as ISSP become more important to organizations, effective coordination among stakeholders is required. Results of this study also demonstrate that IS maturity facilitates better ISSP. As the IS function gains experience with developing important information systems, and as the CEO and users recognize the strategic potential of IT, a shift may occur from an internal orientation toward applications that enhance business competitiveness. The article concludes by giving the managerial implications of the study. First a better relationship between CEO and CIO can improve the CEO's knowledge of IT/IS and increase the CEO's belief in the importance of IT/IS. By being knowledgeable about IT/IS, a CEO can better evaluate payoffs from IT investments and have more realistic expectations of such investments. Second, as planning tasks in the network era becomes more complex, effective coordination mechanisms are required to manage the knowledge of stakeholders. During the ISSP process, four types of knowledge must be integrated, including business knowledge, organization-specific knowledge, IS/IT knowledge and management competencies. Finally, as information technology rapidly advances, novel methods of business process redesign (BPR) including emerging e-business, can reshape the industry. Therefore, organizations must evaluate the current state of IS/IT development while planning e-business and e-commerce strategies.

[Baily 2004]

Baily, M. N., & Farrell, D. (2004). *Exploding the Myths of Offshoring*. McKinsey Global Institute.

The paper cites the results of a study by McKinsey. A 2003 study by the McKinsey Global Institute (MGI) showed that offshoring creates wealth for the United States as well as for India, the country receiving the jobs. For every dollar of corporate spending outsourced to India, the U.S. economy captures more than three-quarters of the benefit and gains as much as \$1.14 in return. Instead of being a zero-sum game, offshoring creates mutual economic benefit. The article promotes the idea of free trade and concludes that given the benefits of offshoring, the logical response is to make the U.S. labor force and economy more flexible and able to cope with change.

[Baker 2004a]

Baker and McKenzie. (2004). *Business Process Outsourcing under Sarbanes- Oxley -- Challenges and Complexities*. Chicago, IL: Baker and McKenzie.

The article highlights some of the more critical of the issues under Sarbanes- Oxley and how the clients who do business process outsourcing need to be aware of these challenges. The article briefly talks about the Internal Control Report, the Auditor Attestation and the SEC rules. It then discusses the legal exposure due to outsourcing and states that responsibility to maintain effective internal control over financial reporting is not delegable by public company management. The article concludes with a sections on 'Lessons'- Public companies that outsource finance and accounting processes and their outsourcers have new requirements under the Sarbanes-Oxley Act. Management at both companies and their auditors need to be involved; The best defense for a CEO or CFO to avoid the penalties for willful non-compliance is deployment of effective due diligence procedures designed to assure the discharge of their regulatory responsibilities.

[Baker 2004b]

Baker and McKenzie. (2004). *Outsourcing to Canada: Legal and Tax Considerations*. Chicago, IL: Baker and McKenzie.

The article examines recent trends in outsourcing to Canada and highlights some of the more distinct legal and tax issues that clients should consider when outsourcing to Canada. Canada is a primary nearshore outsourcing destination for U.S. business, and is emerging as a broker jurisdiction in global outsourcing arrangements. The paper discusses employment related considerations that may be relevant to a decision to outsource to Canada. Other considerations discussed are: data privacy and IP laws in Canada, general regulatory requirements, bankruptcy and insolvency provisions and general tax laws.

[Baker 2004c]

Baker and McKenzie. (2004). *Outsourcing to India: Key Legal and Tax considerations for US Financial Institutions*. Chicago, IL: Baker and McKenzie.

The paper deals with how the firm Baker & McKenzie can assist a U.S. financial institution with assessing its existing outsourcing relationships, and guiding it on future outsourcing transactions, involving Indian service providers. Section A describes a few basic distinctions between an information technology outsourcing ("ITO") and a business process outsourcing ("BPO"). Section B identifies the various legal issues that should be considered in relation to either an ITO or BPO. Section C considers how lawyers can contribute to effective project management. Section D examines the difference between an ITO and BPO from a legal perspective. Section E applies these general considerations to a hypothetical situation.

[Baker 2002]

Baker, G., Gibbons, R., & Murphy, K. J. (2002). Relational contracts and the theory of the firm. *The Quarterly Journal of Economic*, 117(1), 39-73.

This article deals with the difference between relational contracts within and between firms. The paper develops repeated-game models showing why and how relational contracts within firms (vertical integration) differ from those between (non-integration). The paper highlights that the role for managers is important for the development and maintenance of relational contracts, both within and between firms. Managers also play an important role in communicating this to employees, assessing outcomes and deciding whether to honor the relational contract. The paper concludes that understanding the role of managers, who design and implement the relational contracts that underpin informal organizational processes, is essential to understanding firms.

[Baker 2004]

Baker, N. (May 5, 2004). Savvis's new outsourcing model aims to automate, reduce waste. *Wall Street Journal*, 1.

This article discusses the low cost service-provisioning model adopted by smaller firms like Savvis, which target contracts too small for firms like IBM and EDS. Companies like Savvis runs tasks for all clients on the same set of computers/servers. Running client's systems on Savvis's own hardware- as opposed to clients having their own dedicated machines-- eliminates waste as the clients only pay for the resources they use, instead of buying computers and network capacity but not fully using them.

[Balaguer 1992]

Balaguer, N. S. (1992). *Sears, Roebuck and Co.: outsourcing within the company*. A-C. Boston, Mass.: Harvard Business School.

[Balaji 2005]

Balaji, S., & Brown, S. A. (2005). Strategic IS Sourcing and Dynamic Capabilities: Bridging the Gap. *Proceedings of the 38th Annual Hawaii International Conference on System Sciences – 2005*. Los Alamitos, CA: IEEE Computer Society.

The paper describes some key capabilities needed by client firms to succeed in sourcing relationships. Some of the client capabilities that are identified are: Vendor management- the ability wield significant control over vendor(s); Project management- the way in which outsourced projects are managed by the client firm; and Process management- the way in which key processes in an organization are performed, maintained and managed for a sustained period of time.

[Baldrige]

Baldrige National Quality Award. <http://www.quality.nist.gov/>.

[Baldwin 2001]

Baldwin, L. P., & Irani, Z. (2001). Outsourcing information systems: drawing lessons from a banking case study. *European Journal of Information Systems*, 10(1), 15-24.

This paper presents findings from a case study from an organization in the UK banking sector that was motivated to outsource aspects

of its information technology/information system (IT/IS). The paper first discusses the past, present and future trends of outsourcing in the European context. This is followed by a description of the research methodology. The case studies organization's financial stability, major strategies and the traditional role of IT/IS within the organization. The decision-making processes associated with outsourcing IT/IS functions and their life cycle are then described. The case suggests that cost alone is not always responsible for decisions to outsource, as it was found the bank's outsourcing decision was driven by a series of complex, interrelated motives in a bid to reduce the risks and uncertainties of managing its own technology. In the case of the bank, outsourcing allowed management to ensure that their underlying aim to increase competitiveness remained a strategic objective. The bank claimed to have mitigated technological risks and uncertainty, and gained some access to new technology, though not as effectively as it had expected. The paper also identifies several factors, other than the financial, such as Strategic and organizational (focus on core), Political technical and other reasons for outsourcing.

[Banfield 1999]

Banfield, E. (1999). *Harnessing value in supply chain: Strategic sourcing in action*. New York, NY: John Wiley and Sons.

The focus of the book is mostly on optimizing the supply chain for better sourcing and is not specific to IT services. It is based on the experiences at Southern California Edison (SCE) Company. The book is divided into 2 parts. Part one deals with the sourcing decisions at the SCE including the experience of the suppliers of SCE. Chapter four details nine critical success factors for strategic sourcing. These are: Governance, leadership, pilot teams, change management strategy, using consultants effectively, using total cost model, communication plan, training and celebrating success. Part two describes a phased methodology to implement a strategic sourcing program. The steps in the methodology are: forming a corporate assessment team, performing internal analysis, performing external analysis, identifying supply chain opportunities, developing business case and options, making the corporate decision and initiating strategic sourcing.

[Bardhan 2001]

Bardhan, A. D., & Howe, D. K. (2001). Globalization and Restructuring during Downturns: A Case Study of California. *Growth and Change*, 32(2), 217-235.

The paper states that when industries experience sales decline, they tend to restructure by foreign outsourcing, where greater imports of manufactured inputs substitute for blue-collar labor. Thus outsourcing is used as a tool to increase efficiency, especially in industries facing problems.

[Barelka 2001]

Barelka, A. J. (2001). *Evaluation of Information Technology (IT) outsourcing determinants within the Department of Defense (DoD)*. [M.S. Thesis AFIT/GIR/ENV/01M-02] Wright-Patterson AFB, OH: Air Force Institute of Technology.

The study outlines the factors that impact the decision to outsource IT systems in the DOD. It proposes a model, which has 5 determinants impacting IT outsourcing. These are Financial, Business, Technical, Political, Security and Environment. The financial decisions are those factors that relate to the fiscal aspects of IT outsourcing and they directly or indirectly impact the costs. Business determinants focus on elements of organizational efficiency and effectiveness. Technical determinants include the hardware and software resources driving the IT systems of the organization. Examples of political determinants include proving efficiency, justifying new resources, lack of trust, eliminating a troublesome function etc. The security considerations include controlling access to information, overall vendor security procedures and release of competitive advantage. The study concludes that some factors are more important than others in outsourcing and that decision to outsource is a multifaceted one.

[Barile 2004]

Barile, J. F. (2004). *Information Technology Governance in a Risk-Averse World*. *Chain Store Age*, 80(9), A7 (1).

The article deals with the role of IT in corporate governance and the duties of the CIO. It divides the Information technology controls into three broad categories 1) entity-level controls, 2) IT general controls, and 3) application controls. As for the role of the CIO, it articulates that IT strategic plans should be closely aligned with organizational strategic business plans. The CIO must balance all of these additional financial-control responsibilities with existing operational and business-control responsibilities.

[Barr 2002]

Barr, A., Tessler, S., & Hoover, H. (2002). *Korea and the Global Software Industry*. Seoul: Korea IT Industry Promotion Agency (KIPA).

This report presents the findings of a six-month study of the Korean software industry conducted in 2002. The objective of the study was to make new and specific recommendations to KIPA to promote the Korean software export industry and establish Korea as a major supplier of software technology to the world. The report studies the three countries that had made great strides in the previous decade as software industry powerhouses, India, Ireland, and Israel, and the factors that had contributed to their success. Some of the recommendations of the study are: to continue government funding of venture capital companies and direct grants to select venture firms; Guidance and education in marketing; Improving corporate governance. Some of the strengths, which the Korean firms can leverage, are: proximity to major markets like Japan, China, and South East Asia; high domestic penetration of broadband and advanced wireless technologies.

[Barthelemy 2001]

Barthelemy, J. (2001). The hidden costs of IT outsourcing. *MIT Sloan Management Review*, 42(3), 60-69.

The article uses a survey of 50 organizations and claims that the unforeseen costs of IT outsourcing can undercut the anticipated benefits, and understanding these hidden costs can lead to better outsourcing decisions. The article says that most firms that outsource IT for the first time are not aware of the hidden costs. The article identifies some hidden costs and suggests measures to reduce/eliminate those. Vendor Search and contracting for example is one of the hidden costs and could be as high as 3% of the outsourcing costs. In order to reduce this cost the article suggests selecting a trustworthy vendor, knowing what is needed, in terms of requirements, spending time on the contract. Transitioning to the Vendor is another hidden cost. The article suggests ways to determine this cost and to reduce those. Another hidden cost that the article identifies is in Managing the Outsourcing Effort, which represents the largest category of the hidden costs. It covers three areas: monitoring to see that IT vendors fulfill their contractual obligations, bargaining with IT vendors and negotiating any needed contract changes. The fourth hidden cost identified is the Transitioning After Outsourcing. The article gives suggestions to determine those costs and reduce them.

[Barthelemy 2001]

Barthelemy, J., & Geyer, D. (2001). IT outsourcing: Evidence from France and Germany. *European Management Journal*, 19(2), 195-205.

This article focuses on the differences between the German and French firms' IT outsourcing practices. Using a survey the authors conclude that German firms tend to outsource less critical activities than French ones. IT outsourcing joint-decisions are more frequent in Germany than in France and that IT outsourcing operations more frequently entail personnel transfers and layoffs in France than in Germany. Cultural and economic differences account for the varying IT outsourcing practices in these two countries.

[Bassellier 2003]

Bassellier, G., Benbasat, I., & Reich, B. H. (2003). The Influence of Business Managers' IT Competence on Championing IT. *Information Systems Research*, 14(4), 317-336.

This paper discusses that business managers are now expected to show stronger leadership in regard to its deployment of IT in organizations and gives recommendations on how to achieve this. The paper states that business managers' level of IT knowledge and experience influence their intentions to champion IT use. Hands-on experience with IT projects and IT management are critical to building IT competence in business managers. Junior managers should be on project teams and encouraged to manage the IT budget, plan, and people in their area. Organizations should have courses in IT that are wide in scope, and include technology, applications, management, and systems development.

[Bates 2003]

Bates, K., Bates, H., & Johnston, R. (2003). Linking service to profit: the business case for service excellence. *International Journal of Service Industry Management*, 14(2), 173-183.

The paper deals with the relationship between good service and profit and explores if financial performance of those organisations with a reputation for service excellence differ markedly from those with a poor reputation. The finding of the paper is that both large and small organisations are capable of being both excellent and poor. In terms of productivity the findings suggest that provision of better service is staff intensive but yields significantly greater profit per employee. The better service providers have significantly better return on equity and return on total assets than the poorer ones.

[Beaumont 2002]

Beaumont, N., & Costa, C. (2002). Information technology outsourcing in Australia. *Information Resources Management Journal*, 15(3), 14-31.

The paper, based on research into Australian IT outsourcing, identifies that outsourcing application development and maintenance is the most common. The three most important reasons for outsourcing which the paper identifies are: access to skills, improved service quality and focus on core business. The paper finds that a "tight" contract is a prerequisite to an effective outsourcing arrangement but, because business requirements constantly change, cooperation between the customer and service provider is essential. The most fruitful outsourcing arrangement may be a partnership, where the client allows itself to become dependent on the provider, the parties cooperate in improving business processes and share the resulting benefits. Implementing an outsourcing arrangement is a change process that may affect employees. The IT manager's role may change from managing projects and operations to acquiring and managing the internal and external resources required to do the organization's IT work.

[Beckett 2002]

Beckett, C. D., & Khan, M. W. (2002). *Trends in IT outsourcing: A vendor perspective* [S.M.M.O.T. Thesis]. Cambridge, MA: Massachusetts Institute of Technology, Sloan School of Management, Management of Technology Program.

This paper examines current trends in IT outsourcing, addressing drivers and inhibitors of this growth, as well as customer needs and the vendor landscape.

[Behara 1995]

Behara, R. S., Gundersen, D. E., & Capozzoli, E. A. (1995). Trends in information systems outsourcing. *International Journal of Purchasing and Materials Management*, 31(2), 45.

This paper reviews trends in outsourcing and examines the outsourcing decision.

- [Belmiro 2000] **Belmiro, T. R., Gardiner, P. D., Simmons, J. E., Santos, F. C., & Rentes, A. F. (2000). Corporate communications within a BPR context. *Business Process Management Journal*, 6(4), 286-303.**
- This paper states that communication is very critical while implementing a business process re-engineering related project. During the implementation phase the key aspect to the disruption is lack of appropriate communication at the initial stages of the project. Some of the other key issues that are important during implementation of BPR projects are the concepts of empowerment, lean structure, and partnership.
- [Bendor 2000] **Bendor-Samuel, P. (2000). *Turning lead into gold: The demystification of outsourcing*. Provo, UT: Executive Excellence Pub.**
- This book discusses how outsourcing works and how to avoid the pitfalls. It is more about the 'how' part of outsourcing and the underlying assumption seems to be that the firm has already decided to outsource. The author, though, starts with whether or not outsourcing is the right strategy for a company. The book does not focus in detail on setting the outsourcing strategy and aligning IT with the overall goals of the firm. Subsequent chapters then gets into relationship management, contracts and guidance on pricing. It also has examples of cases like General Dynamics, Microsoft, British Petroleum and so on. The book gives a good overview of outsourcing but the strategic component is missing.
- [Bent 2003a] **Bent, P., & Furton, M. T. (2003). Managing Conflict in Outsourcing: The Application of Real-Time Dispute Resolution in IT Outsourcing Engagements. *Outsourcing Journal*. Available at <http://www.outsourcing-journal.com/issues/oct2003/legal.html>.**
- [Bent 2003b] **Bent, P., & Furton, M. T. (2003). Part 2: Managing Conflict in Outsourcing: The Application of Real-Time Dispute Resolution in IT Outsourcing Engagements. *Outsourcing Journal*. Available at <http://www.outsourcing-journal.com/nov2003-legal.html>.**
- These articles discusses the conflict between the client and service provider. Some of the reasons it discusses for the conflict are the contracts, the change in the IT needs of the clients. Other reasons mentioned for the conflict are parties' expenditure of large sums of money over long periods of time, the parties' inability to enforce their respective contractual rights and obligations throughout the executory phase of the outsourcing engagement, and the change in the IT environment.
- [Berg 2003] **Berg, P., Kalleberg, A. L., & Appelbaum, E. (2003). Balancing Work and Family: The Role of High-Commitment Environments. *Industrial Relations*, 42(2):168-188.**

- [Berggren 2001] **Berggren, C., Soderlund, J., & Anderson, C. (2001). Clients, contractors, and consultants: The consequences of organizational fragmentation in contemporary project environments. *Project Management Journal*, 32(3), 39-48.**
- This article identifies common problems relating to fragmentation in complex, multi-organizational project environments.
- [Bernard 2005] **Bernard, T., Gallagher, B., Bate, R., & Wilson, H. (2005). *CMMI® Acquisition Module (CMMI-AM), Version 1.1* (Tech. Report CMU/SEI-2005-TR-011). Pittsburgh, PA: Software Engineering Institute, Carnegie Mellon University.**
- This report documents practices for acquisition projects to be performed by acquisition professionals in a government acquisition program office. It is intended to document those acquisition practices that should be performed by government acquisition projects acquiring systems or services.
- [Bernard 2004] **Bernard, T., Gallagher, B., Bate, R., & Wilson, H. (2004). *CMMI® Acquisition Module (CMMI-AM), Version 1.0*. Pittsburgh, PA: Software Engineering Institute, Carnegie Mellon University.**
- This report is an earlier version of [Bernard 2005].
- [Bertolini 2004] **Bertolini, M., Bevilacqua, M., Braglia, M., & Frosolini, M. (2004). An analytical method for maintenance outsourcing service selection. *International Journal of Quality & Reliability Management*, 21(7), 772-788.**
- This article uses the analytic hierarchy process technique (AHP) as a managerial decision support system to select the best alternative for maintenance outsourcing. The instrument gives a balanced synthesis of several factors that have to be considered for outsourcing decisions. According to the article various factors that a company should consider for outsourcing success are: Evaluate if the company is ready to outsource; Define what activities to outsource; Select a contractor; and lastly, monitor the contractor's performance.
- [Beulen 2003] **Beulen, E., & Ribbers, P. (2003). IT Outsourcing Contracts: Practical Implications of the Incomplete Contract Theory. *Proceedings of the 36th Hawaii International Conference on System Sciences*. Los Alamitos, CA: IEEE Computer Soc.**
- This paper deals with contracts in IT outsourcing and states that the success of the IT outsourcing relationship is adversely affected by the incompleteness of contracts. Contract management can help overcome this problem. Contract management also makes a positive contribution to the success of the IT outsourcing relationship. The paper deals with three specific issues: incompleteness of contracts, market conformity and transition to another supplier – related to outsourcing contracts and studies six outsourcing cases. The paper concludes that since it is not possible to include everything in a contract, mutual consultation helps resolves any unforeseen circum-

stances. The client and the service provider should also make some fundamental choices before the contract is signed, these choice may be: cost adjustments throughout the course of the contract or the inclusion of clauses that govern the entire duration of the contract before the contract is signed.

[Beulen 2002a]

Beulen, E., & Ribbers, P. (2002). Managing an IT-outsourcing partnership in Asia. Case study: the relationship between a global outsourcing company and its global IT services supplier. *Proceedings of the 35th Annual Hawaii International Conference on System Sciences* (pp. 3122-3131). Los Alamitos, CA, USA: IEEE Comput. Soc.

The article aims to provide a better understanding of managing IT-outsourcing partnerships in developing Asian countries on the basis of an IT-outsourcing partnership model. One section of the paper discusses the theoretical foundations, including definitions of culture, IT-outsourcing partnerships, experience, power distance and individualism. The other sections provide analyses and observations. Based on a specific case study the reasons for successful IT outsourcing relationship are presented. Some of the reasons are: Basing the initial contract on input requirements instead of output requirements, having a mix of staff to support the client's requirement i.e. staff which was transitioned from the client and staff which was already with the service provider, and investment in relationship management by the service provider.

[Beulen 2002b]

Beulen, E., & Ribbers, P. (2002). Managing Complex IT Outsourcing - Partnerships. *Proceedings of the 35th Hawaii International Conference on System Sciences*. Los Alamitos, CA: IEEE Computer Soc.

The paper discusses relationship management in IT outsourcing deals from the perspective of both the clients as well as service providers. The paper states that bringing in the best people is not sufficient to manage complex IT outsourcing partnerships successfully. The value of the partnership needs to be established. The paper identifies five propositions relevant for managing complex IT-outsourcing partnerships. They are: IT-strategy, which is aligned with business strategy, implementation of Information Management, flexible contracts, implementation of contract and account management, and the availability of human resources.

[Beyah 2001]

Beyah, G., & Gallivan, M. (2001). Knowledge management as a framework for understanding public sector outsourcing. *Proceedings of Hawaii International Conference on System Sciences - HICSS-34*. Los Alamitos, CA: IEEE Comput. Soc.

The paper discusses the differences between public and private sector IT outsourcing and identifies potential difficulties that public sector organizations may experience in leveraging their knowledge assets when relying on IT service providers. The paper states that total IT outsourcing may not be beneficial to the public sector public and while undertaking selective outsourcing managers must be

aware of potential failure to effect appropriate knowledge transfer strategies (transferring knowledge from outsourcer to in-house staff). A failure on this issue could lead to risks of not realizing the benefits sought from its systems. The paper also finds that higher levels of IT outsourcing negatively impact the internal capabilities required to effectively implement the projects.

[Beynon-Davies 2000]

Beynon-Davies, P., Mackay, H., & Tudhope, D. (2000). 'It's lots of bits of paper and ticks and post-it notes and things . . .': a case study of a rapid application development project. *Information Systems Journal*, 10(3), 195-216.

The paper discusses a case study of Rapid Application Development (RAD) project, for information systems development.

[Bhatnagar 1997]

Bhatnagar, S. C., & Madon, S. (1997). The Indian software industry: Moving towards maturity. *Journal of Information Technology*, 12(4), 277-288.

The paper deals with the growth of Indian software industry and its prospects. The authors state that Indian companies are well positioned to leverage the intellectual property based productivity and are moving up the maturity chain. The paper provides some indicators of maturity of the Indian software export industry like: the increased level of acceptance of products and services in International markets; Increased emphasis on technical competence and capability building by Indian firms; favorable industry structure and managerial practices; Increased sophistication of domestic demand; and the support provided by the government.

[Bianciella 2003]

Bianciella, A. (2003). Offshore outsourcing: Making it work. *InformIT*. Available at http://www.informit.com/content/index.asp?product_id=%7B4BDF6147-AFE2-4A83-B51A-E8DE134D47EB%7D&071303, accessed 2004.

The article mentions that there are seven aspects, which a company needs to consider while offshoring the IT operations. These are: Communications and technology; Cultural differences; Language; Time zones; Long-distance relationships; Costs of support; and control. The article mentions that costs should not be the only criteria for offshoring and by achieving the right balance between local sourcing and offshoring, an organization can focus on the critical issues and leave the repetitive or commodity services to the offshore service provider.

[Biazzo 2003]

Biazzo, S., & Bernardi, G. (2003). Organizational self-assessment options: A classification and a conceptual map for SMEs. *International Journal of Quality & Reliability Management*, 20(8), 881-900.

The paper deals with the growing importance of the quality awards and the use of organizational self-assessment. The paper claims that adoption of this is not necessarily the proper choice, particularly for small and medium-sized enterprises (SMEs). The authors differen-

tiate five self-assessment approaches (paradigmatic, normative, situational, normative-situational, and open). The paper develops a conceptual map to help SMEs to analyze the different self-assessment options. Some of the key points from the paper are: Organizational diagnosis is a complex task and no single analytical frame fully captures the complexity; Award-based self-assessment is not the only option among process-based assessments; Self-assessment levels are not necessarily the stages through which an organization should pass in order to improve its diagnostic capabilities; And self-assessment tools have to be consistent with the approach adopted.

[BITS 2003]

BITS Financial Services Roundtable. (2003). *BITS Framework: Managing Technology Risk for IT Service Provider Relationships*. Washington, DC: BITS.

This framework has been developed by the BITS IT Service Provider Working Group. It advocates an approach to risk management strategies for IT outsourcing in financial services industry. Most major banks and financial institutions are members of BITS. The framework consists of seven sequential sections and tries to map to the requirement established by the Federal Reserve Board and other regulators. The framework is intended to be used as part of the due diligence process associated with defining, assessing, establishing, supporting and managing a business relationship for outsourced IT services. The framework is specific to financial industry and also has an inadequate focus on issues dealing with knowledge management, handling multiple vendors and human resources.

[Blahetka 2004]

Blahetka, R. E. (2004). *The effectiveness of offshore software development: An exploratory study*. [DBA dissertation.] Argosy University, Orange County.

This thesis attempted to examine factors that contribute to offshore software development success.

[Blondal 1997]

Blondal, J. (1997). *The OECD best practice guidelines for contracting out government services*. *ICA Information*, (61), 33-38.

The document provides guidelines for contracting for OCED member companies and mentions that contracting out can lead to efficiency gains. Some of the guidelines are: securing management buy-in and encouraging re-engineering of the existing business processes; focusing on staff issues; specifying service requirements in terms of outputs; monitoring performance and fostering co-operative relationships; evaluating in-house bids; developing and maintaining necessary skills in-house.

[Blumberg 1998]

Blumberg, D. F. (1998). *Strategic assessment of outsourcing and downsizing in the service market*. *Managing Service Quality*, 8(1), 5-18.

The paper deals with the decision-making process, which should be utilized in considering outsourcing options. It also outlines the

key steps and decision paradigms, which can help support the decision-making process to outsource from the perspective of both the clients and the service providers. According to the article some of the factors, which must be considered are: The importance of service to the organization's customers and users, the market or use community's observed perception of the vendor's service quality and responsiveness, the current levels of service efficiency and productivity compared to other equivalent service organizations in the market. The factors which need to be evaluated sequentially for making the outsourcing decision are: customer view of function, capabilities and physical assets required to perform function, technological requirements, world class abilities, performance and delivery capabilities versus competitive alternatives time and cost required to close performance gaps and long-term commitment. The article also gives a vendor selection checklist and states that the most important characteristic is financial solvency of the vendor.

[BoozAllen 2002]

Booz Allen Hamilton. (2002). *Profits or Perils? The Bottom Line On Outsourcing*. McLean, Virginia: Booz Allen Hamilton.

BAH presents a framework focused on strategic outsourcing decisions. The report identifies 6 flaws in the traditional outsourcing and classifies them under 2 heads, Decision making flaws and Implementation Flaws. Under the Decision making flaws, the reports states that non core activities are outsourced too automatically, there is insufficient consideration given to full economic impact of outsourcing and that firms generally ignore the cost base. In the Implementation flaws, the report states that insufficient attention is paid to the supplier selection, ongoing relationships with suppliers are poorly managed and that firms are unable to transform to manage the new processes and relationships. The phases proposed are: Strategic Priority and Risk; Market Considerations; Internal vs. External Capabilities; Economic Evaluation; Ability to Manage the Supplier; Ability to Manage the New processes. Almost the entire focus of the framework is on the strategic self analysis- decision making for outsourcing, and it does not focus much on the other aspects of outsourcing decisions.

[Borchers 1996]

Borchers, A. S. (1996). *Information Technology Outsourcing: A Test of Organizational Economic, Strategic and Political Models* [D.B.A. Thesis]. Fort Lauderdale, FL: Nova Southeastern University.

The thesis deals with reasons of IT outsourcing. The author notes that there are four schools of thought on IT Outsourcing. An economic explanation of outsourcing, which states that firms outsource because after weighing agency and transaction costs, they find outsourcing to be less expensive. A second explanation is that outsourcing decisions are the result of a political process in organizations. The organizational power and political tactics of the IT department are brought to bear in influencing top management's outsourcing decisions. Third, IT outsourcing can be viewed as a strategic decision.

This approach suggests that firms outsource because IT is not a core competence of the firm. Fourth, IT can be viewed as an administrative innovation. It suggests that firms outsource because they observe others around them doing so. The author uses surveys in manufacturing firms (554) to test the first 3 of his hypothesis.

[Bourbeau 2004]

Bourbeau, J. A. (2004). *Has outsourcing/contracting out saved money and/or improved service quality? A vote counting-analysis* [Ph.D. dissertation]. Harrisonburg, VA: Virginia Polytechnic Institute and State University.

This thesis examined outsourcing in the U.S. federal government, and found that it often resulted in cost savings, but did not always result in improvements in service quality. Reasons for these results, embedded in the policies and practices driving federal outsourcing, are discussed.

[Bragg 1998]

Bragg, S. M. (1998). *Outsourcing: A guide to-- selecting the correct business unit-- negotiating the contract-- maintaining control of the process*. New York, NY: John Wiley and Sons.

The book with a focus on higher management of a client corporation deals with outsourcing, its advantages, disadvantages and related issues. It is divided in 15 chapters. The first three chapters cover discuss the general aspects of outsourcing, the underlying decision making process, supplier selection and management. The book then devotes a chapter each to various business functions that are candidates for outsourcing such as accounting, customer service, janitorial and maintenance, materials management, computer systems and so on. Each of these chapters deal with a common set of topics such as advantages and disadvantages of outsourcing, transition issues, contract specific issues, managing the outsourced function. The last chapter of the book deals with future of outsourcing and what it will mean for the clients and the providers.

[Brigida 2004]

Brigida, M. D. (2004). *Offshoring and wage convergence* [M.S. Thesis]. Boca Raton, FL: Florida Atlantic University.

[BSI 2002]

BDD/3 Technical Committee. (2002). *BS 15000-1:2002, IT Service Management, Part 1: Specification for service management*. British Standards Institution. London: British Standards Institution .

[BSI 2003]

BDD/3 Technical Committee. (2003). *BS 15000-2:2003, IT Service Management, Part 2: Code of practice for service management*. British Standards Institution. London: British Standards Institution .

BS15000 is the world's first standard for IT service management. It specifies a set of inter-related management processes, and is based upon the ITIL framework. BS15000 consists of two parts- BS15000-1 and BS15000-2. Part 1 consists of 10 sections and part 2 is for organizations that are to be audited against part 1 or are planning service improvements. Core guides of ITIL cover the areas of Service

Support and Service Delivery. The two areas consist of 10 disciplines for the provision and management of effective IT services.

[Broadbent 1999]

Broadbent, M., & Weill, P. (1999). The implications of information technology infrastructure for business process redesign. *MIS Quarterly*, 23(2), 159-182.

This paper deals with the importance of IT during the business process redesign. The paper uses case analysis of 4 firms and explores the following issues: How did IT infrastructure capabilities facilitate the implementation of BPR? How did IT infrastructure capabilities constrain the implementation of BPR? And which IT infrastructure capabilities have the largest impact in implementing BPR? It finds that all firms needed a basic level of IT infrastructure capability to implement BPR. The firms that had developed a higher level of IT infrastructure capabilities, before or concurrent with undertaking business process redesign, were able to implement extensive changes to their business processes over relatively short time frames. The paper concludes that firms with an extensive set of infrastructure capabilities, experience fewer technological barriers to BPR implementation.

[Broadbent 1997]

Broadbent, M., & Weill, P. (1997). Management by Maxim: How Business and IT Managers Can Create IT Infrastructures. *Sloan Management Review*, 38(3), 77-92.

This paper deals with decision about IT investments and states that it is important of the manager to have detailed idea of the firms strategy to help them decide about the IT infrastructure and investment. The proposed framework 'management by maxim' considers a company's strategic context to identify the business maxim. The business maxims help identify the IT maxims. This can help identify the need to access and use information, data and resources required. The firms can take one of the four views on IT infrastructure: none, utility, dependent and enabling. The investments and IT infrastructure services increase as the view changes from 'none' to 'enabling'. The paper concludes that to achieve a business-driven infrastructure through management by maxim, business and IT management must share responsibility for the development of infrastructure.

[Broadbent 1993]

Broadbent, M., & Weill, P. (1993). Improving business and information strategy alignment: Learning from the banking industry. *IBM Systems Journal*, 32(1), 162-179.

The authors base this paper on a study they conducted to examine business and information strategy alignment in the Australian banking industry. The data obtained from 4 major banks include responses from senior management, board-level strategic planning documentation, other organizational documentation, and annual report analysis covering 1985-1989. Differences in the banks' organizational practices are used to identify 15 propositions concerning the alignment of business and information strategy. The authors state

that central to the alignment of business and information strategies is the nature of the firm-wide strategy-formation processes of the banks. A key factor in developing a realized IS strategy consistent with business needs is a flexible and issue-oriented strategy-formation process, with concurrent processes taking place at different organizational levels. The most effective management of IS occurred when those managed these resources closest to business needs. The extent and nature of interaction between business and IS staff is critical to the development of an IS/IT strategy that is aligned with business strategy. Finally the results of the study indicate that the emergence of strategy enabling, information-based advantages require a firm to have consistent practices in 4 areas: 1. Firm-wide strategy-formation processes, 2. Organizational structures and accountabilities, 3. Information system responsibilities and policies, and 4. Technology strategy.

[Brown 2005]

Brown, D., & Wilson, S. (2005). *The Black Book of Outsourcing: How to Manage the Changes, Challenges, and Opportunities*. Hoboken, NJ: Wiley.

The book deals with various aspects of outsourcing and uses outsourcing and offshoring interchangeably. It defines three levels of outsourcing- the tactical outsourcing, strategic outsourcing and transformational outsourcing. The phases of outsourcing as given in the book are: Strategy phase, scope phase, negotiation phase, management phase and completion or termination phase. The book has separate chapters on the various phases of outsourcing and has good content, however there is not enough coverage of the termination phase. The book has separate section on finding an outsourcing career, which is targeted towards people who wish to move into outsourcing related jobs, generally missing from other books.

[Brown 1997]

Brown, G. F. (1997). Retraining of information systems professionals: whose responsibility is it? *Proceedings of the 1997 28th Annual Meeting Decision Sciences Institute; San Diego, CA*. Atlanta, GA: Decision Science. Institute, 706-8 vol. 2.

This article states that it has become essential for both the employees and the employers that the IT employees be trained effectively. With the increase in outsourcing of IT jobs, the professionals risk losing their jobs or be put on new jobs without adequate training. IS professionals who lack the skills to complete tasks efficiently and effectively are in need of retraining. IS managers can use the model similar to The Information Technology Interaction Model developed by Silver, Markus and Beath to understand the importance of training/retraining of the employees.

[Brown 2004]

Brown, S. P., & Chin, W. W. (2004). Satisfying and Retaining Customers through Independent Service Representatives. *Decision Sciences*, 35(3), 527-550 (24).

This article discusses manufacturers who outsource their customer service function to independent representatives or channel partners and the impact on customer satisfaction and loyalty. The article indicates that manufacturer's support of its representatives increases their job satisfaction, which, in turn, is indirectly linked to the customer satisfaction through shared perceptions of service performance and quality. However manufacturers should not focus merely on serving representatives' needs. They should initiate their own efforts to collect information about needs, expectations, perceptions, and reactions of customers if they are not already gathering such information. In initiating direct customer contact, manufacturers can reduce the potential for channel conflict by sharing the insights they generate, passing along leads and feedback, and including representatives in joint planning processes.

[Bryson 2002]

Bryson, K. M., & Sullivan, W. (2002). Designing Effective Incentive-Oriented Outsourcing Contracts for ERP Systems. Sprague, Ralph H., Ed. *Proceedings of the 35th Annual Hawaii International Conference on System Sciences (HICSS'02); Big Island, Hawaii*. Los Alamitos, CA: IEEE Computer Society; 2760-2769.

This paper explores ERP implementation using the Application Service Provider (ASP) approach where a third party vendor hosts, manages and maintains various data and ERP applications on behalf of different clients. The article also underlines the importance of the contract and states that an incomplete contract may negatively impact the client organization. The paper gives a framework for ERP outsourcing decision and states that there are 3 basic factors to deal with in outsourcing: Analysis of the Outsourcer's Business; Analysis of the Vendor's Business; Outsourcing Alternatives Analysis. The first two phases include identifying business objectives of both parties, as well as identifying risks. The third phase focuses on development of effective outsourcing contract given the business objectives of both parties and the risks identified in the earlier phases.

[Buehler 2004]

Buehler, S., & Haucap, J. (2004). *A Primer in Strategic Outsourcing*. Zurich: International Federation of Purchasing and Materials Management.

The paper claims that outsourcing decisions should not only be based on the direct effect that outsourcing has on an organization's profits, but also on the strategic effects that indirectly affect these profits. It outlines three outsourcing strategies: If additional demand in input markets generates mild input price increases and the fixed cost savings from outsourcing are lower than the benefit that results from rivals sourcing out, a firm should not outsource; outsourcing will be profitable if the increase in input prices softens competition

in the product market considerably; if the input price increase due to outsourcing is substantial, a firm may avoid outsourcing.

[Bullen 2003]

Bullen, J. I. (2003). *The IT Security Management Outsourcing Decision: An Application of Technology Acceptance Model: A dissertation proposal*. Capella University.

This is a dissertation proposal which intends to look into the reasons why smaller companies are not adopting Internet security solutions in spite of the assessment of various observers that outsourcing of the IT security needs could provide them with cost effective solutions to their security problems. It seeks to answer the following questions: what are the IT security management outsourcing drivers and do they differ by company size? The proposal prepares an initial list of IT outsourcing drivers, from the available publications. The other question that the dissertation will seek to answer is what are the barriers to IT security management outsourcing and if these barriers differ by size. The author has developed a questionnaire, which will be administered online for the purpose of this study.

[Burnett 1998]

Burnett, R. (1998). *Outsourcing IT- The legal aspects*. Aldershot, Hampshire, UK: Gower Publishing Limited.

The book deals with the issues, which should be considered in designing and managing contracts for IT and IS outsourcing and aims to help managers help understand key factors involved in legal agreements. The chapters in the book deal with aspects of contracts like structure and format of the contracts, selecting vendors, service level agreements and gives a useful contract structure. The important chapter in the book are those dealing with charges for outsourcing services, service level agreements, software licensing and how enforceability should be incorporated in the contract. However some of the topics like vendor selection are covered at a very basic level. The book definitely is helpful in understanding IT outsourcing contracts and may be useful in parts for the clients.

[Business Wire 2003]

Business Wire. (June 18, 2003). "Outsourcing of Finance and Accounting Functions Likely to Grow, According to Study by Accenture and EIU; Executives View Outsourcing as 'Strategic Weapon for Change .'"

[Butler 2000]

Butler, J. (2000). *Winning the Outsourcing Game- Making the Best Deals and Making Them Work*. Boca Raton, FL: Auerbach Publications.

The book is divided into 6 sections. The first section deals with the strategic self-analysis of the firm. It recommends that the outsourcing decision should be considered as a business issue and firms should invest time and energy in first improving the in-house IT operations. This not only results in a cost-effective service-sensitive internal IT unit but can also be a basis for negotiating a successful outsourcing contract, or help organizations in determining which

specific functions to selectively outsource. Section II offers suggestions for nurturing a cooperative and successful partnership with the vendors. This section also has advice on negotiating contracts, monitoring vendor's work addressing security etc. Section III continues the same theme and advises the IT managers to develop partnerships with service providers. Section IV deals with selective outsourcing and how firms should target activities, which have little or no strategic implications. Section V deals with managing the outsourcing contracts and how the outsourcing agreements should be framed and monitored. Risk management in the outsourcing relationship is also covered in this section. The last section deals with the implications of outsourcing on security and impact on the core competencies of a firm.

[Cachon 2002]

Cachon, G. P., & Harker, P. T. (2002). Competition and outsourcing with scale economies. *Management Science*, 48(10), 1314-1333.

The paper discusses scale economies and outsourcing. It presents a model of competition between two firms that have economies of scale. It also uses the concept of queuing theory and Economic Order Quantity to test the impact of economies of scale on outsourcing decision. The model allows each firm is allowed to outsource their production process to a supplier. Even if the supplier's technology is no better than the firms' and the supplier is required to establish dedicated capacity (so the supplier's scale can be no greater than either firm's scale), the firms strictly prefer to outsource. The paper concludes that one of the strategies to mitigate price competition is to outsource.

[Caldeira 2002]

Caldeira, M. M., & Ward, J. M. (2002). Understanding the successful adoption and use of IS/IT in SMEs: an explanation from Portuguese manufacturing industries. *Information Systems Journal*, 12(2), 121-152.

The paper identifies factors that help adoption of Information Systems and technology in small and medium sized Portuguese firms. The factors are divided into internal context and external context, process and content. Some of the internal ones are: Top management's involvement in the adoption process; Development of IS/IT knowledge in-house or having knowledge readily available from associated enterprises; Conflicts within organization leads to less adoption; and user attitude, which are influenced by top management involvement also impact the adoption. As external factors the vendor support, expertise and services available in the market and business pressure to adopt IS are important factors. Among the process factors the important ones are the use of in-house employees in adoption process, and the training imparted. Among the content factors the type of solutions available, and the timing of implementation are important.

[Campbell 2003]

Campbell, R. D. (2003). Outsourcing- An Integral Part of Corporate Strategy. *Continuity Insights*.

The article claims that outsourcing is becoming integral to a firm's corporate strategy. The paper provides the general trends in outsourcing and the reason why firms outsource- based on the core competence model. The paper states that the clients should ensure that from the outset the relationship with the supplier, subcontractor or vendor is the best possible — not only from the point of view of price, but on long-term considerations as well.

[Campbell 2003]

Campbell, S. J. (2003). *The Outsourcing RFP process- We need a change!* Jericho, NY: Outsourcing Institute.

The paper discusses the Request for Proposal (RFP) for an IT outsourcing project. It suggests writing RFP as a detailed Statement of Work and not as a position or marketing document. The SLAs and the proposed terms and conditions should be included in the RFP. The RFP should also provide a detailed description of the work required, the computing environment per business unit, hours of operation etc. The client team members should follow a detailed plan with specific responsibilities assigned to each of them.

[Camponovo 2003]

Camponovo, G., Osterwalder, A., & Pigneur, Y. (2003). Assessing a complex, uncertain and disruptive technology environment for better IT alignment. *International Workshop on Utility, Usability and Complexity of Emergent IS*. Namur, Belgium: Presses Universitaires de Namur.

This paper deals with alignment of business and Information systems and how to achieve the fit between the two. The paper states that making the business model explicit can contribute to the business and IT alignment. The paper presents three propositions- An explicit and formalized business model contributes to improve the IT alignment with internal business; An explicit and formalized environment assessment contributes to improve the IT alignment for a better business adaptation with its outside environment; An explicit and formalized scenario approach contributes to improve the IT alignment for a better business adaptation to its evolution mainly due to its environment evolution.

[Campoy 2004]

Campoy, A. (2004, September 27). Indian outsourcing companies have finally begun to crack the European market; Here's their secret. *Wall Street Journal (Eastern Edition)*, B1.

The article talks about lessons that Indian service providers learnt while trying to enter the European market, and how their recent successes. For example, the paper indicates that local presence is a must for the customers in Europe. European businessmen also are generally more reluctant than Americans to take risks or try new ideas. The article also comments that from a business perspective, relationships are deeper in Europe as compared to US and clients are more forgiving.

- [Canada Newswire 2003] **Canada Newswire. (March 28, 2003). "Outsourcing Is Preferred Method to Improve Business Processes, Accenture Study Finds Willingness to Share Risks and Rewards is an Important Factor in Selection of Outsourcing Provider."**
- [Cappelli 2004] **Cappelli, P. (2004). Why Do Employers Retrain At-Risk Workers? The Role of Social Capital. *Industrial Relations*, 43(2), 421-447.**
- This article deals with the fact that some employers retain workers who are at risk of layoff for new jobs in their organization, whereas others do not. This central to understanding the employees perspective that some jobs and some employers may be better than the others in terms of job security. The paper finds that retraining option is associated with preserving the social capital among current employees. Employers who make greater use of work systems that rely on social capital are more likely to retrain their workers. Other reasons for retaining these workers like retraining is an employee benefit associated with employee-friendly policies or is part of overall strategy to invest in training are not generally seen.
- [Cappellin 2004] **Cappellin, R. (2004). International knowledge and innovation networks for European integration, cohesion, and enlargement. *International Social Science Journal*, 56(180), 207-225.**
- The paper deals with the issues of cross-border and cross regional knowledge flows in view of the cohesion and enlargement activities in Europe. It discusses the role of innovation and learning process in economic development, key barriers to efficient knowledge creation and innovation at interregional level within Europe and policy options and technology transfer measures for integration.
- [Carlson 2003] **Carlson Companies Inc. (2003). Supply Chain optimization for contract labor. *Sourcing Interest Group Conference, May 2003; Huntington Beach, CA. Bell Canyon, CA: SIG.***
- This presentation deals with streamlining the procurement process and includes the supplier input and participation to optimize the total supply chain process. The article gives best practices of change management: Reduce the supplier list and leverage contracts; Define and automate the procurement process; Create first line, high quality customer support; Define, track and publish performance metrics and reporting; Create objective supplier and contractor evaluations; Minimize risk for legal and HR requirements; Publish guidelines and supporting documentation; Educate customer base. The company was able to reduce its preferred suppliers from 160 to 9 and was able to reduce the supplier rates by 41% in 2002.
- [Carmel 2002] **Carmel, E., & Agarwal, R. (2002). The maturation of offshore sourcing of information technology work. *MIS Quarterly Executive*, 1(2), 65-77.**
- The paper identifies four stages of offshoring and introduces a model SITO (sourcing of IT work offshore). The paper defines offshore

bystanders as Stage I companies that do not outsource offshore at all, but may have a few advocates pushing the idea. Stage 2 companies are offshore experimenters who pilot test sourcing of non-core IT processes offshore. Stage 3 companies take a proactive cost focus and seek broad, corporate-wide leverage of cost efficiencies through offshoring. Stage 4 companies take a proactive strategic focus and view offshore sourcing as a strategic imperative. The paper advises the managers to give offshoring initiatives same strategic importance and visibility as other initiatives and foster internationalization within their firms.

[Carmel 2005]

Carmel, E., & Nicholson, B. (2005). Small firms and offshore software outsourcing: high transaction costs and their mitigation. *Journal of Global Information Management*, 13(3), 33-54.

The paper states that transaction costs could be higher for smaller client firms that offshore software as compared to the larger firms. It divides these costs in three categories- contact, contract and control. Further the paper outlines mitigation strategies which both the small clients and the vendors. From the client's perspective the mitigation strategies are: Liaison-key individuals pivot the relationship between the client and vendor; gaining experience; overcoming opportunism; ensure onshore presence of vendor; and reduce contact cost by having greater access to vendor firms. The strategies for the vendor are mentioned as: simplifying contract; providing control channel for client's benefit, and standardization of services.

[CBS 2004]

CBS News. Out of India [Web Page]. 2004 Aug 1; Accessed 2005 Jan 10. Available at: <http://www.cbsnews.com/stories/2003/12/23/60minutes/main590004.shtml>.

The story details the reasons of outsourcing IT and other business processes to India, and states that outsourcing to India will continue to grow. A stable democracy, an enormous English-speaking population, reputed education system which produces more than a million college graduates willing to work at a much less salary, are some of the reasons outlined by the story.

[CIKM 2004]

Center for Innovation and Knowledge Management. (2004). *Offshore Outsourcing: Literature Review*. Tampa, FL: Center for Innovation and Knowledge Management, John H. Sykes College of Business, University of Tampa.

The paper gives a good overview of offshoring and related issues. The paper gives a brief introduction about outsourcing and the various business models. It then gives some critical success factors for offshoring, reasons for failures and selection criteria for offshore vendors. Some of the selection criteria are: Cultural alignment; Desired degree of control; Workforce pool; Tool familiarity; and Flexibility. The paper also gives proposed management and hiring structures for offshoring business models.

[CFO 2004a]

CFO.com. (2004). Keys to successful BPO relationships [Web Page]. 2004 Sep 3; Accessed 2004 Oct 15. Available at: <http://www.cfo.com/article/1,5309,10549,00.html?f=related>.

The article discusses some risks in outsourcing business processes and proposes solutions. It states that many companies fail to recognize the risks posed by shifting critical business processes like HR, finance, accounting, and supply-chain systems to providers, who may not be experienced. Some companies do not measure their in-house performance to ascertain if BPO will improve it. Benchmarking internal operations, choosing partners carefully and after proper due-diligence, ensuring proper accountability are some of the strategies suggested by the article to mitigate the risks.

[CFO 2004b]

CFO.com. (2004). Making it work: How to avoid some common offshoring blunders -and what to do when you can't [Web Page]. 2004 Jun 1; Accessed 2004 Jul 15. Available at: <http://www.cfo.com/article/1,5309,14005,00.html?f=related>.

The article discusses avoiding some common mistakes firms make while offshoring the business. It suggests that it is important to figure out what to outsource as even the simplest processes may have underlying complexity. Loss of control is another concern for the clients when deciding what to outsource. Then the article discusses some initial problems like training the provider's staff and overcoming the cultural barrier. Finally it gives some tips for a successful arrangement like design an exit strategy, avoid making your company's core competencies dependent on offshore operations, monitor the work being done for security lapses and performance, and review U.S. accounting regulations pertaining to offshore operations.

[CFO 2004c]

CFO.com. Sticker Shock: Cost of Sarbanes- Oxley's compliance [Web Page]. 2004 Feb 23; Accessed 2004 Jul 15. Available at: <http://www.cfo.com/article.cfm/3010299?f=related>.

The article talks about cost of compliance with the Sarbanes Oxley Act. The article quotes several executives on how the cost of compliance is too high but also mentions that the SEC is making several accommodations to address concerns and to ease compliance. Those accommodations included changing the requirement to test internal controls from a quarterly to an annual activity (unless they are materially changed) and extending the compliance deadline from September 30, 2003, to fiscal years ending on or after June 15, 2004, for accelerated filers. The article also mentions that the rising cost of compliance will lead to need for more tools and some firms like EMC, First Albany Technology that make compliance related tools will reap rich benefits.

[CFO 2004d]

CFO.com. (2004). Struck in the SAS 70 [Web Page]. 2004 Feb 23; Accessed 2004 Jul 15. Available at: <http://www.cfo.com/article/1,5309,12161,00.html?f=related>.

The article deals with how SAS 70 may pose a hurdle for companies in their BPO plans. SAS 70 spells out how an external auditor should assess the internal controls of an outsourcing service provider and issue an attestation report to outside parties or to a client. According to the article, finance function seems to be critical as transferring financial tasks overseas can put material transactions in the hands of outsourcers. The timing of the outsourcer's audit and the information revealed in this audit is very crucial. The article states that service provider is required to inform its client only about any failures of SAS 70 tests; there's no requirement to spell out the exact substance or scope of the audit. The article then mentions that the proposed auditing standard addresses both the work that is required to audit internal control over financial reporting and the relationship of that audit to the audit of the financial statements. The integrated audit results in two audit opinions: one on the internal controls and one on the financial statements.

[Chabrow 2003]

Chabrow, Eric. (October 22, 2003). "Government IT Outsourcing Will Grow As Workforce Ages." *InformationWeek*.

[Chanda 2002]

Chanda, R. (2002). *Globalization of Services: India's Opportunities and Constraints*. New Delhi, Delhi: Oxford University Press.

The book deals with the growth of service industry in India and its impact on India and its trading partners. The initial chapters of the book discuss trends in global service industry and highlight the global developments concerning services including the Uruguay Round negotiations on services and the GATS. The book then focuses on the trends in services in India and India's comparative advantage. One of the chapter focuses on the external constraints affecting India's trade in services. Remaining portion of the book focuses on discussions of the Uruguay Round, India's negotiation strategies, domestic reforms and policy measures needed in India to support India's commitment under the agreements.

[Chen 2002]

Chen, L., & Soliman, K. S. (2002). Managing IT outsourcing: A value-driven approach to outsourcing using application service providers. *Logistics Information Management*, 15(3), 180-191.

The paper addresses the issue of IT outsourcing using the application service providers (ASP). It describes an approach based on Simon's decision-making process and helps in evaluating the viability of using the ASP model. The approach has five phases: identification, analysis, design, implementation, and assessment. The organizations should spend a large fraction of time in the analysis phase. Some of the critical function specific criteria which should be followed in ASP selection are: production cost advantages, transaction costs, asset

specificity, internal expertise, maturity/ newness of technology, and application media fit.

[Chin 2004]

Chin, P. O., Brown, G. A., & Hu, Q. (2004). Impact of Mergers and Acquisitions of IT Governance Structures: A case study. *Journal of Global Information Management*, 12(4), 50-74.

The article discusses developing IT governance structures in organizations that have achieved growth through mergers and acquisitions. It explains the factors impacting the choice of IT governance structures in organizations that grow through mergers and acquisitions in developing countries using the results of a case study of an international telecommunications company. The various factors that influence the IT governance are corporate governance structure, government and regulatory policies, global and local market competition and stability, organizational culture and organizational IT competence. The article proposes a framework which states that the IT governance structure of any given organization is dynamic rather than static, and depends upon the interactions among a number of internal and external constraining factors. It also states that government regulations and policies, global and local market competition and stability, and organizational culture all have significant influence on the IT governance structure of the host company and its foreign subsidiaries created through mergers and acquisitions. However, such influences are mediated through the corporate governance structure that emerged during the mergers and acquisitions. On the other hand, IT competency of the host company and its foreign subsidiaries will have a direct influence on the final IT governance structure selected following the completion of the mergers and acquisitions. Finally the article discusses the managerial implications of the study and concludes that predisposition of individual managers toward business strategies and IT strategies could have profound impact on the IT governance structure. It concludes that relationship and trust between the CIO and the top management team is also important and that the hybrid IT governance seems to be the most appropriate for organizations that operate in multiple geographical regions.

[Choi 1996]

Choi, T. Y., & Hartley, J. L. (1996). An exploration of supplier selection practices across the supply chain. *Journal of Operations Management*, 14(4), 333-343.

This article deals with supplier selection process in the auto industry. The article mentions that selecting suppliers based on the potential for a long-term relationship is important, and that price is one of the least important items in vendor selection. Some of the factors, which are considered while selecting the vendors, are finances, consistency, relationship, flexibility, technological capability, customer service, reliability, and price. The authors find that the supplier selection practices remain consistent across various levels of the supply chain in the automotive industry.

[Chorafas 2003]

Chorafas, D. N. (2003). *Outsourcing, insourcing and I.T. for enterprise management*. Basingstoke, Hampshire, UK: Palgrave Macmillan.

This book analyzes the outsourcing issues from the perspective of both the clients and the service providers. It describes management needs and shows how technology can be used to meet these needs. It also highlights the benefits and risks that companies face when they attempt to differentiate themselves through new technology. The book is based on a research project in the US, UK, Germany, France, Switzerland, and Sweden.

[Choudhury 2003]

Choudhury, V., & Sabherwal, R. (2003). Portfolios of control in outsourced software development projects. *Information Systems Research*, 14(3), 291-313.

The paper describes the portfolio of controls as applicable to the outsourced projects. Two types of controls identified are: formal controls (either behavioral or outcome) and clancontrols (clan and self). There are various factors that influence the choice of these control modes. These are task characteristics, project related knowledge of participants, and role expectations. The paper states that the client managers should pay adequate attention to the control of outsourced IS projects. They should guard against underestimating the agency problem even if they feel confident of the vendor's abilities. Clients should be precise in specifying functional requirements, should monitor progress closely through timelines and progress reports, and impose a requirement to deliver frequent and regular software updates. Clients should also encourage and enable vendor self-control early in the project.

[Chrissis 2003]

Chrissis, M. B., Konrad, M., & Shrum, S. (2003). *CMMI: Guidelines for Process Integration and Product Improvement*. Boston, MA: Addison-Wesley.

[Christidis 2002]

Christidis, P., Hernandez, H., and Lievonon, J. (eds.) (2002). *Impact of Technological and Structural Change on Employment: Prospective Analysis 2020, Background Report (Report EUR 20258 EN)*. European Commission, Joint Research Centre (DG JRC), Institute for Prospective Technological Studies.

The study analyzes the role of technology in EU's economy and the impact on employment. It states that the technological development will simulate economic growth and lead to more employment in EU. One of the major finding of the report deals with R&D spending. It states that a limited increase in R&D spending can lead to a considerable increase in GDP and employment, if done with certain other complementary measures. The report also mentions that policy measures in the education and training, labor laws and regulations, and incentives for innovation and investment are very critical.

[Chung 1996]

Chung, Y. S. (1996). *An empirical study of success factors influencing the implementation of information systems outsourcing* [Ph.D. thesis]. Lincoln, NE: University of Nebraska—Lincoln.

The study investigates the factors contributing to the success and failure of IS outsourcing relationship between the clients and the vendors. It proposes a research model, which is based on relational exchange theory, communication behavior and conflict resolution literature and transaction cost theory. The thesis includes a survey of outsourcing relationships of US firms and indicates that factors like vendor capability, solidarity, continuity expectations, flexibility, joint problem solving are positively related to the success of IS outsourcing. The study also suggests managerial guidelines in selection of outsourcing tasks, vendor selection and on-going management of relationships. Though the study has the academic rigor, it dates back to 1996 and doesn't address some issues relevant today, and is incomplete without substantial inputs from the industry.

[CIPS 2002]

The Chartered Institute of Purchase and Supply. (2002). *How to Develop an Outsourcing Strategy*. Lincolnshire, England: The Chartered Institute of Purchase and Supply.

The book discusses the outsourcing life cycle. It suggests that before deciding if a service should be outsourced, it is essential to consider the existing corporate strategy, and the long term fit of the service with strategy. The book then discusses various reasons for outsourcing. The next phase is described wherein the company must choose between options like outsourcing 'as is', outsourcing after reengineering. Then there is a brief description of other phases like supplier selection, contract negotiation and risk management. The book next discusses post-contract stage, the performance management, financial management and change management. Finally the book discusses contract termination phase and the options the client may have.

[Clark 2004]

Clark, D. (2004, April 12). Another lure for outsourcing: Job expertise. *Wall Street Journal*, B1

The article states that offshoring chip design may not threaten the U.S. semiconductor industry. Either the chips being developed in countries like China are relatively simple, or the design teams in countries like India are helping to create new products and not taking away jobs from the US. Another advantage is that sending chip designing activity offshore helps increase the sale of US technology firms by addressing the talent shortages that slow the delivery of new products.

[Clemens 1999]

Clemens, D. (1999). Ensuring outsourced software success. In *Proceedings of 1999 Seventeenth Annual Fall Pacific Northwest Software Quality Conference* (pp. 312-35). Portland, OR, USA : Pacific Northwest Software Quality Conference.

This article deals with successful outsourcing of software projects. It illustrates some factors, which a customer should consider when outsourcing a software project. Some of the topics covered are: finding an outsourcing partner, evaluating the partner, risk management, aligning the motivations of each party, what to do when things go wrong, establishing verifiable milestones, contract issues and more. The paper also states that relationship management is very critical for the successful project and partnership.

[Clemens 2000]

Clemons, E. K., Hilt, L. M., & Snir, E. M. (2000). *A Risk Analysis Framework for IT Outsourcing*. (Unpublished working paper). Accessed 2004 February 9. Available at: <http://tecom.cox.smu.edu/esnir/Papers.htm>.

The article identifies risks in IT outsourcing. It states that IT differs from other procured goods and services in four important dimensions, which impact the contractual risk in IT outsourcing. These are identified as: monitoring, uncertainty, competitive importance and organizational interconnectedness. The article mentions that the monitoring behavior has become easier now and clients can measure vendor activities. However in situations where there is uncertainty with respect to provided services and external environment clients face greater dangers in signing long-term agreements when vendor behavior cannot be properly monitored. In competitive importance the article mentions that risks are greatest for those projects that are critical to a company's competitive advantage. This may increase client's reliance on the vendor and increase the possibility of vendor hold-up. For the last dimension the article states that IT projects that require vendor to learn tacit procedures from various sources in the client organization may be quite difficult to implement and it may be difficult to specify desired requirements and functionality.

[Clemens 1994]

Clemons, E. K., & Reddi, S. P. (1994). *The Impact of I.T. on the Degree of Outsourcing, the Number of Suppliers and the Duration of Contracts*. Financial Institutions Center, The Wharton School, University of Pennsylvania.

This paper deals with the impact of IT on the economic activity of an organization. The paper states that it leads to a greater degree of outsourcing where this increased outsourcing is done from fewer suppliers with whom the buyer has long-term relationships. There may be other reasons, like excess capacity which may drive outsourcing or factors that inhibit firms' flexibility, like their existing fixed investment in in-house production capability resulting in slower trends towards outsourcing.

[Click 2004]

Click, R. L., & Duening, T. N. (2004). *Business Process Outsourcing: The Competitive Advantage*. Hoboken, N.J: John Wiley & Sons.

The book describes the Business Process Outsourcing (BPO) from the perspective of its application and implementation in businesses and is divided into 5 sections. Part 1 provides an overview of the BPO industry, the various industry drivers along with some case examples. Part 2 deals with helping clients decide if they should go in for a BPO opportunity. Part 3 describes the vendor evaluation and selection process, the details of a BPO contract and the service level agreements. Part 4 deals with management of a BPO project, the risks associated with BPO projects and the mitigation strategies. Part 5 explores the future of the BPO industry and its likely impact on businesses, education and the society.

[Clott 2004]

Clott, C. B. (2004). *Perspectives on Global Outsourcing and the Changing Nature of Work*. *Business and Society Review*, 102(9), 153-170.

The article states that outsourcing is a fast-growing aspect of the world economy. There are both proponents and opponents of this trend. Some studies present the strategic benefits of outsourcing for firms as a means to reduce costs, improve asset efficiency, and increase profits. Criticisms of outsourcing have been in the areas of changing employment patterns, globalization of the labor force, and its effects on individuals and organizations. For employees, the trend has been thought to result in a loss of fixed-employment opportunities as a consequence of firms seeking to use cheaper labor overseas. The author states that as outsourcing grows there may be development of greater degree of protectionism and limits on globalization in the form of exclusive trade treaties, regional trade agreements, tariff and non-tariff barriers, to limit global outsourcing partners. Emerging nations and country regions that have benefited from previous outsourcing efforts will try to keep business from leaving for even cheaper areas of service and production, could also bring in protections of their own as a means of limiting business movement.

[Collett 2004]

Collett, S. (2004, June 28). *Gone but not forgotten*. *ComputerWorld*, 33-35.

This article deals with managing an outsourcing relationship. It states that relationship management requires upfront planning, skilled management team, constant communication and an expanded budget. In planning, the article advises that outsourcing decision-makers should choose a contract management team before choosing the supplier. The team should manage the request-for-proposal process, ensuring that the requirements in the proposal are met. In selecting the team the article gives a thumb rule of five to seven employees on client side for every 100 from the supplier's side. For managing, the team should focus on the following aspects: performance, relationship, finance and contract administration. Typi-

cally clients spend 2% to 6% of the annual cost of the agreement to manage the relationship.

[Collier 1995]

Collier, D. A. (1995). Modeling the relationships between process quality errors and overall service process performance. *International Journal of Service Industry Management*, 6(4), 4-19.

This article deals with the use of structural equations to model the performance of the business processes. It states that management-by-fact using actual process performance measure is superior to management-by-opinion or simple univariate and two-way performance criteria comparisons. Structural equation models provide the process manager with many useful insights into process performance. Structural equations give insight into how the process works, what are the key performance relationships, and where the best improvement opportunities may exist.

[Comptroller 1996]

Comptroller and Auditor General. (1996). *Information Technology Services Agency: outsourcing the service delivery operations: Report Great Britain. National Audit Office. London: HMSO.*

The report describes the outsourcing process followed by the Social Security's Information technology Services Agency (the Agency) in outsourcing its services operations in 1995. The main objectives of the outsourcing project were to maintain and improve the existing service levels, to gain and maintain significant cost reductions and to affect a smooth transfer of civil service staff. To fulfill the first objective, the Agency followed the following steps: Identifying competition in the market, generating sufficient competition among potential suppliers, selecting technically competent bids and got prepared to manage the contracts. To gain and maintain significant cost reductions the steps followed were: selecting the most economically advantageous bids, estimating cost reductions, realizing the estimated cost reductions. To ensure smooth transfer of staff, the steps followed were: taking the appropriate legal and contractual measures, including staff matters in evaluation of contractor's proposals, keeping the staff informed and addressing the possibility of redundancies. The main recommendation in the report is that the Agency needs to monitor contractors' performance and control the price changes, which the contractors may press for in future.

[Computerwire 2005]

Computerwire. (2005). *IT Services Quarterly Review: FY 2004*. New York, NY: Computerwire.

This report on the trends in IT service industry covers the year 2004. Some of the interesting highlights of the report are: The IT services market is becoming more fragmented; The value of deals tracked in 2004 rose 37% over the previous year; BPO is becoming an increasingly significant element of major new contract awards; The number of mega deals in 2004 was fewer as compared to those in 2003. The report indicates that this is due to the clients increasingly adopting selective sourcing models; IBM Global Services had the largest single

share of the contract awards; The defense and central government sectors were the biggest investors in major IT services contracts; In the private sector, the banking industry accounted for the largest single share. Another important trend is the growing overlap between computing and BPO.

[Computerworld 2004]

Computerworld. (2004). New Dynamics of Deal Making. *Computerworld*, 38(21), 6-9.

The article discusses how dealing with vendors is becoming more complex as new pricing and licensing models emerge and outsourcing options gain prominence. While SLAs are important, the article states that most users find that taking a tough stance with vendors is essential throughout the contract negotiation process. Vendors are also taking some steps to build the relationship for example by simplifying licensing terms. Most clients though feel that contracting is still a big issue. The article also advises that in negotiating with multiple vendors, it's essential that the same expectations and requirements are communicated to all of them so they start off on an equal footing.

[Cook 1998]

Cook, M. F. (1998). *Outsourcing human resources functions: strategies for providing enhanced HR services at lower cost*. New York, NY: Amacom.

This is a detailed book about HR outsourcing and is divided in 4 parts. Part 1 deals with explaining HR sourcing, the critical issues and decision-making criteria. Part 2 describes the steps involved in service provider selection and communicating the decision. Part 3 deals with outsourcing specific HR functions and is informative. Finally part 4 deals with managing HR outsourcing and some of the challenges associated with it. The book has a set of 11 guidelines for starting HR outsourcing and also gives a 12- stage framework for an outsourcing plan. The framework does not provide details about the termination phase of outsourcing relationship and ends at performance monitoring. Some of the challenges in managing the relationship are mentioned as: establishing the relationship; defining roles and responsibilities; deploying resources; communicating with employees; implementing change and monitoring vendor performance.

[Cooper 1999]

Cooper, J., Fisher, M., & Sherer, S. W. (editors). (1999). *Software Acquisition Capability Maturity Model (SA-CMM), Version 1.02*. Tech. Rpt. CMU/SEI-99-TR-002. Pittsburgh, PA: Software Engineering Institute, Carnegie Mellon University.

[Cooper 2002]

Cooper, J., & Fisher, M. (2002). *Software Acquisition Capability Maturity Model (SA-CMM) Version 1.03*. Tech. Rpt. CMU/SEI-2002-TR-010. Pittsburgh, PA: Software Engineering Institute, Carnegie Mellon University.

[COPC 2002]

Customers Operations Performance Center. (2002). *COPC-2000 VMO Standard for Vendor Management Organizations Draft 1.0C*. Amherst, NY: COPC.

The COPC VMO is a set of management practices and training for Vendor Management Organizations which aims to: Improve customer satisfaction through improved service and quality; Increase revenue through higher performing sales and collection programs; Reduce the cost of providing excellent service. The framework defines VMOs as "Organizations and individuals, typically within the client enterprise responsible for managing at least a portion of the Enterprise's programs with service providers". The framework divides the processes under 'Driver, Enabler or Goal'. 'Leadership and Planning', for example, is in the 'driver' category and has activities like Statement of Direction, Planning for Service Interruptions. The three categories- Key Support, Key Processes category and Key People Processes categories fall under the 'enablers' and deal with having a skilled and motivated work force using well-designed processes and managing those processes with the appropriate information. The Performance category is a part of 'Goal' and includes activities that deal with client and end-user satisfaction, product and service performance and productivity issues.

[Corbett 2004]

Corbett, M. F. (2004). *The Outsourcing Revolution: Why It Makes Sense and How to Do It Right*. Chicago, IL: Dearborn Trade.

The book gives a good overview of the issues in outsourcing. It gives five principles for capturing the value of global outsourcing. These are: Sourcing as strategy- seeking competitive advantage from internal, external sourcing or combination; Expanding the value model- the book gives a formula for calculating the value from global BPO; Zero based sourcing- these are sourcing decisions made from a base of zero in every planning cycle; Market driven decisions- establishing best source through open competition; and outsourcing as a management discipline- investing in training, personal development. The book is divided into three sections. Section one discusses the trends and growth in outsourcing along with the opportunities and trends in outsourcing. Section two deals with some phases of outsourcing and deals with planning, implementation and management of outsourcing. The chapter on managing the impact on people is useful. The last section discusses the future of outsourcing and includes some BPO case studies.

[Costa 2001]

Costa, C. (2001). Information technology outsourcing in Australia: a literature review. *Information Management & Computer Security*, 9(5), 213-224.

The paper provides a background of existing studies conducted on IT outsourcing. Specifically the paper deals with the reasons of outsourcing IT functions by Australian firms and also with understanding of factors, which contribute to the success of an arrangement.

The main reasons for outsourcing, identified in the literature include: economic and technical considerations such as the lack of relevant resources; strategic focus that is, the need for organizations to focus on their core functions.

[Coward 2003]

Coward, C. T. (2003). Looking Beyond India: Factors that Shape the Global Outsourcing Decisions of Small and Medium Sized Companies in America. *The Electronic Journal on Information Systems in Developing Countries*, 13(11), 1-12.

This article discusses selecting a service provider in a different country and the factors that influence selection. It deals with the decisions of the small and medium enterprises (SMEs). The article is based on a study conducted between November 2001 and February 2002 involving structured interviews with eighteen companies and experts that have outsourced software development work to countries other than India. The paper states that there are fourteen factors that influenced the decisions of these SMEs: cost savings, personal connection, US presence, critical mass of skilled technical professionals, project management skills and quality certification, language and culture, western business savvy and practices, intellectual property rights protection, regulatory environment, telecommunications infrastructure, physical infrastructure, time zone difference, political stability and diversification, and country image. Price savings is the primary catalyst driving the outsourcing decisions of the SMEs. Since software development process of SMEs is typically not as sophisticated, they rely more heavily on a wide range of non-technical, or human, factors to achieve their outsourcing objectives. The article concludes that countries that can tap their overseas populations for their personal connections and expertise in western business practices should have a competitive advantage in building successful offshore software development industries.

[Crofts 2002]

Crofts, M. R., & Swatman, P. A. (2002). Investigating information systems analysts' possession of tacit organisational knowledge. *Proceedings of the 35th Hawaii International Conference on System Sciences – 2002*. Los Alamitos, CA, USA: IEEE Computer Society.

The paper discusses how IT outsourcing can lead to loss of organizational knowledge. It states that firms can lose tactical, cross-functional knowledge, which resides in the minds of professionals like systems analysts, from outsourcing. The paper states that experienced, long term-employed systems analysts utilize the knowledge not only to implement changes but also to find problems. Much of this tactical knowledge is accumulated over time through situational experiences and is difficult to codify. The paper concludes that organizational memory, once lost cannot be replaced easily.

[Cronk 1995]

Cronk, J., & Sharp, J. (1995). A framework for deciding what to out-source in information technology. *Journal of Information Technology*, 10(4), 259-67.

The paper discusses outsourcing and the reasons for IT outsourcing. It states that there are there are differing opinions about the usefulness of outsourcing IT. Transactional cost approach argues that IT services should be procured using market mechanisms. However, there are other views, which state that the complexity of services and management of IT outsourcing should make it more preferable for firms to improve the efficiency of the internal IT department, rather than outsource.

[Cross 2004a]

Cross, R., & Parker, A. (2004). *The Hidden Power of Social Networks: Understanding How Work Really Gets Done in Organizations*. Boston, MA: Harvard Business School Press.

[Cross 2004b]

Cross, S. R. (2004). Corporate Governance, Information Technology and the Electronic Company in the United Kingdom. *Information & Communications Technology Law*, 13(2), 117-120.

This article deals with the role of information technology as a corporate governance tool and recommends that the manner in which information technology is used by companies should be gauged not only in simple efficiency terms but also by reference to the impact it may have on users' corporate governance standards. Another important suggestion, which this article brings out, is that if the inactive shareholders can be persuaded to participate in, and vote at meetings that are supported electronically, this may help improve the corporate governance standards.

[Crow 2003]

Crow, G. B., & Muthuswamy, B. (2003). International Outsourcing in the Information Technology Industry: Trends and Implications. *Communications of the International Information Management Association*, 3(1), 25-34.

The paper deals with the impact of IT outsourcing on US workforce and states that international IT providers may be capturing a permanent share of U.S. IT expenditures and thus reducing the long term need for U.S. IT employment. It also compares trends in IT workforce and the globalization of the auto industry during the latter part of the 20th century. Some of the suggestions to mitigate workforce related problems are: To adopt the same quality standards prominent in India. The resultant increase in quality would make U.S. IT services and software developers more attractive through increased productivity and lowered overall costs of production; To create development teams that consist of collaborations between domestic and off-shore team members. For students to be competitive and be employed in the increasing global work environment, they need to be comfortable working in a multi-cultural environment, be able to operate in globally distributive work teams, and trained in quality IT and software development techniques. Computing curricula needs

to be adjusted so graduates are comfortable in these new realities. In addition, educators should consider which types of IT employment are likely to remain in the U.S. and which are those that are likely to be outsourced in the global market.

[Cullen 2003]

Cullen, S., & Willcocks, L. (2003). *Intelligent IT Outsourcing: Eight building blocks to success*. Burlington, MA: Butterworth-Heinemann.

The book provides a framework on how to approach outsourcing and also gives an insight into challenges that clients of IT outsourcing may face. The book provides eight building blocks of outsourcing, which are distinctly divided into 3 phases- Architect, Engage and Govern. The practices in the Architect phase are Discarding the Myth (benefit expectations, market intelligence, industry analysis); Prepare the Strategies (outsourcing model, strategic preferences, outsourcing lifecycle strategy); Target the Services (service identification, service profiles, base case etc) and Designing the Future (Arrangement model, SLAs, retained organization, contract management). In the Engagement phase the building blocks are Select the Supplier and Making the Transition. Finally in the Govern phase there are two more building blocks- Managing the ITO and Reconsidering the Options.

[Curley 2004]

Curley, M. (2004). *Managing Information Technology for Business Value: Practical Strategies for IT and Business Managers*. Hillsboro, OR: Intel Press.

This book, targeted at users in a large IT department provides a framework for IT management, which can be used for self- assessment. The book is based on author's experiences at Intel and outlines a number of tools and processes by which Intel's IT department attempts to provide explicit value to its corporate customers. The framework is based on CMM, and helps align IT services with customer requirement. The book states that for IT to deliver business value, it should be measured in core business terms such as customer satisfaction, revenue growth, and profitability and not always in terms of usual IT parameters like up-time, capacity and processing power. The author gives four strategies to optimize business value, from IT investment. These four strategies are: Manage for IT business value to maximize benefits such as profitability and growth; Manage the IT budget to enable continuous cost reduction; Manage the IT capability to enable sustainable competitive advantage; and manage IT like business. The book discusses briefly the 'pay-per use' but does not discuss service provider management and related issues.

[Currie 2000]

Currie, W., & Pouloudi, A. (2000). Evaluating the relationship between IT outsourcing and knowledge management. *Journal of Change Management*, 1(2), 149-163.

The paper discussed implications for knowledge management when firms follow different sourcing strategies. The paper states that firms can follow different IT sourcing decisions ranging from total

outsourcing to insourcing, and therefore may consider IT knowledge either as a commodity to be acquired from the market or as a core competence for the organization. The paper discusses cases of London Stock Exchange, which considered IT as a commodity, and that of the UK Post Office, which considered IT as a core competence. The paper recommends that firms should consider the relationship between quantifiable costs and knowledge based outcomes before deciding which approach to follow.

[Currie 1998]

Currie, W., & Willcocks, L. (1998). Managing large-scale IT outsourcing contracts: the case of British Aerospace Plc. In D. Avison & D. Edgar-Nevill (Eds.), *Matching Technology with Organisational Needs. Proceedings of the 3rd UKAIS Conference* (pp. 106-17). Maidenhead, UK: McGraw-Hill Publishing.

[Currie 1997]

Currie, W., & Willcocks, L. (1997). *New strategies in IT outsourcing*. London: Business Intelligence.

The book deals with trends and the issues in outsourcing in Europe and the US, and the key lessons for which the authors draw on the survey of 150 organizations they carried out. The book is divided in two sections. The first section discusses the trends in IT outsourcing, the reasons for its growth, in Europe and US, the costs and benefits of outsourcing. The section also discusses the key issues and problems clients face before outsourcing and during outsourcing. Section two of the book deals with the best practices in IT outsourcing and discusses aspects like developing an IT sourcing strategy, managing outsourcing arrangements, dealing with and managing multiple service providers, evaluating other forms of sourcing like insourcing. The section also includes a chapter on capabilities needed for the in-house IT function. Some of the capabilities are: IS/IT governance, relationship building, designing technical architecture, contract monitoring and vendor development.

[Currie 2003]

Currie, W. L., Desai, B., Khan, N., Xinkun, W., & Weerakkody, V. (2003). *Vendor strategies for business process and outsourcing: recent findings from field research. Proceedings of the 36th Annual Hawaii International Conference on System Sciences – 2003*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses the various strategies that the IT vendors follow in IT outsourcing deals, with a focus on Application Service Providers (ASP). The paper gives some differences between traditional and ASP model of outsourcing IT and develops a model for IS sourcing scenarios. The paper considers four types of scenarios: Joint venture sourcing; Business Process Outsourcing; Vertical application services provisioning; and business application services provisioning. The paper states that that scale, scope and integration are three key areas, which should be addressed by vendors in their business plans. The paper also mentions that ASP vendors may be able to move into

the BPO space by overcoming the challenges of scale, scope and integration.

[Currie 2001]

Currie, W. L., & Seltsikas, P. (2001). Exploring the supply-side of IT outsourcing: Evaluating the emerging role of application service providers. *European Journal of Information Systems*, 10(3), 123-134.

The paper focuses on the role of application service providers (ASPs). The paper discusses how application outsourcing may change the nature of the outsourcing contract, in particular, the relationship between client and supplier and discusses its implications for the Vendors. Some ASPs provide a comprehensive alternative to building and managing internal information technology operations. Unlike traditional outsourcing, the application service is managed at a central location and not at the customer site, therefore for the model to work, the ASPs need to achieve economies of scale by offering a one-to-many service rather than the one-to-one relationship found in traditional outsourcing. ASPs have started developing strategic alliances and partnerships with other companies to provide their customers with a seamless service. The paper states that outsourcing is moving from traditional one-to-one outsourcing relationship between client and supplier to a one-to-many relationship where an ASP provides an outsourcing solution to several clients remotely over the Internet or a virtual private network. As the market continues to grow many ASPs will develop their market strategies by aggregating their service offerings. Simple horizontal or vertical solutions may not be enough to sustain an ASP's competitive position.

[Currie 1998]

Currie, W. L., & Willcocks, L. P. (1998). Analysing four types of IT sourcing decisions in the context of scale, client/supplier interdependency and risk mitigation. *Information Systems Journal*, 8(2), 119-43.

The article differentiates between 4 types of IT sourcing decisions: total outsourcing; multiple-supplier sourcing; joint venture/strategic alliance and insourcing. It uses case studies to analyze the reasons of clients adopting specific sourcing decisions. The article concludes that though the decision to outsource is generally taken on the premise that external supplier offers a more efficient and cost-effective service than in-house department, clients need to become more aware of the risks of outsourcing specially in the large, total outsourcing arrangements with single vendor.

[Curtis 2001]

Curtis, B., Hefley, W. E., & Miller, S. A. (2001). *People Capability Maturity Model: Guidelines for Improving the Workforce*. Boston, MA: Addison-Wesley.

[Cutter 2004a]

Cutter Consortium. (2004). *Outsourcing Value and Management: Part I*. Arlington, MA: Cutter Consortium.

This study deals with relationship management in outsourcing and value that can be gained from strong relationship management. It

states that there is a need for better analysis of the link between realizing business value in IT outsourcing and effective relationship management practices. The study, divided in three parts, involved interviews with both service providers and clients. This first part deals with the various kinds of relationships in outsourcing. The study finds that value that clients seek through outsourcing dictates the types of relationships with the providers. For example in relationships in which cutting costs through economies of scale is the primary driver for outsourcing, little or no innovation is expected, services are more or less commodities, and no real integration is required between buyer and provider. Then there are relations in which getting work done more efficiently or effectively is the primary driver for outsourcing. For these relationships, a small degree of customization of services is afforded to the buyer, and the provider has some specialized knowledge regularly accessed by the buyer. There can also a third type where there is a great degree of flexibility and customization of services, requiring a significant level of integration between buyer and provider. Finally there are relationships in which full process integration and shared responsibility are required-innovation is core to these relationships and shared risks and rewards are involved. The update concludes that investing in a strong working relationship is critical to achieving business value in IT outsourcing.

[Cutter 2004b]

Cutter Consortium. (2004). *Outsourcing Value and Management: Part II*. Arlington, MA: Cutter Consortium.

This is the second part of the study conducted by Cutter Consortium on relationship management in outsourcing and this part addresses the ways in which business and financial value is lost in IT outsourcing arrangements through poor relationship management. The impact of a poor relationship may lead to resource waste and suboptimal business results. When the parties lack trust, they often duplicate efforts or require significant documentation of work performed. In extreme cases, this takes shape as redundancy in staffing, "shadow organizations," and excessive supervision and documentation requirements at the task level. Poor relationship also impacts performance, leading to ineffective execution and follow-through.

[Cutter 2004c]

Cutter Consortium. (2004). *Outsourcing Value and Management: Part III*. Arlington, MA: Cutter Consortium.

This is in continuation of the series of articles on value management and this article analyses how companies are addressing the problems of losing value from outsourcing because of poor relationship management. It outlines the steps that the clients are taking to mitigate these issues, like to build and maintain governance function. Use of performance management tools has also been shown to improve relationship management. Other strategies followed are: collaboration and joint problem solving; managing scope jointly; and prioritizing Projects and managing demand.

[Cutter 2003]

Cutter Consortium. (2003) Strategic outsourcing: A structured approach to outsourcing decisions and initiatives [Web Page]. Available at: <http://www.cutter.com/workshops/08.html>.

This workshop covers the issues in outsourcing and details the steps required to make outsourcing decision, to evaluate and select vendors and to manage the relationship. Other than giving the overview of strategic outsourcing, the website gives the steps to be followed in outsourcing as: Planning initiatives, exploring strategic implications, analyzing costs and performance, selecting providers, negotiating, transitioning and managing relationships. It is not clear if the workshop covers the termination and related phases.

[D'Costa 2002]

D'Costa, A. P. (2002). Software outsourcing and development policy implications: an Indian perspective. *International Journal of Technology Management*, 24(7-8), 705-723.

The paper discusses software outsourcing from India. The paper mentions that India is among the few developing countries, which have been able to grow software exports. However it states that software development should be aligned with a technology policy and development policy of the country as a whole.

[Daly 2003]

Daly, F., Teague, P., & Kitchen, P. (2003). Exploring the role of internal communication during organizational change. *Corporate Communications: An International Journal*, 8(3), 153-162.

The paper deals with how internal communication facilitates the change process within companies. The paper states that up to 70 per cent of change programs fail and poor internal communication is seen as the principle reason for such failure. The important issues to deal with, during a change management program are corporate and national cultures, trust, corporate politics, ownership and corporate size.

[Damianides 2004]

Damianides, M. (2004). Sarbanes-Oxley and IT Governance: New Guidance on IT Control and Compliance. *EDPACS*, 31(10), 1-14.

This article discusses how Sarbanes-Oxley Act focuses on enhancing corporate governance and how SOX compliance will enhance internal checks and balances, leading to better corporate accountability. It starts by giving an overview of SOX and then goes into the details of sections 302 and 404, sections, which need most work to be compliant with SOX. The article then explains the how IT governance has become an integral part of business strategy and how IT needs to be aligned with overall business strategy. The author suggests that one way to leverage the benefits of the Act even further is to create competitive advantages that parallel the compliance process. The article includes a brief case study about IT governance at Charles Schwab Corporation. It concludes by mentioning that all organizations need to demonstrate appropriate levels of internal control and security. Every entity must take the appropriate steps to understand

its own performance and measure its progress. This is a challenging and ongoing process, but it benefits all stakeholders.

[Danahy 2004]

Danahy, J. (2004) Secure Outsourcing: An Impossibility or a Necessity [Web Page]. Accessed 2004, July 15. Available at: <http://www.computerworld.com/securitytopics/security/story/0,10801,93866,00.html?SKC=outsourcing-93866>.

The article discusses the security related issues around outsourcing and how these are being addressed. Some of the ways in which these are being addressed are: Legislative pressure- There have been legislations proposed that would require all outsourced providers to comply with California's privacy and confidentiality laws; Regulatory pressure; Legal pressure- Risk managers and corporate counsel are increasingly including security requirements in contracts for outsourced application development. The article mentions that there needs to be specific contractual language in the SLA stating the security expectations.

[Davey 2002]

Davey, H., & Allgood, B. (2002). Offshore development, building relationships across international boundaries: a case study. *Information Strategy: The Executive's Journal*, 18(3), 13-16.

This article describes a case study of a UK client outsourcing software development activities to a service provider in India.

[Davies 1997]

Davies, C. A., & Campbell, T. (1997). A strategic partnership in outsourcing: a public sector case study. In P. Humphreys, Ayestaran S., McCosh A., & Mayon-White B. (Eds.), *Decision Support in Organizational Transformation. Proceedings of IFIP TC8 WG8.3 International Conference on Organisational Transformation and Decision Support* (pp. 200-210). London, UK: Chapman & Hall.

This paper presents a case study of the outsourcing process in the Central Information Systems Division of the Northern Ireland Civil Service. It describes the outsourcing process followed, the contract monitoring procedures that were put in place and the service delivery mechanisms. The paper states that the client retained the strategic function and that the relationship was operating at both contractual and cooperative level. It concludes that the outsourcing relationship is working well due to good relationship between the two organizations. It also compares the case against an outsourcing framework and states that the issues of information stewardship may be undermined in public sector by outsourcing.

[Davies 2004]

Davies, P. (2004). *What's This India Business? Offshoring, Outsourcing, and the Global Services Revolution*. London: Nicholas Brealey International.

The book aims at giving an overview of Indian business environment and culture and is based on author's experiences in dealing with and traveling in India. The book first introduces the service sector in India, its growth and the types of services that can be offshored to India,

how to select a service provider. The next portion of the book introduces the cultural and business details about India, which Americans need to be aware of. The book then identifies some pitfalls in outsourcing to India and how to avoid them.

[Davis 2004]

Davis, B. (2004, May 10). As jobs move overseas, so does privacy. *Wall Street Journal*, A2.

This article deals with the privacy issues relating to offshoring. It states that concerns over privacy could stop companies' offshoring white-collar jobs to other countries. The businesses in US and India state that privacy rules could quickly become a form of disguised protectionism if unrealistic requirements are imposed and some groups say that additional provisions are unnecessary because federal agencies already require U.S. firms to protect financial and medical data. The article concludes that there is a need for an internationally recognized body to set minimum privacy and security standards globally.

[Davis 1996]

Davis, K. J. (1996). *IT Outsourcing Relationships: An Exploratory Study of Interorganizational Control Mechanisms*. [Ph.D. thesis]. Boston, MA: Harvard University, Graduate School of Business Administration.

The thesis deals with relationships in IT outsourcing and the governance control mechanisms employed in such relationships. The author identifies that companies are outsourcing IT elements which have substantial monitoring uncertainty and that the size and scope of some of these relationships creates a complexity, which adds to monitoring difficulties. The governance control mechanisms identified by the author are price, authority and trust. Price controls alone were identified as threat to the formation of a real partnership and one response to uncertainties in relationship is to invoke authority control, but this causes problems for managers when applied interorganizationally. The thesis reports that managers have greater problems in building and relying on trust mechanisms and face significant hurdles. Some of the managerial implications of the research on outsourcing are mentioned as: Before outsourcing managers should characterize the uncertainty in the IT elements they plan to outsource, managers should evaluate their ability to rely on trust and authority, trust must be established at many levels across interorganizational boundary.

[Davis 1996]

Davis, K. M. (1996). *Xerox: Outsourcing global information technology resources*. Boston, MA: Harvard Business School Pub.

The case describes the events leading to Xerox's outsourcing of its IT to EDS. To increase revenues, develop new technologies and manage IT more efficiently Xerox signed a 10-year, \$3.2 billion deal with EDS. The case gives an insight into the reasons for outsourcing and the issues in implementing the decision.

[Day 2002]

Day, M. (2002). Outsourcing. In *Gower handbook of purchasing management* (pp. 63-74). Hants, England: Gower Publishing Limited.

This chapter on outsourcing by Chris Lonsdale discusses the various reasons for outsourcing, and risk management for outsourcing. Some of the reasons identified are flexibility; focus on core activities, cost reduction. Some of the risks identified are: risk of loss of intellectual property and loss of core activities. The chapter also discusses the outsourcing process. The various steps it recommends are: assessing strategic importance, assessing supply management risks, measuring scope of activity, selecting appropriate contractual form and relationship type, selecting suppliers, performance management and the termination steps in the relationship.

[Daylami 2005]

Daylami, N., Ryan, T., & Olfman, L. (2005). Determinants of Application Service Provider (ASP) Adoption as an Innovation. *Proceedings of the 38th Annual Hawaii International Conference on System Sciences - 2005*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses the adoption of Application Service Provider (ASP) model of IT outsourcing and also if the ASP model is a source of innovation for the client firm. The paper states that some of the important factors, which may lead to ASP model adoption are: top management orientation, integration capability, internal IS expertise and competitive pressure. The paper states that some other factors like relationship management, service quality, relative advantage and cost are less important for ASP adoption.

[de Looff 1997]

de Looff, L. (1997). *Information Systems Outsourcing Decision Making: A Managerial Approach*. Hershey, PA: Idea Group Publishing.

It is aimed at organizations that are considering or have chosen to outsource and provides a model for IS outsourcing decision making. The model is intended to be used not only while deciding whether outsourcing will be sensible and beneficial for the firm but also during the supplier selection process and managing the post contract relations. The various phases, which the book distinguishes in the sourcing decision are: initial sourcing decision, designing the outsourcing arrangement, selecting the IS supplier, implementation of the outsourcing decision, management of the outsourcing relationship and termination of the outsourcing relationship. The framework is based on the conclusions of the 23 case studies that the book uses.

[de Looff 1996]

de Looff, L. A. (1996). Informational systems outsourcing: innovative concept for leaner information systems management? *Information Technology Management and Organizational Innovations. Proceedings of Information Resources Management Association International Conference* (pp. 141-147). Harrisburg, PA: Idea Group Publishing.

The paper is based on 23 IS outsourcing decisions in six Dutch companies and finds that outsourcing improves the management of IS, but not in all cases and that some firms may find it inflexible and

time-consuming. Several factors and decisions decide if outsourcing increases or decreases an organization's effectiveness and responsiveness. The paper states that providers can give better service only if IS is not a core competency and is organized to maintain flexibility and control. The article concludes that the organizations can use the following criteria to decide if to outsource: decide if IS is a core competence; decide if IS essential to other core competencies; Efficiency and effectiveness of company's IS function; and efficiency and effectiveness of IS suppliers of the firm.

[de Looff 1995]

de Looff, L. A. (1995). Information systems outsourcing decision-making: a framework, organizational theories and case studies. *Journal of Information Technology*, 10(4), 281-297.

The paper describes a framework to distinguish between different types of outsourcing arrangements. It describes the IS function in terms of 3 dimensions: the functional information systems, the analytical components and the temporal IS activities, and these 3 dimensions are used to describe what part of the organization's IS function is outsourced. The framework proposed can be used to describe different outsourcing options in the decision process or to evaluate IS outsourcing situations. Using the framework for analyzing case studies, the paper concludes that large outsourcing decisions tend to be taken mainly by top management, and that outsourcing is advisable only when the advantages of scale can be ascertained, sufficient suppliers are available, the requirements can be specified in advance and the activities are not interconnected.

[Dean 2002]

Dean, A. M., & Kiu, C. (2002). Performance monitoring and quality outcomes in contracted services. *The International Journal of Quality & Reliability Management*, 19(4), 396-413.

The article states that with the increasing use of contracting for service delivery, maintaining quality has become a challenge. Although organizations rely on inspections by their own employees or contractor checklists, but that these practices are in conflict with their views on best practice. Performance monitoring appears to have a positive impact on quality outcomes. The paper find that both cost and quality are important, and that clients seek a balance between cost and quality in their negotiations with contractors.

[Deavers 1997]

Deavers, K. L. (1997). *Outsourcing: A corporate competitiveness strategy- not a search for low wages*. Washington, DC: Employment Policy Foundation.

The report states that there are four factors, which affect outsourcing along with other forms of employment structure. These are: rapid technological change, increased risk and search for flexibility, greater emphasis on core competencies and globalization. Lower cost and wages are difficult to separate from other strategic factors while outsourcing. The report concludes that policies should not be made just to protect employees from restructuring. In the long run,

these policies will not work, while in the short run they could slow the growth of the economy.

[Deloitte 2004a]

Deloitte. (2004). *Eliminating Roadblocks to IT and Business Alignment*. New York, NY: Deloitte.

Based on a survey conducted by Deloitte, the article claims that there are significant roadblocks to IT and business alignment. Although a shared IT/business agenda is a highly desirable goal, achieving alignment proves difficult because of conflicting opinions among corporate executives about the role IT should play in the business. Similarly, alignment is impeded by confusion among IT executives between their view of the desired role for IT and the actual role that IT plays in the business. The article mentions three characteristics that distinguish the companies that are more successful in aligning IT and business: Executive agreement on the role of IT—where and how IT adds value to the business; Executive agreement on the right things—the right priorities and focus areas for IT; and the third—doing the right things right—following through and delivering against expectations.

[Deloitte 2004b]

Deloitte. (2004). *Making the off-shore call: The road map for communications operators*. London: Deloitte.

This report, with a focus on telecommunication industry studies the current offshoring trends. It describes the forces behind the current off-shoring trend, highlights the major obstacles and benefits, and offers measured recommendations on how to make off-shoring successful. For most companies, the primary goal of offshoring is cost reduction. Early adopters in the communications industry have reported initial savings of 20-30% – with additional savings expected as operations increase in efficiency and scale. Among the risks the biggest concerns are operational complexity and loss of control. Language barriers and cultural differences can also be a challenge. Business disruption and security are two other issues and every company with an offshore presence should have a formal contingency plan for bringing activities back “on-shore” in the event of a major problem.

[Deloitte 2004c]

Deloitte. (2004). *The Titans Take Hold: How Offshoring has Changed the Competitive Dynamic for Global Financial Services Institutions*. New York: Deloitte.

This article deals with offshoring in financial industry and identifies key factors which should be considered when offshoring operations. These are: Size- Firm size is the leading factor differentiating financial services companies that offshore from those that stay onshore, regardless of differences in geography or financial services segment; Structural changes- Offshoring is changing the structure of the financial services industry, providing an operating model that is more cost-efficient; Importance of execution- This is very critical and manager should not deal with risk from a ‘siloed’ perspective but should have a comprehensive risk management view; Managing

the four Cs of offshoring- In order to achieve success in offshoring, companies must effectively manage the “Four Cs,” which include cost, complexity, culture and compliance.

[Deloitte 2003a]

Deloitte. (2003). *Globalization At Risk: Why Your Corporate Strategy Should Allow For A Divided And Disorderly World*. Washington DC: Deloitte Research.

The report states that globalization trend of the past few years could be over and forces like war in Iraq, failure of WTO talks in Cancun, could reverse the trend of global economic and political unity. Some of the other threats are: The U.S. going its own way rather than cooperating with other nations; Competition between rival regional blocs, such as the EU versus the U.S.; Increasing friction between individual countries, such as China and Japan; Conflict over access to resources such as water and oil Worldwide financial instability. The report also identifies numerous corporate strategies that will need to be revised if the international business environment sours. These include operating factories, stores and offices abroad; importing and exporting key materials; outsourcing overseas. The report recommends adopting an approach known as “Strategic Flexibility”, which permits companies to make low-cost, tentative preparations for multiple future business conditions — while continuing to compete effectively.

[Deloitte 2003b]

Deloitte. (2003). *Inside Outsourcing: The what, who, and how of outsourcing IT-intensive processes*. New York, NY: Deloitte.

The article describes a framework called Value Chain Dynamics, which helps clients answer the questions like what to outsource, whom to outsource it to, and how to structure the outsourcing deal. The article recommends beginning by identifying firm’s competitive requirements as defined by the markets the client serves. Then, clients should use outsourcing to configure their value chain and that of their outsourcing vendor in order to optimize their competitive position. When deciding who to outsource to, clients should consider the basis of competition in outsourcing vendor’s industry and if the potential vendor is appropriately integrated to deliver. Finally the clients should take into account both how and how fast they expect the basis of competition in industry to change. And so, when it comes to structuring outsourcing deals, agreements must recognize the inevitability—but unpredictability—of these shifts and incorporate a means of responding. Finally the article claims that outsourcing is really a mechanism for reconfiguring a firm’s value chain in ways that allow it not only to compete effectively today, but also to sustain market dominance in the future. By demonstrating an ability to remain at the top of an industry, a firm can outperform investors’ current expectations for future performance, which is ultimately the only way to create shareholder wealth on a sustained basis.

[Deloitte 2003c]

Deloitte. (2003). *The Macro-Economic Case for Outsourcing*. New York, NY: Deloitte.

This paper states that the case against outsourcing has a lot of populist appeal. The article states that outsourcing does not help the poor remain poor, but bad government policies can accomplish that goal. Government will be destroying jobs if it tries to protect the jobs. The benefits of importing services is that it leads to improvement in productivity and the global expansion of wealth and a spreading of the benefits of economic development. The paper concludes that negative policies may impact outsourcing's ability to help companies to reduce costs, improve productivity and expand the benefits of economic development globally.

[Delong 2004]

Delong, J. B. & Cohen, S. S. (2004). Outsourcing: Historical analogies and future speculations. *Indian Journal of Economics and Business, Special issue of offshore outsourcing*, 2004, 11-16.

The paper states that outsourcing will again become an important political issue in the US in future when it is realized that communication technologies and IT have been responsible for a big shift in the economy. It mentions that US as a nation does not invest sufficiently in retraining and rebuilding its workforce. It suggests that US and other developed countries should strengthen their social safety nets and educate and retrain the American workers to avoid the economic shock.

[Deming]

Deming Prize. <http://www.deming.org/demingprize/>

[Deming 1994]

Deming, W. Edwards. 1994. *The New Economics for Industry, Government, Education, Second Edition*. Cambridge, MA: MIT Center for Advanced Educational Services.

[Deming 1986]

Deming, W. Edwards. 1986. *Out of the Crisis*. Cambridge, MA: MIT Center for Advanced Engineering Study.

[Denovobanks 2004]

Denovobanks.com. (2004) Risk Management of Outsourced Technology Services: A starting point [Web Page]. Accessed 2004, October 10. Available at: <http://www.denovobanks.com/technology/story.asp?idstory=17&pagenum=1>.

The paper provides a matrix, which attempts to take guidance from the paper Risk Management of Outsourced Technology Services by Federal Financial Institutions Examination Council and make it actionable. It gives a plan based on the FFIEC's statement. It considers the four phases of the technology outsourcing by the financial institutions as identified in the FFIEC's paper as vendor selection phase, contract negotiation phase, implementation phase and ongoing oversight of service provider. For each of the phases, it identifies the types of risks and recommends measures, which the FIs can take to mitigate the risks. In the vendor selection phase for example it outlines risks like the service provider may lack appropriate operat-

ing or security controls, which, if breached, could cause financial or reputation loss to the FI and as a risk mitigation strategy it proposes a thorough review of 3rd party reviews and reports to determine that appropriate level of controls exist, to review contingency plans of provider, and the results of their completed tests and to ensure all locations that handle operations are included in scope of the review.

[Department of Commerce 2002] **Department of Commerce, Office of Information and Communications Technology. (2002). *Contracting out guidelines*. Sydney, New South Wales, Australia: Department of Commerce.**

This guideline on contracting-out (outsourcing) consists of six phases: Preparation; Assessment; Tender and Selection (if required); Implementation and Transition; Contract and/or Service Level Agreement Management; Contract and/or Service Level Agreement Renewal. In the Preparation phase, the objective is to identify areas/ services to be considered for contracting-out, which acquisition strategy to be used and to document the current and required services provision. The objective of the Assessment phase is to compare internal operations with alternative service delivery mechanisms and determine whether to proceed with contracting-out. The Tender phase deals with tender preparations, evaluation mechanism, obtaining quality responses from service providers, selecting the preferred service provider and finalizing the scope of services to be outsourced. The objective of the Implementation and Transition Phase is to finalize the Contract/SLA and ensure a smooth transition. During the Contract/SLA Management phase, the objective is to ensure that the day-to-day contracting-out arrangements operate as planned and continue to appropriately service the client. The objective of the last phase (Contract/SLA Renewal phase) is to evaluate the business case for continuing with contracted service arrangements and to initiate migration to the new arrangements.

[DCITA 2001] **Department of Communications, Information Technology and the Arts DCITA. (2001). *IT outsourcing and ICT industry development framework*. Canberra, AU: DCITA.**

The paper discusses the framework that Australian government is developing to apply to future IT outsourcing deals, and to the procurement of IT goods and services. The paper discusses the new Request for Tender (RFT) procedure and the tender evaluation process to be followed.

[Department of Information Resources 1998] **Department of Information Resources, State of Texas. (1998). *Guidelines for evaluating internal and external resources for major information technology projects*. Austin, Texas: Dept. of Information Resources.**

This report is mainly aimed at the state agencies/universities involved in making IT resource decision and gives a detailed description of the activities that must be preferred while evaluating IT outsourcing. It also identifies specific types of projects and tech-

nologies, issues and metrics for IT outsourcing and for evaluating in-house and external service providers. It divides the outsourcing process from the point of view of the clients in two major heads: Making the Decision and Implementing Outsourcing Successfully. The two sections are subdivided into various phases. The first section is subdivided into the following activities/phases: Identifying Agency needs; Establishing Analysis Criteria; Cost Benefit Analysis; Specific Cost- Benefit Criteria; Outsource what you know; Decision Making Bottom line. The next stage of implementation is divided into the following: Establishing the Contract Measures; Selecting the vendor; Negotiating the Outsourcing contracts; Planning and Managing Transitions; Managing and Evaluating the Contract and Managing the Renegotiation of end of contract. The report has inadequate focus on post-contract phase of outsourcing.

[Dibbern 2002]

Dibbern, J., Brehm, L., & Heinzl, A. (2002). Rethinking ERP-Outsourcing Decisions for Leveraging Technological and Preserving Business Knowledge. *Proceedings of the 35th Annual Hawaii International Conference on System Sciences (HICSS'02)*. Washington, DC: IEEE Computer Society.

The focus of the paper is on ERP implementation in client organizations. The paper states that during the ERP lifecycle clients consider using external service providers. This paper analyses how different categories of knowledge influence the sourcing decision of crucial tasks within the ERP lifecycle. ERP life cycle requires specialized knowledge and most clients perceive external market to be superior in providing this type of knowledge. The paper also stresses the role of the employees in evaluating the ERP solution. It states that even employees that perform technical tasks and do not require business knowledge they might be important internal sources of knowledge to evaluate new technological developments in the market.

[Dick 2001]

Dick, G., Gallimore, K., & Brown, J. C. (2001). ISO 9000 and quality emphasis - An empirical study of front-room versus back-room dominant service industries. *International Journal of Service Industry Management*, 12(2), 114-136.

This article examines the relative importance attached by chief executives to internal and external dimensions of quality and how the Quality Certifications (QCert) like ISO 9000 are gaining importance. According to the research carried out by the authors, service firms, who rate the possession of QCert as important, place much more emphasis on quality, and have a balanced perspective where internal and external quality are both emphasized. In contrast, service firms who do not promote QCert, emphasize quality less. The article concludes that that firms that do not consider ISO 9000 important have quality emphasis that reflect the process structure of the service firm. Service firms, which consider QCert to be important, have a different emphasis on quality than other service firms do. These firms

have an increased emphasis on both the internal (Conformance) and external (Interactive) quality dimensions.

[DiRomualdo 1998]

DiRomualdo, A., & Gurbaxani, V. (1998). Strategic intent for IT outsourcing. *Sloan Management Review*, 39(4), 67-80.

This paper focuses on the three strategic reasons of IT outsourcing by the firms. Companies pursuing IS improvement may do so because of cost reduction, better performance from core IS resources, and the acquisition of new technical skills and competencies. Some firms may outsource for deploying IT to improve critical aspects of business performance. Finally the reason may be for commercial exploitation aiming to leverage technology-related assets through the development and marketing of new technology-based products and services. The article states that each strategic intent requires different approaches and tactics in the areas of the contract type, the performance measurement and evaluation scheme, the compensation system, and the assignment of decision-making rights to the vendor. The nature of the risks and rewards, and hence the control mechanisms are different in each case. However in all cases, the customer's relationship with the vendor must be aligned with the strategic intent of the outsourcing initiative. When strategic intent is well understood and the critical issues are carefully addressed, the chances for success are greatly increased. In evaluating IT outsourcing opportunities and structuring relationships, managers should design the outsourcing contract to reflect and reinforce each strategic intent pursued; make sure that their organization and the vendor have the right mix of competencies and know-how; make sure that their organizational culture and work practices are compatible with those of the vendor; and enable continuity by designing contracts and relationships to anticipate change.

[DiTrapani 1997]

DiTrapani, A. (1997). *Rightsourcing: Lessons Learned*. Alexandria, VA: Center for Naval Analyses.

This report was prepared by the Center for Naval Analyses, based on research on initiatives in industry and other government agencies. The report mentions that there are strategic and tactical reasons for outsourcing, however most decisions are based on tactical reasons like cost, capacity, and infrastructure. Among the items outsourced, the report mentions hardware fabrication, weapon software development, facility management, inventory management and office support functions. Some of the problems in outsourcing were found to be: resistance to change, difficulty identifying in-house costs, difficulty defining scope, cost creep, controlling access to sensitive material. Some of the mistakes while outsourcing are: failure to have an overall strategy, failure to select best value supplier, and failure to provide for change.

[Dobson 2001]

Dobson, P. (2001). *Examining the Outsourcing Decision- A Structure/ Agency Perspective. 2nd Working with e-Business (We-B) Conference 2001*. Perth.

The paper deals with the reasons of outsourcing by the client organizations. It develops a model incorporating the marco level influences to help explain the outsourcing decisions. It also develops a framework for categorizing the major impacts on the decision process. The paper analyzes a case study of a large public sector organization, which outsourced its IT division. The paper depicts from the case that forces outside the control of participating personnel determined the day-to-day interaction and decision-making and explains the outsourcing decision considering the governmental influences.

[Dole 1998]

Dole, R. D., & Switser, J. G. (1998). *A case-study guide to business process outsourcing*. Morristown, NJ: Financial Executives Research Foundation.

The book discusses five case studies on business process outsourcing. The five case studies are of British Petroleum Exploration (energy sector), Canada Post Corporation (public sector), Jeffries Group (Banking), Hughes Aircraft Company (high-tech) and First Virtual Corporation (multi-media networking). The first chapter gives an overview of the BPO business, the trends and the growth prospects. Each case study is discussed as a separate chapter. For each case the book analyses the drivers for outsourcing, the benefits sought, the vendor selection, pricing framework and lessons learned. Some of the vendor selection criteria that were followed in the cases are: industry focus, long term approach, business process knowledge, market recognition as leader and ability to lead the customer towards process renovation. Some of the main drivers of outsourcing are mentioned as: Access to specialized expertise, technology improvement, lower costs focus on core activities, better information management and providing better services to employees.

[Domberger 1998]

Domberger, S. (1998). *The Contracting Organization : A strategic guide to outsourcing*. Oxford: Oxford University Press.

The book analyzes the costs and benefits of contracting out, using examples and case studies. The book is divided into four parts. Part I discusses the 'make vs. buy' issues and critical issues underlying the theory of the firm. Part II details the costs and benefits of contracting. Part III deals with strategic aspects of contracting, involving implementation of policies. Chapter 5 is interesting and discusses the economic side of specialization by outsourcing and chapter 7 deals with controls and flexibility in contractual relationships. Part IV of the book deals with structural changes associated with contracting both at the level of individual sectors and economy. This is a research-focused book with an academic tone.

[Domberger 2002]

Domberger, S., Jensen, P. H., & Stonecash, R. E. (2002). Examining the Magnitude and Sources of Cost Savings Associated with Outsourcing. *Public Performance & Management Review*, 26(2), 148-168.

This article analyzes the impact of outsourcing on the cost of maintenance and warehousing services in the New Zealand Army. Using a present-value framework, a costing methodology is developed that accounts for production costs, one-off costs, and ongoing transaction costs associated with the outsourcing exercise. The paper finds that expenditure levels have been reduced by between 24% and 37%. The paper also examines the sources of the observed savings and finds that the majority of the savings have come from labor-saving technical change (23%) and labor shedding and reductions in inefficiency (58%), rather than cuts in the terms and conditions of employment (19%).

[Dorling 2002]

Dorling, A. (2002). Successful Information Technology Procurement. *Software Quality Professional*, 4(3), 21-33.

The article discusses some of the studies of procurement projects conducted in Europe and gives some of the best practices in procurement, such as: Identify training requirements within the RFPs; Identify and analyze procurement; Obtain proof of supplier capabilities; List and track all objects of a procurement. Some practices that are associated with high-risk projects and may need more attention, such as: give preference to commercial off-the shelf software; split procurement into several contracts; benchmark existing systems.

[Dorsch 1997]

Dorsch, J. J., Yasin, M. M., & Czuchry, A. J. (1997). Application of root cause analysis in a service delivery operational environment: A framework for implementation. *International Journal of Service Industry Management*, 8(4), 268-289.

The paper introduces a methodology of investigating and correcting service delivery system problems using root cause analysis (RCA). The framework stresses the importance of creating a business orientation that considers the customer as an end to the organizational processes or means. The approach helps the service manager to consider problems from both an operational and a strategic point of view. The RCA philosophy and techniques are recommended for considering not only the symptoms of problems (on an operational level), but also the "roots" of such problems and their strategic implications.

[Doshi 2004]

Doshi, K. (2004). Pharmaceutical outsourcing: The next wave. *Indian Journal of Economics and Business, Special issue of offshore outsourcing*, 2004, 125-135.

The paper discusses outsourcing in the US pharmaceutical industry especially to India. It discusses the drivers of outsourcing in the pharmaceutical industry such as expiring patents, rising cost of commercialization, desire to shorten the time to market, access to diverse patient population and improving research infrastructure in

India. The paper states that currently the companies are outsourcing drug discovery and development to primarily reduce costs. The paper notes that inadequate regulatory environment in India is hindering the growth of research based outsourcing to India and companies may like to just focus on outsourcing drug testing.

[Dougherty 2004]

Dougherty, D. (2004). Organizing practices in services: capturing practice-based knowledge for innovation. *Strategic Organization*, 2(1), 35-64.

This article deals with challenges to service innovations and their mitigation. Two challenges to service innovation in knowledge intensive firms are outlined. The first is to determine what should be organized in the first place to generate knowledge. The second challenge identified is strategic in nature and is to ensure that services are deployed systematically across clients to assure quality, keep costs down and absorb new knowledge from particular applications. The analysis identifies three work activities through which knowledge for innovation is generated, shows how they constitute a common ground for knowledge creation and redefines practice as a coherent frame for these activities. The analysis explains how conventional organizing destroys this knowledge, and develops organizing principles for the continued generation, capture and use of practice-based knowledge for innovation.

[Drejer 2002]

Drejer, A., & Sørensen, S. (2002). Succeeding with sourcing of competencies in technology-intensive industries. *Benchmarking*, 9(4), 388-408.

This paper deals with sourcing decisions in technology-intensive industries, in which expertise can be transferred for a client to its competitors via the suppliers it utilizes and its collaborators. The article mentions that expertise in such industries is informal (expertise concerning new technologies, etc.), and that patents, contracts and other management initiatives, have little effect on this flow of expertise. The authors propose a principle that it is only advisable to source competencies or segments of competencies with no strategic importance for the corporation. However, there are exceptions to this rule. For example, some corporations even go so far as to source their strategically important competencies, because they wish to narrow their strategic focus. The client must also consider competencies in order to be able to determine which internal activities are strategically important for a corporation. The authors conclude that the process leading to the sourcing decision should be organized and managed like a project; as such, a combination of the top-down and bottom-up approaches is the most appropriate.

[Duening 2005]

Duening, T. N., & Click, R. L. (2005). *Essentials of Business Process Outsourcing*. Hoboken, NJ: Wiley.

The book discusses the fundamentals of Business Process Outsourcing (BPO). It discusses the BPO Project Life Cycle, which is very similar

to the outsourcing phases described in other books, articles. The phases are: Analyze opportunity; Select vendor; Develop contract; Transition; and Operate. The chapter on identifying and managing the costs of BPO operations is quite informative. The chapter on vendor selection and contracting divides the process of vendor identification and selection in eight steps, which are very generic. The book has good chapters on change management and on challenges in the BPO implementation. However it lacks focus on issues like people management, knowledge transfer, relationship management and the termination phase of the outsourcing.

[Duggal 2004]

Duggal, P. (2004). *Law of Business Process Outsourcing*. New Delhi, Delhi: Saakshar Law Publications.

[Duncan 1998]

Duncan, N. B. (1998). *Beyond opportunism: a resource-based view of outsourcing risk. Proceedings of the Thirty-First Hawaii International Conference on System Sciences* (pp. 675-84 vol.6). Los Alamitos, CA, USA: IEEE Computer Society.

According to this article the resource-based theory is very useful in analyzing outsourcing risks in outsourcing contracts described as partnerships. It does not conflict with the ideas of transaction costs, but it raises issues beyond those of opportunism. Rather than focusing on the conditions affecting risk of opportunism in market-mediated exchanges, RBV focuses on characteristics of the strategic resources that affect their value and mobility. When a set of IT resources is entirely outsourced, the vendor assumes full responsibility for and control over the technology. The vendor assumes both planning and decision-making responsibilities, and the firm accepts dependency on the vendor, deferring to its 'competency,' for the duration of the contract. However, this new dependence may lead to a corporate incompetence and complacency unless the firm is able to develop a means of migrating the expertise into the firm and allowing it to integrate with other knowledge resources. Market vendors may be a very efficient source for acquiring complex resources quickly. The risk to the firm is a longer term one. As the firm remains dependent on the vendor for knowledge of technology, it risks an erosion of unobservable resources, which in turn may affect its ability to recognize and respond to IT-based opportunities. This risk may be described in three parts: erosion of knowledge, erosion of control, and erosion of flexibility.

[Dutta 2005]

Dutta, A., & Roy, R. (2005). *Offshore Outsourcing: Counteracting Forces and Their Dynamic Effects. Proceedings of the 38th Annual Hawaii International Conference on System Sciences – 2005*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses a mathematical model using the systems dynamic methodology to explain offshoring. The model is a two-country model that captures the interaction between the major offshoring drivers. Some of the interesting findings are that introducing

policies to produce a highly skilled IT workforce may backfire. It will attract offshoring work from developed countries into developing countries but in long term this may lead to decreased offshoring activity due to rapid salary increases. Another observation is that salary levels in the offshore work receiving country tend to grow and then stagnate.

[Eardley 1996]

Eardley, A., & Lewis, T. (1996). The linkage between IT and Business Strategy in Competitive Systems: A reappraisal of some classic cases using a competition analysis framework. *International Journal of Technology Management*, 11(3), 395-411.

The article deals with aligning IT with business strategy and explores if IT can be used to provide sustainable competitive advantage. It analyzes eight case studies using Porter's framework. The paper finds that technology can only serve as a temporary barrier to entry and is not sustainable as it can be copied easily. The other issue the paper finds is that most of the IT initiatives from inception are not designed to provide a sustainable competitive advantage. Unless a firm is capable of conceiving a business strategy and linking in development of IT application as integral part of the strategy, the business value of the system comes from opportunity spotting and not strategic planning.

[Earl 1996]

Earl, M. J. (1996). The risks of outsourcing IT. *Sloan Management Review*, 37(3), 26-32.

The article identifies 11 risks that must be considered while outsourcing IT operations. These are 1. Possibility of weak management, 2. Inexperienced staff, 3. Business uncertainty, 4. Outdated technology skills, 5. Endemic uncertainty, 6. Hidden costs, 7. Lack of organizational learning, 8. Loss of innovative capacity, 9. Dangers of eternal triangle, 10. Technological indivisibility, and 11. Fuzzy focus. Some of these risks can be mitigated by carefully choosing the outsourcing project and the vendor. The strategy of selective or smart sourcing may increase as firms gain more experience in outsourcing. Risk averse executives may be tempted to try insourcing to avoid the risks outline above.

[EASI 1999]

EASI, & Department of Education. (1999). *Best Practices Study on Outsourcing*. Washington DC: US Department of Education.

A best practices study on outsourcing by US Department of Education. It makes use of secondary research and interviews with subject matter experts to propose a framework for outsourcing. According to the report, there are five stages in outsourcing. These are: Evaluate, Present and Define Goals; Assess Proposals and Select Provider; Prepare and Negotiate Contract; Begin Transition Process; Manage Contract. The purpose of Stage 1 is to assess the current environment and to determine whether the outsourcing would be beneficial. The goal of stage 2 is to select a service provider that can meet or exceed expected service levels at the best costs. The goal of phase

3 is to prepare for the outsourcing relationship and to establish an agreement with the service provider. In stage 4, the aim is to successfully navigate the organizational transition. In the final stage, the aim is to manage the outsourcing relationship so that both the client and the vendor are able to perform in their core competencies. The report identifies 'subject areas/steps' in each stage and for each stage gives the success factors and pitfalls. This is a brief, general purpose outsourcing framework, which has inadequate focus on post contract phase of the outsourcing contract.

[EFQM]

EFQM Excellence Award. <http://www.efqm.org/>

[ET 2004]

The Economic Times. (2004). *BPO Industry In India*. New Delhi: The Economic Times.

This book contains a series of article about the Indian ITES industry, with a focus on call centers and BPO services. The articles cover the existing and the future service areas, the growth prospects and the competition in the market space. The articles also deal with the challenges faced by this industry, including the high attrition rates, physical infrastructure, need to a well developed marketing strategy and security issues.

[Edström 2001]

Edström, A., & Ifwarsson, E. (2001). *The Global Sourcing Process in Emerging Markets - The case of Volvo Global Trucks in India*. Unpublished doctoral dissertation, Graduate Business School, Göteborg, Sweden.

This thesis deals with improving the global sourcing process of the Multi National Corporations in the automotive industry. The thesis is based on Volvo's sourcing from India. The thesis seeks to address other research issues like the global sourcing process and suppliers in emerging markets, the influence of local environment in emerging markets, on the global sourcing process, and the changes needed in the global sourcing process when dealing with global suppliers in emerging markets. Some of the key success factors, which have helped Volvo to succeed in India are mentioned as: management support, willingness to change established practices, willingness to take risks, and eliminating prejudices about doing business in India. The steps in Volvo's sourcing process in India are: Process initiation, early specification and target costs, evaluation of potential global suppliers, request for quotation and supplier feedback, evaluation, negotiation, creating pre-approval and final negotiation.

[Egger 2004]

Egger, P., & Pfaffermayr, M. (2004). Two Dimensions of Convergence: National and International Wage Adjustment Effects of Cross-border Outsourcing in Europe. *Review of International Economics*, 12(5), 33-43.

Discusses the impact of cross border outsourcing on real wage rates between countries and within countries.

- [Egger 2003] **Egger, P., & Stehrer, R. (2003). International outsourcing and the skill-specific wage bill in eastern Europe. *The World Economy*, 26(1), 61-72.**
- [Eischen 2004] **Eischen, K. (2004). *The limits of rationalization: Work practice, industry structure and spatial organization in the software industry*. Unpublished doctoral dissertation, University of California, Santa Cruz, Santa Cruz, CA.**
- [Elmuti 2000] **Elmuti, D., & Kathawala, Y. (2000). The effects of global outsourcing strategies on participants' attitudes and organizational effectiveness. *International Journal of Manpower*, 21(2), 112-128.**
- This deals with offshoring and identifies problems that affect offshoring. The paper identifies reasons for offshoring: cost reduction, quality improvement, increase exposure to world wide technology, delivery and reliability improvements, gain access to materials only available abroad, establish a presence in a foreign market, use resources that are not available internally, reduce the overall amount of specialized skills and knowledge needed for operations, make capital fund available for more profitable operations, and to combat the introduction of competition to the domestic supply. The firms, which the authors studied had achieved significant improvement in organizational effectiveness, but had not achieved the order of magnitude improvements ascribed to global outsourcing. Some of the problems identified are: fear of change, poor choice of the sourcing partners, inability to understand cultural dimensions, laws and regulations and economic issues in the foreign country. The paper suggests that understanding the risk on offshoring (global outsourcing) is essential for firms to enhance their competitiveness.
- [Emam 1999] **Emam, K. E., & Goldenson, D. R. (November 1999). *An Empirical Review of Software Process Assessments*. National Research Council of Canada, Institute for Information Technology.**
- [Embleton 1998] **Embleton, P. R., & Wright, P. C. (1998). A practical guide to successful outsourcing. *Participation and Empowerment*, 6(3), 11-14.**
- The paper identifies the advantages and disadvantages of outsourcing. The advantages of outsourcing are: Cost savings; Time savings; Identifying hidden costs if any; Focus on core activities; Cash infusion; Talent availability; Re-engineering; Enhanced stock performance; Improved accountability; Access to specialists; Greater productivity; Quality improvement. Some of the disadvantages of outsourcing identified are: Ceding control to the provider; Costs may be higher in outsourcing; Quality of service may go down if not monitored; Morale of the in-house employees may be negatively effected; Loss of flexibility. The paper then identifies the steps in outsourcing: Strategic analysis; Selecting the providers; Managing the relationship. The paper concludes that Outsourcing must be part of an overall corporate strategy and management must ensure

that all employees are aware of the overall situation. Generally some combination of insourcing, outsourcing and contracting out, may be the optimal solution for any particular scenario.

[Ertel 2004]

Ertel, D. (2004). Getting Past Yes: Negotiating As If Implementation Mattered. *Harvard Business Review*, 82(11), 60-68.

The paper suggests that firms can avoid a number of problems in contracts if they think of contract as beginning of a cooperative venture and not as the final destination. The organizations need to transition from a dealmaker mentality to that of implementation. The paper suggests five approaches for this: Negotiations team should be able to factor in the types of issues organization can face in future; They should also help the other party prepare as they may agree to deliver something they can not accomplish. Alignment should be treated as a joint responsibility. Flow of information is also critical and implementation teams on both sides should have the same information. Finally the paper recommends that negotiation is a business exercise, which includes preparation and post-negotiation reviews.

[Ertel 1999]

Ertel, D. (1999). Turning negotiation into a corporate capability. *Harvard Business Review*, 77(3), 55-64.

This article deals with the negotiations part of the relationships that firms have to undertake. The paper states that many firms do not think systematically about their negotiating activities as a whole. However some companies have been successful in building capabilities for negotiating. Four major changes in their negotiation practices are: Establishing a company-wide negotiation infrastructure to apply the knowledge gained from foreign past agreements to improve future one; To broaden the measures they use to evaluate negotiators' performance beyond matters of cost and price; Drawing clear distinction between the elements of an individual deal and the nature of the ongoing relationship between the parties; And making their negotiators feel comfortable(leaving mid- way when it is not in the company's best interests).

[Evaristo 2005]

Evaristo, R., Nicolas, J. L., Prikladnicki, R., & Avritchir, J. (2005). Wholly Owned Offshore Subsidiaries for IT Development: A Program of Research. *Proceedings of the 38th Annual Hawaii International Conference on System Sciences – 2005*. Los Alamitos, CA: IEEE Computer Society.

The paper presents a research plan to study captive offshoring, specifically the wholly owned subsidiary (WOS) for IT development. Some of the objectives of the research are: To create a maturity model for distributed IT projects in offshore insourcing environments, to identify issues and solutions that have worked for other organizations, ability to benchmark the organizations against others; development of a body of knowledge on best practices; develop

technical reports and papers to validate the model in the industry and academic communities.

[Everest 2003a]

Everest Group. (2003). *Crafting a better outsourcing contract*. Chicago, IL: Everest Group.

This article provides a framework for outsourcing contracts. Some of the suggestions for IT contracts are: Start all contracts with the companies' business objectives; Determine and align clear business objectives with the supplier's capabilities; Employ internal and external benchmarking to determine current capabilities and costs to help the company set a baseline and refine business objectives; Develop performance and cost targets to develop initiative; Review performance regularly; And decide whether to expand or shrink the relationship with the outsourcer.

[Everest 2003b]

Everest Group. (2003). *Haste makes waste: How to avoid outsourcing problems*. Chicago, IL: Everest Group.

The paper presents analysis from a study of 50 outsourcing relationship and gives suggestions of avoiding the problems in outsourcing. It divides the lessons learned in two categories " Underestimations and miscalculations", which is discussed in the paper, and "lack of adequate change management". Some of the common problems identified are: Buyer is not prepared at various stages of the process; Buyer has unrealistic expectations; Buyer makes poor judgments. The paper concludes that due diligence and communication is very crucial in avoiding these problems.

[Everest 2003c]

Everest Group. (2003). *Impact of Best Practices in outsourcing arrangements*. Chicago, IL: Everest Group.

This discusses best practices in outsourcing and divides them into two categories. The first category dealing with structuring or managing the outsourcing relationship (Foundational), and the second one dealing with optimizing ongoing strategies and activities to enhance value outcomes (Optimization). The paper uses case studies to validate these practices. The foundational practices are: Transition / Implementation teams. These ensure collaboration during transition and mitigate potential errors in transition; Balanced Scorecards which help in proactive collaboration on course correction in reaching business objectives; Stakeholder Buy-in which mitigates risk of internal resistance to the outsourcing initiative; Partnership Charter which achieves objective of minimizing executive time in managing the program. In optimization practices it recommends having an Innovation Fund, having innovation programs for clients, managing offshore strategies well and providing incentives to the teams.

[Everest 2002]

Everest Group. (2002). *Outsourcing relationships: Why are they so difficult to manage*. Chicago, IL: Everest Group.

This white paper talks about factors contributing to outsourcing relationship problems. Although the parties enter into an outsourc-

ing agreement with the intent to work well together for a long-term relationship, problems will surface. A key practice to ensure a successful relationship is to include an effective governance contract within the outsourcing agreement. It should define the steps to take in problem escalation and conflict resolution.

[Everest 1999]

Everest Group. (1999). *Avoid a multi-million dollar mistake*. Chicago, IL: Everest Group.

The report discusses some of the benefits of outsourcing, the issues, which the companies face and some suggested mitigation strategies. Some of the issues it discusses are: data control issue, inflexibility with changing business needs, poor communication, internal resistance and increased dependence on the outsourcer. The paper suggests that these issues can be resolved by developing better relations with the service provider, having better coordination, negotiating short term contracts, having accountability and control. Some of the other suggestions include having a single point of contact, benchmarking and using multiple outsourcers.

[FairChild 2004]

FairChild, A. M. (2004). *Information Technology Outsourcing Governance: An Examination of Outsourcing Management Maturity Model. Proceedings of 37th Hawaii Conference On System Sciences 2004*. IEEE Computer Society.

This paper analyzes the META group's Outsourcing Management Maturity (OMM) model and tests which of the elements of the model are actively employed in successful contracts (in financial sector). The model has five levels Vendor management fundamentals, Defined service outcome, Measurement, Trust and Recognized business value. The paper presents two case studies that are analyzed using the Meta model.

[Falk 2002]

Falk, M., & Koebel, B. M. (2002). *Outsourcing, Imports and Labour Demand. Scandinavian Journal of Economics, 104(4), 567-586*.

This paper examines the effects of purchased services and imported intermediate materials on the labour demand for different skills in German manufacturing sectors.

[FDIC 2003]

Federal Deposit Insurance Company. (2003). *Effective Practices for Selecting a Service Provider*. Washington DC: FDIC.

The paper suggests techniques that can help the financial institutions to address the challenges of technical outsourcing. According to the paper, selection of a competent and qualified service provider is the most critical part of the outsourcing process. The authors outline the key determinants of this process and note that the criteria for selection should be determined in advance to facilitate the evaluation process. The major techniques/steps that the paper outlines in the selection process are: To clarify the objectives of the selection process, to identify the qualified providers, evaluation and selection of the providers and negotiating a contract. While evaluating and

selecting the service provider, some criteria are suggested like compatibility of the service provider's vision/value proposition with that of the bank, financial stability of the vendor etc. Some practices have also been suggested to facilitate the evaluation process.

[FFIEC 2000]

Federal Financial Institutions Examination Council. (2000). *Risk Management of Outsourced Technology Services*. Washington DC: FFIEC.

This white paper provides a framework for financial institutions to identify, measure, monitor and control the risks associated with the outsourced technology services. The paper states that the board of directors and the management are responsible for ensuring adequate risk mitigation practices are in place for effective oversight and management of outsourcing relationship. Financial institutions should incorporate an outsourcing risk management process that includes a risk assessment to identify institution's needs and requirements; proper due diligence to identify and select a service provider; written contracts that clearly outline duties, obligations and responsibilities of parties involved; and ongoing oversight of outsourcing technology services. The authors asserts that the risks inherent with outsourcing arrangements on the part of the FI are too great to leave responsibility for managing them solely to the service provider. The FI must directly assume responsibility for managing those risks, from vendor selection to contract negotiation to ongoing vendor oversight. For each of the issues highlighted, the paper provides a comprehensive list of factors, which must be considered before the decision is finalized.

[Feeny 2005]

Feeny, D., Lacity, M., & Wilcocks, L. P. (2005). *Taking the Measure of Outsourcing Providers*. *MIT Sloan Management Review*, 41-48.

The article discusses 12 capabilities that the BPO service providers should have, and on the basis of which the clients should make the selection decision. These capabilities are: Domain expertise, business management, behavior management, capability to tap the sources to meet the targets, technology exploitation, process re-engineering, customer development, planning and development, organization design, governance, program management and leadership. These capabilities have been divided in three competency areas: Delivery competency- capabilities that determine the supplier's ability to respond to operational services, relationship competencies- supplier's willingness and ability to align with client's needs and transformational competencies- supplier's ability to meet the client's need for service improvement.

[Feeny 1998a]

Feeny, D. F., & Wilcocks, L. P. (1998). *Core IS capabilities for exploiting information technology*. *Sloan Management Review*, 39(3), 9-21.

The paper states that companies typically face three challenges in exploiting their IT capabilities: Alignment of IT strategies with business strategies; Delivering IS services at low cost and high quality; Designing the IT architecture. The paper then identifies nine capa-

bilities that it mentions as the core IS capabilities. These are: Leadership- Integrating IS/IT with business purpose and activity; Business system thinking- envisioning the business process that technology makes possible; Relationship building- getting the business constructively engaged in IS/IT issues; Architecture planning- Creating the coherent blueprint for a technical platform that corresponds to current and future business needs; Making technology work- rapidly achieving technical progress; Informed buying- managing the IS/IT sourcing strategy that meets the interests of the business; Contract facilitation- ensuring success of existing contracts for IS/IT services; Protecting the business's current and future contractual position; identifying the potential added value of the IS/IT service suppliers. The paper also identifies skills needed to achieve these capabilities- the technical skills, business skills and interpersonal skills.

[Feeny 1998b]

Feeny, D. F., & Willcocks, L. P. (1998). Re-designing the IS function around core capabilities. *Long Range Planning*, 31(3), 354-357.

The paper details nine core IS competencies of an organization and the personnel skill sets and capabilities needed to redesign the IS function around these competencies. The capabilities are: IS governance, Business Systems Thinking; Relationship building; Designing technical architecture; Making technology work; Informed buying; Contract facilitation; Contract monitoring; and Vendor development. The skills required in an organization are mentioned as: Business skills and orientation; Soft skill; having a high performance team; and having a distinct and diverse skill set in the organization.

[Fenn 2002]

Fenn, C., Shooter, R., & Allan, K. (2002). IT security outsourcing. *Computer Law and Security Report*, 18(2), 109-11.

The article states that security strategies must be smart and dynamic. They must simultaneously permit access by authorized users, identify intruders, prevent intruders from doing damage, and ensure security for a wide range of protocols, data types, and user needs. Achieving this kind of network security coverage requires businesses to commit significant financial, human, and planning resources. Since cost is high and clients have difficulty in building in-house solutions, many companies need other options. Firms outsource security because of a number of reasons: Lack of internal technical expertise, cost, and service reliability, among other reasons. For assessing and managing risks they should consider the following: value of information assets, threats and vulnerabilities, probability of occurrence and existing controls.

[Ferguson 2004]

Ferguson, E., Kussmaul, C., McCracken, D. D., & Robbert, M. A. (2004). Offshore Outsourcing Current Conditions & Diagnosis. *Proceedings of the 35th SIGCSE Technical Symposium on Computer Science Education, Norfolk, Virginia*. New York: ACM.

This panel discussion was part of the 5th SIGCSE technical symposium on computer science education. It focused specifically on

offshoring and how it is likely to change in the future, the impact on educational institutions, and possible reactions. Some of the suggestions about improving the education were related to improved project management skills that include the ability to manage remote teams of developers, and be able to deal with cultural differences. It also means developing better communication skills and ability to tailor a technical solution to efficiently solve a business problem. Other suggestions: place greater emphasis on any part of the software development process that involves direct interaction with the client: specifications, prototyping, planning for product enhancements, user testing, etc.

[Ferguson 1994]

Ferguson, J. R., & DeRiso, M. E. (1994). *Software Acquisition: A Comparison of DoD and Commercial Practices*. Tech. Rpt. CMU/SEI-94-SR-9. Pittsburgh, PA: Software Engineering Institute, Carnegie Mellon University.

[Ferrell 2003]

Ferrell, K. (September 2, 2003). "Forrester: Business-Process Outsourcing Is Overhyped." TechWeb News.

[Fink 2003]

Fink, D., & Shoeib, A. (2003). Action: the most critical phase in outsourcing information technology. *Logistics Information Management*, 16(5), 302-311.

This paper suggests five phases of decision making for outsourcing. These are: intelligence, analysis and planning, strategy selection, action, and evaluation and monitoring. In the intelligence phase the purpose is to build and prepare an informational platform on which subsequent decisions can be built. In analysis the current IT is analyzed and the feasibility of outsourcing established. For strategy selection phase the decision should be made whether to outsource totally, to outsource partially, or to insource. During the action phase the organization takes action with regards to the decision made in previous phases. In the evaluation and monitoring phase firms should focus on outcomes such as improvement in service levels and quality of products and services, and cost reductions. An assessment should also be made whether or not the outsourced IT function meets organizational and management objectives and whether the question of redundant staff has been satisfactorily resolved.

[Finlay 1999]

Finlay, P. N., & King, R. M. (1999). IT sourcing: a research framework. *International Journal of Technology Management*, 17(1-2), 109-28.

The paper advocates that all IT operations are candidates for outsourcing and only under certain conditions should a firm look to insource. The paper explores the conditions when the market is not the most appropriate form for sourcing IT, how to select those IT operations that will be considered separately from outsourcing and to explore possible sources for IT provisioning for such services. The paper presents a model of considering IT sourcing decisions with the

help of economic, market, organizational, and environmental factors. It also concludes that identifying what not to outsource is a difficult issue and managerial judgment is important.

[Flanagan 1964]

Flanagan, J. C. (1964). *Measuring human performance*. Pittsburgh, PA: American Institutes for Research.

[Forrester 2004]

Forrester. (2004). *Indian Offshore Suppliers: The Market Leaders. Understanding The Market Leads To Better Vendor Selections- A summary*. Cambridge, MA: Forrester.

This is a summary of Forrester's report analyzing the Indian service providers. It states that clients in North America prefer large and stable partners and that these large service providers are ideal partners for large clients who seek to add scale to their operations. However with the increasing market opportunities these large service providers are finding it difficult to continue with their growth and smaller service providers could be viable alternatives. While most Indian providers have similar capabilities, the relationship management capabilities of these providers differ.

[Forrester 2003a]

Forrester. (2003). *Key IT outsourcing lessons from reference clients*. Cambridge, MA: Forrester.

This paper discusses the reasons of failure in outsourcing relationship, based on the experiences of Forrester's clients. Most firms that face problems outsourcing select provider based on only price, neglect business metrics in their deals, and complained about outsourcers' lack of innovation. In order to improve, the clients should revise their contracts to ensure service providers are more proactive, ensure that RFPs are such that the vendor helps in key strategic aspects and finally negotiate business-metric driver pricing. The SLAs should be directly linked to a business result.

[Forrester 2003b]

Forrester. (2003). *Offshore: The good, the bad and the ugly. Sourcing Interest Group Conference, May 2003*. Bell Canyon, CA: SIG.

The presentation deals with the mistakes that the client organizations make when offshoring and suggests some best practices for offshoring. These mistakes are: Thinking smaller is better- the savings do not justify management overheads; Too many service providers working on the account; Bargain shopping for the cheapest service provider; Infrastructural issues with the vendor; and inability to monitor/control the relationship. The presentation suggests having an offshore steering committee and an offshore program management office. The steering committee should be responsible for defining the overall strategy and establishing the IT, business, HR, legal and compliance support. The program management office should deal with vendor management, reporting/metrics and communications. The process of due diligence is also important for the success of offshoring initiatives. During the negotiations process the presentation suggests: Visit the vendor's offshore location; Audit

CMM-based paper trail for actual client project; Craft a contract with volume discounts; Define SLAs that reflect overall goals of offshore strategy. During the transition process it suggests: Begin work on security and telecom issues early; Hold weekly meetings for transition team and Update tool and application licenses. For project management: Define the acceptance criteria upfront; Get CIO to sign-off on any redesign work; and establish clear escalation criteria.

[Freedman 2004]

Freedman, R. (2004). Helping Clients Outsource IT. *Consulting to Management*, 15(3), 35-36, 53.

This paper provides advice for consultants who help the clients on their outsourcing decisions. It suggests the following steps: Assist with the business case analysis- making the business case is very essential for the clients and consultants should not neglect this; Advise your client to plan the staff transition diligently- The client has to make sure that the key IT skills required to manage outsourcing remain in-house; Work with your client to create a healthy virtual team environment; and help your client create a clear and robust escalation path for quality control issues. Finally the consultant should constantly remind the clients that every contracted relationship has potential risks, pitfalls, disagreements, and conflicts and they should help the client prepare for outsourcing success.

[Frenza 1998]

Frenza, J. P. (1998). *Buying web services: The survival guide to outsourcing*. New York: John Wiley and Sons.

The book is targeted towards potential clients who may outsource areas of their web related work. The book is basic in nature and may be useful for the clients who do not understand the complexities and technical issues related to website development and maintenance and would want to outsource these. It gives guidelines for evaluating proposals and budgets, selecting Web development technologies develop contracts, prioritizing, working with individual and multiple contractors, and programming issues. The book starts with a review of outsourcing, its advantages and disadvantages. It then sequentially gets into some of the phases of outsourcing like goal determination, drafting the Request for Proposals, contracting issues, among others.

[Friedman 2001]

Friedman, R. (2001) Special report: Outsourcing update [Web Page]. Accessed: 2005, July 7. Available at: <http://www.itworld.com/Man/2701/ITW0228outsourcing/>.

Notes: The article discusses the growth of IT outsourcing. It states that there are four main reasons for outsourcing: Focus on core competencies, Speed to market, Saving money and Shortage of IT resources. The paper also suggests that business process outsourcing is growing and that the service providers are also replacing their standardized 'one size fits all' model with customized products and services. Some of the other trends that have been mentioned are: increased security concerns, increased use of SLAs and rise of consult-

ing firms that offer restructuring services to help clients re-mediate bad deals done in the past.

[FSA 2005]

Financial Services Authority. (2005). *FSA Handbook*. London, UK: Financial Services Authority. <http://fsahandbook.info/FSA/html/handbook/SYSC>.

[Gable 1996]

Gable, G. G. (1996). *Outsourcing IT advice: a success prediction model*. In *Proceedings 1996 Information Systems Conference of New Zealand* (pp. 143-53). Los Alamitos, CA: IEEE Computer Society.

The article focuses on IT outsourcing and the role of consultants in helping the clients in IT outsourcing decisions. The paper lists 10 reasons for outsourcing IT advice some of which are: management does not have time to be heavily involved; need expert advice on what to computerize; do not have adequate knowledge of the software market; lack expertise to tie into inter-organizational systems; cannot attract appropriately skilled technical staff. The paper also gives 15 criteria for selecting the consulting firm, some of which are: the consulting company's stability; personal relationship with the consultant/client; the proposed price; consultant's understanding of client needs; apparent trustworthiness of consultant proposal; the consulting company's prior experience; prior experience of individual consultants proposed; the consultant's methodology and related tools. The paper states that clients should carefully consider their reasons for outsourcing expert assistance as the selection criteria in some situations will be contingent upon these reasons. The paper points out that 'consultant's understanding of the client's needs' is the most important selection criteria for the clients.

[Gallivan 2001]

Gallivan, M. J. (2001). *Striking a balance between trust and control in a virtual organization: a content analysis of open source software case studies*. *Information Systems Journal*, 11(4), 277-304.

The paper deals with the issues of trust and controls within an organization. Using the example of Open source software (OSS), it states that trust may not be essential or crucial for success of virtual organizations. If a virtual organization has implemented practices that bring about control, efficiency, predictability and calculability, effective performance can occur without trust. Based on case studies, the paper explains that many OSS projects avoid relying on trust because this may make them vulnerable to members' misdeeds.

[Gallivan 2003]

Gallivan, M. J., & Depledge, G. (2003). *Trust, control and the role of interorganizational systems in electronic partnerships*. *Information Systems Journal*, 13(2), 159-190.

The paper discusses the role of trust and control in successful partnerships. The paper identifies four factors that influence managers' choice of trust and control in partnerships, which are: national culture, industry context, partnership type and nature of task to be performed. It mentions that trust and control are not substitutes

for each other, and it is useful to consider them only in relationship with each other. For example, some managers may choose to limit the degree of relationship risk by structuring alliances to ensure high levels of control.

[Gallivan 1999]

Gallivan, M. J., & Oh, W. (1999). Analyzing IT outsourcing relationships as alliances among multiple clients and vendors. *Proceedings of HICSS 32 - 32nd Annual Hawaii International Conference on System Sciences*. Los Alamitos, CA: IEEE Comput. Soc.

The paper discusses the evolution of outsourcing arrangements from simple client-vendor relationships to more complex ones. The paper also deals with various options that the contracting parties have like the use of multiple vendors for a client, co-sourcing, and multi level arrangements, when outsourcers themselves contract out some activities to third parties. The paper concludes that both IT and line managers should realize that their options for outsourcing are more than just the simple single client- single vendor arrangements and that they should be able to identify additional opportunities, risks, and management challenges before committing themselves to a course of action.

[Ganesh 2004]

Ganesh, D. (2004). *Guidelines For IT Management: Planning for Off-shore Outsourcing*. (Report No. 286). Manchester, UK: The National Computing Centre Limited

This article discusses offshoring, the risks and issues associated with it, how to set offshoring strategy and how to derive the benefits from offshoring. The reasons for offshoring as identified by the article are: Cost constraints, competitive pressures, need for flexible capacity, higher quality standards and easier access to technical talent. Some of the challenges clients face when offshoring include: vendor management, analyzing actual cost advantage, managing culture and language differences and business continuity/disaster recovery infrastructure of the vendor. The key steps essential for success have been identified as: Have a clear vision and business case for offshoring; Communicate effectively to key stakeholders; Ensure your organization is ready for change; Implement change management; Start with a meaningful pilot and set realistic expectations; Understand the cost model; Build relationships with your vendor and embrace cultural differences; and communicate continuously.

[Ganley 2003]

Ganley, D., Kraemer, K. L., & Wong, P. K. (2003). Spillover effects of production of IT on use of IT. *Proceedings of the 36th Annual Hawaii International Conference on System Sciences – 2003*. Los Alamitos, CA: IEEE Computer Society.

The paper deals with production and use of IT around the world to assess the impact of changes in IT production in the 1990's on economic development and seeks to test if there are significant and positive spillover effects from production of IT to use of IT. The paper finds that there is a correlation between IT use and IT production in

the countries with the highest GDP's and the highest level of PC's per capita. The paper also argues that that high involvement in production either for domestic use or for export in developing economies has little or no positive spillover effects on IT use, and may adversely affect diffusion of IT use.

[Garcia 2003]

Garcia, R., Calantone, R., & Levine, R. (2003). The Role of Knowledge in Resource Allocation to Exploration versus Exploitation in Technologically Oriented Organizations. *Decision Sciences*, 34(2), 323-349.

According to this paper, technical knowledge is a resource that firms can manage to achieve strategic and competitive advantage. Four factors affect the relative value of innovative knowledge to the organization: resource availability, exogenous competition, aging of knowledge bases, and adaptive capacity—a firm's ability to adapt to its environment. Some of the suggestions from the paper are: To maintain performance expectations, firms should focus on different research and development strategies contingent upon environmental factors; In highly competitive, unsuccessful environments, a good strategy is to focus on exploitation activities; however, some exploration activities are required to keep new products flowing into the marketplace. Some allocation of resources to exploration activities may keep a firm from dissolving in the long run even if it is hurt in the short run by "missing" market opportunities for existing products.

[Gardner 2003]

Gardner, D. W. (October 31, 2003). "Outsourcing's Benefits Too Much to Ignore." TechWeb News.

[Gareiss 2002]

Gareiss, R. (Nov. 18, 2002). "Analyzing the Outsourcers." *InformationWeek*. Available at: <http://www.informationweek.com/story/showArticle.jhtml?articleID=6504105>

[Gartner 2003a]

Gartner. (2003). *Assess if your ESP has effective global delivery model*. (Report No. M-19-0594). Stamford: Gartner.

The article defines Global Delivery Model for offshoring as the optimum combination of processes, end-to-end methodologies and quality procedures, with high quality skills and resources available in requisite quantities, that enables enterprises to maximize the quality of their solutions while minimizing the overall cost and delivery time of their IT services. The essential characteristics of such a model for the providers are: Having local global development centers and offices worldwide; Having local sales and marketing offices worldwide; Four-tiered delivery approach having an offshore, onsite, nearsite and onsite component; Globally competitive resourcing; Dedicated high-speed networking between all locations; Common quality guidelines and processes; Local and centralized decision making and seamless delivery.

[Gartner 2003b]

Gartner. (2003). *Assessing your outsourcing relationship: Nike's journey. SIG Conference May 2003*. Bell Canyon, CA: SIG.

The presentation discusses the case of IT outsourcing at Nike. It suggests that before outsourcing the total IT costs at Nike were not known and it was a de-centralized IT management, with lack of processes and cost management. The objectives of outsourcing included providing cost visibility and business agility, and improving infrastructure and service satisfaction. The presentation mentions that current relationship with the service provider is going well as both parties actively seek ways to improve the relationship. The presentation further presents the evaluation and selection criteria followed by Nike, explains how Nike used Gartner's methodology, and how the results have been fruitful for Nike.

[Gartner 2003c]

Gartner. (2003). *Making gainsharing part of IT services agreements*. (Report No. TU-19-4432). Stamford: Gartner.

This article discusses how gain sharing can be beneficial to both the clients and the service providers. Under such agreements, payments to the service provider reflect the business value they add for the client. For this to be effective both parties should understand their responsibilities for realizing the benefits of an IT services contract. Gartner feels that about 80 percent of all costs, risks and benefits are locked in the following stages of the project: Need preparation, requirements gathering, preliminary design and pilot testing. Gain sharing should not be used until these phases have been completed. The benefits of gain sharing can be quantified by: agreeing to the extent of cost reduction upfront, identifying the cost drivers and by using third party benchmarking to quantify the benefits.

[Gartner 2003d]

Gartner. (2003) *Outsourcing Strategy* [Web Page]. Accessed 2004, February 10. Available at: <http://www3.gartner.com/pages/story.php.id.266.s.8.jsp>.

The website gives an overview of the Gartner's outsourcing strategy phases. These are: Sourcing Strategy (self analysis of the enterprise and analyzing the risks and benefits of sourcing); Evaluation and Selection (Define your requirements and identify partners that can meet your business needs); Contract Development (Structure a flexible partnership with defined service levels and payment models) and Sourcing Management (Monitor your relationship and react to change effectively).

[Gartner 2003e]

Gartner. (2003). *Strategic Sourcing 'The Book'*. Stamford: Gartner.

A handbook from Gartner, which mentions the four phases of the Gartner outsourcing framework and gives a 'to do' list of how to approach outsourcing. However it is not a comprehensive document. The four phases, which it mentions are: Sourcing Strategy, Evaluation and Selection, Contract Development and Sourcing Management.

[Gartner 2002a]

Gartner. (2002). *10 Practices that favor ESPs in outsourcing contracts.* (Report No. COM-17-5324). Stamford: Gartner.

This article lists ten practices that service providers push for in the deals but which the clients should avoid. The practices and the mitigation strategies are: Getting started and doing due diligence later- Client should sign the services contract prior to the Enterprise Service Provider(ESP) performing its due diligence process and providing firm pricing; Signing contract first and then figuring out the SLAs- The risk here is that the client may agree to less than optimal service levels and service provider may ask for price or service-level adjustments later; Having a Master Service Level Agreement- This provides the client with very limited contractual flexibility because essential terms and conditions are already negotiated; Not benchmarking because it impacts good relationship- Without benchmarking, the provider will have no incentives to reduce costs; No need to have business continuity and disaster recovery- Full risk and financial burden lies on the client; Having a dedicated provider's account assistant-account executive is in most cases a salesperson who is trying to extract as much revenue as possible from the client; The provider excludes terms and conditions specific to relationship management assuming that the relationship management will take care of itself but lack of clearly spelled out roles and responsibilities results in a fragmented business relationship from the client's perspective and limits the ability of the relationship to deliver on its potential; Provider retains the right of first refusal for all systems integration and other projects but the contract does not define the process that will be followed and other aspects; Assets are worth less when the provider takes them over than when provider transfers them back to client. Clients need to make sure such conditions are not in the contract; The provider insists that any documentation or process and technology improvements developed by the provider become its intellectual property and may not be transferred to the client enterprise or a successor contractor without payment. The note concludes that the clients should not use the provider's contract as the starting point for contract negotiations.

[Gartner 2002b]

Gartner. (2002). *Be Prepared - Information needed to negotiate better deals.* (Report No. DF -15-2364). Stamford: Gartner.

This paper states that when a client decides to significantly change its deal with provider, it must have information to support the new outcomes and goals. Some of the prerequisite information that may be needed is: Benchmarking data and its analysis; A comprehensive analysis of SLA compliance results; Reviewing quantitative and qualitative measures of the overall project management efforts of every project conducted by the provider in the client firm; Analysis of current market conditions with regard to contracting trends, pricing structures, competencies and specific skill sets; Have an overall understanding of the history of the relationship with the

vendor; Analysis of results of formal and informal end-user surveys, feedback from IT staff members, and customers.

[Gartner 2002c]

Gartner. (2002). *Bringing IT Services in-house*. (Report No. DF-15-3289). Stamford: Gartner.

This article discusses the reasons for bringing back IT services in-house. Some of the reasons it identifies are: changed economics or competitive positioning; vendor relationship change; changed consumer expectations; changes in sourcing strategy. While bringing services in-house, Gartner recommends the following step be followed: document business case; define detailed performance measures; design high-level processes; identify resource requirements; gap analysis and address gaps. The client should also manage the risks involved when services are brought in-house.

[Gartner 2002d]

Gartner. (2002). *Creating a Service-Level Agreement for the IS Organization*. (Report No. DF-15-1751). Stamford: Gartner Research.

This article states that for successful relationships the IS organization and the business units need to agree on the specific service levels that will be measured and on each party's role and responsibility in terms of managing the service levels. The article suggests the sections, which should be included in the SLA. These are: Executive summary; Description of the services; Service-level definitions; Service-level management; Roles and responsibilities and appendixes for additional information if any.

[Gartner 2002e]

Gartner. (2002). *Designing Customer-Focused Service Portfolios*. (Report No. COM-15-0890). Stamford: Gartner Research.

This article states that the service portfolios must be designed and articulated so that the business people can relate to these. The article gives a service portfolio, which indicates all internal service organizations can deliver four kinds of core services: Infrastructure architecture- Builds a strong foundation for the use of shared resources; Strategic sourcing and relationship management: Leverages the enterprise's commercial relationships and manages dependencies across stakeholder groups; Consulting and project management- Facilitates the resolution of specific business projects, Opportunities or problems; Asset portfolio management: Optimizes the value derived from individual and collective assets throughout their useful lives. Some of the common attributes of the core services are mentioned as: Core service types, value propositions and high-level processes are common across all internal service organizations; Core services are completely interdependent and must be designed holistically; and core services are highly synergistic.

[Gartner 2002f]

Gartner. (2002). *Developing a sourcing strategy*. (Report No. R-17-7896). Stamford: Gartner.

The article states that as the business and IT strategies become more closely aligned, continued tactical outsourcing will cause signifi-

cant degradation of productivity and customer retention. The agile organizations of the future will skill up to the challenge of strategic sourcing. Firms need to have a better communication, alignment and consensus for during the sourcing strategy phase for strategic sourcing to succeed.

[Gartner 2002g]

Gartner. (2002). *ESPs don't invest enough in managing outsourcing deals*. (Report No. COM-17-5839). Stamford: Gartner.

This focus of this article is that the providers do not pay enough attention to managing the outsourcing deals, leading to problems and failures. They need to invest in the right skills, organizational structure and level of management resources to ensure that the services they deliver are in line with their clients' expectations. Some issues are: key personnel are not involved early enough in the sales cycle; the providers change the key resources earlier than anticipated. The providers also need to invest in account management and relationship management skills. The article concludes that providers are starting to create more-formalized processes and tools for measuring their clients' satisfaction. Many providers have service excellence programs that are supported by "digital dashboards." Finally the providers have started to include key personnel clauses in outsourcing contracts.

[Gartner 2002h]

Gartner. (2002). *ESPs often fail to identify innovation in outsourcing deals*. (Report No. COM-17-5003). Stamford: Gartner.

According the article, the clients feel that the service providers are not proactive in suggesting and implementing improvements to outsourcing deals. Most providers concentrate on their revenue and profit margins. They are wary about changing anything and often do not introduce innovation until they are certain it will improve their profit margins. The providers should change their behavior and attitude toward introducing innovation. The article states that a formal process is essential for managing technical and business innovation that includes having regular meetings to review and understand the latest changes in technology and in the enterprise's business situation and to identify opportunities for changes in the service deliverables and areas for improvements. It is essential that outsourcing contracts include innovation and a process to make it successful.

[Gartner 2002i]

Gartner. (2002). *Human Capital Components of the Sourcing Life Cycle*. (Report No. COM-18-9599). Stamford: Gartner.

This article discusses the human capital (HC) related issues in sourcing and how to address these. Gartner has defined four phases of sourcing- 'Sourcing strategy', 'evaluation and selection', 'developing and negotiating deals' and 'sourcing management' and gives specific human capital management strategies for each of the phases. For example in the 'sourcing strategy' phase the client should have a human capital risk analysis, strategy of HC, knowledge management strategy and plan, communication strategy and plan. Similarly it

has strategies and components in other phases like a skill assessment plan and transition plan in 'evaluation and selection' phase, 'competencies in developing and negotiating deals' phase. The paper concludes that ensuring that human capital management issues are addressed at each phase of the sourcing life cycle enables an enterprise to deploy external and internal resources to their fullest potential.

[Gartner 2002j]

Gartner. (2002). *Potential risks in offshore sourcing*. Stamford: Gartner.

The article from Gartner focuses on risks of offshoring and the strategies to mitigate these risks. According to the article, many firms have decided to adopt the offshoring strategy but most do not know how to mitigate the risk. Managing the processes and people well is essential to mitigate the risks. It is also important to take steps to keep core IS skills onshore. Cost savings often depend on the ratio of offshore-onshore staff so that needs to be considered. Finally firms should identify potential backlash before moving forward.

[Gartner 2002k]

Gartner. (2002). *Pricing malpractices that can harm outsourcing deals*. (Report No. COM-17-6037). Stamford: Gartner.

This article deals with how some providers employ pricing practices that can negatively affect the outcome of outsourcing deals. These may improve the ESP's chance of winning and its short-term revenue and profit, in the long term; they often cause client dissatisfaction and reduce the provider's ability to increase its business with the client. Some of the strategies the providers follow are: Intentional underpricing; bundled pricing; mispricing (client may have provided incorrect information); pricing according to baseline services. To avoid these mistakes both the client and service provider should work together to establish a clear statement of work; documented data about the current operational activities; a specific way of submitting pricing that is directly related to the scope of work and associated service levels for each functional area.

[Gartner 2002l]

Gartner. (2002). *Reasons to re-compete sourcing deals*. (Report No. DF 15-767). Stamford: Gartner.

This article discusses the reasons why clients re-compete contracts and the critical areas to address beforehand. The reason why clients may re-compete are: They are dissatisfied with their current arrangement or the services delivered; Their policy states that all services must be competitively bid on; They want to ensure that they receive competitive financial bids or a better price from their current providers. While re-competing Gartner suggests that clients focus on the following: RFP Content-To obtain useful competitive bids, client must provide all relevant data that will enable the providers to understand the enterprise requirements; RFP Process- For an RFP to be correctly completed and evaluated in a clear, precise and complete manner, the enterprise must create an RFP team and Financial assessment-

The financial assessment should include all of the associated costs for the new deal- current costs, as well as retained costs for hardware, software, personnel and facilities.

[Gartner 2002m]

Gartner. (2002). *Successful outsourcing means retaining some staff.* (Report No. COM-18-9692). Stamford: Gartner.

Notes: This article discusses how retaining in-house staff is important of the success of sourcing relationship and how clients underestimate the in-house resources needed. The paper also identifies the main roles or functions needed to be performed in-house. The roles/functions are: contract manager, project management office, quality assurance. The paper also notes that the clients also need to establish a management structure to oversee the planning and implementation of internal and external sources for IT services, which it calls sourcing office. The roles of the sourcing office are: To analyze and recommend the best sources to supply services to the enterprise; To coordinate multiple sources where the enterprise's requirements depend on contributions from many providers; To evaluate current and planned sources to ensure that their use will continue to achieve the client's objectives.

[Gartner 2002n]

Gartner. (2002). *Two Strong Drivers Toward Strategic Sourcing.* Stamford: Gartner Research.

The note discusses two drivers of strategic sourcing. The first one is the competitive pressure of the market. This forces the management to try and remain competitive in most areas and try for leadership in others. This can be done by focusing on core business. This impacts the IT systems because the IT systems and processes are expected to link and streamline internal and external processes. The second driver is the inadequacy of the traditional contractual mechanisms to deal with business changes and business relationships.

[Gartner 2002o]

Gartner. (2002). *Understanding 'Human Cost' of Cost Saving.* (Report No. COM-18-9808). Stamford: Gartner.

This article discusses the job losses arising out of offshoring and outsourcing and how firms can deal with the backlash. Offshoring can worsen morale and breed fears about job insecurity. The paper advocates the following steps that the firms can take to mitigate the risks: Anticipate workforce disruption and backlash against job threats or losses; Prepare employees for organizational change; Educate business executives on the global delivery model; Comprehensively measure the net impact on the bottom line and finally create a public relations action plan.

[Gartner 2001]

Gartner. (2001). *SLAs for Managing Applications Development Outsourcing.* (Report No. TU-14-4047). Stamford: Gartner Research.

The article deals with identifying metrics for application development related outsourcing. It divides the service into five dimensions of cost, quality, productivity, customer satisfaction and personnel.

For each of these dimensions it suggests some metrics to measure and recommends service goals.

[Gartner 2000]

Gartner Group. (2000). "Dataquest's 1999-2004 Market Forecast for Business Process Outsourcing (BPO)." <http://www4.gartner.com/DisplayDocument?id=292181&acsFlg=accessBought#h1>.

[Gaudio 1996]

Gaudio, L. M., & Myers, M. G. (1996). *Outsourcing best practices*. McLean, Va.: Logistics Management Institute.

This report outlines key elements for outsourcing. These elements are: Market research, tailored acquisition strategy, performance-based work definitions, well-structured terms and conditions, diligence in source selection, well planned transition and flexible contract administration. It mentions that none of the key elements is independent of the other nor capable by itself of ensuring the success of an outsourcing effort, and that many of these elements extend beyond the contract to the processes, practices and policies followed.

[Gay 2000]

Gay, C. L., & Essinger, J. (2000). *Inside outsourcing: the insider's guide to managing strategic sourcing*. London: N. Brealey Pub.

The book is deals with setting up a good outsourcing program and is specially targeted towards the clients who are doing outsourcing for the first time. It has some good short examples of how organizations have implemented outsourcing successfully. The book is divided into 2 parts. The first part deals with the concept of outsourcing, the trends, the various types of outsourcing options that a firm has, and the benefits and risks of outsourcing. Part II of the book deals with the various temporal phases of outsourcing like first doing a preliminary investigation about functions or services being considered for outsourcing, the need to undertake this initiative, preparing a business case for the same and so on. Then the book discusses the next phases like planning for outsourcing, selecting the service provider (including the RFPs, vendor evaluations, contracting and developing the SLAs and so on). The book has a good section on implementation and monitoring process in outsourcing and this section also deals with the measuring the benefits of outsourcing, and the termination phase.

[Gelman 2002]

Gelman, L., & Dell, D. J. (2002). *HR outsourcing trends. Report 1321-02-RR*. New York, NY: Conference Board.

The report is based on a survey of 122 firms, carried out in 2003. It describes the trends in HR outsourcing, the benefits of outsourcing and captures some experiences of the companies that had outsourced their HR. Some of findings of the report are: Large firms outsource multiple HR functions across all industries, and they don't plan to insource any of these functions; Only about 53% of the respondents employed consultants for getting help in outsourcing; Companies that have the shared services models are involved heavily

in outsourcing and are very successful; Technology is a major consideration in both the decision to outsource and to select a vendor; and that management of relationship is fragmented (managers of each functional area oversee their own vendors).

[GAO 2004]

General Accounting Office. (2004, September). *International Trade: Current Government Data Provide Limited Insight into Offshoring of Services*. Report GAO-04-932. Washington DC: General Accounting Office.

In this study, GAO analyzes the nature of offshoring activities, the extent of offshoring by the private sector, federal and state governments and the potential impact in the US economy. The reports states that the private sector imports of some services are growing but the data does not provide a complete picture of the business transactions that offshoring includes. In the public sector, the dollar value of federal government's offshore services contracts increased from 1999 through 2003 but the trend was similar relative to all federal services contracts. The extent of offshored services by state governments was not clear due to lack of data. The report also mentions that layoffs due to offshoring represent only a small fraction of overall layoffs (for firms with more than 50 employees). Factors such as job recession may also be contributing to layoffs.

[GAO 2001]

General Accounting Office. (2001). *Leading commercial practices for outsourcing of services*. Report GAO-02-214. Washington, DC: General Accounting Office.

The Department of Defense (DOD) is the Federal Government's largest consumer of IT resources and this paper is aimed at helping DOD adapt effective IT acquisition practices. The authors reviewed existing research and consulted the academic and professional authorities to identify leading commercial sector practices for IT outsourcing. The authors propose an 'IT acquisition management framework'. This framework has practices, which have been categorized into seven phases. The framework also identifies three critical success factors that impact the ability of organizations to successfully perform the practices across multiple phases. The seven phases are: Determine sourcing strategy, Define operational model, Develop the contract, Select the provider, Transition to provider, Manage provider's performance and Ensure services are provided. The three critical success factors are: Executive leadership, Partner agreement and Relationship management. The paper defines and describes each phase, identifies practices and provides examples from the commercial firms the authors studied. Each of the critical success factors is also defined with examples of how these can be demonstrated.

- [GAO 1998] **U.S. General Accounting Office. (April, 1998). BPR Glossary of Terms. In Business Process Reengineering Assessment Guide (Based on GAO's Business Process Reengineering Assessment Guide, Version 3, GAO/AIMD.10.1.15, April 1997). [Available at <http://www.gao.gov/special.pubs/bprag/bprgloss.htm>]**
- [Getto 2000] **Getto, G. (2000). Risk Management Supporting Quality Management of Software Acquisition Projects. *Software Quality Professional*, 2(2), 42-53.**
- The article deals with the role of risk management in business process reengineering and software acquisitions, along with the importance of quality assurance. The article is based on experiences at DaimlerChrysler. Some of the critical success factors for risk management process are mentioned as: risk management should start before the project starts, it must be systematic and continuous, creativity and structure both contribute to effective and efficient risk management, inclusion of all relevant stakeholders is crucial and that the risk and project management processes must be integrated.
- [Giga 2003] **Giga Research. (2003). *IT Trends 2004: Offshore Outsourcing. Report RPA-122003-00014*. New York: Giga Research.**
- This paper discusses the trends in ITES offshoring and gives its recommendation to potential clients. According the article, for nearshore outsourcing at a low price point, companies should consider Mexico and Canada. North American and European companies should not consider China a viable location for software development and maintenance support as the market is too immature. Companies should look for value-based pricing rather than the lowest possible price. Among the trends, the paper mentions the following: increase in companies' intention to "quickly" outsource to low-cost geographies; Companies demanding an offshore or nearshore component in almost every major outsourcing deal; Global 1000 companies continuing to replace local contractors with offshore or nearshore vendor support; US-based outsourcing and consulting firms increasing their offshore resource pools and that there will be merger and acquisition activity involving North American and Indian IT services vendors.
- [Gilley 2004] **Gilley, K. M., McGee, J. E., & Rasheed, A. A. (2004). Perceived Environmental Dynamism and Managerial Risk Aversion as Antecedents of Manufacturing Outsourcing: The Moderating Effects of Firm Maturity. *Journal of Small Business Management*, 42(2), 117-133.**
- The study deals with the impact of environmental dynamics and managerial risk aversion on manufacturing outsourcing. The study finds that risk averse managers prefer a strategy of increased outsourcing, and as manager find the environment to be dynamic, they resort to increased outsourcing, as this kind of environment discourages businesses from making managerial and financial commitments. Finally the paper finds that less mature firms outsource more

of their manufacturing activities in dynamic environment as compared to the mature firms, as they are more resource constrained.

[Gittel 2004]

Gittel, J. H., & Weiss, L. (2004). Coordination Networks Within and Across Organizations: A Multi-level Framework. *Journal of Management Studies*, 41(1), 127-153.

The article states that with increased outsourcing coordination with external organizations becomes increasingly important for achieving desired performance outcomes. It discusses example of a hospital, trying to link its intra-organizational coordination of patient care with coordination of its external partners. The article argues that the intra-organization designs and the inter-organizational designs (information systems, team meetings etc) can improve the quality and efficiency performance by strengthening intra organizational and inter-organizational networks respectively. It also notes that the similarity of intra and inter-organizational design improves quality and efficiency performance by strengthening the interface between intra and interorganizational networks.

[Glasgow 2002]

Glasgow, B. (2002). Information Technology Insights: Dupont's Mighty Global IT Alliance Keeps Rolling and Evolving. *Chemical Market Reporter*, 261(12), 13-14.

This article talks about Dupont's outsourcing initiative in 1996 when it outsourced its entire IT to Accenture and CSC, and about the new ERP outsourcing contract, which it awarded to Accenture. Dupont uses external benchmarking, where it measures its costs and customer satisfaction levels relative to industry standards, striving toward the upper 10 percent in certain categories and the upper quartile in others. It also incorporates quality initiatives in its IT operations for measuring performance.

[Glynn 2003]

Glynn, W. J., Burca, S.D., Brannick, T., Fynes, B., & Ennis, S. (2003). Listening practices and performance in service organizations. *International Journal of Service Industry Management*, 14(3), 310-330.

This paper examines the concept of a "listening" organization and its relationship with service and business performance. The paper defines a listening organization as having knowledge of customers and an ability to satisfy those customers. By taking listening practices, including information technology, as a holistic view of a constellation of information-related practice type factors the paper states that there is a close relationship with service performance and this influences business performance.

[Godwin 2000]

Godwin, G. U. (2000). Using analytic hierarchy process to analyze the information technology outsourcing decision. *Industrial Management and Data Systems*, 100(9), 421-429.

This paper discusses an IT outsourcing case and uses analytic hierarchy process (AHP) to evaluate the outsourcing decision. In the given case the author finds that managing IT within the internal depart-

ment is the best option, rather than outsourcing it, which was found to be the next best option. Managing IT by end users was also an option considered, however was found to be least preferable.

[Goepfert 2002]

Goepfert, J. (2002). *Transformational outsourcing: Helping companies adapt to a volatile future*. IDC.

The paper discusses the transformational approach to outsourcing and is based on an IDC study of 65 firms. The paper states that financial services, energy and telecommunications industries are the most volatile and these volatile industries tend to outsource more than other industries. It states that companies are adopting a new approach to outsourcing and in order to become flexible and adaptable to changing business conditions, are resorting to transformational outsourcing.

[Gold 2004]

Gold, T. (2004). *Offshore Software Development: Making It Work*. New York, NY: Auerbach Publications.

The book discusses offshoring software applications, but most of the sections of the book are also relevant to other IT services. However the book does not cover all phases of sourcing adequately. It is divided into three sections. The first section has chapters, which give an overview of offshoring, and the trends. One of the chapters has a good description of the in-house tasks needed for implementing and managing offshore projects. Chapter three in the first section discusses vendor selection strategies. Section two gets into the specific issues of offshoring like country selection, defining offshore methodology, risk management and such issues. The section in particular, and the book in general has numerous checklists, which are useful. The final section deals with issues like workforce management, and also has a separate chapter on risk management. The final chapter summarizes the idea in the book by discussing the Dos and Don'ts of offshoring.

[Goles 2001]

Goles, T. (2001). *The impact of the client-vendor relationship on information systems outsourcing success*. Unpublished doctoral dissertation, University of Houston, C.T. Bauer College of Business, Houston, TX.

The thesis discusses the relationship management aspect of IS outsourcing and the different perspectives of the clients and the vendors. The research is based on Relationship Exchange Theory. According to the thesis, vendors feel that their technical competence, business understanding and relationship management ability are all significant for the relationship, whereas the customers feel that it is very important for a vendor to have technical competence, should have a moderate amount of relationship management ability and require little or no understanding of customer's business. Similarly on client's capabilities, the clients feel that the only significant capability they need is the ability to run their business successfully, whereas the vendors feel that business capability, IT understanding and cus-

customer relationship management capabilities are all very essential for clients to have. Two factors, which both clients and vendors consider having little or no impact on relationship are cultural compatibility and coordination. Clients and vendors also have different perspectives on need for flexibility, importance of communication, and cooperation, with the vendors attaching more importance to these attributes than the clients. Overall, there are three major themes in this thesis: the importance of customer-vendor relationship in outsourcing, the difference in perspectives on relationship between customer and vendor, and that success of outsourcing depends on benefits attained and overall satisfaction.

[Gomolski 2004]

Gomolski, B. (2004) Don't be Naive About Outsourcing [Web Page]. Accessed: 2004, July 15. Available at: <http://www.computerworld.com/managementtopics/outsourcing/story/0,10801,93183,00.html>.

This article gives guidance to the clients about how to outsource. The practices it mentions are: Know your strengths- Determining how IT organization compares to the outside market by doing workload benchmarks and cost comparisons is important; Don't completely write off IT infrastructure- By retaining key individuals, the company is more likely to see continual improvements and overall success; Know what you are outsourcing- Have clear definitions of the IT services to identify areas that may be candidates for outsourcing; During vendor selection, price should not be the only criteria; Stay engaged with the work and the vendor after outsourcing- To ensure that the vendor delivers and to manage the ongoing relationship, devote staff to the management of outsourced services.

[Gooden 1998]

Gooden, V. (1998). Contracting and negotiation: Effective practices of successful human service contract managers. *Public Administration Review*, 58(6), 499-509.

The paper identifies some practices for successful negotiation and contracting process. The best practices for successful managers are: They emphasize the importance of pre-bid activities, particularly planning and needs assessment; Successful managers monitor waiting lists and utilization of service to determine who actually use the service and to detect trends about who may need the service; They include other staff's expertise and a large number of outside participants in reviewing and rating proposals; They use the standard rating form as a tool to rate proposals; They conduct responsive debriefing sessions with bidders that substantially reduce the number of appeals; They rely on and use the pricing catalogues to negotiate and allocate cost within an established range; They assist providers with budget and program support to increase their opportunity for proposal acceptance and award; They share and process information based on experience, knowledge, involvement, and constantly improved technical expertise.

[Goolsby 2003]

Goolsby, K. (2003). Cost vs. Value of Using an Outsourcing Consultant. [Web Page]. Available at: <http://www.outsourcing-best-practices.com/cost.html>

This article discusses the advantages of using consultants for IT outsourcing. Some of the lessons it mentions are: An outsourcing advisory firm's value includes crucial expertise in designing an effective RFP, service levels, pricing components, and other contractual elements; An advisory firm has daily insight into the marketplace and can provide valuable advice on strategic and cultural fit of potential provider; An advisory firm knows the pitfalls of outsourcing relationships and can construct an implementation/transition phase that comes in on time and on budget.

[Gopal 2003]

Gopal, A., Sivaramakrishnan, K., Krishnan, M. S., & Mukhopadhyay, T. (2003). Contracts in Offshore Software Development: An Empirical Analysis. *Management Science*, 49(12), 1671-1683.

The article deals with choosing offshore software development projects and examines how the choice of contract and other factors in the project affect project profits accruing to the software vendor. The paper deals with choosing between two forms of contracting in the software industry—fixed-price contracts and time-and-materials contracts. The study is based on data collected on 93 offshore projects done by an Indian service provider. The paper indicates that projects with more uncertain requirements are associated with time-and-materials contracts since the vendor faces considerable risk from changing requirements. Similarly, larger projects in terms of effort are associated with time-and-materials contracts. The projects involving considerable risk of getting and retaining trained personnel are associated with a time-and-materials contract. Finally larger clients are associated with a higher probability of a fixed-price contract. The size of the firm increases the client's bargaining power and also indicates to the vendor a strong possibility of future business.

[Goswami 2002]

Goswami, S. (2002). *IT enabled services*. Mumbai, India: SSKI.

This report discusses the growth of IT enabled services in India. It mentions that the larger Indian players like Wipro and Infosys may not be able to gain much from the ITES, but the smaller and focused players like Mphasis could gain much from the growth of the ITES in India. The report also discusses the advantages that India has in the ITES space, discusses key growth areas like the BPO and CRM, and profiles ten fast growing Indian providers for ITES.

- [Gottfredson 2005] **Gottfredson, M., Puryear, R., & Phillips, S. (2005). Strategic Sourcing: From Periphery to the Core. *Harvard Business Review*, 83(2), 132-9.**
- [Gray 2001] **Gray, D. (2001) Vendor Management of IT outsourcing contracts: An audit perspective [Web Page]. Accessed 2004, March 16. Available at: <http://www.isaca-canberra.org.au/canberrachapter/>.**
- The article states that relationship management is critical to success, and auditing vendor management can mitigate a number of risks associated with IT outsourcing contracts. It suggests using some performance indicators to perform the vendor management audit, which are: Team structure- the author recommends analyzing the structure and capabilities of the team and ensuring that the vendor management team has a strategic focus. The other parameters are contract, the financial management, document control, change management and relationship management.
- [Greaver 1999] **Greaver, M. (1999). *Strategic Outsourcing: A structured approach to outsourcing decisions and initiatives*. New York City, NY: American Management Association.**
- The book explains the methodology for outsourcing. The book has good converge of the implementation and management of outsourcing deals. The various sections/phases which the author considers for successful outsourcing are: Planning initiatives (risk assessment, resource management issues etc); Exploring strategic implications (this is particularly interesting, as the author explains why it is so important to see how outsourcing fits into the organization's strategy, to make its implementation much more effective); Analyzing costs and performance; Selecting providers; Negotiating the terms; Transitioning resources and managing the relationships. The book however doesn't provide enough detail about how managers should address employees' dissatisfaction or other workforce related issues.
- [Greenhalgh 2001] **Greenhalgh, C., & Gregory, M. (2001). Structural change and the emergence of the new service economy. *Oxford Bulletin of Economics and Statistics*, 63, 629-646.**
- The paper deals with the growth of the service sector. It states that the service sector is the new engine of growth for the economy and that the main impetus is not from the demand, but the role of services in inter-industry relationships. The paper gives example of the Information, Communication and Technology (ICT) industry, and states that developments that started in the electronics sector have become change agent in other industries as well.
- [Grembergen 2004] **Grembergen, W. V., & Anonymous. (2004). Strategies for Information Technology Governance. *Information Technology Newsletter*, 15(2), pg 30, 2 pgs.**
- This article has an interview with Wim Van Grembergen, who discusses his book Strategies for Information Technology Governance.

He defines IT Governance as the organizational capacity exercised by the Board, executive management and IT management to control the formulation and implementation of IT strategy and in this way ensure the fusion of business and IT. According to Grembergen, the book offers an overview of the theories and practices for information technology governance. It defines the concept of IT governance and its relationship with corporate governance, the Board, and IT management. It also records and interprets important theories, models and practices in the IT governance domain and aims to contribute to the understanding of IT governance and its structures, processes and relational mechanisms.

[Gremler 2004]

Gremler, D. D. (2004). The Critical Incident Technique in Service Research. *Journal of Service Research*, Vol. 7, No. 1, 65-89.

[Grimshaw 2002]

Grimshaw, D., Vincent, T., & Willmont, H. (2002). Going privately: Partnership and outsourcing in UK public services. *Public Administration*, 80(3), 475-502.

This paper studies 2 cases in UK about partnerships between public sector and private sector. One of the cases involved a large government department, which had outsourced the development and maintenance of its computer facilities to a global IT service provider. The other case study involved NHS and a consortium of 3 service providers. The authors state that there is an imbalance of power between public sector and private sector partners and the gains in partnership agreement may not be mutual. The authors state that greater use of market and contracts may bring about an apparent reduction in costs, but deteriorating service provisions or erosion of public sector ethos among workers could offset these savings. The public sector partners also tended to underestimate the time and resources needed to manage the terms and conditions of the contract. Therefore private sector benefited from its greater experience in working to contract and won favorable terms. The paper concludes that public sector should be try to build the required qualities of services provision within.

[Grover 1996]

Grover, V., Cheon, M. J., & Teng, J. T. C. (1996). The effect of service quality and partnership on the outsourcing of information systems functions. *Journal of Management Information Systems*, 12(4), 89-116.

The paper discusses IT outsourcing, various functions that are outsourced and if the success of outsourcing is related to the type of function. The paper finds that greater the outsourcing of systems operations and telecommunications outsourcing the greater the achievement of strategic, technological, and economic benefits of outsourcing. Also, overall outsourcing of IS functions shows a significant positive relationship with success. However outsourcing of more asset-specific functions like applications development, end-user support, and systems management do not lead to increased

satisfaction. The paper also finds that partnership is an important variable for outsourcing and it impacts outsourcing success.

[Grover 1993]

Grover, V., & Teng, J. (1993). The decision to outsource information systems functions. *Journal of Systems Management*, 44(11), 34-38.

The paper deals with the decision to outsource or retain in-house, information system functions. It states that there are two levels of analysis that are needed. The first level analysis should examine the system under consideration and make a general recommendation of yes or no. The second level should reevaluate the first level decision and considers the impact of outsourcing on the firm. Level 1 analysis considers: the maturity of the system being outsourced; the significance of the system to the firm and its competitive advantage; the firm's information technology position relative to competitors. Level 2 deals with issues such as business focus, competitiveness, competence, personnel, and economies of scale, costs, technologies, risk, flexibility, control, job security, contract negotiation, and security.

[Gupta 1999]

Gupta, U. G., & Raval, V. (1999). Critical success factors for anchoring offshore projects. *Information Strategy: The Executive's Journal*, 15(2), 21-7.

The article gives some critical success factors for offshoring with special reference to the Y2K projects. The paper identifies nine issues or challenges with offshoring. These are: lack of clear requirement specifications; poor definition of test environment; lack of effective communication; poor understanding of development methodologies and tools; lack of consensus on evaluation tools and methodologies; confusion about cost estimates; lack of sensitivity to country and corporate culture; short-term focus; unrealistic expectations. The paper also identifies the success factors. These are: Communication management; Relationship management; Having independence and accountability; Recognizing the human element; Knowing that managers must manage; Learning from the experience.

[Gurbaxani 1996]

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

The author suggests that the nature of IT outsourcing is changing in significant ways and the strategies and options available to managers are becoming more diverse. Three kinds of strategic intents for outsourcing are identified: IS improvement, business impact and commercial exploitation. IS improvement focuses on enhancing the efficiency and effectiveness of the IS function. Business impact focuses on improving the contribution of IT to company performance and commercial exploitation focuses on leveraging technology-related assets in the marketplace. The article also mentions that the nature of the outsourcing relationship varies significantly with strategic intent, and so does the performance. Therefore it is critical to understand the strategic intent of outsourcing.

[Guterl 1996]

Guterl, F. (1996). How to manage your outsourcer. *Datamation*, 42(5), 79-80, 83.

The article identifies three major challenges with the outsourcing relationship and suggests ways to overcome those. The challenges are maintaining flexibility in relationship defined by contract; keeping control of costs; and keeping enough psychological distance to reliably oversee the outsourcer while becoming close enough to work as partners. Some of the suggestions are: set performance goals; make a good working relation your first goal; avoid long term contracts; involve outsourcer's staff in planning sessions; designate a relationship manager and keep strategic goals in mind whenever evaluating proposals for expanded outsourcing services.

[Hadden 2003]

Hadden, L. B., DeZoort, F. T., & Hermanson, D. R. (2003). IT Risk Oversight: The Roles Of Audit Committees, Internal Auditors and External Auditors. *Internal Auditing*, 18(6), pg. 28, 6 pgs.

The paper tries to address 3 questions in IT risk management: Who is qualified to address IT risks; Who is trying to address IT risks and if there appear to be a good match in terms of who is most qualified to oversee IT risks and who is actually overseeing such risks- all from the perspective of the auditors. The study claims that some audit committees may have relied too heavily on management's coverage of IT risks and not adequately addressed such risks themselves. Some organizations may be able to achieve more effective IT oversight by tapping into the resources of the audit committee and external auditors to a greater extent. Infact external auditors should become more active in assessing IT-related risks.

[Hafeez 2003]

Hafeez, K., & Abdelmeguid, H. (2003). Dynamics of human resource and knowledge management. *The Journal of the Operational Research Society*, 54(2), 153-164.

This article aims at helping organizations devise efficient human resource management strategies for the knowledge economy. It states that many firms may lose critical business knowledge when their employees leave. Using the causal loop analysis, the article states that the higher the knowledge erosion rate, the faster the corporate knowledge pool depletion or 'memory loss'. The paper proposes that the firms need to understand the dynamics of their intellectual capital and human resource management policy and that it is possible to minimize the current and future (desired) skill gap by devising appropriate recruitment and training programs.

[Hall 2002]

Hall, J. (2002) "Worst practice" in outsourcing? [Web Page]. Accessed 2005, January 5. Available at: http://www.misweb.com/magarticle.asp?doc_id=18982&rgid=7&listed_months=0.

The article deals with the Inland Revenue's outsourcing deal and the problems associated with contract renewal and re-tendering. The ASPIRE (Acquiring Strategic Partners for the Inland Revenue) project a 10 year deal, managed by EDS since 1994, did not find many

service providers willing to enter the tendering process, as the cost of transition is prohibitive. IR did announce that it will cover the cost of transition and was considering offering financial incentives for companies to bid. However the article suggests that IR needs to have a better understanding of structuring and managing outsourcing. IR, for example should consider using multiple suppliers. The article also mentions that IR has outsourced the management of its critical functions to EDS and that put it in a vulnerable position, and that EDS has been consistently failing to meet the SLAs.

[Hall 2005]

Hall, J. A., & Liedtka, S. L. (2005). Financial Performance, CEO Compensation, and Large-Scale Information Technology Outsourcing Decisions. *Journal of Management Information Systems*, 22(1), 193-222.

[Halvey 2000]

Halvey, J. K., & Melby, B. M. (2000). *Business process outsourcing: process, strategies, and contracts*. New York, NY: John Wiley and Sons.

The book provides detailed information on Business Process Outsourcing (BPO) and guides the clients on how to deal with outsourcing the business processes. The book begins with providing an overview of the BPO industry and the trends. The other chapters of the book detail the various phases of outsourcing. Chapters 2 and 3 deal with planning and vendor selection. The next two chapters deal with contracting and related issues. Next few chapters deal with service management and monitoring including service levels, benchmarking and gain sharing, the human resource and change management issues, implementation of new projects and issues to be considered in international transactions. The last two chapters focus on the communication issues, risk and benefits and the termination and renegotiation phases. The book gives good samples of the RFPs, RFIs and also provides checklists for various key issues.

[Hamdah 2002]

Hamdah, D., & Bridget, A. (2002). Offshore development, building relationships across international boundaries: A case study. *Information Strategy*, 18(3), 13-16.

The case discusses offshoring and uses the case of LEX Vehicle Leasing, one of the largest vehicle contract hire companies in the United Kingdom. It discusses the success, which LEX has achieved in offshoring to an Indian provider and the various aspects that the company and the service provider worked on, to ensure success. Specifically it discusses alignment of personal qualities and cultural fit, importance of communication, overcoming cultural barriers. It has some recommendations for successful offshoring: Careful consideration of outsourcing partners; Take initiatives to ensure channels for good-quality communication are opened; Close involvement in the management and day-to-day running of the project by the outsourcing organization; Managing cultural issues.

[Hamilton 1997]

Hamilton, R. H. (1997). *Outsourcing of Information Systems as a Strategic Decision: An Empirical Analysis of the Banking Industry*. Ph.D. dissertation, University of Georgia, Athens, GA.

The dissertation discusses the strategic reason behind outsourcing information systems. By examining the banking industry in Georgia, it explored two research questions: Do the background of the firm's top management team and the strategic characteristics of the firm affect its choices when outsourcing IS and secondly if there is any relationship between top management's team background, the strategic characteristics of the firm, outsourcing choices and firm's performance. The thesis uses relative strategic positioning of the firm, from literature, and classifies them as prospector, analyzer, defender and reactor. The author admits that the research questions were not fully answered. Some of the other findings from the thesis are: most banks outsource IS to at least to some extent, banks are relatively satisfied with their decision to outsource, and most bankers are not knowledgeable about IS issues. Among other findings, top management with greater amount of IS experience had more staff devoted to IS development and maintenance, and were more aware of the internal IS innovations.

[Hamm 2004]

Hamm, S. (2004). *Is Outsourcing on the Outs?* *Business Week*, (3902), 42.

Not really, but companies are taking a closer look at whether it's worth it. This article deals with how companies are carefully evaluating the benefits and costs of outsourcing. More and more chief information officers are exerting more control over what they outsource, dividing the contracts among vendors according to specialty. Although companies are demanding greater control and transparency, by and large they are continuing with outsourcing.

[Hammock 1999]

Hammock, N. (1999). *Using the CMM for contract requirements and managing outsourcing*. *Cutter IT Journal*, 12(10), 25-28.

The paper describes the outsourcing of software development by BellSouth, a CMM level 1 organization to Symphony Alliance in 1988. The primary reasons for this deal were not only to cut costs but also to achieve more control, flexibility and predictability. The article details how CMM personnel, both at BellSouth and the outsourcer helped in the contract formulation and management of the deal. Using the CMM, the client's personnel helped define 'what' should be done rather than 'how' to do it, giving more flexibility. The parties also had meetings among their CMM personnel to ensure each side had a consistent understanding of the CMM. The paper mentions some of the lessons learned from the deal. Transition was one of the biggest obstacles. Some other recommendations from the paper are: relationship building is very critical for success of such deals; Internal groups should be allowed to review different parts of the contract for better understanding and monitoring.

[Hancock 2001]

Hancock, B. (2001). What happens when your outsourcing company dies. *Computers & Security*, 20(6), 461-465.

This article deals with the case of an IT security outsourcing provider that went bankrupt and the issues that its clients faced. The paper states that initially firms outsourced IT security because they either did not have the security expertise in-house or that doing it in-house was considered too expensive. However the CIOs are now evaluating two alternatives: Outsourcing their security needs to large companies like IBM Global Services or taking care of them in-house.

[Hancox 2000]

Hancox, M., & Hackney, R. (2000). IT outsourcing: frameworks for conceptualizing practice and perception. *Information Systems Journal*, 10(3), 217-237.

The paper discusses IT outsourcing in view of four frameworks- the core competencies, transaction cost economics, agency theory and partnership and discusses their influence on the motives for outsourcing. Both public and private sector firms in UK were studied. The paper finds that focus on core competencies was not an important motive for outsourcing. This may indicate that firms tend to deal with internal rather than external providers but some factors may force managers to change this policy. Transaction cost theory provided motivation in both private and public sectors to outsource. Partnership as a driver for outsourcing was more prevalent in the private sector than public sector.

[Hancox 1999]

Hancox, M., & Hackney, R. (1999). Information technology outsourcing: conceptualizing practice in the public and private sector. *Proceedings of the 32nd Annual Hawaii International Conference on System Sciences*, 1999. Los Alamitos, CA: IEEE Computer Society.

The paper discusses the various aspects of IT outsourcing that are different in public sector and private sector. The paper uses four theoretical approaches (core competencies, transaction cost theory, agency theory, and partnership) to discuss these differences. The paper finds that the public sector organizations have more difficulties to adjust with their vendors. This is due to the profit motives, present with the vendors but not in the public organizations. Also, the public organizations seem to have higher transaction costs when outsourcing activities, probably because of constraints imposed by their accountability to the public. These differences suggest that the frameworks developed to study outsourcing might need to be adapted with respect to the sector in which the organization operates.

[Hannigan 1998]

Hannigan, B. (1998). Assessing the new public management: the case of the National Health Service. *Journal of Nursing Management*, 6(5), 307-312.

The article discusses the emergence and impact of the New Public Management (NPM) in the UK public services. NPM is based on 'managers being free to manage', public sector disaggregation, com-

petition, concern for efficiency and quality, among others. This article is not directly relevant to our work.

[Harmon 2002]

Harmon, P. (2002). *Business Process Change: A Manager's Guide to Improving, Redesigning, and Automating Processes*. San Francisco, CA: Morgan Kaufmann.

The book is based on business process change and its management. The book is divided in seven parts. Part 1 of the book on Process Management deal with major business changes and gives and overview of business process change and the manager's job. Various business process improvement methodologies are discussed and the concept of process architecture is discussed. Part 2 of the books deals with details of modeling the business process, analyzing the activities and part 3 deals with how to manage the business process. Part 4 of the book deals with Process design patterns and the specific ways the process might change. Parts 5 and 6 are mainly targeted towards the IT managers and describe process improvement using ERP systems, and other software related techniques and models. Part 7 includes case studies. The book has some good charts, diagrams and a useful glossary.

[Harry 2000]

Harry, M., & Schroeder, R. (2000). *Six Sigma: The Breakthrough Management Strategy Revolutionizing the World's Top Corporations*. New York: Doubleday.

[Hartmann 2003]

Hartmann, E., Salehi, F., & Vallerien, S. U. (2003). Operational Focus: Sourcing in Process Industries fashionable again? *Chemical Market Reporter*, 264(13), 21-26.

The article states that a tailor-made sourcing strategy can significantly increase the profitability, market share and technological innovation of process companies. In the traditional procurement, the article gives example of the A.T. Kearney's Rapid Sourcing which focuses on identifying, bundling, and leveraging the process synergies hidden in the company and can compress these steps. Companies also benefit when they implement and improve upon the Internet-based tools.

[Hax 1996]

Hax, A. C., & Majluf, N. S. (1996). *The Strategy Concept and Process: A Pragmatic Approach (2nd ed.)*. New Jersey: Prentice Hall.

This book about strategic management, is divided into four sections. The first part- Strategy and Process deals with the definition and concept of strategy and suggests an approach to formalize development of a strategic plan. The second part- Business strategy covers concepts like strategic business units, industry analysis and competitive positioning. Part three deals with Corporate Strategy and various activities linked with Corporate Strategy. Finally the Part four deals with development of strategy for the key functions of the firm: finance, HR, Technology, procurement, manufacturing and marketing.

[Heckman 1999]

Heckman, R. (1999). Managing the IT procurement process. *Information Systems Management*, 16(1), 61-72.

This article presents a process model of IT procurement. The model identifies six major processes in IT procurement activities with each process consisting of a number of sub processes. The processes identified are: Requirements determination. It includes sub processes such as organizing project teams, using cost-benefit or other analytic techniques to justify investments, defining alternatives, assessing relative risks and benefits; Acquisition- evaluating and selecting appropriate suppliers and completing procurement arrangements for the required products and services. It includes identification of sourcing alternatives, generating communications to suppliers, evaluating proposals, and negotiating; Contract fulfillment- managing and coordinating all activities involved in fulfilling contract requirements. It includes expedition of orders, acceptance of products or services, installation of systems, contract administration; Supplier management- optimizing customer-supplier relationships to add value to the business. It includes activities such as development of a supplier portfolio strategy, development of relationship strategies for key suppliers, assessing and influencing supplier performance; Asset management- optimizing the utilization of all IT assets throughout their entire life cycle to meet the needs of the business. It includes activities such as development of asset management strategies and policies; and finally Quality management- assuring continuous improvement in the IT procurement process and in all products and services acquired for IT purposes in an organization. It includes activities such as product testing, statistical process control, acceptance testing, quality reviews.

[Heckman 1999]

Heckman, R. (1999). Organizing and managing supplier relationships in information technology procurement. *International Journal of Information Management*, 19(2), 141-155.

This paper deals with organizing and managing relationships between IT suppliers and clients. The paper is based on sample of 518 large corporations to determine the degree of formalization of IT supplier-management practices and the extent of collaboration between the two parties. The paper determines that most clients manage their supplier relationships in a relatively informal way. Less than one-third of the surveyed companies had a formally defined supplier management process and only 20% assigned full time staff to manage supplier relations. Higher collaborations indicate that clients find value in building relationship with their suppliers. Formalization of the supplier management function also appears to be related to the size of the organization and the number of suppliers it has.

[Hemphill 2004]

Hemphill, T. A. (2004). Global outsourcing: effective functional strategy or deficient corporate governance? *Corporate Governance: International Journal of Business in Society*, 4(4), 62-68.

The paper deals with human resource strategy in outsourcing. It indicates that corporations and industry associations need to develop and implement a human capital strategy, which balances the negative consequences of global outsourcing with corporate citizenship responsibilities to employee and community stakeholders. There is a need to balance the benefits of global outsourcing with the corporate citizenship responsibilities. The approach to a responsible human capital strategy, that directly addresses the threats of global outsourcing to employees, must be developed and embraced by companies and industries. The results of this human capital strategy should be transparently available to the public, and performance measures developed that reflect the reality of the new social contract and corporate citizenship governance model.

[Henderson 1997]

Henderson, M. J. (1997). Ethical Outsourcing in UK Financial Services: Employee Rights. *Business Ethics*, 6(2), 110-124.

The paper discusses some of the factors that may lead to outsourcing services for financial sector companies and that outsourcing may result in unethical behavior towards specific groups of stakeholders. The paper indicates that outsourcing is a greater threat to employees than to customers and shareholders, because of the factors, which lead to outsourcing. Some of the basic rights of the employees, the existence of some of which is debatable according to the paper, and which may be threatened by outsourcing are: the right to employee information, the right to fair play, the right not to be fired, and the right not to be discriminated against.

[Hermann 2000]

Hermann, B. G. (2000). *A decision tool to support strategy selection for software development outsourcing*. Ph.D. dissertation, Arizona State University, Tempe, AZ.

The thesis with the help of a survey identifies the types of outsourcing arrangements, and their applicability to specific projects (which are considered drivers for success determination). Success is defined in terms of organization and project goals. The author then describes a decision support tool to help software development project managers and consultants in making their outsourcing strategy decisions for specific projects.

[Heshmati 2003]

Heshmati, A. (2003). Productivity Growth, Efficiency and Outsourcing in Manufacturing and Service Industries. *Journal of Economic Surveys*, 17(1), 79-112.

The paper discusses relationship between outsourcing, efficiency and productivity growth in manufacturing and services. It uses the concept of partial and total factor productivity growth and the econometric approach to efficiency analysis. Not directly relevant to our work.

[Hignite 2004]

Hignite, K. B. (2004). *Outsourcing as Strategy. Association Management, 56(6), 36-41, 75.*

The article states that most aspects of planning in outsourcing must be considered before interacting with the service provider. Some of these are: exploring strategy and implications and analyzing current and future costs and performance. The article also mentions reasons for outsourcing: improving focus, reducing or controlling costs, gaining access to better talent or technology and freeing internal resources for other purposes. Firms also need to consider the implications for the workforce while outsourcing with regards to cost-effectiveness the organization's core competencies, and the expected outcomes. Vendor management and monitoring should also be an on-going activity for the relationship to succeed.

[Hira 2004]

Hira, R. (2004). *Offshore Outsourcing and Engineering Employment: Impacts and Policy Dialogues. Presentation made at IEEE/ASME meeting, Pittsburgh, PA: IEEE Pittsburgh Chapter.*

This presentation deals with the impact of offshoring on engineering employment. It gives some reasons for offshoring, with cost/salary being a prominent one. Also mentions that it is not only low-level work, which is moving offshore. Some of the positive impacts of offshoring are: Improving economic development because of lower costs, and opening new markets. It also mentions some positive impacts for developing countries. The risk for US engineers is much higher and that they should view themselves as consultants. Also that career management is much more important and they should find ways to re-invent themselves and search for skills that are not easy to compartmentalize.

[Hirschheim 2004]

Hirschheim, R., George, B., & Wong, S. F. (2004). *Indian Journal of Economics and Business, Special issue of offshore outsourcing, 2004, 103-123.*

The paper discusses the evolution and growth of IT outsourcing with special emphasis on offshoring. The paper mentions that both the clients and the service providers see benefits in outsourcing. Clients view IT as a non-core function and a cost center. Service providers prefer outsourcing arrangements as they provide long-term revenue stream. The paper also identifies some of the challenges on offshoring, such as the cultural differences, distance, infrastructure, security issues etc. The paper concludes that IT has enabled the outsourcing industry to become profitable.

[Hirschheim 2003]

Hirschheim, R., Porra, J., & Parks, M.S. (2003). *The Evolution of the Corporate IT Function and the Role of the CIO at Texaco - How do Perceptions of IT's Performance Get Formed? Database for Advances in Information Systems, 34(4), 8-27.*

The paper looks at the growth and evolution of the corporate IT department at Texaco. The IT department was perceived by much of senior management as an overhead that was costly and ineffective.

The paper indicates that those top management perceptions may be the only consequential measure of IT in many firms even today. The problem for the CIO and the IT organization continues to be that top management negative perceptions form in spite of any factual information provided to them. The perception of IT leaders and IT functions is a separate phenomenon and it must be addressed independently of any actual performance of IT leaders, their organizations and actual value of the systems they help create.

[Hirschheim 2002]

Hirschheim, R. A., Heinzl, A., & Dibbern, J. (2002). *Information systems outsourcing: enduring themes, emergent patterns, and future directions*. Berlin: Springer-Verlag.

This book includes research papers in IS outsourcing from various authors. These research papers have been presented in five major sections, which represent the outsourcing lifecycle and the challenges in IT enabled outsourcing. The first section includes papers that research why an organization might selectively or totally outsource its IS functions and the situations under which an organization decides to outsource. The papers in section on 'Arranging and Managing outsourcing Relationships' discusses the risks in outsourcing arrangements and how to mitigate and manage these risks. A paper by Elitzur and Wensley applies the concept of game theory to outsourcing and how to incentivise the other party to perform. The next sections deals with outcomes of the outsourcing arrangement. Paper from Marcolin concludes that the business objectives and flexibility in interpreting the contract are very important in success of a relationship. The paper from Saaksjarvi focuses on the alignment between business objectives and IS outsourcing and he tests a model on the impact of IS outsourcing on organizational effectiveness. Paper by Hirschheim and Lacity mentions that users, IS managers and senior executives may have different expectations towards the IS function, which may influence their perception of the IS outsourcing performance. In the next section on 'Integration, Transaction and Recruitment Platforms' Duncan's paper focuses on two strategies of corporate information integration- the ERP and web based technologies. The final section on 'Application Service Providing' includes papers dealing with the ASP model of outsourcing.

[Hirschheim 2000]

Hirschheim, R., & Lacity, M. (2000). The myths and realities of information technology insourcing. *Communications of the ACM*, 43(2), 99-107.

The article, based on a study of 14 cases states that insourcing is not an option, typically considered by the firms. The article mentions that there are 4 alternative approaches to insourcing: Senior executives enable internal IT managers to cut costs, as the internal IT group is invited to bid against external suppliers and may win. Insourcing may also result if IT managers terminate failing outsourcing contracts. Another reason could be that the IT managers defend

insourcing, even if there is no cost saving. Insourcing could also result if senior executives confirm the value of IT.

[Hirschheim 1998]

Hirschheim, R., & Lacity, M. (1998). Reducing information systems costs through insourcing: experiences from the field. *Proceedings of the Thirty-First Hawaii International Conference on System Sciences* (pp. 644-53 vol.6). Los Alamitos, CA, USA: IEEE Computer Society.

The article is based on 14 case studies about insourcing. The paper states that even if firms choose insourcing the definition of insourcing success is complex. The perception of success is related not solely to financial outcomes, but rather to the values and beliefs of different stakeholder groups, including senior management, business unit managers and users, and IS managers. Also that senior management's perception of success is primarily based on IS' cost-competitiveness relative to the market, rather than service excellence.

[Ho 2003]

Ho, V. T. A. S., & Straub, D. (2003). When subordinates become IT contractors: Persistent managerial expectations in IT outsourcing. *Information Systems Research*, 14(1), 66-86.

The paper deals with changes in expectations in IT outsourcing, when the relationship between supervisor and subordinate changes to one of client-manager and contractor. It is based on data collected from 147 members of a client organization. One of the major finding is that client-managers found it both difficult and awkward to manage former subordinates as external contractors. Many continued to relate to their former subordinates as if they were still subordinates and continued to expect the same level and quality of support and service. Overall the paper finds that role overload, the presence of strong ties between manager and contractor, and lack of prior outsourcing experience increased the persistence of managerial expectations. In turn, persistence of expectations had a distinct influence on managerial perceptions of contractor performance.

[Hoffman 2004a]

Hoffman, T. (2004). Personnel, Contract issues complicate BPO initiatives. *Computerworld*, 38(17), 14.

This article states that early adopters of BPO have been able to save money and improve productivity by handing off control of departments such as human resources and finance. However establishing reasonable BPO performance metrics continues to be a problem for users and vendors.

[Hoffman 2004b]

Hoffman, T. (2004) Top Companies Spend Less on IT, More On Outsourcing [Web Page]. Accessed 2004, July 15. Available at: http://www.computerworld.com/managementtopics/outsourcing/story/0,10801,93786,00.html?from=story_kc.

This article discusses a benchmark study of 200 customer benchmarks done by The Hackett Group. Some of the highlights of the study include: Top-rated IT operations on average spend 18% less per

end user on technology and operate with 36% fewer staffers than average companies; Best-in-class companies allot 23% more of their IT spending to outsourcing and spend 60% more than other companies to outsource IT infrastructure activities such as data center management but they spend 34% less to outsource application development and maintenance work.

[Holz 1998]

Holz, H., Goldman, S., & Maurer, F. (1998). Working Group Report on Coordinating Distributed Software Development Projects. WET ICE '98 Workshop on Coordinating Distributed Software Development Projects.

This paper summarizes the work presented at the WET ICE '98 workshop on "Coordinating Distributed Software Development Projects. It states that distributed software development and virtual software companies cause additional difficulties and challenges. One reason for this is the additional communicational (both human and technical) complexity caused by global distribution of a development project. If a project is distributed over different companies or countries, organizational cultures diverge, thereby causing misunderstandings, and necessitating a process support that allows for different process structures, as well as for different control strategies. The paper states that different modes of communication are necessary in a globally distributed process. The issue of interoperability should be addressed at several levels- tools, people and culture. This workshop mainly addressed technical problems.

[Hood 2003]

Hood, J., & Stein, W. (2003). Outsourcing of Insurance Claims: A U.K. Case Study. Geneva Papers on Risk and Insurance - Issues and Practice, 28(3), 510-520.

The paper discusses outsourcing in insurance claims area. Using a UK case study it states that many organizations bring the claims department in-house, although it could not find a trend. The paper states that firms tend to see claims function as a key differentiator, and feel that bringing it in-house is essential. The paper finds that firms are beginning to augment in-house staff in terms of number and expertise in order to insource the claims function.

[Hui 2001]

Hui, P. P., & Beath, C. M. (2001). The IT Sourcing Process: A Framework for Research. Working Paper, University of Texas, Austin.

The paper discusses a framework for IT sourcing with a special emphasis on the following: separation of negotiation and contract execution phases from the contract outcomes, and by considering the supplier side of the market too, in the framework. The framework itself consists of processes, which are identified as decision-making, negotiation, contract management and contract execution processes. There are two constructs in the framework- contracts and outcomes and two environmental contexts- the buyer's context and the seller's context. In the context of buyer and seller, four major elements are identified- the organization's capabilities, the IT sourcing

markets in which the firms interact, the institutional forces on each firm and each firm's prior or existing commitments. All these elements influence both buyer's and seller's expectations of risk, costs and benefits of outsourcing.

[Humphreys 1998]

Humphreys, P., Mclvor, R., & McAleer, E. (1998). The purchasing function as a professional service firm: implications for training and development. *Journal of European Industrial Training*, 22(1), 3-11.

The paper discusses procurement and states that it has now become a strategic activity for a number of firms. The skills and competencies required by professionals in this field have also undergone a change. The article uses the case of a multinational aerospace company and applies the Maister's Professional Service Firm model to outline the changing roles and responsibilities of the procurement function and to identify potential areas for training and development. With reference to the firm in case study, the article concludes that the quality of staff attracted to the purchasing function needs to be improved specially those with a technical competence.

[Hunton 1999]

Hunton, S., Reck, J., & Hayes, D. (1999). The market's reaction to information systems outsourcing announcements. In W. D. Haseman & D. L. Nazareth (Eds.), *Proceedings of the Fifth Americas Conference on Information Systems (AMCIS 1999)*. Atlanta, GA, USA : Association of Information Systems.

The paper tests the hypothesis that there is a positive association between the increased market value of the firm and the firm's announcement that it will outsource a part or all of its information system. The results of the tests support the hypothesis. The article also mentions that the returns are greater for smaller firms than larger firms, as defined by the firm's market value per share.

[Hurley 2001]

Hurley, M. (2001). IT outsourcing - managing the key asset. *Information Management & Computer Security*, 9(5), 243-249.

The paper stresses the importance of personnel in an outsourcing arrangement. It states that the key people who will manage the technology and processes are very important for the vendor. Likewise it is also important for the client to keep the qualified people in-house. In order to retain the best employees the article mentions that most factors that can influence a person to stay or leave are under the direct control of that person or immediate manager. Some reasons of employees leaving the mentioned as: lack of motivation; levels of management support or feedback and insufficient reward for effort. The article concludes that is for a majority of skilled professionals, the loyalty is to their team not particular employer, and that professional affiliation is a strong factor in retention.

[Hurley 1997]

Hurley, M., & Schaumann, F. (1997). KPMG survey: the IT outsourcing decision. *Information Management & Computer Security*, 5(4), 126-132.

This survey presents the results of KPMG's survey on the current IT outsourcing practices in Australia. According to the article More than three in four IT firms in Australia are considering IT outsourcing. Most of the functions that were being outsourced are: training of users; Procurement; Support; Asset management; LAN management. The paper also mentions that the following should not be outsourced: Business/strategic planning; Justification of projects; Effective use of the technology; Benefits capture; Line-of-business application support; Ownership of company's technology strategy. It advocates the following 3 principles for ensuring successful relationship with providers: The customer is responsible for exploiting the service to generate value for the business; The supplier is responsible for delivering the service demanded in accordance with the framework of contracts, standards etc; The IT steward is responsible for creating and maintaining the frameworks within which services are delivered and exploited - that is strategies, contracts, service levels etc.

[Hyder 2003]

Hyder, E. B., Kumar, B., Mahendra, V., Siegel, J., Heston, K. M., Gupta, R., Mahaboob, H., & Subramanian, P. (2003). *eSourcing Capability Model (eSCM) for IT-enabled Service Providers v1.1*. Tech. Rpt. CMU-CS-02-155. Pittsburgh, PA: Carnegie Mellon University.

Organizations are increasingly delegating their information technology (IT) intensive business activities to external service providers, taking advantage of the rapid evolution of the global telecommunications infrastructure. The business processes being outsourced range from routine and non-critical tasks, which are resource intensive and operational, to strategic processes that directly impact revenues. IT-enabled sourcing services include IT-intensive business processes, projects, and tasks that use information technology as an enabler for designing services, coordinating service deployment, and delivering services. Managing and meeting client expectations is a major challenge in IT-enabled sourcing services and examples of failure abound. Failures typically happen throughout the sourcing process, i.e., during requirements specification, contract execution or service completion. The eSourcing Capability Model (eSCM) contains a set of 93 best practices that address the entire sourcing process, and seek to aid IT-enabled sourcing service providers in forming, managing and improving outsourcing relationships. Each practice in the eSCM is associated with a capability level. The five capability levels in the escm describe an improvement path that progresses from a limited level of capability to deliver a service that meets a client's particular requirements up to the highest level of enhancing value through continuous innovation.

[Hyder 2004a]

Hyder, E. B., Heston, K. M., & Paulk, M. C. (2004). *The eSourcing Capability Model for Service Providers (eSCM-SP) V2, Part 1 - The eSCM-SP-v2: Model Overview*. Pittsburgh, PA: IT Services Qualification Center, School of Computer Science, Carnegie Mellon University.

[Hyder 2004b]

Hyder, E. B., Heston, K. M., & Paulk, M. C. (2004). *The eSourcing Capability Model for Service Providers (eSCM-SP) V2, Part 2 - The eSCM-SP-v2: Practice Details*. Pittsburgh, PA: IT Services Qualification Center, School of Computer Science, Carnegie Mellon University.

The eSourcing Capability Model for Service Providers (eSCM-SP) is a “best practices” capability model developed to give IT-enabled sourcing service providers guidance toward improving their capability across the sourcing life-cycle. This helps service providers differentiate themselves from competitors. Additionally, it provides clients with an objective means of evaluating service providers’ capabilities. It is comprised of 84 Practices that address the critical capabilities needed by IT-enabled sourcing service providers. This document contains the details of the 84 eSCM-SP Practices. Each Practice is arranged along three dimensions: Sourcing Life-cycle, Capability Area, and Capability Level. The Sourcing Life-cycle is divided into Initiation, Delivery, and Completion, plus Ongoing, which spans the entire life-cycle. The ten Capability Areas are logical groupings of Practices that help users to remember and intellectually manage the content of the Model. The five Levels, numbered 1 through 5, describe an improvement path that progresses from a limited capability to deliver a service that meets a client’s particular requirements up to the highest level of sustaining excellence over time.

[Hyman 2003]

Hyman, M. A., & Shah, R. S. (2003). *The new future state outsourcing model: Build/ operate/ transfer. Preparing for this model. Housing Finance International, 18(2), 11, 4 pgs.*

The article talks about how lending organizations have considered functional business process outsourcing (BPO) as a means to lower costs and gain from another company’s efficiencies, scale, infrastructure investment, and focus. The organization must first define a Define the Future Organizational Model, a governance model and an operational model for successful outsourcing. The client must also consider the fundamental principles: The partnership must meet the strategic thrust of the organization. Also the organization must be clear on what creates value and which elements are commoditized in the business system, to be able to allocate investment dollars and construct a meaningful disaggregated arrangement. Relationships with partners must not be based on vanilla service level agreements constructed by the procurement function or lifted from previous experience - it is essential to focus on and measure attributes of service quality, and performance that lead to tangible top-line growth. Finally it is critical to ensure that both partners inject the quality of

management talent required to run such large complex relationships.

[IBM 2002]

IBM Global Services. (2002). *Riding the offshoring wave: best practices of leaders in offshoring*. IBM.

The paper deals with the increasing interest in offshoring and states that firms are now continually assessing the processes to move offshore, where to move them and the implications for future demand and supply of offshore labor. The paper indicates that customer service and F&A, IT and manufacturing are using high levels of offshoring. Some of the hurdles identified for offshoring were: Senior management commitment; Knowledge transfer; and project/vendor management. Cost savings, access to skilled resources, improved quality and reduction in cycle time were some of the reasons identified for going offshore. The paper also describes some offshoring risks and their mitigation strategies. Some of the best practices for offshoring outlined are: Secure commitment from senior management at the outset; Establish a Program Management Office (PMO); Manage risk; Manage change; Track and communicate the benefits of offshoring initiatives; Invest in training and development.

[IBM 2001]

IBM Global Services. (2001). *Strategic IT outsourcing: Partnering for business transformation*. IBM Global Services.

The paper suggests that for successful strategic IT outsourcing partnerships, clients should collaborate with service providers, and base their partner selection criteria on lasting differentiating factors. According to the paper the reasons many outsourcing relationships fail are because either the initial approach to outsourcing is tactical rather than strategic; or the scope of work is poorly or vaguely defined; or the management of the contract is adversarial rather than cooperative. The clients should avoid static relationships at all costs and establish trust with the service provider. The service provider should be able to demonstrate innovation in its processes and procedures. The paper stresses that communication is one of the most critical aspects of successful relationship management.

[IDC 2005]

IDC. (2005). *IDC predictions 2005 (E-Newsletter)*. IDC.

The report forecasts trends in the IT and related industries for 2005. It mentions that for business users, operating efficiencies will be crucial and for the consumer segment convergence, consolidation and realignment will be major market shifts. It also mentions that the IT growth and opportunities will be uneven for 2005 and major markets will grow only slowly.

- [IEEE-STD-610 1990] IEEE. (1990). *IEEE Standard Computer Dictionary: A Compilation of IEEE Standard Computer Glossaries (IEEE STD-610-1990)*. New York, The Institute of Electrical and Electronics Engineers.
- [IIA 2005] The Institute of Internal Auditors. (2005). *Global Technology Auditing Guide 1: Information Technology Controls*. Altamonte Springs, FL: The Institute of Internal Auditors.
- [Iivari 2004] Iivari, J., Hirschheim, R., & Klein, H. K. (2004). Towards a distinctive body of knowledge for Information Systems experts: coding ISD process knowledge in two IS journals. *Information Systems Journal*, 14(4), 313-342.
- The paper discusses building a cumulative IS Body of Knowledge to promote practical relevance of IS research.
- [IMPACT 1995] KPMG IMPACT Programme, & Outsourcing Working Group. (1995). *Best practice guidelines for outsourcing*. KPMG IMPACT Programme. London: HMSO.
- The book describes 44 best practices for outsourcing. The practices/guidelines are categorized in 4 different sections, which are management, human resources, service/business and communication/understanding. Examples of some practices are: Retain in-house control over strategic direction, use a primary contractor (management); promote a continuing bond between supplier staff and end user, regularly review in-house staff skills and numbers (human resources); ensure realistic SLAs and don't expect them to remain static, continue to benchmark the service and consider alternative approaches (service/business issues); clearly define scope and the interface of what is outsourced, define clear escalation procedures (communication/ understanding). The book also identifies the key skills needed by the client and the supplier contract managers and a separate chapter describes some important elements of the SLAs. The book is not comprehensive in its coverage of all phases out outsourcing.
- [IndyMac 2003] IndyMac Bank. (2003). *Terminating an outsourcing relationship. Sourcing Interest Group Conference, May 2003*. Bell Canyon, CA: SIG.
- This presentation deals with the termination phase of an outsourcing agreement and gives some useful suggestions to the clients as well as service providers for transition and termination. During the transition the client should ensure stability of personnel, operations; ensure that there is a point of contact at supplier; there should be clarity regarding the scope of transition services; an ability to hire the key supplier personnel; ability to control and extend transition schedule; access to former systems after transition and access to retained records after transition. Many outsourcing agreements have inadequate termination rights, the return of data is tied to conditions and there is no protection if the supplier is in financial distress and doesn't perform transition obligations.

[IPD 1998]

Institute of Personnel and Development. (1998). *The IPD guide on outsourcing*. London: Institute of Personnel and Development (IPD).

The book describes strategic and operational personnel issues in outsourcing and provides limited information on various phases of outsourcing. The main focus of the book is the personnel issues involved in managing the transition from an in-house to an external provider and not the long-term management of contracted out service. Outsourcing in personnel field is growing beyond traditional functions like training to include functions like health and safety monitoring, employee counseling and welfare, payroll management, legal advisory services. Among the personnel functions to outsource, the book mentions that the following should be retained in-house: Personnel and development functions which have a strategic input to organizational development, and those areas of personnel and development which are highly unpredictable as to their incidence but which need immediate attention when they arise. The book gives guidance on selection of a service provider and on handling the legal issues, and other people management issues while transitioning.

[ISACA 2000]

Information Systems Audit and Control Foundation. (2000). *Control Objectives for Information and related Technology (COBIT), 3rd Edition*. Rolling Meadows, IL: ISACA.

The Framework explains how IT processes deliver the information that the business needs to achieve its objectives. This delivery is controlled through 34 high-level control objectives, one for each IT process, contained in the four domains. The Framework identifies which of the seven information criteria (effectiveness, efficiency, confidentiality, integrity, availability, compliance and reliability), as well as which IT resources (people, applications, technology, facilities and data) are important for the IT processes to fully support the business objective.

[ISO 2000]

ISO 9001-1:2000. (2002). *Quality Management Systems—Requirements*. International Organization for Standardization,

ISO 9001 specifies the requirements for a quality management system (QMS) that can be used for internal use, certification or contractual purposes. It focuses on the effectiveness of QMS and is applicable to any type of organization. ISO 9001:2000 adopts a process approach, which emphasizes measuring process performance and effectiveness, and continuously improving the processes based on objective measurement. The requirements are stated in form of clauses. There are 51 clauses divided into five major sections: Quality management system; Management responsibility; Resource management; Product realization; Measurement, analysis and improvement. The requirements are often at high level and ISO provides separate guidance document to help interpret the standard for specific sectors.

- [ISO 15939 2002] **ISO 15939:2002. (2002). *Software engineering—Software measurement process*. International Organization for Standardization.**
- [ISO17799 2000] **ISO 17799:2000. (2000). *Information Technology—Code of Practice for Information Security Management*. International Organization for Standardization and International Electrotechnical Commission.**
- [ITAA 2003] **Information Technology Association of America. (2003). *Adding Value...Growing Careers. The Employment Outlook in Today's Increasingly Competitive IT Job Market*. Arlington, VA: Information Technology Association of America.**
- This report is based on the annual workforce survey conducted by the Information technology Association of America (ITAA). Some of the major findings of the survey are: While the overall size of the IT workforce grew between 2003 and 2004, the West lost IT employment and Northeast added IT jobs; Programmers represent the largest group of IT workers; Demand for IT workers continued to drop in 2004; Technical support, network systems development and programming are expected to lead the future demand; and good overall compensation package is a good employee retention strategy.
- [ITANZ 2003] **Information Technology Association of New Zealand. (2003). *Outsourcing Guidelines*. Wellington, NZ: ITANZ.**
- This paper gives guidelines on information technology outsourcing services. The principles it mentions are divided in various sections. The first section deals with the business objectives for outsourcing. The paper then gets into each of the following components of a contract: Service specification, Service levels; Assigning roles and responsibilities; Transition period and acceptance; Pricing and related terms; Management of the contract; and handling other issues specific to the contract. The paper does not deal with contract termination and the decision process associated with that phase. The paper also lists a checklist, which can be used for outsourcing contracts.
- [ITGI 2005] **IT Governance Institute. (2005). *IT Governance Domains Practices and Competencies: Governance of Outsourcing*. Rolling Meadows, IL: IT Governance Institute.**
- [ITGI 2005a] **IT Governance Institute. (2005). *IT Governance Domains Practices and Competencies: Optimizing Value Creation From IT Investments*. Rolling Meadows, IL: IT Governance Institute.**
- [ITGI 2004] **IT Governance Institute. (2004) *IT Control Objectives for Sarbanes Oxley*. Rolling Meadows, IL: IT Governance Institute .**
- The document provides new guidance on information technology (IT) and financial control building on an IT control approach that aligns with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Control Objectives for Information and related Technology (COBIT) IT governance framework. The publi-

cation seeks to offer support on the following: Assessing the current state of the IT control environment; Designing controls necessary to meet the directives of Sarbanes-Oxley section 404 and finally Closing the gap between the above two.

- [ITGI 2003] IT Governance Institute. (2003). *Board Briefing on IT Governance, 2nd Edition*. Rolling Meadows, IL: IT Governance Institute. http://www.isaca.org/Content/ContentGroups/ITGI3/Resources1/Board_Briefing_on_IT_Governance/26904_Board_Briefing_final.pdf
- [ITIL] IT Infrastructure Library (ITIL). <http://www.ogc.gov.uk/index.asp?id=2261>.
- [ITIL 2003] Office of Government Commerce. (2003). *ITIL Glossaries/Acronyms*. United Kingdom: Office of Government Commerce. <http://www.get-best-practice.co.uk/glossary.aspx?product=ictinfrastructurelibrary>
- [ITSqc 2005] IT Services Qualification Center. (2005). *IT Services Qualification Center (ITSqc) Code of Professional Practice, Version 1.4*. Pittsburgh, PA: IT Services Qualification Center, Carnegie Mellon University.
- [Jackson 2003] Jackson, S. E., DeNisi, A., & Hitt, M. (2003). *Managing Knowledge for Sustained Competitive Advantage: Designing Strategies for Effective Human Resource Management*. San Francisco, CA: Pfeiffer.
- This book deals with knowledge management and is divided in different parts. In the first part the book describes different types of knowledge and how knowledge relates to innovation and learning. Second section of the book deals with strategies and organizational structures and designs that help in knowledge acquisition on and development. The third section deals with recruitment and selection of individuals in knowledge based firms and the types of employment contracts that can be used to attract them. Part four discusses how continuous knowledge acquisition and innovation is promoted among individuals and teams.
- [Janse van Rensburg 2002] Janse van Rensburg, C. (2002). *Outsourcing: the catalyst for change in organisations*. Unpublished doctoral dissertation, Rand Afrikaans University, Johannesburg, South Africa.
- [Jasper 2004] Jasper, J. (2004) Four Keys to Successful Outsourcing [Web Page]. Accessed 2004, July 15. Available at: <http://www.computerworld.com/managementtopics/outsourcing/story/0,10801,93475,00.html>.
- The four keys of successful outsourcing identified in this article are: Keep the value close to the customers- Personal interaction is critical to the success of any outsourcing arrangement, for success in this endeavor the outsourcers must understand the client and its business; Invest in global markets- In the long run, companies must invest in the global markets they plan to penetrate; Relationships are very important; and service quality is crucial- customers must see a united company through any type of interaction. Despite differences

in local customs or culture, every individual in the enterprise must understand the company's core value and deliver it.

[Jayatilaka 2001]

Jayatilaka, B. (2001). *Information systems outsourcing transitions and antecedents*. Unpublished doctoral dissertation, University of Houston, Houston, TX.

[Jayatilaka 2002]

Jayatilaka, B., Schwarz, A., & Hirschheim, R. (2002). *Determinants of ASP choice: an integrated perspective*. *Proceedings of the 35th Annual Hawaii International Conference on System Sciences*. Los Alamitos, CA: IEEE Computer Society.

The paper describes a framework for outsourcing the IS operations to an ASP and states that factors other than cost could be important. It uses the knowledge based view of the firm together with the resourced based perspective, a resource dependence perspective and the transaction cost perspective to explain the ASP selection. From a knowledge based perspective it states that an organization should consider the knowledge needed for a specific application, including availability and location of qualified and knowledgeable IT professions; the size and complexity of the application and the compatibility of the application with existing infrastructure; and the risks associated with the use of an ASP.

[Jenkins 2002]

Jenkins, M. A. (2002). *What partnership qualities lead to outsourcing success?* Unpublished doctoral dissertation, The University of Alabama, Tuscaloosa, AL.

The thesis deals with outsourcing success and analyses the partnership qualities that lead to outsourcing success. It focused on communication squadrons in the US Air Force. The thesis determined that participation and coordination are the strongest determinants of partnership quality. Cultural similarity and number of years with the service provider are not strongly correlated with partnership quality. The thesis also finds that there is a relationship between partnership quality and outsourcing success and that trust and commitment parts of the partnership quality have the strongest relationship with outsourcing success.

[Jennings 2002]

Jennings, D. (2002). *Strategic Sourcing: Benefits, problems and contextual models*. *Management Decision*, 40(1), 26-34.

The paper discusses benefits and issues, which should be considered while outsourcing. Some of these are mentioned as cost reduction, access to superior quality, flexibility, focus and diversification, loss of critical skills, the external competitive environment, firm's capability, the technology, and supply environment. It discusses each of these issues and points out that firms should not take the decision without detailed analysis. For example it cites firms like Harley Davidson, that have reduced cost by reinstating in-house supply, and how the use of external suppliers can reduce the opportunities to achieve product differentiation. The paper concludes that outsourcing deci-

sion requires strategically analyzing a number of factors for their long-term implications.

[Jenster 1999]

Jenster, P. V., & Pederson, H. S. (1999). Deal Maker or Deal Breaker: Human Resources Issues in Successful Outsourcing Projects. *Strategic Change*, 8(5), 263-268.

The paper deals with HR issues in outsourcing and recommends some strategies for the service provider to successfully transition the rebatched employees. It states that the provider should be able to successfully define and operationalize the client's criteria of satisfaction from transition of its former employees and that the provider should develop a methodology for managing the HR. The article describes 4 phases to help service provider transition the employees. These are: Preparation and consulting with the client; Communication; Recruitment; and introduction and development. Some of the critical success factors identified in transferring the employees are: Involvement of HR managers from the beginning; Need of thorough preparation of transfer groundwork; Involving employees as early as possible; Emphasizing personal development; Clearly delineating training and development plans.

[Jiang 2004]

Jiang, B. (2004). *Empirical evidence of outsourcing effects on firm's performance and value in short-term*. Unpublished doctoral dissertation, The University of Texas at Arlington.

[Johnson 2001]

Johnson, C. L. (2001). *Operational managers handbook to information technology outsourcing*. Unpublished doctoral dissertation, Rochester Institute of Technology, Rochester, NY.

The thesis gives a sequence of steps with guidelines and checklists, for a successful IT outsourcing initiative. It divides the outsourcing in the following phases: Motivation- which includes the financial, operational, and business motivations, along with the consideration of the advantages and disadvantages of outsourcing; Planning- which describes the infrastructure and readiness activities required for successful outsourcing; Contact development and negotiation- deals with the staffing issues, The Request for Information, Request for Proposals and negotiating and contracting with the service provider; Implementation, management and monitoring- deals with implementation, transition and management of contract and related activities.

[Johnstone 2002]

Johnstone, D. (2002). Public Sector Outsourcing as an Exchange Option. *Abacus*, 38(2), 153-176(24).

The article deals with the cost comparison, which many government agencies make, of the in-house IT operations and the external bids, when they are deciding to outsource. The article mentions that the cost comparison methodology has some flaws, as it doesn't consider the financial value of the option to contract out. This option provides a hedge against uncertainty and becomes more valuable if the

uncertainty increases. The paper then describes option evaluation using the expected present value (EPV) and binomial valuation of exchange options and how it relates to outsourcing.

[Jones 2000]

Jones, O. (2000). Innovation management as a post-modern phenomenon: The outsourcing of pharmaceutical R&D. *British Journal of Management*, 11(4), 341-356.

The article describes the trend in the pharmaceutical industry's R&D with a focus on Britain and states that it is being increasingly outsourced. It uses government statistics to demonstrate that external R&D increased from 5% to 16% of internal R&D expenditure between 1989 and 1995. This trend is examined in the context of consolidation within the UK pharmaceutical industry, which has considerable implications for the sustainability of high-technology industry in the UK. The article concludes that the trend is for managers to view R&D as a 'make or buy' decision' rather than as a core activity and that UK and US companies are likely to suffer from a contraction of pharmaceutical industry.

[Jurison 2004]

Jurison, J. (2004). The Expert Opinion. *Journal of Global Information Technology Management*, 7(3), 64-67.

The article discusses an interview with Brian Smith, Senior Advisor, TPI, on outsourcing and offshoring. IT outsourcing is claimed to be a mature market, especially in the financial services, where most clients have been outsourcing for more than 15 years. He also discusses the factors to be considered in global outsourcing and managing the risks involved. Four competency areas for successful outsourcing are also discussed. These are performance management, financial management, relationship management and contract administration.

[Kakabadse 2005]

Kakabadse, A., & Kakabadse, N. (2005). Outsourcing: Current and Future Trends. *Thunderbird International Business Review*, 47(2), 183-204.

The article discusses the reasons for outsourcing, the functions and activities being outsourced, the nature of sourcing arrangements and impact of outsourcing on employees. Based on a survey, the paper states that cost control, desire to achieve best practices, focus on core competence and access to new technologies are some reasons for outsourcing. Some of the business processes and functions that are being outsourced include HR, IT services, telecommunications etc. Among the sourcing arrangements, firms like to deal with a preferred supplier, the most, but other sourcing arrangements like single contract, performance based contract and strategic alliances are also in vogue. Some of the implications for employees are transferring to suppliers, redeployment, and redundancies. The article concludes that in future, firms may prefer relationships with key, trusted suppliers and may also use performance-based contracts.

[Kakabadse 2003]

Kakabadse, A., & Kakabadse N. (2003). Outsourcing Best Practice: Transformational and Transactional considerations. *Knowledge and Process Management*, 10(1), 60-71.

The paper identifies five core strategic capabilities for effective outsourcing. These are: Being outsource ready, Applying integrative skills, Effectively managing transactional arrangements; Managing supplier relations; and enhancing staff motivation and performance. The paper also discusses important elements for each of these capabilities. For example, some of the elements for outsourcing readiness are mentioned as: recognizing risk management capabilities; getting agreement at senior levels; giving consideration for resource requirements. For the integrative skills capability it mentions reorganizing the new staff and management work, applying quality controls. Selection of service providers, contracting and resource transitioning are mentioned as key elements of managing the transactional arrangement. The article concludes that to gain competitive advantage through outsourcing clients need to pay attention to both the transformational and transactional issues.

[Kakabadse 2002]

Kakabadse, A., & Kakabadse, N. (2002). *Smart Sourcing: International Best Practice*. New York, NY: Palgrave MacMillan.

According the authors, smart sourcing requires both the transformational capabilities for positioning the organization to attain the competitive advantage and the transactional skills for managing the outsourcing arrangements. The emphasis of the book is on preparing the organization to manage variety of contractual relationships so as to increase its effectiveness. The book is divided into 6 chapters. Chapter 1 has details of the survey the authors carried out and which has been used in the book. Chapter 2 outlines current trends in outsourcing thinking and the practice. Chapter 3 examines the outsourcing best practices. According to the chapter, the firms that stand out in the survey have a lot to do with the quality of the top leadership and emphasis on the customer care and customer satisfaction. Chapter 4 deals with future trends, and how greater emphasis is likely to be given to managing the relationships. Chapter 5 explores the outsourcing in public services. The last chapter, Chapter 6, discusses the Application Service Providers (ASPs), as the newest entrants to the outsourcing arena.

[Karmarkar 2004]

Karmarkar, U. (2004). Will You Survive the Services Revolution? *Harvard Business Review*, 82(6), 100-108.

The article deals with the current changes in the service sector and states that in order to survive and prosper in this changing environment the firms will need to focus on customer preferences, quality and technological interfaces. The main driver for this change is technology, the article repeatedly points out. Some of the suggestions the author has are: The firms must understand customer behavior and develop specific services for niche customers; Customers are

likely to purchase from firms that offer end to end service; Customer will expect anywhere, anytime access to information. The firms must realign their business strategy, redesign their business processes and restructure the organization to meet these customer needs.

[Kauffmann 1999]

Kauffmann, M. (1999). IT-outsourcing: success factors of the account management. *IM Information Management*, 14(1), 83-8.

(In German). From summary: The article surveys the relevant critical success factors during the implementation of outsourcing-services and analyses organizational structures and tasks of an account and discusses a basic system for a value-generating business-solution.

[Keane 2003]

Keane Inc. (2003). Leveraging outsourcing to support changing business conditions. *Sourcing Interest Group Conference, May 2003; Huntington Beach, CA. Bell Canyon, CA: SIG; 2003 May.*

This presentation deals with the decision process in outsourcing and discusses the case of Allmerica and Keane outsourcing arrangement. The four steps it advocates in the decision process are: Recognizing the business drivers (like fluctuating IT spending, variable staffing model); Approaching the outsourcing strategically (it is important to develop a staffing strategy with internal staff for core projects and outsourced staff for non-core projects); Defining core competencies; and understanding organizational implications (staffing impact, management buy-in, perceived loss of control). While choosing a provider, it recommends that the provider should be willing to be a strategic business partner and its values and culture should align with that of the client's. Among the lessons learned, it mentions agreeing on expectations in the beginning, having the right management and staff on both sides and not underestimating the cultural impact.

[Kearney 2004]

A.T. Kearney. (2004). *Success through Shared Services: From Back-Office Functions to Strategic Drivers*. Chicago, IL: A.T. Kearney.

[Kern 2001]

Kern, T., & Kreijger, J. (2001). An Exploration of the Application Service Provision Outsourcing Option. *Proceedings of the 34th Hawaii International Conference on System Sciences - 2001; Maui, HI. Los Alamitos, CA: IEEE Computer Society.*

The paper discusses the Application Service Provider (ASP) option for outsourcing IT. The paper states that the ASP model does not differ much from the traditional outsourcing model. The advantages of using an ASP for outsourcing are mentioned as reducing the need to retain in-house IT professionals and providing access to the latest applications of any complexity. The disadvantages are mentioned as technical (network, bandwidth limitations, security) and the uncertain impact on pricing with changing technology or business. The paper also mentions that the level of application commoditization and services sourced from an ASP determines the transaction costs, which can be reduced in the case of sourcing standardized applications and services, but increase with degree of application

customization. It also finds that the solutions provided by ASPs are of interest to small and medium sized companies and divisions of larger corporations due to the scale advantages and specialized technical solutions.

[Kern 2002]

Kern, T., Kreijger, J., & Willcocks, L. (2002). Exploring ASP as sourcing strategy: theoretical perspectives, propositions for practice. *Journal of Strategic Information Systems*, 11(2), 153-77.

The paper discusses the risks and benefits of using the ASP model of outsourcing. It uses four case studies and uses contingency model to develop six prepositions that are important to the clients while evaluating the ASP model. These are: Using an ASP is a strategic decision to fill gaps in IS resources and capabilities enabling an organization to carry out a specific strategy; ASP clients become highly dependent on the ASP because of high switching costs; Low transactions costs of working with the ASP because of commoditization of resources; Increasing agency costs increase in long run due to uncertainty in technological changes; Smaller clients are more interested in using ASP strategy to get access to resources which are otherwise costly for them; and acceptance of the ASP model is because of relatively weak pool of IS resources and capabilities of clients, along with increased number of the ASPs.

[Kern 2002]

Kern, T., & Willcocks, L. (2002). Exploring relationships in information technology outsourcing: The interaction approach. *European Journal of Information Systems*, 11(1), 3-19.

The paper states that there is limited understanding of the operational characteristics of successful IT outsourcing relationships. It studies 12 organizations using Hkansson's (or Nordic schools') 'interaction', conceptual framework for exploring IT outsourcing relationships. The paper finds that SLAs are critical measure of success and to ensure that SLAs were delivered according to expectations and the agreement, clients and vendors operated various hard and soft performance measurement methods. Financial saving is one of the key motivations of outsourcing thus the financial exchanges too receive great scrutiny by both clients and suppliers. The parties used mechanisms such as regular meetings and report exchanges for information exchanges. In social exchange the paper states that the better client managers got to know their partnering vendor managers the better the overall relationship worked. In context of the relationship's atmosphere most managers discussed issues like co-operation, commitment, control, power and dependency, conflict and trust. The paper states that four neglected management issues in the interaction approach are: The criticality of the contract; The management structure that needs to be in place to handle the outsourcing relationship; The hidden management costs in outsourcing relationships; Moving quickly to the institutionalization of operations and processes.

[Kern 2001]

Kern, T., & Willcocks, L.P. (2001). *The Relationship Advantage: Information Technologies, Sourcing and Management*. Oxford: Oxford University Press.

The book has very good analysis of some of the well-known cases in IT outsourcing like Xerox, British Petroleum and British Aerospace. The book provides an overview of the research findings on past, current and emerging IT outsourcing practices. The cases and surveys findings are used to give suggestions on effective outsourcing decisions. One chapter develops a risk analysis framework and explores the relationship dimension in IT outsourcing, concluding that relationship management could be important in mitigating risks and keeping the contract useful. It also comes up with a framework that describes and analyzes the IT outsourcing relationships. These two frameworks are then used to analyze case studies. The risk analysis framework highlights the likely weak points in each outsourcing relationships where practices have been adopted to mitigate risks. The relationship framework identifies how the outsourcing arrangements have developed across relationship dimensions.

[Kern 2000a]

Kern, T., & Willcocks, L. (2000). Contracts, control and 'presentation' in IT outsourcing: research in thirteen UK organizations. *Journal of Global Information Management*, 8(4), 15-29.

The paper discusses the role of contracts in IT outsourcing and the important factors that may impact the post contract management of the relationship. Some of the contractual issues identified are: service exchanges, service enforcement and monitoring, financial exchanges, financial control and monitoring, key vendor personnel, dispute resolution and change control and management. The paper also identifies five contractual dimension, with the help of which the client exercises control over service provider. These are: financial control and monitoring, penalty payments, monitoring of service levels and/or products, performance measures, interface and/or contact points.

[Kern 2000b]

Kern, T., & Willcocks, L. (2000). Exploring information technology outsourcing relationships: theory and practice. *Journal of Strategic Information Systems*, 9(4), 321-50 .

The paper deals with relationship management in IT outsourcing. It identifies the relationship dimensions as interactions, contract, context, structure and behavioral dimension. The paper mentions that outsourcing is driven by economic actions, but is embedded in social relations. The paper also states that relationship management in outsourcing has to focus on meeting clients' objectives and in embedding the relationship in core interactions of product/service exchange, financial exchange, service enforcement and monitoring and communication exchange. The contractual foundation should then guide the relationship over its contractual term. As the

relationship evolves to a different status, other dimensions become important.

[Kern 2002a]

Kern, T., Willcocks, L. P., & Lacity, M. C. (2002). Application service provision: risk assessment and mitigation. *MIS Quarterly Executive*, 1(2), 113-26.

The paper discusses some best practices and lessons learned about the Application Service Provisioning (ASP) sourcing. The paper indicates that sourcing from ASP (netsourcing) is more fragmented, complex, and risky than most business managers realize. The paper states that netsourcing deals are not generic and that the competitive context of each one, the capabilities of the parties involved, and the types of technologies used make the risks specific, not generic, to each deal. To mitigate the risks of netsourcing, it is essential that would-be customers to be much more active in defining the deal and then managing the relationship. The four main lessons from the paper are 1) ASP sourcing has many of the same risks as traditional IT outsourcing, but most risks are greater with ASP, but some are the same or less. 2) Business managers can learn how to assess ASP risks based on lessons from both traditional IT outsourcing. 3), mimicking ASP risk-mitigation strategies will not guarantee success, but many risk mitigation tools are available for most business environments. 4), ASP outsourcing, requires significant in-house oversight.

[Kern 2002b]

Kern, T., Willcocks, L. P., & Van Heck, E. (2002). The winner's curse in IT outsourcing: Strategies for avoiding relational trauma. *California Management Review*, 44(2), 47-68.

The paper mentions that the "Winner's Curse" occurs many times in IT outsourcing and this occurs when the supplier over-promises on what can be delivered for the contract price. It states that if the client controls the situation tightly, the winner's curse may only affect the supplier, but the situation may result in reduced services, lower number of supplier staff and less experienced supplier staff. Some of the lessons from the cases that are presented, these are: The suppliers may underbid because they do not take into account the real value and real costs of outsourced activities; The winner's curse can lead to either a negative impact for the client or in a positive impact for the client, when the supplier incurs losses and delivers services to the agreed levels; relationship trauma in IT outsourcing can be overcome by initiating early contract negotiations; suppliers can avoid winner's curse through information gathering and bidding activities; and winner's curse can be avoided by building contingencies into the contract.

[Khalfan 2002]

Khalfan, A., & Gough, T. G. (2002). Comparative analysis between the public and private sectors on the IS/IT outsourcing practices in a developing country: a field study. *Logistics Information Management*, 15(3), 212-22.

This paper presents an overview of a national case study exploring the IS/IT outsourcing phenomenon in the public and private sectors of a developing country. Kuwait has been used as an example of a developing country. Authors' findings suggest that cost reduction/cost control was not the prime motivating factor in outsourcing in either the private or the public sector. The most emphasis is on skills, development and technology. The biggest risk analysis, done by the firms before outsourcing concerns the security issues (data confidentiality). The study also suggests that there are differences between the two sectors in their motivation and risk factors evaluation behind the adoption of an IS/IT outsourcing.

[Khan 2003]

Khan, N., Currie, W. L., Weerakkody, V., & Desai, B. (2003). Evaluating offshore IT outsourcing in India: supplier and customer. *Proceedings of the 36th Annual Hawaii International Conference on System Sciences - 2003; Maui, HI*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses the IT offshoring market in India. It analyses the strategies of Indian service providers by using Porter's Value Chain analysis. The value chain for offshore outsourcing is structured in five levels on the basis of risk and value parameters. At the lowest level is "body shopping"; at the second level is "project execution" and "off-shore development"; the third level includes firms seeking to establish standards (i.e. ISO and CMM); level 4 is providing consultancy for designing and developing the IT architecture; and at the highest level (5) is product design and development, where firms do product design and development work. The paper finds that much of the offshored work continues to be low risk and low value and that the providers should implement strategies to move up the value chain.

[Khandelwal 1999]

Khandelwal, V. K., & Ferguson, J. R. (1999). Critical success factors (CSFs) and the growth of IT in selected geographic regions. Sprague, R. H. Jr., ed. *Proceedings of HICSS 32 - 32nd Annual Hawaii International Conference on System Sciences; Maui, HI, USA*. A: IEEE Computer Society.

The paper states that the same firm may face different IT issues in different parts of the world, and it is important for a firm to understand these issues and the differences. The paper identifies, using Stage Theory, the Critical Success Factors in North America, Europe, Australia/New Zealand and India. The paper mentions that alignment of IT and business and end user fulfillment are the two most critical success factors whereas outsourcing of IS is considered much less relevant by all the IT managers. Other issues considered important by some regions but not considered much important by others

are: IT for competitive or significant advantage, linking with external organizations, integrating systems and technical skills of IS staff.

[Khosrow-Pour 2001]

Khosrow-Pour, M. (2001). *Pitfalls and triumphs of information technology management*. Hershey, PA, USA: Idea Group Publishing.

[Khosrow-Pour 1996]

Khosrow-Pour, M., Subramanian, G. H., Gunderman, J., & Saber, A. (1996). Managing information technology with outsourcing: An assessment of employee perceptions. *Journal of Applied Business Research*, 12(3), 85-97.

The paper states that in order to effectively deal with human issues related to outsourcing, the management must understand what perceptions exist within the employee ranks and develop a plan, which addresses employee needs and perceptions. According to the author, it is natural that there will be resistance to outsourcing from the internal IT staff as they not only give up control but also risk losing their jobs. The affected IS professionals should be treated in a fair manner as a smooth outsourcing evaluation and transition period is not possible without their cooperation.

[Kidane 2004]

Kidane, A. (2004). Offshore Outsourcing: Business Model, ROI and Best Practices. *Competitiveness Review*, 14(1/2), 108-109.

This article reviews the book Offshore Outsourcing: Business Model, ROI, and Best Practices, by Marcia Robinson and Ravi Kalakota.

[Kilcourse 2003]

Kilcourse, B. (2003). Why IT governance is important to solution providers. *Chain Store Age*, 79(10), 73.

According to this article IT governance is becoming one of the major trends for retail IT departments. IT departments have implemented features, such as change and problem management, backup and recovery procedures, production software-version control, enterprise job control, security, system monitoring and alerts across the breadth of the applications that support the business. Effective IT governance is the necessary foundation for alignment between IT and business operations. The service providers should provide a road map for operational integration that will make the task easier for their customers. This would improve their own credibility as well as help to lower the risk and increase the value recognition from a company's investment.

[Kim 2003]

Kim, B., & Kim, J. (2003). Satisfying Different Customer Groups for IS Outsourcing: A Korean IS Company's Experience. *Asia Pacific Journal of Marketing and Logistics*, 15(3), 48-69.

The article describes three kinds of customer groups in a client organization, in an IT outsourcing environment. The three customer types are: project directors who interface with and accept the final product from the IS company, users who actually use the IT system for their daily operations, and finally operators who do maintenance works for the IT system. The article proposes that each customer

group (i.e. project director, user, or operator) evaluates the IT systems success with a different set of criteria and that there are significant differences with regard to the determinants of customer satisfaction. The authors find that transaction relationship and partnership are important determinants for the project directors but the task-related and IS-related output performances appear to be less influential. For users and operators, the opposite is true.

[King 2004]

King, J. (2004) Damage Control: How to combat offshore outsourcing backlash [Web Page]. Accessed 2004, July 15. Available at: <http://www.computerworld.com/managementtopics/outsourcing/story/0,10801,94404,00.html?nas=XSP-94404>.

This article discusses how to deal with backlash from employees and customers and to avoid productivity and revenue losses, when outsourcing. Some of the suggestions are: Created a dedicated sourcing office; Choosing “change leaders” to remain on board as employees; Counseling corporate customers about how to prevent or deal with worker and customer backlash to offshore outsourcing; and explaining the value of offshoring to the customers.

[King 2001]

King, W. R. (2001). Developing a sourcing strategy for IS: a behavioral decision process and framework. *IEEE Transactions on Engineering Management*, 48(1), 15-24.

The paper presents a framework for deciding which IS activities to source. The sourcing alternatives it considers are: outsourcing, insourcing, strategic alliances, and internal markets. It defines internal markets as organizational structures within which activities such as IS operate to provide services both within the enterprise and outside it. It suggests that the activity to be sourced be initially assessed in terms of two criteria: critical success factor and core competency. The steps it suggests are: Identify and assess the activity Under consideration; Identify strategy to be Initially considered; Guide the development of a rationale for the “working” sourcing strategy; Consider the organizational implications of the working sourcing strategy; Identify other issues that may arise if the working strategy is selected.

[King 1996]

King, W. R. (1996). IS and the learning organization. *Information Systems Management*, 13(3), 78-80.

The paper introduces the concept of a learning organization- an entity that constantly gets better results based on improved performance because it grows smarter. The author discusses four key capabilities of a learning organization: Effective communication within the organization; an organizational memory that allows access to information when needed; software that permits new information to be related to information and to existing knowledge; and systems that facilitate the key managerial processes of the organization. The paper mentions that the role of the IS manager is to provide the necessary infrastructure to permit the pursuit of the learning organiza-

tion. These infrastructures include: communications infrastructure, a knowledge-based infrastructure, human asset infrastructure, among others.

[King 1994]

King, W. R. (1994). Strategic outsourcing decisions. *Information Systems Management*, 11(4), 58-61.

The paper discusses the strategic nature of the outsourcing decisions and how firms should give considerations to the long-term impact of outsourcing before deciding to outsource. Before deciding to outsource the firms should consider the following factors: The overall consequences of any make-or-buy decision; Understanding what is core and non-core; Analyzing if IS might be a future key success factor, even though it has not been one in the past; The new skills and attitudes that are required for effective outsourcing; and alternatives to outsourcing.

[King 2000]

King, W. R., & Malhotra, Y. (2000). Developing a framework for analyzing IS sourcing. *Information & Management*, 37(6), 323-334.

This paper develops a framework for IS sourcing and analyses the internal market option- where the in-house division provides IS services but it treated as an external service provider. The framework deals with choosing a sourcing strategy and the short term and long term strategic impacts of the strategy. The paper develops five prepositions: using internal markets can help organizations achieve similar or greater efficiencies and cost savings than organizations that use outsourcing; this approach can provide similar or better service to internal users of the organization; organizations can achieve similar or greater reliance on outcome based performance measure, will have lesser need of monitoring and less risk of monopoly practices; organizations can better develop their core competencies; and a higher degree of learning and knowledge transfer can occur by using the internal market approach.

[Klaas 2003]

Klaas, B. S. (2003). Professional employer organizations and their role in small and medium enterprises: The impact of HR outsourcing. *Entrepreneurship Theory and Practice*, 28(1), 43-61.

This article deals with outsourcing of HR services by small and medium-sized enterprises (SMEs). It states that these SMEs may lack resources to implement the HR services and programs in-house, and therefore they outsource these to professional employer organizations (PEOs). However it is not clear under what conditions do SMEs gain from outsourcing to PEOs. The article uses transaction cost economies, social exchange theory, and the strategic HR literature to develop a framework for understanding the factors and conditions likely to affect whether and how an SME will benefit from using a PEO. The article states that some administrative tasks are well suited for outsourcing, while more value-added HR activities are not well suited for outsourcing.

[Kleinert 2003]

Kleinert, J. (2003). Growing trade in intermediate goods: Outsourcing, global sourcing, or increasing importance of MNE networks? *Review of International Economics*, 11(3), 464-482.

[Klepper 1993]

Klepper, R. (1993). Developing efficient relationships with I/S vendors: a contingency framework. Tanniru, M. R., ed. *Proceedings of the ACM SIGCPR Conference; St. Louis, MO*. New York, NY: ACM, 197-205.

This paper proposes a contingency framework for answering the questions: what is the range of options available in outsourcing relationships; and, how can the best, most appropriate relationship be identified. According to the traditional view: cultivate many suppliers, foster competition between suppliers, and contracts should be on the basis of combination of quality, price and time to delivery. The other is the long term, close relationship view. These two views give rise to a range of relationship options. If the good or service is one that involves no relationship-specific investment, then a classical contracting relationship the most efficient choice. In the presence of asset specificity, relational contracting is optimal when the good or service is required on a recurring basis.

[Klepper 1998]

Klepper, R., & Jones, W. O. (1998). *Outsourcing information technology, systems, and services*. Upper Saddle River, NJ: Prentice Hall PTR.

The book details the various phases of outsourcing and has separate chapters dedicated to different phases, which the contracting phase explained in more details. The initial chapters of the book explain the broad trends in outsourcing, the motives behind outsourcing and some of the risks associated with outsourcing. Chapter 4 discusses various types of outsourcing arrangements and the concept of core competencies of the organization. The next 3 chapters give a detailed description of RFP preparation, contracting, negotiation and vendor selection and are well written. The next chapters deal with transition phase and managing the long-term relationship with the service provider. The final chapters discuss how to enter into and manage effective partnerships and the contract termination phase. The book also contains useful appendices, which give guidance on content of the RFPs, the contracts and the pros and cons of using an external consultant.

[Kohler 2004a]

Kohler, W. (2004). Aspects of International Fragmentation. *Review of International Economics*, 12(5), 793-816.

The paper uses economic analysis to discuss conditions under which outsourcing is beneficial for the domestic economy. It uses a specific-factors framework for assessing efficiency and distribution implications of international fragmentation, driven by low foreign wage rate.

- [Kohler 2004b] **Kohler, W. (2004). International outsourcing and factor prices with multistage production. *The Economic Journal*, 114(494), C166-C185.**
- Uses an economics equilibrium model, to study the role of outsourcing in the decline in final output price of the multistage industry, and the factor price effects.
- [Kohler 2003] **Kohler, W. (2003). The Distributional Effects of International Fragmentation. *German Economic Review*, 4(1), 89-120.**
- The paper discusses the disintegration of value-added chains because of outsourcing production activities. It applied the Heckscher-Ohlin framework to demonstrate that a fragmented production equilibrium is disturbed by lower disintegration costs.
- [Kralovetz 1996] **Kralovetz, R. G. (1996). A guide to successful outsourcing. *Management Accounting*, 78(4), 32-36.**
- The paper discusses the risks and benefits of outsourcing. Two main requirements are mentioned before a company enters into an outsourcing arrangement: setting the parameters and selecting the right provider. Three parameters are very crucial, irrespective of the reasons for outsourcing. These are: the clear expectations of both parties; the business objectives of the arrangement; and the measures for gauging performance. Among the risks in outsourcing the article mentions that the company may become too dependent on the service provider. There could be instances where the provider does not know the business or company's practices leading to problems. If the provider does not take the essential strategic perspective, the client may not be able to generate significant improvement over the long run. The article also deals with human resources policy and practices and states that client's and the provider's human resources specialists should be involved before the initiation of the contract.
- [Kumar 2001] **Kumar, B., Mahendra, V., Hyder, E., Nawrocki, E., Madhu, K., & Gupta, R. (April 30, 2001). *eSCM Annotated Bibliography*. CMU-CS-01-125/CMU-ISRI-01-100. Pittsburgh, PA: Carnegie Mellon University .**
- [Lacity 2002] **Lacity, M. (2002). Lessons in global information technology sourcing. *Computer*, 35(8), 26-33.**
- The paper suggests that clients should track supplier capabilities and practices for four IT outsourcing models: Time and materials, traditional IT outsourcing, netsourcing and joint ventures. The paper also makes some recommendations like: considering the time and materials contracts when business or technical requirements are uncertain; considering traditional IT contracts for stable, non-core activities; considering netsourcing for highly standardized, noncore activities; joint ventures should be considered only if a proven market for partners' complementary capabilities exist. Other important recommendations include considering insourcing of the core capabilities, comparing external and internal bids and involving senior and IT management in sourcing decisions.

[Lacity 1992]

Lacity, M. C. (1992). *An Interpretive Investigation of the Information Systems Outsourcing Phenomenon*. Ph.D. Dissertation. Houston, TX: University of Houston.

The thesis discusses determinants of IS outsourcing. It finds that cost reduction is not the only reason for IS outsourcing. Some of the other reasons are uncertainty reduction, eliminating a function, media reports, enhancing personal credibility. The other findings in the thesis have been researched by the author in numerous other books and articles. One of these is that the service provider may not be inherently more efficient than the in-house MIS department, and the economies of scale may not work in this scenario. The author also finds that in-house MIS departments may be able to achieve results similar to the outside vendors, and that the client should first target in-house consolidation and improvements. Finally the author finds that the concept of partnership in outsourcing is erroneous. Clients should use contract as the means to manage the service provider, and since the service providers do not share in the profits, they are not partners.

[Lacity 1995a]

Lacity, M. C., & Hirschheim, R. A. (1995). *Beyond the information systems outsourcing bandwagon: the insourcing response*. Chichester, NY: Wiley.

The main idea from the book is that in many cases insourcing IT can be just as efficient as outsourcing, and that firms should do a thorough research before they decide on the sourcing approach. Case studies are used throughout to validate the recommendations. The book also introduces a sourcing methodology to help clients decide what to source and the sourcing approach. The various phases in the methodology are: Stakeholder assessment; Creating a shared agenda for IS; selecting outsourcing candidates from the IS portfolio; Comparing in-house provisions with vendor offerings; Negotiating contract with external vendor; Post decision management. The authors share some of their observations from research such as: the published literature portrays an optimistic view of IS outsourcing; an outsourcing vendor may not be more efficient than the internal department; outsourcing often constrains organizational flexibility; and that if the company decides to outsource, contract is the only way to ensure expectations are realized.

[Lacity 1995b]

Lacity, M. C., & Hirschheim, R. A. (1995). *Information systems outsourcing: myths, metaphors, and realities (Second ed., Wiley series in information systems)*. Chichester, UK: Wiley.

In this book the authors seek to give guidance to the clients on IS outsourcing. They put forward two models- an economic model and a political model- as the basis of making outsourcing decisions. The authors then talk in detail about 17 case studies carried out in 13 firms. They analyze the decisions from both economic and political perspectives and come to a judgment on which motives dominated

the decision. Concluding chapters summarize the results, make recommendations to US managers on negotiating contracts with vendors and sum up the authors' understanding of US outsourcing.

[Lacity 2001]

Lacity, M. C., & Willcocks, L. (2001). *Global information technology outsourcing: In search of business advantage*. Chichester, UK: Wiley.

The book has a focus on IT management, but the authors provide a framework for deciding about outsourcing and stakeholder management, which is insightful. This book is a good example of one that borders the practitioner/academic area. The book also has examples of several detailed case studies of very large 'mega-contracts'. The book has extensive managerial focus.

[Lacity 2000]

Lacity, M. C., & Willcocks, L. P. (2000). Survey of IT outsourcing experiences in US and UK organizations. *Journal of Global Information Management*, 8(2), 5-23.

The paper is based on a survey of over 100 CIOs in US and UK about IT outsourcing. Some of the findings of the survey are: The most commonly outsourced functions involve IT infrastructure; Most firms like to use multiple suppliers; IT managers are sponsors of the IT outsourcing projects almost on half the occasions; Service level agreements and the confidentiality clause are the most important contract clauses. The article also mentions some of the reasons for rejecting outsourcing. The most common reason for rejecting outsourcing was the expense associated with it. Among the recommendations, authors state that better communications with in-house IT staff during evaluation is very essential. Better-defined contracts and ensuring that the key skills don't leave the client are also important for success.

[Lacity 1998]

Lacity, M. C., & Willcocks, L. P. (1998). An empirical investigation of information technology sourcing practices: lessons from experience. *MIS Quarterly*, 22(3), 363-408.

This paper presents sourcing best practices/results using data from companies already involved in outsourcing. The best practices identified are: Selective outsourcing decisions have higher success rates than total outsourcing or total insourcing; Senior executives and IT managers who make decisions together have higher success rates than either stakeholder group acting alone; Organizations that invite both internal and external quotes have higher success rates than organizations that only compare external bids with current IT costs. Short-term contracts achieve higher success rates than long-term contracts; and detailed fee-for-service contracts have higher success rates than other types of fee-for-service contracts.

[Lacity 1997]

Lacity, M. C., & Willcocks, L. (1997). Information systems sourcing: examining the privatization option in USA public administration. *Information Systems Journal*, 7(2), 85-108.

The paper discusses IS sourcing in US public sector with the help of the IRS and Westchester County. The paper suggests that like the private sector, public sector must develop competencies like benchmarking capabilities, fostering relationship with senior management, understanding IS requirements, evaluating in-house performance, and developing contract negotiation and post contract managerial competencies. Specific to the cases the paper finds that other parameters for success, that were not followed include: selecting activities that are well understood and therefore a sound contract can be negotiated; signing contract only for the duration for which requirements are known; and practicing hands-on management of the contract.

[Lacity 1996]

Lacity, M. C., Willcocks, L. P., & Feeny, D. F. (1996). The value of selective IT sourcing. *Sloan Management Review*, 37(3), 13-25.

The article deals with the importance of selecting activities to outsource and mentions that IT outsourcing may fail to produce expected savings or other benefits if activities to outsource are not selected carefully. Companies typically outsource their entire IT to refocus on their core competencies and because IT is seen as a cost burden. However the total IT outsourcing strategy can lead to significant difficulties, increased costs and poor service levels. The authors state that the business, economic and technical considerations should be taken into account to decide which activities to outsource and which to retain in-house. The article concludes that with the increasing competition in the outsourcing service provider market, clients have more power to bargain for shorter contracts at favorable terms and that they are started to have more experience with IT outsourcing and hence are able to better evaluate and negotiate outsourcing deals.

[Lacity 1995]

Lacity, M. C., Willcocks, L. P., & Feeny, D. F. (1995). IT outsourcing: Maximize flexibility and control. *Harvard Business Review*, 73(3), 84-86.

This article discusses a study of 40 US and European firms that the authors carried out, in the firms which were debating outsourcing IT. The authors conclude that the strategic-versus-commodity approach to the decision usually leads to disappointment. The underlying assumption of the approach is that managers are reasonably certain of their markets, future technologies, and suppliers' capabilities and motives. However, this may not be the case. Still many managers sign long-term contracts without considering that they often cannot predict how business conditions will change. The paper states that a company's prime objective should be to maximize flexibility and

control so that it can pursue different options as it learns more or as its circumstances change. Maximizing the competition for service provisioning is one way to do this. The article talks about the need for selective sourcing and gives some guidance to managers for taking the sourcing decisions. Before sourcing, the managers must ask themselves questions like, if the systems is truly strategic, if the requirements won't change, if the internal department could provide this system more efficiently than the outside provider. The authors advice that answers to such questions can help decide if to out-source the IT systems.

[Lackow 2001]

Lackow, H. M. (2001). *IT outsourcing trends*. New York, NY: Conference Board.

The study reports the results of the survey carried out by the Conference Board in 1999-2001. This included 150 IT and business executives. The report states that some of the functions most likely to be outsourced are Internet services, user support and voice network management. Key reasons mentioned for outsourcing are cost savings, improved service, ability to focus on core business and access to outside expertise. Proven track record and guaranteed service levels are stated to be the most important criteria for choosing a service provider. Some of the important lessons from the perspective of the clients are: paying more attention to service levels, ensure contract flexibility, using a competitive bidding process and paying more attention to the contract governance.

[Lanz 2004]

Lanz, J., & Tie, R. (2004). *Advise Businesses on External IT Resources*. *Journal of Accountancy*, 197(6), 55-61.

This article highlights how CPAs can help their clients or employers find the most effective and economical way to obtain IT services, using outsourcing or insourcing. It also deals with how CPAs can help clients identify risks not previously considered during contract negotiations in view of the Sarbanes Oxley requirements. CPAs can help clients establish a vendor performance-monitoring program, or they can perform periodic vendor compliance reviews on the clients' behalf. The article concludes that knowledgeable CPAs can help clients choose, implement or manage IT services.

[Laribee 1994]

Laribee, J. F., & Michaels-Barr, L. (1994). *Dealing with personnel concerns in outsourcing*. *Journal of Systems Management*, 45(1), 6-9.

The paper deals with developing action plan to deal with personnel issues during outsourcing transition. The inputs for this planning process can come from outsourcing vendors and consulting firms, the human resource department, and other managers in companies that have outsourced. The client management needs to deal with 3 groups of IS employees: those that stay back, those who will join the service provider and those who may be laid off. The management needs to send out two clear communication messages: the decision to outsource was based on clearly defined business objectives. Em-

employees must perceive that outsourcing is consistent with the corporation's business plan and is necessary for the company to attain its goals. Secondly management should convince employees that the company appreciates the valuable work that they have performed and recognizes their dedication and service.

[Larsen 2004]

Larsen, M. H., & Klischewski, R. (2004). Process Ownership Challenges in IT-Enabled Transformation of Interorganizational Business Processes. *Proceedings of the 37th Annual Hawaii International Conference on System Sciences – 2004*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses the challenges of process ownership during IT-enabled transformation with the business processes spanning multiple organizations. It uses a case study of an e-government process portal to discuss these challenges. Some of the challenges identified are: Environment- in an inter-organization scenario, the environment is a network of organizations; Business value- Here customer value is replaced by partner value; Process specification- services connected through interfaces rather than tasks connected by rules; Information technology- Here the focus is on infrastructure and not the system; and transformation- involves process negotiation and contracting as opposed to process definition.

[Larson 1998]

Larson, K. D. (1998). The role of service level agreements in IT service delivery. *Information Management & Computer Security*, 6(3), 128-32.

The paper describes the concept of service level agreements (SLAs) and describes the important elements for monitoring performance. It also outlines the structure of a good SLA. An SLA comprises the following components- service definition, service element groups and service elements. There are three main players in management of SLAs- the client-side contract manager, the service provider and the users. The paper states that the compliance with SLAs is achieved using one or more of the following metrics- availability, reliability, serviceability, response and user satisfaction.

[Lash 1995]

Lash, P. B., & Sein, M. K. (1995). Career paths in a changing IS environment: a theoretical perspective. Olfman, L., ed. *Proceedings of the 1995 ACM SIGCPR Conference; Nashville, TN*. New York, NY: ACM, 117-130.

The article deals with career progression in view of IT outsourcing. The article proposes a framework, according to which the organizations have certain IS needs, and these needs gives rise to specific roles. The IS career professionals are driven by career anchors, which should be satisfied. The intersection of these three can help design a career path for an IS professional and also help explain the progression of career paths.

[Lau 2000]

Lau, R. S. M. (2000). Quality of work life and performance - An ad hoc investigation of two key elements in the service profit chain model. *International Journal of Service Industry Management*, 11(5), 422-437.

The paper analyses the two key elements of the service profit chain-performance in growth and profitability and the quality of work life. Service profit chain model links a service firm's financial and market performance to its relationship with customers and employees. The article concludes that in service industries, competent and helpful employees are the key to success and that quality of work life is a significant factor in determining many business performance measures.

[Laughner 2002]

Laughner, S. J., & Rjeily, J. (2002). *Targeting Value: Sizing up your BPO opportunity*. New York: Accenture.

The article discusses Accenture's recommended evaluation and transition approach, when a client is considering Finance and Accounting BPO option. The three phases recommended are oversight, execution, and transition. Some of the activities associated with these phases are: Operations assessment-baselining the current operations; Solution design and business case- dealing with defining the future state. Some of the value drivers considered while developing the future case are: process improvement, technology enablement, low-cost wage alternative and service management.

[Law 1999]

Law, I. (1999). *Harnessing outsourcing for business advantage*. London: Financial Times Management.

This book provides basic knowledge about the outsourcing process. It has chapters devoted to each of the temporal phases of outsourcing. However it is weak in its handling of change management, workforce management and other critical issues like communication management. The first chapter gives an overview of the outsourcing, the benefits and risks in outsourcing and the trends in outsourcing. Chapter two gives detailed description of the outsourcing process. The five outsourcing phases according to the book are: Deciding whether to outsource and scoping of the deal; Supplier selection; Negotiation and contracting; Transfer of outsourcing function and contract management; Termination and the decision to renew the contract, transfer to new supplier or insource. The book has separate chapters on team formation for outsourcing, evaluating the outsourcing case, supplier selection, contracting, contract management and contract termination.

[Lawler 2004]

Lawler, E. E., Ulrich, D., Fitz-enz, J., Madden, J., & Maruca, R. (2004). *Human Resources Business Process Outsourcing: Transforming How HR Gets Its Work Done*. San Francisco, CA: Jossey-Bass.

The book discusses human resource (HR) management and how to make it more effective so that it can add value to the business. It also discusses outsourcing- mainly the transactional side of HR, and how

companies could focus on the strategic issues. The first chapters focus on the various HR roles and how HR can add value to the business, to the customers and other stakeholders. One particular chapter on evaluating the effectiveness of the HR function gives useful insights into the metrics and other performance appraisal methods that may be used. The book has a detailed case study on Exult, a leading HR BPO service provider. It also has separate chapters on four client case studies (with Exult as the service provider), including BP and Bank of America, and discusses these clients' approach to the BPO. The final chapter gives a good summary and lessons learned.

[Lee 2004]

Lee, J. N., Miranda, S. M., & Kim, Y. M. (2004). IT Outsourcing Strategies: Universalistic, Contingency, and Configurational Explanations of Success. *Information Systems Research*, 15(2), 110-133.

The paper discusses IT outsourcing strategies. It identifies three dimensions of IT outsourcing strategies: degree of integration, allocation of control, and performance period. It also explores relationship between IT outsourcing strategies and outsourcing success and identifies three congruent patterns, or gestalts, of IT outsourcing strategies, which are independent, arm's-length, and embedded strategies. The paper finds that arm's-length approach yielded the highest cost efficiency and the embedded approach the best access to technology catalysis, which implies that the firms, which are looking for cost efficiency in their outsourcing relationships should go in for by arm's-length relationships while looking for strategic competence or technology catalysis may need to develop network type relationships with their providers.

[Lee 2001]

Lee, J. N. (2001). The impact of knowledge sharing, organizational capability and partnership quality on IS outsourcing success. *Information & Management*, 38(5), 323-335.

The paper examines the relationship of knowledge sharing between the client and the service provider and the success of IT outsourcing and uses a study of 195 public sector organizations in Korea to validate the hypothesis. The study concludes that knowledge sharing is one of the major predictors of outsourcing success, organizational capability is a key source of knowledge sharing and partnership quality is a significant factor between knowledge sharing and outsourcing success.

[Lee 2000]

Lee, J. N., Huynh, M. Q., Kwok, R. C., & Shih-Ming, P. (2000). The evolution of outsourcing research: what is the next issue? Sprague, R. H. Jr., ed. *Proceedings of the 33rd Annual Hawaii International Conference on System Sciences; Maui, HI, USA*. Los Alamitos, CA, USA: IEEE Computer Society.

This study identifies the key research areas in IT outsourcing. It divides the research into two stages: the first stage based on clients' view, hierarchical relationship, and win-lose strategy; the second stage based on both the clients and the service providers' views,

equal relationship, and win-win strategy. The paper states that outsourcing research in the first stage was conducted based on the assumption that outsourcing projects can be success or failure, research issues in the second stage tries to find a way to improve outsourcing performance under the premise that outsourcing projects will be successful. The paper introduces a perspective focusing on both stages for partnership-based outsourcing which it feels is the next stage of outsourcing.

[Lee 2003]

Lee, J. N., & Kim, Y. G. (2003). Exploring a Causal Model for the Understanding of Outsourcing Partnership. *Proceedings of the 36th Hawaii International Conference on System Sciences 2003*. Los Alamitos, CA: IEEE Computer Society.

The paper explores sources of influence in a successful outsourcing partnership based on a behavioral-attitudinal theory. It proposes a model of outsourcing success in which three attitudinal variables (mutual benefits, commitment, and predisposition) are introduced as intervening variables into the relationship between behavioral variables (shared knowledge, mutual dependency, and organizational linkage) and outsourcing success. The paper states that among the psychological variables mutual benefit is the most important predictor for reaping maximum benefit from outsourcing in terms of both user and business satisfaction. The paper concludes that the antecedents (behavioral variables) influence outsourcing success significantly, but through the intervening variables of mutual benefits, commitment, and predisposition.

[Lee 1999]

Lee, J. N., & Kim, Y. G. (1999). Effect of partnership quality on IS outsourcing: Conceptual framework and empirical validation. *Journal of Management Information Systems*, 15(4), 29-61.

The paper states that partnership quality is a key indicator of success in outsourcing and proposes a framework for outsourcing partnership based on a social perspective. Partnership quality is affected by organizational, human, and environmental factors. Some of the factors that impact partnership quality are participation, communication, information sharing, and top management support. Some of the other factors, which may negatively affect the relationship, are age of relationship and mutual dependency. Trust, business understanding, benefit and risk sharing are some other components of partnership quality that have a significant effect on outsourcing success from both business and user perspectives.

[Lee 1996]

Lee, M. K. O. (1996). IT Outsourcing Contracts: Practical Issues for Management. *Industrial Management + Data Systems*, 96(1), 15-20.

This article presents a practical and systematic overview of some key IT outsourcing contractual issues, exploring and highlighting management implications where appropriate. The author stresses that a good contract is often the key to a successful IT outsourcing relationship. The contract defines the rights, liability, and expecta-

tions of both the outsourcing vendor and the outsourcing customer concerned, and is often the only solid mechanism for regulating the relationship of the parties. Outsourcing contracts are often of high value and last a relatively long time. It is therefore of particular importance to get them right first time. Issues such as service level, transfer of assets, staffing, pricing and payment, warranty and liability, dispute resolution mechanism, termination, intellectual property matters, and information security are discussed in this article. Advice on pre-contractual negotiation and post-contractual management is also given. By discussing these issues from a management and practical perspective, this article contributes to bridging the gap between theory and practice and offers useful information to management considering IT outsourcing.

[Leem 2004]

Leem, C. M., & Lee, H. J. (2004). Development of certification and audit processes of application service provider for IT outsourcing. *Technovation*, 24(1), 63-71.

The paper, based on a survey of 35 Korean companies, discusses certification and audit processes of ASP services. The paper notes that since the relationship between an ASP and the client is that of a temporary nature, there are more potential risk factors and also since the customer's data and information resources are located in the public network and ASP's data center, security is critical. The paper states that a certification process can enhance the reliability of the service provider and the audit process can improve the service efficiency of the ASP. The framework of ASP certification, as outlined, considers five items as critical elements: data center relating to the storage and management of hardware system, network service regarding logical and physical connection, application relating to the contract of the software system and its maintenance, continuous support relating to the value added services such as training, help desk, business consulting, and security service to tackle potential risks and threats in the ASP industry. In addition the paper suggests evaluating the ASP's general corporate circumstances, human resources, asset status and tax/charge system.

[Legare 2001]

Legare, T. L., & Bechtel, R. L. (2001). The role of change management in establishing a shared services business model at Air Products and Chemicals. *Journal of Organizational Excellence*, 20(2), 33-48.

This paper focuses on the shared services model and its implementation at Air Products and Chemicals Company, where it has been very successful. The paper states that implementing a shared services business model requires thorough planning and a systematic effort. The company needs to work at 2 organizational levels: the transformational level and the transactional level. At transformational level, a firm needs to focus on how its vision, mission, strategy, and culture can all be harnessed and leveraged to support the concept. Transactional level deals with the way everyday work gets done, and focuses

on leveraging specific systems, policies, incentives, communications, and management practices to support new ways of working.

[Lei-Da 2002]

Lei-Da, C., & Soliman, K. S. (2002). Managing IT outsourcing: A value driven approach to outsourcing using application service providers. *Logistics Information Management, 15*(3), 180-191.

The article proposes a framework for outsourcing IT to application service providers. It states that though outsourcing to ASPs has increased, not many firms have a formal methodology for outsourcing to ASPs. The approach proposed in the article seeks to help managers evaluate the viability of using the ASP model, making outsourcing decisions, managing contractual and implementation issues, and assessing the service quality of ASP vendors. The five phases of the proposed model are: identification, analysis, design, implementation, and assessment. It recommends spending a large amount of time in the analysis phase to study the critical factors that influence an organization's propensity to outsource using ASP vendors.

[Lentz 2002]

Lentz, C. M. A., Gogan, J. L., & Henderson, J. C. (2002). A comprehensive and cohesive IT value management capability: case studies in the North American life insurance industry. *Proceedings of the 35th Hawaii International Conference on System Sciences - 2002; Maui, HI. Los Alamitos, CA: IEEE Computer Society.*

The paper states that IT value management is a critical organizational capability and is very essential for effective IT planning. The paper is based on a study, which examined how companies achieve business value from IT-intensive business initiatives over time through adaptive, ongoing processes. The paper identifies four processes of an IT value management capability, which are: Formulation of initiative value principles, measurement system design, strategic control system deployment and learning about IT-performance linkages. The paper mentions that cohesive integration among these four processes is critical to attaining sustained business value from IT investments and that comprehensiveness is important for two processes: measurement system design and strategic control system deployment.

[Levina 2003]

Levina, N., & Ross, W.J. (2003). From the vendor's perspective: Exploring the value proposition in information technology outsourcing. *MIS Quarterly, 27*(3), 23-26.

This article examines the vendor strategies in a long-term application management outsourcing arrangement. The article states that most firms decided to outsource because of the potential lower costs in outsourcing, however it may not be true for large firms that can replicate the vendors' advantages in-house. Therefore this paper looks at the vendor's value proposition. The paper concludes that vendors can deliver value to clients by developing a set of experience-based core competencies that address client needs and market conditions, exhibit complementarities that result in efficient service

delivery, and depend on the vendor's control over, and centralization of, decision rights on a large number of projects from multiple clients.

[Levy 2005]

Levy, M. (2005). *Happy About Outsourcing*. Cupertino, CA: Happy-About.Info.

The book describes positive experiences about outsourcing and offshoring of various executives. It is divided in various chapters, which focus on the different issues that outsourcing deals with, like ROI, and outsourcing when cost is not the only motive. However, the book is only narrates the experiences of the executives. It has some brief case studies, which are also on the same pattern of executives recounting their experiences. Overall, the book appears to lack a structure and deals with only very selected issues in outsourcing and offshoring.

[Lewis 2000]

Lewis, E. (2000). Building business-based service levels for IT outsourcing contracts: the Measure to Manage Performance (M2P) measurement system. Hansen, H. R.; Bichler, M., and Mahrer, H. *Proceedings of the 8th European Conference on Information Systems; Vienna, Austria. Vienna, Austria: Vienna University: Economics and Business Administration, 429-436.*

The paper describes the development of the Measure to Manage Performance (M2P) method for preparing service-level agreements for IT outsourcing contracts in the Australian government sector. This method links the payment for the provision of services that support business applications with an assessment of penalties or bonuses that reflect the quality of these services in business terms. The method follows the principles for measurement concerning IT effectiveness, IT balanced scorecards and IT investment.

[Liebenberg 2003]

Liebenberg, A. P., & Hoyt, R. E. (2003). The determinants of enterprise risk management: Evidence from the appointment of chief risk officers. *Risk Management and Insurance Review, 6(1), 37-52.*

This article about Enterprise risk management (ERM) claims that ERM enables firms to benefit from an integrated approach to managing risk. The study is about a sample of firms that have appointed a Chief Risk Officer (CRO) who is charged with the responsibility of implementing and managing the ERM program. The study finds that firms with greater financial leverage are more likely to appoint a CRO. The firms are likely to appoint CROs to reduce information asymmetry regarding the firm's current and expected risk profile.

[Linder 2004a]

Linder, J. C. (2004). *Outsourcing for Radical Change: A Bold Approach to Enterprise Transformation*. New York: Amacom.

The book discusses transformational outsourcing, which it defines as 'using outsourcing to achieve a rapid, sustainable, step-change improvement in enterprise-level performance. The book deals with operational and implementation level issues in a detailed manner,

but appears to force fit the transformation aspect of outsourcing in the cases studies presented. The book also offers ten imperatives or managers' personal critical success factors some of which are: Designing a good business model, negotiation strategy, relationship management and commitment to performance, among others.

[Linder 2004b]

Linder, J. C., & Cantrel, S. (2004). BPO big bang: Turning theory into practice [Web Page]. 2004; Accessed 2005 Jun 22. Available at: http://www.cfoproject.com/document.asp?d_id=1528.

The paper states that organizations can accomplish various objectives by using business process outsourcing (BPO). Some of these are enhancing competitive capabilities, higher revenues, and accelerated time to market. The authors emphasize that the nature of relationship between the client and the provider is critical in a BPO. The paper also offers a framework for managing the BPO. It suggests asking the following questions about relationships in BPO context: Depth and breadth of the relationship, choosing the way of working-service provider's or client's and finally choosing whose assets to use.

[Linder 2002]

Linder, J. C., & Martin, I. C. (2002). Business transformation through outsourcing. *Strategy and Leadership*, 30(4), 23-28.

The paper states that transformational outsourcing is rapidly evolving and companies are strategically using it to rapid improve their firm wide performance. Some of the advantages it mentions are: reduced time to market, increased innovation by accessing better skills, enhanced core capabilities, and shared risks. Integration of five components is essential for the success. These components are: top-level leadership, bold agenda, innovative financial structure, transforming critical processes and focusing on enterprise outcomes. The paper suggests the following stages for successful outsourcing initiatives: crafting the deal, managing the transition, transforming critical processes, and leveraging new capabilities.

[Lindgreen 1997]

Lindgreen, E. R., Janus, H. R. D., Shahim, A., Hulst, G., & Herschberg, I. S. (1997). Security when outsourcing: concepts, constructs, compliance. Yngstrom, L. and Carlsen, J., eds. *Information Security in Research and Business - Proceedings of IFIP TC 11 13th International Conference on Information Security; Copenhagen, Denmark*. Chapman & Hall, 308-318.

The paper states that information security management has become very crucial with increased IT outsourcing. It recommends that the service provider and the client define their responsibilities in a formal security agreement, which should be part of the overall outsourcing contract. An evaluator should review the compliance to this security agreement.

[Lindskog 2005]

Lindskog, H. (2005). SOTIP as a Model for Outsourcing of Telecom Services for the Public Sector. *Proceedings of the 38th Annual Hawaii International Conference on System Sciences – 2005*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses outsourcing telecom functions in public sector organizations using Swedish government Open Telecommunications systems Interconnection Profile (SOTIP) framework. The framework identifies a number of working situations called end-user types. Using this model, the telecommunication needs of each end-user type or group of users are analyzed based upon their role in the business and requirements on telecommunications. The end-users are divided into seven generic types: three as individual end-user types and four as function end-user types. For each end-user type there is a key functionality. The model also describes some management services, which are divided in the following groups: Configuration, security, performance, fault and accounting. The article states that the framework has been tested in a few large procurements in Sweden and in the Netherlands.

[Logan 2000]

Logan, M. S. (2000). Using agency theory to design successful outsourcing relationships. *International Journal of Logistics Management*, 11(2), 21-32.

The paper discusses outsourcing relationships in transportation industry and suggests solutions to the problems and issues. It suggests using the three theories: the resource based view; transaction cost economics; and, agency theory in evaluating outsourcing relationships. The article first recommends evaluating the ability of the provider to use its core competencies to serve the user and determine if synergies exist with existing operations. Then it suggests evaluating the transaction costs like asset specificity and investment needs; levels of uncertainty; and, the opportunities to develop economies of scale and scope. As the next step, agency costs should be evaluated in which the parties must work to align their goals and values and should reach an agreement on information available and measurement criteria to be used.

[Loh 1991]

Loh, L. W. T. (1991). *'Outsourcing' as a mechanism of information technology governance: a cross-sectional analysis of its determinants*. Cambridge, Mass.: Sloan School of Management, Massachusetts Institute of Technology.

[Loh 1992a]

Loh, L., & Venkatraman, N. (1992). *Diffusion of information technology outsourcing: influence sources and the Kodak effect*. Cambridge, MA.: International Financial Services Research, Sloan School of Management, Massachusetts Institute of Technology.

The article describes IT outsourcing as a significant administrative innovation in an organization's strategy. Authors use diffusion modeling to show that adoption of IT outsourcing is influenced more by internal influence (imitative behavior) than by external influences

among the clients and that the organizations mimic others when the underlying administrative processes are complex, and under environmental uncertainty. The article points out that IT outsourcing is an administrative innovation because it represents a significant change in the mode of governance, in the internal processes of user organization and in the organization's routines used to deal with the external organization.

[Loh 1992b]

Loh, L. W. T., & Venkatraman, N. (1992). Determinants of information technology outsourcing: a cross-sectional analysis. *Journal of Management Information Systems*, 9(1), 7-24.

The paper is based on a study of 55 major US companies. The paper develops a research model on the determinants of IT outsourcing. Some of the hypothesis supported by the model, which lead to the determinants of outsourcing are: The firm's business cost structure will be positively related to the degree of IT outsourcing- A firm with a high relative cost will consider the available options to reduce costs, including outsourcing; The firm's business performance is negatively related to the degree of IT outsourcing- When the firm does not perform well vis- -vis its competition, it needs to reevaluate its IT options and hence may consider outsourcing; The firm's financial leverage will be positively related to the degree of IT outsourcing- A high level of debt results in the need to reduce non-deployable assets, leading to greater outsourcing; the firm's IT cost structure will be positively related to the degree of IT outsourcing- Higher cost structure will lead the companies to look for avenues to reduce costs and hence outsource; The firm's IT performance will be negatively related to the degree of IT outsourcing.

[Lokachari 2001]

Lokachari, P. S., & Mohanarangan, M. (2001). Outsourcing of information technology services: a decision-making framework. *PICMET '01. Portland International Conference on Management of Engineering and Technology, Portland, OR, USA. Portland, OR: PICMET - Portland State University.*

This article is the summary of the paper presented at the conference. It presents a decision-making framework for outsourcing IT services. It divides the decision into goals, criteria, sub-criteria and decision alternatives. Goal could be the selection of the best software development option. The decision alternatives have been identified as onsite, offshore and in-house (the three methods for project execution). These alternatives have been evaluated based on eighteen sub-criteria, which have been grouped under three criteria-project-specific, technology-specific and strategy-specific criteria. Examples of the eighteen sub-criteria are: Quantum of coding; Client interaction; Migration needs; Stability of scope and platform dependence.

[Lonsdale 1998]

Lonsdale, C. (1998). *Outsourcing: business guide to risk management tools and techniques*. Peterborough, UK: Earlsgate Press.

The book is divided in five chapters. The first two chapters are introductory in nature, they discuss the concept of outsourcing, reasons why firms outsource and the risks associated with outsourcing. Next two chapters deal with mitigating the risks of outsourcing using various models, most of which are based on the core competence framework. Chapter 5 has the conclusion of the authors and they believe that firms have still not mastered the ideal approach to outsourcing.

[Louis 1999]

Louis, L. R. (1999). An empirical investigation of employee perceptions of outsourcing success of information technology operations. Khosrowpour, M., ed. *Managing Information Technology Resources in Organizations in the Next Millennium - Proceedings of the 1999 Information Resources Management Association International Conference; Hershey, PA, USA*. Hershey, PA: Idea Group Publishing, 876-879.

This paper outlines a plan for a research problem in IT outsourcing. It seeks to investigate the effects of outsourcing IT functions on information technology employees in terms of their career objectives and their impact on outsourcing and focuses on how outsourcing has affected retained and transitioned employees directly involved in outsourcing. It will attempt to identify a causal relationship between the employee perspective and human factors identified in previous research and outsourcing successes.

[Lynch 1999]

Lynch, R. P. (1999). *Strategic sourcing: Multi-Industry benchmarking study*. Providence, RI: The Warren Company.

The presentation discusses strategic sourcing and some of the best practices. It describes the different phases strategic sourcing initiatives. The first phase is the Strategy phase, in which it recommends that outsourcing should not be regarded as a universal solution, and that the client should understand its own business goals, the business processes and the costs. The second phase is Partner Selection. The other phases are Negotiations, Planning, Structure and Management. Structure deals with building mechanisms to enhance coordination, teamwork and performance.

[Mah 2000]

Mah, M., & Stone, D. (2000). IT relationship management: four early warning signs of breakdown. *Cutter IT Journal*, 13(9), 12-19.

The article discusses four potential warning signs in relationship management in outsourcing and the strategies to overcome these issues. Getting into a contract in a rush, without analyzing all aspects is the first warning sign. If this has already happened, both parties need to discuss service levels and other issues that reflect the reality; they should also solve the problem of scope very early to manage the expectations. Having a poor or inadequate metrics framework is another warning about potential problems. To mitigate this client and the supplier need to jointly develop a reliable, agree-

able measurement framework with the help of metrics subject matter experts. If outsourcing is treated strictly as a transaction, it could also lead to problems. To avoid this joint teams that develop shared identity should be formed. Finally the contractual dispute resolution clause emphasizing conflict escalation may be a warning too. The parties need to gain a clear understanding of what causes conflict, what kinds of communication tend to sustain and deepen conflict, and what methods can manage conflict most effectively.

[Maheshwari 2004]

Maheshwari, A. (2004) Captive Offshoring: Is it Right for your Company? [Web Page]. Accessed 2004, July 15. Available at: <http://www.computerworld.com/managementtopics/outsourcing/story/0,10801,94007,00.html>.

This article deals with captive offshoring. It states that for Fortune 500 companies, captive sites are very common. For these firms captive offshoring offers significant cost savings through cheap labor, inexpensive resources and tax benefits. There are however various challenges that a company faces when deciding to go offshore. Financial risks, unfamiliar culture, foreign accounting, legal, regulatory, operational, political and business process practices are some of them. For smaller firms some options to building a captive offshoring are: rent space in an office building specially designed to house foreign subsidiaries. Another option is for a group of non-competing companies to pool their resources and share the costs and facility space.

[Malgorzata 2002]

Malgorzata, P. (2002). *Outsourcing Impact On Security Issues*. Katowice, Poland: Information Systems Department, University of Katowice.

The report discusses the security of information systems provided, in general, by outsourcing vendor. It recommends that clients should carefully evaluate which assets need what type of protection. The report also discusses risks in IT outsourcing and mentions that cooperation between the vendor and client is very important for effective security management.

[Mamaghani 2000]

Mamaghani, F. (2000). Selecting outsourcing vendor for information systems. *International Journal of Management*, 17(3), 334-343.

The paper outlines a vendor selection methodology in outsourcing using Analytical Hierarchy Process. The paper describes various attributes of vendor evaluation and selection as: setting up a management team; examining the financial strength of the vendor; related industry experience and other skills evaluation of the vendor; and price. The paper then describes the Analytical Hierarchy Process for vendor selection, using a valuation rating of 1 to 9 to compare various attributes as described above.

[Mann 2004]

Mann, C. L. (2004). What Global Sourcing Means for U.S. IT Workers and for the U.S. Economy. *Communications of the ACM*, 47(7), 33-35.

The article discusses the implications of the increasing global sourcing for the US. The article mentions that global sourcing of software and IT services will reduce the price of these products, yielding an increase in jobs demanding IT knowledge and skills but the new jobs may not require the same skills or be in the same sectors of the economy and that demand for the skilled workers will continue to increase. The article suggest a two-pronged approach for US government and IT industry, focusing on adjustment and training at home and opening markets abroad.

[Marchington 2004]

Marchington, M., & Vincent, S. (2004). Analysing the Influence of Institutional, Organizational and Interpersonal Forces in Shaping Inter-Organizational Relations. *Journal of Management Studies*, 41(6), 1029-1056.

[Mariacristina 2003]

Mariacristina, P., Enrico, S., & Marco, V. (2003). *The Skill Bias Effect of Technological and Organizational Change: Evidence and Policy Implications* (IZA DP No. 934). Bonn, Germany: Institute for Study of Labor.

The article is based on the "Skill Biased Organizational Change" hypothesis. The authors state that though previous research had shown that technological change are the main cause of the skill bias (increase in the number of highly skilled workers) in manufacturing employment in developed countries, their research with a sample of 400 Italian manufacturing firms shows that upskilling is more a function of the reorganization strategy than technological change alone. The paper states that one of the possible implication for education and training policies is that general knowledge - including non-cognitive capabilities - should be fostered at the expenses of technical/specific knowledge.

[Marshall 2001]

Marshall, D. (2001). *The outsourcing process: from decision to relationship management* [Ph.D. Thesis]. Bath, UK: University of Bath.

[Martin 2000]

Martin, C. L. (2000). Outsourcing the internal audit function. *The CPA Journal*, 70(2), 58-59.

The paper discusses outsourcing internal audit functions CPA firms and other niche firms. It points out that there are some critical issues relating to independence and that external auditors that also perform internal audits would seem to lack the appearance of independence. Some of the activities that could be potentially in conflict include: Determining the scope of the internal audit function; Assessing the company's business risks; Developing procedures that address the business risks; and Monitoring the effectiveness of the internal control structure.

[Martz 2003]

Martz, W. B., & Shepherd, M. M. (2003). Testing for the Transfer of Tacit Knowledge: Making a Case for Implicit Learning. *Journal of Innovative Education, 1*(1), 41-56.

The article deals with knowledge based applications, and states that these are becoming a key factor in determining organizational value. It mentions that knowledge can be of implicit type or explicit type, and that firms may not be including the full range of knowledge while measuring it. Using experimental results, the paper concludes that firms should include implicit knowledge as part of the knowledge valuation of their organizations and while reevaluating business practices such as outsourcing and in-house training. To observe the implicit learning, metrics should be created to measure the implicit learning value of active learning experience.

[Mathias 2003]

Mathias, T., & Thierry, V. (2003). A theory of defensive skill-biased innovation and globalization. *The American Economic Review, 93*(3), 709-728.

This paper deals with how organizations can bias the direction of technological change. It uses the trade integration between similar regions and between dissimilar regions to show that when there is a threat of technological leapfrogging or imitation, the firms try to bias the direction of their innovation towards skilled labor intensive technologies. The paper calls this defensive skill-biased innovation, and states that this increases wage inequalities across the regions.

[Matloff 2004]

Matloff, N. (2004). Globalization and the American IT worker. *Communications of the ACM, 47*(11), 27-29.

The article states that offshoring of IT harms the US workers, the US firms and the economy in long run. If the costs of agency overhead, communications etc are factored in, then the costs saving from offshoring are negligible. To counter the import of skilled workers and IT offshoring the article suggests legislative action, and the businesses should assess offshoring carefully taking into account quality, time to market, and overall costs.

[May 1998]

May, A. S. (1998). Business process outsourcing: a new test of management competence. *Career Development International, 3*(4), 136-141.

The article describes common tasks associated with outsourcing and the managerial competencies required to accomplish those tasks. Some of these tasks are: identifying core and non core activities, identifying activities to be outsourced, specifying standards of performance to be achieved, sourcing and appraising suppliers/providers, negotiating service provision levels of price, quality and delivery, monitoring the effects of outsourcing and risk assessment. The article mentions that managing outsourcing requires both technical and behavioral competencies. Some of the technical ones are costing, contract law, purchasing, system design, benchmarking, decision-making and negotiations. Some of the behavioral compe-

tencies include: listening skills, communication skills, persuasiveness and team working.

[Mazzawi 2002]

Mazzawi, E. (2002). Transformational outsourcing. *Business Strategy Review*, 13(3), 39-43.

The article discusses the differences between traditional and transformational outsourcing. It states that traditional outsourcing will no longer be a competitive differentiator, and that transformational outsourcing focuses on changing the paradigm. While the traditional outsourcing has an operational focus, the transformational outsourcing has a business focus. Traditional outsourcing concerns cost cutting and transformational helps create value. The traditional outsourcing is based on external IT specialists achieving higher performance than a non-specialist company but the transformational outsourcing is based on creation of a network of partnerships in the new connected economy. The article is written by a consultant and does not have much depth.

[McCaffrey 1999]

McCaffrey, M. (1999). Offshore outsourcing: the alternatives, key countries, and major challenges. *Cutter IT Journal*, 12(10), 29-34.

The article discusses the trends in offshoring, profiles four countries and also discusses the challenges to offshoring. The article mentions four kinds of offshoring options, which are: Professional services- mainly associated with 'body shopping' and the vendor provides the client with on-site human resources; Individual software project outsourcing- the client outsource the development of a specific application; Offshore development centers- the vendor provides all the infrastructure requirements and full time personnel to a client center; Joint venture with the vendor- setting up a separate legal company in vendor's company; Wholly owned subsidiaries of the client. The article then profiles India, Philippines, Israel and Ireland in terms of offshoring to these countries. Cultural differences and client's commitment to offshoring are mentioned as the biggest challenges to offshoring success.

[McCarthy 2004]

McCarthy, E. (2004). Tips for the Sarbanes-Oxley Learning Curve. *Journal of Accountancy*, 197(6), 36-44.

The article, targeted at the CPA firms, states that though the Sarbanes-Oxley Act of 2002 was directed at publicly held companies and their auditors, mid-size and small firms have been impacted too, directly or indirectly. Some of the suggestions from the article are 1. Appoint a Sarbanes-Oxley monitor like assigning a partner or director to monitor Sarbanes-Oxley developments, establishing communication procedures that ensure management, staff and clients receive relevant updates. 2. Review new audit clients carefully- Evaluate the client's internal controls. 3. Plan for staffing needs. 4. Upgrade recordkeeping - Record retention has become more stringent for audits of public entities under SOX, which requires an auditor to retain for a seven-year period all relevant workpapers, memos,

correspondence and records. 5. Offer new services- The new law has the potential to be as a source of revenue for firms. 6. Communicate with the audit committee-audit partners and staff must work more closely with the public company's audit committee.

[McCray 1996]

McCray, G. E. (1996). *The Outsourcing of IT Services: Factors and Policy Implications (Information Technology)* [Ph.D. thesis]. Tallahassee, FL: Florida State University.

[McCray 2004]

McCray, S. (2004) *Managing the Seams Between Multiple Outsourcing Relationships* [Web Page]. Accessed 2004, July 15. Available at: <http://www.computerworld.com/managementtopics/outsourcing/story/0,10801,94478,00.html?SKC=outsourcing-94478>.

This article talks about how clients are moving towards outsourcing to multiple service providers instead of outsourcing all or most of their IT-enabled services to a single outsourcing service provider. By contracting with multiple providers, clients can gain greater expertise, be less dependent on a single provider, maintain better geographic coverage and foster healthy competition among service providers. To avoid problems in sourcing from multiple vendors clients should have an enterprise wide sourcing strategy; Every sourcing contract should include provisions that anticipate the need for the service provider to collaborate with any retained function or third parties; Clients should establish forums to facilitate mutual relationships and communication between the service providers.

[McCray 2002]

McCray, S. (2002). *Sourcing Management: The Foundation and Tools. Inside Sourcing Newsletter*, 7(5), 1 pg, The Woodlands, TX: TPI.

This article gives guidance about effective sourcing management. It states that a company must first identify what it needs to manage. Four competency areas that can help make this identification are: Performance management-includes monitoring and coordination of service delivery, work order requests, project planning, and technical requirements; Financial Management- including invoice verification, charge back and financial analysis and planning; Relationship Management-coordination of business strategy, planning, communications and issue resolution; and contract administration-document management, compliance and the legally binding agreement between the parties. The article then recommends deciding the policies and responsibilities of the sourcing management organization, and then designing the processes associated with managing service delivery and relationship.

[McFarlan 1995]

McFarlan, F. W., & Nolan, R. L. (1995). *How to manage an IT outsourcing alliance. Sloan Management Review*, 36(2), 9-23.

The paper gives suggestions on determining when to outsource IT and how to structure and manage the alliance. Two of the important factors that have affected the growth of IT outsourcing are strategic alliances and the changing IT environment. Some major factors that

can lead a firm to outsource are mentioned as: concerns about costs and quality; financial factors, and breakdown in IT performance. When outsourcing, the article recommends analyzing factors like IT's relevance to the company at a particular time, its IT development portfolio, the sophistication of a firm's organization learning, its position in the market and its IT organization. While structuring the alliance the firm should consider a flexible contract (specially ones which are long term), ensure that they retain sufficient control, ensure supplier stability and quality and consider the cultural fit. The article also identifies 4 areas in managing the alliance. These are: ensuring a strong and active CIO function is retained, continuous learning, developing an understanding of the emerging technologies, and managing the contract effectively.

[McFeeley 1996]

McFeeley, B. (February 1996). *IDEAL: A User's Guide for Software Process Improvement*. CMU/SEI-96-HB-001. Carnegie Mellon University, Software Engineering Institute.

[McGarry 2002]

McGarry, J., Card, D., et al. (2002). *Practical Software Measurement: Objective Information for Decision Makers*. Boston, MA: Addison-Wesley.

[Mclvor 2003]

Mclvor, R. (2003). *Outsourcing: Insights from the telecommunications industry*. *Supply Chain Management*, 8(4), 380-394.

The paper presents a case study and discusses the drivers for outsourcing in telecommunications industry. The paper using the core competence theory to evaluate company's outsourcing strategy. It identifies the need to lower costs and lower and implementing Just in Time (JIT) delivery with the chosen suppliers as the main factors for outsourcing. The paper also finds that when a company outsources production and assembly of products, activities performed internally are the support activities of the value chain such as design, engineering, procurement, and customer service.

[Mclvor 2000a]

Mclvor, R. (2000). *A practical framework for understanding the outsourcing process*. *Supply Chain Management*, 5(1), 22-36.

The aim of this article is to illustrate that outsourcing should be carried out from a strategic perspective and integrated into the overall strategy of the organization by proposing an outsourcing framework. The outsourcing framework proposes a four-stage analysis to assist organizations in the formulation of an effective outsourcing decision. The purpose is to highlight the strategic issues, and comprehensive cost analysis, that should be considered by the organizations, if an effective outsourcing decision is to be formulated. The framework integrates the key strands of the value chain, core competency thinking and supply base influences into the decision-making process. The four phases of the framework are: Defining the core activities of the business, Evaluate the relevant value chain activities, Total cost analysis of core activities, and Relationship analysis.

[Mclvor 2000b]

Mclvor, R. (2000). Strategic outsourcing: Lessons from a systems integrator. *Business Strategy Review*, 11(3), 41-50.

The paper deals with strategic outsourcing and using a case example of a telecom equipment manufacturer, analyzes the issues associated with strategic outsourcing. The outsourcing process is divided in 7 stages which are: Initial analysis- identifying overall objectives, potential supplier roles and potential activities that may be involved; Risk analysis; Identification of potential suppliers; Capability analysis; Cost analysis; Business case decision; and supplier selection. While the company did benefit from outsourcing by having increased flexibility, most competent source, reducing the costs, and by reducing the risks, there were several limitations in the strategy. There was loss of key skills and the company used the core competency strategy to transfer its problem areas to the suppliers, rather than addressing them. The article concludes that in fast changing industries, the definition of core businesses must be revisited on a continuous basis, that the firms do not always have the macro-level process to distinguish between core and non core and that partnerships with key suppliers can reduce the risks in outsourcing.

[Mclvor 2000c]

Mclvor, R., & McHugh, M. (2000). Partnership sourcing: An organization change management perspective. *Journal of Supply Chain Management*, 36(3), 12-20.

The article discusses organization change implications for organizations that are developing relationships with their suppliers. Using a case study, the article describes four dimensions of such relationships. These are joint buyer-supplier cost reduction, supplier involvement in new product development, delivery and logistics management, and core business strategy. Some of the challenges associated with trying to develop collaborative relationships are: purchasing is still perceived by other functions as a clerical-type activity and not value-adding, inability to develop partnering mind-set across internal functions. Success of such relationships depends on high level of commitment and resource allocation from both the customers and suppliers.

[McKeen 2001]

McKeen, J. D., & Smith, H. A. (2001). Managing external relationships in IS. *Proceedings of the 34th Annual Hawaii International Conference on System Sciences – 2001, Maui, HI*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses relationship management in IT outsourcing arrangements. It describes the nature of external relationships in IS, groups them into categories, and presents some strategies for dealing with them. There are four kinds of relationships identified: commodity contract, performance contract, preferred partner, and strategic partner. Some of the strategies identified for managing the relationship are: Learn from the business about external relationships; Make relationship management part of IS resourcing strategy;

Make contract management a core IS competency; Establish the terms of reference for consulting partners; and build a 'preferred list' of partners.

[McLellan 1995]

McLellan, K., Marcolin, B. L., & Beamish, P. W. (1995). Financial and strategic motivations behind IS outsourcing. *Journal of Information Technology, 10(4), 34-38.*

The paper identifies some strategic motivations for IT outsourcing using seven banking case studies. Financial motivations, which were identified from cases, include reduced hardware costs, software costs, IS personnel costs and business operations costs. Other motivations for outsourcing were mentioned as unresponsive IS departments, to restructure or to mitigate technology risks. The paper finds that though the banks considered IT to be a core competency, yet they chose to outsource most of it. This is because Outsourcing offered them an opportunity to use external resources to increase competitive capabilities within the IS function.

[Meadows 1996]

Meadows, C. J. (1996). Globalizing software development. *Journal of Global Information Management, 4(1), 5-14.*

The paper describes the characteristics of projects and tasks that are good candidates for outsourcing, and what capabilities must change in order for a client firm to be successful in offshoring. The paper presents a framework, which divides the relevant issues into task partitioning and task integration. It recommends that when offshoring, tasks can be divided by time or module, and that the time-based division of labor involves greater integration risk overall but relies less on organizational weakness (lack of capability). Module based division of labor involves lower integration risks but does rely on organizational weakness.

[Mears 2004]

Mears, J. (2004). Is security ripe for outsourcing? *Network World, 21(34), 1-2.*

The article discusses how corporate clients are increasingly outsourcing the security functions. Outsourcing the routine security activities helps these firms to focus their expertise in more critical areas, but they need to be vigilant about how the service is delivered and they should have provisions in place to ensure that companies get the services they are paying for.

[Meisinger 2004]

Meisinger, S. (2004). Outsourcing: A Challenge And an Opportunity. *HRMagazine, 49(9), 1-5.*

The article discusses how the growth of outsourcing is creating new HR career paths. It mentions that with outsourcing HR professionals are handling dual responsibilities- aligning human capital strategies with their organization's business objectives and addressing the day-to-day needs of employees. Outsourcing has the potential of freeing the HR professional from the transactional tasks and providing additional time to focus on more strategic activities. However

for some the prospect of extensive outsourcing creates anxiety, as the outsourcing may lead to reduction in HR staff. The author says that with increased outsourcing, the service providers will need HR expertise and many HR management functions will be resistant to outsourcing like those involving setting strategic direction for an organization.

[Meta 2004a]

Meta Group. (2004). *Governing (Outsourcing) Vendor Relationship: Tactics, Techniques and Tools-Summary*. Stamford, CT: Meta Group.

Summary: With outsourcing on the rise and becoming more readily accepted as a viable (and sometimes required) business practice, the question on many users' minds is: What are the best practices for managing such relationships? With an increased focus on cost cutting during the past three years, many outsourcing contracts have come under fire. Intense debate over value provided versus cost has been one of many major points of contention. Our research indicates that organizations are demonstrating an increased level of maturity in assessing and selecting service providers (largely as a result of lessons learned in the past and a broader use of third-party advisory firms). However, the industry as a whole has become more aware of the discrepancy in managing vendor relationships. With standardization becoming the key mantra throughout the industry, no clearly articulated and generally accepted standards for vendor governance have emerged.

[Meta 2004b]

Meta Group. (2004). *Service Level Agreements: A Framework, Template and Implementation Toolkit - Executive Summary*. (3rd ed.), Stamford, CT: Meta Group

The article describes the Service Level Agreements (SLAs) in IT, some best practices in developing the SLAs and also provides SLA templates. The article mentions that IT SLAs differ based on their level of maturity and that there could be three kinds of such SLAs- the first generation (IT operational), the second generation (business services), and the third generation (business processes/transactions). An SLA is composed of the following components: service definition, operating specifications, management processes, glossary of terms, and measurements.

[Meta 2003a]

Meta Group. (2003). *Competitive Sourcing: Doing it right- Executive session*. Stamford, CT: Meta Group.

The presentation discusses outsourcing, the capabilities which clients need to source, and various phases of sourcing. The presentation mentions the current IT outsourcing market in terms of applications that are being outsourced, the major reasons for outsourcing and the common outsourcing misconceptions. The presentation also mentions the Meta Outsourcing lifecycle. The various phases are: Business alignment, IT alignment, sourcing strategy, vendor selection and vendor management.

[Meta 2003b]

Meta Group. (2003). *Outsourcing Desk Reference: Executive Summary*. Stamford, CT: Meta Group.

This report outlines Meta's methodology for strategic outsourcing decisions and describes how to evaluate outsourcing opportunities, select service providers and manage them. The chapters in the report are divided into four sections. The first section has chapters dealing with deciding what to outsource, aligning IT and business, determining the business value from outsourcing and managing the risks in the outsourcing process. Section two deals with vendor evaluation and negotiation phase of outsourcing and describes how to define the scope of work, writing Request for Proposals (RFPs), evaluating and negotiating with the service providers and the transition strategy. Section three deals with vendor governance, performance measurement and the termination phase in outsourcing deals. The fourth and the last section of the report deals with industry trends and some of the best practices in outsourcing, with a separate chapter on offshoring.

[Michalski 2000]

Michalski, L., Miller, J., & Levin-Epstein, M. (2000). Should companies be hiring chief resource officers?/ Commentary. *Biopharm*, 13(4), 16-18.

This article has a focus on pharmaceutical industry. Although most pharmaceutical companies do not currently have a chief resource officer, this seems likely to change in the future. As outsourcing becomes strategic, it is likely that the chief resource officer will play a critical role.

[Michell 1997]

Michell, V., & Fitzgerald, G. (1997). The IT outsourcing market-place: vendors and their selection. *Journal of Information Technology*, 12(3), 223-37.

This paper focuses on outsourcing vendors, their characteristics and the vendor selection process. It divides the vendors into five categories: The IT consultancies and their IT solution providers, the hardware vendors, the system houses, the Ex-IT departments of the clients and the generic outsourcers. The paper applies Porter's Five Forces framework to describe the vendor market dynamics. The paper also gives the client's perspectives on dealing with the vendors and mentions that some of the critical issues are defining service levels, managing the contract and its details, getting different contractors and vendors to work together, vendors' lack of flexibility and vendors' lack of responsiveness.

[Mikkola 2003]

Mikkola, J. H. (2003). Modularity, component outsourcing, and inter-firm learning. *R&D Management*, 33(4), 439-454.

The paper discusses modularity of product architecture and its impact on outsourcing decisions and inter-firm learning. The paper states that outsourcing creates some degree of supplier-buyer interdependence and possibilities of inter-firm learning depend-

ing on division of tasks in functional specification and engineering of product architectures. Early supplier involvement in the product development activities also leads to changes on management of supplier-buyer relationships with a tendency towards partnerships.

[Milgate 2001]

Milgate, M. (2001). *Alliances, outsourcing, and the lean organization*. Westport, CT: Quorum Books.

The book deals with the concept of lean organizations and the building blocks for a such an organization. The book details six such attributes: core competencies, strategic alliances, effective strategic outsourcing, new management disciplines, a partnership culture and technology enablers. The book devotes a chapter each to each of these building blocks. These factors are described as key factors needed to ensure long-term competitiveness of the organization. About strategic outsourcing, the book mentions that initially the main aim of managers was tactical and outsourcing was used as a money saving tool. However, more and more organizations now see outsourcing as a tool to develop new competencies, and outsourcing is beginning to have new strategic dimension.

[Minoli 1995]

Minoli, D. (1995). *Analyzing Outsourcing: Reengineering Information and Communication Systems*. New York: McGraw Hill Inc.

Aimed at chief information officers, information and communication systems managers, and strategic planners, this book describes the best methods of applying outsourcing for specific data processing and networking functions. The book has a chapter, which discusses basic financial mechanisms that organizations could employ in their decisions about outsourcing. The author presents a mathematical formula that, although complex, helps the reader to understand how to make decisions for the organization on outsourcing IS and there are some good principles presented early in the book. The book proposes that the outsourcing evaluation can be undertaken in three phases: development of current IS baseline model, determination of the strategic objectives of the IS function based on current business requirements and evaluation of internal and external alternatives.

[Mirani 1999]

Mirani, R. (1999). A unified approach to the determinants of IS/IT outsourcing success. In Khosrowpour, M. (ed.), *Managing Information Technology Resources in Organizations in the Next Millennium: Proceedings of the 1999 Information Resources Management Association International Conference; Hershey, PA, USA*. Hershey, PA: Idea Group Publishing, 913-15.

This paper describes the research plan that will be followed to determine the success or failure of an IT outsourcing initiative. The paper states that the study will show that organizational strategy, the strategic importance of IT to the organization, the motivations for outsourcing, nature of the functions outsourced and nature of relationship with the provider are the key elements that determine IT outsourcing success.

[Momme 2002]

Momme, J. (2002). Framework for outsourcing manufacturing: Strategic and operational implications. *Computers in Industry*, 49(1), 59-63.

The paper analyses the process of outsourcing manufacturing to cost-efficient and innovative suppliers in support of internal resources and capabilities. The paper offers a six phase outsourcing approach. The phases are: Competence analysis; Assessment and approval; Contract negotiation; Project execution and transfer; Managing relationship; and Contract termination. The framework includes a logical sequence of activities with built-in performance measures and expected output for each of the phases.

[Momme 2001]

Momme, J. (2001). Framework for Outsourcing: Based on Theoretical Review and Empirical Findings from Danish Heavy Industry. *Manufacturing Information Systems. Proceedings of the Fourth SMESME Conference, Aalborg, Denmark.*

The paper examines the process of outsourcing manufacturing to cost-efficient and innovative suppliers in support of internal core competencies. It presents a framework that links the phases of the outsourcing process to the strategic planning. The framework is based on findings from Danish manufacturing industry and offers a detailed case study of a Danish manufacturing firm. The paper identifies 6 phases of any outsourcing process. The phases are: Competence Analysis; Assessment and Approval; Contract Negotiation; Project Execution and Transfer; Managing Relationship; Contract Termination. For each phase it identifies a varying number of key activities, performance measures and expected outputs. The framework gives an extract of the key activities, performance measures and the outputs but it is not an exhaustive list.

[Monaghan 1998]

Monaghan, I. (1998). A clash of cultures [outsourcing]. *Banking Technology*, 15(1), 46-48.

[Money 1999]

Money, W. H. (1999). Defining new models for outsourcing. In Khosrowpour, M., (ed.), *Managing Information Technology Resources in Organizations in the Next Millennium: Proceedings of the 1999 Information Resources Management Association International Conference; Hershey, PA, USA.* Hershey, PA: Idea Group Publishing, 915-919.

The paper describes the various models of outsourcing based on the Theory of Benefits, contracting methods, types of systems outsourced, and the risks and rewards in outsourcing. The paper analyzes a case and indicates that outsourcing poses a challenge for managers and that integrating it into an overall management strategy requires a business strategy supported by contractual rules and pre planned management practices.

[MorganChambers 2005a]

Morgan Chambers. (2005). *The Retained Organization: Executive Summary*. Amsterdam: Morgan Chambers.

The paper discusses objectives of the retained organization, the essential competencies needed in the retained organization and some of the challenges. Based on a survey, it indicates that most firms do not give enough importance to innovation and service delivery improvement as the objectives of the retained organization, which are very crucial for a successful sourcing engagement. The competencies it recommends keeping in-house include sourcing strategy, business & IT strategy, information management, program & project management, technical architecture, portfolio management, procurement, service management, financial control and contract management. Some of the challenges of the retained organization include shared services, globalization of contracts and multi-vendor sourcing.

[MorganChambers 2005b]

Morgan Chambers. (2005). *Sourcing Relationship Management: The essential requirement to achieving success from your investment*. London: Morgan Chambers.

The paper discusses the importance of sourcing management to the success of sourcing initiatives. The paper states that detailed preparation is very essential for success it recommends detailed market research. It also describes the importance of contract/supply management skill and states that without formal management costs will escalate. The article concludes that some of the bigger firms have already established Sourcing Relationship Management as an Executive position, and are gaining advantages from their sourcing activity.

[MorganChambers 2005c]

Morgan Chambers. (2005). *Success criteria for In-Sourcing*. Stockholm: Morgan Chambers.

The paper discusses insourcing and criteria for successful insourcing. It identifies two main types of insourcing: In-house services are delivered as if they were externalized and the second case when In-Sourcing as a direct result of Outsourcing failure or, through a change of strategy or approach at executive level to return these services in-house. Some of the criteria mentioned for successful insourcing are: Having a deep understanding of outsourcing business models; top-level executive understanding and sponsorship for the In-Sourcing initiative; significant investment budget to keep pace with the market, e.g. technology refresh, staff training etc.; Expect and embrace cultural change; Transparency and solid govern; Greater emphasis on understanding business needs; Acceptance that outsourcing certain aspects is part of a sound In-Sourcing policy/strategy.

[MorganChambers 2004]

Morgan Chambers. (2004). *Outsourcing in the public sector*. Amsterdam: Morgan Chambers.

The presentation discusses outsourcing in public sector, based on a survey of 142 public sector executives in Netherlands. It states

that efficiency is a major issue in public sector and efficiency improvement is most internally driven. There is a feeling that risks of outsourcing are high and also there is resistance to change and lack of knowledge on potential of outsourcing. The presentation states that in outsourcing, the gap with private sector will widen. The presentation concludes that outsourcing has a positive effect on IT performance and time-to-market, though the cost advantages are limited and there are challenges of inadequate skills in governance and organization culture in the public sector.

[MorganChambers 2001a]

Morgan Chambers. (2001). *Outsourcing in the FTSE 100-The definitive study: Episode One: The UK plc*. London: Morgan Chambers.

The report discusses trends in IT outsourcing and BPO in the FTSE 100 firms, based on a survey conducted in 2001. The report states that a majority of these firms outsource and that BPO is growing. Banking was the most prominent sector for outsourcing, followed by aerospace and defense. The report gives the following reasons why some firms may not be outsourcing: core business is people-oriented; business functions are specialized and there is insufficient total market for a third party vendor to operate; those who have not considered outsourcing; and those who have not published outsourcing agreements.

[MorganChambers 2001b]

Morgan Chambers. (2001). *Outsourcing in the FTSE 100-The definitive study: Episode Two: Impact on Financial Performance*. London: Morgan Chambers.

The report discusses the financial implications of outsourcing. Based on a survey of FTSE 100 firms, it states that strategic outsourcing positively impacts share value. It recommends that executives use strategic sourcing as a tool to contain and reduce overall costs and as a strategic commitment to reduced business risk. Outsourcing is also being used as a tool for financial reengineering as it removes IT expenditures from balance sheets and converts fixed costs to variable costs. Among the business reasons for strategic outsourcing, the report states that cost cutting, focus on core businesses, access to skills and technology and opportunity to improve quality of service were some of the reasons.

[MorganChambers 2001c]

Morgan Chambers. (2001). *Outsourcing in the FTSE 100-The definitive study: Episode Three: Business and Sourcing Models*. London: Morgan Chambers.

The report discusses reasons for strategic and tactical sourcing and the types of sourcing arrangements with service providers. According to the article companies may go in for tactical outsourcing if there is a general skill shortage for the relevant technology/expertise or in situations following an M&A, when there is a need of rapid integration of the two pre-existing IT departments. The report mentions that sole sourcing is on the rise because of the growing interest in outsourcing business processes and IT. Sole source contracts work

best when the payment terms to the outsourcer are linked to the business performance of the user and when time is critical, it may be faster to set up a single sole sourcing contract. Among the business models for outsourcing, the report mentions the traditional service fee, share risk and reward, joint venture and the sale and buys back models.

[MorganChambers 2001d]

Morgan Chambers. (2001). *Outsourcing in the FTSE 100-The definitive study: Episode Four: Critical success and failure factors*. London: Morgan Chambers.

The report discusses factors essential for success of an outsourcing deal. Some aspects that must be considered in outsourcing are: Exercise due diligence; Evaluate assets to be outsourced; Set stringent Service Level Agreements; Realign the contract annually; Build in exit clauses; Manage expectations; Manage the outsourcer; and Access outsourcer's strategic thinking. Some other key aspects that must be considered are: Negotiations, contract management, sponsorship of the project, relationship management and performance management.

[MorganChambers 2001e]

Morgan Chambers. (2001). *Outsourcing in the FTSE 100-The definitive study: Episode Five: The rise and rise of BPO*. London: Morgan Chambers.

The report discusses the growth and trends in Business Process Outsourcing (BPO). It states that the BPO is the fastest growing segment in outsourcing with growth rates between 22% and 30%. The main growth in BPO is expected to come from finance, HR and CRM, but the overall BPO market is less mature than the IT market. Some of the reasons to outsource the business processes are mentioned as cost reduction, if there is variable demand for the process, access to technology and skills, financial re-engineering and allowing management to focus on more strategic activities.

[Mullin 1997]

Mullin, R. (1997). Dupont Redefines IT Outsourcing. *Chemical Week*, 159(10), 41-42.

This article describes the Dupont's outsourcing deal. The article claims that Dupont has been successful in managing the alliance and that Dupont is perceived as an innovator in the provision of computer services to its businesses. The deal constitutes a close partnership between Dupont, Andersen (now Accenture) and CSC.

[Mullin 1996]

Mullin, R. (1996). *Managing the outsourced enterprise*. *The Journal of Business Strategy*, 17(4), 28-31.

This paper discusses how clients typically abdicate the responsibility and management in outsourcing and therefore the suppliers manage the relationship. The paper gives example of several aspects like customer satisfaction, which is an important performance area, but is neglected in the contracts. But success in outsourcing depends on managing the partnership well. Clients should constantly moni-

tor the performance and the service levels. The paper quotes some service providers that claim that the success of the deal depends on the sophistication of the client in drafting the contract and managing the relationship.

[Munive-Hernandez 2004]

Munive-Hernandez, E. J., Dewhurst, F. W., Pritchard, M. C., & Barber, K. D. (2004). Modeling the strategy management process: An initial BPM approach. *Business Process Management Journal*, 10(6), 691-711.

The paper discusses the process of strategy formulation and states that it is not a simple decision making process. It mentions that corporate strategies are sometimes generated without considering the structure of the business, particularly at operational level. The paper reviews various existing strategy formulation ideas like the SWOT analysis, the Balanced Scorecard and other approaches. It then suggests a four-stage strategy generation process. The main stages are: Establishing main strategic objectives and performance targets; Formulating the strategy- it consists of an analysis of the organization's environment, analysis of the internal capabilities and selection of an adequate strategy; Implementing the strategy; and Establishing strategic control and evaluation (for strategic feedback).

[Murphy 2002]

Murphy, T. (2002). *Achieving Business Value from Technology: A Practical Guide for Today's Executive*. Hoboken, NJ: Wiley.

The book deals with identifying and realizing the value from investment in IT and provides a methodology for the same. It includes case studies and advice on what the author refers to as 'pillars' of IT project value. The book introduces the framework of Pillars, process and people. The pillars are the strategic alignment of business and technology, business process impact, architecture, direct payback and risk. The book defines the process as weighing the relative importance of the pillars, defining the business specific standards comprising these pillars and managing the IT initiatives against the pillars. 'People' defines the organizational roles that must be filled to ensure that the process will operate.

[Mustonen-Ollila 2003]

Mustonen-Ollila, E., & Lyytinen, K. (2003). Why organizations adopt information system process innovations: a longitudinal study using Diffusion of Innovation theory. *Information Systems Journal*, 13(3), 275-297.

The paper deals with information systems (IS) process innovation decisions. The IS process innovation is defined as any new way of developing, implementing and maintaining IS in an organizational context. The paper divides IS process innovations in four categories: project management and control procedures; description methods; development tools; and baseline technology innovations called technology innovations. Some of the factors, which are affect IS process innovation adoption are: user need recognition, availability

of technological infrastructure, past experience, own trials, autonomous work, ease of use, learning by doing and standards.

[Myers 1996]

Myers, K. N. (1996). *Total contingency planning for disasters: Managing risks..Mininizing loss..ensuring business continuity (Second ed.)*. New York, NY: John Wiley and Sons.

This book deals with issues relating to business continuity planning and disaster recovery. The book focuses on basics of disaster recovery and on educating all the stakeholders involved. It describes the types of disasters, the potential impacts they can have on the business. It then outlines the characteristics of the disaster recovery plan that an organization should have, and gives some useful tips for development of the plan. An important chapter on implementation strategy outlines the roles of various stakeholders like the senior management, managers, and supervisors among others. The book gives a sample contingency plan as an appendix, which is very helpful.

[Nakkiran 2004]

Nakkiran, S., & Franklin, D. J. (2004). *Business Process Outsourcing [BPO]*. New Delhi: Deep & Deep Publications.

The book is a collection of papers and articles by various authors, presented at a seminar. The focus of the book is on Business Process Outsourcing, specifically, its growth, current and future trends in India. The papers are divided in various sections. One section for example consists of papers that discuss advantages that India has on a long-term basis in the BPO space. One section discusses the various BPO models like offshore, offsite, onsite etc. Overall this is a good primer on BPO industry in India, but there are some redundancies in the various concepts covered in different papers.

[Nam 1995]

Nam, K. (1995). *Three Essays on Information Systems Outsourcing*. [Ph. D. Thesis]. Buffalo, NY: State University of New York at Buffalo.

The thesis presents three essays on IS outsourcing. The first paper discusses the outsourcing bidding process using mixed integer programming. The paper suggests that instead of awarding the contract to lowest bidder, the clients should follow a carrot and stick policy (awarding incentives and levying penalties), such as awarding the contract to the competitor if the low cost vendor bids higher than what client feels is vendor's cost structure. The second essay proposes four types of outsourcing relationships using case studies. The four types are support, reliance, alignment and alliance. These types of outsourcing arrangements are based on two dimensions- the extent of substitution by the vendor and strategic impact of IS applications. Based on these, in the support type relationships, insourcing is the main governance mechanism, and is used for traditional IS services. Alignment is used for consulting type IS services and is mostly project based. In alliance there is a strategic partnership with a common objective. In reliance, cost reduction is the major motivation and contracts are mostly long-term. The third essay builds on the second one and discusses the determinants of outsourcing. The

paper states that systems related factors are major factors responsible for outsourcing, technical as well as managerial competence is essential for success and current outsourcing practices have not matured to strategic levels.

[Nam 1996]

Nam, K., Rajagopalan, S., Rao, R. H., & Chaudhury, A. (1996). A two-level investigation of information systems outsourcing. *Communications of the ACM*, 39(7), 36-44.

The article uses the concepts of incomplete contracts and transaction cost theory and IT organizational contexts and processes to study the determinants of outsourcing. IS outsourcing decisions are investigated at 2 levels. The first level deals with the initial outsourcing decision of client firms. The second level pertains to the intention to continue the relationships with current outsourcing vendors in the future. The article states that incompleteness of contracts and IT organizational contexts and processes may be equally important for client firms' decisions to outsource. Second, in order to continue the existing relationships, vendors should be trustworthy as well as technically competent. Prior relationships do not contribute either to continuation of current relationships or to increase in extent of role in subsequent contracts. The service providers should leverage the alliance form of outsourcing arrangements.

[Narayanan 2003]

Narayanan, V. K. (2003). *Managing Technology and Innovation for Competitive Advantage*. New Delhi, Delhi: Prentice Hall.

This book deals with understanding technology, and how managers can keep pace with changing technology. The book is divided into four major portions. The first part- Theoretical Foundations deals with theoretical ideas, and introduces the concept of technology environment, processes of technology change and the impact of technology change on industries and competition. The second part of the book- Technology Strategy focuses on the strategic issues and introduces various technology strategies. The next part- Domains of Technology deals with technology management. The chapters in this part deal with acquiring technology, deploying the technology in products and deploying the technology in value chains. The last part of the book- General Management, deals with the role of general management and the intellectual property issues.

[Nelson-Nesvig 1997]

Nelson-Nesvig, C. (1997). *Outsourcing Solutions: Workforce Strategies That Improve Profitability*. Traverse City, MI: Rhodes and Easton.

The book deals specifically with the HR and legal issues in outsourcing. It discusses the advantages and disadvantages of outsourcing, the critical success factors in outsourcing and the reasons for outsourcing, but has detailed information about the legal and people aspects. For a successful outsourcing initiative, the book suggests the following steps to the clients: Knowing the limits of outsourcing; Being creative; Staying focused; Knowing the negative effects

of outsourcing; Relationship management; Advance planning; Cost control; Taking care of legal issues, including the union related issues.

[Newell 2000]

Newell, S., Swan, J. A., & Galliers, R. D. (2000). A knowledge-focused perspective on the diffusion and adoption of complex information technologies: the BPR example. *Information Systems Journal*, 10(3), 239-259.

The paper presents a model explaining the diffusion of complex technologies in a user firm, with the example of Business Process Re-engineering (BPR). The model focuses on the spread of ideas and knowledge in the technology and not on the spread of that particular technology itself. The paper also highlights the issue of technology suppliers commodifying knowledge and presenting packaged solutions to users, who may then find it difficult to integrate the knowledge with the existing organizational knowledge. For example if no one in the firm has a particular type of knowledge essential to unbundling, say process analysis (In BPR context), the firm may have to rely on external consultant. Unless this knowledge then passes on to the internal system, it will be lost once the project is concluded. The paper also states that the diffusion and adoption of innovation is the process of integrating knowledge across disparate communities but this is difficult. It has to be integrated within the user firm through a process of negotiation and sense-making.

[Newell 2004]

Newell, S., Tansley, C., & Huang, J. (2004). Social Capital and Knowledge Integration in an ERP Project Team: The Importance of Bridging and Bonding. *British Journal of Management*, 15(1), S43-S57.

The article states that large IT projects are not generally successful, so it is important to identify the areas where they can go wrong. The paper considers the problems experienced in ERP projects from a knowledge integration perspective. The paper states that in order to understand the relationship between social capital and knowledge integration within a project team, it is essential to distinguish between two forms of social capital- external bridging social capital and internal bonding social capital. It is essential also to build strong social capital bonds within the project team to make it a cohesive social unit, so that it can effectively integrate the acquired knowledge.

[Ngwenyama 1999]

Ngwenyama, O. K., & Bryson, N. (1999). Making the information systems outsourcing decision: A transaction cost approach to analyzing outsourcing decision problems. *European Journal of Operational Research*, 115(2), 351-367.

The paper uses transaction cost theory to analyze IT outsourcing decisions. It gives a mathematical model to compare the costs and profits for single-vendor and multiple-vendor strategies. The model also helps in calculating the probability of vendor shirking when a single vendor is used, and the cost of such shirking to the client. The model also helps the client to identify conditions that can lead to

opportunistic bargaining by the vendor and thus can help client in formulating monitoring and coordinating strategies.

[Nicholson 2001]

Nicholson, B. (2001). Global software outsourcing: The solution to the IT skills gap. *Workshop on Global software outsourcing: The solution to the IT skills gap*. Wissenschaftszentrum, Berlin. Anglo-German Foundation for the Study of Industrial Society.

The objective of the workshop was to assess the current position for the UK and Germany with regard to the worldwide information technology skills shortage and to consider strategies for addressing this shortage. The workshop identified the multifaceted nature of the IT skills shortage and the need for a partnership between various stakeholder groups in solving the problem. The paper states that demand of IT workers may significantly outstrip supply, leading to inflated salaries, increasing staff turnover, higher operating costs and lower profit margins. It identifies development of education policy and attracting foreign working as the potential responses to this shortage. The paper also deals with the implications of increased outsourcing for Anglo-German policy makers and states that they should partner with business and education, representatives of software outsourcing nations.

[Nielsen 1996]

Nielsen, J., & Miller, A. (1996). Selecting software subcontractors. *IEEE Software*, 13(4), 104-9.

[Nurmi 2005]

Nurmi, A., Hallikainen, P., & Rossi, M. (2005). Coordination of Outsourced Information System Development in Multiple Customer Environment – A Case Study of a Joint Information System Development Project. *Proceedings of the 38th Annual Hawaii International Conference on System Sciences – 2005*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses coordination aspects in IT outsourcing, when multiple clients and multiple service providers are involved in development of a common information system. Using a case study, the paper discusses various coordination mechanisms and their evolution as the project progresses. For example during the requirement analysis phase, the coordination mechanisms are informal mutual adjustments (i.e. project group) and formal mutual adjustment (i.e. consortium agreement). In the coding phase these were coordination by plans (i.e. requirements documentation) and formal mutual adjustment (i.e. consortium agreement). The paper also finds that compromising is the most characteristic feature of system development in the multiple customer environments and it makes the system development more difficult and increases the coordination needs. The paper also finds that coordination mechanisms become more formal and control-oriented as the jointly developed system becomes more and more functional. Changes to the system become more difficult to get through the coordination mechanisms.

[Nutt 2004]

Nutt, P. C. (2004). Organizational De-development. *Journal of Management Studies*, 41(7), 1083-1103.

The paper discusses downsizing and some of the dangers associated with it. It states that downsizing may result in loss of core competencies. The paper suggests de-development, which implies gradually moving to a simpler organizational structure, retaining core competencies and supporting functions. De-development is defined in the paper as the reverse of transformation, leading to a simpler, less integrated strategy with less organized complexity. This process helps the organization preserve its crucial customers, products, market channels, alliances, before letting go of its remaining customers, products etc. The paper recommends a slow deliberate transition because time is required to reorganize, preserve and manage the core competencies. The executives should also have a clear understanding of the new identity, following de-development.

[OGC 2004]

Office of Government Commerce. (2004). *ITIL Business Perspective (Vol 1)*. United Kingdom: The Stationery Office.

[OGC 2003]

Office of Government Commerce. (2003). *Gateway Process, Successful Delivery Toolkit. Version 3.9*. London: The Stationary Office.

OGC's Successful Delivery Toolkit describes proven good practices for procurement, programs, risk and service management. The toolkit attempts to bring together policy and best practice in a single point of reference. The Gateway Process, a part of Successful Delivery Toolkit, identifies 6 phases or reviews. These are: Strategic Assessment (Does it support our business strategy); Business Justification (Are the business benefits understood and agreed, is there a business case); Procurement Strategy (Is the requirements spec clear, have all options been explored); Investment Decision (Competitive procurement, how likely is the proposed contract to deliver what's needed on time and in budget); Readiness for Service (Award and implementation of contract; is the business ready to implement the service); Benefits realization (Managing the contract, seeking continuous improvements). For each of the phases, it identifies the purpose, preconditions, potential of success, review of the current phase, risk management and readiness for the next phase.

[OGC 2002]

Office of Government Commerce. (2002). *Best Practice for Service Delivery - ITIL: The key to managing IT services*. London: The Stationary Office.

This book is a part of a series of books on IT Infrastructural library (ITIL) that documents the best practices for service delivery and support. The book comprehensively covers the services, which businesses require of the providers, in order to provide support to business customers. These services are: Capacity management, financial management of IT services, availability management, service level management and IT service continuity management. The book is

targeted towards people responsible for managing IT services or IT consultants from enterprise that offers IT services.

[OGC 2002a] **Office of Government Commerce. (2002). *ITIL ICT Infrastructure Management*. United Kingdom: The Stationery Office.**

[OGC 2002b] **Office of Government Commerce. (2002). *ITIL Planning to Implement Service Management*. United Kingdom: The Stationery Office.**

[OGC 2002c] **Office of Government Commerce. (2002). *ITIL Application Management*. United Kingdom: The Stationery Office.**

[OGC 2001] **Office of Government Commerce. (2001). *ITIL Service Support*. United Kingdom: The Stationery Office.**

[OGC 2000] **Office of Government Commerce. (2000). *ITIL Service Delivery*. United Kingdom: The Stationery Office.**

[OGC 1999] **Office of Government Commerce. (1999). *ITIL Security Management*. United Kingdom: The Stationery Office.**

[Oh 2005] **Oh, W. (2005). Why Do Some Firms Outsource IT More Aggressively Than Others? The Effects of Organizational Characteristics on IT Outsourcing Decisions. *Proceedings of the 38th Annual Hawaii International Conference on System Sciences – 2005*. Los Alamitos, CA: IEEE Computer Society.**

The paper discusses the broader organizational factors that may lead to IT outsourcing in a client organization. It states that conventional benefits of IT outsourcing like cost reduction, the ability to focus on core competence, technological leadership, etc. have been extensively researched but not the organization factors. The paper studies the impact of firm uncertainty, agency risk, and firm innovativeness (measured by R&D spending) on IT outsourcing decisions. It states that firm uncertainty and agency risks negatively affect a firm's outsourcing decisions, but a firm's innovativeness positively impacts IT outsourcing decisions.

[Oh 2004] **Oh, W., & Gallivan, M. J. (2004). An Empirical Assessment of Transaction Risks of IT Outsourcing Arrangements: An Event Study. *Proceedings of the 37th Annual Hawaii International Conference on System Sciences – 2004*. Los Alamitos, CA: IEEE Computer Society.**

The paper discusses the risks in IT outsourcing, based on stock market reactions. It employs an event study methodology to assess the investors' perception of IT outsourcing and evaluation of risks related to IT outsourcing. The paper finds that the potential lock in issues because of asset specificity contribute to negative market reactions. Another finding is that investors perceive larger projects as riskier. However the authors also find that contract duration is not significantly associated with the market reaction. The authors also find that vendors might be more tempted to exhibit opportunistic

behavior when they control revenue-generating IT than when they manage cost-reducing IT.

[Ollila 2004]

Ollila, E. M., & Lyytinen, K. (2004). How organizations adopt information system process innovations: a longitudinal analysis. *European Journal of Information Systems, 13(1), 35-51.*

The article describes information systems process innovations (ISPI) and its adoption in 3 organizations. It distinguishes between four types of ISPIs: base line technologies; tools; description methods; and managerial innovations. While explaining the adoption of ISPI, the article states that project managers were the most prominent decision-maker group, except for the base line technologies. In most of the adoptions the article finds that the internal search and experiments were the main source of innovation. To explain the differences between the ISPI adoption among organizations, the article states that it was because of varying scopes of IS activity, the availability of slack, and how their decision rights were organized. The article concludes that organizations look for ISPIs either when they develop slack or when they feel a strong need to change their behavior. If managers want to create innovative IS organizations, they must allow for the additional 'slack' and manage it effectively, or they must run the organization with a 'burning platform' mentality.

[Outsourcing Center 2003]

Outsourcing Center. (2003). *Troublesome findings from Outsourcing Center's Study on Decision Making Processes*. Dallas, TX: Outsourcing Center.

The article analyzes the trend of fewer clients retaining the advisory firms for their outsourcing needs. It states that the outcomes of relationships with service providers, following this trend differ from what executives deploying it anticipate. The main drivers of clients not going in for an advisory firm are identified as cost, management decision and in-house experience available with the client firms. The article recommends that when the clients are considering hiring outside experts they should ensure that the services of an advisory firm compliments the buyer organization's existing decision-making process, the advice evaluates the proposed initiative holistically within several alternative scenarios, and that the advice is based on proven, best-practice decision frameworks for both accomplishing objectives and creating ongoing value.

[OI 2003]

Outsourcing Institute. (2003). *Strategic sourcing lifecycle. Innovations in outsourcing: New opportunities, new challenges. Outsourcing Institute Road Show 2003, New York City*. Jericho, NY: Outsourcing Institute.

The presentation divides sourcing in 6 phases, which are- Evaluating opportunities and gaining control of the process; Developing request for proposal; Evaluation of the service provider proposals; Developing and negotiating final agreement; Migrating operations to selected service provider; and managing the outsourced operations. The

various activities in the first phase are establishing a sourcing office, establishing sourcing strategy, assess sourcing options and select service provider to receive RFPs, gather preliminary information from them and evaluate their capabilities. The development of RFP the important activities are developing preliminary financial model and developing performance metrics and standards, before issuing the RFP. In evaluating proposals from the providers, service offerings, pricing and capabilities should be considered. In phase four- developing and negotiating final agreement, the client should become the controlling agency and establish its objectives and strategy. Buy-out clauses should be considered in the contract. In the next phase of migrating operations it should be ensured that the impact and risk to business operations is minimized and that a governance capability and communication plan is established. In the final phase of managing the operations governance should be accorded high priority, among other activities.

[OI 2002a]

Outsourcing Institute. (2002). *Effectively managing the outsourcing relationship*. Jericho, NY: Outsourcing Institute.

The article outlines some factors for successful management of outsourcing relationships. These are: define the objectives you want to achieve; outsource for right reasons; consider all stakeholders; get the right people involved; choose the right relationship; negotiate a sound contract; use objective performance criteria and manage the people issues.

[OI 2002b]

Outsourcing Institute. (2002). *The new outsourcing revolution: Enabling overall business transformation*. Jericho, NY: Outsourcing Institute.

The paper discusses the transformational approach to outsourcing. It states that this approach focuses on managing uncertainty, gives greater flexibility and a shared risk approach to meet the changing market dynamics. Additionally, transformational outsourcing allows a company to overcome the initial inertia. The paper suggests that companies are undertaking outsourcing initiatives for more strategic reasons rather than only costs. Finally some risk mitigation strategies for transformational outsourcing have been outlined, like ensuring that the provider owns the entire outsourced process and joint venture between client and service provider.

[Overby 2003]

Overby, S. (2003). *Inside Outsourcing in India* [Web Page]. Accessed 2005 Jan 10. Available at: <http://www.cio.com/archive/060103/out-sourcing.html>.

The article is about outsourcing to India and it states that outsourcing to India can provide good paybacks and takes the example of two companies- United Technologies and Otis. Some of the key points from the article are: Determine whether your IT organization is ripe for outsourcing to India. A centralized application development and maintenance organization is much easier to relocate than a

dispersed one; Decide what is strategic to your IT department, and hold on to it; If outsourcing to India is a long-term plan, develop a long-term relationship; Create a robust in-house QA department; Keep a certain percentage of skilled developers in-house.

[Ozanne 2000]

Ozanne, M.R. (February 29, 2000). *Barometer of Global Outsourcing - The Millennium Outlook*. Sponsored by Dun & Bradstreet. <http://www.dnbcollections.com/outsourcing/bar1.htm>.

[Papp 1999]

Papp, R. (1999). Business-IT alignment: productivity paradox payoff? *Industrial Management & Data Systems*, 99(8), 367-373.

The paper discusses strategic alignment and financial performance for the firms. The framework for this study explores the interrelationship between business and IT and the model is divided into four quadrants. They are business strategy, IT strategy, organizational infrastructure and processes, and IT infrastructure and processes. The paper then studies 18 financial measures for their effect on firm's alignment perspective. The paper finds that certain financial variables, like Earnings per share (EPS) can play a significant role in the determination of performance when considering the alignment perspective for a given firm. Other factors, which impact the firm's performance, are identified as liquidity, income, growth, net profitability and debt-to equity ratio.

[Park 1996]

Park, R. E., Goethert, W. B., & Florac, W. A. (August 1996). *Goal-Driven Software Measurement—A Guidebook*. CMU/SEI-96-HB-002. Carnegie Mellon University, Software Engineering Institute .

[Patton 2005]

Patton, S. (2005). A New Way To Manage Vendors. *CIO Magazine*, 18(8), 21-23.

The article makes the case that the client firms can have better relationships with vendors-by forming Vendor Management Organizations (VMOs) within their organizations. It not only helps in saving costs but also provides better service and more control over the technology buying process. With a dedicated VMO within the IT department, a CIO can more easily manage relationships with multiple vendors, keep track of metrics and vendor performance, and negotiate discounts on IT services and products. However the VMOs may not work in every situation. In industries where competitiveness is not based on IT—such as petrochemical and steel or paper mill companies—a VMO may not be necessary because vendor relationships are relatively static. In large multinationals with offices around the globe, a single, centralized VMO may be difficult to implement. And small companies, which simply don't have very many vendor relationships, may not need it.

[Pauline 2004]

Pauline, O. C., Brown, G. A., & Qing, H. (2004). The Impact of Mergers & Acquisitions on IT Governance Structures: A Case Study. *Journal of Global Information Management*, 12(4), 50-74.

This study performs an exploratory examination of the factors that affect the choice of IT governance structures in organizations that grow through mergers and acquisitions in developing countries using the results of a case study of an international telecommunications company. The study finds that in addition to the commonly recognized factors such as government regulation, competition and market stability, organizational culture, and IT competence, top management's predisposition toward a specific business strategy and governance structure can profoundly influence the choice of IT governance in organizations. One of the implications of this study for managers is that the relationship and trust between the CIO and the top management team could be critical to the successful transformation of previously independent and relatively weak IT units into an integrated and strong IT department for the entire new organization during and after the merger and acquisition. The study finds out that hybrid IT governance seems to be the most appropriate for organizations that operate in multiple geographical regions and have grown rapidly through mergers and acquisitions and finally the integration process and governance structure should be chosen with the objective of ensuring alignment between the organization's IT strategies and investments and its business strategies.

[Paulk 1995]

Paulk, M. C., Weber, C. V., Curtis, B., & Chrissis, M. B. (1995). *The Capability Maturity Model: Guidelines for Improving the Software Process*. Reading, MA: Addison-Wesley Publishing Company.

[Peppard 2001]

Peppard, J. (2001). Bridging the gap between the IS organization and the rest of the business: plotting a route. *Information Systems Journal*, 11(3), 249-270.

The paper states that strong relationship is needed between business and the IS in an organization for IS to make value added contribution to the organization. With the help of case studies, it gives a process model to bridge the gap between the businesses and IS organizations. The steps in the model are: Get the basics right- states that IS should first gear up to meet the basic business expectations, and if this ability is weak or does not exist, any program improvement measure will not be successful; Enlist key influencers- it is important to have the buy-in of opinion leaders or key influencers; Build credibility- IS organization should be able to build credibility by its achievements and results; Seek involvement early in projects- IS staff must seek early involvement in projects that have implications for systems and technology; Place responsibility of IS with business; and Cultivate and maintain partnership with the business organization.

[Peppard 2000]

Peppard, J., Lambert, R., & Edwards, C. (2000). Whose job is it anyway? organizational information competencies for value creation. *Information Systems Journal*, 10(4), 291-322.

The paper identifies and describes the competencies needed to create value from information investments. It states that typically value creating through IT is considered a responsibility of the IS function. The paper however, looks at value creation from an organizational perspective and mentions that effective use of information should be viewed as strategic assets. It proposes a framework to divide organizational information competencies in three categories: Information strategy categories- dealing with evaluating strategic information and technology based opportunities as part of business strategy formulation; IS/IT supply competencies- sourcing of IT/IS resources, and developing and implementing information systems and technologies; and information exploitation competencies- defining the required information and information systems to realize business benefits. The paper concludes that to create value for information investments it is important to understand and then develop information competencies and that information competencies are organization wide, having elements in both business and in the IS function.

[Perkins 2004]

Perkins, B. (2004) Regenerating IT [Web Page]. Accessed 2004, July 15. Available at: <http://www.computerworld.com/managementtopics/management/story/0,10801,94396,00.html?SKC=outourcing-94396>.

This article states that outsourcing IT will be more costly if the clients do not first streamline their in-house IT. It recommends the following practices for firms to regenerate their IT operations: Executive buy-in; sufficient time; the right team, stability; focus and execution.

[Perry 1997]

Perry, W., & Devinney, S. (1997). Achieving quality outsourcing. *Information Systems Management*, 14(2), 23-26.

This article offers suggestions in the areas of vendor selection and ensuring that desired products and services are received. Two important considerations for vendor selection are: ensuring that the outsourcer is competent and to ensure that the outsourcer has implemented defined processes that meet client's needs. It recommends that the client appoint an outsourcing manager and an outsourcing committee for vendor selection and consider the certifications the vendor has, while evaluating. Quality control in outsourcing can be achieved by ensuring correct requirement definition, having a formal change management process and by linking outsourcer's milestones with quality reviews.

[Peterson 2004]

Peterson, R. (2004). Crafting Information Technology Governance. *EDPACS*, 32(6), 1-24.

The article presents a holistic view of IT governance, and discusses the requisite integration capabilities for effective IT governance

architectures. The case of Johnson & Johnson is used to illustrate the challenges, problems, and processes associated with IT governance design in complex contemporary organizations. For IT to be effective, IT governance needs to focus on horizontal integration capabilities- the ability to coordinate and integrate formal and informal IT decision-making authority across business and IT stakeholder communities.

[Pinnington 1997]

Pinnington, A., & Woolcock, P. (1997). The role of vendor companies in IS/IT outsourcing. *International Journal of Information Management*, 17(3), 199-210.

This paper states that the client and vendor strategy should be conceptualized as a professional service firm relationship. The authors selected a sample of 11 outsourcing service providers, including 4 large sized, 5 mid-sized and 2 niche providers. The authors identify four possible strategies vendor strategies that the clients typically follow: reciprocal (here the IS/IT function can be outsourced to vendors using a reciprocal strategy that sustains the vendor industry and serves client companies), client dominant (the client dominates the relationship by utilizing transactional strategies to pursue 'divide and rule' strategy), vendor dominant and preferred vendor (here the client wishes to gain strategic advantage over competition and IS/IT is outsourced on a transactional basis accompanied by a focus on a particular product or mix of products). The paper concludes that the effectiveness of IS/IT outsourcing relationships depends on the type of strategy and the clients and vendors should pursue mutually beneficial strategies. The authors did not see much evidence of either a preferred vendor or a reciprocal strategy.

[Plant 2004]

Plant, R., & Willcocks, L. (2004). The Sourcing of eBusiness Projects: Research Into Practice. *Proceedings of the 37th Annual Hawaii International Conference on System Sciences – 2004*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses the e-sourcing policies of organizations. The paper identifies the success factors for e-sourcing and the reasons why these initiatives may be insourced. The paper finds that e-sourcing involves trade-offs in the decision-making process, over supplier capability and cost, and requires building of sufficient internal capability to manage and leverage external suppliers. Some of the key factors on which the e-sourcing strategy depends are: the maturity of the organization, access to skills among the internal technology group, necessity to create and develop proprietary technologies, flexibility of the content owners to drive, control and harness change, time pressure to be online and compete in their virtual marketplace. The firms may move from one development strategy to another as they become more mature in the Internet medium, the markets change, or the nature of technologies change.

- [PMBOK 2000] **Project Management Institute. (2000). *A Guide to the Project Management Body of Knowledge*. Newtown Square, PA: Project Management Institute.**
- [Pollitt 2004] **Pollitt, D., Gelman, L., & Dell, D. (2004). Outsourcing HR: the contrasting experiences of Amex and DuPont. *Human Resource Management International Digest* 12(6), 8-10.**
- This article is based on a report by Conference Board and deals with the contrasting examples of how two leading firms have handled HR outsourcing- American Express, which has outsourced human-resource services, and Dupont, which in Europe has consolidated its HR function and is in-sourcing most of its processes. Amex has signed an agreement with Mellon HR Solutions as part of its drive to Web-enable more of the services it provides to employees and customers. Before outsourcing, AmEx performed an internal analysis and strategic assessment, which led them to outsource the HR. Dupont, Europe however, opened up a shared-service center to provide almost all transactional HR functions, including payroll, from one location to most of the company's European operations. Dupont determined that its HR function was not sufficiently co-coordinated to make outsourcing a successful alternative. The article outlines 3 reasons why Dupont consolidated its HR into a shared services system: To avoid duplication of effort between many sites and countries; to make the HR organization leaner; and to improve the quality of services.
- [Preston 2002] **Preston, D., & Brohman, K. (2002). Outsourcing opportunities for data warehousing business usage. *Logistics Information Management*, 15(3), 204-211.**
- This article deals with outsourcing the data warehouse usage by firms. The article states that data warehousing may have high costs of development for an organization and there may not be enough skills within the organization to develop and use the data warehouse. The paper explores the outsourcing to Application Service Provider (ASPs).
- [Proctor 2003] **Proctor, T., & Doukakis, I. (2003). Change management: the role of internal communication and employee development. *Corporate Communications: An International Journal*, 8(4), 268-277.**
- The article deals with the issue of change management and states that communication is the key in successful change management initiatives. The authors further state that it is also important to involve people in the process early, to consult with them and to get them to take ownership of the new ideas that are to be introduced for themselves. The article also emphasizes employee development and gives some suggestions on how to development employee loyalty, commitment and trust.

[Pugh 2001]

Pugh, N. (2001). What constitutes a good SLA? [Service-level agreement]. *Communications News*, 38(7), 44-45.

This article describes the issues related to an SLA in an IT outsourcing agreement between a client and an ASP. It states that there is no agreement on the contents of a good SLA and that the client and the providers should design the SLAs to provide as much relevant information as possible. Unless there is total outsourcing of an end-to-end application, the article suggests having separate SLAs for various parts of the customer's overall IT delivery. The provider must also be able to measure the service being delivered from the point of view of the end-users served. Among some of the other issues, the article mentions that IT managers may not be familiar with the key principles of performance specification.

[Quall 2004]

Quall, J. C. (2004). Implementing Section 404: A Practical Approach to the Sarbanes-Oxley Act. *The CPA Journal*, 74(8), pg. 52-58.

This article is about implementing section 404 of the Sarbanes-Oxley Act. The article gives a 5-step methodology for implementation, once the firm understands internal control. These are 1. Form the sponsoring committee, the implementation team, and the formal written plan. 2. Document the financial cycles. 3. Test transactions. 4. Evaluate. 5. Report. The silver lining of Sarbanes-Oxley may be that it gives companies the motivation and means to improve themselves.

[Quinn 1992]

Quinn, J. B. (1992). *Intelligent enterprise: a knowledge and service based paradigm for industry*. New York: Free Press .

[Quinn 1994]

Quinn, J. B., & Hilmer, F. G. (1994). Strategic outsourcing. *Sloan Management Review*, 35(4), 43-48.

The article describes how firms can decide on what activities are core and how the firms can leverage their core competencies to increase their competitiveness, and outsource the non-core activities. Some of the attributes of the core competencies are: These are based on skills or knowledge sets, not products or functions, they are limited in number, they should provide a unique source of leverage in the value chain, they should have elements important to the customer in the long run. While deciding to outsource, the firms must consider the following: what competitive edge does the activity provide, the transaction costs incurred in outsourcing, the business vulnerability, and the degree of sourcing control. The article also describes some risks and benefits associated with outsourcing.

[Raffoul 2003]

Raffoul, W. (2003). *Creating Business Centric Service Level Agreements*. Stamford, CT: Meta Group.

The paper states that the IT organizations (ITOs) need to establish business centric SLAs in order to demonstrate their commitment to business improvement and cost reduction initiatives undertaken by the clients. In order to align the IT SLAs with business service levels, the document suggests defining a business process model, under-

standing the client's milestones and deriving service levels for key activities. Understanding of business risks is also very critical and the author suggests that the service providers should work with the business units to ensure that the IT risk mitigation plans are aligned with the overall business risk framework.

[Raffoul 2002]

Raffoul, W. (2002). The outsourcing management maturity model: The road to outsourcing success: [Web Page]. Accessed 2004 Oct 10. Available at: <http://techupdate.zdnet.com/techupdate/stories/main/0,14179,2851971-2,00.html>.

The model provides 5 levels, and classifies the companies as being a part of one of the levels. The classification is based on Meta's internal research. The levels are Vendor management fundamentals, Defined service outcome, Measurement, Trust, and Recognized business value. The first level- vendor management fundamentals is indicated by narrow contract management focus, misaligned expectations, absent SLA reporting, nonexistent processes, and no foundation to build trust and create value. In the next Level- Defined Service Outcomes, the firm must fulfill conditions like Establish SLAs for all outsourced services to quantify service outcome, Enforce benchmarking strategies in outsourcing contracts. Level 3 is measurement and to reach this level, the client must fulfill criteria like implementing Change management processes, implementing Business continuity processes etc. Level 4 is Trust Meta states that only 5% of the firms have reached this level. Level 5 is Recognized business value and no firm according to Meta's research has been able to attain this level yet.

[Rajkumar 2001]

Rajkumar, T. M., & Mani, R. V. S. (2001). Offshore software development: the view from Indian suppliers. *Information Systems Management*, 18(2), 63-73.

This article approaches issues of software development from the perspective of an offshore software supplier and identifies the key success factors in offshore development. The authors identify Management, project, customer and staff as critical success factors for suppliers. Also From the offshore supplier's perspective, setting customer expectations right and managing them is a challenging aspect of the engagement. The paper also identifies key project factors like initial projects must be of reasonable size, projects should be well defined, and some key customer issues like adapting software methodologies for different customers and importance of customer education.

[Ramarapu 1997]

Ramarapu, N., Parzinger, M. J., & Lado, A. A. (1997). Issues in foreign outsourcing: Focus on applications development and support. *Information Systems Management*, 14(2), 27-31.

The paper discusses risks and challenges in offshoring applications development. In addition to the general outsourcing issues, it states

that the cultural and legal aspects must be carefully analyzed before taking the offshoring decision.

[Randeree 2005]

Randeree, E., Kishore, R., & Rao, H. R. (2005). *Exploring the Moderating Effect of Trust and Privacy in the Adoption of Application Service Providers in the Healthcare Industry. Proceedings of the 38th Annual Hawaii International Conference on System Sciences – 2005.* Los Alamitos, CA: IEEE Computer Society.

The paper discusses the role of trust and privacy in the Application Service Provider model for IT outsourcing in the health care sector. The paper uses transaction cost approach to study this effect. Some of the independent variables identified in the research are: production costs, transaction costs, supplier presence, asset specificity, privacy protection, and vendor trust. Adoption is the dependent variable. The paper states that transaction costs are key significant driver of adoption of ASPs in the healthcare industry. Though the paper did not find any significant impact of trust and privacy in the adoption of ASP model for healthcare IT outsourcing, it states that trust and privacy are important because of the HIPPA.

[Rao 2004]

Rao, M. T., & Poole, W. (2004). *Global Information Technology Sourcing: Impacts and Implications for Washington State.* Seattle, Washington: RATEC and Seattle Chapter of the Society for Information Management.

The deals with the Global Information Technology Sourcing (GITS), its direction in the state of Washington, and its implications for workforce education and training. The report finds that some of the drivers for offshoring IT are: Lower costs, quick access to expertise not available in-house, flexibility to meet capacity needs, access to new markets, assisting domestic IT staff in improving processes. Some of the major issues in offshoring are: Need of unique project management skills in-house, lack of necessary domain knowledge among vendors, managing vendor team composition, intellectual property protection, geopolitical stability of vendors, internal employee unrest and language barriers. The report finds that there are substantial benefits for using an offshore vendor and this strategy has some risks, decline in domestic science and technology program enrollments can harm US's competitive position and that domestic IT employment demands are focused on individuals that have both a strong technical background and domain-specific knowledge.

[Reich 2003]

Reich, B. H., & Nelson, K. M. (2003). *In their own words: CIO visions about the future of in-house IT organizations. ACM SIGMIS, 34(4), 28-44.*

This paper, based on a research of 22 organizations in US and Canada suggests that there are three primary drivers of change within the in-house IT organizations: Rapid strategic business change- brought about by changes in general business environment, mergers, acquisitions, alliances and economic changes; Pervasive IT with an experi-

enced user community; E-business and technology complexity- with all functions of an organization being impacted by the e-business. There are four transition areas predicted in the article: The Technology and Architecture- in terms of standard architecture, distributed components; IT Organization- in terms of its role and structure; IT Practitioners- in terms of the skills needed and the increased knowledge they will require to have; and application development.

[Reifer 2004]

Reifer, D. J. (2004). Seven Hot Outsourcing Practices. *IEEE Software*, 21(1), 14-16.

The article describes seven best practices for outsourcing. These are: Outsource only when it makes good business sense, not to outsource a core competency, establishing win-win relationship with the suppliers, maintaining good relationships with suppliers and nurturing these relationships, measuring performance quantitatively, providing financial incentives to motivate the suppliers and finally treating outsourcing as a technology transfer opportunity.

[Reponen 1995]

Reponen, T. (1995). *Viewpoints On Outsourcing Information Technology Service Companies. Working Paper, Turku School of Economics and Business Administration, Turku, Finland.*

The study deals with firms, which originally outsource the IT services and then insource operations. The paper identifies reasons for original outsourcing by interviews and also with firms that decided to insource. The paper concludes that external and internal solutions are both equally relevant alternatives for organizing IT/IS services and there is no one right decision. The paper also identifies a growing trend of mixed mode operations, where firms use both internal and external solutions.

[Ribbers 2002]

Ribbers, P., Peterson, R., & Parker, M. (2002). Designing Information Technology Governance Processes: Diagnosing Contemporary Practices and Competing Theories. *Proceedings of the 35th Annual Hawaii International Conference on System Sciences (HICSS'02)*. Washington, DC: IEEE Computer Society.

This paper is an exploratory study of IT governance processes. It examines the design and effectiveness of IT governance processes from both rational and social perspectives. The paper indicates that, effective IT governance processes are characterized by both methodological comprehensiveness and social intervention. The paper states that that the use of management tools and frameworks is not enough for governing IT effectively. These tools must be employed within the organizational context of stakeholders' experiences, judgments and understanding. Similarly, attention for stakeholders' experiences and judgments, without some analysis of costs, benefits and risks, may not lead to a satisfactory result.

[Richmond 1991]

Richmond, W. B., Seidmann, A., & Whinston, A. (1991). *Incomplete contracting issues in information systems outsourcing*. Working paper. Rochester, NY: William E. Simon Graduate School of Business Administration, University of Rochester.

The paper analyzes the benefits of outsourcing in software development. It finds that the benefits to users from outsourcing are neither uniformly negative nor positive but outsourcing can provide incentives for the developers promote future cost reductions. Specifically, it mentions that outsourcing should be preferred when the application is a commodity and that in case of information asymmetry internal development should be preferred when the developer has the incentive to conceal the actual development costs.

[Ripin 1999]

Ripin, K. M., & Sayles, L. R. (1999). *Insider Strategies for Outsourcing Information Systems: Building Productive Partnerships, Avoiding Seductive Traps*. Oxford, England: Oxford University Press.

The book is targeted towards the client's user staff, the client's operational managers and the service providers and mainly deals with software systems development and other IS development projects outsourcing. The book style is easy to read and it has separate chapters on some phases of outsourcing like Planning and Preparation, Selecting the outsourcer, Change management, and these are supplemented with case studies. However the book appears to be quite basic in nature and does not different types of sourcing or different market sectors.

[Rishi 2004]

Rishi, M., & Saxena, S.C. (2004). *Is outsourcing really as bad as it is made to sound? A re-assessment and some perspective*. *Indian Journal of Economics and Business, Special issue of offshore outsourcing*, 2004, 63-79.

This paper discusses the US-India outsourcing trends and analyze if the US job growth is at risk because of offshoring. It gives historic examples of outsourcing from the US including those of outsourcing manufacturing jobs to China and Brazil, and the rise of offshoring IT to India during the Y2K period. The paper does not find any correlation between the decline in employment in the US and the rise of outsourcing. It also mentions that outsourcing can generate enough funds for the firms to comply with regulations like Sarbanes-Oxley.

[Robert Frances Group 1999]

Robert Frances Group. (1999). *Outsourcing Technical Support Help Desk Best Practices and Metrics* [Web Page]. Accessed 2003 Feb 5. Available at: <http://www.rfgonline.com/unprotectedarchive/inquiry/HDinquiry.html>.

The article provides some metrics, which can be helpful while outsourcing the help desk services. It gives metrics like average number of service requests per user, mean target for abandoned calls, ratio of desktop to support personnel and so on. It also gives some cost calculations to be considered while outsourcing, and mentions that SLAs are very critical for successful helpdesk outsourcing.

[Robinson 2004]

Robinson, M., & Kalakota, R. (2004). *Offshore Outsourcing: Business Models, ROI and Best Practices*. Alpharetta, GA: Mivar Pr Inc.

This book deals with offshoring the business processes and IT systems. It makes a clear distinction between outsourcing and offshoring. The book has some interesting chapters. One chapter on strategy details the decision-making process and project management steps involved in offshoring. One chapter is devoted to vendor selection and management and the book also has a chapter on country selection. The authors identify various offshoring options like Build, Operate, Transfer (BOT), joint venture etc and also the delivery options such as onsite, nearshore and offshore. Some of the critical factors identified for offshoring success are: integration of skills and management practices, management commitment and culture.

[Roehling 2000]

Roehling, S. T., Collofello, J. S., Hermann, B. G., & Smith-Daniels, D. E. (2000). System dynamics modeling applied to software outsourcing decision support. *Software Process Improvement and Practice*, 5(2-3), 169-82.

The paper uses simulation modeling to analyze dynamics of outsourcing relationship and provides a decision support system for outsourcing decisions. Various use case analyses are presented. The model in general predicts that outsourcing will produce attractive cost and schedule results for larger projects, when the outsourced team has a chance to learn quickly and work at peak productivity levels for longer periods.

[Roehrig 2005]

Roehrig, P., Orlov, L. M., & Brown, K. (2005). *Manage Organizational Change In IT Outsourcing Deals: Five Mistakes To Avoid In 2006*. Cambridge, MA: Forrester Research.

[Ross 2003]

Ross Research. (2003). Mastering the art and due diligence of sourcing advisor selection. *Sourcing Interest Group Conference, May 2003; Huntington Beach, CA*. Bell Canyon, CA: SIG.

This presentation discusses the selection of the sourcing advisors by the client organizations. The presentation claims that these advisors are a 'must have' for sourcing buyers as they save time and money, help get better terms and mitigate the risks. The fee structure of these advisors can be fixed price, hourly/ T&M or shared savings/ contingency billing. The clients should select those firms have enough experience in client's field; Can offer a complete end-to-end service; Understands the full life cycle from business validity to long-term governance; Is objective independent, capable. The client should also ensure to get a commitment on who will be assigned to the account and the firm provide a written weekly report and comparison to the timeline/deliverables agreed upon.

- [Rouse 2001] Rouse, A. C., Aubert, B. A., & Corbitt, B. (2001). *Perspectives on IT outsourcing success: covariance structure modeling of a survey of outsourcing in Australia*. Montréal: GReSI.
- [Roy 2000] Roy, V., & Aubert, B. (2000). A resource based view of the information systems sourcing mode. In Sprague, R. H. Jr. (ed.), *Proceedings of the 33rd Annual Hawaii International Conference on System Sciences; Maui, HI, USA*. Los Alamitos, CA, USA: IEEE Computer Society.
- This paper discusses the relationships between the choice of a sourcing mode for information systems, the value of the resources used in systems development activities and the sources at sufficient level within the firm to understand the factors underlying the decision to keep the development of an information system inside or to outsource it. A sourcing model is proposed using the resource-based theory. It uses case studies to illustrate the concepts used. The paper concludes that by taking into account the effective availability of resources within the firm and their strategic value, managers can be more attentive to the long-term consequences of their sourcing decisions.
- [Also published as Roy99, CIRANO Scientific Series Rpt. #99s-34.].
- [Rubery 2004] Rubery, J., Carroll, C., Cooke, F. L., Grugulis, I., & Earnshaw, J. (2004). Human Resource Management and the Permeable Organization: The Case of the Multi-Client Call Centre. *Journal of Management Studies*, 41(7), 1199-1222.
- [Rubin 1997] Rubin, H. A. (1997). Using metrics for outsourcing oversight. *Information Systems Management*, 14(2), 7-11.
- The article discusses the use of oversight metrics by the client, which help in monitoring the service provider performance. The paper states that companies can apply measurement through some activities like: contract initiation actions, contract goal seeking activities, and performance target attainment actions. The paper also suggests addressing nine areas, which require oversight in outsourcing: finance /budget, customer satisfaction, work product delivered, quality, time/schedule, business value, operational service levels, human resources and productivity.
- [Rustagi 2004] Rustagi, S. (2004). *Antecedents of success in IS outsourcing: A control theory perspective*. [Ph.D. Thesis]. Pittsburgh, PA: University of Pittsburgh.
- [Sabherwal 1999] Sabherwal, R. (1999). The role of trust in outsourced IS development projects. *Communications of the ACM*, 42(2), 80-86.
- The article focuses on the role of trust in Outsourced Information Systems Development projects (OISD). It is based on a study of 18 OISD projects, 13 interviews of vendors and 45 interviews with clients. The author states that in OISD participants from both sides often lack prior relationships with one another and may take a short-

term, project-centered view and trust can be difficult to develop in OISD projects, which are often governed through structural mechanisms, including deliverables, penalty clauses, and reporting arrangements. The author discusses 4 types of trusts: calculus-based, knowledge-based, identification-based, and performance-based. In the calculus based case Client executives trust and cooperate with the vendor, expecting structural controls and penalty clauses to minimize opportunistic behavior. Knowledge-based trust depends on the two parties knowing each other well. Identification-based trust follows from the two parties identifying with each other's goals and performance-based trust depends on a project's early successes.

[Sahay 2003]

Sahay, S., Nicholson, B., & Krishna, S. (2003). *Global IT outsourcing: software development across borders*. New York: Cambridge University Press.

This book deals with managing offshored software and related projects and the focus of the book is academicians and researchers. The book discusses Global Software Work (GSW) and Global Software Alliances (GSA) with the help of case studies, which have clients in US, Japan and Korea and service providers in India. The book discusses various models of GSAs, the risks associated with GSAs and other process and structural issues with GSA. One of the chapters deals with managerial implications of the GSA phenomenon and is quite useful. It gives insights into managing communications, people, knowledge and relationship in such alliances.

[Sambamurthy 1999]

Sambamurthy, V., & Zmud, R. W. (1999). Arrangements for information technology governance: A theory of multiple contingencies. *MIS Quarterly*, 23(2), 261-290.

[Saunders 1997]

Saunders, C., Gebelt, M., & Hu, Q. (1997). Achieving success in information systems outsourcing. *California Management Review*, 39(2), 63-79.

This article discusses a study of 34 organizations, which had outsourced for 2 years or more and states that outsourcing can be successful even for core IT functions. The article suggests that contracts are very critical even when the service provider is seen as a strategic partner. The article also mentions that for some clients it was difficult to provide estimates of cost savings. Some of the key factors mentioned for successful outsourcing are- the nature of the contract, perception of the IS role, and perception of the relationship with the vendor. Some of the problems with contracts are- loosely defined growth rates, poor baseline measurements, and unspecified nonperformance clauses.

[Schell 2002]

Schell, J. H. (2002). *Tying IT to the Business: Using BTM (Business Technology Management) to Appropriately Manage IT Outsourcing*. Working Paper, University of Maryland.

The article advocates Business Technology Management (BTM) helps take better IT outsourcing decisions. BTM methodology can help align the technology with business by focusing on communication, collaboration and evaluation between business and technology managers. BTM not only helps making the decision of what should be outsourced and what kept in-house, but also helps in managing the relationship.

[Schmitz 2003]

Schmitz, J., & Platts, K. W. (2003). Roles of Supplier Performance Management: indications from a study in automotive industry. *Management Decision*, 41(8), 711-721.

This article presents insights into the use of supplier performance measurement in the area of logistics in the automotive industry. The article is based on the study of 5 vehicle manufacturers in Europe. Some of the interesting findings reported in the article relate to managing the suppliers. For example though the choice of particular performance criteria and targets could communicate performance expectations to suppliers, most buyers believed that suppliers knew the OEM's expectations quite well to start with. They also used performance measurement to communicate dissatisfaction (rather than satisfaction) about actual performance to suppliers. The article concludes that supplier performance measurement is used towards under-performing suppliers communicating dissatisfaction rather than satisfaction with suppliers' performance.

[Schott 1999]

Schott, E. (1999). The Dupont/CSC alliance as an example of integration management. *IM Information Management*, 14(1), 75-81.

This article deals with integration management especially with a focus on the employees of the client organization, when it enters into an outsourcing arrangement with a service provider. There is a need of special employee oriented integration activities in large and complex deal. The articles take the example of the Dupont outsourcing deal with CSC specially the German operations to explain the importance of the employee-oriented integration activities.

- [Schroeder 2004a] Schroeder, M. (2004, March 30). Outsourcing may create US jobs; Higher productivity allows for investment in staffing, expansion, a study finds. *Wall Street Journal*, pg. A2.
- [Schroeder 2004b] Schroeder, M., & Robello, J. (2004, July 11). US survey finds few jobs moving to offshore homes. *Wall Street Journal*.
- [Seddon 2002] Seddon, P. B., Graeser, V., & Willcocks, L. P. (2002). Measuring organizational IS effectiveness: an overview and update of senior management perspectives. *Database for Advances in Information Systems*, 33(2), 11-28.
- The paper is based on a survey of IT executives and deals with evaluating the IT investments in organizations. It finds that senior IT managers recognize that IT evaluation is difficult and that many firms do not conduct rigorous evaluations of all their IT investments. Some of the reasons why firms may like to evaluate their IT investments are: when a new senior executive feels the need to understand the IT investments; when senior executives are exposed to a new evaluation tool that seems to address their concerns; when the organization is experiencing a crisis; when the IT organization comes under strong pressure to justify its expenditure; and when an organization is considering, outsourcing. Some reasons why firms may not carry out strategic evaluation of their IT investment include are: the time and cost required to conduct the evaluation may be high; the political costs of offending interested parties if assessments are unfavorable; and the cost required to implement effective changes in organizational evaluation practices, if that is being attempted.
- [Senn 1999] Senn, J. A., & Gefen, D. (1999). The Relation Between Outsourcing and the Return from Corporate IT Spending: Perceptions From Practitioners. *Proceedings of the Thirty-second Annual Hawaii International Conference on System Sciences; Maui, Hawaii*. Los Alamitos, CA: IEEE Computer Society.
- The paper states that IT can be viewed either as a strategic asset or as a utility. The view will influence the returns that firms expect to get from IT investment decisions and their perception of outsourcing. The paper finds that managers and IT professionals view the impact of outsourcing on the return of business value from IT spending differently. Managers indicate that outsourcing mildly contributes to or improves the value returned from IT spending. In contrast, IT professionals conclude that it detracts from the value of the firm's IT. The paper also finds that neither the managers nor the IT professionals believe outsourcing leads to a reduction of information technology costs. Finally the paper finds that The IT professionals do not view outsourcing favorably but the managers do.

[Seppanen 2002]

Seppanen, V. (2002). Evolution of competence in software subcontracting projects. *International Journal of Project Management*, 20(2), 155-64.

The paper describes that collaboration with external partners provides an important for software producing firms to foster innovations and improve the resource usage. The article proposes relationship based competence management strategy for software subcontractors, which can help them build and utilize core competence in the form of core platforms or products.

[Seshasai 2004]

Seshasai, S., & Gupta, A. (2004). *Global Outsourcing of Professional Services*. Working Paper 4456-04. Cambridge, MA: MIT Sloan School of Management.

The paper discusses the political, economic strategic, organizational and technological perspectives on offshoring and states that there are some segments, which are using cost and time considerations to encourage outsourcing while other segments are applying pressure to maintain jobs within US. Among the political perspectives, it mentions the cancellation of an outsourcing contract by Indiana, which had been awarded to TCS, whereas in the economic perspective, it mentions that US receives between \$1.12-1.14 for every dollar spent on offshoring, quoting the McKinsey study. In the technology section the article mentions that there is a need to educate the concerned individuals both on the opportunities as well as on the process, and to use technology to develop an understanding of what is best done in the US and what is best done offshore. Among the strategic issues, it states that flexible training imparted to workers is important and that US firms must also incorporate the risk of severing relations with foreign professionals who possess significant amounts of the knowledge on products and business practices of the concerned firm. In the organizational issues the article mentions the need to balance the needs of the professional workers who may lose their jobs with the cost savings that may accrue to the firms who hire foreign labor.

[Shaffer 2000]

Shaffer, F. A. (2000). Outsourcing: A managerial competency for the 21st century. *Nursing Administration Quarterly*, 25(1), 84-88.

The article describes outsourcing as one of the most effective tools for companies competing in the global environment. It discusses growth in outsourcing, especially in healthcare industry and states that hospitals are starting to outsourcing all or part of their human resource departments, among other functions. Cost savings, increase in flexible capacity and quality are mentioned as some of the advantages of outsourcing. Some of the pitfalls of outsourcing, which should be avoided are: Taking a tactical rather than a strategic approach, not addressing organizational resistance, ignoring current costs and service levels, and poorly defining the business case.

[Shah 2003]

Shah, R. (2003). The IT Enabled Service Industry [Web Page]. Accessed 2005 Jul 3. Available at: http://www.newhorizonsonline.com/NHC_Healthcare_BPO_ITES_Industry_India.pdf.

The presentation focuses on the IT enabled (ITES) outsourcing industry in India, specifically on the outsourcing in the healthcare sector. The author applies the Porter's Five Forces model to gauge the attractiveness of health care insurance outsourcing industry in India, and suggests that the new entrant can choose from one of the three strategic options: Subcontracting to a vendor, forming a partnership or entering the market directly.

[Shah 1998]

Shah, V., & Mehta, K.T. (1998). Workforce, information technology and global unemployment. *Industrial Management and Data Systems*, 98(5), 226-231.

The paper discusses the impact of IT on the workforce and issues facing the governments and businesses. While IT and telecommunication technologies threaten jobs, the new products and services of the high technology revolution could generate additional employment thus creating new jobs in the process. The paper states that the rising unemployment in the West is due to two main reasons: Transfer of jobs from industrial countries to less developed and newly industrialized countries and Increased use of robots, automation, and other forms of technology in the manufacturing plants in the industrialized nations. The article mentions several issues arising because of the increasing importance of IT. Some of these are- unemployment as the most important social issue, increasing demand of skilled labor for businesses and the effect of IT on the economies of the labor-intensive, less developed nations and of the capital-intensive, developed nations.

[Shao 2003]

Shao, B. M., & Shu, W. S. (2003). Productivity breakdown of the information technology across countries. *Proceedings of the 36th Annual Hawaii International Conference on System Sciences - 2003; Maui, HI. Los Alamitos, CA: IEEE Computer Society.*

The paper discusses productivity growth of the information technology (IT) industries in fourteen OECD countries from 1978 to 1990. The paper finds that for some countries like the US and Japan there was no efficiency change as they were consistently the best in the sample. Therefore for such countries to increase the productivity of their IT industry, the only logical way is to strive for persistent innovation. Other countries like Norway and Spain were not found to be consistently as efficient, and they should make efforts to become more efficient in their IT production.

[Sharma 2002]

Sharma, S. K., & Gupta, J. D. (2002). Application Service Providers: issues and Challenges. *Logistics Information Management*, 15(3), 160-169.

This paper analyses the Application Service Provider (ASP) business model. The ASPs offer a variety of services and applications and can

broadly be divided in four major categories: enterprise, general business, specialists, and vertical. The paper then discuss their business model and mentions that the ASPs develop, manage and deliver software application capabilities to multiple entities from a data center across the Internet. The ASP architecture, having three layers that of a backbone service provider (BSP), storage and Internet service provider, and software, are then discussed. Finally the paper discusses some of the issues and challenges with the ASP business model like data control, their pricing strategy, the inter-alliance problems they face, the issues with long-term viability the internet connectivity issues, security issues and service and support issues.

[Shaw 2003]

Shaw Pittman. (2003). Deconstruction and Reconstruction: A Change Management Approach for Tearing Down and Building Up IT Organizations through Outsourcing. *Sourcing Interest Group Conference, May 2003; Huntington Beach, CA. Bell Canyon, CA: SIG.*

The presentation discusses change management principles relevant to outsourcing and how to manage the outsourcing relationships. It uses the value chain concept to explain the major strategy components of outsourcing. Some of the strategic guiding principles it mentions for outsourcing are: Services provided must be aligned with the ultimate users' needs; operational risk of change initiatives must be acceptable. Some of the transactional principles it recommends are: Services must be commercially available, services must be negotiable in a competitive process and scope of service must be designed to reduce the "sole source" effect. The presentation concludes that outsourcing is a tool to create value, and not the objective for an organization, and that outsourcing is a part of fundamental strategic analysis and operational structuring.

[Sherwood 2002]

Sherwood, J. (2002). *Business Continuity Planning*. London: Sherwood Associates Limited.

The presentation discusses business continuity and disaster recovery. It mentions that the objectives of business continuity planning are maintaining essential customer services, customer confidence, revenue generation and restoring essential operations within critical timescales. It defines two phases of business recovery- the survival phase and the business recovery phase. It also gives various steps to be followed for business continuity planning.

[Sherwood 1997]

Sherwood, J. (1997). *Managing security for outsourcing contracts. Computers & Security, 16(7), 603-609.*

This paper deals with the issues relating to managing information security in outsourcing arrangements. Often the legal department of the client is involved in negotiating the contract, but it may not have awareness or experience of the security issues. The paper recommends that responsibilities and liabilities of both parties should be well defined in the contract and there should be an agreed upon organizational structure for the same. The process by which the

security is to be managed should be agreed upon. The customer has the responsibility of specifying the business requirements for the security of services and the provider has the responsibility to deliver those services. The paper stresses that the security related issues should be addressed during the pre-contract negotiations and they should form an integral part of the contract.

[Shirouzu 2004]

Shirouzu, N. (2004, June 10). Chain Reaction—Big Three’s outsourcing plan: Make Part Suppliers do it. *Wall Street Journal (NY Eastern edition)*, A1, 2 pgs.

This article mentions how the Big Three automobile manufacturers are looking for their suppliers to reduce costs by offshoring to countries like China. The Big Three are facing price competition, and therefore they want to take advantage of the lower costs in countries like China. However their labor agreements in the US make it harder for them to move jobs offshore, and hence the pressure on their own suppliers to do the same. According to the article, the price gap between the US and China is between 20% and 40% for some of the parts. The article concludes that the only way US suppliers can match the prices offered by the Chinese suppliers is either by moving jobs to China or by acquiring a majority of subcomponents from Chinese suppliers.

[Shoesmith 1997]

Shoesmith, J. (1997). Dupont inks \$4 billion IT mega-deal. *Computing Canada*, 23(1), 1-2.

This article refers to the Dupont outsourcing deal of 1997. Dupont contracted with Anderson Consulting and CSC, in a \$4 billion, 10-year deal, outsourcing its IT. Dupont projected this deal as a partnership, where all three parties have a vested interest in each other’s success. But according to some industry observers, it is just a matter of semantics, and it is indeed outsourcing wherein CSC will operate Dupont’s global information systems and technology infrastructure, and provide selected applications and software service.

[Skaggs 2004]

Skaggs, B. C., & Snow, C. C. (2004). The strategic signaling of capabilities by service firms in different information asymmetry environments. *Strategic Organization*, 2(3), 271-291.

This study investigates how firms in high or low information asymmetry environments obtain performance benefits from their capabilities. Using data obtained from a sample of 234 service firms, the results indicate that service firms in low information asymmetry environments obtain direct performance benefits from the mere possession of capabilities. In high information asymmetry environments, such as professional services, the performance benefits of capabilities only occur when firms use strategic positioning to signal the presence of their resources. Firms in high information asymmetry environments use the focus of their service offering as well as the degree of service customization to indicate the presence of underlying capabilities.

[Skaksen 2004]

Skaksen, J. R. (2004). International outsourcing when labour markets are unionized. *Canadian Journal of Economics*, 37(1), 78-94.

The article considers the implications of offshoring when the labor market is unionized. It also differentiates between the implications of potential but non-realized outsourcing and realized outsourcing. Potential but non-realized international outsourcing can be used as a threat by the firm in the wage negotiations with the trade union and a decrease in the cost of offshoring leads to decrease in the wage rate and increase in employment and social welfare. In case of realized offshoring, a decrease in the costs of offshoring gives rise to increase in wage rate and reduction in employment.

[Slaughter 1996]

Slaughter, S., & Ang, S. (1996). Employment outsourcing in information systems. *Communications of the ACM*, 39(7), 47-54.

The paper deals with the reasons for IS outsourcing from the perspectives of labor market economics in which outsourcing results from a firm's response to the costs and benefits of employment arrangement with IS employees. Among the factors influencing the reasons to outsource, the paper mentions need to focus on core business and flexibility to adapt to environmental change (environmental changes) and the supply/demand for IS skills (technological changes). In this case outsourcing can help address labor shortages. The paper suggests that firms are more likely to insource employment for IS skills that are abundant in the market place than for skills that are relatively scarce.

[Small 1998]

Small, H. (1998). Service level agreements-an introduction. *Computers and Law*, 8(6), 20-21.

This article discusses the basic legal structure of service level agreements (SLA) and outsourcing deals in general. Framing an SLA should not be left entirely to the legal or the technology department involved in outsourcing. Some of the issues mentioned in the article are: most times the critical issues like service compensation clauses, an important part of the SLA are dealt with only at the end of the negotiation process. This is the core of the contract but may not receive adequate attention, leading to problems.

[Smith 2001]

Smith, D. L., Subramanian, A., Nauss, R. M., & Beck, R. (2001). Developing Outsourcing Strategies for MIS: A Mathematical Programming Approach. *Proceedings of the 34th Hawaii International Conference on System Sciences - 2001; Maui, HI, USA*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses a mixed integer-programming model to help in outsourcing decisions. It helps optimize the combination of full-time staff, contract workers and some other implementation related tasks.

[Smith 1996]

Smith, M. A., Mitra, S., & Narasimhan, S. (1996). Offshore outsourcing of software development and maintenance: A framework for issues. *Information & Management*, 31(3), 165-75.

The article proposes a framework of offshored software development with a focus on resources, project management and environment (which includes agents that affect the availability of resources). The paper divides the resources in personnel and non-humans, which are further classified as hardware or software. The project management perspective is based on characteristics of the projects that affect resource requirement like the project scale, scope, duration, difficulty and strategic importance. The article also looks at the issues in offshore software development by combining the three perspectives.

[Snir 2000]

Snir, E. M. (2000). *Economics of information technology outsourcing and markets*. [Ph.D. Thesis]. Philadelphia, PA: University of Pennsylvania.

This dissertation develops a risk analysis framework for understanding the viability of IT outsourcing. It also proposes a contractual mechanism to select a vendor, when project outcome cannot be verified, and hence the use of incentive contracts is limited. In such contracts the compensation for the first phase should be kept lower so that a threshold performance level for continuation can be established. Compensation for the second phase should be higher to reimburse a high quality vendor for his first phase losses. The paper also explores behavior in online exchanges for IT services, where sellers bid on buyers' projects. Important attributes of these markets are the transaction costs involved with bidding on a project and evaluating bids. In such deals costs drive participation. To improve these markets, for attracting buyers, the costs associated with participation should be lowered and number of sellers should be limited.

[SnirHitt 2004]

Snir, E. M., & Hitt, L. M. (2004). Vendor Screening in IT Contracting with a Pilot Project. *Journal of Organizational Computing and Electronic Commerce*, 14(1), 61-88.

The paper discusses vendor evaluation and selection for IT outsourcing contracts. The paper states that mechanisms are needed for selecting IT vendors for outsourced projects. Classic mechanisms for dealing with uncertainty in vendor quality (e.g., outcome-based contracts) are difficult to apply for IT projects because project outcomes often cannot be verified, and thus cannot be used in describing the terms of an enforceable contract. It mentions that there may be difficulty in measuring vendor quality and hence the outcome-based contracts are difficult to employ. This paper presents an alternative mechanism for selecting high quality vendors using a two-stage contracting mechanism. In the first stage, the client engages a vendor for a pilot project and observes the outcome. Using this observation, the client makes a decision on whether to continue the project to

the second stage or terminate the project on pre-specified terms. By setting compensation for the pilot sufficiently low, and establishing a threshold performance level for continuation, the client can offer a contract that is only attractive to high quality vendors. Using game theoretic analysis we find that this contract performs better for the client than random selection among seemingly equally qualified vendors. This mechanism is useful in a variety of settings where vendor quality is uncertain, and especially in situations where a pilot project is undertaken for other reasons (such as demonstration of technical feasibility) where the benefits of this contracting mechanism can be realized at little incremental cost. The paper uses game theory approach to find that this approach is beneficial to the clients as compared to random selection.

[Sobol 1995]

Sobol, M. G., & Apte, U. (1995). Domestic and global outsourcing practices of America's most effective IS users. *Journal of Information Technology, 10(4)*, 269-80.

The paper describes the trends in outsourcing, its advantages and disadvantages and the results of the survey, the authors carried out. Some of the findings of the survey are: The practice of global outsourcing by US firms is likely to increase, a larger number of US manufacturing firms outsourced IS functions as compared to the service firms. The paper also notes that MIS executives play a very important role and are involved in large majority of IS outsourcing decisions. Companies with smaller MIS budget are less likely to outsource as compared to those with larger MIS budgets, firms with more decentralized MIS functions are more likely to outsource domestically than firms with more centralized IS functions, which are more likely to outsource globally. An important observation is that a firm's spending on strategic MIS policy and outsourcing decision are not related, suggesting that outsourcing is done for cost-saving, short term purposes.

[Soliman 2003]

Soliman, K. S. (2003). A framework for global IS outsourcing by application service providers. *Business Process Management Journal, 9(6)*, 735-744.

This paper discusses Application Service Providers (ASP) and states that many ASP themselves outsource some of their projects, globally. The various factors, which influence the ASPs' decision to outsource, are mentioned as: High product development costs; shortage of domestic talent; Product quality; Improved telecommunication technologies; and tax incentives. The rest of the paper discusses the differences between different types of global outsourcing, explores the emerging trend and advantages of utilizing ASPs, and recommend measures to ensure the success of projects to be developed globally.

[Sommer 2003]

Sommer, R. A. (2003). Business process flexibility: a driver for outsourcing. *Industrial Management & Data Systems*, 103(3), 177-183.

This paper focuses on the process integration issues, which the clients face while linking their own systems with those of the suppliers and customers. It mentions that initially the clients attempted to use the ERP systems, which had already installed for integration but the paper finds that flexible process management, as required by modern customer/supplier relationships, are too costly to implement via traditional ERP solutions. In order to meet the challenge, companies are implementing more flexible portals/exchange solutions by using the ASPs. Content management is an area, which has been widely outsourced to the ASPs.

[Sood 2005]

Sood, R. (2005). *IT, Software and Services: Outsourcing and Offshoring- The strategic plan with practical viewpoint*. Austin, TX: AiAiYo Books, LLC.

The book gives an overview of offshoring and briefly discusses the various aspects of offshoring. It uses the terms outsourcing and offshoring interchangeably and appears to be targeting executives with little or no prior offshoring knowledge. The first chapter of the book discusses the reasons for offshoring like cost reduction, improving company focus, flexibility and so on. The second chapter discusses three major categories of work that can be offshored- software development and services, IT and support and IT enabled services. The next chapters sequentially discuss the various phases of offshoring and deal with issues like in-house preparation needed, the various offshoring/outsourcing models, service provider selection, contracts, and relationship management. The book has a separate chapter on intellectual property considerations and on various potential offshore destinations. The final chapter very briefly discusses the termination phase. Overall, it is a very basic book on offshoring.

[SourceNet 2003]

SourceNet Solutions. (2003). *Change without pain: An alternative model for Year One of outsourcing agreements*. SourceNet Solutions.

The paper discusses the challenges and issues during the transition phase in outsourcing and recommends some mitigation strategies. Some of the issues mentioned are: Inadequate knowledge transfer, inadequate measurement of service level performance, lack of scenario planning, lack of executive sponsorship, and lack of flexibility. Some of the recommendations include: documenting the process flows for client's business, following a collaborative approach to knowledge transfer, establishing a baseline of current performance level and building a formal review process around the service level agreements.

[SIG 2003]

Sourcing Interest Group. (2003). *Offshore outsourcing Part I: The state of the industry*. Bell Canyon, CA: Sourcing Interest Group.

This article deals with the current state of the offshore industry. It analyses the key countries for offshoring such as India and China and the various primary issues that a client must take into account, like cultural considerations, before deciding to offshore to these countries.

[SIG 2003]

Sourcing Interest Group. (2003). *Reinventing the strategic in strategic sourcing*. SIG: *Inside sourcing*, Vol. 8, Huntington Beach, CA. Bell Canyon, CA: SIG.

The article describes the Procurement Maturity Model (PMM), which can be used to assess client capabilities, identify improvement opportunities and measure progress and success. It contains six capability areas (domains) and 120 different factors that impact sourcing. The domains are: Procurement strategy, demand realization, supply and supplier management, procurement process, information management and technology and people. The article gives the characteristics of high-end sourcing in each of the domains.

[Sparrow 2003]

Sparrow, E. (2003). *Successful IT outsourcing: from choosing a provider to managing the project*. London: Springer-Verlag.

The book details the various temporal phases of outsourcing and has separate chapters dedicated to different phases. The book doesn't cover issues like change management, workforce management and other related issues- crucial in outsourcing. The first chapter discusses the concept of outsourcing and the various forms of outsourcing. The next chapter discusses the advantages and disadvantages of outsourcing. The next chapter deals with the objectives of outsourcing and how these objectives can influence the outcome. The book then devotes a chapter each to service provider selection, managing the outsourcing relationship and measuring performance of the service provider. One chapter looks into contractual issues and the risk management techniques in outsourcing. The final chapters of the book focus on contract termination and steps to take in case of failure of the deal.

[Stacey 1998a]

Stacey, M. (1998). *Outsourcing: How to differentiate supplier offerings in order to realize full potential benefits*. *Management Accounting*, 76(6), 24-26.

This article deals with how to structure the Request for Proposal (RFP) and the steps to be followed after issuing the RFP. Some of the important aspects that the RFP should include are strategic intent, business benefits and improvement needs, financial, legal, and service requirements among others. The article details a model called resource value pricing model (RVPM) which can be used during the negotiation stage to ensure the supplier makes its margin and the customer gets value for money.

[Stacey 1998b]

Stacey, M. (1998). Outsourcing: How to deliver the full benefits through expert supply management teams. *Management Accounting*, 76(7), 42-44.

This article focuses on the transition phase and vendor management phase in an IT outsourced project. It suggests breaking down the transition to a number of sub processes such as: appoint the transition manager, build a detailed transition plan, formulate the transition team, defining their roles and responsibilities and so on. The article mentions that the key elements in the vendor management are: service management, technical management, financial management and contract management.

[Standards Australia 2000]

Goodwin, D., Cooper, D., Cross, J., Knight, K. W., & Walker, T. (Eds.). (2000). *HB 240:2000 Guidelines for managing risk in outsourcing utilizing the AS/NZS 4360 process*. Sydney, NSW, Australia: Standards Australia International.

This framework focuses on risk management in outsourcing. Gives a brief description of the strategic issues associated with outsourcing and how the process of managing risk can be fully integrated into the process of outsourcing. It categorizes outsourcing into 3 distinct phases: Strategic Analysis, Transition Planning and Implementation. It defines Strategic Analysis as the analysis undertaken in order to decide whether to outsource and if so, what to outsource. Transition Planning, according to the report is the development of plans and strategies, which are, needed in order to outsource and to move between in-house and outsourced programs. Implementation is the implementation of those plans and strategies. Two other phases, which are on going throughout the project, are: Communication and consult and Monitor and Review. The report also provides a checklist of important issues that need to be addressed in each phase of outsourcing.

[Stephens 2002]

Stephens, R. (2002). Service contracts: new forms of liability. *Computers and Law*, 13(3), 19-22.

The article looks at service contracts from a purely legal perspective. It cites certain rulings in detail. Among other things, the author states that the words and phrases used in the contract should be put in only after a careful legal review.

[Strassmann 2004]

Strassmann, P. (2004) CIOs Must Manage What Is Left [Web Page]. Accessed 2004, July 15. Available at: <http://www.computerworld.com/managementtopics/outsourcing/story/0,10801,94285,00.html?SKC=outsourcing-94285>.

This article discusses how CFOs wish to outsource everything associated with the cost of goods sold and that now IT is on the top of their list of functions that should be subjected to competitive pricing. The CFO will continue to find reasons for outsourcing to reduce costs. The job of the CIO after outsourcing IT spending to manage

risks and preserve those parts of the IT organization that are the essential core competency for safeguarding future prosperity.

[Strauss-Kahn 2003]

Strauss-Kahn, V. (2003). *The Role of Globalization in the Within-Industry Shift Away from Unskilled Workers in France* (NBER Working Paper No. W9716). Cambridge, MA: National Bureau of Economic Research.

[Stuart 1996]

Stuart, F. I., & McCutcheon, D. (1996). Sustaining strategic supplier alliances: profiling the dynamic requirements for continued development. *International Journal of Operations & Production Management*, 16(10), 5-22.

The paper deals with change in requirements to sustain supplier alliances as the relationship matures. Over the years the client firms have moved towards a more collaborative supplier relationships, referred to as supplier alliances. Widespread use of these relationships is new and relatively little is known about the attributes that may promote success or failure. The authors test the assumption that partnership relationships tend to expand and be more successful with each year following establishment, with a survey of 41 buyer-supplier relationships. They find that the purchasing firms perceived some improvements in benefits from their alliance-like relationships but not significantly more than those, which maintained traditional relationships. They also find that the factors leading to improved benefits changed significantly as the alliance matured, with specific information flows becoming key. They propose a profile of the relative importance of these factors over time.

[Sturm 2000]

Sturm, R., & Morris, W. (2000). *Foundations of Service Level Management*. Indianapolis, IN: SAMS.

The book gives detailed information about service level management and the principles for effectively managing service levels. The book has three major parts. Part one focuses on creating the SLAs. Part two focuses on creating effective programs for service level management. The third section of the book deals with issues like choosing metrics for SLAs, and how to implement service level management programs.

[Summit 2002]

Summit Strategies. (2002). *Outsourced E-Solutions: Do they make sense for your company?* Summit Strategies.

The paper discusses outsourcing of e-business infrastructure and applications. The paper discusses the reasons for outsourcing, and the benefits of outsourcing. The paper also covers in detail the cost differences between in-house and external hosting, though this paper is sponsored by Sprint and the comparisons are with Sprint hosting solution. Finally the paper gives some tips about selecting the hosting provider, and mentions how Sprint meets all the criteria.

[Sun 2002]

Sun, S. Y., Lin, T. C., & Sun, P. C. (2002). The factors influencing information systems outsourcing partnership—a study integrating case study and survey research methods. *Proceedings of the 35th Hawaii International Conference on System Sciences - 2002; Maui, HI*. Los Alamitos, CA: IEEE Computer Society.

The paper uses social exchange theory to discuss the factors that influence partnership success between client and service providers in IT outsourcing. For this paper the independent variables affecting the IS functions outsourcing partnership are the outcomes given at comparison level, common values, communication, and mutual dependence. The mediating variables are power, trust, commitment, and conflict. The dependent variable of this research model is outsourcing partnership measured by the satisfaction of the outsourcing service receiver. Some of the findings of the paper are: “trust” determines “dependence”, “outcomes given comparison level” have a strong positive relationship with “IS outsourcing satisfaction” and “trust”, “Conflict” shows a significant negative effect on the “IS outsourcing satisfaction”, and “commitment” is positively associated with “IS outsourcing satisfaction”.

[Susarla 2001]

Susarla, A., Barua, A., & Whinston, A. B. (2001). *Understanding the emergence of Application Service Providers: An Empirical Analysis of the ASP Outsourcing Decision*. Austin: McCombs School of Business, University of Texas at Austin.

This paper discusses the ASP model and why the ASPs have fared poorly in attracting a large client base. The paper develops a model of ASP adoption. The model includes drivers that are internal (e.g., installed base of IT applications, firm specific IT needs and Internet readiness) and external (e.g., ASP reputation and uncertainty regarding ASP services) to the user organization. This model is tested with data obtained from 256 user firms. The results suggest the need for ASPs to explore ways to enhance compatibility with existing IT applications in user organizations, and to reduce the uncertainty experienced by their users. The paper also states that the adoption of the ASP model is not limited to Internet savvy firms, indicating that the potential market for ASP services may be substantial.

[Swinarski 2004]

Swinarski, M., Kishore, R., & Rao, H. R. (2004). The Effects of Power and Partnership on Application Service Provider Commitment, Cooperation, and Compliance. In *Proceedings of the 37th Annual Hawaii International Conference on System Sciences – 2004, Maui, HI*. Los Alamitos, CA: IEEE Computer Society.

The paper discusses relationship management in IT outsourcing deals. It explores the impact of partnership quality and client’s power on the service provider’s compliance, cooperation and commitment. The paper finds that the quality of partnership has a greater impact on IT service provider’s intentions than does client’s power. The paper also states that the power in IT outsourcing is gradually shifting in favor of the clients.

[Swoyer 2004]

Swoyer, S. (2004) *Outsourcing: Who, Where and Why: Results from the 2004 Enterprise Strategies Outsourcing Survey*. Chatsworth, CA: Enterprise Systems.

This report gives the results of a survey of more than 700 organizations and examines the state of outsourcing. Some of the important factors for successful outsourcing are mentioned as: understanding the goals, selecting the right vendor, On-going management, properly structured contract, and strategic vision. About one-third of the respondents were outsourcing some or all of their operations. The article mentions that the majority of outsourcing activity, about 70% is still occurring domestically and only about 21% of the respondents go offshore. Size of an organization also determines the extent of offshoring. The survey mentions that enterprises with \$500 million or more in annual revenues are much more likely than smaller organizations to send jobs offshore.

[Tan 2004]

Tan, P. W. (2004, May 25). Culture Course: Awareness Training Helps US workers better know their counterparts in India. *Wall Street Journal, Career Journal*, pg. B1.

This article deals with the culture specific training that some consultants provide their US clients when dealing with Indian firms. The article mentions that one of the potential problems when US firms do business with firms in India is the vast cultural gap. India is a high context society relying on relationships and moral codes, while the U.S. is a low context nation that is very direct and depends on legal codes. The article also mentions that the knowledge these consultants impart may be very basic, but helps avoid a lot of business misunderstanding. The article concludes that though this kind of training is essential, some firms like to handle the cross-cultural training internally and do not want to outsource it.

[Tanner 1995]

Tanner, R. (1995). Outsourcing-ensuring security compliance. *Proceedings of COMPSEC International 95. Twelfth World Conference on Computer Security, Audit and Control; London, UK. Oxford, UK: Elsevier, 122-129.*

The paper deals with the security issues in outsourcing. The author states that security is always the client's responsibility and it should not be divested away. The paper suggests that both the clients and the provider should follow predetermined policies on security. The client and the service provider should both complete the risk analysis and management strategy before agreeing on the necessary safeguards. The client should also establish its requirements for compliance checking to ensure that security is implemented and applied correctly. The paper concludes that new attitude and skills may be needed to manage your provider and ensure that they meet the security expectations.

[Thibodeau 2003]

Thibodeau, P. (2003). Offshoring Dilemma: Sending technical support overseas is attractive, but it could expose production systems to new risks. *Computerworld*, 37(50), 41, 1 pg.

The article states that offshoring of technical support for IT systems and infrastructure has not grown. This is due to the fact that there are no best practices in this field and clients are cautious, because it involves access to mission-critical production systems and raises new concerns about issues such as security, privacy and intellectual property protection. The article states that the financial services industry has started an effort through the Financial Services Technology Consortium (FSTC) to develop a set of best practices for moving production and infrastructure support offshore. This could help increase the use of offshore IT services. However the complexities involved in offshoring such services could also slow down the market.

[Thondavadi 2004]

Thondavadi, N., & Albert, G. (2004). *Offshore Outsourcing: Path To New Efficiencies In IT And Business Processes*. Bloomington, IN: Authorhouse.

This book details how offshoring can be used to manage the business processes for cutting costs and for competing in the global markets. The book includes case studies of companies like Citibank and ABN Amro and the preface by President and CEO of GE India is interesting. Other than the section on case studies, the book has three sections. The first section discusses offshoring and the value added because of offshoring. The second section discusses the decision making phase of offshoring. The third section discusses the impact of offshoring. For offshoring to succeed, planning and management buy-in identified as being very critical.

[Thornburgh 2002]

Thornburgh, D. (2002). When outsourcing, know the limits of your software licenses. *Computer Economics Report (International Edition)*, 24(8), 7-8.

The article deals with software licensing issues in outsourcing. It states that if the client is considering outsourcing any function, which is managed, internally using licensed software, the decision to outsource requires careful review of the software licenses. Likewise, whenever negotiating a new software license, the licensing issues should be considered and terms negotiated with the service provider at the time the contract is being negotiated. Another issue to be considered is that bigger players may have their own license arrangement with same software vendors and the client should consider if it is more cost-effective to rely on outsourcer's license in such cases.

[Tighe 1996]

Tighe, C. E. (1996). *Outsourcing and competition: lessons learned from DOD commercial activities programs*. Alexandria, Va.: Center for Naval Analyses.

[TPI 2004a]

TPI. (2004). *2003 in Perspective: The Evolving Outsourcing Market*. The Woodlands, Texas: TPI.

This paper from TPI highlights the trends in outsourcing in 2003. In 2003, the total contract value (TCV), for global outsourcing remained at \$55 billion, almost no increase from 2002. On mega-deals, the number of contracts signed in 2003 increased 25 percent year over year but the TCV on those contracts decreased almost 10 percent. The TCV for deals greater than \$200 Million and for deals greater than \$50 million was flat. The reasons for this decrease in the deal sizes are: BPO's narrowly-scoped deals; Separation of assets from services in contracts; Use of global resources. Among the trends, the paper identifies BPO and shared services increasing trend, investment in internal sourcing management capabilities and blended business models.

[TPI 2004b]

TPI. (2004). *Bundling BPO/IT*. The Woodlands, Texas: TPI.

This paper from TPI discusses the trend of bundling the BPO and IT services. The paper says that the trend is to bundle ITO with the BPO efforts and not vice versa. Among the service providers, no single service provider typically wins a majority of bundling contracts and one provider assumes both IT and BPO responsibilities in a contract. Bundling has been seen in Financial services; manufacturing; telecommunications; travel, transportation and hospitality; media & entertainment; and retail & restaurant. Bundling is on the rise because: firms are moving toward the integration of business and technology; bundling can add efficiencies and economies; major service providers are now able and willing to offer and promote it. Bundling offers more project integration and clients can get broader outsourced solutions with the optimal service. It also helps the provider also own or control the technology used in the process, allowing a more seamless service. Bundling also makes governance, or sourcing management, easier.

[TPI 2004c]

TPI. (2004). *Outsourcing Relationship: An Evolving Lifecycle*. The Woodlands, Texas: TPI.

The article states that long-term sourcing relationships are subject to change and the sourcing strategy should anticipate change and accommodates the change implications to the relationship between the client and the service provider. The article gives some of the drivers of change in the outsourcing relationship that include major changes in the business profile, changes in the client management, original services and technology becoming obsolete, service provider not delivering. For a successful relationship there must be a well-structured agreement with suitable flexibility, effective SLAs, perfor-

mance incentives and well-defined price structures. The relationship with the service provider may be renewed, revised, re-engineered (drastic revisions) or the client may decide to re-compete.

[TPI 2004d]

TPI. (2004). *Overview of Sourcing Transactions that Work*. The Woodlands, Texas: TPI.

The article identifies the common factors leading to unsuccessful sourcing such as: Inadequate contracts; Skewed pricing; Inadequate post-contract governance. The article also mentions renegotiations and states that Renegotiations are a natural part of the sourcing lifecycle.

[TPI 2004e]

TPI. (2004). *The Sourcing Continuum: Selecting the Right Sourcing Approach to Your Company's Strategic Needs*. The Woodlands, Texas: TPI.

This paper deals mostly with determining the sourcing approach for the firm. In this paper, TPI suggests steps to take when determining needs and determining which approach will best benefit the company. TPI also explains the three major models that can be applied when making sourcing decisions: Discrete, Selective and Comprehensive.

[TPI 2004f]

TPI. (2004). *Sourcing Enables Globalization: Offshore Outsourcing Just One Part of the Strategy*. The Woodlands, Texas: TPI.

This article states that globalization is becoming a key force, influencing the sourcing strategy of the client firms. Most firms have started to consider global sourcing not only to gain operational efficiencies but also as a key globalization enabler. The article concludes that financial services, manufacturing and transportation industries have taken a lead in this area.

[TPI 2004g]

TPI. (2004). *Successful Outsourcing: Benchmarking or Relationship Building*. The Woodlands, Texas: TPI.

For benchmarking to work well a client should Contractually obligate the service provider to come to the table; the benchmark should be able to show the differences and the potential cause of the difference in business process; The gap should be of a material nature and considered within the context of the entire relationship; should be able to consider the gaps within the overall success of the contract; should be able to consider the flexibility the service provider has demonstrated. The article then gives a procedure for carrying out benchmarking like having a pool of qualified benchmarkers, selection of benchmarker from the pool, Initiation of benchmarking, and comparing the services.

[TPI 2004g]

TPI. (2004). *Taking a Strategic Approach to Sourcing: What is my sourcing strategy*. The Woodlands, Texas: TPI.

Corporate lifestyle often dictates an organization's strategic approach to sourcing. In this paper, TPI outlines critical success factors

related to effective strategic sourcing that support corporate business objectives. According to the paper, a well-constructed sourcing strategy should answer three fundamental questions for the enterprise, all relative to the corporation's ambition: Where are we? How effective and efficient are our current capabilities? Where could we be? What are the marginal opportunities? How can we get there? What is the roadmap that will allow us to move forward? The paper stresses that outsourcing is never a foregone conclusion, merely one alternative for sourcing executive.

[TPI 2003a]

TPI. (2003). *Outsourced CRM: Keep the Strategy, Loose the Infrastructure*. The Woodlands, Texas: TPI.

This paper from TPI discusses the outsourcing strategy of CRM systems. It states that since the supporting CRM technologies and processes complex requiring intricate integration and implementation of major business applications across the enterprise, they are prime candidates for outsourcing. However, the client must retain the control of the CRM strategy. The paper outlines some challenges faced, while outsourcing CRM like, lack of a well-defined CRM strategy that is clearly tied to its business strategy and need for strong executive support. It also defines the major competencies necessary to manage sourcing relationships. These are performance management, financial management, relationship management and contract administration.

[TPI 2003b]

TPI. (2003). *Outsourcing...The Decision Process*. Reston, VA: TPI.

This white paper focuses on 'how' to outsource rather than 'why' to outsource. The outsourcing decision has three aspects: vendor capabilities, cost and cultural fit. Each of these must be evaluated in the context of the organization and the requirements. The decision makers should architect the solution that positions the organization for long-term success. It is very important to understand the specifics of the organization and what is hoped to be achieved from outsourcing. Among the factors, which affect the decision process, it says that the success of outsourcing procurement will largely depend on the time, resources and focus the firm gives to the process. Some of the other factors are: Treating outsourcing as a business decision; Structuring the decision process- the most successful is the two tiered wherein an evaluation team reports to steering committee; Establishing the right evaluation team; Establishing the baseline of cost and performance; Establishing realistic timelines and evaluating vendor capabilities and fit/culture.

[TPI 2002]

TPI. (2002). *Facts Regarding Outsourced Business Model*. The Woodlands, Texas: TPI.

The paper discusses outsourcing. It states that well constructed sourcing relations, deliver the results and that the market for IT outsourcing is growing in terms of provider capability and volumes. The paper concludes that there is no fundamental flaw in the

outsourcing business model and that there should be well-defined governance model, strong contract terms, and good relationship management capabilities to succeed.

[TrainExcel 2002] **TrainExcel CEO Consultancy Sdn Bhd. (December 26, 2002). "Considering HR Outsourcing." *The New Straits Times*.**

[Tunstall 2000] **Tunstall, T. (2000). *Firm Governance Mechanisms: An empirical analysis of the determinants of information technology outsourcing*. Ph.D. Thesis. Dallas, TX: University of Texas at Dallas.**

The thesis discusses the determinants of IT outsourcing. Based on data gathered between 1990 and 1999, the thesis states that IT outsourcing has increased substantially during this period, and that clients use outsourcing to reduce overhead costs. It also finds that smaller firms outsource more than larger firms. Among the industries which outsource, banking/financial services and transportation firms lead in outsourcing, as they have more centralized functions, which are easier to outsource than distributed ones. The contract duration in outsourcing is decreasing and clients wish to maintain competition among their suppliers.

[Turner 2002] **Turner, M., & Smith, A. (2002). IT outsourcing: The Challenge of changing technology in IT outsourcing agreements. *Computer Law and Security Report*, 18(3), 181-186.**

The article deals with the decision about technology refresh in IT contracts. It states that while most outsourcing agreements last for at least three years, and committing to long term brings benefits to both the client and the service provider, yet rapid advancements in IT products and services, may result in customer failing to update business critical technology. Therefore it is essential that in long term outsourcing agreements effective technology refresh provisions are included. It mentions that the agreement should provide for 'major' technology refresh at less frequent intervals, and parameters should be laid down in the contract to allow for sufficient flexibility. The article then discusses the various pricing options for technology refresh, like fixed/indexed pricing, cost plus pricing and value sharing. The article concludes that a good change control clause is also essential to the success of technology refresh clause.

[Ukalkar 2000] **Ukalkar, S. (2000). *Strategic Procurement Management for Competitive Advantage*. New Delhi, Delhi: Oxford University Press.**

This book deals with procurement management. The book first defines procurement, gives a procurement strategy formulation checklist and mentions some of the pitfalls, which may lead to failure of procurement strategy. Some of the pitfalls mentioned are: Treating it only as a one time event and inability of the buyers to translate their procurement strategy in form of goals or milestones. The book then talks about the criticality of buyer-supplier relationship, and some critical success factors for the partnership. The next chapters

focus on supplier selection and supplier development. The book also has a chapter on the importance of having the right supplier base, the importance of deciding on 'make vs. buy', and various sourcing arrangements- single and multiple sourcing and how to decide between the sourcing options. The book also discusses the use of IT (internet and EDI) in procurement and how it may lead to building of a comparative advantage.

[US DSB 1996]

United States Defense Science Board. (1996). *Report of the Defense Science Board Task Force on outsourcing and privatization*. United States Defense Science Board. Washington, DC: Office of the Under Secretary of Defense for Acquisition and Technology.

This report deals with outsourcing programs and policies for the Department of Defense (DOD). According to the report DOD should make use of outsourcing to reduce cost and enhance effectiveness of its support activities. It states that the DOD has a potential to save \$10 billion at least per year in cost savings by 2002. The DOD should contract out all its support functions to private vendors except those which are inherently governmental, are directly involved in war fighting or which no adequate private sector capability exists. It lists the various defense agencies as the prime outsourcing candidates. The report also recommends considering outsourcing major portions of Defense Commissary Agency (DeCA), the Defense Information Systems Agency (DISA) and Defense Finance and Accounting Agency (AFAS) to streamline DOD's support structure.

[Useem 2000]

Useem, M., & Harder, J. (2000). *Leading laterally in company outsourcing*. *Sloan Management Review*, 41(2), 25-36.

The article deals with managerial capabilities essential for managing successful outsourcing relationships. It is based on interviews and surveys of managers from a wide range of organizations. It identifies 4 capabilities required in managers to deal with outsourcing. These are: Strategic thinking- within the outsourcing framework, managers need to understand whether and how to outsource to improve competitive advantage; Deal making: managers must secure right services from the providers and ensure their use by the internal managers; Partnership governing: Effectively overseeing the relationship is very important; and managing change: Forcefully spearheading change is very critical because companies encounter employee resistance.

[Van der Zee 2000]

Van der Zee, H. T. M., & Ribbers, P. M. A. (2000). *Scenarios for strategic sourcing of information and communication technology*. In Sprague, R. H. Jr. (ed.), *Proceedings of the 33rd Annual Hawaii International Conference on Systems Sciences; Maui, HI, USA*. Los Alamitos, CA, USA: IEEE Computer Society.

This article identifies 3 scenarios for strategic sourcing of Information and Communication Technology (ICT) and describes issues such as the key environmental and business aspects of ICT partnerships,

the potential roles of ICT in enhancing business capabilities and the role of business executives and external providers of ICT. The various scenarios identified are: High-tech Regions, Cyber-Competition and Global Competition scenarios. In the High-tech Regions scenario, further integration of economic regions (e.g. the European Union) has ceased. In this scenario, ICT is used to deliver local value, support customer loyalty programs and reduce the costs of back office business processes. In the Cyber-Competition scenario international trade barriers have been abolished, a large market has emerged and ICT is a key driver for business competition. In the global competition scenario a global culture has developed, and although ICT is almost literally woven into every aspect of the business, ICT does not function as a key competitive driver because it is regarded and treated as a commodity.

[van Jaarsveld 2004]

van Jaarsveld, D. D. (2004). *Collective Representation Among High-Tech Workers at Microsoft and Beyond: Lessons from WashTech/CWA*. *Industrial Relations*, 43(2), 364-385.

The paper discusses collective representation (unionism) among high-tech workers. It deals with the case of the formation of Washington Alliance of Technology Workers (WashTech). It mentions some of the challenges confronting WashTech as: Providing services to non-members implies that they can free ride; resistance to unionism from high-tech firms; and persistence of anti-union attitudes among potential members. The paper mentions that WashTech has been able to improve working conditions for high-tech workers in Washington and is willing to experiment with innovative strategies to address the priorities of high-tech workers.

[Vantage 2004]

VantagePartners. (2004). *Making Partnerships Work*. Boston, MA: VantagePartners.

This study focuses on alliances, the issues and challenges that the partnerships face and how to mitigate some of those issues by focusing on relationship management. The study is divided into 3 sections. The first talks about approaches to solving problems in a collaborative manner even when the objectives may be conflicting and how to build good working relations, without sacrificing either party's objectives. The second deals with managing differences and finally the third section deals with challenges, which arise because of the complexity of the business relationships and because of the interdependency among them.

[Vantage 2004]

VantagePartners. (2004). *Negotiating and Managing Key Supplier Relationships*. Boston, MA: VantagePartners.

This report is based on the industry data from more than 100 companies and states that procurement is being viewed as strategic by increasing number of firms in order to gain a competitive advantage. It addresses the issue of relationship management practices with the suppliers and partners across 6 areas of Evaluation and Selec-

tion, Negotiation, Post-Deal Relationship Management, Performance Monitoring Termination, Portfolio Governance, and Management. Also identified are 20 best practices for negotiating and managing supplier relationships. Each of the practice is described, with short case studies, examples, what are the barriers in implementing each practice and how firms have overcome these barriers.

[Vantage 2003]

VantagePartners. (2003). *20 Best Practices for Negotiating and Managing Key Supplier Relationships*. Boston, MA: VantagePartners.

The article identifies 20 best practices for managing the service providers and for having a long-term relationship with them. These practices span the relationship life cycle and are from 6 fundamental areas: Evaluation and selection, Negotiation, Post-deal relationship management, Performance monitoring, Termination and Portfolio governance and management. The practices also deal the challenge associated with effective management of key supplier and outsourcing relationships.

[Vantage 2002a]

VantagePartners. (2002). *Alliance Management: A Blueprint for Success*. Boston, MA: VantagePartners.

The article details 10 alliance management capabilities that a firm must have for successfully managing strategic relations. These are: Building and maintaining internal alignment; Evaluating and considering relationship fit with potential partners; Building a strong working relationship while negotiating an optimal deal; Establishing common ground rules for working together; Having dedicated alliance managers; Having collaborative skills in alliance employees; Having a collaborative corporate mindset; Managing multiple relationships with the same partner; Auditing alliance relationships; and Managing changes that affect alliance.

[Vantage 2002b]

VantagePartners. (2002). *Enabling Effective Alliance Decision Making*. Boston, MA: VantagePartners.

The article introduces a framework for making decisions when a firm has a partnership. The article calls it the D-I-C-N Decision-Making Buckets Framework (Decision-Driver, Inform, Consult, Negotiate). The article states that even in operational issues the decisions in a partnership may require the input of many different individuals or groups within each partner company. This may lead to complex negotiations to try to reach consensus and, in turn, costly delays in action. According to the article this framework helps people to disaggregate decision-making roles into four buckets, and enables them to avoid the trade-off between an inclusive but inefficient decision process, and one that sacrifices the benefits of inclusiveness for speed.

[Vantage 2002c]

VantagePartners. (2002). *Implementing Alliance Metrics: Six Basic Principles*. Los Angeles, CA: VantagePartners.

The paper deals with relationship management aspects of an alliance and explains how to define and discuss metrics with partners, and therefore to bring clarity around performance management. It gives six principles for implementing the alliance metrics. These are ensuring comparability of metrics across alliances; Defining and discussing metrics with alliance partners; Ensuring clarity around implications of alliance performance; Implementing a process for auditing alliance performance; Linking alliance performance with individual performance evaluation; and creating a forum for reviewing and acting on alliance performance data.

[Vantage 2001]

VantagePartners. (2001). *Managing Alliance Relationships: Ten Key Corporate Capabilities*. Boston, MA: VantagePartners.

The report discusses alliance management and identifies ten alliance management capabilities. These capabilities are: Building and maintaining internal alignment; evaluating and considering relationship fit with potential partners; building strong working relationship while negotiating a strong deal; establishing common ground rules for working together; having dedicated alliance managers; having collaborative skills in alliance employees; having collaborative corporate mindset; managing multiple relationships with the same partner; auditing alliance relationships and managing changes that affect alliances.

[Venkatraman 1997]

Venkatraman, N. (1997). *Beyond outsourcing: Managing IT resources as a value center*. *Sloan Management Review*, 38(3), 51-55.

The article describes the concept of value center on an organization. It states that there are 4 interdependent sources of which can provide value from IT resources. The cost center has an operational focus and minimizes risk. The service center aims to create an IT enabled business capability to support current strategies. The investment center, has long term focus and aims to create new IT business capabilities and the profit center delivers IT services to the external marketplace for incremental revenue and for gaining experience. The article further states that outsourcing could be attractive for some parts of the value center, but it can not be substituted for having an IT strategy to leverage these sources and that the organization should have strategy for managing each of these sources.

[Verschoor 2004]

Verschoor, C. C. (2004). *Will Sarbanes-Oxley Improve Ethics? Strategic Finance*, 85(9), 15-16.

The article deals with the ethical aspects of Sarbanes Oxley law, which it claims are more important to achieving the law's objectives. There are several determinants of success for a code of conduct. Section 406 of SOX requires all public companies to have a code of conduct for senior management and financial officers that contains

appropriate compliance and enforcement procedures. But the paper states that there are several determinants of the success of a code of conduct. First is an awareness of the code and sensitivity to its application. Willingness for people to step forward with information that may indicate wrongdoing is also important for success.

[Vining 1999]

Vining, A., & Globerman, S. (1999). A conceptual framework for understanding the outsourcing decision. *European Management Journal*, 17(6), 645-654.

This paper provides a framework for identifying and implementing outsourcing decisions and specifically deals with identifying the pre and post contractual risks and the strategies that can be implemented to mitigate those risks. The three major factors which can determine the bargaining positions and opportunity costs are identified as: Product/Activity complexity; Contestability (number of providers available); and asset specificity. The paper also applies this framework to various combinations of product complexity and asset specificity.

[Walden 2002a]

Walden, E. A. (2002). *Information technology issues for a new economy: Three essays on electronic commerce and information technology outsourcing*. [Ph.D. Thesis]. Minneapolis, MN: University of Minnesota.

The thesis consists of three essays on issues important to the management of information technology in organizations. The first focuses on outsourcing. The second and third examine the stock market effects of decisions to initiate electronic commerce. The first essay examines contracting in IT outsourcing. It compares contracting theories to determine which best describes IT outsourcing. The conclusion is that the property rights contracting theory offers the best explanation for such contracts and transaction costs economics also assists in explaining the terms of the contracts. Principal-agent models do not seem to be represented in these contracts. The other two essays do not relate to sourcing.

[Walden 2002b]

Walden, E. A. (2002). *On The Structure And Function Of Outsourcing Contracts: An integrative Analysis Of The Economics Behind Vendor-Client Relationships*. Working Paper. Minneapolis, MN: Carlson School of Management, University of Minnesota.

This working paper deals with contractual issues in IT outsourcing. It states that there is incomplete understanding about framing good contracts. The paper details how firms can offer one another assurances to guarantee return on investment. By offering a firm a return on its investment beyond what it would get in the absence of a contract, the contract encourages greater levels of investment and hence greater joint surplus.

[WSJ 2004]

Wall Street Journal. (2004, May 27). Outsourcing 101. *Wall Street Journal*, pg. A20.

This article discusses if Ricardo's law of comparative advantage has become irrelevant today, especially in outsourcing. The article goes on to state that outsourcing is not a zero-sum game. When U.S. firms hire lower-cost labor overseas they have to hire other inputs to complement the expanded amount of foreign labor. Firms that expand overseas for lower-cost labor, or to get access to new markets, will increase the scale of their operations; they will use more scientists and engineers to refine products to appeal to those foreign markets, more marketing people, more logistics and financial people, and more support staff. Overseas expansion can also cause firms to change their scope- the mix of activities undertaken in the U.S. That change is toward higher value-added activities here. The article finds that Ricardo's theory is still relevant.

[Wallace 2004]

Wallace, L., Keil, M., & Rai, A. (2004). How Software Project Risk Affects Project Performance: An Investigation of the Dimensions of Risk and an Exploratory Model. *Decision Sciences*, 35(2), 289-321.

The study deals with software project risks and describes six dimensions of risk, which may be used by the managers for identifying and managing the risks. The dimensions are: Organizational environment risk, user risk, requirement risk, project complexity risk, planning and control risk, and team risk. The paper also makes use of the social subsystem risk (e.g. risk because of highly political social environment in the company) and technical subsystem risk, from the literature. One of the findings of the paper is that increasing the social subsystem risk increases the technical subsystem risk, which in turn impacts project management risk. The paper suggests that the risks can be proactively managed by implementing processes and structures that are designed to counter the risks associated with organizational environment, users, requirements and project complexity.

[Wang 2002]

Wang, E. T. G. (2002). Transaction attributes and software outsourcing success: an empirical investigation of transaction cost theory. *Information Systems Journal*, 12(2), 153-181.

The paper focuses on customize software outsourcing and uses Transaction Cost Theory to discuss how transaction attributes and post contractual opportunism impacts the success of outsourcing decisions. One of the important findings is that to assure a better contractual relationship and performance, vendor reputation should be important criteria for selecting the providers. Another finding is that these kinds of projects require both the client and the provider to invest heavily in sunk investments in order to make the project a success.

- [Watanabe 1998] **Watanabe, K. (1998). The ins and outs of outsourcing in India. *Cutter IT Journal*, 11(7), 30-6.**
- [Weakland 2004] **Weakland, T. (2004). Outsourcing Best Practices. *Computerworld*, 38(37), pg. 27, 1 pg.**
- The article mentions an increasing number of firms are considering their outsourcing decisions strategically, and not just as cost-cutting exercises. The article identifies some best practices for strategic outsourcing such as: Communicating openly, Actively managing attrition; Investing in education and retention; and Minimizing unintended consequences.
- [Weill 1998] **Weill, P., & Broadbent, M. (1998). *Leveraging the New Infrastructure: How Market Leaders Capitalize on Information Technology*. Boston, MA: Harvard Business School Press.**
- This book advocates that companies can have competitive edge from their IT infrastructure. The book is based on the study of about 75 firms by the authors. It advises integrating IT and business strategy but some of the concepts have been repeated. The book is divided into three parts. Part 1 focuses on creating value through information technology investments. Part 2 deals with identifying the IT infrastructure capabilities in view of the strategic needs of the firm. Finally Part 3 outlines how successful firms manage and govern their IT investments to maximize value. The book mentions four approaches to infrastructure investment decisions, from none to an enabling view that can help the firm optimize its IT core competence. It also provides a useful grouping of infrastructure services into 8 management clusters.
- [Weill 2002] **Weill, P., Subramani, M., & Broadbent, M. (2002). Building IT infrastructure for strategic agility. *MIT Sloan Management Review*, 44(1), 57-66.**
- This paper states that that when companies describe their IT-infrastructure capabilities as services instead of equipment, they do a better job of putting a value on what they are buying. The paper divides the capabilities in groups: Position on the value net (supply side, internal or demand side); Type of exchange (B2B or B2C) and Type of innovation (Products or new market). It also finds that leading companies make regular, systematic, modular and targeted IT-infrastructure investments on the basis of overall strategic direction. Other companies should learn to recognize which IT-infrastructure capabilities are needed for which kinds of initiative to ensure that investments will help strategy.
- [Wells Fargo 2003] **Wells Fargo. (2003). Organizing outsourcing for success. *SIG Conference May 2003; Huntington Beach, CA*. Bell Canyon, CA: SIG.**
- The presentation offers some tips for sourcing services, and focuses on the organizing aspects. Some of the useful tips are: Obtaining the management buy-in; Establishing a stretch goal; Developing

strategic partners; And knowing your own roles at every stage. Other important attributes that it mentions are communication, adaptability to progress and regular reporting.

[White 1996]

White, R., & Barry, J. (1996). *The outsourcing manual*. Aldershot, England: Gower.

The book offers good advice on the process to follow for outsourcing, but is weak in its handling of implementation and post-implementation phases of outsourcing. The book is divided into four parts. Part one of the book deals with setting the objectives and to decide if outsourcing is the right solution for the company. Chapter 2 offers important suggestions about assessing the baseline performance. There are separate chapters on stakeholder management and risk management in this part. Part 2 of the book constitutes the bulk of the material. Chapters in this part focus on planning for outsourcing, establishing the procurement process, setting up the contract, evaluating the service providers and other related aspects. Part 3 of the book deals with vendor negotiation and selection, contract implementation and management. Part 4 of the book looks at outsourcing from the viewpoint of the service providers and offers the perspective of 3 service providers, about critical success factors in outsourcing, some of the challenges and their mitigation.

[Whitten 2004]

Whitten, G. D. (2004). *The application development outsourcing contract decision: The effect of service quality, relationship quality, satisfaction, and switching costs on continuation and discontinuation decisions*. Doctoral dissertation. Ruston, LA: Louisiana Tech University.

[Wholey 2001]

Wholey, D. R., Padman, R., Hamer, R., & Schwartz, S. (2001). Determinants of Information Technology Outsourcing among Health Maintenance Organizations. *Health Care Management Science*, 4(3), 229-239.

The paper discusses determinants of IT outsourcing in Health Management Organizations (HMO). It is based on two studies. Some of the findings mentioned are that HMOs are unlikely to outsource the day-to-day operation of information systems. If the HMO has good capability in IT and has complex IT systems, then it is unlikely to outsource.

- [Wiele 2000] **Wiele, T., Dale, B., & Williams, R. (2000). Business Improvement through Quality Management Systems. *Management Decision*, 38(1), 19-23.**
- [Willcocks 2003] **Willcocks, L. (2003). *Outsourcing and resource planning for IT*. Oxford, UK: Butterworth-Heinemann.**
- [Willcocks 1994] **Willcocks, L., & Choi, C. J. (1994). *Co-operative Partnership and the case of Total IT outsourcing: From contractual obligation to strategic alliance (MRP 94/12)*. Oxford: Templeton College, University of Oxford.**
- The report discusses types of relationships in total IT outsourcing arrangements. The paper points out that cultural compatibility of the partners. The report identifies three key processes, which help to maintain business relationships- contracts, trust and hostages. The report analyzes three case studies in total IT outsourcing and finds that even in long term total IT outsourcing, clients generally don't rely exclusively on trust/partnership relations with vendor, but the elements of contract and hostage forms of securing cooperation.
- [Willcocks 1997] **Willcocks, L. P., & Currie, W. L. (1997). *Information Technology in Public Services: Towards the Contractual Organization? British Journal of Management*, 8(s1), 107-120.**
- The paper discusses factors influencing the success of IT outsourcing deals in public sector with the help of two examples, one of total outsourcing and the other of selective outsourcing. The paper considers decisions on six factors, which can have an influence on success of a deal. These are: IT as a differentiator or commodity, IT as strategic or just useful, degree of uncertainty in business environment, degree of technological maturity of the IT activity, level of IT integration and in-house capability relative to that of the market. The paper finds that selective outsourcing can be very effective if key decisions and actions are taken. Total outsourcing in public sectors could have issues around over dependency on few suppliers, cost savings, and ability to change flexibly to changing political requirements.
- [Willcocks 2000] **Willcocks, L., & Fitzgerald, G. (2000). *IT outsourcing: preliminary findings from recent UK research*. Oxford, Eng.: Oxford Institute of Information Management.**
- The paper details 4 case studies and describes the most favorable conditions under which IT and service may be outsourced. These conditions as identified are: high technology maturity; vendor offering better deal compared to in-house; IT identified as commodity and not core; discrete systems; situation of reasonable business certainty across the life of the contract. However there should be in-house management of contract for successful outcomes. The article mentions that the issue is not whether to outsource IT or not but whether or not, and if so how, to use the market for IT and

associated services for organizational advantage. In some cases, the insourcing approach may be better.

[Willcocks 1995]

Willcocks, L., & Fitzgerald, G. (1995). *A business guide to outsourcing IT: a new study of European best practice in the selection, management and use of external IT services*. Wimbledon, UK: Business Intelligence.

The book provides a very good description and analysis of some phases of IT outsourcing specially how to decide what to outsource, vendor selection strategies, performance management and contracting and contract management. The book also has some good but brief case histories. It however does not cover the termination and related phases. Some of the key points from the book are: Many clients outsource the wrong areas of IT and may pass control of key resources to the suppliers; It is important to ensure that full costs of in-house IT are taken in account when evaluating internal services; HR issues like the cultural differences between client and vendor, the terms and conditions offered to transition staff and which key skill sets to retain in-house are important decisions. There are 6 key factors that are identified while making the outsourcing decision- The contribution of IT to business positioning, the impact of IT on business strategy, degree of uncertainty about future needs, the technological maturity of current IT, the level of IT and business integration, and the level of in-house IT capability.

[Willcocks 1996]

Willcocks, L., Fitzgerald, G., & Lacity, M. (1996). To outsource IT or not?: recent research on economics and evaluation practice. *European Journal of Information Systems*, 5(3), 143-60.

The paper is based on 26 case studies of organizations in UK that evaluated IT outsourcing. The focus of the paper is on evaluation practices that help in outsourcing decisions. The article notes that IT evaluation practices in the organizations did not always support an effective assessment of sourcing options, and evaluating the total IT contribution was a major problem. Other issues included benchmarking and external comparisons. Some of the lessons learned from vendor bid evaluation are then presented. These are: The in-house IT department may be able to achieve similar savings as offered by vendor; In-house IT costs may already be falling when the operations are outsourced; Vendors may not get any better deals on hardware and software; A vendor bid can reveal ways of improving in-house performance; Outsourcing can carry hidden costs.

[Willcocks 1998]

Willcocks, L. P., & Kern, T. (1998). IT outsourcing as strategic partnering: The case of the UK Inland Revenue. *European Journal of Information Systems*, 7(1), 29-45.

The paper details the Inland Revenue and EDS outsourcing arrangement and focuses on three issues in outsourcing- what to outsource, the contract and the relationship dimension. The case analysis highlights 3 specific areas in this kind of strategic deals: Political and

technical uncertainties in the public sector-Typically government ministers develop the policy without a real understanding of the IT implications, and the difficulties involved in providing information systems support; Risk- In these kinds of total outsourcing deals, risk is fundamentally very high. There was considerable business and technological uncertainty prevailing in the first few years. Also in terms of outcomes, there was little or no discrimination between whether the IT initiatives are strategic or useful; Asymmetries of dependence- Although contractually if IR managers were unhappy with the EDS performance, they could decide not to transfer the development staff, but by mid-1995 the IR was highly dependent on EDS and it was difficult for them to switch suppliers. One other conclusion the case draws is that in strategic partnering for IT outsourcing, getting to the right contractual level is central to the success but it is not sufficient for success.

[Willcocks 1999a]

Willcocks, L. P., & Lacity, M. C. (1999). IT outsourcing in insurance services: risk, creative contracting and business advantage. *Information Systems Journal*, 9(3), 163-180.

The paper discusses the case of IT outsourcing at Polaris- a software intermediary in European sector. The paper explores the success of IT outsourcing at Polaris, inspite of various risks and the total IT outsourcing. Some of the strategies which helped Polaris mitigate the risks are: Careful delineation of outsourcing type and scope, strong vendor selection criteria and processes, detailed relevant contract terms, retained capabilities and management processes and close relationship with the provider.

[Willcocks 1998]

Willcocks, L. P., & Lacity, M. C. (1998). *Strategic Sourcing of Information Systems: Perspective and Practices*. New York, NY: John Wiley and Sons Ltd.

The book provides extensive coverage of (academic) research on information systems outsourcing using 13 articles, each by different authors. The book starts with providing an overview of IS Outsourcing developments in the US, covers outsourcing alliances and focuses on the financial and strategic motivations behind these outsourcing arrangements. As per the authors, financial motivations are key part of the outsourcing arrangements. The articles provide guidelines for how to conduct outsourcing assessment, assesses vendors and managing outsourcing arrangements. Chapter 10 specifically deals with management of partners in an outsourcing relationship and approaches the development of partnerships from client firm's perspective. Chapter 6 proposes a model for describing relationships between outsourcing benefits and risks. Chapter 5 provides a strategic framework for outsourcing decision, how for example core competence and segmentation analyses of the IT function can be carried out, including analysis of infrastructure activity and management of technology life cycle.

[Willcocks 1995]

Willcocks, L., Lacity, M., & Fitzgerald, G. (1995). Information technology outsourcing in Europe and the USA: Assessment issues. *International Journal of Information Management*, 15(5), 333-351.

This paper focuses on the economics behind outsourcing decisions and the related contractual and performance measurement issues. The article is based on data collected from 40 organizations and 145 interviews. The authors identify various sources of hidden costs like failure to fully define IT requirements, current or future, loopholes in the contract, not allowing vendor a reasonable profit and rising in-house management cost due to weak contracting practice. The also identify some key skills that should be retained in-house like strategic thinking on IT relative to business, eliciting business demand for IT, contract monitoring. The paper states that organizations should pursue in-house improvements first, identify IT costs and establish performance benchmarks before deciding to outsource. Even with a good contract, active monitoring and management of the vendor is important for success.

[Willcocks 1999b]

Willcocks, L. P., Lacity, M. C., & Kern, T. (1999). Risk mitigation in IT outsourcing strategy revisited: longitudinal case research at LISA. *Journal of Strategic Information Systems*, 8(3), 285-314.

The paper is based on the analysis of the outsourcing deal between LISA- the UK Defense Agency and EDS. In context of the deal, the paper lists some risks reported in literature, and describe their applicability to the case with the risk mitigation strategies, identifies two additional risks and their mitigation strategies. Some of the risks in IT outsourcing are: Treating IT as an undifferentiated commodity, incomplete outsourcing, lack of active management of the supplier, failure to build and retain requisite in-house capabilities and skills, unrealistic expectations with multiple objectives for outsourcing. The additional risks identified in the paper are the public sector context of the client and the supplier's long term market strategy, which the paper mentions can be mitigated by multi-vendor strategies.

[Willcocks 1999c]

Willcocks, L. P., & Lester, S. (1999). *Beyond the IT Productivity Paradox*. New York, NY: John Wiley & Sons.

This book is a collection of papers by various authors and deals with the issues of IT productivity in the organizations. The book is divided in four sections. The papers in section one deal with IT adoption within organizations. Section two deals with how firms do the IT investment appraisal, the issues with such practices and how these appraisal techniques may be improved. Section two is an extension of section two and deals with system lifecycle issues. Section four has chapters which focus on factors such as social, political and other stakeholder factors which must be considered and factored into the evaluations.

[Williams 1997]

Williams, E. (1997). *Our house or outhouse: the outsourcing experience: key features of best practice for outsourcing in cultural institutions*. Canberra, A.C.T.: Joint Middle Management Development Program.

The paper describes outsourcing best practices for cultural institutions. It divides the outsourcing into three phases, 'Before', 'During' and 'After'. Some of the practices in the first phase are: Identify activity to be outsourced and any known constraints, identify any possible economic, social and human resource impacts, undertake a cost-benefit analysis. In the next phase, the activities recommended are contract management, monitoring the commitment of the contractor and developing a contingency plan. In the final phase, some of the activities are evaluating and reviewing performance, maintaining a strategic outlook and identifying any developments in the market that may impact the outsourcing agreement.

[Williams 2004]

Williams, J. B. (2004). *Lean while you earn: Strategic management of the attrition problems within the Indian BPO sector*. *Indian Journal of Economics and Business, Special issue of offshore outsourcing*, 2004, 153-167.

The paper discusses the BPO sector in India with respect to the high attrition rate. It states that high attrition rates put pressure on human resource management. This also results in high recruitment and training costs. The annual increase in such costs is estimated to be about \$65 million. The paper suggests that companies should invest in higher education and value added training for the employees. This will reduce the turnover and also help the companies to move up the value chain by competing for more lucrative R&D related opportunities.

[Wilson 1999]

Wilson, M. P. (1999). *Six Sigma- Understanding the concept, implications and challenges*. Scottsdale, AZ: Advanced Systems Consultants.

[Wong 2005]

Wong, S. F. (2005). *Examining factors influencing offshore outsourcing decisions*. Doctoral dissertation. Houston, TX: University of Houston.

[Wonseok 2004]

Wonseok, O., & Gallivan, M. J. (2004). *An empirical assessment of transaction risks of IT outsourcing arrangements: an event study*. *Proceedings of the 37th Annual Hawaii International Conference on Systems Science - 2004*. Los Alamitos, CA: IEEE Computer Society; 2004.

This paper deals with empirically assessing the risks of IT outsourcing. The paper employs an event study methodology to assess how investors perceive and evaluate the risks related to IT outsourcing. The authors test the extent to which the sources of IT outsourcing risks- asset specificity, resource dependency, technological discontinuity and monitoring impact investors' reactions to a firm's outsourcing announcement. Using the data, the paper then states that investors

exhibit two extreme responses: one perceives that benefits from IT outsourcing outweigh the risks associated with it; the other adopts the exact opposite view. Further, asset specificity of the IT resources to be outsourced and the size of the contract are negatively correlated with investors' reactions as measured by stocks' cumulative abnormal returns (CARs). Contract duration and performance monitoring problems were not found to significantly impact the market reaction.

[Yao 2002]

Yao, Y. & Murphy, L. (2002). Client relationship development for Application Service Providers: a research model. *Proceedings of the 35th Hawaii International Conference on System Sciences - 2002; Maui, HI*. Los Alamitos, CA: IEEE Computer Society.

The paper compares traditional outsourcing with ASP model for outsourcing IT and discusses relationship management in the ASP model by considering both, the client's as well as the service provider's perspective. The paper proposes a five-stage relationship model between the clients and the ASPs. The stages of the model are: Pre-Contract Experience- from a firm beginning to explore the option of outsourcing till negotiations are undertaken with a specific vendor; Transition to short-term contract- likely to be relatively short and characterized by clients providing more information to the specific vendor; Short-term Contract stage- covering terms of less than one year; Transition to long-term Contract- Since the clients have more information not only about the ASP (capabilities), but also about their own needs this is important for assessing the match; and long-term contract stage.

[Yetton 2000]

Yetton, P., Martin, A., Sharma, R., & Johnston, K. (2000). A model of information systems development project performance. *Information Systems Journal*, 10(4), 263-289.

The paper deals reasons for success and failure of the IS development projects and improvement of project performance. It identifies and examines two dimensions of the project performance- project completion, measured on a five-point scale from total abandonment to smooth completion and budget variances- denoted by cost and time overruns. The paper finds that project team dynamics have a strong effect on budget variances and also that risk management reduces budget variances. It also mentions that senior management support and the strategic nature of the project have a strong influence on successful completion. Finally it also finds that user participation helps the successful completion of development projects.

[Ying 2000]

Ying, F. (2000). Strategic outsourcing: evidence from British companies. *Marketing Intelligence & Planning*, 18(4), 213-219.

The paper, which researched 14 British firms, focused on the pre-outsourcing decision process and the post outsourcing supplier management in client organizations. The paper finds that most firms focused in cost driven outsourcing of non-core activities, and

that outsourcing decisions for most of these were not made at the board level. The paper suggests that active involvement of the in-house provider should be sought while outsourcing. For example, the in-house department may actually be able to provide better and cost effective service, if the bids are sought from the in-house team too. In the supplier selection phase, clients faced problems relating to clearly defined specifications and more effective project management. It also recommends that benchmarking should be performed on a regular basis and should involve the re-tendering of the out-sourced activity to other providers.

[Young 2003]

Young, P. C., & Hood, J. (2003). Risk and the outsourcing of risk management services: The case of claims management. *Public Budgeting & Finance*, 23(3), 109-119.

The paper discusses the changing risk management function. It states that historically, risk management functions like claims management in insurance have been outsourced but now firms and governments are starting to analyze the risks and cost associated with outsourcing such functions. The paper identifies some risks in outsourcing claims management. These are: cost risks, relationship risk, expertise risk, compliance to rules and reputation risks.

[Zawada 2003]

Zawada, B., & Schwartz, J. (2003). Business Continuity Management Standards- A side by side comparison. *Information Systems Control Journal*, 2(1), 26-28.

The article makes a comparative assessment of various frameworks that deal with business continuity management. Some of the standards that are compared are compared are Cobit, HIPPA, FERC, FEMA and NFPA. Some of the best practices, which are compared, are, process management, conducting business impact analysis, risk assessment, training and awareness plans, recovery strategies and plan testing procedures.

[Zeffane 1995]

Zeffane, R. (1995). The widening scope of inter-organizational networking: Economic, sectoral and social dimensions. *Leadership & Organization Development Journal*, 16(4), 26-33.

The article argues that outsourcing is a fundamental ingredient in the promotion of network formation. The network form is a combination of strategy, structure and management. The authors also state that long-term alliances have become important and necessary to support innovation. The member organizations of the network influence values and behaviors both above and below them in the larger organization. The success of networking projects depends on the trust between the participants and involvement of the company leaders. The alliances also focus on alignment of purpose, commitment and mutual trust. Finally flexibility is also important in successful alliances.

[Zeng 2000]

Zeng, A. Z. (2000). A synthetic study of sourcing strategies. *Industrial Management & Data System*, 100(5), 219-226.

The paper divides sourcing alternatives available to an organization in four categories: multiple sourcing, single sourcing, single/dual hybrid or network sourcing, and global sourcing, discusses the advantages and disadvantages of each and factors that determine the preference and suitability of each alternative. The paper also explores global sourcing from the perspective of the buyers and those of suppliers using China as an example.

[Zhao 2004]

Zhao, F. (2004). Siemens' business excellence model and sustainable development. *Measuring Business Excellence*, 8(2), 55-64.

This article details how Siemens has achieved business excellence and has been enhancing its economic value. The article also mentions that there have been some implementation issues and problems, and proposes recommendations to address these issues. The article studies the Siemens' Top+ program and explores the benefits of the program to business excellence and sustainability. The program implementation in Siemens (Australia), which included a Business Process Re-engineering (BPR) and SAP R3 implementation have been considered. The paper concludes that sustainable development can be integrated into a business excellence mode and that effective and efficient human resource management and asset management are crucial to business excellence and sustainable development. Among the recommendations, the paper suggests establishing and promoting an incentive system among business units and employees to reward efforts in optimizing resources, developing the comprehensive management skills needed for sustainable development and developing effective communication strategies to clearly articulate corporate sustainable development policies and implementation plans to all stakeholders.

[Zhu 2001]

Zhu, Z., Hsu, K., & Lillie, J. (2001). Outsourcing - a strategic move: The process and the ingredients for success. *Management Decision*, 39(5/6), 373-378.

This article describes the outsourcing as a four stage process. The four stages identified are: Planning, developing, implementing and evaluation. For the planning phase, the paper states that the decision to outsource should start with a business plan. This plan should identify all costs associated with the current method of conducting business and all costs that are anticipated once outsourcing is deployed. It should also document other factors involved or considered when determining the feasibility of outsourcing. For the developing stage, it states that a good contract is essential for successful outsourcing. Other issues to consider during this stage are the outsourcing timeline, employee separation plan, and communications plan and business relationship with the provider. During the implementation stage, the transition plan is very important. Finally

the post-outsourcing review is very important. It should compare the objectives identified in the business plan and determine if these objectives have been met.

[Zviran 2001]

Zviran, M., Ahituv, N., & Armoni, A. (2001). Building outsourcing relationships across the global community: the UPS-Motorola experience. *The Journal of Strategic Information Systems*, 10(4), 313-333.

This paper discusses issues relating to managing IT outsourcing, and details the UPS- Motorola (Israel) as an example. It discusses the initial outsourcing decision, the factors considered by both UPS and Motorola and the planning and implementation of the project. The article mentions that initially it started off as a 'build to specification's outsourcing project but over the years it has become a strategic alliances. The paper concludes that from the client's perspective, a clear definition of scope and good project management is essential. Service providers should work towards gaining the client's trust and being technically competent.

[Zwanzig 1998]

Zwanzig, C., Zwanzig, C., Kirchhoff, U., & Schulz, H. S. (1998). Software process improvement experiment concerning effective outsourcing mechanisms, In Coombes, H. Hooft van Huysduynen M. Peeters B., (eds.), *Proceedings of the European Software Measurement Conference. FESMA 98; Antwerp, Belgium. Antwerp, Belgium: Technologisch Instituut Vzw.*

The paper states that in an outsourced software development project, ensuring control during the initial steps of requirement analysis, systems specification and system design phase is very important, as these are the most critical phases when outsourcing. The paper list some problems related to outsourcing, such as: The business process in which the new software has to be integrated have not been considered sufficiently, customer was not sufficiently involved in the requirement analysis and specification process, the customer and the software supplier had wrong ideas concerning the capabilities of the new system, among others. Some of the improvement measures suggested are: keeping the software specification flexible to a certain degree, systematic analysis and description of the as-is and the to-be states, integration of the customer into the entire software development process with maximum efficiency, performing rapid application development, and reuse of well-proven solution concepts.

References By eSCM-CL Capability Area

This section provides the entries arranged in a topical bibliography. This topical bibliography is organized into sections addressing each of the Capability Areas (CA) of the eSourcing Capability Model for Client Organizations (eSCM-CL), as well as a section addressing existing frameworks. To see the full annotated reference, see the Alphabetical List of References.

The eSCM-CL is composed of 95 Practices, which can be thought of as the “best practices” that are associated with successful sourcing relationships. These 95 Practices are tasks that client organizations successfully performing sourcing of IT-enabled services, or eSourcing, would typically perform. Each Practice is arranged along three dimensions: Sourcing Life-cycle, Capability Area, and Capability Level. The Sourcing Life-cycle is divided into Ongoing, Analysis, Initiation, Delivery, and Completion. Ongoing Practices span the entire Sourcing Life-cycle, while Analysis, Initiation, Delivery, and Completion Practices occur in specific phases of that Life-cycle.

Capability Areas are logical groupings of Practices that can help users better remember and intellectually manage the content of the Model. Capability Areas also provide a framework that client organizations can use to build or demonstrate capabilities in each critical sourcing function. Practices in the same Capability Area have related content and focus; considering why a Practice has been placed in a Capability Area may help provide context for interpreting that Practice. Figure 1 shows the seventeen Capability Areas in the eSCM-CL.

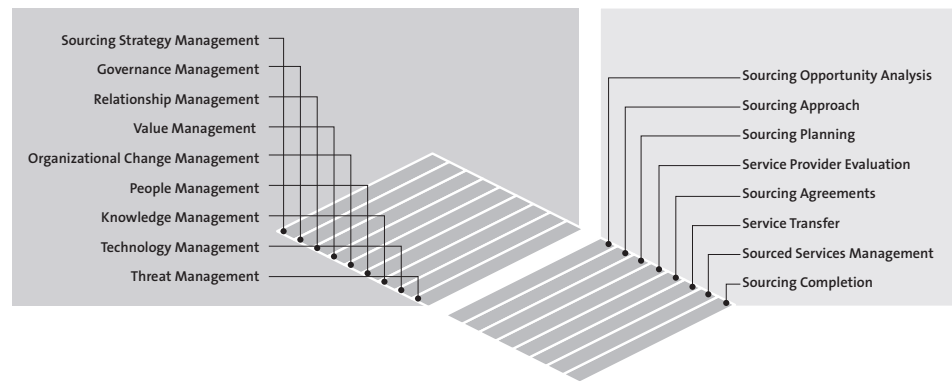


Figure 1. The Capability Areas.

All of the Ongoing Practices are contained within nine Capability Areas. The other eight Capability Areas are associated with a single, temporal phase of the Sourcing Life-cycle.

Capability Areas are arranged within the appropriate phase(s) of the sourcing life-cycle. The Capability Areas by sourcing life-cycle phase are:

Ongoing

- Sourcing Strategy Management
- Governance Management
- Relationship Management
- Value Management
- Organizational Change Management
- People Management
- Knowledge Management
- Technology Management
- Threat Management

Phase Specific**Analysis**

- Sourcing Opportunity Analysis
- Sourcing Approach

Initiation

- Sourcing Planning
- Service Provider Evaluation
- Sourcing Agreements
- Service Transfer

Delivery

- Sourced Service Management

Completion

- Sourcing Completion

Bibliographic entries in this section are ordered alphabetically within each Capability Area by author's last name. Where bibliography entries apply to more than one Capability Area, the entry will appear repeated in the appropriate Capability Areas. Also included in this section are references to existing frameworks.

Ongoing

Ongoing Practices represent management functions that need to be performed during the entire Sourcing Life-cycle.

Sourcing Strategy Management

The Sourcing Strategy Management Practices focus on determining the sourcing strategy and setting organizational objectives or goals for sourcing. Sourcing Strategy Management addresses determining the sourcing strategy of the organization, not of any particular sourced service. This process is iterative and will have inputs from sourcing history of the organization. A sourcing strategy will help address issues like will the organization be sourcing; how to structure the sourcing; and what kind of sourcing strategy to follow in terms of single source, best source, alliance, or other forms of sourcing agreements. An organizational vision is a prerequisite for successful, value-adding sourcing activities. The eSCM-CL assumes that the organization already has an organizational strategy or vision documented in organizational objectives. The focus of the Sourcing Strategy Management Capability Area is on ensuring that the sourcing strategy of the organization exists and is aligned with the organization's objectives and strategies.

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Governance Management

The Governance Management Practices focus on establishing organizational structure for sourcing and organizational process management for sourcing processes and procedures. Governance Management covers the following issues:

- Organizational sourcing functions: Deals with establishing an office or capability to coordinate the organization's sourcing process.
- Sourcing processes and procedures: Establish and improve procedures and processes for sourcing, and effectively managing the use of process assets for sourcing across the organization, ensuring consistency as appropriate. Reusing process assets to improve the effectiveness of personnel and to take advantage of expert practices.
- Aligning sourcing with the business: Ensuring alignment of sourced services with the client organization's strategy and architecture. Addresses issues related to aligning sourcing with the technology strategy, control of technology architecture and design, and future technology direction for the client organization.

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Relationship Management

The Relationship Management Practices focus on establishing and managing long-term relations with the service providers, and developing relationships with service providers. Relationship Management covers the following issues:

- Relationship establishment: Deals with establishing the long-term relations with the service providers and the mechanisms that will be used for interacting with service providers.
- Relationship management: Focus on managing long term relations with the service providers and may span Initiation, Delivery, and Completion phases. Some of the issues addressed are managing agreements, managing expectations, and managing issues and managing operations. These Practices focus on long-term relationships with service providers, aligning the client goals with those of the service provider through open and collaborative processes between the client and the service provider, and focusing on mutual benefits throughout the Sourcing Life-cycle.

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Value Management

The Value Management Practices focus on fostering and managing the culture of continuous improvement so that the client derives value from the sourcing engagement, and ensuring ongoing alignment of the sourcing strategy and the organization's sourcing performance with the organization's objectives.

The organization's sourcing value management activities encompass two aspects of evaluating the value of the sourcing activities. The first deals with evaluating the benefits and impacts of a specific sourcing action, which is covered in Sourced Services Management. The second deals with evaluating the value of the organization's sourcing activities, which is covered here in Value Management. The Value Management Capability Area covers the following issues:

- Reviewing and analyzing sourcing performance: Reviewing the business requirements against market benchmarks by benchmarking the performance of the organization, competitive analysis of its sourcing performance as compared to that of other client organizations, and analyzing performance of internal sourcing processes.
- Reviewing the sourcing strategy for business alignment and assessment: Deals with on-going review of the organization's sourcing strategy and activities, reviewing the realization of required benefits, aligning the business processes with the new capabilities and needs, analyzing the success of the agreement in light of business objectives, and ensuring alignment of sourcing activities with the objectives of the organization.
- Fostering innovation: Institutionalizing the culture of innovation, ensuring that continuous improvement enables relationships where the client organization and the service provider can effectively meet or exceed stakeholder value drivers.

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Organizational Change Management

The Organizational Change Management Practices focus on the change management process to guide the client's adoption of new systems (organizational and technological) and new ways of achieving business objectives through sourcing. Ensuring readiness for change, and involving relevant sponsors and stakeholders are essential parts of this Capability Area. Planning for change, managing change activities, and communication regarding the changes are integral aspects of this Capability Area. Organizational Change Management covers the following issues:

- Planning for change management: Preparing for the change management process to guide the client organization's adoption of the new systems (the organizational and technological changes), defining the proper strategy for managing change, developing a team of change management leaders, identifying and employing long term change management practices, and engaging employees and service providers.
- Designing the future state: Re-engineering the organization and business processes and workflows to fit the new structure.
- Communication: Developing and executing the communication strategies and plans, both internal and external, is very critical for the entire organizational change process.
- Managing the human aspects of change: Human resource strategies and plans ensure that all aspects of personnel-related change are addressed in the organizational transformation that may occur as sourcing occurs. These changes may include reorganization and realignment of staff and strategic resources and training and education to support new roles and assignments.
- Managing organizational change: Managing ongoing change and overcoming resistance to change and implementing methodologies to ensure effective and successful overall management of the organizational change.

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People Management

The People Management Practices focus on providing and managing skilled resources and the necessary environment for the organization's sourcing activities. They also deal with training that enables sourcing activities to be effectively performed. People Management covers the following issues:

- Well-understood sourcing roles: Clearly defining and communicating sourcing roles and responsibilities to personnel.
- Developing sourcing competencies: Identifying workforce and personnel competency needs, and developing (i.e., training) or acquiring personnel with the necessary competencies to perform the organization's sourcing activities.

The focus of People Management is on the personnel directly involved in performing and carrying out the organization's sourcing activities. Retained and transferred personnel are addressed in the human resource focus of the Organizational Change Management Capability Area.

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Knowledge Management

The Knowledge Management Practices focus on managing information and knowledge systems so that personnel have easy access to the knowledge needed to effectively perform their work. Knowledge Management covers the following issues:

- Providing access to sourcing information: Ensuring that sourcing information is appropriately made available, and providing the information needed by personnel in a knowledge system that allows controlled, but efficient, access.
- Lessons learned: Maintaining information and lessons learned to improve current and future sourcing performance.
- Market and provider awareness: deals with understanding the market and screening the potential set of service providers and assisting them in understanding the organization's needs.

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Technology Management

The Technology Management Practices focus on monitoring and managing the technology infrastructure. These Practices focus on issues related to integration of the client's technology infrastructure with the service provider's, as well as change management of the technology base. Technology Management covers the following issues:

- Technology change management: managing the change of the technology base and ensuring that technology strategy and architecture are managed consistent with business needs.
- Managing technology assets: Managing technology assets and the licensing of technology.

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Threat Management

The Threat Management Practices focus on identifying and actively managing threats to the client organization's ability to meet its business and sourcing objectives and requirements. This includes an active focus on risk management, with a particular focus on risks associated with security, privacy, and confidentiality; business continuity, disaster recovery and development of contingency plans; and protection of intellectual property. This Capability Area addresses the critical issues of actively manage sourcing risks, paying particular attention to the risks associated with security, confidentiality, privacy, infrastructure, and disasters that may disrupt service or fail to meet the requirements of the client organization; managing clients' security; and ensuring compliance with statutory and regulatory requirements. It also addresses maintaining the continuity of service delivery, managing rapid technological shifts, and maintaining the availability, reliability, accessibility, and security of the technology. Threat Management covers the following issues:

- Risk management: Managing sourcing risks, consistent with the organization's existing risk management policies, by identifying, assessing, and controlling risks.
- Protecting against specific threats: Managing security, privacy, confidentiality, and intellectual property threats.
- Business continuity: Ensuring business continuity, including concerns regarding recovery from disasters.
- Compliance: Monitoring statutes and regulations to ensure compliance.

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Analysis Phase

Practices in the Analysis phase focus on the capabilities needed to analyze, within the organization, each of its operations and functions to identify those services, processes, or functions that could potentially be sourced, and to identify and develop the approach to be taken to source the identified opportunities. These Practices are concerned with ensuring that the organization has the appropriate information to make an informed decision to enter into a sourcing relationship, based on an understanding of its current operations to identify those potential functions, services, or processes that can be sourced, and having developed a planned approach to be followed in sourcing the identified opportunities.

Sourcing Opportunity Analysis

The Sourcing Opportunity Analysis Practices focus on the functional analysis of the current operations of the organization and identification of potential functions, processes or services that could be sourced. Sourcing Opportunity Analysis covers the following issues:

- Documenting the current state: understanding the current business processes of the organization,
- Determining the criteria for selecting sourcing opportunities: These criteria for determining which capabilities are potential candidates for outsourcing and which should be retained in-house may be as simple as identifying the core and non-core activities for the organization, or may be much more complex based on business value and strategic direction.
- Analyzing sourcing opportunities: Analyzing the options that the organization has to source the services, like assessment of the criticality of the business activity, assessment of the external supply market (identification of potential service providers), deciding on the types of external supplier relationship, and aligning sourcing decisions with performance and business needs.

These Practices will help identify the preliminary potential sourcing scope in terms of factors such as resources, activities or functions to be sourced, or geographies involved.

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Sourcing Approach

The Sourcing Approach Practices focus on deciding on the type of sourcing for a specific sourcing opportunity. These Practices will help addressing issues like how to structure the sourcing for a specific agreement and what kind of sourcing relationship to establish for the proposed relationship, consistent with the client organization's sourcing objectives and strategy. Outcomes from sourcing approach will feed into the Sourcing Planning Capability Area. Sourcing Approach covers the following issues:

- Determine the proposed sourcing approach: Deciding on the type of sourcing arrangements desired, including the sourcing approach and the operational governance model of the proposed sourcing action.
- Business case: Preparing a business case for sourcing which includes carrying out a cost-benefit analysis and determining stakeholder buy-in.
- Impact and risk analyses: Analyzing the impact and risks of the proposed sourcing action.
- Decide to source: Making the decision whether or not to source the proposed sourcing action.

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Initiation Phase

Practices in the Initiation phase focus on the capabilities needed to effectively prepare for managing sourced services. These Practices are concerned with establishing the sourcing management function, preparing for service provider selection, evaluating and selecting service providers, negotiating, establishing agreements, and transferring the service, including transferring the necessary resources.

Sourcing Planning

The Sourcing Planning Practices focus on planning for implementation of the sourcing approach for a planned sourcing initiative. The procurement methods adopted may vary according to the complexity of the procurement, the size of the expenditure, the requirement, the circumstances, and the market. Some of the planning issues addressed by this Capability Area include capacity planning, identifying the in-house skill-set, identifying the need for third party assistance, and setting up the processes for service provider selection and establishing agreements. Other important issues, which this CA will deal with, are: preparation of Service(s) Requirements Document or Service(s) Definitions Documents and definition of services/scope along with risks identification and mitigation. The outcome from this Capability Area is the organizational readiness to pursue the proposed sourcing action. By establishing the operational governance mechanisms for each engagement, this Capability Area also addresses establishing and maintaining an effective work environment. Sourcing Planning covers the following issues:

- Sourcing project: Establishing a capability to plan and manage the sourced service. Getting all the resources, including manpower, ready to execute the sourcing agreement.
- Plan sourcing: Developing a sourcing plan for a planned sourcing activity.
- Define requirements and agreement: Developing the Service(s) Requirements Document or Service(s) Definitions Document, and having the basic structure of the agreement in place. Developing any documentation needed to communicate the client's inquiries, requests, and requirements to prospective service providers.

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Service Provider Evaluation

The Service Provider Evaluation Practices focus on soliciting potential service providers, screening the set of potential service providers, and selecting the preferred service providers. These Practices help in comparing and assessing alternative solutions and service providers in their ability to create business value, benefits and cost savings, delivery service quality, and flexibility to accommodate business changes throughout the planned duration of the agreement. Service Provider Evaluation covers service provider selection, including soliciting, evaluating, and selecting potential service providers.

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Sourcing Agreements

The Sourcing Agreements Practices focus on carrying out service confirmation, negotiating terms and conditions of the agreements (including SLAs, etc.), and entering into an agreement with the selected service providers. This Capability Area also has Practices dealing with renegotiation and making changes to agreements. Sourcing Agreements covers the following issues:

- Negotiations preparations: Preparing for negotiation by having an organizational position on cost and other topics that need to be negotiated.
- Defining targets and measures: Defining formal service level agreements and service provider performance measures.
- Confirming capabilities: Understanding service provider's capabilities by gathering information about the service provider. Working with service providers to confirm the assumptions that impact commitments.
- Negotiations: Establishing a formal agreement with service providers that clearly articulates the clients' and service provider's responsibilities and commitments.

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Service Transfer

The Service Transfer Practices focus on successfully transferring resources between the client organization and its service providers by creating and implementing a transfer plan; creating client/service provider teams; identifying key skill sets/personnel to retain in-house or transfer to the service providers; ensuring service design meets the client's needs; and transferring resources, personnel, and knowledge to service providers. Service Transfer covers the following issues:

- Manage service transfer: Planning and managing the service transfer.
- Verify design: Reviewing the service provider's service design information.
- Transfer knowledge, people and skills: Transferring knowledge and personnel to the service provider.
- Transfer resources: Transferring resources, including technology infrastructure and work environment to the service provider.

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Delivery Phase

Practices in the Delivery phase focus on monitoring the service provider's service delivery capabilities, including the ongoing monitoring of service provider performance to verify that commitments are being met, monitoring changes, management of the finances and agreements associated with the service provision, fostering realistic expectations, and performing value analysis.

Sourced Services Management

The Sourced Services Management Practices focus on having the capability to manage service providers, and the issues and challenges that arise after the agreement has been reached. These Practices deal with managing performance expectations of the services defined and delivered by the service provider in their agreement. Sourced Services Management Practices address multiple aspects of the ongoing governance of the sourced service and relationship with the service provider:

- Performance monitoring: Focuses on operational issues like measuring performance against the SLAs, monitoring SLAs, managing performance, and taking corrective action, if required.
- Financial management: Responsibility for managing and monitoring the financial control for the agreement.
- Agreement management: Responsibility for the administration of the agreement, and ensuring that the service provider is executing according to the terms and conditions of the agreement.
- Relationship management: Focus on managing relations with the service providers of a sourced service, addressing fostering realistic expectations of the service provider performance (expectation management), and managing problems. The Practices in this Capability Area are closely linked to those in the Relationship Management Capability Area in the Ongoing phase.
- Managing changes: Deals with issues of managing change to services and changes in the technology base for a specific sourced service. These Practices are related to the Practices in the Governance Management Capability Area in the Ongoing phase, which are focused on carrying out the responsibility for managing technical strategy and architecture.
- Value analysis: Focus on reviewing the service provider's performance against the agreed-upon deliverables required business benefits, soliciting and evaluating feedback from stakeholders, and reviewing performance against the agreed upon service commitments and deliverables. Finally these Practices aid in making the decision about renewal, termination, or exploring new sourcing options.

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Completion Phase

Practices in the Completion phase focus on the capabilities needed to effectively close down a sourced service, and perhaps a relationship, at the end of the Sourcing Life-cycle. They mainly include the transfer of resources to the client, or to a third party, from the service provider.

Sourcing Completion

The Sourcing Completion Practices focus on planning and making provisions for the closure of the relationship/project and ensuring that the hand off is smooth. Sourcing Completion covers the following issues:

- Completion analyses: Assessing the outcome of the sourced service as well as the performance of the service provider and in-house teams.
- Continuity of service: Ensure continuity of service during Completion.
- Document results: Ensuring that the project effectiveness, lessons learned, best practices, and key project metrics are documented. These enable the client to evaluate performance measures across other sourcing projects and can serve as guides for undertaking future sourcing initiatives.
- Perform completion: Following a formal process for concluding the sourced service, ensuring all deliverables are consolidated (code, system documentation, etc) and are handed back to the client, along with required knowledge transfer, as directed by the client organization.

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Existing Frameworks

During the development of the eSCM-CL, existing quality models and standards were analyzed to understand their intent and scope, to identify their potential applicability to the sourcing process, and to examine how they addressed the critical issues of sourcing. This analysis was conducted to determine the need for a sourcing model, such as the eSCM-CL, and to identify and confirm critical issues.

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