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.