Overview

Advances in information and communication technologies enable firms to leverage expertise globally. Increasingly, sourcing and deploying expertise beyond the boundaries of the firm is considered an important part of business strategy. Firms are increasingly using digital technologies to create and extend relationships to execute business processes. As a result, global sourcing of information technology (IT) and IT enabled business process services are emerging as keys to increasing efficiency and competitiveness in the global economy. While global sourcing in manufacturing and logistics operations has been a part of business strategy for many years now, the trend in global product development and services delivery models enabled by IT is more recent. Firms are seeking not only cost savings (cost focus) from service providers, but also improvement in business processes (operational improvement focus), active engagement in co-creation of unique value (business performance focus), and access to the technical talent (new product development focus). In the high growth market for IT and business process outsourcing (BPO) services, firms that provide these services are facing a number of challenges including high attrition, lack of adequate talent, shrinking profit margins, and rising wages. For firms using the IT and business process services and creating an extended digital enterprise, they are well advised to also consider the risk factors and realistically estimate both short and long term benefits. Indeed, cultural and geographical distances between members of multi-national, globally distributed networks could also pose a myriad of risks. In this course we will study the drivers of the globalization of IT service delivery along with the managerial and technological issues related to managing the global sourcing of information technology and business process services.

Learning Objectives

At the end of the course, the student is expected to have sound knowledge to analyze and discuss the following issues to make informed business decisions:

- Why do firms choose to adopt a global sourcing model for executing an IT function/business process?
- What are the factors that drive the selection of IT functions/business processes for sourcing?
- What factors drive the selection of global service providers?
- What are the critical factors to effectively manage the IT outsourcing engagements?
- What are the key elements to develop frameworks to evaluate the success of sourcing engagements?
- How do emerging trends in technology influence the IT global sourcing model?
- How can firms design a global sourcing strategy considering key requirements and solution components?

A blend of readings and case studies will be used as the knowledge base. By exposing students to the technological, managerial and strategic issues of managing the IT function across boundaries and distance, this course can help them develop the knowledge base and insights needed to be effective managers.
Key-takeaways

The course is relevant to several roles: IT Strategy Consultants, General Management, Management Consultants, and Financial Analysts. Students aspiring for general management roles in IT services companies will find the course valuable in developing their firms’ business strategies, competitive offerings, and client relationship management. Students aspiring for management consultant roles will gain a critical understanding of the demand chain of client services in IT and IT enabled services. This knowledge base will provide them the skills to be able to analyze the capabilities required to be successful in offering a range of client services and moving up the value chain. In particular, management consultants will be able to design and apply delivery mechanisms for IT product development or business process outsourcing. Financial analysts will be able to use this knowledge to assess future growth potential of IT service provider firms. The knowledge will help them develop better valuation models for IT services firms. Key insights into emerging opportunities in knowledge based services will provide the foundation for designing innovative offerings for growth.

Design Principles

The course has been designed with the following principles in mind:

- Multi-disciplinary perspective: The core of the course is to understand the issues involved in the sourcing of information technology. To accomplish this effectively, a multi-disciplinary perspective is critical. A multi-disciplinary lens of Information Technology, International Economics, Organization Design, and Strategy will be used to comprehend issues.
- Teamwork: Students will collaborate in teams on a project. Each team will be responsible for presenting a real case along with a discussion of related issues.
- Action learning approach: The course relies heavily on learning by doing: students will gain first-hand experience of the theories and concepts by analyzing cases and interacting with people that have experience with global sourcing of IT.
- Peer learning: Students will play an active role in course topics design and case discussions. As such, learning from peers will be an important part of their exercises.

Pedagogical Style

The pedagogical style will be a blend of lectures, case presentations, and discussions. The cases and examples chosen for the course will focus on firms that are using IT-enabled tools to leverage global resource arbitrage opportunities. Cases and examples will be drawn from a diverse set of industries like insurance, financial service, legal service, electronic, software, biotechnology, and pharmaceutical industries will be included.

Course Evaluation

Students will be evaluated on the following criteria:

- Preparation of required readings (19 slides) mandatory as qualifying basis
- Case analysis (15 slides) and group presentation (30 min) 3 credit points
- Individual exam (90 min) 3 credit points
Final Grade Computation

If students ‘pass’ the first mandatory task, they will be evaluated to 50 percent based on the case analysis and group presentation (individual contributions in group work need to be made transparent to instructors) and 50 percent based on the individual exam.

**Preparation of Required Readings**

**Deliverables**: 19 slides

This course is structured into six different modules. In each module, two conceptual / theoretical articles are applied to the analysis of a unique case study that addresses the topic of the module. The first mandatory task for students is to read carefully all articles (2 articles per module, resulting in 12 articles in total) and case studies (7 case studies) as a preparation for the blocked two-day seminar. To prepare the required readings, students are asked to create one slide per article / case study (resulting in 19 powerpoint slides in total) that briefly summarizes the following thoughts from reading carefully the materials:

1. What are the 2-3 most interesting insights that you take away as a learning from reading the article or case study?
2. What are the 2-3 most interesting questions that occur to your mind after reading the article or case study and that you might want to discuss in class?

The 19 powerpoint slides must be submitted to the instructors of this course prior to the two-day seminar and are a mandatory requisite for a successful participation in this course. Evaluation will be ‘pass’ or ‘no pass’, no grades.

**Case Analysis and Presentation (Group)**

**Deliverables**: 15 slides (case analysis), presentation in class (30 minutes), leading a discussion (20 minutes)

In the first kick-off meeting (session 1), the participating students will be sorted into teams of approximately 3 to 5 students each. Each team will be assigned a topic area (from the list of 6 modules) and associated case study. The task for the student team will be to conduct a case analysis, using the two required readings from the topic area as a potential source of ideas for conceptualizing the phenomenon. The case analysis will be documented in 15 powerpoint slides that need to be handed in to the instructors and then presenting in front of the class in the two day seminar. As a preparation and guidance for conducting the case analysis, the instructors will provide a show case analysis of case 1 in session 2. This will help students get an idea of how to conduct the case study analysis.

For case report (15 slides) and presentation (30 minutes), use the following as a suggested guideline:
1. A brief summary of main points in the case [3 minutes or less, assume everyone has read the case]
2. Answer the questions assigned for the case and explain why (the assigned readings for the session and lectures should be appropriately applied to the situation) [20 minutes]
3. Summarize the key takeaways i.e, what did you learn? as 3-5 bullets and suggest how would use them as a manager [7 minutes]
4. Pose 3 thought provoking questions related to the case and lead a discussion [20 minutes]
Exam (Individual)

The course has one 60 minute exam towards the end of the semester after the two day seminar.

Class Participation

As indicated earlier in design principles, the key to learning in this course will depend largely on your preparation and participation in class discussions. The following are ways in which you can enhance your learning and also that of your peers:

1. Come prepared to class having read all the assigned articles and cases
2. Each student team will be assigned a case and has to lead a 20 minute long discussion after the presentation. Teams should prepare well not only for the presentation but also for the following discussion in order to stimulate intensive interaction among students and instructors
3. Bring a set of 2-3 thought provoking questions relating to each article and case to stimulate discussion (see mandatory assignment)
4. When participating in class discussion, be thoughtful and use this as guide –
   a. What am I adding to the discussion?
   b. How can I get the point across effectively? (examples and sound knowledge of fundamentals can help)
   c. Don’t feel compelled to participate in every discussion – Quality trumps Quantity every time
   d. Don’t be afraid of lacking English language skills, nobody is perfect 😊

Classroom Policies

- Use of Laptops is not permitted in the class. No exceptions will be made.
- Please turn your cell phones off as a courtesy to your colleagues.
- For in-class sessions, arrive on time.
# Course Materials


## Module 1 – Should a firm outsource an IT function or a Business Processes?


## Module 2 – How to evaluate global sourcing models for carrying out IT functions/business processes?

## Module 3 – Selecting service providers


## Module 4 – Managing sourcing engagements


## Module 5 – Global delivery strategies


## Module 6 – Emerging technologies and trends


<table>
<thead>
<tr>
<th>Date</th>
<th>Session Plan</th>
<th>Preparation</th>
<th>Deliverables</th>
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<tr>
<td>April 23rd</td>
<td>Session 1: Kick-Off, Introduction, Course Overview, Team Building, Assignments</td>
<td>No preparation required</td>
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<tr>
<td>April 30th</td>
<td>Session 2: Show Case Analysis</td>
<td>Readings # 1 (Case 1)</td>
<td>All students: 1 Powerpoint (PPT) slide summarizing the reading</td>
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<tr>
<td>June 14th</td>
<td>Session 3: Module 1</td>
<td>Readings # 2, 3 and 4 (Case 2)</td>
<td>All students: 3 PPT slides summarizing the three readings</td>
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<tr>
<td>June 14th</td>
<td>Session 4: Module 2</td>
<td>Readings # 5, 6 and 7 (Case 3)</td>
<td>All students: 3 PPT slides summarizing the three readings</td>
</tr>
<tr>
<td>June 14th</td>
<td>Session 5: Module 3</td>
<td>Readings # 8, 9 and 10 (Case 4)</td>
<td>All students: 3 PPT slides summarizing the three readings</td>
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<tr>
<td>June 15th</td>
<td>Session 6: Module 4</td>
<td>Readings # 11, 12 and 13 (Case 5)</td>
<td>All students: 3 PPT slides summarizing the three readings</td>
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<tr>
<td>June 15th</td>
<td>Session 7: Module 5</td>
<td>Readings # 14, 15 and 16 (Case 6)</td>
<td>All students: 3 PPT slides summarizing the three readings</td>
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<tr>
<td>June 15th</td>
<td>Session 8: Module 6</td>
<td>Readings # 17, 18 and 19 (Case 7)</td>
<td>All students: 3 PPT slides summarizing the three readings</td>
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<td>t.b.d.</td>
<td>Final Exam</td>
<td>Preparation for exam</td>
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Case Questions


- What global forces drove IBM to become a globally-integrated enterprise?
- How has IBM adapted thus far? Have they been successful?
- If you were Jon Iwata and John Kelly, what recommendations would you make to Sam Palmisano? How would you implement them?


- In the 90s and up until 2002, what were the key drivers for Cathay Pacific (CP) to outsource its IT operations?
- In light of the problems that Cathay Pacific faced in 2002, were there hidden costs to the outsourcing engagement that CP failed to take into account?
- How is Cathay Pacific's EVOLVE IT model of sourcing different from the smartsourcing model it abandoned? What were the drivers of this change? Was it a move in the right direction? Why or Why not?


- Which option be the best for Tecnovate? (see page 15 of the case for “options”) Why?
- Among the many things that Tecnovate needs to do (see page 15/16 for the list), which ones are critical?
- Which ones on the above list should Prashant tackle first? Why?


- Describe BP’s vendor selection approach. What aspects of vendor selection did BP do well? What are the pitfalls of this approach?
- Develop a vendor selection process for BP that would apply in today’s technological and business environment. How would it be different from the one BP used?
- What are the advantages of the “single touch point” approach to managing the vendors? What are the disadvantages to the approach?


- How would you communicate about outsourcing (and change in general) to employees? When?
- As a consultant what would you recommend to Dave Walker?
- Describe a few best practices from outsourcing that GBS can benefit from. What do you think of P&Gs plan for change?


- Describe Cognizant’s client relationship management strategy. How does the company “manage differences”?
- Explain the trade-off in global sourcing between cost efficiency and customer service quality. How does Cognizant address this challenge (“Two-in-a-Box” model, etc.)?
- Which advancements and phenomena prompted Frank to design the next-generation global delivery model? Assess C2’s prospects, including both opportunities and risks. Taking the trend towards collaborative outsourcing and innovation into consideration, as a consultant, what would you recommend Cognizant and other global service providers?


- What are the key emerging technologies and business trends that form the foundations for Zuora’s business model?
- Explain the phenomenon of cloud computing, including the essential characteristics / capabilities and the three different types of cloud services. What are the main opportunities and obstacles of cloud computing?
- Zuora identified three different scenarios and possible routes for future business development. As a consultant, what would you recommend Zuora and how should the company implement the proposed scenario?