Successful IT outsourcing: from conceptual to enhanced model

Abstract

Outsourcing is a subject of much attention and controversy in the modern business landscape, due to far-reaching ramifications into matters such as politics, economics, legal, and human resources. Given such wide exposure, ensuring the success of outsourcing projects seems a worthwhile pursuit. This paper presents a study focused on Information Technology (IT) outsourcing, which entails full or partial transfer of ownership of IT-related processes to a vendor, supposedly to achieve business benefits such as cheaper costs, economies of scale, and increased efficiency. This said, can all processes be outsourced? Are some processes meant to be kept in-house? To what extent do the overarching strategies and motivations behind an outsourcing decision influence the outsourcing delivery models and eventually the performance of outsourcing projects?

Regardless of the specifics of an outsourcing project, there seems to be a dearth of tried, tested and repeatable blueprints guiding the decision-making throughout the outsourcing journey. The aim of this paper is two-fold:

a) Present the finding of a study towards a conceptual model for IT outsourcing;

b) Illustrate how a conceptual model can be validated with empirical data, towards an enhanced model;

Data was collected from 20 outsourcing professionals via structured questionnaire derived from the conceptual model for successful outsourcing. Data was then analysed through data visualization and findings were contrasted against the initial literature review. Knowledge gaps identified were applied to the conceptual model and the enhanced model was proposed as a result.

Key phrases

Build-Operate-Transfer, cloud outsourcing, conceptual model, enhanced model, IT outsourcing, multi-sourcing, outsourcing failures, shared services, traditional outsourcing.

1.   INTRODUCTION

In the modern era of digital transformation, any company can scale its business quickly and with relative ease, by properly leveraging on modern information and communication technologies such as social media, cloud computing, and the Internet of Things (Klewes *et al* 2016). Companies can, for instance, launch new products and services in a fraction of the time required in the past, or reach potential customers in remote and diverse markets with unprecedented ease. As much as digital transformation makes it easier and quicker for a business to thrive, it is also becoming easier and quicker for a business to get outsmarted by competition and potentially become irrelevant in the market (Bongiorno, Rizzo & Vaia 2017).

This competitive reality demands that the companies determined to survive remain constantly on the lookout for innovative ways to reinvent themselves. These companies understand the

critical importance of pursuing market leadership, namely through uncompromising quality and excellence in their core business processes. Invariably, in this pursuit of excellence a cross-road is reached whereby a business decision needs to be made: commit the necessary internal resources to own the operational responsibility of processes, or rather devolve that responsibility entirely or partially to a third-party vendor (Schneiderjans *et al.* 2015).

Outsourcing goes beyond simply contracting out processes to a third-party vendor. The vendor also needs to effectively take over some degree of operational responsibility and ownership for the outsourced processes. When these processes are specifically related to Information Technology (IT) hardware, software or services as opposed to, say back-office administrative processes, the company is said to engage in Information Systems (IS) or Information Technology (IT) outsourcing (Gullen & Gupta 2009).

IT outsourcing entails a relatively long-term engagement with the vendor, involving processes related to one or more layers of the information technology architecture stack, namely infrastructure, integration, data, access and presentation, business, operations, and security (Laan 2017). The vendor is expected to deliver a service in a continuous and measurable way over the time span of the outsourcing engagement, as opposed to a once-off, quick fix of a broken process or system. The various forms of delivery of outsourcing services can be summarised in the following delivery models: traditional outsourcing, multi-sourcing, cloud outsourcing, build-operate-transfer, and shared services (Muka, 2017).

A conceptual model for successful outsourcing can serve as a repeatable blueprint for outsourcing practitioners and academics in the successful outsourcing journey. Furthermore, empirical evidence can potentially enhance such conceptual model by taking the experience of outsourcing professionals into account.

This paper firstly reviews literature on the generic outsourcing process. The research methodology is then discussed in view of explaining the data collection and analysis used in the study. Finally, the main findings from data analysis are contrasted against the literature review in view of highlighting new knowledge gained.

2. LITERATURE REVIEW TOWARDS THE CONCEPTUAL MODEL

2.1 The outsourcing process

Outsourcing has attracted much interest in management studies for the past few decades. The profusion of literature concurs in asserting that outsourcing is a process, as opposed to

a once-off event (Lee *et al.* 2000; Leimester 2010; Khosrow-Pour 2014; Karkukly 2017; Cullen & Willcocks 2013). The outsourcing process comprises of five phases, namely preparation, vendor selection, transition, managing relationship, and reconsideration.

2.1.1 Preparation phase

In the preparation phase, the overarching concern is to determine whether the need to outsource at all, and the business impact of the outsourcing decision (Sople 2016). The preparation phase entails activities such as defining the overall outsourcing strategy, the approach to screening and selecting potential vendors, the duration of the outsourcing engagement, and the service level agreement (Perunovic and Pedersen 2007).

2.1.2 Vendor Selection Phase

The seeking outsourcing services primarily focuses on deciding with which vendor to engage (Hansen *et al.* 2011). The vendor selection phase entails activities such as issuing a request for proposal, evaluating the proposals from vendors, selecting the best proposal, and negotiating the final terms of the outsourcing contract. Furthermore, modern outsourcing contracts need to include aspects of flexibility, enhancements and innovation (Perunovic & Pedersen 2007; Gartner 2008).

2.1.3 Transition Phase

During the transition phase, the successful vendor effectively takes over the service delivery responsibilities awarded during the vendor selection phase. The key activities include defining communication, exchanging knowledge and information, transferring key resources such as people, information, knowledge, hardware and software from the client to the vendor (Perunovic & Pedersen 2007). The importance of a successful transition in the success of the outsourcing project is clearly highlighted, to avoid unwanted consequences such as crippling business operations, exacerbating resistance to organisational change, or damaging relationships client and vendor.

2.1.4 Managing Relationship Phase

In this phase, the vendor and buyer collaborate towards a successful relationship on various aspects. Muka (2017) highlight several traits of a successful outsourcing relation, including open and trust-based relationships beyond the terms of the contract, transparent communication and collaboration, clear definition of quantifiable objectives, and the existence of dedicated team to monitor ensure and monitor the successful execution of the outsourcing contract. Additionally, the client and vendor are advised to establish incentive-

based, performance-driven service level agreement, with specific rewards for good performance and penalties for poor performance.

2.1.5 Reconsideration Phase

During the reconsideration phase, the client reviews the relationship with the incumbent outsourcing vendor, in view of deciding whether to maintain, extend, amended or terminate it (Hansen *et al.* 2011). As a result of this phase, it could the necessity to bring back previously outsourced processes back in-house, in other words to backsource (Whitten & Leidner 2006; Oshri *et al.* 2015). Common reasons for backsourcing are broadly related to the client's realisation that the initially outsourced processes are too strategic to be outsourced (Forelle 2004). Other more specific reasons to backsource include poor service delivery from the vendor, unaffordable prices and a break-down in the relationship between the client and the vendor (Dibbern et al 2004; Forelle 2004; Oshri et al 2015).

In the conceptual model, following the outsourcing process is part of the broader journey a client travels towards successful outsourcing, referred to as the outsourcing life span (Muka & Marnewick 2017).

2.2   The outsourcing life span

Each outsourcing engagement is unique and has a specific life span, determined by a series of decisions (referred to as steps) made by the outsourcing client. The outsourcing life span include five steps, namely: define the outsourcing strategy; determine the appropriate delivery model; follow the outsourcing process; identify and categorise the causes of outsourcing failures; and apply remedies to identified causes of failure.

2.2.1 Define the outsourcing strategy

This area of the life span questions the potential benefits of outsourcing, which typically relate to cost savings, higher productivity, or quicker time to market. Besides, the decision to outsource needs to be an informed one and the client needs to be open to engaging with one or many vendors throughout the outsourcing life span (Bragg, 2006; Dhar & Balakrishnan 2006). The decision to outsource is triggered mainly by:
- A business problem which the client and vendor agree to resolve under the operational responsibility of the vendor;
- A business opportunity which the client is unable and/or unwilling to pursue unless the operational responsibility is handed to the vendor.

When the client decides to resolve a business problem or pursue a business opportunity without operational involvement and ownership from the vendor, there is no outsourcing. An outsourcing engagement must, among other things, include externally sourced skills and specific pre-defined objectives. For an outsourcing project to succeed, the client absolutely needs to delegate some level of operational responsibility over the outsourced processes to the vendor. Besides, the client also needs to actively manage the relationship with the vendor, regardless of the degree to which operational responsibility is delegated. The continued involvement of the client and the vendor should ensure the commitment of senior leadership teams from both sides, until the vendor has delivered the agreed objectives (Muka 2017).

2.2.2 Determine the appropriate delivery model

This area of the life span emphasises on aligning the outsourcing delivery model with the outsourcing strategy. Traditional outsourcing seems most relevant if the client's strategy is to use a single outsourcing vendor in view of reducing cost. When the client's strategy is to engage multiple vendors in view of spreading risk and stimulating service quality by employing best-of-breed vendors for each niche function being outsourced, then multi-sourcing appears most relevant. For a client mostly eager to avoid the hassles of hosting and maintaining of the physical infrastructure, such as servers in a data centre, cloud outsourcing seems most appropriate. When the client's main focus is to offload the operational responsibility and ownership to the vendor, at least for an initial period, with the possibility to take back the offloaded responsibilities and ownership at a later stage, the Build-Operate-Transfer delivery model is used. Finally, shared services appear to be the most appropriate delivery model when the client aims mainly to consolidate overlapping and duplicated processes, under the operational responsibility of an internal entity or department, acting as the service provider or vendor (Lee 2007; Muka 2017; Sople 2016).

2.2.3 Follow the outsourcing process

This area of the outsourcing life span concentrates on following the steps of the outsourcing process, as defined in literature (Lee 2007). The steps of the outsourcing process have been discussed above, namely: preparation, vendor selection, transition, manage relationship and reconsideration. As the client and vendor manage their mutual relationship, issues threatening the success of the project are to be clearly identified as potential causes of outsourcing failure (Muka 2017).

2.2.4 Identify and categorise the causes of outsourcing failures

This area of the outsourcing life span focuses on identifying and categorising the internal and external influences threatening the success of the outsourcing project. These are diverse and can be grouped into four distinct categories, depending on the level of direct control and influence of the client and vendor (Muka 2017). The four categories include:

a) Failure equally caused by the client and the vendor;

b) Failure mainly caused by the client;

c) Failure mainly caused by the vendor;

d) Failure resulting from external causes outside the control of the client and the vendor;

Such categorisation allows the stakeholder with the most control or influence over a particular threat to focus on addressing that threat.

2.2.5 Apply remedies to identified causes of failure

This area of the outsourcing life span focuses on exploring potential remedies to the causes of failure previously identified. While acknowledging the uniqueness of each outsourcing project, literature highlights a non-exhaustive list of typical remedies (Muka 2017):

a) Reduce labour and technology related costs;
b) Define innovation objectives in line with the appropriate outsourcing model;
c) Consider cloud outsourcing;
d) Identify strategic functions and keep them in-house;
e) Encourage mutual trust, skills transfer and shared incentives;
f) Define risk responsibilities, accountability and rewards;

Muka & Marnewick (2017) summarise the above literature review in a conceptual model for successful outsourcing, as a predictable and repeatable blueprint guiding the client throughout the outsourcing life span. The conceptual model for successful outsourcing is illustrated in Figure 1.
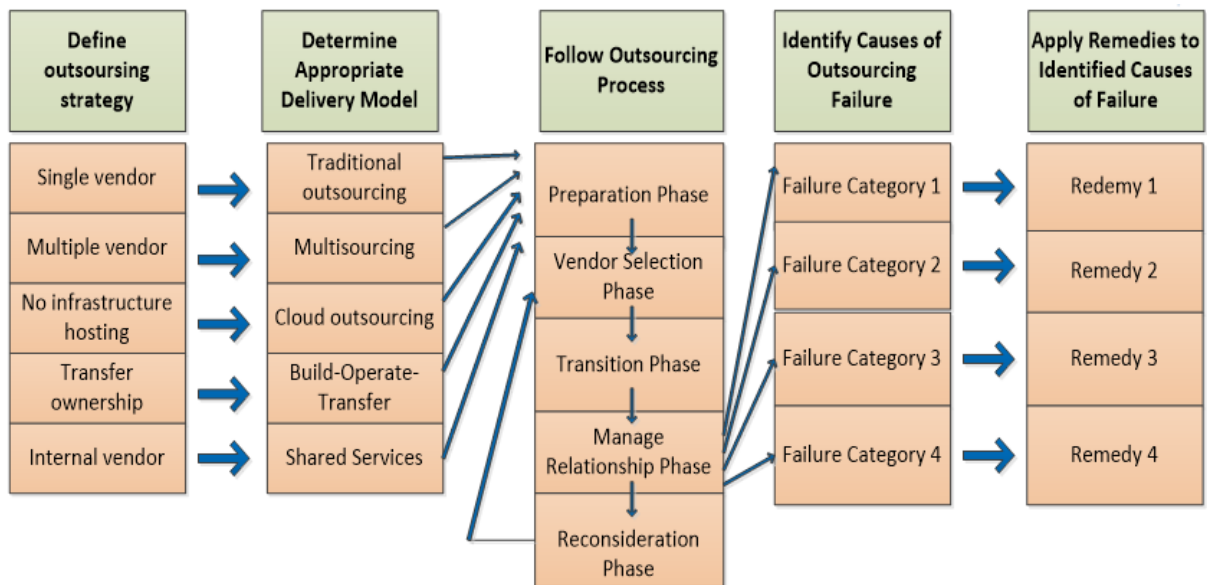
FIGURE 1: Conceptual model for successful outsourcing (Source: Muka & Marnewick 2017)

The next section addresses the methodology followed to collect and analyse data towards the enhanced outsourcing model.

3. RESEARCH METHODOLOGY

The conceptual model was validated through empirical data collection and analysis. Data was collected through a structured questionnaire, whereby each respondent was asked the same set of questions in a pre-determined order (Saunders, Lewis & Thornhill 2009). The detailed questionnaire, comprising of 71 questions, was distributed to 20 respondents who were professionals with IT outsourcing experience in several African countries, including South Africa, Ghana, Ivory Coast and the Democratic Republic of Congo. Convenience sampling was used, based on the access of researchers to the respondents who were deemed qualified to answer the survey, by virtue of their previous experience in outsourcing projects. The response rate was 100%, as each identified respondent was personally briefed in advance on the objectives of the study and provided the opportunity to consent or decline participation to the study. Only respondents who consented were sent the questionnaire.

Respondents represented different levels of management seniority, ranging from junior, middle and senior managers. Responses were based on the most recent outsourcing project in which the respondent was involved, and the recency ranged from less than two years for the most recent, to over five years for the least recent outsourcing experience.

The years of outsourcing experience among respondents also varied from less than two years for the least experienced, to over five years for the most experienced.

The detailed questionnaire was structured around six themes (A to F), each addressing one step of the outsourcing life span. The questionnaire themes were grouped as follows:

a) *Theme A* addressed the respondent profile, including gender, level of management seniority, recentness of the outsourcing project, and total work experience

b) *Theme B* addressed key aspects of the outsourcing strategy, including the number and type of vendors, the proportion of IT infrastructure hosted at vendor premises, and the extent of the vendor ownership outsourced operations

c) *Theme C* weighed the importance of various motivators behind clients outsourcing decisions

d) *Theme D* weighed the extent to which certain activities were done successfully throughout the outsourcing process

e) *Theme E* addressed potential causes of outsourcing failure by weighing the impact of each identified cause on the one hand, and determining the share of responsibility between client and vendor for that particular cause of failure on the other hand

f) *Theme F* rated the level of performance achieved by outsourcing clients with respect to various aspects, including cost, process phases, relevance of delivery model, flexibility, risk, innovation, quality, and overall satisfaction.

The unit of analysis (the source of data) is the individual respondent answering the questionnaire, not their employer. This means that the data collection is first and foremost a reflection of the individual respondent's experience in the outsourcing project. In cases where two respondents worked for the same company, no attempt was made to extrapolate the outsourcing maturity of the company from individual responses.

4. DATA ANALYSIS AND INSIGHTS

The objectives of data analysis were three-fold: Firstly, to summarise and present the data in a format that can be visually observed for trends or lack thereof; secondly, to highlight and describe the main findings resulting from observing the data. Lastly, to relate the findings back to the initial literature review, thereby highlighting knowledge gaps which the research has contributed to fill.

Data collected via the questionnaire was analysed through data visualisation, which entailed synthesising and presenting data through visual interfaces, mainly tables and graphs. Emerging trends were subsequently identified, interpreted, and presented as the main research findings, which

in turn were compared to the corresponding assertions from the initial literature review.

Below are some preliminary observations from data analysis, for each questionnaire theme:

Theme A: Profile of respondents

- ➢ 70% of respondents were male, 30% were female
- ➢ 50% of respondents were middle managers, whereas 40% were senior managers and 10% were junior managers
- ➢ 40% of responses were based on outsourcing projects where the respondent was last involved 2 to 5 years ago; 30% of respondents were last involved less than 2 years ago, and 30% were involved over 5 years ago
- ➢ 50% of respondents have a solid outsourcing experience of over 5 years, whereas 40% have average experience of 2 to 5 years, and 10% have less than 2 years' experience.

Theme B: Outstanding strategy

- ➢ 55% of client companies contracted with a single outsourcing vendor, whereas 45% contracted with two or more vendors.
- ➢ 60% of client companies hosted part of their outsourced IT infrastructure at the vendor premises, while 30% had their entire IT infrastructure hosted at the vendor premise, and 10% of clients hosted their entire IT infrastructure in-house at their own premises.
- ➢ While outsourcing their IT infrastructure to the vendor, 70% of clients only retained partial ownership of the day-to-day operations related to the outsourced processes, while 30% of clients retained full ownership of day-to-day operations; No client transferred full ownership of day-to-day operations to the vendor.
- ➢ 90% of clients contracted with an external outsourcing vendor, while 10% of clients used a vendor who was an internal entity within the client organisation.

Theme C: Most important factors motivating the decision to outsource

The questionnaire lists eleven potential factors that motivate the decision to outsource from the client's perspective. In an attempt to prioritize among these factors, each one is given a weighted average score on a Likert scale ranging from 1 "Not Important" to 5 "Very Important". Depending on the questionnaire responses, scores are cumulated for each factor into a total weighted average score. The average score is the sum of all weighted scores divided by the number of identified factors. The average score is 57, and most important factors – those scoring above average – are highlighted below in Table 1.

		Factors motivating decision to outsource	Weighted Average Score
ABOVE AVERAGE	1	Focus on core business while vendor handles IT	81
	2	Outsource each process to the best vendor	72
	3	Reduce dependency on limited internal resources	72
	4	Reduce dependency on the client's internal operational capabilities	66
	5	Let the vendor take full responsibility on operational until processes stabilised	62
	6	Reduce headcount to save cost	53
	7	Consolidate disparate processes for more effency	53
	8	Adjust usage of outsourced resources to requirements	52
	9	Reduce client dependency on single vendor	47
	10	Redude dependency on external vendors	38
	11	Spread cost over multiple vendors	34

TABLE 1: Factors motivating decisions to outsource (Source: Muka, 2017)

Theme D: Successful activities throughout the outsourcing process

To determine the most successful activities throughout the outsourcing process, the activities listed in the questionnaire are ranked by weighted average on a Likert scale ranging from 1 "Very poor" to 5 "Excellent". Scores are cumulated for each outsourcing activity into a total weighted average score, representing the sum of all weighted scores divided by the number of successful activities scored. The average score is 62, and the most successful outsourcing activities – those scoring above average – are highlighted below in Figure 2.

		Activities of the outsourcing process	Weighted Average Score
ABOVE AVERAGE	1	Formalise mutual expectations in a binding contract	71
	2	Monitoring vendor performance to ensure successful service delivery	71
	3	Assess outsourcing project upfront	69
	4	Encourage trust in the outsourcing relationship	69
	5	Obtain buy-in from all stakeholders	67
	6	Verify competence of all stakeholders	66
	7	Perform SWOT analysis	65
	8	Consider regulatory constraints into project planning	64
	9	Clarify strategic implications of the outsourcing project	63
	10	Evaluate exent to which processes should be outsourced	60
	11	Plan the transition management with the vendor	60
	12	Draft a flexible outsourcing contract	59
	13	Consider all outsourcing phases in vendor selection criteria	58
	14	Prepare for the possibility to replace outsourcing vendor(s)	55
	15	Prepare for the possibility to bring the outsourced processes back in-house	55
	16	Define the key factors for a successful transition	53
	17	Define key measurements for a successful transition	50
	18	Include specific force majeure exceptions in the contract	48

TABLE 2: Most successful activities in the outsourcing process (Source: Muka, 2017)

Theme E: Main barriers to outsourcing success and share of responsibilities

The major causes of outsourcing failures identified in the study are presented as the main barriers to outsourcing success. For each of them, the responsibility is often shared between client and vendor. In some instances, one party bears a bigger responsibility than the other party. It also happened that

that neither party is responsible due to external or uncontrollable circumstances. The main barriers were identified and further analysed by the share of responsibility between clients and vendors.

To determine the barriers with the most negative impact to successful outsourcing, the barriers listed in the questionnaire are ranked by weighted average on a Likert scale ranging from 1 "no impact" to 5 "Extremely high impact". Scores are cumulated for each barrier into a total weighted average score, representing the sum of all weighted scores divided by the number of barriers scored. The average score is 53, and the barriers deemed to have the most impact – those scoring above average – are highlighted below in Figure 3.

|		Barriers to successful outsourcing	Weighted Average Score
ABOVE AVERAGE	1	Poor communication	65
	2	Unforeseen changes in the business environment	62
	3	Mismatch between vendor expertise & client requirement	61
	4	Lack of clear strategic objectives	60
	5	Unclear expectations	60
	6	Overlooked hidden outsourcing costs	60
	7	Higher costs than expected	59
	8	Poor transition management	57
	9	Changes in client's IT strategy	53
	10	Wrong vendor selection	53
	11	Lack of exit strategy	50
	12	Loss of control over outsourced processes	49
	13	Changes in executive management	49
	14	Inappropriate outsourcing of processes which be kept in-house	47
	15	Poor service quality from vendor(s)	45
	16	Overlooked Human Resources related issues	45
	17	Micro-management of vendor(s)	39

TABLE 3: Barriers to successful outsourcing (Source: Muka, 2017)

Theme F: Other measures of outsourcing performance

Data from this theme revealed several measures of outsourcing performance, briefly illustrated below.

> **Cost-saving expectations**

As shown in Figure 2, outsourcing clients performed slightly better at meeting cost-saving expectations on technology-related costs (45%) than on labour-related costs (40%).
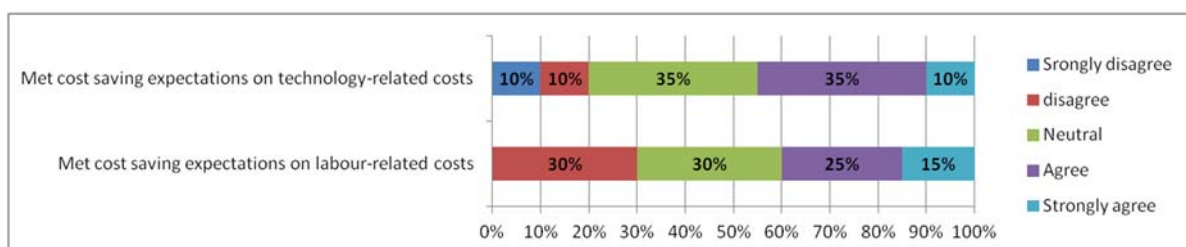
FIGURE 2: Responses on meeting cost-saving expectations (Source: Muka, 2017)

> **Timely completion**

As shown in Figure 3, activities in the manage relationship phase of the outsourcing process are completed in the timeliest manner (60%).
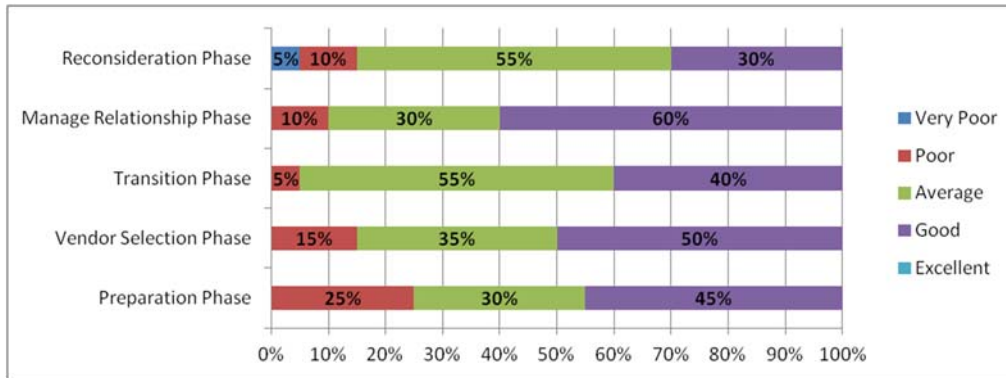
FIGURE 3: Responses on timely completion (Source: Muka, 2017)

> **Proportion of outsourced processes deemed strategic**

Only 10% of respondents considered that none of their outsourced processes were strategic. All other respondents had outsourced strategic processes, including up to 60% of respondents who indicated that more than half of their outsourced processes were strategic. It also appeared that none of the respondents outsourced the entirety of their processes deemed strategic in a single project. This implies that while clients are not inclined to outsourcing all strategic processes at once, many of them do outsource a considerable portion of processes considered strategic.
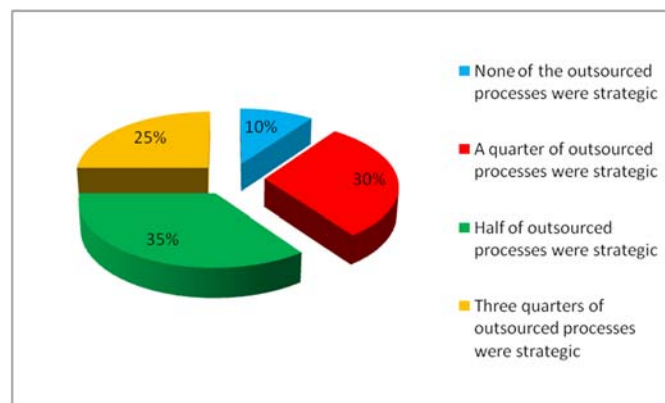
FIGURE 4: Proportion of outsourced processes deemed strategic (Source: Muka, 2017)

In certain areas, data analysed in the study presented in this paper either contradicts or adds some nuance to the literature review. These areas are highlighted in Table 4.

#	LITERATURE REVIEW	RESEARCH FINDING	LEARNING POINTS
1	Outsourcing is mainly about external sourcing of skills.	Clients are prepared to give full responsibility to external vendors and partial responsibility to internal vendors.	The source of skills should matter less than the extent of responsibility assigned to the vendor.
2	Outsourcing work is based on specific, predefined objectives, unlike ongoing maintenance.	Rather than using internal vendors, clients are more comfortable working with external vendors on a shared responsibility basis.	An important aspect of outsourcing success is the shared responsibility between client and vendor.
3	Skills should be sourced externally rather than internally.	Less experienced clients are more likely to retain operational responsibility, but paradoxically also tend to engage with multiple vendors.	Besides the general inclination from clients to source skills from external vendors, the client's level of outsourcing experience has a clear influence over how much responsibility is outsourced and how many vendors are selected.
4	Literature tends to focus on outsourcing from the moment when the outsourcing decision has been made. Little attention is paid to the reasons motivating the outsourcing decision.	The main reason why clients outsource is in order to focus on core business while vendors manage the IT processes and infrastructure	The outsourcing decision is not to be taken for granted. It is important for the client and vendor to structure the outsourcing agreement and operations taking into account the main reasons why the client decided to outsource in the first place.
5	A climate of trust should be created between the client and vendor to increase the chances of success.	Clients are most successful at formalising expectations into a binding client-vendor contract.	Over and above mutual trust, the client and vendor must formally document and enforce mutual expectations to ensure outsourcing success.
6	Literature tends to focus on what outsourcing is and what it is not, as well as the do's and don'ts of outsourcing. Little focus on the main triggers of outsourcing failure.	Poor communication is the biggest barrier to successful outsourcing.	Many factors can cause outsourcing failure, but none more so then poor communication between client and vendor.
7	The inside-out view assumes that the outsourcing vendor strictly brings the success component that the client would otherwise lack. Therefore outsourcing	Responsibility for outsourcing failure is most likely shared between client and vendor.	Responsibility for outsourcing failure is more nuanced, not clear-cut and often shared between client and vendor.

#	LITERATURE REVIEW	RESEARCH FINDING	LEARNING POINTS
	success or failure is directly and exclusively the responsibility of the client.		
8	Literature on cost saving with regards to business process outsourcing and IT outsourcing is abundant, but most of it generic.	Technology-related cost savings are easier to achieve than labour-related cost savings.	Cost-saving should not be a generic expectation, but a rather specifically targeted exercise from the onset aiming to identify the lowest hanging fruits for quicker and easier savings.
9	Management of the client-vendor relationship emphasises on project quality management (performance appraisals, reviews, training, etc.).	Clients perform best on the "Manage relationship" phase of the outsourcing process, in terms of timely completion.	Time management is a very important aspect of managing the client-vendor relationship.
10	Literature focuses more on the types of outsourcing (Business Process Outsourcing vs. Information Technology Outsourcing).	The chosen outsourcing delivery model has a key influence on the ultimate project outcome.	The types of processes being outsourced do not determine the ultimate success of the outsourcing project. What matters most is the way in which the outsourced service is delivered (delivery model).
11	Literature depicts successful outsourcing purely as a win-win, outcome based relationship.	Clients are most satisfied with the quality of communication with the vendor.	The win-win aspect is important, but clients are primarily satisfied with high quality communication with the vendor.
12	Strategic processes should be handled internally rather than outsourced.	While clients are not inclined to outsourcing all strategic processes at once, many do outsource a significant portion of processes considered strategic.	Strategic processes should not be automatically outsourced or kept in-house. Each should be examined carefully in terms of their relevance for outsourcing.

TABLE 4: Misalignments between literature review and research findings. (Source: Muka 2017)

The enhanced model is addressed in the next section.

5.   ENHANCED MODEL

The major research findings and learning points from data analysis have contributed to filling the knowledge gaps between the conceptual model and the experience of outsourcing clients.

The resulting version of the outsourcing life span, deemed more complete, is referred to as the "enhanced model".

The enhanced model begins with the review of the business rationale underlying the client's decision to outsource. This entails attempting to remedy a business problem or pursuing a business opportunity with the assistance of some external expertise involving a combination of IT skills, resources and operational process ownership. The next step defines a high-level outsourcing strategy which, from the client's perspective, entails making a determination on a combination of factors, including the number of vendors to involve, the physical location of infrastructure hosting, the level of ownership and responsibility over operational processes, and the decision on whether to use an external or internal service provider as vendor.

A clear rationale and high-level strategy for outsourcing serves the client as a basis to define and list the detailed motivations for outsourcing. The merit of this step is three-fold. Firstly, it allows the client to consider the largest possible array of potential factors as to why they may want to outsource. Secondly, it allows the client to sort their motivations by order of importance and relevance in view of the original rationale and strategy. Lastly, the client gets an opportunity to reconsider the entire outsourcing rationale or high-level strategy, if the motivating factors were not sufficiently relevant or compelling. Furthermore, the detailed motivations serve as a measure to eventually assess the success of the outsourcing project.

The decisions made by the client so far on the outsourcing life span influence the most appropriate delivery model - or combination of delivery models – to be used. Thereafter, the client determines the most important activities for each step of the outsourcing process. Hence, not only the client avoids wasting resources on unimportant activities, but also addresses the important activities at the most appropriate phase of the outsourcing process.

As a result of following the outsourcing process, the client identifies and categorises the barriers to a successful outsourcing project, in view of prioritizing the most important ones. Finally, the client assesses the outcome of the outsourcing project in various areas of performance, in line with the motivations identified earlier in the outsourcing life span. Lessons learned from such assessment may dictate that the client goes back to redefine the business rationale for outsourcing or may serve as input to better define the business rationale in other outsourcing projects undertaken by the client. The enhanced model for successful outsourcing is depicted in Figure 5.
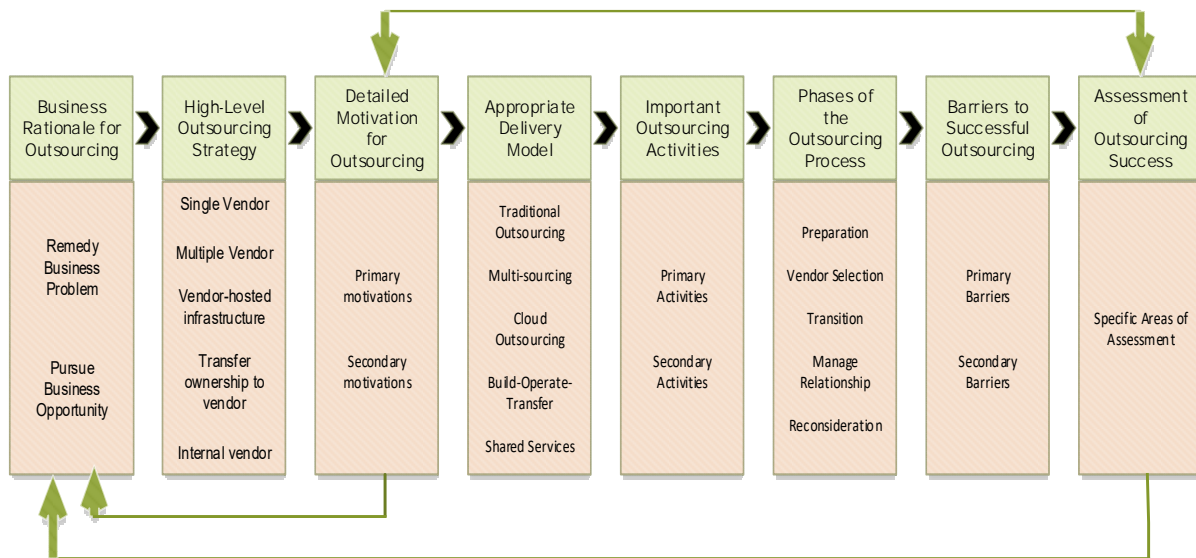
FIGURE 5: Enhanced model for successful outsourcing (Source: Muka 2017).

6.   RESEARCH LIMITATIONS AND FUTURE STUDIES

Despite the invaluable findings and contributions to the outsourcing body of knowledge, this study presents some limitations highlighted here as areas of improvements in future studies. The first limitation is the size of the sample from which data was collected and analysed. A similar study based on a larger sample may prove more edifying to the outsourcing body of knowledge. The second limitation is that the enhanced model is based mainly on the client's perspective. Considering the equally important role of the vendor in ensuring outsourcing success, this enhanced model could benefit from a more comprehensive analysis, taking the vendor's perspective into consideration.

7.   CONCLUSION

The study presented in this paper has helped establish that the journey to successful outsourcing cannot be fully understood without taking empirical data from outsourcing professionals into account. While outsourcing literature abounds, few enquiries on the subject have taken a closer look at literature in comparison to the empirical data collected from the actors of the outsourcing scene. The unique contribution of this study has been to fill the knowledge gaps between literature and the industry's response to an enquiry based on the same literature.

It is important to determine the outsourcing strategy from the onset. This exercise mainly includes the number of outsourcing vendors that the client wishes to engage with; the extent

to which the hosting, maintenance and operational responsibility related to IT infrastructure will be transferred to the vendor; and whether the client engages outsources the IT processes to an external service provider or uses an internal department to provide the outsourcing services to the rest of the company. However, this study has also established that it is paramount to determine the business rationale for outsourcing, be it a business problem to remedy or a business opportunity to pursue.

An extremely detailed outsourcing strategy from the onset may prove over-elaborate and premature. A high-level strategy is more appropriate to begin with, but the next step should define the detailed motivations for outsourcing, in line with the initial business rationale. As a result, the detailed motivations for outsourcing are bound to be more tightly aligned with the initial business rationale behind the client's decision to outsource, and with the high-level outsourcing strategy. The client should therefore be in a better position to determine the appropriate delivery model.

This paper has also highlighted the importance of identifying outsourced activities and prioritizing those activities by order of relevance to the business rationale, high-level strategy, detailed motivation, the appropriate delivery model. Hence, the limited resources are most likely allocated to the most important activities because while the outsourcing process is followed, the scope of focus activities narrows down to the most relevant activities. A similar approach is used to filter the numerous potential barriers to successful outsourcing.

Finally, the study presented in this paper has shown the value of assessing the success of the outsourcing project over simply prescribing remedies.

A comprehensive assessment aligned with the rationale for outsourcing allows makes it possible to derive learning points, as opposed to generic and possibly irrelevant prescriptions. Besides, the notion of remedy may create the misguided perception that there is a silver bullet for successful outsourcing. Each IT outsourcing project is unique and any attempt towards ensuring successful outsourcing should take this uniqueness into account. Such is the essence of the enhanced model for successful outsourcing.

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