Introduction to the
Trends in Outsourcing of Information Systems Minitrack

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In recent years, management concerns regarding the outsourcing of information systems have become more complex. Firms are signing more outsourcing deals, and increasingly relying on more than one supplier for their services. This means that the management of the outsourcing relationship is becoming more complex.

Current trends suggest that the outsourcing market will continue to grow. Contracts are awarded continuously and research indicates that companies are expanding the range of IT services they outsource [1].

Over the past five years, outsourcing has expanded to include application services provisioning (ASP) which is a form of applications outsourcing. The ASP model is based around selective sourcing in that firms acquire their software applications on a remote delivery model.

In 2000, over 700 firms registered with the US-based ASP Industry Consortium. By the end of 2001, many of these firms (start-ups) had gone out of business along with the dot.com demise.

Over the past year, web services offers new possibilities which may resolve many of the IT infrastructure and applications problems associated with the first phase of the ASP market. Web services is being supported by Microsoft’s .NET platform and Sun’s J2EE platform, and offers an interesting space to watch over the next few years. Who will win the IT platform industry battle?

This year, five papers were accepted in the HICSS IS Outsourcing mini-track. The variety and the quality of the papers presented match the dynamism of the outsourcing market.

Wider use of outsourcing to include ASP, web services and business process outsourcing, will increase the complexity of the outsourcing relationship.

Jae-Nam Lee, in his paper titled “Exploring a Causal Model for the Understanding of Outsourcing Partnership” looks at key issues in establishing a successful partnership. He investigates elements like shared knowledge, mutual dependency and organizational linkages. These elements are key when contractual arrangements cover a wider set of activities.

The definition of the relationships is also discussed in the paper “Vendor Strategies for Business Process and Applications Outsourcing: Recent Findings from Field Research”. In this paper, Wendy Currie and her collaborators explore key issues like scope, scale and integration when analyzing the ASP industry.

Two papers focus directly on the contract, and more specifically on the extent to which organizations are able to devise a complete contract. Aubert et al. measured the trade-off between the costs of writing more complete contracts and the benefits of reducing their risk exposure. Ribber and Beulen, using case studies, expose clauses used to deal with contractual amendments in their paper titled “IT Outsourcing Contracts: Practical Implications of the Incomplete Contract Theory”.

Risk assessment was also a primary concern for Bahli and Rivard who define how to measure risk in their paper “Validating a Measure of IT Outsourcing Risk”.

All these papers enhance our understanding of increasingly complex issues surrounding outsourcing decisions and relationship management.