

## 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. Companies are signing more outsourcing deals, and increasingly relying on more than one suppliers for their services. This means that the management of the outsourcing relationships gains complexity as well.

Market analysis suggests that the outsourcing market will continue its growth. Two statements from recent Gartner research support this hypothesis:

*“The use of external services providers to provide e-enablement and other AD competencies will double by 2005, despite the increasing complexities of the supplier market (0.7 probability).” [1; p.7]*

*“By 2003, a majority of Global 2000 enterprises will use externally sourced workers to handle more than half of their application delivery work (0.8 probability).” [1; p.7]*

This suggests that the inherent complexity of outsourcing relationships will increase, and that our understanding of the various facets of these contracts will be increasingly important for both the client companies and the suppliers.

The first paper, *“Information Systems Outsourcing: Do in-house system analysts hold irreplaceable knowledge?”* addresses the question of whether or not the outsourcing of IT services is risky because the tacit knowledge resident in the systems analysts may be lost as a consequence. The authors, Merete Crofts and Paul Swatman, shed light on the tradeoffs that are inherent in the outsourcing decision.

While a lot of work has been done on the choice of activities to outsource, the political aspects of outsourcing or the critical factors that come to play when choosing one form of sourcing over another. Very little addressed organizational knowledge. This strategic impact of information systems outsourcing had not been given all the attention that it deserves in past research. In this regard, the study of the IS operation as a repository of organizational knowledge is certainly a worthwhile and very interesting topic that deserves consideration. This paper brings a useful contribution to this end.

The second paper, *“Managing Complex IT Outsourcing – Partnerships”*, provides a description of complex outsourcing partnerships. It is particularly interesting to note that the authors, Erik Beulen and Pieter Ribbers, use data from both the clients and the suppliers, offering an inclusive look at the cases. Using explicit analysis of key IT governance factors, they draw recommendations to increase the probability of successful outsourcing relationships.

The authors show that good faith and expertise are not sufficient to guarantee a good contract. Clear strategy, management and communication tools, and appropriate contracting are key success factors as well.

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

[1] Light, M. Matlus, R. Berg, T. Strategic Analysis Report Application Development Contracting: Lifeline or Noose? R-14-38791, 28 September 2001.