Introduction to the
Trends in Outsourcing of Information Systems Minitrack

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During the recent years, management concerns regarding
the outsourcing of information systems services have
become more complex. The decision of outsourcing
itself, already a non-trivial one, has increased in
complexity, partly due to companies, traditionally in
other fields of IT, that are entering the arena. These
companies, known as Application Service Providers
(ASPs) offer subscription-based access via the Internet.
These new types of arrangements blur the lines between
traditional outsourcing companies, Internet service
providers and software vendors. Whatever the type of
outsourcing arrangement, the management of the client-
vendor relationship, which dramatically differs from
managing a supervisor-employee relationship, is a real
challenge. The papers presented in the minitrack reflect
this evolution in outsourcing management concerns.

Two papers focus on the outsourcing decision. To deal
with the complexities related to decisions about the best
combination of full time staff, contract workers, and
complete outsourcing of work, Smith, Subramanian,
Nauss, and Beck propose a mixed integer programming
model they developed for a state governmental agency.
In their paper entitled Developing Outsourcing
Strategies for MIS: A mathematical Programming
Approach, they use their model to investigate the
consequences of altering the portfolio of development
projects and to determine the best combination of full-
time staff, contract workers and outsourcing to complete
work. In Application Service Providers : Exploring the
Outsourcing Option, Kern and Kreijger investigate the
ASP option in a number of case studies. Their paper
presents some of the ASP benefits and risks in terms of
business and economic factors that practitioners and
potential customers should evaluate when considering
such an outsourcing option.

The other three papers presented in the minitrack focus
on the management of outsourcing arrangements.
Managing the relationships involved in various
outsourcing arrangements can be quite a challenge. In
their paper entitled Managing External Relationships in
IS, McKeen and Smith mention one IS organization
which discovered that it was currently managing 147
different relationships with various independent service
providers. To examine how organizations are addressing
the management of external relationships, the authors
convened a group of senior IS managers from a variety of
industries. Based on the discussions of the group, the
paper describes the nature of external relationships in IS
and presents a number of strategies for managing them
effectively. Adopting a risk management perspective,
Aubert, Patry, Rivard, and Smith report the results of a
study of three successive IT outsourcing contracts at
British Petroleum (BP). The analysis illustrates that each
IT outsourcing contract gives rise to different
manifestations of risk, and suggests that a risk
management strategy should be adapted to the
characteristics of a given outsourcing arrangement. The
results also show that by properly managing risk, it is
feasible to deliberately choose to bear some risk, while
exerting efforts to maintain their risk exposure within
tolerable bounds, given the strategic objectives of the
operation. Using Knowledge Management as a
Framework for Understanding Public Sector IT
Outsourcing, Beyah and Gallivan examine the challenge
of IT outsourcing in the public sector. The authors use
key knowledge management constructs to identify
potential difficulties that public sector organizations may
experience in leveraging their knowledge assets when
relying on an IT service provider.